



SAN DIEGO | MLS

ECONOMIC REPORT

DECEMBER 2022

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December 2022

San Diego Sees 'Minor' Risk in Climate Change Report

Of late, I have been studying the residential preferences of retirees. It appears that climate change and climate risk factors are becoming an increasingly large factor, and the recent hurricane and flooding experiences of Florida and the coast of the Southwest Region have taken some of the attraction of those states away.

The First Street Foundation is the United States' premier research climate institution. They look at nationwide changes in temperature and flooding, among other factors.

Lovely places like Miami will have a projected 79 days of heat of more than 100 degrees. Phoenix will have 83 days with temperatures over 110.

Local Hot Day Temperature Selected Cities

City	Hot Day Temp.	Days in 2023	Days Exceed in 2053
San Diego	91.4	39	20
Miami	104.9	79	n/a
Sarasota	112.0	79	79
Tampa	107.0	80	110
Charleston	105.6	35	82
New Orleans	111.1	73	34
Phoenix	111.6	83	100

Source: First Street Foundation

In the latest First Street Foundation report, flooding potential is divided into four categories: minor, moderate, major, severe. San Diego is listing as “minor,” with Florida metropolitan areas ranked major or severe, along with Charleston, South Carolina. Even Palm Springs gets a moderate rating.

When comparing San Diego’s climate conditions with those of Florida, it appears to me that San Diego is the clear winner.

Extreme weather can be particularly dangerous for the elderly who are more likely to have chronic medical conditions and disabilities. Frailty and cognitive impairments make it difficult for older people to evacuate and prepare their homes for disasters.

It is notable that Realtor.com and Redfin, and other rating services, are including “risk factor” climate projections with each listing.

Yes, it is true that our housing is moderately more expensive than housing in Florida and South Carolina and Arizona, but within the realm of risk assessment and year-round climatic comfort, San Diego ranks just about at the top of the heap.

Flooding Potential Selected Cities

Minor	San Diego		
Moderate	Savannah	Palm Springs	
Major	Miami	Tampa	Charleston
Severe	Naples	New Orleans	

Source: First Street Foundation

Comparison of Living Conditions Risk Assessment Florida and San Diego

Risk	San Diego	Florida
Hurricanes		x
Flooding		x
High humidity		x
High temperatures in Summer		x
Drainage problems		x
High cost of air conditioning		x
High home insurance costs		x
Storm surges		x

