



SAN DIEGO | MLS

ECONOMIC REPORT

NOVEMBER 2022

ALAN NEVIN - DIRECTOR OF APPRAISAL & MARKET RESEARCH, VERTEX





November 2022

Life Science Breathes Life into the San Diego Job Market

Life sciences is a broad category that includes virtually every element of biology. With UCSD as a core of the life sciences industry providing scientists, physicists, MD's and engineers to the industry, San Diego is blossoming as a national center for this industry.

Through the 3rd quarter of this year, San Diego has raised more than a billion dollars in venture capital, most of it going to life sciences. We rank No. 5 in the nation in venture capital raised.

When you look around, you see an enormous amount of life sciences construction. Reportedly, San Diego has the second-largest life sciences construction pipeline in the U.S., with 3.7 million square

feet under development, trailing only Boston.

The two largest projects are The Campus at Horton (Horton Plaza)

with 750,000 square feet and the enormous Bayfront IQHQ with 1.3 million square feet (with a proposed 1,000-room hotel adjacent to it).

Top Five Metro Areas Venture Capital Raised Through 3rd Quarter 2022

Area	No. Deals	Dollars (Billions)
Bay Area	586	11.90
New York	449	5.78
Seattle	95	1.68
Miami	75	1.38
San Diego	67	1.08

Source: Pitchbook

Fundraising

YTD US VC Fundraising Exceeds Prior Year's Record High

US VC Fundraising Activity



And the three largest life sciences leases to date this year are Neuroprine's 630,000-square-foot new headquarters at Highway 56 and Carmel Valley Road; Becket Dickenson's 220,000-square-foot lease in Carmel Valley; and Bristol Myers Squibb's 427,000-square-foot at Alexandria's new project in UTC. San Diego life sciences companies have leased 2.2 million square feet in the first half of the year.

Nationally, venture capital in 2022 is on a path to be the highest level in history, exceeding 2021's \$147 billion.

Currently, San Diego has 1,700 life sciences companies. And highly important for the housing industry is that most of the jobs in life sciences have \$100,000-plus paychecks – virtually a necessity for home affordability in this county. Most of those jobs are in the Carmel Valley, UCSD, and UTC areas.



"This century is the era of biology and we have been accelerated into this era by the pandemic."

- Illumina CEO Francis deSouza



Our Local Economy

San Diego County is on a roll with unemployment in the 3% range, and we've added 60,400 jobs since last September.

The unemployment rate is a rock bottom 3.1% -- essentially zero.

Total Employment San Diego County 2018-2022

Year	Total Jobs	Change
2018	1,470,000	
2019	1,498,900	28,900
2020	1,361,000	(137,000)
2021	1,454,900	93,900
2022	1,515,300	60,400

Source: Bureau of Labor Statistics (BLS)

Unemployment Rate Month of September 2018-2022 San Diego County

Year	Unemployment Rate
2018	3.7%
2019	3.5%
2020	7.9%
2021	4.7%
2022	3.5%

Source: BLS





LET'S TALK REAL ESTATE

First, it is pleasant to remember that prices of detached and attached homes are up about 50% from five years ago. Most places in the United States have not experienced those types of increases. We are blessed.

A look at homes sold by price range shows clearly that homes priced under \$750,000 suffered the most. Homes priced over \$750,000 were stable.

Median Home Prices Closed Escrows San Diego County October 2017 & October 2022

Month	Detached	Attached
October 2017	\$611,250	\$407,000
October 2022	\$884,000	\$616,000
Change 2017-2022	\$272,750	\$209,000
% Change 2017-2022	44.6%	51.4%

