COMPASS

June 2026
Napa House & Condo 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.

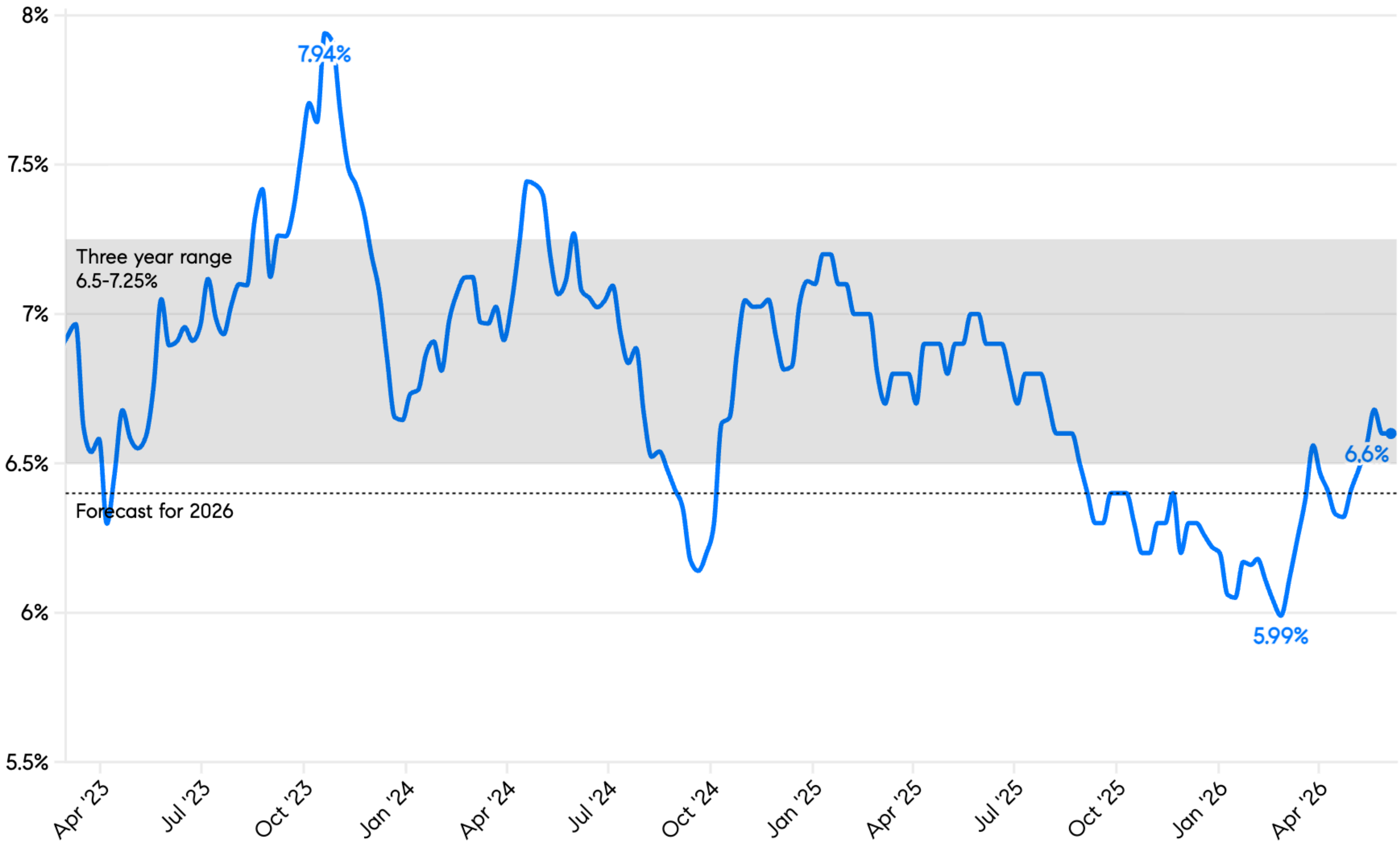
While the city dominates the headlines, many areas have not seen the massive wealth effect driving home buying demand like the city has. In this cycle, this resurgent demand is so far concentrated to a very small section in the city, and luxury markets in Peninsula and Marin.

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

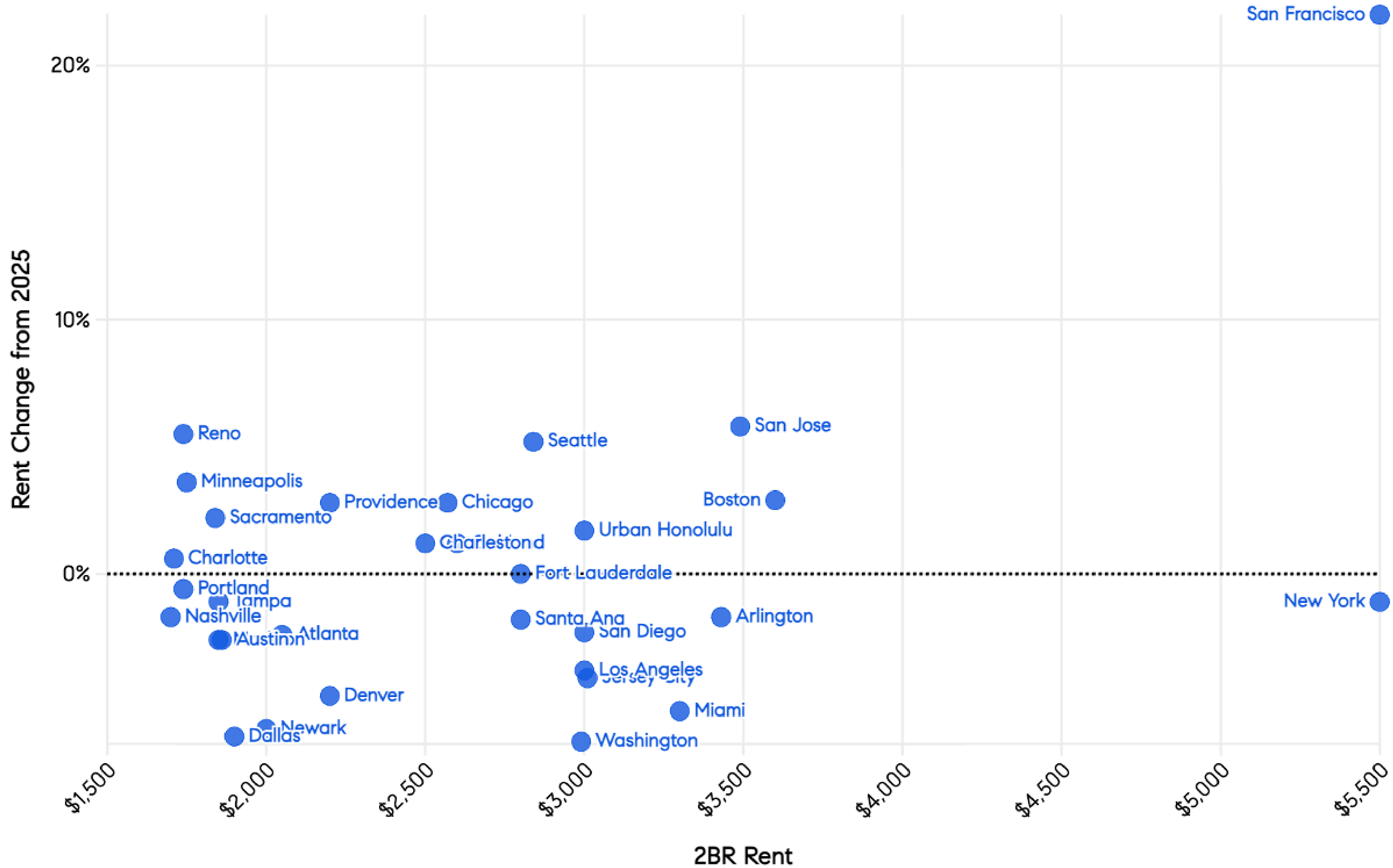
Interest rates have pushed higher due to war news, overheated inflation, and recently strong jobs data. Still at the low-end of the range over the past three years, any push into the upper 6s is likely to slow home purchase demand abruptly. Our forecast is for mortgage rates to average 6.4% for the year.



