COMPASS

June 2026 Monterey 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.

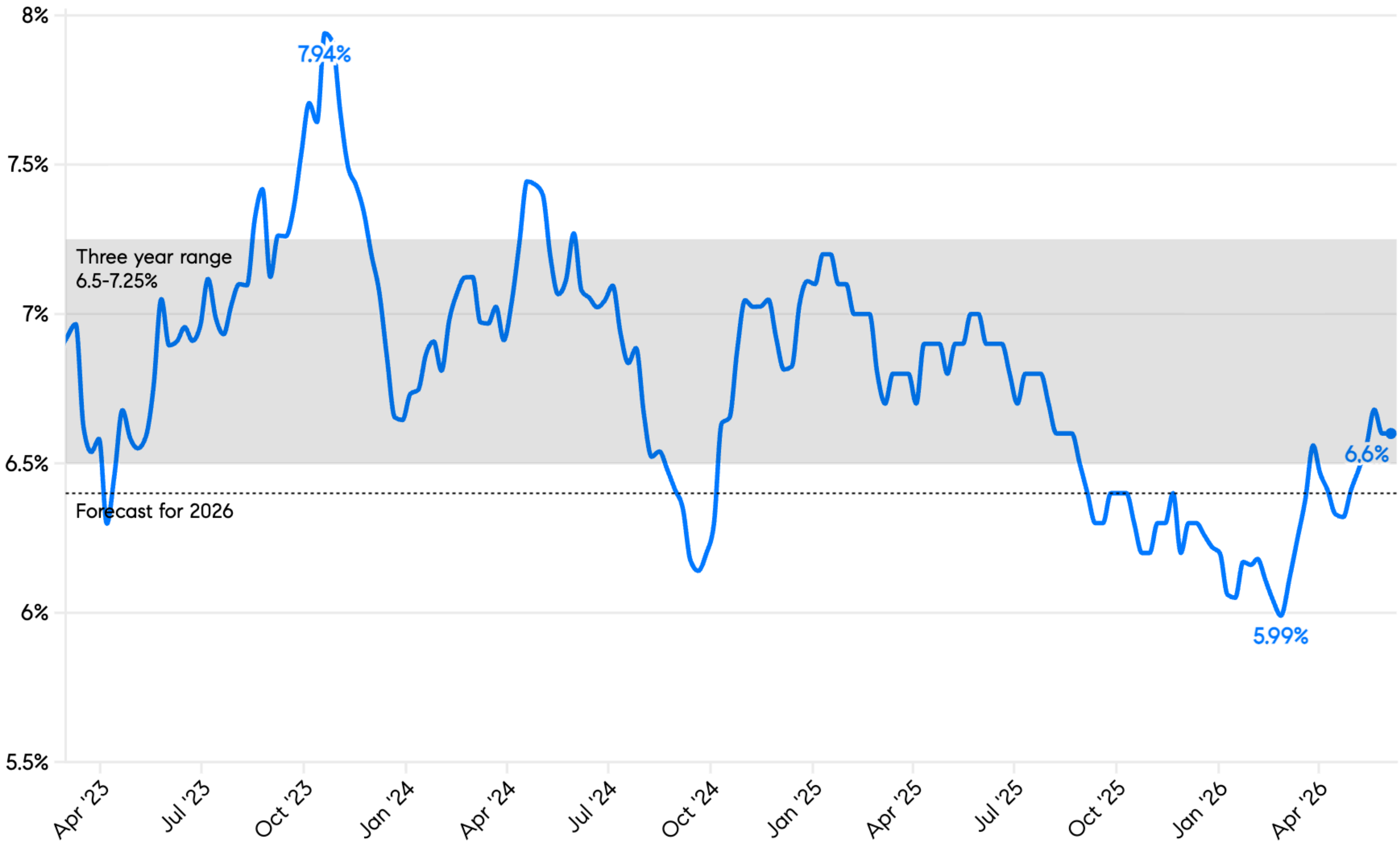
While the city dominates the headlines, many areas have not seen the massive wealth effect driving home buying demand like the city has. In this cycle, this resurgent demand is so far concentrated to a very small section in the city, and luxury markets in Peninsula and Marin.

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.

