- [Narrator] This is Hudson Yards.

Late in 2019, Facebook completed a lease

for over 1.5 million square feet of space

across three buildings in the area.

Amazon also has an office down the street.

And if you go further down the Hudson River,

you'll find a cluster of buildings

leased or owned by Google.

It seems like everyone in tech wants

a piece of New York City's West Side.

- There's a reason that most of the major

big tech brand platforms are based in a few places.

They wanna be near each other

and they wanna be near some of the same resources.

- [Narrator] Mark Muro is a fellow

at the Brookings Institution,

a Washington DC think tank.

He and other economists call

this clustering agglomeration.

- Agglomeration is the tendency of economic activity

to gather, or cluster, or clump together.

It happens because there are often benefits

to businesses, workers, and institutions

being close to each other.

- [Narrator] That clustering can build up an economy,

but there's a catch.

- Even the winners don't feel like winners.

If you're in traffic choked, expensive San Francisco

you don't feel like the current clustering

is working for you,

and neither does anybody else in the United States

and in the Heartland.

- [Narrator] To understand how an agglomeration gets going,

consider New York City.

Tech clusters typically rely

on a robust pool of workers

and the labor pool in New York

is more educated than the national average.

Analysts say that it's become difficult

to find qualified workers

in hotspots like Silicon Valley,

which makes New York attractive for expansion.

Experts say that labor is key.

- Obviously, we've seen these clusters develop,

you know, all over the world.

The reason they occur is because,

when you draw people together

they learn from each other.

- [Narrator] Capacity for growth on the far West Side

grew in the 2000s during Michael Bloomberg's

run as city mayor.

Doctoroff was his deputy.

- We did 140 separate rezonings of the city.

Often of old, under utilized, industrial land

that opened up the capacity to develop

all sorts of new areas.

So, we embarked on a massive expansion

of capacity for space.

- [Narrator] The city also extended the subway

for the first time in 25 years.

- [Dan] One of the big problems

on the West Side of Manhattan

was there was no great way to get over here.

$3 billion was invested in the extension of the subway

into the area as well as other infrastructure.

- [Narrator] Also the city provided land

and millions of dollars for a new Cornell Tech campus.

- Cornell Tech plays a crucial role

in the New York tech ecosystem.

Often times, the research really shows is that

universities catalyze that kind of collaboration

better than almost any other institution.

- [Narrator] All this new development

laid the groundwork for tech companies

to open offices on the West Side,

forming a cluster of highly skilled workers.

- A big agglomeration of say high-tech economic activity

is simply going to be more productive

and more competitive than others

because think of what it has close proximity,

highly specialized workers,

highly specialized providers of business services.

- [Narrator] Research from Mr. Muro and others

suggest that workers who live in these clusters

tend to be more productive than those who don't.

Here's a chart that measures

output per worker by industry group.

Workers in industries like manufacturing or retail

tend to be more productive

if they're in a top cluster.

That advantage stretches further

if you're a worker in an innovation industry.

The effects are so potent

that some of the cities who've generated clusters

are pulling away from the rest of the country.

But that poses challenges for Americans

both in and outside the clusters.

- You only have to look at the complaints

of people who live in Seattle or the Bay Area

to see that very serious negative implications

of excessive or poorly managed agglomeration.

- [Narrator] Like the tech hubs

in Seattle and San Francisco,

New York has issue with affordability.

Late in 2019, the median home in New York City

sold for $563,000 which was much higher

than the national median.

A similar story unfolds in the commuting data.

Most states in the New York metropolitan region,

have commute times well above national averages.

And in the city proper,

commute times are on the rise.

In some cases,

tech workers earn enough to make the pain worthwhile

and that's encouraging educated people

to leave smaller cities.

In the big coastal cities,

wage and employment levels are outpacing

other parts of the country.

- We have Google, Facebook, Amazon combined

over 20,000 jobs in the near future.

We have 9,000 startups in New York City.

It's increasingly true that

every company is a tech company.

Whether you're in finance,

whether you're in real estate,

whether you're in fashion, media.

You name it,

all of these sectors are already headquartered here,

and they need people who understand

and know how to build technology.

- [Narrator] In regions further from the top,

incomes and employment levels aren't keeping pace,

which sends a message.

- For the foreseeable future,

to really have a great career in tech in America,

you probably do need to head out to

the Bay Area, or New York, or Seattle

and work for one of the big tech titans.

I think that's an unfortunate reality in the United States.