

# AI intensifies battle for talent, housing and investments in San Francisco

The AI momentum isn't stopping and it's bringing workers, venture capital money and life back to San Francisco.

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By [Danielle Abril](#)

SAN FRANCISCO — As an entrepreneur, Anand Doshi was enticed by the promise of artificial intelligence. So late last year while living in New York, he joined his co-founder to launch Yuzu Labs to help people turn their content into social and marketing videos. But a few months later, Doshi, 37, realized he needed to make a big change: He had to leave New York for San Francisco.

“What we learned very quickly was the East Coast is always playing catch-up” in disruptive technology, he said. “But the moment we came to San Francisco, the whole energy was different. Everyone wants to try the new tech.”

The buzz around AI is reenergizing San Francisco, one of the slowest U.S. cities to recover from the pandemic. Tech workers, many of whom previously fled to other cities, are flocking to the region to work for some of the pioneering AI firms that began in the city or the start-ups that have bubbled up since then. Investors are pumping more capital into new AI ventures, and some of the major players — including OpenAI, Google and Meta — have started a talent war with eye-popping salaries. The AI boom is making the city more expensive to live in, but downtown foot traffic, commercial and residential leases, and transit ridership are rising.

“The energy has come back in a powerful way,” San Francisco Mayor Daniel Lurie said in an interview with The Washington Post. “Entrepreneurs are saying they have to be in San Francisco or they’re going to miss the [AI] boat.”

Still, Lurie said there’s more progress to be made for San Francisco to fully recover. He’s focused on improving public safety and reviving downtown.

The Bay Area’s AI community got a boost in late 2022 after San Francisco-based OpenAI debuted the popular conversational chatbot ChatGPT, which now has more than 500 million weekly users globally. Anthropic’s Claude, Google’s Gemini and Microsoft’s Copilot also have millions of users.

While many tech companies have been laying off workers following a rush of pandemic hiring, a battle for AI talent has been brewing among Big Tech companies promising hefty salaries. That's leading to national headlines and creating social media buzz, making the Bay Area more attractive to potential talent.

"I'm optimistic that this new influx of talent and parallel approach to model development will set us up to deliver on the promise of personal superintelligence for everyone," Meta CEO Mark Zuckerberg said in a memo announcing a unit called Meta Superintelligence Labs last month.

Meta has been on an AI hiring spree and recently poached Alexandr Wang, former CEO of the AI firm Scale, as its chief AI officer. Wang recently shared on social media that 11 AI professionals from companies including Anthropic, OpenAI and Google will be working with him at the Superintelligence Labs. Zuckerberg has reportedly offered \$100 million pay packages to some of the AI recruits he has pursued.

Sam Altman, CEO of OpenAI, which has been expanding its office and staff here, said there's a lot of excitement in the industry, much of which is in San Francisco. OpenAI has reportedly been poaching AI talent from Meta as well as Elon Musk's xAI and Tesla.

"The growth rate in this industry is like nothing I've ever seen," Altman told media outlets this month.

Meanwhile, the chipmaker Nvidia — another Bay Area company — recently became the world's first company with a \$4 trillion market capitalization, boosted by the AI boom.

"It's because of AI that San Francisco is back," CEO Jensen Huang said at a recent conference. "Just about everybody evacuated San Francisco. Now it's thriving again."

More companies are searching for leaders with AI chops, often requesting they work in San Francisco, where the companies are based, said Kyle Langworthy of Riviera Partners, a tech-focused executive search firm. The firm's AI practice has doubled in size since last year because of the increase in searches for talent such as heads of AI and research, and vice presidents of AI enablement and data science.

"In San Francisco, there's clearly a healthy regrowth in terms of job openings, but the frenzy is within the bull's eye of AI companies," said Daniel Chait, CEO of the hiring and recruiting software firm Greenhouse. He added that AI companies often offer attractive signing bonuses.

Deedy Das, a principal at the investment firm Menlo Ventures, said there's a premium for AI talent, especially those who do essential engineering work. "These guys are getting paid more than ever before," Das said.

There's also more venture capital money coming into AI start-ups. The Bay Area is home to the largest venture capital investments in the AI industry by far. AI and machine learning start-ups raised \$74.6 billion in the first half of the year, more than triple the amount in the first half of last year, according to data from PitchBook. That's on track to surpass last year's total of \$98.8 billion and dwarfs the \$46.7 billion invested in 2021.

AI companies are expecting more workers to be in the office full time and have been leasing more space. That's bringing more people to the Financial District downtown and Mission Bay in the eastern part of the city. OpenAI recently opened a campus in Mission Bay, and "hacker houses" — co-living spaces for tech entrepreneurs — are opening across the city. Tech events, meetups and conferences also are proliferating.

"If you're building in AI, you should be in San Francisco," said Jessica Gerwin, co-founder of the AI start-up Socrates. Gerwin helps run the hacker houses Mission Control and Satellite after moving to the city from Los Angeles last year. "The majority of people I'm interacting with are a new wave of ambitious, mission-driven founders who want to make an impact on this world and be in this city."

Conor Brennan-Burke, co-founder of the AI start-up Hyperspell, said San Francisco is once again attracting founders who come with nothing but a mattress and a big vision for AI.

"It makes you feel like you, too, can create something," said Brennan-Burke, who moved to San Francisco from New York last year.

