

The trend:

Clustering of innovative businesses mixed up with urbanity, access to transit, and neighborhood amenities, all proximate to a major knowledge & research center.

THE RISE OF INNOVATION DISTRICTS

A New Geography of Innovation in America

Bruce Katz and Julie Wagner

AS THE UNITED STATES SLOWLY EMERGES FROM THE GREAT RECESSION, A REMARKABLE SHIFT IS OCCURRING IN THE SPATIAL GEOGRAPHY OF INNOVATION.

FOR THE PAST 50 YEARS, THE LANDSCAPE OF INNOVATION HAS BEEN DOMINATED BY PLACES LIKE SILICON VALLEY—SUBURBAN CORRIDORS OF SPATIALLY ISOLATED CORPORATE CAMPUSES, ACCESSIBLE ONLY BY CAR, WITH LITTLE EMPHASIS ON THE QUALITY OF LIFE OR ON INTEGRATING WORK, HOUSING AND RECREATION.

A new complementary urban model is now emerging, giving rise to what we and others are calling “innovation districts.” These districts, by our definition, are geographic areas where leading-edge anchor institutions and companies cluster and connect with start-ups, business incubators and accelerators.¹ They are also physically compact, transit-accessible, and

Suburban Innovation District concepts of the 1970s



*Research Triangle Park, Raleigh /
Durham, NC*



The new geography of innovation is urban.



Seattle, South Lake Union



UMN a **top-ten**
research university
globally.

9th among public research
universities in **science &**
engineering research
expenditures >>>

<<<Over **\$800 million**
grants & contracts awarded
to UMN **annually.**

Within the last year, UMN
spun off **15 new firms.**



Burgeoning innovation districts can be found in dozens of cities and metropolitan areas across the United States. These districts adhere to one of three general models.

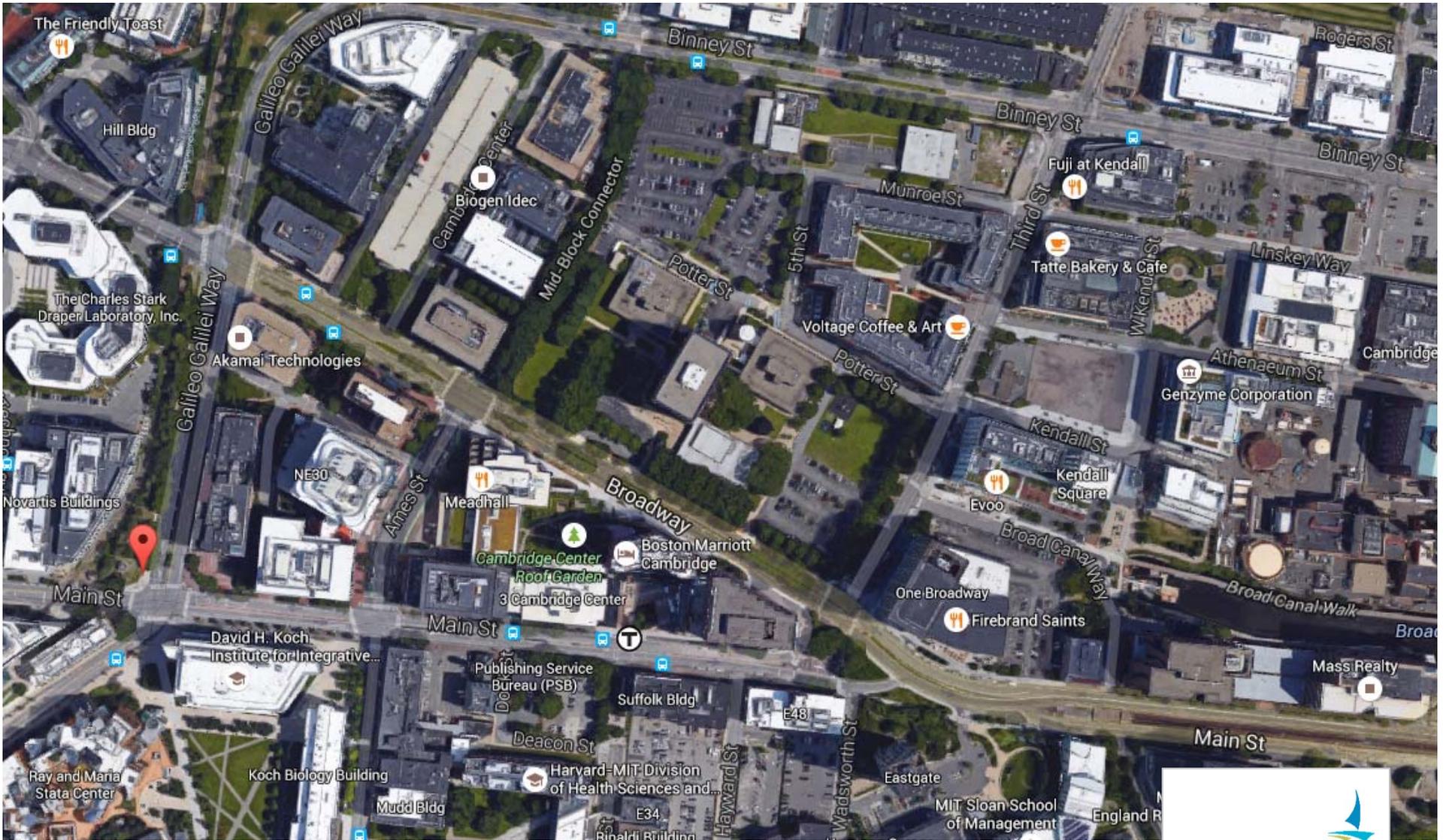
The “anchor plus” model, primarily found in the downtowns and mid-towns of central cities, is where large scale mixed-use development is centered around major anchor institutions and a rich base of related firms, entrepreneurs and spin-off companies involved in the commercialization of innovation. “Anchor plus” is best exemplified by Kendall Square in Cambridge (and the explosion of growth around MIT and other nearby institutions like Mass. General Hospital) and the Cortex district in St. Louis (flanked by Washington University, Saint Louis University, and Barnes Jewish Hospital).

