

**YARDI**<sup>®</sup> Matrix

# Steady San Diego

## Multifamily Report Spring 2017



**Rent Growth  
Cools Off**

**Development Hits  
New High**

**Bullish Investors  
Push Prices Up**



# SAN DIEGO MULTIFAMILY

**YARDI**® Matrix

## Market Analysis

Spring 2017

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## Strong Demand Drives Pipeline Growth

Gaining jobs across most sectors and rapidly adding residents, San Diego continues to be a strong and stable multifamily market. At 96.8%, the metro's occupancy rate is one of the highest in the country, underlining the city's housing shortage and justifying the growing construction pipeline. Rents were up 4.8% in the year ending in March, continuing to outperform the national average.

Anchored by international trade, biotechnology, military operations and tourism, San Diego's economy is a mixed basket benefiting from a deep talent pool as the city's network of universities and research facilities offers startups solid ground and a cheaper alternative to Silicon Valley. With the \$2 billion trolley expansion underway, San Diego continues to draw large-scale projects. Manchester Pacific Gateway, a \$1.3 billion mixed-use development, will house the new U.S. Navy headquarters. Greystar's Ballpark Village, the mega-project slated to bring 713 rental units to downtown, is also in the works. The list also includes the \$1.2 billion Seaport project and FS Investors' proposal for the Qualcomm Stadium site.

Offering acquisition yields akin to those of Los Angeles and San Francisco, the metro remains a fairly predictable and hot secondary market, with roughly \$3.5 billion in assets having traded over the past two years. And as supply is slowly catching up with demand, Yardi Matrix expects rent growth to remain at sustainable levels, reaching 4.5% in 2017.

### Recent San Diego Transactions

IMT Sorrento Valley



City: San Diego  
Buyer: IMT Capital  
Purchase Price: \$214 MM  
Price per Unit: \$284,574

BLVD63



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

Pulse Millenia



City: Chula Vista, Calif.  
Buyer: Northwestern Mutual RE Investors  
Purchase Price: \$94 MM  
Price per Unit: \$343,590

Dylan Point Loma



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