AI firms are also taking up more space in San Francisco, currently occupying about 5.7 million square feet in the city, up from 2 million in 2020, according to the real estate firm JLL.

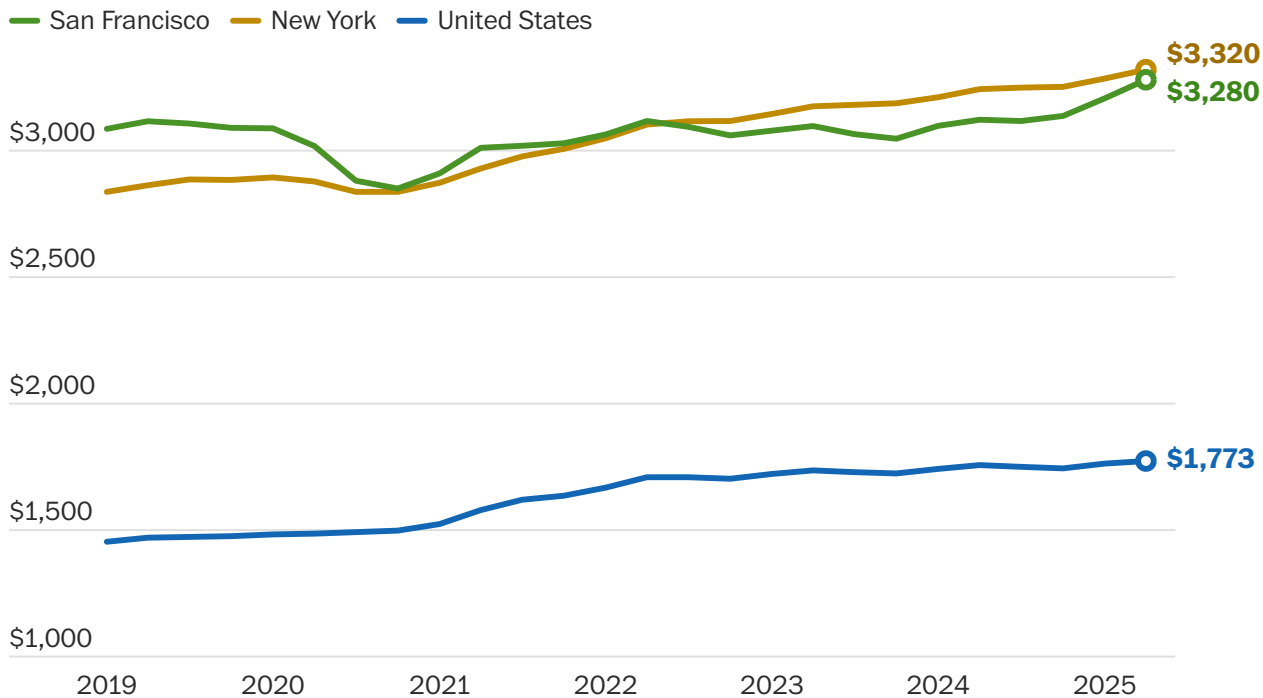
"AI companies played a big part in driving leasing activity," said Chris Pham, a senior analyst at JLL who leads AI research in the U.S. "That's been a big reason there's been optimism in San Francisco."

To be sure, while AI companies have grown quickly, the overall commercial real estate market in the city will take some time to fully recover to pre-pandemic levels, said Robert Sammons, a senior director of research at the commercial real estate firm Cushman & Wakefield.

More demand for people also means more demand for housing and transportation. In the past year, San Francisco apartment rents have shot up 5.1 percent, the largest increase in the nation, according to the real estate information firm CoStar. This year, the San Francisco Municipal Railway, which operates the city's buses, has also seen the most riders since the pandemic started.

## Average monthly rent in San Francisco

San Francisco rental rates are rising amid the AI boom



\*2025 data as of the second quarter

Source: CoStar

Rent and competition for apartments are heating up, surpassing pre-pandemic levels, said David Blosser, director of leasing at the residential leasing company RentSFNow.

Blosser said that for the first time in more than five years, he's seeing apartment hunters apply before they even know the price of a rental or have visited the location. Apartments are leasing like "hotcakes," he said, and rents are rising several hundred dollars in trendy neighborhoods.

"A lot of that has been fueled by the AI boom, with individuals returning to San Francisco or moving here for the first time," he said.

Meanwhile, a slew of new restaurants and retailers, including the second U.S. Nintendo location, have started to take up retail spaces previously abandoned near downtown. Coffee shops and restaurants are bustling again — downtown foot traffic in April reached 75 percent of 2019 levels, according to the city — and AI entrepreneurs say they're bumping into potential customers, investors and collaborators when they go out for a meal or drinks.

"You can't really escape it," said Ethan Kinnan, head of partnerships at the AI start-up Lindy, who moved from Seattle in March. "It's not for everybody, but I have an obsessive personality and totally enjoy being in the center of it."

As for Doshi, after several months in San Francisco, the Yuzu Labs co-founder says he speaks a new language — one focused on AI.

“When you want to make a movie, you go to Los Angeles. When you want to build a business in AI, you come to San Francisco,” he said.

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**What readers are saying**

The comments reflect a strong sentiment that the AI boom in San Francisco is exacerbating the city's housing market and cost of living issues. Many commenters express nostalgia for a more affordable and culturally vibrant San Francisco, lamenting the influx of tech workers and... [Show more](#)

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