

PAYNE

REAL ESTATE · CAPITAL · POLICY · THE PENINSULA

VOL. I · NO. 3

WEEK ENDING AUGUST 14, 2026

PALO ALTO, CALIFORNIA

JULY PAYROLLS

−23,000

First loss[†]

JULY CPI

3.4%

Core 2.5%[†]

30-YR FIXED

~6.65%

Steady[†]

SEPT HIKE ODDS

~32%

Was ~55%[†]

PROPERTY OF THE WK.

\$30.0M

Closed Jul 10[†]

PHOTOGRAPH VIA DELEON REALTY LISTING · ML81979911

SOLD · RECORDED JULY 10 · LOS ALTOS HILLS

27500 La Vida Real

\$30,000,000 · 20,982 SQ FT · 8 ACRES · ASKED \$88M IN 2016 · THE STORY, PAGE 2

THE NUMBER OF THE WEEK

THE ECONOMY

America lost 23,000 jobs in July — and the S&P 500 set a record the same week. Both halves of that sentence are this letter's beat.

THE SCORECARD

Three weeks ago this letter leaned toward hike risk. The data just leaned the other way. Page 6 grades the call in public.

THE SURRENDER

Fannie Mae and the MBA gave up on 6% mortgages this year. What the forecast surrender means for every waiting buyer, page 7.

PAYNE SHARPLEY · CALRE 02195155

INTERO REAL ESTATE SERVICES, A BERKSHIRE HATHAWAY AFFILIATE

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LOS ALTOS HILLS · 94022 · SOLD

The \$88 Million Ask That Closed at \$30 Million

27500 La Vida Real — eight acres, 20,982 square feet, a fifteen-seat theater and a swim-up bar — finally traded on July 10. Its ten-year price journey is the most honest lesson in super-prime pricing this market has ever printed.



Sale recorded July 10, 2026, reported the week of August 3 by the Palo Alto Online/Almanac home-sales column. Listing history and photographs via the DeLeon Realty listing, ML81979911, courtesy of the listing brokerage. Figures from public records and listing data; the analysis is the editor's own. Payne Sharpley was not a party to the transaction.

\$30.0M CLOSED, JUL 10[†]	\$1,430 PER SQ. FT. (E)	\$88M 2016 ASK[†]	8.0 ACRES[†]
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Every market has a house that tests the ceiling. For a decade, Los Altos Hills' test was La Vida Real: 20,982 square feet built in 2004 for Kumar Malavalli, the co-founder of Brocade Communications — five bedrooms, twelve baths, ten fireplaces, a 3,000-bottle cellar, a fifteen-seat theater, an indoor pool under retractable skylights, and eight sculpted acres.[†] In 2016 it asked \$88 million, which would have been among the largest residential trades in county history. The market declined the invitation. This May it returned at \$36.9 million. On July 10 it closed at \$30 million[†] — sixty-six percent below the original ask, and still one of the year's largest closes in the county.

The tempting reading is failure. The correct reading is price discovery, and it teaches three things. First: at the super-prime tier, there are no comps — there are auditions. An \$88M ask was not a valuation; it was a question, and it took a decade to be answered. Second: personalization is a depreciating asset. Twenty thousand square feet built precisely to one visionary's taste must find the one buyer who shares it; every year of waiting, the taste ages. Third — and this is the number that matters — the dirt held its value while the vision was repriced. Eight flat acres in Los Altos Hills is irreplaceable under any zoning regime this state will ever write; at \$30M, the land is plausibly half the print (e).

Note what the buyer paid per foot: roughly \$1,430 (e) — a third of what Crescent Park's park-front new build asks (the Monthly's cover property, at \$4,228). Size is cheap. Placement is not. The biggest house in this letter's coverage area just confirmed the smallest rule in it.

HOW I READ IT

The seller's lesson costs nothing to learn secondhand: the first correct price would have saved a decade. The global desks call an eighteen-month super-prime marketing period craft (the Monthly, p. 43). Ten years is not craft. It is an auction where the opening bid insulted time.

For every owner of a highly personal estate: your house is two assets — the land, which compounds, and the vision, which depreciates. Price the second honestly and the first will carry you.

