Status of the San Francisco Economy: 2026 Second Quarter

Office of the Controller

Office of Economic Analysis

August 3, 2026

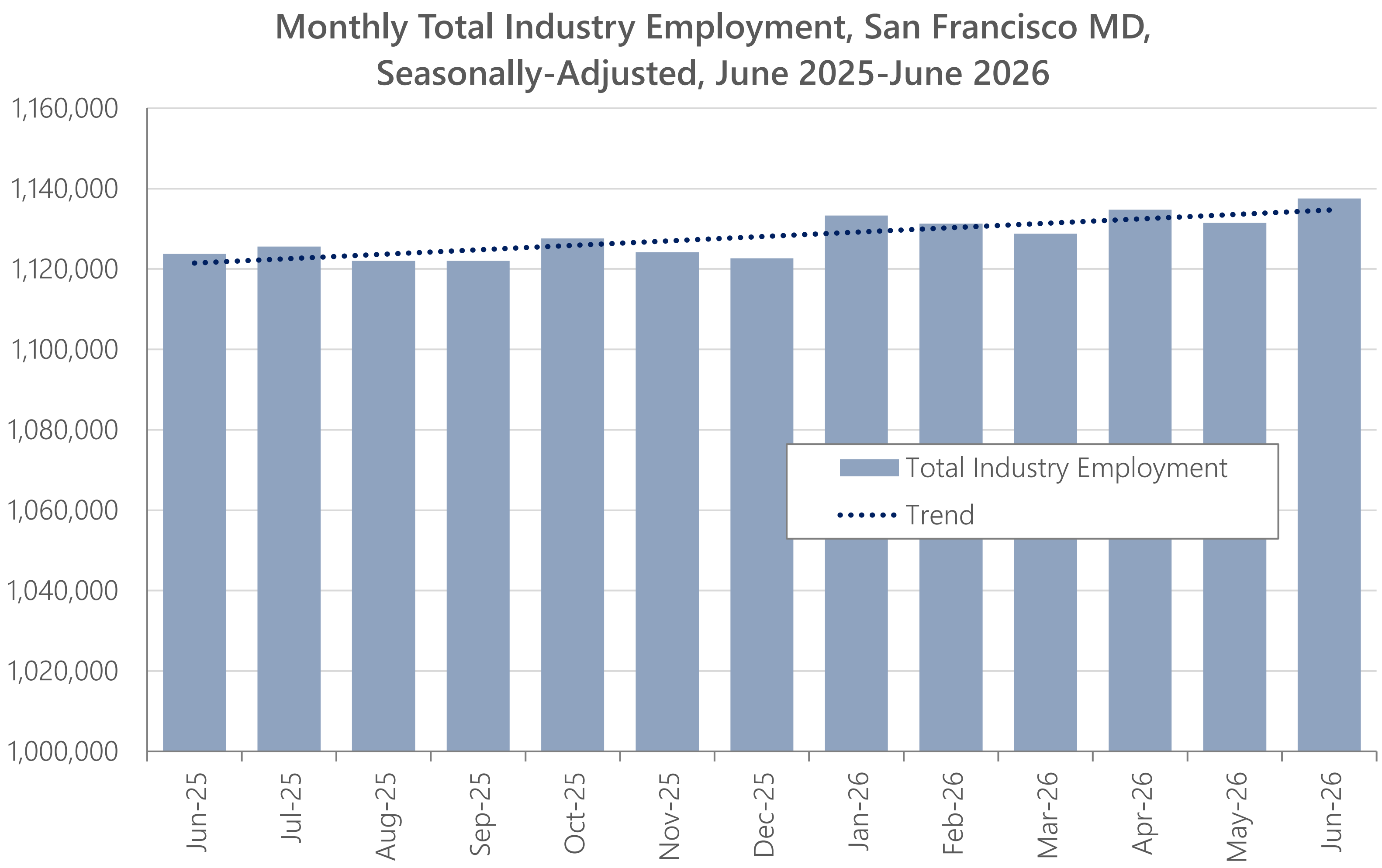
Highlights of the Second Quarter Report

- Second quarter economic data point to the city entering an accelerating period of economic growth, primarily driven by the AI investment boom.
- The clearest evidence for this is in the housing market, where asking rents for vacant apartments have grown 14% from March to July, according to ApartmentList. Housing prices are also growing at double-digit annual rates in the city, according to Zillow, while they have declined statewide.
- Transportation indicators are also pointing to a significant shift in 2026. Average rush-hour freeway speeds in Q2 dropped to 4% below their 2019Q2 levels, pointing to increased traffic congestion. Downtown transit indicators are also showing stronger recovery.
- Office leasing has also picked up, largely due to AI. The city's office vacancy rate has dropped 3.7% points over the past year, according to JLL, though it still exceeds 30%.
- Although AI is leading the office recovery, overall tech employment is only modestly growing. Most of the city's solid employment gains over the past year have occurred in the health care and tourism industries.

List of Indictors

1. Industry Employment, San Francisco Metro Division
2. Employment Change by Industry Sector
3. Unemployment Rate, San Francisco and California
4. Indeed Job Postings Index
5. Downtown Employee and Visitor Foot Traffic
6. Office Attendance Recovery
7. Office Vacancy and Asking Rents
8. Hotel Occupancy Rate & Average Daily Rate
9. Hotel Revenue Available per Room Night: Selected Cities Comparison
10. Muni Metro Ridership Recovery
11. BART Exits at Downtown SF Stations
12. Bay Bridge and Golden Bridge Traffic
13. San Francisco PM Freeway Speeds
14. Apartment Asking Rents
15. Housing Prices
16. Authorized Housing Units

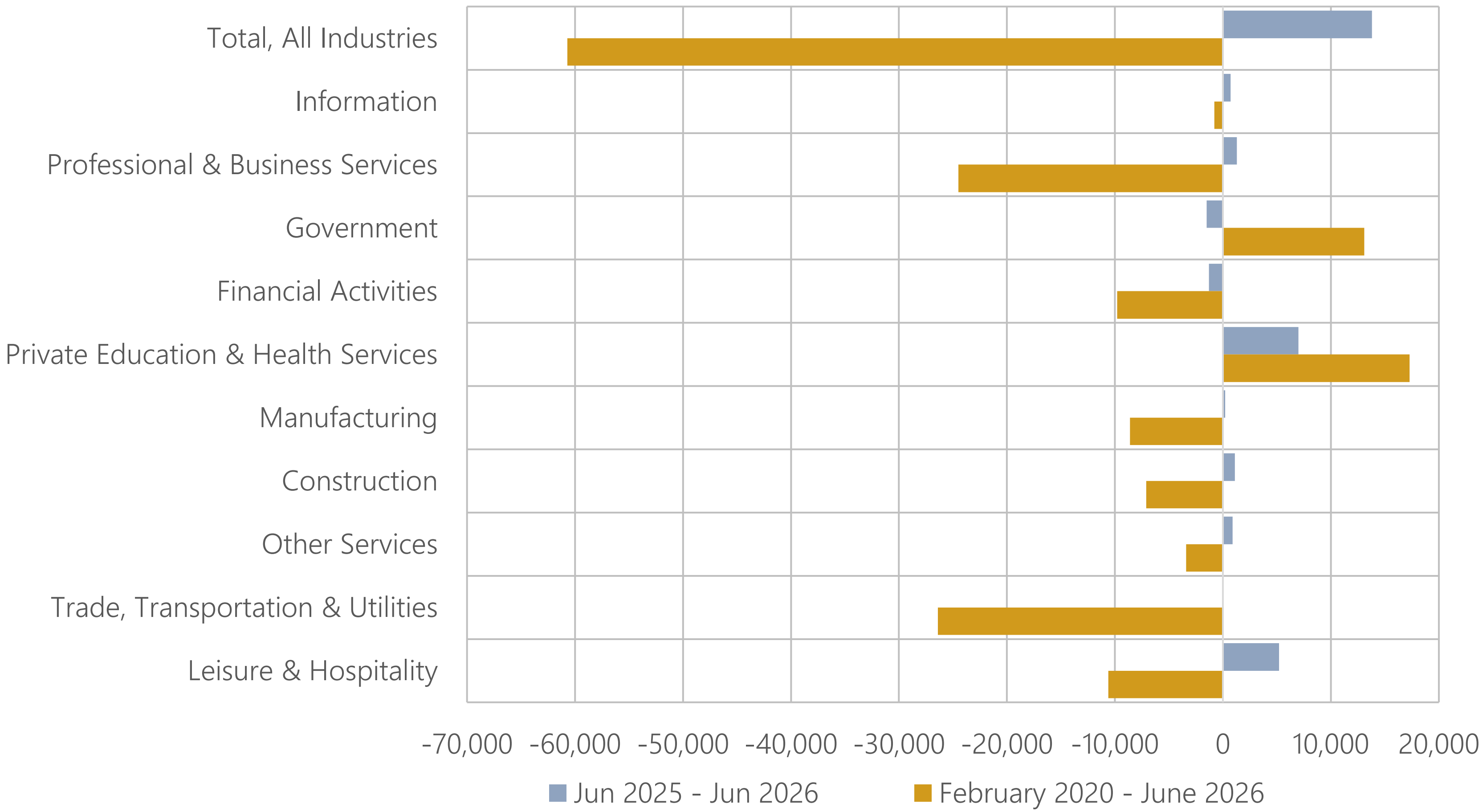
Total Employment Growth Has Picked Up in 2026



