

## **Crowdfunding cities: Social entrepreneurship, speculation and solidarity in Berlin**

Paul Langley<sup>”\*</sup>, Sue Lewis<sup>”</sup>, Colin McFarlane<sup>”</sup>, Joe Painter<sup>”</sup>, and Antonis Vradis<sup>~</sup>

<sup>”</sup> Department of Geography, Durham University, UK

<sup>~</sup> Department of Geography, Loughborough University, UK

\* Author for correspondence, [paul.langley@durham.ac.uk](mailto:paul.langley@durham.ac.uk)

### **Abstract**

Situated at the intersection of urban and economic geography, this paper develops and illustrates a three-step research agenda to further critical understanding of relations between crowdfunding and cities. First, we explore how crowdfunding is enrolled in shifting programmes of urban governance that valorize entrepreneurship in North America and Europe in particular. When invoked in urban governance, crowdfunding is increasingly the ‘go to’ method for mobilizing the cash, capital and collective enthusiasm necessary for social entrepreneurship and civic renewal in cities. Second, we offer a situated, qualitative case study account of crowdfunding in Berlin. In contrast with existing research, we show how a specific urban context contributes to shaping the distinctive crowdfunding ecologies that emerge in a city. Third, we interrogate the multiplicity and diversity of crowdfunding-city relations, identifying and analyzing three distinctive ecologies that have emerged to date in Berlin. While crowdfunding is indeed enabling social entrepreneurship in particular ways in the Berlin, it also contributes to capitalizing speculation in booming real-estate developments and facilitates the solidarity economies of community groups and charities.

**Keywords:** Crowdfunding; urban governance; social entrepreneurship; real-estate speculation; solidarity economies.

## **Crowdfunding cities: Social entrepreneurship, speculation and solidarity in Berlin**

### **I. Introduction**

Consolidating over the last decade or so, crowdfunding is now a well-established feature of the digital economic landscape. It is an economy in which funding and finance provided by large numbers of individuals ('the crowd') are aggregated and distributed by digital platform intermediaries. In the business school literature that dominates academic inquiry into crowdfunding (e.g. Belleflamme et al., 2014; Bruton et al., 2015; Mollick, 2014), 'geography' is primarily of interest because funding and financial flows from the crowd promise to overcome the long-standing tendency for early-stage investors and entrepreneurs to be co-located in cities and regions. Enabled by crowdfunding platforms, distributed connectivity between investors and entrepreneurs could 'eliminate most distance-related economic frictions' (Argawal et al., 2011: 1). Economic geographers are explicitly questioning these claims (Gallemore et al., 2019), but what primarily interests us in this paper is how crowdfunding is registering in different and largely separate ways in critical research underway in urban and economic geography.

Urban geographers are presently focusing on the role and consequences of crowdfunding in cities (Bieri, 2015; Tonkiss 2013). This includes, but is certainly not limited to, the emergence of so-called 'civic crowdfunding' that expressly mobilizes relatively small volumes of localized funding and financial flows for community and infrastructural projects (Brent and Lorah 2019; see Davies 2015). Indeed, taking terms from Jane Jacobs (1961), a key theme for urban

geography research is that although crowdfunding is a new form of 'gradual money' for cities, it is also enabling the flows of 'cataclysmic money' that incorporate built environments into financialized capitalism. With reference to crowdfunded projects taking place in disused sites in a number of European cities, for example, Tonkiss (2013) contrasts 'slow money and non-monetary investments' that 'produce gradual spatial, social and economic value and continued returns to actual users' with "'cataclysmic money" leveraged to produce rapid returns to investors (most of them very distant) and to build the physical and economic ruins of the crises to come' (p. 320). Bieri (2015) similarly draws on Jacobs to make a distinction between the crowdfunding of 'grassroots efforts' by entrepreneurs and local communities in cities, and crowdfunding as a new route by which finance capital is able to 'switch' from production into unproductive real-estate investment (see Harvey, 2001). With brief reference to New York, San Francisco and Chicago, Bieri highlights the rise of US crowdfunding platforms - such as FundRise, RealtyShares and CrowdStreet - that intermediate flows of investment into residential and commercial real-estate ventures.

Economic geographers, meanwhile, typically turn to the relational concept of 'ecologies' to also stress that the crowdfunding economy is far from singular, emphasizing how 'crowdfunding' is a 'conflation' which obscures a diverse space economy of proliferative arrangements of money and finance (Gray and Zhang, 2017: 581; see also Carolan, 2019; Gray and Zhang, 2017; Langley, 2016; Langley and Leyshon, 2017). These diverse ecologies include: donations crowdfunding that closely resembles charity and gift giving; rewards crowdfunding that has parallels with the making of consumer pre-payments or receiving future discounts; equity and fixed-income crowdfunding which largely mirror investment practices found in venture capital (VC) and real-estate and capital markets; and, P2P lending that intermediates

loans to business and household borrowers. The concept of ecologies also attunes economic geography research to the contingent combinations of economic knowledges, intermediary techniques, platform business models, affective energies and expert and popular subjectivities that make possible the more-or-less discrete networks of crowdfunding. In contrast with research in urban geography, this leads to a particular awareness of the analytical limitations of binary categorizations of diverse crowdfunding economies in terms of 'gradual/cataclysmic' and 'alternative/capitalist', not least because certain ecologies feature the enfolding and enactment of motives and meanings that are at once both social and economic (Carolan 2019; Langley and Leyshon 2017). Crowdfunding ecologies, then, each 'display different dynamics and geographies' (Gray and Zhang, 2017: 581), and these shape the impact of the crowdfunding economy on the deep-rooted socio-spatial inclusions/exclusions and inequalities of funding and finance in cities and regions.

Situated at the intersection of urban and economic geography, this paper aims to develop and illustrate a three-step research agenda to further critical understanding of relations between crowdfunding and cities. First, we will address how crowdfunding is enrolled in urban governance in North America and Europe in particular. In his instructive piece for urban geographers, David Bieri (2015) suggests that crowdfunding 'emerges as the continuation of a neoliberal narrative of local economic governance that fetishises private initiative' (p. 2430). And, in the post-global financial crisis period of austerity urbanism, urban governance is 'celebrating crowdfunding as a "fiscal fix" for the funding crisis of urban infrastructure' (p. 2434). Building on economic geography research that is attentive to the plurality of theories and concepts at work in the relational composition of diverse crowdfunding ecologies (Langley, 2016), our agenda foregrounds how ideas about social entrepreneurship and

innovation, evolutionary and complex systems and crowds all feature when crowdfunding is enlisted in urban governance. Under shifting programmes for urban governance, what is to be crowdfunded is the neoliberal entrepreneurship of the 'creative class' (Florida, 2005), but it is also increasingly social entrepreneurship and innovation that are understood to arise from dynamic interactions facilitated by dense ecosystems of people, knowledge and institutions in cities. When invoked in urban governance, crowdfunding is the 'go to' method for mobilizing the cash, capital and collective enthusiasm necessary for social entrepreneurship and civic renewal in cities.

Second, we will offer a situated, qualitative case study account of crowdfunding in a specific urban context, namely, Berlin. Existing urban geographical and sociological research typically selects examples from across different cities in North America and Europe in order to illustrate broader trends and tendencies in the crowdfunding economy (Bieri, 2015; Tonkiss, 2013). Meanwhile, informed by the concept of ecologies, economic geography research has an ambition to draw 'explicit attention to ways in which the comings together of relational topologies are uneven in their proximities and connectivity', such that 'distinctive ecologies emerge in different places' (Langley and Leyshon, 2017: 1021). To date, however, urban agglomerations and variegations of crowdfunding ecologies have been analyzed in largely macroeconomic and quantitative terms (Gray and Zhang, 2017) and our research agenda calls for comprehensive qualitative investigations at a city-level. We detail our case study fieldwork in Berlin below. Crowdfunding-city relations are comparatively extensive and 'thick' in Berlin, especially in and around the Friedrichshain-Kreuzberg district of the city. The city is the key centre of the German crowdfunding economy. Our case study reveals how the histories and

presents of Berlin variously contribute to producing and shaping crowdfunding ecologies in the city.

