

AI and the Silicon Valley Housing Market

Where the AI economy is located, where the money comes from, and how it reaches home prices · data through October 7, 2026

THE SHORT VERSION

- Venture money is mostly AI, and the Bay Area is its home.** AI companies took \$102 billion, 64% of the \$159 billion of global venture funding in Q3 2026, and the Bay Area alone took 24% of all venture dollars [1].
- 2026 is the year paper wealth starts turning into cash.** Cerebras listed in May, SpaceX raised a record \$75 billion in June, and Anthropic is reported to be marketing its IPO as soon as the week of November 9. Employee share sales and acquisition payouts add to it [7, 8, 10, 11].
- The housing effect is real but narrow.** San Francisco's metro median sale price (all home types) reached a record \$1.7 million. In Santa Clara County, August single-family medians rose 17.0% in Los Altos and 11.3% in Palo Alto, while the county overall slipped 1.6% and Sunnyvale and Santa Clara fell [3, 5].
- It is a split market, not a rising tide.** Palo Alto and Los Altos single-family medians rose 11.3% and 17.0% in August from a year earlier, while Sunnyvale, Santa Clara and Campbell single-family medians fell 6.5% to 8.1%, and the county's townhome and condo median fell 8.6% to \$850K [5].
- Office leasing is the clearest signal.** San Francisco leased 3.9 million sq ft in Q3, up 77% from a year earlier, and AI firms took about 31% of new leasing in the first half [6].
- The brakes are financing and timing.** The 30-year mortgage averaged 7.28% on October 1, IPO lockups usually run about 180 days, and chip stocks fell sharply on September 14 when AI leaders called for a slowdown [14, 15].

64%

AI share of Q3 global venture funding (\$102B of \$159B) [1]

24%

Bay Area share of all global venture dollars in Q3 [1]

3.9M sf

San Francisco office leasing in Q3, +77% year over year [6]

+11.3% vs −1.6%

Palo Alto vs Santa Clara County single-family median, August year over year [5]

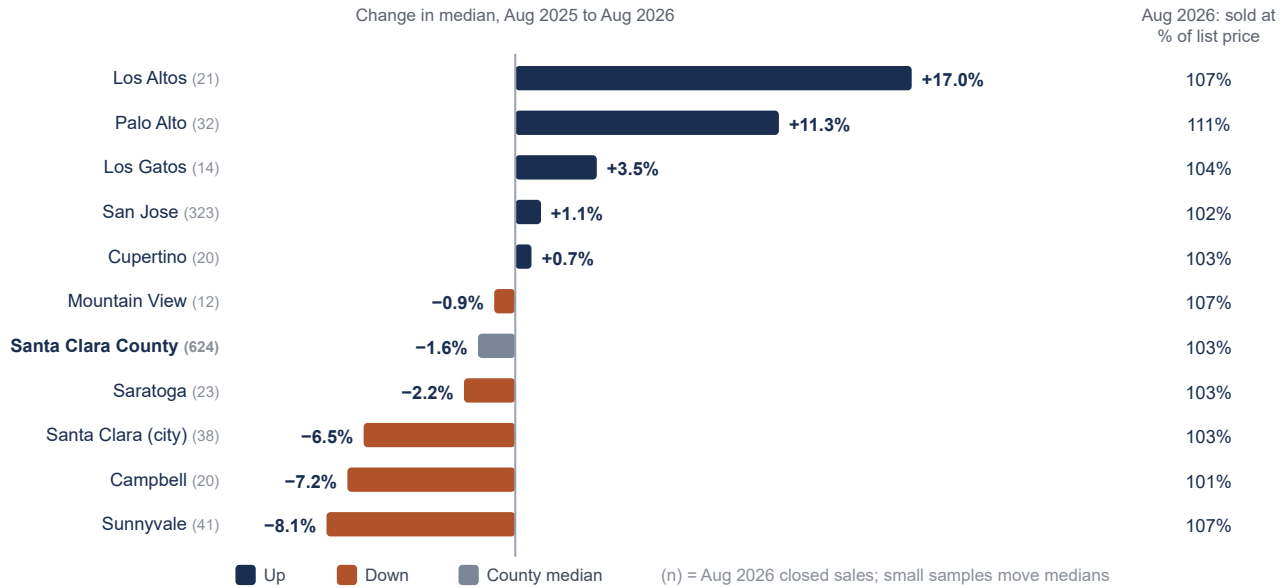
PART 1 Where it is: the locations

AI activity splits by function, and prices follow the people more than the buildings. San Francisco holds most of the frontier labs and applications, the Peninsula holds research, venture firms and Google, and the South Bay holds chips and data centers.

