



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

October opens with a wider gap between the broad U.S. market and Silicon Valley's strongest micro-markets. National existing-home inventory reached 1.62 million in August—its highest level since 2019—while estimated local single-family supply was just 1.7 months in Santa Clara County and 1.3 months in San Mateo County. More national choice has not translated into uniform local leverage.

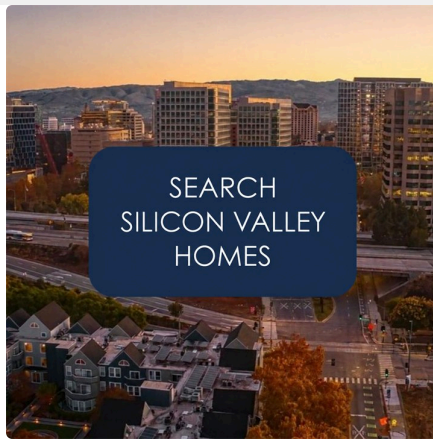
Mortgage rates climbed to 7.28% by October 1 after the Federal Reserve raised its policy-rate target. At the same time, August California sales and prices both improved from July, and San Jose metro employment grew 1.6% year over year. The market is active, but buyers and sellers are sorting properties more carefully.

What this means for you:

- **Buyers:** compare fixed-rate, adjustable-rate and buydown structures before choosing the home—not after. Townhomes, condos, and listings that miss their first weekend currently offer the clearest negotiating room.
- **Sellers:** a polished, accurately priced home in a sought-after micro-market can still create urgency. Homes that launch above the relevant recent competition are more likely to lose momentum quickly.

The opportunity is not simply to wait for rates or prices to change. It is to match the financing, property type and neighborhood strategy to the market that exists now.

- Tim & Faye



[Search Silicon Valley Homes for Sale](#)



[Find Out What Your Silicon Valley Home Is Worth](#)

NATIONAL

National Market Outlook

KEY TAKEAWAYS

- Freddie Mac's 30-year fixed rate averaged 7.28% on October 1.
- August existing-home sales fell 2.0% to a 3.98 million annual pace.
- Inventory rose to 1.62 million homes and 4.9 months of supply, up from 4.6 months in July and a year earlier.
- The national median rose 1.6% year over year to \$429,100, while affordability improved from a year earlier.
- August payrolls rose 162,000 and unemployment held at 4.1%.

Data cutoff: October 1, 2026. National housing, inflation and employment data represent August; mortgage data are current through October 1. The Federal Reserve decision was published September 16. Measured data and Alford-Bon interpretation are identified separately throughout.

Rates Cross 7% as Monetary Policy Tightens

Freddie Mac's 30-year fixed mortgage averaged 7.28% on October 1, up from 7.03% a week earlier, 6.71% four weeks earlier and 6.34% a year ago. The Federal Reserve also raised its policy-rate target by one-quarter point, to 3.75%–4.00%, on September 16. Mortgage rates do not move one-for-one with the federal funds rate, but both reflect a financing environment in which inflation and bond-market expectations matter again.

For buyers, this makes loan structure central to the offer strategy. Adjustable-rate mortgages can be a practical tool for buyers with a defined holding period, anticipated income growth or plans to refinance if fixed rates improve. The comparison should include the ARM's initial term, adjustment index, margin and lifetime caps alongside a fixed-rate quote and any seller-funded buydown.

More Listings Are Creating National Negotiating Room

August existing-home sales declined 2.0% from July to a 3.98 million seasonally adjusted annual pace and were 1.2% below August 2025. Inventory, however, rose 3.2% during the month to 1.62 million homes—5.9% above a year earlier—and reached 4.9 months of supply, up from 4.6 months in July and a year earlier.

That is a meaningful shift for the national market: buyers have more alternatives and more time to compare them, even though supply still varies dramatically by region and property type. Pending sales increased 0.3% in August but remained 4.7% below a year earlier, suggesting that higher rates are limiting the number of buyers who can convert interest into a contract.

Affordability Improved from Last Year—Then Rates Took Back Ground

The national median existing-home price rose 1.6% year over year to \$429,100, while NAR's affordability index improved to 104.7 from 101.2 a year earlier. First-time buyers represented 30% of purchases, up from 28% a year ago, and cash buyers represented 27%. Wage growth and a slower pace of price appreciation helped, but the late-September rate increase raised the payment on new purchases.

On a 30-year fixed loan, monthly principal and interest on \$1 million is about \$6,459 at 6.71%, \$6,673 at 7.03% and \$6,842 at 7.28%—roughly \$169 more per month than at 7.03%—before taxes, insurance or association dues. On Silicon Valley loan balances, small rate changes materially alter purchasing power, so the best comparison is the total monthly and five-year cost—not simply the headline rate.

