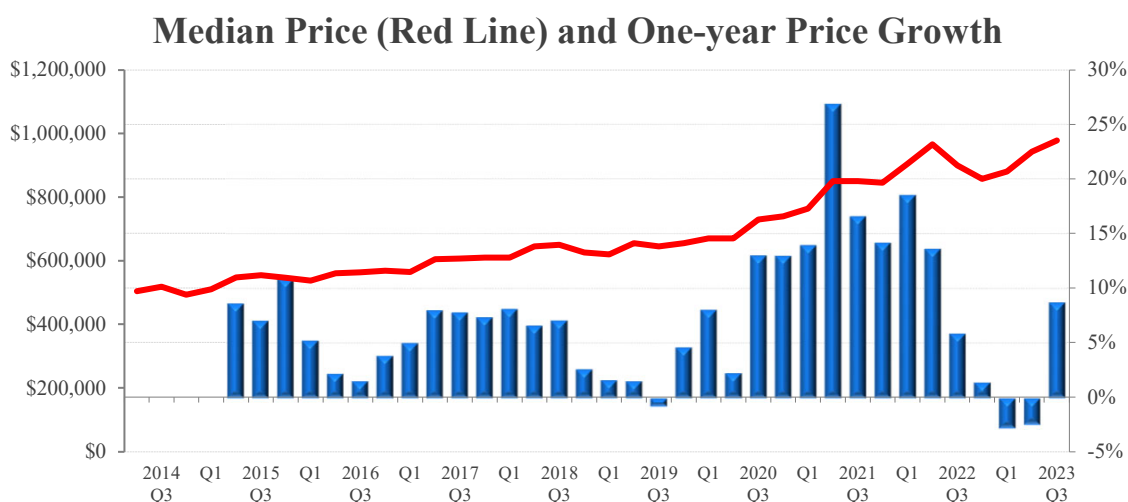


San Diego-Carlsbad Area

Local Market Report, Third Quarter 2023

Today's Market...



Local Price Trends			
Price Activity	San Diego	U.S.	Local Trend
Current Median Home Price (2023 Q3)	\$900,000	\$400,867	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2023 Q3)	8.7%	2.4%	
3-year (12-quarter) Appreciation (2023 Q3)	34.2%	29.7%	
3-year (12-quarter) Housing Equity Gain*	\$249,500	\$91,700	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$415,500	\$161,400	
9-year (36 quarters) Housing Equity Gain*	\$424,600	\$184,500	

*Note: Equity gain reflects price appreciation only

	San Diego	U.S.	
Conforming Loan Limit**	\$977,500	\$1,089,300	Not all buyers have access to government-backed financing in this market
FHA Loan Limit	\$977,500	\$1,089,300	
Local Median to Conforming Limit Ratio	92%	not comparable	

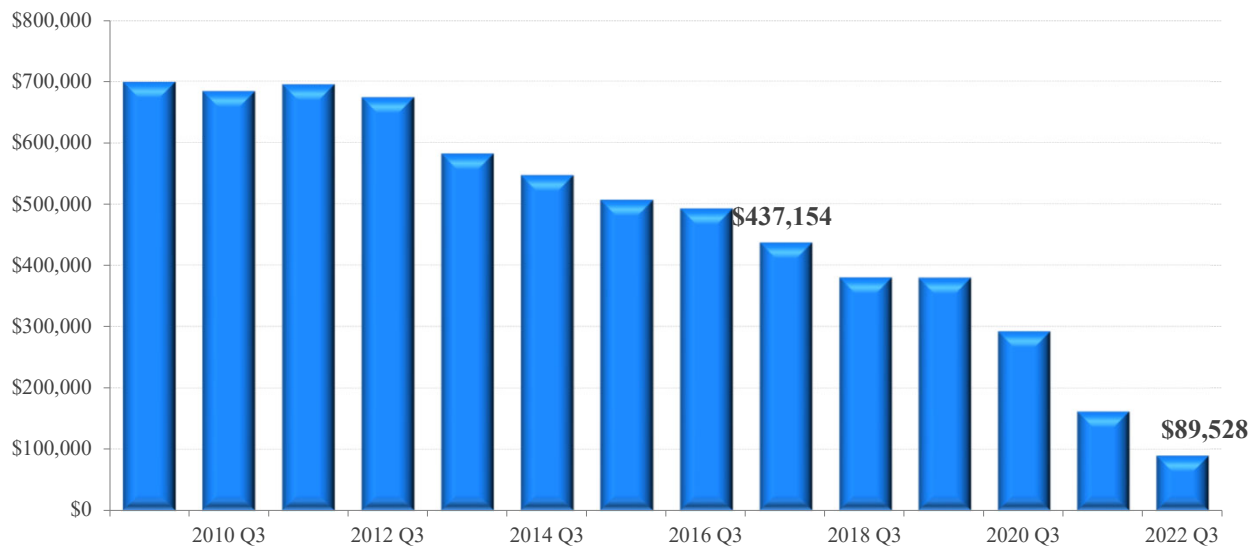
Note: limits are current and include the changes made on January 1st 2023.

