

CORTEX INNOVATION COMMUNITY

IMPACT REPORT: 2002-2018
Executive Summary



Photo Credit: St. Louis Magazine



Photo Credit: Jennifer Korman

OUR MISSION

The Cortex Innovation Community is a nonprofit redevelopment organization responsible for developing and managing a 200-acre area in the Central West End of St. Louis.

The targeted redevelopment area was a tired industrial district with many vacant buildings, empty lots, and worn public infrastructure. Washington University in St. Louis, Saint Louis University, University of Missouri-St. Louis, BJC Healthcare, and the Missouri Botanical Garden founded Cortex in 2002 with the mission of building a community of technology entrepreneurs and innovation companies that will transform the regional St. Louis economy.

Though it initially focused on commercializing medical and bioscience technologies, the District now supports technology development in all industry sectors.

Cortex engaged TEconomy Partners, a leading national research and strategy consultancy for innovation-driven economic development, to analyze the impact of the Cortex Innovation Community since its inception.

OUR GOALS: NEW JOBS | TAX REVENUE | DIVERSITY & INCLUSION

Cortex has three primary goals:

- 1. Generate new jobs for St. Louis** through support of startups and established technology companies
- 2. Generate new tax revenue for the City of St. Louis** through redevelopment of a blighted area
- 3. Become the most racially, ethnically, culturally, and gender inclusive innovation district in the United States** by providing access to entrepreneurial capital, networks, mentors, training, and physical space.

To achieve these goals, Cortex facilitates District real estate development and establishes innovation centers and programs that help creative entrepreneurs and established technology companies flourish.

GOAL #1: JOB CREATION

The number of companies and employees located in Cortex has grown exponentially since inception. In 2012, the District employed a little under 1,000 people in about 50 companies. In 2015, those numbers grew to nearly 4,000 jobs across 200 companies, and by the end of 2018 the District employed 5,780 people in 369 companies across twelve different industry types. **By December 2019, Cortex was home to 425 companies supporting 6,000 employees.**

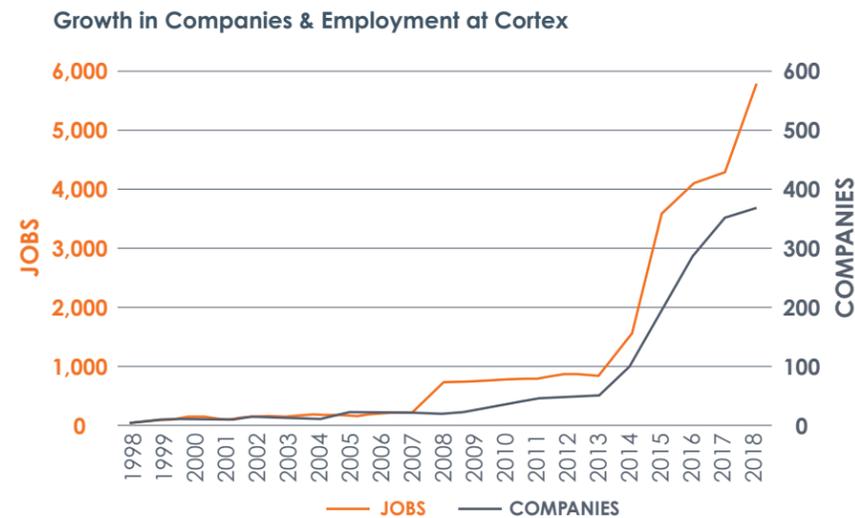
Employment by Key Cortex Sectors & Company Types

CORTEX INDUSTRY SECTOR/COMPANY TYPE	CURRENT EMPLOYMENT
Innovation Centers & Cortex Operations Staff	108
Other Nonprofit (including BJC)	1,086
Software/IT/Media Development	948
Higher Education	813
Management Consulting/Other Business Support Firms	752
Insurance, Financial, & Real Estate Firms	555
Bioscience R&D	521
Retail, Restaurants, & Other Amenities	448
Food Processing R&D	328
Scientific/Engineering/Environmental Consultants	87
Individual Entrepreneurs in Coworking Space NEC*	87
Government Agencies	47
Total	5,780

Source: TEconomy Partners analysis. *NEC = Not Elsewhere Classified

Many of these companies are small, early stage entrepreneur startups and businesses. A strong cohort of established tech-related corporations also reside in Cortex. They include:

Microsoft: Midwest Regional HQ
AB Mauri North America: U.S. HQ & R&D HQ
DuPont: Nutrition & Health Protein Solutions Division • Square • Boeing • Express Scripts
Accenture Centene • Alcami • Aon
ESRI • Ascension Technologies
Booz Allen Hamilton Emerson
Ball Aerospace • General Dynamics IT
Mastercard



Source: TEconomy Partners analysis of Cortex employment data

Cortex estimates that, at full buildout, the 200-acre District will contain over 4 million square feet of new and rehabilitated facilities, \$2.5 billion of facility investment, 15,000 permanent jobs, and over 600 companies.

