

FIGURES | SAN FRANCISCO PENINSULA OFFICE | Q1 2026

Positive net absorption for the first time in over a year

▲ 24.9%

Vacancy Rate

▲ 60K

Sq. Ft. Net Absorption

▲ 146K

Sq. Ft. Under Construction

▲ \$7.17

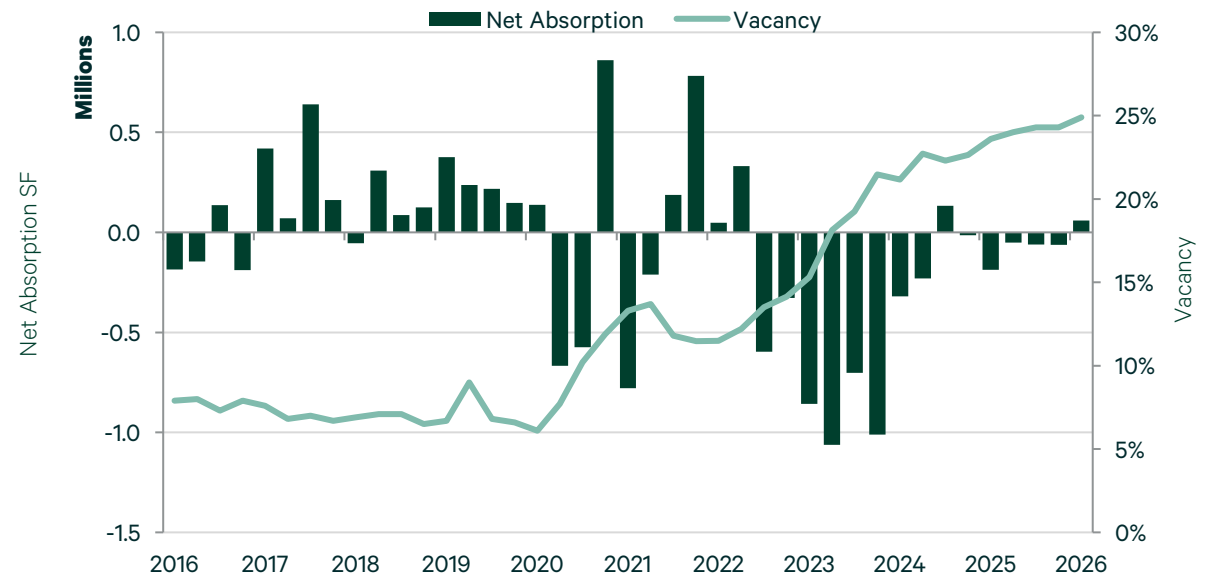
Full-Service Gross / Lease Rate Existing Properties

Note: Arrows indicate change from previous quarter.

MARKET OVERVIEW

- The market remained heavily supply-weighted in Q1 2026, with vacancy and availability pushing higher despite a notable improvement in demand.
- Net absorption turned positive at 60,000 sq. ft., an upswing of 122,000 sq. ft. from Q4 2025 and 247,000 sq. ft. year-over-year.
- Vacancy still increased 0.6 percentage points quarter-over-quarter and 1.3 points from Q1 2025 to reach 24.9%. Availability followed a similar path, rising 0.9 percentage points from the prior quarter and 1.0 point over the year to 27.4%, underscoring ongoing tenant move-outs and space additions.
- Average asking rents rose 5.1% quarter-over-quarter and 7.7% year-over-year to \$7.17 per sq. ft. on a monthly, full-service, basis.
- The construction pipeline expanded by 107,000 sq. ft. from Q4 2025 to 146,000 sq. ft., though it remained 8.8% below Q1 2025 levels.
- Key projects originally slated as Life Science re-positioned to office, which caused an uptick in vacancy, availability, and pricing.

FIGURE 1: Vacancy & Net Absorption Trend



Source: CBRE Research, Q1 2026

OFFICE OVERVIEW

The San Francisco Peninsula office market recorded an increase in availability and vacancy rates in Q1 2026. The availability and vacancy rate ended at 27.4% and 24.9% respectively. These increases were largely attributable to the re-positioning of a property in South San Francisco, and another in Redwood City that had previously been slated as Life Science.

Net absorption ended on the positive side for the first time in over a year, registering nearly 60,000 sq. ft. of gains in occupancy. Central County had a robust quarter with over 342,000 sq. ft. of positive net absorption. The largest contributors to this were Replit in Foster City and multiple large deals in Redwood City.