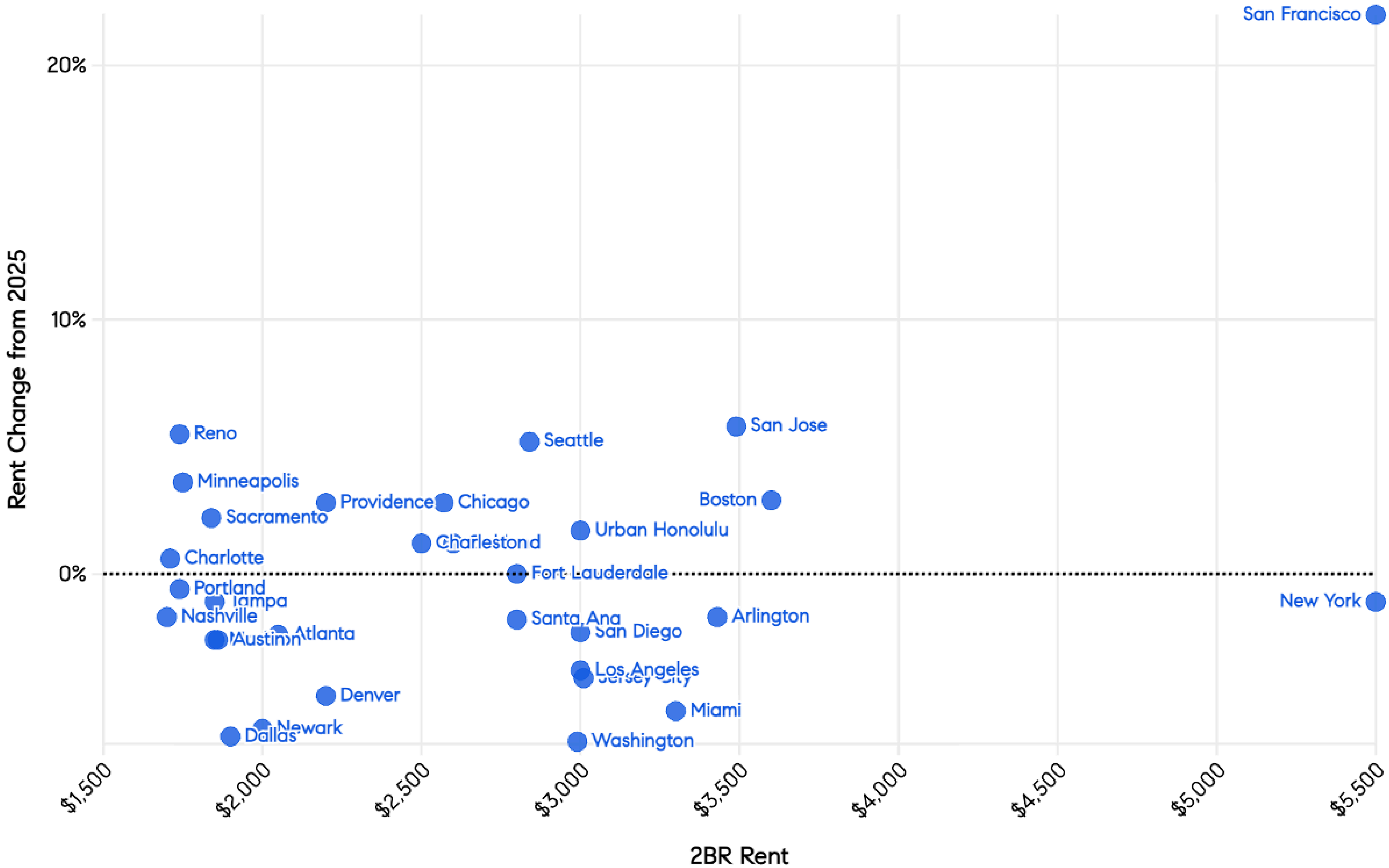


Source: Mortgage News Daily, Compass

COMPASS INTERNATIONAL HOLDINGS

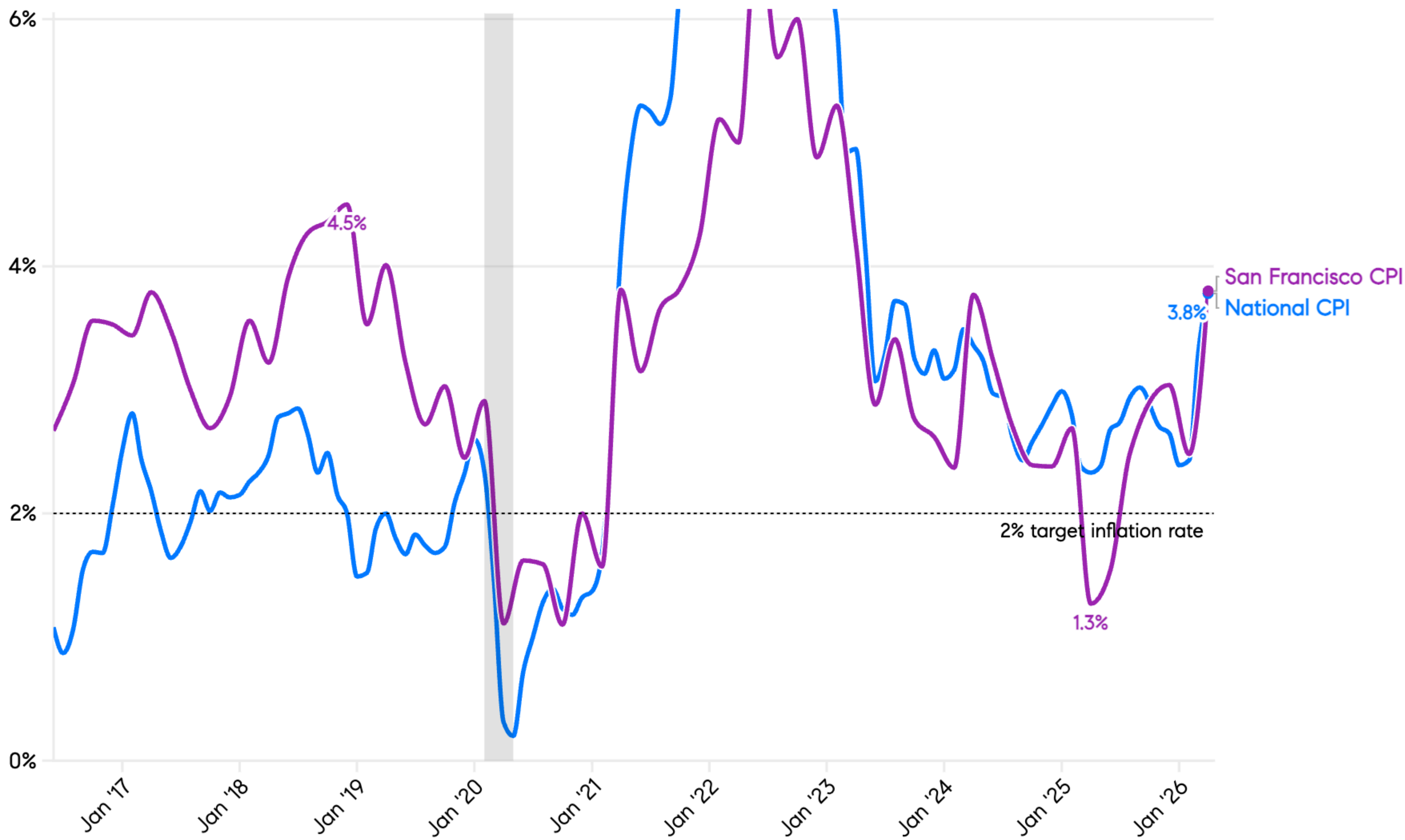
Dramatic Rent Cost Increases in San Francisco

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.

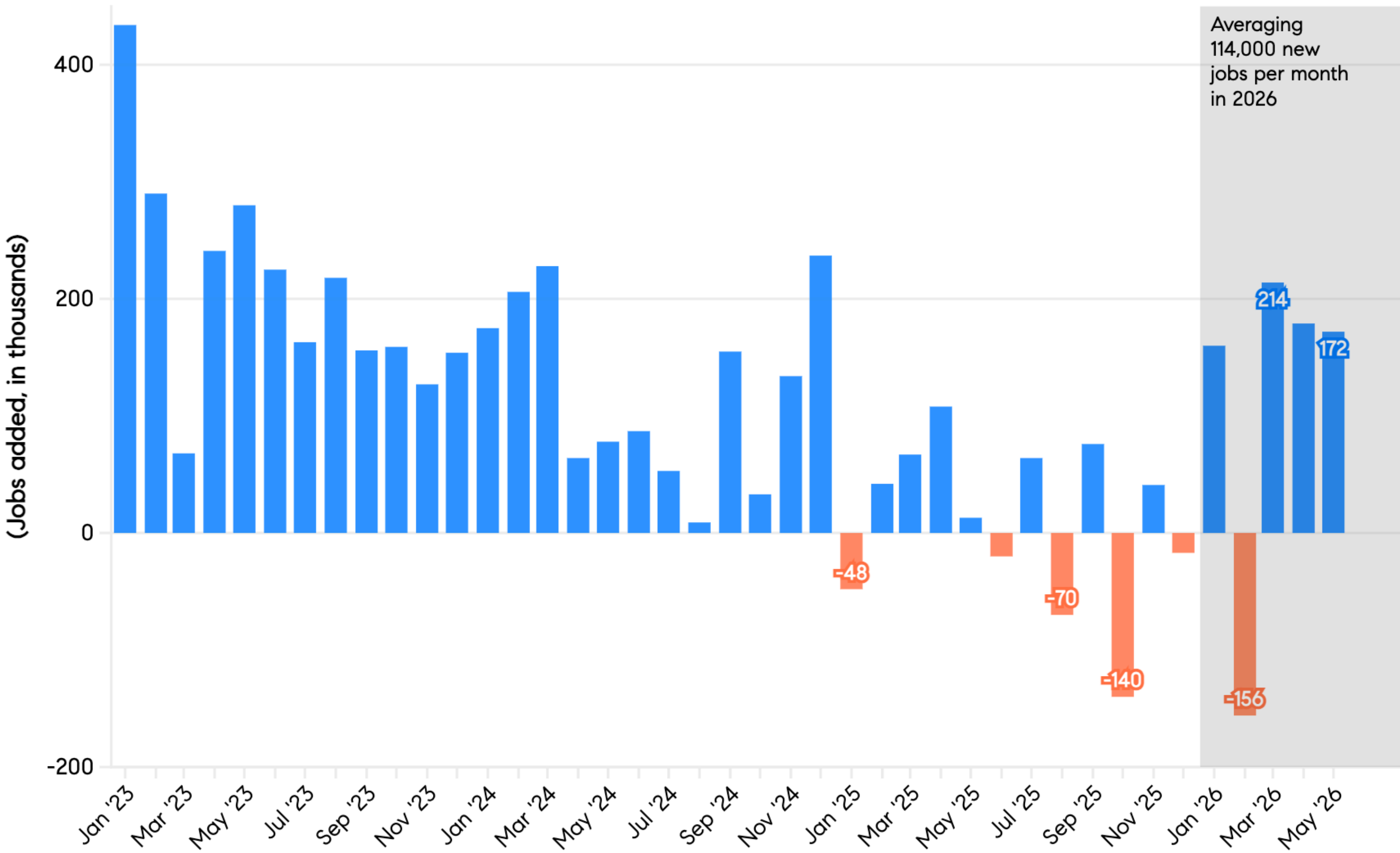


Source: US BLS, BEA

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.

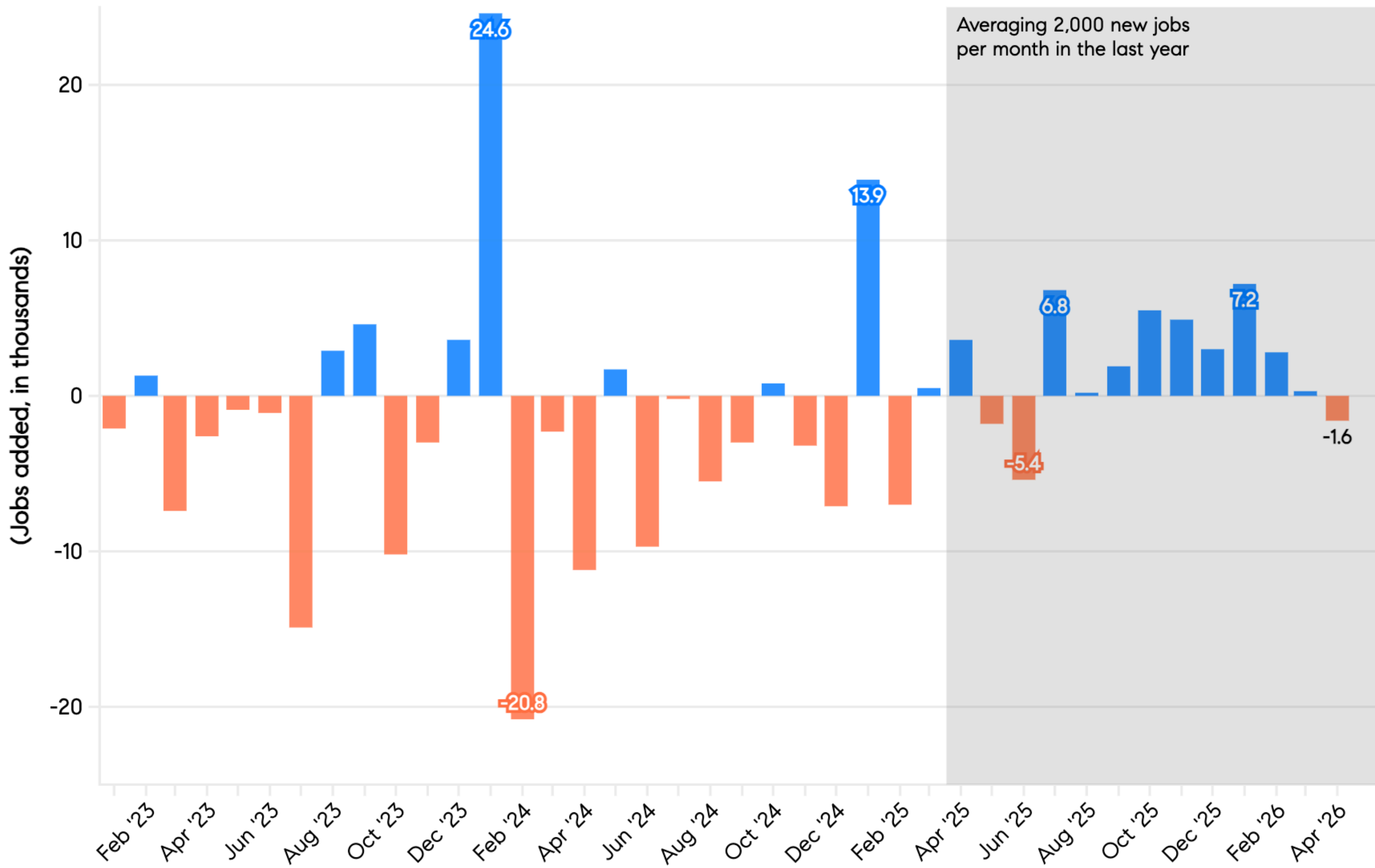


Source: BLS Non-Farm Payrolls, Total jobs, seasonally adjusted

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.

