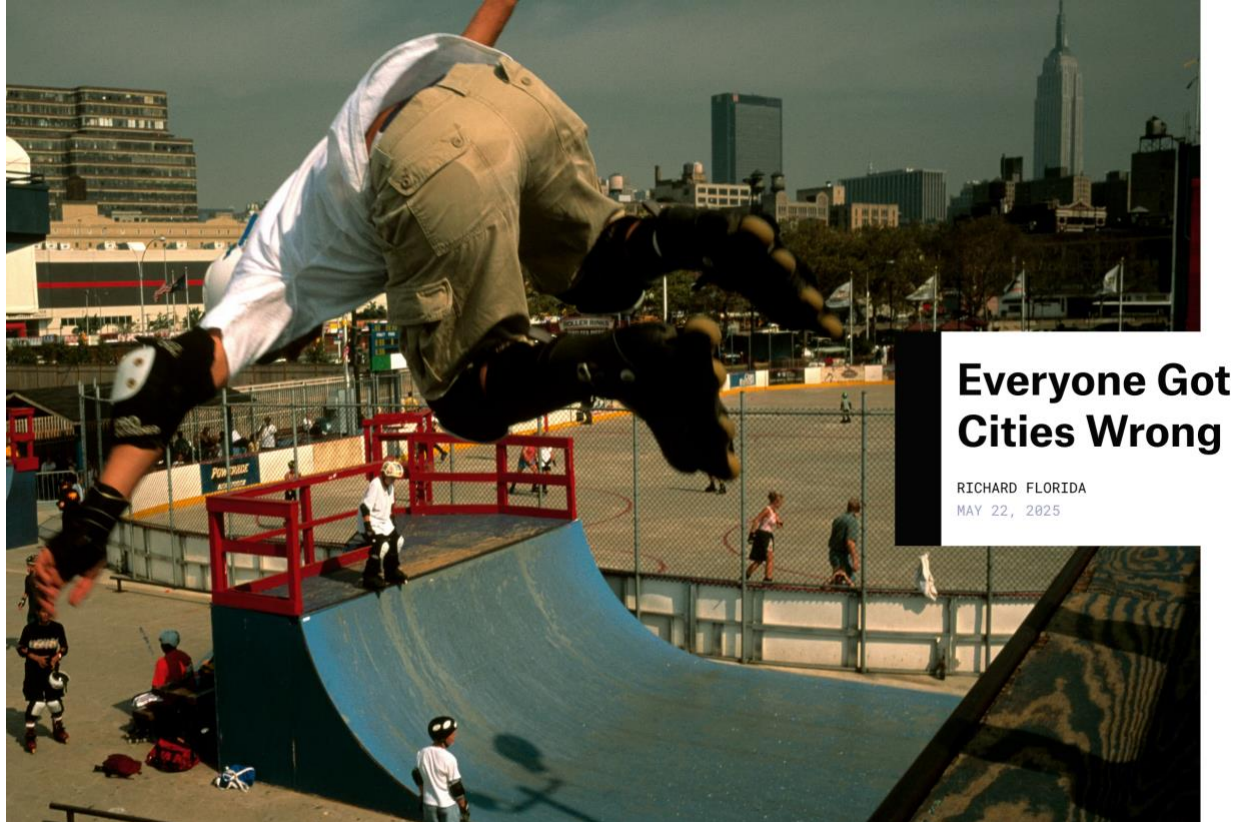


# VITAL CITY



## Everyone Got Cities Wrong

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MAY 22, 2025

The rush to declare urban areas dead was brain-dead. Here's why.

In the spring of 2020, as the gravity and extent of the pandemic's disruptions sank in, the chorus began. [“New York City is dead forever,”](#) one prominent commentator wrote. [“San Francisco is the next Detroit — the handwriting is on the wall,”](#) another declared. Urban office towers stood empty, downtown streets were deserted and doomsday forecasts abounded. With the rise of work-from-home, the cynics insisted, we were witnessing the beginning of the end of America's dense, vibrant, economically essential cities.