Third, we will develop and illustrate a research agenda that interrogates the multiplicity and diversity of crowdfunding-city relations in a specific urban context. We identify and analyze three distinctive relational ecologies that have emerged in Berlin to date. Each is a specific network ecology of crowdfunding that is intermediated by specialist platforms that are either located in Berlin, or focus upon it for core aspects of their business. Each is configured variously amidst Berlin's creative and digital start-up economies, unique built environment, and long history as a destination for immigrants and asylum seekers. Each also has very different consequences for the city. First, a rewards crowdfunding ecology is facilitating social entrepreneurship in Berlin. However, this does not reflect the enrolment of crowdfunding and social entrepreneurship into urban governance in Berlin, as it has received only sporadic support from the municipal government. The crowdfunding of social entrepreneurship in Berlin has emerged from the city's tech and creative sectors, and partly in response to the relative abundance (rather than lack) of mainstream finance for economic entrepreneurship in the city. Second, a fixed-income real-estate crowdfunding ecology is contributing to capitalizing speculation in booming housing developments in Berlin. While these kinds of crowdfunding-city relations are certainly present in other cities, they are especially pronounced and prominent in Berlin because of transformations underway in the city's residential housing stock. Third, donations crowdfunding is enabling the solidarity economies of community groups and charities in Berlin. This ecology confounds the localism that typically marks civic crowdfunding, and is animated by an outward-facing and solidaristic orientation that came to the fore as the population of the Berlin responded to a significant inflow of

refugees during 2015 and 2016. Taken together, Berlin's crowdfunding ecologies exceed the crowdfunding-city relations envisaged in urban governance. But they also cannot be categorized in the binary terms favored by urban geographers as 'gradual/cataclysmic' and 'alternative/capitalist', or understood as merely representative of the kinds of diverse crowdfunding ecologies that economic geographers have identified elsewhere.

The remainder of the paper will proceed in three further sections. In Section II, we unpack how relations between crowdfunding and cities are typically imagined in urban governance. In Section III, we turn our attention to Berlin, and draw out its multiple and distinctive crowdfunding-city relations. Section IV concludes by briefly reflecting on the implications of our three-step research agenda for wider debates in urban and economic geography, especially as they pertain to developments in neoliberal governance, the role of city-level case studies in research, and the politics of urban funding and finance.

## **II. Crowdfunding in urban governance**

The global crowdfunding economy has grown rapidly, such that total flows in 2016 were worth roughly €260 billion, over €220 billion of which were in Asia, around €30 billion in the Americas, and roughly €10 billion in Europe (Ziegler et al., 2018). What began as a method of marshalling fan communities to support musicians, artists and computer games developers has expanded into a much broader range of funding and financial relations (Leyshon et al., 2016). Crowdfunding relations have evolved to support projects initiated by actors and institutions that also include charities and community groups, start-up businesses, small- and medium-sized enterprises (SMEs), and real-estate investment companies. The peer-to-peer (P2P) lending variant of crowdfunding also intermediates loans to SMEs and consumers.

Institutional investors have joined the crowd in recent years, investing large volumes of capital through strategic partnerships with platforms.

Crowdfunding increasingly features in urban governance and the urban policy prescriptions of business school academic-practitioners, thought-leaders, think tanks, central governments, international organizations and consultancy firms. Understood as one of the main sectors of the 'FinTech' industry (see Langley and Leyshon, 2020), crowdfunding is figured in urban governance as part of a broader digital start-up economy that is to be promoted in its own right (McNeill, 2017). However, the prevailing imagination of crowdfunding in urban governance follows from 'febrile speculation about future prospects for this method of financing' (Bieri, 2015: 2431). As it is typically imagined in what Alexandra Lange (2012) terms 'Kickstarter Urbanism', crowdfunding is animated by its wider and oft-noted potential as an 'alternative' to mainstream funding and financing arrangements organized through dedicated public or private institutions, whether branches of government or banks, philanthropic foundations, venture capital firms or other financial market agencies. It is primarily in these terms that crowdfunding is invoked for cities by global development agencies and policy advocates (Benna and Benna, 2018; World Bank 2013), and especially in urban policymaking across North America and Europe, although, as we discuss below in relation to Berlin, the embrace of crowdfunding in urban governance is variegated and far from universal.

### ***Filling 'gaps' in funding and finance***

Invocations of crowdfunding can be understood as a continuation of neoliberal urban governance (Bieri, 2015), wherein crowdfunding appears capable of unlocking private cash and capital that will address two main shortfalls in funding and finance. The first shortfall is the so-called 'equity gap'. Accessing appropriate seed and equity funding from angel and VC



investors is widely acknowledged to be difficult for start-ups, especially when investors and entrepreneurs are not co-located in cities and regions (Martin et al. 2005). Working with 'the new role of crowdfunding as a twenty-first-century alternative to equity diluting venture capital' (Cohen, 2016: 87), urban governance turns to the rewards, equity and P2P business lending ecologies of crowdfunding. Pioneered by platforms such as Kickstarter, IndieGoGo, CrowdCube and FundingCircle, these are the crowdfunding ecologies held by economists to have 'emerged as a novel way for entrepreneurial ventures to secure funds' (Mollick, 2014: 2). Crowdfunding is configured in relation with cities because entrepreneurship - valorized in urban governance for well over three decades (Harvey, 1989) - is given renewed urgency in the face of stagnant economic growth and austerity in Europe in particular.

Experimental interventions by municipal authorities seek to encourage the crowdfunding of start-ups and early-career businesses. For example, the business support departments of municipalities have long included advice on funding and finance for entrepreneurs, but advice now often foregrounds 'best practice' guidance on how to conduct a crowdfunding campaign. Such advice largely assumes that the crowd and those seeking funding will be co-located in the same city. Partnerships between city governments and platforms also enable municipalities to matchfund crowdfunded start-ups and entrepreneurial projects. Many local administrations in Europe have channelled public money to 'top up' or 'bridge' finance raised through crowdfunding campaigns (ECN, 2018). This practice is particularly well-developed in cities in the UK, where at least 45 local authorities have a partnership with a crowdfunding platform (Baeck et al., 2017: 22). Certain early or innovative examples of matched crowdfunding partnerships circulate widely in policy prescriptions for urban governance (see ECN, 2018; LGiU, 2017). These include the partnerships of the London Boroughs of Camden

and Lambeth with FundingCircle to matchfund P2P loans to SMEs; and, in April 2014, £5 million worth of investment in digital, technology, and science sector start-ups by the Mayor of London's London Co-Investment Fund, in partnership with the equity crowdfunding platform, Crowdcube.

Crowdfunding is also mobilized in urban governance to address a second shortfall, and to provide for what Bieri (2015) calls a 'fiscal fix'. Notable in this respect are a set of the specialist platforms for 'civic crowdfunding' that provide a place-orientated variation within the donations, rewards and fixed-income ecologies of crowdfunding (Davies, 2015). Civic crowdfunding platforms include SpaceHive in the UK, and Citizinvestor, IOBY and Neighbor.ly in the USA. The donations platform SpaceHive describes itself, for example, as a 'dedicated crowdfunded platform for places'. Community projects seeking funding on SpaceHive are searchable by postcode. A number of city governments, foundations and charities in the UK partner with SpaceHive, distributing additional grants and/or matchfunding crowdfunded projects. Indeed, matchfund crowdfunding partnerships are more prevalent in civic crowdfunding than for the crowdfunding of start-ups and SMEs. For example, the initial foray of the Mayor of London's Office into the equity crowdfunding of tech start-ups has given way to the Crowdfund London partnership with SpaceHive, a matchfund competition for community-led projects that have included volunteer-run libraries, not-for-profit swimming pools and cinemas, urban gardens and youth centres. Aside from a limited number of cases - such as, for example, the solar energy park project of Swindon Borough Council in the UK - critics highlight that civic crowdfunding has yet to provide resources sufficient for sizeable urban infrastructure projects (Davis and Cartwright, 2019).

### ***Facilitating 'urbanpreneurship'***

Enrolled in urban governance, we would stress that crowdfunding is part of a subtle change in what entrepreneurship is taken to be and how it is conceived to take place in cities. The economic theories and notions that tend to undergird the newly found role of crowdfunding both run with and against the grain of neoliberal urban governance. Contrasting somewhat with the emphasis on the spatial concentration of talented bodies as a necessary precondition for creative cities (Florida, 2005), entrepreneurship is held to emerge from the density of urban ecosystems of people, knowledge and institutions. Entrepreneurship in cities is context-dependent to the extent that, for Cohen (2016), it is necessary to talk in terms of 'urbanpreneurs'.

This evolutionary economics perspective on urban economies is infused with complex adaptive systems theory (Cohen, 2016: 46-7), wherein entrepreneurship is understood to be the emergent outcome of precisely the kinds of complex and dynamic interactions between people and things that cities make possible (see Martin and Sunley, 2007). For example, it is no coincidence that spaces for co-working and collaboration which presently feature in governance programmes that work on the urban environment for entrepreneurship are referred to as 'incubators', 'accelerators' and 'labs' (see Levenda and Tretter, 2020). From this perspective, supporting these spaces is the production of nodal points where complex interactions can take place, maximizing the inherent entrepreneurial potentiality of cities by fostering 'collision density' (Cohen, 2016: 42). Similarly, whether or not a crowdfunding campaign succeeds in filling its own funding or finance gap is a reflection of its capacity to mobilize dynamic interactions amongst proximate backers and supporters, to capture the enthusiasm of its particular local urban crowd.