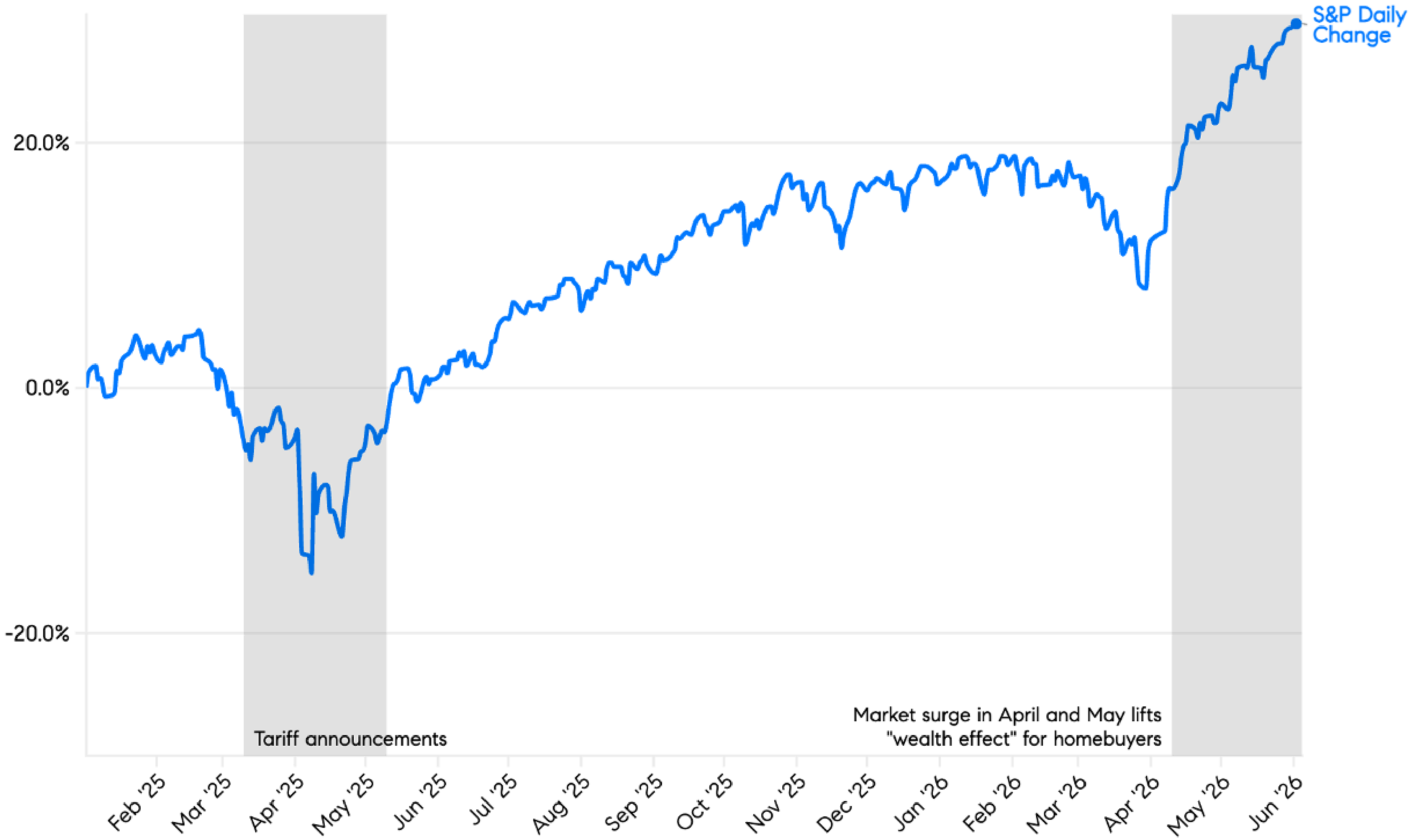


Source: BLS Non-Farm Payrolls, Total jobs, seasonally adjusted

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.

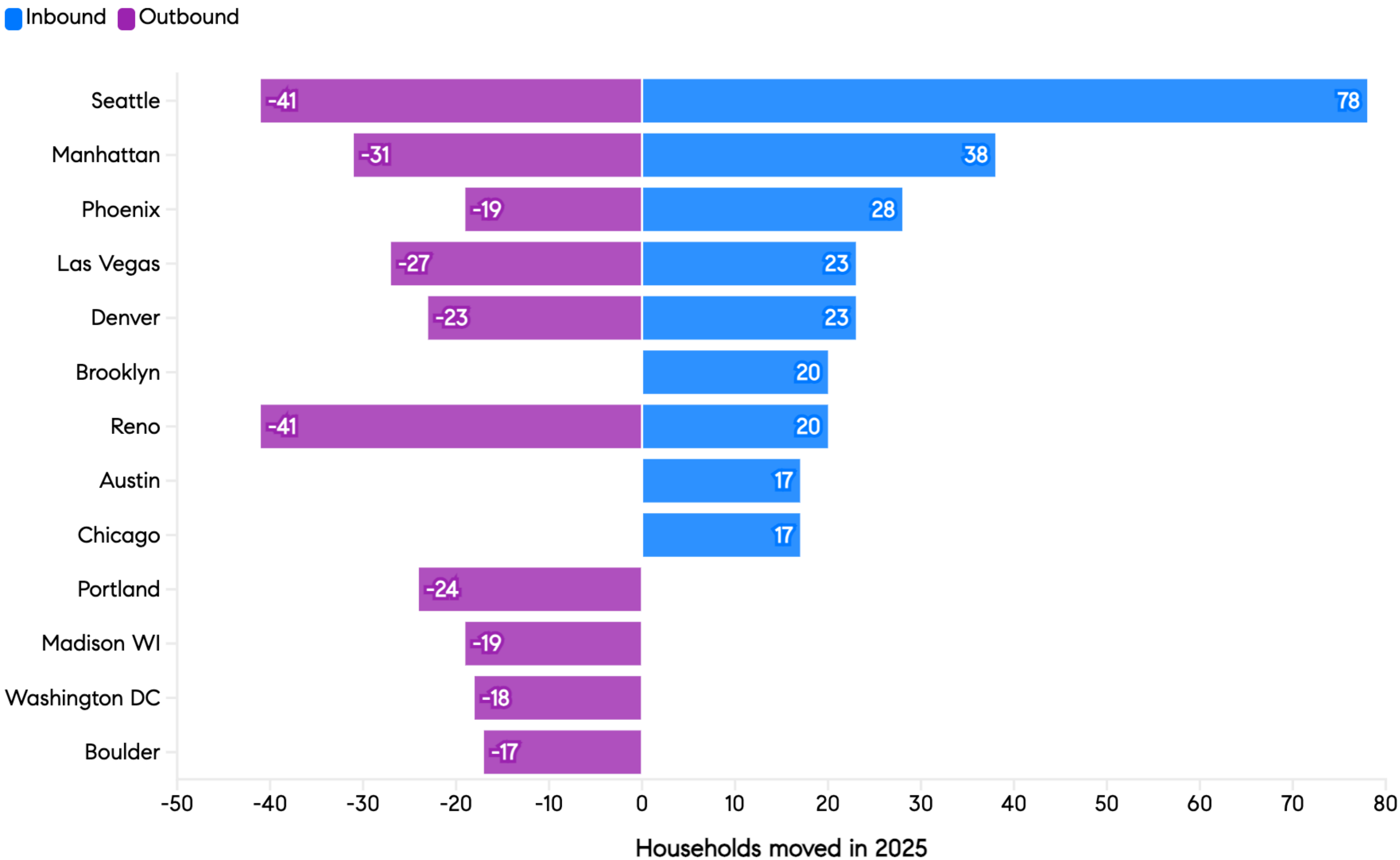


Source: MarketWatch.com
Index change vs. Jan 1. 2025

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.