Source: EDD, SF Metro Division includes San Francisco and San Mateo counties. Seasonal adjustment by the Office of Economic Analysis.

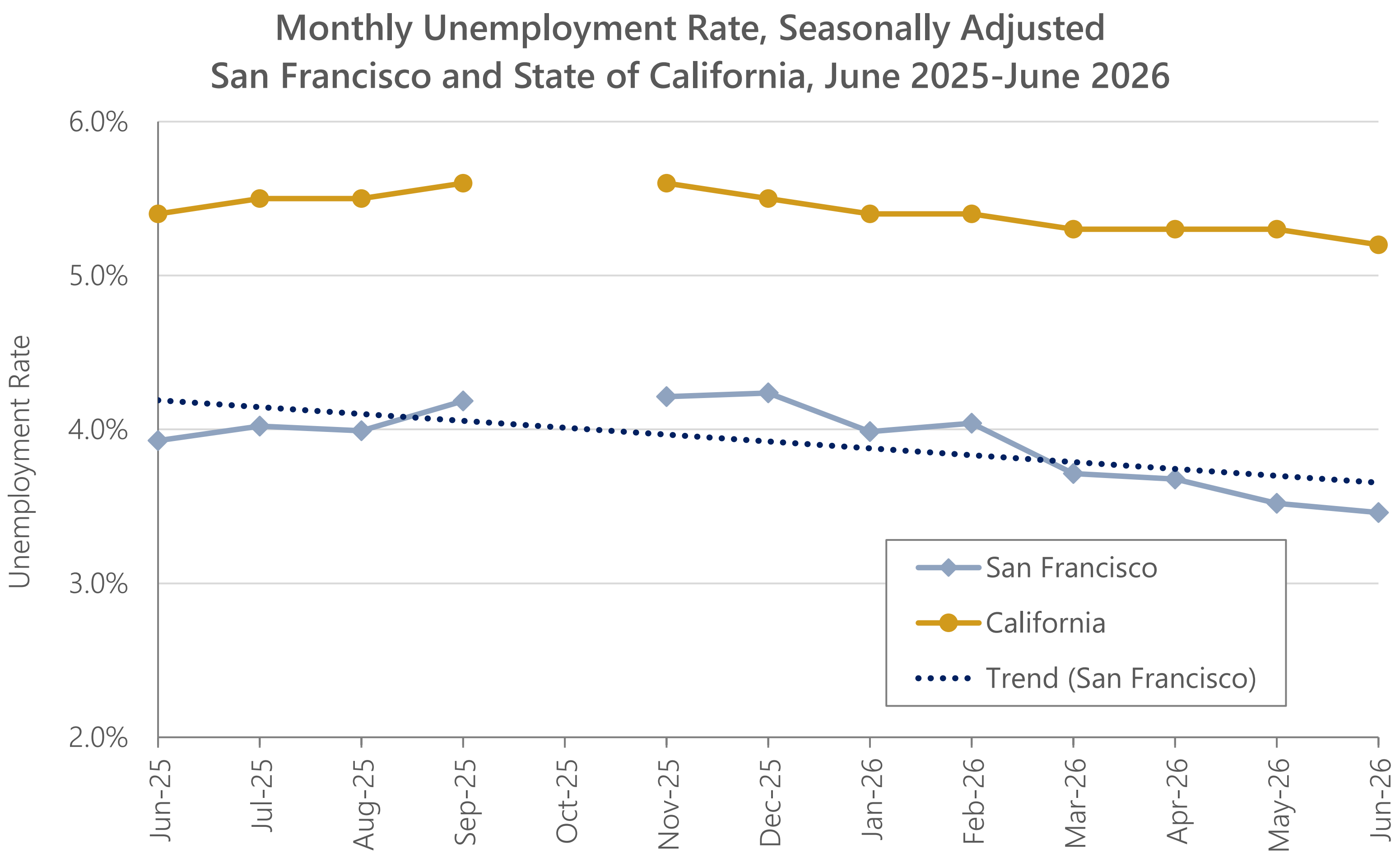
Healthcare, Tourism, Led Solid Growth the Last Year

Employment Change by Industry Sector, San Francisco Metro Division: Since February 2020, and the Last 12 Months



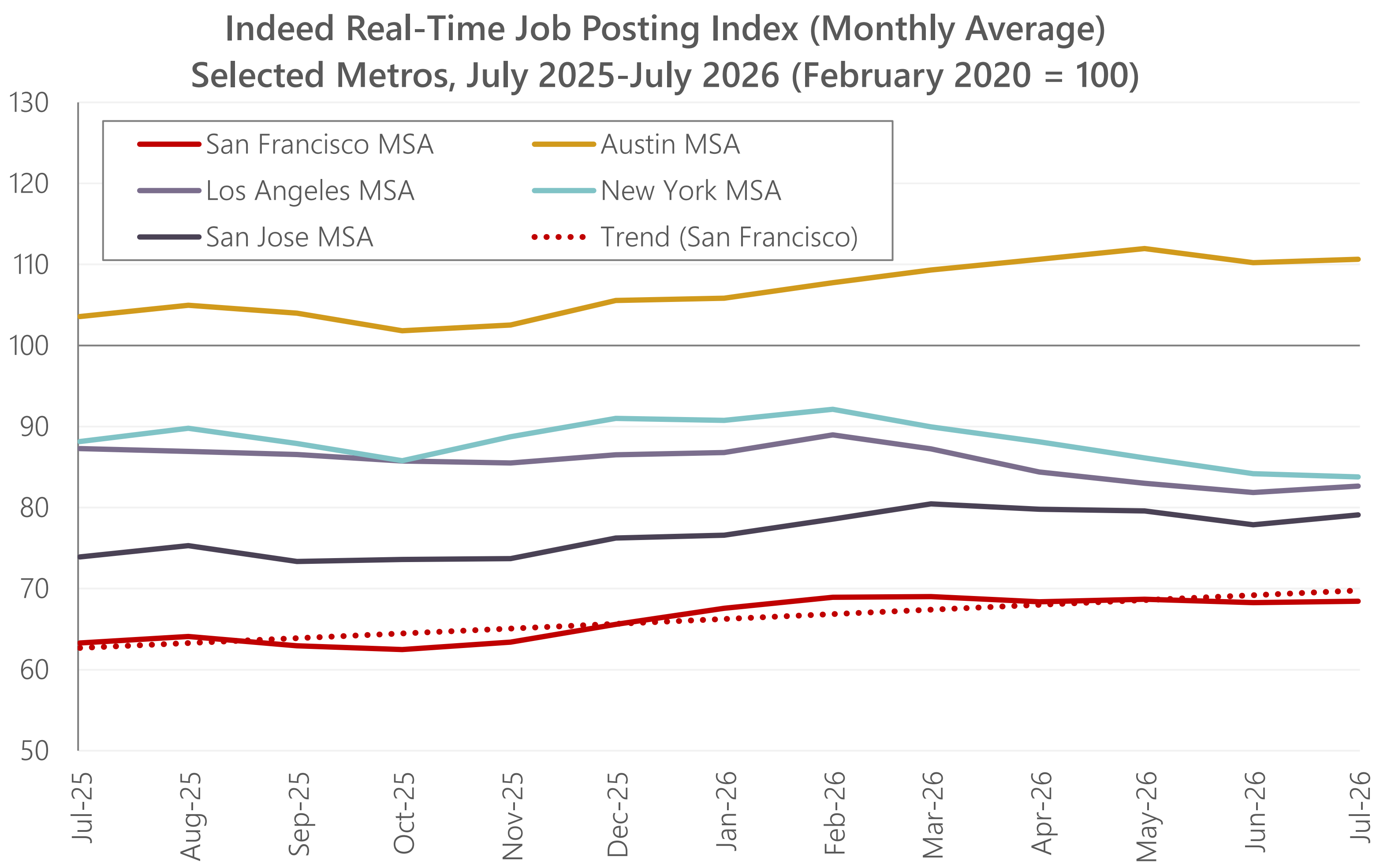
Source: EDD, SF Metro Division includes San Francisco and San Mateo counties.

