

The 15 Best Cities for Startups

Introduction

Many people dream of starting their own business in search of a better future. But entrepreneurship isn't only good for individuals: the employment, wages, and revenue generated by new businesses are essential for a city's economic growth.

In the US, [99.9%](#) of all firms are categorized as small businesses, which have fewer than 500 employees. Small businesses that are under two years old are commonly referred to as "startups." Some of the major tech startups from the late 2000s, such as Uber and Beyond Meat, have grown into multinational public companies.

While some startups garner massive success over time, others fail to achieve scale. Choosing a city with a favorable business environment can help your startup attract better talent, have better access to funding, and pay less in taxes & operations costs. For startups, choosing a favorable place to do business can mean the difference between surviving the past the startup stage—or not.

Determining the best cities for startups

To determine which cities are best for startups, ecommerce platform Volusion analyzed data from the U.S. Census Bureau Annual Survey of Entrepreneurs (ASE), the U.S. Bureau of Economic Analysis Regional Price Parities, and the U.S. Census Bureau 2017 American Community Survey Public Use Microdata Sample and created a composite score based on the following factors:

- **Startup density:** The percentage of all firms that are two years or younger. This metric is an indicator of entrepreneurial activity and the rate at which new businesses are created in the local economy.
- **Percentage of workers employed by startups:** This metric captures both the quantity of jobs created by startups as well as how likely workers are to join early-stage companies.
- **Small business density:** The percentage of all firms that have fewer than 50 employees is an indicator of the size and strength of the small business community in a given location.
- **Share of firms receiving venture capital investment:** The percentage of firms that receive venture capital financing. This metric indicates the availability of capital for starting a business.
- **Percentage of workers that are self-employed:** The percentage of workers that own their own business is an indicator of entrepreneurial spirit.



- **Reason for starting a business isn't lack of work:** The percentage of business owners that report “lack of work” as not important in starting their own business. Instead, these owners are motivated by other reasons, such as wanting to be their own boss, needing a better avenue for creative ideas, having flexible hours, etc.
- **Cost of living:** The cost of goods, services, and rents as compared to the national average. For startups on a tight budget, every penny counts.
- **Share of residents that are recent college grads:** The percentage of residents ages 22 to 27 with a bachelor's degree or higher, not currently in school. This metric indicates the availability of workers that are likely to join a startup company.

Only the 50 most populous metro areas in the United States were considered for this analysis. The full list of best cities for startups is below:

The best U.S. cities for startup businesses

15. Minneapolis – St. Paul – Bloomington, MN-WI

- **Entrepreneurship Score:** 81.34
- **Startup Density:** 7.8%
- **Percentage of firms receiving venture capital investment:** 0.7%
- **Percentage of self-employed workers:** 8.6%
- **Reason for starting business isn't lack of work:** 79.8%

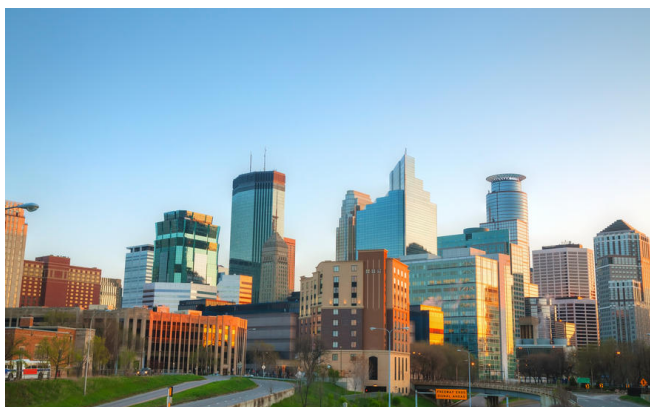


Photo Credit: Alamy Stock Photo

Entrepreneurs living in the Twin Cities region benefit from a close proximity to business resources, talent, and funding from both Minneapolis and Saint Paul. The medtech startup scene is particularly strong in this metro area, and a few of the biggest firms include Zipnosis, Bright Health, Oscar, and Gravie. The nearby University of Minnesota also offers a pipeline for talent and hosts the Minnesota Cup, the country's largest statewide competition for startups. Similarly, events like [Twin Cities Startup Week](#) offer opportunities for entrepreneurs to network and learn from each other. For entrepreneurs who enjoy working in a collaborative environment with other startups, Minneapolis' North Loop neighborhood is home to multiple vibrant coworking spaces.



