COMPASS

June 2026
Santa Clara County
House & Condo Markets
Market Outlook

Data through May 2026

Market Research
COMPASS INTERNATIONAL HOLDINGS

June 2026
Housing Market Report

Select macro-economic and demographic data for the country and the Bay Area – June 2026

June 9 2026

The Bay Area housing market hit a lot of national headlines in May. In San Francisco, AI and tech-driven demand has created aggressive bidding wars on the scarce inventory. Skyrocketing rents are back in the norm. Even the city's condo market, which has been under pressure for six years, is showing signs of demand recovery.

For the first time in many years job creation in the Bay Area is positive and economic opportunity is attracting net inbound migration, despite the region's chronic shortage of homes and affordability issues. It's notable that other tech cities like Seattle and Austin are not seeing the boom in the real estate market related to AI. In fact, those cities are now sending more people to San Francisco than the reverse.

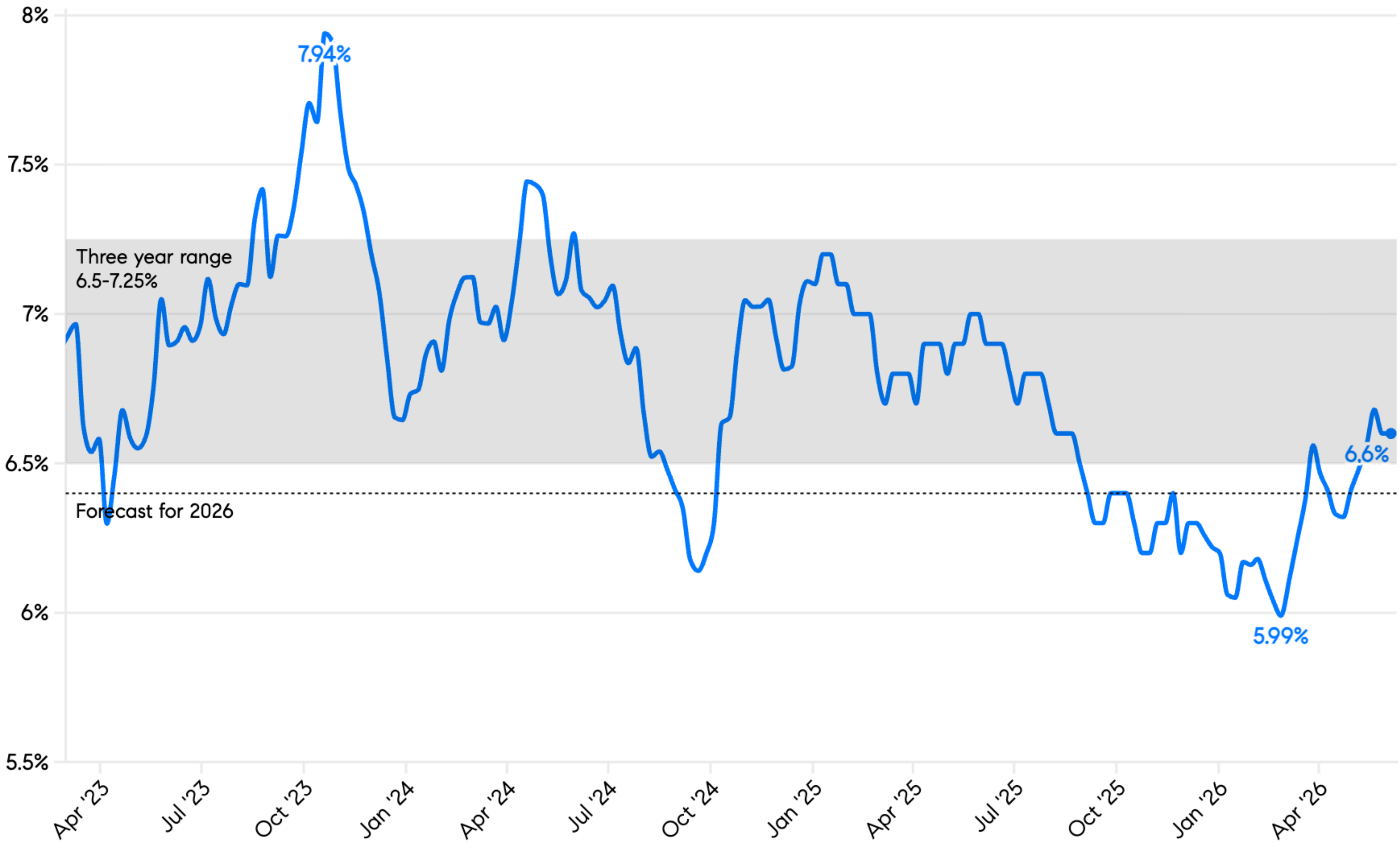
While the city dominates the headlines, many areas have not seen the massive wealth effect driving home buying demand like the city has. In this cycle, this resurgent demand is so far concentrated to a very small section in the city, and luxury markets in Peninsula and Marin.

For much of the region, interest rates matter more than stock market performance. In May, mortgage rates jumped higher with sharply higher inflation data. That tension between higher interest rates and the wealth effect is likely to continue for the rest of 2026. Inflation pressures have been pushing higher, and it seems unlikely that interest rates will dip again very soon.

Mike Simonsen
Chief Economist, Compass International Holdings

Mortgage Rates Bounce Off the Lows

Interest rates have pushed higher due to war news, overheated inflation, and recently strong jobs data. Still at the low-end of the range over the past three years, any push into the upper 6s is likely to slow home purchase demand abruptly. Our forecast is for mortgage rates to average 6.4% for the year.

