

The Effects of Gentrification on Business and Culture in Korea

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Abstract: Recently, revitalization of art and culture in Korean cities has given new life to small commercial districts that used to lag behind. Such revitalized cities are seen as fresh, attractive hotspots for sightseeing and entertainment; however, gentrification is becoming more serious. Gentrification in Korea is unique in that its effects reach not only the regional economy and its small businesses but also the area's culture and history. Korea's old downtown areas created by rapid urbanization in the 1970s contain history and culture that trace the flow of generation. In order to balance city development and perseverance of culture, the search for a solution to gentrification must take into consideration the destructive influence of excessive commercialization on the region's original ecosystem. In other words, solutions must be accommodated according to Korea's specific characteristics: culture, the economy, and history. This research studies the changes in culture and the commercial environment due to gentrification in Korea. This article contains a closer observation of the before and after effects of gentrification in three areas in Seoul: Samchung-dong, Insa-dong, and Yongsan area. It further lists possible solutions based on policies that have recently been put forward by the Korean government.

Keywords: Samcheongdong-gil, Gentrification, Commercial Characteristics, Commercial Street, Culture.

I. INTRODUCTION

Gentrification refers to the displacement of original tenants by the new middle-class due to rising rent prices in old urban areas which have been revitalized. This term was first used by English sociologist Ruth Glass¹ and refers to the transformation of low-class residential area into high-class by the introduction of the "gentry" class, which causes increase in rent prices that drives out the original low-class tenants. The first characteristic of Korean gentrification is "mass media gentrification" [1], [2]. Rent prices of areas which become famous through television, newspapers and SNS increase, driving out the original tenants [1], [2]. The second characteristic is "franchise gentrification." Capital gathers in areas that are popular, and franchises armed with large capital bring about "cultural albinism" in areas which were previously dotted with small shops and items. Third is "property gentrification." Areas that are eligible for property investment are the areas that are popular among investors who want stable income from property [2]. This type of gentrification brings about concentration of capital for the purpose of increasing investment earnings over time. Such characteristics were seen in old urban areas in Seoul and Busan in the 2000s, especially in areas such as Samcheong-dong (Gyeongbok-gung and Bukchon area), Insa-dong, Yongsan (Itaewon) and Hongdae. These areas contain images of Korea's modernization. If these areas which showcase images of both old and new urban areas disappear due to new capital flow and gentrification caused by redevelopment, there may no longer be places to see Korea's history and culture.

II. CHANGES IN SAMCHEONG-DONG

Historical Transition:

The name Samcheongdong first appeared in Joseon dynasty. Its location includes area north of the hill from today's Jeongdok Library. The meaning of Samcheongdong is 'clear mountains and water that make people generous.'

¹ **Ruth Glass** (born Ruth Adele Lazarus, 1912–1990), is a German-born British sociologist.

Samcheongdong underwent big changes during the Japanese Occupation. Bukchon, residential area north of Gyeongbok Palace and Myeongdong in the south rapidly became developed. Hanok village was created in Samcheongdong where Yangbans had lived in the past. These hanok residential areas had limits with regards to height of buildings due to its proximity to the Blue House. In 1970s and 80s, Samcheongdong street became residential centers where hanoks and Japanese houses coexisted, and small commercial areas were created. 'Samcheongdong Sujebi (1970)', 'Habibi Cafe(1970)', and 'Samcheong Seolnongtang (1977)' are some examples of famous restaurants which were frequently visited by residents and civil servants working nearby [3].

Changes in Samcheong-dong:

The name Samcheong-dong, meaning "clear mountains and water that make people generous," was first coined in the Choseon dynasty [3]. Its location includes the area north of the hill from today's Jeongdok Library. Samcheong-dong underwent big changes during the Japanese Occupation. Bukchon, a residential area north of Gyeongbok Palace and south of Myeong-dong developed rapidly. A hanok² village was created in Samcheong-dong in a place where Yangbans³ used to reside in clusters. These hanok residential areas had limits with regards to height of buildings due to its proximity to the Blue House. In the 1970s and 80s, Samcheong-dong street became a residential center where hanoks and Japanese houses coexisted, and small commercial areas were created. Samcheongdong Sujebi (1970), Habibi Cafe(1970), and Samcheong Seolnongtang (1977) are some examples of famous restaurants which were frequently visited by residents and civil servants working nearby. Changes in Samcheong-dong's commercial areas began in the 1990s when square design office, Andre Kim Fashion Boutique, International Gallery, Hyundai Gallery moved to the area. Samcheong-dong is close to Insa-dong, so artists who were centered around Insa-dong's gallery street moved to Samcheong-dong which had lower prices, leading to changes in commercial areas. Because housing prices in Samcheong-dong were on average about 20% of Insa-dong, artists began to move their homes and offices to Samcheong-dong in the 1990s. Good examples are Woljeon Gallery which opened in 1991 and Manwoo Baek's Atelier which opened in 1991. Also, hanbok shops, props shops, vintage furniture shops, as well as restaurants such as Cow Head Rice Soup (1992), On Maeul (1998) and Cheong Su Jung (1998) opened, turning residential buildings into commercial buildings and bringing about changes different from the 1970s and 80s [4].

