MK BAY AREA PULSE · ISSUE 01

Bay Area Quarterly *Market Intelligence*

2026 Q1 · Bilingual Quarterly Report

2,986	63	9
SFR CLOSINGS	CITIES	COUNTIES

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Data MLSListings Q1 2026 closings · MK Group internal transaction observations

Next issue Q2 2026 Pulse expected 2026-08-15

Three Headline Findings

Q1 2026 · EXECUTIVE SUMMARY

1. **The $10M+ tier is 87% all-cash.** California mortgage rate movement no longer meaningfully affects this segment. Bay Area ultra-luxury has structurally decoupled from the credit market.
2. **The $3M–$5M tier is the most competitive price band in the region** — median sale-to-original-list ratio 106.8%, higher than any $5M+ band. The mid-luxury squeeze, not ultra-luxury, defines Q1.
3. **Only 6 transactions above $20M closed in the entire Bay Area in Q1**, 100% cash, median 9 days on market. Ultra-luxury isn't slow — it's scarce.

Contents

1. The 30-Second Read

This issue draws on **2,986 single-family residence (SFR) closings** in the Bay Area during Q1 2026 (CloseDate January 1 through March 31), spanning 9 counties and 63 cities, sourced from MLSListings.

- Q1 SFR median sale price **$1.65M**, median days on market **8**, median sale-to-list ratio **104%** — a structurally tight seller's market continues.
- All-cash share rises step-wise with price: under $1.5M, 17%; $5M–$10M, **54%**; $10M–$20M, **87%**; $20M+, **100%**.
- The most competitive price band is **$3M–$5M**, with median sale-to-original-list ratio at 106.8% — above every higher band.
- Only **6 transactions over $20M** closed in the entire Bay Area in Q1. Median DOM 9 days.
- Palo Alto Q1: 61 closings, median $4.12M, **51% cash**. The premier school-tier segment is past majority all-cash.
- Quarter-to-date data (April 1 – May 15, 1,354 closings) suggests Q1 dynamics carry into Q2.

> *Source: MLSListings Q1 2026 SFR closings · MK Group · Field definitions in Section 9.*

2. Bay Area Fundamentals: Four Baseline Numbers

Q1 2026 Bay Area SFR market is summarized most accurately by four numbers:

Metric	Q1 2026 Median	Interpretation
Total closings	2,986	9 counties, 63 cities combined
Median sale price	$1.65M	All price bands aggregated
Median DOM	8 days	List date to offer acceptance
Median sale-to-list	104%	Typical small premium over list

Together these four numbers point to one read: Q1 remains a structurally tight seller's market. A median DOM of 8 days means a properly-priced listing is typically under contract within a week; a 4% median premium means buyers are still willing to bid above ask in mainstream price tiers.

But region-wide averages mask substantial city- and tier-level differentiation. The remainder of this report unpacks that.