Area	What is there	What the data show
San Francisco SoMa, Hayes Valley, Mission Bay	OpenAI has the largest AI office footprint (about 1.2 million sq ft, a trade-press estimate). Anthropic ranks second and plans to take 300 Howard St. once its owners, DivcoWest and Blackstone Real Estate, finish renovating. Databricks, Perplexity and Scale AI are also based here [19].	Q3 leasing 3.9M sq ft; vacancy about 30% in Q2 (Cushman 30.1%, CBRE 29.7%) [6, 16]. Metro median sale price (all home types) a record \$1.7M, +14.4% in March [3]. Compass counted 144 homes sold \$1M or more over asking in the first half of 2026, up from 8 a year earlier [21]. One-bedroom rents up about 23% year over year [4].
Peninsula Palo Alto, Menlo Park, Los Altos, Mountain View	Research labs, venture firms and Google's headquarters in Mountain View. Venture firms cluster along Sand Hill Road in Menlo Park.	August single-family medians: Palo Alto \$4.01M (+11.3%, sold at 111% of list), Los Altos \$4.91M (+17.0%, 107%), Mountain View \$2.55M (−0.9%, 107%) [5].
South Bay Santa Clara, Sunnyvale, Cupertino	Chips and infrastructure: Nvidia (Santa Clara, third building planned), Intel, Palo Alto Networks, Cerebras (Sunnyvale), Apple (Cupertino). Santa Clara's municipal utility, Silicon Valley Power, limits how many data centers can connect [17].	Cupertino \$3.32M (+0.7%), Sunnyvale \$2.56M (−8.1%), Santa Clara \$1.82M (−6.5%). Data-center rents run \$180 to \$275 per kW per month, among the highest in the U.S. [5, 17].

San Jose	Large, diverse job base. SambaNova moved its headquarters here in July. Employment is mixed: payrolls +1.6% year over year, but information, professional and financial jobs declined [16].	Single-family median \$1.575M (+1.1%, 102% of list); townhome and condo median \$700K versus \$792K a year earlier [5].
Beyond the Bay Area	Data-center capacity is moving to places with cheap, available power. CBRE reports Silicon Valley data centers are expanding modestly while power-rich states capture the mega-campuses [17].	Money raised here can be spent elsewhere, so the local effect depends on where people are required to work. OpenAI and Anthropic ask for some in-person work [4].

Where AI-era wealth shows up: single-family median price change, August 2025 to August 2026 [5]



Source: SCCAOR August 2026 and August 2025 statistics. Los Altos Hills (7 sales) and cities with too few sales are omitted. **Townhomes and condos, August median versus a year earlier:** county \$850K vs \$930K (-8.6%), San Jose \$700K vs \$792K (-11.6%), Sunnyvale \$1.175M vs \$1.299M (-9.5%).

PART 2 Where the money comes from

Most AI wealth starts as paper: shares in private companies. It reaches the housing market only when it becomes cash, income, or collateral. Each channel below has its own timing. The tag shows how solid the evidence is: **High** means a primary source or official data, **Medium** means reported by major outlets or sourced to reports I could not confirm directly, **Low** means estimates or anecdotes.

Channel	Latest evidence	How it reaches housing	Evidence
Venture capital	Q3 2026: \$159B globally, \$102B (64%) to AI, 27 rounds of \$1B or more, record \$679B year to date; Bay Area 24% of all dollars. Largest rounds: Databricks and Safe Superintelligence, \$5B each [1]. CBRE counts \$578B of AI venture money since 2019, about 80% of it to the Bay Area [2].	Pays for hiring, offices and founder salaries now. Turns into home-buying power only when shares are sold, so it is a leading indicator more than a direct one.	HIGH
IPOs	Cerebras priced May 13 at \$185 and raised \$5.5B; shares closed day one at \$311 [7]. SpaceX priced a record \$75B IPO in June. Anthropic filed confidentially June 1 and is reported to be marketing as soon as the week of Nov. 9 at up to a \$2T valuation, with investor meetings reported for Oct. 14 [8]. OpenAI filed confidentially in June, last private value reported at \$852B, listing may slip to 2027 [9]. Databricks (\$190B private) says 2026 is a poor year to list.	Creates tradable stock for employees and early investors, but usually after a lockup of about 180 days. If Anthropic lists in mid-November, a standard lockup would end around mid-May 2027 (my estimate; actual terms are not public).	MEDIUM
Employee share sales (tender offers)	OpenAI's October 2025 tender let 600+ current and former staff sell about \$6.6B, with a \$30M per-person cap that about 75 people reached; a further window of about \$7B is reported for August 2026. Anthropic's April 2026 tender at a \$350B valuation came in below its target because many employees chose to hold [10].	Cash today, often seven figures, which is the most direct path to a Peninsula or San Francisco down payment. Reported totals vary by source.	MEDIUM

