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Welcome to the Mansion Economy. $10 Million Is Barely Enough.

By Andy Serwer Follow

Aug 07, 2026, 1:30 am EDT

Mansions in San Francisco's Pacific Heights district. (JOSH EDELSON / AFP VIA GETTY IMAGES)

Real estate agents are never at a loss when it comes to hyperbole, and as such their commentary is best taken with buckets of salt. Nonetheless, current assessments of the San Francisco real estate scene have been eye-catching. “A hysteria,” says one broker. “A gold rush situation,” says another, perhaps in a nod to the city’s history. And from a real estate economist on X: “Absolutely BANANAS.”

But it was this quote, as reported by the San Francisco Standard, that had me spitting out my coffee: “As Marie Antoinette as this sounds, there really is a housing crisis at the upper end— *a mansion shortage*,” said Sotheby’s agent Annie Williams. (Italics mine.)

A mansion shortage! Why, we’ll have to live in an $8 million, 10,000-square-foot fleabag in the East Bay!

Snark aside, the fact that a mansion shortage might even be a thing has to be a barometer of sorts. Sure, it reflects the explosive growth in wealth generated in the Bay Area by tech, now hyper-charged by SpaceX and the artificial-intelligence boom. This in a city that three years ago was said to be in a crime-ridden, hollowed-out-by-remote-work doom loop. But luxury residential real estate—properties priced from $10 million to $100 million and up, powered by the ever-rising stock market—is booming across the country, particularly in hot zones like Los Angeles, New York City, and especially South Florida.

"The scale of wealth has grown far greater in the superluxury end of the market over the past decade," says Jonathan Miller, a veteran real estate analyst and director of markets at Streetmatrix, a housing market research firm. "I'll be inspecting a $30 million or $40 million mansion, and realize it's the fifth house that these people own."

Miller says that 15 years ago he counted three sales of homes over $50 million in the U.S. Last year, there were 45. "Now we're getting $100 million and some $200 million homes," he says. "Ten-million-dollar sales are a dime a dozen."

Actually, there were 1,601 homes sold for $10 million or more in the nation's top 10 ultraluxury markets last year, according to real estate brokerage Compass, which amounted to some $28.6 billion in sales. That's up 31% in sales and 23% in dollar volume over 2024. (Compass, by the way, reported boffo earnings this week, with its CEO noting the company's strong Bay Area business.)

Chronicling this mushrooming mansion economy is a cottage industry of voyeuristic real estate journalism. Even before Zillow-surfing, tracking neighborhood real estate sales has long been a great American spectator sport, à la baseball or football. But drooling over $75 million Malibu mansions and other property porn feels more like watching Formula One races.

The housing market for us mere mortals, meanwhile, is tepid. U.S. home sales totaled 4.7 million units last year, a 14-year low. And the median sales price of a house sold in the U.S. is stuck around $410,000 as of the second quarter of 2026, about the same price level as five years ago, according to the Federal Reserve Bank of St. Louis.

A study by housing research firm Zelman indicates that the highest third of the U.S. housing market has outperformed the lowest third in terms of existing-home prices nine quarters in a row, including the past three, when the lowest tier declined 0% to 1%.

“All of the action is on the higher end of housing,” says Mark Zandi, chief economist at Moody’s Analytics. “The weakness is in workforce housing. That’s where you see the real shortages because builders can’t make enough money with those types of homes, given the high costs of materials, labor, land, and permitting.”

Other elements are putting pressure on the low end, says Miller. “One thing we learned coming out of the pandemic is when mortgage rates are too low for too long, it actually makes housing less affordable because it wipes inventory off the face of the Earth,” he says. That’s because when money is dirt cheap, consumers borrow willy-nilly and snap up the housing stock. Now, with rates higher, people aren’t moving, which makes for a paucity of inventory.

Of course, on the higher end, rates matter less. “For the last decade, the housing market in Manhattan was 50% cash,” says Miller—meaning 50% of buyers pay cash. “Over the last couple of years, that has gone up to 65%. The higher the net worth, the higher the purchase price, the higher the probability of a cash buyer.” With the stock market up over 23% a year on average over the past three years and 13.5% year to date, who cares about rates?

In mansion-deprived San Francisco, where at least one seller was reportedly seeking Anthropic or OpenAI stock for their listings, Danielle Hale, chief economist at Realtor.com, sees more evidence of inelastic demand by the wealthy. (Realtor.com is owned by News Corp, *Barron's* parent company.) “When rates shot up in 2023, down payments surged everywhere,” Hale says. “You would expect that because when it's expensive to borrow, people borrow less. But when rates fell, down payments remained elevated in San Francisco. We think that reflects the cash and equity from the AI industry.” (Some unicorn employees are able to get cash for their stock through company-sponsored tender offers.)

