PAYNE

REAL ESTATE · CAPITAL · POLICY · THE PENINSULA

VOL. I · NO. 6 | WEEK ENDING SEPTEMBER 11, 2026 | PALO ALTO, CALIFORNIA

SEPT HIKE ODDS	10-YR TREASURY	30-YR FIXED	AUG PAYROLLS	PROPERTY OF THE WK.
~90%	4.95%	6.81%	+162K	$70.0M
2 hikes priced '26†	Touched 4.98%†	1-yr high†	vs. 55K est.†	NorCal record†

PHOTOGRAPH SUPPLIED BY THE EDITOR · PENINSULA SCENE-SETTING IMAGE

THE NUMBER OF THE WEEK

90%

THE BOND MARKET'S ODDS OF A RATE HIKE ON WEDNESDAY

Hot inflation met a jobs report twice as strong as forecast, and the bond market spent the week pricing not one hike but two. The ten-year knocked on five percent. Your mortgage noticed. The Fed meets in four days.

ALSO THIS WEEK

THE SCORECARD

This letter leaned hike in July, was graded wrong in August, and watches the call come home in September. Part three, page 3.

THE ROPE

The 30-year fixed hit 6.81 percent, a one-year high, days before the decision. What Wednesday does to every escrow, page 5.

THE RECORD

Seventy million dollars in Hillsborough, bought by the AI industry, double the town's record. The number the fall gets priced against, page 6.

PAYNE SHARPLEY · CALRE 02195155
INTERO REAL ESTATE SERVICES, A BERKSHIRE HATHAWAY AFFILIATE

RATES · THE BOND VOTE

The Bond Market Votes for a Hike

Ninety percent odds of a hike Wednesday, and two hikes fully priced by year-end. The week the bond market stopped debating the Fed and started front-running it — and the paper trail of how the summer's soft-landing story unraveled in eight days.

The unraveling ran in two acts. Act one, September 3 and 4: the August employment report printed a gain of 162,000 jobs against a consensus of 55,000† — nearly triple the estimate, and a repudiation of July's minus-23,000, which this letter led with a month ago and which now reads as the summer's great head fake. Yields jumped on the release and stocks fell on the same news, because good news for paychecks had become bad news for the rate path.† Act two, this week: producer prices accelerated on war-driven energy costs, and then Thursday's consumer inflation report came in hot at the core.† By Friday, fed funds futures put the odds of a hike at next week's meeting near **90%**, with two hikes fully priced by year-end.†

Watch what the long end did with it. The ten-year Treasury — the rate that actually prices your mortgage — touched 4.98% before settling near 4.95%, at the door of a handle it has not worn in years.† The thirty-year fixed followed to **6.81%**, a one-year high.† The bond market is not waiting for Chairman Warsh to announce anything. It has read his Jackson Hole keynote, read the data, and moved the rope itself.

Two honest observations before the meeting. First, the whiplash lesson: in six weeks this cycle has priced hike odds at 55%, then 32%, then 40%, now 90%. Any reader who repositioned at each swing paid four commissions to end up where the July dissents pointed. The letter's standing counsel — position for the range, not the print — has never had a better exhibit. Second, the asymmetry: at 90%, the hike itself is nearly priced; mortgage rates near 6.8% already carry Wednesday's decision. The tradeable surprise now runs the other way — a hold, or a hike with dovish language, snaps the rope back. Buyers waiting for clarity should understand that by the time clarity arrives, it is in the price.

And the Peninsula translation, which the rest of this issue documents: a 6.81% mortgage tightens the financed bands exactly as page 6's record shows the unfinanced tier setting all-time highs. The K this letter has drawn since August was never two markets drifting apart. It is one market being pulled apart — by the same week's news, in opposite directions, at speed.

THE EIGHT DAYS

Aug payrolls (Sep 4)	+162K vs. 55K†
PPI (Sep 10)	Hot, energy-led†
Core CPI (Sep 11)	Above forecast†
Hike odds, Friday	**~90%†**
Priced by year-end	**Two hikes†**

By the time clarity arrives, it is in the price. The bond market did not wait for Wednesday. It moved the rope itself.

MACRO · SEPTEMBER 11, 2026

FROM THE DESK

The Scorecard, Part Three

In July this letter printed three hawkish dissents and leaned toward hike risk. In August the jobs data went the other way and the lean was graded wrong, at full size, on its own page. In September the July jobs number turned out to be the head fake, the inflation prints ran hot, and the bond market now gives Wednesday's hike ninety percent. The call has come home — and the honest scorecard says the letter was right about the destination and wrong about the road, twice.

