

***Q2 2023*** ***END QTR***

***MULTIFAMILY REPORT***

***SAN DIEGO MARKET***



**PACIFIC COAST  
COMMERCIAL**  
SALES - MANAGEMENT - LEASING

**TCN**  
WORLDWIDE  
REAL ESTATE SERVICES

**MULTI-FAMILY MARKET REPORT**

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12 Mo. Delivered Units

**2,446**

12 Mo. Absorption Units

**845**

Vacancy Rate

**3.5%**

12 Mo. Asking Rent Growth

**3.0%**

Although demand has returned since the start of 2023 after falling in the second half of 2022, household formation has been stymied by a combination of persistent inflation, rapidly rising interest rates, and rising unaffordability. Average monthly rents, for example, have gone up about \$400 in less than two years. The effect has been most notable in mid-tier and workforce housing, where demand has been a net negative over the past 12 months as many households have chosen to leave the region or find roommates or family to live with, which itself has led to concerns about overcrowding.

Conversely, the luxury segment has seen positive demand, driven in large part by high-income households leasing new and well-located and amenitized inventory from Downtown to the South I-15 Corridor. That has helped keep overall annual net absorption marginally positive over the past 12 months even as the vacancy rate has risen to 3.5% after falling to a trough of 2.5% in 2021.

Rents have increased 3.0% year over year, although that figure is coming off a peak of 13.8% on an annualized basis in early 2022. Even so, that growth marks San Diego as the top multifamily market among West Coast metros in the past 12 months and well ahead of the national benchmark. The rent drop at the end of 2022 has reversed course and rents have been growing in line with the long-term average since the start of 2023.

More affordable submarkets in South, East and North Counties have been among the top performers in the past 12 months as costlier nodes such as UTC and Downtown have seen a sharper decline. That follows the trend of mid-tier and workforce housing seeing the

largest rent gains year over year, of which those areas are primarily filled. That has been a return to the historical trend prior to 2020.

Downtown remains at the forefront of development activity, although developers have branched out along the South I-15 Corridor, Balboa Park and Chula Vista more notably where strong demand drivers from the quality of life to strong job markets attract renters and homeowners alike.

Of these areas, Downtown is likely to face the most supply pressure this year after the CBD took a breather in 2022 with minimal new additions. That breather has led to the vacancy rate in Downtown falling to the lowest level in more than 15 years, and the CBD is currently in its longest stretch of sub-10% vacancy during that period. However, deliveries are scheduled to begin piling up there in the coming quarters in Little Italy and the East Village.

Suburban areas from North to East County have been among the most popular areas for investors. They often target older-vintage buildings as value-add opportunities or stabilized merchant builds. However, the rapid rise in interest rates has “wrecked havoc” on the investment market according to many participants. That is particularly true given that many market participants continue to report a wide bid-ask spread. However, some sellers have become more responsive to valuations, and more properties have started trading at higher cap rates since the end of last year. Even so, transaction volume has fallen considerably in recent quarters.

### KEY INDICATORS

Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr Units
4 & 5 Star	56,002	5.6%	\$3,351	\$3,329	447	0	7,015
3 Star	88,514	3.3%	\$2,506	\$2,495	37	65	1,106
1 & 2 Star	128,892	2.6%	\$1,701	\$1,694	(53)	0	16
<b>Market</b>	<b>273,408</b>	<b>3.5%</b>	<b>\$2,427</b>	<b>\$2,414</b>	<b>431</b>	<b>65</b>	<b>8,137</b>

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	0.5%	4.4%	3.9%	5.5%	2009 Q3	2.5%	2021 Q3
Absorption Units	845	2,285	1,957	10,134	2021 Q3	(1,673)	2009 Q2
Delivered Units	2,446	2,547	2,304	5,356	2022 Q1	334	2011 Q2
Demolished Units	58	94	96	341	2009 Q3	0	2016 Q4
Asking Rent Growth (YOY)	3.0%	3.4%	3.5%	13.8%	2022 Q1	-2.1%	2009 Q3
Effective Rent Growth (YOY)	3.0%	3.4%	3.5%	13.8%	2022 Q1	-2.3%	2009 Q3
Sales Volume	\$2.7B	\$1.9B	N/A	\$6.5B	2022 Q2	\$478.5M	2009 Q4

Workers of all ages have been attracted to San Diego because it is firmly cemented as a bastion of high-tech and life science research, not to mention 70 miles of coastline with some of the best beaches and surf breaks in the country. Firms such as Bristol Myers Squibb, Amazon and Apple are expanding here with announcements that thousands of new positions will follow, particularly in North County, in the coming years. However, some of those job additions may be placed on hold in the coming year due to economic headwinds as layoffs have begun mounting across the region. San Diego also has roughly 150,000 active-duty military personnel, many of whom rent market-rate apartments from North County to Chula Vista which has provided an inelastic source of demand.

Across all of San Diego, net absorption has tallied about 840 units over the past 12 months, with roughly 2,500 high-end units absorbed during that time. That has been driven primarily by new inventory being absorbed, which is why areas from Chula Vista and Mission Valley to Downtown and Balboa Park have seen positive year-over-year absorption. Each of the other class segments fall year over year. The pullback in household formation has led to the vacancy rate shifting by 0.5% year over year to 3.5%. While that figure is coming off a vacancy trough of 2.5% in 2021, the long-term average is 4.4%.

The sunset of the eviction moratorium at the end of 2022 has loosened some demand here as those proceedings work through the court system. It is taking up to six months to navigate the steps to evict renters who have not paid their rent. Property managers are also running into a new issue - many are having trouble finding qualified applicants. Some regional managers have reported that renters have become much more price-conscious since the end of last summer and often when given the choice between renting a renovated or an older unit at a complex, households are choosing the cheaper

one. Landlords have also noted that it has become more common for tenants to downsize into a smaller unit to save money on rent.

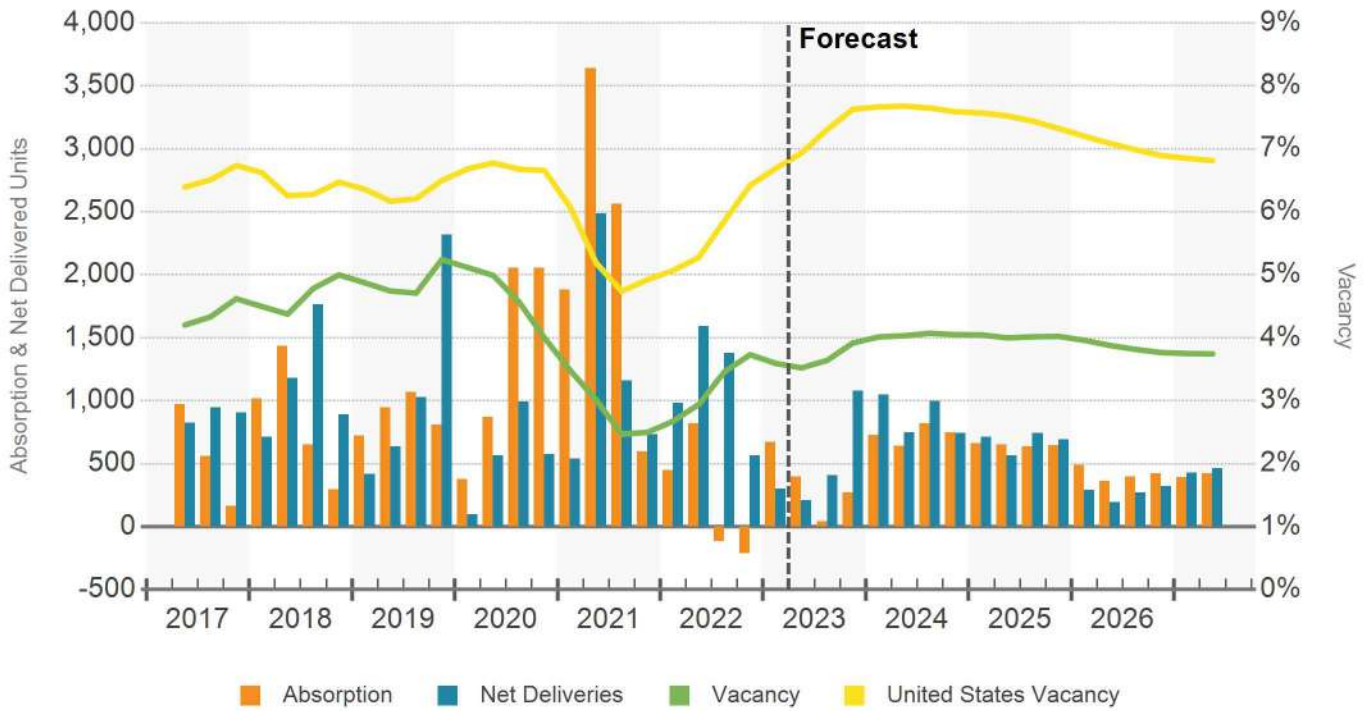
Coupled with persistent high inflation and the rapid rise in interest rates, not to mention rising unaffordability, household formation has slowed across the region. San Diego is navigating a period of neutrality following the turbo-charged environment that had spread across the region. In order to attract new renters and retain existing ones, many landlords have focused more deliberately on property management. Well-maintained properties with responsive management and pride-of-ownership units have been successful for some landlords in keeping their properties full.

The vacancy rate in Downtown fell below 10% in 2021 for the first time since 2016, and the rate is trending at a historic trough. The submarket is currently in its longest sustained run of single-digit vacancy in more than a decade. The vacancy rate figures to rise in the coming year as new inventory opens in the submarket. The injection of new properties will come after a dearth in deliveries in 2022. A top-of-mind issue for many households Downtown, however, is the pervasiveness of homelessness, particularly in the East Village. That has led households to leave for other submarkets, such as Balboa Park and Mission Valley. Similarly, Downtown's school system does not match other areas of San Diego, compelling many households with families to move to the suburbs.

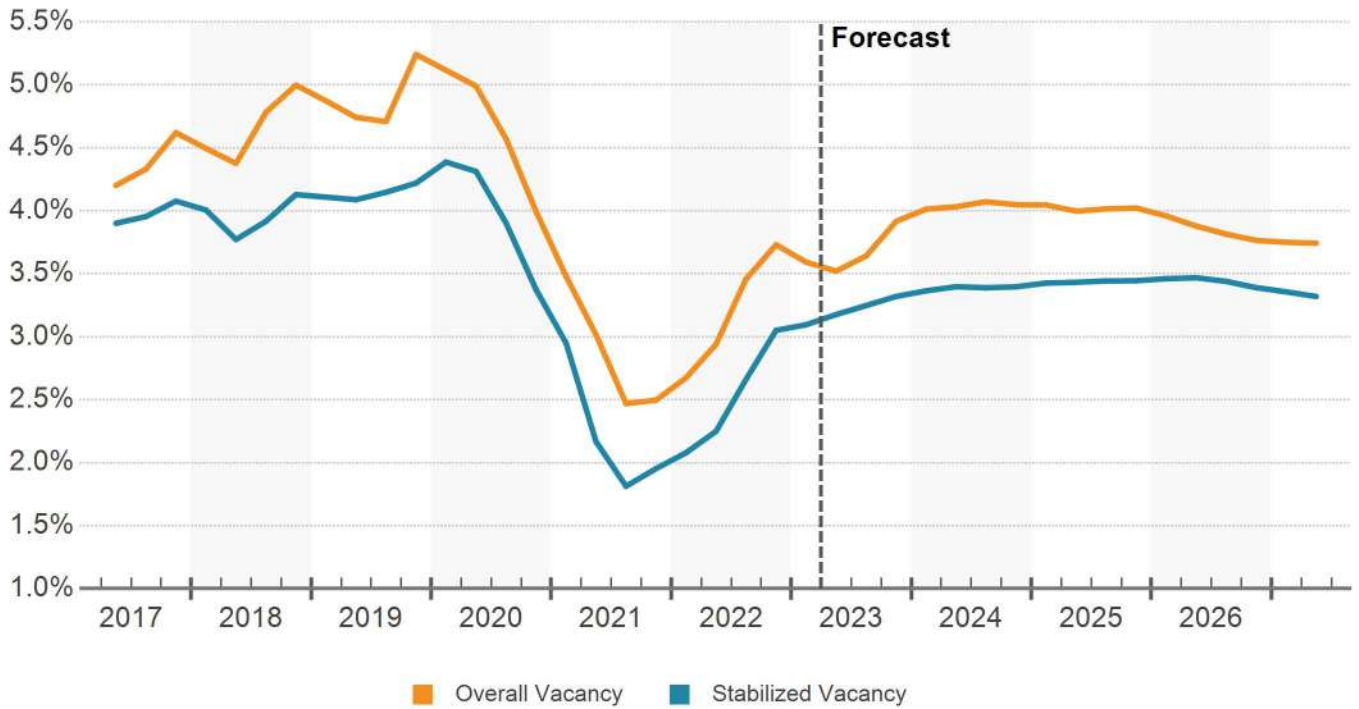
Apartment landlords have little to worry about from homeownership pulling demand from apartment renters. Mortgage rates have risen that have made the purchase of a home more expensive. That should continue to keep many renters by choice locked into the rental market. And while the growth in home prices has moderated, they still rose marginally year over year according to the Case-Shiller Home Price Index.



