

Occupancy Falls Amid Weak Demand

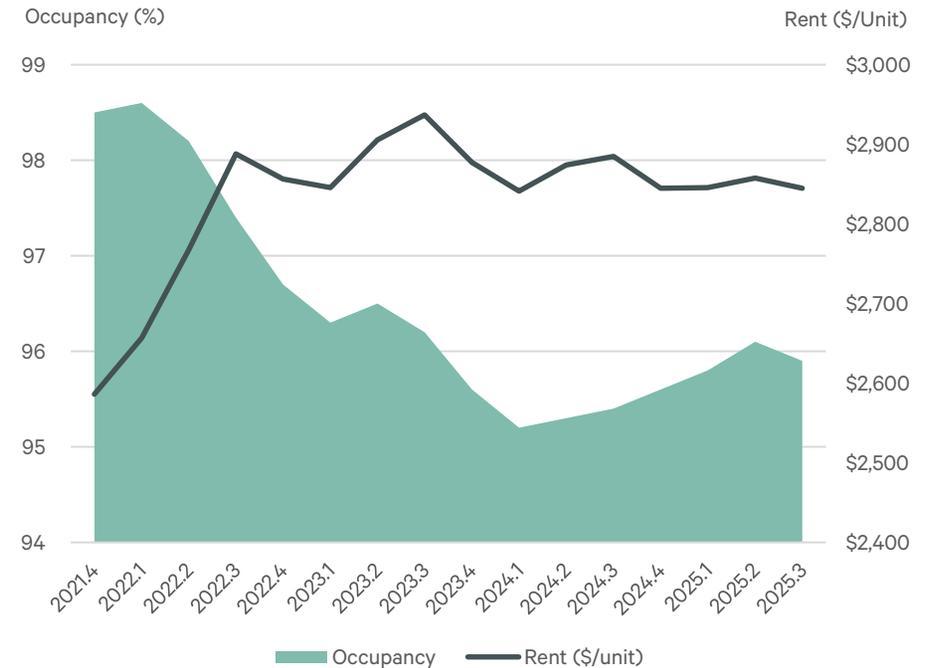
▼ 95.9% ▼ (104) ▼ 720 ▼ \$2,845
 Occupancy Rate Net Absorption (Units) Completed Units Avg. Rent Per Unit

Note: Arrows indicate change from previous quarter.
 Source: CBRE Econometric Advisors, Q3 2025.

MARKET HIGHLIGHTS

- Occupancy decreased for the first time since Q1 2024, falling 20 bps Q-o-Q.
- Vacancies expanded thanks in part to demand landing in the red; net absorption was negative 104 units, compared to 1,953 units of positive demand in Q2.
- New inventory, while limited compared to most recent quarters, further impacted occupancy: 720 units were completed in Q3, the first quarter less than 1,000 units delivered since Q1 2024.
- Rent growth has been hard to come by since 2023 and that trend continued in Q3, with the average rent per unit decreasing by 0.4% Q-o-Q and 1.4% Y-o-Y.
- Multifamily sales volume pulled back for a third consecutive quarter, reaching \$575.4 million vs. \$733.6 million in Q2 and \$793.3 million in Q3 2024.
- While the average price per unit fell by 10.9% Q-o-Q, sales volume was most impacted by an absence of nine-figure trades.

FIGURE 1: Occupancy and Average Rent Per Unit



Source: CBRE Econometric Advisors, Q3 2025.

Market Overview

FIGURE 2: Market Statistics by Submarket

Market	Inventory (Units)	Rent Per Unit	Completions (Units)	Completions Last 12 mos	Net Absorption (Units)	Net Absorption Last 12 mos	Vacancy Rate (%)
Total Market	326,252	\$2,845	720	4,412	(104)	5,668	4.1
Carlsbad/Encinitas/Del Mar	18,501	\$3,444	326	349	286	545	3.2
Chula Vista/Imperial Beach	33,952	\$2,734	238	539	198	694	4.0
Downtown San Diego/Coronado	26,332	\$3,058	12	12	(93)	15	6.6
El Cajon/Santee/Lakeside	25,947	\$2,289	8	8	(61)	(54)	3.8
Escondido	15,667	\$2,324	0	554	51	633	3.5
Far North San Diego	19,450	\$2,950	0	50	(36)	136	3.6
La Jolla/University City	18,183	\$3,295	0	0	(141)	286	3.6
La Mesa/Spring Valley	17,369	\$2,539	49	196	49	174	3.8
Mid-City/National City	54,667	\$2,398	0	668	(298)	443	3.5
Northeast San Diego	20,283	\$3,018	0	774	(3)	804	4.8
Northwest San Diego	41,638	\$2,739	44	957	(208)	1,028	4.4
Oceanside	17,961	\$2,642	8	174	12	351	3.2
Vista/San Marcos	16,302	\$2,642	35	131	(26)	162	3.8

Source: CBRE Econometric Advisors, Q3 2025.