LEVERAGED INVESTMENT



Investment to date in the Cortex project area has helped leverage private investment in at least 34 new residential and retail developments in the neighborhoods adjacent to the Cortex District in the past four years alone – investments totaling over \$950 million.

34 new residential & retail developments in neighborhoods adjacent to Cortex District since 2016

GOAL #2: TAX REVENUE GENERATION

In 2014, the City of St. Louis approved a Tax Increment Financing (TIF) overlay of the Cortex's District. It provided Cortex with the ability to encourage investment in buildings and infrastructure by private developers. Cortex used TIF as a development tool to incentivize developers and create and maintain District infrastructure, including streetscapes, sidewalks, lighting, and the Cortex Commons public park.

New development has generated \$61.5M in total tax revenue for the City of St. Louis and the State of Missouri from 2014 to 2018. **Net new taxes generated equals \$40.7M beyond what the base of activity in the District would have yielded during the same time period without new Cortex development.**

Estimated Breakdown of Revenues to Each Taxing Jurisdiction

TAXING JURISDICTION	2014-2018 TOTAL	2014-2018 BASE BEFORE DEV	2014-2018 NET-NEW TAX REVENUES
State of Missouri	\$32,000,000	\$10,980,000	\$21,020,000
St. Louis City	\$13,450,000	\$4,540,000	\$8,910,000
Community College	\$390,000	\$170,000	\$220,000
MSD	\$230,000	\$80,000	\$150,000
St. Louis City Schools	\$11,080,000	\$4,040,000	\$7,040,000
St. Louis Zoo/Museum District	\$500,000	\$220,000	\$280,000
St. Louis Public Library	\$1,000,000	\$440,000	\$560,000
Sheltered Workshop	\$270,000	\$120,000	\$150,000
Comm. Mental Health	\$160,000	\$70,000	\$90,000
Comm. Children's Service Fund	\$340,000	\$150,000	\$190,000
Senior Services	\$63,000	\$3,000	\$60,000
Metro Parks	\$550,000	-	\$550,000
MetroLink	\$1,460,000	-	\$1,460,000
Cumulative Total	\$61,493,000	\$20,813,000	\$40,680,000

Source: PGAV Planners



GOAL #3: MAXIMIZING INCLUSION

Cortex has invested time and resources to develop and support a number of diversity, equity and inclusion (DEI) initiatives.

SQ Entrepreneurs by the Numbers

TOTAL SQ1 NEW ENTREPRENEURS:		271
AVERAGE AGE:		40.5
Male	139	51%
Female	129	48%
Other	3	1%
People of Color	127	47%

CET/SQ1 Entrepreneur Boot Camp

SQ1 Boot Camp is an in-depth 10-week program that combines formal instruction with hands-on learning, networking, and mentoring for first-time/early entrepreneurs. **50+ subject matter experts lead and present content**, focused within the bioscience, information technology, and advanced manufacturing tracks. The program's structured curriculum seeks to instill in entrepreneurs the confidence and skills needed to **bring their innovations to market and succeed in high-growth industries**.

Collegiate School of Medicine and Bioscience

Cortex also co-founded the Collegiate School of Medicine and Bioscience, a **magnet high school** in the Saint Louis Public Schools System. Nearly 90% of the students are City residents, and approximately 50% are children of color.

MADE (Makers, Artists, Designers & Engineers)

Cortex was also instrumental in conceptualizing, developing, and launching MADE – a membership-based makerspace located on Delmar Boulevard, a symbolic racial divide street in St. Louis. **MADE includes a youth STEM/makerspace in partnership with St. Louis based Magic House**, a nationally recognized youth makerspace and museum. Cortex provided \$1.5M in equipment and funding for the regional maker resource.

The STL Contractor Loan Fund

Related to the physical development of the District, Cortex co-founded the \$10 million STL Contractor Loan Fund, which **provides construction loans and mentoring for women and minority-owned construction businesses**. Cortex requires that private developers in the District commit to meeting City of St. Louis construction inclusion goals for enterprise and workforce participation.



Photo Credit: Jennifer Korman

Board Inclusion Committee

The Cortex Board established a Board Inclusion Committee that actively **evaluates existing programs for effectiveness and curates new programming to expand our equity commitments**. The Committee includes staff, Board members, and representatives from Cortex partner organizations. It has four subcommittees that work to develop recommendations and changes to policy, programs, and procedures in Cortex to **improve equity, inclusion, and diversity in our innovation community**. These subcommittees include Ferguson Commission Report Alignment, Program Assessment, Real Estate Project Assessment, and Diversity and Inclusion in Staff and Leadership.