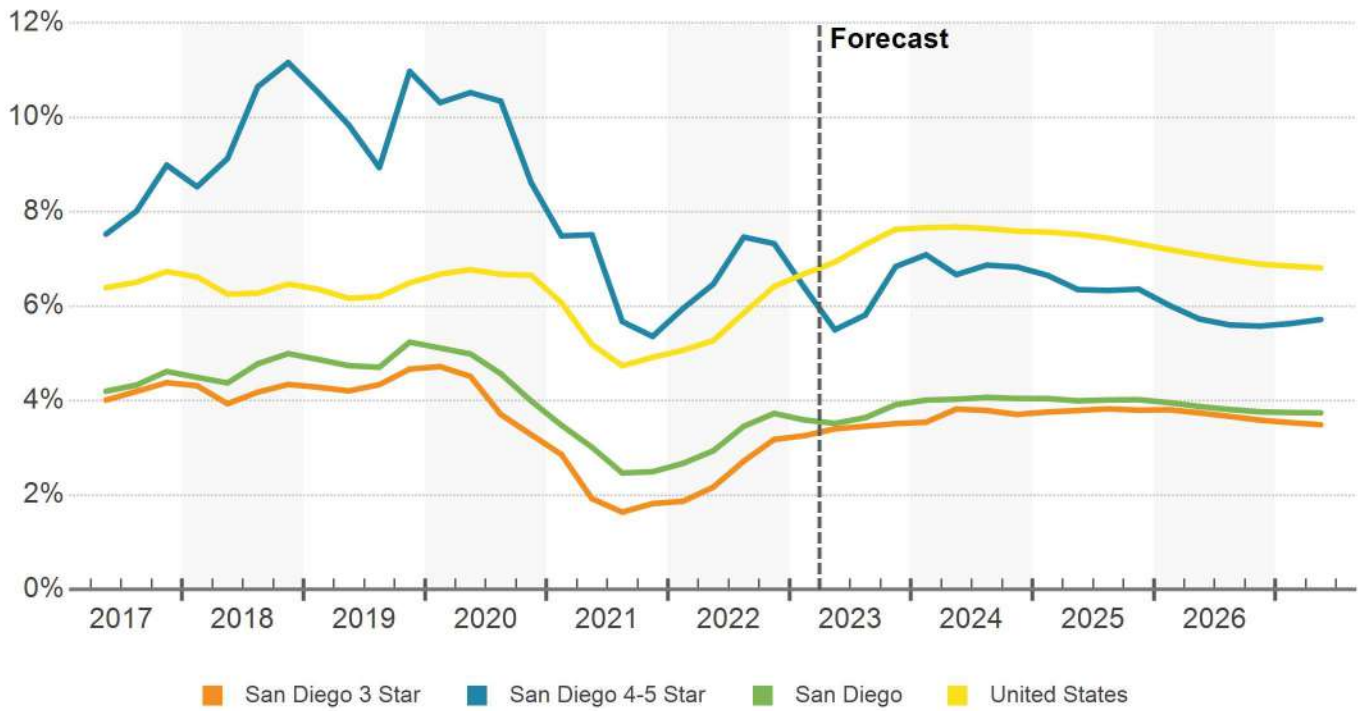
## ABSORPTION, NET DELIVERIES & VACANCY



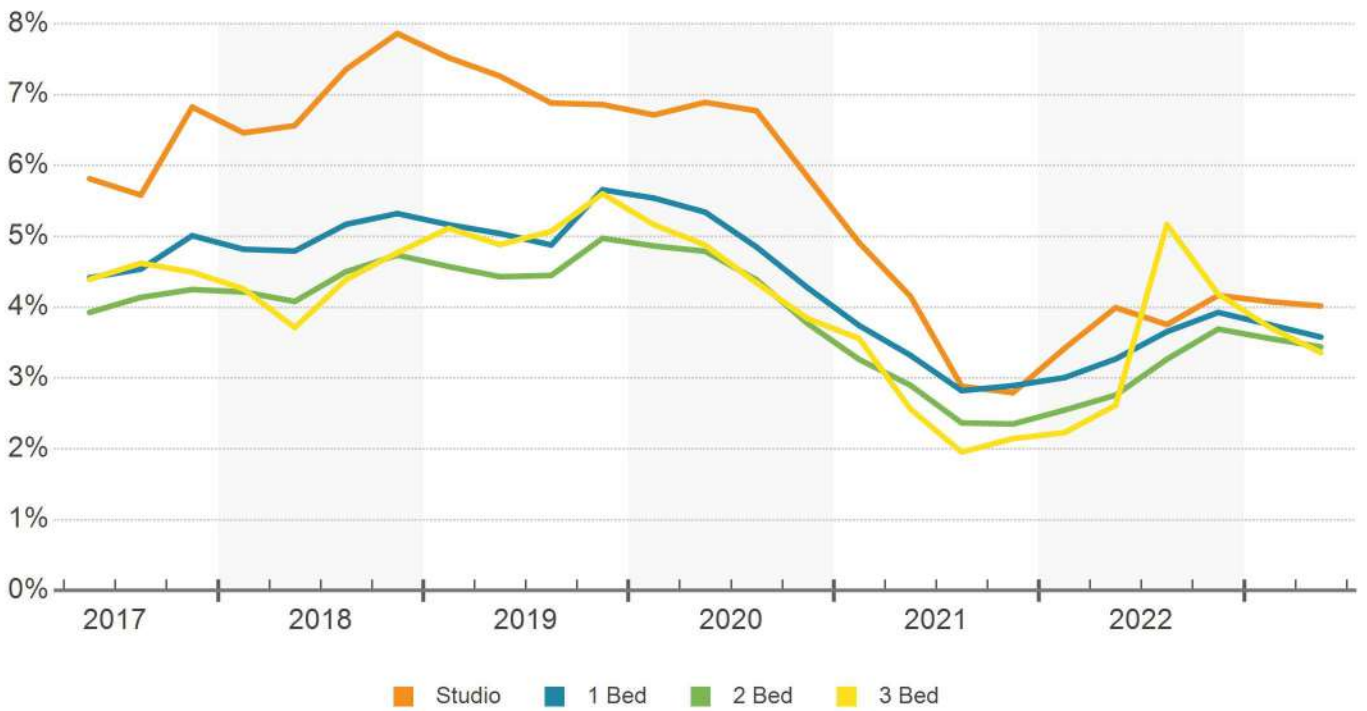
## OVERALL & STABILIZED VACANCY



## VACANCY RATE



## VACANCY BY BEDROOM



Rents are up 3.0% year over year, and average rent levels in the region sit at roughly \$2,430/month. Rent growth across the county has moderated after peaking at 13.8% at the beginning of 2022, although it is still outperforming Southern California neighbors Orange County and Los Angeles. In fact, rent growth has outpaced every major West Coast market during the past 12 months. After rents fell during the final four months of 2022, which was the longest consecutive streak in 10 years, rents have risen every month since January, erasing the losses at the end of last year. Rent growth in 2023 has performed in line with the long-term average here.

In terms of performance, the luxury segment has seen rent growth of 2.1% year over year. Rents in mid-tier apartments, antithetically, have seen annualized growth of 3.0% coinciding with demand falling over the past several quarters.

During the first quarter, rent growth was strongest along the South I-15 Corridor. Neighborhoods there saw rents rise more than 3%, recovering fourth-quarter rent losses in the process. Similarly, Mission Valley's first-quarter rent growth of 2% erased losses from the end of 2022.

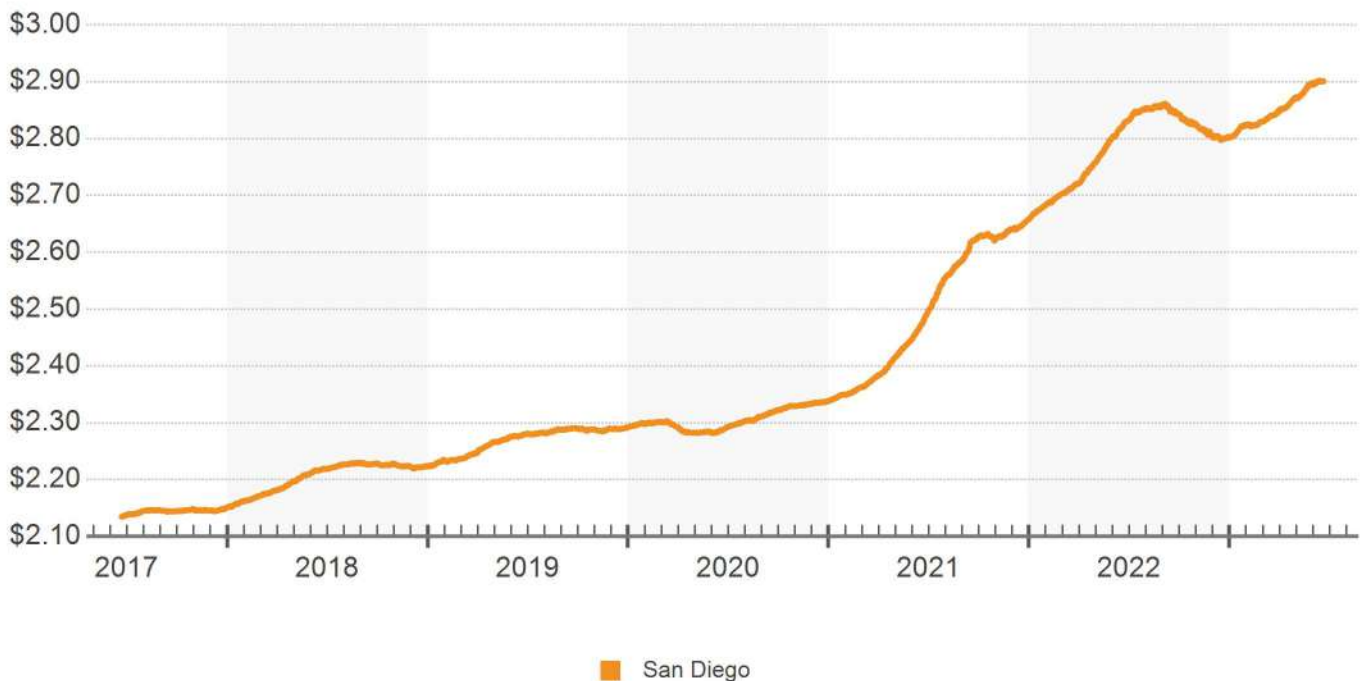
In UTC, rents continued to fall. After rents declined 4% at

the end of 2022, rents fell another 1% during the first quarter, and annual rent growth trailed every other submarket in San Diego at the start of 23Q2.

Downtown San Diego's rents have normalized after annual rent growth peaked in double digits in 2022. New one-bedroom units are offered at a substantial premium that often eclipses \$1,000/month compared to similar suburban rentals. Even Mission Valley's new one-bedrooms offer a \$250/month discount.

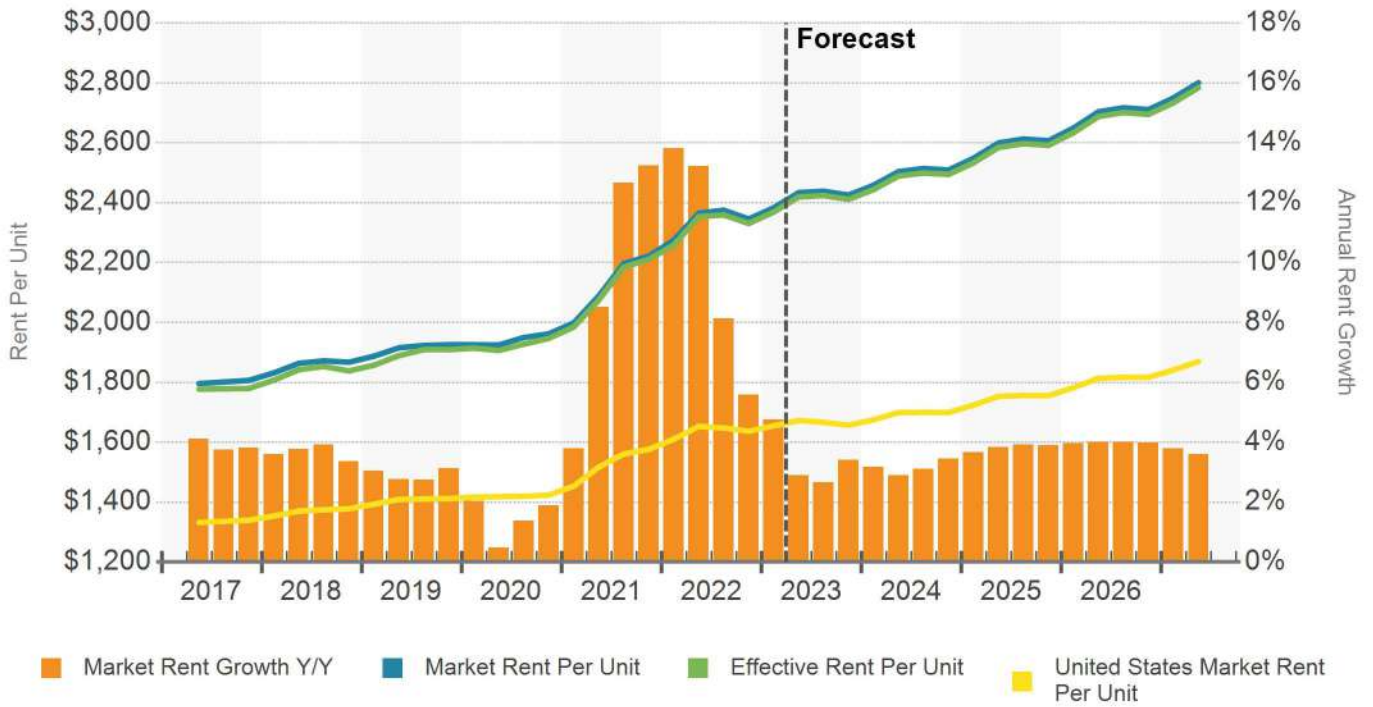
The level of concessions has increased modestly over the past few months. About 7% of communities have reported offering any concessions, and they are most prevalent in new properties. Renters in Mission Valley's newest communities still regularly receive four weeks, and sometimes up to six weeks, of free rent on select units. Concessions Downtown are offered in roughly one-quarter of properties. Renters are now finding that to receive more free rent in new properties, up to eight weeks, they have to sign 18-month or longer lease terms. Stabilized communities often offer concessions to compete with new inventory. Very few suburban areas of San Diego offer any concessions for properties that are not in lease up, and those often fall often before stabilizing.

### DAILY ASKING RENT PER SF

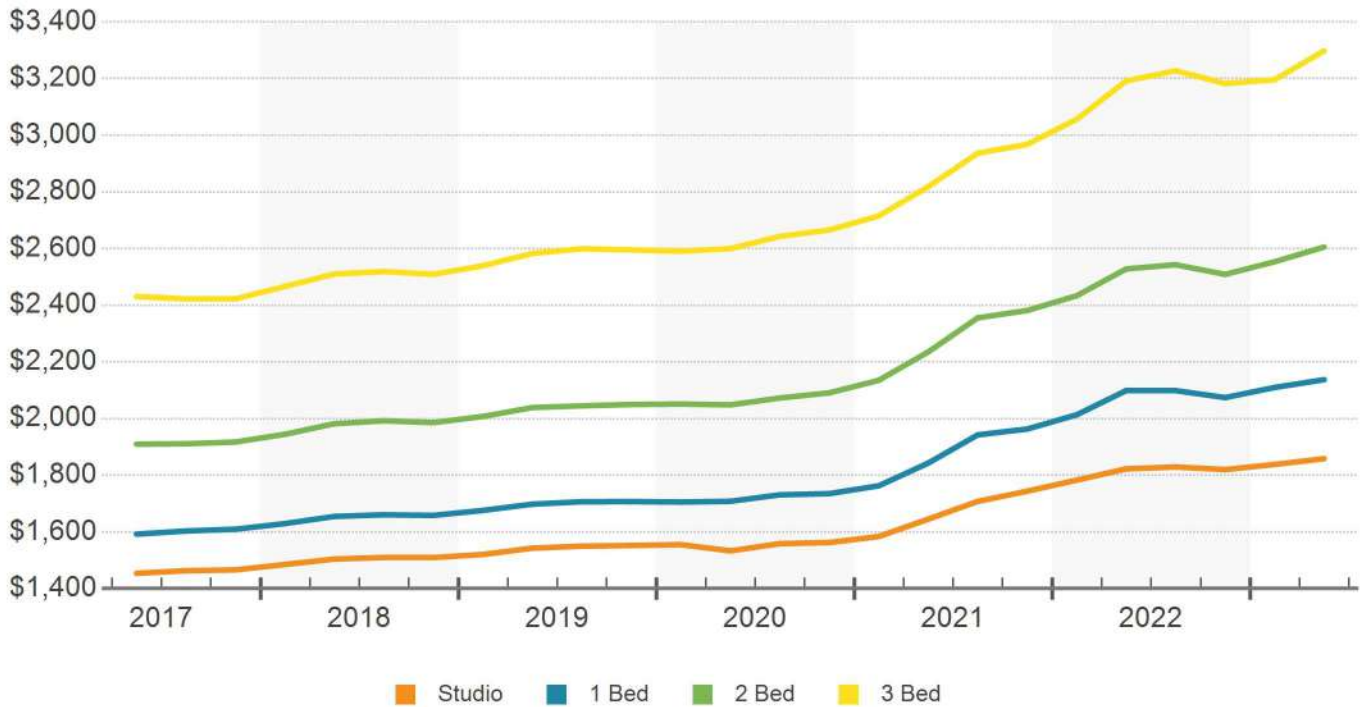




## MARKET RENT PER UNIT & RENT GROWTH



## MARKET RENT PER UNIT BY BEDROOM



### 4 & 5 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Operating Expenses								Capital Expenditures			Total
	Mgmt.	Admin.	Payroll	Water	Utilities	Maint.	Insurance	Taxes	Appliance	Structural	Other	
<b>San Diego</b>	\$0.85	\$0.78	\$0.84	\$0.84	\$1.27	\$1.72	\$0.36	\$1.58	\$0.12	\$0.16	\$0.72	<b>\$9.24</b>
Balboa Park	\$0.81	\$0.70	\$0.80	\$0.90	\$1.30	\$1.72	\$0.35	\$1.64	\$0.11	\$0.13	\$0.57	<b>\$9.03</b>
Chula Vista/Imperial...	\$0.80	\$0.80	\$0.79	\$0.90	\$1.29	\$1.65	\$0.33	\$1.59	\$0.15	\$0.13	\$0.56	<b>\$8.99</b>
Coronado/Point Loma	\$0.85	\$0.53	\$0.69	\$0.65	\$1.14	\$2.50	\$0.46	\$1.43	\$0.13	\$0.09	\$0.35	<b>\$8.82</b>
Downtown San Diego	\$0.81	\$0.70	\$0.80	\$0.90	\$1.30	\$1.72	\$0.35	\$1.64	\$0.11	\$0.13	\$0.57	<b>\$9.03</b>
East County	\$0.79	\$0.99	\$0.78	\$0.96	\$1.38	\$1.53	\$0.28	\$1.46	\$0.11	\$0.30	\$1.58	<b>\$10.16</b>
La Jolla/UTC	\$0.83	\$0.62	\$0.68	\$0.66	\$1.14	\$2.30	\$0.50	\$1.59	\$0.12	\$0.09	\$0.35	<b>\$8.88</b>
Mission Valley/Nort...	\$0.84	\$0.50	\$0.70	\$0.68	\$1.18	\$2.58	\$0.47	\$1.25	\$0.13	\$0.12	\$0.50	<b>\$8.95</b>
National City/South...	\$0.81	\$0.73	\$0.80	\$0.90	\$1.30	\$1.72	\$0.35	\$1.64	\$0.14	\$0.13	\$0.57	<b>\$9.09</b>
North County	\$0.76	\$0.54	\$0.62	\$0.73	\$1.09	\$1.27	\$0.28	\$1.65	\$0.13	\$0.13	\$0.56	<b>\$7.76</b>
North I-15 Corridor	\$1.19	\$1.29	\$1.52	\$1.11	\$1.50	\$1.05	\$0.29	\$1.77	\$0.08	\$0.27	\$1.17	<b>\$11.24</b>
North Shore Cities	\$0.75	\$0.55	\$0.58	\$0.73	\$1.10	\$1.31	\$0.31	\$1.65	\$0.14	\$0.13	\$0.57	<b>\$7.82</b>
South I-15 Corridor	\$0.86	\$1.16	\$1.11	\$0.82	\$1.37	\$1.24	\$0.34	\$1.89	\$0.08	\$0.26	\$0.89	<b>\$10.02</b>

