



MULTIFAMILY REPORT

San Diego Outperforms

June 2022



Economy on Right Track

Deal Activity Remains Fast-Paced

Rent Growth Highest in Southern California

SAN DIEGO MULTIFAMILY



Demand Outstrips Supply, Pipeline Still Lags

Leading up to the spring leasing season, San Diego multifamily fundamentals continued to strengthen after a relatively swift recovery for a coastal city. While occupancy increased 90 basis points over 12 months, year-over-year rent growth clocked in at a very strong 20.8%, outperforming the national average, as well as nearby Los Angeles, the Inland Empire and Orange County.

The metro's economy is also on the right track, having gained 104,300 positions in the 12 months ending in February, more than half of which were in the leisure and hospitality sector. Meanwhile, unemployment dropped to 3.4% in March, according to preliminary Bureau of Labor Statistics data, outpacing both the state and the nation. With the economic recovery advancing at a fast clip, metro San Diego's total employment fell just 7,540 positions short in March 2022 compared to February 2020, before the pandemic hit.

Following a record 2021, when \$3.7 billion in multifamily assets traded, the first four months of 2022 brought a transaction volume of \$731 million, a figure on par with last year's solid pace. Meanwhile, only 911 apartments came online across metro San Diego year-to-date through April, and another 8,445 units were underway at the beginning of the second quarter, a pipeline that is falling short of matching current demand.

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Recent San Diego Transactions

Sofi Ocean Hills



City: Oceanside, Calif.
Buyer: Pacific Urban Investors
Purchase Price: \$196 MM
Price per Unit: \$485,149

La Jolla Blue



City: San Diego
Buyer: Interstate Equities Corp.
Purchase Price: \$169 MM
Price per Unit: \$540,064

Mara Pacific Beach



City: San Diego
Buyer: Equity Residential
Purchase Price: \$113 MM
Price per Unit: \$656,977

Sunterra



City: Oceanside, Calif.
Buyer: 29th Street Capital
Purchase Price: \$98 MM
Price per Unit: \$406,250