



SAN DIEGO | MLS

# ECONOMIC FORECAST

MAY 2023

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ALAN NEVIN - DIRECTOR OF ECONOMIC CONSULTING GROUP, GAFCON



# May 2023

## San Diego Economy Posts Very Positive News

We are blessed. Our San Diego economy is on a very positive roll, with the unemployment rate below 4% and jobs growing at a very strong pace.

Since recovering from the COVID losses we have added 169,000 jobs in San Diego County and in the past year added 50,300 jobs -- far more than we were adding prior to COVID.

The two categories that I watch very closely are leisure and hospitality, and professional and business services. Those are the two basic drivers of our local economy and both are doing very well.

Leisure and hospitality has virtually completely recovered from the COVID malaise, adding 18,900 jobs in the past year.



## Employment by Category San Diego County March 2022-2023

Category	March-22	March-23	Change	% Change
Leisure and Hospitality	184,700	203,600	18,900	10.2%
Professional/Business Services	283,100	289,400	6,300	2.2%
Government	247,400	252,400	5,000	2.0%
Trade, Transportation, Utilities	219,900	221,900	2,000	0.9%
Construction	87,000	88,400	1,400	1.6%
Manufacturing	116,900	117,800	900	0.8%
Financial Activities	77,400	77,500	100	0.1%

Source: Bureau of Labor Statistics (BLS)



April was a sparkling month for hotel occupancy here in San Diego, ranking in seventh place nationally for hotel occupancy at 75.8%.

That occupancy level is more typical for the summertime than April, so I anticipate yet higher occupancy rates comes summer.

With local governments acquiring hotels/ motels to house the homeless, the available inventory of hotel/motel rooms for the tourism market will decline. That should augur well for the Air BnB market this summer.

Equally important, average daily hotel rates are strong, with San Diego in a ninth place ranking nationally.

Occupancy rates and room rates combine to produce ever-increasing Transient Occupancy Tax Collections (TOT).

San Diego County is way ahead of pre-COVID collections with a third of a billion dollars collected in 2022. Pretty impressive.



## Hotel Occupancy Top 10 Markets in the U.S. Week of April 23-29, 2023

### Transient Occupancy Tax San Diego County March 2021 and 2023

Year	TOT Collections
2019	\$328,637,500
2020	\$241,561,440
2021	\$186,853,975
2022	\$361,807,446

Source: Convention & Visitors Bureau

Market	Occupancy
New York	87.8%
San Francisco	81.1%
Nashville	79.7%
Oahu	78.0%
Washington, DC	77.3%
Phoenix	75.8%
<b>San Diego</b>	<b>75.8%</b>
Boston	75.6%
Orange County	74.2%
Miami	74.2%
Orlando	73.9%

Source: STR, Inc.

# San Diego Real Estate

The inventory of both detached and attached homes for sale has experienced a major decline from April 2022 to April 2023 and is almost back down to April 2021 levels.

Both the days on market until sale and the months' supply have moved upward in the past year. The months' supply has gradually crept up from April 2021 until this April.

The new listings have slowly ebbed and are now approximately half of what they were in April 2021.



## Inventory, Months' Supply & Days on Market Detached and Attached Homes San Diego County April 2021-2022-2023

Category	April-21	April-22	April-23
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Detached			
Inventory of Homes for Sale	1,606	2,227	1,720
Months' Supply	0.7	1.1	1.3
Days on Market Until Sale	20	19	29

Attached			
Inventory of Homes for Sale	897	903	781
Months' Supply	0.7	0.8	1.1
Days on Market Until Sale	20	17	30

Source: SDAR

## New Listings Detached and Attached Homes San Diego County April 2021-2022-2023

April	Detached	Attached	Total
2021	2,499	1,355	3,854
2022	2,513	1,260	3,773
2023	1,312	696	2,008

Source: SDAR

Similarly, homes sales in San Diego County have been on a steady decline over the past two years with fewer than 2,000 homes sold in April 2023. Declines were evident in both the detached and attached sector.

Notably prices remained remarkably stable in the past year, an indication that demand is still strong and falling sales are the product of insufficient listings of both detached and attached homes. Pointedly, the demand for housing remains strong and requires an expanded number of listings to generate sales.

