



SAN DIEGO | MLS

ECONOMIC FORECAST

October 2023

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Taking Stock of Quarters 1, 2 and 3 ... Preparing for the 4th Quarter

It is that time of year when U.S. businesses take stock of the first three quarters of the year and prepare for a rousing holiday season. School is back in session, new model cars hit the showroom floors, and retailers begin their annual holiday sales preparation. For many retailers, the 4th quarter accounts for as much as one-third of the year's sales.

In the first three quarters, employment was strong, adding more than 2.6 million jobs in the first nine months of the year, with the unemployment rate holding steady.

Importantly, from a home sale standpoint, the unemployment rate for those with bachelor's degree or higher was 2%. And job openings remained in the 10 million range.

From a consumer confidence standpoint, new car sales were a booming 11.7 million through September, up 13.7% over a year ago, with used car sales holding at 25 million. Electric vehicles appear to be pushing the totals.



Economic Activity United States - First 3 Quarters 2022-2023

Activity	2022	2023	Change	% Change
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Employment				
Total Employment	159,003,000	161,669,000	2,666,000	1.7%
Unemployment Rate	3.5%	3.8%	0.3%	
Unemp. Rate (Bachelor's Degree or Higher)	2.0%	2.1%	0.1%	
Job Openings	10,200,000	9,610,000	-590,000	-5.8%

Source: Bureau of Labor Statistics (BLS)

Automobile Sales				
New Car Sales (thru September)	10,287,409	11,699,486	1,412,077	13.7%
Used Car Sales (thru August)	25,150,000	24,772,000	-378,000	-1.5%

Source: Cox Automotive

In the same vein, consumer confidence generated substantial sales for retail and food categories in the 2021-2023 timeframe.

It does appear likely that the 4th quarter will be strong in the retail sector and car sales. Prior to COVID, the U.S. was selling 17 million new vehicles annually. It is possible that sales could approach that total in 2023.

Retail & Food Sales United States August 2021-2023

Year	Sales (Billions)	Change
2021	\$626,430,000	
2022	\$698,833,000	112%
2023	719,201,000	115%

Source: Census Retail Survey

In the national housing market, sales were down 25% but home prices held steady.

New construction was off 17%, not an unexpected occurrence considering interest rates.



Housing Activity United States - First 3 Quarters 2022-2023

Category	2022	2023	Change	% Change
Single-Family Units Permitted ¹	729,300	612,300	-117,000	-16.0%
Multi-Family Units Permitted ¹	465,000	384,000	-81,000	-17.4%
Single-Family Avg Price (Resales)	\$391,400	\$388,000	-\$3,400	-0.9%
Single/Multi-Family Resales (Annualized) ²	5,400,000	4,040,000	-1,360,000	-25.2%

¹ Thru August

² Not Seasonally Adjusted



San Diego Real Estate

Sales were down more than a quarter from one year ago with more than 17,000 homes sold from January through September 2023.

The blessing of San Diego is that with 7%+ interest rates, prices have continued to move up steadily.

In the past year, both single family and multi-family homes sold have

increased in value 10% with detached homes pushing the \$1 million market and attached homes \$660,000.

Home sale declines were fairly uniform in all price ranges with the number of detached home sales down one-third in the under \$1 million category and 29% in the over \$1 million category. The

attached homes picture mirrored that of single family declines.

I had anticipated interest rates to subside in late 2023 with National elections in the offing, but, so far, it appears the Feds are holding steady. I suspect that President Biden has other things on his mind than the success of the housing market.

