

San Diego Housing Market Forecast: A Choice Between Growth and Economic Stagnation

U.S. News Housing Market Index predicts decline in permits for multifamily units but small rebound in permits for single-family homes

SAN DIEGO, CALIF., UNITED STATES, March 31, 2023 /EINPresswire.com/ -- A new housing market forecast for the San Diego area published by U.S. News & World Report and produced by contributor

“

The region has simply become too popular for the demand.”

Patrick S. Duffy, Real Estate Economist

[MetroIntelligence](#) concludes that if the region hopes to continue its economic growth, it has no choice but to encourage more housing to meet continuing demand.

The forecast for building permits is populated through June 2023 using the [U.S. News Housing Market Index](#), an

interactive data set acquired last year from EnergyLogic. Currently in beta testing, the index aggregates a large variety of public and private data points categorized by their impacts on housing demand, supply and financing.

“Defined by a geographic footprint penned in on four sides by the Pacific Ocean, Camp Pendleton, mountainous terrain and the Mexican border, if this region of over 3 million people wants to continue attracting jobs, its growing legion of NIMBY (not in my backyard) activists may soon have to choose between higher-density neighborhoods allowing more homes or economic stagnation,” writes [Patrick S. Duffy](#), chief economist for MetroIntelligence in the report.

“Due to a combination of low inventory, a high percentage of homes owned by investors, and activists against new construction, San Diego's housing market is increasingly becoming affordable only to those willing or able to transfer their existing equity gains from previous homes, double up with unrelated housemates or commute far distances to the exurbs where land costs are cheaper,” he adds.

The forecast calls for the region led by “America’s Finest City” to report multifamily permit levels falling to about 350 units per month, while permits for single-family homes are predicted to rebound to nearly 300 units in the first half of 2023.

The report also includes commentary on local market conditions from experts including Robert Schantz, a leadership coach who manages two Keller Williams franchises in downtown San Diego

and Mission Valley; Jimmy Alaya, San Diego division president for TriPointe Homes; and Evan Forrest, vice president of Zonda Advisory, which tracks and advises home builders on new home activity.

Although the report does find a 12.2% decline in median sales prices from April 2022 through January 2023, in more recent months prices have flattened out in the high \$700,000s.

“The further you go inland, the more you lose in value,” says Schantz. “But it’s also hard to gauge opportunities because inventory is so low, but people really need single-family homes, and we’re still absorbing more than we’re listing. In early March of 2023, the number of units in the MLS was the lowest it’s ever been.”

While homebuilders can in theory pick up the slack, the region’s anti-growth activists have either allowed new single-family homes for sale mostly in the far corners of the county or high-density condominiums in the urban areas which are rented for the first 10 years.

“We probably have half the number of open projects than we did 10 years ago,” explains Jimmy Alaya, San Diego division president for TriPointe Homes, a publicly traded homebuilder. “Besides being penned in by geography, we also have tremendous opposition to new development.”

Despite the city of San Diego attempting to encourage new housing near public transit nodes by eliminating off-street parking requirements in 2019, that overflow of strange cars into surrounding neighborhoods has only hardened the resolve of long-time residents who have said “Enough!”

As Duffy ultimately concludes, “The region has simply become too popular for the demand.”

The entire report can be viewed at <https://realestate.usnews.com/real-estate/housing-market-index/articles/san-diego-housing-market-forecast>.

About MetroIntelligence:

MetroIntelligence is an economics consulting firm focused on land use, and also provides public relations and corporate communications services to clients working in homebuilding, real estate development, finance and sales. Company founder and real estate economist Patrick S. Duffy began contributing to U.S. News & World Report in 2022, focusing on economics and other trends related to the housing market as well as analyzing their recently unveiled Housing Market Index. For more information on MetroIntelligence, visit <https://www.metrointel.com>.

About the U.S. News Housing Market Index:

The U.S. News Housing Market Index leverages IBM Watson® Natural Language Understanding – and the recently acquired Housing Tides Index from EnergyLogic – to help enable U.S. News to interpret and synthesize large volumes of housing data for easy viewing. The computing power supporting this platform allows users to find tailored data results for different regions and time

periods, allowing them to make informed decisions about housing. The index also includes a tool providing forecasts on building permits for the top 50+ U.S. markets, while a robust sentiment analysis feature interprets 500 media pieces related to housing each month. For more information on the U.S. News Housing Market Interface, visit <https://realestate.usnews.com/housing-market-index/interface>.

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