

GREATER SAN DIEGO ASSOCIATION OF REALTORS®

SAN DIEGO

REAL ESTATE MARKET

Presented by

Chris Anderson- President SDAR and Cory Shepard- Incoming President SDAR



SAN DIEGO IS CALLING



ABOUT SAN DIEGO



YEAR-ROUND FUN IN THE SUN



WHY SAN DIEGO?

Climate and Beaches

Population

3.2 Million Residents

18 cities, 44 Chambers of Commerce

Safety

Named the 2nd Safest City in America

Innovative Education

Magnets, Charters, Universities

Highest % of college graduates in CA

Business

Chosen as the best city to launch a
start-up by Forbes Magazine

One of the most competitive sales tax
rates in CA 8.75 %

Lowest business tax rate of the 20 largest
U.S. cities



Our Neighborhoods Offer Diversity





ECONOMY & JOBS

San Diego's Economic Expansion is Gaining Steam

Our economy ranks above approximately three quarters of the world's countries and nearly a half of all U.S. states.

San Diego's Economy Grew 1.8% in 2014 above the 10 year growth rate of 1.4% and is projected to grow 2.9% in 2015.



ECONOMIC SIZE- WORLD GDP

Fig.1 Size of the Economy
World Ranking of Gross Domestic Product (GDP)

Rank	Country	GDP (Billions)
1	United States	\$16,799.7
2	China	\$9,251.6
3	Japan	\$4,899.3
4	Germany	\$3,640.8
5	France	\$2,736.5
6	United Kingdom	\$2,522.1
7	Brazil	\$2,243.2
8	Russia	\$2,095.8
9	Italy	\$2,071.4
10	India	\$1,927.7
11	Canada	\$1,824.5
12	Australia	\$1,500.5
13	Spain	\$1,358.2
14	South Korea	\$1,304.5
15	Mexico	\$1,258.7
16	Indonesia	\$868.3
17	Turkey	\$820.0
18	Netherlands	\$801.2
19	Saudi Arabia	\$745.3

Rank	Country	GDP (Billions)
20	Switzerland	\$650.7
21	Sweden	\$557.9
22	Poland	\$517.5
23	Norway	\$511.6
24	Belgium	\$508.0
25	Taiwan	\$489.2
26	Argentina	\$485.7
27	Austria	\$415.4
28	United Arab Emirates	\$404.7
29	Thailand	\$387.2
30	Colombia	\$375.9
31	Venezuela	\$369.7
32	South Africa	\$350.8
33	Denmark	\$330.8
34	Malaysia	\$312.4
35	Iran	\$306.2
36	Nigeria	\$298.4
37	Singapore	\$295.7
38	Israel	\$291.7

Rank	Country	GDP (Billions)
39	Chile	\$277.1
40	Hong Kong	\$274.0
41	Philippines	\$272.0
42	Finland	\$256.8
43	Egypt	\$254.7
44	Greece	\$241.8
45	Iraq	\$225.9
46	Pakistan	\$225.5
47	Kazakhstan	\$224.4
48	Algeria	\$220.7
49	Portugal	\$220.2
50	Ireland	\$217.7
51	Peru	\$206.6
52	Qatar	\$202.5
53	Czech Republic	\$198.4
54	Kuwait	\$191.7
55	Romania	\$190.4
	San Diego	\$182.7
56	Ukraine	\$182.0

ECONOMIC SIZE- STATE GSP

Fig. 2 Size of the Economy
Gross State Product (GSP)

Rank	State	GSP (Billions)
1	California	\$2,075.6
2	Texas	\$1,456.5
3	New York	\$1,241.9
4	Florida	\$807.9
5	Illinois	\$714.3
6	Pennsylvania	\$615.0
7	New Jersey	\$528.4
8	Ohio	\$519.7
9	North Carolina	\$575.1
10	Virginia	\$456.4
11	Georgia	\$449.6
12	Massachusetts	\$416.5
13	Michigan	\$410.5
14	Washington	\$389.6
15	Maryland	\$327.5
16	Indiana	\$307.9
17	Minnesota	\$306.3
18	Tennessee	\$287.3

Rank	State	GSP (Billions)
19	Colorado	\$283.7
20	Arizona	\$277.4
21	Wisconsin	\$268.7
22	Missouri	\$268.2
23	Louisiana	\$249.9
24	Connecticut	\$233.1
25	Oregon	\$207.6
26	Alabama	\$187.3
27	South Carolina	\$183.0
	San Diego	\$182.7
28	Kentucky	\$177.5
29	Oklahoma	\$163.7
30	Iowa	\$156.6
31	Kansas	\$141.4
32	Nevada	\$138.0
33	Utah	\$135.0
34	Arkansas	\$112.5
35	District of Columbia	\$111.6