Source: Mortgage News Daily, Compass

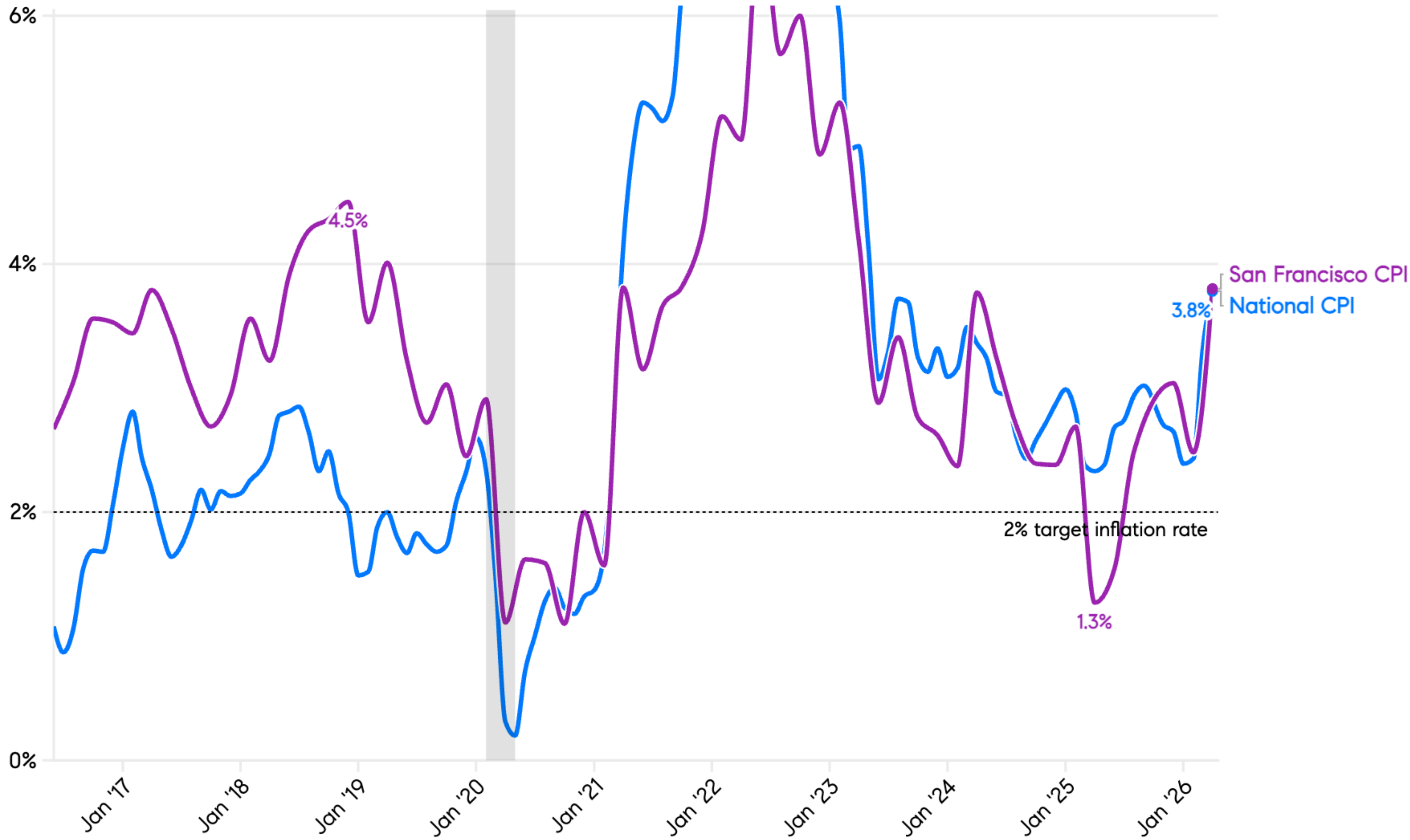
Dramatic Rent Cost Increases in San Francisco

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

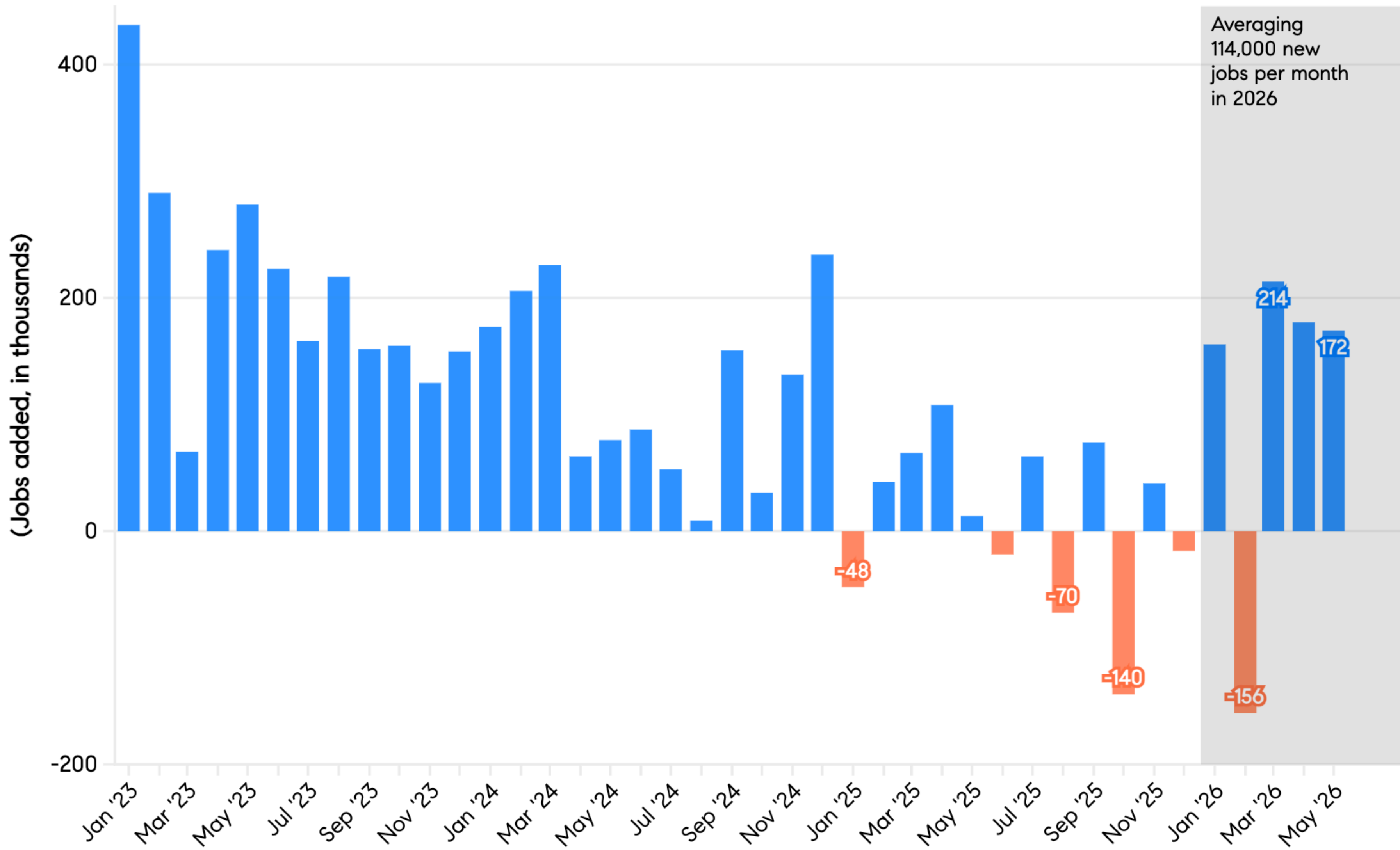
For much of the last decade, Bay Area housing and services like education and childcare pushed local inflation above national averages. For a brief moment in 2023-2025, housing costs in the Bay Area kept inflation lower than the rest of the US. In 2026 surging inflation nationally is driving interest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



