

# VENTURE CAPITAL GOES URBAN

Tracking Venture Capital Investment and  
Startup Activity across U.S. Zip Codes

**Cities**

The Cities Project at the Martin Prosperity Institute focuses on the role of cities as the key economic and social organizing unit of global capitalism. It explores both the opportunities and challenges facing cities as they take on this heightened new role.

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Tracking Venture Capital Investment and  
Startup Activity across U.S. Zip Codes

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## Executive Summary

Venture capital has long been the kind of finance that powers new and innovative startup companies. For most of its modern history, venture capital investment has flowed to startups located in suburban office parks. Using new and more detailed data at the zip code-level, our research finds a considerable shift in venture capital investment and startup activity toward urban areas.

Previous research on venture capital investment and startup activity has been hampered by a lack of data at the neighborhood level. Our research uses more granular data from [Thomson Reuters](#) to identify venture capital investments that flow to urban versus suburban neighborhoods based on zip codes. We further explore the location of venture capital investment and startup activity by the way people commute to work — looking at the share of workers who walk, bike, or use transit versus those who drive their own cars to work.

We examine venture capital investment at the neighborhood level across the entire United States and in the three city-regions or metro areas that receive the largest amounts of venture capital: The San Francisco Bay Area, New York, and Boston-Cambridge which together account for nearly \$20 billion in venture capital investment or 60 percent of all venture capital investment in the United States.

Our main findings are as follows.

- The majority of venture capital investment and venture capital backed startup activity takes place in urban areas with urban zip codes accounting for 54 percent of venture capital investment versus 45 percent going to suburban zip codes.
- In New York, more than 80 percent of venture investment flows to urban zip codes; in the Bay Area roughly 60 percent of all venture investment flows to urban neighborhoods; and in Greater Boston 54 percent of investment is located in urban areas.
- In neighborhoods that receive venture capital investment, nearly twice as large a share of workers walk, bike, or use transit to get to work compared to the national average (16.6 percent in venture capital neighborhoods versus 8.4 percent overall).
- More than a quarter of venture capital investment is concentrated in neighborhoods where more than half of all workers walk, bike, or use transit, and more than a third is located in neighborhoods where more than 30 percent do so.
- Nearly 38 percent of all venture capital investment in the San Francisco Bay Area, New York, and Boston is located in neighborhoods where more than half of all workers walk, bike, or use transit to get to work.
- There are two neighborhoods in the United States that receive more than a billion dollars each in venture capital. In these neighborhoods — both located in downtown San Francisco — roughly 60 percent of workers walk, bike, or use transit to get to work.

# Introduction

Venture capital has long been the kind of finance that powers new and innovative startup companies: Intel in semiconductors, Apple in personal computing, smart phones and more — Genentech in biotechnology, Google in Internet search, Facebook and Twitter in social media, and Airbnb and Uber in the sharing economy — are just a small sample of the transformative companies financed by venture capital.

For most of its history, venture capital investment has flowed to startups located in suburban office parks, dubbed “nerdistans,” found along highway interchanges in regions like Silicon Valley, the Route 128 beltway outside of Boston, the suburbs of Seattle where Microsoft is located, suburban Austin, and the North Carolina Research Triangle.<sup>1</sup> Early studies found that a majority of venture capital flowed to suburban areas of Silicon Valley and outside Boston with little venture capital investment or startup activity occurring in urban areas.<sup>2</sup>

The past two decades have seen a powerful back-to-the-city movement of skilled and affluent people which Alan Ehrenhalt has dubbed a “great inversion.”<sup>3</sup> Going back to Jane Jacobs, urbanists have long noted that innovative and entrepreneurial activity is the product of



cities with their dense and diverse concentrations of people, talent, and companies.<sup>4</sup> Following this line of thinking, our previous research identified an *urban shift* in venture capital and startup activity from suburbs back to cities.<sup>5</sup>

investment in the San Francisco Bay Area, New York, and Boston. The conclusion summarizes our findings. The Appendix details our data and methodology.

This research deepens and extends our understanding of the urban shift in venture capital and startup activity by using far more detailed data than has previously been available. Previous research has been hampered by a lack of data that has only been available for states, highly aggregated regional geographies or selected metro areas. This research uses more granular data from [Thomson Reuters](#) to identify venture capital investments that flow to urban versus suburban neighborhoods based on zip codes.<sup>6</sup> We also explore the location of venture capital investment and startup activity by the way people commute to work — looking at the share of workers who walk, bike, or use public transit versus those who drive their own cars.

We examine venture capital investment across the entire United States and in the three city-regions or metro areas that receive the largest amounts of venture capital: The San Francisco Bay Area, Greater New York, and the Boston-Cambridge metro which together attract roughly \$20 billion in venture capital investment, 60 percent of all venture capital invested across the United States. Our maps of venture capital investment in these three city-regions also identify major research universities and transit lines.

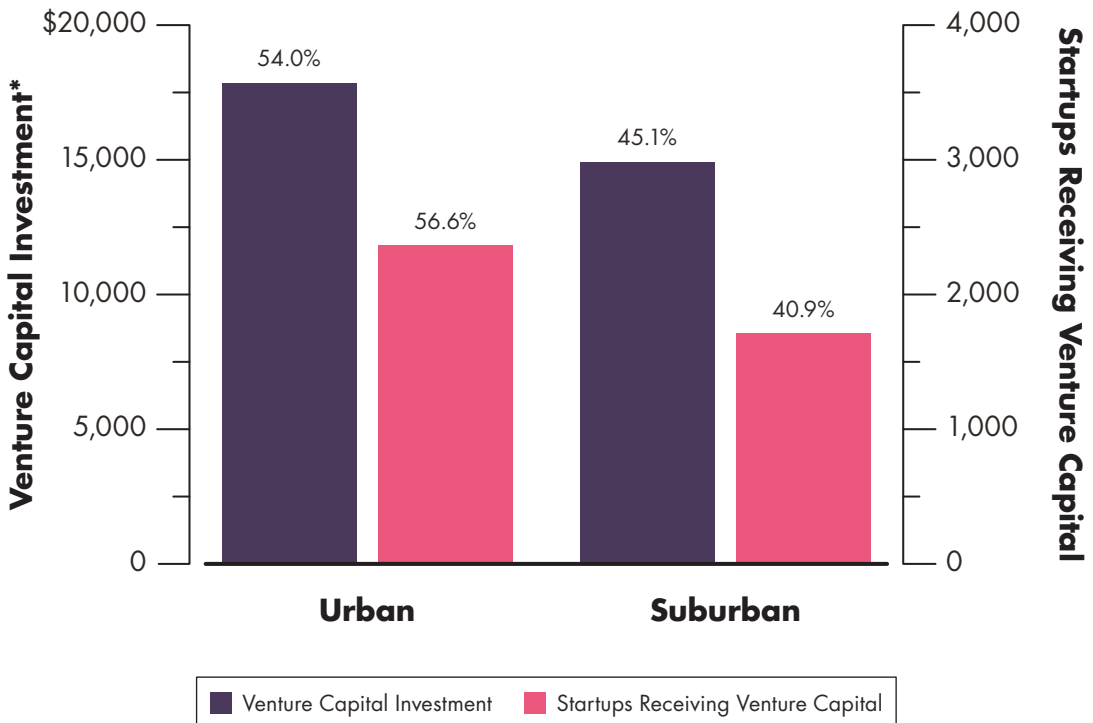
The remainder of this report is organized as follows. We begin by looking at the distribution of venture capital investment in urban versus suburban areas across the United States. We then turn to a more detailed analysis of the urban versus suburban location of venture capital

# Venture Capital in Urban versus Suburban Areas

This section looks at the distribution of venture capital investment across neighborhoods or zip codes by the degree to which they are urban or suburban in character. To get at this, we classify zip codes based on their population density following thresholds originally identified by urban economist Jed Kolko (see the Appendix for more detail). In ballpark figures, urban zip codes are those with 2,200 or more households per square mile, while suburban zip codes have

between 100 and 2200 households per square mile. Anything less than that is classified as rural. Across the nation, more than 60 percent of all zip codes are rural, about 30 percent are suburban, and just 8 percent are urban.