FIGURE 3: Market Statistics by Building Vintage

Year Built	Avg Rent	% Rent Growth (Y-o-Y)	Occupancy Rate (%)	Occupancy Change (Y-o-Y)
Built 1960s	\$2,420	0.5%	96.4	0.8%
Built 1970s	\$2,477	-0.1%	96.6	0.8%
Built 1980s	\$2,606	-0.4%	96.5	0.4%
Built 1990s	\$2,996	0.4%	96.3	0.7%
Built 2000s	\$3,032	-0.2%	96.4	1.0%
Built 2010-present	\$3,346	-0.3%	94.5	0.2%

Source: CBRE Econometric Advisors, Q3 2025.

FIGURE 4: Market Statistics by Unit Type

Unit Type	Avg Rent	% Rent Growth (Y-o-Y)
Studio	\$2,240	1.0%
1 Bedroom	\$2,501	0.9%
2 Bedroom	\$3,075	0.5%
3 Bedroom	\$3,910	0.7%

Source: CBRE Econometric Advisors, Q3 2025.

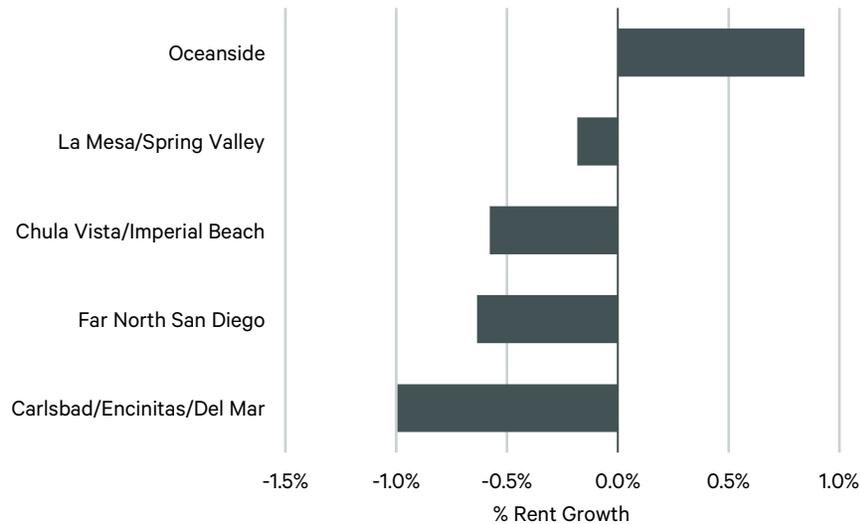
Average Rents and Occupancy

FIGURE 5: Rent Change Q-o-Q and Average Rent Trend



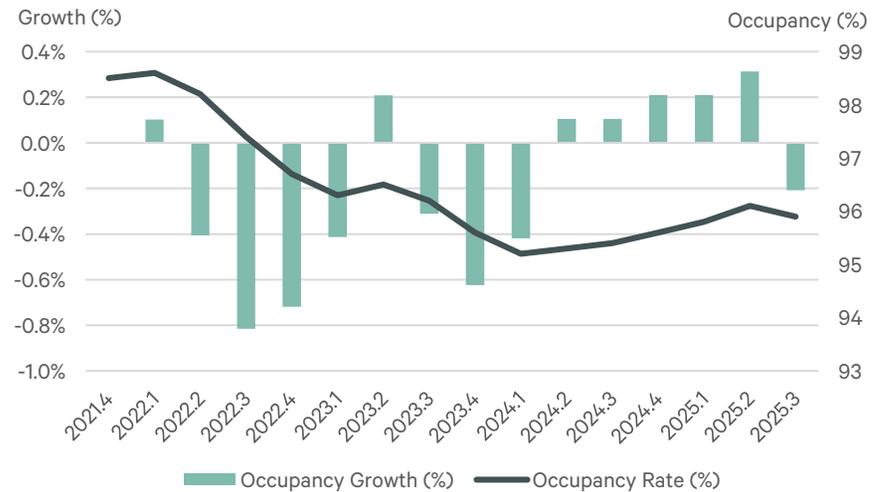
Source: CBRE Econometric Advisors, Q3 2025.