The “re-imagined urban areas” model, often found near or along historic waterfronts, is where industrial or warehouse districts are undergoing a physical and economic transformation. This change is powered, in part, by transit access, a historic building stock, and their proximity to downtowns in high rent cities, which is then supplemented with advanced research institutions and anchor companies. This model is best exemplified by the remarkable regeneration underway in Boston’s South Boston waterfront and Seattle’s South Lake Union area.

The third model, “urbanized science park,” commonly found in suburban and exurban areas, is where traditionally isolated, sprawling areas of innovation are urbanizing through increased density and an infusion of amenities (including retail and restaurants) that are mixed as opposed to separated. North Carolina’s Research Triangle Park (RTP), perhaps the 20th century’s most iconic research and development campus, is the strongest example of this model. In November, 2012, RTP unveiled a new 50-year master plan that calls for a greater concentration of buildings and



The new geography of innovation is urban.



MIT/Kendall Square Innovation District



The proposed pilot district site enjoys locational advantage.

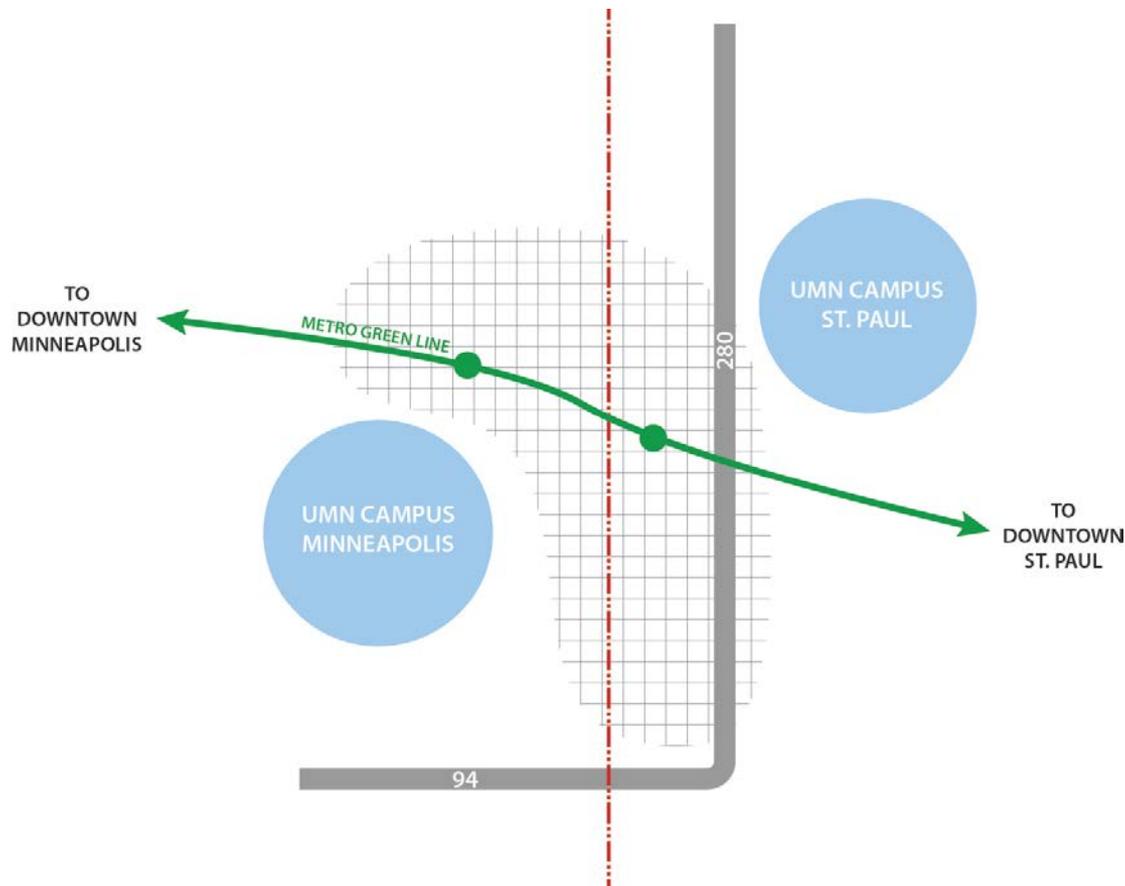
The area **bridges two cities**, and is a regionally significant development opportunity area.

(City of St. Paul to act on similar resolution on August 5, 2015)

It **abuts a research university** on both sides.

It is **served by an LRT transit station** on the Green Line, connecting the **two downtowns**.

It's community-led and advances a vision **consistent with City goals**.



