

ECONOMIC IMPACTS OF THE TECH AND CREATIVE SECTORS

Prepared by Urbanomics for the Brooklyn Tech Triangle



DOWNTOWN
BROOKLYN
PARTNERSHIP



BACKGROUND

- **The Greater Downtown Brooklyn area has seen a rise in entrepreneurship, technology and creative firms over the last decade, especially in the DUMBO and Brooklyn Navy Yard areas.**
- **In March 2012, Urbanomics was hired to study the economic impact, growth trends, employment and space needs of these firms in the Brooklyn Tech Triangle (Downtown, DUMBO, and the Brooklyn Navy Yard).**

SURVEY SPECIFICATIONS

- **523 innovation (creative and tech) firms identified within in the Triangle.**
- **A survey of firms over two weeks: Mar 9-23, 2012.**
- **185 viable responses.**
- **144 currently located in the Tech Triangle.**
 - **134 companies would be considered tech, creative or arts (innovation) firms. Study area response rate of 25.6%.**
 - **The vast majority of these (83%) are located in DUMBO.**
- **41 located in Manhattan or Brooklyn outside of Triangle.**

SOURCE: Economic Impact Survey of Tech + Creative Sectors

Summary of Key Findings

- Firms are **growing rapidly**.
- Tech firms want to be in **Brooklyn**.
- Brooklyn has **unique talent**.
- The tech industry has a **significant impact on the Brooklyn economy**.

KEY FINDING - BIG IMPACT TODAY

Economic Impact of Tech Triangle Firms in 2012:

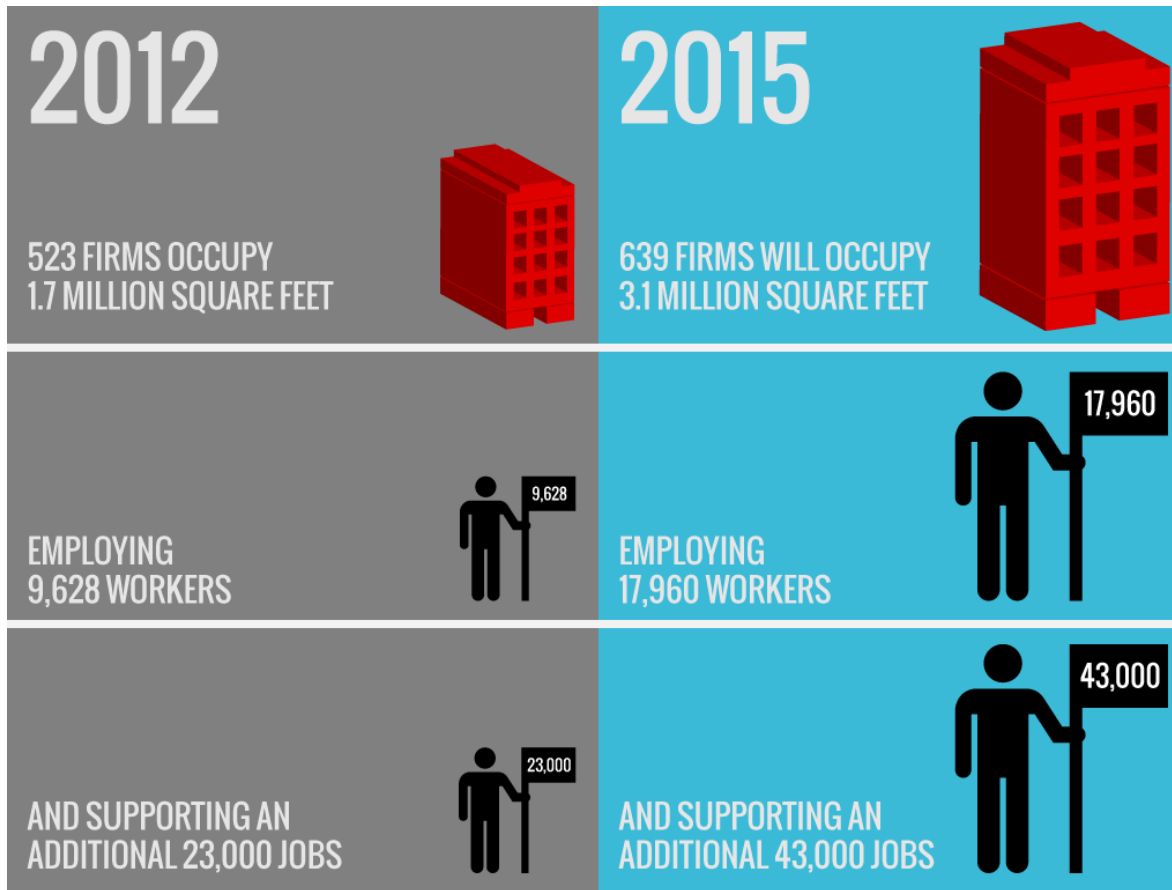
- **9,628 Direct Jobs.**
- **1.7 million sq feet office space.**
- **23,000 additional jobs supported.**
- **\$3.1 billion total local economic impact.**

