



The London Group
Realty Advisors

San Diego Regional Housing Market: Are We Headed For A Crisis?

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Housing Crisis = Economic Crisis

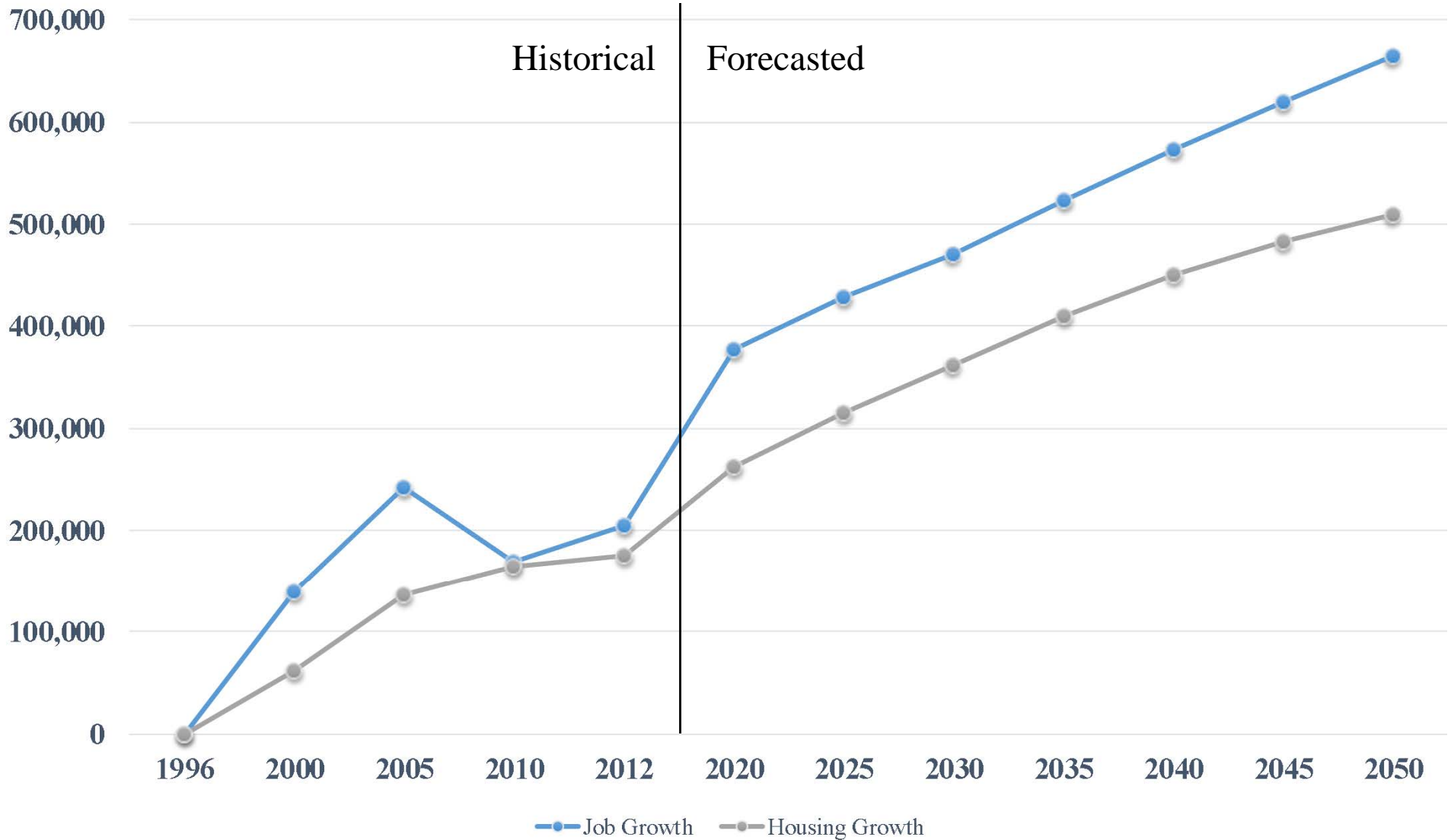


- There is a basic deficiency and maldistribution in the amount of housing units demanded and the number being supplied.
- A maldistribution of the types of housing we are supplying – mostly multifamily and not single family.
- A pricing and availability problem.
- And ultimately an economic problem which will challenge, and perhaps even damage, our economy.



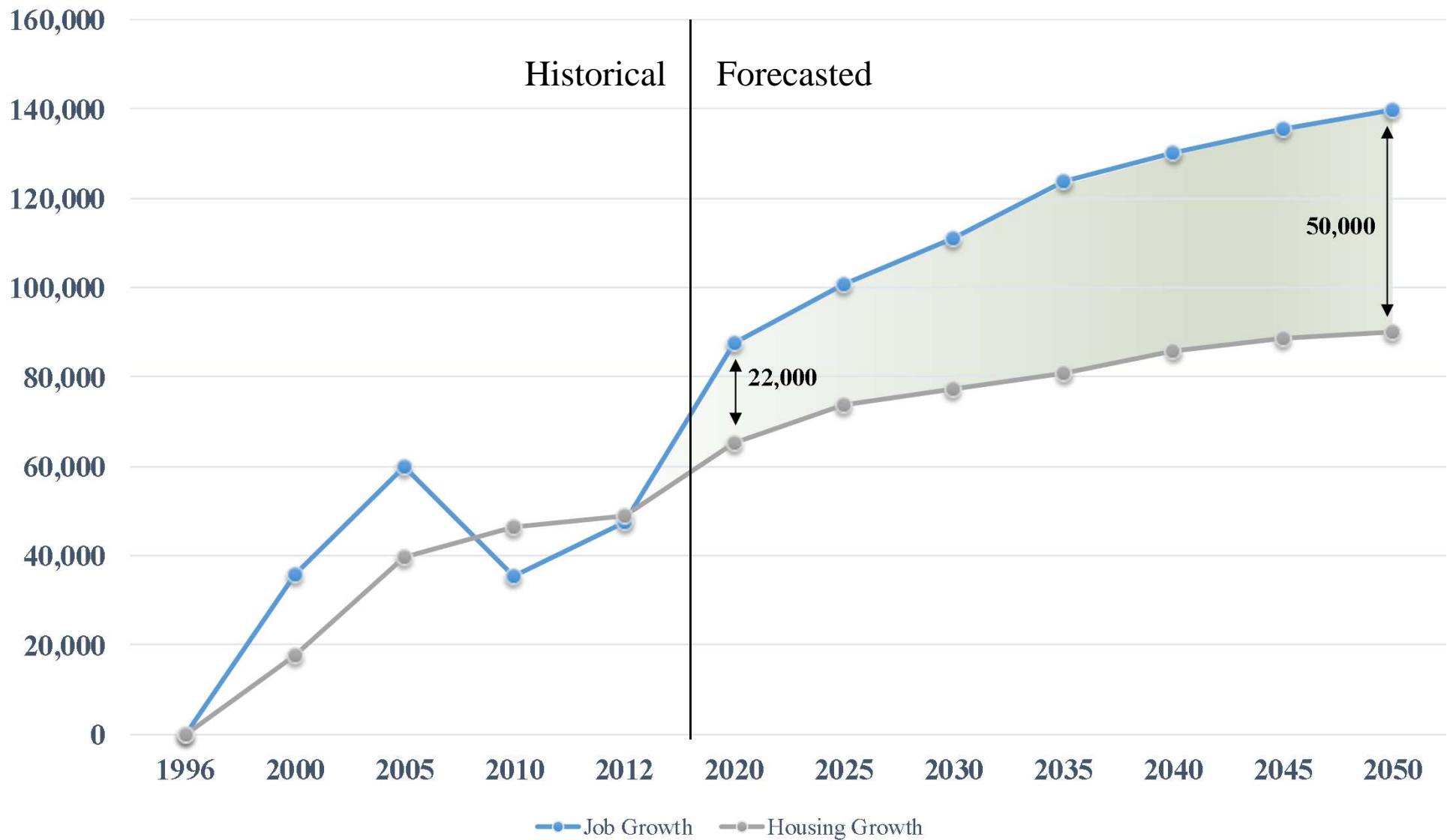
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Regional Jobs & Housing *Cumulative Growth Since 1996*



