ALFORD-BON

PALO ALTO

MARKET REPORT

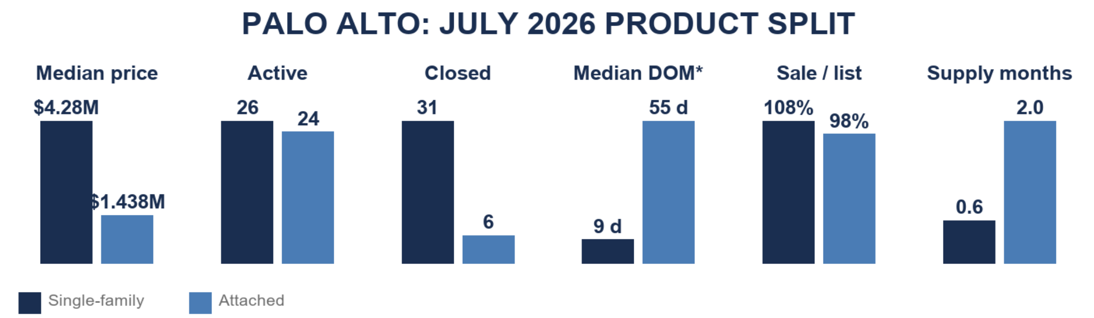
Alford-Bon | Tim & Faye | Sell · Buy · Invest

> **Palo Alto's July market contained one of the sharpest product splits in Silicon Valley.** Single-family homes sold at a $4.28 million median, 108% of list, and a nine-day median with only 0.6 months of inventory. Attached homes sold at a $1.438 million median, 98% of list, and a 55-day median.
>
> The city therefore cannot be described simply as 'hot.' Detached supply is exceptionally constrained and buyers are bidding aggressively for the right homes. The attached segment offers more time and more negotiation, especially where HOA, building age, or layout narrows demand.
>
> Palo Alto also sits closest to the Peninsula's AI, venture, and Stanford capital flows. That can add liquidity at the top, but the July data show that buyers still discriminate strongly by property type.
>
> **- Tim & Faye**

PALO ALTO MARKET

The Local Pulse

- July single-family median: **$4.28M**; 31 closings; 108% of list; nine median days; 0.6 months of inventory.
- July attached median: **$1.438M**; six closings; 98% of list; 55 median / 63 average days.
- Q2 single-family median: **$4.075M** across 138 closings; 107% of list and 21 average days.
- The single-family/attached gap is structural: different scarcity, buyer pools, building costs, and HOA exposure.



* Average DOM used where median was unavailable. Sources vary slightly by cutoff.

FINANCING & AFFORDABILITY

What the September Rate Picture Means

Freddie Mac's national 30-year fixed average was **6.71% on September 3**. With 20% down on the city's July single-family median, the illustrative principal-and-interest payment is about **$22,120 per month**, before property tax, insurance, HOA costs or other obligations. This is a planning illustration rather than a loan quote; jumbo pricing, points and borrower profiles can differ materially.

C.A.R.'s second-quarter affordability index found that 22% of Santa Clara County households could afford the county's $2.05 million median single-family home. The model required about $510,800 in annual income at a 6.54% effective rate. That county measure is broader than any one city, but it explains why liquidity, equity and financing structure are now central to local demand.

Palo Alto buyers often combine equity, concentrated stock positions and jumbo financing. The useful comparison is not simply cash versus mortgage: it is the cost and tax effect of liquidating assets, the flexibility of an ARM, the rate caps, and the value of preserving reserves for remodeling or future needs.

Many buyers are using adjustable-rate mortgages or temporary buydowns to reduce the initial payment while preserving the opportunity to refinance if fixed rates improve. The practical test is whether the adjustment schedule, rate caps and future payment range fit the household's broader plan - not whether the market promises a particular refinance date.

MARKET BEHAVIOR

What Is Moving

Turnkey single-family homes in core neighborhoods. The nine-day median shows that preparation and offer readiness matter immediately.

Homes with credible expansion or rebuild logic. Buyers will pay for land and location when planning risk, existing condition, and cost are understood.

Rare architecture and walkability. Distinctive homes near downtown, California Avenue, schools, and Stanford draw cross-market demand that is not fully captured by neighborhood medians.

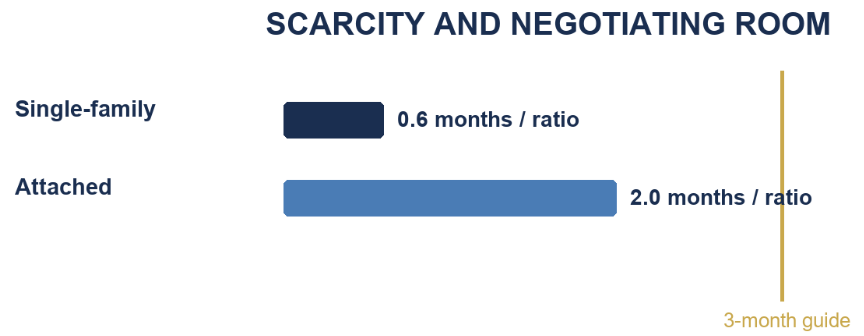
MARKET BEHAVIOR

Where Activity Stalls

Attached homes with unresolved ownership costs. A 55-day median and 98% of list point to real negotiating room and strong sensitivity to reserves, insurance, assessments, and building condition.