*Exhibit 1* shows the share of venture capital investment that flows to urban versus suburban zip codes.



\*In millions of U.S. dollars

Exhibit 1: Venture Capital Investment in Urban versus Suburban Neighborhoods

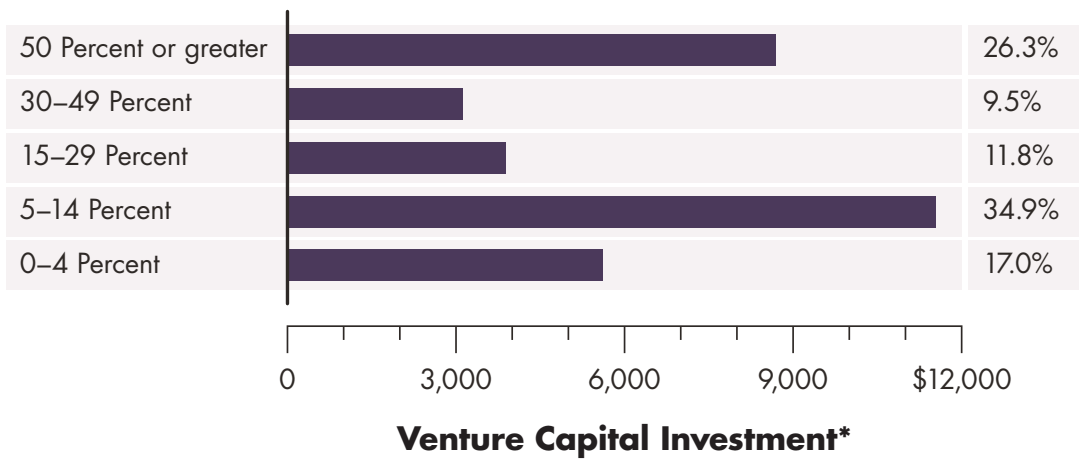
More than half of all venture capital investments (54 percent) and an even greater share of startup companies receiving venture capital investment (56.6 percent) are located in urban zip codes.

Another way to gauge urbanity is to look at the way people commute to work. People in more urban areas are far more likely to walk, bike, or use transit, while people in more sprawling suburbs are more likely to drive their cars. In

Indeed, nearly twice as large a share of workers (16.6 percent) walk, bike, or use transit to get to work in neighborhoods that receive venture capital investment. Furthermore, a third of all venture capital investment is located in neighborhoods where more than 30 percent of workers walk, bike, or use transit to get to work. And more than a quarter of all venture investment goes to neighborhoods where more than half of all workers walk, bike, or use transit for their commute.

### Walk, Bike, or Use Transit

### Share



\*In millions of U.S. dollars

**Exhibit 2: Venture Capital Investment by the Share of Workers Who Walk, Bike, or Use Transit to Get to Work**

fact, a key dimension of a so-called nerdistan is that the engineers and other workers that populate high-tech companies prefer to drive their cars to work.<sup>7</sup>

*Exhibit 2* shows venture capital investment by the share of workers who walk, bike, or use transit to get to work. Across America, 8.4 percent of workers walk, bike, or use public transit to get to work, while the vast majority drive. However, in neighborhoods where venture capital is invested many more walk, bike or use transit.

In the San Francisco Bay Area, New York, and Greater Boston nearly forty percent (37.8 percent) is located in neighborhoods where more than 50 percent of workers walk, bike, or use transit to get to work.

*Exhibit 3* lists the top twenty zip codes for venture capital investment across the United States and shows the degree to which they are urban or suburban, the share of workers who walk, bike, or use transit to get to work.

Zip Code	Neighborhood	Metro	Venture Capital Investment*	Urban vs. Suburban	Density**	Walk, Bike or Use Transit
94103	South of Market/ Mission District	San Francisco-Oakland-Fremont, CA	\$1,063	Urban	9,659	61.2%
94105	Rincon Hill	San Francisco-Oakland-Fremont, CA	\$1,004	Urban	9,718	59.6%
94301	Palo Alto	San Jose-Sunnyvale-Santa Clara, CA	\$998	Urban	3,194	21.3%
94107	Potrero Hill/Dogpatch/South Beach	San Francisco-Oakland-Fremont, CA	\$885	Urban	7,665	46.8%
92121	Sorrento Valley	San Diego-Carlsbad-San Marcos, CA	\$568	Suburban	137	10.0%
94080	South San Francisco	San Francisco-Oakland-Fremont, CA	\$501	Suburban	2,049	14.8%
02451	Prospect Hill Park	Boston-Cambridge-Quincy, MA-NH	\$484	Suburban	1,359	11.1%
94104	Financial District	San Francisco-Oakland-Fremont, CA	\$481	Urban	2,654	92.1%
94025	Menlo Park	San Francisco-Oakland-Fremont, CA	\$430	Suburban	1,309	12.7%
94043	Mountain View	San Jose-Sunnyvale-Santa Clara, CA	\$416	Suburban	1,158	9.5%
94041	Old Mountain View	San Jose-Sunnyvale-Santa Clara, CA	\$392	Urban	3,899	15.9%
94063	Redwood City	San Francisco-Oakland-Fremont, CA	\$378	Urban	1,281	14.6%
02139	Cambridge/MIT	Boston-Cambridge-Quincy, MA-NH	\$377	Urban	9,331	64.3%
94065	Redwood Shores	San Francisco-Oakland-Fremont, CA	\$369	Suburban	1,946	5.9%
75034	Frisco	Dallas-Fort Worth-Arlington, TX	\$368	Suburban	498	0.9%
94085	Sunnyvale	San Jose-Sunnyvale-Santa Clara, CA	\$351	Suburban	2,199	7.2%
02142	MIT	Boston-Cambridge-Quincy, MA-NH	\$320	Urban	5,300	65.0%
95054	Santa Clara (north)	San Jose-Sunnyvale-Santa Clara, CA	\$313	Suburban	1,348	5.6%
10012	SOHO/NYU	New York-Northern New Jersey-Long Island, NY-NJ-PA	\$310	Urban	41,294	83.8%
94111	Embarcadero/ Financial District	San Francisco-Oakland-Fremont, CA	\$306	Urban	6,875	60.3%

\*In millions of U.S. dollars

\*\*Households per Square Mile

Exhibit 3: Density and Commute Share for the Top 20 Venture Capital Investment Neighborhoods

Of the top 20 zip codes for venture capital investment, 11 are urban and nine are suburban. In these top 20 neighborhoods, roughly three times as large a share of workers walk, bike or use transit to get to work compared to the national average — 25.9 percent versus 8.4 percent. In six of the top 20, more than 60 percent of workers do so. In 16 of these top 20 neighborhoods, the share of workers who walk, bike, or use transit to get to work exceeds the national average. Seven of these neighborhoods have densities greater than 5,000 households per square mile. The top two neighborhoods for venture capital investment, each of which receives more than a billion dollars in venture capital investment, have densities of nearly 10,000 households per square mile, and roughly 60 percent of workers in these two neighborhoods walk, bike, or use transit to get to work.

