

After long decline, St. Louis tries to rebuild with startups

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This March 17, 2016, aerial photo shows progress on the renovations of the Arch grounds continues in St. Louis. After long decline, St. Louis is trying to rebuild its image with business start-ups and investing in major downtown projects. The city's image has taken a hit in recent years due to factors such as racial protests, the loss of the NFL's Rams and the departure of several Fortune 500 companies. (David Carson/St. Louis Post-Dispatch via AP)

It's tough to rebuild a city's image when the national perception is that it peaked a century ago, and when recent news has sometimes been dismal.

St. Louis was the nation's fourth largest city in 1904, the year it hosted both the Olympics and the World's Fair. Since then, a half-million in population has been lost to the suburbs. The majestic Gateway Arch towers above a downtown eerily quiet at night, except when baseball's Cardinals are playing.

Today's St. Louis, with 320,000 residents, ranks 60th in population. Last year it lost its NFL team, and vivid images of rioting after the 2014 police shooting of an unarmed, black 18-year-old in nearby Ferguson fed impressions of racial turmoil.

But the city's fortunes might finally be looking up, thanks to a surprising surge in business startups.

Forbes recently cited St. Louis as the fastest-growing city for startups, and the analytical website fivethirtyeight.com listed St. Louis as the second-fastest growing startup community in the fall. The region is now home to more than 700 bioscience companies, many launched in the last few years and linked to the city's universities and medical institutions.

St. Louis leaders hope the city at last has found a way to fill the huge gap left by the loss of Fortune 500 companies, such as Trans World Airlines and McDonnell Douglas, after corporate mergers, and the closing of manufacturing plants.



This March 20, 2014, file photo shows Ballpark Village, a complex across the street from Busch Stadium featuring nightlife, bars and restaurants, is illuminated for the first time in St. Louis. Ballpark Village is one of the major downtown projects the city has invested in to help rebuild it's image, which has taken a hit in recent years due to factors such as racial protests, the loss of the NFL's Rams and the departure of several Fortune 500 companies. (Christian Gooden/St. Louis Post-Dispatch via AP, File)

Expanded science and health employment has helped revive other sagging Rust Belt cities, notably Pittsburgh, where sprawling medical complexes and research on robotics and artificial intelligence have helped replace defunct steel mills.

"I actually think the heyday of St. Louis was 1904," said Dedric Carter, who oversees entrepreneurship efforts at Washington University in St. Louis. "There were certainly down cycles in years after that. But I look

at the future as harkening back to that heyday that was 1904, when there was great building, there was great innovation."

Still, the city's serious problems make unclear how far the revival will go. Despite highly publicized efforts to create more economic opportunity in the African-American community, 36 percent of black residents live below the poverty line, compared with 15 percent of whites. And in a city nearly evenly split between whites and blacks, the vast majority of violent crime victims—and assailants—are black.

"There is so much growth and so many opportunities looking to take flight in St. Louis," said John Gaskin III, an NAACP national board member who has been active in local reconciliation efforts since the Michael Brown shooting in Ferguson. "But if we don't deal with some of the basic problems, I feel like we'll miss our mark," Gaskin said.

Geographically and socially, St. Louis has always been a mix of the industrial north and the Old South. Its population peaked at more than 850,000 in the mid-20th Century. In addition to its Fortune 500 companies and Mississippi River commerce, St. Louis was second to only Detroit in automobile production.



This artist's rendering provided by Wexford Science & Technology shows plans for an expansion of the Cortex innovation hub in St. Louis, home to several start-up businesses. The city's image has taken a hit in recent years due to factors such as racial protests, the loss of the NFL's Rams and the departure of several Fortune 500 companies. But civic leaders see renewed hope in St. Louis' growing start-up scene, especially firms connected to the region's strength in medicine and science. (Wexford Science & Technology via AP)

But the suburbanization that followed World War II was especially extensive here, along with white flight. The city's population today is down 63 percent from the 1950 Census.

Assets that remained in the city included universities with specialties in medical research, along with large science-based companies like Monsanto and the life sciences firm Sigma-Aldrich. In recent years, civic leaders have tried to make science enterprises a foundation for the future.

The efforts included BioSTL, an organization established to provide seed money for biotech startups. A nonprofit called Arch Grants provides \$50,000 equity-free grants and free support services for scientists and entrepreneurs.

Washington University's Office of Technology Management helps students and faculty obtain patents ranging from gene therapies to magnetics. St. Louis University has provided more than \$3.3 million in capital to promising firms, said Jerome Katz, a professor of entrepreneurship.

Overall, bioscience startups now employ more than 15,000 people. Venture capital investment in St. Louis more than doubled from 2013 to

2015, according to the St. Louis Metropolitan Medical Society.



In this April 7, 2014, file photo, fans gather outside the new Ballpark Village entertainment complex across the street from Busch Stadium before a St. Louis Cardinals baseball game in St. Louis. Ballpark Village is one of the major downtown projects the city has invested in to help rebuild it's image, which has taken a hit in recent years due to factors such as racial protests, the loss of the NFL's Rams and the departure of several Fortune 500 companies. (AP Photo/Jeff Roberson, File)

The hotspot in St. Louis is a 5-mile corridor between the two universities. At the center of it is the Cortex district, a 200-acre "innovation hub" that houses 250 new companies.

"The atmosphere here, to me, is just incredible," said Joe Monahan, whose drug research and development company, now called Confluence

Discovery Technologies, opened in 2010 and now employs around three dozen scientists.

Major downtown projects are in the works, including a \$380 million renovation of the area around the Arch and a \$220 million expansion of Ballpark Village near Busch Stadium.

But the progress so far has focused on the young and well-educated. The sense of hopelessness in poor minority neighborhoods is reflected by the fact that of 127 suspects in the city's homicides in 2016, 119 were black.

"If we're going to be a 21st century city, a thriving city with high-tech jobs and biotech jobs, half of the city's population has to be included in that formula," said Malik Ahmed, CEO of Better Family Life, a nonprofit working with low-income residents. "Anybody that denies that is not living in reality."

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