



From arts organizations to ad agencies,
New York's vast creative sector is one of the
city's most important, and least understood,
economic assets.

CREATIVE NEW YORK

Creative activity may be the closest thing to a natural resource in New York, but it is also a little-understood and long-overlooked asset, and one that can no longer be taken for granted.

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ABOUT THIS REPORT

The Center for an Urban Future produced this report in partnership with Mt. Auburn Associates. The report builds upon the Center's 2002 report about the role of arts and culture in New York's economy, titled "The Creative Engine," as well as Mt. Auburn's considerable analysis of the creative economy.

The Center for an Urban Future is a New York City-based think tank dedicated to independent, fact-based research about critical issues affecting New York's future including economic development, workforce development, higher education and the arts. For more information or to sign up for our monthly e-mail bulletin, visit www.nycfuture.org.

Mt. Auburn Associates is a Massachusetts-based consulting firm that focuses on economic development analysis and strategy. For more information, visit www.mtauburnassociates.com.

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CREATIVE NEW YORK

FROM ARTS ORGANIZATIONS TO AD AGENCIES, NEW YORK'S VAST CREATIVE SECTOR IS ONE OF THE CITY'S MOST IMPORTANT, AND LEAST UNDERSTOOD, ECONOMIC ASSETS.

FROM THE SOUTH BRONX TO MADISON AVENUE, New York has long been an incubator for cutting-edge artistic expression, a showcase for important art forms and a home for dynamic creative companies. But despite New York's longstanding status as a global center for creative activity, the alchemy that allows the city's creative economy to thrive is still largely a mystery.

Several scholars in the United States and abroad have recently examined the role of the creative economy as an engine of growth, with some studies exploring the intricacies of various parts of the picture here in New York. But none have gotten to the heart of what makes this vital part of the economy work or provided a blueprint for maintaining New York's creative pre-eminence in the face of intense competition.

Until now.

This study, for the first time, provides a full picture of New York City's "creative core"—encompassing both non-profit arts and cultural organizations and for-profit creative companies, such as advertising agencies, film producers and publishers. The study also details what is needed to ensure that this critical part of the city's economy continues to flourish, an important discussion at a time when a growing number of cities and states are building economic development strategies around attracting the kind of creative people that have long congregated in New York.

This report is the culmination of more than two years of research into New York's creative economy. The Center for an Urban Future conducted this research in full partnership with Mt. Auburn Associates, a nationally-renowned consulting firm that previously produced the first major sector analysis of the creative economy, titled "The Creative Economy Initiative: The Role of Arts and Culture in New England's Competitiveness." This report also draws upon a handful of studies about the impact of arts and culture on New York's economy, from the Center's own 2002 report "The Creative Engine" to the seminal study by the Port Authority and the Alliance for the Arts in 1983 (updated in 1993).

While the combined strength of the city's creative sector may not trump the impact of the financial services sector, it isn't far off. The city's "creative core" (see page 6) consists of 11,671 businesses and non-profits (5.7 percent of all employers in the five boroughs) and

provides employment to 309,142 people (8.1 percent of all city workers). In recent years, creative industries have added jobs at a considerably faster rate than the overall city economy: between 1998 and 2002, employment in New York's creative core grew by 13.1 percent (adding 32,000 jobs) while the city's overall job totals increased by 6.5 percent during this period.

Among the city's nearly unparalleled concentration of creative core enterprises, New York has more than 2,000 arts and cultural non-profits and over 500 art galleries, roughly 2,300 design services businesses, more than 1,100 advertising-related firms, nearly 700 book and magazine publishers and 145 film production studios and stages.

No other place in the U.S. even comes close to matching the city's creative assets. In fact, 8.3 percent of all creative sector workers in the U.S. are based in New York. The city is home to over a third of all the country's actors and roughly 27 percent of the nation's fashion designers, 12 percent of film editors, 10 percent of set designers, 9 percent of graphic designers, 8 percent of architects and 7 percent of fine artists.

The entities that comprise the creative core range from mega-corporations such as Time Warner and vaunted institutions like the Metropolitan Museum of Art to small organizations and individual entrepreneurs throughout the five boroughs. It includes non-profits and for-profits, full-time workers and freelancers. Indeed, 28 percent of all those in the city's creative workforce—roughly 79,000 people—are self-employed.

People working in the creative core range from the lighting designer who illuminates the Great White Way to graffiti muralists from the South Bronx who are commissioned not only to create murals and memorials locally, but to provide their talent to ad campaigns for major corporations. Their goals are variously artistic, social, political and economic. And they draw upon an unmatched set of strengths that has fueled New York City's cultural greatness—starting with abundant talent in the creative fields.

"The best thing is the talent pool," says Mara Manus, executive director of the Public Theater. "It's incredible—from every kind of artist to crew member."

The presence of so many creative people, in so many different fields, has a significant ripple effect on the city's economy. For instance, Department of Cultural

Affairs Commissioner Kate Levin says that New York is home to numerous businesses that are here primarily so they can easily service those in the city's creative sector, from the many curtain manufacturers that sell to local theaters to firms like Freed of London, the United Kingdom-based maker of ballet shoes that probably wouldn't have a location in Long Island City if not for the large number of ballet dancers here. "There are a number of industries that simply must be in New York City and decide to locate here because of the arts," says Levin.

But while creative activity may be the closest thing to a natural resource in New York City, it is also a little-understood and long-overlooked economic asset—and one that can no longer be taken for granted. In recent years, consumers have become ever more interested in content that offers value beyond the merely functional. The creative industries have attempted to respond by generating products—from films and plays to books and computer games—that speak to this growing consumer demand. But this trend, combined with the technological changes that are revolutionizing a number of creative fields (see page 24), also means that they don't need to do it here.

The opportunity for growth within these industries—and for the cities in which they are located—is great. But as changes in communications and distribution practices open these markets to entrants from all corners of the globe, it is critical that New York first begin to understand these industries and their workforce collectively as a key contributor to the city's economy. Secondly, city leaders must begin to develop programs and policies that address some of the real obstacles facing the creative core—and potentially undermining New York's position as the national leader of creative content production.

Some concerns, such as the high cost and limited availability of appropriate work space, are perennial. "When we work elsewhere in the country, even in D.C., people faint when they see the budget line for rent," says Muffie Meyer, co-founder and president of Middlemarch Films, a documentary film production company. "And we are paying below market. In many cases it affects how we compete with other companies pitching for jobs."

The worsening economic insecurity of creative sector workers is another major challenge. "Health insurance is definitely an issue," says graphic designer Ari Moore. "I can't afford any of the options out there—there's a freelancers union, but it's still very expensive to get health insurance through that. I've had to not get care, and then, since I waited so long, I had to get more expensive care."

Other issues demand the attention of city policymakers as well. While New York's prominence in the creative industries seems secure enough for the moment, it is in no way guaranteed. In the film indus-

try, for example, many production companies have passed over New York in favor of lower-cost locations from Toronto and Vancouver to Louisiana. There is an unfortunate precedent for this trend; during the 1960s, the music industry saw a significant shift to Los Angeles for the same reasons—lower costs for production and other supports not available in New York.

This trend goes beyond one or two industries: from architecture to dance, cities across the country and throughout the world are eating into New York's market share and aggressively pursuing our creative talent. As public policy expert Richard Florida and others advance the argument that culture is an economic development asset, cities and states in the U.S. and abroad are developing policies designed to attract the creative workers that many policymakers now believe are key to sustained growth.

The importance of this shift goes far beyond the creation of "arts districts" in Pittsburgh or artist live/work space in Minneapolis. Twenty years ago, New York was home to half of all advertising agency headquarters in the world. Now it claims less than one third, according to *AdWeek's* "2004 Trends in Advertising" report.

Perhaps the biggest concern is that, as *Time Out New York* senior editor Howard Halle puts it, "New York is becoming more of a market for art, than an incubator. It's still a place people want to come and make it, but more people say: 'I'll pass, and stay here in Berlin and make art and if what I do catches on, then maybe I'll eventually come to New York.'"

New York isn't the only creative capital facing these challenges, but global competitors like London and Toronto are ahead of the Big Apple in developing public and private sector strategies to maintain and grow their creative industries.

In this rapidly-changing landscape, without a forward-thinking strategy to support creative endeavors, the city that never sleeps may one day wake up to find it has lost its edge. The good news is that the city and major stakeholders throughout the creative economy are eager to address these issues. But until now there has been no roadmap. This report—more than two years in the making, informed by over 200 interviews with leaders in the creative industries, creative workers, economists, officials, patrons and other stakeholders, and conducted in partnership with the groundbreaking research team at Mt. Auburn Associates (see Technical Appendix, page 29)—should help guide policymakers toward a holistic strategy to meet those challenges. We present it with confidence that its findings and recommendations can help preserve and expand the city's creative pre-eminence, the special creative mix that makes New York New York. ❖

KEY FINDINGS

- As of 2002, New York City's creative workforce comprised 309,142 people, accounting for more than 8.1 percent of all those employed in the five boroughs. The total includes 278,388 employed in the creative industries, as well as another 30,754 involved in creative occupations, such as a fashion designer working for an apparel manufacturer, which our methodology does not consider part of the creative industries (see Technical Appendix, page 29).
- There are 11,671 businesses and non-profits—5.7 percent of all city employers—in New York's creative core. In addition to this figure, the city's creative core includes 79,761 sole proprietorships, meaning that roughly 29 percent of the 309,142 in the creative workforce are self-employed.
- In recent years New York has lost some of its market share in certain industries, but it is still the unrivaled center of the creative economy in the U.S., accounting for 8.3 percent of all creative sector workers nationwide. Internationally, only London, which counts its creative workforce near 525,000, boasts a larger creative workforce than New York.
- In recent years, the creative core has been one of the more dependable growth areas for the city's economy. Between 1998 and 2002, employment in New York's creative core grew by 13.1 percent (adding 32,000 jobs) while the city's overall job totals increased by 6.5 percent during this period.
- Much of the recent growth in creative industries has been among the self-employed. During 1998 and 2002, self-employed individuals accounted for nearly half (48 percent) of all employment growth in the creative core.
- Across the sector, the number one reason creative businesses choose to operate in New York is access to the city's tremendous pool of talented and skilled workers.
- New York's creative core is bolstered by an unmatched support infrastructure. This includes internationally-acclaimed educational institutions—from The Juilliard School and NYU's Tisch School of the Arts to the Pratt Institute and the School of American Ballet—as well as a large community of arts-friendly philanthropic foundations and patrons, prominent trade organizations and a local government that provides a significant level of attention and support. The city also boasts more than 15 unions and 50 locals that serve creative workers.
- New York's singular mix of both non-profit and for-profit creative activity contributes enormously to the city's success as a creative center. This blend creates an environment in which individuals can sustain a creative lifestyle, providing both opportunities to make money and reach a broad audience as well as opportunities to experiment, innovate—and even fail.
- New York faces a number of significant challenges to its creative sector, including the high cost of appropriate work space; a general lack of business skills among individual creative entrepreneurs; pressures to conform to a traditional for-profit business model; creative workers' widespread lack of benefits such as health insurance; barriers to reaching appropriate markets; and the impact of changing technology.
- Contrary to common wisdom, creative businesses and workers in New York cannot simply "colonize" another cheap space when they are priced out of an area. The continual loss of work space is time consuming and costly, and significantly impacts the production of creative products. If they are to succeed, creative businesses require proximity to one another, access to their markets and audiences, and most of all, space that is appropriate to their work. These needs present real restrictions on where creative businesses and their employees can work.
- Under Mayor Bloomberg, the city has demonstrated an increased appreciation of the creative sector's importance to the New York's economy and improved the delivery of services to creative firms through agencies such as the Department of Cultural Affairs and the Mayor's Office of Film, Theatre and Broadcasting. Yet, the administration has not sufficiently addressed key affordability issues facing creative workers and firms, such as the dearth of affordable work and rehearsal space and the shortage of reasonably-priced housing.
- Facing many of the same assets and challenges to its creative sector as New York City, the city of London has created a centralized body that convenes stakeholders from creative industries, education and government to think strategically about how to best promote and support its creative sector through investments and program initiatives. The "Creative London" initiative seeks to overcome the traditional fragmentation of the field and devise common strategies for investment in the creative sector.

THE BIG APPLE'S CREATIVE CORE

The numbers and notions behind New York City's signature sector.

IN THIS REPORT, THE "CREATIVE CORE" REFERS TO industries in which the creative element is central to both the cultural and economic values of what they produce. These include businesses and individuals involved in all stages of the creative process—conception, production and initial presentation of the product. (See Technical Appendix, page 29 for a fuller discussion of the methodology and definitions used in this report.)