Core Values: Why American Companies are Moving Downtown

NATIONAL OVERVIEW

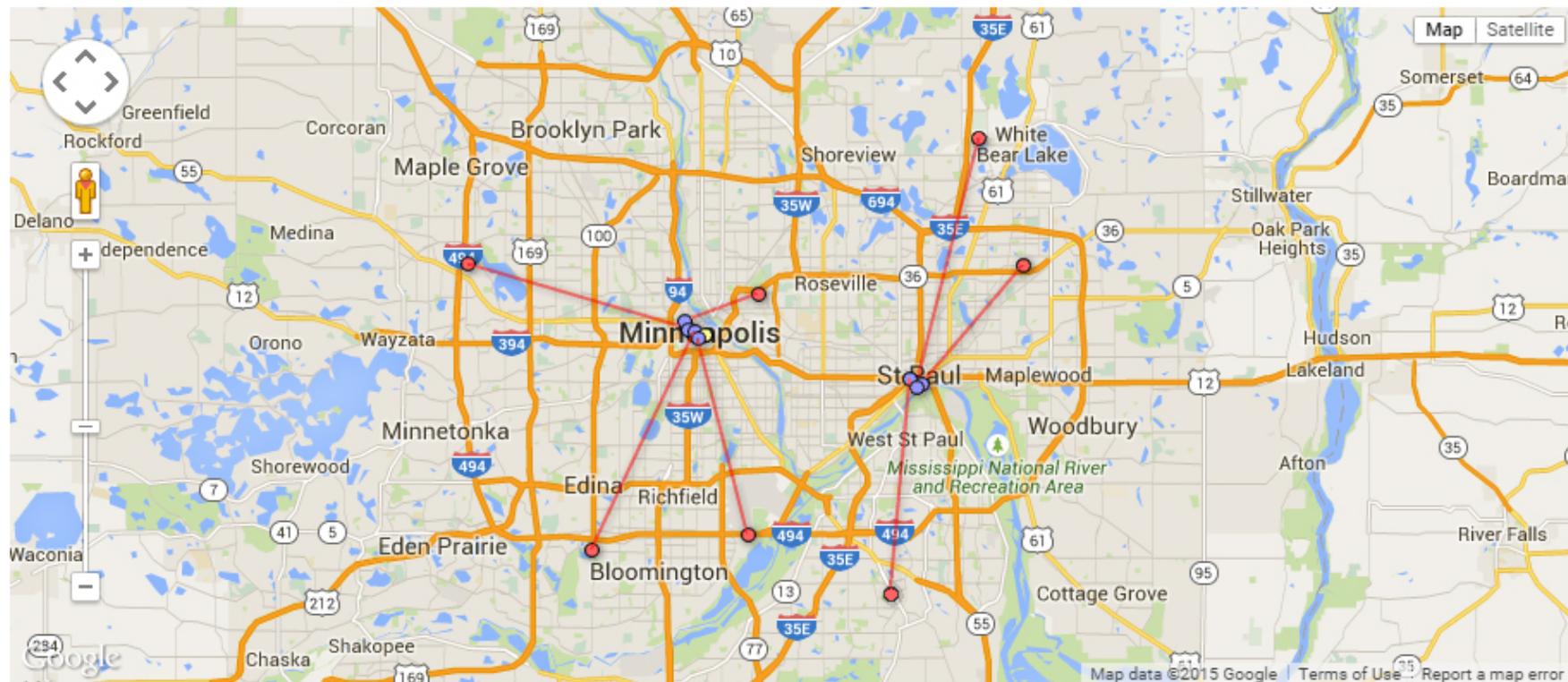
MAP

FULL DATA

ADD A COMPANY

(showing MSP regional detail only)

Between 2010 and 2015, nearly 500 companies moved to or expanded in walkable downtown neighborhoods. The map below provides more details about where in the country these moves occurred.



