

Yardi® Matrix

San Diego's Momentum

Multifamily Fall Report 2017

**Legislators Back
Affordability**

**Development
Pipeline Expands**

**Rent Growth Remains
Above-Trend**

SAN DIEGO MULTIFAMILY

Yardi® Matrix

Market Analysis

Fall 2017

Contacts

Paul Fiorilla

Associate Director of Research
Paul.Fiorilla@Yardi.com
(800) 866-1124 x5764

Jack Kern

Director of Research and Publications
Jack.Kern@Yardi.com
(800) 866-1124 x2444

Author

Ariela Moraru

Associate Editor

SoCal Delivering for Investors

San Diego's multifamily market continues to attract robust investor demand, with transaction activity hot off 2016's cycle high and already at \$1 billion year-to-date through July. The market boasts the fourth-highest occupancy rate among major U.S. metros. As a result, rents were up 4% year-over-year as of August, well above the national rate.

The metro benefits from a strong talent pool, renowned universities and its ever-growing biotechnology sector. Plans for several large-scale projects are being fast-tracked in order to satisfy a growing demand. SoccerCity and San Diego State University have their eyes on the Qualcomm site, while the \$1.2 billion Seaport Village redevelopment is aiming at a 2020 groundbreaking. The \$1.3 billion Manchester Pacific Gateway mixed-use project in the downtown area will serve as the U.S. Navy's new regional headquarters.

Inventory is expected to expand significantly in the coming years, given the city's robust multifamily pipeline and recent pro-development legislation. Roughly 9,000 units were underway as of August, and recent bills passed by state legislators are poised to spur additional development in San Diego. Bills passed in mid-September aim to secure funding for affordable housing and streamline the approval process, which should eventually boost supply. As deliveries have yet to catch up with demand, Yardi Matrix expects rent growth to end the year at 4.5%.

Recent San Diego Transactions

Carmel Pacific Ridge



City: San Diego
Buyer: American Assets
Purchase Price: \$229 MM
Price per Unit: \$429,747

BLVD63



City: San Diego
Buyer: TIAA
Purchase Price: \$156 MM
Price per Unit: \$469,880

Preserve at Melrose



City: Vista, Calif.
Buyer: MG Properties Group
Purchase Price: \$134 MM
Price per Unit: \$326,829

Dylan Point Loma



City: San Diego
Buyer: LaSalle Investment Management
Purchase Price: \$90 MM
Price per Unit: \$500,000

To Subscribe

Hollie Zepke

Audience Development Specialist
Hollie.Zepke@Yardi.com
(800) 866-1124 x5389