14. Charlotte – Concord – Gastonia, NC-SC

- **Entrepreneurship Score:** 81.75
- **Startup Density:** 10.3%
- **Percentage of firms receiving venture capital investment:** 0.6%
- **Percentage of self-employed workers:** 8.9%
- **Reason for starting business isn't lack of work:** 76.9%



Photo Credit: Alamy Stock Photo

Charlotte is the [fintech capital](#) of the U.S., with established companies like LendingTree paving the way for new startups like PCI Pal and ecomdash. Other major industries for startups in Charlotte include cleantech and medtech. Since funding is often a challenge for new businesses, the [Charlotte Angel Fund](#) dedicates its resources to supporting Charlotte-area startups, spurring regional economic growth. For startups that are interested in hiring college interns or recent graduates, Charlotte is also home to several universities, including Johnson & Wales, UNC Charlotte, and Queens University of Charlotte.

13. Atlanta – Sandy Springs – Roswell, GA

- **Entrepreneurship Score:** 82.35
- **Startup Density:** 10.1%
- **Percentage of firms receiving venture capital investment:** 0.7%
- **Percentage of self-employed workers:** 10.7%
- **Reason for starting business isn't lack of work:** 76.1%



Photo Credit: Alamy Stock Photo

While Atlanta's business environment is well-known as the home of large headquarters such as Coca-Cola and Delta Airlines, smaller startups are also making advances into this Southern city's economy. One of the contributing factors to this growth is the ready access to startup incubators. The [Advanced Technology Development Center](#) at Georgia Tech is one of the city's major tech incubators, boasting a success rate in which 90% of the companies are still in operation five years after the student entrepreneurs graduate. [Atlanta Technology Village](#) is another incubator that has helped more than 300 startups and led to the creation of more than 6,500 jobs.



12. Phoenix – Mesa – Scottsdale, AZ

- **Entrepreneurship Score:** 82.41
- **Startup Density:** 9.9%
- **Percentage of firms receiving venture capital investment:** 0.7%
- **Percentage of self-employed workers:** 9.9%
- **Reason for starting business isn't lack of work:** 80.0%



Photo Credit: Alamy Stock Photo

The greater Phoenix area prides itself on its pro-business climate. To encourage investment in small businesses, the [Arizona Commerce Authority](#) offers the Angel Investment Tax Credit, an annual tax credit amounting to \$2.5 million. The greater Phoenix area also features more than 40 coworking spaces and accelerators. For entrepreneurs looking for a greater sense of community, the [#yesphx](#) group further encourages partnerships and offers a list of resources for new entrepreneurs.

11. San Diego – Carlsbad, CA

- **Entrepreneurship Score:** 82.7
- **Startup Density:** 10.3%
- **Percentage of firms receiving venture capital investment:** 0.7%
- **Percentage of self-employed workers:** 12.0%
- **Reason for starting business isn't lack of work:** 74.5%



Photo Credit: Alamy Stock Photo

In recent years, San Diego has been gaining momentum as a major destination for tech startups. According to a [San Diego Regional EDC](#) study, the city has the second-highest concentration of science and engineering professionals in the country, making it an ideal place to launch a new venture. The same study outlines the city's efforts in engaging students in a STEM curriculum and in the workforce, helping to establish a strong source of young talent for startups. Local universities such as UC San Diego, San Diego State University, and the University of San Diego are excellent places to recruit new employees.



10. Kansas City, MO-KS

- **Entrepreneurship Score:** 83.37
- **Startup Density:** 9.2%
- **Percentage of firms receiving venture capital investment:** 0.7%
- **Percentage of self-employed workers:** 8.7%
- **Reason for starting business isn't lack of work:** 81.1%

