San Diego offers a case study for building a local creative economy

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Dmitriy Ioselevich October 29, 2026

Creative Economy

Wells Fargo Plaza in downtown San Diego. Courtesy of Prebys Foundation.

Visit almost any city or tourist hot spot and you'll likely be peppered with recommendations on can't-miss shops, restaurants, attractions and cultural experiences.

These businesses are the lifeblood of any place's creative economy – defined as the set of art, culture, design and innovation industries, and the economic contribution of those industries. In many US cities, creative industries are struggling to stay afloat as Americans pull back on consumer spending and as rising costs push many creative workers out of their communities.

This is the scenario that's recently been playing out in San Diego, a multicultural city that straddles the world's busiest land border crossing, and has a long history of leadership across arts, culture and social entrepreneurship.

"I am a firm believer that everyone should have access to the most extraordinary arts and culture in a region as dynamic as this one," said **Jonathon Glus**, who last year became a fellow in residence for the Downtown San Diego Partnership, following a long stint as director of the city's Department of Cultural Affairs.

“At the end of the day, creatives go where the work is,” Glus says. “They go wherever they have the opportunity to flex their creative muscles.”

Glus, together with the San Diego-based Prebys Foundation and creative economy investing specialist Upstart Co-Lab, is leading the charge to revitalize the local creative economy, including by establishing the city’s first Downtown Arts District to bring together new and existing creative-friendly spaces and businesses.

Upstart Co-Lab partnered with the Prebys, the largest private foundation in San Diego County, to survey local creative businesses and conduct a landscape analysis of the local creative economy, including by collecting information on specific capital needs and experiences raising capital. The public survey will help inform the development of an impact investing initiative focused on San Diego’s creative industries.

This collaboration between impact investors, philanthropists, public officials and creative enterprises offers an example of what’s possible when a city and its residents decide to support and champion creative professionals.

“Happiness is calling”

Laura Callanan, founder of Upstart Co-Lab, has been working for years to identify the key drivers of local creative economies, and the challenges preventing these economies from blooming.

“People tend to think about their creative economy in connection with their community,” said Callanan. “That close connection between a place’s culture, heritage, and economy offers a clue as to the need for place-based impact investors to prioritize the creative economy.”

Part of the challenge is a divergence in how different cities define their creative economy, particularly via the NAICS codes used by U.S. federal statistics agencies to track business data. For example, in New Orleans, food is integral to the local creative economy and part of what attracts many tourists to the city. In Michigan, restaurants and associated businesses are not included in their list of creative industries.

Callanan and her team often speak to city officials on the importance of the creative economy and what an enabling environment for creatives might look like. In New Mexico, Callanan was invited to share her expertise and guidance with local officials following the establishment in 2024 of the New Mexico Creative Economies Division, which allocates funding to support artists, creative entrepreneurs, small businesses,

and cultural organizations. Several other states, like Pennsylvania, are rebranding their ‘arts’ or ‘culture’ councils as ‘creative industries’ initiatives to reflect a broader vision of what a well-functioning creative economy looks like.

An increasingly big part of this vision is a recognition of the need for impact investments.

“The focus needs to be on creative businesses, not just creative mindsets,” said Callanan. “Creativity doesn’t know the boundary between for-profit vs. non-profit, so we need to think about the entire spectrum.”

Prebys has four major areas of grantmaking, one of which is focused on arts and culture, and awards approximately $50 million in grants to community nonprofits each year. But foundation leadership also recently saw an opportunity to use its endowment to make impact investments in mission-aligned businesses and initiatives.

“We want to be intentional in using the information to guide where we want to go next,” said Prebys’ **Emily Young**. “By sharing their experience, creative businesses can help funders and investors identify opportunities and investment needs across the region.”

In February 2025, Prebys joined a growing number of private foundations in launching a dedicated impact fund, the Prebys Ventures Impact Fund, which targets early-stage technology, life sciences, and healthcare companies in the San Diego region. The $50 million fund includes a sidecar fund for investors that want to invest alongside Prebys, with all proceeds from the carried interest reinvested into the fund. Current portfolio companies include Aspen Neurosciences, a biotech company focused on Parkinson’s disease, and Welby Health, which offers a platform for remote patient monitoring.

Investing in the creative economy presents different challenges. Ideal deal sizes and terms may differ from more mature sectors like technology and healthcare. The small business survey is an attempt by Prebys and Upstart to better understand how impact investing and other financial tools can support the growth of San Diego’s creative industries.

Hub for creativity

As an example of the role impact investing can play, Young cited the April 2025 acquisition of 401 B Street, a historic 24-story tower located in downtown San Diego that the Prebys team hopes will turn into an important hub for business, the arts, creativity, and community engagement.

“This is not merely an investment in a building — it is a declaration of belief in what downtown can become: a vibrant hub of commerce, culture, and civic life that welcomes all who call this region home and all who are drawn to its promise,” said Prebys CEO **Grant Oliphant**.

The building, known locally as Wells Fargo Plaza, was built in the 1980s and served as the center of San Diego’s financial district. It is just blocks away from City Hall and the Performing Arts Center, opened in 2019 and named after Conrad Prebys, a prominent local property developer and philanthropist.

According to Glus, the strategy is to make 401 B and surrounding streets into a hub for creative businesses and accelerators, such as membership organizations for architects and graphic designers, and the Design Lab at UC San Diego. Individual creatives will also have access to work space and dual-use live-work space. The eventual goal is to create a 35-block arts and design district modeled after the Creative Enterprise Zones in Sydney and London that offer a go-to place for the education, production, and presentation of creative industries.

“There is no shortage of robust cultural districts in San Diego,” including popular attractions like Balboa Park and La Jolla Cove, said Glus. “What we don’t have is a home for creatives and the creative workforce to gather, co-share, learn, and present together.”

Template for other cities

Glus has spent much of his career shepherding creative industries in places like Sacramento, Houston, Pasadena, and Evanston, Illinois. He pointed to his own childhood in Chicago and watching as the city evolved from a manufacturing city into a diversified economy, exactly the kind of transition many of America’s forgotten cities now face.

“I’m a big believer in the notion that cities are driven by creatives and creativity, and that everyone should have access to arts and culture on their own terms,” said Glus. “Every city has creative industries that are essential to the broader economy, but you need to wrap your arms around them and nurture them.”

Callanan sees the collaboration as a potential template for other cities and regions looking to lift up their creative economy.

“How this plays out from city to city will look different, even if goals and intentions are the same,” she said. “What’s true almost everywhere is that investing in the creative economy is a way to increase access to economic opportunities for everyone that calls a particular city home.”