Acquisitions, license deals, private equity and credit	Nvidia and Groq, about \$20B (Dec. 2025): about 90% of staff moved, vested shares paid in cash [11]. Meta took 49% of Scale AI for about \$14.3B (June 2025) with payouts to holders [12]. Q3 2026's largest deals: Nvidia's bid for Hugging Face (\$12.9B), AMD's planned purchase of World Labs (\$8.2B), Stripe's purchase of OpenRouter (\$7.5B) [1]. The Justice Department is reported to be probing the Groq deal. Private equity and credit funds (Blackstone, Blue Owl, Apollo) fund data centers and are buying San Francisco offices [13, 19].	Large one-time payouts to founders and early staff. Private equity and credit money flows to buildings and data centers rather than to individual buyers. I found no solid Silicon Valley data on private-equity-backed company sales reaching home purchases.	MEDIUM
Public stock and RSUs	The five largest hyperscalers plan about \$750B of 2026 capital spending, 38% of their revenue [13]. The S&P 500 and Nasdaq closed at records on Oct. 6. Chip stocks fell 5.8% on Sept. 14 after AI leaders called for a slowdown [14].	Vesting stock at Nvidia, Apple, Alphabet, Meta and others is the largest recurring source of cash for local buyers. Vests are taxed on the way in, so net cash is well below the headline value. Lenders usually want a documented history before counting RSUs as income.	MEDIUM
Salary, bonuses and hiring bonuses	Levels.fyi: OpenAI research scientists about \$818K (L4) to \$1.38M (L5), Meta AI researchers up to about \$1.26M (E6); samples are small [18]. Recruiter reports put frontier-lab signing bonuses at \$100K to \$500K. Meta's reported \$100M packages were multi-year, not signing bonuses [12].	Income that qualifies for a mortgage, plus bonus cash that typically arrives after year-end. Concentrated in a small group of researchers and engineers.	LOW
Banks and mortgage credit	30-year fixed 7.28% on Oct. 1; the Fed raised its target to 3.75% to 4.00% on Sept. 16 [15]. Principal and interest on a \$1M loan is \$6,842 a month at 7.28% versus \$6,459 at 6.71% four weeks earlier [16]. About one-third of Bay Area purchases in April to June were all-cash [4].	Higher rates hit financed buyers first; cash buyers and large down payments blunt the effect. Banks' direct exposure to AI-adjacent industries was about 0.8% of assets in a February Chicago Fed study, with more indirect exposure through lending to funds.	HIGH
Laid-off and displaced workers	Bay Area tech layoff notices are running ahead of 2025: about 12,900 planned cuts through early September versus about 10,200 in all of 2025, with Meta the largest [20].	The other side of the split: the county's townhome and condo median fell 8.6% to \$850K while AI-linked pockets of single-family homes rose [5].	MEDIUM

PART 3 How the money reaches a house, and when

1. Paper wealth Private shares and options, valued at the last funding round or tender price.	2. Liquidity event Tender offer, acquisition payout, IPO plus lockup, or a quarterly RSU vest.	3. Tax and timing A large share of a big vest goes to tax, so net cash is well below the headline value; buyers plan around vest dates and trading windows.	4. Cash or credit A big down payment, an all-cash offer, or a larger loan; rates matter less for cash buyers.	5. Location choice Close to the office and to schools: San Francisco, Palo Alto, Los Altos and Mountain View first.
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Dates to watch

- **Oct. 14:** Anthropic investor meetings (reported).
- **Week of Nov. 9:** earliest reported IPO marketing; listing as early as mid-November.
- **Q1 2027:** annual bonuses typically arrive after fiscal year-end at large tech employers.
- **About mid-May 2027:** end of a standard 180-day lockup if Anthropic lists in November (my estimate).
- **2027:** OpenAI and Databricks listings more likely than in 2026.
- **Monthly:** SCCAOR and MLSListings data, Freddie Mac rates, Fed meetings.

What could change the picture

- **IPO delay or a lower price.** Valuations are estimates until a listing.
- **An AI spending pause.** Capex funded by debt is sensitive to rates and investor appetite.
- **Higher rates.** At 7.28% financed buyers have less room; sales volume in the county was down 14% in August versus a year earlier [5].
- **Concentration.** A few hundred sales a month drive the headline; small cities swing on a handful of closings.

PART 4 What it means for Alford-Bon clients

- **Sellers in Palo Alto, Los Altos and Mountain View:** homes that are priced to the recent competition are still selling above list. Do not assume every neighboring street gets the same result; ask for sold prices from the last 60 days on your street type.
- **Buyers with stock compensation:** start with the lender before you start with homes. Document vest history, plan around trading windows, and decide whether to sell shares, borrow, or wait for a liquidity event.
- **San Jose and Santa Clara:** prices here are not showing an AI premium (San Jose +1.1%, Santa Clara -6.5%) and homes sold close to list (102% to 103%). For many buyers financing, not competition, sets the pace; compare fixed, adjustable and seller-paid buydown options. **Sunnyvale:** the median fell 8.1% but homes still sold at 107% of list, so the specific street and home type matter more than the city average.
- **Anyone counting on an IPO:** treat it as a possible future event, not cash in hand. Dates and prices are reported targets, and lockups delay access.

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- [17] CBRE data-center report (Silicon Valley); Silicon Valley Power; Nvidia Santa Clara campus filings, as reported by CoStar.
- [18] Levels.fyi OpenAI and Meta pages, Sept. and Oct. 2026 (small samples).
- [19] SF Standard, "The AI leaderboard: where the biggest companies are in SF," Apr. 7, 2026.
- [20] Bay Area tech layoff tallies from California WARN filings (Bloomberg Law, Joint Venture Silicon Valley, local outlets); figures differ by method.
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