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SAN DIEGO HOUSING MARKET HIT GRAND SLAMS IN AUGUST

I am delighted to report that in the month of August, the San Diego real estate market hit four grand slams, thereby equaling the San Diego Padres' all-time industry record.

The four grand slams are (1) the state of the economy, (2) new residential construction, (3) the state of real estate, and (4) the declining impact of COVID in San Diego County.

THE STATE OF THE ECONOMY

Nationally, the U.S. continues to gain new jobs. In August, the job gain was approaching 4 million. In March and April combined, we lost a total of 25 million jobs and are now more than halfway back to the pre-March total. Since May, the U.S. has added almost 14 million jobs.

As a result of these job gains, the U.S. unemployment rate has declined from 14.7% to 8.4% -- not quite the 3.9% we had become accustomed to, but it is in the right direction.

Unemployment Rate United States January-August 2020

Month	Unemployment Rate	Employment Rate
January	3.6%	96.4%
February	4.4%	95.6%
March	4.4%	95.6%
April	14.7%	85.3%
May	13.3%	86.7%
June	11.1%	88.9%
July	10.2%	89.8%
August	8.4%	91.6%

Total Employment United States January-August 2020

Month	Total Jobs (000)	Change
January	158,714	n/a
February	158,759	45
March	155,772	(2,987)
April	133,403	(22,369)
May	137,242	3,839
June	142,182	4,940
July	143,532	1,350
August	147,288	3,756

Change May-August	13,885
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Source: Bureau of Labor Statistics



Employment Update

Along with the decline in unemployment, initial unemployment claims have plummeted – down 88% since March, despite the demise of the \$600 weekly stipend.

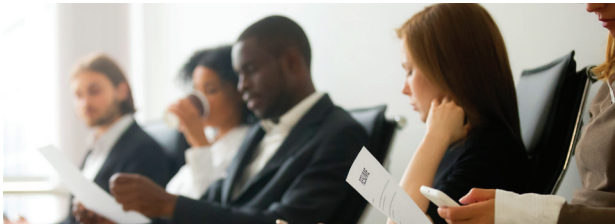
Initial Unemployment Claims United States

Week	(000)
21-Mar	3,307
28-Mar	6,867
2-May	3,176
6-Jun	1,542
27-Jun	1,427
25-Jul	1,205
1-Aug	984
29-Aug	833

% Decline from March 28	-88.0%
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Source: Bureau of Labor Statistics

As I pointed out last month, low unemployment favors the educated. In April the unemployment rate for those with bachelor's degrees was 5.3%.



Here in San Diego, the unemployment rate has declined to 12.9% and the County has gained almost 70,000 jobs since the critical March-May period.



Unemployment Rate by Years Educational Attainment Educational Attainment United States April-August 2020

Month	April	May	June	July	August
Bachelor's Degree or Higher	8.4%	7.4%	6.9%	6.7%	5.3%
Some College or A.A. degree	15.0%	13.3%	10.9%	10.0%	8.0%
High School (no college)	17.3%	15.3%	12.1%	10.8%	9.8%
Less than a HS Degree	21.2%	19.9%	16.6%	15.4%	12.6%

Source: BLS.gov

Civilian Employment Rate (1) San Diego County January thru July 2020

Month	Total Employment	Job Change	Unemployment Rate
January	1,540,000	n/a	3.3%
February	1,544,300	4,300	3.2%
March	1,509,100	(35,200)	4.2%
April	1,317,500	(191,600)	15.0%
May	1,314,200	(3,300)	15.0%
June	1,365,000	50,800	13.9%
July	1,382,700	17,700	12.9%

(1) excludes military in uniform.

Source: U.S. Bureau of Labor Statistics

In the May to July period (August numbers are not yet available), 60% of the job losses were in leisure and hospitality, but those industries did gain 33,500 jobs since June. Not perfect, but getting better. Of the six other major employment categories, all had gains, except for government.

Job Losses/Gains by Category Wage and Salary Employment San Diego County March - July 2020

Category	March	April	May	July	Change	
					March - April	May-July
Total	1,494,000	1,291,000	1,301,000	1,357,200	(203,000)	56,200
Leisure and Hospitality	192,900	96,700	114,600	148,100	(96,200)	33,500
L&H as % of Total					47%	60%
Construction	80,200	75,700	77,200	79,900	(4,500)	2,700
Manufacturing	117,100	111,200	106,800	108,700	(5,900)	1,900
Government	252,900	246,300	240,000	221,600	(6,600)	(18,400)
Professional & Business Services	259,500	243,800	251,000	253,100	(15,700)	2,100
Education & Health Services	219,600	197,600	199,300	201,800	(22,000)	2,500
Trade, Transportation & Utilities	218,800	191,300	190,300	204,500	(27,500)	14,200

Source: U.S. Bureau of Labor Statistics

RESIDENTIAL CONSTRUCTION

San Diego is the only county in Southern California that has had positive growth in residential units permitted in the January-July 2020 period. I'm particularly pleased that single-family units increased as they are indicative of the housing market current strength. Builders don't break ground on single-family homes unless they sense an immediate demand for their product.



