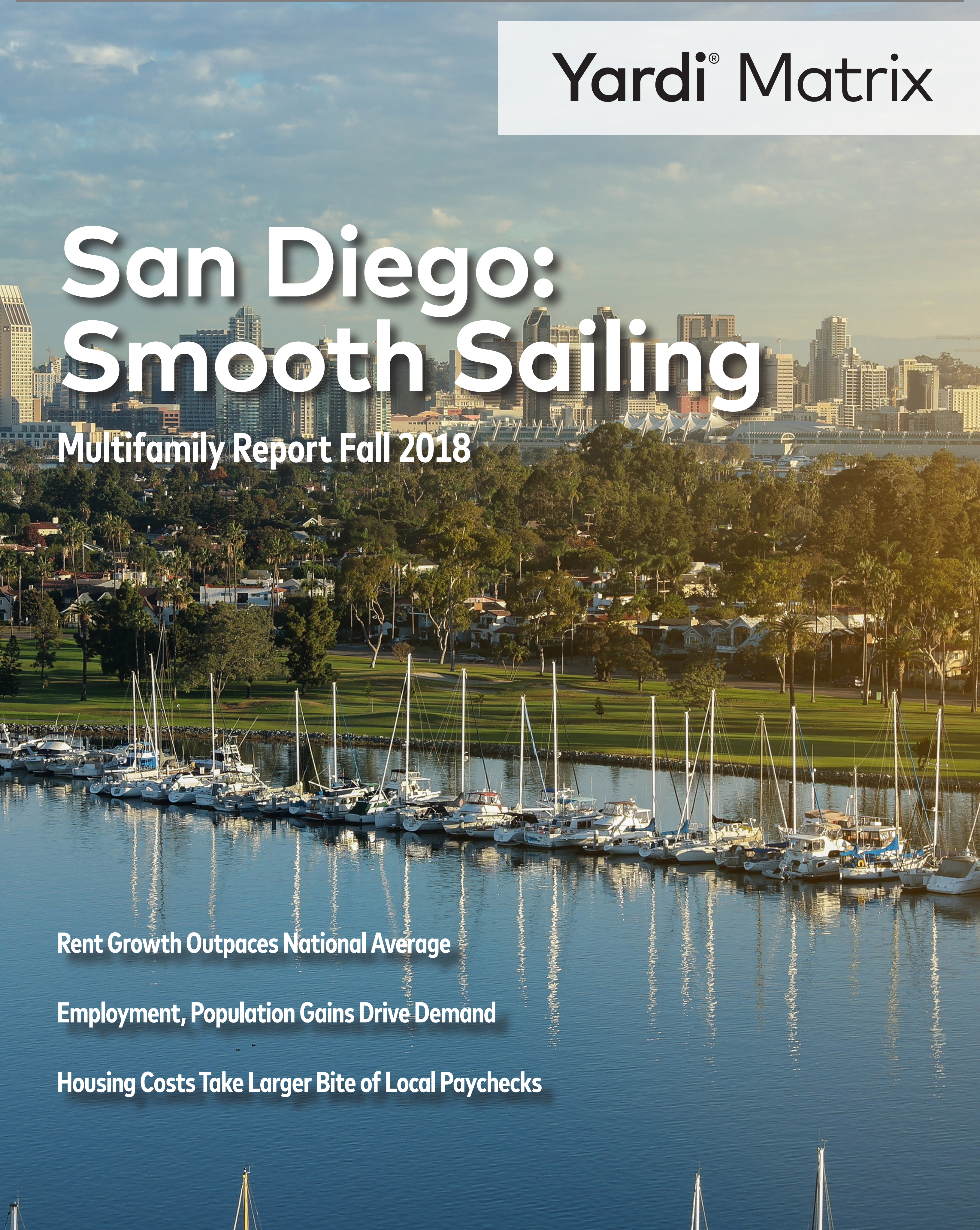
Yardi® Matrix



# San Diego: Smooth Sailing

## Multifamily Report Fall 2018

**Rent Growth Outpaces National Average**

**Employment, Population Gains Drive Demand**

**Housing Costs Take Larger Bite of Local Paychecks**

## Market Analysis

Fall 2018

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# Rental Demand Eclipses Supply

The multifamily market is strong in America's Finest City, where employment and population gains, along with a high barrier to homeownership, drive rent growth. Demand is especially solid among Millennials drawn to the region's well-paying STEM-oriented jobs.

Employment gains were led by professional and business services (11,500 jobs), followed by education and health services (5,000). As employers often recruit from outside the county, the tech industry is a significant contributor to the area's positive net migration, with fields such as cybersecurity, biotech, software development, data analytics and robotics expanding. The ongoing expansion of office-using employment is boosting demand for space, prompting further development. The $1.5 billion Manchester Pacific Gateway, one of the largest mixed-use developments in San Diego's history, broke ground in June. Plans call for 1 million square feet of Class A office space, two hotels, restaurants, retail space and a museum.

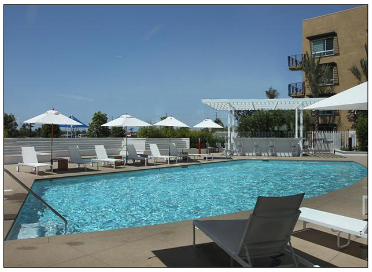
A high occupancy rate in stabilized properties and above-average rent gains are pushing up multifamily property values. As demand continues to outpace supply across the metro, we expect rent growth to remain fairly steady for the foreseeable future, in line with the 3.9% year-over-year rate recorded in September.

### Recent San Diego Transactions

Alterra & Pravada

City: La Mesa, Calif.
Buyer: TruAmerica Multifamily
Purchase Price: $150 MM
Price per Unit: $283,681

Domain San Diego



City: San Diego
Buyer: Magnolia Capital
Purchase Price: $132 MM
Price per Unit: $348,285

Sofi Shadowridge

City: Vista, Calif.
Buyer: Pacific Urban Residential
Purchase Price: $115 MM
Price per Unit: $366,242

Bella Posta

City: Mission Valley, Calif.
Buyer: Sares-Regis Group
Purchase Price: $98 MM
Price per Unit: $284,157