Expenses are estimated using NCREIF, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

### 3 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Operating Expenses								Capital Expenditures			Total
	Mgmt.	Admin.	Payroll	Water	Utilities	Maint.	Insurance	Taxes	Appliance	Structural	Other	
<b>San Diego</b>	\$0.73	\$0.65	\$0.77	\$0.81	\$1.22	\$1.20	\$0.23	\$1.37	\$0.12	\$0.17	\$0.77	<b>\$8.04</b>
Balboa Park	\$0.75	\$0.63	\$0.75	\$0.83	\$1.24	\$1.30	\$0.26	\$1.37	\$0.11	\$0.13	\$0.58	<b>\$7.95</b>
Chula Vista/Imperial...	\$0.74	\$0.65	\$0.76	\$0.86	\$1.24	\$1.33	\$0.26	\$1.39	\$0.14	\$0.12	\$0.54	<b>\$8.03</b>
Coronado/Point Loma	\$0.80	\$0.51	\$0.66	\$0.63	\$1.10	\$1.44	\$0.39	\$1.30	\$0.12	\$0.09	\$0.34	<b>\$7.38</b>
Downtown San Diego	\$0.74	\$0.63	\$0.76	\$0.84	\$1.24	\$1.30	\$0.25	\$1.38	\$0.11	\$0.12	\$0.54	<b>\$7.91</b>
East County	\$0.72	\$0.98	\$0.75	\$0.96	\$1.37	\$1.01	\$0.12	\$1.34	\$0.10	\$0.29	\$1.49	<b>\$9.13</b>
La Jolla/UTC	\$0.61	\$0.48	\$0.65	\$0.60	\$1.10	\$1.40	\$0.47	\$1.29	\$0.11	\$0.09	\$0.33	<b>\$7.13</b>
Mission Valley/Nort...	\$0.79	\$0.38	\$0.65	\$0.59	\$1.08	\$1.35	\$0.38	\$1.11	\$0.12	\$0.09	\$0.33	<b>\$6.87</b>
National City/South...	\$0.74	\$0.64	\$0.76	\$0.86	\$1.24	\$1.30	\$0.25	\$1.38	\$0.13	\$0.12	\$0.54	<b>\$7.96</b>
North County	\$0.70	\$0.52	\$0.61	\$0.70	\$1.04	\$1.16	\$0.15	\$1.55	\$0.13	\$0.12	\$0.54	<b>\$7.22</b>
North I-15 Corridor	\$0.63	\$0.40	\$1.42	\$0.83	\$1.19	\$0.89	\$0.19	\$1.40	\$0.08	\$0.25	\$1.11	<b>\$8.39</b>
North Shore Cities	\$0.68	\$0.52	\$0.55	\$0.69	\$1.05	\$1.22	\$0.18	\$1.54	\$0.13	\$0.12	\$0.54	<b>\$7.22</b>
Outlying San Diego...	\$0.74	\$1	\$0.76	\$1	\$1.41	\$0.97	\$0.13	\$1.35	\$0.10	\$0.34	\$1.61	<b>\$9.41</b>
Poway/Santee/Ram...	\$0.76	\$0.96	\$0.76	\$1.02	\$1.41	\$0.98	\$0.15	\$1.33	\$0.10	\$0.35	\$1.60	<b>\$9.42</b>
South I-15 Corridor	\$0.80	\$0.71	\$1.13	\$0.80	\$1.33	\$1.03	\$0.23	\$1.54	\$0.08	\$0.25	\$0.90	<b>\$8.80</b>

Expenses are estimated using NCREIF, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

### 1 & 2 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Operating Expenses								Capital Expenditures			Total
	Mgmt.	Admin.	Payroll	Water	Utilities	Maint.	Insurance	Taxes	Appliance	Structural	Other	
<b>San Diego</b>	\$0.65	\$0.47	\$0.72	\$0.65	\$1.07	\$0.99	\$0.20	\$0.99	\$0.10	\$0.13	\$0.62	<b>\$6.59</b>
Balboa Park	\$0.70	\$0.48	\$0.71	\$0.56	\$1.20	\$1.11	\$0.24	\$1.15	\$0.10	\$0.11	\$0.51	<b>\$6.87</b>
Chula Vista/Imperial...	\$0.67	\$0.61	\$0.72	\$0.80	\$1.12	\$1.23	\$0.24	\$0.80	\$0.13	\$0.11	\$0.51	<b>\$6.94</b>
Coronado/Point Loma	\$0.70	\$0.52	\$0.62	\$0.59	\$1.09	\$0.96	\$0.26	\$1.16	\$0.11	\$0.09	\$0.33	<b>\$6.43</b>
Downtown San Diego	\$0.71	\$0.51	\$0.72	\$0.58	\$1.22	\$1.15	\$0.24	\$1.17	\$0.10	\$0.11	\$0.51	<b>\$7.02</b>
East County	\$0.69	\$0.43	\$0.72	\$0.62	\$1	\$0.83	\$0.11	\$0.78	\$0.09	\$0.14	\$0.92	<b>\$6.33</b>
La Jolla/UTC	\$0.59	\$0.43	\$0.62	\$0.56	\$1.05	\$0.88	\$0.26	\$1.07	\$0.10	\$0.08	\$0.32	<b>\$5.96</b>
Mission Valley/Nort...	\$0.70	\$0.36	\$0.62	\$0.57	\$1.06	\$0.90	\$0.26	\$1.10	\$0.12	\$0.08	\$0.32	<b>\$6.09</b>
National City/South...	\$0.71	\$0.57	\$0.72	\$0.71	\$1.18	\$1.21	\$0.24	\$0.86	\$0.11	\$0.11	\$0.51	<b>\$6.93</b>
North County	\$0.50	\$0.48	\$0.60	\$0.64	\$1.01	\$1.01	\$0.14	\$1.25	\$0.12	\$0.12	\$0.55	<b>\$6.42</b>
North I-15 Corridor	\$0.51	\$0.29	\$1.20	\$0.73	\$0.92	\$0.69	\$0.17	\$1.06	\$0.07	\$0.24	\$1.05	<b>\$6.93</b>
North Shore Cities	\$0.50	\$0.49	\$0.54	\$0.63	\$1.03	\$1.04	\$0.16	\$1.28	\$0.12	\$0.11	\$0.49	<b>\$6.39</b>
Outlying San Diego...	\$0.71	\$0.42	\$0.72	\$0.64	\$1.02	\$0.72	\$0.12	\$0.73	\$0.09	\$0.17	\$0.98	<b>\$6.32</b>
Poway/Santee/Ram...	\$0.73	\$0.42	\$0.72	\$0.64	\$1	\$0.74	\$0.15	\$0.74	\$0.09	\$0.16	\$0.99	<b>\$6.38</b>
South I-15 Corridor	\$0.53	\$0.30	\$0.94	\$0.65	\$0.92	\$0.72	\$0.18	\$1.25	\$0.08	\$0.23	\$0.80	<b>\$6.60</b>

Expenses are estimated using NCREIF, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

There are roughly 8,100 units under construction across San Diego, and the region has added a net of about 19,000 new units in the past five years. Downtown San Diego is still the most popular spot for development among national and international developers, although there has been a notable uptick in development along the South I-15 Corridor, Chula Vista and the Balboa Park neighborhoods.

The San Diego Association of Governments estimates that the county requires roughly 20,000 total housing units annually over the coming decade to make up for the relative drop in total construction over the past 15 years. That is a tall order considering that San Diego County only permits about 10,000 total housing units annually. For context, a net of about 4,400 market-rate units delivered in 2022, and roughly 2,000 are scheduled to open this year.

The rising cost of debt, coupled with the rise in cost for most construction materials, has made it more difficult for projects to break ground. Labor costs are also rising and many construction lenders have paused financing many deals, even for builders with strong balance sheets. One other concern is finding skilled sub-contractors according to local developers. Consequently, construction starts have moderated in recent quarters. That trend is expected to carry forward through the next several quarters.

There are several barriers to growth, even as California legislators have tried to increase housing production through legislation. The entitlement process can take several years, and permitting and soft costs can run upwards of 50% of the total project cost. San Diego maintains very organized and vocal opposition to increased density, and many groups file CEQA, or environmental, complaints, which can delay projects for several years. With these added costs, workforce housing becomes extremely difficult to pencil out, which is why more than 90% of inventory in the past decade has consisted of luxury units. Many of the new luxury communities coming to market are costing more than \$600,000/unit to build.

California's Department of Housing and Community Development issued an opinion in 2022 that would supersede local 30-foot height restrictions west of

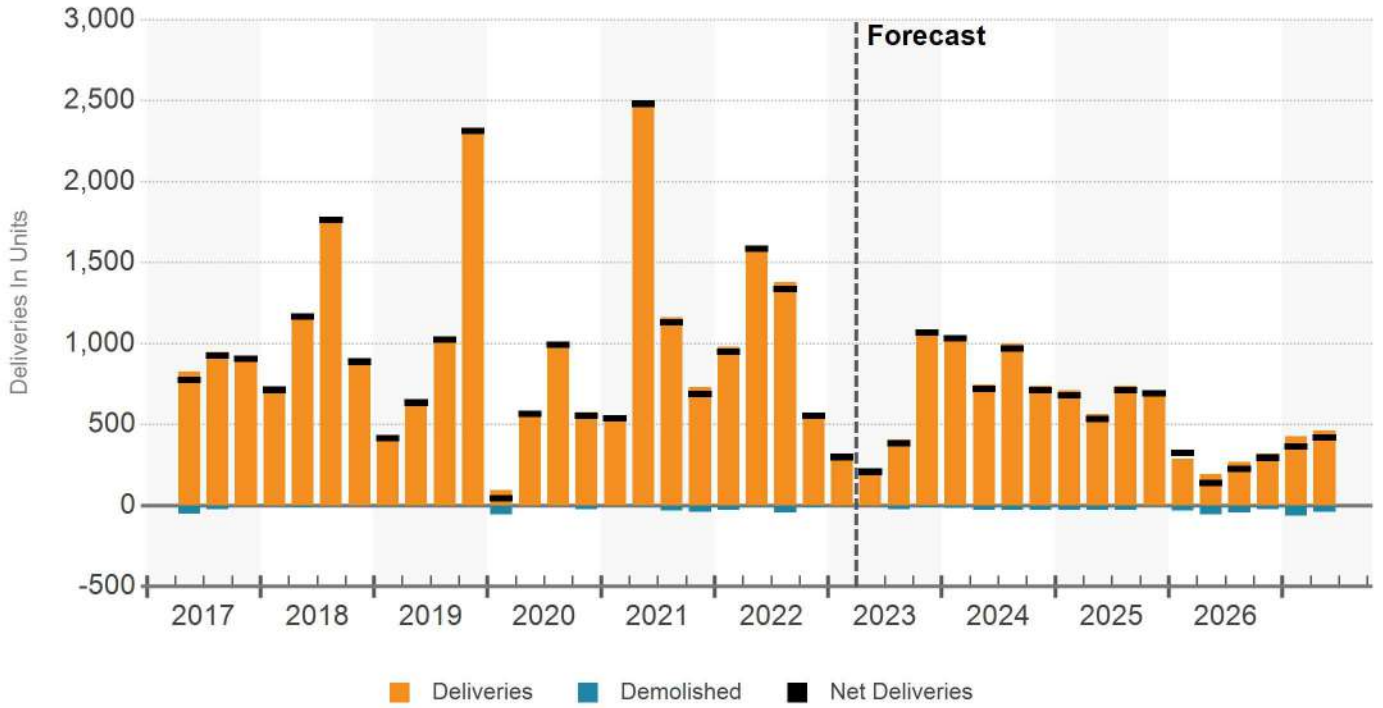
Interstate 5 because it is in conflict with state density bonus law. That could bring high-rise development to some coastal communities, which is likely to face stiff local opposition, although it would help pencil projects that would otherwise not be built.

Developers are pivoting more broadly toward redeveloping retail sites, which would help mitigate obsolete retail space. The corner of Convoy and Clairemont Mesa in Kearny Mesa has several redevelopments in various stages of planning. G.H. Palmer purchased the Zion Market and Kearny Mesa Bowl site that was entitled for 1,600 apartments. Trammell Crow demolished the adjacent Dixieline Lumber at the end of 2022 and is building more than 500 apartments on the site. Across the street, John Hancock has plans to build more than 600 apartments in place of retail space.

In Point Loma, the city council has chosen Midway Rising to redevelop the Sports Arena site that includes several retail buildings. Zephyr was selected to build the housing portion that will include 4,250 units, more than half of which will be affordable. It is planned to have 20 acres of parks, plaza space and a new sporting venue. That area, in particular, has seen a significant rise in the homeless population over the past few years. It is also likely that the NAVWAR site on Pacific Highway will be redeveloped into a new facility for the Navy along with a huge number of housing units. The Navy's original proposal for the site called for 10,000 housing units with buildings reaching 350 feet high. That met with expected outrage among locals, and the Navy is soliciting bids to build out the project to include housing and a new facility for NAVWAR. It will likely include thousands of units.

Several master plans have recently been updated which makes these projects feasible. The Midway District's update in Point Loma increases housing by upwards of 10,000 units. Other areas include the Morena Corridor, the Balboa Avenue Station Area in Pacific Beach, Linda Vista, Old Town, Mission Valley, and Kearny Mesa, to name a few. Mission Valley, alone, could add more than 28,000 housing units, a similar number as planned with University City's update in 2023. In the past 10 years, updates have provided the capacity for more than 100,000 additional housing units in San Diego, although the likelihood of all of those units being built is remote.