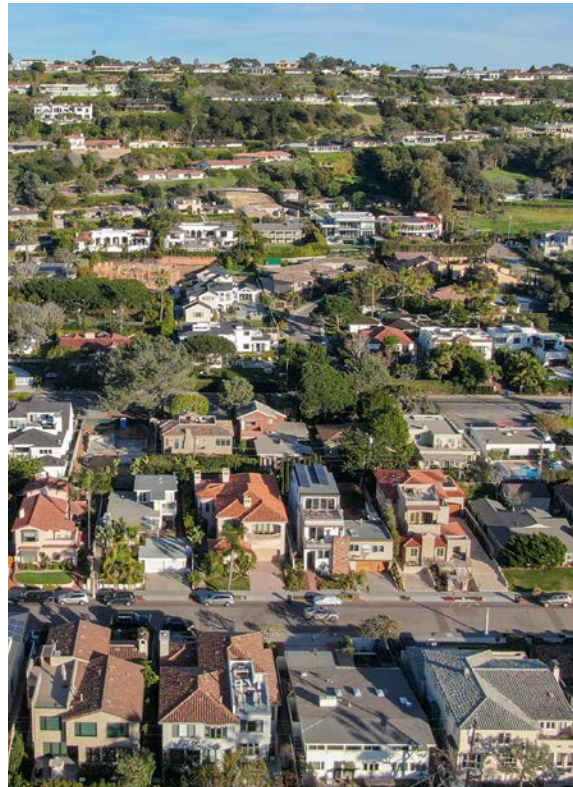
Source: SDAR

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

Price Range	Detached				Attached			
	No. Homes		Change in Sales		No. Homes		Change in Sales	
	Oct-21	Oct-22	No.	%	Oct-21	Oct-22	No.	%
Under \$500,000	1,066	470	(596)	-56%	6,682	3,253	(3,429)	-51%
\$500,000-750,000	9,508	5,037	(4,471)	-47%	5,027	4,476	(551)	-11%
\$750,000-1,000,000	6,814	6,210	(604)	-9%	1,502	1,623	121	8%
Over \$1,000,000	7,773	7,460	(313)	-4%	1,287	1,362	75	6%
Total	25,161	19,177	(5,984)	-24%	14,498	10,714	(3,784)	-26%

Source: SDAR





Median Home Prices Closed Escrows San Diego County October 2021 & October 2022

Month	Detached	Attached
October 2021	\$860,000	\$561,750
October 2022	\$884,000	\$616,000
Change 2021-2022	\$24,000	\$54,250
% Change 2021-2022	2.8%	9.7%

Source: SDAR

And even with the slowdown, year-over-year home prices were up, albeit just a little. The median detached median home price was up 2.8% from one year ago with attached housing (condos and townhomes) up 9.7%.

Listings are down, as might be suspected. Detached home listings are down 17% from a year ago, and attached housing is down 15%. It's tough to get folks to trade up or down with interest rates unusually high.

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

New Listings	Oct-21	Oct-22	Change	% Change
Detached	2,201	1,662	(539)	-17.3%
Attached	1,124	798	(326)	-14.6%
Total	3,325	2,460	(865)	-16.3%

Source: SDAR





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

Pending Listings	Oct-21	Oct-22	Change	% Change
Detached	2,048	1,148	(900)	-17.3%
Attached	1,072	599	(473)	-14.6%
Total	3,120	1,747	(1,373)	-16.3%

Source: SDAR

Market Indicators San Diego Inventory September 2021-September 2022

Indicator	Oct-20	Oct-21	Oct-22
Detached			
Days on Market Until Sale	21	21	33
Inventory of Homes for Sale	3,298	2,301	2,935
Months' Supply of Inventory	1.3	1.1	1.8
Attached			
Days on Market Until Sale	19	20	31
Inventory of Homes for Sale	2,121	1,004	1,326
Months' Supply of Inventory	1.6	0.8	1.5