New Construction and Resale Homes Are Offering Different Choices

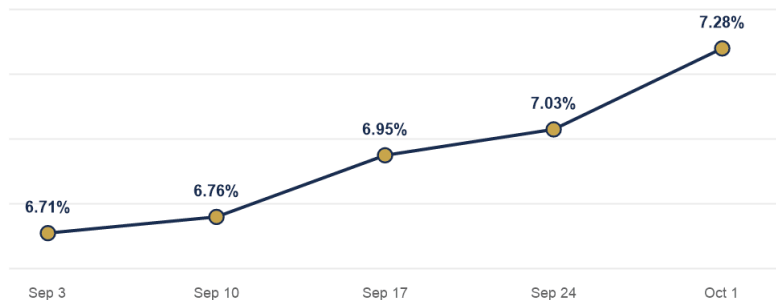
New single-family home sales increased 6.4% in August to a 684,000 annual pace, with 8.5 months of supply. The median new-home price was \$393,700, 5.8% below a year earlier. Existing homes, by contrast, had 4.9 months of supply and a \$429,100 median. Those medians are not directly comparable because geography, lot size and product mix differ, but the contrast shows where builders have used inventory, pricing and incentives to keep buyers engaged.

In Silicon Valley, new-home supply is limited and often townhomes and condos or at the region's edges, so the lesson is strategic rather than literal: compare builder incentives, resale condition, association costs and commute tradeoffs on an equal monthly-cost basis. A lower advertised price or rate is only one piece of the decision.

NATIONAL DATA

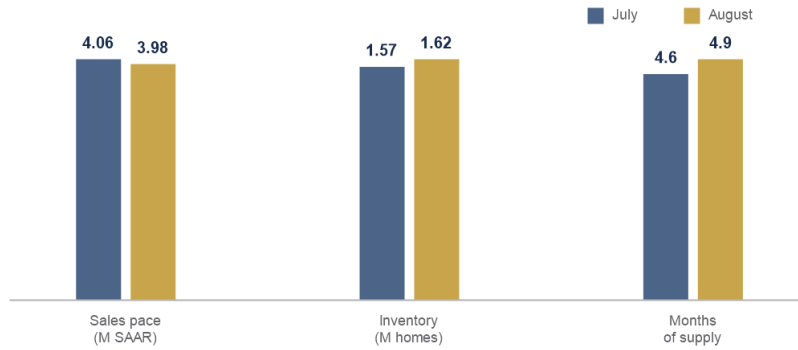
30-Year Fixed Mortgage Rate

Freddie Mac PMMS | September 3 - October 1, 2026



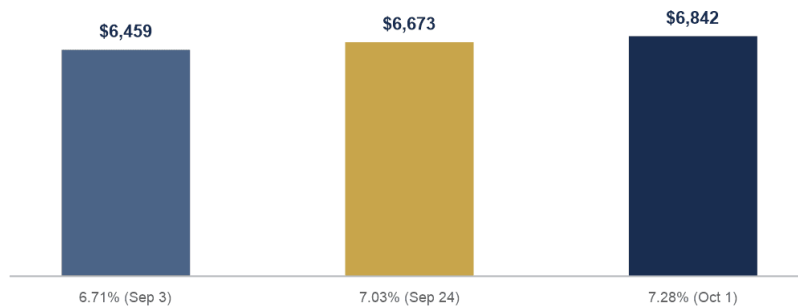
Existing-Home Sales and Inventory

NAR | July to August 2026



Monthly P&I on a \$1M Loan

30-year fixed illustration; taxes and insurance excluded



LOCAL MARKET

Silicon Valley Spotlight

KEY TAKEAWAYS

- California single-family sales rose 2.4% from July and 1.4% from August 2025.
- The statewide median returned above \$900,000, while inventory rose to 3.7 months.
- August single-family supply remained tight at an estimated 1.7 months in Santa Clara and 1.3 months in San Mateo.
- Santa Clara townhomes and condos offered more choice: 3.2 months of estimated supply and a 26-day median market time.
- San Jose metro payrolls grew 1.6% year over year, but information, professional/business and financial employment declined.

August is the newest complete local housing period available for this October 6 issue. MLSListings county figures cover existing single-family homes unless noted; California figures are from C.A.R. and represent existing single-family homes. Estimated months of supply is Aculist/MLSListings month-end inventory (data as of September 8) divided by August closed sales.

