

# Sustaining NYC's Tech Edge



# Center *for an* Urban Future

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# Introduction

## **NEW YORK CITY'S TECH SECTOR USED TO BE CELEBRATED FOR ADDING A BIT OF MUCH-NEEDED**

diversification to the city's finance-heavy economy. Today, tech's importance to New York's economy has reached a new level. It's now the engine driving the city's economy forward, adding jobs at nearly ten times the rate of the city's overall economy since the start of the pandemic and accounting for a striking 14 percent of all employment growth citywide over the past decade.<sup>1</sup> Importantly, it has also become New York's largest—and most dependable—source of new middle- and high-wage jobs.

Between 2014 and 2024, the tech sector added an average of 8,000 jobs a year across the five boroughs.<sup>2</sup> During this time, employment in the sector surged by 64 percent, four times the rate of the city's overall private sector job growth (16.8 percent), six times the rate of employment growth in construction (9.8 percent), and more than five times that of finance and insurance (11.4 percent) and hospitals (13.1 percent).

It's been even more critical to the city's post-pandemic recovery, with employment in the tech sector up by 26.2 percent since 2019, nearly 10 times the growth of private sector jobs (2.7 percent).

As prolific as job creation has been in the tech sector, however, these figures significantly understate the full employment contribution of tech in New York. Indeed, tech has been fueling growth in other parts of the city's economy to an unprecedented degree. Nearly half, or 47.5 percent, of all job postings in the city in 2024 sought out candidates with tech skills, according to the Center for an Urban Future's analysis of data from labor-market analytics firm Lightcast.<sup>3</sup> Citywide, job postings for positions requiring tech skills increased by 82 percent between 2010 and 2024.

As a testament to this shift, there are now more software developers in the city's finance sector than bank tellers. In 2024, finance companies in the city employed 10,313 software developers (up from 4,511 in 2001) and 2,509 data scientists (up from 67 in 2001).<sup>4</sup> It's not just Wall Street where this is playing out. In the city's healthcare sector, the number of job postings asking for tech skills increased from 2,672 in 2010 to 24,599 in 2024—an 821 percent leap. There was a similar spike in jobs requiring tech skills in the city's legal services sector (891 percent, from 323 postings to 3,202), construction (307 percent, from 931 to 3,788), and retail (321 percent, from 4,345 to 18,296).

"Tech is the most important industry in the city today," says John Borthwick, the founder and CEO of Betaworks, a platform that builds, accelerates, and invests in early-stage technology companies. "It's because tech boosts all of the city's other industries. If you believe finance or fashion or media is critical to New York, you need to support tech. Tech is an industry in and of itself, but it's also the electricity that's powering all these other vital industries."

Best of all, New York is better positioned for future growth in tech than it ever has been. In 2024, the city was home to 8,750 funded tech start-ups, more than double the figure (3,772) from a decade ago, according to CUF's analysis of data from Crunchbase.<sup>5</sup> These growth companies are spread among an incredibly diverse set of industries—a balance that helps ensure that when one tech field is struggling, many others are roaring forward. For example, the city is home to a nation-leading 1,046 funded start-ups in digital health, as well as 870 in artificial intelligence, 644 in fintech, 310 in real estate, and 308 in wellness, to name just a few.

In another important sign for New York's future in tech, the ecosystem that supports the tech sector here has also taken several huge steps forward. In the past few years, virtually all of the big West Coast VC firms that had once shunned New York have established offices here, while private equity firms and corporations—from Fidelity to Goldman Sachs—have greatly upped their investments in New York-based start-ups. Similarly, New York has built something sorely lacking in the city's tech ecosystem 10 or 15 years ago: a community of successful entrepreneurs who are reinvesting their wealth in—and also providing advice and mentorship to—a new generation of New York founders.

The maturation of the city's tech ecosystem is, in turn, helping New York attract a growing number of companies, founders, and even venture firms from Europe and across the globe.

All of this is great news for New York. Few cities have managed to build a tech ecosystem even half the size of New York's. Indeed, New York (with 8,750) has more than double the number of funded start-ups as Los Angeles (which has 3,997) and Boston (3,342). It even has more than San Francisco (7,787) and only trails the San Francisco Bay Area/Silicon Valley, which has 14,574.

Sustaining this progress is critical to New York's economic future.

Over the past 15 years, tech has become the city's most reliable generator of new well-paying jobs, and its lead has only grown. Indeed, a majority of the city's recent job creation has been in low-wage fields such as home healthcare, social assistance, and restaurants. At the same time, the city's more traditional drivers of good jobs have either had slow growth (finance, legal services, hospitals) or have been experiencing declines in employment (manufacturing, hotels, film and tv).

Crucially, tech has become an increasingly vital pathway to well-paying careers for a broad base of New Yorkers. In fact, although there is still significant work to do, New York City is home to a more diverse tech sector than other major tech hubs. Black and Hispanic New Yorkers make up 24.3 percent of New York's tech sector workforce, compared to 10.4 percent in Boston/Cambridge, 8.2 percent in the San Francisco Bay Area, and 5 percent in Seattle.<sup>6</sup>

While the ingredients are in place for New York to maintain its momentum, create even more middle- and high-wage jobs in tech, and expand access to tech-powered careers for more New Yorkers, this future is far from a given. The city faces more competition than ever from cities that have developed a critical mass of tech companies and are significantly more affordable than New York, including Austin, Miami, Raleigh, Atlanta, and Nashville. It's easy to dismiss the threat from these smaller tech hubs—as well as those in Seattle, Boston,

Washington, DC, and Chicago. But until a few years ago, no one would have believed that San Francisco, the biggest tech hub of them all, would bleed companies and talent, as happened between 2020 and 2023.

There are two big challenges that have the potential to dampen New York's future growth in tech, according to more than two dozen interviews with tech founders, industry leaders, and investors.

The first involves housing affordability. Today, New York is increasingly the destination of choice for top engineers, data scientists, software developers, product managers, AI talent, and marketing professionals from across the country. In turn, this large talent pool is the main reason so many tech start-ups have opted to grow here—and large corporations like Google, Meta, and Microsoft have a large presence here—in spite of New York's considerably higher taxes, labor costs, office rents, and energy prices. But many in the industry worry that highly educated college graduates and experienced tech workers who want to come to New York can no longer afford to do so because of the city's sky-high housing prices. At the same time, many mid-level managers in tech firms who are already here say they're weighing a move out of New York as they start families, struggling to reconcile the sky-high cost of a family-sized apartment and child care with the desire for a workable quality of life.

The second challenge is the mismatch between the tech sector's growing importance to New York and the inadequate support it gets from city and state government. Many of the tech leaders we interviewed acknowledge the importance of well-calibrated regulation, but say the balance in New York has tipped too far—resulting in a wave of new rules that are often poorly designed, burdensome to implement, and rarely calibrated to support one of the city's most vital engines of job creation.

New York has the opportunity to overcome these and other challenges to build a larger, more sustainable, and more inclusive tech ecosystem. But it will require renewed support from city leaders.

# New York's New Driver of Well-Paying Jobs

## **The tech sector is fueling New York City's post-pandemic jobs recovery.**

It's difficult to overestimate how much more important the tech sector has become to the city's economy in recent years.

Though it has been one of the city's fastest-growing industries for more than a decade, its importance as a jobs engine has only increased since the start of the pandemic. The tech sector has accounted for 42,372 of the 104,112 net new jobs created citywide since 2019, an astonishing 41 percent of the post-pandemic total. During this five-year period, employment in the sector grew by 26.2 percent, nearly ten times the 2.7 percent rate of private sector jobs overall.<sup>7</sup>

The tech sector has been fueling the creation of good jobs in New York at a time when many other industries known for providing well-paying jobs have either failed to recover to their pre-pandemic employment levels or experienced slow growth. The post-pandemic employment gains in the tech sector (an increase of 42,372 jobs) was more than double the growth for hospitals (+20,861 jobs), nearly triple that of finance and insurance (+15,313 jobs), and more than 11 times the job gains in legal services (3,580). Several other key industries have yet to recover to their pre-pandemic totals, including construction (-17,608 jobs), film & tv (-8,317 jobs), advertising (-4,699 jobs), retail (-50,013 jobs), and manufacturing (-12,142 jobs).

