Startup Seedbeds:

America's Top Climate Tech Hubs

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Where Are Climate Tech Startup Hubs Springing Up?

Climate change is a defining issue of our time, if not for its pervasiveness, then for the urgency with which we must address its causes and consequences. To tackle this complex challenge, entrepreneurs have risen to the occasion. And while those founders were largely concentrated in traditional tech hubs (namely Silicon Valley, New York City, and Boston) in the sector's early innings, today's climate tech startups are setting up shop and raising funds in cities across the country. In turn, as more founders in more places start, scale, and succeed, their climate tech ecosystems gain momentum and become more sophisticated. This evolution is likely to continue with support from the bipartisan Infrastructure Investment and Jobs Act and Inflation Reduction Act, which are delivering funds for a number of promising and new climate solutions.

Leveraging PitchBook data, we set out to identify rising sustainable innovation hubs by looking at climate tech VC funding funneling into U.S. states and cities, a barometer we acknowledge is imperfect. We also recognize that PitchBook's definition of climate tech companies — "those developing solutions to help mitigate or adapt to the effects of climate change" — may not capture the breadth of sustainable startup activity happening throughout the country. That said, we do believe the following data (from 2018 to the present) paints an encouraging picture of the growing geographic dispersion of climate tech innovation in the U.S.

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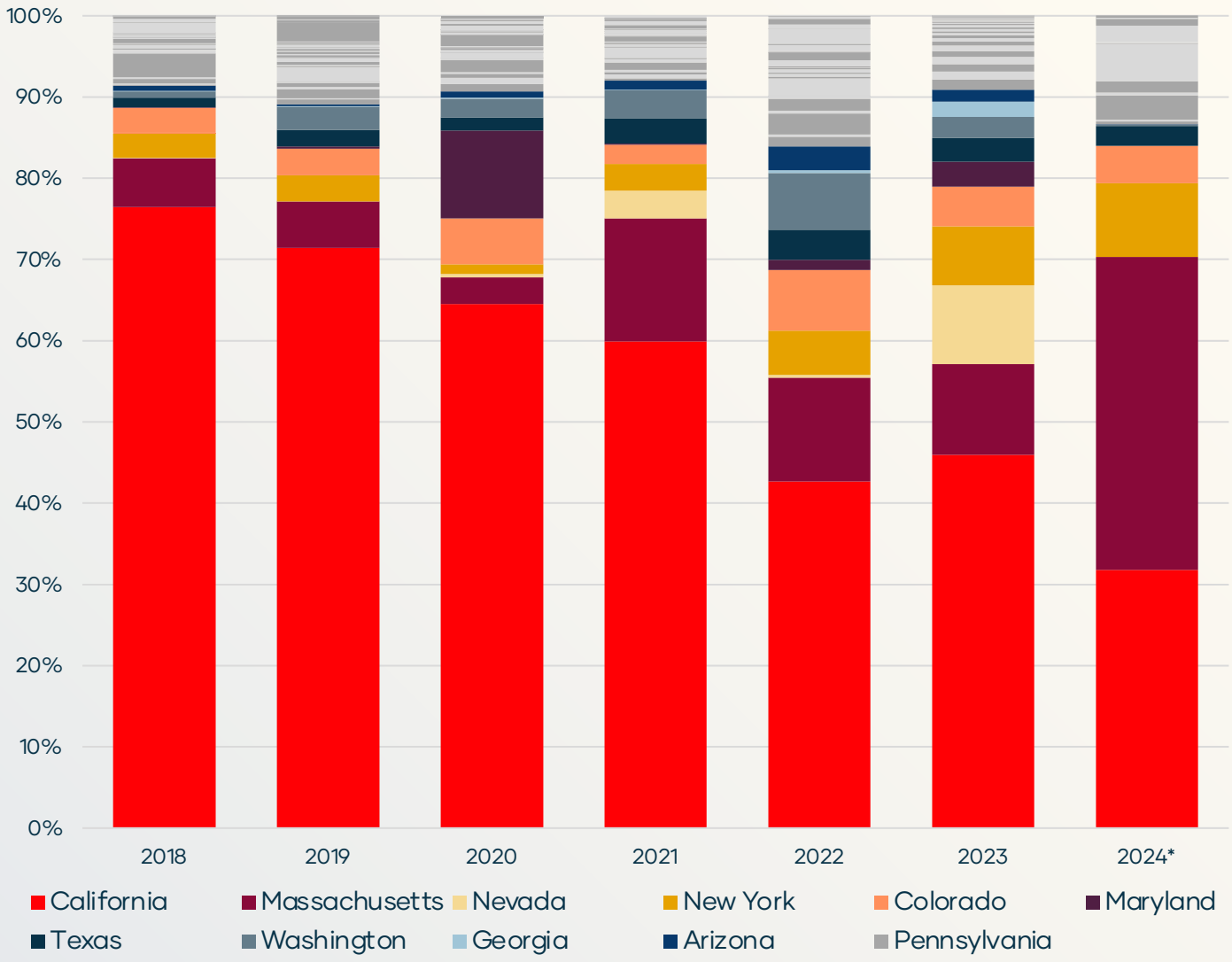
Climate Tech Funding is Becoming More Distributed

