



SELECT MARKET

BERKADIA[®]

SAN DIEGO

MULTIFAMILY MARKET REPORT | MID-YEAR

2025



Click the slide or use arrow keys to view presentation



Jobs Added / Lost

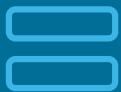
LAST 12 MONTHS
17,700



1.1% YOY

Unemployment

JUNE 2025
4.4%



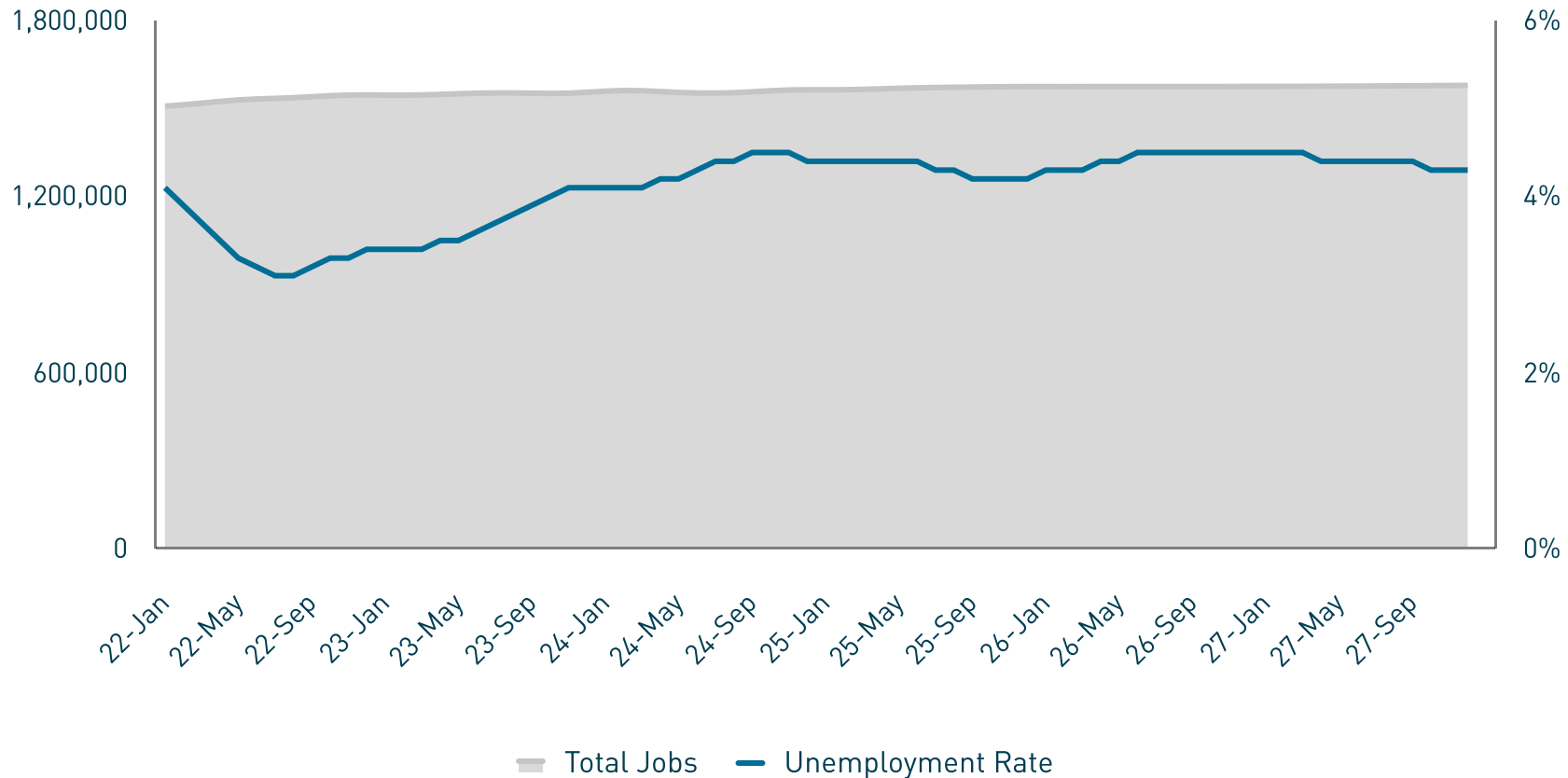
0 BPS YOY

Employment

San Diego's economy is vibrant and multifaceted, driven by technology, research, military presence, and tourism, making it a crucial player in both state and national economic landscapes. Over the year ending June 2025, the metro area added 17,700 jobs, mainly in private education and health services, which grew by 12,500 jobs. Scripps Memorial Hospital La Jolla opened its \$664 million North Tower and plans a \$1.2 billion complex in San Marcos. Future healthcare employment will rise with Randy Children's Hospital's \$1.2 billion expansion, including a seven-story tower by 2028. San Diego's life sciences cluster drives innovation across healthcare, with nearly 2,000 companies employing 76,000 people and generating \$56 billion, according to Biocom California.

