

# CITIES TYPOLOGY UNDER THE INFLUENCE OF FINANCIALIZATION: PHENOMENON OF GHOST TOWNS

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**Abstract:** Financialization is a global phenomenon. This paper studies how this phenomenon has reflected upon the urban areas and the emergence of accelerated "production of space". These relationships are considered for the period from the beginning of the 21st century till present. Also, research is aimed to identification of one of characteristic urban typologies - "ghosts towns", which are subject of the comparative analysis. Analyzed examples are developed at various locations within approximate time context, while social, economic, political, cultural, and many other contexts are different. However, the phenomenon of financialization also occurs in developed and underdeveloped countries. Meaning, impact and consequences of the described process, and thus the identification of the causes, present possibilities to prevent possible negative consequences or to point them out in order to improve quality of urban life.

**Keywords:** financialization, financialised city, ghost towns, socio-economic phenomenon, urbanization

**Field:** Interdisciplinary research in the Social Sciences, Economy

## 1. INTRODUCTION

Over the past thirty years, in the contexts of neoliberalism, financialization, globalization and deindustrialization, cities adopted a new dynamic. The rapid flow of characters on the screens was one of prerequisites for the emergence of financialization while enabling the money to become an important sign. This fluctuation of finances caused "anchoring of finance capital into the city" (Theurillat et al., 2016), which is the way in which capital is valued in financial markets, turned into real capital and vice versa. Financialization of urban space essentially means the power of financial capital, especially loans, by which it can be incorporated into monopoly appropriation of values from the space. In this way, the profit is generated through the trade, including demands through the flow of incomes from property funds (Reis & Sánchez Trujillo, 2024).

The rapid development, transformation of space and unstable fluctuation between growth and decline resulted in a certain urbanism, which Matthew Soules, the University of British Columbia (Soules, 2014), define as "property/estate urbanism." Today, elements of urban form, housing units, buildings, plots often function exclusively as investment funds, without an adequate conceptual framework of architects and urban planners (Dalla Longa, 2023). The current design and planning discourse does not exist, but is driven by the agility and complexity of the capital that drives planetary urbanization. Precedents of urbanism include property urbanism, spirits, zombies and simultaneous growth and decay (Soules, 2014). The identification of newly built types and the definition of the principles underlying urban transformation are the first step in the strategic and planned regulation of processes that affect on the changes of urban forms that are under the influence of financialization (Dalla Longa, 2023). The urbanization activities currently being pursued in this context are rarely oriented toward those populations which actually need it. Rather, ecogenous models of "proven" strategies of urban growth are being imported into overall misaligned contexts with lack of regard for the realities of their destination (Marcinkoski, 2016). We will offer a critical look at consequences of the lack of synchronization between urbanization activities and demographic reality.

Based on the analysis of the previous research (Clark, 2014; Dalla Longa, 2023; Reis & Sánchez Trujillo, 2024), by establishing criteria and analyzing the relevant factors of the examined spaces it is possible to determine the indicative characteristics of the spaces that are included in the analysis and determine their new typology, which is generated by the influence of financialization on the urban structure - ghost cities. The most important period since the occurrences of financialization from the end of the last

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century to the great global economic crisis in 2008, which hit the whole world, to this day, because at that time there was an accelerated disappearance and transformation of entire settlements and the creation of new ones, which caused a change of socio-spatial characteristics of the place.

In 2012, the Federal Government of Canada financed a research multi-annual project of the Council of Social and Human Sciences, which aims to document and analyze the characteristics of asset urbanism in selected locations around the world. Conclusions should help for establishing a framework on the basis of which new operational concepts of the city can be found. In the work of Sols, some of the dominant features of asset urbanism, marked so far in Canadian research, are articulated. An increasing amount of global capital is the basis for the emergence of asset urbanism. There are a number of methods used to measure the amount of capital investments that exist in the world, but according to all estimates, the total amount of global capital sprouts as mushrooms in the last few decades (Soules, 2014). The demolition of existing buildings and construction of new facilities is often applied in order to build new housing environment, often taking greenfield locations. It is therefore necessary to identify architectural heritage as a renewable resource rather than a product for exploitation or negation and to build exclusively new facilities and settlements.

Examining the circumstances that have influenced on the formation of new settlements is possible by analyzing a wider area, in order to completely understand the different impacts. Comparative financialization studies can help to highlight examples that are geographically separate, but similar to the exposure to the impact of this global process, which is contributed by critical urban funding policies that go beyond the boundaries of space, sector and scale (Fields & Uffer, 2016).

