

Should You Move to SF?

If you're an engineer living outside of the San Francisco Bay Area, this might be a question you've asked yourself many times. It's hard not to be tempted by the high salaries, potentially life-changing equity, and [MTV Cribs-style tours](#) of startup offices with perks like free massages and an on-site chef. But even with all of those things, will you still come out ahead if it costs [\\$3,500](#) to rent a one-bedroom apartment?

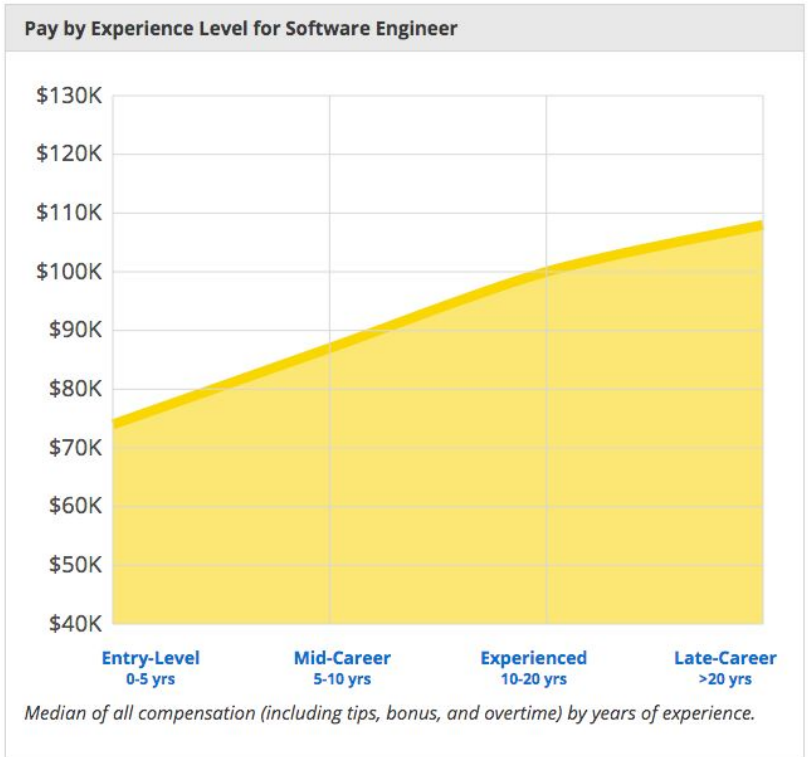
We compared the available compensation and cost of living data to evaluate whether it's worth it to make the move. We also examined how different variables including career stage/experience level, family situation, and startup equity can affect the equation. And while there are many factors other than money that contribute to job satisfaction and overall happiness, those factors tend to vary widely and be difficult to quantify, so we've limited our analysis to strictly financial metrics.

Salary

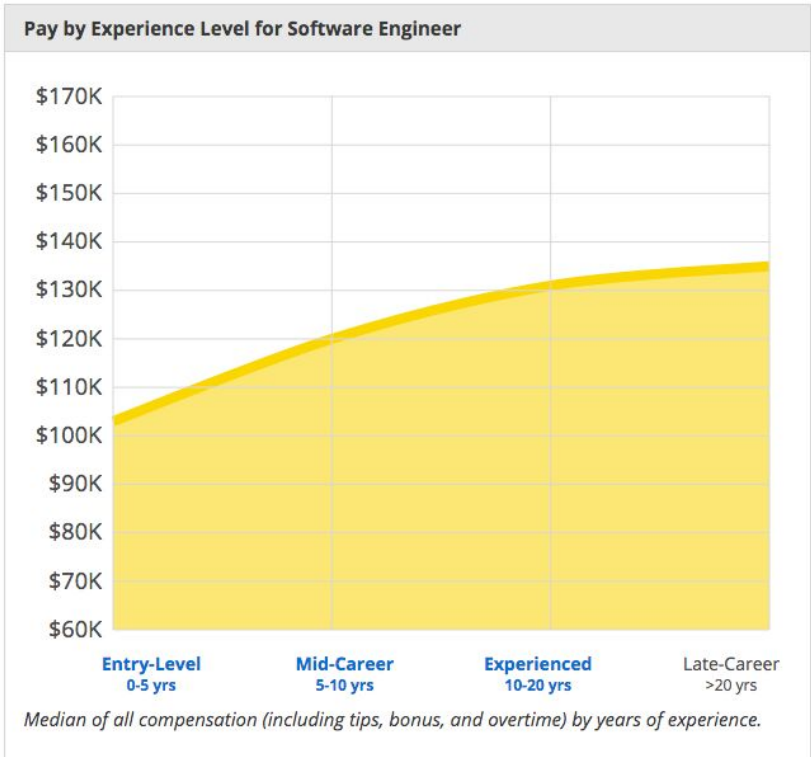
Average salaries are undeniably higher in the Bay Area, but by how much? According to the [Bureau of Labor Statistics](#), the annual mean wage for Web Developers, Software Developers, and Computer Programmers in the San Francisco metro area is \$113,463. The national equivalent is \$91,485. According to [Glassdoor](#), salaries for software engineers average \$110,554 in San Francisco versus the national average of \$95,195. The BLS numbers are based on data collected from employers and the Glassdoor data is based on anonymous, self-reported salaries. Your mileage may vary, of course, but this data suggest that engineering salaries in San Francisco are somewhere in the range of 15-25% higher than the national average.