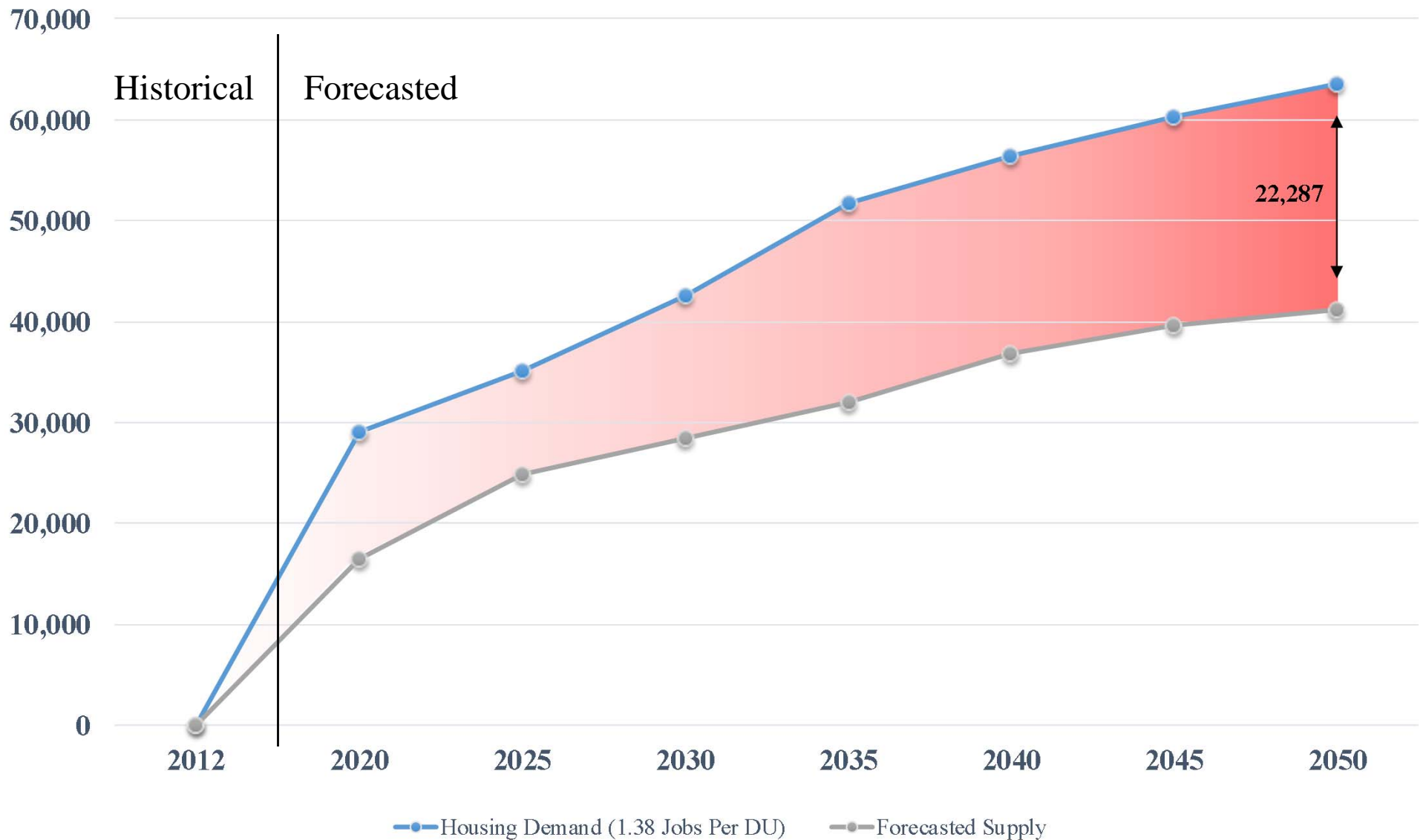
Maldistribution of Jobs and Housing

North County – Adding More Jobs than Housing



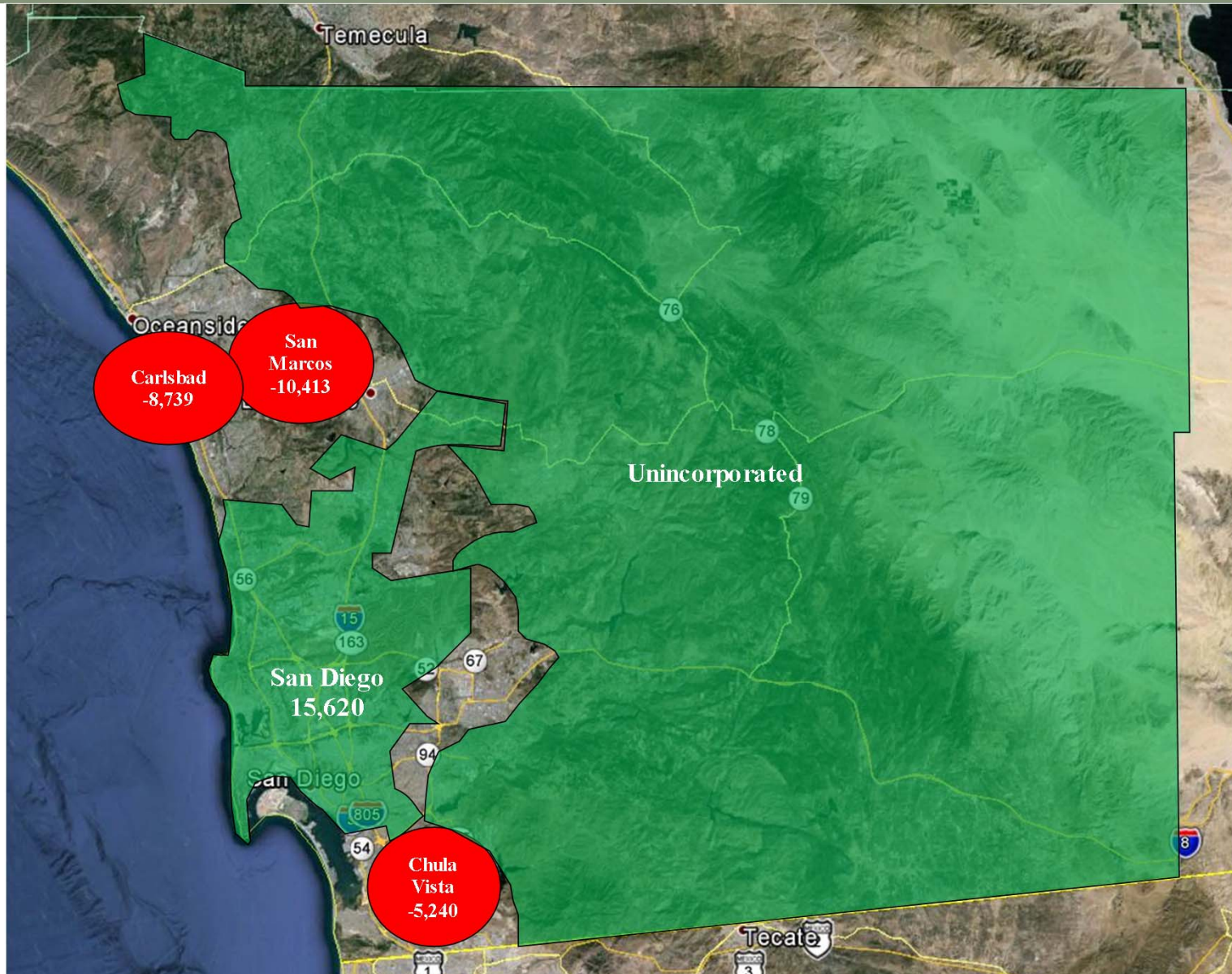
Looming North County Housing Shortage

