

The Startup City?

Entrepreneurial Governance and Growth-Oriented Planning in Contemporary Northern Tallinn

By Annabel Pops
Supervised by Maroš Krivý and Karina Vabson
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Master of Science in Urban Studies
Faculty of Architecture
Estonian Academy of Arts
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Author's name: Annabel Pops

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Linnakeskkond on tänapäeval muutunud klassikaliste teenuste, kaubanduse ja ärivõimaluste pakkumise kõrval ka uute ettevõtlusmodelite ja innovatsiooni kasvulavaks. Käesolev magistritöö uurib, kuidas ettevõtluspõhine juhtimine (*entrepreneurial governance*), kasvule orienteeritud mõtteviisid ning iduettevõtlussektor kujundavad ja mõjutavad linnaplaneeringut Eestis, täpsemalt Põhja-Tallinnas. 2025. aastal nimetati Tallinn üheks maailma parimaks iduettevõtluslinnaks (startup linnaks), mis peegeldab selgelt ka Eesti laiemat enesepositsioneerimist ning riiklikku brändikuvandit Euroopa liidrina iduettevõtete, ükskõiksete ja riskikapitaliinvesteeringute arvult elaniku kohta. Kuigi Eesti innovatsioonipoliitikat ja ettevõtlust toetavaid meetmeid avalikus sektoris on palju uuritud ja tunnustatud, on märksa vähem tähelepanu pööratud sellele, kuidas sama ettevõtluspõhine mõtteviis ning valitsemisloogika (*governance*) on jõudnud ka linnaplaneerimisse ning kujundavad ühtlasi ümber ka linnamudeleid. Magistritöö küsib: kuidas avaldub ettevõtluspõhine juhtimine linnaplaneerimises ja milline on iduettevõtluse ökosüsteemi mõju sellele? Kuidas iduettevõtlussektorile omased väärtused nagu nt. kasv, risk ja innovatsioon, saavad olla linnakeskkonda põimitud nii materiaalselt kui ka sümboolsel tasandil? Tuginedes David Harvey ettevõtluspõhise juhtimise (*entrepreneurial governance*) teooriale ning "*startup urbanism*"i ja innovatsiooni-ökosüsteeme käsitlevale kirjandusele, on töö eesmärk näidata, millist rolli mängivad ettevõtluskultuur ja iduettevõtluse ökosüsteem tänapäevases linnaplaneerimises. Ühtlasi analüüsitakse, kuidas see asetab Tallinna globaalsesse linnadevahelisse konkurentsi innovatsiooni, kapitali ja talentide pärast ning millised sotsiaal-majanduslikud muutused sellise juhtimisviisiga kaasnevad. Kvalitatiivse sisuanalüüsi, poliitikaanalüüsi, sidusrühmade kaardistamise ja pool-struktureeritud intervjuude kaudu võrreldakse töös kolme Põhja-Tallinnas arenguala ning keskust - Telliskivi Loomelinnakut, Krulli Kvartalit ja Hundipead. Kõik kolm näidet esindavad ka võimalikke iduettevõtluslinna mudeleid ning loovad aluse võrdluseks, kuidas "ettevõtlikustumine" (*entrepreneurialisation*) ning ettevõtluskultuur linnaplaneeringus väljenduvad ja omavahel põimuvad. Seostades neid arenguid vaadeldavate näidete taga olevate poliitmajanduslike tingimuste ning investeeringute dünaamikatega, panustab töö kiiresti arenevasse rahvusvahelisse debatti selle üle, kuidas ettevõtluspõhine juhtimine ja erasektor kujundavad tänapäeval linna meie ümber.

Abstract (EN)

In addition to providing more traditional services, commerce, and business models, cities today have also become platforms for new entrepreneurial models and innovation. This thesis examines how entrepreneurial governance, growth-oriented modes of thinking, governance models and imaginaries typical of startup ecosystems shape contemporary urban development in Northern Tallinn. In 2025, Tallinn was named one of the world's leading startup cities, which also reflects Estonia's strong national branding as a European leader in startups, unicorns, and venture capital investments per capita. Yet while innovation policies and support mechanisms at the state level have been widely recognised and analysed, far less attention has been paid to how the same governance model has found its way to contemporary urban planning, materially reshaping urban space and producing new urban models at the city level. The thesis asks: how is entrepreneurial governance reflected, and how does the startup ecosystem influence urban planning, especially in Northern Tallinn? How do entrepreneurial values such as growth, risk and innovation become materially and symbolically embedded in the city? Drawing on David Harvey's framework of the shift from managerialism to entrepreneurialism, alongside literature on startup urbanism, knowledge-based economisation and entrepreneurial ecosystems. The thesis aims to highlight the growing role of startup ecosystems in urban planning, how this phenomenon situates Tallinn within global competition between cities for capital, and emphasise the socio-economic changes the new urban planning models and governance bring. Through qualitative content analysis, policy documents analysis, stakeholder mapping and semi-structured interviews, the thesis comparatively analyses three emerging mixed-use centres in Northern Tallinn – Telliskivi Creative District, Krulli Quarter and Hundipea as different examples of the new “startup city” models. By linking these spatial developments to their underlying political-economic conditions, investment structures and governance arrangements, it contributes to an urgent debate and growing body of literature on how entrepreneurial governance and private actors are reshaping cities today.

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Figure 1. LIFT99, a startup co-working space sign in Telliskivi Creative District. Photograph by the author.

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Introduction – Startup City Tallinn?

In July 2025, Tallinn, the capital of Estonia, was named the best city to found a startup by *Monocle* (e-Estonia, 2025). Tallinn rose to the global top 50 startup cities and was named ninth in the EU according to the StartupBlink Global Startup Ecosystem Index 2025 (Startup Guide, 2026). The articles highlighted a culture of cooperation and an international community prevalent in the city, which also makes it attractive to foreign talent. The aforementioned examples also reflect upon Estonia's strong national image as a European leader in startups, "unicorns", and venture capital investments per capita. Taken together, the cases demonstrate how the emphasis on strong state and municipality-level governance and branding that promote startup entrepreneurship in Estonia has extended into urban planning and spatiality.

The city has historically been a place that offers essential services, commerce, and business opportunities for its residents, yet this thesis aims to bring attention to a visible shift, where cities today have also become platforms for new entrepreneurial models and innovation. Since 2024, working both in the field and in the academic environment with related conceptions, a noticeable transition has emerged in which urban areas are increasingly viewed as potential grounds for nurturing new businesses and technologies. The overarching term for this clearly visible process was difficult to name until August 2025, when the Deputy Mayor of Entrepreneurship in the City of Tallinn spoke at a Copenhagen startup economy summit, in a panel discussion called "Startup City: Radically transforming how cities work with the innovation ecosystem" (Tallinn, 2025 (a)). Here, the idea of "startup city" and "startup urbanism" opens up the ground to explore how the urban models, spheres and designs can be seen and used in different ways to support entrepreneurial activities and act as ecosystems serving entrepreneurial development as well.

In this thesis, I analyse how entrepreneurship, particularly the modes of thinking, governance models, ambition, and growth-oriented ideas typical of startup ecosystems and culture, shape contemporary urban planning, drawing on examples from Northern Tallinn. For a broader perspective, I also aim to analyse the trend's impact on other related structures and factors in the city, such as job positions, imagined lifestyles, regional development, and growth of innovation and startups. The research and fieldwork will be carried out in three different central areas in Northern Tallinn. Each of the areas has different focuses, goals and stages, yet they all

offer the ground for analysing their interaction and role within the larger “entrepreneurialisation” trend and a connection to the “startup ecosystem”. Furthermore, the examples highlight how the startup city could be manifested through three different models. The thesis also contributes to the field of research by using Estonia as an example of the “startup state”, bringing out the connections between entrepreneurship and urban planning, while linking this to a larger scale of governance, policies and narratives provided by both the public (state and local municipality level) and private sector.

In the context of the research, the overarching phenomena called “startup urbanism” could be described as a model of governance designed to transform or change the cities, and urban planning primarily in accordance with the needs of entrepreneurs and the “*entrepreneurship ethos*” (Dodaro, 2023: 3). The thesis aims to contribute to the growing body of literature on the topic and respond to the social and spatial urgency of the topic, through authors like David Harvey, Sami Moisio, Ugo Rossi, Arturo di Bella and Anthony M Levenda. Previous research, alongside publicly promoted images and a growing number of examples, suggests that the influence of startups, entrepreneurs, and the private sector on the urban sphere and living environment is growing. Therefore, this deserves a moment of critical reflection that also takes into account the perspectives other than those of the politicians and private sector actors.

This thesis looks at three examples: Telliskivi Creative District, Krulli Quarter and Hundipea. Case studies were chosen to represent different stages in the development of (new) centres. Firstly, Telliskivi Creative District represents the established and already spatially existing idea that, perhaps at first glance, does not seem to be related to the startup ecosystem. Yet by 2026, it has transformed into a place where the startup and tech ecosystems are increasingly concentrated, and is highly regarded by entrepreneurs for its community, networking opportunities, and spatial density advantages. Telliskivi provides a basis to showcase and analyse the historical movement of the topic, and to explore connections between entrepreneurial activities and the qualities of urban space, as a district developed for a specific sector (here, the creative industries) in mind. Secondly, Krulli represents the most direct example of how a district made for entrepreneurial ecosystems and for supporting innovation and technology sectors is being developed over the next decade, drawing certain parallels with Silicon Valley.

The third case study is Hundipea, which is an example of a long-term vision for a new city district, as the plans for the area will be realised over the next four decades. It reveals how innovation as a separate value is valorised and integrated into the development process from the beginning, through either actively searching for new technology solutions for maximising efficiency or testing out innovative solutions in an urban environment, contributing to the bigger understanding of cities as “living-labs”.

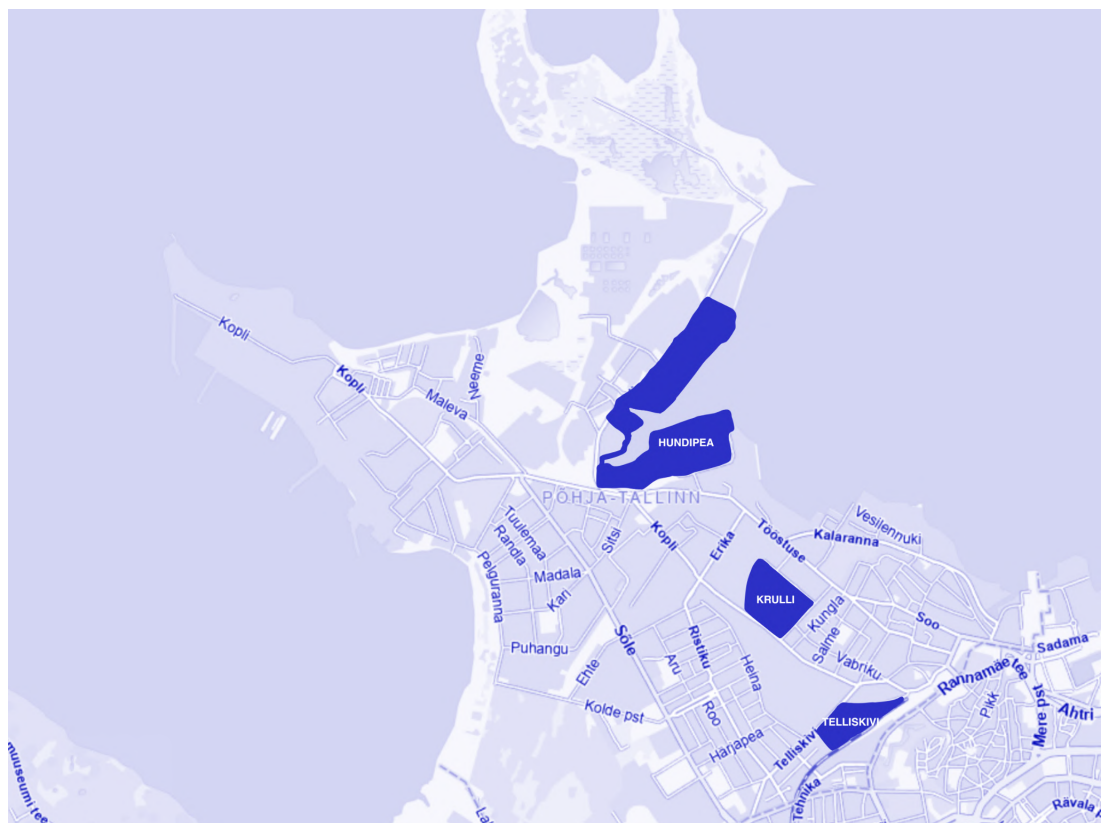


Figure 2. Case studies used in the thesis are highlighted on the map of Northern Tallinn. Map made by the author, based on the Northern Tallinn Comparative Plan. Accessed: <https://gis.tallinn.ee/pohjatalinnyp/>.

In the thesis, I wish to find answers to the following research questions:

- How are entrepreneurial governance and policies currently reflected in contemporary urban planning, especially in Northern Tallinn?
- How do startup culture and ecosystems interact and influence contemporary urban planning practices and imaginaries in Tallinn?
 - In what ways are entrepreneurial values (e.g. growth, risk, innovation, ambition, ecosystem) and governance models inscribed into the physical and symbolic realms of the city?
 - How does it affect, and what effect does it have on other socio-economic conditions and structures in urban planning?
 - What are the social and spatial risks of such progress for regional development?

The methodology of this study combines qualitative content analysis, comparative desk research, stakeholder mapping, semi-structured interviews with stakeholders, and analysis of relevant policy documents. Additionally, information and reflections have been collected through my participation and observations from personal experience working closely with the Estonian startup and technology sector over the past three years.

The thesis is separated into four chapters. Firstly, an overview of the theoretical frameworks used for further comparative research will be given, describing the main concepts such as entrepreneurial governance, knowledge-based economisation and startup urbanism. The second chapter will give an overview of the innovation policies and governance models at the city (Tallinn), national (Estonia), and European Union levels, which are crucial for situating the research into a broader conceptual framework. The third chapter will give an overview of the research and describe the three case studies and their narratives. Followed by the fourth chapter, which connects the role of the public sector and governance to the case studies and reflects on the whole research process.

Positioning the research and broader contextualisation

The topic's importance and urgency are highlighted through the historical and political context of Estonia and Tallinn. The following chapter gives a broader contextualisation for the initial positioning of the thesis topic and aims to clarify its present relevance. In recent years, Tallinn has been committed to stronger globalisation, recognising the growing trend of competition between cities for international investment and talent. A major international recognition came when Tallinn was declared the European Green Capital in 2023 (Tallinn Euroopa roheline pealinn, 2023), which also strengthened international co-operation and self-branding. Lately, the city has focused on developing a supportive business environment and has offered several programs that promote innovation, such as Test in Tallinn, the Tallinnnovation initiative, and different testing and pilot areas. In addition to that, there is an increasing involvement of private entrepreneurs and investors creating various programs and spaces, contributing to the development of the startup sector, entrepreneurial opportunities and connecting these to urban space and living environment qualities.