Color key:

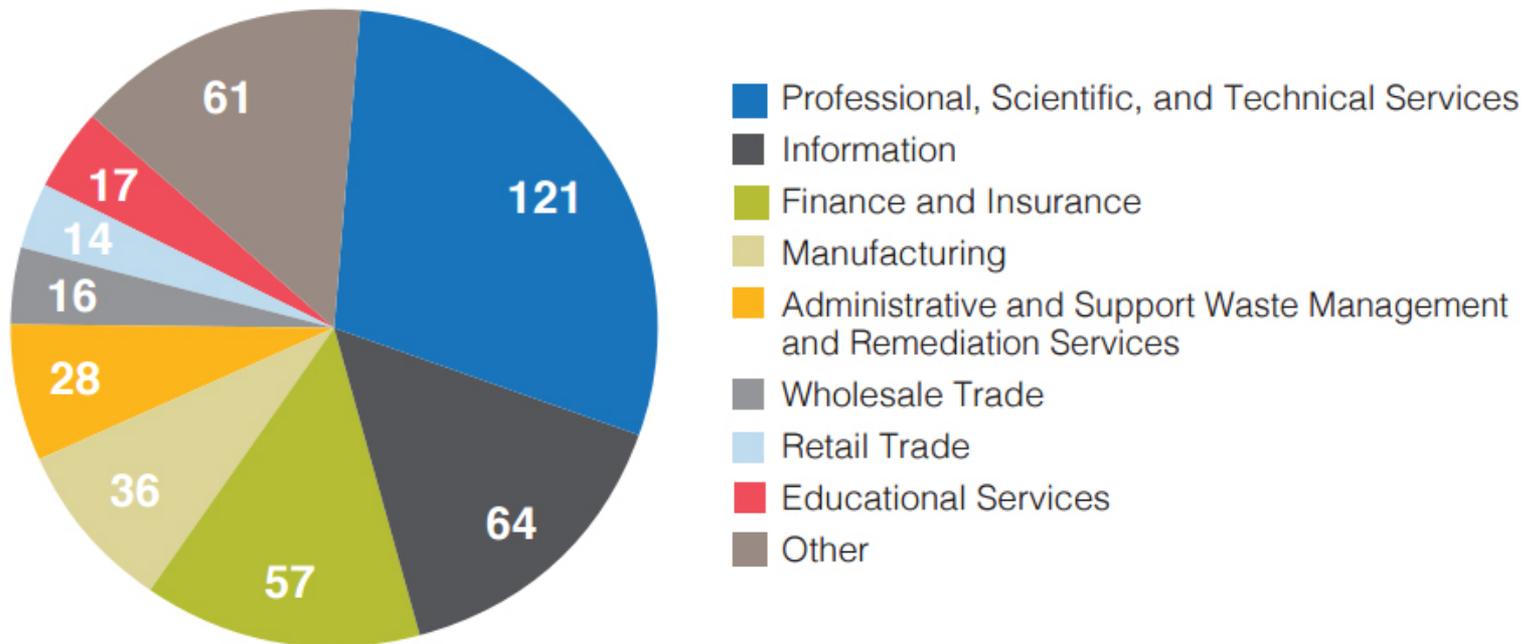
- Previous location
- New location
- Company that expanded

Source: Smart Growth America, in partnership with Cushman & Wakefield and George Washington University



Companies moving and expanding downtown, by industry⁸

Industries with fewer than 10 instances within the sample have been categorized as "Other."