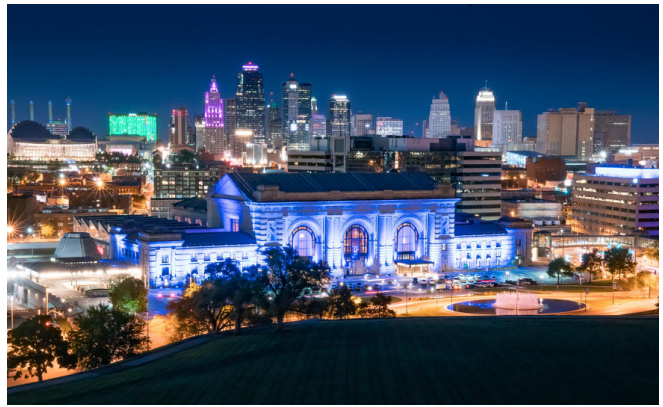


Photo Credit: Alamy Stock Photo

Kansas City's burgeoning tech sector has earned it the moniker "Silicon Prairie." The city is home to the Kauffman Foundation, which supports educational and entrepreneurship initiatives both in KC and nationwide. Similarly, [LaunchKC](#) is an accelerator program that awards \$50,000 in grants every year to ten entrepreneurs, especially those in fintech, cleantech, and healthtech. Residents are also highly motivated to be their own boss, with fewer entrepreneurs starting a company out of necessity than any other metro. In Kansas City, 81.1% of entrepreneurs start a business for reasons other than lack of work—the highest percentage among all large cities.

9. Boston – Cambridge – Newton, MA-NH

- **Entrepreneurship Score:** 83.79
- **Startup Density:** 8.1%
- **Percentage of firms receiving venture capital investment:** 0.6%
- **Percentage of self-employed workers:** 8.5%
- **Reason for starting business isn't lack of work:** 79.3%



Photo Credit: Alamy Stock Photo

For the greater Boston area, entrepreneurship and education go hand-in-hand. Boston and Cambridge are particularly well-known for their elite educational institutions, including MIT, Harvard, Northeastern, and Boston University. Several of these universities are involved in the startup scene, offering incubator and accelerator programs for high school students, college students, and university alumni. For example, MIT's [LaunchX Summer Program](#) introduces high school students to the process of starting a business, while [Harvard i-lab](#) and [Harvard Launch Lab](#) provide resources for student and alumni entrepreneurs, respectively.



8. Miami – Fort Lauderdale – West Palm Beach, FL

- **Entrepreneurship Score:** 84.59
- **Startup Density:** 11.2%
- **Percentage of firms receiving venture capital investment:** 0.5%
- **Percentage of self-employed workers:** 14.5%
- **Reason for starting business isn't lack of work:** 72.1%



Photo Credit: Alamy Stock Photo

Among the 50 most populous metro areas, Miami-Fort Lauderdale-West Palm Beach has the highest percentage of workers who are self-employed (14.5%). The Silicon Valley-based accelerator [500 Startups](#) recently opened a Miami office to aid in the region's startup investment and growth. Local universities, such as the [University of Miami](#) and [Florida International University](#), have launched their own accelerators or entrepreneurship programs to encourage students to take part in the new opportunities afforded by startups.

7. Portland – Vancouver – Hillsboro, OR-WA

- **Entrepreneurship Score:** 85.22
- **Startup Density:** 9.7%
- **Percentage of firms receiving venture capital investment:** 0.7%
- **Percentage of self-employed workers:** 11.0%
- **Reason for starting business isn't lack of work:** 79.6%



Photo Credit: Alamy Stock Photo

Sometimes referred to as “Silicon Forest,” Portland is an environmentally-conscious city that is quickly becoming a major hub for cleantech startups. The startup incubator [VertueLab](#) specializes in funding startups that are expected to have a positive impact on the environment and temper the effects of climate change. At 11.0%, Portland has one of the largest populations of self-employed workers—a reflection of its residents’ entrepreneurial spirit, creativity, and risk tolerance. Portland also has the lowest cost of living of any West Coast city on this list.



6. Raleigh, NC

- **Entrepreneurship Score:** 85.24
- **Startup Density:** 9.3%
- **Percentage of firms receiving venture capital investment:** 0.6%
- **Percentage of self-employed workers:** 7.9%
- **Reason for starting business isn't lack of work:** 79.2%



Photo Credit: Alamy Stock Photo

Raleigh is part of the “Research Triangle,” a group of three cities (Raleigh, Durham, and Chapel Hill) known for their concentration of prestigious universities such as North Carolina State University, Duke University, and the University of North Carolina at Chapel Hill. In particular, NC State’s Centennial Campus is a research park offering entrepreneurship programs and collaborative opportunities with local businesses. Additionally, several sources of startup funding—such as Triangle Investor Alliance and Wolfpack Investor Network—are affiliated with the universities. As a result, students and recent graduates are prime candidates for creating startups of their own or working for an existing startup in the area.

