

Q3 2024 ***END QTR***

MULTIFAMILY REPORT

SAN DIEGO MARKET



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

TCN
WORLDWIDE
REAL ESTATE SERVICES

MULTI-FAMILY MARKET REPORT

Market Key Statistics	1
Vacancy	2
Rent	5
Construction	9
Under Construction Properties	11
Sales	13
Sales Past 12 Months	15
Economy	17
Market Submarkets	22
Supply & Demand Trends	25
Vacancy & Rent	27
Sale Trends	29
Deliveries & Under Construction	31

12 Mo Delivered Units

4,619

12 Mo Absorption Units

1,670

Vacancy Rate

5.2%

12 Mo Asking Rent Growth

0.2%

Unlike the national trend where demand rebounded in the first half of 2024, the same cannot be said of San Diego. During the past two quarters, overall demand was roughly 50% of the average first-half level between 2015 and 2019, and 20% of the same period in 2023. Interior areas of the region from North County to East County, which have historically been the most affordable areas of San Diego, continue to see occupancy losses due to rental households relocating out of San Diego for more affordable housing markets or consolidating households. The luxury sector saw positive absorption in the first half of 2024 due to occupancy of new units, although vacancy is 8.5%, and demand is still 15% below the pre-pandemic trend.

There are roughly 7,400 market-rate units in the pipeline, which is in line with the five-year average. Construction starts have been relatively stable over the past six quarters, despite higher construction costs, elevated interest rates, lower demand and marginal rent growth. Construction is concentrated in Downtown, Mission Valley, North County, the South I-15 corridor and the Balboa Park neighborhoods. These submarkets account for over 6,000 of the units being built, and most of these areas have received significant supply additions in the past year and are likely to face further competing lease ups and higher vacancy in the coming quarters as a result.

In the past year, rent growth measured 0.3%, versus 1.2% nationally. And while rents rose quarter over quarter during 24Q2, the region's landlords saw the lowest second-quarter rent growth in the past decade at only 0.8%. Landlords are still seeing lower effective rents on lease trade-outs due to higher concession packages. Landlords anticipate that concessions could linger through the year, and look-and-lease specials, free rent, and gift cards, or a combination of the three, have become widespread since the end of last year.

Several of San Diego's most expensive submarkets along the coast and near primary job nodes such as the South I-15 Corridor and Downtown have seen rents fall year over year through 24Q2. Although traditionally affordable areas to the interior have seen the weakest demand in recent quarters, rent growth has generally outperformed the region. However, rent growth has been below the respective historical benchmark in nearly every corner of the region.

Until the economic narrative shifts, and renter households become less burdened, property managers are bracing for a difficult next few quarters. A material shift in demand patterns is not expected through 2024, which is likely to impact rent performance. The forecast calls for demand to stabilize in 2025, coinciding with expectations among market participants. That should help rent growth return to the historical benchmark.

KEY INDICATORS

Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr Units
4 & 5 Star	61,180	8.5%	\$3,316	\$3,271	897	461	6,124
3 Star	90,726	4.9%	\$2,536	\$2,520	301	36	1,289
1 & 2 Star	128,858	3.8%	\$1,799	\$1,792	93	0	0
Market	280,764	5.2%	\$2,482	\$2,462	1,291	497	7,413

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	0.9%	4.5%	5.0%	5.8%	2009 Q4	2.6%	2021 Q3
Absorption Units	1,670	2,199	2,951	10,024	2021 Q3	(1,647)	2009 Q2
Delivered Units	4,619	2,648	2,932	5,462	2022 Q1	474	2010 Q4
Demolished Units	205	98	112	334	2009 Q4	0	2016 Q4
Asking Rent Growth (YOY)	0.2%	3.3%	2.9%	12.7%	2022 Q1	-2.3%	2009 Q3
Effective Rent Growth (YOY)	0%	3.3%	2.9%	12.7%	2022 Q1	-2.4%	2009 Q3
Sales Volume	\$2.6B	\$1.9B	N/A	\$6.5B	2022 Q2	\$482M	2009 Q4

According to property managers, high living costs and economic stress have been the leading causes of weak household formation in San Diego. Landlords have reported seeing more distress among households in mid-tier and workforce housing in recent quarters. This trend reflects the more direct impact that untamed inflation has placed on mid-tier and lower-income households, coupled with some of the highest rental prices in the country. Local property managers have noted an increase in households in these cohorts asking to downsize into smaller units to save money or requesting unrenovated units. Vacancy has increased by roughly 100 basis points in workforce housing during the past year and by 150 in mid-tier properties. Overall vacancy has climbed to 5.2%, which is the highest level in the past decade, as many renter households have left San Diego for cheaper housing markets.

Downtown's vacancy rate climbed above 10% during 24Q2 for the first time since 2020 following the completion of several properties. There is still demand for these units, although the lines of applicants that were common a few years ago have largely disappeared, and fewer households are being formed to occupy them. A top-of-mind issue for many households Downtown, however, is the pervasiveness of homelessness, particularly in the East Village. That has led renter households to leave for other neighborhoods, such as Balboa Park and Mission Valley. Similarly, Downtown's school system does not match the quality found in other San Diego areas. Several lab projects are nearing completion Downtown and encompass more than 2

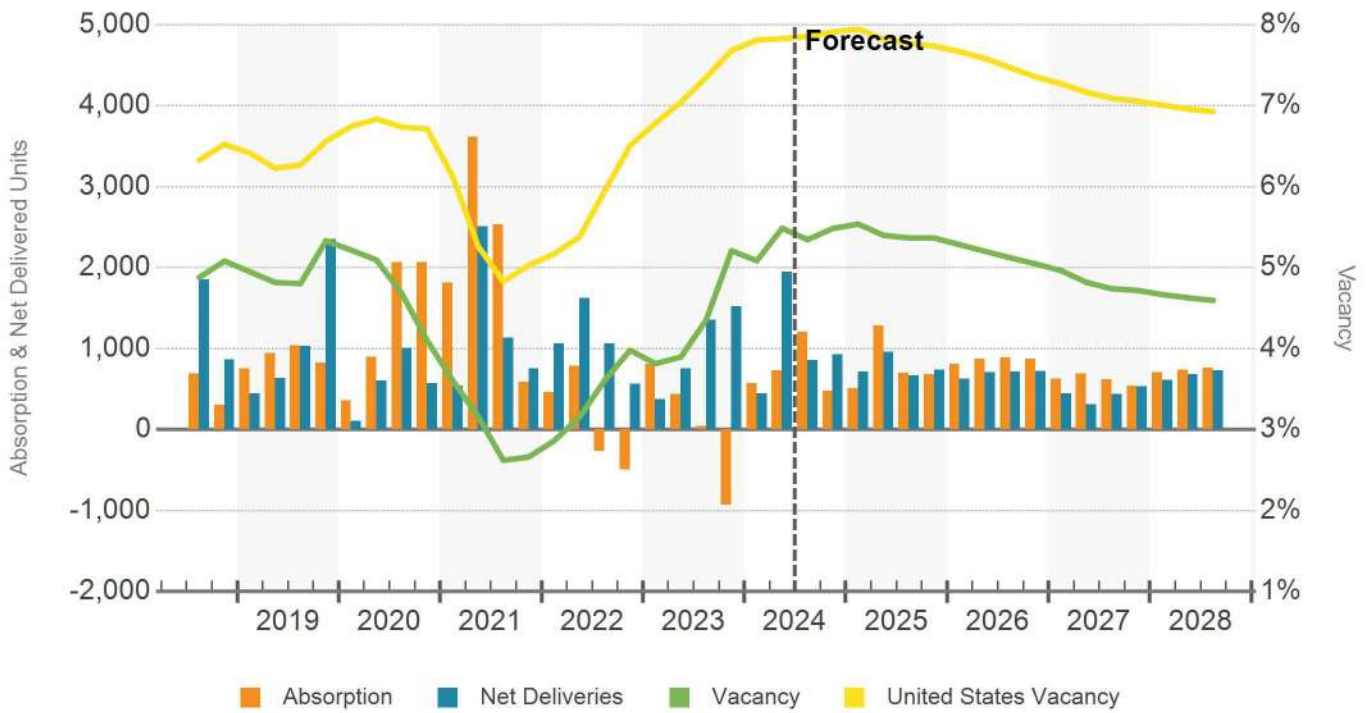
million SF. One local study has suggested that additional apartment demand could exceed 10,000 units should these lab developments fill with commercial tenants and the resulting employees.

Areas along the South I-15 Corridor and Mission Valley to Downtown and Balboa Park have seen positive year-over-year absorption driven by new properties and favorable demographic trends. These are prime job nodes filled with neighborhood and cultural amenities near strong university systems. Yet some property managers of new buildings have noted that they are missing their targeted goals during lease-up. Area managers have noted that they are seeing applicants shed one-bedroom apartments to occupy two bedrooms with a roommate to save money.

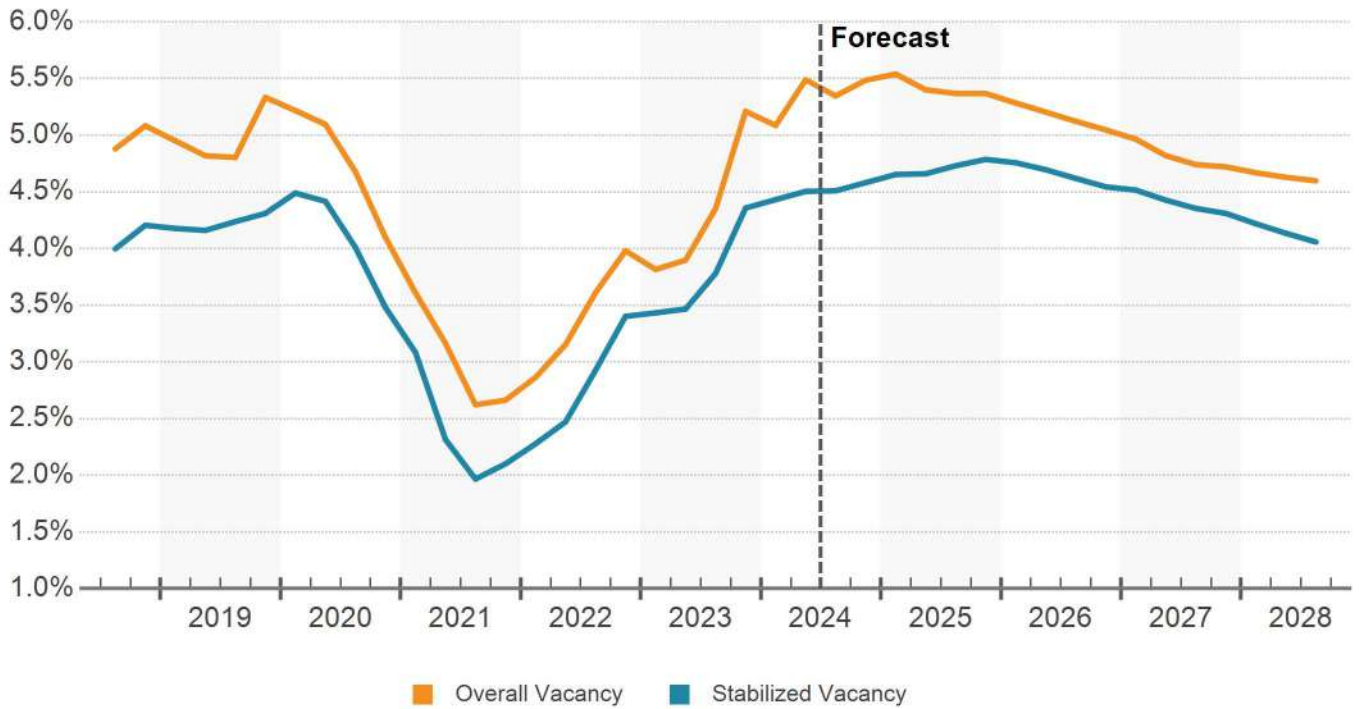
Parking requirements have been a topic of conversation and an important factor in front door demand. Those properties without adequate parking spaces have seen demand stall once spaces have been assigned.

Overall, supply additions have outpaced demand by a significant margin in the past 12 months, and that trend is not expected to shift until the delivery schedule eases in 2025. While vacancy is not expected to materially contract in the coming quarters, San Diego's long-term demand drivers remain in place. It is an innovation hub with a sizeable employment base tied to the defense industry, a strong university system, and a destination for tourists from around the globe. Those factors will continue to make San Diego a desirable housing market.