Residential Building Permits San Diego County January-July 2019 & 2020

Annual	No. of Units		
	Total	Single Family	Multi-Family (1)
January	654	263	391
February	515	379	136
March	867	210	657
April	683	154	529
May	375	141	234
June	843	327	516
July	721	200	521
Total Jan-July 2020	4,658	1,674	2,984
Total Jan-July 2019	4,430	1,797	2,633

(1) condominium and rental
Source: U.S. Census

COVID Update



Source: [Wikipedia](#)



San Diego continues to have COVID deaths, but at a rate half that of the nation as a whole, and considerably lower than the state of California.

Nationally, COVID still ranks as a major killer (and, of course, the final totals are yet to be determined).

Deaths by COVID-19 U.S., California and San Diego as of September 5 2020

Locale	Total Deaths from all causes - 2019	COVID Deaths as of 9.5.2020	COVID as % of Total Deaths
United States	2,800,000	188,000	6.71%
California	263,000	13,708	5.21%
San Diego	22,000	701	3.19%

Source: [Census.gov](#); [Johns Hopkins Covid Map](#)



Deaths by Various Causes TOP 10 United States 2018

Cause	No. Deaths
All Deaths	2,813,503
Heart Disease	655,381
Cancer	599,108
Lung Related	215,873
COVID - 2020	188,000
Accidents	169,936
Strokes	146,383
Alzheimer's	121,404
Diabetes	83,564
Kidney Related	50,633
Suicide	47,173
Other (mostly old age)	536,048

Source: [National Vital Statistics System, Mortality](#)

Within San Diego County, COVID continue to be a disease of the senior citizens with almost nine of every ten deaths persons over 60 years of age.



That's it for this month. Let's hope that we continue to move in the right direction and continue to hit grand slams! If the Padres can do it, I know the REALTORS® can.

Deaths by Age Group COVID San Diego County as of September 6 2020

Age Range	COVID Deaths	% of Deaths	Population	% of Pop.
0-49	28	5%	2,304,587	68%
50-59	53	9%	415,194	12%
60-69	111	18%	347,609	10%
70-79	137	23%	201,339	6%
80+	279	46%	122,657	4%
	608	100%	3,391,386	100%

Unfortunately, 40% of the confirmed cases in the County continue to be south of Interstate 8:

COVID-19 By ZIP Code Confirmed Cases Top Ten ZIPS San Diego County as of September 6 2020

ZIP	Area	Area	So. Of I-8	No.
91950	National City	South County	x	2,555
92154	Otay Mesa/Eastlake	South County	x	2,408
91911	Sunbow, Otay Mesa West	South County	x	2,023
91910	Chula Vista	South County	x	1,677
92113	Shelltown, Logan Hts.	SE San Diego	x	1,507
92173	San Ysidro	South County	x	1,360
92105	South Park	SE San Diego	x	1,278
92114	Bay Terrace, Valencia Park	SE San Diego	x	1,202
91977	Spring Valley/La Presa	South County	x	1,167
92020	El Cajon	East County		1,076

	Top 10 ZIPS			16,253
	Top 10 ZIPS as % of County's ZIPS			40,342
	Top 10 as % of County			40%

Source: County Dept. of Public Health



Spotlight On Poway

Poway doesn't appear in the spotlight often, but it is worth a discussion here. This past month, Ryan Companies announced that an Amazon Last Mile Delivery Station is going to be the sole tenant in its brand-new 530,000-square-foot structure in its Vantage Point project in Poway.



Poway is an industrial powerhouse but doesn't get the press it deserves. It currently has 9.1 million square feet of industrial, the third largest amount of square footage in the I-15 corridor. It is bested only by Kearny Mesa (15.5 million square feet) and Mira Mesa (17.6 million square feet) and is ahead of Rancho Bernardo's 7.8 million square feet. Poway has the lowest vacancy rate (1.1%) of any industrial sub-market in the County.

On other fronts, Poway has several other developments underway including The OutPost, a residential/retail mixed use project. Meridian will soon be underway with a very attractive and exciting 83-unit townhome project along with a 44-unit senior apartment project. The Meridian townhomes will be a mirror of its highly successful and now sold-out EVO project in South County.

On the resale scene, the first eight months of the year were not quite as vibrant as in that same timeframe in 2019, but that was most probably due to a lack of inventory. Days on market declined significantly, with detached properties down to 24 average days on market, and attached product at 19 days. Not surprisingly, prices increased by an average of 7 percent, one of the strongest increases in the County.



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