5. Denver – Aurora – Lakewood, CO

- **Entrepreneurship Score:** 88.32
- **Startup Density:** 10.8%
- **Percentage of firms receiving venture capital investment:** 0.6%
- **Percentage of self-employed workers:** 11.0%
- **Reason for starting business isn't lack of work:** 77.9%

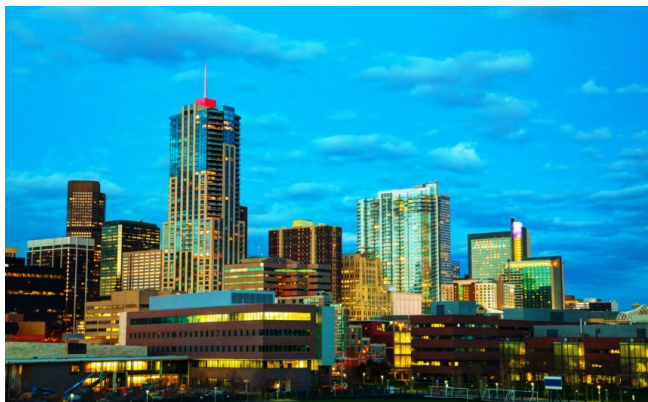


Photo Credit: Alamy Stock Photo

With energy being one of the main industries in the Denver metro area, “greentech” is naturally one of the city’s major focuses within the startup space. Many startups are also making strides in the [legal cannabis industry](#). Like many of the other cities on this list, Denver encourages partnerships between universities and startups. For example, the [Blackstone Entrepreneurs Network](#) (BEN), run by the University of Colorado’s Silicon Flatirons Center for Law, Technology, and Entrepreneurship, partners Colorado-based companies with business advisors to support startup growth.



4. Nashville – Davidson – Murfreesboro – Franklin, TN

- **Entrepreneurship Score:** 89.25
- **Startup Density:** 9.7%
- **Percentage of firms receiving venture capital investment:** 1.1%
- **Percentage of self-employed workers:** 10.6%
- **Reason for starting business isn't lack of work:** 80.4%



Photo Credit: Alamy Stock Photo

Nashville is famous for its country music scene, but startups are rapidly becoming another economic powerhouse in the city. Nashville's biggest employers are in the [healthcare sector](#), and medtech startups such as Dose Healthcare and Spiras Health are growing in prominence. Ongoing professional development opportunities and incubator programs for startups are available at organizations like the Entrepreneur Center, Wond'ry, and Nashville Software School. The nearby Vanderbilt University also offers a [Summer Business Institute](#) to foster the next generation of entrepreneurs.

3. San Jose – Sunnyvale – Santa Clara, CA

- **Entrepreneurship Score:** 90.77
- **Startup Density:** 10.1%
- **Percentage of firms receiving venture capital investment:** 1.7%
- **Percentage of self-employed workers:** 8.7%
- **Reason for starting business isn't lack of work:** 72.4%



Photo Credit: Alamy Stock Photo

No startup-related list would be complete without including Silicon Valley. The de facto tech capital of the U.S., San Jose is the largest city within the Silicon Valley region. While San Jose's startup density of 10.1% is 9.7% higher than the national average, the share of firms receiving VC investment is more than three times above the national average. For young entrepreneurs interested in starting a business, San Jose State University is home to the [Silicon Valley Center for Entrepreneurship](#).



2. Austin – Round Rock, TX

- **Entrepreneurship Score:** 93.03
- **Startup Density:** 11.6%
- **Percentage of firms receiving venture capital investment:** 0.5%
- **Percentage of self-employed workers:** 10.8%
- **Reason for starting business isn't lack of work:** 80.0%

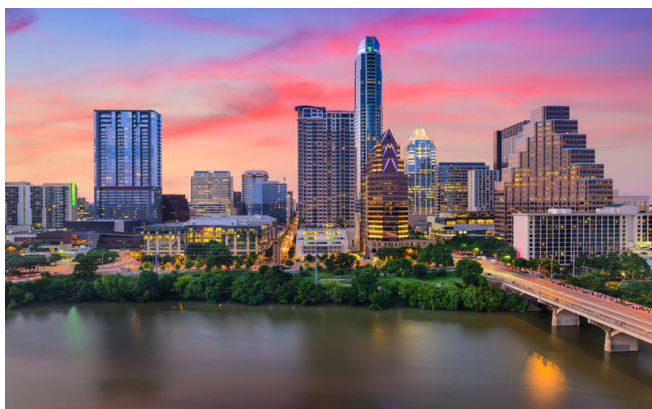


Photo Credit: Alamy Stock Photo

Austin has quickly become a hotbed for new businesses, especially in the tech sector. Austin's low cost of living and doing business makes it an attractive alternative to bigger cities like New York or San Francisco. The [University of Texas](#) also has a student population of more than 50,000, making it ideal for recruiting fresh talent. The university's Austin Technology Incubator and the Techstars Austin accelerator offer plenty of resources for entrepreneurs ready to embark on new ventures.

