

## **Venture Capital Goes Urban**

Venture capital has long powered new and innovative startup companies. For most of its history, venture capital investment has flowed to startups in suburban office parks. However, our research finds that venture capital investment and startup activity is experiencing a considerable reorientation toward urban areas.

This is just one of the key findings of *Venture Capital Goes Urban*, a new [Martin Prosperity Institute](#) study by Richard Florida and Karen M. King. The report uses detailed data from [Thomson Reuters](#) to identify which venture capital investments flow to urban and suburban neighborhoods. 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 compared to those who drive their own cars to work.

The report looks at venture capital investment across the entire United States and in the three metro areas that receive the greatest amounts of venture capital: The San Francisco Bay Area, New York, and Boston-Cambridge. Together, these three regions account for nearly \$20 billion in venture capital investment, 60 percent of all venture investment in the United States.

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%
2139	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

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

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

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). 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, and 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. In the two neighborhoods in the United States that receive more than a billion dollars each in venture capital—both in downtown San Francisco—roughly 60 percent of 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.