

***Q1 2020*** *END QTR*

# ***MULTIFAMILY REPORT***

***SAN DIEGO MARKET***



PACIFIC COAST  
COMMERCIAL

SALES - MANAGEMENT - LEASING

**MULTI-FAMILY MARKET REPORT**

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12 Mo. Delivered Units

**4,223**

12 Mo. Absorption Units

**3,808**

Vacancy Rate

**4.9%**

12 Mo. Asking Rent Growth

**2.3%**

New supply outpaced net absorption in 2019, a streak now lasting three years. As might be expected, the vacancy rate ticked up each year. Even so, annual rent growth remained steady and in line with 2018, even as concerns over affordability blanket the region.

However, as schools, businesses, and countless other ventures transition into a new normal to combat the spread of the coronavirus, the immediate and lasting impact on the apartment market is still unknown. But rent growth already began decelerating in March 2020, the first time rent growth has shown signs of slowing in the Spring in the past five years. CoStar is in the process of updating its forecast models to account for the changing economic environment.

In an attempt to rein in outsized rent growth, 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. 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.

Developers have primarily built luxury units because of the high costs associated with land, construction, and parking. The city council moved forward in removing parking requirements near transit priority areas, which would lower the financial burden for builders and presumably renters. It is one of several paths the city and several neighborhoods have taken to increase density.

Investors continue to show steady interest in San Diego apartments, and institutional and local buyers are both active scooping up new and value-add communities. However, it may take some time in 2020 to determine the impact of California's rent cap on the local value-add investment market.

### KEY INDICATORS

Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr Units
4 & 5 Star	49,719	9.0%	\$2,499	\$2,477	664	262	6,333
3 Star	83,867	4.5%	\$1,881	\$1,872	87	15	332
1 & 2 Star	130,397	3.6%	\$1,448	\$1,445	(13)	0	0
<b>Market</b>	<b>263,983</b>	<b>4.9%</b>	<b>\$1,860</b>	<b>\$1,850</b>	<b>738</b>	<b>277</b>	<b>6,665</b>

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	0.1%	4.4%	5.3%	5.4%	2009 Q4	2.3%	2000 Q2
Absorption Units	3,808	1,900	2,117	4,709	2016 Q1	(1,767)	2009 Q1
Delivered Units	4,223	2,381	2,612	6,032	2001 Q2	237	2011 Q2
Demolished Units	0	100	99	341	2009 Q3	0	2019 Q4
Asking Rent Growth (YOY)	2.3%	2.9%	1.2%	7.0%	2015 Q3	-2.6%	2009 Q4
Effective Rent Growth (YOY)	3.3%	2.9%	1.3%	6.8%	2015 Q3	-2.8%	2009 Q4
Sales Volume	\$2 B	\$1.6B	N/A	\$3.0B	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.

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.

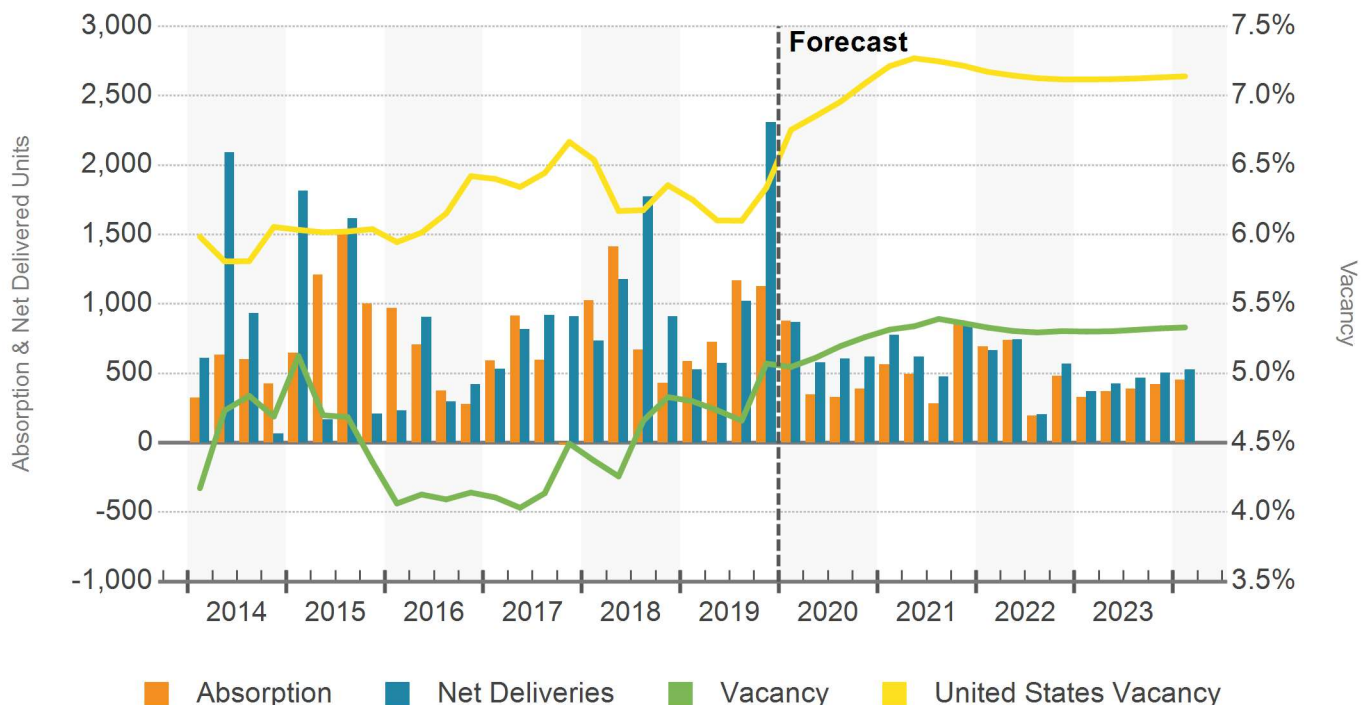
The city council is trying to do its part to address the lack of affordable supply in the region. It passed a measure in March 2019 that overhauled the city's minimum parking requirements for dense, urban housing. The plan eliminated the need to build off-street parking for communities built close to 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 streamlines 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 vacancy rate ticking up for the third straight year in 2019, even as the stabilized vacancy rate remained unchanged. For properties that deliver Downtown, monthly absorption rates average near 25 units per month, 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.

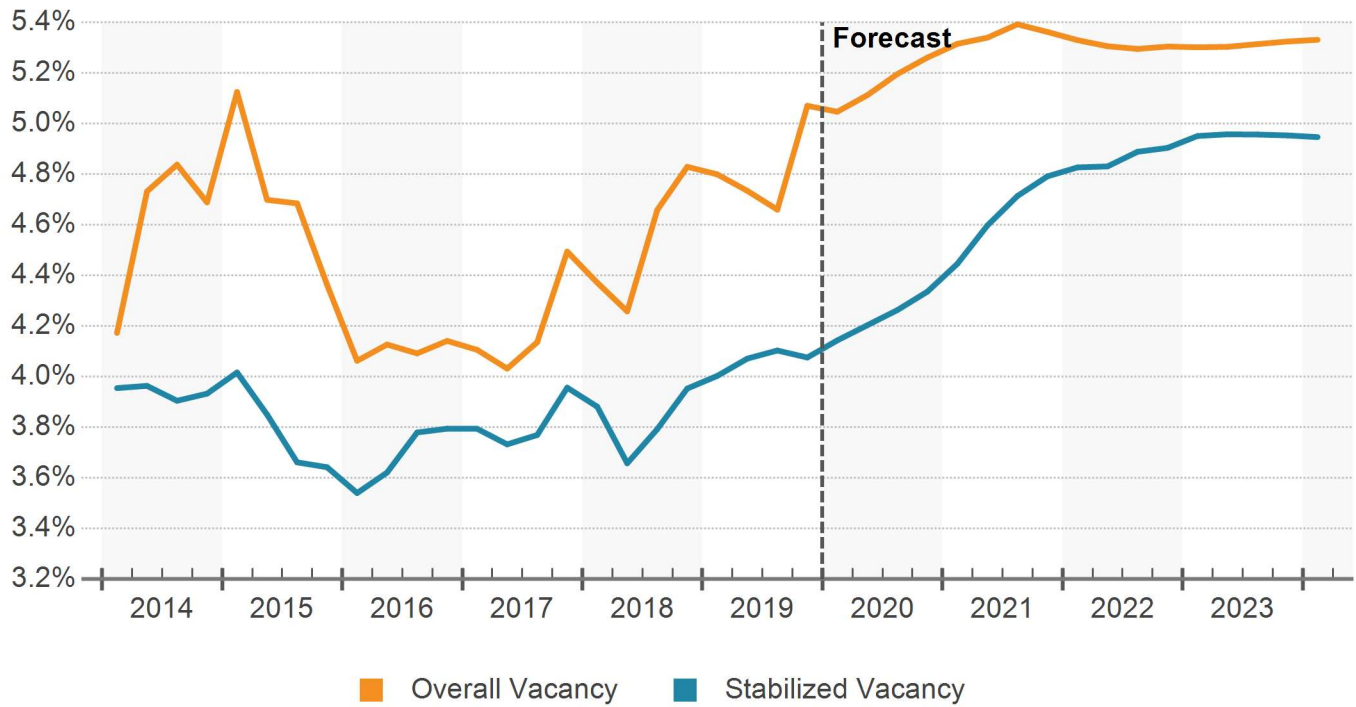
San Diego's supply constraints have also spilled over into the single-family market. The Case-Shiller Home Price Index increased by 30% in the past five years. Renters interested in moving into homeownership have little inventory to choose from. The Greater San Diego Association of Realtors estimates 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