In Estonia, multiple emerging innovation centres and district models can be distinguished in the urban space. These locations integrate technology, creativity, and infrastructure, yet in different ways or through different focuses and contact points (Startup Guide, 2025). One model is the “science and innovation park models” developed alongside universities and research centres, which became more recognised around the world in the 1980s. The common concept of a science park involves a collection of (high) technology firms that are spatially connected, often located on or near a university campus. The know-how circulating within this cluster acts as a growth impulse and creates added value (Sparkup Tartu Teaduspark). The examples include Tehnopol in Tallinn, located next to Taltech (Tallinn University of Technology), and Tartu Sparkup Science Park, established by the City of Tartu in collaboration with local university institutes. A slightly different model is at play in Ülemiste City, often called a city within a city. Covering 82 000 m², the former industrial area opposite Tallinn Airport was transformed into a new business district, and is currently home to over 500 companies and 18 000 job positions. Ülemiste City today promotes itself as the “*third largest economic city*” in Estonia, behind only Tallinn and Tartu when analysing the economic effect comparatively. The area is described as an international environment, which is centred on developing a knowledge-based work, development and living environment for talents (Ülemiste City).

In the context of the thesis, three centres in Northern Tallinn have been chosen, as each showcases how startup urbanism and other factors related to the phenomenon are playing a role in contemporary urban planning. While the aforementioned urban models (Ülemiste City, Tehnopol and Sparkup Tartu Science Park) have certainly established themselves as hubs of innovation, they represent more traditional district models. In contrast, I argue that the recent developments in Northern Tallinn have introduced a new understanding of innovation and startup city models that blend entrepreneurial initiatives with broader elements of urban planning and space. Resulting in a mixed-use space with a more significant impact on various spatial and social factors in the urban environment, including community integration and the development of residential areas and urban lifestyle influences.

Northern Tallinn, one of the eight city districts in Tallinn (Figure 4), has undergone major changes in the past decade. Former industrial areas are being transformed and reimaged as new centres supported by a projected population increase. Areas which just 5-10 years ago were referred to as “no-man-lands” or which were closed from the public eye with gates and security are now seeing a new transformation process encouraged by both the private sector and the local municipality. The first new emerging centre of the area was Telliskivi Creative District, which took over the Kalinin Electronics Factory site, which previously operated as the main factory of the Baltic railway (Telliskivi Loomelinnak). Now new multipurpose centres and districts are being developed in the area – Krulli-Volta, Bekkeri-Meeruse port areas, Hundipea and Paavli, based on the Northern Tallinn Comprehensive Plan (Figure 5). All the areas are either former industrial or factory areas (Looveer et al. 2022), offering here also an option to reimagine and analyse the meaning of “industry” in the contemporary context and in the midst of the new developments. Several of the areas combine residential areas, community activities and support for entrepreneurial opportunities, highlighting the growing role of innovation and entrepreneurship in the broader context of Northern Tallinn.

Estonia, a small country at the intersection of Northern and Eastern Europe (Figure 3), is widely recognised and promoted as a “digital nation”, known mostly for its digital development and as an “e-pioneer”. For Estonia, a turning point was the Tiger Leap, an ambitious nationwide IT infrastructure development program in the 1990s (Education Estonia), introduced shortly after the country had regained its independence and had to find a way to catch up with other European countries. During the same time period, Estonia went through neoliberal economic

reforms, which included the privatisation of most public assets (Krivy, 2019: 80), paving the way for the growing influence of the private sector. Since then, a big part of the public sector's focus has been on providing an environment for innovation. In Estonia, being small is referred to as a “superpower”, which makes the country agile, growth-oriented and paves the way for a mindset that the country “*serves as a launchpad for startups with global ambition*” (Startup Estonia & e-Estonia). As highlighted by Startup Estonia, the state institutional body representative for startup policies, “*Estonia is not your market, it’s your accelerator*” (*ibid.*) Within the thesis, I wish to analyse how the state fostering policies with innovation ecosystems and the startup world in mind have now had their spillover effect to the local municipality levels as well.

Having closely observed these spatial developments and public narratives related to my thesis topic over the years, both as an Estonian and as someone who has worked professionally with startup ecosystems and environments, it has not only sparked my interest in exploring ways to connect various relevant fields within my thesis, but these experiences have also strengthened the motivation to explore these developments in greater depth. While mapping out the topic and related phenomena is important, it is perhaps even more necessary to acknowledge the rapid spatial and social changes occurring in (Northern) Tallinn's contemporary lived environment, to critically examine the collective mindsets behind these “normalised” processes, highlight the role of entrepreneurialisation and governance, and situate them within national and state-level narratives.

A map of Estonia, a country in Northern Europe. The capital, Tallinn, is marked with a red dot and labeled in red text. The map shows the coastline of Estonia, including the Gulf of Finland to the north and the Baltic Sea to the south.

[illegible]

Comprehensive Startup Glossary

The following research process interacts with both the entrepreneurial and startup ecosystems, where the vocabulary and concepts used daily might be unfamiliar to people without prior experience. The following pages give a brief overview of some of the terms and the industry vocabulary which were important throughout the research process and were used during the fieldwork and interviews for this thesis. It is necessary to understand that the vocabulary used is not neutral and therefore gives an initial glimpse into the existing ecosystem “bubbles” and clustering phenomena, which will be researched throughout the thesis.

Innovation – the term *innovation* comes from Latin *innovare* meaning “*to renew, to return to something again*”, and the common understanding is that through innovation it is possible to achieve a competitive advantage and overall maximise competitiveness (Reiljan & Paltser, 2011: 2). Based on the OECD and Oslo Manual, which is also used for international innovation research globally, *innovation* is “*a new or improved product or process (or combination thereof) that differs significantly from the unit’s previous products or processes and that has been made available to potential users (product) or brought into use by the unit (process)*” (OECD/Eurostat, 2018: 20).

Startup and scaleup – globally, these terms have not been officially classified, so the definitions may vary. At the EU level, clarity is expected from the forthcoming Startup and Scaleup Strategy and its associated initiatives. In Estonia, the terms have been stated within the Foreigners Law, which also partially highlights certain focus points from the whole discourse regarding these terms (Riigi Teataja, 2009).

Based on the Law: a *startup* is a “*company, whose goal is the development and launch of an innovative and repeatable business model with high global growth potential, which will significantly contribute to the development of the business environment*”. The next stage in the business development model is moving from startup to scaleup, which is described as “*a company, the aim of which is to further develop a technology-based, innovative and repeatable business model with high global growth potential, which significantly contributes to the development of the Estonian business environment and which meets the following conditions: has been operating for at least ten years; has at least 50 employees in Estonia; has paid at least one million euros in labour taxes in Estonia in the last year, and the cumulative increase in labour taxes over the last three years is 20 percent*” (*ibid.*).

Startups vs small or medium-sized enterprises (SME-s) – A recent thesis from Estonia about startup financial models also highlights a distinct difference in startup vs small enterprise terminology and values carried within them (Remmelgas, 2025).

Startups are usually characterised by an ambitious and often global growth strategy, yet when small businesses are more oriented towards stability and sustainability, they focus mostly on satisfying the needs of the local market. By their nature, startups are more innovative, creating new products, services or business models with often a goal to disrupt the existing market. Small businesses, on the other hand, focus more on complementing existing products and services, increasing efficiency and optimising costs. Value-wise, the biggest change between the two might be in the risk-taking and growth-orientedness – startups are more risk-averse, as they often operate in new and untested markets. Characterised by rapid and aggressive growth and expansion potential, startups need large investments, which they usually get from venture capital funds or investors. Small businesses, on the other hand, prefer a stable market and risk avoidance, and usually use a lot of their own funds, bank loans or stable cash flows (*Ibid.*).

Ecosystem stakeholders – ecosystem stakeholders or cooperation partners are professional organisations, national institutions, research and development institutions, universities, business environment facilitators, investors, people who, through both formal and informal relationships, influence each other and the performance of a specific field and the functioning of the ecosystem (Startup Estonia, 2025 (a): 18).

Deeptech – deep technologies are technologies that are feasible to develop using today's capabilities and which require significant intellectual and economic capital, but which have the potential to become widely available and easily scalable in the future. Deep technology companies can be characterised by three important characteristics: the technology is based on scientific discovery; the technology is based on marketable and protectable intellectual property or arises as a result of technological development; and the technology is disruptive and scalable (*Ibid.*).

Cleantech – also known as clean technologies are innovative solutions that increase energy and resource efficiency, increase resilience in the context of geopolitical and natural crises, and

reduce or avoid significant environmental and climate impacts throughout their life cycle, while offering opportunities for economic value creation¹.

Unicorn – companies defined as startups that reach a valuation of \$1 billion and are not listed on the stock market (Repsol, 2013).

Seed-funding – seed-funding is early-stage financing (round) that supports startups or research projects in their initial phases, providing capital to transform ideas or early prototypes into viable products or services (UNESCO).

Venture capital (VC) – a type of private equity used to support startups and early-stage companies with the potential for substantial and rapid growth (Silicon Valley Bank).

¹ Description received through the Cleantech Estonia, 2026.

1. Theoretical frameworks: Entrepreneurial Governance and Startup Urbanism

1.1. Entrepreneurial Governance & Entrepreneurialisation

In 1989, David Harvey published the influential article “From Managerialism to Entrepreneurialism: The Transformation in Urban Governance in Late Capitalism.” He observed that since the 1970s-80s, urban governance has increasingly focused on discovering new innovative ways to stimulate local development and job creation. This entrepreneurial approach stands in evident contrast to the managerial practices of previous decades (1950-60s), which rather prioritised the local provision of services and amenities for urban populations. Harvey's insights link municipal politics, economic dynamics, and historical-geographical processes, illustrating a clear shift in the objectives of contemporary cities and their governance, which also creates the basis of the theoretical framework for the research. While the understanding of largely normalised entrepreneurialism might seem natural in the current economic system and governance, examining how the process and narrative have evolved offers needed insights for the topic.

Harvey describes how, under the new entrepreneurialism, the role of the state and public sector has changed in discourse from a “*stabiliser of capitalist society*” to a “*facilitator*” supporting the strategic interests of capitalist development. The new focus is turned on public-private partnership governance and financial models, where the local boosterism was encouraged, together with local governmental powers to try and attract external sources of funding, new direct investments, or new employment sources (*Ibid.*: 7). The character of the public-private partnership can be called entrepreneurial by its nature, as it involves speculative elements in both its design and execution, which leads to various challenges and risks. These kinds of dynamics have further encouraged innovation policies, which aim at exactly creating the conditions necessary for ensuring that the private sector's resources are transferred to sectors that are also characterised by higher value added (Kattel, 2004: 39).

While Harvey's work during the time was mostly supported by examples from the US and UK, he also acknowledged that macro-economics, as well as local implications of urban entrepreneurialism and stronger inter-urban competition, deserve more particular attention, especially when positioning the phenomena in relation to other capitalistic shifts and trends (Harvey 1989, 11). The visible shift in urban politics and the turn to entrepreneurialism had an important facilitative role in a transition process from *"locationally rather rigid Fordist production systems backed by Keynesian state welfarism to a much more geographically open and market-based form of flexible accumulation"* (*Ibid.*, 12). Meaning that the city's role changed after the Second World War era, along with economic and industrial changes. As a result, the previous geographically anchored industry-based economy models were now transformed into geographically open and market-based models, which, over time, intensified more and more. Especially when we are imagining the current flexible, highly globalised entrepreneurial models supported and also usually practised in contemporary cities and metropolises in the world.

The emphasis on creating a *"good local business climate"* has highlighted the importance of the local region as a locus for infrastructure regulation, labour relations, environmental control, and even tax policy vis-à-vis international capital, which will highlight another Harvey's idea, on how the cities and urban policies nowadays also position themselves in global arenas of competitions, and how the entrepreneurial and governance models are replicated all over the world: *"How many successful convention centres, sports stadia, disney-worlds, harbour places and spectacular shopping malls can there be? Success is often short-lived or rendered moot by parallel or alternative innovations arising elsewhere"* (*Ibid.*). Many cities invest in new ideas to attract culture and consumers, but these efforts are often quickly imitated by other cities elsewhere. As a result, competitive advantage is short-lived, and given the coercive laws of competition, the local groups must constantly innovate to survive in this competitive environment (*Ibid.*). This pressure leads to encouraged game and ongoing pressure on changes in lifestyles, cultural expressions, products, services and even institutional and political forms if they are to survive.

Urban theorist Neil Brenner describes the similar shift of the governance model, as how in the 1980s the experimental prototypes for urban policies were pioneered by entrepreneurial local growth coalitions all over the EU cities, then by the mid-90s, the process was already supported by the states, which, in addition, contributed to the generalisation and normalisation

of such competitiveness-oriented urban policy agendas globally (Brenner, 2004). Another important factor to highlight about the transition in governance models and the shift in understanding is that such urban neoliberalism is not only a form of political, institutional, and geographical change; it also changes our perception of political imaginaries, based on which people understand the limits and possibilities of the urban experience (Brenner & Theodore 2005: 106). Meaning that, more generally, it is recognised how the effects of governance and economic models influence the reworking of conceptions of citizenship, community and everyday life. The same trend was highlighted by Ugo Rossi and Sami Moisio (2019: 4), who described that cities are transforming from the entrepreneurialisation of governance to the entrepreneurialisation of urban social life, where it further seeks to harness social life for “*the extraction of value*” (*ibid.*). Both of them highlight, in essence, the idea that the new understanding of entrepreneurialisation in cities cannot be seen anymore as just political or economic influence, but it has a bigger effect on the way people interact with the city – how they perceive the role of the city, and how they envision themselves as residents living there, and what kind of lifestyle they see themselves pursuing.

In parallel, since the mid-1990s, many policymakers and international organisations have used terms such as the information economy, learning economy, and knowledge economy to shape political, social, and economic agendas, which again situates and illustrates the way in which cities and states are collectively governed nowadays. Geographer Sami Moisio (2018: 15) describes this as a process, whereas knowledge-based economisation refers to a “*forward-looking approach to policymaking that focuses on how success can be reached and measured based on its knowledge base*”. This concept involves strategic initiatives that promise unlimited growth, addressing the material and environmental limits to economic growth that became clear in the 1970s. The ideas around knowledge-based economisation are closely linked to how capitalism has been portrayed since the 1990s as the only system that can provide endless growth and profit (*ibid.*). Knowledge-based economisation refers both to the material processes of knowledge-intensive capitalism and to the processes whereby this form of capitalism is constructed discursively through imageries and objectifying social practices (*ibid.*, 2). Citing here Michael A. Peters (2009: 4), then the term highlights the “*growing relative significance of knowledge compared with traditional factors of production – natural resources, physical capital, and low-skill labour – in wealth creation, and the importance of knowledge creation as a source of competitive advantage to all sectors of the economy, with a special*

emphasis on R&D, higher education and knowledge-intensive industries such as the media and entertainment.” Offering here a necessary contextualisation of the theory, which will be later compared with evidence from the research.

The entrepreneurial governance and broader entrepreneurialisation trend open up the necessary background for the thesis's theoretical positioning. In the context of my research, a more zoomed-in perspective on the urban policies and governance models in the context of the Post-Soviet and Estonian contextualisation is also necessary, as the country didn't follow the same market logic during the time. Ruopilla argues in his 2007 (408) research that the concept of entrepreneurial urban governance could hardly be applied to post-socialist cities in the 1990s, because of their insufficient institutional capacities, weak governing and a lack of synergy between the public and private sectors, so a more comprehensive overview of the history of urban planning and governance is needed, and will be opened up in the next chapter.

