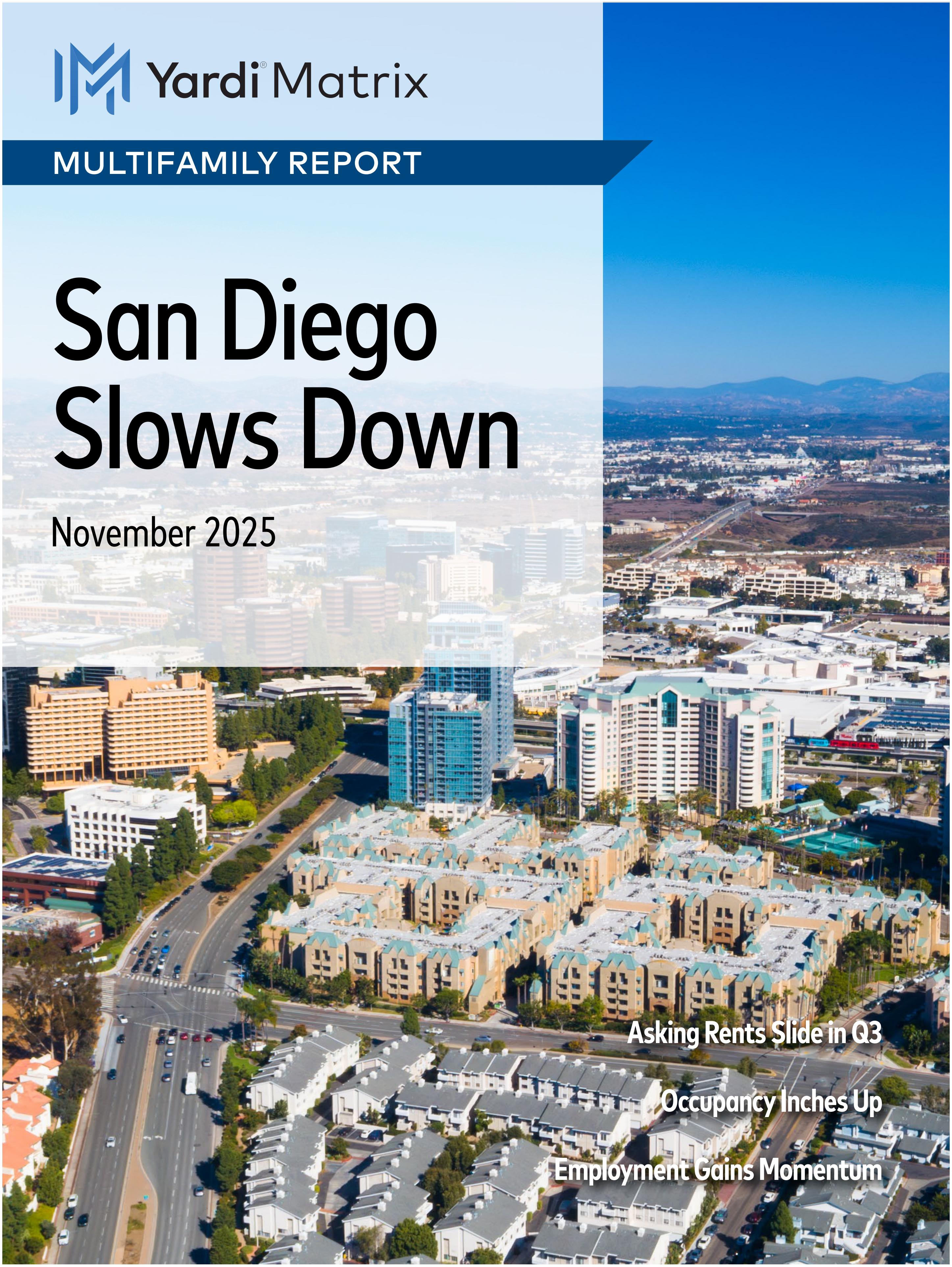
Yardi Matrix

MULTIFAMILY REPORT

San Diego Slows Down

November 2025



Asking Rents Slide in Q3

Occupancy Inches Up

Employment Gains Momentum

SAN DIEGO MULTIFAMILY

Yardi Matrix

Supply Holds Steady, Rents Contract

The San Diego multifamily market ended the third quarter with a mixed performance, as economic uncertainty pressured fundamentals. Average advertised asking rents ticked down 0.2%, on a trailing three-month basis through September, to $2,732, 10 basis points below the national figure. Despite 2023 and 2024 being decade peaks for San Diego deliveries, overall occupancy continued to climb. It inched up 10 basis points year-over-year, to 96.3% as of August, a sizable 160 basis points above the U.S. average.