## **New York is adding tech jobs at double the rate of San Francisco and four times the rate of Boston.**

New York City's rate of job growth in the tech sector (26.2 percent) far exceeded that of most other major tech hubs since the start of the pandemic. New

York's rate of job growth was more than double that of San Francisco (which had a net growth of 10.3 percent), and more than 15 times the growth rate for the Bay Area (1.6 percent).

New York's employment growth in the tech sector was also four times that of Boston (6.5 percent) and well above that of Seattle (16.2 percent), Los Angeles (-6.7 percent), and Washington, DC (-5 percent). Only Austin (37.5 percent) had a faster rate of employment growth during this period, though New York still created far more new tech sector jobs overall than Austin (42,372 vs 28,685).

At a more granular level, New York City has seen faster job growth in the software publishing sector than any other major tech hub. Since 2019, employment in the subsector has grown by 145.5 percent—and by an astounding 750.9 percent over the past decade.

## **Few jobs in New York have grown as fast as software developers.**

Mirroring the sector's post-2010 liftoff, the number of software developers in the city more than tripled between 2011 and 2024—from 21,786 to 67,733. Software developers went from being the 34<sup>th</sup> largest occupation in the city to the 11<sup>th</sup> largest.

The growth hasn't just occurred in the tech sector. The number of software developers employed in the city's healthcare sector increased from 55 in 2001 to 458 in 2024, a 733 percent increase. And in the finance and insurance industry, the number of software developers increased from 4,511 to 10,313.

## **New York is experiencing a post-pandemic boom in funded tech start-ups.**

Despite the challenges posed by the pandemic, New York City experienced a start-up boom during the past five years, with an average of 435 new funded start-ups created every year between 2019 and 2024. The number of funded start-ups—companies that have received investment capital—in the city increased by 33.1 percent, from 6,575 funded start-ups in 2019 to 8,750 in 2024.

New York's rate of growth in the number of funded start-ups (33.1) outpaced that of Austin (30.9 percent), the San Francisco Bay Area (29.3 percent), LA (25.2 percent), Chicago (24.5 percent), Seattle (21.3 percent), and Boston (18.3 percent).

## **New York is catching up to Silicon Valley, extending its lead on Boston, and pulling far ahead of Austin.**

New York City is second in the nation in the number of funded start-ups, with only the Bay Area (14,574) having more than New York (8,750). New York now has nearly 1,000 more funded start-ups than San Francisco (7,787), and twice as many as Los Angeles (3,997). New York also has more funded start-ups than Boston (3,342), Austin (1,895), and Miami (1,511) combined.

Two decades ago, New York City had fewer than a third as many funded tech start-ups as the Bay Area—367 compared to 1,133. Today, it has more than 60 percent of the Bay Area's total, with 8,750 funded start-ups to the Bay Area's 14,574. Back in 2004, New York was roughly on par with Boston, edging ahead 367 to 281. Today, it has nearly three times as many funded start-ups as Boston—8,750 compared to 3,342.

## **From AI to wellness, New York's tech sector is anchored by multiple pillars of strength.**

One of New York City's clear advantages in tech is that it is strong in so many different tech fields. New

York has a nation-leading 1,046 funded tech start-ups in healthcare, as well as 870 in artificial intelligence, 797 in e-commerce, 644 in fintech, 444 in adtech, 310 in real estate, 308 in wellness, 302 in fashion, 132 in energy, 130 in edtech, and 115 in cyber security.

In many fields, the city is home to more funded tech start-ups than even San Francisco. This is the case in healthcare (1,046 start-ups in NYC vs 739 in SF), e-commerce (797 vs 461), fintech (644 to 470), adtech (444 vs 211), real estate (310 vs 150), wellness (308 vs 182), digital media (198 vs 79), and edtech (130 vs 87).

## **New York is capturing a growing share of the national market in fintech and digital health.**

Fintech and digital health are two of New York's biggest competitive advantages in tech, and they are both fields in which the city strengthened its hand in recent years.

In 2024, New York accounted for 30 percent of all U.S. investment in fintech companies, up from 22.7 percent in 2020. The \$4.9 billion that New York-based fintech companies raised in 2024 was more than any other region or city, including Silicon Valley.

In digital health, the city's share of all U.S. funding has also grown significantly. New York captured 21.4 percent of all VC funding in digital health in 2024, up from 17.6 percent in 2020. The city was also home to two of the four largest VC deals nationally in the digital health space in 2024: Maven and Precision Neuroscience.

## **New York is emerging as a heavy-weight in artificial intelligence.**

New York City seems well on its way to becoming one of the nation's two leading centers of AI innovation. Companies based in the city attracted 20 percent of all U.S. AI venture capital investment in 2024—second only to San Francisco, which captured 40 percent.

Even though AI is still in a relatively early phase of development, New York was already home to 870 funded AI start-ups in 2024, up from 451 in 2019 and just 130 in 2014.

Of course, nearly every start-up today is integrating AI-powered tools and services in one way or another—and that trend is playing to New York’s strengths. With a tech ecosystem that extends from payments and ecommerce to infrastructure and deep tech, the city is uniquely positioned to lead in applied AI across a wide range of sectors.

In addition, according to the Center for an Urban Future’s analysis of data from labor-market analytics firm Lightcast, there were 25,337 unique job postings in the five boroughs seeking candidates with specific AI-focused skills in 2024—up from 17,400 the year before and from 4,686 in 2014. By comparison, San Francisco had more than 9,000 fewer job postings requiring AI skills (15,386). New York also had more AI-focused job postings than Seattle (which had 22,283), Boston/Cambridge (19,486), LA (11,469), and Austin (9,984).

AI-first companies like Hugging Face, Runway, Osmo.ai, Modal, Vast, and CoreWeave (which is headquartered in Livingston, NJ, but has a major office in New York City) are all based here, while others such as Clarifai, Together, and Databricks have a significant presence in the city. In February, San Francisco-based OpenAI—arguably the world’s

most well-known AI company—announced that it was opening a major office here. Many other major AI companies based elsewhere—including ScaleAI and Perplexity—also have a growing New York presence, from Dropbox and Slack to Stripe and Rippling. This adds to the already-significant presence of AI research teams in New York at Google, Palantir, and Meta’s FAIR (Fundamental AI Research) office.

In addition, the city— and the surrounding region—boasts several leading university research labs in the AI space, including NYU’s CILVR Lab, Columbia University’s AIQuraishi Lab (which applies machine learning to systems biology), Princeton’s NLP Group, Cornell Tech’s AI research group, and Memorial Sloan Kettering’s Computational & Systems Biology Program.

Governor Hochul also launched the Empire AI Consortium, a \$400 million public-private initiative that ranks among the largest AI investments by any state. Created in collaboration with Columbia, NYU, CUNY, SUNY, and other top institutions, the effort aims to build a state-of-the-art AI computing center and advance research and development, helping New York attract top-tier AI talent and accelerate innovations that serve the public good.

## NYC’s Fastest- and Slowest-Growing Tech Subsectors

Dozens of tech subsectors in New York registered at least a 25 percent spike in the number of funded start-ups over the past five years. Among those with the largest percentage increase in the number of funded start-ups are: Cryptocurrency (with a 177 percent increase in funded start-ups), Blockchain (143 percent), AI (93 percent), Data Integration (90 percent), Legal Tech (88 percent), Developer Tools (76 percent), Gaming (66 percent), Sustainability (64 percent), Construction (60 percent), B2B (59 percent), Fintech (49 percent), Insurance (48 percent), Cyber Security (47 percent), and Payments (47 percent).

Not all tech fields are growing rapidly in New York. Advertising registered only a 7 percent jump in funded tech start-ups over the past five years. Others with small increases include start-ups serving the nonprofit sector (6 percent increase), publishing (7 percent), hardware (9 percent), big data (9 percent), transportation (9 percent), digital media (9 percent), and fashion (9 percent).



# Well-Positioned for Future Growth

## **NEXT YEAR WILL MARK 30 YEARS SINCE THE**

birth of Silicon Alley, the moniker that gave name to New York's emerging tech scene in the mid-1990s. In 1996, Kevin Ryan founded DoubleClick, the adtech start-up that would later become the city's first prominent tech exit when it was acquired by Google. It was also the year that Fred Wilson and Jerry Colonna co-founded Flatiron Partners, the city's first major venture capital firm. Those early years were crucial in signaling that New York was a player in tech, but the sector's growth here was relatively slow for a decade or so, through the dot-com boom and bust. It wasn't until around 2008 when the city's tech ecosystem started to pick up steam. Since then, it hasn't looked back.

