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June 2026 Diablo Valley 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.

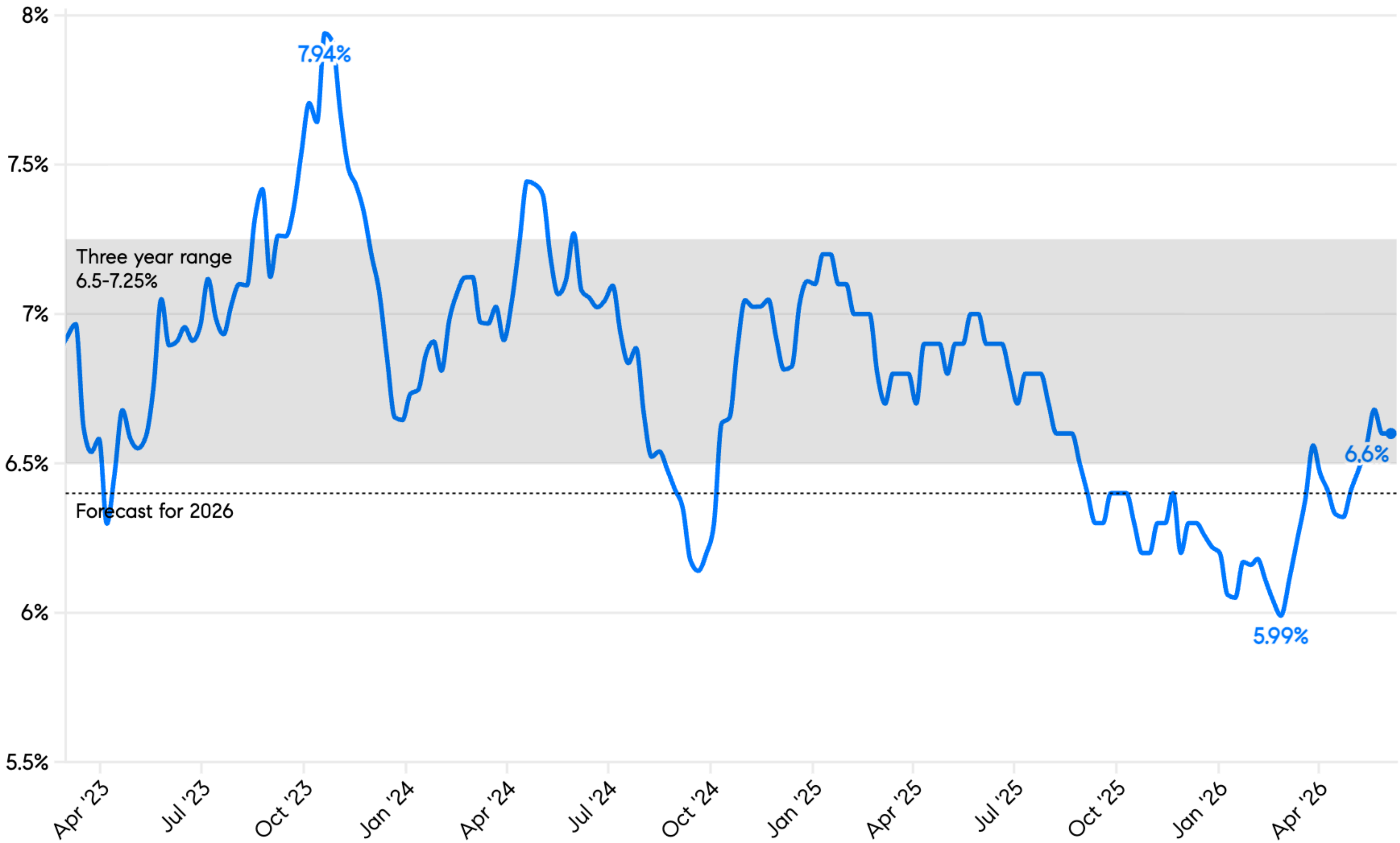
While the city dominates the headlines, many areas have not seen the massive wealth effect driving home buying demand like the city has. In this cycle, this resurgent demand is so far concentrated to a very small section in the city, and luxury markets in Peninsula and Marin.

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

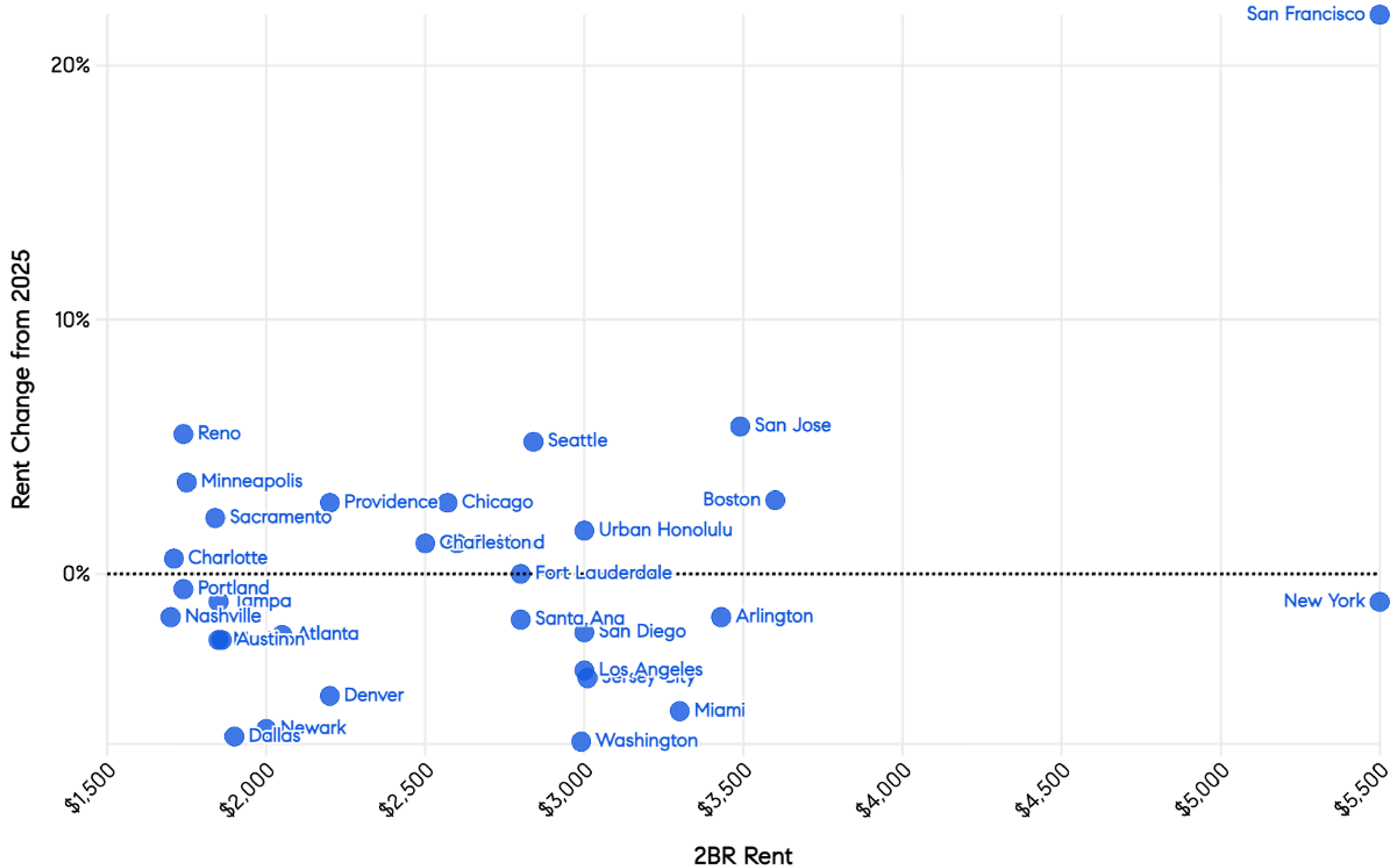
Interest rates have pushed higher due to war news, overheated inflation, and recently strong jobs data. Still at the low-end of the range over the past three years, any push into the upper 6s is likely to slow home purchase demand abruptly. Our forecast is for mortgage rates to average 6.4% for the year.