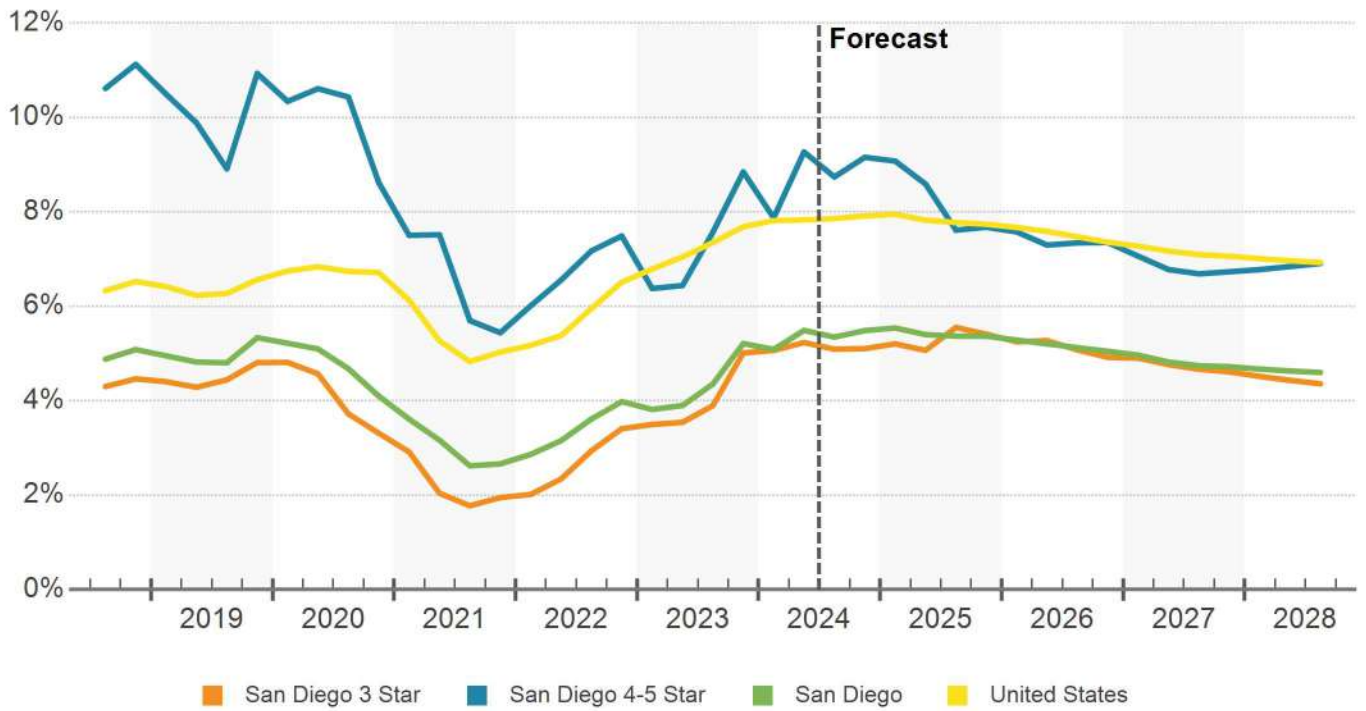
ABSORPTION, NET DELIVERIES & VACANCY



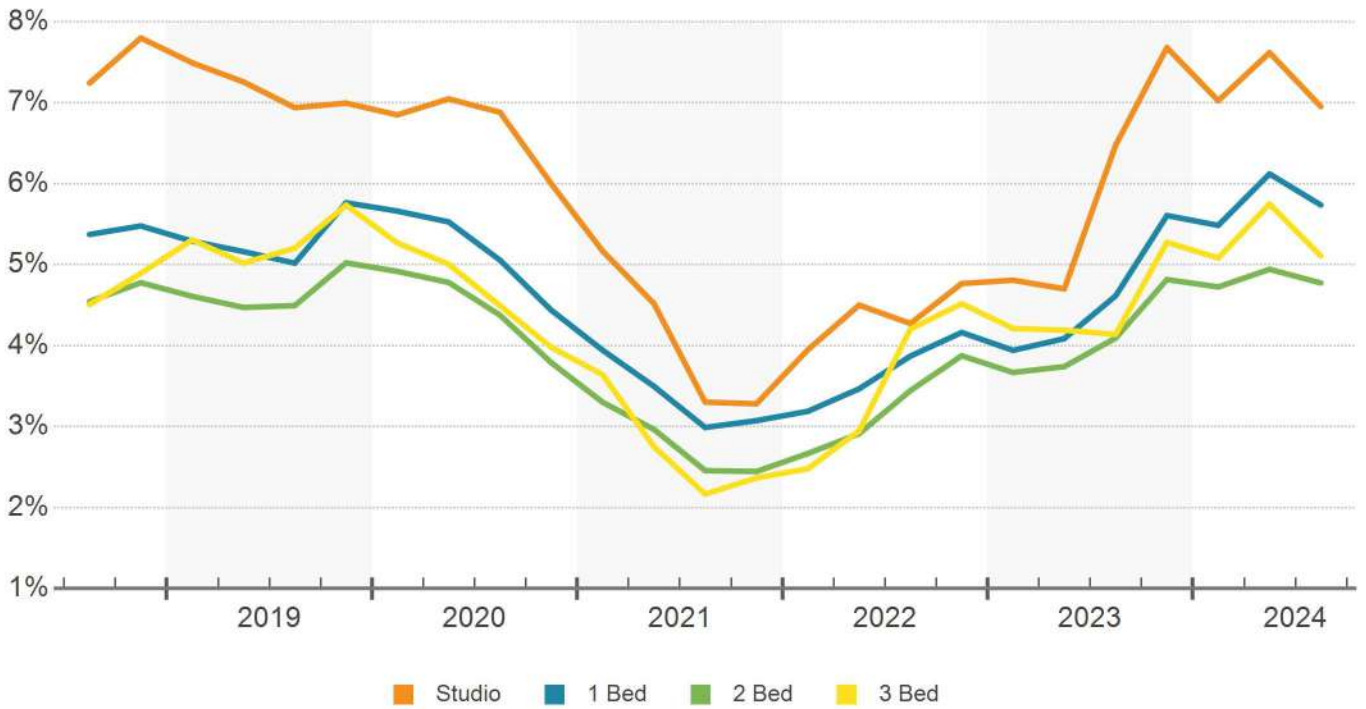
OVERALL & STABILIZED VACANCY



VACANCY RATE



VACANCY BY BEDROOM



Rent growth has measured 0.3% year over year to an average of \$2,480/month during the third quarter, making San Diego one of the most expensive rental markets in the U.S. Rent growth has moderated off a peak of 12.7% in 2022, and rents have grown by 24.9% in the past five years. For context, rents grew 20.5% between 2015 and 2019.

According to local property managers, the more widespread use of concessions has led to lower effective rates on lease trade-outs, even when landlords raise the rent level on the unit. Landlords have been able to increase rents on renewals, pushing average blended rates into positive territory. Property managers are also eyeing the November election when Proposition 33 goes before voters. If approved, it would repeal the Costa-Hawkins Act and allow cities to impose rent control without limitations on vintage or vacancy.

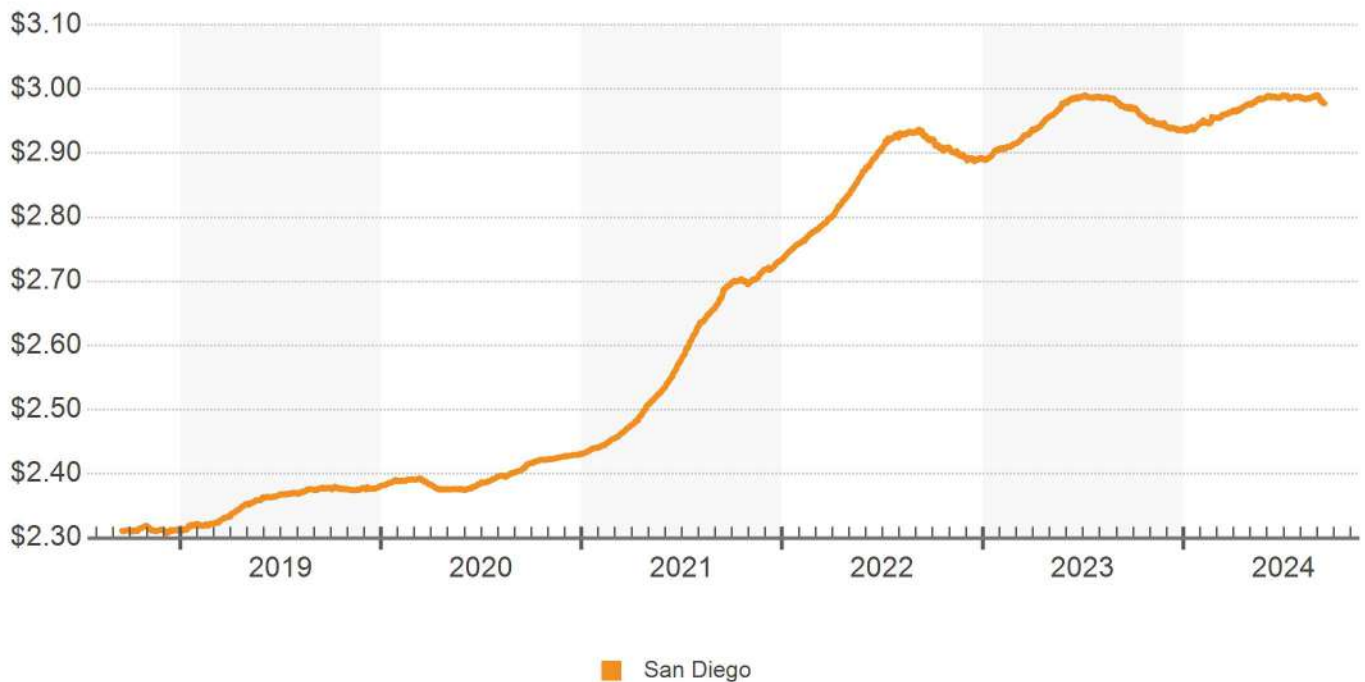
The meteoric rise in rental rates following the onset of the pandemic has been one of the leading factors in limiting household formation, and there is some concern among operators that it may take time for leverage to return to landlords. Coupled with the rise in household debt, renters have become much more price-conscious, and rent growth across the region has largely returned to

historical patterns. More historically affordable areas of San Diego in North, South, and East counties have seen rents perform best year over year, albeit below their long-term averages. High-cost nodes in UTC, Downtown, South I-15 Corridor and Central Coast have seen rents fall in the past 12 months through 24Q2.

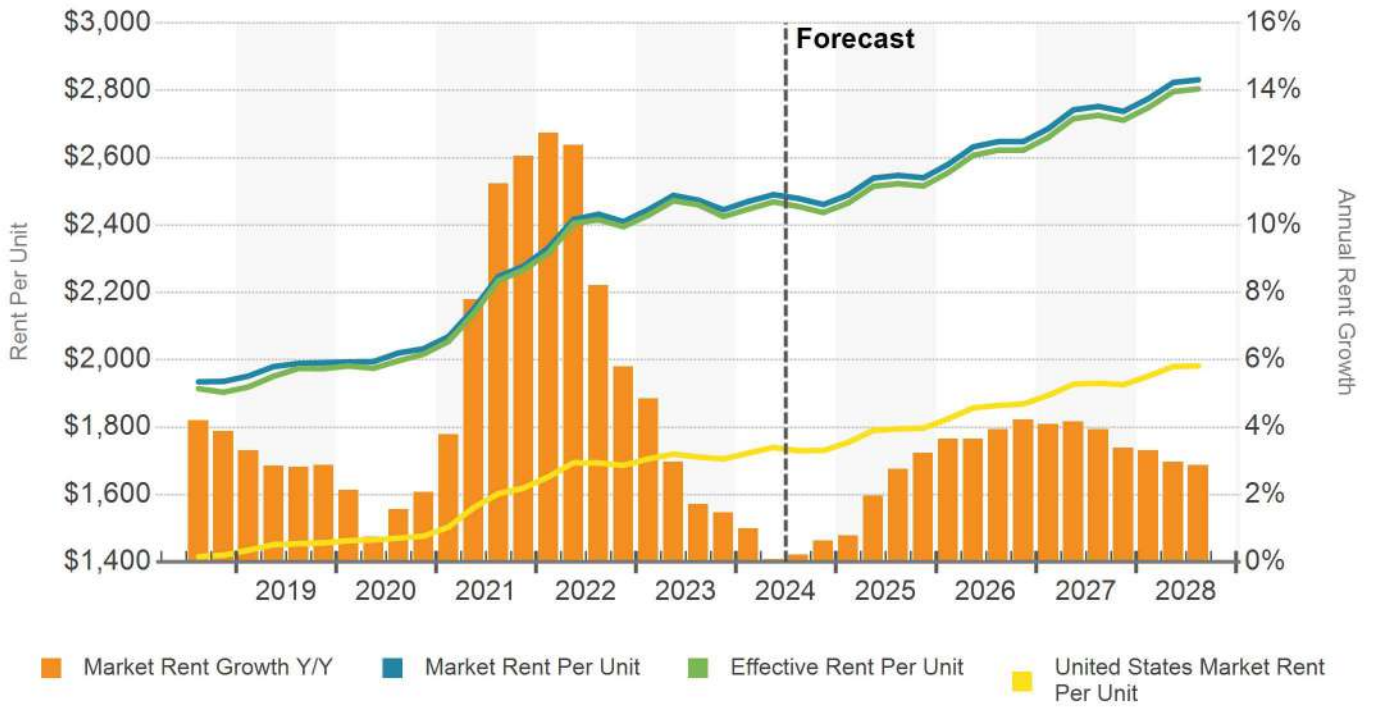
Concessions have become more common across the region, and property managers anticipate they are likely to be employed through 2024. Landlords from Escondido to Chula Vista have reported that \$1,000 look-and-lease specials or one month of free rent amortized over 12 months are now used to entice renters, which was largely absent a year ago. However, they are still most prevalent in new properties. Renters in Mission Valley's newest communities still receive four weeks of free rent on select units and sometimes up to six weeks. Concessions in Downtown are offered in roughly 40% of properties and may include eight weeks of free rent on longer leases.

Overall concessions are likely to be employed at a higher percentage through 2024 compared to the past, and rent growth is likely to remain relatively flat until the demand environment recovers.