1.2. Startup Urbanism, Startup State and Entrepreneurial Ecosystems

Moving forward from Harvey, Brennan, and Moisio's theories regarding entrepreneurial governance and neoliberalisation, Moisio & Rossi (2019: 7) offer a new way of seeing the economic and governance models since the 2000s. In the early 2000s, which were characterised by the harsh realities of fiscal austerity as well as an ongoing search for new ways to boost the economy. To address these challenges, some states moved their focus to building the startup economy as a “national strategy for rescue and rebirth” with a goal-oriented effort aimed to help the economy recover and grow after the great recession of the late 2000s and early 2010s (*ibid.*). The authors move forward and argue that the emergence of technology-based economies is a political phenomenon, and is connected to phenomena the authors call “*strategic urbanisation of the state*” (*ibid.*, 1). They highlight again in another form, the role of national policies and state-driven mobilisation process, which they also refer to as entrepreneurialist and urbanising state strategies, which again disclose a shift towards a bigger understanding of the “startup state” (*ibid.*, 3).

Moisio & Rossi highlight the state's key role in the bigger value creation mechanism – “*it creates value in the economy rather than merely supporting firms in their attempts to generate value*” (*ibid.*, 2), the state does not only have the role through government interventions, regulatory

framework, but also works as a direct investor in that sense. They describe how the startup economy becomes a reality as a combination and intersection of socio-spatially and historically situated entrepreneurialising, urbanising and technologising imaginaries, practices and strategies (*ibid.*). Through the concept of the startup state, it is possible to better describe the new hybrid forms and political-economic-cultural formations of the contemporary process of knowledge-based economisation taking place, and where the state seeks to capitalise on the endogenous entrepreneurial capacity of urban environments (*ibid.*, 3). Cities nowadays are basically taking over the form of “*state-orchestrated platforms for experimental governance and creative business activity*” (*ibid.*, 4), contributing to the broader process of the entrepreneurialisation of society as well.

The urban environments have become homes to “ecosystems”, which bring together knowledge, creativity and a variety of communities of practice, which in addition means the environments thus enable the individual to leverage their human capital as an entrepreneur of themselves (*ibid.*). The *ecosystem* is a key term within startup companies and people, and increasingly by the states as well, to describe their perceived “community” – “*startup leaders and ordinary members customarily portray themselves as complex ecosystems pursuing the ideal of high-tech communities through a wide range of live and online networks, organisations and events, while high-tech corporations are seen as participants rather than dominators within the local ecosystem*” (Rossi & Di Bella, 2016: 8). Additionally, Levenda and Tretter (2019: 3) define entrepreneurial ecosystems (EE-s) as targeted place-based initiatives, which promote and support entrepreneurial activities through shaping local cultural, social, and material environments. While similar to clusters and industrial districts, these ecosystems emphasise the role of entrepreneurs in developing regional markets and high-growth ventures. The aspects of EEs can include “*accessible markets, human capital and workforce capacities, funding and finance, institutional support systems and mentorship programs, governmental and regulatory frameworks, education and training, institutions of higher education, and cultural supports*” (*ibid.*).

The aforementioned knowledge-based economisation and its global reach have defined new connections in the city between urban governance and spatiality, and entrepreneurial forms of life – the new, economically profitable ideas arise from a cooperative, culturally and socially rich urban fabric. *“In such startup economies, the urban is addressed not as a space to be re-colonised by rapacious investors, but rather as a socially rich and economically productive space within which the potential of life can be harnessed to economic purposes”* (Moisio & Rossi, 2019: 7). The dense urban spaces are desirable, as they enable face-to-face interaction of people who cherish the sociability of a city, and the cities will become “arenas”, where the effects of the fostered governance models are also influencing our everyday perception and this kind of new lifestyle, which is supported by imaginaries.

The startup economy brings together a new understanding and connection between *“work in urban space and outside-work urban life”*, thus making the border between working time and non-working time largely obsolete – its ecosystem protagonists are aspiring *“happy-city entrepreneurs who supposedly mix ideas of common good, collaboration and sharing with value creation”* (*Ibid.*, 5). About generating value, the startup economy blurs the boundaries between the workplace and the place of living, and produces a particular segment of the population as the economic–political ideal. The urban is understood as one that pleases them both at work and outside of it, while reconnecting the spheres of production, social reproduction, and leisure (*Ibid.*).

The adaptable subject of economisation is the office. Members of the startup economy view the *“urban environment as a key backdrop that reshapes how startup individuals see their role as constant innovators, with an increasingly blurred line between work and leisure”*. Consequently, dense urban space, with its qualitative aspects, is seen as a vital element in the startup economy's narratives (*Ibid.*). From a critical perspective, the urban space of the startup economy works as a technology itself: it is intended to break down the barriers between the domains of work, home and leisure, and to function as a production site for the new artisans of knowledge-intensive capitalism. It is indeed the *“constant search for value and growth that locates the urban at the core of political strategies seeking to connect the territorial state to today’s capitalist mode of production, founded on the extractive valorisation of affects, emotions and subjectivities”* (*Ibid.*, 17).

In the context of this research, the perspectives offered by Moisio and Rossi, and Di Bella offer a crucial perspective on positioning the case studies and for further research. As they also refer to the broader phenomena and processes through both local municipalities and national and state-wide contexts, this will also create the basis for understanding the outcomes of the thesis. Moisio and Rossi (2019: 18) concluded that the startup economy, which is produced through clear interaction between private economic actors, startup entrepreneurs and entrepreneurial city governance, *“harmfully depoliticises societal development and prevents critical scholars from analysing alternative futures that could be out there, where to re-imagine the role and functions of startup economies”*. The stronger and normalised imaginary of the process effectively ignores both the role of the state and politics, which means they are put further away from the responsibilities that come with the process. Forms of entrepreneurship and urbanisation will become more and more distanced from societal contestation and struggle, and will be presented as *“neutral labels that express spontaneous endogenous dynamics”* (*Ibid.*).

When trying to find one comprehensive explanation for “startup city”, even in the literature researching and mentioning the terms “startup urbanism” and “startup cities”, the concrete explanation for the term seems to be missing. In the context of the thesis, the “startup city” can be referred to as another categorisation label, where the city operates as a unit to analyse certain processes, which also give the city the aforementioned label. The startup city, as a term, essentially doesn't specify one specific goal of the city model, yet it goes hand-in-hand with the understanding of how startups, startup urbanism and the entrepreneurialisation processes interact within the city. In the context of the research, it offers a ground for opening up the different ways urban areas can interact with the broader processes, and how the entrepreneurialisation is realised spatially in today's urban settings.

I acknowledge that the “startup urbanism” and “startup economy” models have many potential connections with other topics and trends, which do not receive the same attention in the context of the thesis. As the focus goes on the broader understanding of transition and understanding of governance, economic and cultural mixed frameworks and the macro-level analysis. Then, in this thesis, I have left out of the theoretical framework and literature, which could, for example, elaborate further on the following topics: smart cities, smart urbanism, urban environmentalism, urban testbeds, unicorn planning, etc. Some parts of these

conceptions will be mentioned and used in a comparative form in the third chapter when describing the evidence and research findings through three case studies, yet they don't receive the full attention as the main theoretical frameworks used to describe the ongoing processes of entrepreneurialisation.

2. Governance Models and Innovation Policies from the EU, Estonia and Tallinn

In the context of my thesis, the role of the public sector and policies in the development and support of entrepreneurial activities is worth separate attention and research, as this provides a ground for a bigger narrative of the entrepreneurialisation process and highlights clearly the role each stakeholder has there. Hence, it is important to provide an overview of the innovation policies, historical frameworks and supporting acts (Annex 3) from the national level as well as opening up the local government and the EU level influence, to better understand the current developments happening in Northern Tallinn.

Estonia, which gained independence in 1918 and restored its full independence in 1991 after the collapse of the Soviet Union, joined both the European Union and NATO in 2004. Estonia is a democratic unitary parliamentary republic with a single-tier local government system. Since joining the EU, this also means that some legislation processes, acts and laws coming from the EU are to be integrated into the Estonian national level. In addition, the political agendas and priorities of the Union are supported by financial instruments, which are distributed to the member states either directly through funds, initiatives and programmes, and local municipalities get a proportion directly as well. The EU funds are distributed between member states (MS) based on Partnership Agreements, setting the goals and priorities of the member states across the financial periods², as the member states provide an Operational Programme, where the expenses and goals of their national distributions are explained.

In the context of the current thesis, the focus goes rather on the governance models, policy narratives and political documents, and the financial distribution and financial mechanisms which support innovation, technology and entrepreneurship, will not be discussed and analysed with the same detail-orientedness. With most of the EU policies supporting financial mechanisms, including structural funds, the European Innovation Council, Horizon Europe, and venture capital mobilisation initiatives are provided from the political level as well, to support the goals of the strategies. Financial mechanisms are acknowledged as enabling conditions that give political priorities the needed weight, but their detailed analysis falls outside the scope of the current research paper.

² Multiannual Financial Frameworks, meaning the EU "budget". The current period (2021-2027) is ending, and the preparations for the next period (2028-2034) altogether with new priorities are ongoing between Commission and Member States.

In Estonia, since 2017, there are 79 local governments in total (15 towns and 64 municipalities), where each municipality is governed by a municipal council, which is directly elected by residents every four years, which in turn appoints the municipal government headed by a mayor. Tallinn, as the capital and largest municipality with around 440 000 residents, is governed by the Tallinn City Council and City Government. For internal administration, Tallinn is divided into 8 urban districts with limited self-government. Northern Tallinn is one of these eight districts, meaning it has a district council with an advisory and coordinating role, but substantive planning and investment decisions are made at the city level, not on the district level. The budgets of local municipalities are integrated within the State Budget, which significantly contributes to the financial plans of the local municipalities.

When analysing the whole narrative for the thesis, we can distinguish three different and hierarchical levels of governance and financing – the European Union level, Estonian state national level and the Tallinn local municipalities level, which are all contributing to the narrative of the research topic in different ways.

2.1. The Startup and Scaleup Policies at the EU level

From the EU level, innovation has been seen as a tool to support the EU's competitiveness in the global economy and in comparison with other continents and power structures as well. Innovation policy is a bridge between research and technological development policy and industrial policy, and aims to create a framework that facilitates the transfer of ideas to the market. More and more, the role of innovation and startups has been highlighted in the context of EU strategic autonomy and industrial strength (European Commission, 2025: 3).

The historical turning point for the EU was the Lisbon Agenda from 2000, when a new, clear direction and goals were set for the European Union-wide, to prepare for the “*transition to a knowledge-based economy and society*”, through new policies to foster the turn towards the information society and R&D (European Parliament, 2004: 1-2). The strategy concentrated on knowledge and innovation, reforms on state-aid policies, improvement and simplification of the regulatory framework within which businesses operate, and the completion of the internal market for services. It also included the removal of obstacles to free movement in transport, labour, and education, as well as support for efforts to address the social consequences of economic restructuring (*ibid.*).

In recent years, the discourse surrounding startups and scaleups has evolved significantly, emphasising the need for regulation and clear jurisdiction. In 2024, former Italian Prime Minister Enrico Letta published a report titled "Much More Than a Market," which addressed the issues within the EU Single Market and advocated for a strategic reimagination in the light of a more competitive global environment. Later that year, another former Italian Prime Minister and ex-Head of the European Central Bank, Mario Draghi, released his report, "The Future of European Competitiveness," highlighting the EU's struggle to convert innovation into commercial success. He pointed out that innovative companies seeking to scale in Europe face numerous obstacles at various stages. Both reports sparked significant discussions at the EU level and have greatly influenced the agenda of the current European Commission (which acts as the EU's executive body), which now prioritises startups, research, and innovation as key elements of its current governance mandate.

The current EU Commission, the second one led by Ursula Von Der Leyen, which stepped into power in 1st of December 2024, positioned competitiveness as a main pillar for its next 5 years, with the main roadmap strategy being called the Competitiveness Compass (European Commission). While President von der Leyen emphasised green topics and sustainability during her prior Commission period, illustrated by the European Green Deal and related initiatives. Now the evolving global events have shifted public discourse, prompting political strategies to once again prioritise economic growth, innovation, and the EU's competitiveness in the global arena – in order to boost productivity, *“tech sovereignty and innovation are put at the heart of our economy”* (European Commission, 2025: 1). With these goals in mind, the new Startup and Scaleup Strategy was adopted in 2025, which has a bigger vision *“to make Europe the best place in the world to launch and grow global technology-driven companies, including deep tech companies”* (*Ibid.*), once again referring to the knowledge-based economy ideas, where the EU sees innovation as a cornerstone and as a key advantage in international competitiveness. The Strategy works with five pillars: innovation-friendly regulation, better finance, fast market uptake and expansion, support for the best talent and access to infrastructure, networks and services, and is offering *“simplifying processes at every stage of startup development”*, while combining short-term action with long-term reforms to create an ecosystem where startups in any sector can thrive (*Ibid.*, 18).

Moving forward from the Startup and Scaleup Strategy and from the Competitiveness Compass, the Commission has announced the adoption plans for 2026 for the European Innovation Act, which will aim to create cross-sectoral legal framework conditions to remove barriers for bringing innovative ideas to market in all sectors. In the bigger picture, the underlying debate regarding supporting innovation and how to remove the regulatory barriers in the EU often revolves now around the idea of the “28th regime”, which became popularised again from the Letta report, and is marked as a key element of the Competitiveness Compass. The regime, which is necessary to mention *“has yet to be defined”*, but would possibly be a *“specific legal framework that would govern various aspects of businesses that opt into the scheme from 'birth to death', such as establishment, organisation, operations, and disputes”* (Évroux & Hallak, 2025: 1). This would practically mean an optional EU-level legal framework that coexists with, yet does not replace, national laws, to remove the barriers for entrepreneurs and business activities in the EU.

Since 2007, startups in the EU focused on advanced technologies have secured more than 70 billion euros in venture capital and have created an enterprise value exceeding 500 billion euros. The European Innovation Council (EIC), which was established in 2018 with a budget of 10.1 billion, promotes groundbreaking innovations from their research phase to scaling up. Currently, the EIC Fund stands as one of the largest deep-tech venture capital funds in Europe, intending to raise 20 billion for startups by 2027 (European Commission, 2025). The EU political direction has taken more and more clear steps in supporting innovation and the startup-scaleup-based business model support. The change of the narrative, from industrial policies and models to a knowledge-based economy model, is showing the bigger narrative in global economies. The growth and the risk of the tech sector are seen as a reasonable source of potential for getting a better advantage in economic competitiveness, while also positioning the EU in the global arena with other unions, nations, and states. Clearing the road for innovation, deregulation, and with that also for the entrepreneurial governance ideas, which are gradually giving a bigger and bigger role to the private actors.

2.2. Estonian National Level Startup Policies

In 2000, Estonian former president Lennart Meri concluded his speech on the 82nd anniversary of the Republic of Estonia with the words: *“Finland quickly built itself up with the help of a union of money and power, and this union is called SITRA³ by the Finns. Let us also focus our full strength on these tasks. Let us create a beautiful Estonian SITRA, then we will also achieve what we call happiness”* (Eesti Rahvamuuseum, 2019). The spirit and never-ending hope about finding the “local Nokia” in Estonia has most definitely influenced the ongoing search for experimenting with new ways of entrepreneurialism, new innovative business models and promoting the interest in technologies in Estonia. In the spirit of this, in 1996, the Tiger Leap national programme was born to build up schools’ technology infrastructure, including providing internet access to all schools. Thus, highlighting Estonia’s efforts to leverage technology for teaching and learning and using information technology for the benefit of social development (e-Estonia). For parallel, a similar programme was launched in 2025 called AI Leap, which is again an educational programme born from a public-private partnership, aiming to provide Estonian students and teachers with access to the world's leading artificial intelligence learning applications and develop skills for their smart use in teaching (Oixio, 2025). Illustrating here once again the ongoing support from the public sector side to actively find new ways to position the state in global competitiveness through technology and innovation fields.

