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LOOKS LIKE IT'S GOING TO BE ANOTHER ONE OF THOSE YEARS

The nation is on a roll. I, for one, was expecting a major reduction in job gains after the holiday season but was pleasantly surprised with a gain of almost a half-million jobs in January.

The national unemployment rate immediately prior to COVID was 4% and that's exactly where we are today.

In San Diego, we can tell a very similar story, but maybe even a little better. At the beginning of 2021, our unemployment rate was still at an 8% rate and then has gradually declined, ending 2021 with 4.2%, almost as low as the national rate.

Leading the way back to strong economic health were two industries: Leisure and hospitality, and professional and business services. The two combined added 50,000 jobs last year. Not bad.

Unemployment Rate United States January 2019-2022

Year	Unemployment Rate
Jan-19	4.0%
Apr-20	14.7%
Jan-22	4.0%

Source: Bureau of Labor and Statistics (BLS.gov)

Unemployment Rate San Diego County July 2021-Dec 2021

Month	Unemployment Rate
Jan-21	8.0%
Jul-21	6.9%
Dec-21	4.2%

Source: BLS.gov



Change in Employment Selected Industries San Diego County Dec 2020-Dec 2021

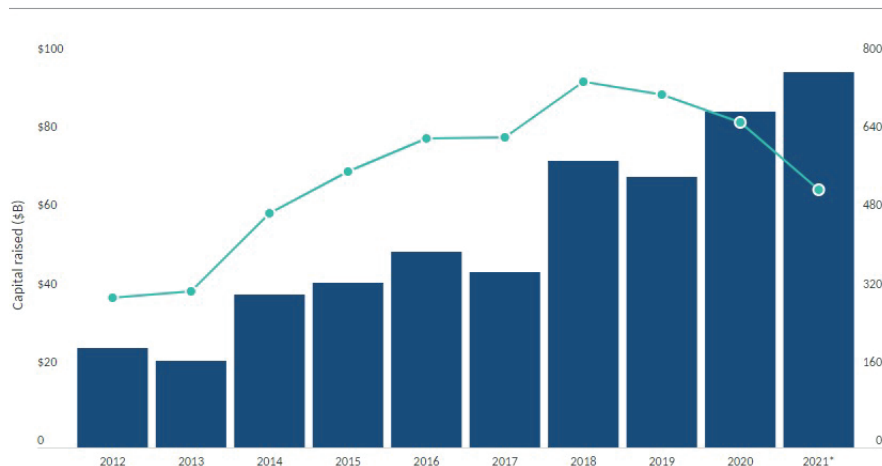
Industry	Dec-20	Dec-21	Change	% Change
Total Non-Farm	1,389,500	1,457,100	67,600	4.9%
Leisure & Hospitality	130,400	168,000	37,600	28.8%
Professional & Business Services	253,400	266,900	13,500	5.3%
Government	235,900	241,000	5,100	2.2%
Educational & Health Services	211,800	213,900	2,100	1.0%
Trade, Transportation & Utilities	220,500	222,200	1,700	0.8%
Manufacturing	112,900	112,900	-	0.0%
Construction	87,800	86,200	(1,600)	-1.8%
Financial Activities	74,000	71,000	(3,000)	-4.1%

Source: BLS.gov

A big part of our success this past year can be attributed to the world of venture capital. Nationally in 2021, venture capitalists raised almost \$100 billion.

San Diego came 6th, just a tad behind Los Angeles. And pointedly, half of the top ten in the world of venture capital funding were on the West Coast of our country.

VCs close in on \$100 billion in fundraising



Top Metropolitan Areas Venture Capital 2020

Rank	West Coast	Metro	VC Investment (\$ Millions)
1	X	San Francisco	\$6,471
2	X	San Jose	\$4,175
3		Boston	\$3,144
4		New York	\$2,106
5	X	Los Angeles	\$1,450
6	X	San Diego	\$1,410
7		London	\$842
8		Washington DC	\$835
9		Beijing	\$758
10	X	Seattle	\$727

Source: BLS.gov

The San Diego track record is greatly to be admired. Each year since 2014, the venture capital raised here has grown, with a massive increase in the past two years.



Venture Capital Raised San Diego County 2014-2021

Year	(\$ Billions)	Startups Funded
2014	\$1.76	263
2015	\$1.77	263
2016	\$1.98	266
2017	\$2.32	288
2018	\$2.57	248
2019	\$3.32	301
2020	\$6.19	287
2021	\$9.60	370

Source: BLS.gov

Real Estate

New construction and resales work together. When someone buys a new home, it usually frees up their prior home and that drives your business. This past year, we pretty much matched 2021 with an increase in single-family home production, permitting more than 3,000 single-family homes. Those are 3,000 folks who don't have to commute to Riverside County every day.

In the month of January, resales were down a modest 12% but we still sold more than 2,000 homes this past month. Unfortunately, new listings were down. That's the third year in a row that new listings were down at the beginning of the year.

Residential Construction San Diego County 2018-2021

Year	Total	Detached	Attached
2018	9,788	3,510	6,278
2019	8,082	3,023	5,059
2020	9,447	2,898	6,549
2021	9,358	3,232	6,126

Source: Census.gov

Closed Sales San Diego County Jan 2021-Jan 2022

Type	Total	Detached	Attached
Jan-21	2,391	1,511	880
Jan-22	2,103	1,356	747
Change 2021-2022	(288)	(155)	(133)
% Change 2021-2022	-12%	-10%	-15%

Source: SDAR



The tightness of the market is even more evident when you look at the market indicators. The inventory of homes for sale has declined by almost half for both detached and attached homes. And the months' supply of inventory is meager, at best.

The result of this condition is inevitable: Pending sales are down, which means closings in February are going to be not so good.