Rank	State	GSP (Billions)
36	Mississippi	\$97.8
37	Nebraska	\$94.2
38	New Mexico	\$79.4
39	Hawaii	\$67.0
40	West Virginia	\$66.8
41	Delaware	\$65.8
42	New Hampshire	\$63.6
43	Idaho	\$57.9
44	Maine	\$51.6
45	Alaska	\$51.4
46	Rhode Island	\$50.1
47	North Dakota	\$40.3
48	South Dakota	\$40.1
49	Montana	\$38.0
50	Wyoming	\$37.6
51	Vermont	\$25.9

TOP REASONS TO INVEST

Employment Growth

San Diego's 2.6% was the 6th highest growth rate among the 25 most populous U.S. metros.

Strong Job Market

The region added 47,800 jobs since July 2014, with 43,500 of those jobs coming from private sector.

Annual Job Growth

San Diego had the 2nd highest average annual growth rate in 2014 in the professional, scientific and technical services fields.

Total Employment Growth: 25 Most Populous U.S. Metros

RANK	METRO	% CHANGE YEAR	
		JUL '14 - JUL '15	APR '15 - JUL '15
1	Riverside	4.20%	-0.78%
2	Portland	3.83%	1.06%
3	Seattle	3.79%	1.94%
4	Charlotte	3.70%	-1.06%
5	Dallas	3.65%	0.55%
6	San Diego	3.56%	0.76%
7	Atlanta	3.51%	0.79%
8	San Antonio	3.43%	0.89%
9	Phoenix	3.38%	-2.31%
10	San Francisco	3.20%	0.76%
11	Denver	3.10%	1.56%
12	Baltimore	2.97%	1.46%
13	Miami	2.93%	-2.00%
14	Pittsburgh	2.87%	1.44%
15	Los Angeles	2.79%	-0.53%
16	Tampa	2.77%	-1.40%
17	Detroit	2.52%	0.83%
18	Washington DC	2.32%	0.86%
19	Boston	2.29%	1.37%
-	US	2.18%	0.31%
20	Minneapolis	2.16%	1.63%
21	Houston	2.07%	0.36%
22	New York	1.81%	1.15%
23	Philadelphia	1.50%	-0.25%
24	Saint Louis	1.44%	-0.22%
25	Chicago	1.38%	1.38%

TOP REASONS TO INVEST

Above Average Salaries

Are well above the California state average and will remain so for the foreseeable future.

Salary Increases

Salaries are expected to increase 1.4 % per year annually.



INDUSTRIES & REVENUE



TOP REASONS TO INVEST

Diverse Key Industries

Biotechnology & Pharmaceuticals, Communication, Technology, Military & Defense, Tourism, and Agriculture.

Venture Capitalists

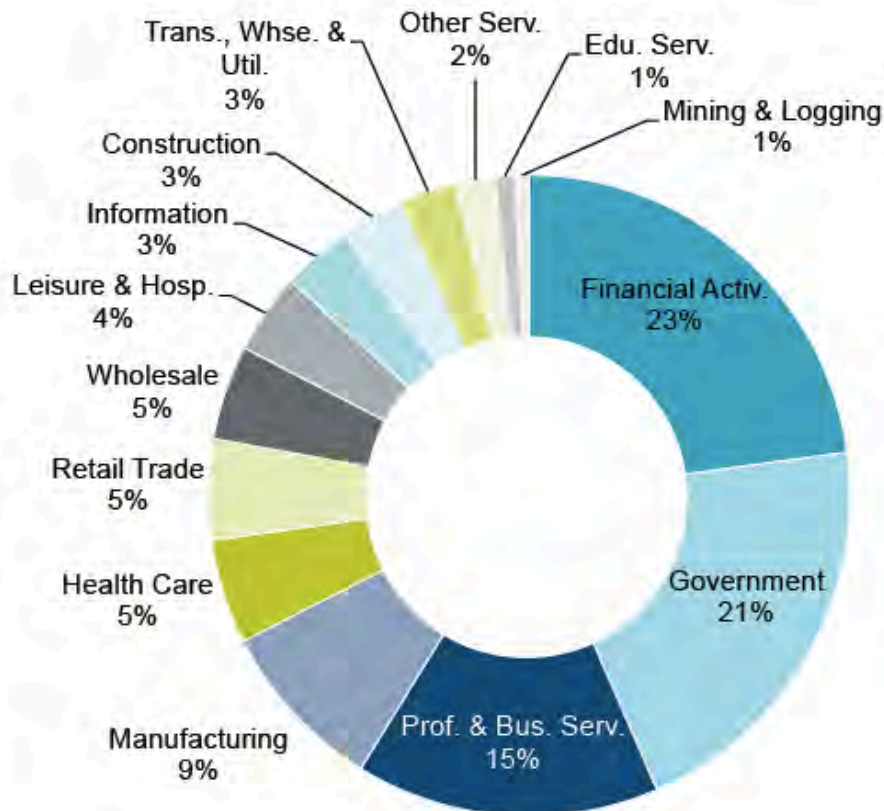
Local companies were involved in 27 VC deals in Q3 2014 and ranked 9th out of 18 U.S. regions in terms of VC dollars received.

