

MARKET FUNDAMENTALS

	YOY Chg	Outlook
\$120,600 Median HH Income	▲	▲
-0.1% Population Growth	▲	▼
4.5% Unemployment Rate	▼	▲

Source: BLS

ECONOMIC INDICATORS

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

Source: BLS, Census Bureau

ECONOMIC OVERVIEW

San Diego employment increased by 10,900 jobs, or 0.7% year over year (YOY), between August 2025 and August 2026, reflecting modest growth that continues to trail historical trends and reinforces a measured outlook for retail demand. Healthcare led job gains, adding 12,300 positions (+5.0% YOY) and providing a stable foundation for consumer spending, although growth in this sector is less directly associated with discretionary retail activity. Consumer-facing industries showed stronger momentum, with leisure and hospitality adding 5,500 jobs (+2.6% YOY), supporting foot traffic and demand for experiential retail. Conversely, several sectors contracted, led by government (-4,200 jobs YOY), along with declines in construction, financial activities, information and manufacturing, potentially constraining broader economic activity and consumer spending. The unemployment rate declined modestly to 4.9%¹ from 5.1% YOY but remained above the Q3 2026 average of 4.5%, reflecting a stable but not accelerating labor market. Looking ahead, employment is projected to grow by 1.0% in 2026 and 0.8% in 2027,² both below the five-year historical average of 1.8%, pointing to continued but moderate retail demand, with performance increasingly influenced by location quality, tenant mix and consumer spending patterns across the market.

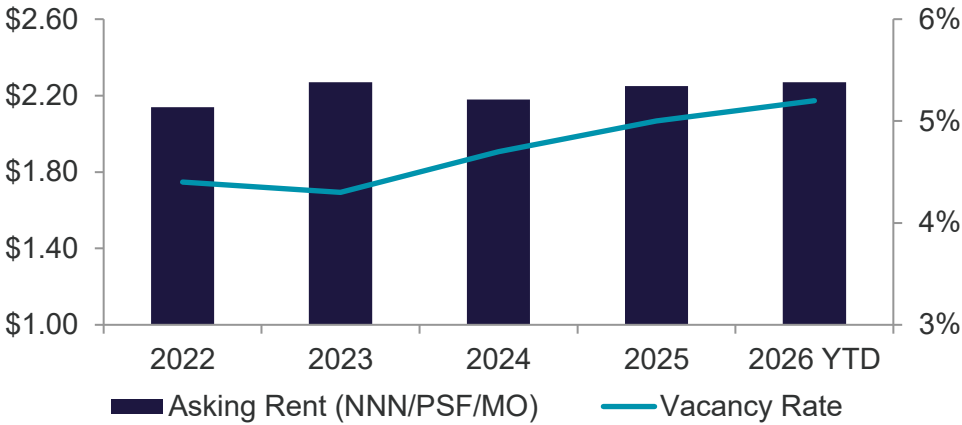
SUPPLY AND DEMAND

Retail vacancy decreased by 10 basis points (bps) quarter over quarter (QOQ) but rose 10 bps YOY to 5.2%. While vacancy remains above the 10-year quarterly average of 4.7%, it is well below the cycle peak of 7.1% recorded in Q4 2009, reflecting relatively stable market fundamentals despite modest fluctuations in occupancy. Net absorption totaled 18,591 square feet (sf) across all center types in Q3 2026. Community centers accounted for most of the positive absorption, posting 82,484 sf, followed by gains in neighborhood centers,³ partially offsetting occupancy losses across other center types.