With many sales turning to financing with loan buydowns,

current interest rates are not proving to be a significant barrier to sales.

As a final note, as we in San Diego struggle to increase our inventory of for-sale housing, Japan, with a severely declining population,

has millions of vacant homes, most within a 40-50 mile radius of employment centers. These homes are very often obtainable for under \$100,000. The most recent survey indicates that within a decade, the number of vacant homes will exceed 30% of all houses in Japan.

### Closed Sales San Diego County April 2021-2022-2023

April	Detached	Attached	Total
2021	2,243	1,344	3,587
2022	1,981	1,067	3,048
2023	1,182	694	1,876

Source: SDAR

### Median Price San Diego County April 2021-2022-2023

April	Detached	Attached
2021	\$840,000	\$530,000
2022	\$1,000,000	\$660,000
2023	\$952,600	\$640,000

Source: SDAR



# Spotlight on La Mesa

The City of La Mesa (ZIP 91941 and 91942) has been essentially built out for the past third of a century with a current population of 60,721 (2020 Census).

The few remaining undeveloped parcels are primarily designated multi-family.

Multi-family construction has been relatively dormant with the exception of two major apartment projects: JPI's 226-unit Jefferson La Mesa and Silvergate's 130-unit The Heaven, both of which were completed last year and are now fully rented.

Currently in the pipeline are some 900 residential units, 325 of them under construction including a 147-unit affordable apartment project on Allison Avenue.

Of the dozen or so projects in the pipeline, only one is single-family detached, a 30-unit project on Eastridge Drive, now under construction.

## Residential Projects in Planning (20 Units or Larger) City of La Mesa May 2023

Address	Units	Type	Status
4499 Palm Ave	40	Apts	Disc. Review
7664 El Cajon Blvd	253	Condos	Entitled
7808 El Cajon Blvd	56	Condos	Entitled
5220 Wilson St	49	Apts	Entitled
8232 High St	32	Condos	Plan Review
8875 La Mesa Blvd	72	Apts	Plan Review
4757 Palm Ave	64	Apts	Plan Review
8181 Allison Ave	147	Apts	Under Const
7385 Colony Dr	40	Apts	Under Const
4210 Spring St	48	Apts	Under Const
7643 University Ave	60	Condos	Under Const
Eastridge Dr	30	Single-Family	Under Const
<b>TOTAL UNITS</b>	<b>891</b>		



147-Unit Allison Avenue Apartments

## La Mesa Home Sales

Listings in April 2023 were fewer than half of the April 2022 total, both for detached and attached product. As a result, sales were also far fewer in April of this year than last.

In April 2023, only 27 detached homes and 7 attached units closed escrow in the two ZIP codes encompassing La Mesa.

Although the number of units sold is relatively small for comparison purposes, it is a positive sign that the prices this past April were at a par with the previous year.

La Mesa is in the midst of a resuscitation of its central area and has attracted several new restaurants and boutiques, most within walking distance of the San Diego Trolley.



## Closed Sales La Mesa (91941 & 91942) April 2022 - 2023

	Apr-22	Apr-23
Detached	51	27
Attached	15	7

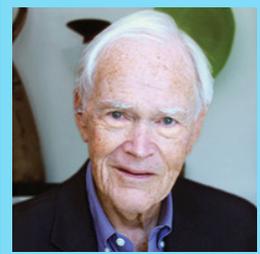
Source: SDAR

## Median Prices La Mesa (91941 & 91942) April 2022 - 2023

91941	Apr-22	Apr-23
Detached	\$1,100,000	\$1,050,000
Attached	\$482,000	N/A

91942	Apr-22	Apr-23
Detached	\$845,000	\$817,000
Attached	\$560,000	\$577,000

Source: SDAR



#### ALAN NEVIN - DIRECTOR OF ECONOMIC CONSULTING GROUP, GAFCON

Economist Alan Nevin is the Director of the Economic Consulting Group at Gafcon, which provides comprehensive services in program and project management, construction, and development. 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 [nevin.econ@gmail.com](mailto:nevin.econ@gmail.com).



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[info@sdar.com](mailto:info@sdar.com) | (858) 715-8000

4845 Ronson Ct, San Diego, CA 92111

[www.sdar.com](http://www.sdar.com) | [www.sdmls.com](http://www.sdmls.com)