

MARKETBEAT

SAN FRANCISCO

RETAIL Q3 2026

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
$166,600 Median HH Income	▲	▲
0.1% Population Growth	▼	▲
3.7% Unemployment Rate	▼	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.6% GDP Growth	▼	▲
1.5% Consumer Spending Growth	▼	▲
1.0% Retail Sales Growth	▼	–

Source: BLS, BOC, Moody's Analytics
Q3 2026 data are based on latest available data.
Growth rates are year-over-year.

ECONOMY

San Francisco's economy remained resilient in the third quarter of 2026, as strong household wealth sustained consumer spending. Median household income rose 7.0% year-over-year (YOY) to $166,600, the nation's second-highest level and fastest growth rate. Population growth remained modest at 0.1%, while the unemployment rate declined to 3.7% from 4.1% a year earlier. Consumer spending also remained strong, with total retail sales reaching $41.8 billion, up 7.7% YOY.

MARKET OVERVIEW

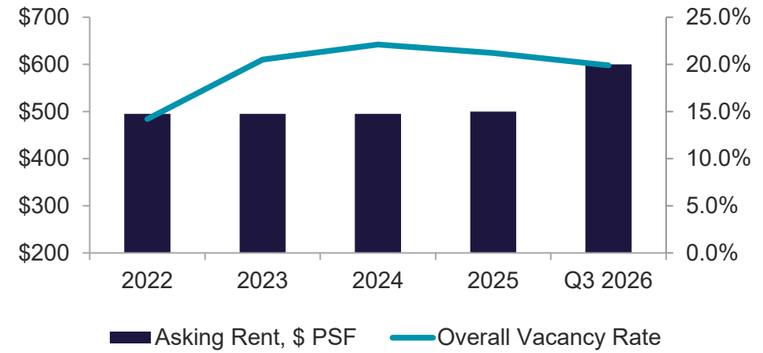
Despite a modest uptick in vacancy during the third quarter of 2026, significant retail leasing activity in San Francisco is expected to drive vacancy lower in future quarters. Total inventory was unchanged from the prior quarter at 44.9 million square feet (msf). The vacancy rate increased to 6.6%, up 40 basis points (bps) from the revised 6.2% in the second quarter, but still down 10 bps from 6.7% one year ago. The increase in vacancy was driven primarily by large spaces returning to the market, offsetting gains from new openings.

Fisherman's Wharf welcomed several new tenants, led by food and beverage (F&B) operators. Raising Cane's opened its first San Francisco location at 211 Jefferson Street, alongside Woods Beer & Wine Co. on Taylor Street and boba shop Little Sweet at Anchor's Landing. Grocery Outlet also opened a roughly 31,000-sf store at NorthPoint Center, backfilling the former Safeway space.

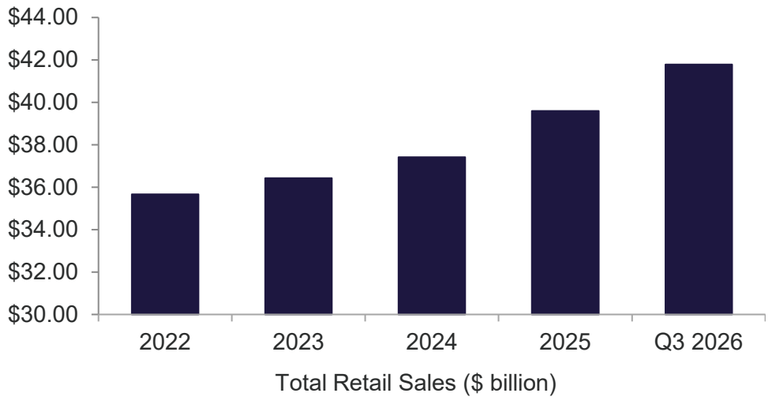
Coffee shop openings continued citywide, with culturally rooted concepts gaining traction. New arrivals included Yemeni cafés Adan Café in Union Square and Seiyun Yemeni Coffee in SoMa, Indian specialty coffee shop Le Mil's on Polk Street and Mexican coffee concept Chula Café in Dogpatch. Independent operators also backfilled former Starbucks spaces, including Spro Coffee Lab at 201 Spear Street.