The creation of the Development Fund (which operated alongside the Estonian Parliament, Riigikogu) in 2006 can be considered the beginning of the development of innovation policies in Estonia (Arengufond, 2016). The Development Fund supported the increase in innovation awareness, the emergence of innovative business ideas, and the growth of entrepreneurship in society as a whole, and was the starting point for many innovation and startup sector initiatives and structures in today's Estonia. In 2011, a subsidiary company, SmartCap, was formed to deal with investments, which now acts as a subsidiary of the Estonian Business and Innovation Agency, and the Republic of Estonia is the sole unitholder of all three SmartCap funds⁴. Also in 2011, the Development Fund had their first activities in promoting startup entrepreneurship, and set a goal to have a thousand active startups by 2020. In 2014, the Estonian startup support unit Startup Estonia (SUE) joined the Development Fund (*ibid.*). SUE stands for Estonia to be a well-known and attractive target country for European startups and to become one of Europe's

³ Sitra (the Finnish Innovation Fund), is an independent public foundation which operates directly under the supervision of the Finnish Parliament.

⁴ The current three funds are: SmartCap Venture Capital Fund, the SmartCap Green Fund, and the SmartCap Defence Fund.

leading startup hubs. SUE's goal is to establish a comprehensive and functioning “startup ecosystem” that fosters the growth and development of startups (Startup Estonia). In 2014, Estonia introduced e-Residency, allowing global entrepreneurs to register and operate an EU-based company entirely online. Complemented in 2017, a startup visa program was created with the aim of strengthening the local ecosystem and attracting international talent. In 2019, Startup Estonia helped launch Accelerate Estonia, a governmental innovation lab to overcome the regulatory barriers and complex problems for entrepreneurs (*Ibid.*).

Another important event that has historically supported the growth of the local entrepreneurial ecosystem, the startup sector values and the first state-supported activities, was the sale of Skype to eBay in 2005 for \$2.6 billion. The first global technology success, and the sale generated significant capital and expertise that was reinvested in local startups, resulting in the creation of numerous new companies, business incubators, and investment funds (Invest in Estonia, 2025(a)). Up to this day the Estonian technology and startup sectors are discussing the influence of the so called “Skype effect”, which also have developed into well known and used phrases in the startup sector such as “the Skype mafia” (*Ibid.*), referring to the influential network of former employees, founders, and engineers from Skype, who went on to create, fund, or lead numerous successful technology companies, and from there grew out the so-called “#EstonianMafia”, which is the tagline “*uniting the small but tight Estonian startup community*” (LIFT99).

The Research and Development, Innovation and Entrepreneurship Development Plan 2021–2035 (RDIE) is the current key national policy document shaping Estonia's innovation and startup ecosystems. This plan outlines strategic goals until 2035, emphasising the integration of research and development (R&D) with entrepreneurial activities to foster knowledge-intensive solutions for the public sector and create new business opportunities. RDIE shifts the focus from enhancing export intensity to prioritising knowledge intensity, innovation, and knowledge transfer (Eesti Haridus-ja Teadusministeerium & Eesti Majandus ja Kommunikatsiooniministeerium). This collaboration seeks to address Estonia's developmental needs and has significantly also influenced startup policies, particularly since 2022, when Startup Estonia began concentrating on science and technology-intensive sectors known as deep technology. This vision is further encapsulated in the Action Plan for the Development of a Science and Technology-Intensive Startup Ecosystem 2023-2027 (Startup Estonia, 2025 (a)).

A more recent example of the country's effort to “deregulate” the economic environment in Estonia, in 2025, the Prime Minister Kristen Michal created an *“advisory council of business leaders, with the aim of focusing on economic efficiency and growth”* (ERR, 2025), further contributing to the understanding of how states nowadays are run, inspired by entrepreneurial values. The same step was soon followed by the Tallinn City Government and Mayor, who wrote down in the coalition agreement the creation of the Economic Growth Council, intending to *“improve the business environment in Tallinn, make entrepreneurship more attractive to investors, including foreign investors”* (ERR, 2026 (a)).

2.3. Governance, Planning and Innovation Policies in Tallinn

Similar to the EU level and to the parallel to the unions' executive body, the European Commission, the governance and division of innovation topics in Tallinn are largely dependent on the political power, regimes and values carried, as each City Government brings together their own priorities and Deputy Mayor's focus areas. Entrepreneurship and innovation most often are seen together or even as one topic, yet there has been a slight difference in the narrative in recent years as well. Entrepreneurship can be seen either through traditional services, soft industries and SMEs, and with innovation, most often comes the understanding of new business models and fostering new kinds of entrepreneurship, also including the startup sector role. Tallinn city innovation activities are currently stated in its overarching development strategy, Tallinn 2035, which frames the city's vision as "Green and Global" and names entrepreneurship, innovation, and creativity as core strategic principles there.

In addition to the main strategic document, the topics are expressed through different programmes and through different City Institutions, for example, Tallinnovation is an annual innovation competition run jointly by the City of Tallinn and Tallinn Science Park Tehnopol. The initiative seeks smart city solutions to make municipal services and the urban environment more convenient for both residents and visitors, stimulating cooperation between the city and technology companies (Tallinnovation). Test in Tallinn under the Tallinn Strategy Office aims to change the traditional procurement process by creating a collaborative environment where companies can validate their technologies in real-world conditions – companies can test their solutions in Tallinn for up to 12 months, and the city provides suitable sites and facilities, helps find partners, and offers access to open data (Invest in Estonia, 2025 (b)).

Published in 2021, “Tallinn 2035” sets the strategic goals for Tallinn's development and future vision through six strategic goals and focus areas until 2035. The six categories are: friendly urban space, creative global city, healthy mobility, green transformations, kind community and a home that includes the street (Tallinn (b)). The strategic goal “creative global city” is especially dedicated to creating an environment suitable for skill development and co-creation (innovation) of different people. The document highlights clearly the city's role and the connection between the strategic planning and the living environment needed for fostering entrepreneurial activities. The shared narrative in the vision clearly highlights the similar narrative literature on startup urbanism highlights, and how cities nowadays position themselves in international competition for investments and talent. The vision envisions Tallinn as “*an attractive business and living environment for both ourselves and foreign entrepreneurs and employees*”, highlighting once again the geographical scope of entrepreneurialism.

The chapter also clearly brings together the understanding that in order to foster entrepreneurialism in the city, the city needs to provide other living environment conditions that could foster “*connections and ties*” necessary to support innovation and also social connections. Another focus has been on the science, technologies and testing opportunities in Tallinn, the strategy imagines Tallinn as a “*prestigious innovation centre*”, which is attractive to international companies and investors, who could bring new products and services to the market from here. Here, the focus goes to innovation and new technologies - labour-intensive business models are imagined to be replaced by science-based, environmentally friendly and resource-saving business models, supported by the active use of digital technologies in both the business and public sectors. The urban space is highlighted as it has the ability to make Tallinn attractive to current residents and tourists, but also investors and foreign talents looking for a home in the world, highlighting the imagined global network of entrepreneurial activities.

The city envisions that by increasing entrepreneurial awareness and fostering an attractive, open environment, international conferences and major events will attract top players in their fields to Tallinn and support the city's international reputation. In addition to the urban qualities, operating environment, and measures, the stable legal and tax environment of Estonia is highlighted, along with the network and collaboration opportunities offered by the research institutions, making a reflective connection back to national-level initiatives and influence as well.

2.3.1. The Development of Urban Planning in Tallinn

Ruopilla describes how in a market-driven economy, urban planning can be characterised as a type of government action in the urban development process, which is primarily influenced by the private sector. While planning operates within the market framework, the government acts there as a regulator and facilitator, potentially impacting the development process. The genuine ability to reshape urban life often can reside elsewhere in cases where urban governance and administration primarily play a supportive and coordinating role. In this context, the main driving force behind land development is profit, with the market left to dictate land usage. In urban planning, individual entrepreneurs have a diminished role, while planning authorities could possess greater authority to oversee regulations. In this context, planning and public land-use regulations direct property development. Typically, the planning framework is enhanced with land and property taxes to create incentives for private owners to develop their properties (2007: 407).

During the period of state socialism, the creation of the built environment was defined by state control, distribution, and regulation. Following Soviet occupation in 1940, all land in Estonia was expropriated by the state and allocated to users through administrative means, meaning entirely outside market mechanisms, and which also severed the connection between land value and urban development that had been emerging in Western European cities, perhaps already since the 1950s and 1960s (*ibid.*). When Estonia regained independence in 1991, the transition to a market economy unfolded with remarkable speed and also ideological conviction, a period sometimes described also as “cowboy capitalism”, reflecting the radical and largely unregulated nature of the reforms. Under Prime Minister Mart Laar, a firm believer of Milton Friedman, the government pursued rapid privatisation of public assets (Kriiv, 2019: 80) in a deliberate effort to reposition Estonia within the global economy and align the country with European integration.

In urban planning, the emergence of private entities, including developers, construction firms, real estate agencies, commercial banks, and investors, has been another significant development in the real estate market. Initial efforts to reintegrate a market economy began during “perestroika”, but meaningful entrepreneurship only became feasible after Estonia achieved independence in 1991 (Ruopilla, 2007: 412). The land reform, which restored the rights of former landowners and their descendants, restored the legal situation that existed before the Soviet Union's nationalisation of land on June 16, 1940 (Maa- ja Ruumiamet, 2025).

The first phase of the planning process was evident when Tallinn approved its Temporary Building Ordinance in 1993, marking a shift from Soviet-style planning to a more liberal system. This allowed private landowners and developers to create detailed plans and lead urban development. Initially, the urban planning office focused on reviewing applications from these private actors, who had much freedom since there was no official master plan or many restrictions. Planners compared proposed buildings to existing ones in the area, allowing for flexibility and discussion. Ruopilla calls the early 1990s system "ad hoc planning." In the second phase, starting in 2000, building restrictions gradually increased after the approval of a new master plan and sub-area plans. However, the Tallinn Master Plan from 2000 mainly outlines the city's layout without serving as a plan for urban change. Detailed guidelines for future developments are found only in sub-area plans and rules, which set clearer limits for landowners (*Ibid.*, 423).

In 2007, Ruopilla concluded that the city model of Tallinn resembles "*boosterism in the sense that urban development is initiated and driven by private agents seeking profit from their investment in land, but it lacks the features characteristic of growth machines*". He keeps referring to the public-private partnership model, where the collaboration seems to be lacking, regulation is considered to facilitate growth as such rather than create growth in a particular place or places, and urban planning continues to be limited to spatial land use planning and urban design, while only a little attention is given to its impact on economic or social development (*Ibid.*, 424-425). As the research and conclusions were made by him almost 20 years ago, the overview will be used as a guiding material and theory for further research, not as stated facts or a main conception, but rather as something which can be used to perform a comparative research of the current governance models and urban policies in Estonia on the same matter.

2.3.2. Development of the Northern Tallinn district

Northern Tallinn is one of the eight districts of Tallinn, with a population of 62 425 (2024) (Tallinn arvudes), and with eight sub-districts, the area has been historically known through connection to the sea, its industrial past and as a working-class district. It is still one of the most culturally distinguished areas in Tallinn, with a quite big Russian-speaking community. The national diversity of the population is primarily due to the Soviet military industry that operated in the district during the Soviet era, as well as the machinery and fishing industry companies, which

mainly used labour from outside Estonia (Põhja Tallinna Valitsus, 2013: 3 & 8). The area has been going through rapid gentrification and faces strong development pressure in Tallinn. In 1990, the area was facing difficult social and economic conditions, and had a reputation in Tallinn as a rather “problematic and dangerous district”, with visibly lower socio-economic indicators (higher unemployment, crime and poverty rates, lower education levels, and a higher percentage of municipal and social apartments) than the rest of Tallinn (*Ibid.*, 25-26). While the development process was driven for some time by the economic interests of the private sector, within the last decade, the public sector has turned more focus towards the area, and supporting the similar revitalisation and gentrification process narrative of the district now as well (*Ibid.*, 3).

In 2014, Tallinn confirmed the first Northern Tallinn Strategy Plan 2014-2018, which highlighted the initial goals and values for strategies and planning objects in the area (*Ibid.*). In 2025, a Northern Tallinn Comprehensive Plan (Põhja Tallinna Üldplaneering) was introduced (the plan is waiting still to be finally established and confirmed by Local Municipality), which acts as the next long-term strategic document for the area's urban development in the future, intending to offer solutions to the biggest challenges of a rapidly developing district, which is aligned with broader Tallinn 2035 strategic goals (Tallinn, 2025). The Northern Tallinn Comprehensive Plan will form the basis for the land use and development of the urban and living environment of the Northern Tallinn territory for the next two decades (Tallinn, 2026). In the context of the thesis, the Northern Tallinn Comprehensive Plan states clearly the new development areas and centres of Northern Tallinn, which the chosen case examples are all part of. In the context of the Plan, the development areas are “*highly changing areas where the former use function is replaced by a new one*”. The main development areas of the district are the seafront and the former industrial areas of the city district, which are evolving from previous monofunctional production and warehouse areas into diverse open environments (Looveer et al. 2022).

Compared with the previous Tallinn Master Plan, the starting point for the district's development has also changed, as the previous Plan envisioned preserving industry in the district and designated the territory of the Paljassaare conservation area as a prospective development area. With the new Northern Tallinn Comprehensive Plan, new centres will be developed, focusing on “*reducing the share of environmentally polluting industries*”, increasing openness to the sea, developing mobility connections, and strengthening the district's blue-green network

(Tallinn, 2026). The change indicates again a broader trend in cities, when the (former) industrial areas seem to be lacking a clear role in cities, so they will be imagined as new centres. Outcoming as more and more of the lasting soft industries or even existing hard industry examples will be pushed out of the city centres, moving further from the productive city model.

All the previous highlights clearly show that, in recent years, Northern Tallinn will be playing a growing regional role in the Tallinn context, emphasising the relevance and need to work with the area. The city is seeing a strategically growing role for the area in housing, new residents, and entrepreneurial activities, while also facing gentrification pressure and accompanying socio-economic changes. Previously, the phenomena of gentrification and displacement has been researched in Northern Tallinn and Tallinn context by human geographer Ingmar Pastak (2014: 58-59), where he highlights that the reimagination of the former industrial areas in Tallinn have been done previously in an episodic way, and public-private cooperation and the small role of the third sector and inclusion in development processes have been widely criticized by other authors and experts, which should call for better collaborative development of industrial areas and urban planning in Northern Tallinn.

