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What changed since last month: financing tightened again, while Los Gatos's split between scarce, polished homes and more complex properties remained. Single-family homes recorded a \$3.05M median across 14 closings, 104% of list price, and 51 average days on market. Townhomes and condos recorded a \$1.37M median across 5 closings, 98% of list, and 27 average days.

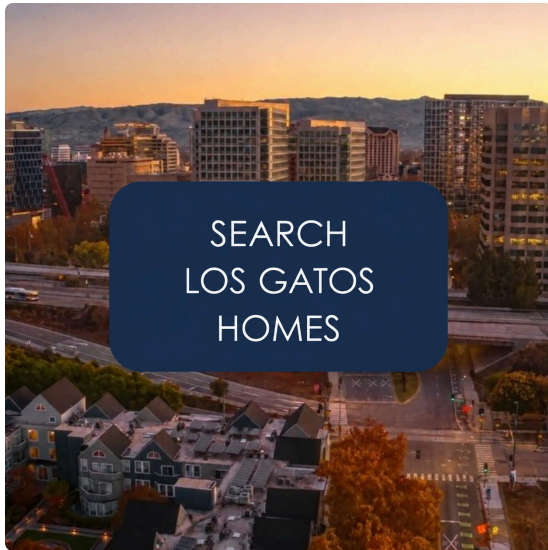
From July to August, the first segment's median changed +3.4% and the second changed +2.5%. Those are month-to-month changes in the homes that happened to close, not an appreciation measure. The practical signal is the relationship among price, pace, list-price performance, and available alternatives. A polished home priced to match recent nearby sales can still attract several buyers quickly. A nearby home may sit longer when its condition, setting, disclosures, or asking price compares poorly with other available homes.

What this means:

- **Homeowners and sellers:** Compare the home with recent sales and current listings that share its ZIP code, school area, terrain, size, condition, and setting. The citywide median is too broad to set the price.

- **Buyers:** The 51-day house average is not automatic leverage; 14 closings still averaged 104% of list. Compare the home with its closest competitors, watch for a price change, missed offer date, return to market, or new competing listing, and confirm the seller's timing before seeking a better price or terms.

