

America's Tech Hubs Are Multiplying

How Tech Powerhouses' Diaspora Are Fueling the Rise of New Cities on the Talent Frontier

By Luke Chen, Gad Levanon, and Matt Sigelman
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New Tech Hubs Are Fast Emerging

The Burning Glass Institute recently worked with the Wall Street Journal to analyze the tech talent base of each US city in order to find the ones with the greatest concentrations of cutting-edge skills. Across the full range of skills within the tech workforce, there are some at the frontier of advances in technology – those that are growing fastest and commanding the highest wage premiums. Cities with large concentrations of these Frontier Skills stand to define the future tech talent landscape.

A key finding of this work was that America’s storied tech hubs – Seattle, Silicon Valley, San Francisco – remain dominant. Yet our research reveals another important phenomenon. These cities aren’t just magnets for talent. They have also become incubators for and sources of talent. Even as they strengthen their lead, they are giving rise to a talent diaspora that is propelling a new generation of challengers: already thriving tech centers like Austin, San Diego, and Portland, as well as emerging contenders like Sacramento, Boise, Bentonville, and Boulder.

In fact, our research finds that the cities with the greatest concentrations of Frontier Skills are also those with the greatest concentrations of diasporic talent from the West Coast tech giants, as illustrated in Figure 1 below. In fact, roughly 40 percent of a given city’s concentration of Frontier Skill can be accounted for by the share of its tech workers who are alumni of the West Coast tech hubs.

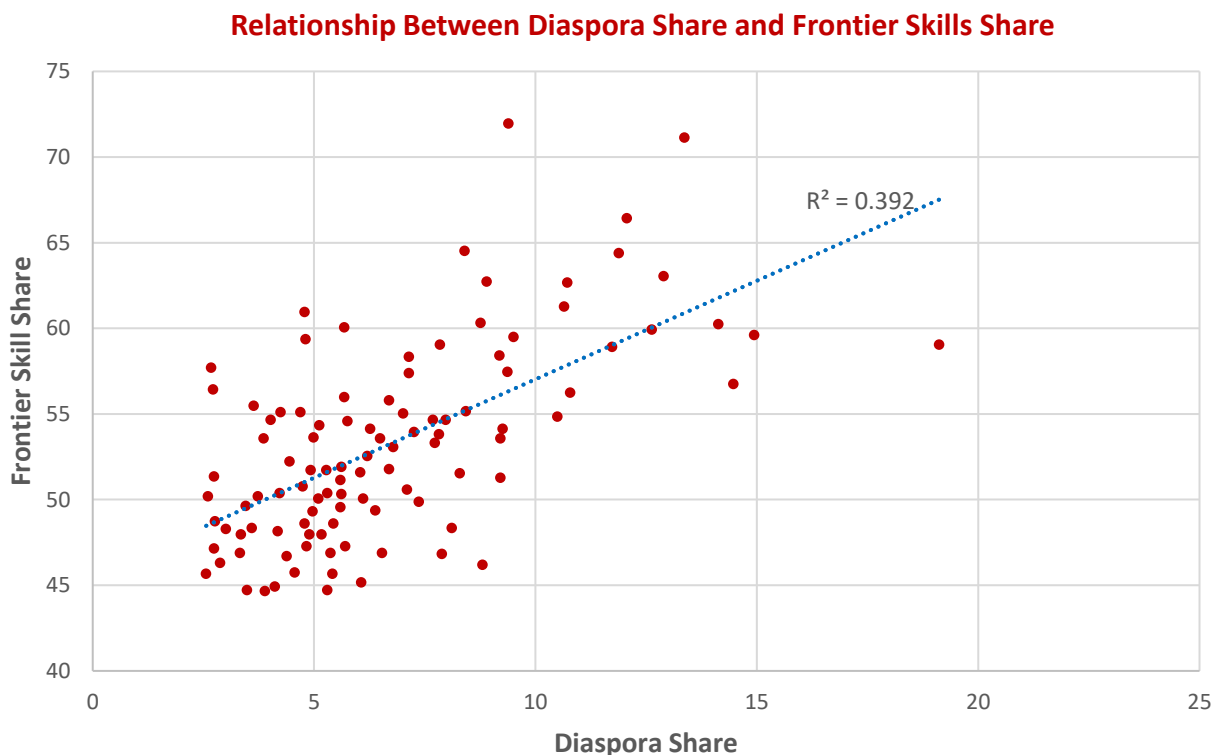


Figure 1. This chart maps metros by the share (out of 100) of the local tech talent pool that had at least one work experience in one of the three West coast tech hubs since 2010 and by the share of the local workforce that has at least one Frontier Skill. We can see that metros that attract tech workers from major tech hub, are likely to have greater workforce competitiveness; the diaspora share explains about 39% of the variation in frontier skill share. Source: Burning Glass Institute analysis of Lightcast career histories database.

