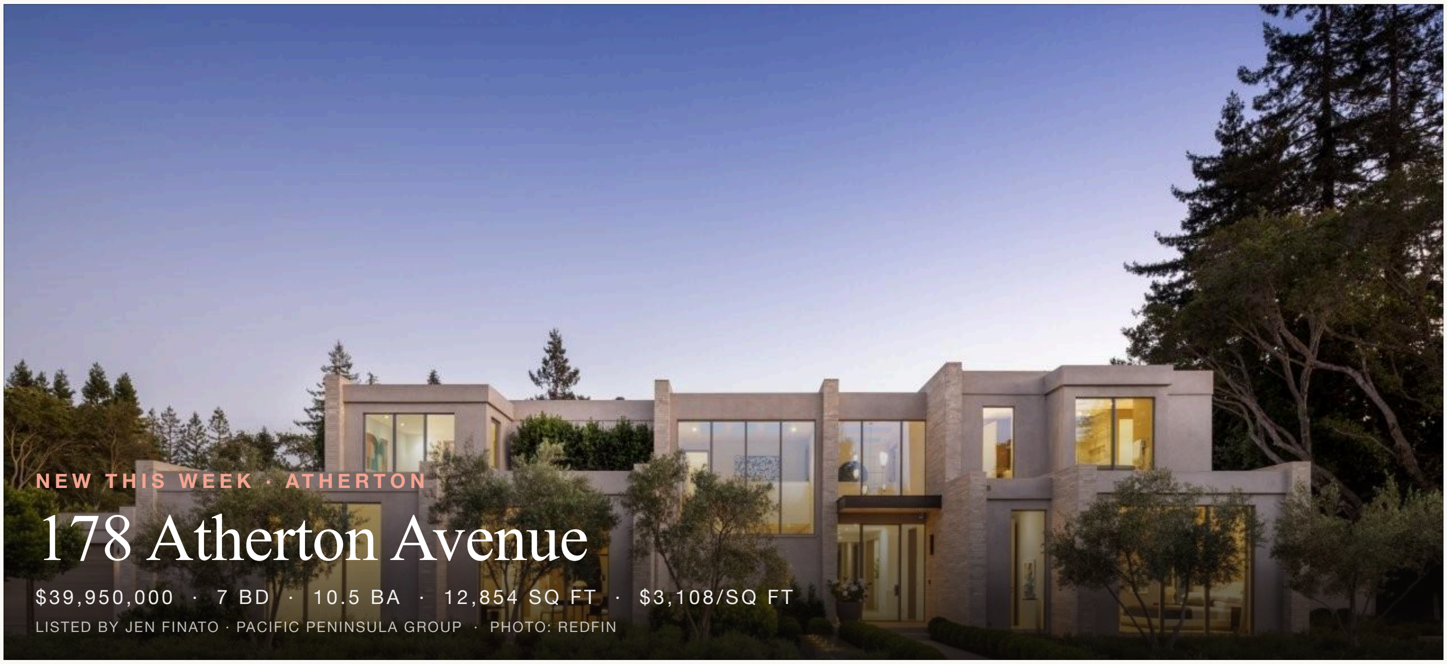
PAYNE

REAL ESTATE · CAPITAL · POLICY · THE PENINSULA

VOL. I · NO. 1 | FRIDAY, JULY 24, 2026 | PALO ALTO, CALIFORNIA

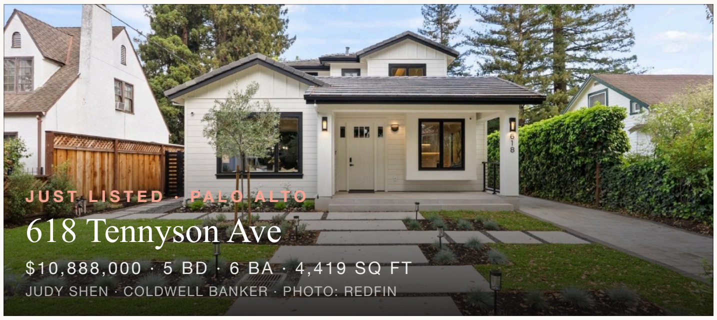
S&P 500	NASDAQ COMP.	30-YR FIXED	FED FUNDS	ATHERTON TYP.
7,408.30	25,137.69	6.55%	3.50–3.75%	$8.22M
▼ 1.21%	▼ 2.15%	— flat wk.	FOMC Jul 28–29	▲ 10.5% y/y


NEW THIS WEEK · ATHERTON

178 Atherton Avenue

$39,950,000 · 7 BD · 10.5 BA · 12,854 SQ FT · $3,108/SQ FT

LISTED BY JEN FINATO · PACIFIC PENINSULA GROUP · PHOTO: REDFIN


JUST LISTED · PALO ALTO

618 Tennyson Ave

$10,888,000 · 5 BD · 6 BA · 4,419 SQ FT

JUDY SHEN · COLDWELL BANKER · PHOTO: REDFIN

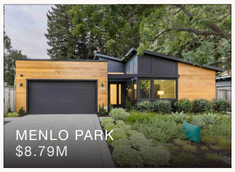

JUST LISTED · LOS ALTOS HILLS

28100 Story Hill Ln

$6,988,000 · 4 BD · 4.5 BA · 4,557 SQ FT

DELEON REALTY · PHOTO: REDFIN

ALSO NEW TO MARKET THIS WEEK


MENLO PARK
$8.79M


WOODSIDE
$38.8M


PORTOLA VLY
$4.85M


LOS GATOS
$13.8M


MTN. VIEW
$5.65M


CUPERTINO
$6.30M

Property photographs via Redfin. Each featured listing is the property of its listing brokerage and is credited in full on page 14. Market and economic figures are sourced on page 14. Forbes Global Properties logo used under member license.