When concluding the research with policy documents and the broader contextualisation, a common narrative emerges when considering the three levels mentioned above: the EU, Estonia, and Tallinn are all gradually working towards removing barriers and facilitating an environment where the private sector can “*thrive and achieve its highest potential*”. This effort is supported by all stakeholders, advocating for the removal of regulations. The private sector is viewed as the primary entity capable of assuming risks that neither the states nor the public sector can take. Cities, nations, and even international organisations are increasingly adopting an entrepreneurial governance model, recognising that innovation from the private sector can serve as a competitive tool for enhancing their economic positions, and Estonia here works as a great example of the startup state, as described in the theoretical framing of the thesis (p. 23). This approach aligns with the overarching goal that is prevalent in global discourse today as well. It is challenging to envision any alternative direction at this time, as stakeholders worldwide appear to endorse the same narrative, further propelling society towards the normalisation of the current neoliberal world order.

3. Entrepreneurialisation in Northern Tallinn

The following chapter brings together the fieldwork, desk research and interview outcomes, providing an overview of the presented narratives of the three case studies in historical order – Telliskivi Creative District, Krulli Quarter and Hundipea. The chapter provides evidence of how each of the case studies is contributing to the research, as a distinctive example of the “startup city” model. While providing a historical overview and explaining the narrative of the areas, the role and exposure to the entrepreneurial and startup ecosystems will be highlighted. The narratives, data and information presented in this chapter are based on fieldwork and interviews conducted during the master's thesis; the interview guide and list of interviews can be found in the List of Appendices (Appendix 1 & 2), along with the ownership schemes (Appendix 4).

3.1. Telliskivi Creative District as a “post-industrial creative hub”

“In 2023, a popular bar, vintage shop and cultural venue, Sveta Baar, announced its closing in the Telliskivi area. The owners mentioned that the shutdown is a combination of multiple factors - the Covid-19 crisis, the energy and economic crises, the restrictions and laws, the war, and the gentrification.” According to Demtchenko, cultural institutions and organisers are creating a thankless job that provides favourable space for developers, and every five years, cultural life is forced to look for a new area. While explaining their broader role, they highlighted how that culture has a significant impact at the district, city, county, national and wider regional levels. (ERR 2023)



Figure 6. Telliskivi Creative District. Photograph by Visit Estonia- Kaupo Kalda.
Accessed: <https://visitestonia.com/en/telliskivi-loomelinnak>.

Telliskivi Creative City is located in the former Kalinin Electronics Factory, which historically operated as the main factory of the Baltic Railway. The large factory, which repaired Baltic Railway locomotives and manufactured and repaired carriages, was one of the first large enterprises to be established as a separate island outside the built-up area of the city. After Estonia regained independence, the area was divided into three parts during privatisation, and even in 2003, after a detailed plan for the area was initiated, an architectural competition was held. The winning work envisaged the demolition of a large part of the existing buildings and the construction of a modern cultural quarter in their place. Due to the economic recession of 2008 and the long process of processing detailed plans, the vision created in 2003 was never realised. According to the architect of the winning work, Tõnu Laig, in 2013, the substantive ideology of the project changed over time, *“as it moved towards greater consideration and utilisation of the existing infrastructure”* (Juss et al., 2015), gradually developing into the current known spatial form of the Telliskivi Creative District. The area, which was left empty by the previous industrial companies, was taken over by the Telliskivi Creative District team in 2006. Telliskivi is developed 100% on private funding, and since 2014, the owners of the area are a Swedish family, Andrén, while day-to-day activities are operated through a small core team in Estonia. After the deal became public, they highlighted that they will continue with the same vision for the area, and how they *“really want to keep this industrial feel, the also startup feel in the area”* (Rebane, 2014).

When describing the development process of the area, as Telliskivi provides here, an earlier and more historical example, yet it also differs in multiple ways when comparing this to more current development examples from Tallinn. The Telliskivi Creative District team wasn't exactly a real estate developer or a building company with a bigger architectural and spatial vision in the beginning. The Co-Founder of the area, Jaanus Juss, was inspired by the idea of Kunsthaus Tacheles in Berlin, an *“old dilapidated department store, full of cannabis smoke and rent-ignoring tenants”*. This understanding that in Tacheles, the reason the odd conception worked so well, was the fact that people with the same values had come together, became also the starting point that motivated the Telliskivi Creative District team. Unlike the now-defunct Tacheles, Telliskivi is curated, and *“thriving” – “that’s the difference between planning for chance and chance,”* as said by Jaanus Juss (Möttus & Mürk, 2017).

Telliskivi aimed to create a space for creative industries and for this broader creative community as a whole. Their business model has been built around this idea, and this works as the central value – all the other decisions are working in favour of one specific value, and all the activities would support and serve the specific sector. Telliskivi Creative District has 9 buildings, and the total area is around 40 000m². The area has 2500 so-called residents – creative people who work there every day, and they operate in about 350 companies. There are over 800 cultural events a year, which are visited by over 1.5 million people. About 90% of companies are purely creative businesses: artists, musicians, designers, photographers, dancers, theatres, and recording studios. 5% are supporting businesses and services – restaurants and everything the larger community needs, and the last 5% are various technology companies and startups, who are kept strictly at that percentage. The proportions of different functions and formulas have been counted into their business model, which ensures financial sustainability, and aligns with and favours their main target audience (creative industries). And as they also mentioned, it can be used as an “anti-gentrification” example model, as referred to.

Telliskivi themselves are looking at developments and some urban planning trends and buzzwords in Estonia with some criticality, as they also believe that they still hold the “blueprint” for many of these areas that different developers are trying to achieve. They acknowledge the waves really seem to be existing in new urban planning trends, yet they position themselves outside of this: *“We have done exactly the same thing from day one, we haven't changed the business model at all”*. Currently, the Telliskivi Creative District's “business model” has gained international recognition, and the team engages with interested international parties (regions and cities) to introduce their spatial and business model, with the aim of creating similar areas. Their broader goal is to share their experiences with the public who can understand them clearly, rather than with audiences who, after contextualisation, draw incorrect conclusions or base their activities only on their learnings and models.



Figure 7. Historical picture from Telliskivi. Photograph by unknown author. Accessed: <https://www.muurileht.ee/telliskivi-loomelinnak-10-arhitektuur-raudtee-elektrotehnikatoostuse-ja-loomelinnaku-teenistuses/>.
 Figure 8. Telliskivi Creative District. Photograph by Kristjan Herkül. Accessed: <https://www.muurileht.ee/telliskivi-loomelinnak-avab-oma-peidus-poolle/>.
 Figure 9. F-Hoone building in Telliskivi Creative District. Photograph by Ivo Kruusamägi. Accessed: [https://et.wikipedia.org/wiki/Telliskivi_Loomelinnak#/media/Fail:Telliskivi_\(2023\)_-_001.jpg](https://et.wikipedia.org/wiki/Telliskivi_Loomelinnak#/media/Fail:Telliskivi_(2023)_-_001.jpg).



Figure 10. Telliskivi Creative District. Photograph by Kaupo Kalda. Accessed: <https://kaupokalda.com/otsing/kaupokalda-com-dji-20240530195112-0204-d>.
Figure 11 & Figure 12. Telliskivi Creative District. Photographs by the author.

Interesting to highlight about Telliskivi is that, although they were still developing the area spatially into one of the most attractive and appreciated urban spaces in Tallinn and Estonia (a similar model was replicated in Tartu as well, Aparaaditehas). Yet they explain that they are only developing the district through the “inside” – meaning through the values and while being focused on the internal. The buildings and other business premises have been given new uses as a result of gradual, diffuse development, in a process of self-organisation, and have not been determined in the business plan from the beginning. Without any structural intervention, the buildings have been left more or less as they were when the factory was built (Eensalu-Pihel, 2019). As stated by Jaanus Juss, *“For us, buildings and real estate are just a tool. We don't consider ourselves a real estate developer – we have one person who deals with real estate: he fixes it when a pipe breaks. We don't draw plans, we don't hold architectural competitions, we don't think about which floors to build where. Our approach is only through the community.”*

In addition, architecture historian Monika Eensalu-Pihel (2019) describes Telliskivi's architecture and spatial development as follows, *“when studying the history of the factory, one gets the impression that its development story is a kind of textbook example of how the environment has been created under the pressure of economics and ideology: buildings arranged according to past production processes forgotten by the present, some of which are still in disrepair from the Soviet era, others have just been renovated and, consciously inspired by the idea of gentrification, have been economically updated.”*

“We have 90% creative businesses here – it's like it's almost filled to the brim with local creative people. Some startups come, some tourists come, but that's not what defines us.” Telliskivi example here is relevant as an example of one of the earliest contemporary districts developed in Estonia, with one specific sector and its support in mind. Aiming to do that in a financially stable and self-sustaining way, while also creating a spatial environment, which is now seen as both a separate touristic attraction and an attractive area for the tech and startup ecosystems in Estonia. The startup ecosystem embraces and searches mostly for the networking options and the “unexpected interactions”, which the environment in Telliskivi currently offers. For example, when you walk into Fotografiska as a “representative of the sector” during lunchtime, it creates a sense of community, as most likely some familiar faces from the ecosystem will be around, along with some “venture capital” and startup-related discussions. Also, within the past twenty years, through the development of Northern Tallinn (mainly Kalamaja, Baltic Station and Telliskivi

area), the Telliskivi Creative District has partially become the new centre, along with the previously mentioned, which only supports the idea of how it is seen as a central “ecosystem meeting place”. When discussing the broader idea of new developments and districts, with the ideas around creating new neighbourhoods for certain communities or values, the Telliskivi team again acknowledges the trends, and yet highlights – *“The question is always that a community and the values cannot be different. If you want to create an environment for one type of people, but the community actually cultivates something else, then that value remains marketing. A few things are done a year that represent these values, but in reality, they do something else. If there are too many like-minded people in one space, it is usually not the coolest space. You need diversity – like in nature. Balance is important. It cannot be just a homogeneous tenant selection plus one art gallery – it has to be much more intertwined”*.

In the case of Telliskivi, it spatially manifests into a city model, which acts as the facilitating environment for the startup sector. The sector, which values socialising and dense, vibrant urban space, with a community feeling, in order to foster further discussions, networking options, and to live a certain lifestyle. While the area has been developed with another sector (cultural industries) in mind, the same creativity in this sense works as an initiator for activating the former industrial area, and creating the sense of community, which makes the area so attractive to entrepreneurial and startup ecosystems (as also described on page 25). Telliskivi, in this case, brings together and “offers the conditions” and infrastructure for this lifestyle, which the startups highly value, creating a place for gathering, working and needed for the ecosystem community activities.

3.2. Krulli Quarter as “new tech” neighbourhood

In May 2025, I found myself in the audience at Estonia's biggest tech and startup conference, Latitude59, for one panel discussion, with rather cryptic and not really informative name – “The European Mission: Shaping the future with resilience, impact and values and showcasing how we will do it in Tallinn”, joining my colleague and without any glimpse of what's going to be discussed. Yet the room was packed, without any seats available, easily explained by the speaker's reputation on the panel. The panellists were Sten Tamkivi (Partner, Plural), Kristiina Siimer (CEO & Partner, Skaala), Rebecca Löthman Ryda (General Partner at Norrsken Accelerator), and Nina Mathiesen (CEO & Co-Owner of Cobe). Soon, I understood that I had found what turned out to be the launch event of the Kasvuhoone (Greenhouse) idea of the Krulli Quarter development – “the new largest Nordic hub for tech and creativity, with a goal to bring at least 100 new startups to Kasvuhoone in the Krulli neighbourhood to grow the economy of Estonia and Europe from Kalamaja” (Latitude59, 2025).

Quite an evasive communication campaign and a wave of news followed the event, the same second that the applause ended. While walking out of the panel discussion, Norrsken Accelerator was giving out small packets of seeds, with messages such as “Growing curiosity” or “Lettuce bring big ideas to fruition” – making a “communication trick” with a reference to the jargon and the term “seed funding”, and to the idea of the early stage startups and to the business model lifecycle. All the press releases and social media posts were made online at the time of the panel discussion, the Kasvuhoone and Krulli were separate news in Estonian National Media Broadcast and the Estonian biggest national news broadcast of the day (“Aktuaalne Kaamera”) (Lutter, 2025). In addition, an “exclusive” separate, longer interview with Taavet Hinrikus was published on the country's most popular national television investigative journalism show Pealtnägija (“Eyewitness”) (Eilat, 2025).



Figure 13. The launch of the Kasvuhoone idea at the L59 conference, May 2025. Photograph by the author.
Figure 14. Krulli Quarter in 2025. Photograph, author unknown. Accessed: <https://www.krulli.co/>.

The Krulli Quarter is being developed on the former heritage and area of the former Krulli metal and mechanical engineering company and its industrial complex, which was established by the Estonian industrialist Franz Krull in 1899. After the Soviet Occupation and rapid privatisation, the former industrial areas didn't find any new usage, were left unused “no-man-lands”, and were rather closed off from the public eye. A couple of years ago, the owners of the area started with the revitalisation process of the area, with a new imagined “life for the area” in mind.

The Krulli Quarter is owned 100% by Skaala, which is an Estonian private equity investment firm established in late 2024, operating as the successor to the investment platform formerly known as Taavet+Sten. In 2022, the pair also co-founded Plural, a venture fund for European technology founders, which serves as their primary vehicle for venture capital investments. When opening up the narratives about the Krulli Quarter, it is crucial to do so while giving an overview of Skaala, who, as an owner, brings together the expectations, goals and content for the area. Skaala was founded by Taavet Hinrikus and Sten Tamkivi, two well-known figures in the Estonian technology sector. Hinrikus was Skype's first employee and later co-founded Wise (formerly TransferWise), and Tamkivi worked as a CTO at Skype.

Skaala's investment portfolio includes private equity, real assets, and impact-based projects in global markets, with the aim of creating both economic growth and positive social outcomes. Interesting to highlight about Skaala is that it is quite a one-of-a-kind investment company in Estonia, which is focusing on impact investments as well. While their focus has been on supporting local entrepreneurs and the education system, as stated by representatives of Krulli and Skaala, this is driven by Taavet Hinrikus's broader "mission" and mindset to give back, invest, and contribute to the Estonian economy and its people. In the context of urban space development, Skaala is also of growing importance as a private-sector developer in Northern Tallinn, as it is involved in both Krulli (100% ownership and direct involvement in the decision-making process) and Hundipea developments (approx. 30% ownership, no involvement in daily operations). The broader narrative of Skaala and Krulli can be highlighted here as well, how the money from the technology sector and Estonia's first unicorns (Skype and Wise) is being moved into the urban sphere, as an "investment". While investing in real estate is a classical model here for the private actors, in the case of Skaala, there also arises the question of how the new entrepreneurial ecosystems can provide profit as well through their urban form. As previously mentioned by Moisio & Rossi (2019: 5), such urban environments thus enable individuals to leverage their human capital, and the *"urban here is addressed as a socially rich and economically productive space within which the potential of life can be harnessed to broader economic purposes"*.