How a Star is Born: A Virtuous Cycle of Talent Attraction & Development

As cities absorb the tech hub diaspora, their competitiveness grows. That starts as a simple game of numbers, with newcomers adding to the ranks of local tech talent and bringing with them the latest skillsets and business practices forged in the intensely competitive crucibles of the Bay Area, Silicon Valley, and Seattle. But the benefits don't end there. There is also considerable knowledge transfer as these highly skilled workers interact with colleagues and introduce new methods and platforms to their adoptive workplaces. This initial infusion of new talent spurs competition among tech workers within the labor market, motivates a broader set of local professionals to acquire the skills to stay relevant. This upskilling ultimately pulls up the overall level of talent in the workforce, beyond just the companies where these transplants take up employment.

The talent sown by the tech hub diaspora is often then multiplied by a self-reinforcing cycle of tech talent development. In addition to the skills and industry knowledge they bring, the tech hub diaspora often also brings their networks with them. This can result in additional inflows of tech hub alumni as others follow these trailblazers. It can also bring improved access to West Coast capital as investors bet on familiar talent. As the overall supply of tech talent increases, companies seeking high-quality workers find it increasingly attractive to open branch offices or build headquarters in these metros, eschewing higher cost tech hubs.

In some instances, the tech diaspora fuels this virtuous cycle by becoming a nucleus of entrepreneurship. In others, the expansion may come from established companies or local entrepreneurs who recognize the opportunity to seize on this budding talent base. In either case, once established within the metro, these companies will compete with each other and with local incumbents to attract and train cutting edge workers through improved worker incentives and investments in formal training and development programs. As tech jobs become ingrained in the local economy, local colleges and universities are incentivized to create and offer courses and programs that teach the skills needed to fill these jobs.

For metros that don't have strong existing tech talent pipelines, the migration of highly skilled workers from tech hubs can serve as a needed catalyst to accelerate investment in building the skills of the local workforce. In an age of remote work, such cities attract Silicon Valley refugees by lower cost of living and better quality of life. The question is whether they can be more than the 21st century equivalent of bedroom communities and develop a tech economy of their own. That means seizing the moment to prioritize business attraction and job creation that leverages this emerging talent base. Successfully capitalizing on this initial impetus can lead to the development of a positive feedback loop, propelling a metro closer to the forefront of America's high-tech economy. Such a formula isn't just theoretical. As can be seen in the figure below, many up-and-coming cities appear on the list of metros with greater-than-average concentrations of tech hub diaspora.