Source: Mortgage News Daily, Compass

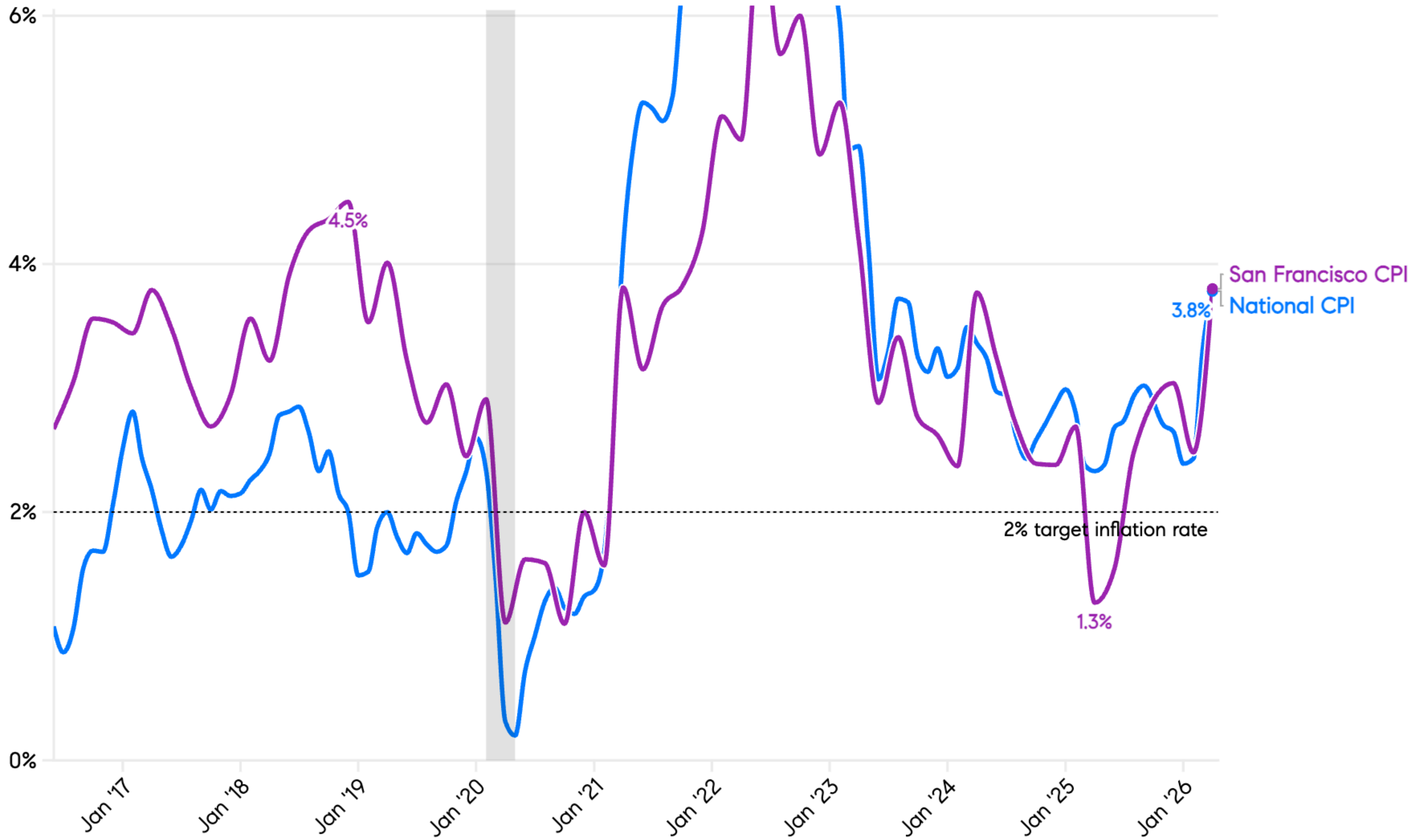
Dramatic Rent Cost Increases in San Francisco

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

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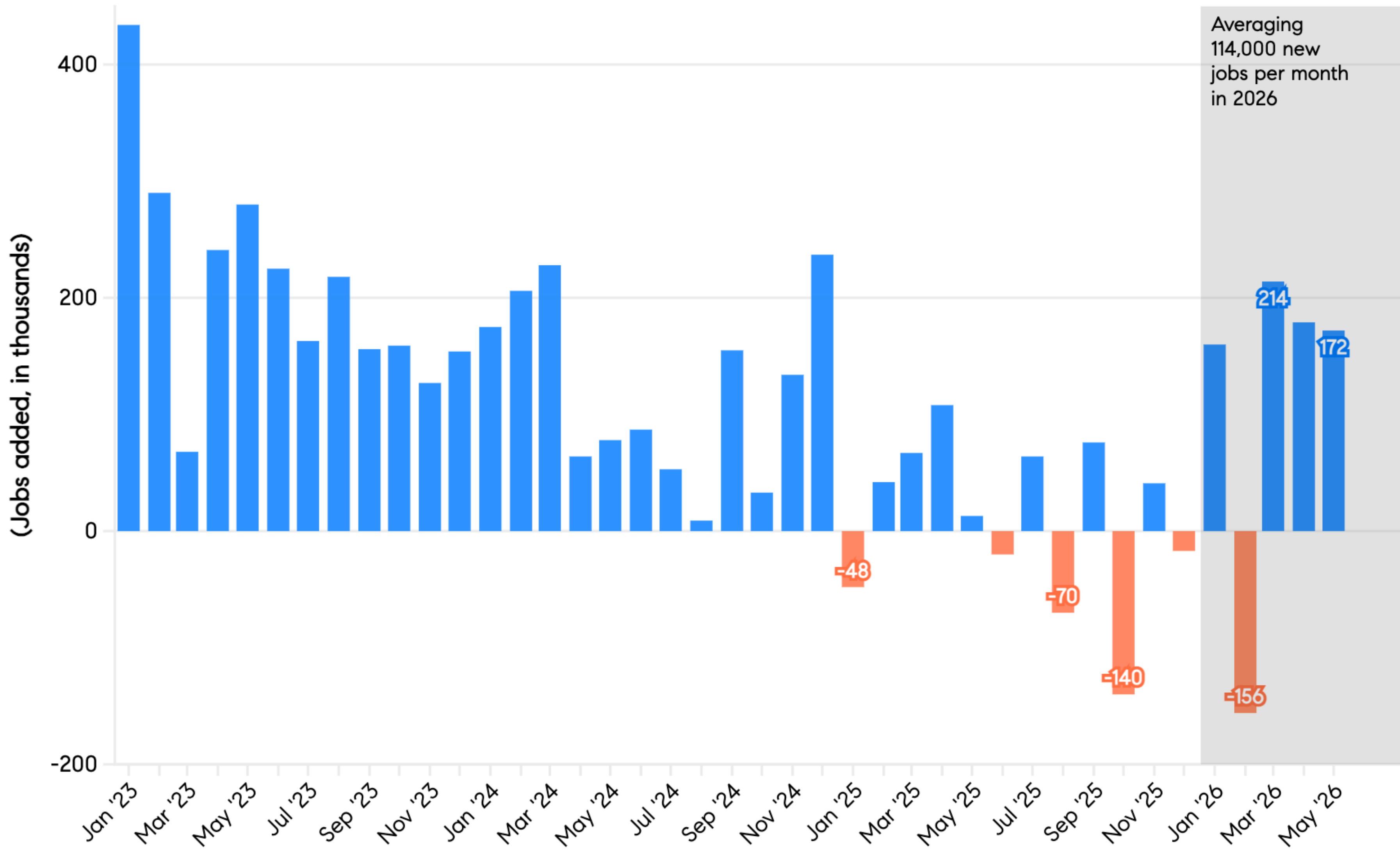
National Employment Grew in May