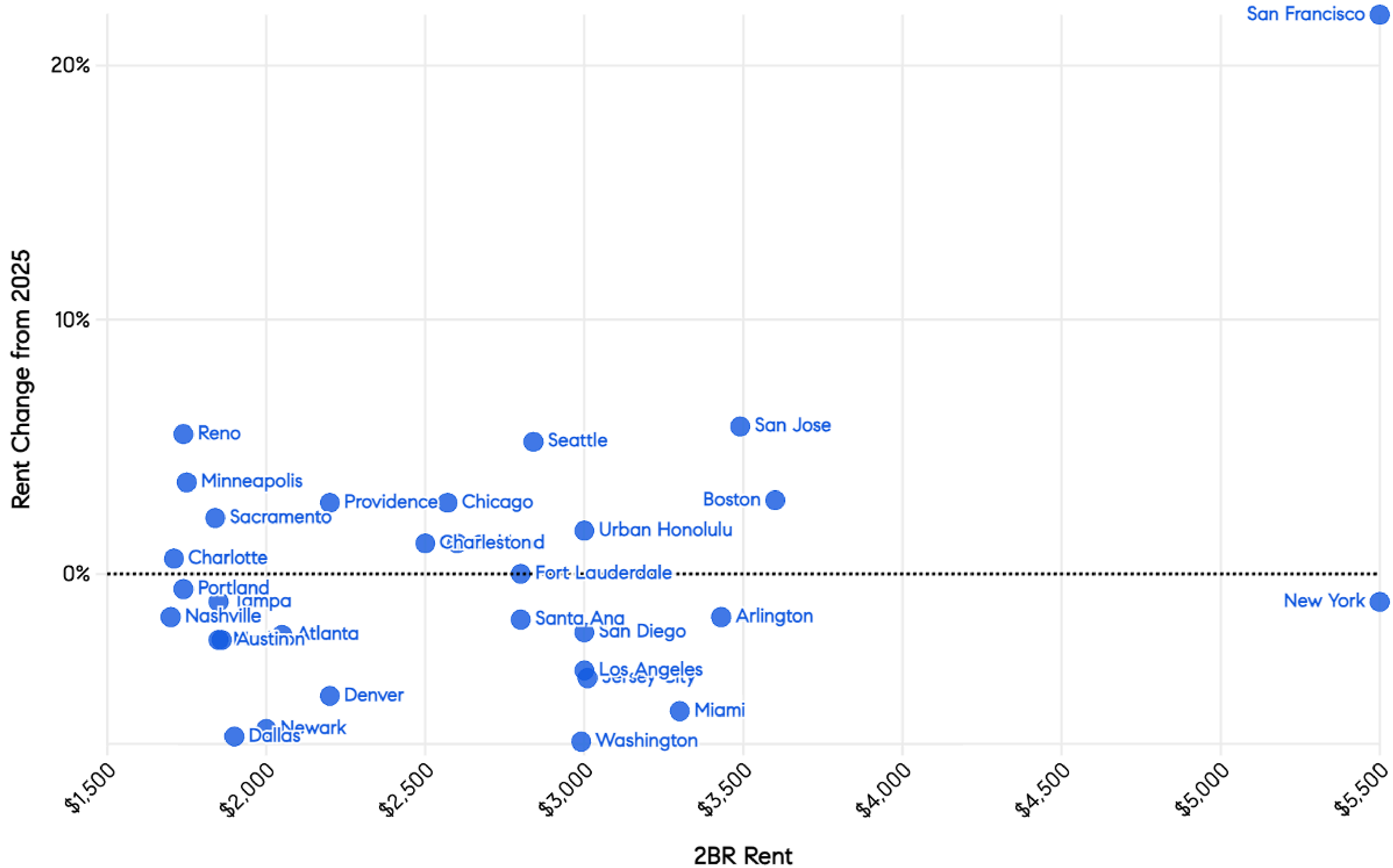


Source: Mortgage News Daily, Compass

COMPASS INTERNATIONAL HOLDINGS

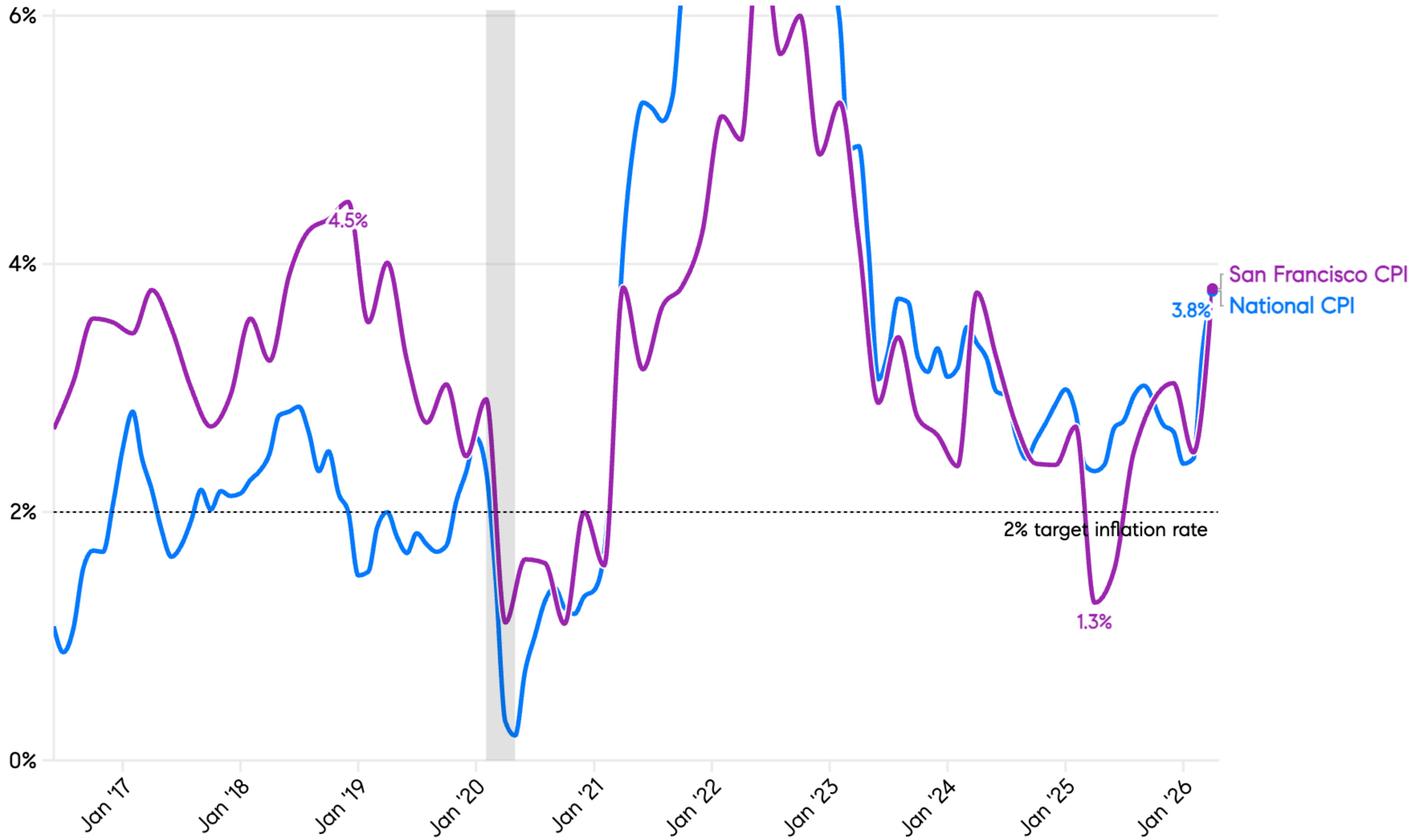
Dramatic Rent Cost Increases in San Francisco

San Francisco faces a chronic shortage of homes so as employment increases rents drive higher quickly. The South Bay is second nationally to San Francisco in rent appreciation over the last 12 months.



Inflation is High and Pushing Higher

For much of the last decade, Bay Area housing and services like education and childcare pushed local inflation above national averages. For a brief moment in 2023-2025, housing costs in the Bay Area kept inflation lower than the rest of the US. In 2026 surging inflation nationally is driving interest rates higher.

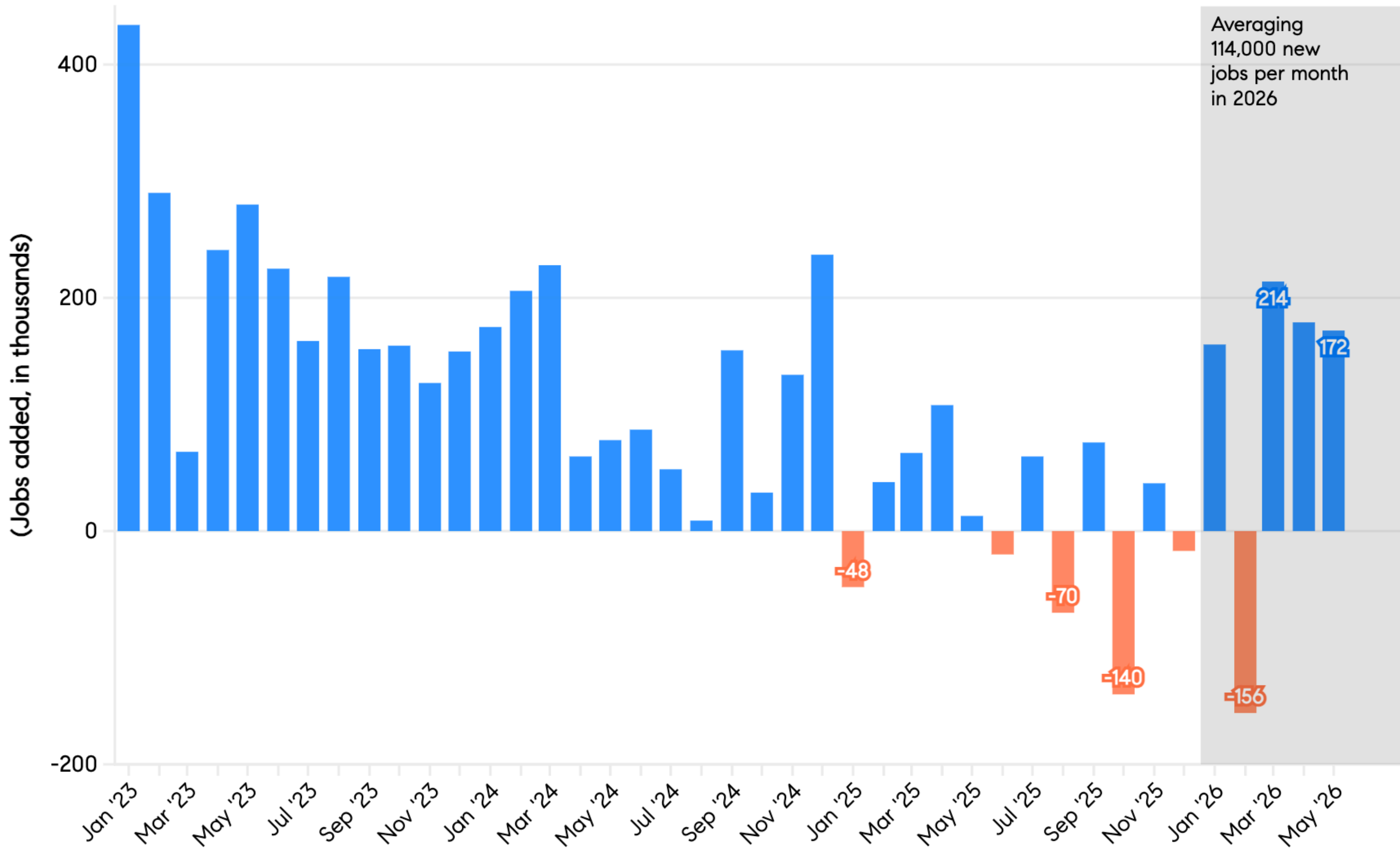


Source: US BLS, BEA

COMPASS INTERNATIONAL HOLDINGS

National Employment Grew in May

The labor market shows three months of growth after a very weak 2025. Corporate profitability is improving, AI investment is booming, and government spending is unabated, all of which are drivers of continued expansion in 2026. An improving labor market is generally positive for housing.

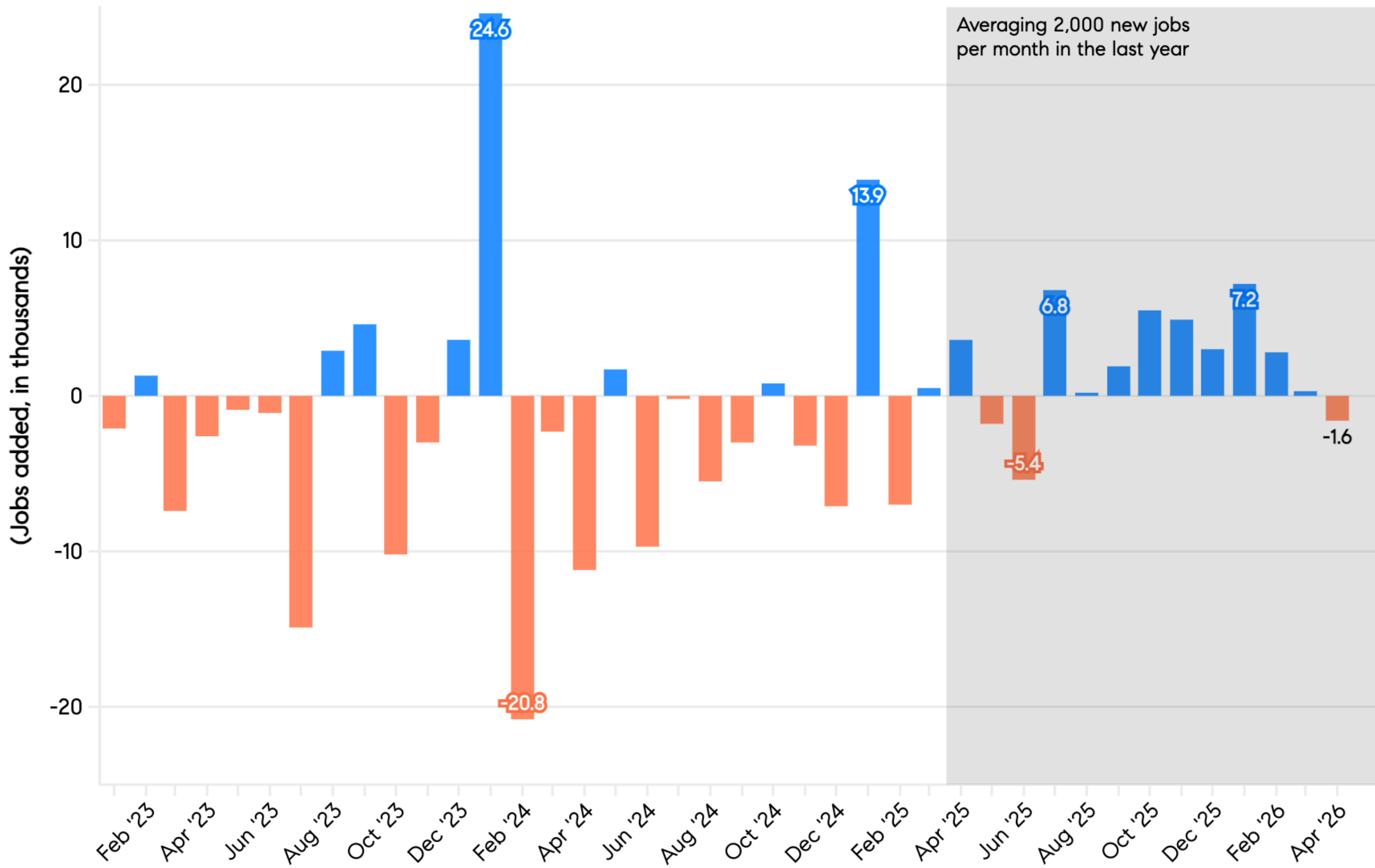


Source: BLS Non-Farm Payrolls, Total jobs, seasonally adjusted

COMPASS INTERNATIONAL HOLDINGS

Bay Area Jobs Are Growing Again

After 5 years of shrinking employment and out-migration, Bay Area companies are adding jobs again. This is evident in housing demand which turned around mid-2025 in San Francisco, with rising rents and home prices.

