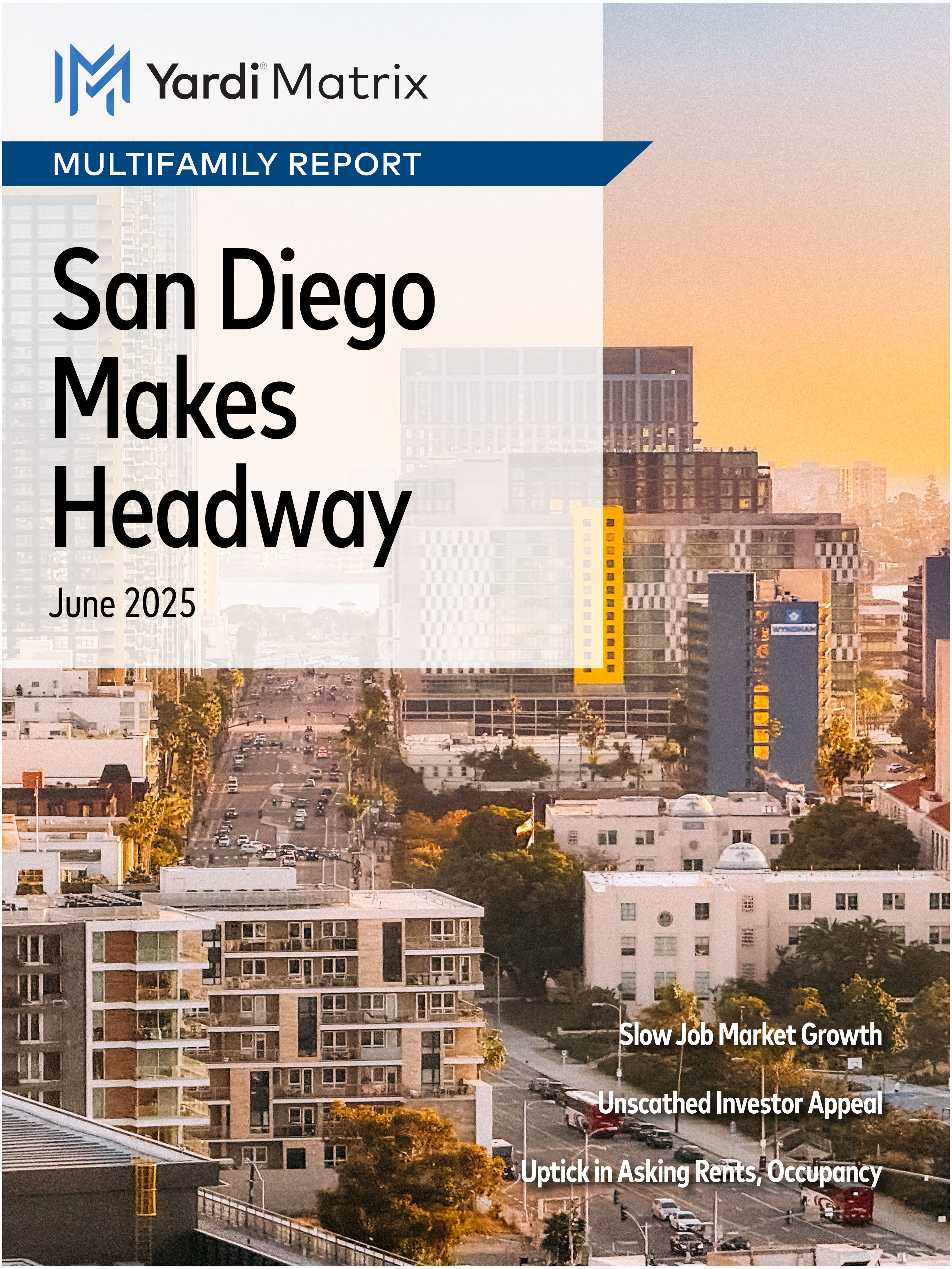
Yardi Matrix

MULTIFAMILY REPORT

San Diego Makes Headway

June 2025



Slow Job Market Growth

Unscathed Investor Appeal

Uptick in Asking Rents, Occupancy

SAN DIEGO MULTIFAMILY

Yardi Matrix

Slow Rent Growth, High Occupancy

San Diego multifamily fundamentals were slower but still steady at the start of the new leasing season, with asking rent gains up 0.1% year-over-year through April 2025, to $2,741, lagging the 0.9% U.S. rate. Occupancy in stabilized properties also inched up 10 basis points year-over-year, to 96.2% in March. The national occupancy rate was 94.4%, at its lowest level in more than a decade.