THE TEN-YEAR TAPE

2016 ask	\$88.0M [†]
May 2026 relist	\$36.9M [†]
July 10 close	\$30.0M [†]
Ask-to-close, 2016 basis	−66% (e)

Listing history per public reporting and MLS records; derived percentages are the editor's.

BUYER REPRESENTATION

Considering a significant estate purchase or sale? Independent representation and a confidential pricing conversation: Payne Sharpley, 650.384.3546 · payne@paynesoldit.com.

FROM THE DESK

The Week the Data Answered Back

Two issues ago this letter argued the tail risk on rates ran toward a hike, and printed the three dissents as evidence. This week the economy answered: twenty-three thousand jobs lost in July, a hundred and three thousand revised away from the spring, and two cool inflation prints in a row. The hike case did not survive the week intact. Page six grades the call — because a letter that grades its winners and hides its losers is an advertisement, not a publication.

What did survive is the deeper thesis. On the same tape that carried the worst jobs report in four years, the S&P 500 set a record, Nvidia assembled half a trillion dollars of financing, and the layoff tracker crossed last year's full-year total with four months to spare. The economy of paychecks and the economy of portfolios have stopped rhyming — and this market prices off the second one.

And a housekeeping note owed to readers: the Monthly consumed last Friday's slot, and this issue arrives late. The weekly returns to its Friday cadence from here.

Payne Sharpley

EDITOR · CALRE 02195155

DATA INTEGRITY

Figures marked † are drawn from named public sources and dated. Figures marked (e) are the editor's estimates or derived calculations. 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.

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THE WEEK IN ONE LINE

The economy lost jobs for the first time in four years, the stock market celebrated, the mortgage industry gave up on six percent, and a Los Altos Hills estate finally answered a decade-old question fifty-eight million dollars below where it was asked.

NEW READERS

PAYNE is a free weekly market letter on Peninsula real estate, capital, and policy — plus a monthly magazine edition. The July Monthly (47 pages) is at paynesoldit.com/payne. One email a week. One-click unsubscribe.

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THE BOARD

Price Per Foot Across Eleven Cities

Typical values, twelve-month change, and the five-year compound — printed the same way every week. Values are the mid-July Zillow release; the August refresh posts next week and the Board will carry it.

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 from trailing closed-sale sets. The recorded-sale tape for June 16 – July 10, reported this week: nine communities traded from \$780,000 to this issue's \$30M cover sale; Los Altos Hills' median hit \$18.75M on estate closings.[†]

THIS WEEK'S RECORDED TAPE

The range. \$780K to \$30M closed across nine Peninsula communities in the latest recorded batch — the widest weekly spread this letter has printed.[†]

The medians. Los Altos Hills \$18.75M (estate closings); Atherton \$11M on three sales.[†] Estate-town medians are lumpy by construction — three trades can double them.

The pace. \$20M+ properties drew multiple offers repeatedly this year; absorption above 60% region-wide.[†] The top of this market remains the fast lane.

WHY NO GALLERY THIS WEEK

The new-listings gallery returns Friday with the fresh MLS crop. This catch-up issue prints the recorded tape instead — closings are the truth; listings are the intention.

Closings are the truth; listings are the intention. This week the truth ran from \$780,000 to thirty million dollars, nine towns apart.

THE NUMBER OF THE WEEK

Minus Twenty-Three Thousand

America lost jobs in July for the first time this cycle — and the stock market set a record the same week. Hold both facts at once and you understand this housing market better than most economists.

The July employment report, released August 7, printed a loss of 23,000 jobs against expectations of 80,000 to 95,000 gains — and revised the two prior months down by another 103,000 between them.[†] Strip the pandemic shock and it is the first outright monthly loss in years. Five days later, the July CPI arrived cool — 0.1% on the month, 3.4% annual, core down to 2.5%[†] — and the S&P 500 and Nasdaq answered the pair of reports by closing at records, up 1.1% and 1.3% on CPI day alone.[†]

A shrinking labor market and a celebrating stock market is not a paradox; it is a policy expectation. Equities read weak jobs plus cooling inflation as the end of the hike debate and the beginning of the cut debate (facing page), and priced the cheaper money before the Fed says a word. But underneath the mechanics sits the divergence this letter has tracked since its first issue: the economy of paychecks is softening while the economy of assets compounds. July was the month both showed up in the same week's headlines wearing their own numbers.

