

Q2 2020 *END QTR* ***MULTIFAMILY REPORT*** ***SAN DIEGO MARKET***



MULTI-FAMILY MARKET REPORT

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12 Mo. Delivered Units

4,154

12 Mo. Absorption Units

2,774

Vacancy Rate

5.3%

12 Mo. Asking Rent Growth

-0.3%

After schools, businesses, and countless other ventures have transitioned into a new normal to combat the spread of the coronavirus, the immediate and lasting impact on the apartment market is still unknown. But demand is expected to slow, and vacancies may rise above the level of the Great Recession.

At the same time, rent growth decelerated in mid-March through April. That is the first time rent growth slowed in the spring since the Great Recession, resulting in negative quarterly rent growth in 20Q1. Rent levels largely stabilized by the end of May, but that came at a time when rent growth typically surges heading into the summer.

California passed a state-wide rent cap measure in October 2019 that limits annual rent increases to 5% plus local inflation. That figure is set at 7.2% for San Diego in 2020, which most assuredly will not come into play this year. It does not apply to apartment units

delivered within the past 15 years. The bill also provides tenant-protective measures against eviction without cause.

Supply additions are still less than what is necessary to support population growth, and the burden has fallen most heavily on cost-conscious renters. Few areas of San Diego offer affordable options for residents, leading to a noticeable uptick in out-migration. Still, construction starts fell in 2019, and 20Q1 recorded the fewest units under construction in four years, and only about 2,500 units are expected to deliver in 2020. But that delivery schedule could help keep the region's vacancy rate from unravelling.

Investment has slowed through the second quarter, as investors not only have to navigate an uncertain economic environment but also a new rent cap. Underwriting deals has been increasingly difficult as a result.

KEY INDICATORS

Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr Units
4 & 5 Star	50,550	9.8%	\$2,452	\$2,413	348	665	6,434
3 Star	84,940	4.9%	\$1,866	\$1,855	(20)	0	552
1 & 2 Star	130,293	3.8%	\$1,458	\$1,450	(63)	0	0
Market	265,783	5.3%	\$1,851	\$1,834	265	665	6,986

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	0.4%	4.4%	6.0%	5.4%	2009 Q3	2.3%	2000 Q2
Absorption Units	2,774	1,898	1,759	4,596	2016 Q1	(1,871)	2009 Q2
Delivered Units	4,154	2,417	2,351	5,781	2001 Q2	237	2011 Q2
Demolished Units	17	99	112	341	2009 Q3	0	2019 Q4
Asking Rent Growth (YOY)	-0.3%	2.9%	1.1%	7.3%	2015 Q3	-2.6%	2009 Q4
Effective Rent Growth (YOY)	0.2%	2.9%	1.1%	7.1%	2015 Q3	-2.8%	2009 Q4
Sales Volume	\$1.9 B	\$1.6B	N/A	\$3B	2018 Q1	\$478.5M	2009 Q4

A steady flow of millennials has poured into San Diego. The county includes one of the heaviest concentrations of this cohort in the country, accounting for 25% of the population, according to the latest U.S. Census Bureau estimates, supported by the heavy military infrastructure here. Even so, population growth has fallen over the past five years and is driven primarily by natural growth.

Workers of all ages are attracted to San Diego because it is firmly cemented as a bastion of high tech and life science research. Firms such as Northrop Grumman and Apple are expanding here and will add hundreds of new tech positions, especially in the UC San Diego area. These jobs are likely to face fewer headwinds from the pandemic.

The city council is trying to do its part to address the lack of affordable supply in the region. It passed a measure in March 2019 that overhauled the city's minimum parking requirements for dense, urban housing. The plan eliminated the need to build off-street parking for communities built close to transit priority areas, both trolley and bus routes, with the expectation that it will increase density and lower rents. The policy also set a maximum of one parking space per unit for new Downtown projects. The city council also approved new zoning guidelines in July 2019. The new guidelines make mixed-use development a new type of zone and streamline the ability of developers to build dense housing projects with an industrial or commercial component, similar to Civita in Mission Valley or One Paseo in Del Mar Heights/Carmel Valley.

Demand has proven strongest in Downtown San Diego, even as the vacancy rate has settled into double digits, where it will likely average through the forecast. Downtown is primarily responsible for San Diego's overall rising vacancy rate, although the stabilized vacancy rate remained largely unchanged during 20Q2.

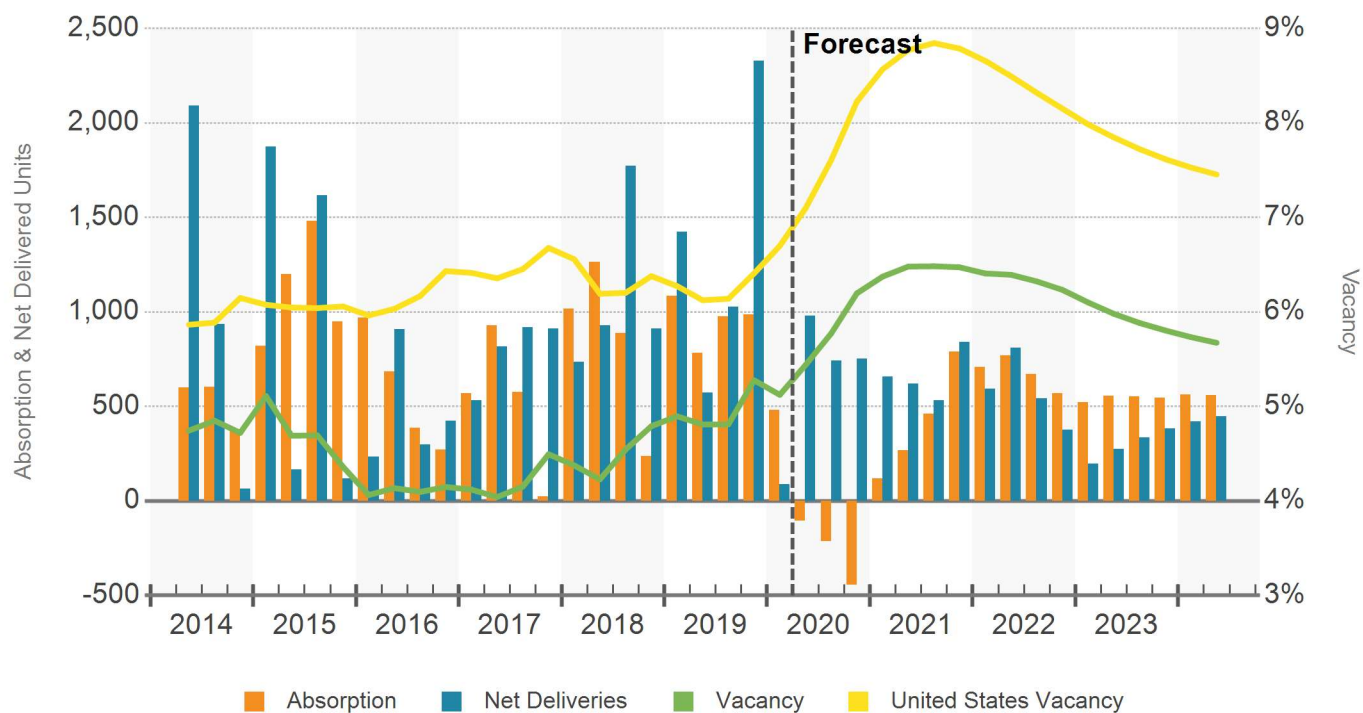
But both are expected to rise in the first half of the forecast as the coronavirus' economic shock weighs on local employment and household formation. The vacancy rate is expected to rise above the level recorded during the Great Recession in the process. It is also possible that demand patterns change following the outbreak of the coronavirus and that more people will be inclined to choose suburban apartments with larger floor plans if they are no longer tied to their physical office location. That could push more renters toward areas like Chula Vista, La Mesa, and El Cajon.

But those same interior submarkets could encounter their own hurdles. The demographics are heavily weighted toward workers employed in industries most impacted by the shutdown. And although the county is reopening, lingering effects from the shutdown are likely to persist. Many of these industries posted the highest unemployment rates in the region following the outbreak, reaching close to 20%.

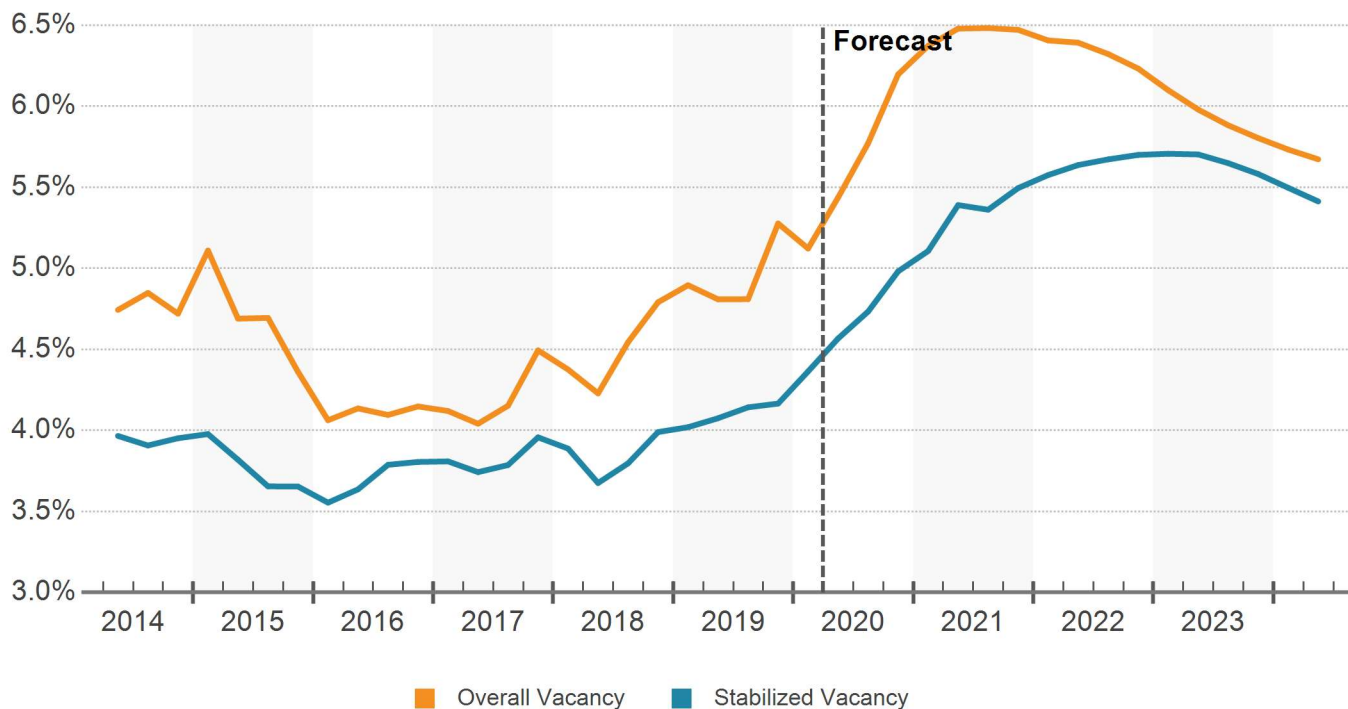
Until the outbreak of the coronavirus, monthly absorption rates averaged more than units per month in Downtown San Diego, such as at Luma in Little Italy. In Mission Valley, leasing velocity during lease-up averages closer to 20 units per month. That is close to the average for several new communities there, including Vora Mission Gorge. More suburban assets, such as in Carlsbad or Chula Vista, typically average closer to 15 units per month of absorption during lease-up.

San Diego's supply constraints have also spilled over into the single-family market. The Case-Shiller Home Price Index increased by 30% in the past five years. Renters interested in moving into homeownership have little inventory to choose from. The Greater San Diego Association of Realtors estimates that for-sale stock is about half of what is traditionally needed to keep up with demand. The lack of for-sale inventory locks people into the renting pool.