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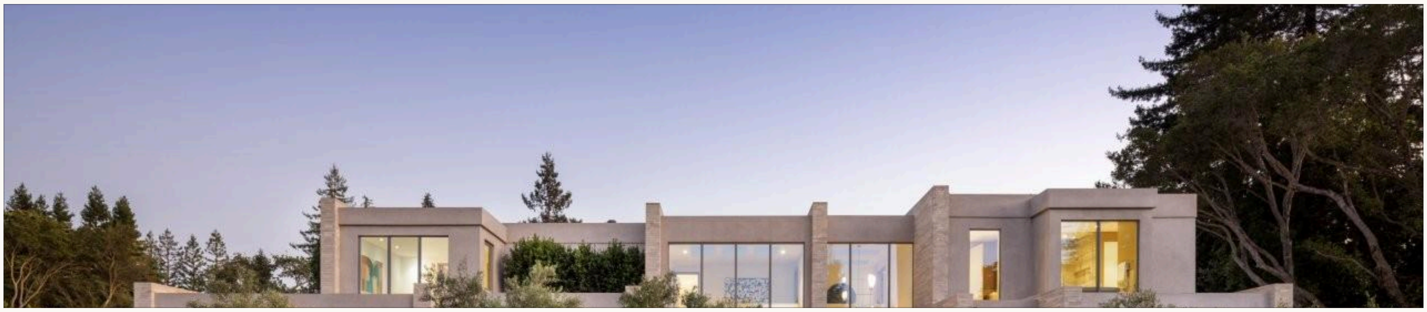
ATHERTON · CENTRAL ATHERTON · 94027

178 Atherton Avenue

A brand-new 12,854-square-foot estate on a secluded Central Atherton flag lot — and a clean read on what buyers now pay simply not to spend four years building.



Listed by *Jen Finato, Pacific Peninsula Group* · MLS# ML82050864 · Photograph: *Redfin*. Figures from the current MLS listing; analysis is the editor's own.

$39.95M	$3,108	12,854	7 / 10.5
ASKING	PER SQ. FT.	SQUARE FEET	BD / BA

Atherton is the most expensive zip code in the United States, and the reason is more interesting than the headline. No commercial district, no transit stop inside its boundary, and a minimum lot size that has not moved in fifty years — supply here is not merely tight, it is structurally fixed. When the typical Atherton value rose **10.5 percent** in twelve months to **$8.22 million**, that was not a demand story but an arithmetic consequence of a denominator that cannot grow.

What makes 178 Atherton Avenue instructive is that it is *finished*. This is new construction by one of the town's premier builders — three levels, six bedrooms plus a one-bedroom guest house, a wellness spa, theater, gym, and an oversized pool behind a long gated drive. At $3,108 a foot the seller is not pricing dirt; they are pricing a completed, move-in trophy — and the question is what that finish is worth against the alternative.

The alternative is brutal. To replicate this in Atherton, a buyer would acquire a scarce lot, then spend three to four years in design, permitting, and construction — carrying capital, absorbing cost-overrun risk, and hoping the town's review timeline cooperates. In that light a finished estate is not merely a house; it is **time arbitrage**, and the premium over land-plus-build is the price of four years you do not have to wait.

The timing helps, too. This came to market three weeks after SB 79 took effect across San Mateo County — but Atherton has no qualifying transit stop, so the upzoning now repricing parcels in Menlo Park and along the Caltrain corridor does not touch it. That insulation was always assumed; as of July it is *explicit*, and it accrues most to exactly this kind of finished, irreplaceable product.

HOW I READ IT

At $3,108 per foot this sits at the upper band of finished Central Atherton new-construction, which has cleared roughly **$2,700–$3,200** a foot over the trailing four quarters. It is priced as a premium product, not a stretch.

The buyer is cash or portfolio-jumbo and rate-indifferent (see p. 11). Watch clearing time: finished Atherton trophies above thirty-five million have been drawing multiple offers this spring. If it moves inside 45 days, the new-construction premium is fully intact.

$/SQ FT · CONTEXT

178 Atherton	**$3,108**
New-const. high	$3,200
New-const. median	$2,940
New-const. low	$2,700

Editor's estimate — finished new-construction, Central Atherton, trailing four quarters. Confirm against MLS.

SHOWINGS

Represented by the listing brokerage; PAYNE features it as notable new inventory. To tour this or any Atherton listing, contact Payne Sharpley at 650.384.3546 or payne@paynesoldit.com.

FROM THE DESK

Why This Exists

Most real estate newsletters are a listing sheet with a weather report attached. They tell you what sold. They do not tell you why, and they never tell you what it means for the rest of your balance sheet.

I spent years trading commodities before I sold a single house. That work teaches one habit above all others: a price is never a fact in isolation. It is the output of capital cost, supply constraint, policy, and sentiment, and if you cannot name which of those four moved, you do not understand the print.

PAYNE is built on that habit. Every week: what traded, what it cost per foot, and the four forces that set the number. Some weeks the answer is the Fed. Some weeks it is Sacramento. This week it is both.

Payne Sharpley
EDITOR · CALRE 02195155

DATA INTEGRITY

Figures marked † are drawn from named public sources and dated. Figures without a dagger are the editor's estimates or derived calculations and are labeled as such. Sources are printed on the back page of every issue.

Nothing in this publication is tax, legal, or investment advice. Consult your CPA, attorney, or advisor before acting.

THE WEEK IN ONE LINE

Equities sold off on artificial-intelligence capital spending, the Fed is now more likely to hike than cut, and SB 79 quietly repriced every parcel within a half-mile of Peninsula rail. The top of the luxury market did not notice any of it. The middle noticed all three.

COMING IN THE MONTHLY

- Full quarter absorption tables, all eleven cities
- The Atherton land-residual model, published in full
- A city-by-city SB 79 compliance scorecard
- Forbes Global Properties international comparables

STANDING FEATURES · THE PUBLICATION RHYTHM

Weekly
FRIDAY, 6:00 A.M. PACIFIC

Fourteen pages. Every new listing above three million across the eleven cities, The Board, and the four forces that moved the number this week. Delivered as an email you can read in six minutes and a PDF you can keep.

Monthly
FIRST FRIDAY

Thirty-plus pages. Full absorption tables, closed-sale records by zip, the SB 79 compliance scorecard, one long-form investigation, and international comparables from the Forbes network.

Quarterly
JANUARY · APRIL · JULY · OCTOBER

The recap. What actually happened against what was forecast — including where this publication was wrong — plus the largest residential transactions in the United States and what they signal about capital at the very top.