Demand Based on Job Growth vs. SANDAG Forecast



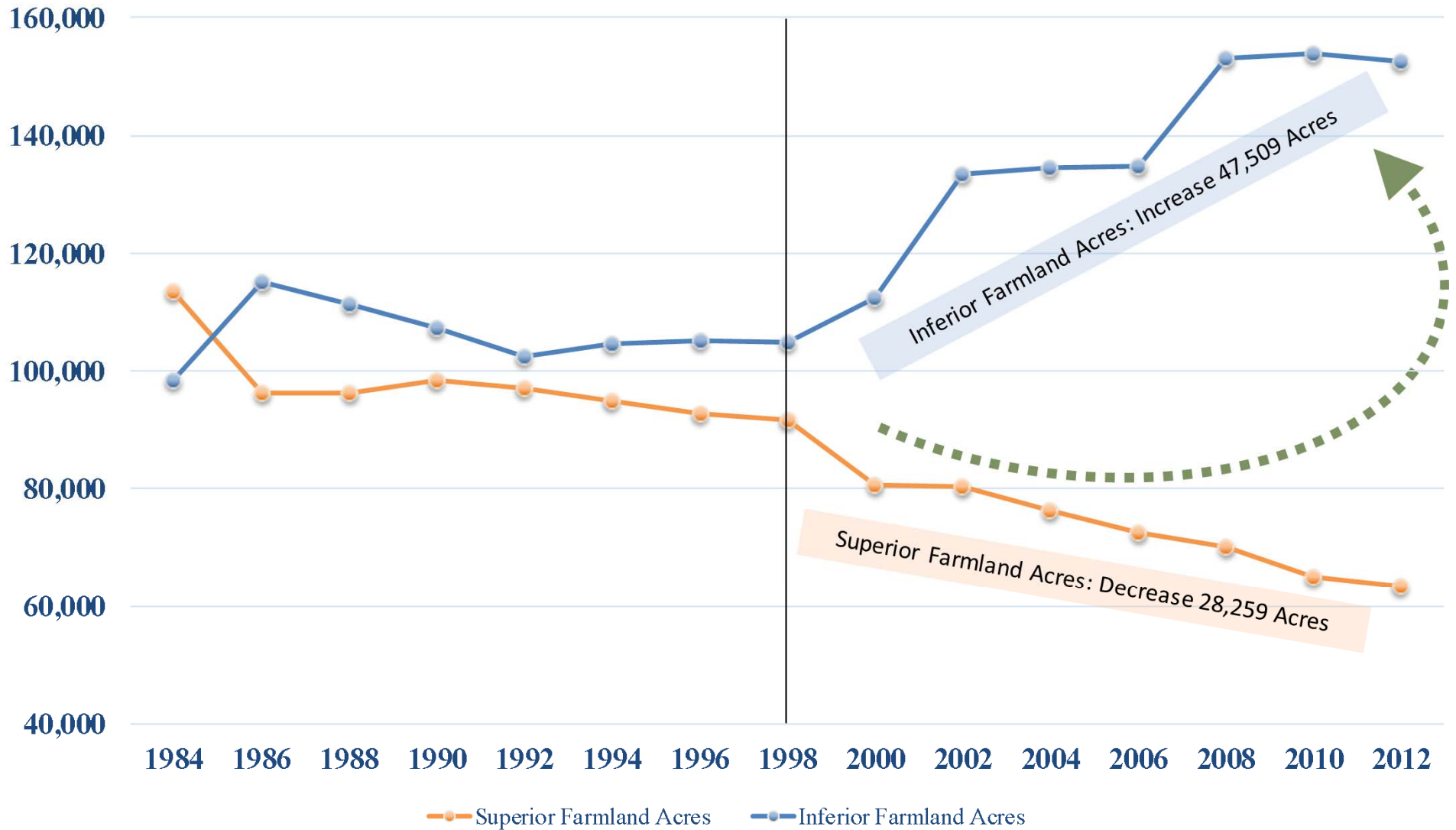
The Geographical Disconnect

Shortage / Surplus of Housing Units (2012-2050)