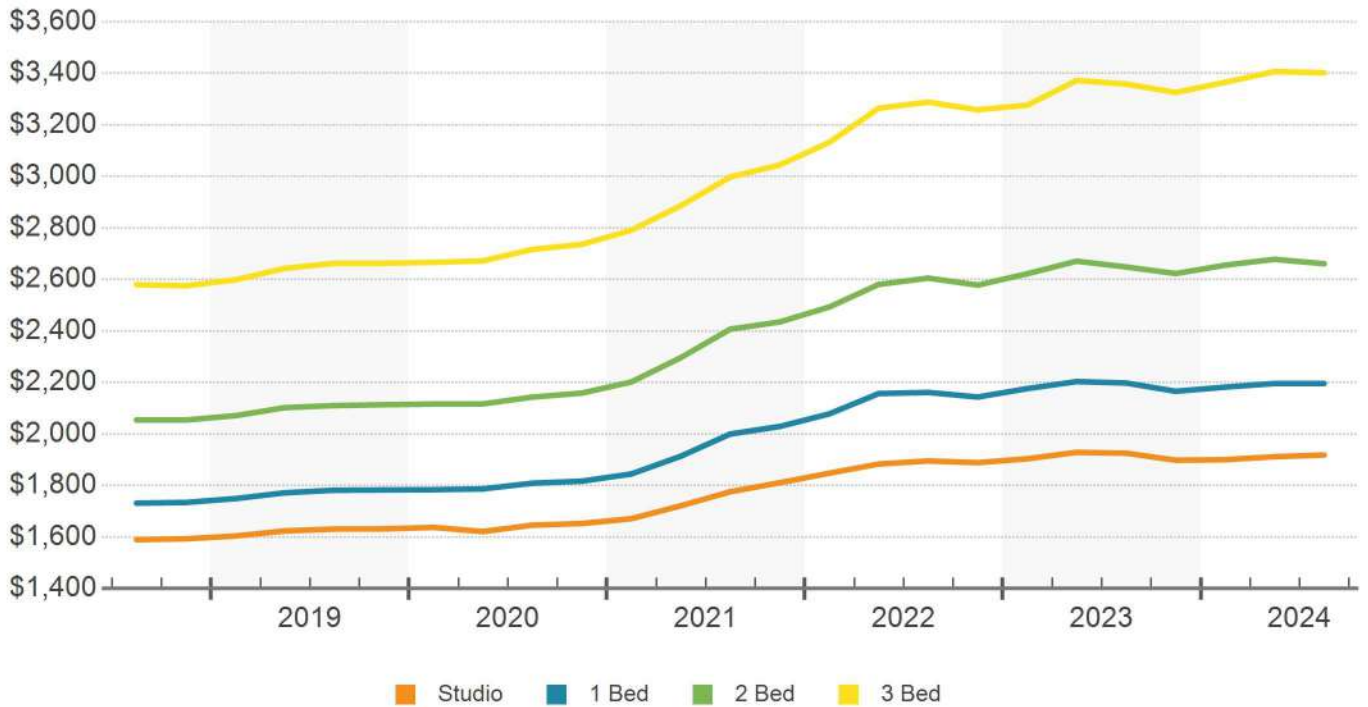
DAILY ASKING RENT PER SF



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	\$0.84	\$0.78	\$0.84	\$0.83	\$1.27	\$1.73	\$0.36	\$1.56	\$0.12	\$0.16	\$0.72	\$9.21
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
Central Coast	\$0.84	\$0.50	\$0.69	\$0.62	\$1.13	\$2.67	\$0.48	\$1.22	\$0.13	\$0.09	\$0.35	\$8.72
Chula Vista/Imperial...	\$0.80	\$0.80	\$0.79	\$0.90	\$1.29	\$1.65	\$0.33	\$1.59	\$0.15	\$0.13	\$0.56	\$8.99
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 County	\$0.78	\$0.97	\$0.78	\$0.93	\$1.36	\$1.52	\$0.28	\$1.38	\$0.11	\$0.26	\$1.45	\$9.82
La Jolla/UTC	\$0.82	\$0.61	\$0.68	\$0.66	\$1.14	\$2.28	\$0.50	\$1.58	\$0.12	\$0.09	\$0.35	\$8.83
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	\$0.76	\$0.54	\$0.62	\$0.73	\$1.09	\$1.27	\$0.28	\$1.65	\$0.13	\$0.13	\$0.56	\$7.76
North I-15 Corridor	\$1.19	\$1.29	\$1.52	\$1.11	\$1.50	\$1.05	\$0.29	\$1.77	\$0.08	\$0.27	\$1.17	\$11.24
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	\$1.21	\$1.19	\$0.23	\$1.36	\$0.11	\$0.17	\$0.76	\$7.99
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
Central Coast	\$0.78	\$0.48	\$0.65	\$0.62	\$1.09	\$1.29	\$0.38	\$1.21	\$0.11	\$0.09	\$0.34	\$7.04
Chula Vista/Imperial...	\$0.74	\$0.65	\$0.76	\$0.86	\$1.24	\$1.33	\$0.26	\$1.37	\$0.14	\$0.12	\$0.54	\$8.01
Downtown San Diego	\$0.74	\$0.62	\$0.76	\$0.83	\$1.24	\$1.30	\$0.25	\$1.37	\$0.11	\$0.12	\$0.54	\$7.88
East County	\$0.72	\$0.97	\$0.75	\$0.96	\$1.37	\$1	\$0.12	\$1.34	\$0.10	\$0.29	\$1.48	\$9.10
La Jolla/UTC	\$0.61	\$0.48	\$0.65	\$0.60	\$1.10	\$1.40	\$0.47	\$1.29	\$0.11	\$0.09	\$0.33	\$7.13
Mission Valley/Nort...	\$0.79	\$0.38	\$0.65	\$0.59	\$1.08	\$1.32	\$0.38	\$1.11	\$0.12	\$0.09	\$0.33	\$6.84
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	\$0.70	\$0.52	\$0.61	\$0.70	\$1.04	\$1.16	\$0.15	\$1.55	\$0.13	\$0.12	\$0.54	\$7.22
North I-15 Corridor	\$0.63	\$0.40	\$1.42	\$0.83	\$1.19	\$0.89	\$0.20	\$1.41	\$0.08	\$0.25	\$1.11	\$8.41
North Shore Cities	\$0.66	\$0.52	\$0.55	\$0.68	\$1.04	\$1.20	\$0.18	\$1.51	\$0.13	\$0.12	\$0.53	\$7.12
Outlying San Diego...	\$0.74	\$1	\$0.76	\$1	\$1.41	\$0.97	\$0.13	\$1.34	\$0.10	\$0.34	\$1.60	\$9.39
Poway/Santee/Ram...	\$0.76	\$0.96	\$0.76	\$1.02	\$1.41	\$0.98	\$0.15	\$1.33	\$0.10	\$0.35	\$1.60	\$9.42
South I-15 Corridor	\$0.80	\$0.70	\$1.14	\$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	\$0.98	\$0.20	\$1	\$0.10	\$0.12	\$0.62	\$6.58
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
Central Coast	\$0.70	\$0.47	\$0.62	\$0.58	\$1.07	\$0.91	\$0.26	\$1.09	\$0.10	\$0.08	\$0.32	\$6.20
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
Downtown San Diego	\$0.71	\$0.51	\$0.72	\$0.58	\$1.22	\$1.16	\$0.24	\$1.18	\$0.10	\$0.11	\$0.51	\$7.04
East County	\$0.69	\$0.43	\$0.72	\$0.62	\$1	\$0.83	\$0.11	\$0.78	\$0.09	\$0.14	\$0.92	\$6.33
La Jolla/UTC	\$0.59	\$0.43	\$0.62	\$0.56	\$1.05	\$0.88	\$0.26	\$1.07	\$0.10	\$0.08	\$0.32	\$5.96
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	\$0.51	\$0.49	\$0.60	\$0.65	\$1.01	\$1.02	\$0.14	\$1.27	\$0.12	\$0.12	\$0.55	\$6.48
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	\$0.46	\$0.72	\$0.67	\$1.04	\$0.73	\$0.12	\$0.77	\$0.09	\$0.18	\$1.02	\$6.51
Poway/Santee/Ram...	\$0.73	\$0.42	\$0.72	\$0.64	\$1	\$0.74	\$0.15	\$0.74	\$0.09	\$0.16	\$0.99	\$6.38
South I-15 Corridor	\$0.55	\$0.32	\$0.95	\$0.66	\$0.98	\$0.77	\$0.18	\$1.26	\$0.08	\$0.24	\$0.81	\$6.80

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

Roughly 7,400 units are under construction across San Diego, and developers have built approximately 20,000 new units in the past five years. San Diego Association of Governments estimates that the county requires roughly 15,000 total housing units annually through 2030 to make up for the shortage in housing over the past 15 years. Yet San Diego County only permits about 10,000 total housing units annually. Roughly 4,000 units are scheduled to open in 2024, followed by another 3,000 in 2025.

The elevated cost of debt, coupled with the rise in the cost of most construction materials and workers, has made it more difficult for some projects to break ground on budget. Some developers have noted that elevated interest rates have increased the cost of building a unit by about \$5,000. Still, rising construction prices have increased development costs by upwards of \$50,000 per unit.

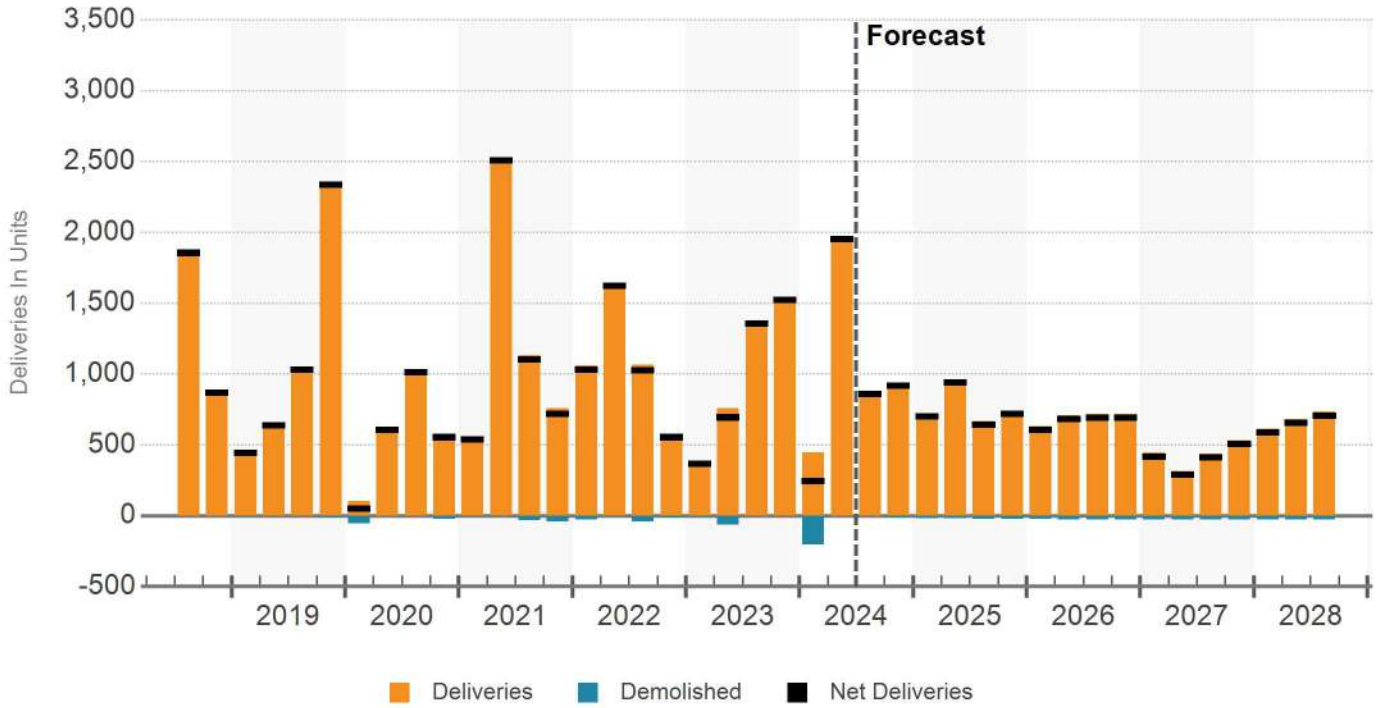
Developers face several barriers. The entitlement process can take several years, and permitting and soft costs can run over 50% of the total project cost. San Diego maintains very organized opposition to increased density, and many groups file environmental complaints, which can delay projects for several years. With these added costs, workforce housing becomes extremely difficult to pencil out. Many new luxury communities coming to market cost more than \$600,000/unit to build, and some properties are trading below replacement cost.

Depending on financial viability, some of Downtown's office buildings, such as Tower 180, may be converted into housing. Tower 180, a 387,000-SF office building, will be repurposed into hospitality and housing. However, this will not be a panacea for San Diego's housing shortage, nor would they provide near-term relief for those priced out of the region.

The surfeit of development activity during the past five years has been in the Downtown neighborhoods of Little Italy and the East Village, where inventory has increased by 50% during that time. Mission Valley, Chula Vista and the Balboa Park neighborhoods have also received attention from developers. At the same time, South I-15 Corridor has attracted renter households for its new inventory due to its location within San Diego's biotech cluster and proximity to the coast.

Several master plans have recently been updated to spur more housing development. Mission Valley, alone, could add more than 28,000 housing units, a similar number as planned with University City's update in 2023. Hillcrest envisions up to 50,000 more residents and 20,000 new housing units in high-rise towers along transportation arteries. In some locations, density would increase from 109 units per acre to 218 and 290 units per acre. In the past 10 years, updates have provided the capacity for more than 100,000 additional housing units in San Diego, although the likelihood of all of those units being built is remote.

DELIVERIES & DEMOLITIONS



Under Construction Properties

San Diego Multi-Family

Properties

Units

Percent of Inventory

Avg. No. Units

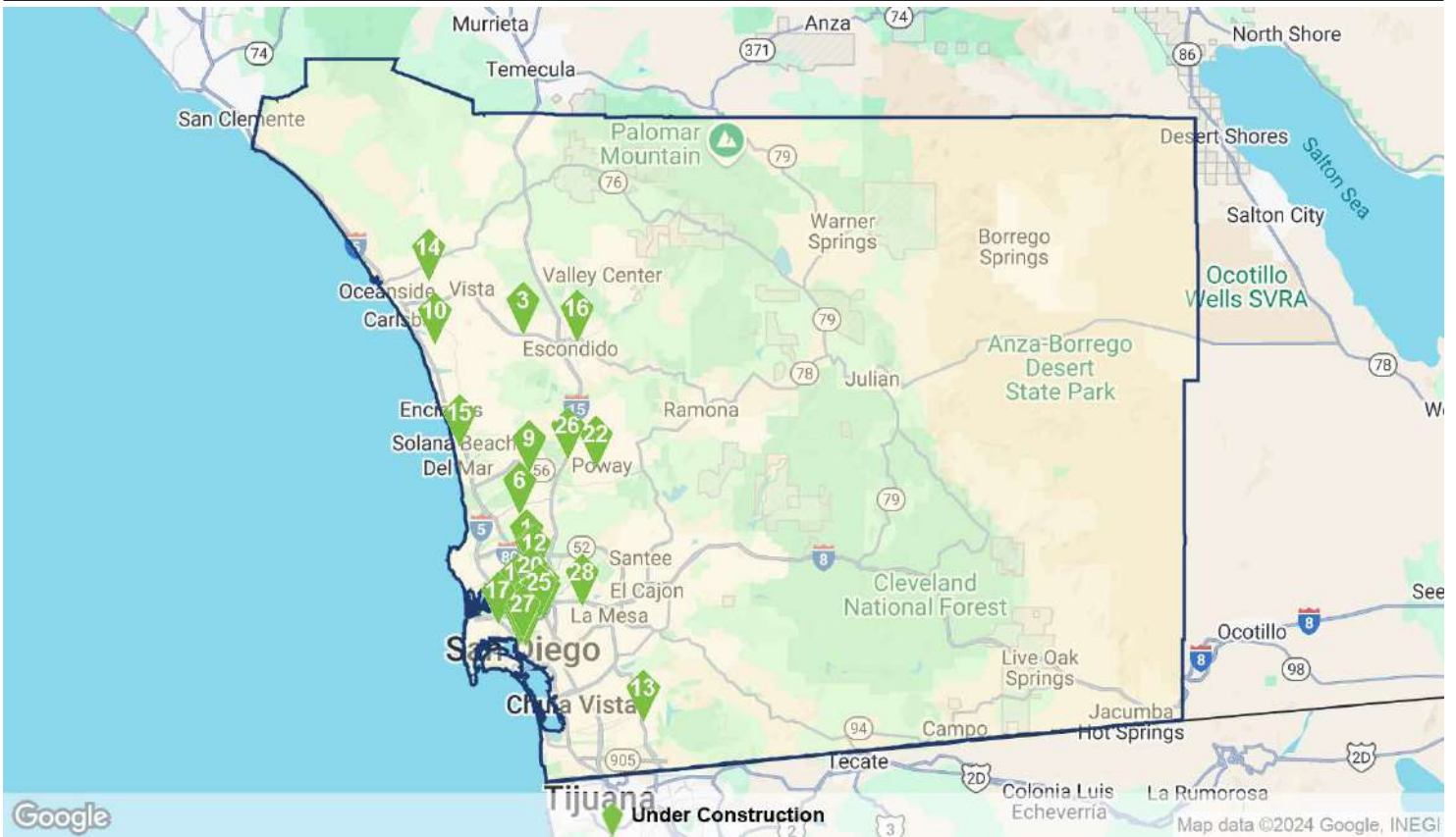
38

7,413

2.6%

195

UNDER CONSTRUCTION PROPERTIES



UNDER CONSTRUCTION

Property Name/Address	Rating	Units	Stories	Start	Complete	Developer/Owner
1 Alexan Camellia 4888 Convoy St	★★★★☆	531	6	Aug 2023	Apr 2025	Trammell Crow Residential Trammell Crow Residential
2 Broadstone - Mission Va... 1904 Hotel Cir	★★★★☆	497	8	Jan 2024	Nov 2025	- Alliance Residential Company
3 222 North City 222 N City Dr	★★★★☆	463	12	Dec 2023	Oct 2025	- Sea Breeze Properties
4 The Torrey 1200 Front St	★★★★☆	450	34	Apr 2024	Apr 2026	Holland Partner Group Holland Partner Group
5 AMLI Aero 8225 Aero Dr	★★★★☆	434	7	Nov 2023	May 2025	KPRS Construction Services. Inc AMLI Residential
6 7918 Collective Way	★★★★☆	429	4	Jan 2022	Jun 2025	- Mesa Canyon Community Partne...
7 800 Broadway 800 Broadway	★★★★☆	384	41	Aug 2021	Oct 2024	CA Ventures CA Residential LLC