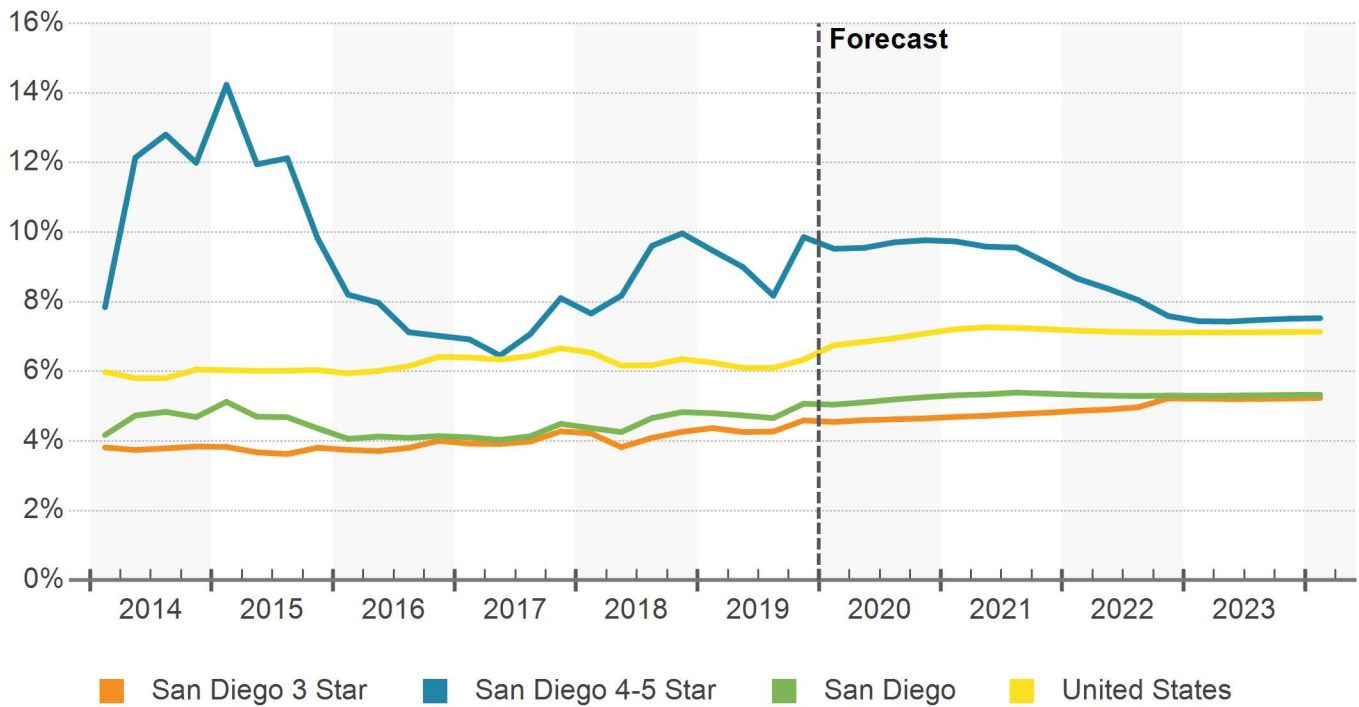




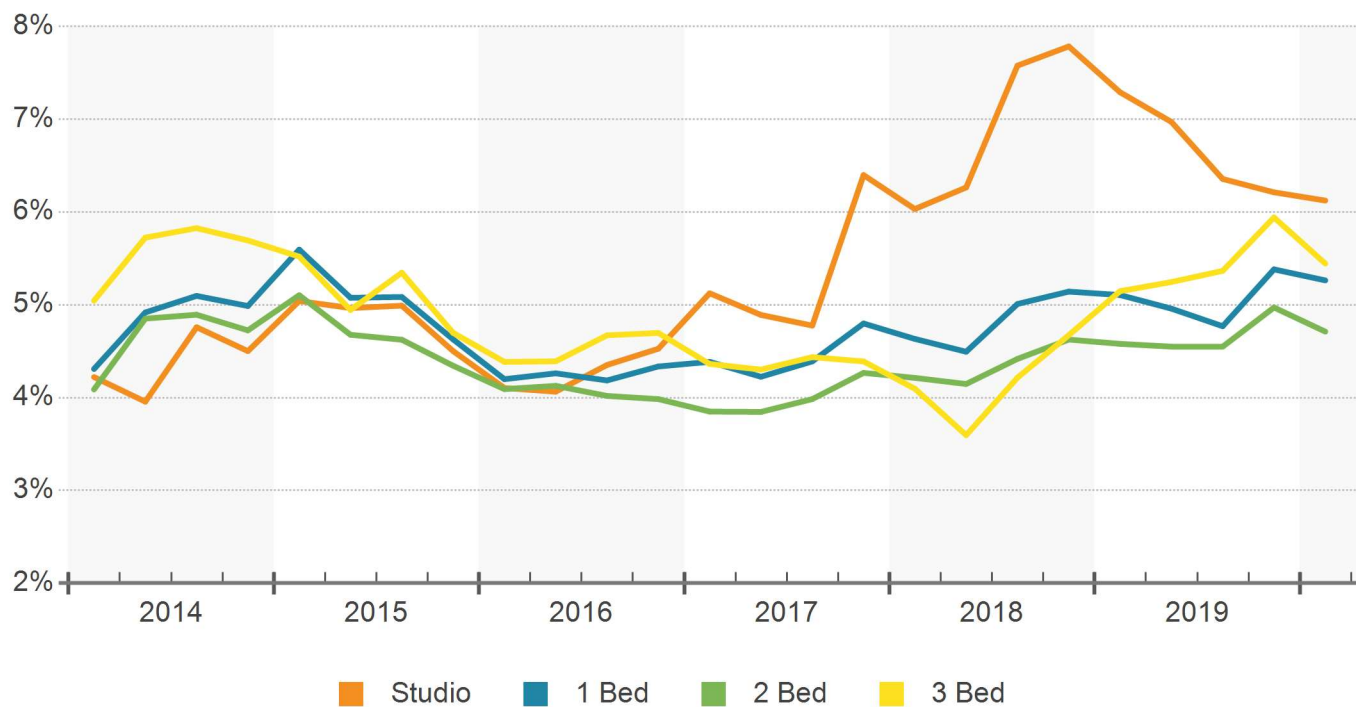
### OVERALL & STABILIZED VACANCY



### VACANCY RATE



### VACANCY BY BEDROOM



With the threat of the coronavirus spreading across the world, apartment operators may shift their rent growth scenarios. The city council passed a moratorium on evictions through May as furloughed employees may have trouble affording rent payments. And as community amenities - pools, gyms, common areas - are increasingly closing off, as social distancing settles in, rent expectations may begin to shift. In fact, CoStar's daily rent series already showed an immediate impact as rents had begun pulling back in mid-March. Rents and growth typically take off in the spring months, and this was the first time in at least five years that rents declined.

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 this year, 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.

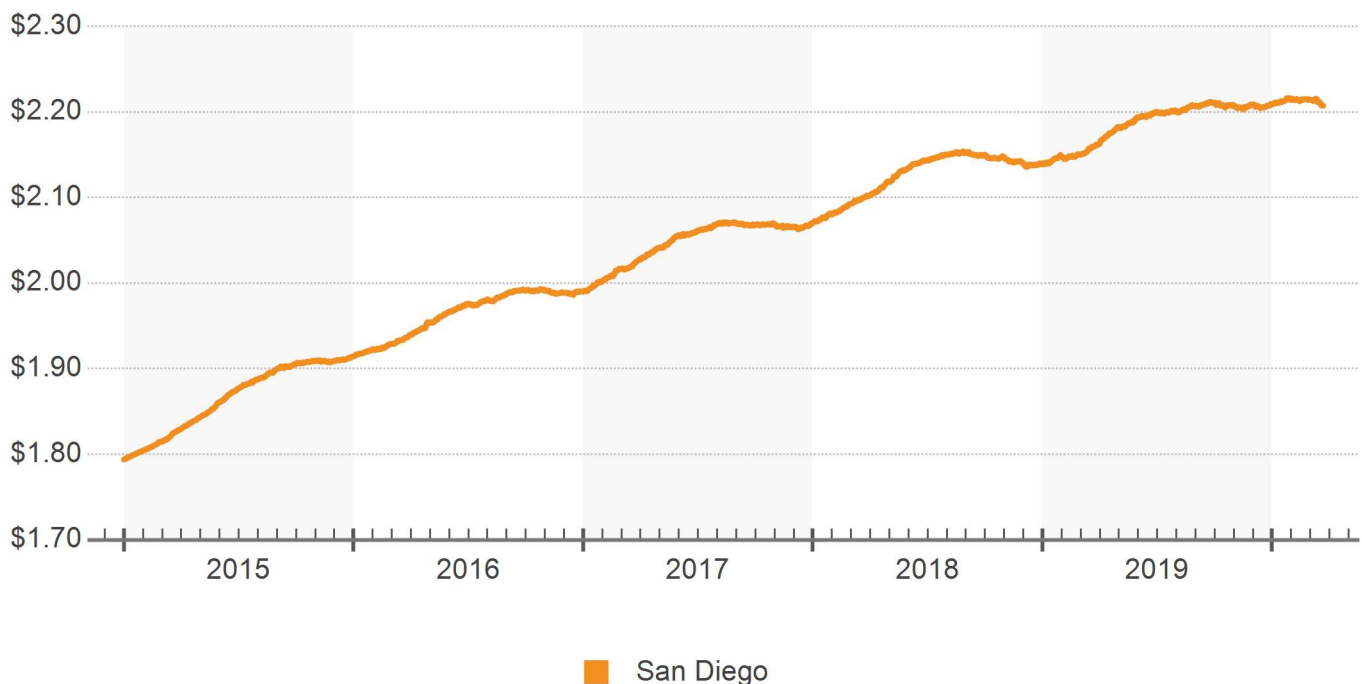
Half of San Diego's submarkets have exceeded the rent cap in the past decade. Development-heavy Downtown and Mission Valley were among the submarkets to fall short of that 2020 benchmark. Coastal submarkets La

Jolla/UTC, North Shore Cities, and Coronado/Point Loma all easily exceeded it, as did traditionally affordable submarkets including North County, Chula Vista, and East County. Each of those three averaged rent growth above 4.5% over the past five years, which has led to increasing concerns over affordability, particularly for renters by necessity. However, it has been more than three years since any submarket in San Diego eclipsed the rent cap figure for 2020.

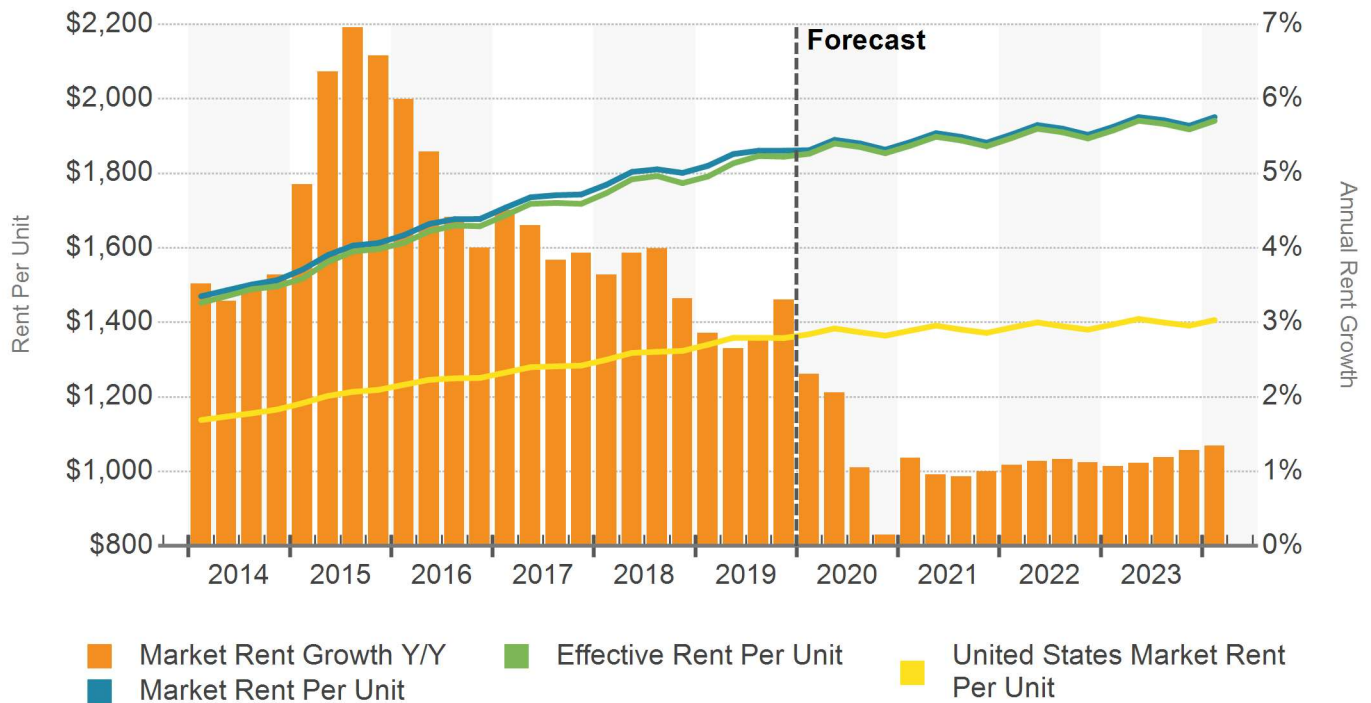
Annual rent growth ended 2019 in line with the long-term average and about even with 2018. Seasonality played less of a role in 2019 compared with 2018, with rents falling only modestly in the fourth quarter. But with the burden of average rents ticking above \$1860 in early 2020, rent growth is expected to decelerate through the forecast, even as supply growth moderates.

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, where some apartments offer up to eight weeks free and no parking fees, often on leases for 13 to 15 months. At K1, eight weeks of free rent are offered on new 15-month leases, while Spire offers similar incentives.