According to Realtor.com economist Jiayi Xu, down payments in Miami, New York City, and Austin, Texas, have met or dropped below their 2022 level, while buyers in the Bay Area continue to put 6.6 percentage points more money down to buy a home. That amounts to $198,000 in additional down payment on an “entry-level Bay Area luxury home priced around $3 million.”

And that's just for pikers. Imagine the money on the highest end. A New York Times study estimates that the SpaceX, Anthropic, and OpenAI initial public offerings could create 20 billionaires—and by extension who knows how many centimillionaires. No wonder some 144 homes in San Francisco went for $1 million over the asking price in the first half of 2026. As for specific deals, there's the recent $56 million sale of a Beaux Arts–style mansion in Pacific Heights by a former Google exec, though the city's most expensive home was bought two years ago by Laurene Powell Jobs, who paid $70 million for another mansion in Pacific Heights.

Down the peninsula in tony Atherton, which recently supplanted Miami's Fisher Island for the honor of having America's most expensive ZIP Code, six homes have sold for more than $30 million this year, with one recently snapped up only 72 hours after being listed, according to the Los Angeles Times.

Speaking of L.A., that market has now caught up with New York, according to Miller. The record price for a home there—indeed all of California—is the $210 million sale two years ago of a Malibu mansion by Oakley (sunglasses company) founder James Jannard, who reportedly bought the property from Howard Marks, co-chairman of Oaktree Capital Management. The house sits on 9.5 acres and includes 300 feet of ocean frontage. The Jannard house edges out another Malibu mansion bought by Jay-Z and Beyoncé for $200 million in 2023.

Even more aspirationally, consider what would be far and away America's most expensive home: a $400 million listing in Bel Air, owned by an entity tied to Qatar's ruling al-Thani family, according to The Wall Street Journal. The property has "70,000 square feet of living space, 39 bedrooms, and three swimming pools"—perfect for a never-ending party.

In New York City, the top property year to date is the purchase of a 6,500-square-feet, four-bedroom duplex in the 1,428-foot Steinway Tower on 57th Street, along Billionaire's Row, for $42 million. Floor-to-ceiling windows frame unobstructed Central Park views that will be peered through by the buyer, a "European billionaire with a family in tow, who plans to make it his primary residence," writes the New York Post. According to listing broker Nikki Field of Sotheby's, wealthy Europeans are coming into the U.S. market, drawn by the strength of the euro and pound against the dollar.

But the most expensive home in New York—and in all of America—is Citadel CEO Ken Griffin's $238 million apartment (naturally on Billionaire's Row), a 24,000-square-foot quadplex, bought back in 2019. Griffin's nearly quarter-billion-dollar apartment caught the eye of New York City Mayor Zohran Mamdani, who, following Willie Sutton's lead, is going after high-end residential real estate ("because that's where the money is"). Mamdani, singling out Griffin's apartment, has imposed a so-called pied-à-terre tax on nonprimary residences for multimillion-dollar homes and apartments. (Which perhaps is why that aforementioned European buyer accentuated his as a primary residence.)

Populist politics are bubbling forth in California, too, where Proposition 40: The California Billionaire Tax Act, which would impose a one-time 5% tax on assets over $1 billion, is on the November ballot. Some nonprogressives say that might kill the Golden State's golden goose.

Those populist strains, to a degree, have been revving up the ultrahigh end of the Florida real estate market. Exhibit A: Mark Zuckerberg's recent $170 million purchase on Miami's Indian Creek island, down the road from Jeff Bezos' massive new compound. Still, the hyperscaler dudes don't come close to owning the most expensive property in Florida, which was reportedly bought for $225 million two years ago by billionaire David Hoffman, not in Palm Beach, Miami, or even Manalapan (home to Larry Ellison's Gemini compound), but over in Naples.

Still, with all the talk of billionaires fleeing New York and the Bay Area, prices haven't exactly softened there. And most of these bros, be they Griffin or top Google execs or Zuck, still apparently own megamansions in their old blue state stamping grounds. Indeed in some instances, it's unclear which state is their primary residence. Only the taxman knows for sure, and maybe not even him.

Is mansion mania another sign that the bubble apocalypse is upon us? Could be. But more to the point, it seems the shortage here may not be so much in mansions as it is in common sense.

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