MARKETBEAT

SAN FRANCISCO / NORTH BAY REGION

RETAIL Q2 2026

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
$131,600 Median HH Income	▲	▲
-0.3% Population Growth	▼	▼
4.3% Unemployment Rate	▼	▼

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.2% GDP Growth	▲	▲
2.1% Consumer Spending Growth	▼	▲
1.5% Retail Sales Growth	▼	▲

Source: BLS, BOC, Moody's Analytics
Q2 2026 data are based on latest available data.
Growth rates are year-over-year.

ECONOMY: UNEMPLOYMENT RATE DOWN

The San Francisco/North Bay region's economic fundamentals remained relatively stable during the second quarter of 2026. Median household income reached $131,600, representing a 3.3% year-over-year (YOY) increase. At the same time, the labor market continued to show resilience, with the unemployment rate declining to 4.3% from 4.4% one year ago. Population remained a headwind, however, with the figure for the region declining 0.3% YOY.

SUPPLY OR DEMAND: POSITIVE NET ABSORPTION

The San Francisco/North Bay shopping center inventory totaled 38.3 million square feet (msf) at the end of the second quarter of 2026. No new retail deliveries were completed during the quarter, and construction activity remained limited with approximately 106,500 square feet (sf) underway.

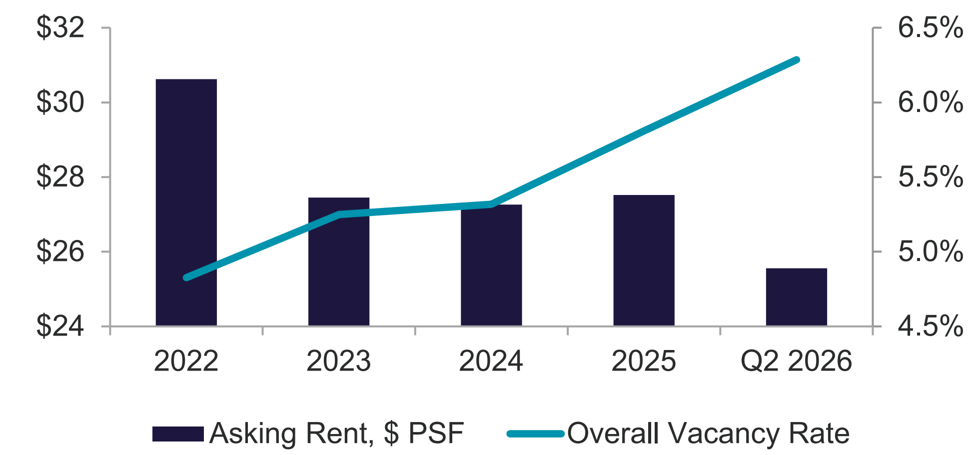
Leasing activity improved during the second quarter, resulting in 5,400 sf of positive net absorption, the region's first quarter of occupancy growth after five consecutive quarters of negative absorption. Despite the improvement, year-to-date (YTD) net absorption remained in negative territory at 182,300 square feet. Performance varied significantly by county. Solano County led the region with 24,700 sf of positive absorption during the quarter, followed by Sonoma County (18,100 sf), San Mateo County (4,200 sf), and Napa County (3,700 sf). Meanwhile, Marin County and San Francisco County recorded negative absorption of 27,000 sf and 18,400 sf, respectively.

The shopping center vacancy rate held steady at 6.3%, unchanged from the previous quarter but up 50 basis points (bps) from 5.8% one year earlier. Napa County maintained the lowest vacancy rate at 3.4%, followed by Marin County at 4.4% and San Mateo County at 4.7%. Meanwhile, Sonoma and Solano counties posted vacancy rates of 6.0% and 8.5%, respectively, while San Francisco remained the region's most challenged market with vacancy at 15.4%.