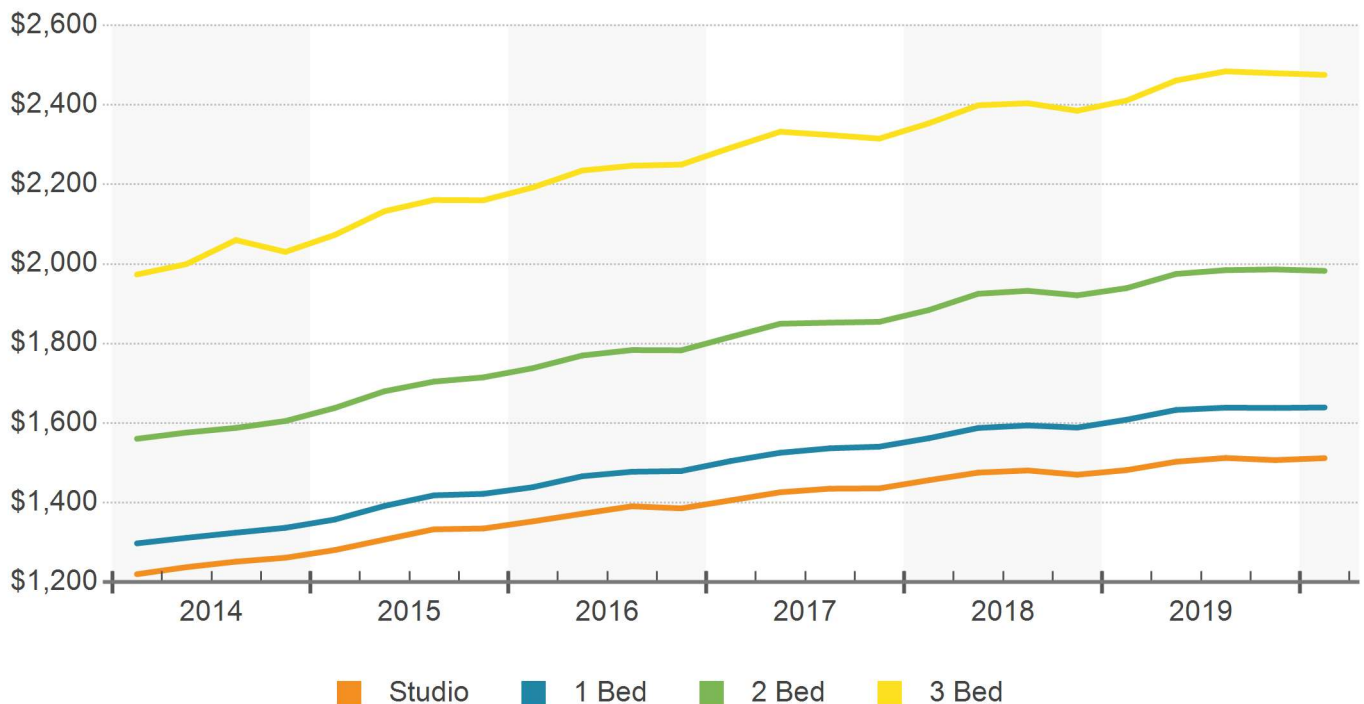
### DAILY ASKING RENT PER SF



### 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	\$0.80	\$0.85	\$0.84	\$1.28	\$1.74	\$0.37	\$1.60	\$0.12	\$0.16	\$0.72	<b>\$9.33</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...	\$0.81	\$0.83	\$0.80	\$0.90	\$1.30	\$1.72	\$0.35	\$1.64	\$0.15	\$0.13	\$0.57	<b>\$9.20</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 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	<b>\$11.08</b>
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	<b>\$8.86</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	\$0.77	\$0.55	\$0.64	\$0.74	\$1.10	\$1.27	\$0.31	\$1.66	\$0.14	\$0.13	\$0.57	<b>\$7.88</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	\$1.16	<b>\$11.23</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	\$0.66	\$0.77	\$0.82	\$1.22	\$1.21	\$0.24	\$1.39	\$0.12	\$0.17	\$0.77	<b>\$8.10</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	\$1.32	\$0.26	\$1.39	\$0.14	\$0.12	\$0.54	<b>\$8.02</b>
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	<b>\$7.46</b>
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	<b>\$7.93</b>
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	<b>\$9.32</b>
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	<b>\$7.14</b>
Mission Valley/Nort...	\$0.81	\$0.39	\$0.65	\$0.60	\$1.09	\$1.42	\$0.40	\$1.14	\$0.12	\$0.09	\$0.33	<b>\$7.04</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	\$0.71	\$0.52	\$0.61	\$0.70	\$1.04	\$1.16	\$0.15	\$1.55	\$0.13	\$0.12	\$0.54	<b>\$7.23</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	\$1.00	\$0.76	\$1.00	\$1.41	\$0.97	\$0.13	\$1.35	\$0.10	\$0.34	\$1.61	<b>\$9.41</b>
Poway/Santee/Ram...	\$0.77	\$1.01	\$0.76	\$1.05	\$1.45	\$1.00	\$0.15	\$1.39	\$0.10	\$0.37	\$1.65	<b>\$9.70</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 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	<b>\$6.32</b>
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	<b>\$5.99</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	\$1.00	\$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.

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. Even if every permitted property was developed, that is still well short of the 15,000 units that the county estimates that it requires to keep up with growth. New supply, both single-family and multifamily, was about half of that level in 2019.

In 2019, San Diego recorded the fewest construction starts since 2013. In fact, there were 1,500 fewer market-rate starts in 2019 compared to 2018. Although Downtown San Diego received the lion's share of developer interest over the past few years—the inventory has expanded by 50% in the past decade—developers pulled back in 2019. The submarket recorded its fewest starts since 2011 as landlords endure double-digit vacancies, heavy concessions, and high rents.

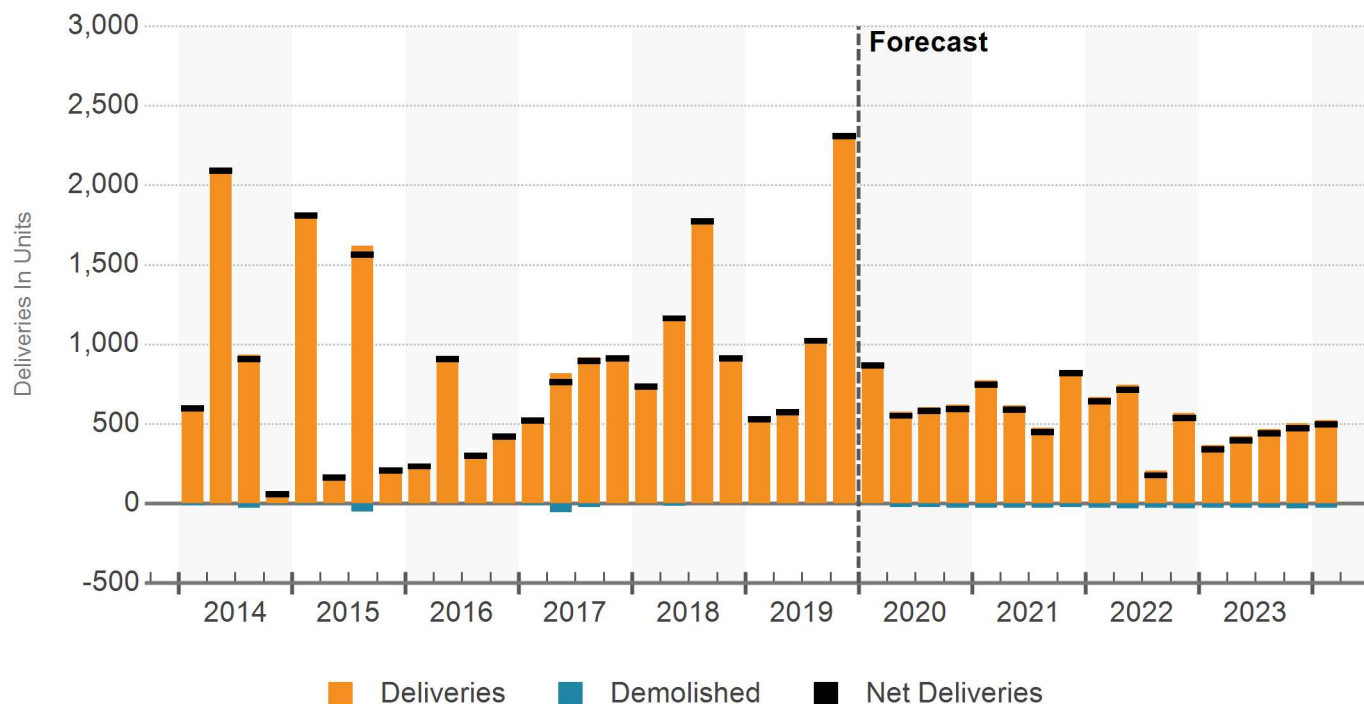
Instead, Mission Valley emerged to drive new development. When Holland Partner Group's Town & Country broke ground in 19Q3, it more than doubled the construction starts in the first half of the year. Mission Valley ended 2019 with 7% of its inventory under

construction, 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. Finally, developers note the lack of labor for projects as being especially challenging, especially near border control stations.