The lesson worth keeping is not who was right. It is that in six weeks the market priced four different Federal Reserves, and a household that repositioned on each one paid for the whiplash. The readers who did best did the boring thing: finished approvals, locked into the dips, priced their listings for the range. That counsel survives every act of this play, which is why it opens every issue.

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.

THE WEEK IN ONE LINE

Jobs tripled the estimate, inflation ran hot twice, the bond market priced two hikes, mortgages hit a one-year high, and an AI buyer paid seventy million dollars in Hillsborough anyway.

HOUSEKEEPING

Zillow's August dataset publishes mid-September; the Board refreshes the moment it posts. Read this issue on your phone: paynesoldit.com/payne/no6.

THE BOARD

Price Per Foot Across Eleven Cities

Typical values, twelve-month change, and the five-year compound — printed the same way every week. Zillow's August dataset publishes mid-September; these July figures refresh the moment it posts, as promised.

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. August release pending at deadline.

THE WEEK IN THREE PRINTS

The record. $70,000,000 in Hillsborough — the year's largest Northern California close, double the town's prior record, bought by the AI industry.† Page 6.

The rope. The 30-year fixed at 6.81%, a one-year high, with the ten-year at the door of five percent.† Page 5.

The vote. Ninety percent odds of a hike Wednesday; two priced by year-end.† Page 2.

ONE MARKET, PULLED APART

The same eight days produced a one-year high in mortgage rates and an all-time high in Hillsborough. That is not a contradiction. It is the K this letter has drawn since August, printing both arms in the same week — and this issue holds one page for each.

A one-year high in mortgage rates and an all-time high in Hillsborough, eight days apart. One market, pulled apart — both arms printed this week.

THE BOARD · SEPTEMBER 11, 2026

MORTGAGES · FOUR DAYS OUT

6.81: The Rope at a One-Year High

The thirty-year fixed enters Fed week at 6.81 percent, its highest in a year, with the ten-year Treasury a coin's width from five percent. Here is the escrow-level rubric for Wednesday — all three branches, and what each one does by seat.

First, how we got to 6.81%.[†] Mortgage rates price off the ten-year Treasury, and the ten-year spent the week absorbing three blows: a jobs report at triple the estimate, a producer-price print inflamed by war-driven energy costs, and a core CPI above forecast.[†] The ten-year touched 4.98%[†] — a level that, sustained, historically maps to mortgage quotes with a 7-handle (e). Freddie Mac's weekly average sits at 6.76%; the daily surveys print 6.81%.[†] The September the market spent all summer expecting — cuts, relief, a 5-handle someday — has inverted into the September it gets: the first genuinely live hike meeting in years.

The rubric for Wednesday, printed in advance so readers can grade the letter later. Branch one, the 90% branch: a quarter-point hike with language about vigilance. Mostly in the price; expect quotes to hold the 6.8s with a brief spike toward 7 (e). Branch two: a hike plus hawkish dots signaling the second one — the rough branch; 7-handle quotes arrive within days (e). Branch three, the 10% surprise: a hold. The rope snaps back hard — likely the fastest 20-basis-point mortgage improvement of the year (e) — and the buyers who kept their approvals current will be the only ones positioned to use it.

By seat, once more, into the meeting. Financed buyers: underwrite at 6.9% so no branch breaks your math; keep the approval current; if branch three lands, that is your lock event, and it will not linger. Sellers in the financed bands ($2–4M): this is the week to have already priced correctly — a 6.81% market punishes aspirational asks within days, and the fall window this letter flagged in August narrows with every basis point. Owners with 7%+ vintage loans: the refinance window this letter described in Vol. 3 has closed for now; diarize it for the first two-cut quarter, not before. And the equity-paid tier: pages 4 and 6 are your evidence that Wednesday, whatever it brings, is a spectator sport at your altitude — which is exactly why sellers above $10M should not let Fed-week headlines delay a launch.

One discipline note as the letter's rate coverage enters its fourth month: the number that has actually mattered every single week is not the Fed's target, the odds, or the forecast. It is the quote on the day you lock. Everything else in this section exists to keep readers from mistaking the weather for the climate.

INTO THE MEETING

30-yr fixed, daily surveys	6.81%[†]
Freddie Mac weekly	6.76%[†]
10-yr Treasury	4.95–4.98%[†]
FOMC decision	**Wed, Sept 16**

The number that matters is not the target, the odds, or the forecast. It is the quote on the day you lock. Everything else is weather.