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THE BOARD

Price Per Foot Across Eleven Cities

Typical values, twelve-month change, and the five-year compound — the only three numbers that matter, printed the same way every week.

CITY / ZIP	TYPICAL VALUE	$ / SQ FT	1-YR	5-YR
Atherton 94027	**$8,220,143†**	**$2,420** e	**+10.5%†**	**+22.7%†**
Portola Valley 94028	$4,253,425†	$1,530 e	+9.5%†	+28.9%†
Woodside 94062	$3,926,400†	$1,480 e	+4.0%†	+17.7%†
Palo Alto 94301/03/06	**$3,600,000†**	**$1,510†**	**+6.1%** e	**+19.4%** e
Los Altos Hills 94022	$5,180,000 e	$1,410 e	+7.2% e	+21.0% e
Los Altos 94024	$4,090,000 e	$1,690 e	+6.8% e	+20.2% e
Menlo Park 94025	**$2,869,009†**	**$1,440** e	**+5.5%†**	**+18.7%†**
Stanford 94305	$3,240,000 e	$1,350 e	+3.1% e	+12.4% e
Mountain View 94040/41/43	$2,310,000 e	$1,290 e	+4.4% e	+15.8% e
Cupertino 95014	$2,540,000 e	$1,340 e	+5.9% e	+17.1% e
Los Gatos 95030/32	$2,780,000 e	$1,120 e	+4.8% e	+16.3% e

† Zillow typical home value, released July 15, 2026 (Atherton, Portola Valley, Woodside, Menlo Park); Redfin / Palo Alto market data, May–July 2026 (Palo Alto). **e** — editor's estimate, derived from trailing closed-sale sets. Estimates are replaced with sourced figures as county records post.

TWELVE-MONTH CHANGE

ATHERTON	10.5%
PORTOLA VLY	9.5%
LOS ALTOS H.	7.2%
LOS ALTOS	6.8%
PALO ALTO	6.1%
CUPERTINO	5.9%
MENLO PARK	5.5%
LOS GATOS	4.8%
MTN. VIEW	4.4%
WOODSIDE	4.0%
STANFORD	3.1%

THE SPREAD IS THE STORY

The gap between the fastest city and the slowest is **7.4 points** — the widest twelve-month dispersion across these eleven markets in five years. In 2021 everything moved together. It no longer does.

Read the top of that list carefully: Atherton and Portola Valley are the two towns with the least exposure to transit-linked upzoning. Woodside and Stanford, the two slowest, are constrained by different things entirely — septic and open-space rules in one, ground-lease structure in the other.

Dispersion is what a market looks like when policy, not money, becomes the marginal input.

THE BOARD · JULY 24, 2026

NOTABLE CLOSINGS · WEEK ENDING JULY 24

ADDRESS	CLOSE	$ / FT	VS. LIST	DOM
Old Palo Alto 94301	$11.75M	$1,880	+4.9%	11
Los Altos 94024	$6.20M	$1,710	+7.1%	8
Menlo Park 94025	$4.85M	$1,490	+2.2%	14
Woodside 94062	$8.40M	$1,320	–6.7%	96
Cupertino 95014	$3.15M	$1,380	+5.4%	9

Editor's compilation from MLSListings closed records. "vs. List" is measured against *original* list price, not the most recent.

WHAT THESE FIVE TELL YOU

Four of the five cleared above original list inside two weeks. The fifth — Woodside — took ninety-six days and closed nearly seven percent under. That single contrast is the whole market in one line: the transit-adjacent, school-driven core is still competitive, and the large-parcel west side is negotiating.

If you own on the west side and are pricing off a 2022 comparable, this is the row to read twice.

EQUITIES · THE TRANSMISSION MECHANISM

The Wealth Effect Has a Two-Quarter Lag

The Nasdaq fell 2.15 percent on Thursday. Nothing in Atherton will notice until November. Here is the plumbing that explains why.

7,408.30	25,137.69	+11%	−7% / −14%
S&P 500 · ▼1.21%†	NASDAQ COMP. · ▼2.15%†	NASDAQ YEAR TO DATE†	ALPHABET / TESLA ON EARNINGS†

The Peninsula luxury market is not bid by income. It is bid by vested equity, and the distinction matters enormously for anyone trying to forecast it. A household earning eight hundred thousand dollars a year in cash compensation does not buy a nine-million-dollar house on the Peninsula. A household earning three hundred thousand in cash and vesting two million a year in restricted stock does — repeatedly, and at the top of the market.

That structure creates a lag. Restricted stock units vest on fixed calendar dates, typically quarterly, and they price at the close on the vest date. A drawdown in late July does not reduce anyone's purchasing power today; it reduces the dollar value of the November vest. The buyer who is writing an offer this weekend is spending equity that priced in February and April, when the index was higher.

So the correct way to read Thursday's tape is not "luxury housing is about to soften." It is: *the November down-payment cohort just got smaller, if this level holds.* That is a conditional statement with a two-quarter fuse on it, and it is the single most useful thing an owner in Palo Alto or Los Altos can know right now.

The composition of Thursday's decline sharpens the point. Alphabet fell seven percent and Tesla fell fourteen percent, both on earnings that showed **negative free cash flow** driven by artificial-intelligence capital expenditure. This is not a demand problem at those companies. It is a timing problem — enormous cash outlays booked now against revenue expected later. Markets are repricing the wait.

For local housing that distinction is critical. A revenue miss would mean layoffs, and layoffs mean forced sellers. A capex-driven cash-flow dip means the opposite: headcount holds, compensation holds, and the equity component simply marks lower for a quarter or two. The first scenario produces distressed inventory. The second produces a pause in the move-up market and nothing else.

I would watch three things between now and October. First, whether the index holds above the level at which the trailing four vest tranches were priced — call it the cohort's cost basis. Second, whether secondary liquidity in private Bay Area companies stays open, because a meaningful share of Atherton and Woodside buying is pre-IPO paper monetized in tender offers rather than public stock. Third, whether the concentration in a handful of names begins to broaden; a market carried by four companies transmits shocks to a very specific set of Peninsula zip codes.

