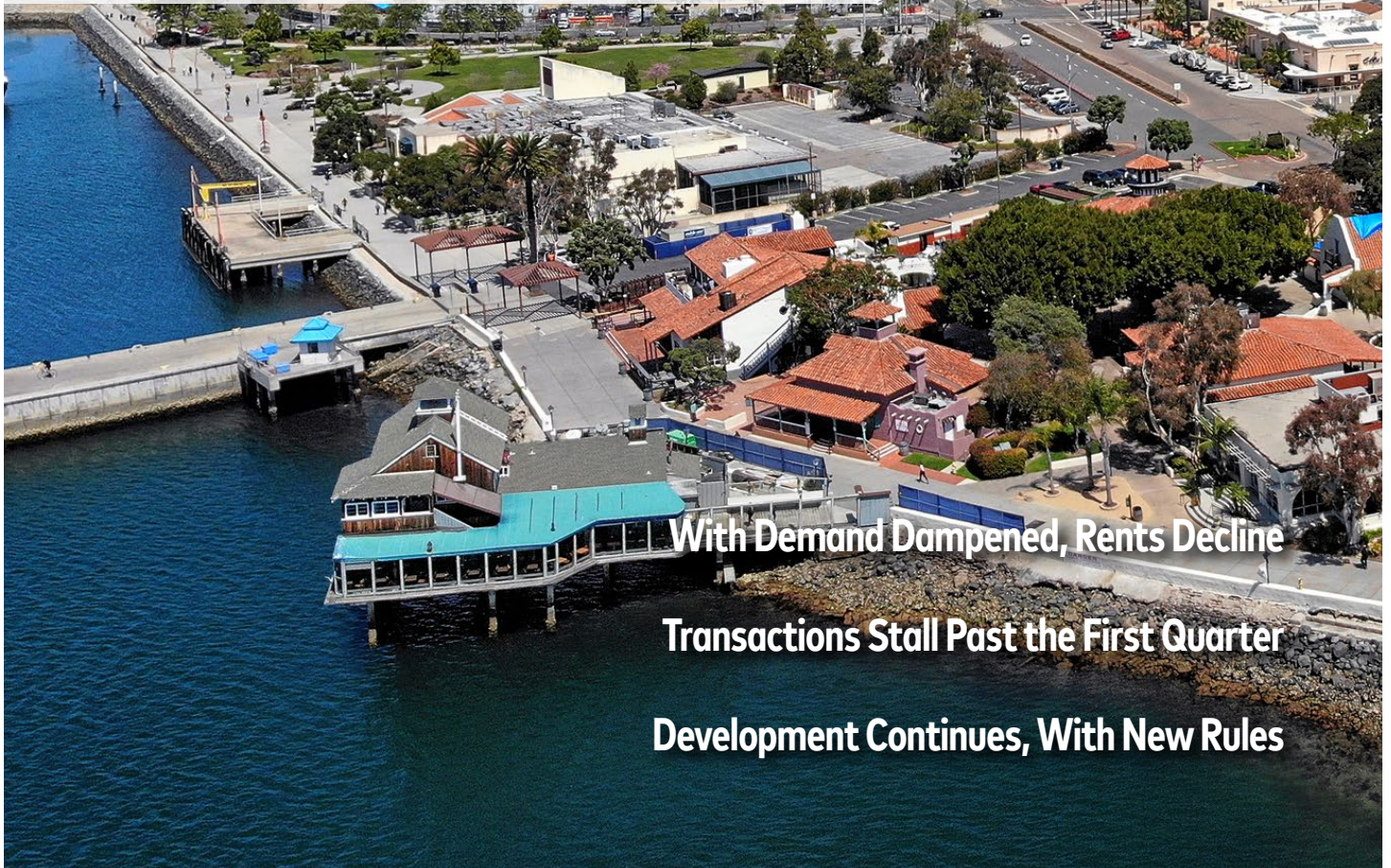


Yardi® Matrix

MULTIFAMILY REPORT

San Diego's Resolve Is Tested

Spring 2020



With Demand Dampened, Rents Decline

Transactions Stall Past the First Quarter

Development Continues, With New Rules

SAN DIEGO MULTIFAMILY

Yardi® Matrix

Market Fundamentals To Face Tough Test

As a Southern Californian market with a diverse economy, San Diego is a magnet for talent in several fields including military, research and technology. However, the COVID-19 pandemic and the resulting shutdown measures meant to contain its effects have put a dent in the state and local economies. As of April, the first effects on the multifamily market became visible. Rents were down 0.3% on a trailing three-month basis, while deal flow stalled past the first quarter.

Employment growth remained stable in 2019 with little to no fluctuations, but with the state processing 4.7 million unemployment claims produced by the coronavirus outbreak, pressure on relief funding has been building. Although a large swath of California's counties and cities have begun to ease shutdown orders, San Diego County's high population density makes it likely that the area will be among the last to fully eliminate restrictions. Meanwhile, local officials have put measures in place to allow the progression of construction projects. San Diego's moratorium on commercial and residential evictions has also been extended through the end of the second quarter.

San Diego's rate of rental deliveries has been below the national average throughout the cycle, meaning its occupancy has stayed solid, at 96.0% as of March. The aforementioned moratorium and an underway pipeline of 9,202 units will likely keep that rate high.

Market Analysis | Spring 2020

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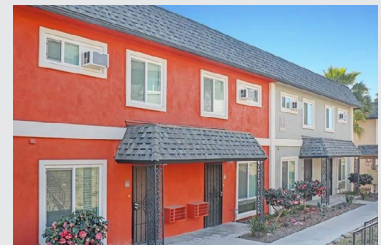
Recent San Diego Transactions

Presidio at Rancho Del Oro



City: Oceanside, Calif.
Buyer: TruAmerica Multifamily
Purchase Price: \$87 MM
Price per Unit: \$329,640

Serena Vista



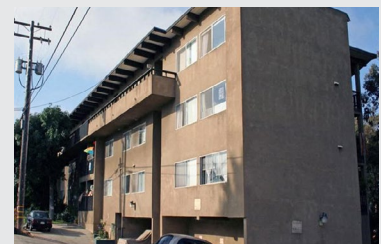
City: La Mesa, Calif.
Buyer: Universe Holdings
Purchase Price: \$34 MM
Price per Unit: \$313,181

Southern Highlands



City: National City, Calif.
Buyer: Lincoln Avenue Capital
Purchase Price: \$22 MM
Price per Unit: \$146,357

Citra



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