RATES · FED WEEK

HILLSBOROUGH · SOLD · THE RECORD

Seventy Million in Hillsborough

A twelve-acre compound closed at $70 million — the highest home sale recorded in Northern California this year, double the town's previous record, and bought by someone in the artificial intelligence industry. It is this letter's entire thesis compressed into one settlement statement.

PHOTOGRAPH SUPPLIED BY THE EDITOR · SCENE-SETTING IMAGE, NOT THE PROPERTY DESCRIBED

The number first: **$70 million**, for a roughly 12,000-square-foot main residence on twelve acres in Hillsborough — six bedrooms, twelve baths, a guest house, an amphitheater, and a sports pavilion built around a sunken Olympic-size tennis court.[†] The listing agent reports the property took six years and 110 subcontractors to build before it came to market in February.[†] The buyer has not been named and is described only as working in artificial intelligence.[†] The sale is reported as the highest in Northern California in 2026 and the highest ever recorded in Hillsborough — double the town's prior record of $35 million, set in 2022.[†]

This letter argues every week that a price is the output of capital cost, supply, policy, and sentiment, and that the job is naming which one moved. All four are legible in this one trade. **Capital cost did not move it**: this buyer did not shop a rate, and page 5's one-year high is an abstraction at this altitude — which is precisely why the top of the Board sets records in the same week the ten-year knocks on five percent. **Supply moved it hard**: twelve contiguous acres in Hillsborough cannot be manufactured, and when the replacement path costs six years and 110 subcontractors, the existing asset commands the premium.

Sentiment moved it most. The buyer's industry is the industry that reported $96.2 billion two weeks ago and guided to $108 billion more (page 7). This is what the letter means when it says the Peninsula's floor is a believed thesis rather than an appraised one: the AI economy no longer merely pays this region's salaries. It sets its records. **And policy is the absent force** — nothing in SB 79 or any reform of the past two years reaches a twelve-acre Hillsborough estate, and the distance between this page and the transit circles this letter covers is the distance between the two Peninsulas it writes about.

What it means for readers who will never transact at this number: records at the top are not curiosities; they are repricing instruments. A $70 million comparable resets the ceiling of the Hillsborough–Atherton–Woodside triangle, and every appraisal, estate plan, and listing conversation in that triangle now argues from a new upper bound. Owners at $8 to $20 million sold nothing this month and are nonetheless worth more on paper than they were in early August. That is how a record travels.

THE RECORD, IN NUMBERS

Close	$70.0M[†]
Site / residence	12 ac · ~12,000 sf[†]
Build	6 yrs · 110 subs[†]
Prior town record ('22)	**$35.0M**[†]
Buyer's industry	**AI**[†]

From published news reporting, August 2026. Listing photography belongs to the listing brokerage and is not reproduced here. This desk did not represent either party.

Owners at eight to twenty million sold nothing this month and are worth more on paper than in August. That is how a record travels.

THE LEDGER · THE RECORD

THE MACHINES, CONTINUED

The Guide Was One Hundred Eight Billion

Lost in the bond drama: the AI complex's fundamentals kept compounding. Nvidia's next-quarter guide of $108 billion — four billion above the street — is the number quietly holding up the other arm of this week's split market.

Two weeks ago Nvidia passed the exam this letter flagged, at $96.2 billion in revenue. The detail that matters into the fall is the forward one: guidance for the current quarter of roughly **$108 billion**, against street expectations near $104 billion.[†] Companies guide above consensus when their order books let them; a four-billion-dollar raise says the capex checks this letter has tracked since the Monthly — the $630 billion of hyperscaler budgets, the half-trillion of private-credit syndication — are still clearing and still growing. The AI trade's cash-flow engine enters Fed week at full throttle.

Hold that against page 2 and this week's strange symmetry resolves. The same strong economy that is forcing the Fed toward a hike is, in its AI quadrant, the economy funding page 6's $70 million record. Higher rates and higher records are not competing narratives. They are one narrative — an economy running hot — read at two different altitudes of the capital structure. The financed household experiences it as 6.81%. The equity-paid household experiences it as a compounding portfolio. The Peninsula, uniquely, houses both on the same streets.