Employment growth clocked in at 0.7% as of July, just 10 basis points below the national rate. San Diego continued to close the gap, as job additions have steadily recovered since the start of the year. Unemployment reached 5.0% in August, in line with seasonal trends, according to preliminary data from the Bureau of Labor Statistics. In the 12 months ending in July, San Diego gained 6,300 net jobs, mostly due to additions in education and health services and government. Major projects expected to impact the job market in the long term include an upcoming redevelopment of the U.S. Navy's 70-acre campus in Point Loma, as well as UC San Diego Health's ongoing multibillion-dollar Hillcrest campus rebuild.

Construction slowed down, but remained relatively healthy, with 12,474 units underway as of September. Meanwhile, nearly $1.2 billion in multifamily assets traded in the first three quarters of 2025.

Market Analysis | November 2025

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Recent San Diego Transactions

Folia

City: San Diego
Buyer: Property Reserve
Purchase Price: $238 MM
Price per Unit: $695,906

Canyon Villas

City: Chula Vista, Calif.
Buyer: Post Investment Group
Purchase Price: $74 MM
Price per Unit: $403,005

Terre at Creekside

City: Santee, Calif.
Buyer: CARV Properties
Purchase Price: $17 MM
Price per Unit: $278,226

Terre at Ballantyne

City: El Cajon, Calif.
Buyer: TC Management
Purchase Price: $14 MM
Price per Unit: $240,000

RENT TRENDS

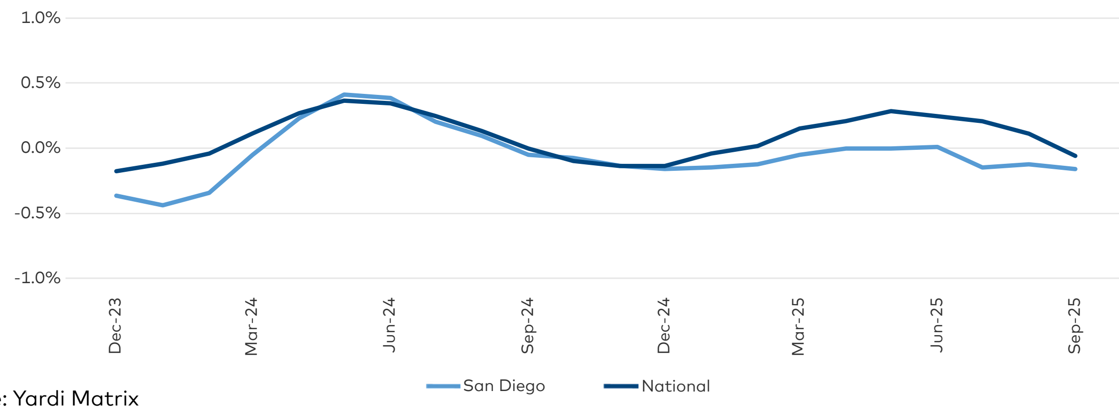
- San Diego's advertised asking rents ticked down 0.2% on a trailing three-month (T3) basis through September, to an average of $2,732, or 10 basis points below the U.S. figure. This was the third month of contractions for the metro, following four months of midyear stagnation. Year-over-year, the average overall San Diego asking rent was down 1.1%, while the national figure was up 0.6%, to $1,750.

- Advertised asking rents in the working-class Renter-by-Necessity segment stagnated on a T3 basis through September, with the average at $2,383. Meanwhile, the upscale Lifestyle segment registered a 0.3% downtick, to $3,166. Both quality segments showed sluggish performance this year, as significant new supply pressured rate gains.

- Overall occupancy in stabilized assets inched up 10 basis points year-over-year, to 96.3% as of August, 160 basis points above the national figure. Occupancy in Lifestyle assets grew 20 basis points, to 96.1%, while the RBN figure was unchanged, at 96.4%.