For the Peninsula, the two arms of that divergence map cleanly onto the two housing markets of the Monthly's K-shape chapter. The salaried, financed buyer just got a warning and a consolation in the same week: the labor market is genuinely cooling, and the rate they borrow at is likelier to drift down than up. The equity-paid buyer got neither warning nor consolation — just a record portfolio and another argument to transact.

The local read requires one more honest cut: this region is not a bystander to the national jobs number. The layoff tracker on page 9 passed last year's full-year total this month, and technology — this valley's payroll — is named on a plurality of the cuts. The Peninsula's paycheck economy is not immune; it is simply dwarfed, for now, by its portfolio economy. A reader deciding whether to list, buy, or wait should know precisely which economy funds their counterparty — because the −23,000 is a headwind for one open house and a tailwind for the one across the street.

What would change this letter's mind: two more negative payroll prints, or a layoff wave that reaches the AI-side payrolls of the capex complex (page 8). Either would mean the K's upper arm is no longer hiring-proof, and the record indexes would be repricing a story rather than a cash flow. Until then, the week's two headlines — jobs down, stocks up — are not in conflict. They are the market's two hands, and this region is held in the right one.

THE WEEK'S TAPE

July payrolls	−23,000 [†]
Prior-month revisions	−103,000 [†]
July CPI, annual / core	3.4% / 2.5% [†]
S&P / Nasdaq, CPI day	Records [†]

The −23,000 is a headwind for one open house and a tailwind for the one across the street. Know which economy funds your counterparty.

MACRO · THE JOBS REPORT

THE SCORECARD

The Odds Flip — and a Call Gets Graded

Two issues ago this letter printed three hike-direction dissents and leaned into hike risk. This week the market cut September hike odds from 55 percent to 32. Here is the honest scorecard, and what actually matters into the September meeting.

Vol. I No. 2 argued the tail risk on rates ran toward a hike while consensus dreamed of cuts, and offered the July meeting's three written dissents — all toward a hike, the first triple dissent in a decade — as evidence the committee's center was drifting hawkish. The evidence was real. The forecast it supported took two body blows this week: the jobs loss on page 5, and a second consecutive cool CPI. Market-implied odds of a September hike fell from roughly 55% before the CPI print to about 32% after it,[†] and the producer-price data that followed ran cool as well.[†] The base case now is a hold, with the debate's gravity shifting toward when cuts begin.

The scorecard, then, printed at the same size as the original claim: the hike lean was directionally wrong about September. What the letter got right was the mechanism — that this Fed, under Chair Warsh, is temperamentally hawkish against 3-handle inflation, and that nobody should position for imminent cheap money. Both halves still stand: 3.4% headline inflation is not 2%, the dissenters have not recanted, and CNN spent the week reporting that markets still cannot read Warsh's intentions.[†] A hold at 3.50–3.75% is not a cut. The money is merely no longer getting more expensive — probably.

Three dates decide September before the committee sits on the 15th and 16th: the PCE inflation release, the August jobs report, and the August CPI, which lands the morning the meeting opens (e — standard calendar). Jackson Hole's symposium in late August will preview the tone. The mapping to this market is direct. A hold with dovish language likely walks mortgage rates down through the 6.5s; a hold with hawkish language keeps the 6.6–6.7 corridor of the facing page; a surprise in either direction moves every rate-sensitive escrow on the Peninsula within the week.

The posture this letter recommended in July — buyers finishing approvals and locking into weakness, sellers not waiting on rescue — survives the scorecard untouched, because it never depended on the forecast. That is the point of positioning over prediction: the reader who prepared for a hike and got a hold lost nothing but a worry. The reader who bet the house on cuts has been losing since 2024.