As we have defined it, New York's creative core consists of nine industries—advertising; film and video; broadcasting; publishing; architecture; design; music; visual arts; and performing arts—and includes creative workers ranging from architects to zither players. With the charts that accompany this section, we have made the first major attempt to pull together all the industry and workforce data available in order to present as accurate a picture as possible of one of the city's most complex assets.

Assembling a clear picture of the creative core is no easy task. First, traditional data sets do not capture all of the city's creative activity in a discrete way: federal statistics don't treat the fashion industry, for example, as an industry; instead, it's subsumed under manufacturing, wholesaling and retail. Thus, its workers do not get counted as part of the creative industries, but as part of these other industries. Federal employment data also doesn't count many of those in the creative sector who work on a part-time or project-by-project basis; for instance, only about 7,000 actors and 10,000 musicians and singers are counted as "employed" in the city, though combined membership in the American Federation of Television and Radio Artists and the American Federation of Musicians in New York is close to 30,000. In addition, a significant percentage of the growth in the creative core over the last decade has been in the area of sole proprietorships—that is, one-person enterprises—yet not only are these "firms" not captured in traditional business data sets, they are typically omitted from analyses of this sector entirely.

In order to best capture the complexity of the creative economy, we have used both County Business Patterns and Non-employer data sets from the U.S. Census to capture the firms and workers that are employed in the creative industries. However, using only these two sources, we were not able to capture the significant amount of creative employment outside of the creative industries—graphic artists employed by

Wall Street firms, for example. In order to include these important workers, we also analyzed occupational statistics from the 2000 Equal Employment Opportunity data. This data also provides an important window into the complex nature of workers in the sector.

Other researchers examining the creative economy have broadly defined creative jobs to include everything from scientists to hair salon operators, but we purposely kept our numbers conservative. We include only those businesses and workers whose main activity is the origination and/or production of creative products. In an effort to focus as sharply as possible on those businesses and individuals that add creative value to the product, we included only those "introducers" that do the initial presentation of creative work, and thus are actually creators and/or producers as well, such as ad agencies, and museums or galleries that present curated shows.

Not included in our numbers is the secondary economic activity related to the creative core. For instance, we have not counted businesses, such as suppliers and distributors, that do not add creative value, as described above, even though they make a crucial contribution to the creation of a finished good or service purchased by a consumer. Similarly, our count of the establishments and workers in New York's creative core does not include the vast support infrastructure of service providers, educational institutions, financing and other resources critical to meeting the needs of the core. ♦

Table 1:
NYC'S TOTAL CREATIVE WORKFORCE (2002)

The 309,142 workers in New York City's creative workforce include employees of creative firms, sole proprietors and those employed in creative activity within non-creative businesses.

Creative workers employed in creative core businesses	
<i>Within firms with employees</i>	198,627
<i>Within firms without employees (sole proprietors)</i>	79,761
Total creative workers employed within creative core businesses	278,388
Creative workers employed outside of creative industries	30,754
Total creative workforce in NYC	309,142

SOURCE: County Business Patterns, 2002; Non-employer Statistics, 2002; Equal Employment Opportunity, 2000, U.S. Census.

Table 2: TOTAL CREATIVE EMPLOYERS IN NYC BY INDUSTRY (2002)

There are 11,671 businesses and non-profits in the creative core. Not surprisingly, there is a strong concentration of both news syndicates as well as musical groups and artists.

	NAICS Code	Industry	Number of Firms
Publishing	51111	Newspaper publishers	209
	51112	Periodical publishers	453
	51113	Book publishers	233
	51119	Other publishers	101
Film and Video	51211	Motion picture & video production	1,065
	51212	Motion picture & video distribution	65
	51219	Post-production & other movie & video industries	309
Music Production	51221	Record production	54
	51222	Integrated record production, distribution	50
	51223	Music publishers	116
	51224	Sound recording studios	148
	51229	Other sound recording industries	31
Broadcasting	51311	Radio broadcasting	107
	51312	Television broadcasting	71
	5132	Cable networks & program distribution	163
	51411	News syndicates	62
Architecture	54131	Architectural services	1,138
	54132	Landscape architectural services	68
Applied Design	54141	Interior design services	675
	54142	Industrial design services	89
	54143	Graphic design services	1,111
	54149	Other specialized design services	340
	541921	Photography studios, portrait studios	323
	541922	Commercial photography	488
Advertising	54181	Advertising agencies	751
	54185	Display advertising	83
	54186	Direct mail advertising	124
	54189	Other services related to advertising	213
Performing Arts	71111	Theater companies & dinner theaters	445
	71112	Dance companies	104
	71113	Musical groups & artists	364
	71119	Other performing arts companies	51
Visual Arts	45392	Art dealers	535
	71211	Museums	157
Other	7115	Independent artists, writers & performers	1,375
		Total Creative Employers	11,671
		Total New York City Employers	205,350

Source: 2002 County Business Patterns, U.S. Census.

INSIDE NEW YORK'S CREATIVE ECONOMY

The secrets to New York's creative sector's success? Talent, proximity to audience and suppliers, a receptive public and a unique environment in which for-profit and non-profit creative organizations provide mutual support.

UNDERSTANDING THE NUMERICAL DATA ALONE DOES

not give one a true picture of the richness and complexity of the city's creative core. The numbers represent real businesses and real people, and in order to get a view from the ground as well as one from the air, we spoke to more than 200 individuals—top executives at major corporations, heads of non-profit groups, creative workers of every type, at every stage in their careers. We asked them what New York offers in terms of an environment conducive to creative work. Their answers could be boiled down to: the abundant talent the city boasts in virtually every creative endeavor; unmatched concentration that offers access not only to that talent, but to new ideas and receptive audiences; and the chance to earn a living while following their muse.

TALENT

The breadth and quality of New York's talent pool are the essential building blocks for the city's creative economy. New York's creative workers are the originators, producers and presenters of the vast amount of content that fuels this sector. They are the artists, performers, sound technicians, designers and many others whose ideas and unique skills give form to the cultural life of New York City.

For instance, Michael Pashby, general manager of the Magazine Publishers Association of America, which primarily represents consumer magazines, estimates that 85 percent of the dollar value of the magazine industry is concentrated in New York—mainly, he says, because this is “where the talent is.”

The same goes for many other creative industries. “You have to be here if you want to be in publishing,” says Denice Oswald, an editor at Farrar, Straus and Giroux. “A lot of writers that we in the industry are looking to court are here because they are working for the literary press, like the *New Yorker* or the *New York Times*. And New York is just a breeding ground for young writers. They all want to come here and seek their fortune.”

New York doesn't simply attract talent, however, it also creates it. The city's top-notch schools and

training programs turn out some of the most highly-skilled creative workers in the world, and the streets of New York might offer the greatest laboratory, finishing school and proving ground of all: a number of the most important art forms of the last century, including bebop jazz, abstract expressionism, spoken word poetry, hip hop and rap, and pop art, to name a few, have emerged from Gotham's neighborhoods to achieve worldwide recognition. Some of the city's creative workers are the best in their respective businesses; some are among a handful with the expertise to do what they do.

The economic realities of the sector, as well as the need to match the right worker with the right project, lead many employers to hire creative workers by the gig, rather than as full-time employees. In part, this is because creative workers—even equally talented ones—are not always easily interchangeable.

Increasingly, creative businesses try to hold down costs by hiring workers on a freelance or project basis, even for what once were staff positions. The high rate of self-employment across the creative core (see Table 5, page 23) reflects this trend.

Creative workers are also frequently called upon to serve more than one function at a time, or to shift roles from project to project, and may therefore need to be proficient in a number of diverse skills. “We look for what we call three-fers, people who have three professional level skill sets,” says Kevin Cunningham, artistic director of the non-profit theater and media company 3-Legged Dog. “We are always changing roles and need people with multiple skill sets to do this. In one, I act as a production lighting designer and a producer. In another, someone else is the producer so I can be the director. We also swap roles in production. I also require that everyone put on a business hat and has an understanding of the fundamentals of budgeting, fundraising, et cetera.”

Some workers welcome this fluidity as an opportunity to express their creativity in more than one arena: Arin LoPrete, a freelance graphic designer, calls his “day job” as creative director of a technology company,

Table 3: TOTAL WORKERS IN NYC'S CREATIVE INDUSTRIES (2002)

278,388 people work in New York's nine creative industries, including nearly 80,000 sole proprietors. Another 30,754 creative workers work in other sectors of the city's economy.

	NAICS Code	Industry	People Working Within Firms With Employees	People Working Within Firms Without Employees (Sole Proprietors)	Total
Publishing	5111	Publishing		3,747	3,747
	51111	Newspaper publishers	11,845	0	11,845
	51112	Periodical publishers	22,036	0	22,036
	51113	Book publishers	13,080	0	13,080
	51119	Other publishers	1,911	0	1,911
Film and Video	5121	Motion picture & video industries		3,761	3,761
	51211	Motion picture & video production	5,825	0	5,825
	51212	Motion picture & video distribution	1,958	0	1,958
	51219	Post-production & other movie & video industries	4,204	0	4,204
Music Production	5122	Sound recording industries		908	908
	51221	Record production	270	0	270
	51222	Integrated record production, distribution	3,770	0	3,770
	51223	Music publishers	904	0	904
	51224	Sound recording studios	867	0	867
51229	Other sound recording industries	158	0	158	
Broadcasting	51311	Radio broadcasting	4,332	0	4,332
	51312	Television broadcasting	14,956	0	14,956
	5132	Cable networks & program distribution	16,049	0	16,049
	51411	News syndicates	2,255	0	2,255
Architecture	54131	Architectural services	10,505	2,785	13,290
	54132	Landscape architectural services	302	140	442
Applied Design	5414	Specialized design services	11,226	9,569	20,795
	54192	Photographic services	2,886	4,303	7,189
Advertising	54181	Advertising agencies	26,765	4,745	31,510
	54185	Display advertising	1,367	0	1,367
	54186	Direct mail advertising	3,458	0	3,458
	54189	Other services related to advertising	1,585	0	1,585
Performing Arts	7111	Performing arts companies		1,764	1,764
	71111	Theater companies & dinner theaters	10,972	0	10,972
	71112	Dance companies	1,938	0	1,938
	71113	Musical groups & artists	9,271	0	9,271
	71119	Other performing arts companies	666	0	666
Visual Arts	45392	Art dealers	1,876	868	2,744
	71211	Museums	8,053	327	8,380
Other	7115	Independent artists, writers & performers in creative industries	3,337	46,844	50,181
Total Workers in Creative Industries			198,627	79,761	278,388

SOURCE: County Business Patterns, 2002 and Non-employers Statistics, 2002, U.S. Census. (Table includes sole proprietors, or firms in which the proprietor is the sole worker. In the data source, this number is only tabulated for the top-level industrial code, not broken down as are numbers for firm-level employment.)

“yet another stop on my endless quest to design as many things as I possibly can.”

The creative core’s well-known hybrids—think actor/dancer/singer, writer/director, singer/song-writer—reflect these workers’ need for versatility of employability as much as they do the need for artistic fulfillment. This is especially important in today’s economy, as a growing number of firms are starting to show the same kind of label-defining versatility: high-profile businesses such as Russell Simmons’ hip-hop lifestyle company Def Jam and Martha Stewart Living Omnimedia are branching out from traditional categories like music, fashion and publishing to become “entertainment” or “media” companies as a way of reaching a larger market.

CLUSTERS

Because of the unstable and collaborative nature of creative work, the creative economy is a fundamentally social economy, in which connections among individuals and businesses are crucial to success—and even to survival. Some business owners and individuals we spoke to belonged to industry associations or other formal organizations, but all relied upon informal networks of peers, competitors, suppliers and producers to help them find fresh ideas, collaborators and employees, business tips, sources of material and, of course, jobs. The benefits of agglomeration include both the ready availability of support infrastructure (see page 12), abundant opportunities for formal and informal networking, and access to patrons and financial backers. You simply can’t find this level of concentration, for both workers and employers in the creative field, anywhere else.

“We use and need and benefit from each other,” says Morty Dubin, a producer of commercials and chairman emeritus of the New York Production Alliance. “We use Broadway a lot for the talent pool, and Broadway actors need to be here because we give them work. Otherwise they couldn’t afford to stay here and keep at acting; we help them make a living.” And it’s not just actors, he says; it’s musicians and writers and designers and others as well.

“A lot of it is word of mouth, friends of friends or colleagues,” adds photographer Stephanie Diamond. “I will have a studio exhibit and people will bring friends and then connect through their friends to curators or other artists. Pitching cold to a gallery or a museum doesn’t work. You need a name or a connection. It’s all about developing a relationship.”