Source: Smart Growth America, in partnership with Cushman & Wakefield and George Washington University

The proposed use is of high economic value in the region.

Industry Summary for Research and Development in the Physical, Engineering, and Life Sciences (except Biotechnology)

6,143 Jobs (2014) 8% above National average	+4.1% % Change (2013-2014) Nation: +0.4%	\$153,974 Avg. Earnings Per Job (2014) Nation: \$133,426
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Industry Detail

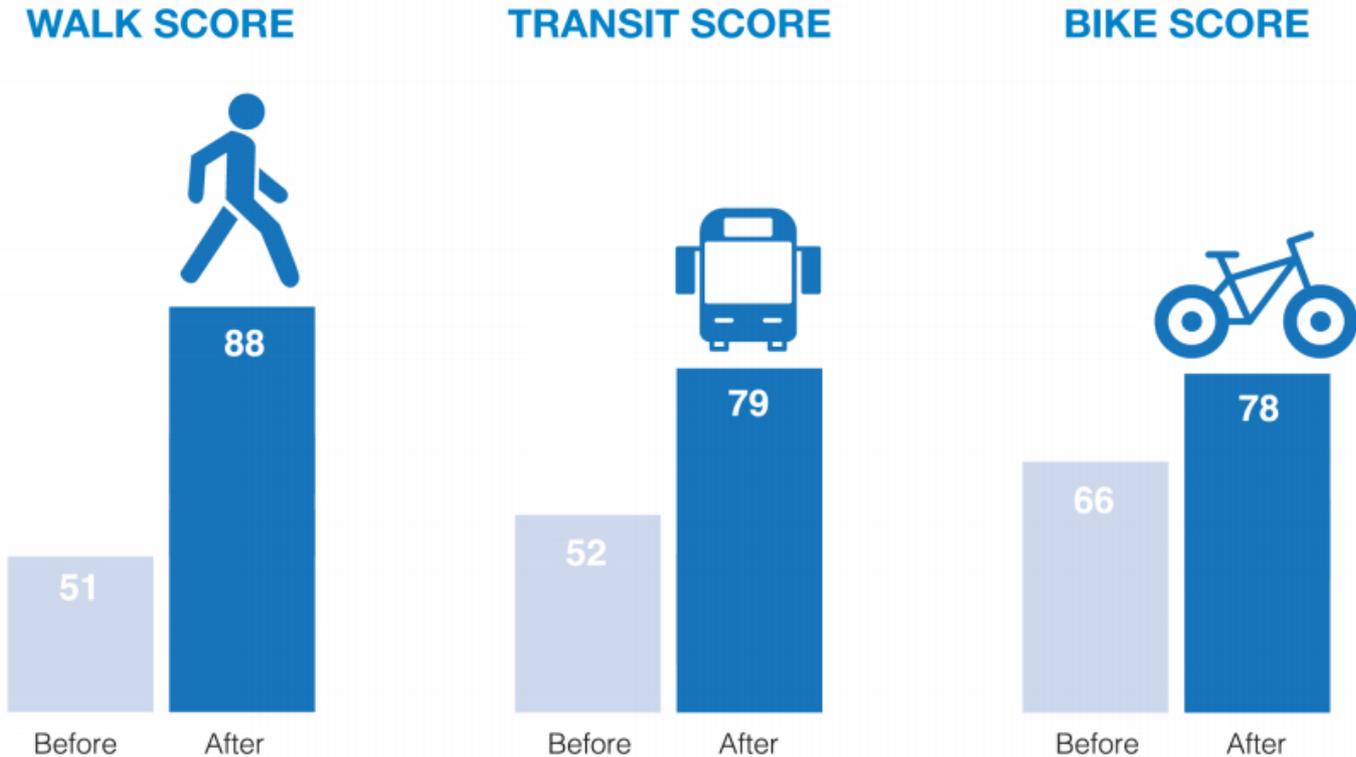
Establishments (2014)	128
Jobs Multiplier (compare to Manufacturing multiplier of 1.58)	4.12