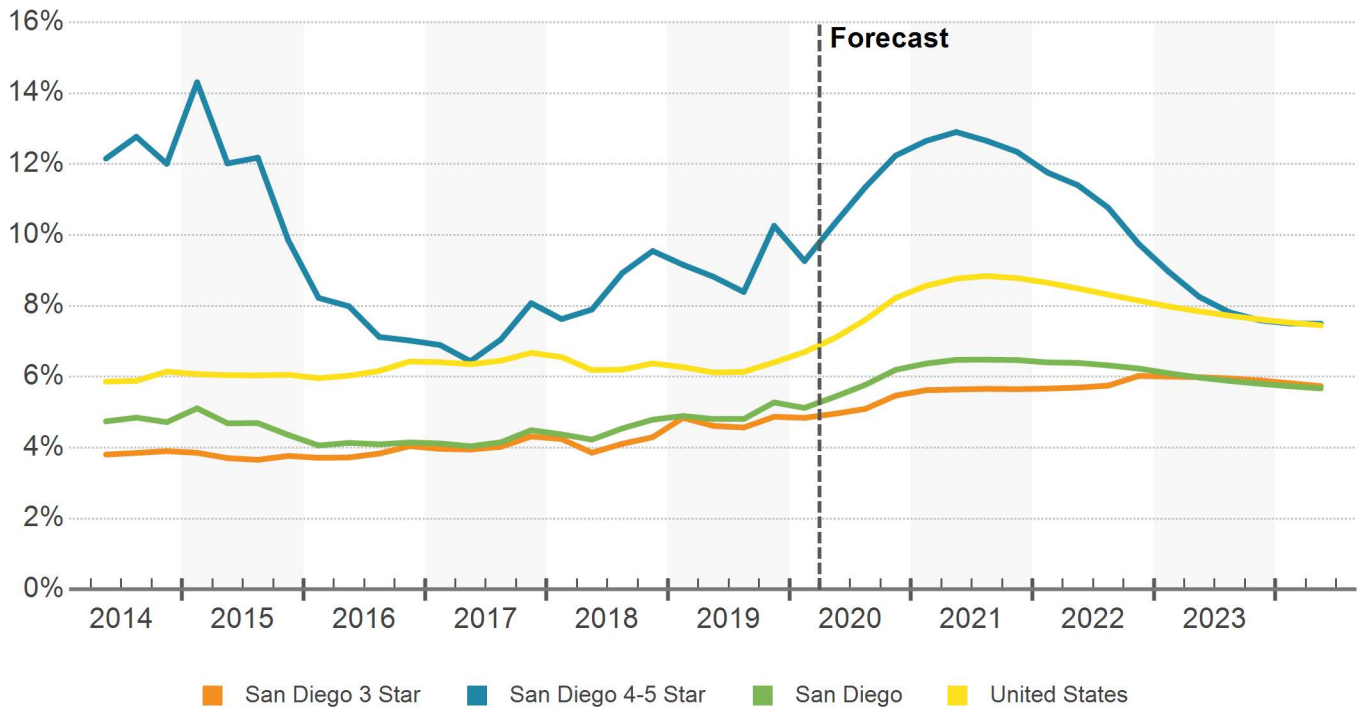
ABSORPTION, NET DELIVERIES & VACANCY



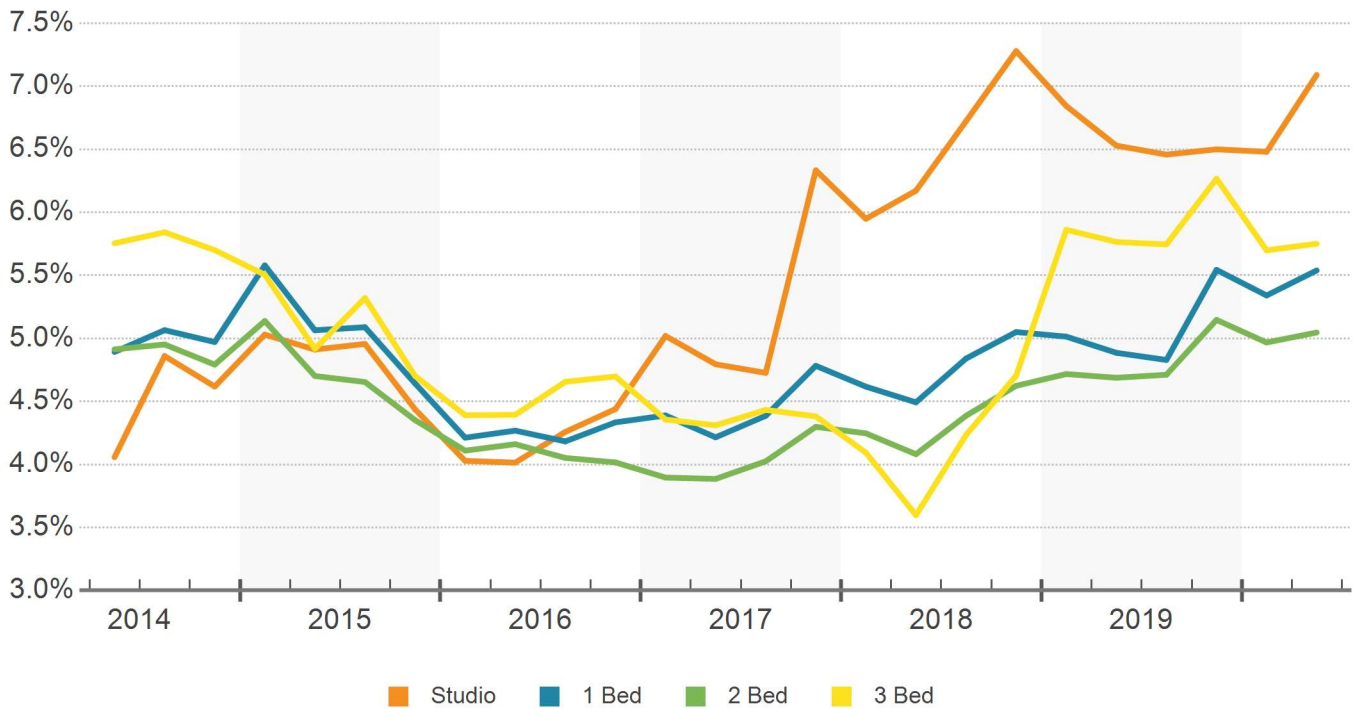
OVERALL & STABILIZED VACANCY



VACANCY RATE



VACANCY BY BEDROOM



The state of California has a moratorium in place that prevents courts from processing evictions until 90 days past the conclusion to the state of emergency declared by the governor. That effectively prevents evictions in the state for the foreseeable future.

CoStar recorded rental rates downshifting in response to the spread of the coronavirus in San Diego by the middle of March through April before appearing to stabilize in May. Even so, annual rent growth in several submarkets across the region fell into negative territory during 20Q2.

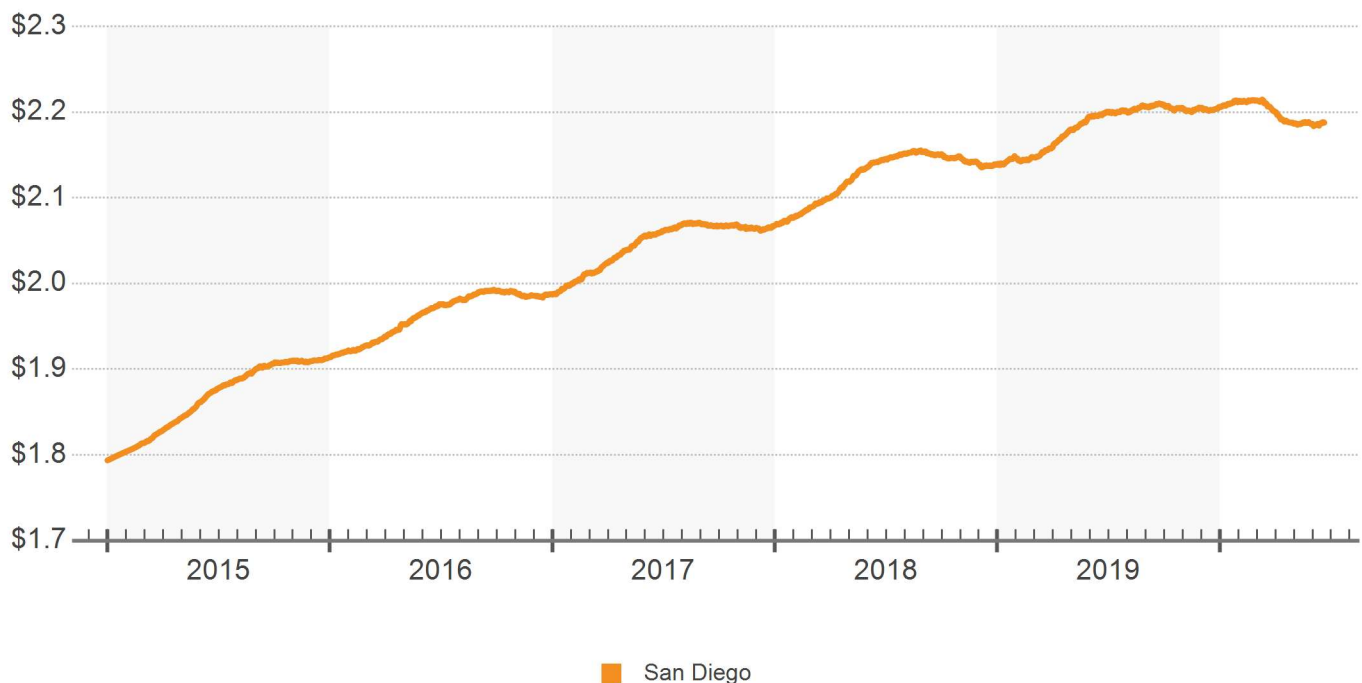
This comes as the spring leasing season typically drives annual rent growth as demand picks up heading into the summer. Trailing 12-month rent growth ended 20Q1 below the long-term average, and 20Q1 recorded negative rent growth. The impact was most widely felt in luxury units, with 4 & 5 Star rents falling nearly 2% from mid-March until the end of April. Annual rent growth turned modestly negative during the second quarter and is expected to remain in negative territory through the

near term of the forecast. Losses are also expected to top the trough of the Great Recession.

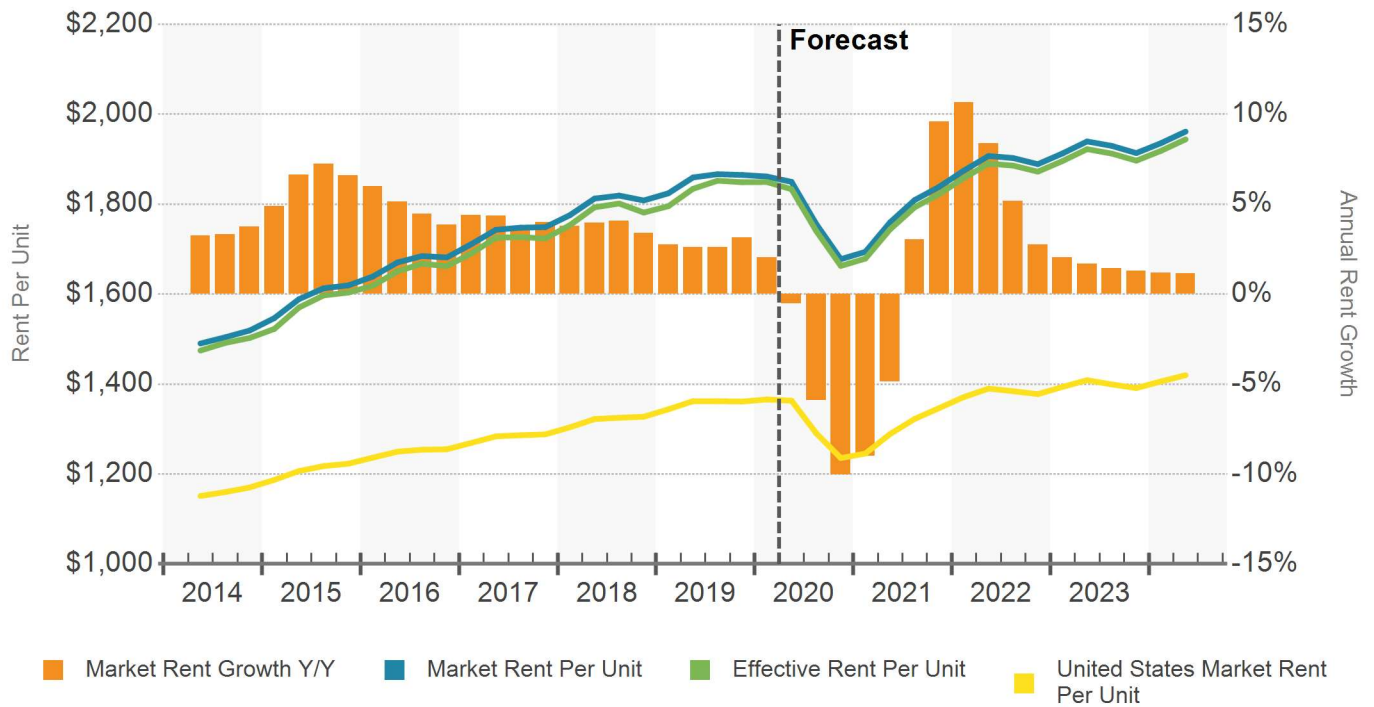
In October 2019, California's governor signed into law a state-wide rent cap. It joined Oregon and New York, which passed similar restrictions in 2019. It placed a cap on raising rents above 5% plus inflation for buildings older than 15 years old. For 2020, that cap is set at 7.2% for San Diego. Since 2010, across the region, only 15Q3 came close to matching the rent cap number.