Social entrepreneurship and innovation are also highly valorized in contemporary urban governance, especially in Europe (Brandsden, et al, 2016). The European Commission, for example, has positioned social entrepreneurship and innovation as central to creating and realising new opportunities in the city for tackling long-standing social and ecological problems amidst disinvestment in public and community services. Note that ‘the social’ that is the objective of entrepreneurship is not a participatory associational and organizational form of collective action (Moulaert et al., 2013), but a domain of collective urban problems to be incrementally acted on in a creative and innovative manner. Crowdfunding appears to be particularly pertinent here, not least because the equity gap is widely recognized to be especially acute for social entrepreneurs and innovative social economy enterprises, and these difficulties are compounded by austerity urbanism (Sunley and Pinch, 2012).

To access sources of private finance to ‘scale up’ solutions to social problems, social economy organizations that typically rely upon public service contracts and grant funding are increasingly required to become more entrepreneurial, economically sustainable and investable. A dedicated financial sector labelled ‘social finance’ has emerged that invests in social economy organizations and social policy initiatives (Langley, 2018). And, although social finance is much broader and deeper, urban governance identifies crowdfunding as a crucial component of what the business school scholars Moore, Westley and Nicholls (2012) term ‘the social finance and social innovation nexus’. This is partly a reflection of the way in which crowdfunding appears able to make capital available to individuals and institutions that would otherwise be excluded by mainstream institutions. But crowdfunding is also hailed in relation to social entrepreneurship in cities because the investment decisions of ‘the crowd’ are regarded as somewhat different to those of mainstream investors, featuring motivations and

desires to secure more-than-financial returns of one kind or another (Lehner, 2015). For example, common to the host of 'how to' guides that are produced by the business support departments of municipalities is the suggestion that a successful crowdfunding campaign is likely to feature an appeal to the wider social or environmental purpose of the enterprise or project in question.

Indeed, as it is positioned by urban governance as a new source of cash, capital and collective enthusiasm for facilitating the entrepreneurial renewal of cities, crowdfunding is not solely about funding; it is also about 'the crowd'. For well over a century, the collective figure of the crowd was rendered as a danger to the rational and civil order of modern cities. Accordingly, fear of the irrational propensities and violence of crowds shaped urban spatial planning, including in colonial contexts such as India (Legg 2007). In contrast, consider the following statement from the European Crowdfunding Network (ECN, 2018: 12):

... crowdfunding - as per its own open, inclusive and participatory nature - stands out as a reliable ally for public authorities, significantly increasing the opportunities for wider participation, stimulating citizens' ownership and sense of belonging to a community, and offering concrete validation of the need for specific local actions as they are perceived by citizens.

Similarly, for Future Cities Catapult (2018: 2) in the UK, crowdfunding is 'a tool to adopt and foster innovation and change' that 'has the potential to revolutionise local democracy'. As they continue, 'To consider crowdfunding as simply another fund-raising tool is to ignore its huge potential for citizen participation and practical democracy' (p. 3). What Börch and Knudsen (2013) would have us call 'postmodern crowds' – especially as they consist of online

groups that materialize when a sufficient number of people share the same feeling at the same time - are thus imagined in urban governance as a productive force for cities. The relations between crowdfunding and cities are thereby configured amidst a wider envisioning of what the NewCities (2019) organization call 'crowd urbanism'. Via platforms, apps and algorithms, crowd urbanism seeks meaningful popular engagement in urban design and real-estate development, for example. Similarly, unlocking cash and capital for social entrepreneurship and civic renewal in cities is to put to work the so-called 'wisdom' of the urban crowd (Surowiecki, 2004).

By way of example, consider again partnerships between city governments and civic crowdfunding platforms. Partnerships are, in effect, attempts by fiscally constrained municipalities to build upon processes of 'makeshift urbanism' and lever flows of private funding and finance for public and civic goods (Tonkiss, 2013). But partnerships between city governments and civic crowdfunding platforms also appear to be a way of establishing public spending priorities, not least because innovative solutions to social problems proposed by the crowd are subjected to a 'proof of concept' test. This incorporation of crowd wisdom into urban policymaking has stimulated popular debate (e.g. Minton, 2017; Sullivan, 2016). Critics highlight the exclusions and inequalities of civic crowdfunding: in effect, only those with the social capital necessary for harnessing private cash, capital and collective enthusiasm during crowdfunding campaigns can direct the priorities of public spending. Projects for unfashionable and stigmatized social services - for people suffering homelessness, addiction and mental health problems, for example - also rarely feature on civic crowdfunding platforms, let alone becoming the focus for the money and munificence of the crowd.

### III. Crowdfunding-city relations in Berlin

In the global crowdfunding economy, three countries – China, the US and the UK – each dominate their respective regions. The German crowdfunding economy is thus relatively small in comparative terms. According to the most authoritative European survey (Zeigler et al., 2018), the €322 million worth of flows that comprised the German crowdfunding economy in 2016 placed it third in Europe, a close second to France and trailing well behind the UK. Moreover, P2P consumer lending in Germany in 2016 was worth €182m, accounting for more than 55% of total crowdfunding flows (p. 63). The remaining flows were thus particularly small in comparative terms, and were split between €47m worth of equity crowdfunding, €32m rewards crowdfunding, €23m P2P business lending, €15m donations crowdfunding, and €13m real-estate crowdfunding.

While comprehensive city-level data is not available for Germany or Europe, crowdfunding-city relations are widely known to be relatively extensive and ‘thick’ in Berlin. Berlin features very strongly as the location for projects and enterprises that, increasing in number over the last five-to-ten years, have staged funding campaigns on crowdfunding platforms in Germany. This is the case across platforms operating in the donations, rewards, equity and fixed-income real-estate ecologies of crowdfunding. For example, according to an industry data company, Berlin was the location for one-quarter of all crowdfunding projects in Germany between January and December 2018.<sup>1</sup> Our case study fieldwork in Berlin was undertaken over several short research trips during 2016 and 2017. It comprised participant observation of a finance

---

<sup>1</sup> [https://www.thecrowdfundingcenter.com/data/places?location=DE&location\\_state=&location\\_city=Berlin](https://www.thecrowdfundingcenter.com/data/places?location=DE&location_state=&location_city=Berlin)

workshop for social entrepreneurs, and 21 confidential face-to-face semi-structured interviews with representatives from crowdfunding platforms and other relevant financial institutions, urban policymakers, networks facilitating socially-oriented businesses, and a range of actors seeking funding and finance from across a variety of socio-economic sectors, including activists, artists, startups and community groups (see Table 1).

**Table 1: Summary of Interview Fieldwork**

<b><u>Participant Type</u></b>	<b><u>Participant Organizations</u></b>
Crowdfunding (platforms, consultants, associations)	BetterPlace; Companisto; Crowdfunding Berlin; Crowdinvest.de; Deutscher Crowdsourcing Verband; Ikosom; StartNext
Public and private finance (institutions, associations)	Berlin Sparkasse; Senate Department for Economics, Energy and Business; German Savings Banks Association (DSGV)
Social entrepreneurship (networks, nodes)	BetterPlace Lab; On Purpose; Social Impact Lab; TBD
Socio-economic organizations	Campus Cosmopolis; Exil Ensembl; Moabit Hilft; Prinzessinnengarten; Regenbogenfabrik; Restlos Glücklich; ZUsammenKUNFT (ZK/U)

Berlin’s crowdfunding economy is distinctive and context-specific. Crucial in this respect is that several of the major German crowdfunding platforms are based there, such as the leading equity platform, Companisto, and the leading donations platform, BetterPlace. Other leading platforms that were originally founded elsewhere in Germany are now headquartered