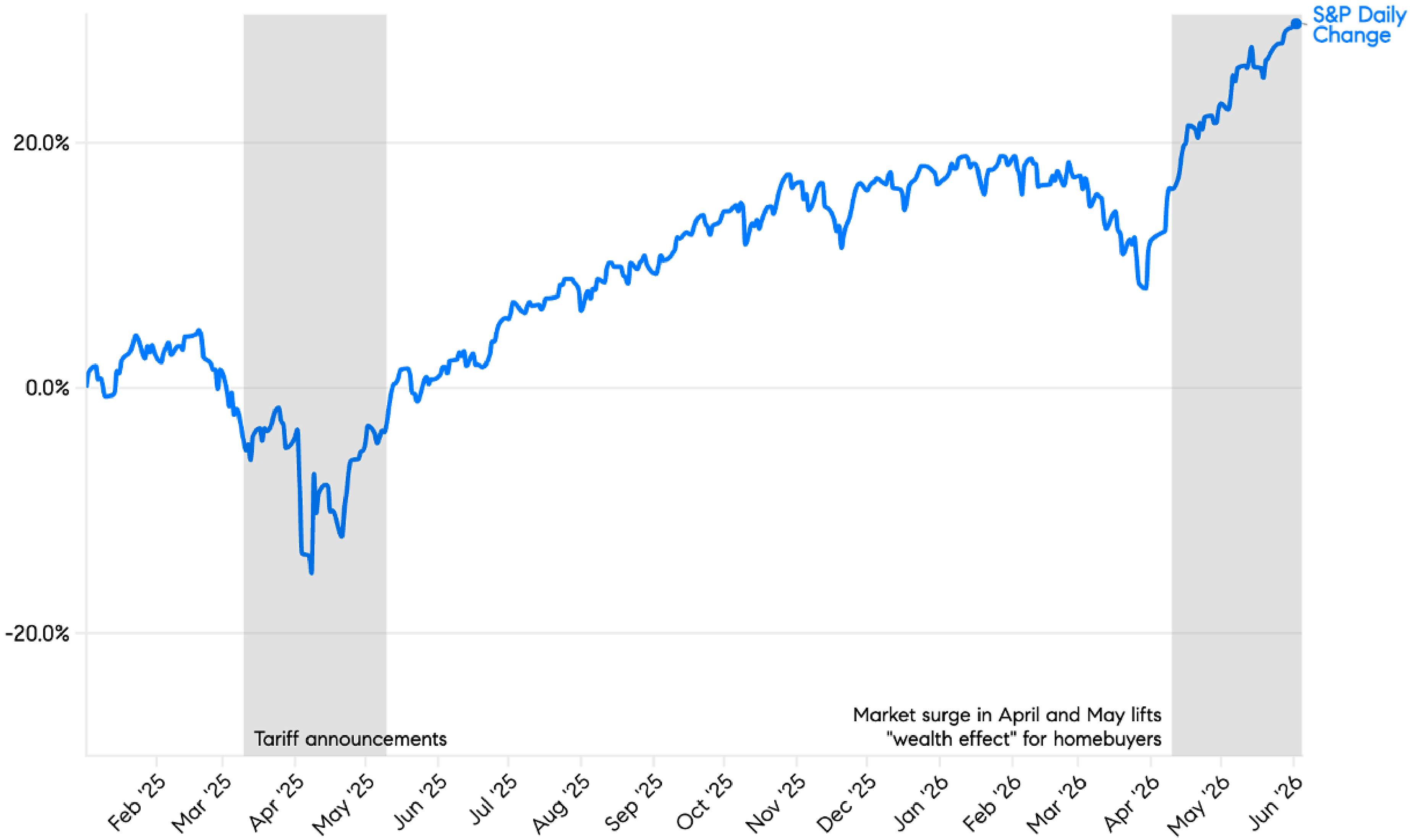


Source: BLS Non-Farm Payrolls, Total jobs, seasonally adjusted

COMPASS INTERNATIONAL HOLDINGS

Stocks Surge to New Highs In May

After war, oil, and inflation fears pushed markets lower in March, April and May stock market resurgence creates a powerful "wealth effect" for potential homebuyers. This is especially true in the Bay Area with AI related market boom and IPOs in the pipeline.

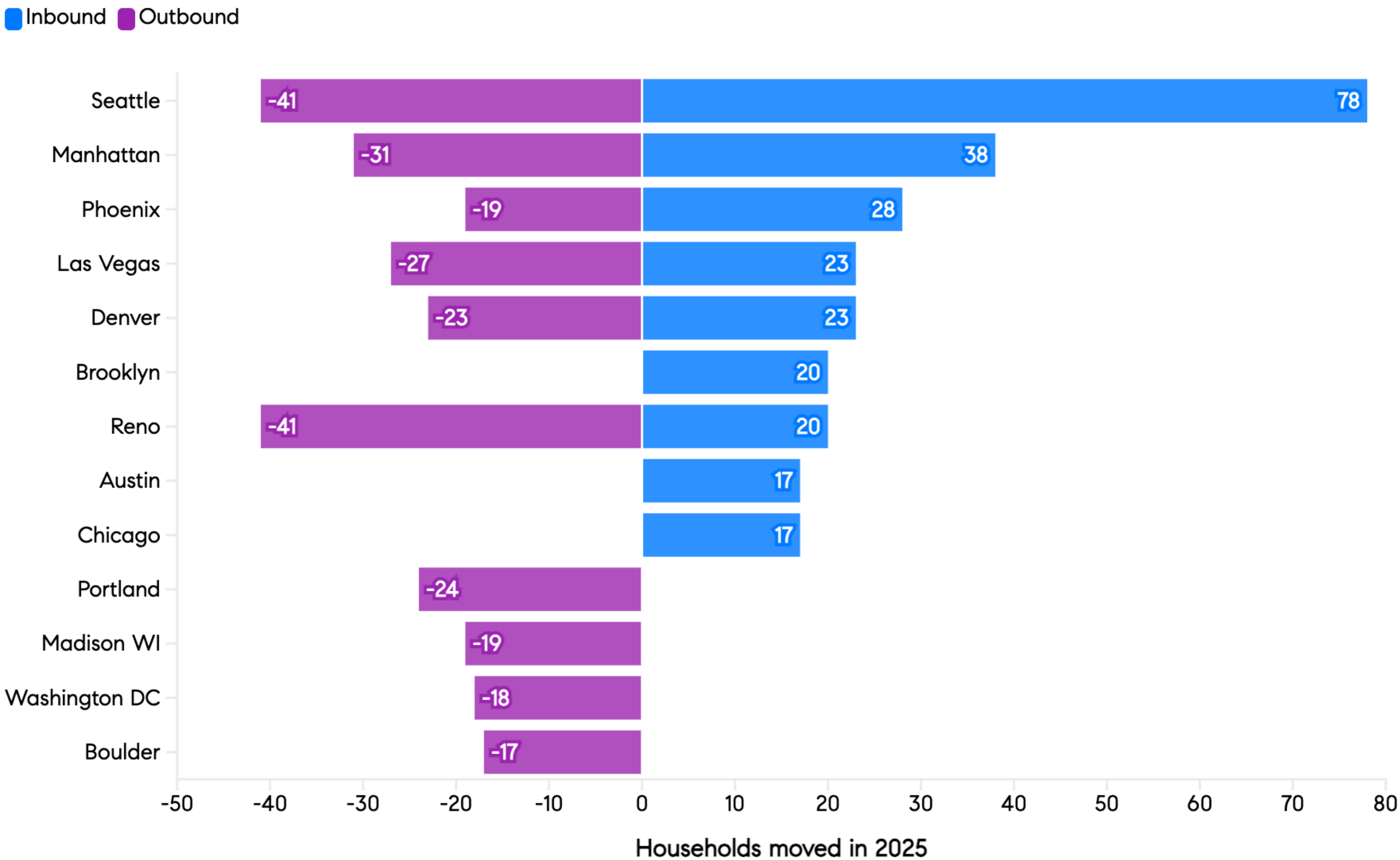


Source: MarketWatch.com
Index change vs. Jan 1. 2025

COMPASS INTERNATIONAL HOLDINGS

Bay Area Migration Sources & Destinations

In 2025, inbound migration to the Bay Area resumed for the first time in many years. Seattle and Austin are net inbound to San Francisco. Lower cost of living cities remain popular destinations for outbound movers.

