



MULTIFAMILY REPORT

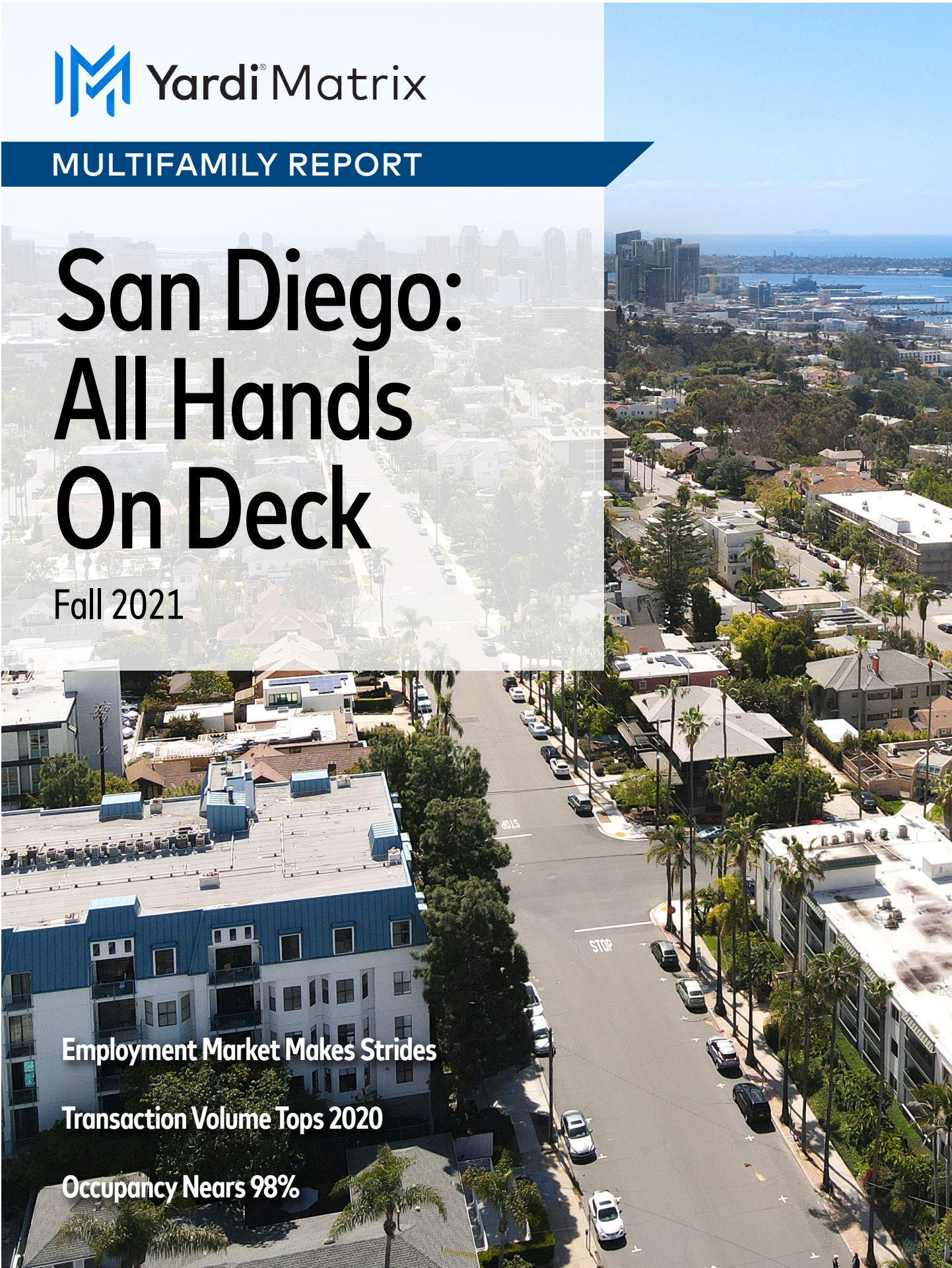
San Diego: All Hands On Deck

Fall 2021

Employment Market Makes Strides

Transaction Volume Tops 2020

Occupancy Nears 98%



SAN DIEGO MULTIFAMILY



Strong Demand Boosts Occupancy

The pandemic's impact on San Diego's multifamily market was less severe than the effect on other coastal cities. Rents rose 1.8% on a trailing three-month (T3) basis through September, to an overall average of \$2,260. Furthermore, the occupancy rate in stabilized properties increased by a substantial 160 basis points in the 12 months ending in August, to 97.6%.

The unemployment rate improved to 6.6% in August, outperforming California's 7.5% but trailing the 5.2% U.S. figure. Employment continued to improve, expanding by 1.7%, or 60,800 jobs, in the 12 months ending in July. Despite two sectors still losing jobs, San Diego's economy outperformed those of all other major California markets during the period. Following leisure and hospitality (up 20.7%, or 27,800 jobs), two of the metro's largest sectors—professional and business services and education and health services—added 7,600 jobs each. However, mirroring the statewide trend, San Diego's population declined in 2020.

Developers had 9,353 units under construction as of September, but deliveries are lagging. During the first three quarters, just 1,910 units came online, heavily tilted toward the Lifestyle segment. Meanwhile, the transaction volume surpassed \$1 billion and the per-unit price marked a hefty 47.4% increase over last year's first nine months, reaching \$371,713.

Market Analysis | Fall 2021

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Recent San Diego Transactions

Capella at Rancho del Oro



City: Oceanside, Calif.
Buyer: Property West
Purchase Price: \$110 MM
Price per Unit: \$387,324

LIT Cortez Hill



City: San Diego
Buyer: Sares-Regis Group
Purchase Price: \$96 MM
Price per Unit: \$321,001

The Dylan



City: Oceanside, Calif.
Buyer: Afton Properties
Purchase Price: \$74 MM
Price per Unit: \$356,250

Sunset View



City: Oceanside, Calif.
Buyer: Silver Star Real Estate
Purchase Price: \$46 MM
Price per Unit: \$406,250