Concessions are offered primarily in new deliveries and do not generally provide an outlet for savings in lower-tiered and older communities. Concessions are heaviest in the Downtown Submarket. Many communities in lease-up have bumped up concessions from six to eight weeks. But concessions have begun spreading across stabilized communities after the outbreak of the coronavirus, and one month of free rent is now becoming more widespread.

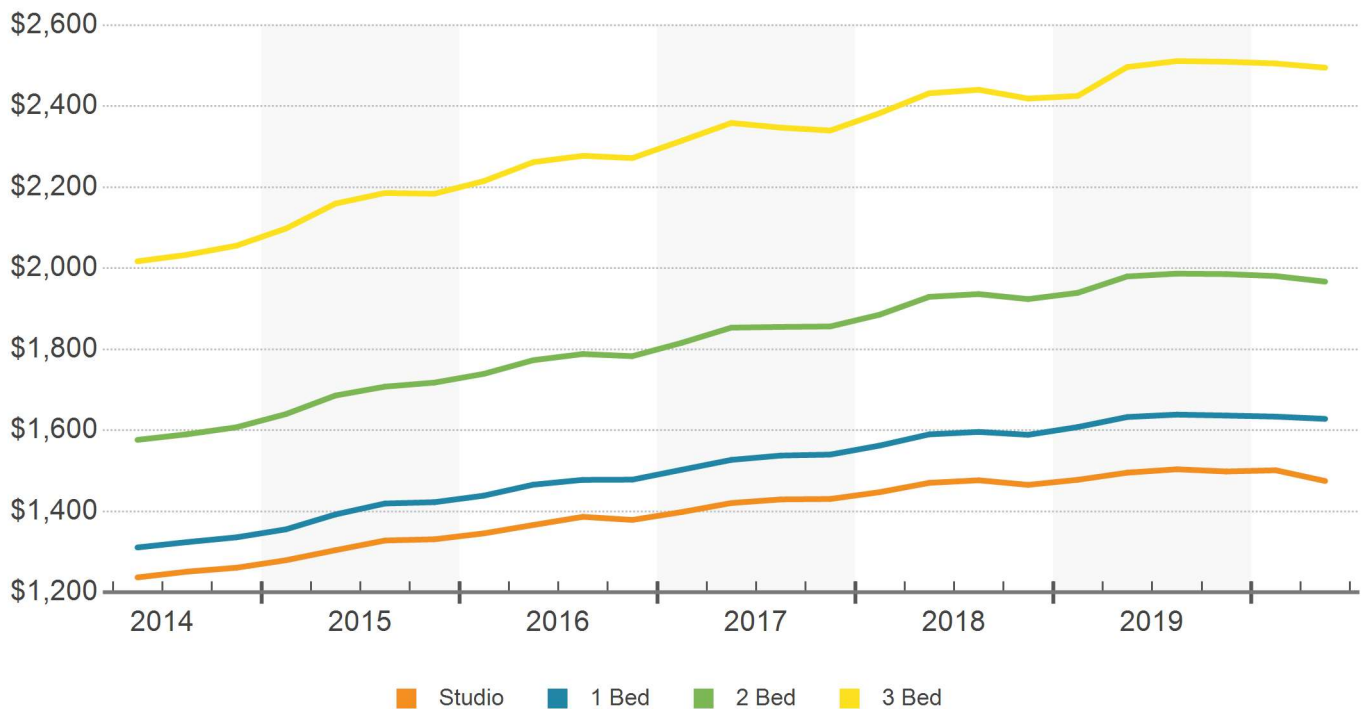
DAILY ASKING RENT PER SF



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	
San Diego	\$0.85	\$0.80	\$0.85	\$0.84	\$1.28	\$1.74	\$0.37	\$1.60	\$0.12	\$0.16	\$0.72	\$9.33
Balboa Park	\$0.81	\$0.70	\$0.80	\$0.90	\$1.30	\$1.72	\$0.35	\$1.64	\$0.11	\$0.13	\$0.57	\$9.03
Chula Vista/Imperial...	\$0.81	\$0.83	\$0.80	\$0.90	\$1.30	\$1.72	\$0.35	\$1.64	\$0.15	\$0.13	\$0.57	\$9.20
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	\$8.82
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	\$9.03
East San Diego/El...	\$0.81	\$1.22	\$0.80	\$0.98	\$1.45	\$1.72	\$0.35	\$1.64	\$0.11	\$0.27	\$1.73	\$11.08
La Jolla/UTC	\$0.82	\$0.62	\$0.68	\$0.66	\$1.14	\$2.30	\$0.50	\$1.58	\$0.12	\$0.09	\$0.35	\$8.86
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	\$8.95
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	\$9.09
North County	\$0.77	\$0.55	\$0.64	\$0.74	\$1.10	\$1.27	\$0.31	\$1.66	\$0.14	\$0.13	\$0.57	\$7.88
North I-15 Corridor	\$1.19	\$1.29	\$1.52	\$1.11	\$1.50	\$1.05	\$0.29	\$1.77	\$0.08	\$0.27	\$1.16	\$11.23
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	\$7.82
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	\$10.02

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	
San Diego	\$0.73	\$0.65	\$0.77	\$0.81	\$1.22	\$1.21	\$0.24	\$1.38	\$0.12	\$0.17	\$0.77	\$8.07
Balboa Park	\$0.75	\$0.63	\$0.75	\$0.83	\$1.24	\$1.30	\$0.26	\$1.37	\$0.11	\$0.13	\$0.58	\$7.95
Chula Vista/Imperial...	\$0.74	\$0.65	\$0.76	\$0.86	\$1.24	\$1.32	\$0.26	\$1.39	\$0.14	\$0.12	\$0.54	\$8.02
Coronado/Point Loma	\$0.80	\$0.51	\$0.66	\$0.63	\$1.10	\$1.51	\$0.40	\$1.30	\$0.12	\$0.09	\$0.34	\$7.46
Downtown San Diego	\$0.74	\$0.63	\$0.76	\$0.84	\$1.24	\$1.31	\$0.25	\$1.39	\$0.11	\$0.12	\$0.54	\$7.93
East San Diego/El...	\$0.73	\$1.01	\$0.76	\$0.98	\$1.39	\$1.03	\$0.13	\$1.38	\$0.10	\$0.30	\$1.51	\$9.32
La Jolla/UTC	\$0.61	\$0.48	\$0.65	\$0.60	\$1.10	\$1.40	\$0.48	\$1.29	\$0.11	\$0.09	\$0.33	\$7.14
Mission Valley/Nort...	\$0.79	\$0.38	\$0.65	\$0.59	\$1.08	\$1.34	\$0.38	\$1.11	\$0.12	\$0.09	\$0.33	\$6.86
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	\$7.96
North County	\$0.71	\$0.52	\$0.61	\$0.70	\$1.04	\$1.16	\$0.15	\$1.55	\$0.13	\$0.12	\$0.54	\$7.23
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	\$8.39
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	\$7.22
Outlying San Diego...	\$0.74	\$1.00	\$0.76	\$1.00	\$1.41	\$0.97	\$0.13	\$1.35	\$0.10	\$0.34	\$1.61	\$9.41
Poway/Santee/Ram...	\$0.77	\$0.99	\$0.76	\$1.04	\$1.44	\$0.99	\$0.15	\$1.37	\$0.10	\$0.37	\$1.64	\$9.62
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	\$8.80

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	
San Diego	\$0.65	\$0.47	\$0.72	\$0.65	\$1.07	\$0.99	\$0.20	\$0.99	\$0.10	\$0.13	\$0.62	\$6.59
Balboa Park	\$0.70	\$0.48	\$0.71	\$0.56	\$1.20	\$1.11	\$0.24	\$1.15	\$0.10	\$0.11	\$0.51	\$6.87
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	\$6.94
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	\$6.43
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	\$7.02
East San Diego/El...	\$0.69	\$0.42	\$0.72	\$0.62	\$1.00	\$0.83	\$0.11	\$0.78	\$0.09	\$0.14	\$0.92	\$6.32
La Jolla/UTC	\$0.58	\$0.44	\$0.62	\$0.56	\$1.06	\$0.89	\$0.27	\$1.07	\$0.10	\$0.08	\$0.32	\$5.99
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	\$6.09
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	\$6.93
North County	\$0.50	\$0.48	\$0.60	\$0.64	\$1.01	\$1.01	\$0.14	\$1.25	\$0.12	\$0.12	\$0.55	\$6.42
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	\$6.93
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	\$6.39
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	\$6.32
Poway/Santee/Ram...	\$0.73	\$0.42	\$0.72	\$0.64	\$1.00	\$0.74	\$0.15	\$0.74	\$0.09	\$0.16	\$0.99	\$6.38
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	\$6.60

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

San Diego is notable for its lack of multifamily development. The widely recognized housing shortage has been broadly described as a crisis. The level of total housing permits topped out at 10,000 annually and has fallen for four straight years. New supply in 2019 was only about half of the 15,000 total housing units the county estimates it needs annually. And while the city approved a blueprint that would triple housing production annually to meet state-mandated goals in June 2020, from 4,000 to 13,500, the previous decade fell short of its goal by more than half.

Only 2.6% of inventory was under construction in the second quarter, the majority of which was in Mission Valley and Downtown. That is the lowest percentage in the pipeline in almost five years.

Only about 2,500 units were scheduled for delivery in 2020. Those that do open will compete for a depleted and price-conscious renter pool with hefty concessions. When 4th & J delivered in May 2020, it offered eight weeks of free rent.

In 2019, San Diego recorded the fewest construction starts since 2013. In fact, there were more than 1,000 fewer market-rate starts in 2019 compared to 2018. Downtown San Diego has received the lion's share of developer interest over the past few years—the inventory has expanded by 50% in the past decade—but developers pulled back in 2019. The submarket recorded its fewest starts since 2011 as landlords endure double-digit vacancies, heavy concessions, and high rents. But

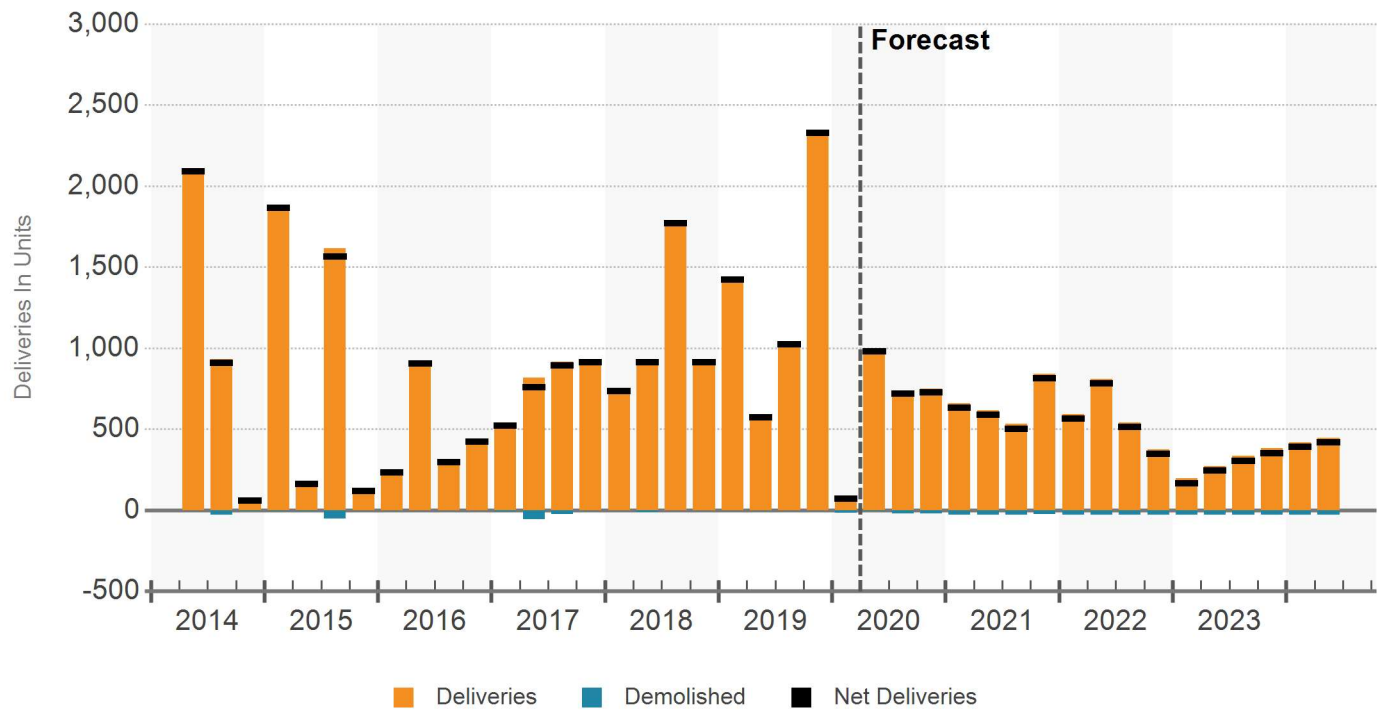
regional, national, and international developers are expected to continue targeting the submarket.