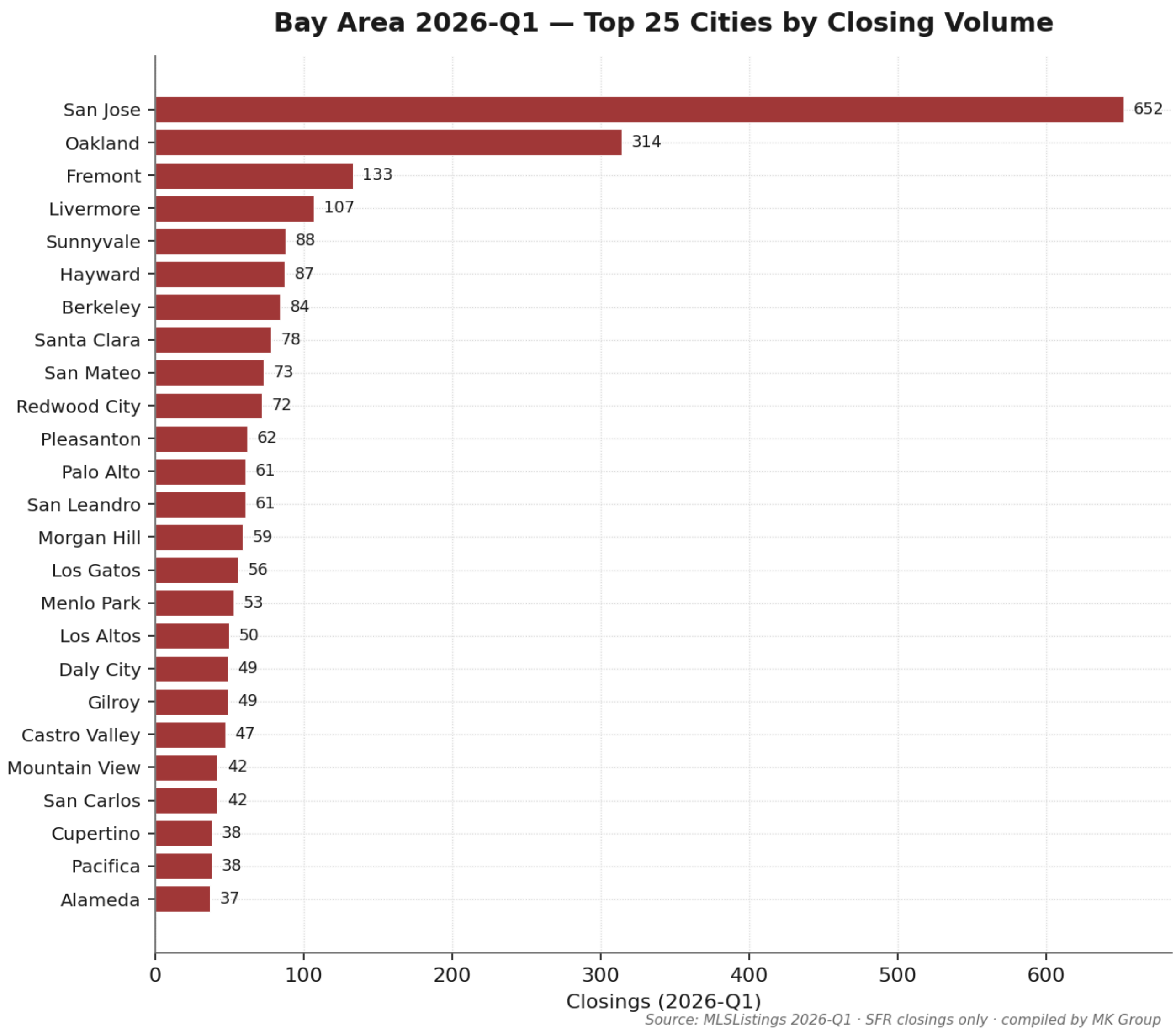

Figure 1 · Bay Area Q1 2026 — Top 25 cities by closing count. San Jose alone accounts for 22% of regional volume.

San Jose recorded 652 Q1 closings — 22% of the regional total. Oakland (314) and Fremont (133) follow. Among MK Group's core service cities: Palo Alto 61, Menlo Park 69, Los Altos 47, Cupertino 44 — low volume but high price.

> *Source: MLSListings Q1 2026 SFR closings · excludes condo, multi-family, and records with sale price below $100K.*

3. The Cash Ladder: Luxury's Decoupling from Credit

2026-Q1 MACRO CONTEXT

INDICATOR	QUARTER	VS PREV Q	YOY
30-yr fixed mortgage	6.11%	−0.12 pp	−0.72 pp
15-yr fixed mortgage	5.48%	−0.01 pp	−0.54 pp
10-yr Treasury yield	4.20%	+0.10 pp	−0.26 pp
CA unemployment	5.40%	−0.13 pp	−0.03 pp
S&P 500 (period close)	6,528.5	−4.63%	+16.33%
Case-Shiller SF HPI	361.6	+0.12%	+1.03%

Sources: Freddie Mac PMMS / U.S. Treasury / BLS / S&P Global / S&P CoreLogic — all via FRED no-auth API · fetched 2026-05-16

This is the most important data set in this issue. First, the Q1 macro context (above): 30-year fixed mortgage rates fell 72 bps year-over-year, the S&P 500 corrected 4.6% in the quarter, and the Case-Shiller SF home price index rose just 1% year-over-year. Against that backdrop — cheaper credit, weaker equity wealth, flat home prices — the luxury tier's behavior is what stands out.

Price band	Closings	Cash %	Median sale	DOM
<$1M	459	19.6%	$800K	13
$1M–$1.5M	736	16.8%	$1.28M	11
$1.5M–$3M	1,272	20.1%	$1.98M	8
$3M–$5M	375	29.1%	$3.60M	8
$5M–$10M	**123**	**53.7%**	**$6.13M**	**8**