Next, we take a closer look at the distribution of venture capital investment in three city-regions or metro areas that attract the greatest amount of venture capital investment: The San Francisco Bay Area, Greater New York, and the Boston-Cambridge metro.

# The San Francisco Bay Area

The San Francisco Bay Area, which spans both Greater San Francisco and Silicon Valley, is the nation's leading center of venture capital investment, attracting \$13.2 billion in venture capital investment, 40 percent of the total.<sup>8</sup>

*Exhibit 4* maps venture capital investment by urban versus suburban neighborhood across the Bay Area. The dots indicate the size of venture

capital investment and the shading indicates the degree of urbanity — purple areas reflect urban zip codes, darker blue suburban areas, and lighter blue rural areas. Roughly 60 percent of all venture capital investment in the Bay Area is located in urban zip codes with 40 percent locating in suburban areas. The figures are even higher for startup companies receiving venture capital investment: 63.3 percent of

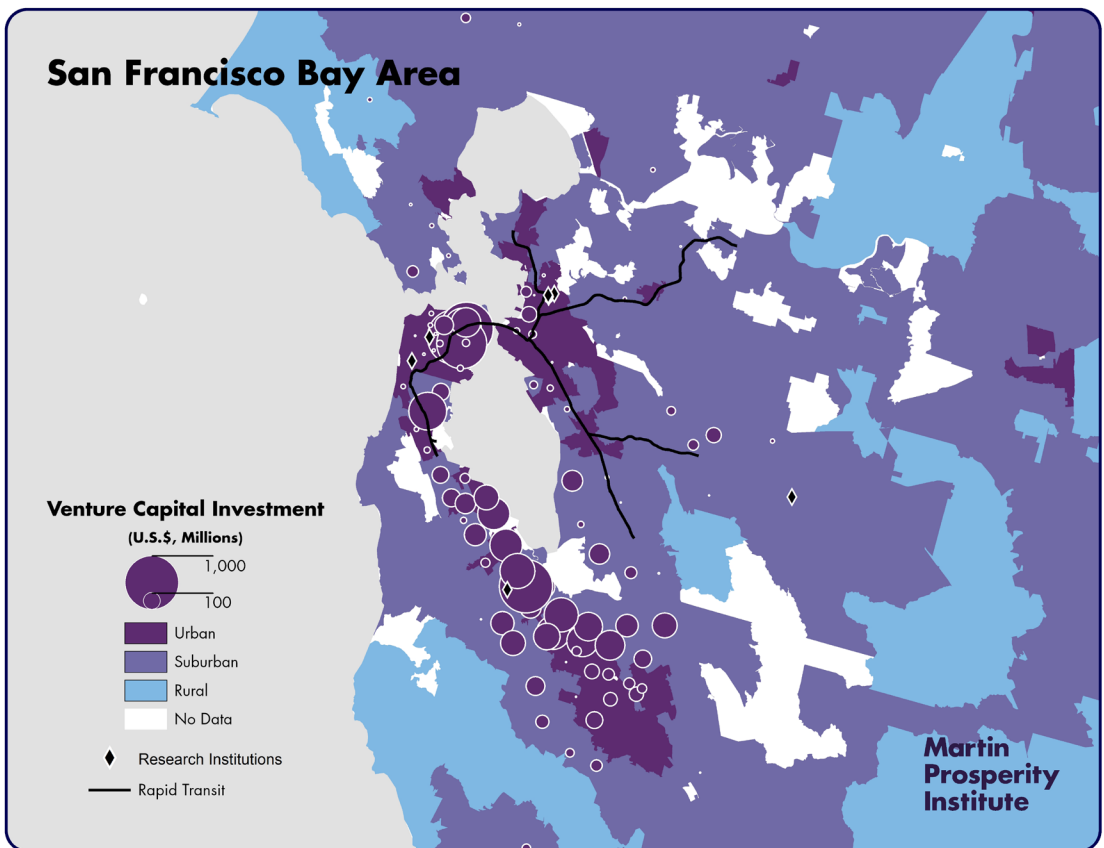


Exhibit 4: Venture Capital Investment in the Bay Area

these companies are located in urban zip codes compared to 36.3 percent in suburban areas.

Note the cluster of dark purples circles in San Francisco proper, indicating the huge volume of venture capital flowing into urban neighborhoods. Looking south, we see a series of circles stretching through Silicon Valley. But even venture capital investment here tends to be located in denser areas like Palo Alto, close to Stanford University.

Exhibit 5 shows the share of workers who walk, bike, or use transit compared to those who drive to work across the Bay Area. There are large circles (indicating large clusters of venture capital investment) in and around down-

town San Francisco in dense, transit-served neighborhoods and also in close proximity to the University of California San Francisco, a leading center for biotech research. Also note the large cluster of venture capital investment in Palo Alto in close proximity to Stanford University. This area is the densest and most urban area of Silicon Valley.

Across the Bay Area, including Silicon Valley, nearly 20 percent (19.9 percent) of workers in neighborhoods that receive venture capital investment walk, bike, or use transit to get to work compared to 14.6 percent for the region as a whole and 8.4 percent for the nation. More than 37 percent of all venture capital investment in the Bay Area goes to neighborhoods where