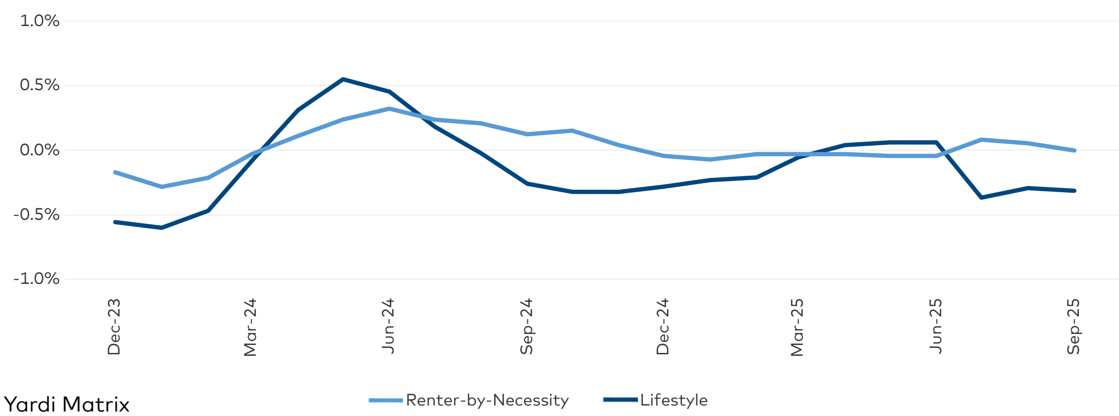
- While rates were on a decelerating trend overall, a few hotspots for rent growth carried the metro. The list included San Dieguito, with rates up 3.4% year-over-year through September, to $3,073. Other outliers were Poway (2.2% to $2,972), North San Diego (1.5% to $2,915), Peninsula (0.8% to $2,415) and Lakeside (0.5% to $2,177). Del Mar remained the most expensive submarket, with an average advertised asking rent of $3,734, even after a 0.9% yearly decline.

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's unemployment rate clocked in at 5.0% as of August, 70 basis points higher than the national figure, according to preliminary data from the BLS. Throughout most of this year, unemployment has stood in the 4.0% to 4.5% range, after which it shot up 90 basis points from May to June—however, this was mostly in line with seasonal trends.

- Employment growth in the metro continued to slowly pick up the pace, up 0.7% through July, just 10 basis points below the national average. Bucking U.S. trends, San Diego's employment gains improved steadily after the sluggish performance of the second half of last year.

- In the 12 months ending in July, San Diego gained 6,300 net jobs. Two of the metro's largest sectors led growth—education and health services added 14,400 positions, while government gained 6,500. Six other sectors lost 15,800 jobs combined.

- San Diego's largest employer, the U.S. Navy, is nearing the start of the modernization of its 70-acre campus in Point Loma, which could potentially entail the development of 1.7 million square feet of facilities. Other large ongoing projects include UC San Diego Health's multibillion-dollar campus rebuild, which hit a milestone earlier this year with the opening of its six-story McGrath Outpatient Pavilion.

San Diego Employment Share by Sector

		Current Employment	
Code	Employment Sector	(000)	% Share
65	Education and Health Services	269.4	17.3%
90	Government	249	16.0%
80	Other Services	58.7	3.8%
70	Leisure and Hospitality	207.9	13.3%
40	Trade, Transportation and Utilities	220.3	14.1%
50	Information	20.4	1.3%
15	Mining, Logging and Construction	90.9	5.8%
55	Financial Activities	70	4.5%
30	Manufacturing	109.7	7.0%
60	Professional and Business Services	261.3	16.8%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- San Diego population growth remained relatively healthy over the long term, up 6.1% between 2012 and 2022.

- Since 2022, however, the population has seen some contraction, down almost 24,000 residents between mid-2023 and mid-2024 alone.

