TECH CITIES 2

Understanding what makes a tech city tick

Cities are complex and multi-layered in a way that single-use purpose-built out-of-town business parks are not.

Understanding what makes the tech cities tick, therefore, involves a very wide range of hard and soft factors, ranging from the physical infrastructure of cities to the personal qualities and technical skills of the population.

We have looked at five strands of tech city factors which help to explain their success, ranging from business conditions and the physical infrastructure of the city to the type of people living there and the cost of their accommodation (*see fig. 1*).

Each of the tech city metrics tells a story about why these cities have been good at attracting tech businesses. Some of these factors are more important than others in determining just how tech friendly a given city is. Some cities are stronger in certain areas than others and the combination of these various strengths are what distinguishes one tech city from another and gives each its special characteristic.

All of the metrics identified have been rated and weighted for each of the 12 cities to give our overall tech city ranking (*see fig. 2*). ◆

100Mbps

Singapore has the fastest broadband among these cities

Above: Vibrant urban environments in cities such as New York are important in attracting talent.

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FIG. 1: The five components of our tech city metrics

Business environment	Tech environment	Quality of life	Talent pool	Real estate costs
Investment environment	Tech infrastructure	Cost of living	Tech education	Office costs
Business costs & regulations	Broadband network	Quality of living	Attracting talent	Residential costs
Start-up culture	Consumer engagement	'City buzz'	City youthfulness	
R&D & innovation				
Linkages with other cities				

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The overall best tech city in our survey is Austin in Texas, USA. A small city, it punches well above its weight in all sorts of respects, including recent levels of population growth, house price growth, GDP growth and forecast economic growth. This is a case where a small place is rivalling big world cities in the attraction of tech capital and talent, resulting in stand-out economic growth. It scores top on both its quality of life and the quality of its talent pool – although its real estate costs are rising and its physical, business and financial infrastructure is less well-developed than in the large, world city tech hubs.

Close behind is a much better-known US city which, although small in terms of the city area population, has the status of a global giant in terms of fame and prominence. San Francisco has been a huge magnet for the talent of Silicon Valley to the south, pulling some of its biggest talents and best companies northward towards its urban heart. It is the prototype case which shows how urbanism is working for some tech businesses in a way that out-of-town single-use premises aren't.

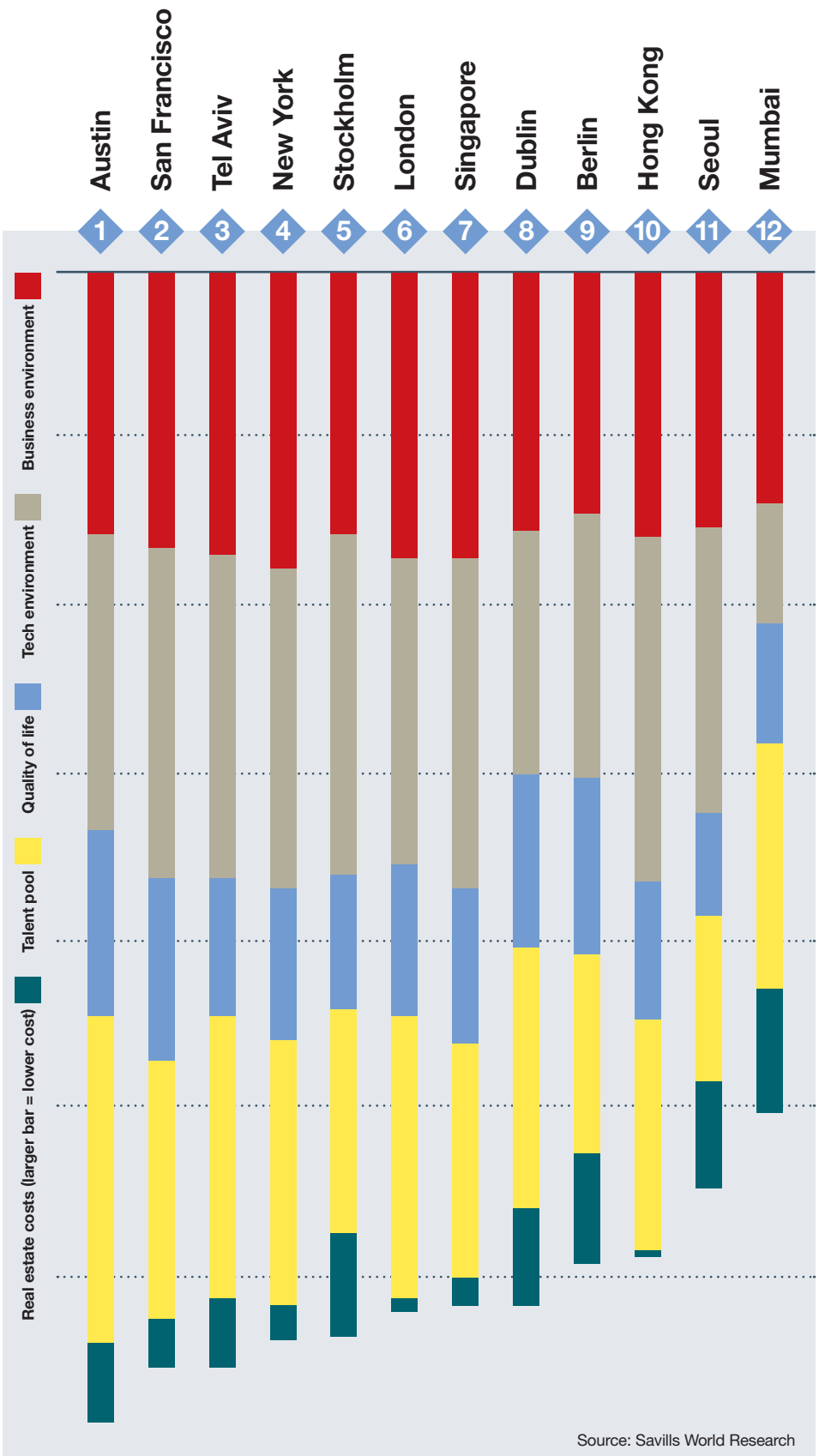
San Francisco is interesting in as much as it is not top of the leaderboard on any single feature, yet scores consistently high enough in all of them to earn second place in a panoply of stars. Proximity to venture capitalists of Menlo Park has made San Francisco and its environs the place to be to fund a fledgling tech firm.

Tel Aviv is perhaps the surprise result at number three, with a significant talent pool supported by quality tech universities, a vibrant start-up culture and strong relationships with the US and its funding networks.

It is notable that all three US tech cities are in the top four of our overall ranking, with New York coming in at number four. The importance of computing and new technology at the scale of the national economy, clearly reflects on these cities – but it also shows how these urban areas, of varying sizes and each with very different character, can out-compete other US cities in this environment. Their urban 'je ne sais quoi' counts for something more than alternative business locations.

Seoul and Mumbai, at the other end of the scale, serve to show that not all tech cities owe their success to the quality of their baristas and popularity with hipsters. In Seoul and Mumbai, the tech industry is more about cheap space and available workforce although, even in these cities, the strong cultural offering has an impact on how they attract, talent, capital and tech business. ◆

FIG. 2: Tech cities: Overall rankings



Source: Savills World Research

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The median age in Austin, the most youthful of our cities

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