City Unemployment Rate Trending Downward, Now 3.7%



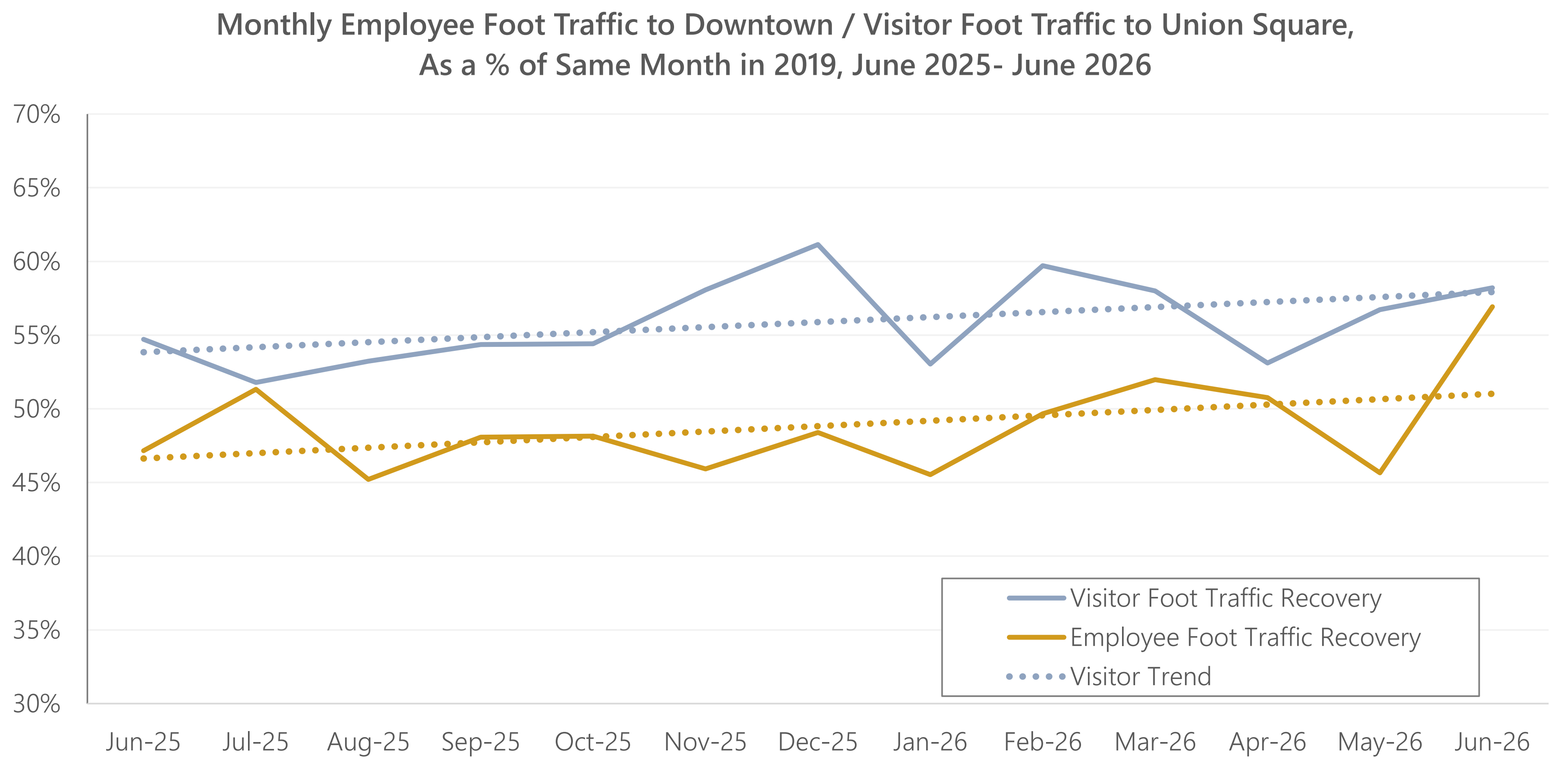
Source: EDD. Seasonal adjustment for San Francisco by the Office of Economic Analysis.

