

Special Report **Spain: Business and Innovation****Tech start-ups****Start-ups fall for Barcelona's tech hub allure**

Labour costs, international connections and quality of life have raised the city's profile



High ambition: Travelperk is among businesses in the landmark Torre Glòries, in the 22@ innovation district © Getty

Jonathan Moules 11 HOURS AGO

Strolling along Barcelona's beach beneath blue October skies, the temperature a pleasant 24C, it is easy to understand why so many ambitious founders have relocated here from larger tech start-up hubs in northern Europe.

Avi Meir arrived 10 years ago from Paris to take an MBA at Iese, one of Barcelona's two globally ranked business schools, and found himself surrounded by academics and classmates offering support and advice to help him launch a new venture. After graduation he founded Travelperk, a booking service recently valued at more than \$1bn, making it one of the city's most successful start-ups.

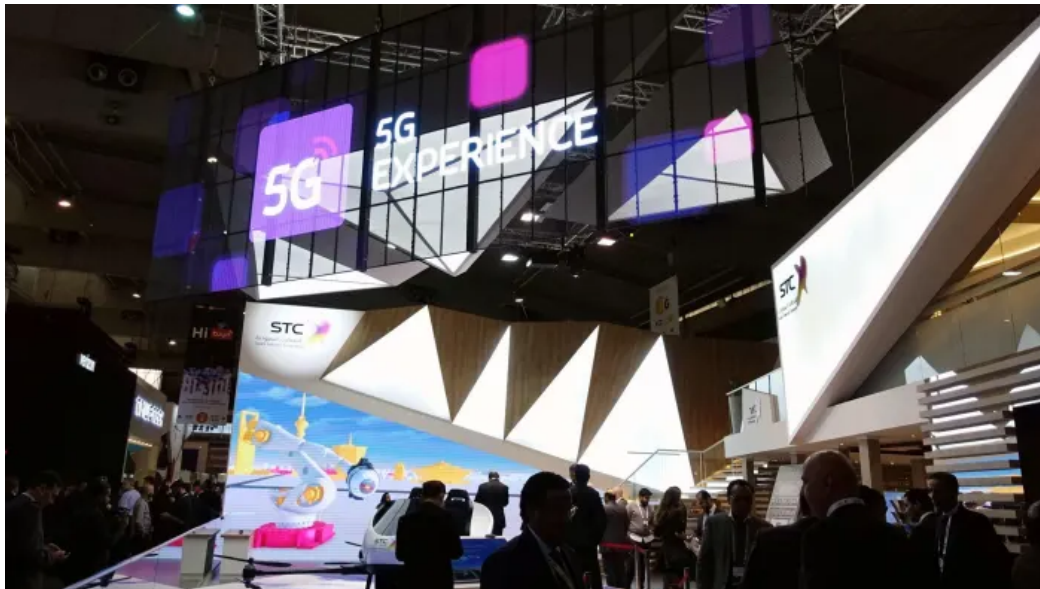
"I might have chosen London to start this but I don't like the rain," Mr Meir says, adding that the beach, a 15-minute walk from his office, reminds him of home in Tel Aviv, Israel, a country famous for its high density of start-ups.

"This is another great place to start a business," Mr Meir continues, adding that the food, architecture and cultural life are unique. "It is also a [great city in which to live.](#)"

Barcelona is now among the most successful [start-up centres](#) in Europe. In the five years to the end of 2018 it attracted \$2.62bn in private equity investment, more than Madrid, Dublin and Amsterdam, making it the fifth-biggest source of venture capital in Europe, according to VC firm Atomico's State of European Tech report.

Access to software developers and other tech talent is crucial to Barcelona's success. Spain is second only to Turkey in the increase in professional developers between 2017 and 2018, growing 15 per cent, according to Atomico. They are also less expensive to employ than in Europe's biggest hubs. The average salary for developers in Barcelona was \$40,250, Atomico found, compared with \$49,750 in Paris, \$54,000 in London and \$58,750 in Berlin.

Connectivity is another factor. The airport, a half-hour taxi ride from the centre, has direct flights to San Francisco, Tel Aviv and most leading European tech hubs. The ease of getting into Barcelona has helped the city become home to international business conferences, notably the Mobile World Congress, which moved from Cannes in 2011.



Mobile World Congress moved from Cannes in 2011 and is held in Barcelona annually © Alamy

This has helped promote Barcelona as a development centre for companies looking to create technology innovations, including Nestlé, Roche and Asics. This in turn supports new ventures, according to Roger Bou Garriga, a director at Fira Barcelona, which hosts more than 120 conferences a year in the city.

“This is not just a city to host a conference but a city to do business,” he says, noting that local government officials, business school professors and founders see the benefit of co-operation. “All these parts of the ecosystem are made stronger by working together,” he says.

Eight years ago local entrepreneur Miguel Vincente set up another linchpin of the city's start-up support infrastructure, Barcelona Tech City. The not-for-profit venture provides a hub for events and space for early-stage ventures at Pier 01, a former warehouse on the quayside.

“The idea just came to me when talking to the city's former mayor,” he says. “I told him we have a strong opportunity but we did not promote it enough.”

Barcelona start-ups tend to think globally from the day they are founded, says Mr Vincente, not only because of the city's multicultural nature but because there is not a big enough local market to grow sufficiently.



A meeting at Pier 01 tech hub by the port © Ferran Martí

Access to capital, especially beyond early seed-funding stages, has also been a challenge. However, venture capital firms have started to set up permanent offices in the city.

Among those is Target Global, a Berlin-based investor in ecommerce, fintech, travel, software, and transportation ventures. “It is a statement that we are committed to Barcelona for the long term,” says Shmuel Chafets, Target’s general partner and vice-chairman. “We opened this office because we think Barcelona has the right mix of things that make a hub — mainly a great work-life balance and access to talent from around the world.”

Mr Chafets sees Europe as a collection of hubs, each with advantages. “London is a good general start-up hub, but it is one of the capitals of the world for fintechs,” he says. “Barcelona has built up a good niche around ventures using mobile technology.”

With street protests and violent clashes over [Catalan separatism](#), Barcelona has been making headlines for reasons other than entrepreneurship. But political unrest is of minor concern to entrepreneurs, according to Mar Galtés, a local business journalist, formerly at Barcelona-based newspaper La Vanguardia.

“Most start-ups don’t have any dependence on politics. It is about investment and companies coming,” she adds, noting that this has continued, even in recent weeks.

Ed Schmidt moved from Berlin in 2013 and is now chief executive of Wind, an electric scooter business based around the corner from Travelperk in a shared workspace. His chief operating officer, Matt Turzo, relocated from San Francisco, where he worked on scooters for US tech venture Lyft.

They insist that their new home shares qualities that made those hubs successful. But they argue that Barcelona still needs to improve, particularly in cutting regulations that make starting a venture hard, such as employment rules and company registration costs.

“There is a certain leftist politics here in Barcelona and the local government could do more to cut the red tape,” Mr Schmidt says.

Wind has good potential if the number of scooters zipping around Barcelona's streets is a sign of demand. It was helped by the local authority, becoming the first electric scooter provider in the city to get a licence. But achieving this took many months, costing the company precious time, Mr Turzo laments.

“We have a lot of reasons to be happy about being here,” he says. “But there is still a lot of resistance to start-ups.”

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