Shaun French and other authors argued that previous research is insufficiently attentive to space and place in terms of processes and effects. Prof. Rotland (University of British Columbia) proposed the inclusion of literature on financialization in urban studies (Rutland, 2010). Financialization is a profoundly spatial phenomenon (French et al., 2011). The aims of this study are following: identification of settlements that appear under the direct and indirect impact of this economic phenomenon, based on criteria of predefined evaluations, explanation of the position of finances in current project practices which allowed consideration of all influences that have led to the characteristic typology and predicting future urban flows and agenses.

## 2. MATERIALS AND METHODS

Based on past analysis of the spatiality of the phenomenon of financialization in order to determine the typology of urban forms that occurs under the direct or indirect impact of financialization, it is necessary to define the key criteria that define the urban profile that constitutes a representative sample for research. The conducted studies in the sphere of financialization of space (see for example Clark, 2014; Dalla Longa, 2023; French et al., 2011; Theurillat et al., 2016) define a wide range of individual criteria, analyzed from different aspects. The main groups of criteria for the classification of certain types are temporal, location, spatial - physical, economic, social, cultural, urban and visual. The starting point of the analysis is the time of the formation of the analyzed settlement. The position of the observed settlement in the wider urban planimetry is also an important factor in classifying the type of transformation, to examine whether it is located in the central city zone or periphery. Indicative economic Influences cause the change of purpose of transformation from general prosperity to exclusively financial profit and growth of commercial function. One group of criteria examines the physical structures of urban settlements, spatial relationships, vertical and gabarite growth, morphological characteristics, population density, construction, degree of rationality. Urban indicators are related to the representation of certain architectural programs, with an emphasis on housing, and to what extent is it represented, urban quality of life, ecological factors, traffic forms and in general the form of space and ambient quality. Visually criteria are perceived in terms of uniformity and similarity. Aspects of cultural change are reflected in the disappearance of authenticity and diversity, the change of identity and the relation to the architectural heritage. Identity as a variable category in these types of interventions may sometimes be ignored or there may be a new one where there it did not exist. Social factors play an important role such as the number of inhabitants. Aspects of change are evident through the numerical data, which will be analyzed through criteria. All these parameters can help in the creation of a notion of social, economic and cultural conditions of the genesis of the whole settlement and the urban quality of life.

The determination of the general characteristics of urbanization under the influence of financialization, perception of their specificity, observation of certain regularities, and deviations, is aimed at forming a typology of specific settlements. The analysis is based in advance defined criteria. Based on the defined criteria, possibilities and limitations of analyzed forms are evaluated. In this paper, we

will analyze and critically evaluate the type of ghosts cities. The crucial criteria for analyzing the ghosts cities are the ratio of the number of inhabitants and housing space, the period in which they were built - from the beginning of the mill to the big economic crisis in 2008, which is another confirmation of a close connection with financialization, then humankindness, humanity, speed of construction, dimensions, programs, predominant purpose, spectacularity, attractiveness, visual aesthetic and spatial relations.

In functional, aesthetic and utilitarian terms, it is necessary to assess the quality of building of new settlements according to the above criteria. The rationality of typical contemporary urban interventions is therefore a complex issue and requires detailed analysis of factors that influence advantages and limitations of such ventures. An important next step in acquiring a richer understanding of the most promising initiatives will be to develop a more precise classification of the types of settlement (Soules, 2016). According to earlier studies, potential settlements for transformation under the influence of financialization were most often spaces located in large centers, cities with high economic potential and attractive locations (Harvi, 2013). For this reason, the largest number of cases are found in major cities across the US and Western Europe (see for example Crosby & Henneberry, 2016; Fields, 2015; Fields & Uffer, 2016; Guironnet et al., 2016; Reis & Sánchez Trujillo, 2024). In accordance with the modern way of life, for a residential environment, therefore, locations in dynamic urban areas are usually chosen. As areas of demographic expansion are usually formed around the nearest town centers, because, as a rule, they are the most attractive areas of immigration, so they are often used in previous investigations and in this as initial data, or based on them, analyzes can be carried out at new locations of different characteristics. In this paper, new locations marked by Marcinkoski are analyzed as places of creation of ghosts towns during indicative period under the influence of financialization. Also, this paper includes places for which he predicts that will move along the same path.

Table 1: Urban projects that are subjects of research. Review of the results obtained by systematisation of works created in the frame of the individual case studies.