U.S. State Share of Climate Tech VC Funding



Source: PitchBook Data, Inc.
* Based on Q1 data

While California still leads in dollars invested, its dominance has decreased significantly.

- According to PitchBook Data, Inc., California's share of climate tech VC funding has decreased by more than 30% from 2018 (76.48%) to 2023 (45.97%).
- While it's too early to conclude how 2024 funding will shake out, Massachusetts, New York, Colorado, and Texas have garnered significant investment in Q1.

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Zooming In: Where Are Sustainable Innovation Hubs Emerging Within These Regions?

2023 U.S. Metropolitan Statistical Area (MSA) Climate Tech Deal Count and Value Beyond the Bay Area, Boston, and New York City		
MSA	**Deal Value (millions)**	**Deal Count**
Los Angeles, CA	$546.22	25
Denver-Boulder, CO[1]	$522.51	21
Washington, D.C.	$373.84	18
Seattle, WA[2]	$239.77	20
Houston, TX	$199.94	14
Atlanta, GA	$195.16	4
San Diego, CA	$190.80	8
Phoenix, AZ	$158.45	8
Philadelphia, PA	$106.01	11
Honolulu, HI	$54.10	4
Raleigh-Durham, NC[3]	$37.05	6
Dallas-Fort Worth, TX	$30.55	3
Chicago, IL	$28.54	7
Portland, OR	$25.14	9
Austin, TX	$13.38	5

Source: PitchBook Data, Inc.
1 Inclusive of Denver-Aurora, CO and Boulder, CO MSAs
2 Inclusive of Seattle-Tacoma-Bellevue, WA and Bremerton-Silverdale, WA MSAs
3 Inclusive of Raleigh-Cary, NC and Durham, NC MSAs

While Silicon Valley, Boston, and New York still hold considerable influence, climate tech startup ecosystems are visibly materializing and maturing across the country.

- MSA representation across regions speaks to the sector's evolution and diversification.
- Each location has distinct legacy industries, corporate players, and talent pools. Accordingly, the growth of their climate tech ecosystems introduces new perspectives, increased buy-in, and more comprehensive solutions to the sector.

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Methodology

Our methodology for identifying emerging sustainable innovation hubs leveraged data sourced from PitchBook Data, Inc., specifically focusing on climate tech venture capital (VC) funding within U.S. states and cities. Climate tech companies, as defined by PitchBook, are those "dedicated to developing solutions aimed at mitigating or adapting to the impacts of climate change."

Our analysis encompasses VC dealmaking, including minority equity investments as well as combined equity and debt investments into startup companies from external sources. These investments may originate from various stakeholders, including individual angel investors, angel groups, seed funds, venture capital firms, corporate venture firms, and corporate investors, alongside nontraditional investors such as hedge funds, mutual funds, or private equity funds. Investments received through accelerator programs are excluded; however, subsequent financing rounds supported by these accelerators are considered.

The concept of Metropolitan Statistical Areas (MSAs), defined by the U.S. Office of Management and Budget (OMB), serves as the geographical framework for our analysis. MSAs represent cohesive economic and social units comprising a core city or cities and their integrated surrounding communities. In instances where we aggregated MSAs to reflect interconnected ecosystems, we provided clarification in the footnotes. For example, the Denver-Boulder ecosystem combines the Denver-Aurora, CO MSA with the Boulder, CO MSA.