

London, New York, and Paris are being overtaken over by an invasion of the global super-rich, which one writer described as a shift from mere gentrification to full-on “plutocratization.” According to some, this influx is driving artists from cities, turning them into what musician David Byrne called “pleasure domes for the rich.” For a growing number of musicians and artists, the transformation of our cities is personal and palpable. Yes, there’s a certain irony in the spectacle of highly successful rock stars pining after the good old days of cheap rent, cheap drinks, and creative nirvana, even if we can empathize with their frustration at CBGB’s being turned into an upscale clothing store. But artists’ complaints reflect the increasingly intense competition for urban space. Artists, musicians, and other creatives who helped transform old, neglected urban spaces into studios and workspaces in the 1970s and 1980s are being elbowed out of those same places by investment bankers, business professionals, techies, and even the global super-rich.

There’s little doubt that creative urban ecosystems exist in a precarious balance. Take away the ferment that comes from urban mixing, and the result is a sterile sameness. In SoHo today, luxury shops seem to outnumber performance spaces and studios. But even if rising housing prices are making it harder for a new generation of artists and creatives to get a toehold in SoHo and neighborhoods like it, that doesn’t mean that entire cities have become creative dead zones.

So does this change really threaten the creativity of our most vibrant cities? Despite the influx of wealthy people into the urban core and the transformation of some leading creative neighborhoods, there is little evidence of any substantial diminution of these cities’ overall creative capacities. Cities are big places, after all; creativity can and does move from neighborhood to neighborhood. In time, the ongoing transformation of these cities may truly jeopardize their creative impetus, but that hasn’t happened yet.

Creativity vs. the super-rich

The global super-rich who are snapping up real estate in superstar cities aren’t really buying “homes,” in the conventional sense of that term, to live in and use. They aren’t looking for places to raise their families or to do productive work. Instead, they’re looking for safe places to park their money. If luxury real estate was once the most obvious way to measure and display wealth as “conspicuous consumption,” it has become something more mundane today – a new class of economic asset used to store and grow wealth.

New York and London do in fact have considerable shares of the world's wealthiest people. New York tops the list with more than 100 billionaires and London is sixth with 50. London leads in "ultra-high net worth" individuals with \$30 million or more in assets, with New York in fourth place.

But, do the super-rich really damage great cities? While rarely occupied trophy apartments and lights-out buildings certainly make neighborhoods less vibrant, there are simply not enough super-rich people to deaden an entire city or even significant parts of it. New York City, after all, has more than eight million inhabitants and some three million housing units; its 100-plus billionaires and 3,000 or so ultra-high net worth multi-millionaires wouldn't fill half the seats in Radio City Music Hall.

Ultimately, it's not so much a plutocratic incursion of billionaires that is transforming many of the world's great cities, but the much greater numbers of relatively well-off people who are flocking back to them, including the growing ranks of startup entrepreneurs, venture capitalists, and well-paid techies who are trading in their houses in the suburbs for condos, apartments, and townhouses in the city.

Creativity vs. the techies

The movement of urban high-tech startup companies and talent into urban centers is a real sea change. The leading high tech companies of the 1970s, '80s, '90s and even the early 2000s - like Intel, Apple, and Google - were all housed in corporate campuses in Silicon Valley. Microsoft's headquarters was in suburban Redmond, Washington. Other high-tech companies clustered along the Route 128 suburbs outside Boston, in the suburbs of Austin, or the office parks of North Carolina's Research Triangle.

That geography has changed dramatically as venture capital investment and startup companies have become much more urban. Today, dense, urban San Francisco tops suburban Silicon Valley's as the world's number one location for venture capital-backed startups. New York City - and in particular a small area of Lower Manhattan - is second. Across the U.S., more than half of venture capital investment and nearly six in ten of U.S. startups are in urban zip codes.