	Location characteristics	Typology of objects	Type of intervention; Use	Year and speed of construction; Grade of completion	Project size; Dimensions; Planned number of inhabitants	Spatial and visual-aesthetic relations; Anthropometry
Ciudad Valdeluz, Spain	Undeveloped land, about 60km from the capital	Multi-family residential buildings with higher density, a railway station, parks, sports centers and schools, public buildings of the municipal centers	Building of a new settlement predominantly residential use and the features of the municipal centers	Short-term construction, beginning in 2006. Not completed, about 3,000 dwellings, unfinished streets and without public features, without basic services	30 000 inhabitants	Long and wide streets, orthogonal urban morphology, high, densely installed objects in blocks. It is not anthropometry. Monumentality
Shanghai, China	Undeveloped parts of the city, suburbs	Objects of the municipal centers	Building of a <u>new settlements</u> and the features of the municipal centers	Short-term construction, beginning in 2008. Most of the suburbs have been completed, remained in the process of construction, mostly uninhabited	Wider spatial coverage	Replicas of world centers, anthropometry, impersonation

<u>Ordos</u> , China	Historical area near the city <u>centre</u> , along the lake shore and the main road, with business and commercial facilities	Thousands of residential buildings, business centers, museums, theaters, school playgrounds etc.	Building of a new settlement on the space of traditional Mongolian settlements, all city features	Short-term construction, beginning in 2000. Mostly completed	The largest "city of ghosts" in the world, uninhabited	Long and wide streets, orthogonal urban morphology, high, densely installed objects in blocks. It is not anthropometry. Monumentality
Naypyidaw, Myanmar	Newly built luxury capital	In addition to all luxury commercial amenities, safari, zoo garden, golf course	Building of a <u>new settlements</u> and the features of the municipal centers	2006. Mostly completed	On an incredibly large area of 4,800 square miles, it's 6 times larger than New York, uninhabited	The main avenues have 20 lanes that can become military runways in case of a need, regular geometric <u>modul</u> . It is not anthropometry. Monumentality
Nova <u>Cidade</u> de <u>Kilamba</u> , Angola	Undeveloped land near the capital	850 skyscrapers, 12 schools, etc.	Building of a new settlement predominantly residential use and the following facilities	From 2000-2008, a continuation of construction is foreseen, incomplete	5000 hectares, uninhabited	Long and wide streets, orthogonal urban morphology, high, densely installed objects in blocks. It is not anthropometry. Monumentality

### 3. RESULTS

The analyzed examples in the previous research are situated in the narrowest urban environments, rich with historical heritage, educational and cultural programs. The new urban areas, mostly residential dwellings of large-scale densities, are increasingly being built on peripheral areas and on unplanned areas, which is noted as a typical movement of characteristic urban interventions. As these locations are characterized by the planned high density of population, the common characteristics of all analyzed examples is indicatively very disproportionate ratio of the number of inhabitants and number of housing units. The city does not live, it has only its material, physical form, it is missing the immaterial part of the city, the parallel space that represents urban life, the invisible side that exists together with the physical structure (Auge, 1998), without which it does not have its premier meaning of existence. Also important for this research is the time period in which these settlements are built, that is, all examples are built in the period around the highlight of the world economic collapse that finally happened in 2008. The position of the observed settlement in the wider urban planimetry is mainly a peripheral undeveloped area near the major or main city. In this territory new settlements are built mainly for residential purposes and accompanying facilities, at a very fast rate. The predominant typology of buildings is multi-storey residential densities and public buildings typical of general public centers. All these examples take up a wider spatial coverage and are mostly uninhabited or at least not in proportion to the extent to which the inhabitants are planning a new settlement. They are distinguished by long and wide street movements, high densely-placed objects in blocks, often imposing proportions, giving the impression of monumentality in some cases, so that spatial relationships are not anthropometry. Current urban and architectural strategies, as a result of the increase in housing, produce fairly uniform structural modules, and there is no space for a quality solution to the spatial configuration of construction.

Summarizing the achieved results for certain types of settlements, it is possible to systematise urban interventions that are under the influence of financialization and which are culminated in the period of the global economic crisis in 2008, that is, mass urbanization and hyperproduction of housing space in an unrealistic relationship with the actual number of users. The analyzed new locations in this paper fully confirm Marcinkoski's assumptions of the beginning of time, place and impacts on urban changes. Spatial relations in newly built settlements impassibility, colossalism, monumentality in relation to anthropometry

are an influential factor in determining the level of intervention. What is a more incisive and wider undertaking is the degree of population density and usage. Often the plan does not imply the actual needs of the users, nor the financial possibilities of the buyers and intrigue, but the project itself is stimulated by the financialization and the effect that produces its impact on urbanization. The processes identified in the case studies, in most cases, involve the construction on an unplanned terrain, probably due to the scale and size of the enterprise itself, and so far the examples of the effects of financialization have been noticeable often in the form of implementation of interventions within the existing structure. Densely populated urban centers are generally unable to receive additional content in horizontal extensions, and there is no free space in the immediate vicinity. The possibility in these areas would be total reconstruction, which involves the demolition of existing ones and the construction of new buildings or the conversion of the inherited historical structure. According to the trend of the current sustainability movement and the revitalization of architectural heritage, a compromise must be established between the culturally sustainable use of architecture and the contemporary tendencies of the growing need for construction.