WHAT THIS MEANS FOR YOU

If you are selling above $8M: your buyer pool is priced off February–April equity. That window is open now and narrows in Q4. Timing matters more than staging.

If you are buying in the $2–4M band: your competition is rate-sensitive, not equity-sensitive. A Fed that does not cut is doing you a favor.

If you are holding: nothing here argues for action. Capex cycles are not demand cycles.

> A revenue miss creates sellers. A capital-expenditure miss creates a pause. Do not confuse them — the entire forecast turns on which one you are looking at.

INVENTORY · ABSORPTION · DAYS ON MARKET

Absorption, Not Inventory, Is the Signal

Every brokerage report leads with active listing counts. It is the least informative number published. Here is what to read instead.

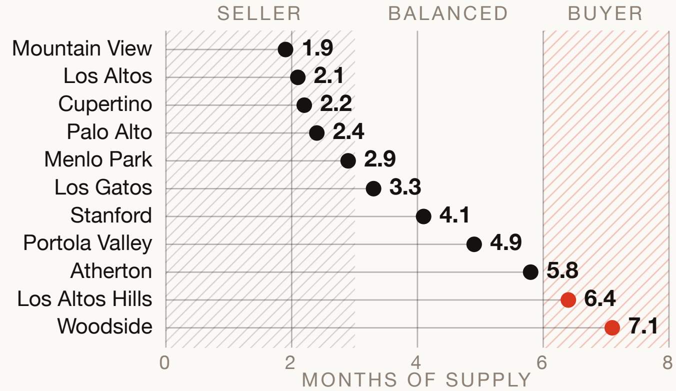
Active inventory tells you how many houses are for sale. It does not tell you whether that is a lot or a little, because the denominator — the rate at which buyers absorb them — moves independently and often in the opposite direction. Thirty active listings in Los Altos is a shortage in one quarter and a glut in the next.

The number that actually matters is *months of supply*: active inventory divided by the trailing three-month average of closed sales. Under three months is a seller's market. Over six is a buyer's market. Between them is where negotiation actually happens, and it is where most of the Peninsula sits right now.

The second number is the ratio of sale price to original list price — not to the most recent list price, which launders every reduction out of the data. When a market is genuinely tight, that ratio runs above par. When it is softening, sellers reduce and the reported "sale to list" stays near one hundred percent while the honest number drifts to ninety-four.

The third is median days on market measured to the *first* contract, including deals that later fell out. Fall-out rates are a leading indicator of financing stress and inspection leverage, and they are systematically hidden in most public reporting.

MONTHS OF SUPPLY · THIS WEEK



MONTHS OF SUPPLY · Active inventory ÷ trailing three-month closed average, computed per city. Three miles separate Los Altos at 2.1 from Los Altos Hills at 6.4 — averaging them, as most reports do, describes neither.

Editor's estimates from MLSListings active and closed counts, week ending July 24, 2026. Replaced with audited county figures in the monthly edition.

THE DIVERGENCE WORTH NOTING

Los Altos sits at 2.1 months. Los Altos Hills, three miles away, sits at 6.4. Same schools, same buyers, wildly different clearing dynamics — because the Hills inventory is large-parcel, septic-constrained, and priced against a much thinner bid. Averaging the two together, as most reports do, produces a number that describes neither.

SALE TO ORIGINAL LIST

Peninsula composite at **101.3%**, down from 104.9% a year ago. Still above par — but the trend, not the level, is the information.

MEDIAN DAYS TO CONTRACT

18 days composite; **44 days** above $10M. The luxury tier has always cleared slower. The gap is normal, the widening is not.

CONTRACT FALL-OUT

Running near **9%** of ratified contracts. Historically 5–7%. Watch this above 12% — that is where appraisal and financing stress shows first.

METHODOLOGY

How This Table Is Built — and Why Yours Looks Different

Months of supply is active inventory divided by the trailing three-month average of closed sales, computed per city rather than per county. Most published reports compute it countywide, which blends Atherton with East Palo Alto and produces a number that describes no actual market.

Active counts exclude contingent and pending. Days on market runs to first contract, including deals that later fell out — which is why these figures read longer than the portals' and are more honest.

Where the sample is thin — Stanford, Portola Valley — a single transaction moves the ratio materially. Read those rows as directional, not precise.

THE THREE QUESTIONS

Is supply rising or is demand falling? Both raise months of supply. Only one of them is bad for you.

Is the ratio moving in your price band? A citywide figure can be tightening at $2M and loosening at $8M simultaneously.

Is the change durable or seasonal? August and December are always thin. Compare to the same week last year, never to last month.

SENATE BILL 79 · EFFECTIVE JULY 1, 2026

SB 79 Is Live. Here Is Who Blinked.

The largest change to Peninsula land-use law in a generation took effect three weeks ago. Cities responded very differently, and the differences are already in the dirt price.

SB 79 — the Abundant and Affordable Homes Near Transit Act — became operative on **July 1, 2026**, and it applies immediately in San Mateo and Santa Clara counties along with Alameda, Los Angeles, Sacramento, San Diego and San Francisco.[†] The mechanism is simple and severe: within a half-mile of a qualifying rail station or major transit stop, the state sets height and density floors that override local zoning. Buildings up to **nine stories** may be approved where local code previously permitted two or three.

Statewide supporters project roughly **1.5 million** additional homes could be built under the framework.[†] Whether that materializes is a separate question. What is not in question is that on July 1, a large number of Peninsula parcels acquired a development right they did not have on June 30 — and the market has begun to price it.

The law grants cities meaningful latitude in *how* they implement, including adopting local ordinances that conform zoning to SB 79 and, in some cases, exclude specific parcels permanently or temporarily.[†] That latitude is precisely where the divergence opened up.

Menlo Park adopted SB 79 outright, rejecting staff recommendations for exemptions.[†] That is the most consequential single act by any Peninsula jurisdiction this year. It means parcels in the Caltrain half-mile ring in Menlo Park now carry a quantifiable entitlement option, and it means the city has substantially reduced its own litigation exposure.

Atherton advanced draft implementing ordinances,[†] which in practice is close to a non-event: the town has no qualifying transit stop inside its boundary, so the statute's reach there is minimal. Atherton's land values remain insulated, and that insulation is now explicit rather than assumed.

