

Yardi® Matrix

San Diego: Still Shining

Multifamily Report Spring 2019



**Investor Demand
Keeps Prices High**

**Rent Growth Stays
Slow and Steady**

**Construction Activity
Picks Up Pace**

SAN DIEGO MULTIFAMILY

Yardi® Matrix

Market Analysis

Spring 2019

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Slow and Steady Success Story

San Diego's multifamily market has a lot going for it. The metro continues to attract new residents with growing biotechnology, defense and professional and business services sectors, all while being a less costly alternative on the California coastline. Meanwhile, development restrictions have kept supply down, pushing rents higher as demand continues to increase.

San Diego's economy is healthy. The metro added 28,400 jobs in 2018, and its 3.2% unemployment rate is among the lowest in the U.S. Development should be boosted by major projects such as the \$1.5 billion Manchester Pacific Gateway, a mixed-use destination encompassing a new headquarters for the U.S. Navy; entertainment, retail and office space; and the \$2.1 billion extension of the Blue Line trolley. Farther to the north, the University of California at San Diego broke ground on a massive expansion to its campus, which is estimated to increase enrollments and fulfill demand for more high-skilled workers in STEM fields.

To meet demand from the growing population, new inventory is on the rise, with about 9,000 units under construction and 5,500 expected to be delivered this year. San Diego remains a target of investors, as prices continue to rise steadily and acquisition yields remain extremely tight.

Recent San Diego Transactions

Regents La Jolla



City: La Jolla, Calif.
Buyer: Raintree Properties
Purchase Price: \$141.5 MM
Price per Unit: \$424,924

MARC San Marcos



City: San Marcos, Calif.
Buyer: MG Properties Group
Purchase Price: \$141.5 MM
Price per Unit: \$340,144

Fashion Valley



City: San Diego
Buyer: RW Selby & Co.
Purchase Price: \$71 MM
Price per Unit: \$439,440

Barham Villas



City: San Marcos, Calif.
Buyer: Virtu Investments
Purchase Price: \$52.2 MM
Price per Unit: \$310,714