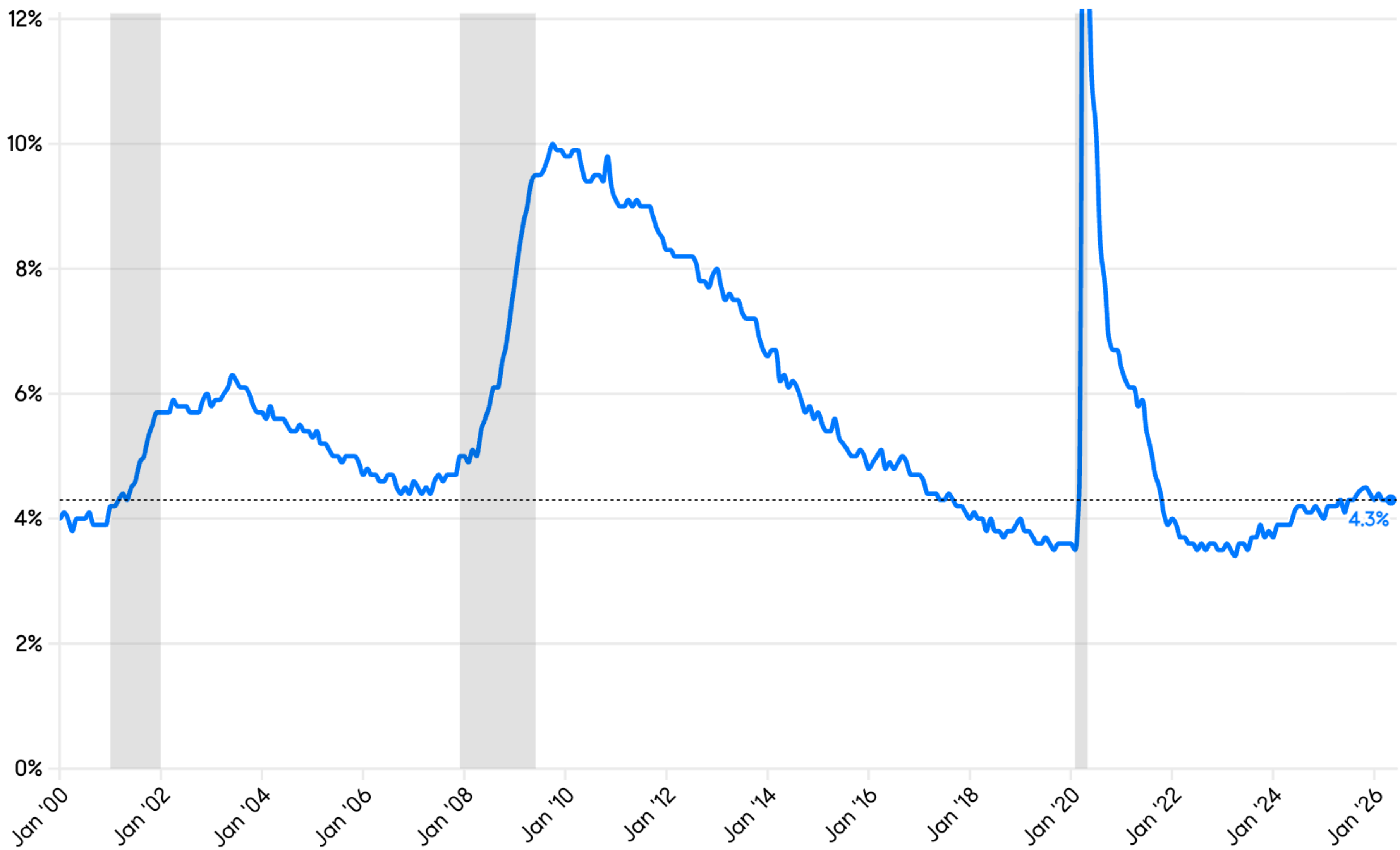


Source: Censai Analytics · Top 10 inbound and outbound counties tracked. Sources include change of address forms and voter registration changes. Likely undercounts

COMPASS INTERNATIONAL HOLDINGS

Low Unemployment Keeps People in Homes

Headline Unemployment (U3) has moved lower since November. In normal housing cycles, rising unemployment creates distressed seller inventory. Unemployment has remained low this cycle, which is one reason for less inventory and fewer home sales. Job creation and the hiring rate are more important drivers of the housing market in 2026.

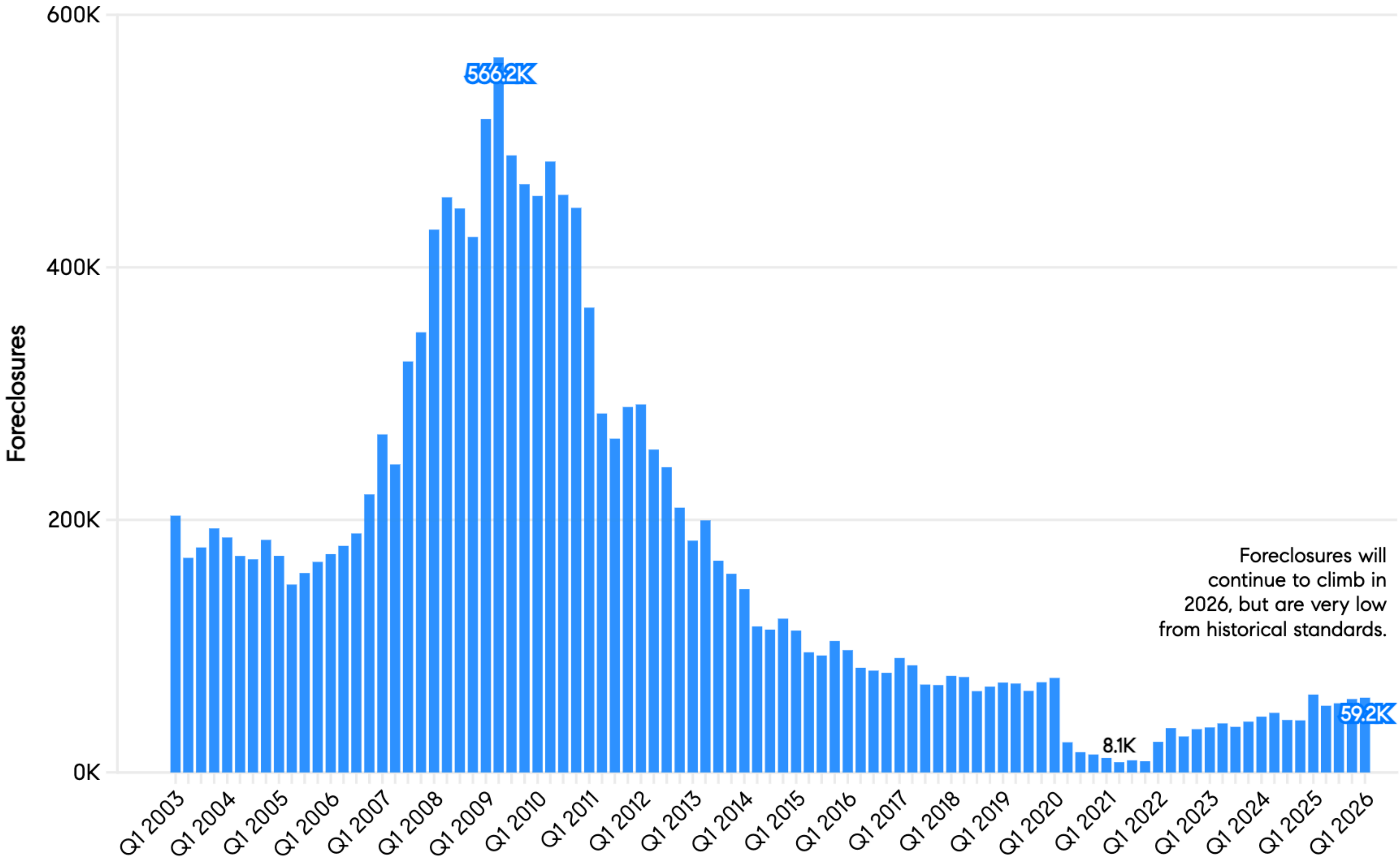


Source: US BLS

COMPASS INTERNATIONAL HOLDINGS

Very Few Foreclosures in 2026

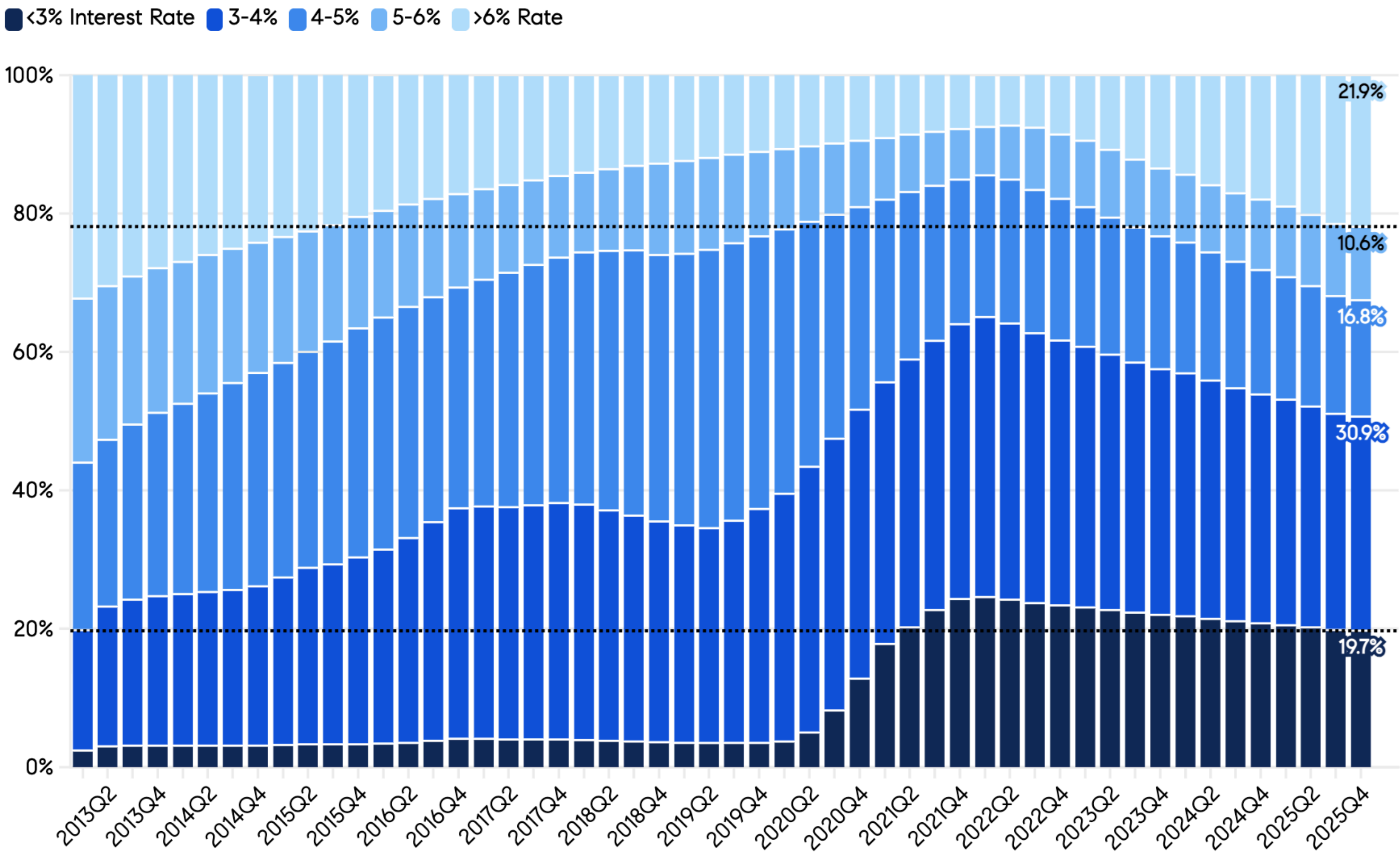
Due to high equity, low locked-in mortgage rates, and low unemployment, foreclosures are likely to stay low for 2026



Source: NY Fed · Homeowners newly in foreclosure, per quarter.