Source: US BLS, BEA

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

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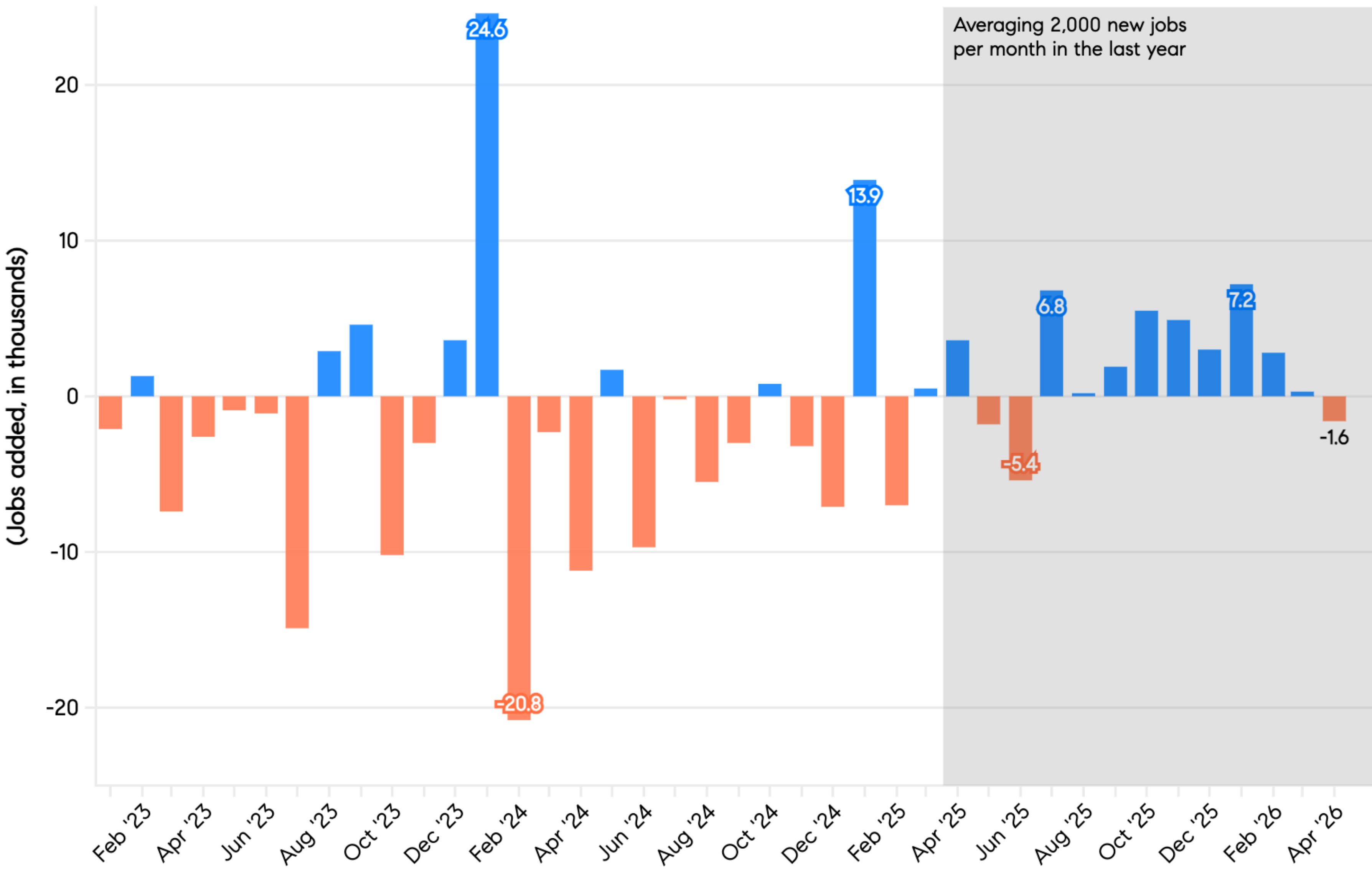
Bay Area Jobs Are Growing Again

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

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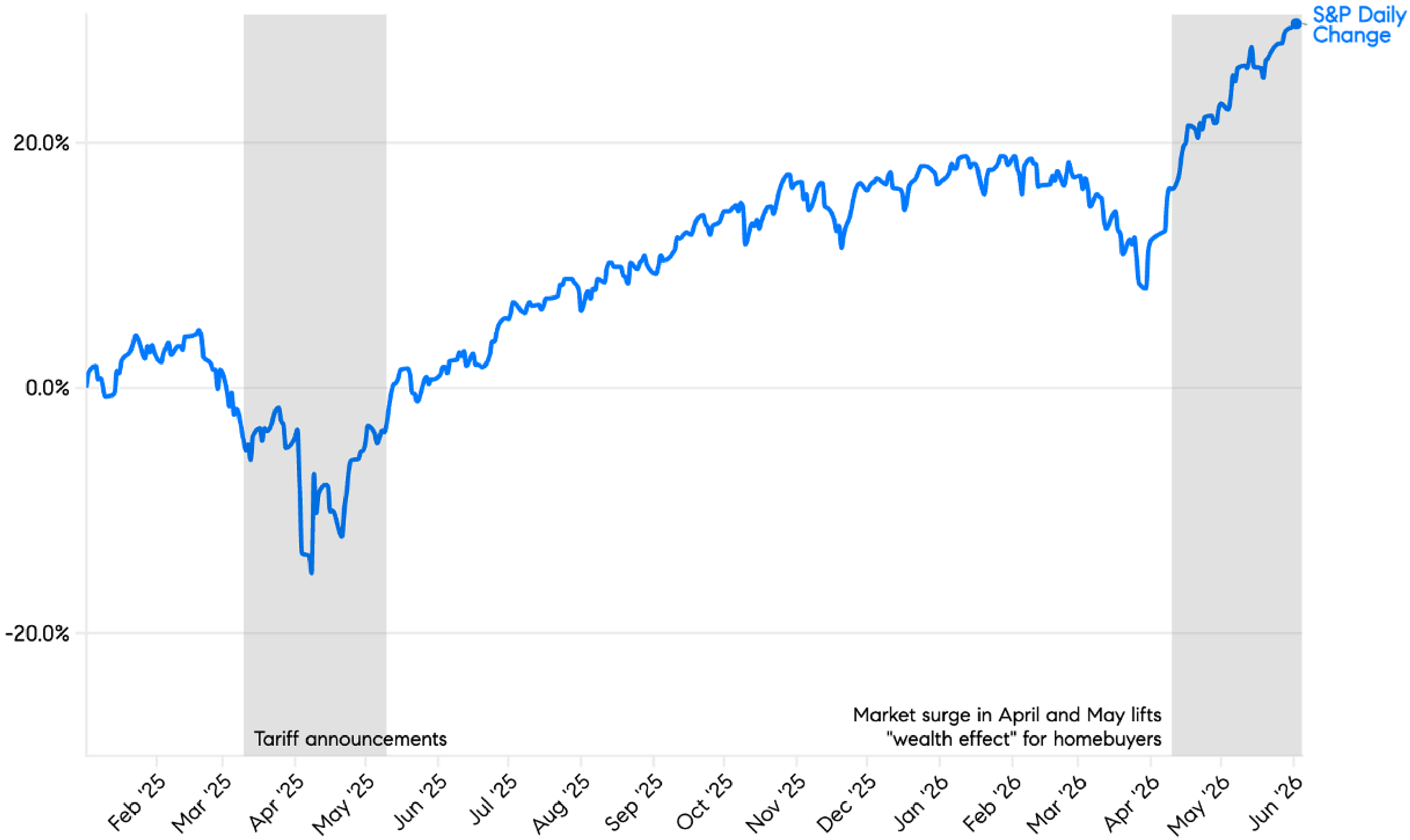
Stocks Surge to New Highs In May