Leasing volume totaled 1.5 million sq. ft. in Q1 2026, up roughly 450,000 sq. ft. or 43.8% quarter-over-quarter and 500,000 sq. ft. or 50.5% year-over-year. Notably, over 400,000 sq. ft. of leasing occurred at projects in the construction pipeline. Over the last four quarters, tenants leased 4.3 million sq. ft., an increase of 500,000 sq. ft. or 13.2% from the 3.8 million sq. ft. recorded over the prior 12-month period. Class A assets accounted for 1.2 million sq. ft., or 78.8% of the quarterly volume.

The overall average direct asking lease rate in Q1 2026 was \$7.17 per sq. ft., up 5.1% from the prior quarter and 7.7% year-over-year. Class A office rents climbed from \$8.16 to \$8.73 per sq. ft. quarter-over-quarter, a 7.0% increase, and were 12.2% higher than a year ago, significantly outpacing the broader market.

Office construction activity remained modest in Q1 2026, with 146,000 sq. ft. under construction and no new deliveries. The under-construction pipeline increased by 107,000 sq. ft. quarter-over-quarter from 39,000 sq. ft. in Q4 2025, a 274.4% rise, but fell 14,000 sq. ft. year-over-year from 160,000 sq. ft. in Q1 2025, while deliveries remained at 0 sq. ft. on both a quarterly and annual comparison. For full-year 2025, 150,000 sq. ft. of new space was delivered, down from 453,000 sq. ft. added in 2024.

Q1 2026 marked a meaningful inflection point for the San Francisco Peninsula office market. Leasing volume posted its strongest quarter-over-quarter and year-over-year gains in recent history, and net absorption turned positive for the first time in over a year. Robust leasing activity occurring within the construction pipeline, further strengthens the flight to quality sentiment. Q1 2026 recorded many tailwinds, which portends future growth.

FIGURE 2: Submarket Statistics

Submarket	Net Rentable Area	Total Vacancy (%)	Total Availability (%)	Average Direct Asking Rate (\$)	Current Net Absorption	YTD Net Absorption
Daly City/Brisbane	1,126,100	10.5	18.0	3.20	2,648	2,648
Class A	619,193	13.2	16.4	0.00	0	0
South San Francisco	2,164,964	37.6	37.9	8.13	(22,715)	(22,715)
Class A	1,451,074	50.7	51.2	8.95	(19,253)	(19,253)
San Bruno/Millbrae	1,254,622	5.5	7.2	3.94	(5,323)	(5,323)
Class A	301,582	0.0	5.8	0.00	0	0
Burlingame	3,611,685	21.5	22.3	4.02	(136,289)	(136,289)
Class A	1,454,457	28.6	28.9	5.96	53,420	53,420
North County	8,157,371	21.8	23.5	6.40	(161,679)	(161,679)
San Mateo	8,077,250	20.3	23.1	5.14	27,817	27,817
Class A	4,558,435	19.9	23.3	6.46	13,102	13,102
Foster City	2,268,058	26.2	26.5	4.90	120,955	120,955
Class A	1,916,555	20.1	20.4	6.08	122,695	122,695
Belmont/San Carlos	1,234,440	27.1	27.2	5.73	1,041	1,041
Class A	451,455	50.5	50.5	8.75	0	0
Redwood City/Redwood Shores	7,655,896	43.6	45.1	6.87	192,204	192,204
Class A	5,329,663	50.2	51.2	7.80	109,486	109,486
Central County	19,235,644	30.7	32.5	6.04	342,017	342,017
Menlo Park	5,582,059	20.5	24.9	9.33	(114,508)	(114,508)
Class A	3,333,866	21.7	24.5	12.09	(59,331)	(59,331)
Palo Alto/East Palo Alto	7,987,787	17.4	21.0	9.34	(5,886)	(5,886)
Class A	4,635,011	20.4	25.6	10.16	8,492	8,492
South County	13,569,846	18.6	22.6	9.34	(120,394)	(120,394)
Total Market	40,962,861	24.9	27.4	7.17	59,944	59,944
Class A	24,051,291	29.5	32.0	8.73	228,611	228,611

Source: CBRE Research, Q1 2026

FIGURE 3: Notable Lease Transactions Q1 2026

Tenant	Address	Sq. Ft. Leased	Type
Roblox	E 28 th Ave San Mateo	302,978	New Lease
Replit	1001 E Hillsdale Blvd San Mateo	147,219	Renewal/Expansion
Cooley Goodward	1900 Broadway St Redwood City	120,000	New Lease
Solace	610 Walnut St Redwood City	71,330	New Lease
Applovin	220 Park Rd Burlingame	70,232	New Lease