The Committee's work has included:

- Establishing a ten-year, \$1.25M fund for sponsorship & support of equity programs & projects that align with Cortex's mission & goals
- The publication of a Vision Statement on the Cortex website that addresses Cortex's goals related to equity & inclusion
- Creating a template for assessing inclusive physical design in the District, including the presence of gender-neutral restrooms, mother's rooms, multi-language signs, & civic resources
- Determining how to align with the Ferguson Commission Report's calls to action regarding workforce development & the connection of job seekers to companies & educational institutions
- Participation in the St. Louis Equity in Entrepreneurship Collective & the National Racial Equity Community of Practice run by Propeller in New Orleans

LaunchCode & WEPOWER Sponsor

In 2019, two new DEI initiatives were added. **Cortex sponsored a 110-person cohort for LaunchCode's 20-week coding course** that targeted efforts to recruit people of color. LaunchCode is a national nonprofit that provides free, alternative credentialing coding classes. Cortex also **co-sponsored space for WEPOWER's Elevate/Elevar**, an African American/Hispanic business startup accelerator. Their first cohort includes 10 entrepreneurs from underrepresented St. Louis neighborhoods.



DEVELOPMENT & INNOVATION PROGRAMMING

Unlike a business park where single-tenant buildings are dominant, Cortex intentionally curates a mixed-use district that contains multi-tenant buildings, open civic spaces, car and alternative transportation options, and workforce amenities. Design principles for the District support a dynamic, urban, accessible, and sustainable neighborhood that meaningfully connects to the neighborhoods and institutions around it.

Since inception, 19 projects have been developed, including:

-  New & rehabilitated offices
-  Lab & residential buildings
-  A light rail commuter station
-  A public park
-  Street-level retail
-  New public-realm street infrastructure
-  The first segment of a citywide bike/pedestrian trail that connects Cortex throughout St. Louis

Cortex is an economic driver, investing in the vision that growing innovation companies are the future of St. Louis' regional economy. Support for Cortex entrepreneurial companies is provided by 11 innovation centers and activators, with three more in planning.

Some of these innovation activators include:

BioSTL
supporting plant & life science company development & recruitment

Venture Café
whose Thursday Gathering brings 400-600 people to Cortex to learn & engage with entrepreneurs every week

CIC-St. Louis
which provides flexible office, lab & coworking space for startups & small businesses

CET
Missouri's largest & oldest innovation center & a provider of entrepreneur education programs

EdHub
a center for educators to experiment, collaborate & innovate

BioGenerator
an accelerator for life science companies

Capital Innovators
St. Louis' first accelerator

COLLAB
a university/industry engagement center

Innovation Hall
a civic & corporate conference & meeting center



ECONOMIC IMPACT

The TEconomy impact report finds that Cortex “is a powerful, and growing, economic engine for the region,” and estimates that in 2018 the Cortex Innovation Community generated over **\$1 billion of direct economic output**, and a total regional economic output of more than \$2.1 billion within the St. Louis MSA. Businesses in Cortex have generated **259 patent applications and patents** since 2010, and have raised over **\$392 million in investment capital**.

Economic Impact of Cortex Innovation Community, 2018 (\$M)

IMPACT TYPE	EMPLOYMENT	LABOR INCOME	OUTPUT	STATE/LOCAL TAX REVENUE	FEDERAL TAX REVENUE
Direct Impact	5,780	\$449.8	\$1,019.7	\$24.4	\$94.9
Indirect Impact	2,895	\$178.7	\$472.4	\$13.4	\$39.7
Induced Impact	4,477	\$211.3	\$640.6	\$31.9	\$50.8
Total Impacts	13,152	\$839.8	\$2,132.7	\$69.6	\$185.4
Multiplier	2.28	1.87	2.09		

Source: TEconomy Partners analysis; St. Louis MSA (15 COUNTIES) IMPLAN MODEL.



WHAT IS PAST IS PROLOGUE

The Cortex Innovation Community is unique for both the initial and ongoing investment of its founding institutions and development partners, and, its mixed-use urban design principles that support dense development, architectural diversity, placemaking, & sustainability. Cortex uses an intentional development & curation of innovation centers & activators. It has become a well-known hub of entrepreneurial programming. And the role that it plays as a catalyst for economic development & community opportunity in the St. Louis region has become an indispensable one.

Innovation districts take 30-40 years to mature. Though Cortex is now 17 years into its journey, **the momentum has been steadily building.** Currently, three new buildings and parking garages totaling 2M square feet and costing \$700M are in design, including a tech commercial building, a neurosciences research building, and a 261-unit residential apartment building.

It has been cited by the Brookings Institution and the Global Institute of Innovation Districts as **a Best Practice among urban innovation districts.**

If what is past is prologue, as William Shakespeare wrote in the *Tempest*, then the Cortex Innovation Community and the St. Louis region will have a bright, innovative future.





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