Local NAR Leadership

The San Diego-Carlsbad market is part of region 13 in the NAR governance system, which includes all of California, Hawaii, and Guam. The 2023 NAR Regional Vice President representing region 13 is Jennifer Branchini.

Benefits of Ownership: Total Equity Appreciation

Total Equity Accrued to Owner by Year and Quarter of Purchase



Total Equity Gained through 2023 Q3 from quarter in which home was of purchased**

Price Activity	SanDiego	U.S.	Local Trend
1-year (4-quarter)	\$89,528	\$14,262	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$292,451	\$109,915	
5-year (20-quarter)*	\$380,412	\$158,012	
7-year (28 quarters)*	\$492,407	\$194,111	
9-year (36 quarters)*	\$547,129	\$220,615	

*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity

Drivers of Local Supply and Demand...

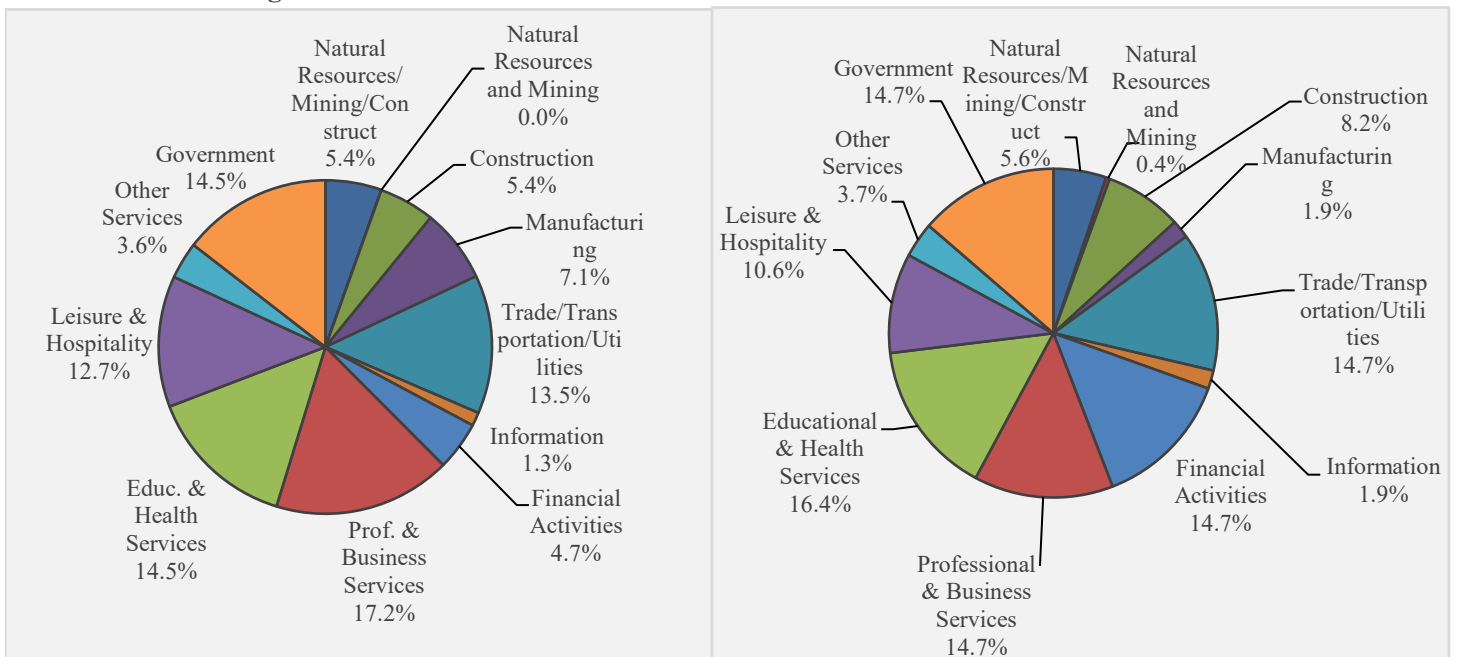


Local Economic Outlook	San Diego	U.S.	
12-month Job Change (Oct)	26,500	NOT Comparable	Employment growth has eased, but remains positive
12-month Job Change (Sep)	28,000	NOT Comparable	
