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## As Creative Class Flocks to Cities, Corporations Follow



By Steve Rosenbush

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Cities are playing a greater role than expected in corporate innovation. Even as technology has enabled a more mobile workforce to find more bucolic settings, the workers most responsible for this kind of development are choosing to live and work in densely populated places such as New York and San Francisco.

“We should be at a lakefront with a laptop and a smartphone,” said urban expert Richard Florida, a professor at New York University and the University of Toronto.



Spencer Platt/Getty Images

“Why live in cities?” Mr. Florida asked Wednesday at NYU’s Stern School of Business, where he interviewed venture capitalist [Fred Wilson](#), managing partner of Union Square Ventures and Flatiron Partners. As an investor in firms such as Twitter Inc., MongoDB Inc., Tumblr, Foursquare, Kickstarter and [Zynga](#), Mr. Wilson has played a key role in the emergence of New York City as a tech hub, and also in San

Francisco’s rise as an alternative to the startup scene in neighboring Silicon Valley.

More and more big companies are following workers and startups into the city. Google Inc., of Mountain View, Calif., moved the headquarters of its Motorola Mobility unit from the suburbs of Chicago to the Merchandise Mart, a massive old building in downtown Chicago. Google also acquired a giant older building in Manhattan. [Sears Holdings](#)

Corp., based outside of Chicago, has opened an innovation center in the heart of San Francisco. Health care companies such as Bayer AG and Johnson & Johnson have established innovation centers near the University of California's campus in the Mission Bay section of San Francisco, a hub for biotech companies.

"Big message from convo with @FredWilson last nite: Talent location drives business location & formation. Quality of Place is key factor," Mr., Florida said in a tweet on Thursday morning.

One factor in the rise of the inner city as tech hub, Mr. Wilson said, is that software engineers are closer in temperament to artists and musicians than they are to computer chip engineers. He recalled an early meeting with Etsy Inc. co-founder Robert Kalin, at the Brooklyn headquarters of the crafts and vintage goods marketplace. Mr. Kalin had a guitar, and, to Mr. Wilson's surprise, offered to play a song. "He said, 'You know, I really am an artist. I grew up in this generation, and I make websites. If I had lived in the '60s, I would have been a folksinger, and if I had lived in the '20s, I would have been a painter,'" Mr. Wilson recalled.

An artistic bent only gets one so far, however. Mr. Kalin was ousted as CEO of Etsy in 2011, at the age of 30, and succeeded by CTO Chad Dickerson, a veteran of [Yahoo Inc.](#)

Nonetheless, "this is more art than science," Mr. Wilson said. And "artists, for the most part, congregate in cities. It is a social kind of thing that requires being able to hang out with people in coffee shops and bars. It is not this isolated scientist in a lab kind of thing."

Mr. Wilson said that several factors have drawn more entrepreneurs and software developers to New York, and to Brooklyn in particular. "Brooklyn will be fascinating to watch," he said, noting the transformation of one neighborhood after another into a center for tech workers and startups. That transformation was accelerated, he said, by the growth of the local economy, the dramatic reduction in crime, and the development of new forms of transportation, such as bicycle-sharing and water taxis. The local infrastructure still needs work, if the city is to keep attracting business, Mr. Wilson said. Transportation still needs improvement, and the schools are a big impediment to attracting workers, Mr. Wilson said.

The question now is whether any of the companies emerging from cities such as New York will match West Coast giants such as Google and Facebook Inc. in terms of influence and scope, not to mention market power. Mr. Wilson, considering his portfolio, said he is optimistic about the prospects for Etsy and database upstart MongoDB. On Thursday, the company said it raised \$150 million from Union Square and other investors.

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