- Tim & Faye



Search Los Gatos Homes for Sale



Find Out What Your Los Gatos Home Is Worth

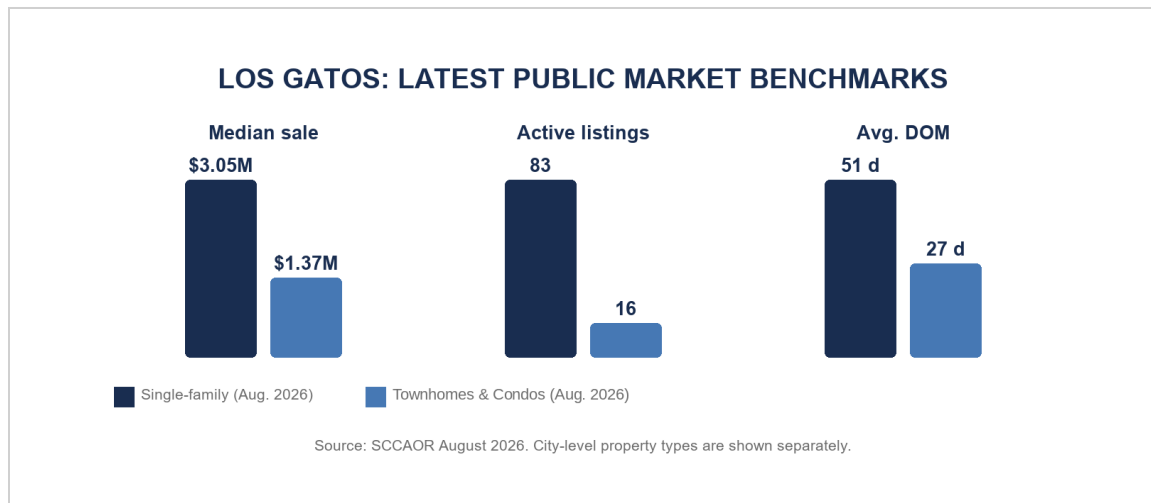
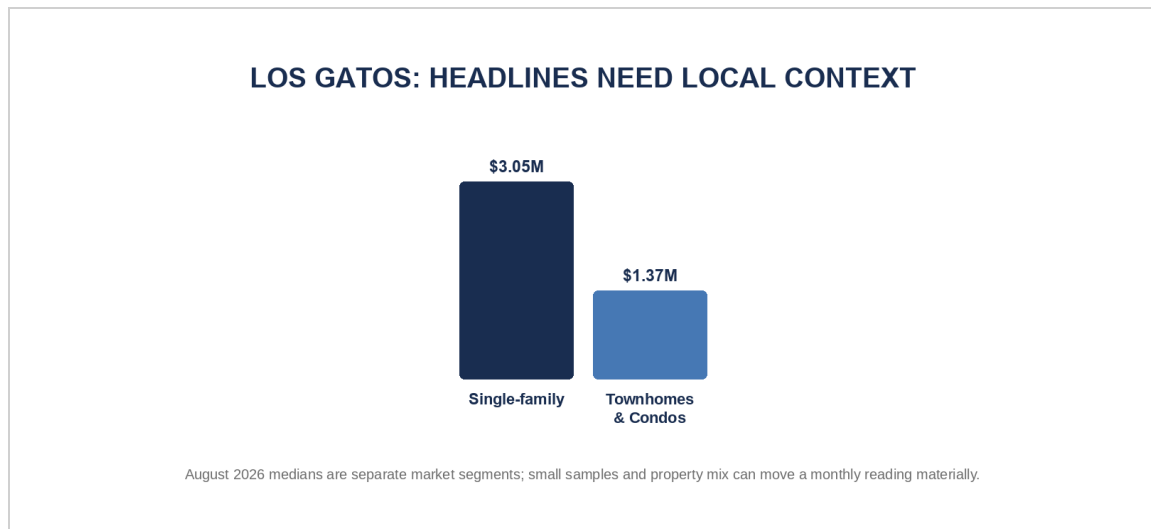
LOS GATOS MARKET

The Local Pulse

AUGUST 2026 AT A GLANCE

- **Primary benchmark:** Single-family: \$3.05M median; 14 closings; 51 average days; 104% sale-to-list; 5.9 months of inventory.
- **Comparison signal:** Townhomes and condos: \$1.37M median; 5 closings; 27 average days; 98% sale-to-list; 3.2 months of inventory.
- **Selection and pace:** Sample and selection: 19 closings across the shown market segments and 99 active listings; medians can be distorted when only a few homes sold or the mix of homes changed.

- **Financing:** the national 30-year fixed average was 7.28% on October 1. At that rate, 20% down on the \$3.05M benchmark implies roughly \$16,690 per month in principal and interest before taxes, insurance, and other costs. Pricing can differ by loan and borrower.



FINANCING & AFFORDABILITY

What the October Rate Picture Means

Freddie Mac's national 30-year fixed average was **7.28% on October 1**. With 20% down on the \$3.05M benchmark, the illustrative principal-and-interest payment is about **\$16,690 per month**, before property tax, insurance or other obligations. This is a planning illustration rather than a loan quote; pricing, points and borrower profiles can differ materially. The Federal Reserve raised its target range by one-quarter point on September 16; mortgage rates do not move one-for-one with that policy rate, so buyers should compare the actual fixed-rate, adjustable-rate, and buydown quotes available for their loan size.

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. Its model required about \$510,800 in annual income at a 6.54% effective rate. Los Gatos's townhomes, conventional houses, and luxury or custom homes attract buyers with different budgets, down payments, and financing options; one regional employment headline cannot explain demand for all of them.