In order to facilitate these relationships, creative workers and firms gravitate toward places within the city that have particularly high concentrations of creative activity. “You want to be within an arts community, a

creative cluster. This connection is why you’re paying the price to be in New York City,” says Sara Garden Armstrong, an artist and owner of Art Entrée, a small company providing art-related entertainment and art tours in Long Island City.

Clustering offers not only formal and informal networking benefits, but also helps facilitate business partnerships critical to getting a creative product developed. In Greenpoint, Brooklyn, homewares and lighting designer Babette Holland partnered with one of the few remaining metal spinners in the city to collaborate on the development of a new line of lighting that is now sold to upscale furniture stores throughout the nation, including Ethan Allen. Nearby in Williamsburg, Frank Eagan, the former owner of Sounds Easy Studios saw how it would benefit his business to be part of a creative cluster. “Being a studio owner, location is very important, because you want your collaborators close to you,” he notes. “I remember instances where we would need a certain musician—a violinist—for a project and we just went into the subway station because we knew the violinist playing down there.”

These creative clusters frequently have their own unique characteristics, and some—like SoHo, Bleecker Street, Williamsburg or Madison Avenue—have even developed their own international reputations. Even these clusters do not operate in isolation, however. Creative work frequently requires individuals and firms to connect to those in other creative industries, and the city’s unique concentration of the entire range of creative activity is essential to their ability to do so.

Advertising is perhaps the quintessential New York creative industry for this very reason: For a single advertising campaign, an ad agency may use film, television and radio and employ the skills of writers, artists, photographers, graphic designers, fashion designers, stylists, directors, camera operators and producers—all of whom can be found at the agency’s doorstep.

Even far more self-contained creative industries such as architecture and book publishing rely upon the connections to other businesses and industries that can be made in New York. “Publishing is still a really intimate business when you get down to it. The relationships at lunch and so on are invaluable,” says Geoff Shandler, editor-in-chief of publishing house Little, Brown and Co. “I would prefer to be somewhere else to do this work, but it would require everyone else to be there too.”

Perhaps the biggest cluster of all, however, is the city’s non-profit arts community. These non-profits generate content that serves as a magnet for tourists from all over the world. They also regularly export New York-made products to other parts of the country through touring productions. Yet, perhaps even more importantly, the

presence of so many non-profit arts organizations helps keep top creative talent in the city by allowing workers the freedom and opportunity to experiment and innovate, and to do projects they find exciting and rewarding—typically the reasons they pursue creative work in the first place. They also provide creative workers opportunities to hone their craft—whatever it might be—in a potentially receptive market, thus increasing their eventual salability.

MARKETS

Of course, every performer needs an audience. And every creator of art, from writers to craftspeople, needs a market. New York offers access to a large, diverse and largely supportive audience.

Writers need readers; visual artists need viewers; musicians need listeners; performing artists need people in seats. And with its eight million residents, and visitors from across the world, New York not only has people to spare, it has the right kinds of people—a large and eclectic mix of individuals, with varied tastes and interests, who value creative work. This is one of the things that make the city a fertile environment for creative endeavors—which in turn helps attract and retain the all-important talent.

Whether you're a harpsichordist or a handbag maker, an appreciative and discerning public stands ready to appreciate quality work. "I am envious of artists in Vienna sitting around smoking cigarettes in cafés," says artist Joseph Stashkevetch. "But because there are no dealers there, they might as well sit in cafés and smoke cigarettes... This is the best [art] market in the world."

MAKING ART WHILE MAKING RENT

Artists, performers, sound technicians, musicians, architects, designers and ad teams give form to the cultural and creative life of New York City. Despite the uniquely important role the workforce plays in propelling this part of the economy, New York demands a lot of its creative workers. Even for the most sought-after individuals, the city's full-time talent search rarely translates into stable employment.

Indeed, an unusually large percentage of workers who identify themselves as part of the creative core report that they are not consistently engaged in creative work. Musicians are one example: according to a 2000 report by the National Endowment for the Arts, "More Than Once In A Blue Moon: Multiple Jobholdings By American Artists," more than 39 percent of musicians nationally hold a second job in another profession to make ends meet. The same holds true for creative workers in general.

Theatrical press agent Bruce Cohen points out that

this has always been the case, noting that the city's amazing concentration of creative opportunities allows creative workers at all levels to support themselves while pursuing less remunerative passions. "George S. Kauffman used to write play reviews for the *New York Times* and also wrote plays," says Cohen, who also serves as president of IATSE Local 18032, the Association of Theatrical Press Agents and Managers. "Look at Playhouse 90 on Channel 13 from the 1950s, and you will see stage actors in those plays, and they also did movies in New York."

One of the conclusions of this report is that a vibrant mix of non-profit and for-profit ventures is fundamental to both the quality and sustainability of the city's creative activity. While in most industries there is a distinct line between non-profit and for-profit work—you are either a corporate lawyer or a Legal Aid lawyer, not both—for workers within the creative economy there is an almost seamless fluidity between the two sides. "No one comes to New York to be a non-profit or for-profit dancer; they come to be a dancer," says Kate Levin, Commissioner of the city's Department of Cultural Affairs.

In fact, many workers choose New York precisely because they can be both. Says Mara Manus, executive director of the Public Theater: "You just can't make enough in non-profit theater without working in other disciplines. Most artists have to do voice-overs and write for soaps or whatever."

In New York, this relationship isn't just about struggling artists trying to make the rent. It is also about providing those who have achieved commercial success with opportunities to stretch their creative legs—or prove their artistic chops. "There are dozens and dozens of examples of a Willem Dafoe who makes 'Spiderman' by day and works with experimental theater at the Wooster Group at night," adds Cohen. "In the English-speaking world, the only other place to do this is London, where you can work on your movie in the morning, then at 4 p.m. get on the Underground and go act in a theater. And this dynamic applies not only to actors but playwrights, set designers and costume designers."

The other great value-add of New York's dynamic non-profit arts sector is that it offers venues for creative products—such as plays and musicals—to prove their appeal to audiences in smaller venues. In recent years, productions like "Proof," "Urinetown" and "Avenue Q" have caught the attention of critics and theatergoers in tiny Off-Broadway houses, then moved on to Broadway and national acclaim. Dozens of actors, writers and other creative workers have built careers for themselves in the process; without the chance to refine their work in non-commercial surroundings, they might never have achieved that kind of success. ❖

SUPPORTING ACTORS (AND GRAPHIC DESIGNERS. AND CREATIVE ENTREPRENEURS.)

New York's universities, philanthropic institutions, unions and trade associations, suppliers and distributors, and city government agencies all make it a bit easier for creative workers and entrepreneurs to "make it here."

NEW YORK'S CREATIVE SECTOR RELIES ON AN array of support services—from research and advocacy to training and financing opportunities. Indeed, the city's extraordinary support infrastructure for creative industries is another major factor in fostering a hospitable environment for creative work. It is both a reason that creative individuals first locate in New York—to avail themselves of training opportunities, including the city's outstanding higher education institutions—and a key factor why these individuals are able to remain in the city despite the high cost of live and work space. Creative workers—whether employed within firms or self-employed—rely on skills training and upgrading, funding, networking opportunities, mentorships, work and rehearsal space, business skills training, and work supports like insurance and health benefits in order to thrive in their career. In fact, the fluid and unpredictable nature of these industries and workers—the project-oriented nature of the work, and the large numbers of freelancers, individual artists, sole proprietors and small companies that populate the sector—makes having a strong infrastructure of services and supports all the more important.

EDUCATIONAL AND TRAINING INSTITUTIONS

The large number of top-flight and often highly specialized educational and training institutions is one of the key components of New York's creative infrastructure.

The Juilliard School offers arguably the best training in the world for dancers, musicians and actors. Visual artists can look to NYU's Tisch School of the Arts, the School of Visual Arts and Pratt Institute for instruction. If you're an aspiring dancer, the School of American Ballet is as good as it gets. Fashion designers have the Fashion Institute of Technology and Parsons School of Design, while architects can turn to quality schools and institutes such as the Architecture League, the Municipal Art Society, and the Center for Architecture.

"We are blessed [in NYC] by a fairly extraordinary institutional infrastructure for architecture," says Michael Sorkin, principal of the Michael Sorkin Studio and the director of the Graduate Urban Design

Program at City College of New York. "This is important," he says. "One of the sources of good architecture is a good architectural culture. If you believe that life-long learning and expanding creativity is important for new work, then those institutions are important, the same as viewing paintings in a museum are for artists, or all of the rock-and-roll clubs are for musicians."

As can be expected for such a central locale for the creative industries, the educational and workforce training scene for the creative sector is vibrant and complex. New York City is home to dozens of higher education institutions with arts programs. Most of these focus on teaching the art form, though several are increasingly teaching the business of art alongside or in addition to these programs. These schools, along with a host of vocational training institutions, also provide a number of certificate and continuing education programs to people in the creative industries. Additionally, every primary and secondary school within the New York City public system now includes a newly instituted system-wide arts curriculum—a great way to create not only tomorrow's artists, but their audience. And New York has a rich array of arts services organizations and trade associations that provide training to individual artists and creative workers, arts organizations and firms—on a myriad of topics.

At the same time, this educational infrastructure is the training ground for new creative workers and the testing ground for new art forms and products. The schools offer ample venues through their galleries, theaters, lecture halls and visual arts studios for emerging and established artists across disciplines. Importantly, higher education programs within the arts and creative fields are, like the non-profits, akin to an informal R&D arm for the creative industries as creators of new companies and entrepreneurs; among their other functions, the schools allow for new ideas to be tested before they reach the marketplace. Professionals within the creative industries serve as educators in many of the programs and courses, passing on the benefits of their experience while continuing to hone their crafts and refine their ideas.

PHILANTHROPIC AND FINANCIAL COMMUNITY

New York's creative enterprises and individuals derive tremendous value from being located in a nexus of strong philanthropic, government, corporate and individual support. New York is home to global foundations such as the Rockefeller Foundation and the Ford Foundation as well as corporate foundations at Deutsche Bank and JP Morgan Chase, all of whom have a history of funding creative endeavors both nationally and in New York. Another critical element is the significant support of the individual donor community.

The crucially important non-profit sub-sector has been the greatest beneficiary of this philanthropic support. According to a 1999 study by the Alliance for the Arts, a prominent research and advocacy organization for the cultural sector, of the \$1.5 billion operating income of 575 non-profit cultural organizations in New York, more than 38 percent of this income came from private sources and 11 percent from government grants. (The remaining 51 percent came from revenues for performances, exhibitions and merchandise.)

In addition to private and corporate philanthropy, New York has an unparalleled concentration of investment banks, venture capital firms and other financiers that are well-positioned to support the city's creative industries.

TRADE ASSOCIATIONS AND UNIONS

Trade associations like the American Institute of Graphic Arts, the Association of American Advertising Agencies, the National Visual Artists Guild and the New York Production Alliance provide support services to creative businesses and entrepreneurs. These services range from training in new technologies and business skills to advocacy for the industry and networking events. Additionally, New York is home to myriad arts services organizations, both national and local, that provide a host of services from training in specific skills, to developing art and audiences, to accessing health care and financial support, to meeting the general needs of a wide spectrum of creative workers and arts organizations.

Labor unions also play an important role. Though the creative sector probably isn't the first field to come to mind when New Yorkers think about unions, organized labor has a powerful presence and an important role within this cluster of industries. A large portion of New York's creative workers are represented by unions, especially in the set of industries commonly referred to as 'entertainment'—film, theater, and television.

More than 15 unions and at least 50 locals representing creative workers operate in the five boroughs, including the Actors' Equity Association, the American Guild of Musical Artists, the American Guild of Variety Artists, the American Federation of Television and Radio Artists, the American Federation of Musicians Local 802, the Communications Workers of America, the Directors Guild and the International Alliance of Theatrical and Stage Employees.

While exact numbers are hard to come by, the scope is large within certain segments of the creative sector: virtually 100 percent of the work performed and undertaken on Broadway alone is done with union labor. Membership in the American Federation of Television and Radio Artists and the American Federation of Musicians in New York is close to 30,000 people, though many of these are members of other unions and may be working under this union only on a part-time basis.

These unions and their locals support the creative workforce by providing skills training, organizing around intellectual property issues, health insurance and other social supports. Notably, union contracts allow the legions of creative workers who are employed on a project-by-project or freelance basis to enjoy most of the same benefits that are available to "9 to 5" employees—including pensions, health insurance and workman's compensation.