Employment growth remained sluggish in San Diego, at 0.4% as of February, while the U.S. rate stood at 0.9%. The metro gained 9,900 net jobs, with jobs added in only three sectors: education and health services (9,300 jobs), government (9,000) and leisure and hospitality (4,100). Professional and business services (-5,100) and manufacturing (-3,300) posted the largest losses. Area unemployment clocked in at 4.0% in April, faring slightly better than the 4.2% U.S. average. The $1.4 billion Gaylord Pacific Resort & Convention Center, which is anticipated to create 1,800 jobs, just opened. Meanwhile, citing rising debt and construction costs, Hines paused work on the Riverwalk Golf Club redevelopment, a $4 billion mixed-use project that's expected to include 4,300 apartments, as well as office and retail.

Developers delivered 706 units this year through April and had another 12,387 apartments underway. Meanwhile, investors traded a substantial $752 million in assets in the first four months, with the average per-unit price slightly down, to $390,056.

Market Analysis | June 2025

Contacts

Jeff Adler
Vice President & General Manager of Yardi Matrix
Jeff.Adler@Yardi.com
(303) 615-3676

Ron Brock, Jr.
Industry Principal, Matrix
JR.Brock@Yardi.com
(480) 663-1149 x14006

Doug Ressler
Media Contact
Doug.Ressler@Yardi.com
(480) 695-3365

Author

Anca Gagiuc
Senior Associate Editor

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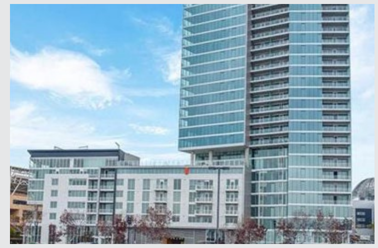
Recent San Diego Transactions

Park 12–The Collection



City: San Diego
Buyer: MG Properties
Purchase Price: $309 MM
Price per Unit: $430,387

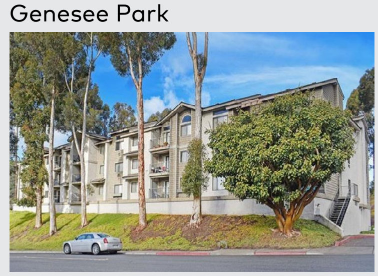
Teresina

City: Chula Vista, Calif.
Buyer: Nuveen Real Estate
Purchase Price: $183 MM
Price per Unit: $415,909

Santa Fe Ranch

City: Carlsbad, Calif.
Buyer: Bridge Investment Group
Purchase Price: $139 MM
Price per Unit: $433,594

Genesee Park

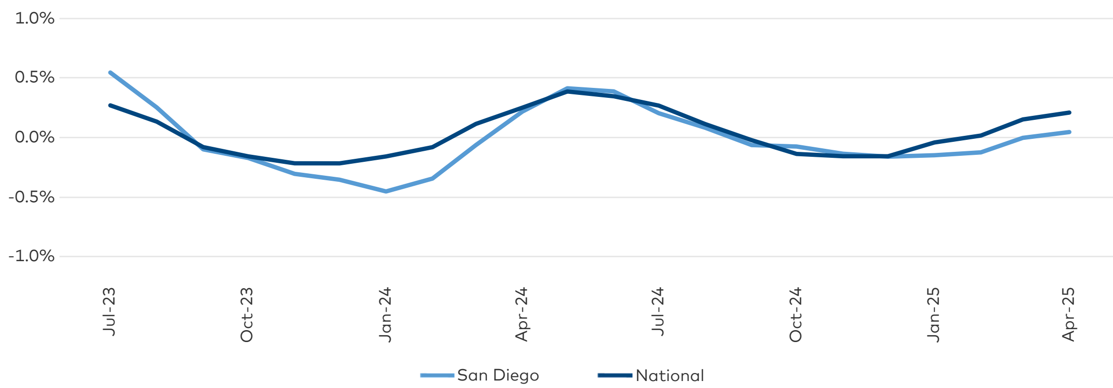


City: San Diego
Buyer: American Assets Trust
Purchase Price: $68 MM
Price per Unit: $352,296