KEY FINDING - RAPID GROWTH

Triangle Industry Expansion is acute.

- **20% of all tech firms surveyed were started in the last 16 months.**
- **48% of firms expect to at least double in size (employment) in the next three (3) years.**

KEY FINDING - RAPID GROWTH



KEY FINDING - BROOKLYN ATTRACTION

- **12.8% of firms surveyed moved to Brooklyn from other (non-NYC) places in the US and abroad.**
 - These surveyed firms tend to be larger, conservatively estimated to represent 411 jobs (from survey respondents alone).
- **NYC: 30.4% of firms surveyed started in one of the other boroughs of NYC and moved to Brooklyn.**

KEY FINDING - BROOKLYN ATTRACTION

99.3% currently in the Tech Triangle would like to stay there.

76.5% NOT currently located in the Tech Triangle, would like to relocate to it.

KEY FINDING- BROOKLYN TALENT BASE

Tech Triangle Firms:

- 77.2 % of firms say more than half of employees live in Brooklyn.
- 31.5% say that ALL live in Brooklyn.

Firms outside the Tech Triangle:

- 61.1% of these surveyed firms say that more than half of their workers live in Brooklyn.
- 41.7% say that ALL live in Brooklyn.

KEY FINDING - PURCHASING LOCALLY

- **26.4% of Tech Triangle firms purchase more than half of their supplies /services in Brooklyn.**
- **The Social Accounting Matrix (SAM) within the most recent IMPLAN model calibrated for Brooklyn estimates a 99%+ local area purchase percentage for the software engineering, web publishing and design sectors.**

KEY FINDING - REAL ESTATE NEEDS

2012 - Firms occupy some 1.7 million square feet in the Brooklyn Tech Triangle.

2015 - Demand for space will reach 3.1 million square feet in the Brooklyn Tech Triangle.

