



SAN DIEGO | MLS

ECONOMIC FORECAST

September 2023

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San Diego and the U.S. - Both are Exhibiting Very Health Economies

It is always interesting to receive the latest economic trends for the nation, especially when they are positive. The numbers for August 2023 are not quite as ebullient as they were in August 2022, but they are positive nonetheless.

The unemployment rate is still near rock bottom; jobless claim applications are minimal and job hires are still in the 6 million range.

These strong indicators persevere despite the highest mortgage rates in two decades and with construction just moping along. Imagine what will happen when interest rates subside.

A special note of interest: After many decades of falling employment in the manufacturing sector

	Aug-2023	Aug-2022
Job Gains	187,000	236,000
Unemployment Rate	3.9%	3.6%
Jobless Claim Applications	216,000	206,000
Job Openings	8,827,000	11,380,000
Job Hires	5,773,000	6,140,000

Source: Bureau of Labor Statistics (BLS)

as a result of “re-shoring” incentives put in place in the past few years, U.S. manufacturing jobs have moved upward, optimally on a long-term basis.

Manufacturing Employment - United States 1980-2023

Year	Jobs	Index
1980	19,550,000	100.0
1990	17,600,000	0.90
2000	17,217,000	0.88
2009	11,500,000	0.59
2020	12,785,000	0.65
2023	19,997,000	0.66

Source: BLS



On the local scene, the economy mirrors the national scene with unemployment rates remarkably low and jobs on the rise.

In the past year, San Diego County added almost 40,000 jobs. In the year prior, we were still recovering

from the COVID pandemic and gained a whopping 81,000 jobs.

On an industry-by-industry basis, leisure and hospitality continued to blossom with summer visitations. Education and health services showed great strength with health

services leading the way to a monthly gain of more than 15,000.

Overall, all is well. All we need now is for interest rates to return to some level of normalcy. And I think that will happen fairly soon.

Non-Farm Employment San Diego County July 2021 - July 2023

Month	Total	Change
Jul-21	1,448,300	
Jul-22	1,529,300	+81,000
Jul-23	1,568,600	+39,300

Source: BLS

Unemployment Rate San Diego County July 2021 - July 2023

Month	Rate
Jul-21	3.4%
Jul-22	3.4%
Jul-23	3.9%

Source: BLS



Employment Trends San Diego County July 2022 - July 2023

Industry	Jul-22	Jul-23	Change	% Change
Education & Health Services	225,400	240,600	+15,200	6.7%
Leisure & Hospitality	199,400	211,900	+12,500	6.3%
Government	235,800	239,800	+4,000	1.7%
Trade, Transport & Utilities	222,000	223,500	+1,500	0.7%
Manufacturing	118,000	118,700	+700	0.6%
Professional & Business Services	285,600	285,800	+200	0.1%
Construction	88,400	87,800	-600	-0.7%

Source: BLS

San Diego Real Estate

I really do wish that I could report wonderful news, but the numbers won't let me. Having said that, there are some bright spots in the real estate industry.

The brightest light is the price of homes. Despite the interest rates, the price of homes sold in the county continues to rise. In the past two years, detached

homes increased in value by \$175,000 and attached homes \$117,000, both rising 21%. That is a clear indication that the market craves buying opportunities.

The big drop in sales occurred in 2021. Since 2022, sales have been relatively stable, with some 2,000 units sold in both August 2022 and August 2023.

Median Price San Diego County August 2021-2022-2023

August	Detached	Attached
2021	\$850,000	\$560,000
2022	\$903,000	\$622,000
2023	\$1,025,000	\$677,000
Change '21-'23	+\$175,000	+\$117,000
% Change	21%	21%

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

Closed Sales San Diego County August 2021-2022-2023

August	Detached	Attached	Total
2021	2,283	1,317	3,600
2022	1,374	825	2,199
2023	1,266	690	1,956
2021 as a % of 2023	55%	52%	54%

Source: SDAR



In the past year, sales of both detached and attached homes declined about a third regardless of price range.

Days on market were relatively the same last year and this year in the under \$5 million price range. In the over \$5 million category, it took at least twice as long to close an escrow. Importantly, in this past month most homes remained on the market for about a month.

As you may suspect, the inventory of modest priced homes was almost non-existent. This past August, half of the inventory of homes for sale were priced over \$1 million.

The interest rate of 7% is thoroughly obnoxious, but there is some portion of the market that is flush with cash or very much needs a home and is willing to bite the bullet and move forward with a purchase knowing full well that interest rates will subside in the near term future and refinancing is on the horizon.