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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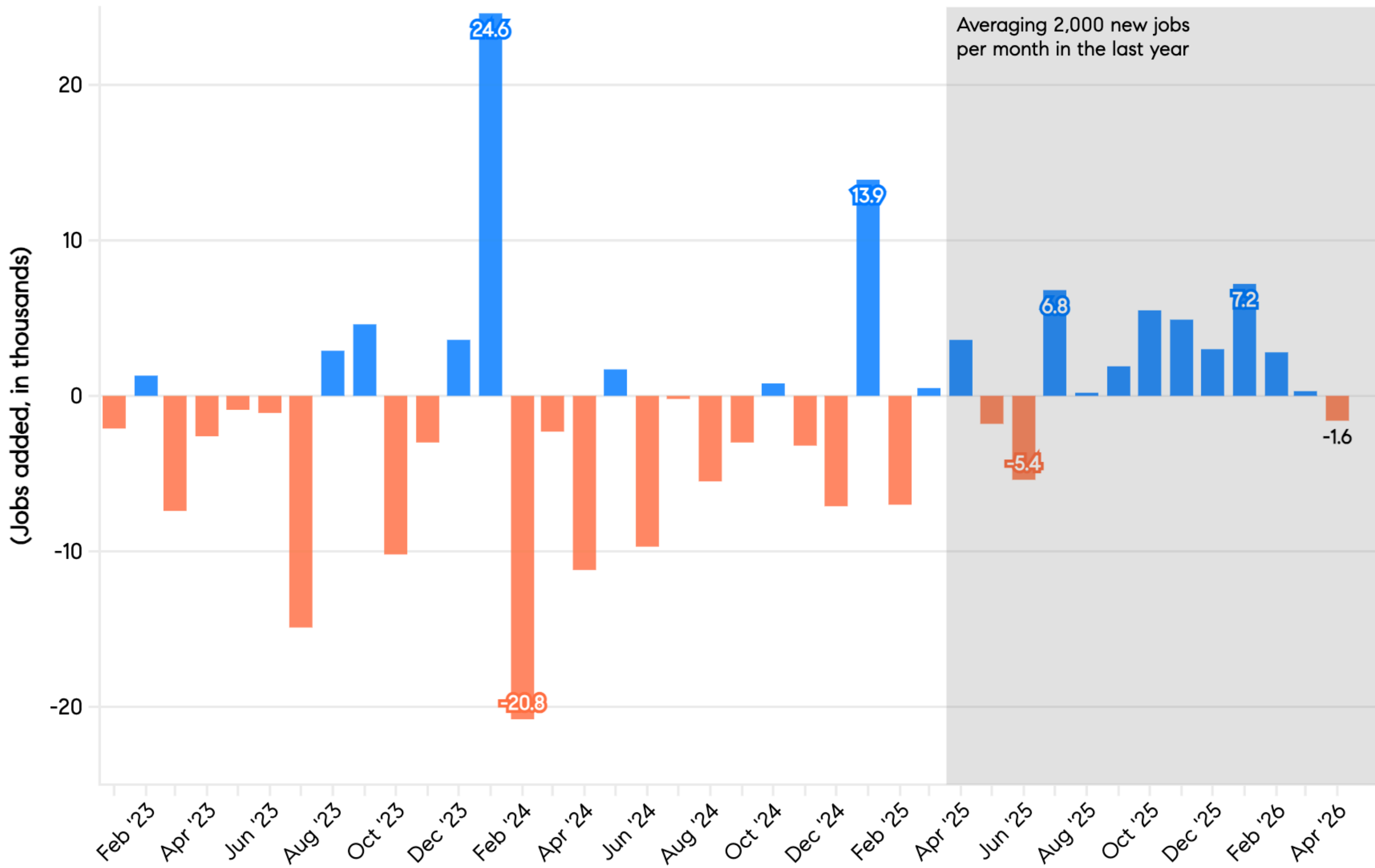
Bay Area Jobs Are Growing Again

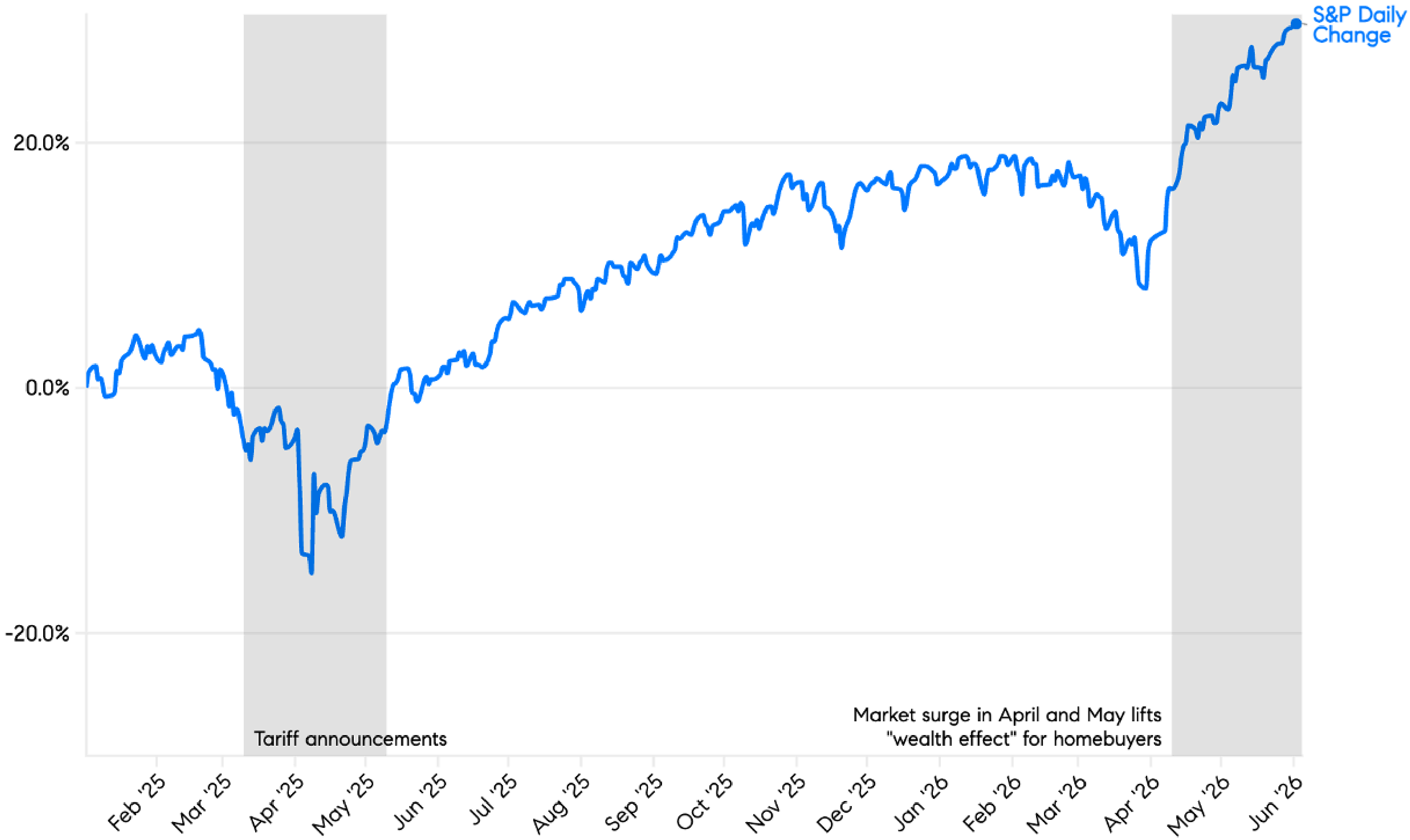
After 5 years of shrinking employment and out-migration, Bay Area companies are adding jobs again. This is evident in housing demand which turned around mid-2025 in San Francisco, with rising rents and home prices.