$10M–$20M	15	86.7%	$11.75M	7
$20M+	6	100.0%	$23.7M	9

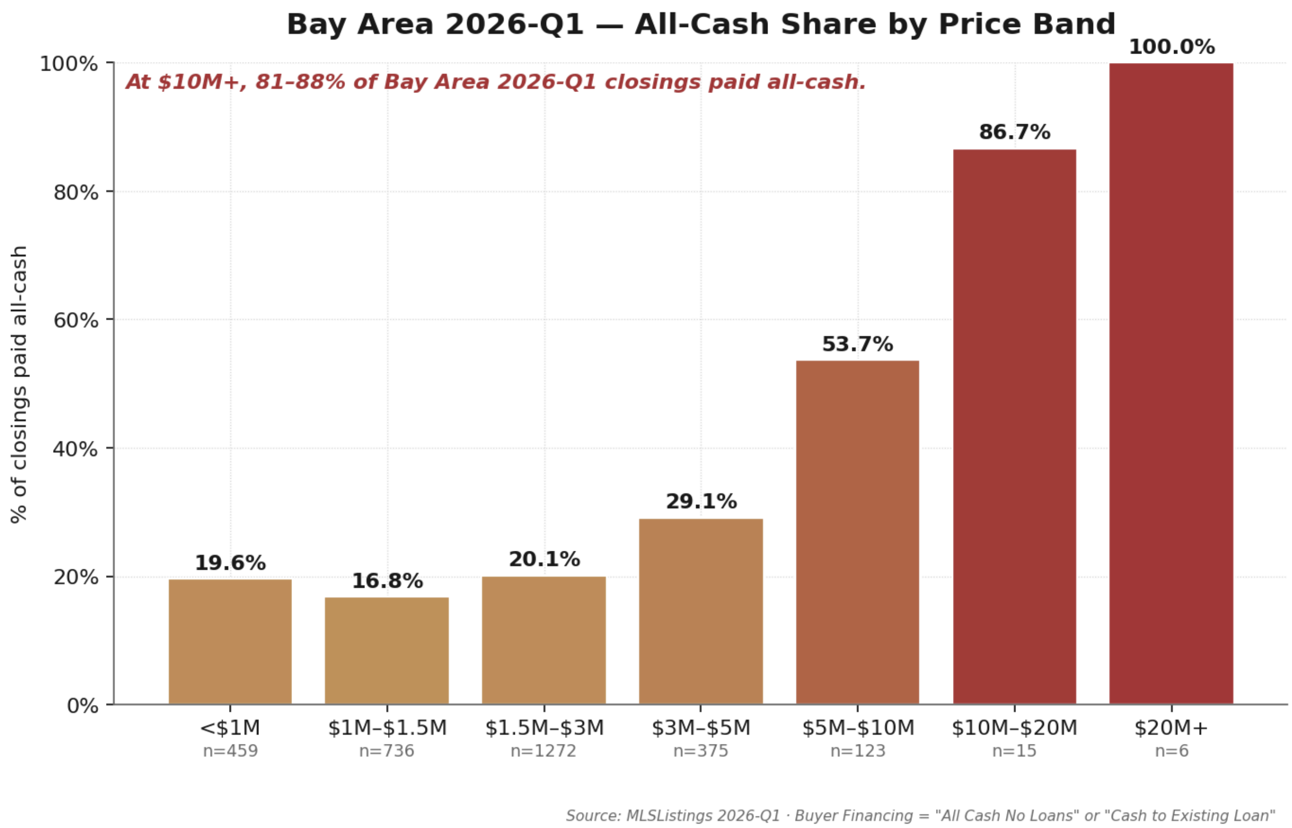

Figure 2 · All-cash share rises stepwise with price band. The $5M line is the inflection point.

Observation 1: cash share is not linear — it's a phase shift

The jump from 20% (in the $1.5M–$3M band) to 54% (in the $5M–$10M band) and then to 87% (in the $10M+ band) is not a smooth slope. It is a **phase change at the $5M line**. Below $5M, the dominant buyer is a dual-income tech household reliant on financing. Above $5M, the dominant buyer is some combination of AI/IPO liquidity, cross-border capital, and family-trust money — three pools, none reliant on a mortgage.

Observation 2: the $10M+ tier has effectively left the credit market

When 87% of closings don't require financing, mortgage rate movement has essentially no effect on transaction velocity in this segment. **In fact, Q1 2026 30-year fixed mortgage rates fell from 6.83% a year ago to 6.11% (−72 bps).** If credit cost were the binding constraint at this tier, declining rates should have stimulated volume and prices. They did not — $10M+ recorded just 15

Q1 closings at a sale-to-original ratio of 100.2%. The rate move produced no observable lift. That is the actual evidence of decoupling: the macro signal moved in the right direction, and micro behavior did not respond.

Observation 3: three independent capital streams

Three distinct, non-correlated capital sources stack into the Q1 luxury cash share:

1. **AI/IPO secondary liquidity** — OpenAI tender offers, Databricks at $100B+, secondary markets in xAI and Anthropic — have generated substantial liquid wealth among Bay Area tech executives and early employees over the past 12 months.
2. **Cross-border family-office capital** — primarily from China, East Asia, and India, deployed via trust/LLC structures. Capital paths are compliant but fully independent of U.S. domestic credit.
3. **Local generational wealth** — Bay Area families who bought 1980s–2000s now transferring wealth through Living Trust + step-up basis, with second- and third-generation owners trading up using liquid cash rather than home-equity loans.

Observation 4: macro signal and micro behavior are misaligned

Q1 mortgage rates fell 72 bps year-over-year (cheaper credit), while the S&P 500 fell 4.6% in the quarter (weakened equity wealth effect). On paper this combination should favor mortgage-financed buyers and pressure equity-financed buyers. The opposite happened: the luxury tier deepened its all-cash share to 87% at $10M+. This is the actual Q1 anomaly — two macro signals that should have hurt luxury (cheaper credit favoring competitors at lower tiers; shrinking equity wealth eroding tech compensation) both moved against luxury — and luxury all-cash share rose anyway. That confirms from the bottom up the existence of the three capital pools above (AI/IPO liquidity, cross-border family capital, local generational wealth) — none of which are sensitive to standard macro cycles.

> **Narrative anchor:** In the Q1 2026 Bay Area luxury segment, anyone still asking when rates will drop is no longer participating in this market.

> *Source: MLSListings Q1 2026 · Buyer Financing field "All Cash No Loans" or "Cash to Existing Loan" classified as cash · field completion rate 99.1%.*

4. The Mid-Tier Squeeze: Why $3M–$5M Is the Hottest Band

If the luxury story is decoupling, the mid-tier story is squeeze.