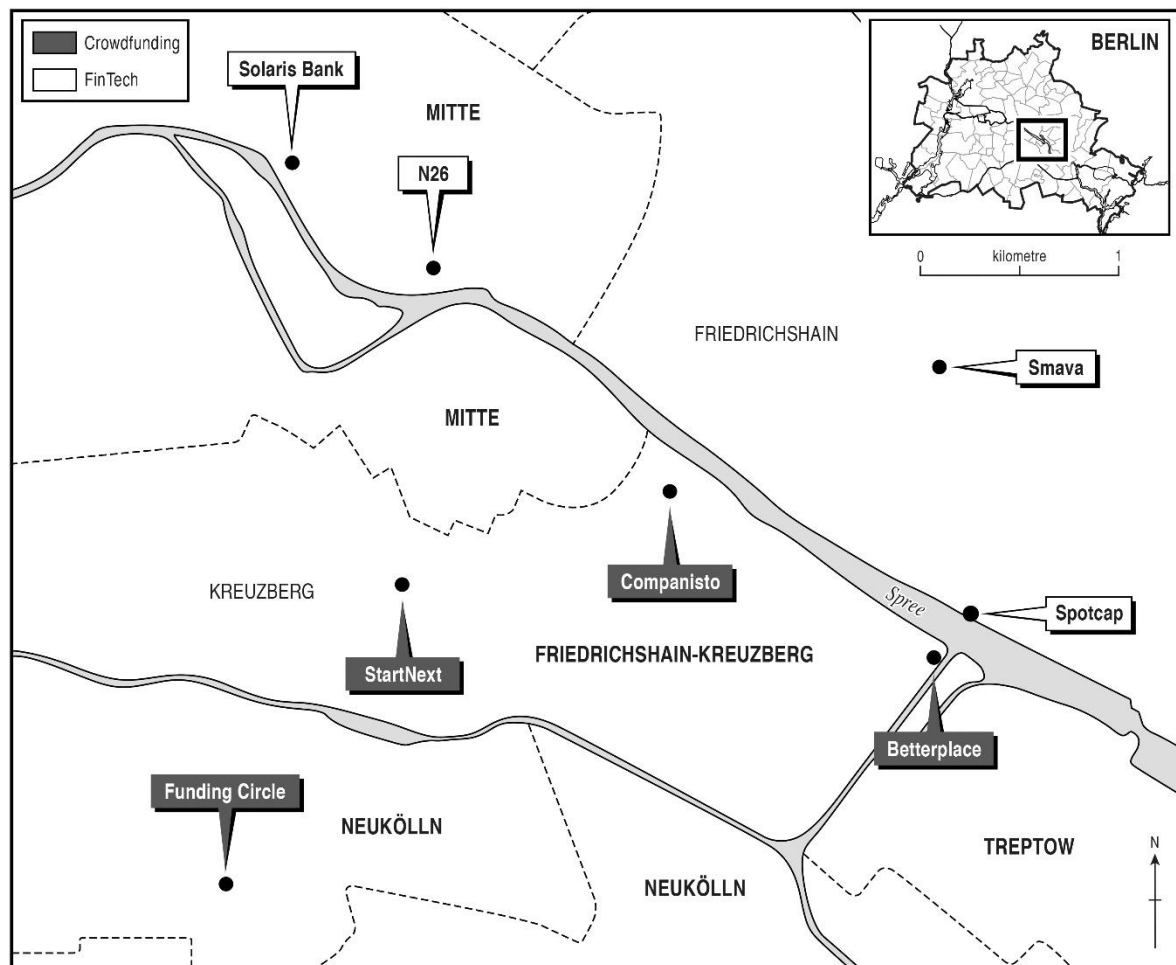
in Berlin, such as the rewards platform, StartNext. Internationally operating crowdfunding platforms such as Funding Circle base their German operations in Berlin. The main German crowdfunding industry association (Deutscher Crowdsourcing Verband), leading specialist data provider (Crowdinvest.de) and a community of freelance crowdfunding consultants are also based in Berlin. The city hosted the ECN annual conference in June 2019. In addition to its crowdfunding platforms, Berlin is home to a number of leading German and European FinTech businesses, such as N26 (digital bank), Smava (loan comparison website), Spotcap (SME lender), and SolarisBank (business-to-business banking platform provider). Some crowdfunding platforms located elsewhere in Germany also have close working relations with Berlin's FinTech economy. For example, Dusseldorf-based Auxmoney has a partnership with N26. A recent survey of global FinTech hubs ranks Berlin 22<sup>nd</sup> overall (Academy of Internet Finance et al. 2018), the fourth such hub in Europe (after London, Paris and Stockholm) in a listing otherwise dominated by Asian and North American cities.

Key to constituting Berlin's extensive and distinctive crowdfunding-city relations is also the city's creative and digital start-up economy. Berlin regularly features near the top of various attempts to rank cities for start-up formation and entrepreneurship, especially in the creative and digital industries. Annually since 2008, between 35,000 and 40,000 start-ups have been founded in Berlin. High-profile digital economy start-ups in the city include Soundcloud, 6Wunderkinder, ResearchGate, and Delivery Hero. Large global companies also have important technology research outposts in Berlin, including Microsoft and Google. Berlin also boasts numerous co-working spaces (e.g. Betahaus, Ahoy Berlin, Cluboffice) and accelerators (e.g. Axel Springer, Berlin Startup Academy, M Cube Incubator, Seedcamp) for entrepreneurs

working in the creative and tech sectors. Start-up entrepreneurship is well supported by universities in the city, and is aided by through-flow of migrants (Baron and Harima, 2019).

There is, moreover, a specific locational geography to the crowdfunding-city relations found in Berlin, and this highlights how these relations are constituted, more broadly, through a particular coming together of the economy, built environment and population of the city (see Map 1). The offices of crowdfunding and FinTech platforms are located to the south of Alexandplatz and to the north of Tempelhof airport, either side of the Spree and mainly but not exclusively in the Friedrichshain-Kreuzberg district. Following the construction of the Berlin Wall, the former working class district of Kreuzberg became the edge of West Berlin, hemmed in on three sides. This served to transform the area, as many relatively wealthy residents moved elsewhere in the city, and an influx of Turkish 'guest workers' and radicals and students established Kreuzberg as the sub-cultural centre of West Berlin. After the Wall came down in 1989 and the sub-cultural scene began to gravitate to certain former parts of East Berlin, it was the creative and especially media industries that were crucial to the economic regeneration of Kreuzberg from the turn of the millennium (Heebels and Van aalst, 2010). Initial impetus was generated by MTV and Universal Records who each received considerable incentives from the Berlin Senate to relocate their headquarters to the riverfront of what has subsequently become known as the Mediaspree district.

Map 1: Crowdfunding and FinTech Platforms, Friedrichshain-Kreuzberg



The extensive crowdfunding-city relations found in and around Friedrichshain-Kreuzberg have thus been enabled by knowledge and technology spill-overs from media and digital industries that have taken place over two decades. But they are also a manifestation of Berlin's longer-standing radical culture of creativity and experimentation, and an openness to makeshift and alternative ways of doing things (Vasudevan, 2015). This extends to the city's urban fabric - historically low rents and housing prices, and the 'over-supply' of buildings, offices and warehouses (Colomb, 2017). The production of 'voids' in Berlin's built environment (Huysen, 1997) - through a combination of war, division, demographic shrinkage and lack of post-wall economic boom - means that, until recent years at least, it has been relatively easy to find

space in which to grow or implement innovative ideas, work or approaches (Holm and Kuhn, 2011).

### ***Rewards crowdfunding and social entrepreneurship***

Rewards crowdfunding plays an important role in filling a gap in the provision of seed corn finance for start-up social entrepreneurs in Berlin, and in Friedrichshain-Kreuzberg in particular. The emergence of this crowdfunding ecology has not been the consequence of its explicit promotion in the policy programmes of the city's municipal government. As a representative of one of Berlin's leading platforms put it to us, 'there is no strategic view of the Government to support crowdfunding in a specific way'.<sup>2</sup> The relative absence of crowdfunding in agendas for urban governance in Berlin would seem to be a consequence of two main factors. First, crowdfunding appears to be largely unnecessary in the context of Berlin's well-established public and private arrangements for financing start-up businesses and SMEs. The Berlin Senate - and especially the Senate Department for Economics, Energy and Business - is active in promoting the city's start-up economy, including making available grants and loans that amount to tens-of-millions of euros each year. Consider, moreover, the service for digital start-ups provided by the Berlin Sparkasse: it is the only branch of Germany's unique publically-owned and regionally-organized Sparkasse banks that provides such a service, despite loans to SMEs being the core business of Sparkasse nationwide.<sup>3</sup> Start-ups in Berlin are also relatively well-served by the city's VC cluster (Martin et al. 2005). Indeed, the last decade has witnessed significant growth in VC across Europe and Germany, and Berlin

---

<sup>2</sup> Confidential interview, representative of StartNext, Berlin, November 10<sup>th</sup> 2016.

<sup>3</sup> Confidential interview, three representatives of Berlin Sparkasse, Berlin, July 11<sup>th</sup>, 2017.

has been to the fore. More than two-thirds of Germany's top 100 start-ups (by capital raised) in 2017 were based in Berlin (Ernst & Young, 2018).

Second, notions of 'social entrepreneurship' and 'social innovation' sit somewhat uncomfortably with the imagined boundaries that, separating the domains of economy and civil society under the German social market economy model, hold sway in Berlin's municipal government and mainstream financial institutions. The social economy in Germany continues to be dominated by well-established, publicly-funded organizations, and transition to an entrepreneurial 'social impact' and outcome-based funding model has gained little traction. Some of the foundations of major German corporations are moving into social finance, but this is not universally the case.<sup>4</sup> Related, the agencies of the Berlin Senate do not pursue matchfund crowdfunding in part because community projects and cultural industries are understood to reside within the domain of civil society. The Senate for Culture, for instance, is permitted by statute to only fund artistic projects within 'the free scene in Berlin', and not those operating on a commercial basis.<sup>5</sup>

Rewards crowdfunding for social entrepreneurship in Berlin has emerged, then, from the city's tech and creative economies. It is typically intermediated by StartNext, the leading platform for this crowdfunding ecology in Germany. Formed in Dresden in 2010, StartNext now operates solely from its Kreuzberg offices which are housed in a nineteenth-century Altbau, replete with cobbled court yard, an un-plastered brickwork interior, and a meeting room furnished with a table tennis table. The platform's move to Berlin was felt to be critical

---

<sup>4</sup> Confidential interview, representative of On Purpose, Berlin, November 10<sup>th</sup> 2016.