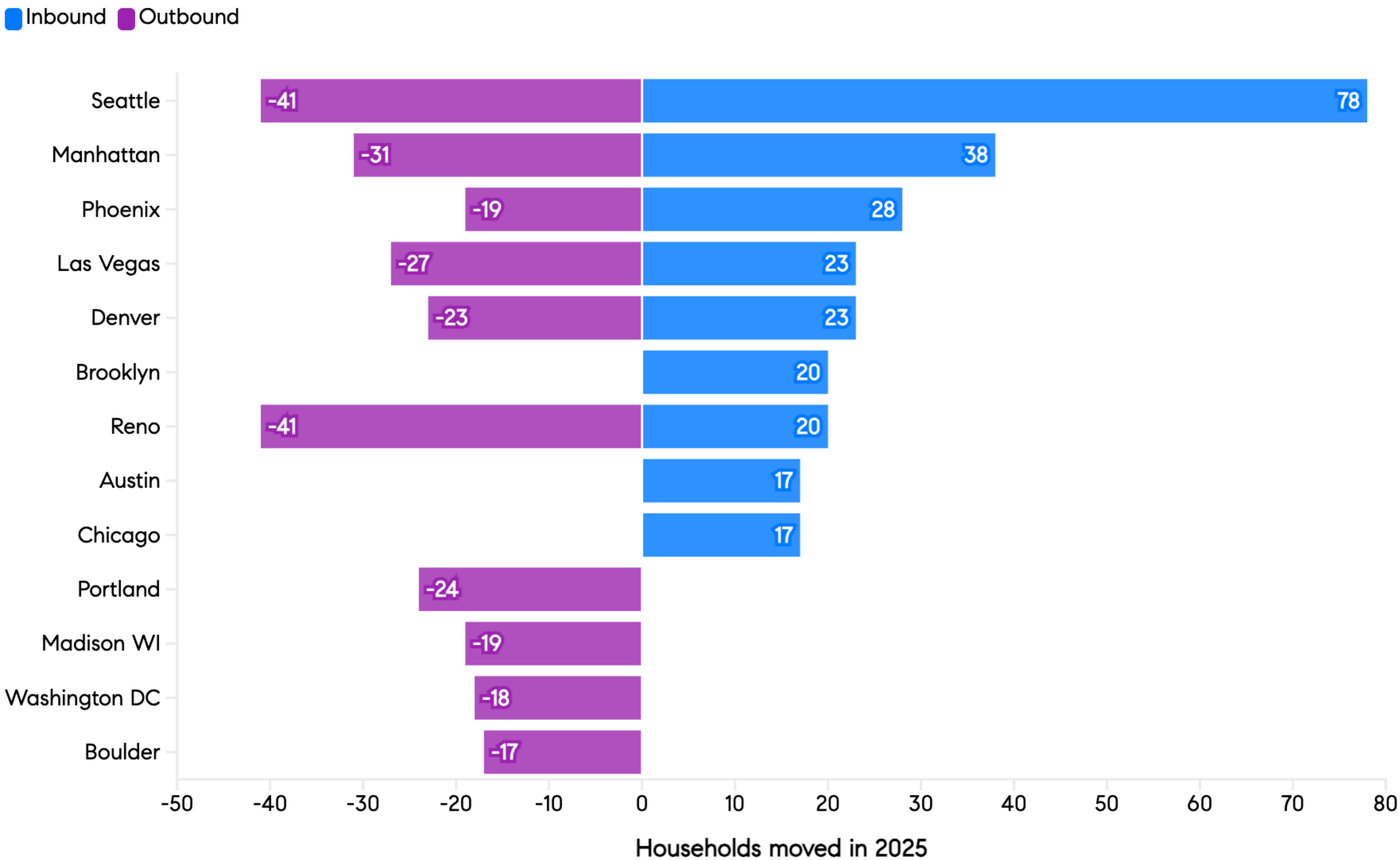
After war, oil, and inflation fears pushed markets lower in March, April and May stock market resurgence creates a powerful "wealth effect" for potential homebuyers. This is especially true in the Bay Area with AI related market boom and IPOs in the pipeline.



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

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

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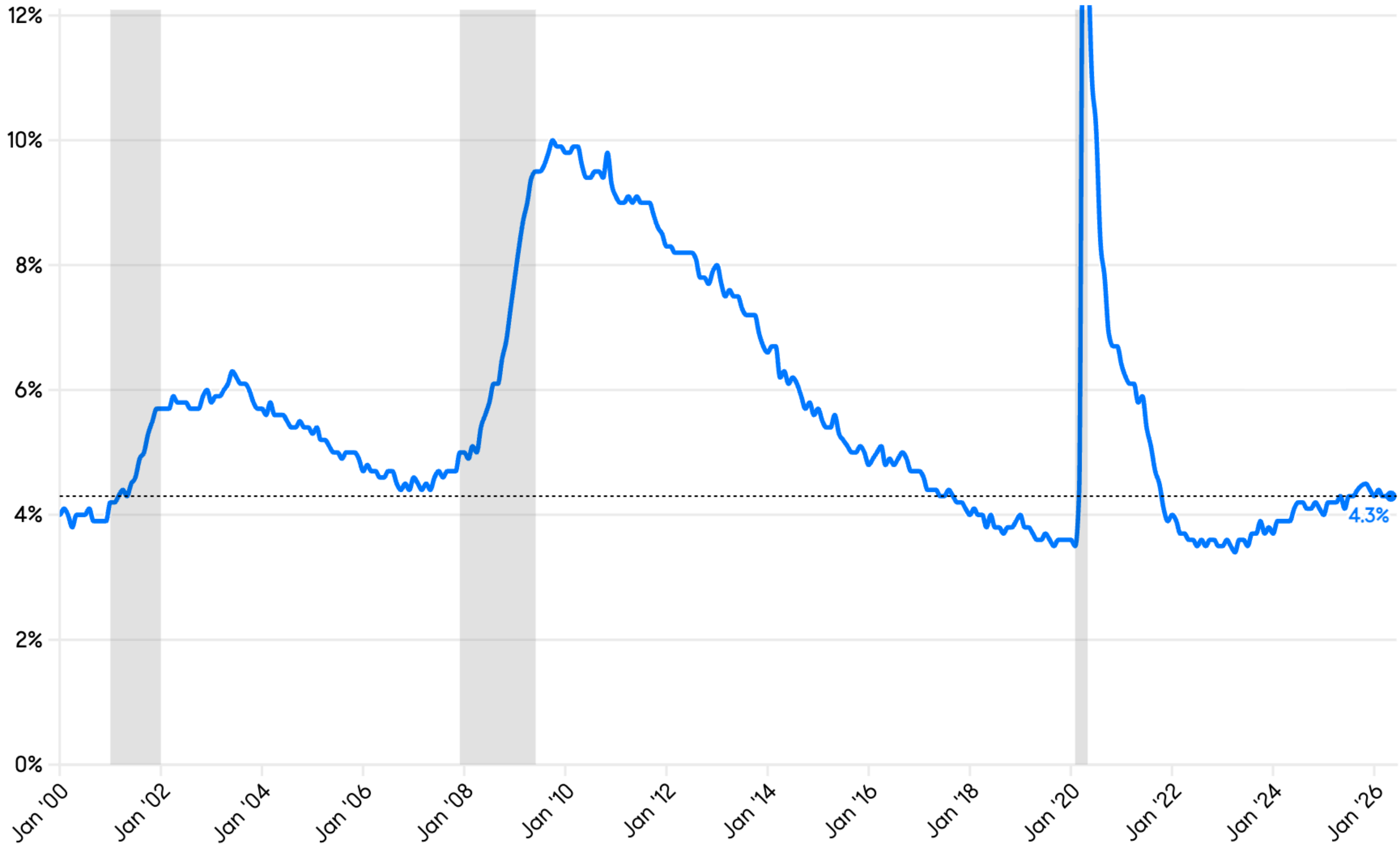
Low Unemployment Keeps People in Homes

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

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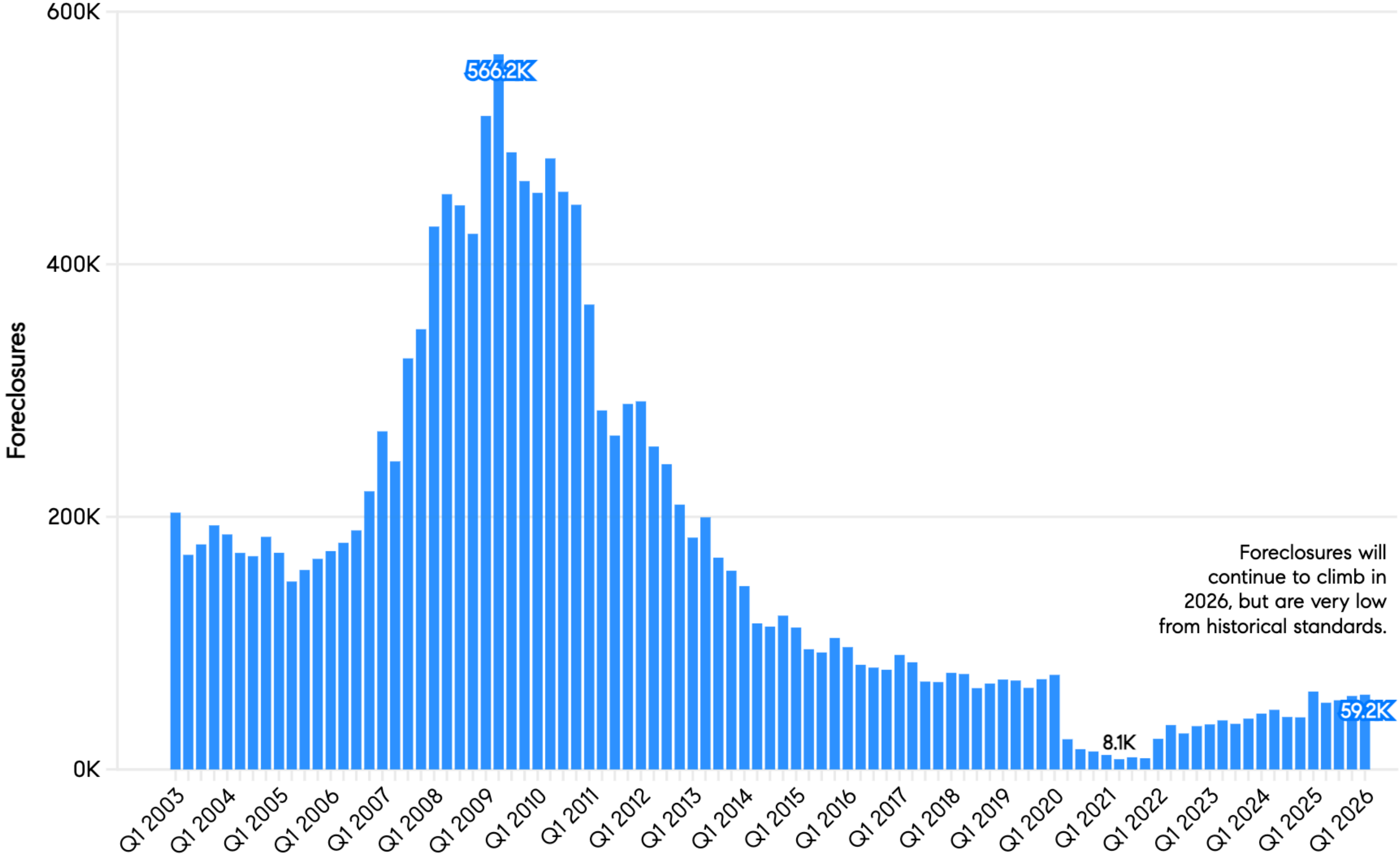
Very Few Foreclosures in 2026