In 2014, San Diego attracted \$805.1 million in VC investment.



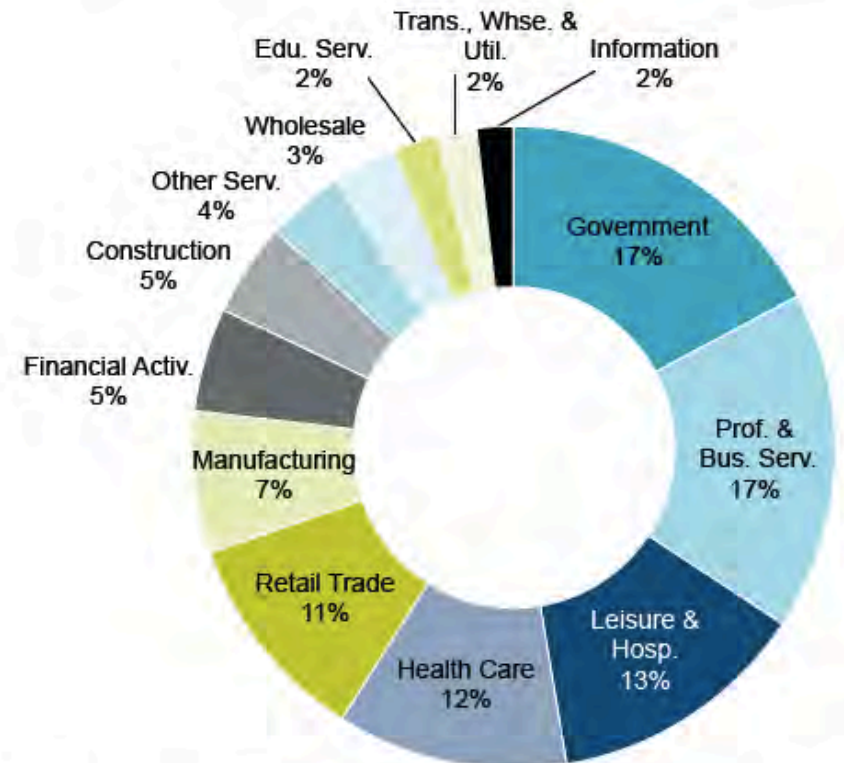
GMP and Employment by Sector

Fig. 4 San Diego's GMP by Industry Sector



Source: U.S. Department of Labor, Bureau of Economic Analysis, based on 2013 figures.

Fig. 5 San Diego's Employment by Industry Sector



Source: State of California, Employment Development Department; U.S. Department of Labor, Bureau of Labor Statistics, 2014 Annual Average.



REAL ESTATE
COMMERCIAL & RESIDENTIAL

TOP REASONS TO INVEST

Growth in Commercial Real Estate

13 straight quarters of positive net absorption in the industrial market have led to a combined 7.2 million sq. ft. of occupied office space in San Diego.

Office market has had lowest region-wide vacancy in 7 years



Real Estate Snapshot: San Diego County (Q2 2015)

AREA/SUB-REGION	OFFICE VACANCY RATE	ABSORPTION (SF)	AVERAGE ASKING RENT	INDUSTRIAL VACANCY RATE	ABSORPTION (SF)	AVERAGE ASKING RENT
San Diego County	15.9%	187,057	\$2.57	5.8%	127,384	\$0.90
North County	19.9%	59,071	\$2.35	5.7%	279,384	\$0.83
Central County	15.5%	95,647	\$2.73	5.2%	(195,253)	\$1.09
South County	14.8%	32,339	\$2.35	7.4%	43,253	\$0.58

Source: DTZ Market Report | <http://dtz.cassidyurley.com/markets/us/san-diego>

Note: Monthly asking rates converted to triple net (NNN). Vacancy Rate includes direct and sublease. Net absorption excludes sublease. Green indicates lower vacancy or higher rents than the previous quarter, or positive absorption.