FIGURE 7: Top Submarkets by Rent Growth Y-o-Y



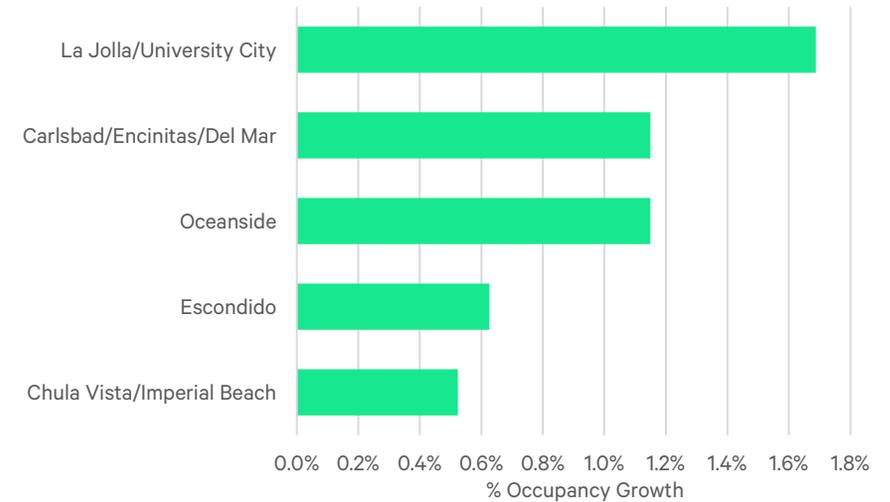
Source: CBRE Econometric Advisors, Q3 2025.

FIGURE 6: Occupancy Change Q-o-Q and Occupancy Rate Trend



Source: CBRE Econometric Advisors, Q3 2025.

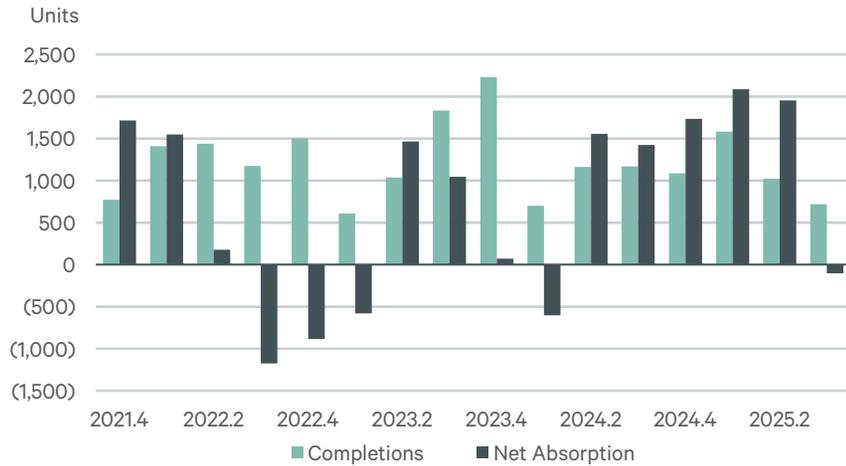
FIGURE 8: Top Submarkets by Occupancy Growth Y-o-Y



Source: CBRE Econometric Advisors, Q3 2025.

