



### MARKET AT A GLANCE



**OCCUPANCY RATE** **96.4%**  
Up **20 bps** since 3Q16



**ASKING RENT** **\$1,980**  
Up **3.2%** since 3Q16

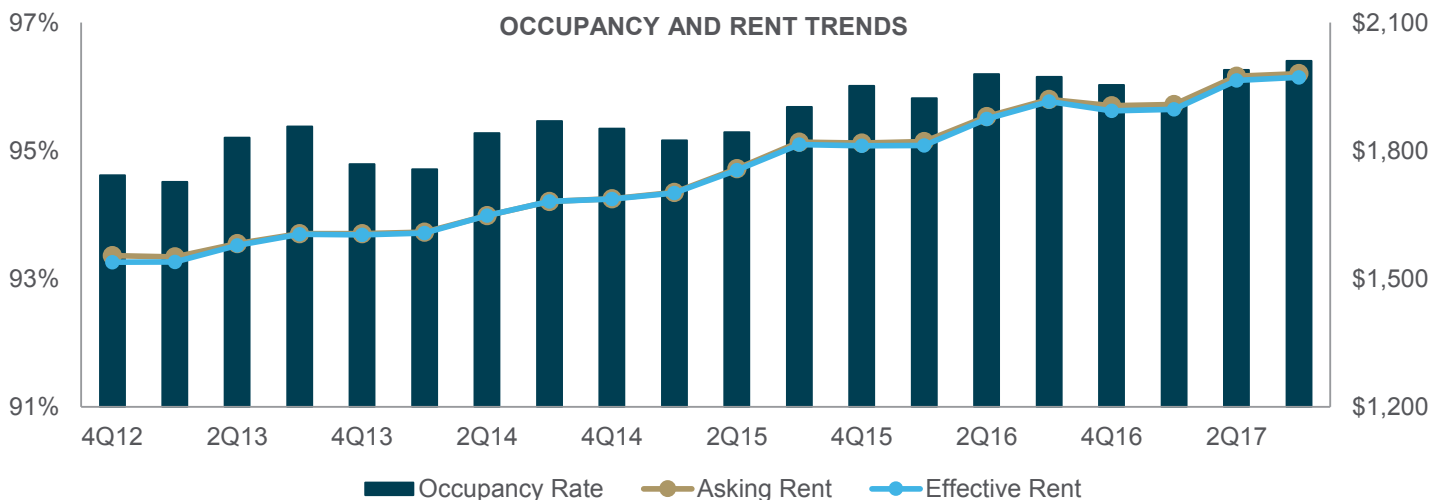


**CONCESSIONS** **0.4%**  
Up **10 bps** since 3Q16

### OCCUPANCY AND RENT TRENDS

## RENT AND OCCUPANCY RATES BUILD ON PREVIOUS QUARTER MOMENTUM

In the trailing 12-month period ending in September 2017, net absorption totaled 6,151 units, double the number of new units delivered in the metro San Diego apartment market over the same period. The robust demand for apartment units in the last year contributed to the average occupancy rate rising 20 basis points to 96.4%. Construction in five northern and eastern San Diego county submarkets accounted for 65% of the market's new inventory over the past 12 months, as developers utilized affordable building sites near rapidly developing employment centers along the 78 and 56 corridors and east of I-15. Apartment operators in San Diego enjoyed increased demand that drove occupancy rates to approach 20-year highs. In response, they increased average asking rent to \$1,980 per month in the third quarter. All 16 submarkets recorded an increase in rent, supporting a metrowide annual increase of 3.2%. The highest rate of appreciation was found in the Balboa Park submarket which experienced a 12.3% in increase rent. At 3.0%, metrowide effective rent growth fell just short of matching asking rent growth as operators increased concessions 10 basis points to 0.4% of asking rent.



