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12 people compete for every rental unit in Silicon Valley, new study says

RentCafe placed the United States' tech capital as the sixth most competitive rental market in the country and the most competitive in California



The 387-unit Lex apartment complex at 5560 Lexington Ave. in San Jose. The real estate company headed by famed property mogul Sam Zell has bought a big apartment complex in south San Jose in a deal that points to ongoing strength in the Silicon Valley job market and demand for housing in the area. George Avalos / Bay Area News Group

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By **RYAN MACASERO** | rmacasero@bayareanewsgroup.com | Bay Area News Group
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At least 12 people are competing for every residential rental unit in Silicon Valley, according to a recent mid-year study of apartment markets nationwide.

Rental listing site RentCafe placed the California tech capital as the sixth most competitive rental market in the country and the most competitive in the state, with a score of 80.8%.

RentCafe ranked each area's score based on five metrics averaged from January through March 2024: apartment occupancy rate, average total days an apartment unit was vacant, prospective renters per vacant unit, renewal lease rate and the percentage of vacant stock of apartments that were newly built during this period

TRENDING NATIONALLY

of apartments that were being built during the period.

For comparison, the national average competitive score is 73.4% and the state's average is 72.6%.

"Silicon Valley emerged as the hottest renting spot in California and sixth in the U.S., up from 21st place just a year ago," RentCafe said in its mid-year study.

There were several factors that boosted Silicon Valley's ranking to the top 10.

Among the biggest factors is that more people renewed their leases last year, said Doug Ressler, an analyst with RentCafe. With an occupancy rate of 95.1%, this leaves very little inventory left for apartment seekers.

"You have more folks that are really applying for apartments, and you have less vacant days on the market," he said.

Silicon Valley's average vacant days for each apartment unit was 40 days, while 54.1% of current renters renewed their leases from the previous year. There was also no new apartment inventory introduced this year, according to RentCafe.

RentCafe defines Silicon Valley as the areas in Santa Clara County where major tech companies are located. Some of the most in-demand cities include Palo Alto, Cupertino, Mountain View, Menlo Park, Sunnyvale and San Jose.

The average rent in [Santa Clara County is \\$3,085, with an average apartment size of 892 square feet.](#)

"This remarkable surge has been largely driven by a rebound in the tech sector, which faced economic challenges and layoffs in 2022-2023," RentCafe said in its study. "Currently, venture capital firms are heavily investing in emerging technologies like AI, cybersecurity, fintech, healthcare tech, climate tech, and quantum computing. And, many of these firms and their start-ups are based in Silicon Valley, further adding to its appeal as a top rental destination."

Although jobs have been on the rebound in recent weeks with over [7,500 new jobs added in the South Bay](#) since the beginning of the year, over [40,000 Silicon Valley jobs have been slashed since 2022.](#)

And many companies [in Silicon Valley that are hiring are offering progressively lower salaries,](#) according to a separate study by Women Impact Tech.

However, according to Ressler, the quality of life and career growth opportunities keep Silicon Valley an in-demand region for renters despite the challenges.

"You've got one of the top universities, Stanford, along with other top schools," Ressler said. "A lot of the folks are locating around these tech hubs and they stay very close. They're going to have excellent salary opportunities. So with that, you build a sense of community, just best-paced, very healthy lifestyles."

There are drawbacks to living in the tech capital, as well.

"It also has the cons to it of traffic congestion and cost of living," Ressler said. "But nevertheless, you have a lot of growth opportunities in Silicon Valley."

How did other regions in the Bay Area compare?

RentCafe studied the rental markets of San Francisco, the Peninsula and the North Bay (Marin County), and the East Bay (Alameda and Contra Costa County) separately, and excluded duplexes and accessory dwelling units.

In the Peninsula, San Francisco and North Bay, there are seven people competing for each available apartment, with an occupancy rate of 93%. At least 48% of existing renters renewed their leases, while the new apartment stock increased slightly. This resulted in a competitive score of 67%.

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In the East Bay, the occupancy rate is slightly higher at 93.4%, with nine prospective renters competing for each apartment. At least 50.5% of renters renewed at the start of the moving

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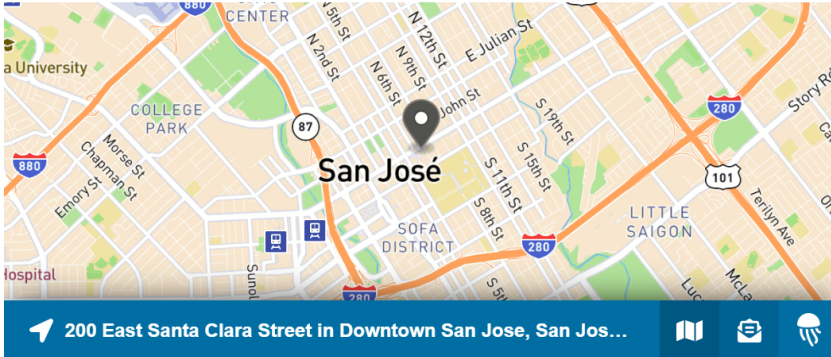
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season, and the rental unit stock increased by 0.54% in recent months. The East Bay has a competitive score of 66.8%, making it slightly less competitive than the North Bay.

Nationally, Miami-Dade County in Florida took the top spot for the most competitive rental market, with an average of 19 prospective renters per unit, a lease renewal rate of 73.6% and an occupancy rate of 96.5%, for a competitive score of 94.1%.

At the bottom of the list is Omaha, Nebraska, with a score of 75.7%, with apartments vacant an average of 45 days, a 94.3% occupancy rate, 66% renewal rate and 10 prospective renters per apartment.



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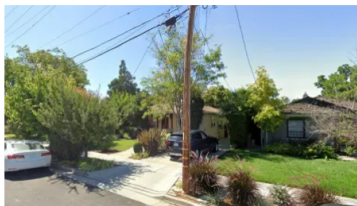


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