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.

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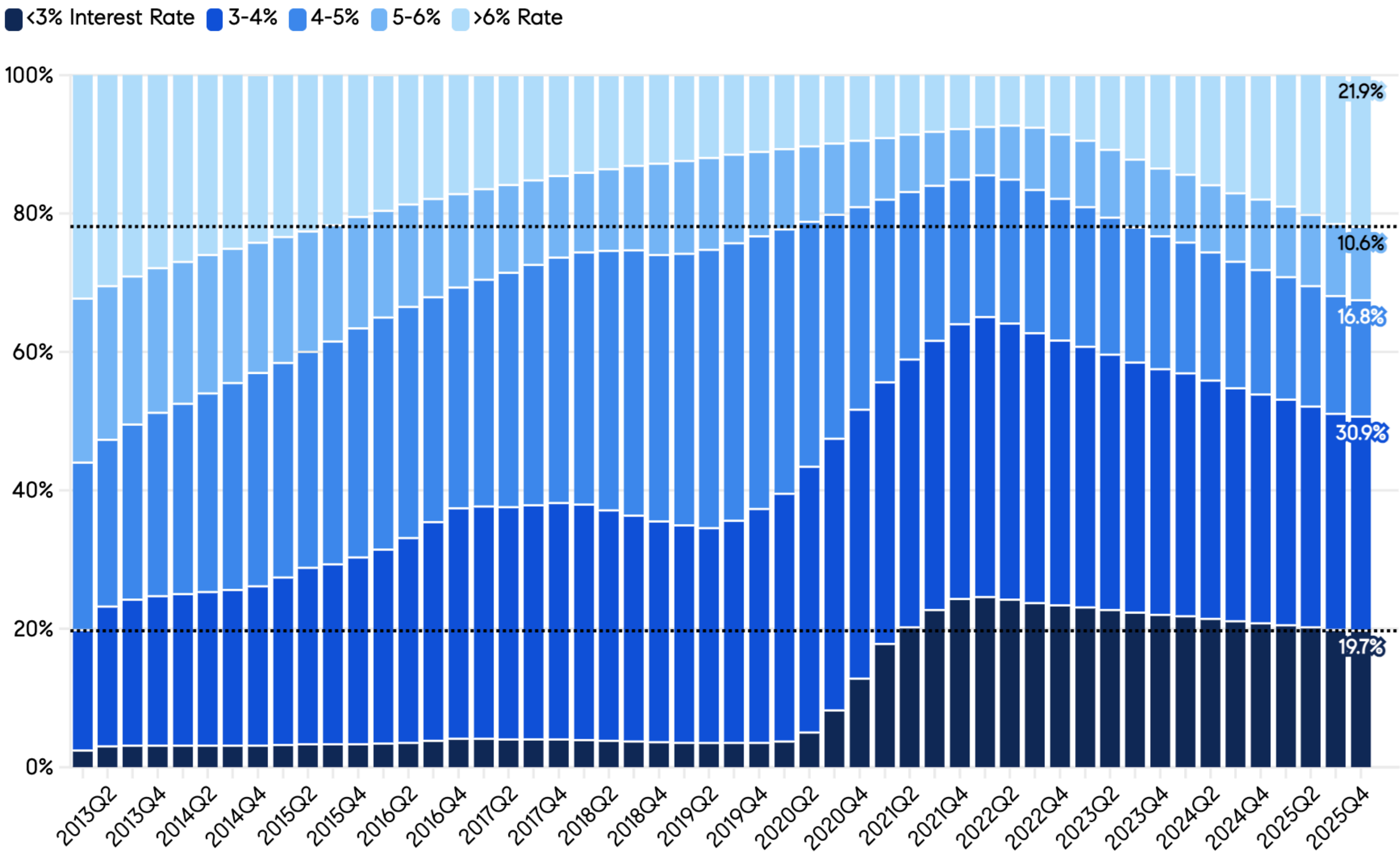
Expensive and Cheap Mortgages

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

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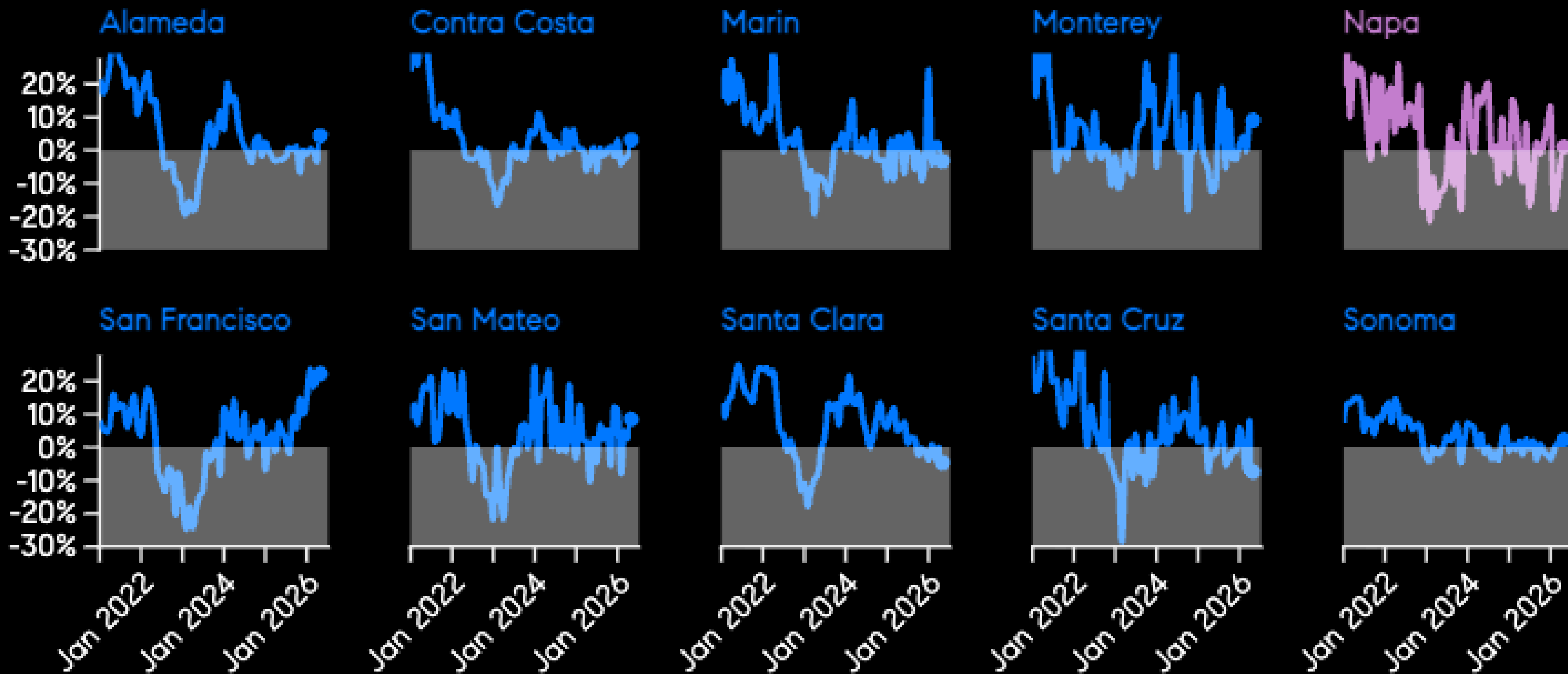
Home Price Changes Over Time

Median sales prices in Napa county home price appreciation has moderated in recent years, with most recent readings hovering near zero.



