



SAN DIEGO | MLS

ECONOMIC REPORT

MAY 2022

ALAN NEVIN - DIRECTOR OF APPRAISAL & MARKET RESEARCH, VERTEX





May 2022

Did Your House Earn
More than You Did
This Past Year?

2021 Home Price Increase & Median Income Top Five Markets

Metro	Home Price Appreciation	Median Salary Income (1)
San Jose	\$ 229,277	\$93,000
San Francisco	\$204,914	\$75,000
San Diego	\$160,493	\$54,703
Honolulu	\$138,354	\$51,000
Seattle	\$131,129	\$65,000

(1) Source: Census Current Population Survey

During the COVID pandemic Americans added \$6 trillion in home equity. A new study by Zillow found that home price appreciation in 25 metropolitan areas last year exceeded the median salary in those locations. And San Diego ranked No. 3 in the United States in appreciation.

Along with that very pleasant news comes a report that the State of California has a general fund surplus of \$68 billion, about twice

its initial estimate. Governor Gavin Newsom hasn't figured out yet what to do with the money, but no doubt a good chunk of it will go to the school systems.

On the job front, California has added 1,042,000 jobs since last March, a remarkable record and accounts for one out of every six jobs created in the United States. The California unemployment rate is 4.9%, somewhat above the national average, but far lower

than last year at this time. And, as was the case last month, California accounts for one out of every six new jobs across the nation.

And then there is miraculous San Diego County. In the past year, the county has added nearly 131,000 jobs and now has an unemployment rate of 3.4%, just about the same as in pre-COVID days. So, we are back to business as usual.



Employment Change California & US March 2021-March 2022

	March '21	March '22	Change
California	16,354,000	17,396,000	1,042,000
United States	144,694,000	151,314,000	6,620,000
California as % of U.S.			15.7%

Source: Bureau of Labor and Statistics (BLS)

Employment Change San Diego County March 2021-March 2022

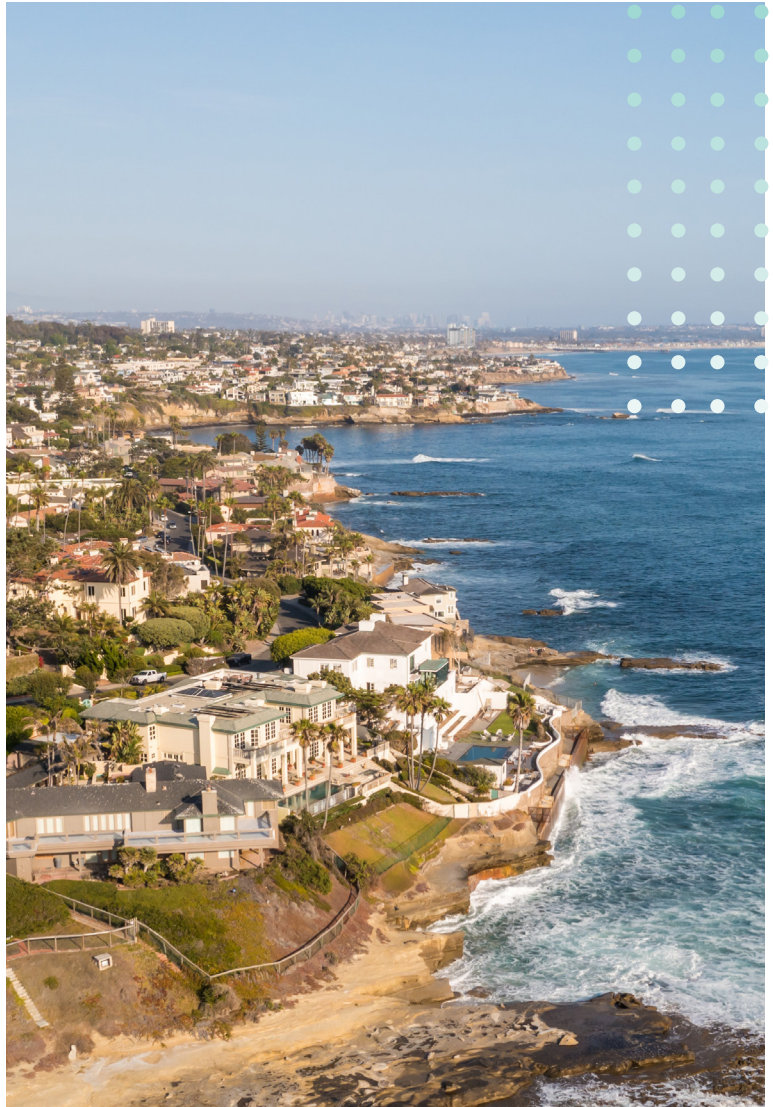
March '21	March '22	Change	% Unemployment
1,411,156	1,542,091	130,395	3.4%

Source: BLS

Home Sales Activity in San Diego County

April saw a decline in listings, both in the detached (single-family) and attached resale home sector. In the detached sector the decline was 15.8% and in the attached sector 9.3%. Perhaps the decline in listings relates to the rising interest rates or the inability to find move-up product.

Closings closely matched listings in April. Closings were down 18% for detached product and 27% for attached product.