MSAs with Greater-Than-Average Tech Diaspora Shares

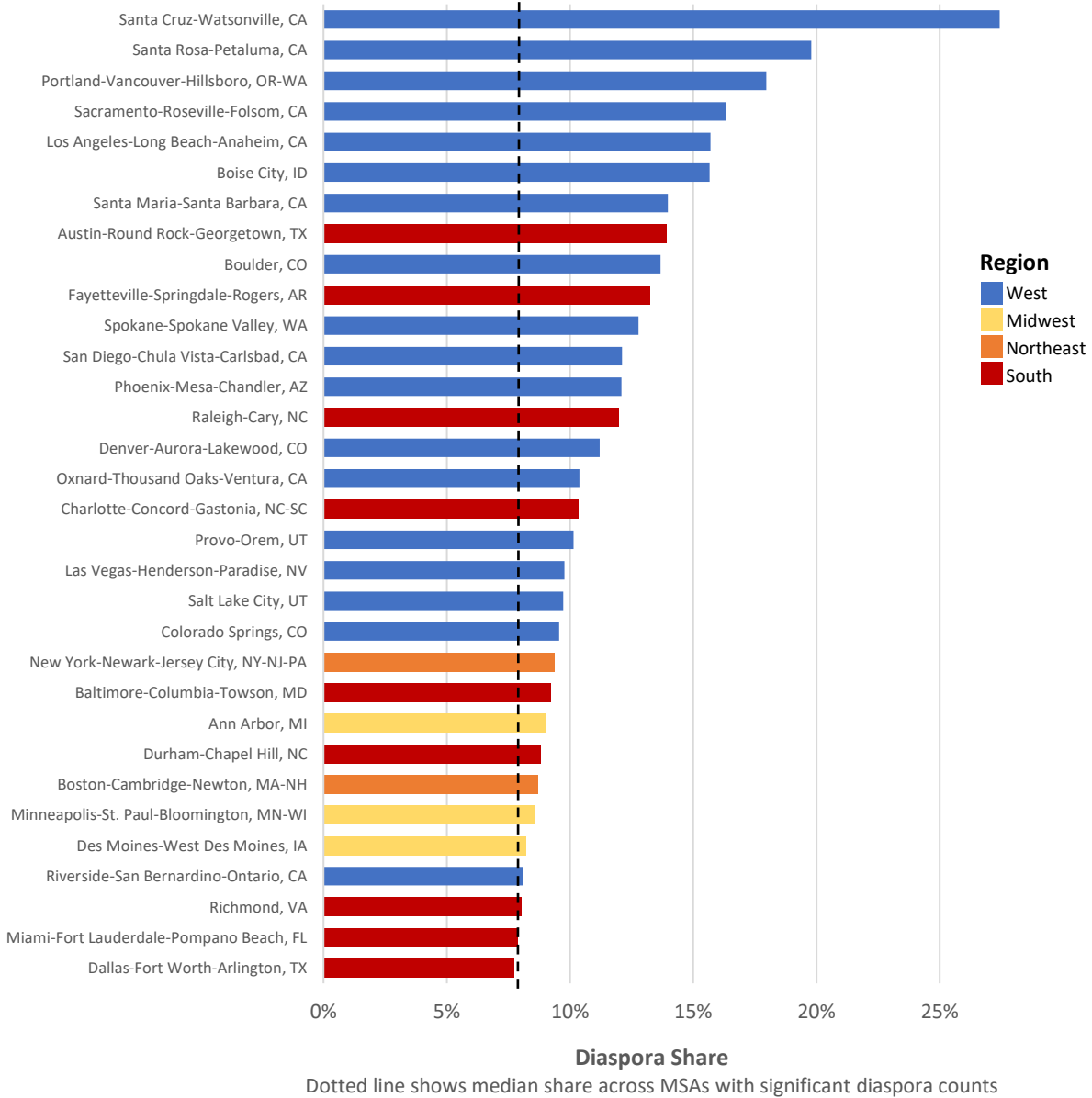


Figure 2. This chart shows major diaspora destinations where the share of tech workers who have experience in one of the tech hubs is greater than the median across the major diaspora destinations.

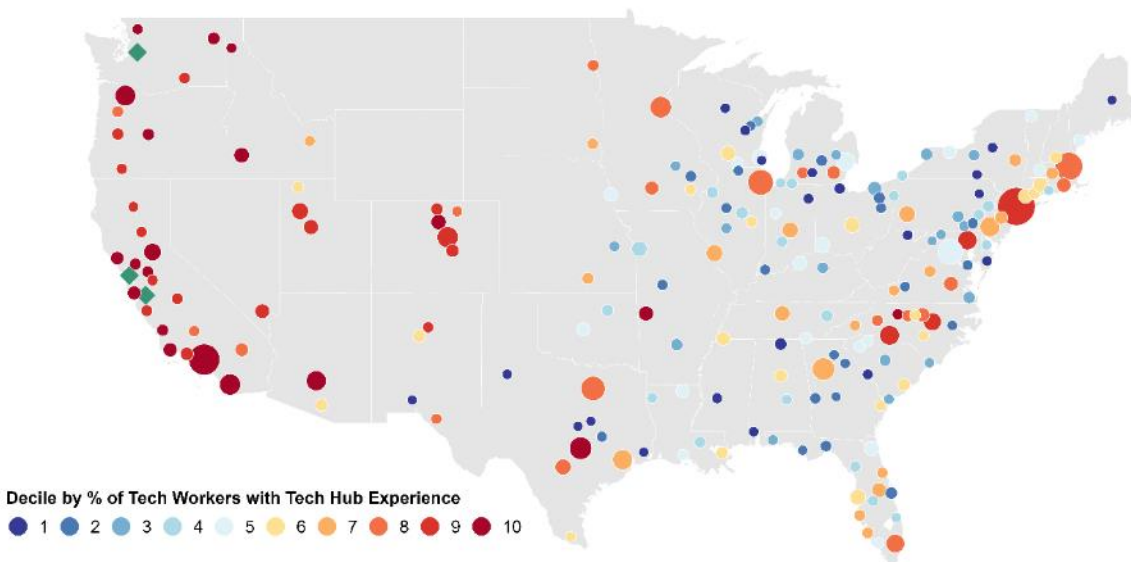
Source: Burning Glass Institute analysis of Lightcast career histories database.