At the same time, many industry leaders say certain unions drive up costs of many events and productions in New York. This places a particular burden on small venues, organizations and companies trying to deliver a product while keeping their costs in check. And in some cases, it has caused business to flee the city for cheaper locales. For example, it is a big reason why dozens of film and television production companies opt to shoot New York scenes in Montreal, Vancouver and other locales.

SUPPLIERS AND DISTRIBUTORS

Another strength of New York's creative core is the depth of the city's "value chain," or production cycle. The presence of suppliers, distributors and other providers of economic support for the creative industries are a major reason those industries are so strong here.

For instance, filmmakers and photographers depend on the array of film and camera supply companies that make it possible to get a new lens for a camera within an hour, allowing companies to save both time and money. Similarly, New York theater companies have access to some of the finest costume making companies in the country. ❖

SPOTLIGHT ON CITY HALL

The Bloomberg administration has provided key support and assistance to the non-profit arts and film industries, but could do more to support the broader creative economy.

CITY GOVERNMENT ITSELF IS ANOTHER KEY PIECE OF THE infrastructure that supports New York's creative industries. Businesses and workers in the city's creative core have long enjoyed a much higher level of attention and support from city government than is the case in most other American cities. Indeed, the NYC Department of Cultural Affairs (DCA) has a larger annual budget than the National Endowment for the Arts.

Under Mayor Bloomberg, the city has demonstrated an increased appreciation of the creative sector's importance to New York's economy and improved the delivery of services to creative firms through agencies such as DCA and the Mayor's Office of Film, Theatre and Broadcasting. But the administration has done little to address the key affordability issues facing creative workers and firms—most notably the lack of both affordable work and rehearsal space and reasonably-priced housing.

New York City's budget for arts and culture non-profits and individual artists is unrivaled in the country. In fiscal year 2006, DCA's expense budget is \$131 million, the bulk of which gets disbursed in the form of grants to the city's Cultural Institutions Group, the 34 museums and other institutions across the five boroughs that are located on city-owned property. A smaller, but still significant, chunk of the DCA pie provides program support to more than 600 arts and cultural groups across the city.

DCA also has an \$803 million capital budget to spend over the next four years, a sum that will support infrastructure-related projects at 169 cultural organizations around the city. This is more than double the number of groups that received capital funds from the city five years ago. In recent years, DCA capital funds have helped support the development of a 76,000 square foot facility for the Alvin Ailey American Dance Theater and the restoration of the Brooklyn Academy of Music's landmark building on Lafayette Avenue.

In recent years, the Bloomberg administration supplemented city government's longstanding support for non-profits with increased support for several key creative sectors. City agencies like the Department of Small Business Services (SBS) have improved their delivery of services to creative businesses, showing a greater understanding of the role

creative industries play not only in the city's economy, but also in developing strong communities throughout the five boroughs.

There have also been new partnerships between agencies. For instance, the Department of Cultural Affairs worked with the city's Economic Development Corporation (EDC) to redesign the Industrial Development Authority Bond program to better allow non-profit cultural institutions to take advantage of the program's benefits. Groups like the Dance Theater Workshop have already made use of the IDA program to finance a new facility. EDC also teamed with SBS and the Mayor's Office of Film, Theatre and Broadcasting to spur development of Steiner Studios, the city's first built-from-the-ground-up production facility, in the Brooklyn Navy Yard.

Importantly, as the Center for an Urban Future recently described in its June 2005 report "Beyond the Olympics," the film office also has shortened the wait time for permits and created new incentives packages for production companies that film in New York. Many believe these enhancements have already begun to help the city's film industry remain competitive with Canada, New Zealand and other lower-priced locations.

Silvercup Studios CEO Alan Suna says that his Long Island City-based studios produced five television pilots for the Fall 2005 season. "New York [has] never had five pilots for a season, let alone our company," says Suna. "[Only] one of them would have been done in New York City if it wasn't for those tax credits."

Smaller production companies in the city offer praise as well. Muffie Meyer of Middlemarch Films, a documentary company, says the city's film office has practically rolled out the red carpet. "We were working on a children's history series. For a segment on 1870, the point we were making was about how there was no garbage collection in all of the city. There were 100,000 horses in the city, dumping manure on the streets. There was no mechanism to get rid of it," says Meyer. "The city actually let us take over a street and helped us to access tons of manure from the police stables and put it on the streets. And then, because we were a non-profit, shooting for public television, they helped us pick it up. We weren't paying big fees. But they did it."

Even as the city has earned praise for this level of

responsiveness, some in the field worry that New York has left itself vulnerable to changing conditions and new technologies. “Government orientation to production seems to be all in old media like feature films and TV shows that are conventional,” says Richard Winkler, partner and executive producer at Curious Pictures, a production and animation studio. “We do a lot of digital, and we’re in a blind spot. The city and state seem slow to recognize the existence of what my company does.” Even though small businesses, artists and sole proprietors have driven much of the creative core’s growth in recent years, many among these smaller firms and individual creators feel that city officials don’t understand their needs as they do the needs of exhibition-oriented institutions and larger companies.

On a broad level, Mayor Bloomberg has pushed for the creation of 65,000 units of new housing across

the city and his administration has supported the creation of space for cultural organizations as part of new developments in lower Manhattan and other parts of the city. In addition, DCA has made it a priority to support non-profits that are developing studio or rehearsal work space for artists. Still, many believe the administration could be doing more to address the lack of affordable space to live and work.

“What has historically been the incubator for this talent pool has been cheap space,” says Theodore Berger of the New York Foundation for the Arts. “Not that there aren’t pockets left, but they are going fast. The creative economy always has to replenish itself with new talent. I am not sure that talent coming out of schools these days is heading to New York. And mature artists are more and more likely to leave. If we can’t keep them here, then we will have real problems keeping this sector strong.” ❖

Table 4: CREATIVE WORKERS EMPLOYED OUTSIDE OF NYC’S CREATIVE INDUSTRIES

In addition to the 198,627 workers employed by firms within the nine “creative core” industries and 79,761 freelancers and sole proprietors working within those industries, we found that there are 30,754 creative workers who are embedded in other (non-creative) industries. For instance, fashion designers merit inclusion within the creative workforce, but are normally counted as part of the apparel manufacturing, wholesaling or retail sector. As the chart below shows, we determined that roughly 64 percent of all fashion designers and 51 percent of all commercial and industrial designers work in non-creative industries. (For more details, please see the technical appendix on page 29.)

SOC Code		Total Creative Workers in Non-Creative Industries Who Are Not Self-Employed	Percentage of Creative Workers in Non-Creative Industries
17-1011	Architects, except landscape and naval	1,079	12.21%
27-1011	Art directors	610	12.70%
27-1013	Fine artists, including painters, sculptors and illustrators	235	14.42%
27-1014	Multi-media artists and animators	691	18.33%
27-1021	Commercial and industrial designers	398	51.02%
27-1022	Fashion designers	2,596	63.63%
27-1024	Graphic designers	2,991	33.12%
27-1025	Interior designers	568	34.02%
27-1027	Set and exhibit designers	304	26.17%
27-2011	Actors	9,557	33.52%
27-2012	Producers and directors	833	13.35%
27-2031	Dancers	692	54.93%
27-2032	Choreographers	769	78.52%
27-2042	Musicians and singers	4,543	41.08%
27-3041	Editors	3,540	27.55%
27-3043	Writers and authors	866	12.81%
27-4021	Photographers	179	6.06%
27-4032	Film and video editors	303	12.32%
		30,754	

SOURCE: 2000 Equal Employment Opportunity (EEO) Special Tabulation, U.S. Economic Census; and New York State Department of Labor (occupation numbers are based on workers residing in NYC.)

Chart 1: CREATIVE OCCUPATIONS WHERE NYC HAS A LARGE SHARE OF THE NATIONAL MARKET

More than a third of the nation's actors are based in New York, as are roughly 27 percent of the fashion designers, 12 percent of film editors, 10 percent of set designers, 9 percent of graphic designers, 8 percent of architects and 7 percent of fine artists.

SOURCE: 2000 Equal Employment Opportunity, U.S. Census.

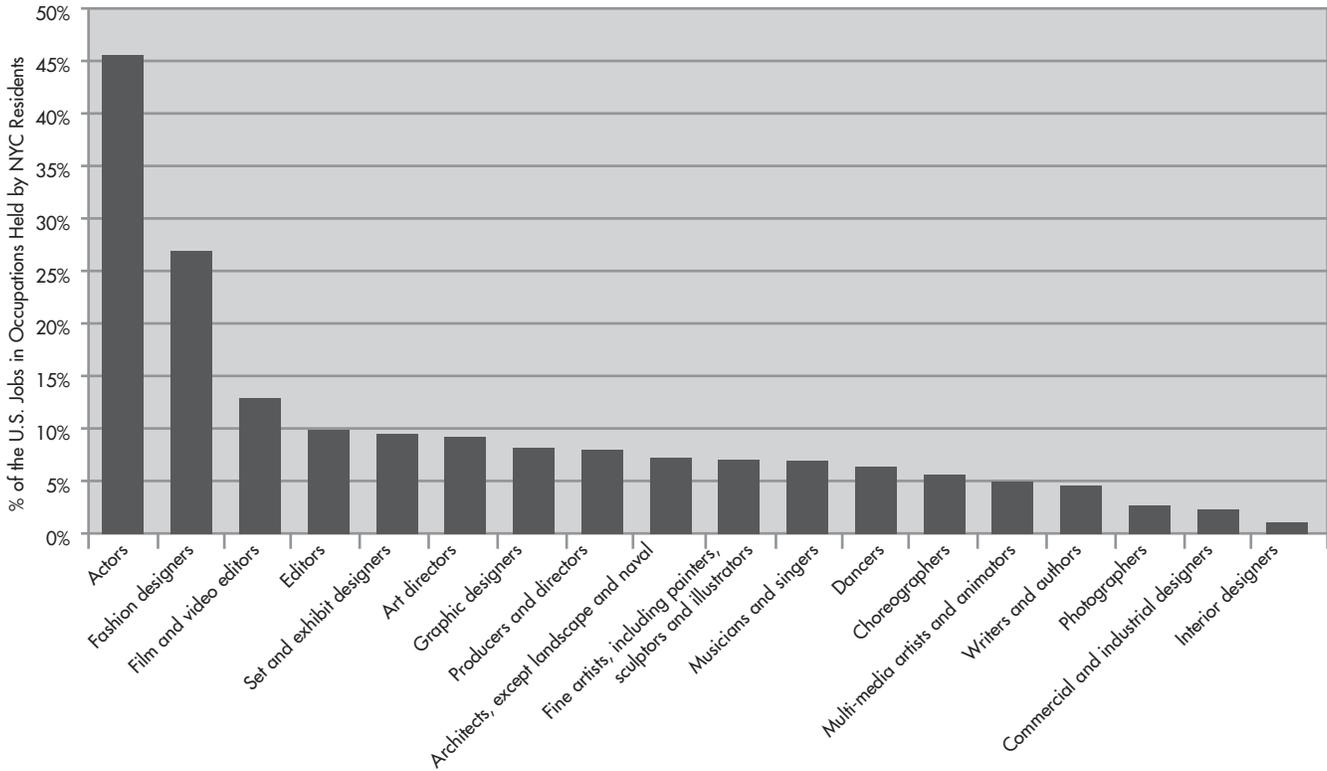
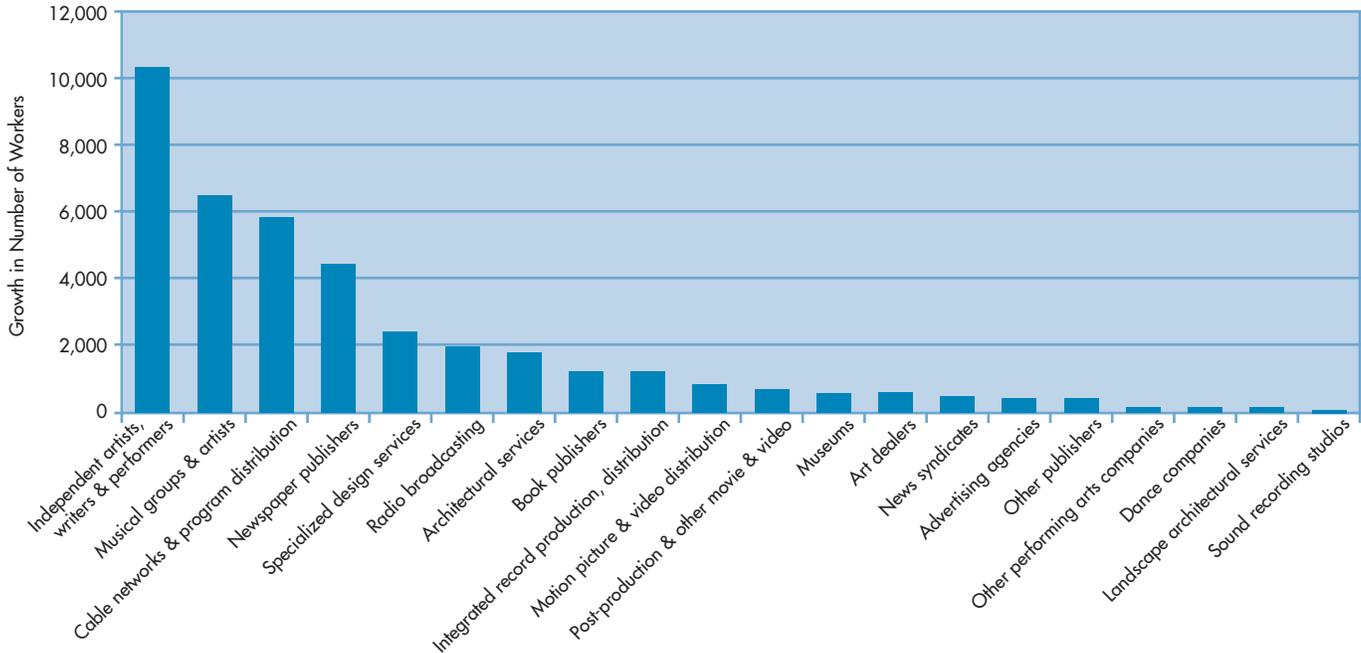