Instead, Mission Valley emerged to drive new development. When Holland Partner Group's Town & Country broke ground in 19Q3, it more than doubled the construction starts in the first half of the year. Mission Valley had almost 7% of its inventory under construction during the second quarter, the highest percentage in nearly 20 years. The nine trolley stops and eventual connection to UTC's job hub could increase demand here once the Trolley's Blue Line finishes.

Several master plans are currently under review or have recently been updated to add more density. The Midway District's update 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's, alone, adds more than 28,000 housing units.

An often exhaustive entitlement process (entitling a property for higher densities can often drag on for years, and permitting fees can run upwards of 40% of the development cost), neighborhood opposition to increased density, and the generally high cost of development are all barriers to outsized growth. With these added costs, workforce housing becomes extremely difficult to pencil out, which is why more than 90% of the post-recession stock has consisted of luxury units.

DELIVERIES & DEMOLITIONS



Under Construction Properties

San Diego Multi-Family

Properties

Units

Percent of Inventory

Avg. No. Units

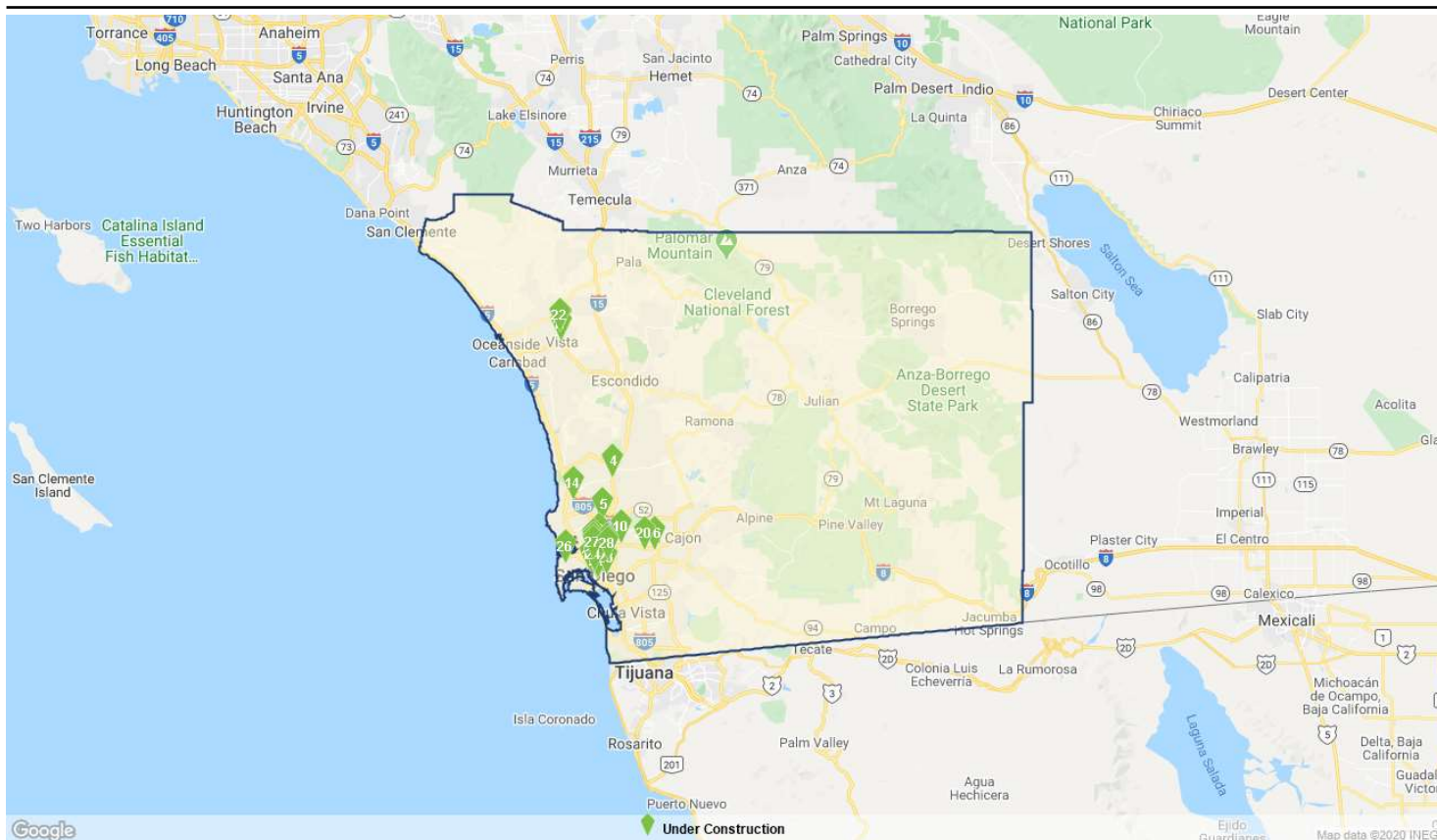
34

6,987

2.6%

206

UNDER CONSTRUCTION PROPERTIES



UNDER CONSTRUCTION

Property Name/Address	Rating	Units	Stories	Start	Complete	Developer/Owner
1 Town and Country - Resi... 500 Hotel Cir N	★★★★★	840	-	Jul 2019	Oct 2021	Holland Partner Group Lowe Enterprises Investment Ma...
2 Broadway Block 702 Broadway	★★★★★	620	41	Aug 2018	Apr 2021	Bosa Development Bosa Development
3 11th & Broadway 909 11th Ave	★★★★★	618	32	Oct 2018	Apr 2021	Pinnacle International Pinnacle International Group
4 Casa Mira View - Phase III 9800 Mira Lee Way	★★★★★	600	5	Jun 2015	Jul 2020	Garden Communities California Garden Homes
5 Vive Lux 8620 Spectrum Rd	★★★★★	442	7	Aug 2019	Oct 2021	Sunroad Holding Corporation Sunroad Holding Corporation
6 Purl 7901 Civita Blvd	★★★★★	435	5	Jan 2019	Jul 2020	Sudberry Properties, Inc. Sudberry Properties, Inc.
7 The Merian 601 11th Ave	★★★★★	426	34	Jan 2018	Jul 2020	Holland Partner Group Brookfield Residential Oliver Mc...

Under Construction Properties

San Diego Multi-Family

UNDER CONSTRUCTION

Property Name/Address	Rating	Units	Stories	Start	Complete	Developer/Owner
8 Modera Apartments 241 14th St	★ ★ ★ ★ ★	368	7	Nov 2018	Nov 2021	Mill Creek Residential Trust, LLC Platt Management, Inc.
9 Block A at Makers Quart... 1508 15th St	★ ★ ★ ★ ★	368	7	Apr 2020	Jan 2022	Wermers Companies R&V Management
10 Gravity 4570 Mission Gorge Pl	★ ★ ★ ★ ★	325	5	Dec 2019	Jan 2021	Fairfield Residential Fairfield Residential
11 Persea 1333 N Santa Fe Ave	★ ★ ★ ★ ★	305	3	Jul 2019	Jul 2020	Orion Pacific LLJ Ventures
12 Alexan Gallerie 375 Camino De La Reina	★ ★ ★ ★ ★	284	7	Oct 2019	Apr 2021	Trammell Crow Residential Comp... Crow Holdings Industrial
13 1301 3rd Ave	★ ★ ★ ★ ★	270	21	Mar 2020	Dec 2022	- The Hanover Company
14 LUX UTC - Tower B 4200 Brooke Ct	★ ★ ★ ★ ★	225	-	Dec 2019	Jan 2022	Garden Homes Garden Communities California
15 Camden Hillcrest 4311 3rd Ave	★ ★ ★ ★ ★	132	4	Sep 2019	Apr 2021	Camden Property Trust Camden Property Trust
16 The Haven 8585 La Mesa Blvd	★ ★ ★ ★ ★	130	3	Mar 2019	Sep 2020	Silvergate Development, LLC Blum & Co Inc
17 The Rylan Apartments 100 Main St	★ ★ ★ ★ ★	126	5	Apr 2018	Aug 2020	StreetLights Residential StreetLights Residential
18 Cielo 915 W Grape St	★ ★ ★ ★ ★	70	8	Aug 2018	Aug 2020	Ibex Limited, LLC Ibex Limited, LLC
19 Foley Financial Center 2131 3rd Ave	★ ★ ★ ★ ★	56	-	May 2020	Dec 2021	Foley Enterprises, Inc. Foley Enterprises, Inc.
20 Trio Townhomes 7604 El Cajon Blvd	★ ★ ★ ★ ★	45	3	Jul 2019	Sep 2020	Euston Management Corporation Euston Management Corporation
21 Ezabelle 454 13th St	★ ★ ★ ★ ★	45	7	Jan 2020	Jan 2021	Nakhshab Development & Design Nakhshab Development & Design
22 Santa Fe Heights Townh... 1470 N Santa Fe	★ ★ ★ ★ ★	45	-	Apr 2020	Mar 2021	KSB Development Marcus & Millichap
23 1144 30th St	★ ★ ★ ★ ★	38	5	Dec 2019	Jul 2020	- Alexander Alemany
24 Foley Plaza at Bankers Hill 1801 5th Ave	★ ★ ★ ★ ★	30	4	Apr 2020	Apr 2021	Foley Enterprises, Inc. Joyce Kwon
25 Kansas Modern 4195 Kansas St	★ ★ ★ ★ ★	24	3	Jan 2019	Jul 2020	BV Architecture + Development BV Architecture + Development
26 Nimitz Crossing 3911 Voltaire St	★ ★ ★ ★ ★	24	3	Sep 2019	Mar 2021	Next Space Development Rudy Medina
27 First Avenue Apartments 3953 1st Ave	★ ★ ★ ★ ★	19	4	Aug 2017	Jul 2020	- Hsieh Family Ltd Partnership
28 Asano North Park 3779 Ray St	★ ★ ★ ★ ★	19	3	Jan 2018	Jul 2020	- Foley Enterprises, Inc.

There is uncertainty in the multifamily market surrounding the spread of the coronavirus. Valuations will remain sensitive to investor sentiment, and sellers may find that buyer uncertainty impacts underwriting assumptions, bids, and negotiations. Pricing power will likely be restrained as buyers and lenders potentially take to the sidelines to maintain caution during the early stages of this new economic period.

Even so, San Diego has been a target for deep-pocketed investors for both new and value-add opportunities. About 30% of investment originated from institutional, private equity, or REIT concerns in the past year. That is above the decade average, while those same concerns represented an equal share from the seller's side. It is possible that the value-add market could change starting this year, with a rent cap in place. Market cap rates sit at 4.5%, and market pricing neared \$325,000/unit after 20Q1 before showing signs of falling in 20Q2. But CoStar also expects cap rates to face upward pressure amid restrained credit conditions, reduced volume, and softening price pressures. In fact, deal flow was on pace to end the second quarter at its lowest level in a decade.