Inferior Agriculture Land is on the Rise

Superior vs. Inferior Farmland in San Diego County

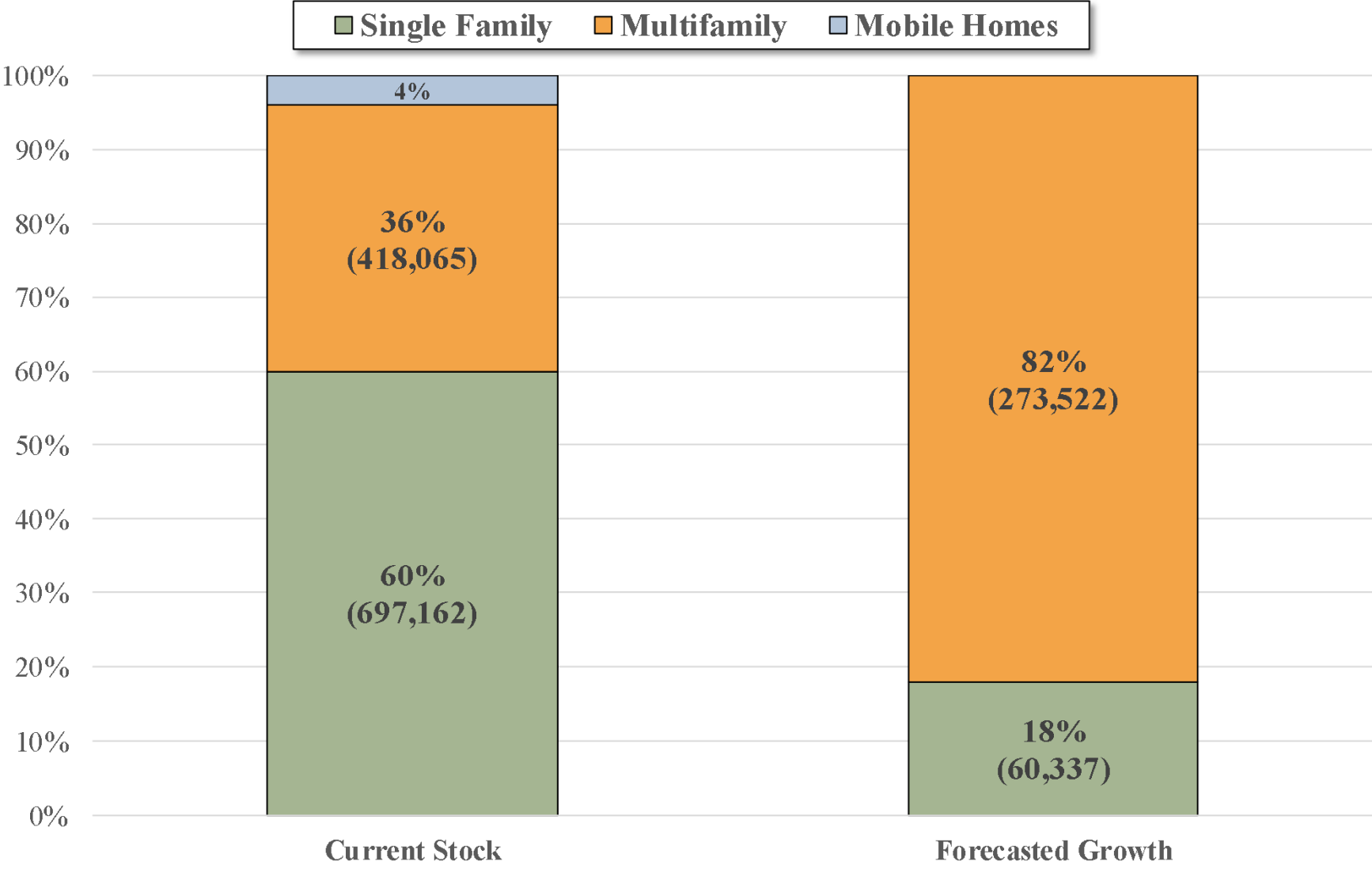




A maldistribution of the types of housing we are supplying – mostly multifamily and not single family.



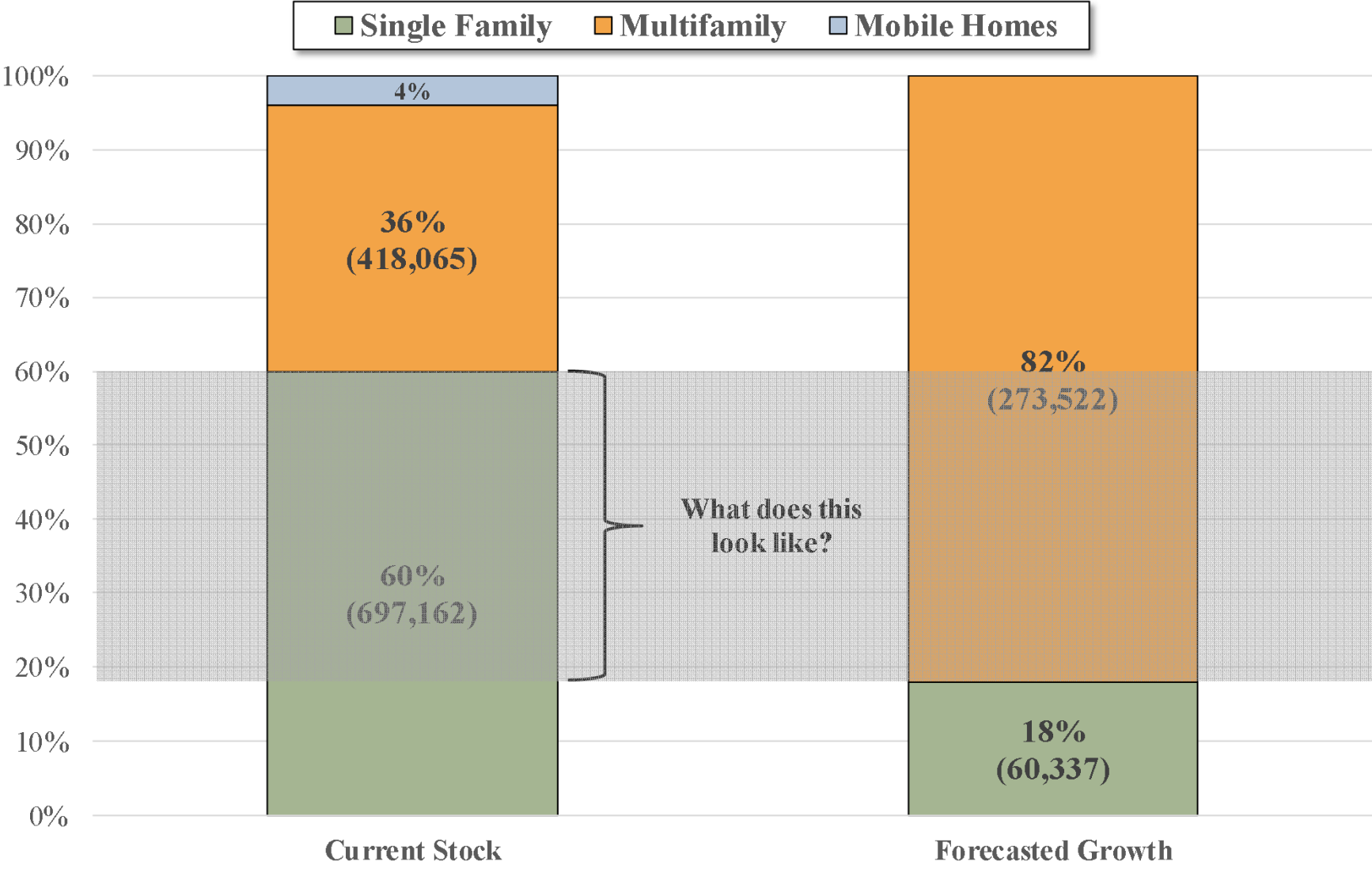
Are We Building What They Want?