Metro-wide Job Postings Also Recovering



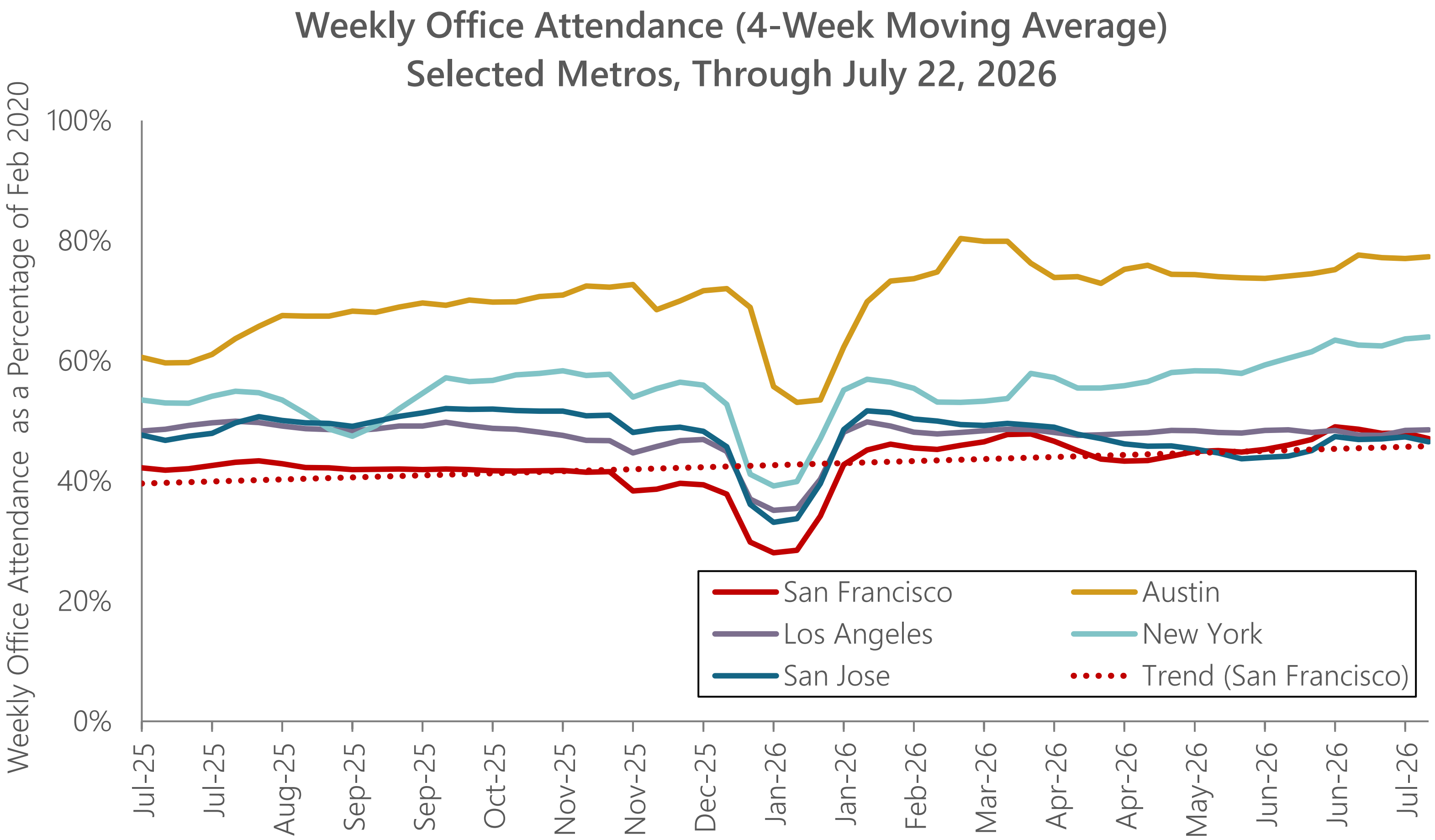
Source: Indeed

Downtown Foot Traffic Continues Upward Trend



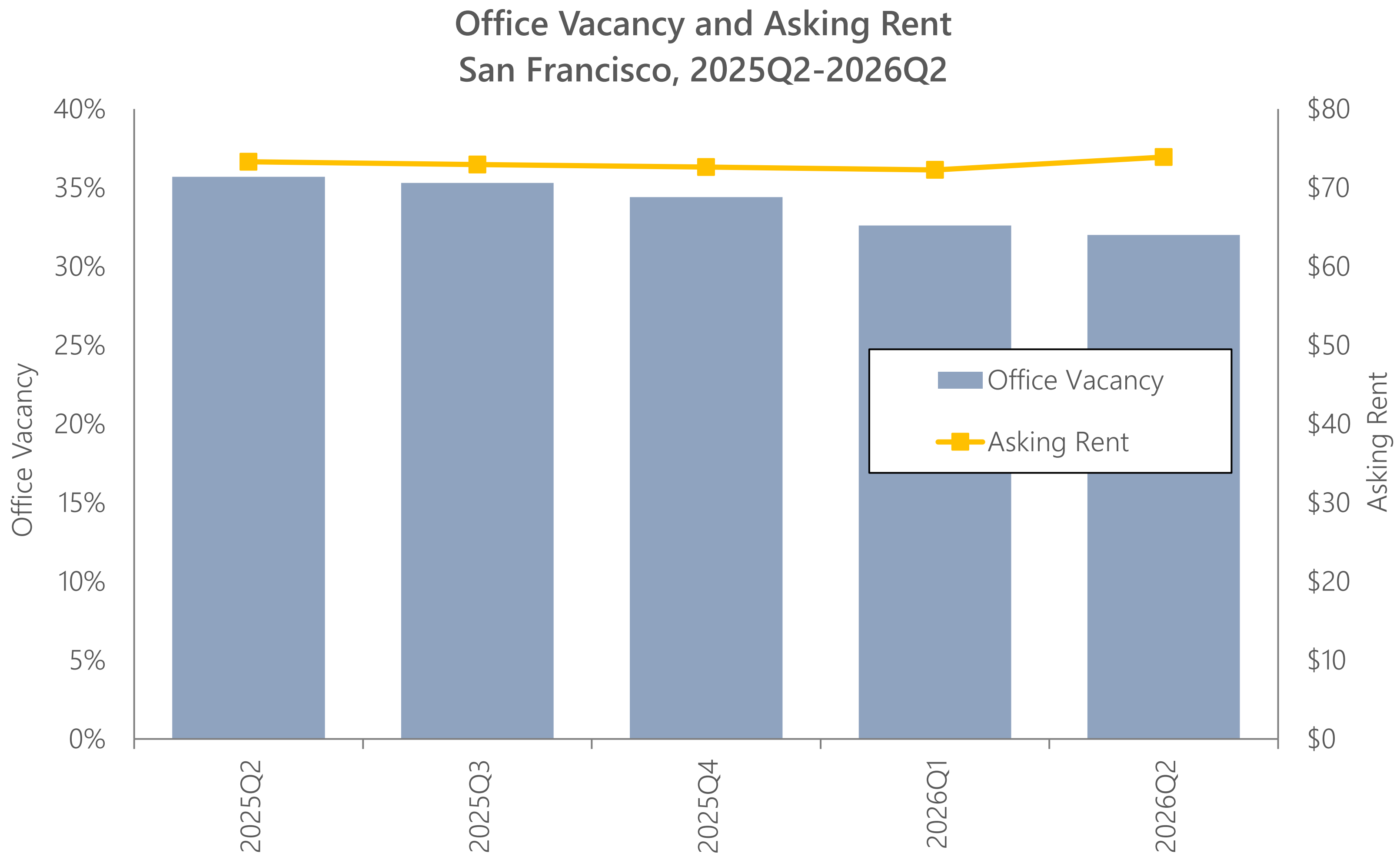
Source: Placer.ai, courtesy of the San Francisco Recreation and Parks Department. For employee foot traffic, "downtown" refers to the boundaries of the Downtown San Francisco Partnership Business Improvement District. For visitor foot traffic, Union Square is defined as the area bounded by Market, Montgomery, Bush, and Mason Streets.

