

**YARDI**® Matrix

# San Diego: Biotech Capital of the West

Multifamily Summer Report 2016

**Rents Top  
National Average**

**New Grads  
Drive Demand**

**Supply Low but  
Pipeline Growing**



# SAN DIEGO MULTIFAMILY

**YARDI**® Matrix

## Market Analysis

Summer 2016

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## San Diego Catches Silicon Valley Fever

With broad-based job gains and above-average population growth, San Diego continues to produce a healthy climate for multifamily. The metro's occupancy rate is a phenomenal 97%, on par with Los Angeles and among the highest in the country, while demand is strong and rents are growing at above-trend levels.

The combination of a deep pool of talent, venture capital and quality office/lab space is drawing a large number of tech and biotech companies to the area, turning San Diego into an alternative to Silicon Valley. Indeed, the metro is developing a reputation as the biotech capital of the West. Other segments that are driving growth include defense/military, manufacturing, international trade, hospitality, healthcare, and research and education. The versatility created by this mix helped San Diego during the financial crisis and can act as a potential safety net for investors during a future downturn.

Multifamily fundamentals are healthy on all fronts, and rents grew 6.9% year-over-year through May. The development pipeline, investment volume, home prices and rents are all at or near their highest point in the current cycle. Investor appetite is strong, with a record transaction volume of \$1.5 billion. Though demand for units will remain solid, there are 32,000 units in the pipeline, which will help slow rent growth to a more sustainable 5.5% in 2016.

## Recent San Diego Transactions

### IMT Sorrento Valley



City: San Diego  
Buyer: IMT Capital  
Purchase Price: \$214 MM  
Price per Unit: \$284,575

### Leaves Rancho San Diego



City: El Cajon, Calif.  
Buyer: R&V Management  
Purchase Price: \$158 MM  
Price per Unit: \$233,728

### The Reserve at Carlsbad



City: Carlsbad, Calif.  
Buyer: Decron Properties  
Purchase Price: \$112 MM  
Price per Unit: \$248,889

### Form 15



City: San Diego  
Buyer: Essex Property Trust  
Purchase Price: \$98 MM  
Price per Unit: \$403,504