Under Construction Properties

San Diego Multi-Family

UNDER CONSTRUCTION

Property Name/Address	Rating	Units	Stories	Start	Complete	Developer/Owner
8 The Lindley 1331 Columbia St	★ ★ ★ ★ ★	365	37	Jun 2022	Oct 2024	Toll Brothers Apartment Living Toll Brothers Apartment Living
9 Camino Del Sur 12520 Camino del Sur	★ ★ ★ ★ ★	342	4	Aug 2023	Jul 2025	Holland Partner Group Holland Partner Group
10 Aviara West Apartments 1205 Aviara Pky	★ ★ ★ ★ ★	329	4	Jun 2023	Jan 2026	SummerHill Homes R&V Management Corporation
11 Rivair Apartments 7050 Friars Rd	★ ★ ★ ★ ★	316	8	May 2021	Feb 2025	Fairfield Residential Fairfield Residential
12 Ion Aero 8555 Aero Dr	★ ★ ★ ★ ★	302	5	Apr 2024	Jan 2026	- AAA Management LLC
13 Millenia Lot 19 1902 Millenia Ave	★ ★ ★ ★ ★	278	4	Aug 2024	Dec 2025	Ryan Companies Strata Equity Group, Inc.
14 Luma at El Corazon 3546 Village Commercial Dr	★ ★ ★ ★ ★	268	3	Aug 2022	Oct 2024	Sudberry Properties, Inc. Sudberry Properties, Inc.
15 701 S Nardo Ave	★ ★ ★ ★ ★	260	3	May 2024	Mar 2026	H.G. Fenton Company H.G. Fenton Company
16 Marlowe Palomar Heights 625 E Grand Ave	★ ★ ★ ★ ★	258	5	Feb 2023	Nov 2024	Greystar Real Estate Partners Greystar Real Estate Partners
17 Bowen 3280 Barnett Ave	★ ★ ★ ★ ★	253	3	Jan 2024	Apr 2025	- BlackRock
18 1st & Beech 110 Beech St	★ ★ ★ ★ ★	220	22	Oct 2023	Oct 2025	Greystar Real Estate Partners Greystar Real Estate Partners
19 AMP30 4555 30th St	★ ★ ★ ★ ★	202	6	May 2022	Jan 2025	H.G. Fenton Company H.G. Fenton Company
20 The Brynn at Civita 2525 Via Alta	★ ★ ★ ★ ★	200	5	Dec 2023	Jul 2025	Rockwood Construction, Inc. Sudberry Properties, Inc.
21 The Monroe 3090 Polk Ave	★ ★ ★ ★ ★	137	8	Feb 2023	Dec 2024	Interwest Capital Group LLC Mission Gathering
22 The Outpost at Poway 13247 Poway Rd	★ ★ ★ ★ ★	72	3	Jan 2024	Apr 2025	Capexco Inc. Ghassan S Kassab
23 Onyx on Park 3922-3932 Park Blvd	★ ★ ★ ★ ★	61	7	Jan 2023	Mar 2025	Highland Pearlmark Real Estate
24 Niima 2519 El Cajon Blvd	★ ★ ★ ★ ★	55	5	Aug 2022	Oct 2024	- Hub & Spoke Communities
25 Vadara West 2774 El Cajon Blvd	★ ★ ★ ★ ★	50	6	Oct 2022	Oct 2024	- University Heights Associates LLC
26 Alante 10211 Rancho Carmel Dr	★ ★ ★ ★ ★	50	5	Jun 2023	Jan 2025	Alliance Development Services Inc Alliance Development Services Inc
27 4th & Hawthorn 2100 4th Ave	★ ★ ★ ★ ★	43	4	Oct 2023	Oct 2024	Foley Enterprises, Inc. Foley Enterprises, Inc.
28 6nineteen 6213 Montezuma Rd	★ ★ ★ ★ ★	31	5	Jul 2022	Nov 2024	The Prime Company The Prime Company

Policy goals announced by the San Diego City Council have added a layer of uncertainty for value-add investors, including a declaration in 2023 to make housing a human right and further tenant protective measures that have made no-fault evictions much costlier for landlords. A ballot initiative in November could also spur rent control measures if approved by voters, adding more uncertainty, according to local investors.

The impact of elevated interest rates, coupled with flat rents and half of the historical demand, continues to disrupt the investment market here. Deal flow has been reminiscent of the Great Recession and recovery. Market participants say deals have taken longer to close and more effort to keep under contract. There are still bid-ask spreads, and rising property expenses have made closing deals more challenging.

Average cap rates have bumped up to a band between 4% and 5.5%. Yields have been higher at stabilized properties with market-level rents and among properties in more affordable enclaves in North, South or East County. Institutional capital sources accounted for 5% of buyer activity in the first half of 2024 and over 20% on the seller's side. Fund-level equity and REIT sources played little role during the first half of the year. Those same sources accounted for 25% of buyer activity in the first half of 2023 and under 2% on the seller's side. The average property size sold in the past two quarters was around 15 units, squarely in the private buyer strike

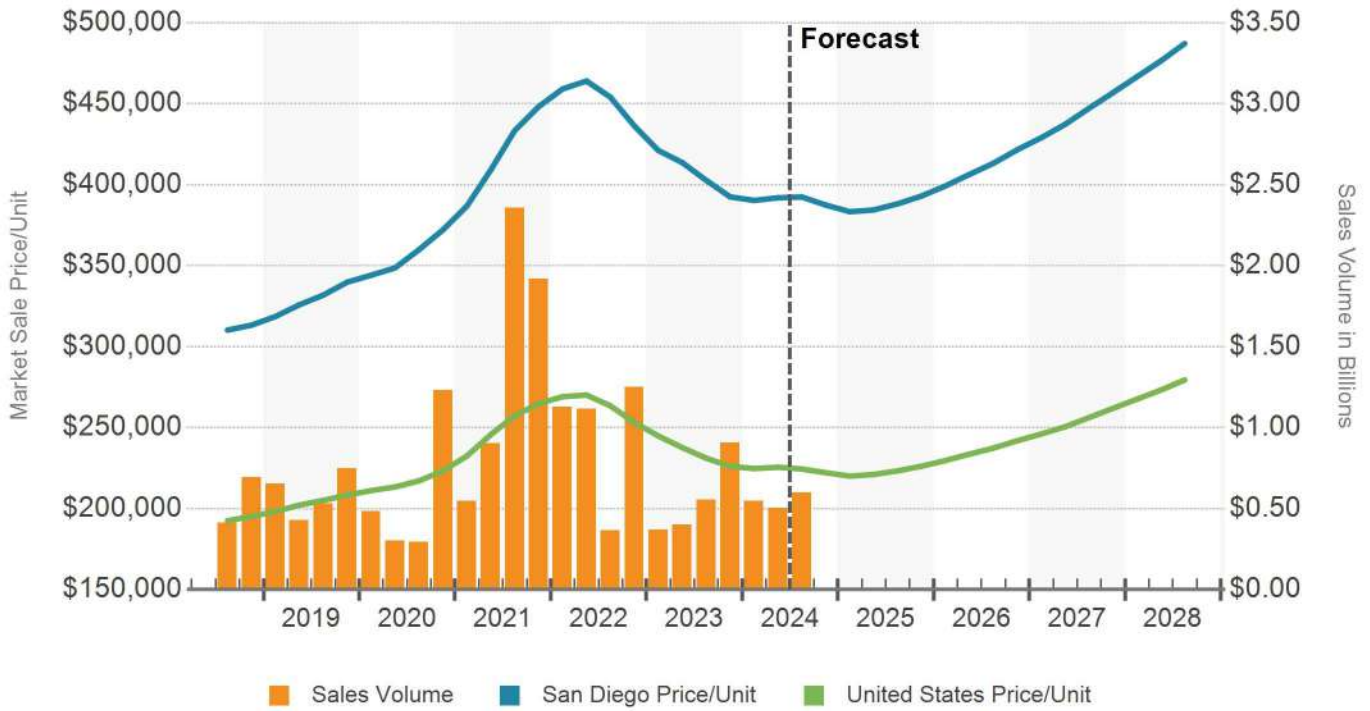
zone.

A private individual sold the 32-unit property at 14261-14277 Rios Canyon Road in El Cajon to a family trust during 24Q2 for \$14.8 million, or about \$463,000/unit, at a 4.5% cap rate. The buyer assumed \$7.8 million in debt at a 3.32% rate with 12 years remaining on the term for the five-year old property. The property was listed for sale at a 4.66% cap rate, and it provides a good example of investors paying over the asking price with a lower cost of debt.

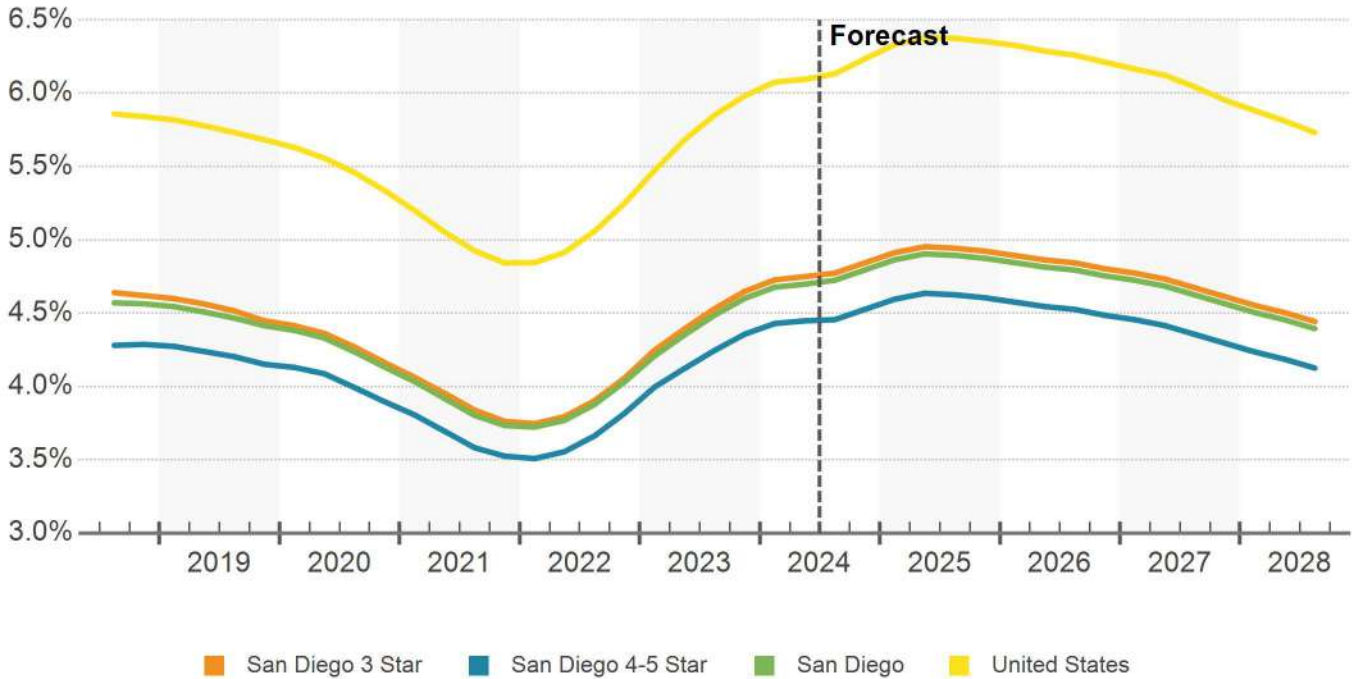
A private investor purchased the 25-unit property at 350-370 Chinquapin Avenue in Carlsbad during 24Q2 for \$11.5 million, or \$460,000/unit. While the property was well-maintained, the buyer purchased the property as a value-add opportunity with the potential to raise rents significantly. Although the going-in yield priced at a 4.1% cap rate, the buyer's stabilized yield should be much higher due to in-place rents being 23% below market. The property was listed for sale at a 3.8% cap rate.

Uncertainty has been the common thread among investors in the current investment environment, according to market participants. With moderating rent growth, tenant protective measures, and elevated interest rates, most local investors do not anticipate much of a change in the investment landscape in the coming quarters.

SALES VOLUME & MARKET SALE PRICE PER UNIT



MARKET CAP RATE



Sales Past 12 Months

San Diego Multi-Family

Sale Comparables

Avg. Price/Unit (thous.)

Average Price (mil.)

Average Vacancy at Sale

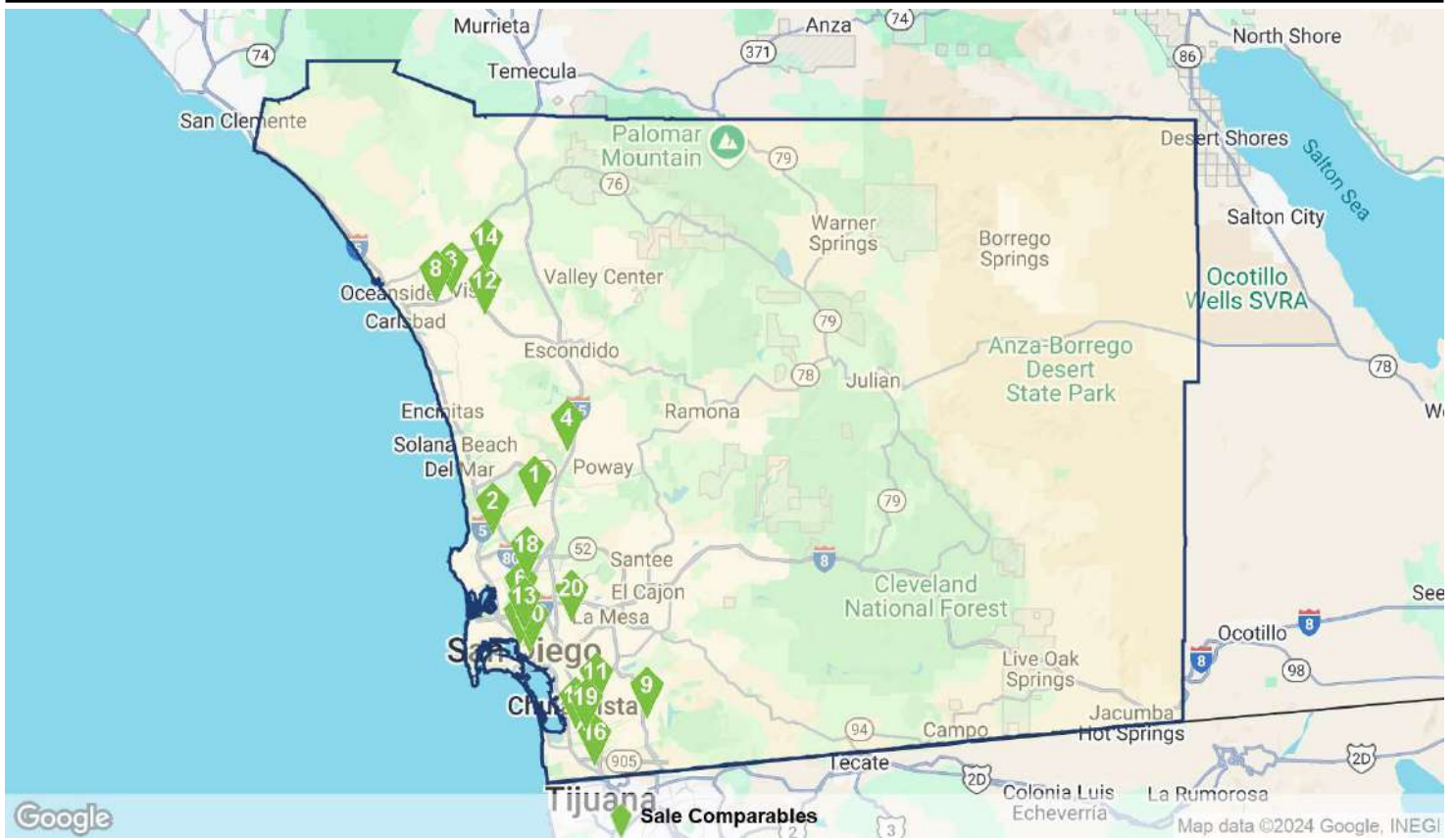
224

\$413

\$12.0

6.1%

SALE COMPARABLE LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$575,000	\$12,046,774	\$3,000,000	\$212,141,374
Price/Unit	\$85,000	\$412,818	\$331,556	\$1,260,000
Cap Rate	1.0%	4.5%	4.5%	9.7%
Vacancy Rate At Sale	0%	6.1%	0%	100%
Time Since Sale in Months	0.1	5.8	5.5	11.9
Property Attributes	Low	Average	Median	High
Property Size in Units	5	35	9	616
Number of Floors	1	2	2	24
Average Unit SF	263	776	763	1,568
Year Built	1900	1969	1970	2024
Star Rating	★★★★★	★★★★★ 2.3	★★★★★	★★★★★

