



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

Contacts

Jeff Adler

Vice President & General
Manager of Yardi Matrix
Jeff.Adler@Yardi.com
(303) 615-3676

Jack Kern

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

Ron Brock, Jr.

Industry Principal, Matrix
JR.Brock@Yardi.com
(480) 663-1149 x2404

Author

Bogdan Odagescu
Senior Editor

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