



MULTIFAMILY REPORT

San Diego Hoists The Sails

Summer 2021

Investment Activity Off to Better Start

Developers Favor Upscale Projects

Construction Keeps Steady Pace

SAN DIEGO MULTIFAMILY



San Diego Rights the Ship

San Diego's multifamily market is overperforming by coastal city standards, with rents and occupancy up significantly, despite pandemic-driven woes. Rents were up 0.6% on a trailing three-month basis as of April, to an overall average of \$2,056. Meanwhile, occupancy increased 50 basis points year-over-year, to 96.2% as of March.

Although San Diego employment was still down 9.1% year-over-year through February, the construction sector is a beacon of positivity. The sector recorded the addition of 1,600 jobs through the interval, up 1.9%. Unemployment stood at 6.9% according to March preliminary data, already on a downward path since January, when the rate was 8.0%. Apart from money coming in through the CARES Act, the city of San Diego has rolled out a small business relief fund to aid the local economy.

Investment activity for the first four months of the year stood at \$201 million, roughly doubling the sales recorded same time last year. Development activity held strong despite health crisis-driven lockdowns and restrictions, with deliveries this year expected to come in close to the metro's five-year average. Some 8,960 units were under construction as of April, while another 39,000 units were in the planning and permitting stages.

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Recent San Diego Transactions

Vantage Pointe



City: San Diego
Buyer: Brookfield Properties
Purchase Price: \$313 MM
Price per Unit: \$460,236

The Resort at Encinitas



City: Encinitas, Calif.
Buyer: Interstate Equities Corp.
Purchase Price: \$94 MM
Price per Unit: \$480,301

Villa Del Sol



City: San Diego
Buyer: 29th Street Capital
Purchase Price: \$49 MM
Price per Unit: \$242,768

The Cove La Mesa



City: La Mesa, Calif.
Buyer: Bridge Investment Group
Purchase Price: \$43 MM
Price per Unit: \$325,188