SEPTEMBER, IN ODDS

Hike odds, pre-CPI	~55% [†]
Hike odds, post-CPI	~32%[†]
Fed funds target	3.50–3.75% [†]
FOMC meets	Sept 15–16

The reader who prepared for a hike and got a hold lost nothing but a worry. The reader who bet the house on cuts has been losing since 2024.

MACRO · THE SCORECARD

MORTGAGES

The 6 Percent Surrender

Fannie Mae and the Mortgage Bankers Association abandoned their near-6-percent forecasts this week and now expect 6.3 to 6.5 percent through year-end. The institutions just told every waiting buyer, in writing, that the rate they are waiting for is not coming.

The thirty-year fixed spent the week in a narrow corridor around 6.65%, easing slightly after the CPI print.[†] The news was not the level; it was the forecast. Fannie Mae and the MBA — the two most-cited rate forecasters in American housing — both walked away from their long-standing projections that rates would approach 6% by year-end, and now project 6.3% to 6.5% through the rest of 2026.[†] The 5-handle mortgage, perpetually six months away since 2023, has been formally rescheduled to next year at the earliest — by the same institutions that kept promising it.

This letter's readers heard the argument in July: a buyer who needs 5.5% does not have a rate problem, they have a price problem. The institutions have now co-signed it. What the surrender changes is not the math but the psychology — the waiting strategy just lost its official sponsors. Every buyer who has spent eighteen months renting at \$6,000 a month to wait out the 6s (e — a typical Peninsula family-home rent) has paid over \$100,000 for an option that Fannie Mae just marked worthless this year.

The nuance the headlines miss: the forecast surrender happened in the same week the *cut* debate began (page 6). Those are consistent. Fed cuts move the short end; mortgages price off the ten-year, which is already carrying the expected cuts. The 6.3–6.5 corridor is what the bond market thinks cheaper Fed policy already looks like.

What to do with the corridor, by seat. Buyers: underwrite at 6.6%, treat every dip below 6.5% as a lock event (this week's CPI dip was one), and stop pricing the 2021 loan you did not get. If the payment does not work at 6.6%, the honest answers are price band, location, or timeline — not hope. Sellers: the corridor is your marketing calendar's friend; a stable rate is a plannable rate, and the fall window this letter flagged in the Monthly remains open — buyers re-entering on the search surge (a two-year high in July) now do so with rate certainty they have not had in three years.

Owners with 2023–24 vintage loans at 7%+: the corridor puts refinancing arithmetic within reach for the first sustained stretch — a 6.4% print against a 7.4% note on \$2M is roughly \$13,000 a year (e). Watch the corridor's floor; the paperwork should be staged before the dip, not after.

THE CORRIDOR

30-yr fixed, this week	~6.65% [†]
Fannie / MBA, year-end	6.3–6.5%[†]
The abandoned forecast	~6.0% [†]
Cost of 18 mo. waiting (e)	\$100K+ rent

The waiting strategy just lost its official sponsors. The rate you are waiting for has been rescheduled, in writing, to next year at the earliest.

RATES · THE SURRENDER

THE MACHINES, CONTINUED

Half a Trillion, Privately

Nvidia assembled a \$500 billion AI-infrastructure financing alliance with Apollo, Blackstone, BlackRock, Brookfield, Goldman, and KKR. The buildout the Monthly sized at \$630 billion just found a second wallet — and a second set of landlords.

On August 11, Nvidia announced a financing alliance with six of the largest names in private capital — Apollo, Blackstone, BlackRock, Brookfield, Goldman Sachs, and KKR — to fund as much as \$500 billion of AI infrastructure.[†] Set it beside the number that anchored the Monthly's fourth chapter — roughly \$630 billion of 2026 capex from the four hyperscalers alone[†] — and the shape of the cycle changes: the buildout is no longer limited by what four corporate balance sheets can carry. It has been syndicated to the people who own the world's office towers, pipelines, and power plants.