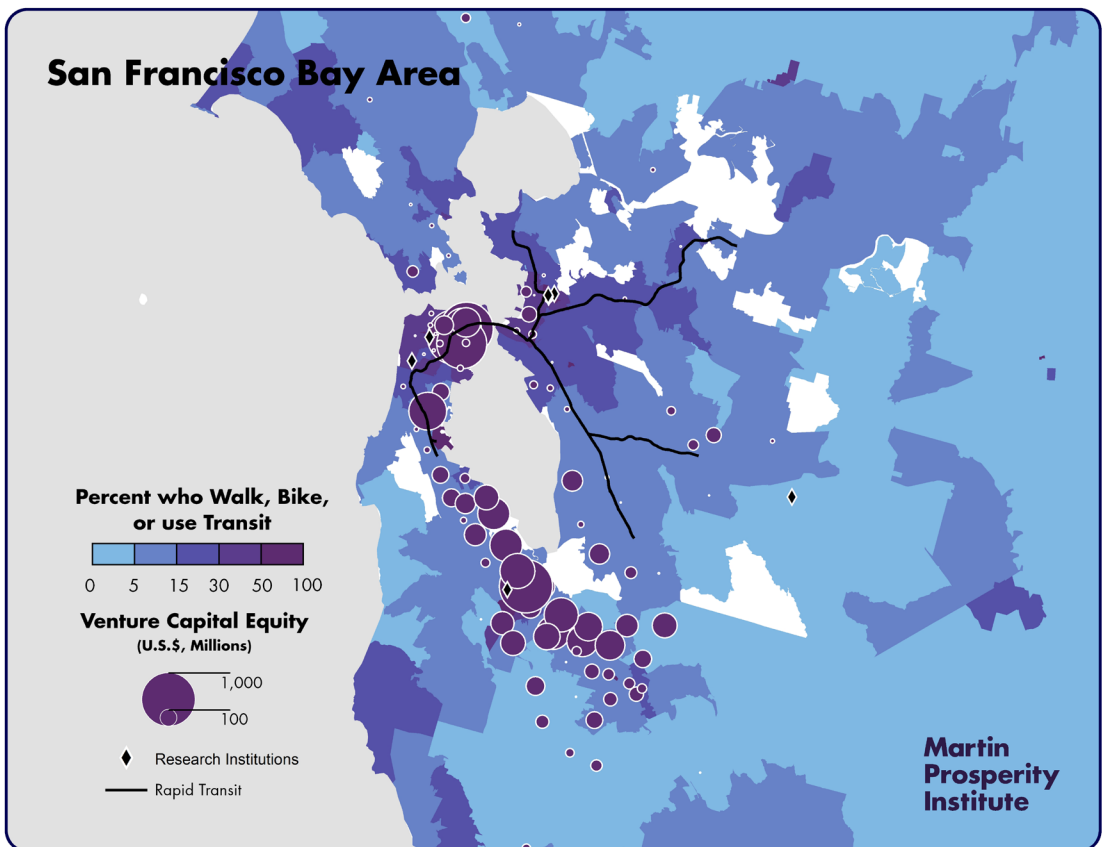


Exhibit 5: Bay Area Venture Capital Investment by Percent Who Walk, Bike, or Use Transit to Get to Work

Rank	Zip Code	Neighborhood	Venture Capital Investment*	Urban vs. Suburban	Density**	Walk, Bike or Use Transit
1	94103	South of Market/ Mission District	\$1,063	Urban	9,659	61.2%
2	94105	Rincon Hill	\$1,004	Urban	9,718	59.6%
3	94301	Palo Alto	\$998	Urban	3,194	21.3%
4	94107	Potrero Hill/Dogpatch/ South Beach	\$885	Urban	7,665	46.8%
5	94080	South San Francisco	\$501	Suburban	2,049	14.8%
6	94104	Financial District	\$481	Urban	2,654	92.1%
7	94025	Menlo Park	\$430	Suburban	1,309	12.7%
8	94043	Mountain View	\$416	Suburban	1,158	9.5%
9	94041	Old Mountain View	\$392	Urban	3,899	15.9%
10	94063	Redwood City	\$378	Urban	1,281	14.6%
11	94065	Redwood Shores	\$369	Suburban	1,946	5.9%
12	94085	Sunnyvale	\$351	Suburban	2,199	7.2%
13	95054	Santa Clara (north)	\$313	Suburban	1,348	5.6%
14	94111	Embarcadero/ Financial District	\$306	Urban	6,875	60.3%
15	94089	Sunnyvale	\$292	Suburban	1,213	5.8%
16	94108	Chinatown	\$261	Urban	28,252	71.4%
17	94040	Cuesta Park/ Blossom Valley	\$250	Urban	3,735	14.6%
18	94102	Hayes Valley/ Civic Center	\$228	Urban	25,103	68.9%
19	94022	Los Altos Hills	\$222	Suburban	405	7.1%
20	94404	Foster City	\$222	Urban	3,223	6.2%

\*In millions of U.S. dollars

\*\*Households per Square Mile

**Exhibit 6: Top 20 Bay Area Venture Capital Investment Neighborhoods by Urbanity and Percent Who Walk, Bike, or Use Transit to Get to Work**



more than 30 percent of workers walk, bike, or use transit. Furthermore, venture capital investment is also concentrated in downtown San Francisco, largely in neighborhoods where over 50 percent of workers walk, bike, or use transit to get to work.

*Exhibit 6* shows how the top 20 neighborhoods for venture capital investment in the Bay Area stack up on both measures: the degree to which they are urban or suburban and the share of workers who walk, bike, or use transit to get to work as well as their density.

Twelve of the top 20 neighborhoods are urban, while eight are suburban. Of the top 10, seven are urban, while just three are suburban. Five

of the top 20 have densities greater than 5,000 households per square mile. The two leading neighborhoods – each of which attracts more than a billion dollars in venture capital investment — have densities of roughly 10,000 households per square mile: Roughly 60 percent of workers walk, bike, or use transit to get to work in these neighborhoods.

While “nerdistans” still play a role in Bay Area venture capital and startup activity, the preponderance of it flows to more urban areas.

# Boston-Cambridge

With its cluster of leading edge universities and research institutions, the Boston-Cambridge metro is the nation's second leading center of venture capital investment, attracting \$3.4 billion, roughly 10 percent of the national total.

*Exhibit 7* maps venture capital investment by urban versus suburban neighborhoods for the Boston-Cambridge metro. Note the large cluster of dots in and around the urban core

of Boston and nearby Cambridge where the Massachusetts Institute of Technology (MIT) and Harvard are located. More than half (54 percent) of all investment is located in urban zip codes compared to 46 percent in suburban neighborhoods. Furthermore, more than 60 percent (61.0 percent) of actual startups receiving venture capital investment are in urban zip codes, compared to 39.0 percent in the suburbs.