Source: First Street Foundation

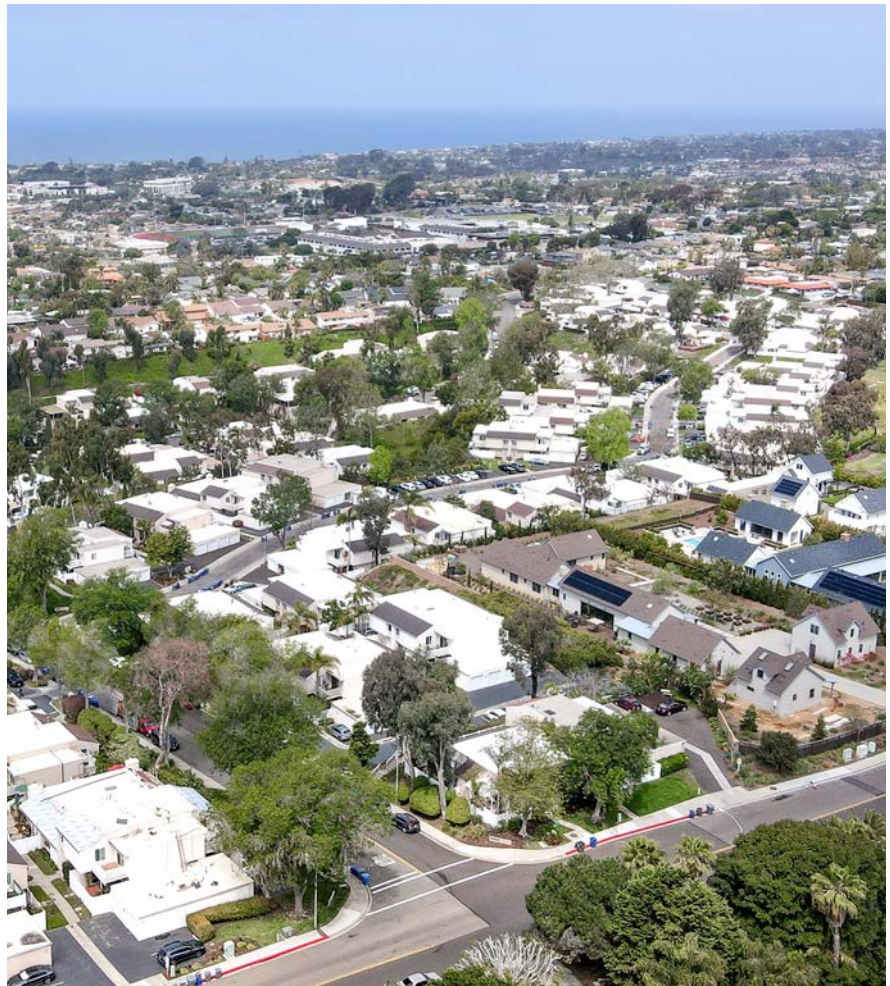


Our Local Economy

Now let's talk about housing in San Diego.

Following a long-term trend, in soft markets, homes priced under \$750,000 take the big hit. Sales of detached homes priced under \$750,000 declined 50%, but homes priced over \$750,000 had a far less decline in sales. And the same is true with attached homes.

Traditionally, new listings are slowest toward the end of the year and so it is this year as well. Detached home listings were down 28.1% in November and attached homes down 30.2% from one year ago.



Homes Sold by Price Range San Diego County

Rolling 12 Month Average: November 2021-November 2022

Price Range	Detached				Attached			
	No. Homes		Change in Sales		No. Homes		Change in Sales	
	Nov-21	Nov-22	No.	%	Nov-21	Nov-22	No.	%
Under \$500,000	876	430	(446)	-51%	6,228	2,861	(3,367)	-54%
\$500,000-750,000	8,890	4,488	(4,402)	-50%	5,456	4,579	(877)	-16%
\$750,000-1,000,000	7,157	6,110	(1,047)	-15%	1,660	1,744	84	5%
Over \$1,000,000	8,585	8,158	(427)	-5%	1,373	1,543	170	12%
Total	25,508	19,186	(6,322)	-25%	14,717	10,727	(3,990)	-27%

Source: SDAR



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

New Listings	Nov-21	Nov-22	Change	% Change
Detached	1,752	1,260	(492)	-28.1%
Attached	874	610	(264)	-30.2%
Total	2,626	1,870	(756)	-28.8%

Source: SDAR

With listings down substantially, "pendings" follow the same path and are down nearly 50%.

The market indicators follow the same path with months' supply of inventory in November 2022 double the rate of November 2021.

Pending Listings Detached & Attached Homes San Diego County November 2021-November 2022

Pending Listings	Nov-21	Nov-22	Change	% Change
Detached	1,891	1,031	(860)	-45.5%
Attached	989	509	(480)	-48.5%
Total	2,880	1,540	(1,340)	-46.5%

Source: SDAR



In total, the interest rates have taken their toll. We will quickly have to move to ARM loans with “friendly” rates in the first few years. All the lenders are aboard now. Their goal is to close loans and they know that if they have only loans at 6.7% available, there won’t be many gifts under the tree this year.



