

Santa Fe funhouse Meow Wolf raises \$17.5 million to expand its creative economy

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ImpactAlpha, June 13 – One of the most successful examples of the “creative economy” has blossomed in an old bowling alley a few miles from the Plaza in downtown Santa Fe, New Mexico.

Surrounded by strip malls, the interactive, creative, funhouse Meow Wolf has become a smash success with local families and a hip destination for out-of-towners (it’s New Mexico’s top Instagrammed location, according to *Buzzfeed*).

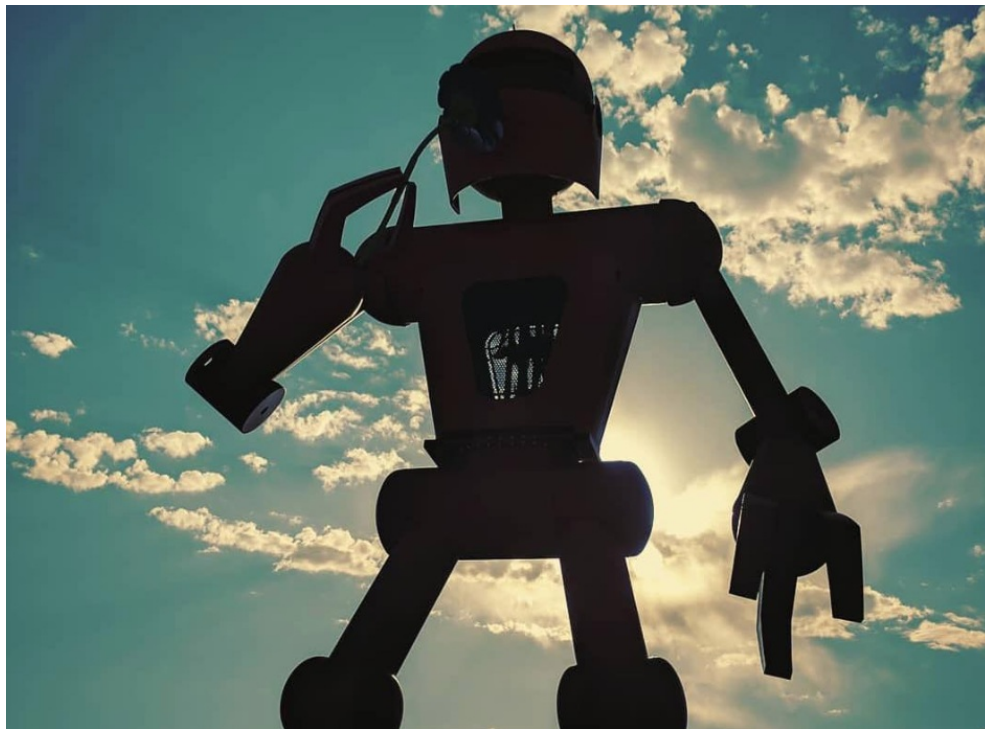
The trippy, choose-your-own adventure, art installation employs more than 300 full-time and part-time “creatives,” counts 125 employee-owners, and supports more than 60 artists, selling their products in the gift shop. Through ticket, gift shop, food and beverage sales, and events, Meow Wolf is pulling in more than \$1 million a month in revenues.

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According to Drew Tulchin, the firm’s vice president of capital and investments, it’s just getting started.

The public-benefit corporation and certified B Corp has closed \$17.5 million in convertible debt from investors including San Francisco venture capital firm Alsop Louie Partners, Santa Fe-based Sun Mountain Capital, French digital production firm MK2 and follow-on from

existing investors. George R.R. Martin, author of the novels adapted for HBO's Game of Thrones series, is Meow Wolf's landlord in Santa Fe. He's also an investor and creative advisor to the firm.



Robot statue in the Meow Wolf parking lot | Photo credit: Meow Wolf Instagram

The new raise follows last year's \$17 million in equity and will help fund the firm's expansion to Denver and Las Vegas. Location-based entertainment is just the launchpad, says Tulchin. A next-gen production house on par with Marvel or Disney is the end-game. The firm has launched a creative studio to begin producing digital media and entertainment.

"People want to see this stuff," says Tulchin. "It's wow." Art is not just about going to a museum. Meow Wolf is making "art about something tangible that you engage with and learn from, and that is entertaining," he said.

The creative economy

The deal highlights the impact, and financial, potential of the creative economy, a sector still largely untapped by impact investors. The production and distribution of art and cultural goods and services generates jobs, improves quality of life and contributes around \$700 billion, or 4% of gross domestic product, to the U.S. economy. Impact investing assets under management last year explicitly committed to arts and culture: zero.

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“This does not mean impact capital is not flowing to the creative economy—it is just not doing so on purpose,” says Laura Callanan of Upstart CoLab. Callanan has been criss-crossing the country imploring impact investors to pay attention to the innovative potential of artists. “When creative people pursue businesses that have a social purpose, they can have a catalytic impact on job creation, the economy, and social wellbeing,” Callanan wrote in Stanford Social Innovation Review last year.

Callanan and Calvert Impact Capital have identified a \$1.54 billion pipeline of two dozen projects seeking impact capital. Last fall, she convened a group of investors, artists and community leaders at the Federal Reserve in San Francisco to address the art and artists in making real estate investments work, especially in once-marginalized neighborhoods. “In order to have a creative economy that’s inclusive, equitable and sustainable, we need capital that cares about those things,” she said.

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Good business

That a Santa Fe-native creative company has been able to attract Silicon Valley capital is not lost on Meow Wolf’s largest local partner.

“Look, it’s a high flying company, with tons of press,” says Lee Rand, a partner at Sun Mountain Capital, which invested out of its New Mexico fund. “They’re darlings in New Mexico and have managed to attract national money.”



Meow Wolf | Photo credit: @parrottinophotography on Instagram

Rand says Sun Mountain was compelled by how Meow Wolf is unlocking the potential of local creatives. "They run it like a business," he said. "This is a set of individuals using creativity to drive financial value. They're giving artists the infrastructure to succeed."