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. That can be practical for a buyer with strong liquidity, expected income growth, or a defined holding period, but the adjustment schedule, rate caps, and future payment range should be compared with a fixed-rate option before offer day.

A targeted seller credit can sometimes address payment pressure more efficiently than a broad price reduction. Buyers should compare that benefit with the property's immediate repair, insurance, and ownership costs.

MARKET BEHAVIOR

What Is Moving

Entry-priced townhome — 18400 Overlook Road, No. 13. The two-bedroom, two-and-one-half-bath, 1,507-square-foot townhome closed August 7 for \$1.37 million. It shows a Los Gatos ownership entry point well below the single-family headline, but property type, HOA obligations, setting, and condition remain essential to the comparison.

Near the single-family median — 19601 Canon Drive. The four-bedroom, two-bath, 1,933-square-foot home closed August 6 for \$3.1 million, close to August's \$3.05 million single-family median. It is a useful benchmark, not a substitute for comparing lot, condition, school assignment, and immediate competition.

Upper-market sale — 14942 Larga Vista Drive. The four-bedroom, three-and-one-half-bath, 2,830-square-foot home on approximately 13.5 acres closed August 20 for \$6.25 million. The acreage and setting place it in a materially different buyer pool from a typical in-town Los Gatos resale.

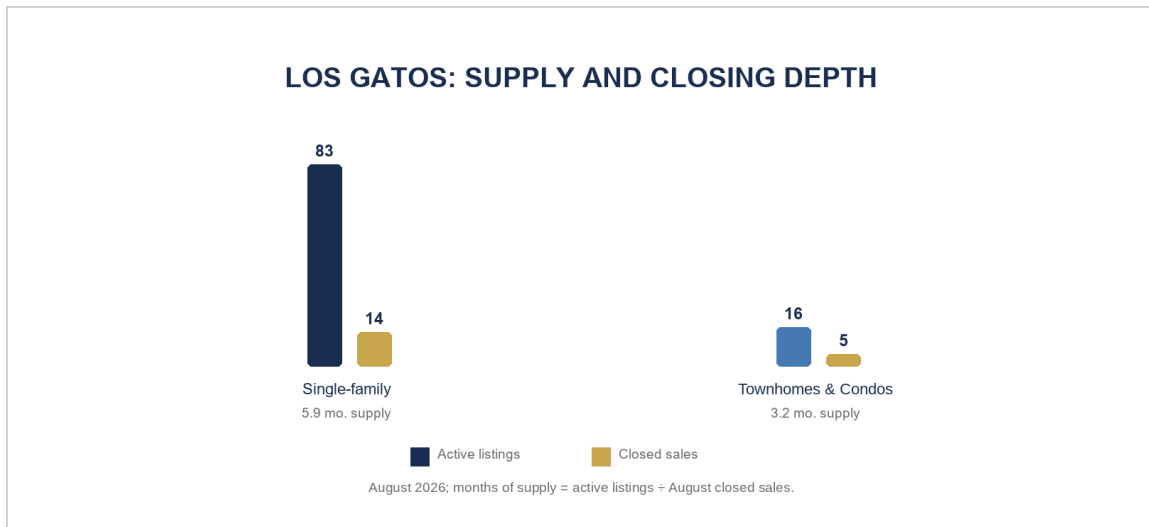
MARKET BEHAVIOR

Where Activity Stalls

Properties with layered site and access questions. Insurance, drainage, retaining systems, road obligations, permits, and utility infrastructure can narrow the buyer pool even when the home itself is compelling.

Pricing from a thinly traded segment. Citywide averages conceal a long tail. When only a few truly comparable properties sell, one exceptional closing is a poor substitute for a property-specific valuation.

Townhomes and condos without a clear HOA story. Three months of inventory gives buyers time to compare reserves, insurance, assessments, parking, noise, and rental restrictions.



