

Mashable's Pete Cashmore: Why Union Square is a great place for startups

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Last September, Pete Cashmore moved Mashable's headquarters from 23rd Street to the heart of Union Square. What he found when he arrived was a climate he says is perfect for startups.

Factors that play into the business climate he found just a few blocks south of Mashable's previous location include a fertile history of innovation, access to creative talent, and proven professionals. But in the end, what's most attractive to Cashmore is good, old-fashioned, face-to-face interactions.

"Union Square has always been a meeting place, where people come together and share ideas," Cashmore told me on Tuesday at an event at the British Residence of New York. "And now with it becoming a real hub of innovation it is a great place to be."

Now employing about 140 people, Mashable's offices occupy two floors on Fifth Avenue and 17th Street.

No doubt, part of what Cashmore found there was nurtured by venture capital firm, Union Square Ventures (USV), which was founded in 2004 and now manages \$1 billion in assets across six funds. USV's previous investment in New York City-based companies include Etsy (Nasdaq: ESTY), Tumblr (acquired by Yahoo for \$1.1 billion), and MongoDB, which has raised \$311 million venture capital.

But over the past year, the number of significant real-estate investments in Union Square shows that it's much more than just Fred Wilson's influence at work in the area.



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The top three lease transactions of 2015 are BuzzFeed, which now occupies 194,000 square feet at 225 Park Avenue South, Gawker Media, which is in 58,900 square feet at 114 Fifth Avenue, and First Look Media in 58,206 square feet at the same location, according to a Union Square Partnership report published in May. New and expanded office tenants in Union Square also include Dropbox, Adobe Systems Inc. Hulu, Lippe Taylor, Pop2Life, Capital One Labs, The New Republic, and Compass.

The top sector in the area is “professional, scientific, and tech services,” with 1,514 firms, followed by retail with 1,393 firms. Among the top firms by number of employees is J. Crew, listed with 3,800 employees and Tory Burch, with 1,800. In total, 9,700 businesses are located within the half-mile radius of Union Square considered by the report, employing over 153,000 people.

What’s attracting all this talent? Not the rent. According to a May report by San Francisco-based real estate analytics firm Zumper, only two neighborhoods are more expensive than Greenwich Village, where Union Square technically is designated as being located. Average rent for a one bedroom apartment costs \$3,850. In Chelsea it’s \$3,920, and in Tribeca, \$4,450. According to the same report, New York City was the second most expensive city in the United States, just behind San Francisco.

In an interview Wednesday, Union Square Partnerships managing director Scott Hobbs ventured his own theory as to why so many innovative companies are moving to his neighborhood. “The biggest reason is it’s a transportation hub,” he said. “You’ve got Williamsburg for creatives across the river, and midtown for business.” Trains that depart Union Square Station are the N, R, Q, 4, 5, 6, and L.

As for Cashmore, his explanation is much more simple. “What’s really great about Union Square is you can go get a coffee and bump into someone doing something interesting in tech,” he said.

Michael del Castillo covers fintech, bitcoin, manufacturing and Silicon Alley technology startups for the New York Business Journal. He also contributes to the Upstart Business Journal.

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