1. Seattle – Tacoma – Bellevue, WA

- **Entrepreneurship Score:** 99.20
- **Startup Density:** 10.0%
- **Percentage of firms receiving venture capital investment:** 1.9%
- **Percentage of self-employed workers:** 9.7%
- **Reason for starting business isn't lack of work:** 77.5%

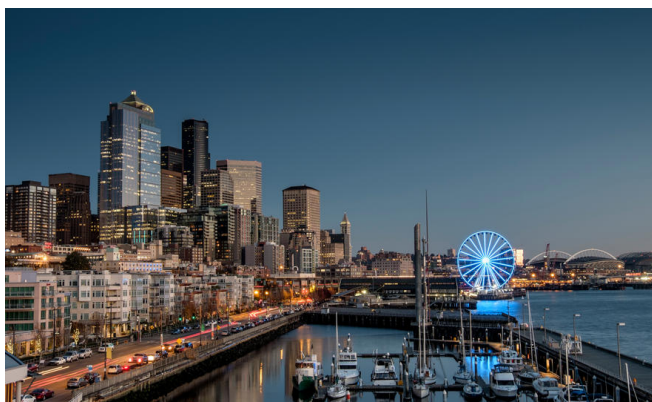


Photo Credit: Alamy Stock Photo

In addition to being the home of major companies such as Amazon, Starbucks, and Microsoft, the Seattle metro area is one of the major destinations on the West Coast for startups. In Seattle, 1.9% of firms receive VC investment, the highest percentage among all large cities in the U.S. The local government is highly supportive of startup and small business growth, offering special grants through the [Only In Seattle Initiative](#) to foster innovation in key districts and sectors. In addition, Washington state does not levy an income tax, which can be helpful for entrepreneurs running a bootstrapped startup.



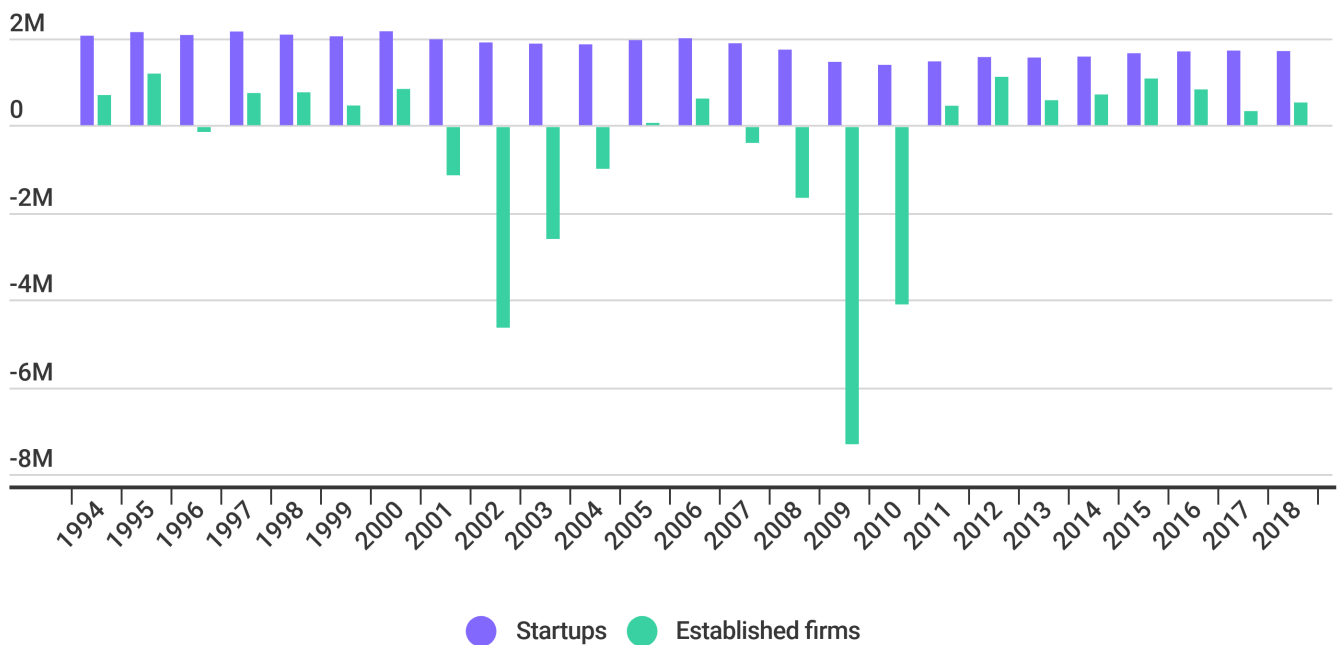
The impact of startups on local city economies

