

TECH CITIES 1

The 12 cities at the forefront of global tech

The growth of new technology, its disruptive influence on industry and the rise of creative, entrepreneurial 'start ups' are well-documented and much-commentated phenomena.

Even real estate professionals have started to register differences in accommodation requirements and pricing points in this sector – but most seem to be thinking mainly in terms of building types and the design of offices for big 'supra-national' tech companies.

What we are interested in is the role of the city itself as a commercial entity. In an industry where human interaction, chance meetings, serendipitous collaborations and the free exchange of ideas can add so much value, it is notable that people are moving away from the single-use environment of purpose-built out-of-town business parks and toward high-quality urban environments. It is the city that has become the attractor, not the corporate entity. This is especially true in the self-employed world of small start-ups and scale-ups that are such an important component of this industry.

The migration of talent from suburban locations to urban ones represents an important flow of human capital, on which the industry depends. If this capital is flocking to cities and away from isolated business parks, employers need to understand what makes these urban centres successful and which ones to pick next.

All the old location drivers, such as proximity to raw materials and proximity to market, are of no importance in a world where the internet is everywhere and anyone with a laptop has the capability to create businesses worth multi-millions. Start-ups, scale-ups and established corporations in the tech space are competing fiercely for talent, not buildings. In a labour marketplace where millennials matter and access to the coding creative classes is essential, your



Above: Access to human capital is a key driver of tech business location.

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city matters much more than your office space.

Even access to financial capital is of less importance than access to this human capital. Finding the place where the cool kids hang out – and want to continue hanging – is the driver of tech business location.

The Savills Tech Cities research programme aims to understand the many, diverse drivers that make good cities for this sector so that we can

advise tech and tech-associated companies not just on which office to rent but which city that office needs to be in.

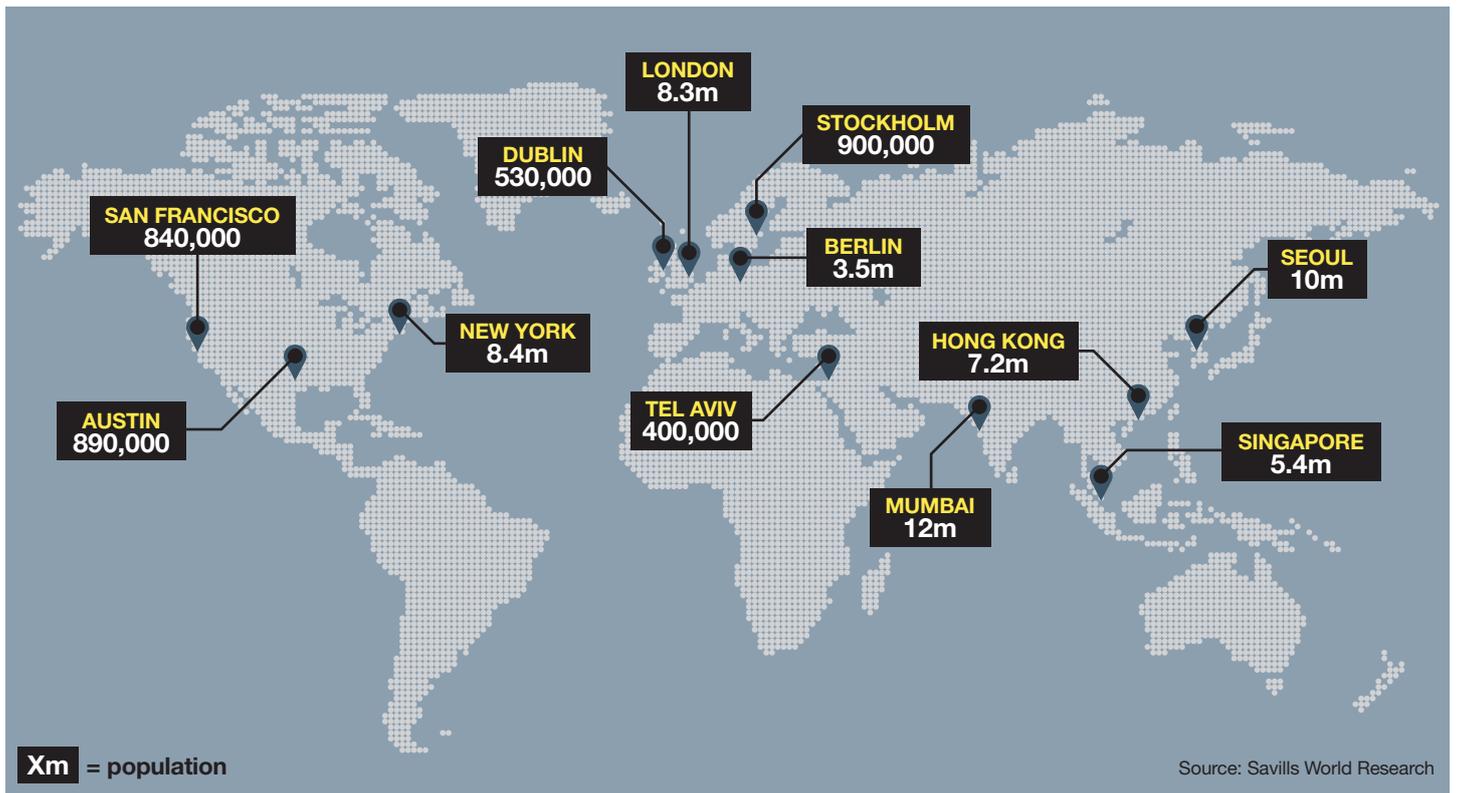
In this global search for the home of the hipster, some cities stand out. We have identified a few of them in this research and launched a year-long programme to understand what makes them tick, how they might fare in the future and which cities may usurp them going forwards. ♦