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

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

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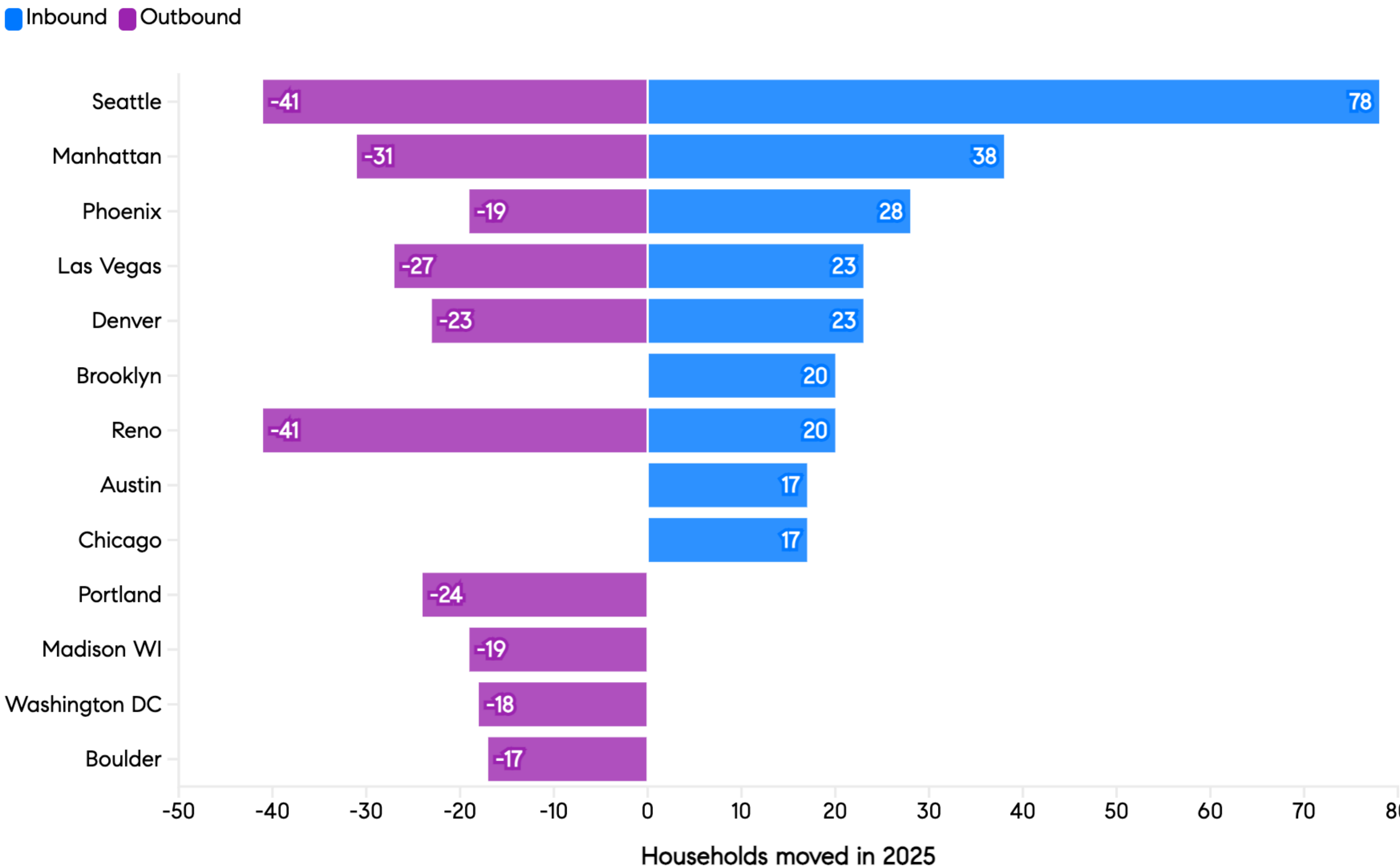
Bay Area Migration Sources & Destinations

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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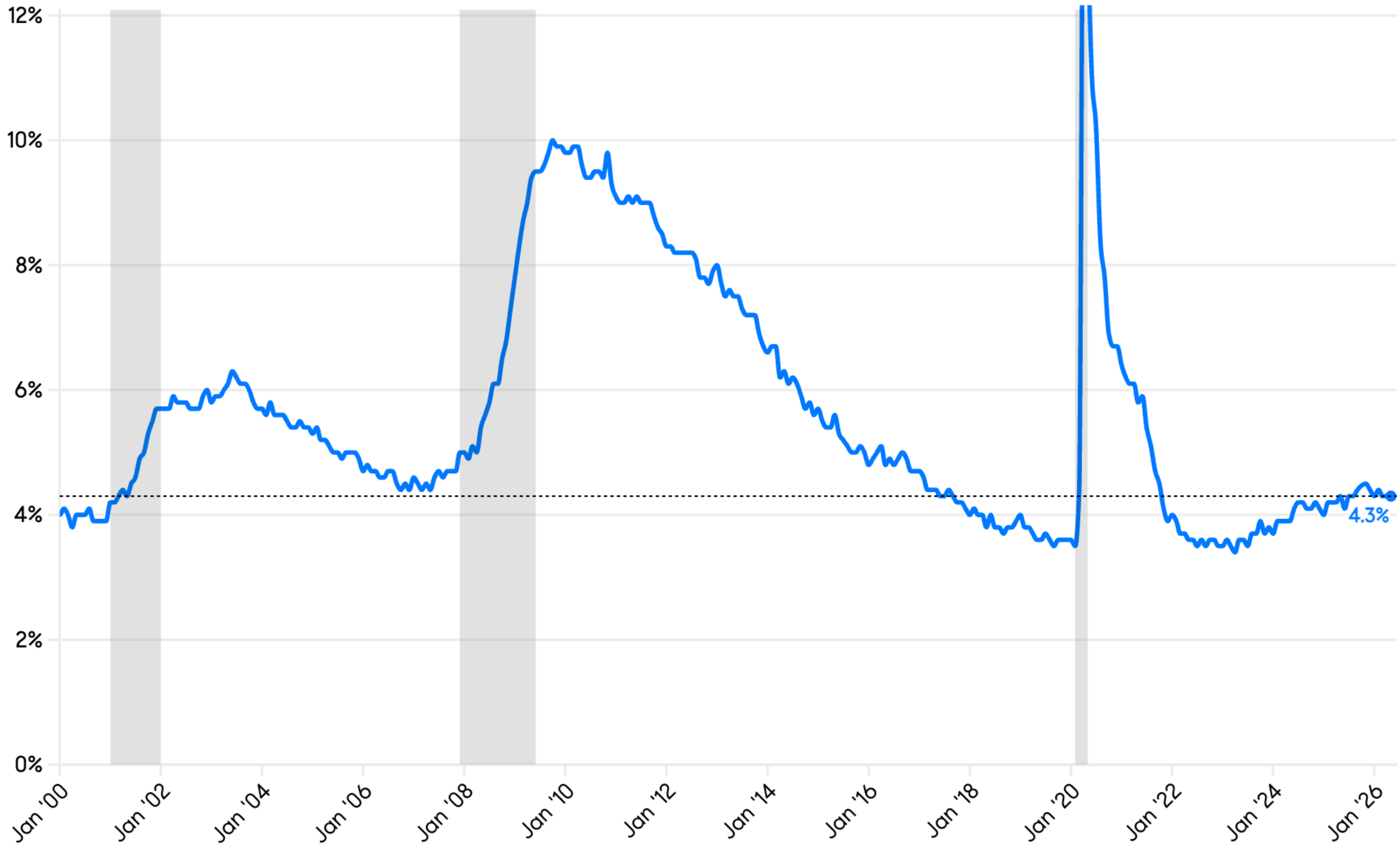
Low Unemployment Keeps People in Homes