Metro Office Attendance Continues Its Slow Recovery



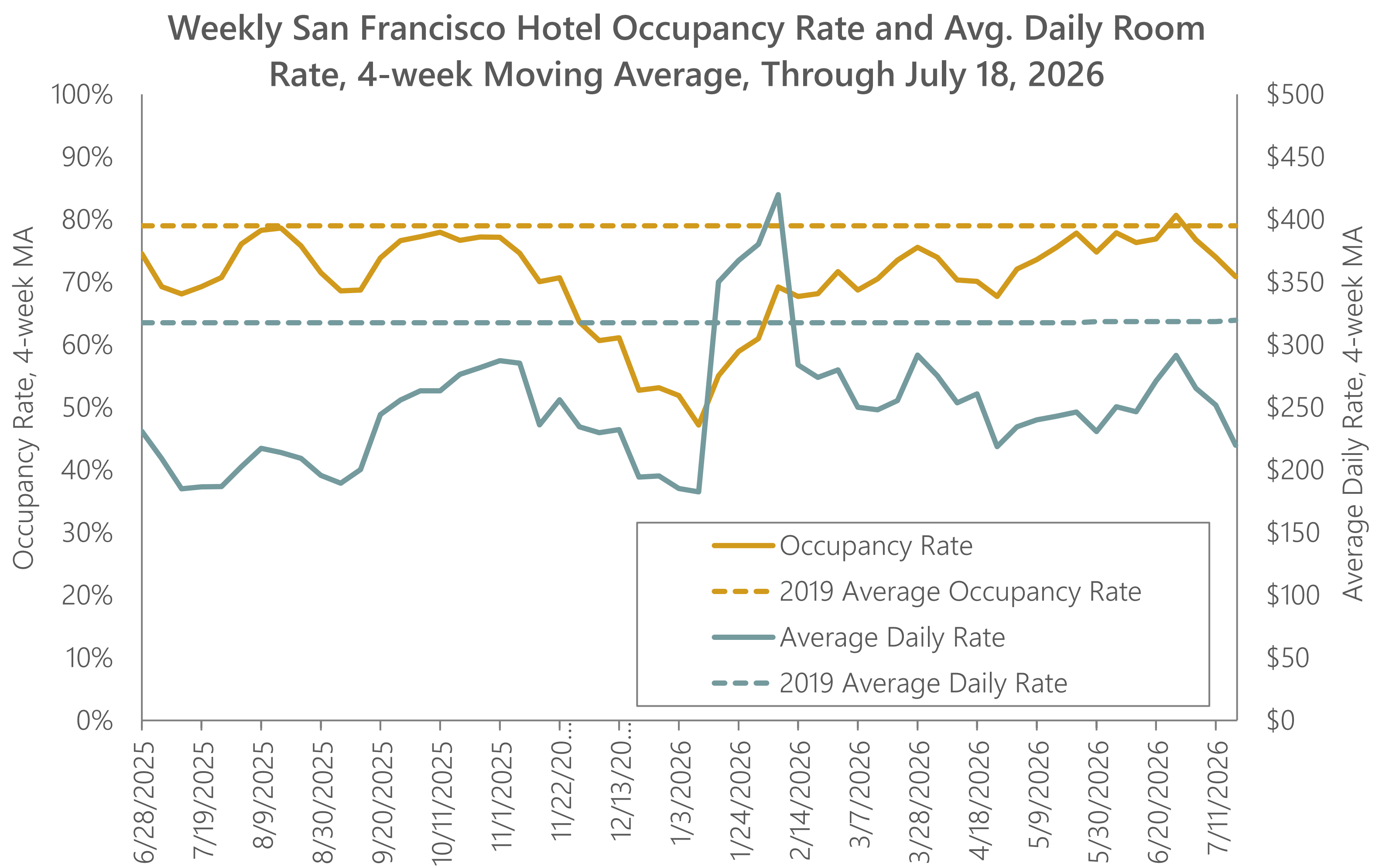
Source: Kastle System

Office Vacancy Down 3.7% Over the Past Year



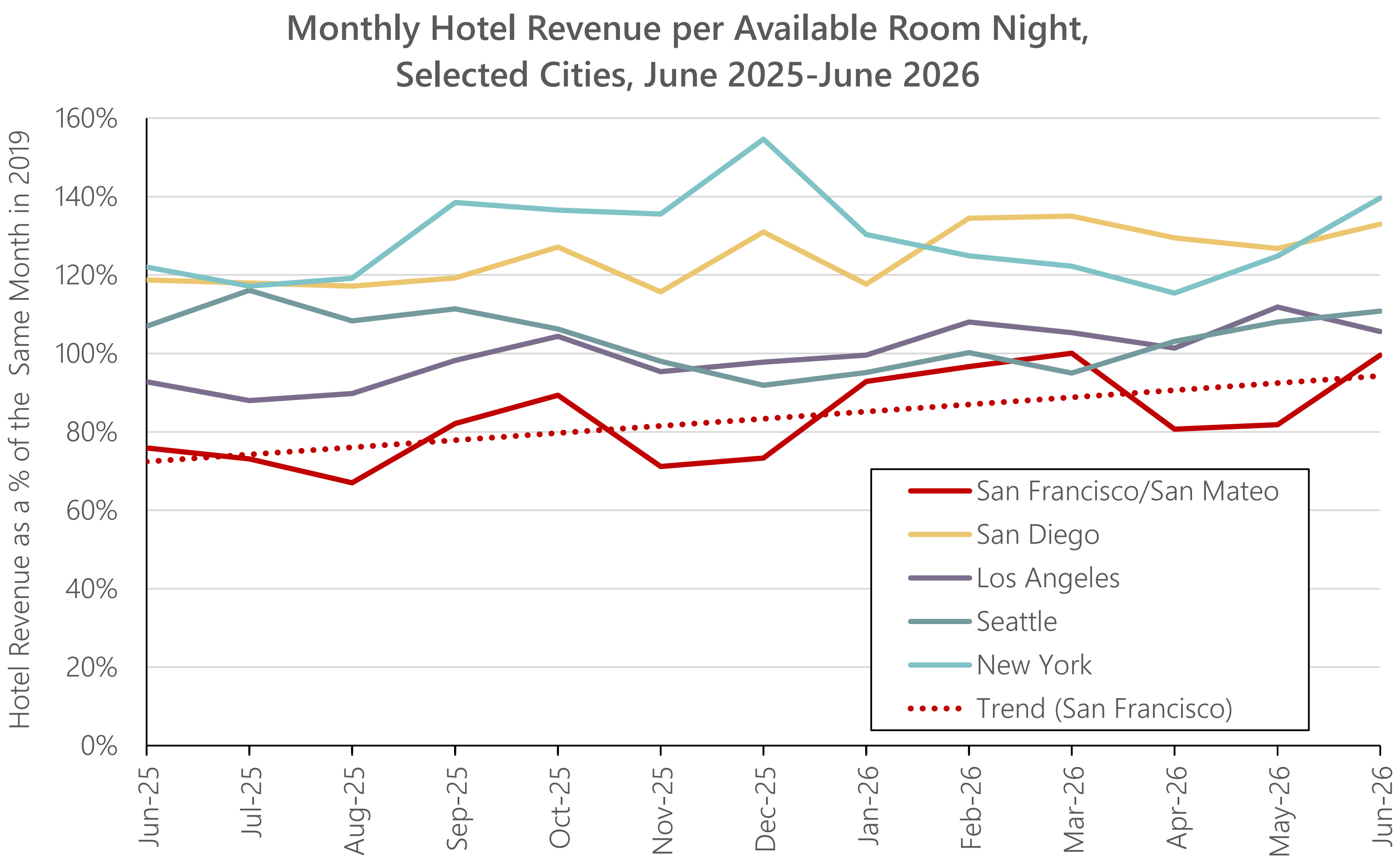
Source: Jones Lang LaSalle (JLL)

