



CURRENT MARKET CONDITIONS:

- ↘ **UNEMPLOYMENT:** San Diego County unemployment rate is 3.3%
- ↗ **RENT:** Rents are expected to rise county-wide by 2.9% in 2018
- ↘ **VACANCY:** The current vacancy rate in San Diego County is 3.3% down from 3.7% reported in the Spring 2017 survey

VACANCY RATES BY REGION:

- **NORTH COUNTY** - 3.9 percent
- **CITY OF SAN DIEGO** - 3.2 percent
- **EAST COUNTY** - 3.2 percent
- **SOUTH BAY** - 2.8 percent

SAN DIEGO COUNTY SALES STATS (5 - 50 Units) January 1, 2017– December 31, 2017:



	<u>AVG CAP</u>	<u>AVG GRM</u>	<u># of Sales</u>	<u>AVG \$/Unit</u>	<u>AVG \$/SF</u>
NORTH COASTAL:	3.95%	16.76	20	\$299,831	\$378
NORTH INLAND:	4.83%	12.19	33	\$176,335	\$218
CENTRAL COASTAL:	3.59%	17.74	34	\$351,885	\$516
CENTRAL SAN DIEGO:	4.36%	14.09	165	\$227,286	\$326
EAST COUNTY:	5.02%	12.33	33	\$180,700	\$222
SOUTH BAY:	4.42%	13.43	34	\$154,742	\$252

SAN DIEGO COUNTY APARTMENT MARKET PERSPECTIVE: February 2018

With positive job growth in government, education, health and business services – and no sign of the housing shortage troubles abating anytime soon – the San Diego MSA remains a strong marketplace for residential rental housing. Though we lost jobs in the scientific and technical services industries – Qualcomm layoffs were national news – we are receiving a continued boost of new jobs – especially from the military and small business sectors. There’s also been an increase in military and defense contractor jobs and future signs point to positive growth in military spending. The metro ranks high in the country for startup business activity – venture capitalists continue to invest in San Diego – and we are home to one of North America’s top high-tech and life-science clusters.

Though rates of return are dipping into the four percent range – investors still see value in San Diego when compared with markets to the north; Orange County, Los Angeles and San Francisco. We are still in a market driven heavily by 1031 exchange transactions as new investors use FHA, VA and Conventional financing to purchase 2-4 unit duplex, triplex, and fourplex rentals, and seasoned investors trade-up into bigger multi-family properties (5+ units). Rents continue to increase by 3% annually. Sub-markets from Pacific Beach to East County up through Fallbrook continue to see shortages in residential housing stock of all varieties. There is little construction evident outside of Downtown as developers scratch their heads at the high construction costs and long wait times for building permits. The big question moving through 2018 will be how the recent uptick in mortgage rates will impact cap rates and buyer sentiment.

VACANCY DATA IS COLLECTED FROM THE SAN DIEGO COUNTY APARTMENT ASSOCIATION (SDCAA) FALL 2016 San Diego Vacancy & Rental Rate Survey. SALES DATA STATISTICS ARE PROVIDED VIA COSTAR COMPS: 5-50 UNITS FROM 1/1/2017 – 12/31/2017. UNEMPLOYMENT SOURCE: CA EDD January 19, 2018). 2018 Rent Forecast via Zillow report December 21, 2017. This information is for discussion purposes only and we believe to be reliable however, we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Principals must verify the information and bears all risk for any inaccuracies. Apartment Realty Group (ARG) and/or any affiliate and/or agent(s) is not qualified to provide, and have not been contracted to provide, legal, financial, or tax advice, and that any such advice regarding any investment by the recipients must be obtained from the recipients' attorney, accountant, or tax professional.

THE APARTMENT MARKET SPECIALISTS

(858) 952-1031 | Info@ARG1031.com

www.ApartmentRealtyGroup.com

Apartment Realty Group, Inc. | BRE#: 01863733
2831 Camino del Rio South, Suite #308 San Diego, CA 92108

Below is a Sample of Recent Sold Transactions

SOLD by ARG



**3060 B Street
San Diego, CA 92102**

TYPE: Multi-Family
SIZE: 30 Units
PRICE: \$8,090,000

SOLD by ARG



**4423 49th Street
San Diego, CA 92115**

TYPE: Multi-Family
SIZE: 6 Units
PRICE: \$1,245,000

SOLD by ARG



**836 26th Street
San Diego, CA 92116**

TYPE: Multi-Family
SIZE: 12 Units
PRICE: \$2,315,000

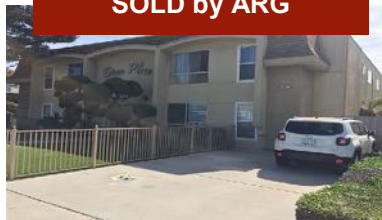
SOLD by ARG



**481 Palm Avenue
Imperial Beach, CA 91932**

TYPE: Multi-Family
SIZE: 10 Units
PRICE: \$2,615,000

SOLD by ARG



**1435 Felspar Street
San Diego, CA 92109**

TYPE: Multi-Family
SIZE: 10 Units
PRICE: \$4,000,000

SOLD by ARG



**3073 & 3075 B Street
San Diego, CA 92102**

TYPE: Multi-Family
SIZE: 18 Units
PRICE: \$4,400,000

SOLD by ARG



**2904 & 2910 East 16th Street
National City, CA 91950**

TYPE: Multi-Family
SIZE: 6 Units
PRICE: \$775,000

SOLD by ARG



**4123 37th Street
San Diego, CA 92105**

TYPE: Multi-Family
SIZE: 9 Units
PRICE: \$1,590,000

SOLD by ARG



**8787 Mira Mesa Blvd
San Diego, CA 92126**

TYPE: Multi-Family
SIZE: 8 Units
PRICE: \$1,500,000

SOLD by ARG



**4212 47th Street
San Diego, CA 92115**

TYPE: Multi-Family
SIZE: 7 Units
PRICE: \$1,360,000

SOLD by ARG



**8702 Hurlbut Street
San Diego, CA 92123**

TYPE: Multi-Family
SIZE: 4 Units
PRICE: \$1,080,000

SOLD by ARG



**4147 Idaho Street
San Diego, CA 92104**

TYPE: Multi-Family
SIZE: 6 Units
PRICE: \$1,675,000