SDAR
GREATER SAN DIEGO ASSOCIATION OF REALTORS®

SAN DIEGO | MLS

ECONOMIC REPORT

AUGUST 2022

ALAN NEVIN - DIRECTOR OF APPRAISAL & MARKET RESEARCH, VERTEX

August 2022

Welcome to the Recession "Non-Recession"

It appears to me that economists nationwide are trying to turn the present economy into a recession, but are having a very difficult time making a case for that.

This month the Bureau of Labor Statistics announced that U.S. payroll employment was up 528,000 jobs and that the unemployment rate edged downward to 3.5%. The 3.5% level is the same as the rate prior to COVID.

Better yet, the job gains were spread over many industries with major gains in leisure and hospitality, professional and business services and health care.

The number of job openings in the U.S. fell by 600,000 and now is 10.7 million. That is an enormous number of jobs that employers can't fill because there are just not enough folks out there with the proper credentials to fill them. In the Golden State, general fund revenues continue to accelerate. Despite COVID, personal income tax revenues over the past four fiscal years were up 45% and sales and use tax revenues were up 25%. That's nothing to be ashamed of.

Employment Changes United States Month of July 2022

Category	Change
Leisure & Hospitality	96,000
Professional & Business Services	89,000
Health Care	70,000
Government	57,000
Construction	32,000

Source: Bureau of Labor Statistics (BLS)

General Fund Revenues (millions) California FY 2019-2022

FY	Personal Income	Sales & Use
2019	$99,031	$27,124
2022	$143,959	$33,816
Change	**$44,928**	**$6,692**
%	**45%**	**25%**

Source: CA. Dept. of Finance

San Diego Real Estate

Now let's look at real estate in San Diego County.

As expected, July 2022 had substantially fewer closings than July 2020 and July 2021. Closings were off 43% from one year ago.

Listings, however, were only off 16.3%. Folks still want to sell their homes.

The market indicators are interesting. The number of days on market prior to sales were up five days for detached homes and two days for attached product.

The inventory of homes for sale was up, but not alarmingly so. The inventory of detached homes was up 23% and attached homes 19%.

Closed Sales
San Diego County
July 2021 - July 2022

Type	Total	Detached	Attached
July 2020	3,944	2,475	1,336
July 2021	3,747	2,369	1,378
July 2022	2,126	1,335	791
Change 2021-2022	**(1,621)**	**(1,034)**	**(587)**
% Change 2021-2022	**-43%**	**-44%**	**-43%**

Source: SDAR

New Listings
Detached & Attached Homes
San Diego County
July 2021 -July 2022

New Listings	Jul-21	Jul-22	Change	% Change
Detached	2,975	2,330	(645)	-17.3%
Attached	1,593	1,286	(307)	-14.6%
Total	**4,568**	**3,616**	**(952)**	**-16.3%**

Source: SDAR

The months' supply of inventory moved up, but not dramatically.

Mirroring the June 2022 data, the major decline in sales was in the product below $750,000. Both detached and attached homes priced over $750,000 had positive sales compared to July 2021.

And thankfully, lender-mediated sales remain negligible and just about even with last year. The total lender-mediated sales for July 2022 was 229. Somewhat insignificant when you consider there are more than 1 million homes in the county.

It does appear that interest rates are subsiding somewhat and lenders are once again looking for ways to do business. So, they are offering incentives of varying types in order to create sales volume. The lenders don't want high rates anymore than homeowners or REALTORS® do.

Here's hoping that sales pick up again this coming month.

Market Indicators
San Diego Inventory
July 2021-July 2022

Indicator	July '21	July '22	Change
Detached			
Days on Market Until Sale	18	23	**5**
Inventory of Homes for Sale	2,760	3,399	**639**
Months' Supply of Inventory	1.3	1.9	**0.6**
Attached			
Days on Market Until Sale	18	20	**2**
Inventory of Homes for Sale	1,292	1,533	**241**
Months' Supply of Inventory	1.0	1.5	**0.5**

Source: SDAR

Homes Sold by Price Range
San Diego County
Rolling 12 Month Average: July 2021-July 2022