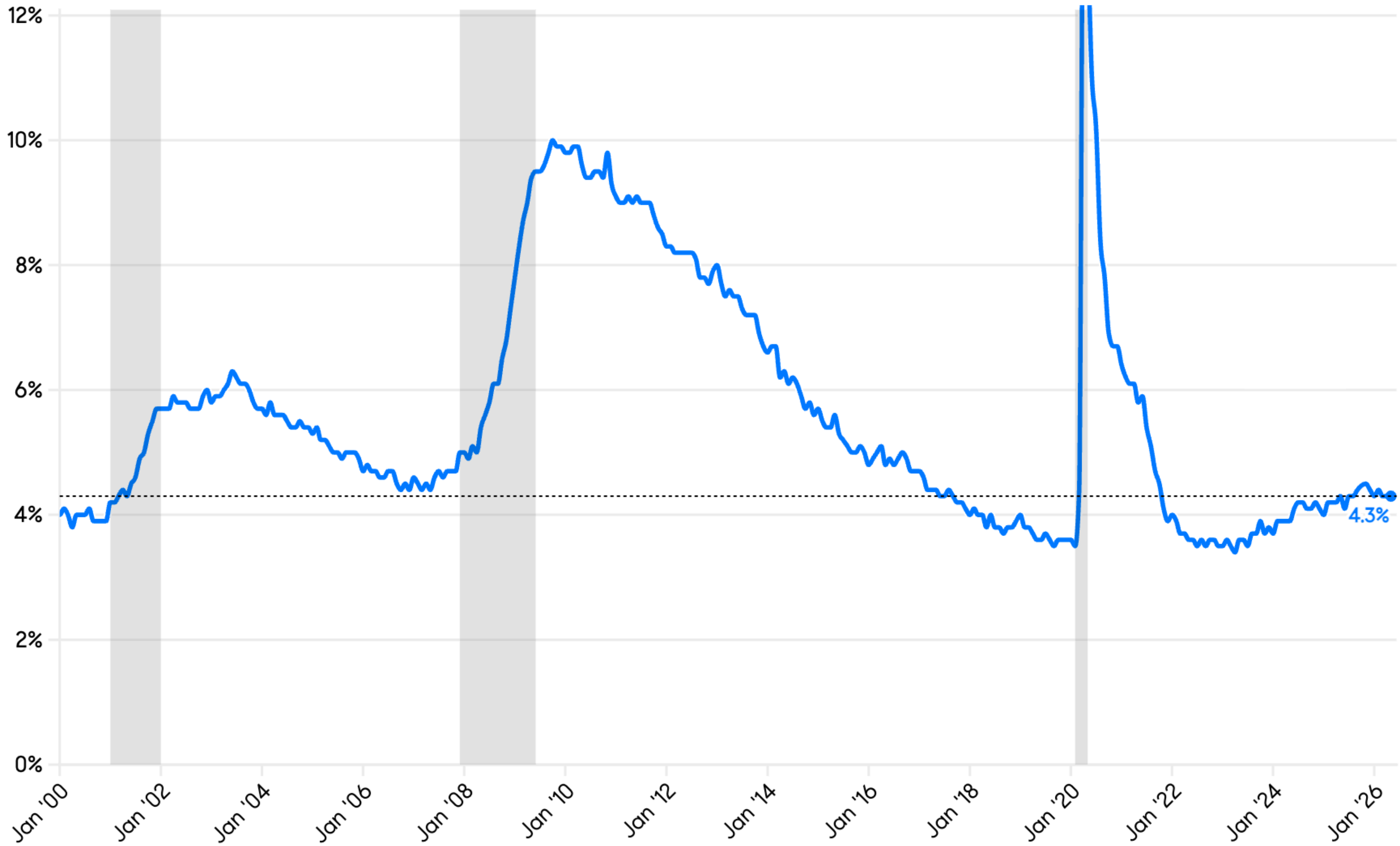


Source: Censai Analytics · Top 10 inbound and outbound counties tracked. Sources include change of address forms and voter registration changes. Likely undercounts

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.

