

Yardi® Matrix

San Diego's Next Horizon

Multifamily Report Summer 2019

Rent Growth Decelerates

Life Sciences, Tech Boost Hiring

Property Values Reach Cycle Peak

SAN DIEGO MULTIFAMILY

Yardi® Matrix

Market Analysis

Summer 2019

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Innovation Economy Boosts Demand

Multifamily demand in San Diego remained robust in the first half of 2019, sustained by population gains, household formation and steady hiring in well-paying industries. An innovation powerhouse, the metro continues to draw a talented workforce from local universities as well as from outside the city.

Employment growth in the 12 months ending in May was led by education and health services (8,700 jobs), followed by professional and business services (7,000 jobs). San Diego's life sciences cluster, one of the largest in the nation, is a key driver behind the region's economic growth, along with its thriving tech sector, which continues to diversify in fields such as autonomous driving, data analytics and robotics, while luring in Millennials at a high rate and contributing to the area's positive net migration.

Drawn by the market's stability and prospects for higher rents in the context of limited supply, multifamily investors pushed the average price per unit to \$359,375 in the first half of 2019. Despite strong apartment demand, with rentals remaining the primary housing option for many average earners, strict zoning and land-use regulations have been keeping the metro's annual new supply below 2.0% of total stock for the better part of this cycle. We expect 3,648 units to come online this year.

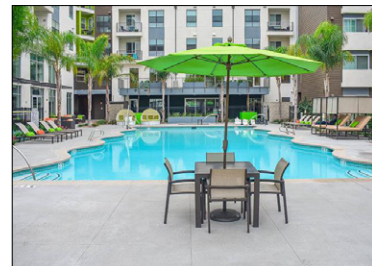
Recent San Diego Transactions

Hanover Mission Gorge



City: San Diego
Buyer: R & V Management
Purchase Price: \$149 MM
Price per Unit: \$398,396

The Millennium Mission Valley



City: San Diego
Buyer: R & V Management
Purchase Price: \$140 MM
Price per Unit: \$459,016

Fifty Twenty-Five



City: San Diego
Buyer: Cardinal Group Investments
Purchase Price: \$93 MM
Price per Unit: \$355,769

The Dylan



City: Oceanside, Calif.
Buyer: 29th Street Capital
Purchase Price: \$57 MM
Price per Unit: \$274,639