The watch items this desk carries into the fall, each with a date or a number attached. The hike itself, Wednesday — and specifically whether the statement's language treats it as insurance or as the start of a campaign. The Anthropic IPO watch from Vol. 5, now sharpened by this week's rate math: a richly-priced listing into a rising-rate tape is the harder trick, and the timing decision will say much about how the private side reads 2027. And the lockup calendar this letter has tracked since the Monthly: the 2026 listings' 180-day clocks begin maturing into the spring market, rates notwithstanding — the buyers are being minted on schedule even as the borrowing cohort thins.

The caveat, standing and unbothered: one industry's order book is holding up one arm of this market. The order book was audited twice this quarter — by earnings, then by guidance — and passed both. The next audit is scheduled for November. This letter will be at all of them.

THE FORWARD NUMBERS

Nvidia Q3 guide	~$108B[†]
Street expectation	~$104.2B[†]
Hyperscaler '26 capex	~$630B[†]
Next audit	**November earnings**

Higher rates and higher records are one narrative read at two altitudes. The Peninsula, uniquely, houses both on the same streets.

CAPITAL · AFTER THE EXAM

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 book's most meaningful entry advanced. The South Bay parcel whose entire proceeds will fund cancer research — introduced on this page two weeks ago — has completed its pricing work and its escrow assembly, and its public debut is now a matter of weeks. When it lists, readers of this letter will hear it here the same day, with the story told properly: the family, the gift, and what the ground can become. The desk repeats its accepted assignment: every dollar of value found is a dollar for the research.

Elsewhere, Fed week is doing what deadline weeks do to the quiet book: concentrating minds. The west-Atherton trust conversation now has a date on a calendar. The Woodside acreage's owner asked this desk, for the first time, what the property would need to be ready by spring — the question that always precedes the decision. And the museum-grade Eichler's preservation-minded buyer returned for a third visit, this time with an architect whose questions were about restoration rather than renovation. The family noticed the difference. So did this desk.

A page-5 note for the book's audience specifically. Owners at the altitudes this page serves sometimes read a one-year high in mortgage rates as a reason to wait. The record on page 6 argues the opposite: the buyer pool at the top of this market is not renting money, and the fall's thinner public inventory means a correctly prepared quiet offering faces less competition, not more. Rate anxiety is a discount that applies only to sellers who borrow it. The quiet book's counsel into the fall is unchanged: preparation now, discretion always, and the conversation before the sign — or instead of it.

THE STANDING TERMS

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

Payne Sharpley · 650.384.3546 · payne@paynesoldit.com

> Rate anxiety is a discount that applies only to sellers who borrow it. The top of this market is not renting money.

THE QUIET BOOK

THE LONG VIEW

The Meeting the Summer Was About

Every thread this letter has pulled since July runs through Wednesday. The three dissents, the head-fake jobs report, and its triple-strength correction were all about this meeting. Jackson Hole was a preview of it; the bond market's ninety percent is a wager on it; the 6.81% quote a buyer received this morning is a down payment on its outcome. Six issues of evidence, and the verdict arrives in four days.

Here is what the letter believes going in, stated plainly so it can be graded honestly coming out. The hike is likely and mostly priced; the language is the event. An economy adding 162,000 jobs against a 55,000 estimate, with core inflation still above forecast and a war putting energy costs through producer prices, is not an economy the Warsh Fed will coddle — and the deeper signature of this chairman, three meetings into his tenure, is a preference for being trusted over being predicted. Readers should expect fewer promises and more conditionality, whatever the decision. That is not a defect of communication. It is the policy.

And the Peninsula reading, which has not changed and is the reason this letter exists: the forces of Wednesday act on the two arms of this market in opposite directions, and the honest practitioner's job is to know which arm a client stands on before offering a single word of advice. Page 5 is for one arm. Page 6 is for the other. The letter is for both.