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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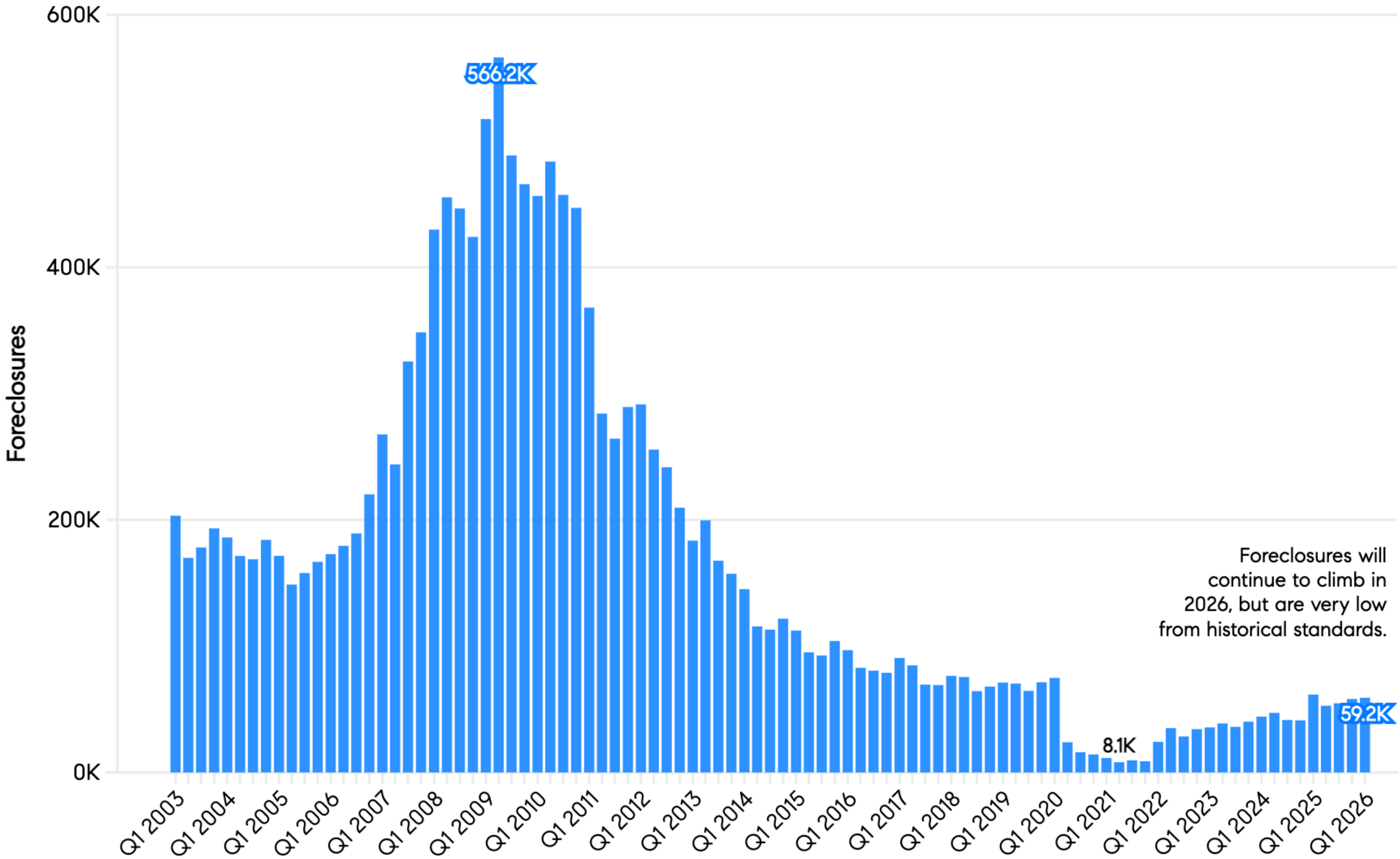
Very Few Foreclosures in 2026

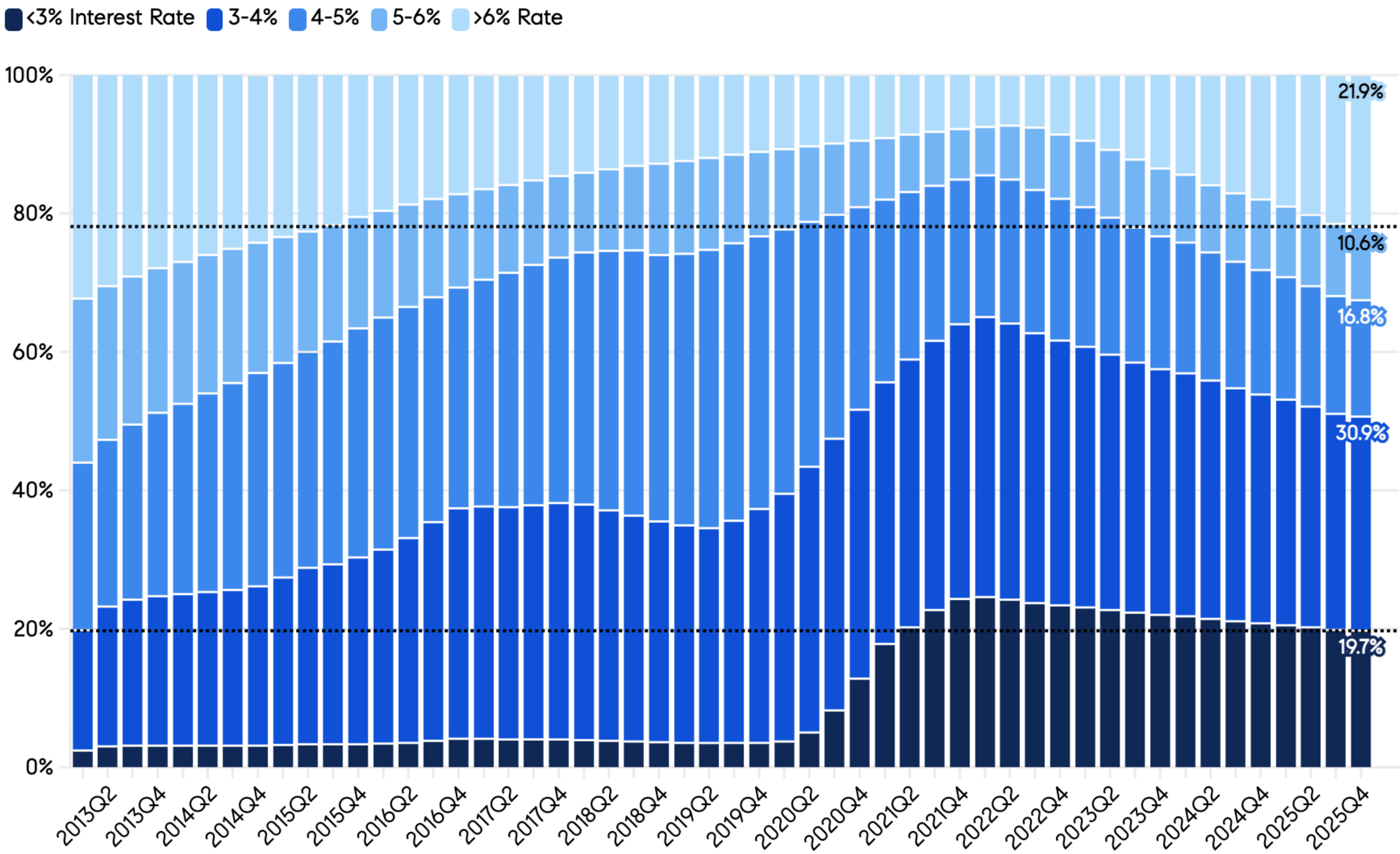
Due to high equity, low locked-in mortgage rates, and low unemployment, foreclosures are likely to stay low for 2026