Expensive and Cheap Mortgages

More mortgages now carry a 6-plus% rate than under 3%. Homeowners with very cheap mortgage payments are reluctant to ever sell, so inventory remains tight and sales are fewer than normal. Over time, fewer homeowners are locked-in to ultra low rates and home sales grow.

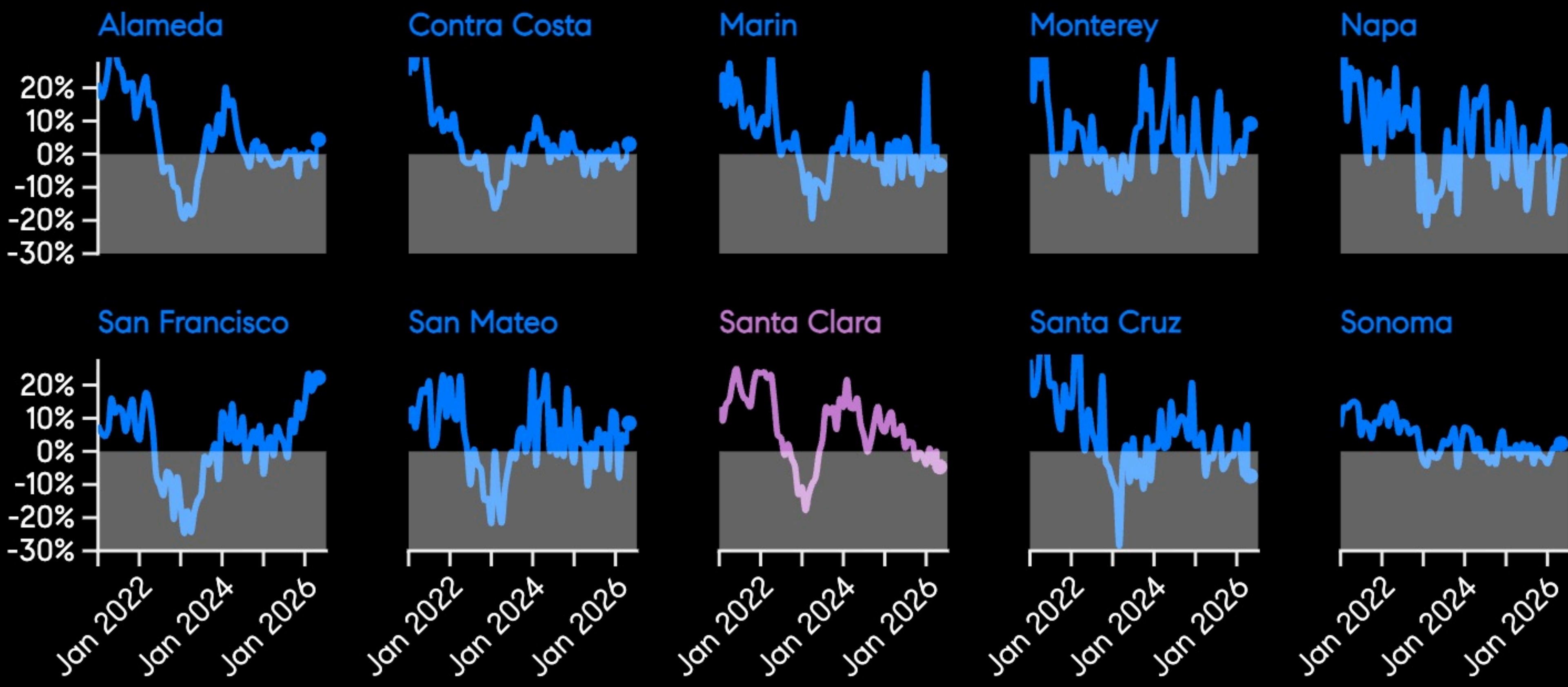


Source: FHFA · All outstanding mortgages, through December 2025

COMPASS INTERNATIONAL HOLDINGS

Home Price Changes Over Time

After a period of strong gains, median home price appreciation in Santa Clara County gradually weakened starting early 2024, becoming negative by October 2025.

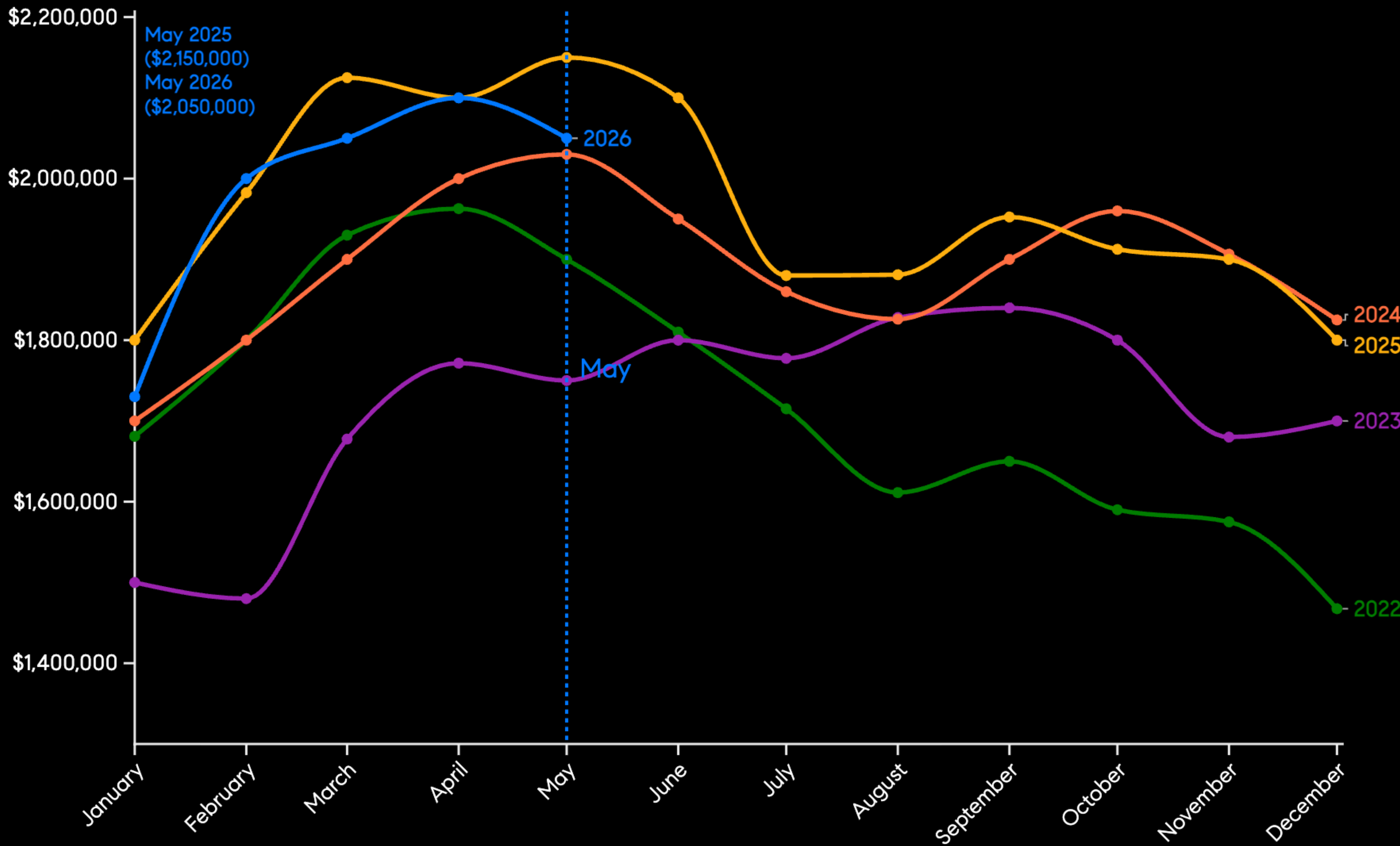


Source: Compass via MLS data · Median sales price for single family homes, change vs same month 1 year prior
Single Family Homes

COMPASS INTERNATIONAL HOLDINGS

Santa Clara County Median Sale Price

Spring 2026 single family home prices remain above $2 million, though May values were 4.7% below the exceptionally strong levels recorded in May 2025.