The concept of the Krulli Quarter was created by the renowned Danish architectural firm Cobe based on the former detailed plan by Estonian architect Andres Alver, which was made over 10 years ago. The Head of Partnerships and Communication of Krulli, Hanna Hinrikus, highlighted

that the step and decision towards Cobe was made because of the Scandinavian urban planning principles, *“which they felt lacked in the Tallinn context”*. Inspired largely by many Danish and Scandinavian conceptions, also by “soft city” understandings and popular urban star-designer Jan Gehl. Krulli Quarter will be developed over the next decade, with the total site area exceeding 10 000m². It is envisioned to include over 20 buildings, over 600 apartments, 3000 new job positions, over 50 000m² of office space, and space for over 50 shops and businesses, as well as a kindergarten. The first development phase started in 2024, and within the first construction phase (2025-2027), it's planned to complete the main building of the block (Kasvuhoone), the event building, and the first three apartment buildings. As stated shortly by Hanna Hinrikus, *“Krulli is an old industrial area that is getting a new life. It is one of the few areas in Tallinn that is deliberately planned for mixed use. We strictly maintain a 50/50 line: 50% residential, 50% commercial and other. The concept has three pillars: life (apartments), work (workplaces) and leisure.”* Also largely inspired by Scandinavia and waves of urban planning, the new city model and life for the Krulli area is envisioned as a mixed-use 5-minute city district where work, life, and culture meet. Krulli is imagined to be *“a neighbourhood designed for people in the heart of Northern Tallinn, which offers a unique and balanced living and working environment in an urban setting”*. As stated by Krulli, *“It is our belief that by using such a holistic approach, we will be improving the lives of everyone who lives and works there. Add sustainable planning, an ecosystem conducive to future-oriented companies, and a strong sense of community to the mix, and we get Krulli Quarter, a city for people.”* (Krulli)

The similar way of thinking – that work, home and everyday life were interconnected as during the industrial times, is now the starting point for the development of the Krulli Quarter today as well. Yet the new industry welcomed to the area is for a completely new and different ecosystem and sector, highlighting global trends in entrepreneurship and urbanisation. As their owner is Skaala, the idea of supporting entrepreneurs and startup ecosystems is *“built in their DNA”* in Krulli already, and from there, the idea of how *“the new urban spaces could also foster that”* was integrated as the central value. Krulli's understanding here again confirms, through startup urbanism, a new understanding of work, urban space, and life outside work in urban life – the urban here is understood as if it pleased them both at work and outside of it, while *“reconnecting the spheres of production, social reproduction and leisure”*. Critical perspective authors highlight how the urban space in this context works as a technology itself with an

intention to break down the barriers between the domains of work, home and leisure, and to function as a *“production site” itself* (Moisio & Rossi,, 2019: 17).

From the previously described narrative, the idea of Kasvuhoone (“the Green House”) is worth highlighting, which is envisioned as the central building of Krulli and will be home to startups, world-class accelerator programs, creative studios, and workspaces. In addition, a wide range of shops and services and a year-round event program will help shape an environment where there are entertainment opportunities all year round (Kasvuhoone). The idea of Kasvuhoone illustrates again the presented Krulli's narrative, while they actively search for the ways to combine urban planning and entrepreneurialisation – they search for spatial qualities, optional activities, and through their spaces, they aim to make a “district” of its own. One where entrepreneurship can “flourish”, and new “breakthrough ideas and startups” can be built in the aforementioned environment. Another crucial element to support these ideas is the understanding of community, which is also a central value for entrepreneurial ecosystems, as one aims to create spaces which encourage collaboration and events that invite people to communicate with each other and use the space together.

As stated, then for Krulli, the space and sector envision a certain lifestyle to be lived in the area – all the buildings and their supposed roles for the ecosystem are clearly thought through, which in addition is influencing also very clearly, which kind of people and sectors can even find access and are suitable in the quarter as well. The ongoing vision for the area seems to be to create the rooms for interactions – *“we want to create a lot of 'directed chance encounters' to create the space so that encounters occur constantly”*. Krulli is built in a way that people would not want to stay “anonymous”, and could not just visit the area or go there by car or for lunch, without interacting with other people – *“the innovation needs to be cultivated, and it's born through curated meetings and meeting points in the area”*.

“The sector also needs flexibility: at first, you are two people and a dog, later you want a private room, then the team grows, and you move to a bigger space. All this should be possible in the same building. But what is more important is everything that is happening around there – who are these people, and what invites you there. You should be able to meet VCs and different organisations in the café.”



Figure 15 & Figure 16. The Krulli Quarter area in 2026, which is currently under construction and partially closed for public access. Photographs by the author.

Figure 17. Krulli Park area, next to the Krulli Quarter and Wise office, which offers outdoor workspaces and spaces, and highlights also the values the area holds, and which activities are perceived as important to offer the infrastructure. Photograph by the author.



Figure 18, Figure 19 & Figure 20. Future renderings of the Krulli Quarter. Renderings by Cobe. Accessed: <https://www.krulli.co/vision>

Worth mentioning is the lifestyle and the social interactions that can even take place in such environments, as it also highlights the people who are imagined to come and live there. Meetings with venture capital funds and having daily lunches in cafes with coffee are limited, and part of the daily life for a quite small part of the population in Tallinn, and it's even more distant when talking about the people of Estonia. As the area itself wasn't used as a residential area before, it definitely still affects the neighbourhoods and mainly Kalamaja residents around that, as Krulli (altogether with the Volta area), will most definitely bring new residents with different socioeconomic backgrounds to the area. Even just a small look at the average wage of the startup sector (3650€ in 2024) (Startup Estonia, 2025 (b)) compared to Tallinn's (2325€ in 2024) or even Estonian national wages (1981€) (Statistikaamet, 2025), then the difference is not just a couple of hundred, but thousands.

Even in the current phase of Krulli, where only one main building is actively used while the construction process is ongoing, there are clear value criteria and processes for tenants – *“Everyone we take on as a tenant has to bring other people in. Everything that happens there should create interaction and new ideas – chance encounters that lead to something.”* Not all of these mentioned “new ideas” need to be for startup or innovation business models related, but for Krulli and Kasvuhoone, one central value is also *“technology meets art meets creative industries”*, referring to once again seeing a certain value and a role of creative industries when supporting the ideas of “community”. For example, Krulli's own team gave up their office spaces in summer 2025 to Ruum, a new hacker space and early-stage builder programme there, *“which aligns with their values for the community, of which kind of ideas and people they wish to see in the area”*. Krulli's team has also been actively curating “the first ecosystem actors” in the area through inviting specific businesses or programmes there, like the previous example showcased. The team tried to identify a gap in the Estonian market and to offer a rotation of different programmes in the area for the future. Currently, they have started the co-operation with the Scandinavian and internationally well-known business acceleration programme Norrsken Accelerator, which supports startups and solutions focused on broader impact and resilience-oriented solutions, and for the future, initial discussions with Creative Destruction Lab, a growth program for research-intensive companies, have been started, for example.

In the context of the thesis, Krulli symbolises the very clear contemporary “startup city and tech-oriented model”, almost allowing us to make some parallels with Silicon Valley. Here, supporting entrepreneurship in the city is envisioned as the area's larger goal, achieved through the values, imagined lived lifestyle, future tenants and residents, and pursued spatial qualities, and by offering a spatial space for an ecosystem “bubble”.



Figure 21, Figure 22, Figure 23. The Krulli Eventhall through history. Photographs and 3D illustration. Photographs by an unknown author, 3D illustration by KOKO architects. Accessed: <https://koko.ee/projects/interior/krulli-eventhall>.

3.3. Hundipea – planning the future “living lab”

“It's hard to blame someone if the name of the Vesta bar brings to mind a depressing drinking den, a stronghold of criminal Tallinn. From the once colourful past of the beer pavilion, the kebab bar, and the Vesta bar, which operated only in the dark of night in the final act. All that remains is the name, the yellow exterior of the building, Soviet-era coffee cups, and apple trees in the courtyard of the residential building that once stood in the same place (Rosen, 2025)”. “Now the restaurant is part of the city of the future” – the first resident, a visible yellow landmark, “situated at the entrance to the Hundipea area that will emerge over the decades” (Kipper, 2025).

The first ideas in the media regarding the new visions and ownership circle for the large former industrial and port area of Hundipea started in Estonian media in 2021, when aforementioned Skaala bought involvement in the Hundipea development (Rajamäe, 2021). During the time, it was stated by the CEO of Hundipea that the *“addition of new well-known technology investors to the ownership circle gives the project new exciting outputs,”* which positions and highlights Hundipea's area values, also as an example, where the opportunities are seen within the term “technology”.

Hundipea is a 42 000m² former shipyard and port area, which today is still a largely closed and underused industrial area, to which city residents essentially have no access. In the future, the area is envisioned to transform from a former industrial area into a vibrant and diverse neighbourhood – homes, workplaces, services and public space are planned here, forming a functioning urban environment. Hundipea's long-term vision will be realised over the next 30-40 years, gradually growing into a *“lively, adaptable, and welcoming neighbourhood – a place shaped by people, nature, and learning by doing”* (Hundipea). The area will be home to around 6,000 residents; around the same number of people are expected to work here, and the functions and land use distribution will be: 40% residential, 50% commercial, and 10% public function.

As Hundipea is currently planning its spatial vision over a long timeline, its interaction with broader goals, innovation, and the way they position and brands itself can be analysed differently from developments that might be spatially realised over a shorter period. As we are talking here about the “long-term-future envisioning” for the project, it's partially

understandable, yet it's also worth noting that, even in the last five years, Hundipea's overarching goals have changed or been rebranded. The CEO of Hundipea referred to the fact that *“the core values have not changed: a nature-centred and a human-focused urban space”*, further explaining this, as *“.../ communication changes with terminology. One reason: when a word is used too much, the original meaning is lost. A good example is sustainability – in 2008, people talked about economic sustainability, now they only talk about environmental sustainability. However, in the grand scheme of things, the principles are the same.”* When researching Hundipea through one school project in 2024, I described the area as follows: *“Hundipea promises to be a new climate-neutral city district in Northern Tallinn where 'both people and nature can thrive’*. Seemingly, they want to tackle all the problems that others before them haven't succeeded in solving. Hundipea aims to combine many bigger trends and principles in urban planning currently – they are following the 15-minute city plan, and the focus goes on lively public spaces, density, accessibility, community engagement, technology implementation and sustainability practices” (Pops, 2025).



Figure 24. Hundipea area now. Photograph by unknown author. Accessed: <https://hundipea.ee/>



Figure 25. Look to the Hundipea area from the Paljassaare street. Photograph by the author.

Figure 26. Hundipea area in 2024. Photograph by unknown author. Accessed: <https://hundipea.ee>.

Figure 27. Hundipea area in 2026. Photograph by Evert Palmets. Accessed: <https://www.err.ee/1609964486/tallinna-hundipea-miljardiarendus-kavatseb-kasvada-mitu-aastakummet>



Figure 28. The Hundipea port area from above. Photograph by unknown author. Accessed: <https://ajakirimaja.ee/en/a-vision-for-hundipea/>.

Figure 29. A visualisation of the Hundipea area in the future. Render by PLUSS Arhitektid. Accessed: <https://www.pluss.ee/project/hundipea>

Although the goals may seem directed at many different areas, separate stages can be distinguished by which core value they currently highlight more through branding and communication. Previously, for example, Hundipea has been involved in multiple smart cities projects with the FinEst Centre for Smart Cities, and the area has even been branded as the future climate-neutral district. From the beginning, in the small core team of Hundipea, there has been a position, which might be perhaps the only similar one in Estonia – the Head of Greentech (also known as cleantech). Illustrating here the district's central goals for innovation, which have remained consistent over the years, while highlighting their central value: a broader understanding of combining nature, sustainability practices, and technology.

In 2026, Hundipea published the Neighbourhood Playbook, highlighting their recent efforts in activities on interacting and “starting a community” in the area. The CEO of Hundipea highlighted, *“Publishing a Neighbourhood Playbook⁵” does not mean that we have stepped away from technology. It is just that for a person who does other things daily, it is more tangible for example*”. Their longer timeline also highlights a different way of interacting with innovation and startup ecosystems; they are searching for ways to integrate the solutions and test different technologies in their planning and implementation process. *“Part of our role is to offer new solutions – it can't be the only thing we do, because otherwise it would be economically unwise. But it is a very important part of our mission.”* As highlighted by the Hundipea team, a narrative of creating new norms and creating a moment of mutual co-learning appears as well: *“Developers often don't have the time or money to test new solutions. We have that opportunity. The idea behind our playbook was that by sharing our experience, we can provide a different perspective on urban planning and hopefully, our living environment will improve.”*

Hundipea provides an example of the city model, which is also imagined as a “living lab” and experimentation environment. They themselves don't see this as just testing one particular tech solution, but Hundipea's scale allows them to *“address both small and large challenges by designating specific buildings and areas as ‘living labs’”*, where to test technological solutions, organisational models, new housing concepts, construction techniques, future food systems and alternative material production. Their special focus is on future mobility, urban

⁵ In 2026, Hundipea published *The Hundipea Neighborhood Playbook*, which brings together principles and practical steps for creating a high-quality urban environment. While grounded in the Hundipea case, it is designed to support shared understanding and offer inspiration for neighbourhood development more broadly. The playbook is edited by Christian Pagh, former Director and Chief Curator of the Oslo Architecture Triennale and one of the leading voices in contemporary neighbourhood thinking. Co-editor Mattias Malk is an urbanist and researcher at the Estonian Academy of Arts.

transformation and reuse, new materials and construction, and sustainable energy solutions. Hundipea here offers a great example of multiple “emerging” trends in urban planning as well – highlighting the strategic role of the technology, and integrating this into the process of planning and their “identity”.

Initially, the concept of living labs and testing grounds refers to areas where urban residents play a vital role in experimentation aimed at achieving, most often, broader sustainability transitions (Levenda, 2019). This approach can also be seen as a means to facilitate entrepreneurial experimentation in urban settings, help develop new ways to generate profits from urban spaces, and tap into the emerging digital growth opportunities presented by new local technologies (Rosen and Alvarez León, 2022). This trend could eventually lead to the emergence of “flagship industries,” such as the digitalisation of mobility, which provide various benefits that extend beyond the technology itself (Jakonen, 2024: 64). The aforementioned sectors by Hundipea can also be associated with the rising trend of “urban tech,” as certain sectors and technology categories, which are to be used in the urban setting, need a suitable urban environment for testing and later commercialisation as well. The Hundipeas case also provides a strong reference to the increasing trend of urban environmentalisation, with a heightened focus on the relationship between urban and regional environmental governance, dedicated to sustainability and economic advancement.

The Hundipea case allows us to make one more connection to the startup ecosystem, as it's too early to imagine all the residents living or working in the area and what the role of entrepreneurs and entrepreneurial ecosystems will be as the area gradually develops. Then, in the governance model of Hundipea and mindset, the startup ecosystem has already clearly “found its place” – *“at the core of the Hundipea team are people from technology, entrepreneurship, architecture and community building. Since many have worked in startups, they approach urban development with a user-centred, iterative mindset, favouring listening, testing and bringing in the right expertise at the right time.”* (Pagh & Malk, 2025).

In conclusion, Hundipea can be seen as a model of a startup city, where the main values and interactions with the entrepreneurial and startup ecosystems are imagined through its understanding of how to integrate experimentation and innovation. The area is imagined as both a living lab and a ground for testing and experimenting, not only with technologies but also with “softer” values, such as new organisational practices, governance, or new housing models. The interaction points with the startup ecosystem also come through their ongoing process on how to integrate more efficient or sustainable technologies (often developed by startups) into the development, planning and construction of the area as well. The current “egalitarian” narratives of the Hundipea also allow us to assume that in the future, the aspect of both community and neighbourhood could also be used to attract entrepreneurial ecosystems to the area, either intentionally or unintentionally, while imagining the spatial features and certain lifestyles to be lived in the Hundipea environment.