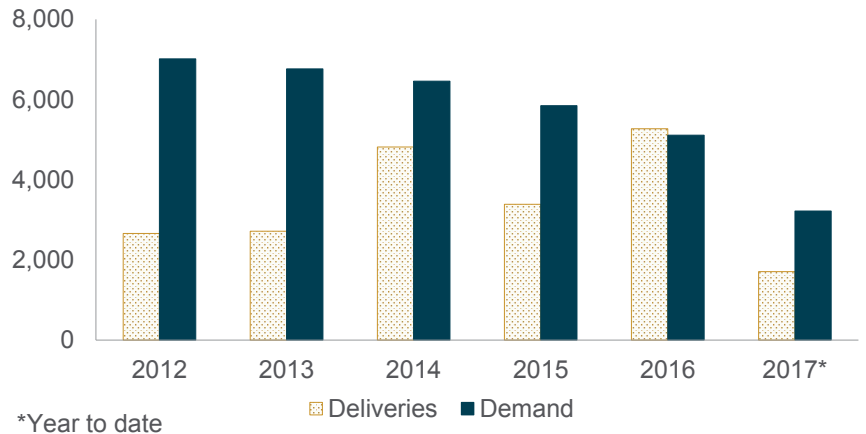
## DELIVERIES AND DEMAND



**DELIVERIES** 1,709  
Units YTD



**NET ABSORPTION** 3,218  
Units YTD



## ECONOMIC TRENDS

2016 4.6% ..... **UNEMPLOYMENT\*** ..... 2017 4.2%  
**-40 BPS CHANGE**

2016 1.42m ..... **EMPLOYMENT\*** ..... 2017 1.44m  
**1.5% CHANGE**

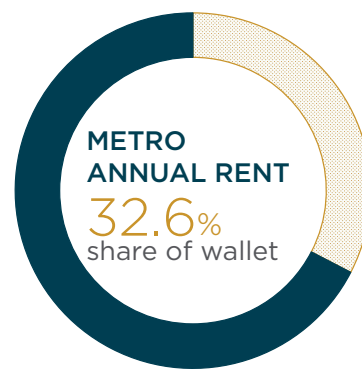
2016 34.7k ..... **EXISTING SFH SALES\*\*** ..... 2017 41.2k  
**18.7% CHANGE**

2016 \$584.8k ..... **MEDIAN SFH PRICE\*\*** ..... 2017 \$601.7k  
**2.9% CHANGE**

2016 1.63% ..... **10-YEAR TREASURY\*\*** ..... 2017 2.20%  
**60 BPS CHANGE**

\*August; \*\*September

Annual job growth in greater San Diego slowed as employers added 20,900 new jobs in the 12-month period ending in August of 2017, an annual growth rate of 1.5%, down from 2.4% one year prior. The slowdown was most likely related to the job market nearing full employment. As the labor market grew tighter, employers had a harder time filling positions. The government sector, San Diego's largest employment sector, expanded a metro-leading 5,500 jobs as agencies including the Department of Defense and local school districts added new employees. Over 2,900 jobs were added in the construction sector as development on BioLegend's Sorrento Mesa Campus and the Palomar Medical Center in Escondido got underway in the third quarter. The addition of those facilities bodes well for the future expansion of the education and health services sector which grew by 5,400 jobs in the last 12 months. The financial activities sector recorded the metro's second-highest rate of growth at 4.1%, equating to the addition of 3,000 jobs.



# SAN DIEGO

MULTIFAMILY REPORT

## SUBMARKET BREAKDOWN

SUBMARKET NAME	OCCUPANCY		AVG RENT INCREASE		AVG RENT		NET ABSORPTION		DELIVERED UNITS	
	3Q16	3Q17	3Q16	3Q17	3Q16	3Q17	3Q17	ANNUAL	3Q17	ANNUAL
Balboa Park/West of I-15	96.0%	96.9%	18.0%	12.3%	\$1,747	\$1,961	44	391	80	80
Clairemont/Linda Vista Mission	95.7%	96.0%	4.0%	4.6%	\$2,052	\$2,146	162	404	151	312
Downtown San Diego	94.7%	94.7%	-1.4%	3.2%	\$2,345	\$2,418	-32	547	0	561
El Cajon/Santee/Lakeside	94.5%	97.1%	3.5%	4.6%	\$1,415	\$1,480	-86	625	0	0
Escondido/San Marcos	94.9%	96.0%	5.4%	4.2%	\$1,604	\$1,671	-50	471	0	301
La Jolla/University City	94.9%	96.0%	5.7%	1.4%	\$2,353	\$2,387	-122	570	78	345
La Mesa/Spring Valley/Lemon Grove	94.3%	96.3%	-0.9%	4.5%	\$1,621	\$1,695	5	461	0	0
Mira Mesa/Rancho Bernardo	93.6%	96.0%	5.3%	3.9%	\$2,008	\$2,086	126	1,303	150	738
Mission Bay/Pacific Beach	92.3%	95.4%	8.0%	2.3%	\$1,924	\$1,969	-46	335	0	0
National City/Chula Vista	96.7%	96.1%	-0.6%	5.5%	\$1,667	\$1,759	37	-207	0	0
North Beaches	95.8%	96.4%	6.1%	2.3%	\$2,204	\$2,254	-143	118	0	0
Ocean Beach/Point Loma Blvd.	96.5%	96.5%	1.7%	3.5%	\$1,862	\$1,928	32	-8	0	0
Oceanside	94.8%	96.1%	6.0%	4.3%	\$1,709	\$1,782	0	284	0	77
San Diego County/Other	95.2%	96.4%	1.1%	5.4%	\$1,777	\$1,873	184	289	150	150
San Diego/East of I-15	95.2%	96.0%	15.3%	3.9%	\$1,975	\$2,051	-197	171	0	0
Vista	96.4%	96.3%	10.4%	4.0%	\$1,690	\$1,757	175	399	156	439
<b>TOTALS</b>	<b>96.2%</b>	<b>96.4%</b>	<b>5.5%</b>	<b>3.2%</b>	<b>\$1,920</b>	<b>\$1,980</b>	<b>88</b>	<b>6,151</b>	<b>765</b>	<b>3,003</b>



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