## DELIVERIES & DEMOLITIONS





# Under Construction Properties

San Diego Multi-Family

Properties

Units

Percent of Inventory

Avg. No. Units

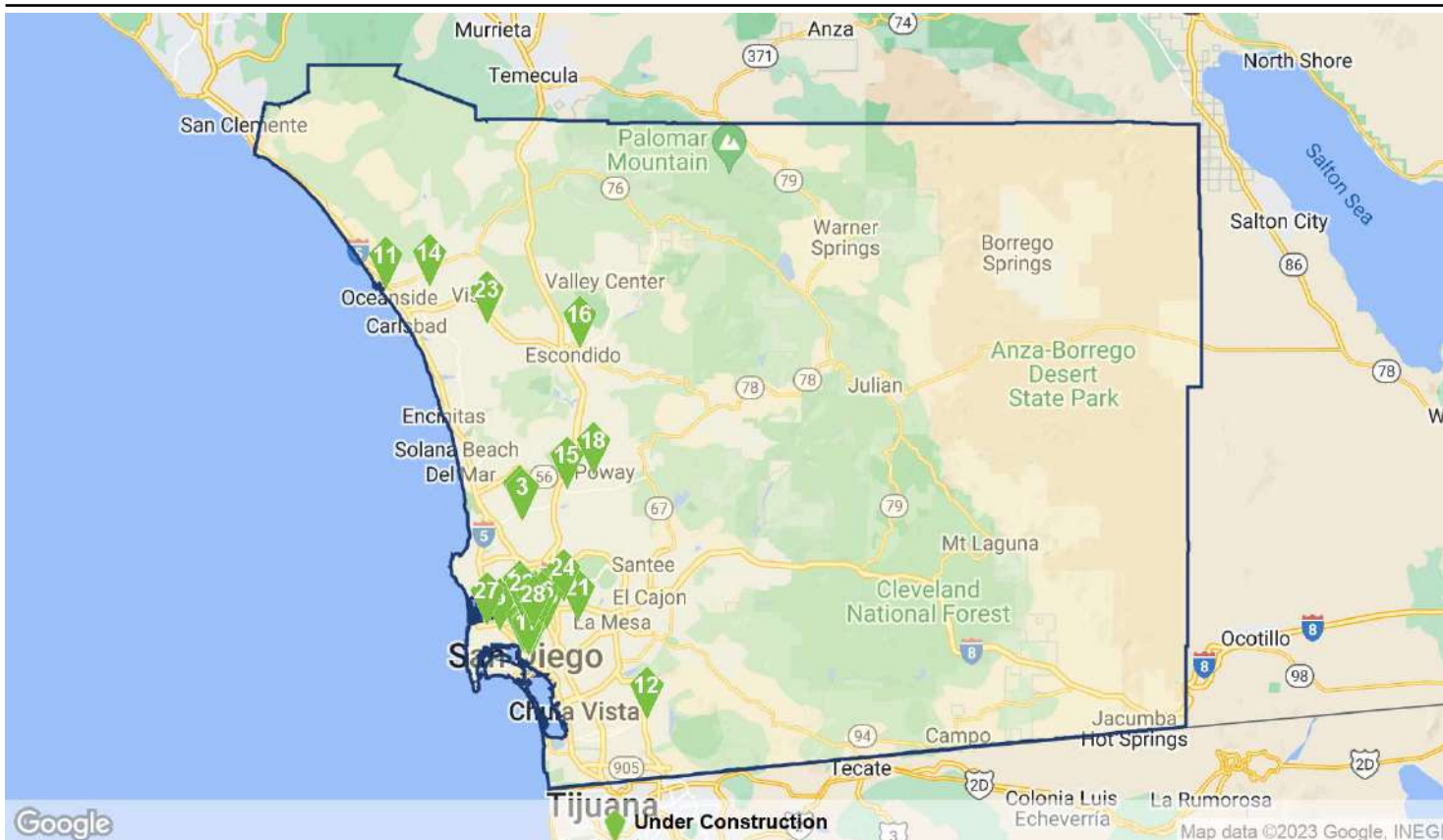
68

8,587

3.1%

126

## UNDER CONSTRUCTION PROPERTIES



## UNDER CONSTRUCTION

Property Name/Address	Rating	Units	Stories	Start	Complete	Developer/Owner
1 11061 Ardha Way	★★★★☆	450	3	Feb 2021	Aug 2023	Lennar
2 Courthouse Commons 1011 Union St	★★★★☆	431	37	Jul 2020	Mar 2024	Holland Partner Group Lowe
3 7918 Collective Way	★★★★☆	429	4	Jan 2022	Aug 2023	-
4 The Lindley 1331 Columbia St	★★★★☆	422	37	Jun 2022	Oct 2024	Toll Brothers Apartment Living Toll Brothers Apartment Living
5 Bevel Apartments 2352 Midway Dr	★★★★☆	405	3	May 2022	Sep 2023	Fairfield CalSTRS
6 Simone 1401 Union St	★★★★☆	395	36	Dec 2020	Oct 2023	AAA Management LLC Trammell Crow Residential
7 800 Broadway	★★★★☆	384	41	Aug 2021	Dec 2023	CA Ventures CA Ventures

# Under Construction Properties

San Diego Multi-Family

## UNDER CONSTRUCTION

Property Name/Address	Rating	Units	Stories	Start	Complete	Developer/Owner
8 <b>Winslow</b> 4353 Park Blvd	★★★★☆	379	7	Jan 2021	Jul 2023	Quarterra Quarterra
9 <b>Jefferson Makers Quarter</b> 1508 15th St	★★★★☆	368	7	Apr 2020	Oct 2023	Wermers Companies R&V Management
10 <b>The Heights at Fashion...</b> 7050 Friars Rd	★★★★☆	316	8	May 2021	Dec 2023	Fairfield Fairfield
11 <b>Alta Oceanside</b> 1015 N Coast Hwy	★★★★☆	309	5	Jan 2022	Oct 2023	Wood Partners Prudential Financial, Inc.
12 <b>PA-12</b> Town Center Dr	★★★★☆	308	5	Jan 2022	Feb 2024	The REMM Group Baldwin Asset Management
13 <b>Broadway Towers (North...</b> 1150 E St	★★★★☆	305	32	Mar 2022	Mar 2025	Pinnacle International Pinnacle International
14 <b>Luma at El Corazon</b> 3546 Village Commercial Dr	★★★★☆	268	23	Aug 2022	Oct 2023	Sudberry Properties, Inc. Sudberry Properties, Inc.
15 <b>Livia at Scripps Ranch</b> 10380 Spring Canyon Rd	★★★★☆	264	2	Aug 2020	Jul 2023	Monarch Group Essex Property Trust, Inc.
16 <b>Palomar Heights</b> 555 E Valley Pky	★★★★☆	258	5	Feb 2023	Dec 2025	Integral Communities, Inc. Palomar Health
17 <b>Radian Apartments</b> 675 9th Ave	★★★★☆	241	22	Jul 2021	Jul 2023	Cisterra Cisterra
18 <b>West Village Poway</b> 12845 Poway Rd	★★★★☆	212	2	Feb 2023	Apr 2024	Fairfield Fairfield
19 <b>North Park</b> 4555 30th St	★★★☆☆	194	6	May 2022	Mar 2024	- H.G. Fenton Company
20 <b>4135 Park Blvd</b>	★★★★☆	190	7	Jul 2022	Aug 2024	CEDARst Companies CEDARst Companies
21 <b>5474 El Cajon Blvd</b>	★★★☆☆	162	5	Nov 2022	Mar 2024	- Family Health Centers of San Diego
22 <b>Ruby at the Society</b> 101 River Park Dr	★★★★☆	145	8	Nov 2021	Oct 2023	- Holland Partner Group
23 <b>Green Oak Villas</b> 1086 Sycamore Ave	★★★★☆	107	2	Jan 2022	May 2024	Latitude 33 Planning and Engine... Beazer Homes
24 <b>Vora Lux</b> 4360 Twain Ave	★★★★☆	99	5	Jan 2022	Jul 2023	- R&V Management
25 <b>Casa Verde</b> 3066 N Park Way	★★★★☆	94	7	Jan 2021	Jul 2023	- George Champion
26 <b>The Parkline</b> 4250 Oregon St	★★★★☆	94	6	Mar 2022	Aug 2023	Titan Development Titan Development
27 <b>Chapman Place Apartme...</b> 3910 Chapman St	★★★☆☆	82	2	Jan 2021	Jul 2023	Greython Construction Mark Andrew Conger
28 <b>Evoc Hillcrest</b> 3935 Normal St	★★★★☆	82	4	Dec 2021	Jul 2023	Econ Construction H.G. Fenton Company

Explosive interest rate growth has "wreaked havoc" according to local investors and lenders, and deal flow has moderated notably since mid-2022 to a level last seen during the beginning of 2020. The number of transactions during 23Q1 fell 20% quarter over quarter and 50% year over year. Even some investors are opting to pay capital gains in place of exchanging into a property. Both small and institutional investors have noted the difficulty in finding a property to purchase that meets their expected rate of return. Most parties highlight the fact that the market is in a period of pricing discovery given that bid-ask spreads are hampering many deals from being completed, which has led to many listings sitting on the market for longer periods. It has been voiced that sellers are pricing their properties at peak levels similar to early 2022, while values have fallen due to the cost of debt and rising expenses attached to soaring insurance rates. Similarly, policy goals announced by the city council have added a further layer of uncertainty for value-add investors, including a recent announcement to make housing a human right and further tenant protective measures.

The average transactional price has been about \$390,000/unit over the past 12 months, with well-located suburban assets typically selling at a higher cap rate relative to coastal areas. Transactional cap rates have averaged roughly 3.8% in the past 12 months, although the average during 23Q1 eclipsed 4% for the first time in several years. It was not long ago that properties trading at a 3% cap rate were common. The average property size to have sold in the past year has been about 30 units.

During 23Q1, the investment manager FPA Multifamily purchased the two-property portfolio consisting of 520

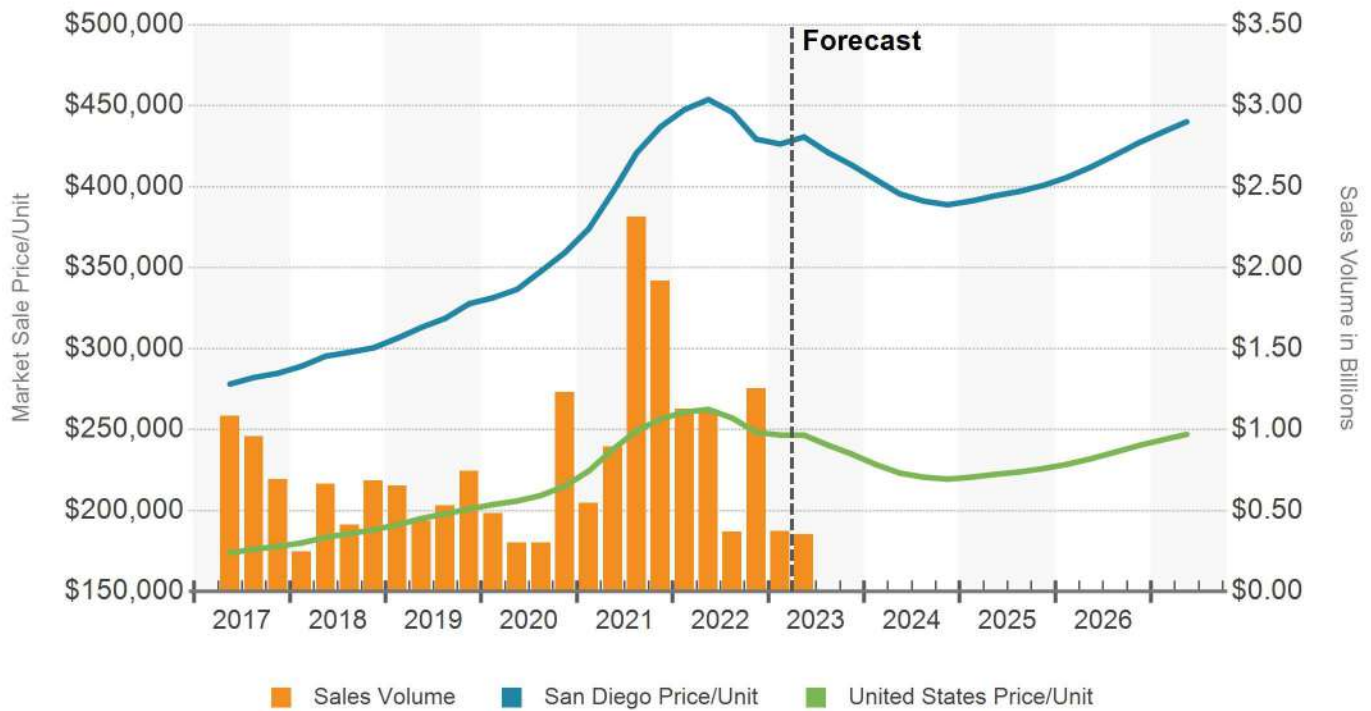
units at Arrive Clairemont and ReNew Serra Mesa for \$163.6 million, or about \$315,000/unit. Although the properties were purchased for their value-add potential, that was one of the lower valuations for an institutional deals in recent quarters. The buildings were collectively 95% occupied at the time of the sale. The buyer took out roughly \$94 million in debt to finance the transaction.

El Norte Villas, since rebranded Madera Ridge, in Escondido sold at the end of 2022 for \$86 million, or about \$364,000/unit, at a 4.6% cap rate. That was one of the higher institutional cap rates in the past year. ColRich acquired the 236-unit from G.W. Williams, which had owned the property for more than 20 years. It was 95% leased at the time of the sale.

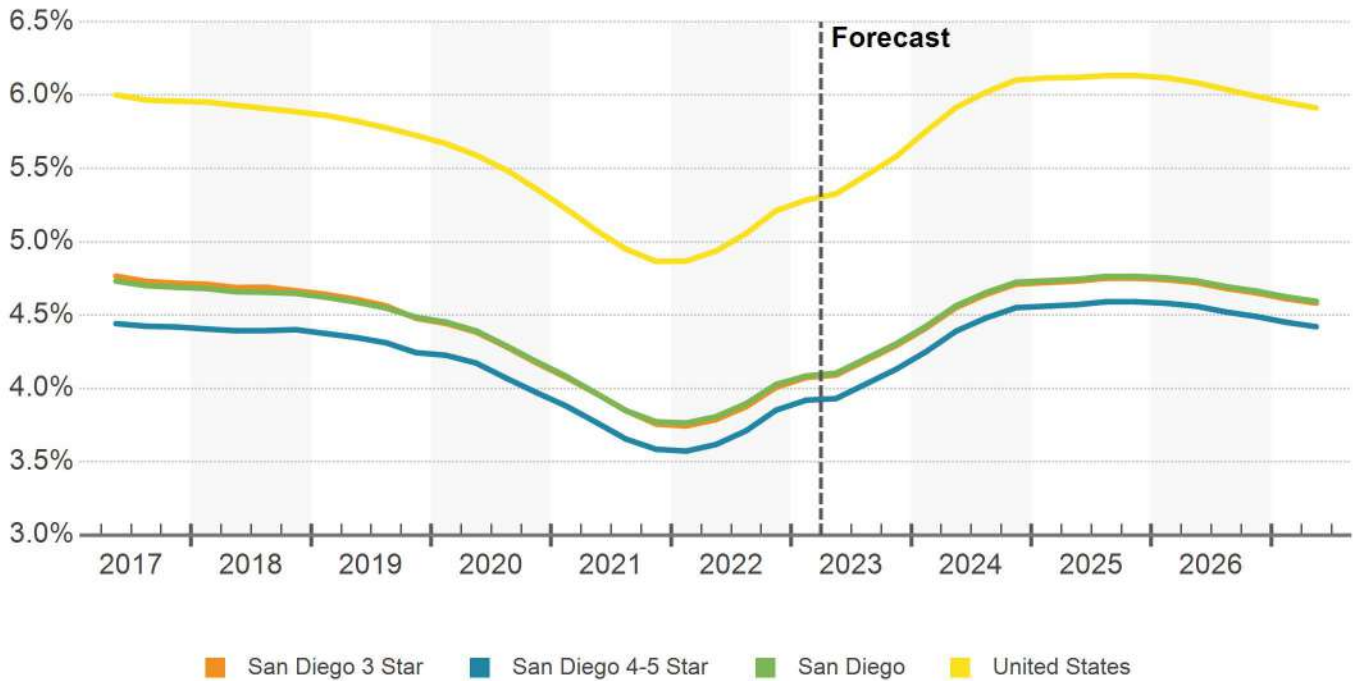
A joint venture between MG Properties and Rockwood Capital acquired the 126-unit Rylan in Vista for \$72.5 million, or about \$575,000/unit, at a 4.5% cap rate during 22Q4. The property was built in 2020 by the seller, Streetlights Residential. The community had resort-style amenities and included five ground-floor retail spaces. Like the Madera Ridge sale, this property traded at one of the higher cap rates among recent institutional deals.

Pacific Urban Investors sold the 405-unit Veranda La Mesa in East County to the investment manager Waterton at the end of 2022 for \$141 million, or about \$350,000/unit, at a 3.85% cap rate. It was Waterton's first purchase in San Diego. The buyer intends to undertake a value-add strategy by improving some units and common areas. The seller had renovated more than one-third of the units after acquiring the property in 2018 for \$99.4 million. Waterton had secured a seven-year fixed-rate loan from Freddie Mac Multifamily.

### SALES VOLUME & MARKET SALE PRICE PER UNIT



### MARKET CAP RATE





# Sales Past 12 Months

## San Diego Multi-Family

Sale Comparables

Avg. Price/Unit (thous.)

Average Price (mil.)