Days on Market by Price Range San Diego County August 2022 and August 2023

Price Range	Aug-22	Aug-23
Under \$250,000	41	64
\$250,000 - \$500,000	21	30
\$500,000 - \$750,000	19	31
\$750,000 - \$1,000,000	19	30
\$1,000,000 - \$1,250,000	20	30
\$1,250,000 - \$2,000,000	21	31
\$2,000,000 - \$5,000,000	29	39
More than \$5,000,000	65	63
All Price Ranges	21	31

Source: SDAR

Inventory of Homes for Sale by Price Range San Diego County August 2022 - August 2023

Price Range	Aug-22	Aug-23	Change	
			Number	Percent
Under \$250,000	13	14	+1	8%
\$250,000 - \$500,000	401	302	-99	-25%
\$500,000 - \$750,000	1,367	751	-616	-45%
\$750,000 - \$1,000,000	1,297	984	-313	-24%
Under \$1,000,000	3,078	2,051	-1,027	-33%
Over \$1,000,000	1,818	2,611	+793	44%
Total	4,896	4,662	-234	-5%

Source: SDAR

Spotlight on 92102 - Golden Hill Area

This month's neighborhood spotlight focuses on ZIP 92102, encompassing the neighborhoods of Golden Hill, South Park, Sherman Heights and Grant Hill. This area is surrounded by ZIPs 92101, 92103, and 92104.

The four ZIPs represent the primary market area for Millennials seeking homes and apartment in urban central San Diego. These four areas are, in essence, built out and new development inevitably relates to razing sites.

The total population of the four ZIPS is estimated at 203,234, or 6% of the San Diego County population. The four ZIPs have particular appeal to the millennial market who most probably do not work in one of the four ZIPs but want to live there because of the proximity to dining and entertainment venues.



The population of Golden Hill is approximately 14,000, or one-third of the population of ZIP 92102.

Note the substantial increase in 2020 population in downtown San Diego in the past decade, almost doubling the 2010 population.



Inventory of Homes for Sale by Price Range San Diego County August 2022 - August 2023

Neighborhood	ZIP	2010	2020	Change	% Change
Golden Hill	92102	42,967	40,976	-1,991	-5%
Downtown San Diego	92101	35,623	67,018	+31,395	88%
Hillcrest / Bankers Hill	92103	30680	42,014	+11,334	37%
North Park	92104	44,947	53,226	8,279	18%
Total		154,217	203,234	49,017	32%

Source: San Diego Association of Governments (SANDAG)

92102 Demographics & Home Sales

The percentage of adult residents with a bachelor's degree or higher is distinctly higher in the four relevant ZIPs.

The housing profile of Golden Hill is comprised of a mix of single-family homes, attached units (primarily two to ten units) and garden apartments. Because it is essentially built out, the additions to the housing inventory in the past decade have been minor.

The turnover in sale housing in 92102 ZIP is relatively minor as can be seen in the exhibit showing sales in the past year.

The only new for sale project, now sold out, is CityMark's CRAFT Townhomes, a 17-unit project at 32nd and C Streets built within the past year and sold out at prices in the \$1 million range.

Overall, ZIP 92102 is destined to maintain its strong popularity both for sale and rental housing.



CRAFT Townhomes, Golden Hill

Education Attainment - 2020 Bachelor's Degree or Higher ZIPs 92101, 92102, 92103, 92104

Neighborhood	ZIP	2020
Golden Hill ¹	92102	47%
Downtown San Diego	92101	51%
Hillcrest / Bankers Hill	92103	59%
North Park	92104	52%
San Diego County		40%

¹ The education attainment show is specially for Golden Hill as opposed to the entire 92102 ZIP.

Source: SANDAG

Market Update - ZIP 92102 August 2022-2023

Sales	Detached	Attached
Jan-Aug 2022	87	40
Jan-Aug 2023	71	33

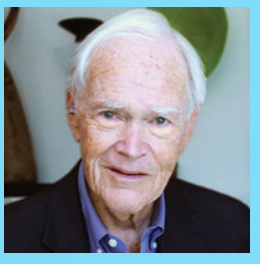
Median Sale Price	Detached	Attached
Aug-22	\$800,000	\$530,500
Aug-23	\$750,000	\$500,780

Source: SDAR

Housing Profile - Golden Hill 2010 - 2020

Category	2010	2020	Change	% Change
Single-Family Detached & Attached	8,412	8,506	+94	1.1%
Apartments	5,804	5,861	+57	1.0%
Total	14,216	14,367	+151	1.1%

Source: SANDAG



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