It's remarkable how far the city's tech ecosystem has advanced since those early days. "It really is night and day," says Kevin Ryan. "People forget, but in 1996 when I started DoubleClick, the number one question I got was 'Why are you in New York? Why aren't you in Boston?'"

Even a decade later, New York's tech sector was still small and very much considered an also-ran, never mentioned in the same breath as Silicon Valley and well behind Boston in the minds of venture capitalists and leading entrepreneurs. "Around 2010, the city's tech ecosystem was so small that you could gather the entirety of the New York tech scene at a cocktail party," says Ben Lerer, who founded digital media publication Thrillist in 2010 and has long served as managing partner of venture capital firm Lerer Hippeau.

Things are entirely different today. In nearly every way imaginable, the city's tech sector has expanded and matured. Today, New York is not only far and away the nation's number two tech hub—well ahead of Boston or any other contender. Perhaps more importantly, New York has built an incredibly strong foundation for the future, with a community that in many ways resembles the ecosystem that the San Francisco Bay Area already had by the early 2000s.

Although the Bay Area—including Silicon Valley—is still the globe's leading center of tech innovation and growth, New York is quickly catching up. So much so that many in the city's tech sector believe it won't be long before New York overtakes the Valley. "It will probably take 10 years, but New York will be the largest tech center in the U.S.," adds Ryan.

"New York is clearly the second leading tech location, but it's growing at a much faster pace than the Bay," says David Fischer, a partner at venture firm O1 Advisors.

As this report details, there are a handful of key ways in which the city's tech ecosystem has grown and evolved.

## **NYC's venture community, once small, has grown enormously.**

Every thriving tech ecosystem needs a significant community of local investors to seed new start-ups and provide growth capital so promising companies can scale up. This was badly lacking in New York until recently.

Although the city was home to a handful of VC firms, led by Union Square Ventures, New York's venture community was tiny. Most founders looking for capital had to travel to Sand Hill Road in Silicon Valley or to Boston, where investors frequently told—or even required—they to move their start-ups out of New York.

Things couldn't be more different today. The city is now awash in capital, with dozens of New York-based venture firms and a growing presence from top investors across the country. Over the past five years, a steady stream of prominent VC firms from the Bay Area, Boston, and beyond have established major offices in New York—a clear signal that they see the city as a thriving tech ecosystem and a critical place to find the next wave of high-potential start-ups. VC firms from elsewhere that have established New York offices in recent years

include Andreessen Horowitz (a16z), Sequoia Capital, Lightspeed Venture Partners, Index Ventures, New Enterprise Associates (NEA), Bessemer Venture Partners, Flashpoint Venture Capital, Iconiq Capital, and Two Bear Capital.

“When we were getting started, raising capital required going to meet with Silicon Valley based VCs,” adds Neil Blumenthal, who founded Warby Parker in New York in 2010. “That’s no longer necessary. The VC infrastructure in New York is now massive. You have tons of world class New York-based VC’s, and every Silicon Valley-based VC now has an outpost in New York, whether it’s an explicit office or partners that are based here. This absolutely wasn’t the case 15 years ago.”

“When I went to start my business [in 2010], there wasn’t any venture capital here,” adds Ben Lerer. “Everybody lamented that you had to get on an airplane to raise a nickel. You couldn’t raise any money in New York and VCs from other markets didn’t pay any attention to New York. Now, most of the household name venture capital firms have built large New York offices and have full time talent on the ground here. You can now raise money in New York. Real money. If you are building a big company in New York, you don’t have to get in an airplane.”

“Years ago, all of those Silicon Valley VCs said they will invest in New York companies but that they will never open an office here,” says Jenny Fielding, the co-founder and managing partner at Everywhere Ventures. “There’s been a real shift. Today, every single venture firm on Sand Hill Road has started an office here.”

In addition to dozens of venture capital firms, the city is now home to a growing number of crossover investors—private equity firms, banks, and other large corporate players—that are putting significant money into start-ups here. These include Goldman Sachs, Blackstone, Fidelity, T. Rowe Price, and Allen & Company, just to name a few. Although many of these firms have long been based in the city, few were even considering deals with New York-based tech start-ups until very recently.

The growing involvement of these firms is a testament to the city’s evolution in tech—not just in the sheer number of start-ups, but in the steady emergence of high-performing companies with real potential for billion-dollar exits or IPOs. “Like some other bigger corporations, Fidelity understands the

incredible value of New York’s ecosystem and we are doubling and tripling down on it,” says Charlie Stephens, a vice president at Fidelity Private Shares LLC.

For New York, this vastly expanded investment community means that local start-ups have more financing options than ever before. It also makes New York even more appealing as a relocation destination for aspiring tech founders from elsewhere who want to start and grow their start-up in a place with so much capital.

## **Unlike 15 years ago, New York is a global hub for top engineering talent.**

In 2012, one of the biggest challenges to New York’s tech growth was “the city’s dearth of top-flight engineering talent”—a key finding of the Center for an Urban Future’s *New Tech City* report that year. Nearly everyone we interviewed from the local tech ecosystem told us it was difficult to attract the engineers and other highly technical workers they needed to grow their companies. As one example of this, Jay Bhattacharya, then the founder of fintech start-up Zipmark, told us at the time: “It is the biggest gap that New York has today. If we were to open a second location outside of New York, it would solely be to hire engineers.”

The tech leaders we interviewed in early 2025 told us that New York is a much stronger position today when it comes to engineering talent. The opening of Cornell Tech has helped create a stronger pipeline of engineering PhDs into the city’s tech ecosystem. But the founders we interviewed say that engineers from across the country have been moving to New York over the past decade because—unlike 15 or 20 years ago—they now see the city’s tech ecosystem as the real deal, with ample job opportunities and long-term staying power. Many of these engineers, graduating from Stanford or Cal or MIT, have opted for New York over the Bay Area because living in the city appeals to them.

“When I was building my company in the late 1990s and early 2000s, I was never able to persuade a single engineer from the West Coast to come to work with me in New York,” says Kevin Ryan. “They would say, ‘What happens in three years if I leave the company? There’s nowhere else to go.’ That’s really changed. I just built up a 23-person

team in the last 12 months for my company Radical AI. Seven of the 23 just moved from the West Coast to New York, which is completely different than 25 years ago.”

“It used to keep us up at night hiring engineers,” adds Warby Parker’s Neil Blumenthal. “Now I don’t think twice when we have an opening. I know we are going to fill it and in a quick timeline. There are now plenty of folks in New York you can hire from.”

## **NYC is no longer considered a place that can’t produce unicorns.**

Even when the city’s tech sector exploded in the early 2010s, there was still a widespread feeling among the nation’s tech leaders that New York would never be a place that regularly produced unicorns and decacorns (companies with a valuation of \$10 billion or more). And in the early years, this largely held true. But for nearly a decade now, New York has repeatedly shown that it is no longer a place that just produces small and mid-sized start-ups.

In recent years, New York City has become a launchpad for major tech success stories, with standout exits including Wiz, Flatiron Health, AppNexus, DigitalOcean, and Datadog. Wiz was acquired by Google in 2025 for \$32 billion; Flatiron Health was purchased by Roche for \$2.1 billion; AppNexus was acquired by AT&T for \$2 billion; DigitalOcean went public in 2021, raising \$775 million in its IPO; and Datadog went public in 2019 with a valuation of \$8.7 billion.

“This was the knock on New York early on,” says Ben Lerer. “There are so many billion dollar tech companies here now, and there are New York decacorns. Before you know it, there are going to be hundred-billion-dollar tech companies. We’re just past the idea that New York is a place where you can’t drive real alpha and create huge, huge, huge outcomes.”

## **Today’s tech sector is far more than digital media.**

Even as New York’s tech sector began to take off between 2008 and 2012, many investors and industry leaders believed the city could succeed only in a narrow range of fields—namely digital media, adtech, and e-commerce. Today, however, New York’s tech economy is more diverse than ever.