	Detached				Attached			
	No. Homes		Change in Sales		No. Homes		Change in Sales	
Price Range	2021	2022	No.	%	2021	2022	No.	%
Under $500,000	1,518	551	(967)	-64%	7,398	4,060	(3,338)	-45%
$500,000-750,000	10,471	6,177	(4,294)	-41%	4,795	4,891	96	2%
$750,000-1,000,000	6,442	6,886	444	7%	1,405	1,722	317	23%
Over $1,000,000	7,590	8,024	434	6%	1,205	1,463	258	21%
Total	**26,021**	**21,638**	**(4,383)**	**-17%**	**14,803**	**12,136**	**(2,667)**	**-18%**

Source: SDAR

Lender Mediated Sales
San Diego County
July 2021-July 2022

Type	July '21	July '22	Change
Detached	157	165	8
Attached	85	64	-21
Total	**242**	**229**	**-13**

Source: SDAR

Spotlight on Mission Valley (92108)

Mission Valley (ZIP 92108) is the center of retail shopping in urban San Diego. In total, it has more than 7 million square feet of retail space including two regional shopping centers: Fashion Valley and Mission Valley. And the 9,000 student University of San Diego abuts Mission Valley.

From a residential standpoint, Mission Valley's 28,000 residents live almost exclusively in multi-family housing – a combination of rentals and condominiums.

The residents of Mission Valley tend to be millennials, very few of whom have children living with them.

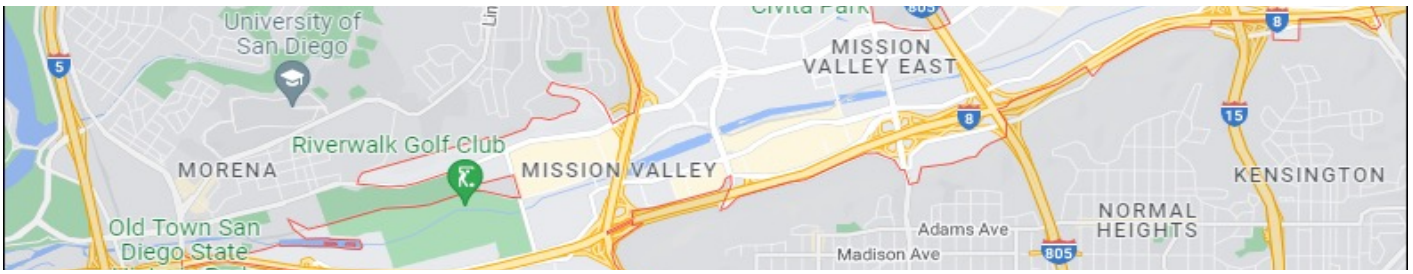
In the past year, more than 200 condominiums changed ownership, with a median price of $630,000 -- 28% higher than the price one year ago. The number of closings declined substantially in the past year. Most of the condominiums were built as condominiums in the 1970s. Several of the projects were built as rentals, but then converted to condominiums, mostly in the 1970s and '80s. Condominium development since then has been negligible.

Demographic Data Mission Valley (92108)

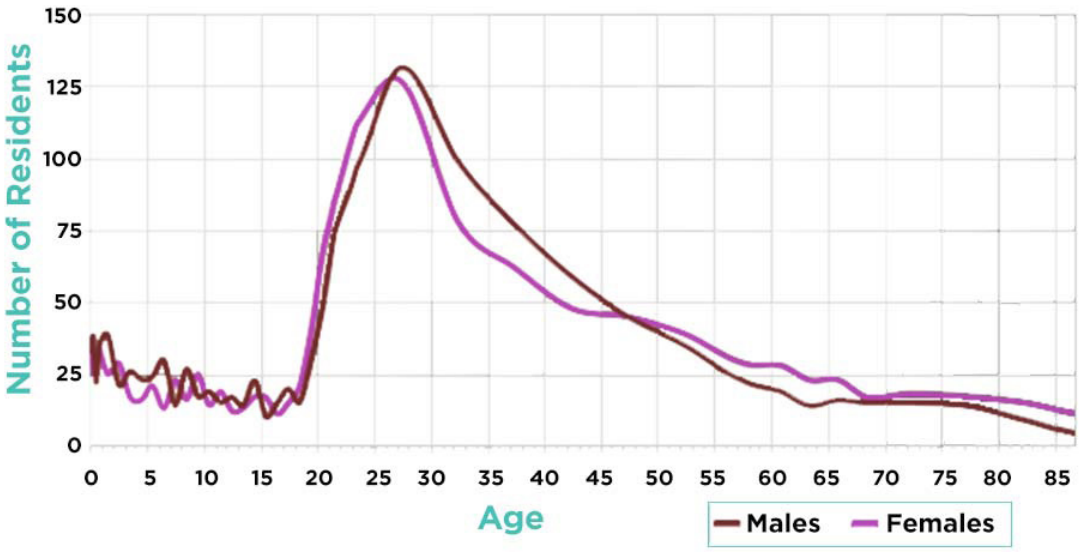
Population	28,000
Median Age	36
% over Age 65	14%