<sup>5</sup> Confidential interview, two representatives of Crowdfunding Berlin, Berlin, November 10<sup>th</sup> 2016.

to the success of their business model, not least because it means that they are co-located with many of the Berlin-based ‘starters’, ‘creatives’, ‘inventors’, ‘makers’ and ‘social entrepreneurs’ who stage their crowdfunding campaigns on StartNext.<sup>6</sup> In effect, StartNext intermediates the funding of social enterprise projects that reflect the culture and aesthetic of its Kreuzberg location. For example, since moving to Berlin, StartNext has registered as a Benefit Corporation (B Corporation), a global standard set by the not-for-profit company, B Lab. Unusually, the intermediation fees that StartNext earns are not a set percentage of the funds raised by each project. Instead, fees for intermediation are voluntary, and decided upon by those who have their project successfully funded. Such features of StartNext’s social enterprise business model mark it out from its global competitors in rewards crowdfunding in Germany, such as KickStarter. At StartNext, entrepreneurship and innovation are about the processes (e.g. application of a new technology) through which a social problem might be impacted by a project in novel ways. Related, the platform operates the classic ‘all or nothing’ model of crowdfunding – i.e. only those projects that reach their targeted amount actually receive the funding pledges made by the crowd. A successful crowdfunding campaign is held to provide for the kind of ‘proof of concept’ that a social enterprise project needs, especially if it is to subsequently access venture capital and/or bank loans for ‘up-scaling innovation’.<sup>7</sup>

Consistent with its social enterprise business model and Kreuzberg location, StartNext has a ‘huge network strategy’ that features partnerships with public, private and philanthropic institutions.<sup>8</sup> These include, for example, a partnership with Social Impact Finance to assist

---

<sup>6</sup> Confidential interview, representative of StartNext, Berlin, November 10<sup>th</sup> 2016.

<sup>7</sup> Confidential interview, representative of StartNext, Berlin, November 10<sup>th</sup> 2016.

<sup>8</sup> Confidential interview, representative of StartNext, Berlin, November 10<sup>th</sup> 2016.

social entrepreneurs in the preparation and implementation of a crowdfunding campaign. Under the partnership, face-to-face guidance is provided at the Social Impact Lab, a space sponsored by Deutsche Bank Foundation that is a short walk from StartNext's offices. StartNext has been unable to develop the kind of strategic level, matchfund partnership with the municipality of Berlin that it has established with several city governments from across Germany, most notably the City of Hamburg. Instead, it has partnered with particular institutions of the Berlin state machinery on specific initiatives.

One such initiative is Crowdfunding Berlin, a website and face-to-face advisory service which is operated by Kulturprojekte Berlin GmbH, part of the Kreativ Kultur Berlin initiative that is backed by the European Regional Development Fund. The public and private sector partners of Crowdfunding Berlin also include the Berlin Senate Department for Economics, via Projekt Zukunft which, since 1997, has been supporting creative and (latterly) digital economy start-ups in the city. Crowdfunding Berlin describes itself as a 'knowledge transfer' organization with a website that acts as 'a sort of visibility portal', a 'real-time listing' of the 'creative' and 'cultural' projects in Berlin that are appearing elsewhere on equity and especially rewards platforms.<sup>9</sup> Moreover, the 'users-with-projects' that Crowdfunding Berlin works with are not established SMEs or economic entrepreneurs, but 'Individuals [that] always have kind of a bigger, higher purpose so to speak' and a 'social and sustainability, ecological focus'.<sup>10</sup> A typical project is likely to be located in one of the four districts of Berlin that are most significant for creative and cultural industries - Friedrichshain-Kreuzberg, Mitte, Neukölln and Prenzlauer Berg. On average, projects are attempting to secure around €8,000 of rewards

---

<sup>9</sup> Confidential interview, two representatives of Crowdfunding Berlin, Berlin, November 10<sup>th</sup> 2016.

<sup>10</sup> Confidential interview, two representatives of Crowdfunding Berlin, Berlin, November 10<sup>th</sup> 2016.

crowdfunding, and tend to be staging campaigns on platforms such as Kickstarter, Indiegogo, VisionBakery and StartNext.

### ***Real-estate crowdfunding and urban speculation***

Real-estate crowdfunding has developed rapidly in Germany since 2015, and Berlin is very much at the heart of an ecology of fixed-interest investment in housing developments. The annual report by the leading specialist data service company for the German crowdfunding economy finds that flows of real-estate crowdfunding in 2018 amounted to €210.7 million of investment in a total of 145 projects, an annual increase of 63.2% that came on top of a 217% increase in 2017 (Crowdinvest.de, 2019). The aforementioned Europe-wide survey of crowdfunding identified only €13 million worth of investment flows in this crowdfunding ecology in Germany in 2016 (Zeigler et al., 2018). Albeit from a low base, real-estate crowdfunding has exploded in Germany in the space of four-to-five years. While similar trends have also taken hold in the US and UK (Bieri, 2015; Langley, 2016), they are more recent in Germany and especially pronounced in Berlin.

Rapid growth has in part resulted from the exemption of real-estate crowdfunding from the Prospectus Requirements of the German Small Investor Protection Act of 2015, the sovereign regulation that is key to the relatively tight restrictions applied to equity crowdfunding in Germany (Grundy and Ohmer, 2016). The exemption prompted one of Germany's leading equity crowdfunding platforms to transform its business model to focus on real-estate investment, and gave real-estate platforms a competitive edge over their equity counterparts in appealing to the risk-hungry appetite of a relatively wealthy crowd of investors. Thus, the



form taken by the financial instrument – i.e. the fixed-income subordinated loan – that prevails in real-estate crowdfunding in Germany has relatively high-risk characteristics. The investment claims of the crowd on the subordinated loans for a real-estate project are secondary to the claims of all other creditors and investors in the project. As this suggests, moreover, the investment of the crowd is typically not providing for all of the finance that is capitalizing the real-estate projects in question, but actually tends to provide a supplementary slither of high-risk investment in the kind of ‘blended finance’ arrangements which are widely employed in the techniques of project finance. 2018 also witnessed other financial instruments (e.g. receivables securitized against future rental income streams) that are common to blended finance structures becoming significant in Germany’s real-estate crowdfunding ecology for the first time.

Exporo is the key intermediary platform for real-estate crowdfunding in Germany. The Hamburg-based platform enjoyed a 50% growth in its intermediary business in 2018, and accounted for very close to 60% of flows by volume within this crowdfunding ecology. 69 real-estate projects listed on Exporo in 2018 successfully attracted the investment backing of the crowd, raising an average of €1.82 million each (Crowdinvest.de, 2019). Although there is clearly a significant amount of institutional money (e.g. VC, private equity) behind these investments, individuals with €500 euros to invest can be part of the Exporo crowd. The other leading platforms in the real-estate crowdfunding ecology in Germany (i.e. Zinsland, Engel & Völkers Capital, Zinsbaustein Bergfürst, and, iFunded) each accounted for 5-10% of the aggregate volume of financial flows in 2018, and several of them are Berlin-based.

More significantly, Berlin features strongly as the location for the real-estate projects listed across all platforms in Germany. This is especially the case for housing projects, ensuring that real-estate crowdfunding has contributed to capitalizing speculation in Berlin's booming property market. As a market analysis report offered by Exporo has it, Berlin sits atop another set of rankings for European cities, this time as the city where 'the best income and development opportunities' can be found.<sup>11</sup> The report cites a host of quantitative evidence in support of claims that, over the coming years, 15-20,000 new apartments will need to be constructed annually in Berlin to house the projected growth of the city's population, historically low rents will continue to increase, and further purchase price rises are expected for apartments in the most desirable locations. But a would-be real-estate crowdfunding investor in Berlin is unlikely to have first discovered the news of increasing housing rents and purchase prices from Exporo's 'visually articulate advertising campaigns' (Bieri, 2015: 2434). Popular media coverage in Germany and across Europe has detailed how the world's fastest property price rises were recorded by Berlin during 2017 (e.g. Collinson, 2018). Price rises of over 20% in 2017 came on top of an annualized increase of 10% (from a relatively low base) between 2004 and 2016, and in the wake of housing privatization that began in the late 1990s.

By way of further illustration, consider iFunded, a crowdfunding platform that was initially founded in 2015 solely for residential real-estate development projects in Berlin. The first project that it offered up to the crowd was an apartment development called 'Central Berlin'.<sup>12</sup> Offering annual rates of return of 5% to those willing to invest between €250 and

---

<sup>11</sup> <https://exporo.de/standortanalyse/berlin>

<sup>12</sup> <https://www.centralberlin.de/blog/crowdfunding-investment-strausberger-platz/>

€10,000, the Central Berlin project was located in a landmark building on Strausberger Platz in the former East of the city, one of the famous 'gingerbread houses' that also run along Karl-Marx-Allee from the city centre to Friedrichshain. Increases in property prices and rents in this part of the city have been particularly sharp. They have also provided a focus for considerable contestation during 2018 and 2019. This has included the activism of a local housing group called Expropriate Deutsche Wohnen & Co, named after the city's largest private landlord which has a portfolio of over 10,000 rental apartments (Oltermann, 2019a). It is Karl-Marx Allee, moreover, that is the location of a recent initiative by the municipal government that, under pressure from activists, commits it to take back 670 previously privatized apartments into public ownership (Oltermann, 2019b).