Source: The London Group Realty Advisors, US Census, SANDAG



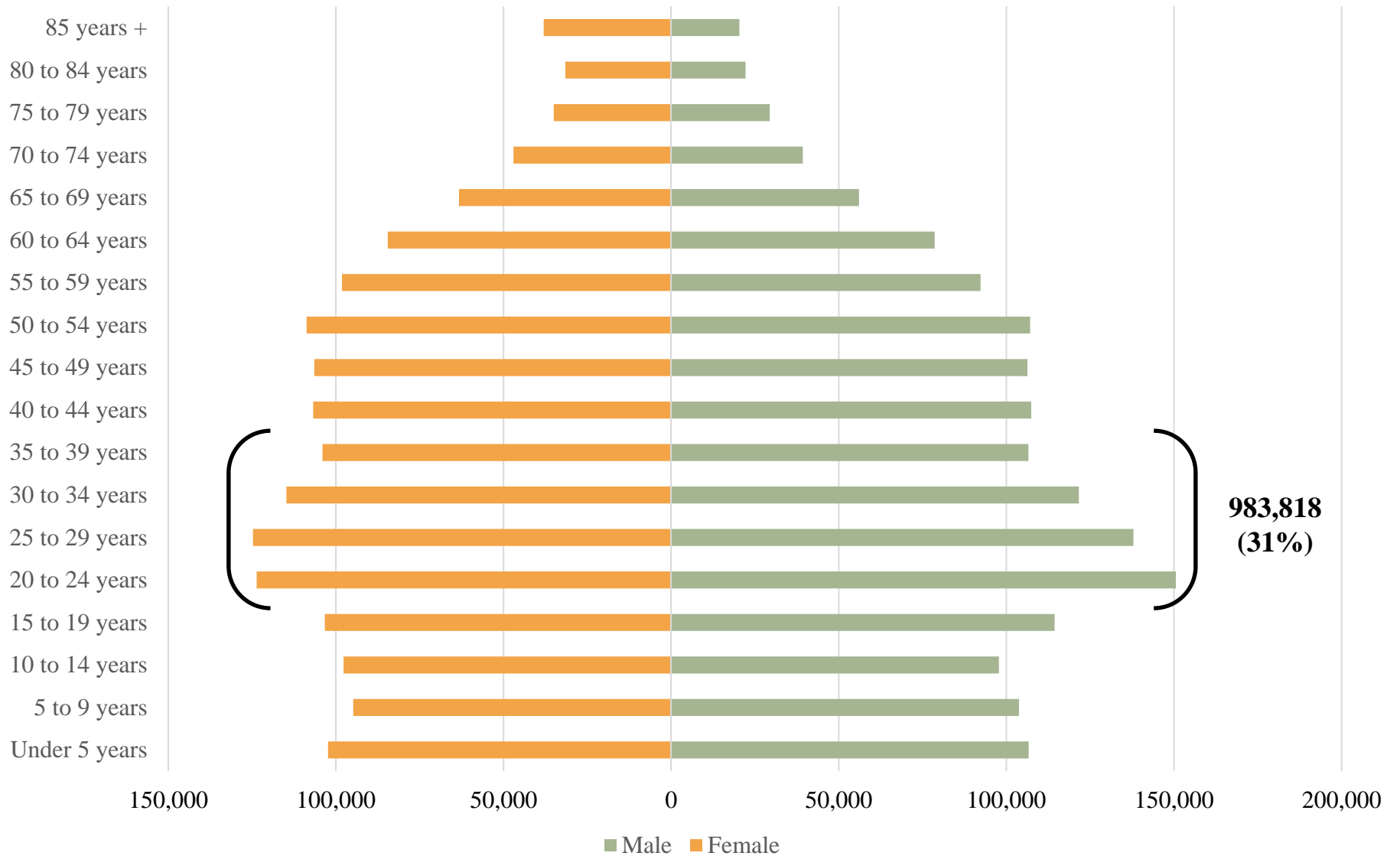
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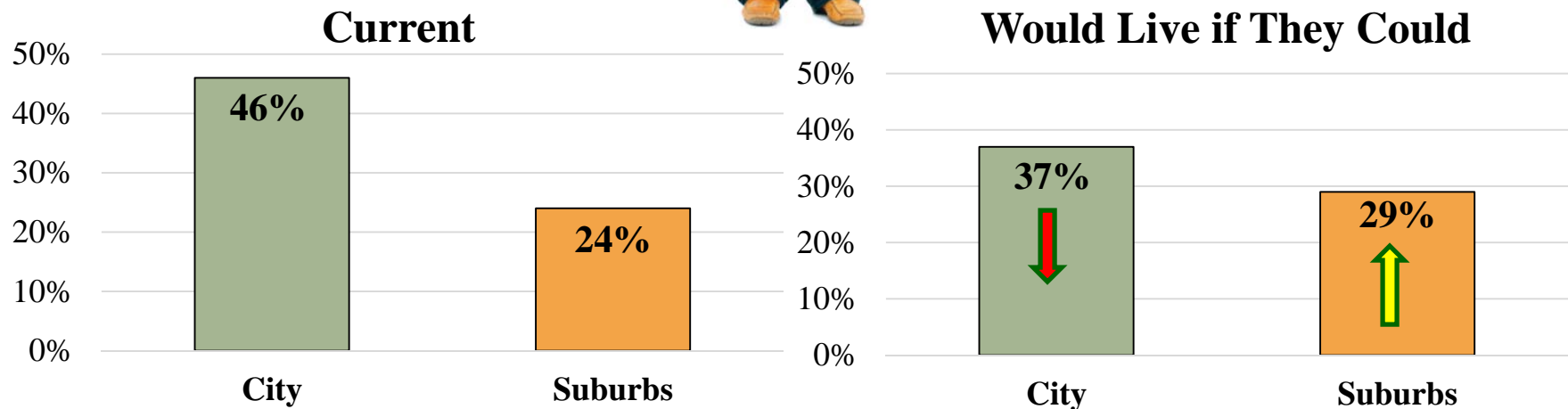
Source: The London Group Realty Advisors, US Census, SANDAG

Peak Urban Millennials

San Diego Millennials = 31% of Population



Millennials May Become Less Urban



Source: ULI- America in 2015



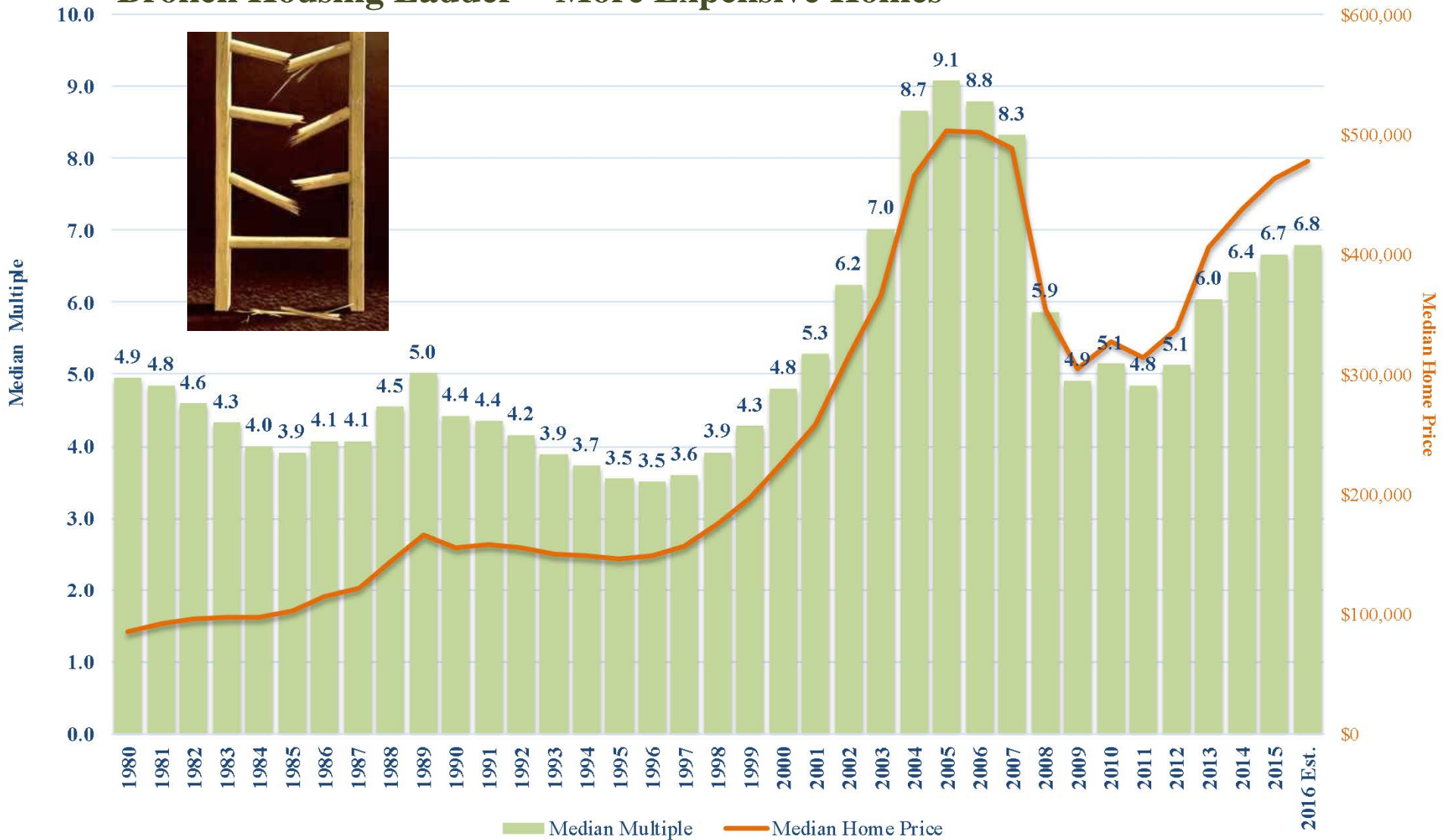
A pricing and availability problem.