Chart 2: GROWTH IN NYC'S CREATIVE WORKFORCE (employees within firms and non-employers) (1998-2002)

The creative core added approximately 32,000 workers between 1998 and 2002, a growth rate of 13.1 percent compared to a rate of 6.5 percent for the city during this period. Notably, self-employed creative workers accounted for nearly half (48 percent) of the creative core's growth, with the biggest increase among specialized design services; independent artists, writers and performers; musical groups and artists; newspaper publishers and specialized design firms.

SOURCE: County Business Patterns and Non-employers Statistics, U.S. Census, 1998 & 2002.



SHOW STOPPERS?

Despite everything New York's creative sector has going for it, a number of daunting challenges—most notably the high cost of work space, the expense and difficulty of “market-making” and the widespread lack of health insurance and other benefits for creative workers—threaten the city's pre-eminence.

BOTH THE STATISTICAL AND ANECDOTAL RESEARCH show that New York's creative core is a thriving and complex creative ecosystem. But within even the most vibrant ecosystem, relatively small changes can have unexpected and broad-ranging effects, and the creative economy is facing more than small changes—it is undergoing a veritable revolution, spurred by factors including new technology, globalization and business conglomeration.

The city has begun to feel the consequences of these changes in its diminishing market share within creative fields like advertising. Twenty years ago, New York was home to half of all advertising agency headquarters in the world. Now it hosts less than one third, according to *AdWeek's* “2004 Trends in Advertising” report, London, where creative stakeholders have come together to expand that sector's economic reach (see “Learning from London,” page 25), has quietly claimed much of what NYC has lost. In the field of motion pic-

ture and sound recording, New York faces risk from the introduction of new technologies and cheaper equipment, which have allowed both individuals and major studios to perform these functions themselves.

to work. In New York, complaints about high real-estate costs and too little space are hardly unique to the creative industries, but these issues are particularly acute for a sector with such specific space requirements and such a high percentage of small enterprises and self-employed workers. The high cost and scarcity of studio time for musicians and visual artists, and rehearsal space for performing artists, regularly requires them to make heroic efforts to pursue their art in the city. In a worrisome trend, increasing numbers of artists and creative workers are deciding it's simply not worth it to stay—especially as other cities, from London to Paducah, Kentucky, are bending over backward to get them to relocate.

Doug Culhane is one such creative worker. A sculptor by trade, Culhane is also a freelance legal copy editor in his day job. Most years he makes approximately 15 percent of his living off of his artwork, which is shown in galleries nationally. He has been living in Williamsburg for the last 12 years, and is now moving out of the city

Twenty years ago, New York was home to half of all advertising agency headquarters in the world. Now it hosts less than one third. London has quietly claimed much of what New York has lost.

Certainly each industry and area within the creative core has its own complex structure and unique needs. And non-profit arts organizations and for-profit creative companies undoubtedly contend with different obstacles. Nonetheless, as we began to look at the creative economy as a whole, we found that all of these businesses, non-profits and individuals faced some common challenges and shared some collective needs that seemed well-suited to a broad-based, sector-style economic development approach.

Below we have identified some of the major challenges that industries and individuals are facing across the sector.

COST OF APPROPRIATE WORK SPACE

It is hard to run a business if you can't afford a place

because he can no longer afford to meet his need for a live/work space. “When I moved into the neighborhood, there was one store, some prostitutes and crack dealers on my block. Twelve artists moved into this building. Now we are being evicted.” He is not sure exactly where he will go, but feels confident that it will be better than New York. “Cities everywhere want artists and are making room for them. I will probably go to Troy or Hudson, New York, or maybe Providence or Pawtucket, Rhode Island. There is a lot of live/work space available there and there is a really nice-sized artists community.”

Culhane is not the only one from the building planning to leave the city. Many of his neighbors, who include an architect, a video artist, a painter and a couple that own a design company and employ a few workers in their firm, are considering a relocation from New York. One particular neighbor, a successful painter from Beijing who has been in the U.S. for more than 18 years, is planning to return because he feels that it is better for artists to be in Beijing than in New York right now.

Hope Forstenzer, a graphic designer and glass blower, worked for more than a decade in creative industries in New York until she left two years ago for Seattle, where the cost of living—and, importantly for her, the cost of studio space for glass blowing—is considerably cheaper. Many of Forstenzer’s graphic design clients are still based in New York, but in today’s digital age she is able to live in Seattle—where she can practice her glass blowing relatively cheaply—and work

small furniture-making businesses, says of his tenants: “They need to be in the marketplace they are serving. They cannot be on exit 8 in New Jersey. They need to be in New York City.”

Unfortunately, the reality is that these critical clusters of creative producers—from the more than 300 visual and performing artists that occupy more than 24 buildings in Long Island City to the dense creative fabric of Williamsburg—are in immediate danger of being lost to

The high cost of work space and housing in New York has prompted increasing numbers of artists and creative workers to decide it’s simply not worth it to stay here—especially as other cities offer enticements to relocate.

remotely. She comes to the city for a few days every month to meet individually with clients.

Before she left the city, studio space she rented at a facility in Brooklyn was going for \$45 to \$50 an hour. In Seattle, the price is \$30 a hour, a rate that goes down if the space is booked for an entire day.

“I love New York. I had enough work. I was making a living,” says Forstenzer. “But I couldn’t change my life in any way to make it more secure. I couldn’t even move apartments because I couldn’t find one that I could afford. That is true of a lot of small business and independent contractors in New York. You can get by okay, but you can’t get ahead.”

To be sure, a dance company may have different physical space needs than a woodworker or crafts artisan. And while affordable space is key, it is often more important for certain companies—non-profit or for-profit—to know that they have a long-term lease arrangement. For many, this stability is worth the price.

Further complicating matters is the fact that much of the areas where creative types were able to ‘pioneer’ space ten years ago, simply are no longer available. The rapid escalation of real-estate prices in the late 1990s, which continues today, caused a well-known migration of creative and other businesses from their more expensive Manhattan locales to areas throughout Brooklyn, Queens and the South Bronx. The city’s decision to rezone several longtime industrial neighborhoods around the five boroughs—from downtown Brooklyn and Port Morris to Long Island City—for residential development threatens to displace creative individuals and the businesses whose presence initially helped transform these areas into creative destinations.

These businesses need to be near their markets, and their workers have to be in reasonable proximity to the businesses. Brian Coleman, CEO of the Greenpoint Manufacturing and Design Center (GMDC), a non-profit that developed a facility full of woodworkers and

speculative real-estate developers.

Over the last decade, city government has helped to spur the development of new buildings for the creative industries throughout the five boroughs, such as the Brooklyn Academy of Music Local Development Corporation (BAM LDC) cultural district’s first building, 80 Arts, a shared office space for non-profit arts and cultural organizations. But the sustained increase in real-estate costs means that many of these projects are likely no longer replicable without the city playing a key role. For instance, GMDC developed three other factory buildings in Brooklyn for light manufacturing companies and artisans in addition to their flagship facility for woodworkers, but then the organization could not acquire any additional factory buildings in Greenpoint or East Williamsburg, since private developers solely interested in converting those properties to apartments were always outbidding them. “Buildings in this area are going for \$20 million. We just cannot do these deals and still offer affordable rates to our tenants,” says Coleman.

“Studio space and shooting space are a huge issue,” says photographer Eric White. “Because, a darkroom, it’s a pretty small thing. [But] a studio is a lot of space to do a shoot. I don’t have a studio. I have a fairly large space in Brooklyn, where I live. So, I’ll move everything in this room, which is like the living room/kitchen—I’ll move everything to one wall and shoot in my apartment.”

Cost is not the only consideration involved, however. Not all work space is equally appropriate to all creative pursuits. Common wisdom on the subject is that artists traditionally “pioneer” areas with few amenities and large amounts of cheap space, and when they are priced out of a neighborhood, they simply forge another. However, in a survey conducted for this report of 71 creative workers and business owners in three of the city’s creative hotspots—Williamsburg, Long Island City and the South Bronx—we found that the reasons creative activity clusters in certain areas are more complex.

When asked how they chose their particular location, availability of appropriate space—not necessarily cheap space—was the number one factor among all those surveyed in each neighborhood. Among the three areas, however, rent was considered least important in Long Island City, which is dominated by visual artists, designers and architects. These workers and businesses frequently put a premium on space that can accommodate industrial production methods, such as glass blowing and metalsmithing.

Take Michael Davis, a former dancer who owns a stained glass studio, and who needs to run his glass oven 24 hours a day, seven days a week. For him, finding Long Island City, with its industrial zoning, was a tremendous relief after a long period of rejection. Before he found his current space, he says, he had looked for space in Harlem, but landlords refused to rent to him as soon as he mentioned what type of business he wanted to set up.

While there have been some successful attempts to address this problem—such as GMDC and the Alliance of Resident Theatres/New York and BAM LDC’s shared office spaces for arts non-profits—as space in the city becomes scarcer and more expensive, and more and more industrial space close to Manhattan is rezoned for residential use, the creative economy is increasingly feeling the squeeze.

ACCESS TO MARKETS

Answering the question of how to ensure that a creative product will reach the right market or audience goes way beyond the simple formula of physically “being there”—in Manhattan, or in the city at all. When we started our research, we expected to hear that workers “had” to be in New York to have any chance of capturing the attention of the city’s critics and tastemakers, and to improve their chances of advancing in the city’s market.

Despite an increased focus on the economic potential of creative content, the city’s creative workers frequently lack even basic business skills, as well as information about how to develop them.

What we learned, however, was much more complex. Apparently, New York’s tremendous talent pool and artistic community can be a double-edged sword: though the city boasts a large number of exhibition spaces, bars, galleries, retail outlets, restaurants and media that provide access to new markets, the reality is that the costs of running these outlets mean that they are often too expensive for emerging talent to enter. Further complicating matters is that interviewees across every creative discipline observed that this unmatched density also creates an environment of unparalleled competition for opportunities to reach those markets. Admittedly, this competition

is simply a part of doing business in New York City, but it translates into a lot of very marketable and potentially lucrative arts businesses never gaining the attention or spotlight they need to turn a profit.

“When I was in Minneapolis/St. Paul, I was one of four artists doing my type of work,” says Elaine Giffney, a textile artist, designer and high-end bag maker. “Here I am one of 500.”

This level of competition for access to consumers undoubtedly helps preserve the high quality of the city’s creative offerings. But it also drives down wages, making it extremely difficult, even for those with great talent but no trust fund, to sustain themselves long enough to find their audience. As if the competition within a crowded market weren’t enough, creative workers in field after field now fret that the traditional “entry points”—opportunities for them to reach an audience—are closing up.

“You don’t have as many places to go as you used to,” says Sam Pollard, documentary filmmaker and CEO of Two Dollars and a Dream production company. “There are plenty of subdivisions of major companies so there are actually many more channels, but they all report to the same set of CEOs. Before there were something like eight places to pitch; now there are five. For example, A&E is now under the same umbrella as the History Channel, so now I can only pitch once to them.”

