



MULTIFAMILY REPORT

San Diego Powers Through

February 2022

Rent Growth Outperforms Nation

Transaction Volume Marks Record

Economy Posts Steady Performance

SAN DIEGO MULTIFAMILY



Limited Supply Boosts Market Prospects

San Diego's multifamily market rebounded last year, sustained by strong demand paired with limited inventory expansion. This has led rents to rise 1.1% on a trailing three-month basis through December 2021, to \$2,370. Meanwhile, occupancy increased to 97.8% as of November, up 1.5% year-over-year, signaling one of the tightest rental markets in the country.

The unemployment rate in San Diego improved to 4.6% in November, a 340-basis-point improvement since January, according to preliminary data from the Bureau of Labor Statistics. The employment market gained 61,600 jobs in the 12 months ending in October, accounting for a 5.4% expansion, 10 basis points above the U.S. rate. The leisure and hospitality sector led gains (26,400 jobs), but it's the professional and business services and biotech sectors that are likely to continue driving growth. Announced company expansions include Apple, Google, Amazon and Walmart Labs.

Developers delivered just 2,797 units in 2021, marking the second-slowest year in a decade. Another 8,154 units were under construction going into 2022. Meanwhile, transaction volume marked a new high, surpassing \$2.7 billion last year, with investors most interested in value-add opportunities. Consequently, the average price per unit slid 5.4% year-over-year, to \$313,236.

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Recent San Diego Transactions

Latitude33



City: Escondido, Calif.
Buyer: California Municipal Finance
Authority
Purchase Price: \$97 MM
Price per Unit: \$489,899

Parkway Club



City: El Cajon, Calif.
Buyer: Bridge Investment Group
Purchase Price: \$87 MM
Price per Unit: \$312,816

4th + J



City: San Diego
Buyer: Versity Investments
Purchase Price: \$72 MM
Price per Unit: \$425,893

Eighteen Ten State St.



City: San Diego
Buyer: Boardwalk Investments
Group
Purchase Price: \$64 MM
Price per Unit: \$650,505