

People no longer fleeing Silicon Valley

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The great flight from Silicon Valley is over.

Battered by the dot-com bust and stratospheric housing prices, 75,000 more people migrated out of Santa Clara County for other parts of the United States than moved in from 2001 to 2005. But in the past year, that outflow ground to a near halt. Meanwhile, the rate of foreign immigration to the South Bay surpassed Los Angeles County this year, allowing Santa Clara County to notch its largest percentage population growth since 1997.

Only three California counties added more people than Santa Clara County's 29,900 additional residents, according to new population estimates released Wednesday by the state Department of Finance.

"We've had a turnaround in job growth and job prospects, and people are talking about the valley again as a place to be, as opposed to the rest of the state, that had out-migration," said Stephen Levy, director of the Center for Continuing Study of the California Economy in Palo Alto.

That job turnaround dates to mid-2005, about the same time the state population figures show a reversal in the outflow of people between Santa Clara County and the rest of the country. From 2004 to 2005, about 13,600 more people departed the South Bay for another U.S. address than the number who arrived from somewhere else in the country. From 2006 to 2007, the flow in nearly matched the flow out, with only 856 more people leaving Santa Clara County than moving in.

"The net flows are all about two things - jobs and housing," said Hans Johnson, a demographer with the Public Policy Institute of California. "A few years ago, you were still feeling the effects of the dot-com bust," and in the past year the increase in housing prices has slowed or stopped, he said.

"It's not the case that Santa Clara is all of sudden affordable, but it certainly hasn't gotten much worse than it was," he said. "A few years ago we were seeing those phenomenal increases year after year after year that undoubtedly were driving people out."

Natural increase

The South Bay's latest baby boom also continued, as natural increase - the number by which births outnumber deaths - accounted for the majority of the county's population growth. But at the same time, more than 40 percent of Santa Clara County's population growth came from foreign immigration.

Immigrants "are a large percentage of our buyers," said Craig LeMessurier, a spokesman for KB Home, the largest home-builder in Santa Clara County.

With KB Home now hiring multilingual agents and advertising in the Chinese, Latino and Indian media, "it's definitely had an impact in how we market" housing, he said.

Santa Clara County now has about 1.82 million residents, up 1.67 percent from last year. The county's growth led the Bay Area by a significant margin - although San Francisco grew by a healthy 1.4 percent.

Riverside County in Southern California was the state's fastest-growing county, growing by 3.3 percent, or about 66,000 people. The Department of Finance estimates are for the one-year period ending July 1.

'Challenges'

While growth can mean more traffic, longer lines and bigger environmental problems, Levy said it beats the alternative.

"There are challenges from growth, but an economist would tell you that, at least in California, the only time we don't grow is when the economy is terrible," Levy said. "It's hard to think of the Silicon Valley economy thriving and it not resulting in people coming here."

California's population grew by 1.17 percent during the past year, with the state adding about 438,000 people to reach a population of 37.8 million. The five counties that added the most new residents - Riverside, Los Angeles, San Diego, Santa Clara and San Bernardino - accounted for nearly half of the state's growth.

While San Francisco held its historic position as a key gateway for immigrants, people are moving out into the rest of the Bay Area, particularly to Santa Clara County, said Linda Gage, senior demographer with the Department of Finance.

A 'gateway'

Santa Clara County has joined San Francisco as "one of the gateways into the country for many, many people, and certainly a gateway into California," Gage said.

Vivian Wang, an agent with Coldwell Banker in Cupertino, said she believes that engineers or other tech workers from China, India and Europe are a big part of what's keeping the housing market strong in cities like Cupertino, Los Altos, Mountain View, Saratoga and Palo Alto.

"Very few people I work with are native Californians," Wang said. "If not for those immigrants, I think the housing market in those specific neighborhoods would be the same as other areas, which is very, very down - 30 to 40 percent off."

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