By the end of 2025, over a dozen large buildings will add more than 3.2 million square feet of lab and research space across the county, setting the region's industry up for advancement. In addition to headway in healthcare and life sciences, San Diego's leisure and hospitality sector is growing, adding 3,700 jobs, partly due to the \$1.4 billion Gaylord Pacific Resort, which opened in May 2025 and created 1,800 jobs. In a move that will further boost the sector, a vacant 25-story office high-rise in Downtown San Diego will be converted into a 560-room Hyatt hotel complex, with construction starting in 2026 and the \$250 million project expected to complete in early 2028.

Employment Trends



Source: Moody's Analytics

In the News

San Diego Community College District to invest \$3.5B to upgrade campuses
[Read More](#)

\$1.3B Gaylord Pacific Resort & Convention Center opens
[Read More](#)

Novartis to bring \$1.1B research facility to San Diego
[Read More](#)



2025 Year to Date

DELIVERIES
1,781 UNITS

ABSORPTION
3,275 UNITS



2025 Total*

DELIVERIES
5,269 UNITS

ABSORPTION
7,294 UNITS

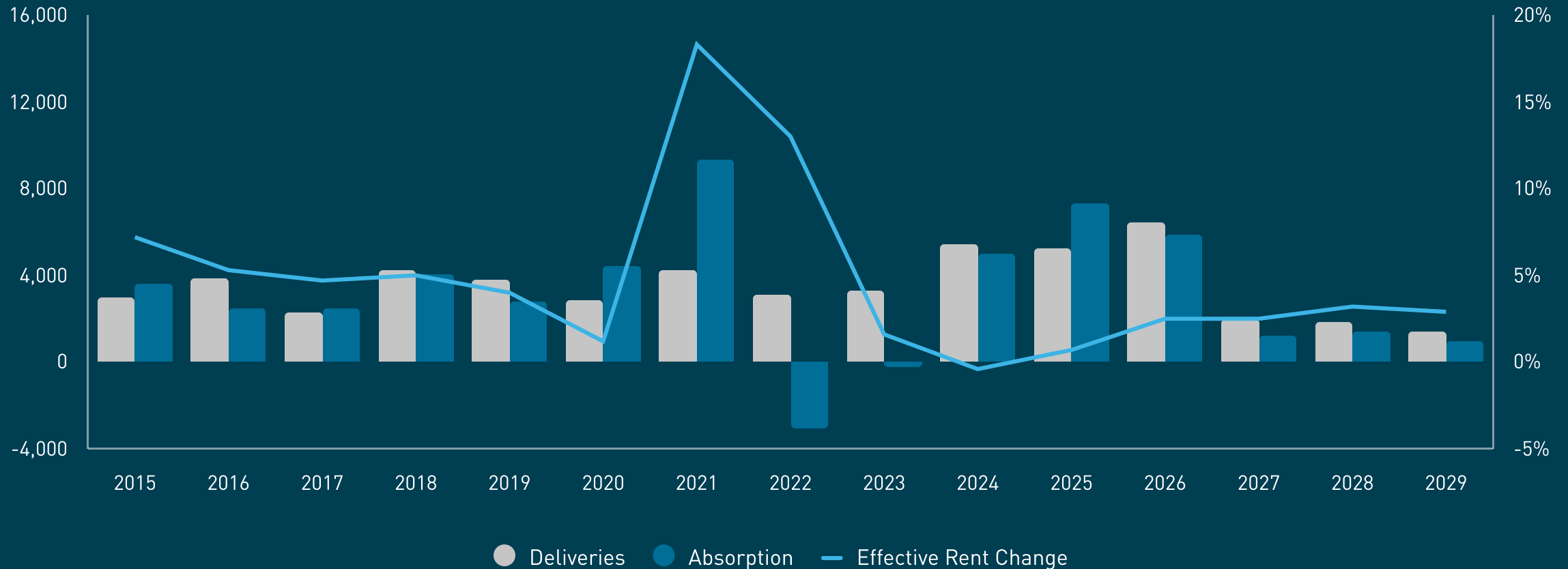
**Projected*

Deliveries & Absorption