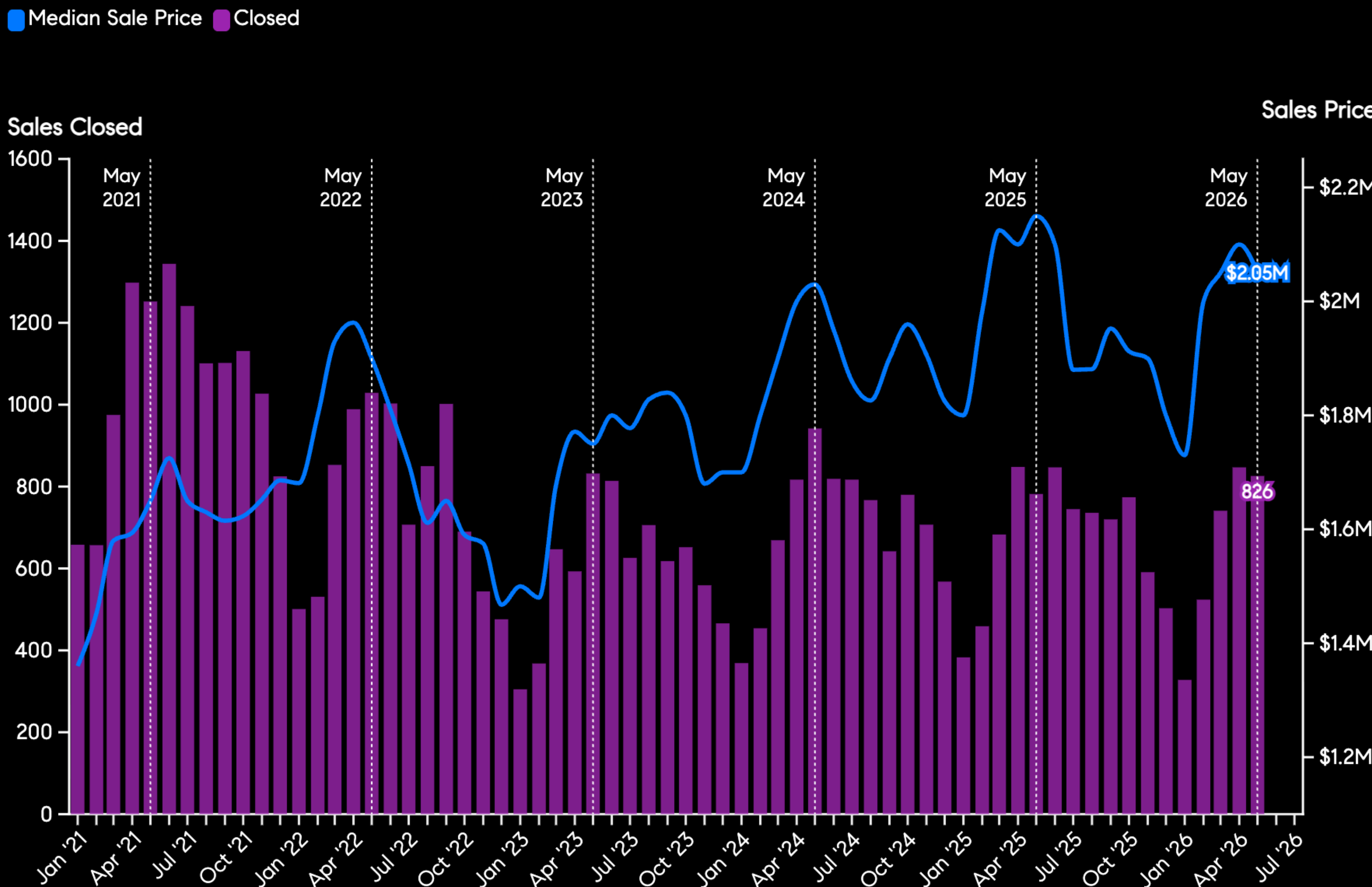


Source: Compass via MLS data · Single Family Homes

COMPASS INTERNATIONAL HOLDINGS

Santa Clara County Single Family Price Trends

Persistent inventory constraints continue to place upward pressure on home prices.

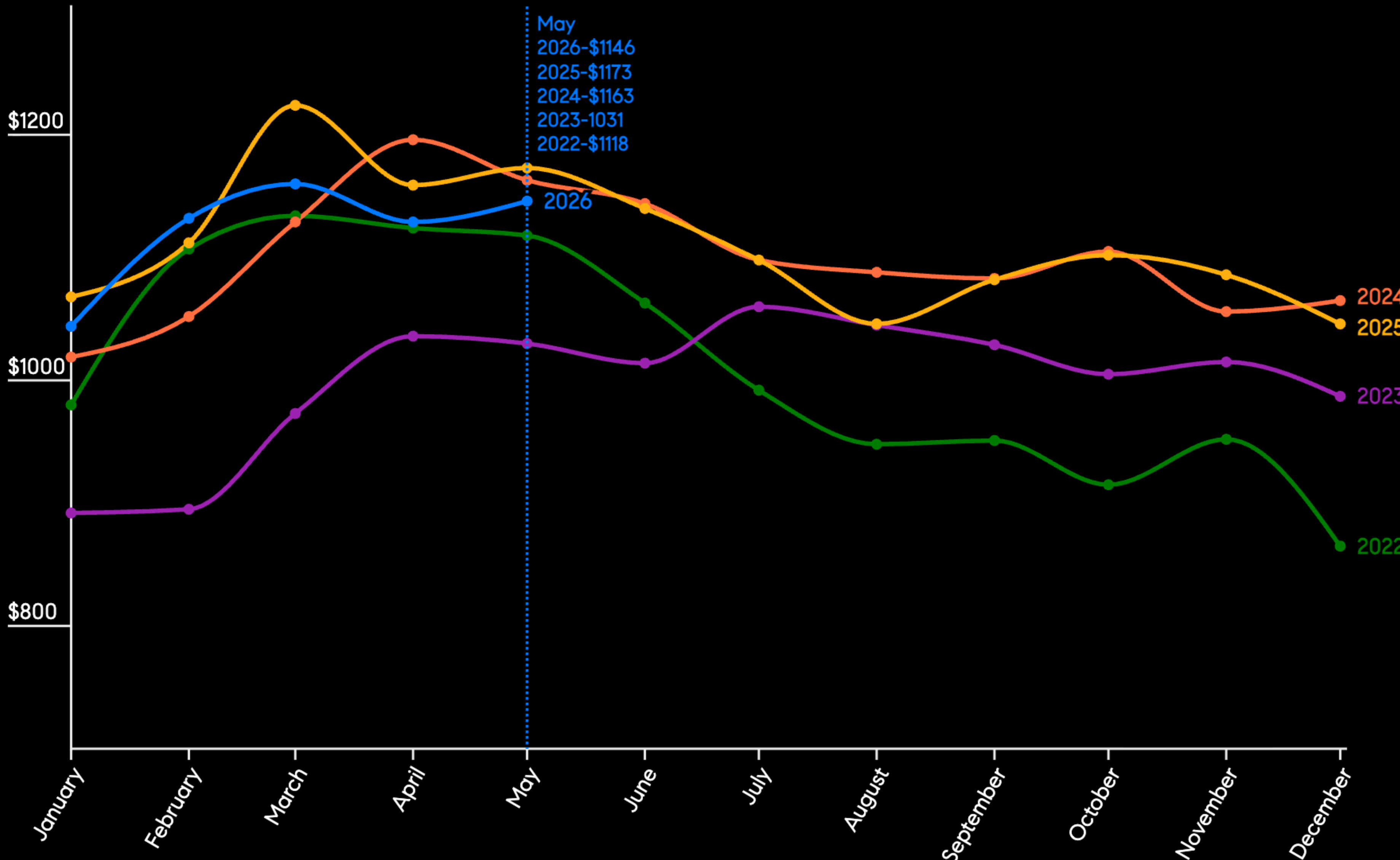


Source: Compass via MLS data · Single Family Homes

COMPASS INTERNATIONAL HOLDINGS

Santa Clara County Median Price Per Square Foot

$psqft for single family homes has remained relatively stable each May, suggesting consistent spring market conditions, while fall values have experienced greater year-to-year volatility.

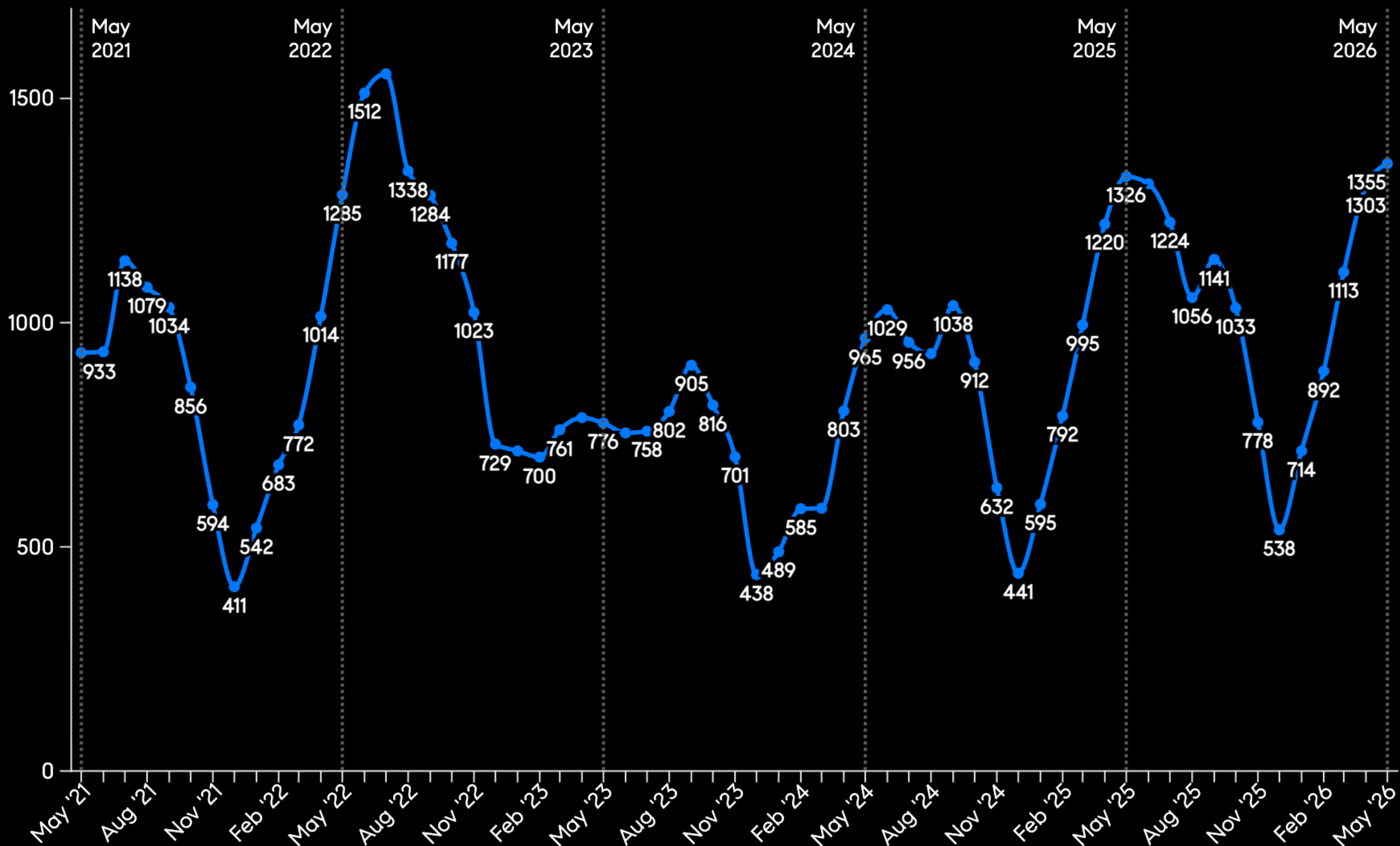


Source: Compass via MLS · Single Family Homes

COMPASS INTERNATIONAL HOLDINGS

Santa Clara County Active Listings

Single family home inventory continues to build through spring 2026, reaching its highest May level in recent years.