Other notable openings spanned experiential dining and fitness. The Mess Hall food hall debuted at Presidio Tunnel Tops, Fieldwork Brewing Co. opened its second San Francisco taproom at Mission Rock, Sergeant Ma opened in China Basin, and Saam, the first U.S. restaurant from a Michelin-starred Bangkok chef, debuted in SoMa. Fitness additions included Pvolve at 301 Howard Street, MNTSTUDIO at Mission Rock and Beat Drop Fitness in Pacific Heights. In the Marina, On opened its first San Francisco store on Chestnut Street.

VACANCY RATE & ASKING RENT – UNION SQUARE



RETAIL SALES TREND



Source: BOC, Moody's Analytics, Costar

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UNION SQUARE / POST STREET

Union Square foot traffic and visitor activity continued their positive momentum as tourism and convention attendance improved. The overall vacancy rate declined 40 bps to 19.9% in the third quarter of 2026, from 20.3% in the second quarter, and was down 280 bps from 22.7% a year ago. Several large leases were signed, including Los Angeles Apparel at 111 Powell Street, Crankstart at 48 Stockton Street and Kith at 100 Stockton Street, with Nordstrom Rack following at 2 Stockton Street in October. Asking rents for premier ground-floor space in Union Square climbed to approximately $600 per square foot per year (psf), up 20.0% from both the previous quarter and a year earlier. Along Post Street, rents increased to $375 psf, up 7.1% quarter-over-quarter and 15.4% YOY. Together, declining vacancy, several large leases, and rising asking rents point to strengthening market conditions and continued recovery in Union Square's retail market.

Retailer demand remained diverse, led by F&B, specialty retail and beauty operators, which helped diversify the district beyond its traditional luxury retail base. Notable openings included Jollibee at 934 Market Street, Adan Café at 120 Mason Street, luxury boutique McMullen at 135 Maiden Lane, Golden State Gifts at 500 Sutter Street, the Maybaum Gallery pop-up at 150 Post Street, and Eyebrow Plus Studio at 255 Grant Avenue, which relocated from the shuttered San Francisco Centre. New leases included fine jeweler Roen at 109 Geary Street, Madison Reed at 51 Grant Avenue, Fashionphile at 231 Grant Avenue and Lids at 50 Powell Street. One notable closure in the third quarter was Tory Burch at 222 Stockton Street.

Pedestrian traffic continued to recover, with Springboard/Union Square Alliance data showing a total of 3.8 million visits during the third quarter, or an average of 1.3 million visits per month. Foot traffic was up 8.5% from the second quarter and 8.1% from the same period a year earlier, marking the highest quarterly total of the post-pandemic period. Visitor activity was supported by a busy events calendar, including Outside Lands, the Pokémon World Championships in conjunction with the inaugural Pokémon XP fan convention at Moscone Center in August, and Dreamforce in September.

INVESTMENT MARKET

Investment activity in the third quarter was led by Union Square, which recorded the two highest-priced sales. The largest transactions by price was the sale of 180 Post Street, a 35,300-sf mixed-use property anchored by Bvlgari, which Grosvenor sold to Silver Gate Property II LLC for $48.5 million ($1,375 psf). Thor Equities also acquired the 13,000-sf building at 146 Geary Street, anchored by the world's largest Bang & Olufsen store, for $20.5 million ($1,582 psf), the highest price per square foot year-to-date.

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
111 Powell Street	Union Square	Los Angeles Apparel	29,100	New Lease
48 Stockton Street	Union Square	Crankstart	20,700	New Lease
100 Stockton Street	Union Square	Kith	8,500	New Lease
1700 California Street	Van Ness Corridor	Pho Ha Noi	7,900	New Lease
140 New Montgomery Street	South Financial District	Sutro Hall	6,400	New Lease

KEY SALES TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / $ PSF
100 Post Street*	Union Square	Arongridge Trust / Fountainhead Development	37,200	$12.3M / $332
180 Post Street*	Union Square	Grosvenor / Silver Gate Property II LLC	35,300	$48.5M / $1,375
146 Geary Street	Union Square	Aareal Bank / Thor Equities	13,000	$20.5M / $1,582
960 Howard Street	SoMa	oWow / Community HousingWorks	12,000	$7.5M / $625
600-602 20th Street	Dogpatch	Stephen Curry / Dane Reinsurance Inc	9,200	$11M / $1,196

**Mixed-Use*

Source: Costar, RCA

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