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

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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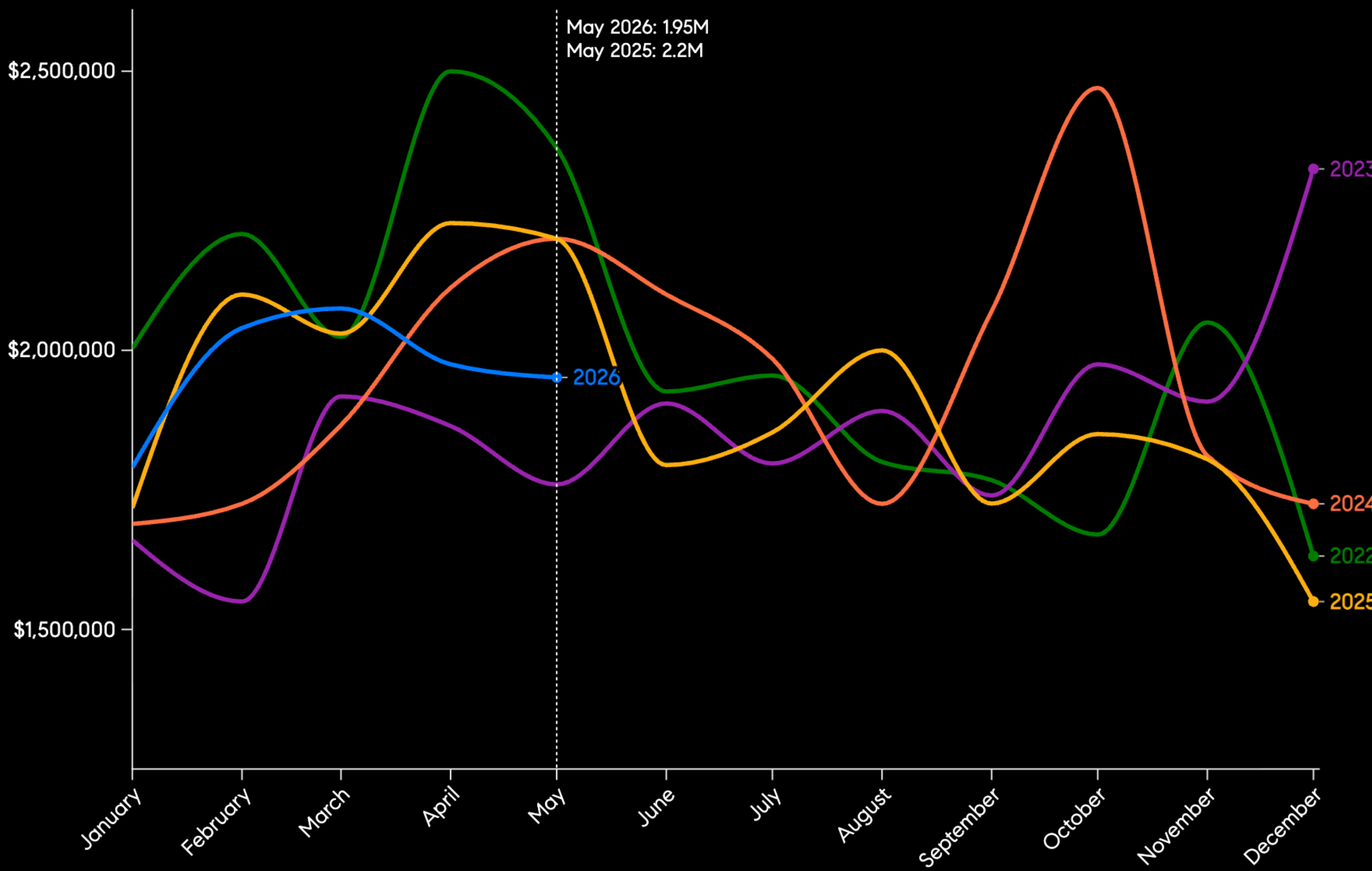
Diablo Valley Median Home Price

The median sale price for single family homes decreased 11% since May 2025.