Why a housing letter cares, in three steps. First, duration: private-credit financing converts the buildout from an annual budget decision into contracted, multi-year obligations — the seven-to-eight-year runway Nvidia's chief executive keeps describing[†] now has lenders underwriting it. The Peninsula compensation machine this letter tracks is, to that extent, term-financed. Second, competition: the alliance's members are the same institutions that buy multifamily housing — and this week one of that class, Stockbridge, paid roughly \$767,000 per unit for a new San Francisco rental building[†] (page 11). The capital that finances the racks is also pricing the region's apartments. Third, risk transfer: when the cycle eventually disappoints, the loss now lands partly outside the four anchors' equity — which cushions exactly the payrolls that hold up this Board.

The skeptic's paragraph, standing as always: syndication is how booms extend, and also how they end. Railroads, telecoms, and 2006-vintage real estate all discovered that when the marginal dollar comes from yield-hungry lenders rather than operators, discipline migrates from the engineer to the spreadsheet. The Monthly's risk chapter asked what happens to this region if AI sentiment cracks; this week's answer is that the crack would now propagate through private credit as well as public equity — slower to mark, harder to see, and historically more stubborn on the way down. The infrastructure will outlive any correction, as railroads did. The financing terms will not.

For now the local ledger reads one way: half a trillion in committed intent, on top of \$630 billion in budgets, aimed at compute that clusters where the engineers are. The engineers are here. The Board on page 4 is what their paychecks look like with a lender's countersignature.

THE ALLIANCE

Size: up to \$500B[†]

Members: Apollo, Blackstone, BlackRock, Brookfield, Goldman, KKR[†]

Context: hyperscaler '26 capex ~\$630B; global DC spend >\$1T[†]

The compensation machine that holds up this Board is now term-financed. When discipline migrates from the engineer to the spreadsheet, booms extend — and end.

CAPITAL · THE ALLIANCE

PINK SLIPS, TERM SHEETS · AN UPDATE

The Year That Passed Last Year in August

2026's tech layoffs have now exceeded all of 2025 with four months to spare: 322 events, roughly 205,800 workers. This week added Zillow, Rapid7, Google, TikTok, and Etsy to the tracker — and AI's share of the stated reasons keeps climbing.

The milestone arrived quietly in the first week of August: tech layoffs for 2026 passed the full-year 2025 total.[†] The running tally stands at 322 events and roughly 205,800 workers — about 915 jobs a day[†] — with Oracle's 30,000 still the year's largest single cut. This week's tape was a cross-section of the industry: Zillow cut just over 500; Rapid7 cut 12% of staff; Google, TikTok, and Etsy trimmed hundreds more between them.[†] And the stated cause has stopped hiding: AI was blamed for roughly 40% of cuts by May, against 7% in January.[†]

Set this page against page 8 and the valley's strange 2026 comes into focus: half a trillion dollars of new financing for the technology that is simultaneously the leading stated reason for job cuts. Both are real; they are the same force operating on two payrolls. The capex hires the frontier few at page-35-of-the-Monthly prices. The efficiency fires the mid-band many. The -23,000 on page 5 is the national echo of a substitution this zip code is running first and fastest.

The July weekly named the local second act — pink slips, term sheets — and the evidence keeps arriving: the founding math (severance as runway, models as workforce, a reopened IPO window as exit) has never been friendlier to the newly cut. This letter's readers should watch the pattern in their own neighborhoods: the laid-off principal engineer does not list their house; they take a HELOC against it (the Monthly, page 10) and incorporate. The housing effect of a tech layoff wave here has historically been a two-year lag between the severance and the liquidity event, not a wave of distressed sales — 1.5 months of county inventory says the pattern is holding.

The caveat earns its annual reprint: patterns hold until the cuts reach the payrolls the capex protects. The week the tracker starts listing frontier-lab and cloud-infrastructure teams in volume is the week this page changes its tone. It has not happened. It is what this desk reads the tracker for.

THE TRACKER · AUG 13

2026 events / workers	322 / ~205.8K [†]
vs. all of 2025	Surpassed [†]
This week	Zillow 500+, Rapid7 12% [†]
AI-cited share, May	~40% [†]

Half a trillion in financing for the technology that is the leading stated reason for the cuts. Both are real. They are the same force, on two payrolls.