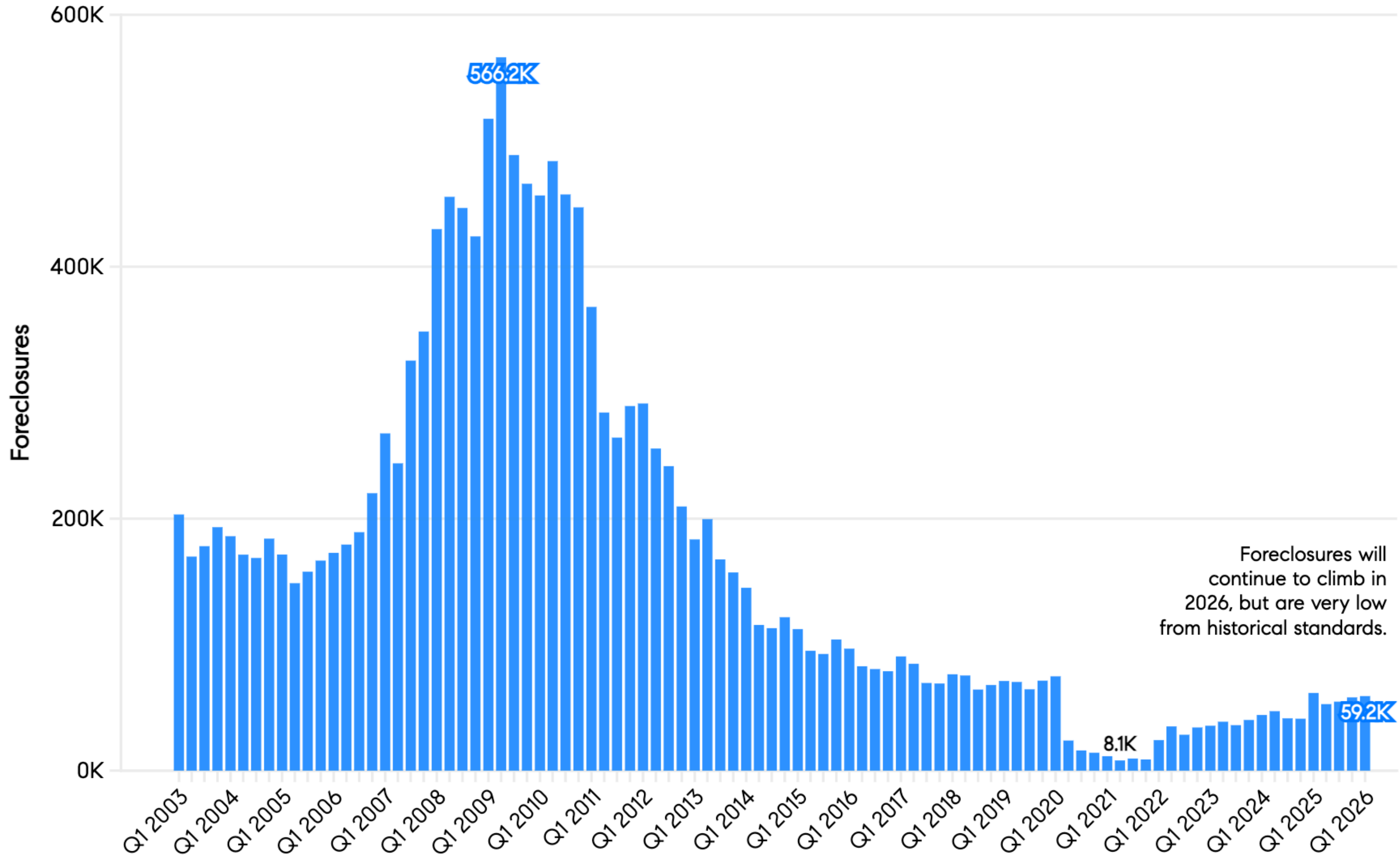


Source: US BLS

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

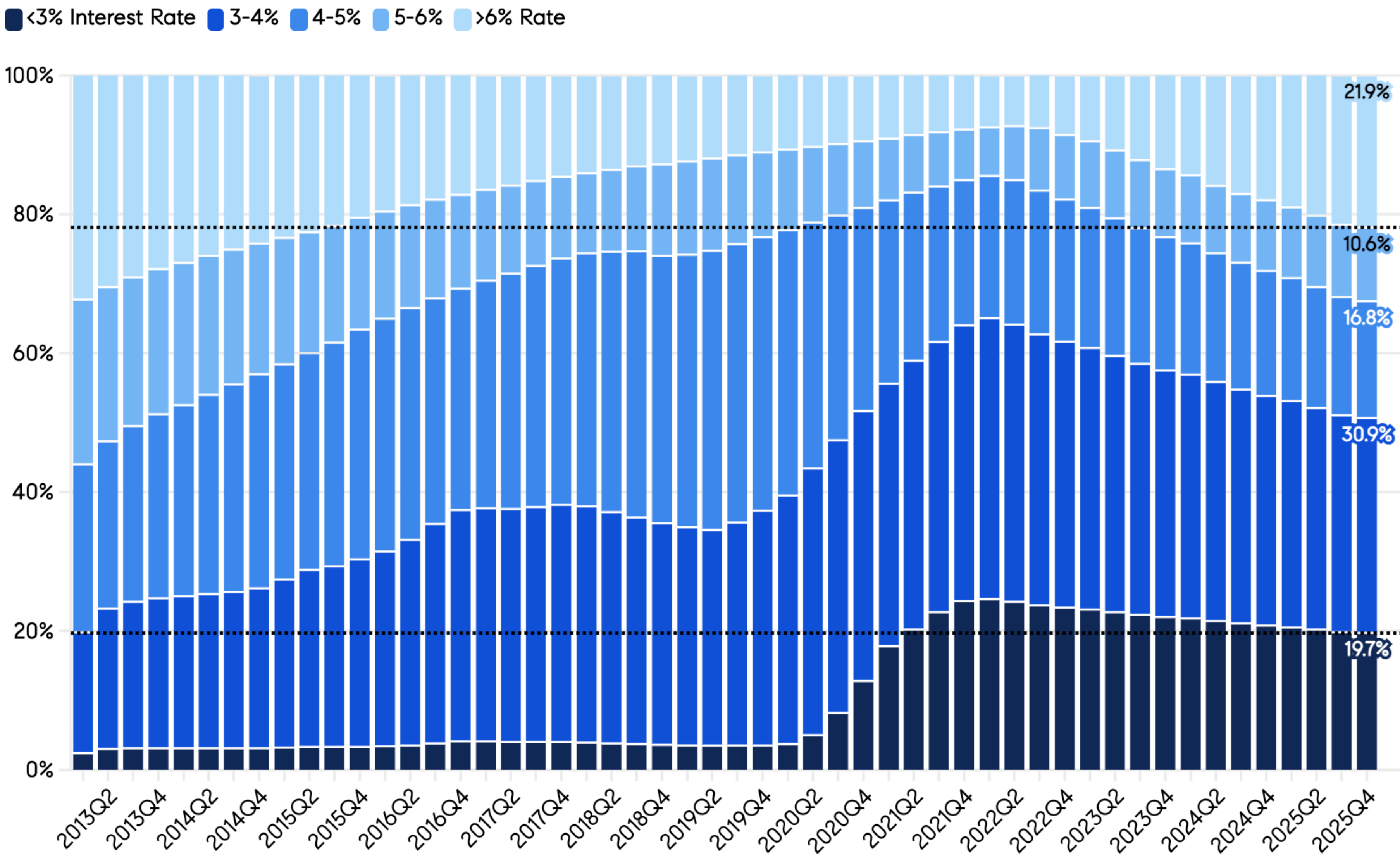


Source: NY Fed · Homeowners newly in foreclosure, per quarter.

COMPASS INTERNATIONAL HOLDINGS

Expensive and Cheap Mortgages

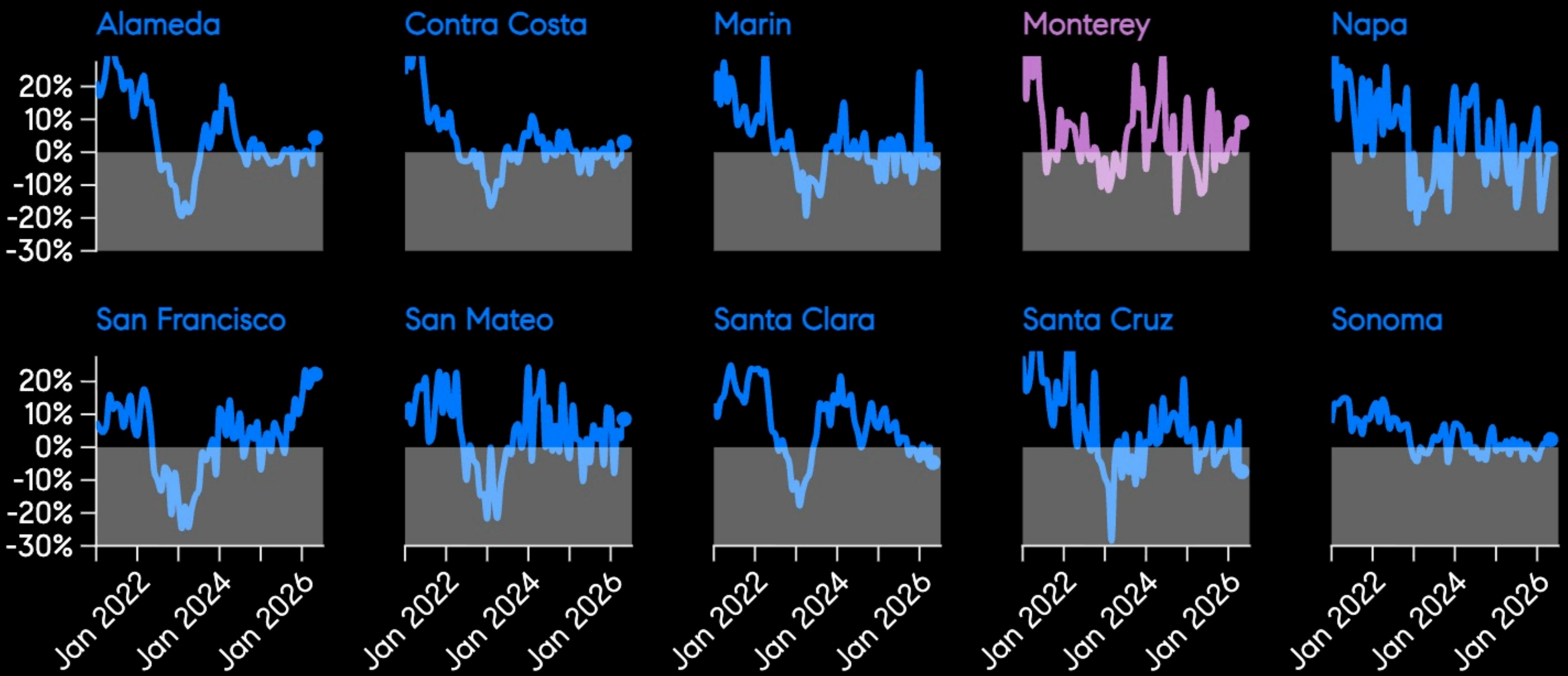
More mortgages now carry a 6-plus% rate than under 3%. Homeowners with very cheap mortgage payments are reluctant to ever sell, so inventory remains tight and sales are fewer than normal. Over time, fewer homeowners are locked-in to ultra low rates and home sales grow.



Source: FHFA · All outstanding mortgages, through December 2025

Home Price Changes Over Time

Recent appreciation trends in Monterey County suggest a relatively balanced market, with home values showing limited long-term momentum in either direction

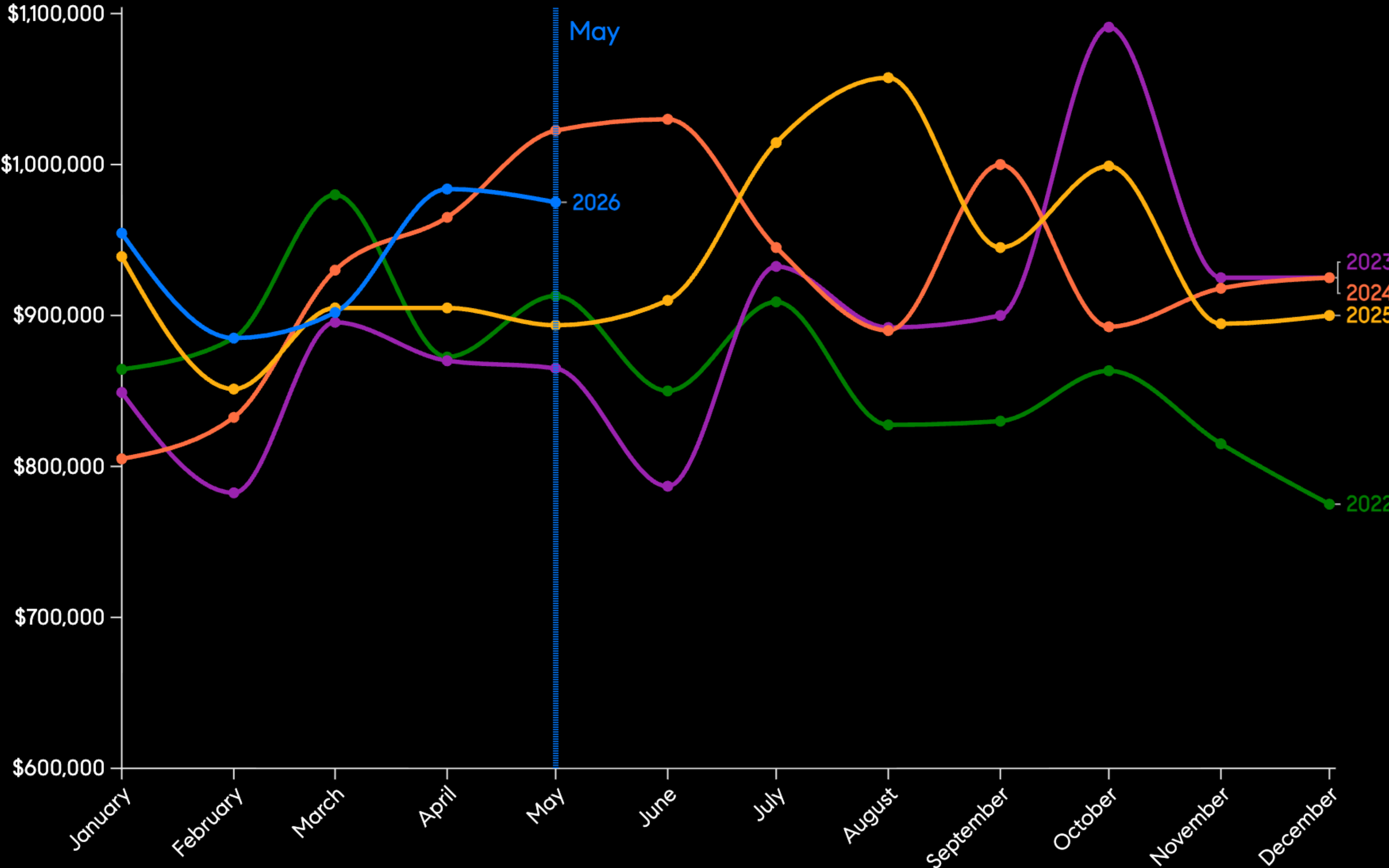


Source: Compass via MLS data · Median sales price for single family homes, change vs same month 1 year prior
Single Family Homes