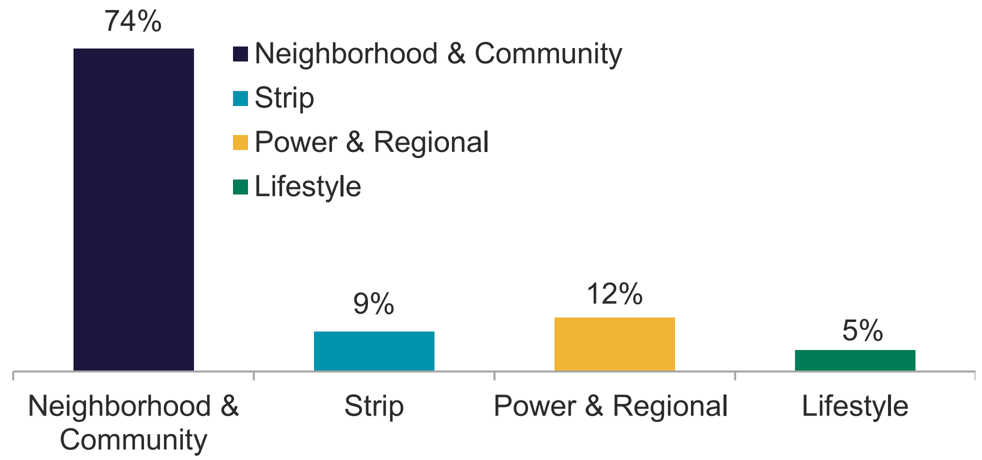
PRICING: AVERAGE ASKING RENT DECLINES

The average asking rent slightly declined by 1.7% quarter-over-quarter (QOQ) to $25.56 per square foot (psf) on an annual triple net basis. Rent growth remained strongest in the region's affluent counties, with Marin County ($45.43 psf) and San Mateo County ($42.47 psf) commanding the highest rates, followed by Napa County ($38.79 psf) and San Francisco County ($38.55 psf).

OVERALL VACANCY & ASKING RENT



AVAILABILITY BY PRODUCT TYPE



Source: Costar

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (NNN)*
Marin County	5,751,264	246,667	6,741	4.4%	-27,000	-41,597	0	$45.43
Napa County	2,616,731	89,288	0	3.4%	3,684	-2,100	0	$38.79
Sonoma County	10,222,433	618,114	0	6.0%	18,132	-17,209	0	$19.86
Solano County	8,016,065	674,917	8,564	8.5%	24,747	-135,356	9,400	$20.07
San Francisco County	2,024,421	306,529	6,134	15.4%	-18,405	-31,283	0	$38.55
San Mateo County	9,660,187	431,441	18,326	4.7%	4,194	44,915	97,101	$42.47
SF / NORTH BAY REGION TOTALS	**38,291,101**	**2,366,956**	**39,765**	**6.3%**	**5,352**	**-182,630**	**106,501**	**$25.56**

Rental rates reflect Triple Net asking $PSF/Year

KEY LEASE TRANSACTIONS Q2 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1250 El Camino Real (San Bruno Towne Center)	San Bruno	Ross Dress For Less	25,100	New Lease
300 Grant Avenue	San Francisco	Midjourney	23,900	New Lease
117-153 Plaza Drive (Gateway Plaza)	Vallejo	Goodwill	23,500	New Lease
1400-1430 Linda Mar Boulevard (Linda Mar Shopping Center)	Pacifica	Dollar Tree	19,100	New Lease
1187 Franklin Street	San Francisco	Tiny Giants Preschool	7,500	New Lease

KEY SALES TRANSACTIONS Q2 2026

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / $ PSF
900 North Point Road (Ghirardelli Square)	San Francisco	Jamestown / Embrace Real Estate LLC	100,000	$73.0M / $730
838 Grant Avenue (China Trade Center)	San Francisco	JL Realty Partners / Chinatown Media and Arts Collaborative	62,400	$32.0M / $513
1301 Van Ness Avenue	San Francisco	The Roger M & Dolores J Wall 1992 Trust / Tidewater Capital	44,800	$9.1M / $203
246 Post Street	San Francisco	J Thaddeus Moore III JV Abraham L Gump Testamentary Trust JV Antoinette Subtrust JV Marilyn Subtrust / Victor Wu	38,500	N/A
300 3rd Street (Museum Parc)*	San Francisco	Bridgeton Holdings / DPI Retail	34,800	$19.3M / $553

Retail condo

Source: Costar, RCA

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