



MULTIFAMILY REPORT

San Diego's Slow Start

June 2024

Construction At Standstill

Occupancy Slow, Still Above US

Rents Reenter Positive Territory



SAN DIEGO MULTIFAMILY



Rent Growth Improves As Fundamentals Slow

After five months of contractions, San Diego's rents returned to positive territory, improving 0.2% on a trailing three-month basis through April, but slightly lagging the nation's 0.3%. Year-over-year growth clocked in at 0.4%, to \$2,705, behind the 0.7% U.S. rate. In line with national trends, occupancy for stabilized assets dropped 80 basis points, to 96.1% as of March, but remained above the nation's 94.5%.

The Southern California metro's economy is showing some signs of improvement, but progress is modest. Unemployment improved 40 basis points since February, to 4.4% as of March, according to preliminary data from the Bureau of Labor Statistics. This was higher than the 3.8% national rate, but below California's 5.3% figure. Job expansion over the 12 months ending in February stood at 0.9%, amounting to a net gain of 13,600 positions. Education and health services led growth, with 15,000 jobs gained (up 6.3%). A few sectors recorded losses, including professional and business services (-8,900) and manufacturing (-3,200).

Multifamily development remained sluggish at best, with only 126 units coming online during the first four months of the year. During this period, construction began on a single 192-unit property, indicating that developers are prepared to wait for more favorable conditions. Investment paints a similar picture, as only \$198 million in deals closed through April.

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Recent San Diego Transactions

Pulse Millenia



City: Chula Vista, Calif.
Buyer: MG Properties
Purchase Price: \$116 MM
Price per Unit: \$424,908

The Emery at Terra Nova



City: Chula Vista, Calif.
Buyer: Pacific Urban Investors
Purchase Price: \$82 MM
Price per Unit: \$351,931

Oak Manor



City: Vista, Calif.
Buyer: Oaks Property Management
Purchase Price: \$43 MM
Price per Unit: \$229,946

Vista



City: Chula Vista, Calif.
Buyer: Ethos Real Estate
Purchase Price: \$37 MM
Price per Unit: \$428,333