COMPASS INTERNATIONAL HOLDINGS

Monterey Median Home Price

Unlike many Bay Area markets, Monterey County displays modest seasonal price fluctuations. May 2026 ($(975,00) pricing is stronger than earlier years but below 2024 ($1,022,500).

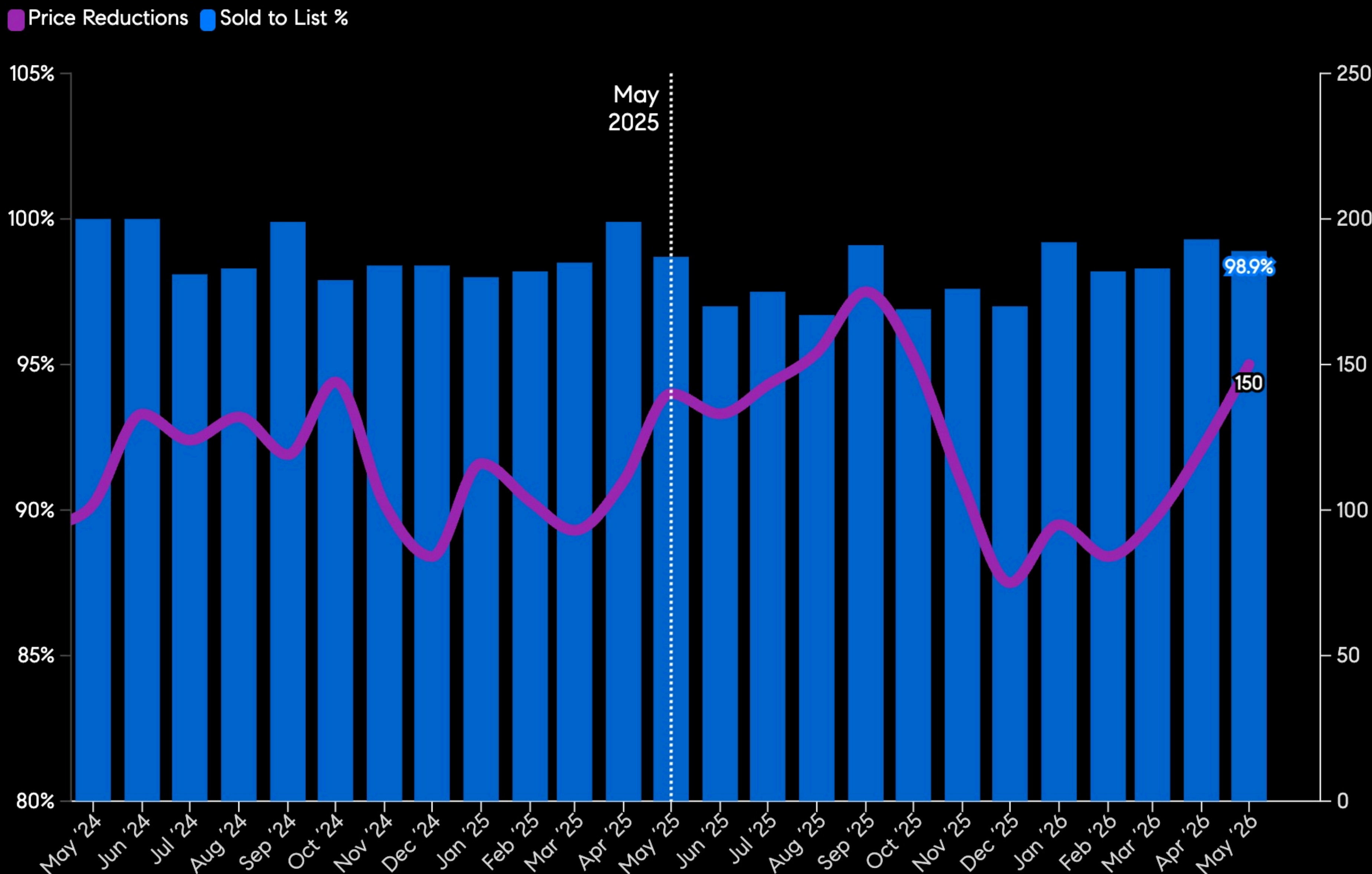


Source: Compass via MLS · Single Family

COMPASS INTERNATIONAL HOLDINGS

Monterey County Sale to List Ratio

Single-family homes are selling near asking price, while both price reductions and sale-to-list-price ratios are in line with May 2025 levels.

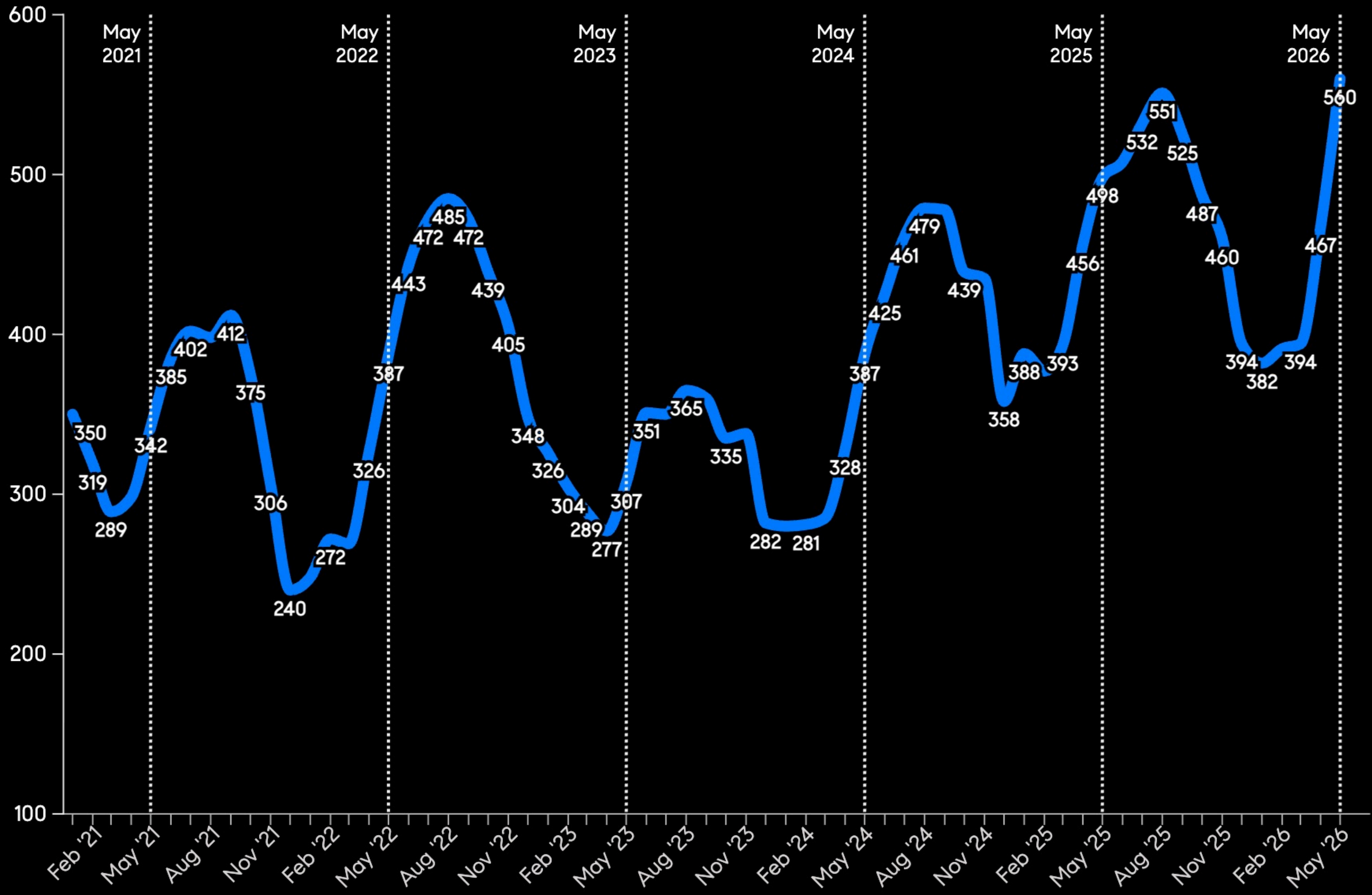


Source: Compass via MLS · Single family homes

COMPASS INTERNATIONAL HOLDINGS

Inventory and Pending Sales

Active inventory for Monterey County single-family homes increased 12% from May 2025.