Source: Compass via MLS · Single Family Homes

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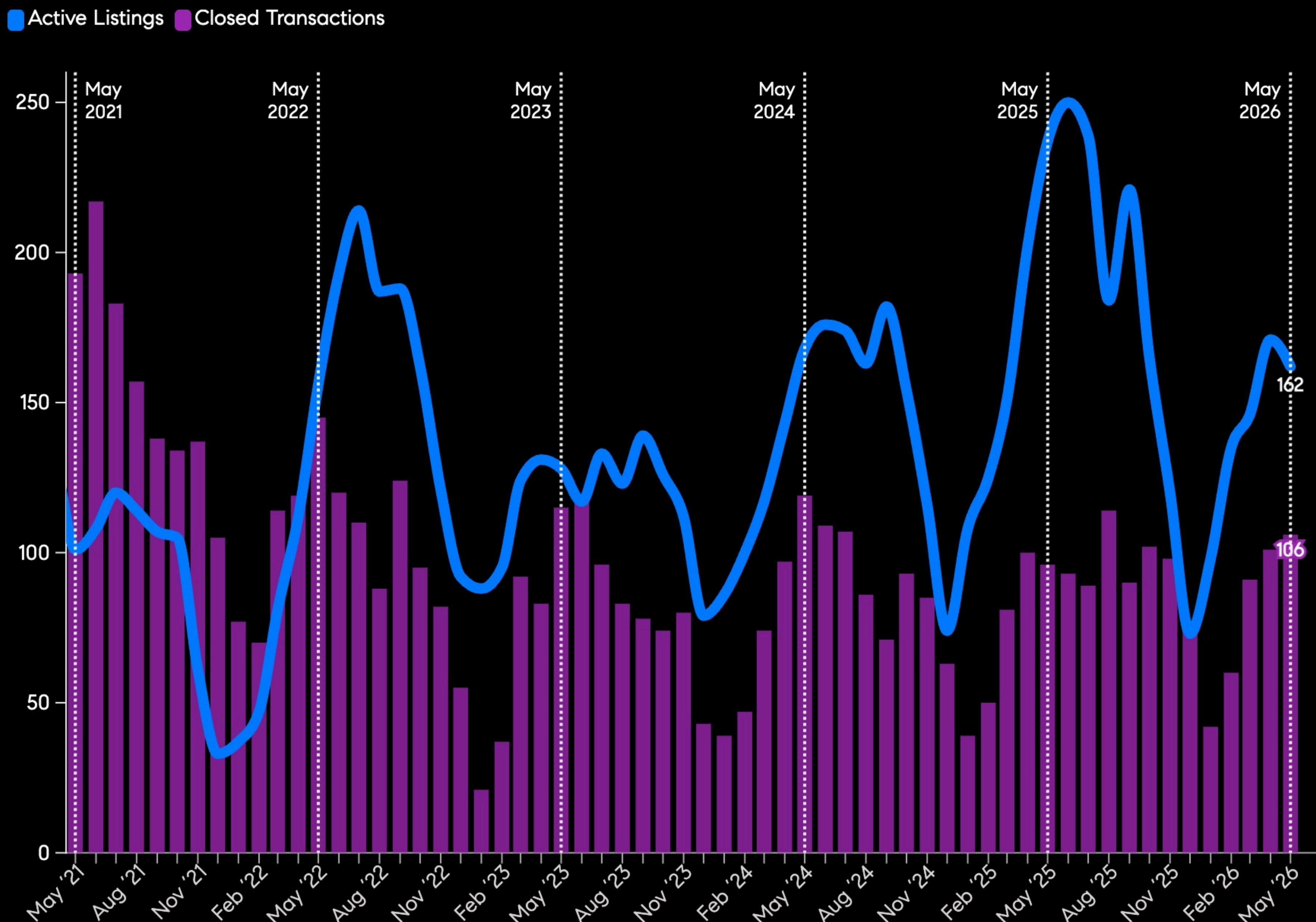
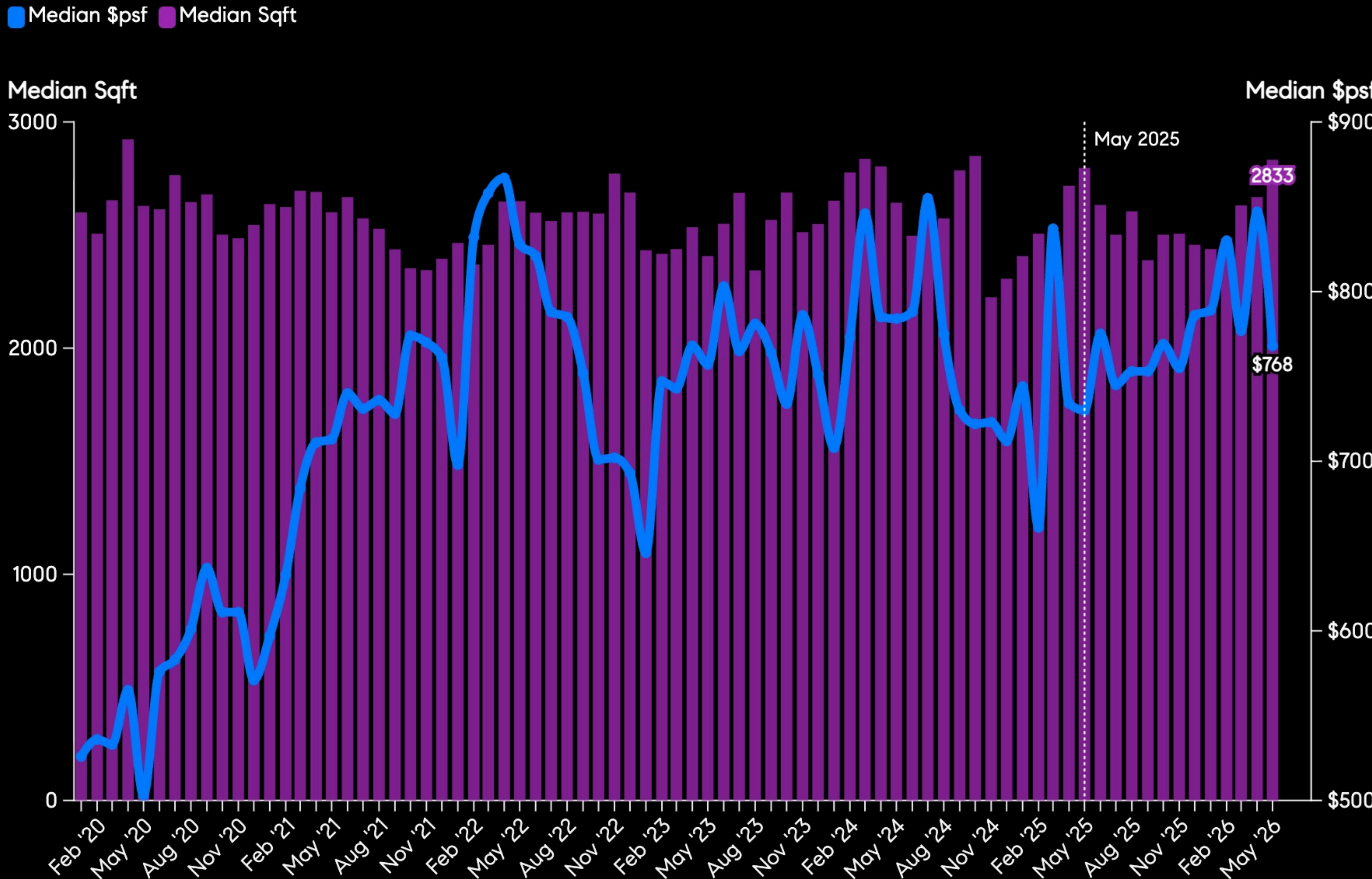
Inventory for Diablo Valley

While inventory followed its typical seasonal rise this spring, active listings for May 2026 are 32% below May 2025 levels, reflecting a tighter market with fewer homes available for sale.



Price Per Square Diablo Valley

At $768 per square foot, Diablo Valley home values increased 5.2% from May 2025.