New Listings Detached & Attached Homes San Diego County Jan 2020-Jan 2022

New Listings	Jan-20	Jan-21	Jan-22
Detached	2,495	2,076	1,686
Attached	1,409	1,277	1,007
Total	3,904	3,353	2,693

Source: SDAR

Market Indicators San Diego Inventory Jan 2021-Jan 2022

Indicator	Jan-21	Jan-22
Detached		
Days on Market Until Sale	26	24
Inventory of Homes for Sale	1,956	1,124
Months Supply of Inventory	1.0	0.5
Attached		
Days on Market Until Sale	30	20
Inventory of Homes for Sale	1,185	505
Months Supply of Inventory	1.1	0.4

Source: SDAR



Pending Sales San Diego County Jan 2021-Jan 2022

Type	Jan-21	Jan-22
Detached	1,726	1,507
Attached	1,108	920
Total	2,834	2,427

Source: SDAR



The culprit is the disappearance of detached homes priced under \$500,000. In the detached sector, the number of homes sold under \$500,000 now account for only 3% of detached homes sold. And attached homes under \$500,000 are also declining steadily.

Overall, if you can list it, you can sell it. This market is not for the faint of heart. Not for the REALTORS® and not for the buyer. Can this situation persist? Time will tell.

Homes Sold by Price Range San Diego County Rolling Twelve Month Average January 2021-January 2022

Price Range	Detached			
	No. Homes	Change in Sales	No.	%
	2021	2022	No.	%
Under \$500,000	2,291	710	(1,581)	-69%
\$500,000-750,000	10,988	8,212	(2,776)	-25%
\$750,000-1,000,000	5,038	7,337	2,299	46%
Over \$1,000,000	5,637	8,786	3,149	56%
Total	23,954	25,045	1,091	5%
% Under \$500,000	10%	3%		

Attached			
No. Homes	Change in Sales	No.	%
2021	2022	No.	%
7,358	5,678	(1,680)	-23%
3,615	5,502	1,887	52%
956	1,715	759	79%
757	1,430	673	89%
12,686	14,325	1,639	13%
58%	40%		

Source: SDAR



Spotlight on Fallbrook



Fallbrook is one of San Diego County's oldest communities, founded in 1885. In 1882 the California Southern Railroad was constructed through Santa Margarita Canyon and established a rail station in what is now downtown Fallbrook.

Unfortunately, in the winter of 1883-1884, heavy rains wiped out eight miles of train track. In 1885 the railroad was running again and at that time San Diego County laid out the "West Fallbrook" subdivision. The lots were 56 x 132 feet and sold for \$25 to \$60. Lots sold rapidly.

The latest "subdivision" to provide housing to Fallbrook is Tri-Pointe's Citro, a master-planned community of 844 single family homes and townhomes (about 50/50). The detached homes start in the low \$600,000s and townhomes at \$450,000. According to Tri-Pointe's regional president, sales are brisk.

Currently, Fallbrook has a population of more than 60,000 with a median household income of \$62,473 (somewhat below the county average). Two-thirds of all the housing in Fallbrook is single-family detached.

Demographic Estimates Fallbrook 2020

Population	63,664
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Housing Units	18,535	100%
Detached	12,499	67%
Attached	2,718	15%
Apartments	2,620	14%
Mobile Homes	698	4%

Median HH Income	\$ 62,473
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Source: SANDAG

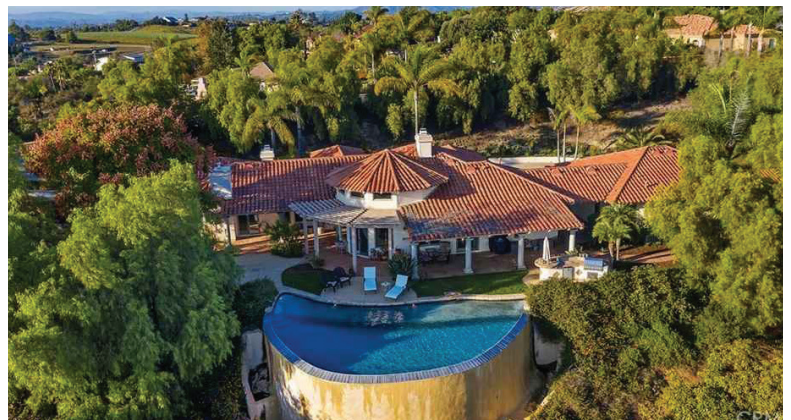


Home prices in Fallbrook have increased steadily over the years and currently detached homes sell for more than \$800,000. The rate of increase tracks that of the county as a whole as shown in the graph below.

Sale Prices Detached Homes Fallbrook

Month	Prices	Change	% Change
Jan-19	\$ 531,000	n/a	
Jan-20	\$ 621,750	\$ 90,750	17.1%
Jan-21	\$ 645,000	\$ 23,250	3.6%
Jan-22	\$ 815,000	\$170,000	26.4%

Source: SDAR



Home sales increased in 2020 and 2021 after a lackluster 2019 and 2020. As a somewhat distant suburb, days on market were substantially more than in the more popular suburbs and the months' supply of inventory was 0.8, almost double the county average.



**Resale Closings
Fallbrook 92028
January 2019-2022**

Month	No. Sales	Index
Jan-19	24	1.00
Jan-20	38	1.58
Jan-21	57	2.38
Jan-22	46	1.92

Source: SDAR



**Local Market Indicators
Fallbrook 92028
January 2021-2022**

	Jan-21	Jan-22
Days on Market Until Sale	38	25
Inventory of Homes for Sale	79	59
Months Supply of Inventory	1.0	0.8

Source: SDAR



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