The city is arguably the global leader in fintech—a natural outgrowth of its proximity to Wall Street—but it has also emerged as a powerhouse in digital health, a sector few predicted would thrive here. Perhaps most surprisingly, New York is now home to a growing number of deep tech start-ups, signaling a broader shift in the city’s innovation landscape.

“Between 2007 and 2010 when I was building my company in mobile software, everyone said you should go out to California. They said maybe New York would be okay for an ad tech or ecommerce start-up,” says Jenny Fielding. “That’s really changed. New York became the top place for fintech, but there’s also a lot here in deep tech.”

“It wasn’t viable to start a deep tech hardware company here 10 years ago,” says Pratap Ranade, founder and CEO of Arena AI, a New York-based start-up that builds AI to accelerate hardware innovation. “That has changed.”

## **New York is home to a growing community of successful tech founders.**

One of Silicon Valley’s greatest strengths is a deep pool of experienced founders and start-up CEOs who have chosen to invest some of their wealth in a new generation of start-ups, provide mentorship and advice to emerging entrepreneurs, and start their second, third, or fourth companies. Given the many challenges of launching a start-up—and the difficulty of raising early-stage capital—a strong network of successful founders willing to reinvest their wealth and knowledge is enormously valuable. Just as important, experienced founders who eventually get the itch to launch new ventures, often in entirely different fields, help sustain and expand the broader tech ecosystem.

Until recently, New York lacked this advantage, mainly because the city's tech scene had yet to mature to the point where enough successful founders were able and willing to reinvest in the city's start-up environment. But that dynamic has shifted immensely in recent years. While it's no surprise that New York still lacks the depth of serial entrepreneurs found in Silicon Valley, a growing number of New York-based founders have achieved enough success to become angel investors or launch their own early-stage funds.

"You now have a generation of exited founders or very successful founders who have created wealth and have given that back," says Ben Lerer. "Companies need advisors. They need role models, they need angels. New York now has that ecosystem. And that's big for New York. That's a black and white difference from 15 years ago."

Kevin Ryan may be New York's quintessential serial entrepreneur, co-founding a series of New York companies following his success with DoubleClick, including Gilt Groupe, MongoDB, Business Insider, Zola, Pearl Health, Transcend Therapeutics, and AlleyCorp, through which he has invested in numerous other New York start-ups. More recently, Warby Parker co-founders Neil Blumenthal, Jeff Raider, and David Gilboa started an early-stage and seed venture fund called Good Friends. Alexa Von Tobel founded venture fund Inspired Capital after her fintech start-up LearnVest was acquired for \$375 million.

The seeds of New York's initial tech boom have continued to sprout. After co-founding Flatiron Health, which was acquired by Roche for \$2 billion, Zach Weinberg went on to invest in New York start-ups including Bark, Headway, Hyperscience, Imagen, and Spring Health. Appssavvy founder Chris Cunningham launched C2 Ventures, a New York-based early-stage VC firm. Birchbox co-founder Hayley Barna became an angel investor and now leads the New York office of First Round Capital. And Kathryn Minshew, co-founder of The Muse, has been an active angel investor and serves as an Operating Partner at XFactor Ventures, a New York-based fund focused on female-founded start-ups.

## **New York's tech community is both broader and deeper, with stronger ties across founders, funders, and talent.**

In its early innings as a tech hub, New York lacked the self-sustaining tech community that provides founders and aspiring entrepreneurs with ample opportunities to network, share ideas, learn from one another, raise capital, access workspace, and hire talent. It was this type of highly evolved ecosystem, built up over several decades, that was key to Silicon Valley's rise as the world's leading tech center—and which was missing in New York, as in any nascent hub.

The emergence of a strong tech ecosystem in the late 2000s and early 2010s played a pivotal role in fueling New York's rapid rise as a leading tech hub. The ecosystem's evolution in New York arguably started with New York Tech Meetup, the monthly gathering and pitch event for tech founders with a few dozen people in the fall of 2004 and grew so large that it had to hold its popular event at NYU's Skirball Theater. It also benefited from the establishment of dozens of coworking spaces, incubators, and early-stage accelerators, which provided nurturing environments for start-ups and aspiring founders to launch and grow a business and take advantage of shared services, access mentors and investors, and take advantage of regular opportunities to collaborate or cross-pollinate with other entrepreneurs, designers, and developers.

In recent years, the city's tech ecosystem has continued to grow and evolve. The city has seen the emergence of new incubators and accelerators, like South Park Commons, which started in San Francisco and opened a community space in NoHo in 2022; Verici, a coworking space for start-ups building AI and social apps; Activate New York, an accelerator program launched in November 2021 to support climate-tech and hard-tech start-ups; and Andreessen Horowitz's CSX accelerator for crypto start-ups, which launched in New York in 2024. The AI Furnace, a peer network for AI founders, technologists, and researchers, has attracted 10,000 members in New York in two years and regularly attracts several hundred of them to its events. The Junto Series and the Supermomos founders dinner are just two of several regular dinner events created

in recent years that bring together founders and creators to meet, socialize, and learn from one another.

Additionally, there's now an annual NYC Tech Awards event, organized by Primary VC, that brings together leaders in the city's tech sector; Civic Hall opened its new tech and digital training hub at Zero Irving, where it continues to hold meetings and events for the city's tech community; and the Tech:NYC Foundation established Decoded Futures to help local nonprofits embrace AI to improve New York.

## **NYC has become THE place to establish a second office.**

OpenAI's recent decision to establish an office in Soho is only the latest in a parade of large or up-and-coming tech companies from elsewhere opening a New York office. "Almost every tech company, even if they're not based in New York, are setting up offices here," says Warby Parker Co-Founder and Co-CEO Neil Blumenthal.

Take Figma, for example. The interface design software company launched its first product in San Francisco in 2015, and first opened an NYC office in 2021. It now employs about 280 of its 1,600 staff in NYC and recently announced plans to add 240 more employees across two new floors of its NYC headquarters. Companies including Stripe, Adobe, Palantir, Snap, and many others that started elsewhere now have large and growing offices in New York.

"If you're not starting here, it's the obvious next place you go," adds Ben Lerer.

## **A growing number of European companies are coming to New York.**

For years now, tech companies from Israel, France, the UK, and other countries have chosen New York for their first U.S. office. But as tech communities in London, Paris, and Germany have matured in recent years, New York tech leaders interviewed for this report say there has been a notable increase in the number of European start-ups and venture capital firms that are choosing to expand to New York—and a

similar increase in European tech talent moving here.

According to those we interviewed, many European founders who are interested in building large, highly successful businesses understand that having a presence in the U.S. market will be key. For many, New York is the natural choice for a first major step into the U.S. market—thanks in part to the time difference, which makes daily collaboration with colleagues in Europe far easier than it would be from the West Coast.

"New York has a real advantage when it comes to attracting international talent. If you are building a company from Europe, you'd rather be in New York than the West Coast," says Jenny Fielding, whose investments include Chainalysis, a blockchain analysis company that was started by founders from Denmark who moved to New York. According to Fielding, the founders had options to locate the company in many other places, but chose to make New York the start-up's headquarters. It now has a few hundred employees here.

Adrian Radu, a partner with Lightspeed Venture Partners, recently wrote about his experience moving to New York from London, and how many of his peers from the UK were making the same journey. "Since moving to New York full-time at the end of 2022, more than a dozen friends, founders, and operators in my network have relocated to the city from across North America and the pond in Europe," Radu wrote.

"New York has always been the place that the top undergraduate and grad school institutions in the U.S. matriculate to," adds one other New York-based tech leader who wished to remain anonymous. "Now you're seeing the best people coming out of Europe come here, too."

# Talent Not Tax Breaks: Keys to Keeping NYC's Tech Momentum Going

## **The future of the city's tech sector depends on keeping New York both appealing and affordable.**

The most important factor in New York's remarkable rise in tech has been the city's ability to attract, retain, and cultivate tens of thousands of highly educated, creative, and entrepreneurial people. "New York City has done really well in tech, not because of any central plan or some government agency doing this or that," says Mark Birch, who has been involved in the city's tech ecosystem since the late 1990s as a founder, investor, and start-up advocate. "It's because New York is a net attractor of talent. People want to be in New York City and be part of that energy and that hustle that they may not feel elsewhere."

