



MULTIFAMILY REPORT

San Diego Rebalances

February 2025

Rent Movement Mirrors National Trend

Investment Volume Up YoY

New Supply Consistent

SAN DIEGO MULTIFAMILY



Rents Tick Down, Construction Levels Off

San Diego ended 2024 with overall balanced fundamentals, with most metrics falling back to historic levels. In line with seasonal trends, average advertised asking rents in the metro were down 0.1% on a trailing three-month basis through December, to \$2,744. Year-over-year, the rate was up 0.5%, 10 basis points below the national figure. Meanwhile, overall occupancy in stabilized assets remained healthy, down only 20 basis points year-over-year, to 96.1%, as of November. The rate was above the 94.7% U.S. average.

San Diego's unemployment rate was 4.6% in November last year, up 30 basis points year-over-year, according to preliminary data from the Bureau of Labor Statistics. The figure was above the 4.2% national rate, but significantly below California's 5.4%. In the 12 months ending in November, San Diego added 8,900 net jobs, with employment growth clocking in at 0.7%. Developers are still bullish on the metro's life science sector, with projects such as Alexandria Real Estate Equities' proposed 2.4 million-square-foot biotechnology campus on the horizon.

Developers completed 4,610 units last year, just roughly 500 units short of 2023's total and about 600 units more than the annual average recorded since 2017. Activity leveled off from 2023's outsize performance, with the pipeline including 10,457 units under construction in December, as well as an additional 45,000 units in the planning and permitting stages.

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Recent San Diego Transactions

Preserve at Melrose



City: Vista, Calif.
Buyer: Mesirow Financial
Purchase Price: \$185 MM
Price per Unit: \$451,220

Skye



City: Vista, Calif.
Buyer: MG Properties
Purchase Price: \$126 MM
Price per Unit: \$433,621

Market Street Village



City: San Diego
Buyer: BDP Impact Real Estate
Purchase Price: \$82 MM
Price per Unit: \$358,952

AVA Balboa Park



City: San Diego
Buyer: AvalonBay Communities
Purchase Price: \$51 MM
Price per Unit: \$510,000