Average Vacancy at Sale

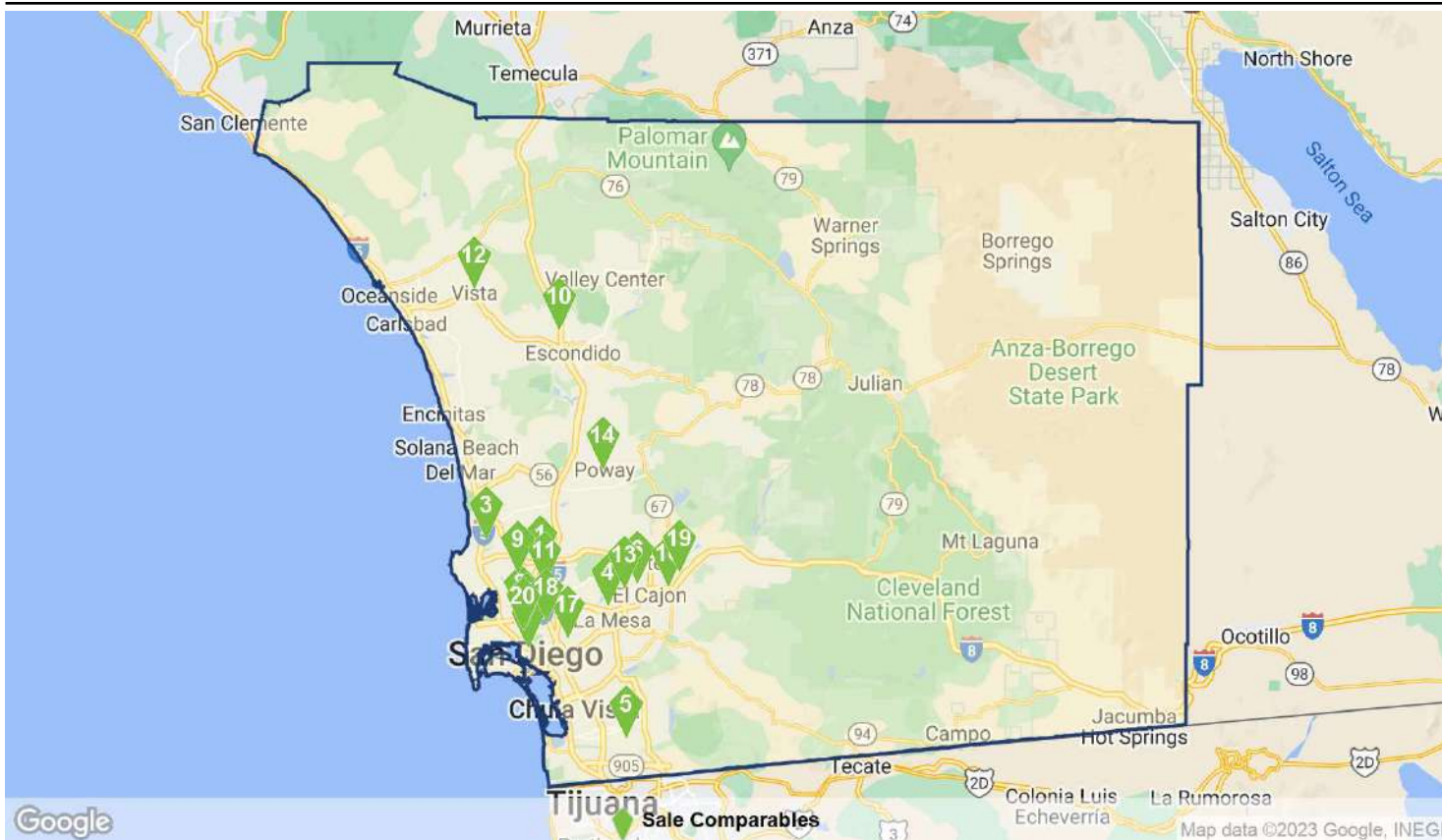
**258**

**\$391**

**\$10.6**

**5.2%**

### SALE COMPARABLE LOCATIONS



### SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$875,000	\$10,632,449	\$3,150,000	\$184,600,000
Price/Unit	\$132,812	\$391,425	\$352,778	\$1,060,000
Cap Rate	1.4%	3.8%	3.8%	8.9%
Vacancy Rate At Sale	0%	5.2%	0%	38.5%
Time Since Sale in Months	0.3	6.7	7.0	12.0
Property Attributes	Low	Average	Median	High
Property Size in Units	2	27	8	406
Number of Floors	1	2	2	7
Average Unit SF	205	758	740	1,807
Year Built	1111	1965	1971	2022
Star Rating	★★★★★	★★★★★ 2.3	★★★★★	★★★★★



# Sales Past 12 Months

San Diego Multi-Family

## RECENT SIGNIFICANT SALES

Property Name/Address	Property Information				Sale Information				
	Rating	Yr Built	Units	Vacancy	Sale Date	Price	Price/Unit	Price/SF	
<b>1</b> Domain San Diego 8798 Spectrum Center Blvd	★★★★★	2012	379	5.0%	11/23/2022	\$184,600,000	\$487,071	\$507	
<b>2</b> Felix at the Society 310 Del Sol Dr	★★★★★	2021	282	12.8%	10/21/2022	\$183,765,000	\$651,648	\$652	
<b>3</b> Allina LaJolla 3417 Lebon Dr	★★★★★	1986	400	2.8%	4/27/2023	\$177,300,000	\$443,250	\$513	
<b>4</b> Veranda La Mesa 5353 Baltimore Dr	★★★★★	1980	406	6.7%	11/8/2022	\$141,000,000	\$347,290	\$474	
<b>5</b> The Residences at Escaya 1925 Avenida Escaya	★★★★★	2019	272	7.4%	11/15/2022	\$122,500,000	\$450,367	\$408	
<b>6</b> Forest Park 1250 Petree St	★★★★★	1974	338	3.6%	6/24/2022	\$121,000,000	\$357,988	\$477	
<b>7</b> Gema 1471 8th Ave	★★★★★	2002	230	4.8%	6/30/2022	\$118,500,000	\$515,217	\$558	
<b>8</b> Bradbury at The Society 610 Del Sol Dr N	★★★★★	2021	173	9.3%	10/21/2022	\$112,735,500	\$651,650	\$141	
<b>9</b> Arrive Clairemont 6363 Beadnell Way	★★★★★	1965	270	4.1%	2/16/2023	\$90,480,000	\$335,111	\$393	
<b>10</b> Madera Ridge 1051 W El Norte Pky	★★★★★	1986	236	8.9%	11/16/2022	\$86,000,000	\$364,406	\$386	
<b>11</b> ReNew Serra Mesa 3454 Ruffin Rd	★★★★★	1969	250	4.8%	2/16/2023	\$73,087,500	\$292,350	\$359	
<b>12</b> The Rylan 100 Main St	★★★★★	2020	126	7.1%	12/19/2022	\$72,500,000	\$575,396	\$527	
<b>13</b> Colonnade at Fletcher Hills 2950 Fletcher Pky	★★★★★	1978	138	5.8%	6/24/2022	\$48,250,000	\$349,637	\$401	
<b>14</b> Haven Poway 13656 Hilleary Pl	★★★★★	1985	107	7.5%	10/12/2022	\$41,700,000	\$389,719	\$543	
<b>15</b> The Warwick 606 Washington St	★★★★★	1986	80	6.3%	12/16/2022	\$37,375,000	\$467,187	\$828	
<b>16</b> The Madison 1360 E Madison Ave	★★★★★	1976	110	11.8%	7/28/2022	\$34,000,000	\$309,090	\$524	
<b>17</b> The Ridge At San Diego 4641-4677 Home Ave	★★★★★	1989	87	6.9%	10/12/2022	\$31,500,000	\$362,068	\$474	
<b>18</b> Ollie North Park Lofts 4333 Illinois St	★★★★★	2022	44	13.6%	9/7/2022	\$27,500,000	\$625,000	\$625	
<b>19</b> Canyon Springs Apartments 2000 E Main St	★★★★★	1988	61	0%	6/30/2022	\$26,650,000	\$436,885	\$394	
<b>20</b> Park East Apartments 111 W Pennsylvania Ave	★★★★★	1973	60	1.8%	8/24/2022	\$23,550,000	\$392,500	\$648	

With roughly 20,000 people leaving the civilian labor force in April, San Diego's unemployment rate fell to 3.3% in April, according to the latest report from the Bureau of Labor Statistics. That's a drop from March's 3.7% unemployment rate, and it is 100 basis points below California's statewide rate.

Between March and April, nonfarm employment rose by 9,000. Leisure and hospitality once again led the month-over-month increase with 2,900 new hires. That marks 10 out of the past 12 months that this employment sector led hiring in San Diego.

The manufacturing and professional and business services industries were the only sectors to have posted job losses in the past month.

That was largely the driving factor behind the office-using sectors, recognized as financial activities, professional and business services and information, to see the loss of 900 jobs between March and April. That's a month after those same industries added only 200 positions.

According to Work Adjustment and Retraining Notices, known as WARN notices, filed with the State of California, several more firms have announced pending layoffs in San Diego. Among the latest are from Cue Health, which announced more than 300 layoffs from its manufacturing sites in Vista to its lab space in Sorrento Mesa. Jenny Craig also laid off nearly 150 workers and announced it was closing its Carlsbad headquarters and all of its retail locations. The weight-loss company had five centers locally.

Those layoffs are expected to lead to more space becoming available. For instance, after Sorrento Therapeutics filed for bankruptcy in February and announced it was laying off more than 500 workers, the biotech firm has placed two buildings and roughly 220,000 square feet on the market. Those were the first of its 600,000-square-foot local footprint to become available.

That could spell further trouble for the office market, which has seen rents fall in real terms over the past 12 months, and vacancy rise 50 basis points. That has coincided with sublet space rising to a record high during

the second quarter.

Yet there were 10,000 more jobs ads month over month in the City of San Diego, according to California's Employment Development Department. The professional, scientific and technical services sector along with finance and insurance were among the industries with the most job ads in April, with an uptick in 2,000 more ads compared with the trailing month. Firms are still in hiring mode, even as they right-size their footprint.

San Diego saw marginal population growth after falling each of the previous two years, according to the latest U.S. census data looking at the change in county population numbers between July 2021 and July 2022. Both Orange County and Los Angeles saw their populations continue to fall. Domestic migration in San Diego has typically trended in negative territory, and last year was no different. More than 18,000 people left the county through mid-2022. Last year's July figure was partially offset by international migration, which exceeded 9,000, the most here in three years. High housing costs are one of the primary reasons that population growth has largely stalled.

More than 80 research institutes are located in San Diego, from Scripps Research Institute to Salk Institute for Biological Studies, in addition to five universities. This cluster of research in the Golden Triangle has created one of the strongest life science cores in the United States. Furthermore, Scripps Health has five campuses across the metro and announced that it is spending \$2.6 billion on upgrades to its facilities, further bolstering San Diego as a destination for "medical tourism."

San Diego is also home to more than 140,000 active duty and civilian military employees. The defense industry accounts for more than 350,000 jobs in the region according to the San Diego Military Advisory Council. That is close to 25% of the economy. And the Navy's renewed focus on the Pacific theater of operation will result in a 60/40 split between the Pacific and Atlantic fleets, further solidifying San Diego's status as a major Navy hub.

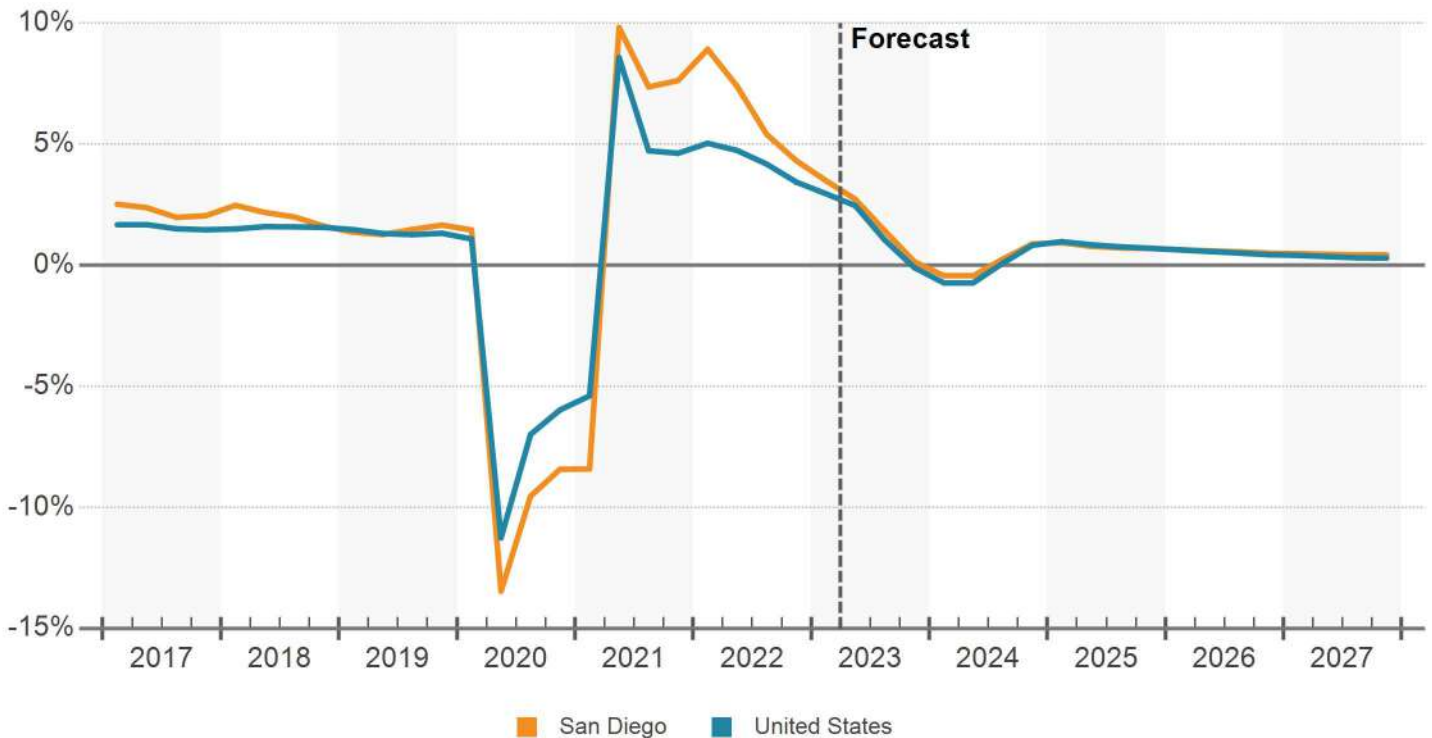
It is also why San Diego has one of the largest concentrations of millennials in the country, accounting for 25% of the population.

### SAN DIEGO EMPLOYMENT BY INDUSTRY IN THOUSANDS

Industry	CURRENT JOBS		CURRENT GROWTH		10 YR HISTORICAL		5 YR FORECAST	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	119	0.9	1.18%	1.69%	1.85%	0.80%	0.08%	-0.11%
Trade, Transportation and Utilities	223	0.8	-0.11%	1.00%	0.41%	1.21%	-0.13%	-0.03%
Retail Trade	138	0.9	-0.55%	0.69%	-0.13%	0.41%	-0.11%	-0.02%
Financial Activities	77	0.8	-1.68%	1.12%	0.77%	1.49%	-0.19%	-0.04%
Government	249	1.1	1.98%	1.82%	0.98%	0.29%	0.35%	0.44%
Natural Resources, Mining and Construction	89	1.0	0.87%	3.06%	3.79%	2.53%	0.75%	0.08%
Education and Health Services	238	0.9	5.57%	3.82%	2.82%	1.77%	0.87%	0.53%
Professional and Business Services	290	1.2	2.77%	2.26%	2.89%	2.16%	0.19%	0.21%
Information	22	0.7	-0.27%	-0.87%	-0.94%	1.16%	0.04%	0.14%
Leisure and Hospitality	206	1.2	6.62%	6.06%	2.11%	1.60%	0.89%	0.85%
Other Services	58	1.0	7.52%	3.15%	1.60%	0.69%	0.15%	0.16%
<b>Total Employment</b>	<b>1,570</b>	<b>1.0</b>	<b>2.79%</b>	<b>2.50%</b>	<b>1.83%</b>	<b>1.36%</b>	<b>0.37%</b>	<b>0.27%</b>

