

CRAIN'S NEW YORK BUSINESS

How Queens plans to become the city's next startup hub

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Nabeel Alamgir's food-ordering company [Lunchbox](#)—which has raised \$22 million in [investments to help](#) brands like Fuku and 16 Handles sell food from their websites—is very much a Queens [startup](#).

Alamgir immigrated to [Astoria](#) from Kuwait in 2015 and got his first job busing tables at the nearby Bareburger, where he eventually became chief marketing officer. He and his founding team at Lunchbox still live in Queens, as do about a third of the firm's 100 employees.

But for the company's first corporate office, Alamgir opted for a Manhattan address—something he believed necessary to attract investors.

"As a small company with a lot of insecurities and uncertainty, do I want that office in Manhattan to signal we are a real company?" Alamgir said. "These are the questions I had to ask myself and I still don't know the right answer."

The numbers back up Alamgir's concern. Manhattan-based startups secured 95% of the \$18 billion in New York City venture capital investment last year—the money that fuels young technology companies. The rest went mostly to Brooklyn, which is among the [fastest-growing startup markets](#) in the country. Startups with Queens addresses raised just \$24.5 million across 15 deals in 2020, according to data provided by PitchBook, which tracks private market investment.

Angel approach

Thomas Grech, president of the Queens Chamber of Commerce, said Queens' diverse population has plenty of entrepreneurs, but access to capital is a challenge. That's why the chamber is organizing the launch of an angel investment fund focused solely on Queens companies. The fund, which the chamber hopes will start writing checks next month, would offer investment up to \$100,000 to fledgling Queens businesses. Those companies could then be better positioned to land venture investors to grow further.

"We want to have the pieces in place for someone to say Queens County is the place to launch this startup," Grech said.

Alamgir said he hopes Lunchbox can be part of that effort. The company's workforce has spread throughout the country during the pandemic and is fully remote but he said the firm will eventually open a Queens office for its local employees, which he envisions joining a rising startup sector.

"The same way Sand Hill Road (in Silicon Valley) signals that a venture capital firm is legit," Alamgir said, "I think a Long Island City, Astoria or Queens address can say that this is a cool, new tech company."

Boosting Queens

The angel fund is part of a broader effort to grow the industry in the borough. The Chamber launched in February a [Queens Tech Council](#) that includes Facebook, Google, Cornell Tech and WeWork. Also on the list is Amazon—the company that famously [backed away in 2019](#) from a plan to build a corporate campus in Long Island City, amid backlash over the deal's tax subsidies.

The council—which is also backed by Borough President Donovan Richards—wants to use the factors that drove Amazon to pick Long Island City to spur new tech firms and, post-pandemic, land offices from established companies in other states and countries. That includes the borough's cheaper real estate costs, talent and [tax subsidies](#) for local job creation.

With many technology companies [operating without offices](#) and no clear timeline on when that will change, the angel fund can focus on helping new businesses launch. Grech said the fund will also prioritize investments in minority and women-owned businesses, which [receives a disproportionately low](#) amount of capital.

Building things

Sunhouse, a startup that makes software and equipment for digital music production, has been operating in Long Island City since 2015, at **NYDesigns, an incubator for startups focused on hardware run by LaGuardia Community College**. The 30,000 square-foot incubator has hosted more than 100 young companies over its 15 years.

Tenoch Esparza, who co-founded the firm with his brother Tlacacl, said Long Island City offers quick access to Midtown, with Brooklyn musicians able to get there quickly from the G line.

Amazon helped bring attention to the neighborhood—Sunhouse's clients no longer mistake the location for Long Island—but Esparza believes Queens startups can develop a brand of their own, focused around advanced manufacturing and building physical products.

"We are certainly more under-the-radar than Manhattan," Esparza said. "But the startups we do have are doing a lot of building things, manufacturing, which I think is right in line with the borough," he said.

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