THE FRONTIER

Watermarks, Megawatts, and a Model War

Anthropic signed a 20-year, \$9.1 billion power-and-compute deal, began watermarking its models' output, and entered \$6 billion acquisition talks — while Meta and Nvidia went open-weight against China. A week in the industry that pays this Peninsula's bills.

The frontier's week, compressed. Anthropic signed a \$9.1 billion, twenty-year agreement with Riot Platforms for 191 megawatts of Texas computing capacity[†] — a bitcoin-mining company converted, in one contract, into AI infrastructure. The same company began embedding invisible watermarks in Claude-generated text and images as regulators push toward permanent provenance marks,[†] and entered talks to acquire Israeli real-time-video startup Decart AI at a reported valuation near \$6 billion.[†] OpenAI shipped a dedicated cybersecurity model. And Meta and Nvidia released frontier-class models free to download — a deliberate open-weight counter, CNBC reported, to the Chinese labs that have led the open ecosystem.[†]

Three observations for this letter's beat. First, the twenty-year term: companies sign twenty-year power contracts when they expect to exist, at scale, in twenty years — it is the private-market echo of page 8's syndication, duration conviction expressed in megawatts. Second, the watermarks: provenance marking is the industry pre-complying its way ahead of regulation, and the Monthly's risk chapter said to watch exactly this — the labs are buying policy goodwill before the first mandatory-testing bill arrives. Third, the open-weight war: when frontier capability is free to download, the moat migrates to compute, data, and distribution — all three of which are capital expenditures, which is why the checks keep getting bigger.

The employment geography deserves its paragraph, because it is the housing story. A billion users on frontier platforms,[†] twenty-year infrastructure commitments, and a models-for-free price war all push the industry's economics toward scale operators — and scale operators concentrate their highest-paid decision-making where the clusters are. Every week of frontier news like this one is, underneath, a hiring plan for two counties. The Board does not need the models to be safe, open, or watermarked. It needs them to be *funded*, and the week's every line item said funded.

One forward flag: an Anthropic-Decart close at the reported number would mint another cohort of Israeli-founder liquidity with Bay Area gravitational pull (e) — the acquisition channel of wealth creation runs quieter than IPOs but shops in the same zip codes. The lockup clock of the Monthly's page 36 has a sibling, and it is called an earn-out.

THE FRONTIER WEEK

Anthropic × Riot: \$9.1B / 20 yrs / 191 MW[†]

Claude output watermarked[†]

Decart talks ~\$6B[†]

Meta + Nvidia go open-weight vs. China[†]

The Board does not need the models to be safe, open, or watermarked. It needs them to be funded — and the week's every line item said funded.

SCIENCE & AI

COMMERCIAL DESK

The Land War Comes Home

A data-center operator took over an entire Santa Clara R&D building this week, and an institution paid \$767,000 a unit for new San Francisco apartments. The Monthly predicted the land competition. The Registry just printed it.

Two commercial prints this week, both carried by The Registry, both worth a homeowner's attention. In Santa Clara, a data-center operator took over an entire R&D building[†] — not a greenfield site, an existing building in the region's tightest industrial market, converted toward compute. In San Francisco, Stockbridge Capital paid roughly \$767,000 per unit for a newly built rental property[†] — an institutional vote, at a premium price, that new Bay Area multifamily is worth owning at the top of a record market.

The Santa Clara print is the Monthly's page 31 arriving on schedule: the buildout has exhausted its appetite for raw land and begun consuming the existing building stock — the same R&D and industrial parcels that every housing element (the RHNA scorecard) counts on for conversion sites. Every building the racks absorb is a building housing cannot have, in the county with 1.5 months of residential supply. The competition is no longer theoretical; it has an address and a tenant.

The Stockbridge print matters for a different reason: it prices what the SB 79 circles could become. If institutions will pay three-quarters of a million dollars per apartment for finished product, the arithmetic backward into transit-adjacent land — the half-mile circles that went live July 1 — supports land values that single-family pricing alone never could (e). The developer option under Peninsula station-area parcels got more valuable this week, and quietly.