REGIONAL COMPARISON

AI Wealth: Relevant, Not the Whole Story

AI-company liquidity is beginning to influence the Peninsula and San Francisco luxury conversation, but Los Gatos demand is broader: established technology wealth, equity from prior homes, schools, space, downtown amenities, and the scarcity of conventional single-family neighborhoods all matter.

The most likely AI effect is concentrated. It can add depth for design-forward or private upper-tier homes, yet it will not erase property-specific obstacles in the mountains or make every luxury listing liquid.

Our read: Los Gatos should remain competitive for polished in-town and 95032 homes, while hillside and unusual properties face a smaller, more selective buyer pool.

WHAT CHANGES NEXT

Local Community Watch

North 40 remains the largest long-range change to watch. Phase II is still listed by the Town as an in-progress multi-building project. More housing, shops and services would broaden local choice, but the timing is measured in years, not the current resale cycle.

What residents should watch next. The meaningful milestones are approved plans, permits, infrastructure work and a construction schedule—not another concept announcement. Those steps will show when the next phase begins to affect traffic, amenities and nearby housing choices.

Why it matters now. North 40 is not creating immediate resale inventory. Its importance is longer-term: it can add newer housing and services while established single-family neighborhoods remain scarce.

SIX-MONTH OUTLOOK

Our Base-Case View

Segment	Expected direction	Why
Turnkey in-town SFH	Competitive	Scarce, walkable and easy to underwrite.
95032 family homes	Selective strength	Good homes move; condition and price still matter.
Complex site / access	Negotiable	Smaller pool and more diligence.
Townhomes and condos	Balanced	More choice and HOA scrutiny.

Prediction: Through early 2027, Los Gatos should remain segmented. Seasonal cooling may reduce bidder counts, but well-positioned in-town and 95032 homes are likely to be

protected by scarcity. Properties with uncommon settings or more complex site considerations will continue to show the widest spread between strong and weak listing response.

This is a market outlook, not a guarantee of future value. Property condition, micro-location, school assignment, lot, architecture, insurance, and financing can materially change an individual result.

RECOMMENDATIONS

What Matters Now

For homeowners:

- compare the home with recent sales in the same ZIP code and school area, with similar terrain, condition, size, and housing type; do not use the citywide median by itself.
- document insurability, fire-hardening work, drainage, permits, septic/well status, and private-road obligations before a future sale.
- Use the 14 house and five townhome-and-condo closings only as context; price from a longer set of same-area, same-condition sales.

For sellers:

- judge buyer response during the first three weeks; if qualified buyers tour but do not offer, correct the price or presentation while the listing still feels current.
- for luxury homes, lead with architecture, privacy, systems, and site quality; generic staging is not enough.
- For 95033 or hillside homes, deliver insurance, access, septic or well, and permit records before launch; unresolved site costs widen the discount.

For buyers:

- look beyond the asking price, especially in 95033 and older townhome or condo communities; include insurance, access, repairs, HOA costs, and likely assessments.
- Treat 5.9 months of house supply and 3.2 for townhomes and condos as context. Change price or terms only when the home trails competitors and the seller's timing is confirmed.
- In 95033, verify fire insurance, private-road, septic or well and permit obligations; those costs can erase an apparent discount.

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Sources: [MLSListings / Aculist — Los Gatos](#); [MLSListings / Aculist — 95030](#); [Town of Los Gatos — North 40 FAQs](#); [Town of Los Gatos — Housing Element](#); [SCCAOR - August 2026 county and city statistics](#); [SCCAOR - Q2 2026 city statistics](#); [Freddie Mac - Primary Mortgage Market Survey, October 1, 2026](#); [C.A.R. - Q2 2026 Housing Affordability](#); [BLS - San Jose metropolitan employment](#); [Federal Reserve - September 16, 2026 FOMC statement](#).

City figures use SCCAOR's August 2026 single-family and condo/townhome tables; July-to-August comparisons are month-to-month comparisons of the homes that sold, not appreciation measures. Source windows and property-type definitions vary.

Predictions are informed opinions based on current conditions and may change.