Hotel Occupancy Approaching 2019 Levels



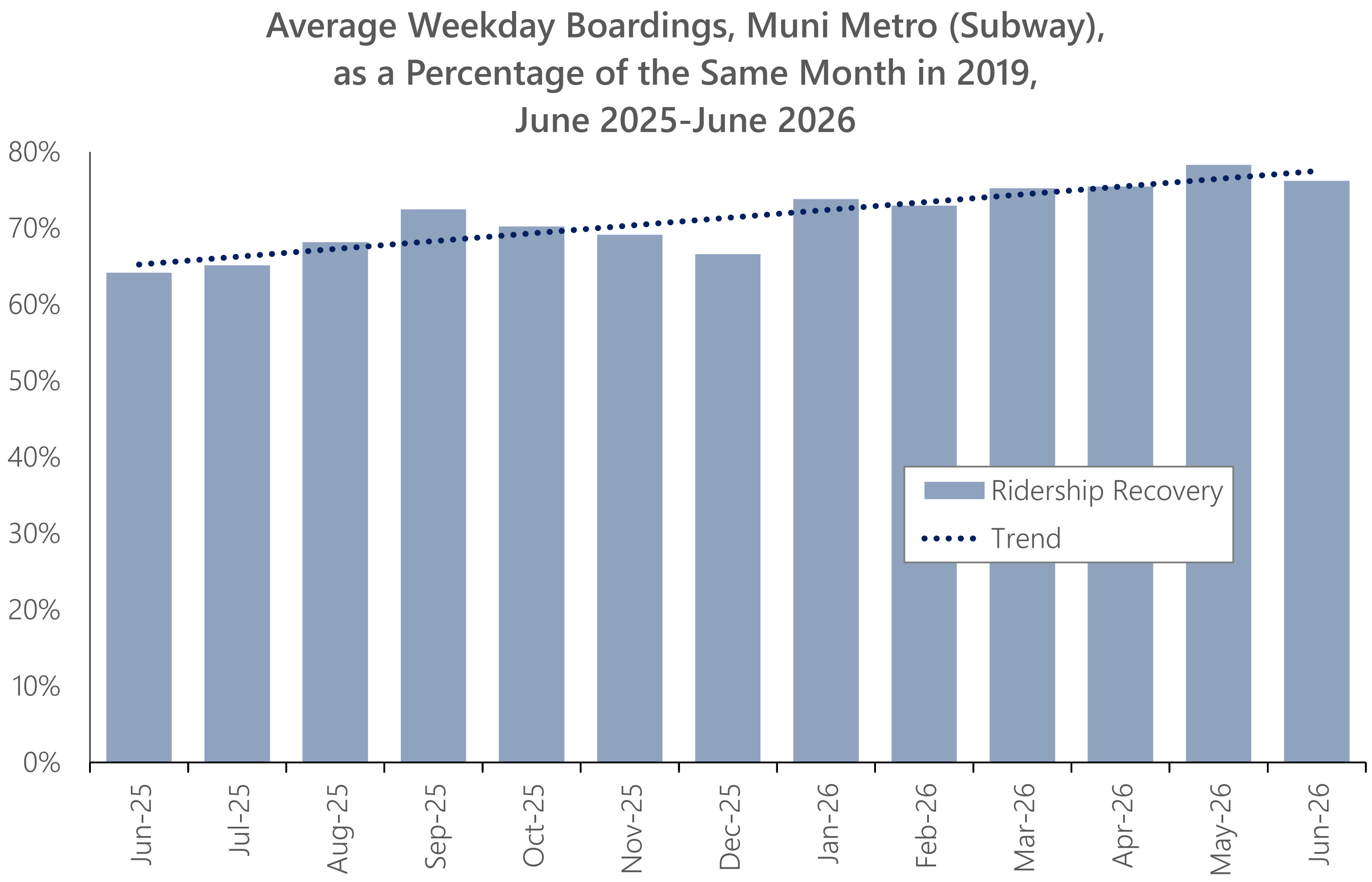
Source: STR

Hotel Revenues Also Continuing Their Recovery



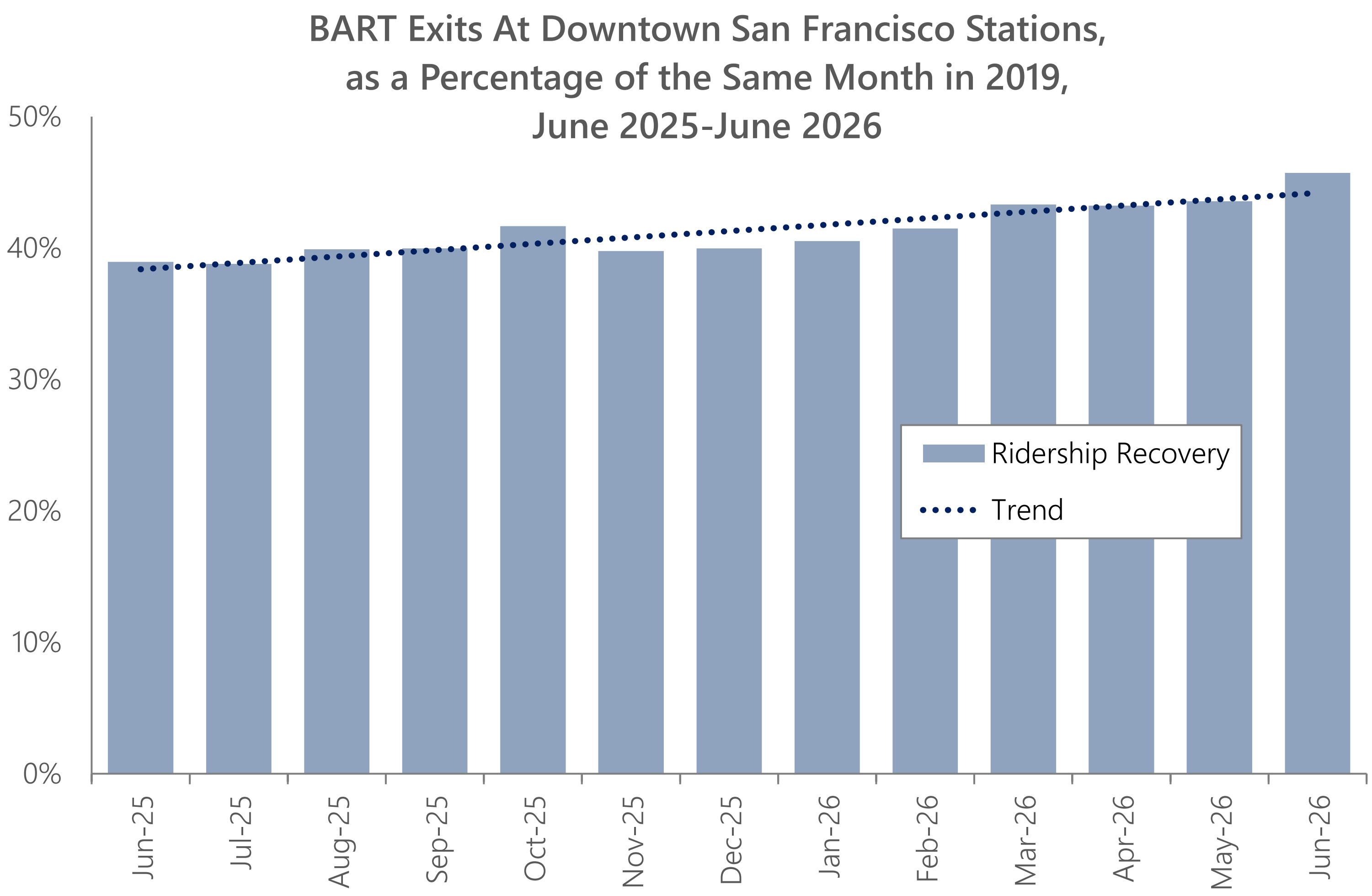
Source: STR

MUNI Metro Ridership Recovery is Accelerating



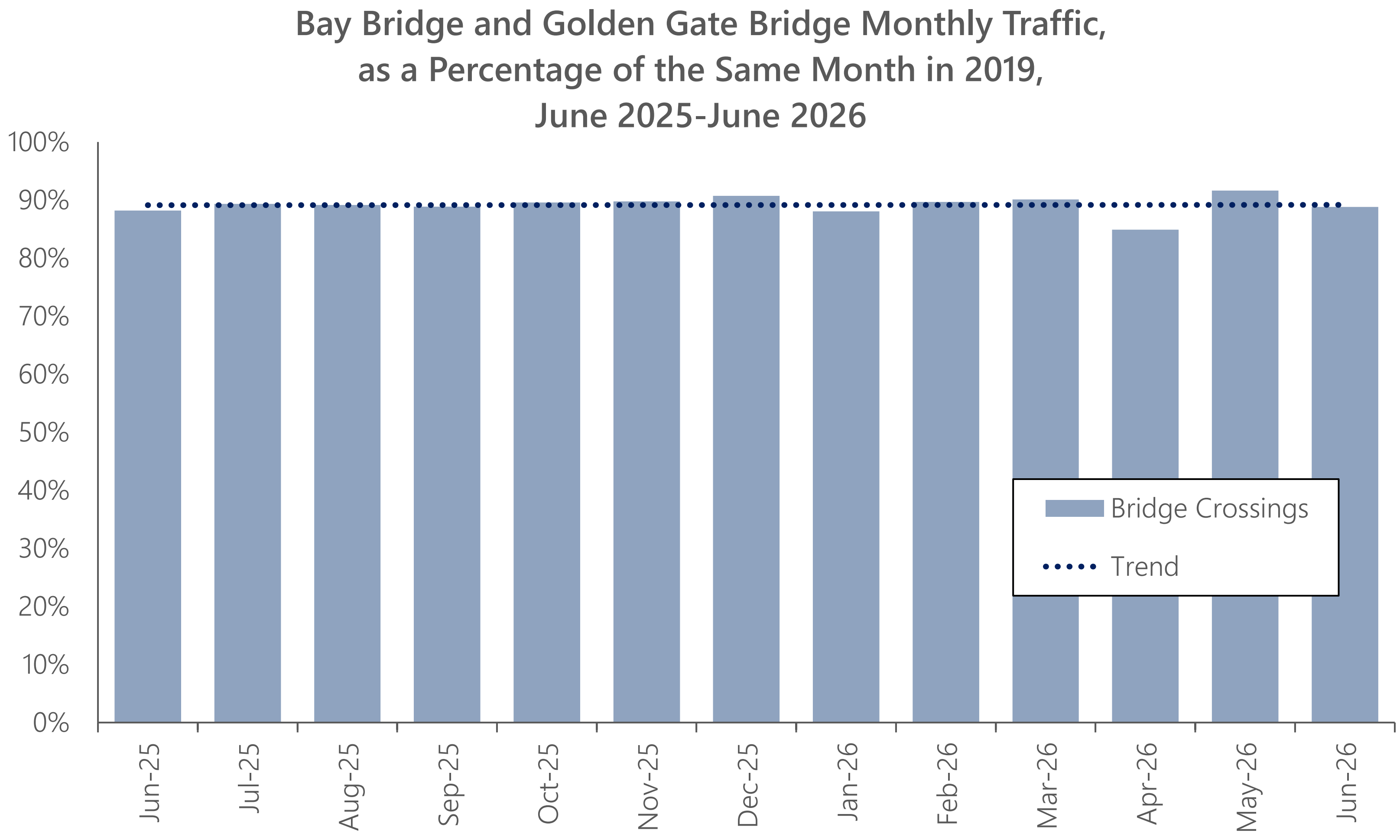
Source: SFMTA

Downtown BART Exits Also at Post-Pandemic Highs