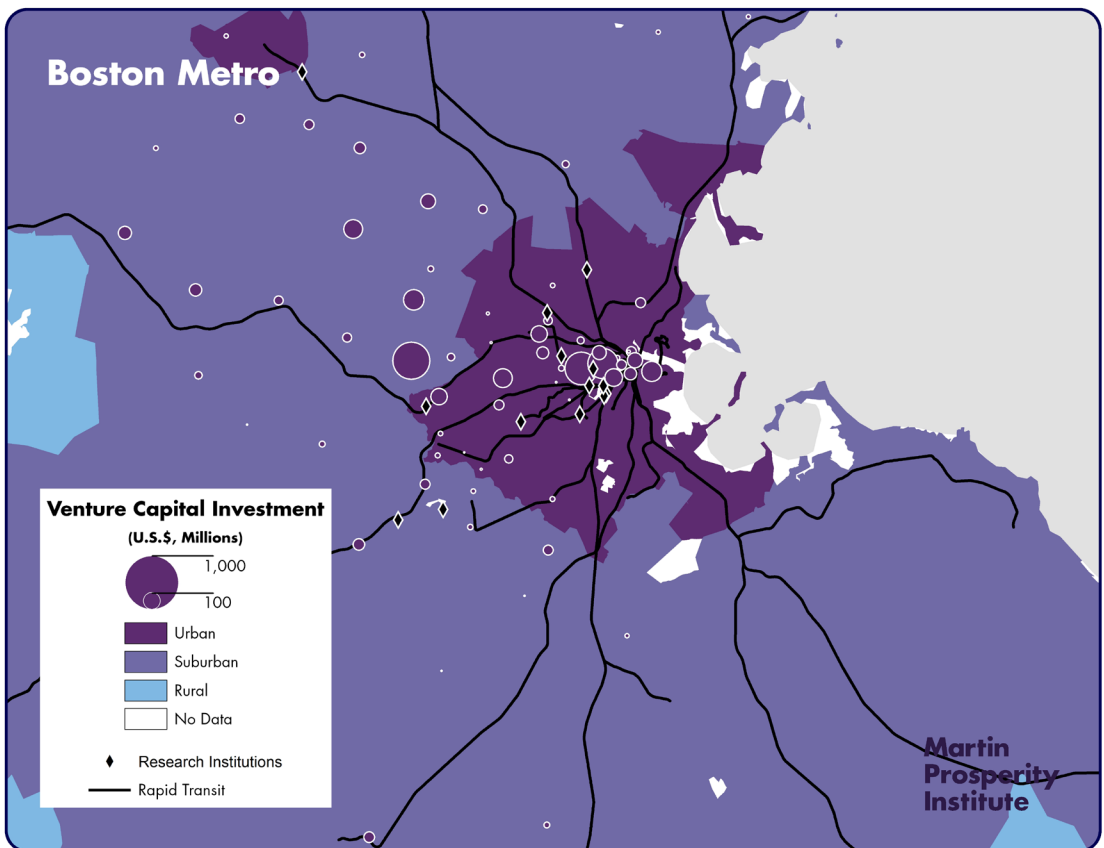


Exhibit 7: Urban versus Suburban Venture Capital Investment in Boston-Cambridge

Exhibit 8 maps the share of workers who walk, bike, or use transit compared to those who drive to work across the Boston-Cambridge metro. Note the concentration of investment along the transit lines that serve both Boston and Cambridge, stretching out into the suburbs, especially Lexington, Bedford, and Waltham to the west.

Overall, 23 percent of workers in neighborhoods that receive venture capital walk, bike, or use transit to get to work. That compares to 18.3 percent for the metro as a whole and 8.4 percent for the nation. Roughly 40 percent of all venture investment and 48 percent of start-ups receiving venture investment in the Boston-Cambridge metro goes to neighborhoods where

more than half of worker walk, bike, or use transit to get to work.

Exhibit 9 shows how the top 20 neighborhoods for venture capital investment in the Boston-Cambridge metro stack up on both measures: the degree to which they are urban or suburban and the share of workers who walk, bike, or use transit to get to work.

Of the top 20 neighborhoods, eleven are located in urban areas while nine are located in suburban locations. And of the top 10, seven are located in urban areas. These urban neighborhoods are located in downtown Boston or in Cambridge, near MIT and Harvard. Eight of the top 20 neighborhoods have densities that

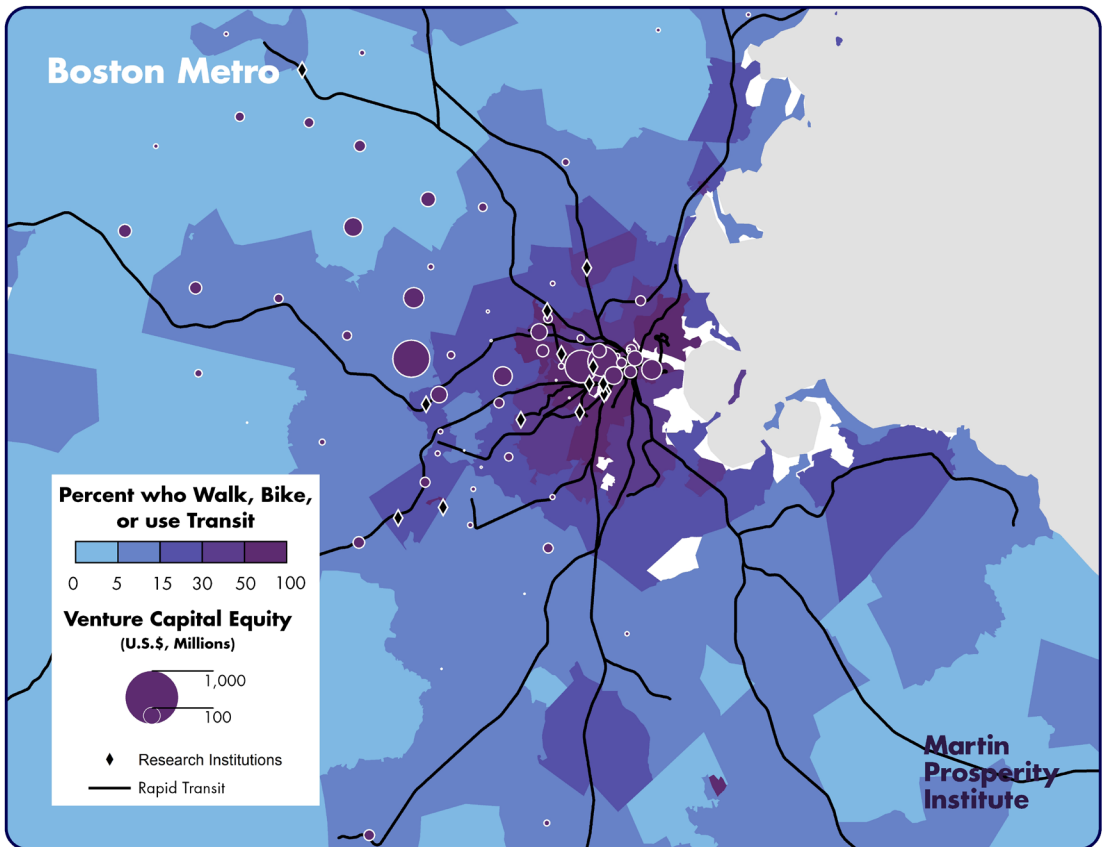


Exhibit 8: Greater Boston Venture Capital Investment by Percent Who Walk, Bike, or Use Transit to Get to Work

exceed 5,000 households per square mile. In six of the top 20 neighborhoods more than 60 percent of residents walk, or bike, or use transit to get to work.

While suburban “nerdistans” still play a role in venture capital backed startups in Greater Boston, there is clear evidence of an urban shift

here too. More than half of all venture capital goes to relatively dense urban neighborhoods, and 40 percent of it flows to neighborhoods where more than half of workers walk, bike, or use transit to get to work.

Rank	Zip Code	Neighborhood	Venture Capital Investment*	Urban vs. Suburban	Density**	Walk, Bike or Use Transit
1	02451	Waltham	\$484	Suburban	1,359	11.1%
2	02139	Cambridge/MIT	\$377	Urban	9,331	64.3%
3	02142	MIT	\$320	Urban	5,300	65.0%
4	02421	Lexington	\$149	Suburban	657	9.1%
5	02210	Seaport District	\$143	Urban	1,231	51.8%
6	02472	Watertown	\$126	Urban	3,658	19.7%
7	01730	Bedford	\$125	Suburban	375	3.6%
8	02116	Back Bay	\$108	Urban	17,502	61.6%
9	02140	North Cambridge	\$95	Urban	7,139	47.3%
10	02453	Brandeis/Waltham	\$94	Urban	3,251	16.3%
11	02110	Waterfront	\$83	Urban	5,665	72.0%
12	01803	Burlington	\$77	Suburban	792	5.0%
13	02141	Cambridge	\$68	Urban	9,270	60.4%
14	01460	Littleton	\$62	Suburban	200	4.2%
15	02111	Chinatown	\$56	Urban	12,745	70.4%
16	01720	Acton	\$56	Suburban	404	6.9%
17	02138	Harvard	\$50	Urban	5,095	54.9%
18	01821	Billerica	\$48	Suburban	653	4.0%
19	01760	Natick	\$48	Suburban	900	10.8%
20	02038	Franklin	\$40	Suburban	413	11.3%

\*In millions of U.S. dollars

\*\*Households per Square Mile

**Exhibit 9: Top 20 Boston-Cambridge Venture Capital Investment Neighborhoods by Urbanity and Percent Who Walk, Bike, or Use Transit to Get to Work**

# Greater New York

The Greater New York metro is the nation's third leading center of venture capital investment, attracting \$3.2 billion in venture capital investment, roughly 10 percent of the total.