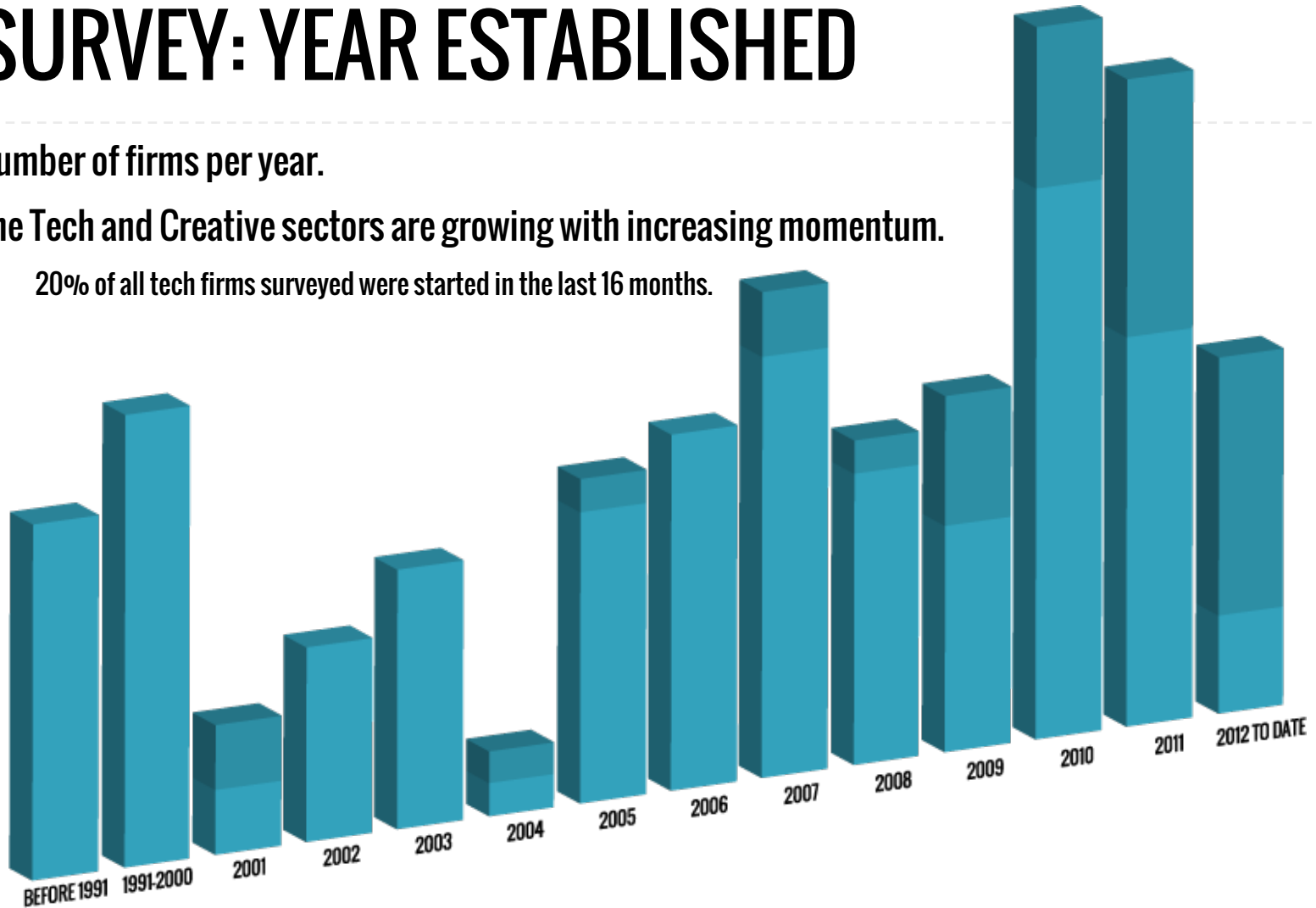
Top Factors in Real Estate selection were rent, proximity to transit and neighborhood character.

SURVEY: YEAR ESTABLISHED

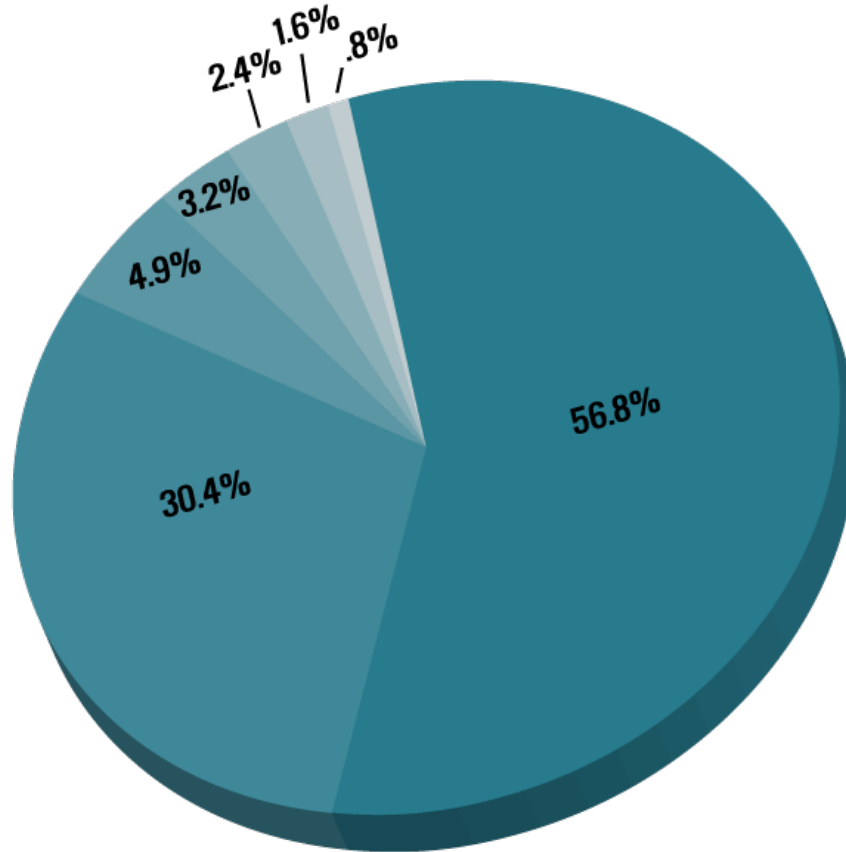
Number of firms per year.