If city leaders want to succeed in strengthening New York's economy, they need to recognize that sustaining tech sector momentum—and unlocking its full potential for job growth—won't come from tax breaks to individual companies. Instead, it depends on keeping the city affordable and appealing, especially for the young people who make up the bulk of the tech talent pool.

"We don't need tax breaks," says Kevin Ryan. "It's more important that I get the people, the 25-year-olds graduating from MIT or Princeton. Our industry is driven by people 25 to 40, and they want to be here. That needs to continue."

"New York City needs to be an amazing place to live, where the best people who can live anywhere are excited to live," says Jesse Hertzberg, a venture investor and the former CEO of Livestream. "The tech specific stuff is really difficult to impact. Cities always think they can do that and it never works. Incubators and tax breaks and all that. I've gotten those tax incentives at companies but it didn't affect our decision either way. All those things are at the margins. The huge things are: is NYC a great place to live? Full stop."

## **New York is in a strong position, but it faces new competition—and tech talent is more mobile than ever.**

The city's tech sector is in a strong position today, bouncing back remarkably well from the lows of the pandemic. But it would be foolish to think that New York's continued growth in tech is a given.

In today's hybrid and remote work era, engineers and other tech workers are more mobile than ever. And New York faces increasingly strong competition from several cities which, unlike a decade ago, now offer not only a more affordable cost of living but also thriving tech ecosystems of their own—from Nashville and Miami to Austin and Washington, DC. And that's in addition to longtime competitors like Boston, Los Angeles, and San Francisco.

"The ability to move jobs out of New York is much easier in this industry," says one tech leader, who requested anonymity in order to speak candidly. "The jobs are super mobile. At many tech companies today, you can sit anywhere. You are in digital teams every day where most people are not physically next to each other."

"Even though New York has been growing, now you can work everywhere. And almost every company is now hybrid, where they do have some remote workers," says Neil Blumenthal. "People can move and they can move really quickly and easily. We're not just competing with Silicon Valley. We're competing with all these other places, like Nashville and Miami. If there is a fear of crime, people aren't going to continue to live and raise families in New York."

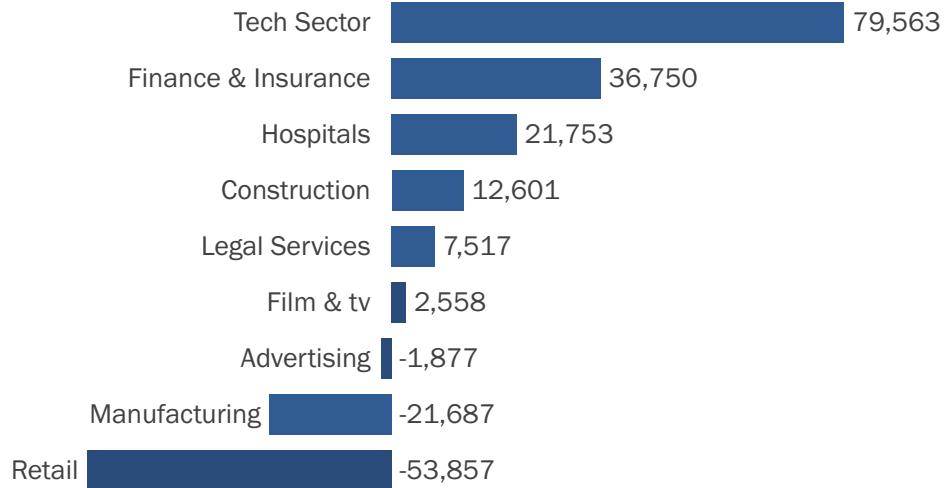
But our interviews with tech leaders made clear that safety is only one part of the equation—keeping New York appealing and livable for the mostly young people driving the city's tech ecosystem requires much more. It also requires ensuring that New York remains culturally vibrant, easy to get around, inclusive and diverse, and unique in character. This

means prioritizing not just investments in public safety and sanitation, but also in arts, parks, transit, small business, and the public realm.

“We need New York to be a place that people want to come and build. The pain of living in New

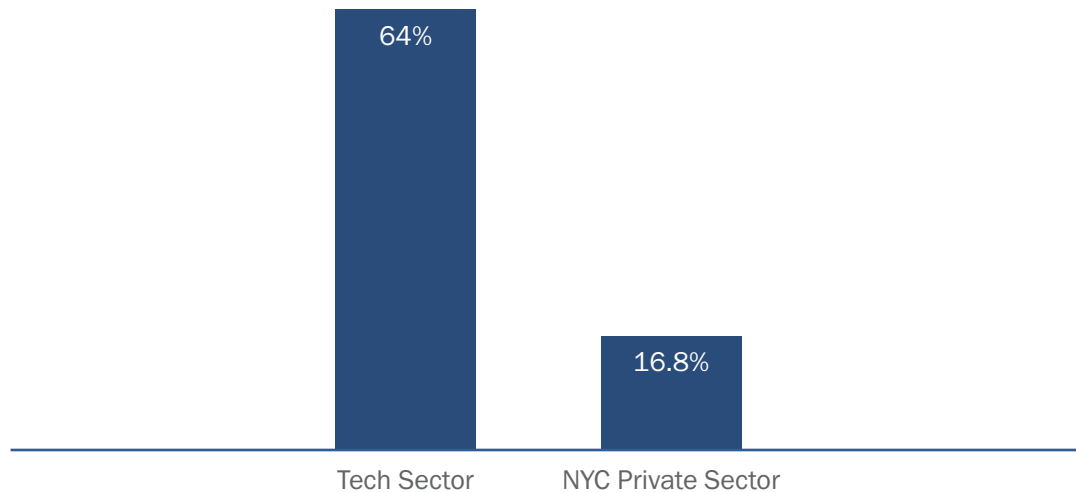
York needs to be outweighed by the value of community and cultural richness of living here,” says Ben Lerer. “It’s about safety, and affordability, but also keeping the city interesting, fun, cool, and where diversity is celebrated.”

**The Tech Sector Created a Disproportionate Share of NYC’s Well-Paying Jobs from 2014 to 2024**



Source: Center for an Urban Future analysis of Quarterly Census of Employment and Wages data

**Tech Sector Jobs Grew Nearly 4x as Fast as NYC’s Overall Economy from 2014 to 2024**



Source: Center for an Urban Future analysis of Quarterly Census of Employment and Wages data

# Challenges That Could Limit NYC's Future Tech Growth

## **Housing Affordability is Challenge Number 1, 2, and 3**

If there is anything that would keep New York from realizing its nearly unlimited potential for future job growth in tech, it is the city's skyrocketing housing prices. Although some policymakers mistakenly believe that tech salaries are so high that people working in the sector are unaffected by the city's housing crisis, this is not the case—especially for the tens of thousands of young tech workers that are on the lowest rungs of the career ladder.

In nearly every interview we conducted for this report, start-up founders and industry leaders cited the city's steadily rising housing prices as the single biggest threat to New York's continued growth in tech. This is because New York's unmatched ability to attract highly educated engineers, data scientists, and other in-demand tech workers has been the most important contributor to the city's runaway success in tech. Indeed, over the past fifteen years, countless tech companies opted to start or relocate in New York in spite of the city's sky-high costs—including office rents and taxes—because no other place gave them access to as large a pool of talent.

Increasingly, however, many college graduates with the credentials prized by tech companies are thinking twice about moving to New York—where recent grads spend a larger share of their income on rent than in any other U.S. city. At the same time, many of the New Yorkers who have been working in tech since the early 2010s are now in the 30s and 40s and are struggling to afford larger, family-sized apartments.

“We need cheaper housing. That's the one big challenge for New York,” says Kevin Ryan. “Human talent wants to be here. But when I talk to the people who are 32 on my team, I always hear ‘damn, my apartment is so expensive.’ We need to build more housing.”

## **Entry- and mid-level tech positions are at risk for relocation due to NYC's high costs**

For years now, even as New York solidified its hold on high-level positions in the finance industry, the city's financial services firms have been shipping out many of the most accessible jobs in the industry to less expensive locations like Dallas, Salt Lake City, Tampa, and Charlotte. Many say that this process is now beginning to happen with tech positions.