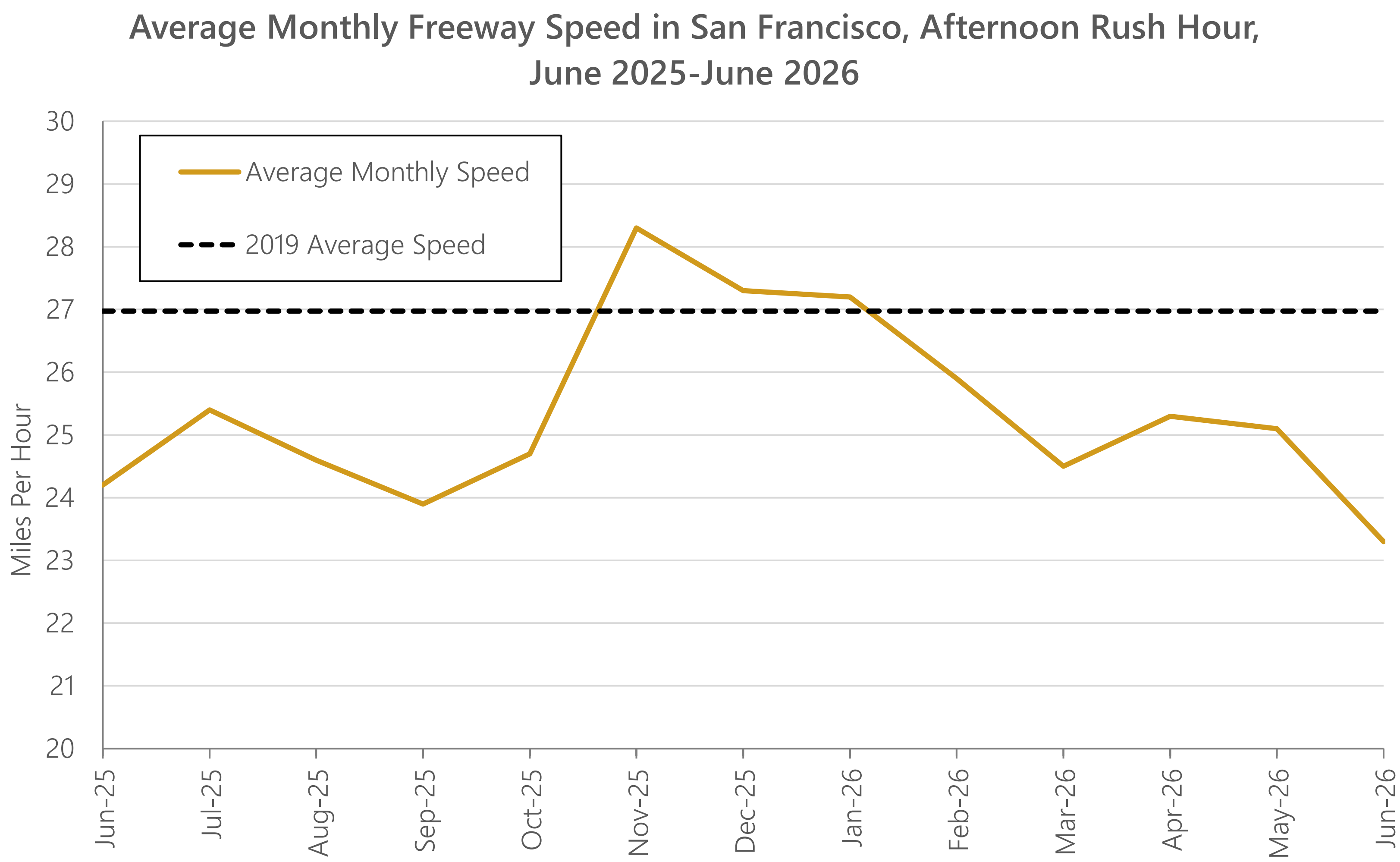
Source: BART

Bridge Crossings Remain Steady at About 90% of 2019



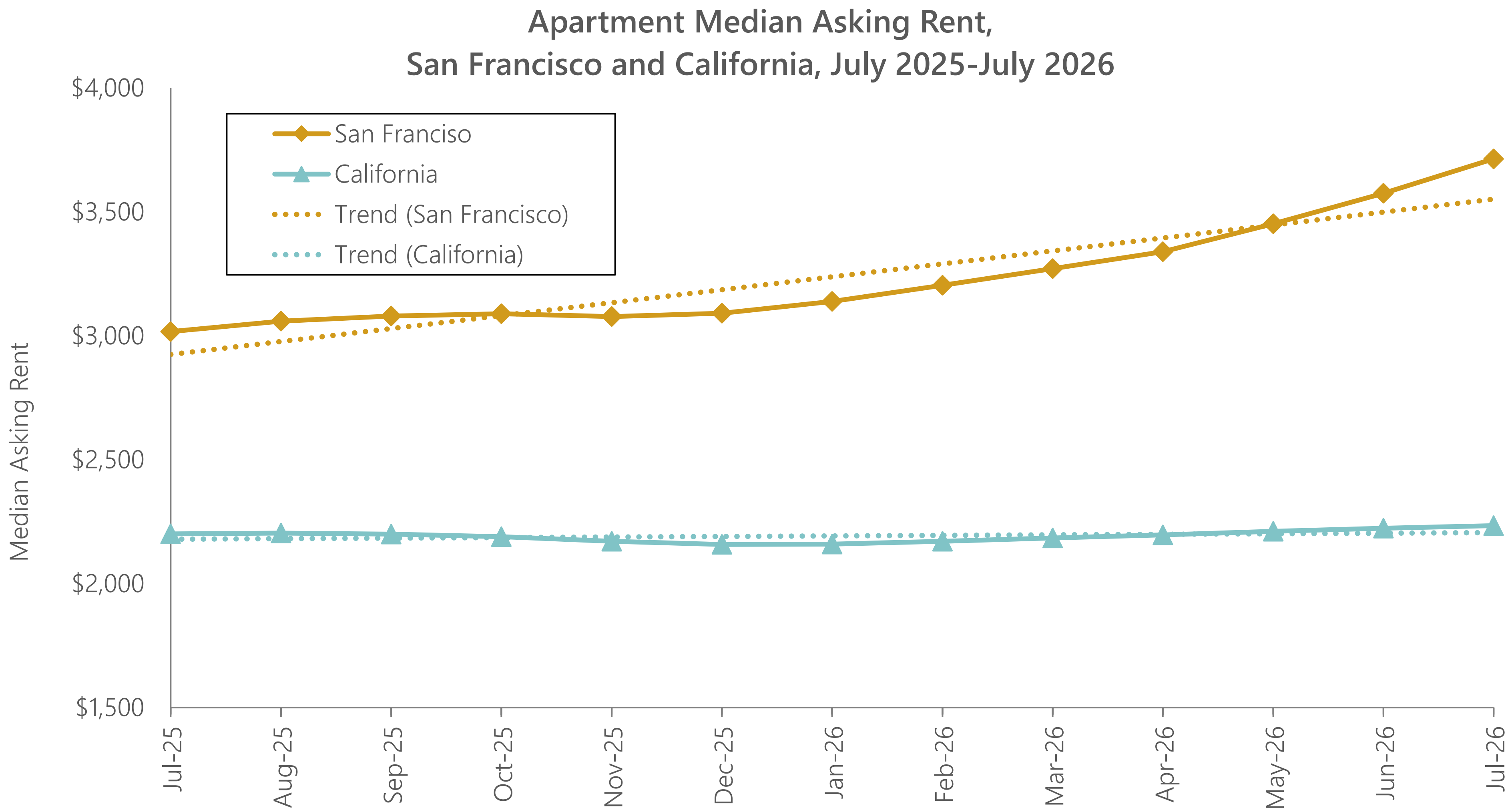
Source: Bay Area Toll Authority (BATA), Golden Gate Bridge Highway & Transportation District. Includes westbound Bay Bridge and southbound Golden Gate Bridge traffic