THE DOCKET · WHAT HAS A DATE

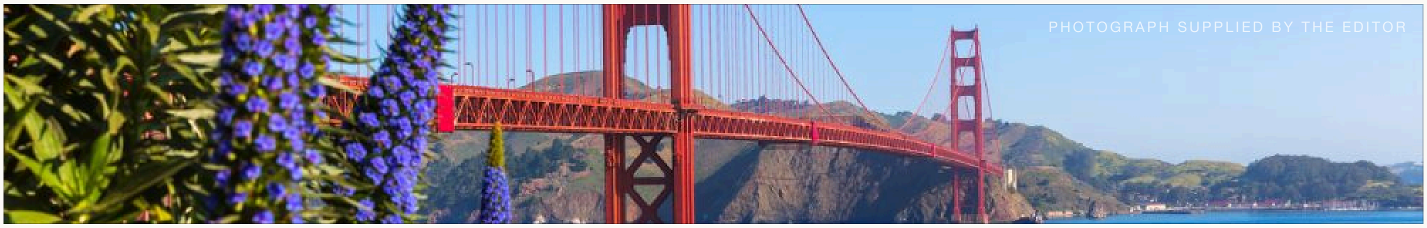
Tue–Wed, Sept 15–16 · FOMC — decision 11 a.m. PT Wednesday, press conference to follow	p. 2, 5
Mid-Sept · Zillow August dataset — the Board refreshes on arrival	p. 4
Weeks, not months · The cancer-research parcel's public debut	p. 8
September · The August Monthly, in preparation	Standing
November · Nvidia's next audit	p. 7
Dec 31 · Atherton RM-10 trigger	Standing

NEXT ISSUE

The decision issue: what Wednesday actually did, graded against page 5's rubric line by line — plus the refreshed Board if Zillow's August data lands in time. Reply with what you want covered. I read and answer every response.

Payne Sharpley

EDITOR · CALRE 02195155 · INTERO REAL ESTATE SERVICES



PHOTOGRAPH SUPPLIED BY THE EDITOR

Six issues of evidence, and the verdict arrives in four days. The hike is mostly priced. The language is the event.

THE LONG VIEW · SEPTEMBER 2026

THE BACK PAGE

Sources, Methods & Disclosures

MACRO & RATES

August employment report, BLS, released Sept 4, 2026 (+162,000 vs. ~55,000 consensus): CNBC, TheStreet coverage (yields up, stocks down on release). August PPI, Sept 10 (acceleration, war-driven wholesale energy): market coverage. August core CPI above forecast, Sept 11: Bloomberg. Fed-hike pricing (~90% for Sept 16; two hikes priced by year-end 2026): Bloomberg, "Bond Traders Price in Two Fed Hikes This Year After CPI Report," Sept 11, 2026; CME FedWatch interim readings (58% post-jobs) via TheStreet. 10-year Treasury 4.95–4.98%: Mortgage News Daily / Trading Economics, Sept 11. 30-year fixed 6.81% (one-year high), 15-yr 6.13%: MortgageDaily.com and The Mortgage Reports daily surveys, Sept 10–11; Freddie Mac weekly 6.76%. Mortgage-quote mappings, branch scenarios, and basis-point estimates are the editor's (e).

THE BOARD

Zillow typical home values, released July 15, 2026 (Atherton, Portola Valley, Woodside, Menlo Park); Redfin / Palo Alto market data, May–July 2026. Editor's estimates (e) from trailing closed-sale sets. Zillow's August dataset publishes mid-September and refreshes the Board on arrival.

PROPERTY OF THE WEEK

Hillsborough compound, ~$70,000,000, recorded August 2026: published news reporting, August 7, 2026, and subsequent coverage (12 acres; ~12,000 sq ft main residence; 6 bd / 12 ba; guest house, amphitheater, sports pavilion with sunken tennis court; six-year build, 110 subcontractors; listed February; buyer unnamed, described as working in artificial intelligence; highest Northern California sale of 2026; prior Hillsborough record $35M, 2022). Listing photography belongs to the listing brokerage and is not reproduced. This desk did not represent either party and has no involvement in the transaction.

CAPITAL

Nvidia fiscal Q2 revenue $96.2B (+106% y/y) and ~$108B next-quarter guidance vs. ~$104.2B street: Kiplinger and market coverage, Aug 26–27, 2026. Hyperscaler 2026 capex ~$630B: as sourced in PAYNE The Monthly No. 1.

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; page 3 continues the scorecard on the letter's own rate calls, now in its third installment.

Disclosures. PAYNE is written and published by Payne Sharpley, CalRE #02195155, Intero Real Estate Services, a Berkshire Hathaway affiliate · Payne Sharpley Group · member, Forbes Global Properties. Office: 10275 N. De Anza Blvd, Cupertino, CA 95014 · 650.384.3546 · payne@paynesoldit.com. PAYNE is informational only; nothing in it is tax, legal, investment, or insurance advice, and nothing herein is a solicitation of property already exclusively listed. Equal Housing Opportunity.

 Subscribe free: paynesoldit.com/payne · One email a week, the Monthly when it's ready, one-click unsubscribe always. Mobile edition of this issue: paynesoldit.com/payne/no6.