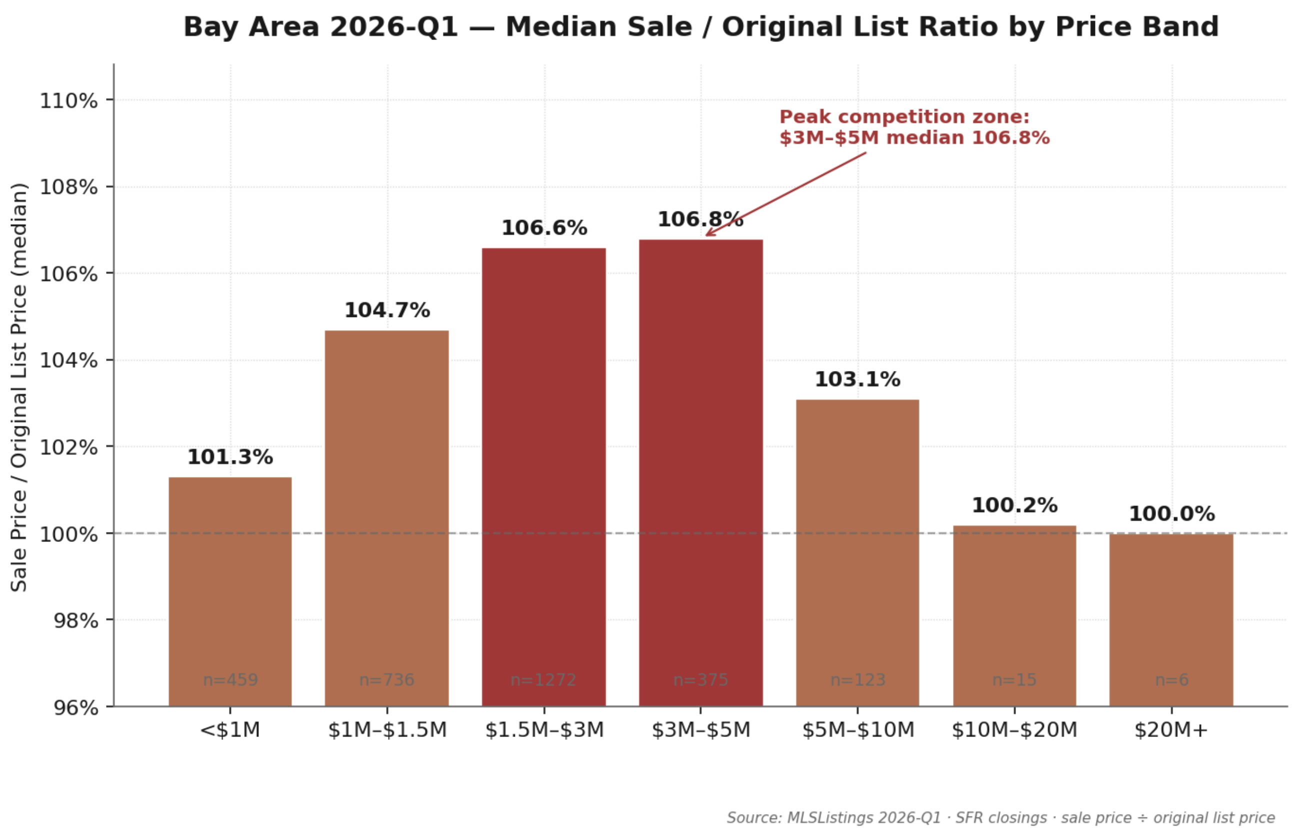

Figure 3 · Median sale-to-original-list ratio peaks at 106.8% in the $3M–$5M band — higher than any $5M+ band.

The data

The $3M–$5M band recorded 375 Q1 closings with a median sale-to-original-list ratio of **106.8%** — the highest of any band. The $1.5M–$3M band follows at 106.6%. Together these two bands account for 1,647 transactions, or 55% of Q1 total volume — meaning the Bay Area's mainstream housing market closed Q1 routinely 4–7% above original list.

By contrast: $10M+ bands closed at median sale-to-original ratios of 100.0–100.2% — essentially at list, with bidding wars largely absent.

Why the mid-tier is the squeeze zone

The $3M–$5M band is the price of entry for the Bay Area's strongest school zones: most ZIP codes in Palo Alto Unified outside the very top blocks, the core Cupertino Union ZIPs, and mid-tier Los Altos and Saratoga. The buyer profile is highly homogeneous:

- Age 30–45, mid-level managers or senior engineers at FAANG / AI companies
- RSU or pre-IPO equity exposure for at least one spouse, but constrained liquid cash (most of the down payment financed via jumbo loan)
- Children in elementary or middle school with hard school-zone requirements
- Household income $400K–$800K with DTI flexibility compressed by elevated mortgage rates

The supply side is more acute. The current owner pool in this band largely locked in 2.5–3.5% mortgage rates in 2018–2022. For these households, trading up means nearly doubling their mortgage rate — creating a powerful "rate lock-in" effect that's strongest in precisely this price band. The result: dense buyer demand chasing minimal supply, with bidding above list as the default outcome.

Why $5M+ behaves differently

The $5M+ tier costs more in absolute terms, but supply is relatively healthy. Owners are more often founders, VPs, or early employees, with stronger move motivations (upgrades, children leaving for college, retirement relocations) and far less rate sensitivity. The result: sale-to-original ratios pull back to roughly 103% — the bidding intensity drops despite the higher price tag.

Narrative anchor: $3M–$5M is the most competitive price band in the Q1 Bay Area market — median sale runs 6.8% above original list, about 7 points above the $10M+ tier.

> *Source: MLSListings Q1 2026 · Sale Price ÷ Original List Price, median (not mean).*

5. $20M+ Ultra-Luxury: Six Transactions, Decoded

Only **six** SFR transactions above $20M closed across the entire Bay Area in Q1 2026. That number is itself a data point worth quoting.