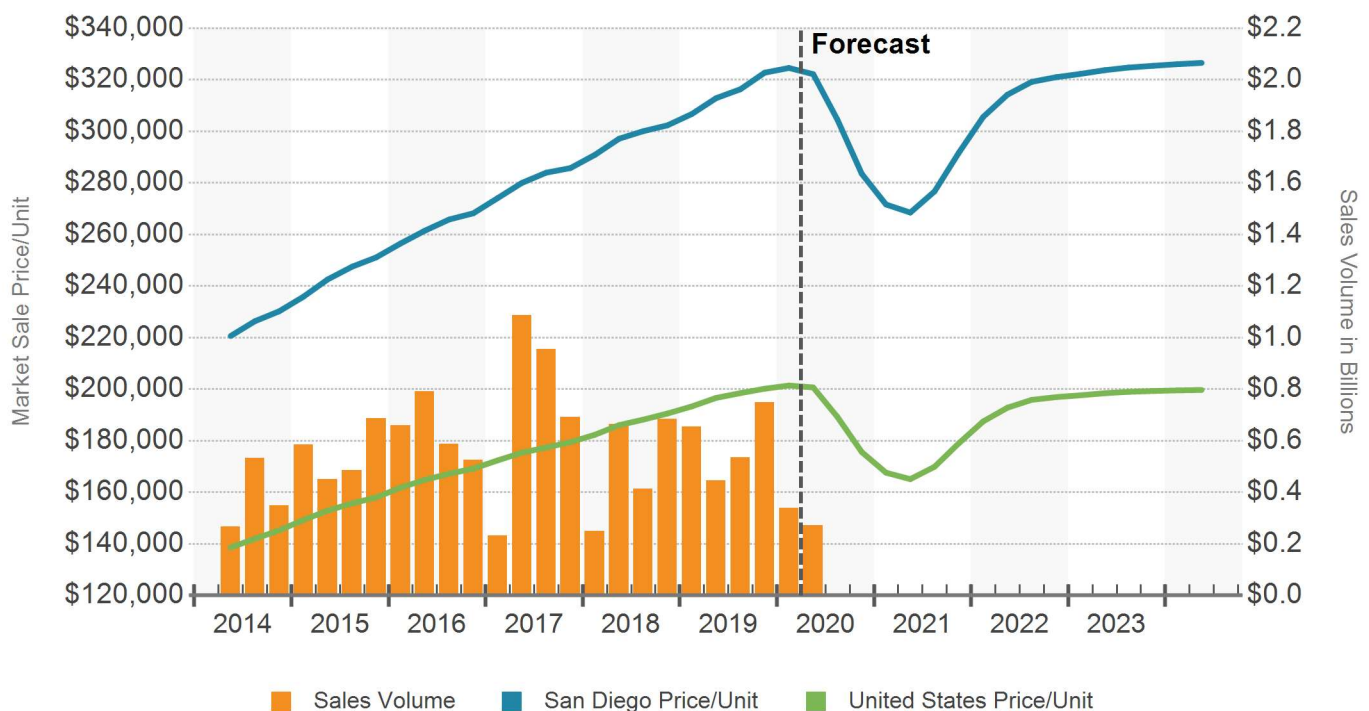
The former Spreckels building at 625 Broadway in Downtown San Diego sold in February 2020. The former office building, and newly converted apartment

community by Hammer Ventures, sold for \$143 million. A partnership that includes investment firm Cain International and developer Balthus acquired the building with the issuance of the Certificate of Occupancy. Included in the sale was a 378-space parking garage and some ground-floor retail space. That property was reportedly converted to Airbnb rentals ahead of the pandemic. Hammer Ventures purchased the property in 2014 for \$52.5 million.

Several of the Balboa Park's newest properties have sold since the end of last year as investors are increasingly attracted to the new boutique communities and value-add opportunities found there. In June 2020, in a deal that started and closed during the pandemic, San Diego-based AL Group purchased two of Jonathan Segal's properties in the submarket, Park + Polk and The Fort, for \$45.1 million. They are located in the Uptown and Mission Hills neighborhoods, and they delivered in 2017 and 2018 with a total of 84 units. The cap rate was 4.85%.

In December 2019, Alliance Residential sold Broadstone North Park, built in 2018, for \$61.6 million (\$521,610/unit) to New York Life Insurance Company. It was the highest-valued sale in Balboa Park in the past 15 years. New York Life rebranded the property Vida North Park.

SALES VOLUME & MARKET SALE PRICE PER UNIT



Sales Past 12 Months

San Diego Multi-Family

Sale Comparables

449

Avg. Price/Unit (thous.)

\$272

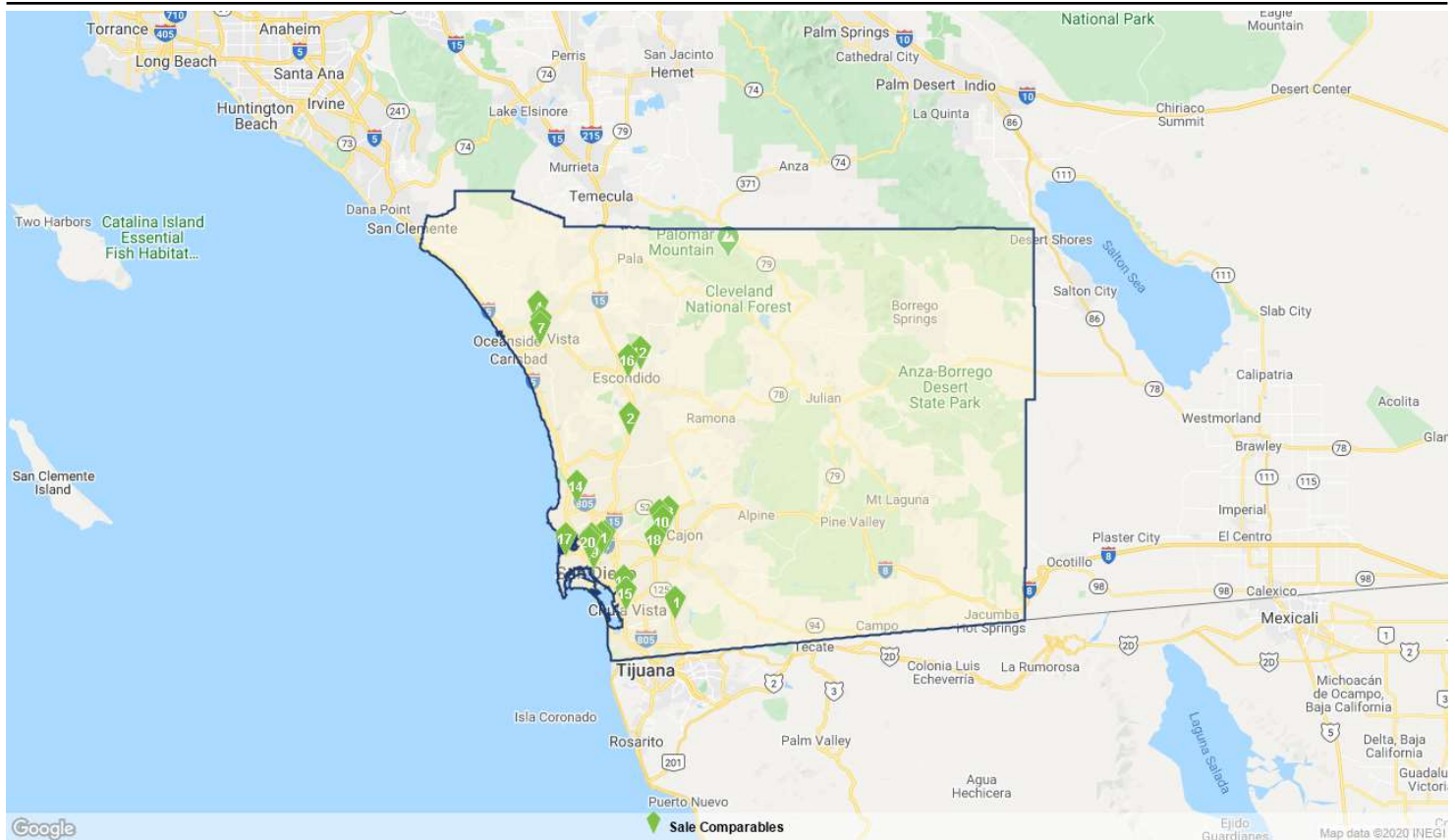
Average Price (mil.)

\$5.7

Average Vacancy at Sale

5.0%

SALE COMPARABLE LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$300,000	\$5,673,187	\$2,400,000	\$131,000,000
Price/Unit	\$33,333	\$272,280	\$244,444	\$1,137,083
Cap Rate	1.9%	4.4%	4.5%	7.3%
Vacancy Rate At Sale	0%	5.0%	0%	80.0%
Time Since Sale in Months	0.0	7.0	7.3	11.9
Property Attributes	Low	Average	Median	High
Property Size in Units	4	19	8	338
Number of Floors	1	1	2	11
Average Unit SF	0	726	735	2,695
Year Built	1884	1966	1969	2019
Star Rating	★ ★ ★ ★ ★	★ ★ ★ ★ ★ 2.1	★ ★ ★ ★ ★	★ ★ ★ ★ ★

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
1	Boardwalk at Millenia 1660 Metro Ave	★★★★★	2018	309	7.4%	10/1/2019	\$131,000,000	\$423,948	\$437
2	Overlook at Bernardo Heights 15909 Avenida Venusto	★★★★★	1988	330	6.4%	12/12/2019	\$119,000,000	\$360,606	\$483
3	Forest Park 1250 Petree St	★★★★★	1974	338	4.4%	9/5/2019	\$88,000,000	\$260,355	\$347
4	Presidio at Rancho Del Oro 4401 Mission Ave	★★★★★	1987	264	6.1%	12/27/2019	\$87,025,000	\$329,640	\$358
5	Sunterra Apartments 3851 Sherbourne Dr	★★★★★	1974	240	5.0%	8/23/2019	\$66,250,000	\$276,041	\$303
6	Vida North Park 4223 Texas St	★★★★★	2018	118	7.6%	12/17/2019	\$61,550,000	\$521,610	\$410
7	Carlsbad View Apartments 3675 Barnard Dr	★★★★★	1975	136	8.1%	11/26/2019	\$41,000,000	\$301,470	\$327
8	Colonnade at Fletcher Hills 2950 Fletcher Pky	★★★★★	1973	138	8.0%	9/5/2019	\$38,000,000	\$275,362	\$316
9	Current 1551 Union St	★★★★★	2008	144	5.6%	11/25/2019	\$34,924,792	\$242,533	\$388
10	Serena Vista 5810 Amaya Dr	★★★★★	1971	110	2.7%	3/5/2020	\$34,450,000	\$313,181	\$330
11	Park + Polk 4075 Park Blvd	★★★★★	2017	55	5.5%	6/16/2020	\$28,262,738	\$513,867	\$557
12	Sage Apartments 1920 E Grand Ave	★★★★★	1977	96	6.3%	4/13/2020	\$24,315,328	\$253,284	\$455
13	Southern Highlands 2525 Highland Ave	★★★★★	1999	151	11.9%	1/9/2020	\$22,100,000	\$146,357	\$278
14	Elan Terraza 5165 Luigi Ter	★★★★★	1980	61	8.2%	11/21/2019	\$22,016,500	\$360,926	\$425
15	Royal Apartments 521 Park Way	★★★★★	1963	129	0%	3/20/2020	\$20,737,500	\$160,755	\$221
16	City Plaza 300-328 S Escondido Blvd	★★★★★	2018	55	0%	8/12/2019	\$19,750,000	\$359,090	\$239
17	Citra 4464 Castelar St	★★★★★	1970	60	3.3%	1/10/2020	\$18,300,000	\$305,000	\$261
18	Broadway Manor 8413 Broadway	★★★★★	1979	81	0%	5/8/2020	\$17,000,000	\$209,876	\$236
19	The Fort 1011 Fort Stockton Dr	★★★★★	2018	29	0%	6/16/2020	\$16,817,262	\$579,905	\$557
20	The Royal Apartments Of Old... 1616 Guy St	★★★★★	1963	121	0%	6/15/2020	\$16,450,000	\$135,950	\$415

April's jobs report for San Diego painted a dire picture of the region's employment landscape.

San Diego's unemployment rate rose to 15%, the highest level on record. From mid-March to mid-April, nonfarm employment fell by nearly 200,000 to just shy of 1.3 million nonfarm jobs across the region, and no sector was spared. That amounted to a 13% contraction month-over-month. For comparison, the unemployment rate topped out at 11.1% during the Great Recession.