The Tech and Creative sectors are growing with increasing momentum.

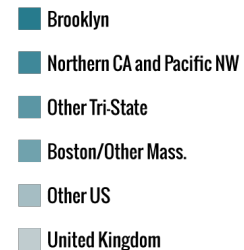
- 20% of all tech firms surveyed were started in the last 16 months.



SURVEY: FIRM ORIGINS

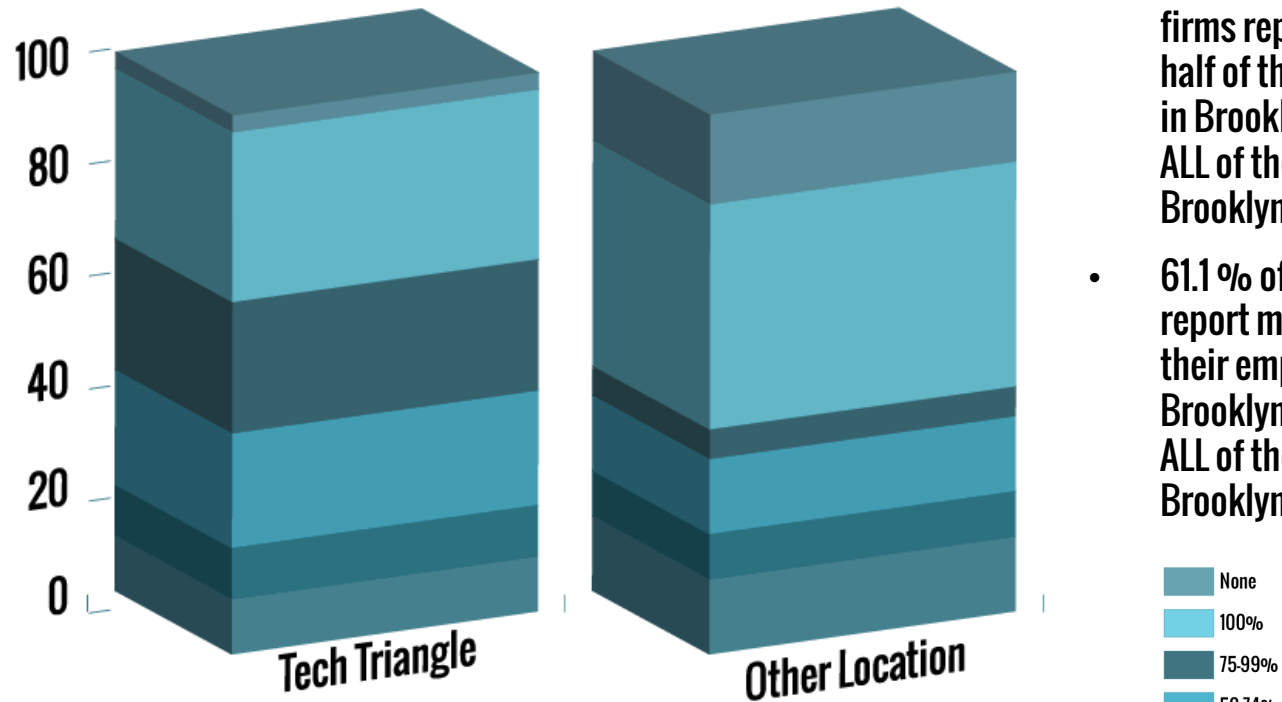


- 56.8% of responding firms originated in Brooklyn
- 30.4% of firms were born in other NYC locations
- 12.8% of surveyed firms have moved to Brooklyn from elsewhere in the US and abroad