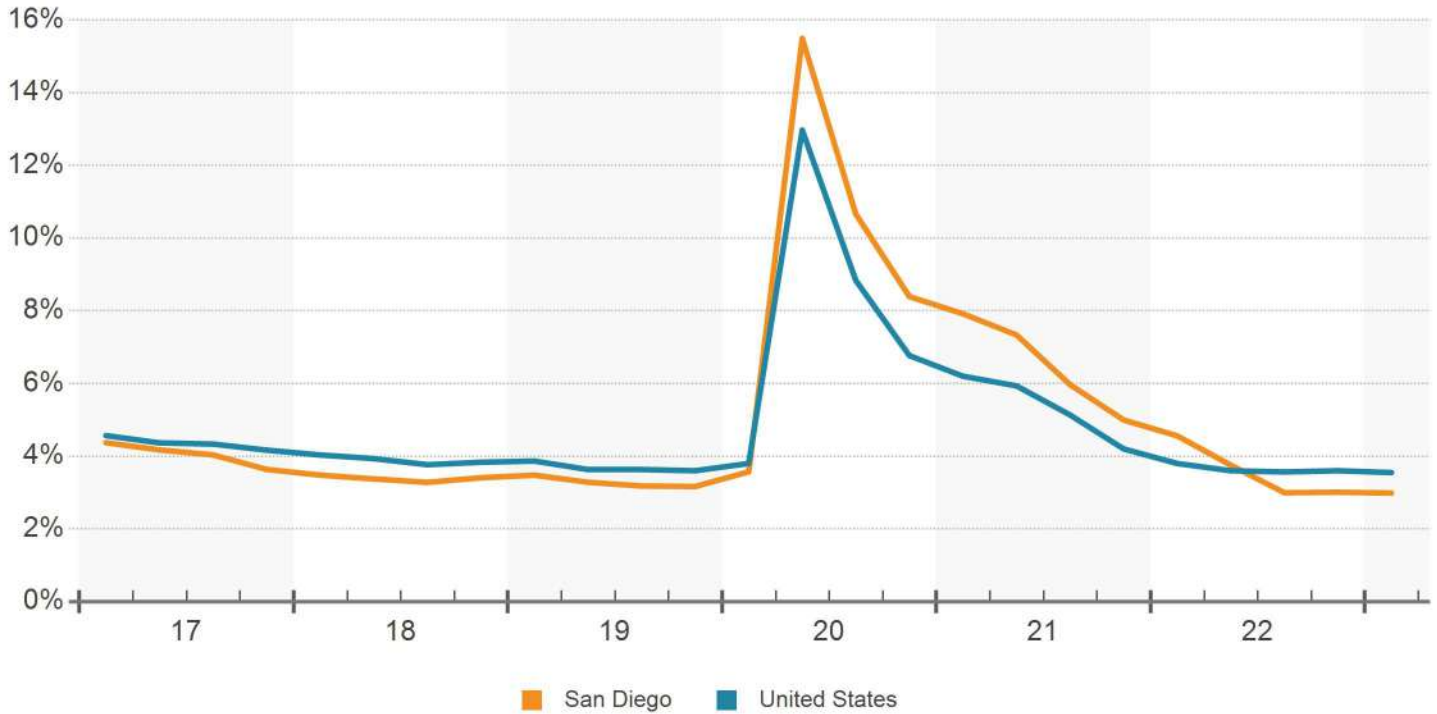
Source: Oxford Economics  
LQ = Location Quotient

### JOB GROWTH (YOY)

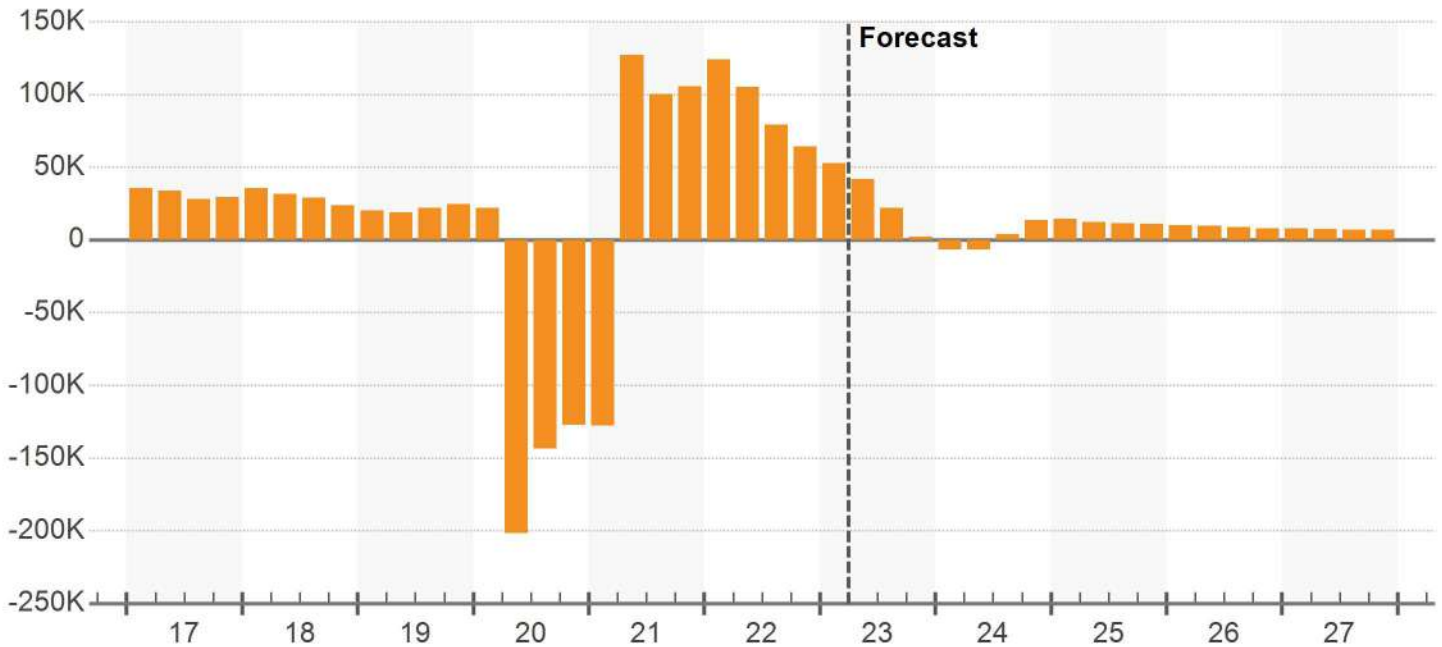


Source: Oxford Economics

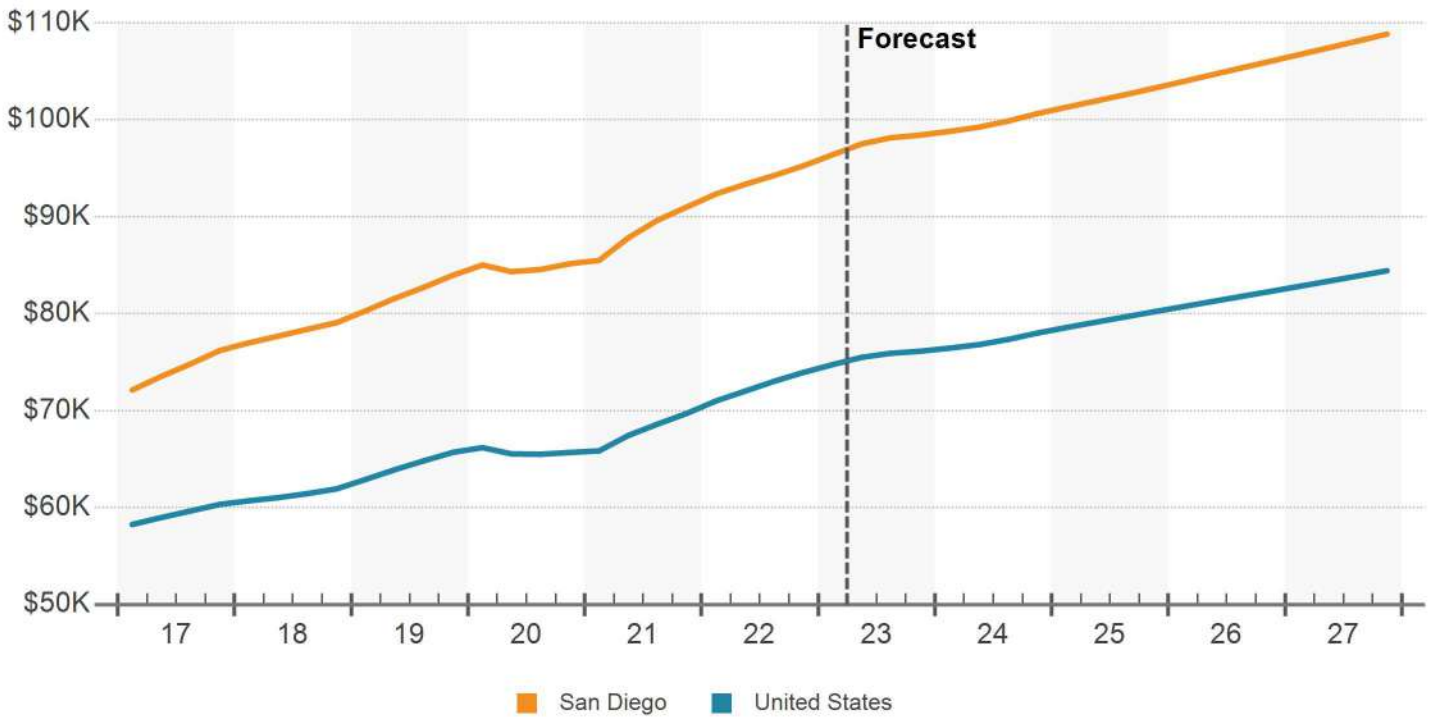
## UNEMPLOYMENT RATE (%)



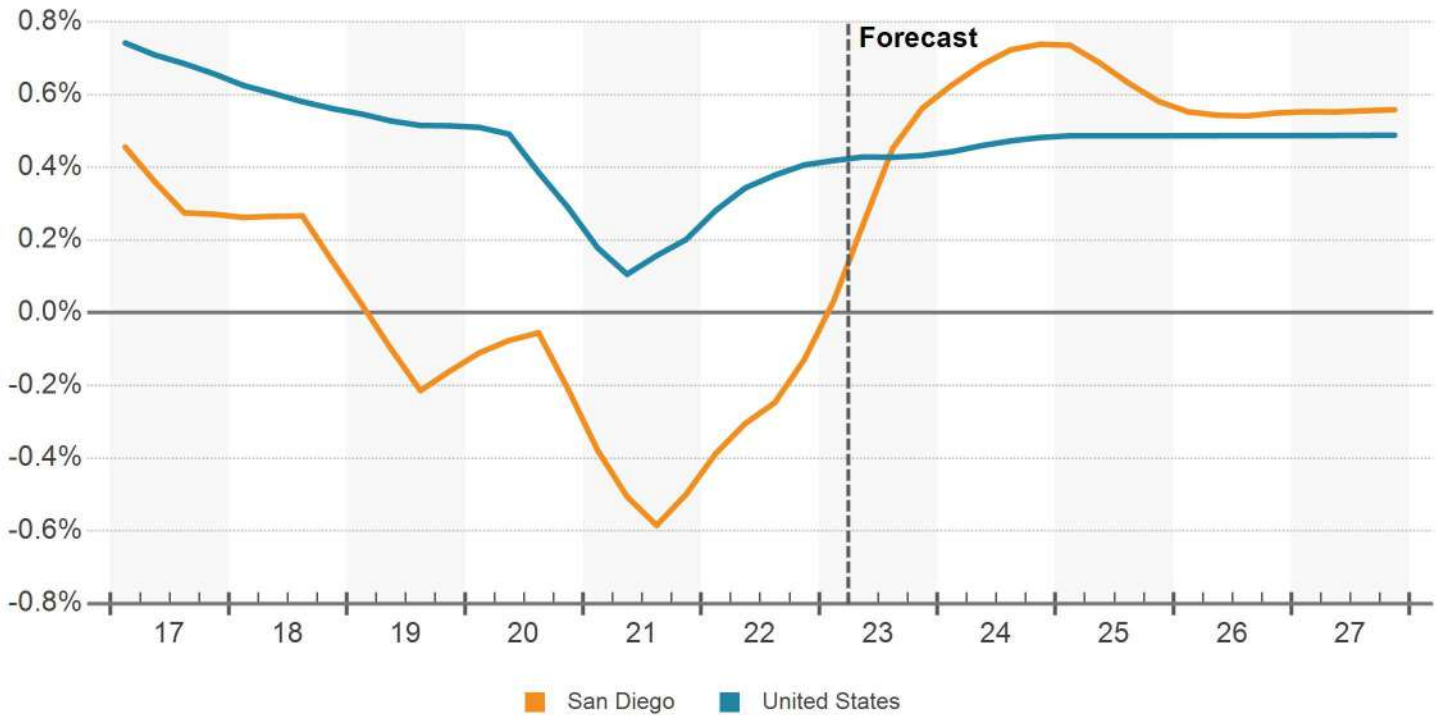
## NET EMPLOYMENT CHANGE (YOY)



## MEDIAN HOUSEHOLD INCOME

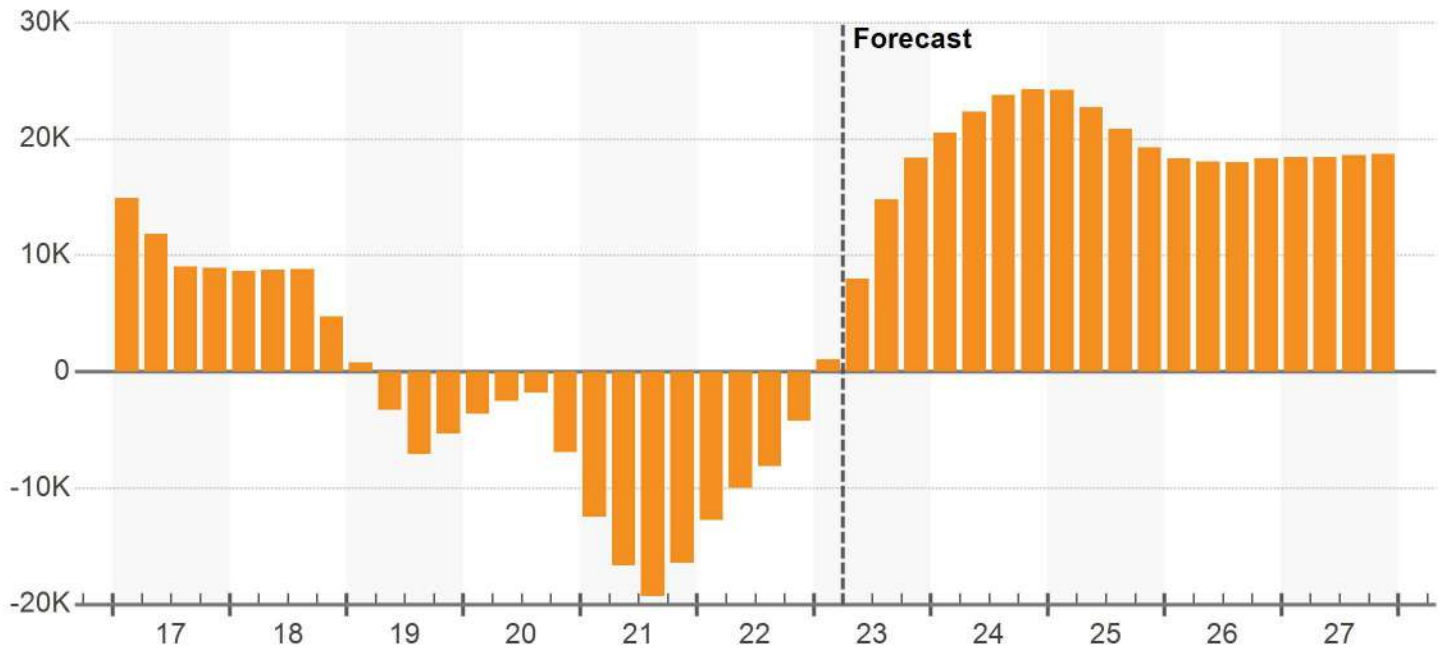


## POPULATION GROWTH (YOY %)





### NET POPULATION CHANGE (YOY)



### DEMOGRAPHIC TRENDS

Demographic Category	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Metro	US	Metro	US	Metro	US	Metro	US
Population	3,279,580	334,338,031	0.2%	0.4%	0.3%	0.6%	0.6%	0.5%
Households	1,172,520	129,785,711	0.6%	0.8%	0.4%	0.9%	0.7%	0.6%
Median Household Income	\$97,432	\$75,448	4.5%	4.9%	4.8%	3.8%	2.5%	2.5%
Labor Force	1,589,540	165,371,063	1.1%	0.8%	0.4%	0.6%	0.4%	0.4%
Unemployment	3.0%	3.5%	-0.8%	-0.1%	-0.5%	-0.4%	-	-