We found no evidence of a tech exodus from New York—quite the opposite. As detailed earlier in the report, tech jobs continue to grow, and hiring demand remains strong. But several companies say they're struggling to fill or justify certain roles in New York, largely because the city's sky-high housing costs require significantly higher salaries. So far, it's mostly lower- and mid-level positions that have been affected.

“What I am starting to see anecdotally at tech companies, particularly larger ones, is that it's starting to hollow out in the middle similar to the finance industry,” says one tech executive, who requested anonymity in order to speak candidly about industry-wide trends. “The jobs that are staying here are the high-skilled workers who insist on being in New York, and the support roles that are necessary to be in proximity. What we are not seeing is low- to middle-skilled and mid-management level roles; they are not only going to lower-cost areas nationally, they are going to lower cost areas globally.”

This shift has serious implications for the city's tech workforce. With fewer low- and mid-level roles based in New York, there are fewer onramps into tech-powered careers, a shrinking middle with limited opportunities for advancement, and a real risk of reversing the progress the city has made in building a tech sector that reflects the diversity of New York. If this trend accelerates, as some believe it will, it could significantly widen the city's tech opportunity gap.



## **Tech may be NYC's most important industry today, but state and city leaders don't always treat it that way.**

In other cities and states, local government officials often line up behind their most important industry, pulling out all the stops to help it capture even more future growth—creating jobs locally and strengthening the economy in ways that can benefit all residents. New York often does the opposite, according to the many tech founders and industry leaders we interviewed.

The problem isn't that state and city leaders aren't creating new programs or initiatives to support the tech sector. In fact, most tech leaders say there's not a lot they want state and city government to do for the tech sector. Many specifically said they don't need tax breaks. Yet, tech leaders in New York do want state and city leaders to refrain from putting up unnecessary roadblocks and regulations that hinder tech innovation in New York.

Too often, they say, this is exactly what state and city leaders—especially those in the state legislature and City Council—are doing. Instead of looking for thoughtful ways to bolster this vital industry, policymakers frequently appear more focused on outmaneuvering one another to introduce new regulations, some of which are duplicative or difficult to enforce.

One example frequently cited by tech leaders is the City Council's well-intentioned AI and algorithmic hiring law, which aims to curb bias in automated decision-making but has proven challenging to implement due to vague standards, limited enforcement capacity, and a lack of clarity around compliance. Similarly, the state's undeniably well-intentioned SAFE for Kids Act, designed to protect children from addictive social media feeds, has raised significant concerns around First Amendment protections, implementation issues, and whether algorithms used to filter harmful content could themselves be restricted. The result, they argue, is an environment that too often feels punitive rather than supportive of innovation.

Some recent public investments have begun to move in the other direction. The newly launched

Empire AI initiative—backed by \$400 million in public and private funding—aims to position New York as a national leader in responsible, public-interest artificial intelligence and has helped raise the state's profile globally as a hub for AI.

The New York City Economic Development Corporation (NYCEDC) has also introduced several initiatives in recent years to strengthen the city's tech ecosystem. These include NYC AI Nexus, a \$3 million initiative aimed at accelerating the adoption of applied AI and expanding a more inclusive, AI-ready workforce, as well as the NYC Founder Fellowship, part of the broader Venture Access NYC initiative, which provides support to early-stage founders from historically underrepresented backgrounds. NYCEDC has also invested in climate tech, including a new Climate Innovation Hub at the Brooklyn Army Terminal, which includes space for start-ups to test emerging clean technologies on-site.

In addition, the city and state have taken some important steps to help build pathways into technology careers, including the Computer Science for All initiative and efforts to strengthen tech-focused programs across the CUNY system. Beyond the sector itself, the passage of the City of Yes zoning reforms suggests that policymakers are willing to forge a path forward on what is arguably the city's most pressing policy challenge: housing affordability. But going forward, city leaders will need to do more to develop policies that reflect the vital role of tech in driving New York's economy and shaping its future.

## **NYC's deep tech sector has significant promise, but many companies find it difficult to work with the city.**

One of the most exciting developments in New York's tech ecosystem in recent years is the emergence of a growing deep tech sector. For years, many tech leaders—both inside and outside of New York—were skeptical that the city could succeed in deep tech, a category that generally includes companies working in fields like energy technology, robotics, quantum computing, photonics, drones, advanced materials, life sciences, and AI/machine learning. Unlike software-focused companies, which can often launch

quickly and iterate rapidly, deep tech start-ups typically face longer development cycles and require significant upfront investment in research and development.

Thanks in part to the success of Newlab, a growing number of deep tech companies are succeeding here, including Amogy, Renovate Robotics, Modern Meadow, Nanotronics, Seeqc, Kingdom Supercultures, C16 Biosciences, Synchron, and TomTex.

But many of the people we interviewed with knowledge of the deep tech field say that there is still a significant amount of untapped potential—particularly around hardware and the physical sciences. “It’s a growth space that needs more help,” says one tech leader who wished to remain anonymous.

One of the challenges hampering growth in this sector is that it can be exceedingly difficult for deep tech start-ups—particularly those in hardware and the physical sciences—to work with city government.

“The city seems to have a lot of capital to help subsidize the building of infrastructure. But it’s very, very difficult to work with the city on receiving that capital and building things in the city,” says one deep tech leader, who requested anonymity in order to speak candidly. “This can be difficult for a start-up, because time is everything for them. They can’t wait a year for a permit. They can’t wait a year to negotiate a budget with the city. As a result, there’s a lot of folks who just say, ‘Why bother?’”

“It just takes a long time to do stuff in New York when it comes to the physical,” adds the deep tech leader. “Putting a charger in the sidewalk, putting a battery storage system in a building, connecting to the grid. These things just take much longer here than in other places in the world.”

At the same time, some deep tech companies struggle to find the spaces they need to test products. Newlab has played a critical role in meeting this need, providing deep tech start-ups with access to lab space, prototyping equipment, testing facilities, and a community of fellow builders—all under one roof at the Brooklyn Navy Yard. It also helps facilitate partnerships between early-stage companies and city agencies, such as an ongoing collaboration with the Department of Transportation to test emerging mobility technologies.

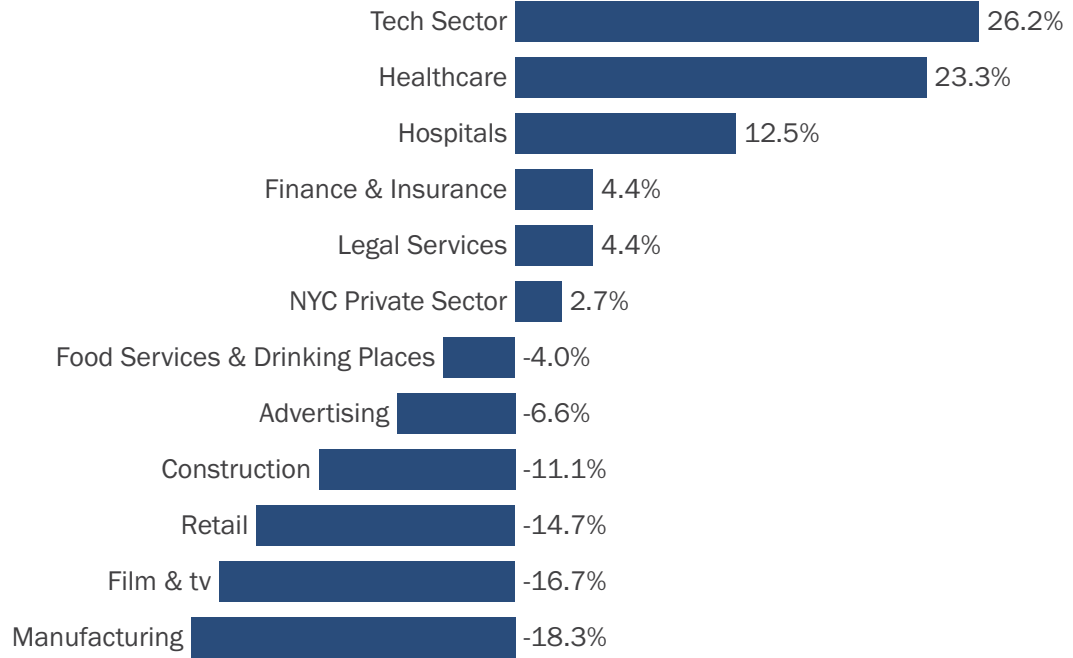
But many founders and investors say that New York needs more spaces like this: flexible, affordable environments where companies working on complex physical technologies can move beyond the idea stage and begin building.