Multifamily developers were busy in San Diego throughout 2024, adding 5,462 new units to the market's inventory, the highest annual deliveries in at least 20 years. In the first half of 2025, builders completed 1,781 units, part of 5,269 total units anticipated in 2025. Because of the sustained starts in the last two years, apartment deliveries are anticipated to ramp up 23% in 2026, compared to 2025. Once builders have worked through the development pipeline, deliveries in the metro area are projected to average about 1,740 units annually from 2027 through 2029, approximately half of the average annual norm prior to the pandemic. Elevated supply led to a surge in leasing activity, as operators in the market recorded 5,018 net move-ins during 2024, indicating strong renter appetite for new product.

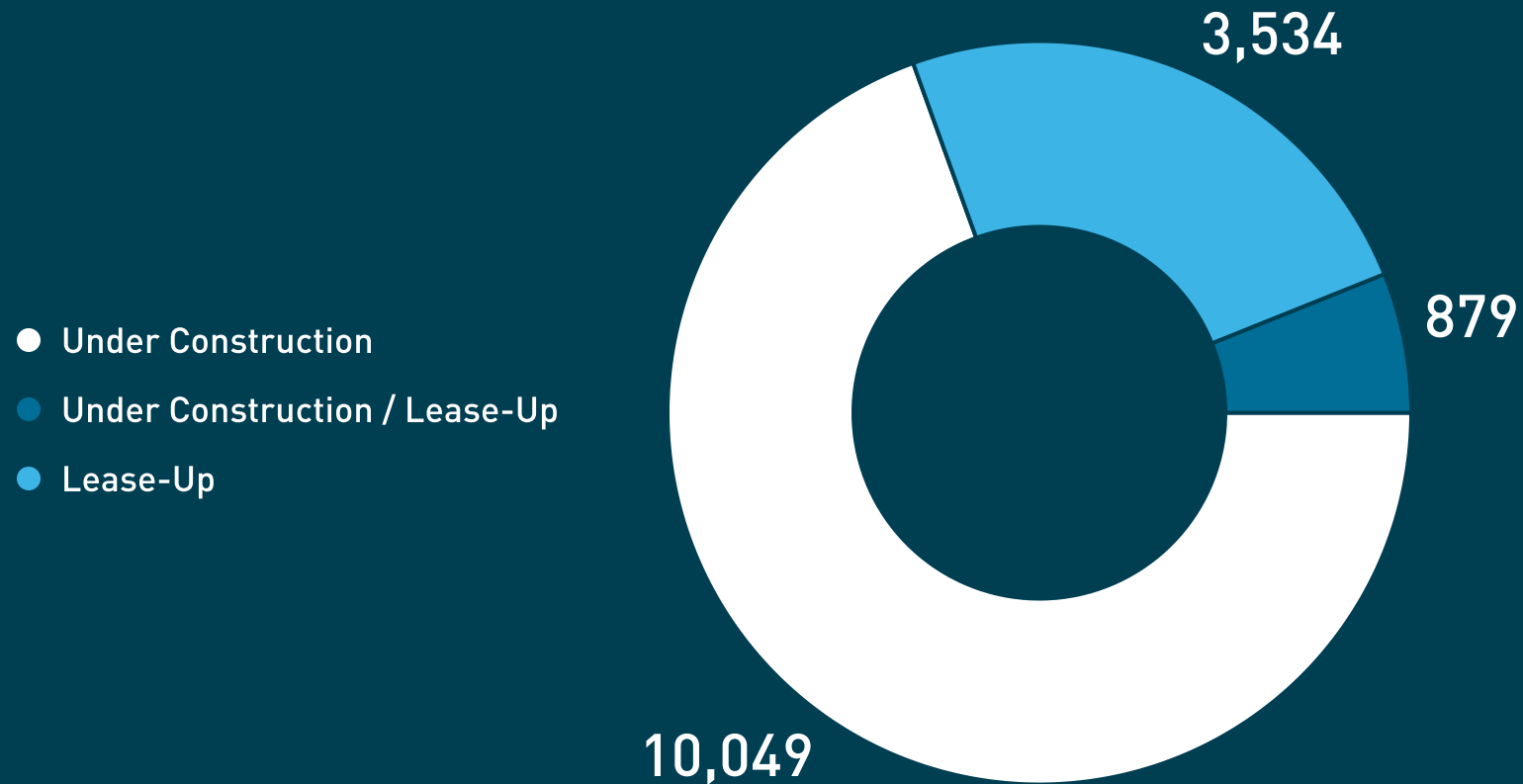
During the first half of 2025, net apartment absorption totaled 3,275 units, up 133% from the corresponding period in 2024. Another 4,000 net units are projected to be absorbed by year-end 2025. Apartment demand is expected to remain elevated in 2026 and then subside during the next three years along with the deceleration in deliveries. Although multifamily development and leasing activities are predicted to be widespread, the Northeast San Diego and Northwest San Diego submarkets are expected to receive the most attention from developers and renters. These submarkets offer direct access to the region's largest employment and entertainment hubs, like Downtown San Diego, Naval Base San Diego, Balboa Park, and San Diego International Airport.