Source: Compass via MLS · Single Family Homes

COMPASS INTERNATIONAL HOLDINGS

Local Santa Clara

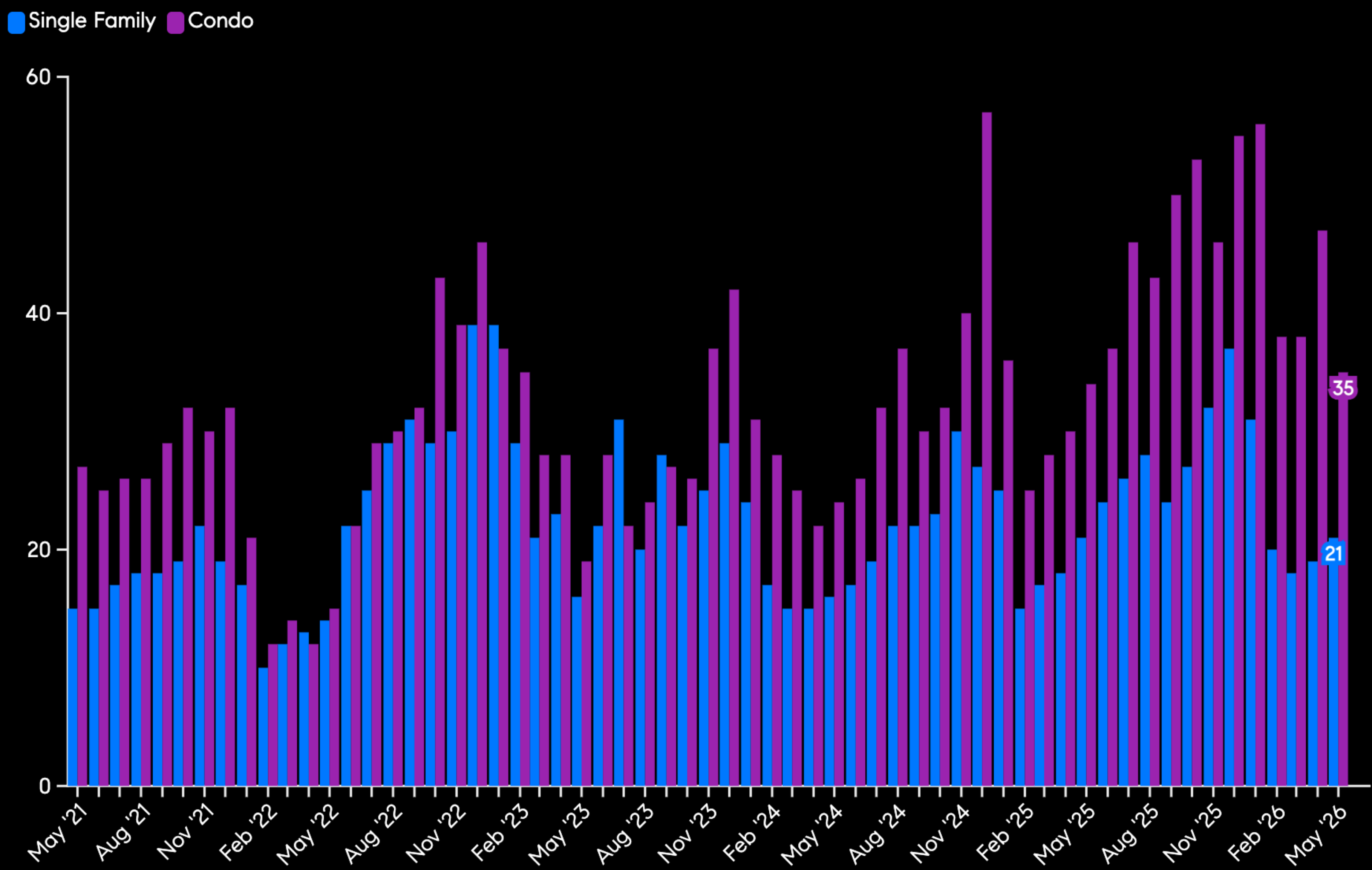
May 12 month rolling average for single family homes

Neighborhood	Median Sale Price	% Change	PPSFT	Closed Sales	% Change	Pendings
Gilroy	$1,115,000	0.5	514	315	0.3	319
Morgan Hill	$1,500,000	0	665	427	2.2	443
Milpitas	$1,635,000	-0.9	995	201	0	197
San Martin	$1,680,000	0	815	31	-6.1	33
Campbell	$2,105,500	-0.6	1,218	192	-3	196
Sunnyvale	$2,615,000	0.2	1,517	504	1	514
Mountain View	$2,700,000	1.9	1,599	230	0.4	227
Cupertino	$3,400,000	0.3	1,658	220	0.9	216
Palo Alto	$3,927,500	0.7	2,058	427	2.6	421
Saratoga	$4,300,000	-1.2	1,574	212	-3.6	218
Los Altos	$4,780,000	0	1,940	300	1.4	298
Los Altos Hills	$5,438,000	0.7	1,577	106	2.9	105

Source: Compass via MLS · Single Family Homes

Average Days on Market

Sales velocity remains similar to 2025, with single-family homes continuing to outperform condos. Meanwhile, condo DOM have steadily increased over the past four years, suggesting softer demand within the segment.

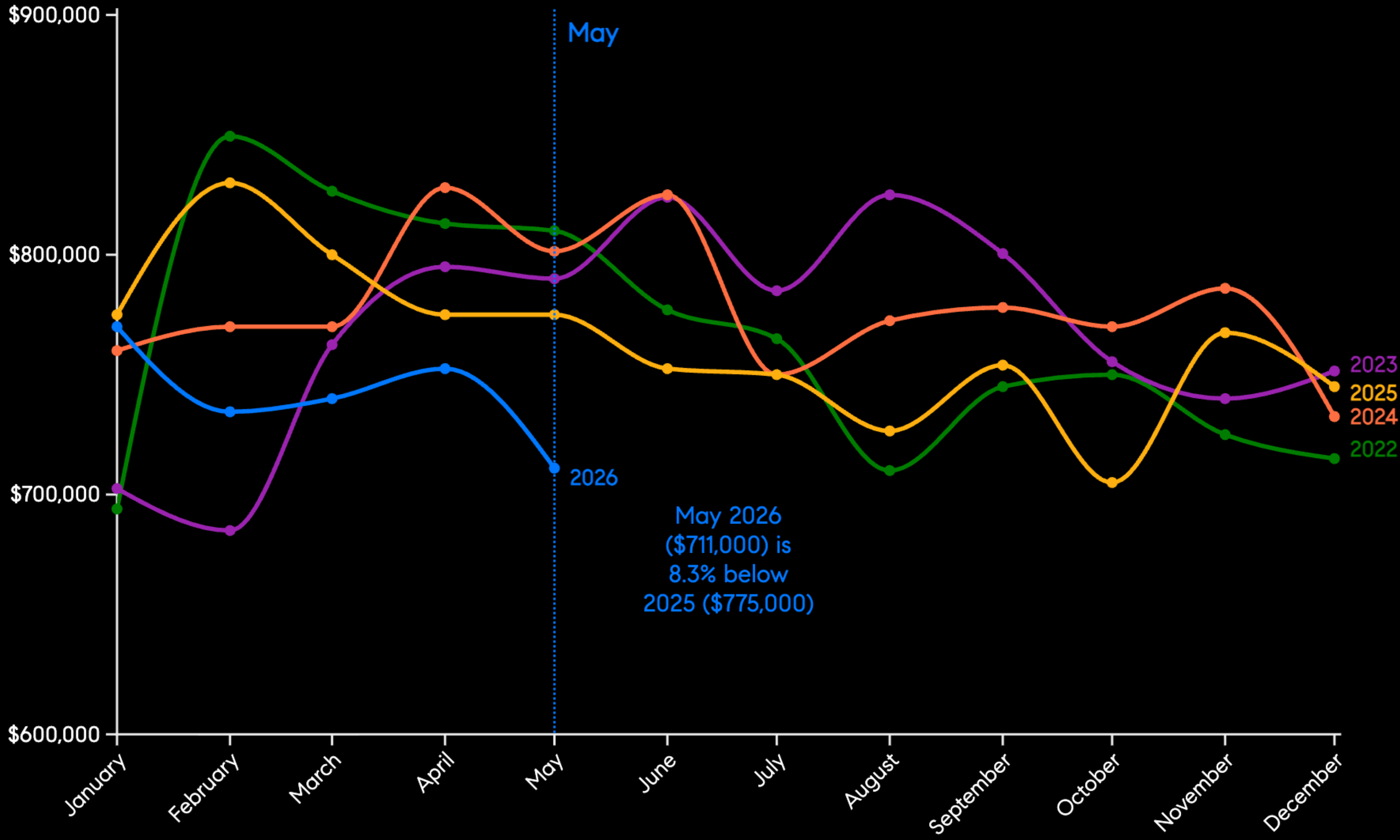


Source: Compass via MLS

COMPASS INTERNATIONAL HOLDINGS

Santa Clara County Median Sale Price

Price growth for condos has had a modest decline in 2026, with median sale prices trailing the seasonal highs reached in recent years.