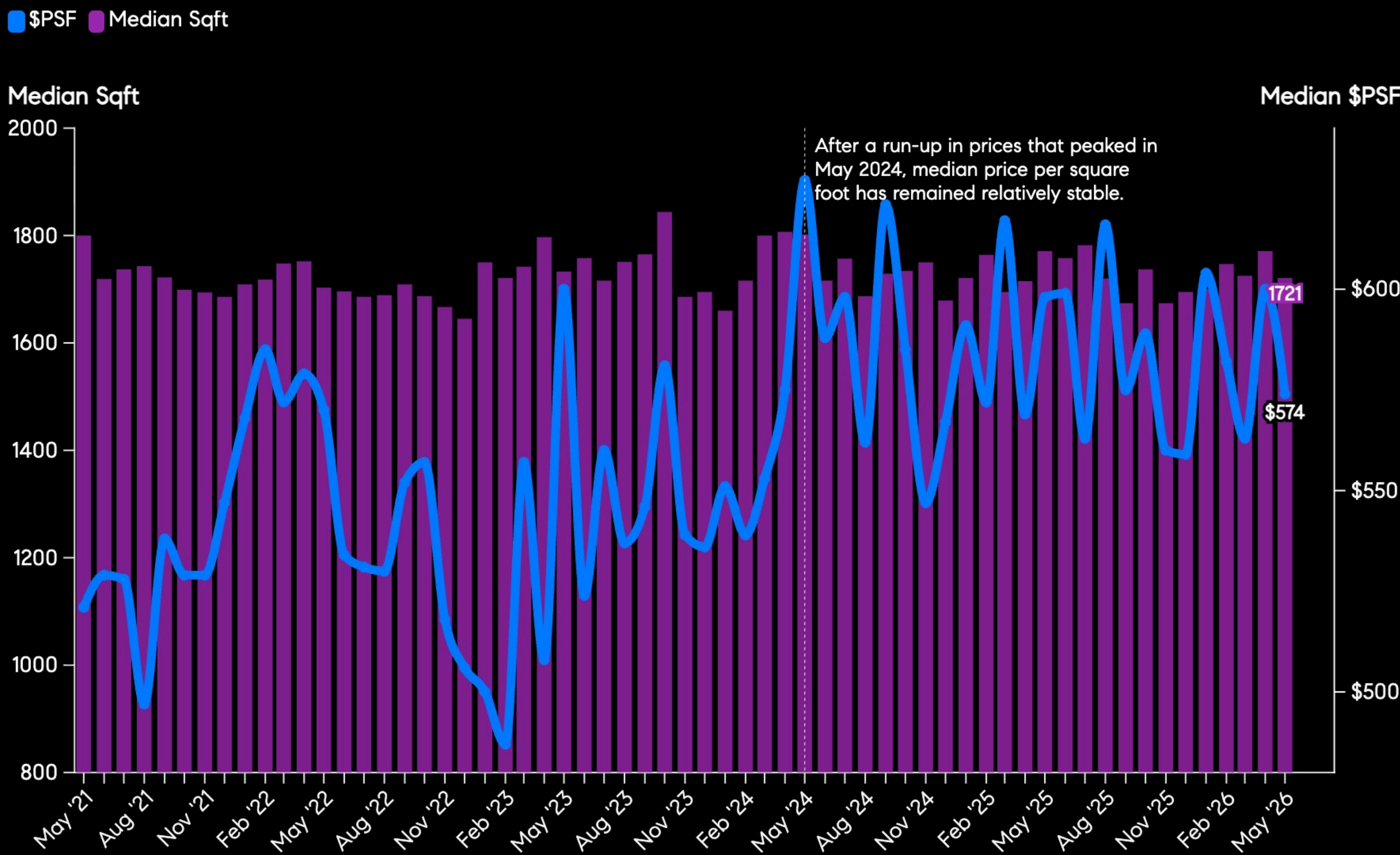


Source: Compass via MLS · Single Family Homes

COMPASS INTERNATIONAL HOLDINGS

Price Per Square Foot in Monterey County

Price per square foot has remained relatively stable in 2026 but sits 4% below its May 2025 level.



Source: Compass via MLS data · Single Family Homes

COMPASS INTERNATIONAL HOLDINGS

Local Monterey County

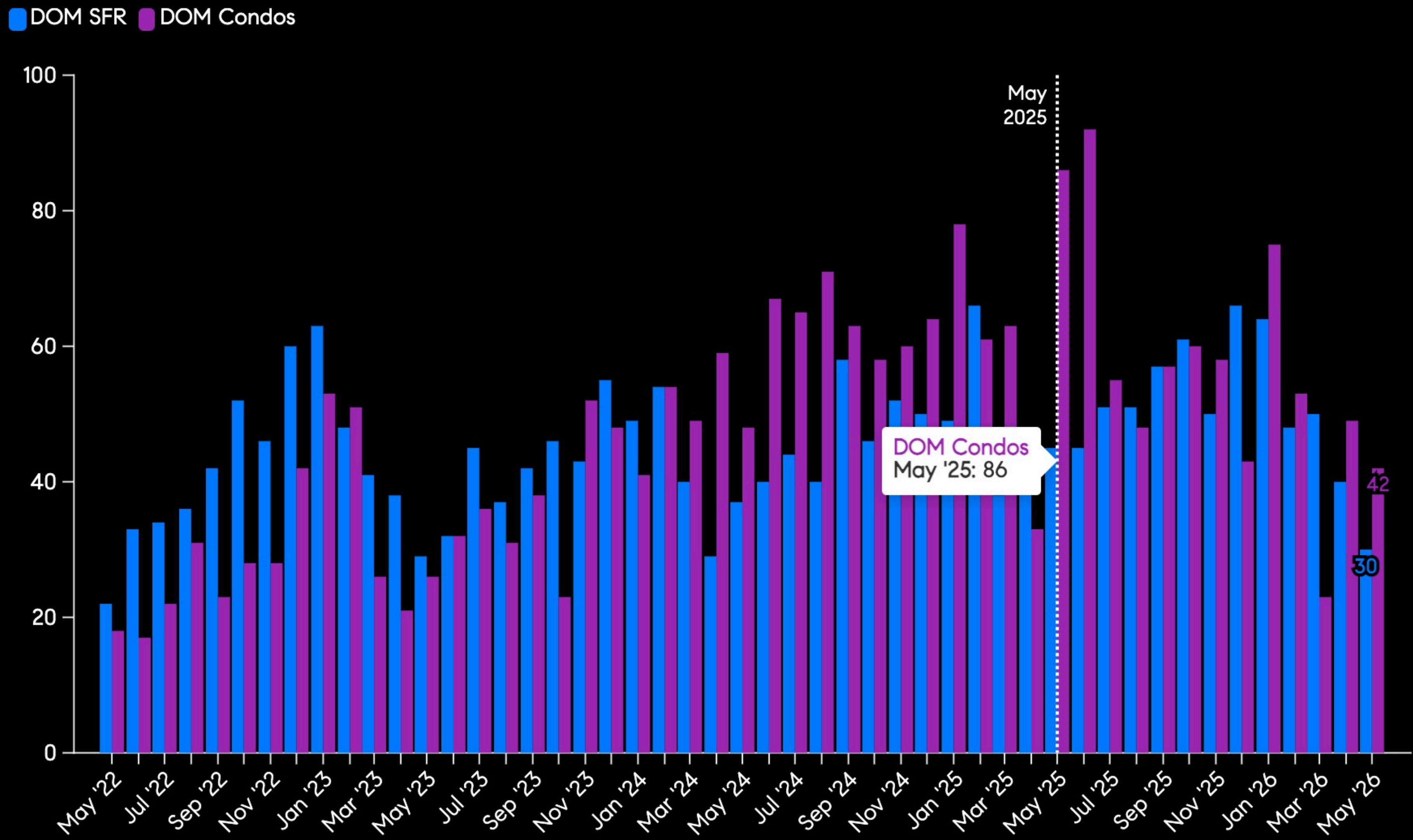
May 12 month rolling average for single family homes

Chart Name	Median Sale Price	% Change	PPSFT	Closed Sales	% Change	Pendings
Pacific Grove		-1.6	1,060	130	8.3	133
Marina		-0.8	1,669	23	-11.5	24
Soledad		-0.7	396	38	-7.3	38
Seaside		-0.6	687	123	0	124
Salinas		-0.6	516	624	2.5	601
Castroville		0	482	11	0	8
Carmel Valley		0	821	65	6.6	68
Pebble Beach		0	1,127	84	5	82
Gonzales		0.4	374	10	-9.1	10
Carmel		1.6	1,470	189	1.1	183
Greenfield		4.6	376	41	0	42