Regardless of the eventual outcome of each individual business, startups as a whole are vital to encouraging innovation, creating new solutions to problems, and driving employment. As with more established businesses, the number of startups ebbs and flows with the state of the economy. For example, the Great Recession corresponded with a large decline in the number of startups. From 2006 to 2010, the number of startups shrank from the peak of 457,223 to an historic low of 326,091. Since then, startups have recovered much of their lost ground but haven't quite reached pre-recession levels. In 2018, there were 416,853 firms less than a year old.



Startup businesses provide consistent supply of new jobs

Annual gross job gains



Source: Volusion analysis of U.S. Bureau of Labor Statistics Business Employment Dynamics



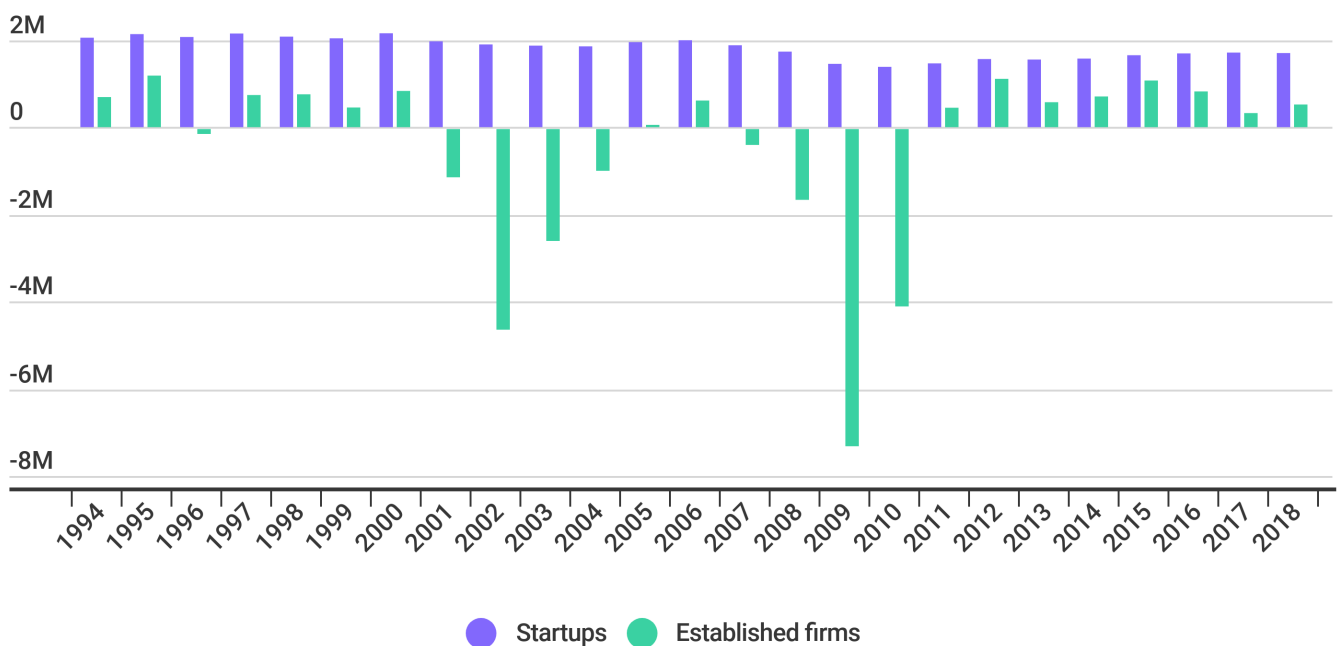
Startups provide consistent job growth during economic downturns

The good news is that even during recessions, startups are a consistent source of job growth driving the economy. Compared to established firms, startups create more new jobs despite having lower overall employment. In 2018, startups created 1,700,208 new jobs, while established firms only created 518,384. Notably, during the Great Recession, established firms experienced significant job loss, including more than four million in 2010, while startups still had job gains in the same time period. Like the number of new startups, job growth from startups has slowly been rising but hasn't fully recovered from the recession.