### DELIVERIES & DEMOLITIONS



# Under Construction Properties

San Diego Multi-Family

Properties

Units

Percent of Inventory

Avg. No. Units

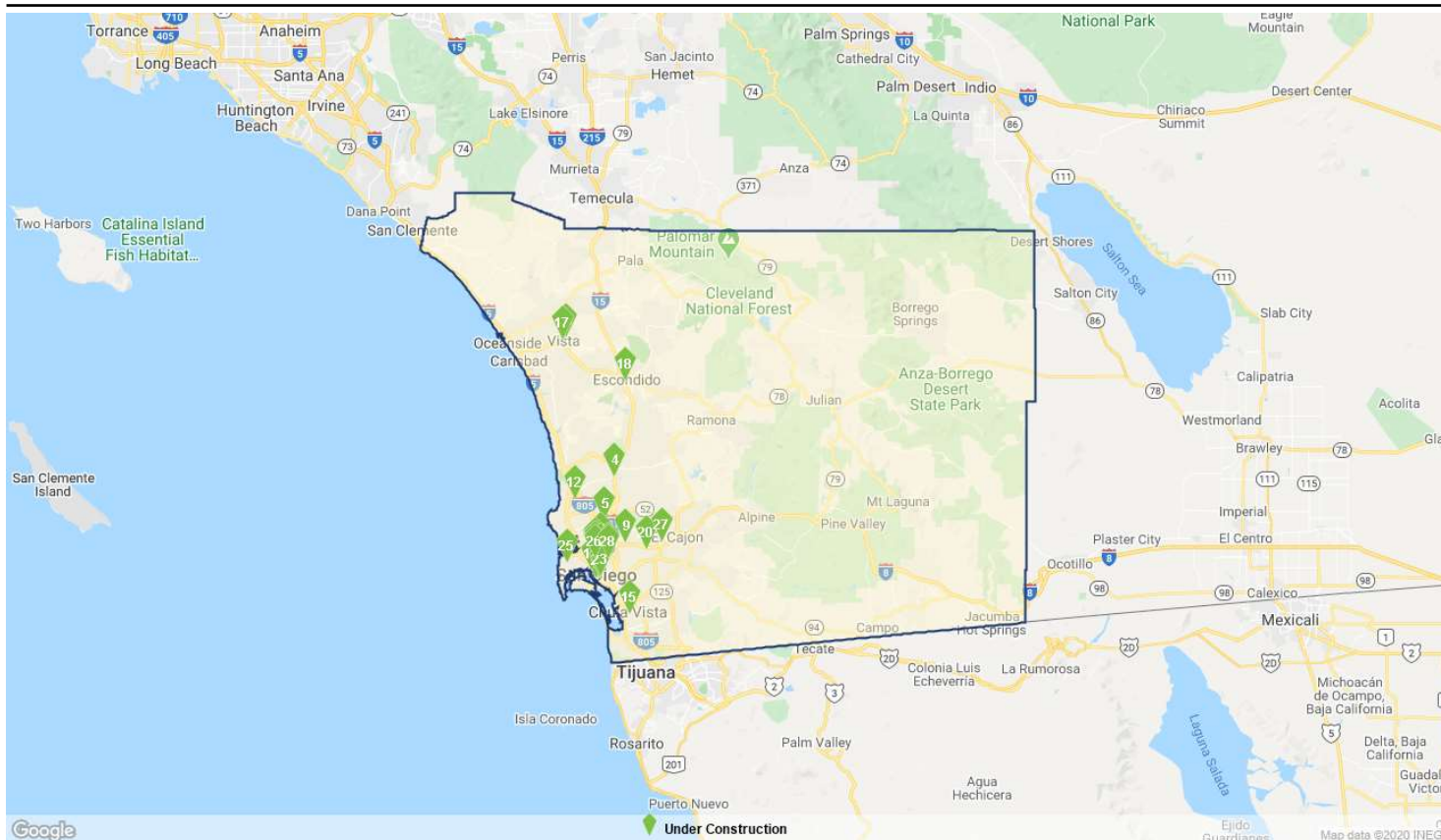
33

6,689

2.5%

203

## UNDER CONSTRUCTION PROPERTIES



## UNDER CONSTRUCTION

Property Name/Address	Rating	Units	Stories	Start	Complete	Developer/Owner
1 <b>Town and Country - Resi...</b> 500 Hotel Cir N	★★★★★	840	-	Jul-2019	Oct-2021	Holland Partner Group Lowe Enterprises Investment Ma...
2 <b>Broadway Block</b> 702 Broadway	★★★★★	620	41	Aug-2018	Oct-2020	Bosa Development Bosa Development
3 <b>11th &amp; Broadway</b> 909 11th Ave	★★★★★	618	32	Oct-2018	Apr-2021	Pinnacle International Pinnacle International Group
4 <b>Casa Mira View - Phase III</b> 9800 Mira Lee Way	★★★★★	600	5	Mar-2015	Apr-2020	Garden Communities California Garden Homes
5 <b>Vive Lux</b> 8620 Spectrum Rd	★★★★★	442	7	Aug-2019	Oct-2021	Sunroad Holding Corporation Sunroad Holding Corporation
6 <b>Purl</b> 7901 Civita Blvd	★★★★★	435	5	Jan-2019	Aug-2020	Sudberry Properties, Inc. Sudberry Properties, Inc.
7 <b>The Merian</b> 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 <b>Modera Apartments</b> 241 14th St	★★★★★	368	7	Nov-2018	Nov-2021	Mill Creek Residential Trust, LLC Platt Management, Inc.
9 <b>Gravity Apartments</b> 4750 Mission Gorge Pl	★★★★★	325	5	Dec-2018	Jan-2021	Fairfield Residential Mission Valley Church of the Naz...
10 <b>Alexan Gallerie</b> 375 Camino De La Reina	★★★★★	284	7	Oct-2019	Oct-2021	Trammell Crow Residential Comp... Trammell Crow Residential
11 <b>1301 3rd Ave</b>	★★★★★	270	21	Mar-2020	Dec-2022	- The Hanover Company
12 <b>LUX UTC - Tower B</b> 4200 Brooke Ct	★★★★★	225	-	Dec-2019	Jan-2022	Garden Homes Garden Homes
13 <b>Monarch Buena Vista</b> 740 Paseo Bueno Vista	★★★★★	179	-	Feb-2020	Apr-2021	Monarch Group MONARCH BUENA VISTA, LLC
14 <b>4th &amp; J</b> 372 4th Ave	★★★★★	168	6	Dec-2017	May-2020	Legacy Partners Residential Legacy Partners
15 <b>Urbana</b> 303 H St	★★★★★	135	6	Jun-2018	Apr-2020	MountainWest Real Estate MountainWest Real Estate
16 <b>Camden Hillcrest</b> 4311 3rd Ave	★★★★★	132	4	Sep-2019	Apr-2021	Camden Property Trust Camden Property Trust
17 <b>100 Main St</b>	★★★★★	126	5	Apr-2018	Jul-2020	StreetLights Residential StreetLights Residential
18 <b>Rowan</b> 700 W Grand Ave	★★★★★	126	5	Oct-2018	Apr-2020	Lyon Management Group, Inc db... City of Escondido
19 <b>Cielo</b> 915 W Grape St	★★★★★	70	8	Aug-2018	Apr-2020	Ibex Limited Ibex Limited
20 <b>Trio Townhomes</b> 7353 El Cajon Blvd	★★★★★	45	3	Jul-2019	Aug-2020	Euston Management Corporation Euston Management Corporation
21 <b>Ezabelle</b> 454 13th St	★★★★★	45	7	Jan-2020	Jan-2021	Nakhshab Development & Design Nakhshab Development & Design
22 <b>1445 Washington St</b>	★★★★★	40	4	Oct-2018	Apr-2020	- Mitchell A Keeler
23 <b>The Leo</b> 715 15th St	★★★★★	28	6	Jun-2018	Apr-2020	Canvas Ventures Joshua Lichtman & Robert Morgan
24 <b>Kansas Modern</b> 4195 Kansas St	★★★★★	24	3	Jan-2019	Apr-2020	BV Architecture + Development BV Architecture + Development
25 <b>Nimitz Crossing</b> 3911 Voltaire St	★★★★★	24	3	Sep-2019	Mar-2021	Next Space Development -
26 <b>First Avenue Apartments</b> 3953 1st Ave	★★★★★	19	4	Aug-2017	Apr-2020	- Hsieh Family Ltd Partnership
27 <b>5900 Severin Dr</b>	★★★★★	18	4	Apr-2018	Apr-2020	- Anthony Pauker Construction
28 <b>3954 Kansas St</b>	★★★★★	18	5	Jan-2019	Apr-2020	Strategy Builders R&V Management



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.

San Diego continues to be a target for deep-pocketed investors, with both new and value-add opportunities targeted. About 20% of investment originated from institutional, private equity, or REIT concerns in 2019, right in line with the decade average, while those same concerns represented one-third from the seller's side. It is possible that the value-add market could change beginning in 2020, with a rent cap in place. Market cap rates sit at 4.5%, and market pricing exceeded \$315,000/unit in 19Q4 after rising 6% in the past 12 months. But CoStar also expects cap rates to face upward pressure amid restrained credit conditions, reduced volume and softening price pressures.

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. It is possible that that property will be converted to Airbnb full-time. Hammer Ventures purchased the property in 2014 for \$52.5 million.

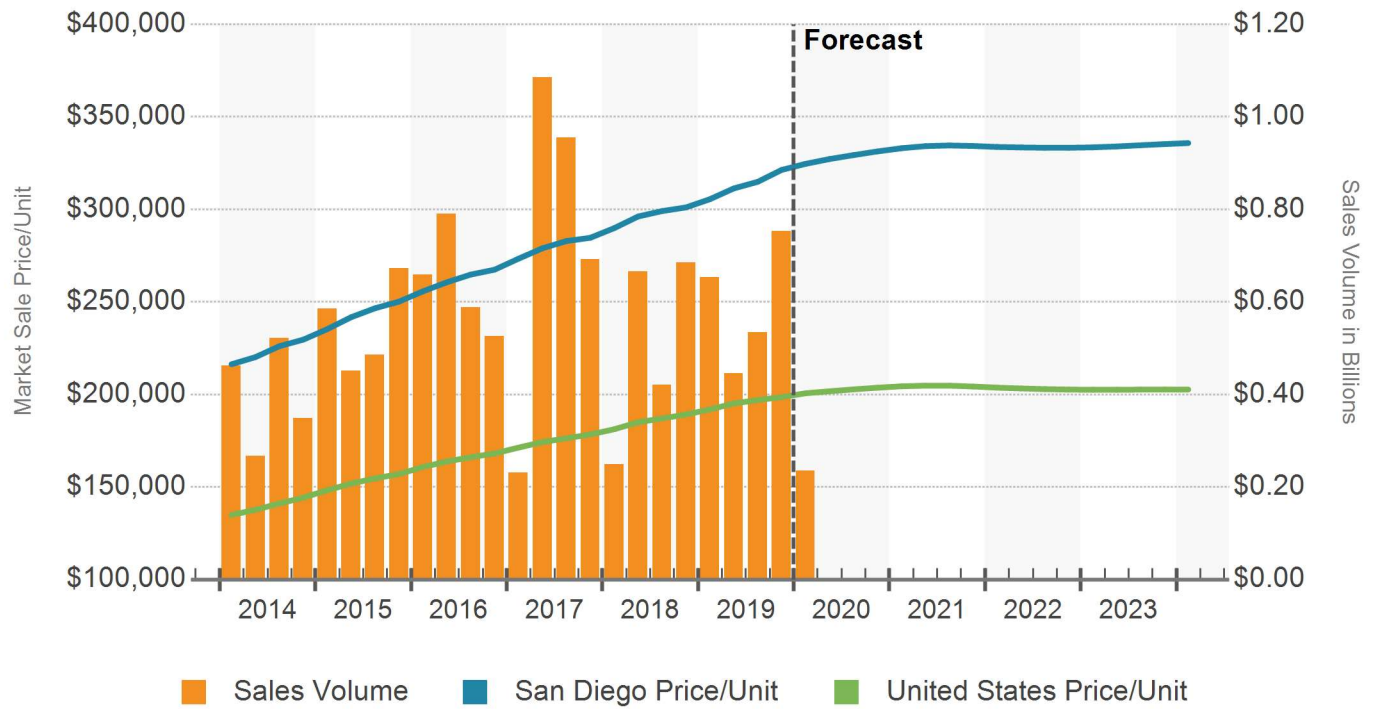
One of Chula Vista's newest communities sold in October 2019 for \$131 million (\$423,948/unit). Barings, a

subsidiary of MassMutual, purchased Boardwalk at Millenia (formerly Alexan Millenia) from a partnership between Trammell Crow Residential and Diamond Realty Investments. It is located in a master-planned community and delivered in 2018 with 309 units. It was one of the largest sales in Chula Vista over the past several years, and lease rates were similar to Mission Valley's newest inventory when it sold.

San Diego's largest landlord branched out even further into Mission Valley in 2019 with a few new transit-oriented communities. R&V Management acquired the 2018-vintage Millennium Mission Valley along with some retail space for \$140 million in February. That 305-unit Dinerstein project included a retail component. Then, in 19Q2, it purchased another new community, Hanover Mission Gorge, from The Hanover Company. That 374-unit 2018 delivery sold for almost \$150 million. That brings R&V Management's San Diego portfolio to more than 11,500 units. The property was rebranded as Vora Mission Gorge.

Oceanside was a popular target for value-add buyers in 2019. More than \$250 million in sales recorded in the North County city during 2019 as it continues to gentrify with new bars, restaurants, hotels, and apartments. It also provides an opportunity for buyers to get a foothold in San Diego at prices below the market average. Four communities sold for more than \$40 million in 2019. Vue Oceanside, renamed Carlsbad View, is a prime example of the type of investment vehicle that buyers have sought. It sold for \$41 million, about \$300,000/door, in November to a private investor. More than \$1 million in capital improvements had been completed in 2018 by the seller, Pacific Urban Residential, while the buyer intended to continue the program that was in place when it sold. The property last sold in April 2017 for \$30 million.

### SALES VOLUME & MARKET SALE PRICE PER UNIT



# Sales Past 12 Months

## San Diego Multi-Family

Sale Comparables

521

Avg. Price/Unit (thous.)