San Diego vs. National Population

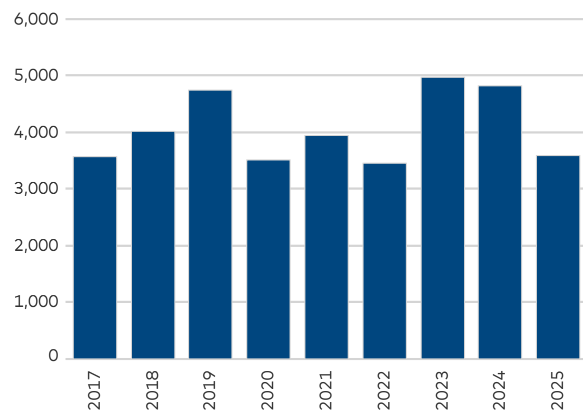
	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
San Diego	3,316,073	3,323,970	3,296,317	3,289,701

Source: U.S. Census

SUPPLY

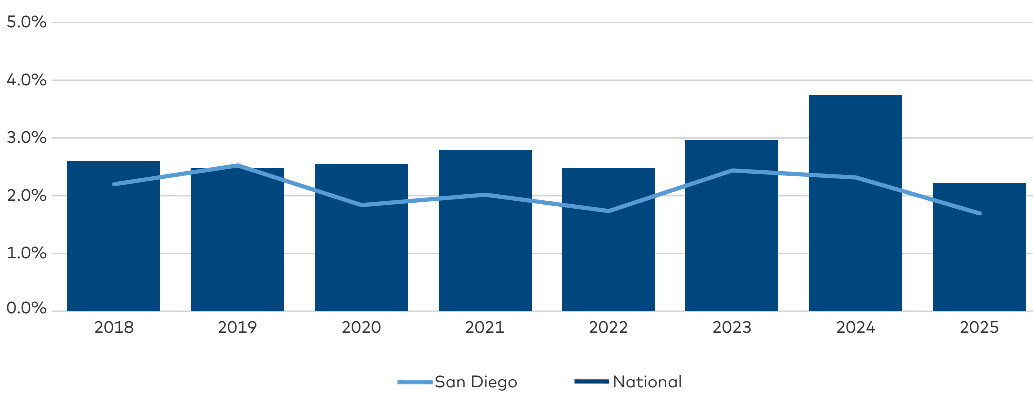
- Developers had 12,474 units under construction in metro San Diego as of September, along with 44,000 units in the planning and permitting stages. In line with other California markets, San Diego's pipeline of fully affordable properties was significantly ahead of the 15.9% U.S. average. Of the total units underway, 29.0% were in such projects, while 69.7% were in Lifestyle developments.
- A total of 3,591 units came online during the first three quarters. This was 1.7% of existing stock and 50 basis points below the national figure. Activity returned closer to historical averages following strong performance in the previous two years, in line with nationwide trends. Since 2017, developers have added an average of 4,100 units per year. Activity remains healthy, with 2026 projected to bring around 5,000 units, according to our latest forecast.
- A total of 2,983 units across 17 properties broke ground in the first three quarters. That was down 19% from the same period last year, highlighting a gradual slowdown.
- Central San Diego and Kearny Mesa remained the most active submarkets by far, with 3,210 and 2,483 units underway. The area remained attractive to developers due to recently updated zoning and the eligibility of a large portion of Kearny Mesa for transit-oriented development incentives. Moreover, both areas rank among the market's largest employment centers, according to the San Diego Association of Governments.
- Kearny Mesa also had the largest project under construction as of September: R&V Management and Trammell Crow Residential's 531-unit Alexan Camellia.

San Diego Completions (as of September 2025)



