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As startup numbers soar, so do amount of resources

By Katherine Connor, The Daily Transcript
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The number of startups in San Diego has been on the rise for the last five years, hitting a record 446 in 2014 according to Connect's CEO Greg McKee. That upward trend is thanks in part to \$805 million in venture capital money and \$4 billion in private equity that was funneled into these burgeoning firms last year, but a wider and stronger network of support organizations also played a role.

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Mike Krenn, president of the San Diego Venture Group, said the number of incubators, accelerators and other resources dedicated or catering to the startup community-- ie coworking space, mentoring organizations and hybrid programs -- has also grown.

"I think it's always been strong, but I do think it's growing," Krenn said. "You've got EvoNexus obviously that's getting better and better each passing month, now we've got The Vine -- an offshoot from the Irvine Company -- you've got Co-Merge and now a new co-working space is going into Little Italy -- DeskHub, it's called."

EvoNexus opened a third location in Irvine earlier this year and Co-Merge is looking to expand its footprint, as well. And that's not all. **Qualcomm** partnered with **Techstars** -- a huge boost to San Diego according to Gabriela Dow, partner at Plug and Play San Diego -- on a Robotics Accelerator that launched its first 10 startups on a four-month program in May. SPAWAR teamed up with Arizona State University on a Furnace Accelerator program launched in April. CallT2 at UC San Diego opened a hybrid light-touch incubator space in April, FabLab reopened in its new space in Makers Quarter in February, and Carlsbad's MakerSpace recently celebrated its grand opening.

That list is far from exhaustive. UCSD rolled out its entrepreneurial center called The Basement in February and its Triton Tech Fund last August, and the University of San Diego unveiled an Ideation and machining space with industry partners in April. While Rory Moore and Michele Yoshioka, co-founder and head of operations for EvoNexus, respectively, said they've seen the core groups of the San Diego startup support network -- EvoNexus, Connect, Janssen Labs, the universities -- remain relatively stable, they said the biggest difference they've noticed is an increasing amount of co-working or shared work space.

Yoshioka and Moore mentioned ROC (Real Officer Centers) as an example. The office company now has two sites in San Diego -- one in La Jolla and one downtown -- plus their The Vine joint venture with the Irvine Company, also downtown.

Dow said she thinks San Diego is actually rounding the curve on shared work space as its startups mature but increasingly choose to remain headquartered here.

"We're past co-working space and into companies growing," she said, using Steven Cox of **TakeLessons** as an example of an entrepreneur who decided to keep his company local but outgrew co-working space for actual defined office space. She said New York-based **Emmes Asset Management's** decision to buy four downtown office properties is indicative of the trend of bigger players entering the market alongside smaller shared workspace venues.

She said the same principal of quality, well-known names is true not just in the investment and real estate aspects, but in the support organizations themselves.

"I think it's not just that there are more [resources], but the quality of who's coming to San Diego and putting roots down here," Dow said. "Plug and Play was the first big one from Silicon Valley to develop a San Diego-specific program, and now we're seeing that with Techstars and funds created out of San Diego like the Triton Fund at UCSD. There are a lot of investors from LA and UCLA, Santa Monica and Huntington Beach coming down here."

McKee agreed, noting that Connect has seen the organizational support for startups grow as their ranks have increased.

"There are a lot more resources around in general, a lot more activity and interest in the startup community and innovation ecosystem," McKee said. "There's also more capital around so it's certainly a good time to be in that space. ... What we're hearing and seeing is that there are more resources for the startup community."

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