Sidewalk Labs could make Toronto a world leader in urban tech

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Sidewalk Labs released its long-awaited plan on Monday, providing a detailed look at what it has in store for the city’s waterfront. To date, the controversy over the project has revolved around critical issues of privacy and the nature of its waterfront development. But there is another dimension to the initiative, one that has been largely missing from the conversation: the role of Sidewalk Labs’ project in Toronto and Canada’s future high-tech development.

This is the real value that Sidewalk Labs brings to the table. It can be the catalytic anchor company that can propel Toronto to the top of the heap in what is arguably the biggest new high-tech sector to emerge in decades – the rise of what I call “urban tech.” This new sector involves the fusing of technology and urban living and spans a plethora of emerging industries such as ride-hailing, co-living, co-working, mobility, food delivery, real estate or property tech and construction tech.

Combined with our city’s already-established capabilities in real estate development and artificial intelligence, Sidewalk Labs can be the propellant Toronto needs to become a world leader, if not the world leader, in this critical field, forming the development test bed where new technologies can be integrated and tested, and fuelling the most powerful cluster of urban-tech firms and startups on the planet.
This is why I have supported Sidewalk Labs from the get-go. I have known and respected the company’s chief executive officer Dan Doctoroff and key members of his team for more than a decade, since they were part of mayor Michael Bloomberg’s administration in New York. Early on, I urged them to consider Toronto as a location for this transformative project. (I have not worked for Sidewalk Labs directly, although I contributed research and data on Toronto’s urban-tech scene for a leading economic consulting firm which did work for Sidewalk Labs.)

Urban-tech investment totalled more than US$75 billion worldwide over the three-year period 2016-18, according to data compiled by Patrick Adler, my colleague at the University of Toronto’s School of Cities. This amounts to nearly a fifth of all global venture-capital investment. Toronto ranks among the world’s top 20 cities for urban-tech investment, behind global leaders such as San Francisco, New York, Beijing, Bengaluru, Los Angeles and London. However, it ranks third globally in the real estate or “prop-tech” sector, trailing only San Francisco and New York.

Sidewalk Labs would dramatically boost Toronto’s capabilities in this rapidly growing new industry. The plan calls explicitly for the creation of a significant “urban innovation cluster” on Villiers Island. The cluster would be anchored by a new Canadian headquarters for Google, a new venture-investment fund and a new Urban Innovation Institute to fund cutting-edge research and amass the world’s best talent in Toronto. This would give Toronto a significant leg up on this urban-innovation sector, which the plan estimates to be worth more than US$2-trillion in economic activity by 2025. All told, the plan projects the initiative will catalyze 93,000 jobs, $14-billion in annual economic output and more than $4-billion in annual tax revenue by 2040.

Toronto has many of the key assets needed to compete in this burgeoning field: leading-edge university research in computer science, artificial intelligence and urban innovation; openness to top talent from across the world; and a world-class set of related industries, especially in real estate development. All that is missing is a leading-edge anchor company that can serve as the hub for the broader cluster of talent, other startups and leading companies.

Sidewalk Labs can be that company. It amounts to a once-in-a-lifetime opportunity to catalyze our leadership in this field. If Sidewalk Labs were to leave Toronto, what else here could replace it?

In urban development, as in life, nothing is ever truly assured. There are likely to be plenty of bumps along the way. Continuing concerns about privacy and the future and democratic governance of our waterfront are paramount and must be effectively addressed.

But that should not cloud the fact that Sidewalk Labs represents a key element in vaulting our city and the region to a position of world leadership in one of the 21st century’s most important high-tech industries.

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