Palo Alto took the restrictive path. The city withdrew temporary emergency ordinances and plans to readopt them later in July, creating narrow filing windows.[†] For anyone holding developable land near the California Avenue or University Avenue stations, the calendar is now the asset. Miss a window and you wait.

San Jose sought exemptions covering thousands of acres.[†] Elsewhere, San Francisco phased qualifying sites out to 2032 and Los Angeles delayed full implementation to 2030 — the most restrictive approach available.[†] YIMBY Law has said the statutory text draws no such distinction and has announced it will monitor and litigate against non-compliant jurisdictions.[†]

COMPLIANCE BOARD

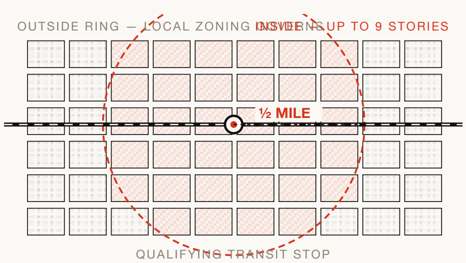
Menlo Park	ADOPTED
Atherton	DRAFTING
Milpitas	AT COUNCIL
Palo Alto	RESTRICTIVE
Burlingame	DEFLECTING
San Jose	SEEKING EXEMPT.
San Francisco	PHASED → 2032
Los Angeles	DELAYED → 2030

Status as reported, week of July 20, 2026.

WHY IT MOVES PRICE

A parcel's value is the greater of its improvement value and its entitlement value. For fifty years on the Peninsula, improvement value won almost everywhere.

Inside the half-mile ring, that just flipped for a specific class of parcel: older, low-coverage improvements on land that now supports substantially more density. Those owners are holding an option they have never been told they own.



THE HALF-MILE RING · Inside the radius, state height and density floors override local zoning. A parcel a hundred feet outside carries none of it — which is the most common and most expensive error in pricing land right now.

† Sources: Cal. HCD SB 79 TOD guidance; Holland & Knight, "Tracking SB 79 Implementation" (June 2026); Davis Vanguard, "SB 79 Takes Effect" (July 2026); 21 Elements. **This page is reporting, not legal advice.** Consult land-use counsel before relying on any characterization here.

FEDERAL RESERVE · FOMC JULY 28–29

Half the Committee Wants a Hike

Consensus expects a hold. The tail risk is no longer a cut — it runs the other direction, and almost nobody is positioned for it.

3.50–3.75%	6.55%	~6.76%	Jul 28–29
FED FUNDS TARGET†	30-YR FIXED AVERAGE†	HIGH PRINT, JUL 17†	NEXT FOMC DECISION†

Markets are pricing a hold at the July meeting as the most likely outcome, and that is probably right. The more interesting datapoint is underneath it: roughly half the rate-setting committee would like to **raise** rates before year-end.† For eighteen months every conversation about housing has been conducted on the assumption that the next move is down. That assumption is now, at best, a coin flip.

The thirty-year fixed has been sitting in a narrow band — roughly 6.49 to 6.76 percent through July† — and the likeliest path for the balance of the month is flat, absent an inflation surprise or a change in tone from the Chair. Flat is not neutral. Flat at six and a half, for a fourth consecutive year, is a regime, and regimes eventually get priced as permanent.

Here is the part that most local commentary gets wrong. On the Peninsula, the mortgage rate is close to irrelevant above roughly five million dollars. That tier transacts in cash, in portfolio jumbo held on a private bank's balance sheet, or against a securities-backed line where the borrowing cost tracks short-term rates and the collateral is the very equity discussed on page five. A twenty-five basis point move in the thirty-year fixed does not enter that decision.

Below three and a half million, it is decisive. That is the band where the buyer is qualifying on debt-to-income, where a quarter point moves the approved purchase price by real money, and where a persistent six-and-a-half percent regime has quietly removed a meaningful cohort of would-be move-up buyers from the market entirely.

Combine that with the previous page and you get the defining structure of this market. SB 79 adds future supply to exactly the transit-adjacent, mid-price segment that rates have already made hardest to buy. The top of the market — Atherton, the Los Altos Hills large parcels, the Woodside estates — gets neither the new supply nor the rate sensitivity. It is insulated from both forces at once.

That is a bifurcation, and it is not a temporary one. It is the mechanical result of two independent policies acting on two different parts of the same market. Anyone forecasting "the Peninsula" as a single thing over the next thirty-six months will be wrong in both directions simultaneously.

THE ASYMMETRY

If the Fed **holds**: nothing changes. Base case.

If the Fed **cuts**: the $2–3.5M band gets a bid within one quarter. Fast, visible, competitive.

If the Fed **hikes**: the same band goes quiet and the bifurcation widens sharply. Almost nobody is underwriting this scenario. That is what makes it worth underwriting.

Above five million, the mortgage rate is a rounding error. Below three and a half, it is the whole transaction. The Peninsula is two markets wearing one name.

† Sources: FOMC calendar and target range as reported July 2026; Mortgage Reports and Bankrate 30-year fixed averages, July 2026. Rate figures move daily; verify before relying on them. **Not financial advice.**

THE HALF-MILE RING

Underwriting Dirt After SB 79

How I price a parcel that just acquired a development right it did not have last month — and the three ways that math goes wrong.

A parcel is worth the greater of two numbers: what the existing improvement is worth to an owner-occupant, and what the land is worth to a developer net of everything required to build. For almost every Peninsula parcel, for almost fifty years, the first number won. SB 79 flipped that for a specific and identifiable class of property, and the owners of those parcels overwhelmingly do not know it yet.

The residual land value calculation is not complicated. Take the gross development value of what can now be built. Subtract hard costs, soft costs, financing carry, developer profit, and — critically — the cost and duration of entitlement risk. What remains is what a rational developer can pay for the dirt. If that number exceeds the improved value, the parcel has repriced.

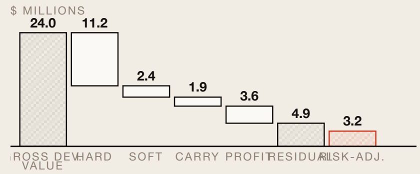
Three things go wrong with this in practice, and I have watched every one of them destroy a deal.