Figure 30 & Figure 31. Illustrations from the future vision of Hundipea. Author unknown. Accessed: Hundipea Neighbourhood Playbook, p. 112.



4. (Hyper)normalising entrepreneurialisation

4.1. The Role of Public Sector Organisations in Urban Development and Supporting Entrepreneurialisation

While the previously described case studies provide evidence of how startup urbanism is spatially manifested in Tallinn, the three case studies also highlight the modality of the process. The current chapter highlights the public sector side, which also helps position the aforementioned process within both governance models and strategic planning. Providing a comprehensive understanding of how the connections between entrepreneurship and urban planning contribute to the shift from entrepreneurial governance to the entrepreneurialisation of cities in a broader sense. Moving further from there, the startup state is understood to be realised through policies and state-driven mobilisation processes, also referred to as “entrepreneurialist state strategies”.

According to the previous Deputy Mayor of Tallinn for Urban Planning, Madle Lippus, there are two ways to see the connection between urban planning and entrepreneurship: a realistic approach and a more idealistic one: *“When moving to a more ideal picture, the city actually can play a very big role in shaping entrepreneurship. Planning is often thought of as designing buildings, but in reality, what is more important is what is between the buildings. The street network, mobility and public space largely determine what kind of entrepreneurship can operate in a city. In addition, the city can also support the creation of entrepreneurial environments, for example, different campuses, but the wider living environment is just as important. When people, especially international workers, decide to come here, it is not only the office that is decisive, but also what the city is like as a whole. Is it good to live here? How can you get around, what the education system is like and what the opportunities for everyday life are.”*

The narratives presented confirm the broader understanding and the role of the city, in the context of supporting the startup urbanism, of how there lies the connection of the specific urban space qualities and lifestyle coming together with the specific entrepreneurial context, its imagined workers and residents.

Yet she also highlights the more “classical or realistic way” and the amount of work done by the city in recent years, where they were “*cleaning up*” the previous planning system. Meaning creating an overview of existing plans, sorting the planning registers, establishing workflows and responsibilities, and accelerating processes, which is all seen as a prerequisite for it to be possible to even start talking about more meaningful urban planning or supporting entrepreneurship. When describing the city and local municipalities' role in the process, and cooperation between the public and private sectors, she highlighted how “*perhaps the city should not directly interfere in business, but create conditions. The most important thing the city can do is speed up procedures, reduce bureaucracy and establish normal communication.*” Further elaborating on the role of entrepreneurship and startups, she added that these are certainly important, but they cannot be the only goal – “*the city's role is primarily to create the conditions that allow various activities to function*”.

Discussions with the Tallinn Urban Planning Department representatives yet highlights a clearer understanding of how they feel that the city should have a clear role in the situation as well – “*if we do not coordinate the development of the business, it will go its own way. If the city does not consciously create the conditions, then entrepreneurship will disperse to the outskirts of the city. In the long term, this means that people will no longer work in the city centre, use services there, so we have realised that we need to create measures and direct development more consciously.*” Lippus also highlights that in this case, the city could intervene and contribute to the framework clearly through the creation of a contemporary master plan for the whole Tallinn, to prevent some changes and deal with them beforehand. As it was previously similarly perceived by Lippus, and also the situation was described by Telliskivi Founder Jaanus Juss, as “*If an entrepreneur has to constantly communicate with the city, something might be wrong. The city should not be a huge innovation mentor - their structure and incentive packages are not the place to deal with innovation. Let the private sector deal with it, the city regulates as necessary.*”

The Urban Planning Department sees the options for still influencing and directing developments as more of a city role: “*simplifying development conditions where we want to direct business, as the city, for example, doesn't always have to require detailed planning*”, also, giving clear instructions on where and what density is allowed, “*for some companies, the possibility of a landmark building is important; the question is where we allow to build them.*”

Both representatives partially highlight the narrative that it is important to understand that a city cannot operate solely in the interests of business, and that the city must play the role of public interest, while the developer has a commercial interest.

When situating the previous discussion in the setting of Northern Tallinn and its spatial developments, the difficulties within the role of the city also come out more clearly. As it was highlighted by Lippus, *“Northern Tallinn is clearly experiencing gentrification pressure – it cannot be stopped completely, but its effects can be rather mitigated”*. Entson adds here to the same narrative, of how the overall goal of the process is to have more job positions in Northern Tallinn – currently, it is seen more as a residential area, the *“new residents no longer work in the industry, so office space and services are needed”*, yet it is not sensible to bring large-scale industry back there, as connectivity is poor. However, *“small-scale production and multifunctional development are suitable. The goal is to transform former industrial areas into diverse parts of the city space, with life, services and work on site”*. Described by Lippus again, how the *“important difference is that the developments in Northern Tallinn are located in the urban fabric, and their aim is rather to connect and open up. Many of these areas have previously been closed and inaccessible, but now they are becoming passable and usable. In the context of gentrification, the biggest issue is housing availability. There are various solutions, such as affordable housing development or agreements with developers, but their implementation depends on political will, which is not very strong at the moment.”* Again, a similar narrative could be continued – *“for example, existing residents of Northern Tallinn may not support new developments, they already feel the pressure on infrastructure. The city has few levers when it comes to housing availability; we cannot set prices. We can guide spatially, for example, by requiring different sizes of housing. It is important that developers and the city cooperate; many developments in Northern Tallinn have taken place as a result of voluntary cooperation, not under the coercion of the plan.”*

Important to take into account from the presented narrative is the clear understanding of how, while they acknowledge the trend of gentrification, at the same time, this ongoing process is still seen as one way to “open up new opportunities”, to welcome new life to the area, and how the ongoing process will fulfil the needs of the “new residents”. Urban planning and space questions, together with their broader socio-economic effects, have been discussed and strategically guided in the Tallinn context only in recent years, even though policy

documentation with the following promises has been made. Yet the role of the public sector in the discussion remains only partially clear or even clearly lacking at certain points, drawing a strong connection to political will.

While the narrative of political and financial governance clearly supports the same entrepreneurialisation process in our lived environments, as described through the second chapter (p. 37-38). Then the regulatory role of the municipality and public sector, perhaps, should be more vocal about spatially just planning, considering more socioeconomic conditions and the involvement of residents, in addition to situating the developments on a broader regional scale of the city and even of Estonia. Unfortunately, the city's hands seem to be either “tied” or they do not wish to consider all these “aspects”, which can be difficult and sensitive to address, yet are very much influencing the everyday lives of actual people. The process of gentrification is visible and acknowledged, but the idea of how it is sometimes presented as “inevitable”, how there is not much to do about it, or how some of these accompanying processes can also be perceived as “good to enliven the area”. The situation clearly raises questions, as through the research process an unexpected narrative rose: the developers, usually perceived as rather profit-oriented or even “evil”, seem to be sometimes doing more from their own initiative, and are even ready for broader discussions with the city. In this context, it is worth asking how we have arrived at a situation where even the private sector expects more from the public sector, or is taking on tasks that the city itself should clearly address.

In the context of the thesis and Northern Tallinn, an understanding of “indirect gentrification” is suitable and helps to describe the development spatially. As Ingmar Pastak (2021: 8) has described, who has researched the gentrification⁶ and displacement topics in Estonia perhaps the most, the form of symbolic displacement has been defined as a phenomenological “disattachment” from a place, which refers to the disruption of the qualities of a neighbourhood which is perceived as being home. Gentrification should not be understood only as a form of property-market eviction, nor should it be seen as bound to the rental property market; instead, it can be defined as a broader process embedded in a globalised economy, culture, politics,

⁶ *The historical understanding of gentrification (coming from gentry, meaning the lower class), is the renewal of the urban environment that occurs when wealthier middle-class residents move into run-down areas, displacing the lower-class residents there. The term was introduced by Ruth Hall, to describe London's changing neighborhoods, as the phenomenon has roots in urban renewal projects since the 1950s/60s (Ojari, 2013).*

and wider society. The classic indirect mode of displacement that has been most often recognised as of “exclusionary”, meaning the exclusion of low-income residential groups from the area, and the “pressure of displacement”. The last referring to the dissatisfaction that can develop *“when friends are leaving the neighbourhood, when new stores for other clients are taking their places, when changes in public facilities, in transportation patterns, and in support services are all clearly making the area less and less livable”*. For the excluded, a “sense of displacement” takes place when long-term residents become isolated by the physical and social changes that have taken place while they still reside in neighbourhoods as they change (*ibid.*, 15-16).

The same narrative is also confirmed by Pastak's works, where he describes that gentrification in the Estonian context follows more closely the market forces of supply and demand. As the high existing share of private property results in a limited opportunity for the public sector to be able to act when it holds none of the rights over the available land units. This forms a great opportunity for the study of the role being played by individual entrepreneurs and their motivations, and also makes it possible to discover, for example, the displacement pressures that are being applied to homeowners who are induced by local market processes when the effect of local and state policies is minimal (2021: 39).

Important to highlight in this case is the proportion of the Northern Tallinn area that will be reimagined based on the Northern Tallinn Comprehensive Plan, and how many areas have now got the “green light” to start with developments, when looking at the map presented in the introduction of the thesis (Figure 5, p. 15). Within the thesis, I have just described the goals, qualities and processes of three of them. This means that in a broader social and spatial sense, the effect of these developments collectively will, without any doubt, be visible on the larger scale of Tallinn in comparison to other city districts. The developments can further contribute to other urbanisation and suburbanisation trends and the growing regional gap, and accompanying phenomena such as gentrification, growing segregation and the feeling of alienation.

Already, attention was drawn to a growing social gap in a recent study from March 2026 by researchers from the University of Tartu. Their research highlighted, based on the tech sector and foreign workers, how income- and class-based segregation is deepening in Estonia, and found that minority tech workers' choice of where to live depends primarily on their income and social status, not their ethnicity. This means that they are more likely to move to areas with higher living standards and a majority of residents (Saar, 2026). Further, it also contributes to the previously mentioned concerns in the thesis, of how similar social groups can create “bubbles” in cities, contributing to bigger social segregation in a regional setting as well. The aforementioned research is incredibly important in the context of the tech and startup sectors, which are highly international fields with a large share of the workforce being external. The article once again underscores the urgency and relevance of the topic and, hopefully, signals the beginning of a discussion in the Estonian public sphere as well.

4.2. The Startup State of Estonia

When reflecting this all back to the national narratives, it can be said that Estonia has gradually adopted the new “startup state” discourse as an imperative for its transition towards a knowledge economy-based society. The Startup Estonia (SUE) unit was created by the state to ensure that the startup mentality and entrepreneurial support are available throughout Estonia. As stated by the representative from SUE, *“the goal is to grow supporting ecosystems in smaller regions so that they have basic infrastructure. Currently, we see that starting a startup requires contacts, a network, and an incubation program – these services exist, but if you are, for example, in the city of Võru, they may not be available. Many, therefore, choose to move to Tartu or Tallinn. The goal is to develop locally in cooperation with local governments, support organisations, and active startups so that there is no need to move anywhere.”*

In a broader regional setting, SUE supports the entrepreneurial and startup ecosystems, together with local municipalities, which can join the “network” and begin the initial process from there if sufficient interest exists. From there, the process raises a question of governance model – *“if you want to create a completely new ecosystem in an area where there was almost none, what needs to be there first? An open-minded city government that creates the conditions? Or those good people who come in, do things and show that it works – and only then ask for financial support? Honest answer: I don’t have an answer to that today. The chicken-and-egg problem is quite real.”* The broader popularisation and normalisation of the

encouraged startup urbanism, and supporting the entrepreneurial mentality, has gradually grown as the outcome of a clear state-led entrepreneurialist strategy, as the case of Estonia proves.

The similar entrepreneurial narrative and reference to the broader knowledge-based economisation is visible, as the public sector and Startup Estonia case clearly confirm, how the strong support from the EU is there for the initiative and work – *“The European Commission clearly sees that innovation and technology-based companies are what bring economic growth to the European Union. Compared to the US, China and other large economies, the European Union is small – like Estonia, their response is to contribute to the development of the technology sector, so that it is maximally convenient to create and scale in Europe”*. This confirms again the broader understanding of both – how the answer for competitiveness is seen through “knowledge” as a value, and knowledge-based economisation. The narrative follows a hierarchical progression from the EU to the fostered entrepreneurial ecosystems regionally to support global competitiveness goals.

As one of the interviewers highlighted, an alarming mentality about the current political power in Tallinn illustrates how the city and its governance can be understood through direct market signals, suggesting that *“Tallinn does not have any market failures”*. This again highlights the entrepreneurial trends of the governance model, which are visible in the current understanding of growing competitiveness and the prioritisation of economic values and the private sector. Based on the previous description and the ongoing narrative of the whole thesis, the research supports the idea that entrepreneurialisation has been normalised in the contemporary setting by all stakeholders. The interests of the private sector can be justified through simple economic understandings, yet the role of the state and local municipalities can be considered alarming in a broader sense. The new “renewal of the urban fabric” is equally supported by stakeholders, and there is no directly intervening party to consider other factors besides the entrepreneurial one and economic value. The trend can raise concerns in the context of regional development as well, as the current *laissez-faire*⁷ mentality in governance is contributing to the “renewal” and entrepreneurialisation of the urban areas indiscriminately, allowing perhaps the gap in the future between different city districts and cities to grow.

⁷ The French phrase *laissez faire* means “allow to do,” with the idea being “let people do as they choose.”, which can be used in the context of describing a free-market capitalism, minimal government interference, and favoring a ‘hands-off’ policy.

Yet the broader effect will also be visible in the national and regional development context, contributing even further to the growing global competition among cities and between states in this model of economy. A clear political decision, engagement and strategic planning are essential here to ensure that the social and socio-economic impacts of new developments and innovation processes, as well as the involvement of residents, are addressed in advance and given the necessary attention, as these seem to be the most sensitive issues that can be overlooked if no one is directly responsible for these and the involvement process.

4.3. Hypernormalisation

As an Estonian with a background in political science, international relations, and economics, my awareness of narratives surrounding innovation, startup ecosystems, national policies and support measures may seem even a bit too “natural” for me. Working for 2.5 years in an NGO that supports and represents clean technology companies, while actively engaging with Estonia’s startup and tech innovation ecosystems, the network of people and ideas only grows denser. At one point, one might find oneself living a very similar lifestyle to others: following the same pathways, visiting the same cafes, moving along the same roads in the city, discussing the same people, news, investments, and new companies. You realise you are partially living in a small “bubble”, a small world, an ecosystem, on its own. This “ecosystem” needs critical recognition and explanation as well. While living inside this, one might not understand sometimes the other parallel realities, or things seem to be forgotten, what has been normalised already by the bigger collective understanding and norms.

As I had to remind myself of how easy it is to forget that not everyone is familiar with terms like “unicorn,” “seed funding,” “startup,” or “scale-up,” or that people just do not “co-work” daily with their colleagues from specific Telliskivi and Krulli cafes. Living inside one's own bubble might create false realities about society and distort one's sense of reality along the way. Within the thesis, I also wanted to critically acclaim and acknowledge that there is a growing entrepreneurial force, which is supported by public and private sectors, spanning the state, city and entrepreneurs. And this growing force and expanding ecosystem, driven by the new knowledge, innovation-based technologies and talents, is increasingly influencing the way we see and experience our lived environment. I wanted to shed some light on the powers that are leading and supporting the new emerging centres in Tallinn, Estonia. The thesis critically examines what the rise of entrepreneurialisation, new entrepreneurial models, and new modes

of governance has brought us to today. It does not frame the phenomenon or its trends in research as inherently "good" or "bad"; rather, unfortunately, "*inevitable*", as the public and private sector parties and stakeholders claim this process to be. The work aims to invite a moment of honest self-reflection and critical thinking for all the parties involved; it is worth stepping out of the "aesthetic, attractive or closed bubbles", which can most often be quite distorted and disconnected from reality, complexities and everydayness of the bigger part of city life and urban space from the start. Yet as the research showed, the disconnectedness continues in a broader sense and contributes in the end to the bigger regional gap.