Pratap Ranade of Arena AI says he is “really bullish” on New York as a place for deep tech innovation. “I’m seeing more robotics companies here, more people moving here from Southern California working in hardware who want to do some of this in New York,” he says. “One of my friends working on space habitats at MIT just moved down to New York.”

But Ranade believes there’s work to do. “Tactically, it needs to be easier to get environments where you can run tests. It’s definitely not as easy to go and build something here. Start-ups are literally testing jets in their parking lot in Southern California. We are turning the left side of the office into a cage to fly a helicopter internally. It would be nice to take it outside.”

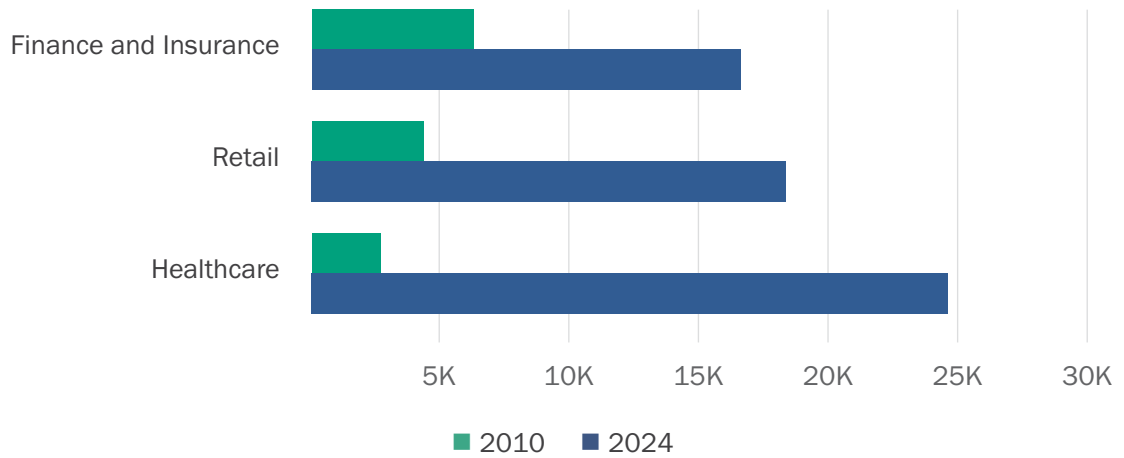
“If we were in California, we’d just go use Stanford lab. Is there a way start-ups can access lab space from universities here or somewhere else? There’s an opportunity.”

**The Tech Sector Is Leading NYC's Post-Pandemic Jobs Recovery:  
Percent Job Growth 2019–2024**



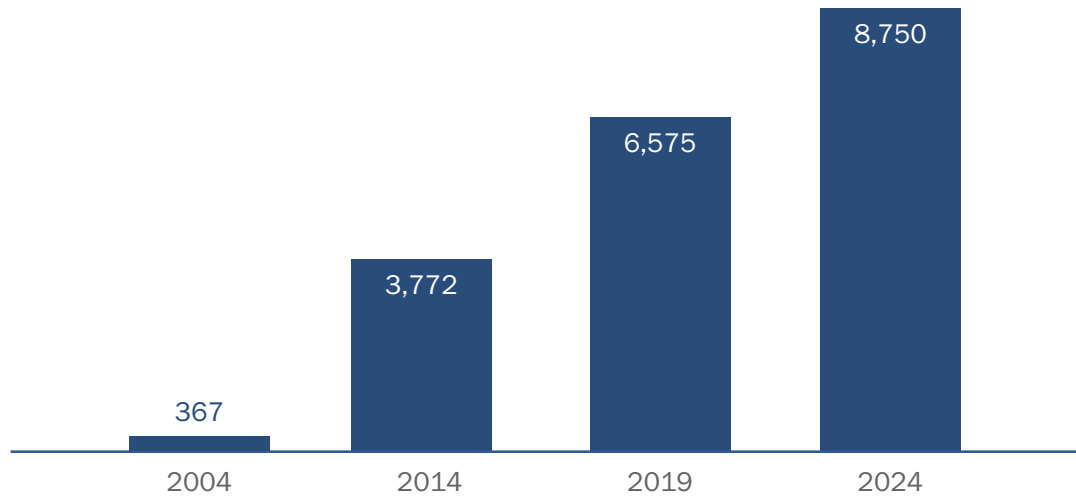
Source: Center for an Urban Future analysis of Quarterly Census of Employment and Wages data

**Tech Demand Is Increasing Rapidly in Finance, Healthcare, and Many Other Industries:  
Job Postings Requiring Tech Skills**



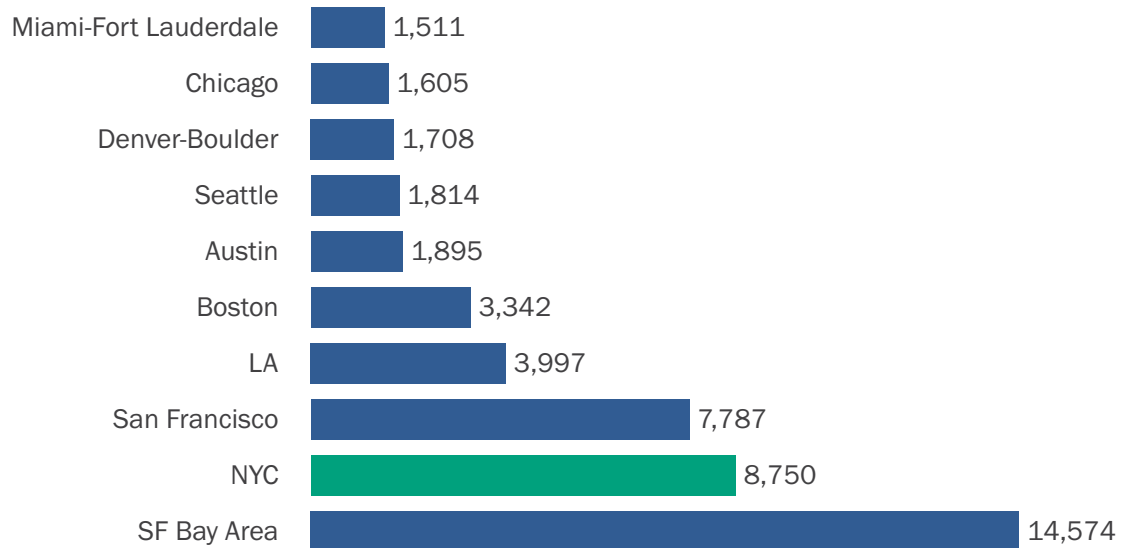
Source: Center for an Urban Future analysis of job posting data from Lightcast.

## Funded Start-Ups in NYC



Source: Center for an Urban Future analysis of data from Crunchbase.

## NYC Has More Funded Start-Ups Than San Francisco, Twice as Many as Boston & LA, and 5 Times Miami's Total (2024)



Source: Center for an Urban Future analysis of data from Crunchbase.

### 35 Tech Sub-Industries With Fastest Growth in Number of NYC Startups, 2019-2024

Category	2019	2024	Change 2019 to 2024 (#)	Change 2019 to 2024 (%)
Cryptocurrency	62	172	110	177%
Blockchain	108	262	154	143%
Artificial Intelligence	451	870	419	93%
Data Integration	29	55	26	90%
Legal Tech	24	45	21	88%
Web Development	33	59	26	79%
Developer Tools	41	72	31	76%
Gaming	67	111	44	66%
Sustainability	39	64	25	64%
Content Creators	34	55	21	62%
Developer APIs	43	69	26	60%
Construction	40	64	24	60%
Compliance	30	48	18	60%
Infrastructure	57	91	34	60%
Credit	32	51	19	59%
B2B	125	199	74	59%
Sales	53	82	29	55%
FinTech	432	644	212	49%
Network Security	35	52	17	49%
Insurance	98	145	47	48%
Cyber Security	78	115	37	47%
E-Commerce Platforms	38	56	18	47%
Payments	107	157	50	47%
Database	38	55	17	45%
Cloud Data Services	36	52	16	44%
Productivity Tools	52	75	23	44%
CleanTech	34	49	15	44%
Risk Management	58	82	24	41%
Machine Learning	260	367	107	41%
Trading Platform	35	49	14	40%
EdTech	93	130	37	40%
CRM	48	67	19	40%
SaaS	506	706	200	40%
Legal	61	85	24	39%
Wellness	222	308	86	39%

Source: Center for an Urban Future analysis of data from Crunchbase.