Without a doubt, the pandemic and its aftermath have brought serious challenges to America's cities. Yet these dramatic exhortations of impending urban doom, so confidently asserted at the time by so many, turned out to be completely wrong.

Five years on, American cities have bounced back dramatically. [According to newly released Census data, nearly 95% of America's largest cities](#) — 68 out of 72 — experienced population growth between July 2023 and June 2024, reversing downward trends from earlier in the decade.

Los Angeles added more than 30,000 residents; Chicago gained more than 20,000; Seattle added more than 16,000; and Washington, DC, gained 15,000. Even Detroit — a city that was portrayed as the veritable poster child of urban decline — added more than 6,500 new residents.

New York City led the resurgence, adding more than 85,000 residents — the largest numeric increase nationwide — though the city is still down around 300,000 residents from its pre-pandemic peak.

It's not just urban populations that are bouncing back; our leading tech hubs have reclaimed their dominance as centers for innovative high-tech talent and industries. Despite predictions of its imminent decline — often gleefully amplified by critics highlighting its very real struggles with homelessness, drug abuse and crime — the San Francisco Bay Area continues to dominate the tech landscape. In 2024, startups in the region secured nearly \$100 billion in venture capital funding, accounting for more than 45% of all U.S. venture investment. The Bay Area remains the epicenter of global innovation in fields like artificial intelligence, biotech and advanced computing

This is not to say that the pandemic and misbegotten progressive policies didn't leave deep scars on San Francisco. They did — both in perception and in reality. But the bigger point is that none of the problems proved insurmountable. The city has already begun to self-correct, electing a more business-oriented mayor, Daniel Lurie. And even before that political turn, the Bay Area showed a remarkable capacity to adapt and reinvent itself.

Meanwhile, New York has solidified its status as the nation's second-largest tech hub, with the metro area attracting over \$25 billion in funding, more than 12% of all U.S. venture investment. [Over the past decade, it has been the only city in the nation to see a considerable increase in its share of venture capital investment](#), which rose by 7% between 2012 and 2021. Overall, [tech employment in the city has increased by more than 25% since the pandemic](#) (from 2019 to 2023), nearly 10 times faster than the private sector overall.

I am not arguing that America's big cities writ large are beyond their many challenges — far from it. Yet none of this has added up to an irrevocable downward spiral or an urban doom loop.

The broader Acela Corridor — which stretches from Boston to Washington, D.C. — has attracted close to \$50 billion, nearly 22% of U.S. venture investment. Despite all the complaints about their unaffordable housing, worsening crime and urban disorder and troubled urban governance, the two frequently maligned coastal cities of New York and San Francisco remain crucial economic engines. Together, they house [65% of all engineers working on artificial intelligence](#), according to a recent report.

Cities like Austin and Miami, once heralded as rising stars poised to challenge and displace leading tech hubs, have seen their luster fade somewhat as a result. Venture capital funding in Austin dropped by nearly [20%](#), from over \$4.4 billion in 2023 down to \$3.6 billion in 2024, and its share of U.S. venture capital investment stands at less than 2%. The city's much ballyhooed pandemic-era lure on Bay Area tech workers has also declined noticeably in the past year, with their ranks falling by 23% between 2024 and 2025. The number of New Yorkers moving to the

Texas capital fell by 11% over the same period, [according to a Wall Street Journal analysis of LinkedIn data](#). Miami accounted for just 1% of U.S. venture investment in 2024, a decline of 65%, from \$7.1 billion in 2022 to \$2.7 billion in 2024.

Let me be clear: I am not arguing that America's big cities writ large are beyond their many challenges — far from it. Crime may be down, but it is still too high, and urban disorder plagues many cities. Urban schools may be improving, but they still have a long way to go. Downtowns continue to face high office vacancies, and many will never recover. Housing is less affordable than ever, not just for the truly disadvantaged but for the middle and professional classes. Government spending is inefficient and taxes are too high. Families with children continue to decamp to the suburbs, leaving too many cities as playgrounds for the affluent, the young and the childless — and as places for the disadvantaged to find services.