Jonah Zuckerman, owner of City Joinery, a furniture design firm in Brooklyn, says that there is “a lack of a place to show products,” but also cites a need for businesses to do their own collective marketing. “It is often too expensive to do a shared showroom or enter another retail outlet,” he explains. He wants to see something for furniture designers similar to the collectives of fashion and accessories designers that have been popping up in NoLita and the Lower East Side. These collectives—including Emerge NYC, TrunKt and

the Market—share space and do collective marketing.

The city’s craft and artisan community echoes this need for market access. In a 2004 survey by NY Creates of more than 619 crafts and folk artists and artisans, 61 percent of respondents said that access to sales and marketing outlets was their biggest need. In response to this feedback, NY Creates, a collaborative research effort of the New York Foundation on the Arts, the New York City Arts Coalition, the Municipal Art Society and the Consortium for Worker Education, has begun to establish a number of fairs that showcase the wares of crafts and folk artisans—most recently at Atlas Park in Queens—

and is exploring the possibility of a more permanent storefront for these artists.

As the recent rent roil over the future of the iconic rock venue CBGBs shows, there is a shrinking number of music venues in New York that provide a testing ground for new musicians. Ed Greer, a musician and former senior vice president of club operations with the Knitting Factory and now an independent festival producer, explains how the economics of his industry have changed: "Venues are not making money on ticket sales. This all goes to pay the band, if you're lucky. Venues make money off the bar and increasingly on spin off products like recordings. They can't take a chance on the unknowns as freely."

As with many of the challenges facing creative enterprises in New York, the problem of marketing crosses virtually all industry lines. The many trade shows and festivals held in the city each year offer such collective marketing opportunities, but these forums are often prohibitively expensive, especially for individual designers. The Architectural Design show, for example, costs upwards of \$3,500 to enter. And the International Contemporary Furniture Fair, the standard fair at which to launch a furniture design business, is not only too pricey for most emerging designers and other creative producers, but it is also not geared towards marketing products to the public.

Some creative workers and businesses are coming up with innovative solutions to the problem, such as

independent music producers distributing niche music in local bodegas. But the bottleneck at the market-entry level not only drives down compensation—any band that won't accept \$100 for a three-hour gig is sure to see a half-dozen other groups that will—it also makes it unnecessarily difficult for niche products and businesses, which are not backed by large corporate distribution networks, to reach appropriate consumer bases.

MARKET FORCES

As the economic value of creative content and products has become more evident, New York's creative community has become increasingly entrepreneurial, looking for business opportunities. This greater focus on the commercial potential of creative enterprises is important, but efforts to apply a rigid traditional business paradigm also pose a real threat to the vitality and viability of the sector. Successful creative products cannot simply be "cranked out" on a fixed schedule, and even the largest firms in the city's creative economy struggle to generate quality products while meeting investors' or shareholders' expectations about profitability. Creative workers often see the world, and their work, differently. Investors commonly struggle with this reality.

"In New York City, most big creative businesses here are very established, have a lot at stake and are really focused on minimizing risk," says Bill Mesce, manager of corporate affairs at HBO. "We will take a risk on material, but need [established] talent behind

BROOKLYN DESIGNS A MARKET

Brooklyn Designs, a project of the Brooklyn Chamber of Commerce, has emerged as a successful model for showcasing new designers along the same lines as the Creative Industries Development Service (CIDS) in the United Kingdom (See "Learning from London," page 25), even though CIDS is aimed at supporting all of London's creative industries, while Brooklyn Designs is singularly focused on the design industry.

Part of the challenge for emerging and even established creative entrepreneurs is tapping into the marketplace and accessing new audiences for their products. The Brooklyn Chamber had been doing this for years with Brooklyn Goes Global and Brooklyn Eats, programs that market the borough's food businesses. When the Chamber identified a growing sector of furniture and homewares designers, it created Brooklyn Designs as a way of showcasing these businesses.

Started three years ago, Brooklyn Designs is already a must-attend show for Brooklyn's designers. The show provides access to a growing audience of more than 4,000 buyers, architects and consumers. Participation in Brooklyn Designs

also gives designers access to editors from top design magazines like *Interior Design* and *Metropolitan Home*, who serve on the jury to select entries into the show and provide a critical audience for designers aspiring to launch a product from Brooklyn to international prominence.

Brooklyn Designs offers the opportunity to get a product to market with minimal investment. Other trade shows like the International Contemporary Furniture Fair costs \$7,200 for a 200 square foot booth. Brooklyn Designs' fee is \$1,000 for the same square footage.

In addition to participation in the show, participating designers who are also members of the Chamber have access to services including help finding space, employment assistance, business advice and evaluations on business development. Karen Auster, coordinator of Brooklyn Designs, often assists designers in helping them to evaluate how to balance the business end of their design work. According to Auster, she finds that, "as a creative person they often need help to gauge how much of their time they need for business tasks, how much for the creative part."

camera or in front of the camera. We don't hire someone who came straight from really small 'black-box' theaters when we're bankrolling a \$30 million series."

"If you're casting [an actor], you know who is good, who is a known quantity and who will make studios happy," he says, "Why take a risk on the invisible?"

Pressure to produce a product or a profit in short order is exactly the opposite of what creative endeavors need to succeed, say those we interviewed. What these ventures need most, they say, is the one thing the business world won't give them—a chance to fail. The logic of "research and development" that drives experimenta-

here, but no one has any money to run their businesses. People are winning all of these awards for design and there is no money."

Part of the problem is that there is a lack of financing models to help minimize the risk. Banks frequently fail to understand that the typical financing mechanism in fashion is for a designer to factor products—or pay for the cost of a sample run—up front. This requires a different type of lending tool for the designers to keep them from defaulting on their loan.

Corporate pressures of conglomeration in certain creative industries also mean that a more modest short-

The fierce competition to be seen, heard and appreciated helps preserve the high quality of the city's creative offerings—but it also drives down wages and makes it extremely difficult, even for those with great talent but no trust fund, to stay afloat long enough to find an audience.

tion in fields like pharmaceutical research and the hard sciences rarely seems to exist in the world of the arts.

"There are many, many failed scientific experiments, and they say it's a waste of money if it's artistic," says press agent Bruce Cohen. "Well, when I was at LaMaMa [theater club] we had a guy named Harvey Fierstein, and he had three failed plays before he reworked them and made them into 'Torch Song Trilogy.' Somehow the stuffed shirts can't understand that you have to fail nine out of ten times in the arts. Art is supposed to be perfect all of the time while medical and industrial development can afford and is allowed to fail."

Karen Brooks Hopkins, president of the Brooklyn Academy of Music, believes there is a general impatience with the pace of the creative process, which makes it difficult to give new ideas a fighting chance to succeed. "The problem in America is if you or your venture is not brilliant in the first 15 minutes, everyone wants to throw it out." To really try something new, she says, you need three years: "The first year to figure out what's wrong, the second year to start to figure out how to really do it, and the third year to really get it going, really have a well-oiled machine." Decision-makers with non-profit creative groups noted that this time frame is similar for their ventures as it is for small businesses.

Adding to the challenge is the fact that there often seems to be an unintended disconnect between the financial community and the creative community on how to overcome this risk. Mary Howard, executive director of NY Designs, a business center for designers established in 2003 by the CUNY Economic Development Corporation and LaGuardia Community College, says "New York has an ineffective capital market for design. Here is this \$5 billion industry concentrated here. Some of the most talented designers are

term payoff often takes precedent over long-term risk. "Consolidation in the book business is not new, but it is different now," says Geoff Shandler, editor-in-chief at Little Brown. His company was owned by Time, Inc. in the 1950s, while RCA owned rival Random House. The difference now, he argues, is that as these subsidiaries have broadened to include other media businesses, "the expectations of what is considered profitable have changed." According to Shandler, these short-term pressures have meant "you do not take chances on authors who may take time to be successful. Some very successful literary authors, if they started now as opposed to 1963, would not make it. There is just not the time to let the author grow. There is not time to take the risk."

In addition to changing funders' and investors' expectations about the time frame for success, industry leaders like Mara Manus of the Public Theater suggest that what the sector needs is not venture capital but something more like "adventure capital": a cross between investment and philanthropy, somewhat like charity raffle tickets.

The lack of investment readiness on the part of the designers and other creative entrepreneurs themselves, discussed further below, is also part of the problem.

This is certainly not to say that creative ventures cannot become profitable businesses. But as we described above, opportunities for innovation are also essential to the city's creative ecology, and too much pressure to succeed on business' terms could threaten that delicate balance.

LACK OF BUSINESS SKILLS AND INFORMATION

Given the highly competitive market for creative products and services, small businesses and aspiring entrepreneurs need honed business skills to succeed. But

despite an increased focus on the economic potential of creative content, the city's creative workers frequently lack even basic business skills, as well as information

What creative ventures need most, according to those who conceive and support them, is the one thing the business world won't give them: a chance to fail.

about how to develop them. These individuals typically go about learning to run a business the same way they conduct their other activities: by trying to "figure it out" using information gained through word of mouth, the Internet, and whatever other resources they can scrape up. Many spend a tremendous amount of time and energy on this kind of trial-and-error approach—and frequently all they end up doing is reinventing the wheel.

Rachele Dorsinville, founder and executive director of BAD (Bright Aspiring Designers) Association, Inc., says she started her organization to help fill the tremendous need for business skills and information she saw when she worked as an attorney for creative workers. "I was representing independent contractors and realized most desperately needed the basics—employer ID, financials. I saw a lot of designers were opening themselves up to liability because they had no insurance. Many of them were not even able to use the [technology] that they needed to design. They thought that just being a fabulous talent was supposed to be enough."

Indeed, part of the problem is that many creative workers are uncomfortable with or resistant to even thinking or talking about their work as a business.

"With rare exceptions, artists can't go out and raise money for themselves," says Meg Fagan, an oboist and former development director for The Kitchen, a group that supports the creative efforts of performing artists. "This is an intimate process and plays to insecurities to describe who you even are, and what you can contribute. I ran a workshop on fundraising for individual artists and said 'tell me about yourself' and only one in 20 could do it."

Even those who overcome the psychological barriers typically waste a tremendous amount of energy casting about for basic information. And despite a vast assortment of trade associations, educational institutions and arts service organizations that exist to provide exactly this training, our research turned up numerous accounts of budding creative entrepreneurs spending late nights searching for answers on business sites on the Internet, talking to friends in the business—and making a lot of mistakes.

It also means the potential of losing viable businesses because the producers do not know how to take their businesses to the next level. According to Mary Howard of NY Designs, the lack of investment readi-

ness on the part of many creative entrepreneurs is a serious barrier: "People show up here [NY Designs] and they are 'burnt out' physically and mentally. A lot of

them come here and want to declare bankruptcy. And these are successful businesses. Some of them have grown 40 percent in a year. But they can't manage it. They do not know how to get the investment they need to grow and they want to quit entirely."

The irony is that New York has a multitude of organizations that provide technical assistance to entrepreneurs and small businesses. But evidently, many of these business entities are not connecting to those attempting to start firms in creative fields. Meanwhile, non-profits that provide services to those in artistic fields are not doing enough to partner with these business assistance organizations or create their own programs.

Indeed, many creative businesses and individual workers don't know what resources are available. "We have been around for twenty years and I still run into people who should be working with us but don't know anything about us," says Steve Gross, co-director of The Field, an arts service organization founded in 1985 to assist artists in both creating new artwork and managing the business of being an artist. "Another problem is that there is no central source to tap all of the various resources available, and even if there was, many artists and individual producers would want assurance that this source could communicate how useful or appropriate a given service might be for their needs."

Also missing is a service that connects the business needs of creative workers across both non-profit and for-profit sides of the creative industries. Theodore Berger of NYFA admits that *NYFA Source*, an online and print service that provides one of the most comprehensive resource listings for artists and arts organizations in the nation, does not provide information for people in all creative industries. "We have an extensive information service, but it is primarily non-profit resources. What we don't have enough of is information about resources for the for-profit side of these industries," he says.

Hugo Barreca, board member of the cutting-edge string quartet Ethel and former executive at Time, Inc., suggests that city government help centralize information about what kind of business services are available for people in various creative industries. Some kind of central knowledge bank, he says, would "make the process much less of an ad-hoc, every-time-is-the-first-time, experience." This and other policies that supported the fundamental structure of the lives of

artists would pay big dividends, he believes, helping to draw talent to the city, stabilize the creative economy and the lives of artists and even relieve pressure on the health care system.