\$280

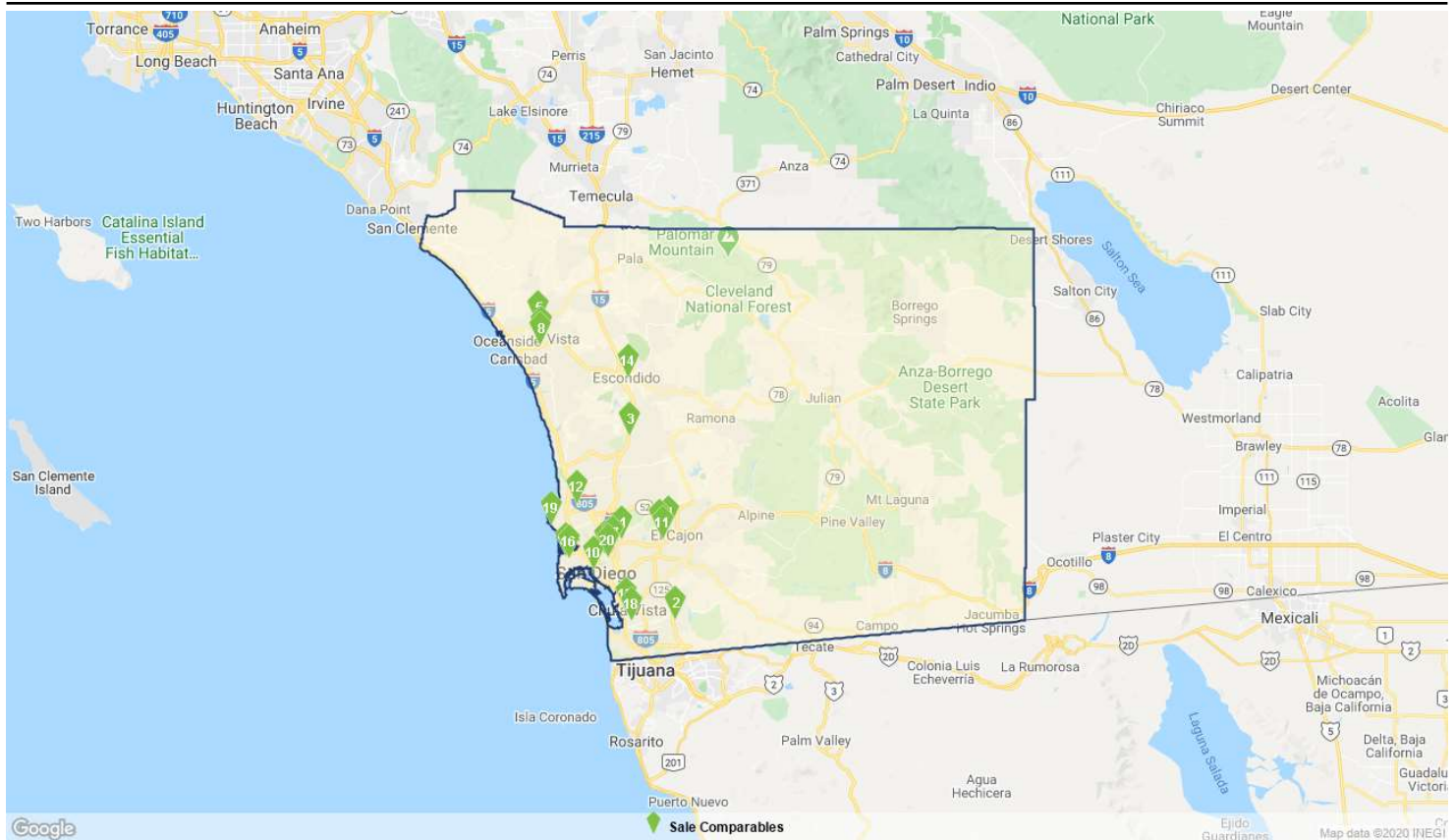
Average Price (mil.)

\$5.6

Average Vacancy at Sale

7.4%

### SALE COMPARABLE LOCATIONS



### SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$300,000	\$5,621,008	\$2,371,119	\$149,000,000
Price Per Unit	\$24,562	\$279,991	\$241,000	\$1,400,000
Cap Rate	1.9%	4.5%	4.5%	8.7%
Vacancy Rate at Sale	0%	7.4%	0%	93.5%
Time Since Sale in Months	0.1	6.5	6.5	12.0
Property Attributes	Low	Average	Median	High
Property Size in Units	5	20	8	504
Number of Floors	1	2	2	23
Average Unit SF	0	733	741	2,695
Year Built	1884	1967	1969	2020
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	Vora Mission Gorge 4440 Twain Ave	★★★★★	2018	374	15.8%	4/30/2019	\$149,000,000	\$398,395	\$338
2	Boardwalk at Millenia 1660 Metro Ave	★★★★★	2018	309	5.8%	10/1/2019	\$131,000,000	\$423,948	\$437
3	Overlook at Bernardo Heights 15909 Avenida Venusto	★★★★★	1988	330	6.7%	12/12/2019	\$119,000,000	\$360,606	\$483
4	Forest Park 1250 Petree St	★★★★★	1974	338	4.4%	9/5/2019	\$88,000,000	\$260,355	\$347
5	Presidio at Rancho Del Oro 4401 Mission Ave	★★★★★	1987	264	4.9%	12/27/2019	\$87,025,000	\$329,640	\$358
6	Sunterra Apartments 3851 Sherbourne Dr	★★★★★	1974	240	5.0%	8/23/2019	\$66,250,000	\$276,041	\$303
7	Vida North Park 4223 Texas St	★★★★★	2018	118	8.5%	12/17/2019	\$61,550,000	\$521,610	\$410
8	Carlsbad View Apartments 3675 Barnard Dr	★★★★★	1975	136	8.1%	11/26/2019	\$41,000,000	\$301,470	\$327
9	Colonnade at Fletcher Hills 2950 Fletcher Pky	★★★★★	1973	138	8.0%	9/5/2019	\$38,000,000	\$275,362	\$316
10	Current 1551 Union St	★★★★★	2008	144	7.6%	11/25/2019	\$34,924,792	\$242,533	\$388
11	Serena Vista 5810 Amaya Dr	★★★★★	1971	110	2.7%	3/5/2020	\$34,450,000	\$313,181	\$330
12	Elan Terraza 5165 Luigi Ter	★★★★★	1980	61	8.2%	11/21/2019	\$22,016,500	\$360,926	\$425
13	Royal Apartments 521 Park Way	★★★★★	1963	129	0%	3/20/2020	\$20,737,500	\$160,755	\$221
14	City Plaza 300-328 S Escondido Blvd	★★★★★	2018	55	0%	8/12/2019	\$19,750,000	\$359,090	\$239
15	Citra 4464 Castelar St	★★★★★	1970	60	6.7%	1/10/2020	\$18,300,000	\$305,000	\$261
16	The View 3788 Elliott St	★★★★★	1966	34	17.7%	4/5/2019	\$16,350,000	\$480,882	\$433
17	V on Adams 4720-4732 Hawley Blvd	★★★★★	1971	44	4.6%	1/9/2020	\$15,750,000	\$357,954	\$478
18	Vista Pacific Apartments 1035 4th Ave	★★★★★	1981	55	3.6%	5/30/2019	\$14,200,000	\$258,181	\$283
19	La Jolla Seaview 5685-5699 La Jolla Blvd	★★★★★	1986	12	8.3%	12/3/2019	\$13,645,000	\$1,137,083	\$833
20	Star North 3929 Kansas St	★★★★★	1966	41	61.0%	5/13/2019	\$13,300,000	\$324,390	\$488

The January employment report does not include the coronavirus-related impact to the local economy. We can expect to begin seeing the impact by the March jobs report, as hotel occupancies fall, tourism-related activity slows, and businesses, schools, and countless other ventures transition into a new normal to combat the spread of the coronavirus.

San Diego has high exposure to the leisure and hospitality industry and goods-producing jobs, specifically construction-related, which may be most at risk. The collapse in hotel revenue, most dramatically felt in revenue from groups of 10+ rooms per night, could hit San Diego hard. And so too could shutting down restaurants, which account for a 9% share of employment. But San Diego's higher share of government-related jobs could offset this if hiring increases in the coming months.

San Diego added nearly 20,000 jobs in the past 12 months according to the latest jobs report from January. Employment grew by 8,600 in Professional and Business Services, the largest sector gain in the past year with 6,800 added in the professional, scientific and technical fields. Trade, transportation, and utilities, along with government, shed 1,000 positions.

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.

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."

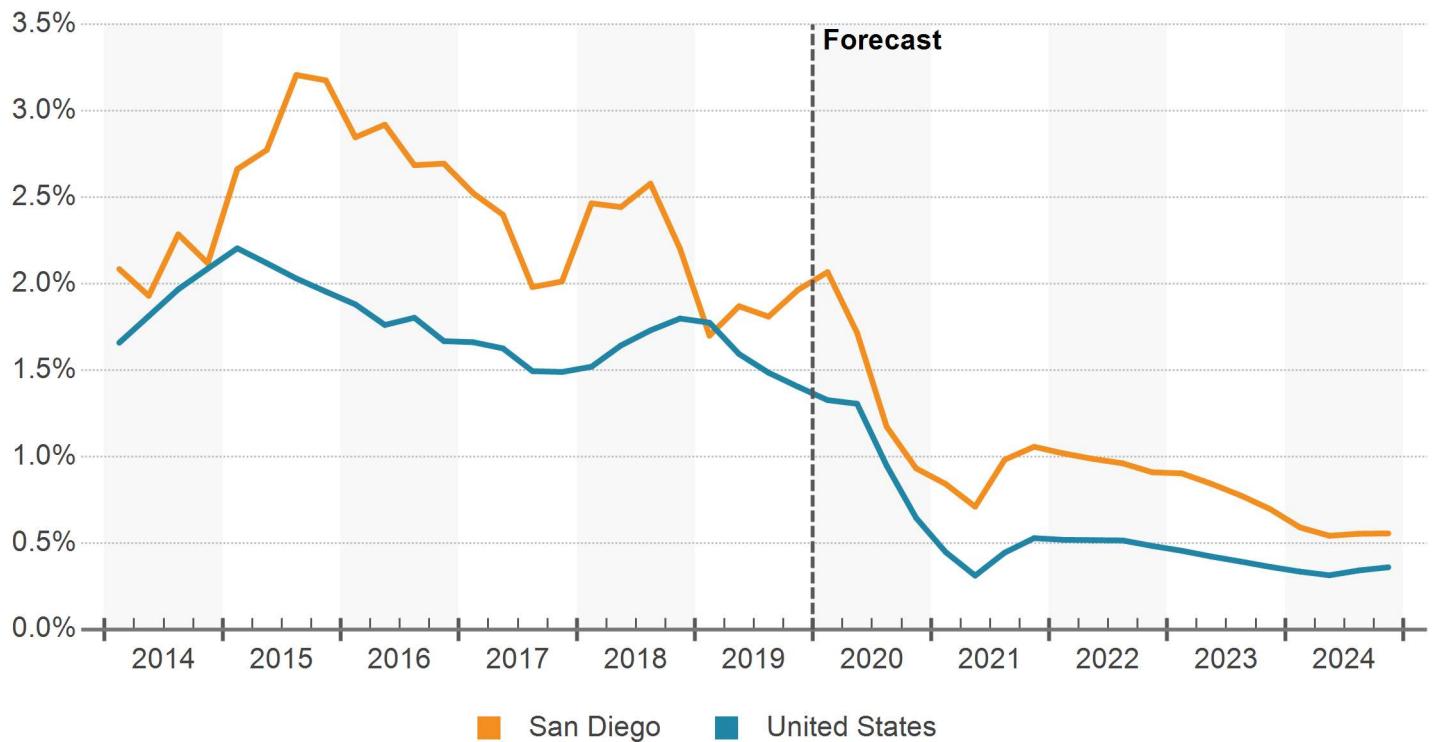
### SAN DIEGO EMPLOYMENT BY INDUSTRY IN THOUSANDS