Sales Past 12 Months

RECENT SIGNIFICANT SALES

Property Name/Address	Property Information				Sale Information				
	Rating	Yr Built	Units	Vacancy	Sale Date	Price	Price/Unit	Price/SF	
1 Esplanade 10201 Camino Ruiz	★★★★☆	1986	616	4.6%	3/25/2024	\$212,141,374	\$344,385	\$903	
2 Palisade 8800 Lombard Pl	★★★★★	2019	300	9.0%	12/22/2023	\$203,000,000	\$676,666	\$702	
3 Waterleaf Apartment Homes 333 N Emerald Dr	★★★★☆	1985	456	7.5%	10/2/2023	\$174,000,000	\$381,578	\$436	
4 Windsor Rancho PQ 14433 Penasquitos Dr	★★★★☆	2022	331	17.2%	7/18/2024	\$167,000,000	\$504,531	\$522	
5 ALX 300 14th St	★★★★★	2017	313	8.3%	7/26/2024	\$137,000,000	\$437,699	\$548	
6 The Margo 201 Del Sol Dr	★★★★☆	2021	240	9.6%	12/11/2023	\$125,500,000	\$522,916	\$628	
7 Luma 1440 Columbia St	★★★★★	2019	220	10.5%	6/14/2024	\$125,096,222	\$568,619	\$900	
8 Marisol Carlsbad 3251 Marisol Pl	★★★★☆	2018	278	4.7%	6/14/2024	\$121,376,856	\$436,607	\$347	
9 Pulse Millenia 2043 Artisan Way	★★★★☆	2015	273	7.0%	2/5/2024	\$116,000,000	\$424,908	\$434	
10 The Artisan 1601 Broadway	★★★★☆	2018	265	9.4%	12/21/2023	\$107,750,000	\$406,603	\$440	
11 The Emery at Terra Nova 440 E H St	★★★★☆	1985	233	9.0%	3/8/2024	\$82,000,000	\$351,931	\$376	
12 Rancho Hills Apartments 856 Heatherwood Ln	★★★★☆	1986	148	3.4%	7/12/2024	\$53,500,000	\$361,486	\$418	
13 AVA Balboa Park 3288 5th Ave	★★★★☆	2015	100	6.0%	9/3/2024	\$51,000,000	\$510,000	\$638	
14 Oak Manor Apartments 1575 Oak Dr	★★★★☆	1978	187	3.7%	12/22/2023	\$43,000,000	\$229,946	\$198	
15 Vista 1440-1450 2nd Ave	★★★★☆	1975	151	11.3%	11/16/2023	\$37,250,000	\$246,688	\$370	
16 Casa De Miranda Apartments 260 Cottonwood Rd	★★★★☆	1970	120	0.8%	6/11/2024	\$28,050,000	\$233,750	\$252	
17 Sunset Villa Apartments 1225 Broadway	★★★★☆	1969	154	25.3%	10/13/2023	\$28,000,000	\$181,818	\$206	
18 Mar at Mesa 3502 Angelucci St	★★★★☆	1988	62	0%	8/6/2024	\$21,500,000	\$346,774	\$294	
19 Casa Madrid 240 Quintard St	★★★★☆	1970	88	1.1%	8/15/2024	\$18,750,000	\$213,068	\$213	
20 Pacific Cove 4025 Oakcrest Dr	★★★★☆	1988	81	6.2%	9/22/2023	\$18,250,000	\$225,308	\$398	

With summer recess in full swing, July's jobs report for San Diego showed an uptick in the unemployment rate from 4.5% to 4.9% in July. That was still far below California's statewide unemployment rate of 5.8%.

The rise in San Diego's unemployment rate can also be tied to the rise in the local labor force. Almost 13,000 people joined the labor force in July, according to the Bureau of Labor Statistics. That marked a 0.8% increase month-over-month, and it was one of the few months in the past year to see an increase. In the past 12 months, San Diego's labor force has fallen by 0.4%, or about 6,600.

The San Diego region reported a drop of 12,200 nonfarm jobs in July. Government recorded the largest month-over-month decline of 15,200 jobs. Nearly 90% of those were tied to local government as San Diego's schools headed for summer recess.

Conversely, with the summer tourist season in full effect, leisure and hospitality recorded the largest monthly job gains with 1,900 added to payrolls, the majority of which were in accommodation and food services. Hotel occupancy reached 84.8% in July, which was the highest level since last July.

The office-using employment sectors that consist of professional and business services, information and financial activities, reported 1,300 new jobs in July. That

marked one of the best months this year.

However, in the past 12 months, those sectors shed 6,400 positions, followed by 3,700 in manufacturing in the past year. Private education and health services recorded the strongest job growth in the past year, with 12,900 more positions, followed by 5,500 in government.

San Diego's nonfarm job growth since last July was 0.9%, or 13,500. Both Los Angeles and Orange County outpaced the local job growth in the past year.

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

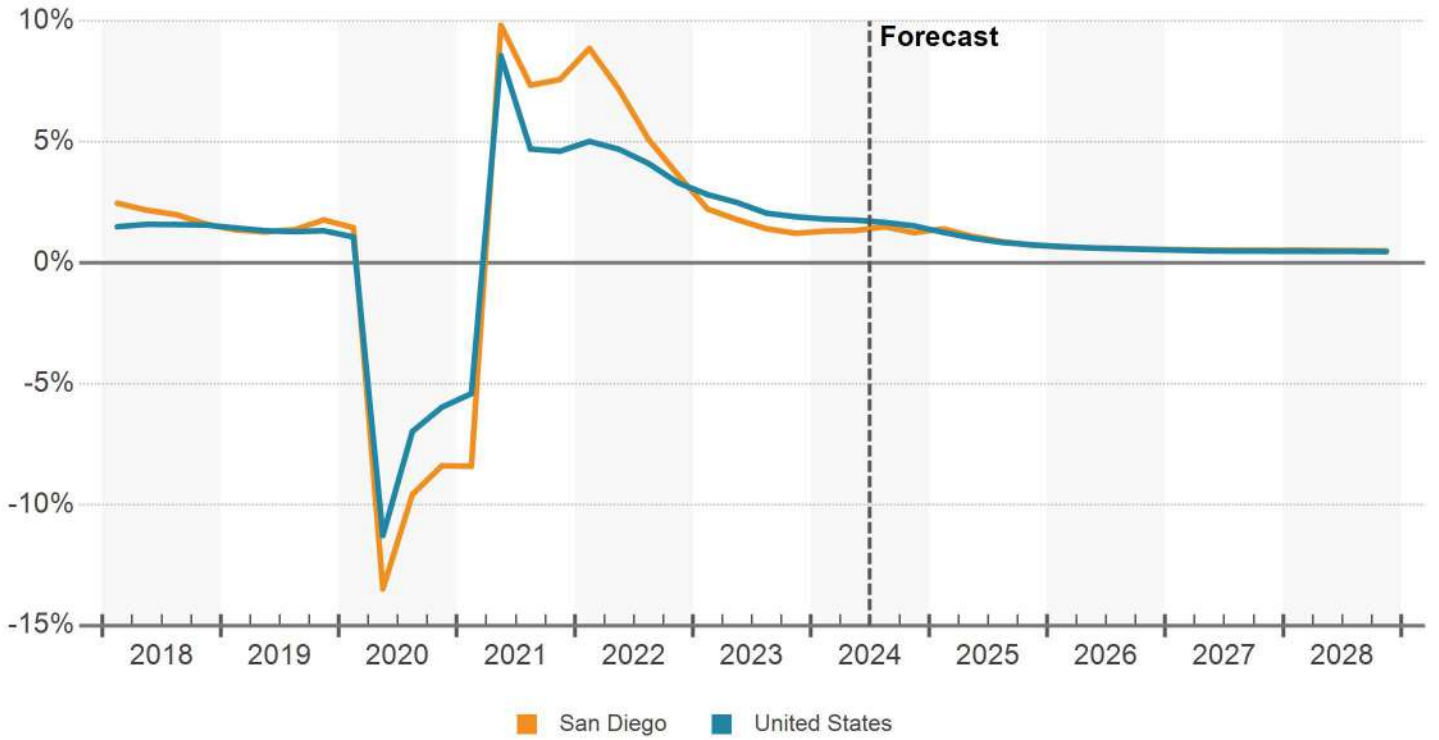
San Diego also has over 140,000 active duty and civilian military employees. According to the San Diego Military Advisory Council, the defense industry accounts for more than 350,000 jobs in the region. That is close to 25% of the economy. The Navy's renewed focus on the Pacific theater of operation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

SAN DIEGO EMPLOYMENT BY INDUSTRY IN THOUSANDS

Industry	CURRENT JOBS		CURRENT GROWTH		10 YR HISTORICAL		5 YR FORECAST	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	113	0.9	-1.96%	0.34%	1.00%	0.63%	0.40%	0.34%
Trade, Transportation and Utilities	223	0.8	0.04%	0.78%	0.32%	1.01%	0.05%	0.29%
Retail Trade	140	0.9	0.32%	0.80%	-0.30%	0.25%	-0.01%	0.22%
Financial Activities	73	0.8	-0.49%	0.38%	0.46%	1.48%	0.02%	0.36%
Government	255	1.1	1.88%	2.34%	1.08%	0.66%	0.51%	0.52%
Natural Resources, Mining and Construction	93	1.1	1.90%	2.44%	3.70%	2.29%	0.68%	0.74%
Education and Health Services	255	1.0	4.36%	3.70%	3.22%	2.08%	1.02%	0.78%
Professional and Business Services	275	1.2	-0.23%	0.75%	2.15%	1.82%	0.53%	0.60%
Information	22	0.7	-0.26%	0.27%	-0.82%	1.02%	0.49%	0.54%
Leisure and Hospitality	211	1.2	3.86%	2.29%	1.77%	1.47%	1.21%	1.00%
Other Services	58	1.0	2.05%	1.44%	0.93%	0.61%	0.66%	0.50%
Total Employment	1,579	1.0	1.47%	1.69%	1.62%	1.34%	0.61%	0.57%

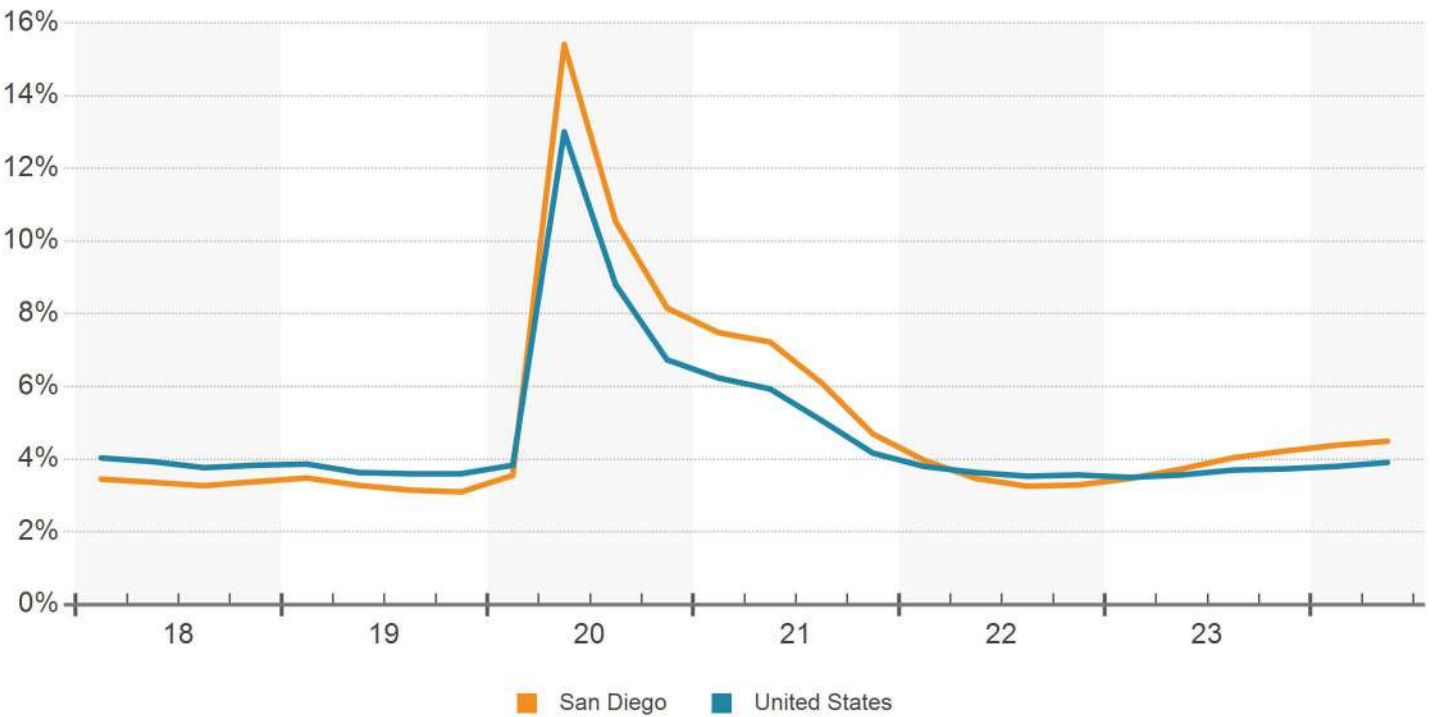
Source: Oxford Economics
LQ = Location Quotient

JOB GROWTH (YOY)