Deliveries, Absorption, & Effective Rent Change



Source: RealPage

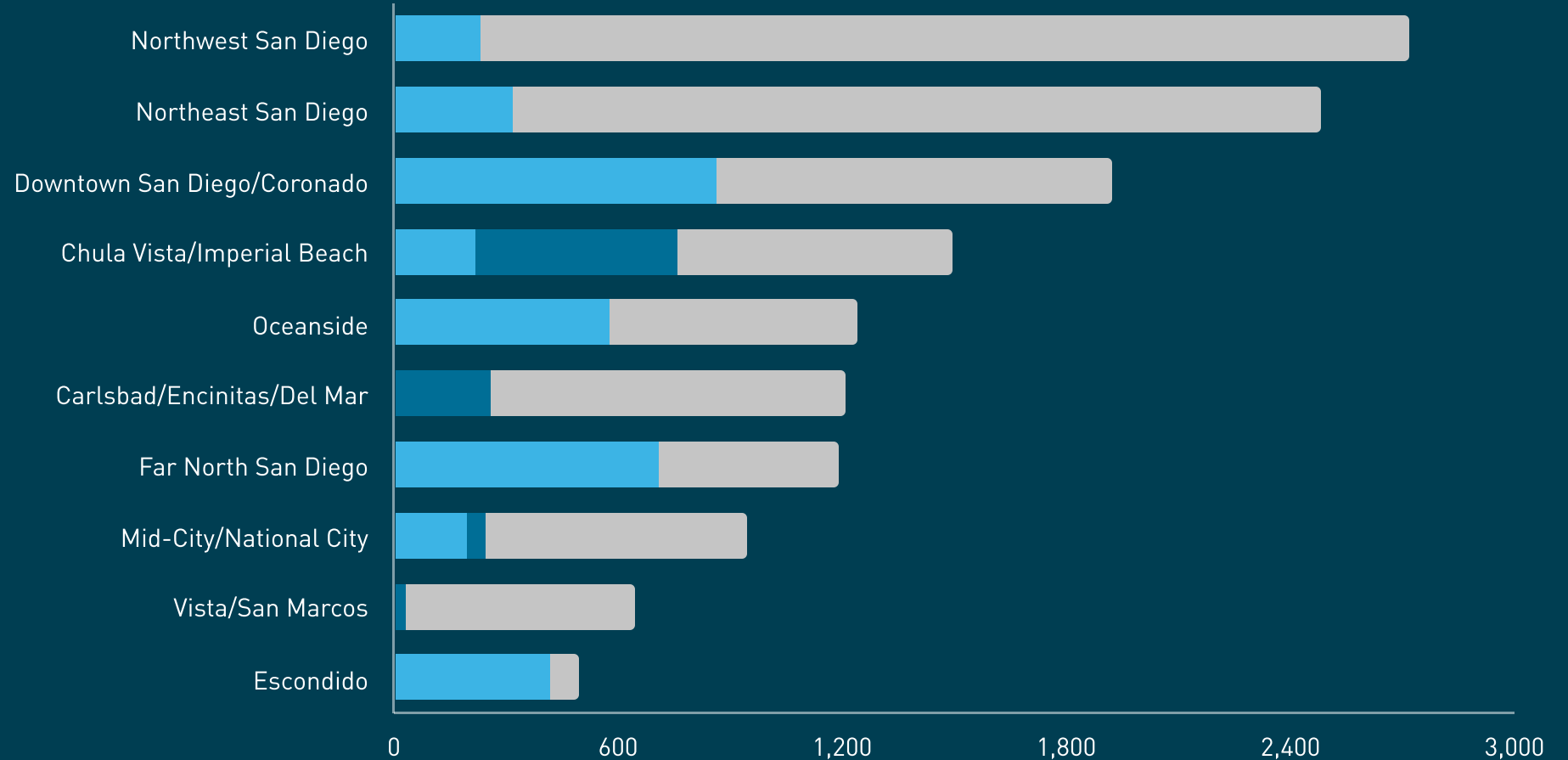
San Diego Pipeline



Source: RealPage

Largest Submarket Pipelines

- Under Construction
- Under Construction/Lease-Up
- Lease-Up



Source: RealPage

Effective Rent

Q2 2025
\$2,843



0.9% YOY

Occupancy

Q2 2025
96.1%



80 BPS YOY

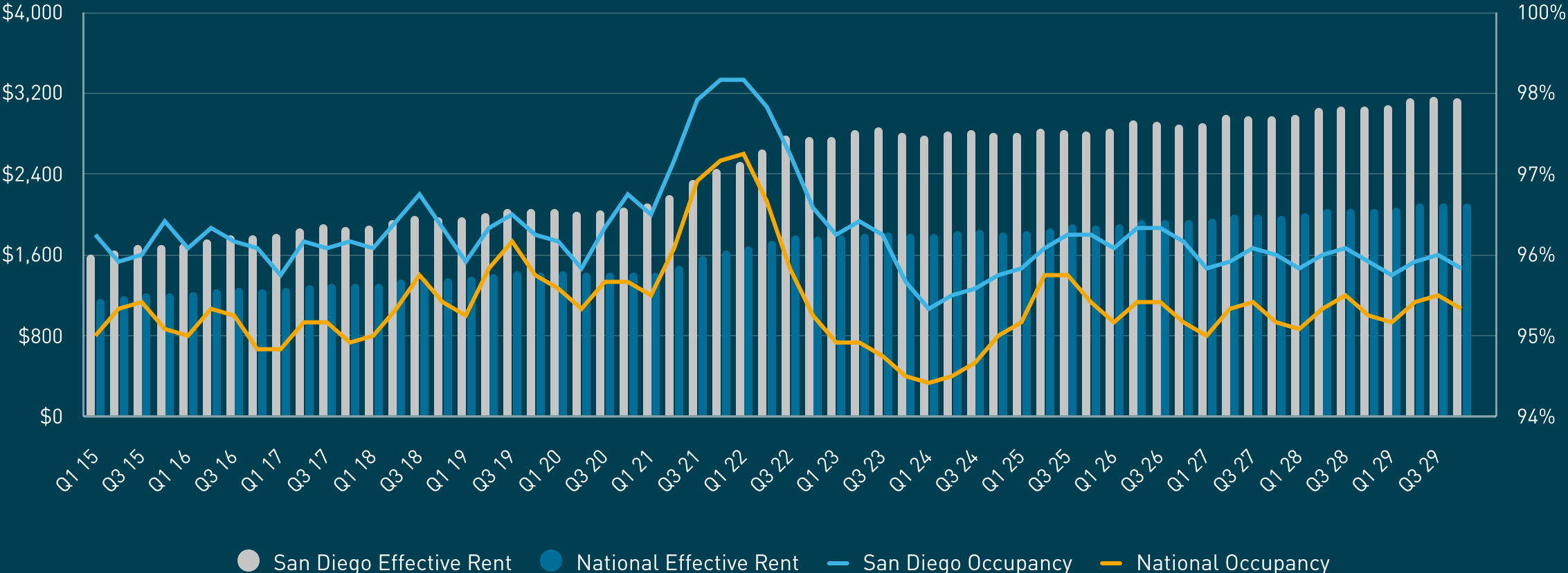
Rent & Occupancy

The San Diego apartment market has benefitted from the growing roster of high-tech and life science companies. Apartment demand in the region is also heavily influenced by the presence of approximately 111,000 active-duty military personnel and federal civilian workers as well as more than 250,000 college students. Furthermore, the high barrier to homeownership helps maintain strong multifamily fundamentals. Average apartment occupancy reached 96.1% in the second quarter of 2025, up 70 basis points from one year earlier. The elevated leasing activity anticipated in the last half of 2025 is forecast to bring the occupancy rate to 96.2% by year-end. From 2026 through 2029, the year-end occupancy rate is projected to average a healthy 96.0%.