Median Price San Diego County September 2021-2022-2023

September	Detached	Attached
2021	\$860,000	\$565,000
2022	\$907,000	\$600,000
2023	\$999,000	\$660,000
Change '21-'23	+\$139,000	+\$35,000
% Change	16%	17%

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

Closed Sales San Diego County Through September 2022 and 2023

Detached			
2022	2023	Change	% Change
14,951	10,898	-4,053	-27%
Attached			
2022	2023	Change	% Change
8,443	6,217	-2,226	-26%

Source: SDAR

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

Price Range	2022	2023	Change	% Change
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Detached				
Under \$500,000	466	340	-126	-27%
\$500,000-750,000	5,141	3,273	-1,868	-36%
\$750,000-1,000,000	6,663	4,491	-2,172	-34%
\$1,000,000+	8,713	6,216	-2,497	-29%

Attached				
Under \$500,000	3,357	1,969	-1,388	-41%
\$500,000-750,000	4,944	3,519	-1,425	-29%
\$750,000-1,000,000	1,842	1,317	-525	-29%
\$1,000,000+	1,661	1,178	-483	-29%

* Based on a rolling 12-month calculation

Source: SDAR

Spotlight on 92117 - Clairemont

In the early 1950s Carlos Tavares and Claire Burgener teamed up to build what was at the time San Diego's largest subdivision.

During the early '50s the homebuilding pace was seven homes a day. Within a few years, several thousand houses had been constructed along with duplexes, apartments, commercial properties and schools. Today, Clairemont (92117) has two dozen schools.

It is bounded by freeways on the north, west and east and is sited across from Mission Bay.

Its population hasn't changed much in the past 20 years because land for new development is scarce. Two-thirds of the housing was built prior to 1980. The 2020 population is now 55,000-plus.

The population mirrors that of the City with an average age of 37. Clairemont also mirrors the educational levels of the City, with half of the adult population holding a bachelor's or graduate degree.



Age of Housing Clairemont (92117)

Year Built	ZIP	2020
Pre-1960	7,694	36%
1960-1969	5,936	28%
1970-1979	4,466	21%
1980-1989	1,781	8%
1990 and later	1,603	7
Total	21,480	100%

Population (2000-2020) Clairemont 92117 and City

Year	Clairemont	City	As a %
2000	51,203	1,223,400	4.2%
2010	51,132	1,307,402	3.9%
2020	55,557	1,386,960	4.0%

Source: U.S. Census

Age - Clairemont and City

Age	Clairemont	City
Under Age 18	20.0%	19.6%
Over Age 65	19.5%	13.8%
Median Age	37.7	37.6



Clairemont Town Square Shopping Center



Clairemont (92117) Home Sales and Prices

In Clairemont, 57% of the households own their home and 43% rent. The rental percentage is distinctly less than in the City of San Diego as a whole.

Clairemont has been a highly active real estate market, but has slowed down of late. An increasing number of original homes in the Bay Park neighborhood of Clairemont have been razed and replaced with new homes.

Prices in Clairemont have escalated on a continuing basis and have moved well past the \$15,000 pricing of the original Tavares-Burgener homes. Gradually because of its premier location, the median home price is moving ahead of the market average.

On balance, Clairemont, over the coming decades, will re-invent itself and become an upscale and highly popular community for the move-up market.

Year-to-Date Home Sales Clairemont (92117) September 2021-2023

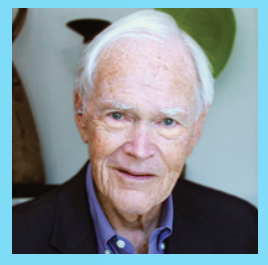
Closed Sales	Detached	Attached	Total
thru Sep. 2021	349	110	459
thru Sep. 2022	321	78	399
thru Sep. 2023	225	54	279

Source: SDAR

Year-to-Date Median Prices Clairemont (92117) September 2021-2023

Closed Sales	Detached	Attached
thru Sep. 2021	\$905,000	\$477,000
thru Sep. 2022	\$1,100,000	\$620,000
thru Sep. 2023	\$1,075,000	\$679,500

Source: SDAR

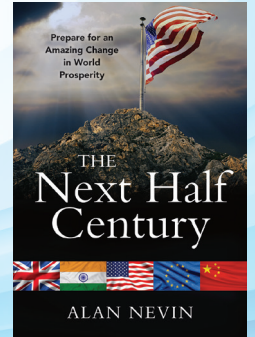


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Economist Alan Nevin is the Director of the Economic Consulting Group at Gafcon, providing comprehensive services in program and project management, construction, and development. A graduate of Stanford University, he has a broad background in real 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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