As I started the research process with the initial ideas of how there might be a clear and growing trend between entrepreneurial activities and urban planning, especially when researched through the startup ecosystem. Throughout the research, a broader and more concerning process and framing emerged: how the understanding of startup cities and startup urbanism has historically been supported by broader economic modes of governance and the process of entrepreneurialisation, moving from the urban context to state and global levels. More hybrid forms and politico-economic-cultural formations of the contemporary process of knowledge-based economisation are recognisable, in which the state also seeks to maximise the entrepreneurial capacity of urban environments. The knowledge-based economisation and its global reach have defined the new connections in the city between the urban governance and spatiality. The aforementioned processes blur the lines and roles of each stakeholder in both the normalisation and urban commodification processes.

The naturalisation process allows us to make a parallel with the term of hypernormalisation, described in 2016 by Adam Curtis, who was explaining and trying to research the narratives beyond the 'fake world' to the unseen powers that have steered modern history through his movie – *"If everything feels broken but strangely normal, the Soviet-era concept of hypernormalization can help!"*. The term hypernormalisation was introduced by scholar Alexei Yurchak in 2005 to describe the civilian experience in the last years of the Soviet Union before the collapse. It describes the way in which, firstly, people notice how the governing systems and institutions might be broken. Secondly, due to reasons including a lack of effective leadership and an inability to imagine how to disrupt the *status quo*, people continue with their lives as normal despite systemic dysfunction – give or take a heavy load of fear, dread, denial and dissociation (Curtis, 2016 & Matei, 2025). While the term describes processes happening

on a global scale, the aforementioned feeling of “inevitability” of the processes that are occurring on the urban scale contributes to the same narrative through three politico-economic lenses. In comparison, the ongoing feeling can also be described as “a loss of hope” or even the inability to imagine systems working some other way, or imagining some alternative scenarios in the case, as the well-working capitalist system is being rationalised.

The research reflects two broader changes in narratives, which are visible both in urban space and in broader economic models: the shift in the understanding of “industry” and the concept of “waves of industrial revolutions”. As explained by Schumpeter in 1942, business cycles operate within long waves of innovation, and industrial revolutions occur after breakthroughs in technologies used in mainstream industry (Neufeld, 2021). The researched topic and three case studies, all very distinct, highlight the change. Doing so first on a global scale, with the idea of a knowledge-based economy, which occurred from the 90s, during the time of larger globalisation, and at the breakthrough time of the Internet. It positioned knowledge as the central value, for profit, growth and competitive advantage, and highlighted the *“significance of knowledge compared with traditional factors of production – natural resources, physical capital, and low-skill labour”* (Peters, 2009: 4).

The same shift is visible in urban areas and spatially, in how the former industrial areas and industry are reimagined in a contemporary setting. The ideas of industrial district areas from the last century also provided a certain lifestyle, as, along with factories, housing and other public services for workers in certain industries were offered. The new models of entrepreneurship and startup urbanism are the new equal form of previous industrial districts – one lives there, works there, the area creates the rhythm of life, and gives the lifestyle to live. The Northern Tallinn area, as a former industrial area, is being collectively reimagined through emerging centres, with all new imagined centres developed on top of and while using the previous industrial areas and models. The rapid development of Northern Tallinn and its clustering of new mixed-use centres highlights the question also in the context of regional dynamics and the development of Tallinn. Is Northern Tallinn becoming more evident as the new centre of Tallinn?

As with recent decades, the worries regarding the city centre not being used enough, adding the growing trends of suburbanisation in Tallinn, and the ongoing trend of industries being pushed out of the city, raise multiple questions and concerns, which the city should address strategically, before it's too late, and there is only left to deal with consequences. This topic was also raised by the Tallinn City Architect in April 2026, when he highlighted the need and a plan to develop a citywide master plan for Tallinn over the next four years, partly for reasons similar to those previously highlighted here (ERR, 2026 (b)). This change can be considered a positive one, as the case of Northern Tallinn shows, how a regional master plan can initiate the necessary discussions and the role of the city is to mitigate some of the socio-economic impacts and at least provide the opportunity to intervene or “control” strategic planning through an approved master plan and an integrated vision of the entire city and its developments.

The main contribution of this thesis lies in connecting and analysing the emerging processes of entrepreneurialisation at a macro scale, situating local developments in Tallinn within broader state and global dynamics. The thesis focused on providing evidence and analysing how this phenomenon is enabled by governance models and economic systems. Research also offers a unique perspective on the field in the Estonian context, providing a comprehensive overview of the topic, which has not yet been examined through the lens of entrepreneurial governance models, while also connecting to the startup sector. Yet, it is worth acknowledging that at the same time, this perspective overlooks some equally important, yet more nuanced, micro-level phenomenas. Further research is therefore needed to explore these social, spatial, and everyday dimensions of the processes discussed.

Conclusions

The goal of the current thesis was to research how the ongoing process of growing entrepreneurial influence, entrepreneurial governance models, modes of thinking, and values typical of startup ecosystems are influencing urban planning today. The research was done through a comparative analysis, situating the thesis in Northern Tallinn, Estonia, and focusing on three case studies. The thesis provided evidence of the existing connections between urban planning and entrepreneurial governance, as local governance and state policies support the broader process of "entrepreneurialisation of urbanisation". The thesis results indicated a broader shift from the initial theoretical frameworks and conceptions, and demonstrated that the entrepreneurial governance model has developed towards broader entrepreneurialisation and an understanding of the startup state, encompassing social and cultural norms and lived lifestyles by now. In a broader sense, this illustrates the process of normalisation and the gradual evolution of the entrepreneurial rationality into all manner of urban policies and also public institutions.

The researched case studies of Telliskivi Creative District, Krulli Quarter and Hundipea all confirm how the "startup economy" becomes a new reality in the context of the thesis, described by Moisio & Rossi (2019: 2) as a "*combination and intersection of socio-spatially and historically situated entrepreneurialising, urbanising and technologising imaginaries, practices and strategies*". Looking broader at the Estonian case through the idea of the startup state, it is possible to better describe the new hybrid forms and political-economic-cultural formations of the ongoing process taking place, and where the state seeks to foster and make the best use of the "*endogenous entrepreneurial capacity*" of urban environments as well (*Ibid.* 3).

A case example of Tallinn in a regional setting also highlights the increasing convergence between the pursuit of (foreign) capital and cities' goals, positioning cities more in the global competition for investment, talent, and companies. Even broader theoretical positioning is evident on the state level through the conception of knowledge-based economisation, which positions knowledge as a value and a basis for measuring and reaching competitiveness and success. Reflecting in this case also on global narratives, which were evidenced by public-sector policies in the research and reflect current events in the world, where global competitiveness emerges as a dominant force shaping political and economic agendas. Here,

the knowledge-based economy is understood as a response from both the EU and Estonia, marking a political shift away from traditional industrial practices toward the promotion of technology-driven, knowledge-intensive innovation and the development of a startup-based economy model.

The case studies clearly confirm that they are not standalone examples, and that each of the three chosen cases highlights a distinct way of understanding how the “startup city model” is physically realised in the urban sphere. The case study of Telliskivi exemplifies startup urbanism, through creativity and community values, supported by spatial features and the networking and socialising options offered. It highlights the role of a lifestyle imagined alongside the startup and entrepreneurial ecosystems, and the role of the cultural, social, and material environments and conditions needed to foster the ecosystem's socialising activities and cultural practices, such as networks and events, and certain organisations and spaces that enable interaction moments. Krulli Quarter here provides the clearest understanding of the startup city model, as the entrepreneurial mindset and support for the startup ecosystem are the central values for both the developer and its owner, Skaala.

In comparison with Telliskivi, which creates rather places to work and spend time after work, Krulli envisions a whole lifestyle in the district and offers spaces to meet all the needs of everyday life in the ecosystem. This vision also contributes to the bigger narrative of how it allows for a comparison to the aforementioned “ecosystem bubble” idea, bringing together people with similar interests and values and imagining the lifestyles lived in the area, which align with Krulli's broader goals. The Hundipea case offers yet another example, through the understanding of urban areas as experimental environments and living labs, which offer opportunities directly to technology and startup entrepreneurs. Innovation, testing and technology as central values are integrated into the development and construction process of Hundipea.

All previous contributions, broadly speaking, confirm, as Moisio & Rossi (2019: 18) also noted, how this normalised imaginary of the entrepreneurialisation process effectively could dismiss the roles of the public sector and the “political” agendas. This positioning distances these elements from the responsibilities associated with the process, risking the obscuring of the state's role and depoliticising urban development. It also illustrates how forms of entrepreneurship and urbanisation can gradually become more detached from “*societal contestation and struggles*”. This research highlights the further need to consider the social and spatial influences even more broadly. The sense of being “oddly normal” while witnessing these processes unfold globally is concerning. While economic values and the commodification of daily life are prevalent, it is crucial to prioritise responsibilities and ethics in these conversations. Addressing these challenges requires re-politicising urban planning as a field, highlighting the public sector's role, and fostering more accountable collaboration among the state, local governments, private actors, and civil society.

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Appendix 1 - Interviews conducted for the thesis

	Name	Position	Interview length	Date
1	Madle Lippus	Tallinn City Council Member, Former Tallinn Deputy Major of Urban Planning (2021-2025)	39:41	19.03.2026
2	Ann Kristiin Entson	Senior Architect and Urban Planner, Tallinn Urban Planning Department	21:54	23.03.2026
3	Markus Hääl	CEO of Hundipea	47:51	26.03.2026
4	Jaanus Juss	CEO and Founder of Telliskivi Creative District	1:05:13	26.03.2026
5	Margot Roose	Former Tallinn Deputy Mayor for Entrepreneurship, Innovation, and Circular Economy (2024-2025)	48:45	27.03.2026
6	Elina Dubova	Regional Startup Ecosystem Lead, Startup Estonia	39:12	30.03.2026
7	Hanna Hinrikus	Head of Communication and Partnerships, Krulli Quarter	42:09	30.03.2026
8	Andreas Palm	Investments Associate, Skaala	29:29	30.03.2026
			335min	

Appendix 2 - Interview guide examples

Public Sector (State Level)

Objective: To understand the public sector perspective on the extent to which they perceive the impact of innovation hubs and clusters/regions on the startup sector more broadly. How significant is the role of local government in supporting and developing the sector, from the state's point of view? How much do the state and local government levels collaborate on these topics?

I Introduction

- Briefly describe your role and connection to the Estonian startup ecosystem.
- How do you assess the current state of the Estonian startup ecosystem, and what has changed over the last 5–10 years?
-

II Main Questions

- Estonia has a strong global reputation for its startup ecosystem and national support mechanisms. At the same time, approximately 80% of Estonian startups are located in Tallinn. From your position, how do you view this situation — is it an inevitable consequence of capital city concentration, or have intra-city innovation hubs, Tallinn city initiatives and policies, or other factors played a role?
- How much do you engage with startup sector development at the city level? Does the national public sector cooperate with local governments on these topics, and if so, to what extent?
- What conditions must a city create in order for a successful startup sector to develop there?
- What are the broader trends in startups and technology in recent years?

Tallinn (Local Municipality Level Representatives)

Objective: To understand whether supporting the startup ecosystem has been a strategic goal of the city, how it is currently reflected in planning documents, how much political leadership can influence this, and how much of its development is currently in the hands of the private sector. Who, if anyone, is anticipating and adapting to the wider impacts brought about by the development of new hubs?

I Introduction

- Briefly describe your role in Tallinn city and your connection to spatial planning or business policy.
- How would you describe or assess the most significant recent developments in North Tallinn?

II Main Questions

- How do you assess the city's role in shaping business development — should the city be an active shaper or more of a framework enabler? Is startup ecosystem support linked to spatial planning in the city?
- How much does Tallinn cooperate with developers and investors for the purpose of deliberate economic promotion (also from a planning perspective)?
- What conditions should the city create in order for the startup sector to grow?
- Does the city see a risk that startup-centric development in certain areas could exacerbate social concerns or stratification? How does the city balance business development with, for example, housing affordability? Is this being actively addressed, and if so, by whom and how? Who shows interest and initiative?
- What are the city's current practices for involving local residents in planning new developments in North Tallinn? Have residents' input and local knowledge been taken into account so far, through what specific measures? Have there been conflicts between residents and developers or the city?
- Does startup-driven discourse influence the city's brand and international image?
- The Tallinn city government changed last year. Could the new political composition shift these priorities, and if so, how?

III Closing Questions

- Is there anything important to add? Proposals, observations, remarks?

Developers

Objective: To understand the extent of engagement with, and focus on, the development of innovation and startup ecosystems — and through that, the support of entrepreneurial activities. How much and how strategically is this being pursued? To what extent are the broader socioeconomic impacts of development in the area being considered and incorporated into planning activities?

I Introduction

- Describe the current development project — what is it and what is its vision?
- What role does your project play more broadly in the development of North Tallinn or Tallinn as a whole?

II Main Questions

- Do you think spatial planning can influence business development? Is the startup sector a deliberate target audience for you, or an incidental phenomenon, and how consciously do you design environments intended to support entrepreneurship?
- What is the role of the public sector in your development? Has cooperation with the city been substantive, formal, or minimal? How did public-private cooperation unfold? Have city-level support structures, mechanisms, and development plans influenced your project?
- How do you ensure the involvement of local residents in the development process? What specific mechanisms or events have you organised for this purpose? Has residents' knowledge and input been incorporated into your planning framework — if so, how?
 - Have there been conflicts with local residents, and if so, what were they and how were they resolved?
 - How do you view the possibility that your project may affect the composition of the area's residents, housing prices, or its cultural character?
 - Who, in your view, should be responsible for addressing these impacts — the developer, the city, or the state?
- Have the project's goals remained the same, or what has changed? Has anything shifted in the course of the project due to community participation or public sector intervention?

III Closing Questions

- Is there anything else you would like to add? Proposals, recommendations, observations. Was anything important left unaddressed on this topic?

Appendix 3 – Characterisation of the analysed political documents, strategies and reports

Level	Document	Year
Local governance, Tallinn	Northern Tallinn Strategy Plan 2014-2018	2013
	“Tallinn 2035”	2021
	The Northern Tallinn Comprehensive Plan	2025
National, Estonia	The Research and Development, Innovation and Entrepreneurship Development Plan 2021–2035 (RDIE)	2021
	Action Plan for the Development of a Science and Technology-Intensive Startup Ecosystem 2023-2027	2025
International organisation, the European Union	Lisbon Agenda	2000
	“Much More Than a Market”, Enrico Letta’s report	2024
	"The Future of European Competitiveness," Mario Draghi report	2024
	Competitiveness Compass	2025
	Startup and Scaleup Strategy	2025
	European Innovation Act	2026

Appendix 4 – Telliskivi Creative District, Krulli Quarter and Hundipea ownership schemes