Source: Compass via MLS · Single Family Homes

Average Days on Market

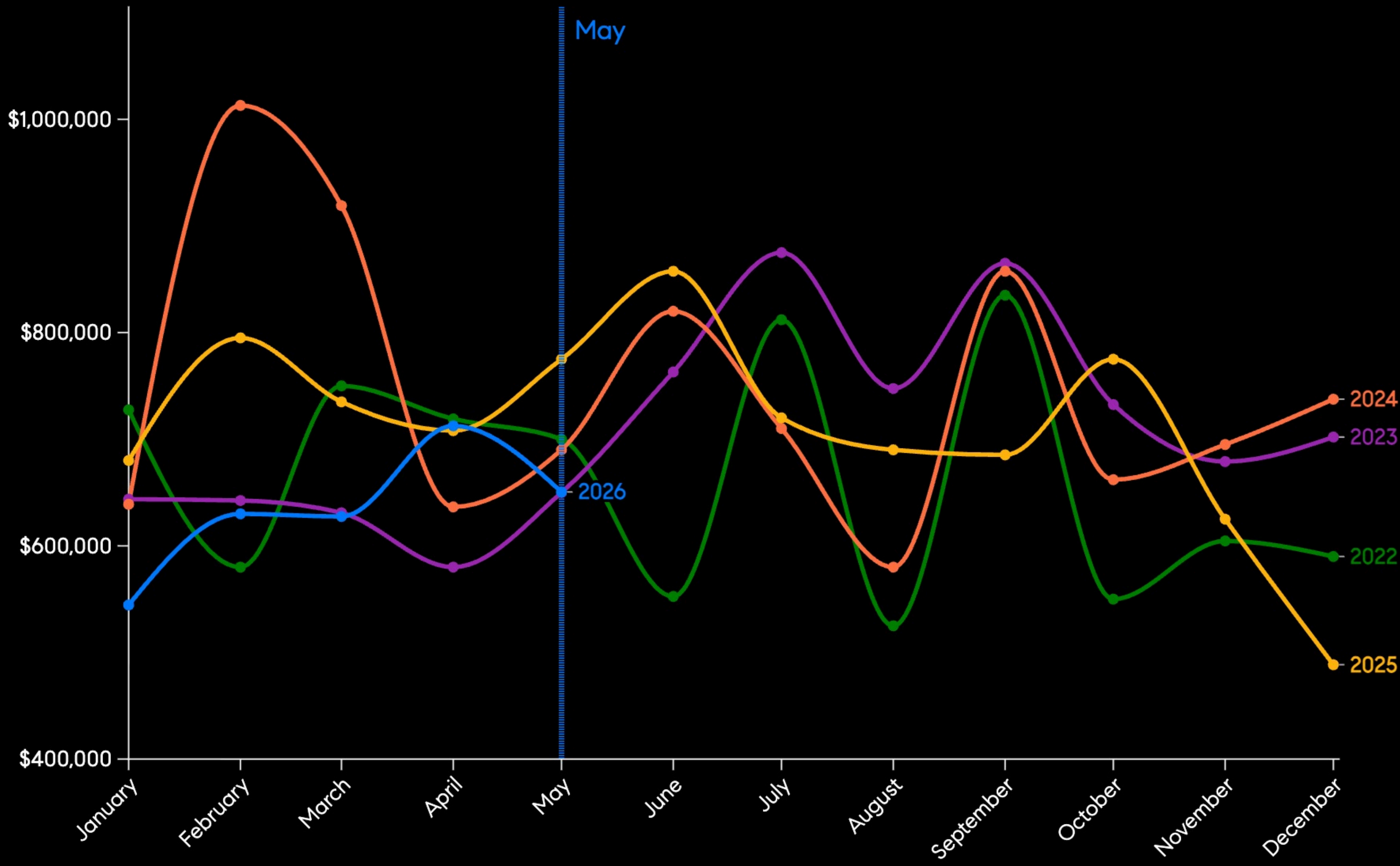
In Monterey County, homes sold more quickly than a year ago. Days on market declined from 45 to 30 days for single-family homes and from 86 to 42 days for condos, indicating stronger buyer demand across both segments.



Source: Compass via MLS

Monterey County Median Condo Price

May 2026 median condo price was $650,500, down 16.1% from May 2025 ($775,000) in line with May 2023 levels.

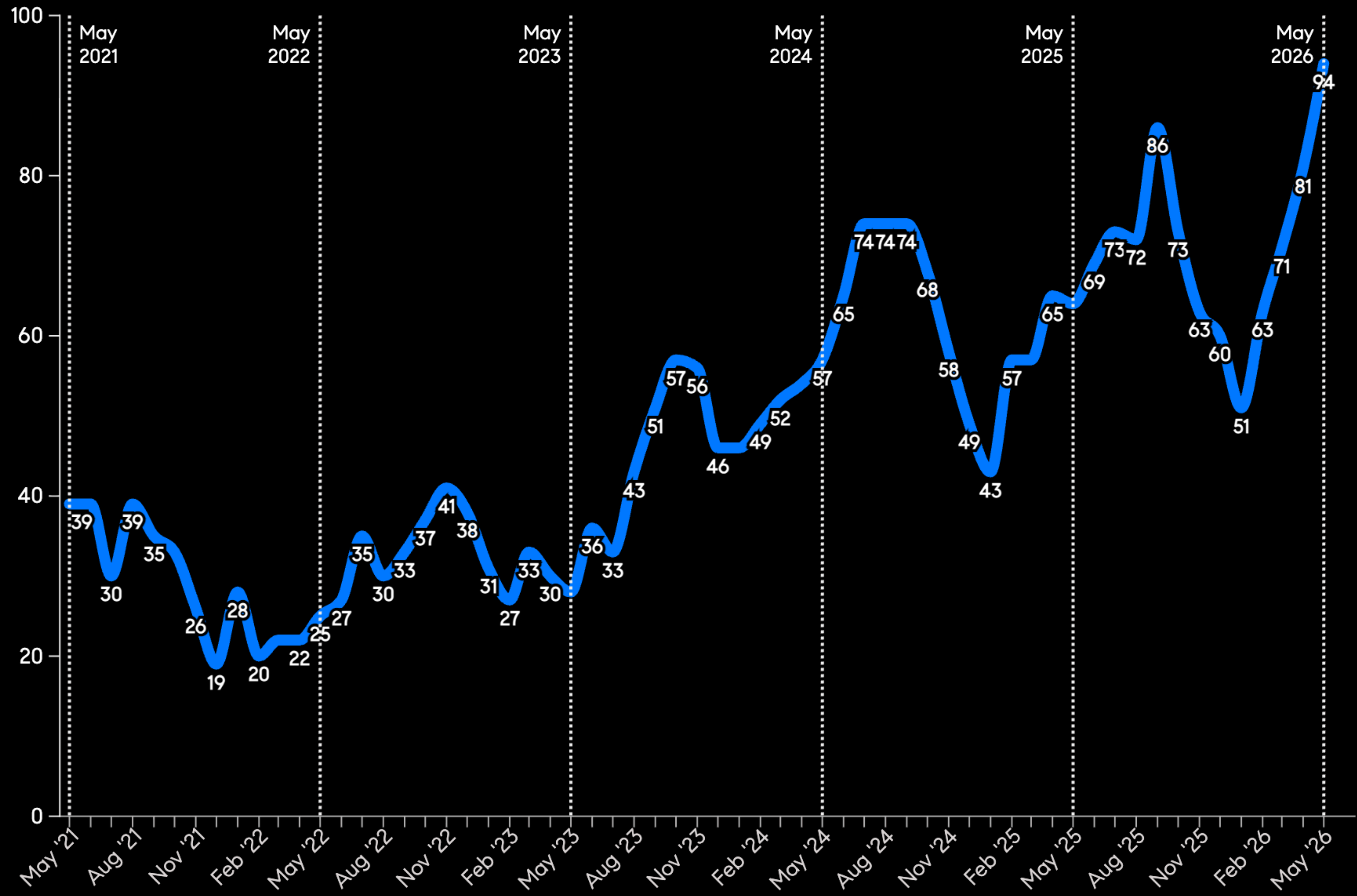


Source: Compass via MLS · Condos

COMPASS INTERNATIONAL HOLDINGS

Condo Inventory in Monterey County

Active inventory increased 38% from 64 in May 2025 to 94 for May 2026.



Source: Compass via MLS · Condos

COMPASS INTERNATIONAL HOLDINGS

Monterey County Neighborhoods

May 12 month rolling average for condos

Neighborhood	Median Sale Price	% Change	PPSFT	Closed Sales	% Change	Pendings	MDN SQF
Soledad	$376,000	0	522	4	0	5	725
Salinas	$405,000	0	415	62	3.3	61	1034
Seaside	$625,000	0	568	5	0	4	1100
Carmel	$950,000	0	769	66	-1.5	64	1294
Pacific Grove	$1,172,500	-1.9	779	14	7.7	14	1494
Pebble Beach	$1,340,000	0	876	7	40	6	1936
Marina	$1,880,000	9.8	1,309	81	6.6	82	1515

Source: Compass via MLS · Condos

Agent Name

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

COMPASS