RENT TRENDS

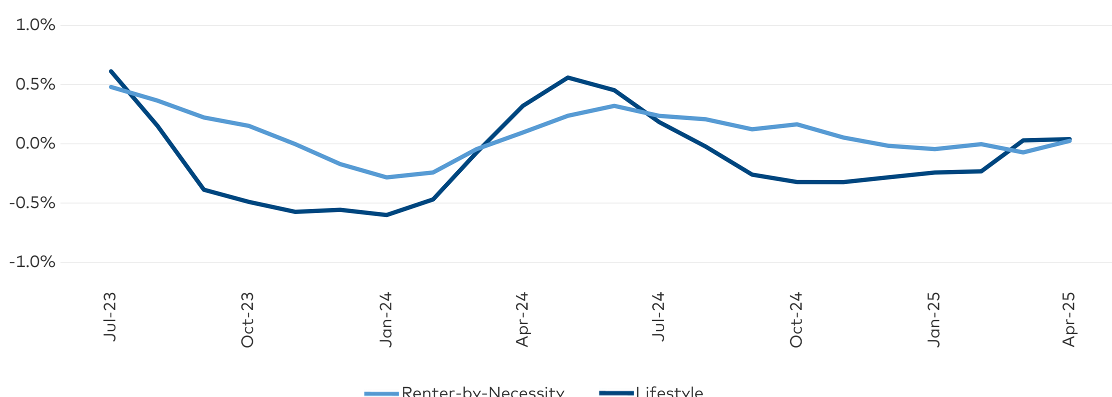
- San Diego's average advertised asking rent was unchanged for two consecutive months on a trailing three-month (T3) basis through April, at $2,741, with rent growth slower to rebound following overall modest performance in 2024. Meanwhile, the national average rose 0.2%, to $1,736. Year-over-year San Diego rents inched up 0.1%, lagging the 0.9% U.S. figure.
- Rent growth was flat on a T3 basis through April across asset classes, at $2,392 in the working-class Renter-by-Necessity segment and $3,186 in Lifestyle assets. RBN asking rents posted a more uniform evolution, with minor decreases registered in only four of the last 24 months. Meanwhile, Lifestyle rates recorded 13 months of declines, down by as much as 60 basis points.
- The occupancy rate in stabilized properties ticked up 10 basis points year-over-year, to 96.2% as of March. This was due to a 10-basis-point increase to 96.4% in RBN assets. Lifestyle occupancy was unchanged, at 95.9%. The national rate stood at 94.4%, the lowest level since 2013.
- Of the 33 submarkets tracked by Yardi Matrix, one-third recorded rent declines year-over-year through April, including San Diego's most expensive submarkets: Del Mar (-2.4% to $3,713) and University (-1.7% to $3,271). The submarkets with the largest under-construction pipelines as of April, Central San Diego and Kearny Mesa, posted increases: 1.2% to $3,030 and 0.5% to $2,970, respectively. In eight submarkets, the average advertised asking rent was in the $3,000 to $3,700 range.

San Diego vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

San Diego Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

ECONOMIC SNAPSHOT

- San Diego employment rose 0.4% as of February, on par with nearby metro Los Angeles and lagging the 0.9% national rate. The area gained 9,900 net jobs, with growth sustained by three sectors—education and health services (9,300 jobs), government (9,000) and leisure and hospitality (4,100). Of the five contracting sectors, professional and business services (-5,100) and manufacturing (-3,300) saw the steepest losses.

- The unemployment rate was in the 3.6% to 4.9% range during the past 12 months, most recently at 4.0% in April, just below the U.S. rate, according to the Bureau of Labor Statistics. It outperformed the state (5.3%), as well as Los Angeles (4.8%) and Sacramento (4.4%).

- Gaylord Pacific, a $1.4 billion resort and convention center with 1,600 guest rooms and suites and more than 10 restaurants, just opened and is anticipated to create 1,800 jobs. It is part of the Chula Vista Bayfront Development, which includes the recently opened Sweetwater Park, a 39-acre public recreational space. Amid unstable economic conditions, Hines hit pause on the redevelopment of the Riverwalk Golf Club. The mixed-use project broke ground in 2022, and is expected to eventually include 4,300 rental units, 1 million square feet of office and 152,000 square feet of retail space. Additionally, the development will be served by a new stop on the trolley line.