Even while it incorporates jobless claims following the essential shutdown of the local economy, it still likely does not provide a complete picture of the market since the survey was completed in the middle of April, and the data only includes those who were able to successfully file an unemployment claim.

The complete shutdown in convention and tourist activity wreaked havoc on the leisure and hospitality sector. It recorded the biggest drop since March, shedding 96,200 jobs – a full 50% decline in employment. Restaurants accounted for more than 50,000 of those positions.

Retail trade also lost more than 20,000 jobs last month, with grocery stores the only subsector recording a modest job gain of 100. Clothing and clothing accessories lost more than 60% of its workers.

Education and health services was down 22,000 jobs, with ambulatory health care services accounting for 11,000 of those.

Professional and business services, a sector that may be insulated more than others from declines because of the possibility of working from home, lost 15,700 positions since March, 3,400 of which were in professional, scientific, and technical work.

Most of the unemployment claims were still categorized as temporary. However, as businesses slowly navigate the process of reopening with new social distancing protocols in place, it may take some time before employees are brought back from the sidelines.

But the jobs report is a lagging indicator and the economy is reopening across the county. People are returning to work, though at less capacity than before. Tourism is widely expected to fall this summer and the convention center is not expected to welcome back visitors until the end of the year.

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, and many of these companies and institutes are researching a vaccine for the coronavirus. It is these positions in the scientific and technical fields that have driven recent job growth and the region and account for nearly 150,000 jobs.

San Diego is also home to more than 143,000 active duty and civilian military employees. And the defense industry accounts for 22% of jobs in the region according to the San Diego Economic Development Corp. It also contributes about 20% to the gross regional product. 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.

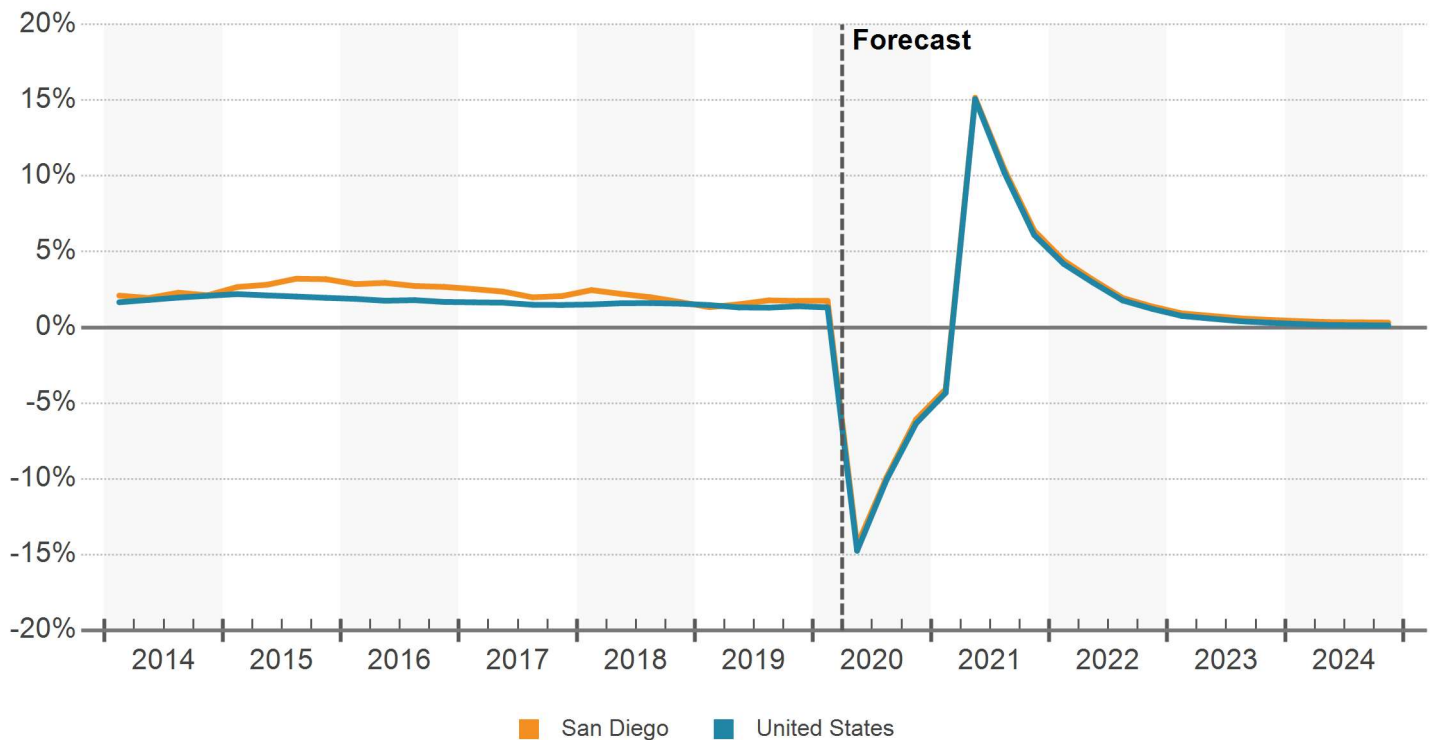
The tech economy in San Diego contributes almost \$30 billion annually to the local economy, which is almost 15% of San Diego's GDP, and employs 140,000 people according to the San Diego Regional EDC. Those jobs pay an average of \$132,000 compared to an average of \$63,000 for jobs in the rest of the economy. 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 EMPLOYMENT BY INDUSTRY IN THOUSANDS

NAICS Industry	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	95	0.9	-17.63%	-20.33%	-0.20%	-1.18%	4.36%	4.02%
Trade, Transportation and Utilities	172	0.8	-23.33%	-23.03%	-1.42%	-1.40%	5.28%	5.19%
Retail Trade	113	0.9	-22.65%	-22.48%	-1.42%	-1.74%	5.24%	5.00%
Financial Activities	68	0.9	-11.46%	-11.97%	0.04%	-0.03%	2.69%	3.05%
Government	252	1.1	2.11%	1.85%	0.86%	0.10%	0.41%	0.39%
Natural Resources, Mining and Construction	72	1.0	-15.22%	-13.19%	2.45%	1.38%	3.67%	3.20%
Education and Health Services	219	0.9	1.67%	0.18%	2.95%	1.93%	1.66%	1.21%
Professional and Business Services	234	1.2	-8.43%	-10.16%	1.47%	1.35%	2.78%	2.95%
Information	22	0.8	-6.58%	-6.06%	-1.50%	-0.11%	2.24%	1.96%
Leisure and Hospitality	175	1.2	-13.97%	-13.74%	1.28%	0.92%	3.61%	3.50%
Other Services	46	0.9	-18.12%	-16.01%	-0.19%	-0.75%	3.44%	3.29%
Total Employment	1,304	1.0	-13.13%	-13.50%	0.48%	-0.01%	3.51%	3.34%

Source: Oxford Economics
LQ = Location Quotient

YEAR OVER YEAR JOB GROWTH



Source: Oxford Economics

DEMOGRAPHIC TRENDS

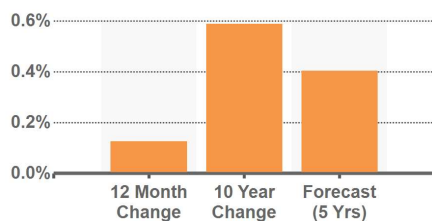
Demographic Category	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Metro	U.S.	Metro	U.S.	Metro	U.S.	Metro	U.S.
Population	3,352,653	329,583,031	0.4%	0.5%	0.8%	0.6%	0.6%	0.5%
Households	1,135,501	122,382,883	0.3%	0.4%	0.7%	0.7%	0.5%	0.4%
Median Household Income	\$81,552	\$63,337	0.5%	0.2%	3.1%	2.4%	3.4%	3.2%
Labor Force	1,604,591	155,114,500	0.1%	-4.7%	0.6%	0.1%	0.4%	1.5%
Unemployment	3.3%	3.8%	-0.1%	0.2%	-0.8%	-0.6%	-	-

Source: Oxford Economics

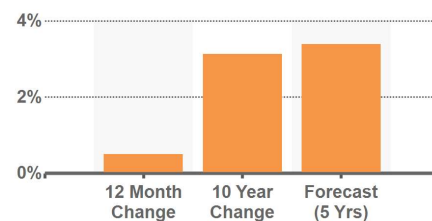
POPULATION GROWTH



LABOR FORCE GROWTH



INCOME GROWTH



Source: Oxford Economics

San Diego Multi-Family

[illegible]

Submarkets

San Diego Multi-Family

SUBMARKET INVENTORY

No.	Submarket	Inventory				12 Month Deliveries				Under Construction as % of Inventory			
		Bldgs	Units	% Market	Rank	Bldgs	Units	Percent	Rank	Bldgs	Units	Percent	Rank
1	Balboa Park	2,948	29,333	11.0%	4	11	479	1.6%	4	8	322	1.1%	5
2	Chula Vista/Imperial Beach	856	28,955	10.9%	5	4	758	2.6%	2	0	0	0%	-
3	Coronado/Point Loma	681	8,957	3.4%	11	1	2	0%	11	1	24	0.3%	8
4	Downtown San Diego	145	11,818	4.4%	9	8	1,104	9.3%	1	9	2,798	23.7%	1
5	East San Diego/El Cajon	2,312	45,771	17.2%	1	1	27	0.1%	10	3	193	0.4%	7
6	La Jolla/UTC	159	12,486	4.7%	8	2	315	2.5%	6	2	231	1.9%	6
7	Mission Valley/North Cen...	1,103	35,754	13.5%	2	2	206	0.6%	7	5	2,326	6.5%	2
8	National City/South Central	877	15,484	5.8%	7	4	200	1.3%	8	2	16	0.1%	9
9	North County	897	32,578	12.3%	3	4	332	1.0%	5	3	476	1.5%	4
10	North I-15 Corridor	387	18,991	7.1%	6	1	126	0.7%	9	0	0	0%	-
11	North Shore Cities	188	8,216	3.1%	12	1	608	7.4%	3	0	0	0%	-
12	Outlying San Diego County	26	1,174	0.4%	14	0	0	0%	-	0	0	0%	-
13	Poway/Santee/Ramona	122	5,141	1.9%	13	0	0	0%	-	0	0	0%	-
14	South I-15 Corridor	64	11,117	4.2%	10	0	0	0%	-	1	600	5.4%	3

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	\$1,494	\$2.20	7	1.0%	\$1,483	\$2.18	7	1.1%	0.7%	7
2	Chula Vista/Imperial Beach	\$1,735	\$2.01	10	1.8%	\$1,720	\$1.99	10	2.0%	0.9%	5
3	Coronado/Point Loma	\$1,954	\$2.60	2	4.2%	\$1,930	\$2.56	2	4.3%	1.3%	3
4	Downtown San Diego	\$2,451	\$3.03	1	-3.5%	\$2,394	\$2.96	1	-2.3%	2.3%	1
5	East San Diego/El Cajon	\$1,506	\$1.90	11	1.8%	\$1,498	\$1.89	11	2.4%	0.5%	10
6	La Jolla/UTC	\$2,339	\$2.46	4	-6.0%	\$2,296	\$2.41	4	-6.8%	1.8%	2
7	Mission Valley/North Cen...	\$2,045	\$2.40	5	-0.9%	\$2,033	\$2.38	5	0.5%	0.6%	9
8	National City/South Central	\$1,411	\$1.83	13	2.5%	\$1,405	\$1.82	13	2.7%	0.4%	12
9	North County	\$1,861	\$2.09	8	1.0%	\$1,848	\$2.07	8	1.5%	0.7%	8
10	North I-15 Corridor	\$1,806	\$2.04	9	1.7%	\$1,790	\$2.03	9	2.7%	0.8%	6
11	North Shore Cities	\$2,550	\$2.59	3	-3.6%	\$2,519	\$2.56	3	-4.0%	1.2%	4
12	Outlying San Diego County	\$1,564	\$1.81	14	2.9%	\$1,560	\$1.81	14	7.0%	0.3%	14
13	Poway/Santee/Ramona	\$1,607	\$1.85	12	1.1%	\$1,600	\$1.84	12	1.6%	0.5%	11
14	South I-15 Corridor	\$2,087	\$2.21	6	-4.6%	\$2,079	\$2.20	6	-4.3%	0.4%	13