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

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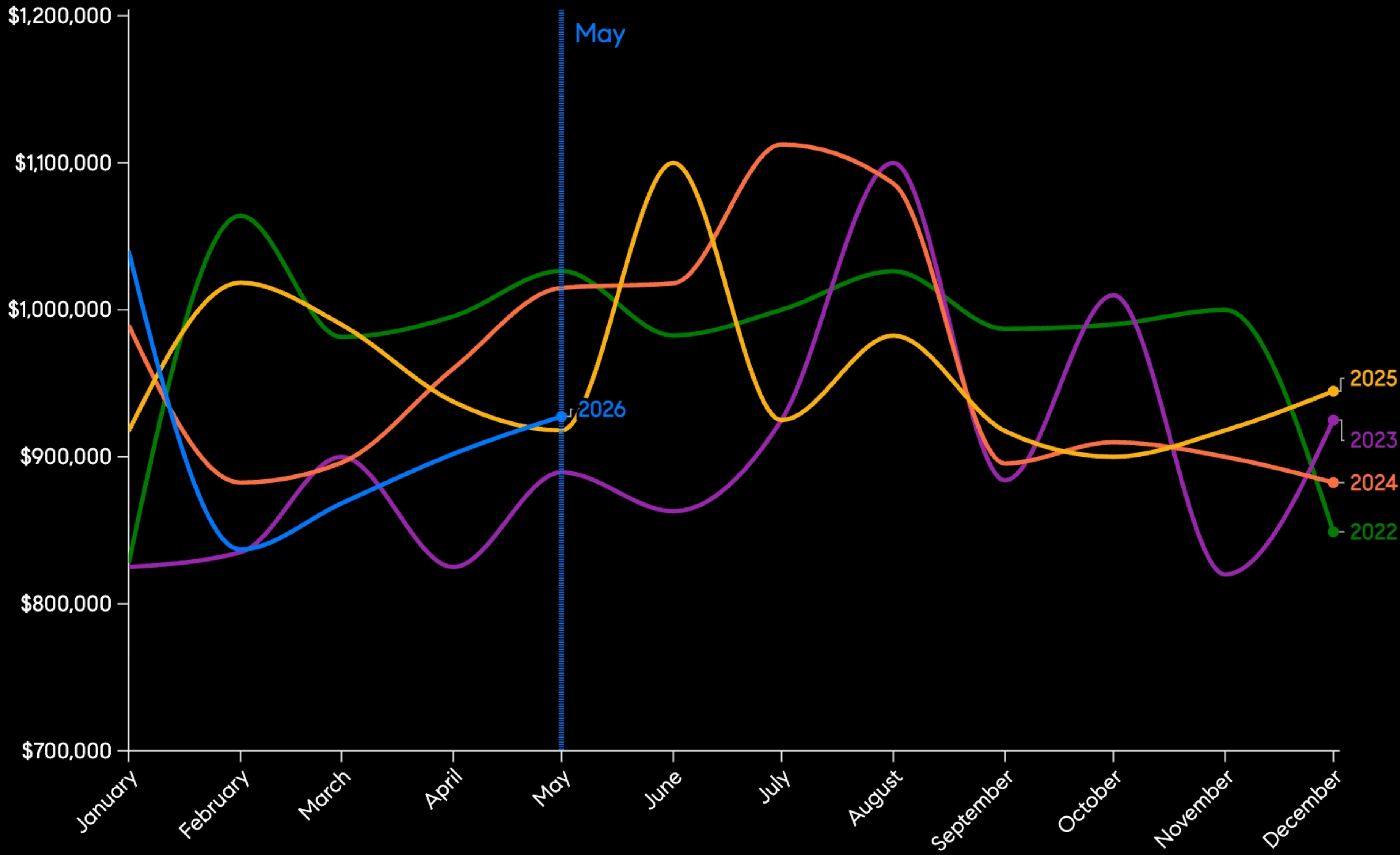
Napa County Median Home Price

May 2026 median sale price was $927,500, up approximately 1.0% from May 2025 ($918,000), but below the spring peaks recorded in 2022 and 2024.



Source: Compass via MLS - Single Family

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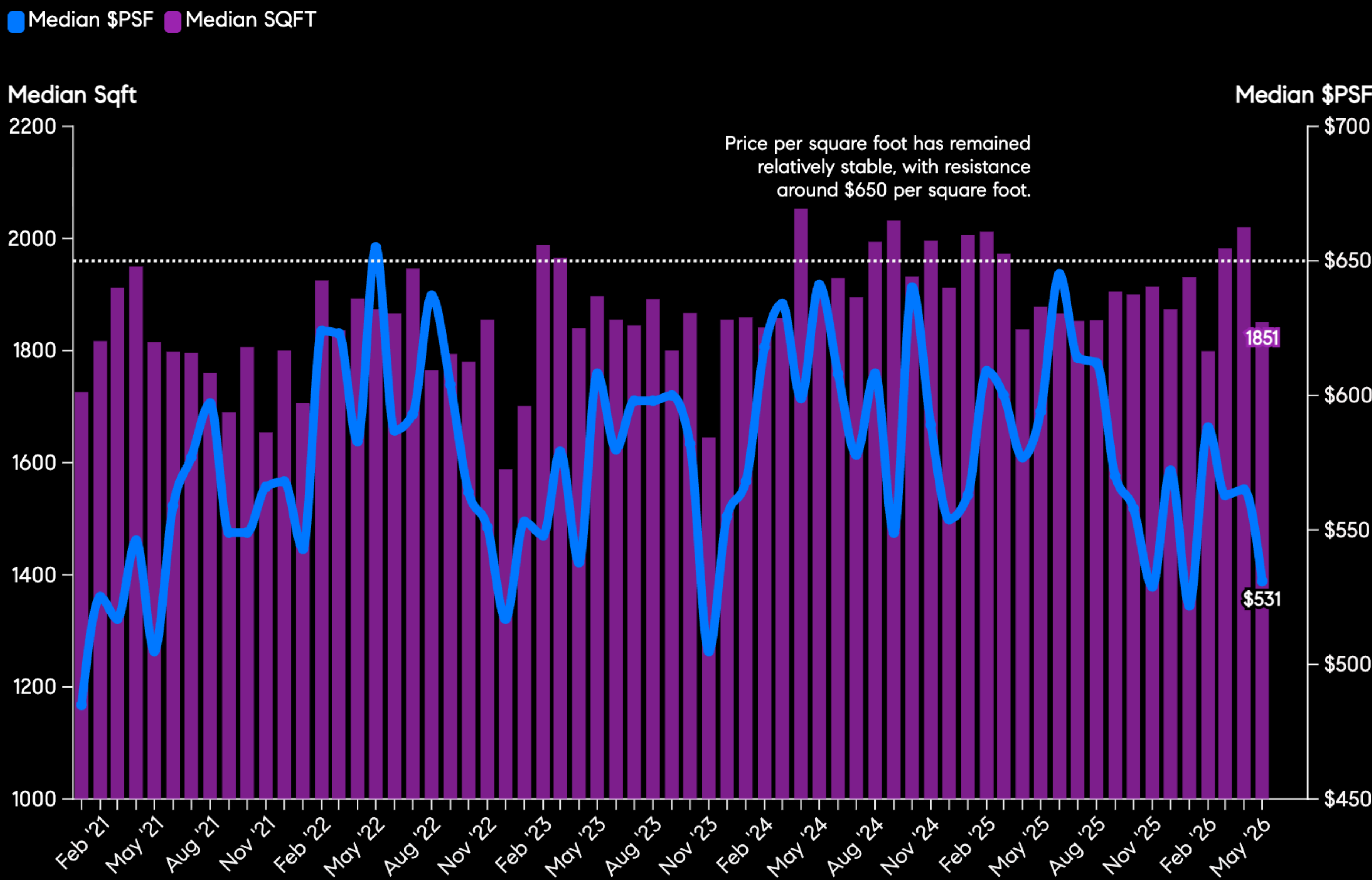
Price Per Square Foot in Napa County

Median $PSF is 11% below its May 2025 level.