San Diego Employment Share by Sector

		Current Employment	
Code	Employment Sector	(000)	% Share
65	Education and Health Services	264.5	17.0%
90	Government	261.8	16.8%
70	Leisure and Hospitality	200.6	12.9%
15	Mining, Logging and Construction	89	5.7%
80	Other Services	56.5	3.6%
40	Trade, Transportation and Utilities	221.2	14.2%
50	Information	20.4	1.3%
55	Financial Activities	70	4.5%
30	Manufacturing	110	7.1%
60	Professional and Business Services	264.6	17.0%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- San Diego added 267,233 people between 2010 and 2022, an 8.8% uptick and 10 basis points below the U.S. rate.

- The pandemic was one of the main factors in the loss of 34,269 people between 2020 and 2022. However, the metro has started gaining residents again.

San Diego vs. National Population

	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
San Diego	3,316,073	3,323,970	3,296,317	3,289,701

Source: U.S. Census

SUPPLY

- San Diego deliveries totaled 706 units in 2025 through April, a slightly lower value compared to the same interval in 2024, when 820 units came online. Completions through April represented 0.3% of the metro's existing stock, well below the 0.8% U.S. average and lagging for the sixth consecutive year. Nearly three-quarters of this year's stock expansion involved Lifestyle units, with fully affordable projects accounting for 22% and RBN just 4.7%.

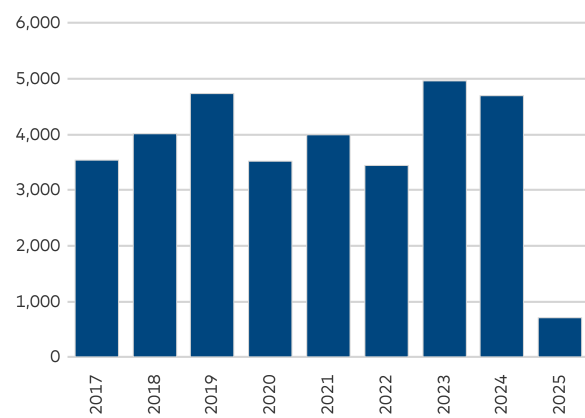
- Developers had 12,387 units under construction as of April, with another 46,000 in the planning and permitting phases. The under-construction pipeline comprised only Lifestyle (74%) and fully affordable (26%) projects.

- Construction starts slid to 545 units across three properties through April, down from 1,894 units across 10 properties during the same interval in 2024. The softening in construction starts follows two peak years—5,631 units across 36 properties in 2024 and 3,998 units across 18 properties in 2023. However, San Diego remains a low-supply market overall.

- Of the 33 submarkets tracked by Yardi Matrix, 20 had ongoing projects as of April. Two areas led by far: Central San Diego (3,325 units) and Kearny Mesa (2,446). Next were Escondido (883), Sweetwater (759) and Mira Mesa (748).

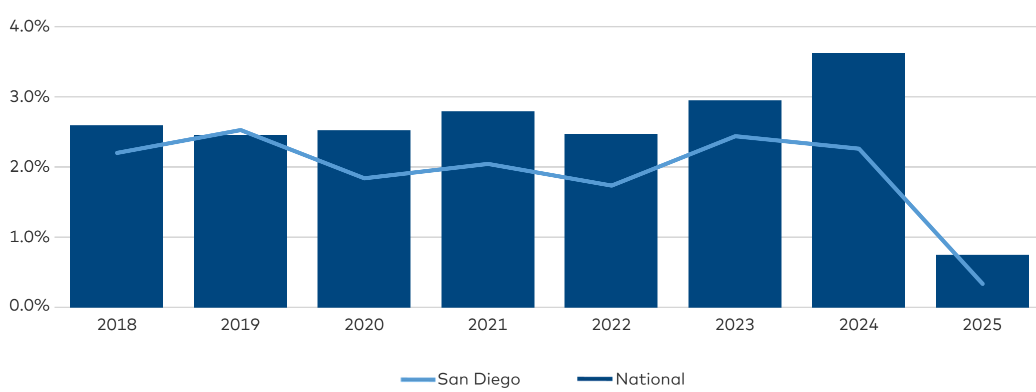
- The largest completion of 2025 through April was The Lindley, a 422-unit Lifestyle property in Central San Diego with 44 affordable units and 12,000 square feet of retail space. The asset is owned by Toll Brothers Apartment Living and PGIM Real Estate. It benefited from $187 million in construction financing from Bank of New York Mellon and Wells Fargo Bank.

