

SAN DIEGO, CA

2022 MARKET AT A GLANCE

Occupancy Rate

97.9%



DOWN 20 BPS YOY

Effective Rent

\$2,493



UP 7.2% YOY

Rent Share of Wallet

34.3%



UP 120 BPS YOY

Apartment Fundamentals Are a Beacon of Positivity Boosted by Strong Economic Recovery

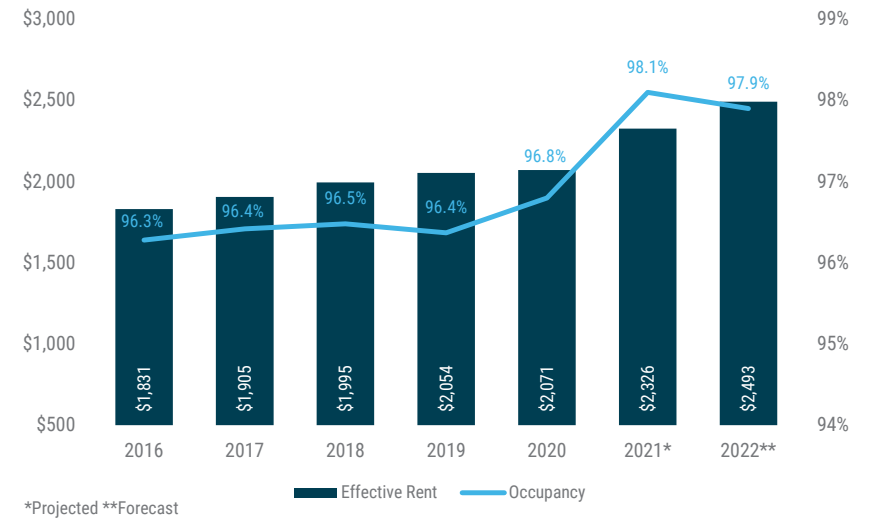
With an active labor force of nearly 1.5 million workers, Greater San Diego is a major employment center in Southern California. As the pandemic recedes, payrolls are set to expand by 43,100 workers in 2022, following the addition of 74,000 net jobs last year. A higher percentage of telework-capable occupations, coupled with San Diego's main economic engines of military and defense-related activities, has been crucial to San Diego's economic recovery. The multifamily market will benefit from the strong labor market. In the previous five years combined, demand of 21,400 net units significantly outpaced new supply of nearly 17,000 units. To meet future demand, 7,300 units across 29 projects are under construction, more than half of which are projected to complete in 2022, while another 24,600 units are in the planning and permitting stages. Leasing activity will nearly keep pace with new supply, contributing to a tight rental market with occupancy of 97.9% in the fourth quarter. Meanwhile, San Diego is among the capital markets where landlords have the strongest pricing power: their ability to raise and maintain rents. In 2021, annual rent growth was 12.3%, and effective rent is forecast to increase another 7.2% year over year to \$2,493 per month at year-end. Rapidly increasing home prices, which is limiting homeownership for some renters, continue to bolster apartment rent growth above the national average of 5.9%. Strong fundamentals will fuel multifamily investor confidence, pushing up the average unit price 8.1% to \$340,007, while the mean cap rate of 4.3% will be on par with 2021.

Unless noted otherwise, data and images pertaining to rent, occupancy, employment, unemployment, income, price per unit, and cap rate are year-end figures. Absorption and construction figures are full-year totals, unless noted otherwise. Numbers for 2021 are projected values. 2022 figures are forecast projections. The apartment sales information represents transactions of apartment properties with a sales price of \$2.5 million or more, unless otherwise indicated.