SOURCE: Economic Impact Survey of Tech + Creative Sectors

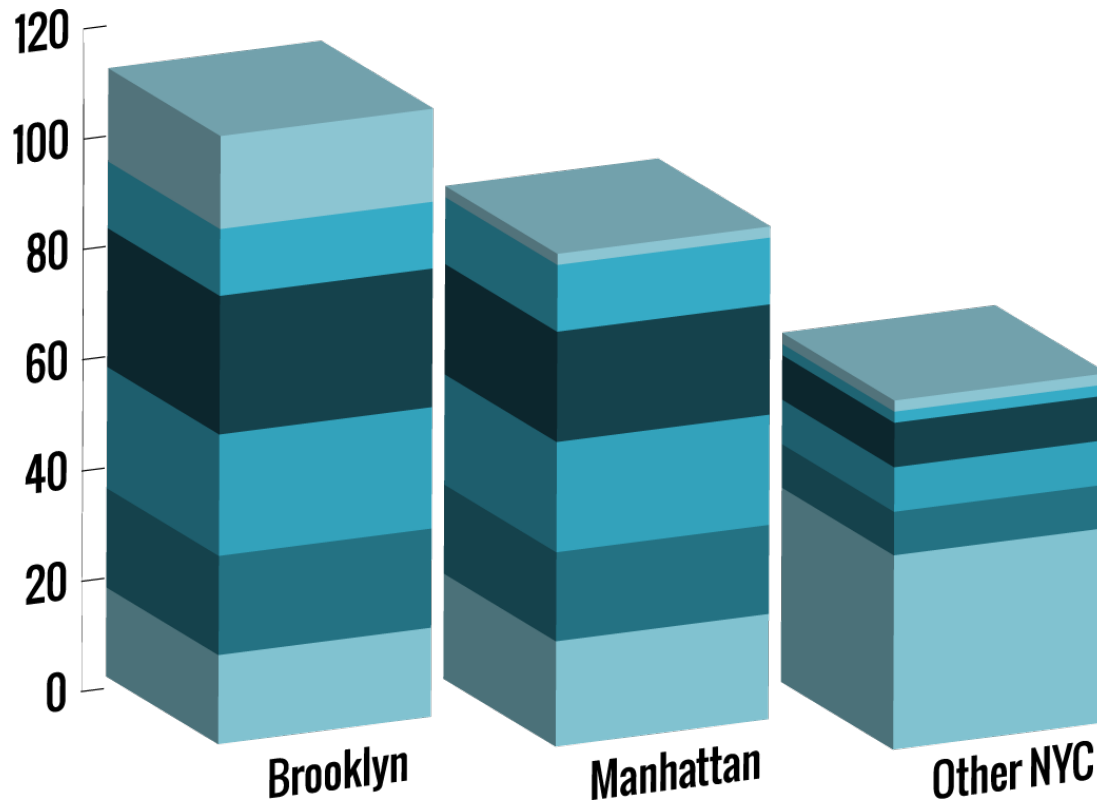
SURVEY: BROOKLYN TALENT BASE



- **77.2%** of Tech Triangle firms report that more than half of their employees live in Brooklyn; **31.5%** say that **ALL** of their employees are Brooklynites.
- **61.1%** of outside firms report more than half of their employees live in Brooklyn; **41.7%** say that **ALL** of their employees are Brooklynites.

SOURCE: Economic Impact Survey of Tech & Creative Sectors n= 110

SURVEY: LOCAL PURCHASING PATTERNS



- 26.4% of responding Tech Triangle firms purchase 50% or more of their materials and business services from Brooklyn suppliers.