San Diego Completions (as of April 2025)



Source: Yardi Matrix

San Diego vs. National Completions as a Percentage of Total Stock (as of April 2025)

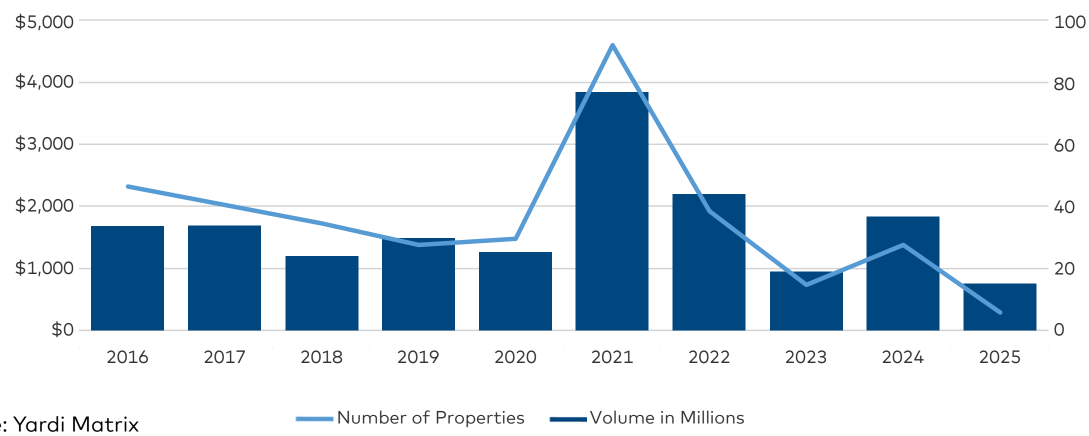


Source: Yardi Matrix

TRANSACTIONS

- Investors traded $752 million in San Diego multifamily assets in 2025 through April, marking an almost 300% uptick compared to the same period in 2024. Investment was especially strong in the final quarter of 2024, accounting for $1.1 billion of the $1.8 billion yearly total, the third-highest annual volume of the past 10 years.
- With RBN properties accounting for two-thirds of the year-to-date sales composition, San Diego's average price per unit slid 5.5%, to a still hefty $390,056 through April. Meanwhile, the U.S. rate rose 10.1%, to $212,785.
- Nearly half of the sales volume through April came from Greystar's $309 million sale of a 718-unit Lifestyle asset in Central San Diego to MG Properties. Park 12 - The Collection is a transit-oriented property completed in 2019 in an Opportunity Zone, and includes 45,000 square feet of retail space and 23 affordable units. The sale was subject to a $157 million Fannie Mae loan issued by Prudential Financial.

San Diego Sales Volume and Number of Properties Sold (as of April 2025)



Source: Yardi Matrix

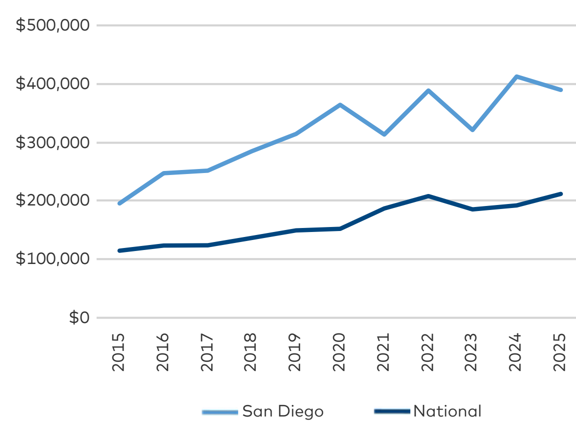
Top Submarkets for Transaction Volume[1]

Submarket	Volume ($MM)
Central San Diego	976
Sweetwater	393
Oceanside	347
San Dieguito	168
North San Diego	167
Kearny Mesa	114
Vista	82

Source: Yardi Matrix

[1] From May 2024 to April 2025

San Diego vs. National Sales Price per Unit



Source: Yardi Matrix

Expanding California's Affordable Housing Stock: A Local Perspective

By Diana Firtea

The affordable housing crisis in California has only gotten worse over the past decade. Density restrictions, ballooning land prices and high construction costs have forced some developers to postpone their projects or even look for other areas for their developments. Despite all these barriers, EAH Housing—a nonprofit founded in 1968 to address the needs of low-income households and seniors living in California—has delivered 600 new units in the past year alone.