Startup businesses provide consistent supply of new jobs

Annual gross job gains



Source: Volusion analysis of U.S. Bureau of Labor Statistics Business Employment Dynamics



Entrepreneurial spirit, not need for employment, is driving startup growth

Interestingly, most entrepreneurs in the U.S. (76.7%) want to start businesses for reasons other than a lack of employment. But as all entrepreneurs know, building a business from scratch is no small feat. Startups face numerous challenges related to funding, operational costs, and access to the talent and resources needed to scale the business. For example, only 0.48% of startups receive venture capital (VC) funding. A few factors that increase the likelihood of success include lower overhead costs, a talented pool of people to hire from, better access to capital, and access to other startups and ideas. Nationwide, startups account for 9.2% of all businesses. However, some locations around the country are more conducive to startup success than others.

Methodology and Full Results

To find the best cities for startups, a composite "Entrepreneurship Score" was calculated using the following metrics:

- Startup density
- Percentage of workforce employed at startups
- Small business density
- Percentage of firms receiving VC investment
- Percentage of self-employed workers
- The percentage of survey respondents who indicated that their reason for starting a business wasn't due to lack of other employment opportunities
- Average cost of living
- Percentage of workforce that are recent college graduates

For the purpose of this analysis, the term "startup" is defined as any firm in business for less than two years. Statistics on startup firms are from the most recent U.S. Census Bureau Annual Survey of Entrepreneurs (ASE). The ASE only provides data at the national level, for U.S. states, and for the 50 most populous metropolitan statistical areas (MSAs).

Cost of living data is from the U.S. Bureau of Economic Analysis Regional Price Parities dataset. Data on the share of residents that are recent college graduates is from the U.S. Census Bureau 2017 American Community Survey Public Use Microdata Sample. Recent college graduates are defined as residents ages 22 to 27 with a bachelor's degree or higher, not currently in school.



Each of the 50 most populous MSAs were ranked by their composite entrepreneurship score. For a full list of scores and rankings of the 50 largest MSAs in the U.S., see the table below:

Comparison: 50 most populous metropolitan areas in the U.S. ranked by startup-friendliness

Rank:	Metro Area:	Entrepreneurship Score:	Startup Density:	Firms Receiving VC Investment:	Percentage of self-employed workers:	Reason for starting business isn't lack of work:
1	Seattle-Tacoma-Bellevue, WA	99.20	10.0%	1.9%	9.7%	77.5%
2	Austin-Round Rock, TX	93.03	11.6%	0.5%	10.8%	80.0%
3	San Jose-Sunnyvale-Santa Clara, CA	90.77	10.1%	1.7%	8.7%	72.4%
4	Nashville-Davidson--Murfreesboro--Franklin, TN	89.25	9.7%	1.1%	10.6%	80.4%
5	Denver-Aurora-Lakewood, CO	88.32	10.8%	0.6%	11.0%	77.9%
6	Raleigh, NC	85.24	9.3%	0.6%	7.9%	79.2%
7	Portland-Vancouver-Hillsboro, OR-WA	85.22	9.7%	0.7%	11.0%	79.6%
8	Miami-Fort Lauderdale-West Palm Beach, FL	84.59	11.2%	0.5%	14.5%	72.1%
9	Boston-Cambridge-Newton, MA-NH	83.79	8.1%	0.6%	8.5%	79.3%
10	Kansas City, MO-KS	83.37	9.2%	0.7%	8.7%	81.1%



Rank:	Metro Area:	Entrepreneurship Score:	Startup Density:	Firms Receiving VC Investment:	Percentage of self-employed workers:	Reason for starting business isn't lack of work:
11	San Diego-Carlsbad, CA	82.7	10.3%	0.7%	12.0%	74.5%
12	Phoenix-Mesa-Scottsdale, AZ	82.41	9.9%	0.7%	9.9%	80.0%
13	Atlanta-Sandy Springs-Roswell, GA	82.35	10.1%	0.7%	10.7%	76.1%
14	Charlotte-Concord-Gastonia, NC-SC	81.75	10.3%	0.6%	8.9%	76.9%
15	Minneapolis-St. Paul-Bloomington, MN-WI	81.34	7.8%	0.7%	8.6%	79.8%
16	St. Louis, MO-IL	80.97	10.9%	0.8%	7.5%	79.1%
17	San Francisco-Oakland-Hayward, CA	80.92	10.2%	0.3%	11.5%	75.3%
18	Dallas-Fort Worth-Arlington, TX	80.71	10.9%	0.6%	9.3%	76.6%
19	Indianapolis-Carmel-Anderson, IN	79.26	8.2%	0.9%	7.5%	80.8%
20	Los Angeles-Long Beach-Anaheim, CA	78.65	10.5%	0.5%	13.4%	70.2%