## Start-Ups By Sub-Industry: NYC, San Francisco, SF Bay Area (2024)

	NYC	San Francisco	SF Bay Area
Healthcare	1,046	739	1,703
AI	870	1,370	2,380
E-commerce	797	461	769
SaaS	706	843	1,451
Fintech	644	470	723
Advertising	444	211	381
Machine Learning	367	481	989
Social Media	332	226	391
Real Estate	310	150	219
Wellness	308	182	307
Enterprise	308	485	948
Fashion	302	85	140
Biotechnology	299	288	995
Blockchain	262	251	377
Big Data	205	221	458
Digital Media	198	79	126
Hospital	186	91	151
Cryptocurrency	172	151	216
Payments	157	158	255
Energy	132	103	325
EdTech	130	87	161
Cyber Security	115	121	349
InsurTech	94	62	109
Restaurants	91	46	82
Supply Chain Management	81	58	110
Hardware	74	117	318
Cloud Computing	66	135	314
Robotics	49	105	272
Video Games	40	57	105
Drones	13	23	52

Source: Center for an Urban Future analysis of data from Crunchbase.

# Recommendations

**1. BUILD A MASSIVE AMOUNT OF NEW HOUSING.** The single most effective step city and state leaders can take to bolster New York's tech sector is to address the housing affordability crisis. While tech workers are far from the most housing-burdened New Yorkers, high housing costs make it harder to attract and retain the skilled, creative, and entrepreneurial talent that drives tech innovation. Unleashing a large wave of new housing development—including middle-income, workforce, and family-sized housing—will help ensure that New York remains a place where rising tech workers can afford to build a life and career.

This initiative should be coupled with new and redoubled efforts to reduce barriers to housing construction that limit supply and drive up costs, including zoning and regulatory reforms that unlock more housing in transit-rich neighborhoods, allow for greater density and accessory dwellings in low-rise areas, and streamline the approval process for multifamily developments. City and state leaders should also revisit outdated parking minimums, expand as-of-right zoning where possible, and reduce permitting and environmental review timelines—especially for affordable and middle-income housing. Without these complementary changes, even ambitious new housing targets will fall short of what's needed to keep New York affordable for the talent the city's economy depends on.

**2. PRIORITIZE INVESTMENTS THAT KEEP NYC LIVABLE AND APPEALING.** Keeping New York livable, vibrant, and appealing is essential to attracting and retaining the highly educated, entrepreneurial talent that powers the city's tech sector. Tech leaders told us that while improving public safety remains important, it is just as critical to invest in the city's parks, cultural assets, public transit, public realm, and neighborhood corridors—amenities that are central to New York's quality of life and a major competitive advantage in today's talent-driven economy.

Strengthening core transit infrastructure should go hand-in-hand with expanding protected bike lanes, improving CitiBike access across the five boroughs, and supporting safe, reliable micromobility options. The city should fully fund parks maintenance and infrastructure, while also creating new, high-quality public spaces. Investments in arts and culture—including nightlife, performing arts, and public art—can help reinforce New York's identity as a beacon of inspiration. And continued support for outdoor dining, public realm design, and streetscape improvements will ensure that neighborhood corridors remain attractive, welcoming, and full of life—places where people want to live, work, and build companies.

**3. UNLEASH AI INNOVATION BY UNLOCKING CITY DATA.** New York has the potential to become the most sought-after place in the world for companies to design, test, and scale innovative new uses of AI in government and the public realm. But to unlock this potential for innovation—and attract and retain the most high-potential AI founders and talent—New York City will have to do much more to expand access to the city's own data. What's needed now is a major new NYC Open Data 2.0 effort, which would massively scale up access to city data via application programming interfaces (APIs), sensor networks, and real-time feeds,

enabling AI start-ups to design solutions to many more of the city’s biggest challenges and opportunities.

The next phase of the city’s open data efforts should go beyond today’s legally mandated requirements to dramatically expand access to real-time data. The city should launch procurement challenges to create APIs for dozens of additional city data feeds, bringing together the city’s Office of Technology Innovation with technologists and legal experts to develop smart privacy frameworks and open source protocols for enabling access to real-time city data. The city can expand opportunities for start-ups to test sensors that can boost real-time awareness of everything from traffic congestion and trash accumulation to infectious diseases present in wastewater. And the city should invest in building the capacity of city agencies to speed up data collection, cleaning, and release—perhaps through competitive funding for city agencies to identify and deploy new publicly available data streams and boost on-time update rates.

**4. NURTURE NEW YORK’S EMERGING DEEP TECH SECTOR.** New York is home to many tech sub-sectors that are well positioned for future growth, but few of them could benefit from help from city economic development officials more than the deep tech sector. Deep tech is growing in New York, but it also faces real hurdles. The city’s Economic Development Corporation (NYCEDC) should develop a new, long-term effort to support deep tech companies in New York. As part of this, it should work with other city agencies to shorten the time it takes to test and deploy new technologies in the city and partner with universities to identify opportunities for deep tech start-ups to access space for prototyping and product testing.

In addition, the mayor should work closely with key agencies—such as the Office of Technology and Innovation (OTI), Department of Transportation (DOT), Department of Design and Construction (DDC), Department of Parks and Recreation, NYC Health + Hospitals, and the Department of Buildings (DOB)—to identify areas where advances in deep tech could be transformative. Together with NYCEDC, these agencies should develop plans to pilot emerging technologies, expand access to procurement and R&D opportunities, facilitate site visits and real-world testing environments, and create pathways for deep tech firms to collaborate directly with the city on challenges across mobility, infrastructure, public health, energy, and the built environment.

**5. MAKE IT EASIER FOR START-UPS TO WIN CITY TECHNOLOGY CONTRACTS.** Despite being home to the nation’s second-largest tech start-up ecosystem, New York City’s procurement system makes it extraordinarily difficult for small and mid-sized tech firms to do business with the city. Reforming this system—including simplifying RFPs, reducing contract minimums, and piloting more challenge-based procurement—would open new growth opportunities for local start-ups while helping city agencies tap into homegrown solutions.

The city should also expand partnerships with organizations like the Partnership Fund for New York City and Newlab and forge new ones to better connect innovative companies with public-sector needs. Challenge-based procurement—recently authorized by the city’s Procurement Policy Board but still in its early stages—offers a promising tool to test new technologies in real-world settings, from improving street safety and accelerating building permits to strengthening the city’s social safety net and expanding access to capital. Making it easier for start-ups to compete for city work would in turn attract more founders to build here and help turn some of the city’s pressing policy challenges into platforms for innovation.



## ENDNOTES

- 1 Center for an Urban Future's measurement of the sector's employment aggregates job totals in seven industries "in which firms use technology as their core business strategy": Computer Manufacturing, Software Publishing, Data Processing & Hosting, Media Streaming Distribution Services, Social Networks, and Other Media Networks and Content Providers, Web Search Portals and All Other Information Services, Computer Systems Design, and Scientific R&D Services.
- 2 Center for an Urban Future analysis of Quarterly Census of Employment and Wages data for Q3 2014 and Q3 2024.
- 3 Center for an Urban Future analysis of job postings data from Lightcast.
- 4 Center for an Urban Future analysis of staffing pattern data from Lightcast.
- 5 Center for an Urban Future analysis of data from Crunchbase.
- 6 To examine the racial/ethnic and gender composition of employment in each city's tech sector, we analyzed 18 tech-specific occupations, such as database administrators, web developers, and computer network architects, using data from the 2019-2023 American Community Survey 5-Year Estimates.
- 7 Center for an Urban Future analysis of Quarterly Census of Employment and Wages data for Q3 2019 and Q3 2024.