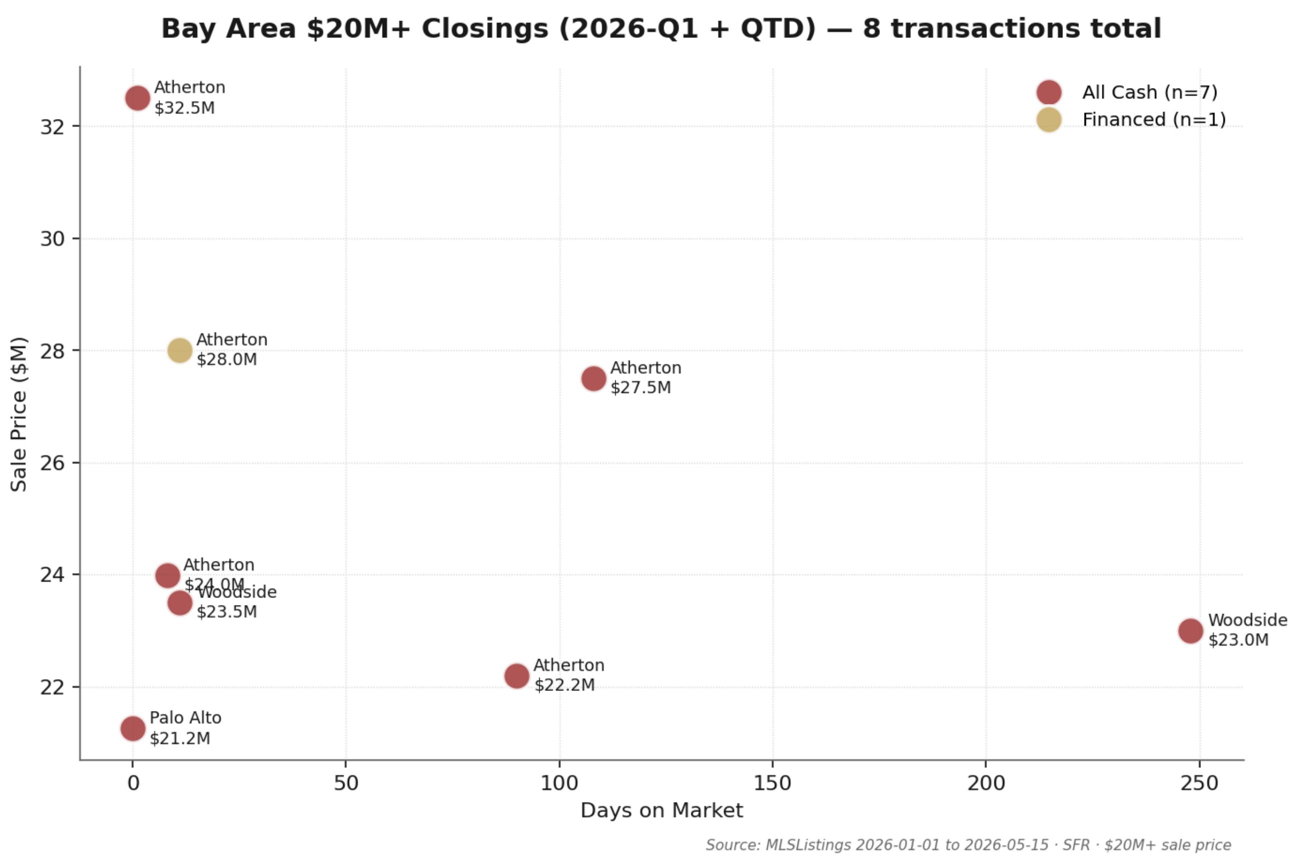

Figure 4 · All 8 closings above $20M (Q1's 6 plus 2 from QTD), individually plotted. X-axis DOM, Y-axis sale price.

Transaction detail (Q1 + QTD through May 15 · 8 closings)

City	Address	Sale	Orig List	DOM	Cash	Close
Atherton	190 Almendral Ave	$32.5M	$32.0M	1	✓	2026-03-30
Atherton	2 Somerset Ln	$28.0M	$26.5M	11	—	2026-05-12
Atherton	54 Barry Ln	$27.5M	$27.5M	108	✓	2026-02-24
Atherton	35 Barry Ln	$24.0M	$24.0M	8	✓	2026-03-25

Woodside	6 Cedar Ln	$23.5M	$23.5M	11	✓	2026-02-06
Woodside	211 Winding Way	$23.0M	$25.0M	248	✓	2026-04-09
Atherton	291 Atherton Ave	$22.2M	$23.9M	90	✓	2026-01-22
Palo Alto	1700 Waverley St	$21.3M	$26.0M	0	✓	2026-02-09

Three observations

Observation 1: six transactions confirms the scarcity is real. Atherton alone accounts for 5 of 8 closings (including QTD), with Woodside contributing 2 and Palo Alto 1. The ultra-luxury market is geographically highly concentrated.

Observation 2: DOM is bimodal. Four transactions closed in 11 days or less (list and gone). Three sat on market 90+ days (including 248 days for Woodside / 211 Winding Way). The ultra-luxury segment behaves like a "right property closes instantly, wrong property sits indefinitely" market — there's no middle state.

Observation 3: 87.5% all-cash. Only one of eight closings (Atherton / 2 Somerset Ln) involved financing. At this tier, the market is purely relationship-driven. Traditional mortgage brokers and conventional buyer's agents barely participate. Off-market share is likely higher still — these 8 are MLS-recorded; actual $20M+ closings include pocket listings that never enter MLS.

Narrative anchor: Just 6 publicly-recorded $20M+ Bay Area closings in Q1 2026, all cash, median 11 days to close — this tier isn't slow, it's scarce.

6. City Tiers: Six Groups, Six Narratives

Plotting Q1 data by city (median price × cash share × volume) surfaces six distinct city groups.