Market Indicators San Diego Inventory November 2021-November 2022

Indicator	Nov-21	Nov-22
Detached		
Days on Market Until Sale	23	35
Inventory of Homes for Sale	1,617	2,598
Months' Supply of Inventory	0.8	1.7
Attached		
Days on Market Until Sale	21	32
Inventory of Homes for Sale	683	1,181
Months' Supply of Inventory	0.6	1.4

Source: SDAR

30-Year Mortgage Rates 2017-2022

Year	Rate
2017	4.0%
2018	4.5%
2019	3.9%
2020	3.1%
2021	3.0%
2022	6.7%

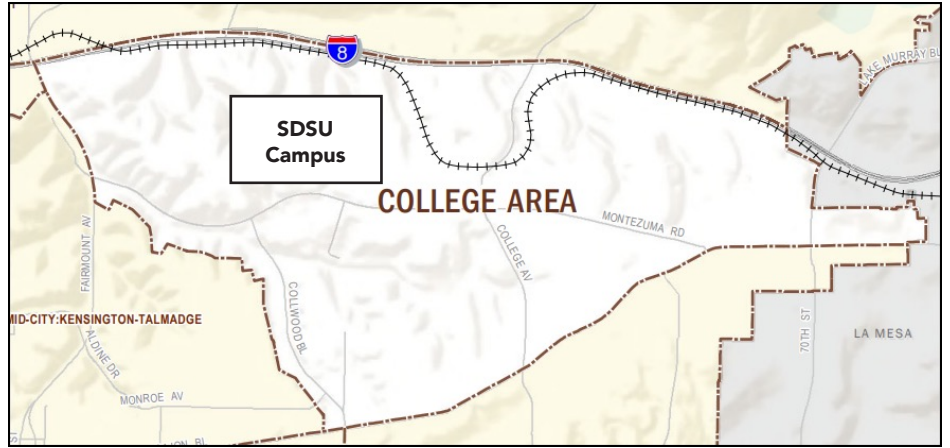
Spotlight on SDSU & College Area

San Diego State University is sited on 350 acres overlooking the I-8 Freeway and is the educational centerpiece of the College area (92115). SDSU was founded in 1897 as a teachers college and today has an enrollment of 36,000 students with faculty and staff numbering 7,000. It is one of the nation's most popular schools, and this year had more than 90,000 applications (UCSD had 100,000-plus). Students can choose from bachelor's degrees in 96 areas and 84 fields, and the college offers 23 doctoral degrees.

SDSU has had a very ambitious fund-raising program. The giving campaign that ended in 2017 raised more than \$700 million. In fiscal year 2021-2022 a total of \$136 million was raised from 19,000 donors.

In 1959, SDSU Imperial Valley was founded on the original site of the first Calexico High School. Plans are in place to substantially expand that campus.

Essentially out of space on their main campus, SDSU acquired the Qualcomm Stadium 135 acres in Mission Valley and has recently completed the 35,000 seat Snapdragon Stadium. Also, a 600-



unit apartment complex by Avalon Bay was announced for the site. The site will also have a 34-acre River Park.

Ultimately, the new campus will have 4,600 residential units, 400 hotel rooms and 95,000 square feet of retail space as well as academic space, dormitories, and research facilities.

The San Diego Trolley has stations in both the College and Qualcomm locations. SDSU also offers bus service from its main campus to the Imperial County campus.

The College area (92115) has been substantially built out for several decades. It currently has 62,000 population housed in 23,000 units. Approximately 50% of the units are single family and 50% multifamily. The multifamily units noted here do not include the student housing on site.

The 92115 ZIP code area has a relatively strong supply of homes that are reasonably priced. Because of its proximity to SDSU, it remains a favored place to live.

The Housing Market College Area (92115) as of November 2021-2022

Year to Date	Detached	Attached
Thru Nov. 2021		
No. Units Sold	401	212
Median Price	\$824,125	\$397,500

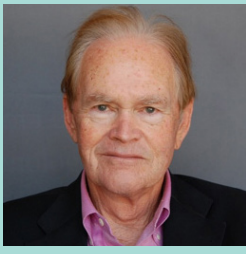
Thru Nov. 2022		
No. Units Sold	286	160
Median Price	\$860,000	\$425,000

Source: SDAR



Proposed multifamily housing by Avalon Bay at the SDSU Mission Valley Campus.





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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. Contact him at (619) 417-1817 or email nevin.econ@gmail.com.



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