36-month Job Change (Oct)	188,300	NOT Comparable	San Diego's unemployment situation is worse than the national average and weighs on confidence
Current Unemployment Rate (Oct)	4.2%	3.9%	
Year-ago Unemployment Rate	3.3%	3.7%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	1.7%	2.6%	

Share of Total Employment by Industry

San Diego-Carlsbad Area

U.S.



12-month Employment Change by Industry (Oct - 2023)

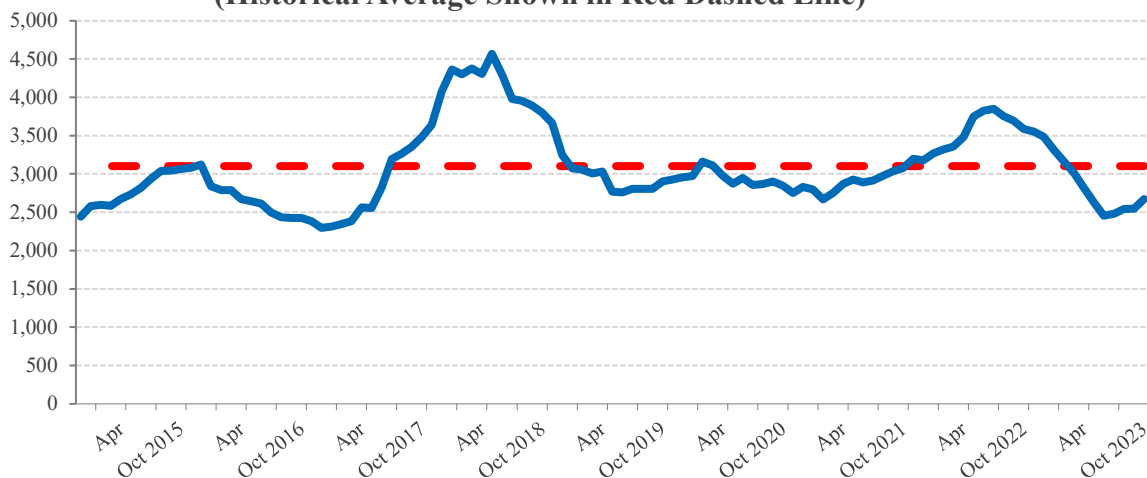
Goods Producing	NA	Information	-400
Natural Resources/Mining/Construction	1,500	Financial Activities	2,300
Natural Resources and Mining	0	Prof. & Business Services	-4,200
Construction	1,500	Educ. & Health Services	9,400
Manufacturing	-700	Leisure & Hospitality	11,200
Service Providing Excluding Government	NA	Other Services	4,200
Trade/Transportation/Utilities	2,100	Government	2,600

State Economic Activity Index	California	U.S.	
12-month change (2023 - Oct)	1.8%	3.0%	The economy of California is growing more slowly than the rest of the nation, but improved modestly from last month's 1.55% change
36-month change (2023 - Oct)	20.2%	14.2%	