Single-family homes that miss the first offer cycle. In a nine-day median market, a listing that sits is delivering a specific message about price, condition, location, or risk.

Overreliance on AI headlines. New wealth can deepen the premium pool, but it does not eliminate functional, zoning, noise, or condition discounts.



Lower bars indicate tighter supply. Figures are source-reported months or active-listing-to-July-sales ratios.

REGIONAL COMPARISON

AI Wealth: A Local Reading

Independent reporting suggests AI-company equity and liquidity events are already influencing unusual high-end transactions around San Francisco. Palo Alto has a stronger direct link to founders, venture capital, Stanford, and Peninsula technology employment than most South Bay cities.

Our read is concentrated upside: exceptional single-family properties benefit first. Attached homes and compromised houses still trade on practical ownership economics, not on a blanket wealth effect.

WHAT CHANGES NEXT

Forces to Watch

North Ventura. Adopted in August 2024, the plan creates a framework for a walkable, transit-oriented neighborhood with multifamily housing, services, parks, and better connections to California Avenue.

Housing Element capacity. Palo Alto's 2023-2031 allocation is 6,086 homes, which will keep infill, corridor, and affordable housing policy active.

Rates versus liquidity. Mortgage costs constrain financed buyers, while equity-rich and cash-heavy buyers can keep the best detached segment unusually competitive.

SIX-MONTH OUTLOOK

Our Base-Case View

Segment	Direction	Why
Prime single-family	**Very competitive**	Sub-one-month supply and 108% of list.
Project / expansion homes	**Selective**	Land value strong; execution risk matters.
Attached	**Negotiable**	Longer market time and 98% of list.
Top luxury	**Event-driven**	AI and venture liquidity can deepen bids.

Prediction: Palo Alto should remain a two-speed market. Prime detached homes are likely to retain strong pricing power even with seasonal cooling. Attached homes should continue to reward careful selection and negotiation. AI-related liquidity may produce notable upper-tier sales without moving every citywide measure evenly.

This outlook is an informed opinion, not a guarantee. Property condition, micro-location, financing, schools, permits, insurance and broader economic conditions can materially change an individual result.

RECOMMENDATIONS

What Matters Now

- **Homeowners:** value detached, attached, and redevelopment candidates separately; citywide averages are especially misleading here.
- **Homeowners:** preserve permit, survey, systems, and improvement records because planning certainty carries value.
- **Sellers:** complete preparation before launch; the market's first nine days are difficult to recreate.
- **Sellers:** attached listings should answer the HOA and building-condition questions before buyers ask.
- **Buyers:** for prime detached homes, set risk and price limits before offer day and do not rely on a later negotiation.
- **Buyers:** explore attached and stale inventory for leverage, but price future assessments and insurability into the decision.

A PROPERTY-SPECIFIC CONVERSATION

Turn Market Data Into a Decision

> City statistics identify direction; they do not determine the value or strategy for an individual home. We can prepare a neighborhood-level analysis that accounts for condition, lot, school assignment, location, improvements, timing, and the competing inventory a buyer will actually see.
>
> For buyers, we can separate true scarcity from offer-day pressure and identify where stale or attached inventory creates a better risk-adjusted opportunity.

RESEARCH

Sources & Notes

MLSListings / Aculist - Palo Alto
City of Palo Alto - North Ventura Coordinated Area Plan
City of Palo Alto - 2023-2031 Housing Element
SCCAOR - July 2026 county and city statistics
SCCAOR - Q2 2026 city statistics
Freddie Mac - Primary Mortgage Market Survey
WIRED - AI equity and Bay Area housing
The Guardian - AI wealth and San Francisco housing
C.A.R. - July 2026 California Home Sales and Price Report
C.A.R. - Q2 2026 Housing Affordability Index
BLS - San Jose-Sunnyvale-Santa Clara Economy at a Glance
BLS - August 2026 Employment Situation

City market figures use July 2026 unless stated otherwise. SCCAOR had not published August 2026 city statistics as of September 5, so July remains the newest complete official city period for this edition. Source cutoffs and property classifications can differ. Hero photography was supplied by Tim Alford for use in this report.

---

sereno
1% For Good
CHARITABLE FOUNDATION

Tim Alford & Faye Bon
Christie's International Real Estate Sereno
214 Saratoga-Los Gatos Rd, Los Gatos, CA 95030
(408) 832-7698 · homes@alfordbon.com
Alford-Bon Team Website