*Exhibit 10* maps venture capital investment by urban versus suburban neighborhood for the New York City metro, while *Exhibit 11* shows the pattern for the city itself. Note the heavy

concentration of large dots, indicating significant amounts of venture capital investment, in the dark purple areas of Lower Manhattan.

Overall, more than 80 percent of venture capital investment — 83 percent of investment dollars and 84.4 percent of startup companies — in Greater New York are located in urban areas.

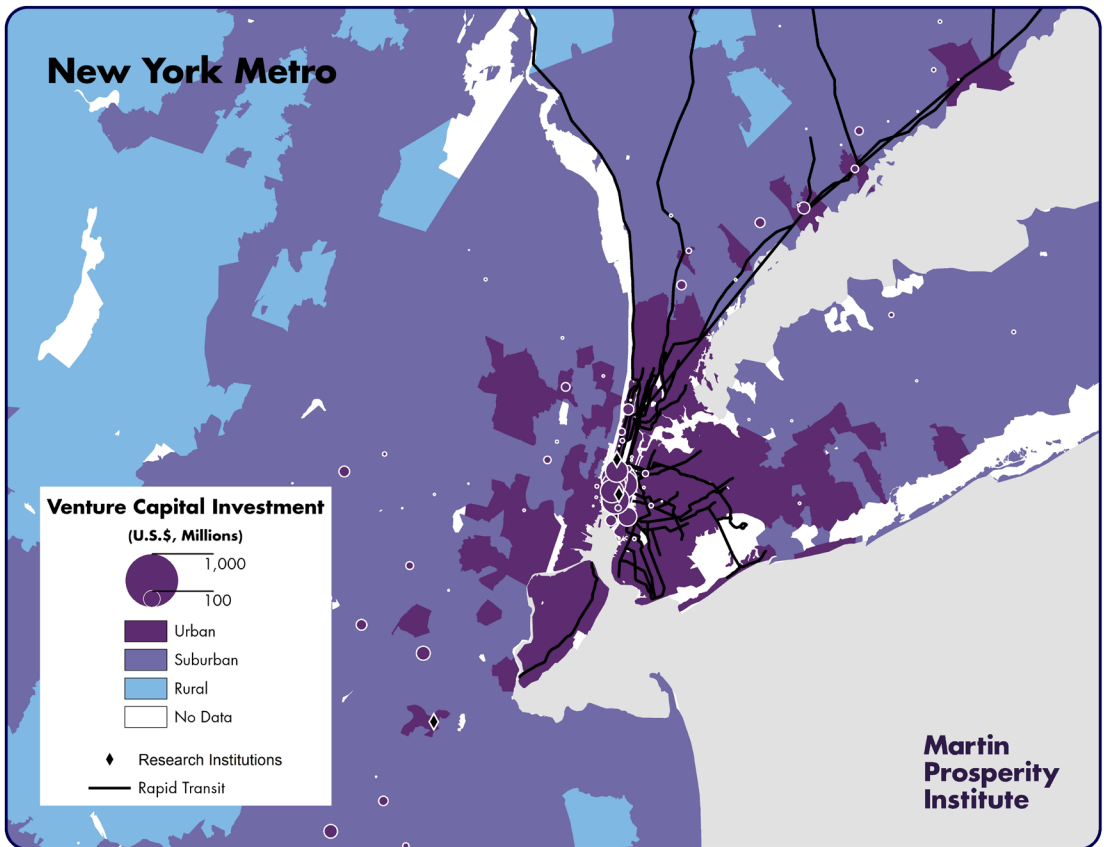


Exhibit 10: Urban versus Suburban Venture Capital Investment in the New York Metro

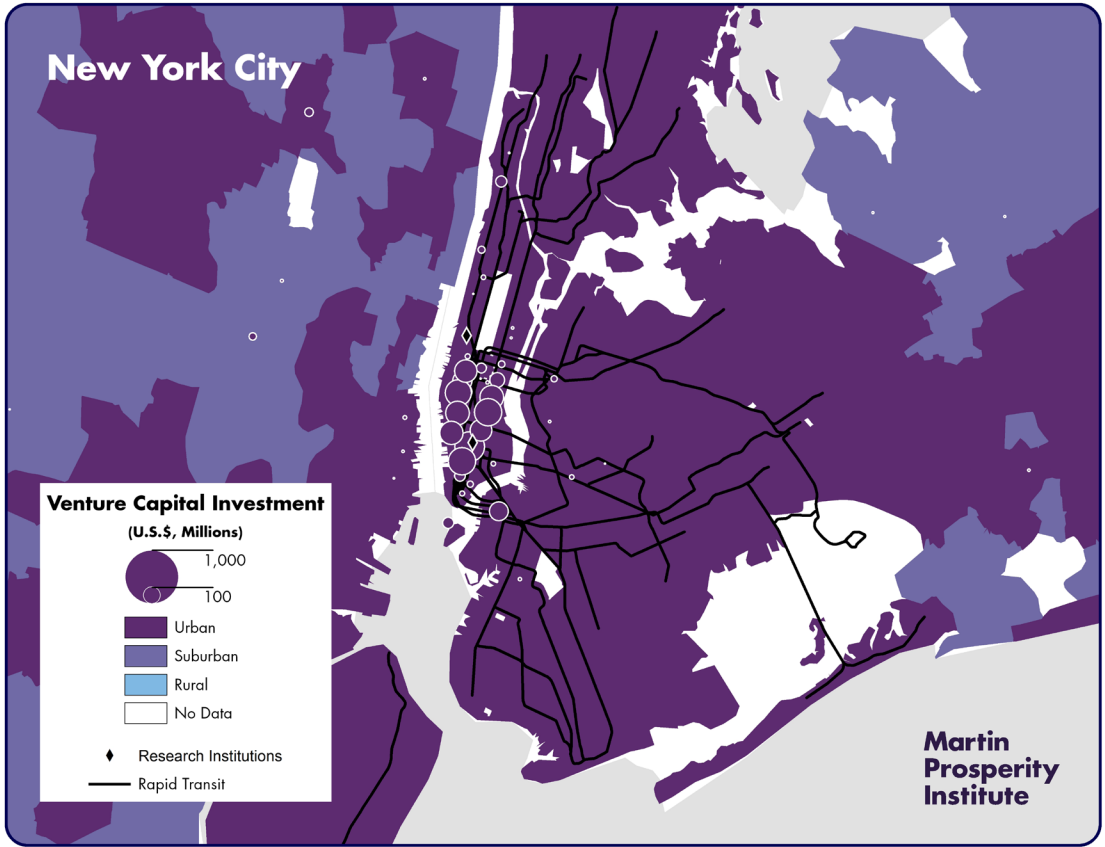


Exhibit 11: Urban versus Suburban Venture Capital Investment in New York City

Exhibit 12 shows the share of workers who walk, bike, or use transit compared to those who drive to work across the entire New York metro area, while Exhibit 13 focuses on the city itself. Note the large concentration of venture investment in walkable and transit-served areas of Manhattan and also out along the transit and rail lines that serve the broader metro region such as South Plainfield, New Jersey (\$71 million), Bedminster Township (\$67 million), Morris Plains (\$40 million), and Scarsdale, New York (\$33 million) which are all reasonably accessible by rail transit, even if some have relatively low shares of rail commuters.

