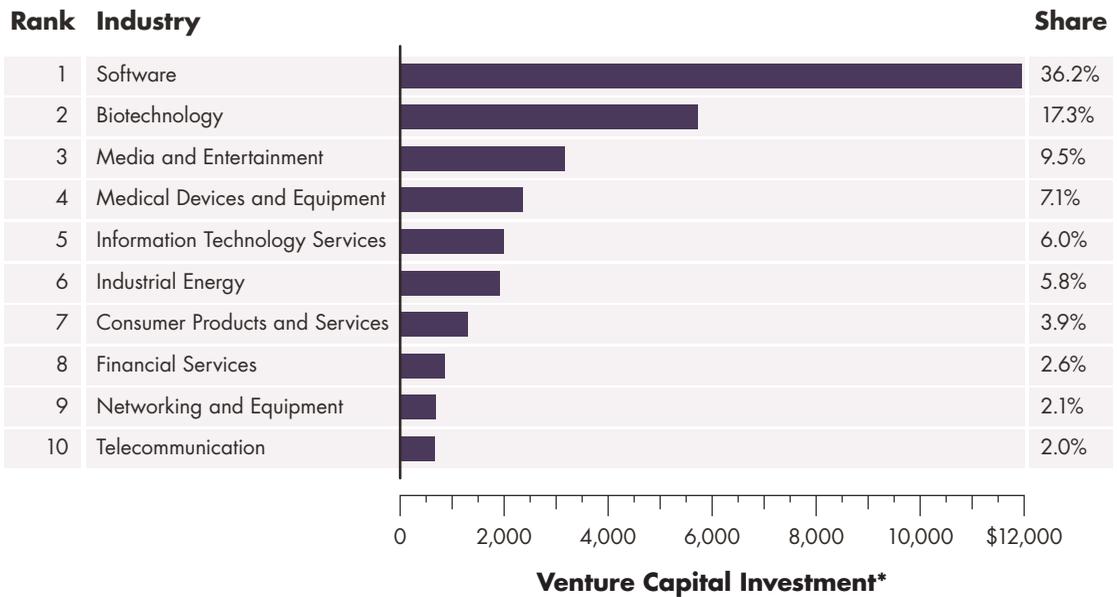


## **Venture Capital's Leading Industrial Clusters: The Geography of Venture Capital Investment by Industry**

Venture capital financing fuels innovation and entrepreneurial startup companies, giving rise to the great gales of creative destruction that create new industries and redefine existing ones. Yet, across the top industries in the United States, venture capital investment is highly concentrated — the top five industries alone receive \$25 billion, more than three-quarters of total venture investment. It is also concentrated in a relatively small number of geographic clusters.

These are some of the key findings of *Venture Capital's Leading Industrial Clusters*, a new Martin Prosperity Institute study by Richard Florida and Karen M. King. The report uses detailed data from Thomson Reuters to identify the leading metros and neighborhoods or zip codes where venture capital investment and startup activity is clustered across five leading industries.



\*In millions of U.S. dollars

#### Top 10 Industry Sectors for Venture Capital Investment (2013)

Software is the leading industry, attracting nearly \$12 billion, over a third of all venture investment. Biotechnology is second with \$5.7 billion, 17.3 percent of total investment. Media and entertainment is third with \$3.2 billion (9.5 percent), medical devices and equipment is fourth with \$2.3 billion (7.1 percent), and information technology services is fifth with \$2 billion (6.0 percent).

#### Venture capital investment by industry

San Francisco tops the list in four out of five sectors — software, biotechnology, media and entertainment, and information technology services — while placing second in medical devices and equipment.

San Jose ranks in the top three in four industries: software, media and entertainment, medical devices and equipment, and information technology services.

New York makes the top three in software, media and entertainment, and information technology services.

Boston is first in medical devices and equipment and second overall in biotechnology.

This [interactive map](#) further illustrates venture capital's geographic patterns by industry.

Venture capital investments is concentrated and clustered at the neighbourhood level with several zip codes placing highly across industries. These leading neighborhoods are mainly clustered in and around downtown San Francisco and include Rincon Hill (94105), Potrero Hill/Dogpatch/South Beach (94107), South of Market/Mission District (94103), and the Financial District (94104). Other leading zip codes include Redwood City (94063) and Palo Alto (94301) in the Bay Area and the Sorrento Valley (92121) near the University of California, San Diego with a large concentration of investments in both biotechnology and medical devices.

Venture capital investment by industry is spiky, concentrated in a relatively small number of metros and zip codes mainly in the Bay Area and the Boston-New York-Washington, D.C. Corridor.