

Pacific Union Chief Economist Selma Hepp quoted by Mansion Global on Silicon Valley Luxury Home sales

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Silicon Valley Luxury Home Sales Up 70%

In the first quarter, bidding wars and soaring prices characterized the Bay Area market

Multimillion-dollar mansions in Silicon Valley are driving the Bay Area's booming housing market.

Home sales over \$3 million nearly doubled in the first quarter in Silicon Valley compared to a year ago, jumping 70%, according to a report from Pacific Union International on Monday. Rip-roaring sales activity in the Bay Area defied predictable seasonal trends whereby sales tend to lull in the first three months of the year.

The Bay Area's luxury market is also diverging from the rest of the country's high-end hubs, which are experiencing comparatively soft luxury activity.

"Clearly this is not what we were expecting at this point in the housing cycle," said Selma Hepp, chief economist at Pacific Union International.

Across the Bay Area, sales of homes over \$1 million have risen 30% since last year.

Housing prices have surged in the Silicon Valley areas of San Mateo and Santa Clara counties.

In Santa Clara, which includes tech-rich cities like San Jose, Palo Alto and Cupertino, the median home price has increased 49% in the past two years and was \$1.31 million in the first quarter; in San Mateo, a county that includes Menlo Park and ultra-pricey Woodside, the median price has grown 36% during that time to \$1.36 million.

The rush for high-end homes in the Bay Area pushed bidding wars to all-time highs in some of the priciest areas. In Silicon Valley and San Francisco, more than 80% of homes sold above their asking price in March, according to the report, which drew data from transactions logged in the multiple listing service.

The lucrative tech industry has underpinned the Bay Area luxury boom, Ms. Hepp said. A host of new tech companies going public this year will likely funnel more wealth into the area. So far, tech IPOs have raised more than \$7 billion this year, compared to \$13 billion in all of last year, The New York Times reported on Sunday.

“There is really strong demand for higher-priced homes thanks to a continually strong job market in the area, and people being much better off,” Ms. Hepp said.

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