Large Drop in Freeway Speeds Indicate Higher Auto Traffic



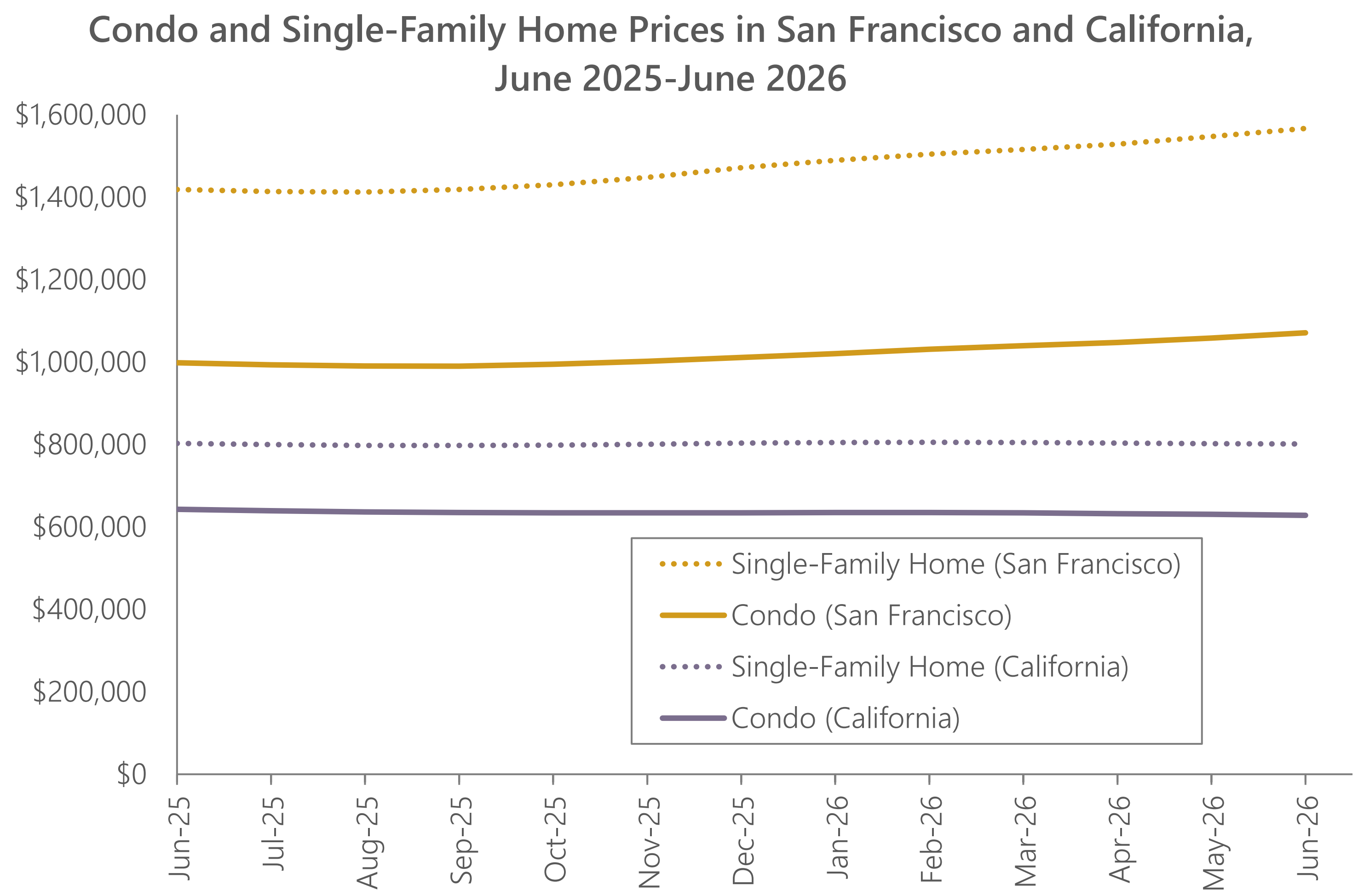
Source: SF County Transportation Authority

Apartment Asking Rents Grew 14% from March to July



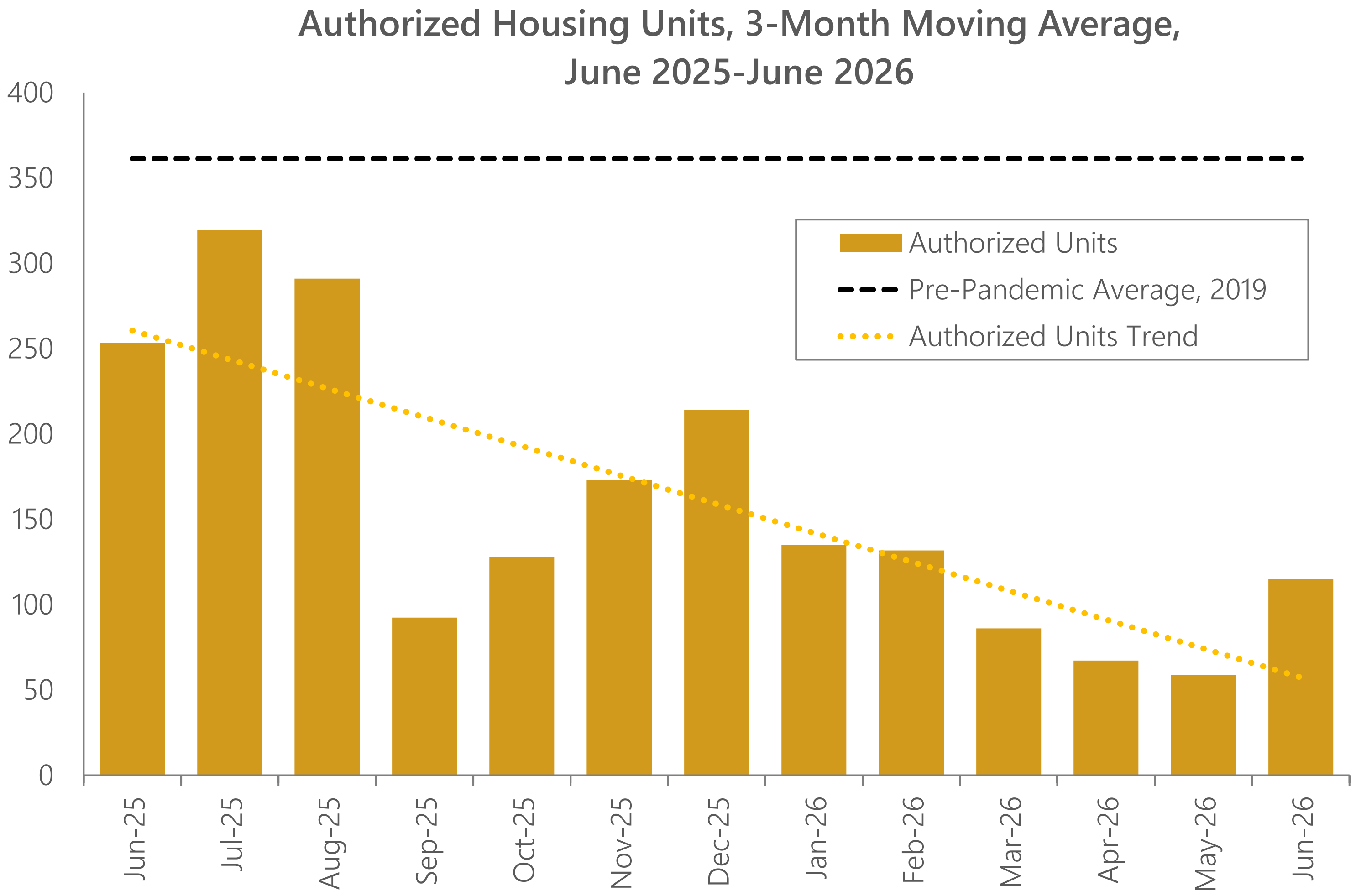
Source: Apartment List

Housing Prices Also Rising at Double-Digit Rates



Source: Zillow

No Sustained Uptick in Housing Permits To Date



Source: San Francisco Planning Department

Staff Contacts

Ted Egan, Ph.D., Chief Economist

ted.egan@sfgov.org

Asim Khan, Ph.D., Senior Economist

asim.khan@sfgov.org