California Activity Improved, but the Fall Market Is Still Selective

California existing single-family sales rose 2.4% from July to a 269,620 annual pace and were 1.4% above August 2025. The statewide median increased 1.6% from July to \$901,420 and was essentially flat year over year at +0.1%. The sale-to-list ratio improved to 98.9% from 98.3% a year earlier, and median market time shortened to 28 days from 31.

Supply nevertheless rose to 3.7 months—its highest level in six months, though below 3.9 months a year earlier—even as active listings declined 1.6% from July and 6.2% from a year earlier. That combination points to a market with continuing demand but greater payment sensitivity—not a broad retreat by sellers or buyers.

County Results Again Show Why the Micro-Market Comes First

MLSListings placed August's single-family median at \$2.075 million in San Mateo County, up 9.2% year over year, and \$1.85 million in Santa Clara County, down 1.7%. Santa Cruz County's \$1.35 million median was down 3.2%. Median market time was still fast—12 days in San Mateo and Santa Clara and 14 days in Santa Cruz—but estimated supply ranged from 1.3 months in San Mateo to 4.2 months in Santa Cruz. Single-family inventory was up about 19% from a year earlier in Santa Clara and down about 13% in San Mateo.

The practical conclusion is that pricing must begin with the correct micro-market. A polished home with strong presentation and a list price supported by the closest current competition can draw urgency, while a similarly priced home in a different neighborhood, school boundary, condition or property category can face a very different response.

Townhomes and Condos Offer Buyers More Room Than the Headline Suggests

Santa Clara County's townhome-and-condo market carried an estimated 3.2 months of supply in August, versus 1.7 months for single-family homes. Condos and townhomes sold in a median of 26 days, compared with 12 days for single-family homes, and their median price was \$846,944. That gap is one of the clearest sources of buyer choice in the current local market.

For buyers, the opportunity is strongest where association finances, insurance and condition have already been investigated. For sellers of townhomes and condos, complete disclosures, well-documented reserves and a price positioned against active competition matter as much as staging. The single-family-home market remains tighter, but buyers still distinguish sharply between turnkey and compromise properties.

Local Employment Is Expanding—With Important Sector Differences

San Jose-Sunnyvale-Santa Clara nonfarm employment was 1.6% above a year earlier in August. Construction grew 7.8%, education and health services 6.2%, leisure and hospitality 2.1% and manufacturing 1.4%. Information employment declined 0.5%, professional and business services declined 0.3%, and financial activities declined 2.7%.

That mix helps explain why housing demand feels durable but selective. Overall employment growth supports the market, while households tied to slower white-collar sectors may be more deliberate about timing, liquidity and monthly payments. Sellers should expect buyers to scrutinize value; buyers should expect strong competition when several well-qualified households converge on the same scarce home.

The October Playbook: Use Structure and Preparation to Create Options

For buyers: arrive fully underwritten, compare fixed-rate and adjustable-rate options, and ask the lender to model the initial payment, first adjustment and maximum payment before writing. A later refinance can improve the outcome, while an ARM can make the initial purchase more efficient when its terms match the buyer's time horizon and financial plan.

For sellers: prepare the home and disclosures before launch, then price against the closest recent sales and active competition within the same micro-market. A polished home can still create a competitive environment, but the market is quicker to identify aspirational pricing when buyers have alternatives.

For both sides, October favors decisions built around the actual property and household—not a prediction that every rate, price or neighborhood will move together.

SILICON VALLEY DATA

County Median Price Snapshot — August 2026

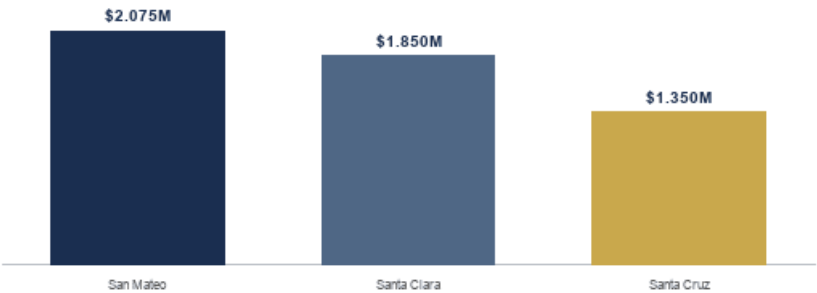
County	Median Price	YoY	Closed Sales
San Mateo	\$2,075,000	+9.2%	329
Santa Clara	\$1,850,000	-1.7%	638
Santa Cruz	\$1,350,000	-3.2%	111