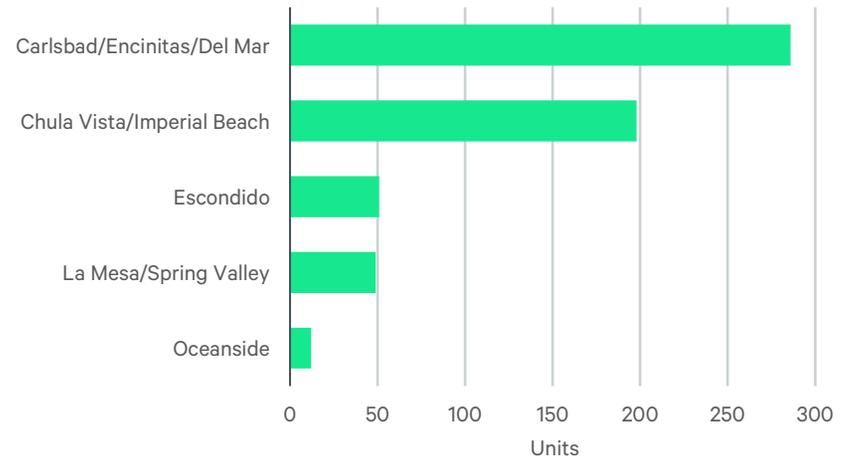
Construction, Net Absorption, and Detail by Inventory Type

FIGURE 9: Completions and Net Absorption



Source: CBRE Econometric Advisors, Q3 2025.

FIGURE 10: Top Submarkets by Net Absorption



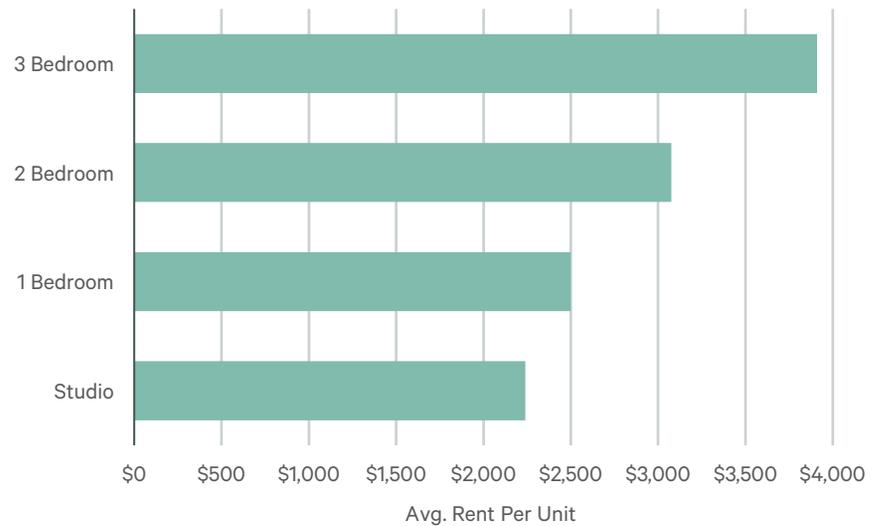
Source: CBRE Econometric Advisors, Q3 2025.

FIGURE 11: Rent and Vacancy by Property Vintage



Source: CBRE Econometric Advisors, Q3 2025.

FIGURE 12: Average Rent By Unit Size



Source: CBRE Econometric Advisors, Q3 2025.

Investment Sales

FIGURE 13: Multifamily Investment Sale Volume



Source: MSCI Real Capital Analytics, Q3 2025.

FIGURE 15: Multifamily Investment Sale Price Per Unit



Source: MSCI Real Capital Analytics, Q3 2025.

FIGURE 14: Q3 2025 Largest Sale Transactions by # of Units

Buyer	Property Name	City	Units	Sale Price	Price / Unit
Lowe	Tenth & G Apartments	San Diego	207	\$71,000,000	\$342,995
Bridge Investment Group	Palmilla	San Diego	203	\$58,000,000	\$285,714
Post Investment Group	Canyon Villa	Chula Vista	183	\$73,750,000	\$403,005
Pathfinder Partners	Patrician Apartments	La Mesa	92	\$22,000,000	\$239,130
Amoroso Companies	The Commodore	National City	92	\$40,000,000	\$434,783
Mendridge	Ocean Breeze	Oceanside	72	\$24,000,000	\$333,333
CARV Properties, LLC	Terre at Creekside	Santee	62	\$17,250,000	\$278,226
Timothy C. Buege	Terre at Ballantyne	El Cajon	60	\$14,400,000	\$240,000
Harbone Family Trust	Alpine Terrace Apartments	Alpine	59	\$12,250,000	\$207,627
Alan Wong	Famosa Vista Apartments	San Diego	28	\$8,280,000	\$295,625
Lepe Tendwell	930 B Avenue	National City	25	\$5,700,000	\$228,000
14 Mendridge, LLC	Linda Gardens Apartments	El Cajon	21	\$4,950,000	\$235,714

Source: MSCI Real Capital Analytics, CoStar, Q3 2025.