It was in the 2000s that Samcheong-dong became a full-scale commercial area. In 2001, small shops disappeared, new buildings were built all around Seoul, and people who were unaccustomed to the new environment moved to Samcheong-dong. This created Samcheongdong Street, a cultural hotspot. In 2002, the overpass between Jongro Police Station and Anguk building was torn down, changing the image of Samcheong-dong once again [4], [5]. Customers in their 40s and 50s from Gangnam areas such as Cheongdam and Apgujeong became regulars and more and more foreigner tourists visited the area. This led to the opening of many handicraft workshops, galleries, and vintage furniture and antique shops, developing the commercial areas to the point where there was no longer an empty shop. With the nearby palace, hanoks and galleries, Samcheong-dong became a region where the past and present coexist: a trait that Gangnam cannot have. Initially a yangban residential community in the Choseon dynasty, Samcheong-dong slowly developed small commercial areas in its quiet neighborhood based on attractively low rent; however, modern Samcheong-dong is becoming a new commercial hotspot due to skyrocketing rent caused by the changes brought about by artists and galleries [4], [5].

III. CHANGES IN INSA-DONG

Insa-dong is situated between Bukchon and Jongro, and specifically refers to the street between Anguk Intersection and Daeil Building. During the Choseon dynasty, Insa-dong was a residential area occupied by the middle-class [7]. It was the center of Choseon's art, and the name Insa-dong was first used in 1914 during the Japanese Occupation. To this day, Insa-dong is a unique street that showcases Korea's traditional art and culture. The street has traditional teahouses, bars, and restaurants, as well as handicraft workshops and shops that sell traditional items. In the 1930s, an antique street began to form as second-hand bookstores and ancient art shops popped up one by one [6]. Later in the 1950s, Nakwon Market opened in the place of today's Nakwon Mall Apartment, and the Pyongyang Ricecake Shop led to today's famous Insa-dong ricecake street. In the 1970s, modern galleries opened up, which signaled the beginning of the "cultural street" reputation that Insa-dong currently has. In the 1980s, antique dealers, galleries, antique furniture shops and traditional handicraft workshops opened for business and made Insa-dong the representative Korean traditional street. However, in the 2000s when Insa-dong underwent a broad-scale reconstruction project, cafes, franchise restaurants and modern stores

² Hanoks are traditional Korean houses.

³ The Yangban, were part of the traditional ruling class or gentry of dynastic Korea during the Choseon Dynasty.

were introduced into the new big buildings. This reconstruction project was criticized for ruining the neighborhood's traditional value [7], [8].

In late 2004, Seoul City announced that it will temporarily ban rebuilding of the Insa-dong region, in response to the increasing concerns of its original tenants regarding Insa-dong's rapid changes. However, the fact that Art Side Net and Insa Art Center (both owned by the "gallery chaebol" Gana Art Center and built by world renowned architect Jean Michel Wilmotte⁴) occupy the center of the street clearly shows that Insa-dong's commercial area has already been handed over to big capitals and chaebols. Changes in Insa-dong can also be seen in the increasingly large number of foreign and fusion cuisine restaurants. Trendy fusion restaurants that have gained popularity in the Gangnam area have stole the main street, and traditional Korean restaurants that serve doenjang stew⁵ have been crowded out into the back alleys. What is more, McDonalds and Starbucks have settled at the center of the street. As a result, galleries where new artists used to debut are being relocated.

This is a typical example of gentrification, where original tenants are forced to leave due to the emergence of new buildings and increasing rent. Such high rent prices also affect traditional shops in Insa-dong; cheap replicas that can be sold as souvenirs in bulk can be easily be seen in place of expensive pieces made by craftsmen. Replicas made in China are sold as Korean traditional handiwork, and many duplicates of ancient Korean art can be found. Recent Insa-dong has transformed from an area where one could spot Korea's art and traditions to an area where one can see Korean culture meeting foreign culture.

IV. YONGSAN-GU ITAEWON AND HAEBANGCHON

The name Haebangchon was coined when war refugees and North Korean defectors settled down in this area after independence(*haebang*). On the other hand, Itaewon has been known for being an efficient military base since the Choseon dynasty; Japanese military headquarters were located in Itaewon during the Japanese Occupation, and after independence, the area became an entertainment district full of bars, shops and military camp towns for American soldiers stationed during the Korean War. In the 1960s, foreign official residences and Military Apartments were built, making the area a residential cluster for foreigners. Furthermore, from the 1980s and onwards, Itaewon began to host numerous international events and festivals, making the town more global [9]. After the 1990s, it has become an area where various cultures coexist, and has been attracting tourists from Africa, China, Southeast Asia and the Middle East. The region's development accelerated as Haebangchon's commercial area merged with Itaewon's cosmopolitan culture.

