



MULTIFAMILY REPORT

San Diego Rents Return

June 2023

Job Growth Outpaces Nation

Transaction Activity Slows

Pipeline Still Limited

SAN DIEGO MULTIFAMILY



Rents Rebound In Leasing Season

San Diego multifamily fundamentals began moderating in the fourth quarter of 2022, compared to earlier months, but the metro rebounded at the start of the spring leasing season, with rates improving 0.5%, on a T3 basis as of April, 30 basis points above the national rate. However, occupancy in stabilized assets declined 80 basis points year-over-year, to 96.8%, as of March.

Although San Diego's economy is outperforming the nation, the metro still has its highs and lows. San Diego gained 59,900 positions, up 4.1% year-over-year and outpacing the national rate by 70 basis points. Unemployment reached 3.7% as of January, surpassing the state, while still trailing national trends. Job gains were led by the leisure and hospitality sector, which added 20,200 positions in the 12 months ending in February. Biotech layoffs are expected to continue, as the industry's downturn persists, but the sector remains a cornerstone for the local economy.

San Diego's already limited multifamily pipeline shrank, as developers broke ground on only 389 units year-to-date. Central San Diego remained the most active submarket for construction, with 2,509 units underway. Holland Partner Group's 840-unit The Society in the Kearny Mesa submarket was the metro's largest project underway as of April 2023. A total of \$178 million in assets traded in the first four months the year, well below recent comparable periods.

Market Analysis | June 2023

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Recent San Diego Transactions

Arrive Clairemont



City: San Diego
Buyer: FPA Multifamily
Purchase Price: \$90 MM
Price per Unit: \$335,111

The Rylan



City: Vista, Calif.
Buyer: Rockwood Capital
Purchase Price: \$73 MM
Price per Unit: \$575,700

Nobel Court



City: San Diego
Buyer: R.W. Selby & Co.
Purchase Price: \$67 MM
Price per Unit: \$252,007

Ballpark Place



City: San Diego
Buyer: Forbix Capital Corp.
Purchase Price: \$21 MM
Price per Unit: \$210,000