Startups and cities are a natural match. Urban areas provide the diversity, creative energy, cultural richness, vibrant street-life, and openness to new ideas that the talent who launch and work for startups is looking for. Their industrial and warehouse buildings provide flexible and reconfigurable work spaces. While many large, well-established tech companies which require large headquarter sites - like Microsoft, Apple, and Facebook to name a few - remain in the suburbs, the startups that power innovation and growth draw their strength and inspiration from cities.

Cities also help new companies attract talent. Today's hottest startups concentrate on digital and social media, games, and creative applications, which draw on the deep pools of designers, composers, scenarists, musicians, marketers, and copywriters that can be found in cities.

Still, as technology companies and techies who work for them head back to cities, they are increasingly being blamed for their deepening problems of housing affordability and urban inequality. In spring 2014, protests broke out in Oakland against the private buses that shuttle tech workers from their homes in the city's gentrifying urban core to their jobs in the corporate campuses of Silicon Valley. In San Francisco's Mission District, protestors dressed as clowns formed human pyramids, bounced giant exercise balls, and performed the can-can in front of a Google bus.

To what extent are urban startups and the techies who are increasingly settling in cities responsible for rising urban housing prices, inequality, and gentrification? On this, the evidence is actually mixed. There's no question that the urban tech incursion has put pressure on housing costs, especially in cities like San Francisco, New York, Boston, and Seattle. The connections between economic inequality and urban tech are less clear-cut, however. For instance, the presence of startups and venture capital correlate with some measures of inequality but not others. Moreover, tech companies are huge drivers of innovation, economic growth, jobs, and much-needed tax revenues that cities can use to address and mitigate the problems that come with them.

Are cities becoming more or less creative?

There can be no doubt that the recent influx of the very rich, of tech startups and their employees, and of financial and other professionals into cities is generating real challenges and prompting highly charged conflicts. But has it blunted those cities' cultural creativity, as some have charged? In a word, no: The creative strengths of superstar cities have actually increased.

The concentration of creative industries and creative jobs in superstar cities like New York and LA remains strong. LA's concentration of artistic and creative fields across the board is nearly three times the national average, while New York's is more than double. LA's concentration of fine artists, painters and sculptors is nearly four times as high as the national average; New York's is one-and-a-half times as high. New York has nearly three times and LA more than twice the national average for musicians and singers. Both metros have more than three times the national average for writers and authors. And New York's concentration of fashion designers is ten times higher than the national average, while LA's is nearly eight times higher.

But, for all of the dire warnings coming from established musicians and artists, these cities are at least as artistically creative as they ever were, and even more technologically innovative. On the whole, their creative economies are considerably stronger than they were back in the 1970s and 1980s. Would anyone *really* want to trade New York's or LA's economies today for their economic situation back in the 1970s or 80s? The answer is obvious. The addition of high tech to these cities' traditional strengths in artistic creativity, has made their economies stronger.

Put bluntly, some of the noisiest controversies regarding our changing cities spring from the competing factions of a new urban elite. The much bigger problem is the widening gap between this relatively advantaged class and everyone else. It's the poor and the working classes who are truly being displaced and shunted aside in our thriving cities, and the way to help them is not to turn off the spigot of wealth creation, but to make their flourishing economies more encompassing and inclusive.

This article is adapted from the author's recent book The New Urban Crisis.

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Roberto 4 days ago

Creativity can flourish almost in any place. I think that so much regulation and oppression from that leviathan we call State deprives our neighborhoods from more creative people. Also I think that it is in times of need, of poverty that creativity really has potency to grow. I'm no expert in urban planning, but I love living in the city. And I think we have to go towards more authenticity, going back to basics and permitting that traditional shops appear again in our urban landscapes: The plumber, the tutor, the mechanic, the nanny, the bake shop, ice-cream parlor and parks with real rides and old classic diversions. Also public squares, sidewalks for the people, church bakes, book stores and toy stores. Small and basic ones, that also have space for locally grown veggies and groceries. More face to face experiences, less in null virtual worlds.

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