



## MULTIFAMILY REPORT

# San Diego's Sunny Side

Winter 2021

**Development Poised for 2021 Rebound**

**Kearny Mesa Leads Construction**

**Rent Growth Wraps Up Solid H2**



# SAN DIEGO MULTIFAMILY



## Recovery in Sight

Following a bumpy second quarter, San Diego's multifamily sector recorded a stronger second half of 2020, as it hummed along toward recovery. The average San Diego rent dropped 0.3% last year, close to the -0.8% U.S. rate and somewhere between a booming Inland Empire (7.3%) and a struggling San Jose (-13.7%). Meanwhile, occupancy inched up 10 basis points over 12 months to 96.0%, as of November 2020.

While San Diego's economy managed to recover many of the jobs that were lost at the beginning of the health crisis, the city still shed nearly 100,000 positions in the 12 months ending in November 2020, marking an 8.2% contraction, with leisure and hospitality (-45,100 jobs) taking the strongest hit. Meanwhile, the unemployment rate steadily appreciated to 6.6% as of November from the 15.2% high in May, with two employment sectors recording gains over 12 months: professional and business services (7,300 jobs) and mining, logging and construction (2,000 jobs).

The pandemic and ensuing economic volatility affected both transaction volume and development in 2020. Only \$494 million in multifamily assets traded last year in San Diego, a sharp drop from nearly \$1.6 billion one year prior. Meanwhile, completions recorded the slowest year since 2015, but are slated to bounce back, with 8,426 units underway at the start of 2021.

## Market Analysis | Winter 2021

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### Recent San Diego Transactions

#### The Modern



City: San Diego  
Buyer: Prime Group  
Purchase Price: \$107 MM  
Price per Unit: \$289,260

#### Valentina by Alta



City: San Diego  
Buyer: TA Realty  
Purchase Price: \$78 MM  
Price per Unit: \$709,091

#### Villas at Carlsbad



City: Carlsbad, Calif.  
Buyer: John Jaffe Co.  
Purchase Price: \$41 MM  
Price per Unit: \$400,000

#### Villa Grande



City: El Cajon, Calif.  
Buyer: Clear Sky Capital  
Purchase Price: \$19 MM  
Price per Unit: \$172,727