Closed Sales San Diego County April 2021-April 2022

Type	Total	Detached	Attached
April '21	3,745	2,334	1,411
April '22	2,945	1,917	1,028
Change '21-'22	(800)	(417)	(383)
% Change '21-'22	-21%	-18%	-27%

Source: SDAR



Market Indicators San Diego Inventory April 2021-April 2022

Indicator	April '21	April '22	Change	Decrease
Detached				
Days on Market	20	19	1	-5%
Inventory of Homes for Sale	2,171	1,812	359	-20%
Month's Supply of Inventory	1.0	0.9	0.1	-10%
Attached				
Days on Market	20	16	4	-20%
Inventory of Homes for Sale	1,113	708	405	-36%
Month's Supply of Inventory	0.9	0.8	0.1	-11%

Source: SDAR

The monthly indicators tell a disappointing story. The days on market until sale are holding up, but the inventory of homes for sale is lagging dramatically: 20% lower for single-family and 36% down on attached homes. Pending sales are down 18.9% and attached sales down 18.7%. That does

not augur well for closings in May.

The big "hurt" was in the single-family sector for homes closing under \$750,000. Conversely, closings over \$750,000 continued to do well. And closings on homes over \$1 million were up 21%.

In the attached sector, homes priced under \$500,000 were down 36% while homes priced over \$500,000 did fairly well.

One can surmise that at the lower end of the market, increasing interest rates were the predominant culprit.



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

Detached

Attached

Price Range	No. Homes		Change in Sales	
	2021	2022	No.	%
Under \$500,000	2,2012	653	(1,359)	-68%
\$500,000-750,000	11,175	7,616	(3,559)	-32%
\$750,000-1,000,000	5,835	7,365	1,530	26%
Over \$1,000,000	6,882	8,350	1,468	21%
Total	25,904	23,984	(1,920)	-7%
% Under \$500,000	8%	3%		

Price Range	No. Homes		Change in Sales	
	2021	2022	No.	%
Under \$500,000	7,823	5,035	(2,788)	-36%
\$500,000-750,000	4,256	5,245	989	23%
\$750,000-1,000,000	1,257	1,687	430	34%
Over \$1,000,000	1,030	1,447	417	40%
Total	14,366	13,414	(952)	-7%
% Under \$500,000	54%	38%		

Source: SDAR

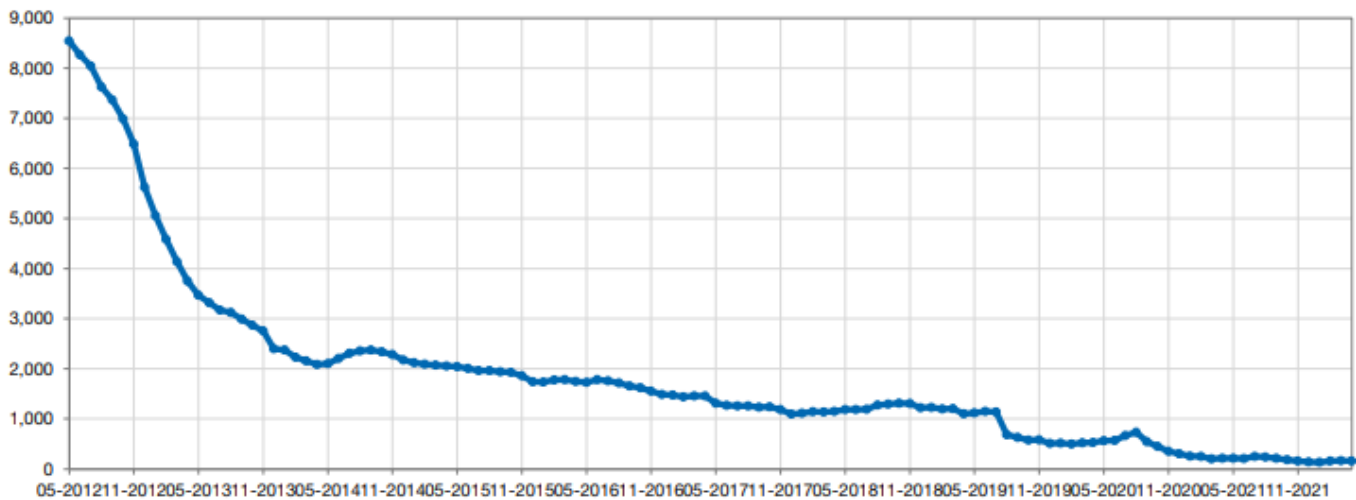
Conclusion



To close on two positive notes, lender-mediated (mainly foreclosed) properties remained negligible. In April, the total new listings for lender-mediated product were 177 and closings 144, down 12.4% and 15.8% from last month, respectively.

And last, but certainly not least, home prices continued to accelerate. Detached homes were up 19% over a year ago and attached homes up 25%. Perhaps the shock of the interest rate increase will soften and listings will get back to normal.

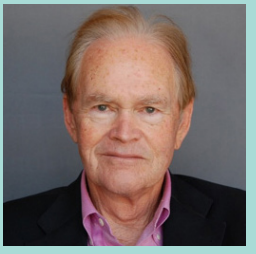
Inventory of Lender-Mediated Properties in San Diego County



Prices of Homes Sold San Diego County April 2021 - April 2022

Type	Detached	Attached
April '21	\$ 838,438	\$530,000
April '22	\$1,000,000	\$660,500
Change '21-'22	\$161,562	\$130,500
% Change '21-'22	19%	25%

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.



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