[Payscale](#) claims to have the largest salary database in the world based on 54 million salary profiles from 3,500 customers of their compensation management software. It reports an [even bigger salary difference](#) for software engineers in the Bay Area compared to the rest of the country, with San Francisco coming in at 32% above the national average and salaries in Mountain View (likely skewed by high-paying tech giants like Google and Facebook) being as much as 48% higher. Payscale also analyzes pay data across experience levels, which yields an interesting finding. This is the software engineer salary growth curve by experience level for the United States as a whole¹:

¹ Unfortunately, they chose to create graphs where the Y-axis does not start at 0, sigh...



And this is the salary growth curve for software engineers in San Francisco:



Nationally, salary increases fairly linearly as you gain more experience, but in San Francisco there are diminishing returns. Payscale's data indicate that entry-level engineers in San Francisco benefit from the biggest pay differential over their similarly (in)experienced peers in other cities and the pay gap actually closes for people with more years of experience.

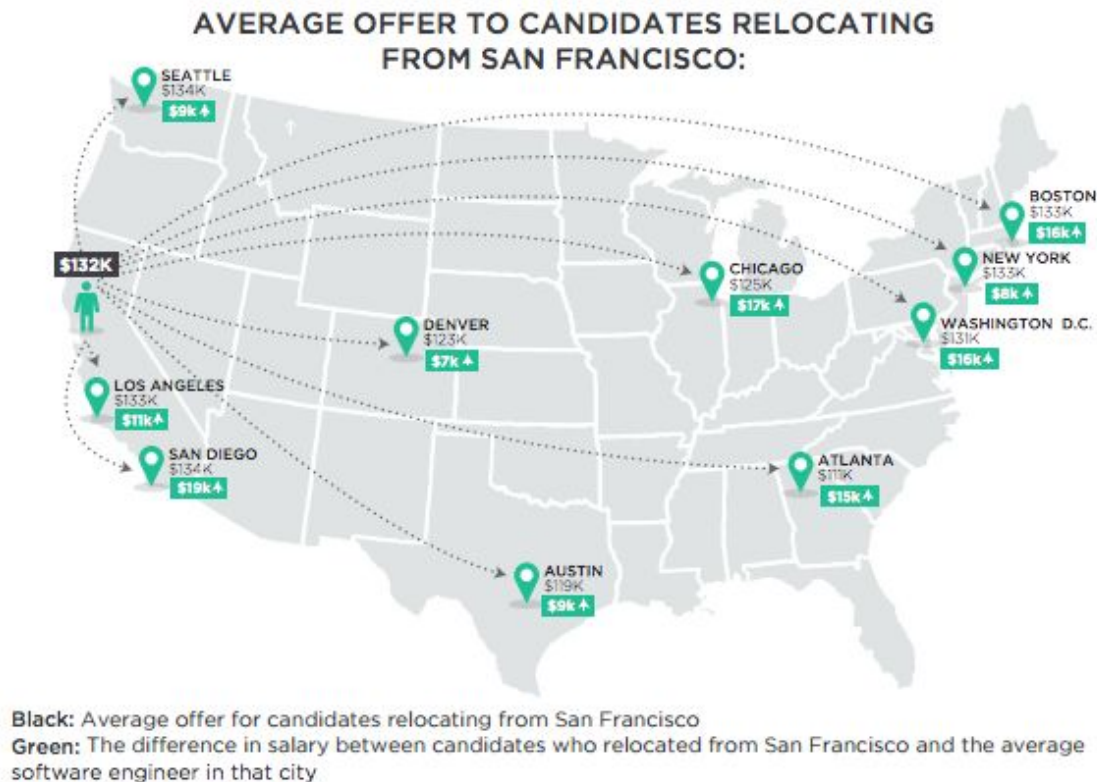
Bonuses and Equity

Bonus and profit sharing data are harder to come by, but can make a substantial difference, especially if you can get a job at a company like Google or Facebook where the cash and stock bonuses for software engineers average over [\\$70,000](#) and [\\$100,000](#) per year, respectively, according to Glassdoor. An equity grant at an early-stage startup is extremely hard to evaluate, but a team of researchers at MIT recently published a [study of American entrepreneurship](#) finding that startups in Silicon Valley are substantially more likely to be successful (defined as resulting in an IPO or acquisition of over \$10 million within six years). Analyzing business data across 15 U.S. states between 1988 and 2014, they created a model based on predictive analytics that measures the Entrepreneurial Quality Index (EQI) among startups. This model found that the EQI for startups in California was many times higher than any other state studied, with the exception of Massachusetts, and that [within California](#), San Francisco and [Silicon Valley](#) had a vastly disproportionate number of successful companies.

Future Earning Potential

There is evidence that working in the Bay Area will increase your earning potential even after you move elsewhere. Hired compiled the [State of US Salaries Report](#)² and found that candidates leaving the Bay Area consistently commanded higher offers than the average software engineer in their destination city.

² Based on 80,000 interview requests and job offers from more than 3,000 companies in 11 major cities



The pay differences are substantial and the earlier in your career you spend working in the Bay Area, the more dramatic the cumulative effects will be on lifetime earning potential.

Adjusting for Cost of Living

