



SAN DIEGO | MLS

ECONOMIC FORECAST

November 2023

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Household Wealth, Spending Keep Economy Growing at Solid Pace

With interest rates and inflation discouragingly high and politics at a new low, it is nice to report that American families are doing rather well.

The Federal Reserve announced this month that American families saw the largest jump in their wealth on record between 2019 and 2022. The major increases result from a combination of rising stock indexes, climbing home prices and repeated rounds of government stimulus.

After adjusting for inflation, median net worth climbed 37% -- the biggest jump on record stretching back to 1989. Income climbed across all groups between 2019 and 2022, but the gains were biggest toward the top, meaning that income inequality widened.

Among families in the top 10%, median net worth climbed from \$3.01 million to \$3.79 million in that three-year period. That increase in wealth allowed people to continue spending into 2023 which has helped to keep the economy growing at a solid pace even when the Fed has been listing interest rates to cool it down.

Further evidence of the ebullience of the U.S. households is the sale of new cars. Through October, new car sales in the U.S. were up 12.5% over a year ago. And perhaps equally impressive is the change in automobile prices in the past four years - up an eye-popping one-third. A lot of that is Americans selecting more expensive electric vehicles and SUVs.



New Automobile Sales & Prices

Sales	
Through October 2022	11,477,532
Through October 2023	12,910,466
% Change	12.5%

Average Prices	
October 2019	\$36,800
October 2023	\$48,451
Change	\$11,651
% Change	31.7%

Source: Edmunds



San Diego Real Estate

On the housing scene, sales were not as ebullient as automobile sales, but then again home sellers were not advertising interest rates of two or three percent and 100,000 mile warranties.

Closings were down by a quarter for both detached and attached homes. In the first ten months of 2023

total closings were 18,851 compared to 25,271 in October 2022.

Closings were down because the inventory of homes for sale was meager. And, as might be expected, the total pendings were down as well.

Closed Sales San Diego County Through October 2022 and 2023

Detached			
2022	2023	Change	% Change
16,176	12,021	-4,155	-26%

Attached			
2022	2023	Change	% Change
9,095	6,840	-2,255	-25%

TOTAL			
2022	2023	Change	% Change
25,271	18,861	-6,410	-25%

Source: Greater San Diego Association of REALTORS® (SDAR)

Pending Sales San Diego County Through October 2022 and 2023

Detached			
2022	2023	Change	% Change
15,895	12,434	-3,461	-22%

Attached			
2022	2023	Change	% Change
8,941	7,150	-1,791	-20%

TOTAL			
2022	2023	Change	% Change
24,836	19,584	-5,252	-21%

Source: SDAR

The basic demand for homes remained relatively strong as evidenced by the increase in home prices. Theoretically, in a sales downturn, prices should ebb downward. Not so today.

Home prices in October 2023 were 10% over the price in 2022. Detached homes had a median price of \$964,000 and attached \$667,500.

Looking at sales by price range, homes priced over \$1 million had a decline of 25% compared to one-third decline for homes priced under \$1 million.

Median Price San Diego County October 2021-2022-2023

September	Detached	Attached
2021	\$860,000	\$565,000
2022	\$882,000	\$605,500
2023	\$964,000	\$667,500
Change '21-'23	+\$22,000	+\$40,500
% Change	2.6%	7.2%

Source: SDAR

Sales by Price Range Detached and Attached Homes San Diego County October 2022 & 2023*

Price Range	Oct-22	Oct-23	Change	% Change
Detached				
Under \$500,000	442	324	-118	-27%
\$500,000-750,000	4,827	3,142	-1,685	-35%
\$750,000-1,000,000	6,438	4,471	-1,967	-31%
\$1,000,000+	8,415	6,279	-2,136	-25%

Attached				
Under \$500,000	3,062	1,896	-1,166	-38%
\$500,000-750,000	4,750	3,504	-1,246	-26%
\$750,000-1,000,000	1,816	1,349	-467	-26%
\$1,000,000+	1,614	1,205	-409	-25%

* Based on a rolling 12-month calculation

Source: SDAR

And as might be expected, the inventory of homes for sale is relatively meager, with detached homes priced under \$1 million down 267 from a year ago.

The ratio of homes for sale to homes sold is very telling. Basically, the ratio has been cut in half, from one year ago. There isn't much to sell.

Pointedly, there were only 1,413 detached homes for sale priced under \$1 million and a similar number for attached homes priced under \$1 million.

And on a final note, it is encouraging that there are almost no lender-mediated properties (i.e., foreclosures) in San Diego County. Virtually zero. That's a sign of a stable market.

