[#Remarks by Richard Florida] Why 2018 will be the year (or not) of the "real estate tech" movement?

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  Bernard MICHEL

For Richard Florida, the real estate tech movement is a key part of the inclusive urban development and the future of work. But technology as « pharmakon », is also a reality that we need to consider in order to avoid falling into a dystopian scenario: the metropolisation vortex.

Please find just below my talk with Richard Florida, a researcher and professor, serving as University Professor and Director of Cities at the Martin Prosperity Institute at the University of Toronto, a Distinguished Fellow at New York University's Schack Institute of Real Estate, and a Visiting Fellow at Florida International University.

Bernard Michel : What is your vision for "real estate tech" (venture capitalists, real estate tech ecosystem, smart cities ecosystem, urban IoT, co-working/co-living startups, etc.)?

Richard Florida : Technology, venture capital, and innovation are key components of any successful real estate ecosystem—but they have also created deep-seated divides in our urban communities. My vision is for cities, real estate developers, and large, high-tech companies to shift their focus from economic development to a broader agenda of inclusive prosperity. I have even called for an "anchor's pledge" in which urban anchor institutions commit themselves to strategies like affordable housing and upgrading low-paid service work to sustainable, family-supporting professions. By engaging local communities in their development efforts, high-tech firms can allow all residents to share in the benefits of real estate and innovation.

Bernard Michel : Compared to 2017, how do you think the "real estate tech" space will change in 2018?

Richard Florida : I expect the field will be even more dominated by large, high-tech companies like Amazon, Microsoft, and Google, who are looking to expand their reach. This will assist with creating new jobs and spurring local economic development—but it will also introduce a new set of challenges.

Cities that are witnessing an influx of high-tech firms are also experiencing problems with congestion, overcrowding, and a lack of affordable housing and available transportation.

These issues are some of the defining crises of our modern cities, and it's up to tech companies to be part of the solution.

Bernard Michel : How do you think "real estate tech" will impact the future of urbanism in 2018? What can it bring to the city of tomorrow?

Richard Florida : Real estate tech is continuing to attract new members of the creative class, including freelancers and entrepreneurs who rely on things like high-speed broadband networks and co-working spaces to do their jobs. But, as cities like Boston, Toronto, and New

York continue to develop large-scale innovation districts, they must also expand the number of available jobs for "blue-collar" employees and members of the working class.

If done right, real estate tech can improve access to transportation, reduce construction costs, upgrade small businesses, and train and educate future tech workers. If done wrong, high-tech developments threaten to alienate low-income communities and exacerbate issues of affordability.

Bernard Michel : What is your vision for the real estate market in cities that house companies like Google, Microsoft, Apple, and Facebook?

Richard Florida :

As some of the largest employers in their communities, companies like Google and Microsoft have a responsibility to invest in local residents.

To start, these companies should be focused on upgrading service jobs by offering higher salaries, as well as perks like food, recreational amenities, spaces to relax and convene, and on-site daycare and healthcare. Research from [Zeynep Ton](#) of MIT shows that these benefits often translate into increased productivity and profit. Many high-tech companies can also provide career pathways in the form of programs that teach coding or tech skills to lower income residents.

Bernard Michel : What are the city models developed by the Big Four (Apple, Google, Facebook, and Amazon)? And how do you see European cities (London, Paris, Berlin) in comparison?

Richard Florida : Companies like the Big Four are looking for cities with the talent, diversity, and infrastructure to support long-term economic growth. Ever since tech companies began returning to cities in droves around the turn of the millennium, they have been drawn to places with large shares of creative talent and innovation—i.e. superstar cities like New York, San Francisco, Boston, and L.A. The big concern for European cities is that they are on the verge of regulating—or perhaps even outright banning—major tech companies like Facebook. While this is important check on the power of high-tech firms, it could hinder their global competitiveness.

Bernard Michel : Lots of people talk about "the rise of the rest." Do you think there are any cities that can compete with San Francisco or Seattle in generating one of these big companies?

Richard Florida : Amazon's recent bid for a second North American headquarters proves that there are more than a few competitors for high-tech talent. Recently, the company narrowed its selection to 20 cities, including three communities in the Greater Washington area and two in Greater New York. But the even bigger issue is that Amazon has spurred a "race to the

bottom" wherein companies pit cities against each other in a wasteful bidding war for tax and other incentives.

In the future, a city's ability to attract large, high-tech firms could very well depend the size and scope of their incentives package. If this happens, both cities and their residents await a bleak economic future.

Bernard Michel : What are the most advanced cities in terms of real estech? Why?

Richard Florida : Although they cannot compete with San Francisco's number of tech workers, New York and Boston are leading the pack when it comes to innovation in real estate. In recent years, both cities have unveiled massive innovation districts that engage private sector businesses and local academic institutions. But many smaller cities are advancing at a rapid pace as well. Cities like Austin, Atlanta, and Louisville, for instance, have invested in Google Fiber as a way to cater to younger, more skilled professionals. And Jersey City is positioning itself as a testing ground for startups by incubating small businesses.

Bernard Michel : You recently predict in CityLab that "Airbnb is going to be more valuable than Uber in 24 months." Why? And is it a serious insight for the real estate market?

Richard Florida : That quote is actually from my colleague Scott Galloway, whom I interviewed for CityLab. But I agree with his premise that Uber has an increasing amount of competition, while Airbnb has cornered the vacation rental market. I think it's important to note, however, that not all cities have access to these platforms. When it comes to large, superstar cities, services like Airbnb certainly help make short-term housing more efficient. But these services should also be available in smaller cities, whose markets are struggling to stay competitive.

-- Personal notes --

Like Evgeny Morozov, specialist in the political and social implications of technology who recently spoke about "technological solutionism", Richard Florida reminds us that tech giants must include local residents in their considerations in order to avoid falling into a dystopian scenario - while also trying to distinguish himself from contemporary "Urban Luddites"

Richard Florida is mainly known for his "creative class" concept and macro methodology, "the three T's of economic success": tolerance, talent and technology. His original ideas opened the Pandora's Box of "gentrification" and forgot "the great mass of people beyond his creative urban centres", he later said to [The Guardian](#)'s Oliver Wainwright. In his latest work, [New Urban Crisis](#) he revisits the concept of "superstar cities", which he calls "winner-take-all urbanism"; and invites us to construct a new "urbanism, inclusive for all".

In France we consider these "Frightful Five" QG cities — Amazon, Apple, Facebook, Microsoft and Alphabet, Google's parent company — and other attractive clusters where Real Estechs is a central component - as models for rethinking our perception of urban spaces, especially when

we talk about attractiveness. But at the same time the evidence suggests that we have to defend ourselves against the damaging effects of a "vortex of metropolisation" by firstly looking at a citizen-led policy before creating a 'smart city' from scratch.