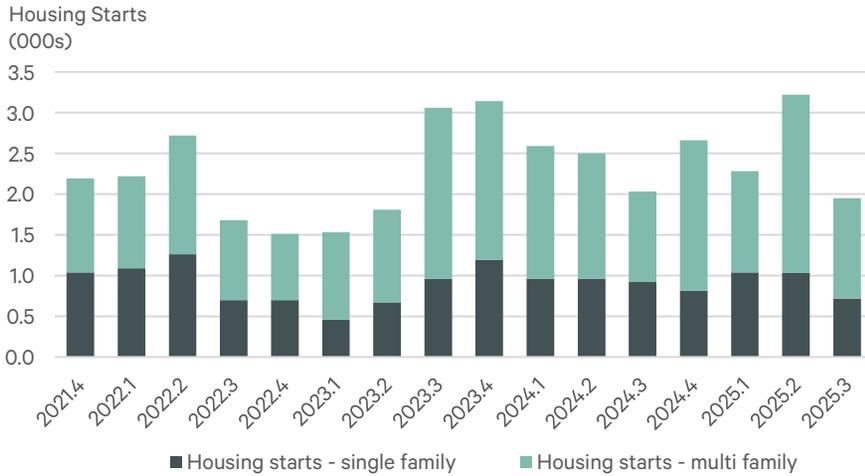
FIGURE 16: Q3 2025 Multifamily Investment Sales by Building Vintage

Year Built	Volume (\$)	Property Count	Total Units	Avg. PPU
Pre-1960	\$24,790,000	6	99	\$250,404
1960s	\$72,760,000	4	248	\$293,387
1970s	\$30,275,000	6	122	\$248,156
1980s	\$163,848,000	6	458	\$357,747
1990s	\$14,400,000	1	60	\$240,000
2000s	\$22,000,000	1	92	\$239,130
2010 - present	\$232,000,000	2	434	\$534,562
Grand Total	\$560,073,000	26	1,513	\$309,055

Source: MSCI Real Capital Analytics, Q3 2025.

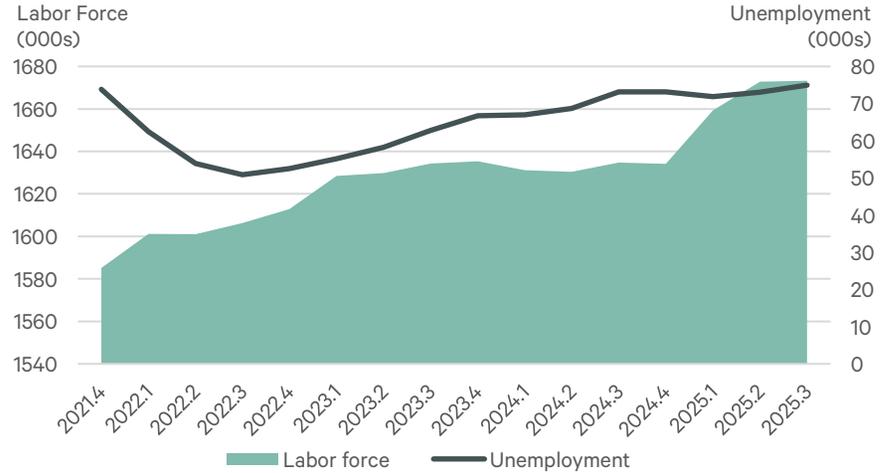
Economic Overview

FIGURE 17: Housing Starts



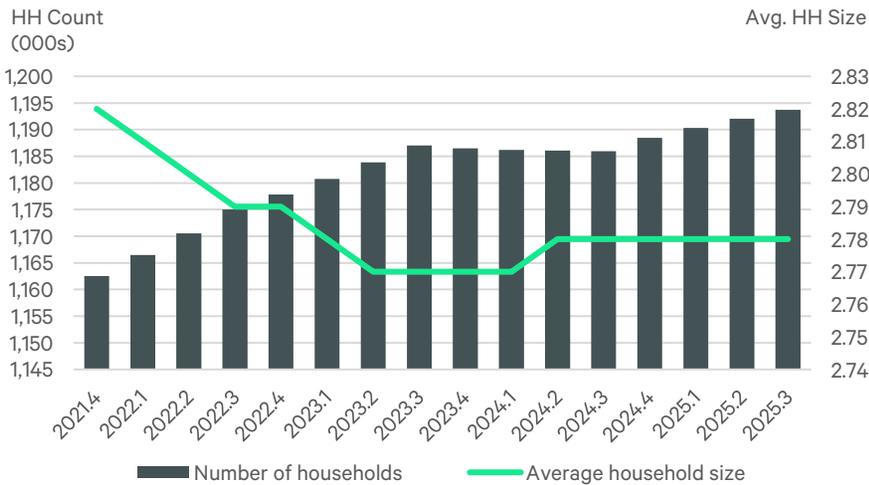
Source: Oxford Economics, Q3 2025.