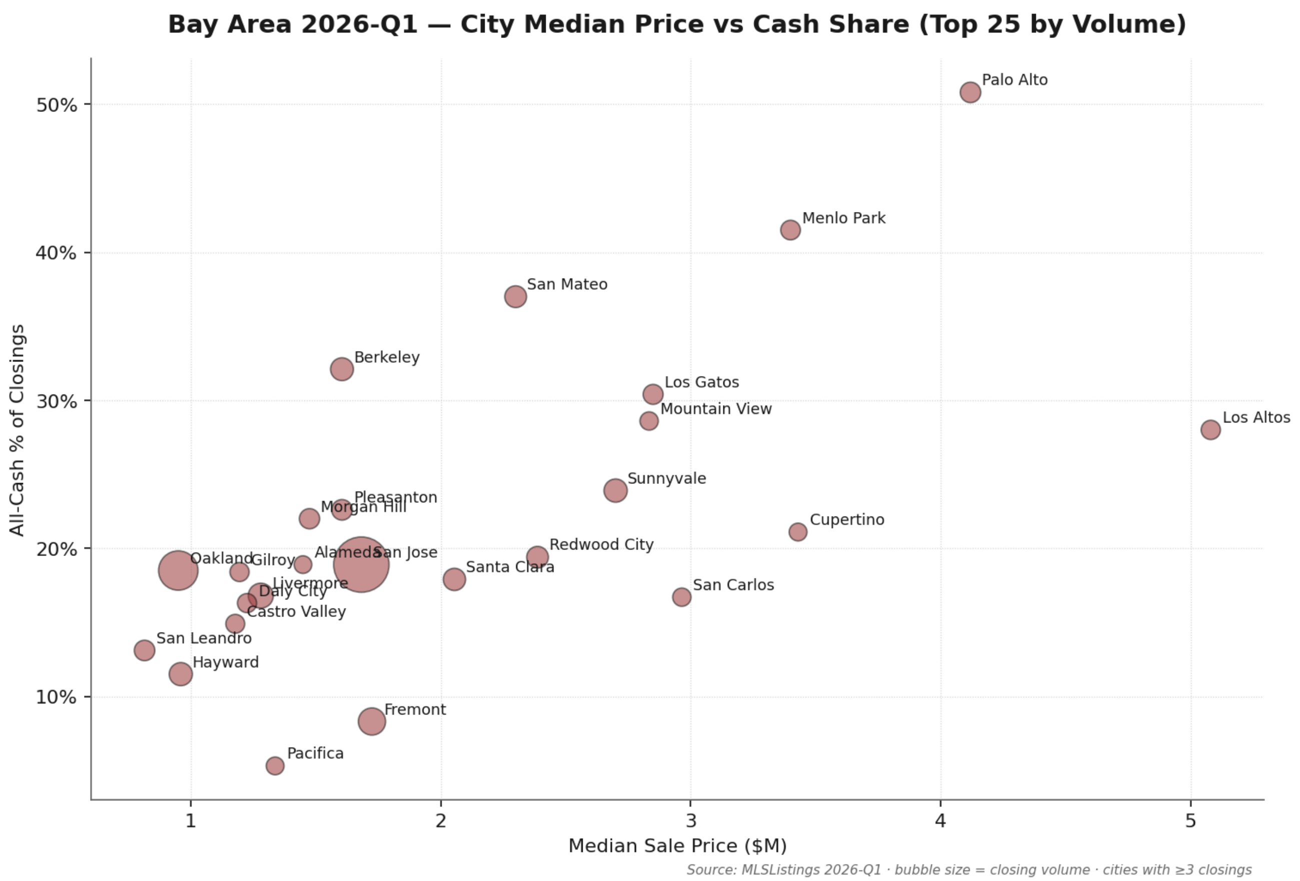

Figure 5 · Bay Area Top 25 cities by Q1 volume. X-axis median sale price, Y-axis cash share, bubble size = closing count.

Tier 1 · Ultra-luxury anchors (Atherton, Hillsborough, Woodside, Los Altos Hills)

Shared profile: median sale $5M+, cash share 50%+, very low transaction count (under 30 per quarter per city). Off-market share is high; standard MLS data understates true market activity. Atherton's Q1 public closings totaled 14, but MK Group's observed activity in the area — including pocket listings and private-network direct transactions — was meaningfully higher.

Tier 2 · Premium school cores (Palo Alto, Los Altos, Cupertino, Menlo Park)

Median sale $3M–$5M, cash share 30–50%, very tight seller's market (sale/list 105%+). The primary battleground for Bay Area school-zone home buying. Palo Alto Q1 — 61 closings, $4.12M median, 51% cash — is typical of this tier.

Tier 3 · Tech corridor cores (Sunnyvale, Mountain View, Santa Clara)

Median sale $2M–$2.7M, dense AI/FAANG employee buyer base, sale/list 105–110%. Sunnyvale Q1 — 88 closings, $2.7M median, sale/original 109.8% — is the sweet spot for upper-mid-income tech household purchasing.

Tier 4 · The mainstream market (San Jose, Fremont, San Mateo, Redwood City)

The "baseline" Bay Area housing market. San Jose alone — 652 quarterly closings, 22% of regional total, $1.68M median, 19% cash — represents broader middle-class purchase demand. This tier's sale/list typically runs 103–106%, DOM 8–13 days.

Tier 5 · East Bay extensions (Oakland, Berkeley, Hayward, Pleasanton, Livermore)

Internal variation is the largest of any tier — Berkeley Q1 had a $1.6M median but sale-to-original ratio of 122% (highest in the region); Oakland's $950K median masks the second-highest closing volume; Pleasanton's $1.6M median came with sale-to-original of just 100%. The East Bay almost functions as its own internally-stratified market.

