

Reno wants to be Silicon Valley's back office

By James Nash, Bloomberg

Reno, Nevada, a town that built an economy on quickie divorces, is mapping out the second act of its American life.

Faded casinos are being reborn as condominium towers. Discarded cardboard and wood – even junked cars – are being fashioned into gigantic pieces of art for the annual Burning Man festival in the nearby desert. The mayor governs the city of 233,000 with the aid of a kidney donated by her sister.

Few cities needed a second chance as much as Reno. By January 2011 unemployment was 13.9 percent, and two-thirds of homes sold that year were short sales or foreclosures. The malaise contained the seeds of the rebirth: The newly unemployed snapped up dirt-cheap real estate, spawning an artist-entrepreneur economy.

“A lot of people like us lost their jobs and started asking, ‘Now what the hell am I going to do?’” said Eric Raydon. His answer was to go into business with two brothers buying and rebuilding properties in a gentrifying area known as Midtown. “We saw opportunities here.”

As downtowns across the U.S. revive, Reno is among cities that have a tougher task to reinvent themselves. Detroit, the largest U.S. city to go bankrupt, is repopulating downtown towers with companies such as Quicken Loans Inc., which moved from the suburbs in 2010. Atlantic City, N.J., battered by Superstorm Sandy and the closure of several of its casinos, wants to diversify beyond gambling and rebrand itself as a university community.

Reno is rebounding. Unemployment dropped by 1.5 percentage

points in February from a year earlier, to 7 percent, according to U.S. Labor Department data. Nationally, joblessness fell by 1.2 percentage points in the period, to 5.8 percent. City sales-tax receipts are projected to rise 7.9 percent in 2015 toward the 2008 peak.

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