

Startup Cities

The best new places to start a business in America.

photograph by DHANRAJ EMANUEL

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St. Louis, our No. 1 startup city, is alive with entrepreneurship. Betaversity, which makes these mobile makerspaces that can be set up anywhere, was cofounded by a student at Washington University.



1

ST. LOUIS

MISSOURI

Universities and nonprofits feed a fast-growing startup scene.

INTERSTATE 44 CUTS THROUGH DOWNTOWN ST. LOUIS, FOUR LANES OF ASPHALT,

the city center on one side, the Mississippi River on the other. On a sweltering weekend last July, construction crews shut down the highway where it dips 20 feet below ground level. A massive crane wheeled onto the roadbed. One by one, the crane swung 40 huge girders into place, 100-foot-long steel ribs spanning the highway like fingers reaching out from downtown to the water below. The girders form the foundation of what will be part of a resplendent park.

Cities do this—correct their mistakes. Boston (I-90) and Cincinnati (I-71) and Hartford, Connecticut (I-91), and now Seattle (the Alaskan Way Viaduct) have all decided in recent

years that a traffic-choked interstate slicing like a wound between the city center and the waterfront is not such a good idea after all. They are patching over roadways with parks and plazas that breathe the life of the river or harbor back into a city center. And the effort in St. Louis, which they call CityArchRiver 2015 and which will ultimately cost \$380 million, comes at an opportune time for the city.

St. Louis is a place where people come to make things—always has been. It was founded by enterprising fur traders and thrived on the wealth of railroad barons and beer moguls. Then manufacturing seized up, the recession hit, and Anheuser-freaking-Busch, a symbol of American economic might, sold out to the Belgian company InBev.

Dark times. Nobody moving in. Few people making anything.

But now this park—this bridge over the highway—is a symbol. A sign that construction of all kinds of things has returned, or is returning, or might return. An inspiration.

On a revitalized corner of Washington Avenue, lined with new trees and granite curbs, a shared work space and startup hub called T-Rex has almost finished renovating a landmark 1898 building. The city and its chamber of commerce are behind T-Rex, which now offers 80,000 square feet of office space for fledgling companies. Sample tenant: Betaversity, the brainchild of Washington University biology student Blake Marggraff, 22, and two of his associates. The company's main product is the BetaBox Mobile Prototyping Lab, a work space with 3D printers, laser cutters, CNC routers, and more—all cleverly wedged into a shipping container. "Our company has been around for about 11 months and served 22 clients, which is pretty crazy," says Marggraff. "We've been renting out BetaBoxes up and down the East Coast."

Before moving into T-Rex, Betaversity received \$50,000 from Arch Grants. Founded in 2011, the nonprofit has awarded \$3.1 million to 55 startups, according to executive director Ginger Imster. Arch Grants is one of 15 entities—including Washington University, St. Louis University, and the University of Missouri—St. Louis—that support local entrepreneurship.

It's not unusual today for a city to have a robust support system for startups. But the network in St. Louis came together like lightning. When Anheuser-Busch was sold in 2008, St. Louis's unemployment rate was about 6 percent and rising sharply. (It peaked 15 months later at 10 percent.) That's when a consortium of business leaders, the state economic development agency, the St. Louis chamber of commerce, and the universities devised a



Clockwise from above: Ginger Imster of Arch Grants; T-Rex coworking space; Elaia and Ollo, part of a thriving new restaurant scene.



How Did We Come Up With This List?

No disrespect to places like Brooklyn and San Francisco, the early adopters of the startup economy. But we wanted to identify the next wave, cities building an ecosystem—

or revising an existing one—to turn innovators into entrepreneurs. Cities with makerspaces, shared work spaces, business incubators and accelerators, cheap rent, supportive

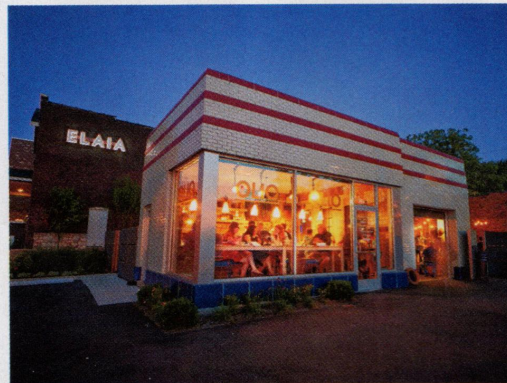
A HIERARCHY OF POSSIBLE STARTUP-CITY CHARACTERISTICS

APPEALING



Low rent
Available workforce
Educated workforce
Access to venture capital
Temperate climate
Proximity to suppliers
Proximity to Applebee's

UNAPPEALING



plan to create jobs by creating startups. From 2011 to 2013 the ecosystem supporting entrepreneurs more than doubled in size with the launch of eight makerspaces (shops with tools like 3D printers and laser cutters), accelerators (early-stage investors and mentors), and coworking spaces (a shared office for startups, with low rent).

"It's not the biggest scene," Marggraff says. "It is, however, extremely exciting, because it's one of the fastest accelerating. We want to create a maker system that would attract anyone."

The maker system, as Marggraff calls it, is just one thing that makes St. Louis attractive. The city is a patchwork of parks, funky old neighborhoods, and grand stone homes, but now a current of commerce races beneath it. The new business corridor starts at the riverfront and reaches 8 miles west. In two years, when the Gateway Arch park renovation is finished, entrepreneurship, which gave St. Louis its start, will have long since jump-started its rebirth.

elected officials and colleges, great restaurants, and craft breweries. And most importantly, young, fearless strivers who want to define their own future.