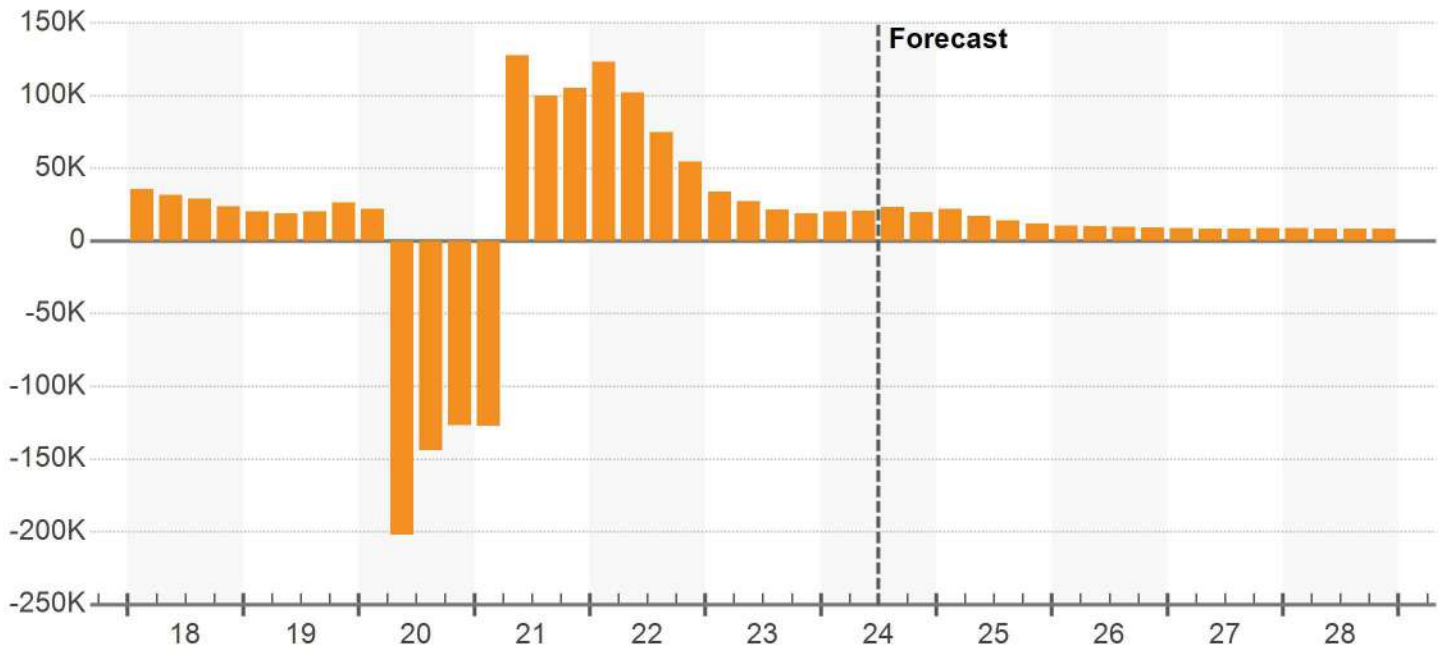


Source: Oxford Economics

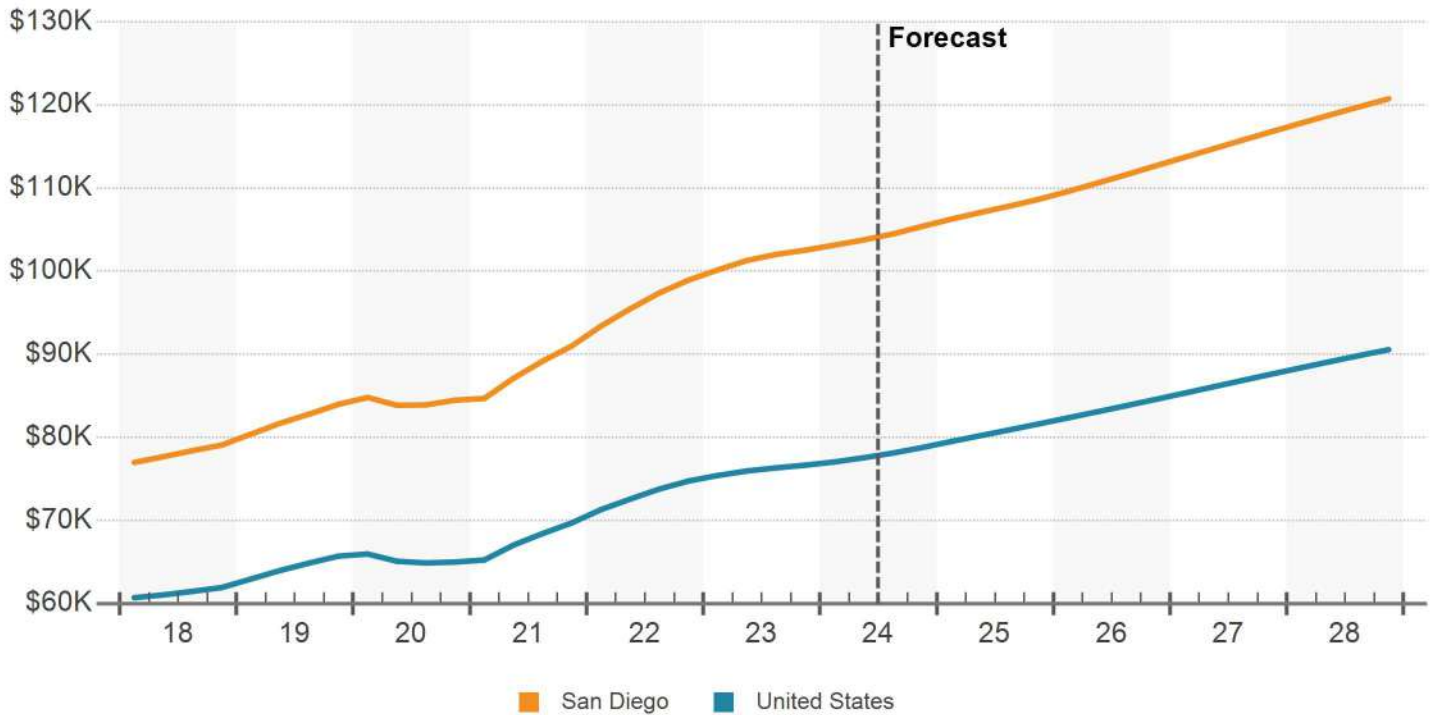
UNEMPLOYMENT RATE (%)



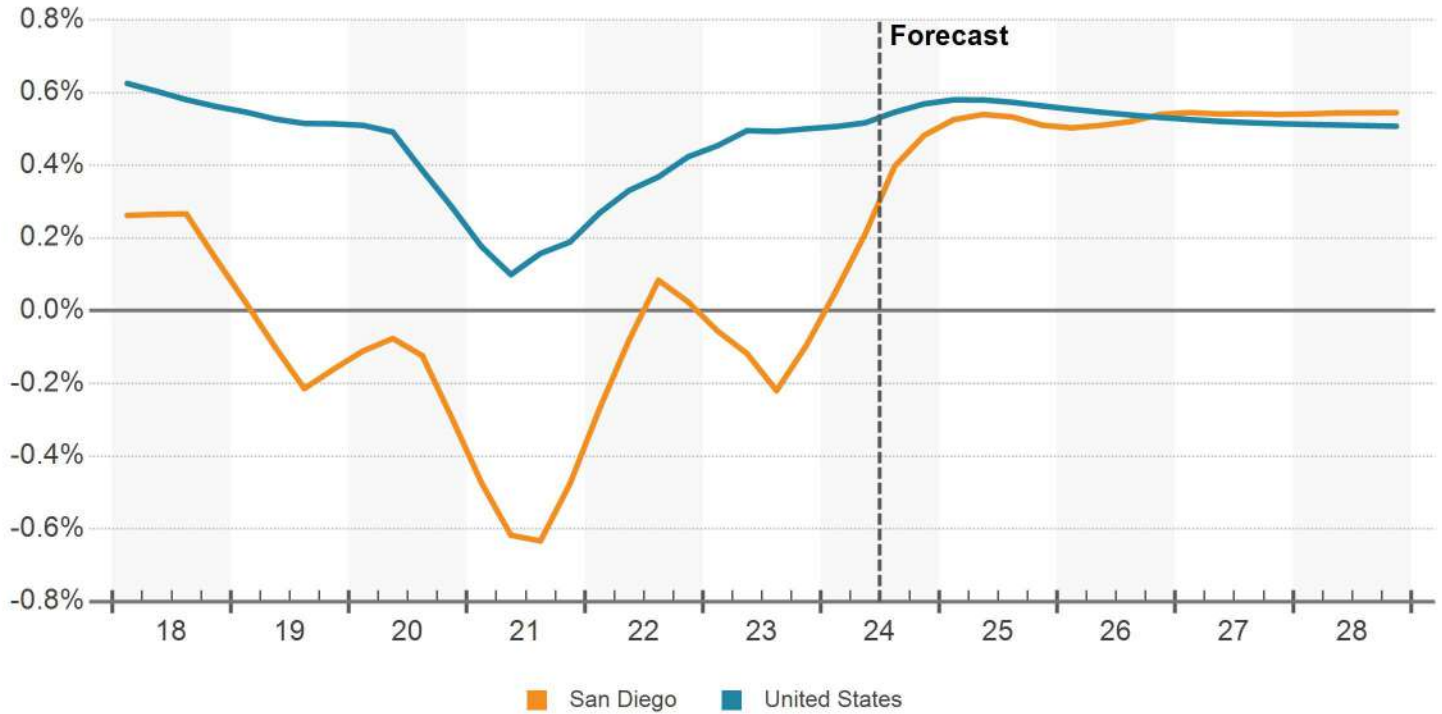
NET EMPLOYMENT CHANGE (YOY)



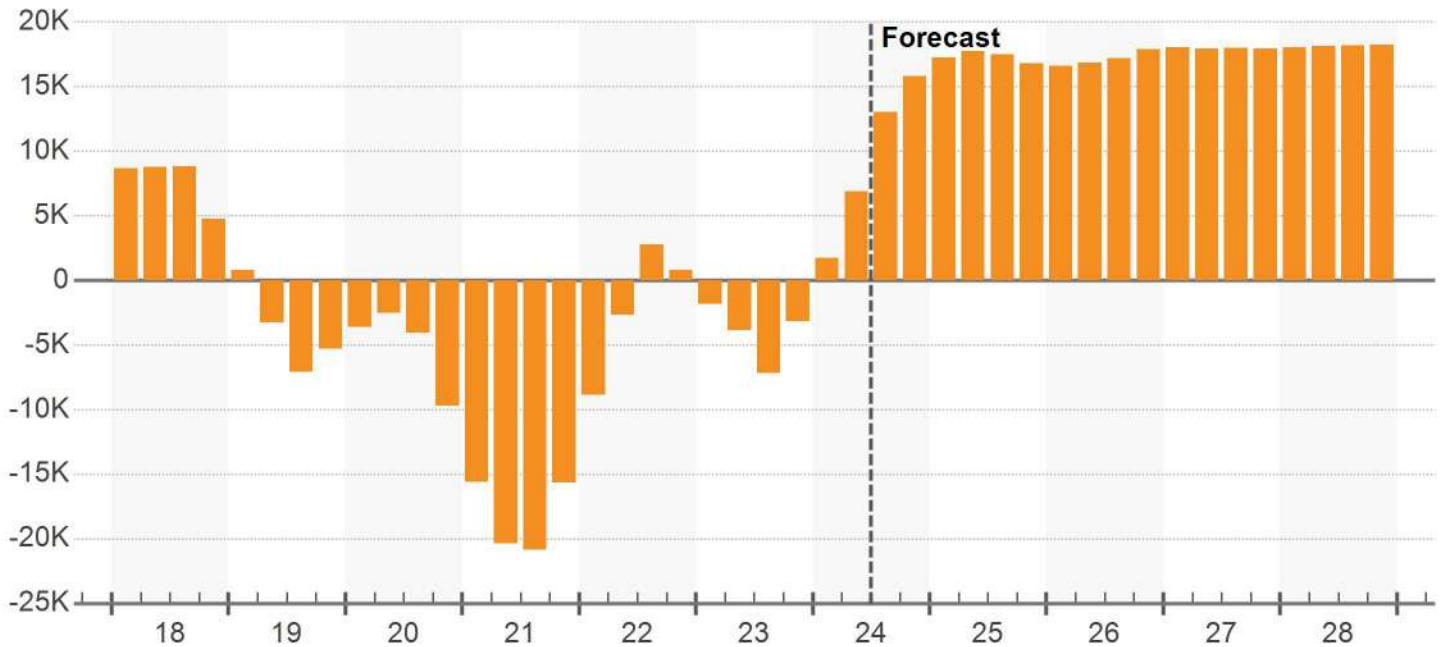
MEDIAN HOUSEHOLD INCOME



POPULATION GROWTH (YOY %)



NET POPULATION CHANGE (YOY)



DEMOGRAPHIC TRENDS

Demographic Category	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Metro	US	Metro	US	Metro	US	Metro	US
Population	3,282,389	336,678,344	0.4%	0.5%	0.1%	0.5%	0.5%	0.5%
Households	1,178,086	131,581,578	0.5%	0.7%	0.4%	0.9%	0.6%	0.6%
Median Household Income	\$104,387	\$78,038	2.4%	2.3%	4.9%	3.9%	3.4%	3.5%
Labor Force	1,605,203	168,315,078	0.2%	0.5%	0.5%	0.8%	0.2%	0.5%
Unemployment	4.5%	3.9%	0.5%	0.2%	-0.2%	-0.2%	-	-