Another solution would be for arts organizations to

Creative workers who lack health insurance are living in fear that one sustained illness or fluke injury might lead to financial ruin.

create partnerships and other connections with business assistance organizations, educational institutions and the business world. Some of the city's educational institutions are beginning to respond to this need: the Fashion Institute of Technology recently added a new component to its course offerings which will train top fashion designers in new technologies, financing and other skills to keep their businesses thriving in an increasingly competitive market. But much more can be done.

WORK SUPPORTS AND ECONOMIC INSECURITY

In contrast with other fields that follow a more traditional employment and business model, work in the

creative industries is heavily project-oriented and in some sense, almost always "temporary." Freelance workers and the self-employed are far more prevalent as a result, and much of the work is done by small companies and non-profits that rarely offer benefits—like

health insurance, retirement accounts or pension plans—that similarly skilled workers in other professions would take for granted. Other needs more specific to the sector, such as access to ongoing professional or technical training and intellectual property protections, are almost as likely to go unmet. While the unions and other organizations such as the Freelancers Union provide some of these supports for workers and help arts organizations and small firms access better services and benefits for their employees, the lack of health insurance in particular has many creative workers living in fear that one sustained illness or fluke injury will lead to financial ruin.

Table 5: SELF-EMPLOYMENT LEVELS FOR CREATIVE WORKERS IN THE U.S.

Nationally, nearly 68 percent of authors and more than 50 percent of both artists and photographers are self-employed.

Occupations	Self-employed workers, all jobs	Self-employed workers, primary job	Self-employed workers, secondary job
Authors	67.9%	57.9%	10.0%
Artists & related workers	53.8%	47.6%	6.3%
Photographers	52.5%	41.4%	11.1%
Musicians & singers	38.6%	26.4%	12.2%
Announcers	34.4%	23.2%	11.2%
Producers & directors	32.8%	28.5%	4.3%
Designers	31.8%	25.0%	6.8%
Agents	27.0%	22.9%	4.1%
Film and video editors & operators	23.0%	15.0%	8.1%
Architects	21.8%	17.5%	4.3%
Dancers & choreographers	18.1%	18.1%	0.0%
Actors	17.4%	15.5%	1.9%
Editors	12.9%	9.4%	3.5%
Broadcasting technicians	9.3%	6.3%	2.9%
Reporters	6.3%	3.7%	2.6%

SOURCE: Occupational Employment Statistics, Bureau of Labor Statistics, 2002. (Note: Rows that do not add up are a result of rounding.)

Says photographer Eric White, who is not insured: "I think about all the time. I think a lot of people think about it all the time. Especially, living in New York, one false step, you step in front of a cab and you have huge problems."

Because many uninsured creative workers earn relatively low wages or have unstable incomes, they frequently cannot afford private health care, and rely on public clinics. Many more simply forgo care until they need to go to a hospital emergency room. According to a 2004 survey of over 4,000 independent workers in New York City conducted by Working Today, a national non-profit organization that advocates on behalf of freelance workers, 84 percent of freelancers cannot afford health care. Roughly 13 percent of those surveyed worked in arts and culture. Of those, more than eight in ten said they could not afford health insurance.

Small business owners and non-profit leaders alike feel these pressures as well, in some cases even

revolution is beginning to have a major impact on filmmaking and the extensive and skilled workforce infrastructure that supported it.

Similarly, the music recording industry is currently facing changes akin to the desktop publishing revolution of past years. "'Desktop audio' has really hurt commercial studios as it has evolved to offer higher audio resolution, track count and additional features once found only in the professional studio," says Christopher Walsh, a writer for *Billboard* magazine. "Commercial studios use this workstation equipment...but so do producers and engineers in their homes and, increasingly, purpose-built home studios. That has taken so much money out of the commercial studio market. The entire overdub process of an album's production can be done outside a professional studio. And it largely is."

Seeking to adapt, many studios have diversified their services. Some have even become recording schools, teaching desktop audio production. Many have

A 2004 survey of independent workers in New York City by the non-profit advocacy group Working Today found that 84 percent of freelancers, including more than eight in ten arts and culture workers, could not afford health insurance.

changing their business model as a result. Press agent Bruce Cohen says: "I used to employ a staff, and now I use only freelancers instead of employees because of the health care bureaucracy. I used to spend a third of my day dealing with personnel matters. Now I farm out editing and marketing and even phone work, and let everyone else deal with health care." As head of IATSE Local 18032, the Association of Theatrical Press Agents and Managers, Cohen saw half the organization's time go toward dealing with issues of health care costs.

CHANGES IN TECHNOLOGY

Fast-moving technological changes that have brought great benefit to consumers, like the introduction of the iPod and desktop movie editing, are rapidly transforming a number of creative industries. While these technological innovations have created opportunities for small firms to compete with larger entities, they also present unique challenges for many of New York's creative companies.

In fact, advances in digital technology have already significantly altered the way in which film is produced. The new film technology is relatively small, inexpensive, easy to operate and requires fewer camera technicians and support crew. This is good news for independent filmmakers trying to make art with limited time and resources, but this

started production companies to entice unsigned artists, hoping for back-end profits if the artist's recordings lead to a record contract or otherwise produce revenue. And many studios have dramatically reduced their rates, especially in traditional downtime periods, allowing artists on limited budgets an opportunity once out of their reach.

"Some studio owners reason that an occupied room generating some revenue is better than an empty one generating none; others feel that once you start cutting rates, you may as well close, because there's no bottom," says Walsh.

An additional wrinkle is that the advance of new technologies has generated a fight for the ownership of intellectual property. This has put tremendous pressure on both large multi-media enterprises, which are consolidating rapidly in order to own the means of distributing these new technological forms, and on small creative businesses and the independent creators responsible for generating this new content.

Currently, there is a lack of visible, accessible, affordable training opportunities geared toward helping those in the creative fields adapt their products and skills to changes in the marketplace. The development of such opportunities—whether by non-profits in the creative fields or by local government—could help ensure that New York keeps its edge in the global creative economy. ❖

LEARNING FROM LONDON

As New York takes on the challenges facing its creative sector, industry leaders here can look to London and other UK cities for some useful models.

AS THIS REPORT HAS DETAILED, CREATIVE STAKEHOLDERS in New York City face a fairly daunting set of challenges to maintain Gotham's current dominant position in the creative sector. But these challenges are not unique to New York.

Consider London, the one city in the world where more people work in creative industries than New York. The similarities are unmistakable: as in New York, space in London is limited, costs are high and competition is fierce. And like New York, London has a dense network of governmental, educational and private organizations focused on serving the creative industries, but this network has traditionally been rather fragmented and duplicative.

But where London, and the United Kingdom as a whole, is arguably ahead of their American cousins, is that government is actively crafting tools to support and grow these industries. Since 1997, the UK has made its creative sectors a major focus of economic planning, with particular emphasis on supporting its workforce and entrepreneurs to spur future economic growth.

The Center recently visited London and several other cities across the UK to see what is being done there to encourage the growth of creative industries and better support the creative workforce. By the time we returned to the five boroughs, it was clear that New York could learn a great deal from its rival across the pond.

COORDINATION **Creative London**

Aligning and rationalizing the resources available to support creative work is no easy task. But in London, for the first time, all of the highest-level creative stakeholders in the city—arts, business, higher education and government—have begun to collaborate around a common mission to support creative industries. The field is being assessed and assisted as a whole, not in distinct parts.

The coordinated effort began in 2003, when London Mayor Ken Livingstone set up a commission to undertake a major assessment of the creative industries in London. Spearheaded by the London Development Agency (LDA), the equivalent of New York City's Economic Development Corporation, the commission brought together business executives from creative industries, government officials and leaders of

arts and cultural organizations to identify the economic potential of the city's creative sector, as well as the major barriers that might impede its future growth.

"As an economic development agency, we are saying this is a sector we are fully backing," Graham Hitchen, head of the LDA's Creative London initiative. "In our review, we found it has a huge and major growth potential. For example, one in five new jobs created each year in London are in the creative industries. So in 2003, we started a commission to see what we should do about supporting the creative industries at the LDA. We did a lot of investigation: site visits, open forums, research. We focused on the barriers to growth."

LDA's research yielded two major findings. First, the same entrepreneurial spirit that makes the creative sector so dynamic would have to inform the collaboration. And secondly, the coordination and buy-in among other government agencies would be critical to the success of these programs.

The most important result of the commission's work to date was the creation, in 2004, of Creative London, a strategic group administered by LDA, and run as a public-private partnership that is advised by executives of major creative companies, leaders of arts organizations and government officials to promote, support and grow London's vast creative sector. The goal of Creative London is to tackle the multiplicity of barriers facing the creative sector, from investment and financing to real-estate and talent development. Since its inception, Creative London has developed a series of concrete programs including financing and investment, talent development, real estate and promotion—perennial needs of the creative sector. Most notably, the LDA is supporting the development of ten "creative hubs"—locally-based partnerships that lead the creative industries agenda by pulling together community and cultural groups with government, education and real-estate partners, and driving forward a long-term program of investment and growth.

The London initiative is already showing promise, and some in that city's creative sector say it is because the LDA understands and appreciates how employment is different within the sector, compared to most industries. "What the LDA and Creative London finally got their head around was the definition of a job," says Harry

Leckstein, managing director of Freeport Records and chairman of the London Urban Collective, an organization that trains youth in the multiple skills required for entry into the music industry. "They accepted that work happens differently in the creative arts. In music, television, film, media, these are all short-term jobs. It used to be that they defined a job as a permanent position with a company. The acknowledgement of these project-based jobs where you move from one project to another, maybe in the same company, maybe not, has led to a whole new way of the government being able to provide training, infrastructure and funding for projects."

MARKET-MAKING

Creative Industries Development Services, Manchester

As noted earlier in this report, accessing markets is one of the most critical and difficult challenges facing any creative business. In the UK, the Creative Industries Development Service (CIDS), a new organization based in the old industrial city of Manchester, has taken on this challenge by finding ways to expose artists and arts-based businesses to new markets, both locally and abroad.

Formed by Manchester's City Council in 1999, CIDS was developed to meet the needs of the creative industries. CIDS provides general business assistance as well, but their core focus is to bring art to new and expanded markets.

CIDS provides trade development resources such as research and strategic planning that target sectors and key markets, building capacity through information and training and helping companies to access trade events. Perhaps most importantly, CIDS has developed a series of trade shows and travel opportunities to market creative companies both within the UK and abroad.

In many cases, businesses in the creative industries do not have resources to explore international opportunities and might not know about the sources of funding available. CIDS actively works to open up new markets for firms in creative industries. "We actively go out and try and form trade association-like entities," explains CIDS executive director Lyn Barbour. "This looks different in each area because we are driven by the sub-sector and what their needs are. Often there are projects like joint marketing or trade shows to New York City."

The Transatlantic Express, a trade mission to NYC, is one of two recent trade tours coordinated by CIDS. In the fall of 2003, CIDS organized a trade mission of a group of Manchester-based fashion designers, musicians and other artists to New York to connect them with New York-based venues and producers in order to foster new market opportunities for their creative enterprises. CIDS worked with the Manchester Music

Company, a firm that advocates for the creative sector, to produce a CD of Manchester's emerging musicians. CIDS then arranged for these musicians to perform at two top music festivals in the U.S., CMJ Music Marathon in New York and South by Southwest in Austin, Texas.

CIDS stands out for its broad focus: unlike most groups of this kind, they are not limited to one creative industry. They are motivated to work with any viable sector in Manchester and tailor the exact business assistance needed to elevate the work to a larger, global market.

WORK SPACE

The Round Foundry Media Centre, Leeds

London and other major UK cities rival even New York for off-the-charts real-estate prices. Addressing the space issue has become one of the top priorities for government and creative developers.

One solution to the space issue can be to place similar companies under the same roof and support their growth through a mix of services and shared resources. In Leeds, the Round Foundry Media Centre, developed and run by the Media Centre Network, a non-profit management company, is home to an array of small creative companies including IT, computer animation, new media trade association and television. The Centre, established with government support as a flagship project of Yorkshire Forward, the local Regional Development Agency, with support from the City Council, provides shared office space and administrative functions, flexible lease terms, as well as a host of business training for the area's creative entrepreneurs.

"A lot of what attracts the businesses is being all in the same place. They feed off of that," says operations manager Cherry Salt. "Some people have false perception that they will be competitive, but, quite the contrary, they are here to be near one another. The Media Centre facilitates the networking—for example, they set up a four-digit number for them to call one another so that calling another company in the building is like an internal call."

The combination of services is meant to help these companies thrive and grow stable enough to move out into the wider marketplace; the expectation is that tenants won't stay forever. "We want these companies to grow and move out. This is everything that we're about," says Salt. "We provide all of this but we are very careful not to push it. It's available and if people don't want it, that's fine. We are not here to nanny anyone and that is the last thing these companies want."