Source: Yardi Matrix

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

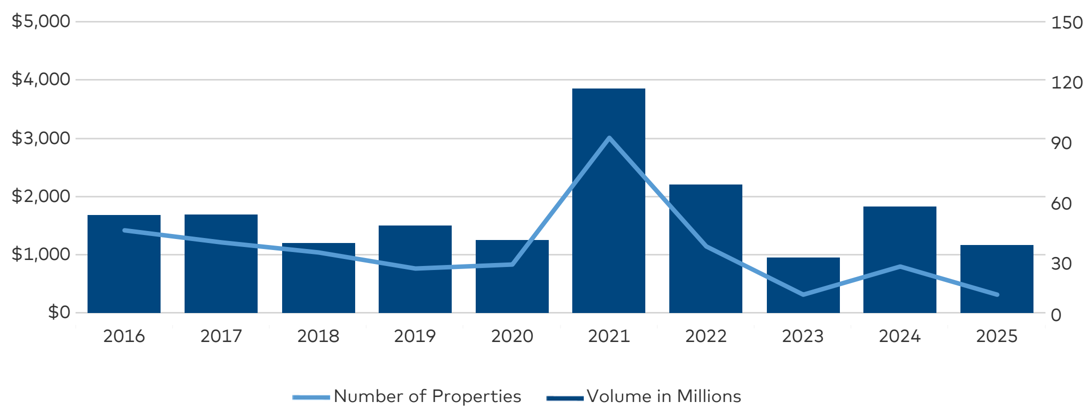


Source: Yardi Matrix

TRANSACTIONS

- San Diego multifamily investment reached $1.2 billion year-to-date through September, which meant a nearly 60% increase year-over-year. Activity kept a healthy pace, but was still $300 million short of the annual average recorded from 2015 to 2024—excluding 2021 and 2022, which were outlier years for sales nationwide.
- Investors closed on 15 single-asset transactions in the first three quarters, with 10 involving RBN properties while five involved Lifestyle properties. The average per-unit price clocked in at $405,023 overall, ticking down some 2% from the 2024 figure yet nearly double the U.S. rate. Over the past five years, per-unit prices in the metro rose 29%.
- Several large sales helped bring up the investment volume, including Property Reserve's $238 million acquisition of Folia, in the Del Mar submarket. Holland Partner Group sold the 342-unit asset. This transaction marked the highest per-unit price so far this year, at $695,906.

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



Source: Yardi Matrix

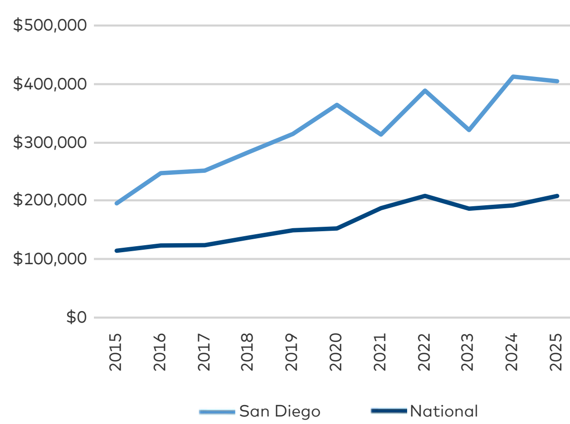
Top Submarkets for Transaction Volume[1]

Submarket	Volume ($MM)
Central San Diego	788
Sweetwater	467
Oceanside	347
Del Mar	238
San Dieguito	139
Kearny Mesa	93
El Cajon	59