The first is treating the entitlement as certain. It is not. Palo Alto's restrictive ordinance and narrow filing windows mean two identical parcels a mile apart carry radically different probabilities of approval. Entitlement risk is not a haircut on the number; it is a probability distribution, and it must be modeled as one.

The second is ignoring carry. At current construction financing, an eighteen-month entitlement delay does not cost eighteen months of interest — it costs eighteen months of interest plus the option value of the capital elsewhere plus the risk that the ordinance changes underneath you. In a market where cities are actively redrafting, that last term is not small.

The third is the assembly problem. The math frequently only works across two or three contiguous parcels. That turns a real estate transaction into a negotiation problem where the last holdout captures most of the surplus. If you own the holdout parcel, that is worth knowing.

RESIDUAL LAND VALUE



RESIDUAL LAND VALUE · Illustrative structure only. The last bar is the first one that matters: entitlement probability, not gross development value, is what a rational buyer is actually pricing.

Illustrative structure only — not a specific parcel. Every input is site-specific.

THE OWNER'S QUESTION

If the risk-adjusted land number exceeds what your house would fetch as a house, you are sitting on a land asset and marketing it as a residence. Those are different buyers, different marketing, and often a difference of seven figures.

If it does not exceed it, sell the house and ignore the noise. Most parcels are still in this category. Precision matters more than enthusiasm.

CITIS

I built a tool to run entitlement analysis at parcel level across Peninsula jurisdictions rather than one address at a time. Background at paynesoldit.com/insights.

Illustrative modeling. Not an appraisal, not investment advice, and not a representation that any parcel can be entitled. Consult land-use counsel and a licensed appraiser.

THREE TESTS BEFORE YOU PAY FOR DIRT

01 · The Transit Test

Measure the actual half-mile from the qualifying stop, not the marketing radius. Parcels a hundred feet outside the ring have none of the upside and are routinely offered at prices that assume they do. This is the single most common error I see right now.

02 · The Ordinance Test

Read the city's implementing ordinance, not the state statute. Menlo Park and Palo Alto now sit under materially different regimes three miles apart. The statute tells you what is possible; the ordinance tells you what is approvable this year.

03 · The Exit Test

If entitlement fails, what is the parcel worth as a house? That floor is your real downside, and it should be underwritten before the upside case is ever modeled. A deal that only works entitled is not a deal — it is an option, and it should be priced as one.

THE PENINSULA LEDGER

What Is Actually Happening Here

Council calendars, institutional news, and the handful of things worth putting on your own calendar this month.

CITY HALL

Palo Alto — Council is expected to readopt its temporary SB 79 ordinance later this month after withdrawing the prior emergency version. Filing windows for transit-adjacent applications will be narrow. If you own land near California Ave., watch the agenda.

Menlo Park — Having adopted SB 79 without exemptions, the city now moves to design-standards work. Expect the fight to shift from *whether* to *how tall and how it looks*.

Atherton — Draft implementing ordinances advancing. Low practical impact given no qualifying stop in town, but worth reading for how the town frames its exposure.

Los Altos & Los Altos Hills — Both still working through housing-element compliance alongside SB 79. The interaction between the two is where the genuine complexity sits.

INSTITUTIONS & EMPLOYERS

Stanford remains the largest single landholder on the Peninsula and the most consequential non-municipal actor in local housing. Its ground-lease structure is why 94305 prints the slowest appreciation on The Board — buyers are purchasing an improvement on leased land, and the market discounts that correctly.

Employer concentration continues to be the underappreciated risk in this market. A meaningful share of Peninsula purchasing power originates at fewer than a dozen firms. Diversification of the buyer base, not price level, is the metric I would watch over a ten-year horizon.

Caltrain electrification continues to reshape the corridor's value gradient — and it is precisely what makes SB 79's half-mile ring bite here more than almost anywhere else in the state.

WORTH YOUR CALENDAR

Forbes on Fifth

New York City · October 2026. Forbes Global Properties members convene on Fifth Avenue. I will be there; if you are considering a New York purchase or sale, this is the network that handles it.

Storied, Issue 09

The Forbes Global Properties life-and-style magazine. Available now — reply and I will send the current issue.

Property Showcase

Curated properties from across the Forbes Global Properties network, updated quarterly. Excerpted on page 14.

COLUMN

The Quiet Argument About Schools

Every Peninsula price conversation eventually becomes a schools conversation, and the schools conversation is about to become an SB 79 conversation. Density near transit changes enrollment projections, and enrollment projections drive facilities bonds, and facilities bonds show up on your property tax bill.

This is a slow-moving, high-consequence chain that almost nobody connects in public. I will be tracking district enrollment filings alongside the entitlement pipeline, because they are the same story told two years apart.

COLUMN

Water, Fire, and the Insurance Line

On the west side — Woodside, Portola Valley, the upper Hills — the binding constraint on value is increasingly neither price nor policy. It is whether a property is insurable at a rational premium, and on what terms.

Insurance availability has become a genuine input to land value in those markets. When a carrier withdraws from a wildfire zone, the effect on transactable value is immediate and it does not show up in any median-price series. It is one of the reasons Woodside prints 4.0 percent while Portola Valley prints 9.5.

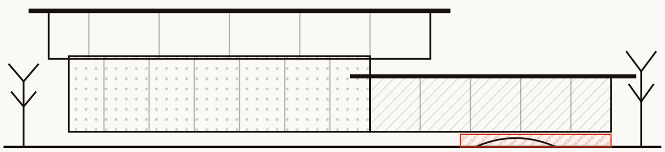
THE DIARY · DATES WORTH HOLDING

DATE	ITEM	WHY IT MATTERS
Jul 28–29	FOMC decision	Hold expected; the dissent count is the real signal
Late Jul	Palo Alto SB 79 ordinance readoption	Sets the filing window for transit-adjacent land
Aug	Q2 county recordings post	Estimates on The Board convert to sourced figures
Sep	Post-Labor Day listing wave	The Peninsula's second and final selling season
Oct	Forbes on Fifth · New York	Network access for cross-market buyers and sellers

ABOVE TEN MILLION

Where Rates Do Not Exist

The top of the Peninsula market runs on a completely different set of inputs than everything beneath it. Most reporting averages them together and learns nothing.



