



MULTIFAMILY REPORT

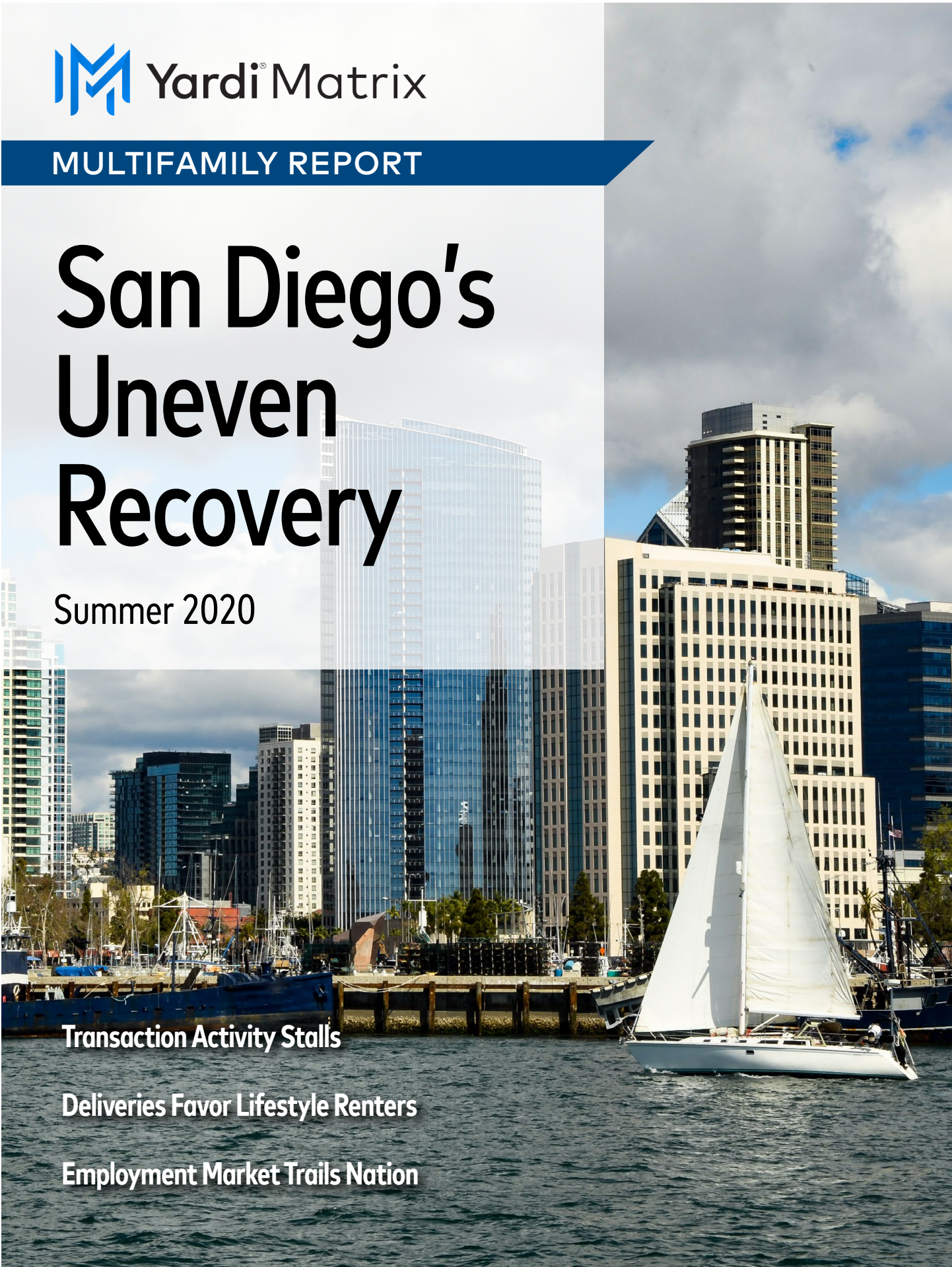
San Diego's Uneven Recovery

Summer 2020

Transaction Activity Stalls

Deliveries Favor Lifestyle Renters

Employment Market Trails Nation



SAN DIEGO MULTIFAMILY



Rents Hit Tailwinds Amid Economic Volatility

San Diego's multifamily sector has not lost its shine. After five months of contractions, the metro's rents rebounded with a 0.2% increase to \$1,987, on a trailing three-month basis through August, while the U.S. rate remained flat at \$1,463 during the same period. Meanwhile, the metro's occupancy rate in stabilized properties dropped 70 basis points to 95.6% in the 12 months ending in July.

Initial unemployment claims filed across the state between mid-March and the end of August exceeded 8.1 million, and San Diego registered historic highs in April and May, hitting the 15.0% mark. The jobless rate slid to 13.8% in June, while preliminary July data pointed to further improvement, clocking in at 12.3%. Professional and business services—San Diego's largest sector—shrank by only 2.5% in the 12 months ending in June, faring better than San Francisco. In the meantime, Gov. Gavin Newsom has extended the state's eviction moratorium through January.

Following last year's cycle peak for deliveries, developers added 1,748 units this year through August, with an additional 8,581 apartments underway. Deals nearly came to a halt in San Diego this year, with transactions totaling just \$129 million in the first eight months of 2020. By comparison, nearly \$1.6 billion in multifamily assets traded across the metro in 2019.

Market Analysis | Summer 2020

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Recent San Diego Transactions

Serena Vista



City: La Mesa, Calif.
Buyer: Universe Holdings
Purchase Price: \$34 MM
Price per Unit: \$313,182

Southern Highlands



City: National City, Calif.
Buyer: Lincoln Avenue Capital
Purchase Price: \$22 MM
Price per Unit: \$146,358

Citra



City: San Diego
Buyer: Interstate Equities Corp.
Purchase Price: \$18 MM
Price per Unit: \$304,583

Tribeca on Mollison



City: El Cajon, Calif.
Buyer: Swanson Real Estate Services
Purchase Price: \$16 MM
Price per Unit: \$235,294