Effective rent and occupancy reflect stabilized properties and does not include preleased units or properties in lease-up. A newly constructed property is considered stabilized once it becomes 85% occupied.

The recent surge in new apartment supply has placed downward pressure on rents. However, the spring seasonal rise in rent brought effective rent up to \$2,843 per month in the second quarter of 2025, a 0.9% year-over-year gain. Although apartment demand is projected to be robust in the second half of 2025, the fourth-quarter seasonal downturn is expected to bring effective rent down to \$2,824 per month by year-end 2025. Vibrant leasing activity in 2026 is anticipated to lead to a projected 2.5% increase in effective rent during the year. Continued positive apartment demand and diminishing deliveries are expected to spur 2.9% annual average rent growth from 2027 through 2029.

San Diego vs. National Effective Rent & Occupancy



Source: RealPage

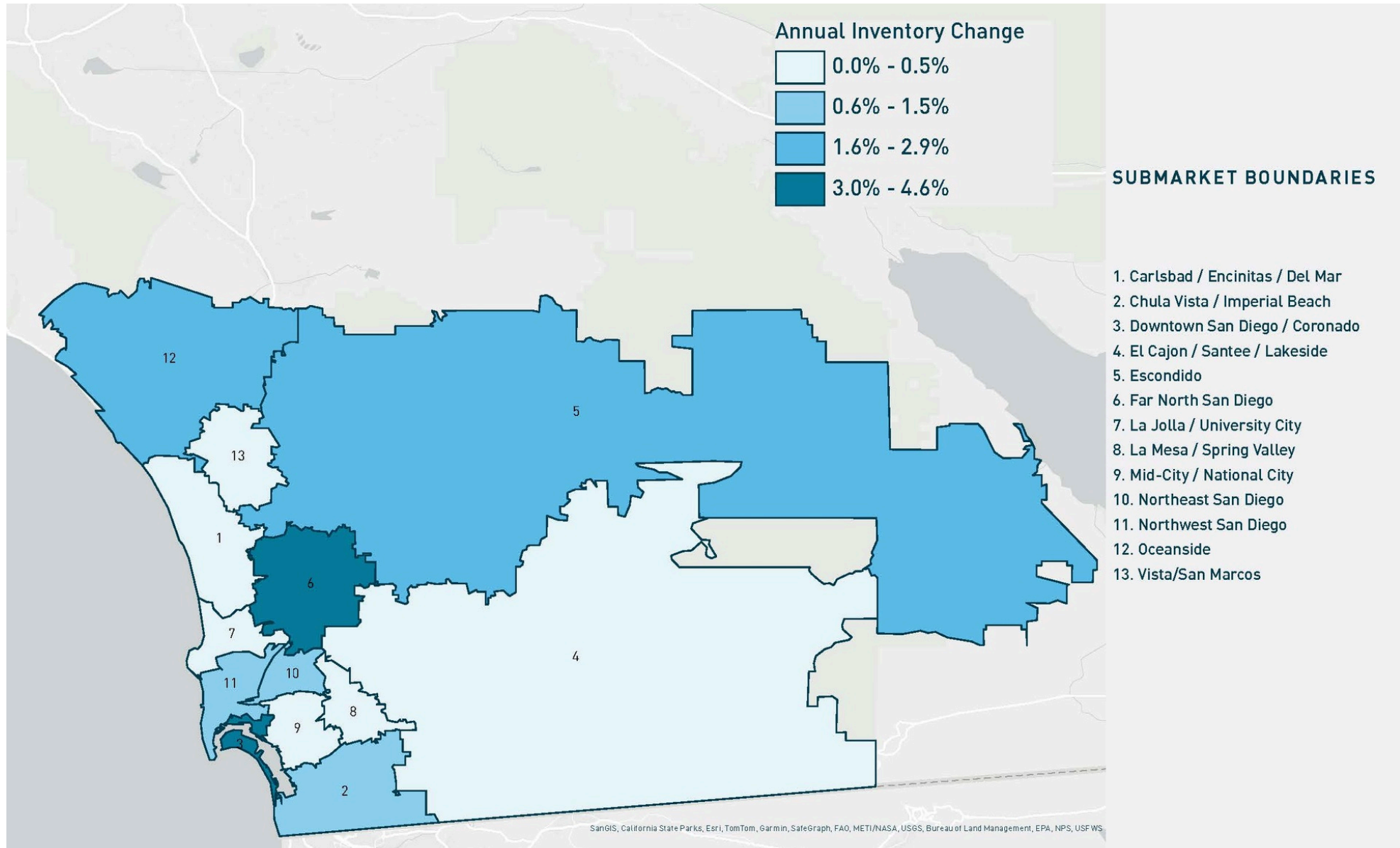
Rent & Occupancy

Submarket Performance

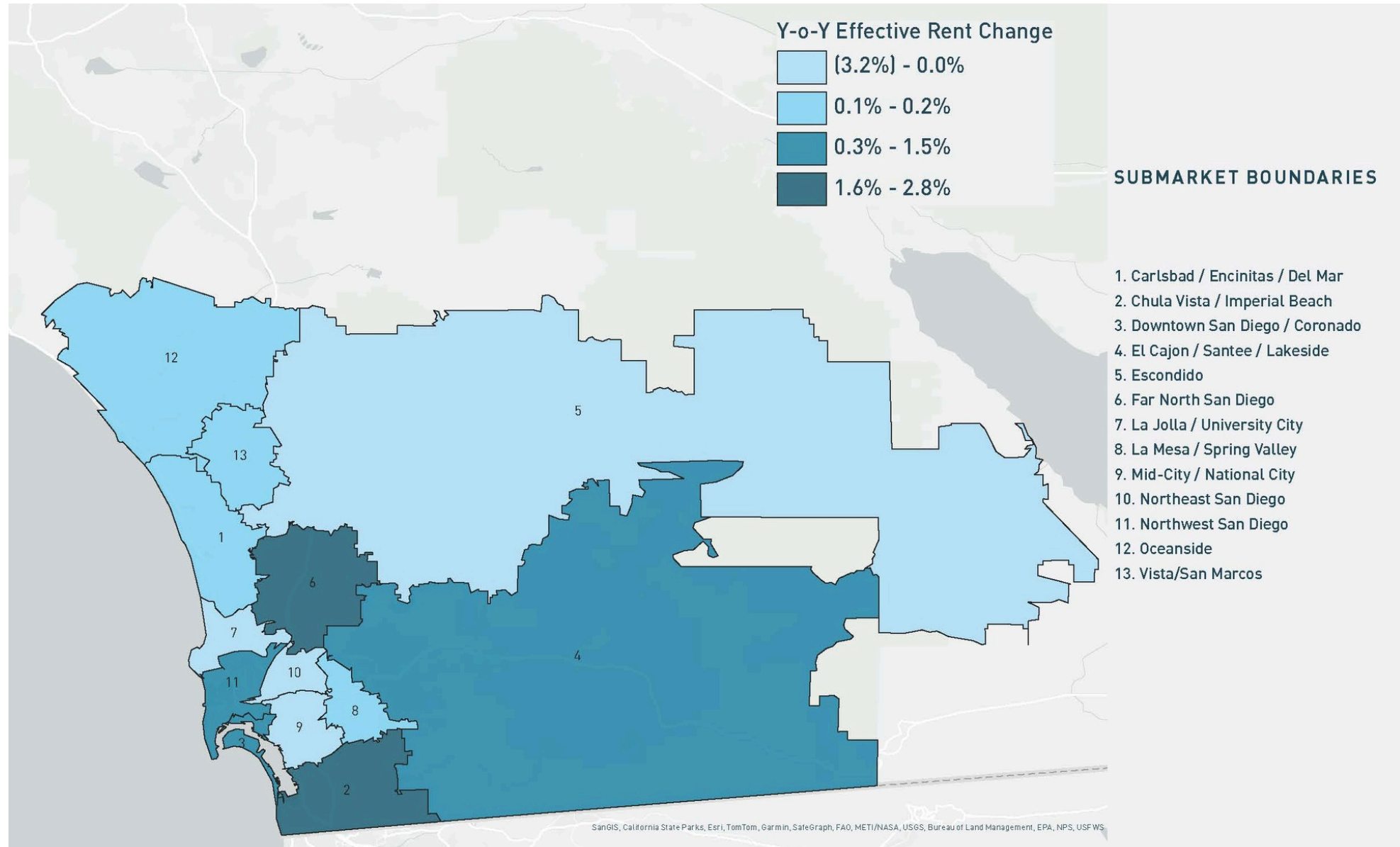
Submarket Name	Q2 25 Occupancy	YOY (BPS)	Q2 25 Effective Rent	YOY
Carlsbad/Encinitas/Del Mar	97.0%	100	\$3,449	0.1%
Chula Vista/Imperial Beach	96.1%	70	\$2,755	1.7%
Downtown San Diego/Coronado	94.1%	160	\$3,092	1.5%
El Cajon/Santee/Lakeside	96.6%	40	\$2,312	0.7%
Escondido	96.2%	10	\$2,329	-3.2%
Far North San Diego	96.6%	100	\$2,963	2.8%
La Jolla/University City	97.1%	170	\$3,277	-1.5%
La Mesa/Spring Valley	96.1%	0	\$2,507	0.1%
Mid-City/National City	96.9%	40	\$2,393	-0.7%
Northeast San Diego	95.2%	40	\$3,049	0.0%
Northwest San Diego	96.2%	70	\$2,732	0.6%
Oceanside	96.8%	150	\$2,549	0.1%
Vista/San Marcos	96.6%	80	\$2,612	0.1%