Source: Compass via MLS data · Single Family

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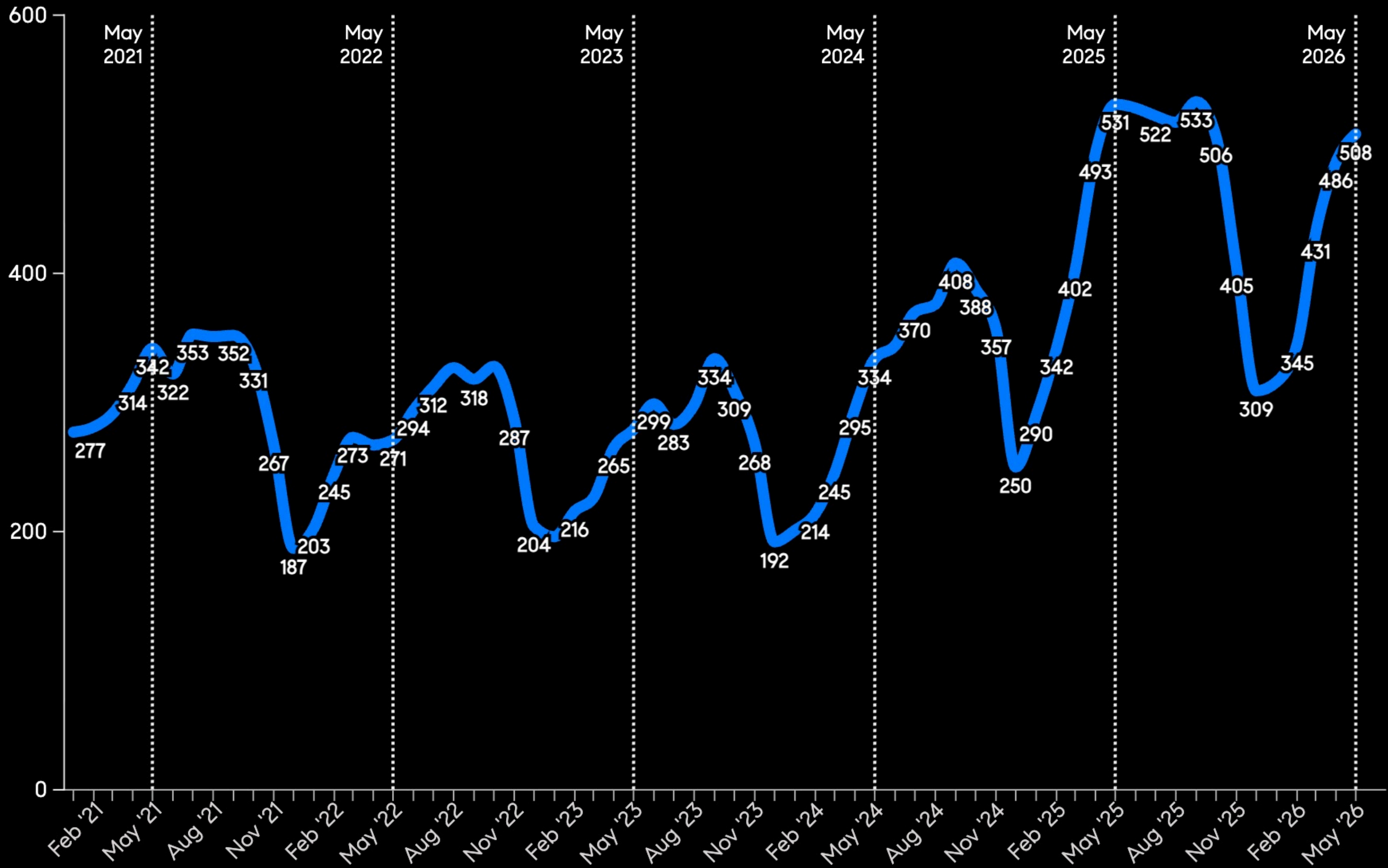
Napa County Inventory

The supply of single-family homes has been growing since 2024, and active inventory remains on an upward trajectory in 2026.



Source: Compass via MLS · Single Family

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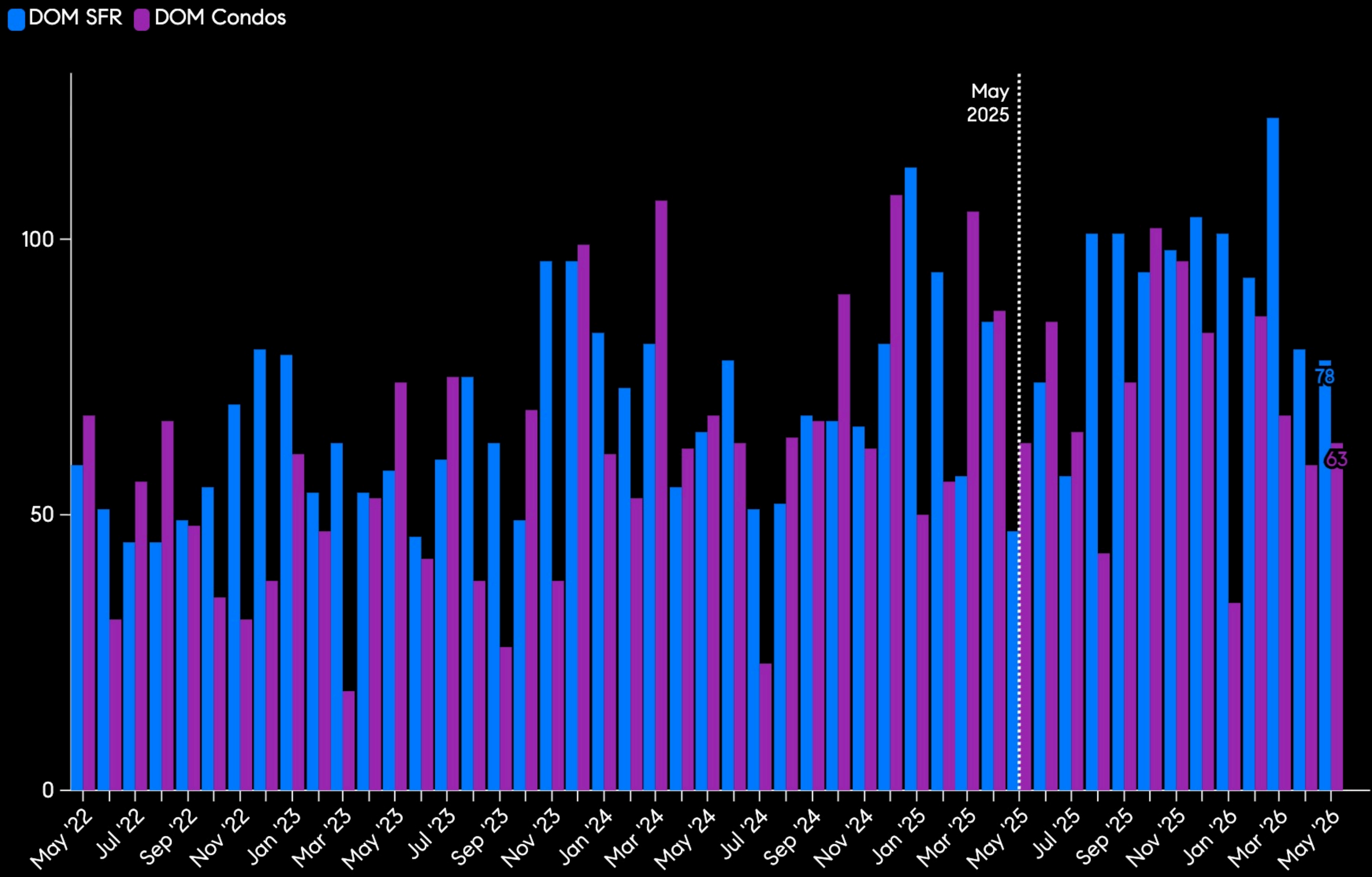
Average Days on Market