NAICS Industry	Current Jobs		Current Growth		10 Yr Historical		5 Yr Forecast	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	118	0.9	2.36%	0.19%	2.13%	1.15%	0.26%	-0.32%
Trade, Transportation and Utilities	223	0.8	0.28%	0.46%	1.24%	1.32%	0.94%	0.24%
Retail Trade	146	0.9	0.28%	-0.02%	1.19%	0.93%	1.10%	0.20%
Financial Activities	76	0.9	-0.55%	1.45%	1.06%	1.26%	0.07%	0.31%
Government	253	1.1	2.11%	0.67%	1.28%	0.07%	0.80%	0.64%
Natural Resources, Mining and Construction	90	1.1	6.97%	1.57%	4.61%	2.95%	0.89%	0.20%
Education and Health Services	220	0.9	2.37%	2.50%	2.99%	2.17%	1.12%	0.56%
Professional and Business Services	262	1.2	3.41%	2.06%	2.69%	2.75%	0.80%	0.84%
Information	24	0.8	1.35%	1.23%	-0.84%	0.41%	1.32%	0.46%
Leisure and Hospitality	207	1.2	1.04%	1.78%	3.06%	2.73%	0.92%	0.53%
Other Services	58	1.0	1.24%	1.34%	2.00%	1.16%	-0.04%	0.27%
<b>Total Employment</b>	<b>1,531</b>	<b>1.0</b>	<b>2.06%</b>	<b>1.33%</b>	<b>2.19%</b>	<b>1.63%</b>	<b>0.79%</b>	<b>0.43%</b>

Source: Oxford Economics  
LQ = Location Quotient



### YEAR OVER YEAR JOB GROWTH



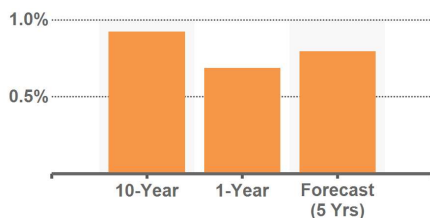
Source: Oxford Economics

### DEMOGRAPHIC TRENDS

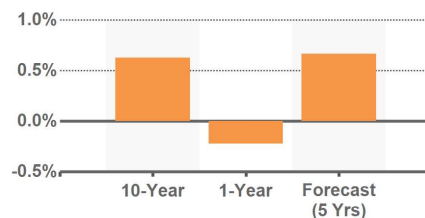
Demographic Category	Current Level		Current Change		10-Year Change		Forecast Change (5 Yrs)	
	Metro	U.S.	Metro	U.S.	Metro	U.S.	Metro	U.S.
Population	3,380,840	330,561,969	0.7%	0.7%	0.9%	0.7%	0.8%	0.7%
Households	1,141,951	122,581,063	0.6%	0.5%	0.8%	0.7%	0.7%	0.6%
Median Household Income	\$83,158	\$64,536	4.1%	3.4%	3.3%	2.6%	3.9%	3.7%
Labor Force	1,605,723	164,481,906	-0.2%	0.8%	0.6%	0.7%	0.7%	0.5%
Unemployment	3.1%	3.5%	-0.3%	-0.3%	-0.8%	-0.7%	-	-

Source: Oxford Economics

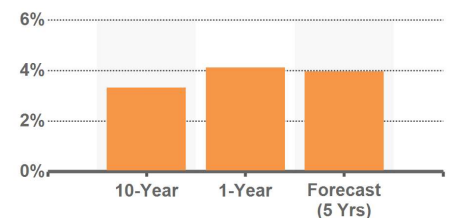
### POPULATION GROWTH



### LABOR FORCE GROWTH

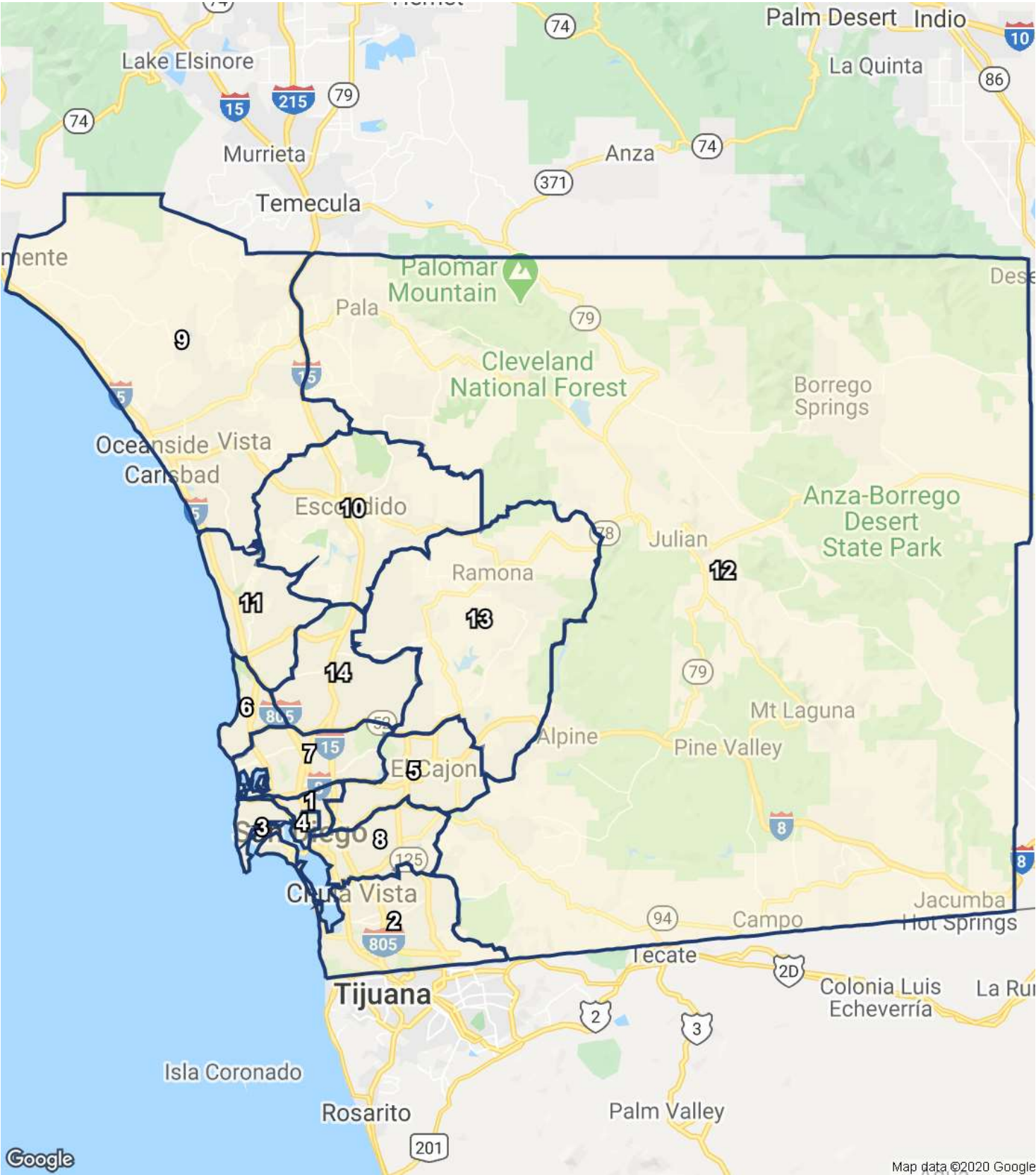


### INCOME GROWTH



Source: Oxford Economics

SAN DIEGO SUBMARKETS



# Submarkets

## San Diego Multi-Family

### 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	2,953	29,305	11.1%	4	9	426	1.5%	5	6	238	0.8%	5
2	Chula Vista/Imperial Beach	852	28,821	10.9%	5	3	623	2.2%	2	1	135	0.5%	8
3	Coronado/Point Loma	681	8,956	3.4%	11	2	15	0.2%	11	1	24	0.3%	10
4	Downtown San Diego	145	11,771	4.5%	9	9	1,242	10.6%	1	8	2,568	21.8%	1
5	East San Diego/El Cajon	2,313	45,488	17.2%	1	2	30	0.1%	9	3	73	0.2%	9
6	La Jolla/UTC	159	12,487	4.7%	8	2	315	2.5%	6	2	231	1.8%	6
7	Mission Valley/North Cen...	1,102	35,498	13.4%	2	2	555	1.6%	4	5	2,326	6.6%	2
8	National City/South Central	876	15,313	5.8%	7	4	200	1.3%	7	0	0	0%	-
9	North County	897	31,660	12.0%	3	4	187	0.6%	8	3	332	1.0%	4
10	North I-15 Corridor	385	18,882	7.2%	6	1	22	0.1%	10	2	138	0.7%	7
11	North Shore Cities	184	8,413	3.2%	12	1	608	7.2%	3	0	0	0%	-
12	Outlying San Diego County	25	1,161	0.4%	14	0	0	0%	-	0	0	0%	-
13	Poway/Santee/Ramona	121	5,111	1.9%	13	1	3	0.1%	12	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.	Submarket	Asking Rents				Effective Rents					
		Per Unit	Per SF	Rank	Yr. Growth	Per Unit	Per SF	Rank	Yr. Growth	Concession	Rank
1	Balboa Park	\$1,489	\$2.18	7	1.2%	\$1,485	\$2.18	7	1.7%	0.3%	12
2	Chula Vista/Imperial Beach	\$1,709	\$1.98	10	2.4%	\$1,699	\$1.97	10	3.1%	0.5%	6
3	Coronado/Point Loma	\$1,934	\$2.57	4	7.0%	\$1,917	\$2.55	4	7.6%	0.9%	2
4	Downtown San Diego	\$2,481	\$3.11	1	0.3%	\$2,464	\$3.08	1	3.9%	0.7%	4
5	East San Diego/El Cajon	\$1,501	\$1.89	11	2.6%	\$1,497	\$1.89	11	3.3%	0.3%	13
6	La Jolla/UTC	\$2,455	\$2.58	3	1.6%	\$2,436	\$2.56	3	2.5%	0.8%	3
7	Mission Valley/North Cen...	\$2,052	\$2.40	5	1.6%	\$2,038	\$2.38	5	3.3%	0.6%	5
8	National City/South Central	\$1,404	\$1.81	14	3.3%	\$1,401	\$1.81	14	3.6%	0.2%	14
9	North County	\$1,838	\$2.11	8	2.4%	\$1,830	\$2.10	8	3.1%	0.4%	7
10	North I-15 Corridor	\$1,817	\$2.06	9	3.0%	\$1,810	\$2.05	9	4.6%	0.4%	8
11	North Shore Cities	\$2,646	\$2.68	2	3.1%	\$2,620	\$2.65	2	3.3%	1.0%	1
12	Outlying San Diego County	\$1,603	\$1.88	12	4.8%	\$1,597	\$1.87	12	7.9%	0.3%	9
13	Poway/Santee/Ramona	\$1,612	\$1.87	13	3.5%	\$1,607	\$1.86	13	4.3%	0.3%	11
14	South I-15 Corridor	\$2,150	\$2.32	6	2.2%	\$2,143	\$2.31	6	3.1%	0.3%	10

### SUBMARKET VACANCY & ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		Units	Percent	Rank	Units	% of Inv	Rank	Construct. Ratio
1	Balboa Park	1,149	3.9%	5	258	0.9%	5	1.6
2	Chula Vista/Imperial Beach	1,540	5.3%	10	339	1.2%	4	1.8
3	Coronado/Point Loma	503	5.6%	12	(105)	-1.2%	14	-
4	Downtown San Diego	1,480	12.6%	14	1,318	11.2%	1	0.9
5	East San Diego/El Cajon	1,757	3.9%	4	(8)	0%	13	-
6	La Jolla/UTC	690	5.5%	11	172	1.4%	7	1.8
7	Mission Valley/North Cen...	1,772	5.0%	9	598	1.7%	3	0.9
8	National City/South Central	475	3.1%	2	167	1.1%	8	1.2
9	North County	1,259	4.0%	6	602	1.9%	2	0.3
10	North I-15 Corridor	843	4.5%	8	123	0.7%	9	-
11	North Shore Cities	822	9.8%	13	250	3.0%	6	2.4
12	Outlying San Diego County	34	2.9%	1	30	2.6%	11	-
13	Poway/Santee/Ramona	209	4.1%	7	(7)	-0.1%	12	-
14	South I-15 Corridor	378	3.4%	3	72	0.6%	10	-