Source: Oxford Economics

### POPULATION GROWTH



### LABOR FORCE GROWTH



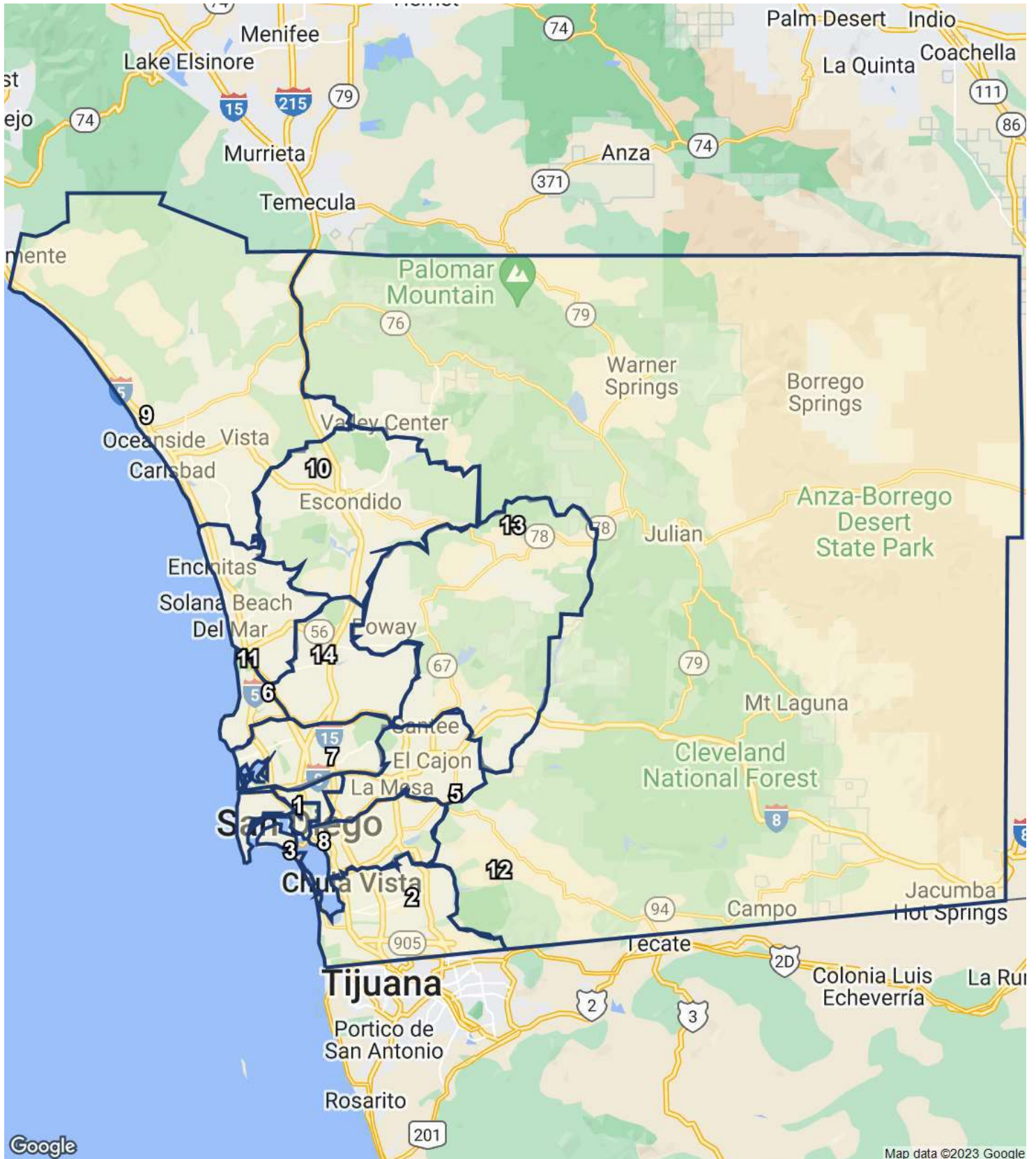
### INCOME GROWTH



Source: Oxford Economics

# Submarkets

## SAN DIEGO SUBMARKETS



Google

Map data ©2023 Google

### SUBMARKET INVENTORY

No.	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	Units	% Market	Rank	Bldgs	Units	Percent	Rank	Bldgs	Units	Percent	Rank
1	Balboa Park	2,952	30,679	11.2%	5	2	105	0.3%	5	18	1,435	4.7%	2
2	Chula Vista/Imperial Beach	875	31,139	11.4%	4	8	1,327	4.3%	1	2	313	1.0%	8
3	Coronado/Point Loma	681	9,128	3.3%	11	0	0	0%	-	4	529	5.8%	6
4	Downtown San Diego	159	14,364	5.3%	8	1	4	0%	11	8	2,573	17.9%	1
5	East County	2,302	45,898	16.8%	1	0	21	0%	7	9	359	0.8%	7
6	La Jolla/UTC	165	12,983	4.7%	9	0	20	0.2%	8	1	18	0.1%	13
7	Mission Valley/North Cen...	1,114	36,044	13.2%	2	3	323	0.9%	3	4	600	1.7%	5
8	National City/South Central	887	15,554	5.7%	7	2	52	0.3%	6	7	159	1.0%	11
9	North County	894	32,210	11.8%	3	4	130	0.4%	4	5	754	2.3%	3
10	North I-15 Corridor	382	18,725	6.8%	6	1	16	0.1%	9	2	273	1.5%	10
11	North Shore Cities	193	8,490	3.1%	12	0	0	0%	-	2	97	1.1%	12
12	Outlying San Diego County	26	1,074	0.4%	14	0	0	0%	-	0	0	0%	-
13	Poway/Santee/Ramona	122	5,094	1.9%	13	1	10	0.2%	10	2	284	5.6%	9
14	South I-15 Corridor	69	12,026	4.4%	10	2	442	3.7%	2	3	743	6.2%	4

### SUBMARKET RENT

No.	Market	Asking Rents				Effective Rents					
		Per Unit	Per SF	Rank	Yr. Growth	Per Unit	Per SF	Rank	Yr. Growth	Concession	Rank
1	Balboa Park	\$1,819	\$2.67	9	2.5%	\$1,806	\$2.65	10	2.6%	0.8%	1
2	Chula Vista/Imperial Beach	\$2,337	\$2.69	8	6.4%	\$2,323	\$2.67	8	6.1%	0.6%	2
3	Coronado/Point Loma	\$2,407	\$3.29	4	2.0%	\$2,394	\$3.28	4	1.9%	0.5%	5
4	Downtown San Diego	\$3,048	\$3.85	1	1.4%	\$3,030	\$3.83	1	2.5%	0.6%	3
5	East County	\$1,864	\$2.39	13	4.1%	\$1,855	\$2.38	13	4.0%	0.5%	8
6	La Jolla/UTC	\$3,271	\$3.41	3	-0.1%	\$3,254	\$3.39	3	0%	0.5%	4
7	Mission Valley/North Cen...	\$2,727	\$3.22	5	1.0%	\$2,713	\$3.20	5	1.0%	0.5%	7
8	National City/South Central	\$1,794	\$2.34	14	5.7%	\$1,786	\$2.33	14	5.6%	0.4%	10
9	North County	\$2,425	\$2.79	7	3.6%	\$2,416	\$2.78	7	3.5%	0.4%	12
10	North I-15 Corridor	\$2,319	\$2.67	10	2.9%	\$2,311	\$2.66	9	2.8%	0.3%	13
11	North Shore Cities	\$3,560	\$3.63	2	4.1%	\$3,544	\$3.61	2	3.8%	0.4%	11
12	Outlying San Diego County	\$2,150	\$2.42	12	7.0%	\$2,143	\$2.41	12	7.1%	0.3%	14
13	Poway/Santee/Ramona	\$2,090	\$2.43	11	6.0%	\$2,080	\$2.42	11	5.9%	0.4%	9
14	South I-15 Corridor	\$2,994	\$3.13	6	1.2%	\$2,978	\$3.11	6	1.0%	0.5%	6

### SUBMARKET VACANCY & ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		Units	Percent	Rank	Units	% of Inv	Rank	Construc. Ratio
1	Balboa Park	954	3.1%	8	207	0.7%	4	0.2
2	Chula Vista/Imperial Beach	1,145	3.7%	10	863	2.8%	1	1.5
3	Coronado/Point Loma	370	4.1%	11	(116)	-1.3%	11	-
4	Downtown San Diego	855	6.0%	14	141	1.0%	5	-
5	East County	1,417	3.1%	7	(373)	-0.8%	14	-
6	La Jolla/UTC	414	3.2%	9	90	0.7%	6	-
7	Mission Valley/North Cen...	1,492	4.1%	12	289	0.8%	2	1.0
8	National City/South Central	418	2.7%	3	(58)	-0.4%	9	-
9	North County	972	3.0%	6	(191)	-0.6%	13	-
10	North I-15 Corridor	483	2.6%	1	(151)	-0.8%	12	-
11	North Shore Cities	225	2.7%	2	(84)	-1.0%	10	-
12	Outlying San Diego County	31	2.9%	5	(4)	-0.4%	7	-
13	Poway/Santee/Ramona	144	2.8%	4	(46)	-0.9%	8	-
14	South I-15 Corridor	536	4.5%	13	272	2.3%	3	1.6

### OVERALL SUPPLY & DEMAND

Year	Inventory			Absorption		
	Units	Growth	% Growth	Units	% of Inv	Construction Ratio
2027	283,898	1,764	0.6%	1,762	0.6%	1.0
2026	282,134	980	0.3%	1,666	0.6%	0.6
2025	281,154	2,620	0.9%	2,588	0.9%	1.0
2024	278,534	3,431	1.2%	2,931	1.1%	1.2
2023	275,103	1,950	0.7%	1,371	0.5%	1.4
YTD	273,408	255	0.1%	1,100	0.4%	0.2
2022	273,153	4,420	1.6%	934	0.3%	4.7
2021	268,733	4,835	1.8%	8,680	3.2%	0.6
2020	263,898	2,149	0.8%	5,349	2.0%	0.4
2019	261,749	4,386	1.7%	3,544	1.4%	1.2
2018	257,363	4,527	1.8%	3,392	1.3%	1.3
2017	252,836	3,114	1.2%	2,297	0.9%	1.4
2016	249,722	1,794	0.7%	1,927	0.8%	0.9
2015	247,928	3,645	1.5%	4,334	1.7%	0.8
2014	244,283	3,892	1.6%	2,424	1.0%	1.6
2013	240,391	1,266	0.5%	2,091	0.9%	0.6
2012	239,125	1,535	0.6%	2,552	1.1%	0.6
2011	237,590	2,091	0.9%	2,331	1.0%	0.9

### 4 & 5 STAR SUPPLY & DEMAND

Year	Inventory			Absorption		
	Units	Growth	% Growth	Units	% of Inv	Construction Ratio
2027	65,776	1,880	2.9%	1,560	2.4%	1.2
2026	63,896	995	1.6%	1,431	2.2%	0.7
2025	62,901	2,248	3.7%	2,391	3.8%	0.9
2024	60,653	3,073	5.3%	2,867	4.7%	1.1
2023	57,580	1,754	3.1%	1,911	3.3%	0.9
YTD	56,002	176	0.3%	1,138	2.0%	0.2
2022	55,826	3,898	7.5%	2,587	4.6%	1.5
2021	51,928	4,279	9.0%	5,606	10.8%	0.8
2020	47,649	1,964	4.3%	2,882	6.0%	0.7
2019	45,685	3,646	8.7%	3,337	7.3%	1.1
2018	42,039	4,084	10.8%	2,850	6.8%	1.4
2017	37,955	2,931	8.4%	2,435	6.4%	1.2
2016	35,024	1,599	4.8%	2,301	6.6%	0.7
2015	33,425	3,672	12.3%	3,704	11.1%	1.0
2014	29,753	3,822	14.7%	2,175	7.3%	1.8
2013	25,931	1,446	5.9%	1,138	4.4%	1.3
2012	24,485	1,003	4.3%	1,170	4.8%	0.9
2011	23,482	451	2.0%	476	2.0%	0.9



### 3 STAR SUPPLY & DEMAND

Year	Inventory			Absorption		
	Units	Growth	% Growth	Units	% of Inv	Construction Ratio
2027	89,703	0	0%	154	0.2%	0
2026	89,703	103	0.1%	289	0.3%	0.4
2025	89,600	471	0.5%	373	0.4%	1.3
2024	89,129	460	0.5%	270	0.3%	1.7
2023	88,669	234	0.3%	(70)	-0.1%	-
YTD	88,514	79	0.1%	86	0.1%	0.9
2022	88,435	571	0.6%	(641)	-0.7%	-
2021	87,864	635	0.7%	1,900	2.2%	0.3
2020	87,229	263	0.3%	1,472	1.7%	0.2
2019	86,966	745	0.9%	433	0.5%	1.7
2018	86,221	445	0.5%	458	0.5%	1.0
2017	85,776	230	0.3%	14	0%	16.4
2016	85,546	195	0.2%	(77)	-0.1%	-
2015	85,351	27	0%	192	0.2%	0.1
2014	85,324	69	0.1%	69	0.1%	1.0
2013	85,255	81	0.1%	515	0.6%	0.2
2012	85,174	714	0.8%	1,373	1.6%	0.5
2011	84,460	1,727	2.1%	1,791	2.1%	1.0

### 1 & 2 STAR SUPPLY & DEMAND

Year	Inventory			Absorption		
	Units	Growth	% Growth	Units	% of Inv	Construction Ratio
2027	128,419	(116)	-0.1%	48	0%	-
2026	128,535	(118)	-0.1%	(54)	0%	2.2
2025	128,653	(99)	-0.1%	(176)	-0.1%	0.6
2024	128,752	(102)	-0.1%	(206)	-0.2%	0.5
2023	128,854	(38)	0%	(470)	-0.4%	0.1
YTD	128,892	0	0%	(124)	-0.1%	0
2022	128,892	(49)	0%	(1,012)	-0.8%	0
2021	128,941	(79)	-0.1%	1,174	0.9%	-
2020	129,020	(78)	-0.1%	995	0.8%	-
2019	129,098	(5)	0%	(226)	-0.2%	0
2018	129,103	(2)	0%	84	0.1%	0
2017	129,105	(47)	0%	(152)	-0.1%	0.3
2016	129,152	0	0%	(297)	-0.2%	0
2015	129,152	(54)	0%	438	0.3%	-
2014	129,206	1	0%	180	0.1%	0
2013	129,205	(261)	-0.2%	438	0.3%	-
2012	129,466	(182)	-0.1%	9	0%	-
2011	129,648	(87)	-0.1%	64	0%	-

### OVERALL VACANCY & RENT

Year	Vacancy			Market Rent				Effective Rents	
	Units	Percent	Ppts Chg	Per Unit	Per SF	% Growth	Ppts Chg	Units	Per SF
2027	10,622	3.7%	0	\$2,796	\$3.35	3.2%	(0.8)	\$2,780	\$3.33
2026	10,622	3.8%	(0.3)	\$2,710	\$3.24	4.0%	0.1	\$2,694	\$3.22
2025	11,308	4.0%	0	\$2,607	\$3.12	3.9%	0.4	\$2,591	\$3.10
2024	11,275	4.0%	0.1	\$2,509	\$3	3.5%	0.1	\$2,494	\$2.98
2023	10,775	3.9%	0.2	\$2,425	\$2.90	3.4%	(2.2)	\$2,411	\$2.88
YTD	9,456	3.5%	(0.3)	\$2,427	\$2.90	3.0%	(2.6)	\$2,414	\$2.89
2022	10,190	3.7%	1.2	\$2,345	\$2.80	5.6%	(7.6)	\$2,330	\$2.78
2021	6,710	2.5%	(1.5)	\$2,222	\$2.65	13.2%	11.3	\$2,211	\$2.64
2020	10,543	4.0%	(1.2)	\$1,962	\$2.34	1.9%	(1.2)	\$1,947	\$2.32
2019	13,719	5.2%	0.2	\$1,926	\$2.29	3.1%	(0.2)	\$1,909	\$2.27
2018	12,863	5.0%	0.4	\$1,867	\$2.22	3.4%	(0.5)	\$1,838	\$2.19
2017	11,681	4.6%	0.3	\$1,807	\$2.15	3.8%	(0.1)	\$1,780	\$2.12
2016	10,834	4.3%	(0.1)	\$1,740	\$2.07	3.9%	(2.4)	\$1,719	\$2.04
2015	10,968	4.4%	(0.3)	\$1,675	\$1.99	6.3%	2.9	\$1,658	\$1.97
2014	11,657	4.8%	0.5	\$1,575	\$1.87	3.4%	(0.2)	\$1,558	\$1.85
2013	10,190	4.2%	(0.4)	\$1,523	\$1.81	3.6%	0.9	\$1,508	\$1.79
2012	11,013	4.6%	(0.5)	\$1,470	\$1.75	2.7%	1.4	\$1,459	\$1.73
2011	12,031	5.1%	(0.1)	\$1,431	\$1.70	1.3%	-	\$1,422	\$1.69