Source: Compass via MLS data · Single Family Homes

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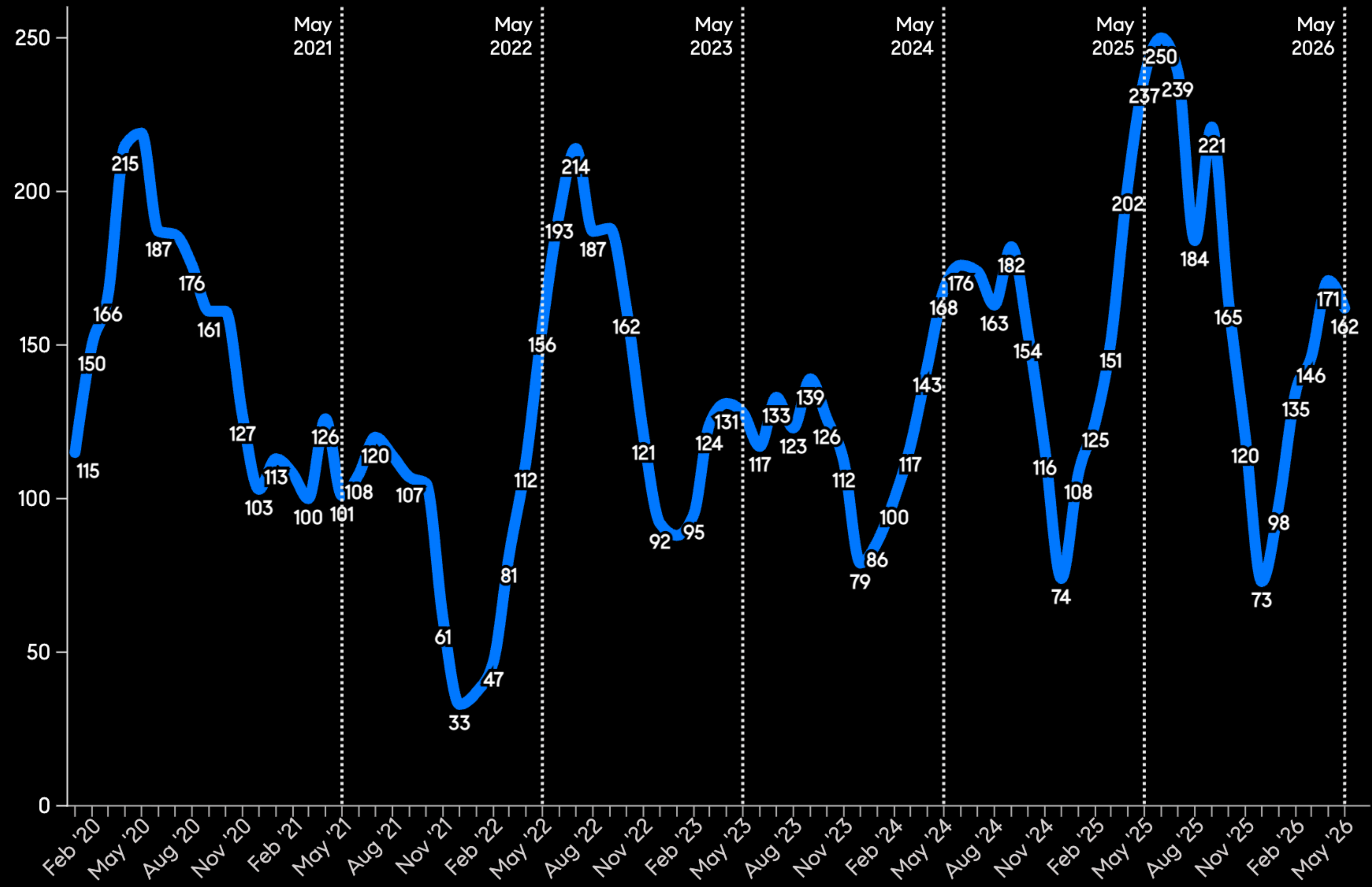
Active Inventory for Diablo Valley

While inventory has increased steadily in 2026, it is still 32% lower than it was in May 2025.



Source: Compass via MLS · Single Family Homes

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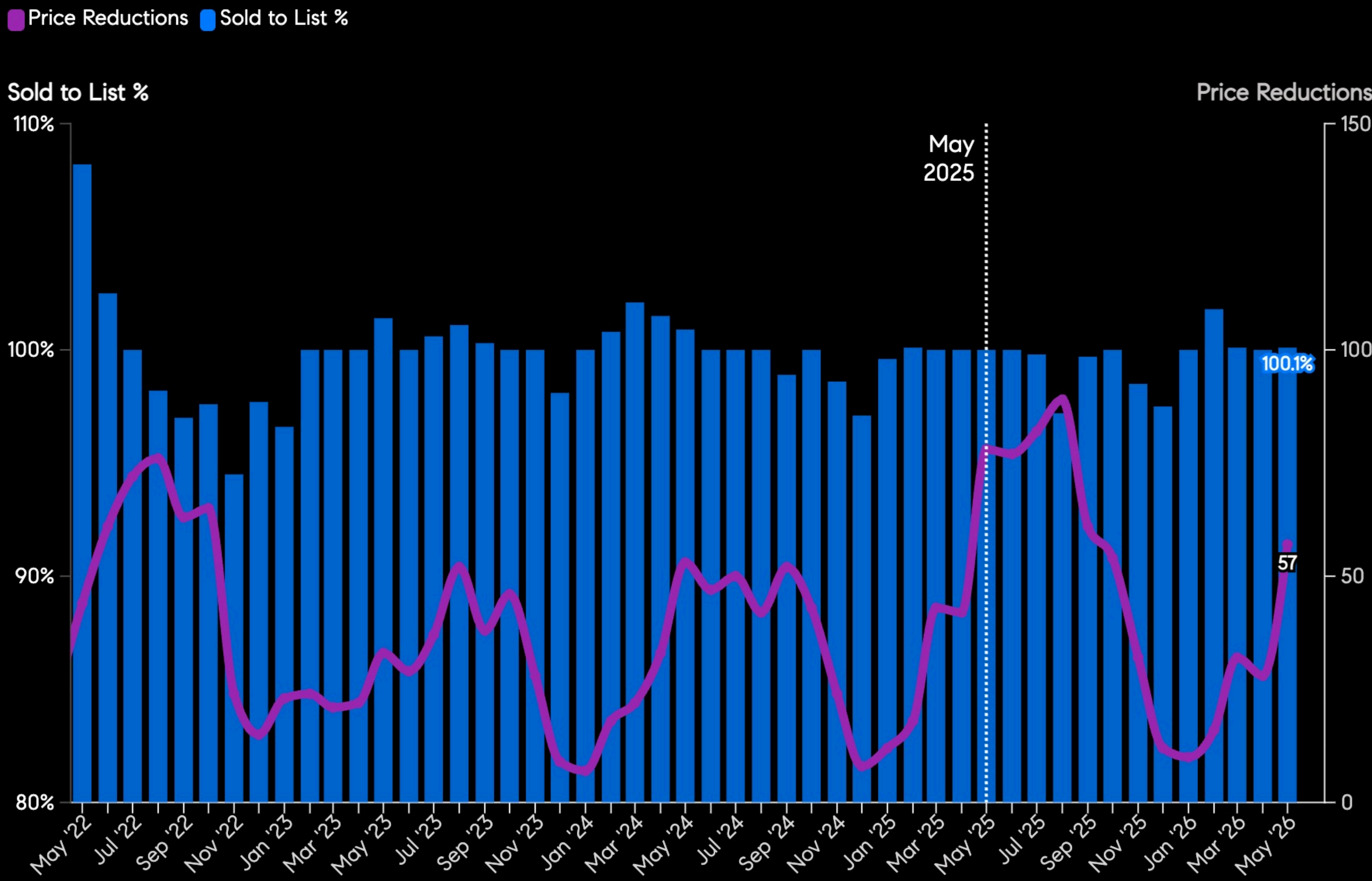
Diablo Valley Sold to List Price Ratio

Price reductions have followed a predictable seasonal pattern, increasing in the spring and summer. While sale-to-list-price ratios have remained near 100% and typically soften during the fall months.



Source: Compass via MLS · Single Family Homes

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Local Lamorinda & Diablo Valley

May 12 month rolling average for local single family homes

Neighborhood	Median Sale Price	% Change	PPSFT	Closed Sales	% Change	Pendings
Diablo	$2,850,000	-7.2	846	17	-15	21
Alamo	$2,555,000	-0.8	857	157	-1.9	165
Blackhawk	$2,256,500	1.2	724	96	-5	98
Lafayette	$2,038,052	-3.1	820	286	-0.7	295
Danville	$2,000,000	0	789	381	0.3	396
Orinda	$1,900,000	1.3	783	241	-4.4	236
Moraga	$1,815,000	0	787	107	8.1	117
San Ramon	$1,700,000	-0.3	743	443	1.1	436
Walnut Creek	$1,520,000	0.7	752	493	3.1	516
Pleasant Hill	$1,050,000	-0.9	655	209	4	221
Rossmoor	$596,500	3.7	491	424	-2.1	444

Source: Compass via MLS · Single Family Homes

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