Rank:	Metro Area:	Entrepreneurship Score:	Startup Density:	Firms Receiving VC Investment:	Percentage of self-employed workers:	Reason for starting business isn't lack of work:
21	Oklahoma City, OK	78.56	8.5%	0.6%	10.2%	79.4%
22	Orlando-Kissimmee-Sanford, FL	78.35	12.3%	0.4%	9.9%	74.6%
23	New Orleans-Metairie, LA	78.11	7.6%	1.2%	11.3%	76.1%
24	New York-Newark-Jersey City, NY-NJ-PA	77.86	9.6%	0.4%	10.0%	69.1%
25	Tampa-St. Petersburg-Clearwater, FL	77.41	10.8%	0.5%	10.5%	77.3%
26	Houston-The Woodlands-Sugar Land, TX	77.38	10.2%	0.7%	10.0%	75.0%
27	Las Vegas-Henderson-Paradise, NV	77.24	12.7%	1.2%	8.1%	74.8%
28	Buffalo-Cheektowaga-Niagara Falls, NY	77	7.3%	0.8%	6.8%	77.0%
29	Jacksonville, FL	76.54	10.5%	0.6%	9.6%	75.9%
30	Richmond, VA	75.29	8.4%	0.7%	7.9%	79.2%



Rank:	Metro Area:	Entrepreneurship Score:	Startup Density:	Firms Receiving VC Investment:	Percentage of self-employed workers:	Reason for starting business isn't lack of work:
31	San Antonio-New Braunfels, TX	75	10.5%	0.7%	8.9%	80.9%
32	Cincinnati, OH-KY-IN	74.95	6.9%	1.1%	7.6%	78.2%
33	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	74.55	8.1%	0.6%	8.3%	74.2%
34	Washington-Arlington-Alexandria, DC-VA-MD-WV	74.28	8.9%	0.3%	8.5%	76.2%
35	Sacramento--Roseville--Arden-Arcade, CA	73.99	9.8%	0.4%	10.6%	76.5%
36	Salt Lake City, UT	72.75	9.6%	0.5%	8.9%	78.3%
37	Pittsburgh, PA	72.38	6.7%	0.4%	7.7%	79.8%
38	Chicago-Naperville-Elgin, IL-IN-WI	72.07	8.4%	0.4%	8.2%	74.4%
39	Baltimore-Columbia-Towson, MD	71.11	7.9%	0.6%	8.3%	78.1%
40	Birmingham-Hoover, AL	70.69	7.8%	0.7%	8.8%	78.7%



Rank:	Metro Area:	Entrepreneurship Score:	Startup Density:	Firms Receiving VC Investment:	Percentage of self-employed workers:	Reason for starting business isn't lack of work:
41	Providence-Warwick, RI-MA	70.07	7.2%	0.9%	7.7%	76.6%
42	Milwaukee-Waukesha-West Allis, WI	69.47	6.7%	0.6%	7.0%	79.8%
43	Detroit-Warren-Dearborn, MI	69.09	8.1%	0.4%	8.1%	75.2%
44	Hartford-West Hartford-East Hartford, CT	68.49	7.2%	0.2%	9.2%	76.4%
45	Columbus, OH	67.33	7.8%	0.3%	7.8%	76.2%
46	Louisville/Jefferson County, KY-IN	66.79	7.8%	0.5%	7.7%	77.8%
47	Memphis, TN-MS-AR	66.52	7.7%	0.7%	7.7%	79.5%
48	Virginia Beach-Norfolk-Newport News, VA-NC	64.25	7.9%	0.1%	7.3%	75.9%
49	Riverside-San Bernardino-Ontario, CA	63.31	10.0%	0.5%	9.7%	70.4%
50	Cleveland-Elyria, OH	63.24	6.1%	0.4%	8.0%	77.5%





About Volusion

Volusion is an all-in-one ecommerce solution that helps entrepreneurs build and manage successful online businesses. Since 1999, our dedicated team of developers, marketers, designers, and technical support experts have been passionate about helping merchants operate and grow their stores, whether startup or established. Two decades later, Volusion has earned dozens of accolades and powered over 150,000 successful online businesses.

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