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Viewpoint: The Bay Area is Ready for a Rebound

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San Francisco's pandemic recovery was painfully slow. Empty offices cast a shadow on retail, restaurants, public transit and city taxes. Property crime and homelessness contributed to a "doom loop" narrative where every negative trend seemingly pointed to a further downward spiral.

Those issues haven't been fully resolved and perhaps will never be. But 2025 marked a turning point as quality-of-life concerns came into focus and economic momentum swung strongly positive. The Bay Area has reinvented itself again and again in cycles of growth that have been transformational for the world. It's happening again.

Let's look at some data points.

Job recovery lags the nation's, with employment still 5.4% below its 2019 level. San Francisco's commercial vacancy rate, though falling, remains high at 33.1%. Transit ridership is growing, but with overall numbers still down BART and Muni are in crisis. Housing costs are the highest in the nation. Homelessness, though far less visible than it was several years ago, hasn't gone away.

But here's the upside: The region's concentration of major companies is undiminished. Of the 50 largest U.S. companies by capitalization 17 are local, including five of the top 10. Most are in tech.

Growth companies concentrate here. The region is home to 127 unicorns, compared to 50 in New York, 20 in Boston, 18 in Los Angeles and 18 in Austin. More than half the private companies worth $5 billion or more in the U.S. — a full 57 — are headquartered in the region, compared to 16 in New York, five in Boston, five in Los Angeles and three in Austin.

AI is driving the surge. Last year, 75% of U.S. AI funding and 60% of the world's AI funding went to Bay Area companies. AI job postings grew 72%. In the last quarter of 2025, Bay Area companies received 65% of total U.S. VC investment.

AI's growing real estate footprint is reducing vacancy. AI companies now occupy 6 million square feet of office space in San Francisco, a number CBRE believes could reach 21 million.

Office buildings are changing hands as investors reappear and long-stalled construction projects are back in play. A planned 1,225-foot tower would be the West Coast's tallest. San Francisco has become the nation's top office market, ahead of New York and Los Angeles.

Hotels are rebounding due to increased business and leisure travel, a resurgent convention schedule and sporting events like the Super Bowl and soon the FIFA World Cup. San Francisco is again one of the nation's top-performing hotel markets, behind only New York, Oahu, Miami and Orlando and ahead of Las Vegas.

U-Haul data from last year shows a net gain of one-way moves into San Francisco. That's not the only significant movement: The San Francisco Chamber's latest CityBeat Poll, 64% of respondents believed the city was headed in the right direction, up from 43% the prior year and 22% the year before that.

What clearly emerges in the transition from 2025 to 2026 is the end of the doom-loop narrative and the region's resurgence as a national and global business center.

That change is being powered by AI, but not exclusively. Its bedrock is the region's creative power as a center of innovation. Built on talent, risk capital, and major research institutions, the innovation it generates has been sustained over decades and across economic cycles. For that reason alone, it's wise never to count the Bay Area out.

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