More than half (56.9 percent) of workers in neighborhoods that receive venture capital investment walk, bike, or use transit to get to work compared to 36.7 percent of workers in the New York metro and just 8.4 percent across the nation.<sup>9</sup> More than 80 percent of all venture capital investment in Greater New York — 81.5 percent or \$2.6 billion dollars — is located in neighborhoods where more than half of workers walk, bike, or use transit to get to work.

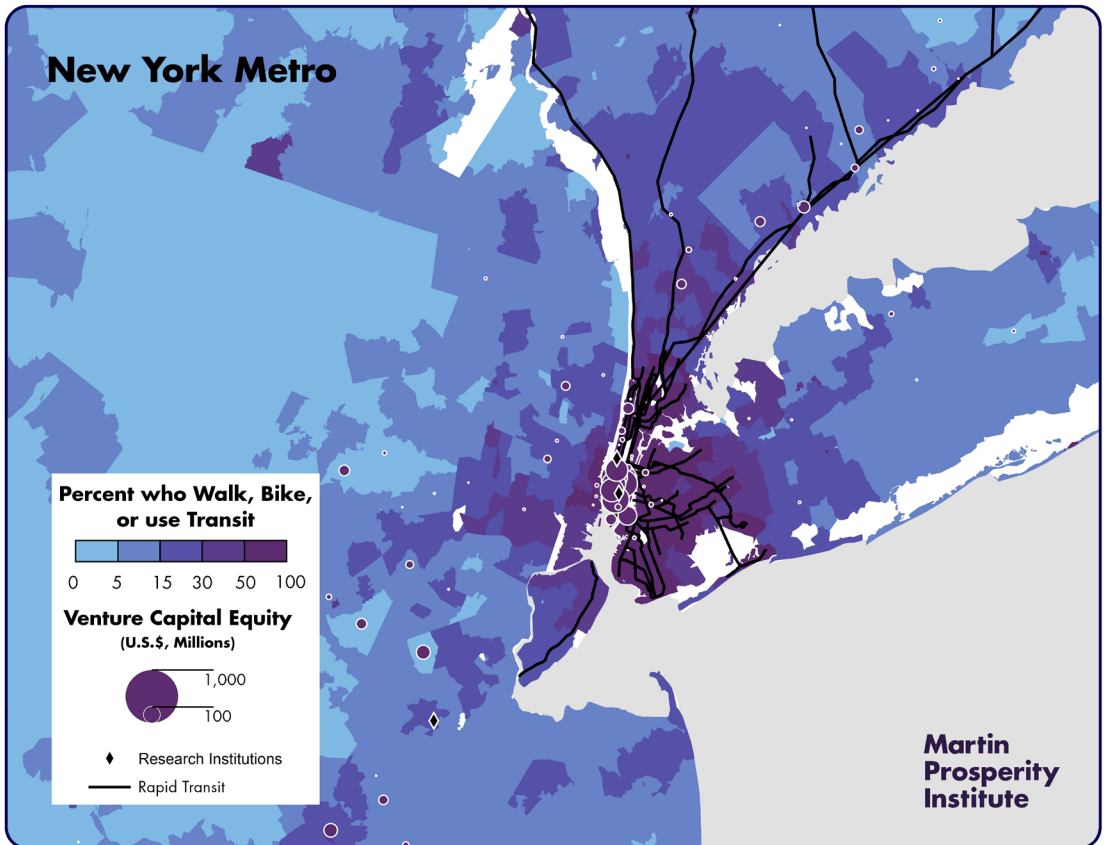
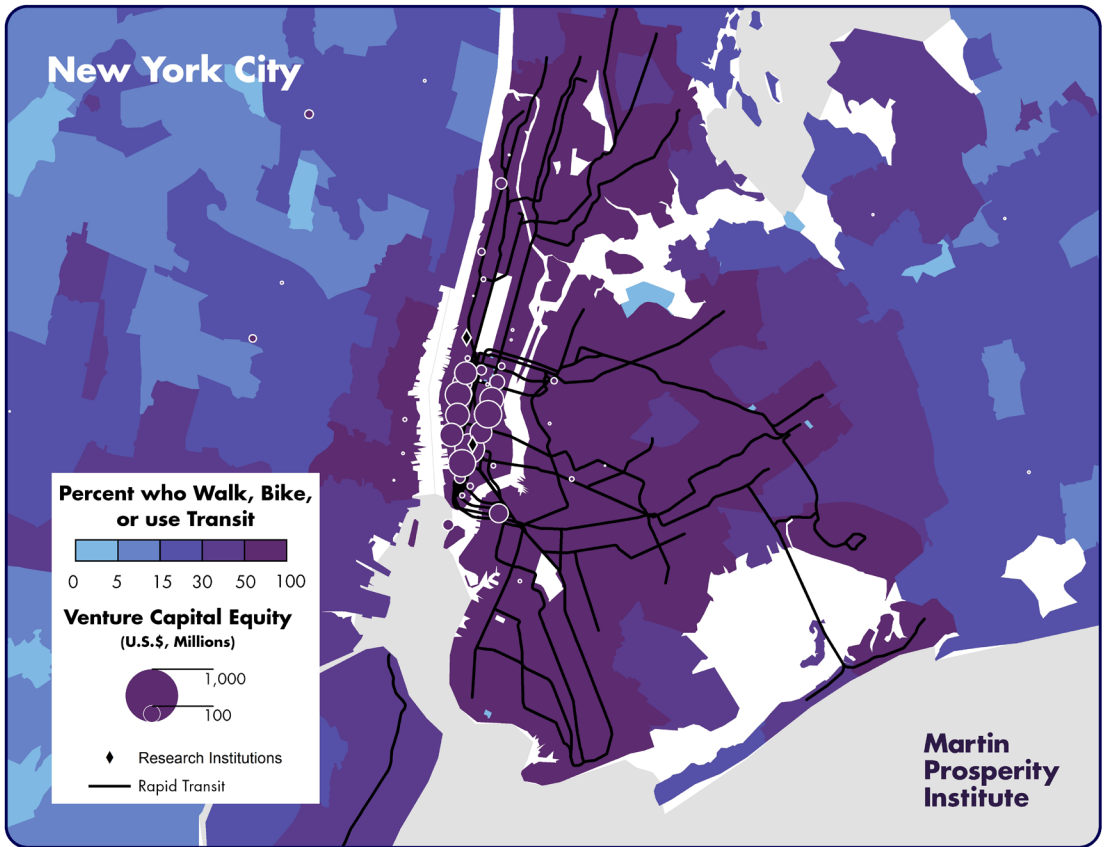


Exhibit 12: New York Metro Venture Capital Investment by Percent Who Walk, Bike, or Use Transit to Get to Work



**Exhibit 13: New York City Venture Capital Investment by Percent Who Walk, Bike, or Use Transit to Get to Work**

*Exhibit 14* shows how the top 20 neighborhoods for venture capital investment in Greater New York stack up on both measures: the degree to which they are urban or suburban and the share of workers who walk, bike, or use transit to get to work as well as their population density.

