

# Austin ranks No. 4 among tech towns

## Area's moderate traffic and affordable housing help it stand out in latest survey.

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SAN FRANCISCO — Although it remains synonymous with high tech, Silicon Valley finished last in an annual ranking of 12 U.S. technology hubs because of its notoriously high housing costs, traffic congestion, unemployment rate and other quality-of-life problems.

The nation's top-ranked and most affordable tech hub is North Carolina's Raleigh-Durham area, according to a survey to be presented next week by the Silicon Valley Leadership Group, an economic development organization.

Most of the criteria involved the cost of doing business. Raleigh-Durham came out on top because of relatively affordable housing, little congestion and a thriving job market.

Austin was No. 4, based largely on comparatively low traffic congestion and more affordable housing than gridlocked and expensive markets such as San Jose, San Diego, Chicago, New York and Boston. Austin had middling marks for 8th-grade math scores on state achievement tests, which were better than those of Silicon Valley, San Diego, Washington, and Chicago.

The No. 2 city is Seattle, home to thousands of well-paid technology professionals who work at Microsoft Corp., in suburban Redmond, Wash.

No. 3 was the Denver area, which despite a growing number of traffic jams and soaring housing prices is also home to many startups in the emerging alternative-energy niche.

The San Jose, Calif.-based Silicon Valley Leadership Group ranked its home region last for the second straight year — a dubious distinction, considering that last year's list didn't include expensive cities, such as New York, or those with struggling urban cores such as Philadelphia and Chicago, all of which finished higher than Silicon Valley this year.

"These results were a reality check on the challenges we all know we face here in the valley," said Carl Guardino, president and CEO of the group that represents more than 200 regional, private sector employers. "There are seemingly intractable challenges we know won't change over a week or a year."

Despite its dismal finishing, the valley remained dominant in one key measurement: It attracts nearly \$8 billion per year in venture funding, four times as much as its closest domestic rivals.

Silicon Valley also is one of the few global technology hubs that dominates both the technology and life-sciences industries. Only Singapore rivals Silicon Valley in both segments — but the concentration of venture capital and tech companies there is far smaller than in the valley, the Silicon Valley Leadership Group reported.

Guardino acknowledges that the study may be unduly harsh on his hometown. The valley — defined broadly as the region stretching from San Jose north to San Francisco and Berkeley, as well as suburbs such as Cupertino and Palo Alto — fared particularly poorly because of its expensive homes.

Only 14.9 percent of local homes are within the price range of individuals earning the median income, according to a National Association of Home Builders survey included in the Silicon Valley Leadership Group study. Only New York and San Diego fared worse.

By contrast, 65.8 percent of homes in the North Carolina tech hub were considered within the reach of those earning the median income. Denver was No. 2 at 62.4 percent affordability, followed by Austin at 58.3 percent.

### **Top tech hubs**

Silicon Valley finished last in the annual ranking of 12 U.S. technology hubs because of high unemployment, traffic congestion and housing costs.

Business climate ranking of U.S. technology hubs

1. Raleigh-Durham, N.C.
2. Seattle
3. Denver
4. Austin
5. Portland, Ore.
6. New Jersey/Philadelphia
7. Washington, D.C.
8. Chicago
9. Boston
10. New York
11. San Diego
12. Silicon Valley, Calif.

Source: Silicon Valley Leadership Group