Source: Oxford Economics

POPULATION GROWTH



LABOR FORCE GROWTH



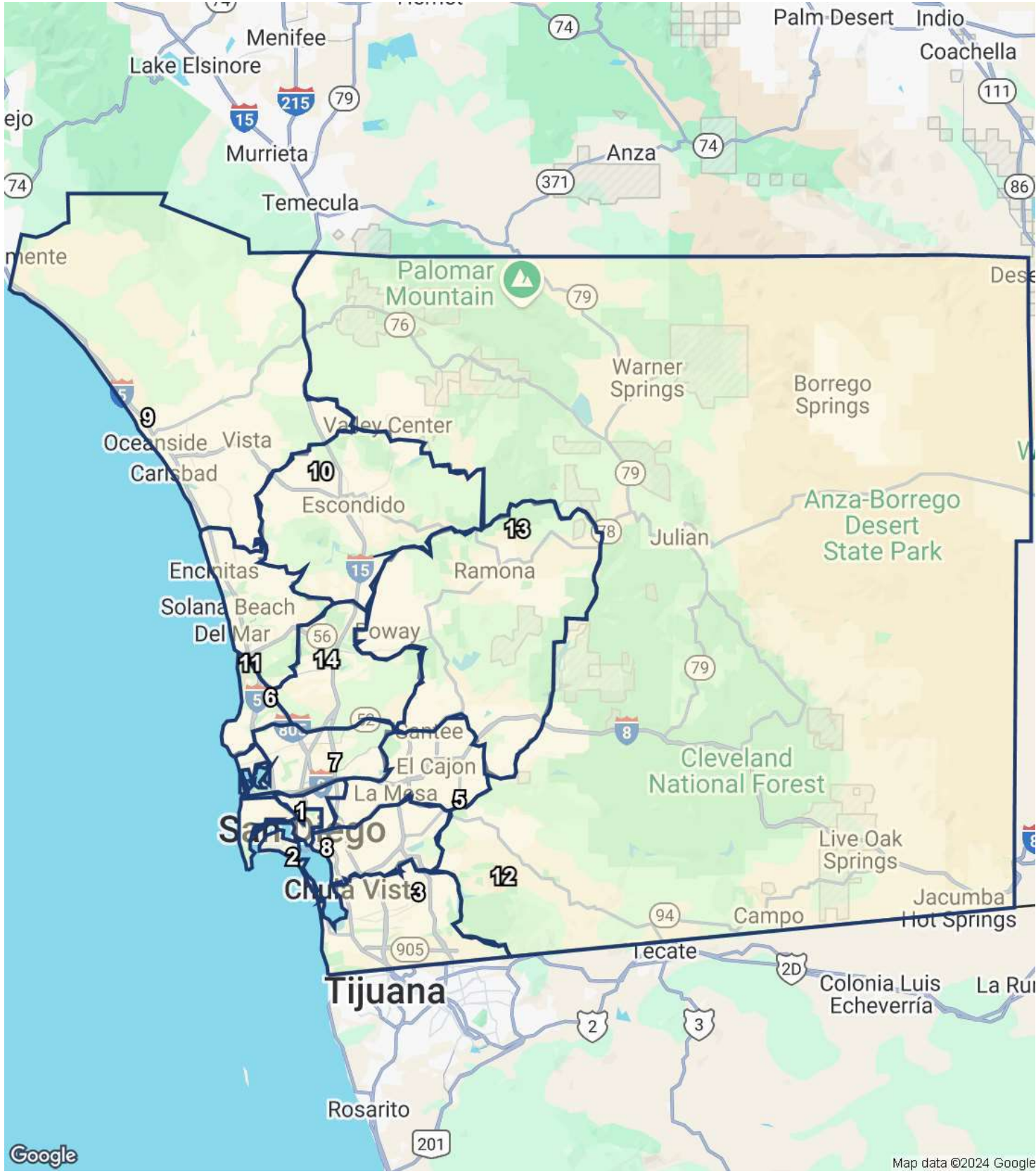
INCOME GROWTH



Source: Oxford Economics

Submarkets

SAN DIEGO SUBMARKETS



Google

Map data ©2024 Google

Submarkets

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	2,990	32,291	11.5%	3	11	701	2.2%	3	10	616	1.9%	5
2	Central Coast	1,498	19,531	7.0%	6	5	555	2.8%	4	2	262	1.3%	8
3	Chula Vista/Imperial Beach	891	31,966	11.4%	4	7	855	2.7%	2	1	278	0.9%	7
4	Downtown San Diego	172	16,467	5.9%	8	4	1,219	7.4%	1	4	1,419	8.6%	2
5	East County	2,320	46,315	16.5%	1	7	138	0.3%	9	1	31	0.1%	11
6	La Jolla/UTC	168	12,609	4.5%	10	2	44	0.3%	11	1	16	0.1%	13
7	Mission Valley/North Cen...	323	26,876	9.6%	5	4	159	0.6%	8	6	2,280	8.5%	1
8	National City/South Central	901	15,970	5.7%	9	7	229	1.4%	7	3	30	0.2%	12
9	North County	905	33,211	11.8%	2	4	396	1.2%	5	3	607	1.8%	6
10	North I-15 Corridor	384	18,412	6.6%	7	1	15	0.1%	12	2	721	3.9%	4
11	North Shore Cities	197	8,376	3.0%	12	1	75	0.9%	10	1	260	3.1%	9
12	Outlying San Diego County	27	1,182	0.4%	14	0	0	0%	-	0	0	0%	-
13	Poway/Santee/Ramona	124	5,338	1.9%	13	2	237	4.4%	6	1	72	1.3%	10
14	South I-15 Corridor	70	12,220	4.4%	11	0	0	0%	-	3	821	6.7%	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	\$1,966	\$2.91	7	0.2%	\$1,948	\$2.89	7	0.1%	0.9%	6
2	Central Coast	\$2,364	\$3.24	4	-0.9%	\$2,340	\$3.21	5	-1.2%	1.0%	5
3	Chula Vista/Imperial Beach	\$2,376	\$2.75	10	0.1%	\$2,350	\$2.72	10	-0.5%	1.1%	4
4	Downtown San Diego	\$3,073	\$3.89	1	-1.3%	\$3,014	\$3.81	1	-2.5%	1.9%	1
5	East County	\$1,955	\$2.50	12	0.8%	\$1,946	\$2.49	12	0.8%	0.5%	13
6	La Jolla/UTC	\$3,316	\$3.54	3	1.2%	\$3,278	\$3.50	3	0.7%	1.2%	3
7	Mission Valley/North Cen...	\$2,821	\$3.24	5	-0.8%	\$2,802	\$3.21	4	-0.7%	0.7%	7
8	National City/South Central	\$1,907	\$2.50	13	1.8%	\$1,896	\$2.48	13	1.6%	0.6%	10
9	North County	\$2,491	\$2.86	8	0.7%	\$2,477	\$2.85	8	0.5%	0.6%	11
10	North I-15 Corridor	\$2,420	\$2.77	9	1.4%	\$2,409	\$2.76	9	1.3%	0.4%	14
11	North Shore Cities	\$3,503	\$3.55	2	0.5%	\$3,481	\$3.53	2	0.3%	0.6%	9
12	Outlying San Diego County	\$2,035	\$2.31	14	-0.1%	\$2,022	\$2.30	14	-0.2%	0.6%	8
13	Poway/Santee/Ramona	\$2,231	\$2.57	11	2.4%	\$2,196	\$2.53	11	1.1%	1.6%	2
14	South I-15 Corridor	\$2,988	\$3.12	6	-0.7%	\$2,973	\$3.11	6	-0.6%	0.5%	12

SUBMARKET VACANCY & ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		Units	Percent	Rank	Units	% of Inv	Rank	Construc. Ratio
1	Balboa Park	1,548	4.8%	5	543	1.7%	2	1.1
2	Central Coast	1,148	5.9%	11	280	1.4%	3	2.0
3	Chula Vista/Imperial Beach	1,793	5.6%	10	176	0.5%	6	4.8
4	Downtown San Diego	1,837	11.2%	14	780	4.7%	1	1.5
5	East County	1,960	4.2%	4	(168)	-0.4%	13	-
6	La Jolla/UTC	635	5.0%	9	(47)	-0.4%	10	-
7	Mission Valley/North Cen...	1,312	4.9%	6	224	0.8%	4	0.6
8	National City/South Central	589	3.7%	2	108	0.7%	7	2.1
9	North County	1,642	4.9%	7	(108)	-0.3%	11	-
10	North I-15 Corridor	662	3.6%	1	(109)	-0.6%	12	-
11	North Shore Cities	415	5.0%	8	(175)	-2.1%	14	-
12	Outlying San Diego County	71	6.0%	12	(12)	-1.1%	8	-
13	Poway/Santee/Ramona	465	8.7%	13	(22)	-0.4%	9	-
14	South I-15 Corridor	514	4.2%	3	200	1.6%	5	-

OVERALL SUPPLY & DEMAND

Year	Inventory			Absorption		
	Units	Growth	% Growth	Units	% of Inv	Construction Ratio
2028	292,002	2,688	0.9%	2,991	1.0%	0.9
2027	289,314	1,614	0.6%	2,477	0.9%	0.7
2026	287,700	2,666	0.9%	3,451	1.2%	0.8
2025	285,034	2,997	1.1%	3,167	1.1%	0.9
2024	282,037	3,961	1.4%	2,984	1.1%	1.3
YTD	280,764	2,688	1.0%	2,592	0.9%	1.0
2023	278,076	3,927	1.4%	362	0.1%	10.8
2022	274,149	4,224	1.6%	491	0.2%	8.6
2021	269,925	4,861	1.8%	8,552	3.2%	0.6
2020	265,064	2,202	0.8%	5,384	2.0%	0.4
2019	262,862	4,439	1.7%	3,559	1.4%	1.2
2018	258,423	4,610	1.8%	3,547	1.4%	1.3
2017	253,813	3,179	1.3%	2,316	0.9%	1.4
2016	250,634	1,816	0.7%	1,968	0.8%	0.9
2015	248,818	3,654	1.5%	4,361	1.8%	0.8
2014	245,164	3,892	1.6%	2,391	1.0%	1.6
2013	241,272	1,254	0.5%	2,075	0.9%	0.6
2012	240,018	1,550	0.6%	2,620	1.1%	0.6

4 & 5 STAR SUPPLY & DEMAND

Year	Inventory			Absorption		
	Units	Growth	% Growth	Units	% of Inv	Construction Ratio
2028	71,573	2,802	4.1%	2,443	3.4%	1.1
2027	68,771	1,641	2.4%	1,946	2.8%	0.8
2026	67,130	2,516	3.9%	2,544	3.8%	1.0
2025	64,614	2,280	3.7%	3,028	4.7%	0.8
2024	62,334	3,369	5.7%	2,881	4.6%	1.2
YTD	61,180	2,215	3.8%	2,242	3.7%	1.0
2023	58,965	3,135	5.6%	2,108	3.6%	1.5
2022	55,830	3,659	7.0%	2,307	4.1%	1.6
2021	52,171	4,279	8.9%	5,577	10.7%	0.8
2020	47,892	1,950	4.2%	2,865	6.0%	0.7
2019	45,942	3,660	8.7%	3,346	7.3%	1.1
2018	42,282	4,077	10.7%	2,858	6.8%	1.4
2017	38,205	2,930	8.3%	2,479	6.5%	1.2
2016	35,275	1,601	4.8%	2,290	6.5%	0.7
2015	33,674	3,672	12.2%	3,708	11.0%	1.0
2014	30,002	3,822	14.6%	2,164	7.2%	1.8
2013	26,180	1,446	5.8%	1,144	4.4%	1.3
2012	24,734	1,003	4.2%	1,191	4.8%	0.8

3 STAR SUPPLY & DEMAND

Year	Inventory			Absorption		
	Units	Growth	% Growth	Units	% of Inv	Construction Ratio
2028	92,015	0	0%	289	0.3%	0
2027	92,015	88	0.1%	368	0.4%	0.2
2026	91,927	260	0.3%	697	0.8%	0.4
2025	91,667	806	0.9%	484	0.5%	1.7
2024	90,861	613	0.7%	503	0.6%	1.2
YTD	90,726	478	0.5%	525	0.6%	0.9
2023	90,248	663	0.7%	(806)	-0.9%	-
2022	89,585	614	0.7%	(699)	-0.8%	-
2021	88,971	661	0.7%	1,857	2.1%	0.4
2020	88,310	306	0.3%	1,618	1.8%	0.2
2019	88,004	783	0.9%	446	0.5%	1.8
2018	87,221	535	0.6%	560	0.6%	1.0
2017	86,686	296	0.3%	32	0%	9.3
2016	86,390	215	0.2%	(37)	0%	-
2015	86,175	10	0%	153	0.2%	0.1
2014	86,165	69	0.1%	53	0.1%	1.3
2013	86,096	69	0.1%	511	0.6%	0.1
2012	86,027	714	0.8%	1,355	1.6%	0.5

1 & 2 STAR SUPPLY & DEMAND

Year	Inventory			Absorption		
	Units	Growth	% Growth	Units	% of Inv	Construction Ratio
2028	128,414	(114)	-0.1%	259	0.2%	-
2027	128,528	(115)	-0.1%	163	0.1%	-
2026	128,643	(110)	-0.1%	210	0.2%	-
2025	128,753	(89)	-0.1%	(345)	-0.3%	0.3
2024	128,842	(21)	0%	(400)	-0.3%	0.1
YTD	128,858	(5)	0%	(175)	-0.1%	0
2023	128,863	129	0.1%	(940)	-0.7%	-
2022	128,734	(49)	0%	(1,117)	-0.9%	0
2021	128,783	(79)	-0.1%	1,118	0.9%	-
2020	128,862	(54)	0%	901	0.7%	-
2019	128,916	(4)	0%	(233)	-0.2%	0
2018	128,920	(2)	0%	129	0.1%	0
2017	128,922	(47)	0%	(195)	-0.2%	0.2
2016	128,969	0	0%	(285)	-0.2%	0
2015	128,969	(28)	0%	500	0.4%	-
2014	128,997	1	0%	174	0.1%	0
2013	128,996	(261)	-0.2%	420	0.3%	-
2012	129,257	(167)	-0.1%	74	0.1%	-

OVERALL VACANCY & RENT

Year	Vacancy			Market Rent				Effective Rents	
	Units	Percent	Ppts Chg	Per Unit	Per SF	% Growth	Ppts Chg	Units	Per SF
2028	13,355	4.6%	(0.1)	\$2,821	\$3.39	3.1%	(0.3)	\$2,794	\$3.36
2027	13,658	4.7%	(0.3)	\$2,737	\$3.29	3.4%	(0.8)	\$2,711	\$3.26
2026	14,521	5.0%	(0.3)	\$2,648	\$3.18	4.2%	1.0	\$2,622	\$3.15
2025	15,301	5.4%	(0.1)	\$2,540	\$3.05	3.2%	2.6	\$2,516	\$3.02
2024	15,471	5.5%	0.3	\$2,461	\$2.96	0.6%	(0.8)	\$2,437	\$2.93
YTD	14,591	5.2%	0	\$2,482	\$2.98	0.3%	(1.2)	\$2,462	\$2.95
2023	14,490	5.2%	1.2	\$2,446	\$2.93	1.5%	(4.3)	\$2,426	\$2.91
2022	10,915	4.0%	1.3	\$2,410	\$2.89	5.8%	(6.2)	\$2,395	\$2.87
2021	7,187	2.7%	(1.4)	\$2,278	\$2.73	12.1%	10.0	\$2,267	\$2.72
2020	10,864	4.1%	(1.2)	\$2,033	\$2.43	2.1%	(0.8)	\$2,017	\$2.41
2019	14,021	5.3%	0.3	\$1,992	\$2.38	2.9%	(1.0)	\$1,974	\$2.36
2018	13,136	5.1%	0.4	\$1,936	\$2.31	3.9%	0	\$1,904	\$2.27
2017	12,001	4.7%	0.3	\$1,864	\$2.23	3.9%	(0.4)	\$1,836	\$2.19
2016	11,091	4.4%	(0.1)	\$1,794	\$2.14	4.3%	(1.8)	\$1,772	\$2.12
2015	11,242	4.5%	(0.4)	\$1,721	\$2.05	6.1%	2.6	\$1,703	\$2.03
2014	11,950	4.9%	0.5	\$1,622	\$1.93	3.5%	0	\$1,604	\$1.91
2013	10,450	4.3%	(0.4)	\$1,566	\$1.87	3.6%	0.9	\$1,551	\$1.85
2012	11,269	4.7%	(0.5)	\$1,513	\$1.80	2.7%	-	\$1,500	\$1.79