## OVERALL SUPPLY &amp; DEMAND

Year	Inventory			Absorption		
	Units	Growth	% Growth	Units	% of Inv	Construction Ratio
2024	274,690	2,084	0.8%	2,016	0.7%	1.0
2023	272,606	1,645	0.6%	1,503	0.6%	1.1
2022	270,961	2,066	0.8%	2,112	0.8%	1.0
2021	268,895	2,599	1.0%	2,190	0.8%	1.2
2020	266,296	2,590	1.0%	1,945	0.7%	1.3
YTD	263,983	277	0.1%	738	0.3%	0.4
2019	263,706	4,427	1.7%	3,603	1.4%	1.2
2018	259,279	4,579	1.8%	3,536	1.4%	1.3
2017	254,700	3,086	1.2%	2,083	0.8%	1.5
2016	251,614	1,856	0.7%	2,327	0.9%	0.8
2015	249,758	3,738	1.5%	4,384	1.8%	0.9
2014	246,020	3,653	1.5%	1,983	0.8%	1.8
2013	242,367	1,219	0.5%	2,047	0.8%	0.6
2012	241,148	1,733	0.7%	2,655	1.1%	0.7
2011	239,415	2,076	0.9%	2,554	1.1%	0.8
2010	237,339	515	0.2%	1,180	0.5%	0.4
2009	236,824	1,805	0.8%	2	0%	902.5
2008	235,019	474	0.2%	(1,020)	-0.4%	-

## 4 &amp; 5 STAR SUPPLY &amp; DEMAND

Year	Inventory			Absorption		
	Units	Growth	% Growth	Units	% of Inv	Construction Ratio
2024	60,626	2,204	3.8%	2,106	3.5%	1.0
2023	58,422	1,761	3.1%	1,673	2.9%	1.1
2022	56,661	1,913	3.5%	2,605	4.6%	0.7
2021	54,748	2,679	5.1%	2,772	5.1%	1.0
2020	52,069	2,612	5.3%	2,401	4.6%	1.1
YTD	49,719	262	0.5%	664	1.3%	0.4
2019	49,457	3,650	8.0%	3,351	6.8%	1.1
2018	45,807	4,125	9.9%	2,978	6.5%	1.4
2017	41,682	2,932	7.6%	2,293	5.5%	1.3
2016	38,750	1,599	4.3%	2,527	6.5%	0.6
2015	37,151	3,559	10.6%	3,947	10.6%	0.9
2014	33,592	3,594	12.0%	1,535	4.6%	2.3
2013	29,998	1,446	5.1%	1,133	3.8%	1.3
2012	28,552	1,201	4.4%	1,334	4.7%	0.9
2011	27,351	1,948	7.7%	1,926	7.0%	1.0
2010	25,403	552	2.2%	638	2.5%	0.9
2009	24,851	1,608	6.9%	1,312	5.3%	1.2
2008	23,243	411	1.8%	308	1.3%	1.3



### 3 STAR SUPPLY & DEMAND

Year	Inventory			Absorption		
	Units	Growth	% Growth	Units	% of Inv	Construction Ratio
2024	84,205	0	0%	(23)	0%	0
2023	84,205	0	0%	3	0%	0
2022	84,205	270	0.3%	(89)	-0.1%	-
2021	83,935	29	0%	(109)	-0.1%	-
2020	83,906	54	0.1%	4	0%	15.1
YTD	83,867	15	0%	87	0.1%	0.2
2019	83,852	762	0.9%	463	0.6%	1.6
2018	83,090	456	0.6%	446	0.5%	1.0
2017	82,634	237	0.3%	3	0%	79.0
2016	82,397	257	0.3%	79	0.1%	3.3
2015	82,140	233	0.3%	253	0.3%	0.9
2014	81,907	76	0.1%	132	0.2%	0.6
2013	81,831	54	0.1%	482	0.6%	0.1
2012	81,777	714	0.9%	1,326	1.6%	0.5
2011	81,063	215	0.3%	420	0.5%	0.5
2010	80,848	217	0.3%	426	0.5%	0.5
2009	80,631	332	0.4%	(42)	-0.1%	-
2008	80,299	199	0.2%	(492)	-0.6%	-

### 1 & 2 STAR SUPPLY & DEMAND

Year	Inventory			Absorption		
	Units	Growth	% Growth	Units	% of Inv	Construction Ratio
2024	129,859	(120)	-0.1%	(68)	-0.1%	1.8
2023	129,979	(116)	-0.1%	(173)	-0.1%	0.7
2022	130,095	(117)	-0.1%	(404)	-0.3%	0.3
2021	130,212	(109)	-0.1%	(474)	-0.4%	0.2
2020	130,321	(76)	-0.1%	(460)	-0.4%	0.2
YTD	130,397	0	0%	(13)	0%	0
2019	130,397	15	0%	(211)	-0.2%	-
2018	130,382	(2)	0%	112	0.1%	0
2017	130,384	(83)	-0.1%	(213)	-0.2%	0.4
2016	130,467	0	0%	(279)	-0.2%	0
2015	130,467	(54)	0%	184	0.1%	-
2014	130,521	(17)	0%	316	0.2%	-
2013	130,538	(281)	-0.2%	432	0.3%	-
2012	130,819	(182)	-0.1%	(5)	0%	36.4
2011	131,001	(87)	-0.1%	208	0.2%	-
2010	131,088	(254)	-0.2%	116	0.1%	-
2009	131,342	(135)	-0.1%	(1,268)	-1.0%	0.1
2008	131,477	(136)	-0.1%	(836)	-0.6%	0.2

## OVERALL VACANCY &amp; RENT

Year	Vacancy			Market Rent				Effective Rent	
	Units	Percent	Ppts Chg	Per Unit	Per SF	% Growth	Ppts Chg	Per Unit	Per SF
2024	14,583	5.3%	0	\$1,951	\$2.32	1.2%	(0.1)	\$1,941	\$2.31
2023	14,514	5.3%	0	\$1,928	\$2.29	1.3%	0.2	\$1,918	\$2.28
2022	14,372	5.3%	(0.1)	\$1,903	\$2.26	1.1%	0.1	\$1,894	\$2.25
2021	14,418	5.4%	0.1	\$1,882	\$2.24	1.0%	0.9	\$1,873	\$2.23
2020	14,009	5.3%	0.2	\$1,864	\$2.22	0.1%	(3.2)	\$1,854	\$2.21
YTD	12,910	4.9%	(0.2)	\$1,860	\$2.21	-0.1%	(3.4)	\$1,850	\$2.20
2019	13,371	5.1%	0.2	\$1,861	\$2.21	3.3%	0	\$1,845	\$2.19
2018	12,522	4.8%	0.3	\$1,801	\$2.14	3.3%	(0.6)	\$1,774	\$2.11
2017	11,447	4.5%	0.4	\$1,743	\$2.07	3.9%	(0.1)	\$1,718	\$2.04
2016	10,421	4.1%	(0.2)	\$1,677	\$1.99	4.0%	(2.6)	\$1,658	\$1.97
2015	10,897	4.4%	(0.3)	\$1,613	\$1.91	6.6%	2.9	\$1,597	\$1.89
2014	11,535	4.7%	0.6	\$1,513	\$1.79	3.6%	(0.2)	\$1,497	\$1.77
2013	9,856	4.1%	(0.4)	\$1,460	\$1.73	3.8%	1.0	\$1,446	\$1.71
2012	10,682	4.4%	(0.4)	\$1,407	\$1.67	2.8%	1.6	\$1,395	\$1.65
2011	11,600	4.8%	(0.2)	\$1,368	\$1.62	1.2%	1.1	\$1,359	\$1.61
2010	12,077	5.1%	(0.3)	\$1,352	\$1.60	0.1%	2.7	\$1,342	\$1.59
2009	12,738	5.4%	0.7	\$1,350	\$1.60	-2.6%	(3.8)	\$1,340	\$1.59
2008	10,935	4.7%	0.6	\$1,387	\$1.64	1.2%	-	\$1,378	\$1.63

## 4 &amp; 5 STAR VACANCY &amp; RENT

Year	Vacancy			Market Rent				Effective Rent	
	Units	Percent	Ppts Chg	Per Unit	Per SF	% Growth	Ppts Chg	Per Unit	Per SF
2024	4,487	7.4%	(0.1)	\$2,547	\$2.61	1.1%	0.1	\$2,525	\$2.59
2023	4,390	7.5%	(0.1)	\$2,519	\$2.58	0.9%	0.4	\$2,498	\$2.56
2022	4,301	7.6%	(1.5)	\$2,496	\$2.56	0.5%	0.4	\$2,475	\$2.53
2021	4,993	9.1%	(0.6)	\$2,483	\$2.54	0.1%	1.5	\$2,462	\$2.52
2020	5,086	9.8%	(0.1)	\$2,480	\$2.54	-1.4%	(4.0)	\$2,459	\$2.52
YTD	4,473	9.0%	(0.9)	\$2,499	\$2.56	-0.6%	(3.3)	\$2,477	\$2.54
2019	4,875	9.9%	(0.1)	\$2,514	\$2.57	2.7%	0.3	\$2,478	\$2.54
2018	4,565	10.0%	1.9	\$2,449	\$2.51	2.4%	(0.6)	\$2,387	\$2.44
2017	3,378	8.1%	1.1	\$2,392	\$2.45	3.0%	1.0	\$2,340	\$2.40
2016	2,721	7.0%	(2.8)	\$2,323	\$2.38	2.0%	(3.9)	\$2,285	\$2.34
2015	3,648	9.8%	(2.2)	\$2,279	\$2.33	5.9%	2.5	\$2,247	\$2.30
2014	4,029	12.0%	5.5	\$2,151	\$2.20	3.4%	(1.4)	\$2,117	\$2.17
2013	1,957	6.5%	0.8	\$2,080	\$2.13	4.8%	1.1	\$2,045	\$2.09
2012	1,643	5.8%	(0.7)	\$1,985	\$2.03	3.7%	2.4	\$1,964	\$2.01
2011	1,776	6.5%	(0.4)	\$1,915	\$1.96	1.3%	1.1	\$1,902	\$1.95
2010	1,754	6.9%	(0.5)	\$1,890	\$1.93	0.2%	4.3	\$1,875	\$1.92
2009	1,837	7.4%	0.8	\$1,887	\$1.93	-4.1%	(4.4)	\$1,865	\$1.91
2008	1,542	6.6%	0.3	\$1,967	\$2.01	0.3%	-	\$1,955	\$2.00

### 3 STAR VACANCY & RENT

Year	Vacancy			Market Rent				Effective Rent	
	Units	Percent	Ppts Chg	Per Unit	Per SF	% Growth	Ppts Chg	Per Unit	Per SF
2024	4,418	5.2%	0	\$1,973	\$2.31	1.3%	(0.1)	\$1,964	\$2.30
2023	4,395	5.2%	0	\$1,948	\$2.28	1.4%	0.2	\$1,938	\$2.27
2022	4,399	5.2%	0.4	\$1,921	\$2.25	1.2%	0.1	\$1,912	\$2.24
2021	4,039	4.8%	0.2	\$1,899	\$2.22	1.0%	0.9	\$1,890	\$2.21
2020	3,902	4.7%	0.1	\$1,880	\$2.20	0.1%	(4.0)	\$1,871	\$2.19
YTD	3,780	4.5%	(0.1)	\$1,881	\$2.20	0.1%	(4.0)	\$1,872	\$2.19
2019	3,851	4.6%	0.3	\$1,878	\$2.19	4.1%	0.2	\$1,866	\$2.18
2018	3,544	4.3%	0	\$1,804	\$2.11	3.9%	(0.4)	\$1,779	\$2.08
2017	3,536	4.3%	0.3	\$1,736	\$2.03	4.3%	(0.7)	\$1,712	\$2.00
2016	3,301	4.0%	0.2	\$1,665	\$1.95	4.9%	(2.8)	\$1,645	\$1.92
2015	3,127	3.8%	0	\$1,587	\$1.85	7.7%	3.4	\$1,572	\$1.84
2014	3,147	3.8%	(0.1)	\$1,474	\$1.72	4.3%	0.5	\$1,459	\$1.70
2013	3,203	3.9%	(0.5)	\$1,413	\$1.65	3.9%	1.0	\$1,402	\$1.64
2012	3,631	4.4%	(0.8)	\$1,360	\$1.59	2.9%	1.4	\$1,349	\$1.58
2011	4,241	5.2%	(0.3)	\$1,322	\$1.54	1.4%	1.3	\$1,314	\$1.53
2010	4,445	5.5%	(0.3)	\$1,304	\$1.52	0.1%	2.3	\$1,295	\$1.51
2009	4,652	5.8%	0.4	\$1,302	\$1.52	-2.2%	(4.1)	\$1,294	\$1.51
2008	4,277	5.3%	0.8	\$1,331	\$1.55	1.9%	-	\$1,323	\$1.54