Housing Affordability

Median Multiple (Median Price / Median Income)



Broken Housing Ladder = More Expensive Homes

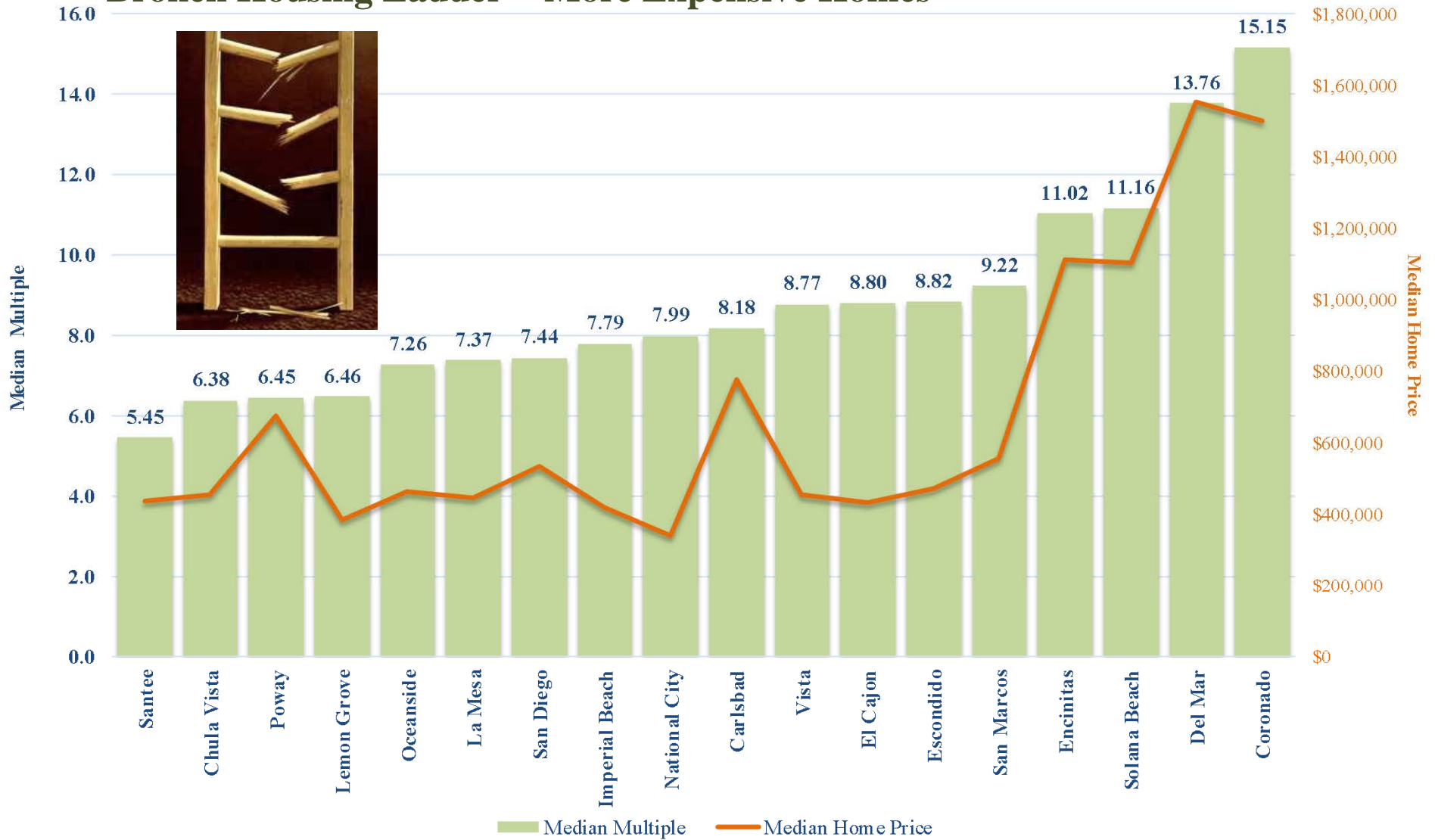


Housing Affordability

Median Multiple (By City) as of May 2016



Broken Housing Ladder = More Expensive Homes

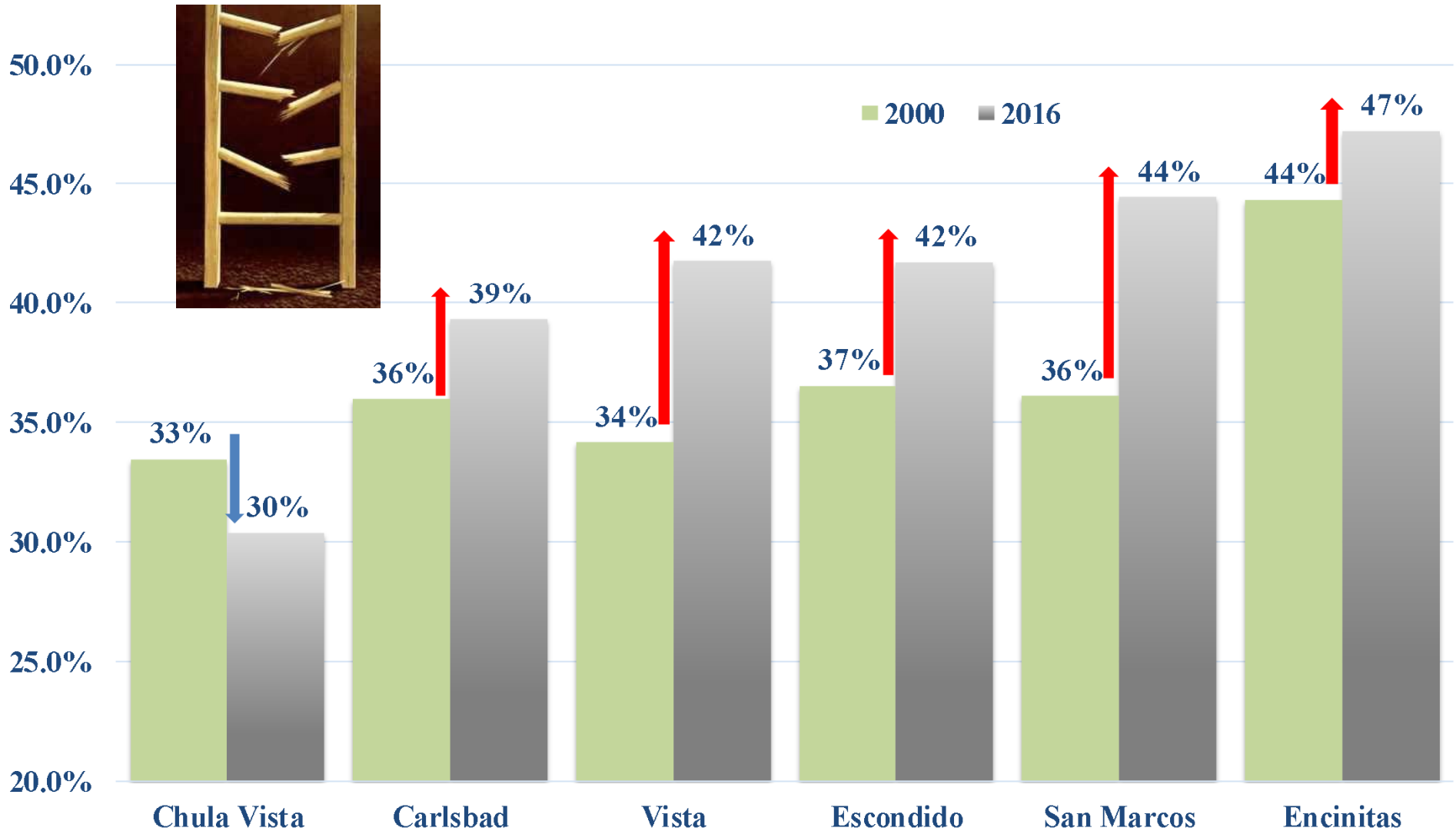


Housing Affordability – 2000 vs. 2016

% of Income Spent on Housing



Broken Housing Ladder = More Expensive Homes

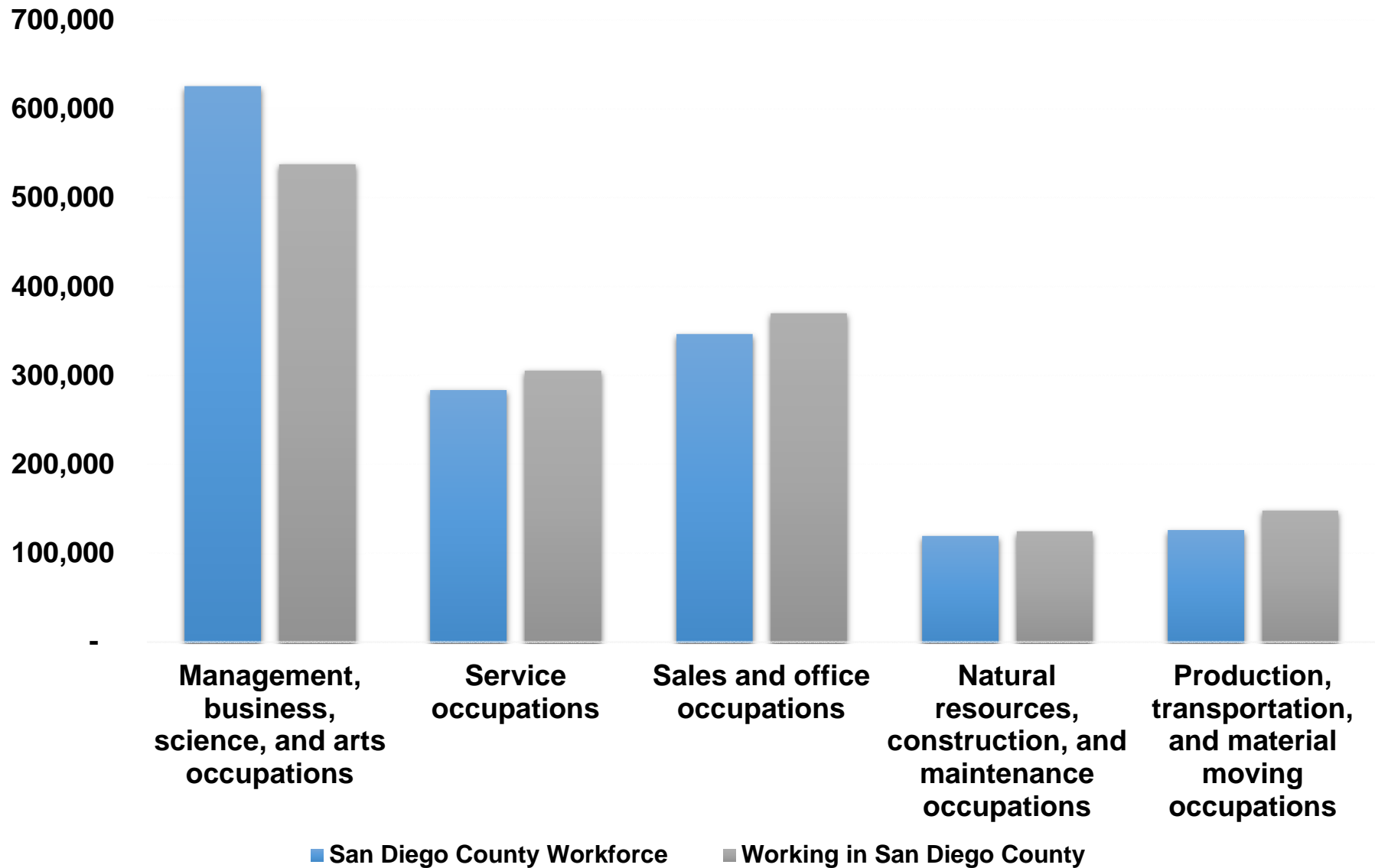




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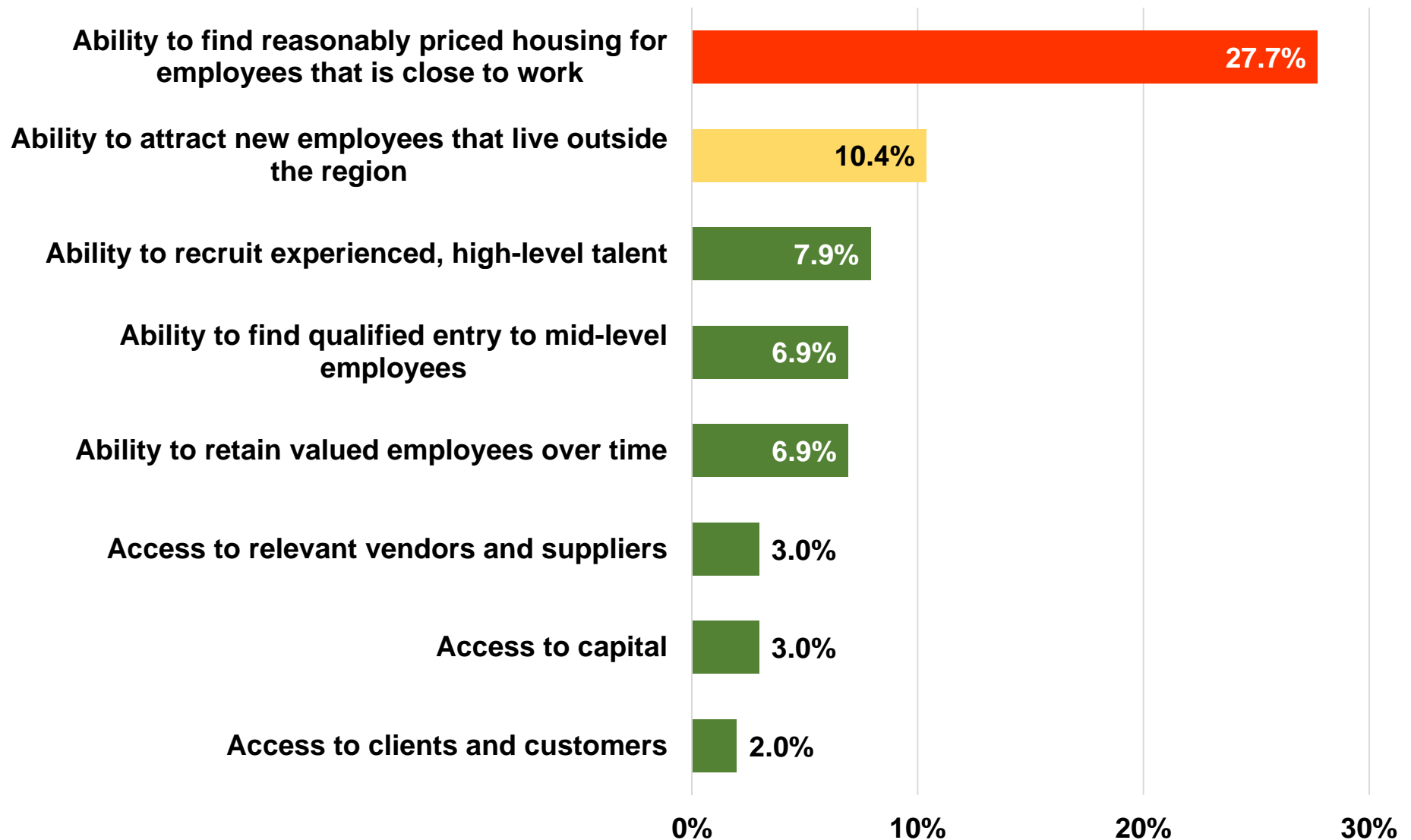
Regional Workforce

San Diego County Imports Works in 4 of 5 Categories



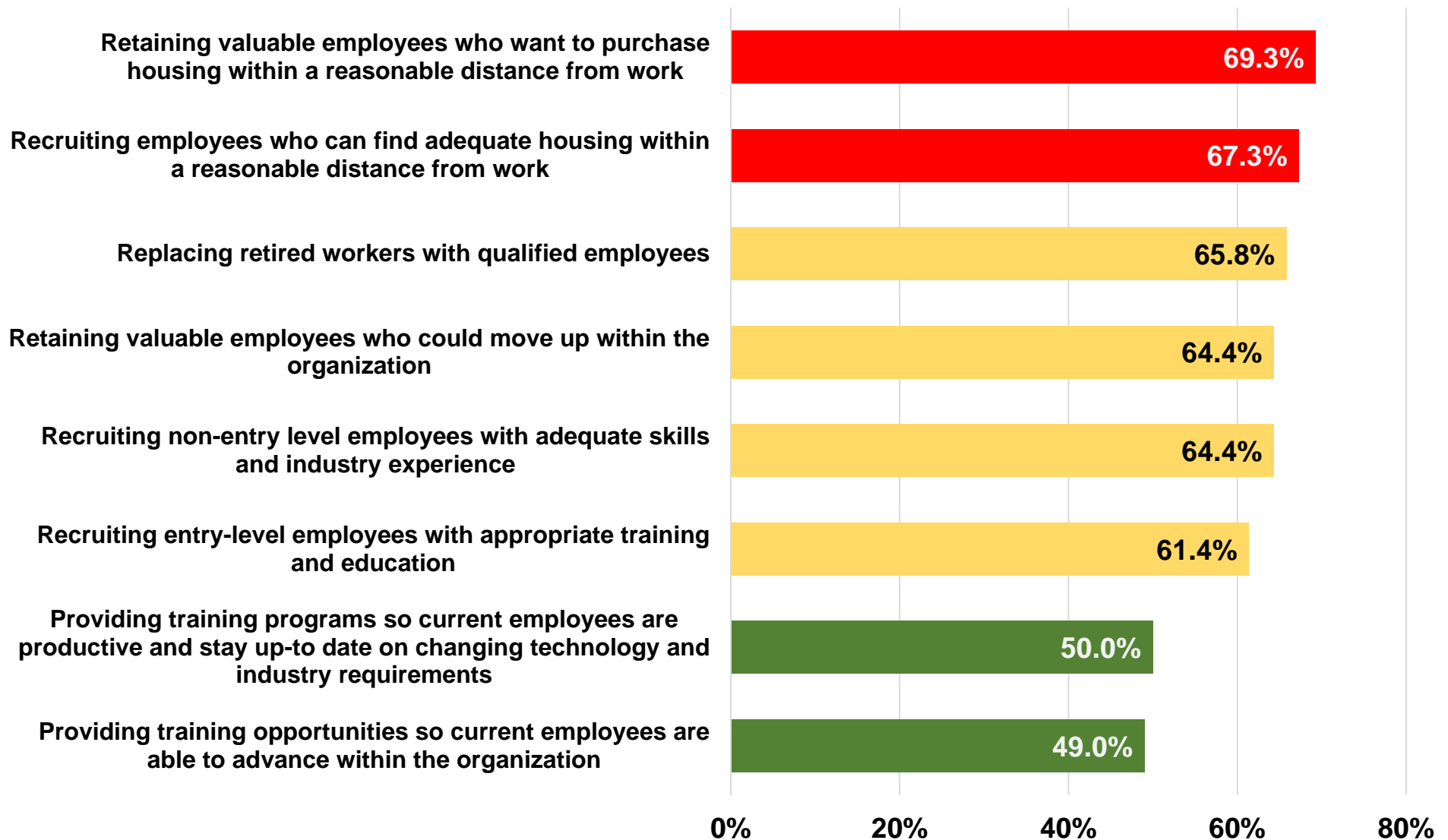
Employer Dissatisfaction

Housing is the issue businesses are most dissatisfied with



Employer Difficulty

Retaining, recruiting and replacing workers close to work



Workforce Conclusions

The price and availability of housing will have a growing impact upon the quality and quantity of the regional workforce.

- The labor market is tightening (10% to 4.5%) and demographic profile is greying (21% to 23%)
- Almost half (47%) of SDC renters spend over 35 percent of their gross income on housing – housing costs drive affordability in the region.
- Average commute times from 2011 to 2015 are increasing and will make it more costly to commute from the same distance in the future

Workforce Conclusions

San Diego County businesses are increasingly dissatisfied with their ability to retain workers who want to live in and around their workplace

- Over a quarter of businesses are dissatisfied with their ability to find housing close to their work location
- Small and medium sized businesses are more likely to indicate dissatisfaction with the workforce housing(>35%) options in the region
- Lack of housing impacts industries differently, but the impacts are considerable

What We Are Facing



Quote in SD UT, April 23, 2016. One citizen's reaction to the proposed 2,100 home Newland Sierra Development:

“...to take it an put it right next to the freeway...is irrational.”

VOSD, February 23, 2016, former coastal North County Supervisor Pam Slater-Price

“You would have to be a complete idiot to be openly pro-development.”