For the letter's residential readers, three takeaways. Owners near industrial edges in Santa Clara and north San Jose: the nuisance-versus-tax-base geography of the Monthly's fiscal-math page is being redrawn building by building — know which side of the substation your street sits on before you price. Owners inside a transit circle: the Stockbridge comp is the first institutional data point of the SB 79 era worth filing; the second will be the first station-area land trade, and this desk is watching for it. Renters and their landlords: institutional capital paying record per-unit prices for new product is a bet that Bay Area rents rise from here — plan leases accordingly.

The commercial desk will stay a standing column while the land war runs. The residential market spent fifty years assuming houses compete only with houses. That assumption died this week, in public, twice.

THE TWO PRINTS

Santa Clara: full R&D building → data-center operator[†]

San Francisco: Stockbridge, new multifamily, ~\$767K/unit[†]

The residential market spent fifty years assuming houses compete only with houses. That assumption died this week, in public, twice.

REAL ESTATE · SANTA CLARA

OFF-MARKET

What I Am Watching Off-Market

The standing page. No addresses, ever; subscribers called first, in subscription order. The book as of this week, described to the edge of discretion.

The quiet book carried over four entries from the Monthly, and the week moved two of them. The west-Atherton trust settlement has progressed from would-entertain-a-conversation to preparing-for-one: the trustees have asked the questions that precede a number. The museum-grade mid-Peninsula Eichler drew its first vetted inquiry — a preservation-minded buyer, exactly the profile the family specified — and the conversation continues on the family's clock, not the market's.

The Woodside acreage and the Crescent Park-adjacent property hold their positions, watching. And the week added a fifth entry, at the intersection of pages 9 and 5: the owner of a significant Los Altos property, recently through a large-company reduction, exploring — without urgency, from a position of equity strength — what a quiet sale would look like against a HELOC-and-wait strategy. That decision tree is this letter's whole theory of the market in one household, and whichever branch they choose, it will be chosen with full information.

A note prompted by this issue's cover story. La Vida Real spent a decade asking in public what it finally answered in private company: what is a singular estate worth? The quiet book exists for exactly that class of question — the properties too personal, too large, or too storied for a lockbox and a Sunday open house. A decade of public price discovery cost that seller fifty-eight million dollars of headline. A confidential process prices the vision honestly on day one, to the audience that can act on it. If your property is two assets wearing one address — the land that compounds and the vision that depreciates — the pricing conversation should happen before the sign goes up, not after the decade goes by.

THE STANDING TERMS

No addresses in print. Subscribers called first, in subscription order. Vetting both ways. Conversations confidential without exception.

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A decade of public price discovery cost that seller fifty-eight million dollars of headline. The pricing conversation should happen before the sign goes up.

THE QUIET BOOK

THE LONG VIEW

Two Economies, One Address

A week that loses twenty-three thousand jobs and sets a stock-market record is not confused. It is clarifying. The United States is running two economies — one paid in wages, one paid in assets — and July was the month the national statistics finally printed them separately, five days apart, for everyone to see.

This Peninsula is where the two economies share a fence line. The engineer cut by the efficiency program and the engineer retained by the capex program live on the same street; one's severance and the other's refresh grant will bid, eventually, on the same houses. The letter's job is not to celebrate one economy or mourn the other. It is to insist that a reader know, at every open house and every listing appointment, which economy is on the other side of the table — because the correct price, the correct patience, and the correct negotiation are different for each.

The cover story is the essay in miniature. La Vida Real's builder priced his house in the asset economy's grammar — vision, singularity, no comps — and waited a decade for the market to conjugate it. The buyer who finally answered paid land value plus a discount for someone else's dream. Two economies, one address, fifty-eight million dollars of tuition between them. Every seller on this Board is running a smaller version of that seminar, and the ones who read the grammar right are the ones this letter is written for.

Two economies, one address, fifty-eight million dollars of tuition between them. Know which economy is on the other side of the table.