SUBMARKET VACANCY & ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		Units	Percent	Rank	Units	% of Inv	Rank	Construc. Ratio
1	Balboa Park	1,230	4.2%	6	225	0.8%	6	2.1
2	Chula Vista/Imperial Beach	1,648	5.7%	10	254	0.9%	5	3.0
3	Coronado/Point Loma	537	6.0%	11	(137)	-1.5%	14	-
4	Downtown San Diego	1,671	14.1%	14	791	6.7%	1	1.5
5	East San Diego/El Cajon	1,793	3.9%	4	(10)	0%	12	-
6	La Jolla/UTC	910	7.3%	12	(78)	-0.6%	13	-
7	Mission Valley/North Cen...	1,844	5.2%	9	499	1.4%	3	0.7
8	National City/South Central	468	3.0%	2	174	1.1%	7	1.1
9	North County	1,602	4.9%	8	596	1.8%	2	0.6
10	North I-15 Corridor	796	4.2%	7	254	1.3%	4	0.5
11	North Shore Cities	839	10.2%	13	160	1.9%	8	3.8
12	Outlying San Diego County	29	2.5%	1	35	3.0%	9	-
13	Poway/Santee/Ramona	209	4.1%	5	12	0.2%	10	-
14	South I-15 Corridor	415	3.7%	3	(4)	0%	11	-

OVERALL SUPPLY & DEMAND

Year	Inventory			Absorption		
	Units	Growth	% Growth	Units	% of Inv	Construction Ratio
2024	274,729	1,703	0.6%	2,224	0.8%	0.8
2023	273,026	1,070	0.4%	2,172	0.8%	0.5
2022	271,956	2,202	0.8%	2,711	1.0%	0.8
2021	269,754	2,540	1.0%	1,635	0.6%	1.6
2020	267,214	2,495	0.9%	(287)	-0.1%	-
YTD	265,783	1,064	0.4%	744	0.3%	1.4
2019	264,719	5,345	2.1%	3,826	1.4%	1.4
2018	259,374	4,330	1.7%	3,401	1.3%	1.3
2017	255,044	3,087	1.2%	2,099	0.8%	1.5
2016	251,957	1,857	0.7%	2,310	0.9%	0.8
2015	250,100	3,711	1.5%	4,447	1.8%	0.8
2014	246,389	3,653	1.5%	1,894	0.8%	1.9
2013	242,736	1,219	0.5%	1,956	0.8%	0.6
2012	241,517	1,742	0.7%	2,834	1.2%	0.6
2011	239,775	2,076	0.9%	2,275	0.9%	0.9
2010	237,699	655	0.3%	1,468	0.6%	0.4
2009	237,044	1,805	0.8%	22	0%	82.0
2008	235,239	572	0.2%	(986)	-0.4%	-

4 & 5 STAR SUPPLY & DEMAND

Year	Inventory			Absorption		
	Units	Growth	% Growth	Units	% of Inv	Construction Ratio
2024	59,446	1,821	3.2%	1,732	2.9%	1.1
2023	57,625	1,186	2.1%	2,314	4.0%	0.5
2022	56,439	2,025	3.7%	3,241	5.7%	0.6
2021	54,414	2,536	4.9%	2,166	4.0%	1.2
2020	51,878	2,348	4.7%	961	1.9%	2.4
YTD	50,550	1,020	2.1%	909	1.8%	1.1
2019	49,530	3,662	8.0%	2,970	6.0%	1.2
2018	45,868	3,876	9.2%	2,930	6.4%	1.3
2017	41,992	2,932	7.5%	2,305	5.5%	1.3
2016	39,060	1,600	4.3%	2,547	6.5%	0.6
2015	37,460	3,619	10.7%	4,000	10.7%	0.9
2014	33,841	3,594	11.9%	1,527	4.5%	2.4
2013	30,247	1,446	5.0%	1,118	3.7%	1.3
2012	28,801	1,210	4.4%	1,341	4.7%	0.9
2011	27,591	1,948	7.6%	1,947	7.1%	1.0
2010	25,643	692	2.8%	729	2.8%	0.9
2009	24,951	1,608	6.9%	1,358	5.4%	1.2
2008	23,343	509	2.2%	374	1.6%	1.4

3 STAR SUPPLY & DEMAND

Year	Inventory			Absorption		
	Units	Growth	% Growth	Units	% of Inv	Construction Ratio
2024	85,436	0	0%	249	0.3%	0
2023	85,436	0	0%	108	0.1%	0
2022	85,436	294	0.3%	(42)	0%	-
2021	85,142	112	0.1%	(50)	-0.1%	-
2020	85,030	151	0.2%	(386)	-0.5%	-
YTD	84,940	61	0.1%	20	0%	3.1
2019	84,879	1,678	2.0%	1,125	1.3%	1.5
2018	83,201	456	0.6%	453	0.5%	1.0
2017	82,745	238	0.3%	2	0%	119.0
2016	82,507	257	0.3%	17	0%	15.1
2015	82,250	146	0.2%	255	0.3%	0.6
2014	82,104	76	0.1%	111	0.1%	0.7
2013	82,028	54	0.1%	468	0.6%	0.1
2012	81,974	714	0.9%	1,368	1.7%	0.5
2011	81,260	215	0.3%	331	0.4%	0.6
2010	81,045	223	0.3%	460	0.6%	0.5
2009	80,822	340	0.4%	(37)	0%	-
2008	80,482	210	0.3%	(484)	-0.6%	-

1 & 2 STAR SUPPLY & DEMAND

Year	Inventory			Absorption		
	Units	Growth	% Growth	Units	% of Inv	Construction Ratio
2024	129,847	(118)	-0.1%	243	0.2%	-
2023	129,965	(116)	-0.1%	(250)	-0.2%	0.5
2022	130,081	(117)	-0.1%	(488)	-0.4%	0.2
2021	130,198	(108)	-0.1%	(481)	-0.4%	0.2
2020	130,306	(4)	0%	(862)	-0.7%	0
YTD	130,293	(17)	0%	(185)	-0.1%	0.1
2019	130,310	5	0%	(269)	-0.2%	0
2018	130,305	(2)	0%	18	0%	-
2017	130,307	(83)	-0.1%	(208)	-0.2%	0.4
2016	130,390	0	0%	(254)	-0.2%	0
2015	130,390	(54)	0%	192	0.1%	-
2014	130,444	(17)	0%	256	0.2%	-
2013	130,461	(281)	-0.2%	370	0.3%	-
2012	130,742	(182)	-0.1%	125	0.1%	-
2011	130,924	(87)	-0.1%	(3)	0%	29.0
2010	131,011	(260)	-0.2%	279	0.2%	-
2009	131,271	(143)	-0.1%	(1,299)	-1.0%	0.1
2008	131,414	(147)	-0.1%	(876)	-0.7%	0.2

OVERALL VACANCY & RENT

Year	Vacancy			Market Rent				Effective Rents	
	Units	Percent	Ppts Chg	Per Unit	Per SF	% Growth	Ppts Chg	Units	Per SF
2024	15,328	5.6%	(0.2)	\$1,933	\$2.29	1.0%	(0.3)	\$1,916	\$2.27
2023	15,847	5.8%	(0.4)	\$1,914	\$2.27	1.3%	(1.4)	\$1,897	\$2.25
2022	16,951	6.2%	(0.2)	\$1,889	\$2.24	2.7%	(6.9)	\$1,872	\$2.22
2021	17,458	6.5%	0.3	\$1,839	\$2.18	9.6%	19.6	\$1,822	\$2.16
2020	16,558	6.2%	0.9	\$1,678	\$1.99	-10.0%	(13.2)	\$1,663	\$1.97
YTD	13,992	5.3%	0	\$1,851	\$2.19	-0.8%	(3.9)	\$1,834	\$2.17
2019	13,969	5.3%	0.5	\$1,865	\$2.21	3.1%	(0.3)	\$1,849	\$2.19
2018	12,427	4.8%	0.3	\$1,808	\$2.14	3.4%	(0.6)	\$1,781	\$2.11
2017	11,462	4.5%	0.3	\$1,749	\$2.07	4.0%	0.2	\$1,724	\$2.04
2016	10,451	4.1%	(0.2)	\$1,682	\$1.99	3.8%	(2.8)	\$1,662	\$1.96
2015	10,909	4.4%	(0.4)	\$1,619	\$1.91	6.6%	2.9	\$1,604	\$1.89
2014	11,632	4.7%	0.7	\$1,519	\$1.79	3.7%	0	\$1,503	\$1.77
2013	9,861	4.1%	(0.3)	\$1,465	\$1.73	3.8%	0.9	\$1,450	\$1.71
2012	10,597	4.4%	(0.5)	\$1,411	\$1.67	2.9%	1.7	\$1,400	\$1.65
2011	11,689	4.9%	(0.1)	\$1,372	\$1.62	1.2%	1.1	\$1,364	\$1.61
2010	11,885	5.0%	(0.4)	\$1,356	\$1.60	0.1%	2.7	\$1,347	\$1.59
2009	12,697	5.4%	0.7	\$1,355	\$1.60	-2.6%	(3.8)	\$1,344	\$1.59
2008	10,912	4.6%	0.7	\$1,391	\$1.64	1.2%	-	\$1,383	\$1.63

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
2024	4,464	7.5%	(0.1)	\$2,511	\$2.57	0.9%	(0.3)	\$2,470	\$2.52
2023	4,375	7.6%	(2.2)	\$2,489	\$2.54	1.1%	(1.3)	\$2,448	\$2.50
2022	5,504	9.8%	(2.6)	\$2,461	\$2.52	2.5%	(6.7)	\$2,421	\$2.47
2021	6,718	12.3%	0.1	\$2,401	\$2.45	9.2%	21.6	\$2,362	\$2.41
2020	6,349	12.2%	2.0	\$2,199	\$2.25	-12.4%	(14.7)	\$2,163	\$2.21
YTD	4,938	9.8%	(0.5)	\$2,452	\$2.50	-2.3%	(4.6)	\$2,413	\$2.46
2019	5,082	10.3%	0.7	\$2,511	\$2.56	2.2%	(0.4)	\$2,475	\$2.52
2018	4,380	9.5%	1.5	\$2,456	\$2.50	2.6%	(0.6)	\$2,396	\$2.44
2017	3,392	8.1%	1.1	\$2,393	\$2.44	3.3%	1.6	\$2,341	\$2.39
2016	2,743	7.0%	(2.8)	\$2,318	\$2.36	1.7%	(4.3)	\$2,279	\$2.32
2015	3,691	9.9%	(2.2)	\$2,279	\$2.32	6.0%	2.3	\$2,248	\$2.29
2014	4,064	12.0%	5.4	\$2,151	\$2.19	3.7%	(1.0)	\$2,116	\$2.16
2013	1,986	6.6%	0.8	\$2,075	\$2.12	4.7%	0.9	\$2,039	\$2.08
2012	1,656	5.8%	(0.7)	\$1,982	\$2.02	3.7%	2.4	\$1,962	\$2.00
2011	1,788	6.5%	(0.5)	\$1,912	\$1.95	1.3%	1.2	\$1,899	\$1.94
2010	1,784	7.0%	(0.3)	\$1,888	\$1.93	0.1%	4.1	\$1,872	\$1.91
2009	1,822	7.3%	0.6	\$1,886	\$1.92	-4.0%	(4.3)	\$1,864	\$1.90
2008	1,572	6.7%	0.4	\$1,965	\$2.00	0.2%	-	\$1,952	\$1.99