Source: RealPage

Submarket Mid-Year 2025 Annual Inventory Change



Submarket Mid-Year 2025 Annual Effective Rent Change



Sales

2025 Year to Date*



Volume
\$936.5M



Price Per Unit (Avg)
\$465,738



Units (Avg)
402



Year Built (Avg)
2000s



Transactions
5



Cap Rate (Avg)
4.8%



Buildings (Avg)
11



Acres (Avg)
10.80

*\$50M+ Transactions

Sources: MSCI Real Capital Analytics; CoStar Group; Berkadia Research

Sales

Top Buyers*

Buyer	Location
MG Properties	San Diego, CA
Utah Property Management Assoc.	Salt Lake City, UT
TIAA-CREF	New York, NY
Property Reserve	Salt Lake City, UT
Bridge Investment Group	Sandy, UT

Top Sellers*

Seller	Location
Greystar	Charleston, SC
Invesco Real Estate	Dallas, TX
Equity Residential	Chicago, IL
Holland Partners	Vancouver, WA
TIAA-CREF	New York, NY

*\$50M+ Transactions

Sources: MSCI Real Capital Analytics; CoStar Group; Berkadia Research



[DOWNLOAD REPORT](#)

© 2025 Berkadia Real Estate Advisors LLC

Berkadia® is a trademark of Berkadia Proprietary Holding LLC Commercial mortgage loan origination and servicing businesses are conducted exclusively by Berkadia Commercial Mortgage LLC and Berkadia Commercial Mortgage Inc. This website is not intended to solicit commercial mortgage loan brokerage business in Nevada. Investment sales and real estate brokerage businesses are conducted exclusively by Berkadia Real Estate Advisors LLC and Berkadia Real Estate Advisors Inc. For state licensing details for the above entities, visit: www.berkadia.com/legal/licensing.aspx

The information contained in this flyer has been obtained from sources we believe to be reliable; however, we have not conducted any investigation regarding these matters and make no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. While we do not doubt its accuracy, we have not verified it and neither we, nor the Owner, make any guarantee, warranty or representation of any kind or nature about it. It is your responsibility to independently confirm its accuracy and completeness. Any projections, opinions, assumptions or estimates used are for example and do not necessarily represent past, current or future performance of the property. You and your advisors should conduct a careful and independent investigation of the property to determine to your satisfaction the suitability of the property and the quality of its tenancy for your records.

BERKADIA®



All Regions

Albuquerque
Ann Arbor
Atlanta
Austin
Baltimore
Baton Rouge
Birmingham
Boise
Boston
Charleston, SC
Charlotte
Chattanooga
Chicago
Cincinnati
Cleveland
Colorado Springs
Columbus
Dallas-Fort Worth
Denver
Des Moines

Detroit
El Paso
Greenville, SC
Houston
Huntsville
Indianapolis
Inland Empire
Jacksonville
Kansas City
Knoxville
Las Vegas
Lexington
Little Rock
Los Angeles
Louisville
Madison
Memphis
Milwaukee
Minneapolis-St. Paul
Mobile

Nashville
New Orleans
New York
Northern New Jersey
Northwest Arkansas
Oklahoma City
Omaha
Orange County, CA
Orlando
Pensacola
Philadelphia
Phoenix
Pittsburgh
Portland
Raleigh-Durham
Reno
Richmond
Sacramento
Salt Lake City
San Antonio

San Diego
San Francisco-Oakland
San Jose
Sarasota
Savannah
Seattle-Tacoma
South Florida
St. Louis
Tallahassee
Tampa-St. Petersburg
Tucson
Tulsa
Ventura County
Virginia Beach
Washington, D.C.
West Michigan
Wichita

National