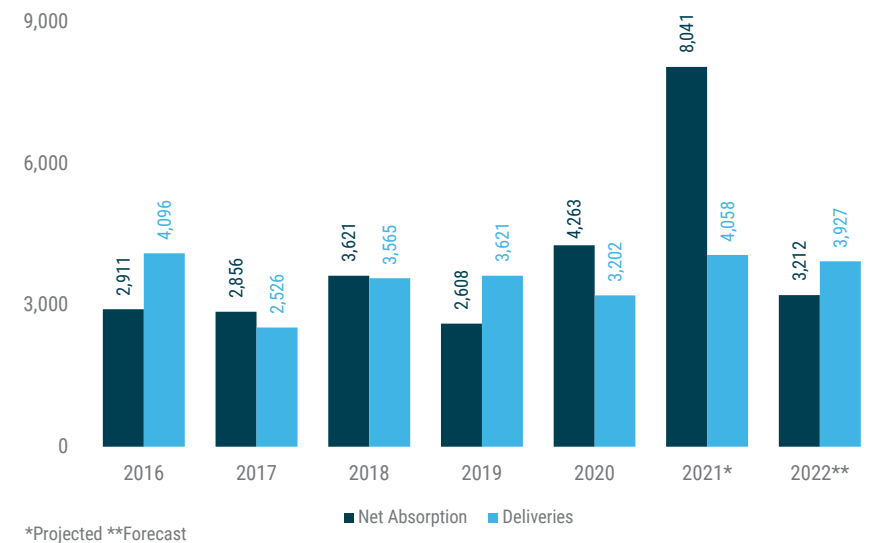
2022 FORECAST

APARTMENT TRENDS

Effective Rent & Occupancy

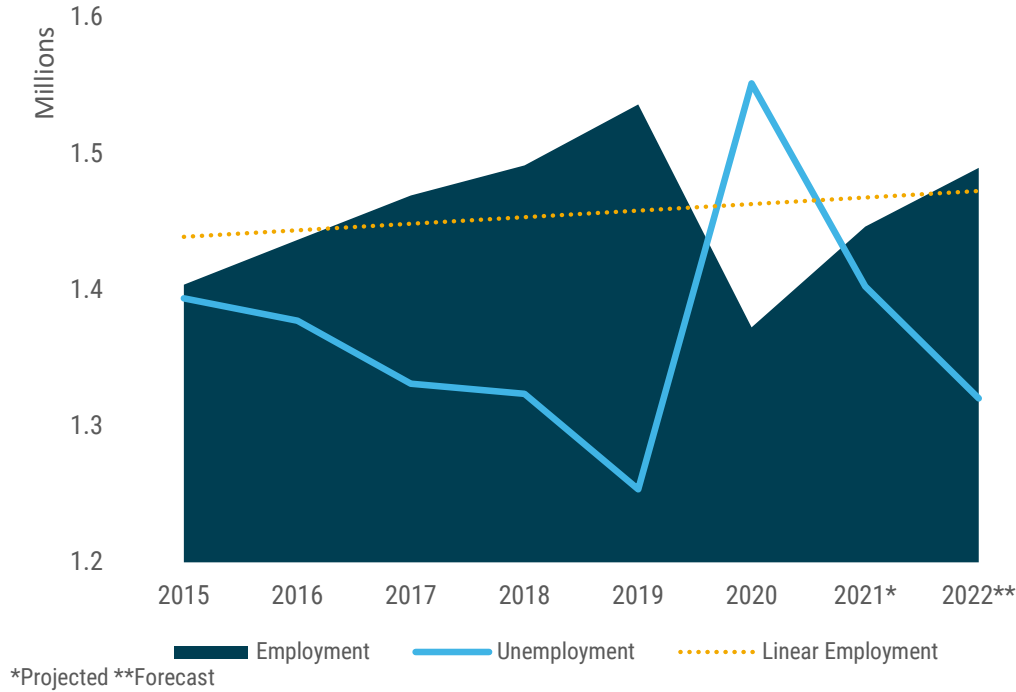


Absorption & Deliveries



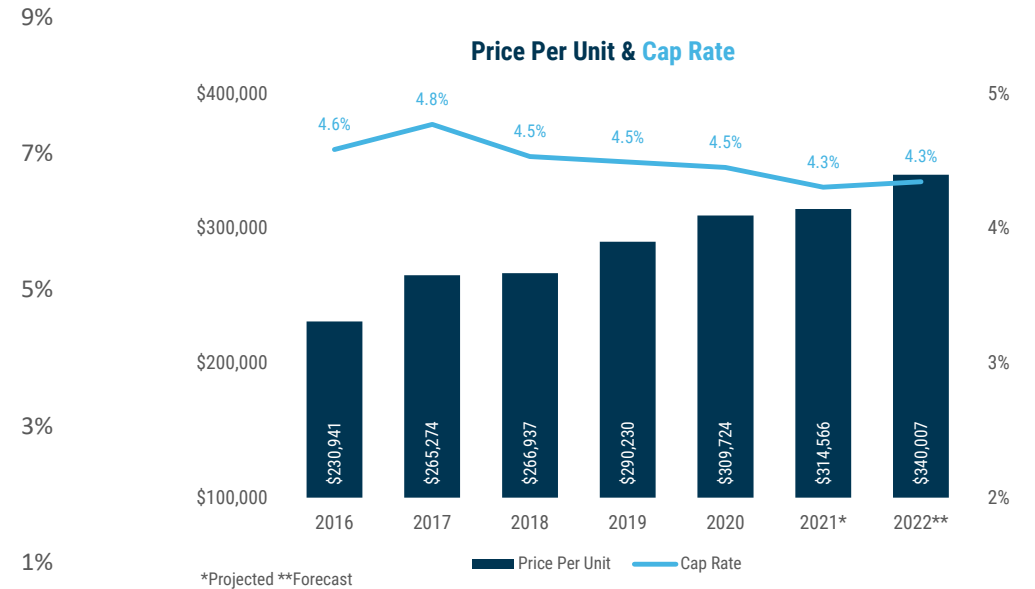
EMPLOYMENT TRENDS

Market Employment Trends



SALES TRENDS

Price Per Unit & Cap Rate



Employment
1,489,700



UP 3.0% YOY

Unemployment
3.4%



DOWN 170 BPS YOY

Median Household Income
\$87,205



UP 3.4% YOY

Price Per Unit
\$340,007



UP 8.1% YOY

Cap Rate
4.3%



UNCHANGED YOY