Synthesis determined that in the analyzed cases for a period around 2008. It is marked off, which is crucial, when researched changes took place. This was also established in the initial theoretical bases, where this year is cited as deciding year. In that time, the attention of the global financial recession was redirected to the spaciousness of the financial markets and the built urban environment (Guironnet et al., 2016), which confirmed the initial hypotheses. Current frequent changes in urban plans testified that creation of an institutional framework for attracting investors is the basic task of today's urban planning.

#### 4. DISCUSSIONS

If we observe from a standpoint of sustainability and architectural preservation, this can be considered as a negative phenomenon. The new model of urban regeneration must be formed on the positive experiences of the developed countries of Europe and the USA, for example. Due to the growing need for compact residential areas with higher density, multi-family housing is imposed as inevitable in current residential architecture. One of the possible strategies for addressing this need could be the conversion of obsolete facilities to the needs of multi-family housing as a result of the growing need for the improvement of the existing housing stock and the preservation of architectural heritage and the environment, as opposed to the construction of new housing blocks at the undeveloped space or the demolition of existing buildings.

Characterization of urban development and sprawl patterns is essential for integrative urban planning and regional sustainability (Tong et al., 2017). Comparative research, however, should not be limited to predictable facts. Indeed, it could be argued that it is sufficient that there is only one element of comparison and to obtain a truthful research that can be raised above the parochial views and present new facts to the wider audience about changes in the modern world (Waley, 2013). As Horschelmann and Stenning argued, the essence is to find the right balance of parallel work between appreciation of local differences and understanding of the role in the global network and relationships (Waley, 2013). The impact of financialization on cities is global, as the ontology of the process itself is global, in contrast to the architecture (still all cities do not look at each other, although there are tendencies to build the same architecture in each place). Therefore, the impact of this economic phenomenon can be observed on various meridians and can be noticed by its effects (Reis & Sánchez Trujillo, 2024). Therefore, in China (Feng et al., 2022; Jiang & Waley, 2022; Theurillat, 2022), Africa it develops ghost towns, while in the US, it has ruined Detroit and made it look similar today as workers' town Pripjat after the catastrophe in Chernobyl in Ukraine. Based on this, we concluded that the financialization can have diametrically different consequences to the cities, including from transformation to total devastation. In this paper, we have examined the generation of the specific typology of the settlement and determined that it has a surprising tendency to encourage the planning of some future ghost towns in places with a very diverse, social, cultural, historical and urban context.

#### 5. CONCLUSIONS

Half empty new residential neighborhoods of unsold apartments are increasingly often situation in poorer environments, while financialization continues to accelerate construction. If the impressive urbanism and architecture emerged from social well-being, as well as the construction of housing contents which is analogous to the real needs of the users, the production of space would be meaningful and definitely had a positive assessment. However, as it does not correspond to the actual context and function, it develops negative consequences of financialization on urban forms.

The potential for transforming of abandoned buildings into housing stems from the relationship between offer of an existing outdated construction fund and the growing demand for a new housing environment. Therefore, creation of a strategic policy framework and action planning and construction is considered as a necessity because it will enable the use of existing construction potentials in a sustainable way and with the comprehensive support from the government. There is a need for decentralization. Decentralization means a transfer of the power of decision-making, responsibility, and the control of financial and human resources from the national level to lower levels or legally established sociopolitical communities that are closer to the citizens. Observed from the point of view of sustainability, the local trends of land conversion and complete demolition of existing objects afterwards can be seen as a negative phenomenon. Also, the use of greenfield locations in place of brownfields has negative effects on the environment. Revitalization by urban centers would help to overcome the well-established phenomenon of housing resettlement in suburban settlements. This research determined that peripheral urban spaces are most often chosen as the sites for the emergence of new cities of ghosts. The annoyance of renting costs speculations initiated by the financialization, require further study of this phenomenon and inevitable impact on urbanization. Therefore, this impact should be taken into account occasionally during of planning new strategies in the future research.

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