How do you identify new construction opportunities in California?

Jordan: Location is paramount. We seek sites that offer residents easy access to public transportation, services and employment. Community and political support is another key factor. We look for areas where local governments recognize the need for affordable housing and offer the resources and incentives necessary to support these projects. Financial feasibility is equally as critical as securing diverse funding sources is key to long-term viability.

Speaking of delays, how do you overcome regulatory hurdles and other challenges to rapidly move your projects forward?

Jordan: Balancing the need for new affordable housing with the realities of high land costs and regulatory hurdles in California is a constant challenge. Still, it is one we're well-versed in. Strategic partnerships, creative financing

solutions and evolving policies to streamline development have helped move projects forward. While the process remains complex, collaboration between public and private stakeholders is essential to prioritizing affordable housing production.

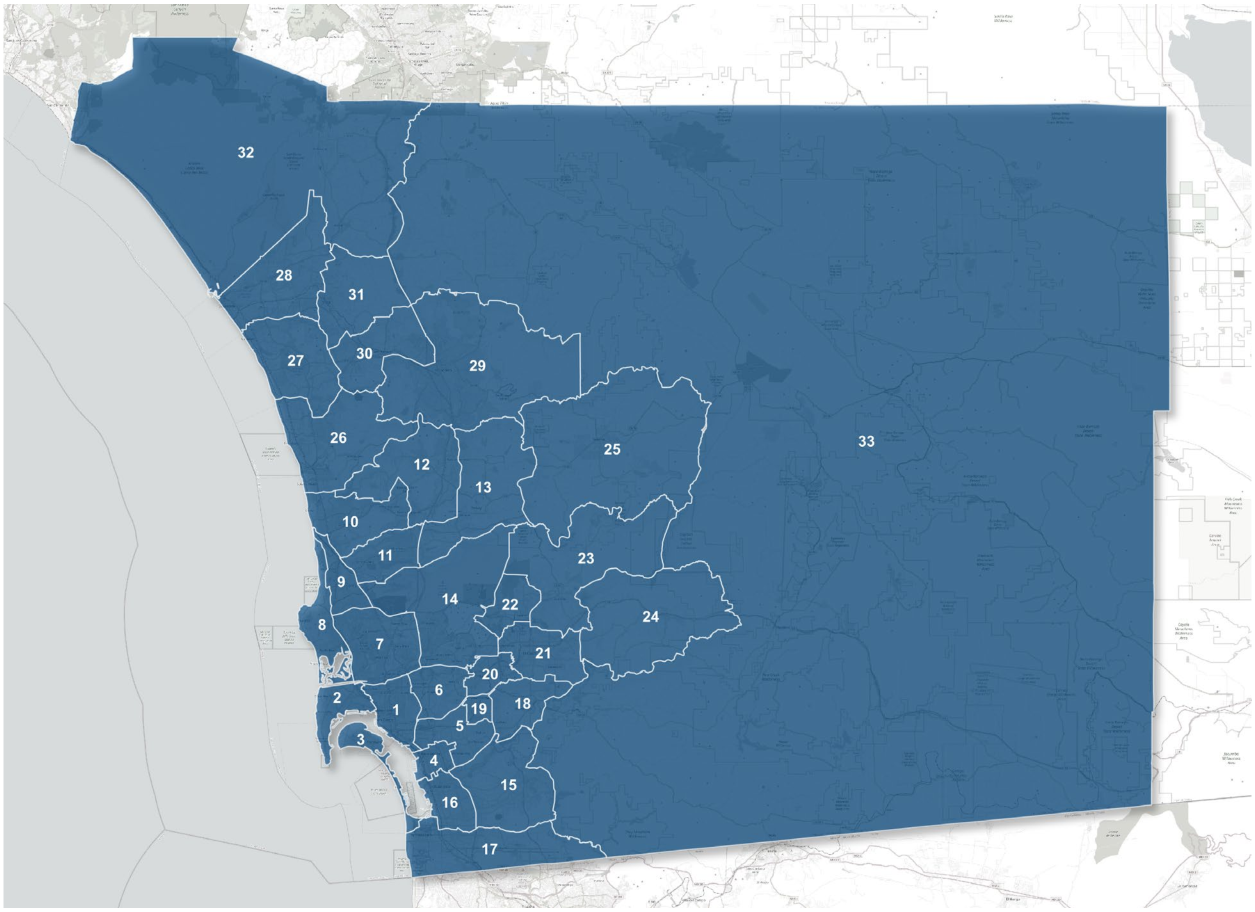
How do you ensure that the needs and preferences of local communities are incorporated into your project plans?

