

A Post-Industrial Brazilian Neighborhood Aims to be Latin America's Silicon Valley

BY GREG SCRUGGS | NEXT CITY | JUNE 19, 2014

In 2012, Brazil surpassed China to become the seventh largest IT industry in the world. Still, with only three percent of global market share, it has a lot of room to grow.

Walker Massa has a vision for that growth. The founder and director of [Nós Coworking](#) believes that Rio Grande do Sul, Brazil's southernmost state, and its capital, Porto Alegre, can become the hub of Brazil's burgeoning tech industry. His inspiration is another secondary city far to the northeast, Recife, where a tech cluster called [Porto Digital](#) is not only generating 10 percent of the state's GDP, but has been churning out successful businesses since 2000 from a downtown location that breathed new life into a decommissioned port.

Massa believes that a similar tech cluster could do the same for Rio Grande do Sul. And as he researched other coworking and tech incubator spaces before opening his own, he noticed that, like Porto Digital in its abandoned port, the major players always seem to locate in repurposed industrial spaces – spaces like Porto Alegre's 4º Distrito (Fourth District), a formerly industrial area near downtown. In the 1920s and '30s this district drove the economy of the city, from textiles to beer, but it never quite recovered from a flood in 1941 that destroyed many of its factories.

A few revitalization projects have already taken root within the district, such as the Shopping Total, a mall located in an old brewery, which is where Nós Coworking decided to set up shop. In addition to serving as your standard coworking space, Nós also serves as a hub for the small but growing cadre of tech visionaries, architects and urbanists with a new vision for the area. Despite its reputation for vacant properties, drug use and prostitution, the 4º Distrito has solid bones in terms of location, transit infrastructure and historic building stock.

On June 9, Nós hosted its latest working group on the 4º Distrito and invited Dr. Marc Weiss, international professor of economics and business management at Unisinos Porto Alegre. Weiss is

chairman and CEO of Global Urban Development, a network of urban affairs leaders, and currently advising the Rio Grande do Sul state government on metropolitan economic strategy.

In 1998, he authored a [strategic economic development plan for Washington, D.C.](#) that fingered the area north of Massachusetts Avenue, which he coined “NoMa,” as a potential development opportunity in a blighted area, anchored by media companies and accessible by a new Metro station. The results today are total assessed real estate values in the [billions of dollars](#) and [40,000 workers daily](#), which have injected activity into the neighborhood.

Weiss presented the NoMa story as a parable for the 4º Distrito. He tells Next City, “Porto Alegre could become a major center for software development, computer and video games, and music studios. SAP, Dell and HP all have major software developers here.” Thinking big, Weiss argues that the 4º Distrito represents a larger potential shift in the local economy by diversifying into services and away from Brazil’s historic reliance on natural resources.

“What California did over the last three decades, Rio Grande do Sul could do over the next two decades,” he says. Indeed, the rise of Silicon Valley hasn’t meant the death of agriculture in the Central Valley (drought conditions notwithstanding) as the state has shown that a new industry, like tech, can keep an economy resilient when other sectors suffer.

The vision is there, but what about the plan? “We’re constructing financing models,” says Massa. “We’ve begun to influence the decision-making process. State elections are this year and we can get this inserted in the budget.”

Cezar Busatto, municipal secretary for local governance, is likewise on board and points to several public-sector contributions. Porto Alegre’s new subway system should be up and running by the end of the year with two stations in the 4º Distrito, which he says will have “a dynamic effect” on the area, much like how transit was a lynchpin for NoMa.

Busatto also points to the Innovation Law, passed by Porto Alegre’s City Council, that will provide fast tracking of licensing for new businesses that fall into the creative economy, technology and design category, with the hope that they will choose to locate in the 4º Distrito.

But unlike NoMa, which still only has about 2,000 residents – although 20 times that number in daily visitors who work in the neighborhood – 4º Distrito, for all its vacancy, is rather lived in and rather large: nearly 100,000 residents spread across 10 square miles over nine neighborhoods.

To that end, Busatto is quick to point out that, despite all the buzz over a tech and creative class makeover, “Coexistence is a condition that the local community demands. We want to revitalize the 4º Distrito while preserving local residents.”

That sentiment squares with the goals of Aline Bueno, cultural coordinator for the Vila Flores project, which would rehab a historic 1920s working class housing complex into a mixed-use property with a creative economy focus, which she has test driven through music, film, and food events. “Everyone that lives in the area has been fairly receptive toward Vila Flores,” she said, “including people coming personally to applaud the initiative, citing the importance of preserving a historic building and the relevance of the project to revitalizing the region.”

Busatto, in turn, emphasizes the municipal government’s Entrance to the City Integrated Program, which has been working for the last ten years to provide better housing for 30,000 residents in the 4º Distrito along with streetscape improvements, social services and the latest effort: sprucing up all 26 plazas and public parks. This dedicated level of investment strongly suggests that the new vision for the area will not be given carte blanche, and the creative class will have to find a way to coexist with the working class.

Resilient Cities is made possible with support from The Rockefeller Foundation.

TAGS: RESILIENT CITIES, TECHNOLOGY, SILICON VALLEY, BRAZIL, COWORKING SPACE, TECH HUBS, PORTO ALEGRE