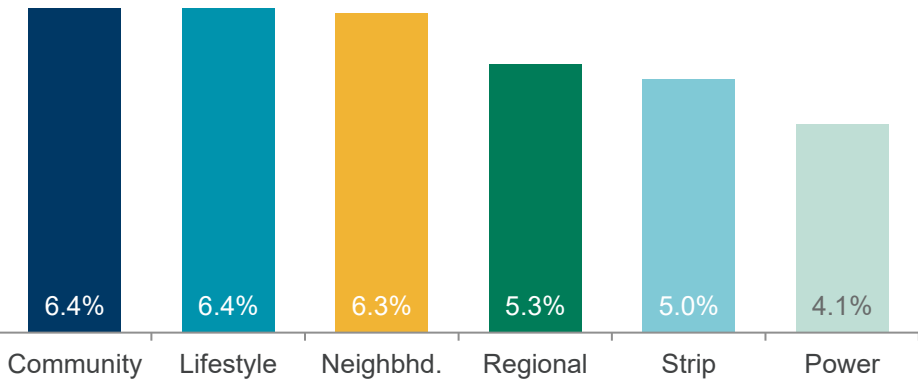
PRICING

Countywide asking rent averaged \$2.27 per square foot (psf) per month on a triple net basis, increasing 0.4% QOQ and 4.1% YOY. Average rent remains \$0.21 psf above the 10-year quarterly average of \$2.06 psf, reflecting continued pricing resilience despite modest occupancy growth. By property type, power centers recorded the highest average asking rent at \$2.77 psf, followed by neighborhood centers at \$2.44 psf, underscoring sustained pricing strength in larger-format retail properties and centers anchored by daily-needs tenants.

OVERALL VACANCY / ASKING RENT



TOTAL AVAILABILITY BY PRODUCT TYPE



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (All Center Types)*
North County	25,864,658	3,708	1,317,808	5.1%	40,785	-30,040	10,885	\$2.30
Central County	20,871,952	9,763	1,148,322	5.5%	-87,620	-168,017	0	\$2.19
South County	20,423,807	26,587	797,008	4.0%	69,033	19,549	0	\$2.49
East County	11,746,414	23,936	804,583	7.1%	-3,607	27,570	0	\$1.91
Community	19,604,959	29,809	907,962	4.8%	82,484	15,122	0	\$2.18
Lifestyle	3,282,529	0	156,105	4.8%	6,968	-17,777	0	\$1.58
Neighborhood	23,733,424	15,141	1,183,890	5.1%	41,469	26,085	0	\$2.44
Power	11,505,494	16,891	360,959	3.3%	-45,803	-69,717	0	\$2.77
Regional	10,531,482	0	1,015,363	9.6%	-56,522	-80,282	0	-
Strip	10,248,943	2,153	443,442	4.3%	-10,005	-24,369	10,885	\$2.23
SAN DIEGO TOTALS	78,906,831	63,994	4,067,721	5.2%	18,591	-150,938	10,885	\$2.27

*Rental rates reflect weighted triple net (NNN) asking \$psf/month. **Renewals not included in leasing statistics.

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
The Plaza	Rancho Bernardo	CVS	28,027	Renewal**
Diane Shopping Center	Pacific Beach	SD Entertainment Center	27,000	New
Point Loma Plaza	Point Loma	Blick Art Materials	15,000	New
Country Corner Shopping Ctr.	Escondido	Halal Grocery Store	11,458	New
Bonita Centre	Chula Vista	Sola Salon Studios	9,007	New

KEY SALE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
Plaza Bonita	National City	URW / Henderson Park & Lowe	606,000	\$201.5M / \$333
The Forum at Carlsbad	Carlsbad	Nuveen / EDENS	264,987	\$280.0M / \$1,057
390 E. H St.	Chula Vista	RREEF / Realty Income	96,114	\$30.4M / \$316
Main Street Marketplace	El Cajon	DPI Retail / Dallo Enterprises	75,328	\$17.5M / \$232
Sunroad Plaza	Vista	Sunroad Enterprises / Curblin	23,540	\$19.3M / \$820

Sources: ¹ [www.EDD.gov](#) San Diego-Chula Vista-Carlsbad, CA MSA. ²Lightcast forecast for San Diego-Chula Vista-Carlsbad, CA MSA as of October 2026 ³CoStar.

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