Yet none of this has added up to an irrevocable downward spiral or an urban [doom loop](#).

It's not the first time we have been besieged with such premature urban obituaries. They are something of a recurring theme. After 9/11, many forecasted a widespread exodus from Manhattan. That was when I published "The Rise of the Creative Class," arguing that urban revival was an ongoing and inevitable result of cities' growing role as centers for talent, innovation and creativity. Similar predictions emerged again in the wake of the devastating economic and financial meltdown of 2007 and 2008. Pundits confidently declared that New York would be eclipsed as a global financial center by Charlotte or offshore hubs like Frankfurt. Yet, as I argued it would at the time, New York rebounded quickly, ultimately surpassing London to reclaim its top position.

The resilience of big cities is not an accident; it's rooted in a broader transformation of the economy. The urban decline of the mid-20th century — which informs so much of the anti-urban punditry that persists to this day — was rooted in the nature of the old industrial economy. As industry spread to the suburbs and eventually offshore, cities lost their core economic functions. The middle class followed and retail moved out of downtown to suburban malls. Cities went through a protracted period of decline.

The role of cities today is different — and far more central to economic progress. With the rise of the knowledge economy, which shows no signs of slowing down, cities have emerged as indispensable and renewable hotbeds of innovation and economic dynamism. This transformation hinges on a fundamental economic principle: that the dense clustering of human talent is the underlying engine of innovation and economic growth today.

The late, great urbanist Jane Jacobs identified this dynamic decades ago, emphasizing that bringing diverse people into close proximity is not merely a core function of cities — it is the essential driver of economic progress. Nobel laureate economist Robert Lucas later crystallized this insight with his concept of "human capital externalities," highlighting how productivity and innovation exponentially increase when talented people cluster together. In other words, the proximity and density uniquely provided by cities don't just enhance innovation; they actively multiply human potential and productivity, fueling the very engine of economic development.

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Paradoxically, the pandemic and the rise of remote work have made cities even more crucial — precisely at a moment when technology seemed poised to diminish their necessity. Rather than dispersing economic activity broadly, digital technologies have actually reinforced the economic power of leading superstar cities and tech hubs. Throughout human history, cities have primarily functioned as physical clusters, growing outward as new transportation technologies emerged — from horse-drawn trams and steam-powered trains to electric trolleys and automobiles. Today’s digital technologies enable leading urban centers to expand their global reach dramatically without having to expand their physical footprints.

This new urban formation, which I call the “Meta-City,” comprises globe-straddling networks of hub cities and their satellites. It enhances the dominance of key superstar cities and tech hubs even as their workforces become more distributed and populations shrink. My [detailed analysis](#), conducted with collaborators at the Boston Consulting Group, highlights this structure clearly: New York and London sit at the very center of the global network for finance, San Francisco anchors the high-tech industry and Los Angeles plays a comparable role in film and entertainment. Within this networked framework, Miami functions effectively as a connected satellite of New York’s financial system, Austin serves as a prominent outpost of the high-tech galaxy anchored by San Francisco and Nashville is closely linked to the entertainment industry centralized in Los Angeles.

When all is said and done, American cities like New York and San Francisco retain enduring strengths that enable them to reinvent and remake themselves. While smaller cities do struggle and decline, the greatest cities have incredible resilience. Time and time again, pundits have predicted the decline and fall of these great American cities. Time and time again, their short-sighted predictions have been proven wrong.

Such anti-urban histrionics have reached a fever pitch under Donald Trump, who likes to portray big, Democrat-run cities as dangerous hellholes and bastions of woke values. While that plays well with his rural and exurban base, it directly threatens America’s core engines of innovation and economic progress. Our cities have demonstrated remarkable resilience in the face of deindustrialization, financial collapse and the more recent rise of remote work. It would be tragically ironic if, after enduring and overcoming so much, our cities were ultimately undermined by wounds carelessly inflicted by those who currently lead our nation.

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