### ***Donations crowdfunding and urban solidarities***

Present in Berlin is a further set of city-crowdfunding relations, forged through the donations ecology of crowdfunding. The oldest and most significant platform in donations crowdfunding in Germany is Berlin-based BetterPlace. The BetterPlace platform is a not-for-profit corporation housed on one floor of an old nineteenth-century factory building in the Mediaspree quarter in Kreuzberg. White-washed offices and partitioned meeting spaces circle around a communal kitchen area which is also shared with a largely separate spin-off research department (BetterPlace Lab) that specializes in the analysis of digital trends in the social economy. As its name suggests, BetterPlace would seem comparable to SpaceHive, the donations civic crowdfunding platform that has increasingly come to the fore in the UK. Similar to SpaceHive, for example, those wanting to pledge support can search the projects listed on BetterPlace according to the city in which they are located. However, BetterPlace is

not a civic crowdfunding platform comparable to SpaceHive. Corresponding to the imagined boundaries that separate economy and civil society under the German social market economy model, there is presently no dedicated civic crowdfunding platform in the country. The municipal government of Berlin has also not turned to crowdfunding to alleviate fiscal problems and promote civic renewal.

BetterPlace has a distinctive and evolving intermediary business model that has shaped donations crowdfunding in Germany and, in particular, the emergence of this ecology of crowdfunding and the city of Berlin. For example, evoking radical critiques of the money economy, those wishing to support certain projects in their local area that are listed on BetterPlace can choose to pledge time instead of money. When the platform launched in 2007, moreover, it focused initially on aggregating funding for small-scale development projects in the global South, drawing some parallels with the pioneering US microcredit crowdfunding platform, Kiva. While BetterPlace retains this original global reach and political ambition – it continues to list projects from across the globe and the strapline on the English language version of its landing page at the time of writing is ‘Change the world with your donation’ – the platform has become more national and local in orientation over time. For example, BetterPlace works in partnership with one of Germany’s largest grant-funding organizations, the Sparkassen foundations, launching thirteen separate regional funding platforms across Germany that feature matchfund arrangements and competitions.<sup>13</sup>

---

<sup>13</sup> Confidential interview, representative A of BetterPlace, Berlin, November 11<sup>th</sup> 2016.

A regulatory change that came into effect in November 2016 produced a further change in the BetterPlace business model, and in the donations ecology that it intermediates. As a result of this change, only organizations that are registered as having charitable status with the German taxation and revenue authorities are able to list projects and call for donations on BetterPlace.<sup>14</sup> In effect, the imagined boundaries between economy and civil society of the German social market model are now explicitly inscribed into this crowdfunding ecology. Regardless of their for-profit or not-for-profit intentions, the kinds of community-led and social entrepreneurial projects that could have previously been listed on BetterPlace are no longer permitted to do so. As a result, and as a member of the BetterPlace team put it to us, 'I don't think we are the platform for social innovators basically'.<sup>15</sup>

In the eighteen-months or so prior to this regulatory change, BetterPlace had been very important to the response of Berliners to the large influx of refugees into their city from Syria, Iraq and other war-torn countries (see Katz et al., 2016). Several hundred small-scale, community-based projects sprung up on BetterPlace, many of which sought to provide refugees in Berlin with basic needs of food, shelter, clothing and assistance. In December 2015, BetterPlace launched a separate portal called 'Together for Refugees' for these and the other relevant charitable projects that it hosts. Between 2015 and May 2019, €8.9 million was donated to 637 projects hosted by BetterPlace and listed in its Together for Refugees portal. Many similar projects primarily located in Berlin were also hosted during 2015 and 2016 by other platforms such as StartNext, Visionbakery and IndieGoGo, especially social entrepreneurship projects related to education, employment, the arts and creative industries

---

<sup>14</sup> Confidential interview, representative B of BetterPlace, Berlin, July 17<sup>th</sup> 2016.

<sup>15</sup> Confidential interview, representative A of BetterPlace, Berlin, November 11<sup>th</sup> 2016.

in the city. StartNext, for example, created a portal called 'Refugees Welcome' for such projects. Projects included the highly-successful €500,000 campaign of Berlin-based Kiron University – an online University for refugees - which has subsequently 'scaled up' through equity and philanthropic investments.<sup>16</sup> Indeed, across Germany's crowdfunding platforms, more than 100 projects launched in 2015 and 2016 sought to variously address the social problems of refugees through digital technologies, such as apps for language learning, information and orientation and also various networking platforms at local, regional and national scales. Over 50 of these digital or so-called 'civic tech' projects for refugees were based in Berlin (Mason et al., 2017).

As illustrated by the evolution of BetterPlace and role of the crowdfunding economy in the city's response to the arrival of refugees in 2015-16, the donations ecology of crowdfunding does not simply mobilize cash and collective enthusiasm for local, community- and place-based projects in Berlin. Crowdfunding certainly does enable these kinds of civic entrepreneurship projects in the city and elsewhere in Germany. However, reflecting the long history of Berlin as a city that is open to immigrants, crowdfunding-city relations are infused with activism and solidarity for others from elsewhere as much as it they are permeated by a desire for local civic renewal. As Cohen (2016: 46) has it, civic crowdfunding facilitates the projects of 'civic entrepreneurs who prefer to look for problems in their neighborhoods and cities and to find entrepreneurial solutions for improving local quality of life'. In Berlin, in contrast, donations crowdfunding has long been more outward-facing and solidaristic, an

---

<sup>16</sup> See <https://kiron.ngo/>

orientation that came to the fore as the population of the city responded to the arrival of refugees during 2015-16.

## **V. Conclusions**

Human geography research is beginning to provide for a critical account of crowdfunding that goes beyond narrow questions about the co-location of entrepreneurs and their backers. Situated at the intersection of the fields of urban and economic geography that are to the fore in the literature, this paper has sought to develop and illustrate a three-step research agenda to further critical understanding of relations between crowdfunding and cities. Our contribution has thus been to propose and demonstrate the analytical benefits of research that interrogates how crowdfunding is enrolled in urban governance, develops qualitative case study accounts of crowdfunding-city relations, and identifies and analyzes the distinctive sets of ecologies found in specific urban contexts that have emerged in Berlin to date. Each step within our research agenda also connects with wider debates in human geography and, by way of conclusion, it is these connections that we want to reflect upon.

The first step of our proposed research agenda for understanding crowdfunding-city relations centres on how crowdfunding is invoked in urban governance in North America and Europe in particular. Here we have suggested that crowdfunding is enrolled in a subtle change in what entrepreneurship is taken to be and how it is conceived to take place in cities. There is certainly a sense in which, as Bieri (2015: 2429) puts it, relations between crowdfunding and cities 'represent the next phase of entrepreneurialism in the financial transformation of urban

governance'. For us, however, this 'next phase' is not simply witnessing the continued valorization of entrepreneurship that has characterized neoliberal urban governance across several decades. Ostensibly facilitated by crowdfunding and understood in the terms of evolutionary economics, complex adaptive systems, and revised theories of entrepreneurship, crowds and so on, the emergent propensities and densities of social and civic entrepreneurship are now present in urban governance. Human geographers have been attentive to the dynamic mutations and variegated character of neoliberal regimes and practices (Brenner, Peck and Theodore, 2010) – including how neoliberalism mobilizes the social economy (Amin, 2009). But this aspect of contemporary governance has yet to significantly register in geographical research agendas which, understandably, tend to concentrate on neoliberalism's authoritarian and populist turn (Peck and Theodore, 2019). Informality, improvisation and survival struggles are certainly the majority experience of so-called 'urban entrepreneurialism 2.0' (Rossi and Wang 2020), but neoliberal urban imaginaries work with and against these latest realities of global platform capitalism. New forms of economic knowledge are figuring how apparently entrepreneurial, creative and socially innovative political economies are understood (Levenda and Tretter, 2020), something that is especially apparent as neoliberal urban governance seeks to configure relations between crowdfunding and cities.

We have illustrated the second step of our research agenda – a call city-level qualitative case studies that provided for situated accounts of relations between crowdfunding and cities - by offering an account of Berlin's crowdfunding economy. In this respect, our research agenda contrasts with the tendency for existing research into crowdfunding in urban geography to point to selected and illustrative examples from across different cities, and for economic



geography to provide for accounts of the development of national crowdfunding economies. By implication, we would certainly underscore recently renewed calls for the reciprocal and mutually constitutive relations between cities and economies to be explicitly incorporated into economic geography inquiry (Barnes and Christophers, 2018). But this also raises important questions about the role of city-level case studies in research, questions that have occupied urban geographers for some time.