SCHEMATIC ELEVATION · NOT A SPECIFIC PROPERTY

THE FORM OF THE TIER · Above roughly $8–10M the Peninsula transacts in purpose-built modern estates on irreplaceable parcels. Financing becomes optional; scarcity, not affordability, sets the price.

There is a threshold on the Peninsula — it sits somewhere near eight to ten million dollars — above which the transaction stops resembling a home purchase and starts resembling an asset allocation. Financing becomes optional. Timelines stretch. Discretion becomes a requirement rather than a preference. And the buyer pool shrinks to a few hundred households whose behavior is driven by liquidity events, not by monthly payments.

The evidence from this spring is instructive: in Atherton, homes priced between twenty and thirty million have been drawing multiple offers and clearing above asking, quickly.[†] That is not what a rate-constrained market looks like. It is what a supply-constrained market looks like when the bid is cash.

Median days to contract at this tier runs materially longer than the composite — roughly forty-four days against eighteen — and that gap is normal and always has been. Thin markets clear slowly. The signal is not the level; it is whether the gap widens, because a widening gap means the bid is thinning even while headline prices hold.

What actually moves this tier, in order: liquidity events at a small number of firms; secondary and tender-offer activity in private companies; cross-border capital flows and the policy environment around them; and the supply of genuinely irreplaceable parcels. Interest rates appear nowhere on that list.

The practical consequence for a seller at this level is that conventional marketing is close to useless. A public listing reaches an audience that cannot transact. The work is network work — knowing which twenty households are in a position to move this quarter and reaching them directly. That is the entire reason the Forbes Global Properties affiliation matters; it is a distribution network for exactly this problem, not a logo.

TIER STRUCTURE

BAND	DAYS	FINANCED
Under $3M	14	~88%
$3–5M	19	~71%
$5–10M	31	~44%
$10M+	**44**	**~21%**

Editor's estimates, trailing four quarters. Financed share = recorded purchase-money deed of trust.

> A public listing reaches an audience that cannot transact. Above ten million, the work is knowing which twenty households can move this quarter.

† Palo Alto Online, "Multiple offers push $20M+ homes above-asking in Atherton," April 2026.

INFRASTRUCTURE · POWER · GEOGRAPHY

Where the Capex Actually Lands

Trillions in artificial-intelligence infrastructure spending is being committed by companies headquartered within twenty miles of this page. Almost none of it is being built here.

The defining economic fact of this cycle is the scale of capital expenditure being committed across Alphabet, Microsoft, Amazon and Meta — spending large enough that it now visibly moves free cash flow at companies that had not posted a negative quarter in years.[†] Thursday's tape was a direct expression of investors asking when that spending converts to revenue.

For Peninsula real estate, the geography of that spending matters more than the magnitude. Data centers require cheap power, cheap land, and water for cooling. The Bay Area has none of the three. The physical infrastructure of this boom is being built in Virginia, Texas, Ohio, Arizona, and increasingly abroad — while the decisions, the engineering, and the compensation remain concentrated here.

That split is enormously favorable for local housing and it is worth being explicit about why. The region captures the high-wage employment and the equity creation without absorbing the industrial footprint, the land consumption, or the utility strain. Silicon Valley exports the capex and keeps the compensation. There is no historical precedent for a regional economy structured this way at this scale.

The risk in that structure is symmetrical. An economy that captures compensation without capital stock has very little that is physically anchored to it. Manufacturing regions decline slowly because the plant is expensive to move. A region whose principal asset is the location preference of highly paid knowledge workers can reprice much faster than any factory town ever did.

I do not think that risk is proximate. But it is the correct long-horizon question for anyone underwriting Peninsula real estate as a thirty-year hold, and it is a more serious question than the interest-rate cycle that dominates the conversation.

THE SECOND-ORDER EFFECT

The same technology is arriving inside this business. Parcel-level entitlement analysis, comparable selection, and land residual modeling are all tasks that were judgment-and-spreadsheet work five years ago and are increasingly systematic now.

The agents who treat that as a threat will lose to the ones who treat it as leverage. I built Citis on that premise.

POWER

Grid interconnect queues, not chips, are the binding constraint on datacenter buildout. That is a permitting problem, which makes it structurally similar to everything on page seven.

WATER

Cooling demand is reshaping siting decisions across the West. California's water politics effectively removed the state from contention years ago.

TALENT

Remote work reduced the geographic premium for ordinary engineering. It has not reduced it for the top decile, and the top decile is who buys here.

[†] Q2 2026 results as reported; CNBC and TheStreet market coverage, July 22–23, 2026.

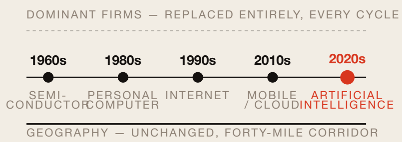
THE COUNTER-ARGUMENT

Why This Time Might Genuinely Be Different

The honest objection is that regional economies built on one dominant industry have failed before, reliably, and the people living through the boom never see it. Detroit in 1955 looked structurally permanent.

The distinction I would draw is that those economies were anchored to a *product*. The Peninsula is anchored to a *process* — the repeated formation of new companies — and it has survived four complete technology transitions without losing that function. The dominant firms changed entirely each time. The geography did not. That is the strongest argument for the durability of land values here — not proof, but the thing a thirty-year hold should be able to state before betting on it.

FOUR TRANSITIONS



FOUR TRANSITIONS · Anchored to a process — the repeated formation of new companies — rather than to any one product.

Different leading firms each cycle. Same forty-mile corridor.

OFF-MARKET · PRE-MARKET · COMING SOON

What I Am Watching

A meaningful share of Peninsula luxury never reaches a public portal. This is the part of the market that does not appear on your search alerts.

Sellers at the top of this market frequently do not want a listing. They want a transaction. Publicity carries costs at this level that it does not carry at two million — staff know, neighbors know, and a property that sits publicly for ninety days acquires a story it never sheds. So a substantial volume of Atherton, Woodside and Old Palo Alto trades quietly, agent to agent, before it is ever photographed for a portal.