Source: Yardi Matrix

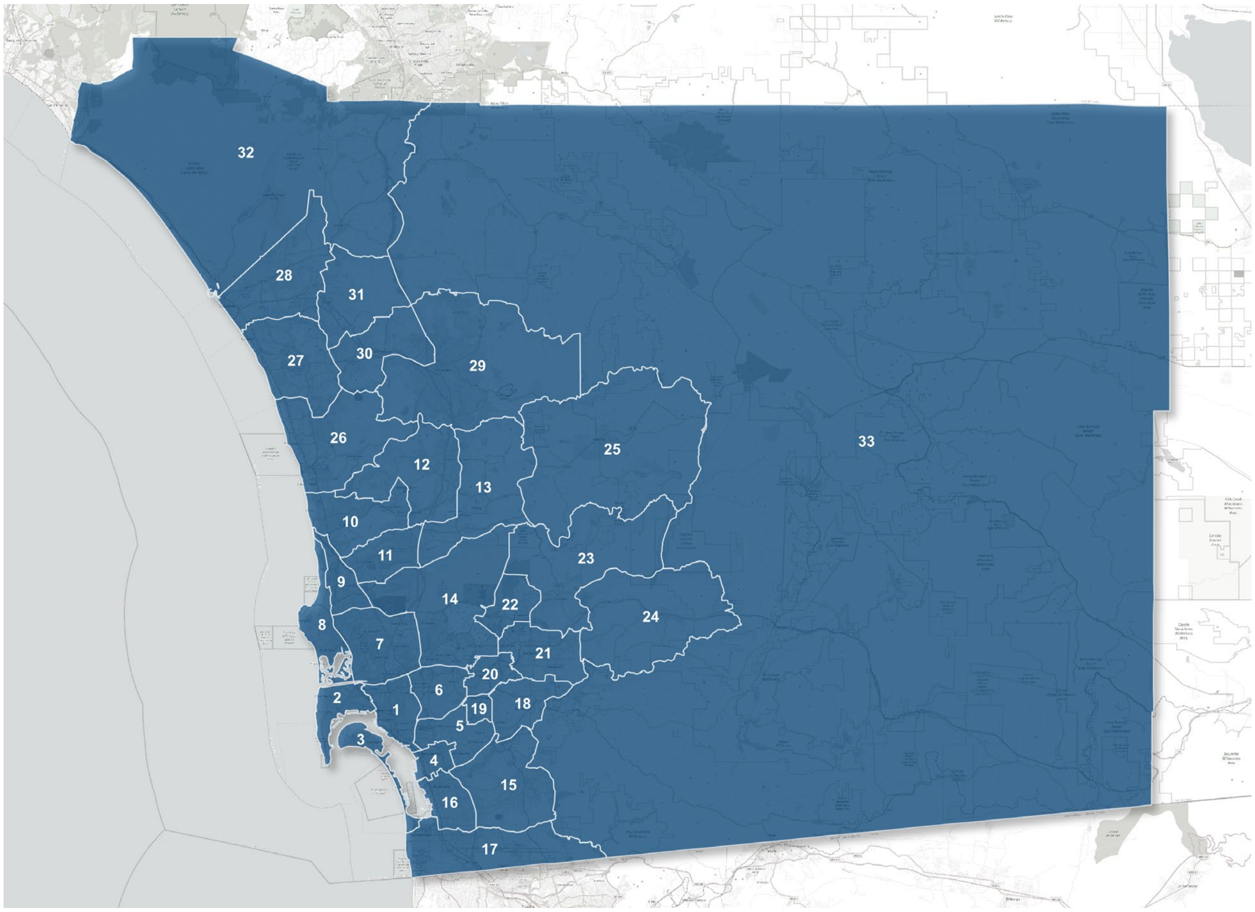
[1] From October 2024 to September 2025

San Diego vs. National Sales Price per Unit



Source: Yardi Matrix

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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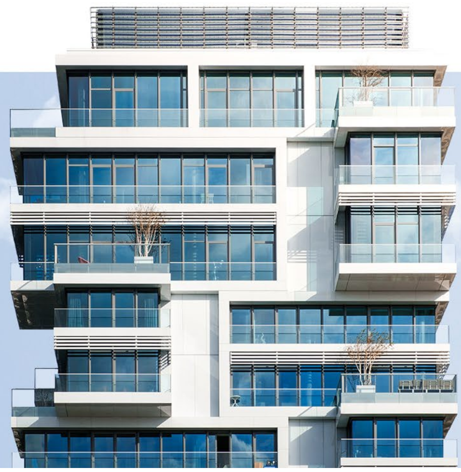
Yardi Matrix



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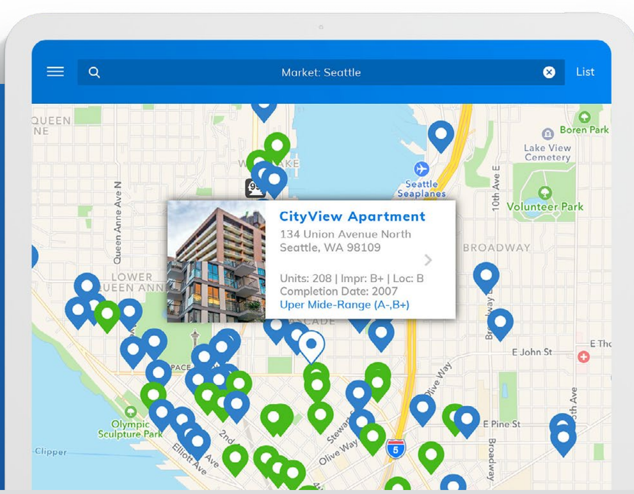
MULTIFAMILY KEY FEATURES

- 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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