Housing Types	Number	%
Detached	947	8%
Multi-Family	11,555	92%
Total	**12,502**	**100%**

Source: SANDAG



Mission Valley
Distribution of Residents' Ages



A substantial number of residential units are in the pipeline in Mission Valley. The two largest projects are Riverwalk, a Hines development, that will have 4,000 residential units as well as 1 million-plus square feet of office and retail space.

Also on the horizon is SDSU West Campus, which, in addition to the 35,000-seat stadium, will have as many as 4,600 residential units, plus dormitories, classrooms, at least one hotel and some retail space.

In the past year, two major rental projects have been built in Mission Valley: Trammell/Crow's Alexan Galerie with 284 units, and Holland's 800-unit Society. To date, Holland has completed 455 units with the balance under construction.

On balance, Mission Valley is going to be a very active construction scene over the next decade. Fortunately, for residents, it has very good bus and trolley service.

Townhome/Condominium Sales
Mission Valley
July 2021-July 2022

	July '21	July '22	Change	%
Closed Sales	318	223	-95	-43%
Days on Market Until Sale	21	14	7	
Median Price	$493,000	$630,000	$137,000	28%
% of Original List Price	1.023%	1.051%		

Source: SDAR

Projects in Planning/Under Construction
Mission Valley

		Project Type			
Project	Developer	Rental	Condo	Start Date	No. Units
Riverwalk	Hines	x		2022	4,000
SDSU West Campus	Multiple	x	x	2023	4,600
The Heights	Fairfield	x		Complete 2023	319
Townsend	Dinerstein	x		Completed 2022	277
Fry's	Bay West	x		N/A	1,200

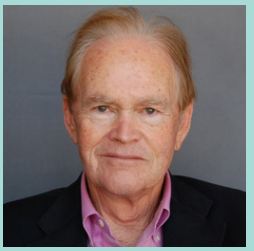
Source: SDAR

Rental Rates
Apartment Projects Completed in 2021-2022
Mission Valley

		Studio			1 BR, 1 BA			2 BR, 2 BA			3 BR, 2 BA		
Project	Units	Sq.Ft.	Rent	$/ Sq.Ft.	Sq.Ft.	Rent	$/ Sq.Ft.	Sq.Ft.	Rent	$/ Sq.Ft.	Sq.Ft.	Rent	$/ Sq.Ft.
Society (3) 610 Del Sol Drive Holland	455	N/A	N/A	N/A	753	$3,100	$4.12	1,100	$3,900	$3.55	1,440	$5,305	$3.68
Alexan Gallerie 375 Camino de la Reina Trammell Crow/R&V	284	565	$3,210	$5.68	836	$3,650	$4.37	1,079	$4,660	$4.32	1,754	$5,100	$2.91

Society Apartments

Alexan Gallerie Apartments



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Economist, Alan Nevin is the Director of Appraisal and Market Research at Vertex. A graduate of Stanford University, Mr. Nevin has a broad background in real estate development, investment and market research. He serves the legal and insurance communities with valuations, market supply and demand and economic loss analyses. His book "The Great Divide" focuses on the future of the U.S. and the industrialized nations of the world. Mr. Nevin is available for speaking engagements.

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