Source: CBRE Research, Q1 2026

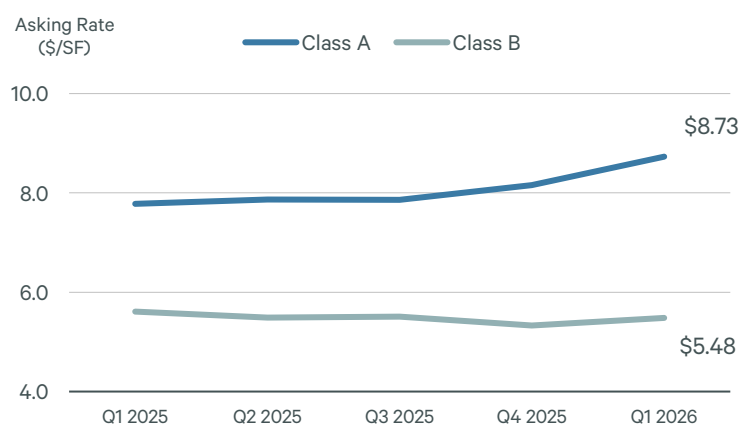
FIGURE 4: Notable Sale Transactions Q1 2026

Buyer	Address	Sq. Ft. Sold	Sale Type
Healthpeak*	Gateway Commons, South San Francisco	1,354,775	Investor
Kilroy Realty	1000 Main St Redwood City	22,762	Investor