“In an industry where chance meetings and serendipitous collaborations add so much value, it is the city that has become the attractor”



“Our 12 cities all have large and growing tech sectors and are at the top of global shopping lists for tech companies looking for space in which to locate”

FIG. 1: The 12 cities at the forefront of global tech vary from small cities to megalopolises

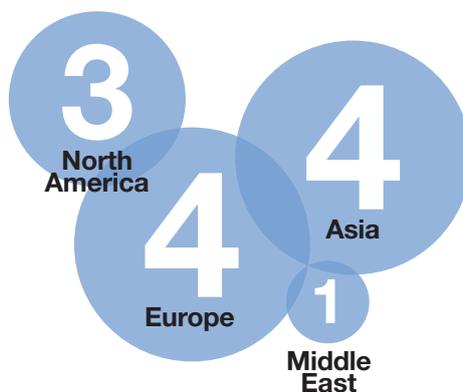


Our tech cities have been selected on the basis that they consistently appear at the top of global shopping lists for tech companies looking for space in which to locate. Each is notable in having start-up and incubator communities in the creative tech sector, as well as a very broad range of other attractions to both large and small companies.

The cities that are attracting tech industry are not necessarily the largest. Some, like New York, London, Singapore and Hong Kong, are global giants with pre-eminent cultural, arts and financial offerings that act as powerful magnets to many creative industries – including tech. Others are minnows by comparison, like Austin, Stockholm and even San Francisco, with particular lifestyle attractions for skilled workforces (see fig. 1). It is interesting to note that, with the exception of Seoul, English is the pre-eminent or widely spoken second language in each of these cities; all have a distinct character and are well known; and they all have an active arts culture and attract young, creative people.

Four are in Asia, one in the Middle East, four in Europe and three in North America (see fig. 2). There are many other cities around the world

FIG. 2: The global spread of our 12 tech cities



which seek to attract tech companies (a search of place names with ‘silicon’ in them reveals c.100 worldwide). Some may have been successful in establishing tech hubs and communities but not so many can claim that their city itself has become a major factor in the choice of location – not just by employing companies but by individuals and entrepreneurs actively seeking a certain type of city lifestyle – and work style. What we are exploring in this research

programme are the location choices of the young tech urbanites and, most importantly, why they make them.

Our selection and measurement of these particular cities where a significant tech economy has been identified, has been compared throughout the research programme with our ‘control’ cities, which are large, global cities with prominent and powerful economies, but where we have not identified the same levels of ‘creative tech’ activity, start-ups and activity to date. The ‘control cities’ (Paris, Moscow and Sydney) score consistently lower on our tech metric scales. While they are perfectly capable of attracting tech, and do so at a certain level, they do not seem to be displaying the same magnetism in their global region for this industry that our other tech cities do. ♦