Haebangchon is a popular dating spot among the younger generation due to its unique shops and good view of Seoul's nightscape. In the 1960s, people who relocated from rural Korea to Seoul for employment started working in clothing factories called "Yokkos." Yokkos soon became Haebangchon's main business in the 1960s to the 80s. Changes in Haebangchon kicked off after most of the sewing factories moved to China due to lower labor costs. In particular, 1988 Seoul Olympic Games led to a full-scale city development plan resulting in the abolishment of old Korean houses and construction of Western style residential high-rises. American soldiers in Itaewon and Hannam-dong moved to cheaper Haebangchon, and new shops and restaurants were created to meet their appetites. Pre-existing shops closed down, and now, cafes and foreign cuisine restaurants line-up the Shin-heung-ro. Due to rising rent, the native tradesmen continue their businesses in the old marketplace, Shinheung Market, a shattered and outworn place [10].

Haebangchon's visitors are foreigners of various nationalities and young people who enjoy foreign culture, who have naturally become the target of the commercial activities in this area. Shops in Itaewon and Haebangchon were run by Korean war refugees and people from the countryside who created a typical military camp town that sells food and clothing. With time, hotels, restaurants and shops for foreigners increase due to the increase in moving population, making the area a tourist destination. Following such a trend, the Korean government designated Itaewon as a Special Tourist Zone in 29 September, 1997, and many festivals and events are held annually in the region [10]. Now, Itaewon and Haebangchon are well known for Korea's thriving foreign culture, as well as the largest foreign residential area.

V. SOLUTIONS FOR GENTRIFICATION

As of now, Seoul is setting policies and collecting resources for areas where gentrification is especially serious such as Daehak-ro, Insa-dong, Shinchon, Hongdae, Hapjung, Bukchon, Haebangchon and Sewoon Mall. The "Gentrification

⁴ Jean-Michel Wilmotte (Born in Soissons (Picardy) in 1948), is a French architect.

⁵ Korean soybean paste soup.

Multi-solution," an initiative put forward by a consultative group consisting of leasers, leaseholders, residents, related field experts, and civil servants in the area has been enforced. Details of this initiative are as follows [11].

1) Landlord-leaseholder-local government Coexistence Agreement:

Seoul consistently advertises and encourages the Landlord-leaseholder-local government Coexistence Agreement which prevents landlords from excessively increasing rent. This agreement prevents landlords from unreasonably increasing rent, and leaseholders from partaking in unpleasant activities such as touting. Furthermore, it ensures that the city provide administrative support such as improving the community's infrastructure.

2) Renting of anchor (core) facilities to small businesses:

Seoul purchases or rents properties on which it creates anchor (core) facilities, and leases them to small businessmen and artists at a low and affordable price. For example, a multi-theater that is a collection of 20 small theaters of 100 seats is expected to be built in Daehak-ro. After its completion in 2017, it will be rented out to TV show companies at low prices.

3) Operation of long-term malls:

Landlords of old buildings receive a maximum of 30,000,000 KRW for remodeling and repairing in return of their agreement not to raise rent and ensure the lease period.

4) Supporting shop purchase of small businesses:

Seoul plans to cooperate with Woori Bank in enforcing the "capitalization strategy," which provides loans up to a maximum of 75% of the purchasing price within the limit of 800 million KRW at an interest rate that is 1% lower than the open market rate (maximum 15 years), so that small business founders can purchase their own shops.

5) Providing legal support:

Operation of a legal support team which consists of a total of 60 town lawyers and tax accountants provides free legal and tax related consultations so that no one is disadvantaged for their lack of legal knowledge.

6) Enacting of ordinance for protection of shop leaseholders:

Enacting of ordinance for protection of shop leaseholders which ensures renting of shop buildings owned by investment institutions for 5 years (maximum of 10 years' rent), long-term mall, construction of conflict adjustment committee for shop buildings

7) Holding debates and public hearings:

Seoul plans to hold frequent debates and public hearings in order to receive public on issues concerning gentrification.

The above solutions put forward by Seoul are centered around the participation of public and regional residents. Government needs to provide support, but the ultimate goal should be enabling residents to solve the problems on their own. In order to prevent invasion of culture and protect the original commercial area, the government, residents and artists must all come together to solve the problem.

VI. CONCLUSION

Today's Korean gentrification shows disruption of art, workshops and restaurants which were once cultural contents. As small galleries typical of the region turn into large-scale galleries and old, traditional restaurants turn into large franchise restaurants, streets that were once uniquely Korean are quickly disappearing. Samcheong-dong, once known for its preserved hanok residential area has now turned into a shopping street full of famous international labels. Insa-dong's artisan street once a showcase for Korea's culture and traditional art is now occupied by franchise cafes and corporate art galleries. Also, the cultural significances that the Yongsan-gu and Haebangchon area had is slowly wearing off as elderly merchants are pushed out of their lifelong nests.

Advanced foreign countries where the urbanization process took place faster than Korea have already experienced gentrification, and there have been many solutions and urban plans which are consistently being enforced. If we do not find solutions to Korean gentrification, Korea's traditional culture will disappear from the streets and lose its identity. Only when the government, regional community and artists become aware of the problem and look for solutions together can the adverse effects of gentrification be minimized.

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