Here we find it useful to recall Brenner's (2003) distinction between stereotypical, prototypical and archetypal cities. We have certainly not claimed that Berlin is stereotypical of the particular economic-urban relations that we are interested in; that is, Berlin is not in some way representative of the crowdfunding of cities. Neither have we claimed that Berlin is a prototypical city, the first and perhaps leading example of the kinds of relations between crowdfunding and cities that will subsequently develop elsewhere. Rather, we have cast Berlin as an archetypal city, a place where crowdfunding-city relations are unique precisely because the histories and presents of Berlin contribute to shaping the crowdfunding ecologies that are present there. Berlin is productive of, and indeed places limits on, the crowdfunding-city relations that have emerged in the city. We recognise that this approach to city-level case studies in economic and human geography is not without drawbacks. As Brenner suggests, for example, it may have led us to downplay the similarities between Berlin and other cities, deterring us from making strong and generalized claims about the development of relations between crowdfunding and cities in Europe and North America. Nonetheless, for us, emphasizing the grounded specificities of economic-urban relations provides an important critical bulwark against the placeless and idealized prescriptions for the political economies of cities that are offered by neoliberal urban governance.

The third and final step of our research agenda entails a commitment to interrogate the multiplicity and diversity of crowdfunding-city relations in a specific urban context. Consistent with existing research in urban and economic geography, our analysis of Berlin has thus shown that crowdfunding ecologies certainly do not only fill funding gaps or facilitate urbanpreneurship in the ways that are envisaged in urban governance. What we have also shown, however, is that Berlin's distinctive crowdfunding ecologies are not easily categorized in critical terms, either in the binary terms of 'gradual/cataclysmic' previously deployed by urban geographers, or as simply illustrative of the diverse typology of crowdfunding ecologies that economic geographers have begun to pinpoint elsewhere. Moreover, critically contrasting the promises and realities of the crowdfunding of cities as 'alternative/capitalist' can inform a relatively comforting position on the politics of urban funding and finance. The efficacy of private crowdfunding flows can be rejected on grounds of both their limited progressive impact to date, and their extractive and destructive consequences for the built environment. Calls for public expenditure follows, on grounds of its potential universalism and maintenance of the urban commons. Whilst we are sympathetic to such positions, the critical politics of urban funding and finance becomes much more uncomfortable and ambiguous once the diversity and emplacement of crowdfunding ecologies is recognised and taken seriously. It follows that it is no longer adequate to think in terms of how ostensibly mutually exclusive forms of capitalist finance and their alternatives relate to cities. Like Tonkiss (2013), we are wary of making 'pious gestures' towards the potentiality of diverse economies, social entrepreneurship and 'the pocket park or the crowd-sourced start-up' (p. 321). But we are equally wary of over-emphasizing the rise and consequences of real-estate

crowdfunding, and of dismissing out-of-hand the progressive possibilities of crowdfunding cities.

### **Acknowledgements**

The authors would like to thank the anonymous research participants and reviewers who contributed to this paper. Fieldwork was supported by Economic and Social Research Council (ES/N005988/1).

### **References**

- Academy of Internet Finance et al. (2018). *Global Fintech Hub Report – The Future of Finance is Emerging: New Hubs, New Landscapes*. Retrieved from:  
[https://www.jbs.cam.ac.uk/fileadmin/user\\_upload/research/centres/alternative-finance/downloads/2018-ccaf-global-fintech-hub-report-eng.pdf](https://www.jbs.cam.ac.uk/fileadmin/user_upload/research/centres/alternative-finance/downloads/2018-ccaf-global-fintech-hub-report-eng.pdf)
- Agrawal, A. K., Catalini, C., & Goldfarb, A. (2011). The geography of crowdfunding. NBER Working Paper No. 16820. National Bureau of Economic Research.
- Amin, A. (2009). Placing the social economy. In A. Amin (ed.) *The Social Economy: International Perspectives on Economic Solidarity*. London, UK: Zed Books, 3-21.
- Baeck, P, Bone, J., & Mitchell, S. (2017). *Matching the crowd: Combining crowdfunding and institutional funding to get great ideas off the ground*, London, UK: Nesta.
- Barnes, T.J & Christophers, B. (2018). *Economic Geography: A Critical Introduction*. Hoboken, NJ: Wiley Blackwell

- Baron, T. & Harima, A. (2019). The role of diaspora entrepreneurs in start-up ecosystem development – a Berlin case study. *International Journal of Entrepreneurship and Small Business*, 36, 74–102 DOI: 10.1504/IJESB.2019.096968
- Belleflamme, P., Lambert, T., & Schwienbacher, A. (2014). Crowdfunding: Tapping the right crowd. *Journal of Business Venturing*, 29, 585–609.  
<http://dx.doi.org/10.1016/j.jbusvent.2013.07.003>
- Benna, U.G & Benna, A.U (2018). *Crowdfunding and Sustainable Urban Development in Emerging Economies*. Hershey, PA: IGI Global.
- Bieri, D. (2015). Crowdfunding the city: the end of 'cataclysmic money'? *Environment and Planning A: Economy and Space*, 47, 2429-2435. <https://doi.org/10.1177/0308518X15615369>
- Börch, C. & Knudsen, B.T (2013). Postmodern crowds: reinventing crowd thinking. *Distinktion: Scandinavian Journal of Social Theory*, 14, 109-113.  
<https://doi.org/10.1080/1600910X.2013.821012>
- Brandsen, T., Cattacin, S., Evers, A., & Zimmer, A. (eds.) (2016). *Social Innovations in the Urban Context*. London, UK: Springer.
- Brenner, N. (2003). Stereotypes, Archetypes, and Prototypes: Three Uses of Superlatives in Contemporary Urban Studies. *City & Community*, 2, 205-216. <https://doi.org/10.1111/1540-6040.00051>
- Brenner, N., Peck, J., & Theodore, N. (2010). Variegated neoliberalization: Geographies, modalities, pathways. *Global Networks*, 10, 182–222. <https://doi.org/10.1111/j.1471-0374.2009.00277.x>
- Brent, D.A and Lorah, K. (2019) The economic geography of civic crowdfunding, *Cities*, 90, 122-130

- Bruton, G., Khavul, S., Siegel, D., & Wright, M. (2015). New financial alternatives in seeding entrepreneurship: Microfinance, crowdfunding, and peer-to-peer innovations. *Entrepreneurship Theory and Practice*, 39, 9–26. <https://doi.org/10.1111/etap.12143>
- Carolan, M. (2019) Capitalizing on financing ecologies: The world making properties of peer-to-peer lending through everyday entrepreneurship. *Geoforum*, 102, 17-26.
- Cohen, B. (2016). *The Emergence of the Urban Entrepreneur: How the Growth of Cities and the Sharing Economy are Driving a New Breed of Innovators*. Santa Barbara, CA: Praeger.
- Collinson, P. (2018, April 10). Berlin tops the world as city with the fastest rising property prices. *The Guardian*. Retrieved from: <https://www.theguardian.com/world/2018/apr/10/berlin-world-fastest-rising-property-prices>
- Colomb, C. (2017). The trajectory of Berlin's 'interim spaces': tensions and conflicts in the mobilisation of 'temporary uses' of urban space in local economic development. In J. Henneberry (ed.) *Transience and Permanence in Urban Development*. Chichester, UK: Wiley-Blackwell, 131-149.
- Davies, R. (2015). Three provocations for civic crowdfunding. *Information, Communication and Society*, 18, 342-355. <https://doi.org/10.1080/1369118X.2014.989878>
- Davis, M. and Cartwright, L. (2019) *Financing for Society: Assessing the Suitability of Crowdfunding for the Public Sector*. Report. University of Leeds. <https://doi.org/10.5518/100/7>
- ECN (2018). *Triggering Participation: A Collection of Civic Crowdfunding and Match-funding Experiences in the EU*. Retrieved from: [https://eurocrowd.org/wp-content/blogs.dir/sites/85/2018/07/ECN\\_CF4ESIF\\_Report\\_Triggering-Participation\\_2018.pdf](https://eurocrowd.org/wp-content/blogs.dir/sites/85/2018/07/ECN_CF4ESIF_Report_Triggering-Participation_2018.pdf)