### 4 & 5 STAR VACANCY & RENT

Year	Vacancy			Market Rent				Effective Rents	
	Units	Percent	Ppts Chg	Per Unit	Per SF	% Growth	Ppts Chg	Units	Per SF
2027	3,884	5.9%	0.3	\$3,821	\$3.95	3.0%	(0.9)	\$3,790	\$3.92
2026	3,566	5.6%	(0.8)	\$3,709	\$3.83	3.8%	0.1	\$3,679	\$3.80
2025	4,002	6.4%	(0.5)	\$3,572	\$3.69	3.8%	0.5	\$3,543	\$3.66
2024	4,144	6.8%	0	\$3,443	\$3.56	3.3%	(0.4)	\$3,415	\$3.53
2023	3,939	6.8%	(0.5)	\$3,333	\$3.44	3.7%	(0.6)	\$3,306	\$3.42
YTD	3,132	5.6%	(1.7)	\$3,351	\$3.46	2.0%	(2.3)	\$3,329	\$3.44
2022	4,091	7.3%	2.0	\$3,214	\$3.32	4.3%	(11.5)	\$3,186	\$3.29
2021	2,784	5.4%	(3.3)	\$3,081	\$3.18	15.9%	15.0	\$3,056	\$3.16
2020	4,105	8.6%	(2.4)	\$2,659	\$2.75	0.9%	(1.4)	\$2,622	\$2.71
2019	5,013	11.0%	(0.2)	\$2,637	\$2.73	2.3%	(0.3)	\$2,600	\$2.69
2018	4,691	11.2%	2.2	\$2,578	\$2.66	2.6%	(0.2)	\$2,512	\$2.60
2017	3,412	9.0%	0.7	\$2,514	\$2.60	2.8%	0.5	\$2,457	\$2.54
2016	2,888	8.2%	(2.5)	\$2,445	\$2.53	2.3%	(3.3)	\$2,401	\$2.48
2015	3,590	10.7%	(1.4)	\$2,390	\$2.47	5.6%	2.2	\$2,356	\$2.43
2014	3,621	12.2%	4.6	\$2,264	\$2.34	3.4%	(0.5)	\$2,231	\$2.30
2013	1,974	7.6%	0.8	\$2,189	\$2.26	3.9%	0.7	\$2,155	\$2.23
2012	1,666	6.8%	(1.0)	\$2,106	\$2.18	3.3%	1.8	\$2,086	\$2.16
2011	1,833	7.8%	(0.3)	\$2,040	\$2.11	1.4%	-	\$2,026	\$2.09

### 3 STAR VACANCY & RENT

Year	Vacancy			Market Rent				Effective Rents	
	Units	Percent	Ppts Chg	Per Unit	Per SF	% Growth	Ppts Chg	Units	Per SF
2027	3,065	3.4%	(0.2)	\$2,883	\$3.39	3.2%	(0.8)	\$2,869	\$3.37
2026	3,219	3.6%	(0.2)	\$2,793	\$3.28	4.0%	0.1	\$2,778	\$3.27
2025	3,404	3.8%	0.1	\$2,684	\$3.16	3.9%	0.4	\$2,671	\$3.14
2024	3,307	3.7%	0.2	\$2,583	\$3.04	3.5%	0.1	\$2,570	\$3.02
2023	3,117	3.5%	0.3	\$2,495	\$2.93	3.4%	(3.3)	\$2,482	\$2.92
YTD	2,914	3.3%	0.1	\$2,506	\$2.95	2.9%	(3.8)	\$2,495	\$2.93
2022	2,813	3.2%	1.4	\$2,413	\$2.84	6.7%	(9.8)	\$2,400	\$2.82
2021	1,602	1.8%	(1.5)	\$2,262	\$2.66	16.5%	14.3	\$2,256	\$2.65
2020	2,864	3.3%	(1.4)	\$1,941	\$2.28	2.2%	(1.7)	\$1,932	\$2.27
2019	4,061	4.7%	0.3	\$1,899	\$2.23	3.9%	0.1	\$1,887	\$2.21
2018	3,747	4.3%	0	\$1,828	\$2.14	3.8%	(0.4)	\$1,804	\$2.12
2017	3,760	4.4%	0.2	\$1,760	\$2.06	4.2%	(0.8)	\$1,735	\$2.04
2016	3,543	4.1%	0.3	\$1,690	\$1.98	5.0%	(2.5)	\$1,670	\$1.96
2015	3,271	3.8%	(0.2)	\$1,610	\$1.89	7.5%	3.7	\$1,595	\$1.87
2014	3,436	4.0%	0	\$1,498	\$1.76	3.8%	(0.3)	\$1,481	\$1.74
2013	3,436	4.0%	(0.5)	\$1,443	\$1.69	4.0%	1.2	\$1,432	\$1.68
2012	3,870	4.5%	(0.8)	\$1,388	\$1.63	2.9%	1.4	\$1,377	\$1.61
2011	4,529	5.4%	(0.2)	\$1,349	\$1.58	1.4%	-	\$1,340	\$1.57

### 1 & 2 STAR VACANCY & RENT

Year	Vacancy			Market Rent				Effective Rents	
	Units	Percent	Ppts Chg	Per Unit	Per SF	% Growth	Ppts Chg	Units	Per SF
2027	3,673	2.9%	(0.1)	\$1,994	\$2.69	3.3%	(0.8)	\$1,985	\$2.68
2026	3,837	3.0%	0	\$1,930	\$2.61	4.1%	0.1	\$1,922	\$2.60
2025	3,902	3.0%	0.1	\$1,854	\$2.50	4.0%	0.4	\$1,846	\$2.49
2024	3,825	3.0%	0.1	\$1,782	\$2.41	3.6%	0.5	\$1,775	\$2.40
2023	3,719	2.9%	0.3	\$1,721	\$2.32	3.0%	(2.6)	\$1,714	\$2.31
YTD	3,410	2.6%	0.1	\$1,701	\$2.29	4.3%	(1.3)	\$1,694	\$2.28
2022	3,286	2.5%	0.7	\$1,670	\$2.25	5.7%	0	\$1,663	\$2.24
2021	2,324	1.8%	(1.0)	\$1,580	\$2.12	5.6%	2.8	\$1,575	\$2.11
2020	3,574	2.8%	(0.8)	\$1,496	\$2	2.8%	(0.4)	\$1,490	\$1.99
2019	4,646	3.6%	0.2	\$1,456	\$1.94	3.2%	(0.6)	\$1,449	\$1.94
2018	4,425	3.4%	(0.1)	\$1,411	\$1.88	3.8%	(0.9)	\$1,402	\$1.87
2017	4,510	3.5%	0.1	\$1,359	\$1.81	4.7%	(0.1)	\$1,351	\$1.80
2016	4,404	3.4%	0.2	\$1,298	\$1.73	4.8%	(1.0)	\$1,292	\$1.72
2015	4,107	3.2%	(0.4)	\$1,239	\$1.65	5.8%	2.9	\$1,232	\$1.64
2014	4,600	3.6%	(0.1)	\$1,171	\$1.55	3.0%	0.4	\$1,164	\$1.54
2013	4,779	3.7%	(0.5)	\$1,137	\$1.51	2.6%	0.8	\$1,131	\$1.50
2012	5,477	4.2%	(0.1)	\$1,108	\$1.47	1.8%	0.9	\$1,102	\$1.46
2011	5,669	4.4%	(0.1)	\$1,088	\$1.44	0.9%	-	\$1,082	\$1.43

### OVERALL SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/Unit	Avg Cap Rate	Price/Unit	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$452,503	307	4.5%
2026	-	-	-	-	-	-	\$427,217	289	4.7%
2025	-	-	-	-	-	-	\$400,867	272	4.8%
2024	-	-	-	-	-	-	\$388,884	263	4.7%
2023	-	-	-	-	-	-	\$413,373	280	4.3%
YTD	103	\$727.5M	0.8%	\$7,348,710	\$344,145	4.4%	\$430,768	292	4.1%
2022	344	\$3.9B	3.5%	\$11,277,643	\$402,647	3.5%	\$429,427	291	4.0%
2021	573	\$5.7B	6.6%	\$10,021,593	\$319,202	4.1%	\$437,041	296	3.8%
2020	304	\$2.3B	2.8%	\$7,774,744	\$317,380	4.4%	\$359,346	243	4.2%
2019	573	\$2.4B	4.1%	\$6,630,556	\$296,667	4.5%	\$327,795	222	4.5%
2018	503	\$2B	3.7%	\$6,079,271	\$259,409	4.4%	\$300,570	204	4.6%
2017	682	\$3B	5.3%	\$7,454,922	\$276,048	4.5%	\$284,848	193	4.7%
2016	508	\$2.6B	4.7%	\$6,167,826	\$234,572	4.8%	\$267,158	181	4.8%
2015	544	\$2.1B	5.4%	\$5,241,667	\$193,731	4.9%	\$254,544	172	4.8%
2014	456	\$1.6B	5.6%	\$4,346,341	\$176,990	5.2%	\$232,314	157	5.0%
2013	464	\$1.3B	3.8%	\$3,355,370	\$172,001	5.7%	\$213,328	145	5.2%
2012	407	\$1.1B	3.7%	\$3,418,962	\$150,648	6.2%	\$207,989	141	5.2%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

### 4 & 5 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/Unit	Avg Cap Rate	Price/Unit	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$644,807	298	4.4%
2026	-	-	-	-	-	-	\$609,411	281	4.5%
2025	-	-	-	-	-	-	\$572,262	264	4.6%
2024	-	-	-	-	-	-	\$555,898	257	4.6%
2023	-	-	-	-	-	-	\$592,667	274	4.1%
YTD	1	\$7.2M	0%	\$7,200,000	\$720,000	2.9%	\$617,925	285	3.9%
2022	17	\$1.4B	5.0%	\$82,087,081	\$495,730	3.6%	\$618,827	286	3.9%
2021	12	\$1.3B	4.8%	\$104,202,042	\$498,574	4.0%	\$635,493	293	3.6%
2020	8	\$708M	2.9%	\$88,500,938	\$515,289	4.0%	\$526,482	243	4.0%
2019	11	\$784.1M	4.3%	\$78,407,327	\$399,223	5.0%	\$482,613	223	4.2%
2018	8	\$641.2M	5.1%	\$91,603,714	\$344,745	4.0%	\$442,414	204	4.4%
2017	15	\$1.4B	8.8%	\$93,024,769	\$417,151	4.2%	\$422,384	195	4.4%
2016	10	\$592M	5.0%	\$59,204,850	\$340,845	4.6%	\$397,599	184	4.5%
2015	9	\$450.5M	4.4%	\$50,050,000	\$307,055	4.6%	\$380,818	176	4.5%
2014	5	\$191.3M	3.9%	\$47,825,000	\$264,227	4.6%	\$346,706	160	4.7%
2013	11	\$318.2M	6.0%	\$79,559,604	\$301,362	5.2%	\$318,546	147	4.9%
2012	8	\$238.5M	6.2%	\$119,250,000	\$250,525	4.5%	\$310,091	143	4.9%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

### 3 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/Unit	Avg Cap Rate	Price/Unit	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$427,857	313	4.5%
2026	-	-	-	-	-	-	\$403,803	295	4.7%
2025	-	-	-	-	-	-	\$378,816	277	4.8%
2024	-	-	-	-	-	-	\$367,356	268	4.7%
2023	-	-	-	-	-	-	\$390,033	285	4.3%
YTD	23	\$439.2M	1.4%	\$19,963,136	\$361,175	4.5%	\$406,173	297	4.1%
2022	58	\$1.1B	3.2%	\$19,909,754	\$403,146	3.9%	\$406,608	297	4.0%
2021	94	\$2.2B	7.9%	\$23,282,618	\$312,270	4.0%	\$412,490	301	3.8%
2020	50	\$798.6M	2.9%	\$16,637,358	\$323,710	4.5%	\$336,948	246	4.2%
2019	63	\$528.4M	2.8%	\$11,008,364	\$309,369	4.5%	\$307,369	224	4.5%
2018	53	\$591.6M	2.7%	\$12,860,570	\$263,983	4.3%	\$278,312	203	4.7%
2017	95	\$705.9M	4.1%	\$10,536,201	\$219,572	4.8%	\$262,643	192	4.7%
2016	79	\$1.2B	5.9%	\$17,160,634	\$237,276	4.7%	\$246,562	180	4.8%
2015	93	\$894.1M	6.9%	\$12,247,686	\$194,112	4.9%	\$235,446	172	4.8%
2014	83	\$814.9M	8.9%	\$12,346,739	\$189,156	5.3%	\$215,276	157	5.0%
2013	53	\$410.3M	2.9%	\$9,324,719	\$220,348	5.4%	\$197,537	144	5.2%
2012	54	\$354.3M	3.3%	\$8,239,110	\$152,314	6.1%	\$192,272	140	5.2%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

### 1 & 2 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/Unit	Avg Cap Rate	Price/Unit	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$375,640	309	4.6%
2026	-	-	-	-	-	-	\$354,441	292	4.8%
2025	-	-	-	-	-	-	\$332,422	274	4.9%
2024	-	-	-	-	-	-	\$322,216	265	4.8%
2023	-	-	-	-	-	-	\$341,963	282	4.4%
YTD	79	\$281.1M	0.7%	\$3,699,122	\$316,592	4.4%	\$356,391	294	4.2%
2022	269	\$1.3B	3.1%	\$4,973,589	\$336,408	3.4%	\$352,712	291	4.1%
2021	467	\$2.3B	6.5%	\$4,894,823	\$270,955	4.1%	\$357,106	294	3.9%
2020	246	\$810.3M	2.7%	\$3,348,236	\$234,251	4.4%	\$293,224	242	4.3%
2019	499	\$1.1B	4.8%	\$3,527,204	\$244,852	4.5%	\$266,322	219	4.6%
2018	442	\$779.4M	3.8%	\$2,803,692	\$213,191	4.4%	\$246,714	203	4.8%
2017	572	\$865.4M	5.2%	\$2,739,753	\$206,684	4.4%	\$233,063	192	4.8%
2016	419	\$800.7M	3.8%	\$2,375,894	\$188,085	4.8%	\$217,721	179	4.9%
2015	442	\$794.1M	4.7%	\$2,435,795	\$159,901	4.9%	\$206,103	170	4.9%
2014	368	\$632.4M	3.8%	\$2,059,889	\$149,642	5.1%	\$188,246	155	5.1%
2013	400	\$553.2M	3.9%	\$1,656,363	\$122,017	5.7%	\$172,877	142	5.3%
2012	345	\$494.4M	3.5%	\$1,811,166	\$125,526	6.2%	\$169,010	139	5.3%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.



### DELIVERIES & UNDER CONSTRUCTION

Year	Inventory			Deliveries		Net Deliveries		Under Construction	
	Bldgs	Units	Vacancy	Bldgs	Units	Bldgs	Units	Bldgs	Units
2027	-	283,900	3.7%	-	1,916	-	1,764	-	-
2026	-	282,136	3.8%	-	1,070	-	980	-	-
2025	-	281,156	4.0%	-	2,706	-	2,620	-	-
2024	-	278,536	4.0%	-	3,533	-	3,431	-	-
2023	-	275,105	3.9%	-	1,989	-	1,952	-	-
YTD	10,821	273,408	3.5%	8	363	8	363	67	8,137
2022	10,814	273,153	3.7%	36	4,513	29	4,420	66	7,737
2021	10,785	268,733	2.5%	37	4,914	33	4,835	62	8,007
2020	10,752	263,898	4.0%	28	2,227	21	2,149	61	8,930
2019	10,731	261,749	5.2%	40	4,397	38	4,386	52	6,512
2018	10,693	257,363	5.0%	36	4,541	34	4,527	62	7,218
2017	10,659	252,836	4.6%	26	3,198	16	3,114	55	7,859
2016	10,643	249,722	4.3%	19	1,794	19	1,794	51	7,531
2015	10,624	247,928	4.4%	19	3,709	15	3,645	29	4,892
2014	10,609	244,283	4.8%	17	3,931	14	3,892	25	5,149
2013	10,595	240,391	4.2%	11	1,527	1	1,266	25	5,867
2012	10,594	239,125	4.6%	7	1,717	0	1,535	19	5,129
2011	10,594	237,590	5.1%	8	2,193	(1)	2,091	11	4,305

# ***HOW CAN WE HELP YOU REACH YOUR COMMERCIAL REAL ESTATE GOALS?***

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