TOP REASONS TO INVEST

A Strong Housing Market

Increasing Home Values

San Diego boasted the 8th fastest annual home price growth rate among major U.S. metros.

Foreclosures

Have steadily decreased 23.7% in 2014, representing 23.9% of the total market activity.



Fast Annual Home Price Growth

In 2014, San Diego had the 8th fastest annual home price growth rate among major U.S. cities. It has remained the second most expensive for-sale home market in the U.S.



Foreclosures

Foreclosure Rates are Low

San Diego's foreclosure rate remained much lower than the U.S. average.

In July 2015, only 1.61 out of every 10,000 homes foreclosing during that month.



Inventory Levels are Low

Inventory levels have remained at historical lows this year in San Diego.

The levels 2.5 months of inventory, where 5 to 6 months is considered a healthy level.



INTERNATIONAL REAL ESTATE

Intl Real Estate is Hot in San Diego

According to a NAR survey:

22 % of total sales were Intl
compared to 8 % nationally

64% of respondents worked with an
international client
compared to 35 % nationally



The California Association of REALTORS® reports that in 2013, international buyers represented 8% of buyers in CA, the highest number since 2008.

- 30% from China
- 13% from Mexico
- 9% from Canada
- 6% from India

**California is the
#2 Choice
for International
Sales in the U.S.**

The Top Three States for International Real Estate Transactions in 2014



FLORIDA 22%



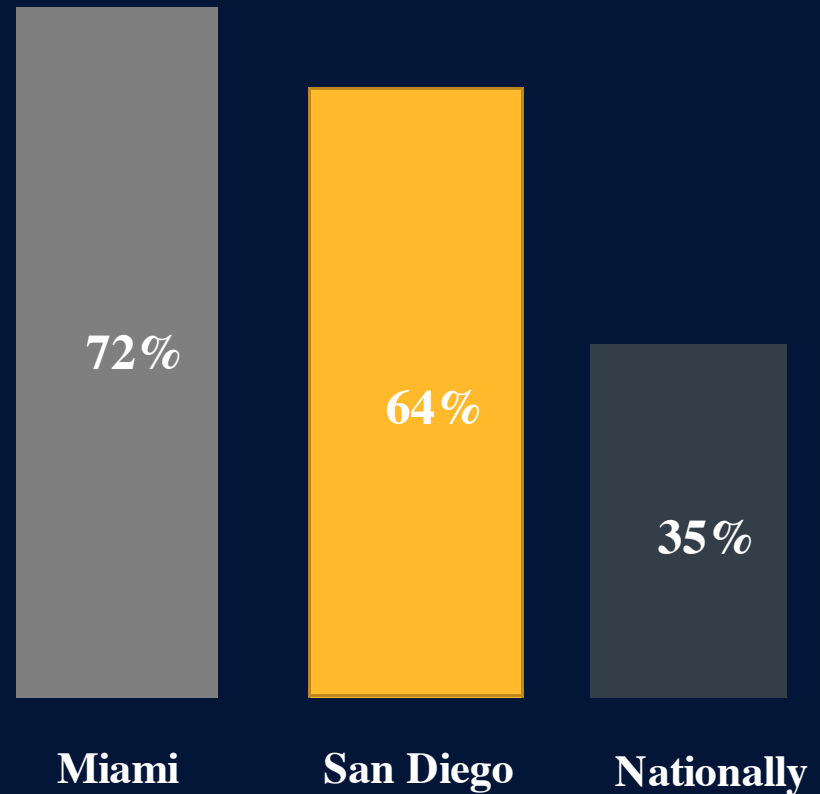
CALIFORNIA 14%



TEXAS 13%

**64% of REALTORS®
in San Diego Have
Worked with an
International Client
in the Past Year**

**REALTORS® with an
International Client in the Past
Year**



INTERNATIONAL REAL ESTATE COLLABORATIVE



OUR OBJECTIVES

**HOST
INTERNATIONAL
EVENTS**

**BUILD A
DATA
REPOSITORY**

**COORDINATE
TRADE
DELEGATIONS**

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Thank You.

Greater San Diego Association of REALTORS®



The Trusted Voice of San Diego Real Estate