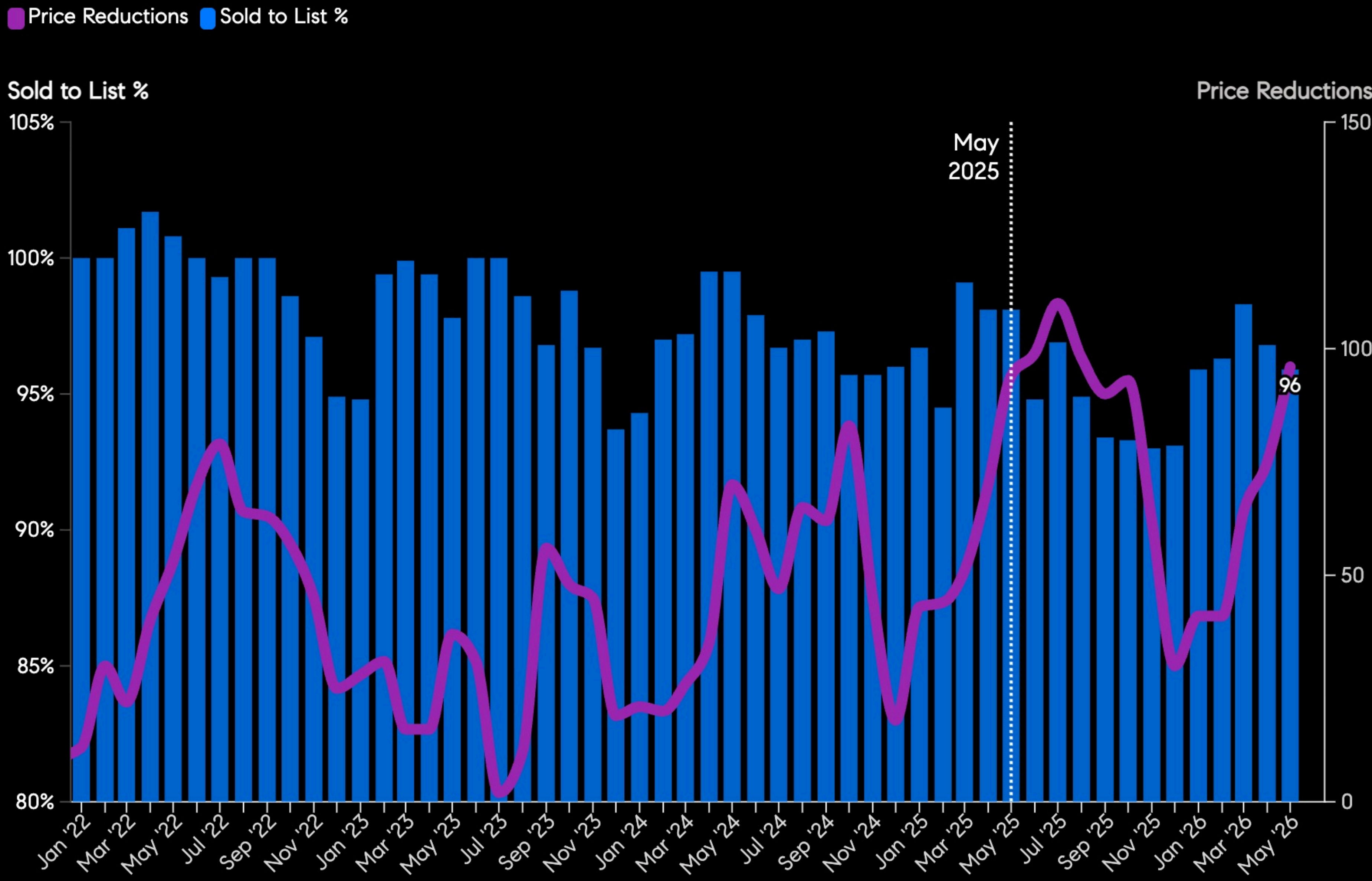
In Napa County, single-family homes took longer to sell in May 2026, with days on market increasing from 47 to 78 days year over year. Condo marketing times, however, remained unchanged from 63 in May 2025.



Source: Compass via MLS

Napa Seller Sold to List Price Ratio

Price reductions have risen in 2026 but remain consistent with 2025 levels. Meanwhile, sold to list price ratios have gradually declined, suggesting buyers are gaining slightly more negotiating power.



Source: Compass via MLS · Single Family

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Napa + Nearby Sonoma Wine Country

May 12 month rolling average for single family homes

Local	Median Sale Price	% Change	PPSFT	Closed Sales	% Change	Pendings
Calistoga	$1,470,000	-8.1	707	44	4.8	47
Yountville	$1,400,000	0	1,052	17	0	17
Sonoma*	$1,170,000	-0.4	640	394	-1.3	410
Healdsburg*	$1,150,000	0.4	707	187	-0.5	192
Petaluma*	$960,000	1.1	551	471	-1.9	484
Napa	$930,000	0.5	573	606	-0.3	647
Angwin	$922,500	-2.4	449	16	14.3	17
Glen Ellen*	$844,500	0.5	664	18	38.5	21
Santa Rosa*	$756,000	0.1	470	1,486	1.2	1,506
American Canyon	$729,500	-0.6	365	66	3.1	81

Source: Compass via MLS · Single Family
*Located in Sonoma County

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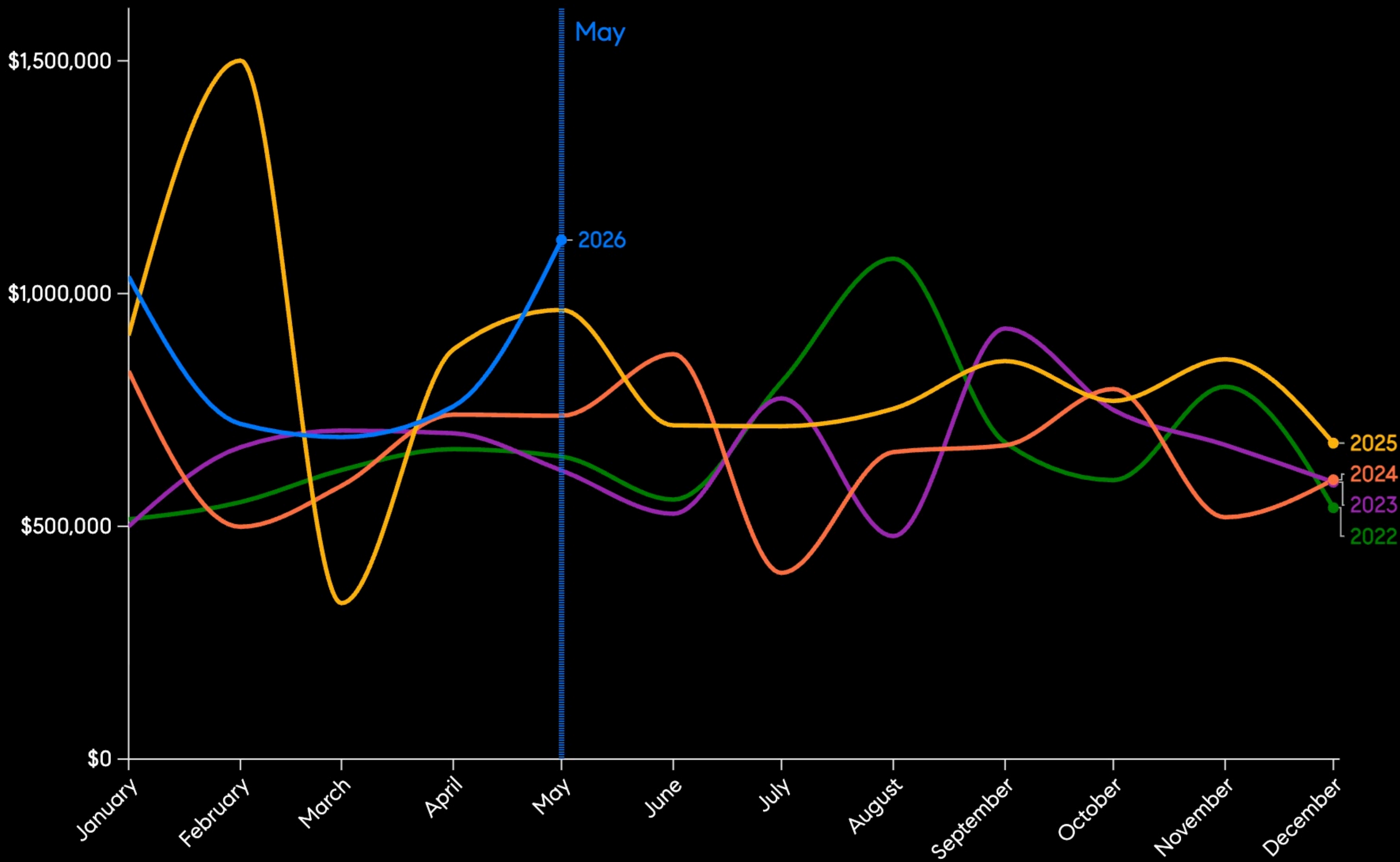
Napa County Median Condo Price

While the median condo sale price increased 15.5% year over year to $1,115,000 in May 2026, the small number of closed transactions can amplify price swings and create greater volatility in the condo segment.



Source: Compass via MLS data · Condos

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NAPA VALLEY 38°29'75"N 122°28'68"W

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