Source: EMSI Analyst



Walkable places

These companies chose neighborhoods that are significantly more walkable than their previous locations. We calculated Walk Scores, Transit Scores, and Bike Scores for each company both before and after their moves (where sufficient address data were available). The average Walk Score of these companies' previous locations was 51; the average Walk Score of the new locations is 88. Similarly, Transit Scores went from an average of 52 to 79. Bike Scores went from an average of 66 to 78.¹⁰



Source: Smart Growth America , in partnership with Cushman & Wakefield and George Washington University

How could this contribute to city goals?

- **Job** creation
- Amplify development area of **regional significance**
- New and desired **density** (toward the City population goal)
- New **tax base**
- **Transit Oriented Development**
- **Pilot** “next city” sustainability concepts

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Today's Proposal

- Two **proposed actions**
 - **Creating** new district definition
 - **Designating** first one
- Acknowledgment of **existing work** underway
- Guidance for **future work** and resource requests
- **No resource allocation** as part of today's decisions

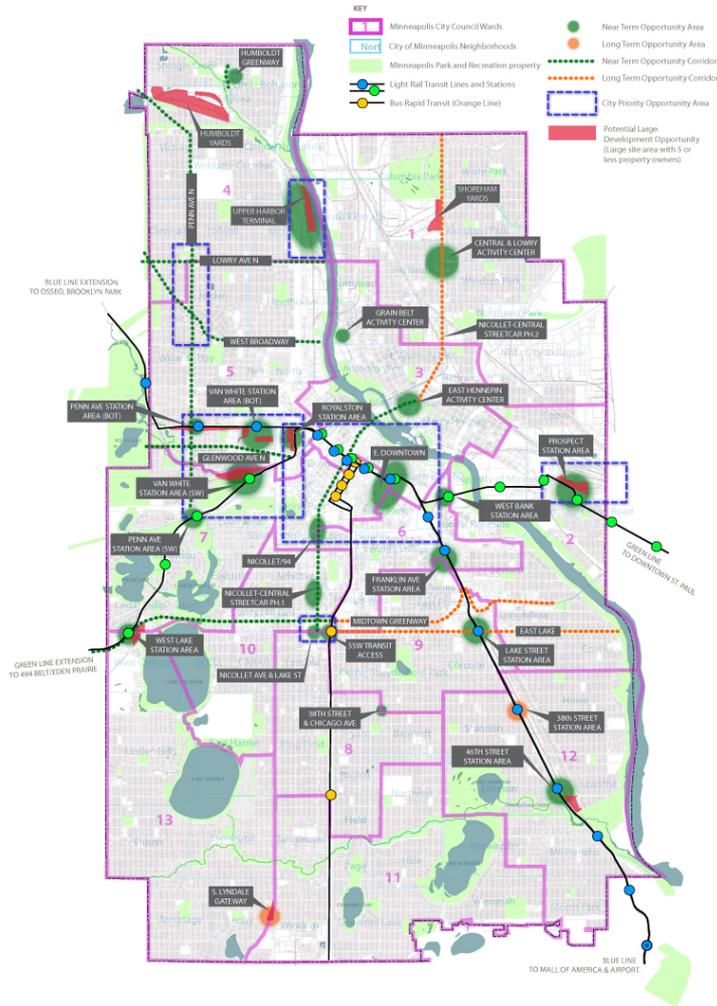
Innovation District Definition

•Criteria for districts

- Size and scale, multiple uses
- District systems
- Significance of outcomes
- Partnerships and collaborations

•Intent around districts

- City involvement at staff level
- Consideration for technical studies
- Consideration for funding
- Consideration for regulatory change



Minneapolis Opportunity Areas
 Long Range Planning Division | Community Planning and Economic Development
 Last Updated: April 22, 2015

Data compiled from best available sources. The City of Minneapolis assumes no legal responsibility for the accuracy of this map. For illustrative purposes only.



University Avenue Innovation District



•Why here?

- Green Line** LRT investment
- Recent City **policy support**
- Prospect North** initiative
- University of Minnesota** role

•Why now?

- Pending **development** projects
- Extensive **partnership**
- Leverage** capital investment
- Joint effort with **City of St. Paul**