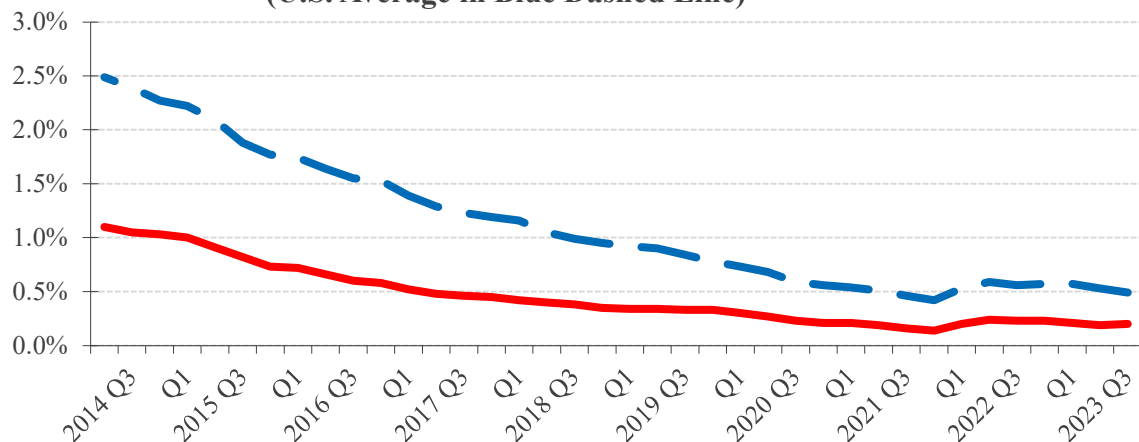
New Housing Construction

Local Fundamentals	San Diego	U.S.	
12-month Sum of 1-unit Building Permits through Oct 2023	2,672	not comparable	The current level of construction is 13.9% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	3,104	not comparable	Reduced construction will limit new supply to the market, allowing demand to catch up with inventory more quickly
Single-Family Housing Permits (Oct 2023) 12-month sum vs. a year ago	-25.5%	-14.1%	Construction is down from last year, but appears to have bottomed.

Construction: 12-month Sum of Local Housing Permits
(Historical Average Shown in Red Dashed Line)

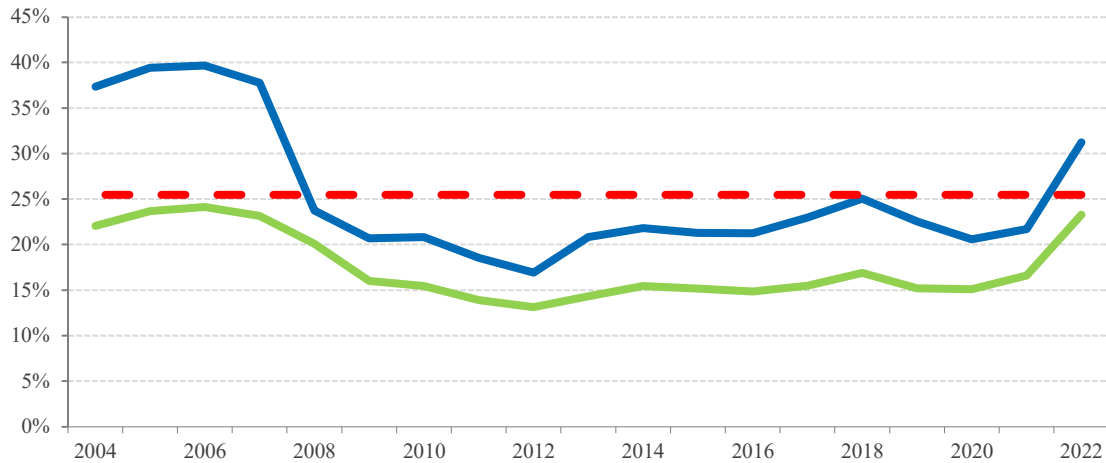


State Total Foreclosure Rate vs. U.S. Average
(U.S. Average in Blue Dashed Line)