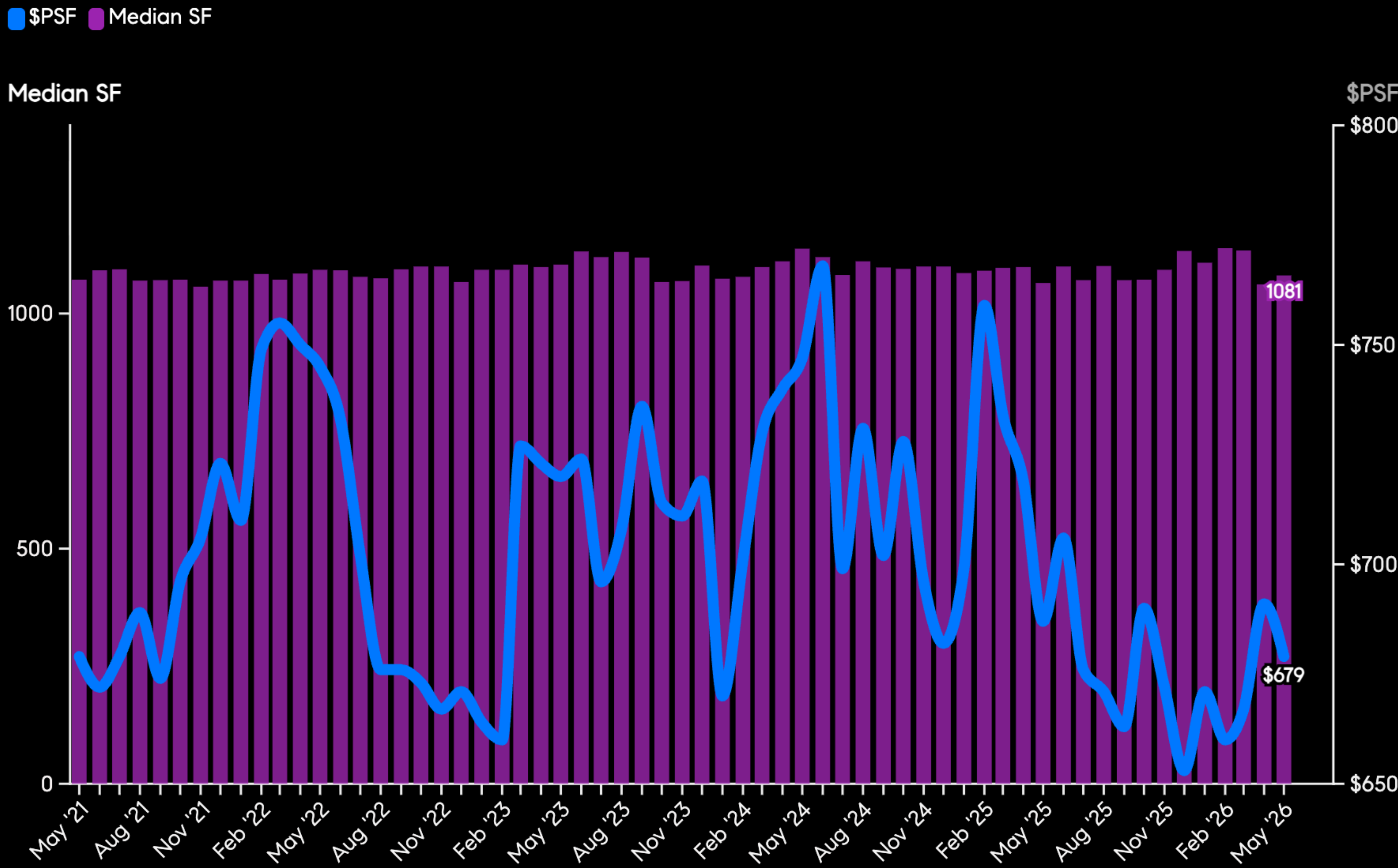


Source: Compass via MLS data · Condo

COMPASS INTERNATIONAL HOLDINGS

Condo Price Per Square Foot in Santa Clara County

After peaking in June 2024 at $768 $psf has trended lower, signaling softer pricing conditions for condos in 2026.

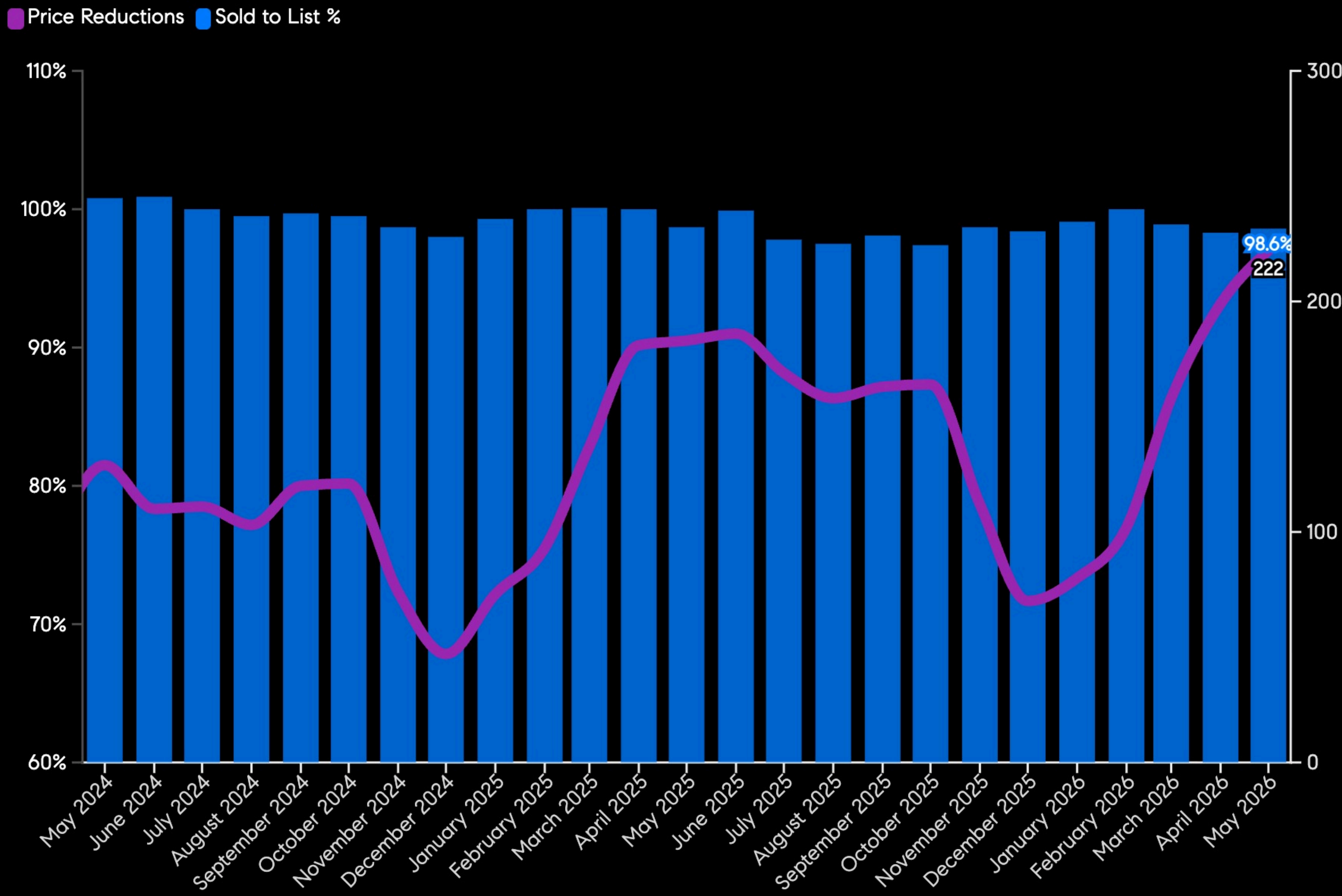


Source: Compass via MLS data · Condos

COMPASS INTERNATIONAL HOLDINGS

Santa Clara County Sold to List Percent

Price cuts are rising for condos, but sale-to-list-price ratios remain resilient.

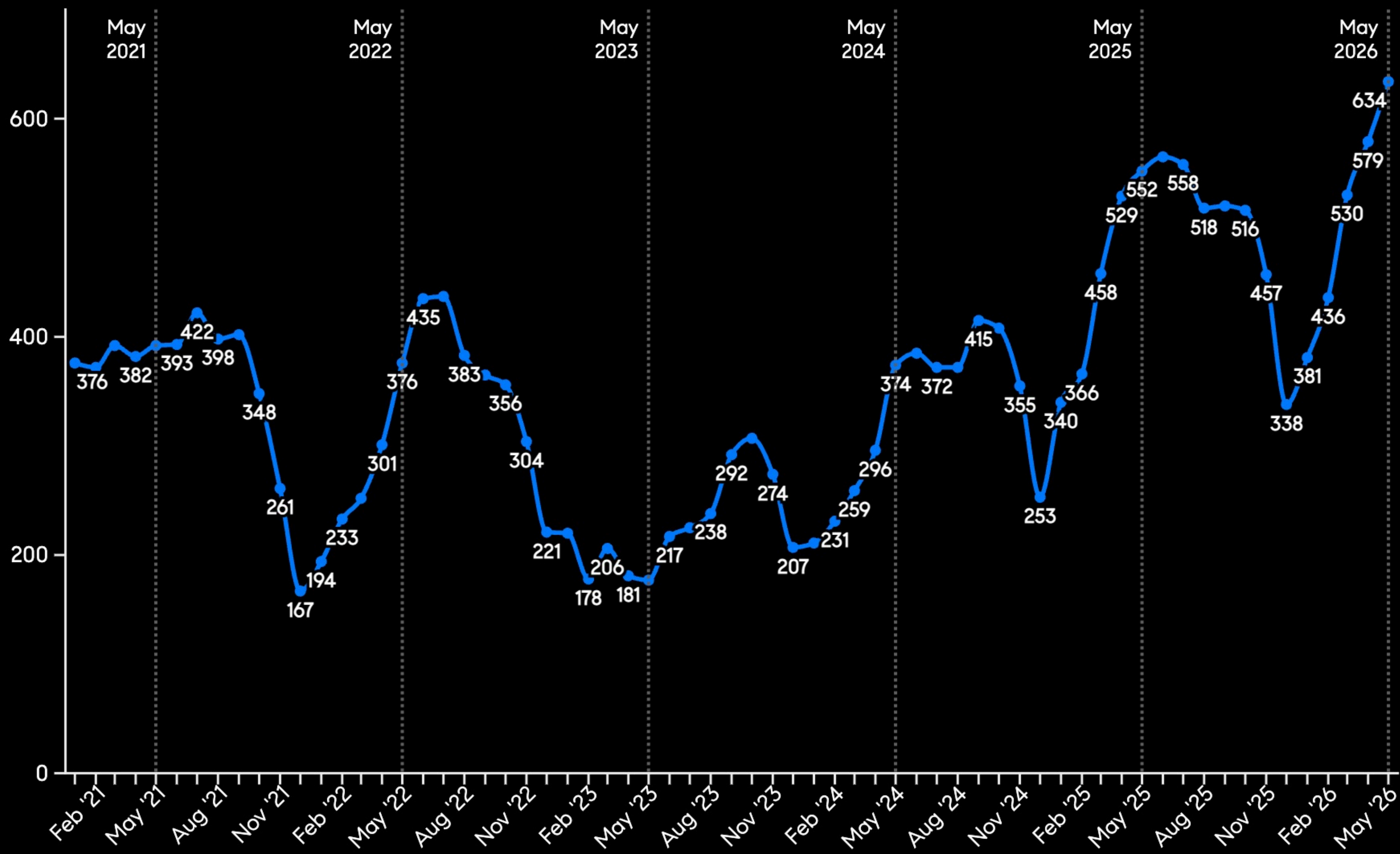


Source: Compass via MLS · Condos

COMPASS INTERNATIONAL HOLDINGS

Santa Clara County Active Listings

Condo inventory continues to build through spring 2026, reaching its highest May level in recent years.



Source: Compass via MLS · Condos

COMPASS INTERNATIONAL HOLDINGS

Local Santa Clara County

May 12 month rolling average for condos

Neighborhood	Median Sale Price	% Change	PPSFT	Closed Sales	Pendings
Campbell	$700,000	2.9	732	42	39
Milpitas	$751,000	0.1	666	53	49
Mountain View	$800,000	-2.4	827	120	107
Sunnyvale	$850,000	0.1	815	116	110
Morgan Hill	$885,000	-1.7	527	47	49
Saratoga	$1,020,000	-11.3	822	15	17
Cupertino	$1,025,000	2.5	903	23	21
Palo Alto	$1,395,000	1.2	1,031	99	98
Los Altos	$1,740,000	-1.7	1,457	45	44

Source: Compass via MLS · Condos

Agent Name

Agent Title
M: 000.000.0000
O: 000.000.0000
agent.email@compass.com