Jordan: For a long-term developer, owner and operator, receiving feedback is an essential part of the development process, particularly for projects involving public land or city-led initiatives. Whether outreach is handled by the city or directly by EAH as the developer, engaging with neighbors and residents is key to understanding priorities and concerns.

Once we've gathered feedback, we integrate it in meaningful ways that align with project feasibility. Some aspects—such as exterior design choices or the inclusion of community amenities—can be tailored to reflect neighborhood preferences. At the same time, we must balance input with funding and regulatory requirements. Maintaining an open dialogue ensures that our developments enhance both the lives of residents and the fabric of the surrounding neighborhood. We strive to be a good neighbor.

(Read the complete interview on multihousingnews.com.)

SAN DIEGO SUBMARKETS



Area No.	Submarket
1	Central San Diego
2	Peninsula
3	Coronado
4	National City
5	Southeast San Diego
6	Mid-City
7	Kearny Mesa
8	Coastal
9	University
10	Del Mar
11	Mira Mesa
12	North San Diego
13	Poway
14	Elliot–Navajo
15	Sweetwater
16	Chula Vista
17	South Bay

Area No.	Submarket
18	Spring Valley
19	Lemon Grove
20	La Mesa
21	El Cajon
22	Santee
23	Lakeside
24	Alpine
25	Ramona
26	San Dieguito
27	Carlsbad
28	Oceanside
29	Escondido
30	San Marcos
31	Vista
32	Fallbrook
33	Outlying San Diego County

DEFINITIONS

Lifestyle households (renters by choice) have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

Renter-by-Necessity households span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students,* who also span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households,* composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households,* which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

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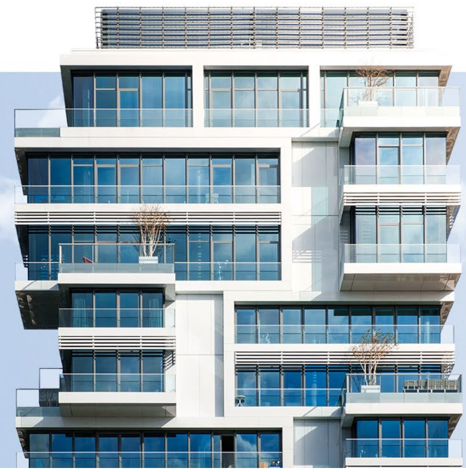
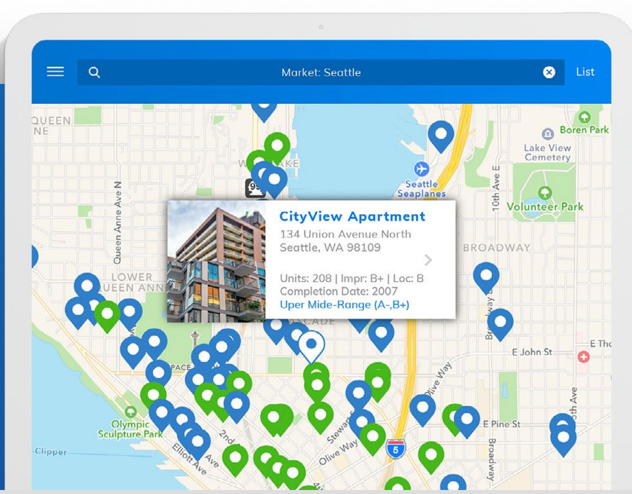


MULTIFAMILY KEY FEATURES

- Pierce the LLC every time with true ownership and contact details
- Leverage improvement and location ratings, unit mix, occupancy and manager info
- Gain complete new supply pipeline information from concept to completion
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Access aggregated and anonymized residential revenue and expense comps



Yardi Matrix Multifamily provides accurate data on nearly **23 million units**, covering over **92% of the U.S. population.**

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