How New Cities Can Draw the Tech Hub Diaspora

Having established how migration from West Coast tech hubs can benefit other regions, it is natural to ask how cities can attract this migration.

Arguably the greatest determinant of migration is geographic proximity. As can be seen in both the previous and the following figures, other metros in the West are much more likely to have a significant concentration of tech hub diaspora within their local workforces.

MSAs by Tech Hub Diaspora Numbers



Notes: Each dot represents a Metropolitan Statistical Area (MSA) and is sized based on the number of diaspora. Tech Hubs are Silicon Valley, Bay Area, and Seattle: depicted by green diamonds.

Figure 3. This map demonstrates the relationship between geographical proximity to the West coast and the share of local tech workers that have experience in one of the tech hubs. Metros in the West and the South tend to have higher concentrations of diaspora compared to the Midwest and Northeast.

Source: Burning Glass Institute analysis of Lightcast career histories database.

Pacific metros such as Portland, Los Angeles, Santa Barbara, Oxnard-Ventura, and San Diego all have all drawn significant levels of tech hub diaspora – and have high Frontier Skill concentrations accordingly. Similarly, inland regions in the West such as the greater Denver area, greater Salt Lake City area, Phoenix, Las Vegas, and Boise have also boosted their Frontier Skill concentrations through substantial in-migration of West Coast tech hub alumni. For these geographically proximal regions, most of the diaspora move into jobs at locally headquartered companies, which tend to be small and medium sized businesses (apart from Los Angeles where large media and tech companies such as Snap, Disney, and TikTok are headquartered). These moves from the tech hubs into smaller metros less well-known for their tech savviness are most likely motivated by quality of life and cost of living. The move between cities is the primary factor while the employment opportunities are more of a secondary factor.

Cities that can offer greater affordability and improved livability should play up these advantages. However, they need not be determinative. Across the country, in the Northeast, the New York and Boston metros also have notable concentrations of former West Coast tech hub workers. These two metros epitomize the other end of the spectrum in terms of drawing in tech hub talent not by better quality of life but through superior career opportunity. At these two metros, tech migrants are generally drawn in by jobs at large companies such as IBM, JPMorgan Chase, and Verizon in New York or Fidelity Investments, Dell, and Wayfair in Boston.

Meanwhile, emerging Southern hubs have drawn talent through a mixture of these two approaches – sometimes simultaneously. A great deal of the Northwest Arkansas region’s tech talent is drawn from the tech hub diaspora, almost all of whom work at the Walmart headquarters. Meanwhile, metros such as the Charlotte, Austin, San Antonio, and Dallas, are not only home to major talent attractors such as Bank of America, Dell, Tesla, USAA, AT&T, American Airlines, and Capital One but also have notable small- and medium-sized business employment bases. Other metros in the South with high diaspora shares, such as Raleigh, Richmond, and Miami, can attribute much of their success to a strong small- and medium-sized enterprise base – and to high growth firms like Red Hat, Epic Games, Citrix, and Citadel in particular. The mixture of employer profiles found in the South represents a middle-ground between the large corporations of New York and Boston and the proximity and lifestyle factors that have drawn Silicon Valley refugees to secondary Western cities.

The tech diaspora has largely passed the Midwest by. As the third largest city in the country, Chicago manages to draw a decent number of workers from the West Coast hubs. However, these workers represent a relatively small portion of its tech workforce. In fact, the vast majority of Midwestern cities are near the bottom of the list in terms of diaspora share, with Ann Arbor, Minneapolis, and Des Moines being rare exceptions – though even these cities are just barely above-average among all major diaspora destinations.

However, Midwestern metros like Chicago, Detroit, and Kansas City represent important counterpoints to the importance of drawing the West Coast tech diaspora. Each of these cities has a reasonably high concentration of Frontier Skills. That these cities are competitive despite missing out on the West Coast tech hub diaspora, serves as an important reminder that attracting top talent from the Bay Area and Seattle is not the only strategy for boosting tech workforce competitiveness. Cities like Pittsburgh, which has become a global center of research in autonomous vehicles and other advanced technologies and yet has limited talent in-migration, as well as even larger talent magnets like Raleigh or Boston can attribute much more of their success to the strength of their universities and to close industry-academic partnership.

Ultimately, the foundation of a competitive tech economy is having an ecosystem of workers, employers, entrepreneurs, and educational institutions that are attuned to and aligned with the rapidly evolving landscape of frontier technologies. Migration from incumbent tech hubs can be an attractive mechanism for spurring a virtuous cycle of tech leadership, but it is not the only channel through which such a foundation can be laid.