FIGURE 18: Unemployment



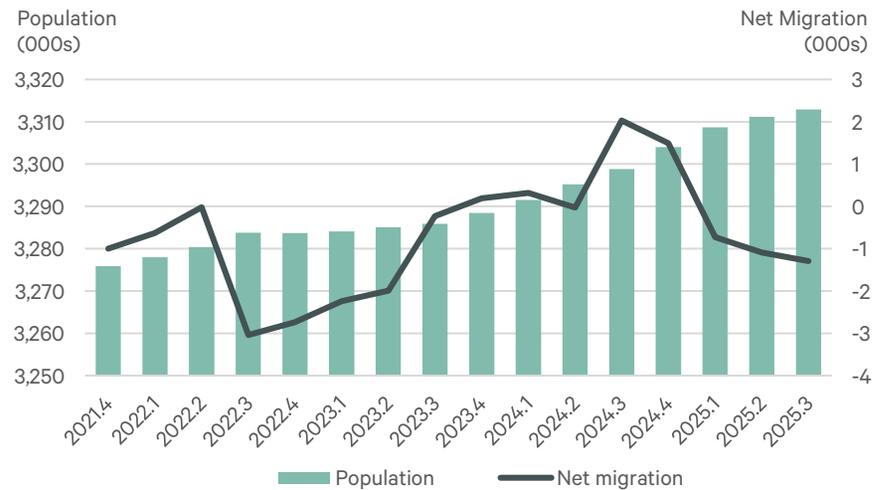
Source: Oxford Economics, Q3 2025.

FIGURE 19: Household Count & Average Size



Source: Oxford Economics, Q3 2025.

FIGURE 20: Total Population & Net Migration



Source: Oxford Economics, Q3 2025.

Contacts

Zach DiSalvo

Associate Research Director
zach.disalvo@cbre.com

David D. Whitmore

Sr. Field Research Analyst
dave.whitmore@cbre.com

CBRE Econometric Advisors

Tyler Mangin

Sr. Economist, Multifamily
tyler.mangin@cbre.com

Matt Vance

Vice President, Multifamily Research
matt.vance@cbre.com

Multifamily Definitions

- Stock units: Total count of market-rate, multifamily units in structures containing five or more units. Does not include condos.
- Occupied Stock units: Total count of occupied multifamily units.
- Rentable Completions units: Change in rentable stock from one period to the next due to the construction of new multifamily units. Only includes market-rate units in structures containing five or more units. Does not include condos. A structure is considered complete when 60% or more of the building has been occupied.
- Net Absorption units: Change in occupied stock from one period to the next.
- Vacancy Rate: % Unoccupied units expressed as a percent of rentable stock.
- Rent \$/unit/month, \$/SF/month: Average price for multifamily space. Estimated from a sample of institutionally managed, market-rate properties with five or more units. Does not include condos. Properties must appear in current and previous quarterly sample ("same-store") to count toward this average. Rent levels represent effective rates that account for the impact of concessions offered in the form of free-rent periods or prorated discounts. Other leasing incentives such as reduced deposits, amenity upgrades and merchandise giveaways are not accounted for in the effective rent calculations.

Market Definition

The San Diego market consists of San Diego County.

© Copyright 2025 All rights reserved. Information contained herein, including projections, has been obtained from sources believed to be reliable, but has not been verified for accuracy or completeness. CBRE, Inc. makes no guarantee, warranty or representation about it. Any reliance on such information is solely at your own risk. This information is exclusively for use by CBRE clients and professionals and may not be reproduced without the prior written permission of CBRE's Global Chief Economist.