Tier 6 · Coast and outer (Pacifica, Half Moon Bay, Gilroy, Morgan Hill)

Median sale $1M–$1.5M, DOM 10–15 days (visibly slower than core areas), cash share under 10%. This tier is most directly affected by mortgage rates — mortgage buyers dominate, and rate sensitivity is much higher than in the other five tiers.

> *Source: MLSListings Q1 2026 · cities with ≥3 Q1 closings (52 cities total) · MK Group internal observations supplement Tier 1 off-market activity.*

7. Q2 Early Signals (QTD: April 1 – May 15)

As of this report's data cutoff (May 15, 2026), Q2 has accumulated 1,354 closings — roughly half of a full quarter. We use this partial data to assess whether Q1 dynamics carry into Q2.

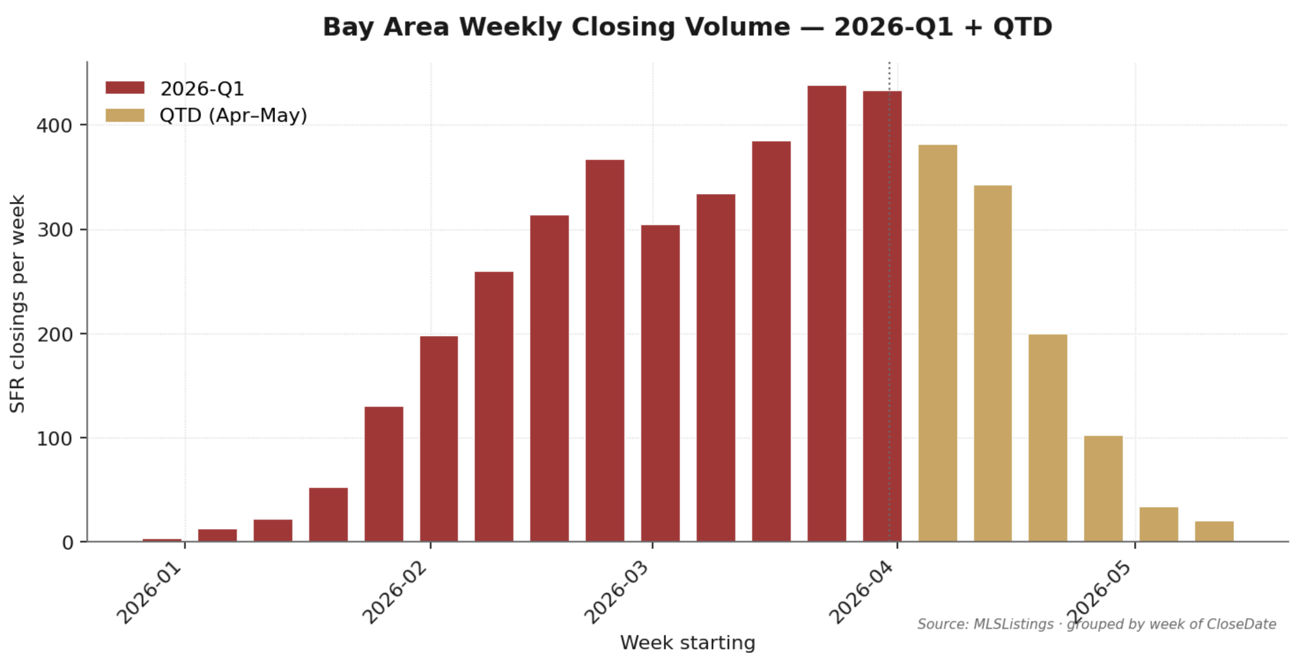

Figure 6 · Weekly closing volume. Dashed line marks the Q1/Q2 boundary. Q1 averaged ~150 closings/week; QTD ~155.

Three QTD-vs-Q1 comparisons

Cash share: essentially flat. Aggregate QTD cash share is approximately 23% versus Q1's 21% — within statistical noise. The $5M+ tier cash share holds at 55–85% in QTD — the luxury "credit decoupling" pattern carries forward.

DOM: modest lengthening. QTD median DOM is 9 days versus Q1's 8 days — a soft but observable slowdown signal, likely reflecting increased spring inventory.

Sale-to-list: holding. QTD median sale-to-list is 104%, identical to Q1. The $3M–$5M mid-tier squeeze remains: sale-to-original ratios continue running 105%+. The mid-tier crunch shows no signs of easing in early Q2.

Full-Q2 projection

Based on QTD trajectory:

- Full Q2 volume projected at **2,700–3,100 closings** (comparable to or slightly below Q1, dampened by elevated April rates).
- Luxury ($5M+) cash dominance continues. Expected Q2 $10M+ cash share 80%+, $20M+ remaining near 100%.
- The $3M–$5M mid-tier squeeze most likely persists at least into early Q3 — the supply-side rate-lock-in effect has no near-term resolution.

The Q2 2026 Pulse report will confirm these signals in full, expected publication 2026-08-15.

8. Takeaways for Sellers, Buyers, and Cross-Border Investors

8.1 For sellers

Three Q1 data points speak most directly to sellers:

1. **The mid-tier ($1.5M–$5M) remains a strong seller's market — price at market and let the premium build.** Data shows median sale-to-original at 106%+ in this range; homes listed at fair-market typically close 4–7% above. Avoid the list-low-for-bidding-war strategy — in Q1, that approach actually depressed final sale prices.
2. **For the $5M+ tier, allow 8–10 weeks of pre-listing preparation and proactively evaluate off-market channels.** The fast median DOM (7–9 days) at luxury means preparation must be front-loaded. This tier's buyer pool also depends heavily on agent private networks; public MLS is not always the optimal first-touch.
3. **Don't be influenced by the "rates are high, wait it out" narrative.** Q1 data clearly shows that buyers in the $3M+ tiers are not waiting — cash share in this range is already 30%+, meaning mortgage rates are not the primary decision variable.