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
2028	4,988	7.0%	0.2	\$3,727	\$3.91	2.8%	(0.4)	\$3,672	\$3.85
2027	4,629	6.7%	(0.6)	\$3,624	\$3.80	3.2%	(0.9)	\$3,570	\$3.74
2026	4,934	7.3%	(0.3)	\$3,510	\$3.68	4.1%	1.0	\$3,458	\$3.63
2025	4,958	7.7%	(1.5)	\$3,372	\$3.54	3.1%	3.0	\$3,322	\$3.48
2024	5,705	9.2%	0.3	\$3,272	\$3.43	0.1%	0.4	\$3,223	\$3.38
YTD	5,192	8.5%	(0.4)	\$3,316	\$3.47	-0.7%	(0.5)	\$3,271	\$3.42
2023	5,215	8.8%	1.4	\$3,269	\$3.42	-0.3%	(4.9)	\$3,223	\$3.37
2022	4,181	7.5%	2.0	\$3,277	\$3.43	4.6%	(9.0)	\$3,249	\$3.40
2021	2,838	5.4%	(3.2)	\$3,132	\$3.28	13.6%	12.8	\$3,108	\$3.25
2020	4,127	8.6%	(2.3)	\$2,756	\$2.88	0.8%	(1.0)	\$2,719	\$2.85
2019	5,021	10.9%	(0.2)	\$2,734	\$2.86	1.8%	(1.5)	\$2,696	\$2.82
2018	4,703	11.1%	2.2	\$2,687	\$2.81	3.3%	0.4	\$2,613	\$2.73
2017	3,414	8.9%	0.7	\$2,601	\$2.72	3.0%	0.2	\$2,544	\$2.66
2016	2,915	8.3%	(2.4)	\$2,526	\$2.64	2.7%	(2.5)	\$2,481	\$2.60
2015	3,604	10.7%	(1.4)	\$2,459	\$2.57	5.3%	1.8	\$2,425	\$2.54
2014	3,641	12.1%	4.6	\$2,336	\$2.44	3.5%	(0.3)	\$2,302	\$2.41
2013	1,983	7.6%	0.8	\$2,257	\$2.36	3.8%	0.4	\$2,222	\$2.32
2012	1,681	6.8%	(1.1)	\$2,175	\$2.28	3.3%	-	\$2,152	\$2.25

3 STAR VACANCY & RENT

Year	Vacancy			Market Rent				Effective Rents	
	Units	Percent	Ppts Chg	Per Unit	Per SF	% Growth	Ppts Chg	Units	Per SF
2028	3,954	4.3%	(0.3)	\$2,882	\$3.42	3.2%	(0.3)	\$2,861	\$3.39
2027	4,243	4.6%	(0.3)	\$2,794	\$3.31	3.4%	(0.8)	\$2,773	\$3.29
2026	4,522	4.9%	(0.5)	\$2,701	\$3.20	4.3%	1.0	\$2,681	\$3.18
2025	4,958	5.4%	0.3	\$2,591	\$3.07	3.3%	2.8	\$2,571	\$3.05
2024	4,637	5.1%	0.1	\$2,508	\$2.98	0.5%	(1.4)	\$2,490	\$2.95
YTD	4,480	4.9%	(0.1)	\$2,536	\$3	0%	(1.9)	\$2,520	\$2.98
2023	4,524	5.0%	1.6	\$2,496	\$2.96	1.9%	(5.2)	\$2,483	\$2.94
2022	3,053	3.4%	1.5	\$2,450	\$2.90	7.0%	(8.2)	\$2,438	\$2.89
2021	1,734	1.9%	(1.4)	\$2,289	\$2.71	15.3%	12.7	\$2,283	\$2.70
2020	2,926	3.3%	(1.5)	\$1,986	\$2.35	2.6%	(1.1)	\$1,976	\$2.34
2019	4,232	4.8%	0.3	\$1,936	\$2.29	3.7%	(0.7)	\$1,923	\$2.27
2018	3,893	4.5%	(0.1)	\$1,867	\$2.21	4.3%	0	\$1,843	\$2.18
2017	3,917	4.5%	0.3	\$1,790	\$2.12	4.3%	(0.9)	\$1,764	\$2.09
2016	3,654	4.2%	0.3	\$1,716	\$2.03	5.2%	(2.0)	\$1,696	\$2
2015	3,401	3.9%	(0.2)	\$1,630	\$1.93	7.2%	3.1	\$1,616	\$1.91
2014	3,545	4.1%	0	\$1,521	\$1.80	4.1%	0	\$1,505	\$1.78
2013	3,529	4.1%	(0.5)	\$1,461	\$1.73	4.0%	1.4	\$1,450	\$1.71
2012	3,971	4.6%	(0.8)	\$1,405	\$1.66	2.7%	-	\$1,394	\$1.65

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
2028	4,413	3.4%	(0.3)	\$2,077	\$2.81	3.2%	(0.3)	\$2,065	\$2.79
2027	4,786	3.7%	(0.2)	\$2,012	\$2.72	3.5%	(0.8)	\$2,001	\$2.71
2026	5,065	3.9%	(0.2)	\$1,943	\$2.63	4.4%	1.0	\$1,933	\$2.61
2025	5,384	4.2%	0.2	\$1,862	\$2.52	3.4%	1.8	\$1,852	\$2.51
2024	5,129	4.0%	0.3	\$1,802	\$2.44	1.6%	(1.8)	\$1,792	\$2.42
YTD	4,919	3.8%	0.1	\$1,799	\$2.42	2.0%	(1.4)	\$1,792	\$2.41
2023	4,750	3.7%	0.8	\$1,773	\$2.39	3.4%	(2.3)	\$1,765	\$2.38
2022	3,681	2.9%	0.8	\$1,716	\$2.31	5.7%	0.1	\$1,709	\$2.30
2021	2,615	2.0%	(0.9)	\$1,623	\$2.18	5.6%	2.5	\$1,617	\$2.17
2020	3,811	3.0%	(0.7)	\$1,537	\$2.05	3.1%	(0.2)	\$1,530	\$2.05
2019	4,767	3.7%	0.2	\$1,490	\$1.99	3.4%	(0.8)	\$1,483	\$1.98
2018	4,540	3.5%	(0.1)	\$1,441	\$1.92	4.1%	(0.5)	\$1,433	\$1.91
2017	4,670	3.6%	0.1	\$1,384	\$1.84	4.7%	(0.6)	\$1,376	\$1.83
2016	4,522	3.5%	0.2	\$1,323	\$1.76	5.2%	(0.6)	\$1,316	\$1.75
2015	4,237	3.3%	(0.4)	\$1,257	\$1.67	5.9%	3.0	\$1,250	\$1.66
2014	4,765	3.7%	(0.1)	\$1,187	\$1.57	2.9%	0.3	\$1,181	\$1.56
2013	4,937	3.8%	(0.5)	\$1,154	\$1.53	2.6%	0.9	\$1,148	\$1.52
2012	5,618	4.3%	(0.2)	\$1,124	\$1.49	1.8%	-	\$1,118	\$1.48

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
2028	-	-	-	-	-	-	\$497,278	328	4.3%
2027	-	-	-	-	-	-	\$456,873	301	4.6%
2026	-	-	-	-	-	-	\$421,635	278	4.8%
2025	-	-	-	-	-	-	\$393,068	259	4.9%
2024	-	-	-	-	-	-	\$387,503	256	4.8%
YTD	159	\$1.6B	1.9%	\$10,784,055	\$383,890	4.5%	\$394,924	260	4.7%
2023	232	\$2.2B	2.2%	\$10,003,473	\$370,007	4.4%	\$392,559	259	4.6%
2022	343	\$3.9B	3.5%	\$11,301,824	\$399,837	3.5%	\$436,342	288	4.0%
2021	577	\$5.7B	7.0%	\$9,991,120	\$305,361	4.1%	\$448,259	296	3.7%
2020	306	\$2.3B	3.0%	\$7,745,161	\$289,980	4.4%	\$372,152	245	4.1%
2019	574	\$2.4B	4.2%	\$6,660,530	\$293,908	4.5%	\$339,894	224	4.4%
2018	503	\$2B	3.6%	\$6,093,490	\$265,108	4.4%	\$313,331	207	4.6%
2017	681	\$3B	5.4%	\$7,469,501	\$272,204	4.5%	\$295,644	195	4.6%
2016	507	\$2.5B	4.7%	\$6,157,913	\$232,480	4.8%	\$276,876	183	4.7%
2015	544	\$2.1B	5.4%	\$5,238,363	\$193,104	4.9%	\$263,302	174	4.7%
2014	455	\$1.6B	5.9%	\$4,332,719	\$163,687	5.2%	\$240,179	158	4.9%
2013	465	\$1.3B	4.6%	\$3,354,310	\$168,598	5.7%	\$220,206	145	5.1%

(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. The price index is not smoothed.

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
2028	-	-	-	-	-	-	\$702,099	328	4.1%
2027	-	-	-	-	-	-	\$645,305	301	4.3%
2026	-	-	-	-	-	-	\$595,600	278	4.5%
2025	-	-	-	-	-	-	\$555,454	259	4.6%
2024	-	-	-	-	-	-	\$548,574	256	4.5%
YTD	8	\$738.9M	2.5%	\$92,359,135	\$476,385	4.5%	\$559,527	261	4.4%
2023	9	\$623.3M	2.0%	\$69,258,944	\$536,429	4.1%	\$554,438	259	4.4%
2022	17	\$1.4B	5.2%	\$82,014,900	\$483,780	3.6%	\$616,725	288	3.8%
2021	12	\$1.2B	4.8%	\$98,793,708	\$475,351	4.1%	\$636,868	297	3.5%
2020	9	\$708M	3.4%	\$88,500,938	\$440,851	4.0%	\$531,552	248	3.9%
2019	10	\$726.9M	4.0%	\$80,770,010	\$397,664	5.0%	\$486,739	227	4.2%
2018	8	\$641.2M	4.6%	\$91,603,714	\$393,390	4.0%	\$449,093	210	4.3%
2017	15	\$1.4B	8.6%	\$91,259,269	\$416,455	4.3%	\$425,736	199	4.3%
2016	10	\$592M	4.9%	\$59,204,850	\$340,453	4.6%	\$400,287	187	4.4%
2015	9	\$421.2M	3.9%	\$46,794,444	\$322,720	4.7%	\$382,704	179	4.4%
2014	4	\$167.5M	4.0%	\$55,833,333	\$221,268	-	\$349,588	163	4.6%
2013	10	\$240.3M	10.0%	\$80,104,283	\$287,800	5.2%	\$320,186	149	4.8%

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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
2028	-	-	-	-	-	-	\$462,419	330	4.4%
2027	-	-	-	-	-	-	\$425,099	304	4.6%
2026	-	-	-	-	-	-	\$392,520	280	4.8%
2025	-	-	-	-	-	-	\$366,021	261	4.9%
2024	-	-	-	-	-	-	\$360,607	258	4.8%
YTD	22	\$390.4M	2.4%	\$20,548,362	\$361,499	4.7%	\$367,222	262	4.7%
2023	47	\$971.6M	3.1%	\$21,590,489	\$355,627	4.3%	\$365,623	261	4.6%
2022	59	\$1.1B	3.2%	\$19,783,837	\$403,043	3.9%	\$409,023	292	4.1%
2021	96	\$2.2B	8.3%	\$23,410,842	\$304,903	4.0%	\$418,852	299	3.8%
2020	50	\$789.8M	3.2%	\$16,453,697	\$284,093	4.5%	\$347,138	248	4.2%
2019	64	\$605.4M	2.7%	\$11,870,091	\$307,609	4.4%	\$317,406	227	4.4%
2018	55	\$622M	2.9%	\$12,957,482	\$251,703	4.4%	\$289,721	207	4.6%
2017	97	\$742.6M	4.2%	\$10,762,647	\$219,776	4.8%	\$272,453	195	4.7%
2016	80	\$1.2B	5.8%	\$16,865,439	\$235,713	4.7%	\$254,728	182	4.8%
2015	95	\$948.8M	7.3%	\$12,650,415	\$189,642	4.9%	\$242,765	173	4.8%
2014	85	\$842.1M	9.4%	\$12,204,580	\$176,952	5.2%	\$220,576	158	5.0%
2013	57	\$506.5M	4.0%	\$10,551,799	\$212,185	5.3%	\$202,097	144	5.2%

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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
2028	-	-	-	-	-	-	\$415,177	327	4.4%
2027	-	-	-	-	-	-	\$381,129	300	4.7%
2026	-	-	-	-	-	-	\$351,552	276	4.9%
2025	-	-	-	-	-	-	\$327,556	258	5.0%
2024	-	-	-	-	-	-	\$322,571	254	4.9%
YTD	129	\$520.7M	1.3%	\$4,132,290	\$312,339	4.4%	\$328,727	259	4.8%
2023	176	\$635.9M	1.7%	\$3,762,556	\$297,832	4.4%	\$327,231	257	4.7%
2022	267	\$1.3B	3.1%	\$4,956,959	\$336,086	3.4%	\$361,623	284	4.1%
2021	469	\$2.3B	7.0%	\$4,928,917	\$258,015	4.1%	\$370,733	292	3.8%
2020	247	\$808.4M	2.8%	\$3,348,236	\$226,640	4.4%	\$306,748	241	4.2%
2019	500	\$1B	5.3%	\$3,498,927	\$242,924	4.5%	\$279,244	220	4.5%
2018	440	\$753.8M	3.7%	\$2,731,015	\$214,930	4.4%	\$259,272	204	4.7%
2017	569	\$853.9M	5.2%	\$2,728,052	\$201,958	4.4%	\$244,248	192	4.7%
2016	417	\$793.6M	3.8%	\$2,368,992	\$184,991	4.8%	\$228,224	179	4.8%
2015	440	\$772.6M	4.5%	\$2,377,105	\$161,387	4.9%	\$215,595	170	4.9%
2014	366	\$623.8M	4.0%	\$2,045,308	\$139,776	5.2%	\$197,025	155	5.0%
2013	398	\$534.5M	3.8%	\$1,614,946	\$122,098	5.7%	\$180,909	142	5.3%

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

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred. The price index is not smoothed.

DELIVERIES & UNDER CONSTRUCTION

Year	Inventory			Deliveries		Net Deliveries		Under Construction	
	Bldgs	Units	Vacancy	Bldgs	Units	Bldgs	Units	Bldgs	Units
2028	-	292,004	4.6%	-	2,802	-	2,687	-	-
2027	-	289,317	4.7%	-	1,729	-	1,615	-	-
2026	-	287,702	5.0%	-	2,777	-	2,667	-	-
2025	-	285,035	5.4%	-	3,086	-	2,997	-	-
2024	-	282,038	5.5%	-	4,182	-	3,962	-	-
YTD	10,970	280,764	5.2%	36	2,893	34	2,688	38	7,413
2023	10,936	278,076	5.2%	46	4,004	43	3,927	64	8,145
2022	10,893	274,149	4.0%	40	4,317	33	4,224	77	7,975
2021	10,860	269,925	2.7%	38	4,940	34	4,861	67	8,176
2020	10,826	265,064	4.1%	33	2,294	26	2,216	68	9,129
2019	10,800	262,862	5.3%	44	4,459	41	4,439	58	6,606
2018	10,759	258,423	5.1%	36	4,624	34	4,610	68	7,315
2017	10,725	253,813	4.7%	27	3,263	17	3,179	57	7,980
2016	10,708	250,634	4.4%	20	1,816	20	1,816	52	7,610
2015	10,688	248,818	4.5%	19	3,718	15	3,654	30	4,914
2014	10,673	245,164	4.9%	17	3,931	14	3,892	25	5,158
2013	10,659	241,272	4.3%	10	1,515	0	1,254	25	5,876
2012	10,659	240,018	4.7%	8	1,732	1	1,550	18	5,117

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

CONTACT THE EXPERTS

Pacific Coast Commercial
(619) 469-3600

10721 Treena Street, Ste 200
San Diego, CA 92131

www.PacificCoastCommercial.com
Lic. 01209930