In the same way that salaries are undeniably higher in the Bay Area, so is cost of living (CoL). But again, by how much? [CareerTrends](#) estimates that the overall CoL in [San Francisco](#) is 53% above the national average, with the annual cost for an “adequate yet modest living standard” for a single adult with no children being \$43,581. For a married couple with one child, the cost increases to \$84,490. In comparison, if you lived in [Austin, TX](#) (where coincidentally the CoL is exactly the same as the national average), you would need to make \$29,904 to support yourself as a single adult and \$57,575 if you were a married couple with one child.

Based on the compensation data above, the average software engineer can probably expect to make \$20,000-\$30,000 more per year by moving to San Francisco from somewhere that pays close to the national average. If you’re a single adult who intends on living fairly frugally, as assumed by the CareerTrends estimates above, you’d probably be able to save more money in San Francisco even after accounting for the much higher CoL. As a couple

with a child, the CoL increase may eat up all or even more than your increase in salary. If you have multiple children, it makes even less financial sense to move to the Bay Area.

The Hired State of US Salaries Report concluded that, after adjusting for CoL in San Francisco, an engineer's salary goes further in every city in their analysis with the exception of New York:

AVERAGE SOFTWARE ENGINEER SALARY:

ATLANTA: \$96K
AUSTIN: \$110K
BOSTON: \$117K
CHICAGO: \$108K
DENVER: \$116K
LOS ANGELES: \$122K

NEW YORK: \$125K
SAN DIEGO: \$115K
SEATTLE: \$125K
SF BAY AREA: \$132K
WASHINGTON D.C.: \$115K

AVERAGE SOFTWARE ENGINEER SALARY: ADJUSTED BASED ON COST OF LIVING IN SAN FRANCISCO



According to that map, an engineer in Atlanta making \$96,000 would need to make \$163,000 in San Francisco to maintain the same quality of life. In other words, if you would like to maintain the same quality of life, it almost certainly doesn't make financial sense to move to San Francisco, unless you currently live in Manhattan. But not everyone wants or expects to maintain the same lifestyle after moving to San Francisco. CoL can vary greatly depending on the type of lifestyle you want to lead. For example, you could live in [Oakland](#) instead of San Francisco where the CoL is only 35% above the national average (compared to 53% for SF). If you want to have a luxurious downtown apartment or a house with a

spacious yard, it probably doesn't make financial sense to move to the Bay Area because you'd be able to get that for far less in almost any other city in the country except for New York. If you don't care about having a big or nice apartment but prefer spending money on things like electronics or vacations (that cost approximately the same no matter where you live), the pay increase of moving to the Bay Area is more likely worth it.

Conclusion

You should consider moving to the Bay Area if 1) you're just starting your career (almost certainly), 2) you don't have children and are willing to live modestly (probably), or 3) you want to maximize the likelihood of making a life-changing amount of money by joining an early-stage startup that becomes a huge success (and also have high risk tolerance). If none of the above applies to you, you'd probably be better off staying where you are unless you get an offer that is much higher than the average salary differential--or finding a Bay Area company that's willing to let you work remotely.

