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Bay Area Housing Market Heats Up Amid AI Boom, Return to Office

Pending home sales jumped 17% year over year in San Francisco last month—more than any other major metro. The typical home also sold in roughly 20 days—over twice as fast as the typical U.S. home.

SEATTLE — Oct. 28, 2025 — The housing market in the San Francisco Bay Area is picking up steam thanks to rising incomes, an AI boom and a return to the office, according to a new [report](#) from [Redfin](#), the real estate brokerage powered by Rocket.

Pending home sales in [San Francisco](#) jumped 17.1% year over year to the highest September level since 2021 last month. That's the biggest gain among the major metropolitan areas Redfin analyzed. Nationwide, pending sales rose less than 1%.

Homes in the Bay Area also sold quickly: In [San Jose](#), the typical home that went under contract last month did so in 19 days, faster than any other major metro. San Francisco came in second place, at 21 days—its quickest September pace since 2021. San Francisco is one of just three major U.S. metros that saw homes sell faster than a year earlier in September. Nationwide, the typical home that went under contract sat on the market for 50 days.

In San Jose, nearly half (48.5%) of homes that went under contract in September did so within just *two* weeks, up from 16.8% a year earlier. That 31.7-percentage-point gain is the largest of any major metro. The next biggest gains were in San Francisco (+22.6 ppts to 48.7%) and [Oakland](#) (+11.9 ppts to 34.5%). Nationwide, just 32.8% of homes that went under contract last month did so within two weeks, and that's *down* from 34.9% a year earlier.

There are a few reasons the Bay Area's housing market is heating up:

Affordability is [improving](#): The Bay Area remains the most expensive place to buy a home in the nation, with median sale prices of around \$1.5 million in both San Francisco and San Jose. But it is also home to many affluent workers who have watched their incomes grow and home prices stagnate. That has boosted homebuyer demand. Oakland's median home sale price dropped 1.3% year over year in September—the fourth biggest decline among the metros Redfin analyzed. San Francisco also saw prices fall slightly, posting a 0.7% drop. That compares with a nationwide *gain* of 1.7%. San Jose did buck the Bay Area trend, with a price gain of 6.9%.

A [drop](#) in condo prices may be skewing overall prices downward in some parts of the Bay Area, according to local Redfin Premier real estate agent [Ali Mafi](#), who noted that single-family home prices have held up relatively well.

“San Francisco is seeing a homebuying boom among young tech workers who just got big signing bonuses with AI companies or other tech companies and are thinking about starting families,” Mafi said. “A lot of people have more confidence in buying homes because they’re making more money, which means they’re spending less of their paycheck on housing costs.”

Mortgage rates have also fallen to around [6.2%](#) from a peak of nearly 7% at the start of the year. While that has yet to boost buyer demand in a big way nationally, it has brought buyers off of the sidelines in the Bay Area.

“When you live in a place where a desirable, move-in ready home often costs \$2 million, a half-percentage-point drop in mortgage rates can dramatically lower your monthly housing payment,” Mafi said.

The AI boom and return to office: Silicon Valley is home to numerous major AI companies, including OpenAI and Anthropic, which have been hiring scores of workers and offering generous pay packages.

Many companies are also requiring workers to return to the office, prompting more people to move into or near the city. San Francisco office visits jumped 19% year over year in September, the largest increase among markets [analyzed](#) by Placer.ai.

Supply is shrinking: Active listings of homes for sale fell in just two major metros last month: San Francisco (-7.7% year over year) and San Jose (-6%). The combination of increasing demand and decreasing supply can cause a market to heat up because it often means buyers are competing for homes.

“There aren’t a ton of homes for sale in the Bay Area because many prospective sellers here can afford to wait until the price is right,” Mafi said. “A lot of homeowners are considering selling but holding off until home prices go up and mortgage rates drop further.”

In most U.S. housing markets, buyers [hold](#) the negotiating power because they are outnumbered by sellers. But this dynamic seems to be on its way out in San Francisco.

Nationwide, there were an estimated [36.7%](#) more home sellers than buyers in the market last month—a near-record gap. But in San Francisco, there were only [10.2%](#) more sellers than buyers, and that’s down from a peak of 47.1% in May.

To view the full report, please visit:

<https://www.redfin.com/news/bay-area-san-francisco-home-sales/>

About Redfin

Redfin is a technology-driven real estate company with the country's most-visited real estate brokerage website. As part of Rocket Companies (NYSE: RKT), Redfin is creating an integrated homeownership platform from search to close to make the dream of homeownership more affordable and accessible for everyone. Redfin’s clients can see homes first with on-demand tours, easily apply for a home loan with Rocket Mortgage, and save thousands in fees while working with a top local agent.

You can find more information about Redfin and get the latest housing market data and research at [Redfin.com/news](https://www.redfin.com/news). For more information about Rocket Companies, visit [RocketCompanies.com](https://www.RocketCompanies.com).

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