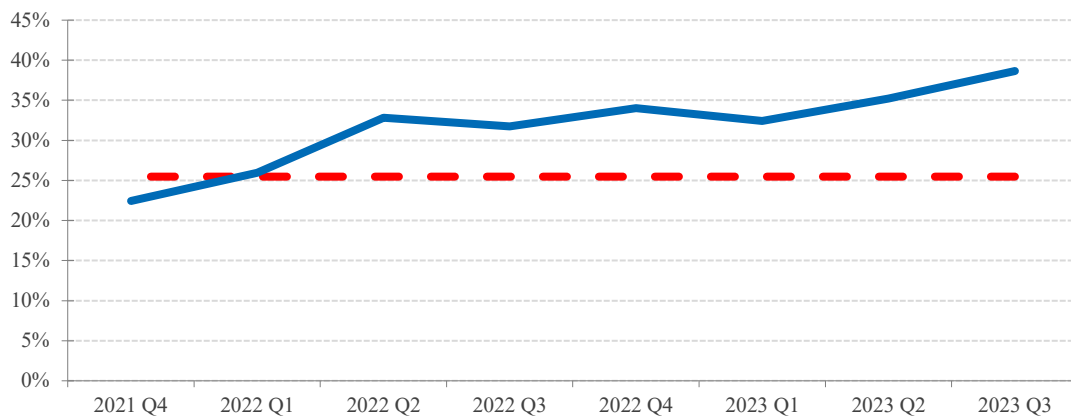
Affordability

Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income
(Local Historical Average Shown in Red, U.S. Average in Green)

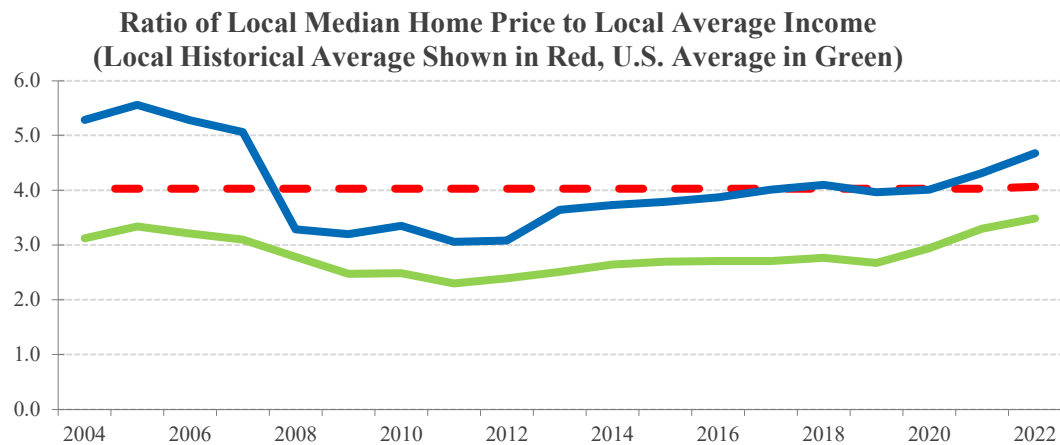


Monthly Mortgage Payment to Income	San Diego	U.S.	
Ratio for 2022	31.2%	23.3%	Weak by local standards and could weigh on demand
Ratio for 2023 Q3	38.7%	27.3%	
Historical Average	25.5%	17.8%	Weaker affordability than most markets

Recent Trend - Local Mortgage Servicing Cost to Income
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	San Diego	U.S.	
Ratio for 2022	4.7	3.5	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2023 Q3	4.8	3.4	
Historical Average	4.1	2.8	Less affordable than most markets



The Mortgage Market



For the most part of the third quarter, mortgage rates hovered above 7 percent, pushing down affordability to record lows. According to the mortgage finance provider Freddie Mac, the 30-year fixed mortgage rate rose to 7.04 percent in the third quarter of 2023 from 5.58 percent the previous year. With this increase, Americans are cost burdened, spending \$1,800 above their budget every year. Nevertheless, the outlook appears more optimistic. If inflation continues to cool, the Federal Reserve will start reducing its interest rates as early as the beginning of next year. NAR forecasts the 30-year fixed mortgage rate to conclude the year at 7.8 percent but then drop to 7.5 percent in the first quarter of next year.

Geographic Coverage for this Report

The San Diego area referred to in this report covers the geographic area of the San Diego-Carlsbad metro area as officially defined by the Office of Management and Budget of the U.S. Government. The official coverage area includes the following counties:

San Diego County

More information on the OMB's geographic definitions can be found at https://obamawhitehouse.archives.gov/omb/bulletins_default/