3 STAR VACANCY & RENT

Year	Vacancy			Market Rent				Effective Rents	
	Units	Percent	Ppts Chg	Per Unit	Per SF	% Growth	Ppts Chg	Units	Per SF
2024	4,791	5.6%	(0.3)	\$1,947	\$2.27	1.1%	(0.3)	\$1,936	\$2.26
2023	5,038	5.9%	(0.1)	\$1,927	\$2.25	1.3%	(1.5)	\$1,916	\$2.23
2022	5,146	6.0%	0.4	\$1,902	\$2.22	2.8%	(6.9)	\$1,891	\$2.20
2021	4,811	5.7%	0.2	\$1,849	\$2.16	9.7%	20.1	\$1,839	\$2.14
2020	4,651	5.5%	0.6	\$1,685	\$1.96	-10.4%	(14.4)	\$1,676	\$1.95
YTD	4,135	4.9%	0	\$1,866	\$2.17	-0.8%	(4.8)	\$1,855	\$2.15
2019	4,135	4.9%	0.6	\$1,880	\$2.18	4.1%	0.2	\$1,868	\$2.17
2018	3,575	4.3%	0	\$1,807	\$2.10	3.9%	(0.4)	\$1,782	\$2.07
2017	3,573	4.3%	0.3	\$1,740	\$2.02	4.2%	(0.7)	\$1,715	\$1.99
2016	3,336	4.0%	0.3	\$1,669	\$1.94	4.9%	(2.8)	\$1,649	\$1.92
2015	3,100	3.8%	(0.1)	\$1,591	\$1.85	7.7%	3.3	\$1,577	\$1.83
2014	3,205	3.9%	0	\$1,478	\$1.72	4.3%	0.5	\$1,463	\$1.70
2013	3,241	4.0%	(0.5)	\$1,417	\$1.65	3.8%	1.0	\$1,406	\$1.63
2012	3,654	4.5%	(0.8)	\$1,365	\$1.58	2.9%	1.5	\$1,354	\$1.57
2011	4,309	5.3%	(0.2)	\$1,327	\$1.54	1.4%	1.3	\$1,318	\$1.53
2010	4,425	5.5%	(0.3)	\$1,308	\$1.52	0.1%	2.3	\$1,300	\$1.51
2009	4,661	5.8%	0.4	\$1,307	\$1.52	-2.2%	(4.1)	\$1,298	\$1.51
2008	4,282	5.3%	0.8	\$1,336	\$1.55	2.0%	-	\$1,327	\$1.54

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
2024	6,074	4.7%	(0.3)	\$1,558	\$2.08	1.1%	(0.3)	\$1,550	\$2.06
2023	6,433	5.0%	0.1	\$1,541	\$2.05	1.4%	(1.5)	\$1,533	\$2.04
2022	6,301	4.8%	0.3	\$1,519	\$2.02	2.9%	(6.9)	\$1,511	\$2.01
2021	5,930	4.6%	0.3	\$1,476	\$1.97	9.8%	16.8	\$1,469	\$1.96
2020	5,558	4.3%	0.6	\$1,344	\$1.79	-6.9%	(9.9)	\$1,337	\$1.78
YTD	4,920	3.8%	0.1	\$1,458	\$1.94	0.9%	(2.0)	\$1,450	\$1.93
2019	4,753	3.6%	0.2	\$1,445	\$1.92	3.0%	(0.7)	\$1,438	\$1.91
2018	4,473	3.4%	0	\$1,403	\$1.86	3.7%	(1.0)	\$1,395	\$1.85
2017	4,498	3.5%	0.1	\$1,354	\$1.79	4.6%	(0.4)	\$1,345	\$1.78
2016	4,372	3.4%	0.2	\$1,294	\$1.71	5.0%	(1.0)	\$1,287	\$1.70
2015	4,118	3.2%	(0.2)	\$1,232	\$1.63	6.0%	2.9	\$1,225	\$1.62
2014	4,363	3.3%	(0.2)	\$1,162	\$1.53	3.1%	0.4	\$1,156	\$1.52
2013	4,634	3.6%	(0.5)	\$1,128	\$1.48	2.7%	0.8	\$1,122	\$1.48
2012	5,286	4.0%	(0.2)	\$1,098	\$1.44	1.9%	1.1	\$1,092	\$1.44
2011	5,592	4.3%	(0.1)	\$1,078	\$1.42	0.8%	0.9	\$1,072	\$1.41
2010	5,675	4.3%	(0.4)	\$1,069	\$1.41	-0.1%	1.5	\$1,063	\$1.40
2009	6,213	4.7%	0.9	\$1,070	\$1.41	-1.5%	(2.9)	\$1,063	\$1.40
2008	5,058	3.8%	0.6	\$1,086	\$1.43	1.4%	-	\$1,080	\$1.42

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
2024	-	-	-	-	-	-	\$327,169	222	4.6%
2023	-	-	-	-	-	-	\$325,447	221	4.6%
2022	-	-	-	-	-	-	\$321,024	218	4.6%
2021	-	-	-	-	-	-	\$291,745	198	4.7%
2020	-	-	-	-	-	-	\$283,553	193	4.8%
YTD	145	\$612.1M	1.0%	\$4,341,027	\$230,975	4.4%	\$323,536	220	4.5%
2019	576	\$2.4B	3.0%	\$6,654,642	\$295,468	4.5%	\$322,788	219	4.5%
2018	503	\$2B	3.0%	\$6,133,441	\$260,086	4.4%	\$302,382	205	4.5%
2017	684	\$3B	4.3%	\$7,464,410	\$272,019	4.5%	\$285,791	194	4.6%
2016	511	\$2.6B	4.3%	\$6,126,937	\$234,036	4.8%	\$268,258	182	4.7%
2015	547	\$2.2B	4.5%	\$5,386,245	\$194,809	4.9%	\$251,171	171	4.8%
2014	454	\$1.6B	3.9%	\$4,297,111	\$167,996	5.2%	\$230,248	156	5.0%
2013	467	\$1.7B	3.7%	\$4,331,746	\$182,223	5.7%	\$211,418	144	5.2%
2012	410	\$1.1B	3.0%	\$3,432,617	\$149,923	6.2%	\$206,616	140	5.2%
2011	303	\$1.1B	3.0%	\$4,206,255	\$147,885	6.3%	\$197,137	134	5.2%
2010	228	\$815.4M	2.1%	\$3,997,235	\$162,082	6.6%	\$179,438	122	5.4%
2009	170	\$478.5M	1.8%	\$3,147,994	\$113,982	6.5%	\$137,467	93	6.0%

(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
2024	-	-	-	-	-	-	\$448,858	215	4.4%
2023	-	-	-	-	-	-	\$447,003	214	4.4%
2022	-	-	-	-	-	-	\$441,601	212	4.4%
2021	-	-	-	-	-	-	\$402,473	193	4.5%
2020	-	-	-	-	-	-	\$392,385	188	4.6%
YTD	1	\$16.8M	0.1%	\$16,817,262	\$579,906	-	\$447,667	215	4.3%
2019	10	\$729.6M	3.7%	\$81,063,866	\$399,111	5.0%	\$449,961	216	4.3%
2018	8	\$641.2M	4.1%	\$91,603,714	\$344,745	4.0%	\$424,471	204	4.3%
2017	15	\$1.4B	8.0%	\$92,975,459	\$416,930	4.2%	\$405,261	194	4.3%
2016	8	\$535.1M	3.8%	\$66,893,563	\$358,198	4.5%	\$383,559	184	4.4%
2015	8	\$423.7M	3.1%	\$52,962,500	\$364,630	4.4%	\$361,490	173	4.5%
2014	4	\$180.3M	1.7%	\$60,100,000	\$316,872	4.6%	\$330,911	159	4.6%
2013	14	\$678.4M	8.2%	\$135,687,817	\$275,117	5.2%	\$303,595	146	4.8%
2012	12	\$238.5M	3.3%	\$119,250,000	\$250,525	4.5%	\$295,860	142	4.8%
2011	3	\$126.5M	2.1%	\$42,151,667	\$223,419	4.9%	\$280,854	135	4.9%
2010	4	\$300.4M	4.7%	\$75,093,750	\$250,730	6.2%	\$253,998	122	5.1%
2009	3	\$112.8M	3.3%	\$37,591,667	\$138,715	7.3%	\$195,205	94	5.6%

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(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
2024	-	-	-	-	-	-	\$315,212	227	4.6%
2023	-	-	-	-	-	-	\$313,627	226	4.6%
2022	-	-	-	-	-	-	\$309,277	223	4.5%
2021	-	-	-	-	-	-	\$280,626	202	4.7%
2020	-	-	-	-	-	-	\$272,462	196	4.7%
YTD	21	\$186.6M	0.9%	\$8,885,749	\$253,879	4.6%	\$310,684	224	4.4%
2019	58	\$574.4M	2.1%	\$13,055,036	\$323,072	4.5%	\$309,548	223	4.4%
2018	54	\$595.9M	2.7%	\$12,679,494	\$265,214	4.3%	\$283,758	205	4.5%
2017	89	\$686.1M	3.8%	\$11,066,064	\$218,432	4.7%	\$266,523	192	4.6%
2016	78	\$1.2B	6.1%	\$17,897,078	\$240,562	4.7%	\$250,613	181	4.7%
2015	92	\$965.1M	6.1%	\$13,403,558	\$193,011	4.9%	\$235,768	170	4.8%
2014	80	\$779.1M	5.3%	\$12,366,643	\$178,569	5.3%	\$217,449	157	5.0%
2013	54	\$421.2M	2.5%	\$9,358,970	\$204,344	5.4%	\$199,914	144	5.2%
2012	52	\$348.2M	2.8%	\$8,491,733	\$150,459	6.1%	\$195,351	141	5.1%
2011	45	\$614.4M	4.6%	\$13,962,723	\$162,744	6.1%	\$186,451	134	5.2%
2010	38	\$314M	2.3%	\$8,485,185	\$166,818	6.4%	\$168,986	122	5.4%
2009	30	\$165.8M	1.9%	\$5,525,450	\$110,142	6.8%	\$129,329	93	6.0%

(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
2024	-	-	-	-	-	-	\$280,571	224	4.7%
2023	-	-	-	-	-	-	\$278,820	222	4.7%
2022	-	-	-	-	-	-	\$274,787	219	4.7%
2021	-	-	-	-	-	-	\$249,503	199	4.8%
2020	-	-	-	-	-	-	\$242,141	193	4.9%
YTD	123	\$408.7M	1.4%	\$3,434,174	\$216,684	4.4%	\$276,113	220	4.6%
2019	508	\$1.1B	3.4%	\$3,535,625	\$241,949	4.4%	\$274,242	219	4.6%
2018	441	\$774.6M	2.8%	\$2,827,030	\$213,508	4.4%	\$259,655	207	4.6%
2017	580	\$882.6M	3.4%	\$2,758,259	\$200,237	4.4%	\$244,664	195	4.7%
2016	425	\$808.9M	3.4%	\$2,365,233	\$184,262	4.8%	\$227,944	182	4.8%
2015	447	\$819.6M	4.0%	\$2,483,649	\$158,408	4.9%	\$211,629	169	4.9%
2014	370	\$652M	3.6%	\$2,110,090	\$139,918	5.2%	\$193,343	154	5.1%
2013	399	\$550.8M	3.5%	\$1,664,056	\$121,590	5.7%	\$177,482	142	5.3%
2012	346	\$501.5M	3.1%	\$1,830,214	\$125,621	6.2%	\$173,844	139	5.3%
2011	255	\$323.4M	2.2%	\$1,569,747	\$113,264	6.4%	\$166,472	133	5.3%
2010	186	\$201.1M	1.5%	\$1,233,798	\$103,080	6.6%	\$152,739	122	5.5%
2009	137	\$200M	1.4%	\$1,680,307	\$106,360	6.3%	\$116,823	93	6.1%

(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

	Inventory			Deliveries		Net Deliveries		Under Construction as % of Inventory	
Year	Bldgs	Units	Vacancy	Bldgs	Units	Bldgs	Units	Bldgs	Units
2024	-	274,731	5.6%	-	1,821	-	1,704	-	-
2023	-	273,027	5.8%	-	1,185	-	1,069	-	-
2022	-	271,958	6.2%	-	2,320	-	2,204	-	-
2021	-	269,754	6.5%	-	2,648	-	2,539	-	-
2020	-	267,215	6.2%	-	2,558	-	2,498	-	-
YTD	10,766	265,783	5.3%	12	753	11	736	34	6,986
2019	10,755	264,719	5.3%	41	5,345	41	5,345	38	6,906
2018	10,714	259,374	4.8%	38	4,344	36	4,330	61	8,759
2017	10,678	255,044	4.5%	25	3,176	14	3,087	60	8,974
2016	10,664	251,957	4.1%	18	1,857	18	1,857	52	8,122
2015	10,646	250,100	4.4%	19	3,775	15	3,711	31	5,573
2014	10,631	246,389	4.7%	16	3,697	13	3,653	25	5,216
2013	10,618	242,736	4.1%	9	1,500	(2)	1,219	24	5,693
2012	10,620	241,517	4.4%	8	1,924	1	1,742	17	4,874
2011	10,619	239,775	4.9%	7	2,178	(2)	2,076	12	4,284
2010	10,621	237,699	5.0%	7	925	(15)	655	10	3,516
2009	10,636	237,044	5.4%	16	2,139	2	1,805	10	2,628
2008	10,634	235,239	4.6%	12	719	5	572	19	2,837

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