

# San Diego Housing Market: Boom or Bust

*After the San Diego housing market went on an absolute tear, values have finally begun to reverse as demand declines and interest rates rise.*

SAN DIEGO, CA, UNITED STATES, October 14, 2022 /EINPresswire.com/ -- There's no doubt that the Southern California housing market has taken a hit. Values in major areas like San Diego, Orange County, and Los Angeles have all started to stagnate or even decline. Housing markets like San Diego experienced huge booms following the pandemic, with average home values rising from [\\$635,000 in January 2020 to \\$892,000 in January 2022](#), according to Zillow. The San Diego market seemed to have peaked in June of this year, with the average sale price of a home coming in at \$977,000. Finally, after over a decade of steadily increasing, the San Diego housing market is beginning to decline.

What does this mean for buyers, sellers, and real estate professionals? We spoke to [Alex at SD House Guys](#), a company that buys houses for cash in San Diego CA. "The market has without question slowed down. Generally, we average 6 closings per month. The past two months we've closed on 3 houses total. Not only has the volume plummeted since the summer, but prices have also come down. Sellers are still shocked and in denial that values have dropped. We, unfortunately, have to be the messenger that tells them the bad news."

San Diego experienced a massive boom of increased real estate values throughout the pandemic. The market was propped up by extremely low interest rates and low supply. Demand



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San Diego real estate

went through the roof. People were taking advantage of the low interest rates and purchasing 2-3 houses in a short period of time to lock in such cheap mortgages. It was a buying frenzy that left sellers with stacks of offers and full pockets.

When things come up, they must eventually come down. The real estate market has been the final frontier of markets that hasn't taken a major hit until now. Prices across the board are finally declining. Places like San Diego, California feels it right away because

the values were already so high. It's also a very highly sought-after place to live. Demand will continue relative to how high interest rates get. Currently, [interest rates are 6.88%](#) according to Rocket Mortgage. How will this affect the housing market moving forward?



House in San Diego CA

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What comes up must eventually come back down, even after a huge boom.”

*Alex Capozzolo*

Naturally, this prevents many people from having the financial means to purchase a home. Demand has already begun to drop, which makes it more difficult to sell a house in San Diego. When there are fewer buyers shopping for a home, sellers will need to readjust their expectations on how much they can earn when selling their house. Price reductions are happening throughout the San Diego

housing market. Properties that used to sell within a few days are now sitting on the market. This creates tension between sellers and their realtors.

Whether a real estate market experiences a boom or a bust, it does not last forever. While we cannot predict the future, real estate values are expected to continue to drop in the coming months. Once interest rates turn around, more buyers will be able to afford homes and the demand will rise. Until then, be patient and strategize when you plan to buy or sell a house in San Diego.

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