

Better Cities For Startups Than Silicon Valley



By Franklin Schneider | Wealth of Geeks undefined

Startups face difficult odds. About one-fifth of them fail in the first year, and nearly half don't last five years.

Founders who start their business in a city with sky-high costs and limited access to talent may see their entrepreneurial dreams go under long before discovering if their business idea is even viable.

Historically, the West Coast has been a hub for startups and emerging tech companies, but as costs skyrocket, many young business owners moved across the country to more affordable cities on the East Coast, according to a new study from Clever Real Estate.

The top 10 startup cities in 2024 are:

- Atlanta, Georgia
- Miami, Florida
- Orlando, Florida
- Tampa, Florida
- Austin, Texas
- San Francisco, California
- Washington, D.C.
- Jacksonville, Florida
- Charlotte, North Carolina
- Dallas, Texas

Georgia's Own Silicon Valley

Atlanta is home to mature corporations like Coca-Cola, Delta Air Lines, and Chick-fil-A, but the city is also conducive to fledgling businesses' success. Over the past five years, Atlanta residents filed 28.5 new business applications per 1,000 people, nearly double the United States average of 4.5.

The city offers many networking opportunities, with 118 CEOs per 100,000 residents; twice the national average.

The local business community isn't surprised by Atlanta's ranking. Jon Birdsong, a venture partner with Atlanta Ventures, says the city offers top-tier talent, affordability, and geographic centrality. Atlanta is "a 25-minute train ride to an airport that will take you to any customer, anywhere in the world," Birdsong shares.

None of this is by accident. Atlanta actively cultivates its local startup scene. There are more than 25 incubators and accelerators where small-business founders learn to scale.

The city has a curious, business-centric culture. According to Google Trends data, Atlanta residents search online for business-related keywords 25% more often than those in other cities. Atlanta ranks first and second in search volume for “business financing” and “business loans,” respectively.

Sunshine Startups

Florida corners the market on the next generation of unicorns. The state has four cities in the top 10 — Miami at number 2, Orlando ranks number 3, Tampa rises to number 4, and one of the largest cities, land-wise, Jacksonville sits at number 8.

Florida is a business-friendly state with one of the lowest corporate tax rates in the U.S., at just 5.5%. It also attracts entrepreneurs with a large pool of venture capital funding. In 2023, Florida startups received almost \$3 billion in venture capital.

Miami received \$1.9 billion, while the average city got \$475 million. With so much funding available, many future founders are moving to Miami.

Last year, Miami led the U.S. in business applications filed, with 40.9 per 1,000 residents. That's more than twice the U.S. average of 14.5. As a result, jobs grew 3%, nearly double the national rate of 1.7%.

Orlando and Tampa follow, ranking third and fourth in business applications filed in the past year, respectively.

Labor costs are also low in Orlando. The average Orlando employee earns an annual income of about \$54,000, 23% less than the studied city average. Like Orlando, Tampa provides startups with an affordable workforce. The average Tampa employee earns \$60,091 annually, 15% less than the average U.S. income.

Business founders and workers migrate to these Florida cities for business incentives and peripheral benefits. With year-round warm weather and a booming tourism industry, U.S. News & World Report ranks Orlando as the 11th best place to live for a high quality of life. Meanwhile, the publication lists Tampa the fifth best place to live in the U.S.

What Happened to Silicon Valley?

San Francisco notches a respectable sixth-place finish in Clever's ranking, but many metrics suggest the city might be past its prime as an incubator for startups. That would be a major shift for a city synonymous with Big Tech since the 1980s.

San Francisco residents filed only 11.8 business applications per 1,000 residents, 19% below the average.

The sky-high cost of living and doing business in San Francisco is a likely cause of the exodus. Many startups seek affordability elsewhere. It's no coincidence the five cities ahead of San Francisco cost both residents and businesses less.

However, there are still advantages to starting a business in the Bay Area. San Francisco captured \$30.9 billion in venture capital funding last year, nearly 65 times more than the average city receives.

The metro area also boasts 137.3 CEOs per 100,000 residents, the second most per capita among all cities studied.

The costs might be high, but the funding and networking opportunities in San Francisco are still world-class.

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