Inventory of Homes for Sale San Diego County October 2022 & 2023

Price Range	Oct-22	Oct-23	Change	% Change
Detached				
Under \$1,000,000	1,680	1,413	-267	-16%
\$1,000,000 and Over	8,415	6,279	-2,136	-25%
Attached				
Under \$1,000,000	1,157	1,408	+251	22%
\$1,000,000 and Over	258	606	+348	135%

Sales to Inventory Ratio San Diego County October 2022 & 2023

Detached	Oct-22	Oct-23
Homes Sold	1,225	1,000
Homes for Sale	3,177	1,415
Ratio	2.59	1.42

Attached	Oct-22	Oct-23
Homes Sold	652	602
Homes for Sale	4,036	2,014
Ratio	6.19	3.35

Spotlight on 92107 - Ocean Beach



This month we place a spotlight on the Pacific-fronting Ocean Beach community (92107), home of one of only three visitor-friendly piers in the county. (The other two are Oceanside and Imperial Beach.)

Ocean Beach has been essentially built out for the past half century and new construction there is typically the result of razing existing properties.

The population of Ocean Beach is approximately 31,000 persons, a modest increase of 14% over the

past decade. The population is getting older and now has a median age of 41. Its population has a relatively high level of educational attainment. 52% of its adult population has a bachelor's degree or higher compared to 35% countywide. Its household incomes are approaching \$100,000.

There are approximately 14,000 housing units in Ocean Beach, a change of only 3.9% in the past decade.

Population Indicators Ocean Beach 92107

Indicator	2010	2020	Change	% Change
Population	26,929	30,718	+3,789	14.1%
Median Age	34	41	+7	20.3%
Housing Units	13,952	14,493	+541	3.9%
Median Income	\$51,764	\$94,527	+\$32,763	53.0%
Education Attainment: Bachelor's Degree or Higher	52%			

Source: SANDAG

Ocean Beach Businesses and Real Estate

The Ocean Beach community has a myriad of business establishments, most of them focused on serving the beach and Pier community. According to the Census Bureau, there are more than 700 businesses in the zip code, three-quarters of them with fewer than five employees.

Annual attendance at the beach is estimated at more than 2,000,000 according to the Lifeguard Department.

Ocean Beach Pier attendance is estimated at a half million people annually, many of them drawn to the fishing possibilities at the end of the Pier and the high-quality Mexican restaurant there, "Walking on Water." The Ocean Beach Pier is the third longest ocean-fronting pier in California at 2,000 feet. Unfortunately, it is not in the best condition and plans are underway to replace it.

Home prices have been on an upward path for several years and since 2015 the price of single-family homes and condominiums has more than doubled.

Unfortunately, for folks looking to buy a home in Ocean Beach, the supply is slim, with 50 homes in the inventory and 19 condominiums.

Ocean Beach continues to be one of the most popular waterfront settings in San Diego County and its housing inventory is continually "tight" with few homes available for sale and prices on the rise.

Number of Established Businesses Ocean Beach (92107) Calendar Year 2021

Business Employees	Number	%
Less than 5 Employees	510	72%
5 - 9 Employees	100	14%
10 - 19 Employees	55	8%
20 - 49 Employees	32	5%
50 - 99 Employees	9	1

Source: 2021 County Business Patterns



Inventory of Homes for Sale Ocean Beach (92107) October 2023

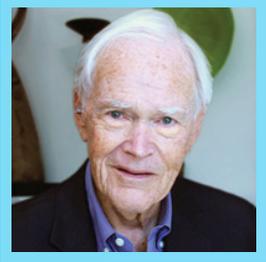
Housing Type	Inventory
Detached	50
Attached	19

Source: SDAR

Median Resale Home Prices Ocean Beach (92107) October 2015 vs. October 2023

Housing Type	Oct-15	Oct-23	%
Detached	\$800,000	\$1,899,000	137%
Attached	\$350,000	\$795,000	127%

Source: SDAR

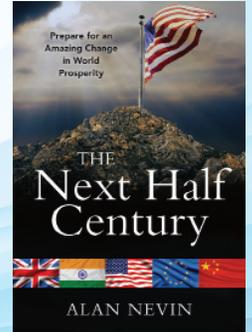


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Economist Alan Nevin is the Director of the Economic Consulting Group at Gafcon, providing comprehensive services in program and project management, construction, and development. A graduate of Stanford University, he has a broad background in real estate development, investment and market research. He serves the legal and insurance communities with valuations, market supply and demand and economic loss analyses.

His newly released book, "The Next Half Century," describes a very positive picture of the world of tomorrow.

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