Three-quarters of the top 20 New York neighborhoods that received venture capital are classified as urban. Furthermore, the entire top 10 is located in Lower Manhattan — one of

the densest areas in the metro and the United States as a whole. Approximately 82 percent or so of workers in this area of the city of the city walk, bike, or use transit to get to work, compared to 37 percent for the metro as a whole and just 8.4 percent for the nation. Furthermore, 13 of the top 20 neighborhoods for venture capital investment have densities of greater than 10,000 households per square mile and nine of them have densities greater than 30,000 households per square mile.



Rank	Zip Code	Neighborhood	Venture Capital Investment*	Urban vs. Suburban	Density**	Walk, Bike or Use Transit
1	10012	SOHO / NYU	\$310	Urban	41,294	83.8%
2	10013	Tribeca / Hudson Square	\$267	Urban	21,913	80.5%
3	10010	Gramercy Park	\$261	Urban	42,343	79.3%
4	10001	Chelsea (North)	\$244	Urban	17,763	81.0%
5	10011	Chelsea (South)	\$198	Urban	46,040	82.1%
6	10016	Kips Bay / Murray Hill	\$197	Urban	60,476	84.5%
7	10014	West Village	\$194	Urban	34,780	79.6%
8	10036	Hell's Kitchen / Theatre District	\$178	Urban	34,273	83.4%
9	10003	Gramercy Park / East Village	\$167	Urban	49,582	82.3%
10	10018	Garment District	\$133	Urban	9,519	86.2%
11	11201	Brooklyn Heights	\$125	Urban	16,415	80.8%
12	10017	Midtown East	\$78	Urban	33,634	85.8%
13	07080	South Plainfield	\$71	Suburban	949	4.8%
14	07921	Bedminster Township	\$67	Suburban	206	5.1%
15	10119	Madison Square Garden	\$61	n/a	n/a	n/a
16	10032	Washington Heights	\$46	Urban	30,788	78.5%
17	10004	Southern Tip	\$45	Urban	3,021	83.4%
18	10007	Tribeca / Civic Center	\$42	Urban	17,423	76.4%
19	07059	Warren	\$42	Suburban	259	4.1%
20	07950	Morris Plains	\$40	Suburban	810	3.8%

\*In millions of U.S. dollars

\*\*Households per Square Mile

**Exhibit 14: Top 20 New York Venture Capital Investment Neighborhoods by Urbanity and Percent Who Walk, Bike, or Use Transit to Get to Work**

# Conclusion

This research has examined venture capital investment in the United States at the zip code level. Using new and more detailed data than previously available, it finds a considerable shift in venture capital investment and startup activity toward urban areas.

Across the nation, more than half of venture capital investment is located in urban zip codes. In New York, more than 80 percent of venture investment goes to urban zip codes; in the San Francisco Bay Area, roughly 60 percent does; and in the Boston-Cambridge more than half does.

Across all neighborhoods receiving venture capital investment, nearly twice as large a share of workers walk, bike, or use transit to get to work compared to national average — 16.6 percent in versus 8.4 percent.

Furthermore, more than a quarter of venture capital investment is concentrated in neighborhoods where more than half of all workers walk, bike, or use transit. Nearly 40 percent of all venture capital investment in the Bay Area, Greater New York, and the Boston-Cambridge metros is located in neighborhoods where more than 50 percent of workers do the same. There are two neighborhoods in the United States that receive more than a billion dollars each in venture capital. In these neighborhoods — both located in downtown San Francisco — roughly 60 percent of workers walk, bike, or use transit to get to work.

Across the Bay Area as a whole, 20 percent of workers in neighborhoods that receive venture capital investment walk, bike, or use transit to get to work, and 37 percent of it goes to neighborhoods where more than 30 percent of workers walk, bike, or use transit.

In the Boston-Cambridge metro, nearly a quarter (23 percent) of workers in neighborhoods that receive venture capital investment walk, bike, or use transit to get to work and over 40 percent of all venture investment goes to neighborhoods where more than half of workers walk, bike, or use transit to get to work. In two leading venture capital and startup neighborhoods around MIT, more than 60 percent of workers walk, bike, or use transit for their commute.

In New York, more than 80 percent all venture capital investment flows to neighborhoods where more than half of all workers walk, bike, or use transit to get to work.

Overall, our findings confirm that more venture capital investment is now located in urban areas as opposed to the suburban nerrdistans of the past.

# Appendix: Variables, Data and Methodology

This report is based on detailed data on venture capital from [Thomson Reuters](#) from 2013.<sup>10</sup> It provides granular data on venture capital investments, including the name of the recipient company, the total dollar value of the investment, the number of deals completed, the industry sector for the investment, and geographic location information including city and zip code.

We downloaded the data by address and location including identifiers for metropolitan area and zip code. We identified venture capital investments in 1,339 zip codes. This zip code data was assigned to Zip Code Tabulation Areas (ZCTAs), the representation of zip codes used by the U.S. Census. In aggregating zip code data, we used Census conversions to convert the point-based data set of addresses into a polygon data set for ZCTAs, using the Missouri Census Data Center's Zip Code to ZCTA crosswalk for 2010.<sup>11</sup> After this conversion, 1,339 zip codes became 1,299 ZCTAs receiving venture capital investment. Ultimately, we identified venture capital investments in roughly four percent (3.9 percent) of all 33,144 ZCTAs across the United States. We note that totals by different geographies may vary as the Thomson Reuters data is subject to frequent updates.

We identify urban versus suburban zip codes based on a methodology originally devised by [Jed Kolko](#) which classifies the based on density.<sup>12</sup> The cut-off for urban areas is 2,213.2 households per square mile, while suburban areas have between 101.6 and 2,213.2 households per square mile, and rural areas have less than 101.6 households per square mile. Across

the nation, 63.3 percent of ZCTAs (18,572 of the 29,330) are rural, 28.7 percent (8,406) are suburban, and 8 percent (2,352) are urban. In addition, 2.4 percent or 31 ZCTAs are non-residential zip codes than are not designated urban, suburban or rural.

We further identify zip codes or ZCTAs based on the way people commute to work, distinguishing between neighborhoods by the share of commuters who walk, bike or use transit to get to work versus those who drive their own cars. The data are from the [American Community Survey](#)'s 2013 five-year estimate. The Census identifies the means of transportation to work for people 16 years and over.<sup>13</sup>

We look more closely at venture capital investment for in the three city-regions or metro areas that receive the largest amounts of venture capital, the San Francisco Bay Area, Greater New York, and the Boston-Cambridge metro, which together attract roughly \$20 billion in venture capital investment, 60 percent of all venture capital invested across the United States. Our maps of venture capital investment in these three city-regions also identify major research universities and transit lines.

We mapped subway and commuter lines for each metro. These files were attained for each metros transit authority. We also mapped major research universities. We used the Carnegie Corporation list of 115 R1 (indicating research 1 or first-tier research) universities to decide what to map.<sup>14</sup> We also added in any important regional universities missing from the list to add additional context.

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