- Ernst & Young (2018) *Fast growth in Germany: Tech start-ups and investors setting new benchmarks*. Retrieved from: [https://start-up-initiative.ey.com/wp-content/uploads/2018/03/Studie\\_Venture\\_Capital\\_and\\_Start\\_ups\\_in\\_Germany\\_2017.pdf](https://start-up-initiative.ey.com/wp-content/uploads/2018/03/Studie_Venture_Capital_and_Start_ups_in_Germany_2017.pdf)
- Florida, R. (2005). *Cities and the Creative Class*. New York: Routledge.
- Future Cities Catapult (2018). *Civic Crowdfunding: A Guidebook for Local Authorities*. Retrieved from: [http://about.spacehive.com/wp-content/uploads/2017/03/Civic-Crowdfunding\\_A-Guide-for-Local-Authorities.pdf](http://about.spacehive.com/wp-content/uploads/2017/03/Civic-Crowdfunding_A-Guide-for-Local-Authorities.pdf)
- Gallemore, C., Nielsen, K.R, & Jespersen, K. (2019). The uneven geography of crowdfunding success: Spatial capital on Indiegogo. *Environment and Planning A: Economy and Space*, <https://doi.org/10.1177/0308518X19843925>
- Gray, M. & Zhang, B. (2017). Crowdfunding: Understanding diversity. In R. Martin & J. Pollard (eds.) *Handbook on the Geographies of Money and Finance*. Cheltenham: Edward Elgar, 580-609.
- Grundy, D. & Ohmer, C. (2016). German crowd-investing platforms: Literature review and survey, *Cogent Business & Management*, 3, 1-20. <https://doi.org/10.1080/23311975.2016.1138849>
- Harvey, D. (1989). From managerialism to entrepreneurialism: The transformation of urban governance in late capitalism. *Geografiska Annaler: Series B, Human Geography*, 71, 3–17.  
DOI: 10.2307/490503
- Harvey, D. (2001). *Spaces of capital: Towards a critical geography*, Edinburgh, UK: Edinburgh University Press
- Heebels, B. & Van aalst, I. (2010). Creative clusters in berlin: Entrepreneurship and the quality of place in prenzlauer berg and kreuzberg. *Geografiska Annaler: Series B, Human Geography*, 92, 347-363. <https://doi.org/10.1111/j.1468-0467.2010.00357.x>

- Holm, A. & Kuhn, A. (2011). Squatting and urban renewal: The interaction of squatter movements and strategies of urban restructuring in Berlin. *International Journal of Urban and Regional Research*, 35, 644–658. <https://doi.org/10.1111/j.1468-2427.2010.001009.x>
- Huyssen, A. (1997). The voids of Berlin. *Critical Inquiry*, 24(1), 57–81
- Jacobs, J. (1961). *The Death and Life of Great American Cities*. New York: Random House.
- Katz, B., Noring, L., & Garrelts, N. (2016). *Cities and Refugees – The German Experience*. Retrieved from: [https://www.brookings.edu/wp-content/uploads/2016/09/cs\\_20160920\\_citiesrefugees\\_germanexperience.pdf](https://www.brookings.edu/wp-content/uploads/2016/09/cs_20160920_citiesrefugees_germanexperience.pdf)
- Lange, A. (2012, May 2). Against Kickstarter Urbanism. *Design Observer*. Retrieved from: <https://designobserver.com/feature/against-kickstarter-urbanism/34008>
- Langley, P. (2016). Crowdfunding in the United Kingdom: A cultural economy. *Economic Geography*, 92, 301-321. <http://dx.doi.org/10.1080/00130095.2015.1133233>
- Langley, P. (2018). The folds of social finance: Making markets, remaking the social, *Environment and Planning A: Economy and Space*. <https://doi.org/10.1177/0308518X17752682>
- Langley, P. & Leyshon, A. (2017). Capitalizing on the crowd: The monetary and financial ecologies of crowdfunding. *Environment and Planning A: Economy and Space*, 49, 1019-1039. <https://doi.org/10.1177/0308518X16687556>
- Langley, P. & Leyshon, A. (2020). The platform political economy of FinTech: Reintermediation, consolidation and capitalisation. *New Political Economy*. <https://doi.org/10.1080/13563467.2020.1766432>
- Legg, S. (2007). *Spaces of Colonialism: Delhi's Urban Governmentalities*. Oxford, UK: Blackwell
- Lehner, O.M (2015). Crowdfunding in social finance. In A. Nicholls, R. Paton and J. Emerson (eds.) *Social Finance*. Oxford, UK: Oxford University Press, 521-542.

- Levenda, A.M & Tretter, E. (2020) The environmentalization of urban entrepreneurialism: From technopolis to start-up city. *Environment and Planning A: Economy and Space*, 52(3), 490-509.
- Leyshon, A., N. Thrift, L. Crewe, S. French, & P. Webb (2016) Leveraging affect: Mobilizing enthusiasm and the co-production of the musical economy. In B. J. Hracs, M. Seman, & T. Virani (eds.) *The Production and Consumption of Music in the Digital Age*. London: Routledge
- LGIU (2017) *How to ... Crowdfunding for local authorities*. Retrieved from: <https://www.lgiu.org.uk/wp-content/uploads/2017/03/Crowdfunding-for-local-authorities.pdf>
- Martin, R., Berndt, C., Klagge, B., & Sunley, P. (2005). Spatial proximity effects and regional equity gaps in the venture capital market: evidence from Germany and the United Kingdom. *Environment and Planning A*, 37, 1207-1231. <https://doi.org/10.1068/a3714>
- Martin, R. & Sunley, P. (2007) Complexity thinking and evolutionary economic geography. *Journal of Economic Geography*, 7, 573–601. <https://doi.org/10.1093/jeg/lbm019>
- Mason, B., Schwedersky, L., & Alfawakheeri, A. (2017). *Digital Routes to Integration: How Civic Tech Innovations are Supporting Refugees in Germany*, Berlin: BetterPlace Lab.
- McNeil, D. (2017). Start-ups and the entrepreneurial city. *City* 21, 232-239. <https://doi.org/10.1080/13604813.2017.1353349>
- Minton, A. (2017, October 24). Civic crowdfunding is privatisation masquerading as democracy. *The Guardian*. Retrieved from: <https://www.theguardian.com/cities/2017/oct/24/civic-crowdfunding-erode-democracy-local-authority>
- Mollick, E. (2014). The dynamics of crowdfunding: An exploratory study. *Journal of Business Venturing*, 29, 1–16. <https://doi.org/10.1016/j.jbusvent.2013.06.005>



Moore, M-L., Westley, F.R, & Nicholls, A. (2012). The social finance and social innovation nexus.

*Journal of Social Entrepreneurship*, 3, 115-132.

<https://doi.org/10.1080/19420676.2012.725824>

Moulaert, F., MacCallum, D., Mehmood, A., & Hamdouch, A. (eds.) (2013). *The International Handbook on Social Innovation: Collective Action, Social Learning and Transdisciplinary Research*. Cheltenham, UK: Edward Elgar

NewCities (2019). *Big Picture: Crowd Urbanism*. Retrieved from: <https://newcities.org/the-big-picture-crowd-urbanism/>

Oltermann, P. (2019, April 4). Berlin's rental revolution: Activists push for properties to be nationalised. *The Guardian*. Retrieved from:

<https://www.theguardian.com/cities/2019/apr/04/berlins-rental-revolution-activists-push-for-properties-to-be-nationalised>

Oltermann, P. (2019, July 16). Berlin buys 670 flats on Karl-Marx-Allee from private owner. The

*Guardian*. Retrieved from: <https://www.theguardian.com/world/2019/jul/16/berlin-buys-670-flats-on-karl-marx-allee-from-private-owner>

Peck, J. & Theodore, N. (2019). Still Neoliberalism? *The South Atlantic Quarterly*, 118, 245-265

<https://doi.org/10.1215/00382876-7381122>

Rossi, U. & Wang, J. (2020) Urban entrepreneurialism 2.0 or the becoming south of the urban world, *Environment and Planning A: Economy and Space*, 52(3), 483-489.

Sullivan, P. (2016, April 24). Raising money for civic projects raises questions about democracy.

*Washington Post*. Retrieved from: [https://www.washingtonpost.com/local/raising-money-for-civic-projects-raises-questions-about-democracy/2016/04/24/9dd7cb0c-058e-11e6-b283-e79d81c63c1b\\_story.html?noredirect=on&utm\\_term=.28c47b3faf1b](https://www.washingtonpost.com/local/raising-money-for-civic-projects-raises-questions-about-democracy/2016/04/24/9dd7cb0c-058e-11e6-b283-e79d81c63c1b_story.html?noredirect=on&utm_term=.28c47b3faf1b)

Sunley, P. & Pinch, S. (2012). Financing social enterprise: social bricolage or evolutionary

entrepreneurialism? *Social Enterprise Journal*, 8, 108-122.

<https://doi.org/10.1108/17508611211252837>

Surowiecki, J. (2004). *The Wisdom of Crowds: Why the Many Are Smarter than the Few*. London: Little & Brown.

Tonkiss, F. (2013). Austerity urbanism and the makeshift city. *City*, 17, 312-324.

<https://doi.org/10.1080/13604813.2013.795332>

Vasudevan, A. (2015). *Metropolitan Preoccupations: The Spatial Politics of Squatting in Berlin*. Oxford, UK: Wiley-Blackwell.

World Bank (2013). *Crowdfunding's Potential for the Developing World*, Washington, DC: Information for Development Program (*infoDev*)/The World Bank.

Ziegler et al. (2018) *Expanding Horizons: The 3<sup>rd</sup> European Alternative Finance Industry Report*, Cambridge, UK: Cambridge Centre for Alternative Finance.

## **Acknowledgements**

TO BE ADDED FOLLOWING REVIEW