LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

Q3 2026
SANTA BARBARA, CA

RETAIL MARKET OVERVIEW

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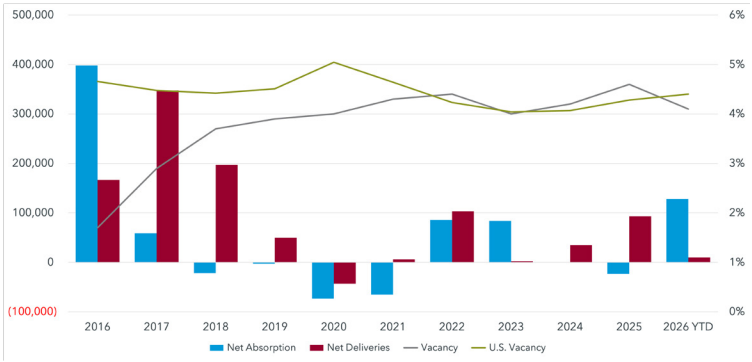
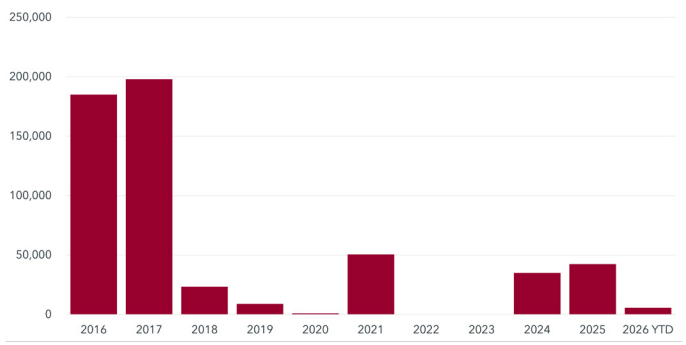
Santa Barbara's retail market remained stable through Q3 2026, supported by strong tourism, affluent households, and a diverse employment base. Availability remained tight at approximately 3.3%, below the long-term average, with roughly 830,000 SF of available space. Limited new development continues to constrain supply, with just 5,600 SF under construction and modest inventory growth over the past five years. Retail demand remains supported by local consumers, visitors, and the region's established coastal attractions. Asking rents increased 1.0% year over year, trailing national growth but reflecting stable market conditions. Looking ahead, constrained availability and minimal construction activity are expected to support steady occupancy and modest rent appreciation.

MARKET INDICATORS	Q3 2026	Q2 2026	Q1 2026	Q4 2025	Q3 2025
▲ 12 Mo. Net Absorption SF	115,497	(89,281)	(182,083)	(19,935)	(29,300)
▼ Vacancy Rate	4.10%	4.60%	4.50%	4.58%	4.60%
▲ Avg NNN Asking Rate PSF	$32.44	$32.14	$31.99	$31.58	$31.42
▼ Sale Price PSF	$311.07	$314.23	$320.00	$314.00	$318.00
▲ Cap Rate	7.00%	6.90%	6.80%	6.81%	6.80%
▼ Under Construction SF	5,640	12,140	12,140	42,356	48,606
▲ Inventory SF	25,534,159	25,457,458	25,346,517	25,204,334	25,163,939

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	TENANCY TYPE
715-717 State St Santa Barbara, CA	15,530 SF	$3,700,000 $238.25 PSF	Jason Yardi City of Santa Barbara	Retail
5555 Hollister Ave Goleta, CA	9,000 SF	$2,471,542 $274.62 PSF	AJR Capital Kellog Square LLC	Shopping Center
5599 Hollister Ave Goleta, CA	5,255 SF	$3,046,579 $579.75 PSF	AJR Capital Kellog Square LLC	Shopping Center

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
15 E Cabrillo Blvd Santa Barbara, CA	6,916 SF	Ginny Hunter	Lee Hospitality Group	Hospitality
595 Alamo Pintado Rd Solvang, CA	6,867 SF	Ed St George	Miren Pilates Studio	Fitness
7 W Figueroa St Santa Barbara, CA	6,253 SF	Investec	Umpqua Bank	Banking

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