Proving that there is pent-up demand for the Media Centre's cluster model, companies from other sectors, including a debt collection agency and a law firm, are constantly trying to parlay their work into a creative enterprise in order to be housed at the Round Foundry. ❖

RECOMMENDATIONS

This report details the tremendous importance and daunting complexity of New York City's creative sector. Just as the field boasts unmatched assets, it also faces formidable challenges that threaten the city's current pre-eminence. To meet these challenges will require a much greater commitment to organization and collaboration between different actors than has ever previously been the case, and as in London, it will likely fall to the public sector to take a lead role. But while government, with its resources and influence, is best positioned to play that part, and can provide the initial impetus to convene the sector's constituencies, the public sector cannot sustain any effort to which the other actors—including creative businesses, workers and support institutions—are less than fully committed. Without this sustained commitment from all involved parties, any progress on the thorny issues we discuss below, from the cost of work space to ensuring health care for creative workers, will remain piecemeal and precarious at best.

TREAT NEW YORK'S CREATIVE CORE AS A SECTOR.

New York's creative economy spans a number of different industries and includes everyone from freelancers and sole proprietors to small non-profits and multinational corporations. Traditionally, the sector has broken down along lines of size, specialty and purpose (for-profit vs. non-profit); different creative groups have been more likely to compete—for funding, audience and

entity should be modeled on Creative London and would include high-level leaders from creative industries and representatives from trade associations, unions and arts service organizations that provide services to the creative core; government, philanthropic, educational and financial communities; and leaders from the real estate, economic and workforce development fields.

This coordinating body would act as a sector asso-

Though the needs of a non-profit dance group aren't always the same as a large publishing firm, the individuals, firms and non-profits working in the city's creative industries share many common traits, challenges and opportunities.

favorable treatment from government—than to cooperate. Undoubtedly, the needs of a non-profit dance group aren't always the same as a large publishing firm, and the primary obstacles facing an up-and-coming fashion designer are often very different from the hurdles encountered by a film production company. Yet, the individuals, firms and non-profits working in the city's creative industries—from film editors and music producers to graphic artists and publishing companies—share many common traits, challenges and opportunities. To exploit the opportunities and address the challenges, non-profit arts organizations, creative businesses, trade associations and local government officials should begin to recognize the commonalities within the for-profit and non-profit creative industries and design strategies around supporting this remarkable creative core.

CREATE A CENTRALIZED COORDINATING BODY MODELED AFTER CREATIVE LONDON.

Leaders in New York's non-profit and for-profit creative communities should take the lead in creating a centralizing entity that would bring together the disparate stakeholders within New York's creative economy and advocate on behalf of the sector's shared needs. Such an

ciation to strategize around supporting and growing the city's vast creative sector, similar to other city-based industry associations in fields like finance and information technology. Initial activities could include creating a unified voice for the creative core and developing policies that begin to address the issues and recommendations addressed in this report as well as other needs identified by the sector. The council would also be responsible for developing a research program to further track the trends and opportunities stemming from the creative sector.

ESTABLISH AN INDUSTRY DESK FOR CREATIVE INDUSTRIES AT THE NYC ECONOMIC DEVELOPMENT CORPORATION.

City government currently supports the creative core primarily through the Department of Cultural Affairs—which largely works with non-profit cultural institutions and arts organizations—and the Mayor's Office of Film, Theatre and Broadcasting. While these agencies have done good work, they were never charged with supporting large pockets of the creative core; partially as a result of this oversight, these fields aren't currently a meaningful part of the city's economic development strategy. The city's Economic Development

Corporation (EDC) ought to play a larger role in supporting this sizable and growing part of the economy. It could start by developing an industry desk that supports the city's creative core. (EDC already has industry desks designed to support a number of key sectors, including life sciences; financial services; professional services; media, technology and telecommunications; airlines; and consumer products.)

BEGIN TO ADDRESS AFFORDABILITY ISSUES FACING INDIVIDUAL ARTISTS AND CREATIVE ENTERPRISES.

As this report has detailed, the lack of affordable space to live and work is the single largest challenge facing New York's creative core. With so many other residents and businesses struggling to afford the cost of real estate in New York, it's neither practical nor politically feasible to create real-estate incentives that single out artists and creative businesses. Yet there are things city officials can begin to do in partnership with philanthropic foundations, businesses and real-estate developers. One idea is for policymakers to push for new cluster buildings for arts groups and creative businesses, possibly modeled after public/private initiatives by the Alliance of Resident Theatres/New York and the Greenpoint Manufacturing Design Center. Another suggestion is for the city to encourage real-estate developers, universities and large cultural institutions to include space for artists or creative firms in their new developments.

MORE FLEXIBLE SUPPORT FROM THE PHILANTHROPIC COMMUNITY.

Philanthropic foundations and private donors already provide invaluable support to New York's arts organizations and cultural institutions. Yet, some of these philanthropists could further leverage their giving by being more flexible in how they support creative organizations. Specifically, instead of providing funds that are highly restricted to specific projects, the philanthropic community should allow for more general operating support and planning grants. Doing so would go a long way toward stabilizing many non-profit groups, thereby allowing them to focus on their core mission of creating art, cultural ideas and content. In addition, funders should consider making longer-term commitments that recognize a truth too rarely acknowledged in the creative world: the time it takes to develop a new product is often longer than a typical one-year funding cycle.

EXPAND MARKET ACCESS FOR LOCALLY-MADE CREATIVE PRODUCTS.

While New York has no shortage of locally-based creative talent, many creative individuals and enterprises

need help with marketing and getting access to a larger audience. Non-profit arts organizations and trade associations should work with city officials to enhance promotion and marketing of creative businesses, which all too often don't have the resources to meet the costs of getting their product to a wider marketplace. Specific activities could include:

- Expansion of the "Made in New York" trademark beyond films that are shot in the city to other locally-developed and produced creative goods.
- Continued support, from foundations and city officials, for "market-making" initiatives like NY Creates, a project that serves the marketing needs of the city's vast crafts and folk artisan community.

HELP CREATIVE INDIVIDUALS AND ENTERPRISES GET ACCESS TO BUSINESS ASSISTANCE SERVICES.

Arts service organizations should take the lead in creating better linkages between the many entities—including government, small business assistance organizations, higher education, unions and trade associations—that provide entrepreneurial assistance to creative businesses and individuals. While the city has a large number of non-profit arts service organizations that offer general business development to artists and arts organizations, these entities are rarely connected to the vast array of services available to entrepreneurs and small businesses provided by the city and other economic development organizations; their assets remain under-utilized.

IMPROVE ACCESS TO HEALTH INSURANCE AND OTHER WORK SUPPORTS FOR CREATIVE WORKERS AND ENTERPRISES.

As this report has detailed, there is a great need for strategies that address the woeful lack of health insurance facing creative workers and the businesses that employ them. Non-profits, unions and industry associations should look to expand efforts to pool freelancers into larger groups that could purchase insurance at more affordable rates.

BEGIN TO ADDRESS THE CREATIVE CORE'S WORKFORCE DEVELOPMENT NEEDS.

City leaders and industry stakeholders share a strong interest in developing talented and skilled workers and should look to better align workforce organizations, industry leaders, trade associations and unions to coordinate the skills development needed for creative industries. These entities should also collaborate with the city's network of workforce training providers and educational institutions to develop programs to meet these multiple needs. ❖

Unlike most previous studies of New York City's creative industries, we have attempted to view the sector through an economic development lens, counting enterprises and workers and focusing on the scope of the creative industries. The approach looks solely at the direct employment associated within the city's creative activity, rather than attempting to capture all of the indirect economic activity connected to it, as is the practice when trying to measure the economic impact of a specific event or investment.

Both this conceptual approach and many of the specific methodological decisions detailed below were based on the pioneering research of Mt. Auburn Associates, who conducted similar assessments of creative sector economic activity in New England in June 2000 and in Louisiana in August 2005. Their approach to analyzing the creative sector conforms to the methods used to analyze other economic sectors such as life sciences, manufacturing or natural-resource-based industries.

One important way that this study differs from traditional arts-related economic impact studies is its inclusion of both non-profit and for-profit enterprises within the creative sector. Our contention is that these enterprises, despite their tax status, have the same underlying goal: to generate content, as both goods and services, that transmits symbolic and cultural meaning to a marketplace, whether an audience in a theater or a group of high school boys waiting for the next video game. Another major distinction is the inclusion of sole proprietorships, which are particularly important in the creative sector. Studies which do not include the number of individuals who earn all, or a substantial portion, of their income through self-employment would seriously underestimate the relative economic importance of the creative sector.

NOTES ON METHODOLOGY

Our first task was defining what and who should be included in New York's creative core. The second, more difficult assignment was to measure it.

One of the key components of the Mt. Auburn approach is that every region has a distinct creative economy and that a definition used in New England would not necessarily be relevant to New York City. The Center for an Urban Future, Mt. Auburn Associates and an advisory board of creative sector leaders helped us come up with a definition of the "creative core" that comprises nine industries:

- Advertising
- Film and Video
- Broadcasting
- Publishing
- Architecture
- Design
- Music
- Visual Arts
- Performing Arts

The first step in measuring the creative core was to identify the number of enterprises involved in these creative core industries and the number of individuals who make all or part of their living through employment in a non-profit or for-profit enterprise, or through self employment.

The U.S. Census' County Business Patterns includes information on employment for enterprises with wage employees. The 2002 version, the most recent available, indicates 198,627 workers in the city employed by firms within the nine "creative core" industries. A separate data set tracking "non-employers" indicated an additional 79,761 freelancers and sole proprietors within the core, for a total of 278,388. (See Table 3, page 9 for the breakdown by creative industry.)

This count is extremely conservative for three major reasons:

- 1) We focused primarily on those enterprises involved in the creation or production of creative content. While we included some activities involved in the distribution of creative content, we only included these activities if the distribution-related activity also involved production or was a core activity in terms of the market in New York. For example, media (a distribution channel), art galleries and museums were included in the definition of the core. Movie theaters, CD stores and book stores were not.
- 2) Our count does not include many of the suppliers to the creative core. For example, art supply stores, legal firms specializing in entertainment and other similar firms are clearly part of the broader “creative economy” in New York City. However, they were not considered part of the creative core, under the definition set forth in this report.
- 3) There is a significant amount of “embedded” activity within the creative sector which is very difficult to quantify. The best examples of embedded activities would be public libraries (which are important distribution channels for creative content, as well as important venues for creative work) and are considered part of local government employment. Similarly, jobs in museums and performance venues owned and operated by government or colleges and universities are classified under the economic code of their parent organization. Finally, many “crafts”-related businesses are included in manufacturing under the current economic codes. Thus, an artisan furniture maker would be included under the economic code for furniture manufacturer. It was impossible to disaggregate within manufacturing those enterprises that were more design-intensive.

While it was not possible to capture all of the embedded activities, the methodology tried to make some estimate of creative workers employed in industries outside of the “creative core.” Perhaps the best example is fashion. We did not want to count all 30,000 apparel jobs in New York City within the creative workforce, but it’s clear that there is a “creative” element to some number of these positions. Fashion designers working in manufacturing all merit inclusion within the creative workforce; the question was how to come up with an estimate of their numbers in New York City.

We used national estimates of the percentage within each creative occupation that were neither self-employed nor working within the creative sector. Then we applied those percentages to the number of individuals in that creative occupation in NYC. For example, in the fashion industry, we found that there were 4,080 fashion designers working in the city in 2000. Of these, 22 percent were working in apparel manufacturing, 30 percent in apparel wholesaling and about 6 percent in apparel retail. Some additional 6 percent work in other miscellaneous industries like government or education. We took this percentage (64 percent) and applied it to the 4,080 fashion designers to come up with another 2,600 creative jobs.

Applying this process to the numerous creative workers employed in non-creative industries as indicated in Table 4 (see page 15), we identified an additional 30,754 creative workers in the city. As Table 1 shows (see page 6), adding these three figures yields the 309,142 total for New York’s creative workforce.

SOURCES

The U.S. Census’ County Business Patterns (2002) has information on employment for enterprises with wage employees. This is the most recent data set that has detailed information on employment at the level of enterprises.

The U.S. Census’ data on “Non-employers” supplements the enterprise employment data. This data included individuals who file returns to the IRS that indicate that they earn income from a sole proprietorship, an enterprise whose only employee is the owner.

A third set of data, the 2000 Equal Employment Opportunity (EEO) Special Tabulation of the 2000 U.S. Census was used to complete the measure of the creative workforce by comparing the other two data sets against the number of individuals living in New York City who reported working in “creative” occupations.

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