### 1 & 2 STAR VACANCY & RENT

Year	Vacancy			Market Rent				Effective Rent	
	Units	Percent	Ppts Chg	Per Unit	Per SF	% Growth	Ppts Chg	Per Unit	Per SF
2024	5,678	4.4%	0	\$1,564	\$2.08	1.2%	(0.3)	\$1,562	\$2.08
2023	5,729	4.4%	0	\$1,546	\$2.06	1.5%	(0.2)	\$1,543	\$2.06
2022	5,673	4.4%	0.2	\$1,523	\$2.03	1.7%	(0.2)	\$1,520	\$2.03
2021	5,386	4.1%	0.3	\$1,498	\$2.00	1.9%	0	\$1,495	\$1.99
2020	5,021	3.9%	0.3	\$1,470	\$1.96	1.8%	(1.2)	\$1,467	\$1.96
YTD	4,657	3.6%	0	\$1,448	\$1.92	0.3%	(2.7)	\$1,445	\$1.92
2019	4,644	3.6%	0.2	\$1,444	\$1.92	3.0%	(0.7)	\$1,436	\$1.91
2018	4,413	3.4%	(0.1)	\$1,402	\$1.86	3.6%	(1.0)	\$1,393	\$1.85
2017	4,533	3.5%	0.1	\$1,353	\$1.79	4.6%	(0.6)	\$1,344	\$1.78
2016	4,399	3.4%	0.2	\$1,293	\$1.71	5.2%	(0.8)	\$1,286	\$1.70
2015	4,122	3.2%	(0.2)	\$1,230	\$1.62	6.0%	2.9	\$1,223	\$1.61
2014	4,359	3.3%	(0.3)	\$1,160	\$1.53	3.1%	0.4	\$1,154	\$1.52
2013	4,696	3.6%	(0.5)	\$1,126	\$1.48	2.7%	0.8	\$1,120	\$1.47
2012	5,408	4.1%	(0.1)	\$1,097	\$1.44	1.9%	1.1	\$1,090	\$1.43
2011	5,584	4.3%	(0.2)	\$1,076	\$1.41	0.8%	0.9	\$1,070	\$1.41
2010	5,879	4.5%	(0.3)	\$1,068	\$1.40	-0.1%	1.4	\$1,062	\$1.39
2009	6,249	4.8%	0.9	\$1,068	\$1.40	-1.5%	(2.9)	\$1,062	\$1.40
2008	5,117	3.9%	0.5	\$1,085	\$1.43	1.4%	-	\$1,079	\$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	-	-	-	-	-	-	\$337,088	230	4.6%
2023	-	-	-	-	-	-	\$335,279	228	4.6%
2022	-	-	-	-	-	-	\$333,296	227	4.5%
2021	-	-	-	-	-	-	\$334,262	228	4.5%
2020	-	-	-	-	-	-	\$331,309	226	4.4%
YTD	65	\$235.2 M	0.4%	\$3,919,525	\$232,154	4.4%	\$324,259	221	4.5%
2019	581	\$2,386 M	3.1%	\$6,628,341	\$295,468	4.5%	\$321,332	219	4.5%
2018	504	\$2,019 M	3.0%	\$6,138,193	\$260,207	4.4%	\$301,080	205	4.5%
2017	684	\$2,963 M	4.3%	\$7,464,410	\$272,019	4.4%	\$284,660	194	4.6%
2016	511	\$2,561 M	4.3%	\$6,126,937	\$234,036	4.8%	\$267,440	182	4.7%
2015	546	\$2,194 M	4.5%	\$5,363,677	\$196,098	4.9%	\$250,180	170	4.8%
2014	453	\$1,599 M	3.8%	\$4,275,930	\$169,460	5.1%	\$229,643	156	5.0%
2013	467	\$1,650 M	3.7%	\$4,331,943	\$182,231	5.6%	\$211,022	144	5.2%
2012	411	\$1,088 M	3.0%	\$3,432,617	\$149,923	6.0%	\$206,044	140	5.2%
2011	303	\$1,064 M	3.0%	\$4,206,255	\$147,885	6.3%	\$196,574	134	5.2%
2010	228	\$815.4 M	2.1%	\$3,997,235	\$162,082	6.6%	\$178,805	122	5.4%
2009	170	\$478.5 M	1.8%	\$3,147,994	\$113,982	6.4%	\$136,977	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	-	-	-	-	-	-	\$460,404	220	4.4%
2023	-	-	-	-	-	-	\$458,892	219	4.3%
2022	-	-	-	-	-	-	\$457,770	218	4.3%
2021	-	-	-	-	-	-	\$461,040	220	4.2%
2020	-	-	-	-	-	-	\$460,452	220	4.2%
YTD	1	\$0	0%	-	-	-	\$454,585	217	4.2%
2019	11	\$729.6 M	3.7%	\$81,063,866	\$399,111	5.0%	\$451,367	215	4.2%
2018	8	\$641.2 M	4.1%	\$91,603,714	\$344,745	4.0%	\$425,410	203	4.3%
2017	15	\$1,395 M	8.0%	\$92,975,459	\$416,930	4.2%	\$406,371	194	4.3%
2016	8	\$535.1 M	3.9%	\$66,893,562	\$358,198	4.5%	\$385,583	184	4.4%
2015	8	\$423.7 M	3.1%	\$52,962,500	\$364,630	4.4%	\$363,276	173	4.5%
2014	4	\$180.3 M	1.7%	\$60,100,000	\$316,872	4.6%	\$333,213	159	4.6%
2013	14	\$678.5 M	8.2%	\$135,694,081	\$275,130	4.8%	\$306,257	146	4.8%
2012	12	\$238.5 M	3.3%	\$119,250,000	\$250,525	3.5%	\$298,237	142	4.8%
2011	3	\$126.5 M	2.1%	\$42,151,667	\$223,419	4.9%	\$282,964	135	4.9%
2010	4	\$300.4 M	4.7%	\$75,093,750	\$250,730	6.2%	\$255,890	122	5.0%
2009	3	\$112.8 M	3.3%	\$37,591,667	\$138,715	7.3%	\$196,335	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	-	-	-	-	-	-	\$324,694	236	4.6%
2023	-	-	-	-	-	-	\$322,867	235	4.5%
2022	-	-	-	-	-	-	\$320,801	234	4.5%
2021	-	-	-	-	-	-	\$321,216	234	4.4%
2020	-	-	-	-	-	-	\$318,128	232	4.4%
YTD	6	\$74.4 M	0.3%	\$12,400,000	\$339,726	4.2%	\$311,035	226	4.5%
2019	58	\$574.4 M	2.1%	\$13,055,036	\$323,072	4.5%	\$307,571	224	4.5%
2018	53	\$595.9 M	2.7%	\$12,679,494	\$265,214	4.4%	\$282,228	206	4.6%
2017	89	\$686.1 M	3.8%	\$11,066,064	\$218,432	4.7%	\$264,767	193	4.6%
2016	75	\$1,208 M	6.1%	\$18,587,020	\$239,904	4.8%	\$248,739	181	4.7%
2015	91	\$950.3 M	5.9%	\$13,384,594	\$195,980	4.9%	\$233,535	170	4.8%
2014	79	\$766.9 M	5.1%	\$12,369,028	\$182,070	5.0%	\$215,517	157	5.0%
2013	54	\$421.2 M	2.5%	\$9,359,944	\$204,366	5.3%	\$198,399	144	5.2%
2012	52	\$348.2 M	2.8%	\$8,491,733	\$150,459	5.5%	\$193,606	141	5.2%
2011	45	\$614.4 M	4.7%	\$13,962,723	\$162,744	6.1%	\$184,673	134	5.2%
2010	38	\$314.0 M	2.3%	\$8,485,185	\$166,818	6.5%	\$167,150	122	5.4%
2009	30	\$165.8 M	1.9%	\$5,525,450	\$110,142	6.8%	\$127,997	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 &amp; 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	-	-	-	-	-	-	\$290,331	233	4.7%
2023	-	-	-	-	-	-	\$288,402	231	4.7%
2022	-	-	-	-	-	-	\$286,091	229	4.7%
2021	-	-	-	-	-	-	\$286,388	230	4.6%
2020	-	-	-	-	-	-	\$282,473	227	4.5%
YTD	58	\$160.8 M	0.6%	\$2,977,250	\$202,483	4.4%	\$274,488	220	4.6%
2019	512	\$1,082 M	3.4%	\$3,525,102	\$242,104	4.4%	\$272,047	218	4.6%
2018	443	\$782.3 M	2.8%	\$2,844,740	\$214,095	4.4%	\$257,635	207	4.6%
2017	580	\$882.6 M	3.4%	\$2,758,259	\$200,237	4.4%	\$243,059	195	4.7%
2016	428	\$817.8 M	3.4%	\$2,370,304	\$185,306	4.8%	\$226,665	182	4.8%
2015	447	\$819.7 M	4.0%	\$2,484,053	\$158,373	4.9%	\$210,335	169	4.9%
2014	370	\$652.0 M	3.6%	\$2,110,090	\$140,038	5.2%	\$192,433	154	5.1%
2013	399	\$550.8 M	3.5%	\$1,664,056	\$121,590	5.7%	\$176,571	142	5.3%
2012	347	\$501.5 M	3.1%	\$1,830,214	\$125,621	6.2%	\$172,834	139	5.3%
2011	255	\$323.4 M	2.2%	\$1,569,747	\$113,264	6.4%	\$165,613	133	5.4%
2010	186	\$201.1 M	1.5%	\$1,233,798	\$103,080	6.6%	\$151,849	122	5.5%
2009	137	\$200.0 M	1.4%	\$1,680,307	\$106,360	6.3%	\$116,221	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

Year	Inventory			Deliveries		Net Deliveries		Under Construction	
	Bldgs	Units	Vacancy	Bldgs	Units	Bldgs	Units	Bldgs	Units
2024	-	274,691	5.3%	-	2,203	-	2,084	-	-
2023	-	272,607	5.3%	-	1,762	-	1,645	-	-
2022	-	270,962	5.3%	-	2,183	-	2,066	-	-
2021	-	268,896	5.4%	-	2,708	-	2,599	-	-
2020	-	266,297	5.3%	-	2,668	-	2,591	-	-
YTD	10,757	263,983	4.9%	4	277	4	277	32	6,665
2019	10,753	263,706	5.1%	40	4,427	40	4,427	34	6,493
2018	10,713	259,279	4.8%	38	4,593	36	4,579	62	8,423
2017	10,677	254,700	4.5%	25	3,175	14	3,086	61	8,597
2016	10,663	251,614	4.1%	18	1,856	18	1,856	51	8,119
2015	10,645	249,758	4.4%	19	3,802	15	3,738	30	5,570
2014	10,630	246,020	4.7%	16	3,697	13	3,653	25	5,242
2013	10,617	242,367	4.1%	9	1,500	(2)	1,219	24	5,633
2012	10,619	241,148	4.4%	8	1,915	1	1,733	17	4,874
2011	10,618	239,415	4.8%	7	2,178	(2)	2,076	12	4,275
2010	10,620	237,339	5.1%	7	785	(15)	515	10	3,507
2009	10,635	236,824	5.4%	16	2,139	2	1,805	10	2,488
2008	10,633	235,019	4.7%	11	621	4	474	19	2,697

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

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