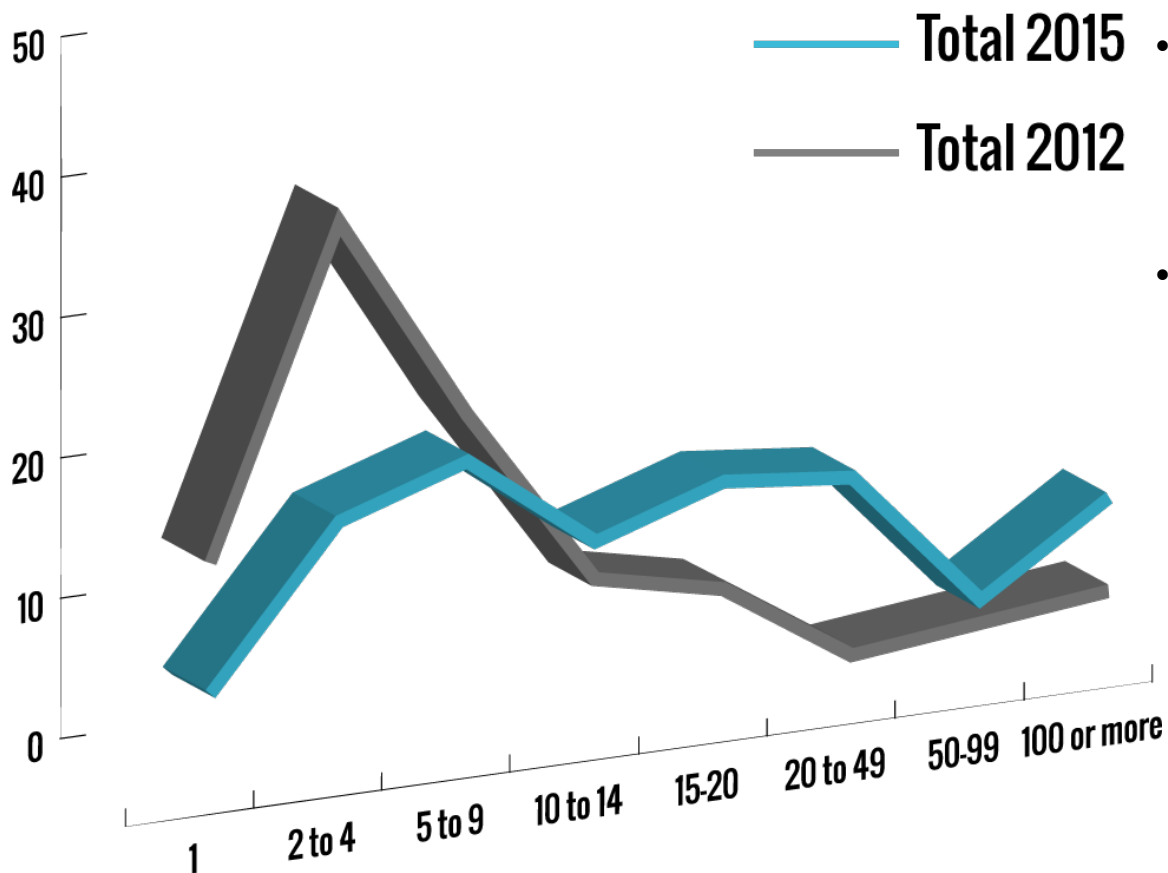
SOURCE: Economic Impact Survey of Tech & Creative Sectors n= 110

SURVEY: REAL ESTATE DECISION FACTORS

	ALL FIRMS	TECH/CREATIVE FIRMS
Rent	68.8%	66.7%
Proximity to Transit	63.6%	58.3%
Neighborhood Character	50.0%	45.5%
Neighborhood Amenities	44.2%	41.0%
Lease Terms	28.6%	26.3%
Proximity to Similar Firms	25.3%	24.4%
Turn Key Space	15.6%	14.7%

- When asked to identify the three most important factors in real estate selection, both tech/creative and all firms types surveyed had similar response patterns with rent, proximity to transit and neighborhood character receiving the largest shares.

SURVEY: GROWTH IN FIRM SIZE



- **Total 2015** • 48.0% of Tech Triangle firms expect to at least double in size in the next three years
- **Total 2012** • 65.6% expect to move up at least one size category

ECONOMIC IMPACTS: MULTIPLIERS APPLIED

	2012	2015
Direct Jobs	9,628	17,960
Total (Direct and Indirect) Jobs	32,735	61,065
Direct Economic Impact Output 2012 DOLLARS, IN MILLIONS	\$2,461.4	\$4,591.5
Total Economic Impact Output (Direct and Indirect) 2012 DOLLARS, IN MILLIONS	\$3,137.5	\$5,852.8

- Annual average growth rates from the past five years of employment data were applied to current estimates of firms and employees to determine short term job growth. The Census Zip Code Business Patterns for the larger industry sectors are shown for comparison purposes

- Using the RIMS multipliers, it is determined that the direct tech and creative 2012 employment in the Triangle supports an additional 23,000 jobs throughout Brooklyn and will support an additional 43,000 jobs in 2015.