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Despite market shifts, some Silicon Valley areas see surging home sales and prices

The housing market is shifting, but several local ZIP codes are bucking the broader national trends. Where does San Jose stand?
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Story Highlights

- San Jose ZIP code 95134 ranked hottest Silicon Valley housing market.

- Average sales price in 95134 reached $1,011,295 in Q3.
- National housing market shows signs of slowing down overall.

San Jose ZIP code 95134 was the hottest housing market in Silicon Valley for the third quarter.

That's according to *The Business Journals*' latest quarterly analysis of the country's hottest housing markets based on listing and sales data from Intercontinental Exchange Inc.

The ranking is intended to emphasize sales and pricing momentum in each ZIP code, using a weighted formula that includes quarterly and year-over-year data. Only ZIP codes with complete data, an average sales price of at least $425,000 and at least 10 sales during the quarter were considered for the ranking.

Our methodology

The *Business Journals'* hottest housing markets rankings were derived from listing and sales data provided by Intercontinental Exchange Inc. The rankings emphasized sales and pricing momentum in a given market, with overweighting on pricing metrics as well as sales and pricing momentum within the most-recent, trailing 12-month period. Only ZIP codes with complete data in all categories measured were included in the final ranks.

Step 1: Calculated changes in key data points

Percentage changes were calculated for four metrics — listings-to-sales ratio, average list price, average sale price and days on the market — within quarter-to-quarter, year-over-year and five-year periods.

Step 2: Applied weighting to determine momentum

A weighted scale was applied to all growth outcomes, with heavier emphasis applied to list price and sale price categories as growth measures recorded in the most recent quarter and one-year time spans.

Step 3: Calculated a composite score per ZIP code

Weighted scores were combined to determine a single composite score per ZIP code. ZIP codes lacking complete data for all measures and time periods were removed from the analysis.

Step 4: Filtered for Hottest Housing luxury markets

Established a minimum threshold of $2 million for average sale price, as well as a minimum threshold of 10 listings sold per quarter.

The ranking isn't meant to highlight the most expensive or the most popular markets, although some of those are on the list. Instead, the ranking spotlights ZIP codes where activity is surging, prices are dramatically rising or homes are selling at a faster pace.

Here are the details on Silicon Valley's hottest market, 95134:

- Average sales price: $1,011,295
- Listings sold in Q3: 14
- Average days on market: 48
- Average list price: $794,842
- New listings in Q3: 21

The five hottest ZIP codes in Silicon Valley were:

1. 95134 - San Jose
2. 94022 - Los Altos
3. 95138 - San Jose
4. 95014 - Cupertino
5. 94085 - Sunnyvale

America's hottest housing markets

Home sales have slowed in many parts of the country, most noticeably in Covid-era hotspots that doubled down on new construction. In some cases, frustrated sellers are even deciding to delist their homes rather than face steep price cuts.

But there are still plenty of hot housing markets both locally and across the nation. Despite a multitude of challenges and a shifting market, the national average for days on the market was essentially flat – inching up from 84 in the second quarter to 85 in the third quarter.

The nation's hottest housing market for the third quarter was New Concord, Ohio, ZIP code 43762, part of the Zanesville metro area. In the past five years, sales-price momentum surged 479% in that ZIP code. The average list price for the third quarter was $275,857, while the average sale price was $969,990.

Among the top 10 hottest markets nationally, the average sale price was $1.3 million, well above the national third-quarter average of $515,977, affording to *The Business Journals*' data.

AMERICA'S HOTTEST HOUSING MARKETS FOR Q3

Rank	ZIP code	City	Metro	New listings	Average list price	lis
1	43762	New Concord	Zanesville, Ohio	14	$275,857	
2	92274	Thermal	Riverside, Calif.	39	$326,453	
3	80246	Denver	Denver, Colo.	38	$1,196,447	
4	28747	Lake Toxaway	Brevard, N.C.	27	$2,381,769	
5	06355	Groton	Norwich-New London, Conn.	19	$938,611	
6	86005	Flagstaff	Flagstaff, Ariz.	64	$1,892,557	
7	06901	Stamford	Bridgeport-Stamford-Norwalk, Conn.	15	$566,993	
8	03254	Moultonborough	Moultonborough, N.H.	49	$1,797,012	
9	92154	San Diego	San Diego, Calif.	158	$662,378	
10	44286	Richfield	Akron, Ohio	19	$846,599	

Market downshifts to “much slower gear”

Analysis from Cotality’s Case-Schiller Home Price Index, released on September 30, showed some notable changes in the housing market.

"July's results reinforce that the housing market has downshifted to a much slower gear," said Nicholas Godec, head of fixed income tradeables and commodities at S&P Dow Jones Indices, in a statement. "National home prices rose just 1.7% year-over-year, down from June's 1.9% pace and a far cry from the double-digit gains of two years ago."

Godec said it was one of the weakest annual price increases of the past decade – and notably below the 2.7% rise in consumer prices over the same period.

"In other words, U.S. home values have essentially stagnated after inflation, marking the third straight month of real housing wealth decline for homeowners," Godec said.

Meanwhile, more-recent data from Freddie Mac showed mortgage rates are on the decline. A 30-year fixed-rate loan averaged 6.27% for the week ending October 16, down from 6.30% the previous week. The rate on a 15-year fixed-rate loan averaged 5.52%, down from 5.53%.

However, buyers in some regions may still be sidelined by affordability issues.

A recent report from Realtor.com revealed most major housing markets are now unaffordable to middle-income Americans. Only a few large metros – St. Louis, Detroit and Pittsburgh – still have home prices affordable to households earning those areas' median income.

Additionally, the median list price for homes nationally in September was $425,000, which would require more than 40% of a median U.S. household income to afford. For decades, it's been widely established that Americans should avoid spending more than 30% of their income on housing-related costs.