

# Bay Area rent increases leave wage gains in the dust

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SAN JOSE — Wage gains have fallen far behind skyrocketing costs for housing, a gap that's emerged despite a robust job market in recent years, according to a report released Monday.

The housing-wage gap highlighted by the report from the Silicon Valley Institute for Regional Studies suggests that it is becoming increasingly difficult for residents in the Bay Area to keep up with the cost of owning or renting a home.

Over the five years that ended in 2016, wages in the Santa Clara County, San Mateo County and San Francisco areas have risen by an average of 2.8 percent a year. Over the same stretch, the cost of rental housing has jumped by an average of roughly 9 percent annually, the report by the Silicon Valley Institute stated.

From 2011 to 2016, the median wage in the three counties rose by a total of 14 percent, while the median apartment rent rose by a cumulative 45.2 percent, reported the regional institute, a unit of Joint Venture Silicon Valley.

A similar gap has emerged statewide. Over the same five years, California's median wage increased by an average of 1.2 percent per year, while median apartment rents surged by an average of 7.9 percent a year.

"The one constant trend and continuing threat is insufficient housing construction and high housing costs," said Stephen Levy, the economist who prepared the report for the Silicon Valley Institute.

From 2007 through 2017, the three-county region added 80,300 residential units, but the economic group determined that 138,100 residential units were needed to actually keep pace with the population growth in the area.

From 2012 through 2016, the Santa Clara County, San Mateo County and San Francisco region added 100,000 jobs a year. But by May of this year, the annual pace of job gains had slowed drastically to 40,000 jobs.

"Though job growth slowed, the area's housing shortage became still more pronounced," the Institute for Regional Studies stated.