*Part of multi-property and multi-type sale

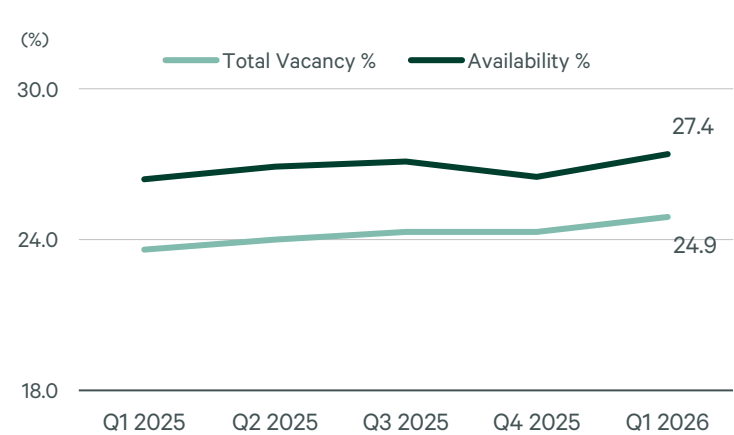
Source: CBRE Research, Q1 2026

FIGURE 5: Lease Rates



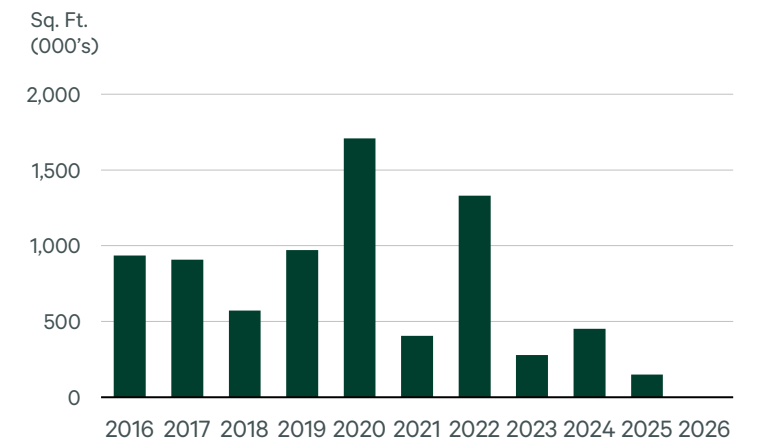
Source: CBRE Research, Q1 2026

FIGURE 6: Vacancy & Availability



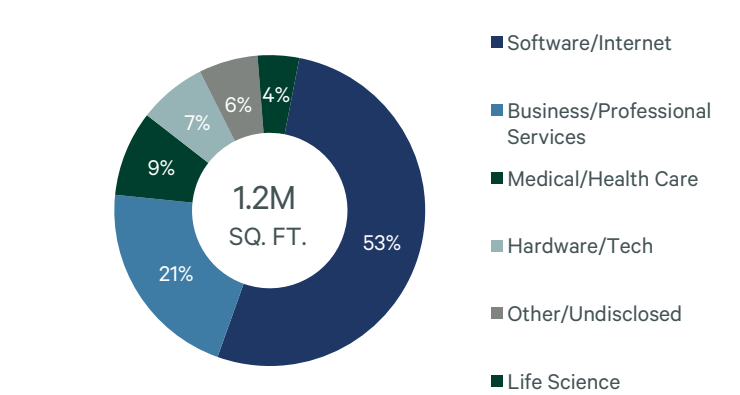
Source: CBRE Research, Q1 2026

FIGURE 7: Construction Completions



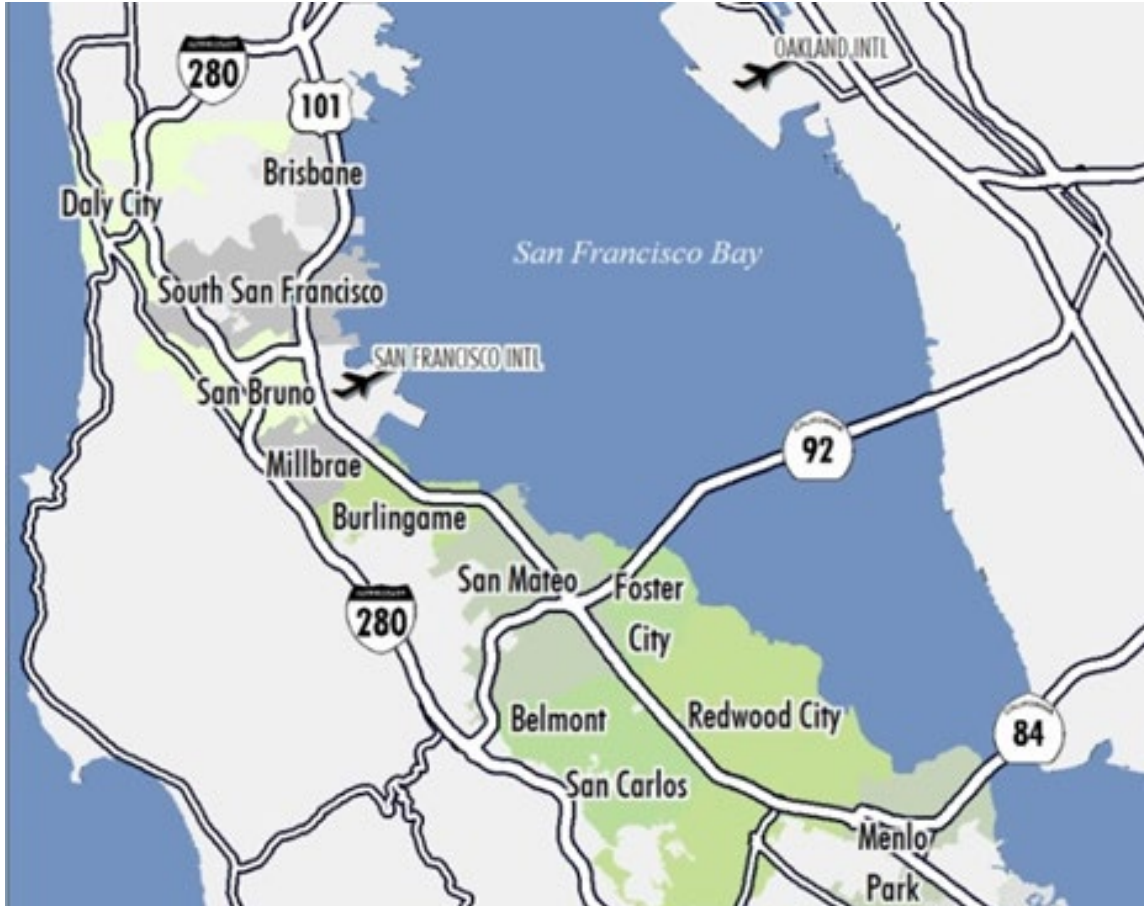
Source: CBRE Research, Q1 2026

FIGURE 8: Top 25 Leases of the Quarter by Industry



Source: CBRE Research, Q1 2026

Submarket Map



Source: CBRE Research, Location Intelligence

Definitions

Average Asking Rate Direct Annual Lease Rates, Full Service Gross. Availability All existing space being marketed for lease. Total Vacancy Rate Direct Vacancy + Sublease Vacancy.

CBRE's market report analyzes existing single- and multi-tenant Office buildings that total 10,000+ sq. ft. within defined submarkets, including owner-occupied buildings. CBRE assembles all information through telephone canvassing, third-party vendors, and listings received from owners, tenants and members of the commercial real estate brokerage community.

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