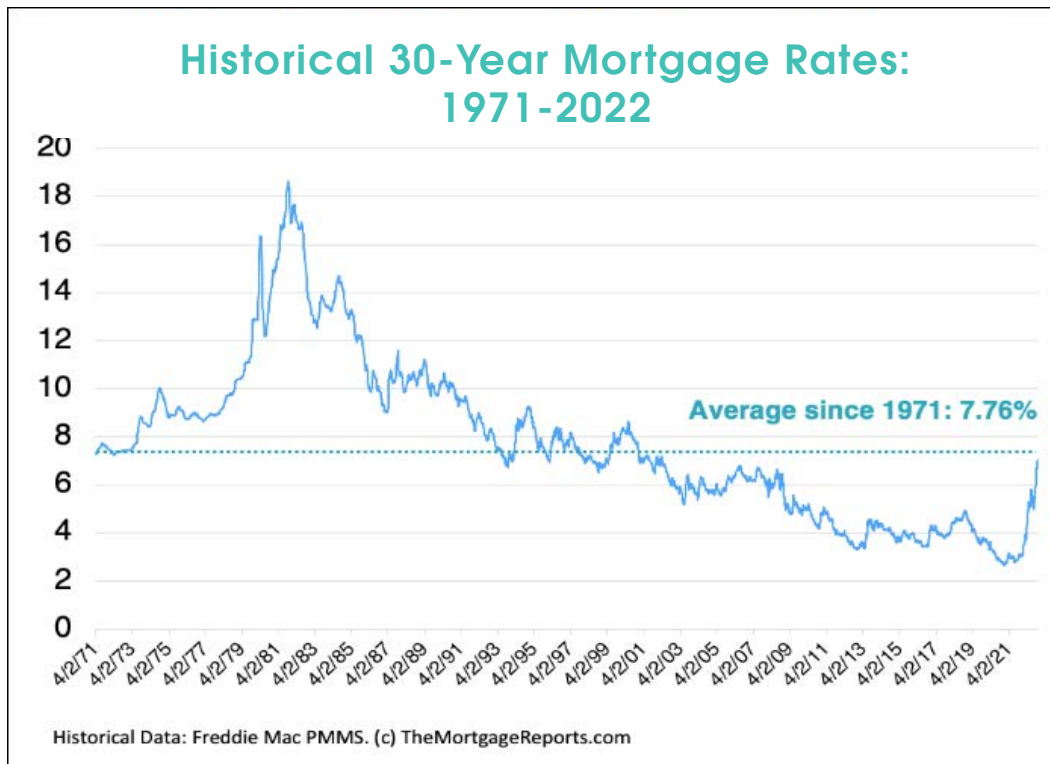
Source: SDAR

With listings down, pending listings are down a similar percentage.

Looking at the last three Octobers, the days on market until sale and the months of supply have expanded as have the inventory of homes for sale. In most of the nation, "months supply of inventory" is typically six months so we are still very much ahead of the curve.

As for interest rates, the 50-year average is 7.76%. So this fall's rates are average. Pointedly, the last two years have been an aberration and cannot be expected to be repeated in the foreseeable future.

A thought on Inflation: Inflation is forcing wages up to new levels. When inflation subsides, the higher wages stay high and that results in far more buying power. It ain't all bad!



Spotlight on Carmel Valley

Until just a few years ago, there were only two magic ZIP codes in San Diego County: 92037 (La Jolla) and 92067 (Rancho Santa Fe), but in recent years 92130 (Carmel Valley) has been added to the list of magical places.

More than 100 years ago, the Catholic Sisters of Mercy established a dairy farm there and named a nearby hill “Mount Carmel” after a Biblical site near Jerusalem. The City of San Diego formed the area and called it “Carmel Valley.” In the master plan, the area was actually known as North City West. The name Carmel Valley was adopted by the residents in 1991.

In entirety, it is within the San Dieguito School District, home to the highly respected Torrey Pines and Canyon Crest High Schools. Every school in the state has test scores that compare the school with the state average. In the case of Torrey Pines and Canyon Crest, their scores are significantly higher than the state average. The schools are among the top five in the county in both English and math.

Both schools have a broad ethnicity. The substantial Asian population reflects the high-tech jobs of the parents in 92130.



Report Card - Average Test Scores Torrey Pines & Canyon Crest San Dieguito School District

Subject	Torrey Pines	Canyon Crest	State
English	78	88	50
Math	62	80	39

Ethnicity Torrey Pines & Canyon Crest

Ethnicity	Torrey Pines	Canyon Crest
Non-Hispanic White	58.0%	46.5%
Hispanic	15.1%	8.2%
Asian	19.5%	36.8%
Black	1.0%	0.6%
Other	6.4%	8.5%
Total	100%	100%

Source: SARC



There are 28,870 jobs in Carmel Valley, 95% of them white collar. There are also 4,305 entrepreneurs in Carmel Valley (14.9% of the workforce); 19,125 workers employed in private companies (66.3%); and 2,527 people working in governmental institutions (8.8%).

Housing has increased substantially in 92130 in the past several years. This year, through October, the median price of a single-family detached home was \$2.4 million, and the price of an attached home was \$970,000. Five years ago, the prices of detached homes were half as much (\$1.2 million).

Overall, the magic of Carmel Valley continues to grow as high tech employers in nearby ZIP codes like 92037 (La Jolla), Sorrento Valley (92121), and University City (92122) expand their employment bases.



Employment Carmel Valley

Type	No.	%
White Collar	27,548	95%
Blue Collar	1,322	5%
Total	28,870	100%



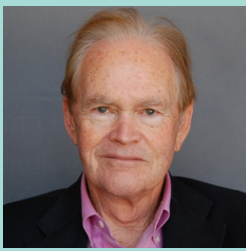
Housing Facts Carmel Valley YTD October 2022

Home Type	Carmel Valley	SD County
Detached		
Homes Sold	231	16,120
Median Sales Price	\$2,400,000	\$948,000

Attached		
Homes Sold	173	9,058
Median Sales Price	\$970,125	\$630,000

Source: SDAR





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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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