I keep a running book of that inventory. It is not published, for obvious reasons, and it is the single most valuable thing I can offer a buyer at this level. What I can print here is the shape of it.

- **West Atherton** — two estate parcels above $20M expected to test the market in early autumn. Both currently unlisted. Both would be assembly-relevant to a neighbor.
- **Old Palo Alto** — a Professorville-adjacent property in pre-market preparation, likely $12–15M. Owner is timing to the school calendar rather than the market.
- **Los Altos Hills** — three large-parcel holdings quietly seeking buyers. The 6.4-month supply figure on page six understates true availability here, because a meaningful share of the real inventory is not counted.
- **Menlo Park, half-mile ring** — early developer interest in assembly following the city's SB 79 adoption. Owners in this ring should understand what they hold before anyone knocks.

If you are a buyer above eight million, the public market is showing you a fraction of what is genuinely available. If you are an owner in one of these pockets, you are likely to receive an unsolicited approach in the next six months, and the first offer in that situation is almost never the best one.

THE QUIET BOOK

Off-market inventory is shared confidentially with qualified buyers only. If you would like access, reply to this issue or call directly.

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A NOTE ON FAIR HOUSING

Off-market marketing raises legitimate fair-housing questions and I take them seriously. Every property in this book is available to any qualified buyer who asks, without exception. Access is a function of the seller's privacy preference, never of who the buyer is.

RECENTLY CLOSED

Palo Alto	$6.40M
Palo Alto	$4.85M
Campbell	$2.15M
San Jose	$1.25M

Representative recent transactions. Full record at paynesoldit.com.

HOW THE QUIET BOOK ACTUALLY WORKS

For Sellers

A discreet launch is not a lesser marketing effort — done properly it is a more expensive one. The property is prepared, photographed, and priced exactly as it would be publicly, then introduced to a defined list of qualified buyers and their agents before any portal sees it.

The advantage is that days on market never accrues. If it does not clear, you go public with a clean listing history rather than a stale one.

For Buyers

Access requires proof of funds or a lender commitment and a genuine, specific brief — price band, towns, timeline. Vague interest does not get shown quiet inventory, because sellers at this level are trading publicity for certainty and will not spend it on tourists.

In return you see property four to twelve weeks before the market does, and you negotiate without an audience.

The Honest Caveat

Off-market is not automatically a better price. Sometimes it is a worse one — a seller who avoids competition also avoids the bidding that competition produces, and buyers occasionally pay a premium for exclusivity itself.

I will tell you which situation you are in. Any agent who tells you off-market is always the better deal is selling access, not advice.

ESSAY

Two Markets, One Name

If you read only one thing in this issue, read this. Over the past three weeks, two independent forces acted on Peninsula housing, and they acted on different halves of it.

Sacramento added future supply — via SB 79 — to precisely the transit-adjacent, mid-priced segment. The Federal Reserve, by holding at three and a half to three and three-quarters with half the committee leaning toward a hike, kept the cost of borrowing elevated for precisely the buyers who compete in that same segment. Supply up, affordability flat to worse, in the same band, at the same time.

Meanwhile the top of the market — Atherton at $8.22 million typical value and rising ten and a half percent, the large west-side parcels, anything genuinely irreplaceable — received neither the new supply nor the rate exposure. It is bid in cash by a small population whose wealth is equity-linked and whose constraint is availability, not affordability.

That is not a cycle. It is a structural divergence produced by two policies that were never designed to interact, and it will persist as long as both hold. The practical implication is that "the Peninsula housing market" is no longer a coherent forecasting unit. Anyone who tells you it is going up, or going down, without naming a price band and a zip code is not telling you anything.

My working view: the top holds and grinds higher on scarcity alone. The middle goes quiet and stays quiet until either the Fed moves or SB 79 supply actually delivers — and delivery is years away, whatever the ordinances say today. The interesting money over the next thirty-six months is not in either half. It is in the parcels that sit at the seam, where an entitlement nobody has priced meets an owner who does not know they hold it.

Payne Sharpley

PALO ALTO · JULY 24, 2026

Forbes GLOBAL PROPERTIES

THE GLOBAL DESK

Forbes Global Properties is an invitation-only network of residential brokerages representing the finest homes worldwide, with editorial distribution through Forbes. As the network's Peninsula member, I can market your property to a genuinely international audience and introduce you to a vetted local expert in any market where the network operates.

Recently featured on *Fresh on Forbes*: a $19.5M Telluride residence, a $10M Amsterdam estate, and a $23M Rio property shaped by Burle Marx. New members this quarter: South Africa and the United Kingdom.

CREDITS & SOURCES

Featured listings — photos via Redfin; listed by: 178 Atherton Ave — Jen Finato, Pacific Peninsula Group · 618 Tennyson — Judy Shen, Coldwell Banker · 28100 Story Hill & 725 Evergreen — DeLeon Realty · 15 Hidden Valley — Gullixson, Compass · 369 Ramona — Josh Rubin, Compass · 130 Wood Rd — Rick Alva, Windermere · 1691 S Springer — Sumeet Mittal, Pellego · 19131 Loree — Frances Ibay, Thomas James R.E. Images are the property of each listing brokerage.

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Housing values: Zillow typical home values via Stacker, released July 15, 2026 (Atherton, Portola Valley, Woodside, Menlo Park) · Redfin and Palo Alto market data, May–July 2026 · Palo Alto Online, "Multiple offers push $20M+ homes above-asking in Atherton," April 6, 2026.

Policy: California HCD, SB 79 TOD guidance and MPO advisory · Holland & Knight, "Tracking SB 79 Implementation Before the Train Leaves the Station," June 2026 · Davis Vanguard, "SB 79 Takes Effect," July 2026 · 21 Elements · CA YIMBY.

Markets and rates: CNBC and TheStreet market coverage, July 22–23, 2026 · The Mortgage Reports and Bankrate, 30-year fixed averages, July 2026 · FOMC calendar.

Estimates marked **e** are the editor's own, derived from MLSListings closed-sale data, and are replaced with sourced figures as county records post.

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