County Market Conditions — August 2026

County	Inventory	Supply	Median DOM
San Mateo	423	1.3 mo.	12 days
Santa Clara	1,108	1.7 mo.	12 days
Santa Cruz	461	4.2 mo.	14 days

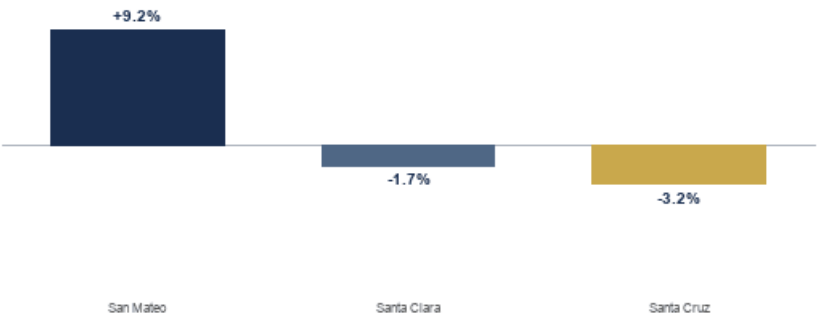
August County Median SFH Price

MLSListings | Existing single-family homes



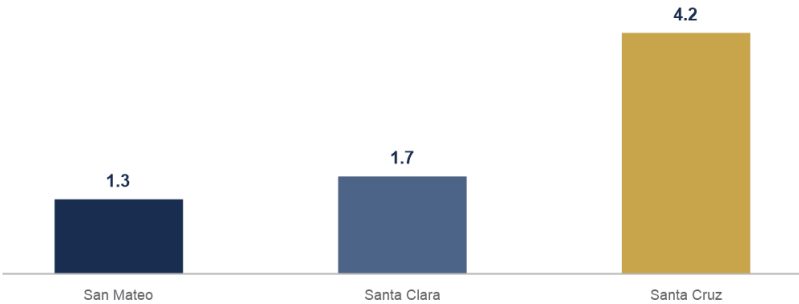
Median Price: Year-over-Year Change

MLSListings | August 2026



Estimated Months of Single-Family Supply

Aculist/MLSListings month-end inventory / August closed sales



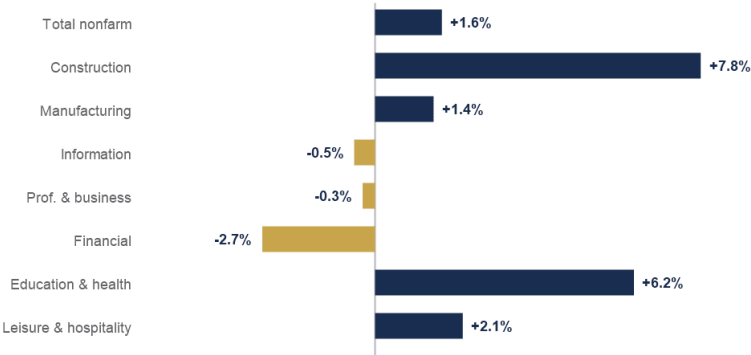
Median Time on Market

MLSListings | August 2026 single-family homes



San Jose Metro Employment: Mixed Expansion

BLS | August 2026 preliminary, 12-month change



LOCAL MARKET PULSE

Choose your area for the detailed local market report.

Los Gatos →

Campbell →

Cupertino →

Mountain View →

Palo Alto →

Cambrian →

Evergreen →

Central San Jose →

Saratoga →

Santa Clara →

Sunnyvale →

Los Altos—Los Altos Hills →

Willow Glen →

Almaden Valley →

Blossom Valley →

Contact Us

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

CHRISTIE'S
INTERNATIONAL REAL ESTATE

SERENO

sereno

1% For Good

CHARITABLE FOUNDATION

All information is deemed reliable but not guaranteed. This is a general market analysis, not an appraisal, financial advice, tax advice, or legal advice.

CHRISTIE'S INTERNATIONAL REAL ESTATE SERENO

TIM ALFORD
DRE #01507448

FAYE BON
DRE #01746037

SERENO
DRE #02101181

Sources: [Freddie Mac PMMS, October 1, 2026](#); [Federal Reserve FOMC statement, September 16](#); [NAR existing-home sales and pending home sales, August data](#); [C.A.R. August home sales and price report](#); [MLSListings August county data](#) and Aculist month-end inventory (as of September 8); [Census new residential sales, August](#); [BLS San Jose metro employment, August preliminary](#), and Employment Situation (September 4).

County housing figures use the newest published August 2026 data available before this report. Medians are mix-sensitive monthly cohorts, not appreciation measures.