THE LONG VIEW · AUGUST 2026

THE DOCKET · WHAT HAS A DATE

Late Aug · Jackson Hole symposium — Warsh's tone, previewed	p. 6
Late Aug · PCE inflation release	p. 6
Early Sept · August jobs report — two in a row?	p. 5
Sept 15–16 · FOMC — hold is the base case, at ~32% hike odds	p. 6
Aug 15+ · Zillow mid-Aug value refresh — next week's Board	p. 4
Fall · First SB 79-era station-area land trade — the comp to file	p. 11
Dec 31 · Atherton RM-10 trigger — four active sites or a forced rezoning	Standing

NEXT ISSUE

The weekly returns to Friday cadence: fresh Zillow values on the Board, the new-listings gallery, and — if the recorded tape cooperates — the first station-area land print of the SB 79 era.

Reply with what you want covered. I read and answer every response.

Payne Sharpley
EDITOR · CALRE 02195155 · INTERO REAL ESTATE SERVICES

THE BACK PAGE

Sources, Methods & Disclosures

MACRO & RATES

July employment report, BLS, released Aug 7, 2026 (–23,000; revisions –103,000; vs. +80–95K expected): NBC News, Kiplinger, Morningstar coverage. July CPI, BLS, released Aug 12 (+0.1% m/m; 3.4% y/y; core 2.5%): CNBC, NBC News. September hike odds ~55%→~32% post-CPI: Motley Fool / 24-7 Wall St. market-odds reporting, Aug 12–13. PPI, Aug 13: market reporting. Markets on Warsh: CNN Business, Aug 11. S&P +1.1% / Nasdaq +1.3% records on CPI day: Schwab market update, Aug 12. 30-yr fixed ~6.65%: NerdWallet, Fortune, Forbes Advisor daily surveys, Aug 12. Fannie Mae / MBA forecast revisions to 6.3–6.5% year-end (abandoning ~6%): Norada Real Estate rates roundup, Aug 12, citing both forecasters.

PROPERTY OF THE WEEK

27500 La Vida Real, Los Altos Hills: sale recorded July 10, 2026, \$30,000,000; 8 acres; 20,982 sq ft; 5 bd / 12 ba; built 2004 for Brocade co-founder Kumar Malavalli; \$88M ask 2016; May 2026 relist \$36.9M: Palo Alto Online / Almanac home-sales column (week of Aug 3, 2026); listing data and photographs via DeLeon Realty listing, ML81979911, courtesy of the listing brokerage. Recorded-tape range (\$780K–\$30M, nine communities; LAH median \$18.75M; Atherton \$11M/3): same column. \$20M+ multiple offers, absorption >60%: Palo Alto Online / Almanac, Apr 6, 2026. Per-foot and percentage derivations are the editor's (e).

TECHNOLOGY & CAPITAL

Nvidia \$500B financing alliance (Apollo, Blackstone, BlackRock, Brookfield, Goldman Sachs, KKR), Aug 11: BuildFastWithAI daily AI briefing, Aug 12, and underlying reporting. Anthropic × Riot Platforms \$9.1B / 20-yr / 191 MW; Claude watermarking; Decart AI talks ~\$6B; OpenAI cybersecurity model; billion-user platforms: TechStartups daily briefings, Aug 11–13. Meta / Nvidia open-weight releases vs. Chinese labs: CNBC, Aug 12. Hyperscaler 2026 capex ~\$630B and global DC >\$1T: as sourced in PAYNE The Monthly No. 1 (Futurum, Dell'Oro et al.). Layoffs: SkillSyncer tracker (322 events, ~205,832 workers, Aug 13); 2026 passing all of 2025: IBTimes UK; Zillow 500+, Rapid7 12%, Google/TikTok/Etsy cuts: Fast Company, Aug 2026; AI-cited ~40% of May cuts (Challenger, Gray): as previously sourced.

BAY AREA COMMERCIAL

Santa Clara R&D building taken over by data-center operator; Stockbridge ~\$767K/unit San Francisco multifamily purchase: The Registry (news.theregistrystf.com), Aug 12–13, 2026.

METHODS & CORRECTIONS

Figures marked † are from the named sources above, as published and dated. Figures marked (e) are the editor's estimates or derivations. Corrections print at the size of the original claim — see page 6 of this issue for the practice applied to this letter's own July rate call.

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