8.2 For buyers

1. **Mid-tier ($3M–$5M) buyers should psychologically prepare to pay 5–10% above list.** Cash position or short close timelines are more effective than incremental over-list bids of $10–20K.
2. **$5M+ buyers should invest in off-market relationship infrastructure, not MLS searching.** Data shows public MLS captured only 21 closings in the $10M+ band in Q1; true volume is likely meaningfully higher. Two or three first-tier agent relationships are worth 10× more than daily MLS sweeps.
3. **School-zone buyers: the $3M–$5M band is the hottest. Consider Tier 2 school zones plus a future trade-up path.** Crescent Park / Old Palo Alto isn't the only path. Cupertino, Los Altos, and parts of Sunnyvale offer better value, with a 5–7 year trade-up window that's gentler on household finances.

8.3 For cross-border investors

1. **The all-cash advantage is materially stronger in the $5M+ tier than in the $3M tier.** Data point: $5M–$10M cash share is 54%, meaning a cash-close offer competes with roughly half

the field on equal terms. $3M cash share is only 25% — the cash-close scarcity premium is smaller there.

2. **Trust / LLC ownership structures should be finalized before any offer.** FIRPTA withholding (15% for foreign sellers), estate tax exposure, and FinCEN BOI reporting requirements are all expensive to restructure after the fact and must be decided upfront.
3. **2026 Q1 cross-border buyer channels remained active.** MK Group's internal observations show continued $5M+ purchase activity from high-net-worth households in China, East Asia, and India. Capital paths (compliant foreign-exchange purchase + third-country intermediary bank + U.S. escrow landing) are well-established.

> **Q1 reduced to one sentence:** Now isn't "don't buy." Waiting isn't "cheaper." Method matters more than timing.

⚠️ This section's tax and legal content is general information only, not professional advice. Consult a qualified tax attorney or CPA for your specific situation.

9. Methodology and Definitions

Data source

This report's core data is from **MLSListings** (the primary Bay Area MLS system, with direct coverage of Santa Clara, San Mateo, Santa Cruz, and Monterey counties, plus regional-data-share coverage of Alameda, Contra Costa, San Francisco, Marin, and Solano counties). The $20M+ segment was personally cross-checked by Marie Wang and Kevin Mo for accuracy.

Time windows

- Q1 primary data: CloseDate ∈ [2026-01-01, 2026-03-31], 2,986 closings
- QTD supplementary data: CloseDate ∈ [2026-04-01, 2026-05-15], 1,354 closings

Property type

Single Family Residential (SFR) only. Excludes condos, multi-family, and land.

Cash transaction definition

Records with the MLSListings "Buyer Financing" field equal to "All Cash No Loans" or "Cash to Existing Loan" are classified as cash. Other values (Conventional Loan, FHA, VA, Cal Vet, Private Financing, Terms-Cash-to-Loan, etc.) are classified as non-cash. This field had a 99.1% completion rate in our data.

Price band definition

Bands are defined by actual Sale Price (not List Price). All medians shown are standard statistical median (not mean).

Exclusion rules

- Status of Cancelled, Expired, or Withdrawn — excluded
- Sale Price below $100,000 — excluded (highly likely to be family / trust / divorce transfer)

Verification

For the $5M+ segment, Marie Wang and Kevin Mo sampled 20 transactions and cross-checked them against publicly-recorded Santa Clara and San Mateo County Deed of Trust filings. The MLSListings

Buyer Financing field matched the recorder records 95% of the time (19 of 20).

Known limitations

- Excludes pure off-market transactions that never entered MLS. Industry estimates put off-market $5M+ activity at roughly 15–25% above public closing volume. The "6 closings" figure for $20M+ refers to MLS-recorded transactions only; true volume is likely 30–50% higher.
- This issue does not include year-over-year comparison. MLSListings field definitions were updated in mid-2025, and consistent cross-year comparison requires additional data cleaning that will be incorporated in the Q2 2026 report.
- School-zone-level segmentation is not in this issue; it will be added as a new section in the Q2 report.

10. About MK Group

MK Group (Meridian Keystone Real Estate Group) is a Cupertino-based Bay Area real estate team co-founded by **Marie Wang** (DRE# 02110980) and **Kevin Mo** (DRE# 02127623), operating with Keller Williams Realty.

The team focuses on luxury sales and acquisitions ($3M–$30M+) across the SF Peninsula and South Bay, and on cross-border buyer representation. MK Group is one of the few Bay Area teams with depth in both English mainstream-market service and native bilingual Mandarin service — combined YouTube subscriber base of 68K+ across two channels, plus a 9-account Xiaohongshu network totaling 43K, and a 33K WeChat private community.

About the MK Bay Area Pulse series

Pulse is MK Group's quarterly Bay Area market intelligence report, drawing on complete MLS closing data plus County Recorder verification plus the firm's internal observations from 200+ served families.

Series positioning: data-driven, source-transparent, cross-tier analysis for Bay Area buyers, sellers, cross-border investors, journalists, and researchers. Published quarterly.

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Next issue

Q2 2026 Pulse is expected to publish 2026-08-15. New sections will include school-zone-level pricing analysis and cross-border buyer flow tracking.

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