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Special issue: Locating gentrification in East Asia

The developmental state, speculative urbanisation and the politics of displacement in gentrifying Seoul

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Abstract

What does gentrification mean under speculative urbanisation led by a strong developmental state? This paper analyses the contemporary history of Seoul’s urban redevelopment, arguing that new-build gentrification is an endogenous process embedded in Korea’s highly speculative urban development processes from the 1980s. Property owners, construction firms and local/central governments coalesce, facilitating the extraction of exchange value by closing the rent gap. Displacement of poorer owner-occupiers and tenants was requisite for the success of speculative accumulation. Furthermore, the paper also contends that Korea’s speculative urbanisation under the strong developmental (and later (neo-)liberalising) state has rendered popular resistance to displacement ineffective despite its initial success in securing state concessions. Examining the experience of Seoul in times of condensed industrialisation and speculative urbanisation helps inform the existing literature on gentrification by resorting to non-Western empirics.

Keywords: developmental state, gentrification, Korea, Seoul, speculative urbanisation

For citation:
Introduction

Much of the contemporary gentrification literature is rooted in the specific urban contexts of the Western, Anglophone world. The literature is sometimes accused of over-generalisation based on the selective experiences of a small number of cities like New York or London (Maloutas, 2012). For instance, the diagnosis of ‘three waves’ of gentrification in the United States (Hackworth and Smith, 2001) has sometimes been used as a template to determine the status of gentrification elsewhere despite the divergent geographical contingencies across countries. There have also been attempts to map the geographical spread of gentrification from the ‘centre’ (particularly the Anglophone world in the global North) to the ‘periphery’ (non-Anglophone and the global South) in a process that resembles colonisation (Atkinson and Bridge, 2005; see Lees, 2012 for a critique). Neoliberal urbanisation and global policy mobility are thought to be facilitating the transformation of gentrification into a ‘global urban strategy’ (Smith, 2002). Gentrification researchers working in the global North have been increasingly drawn towards discussion of the (often punitive) urban policies put forward by neoliberal states to disassemble post-war welfare systems such as the social cleansing of London’s council estates (e.g. Lees, 2014). In London, for instance, new-build developments along London’s riverside were found to be producing displacement pressures on neighbouring neighbourhoods by increasing further development potential and property values, thus leading to what has been coined ‘new-build gentrification’ (Davidson and Lees, 2010), identified as a mutated form of ‘third-wave gentrification’ in the post-recession era (Lees et al., 2008).

We shift our focus now to cities in the global South and in particular those in Asia, where the gentrification literature has had a relatively limited presence. In recent years, increased attention is being paid to the understanding of an emergent gentrification in Asia (e.g. Harris, 2008; Lützeler, 2008), trying to unveil how contemporary urban restructuring and the resulting dispossession of urbanites have been influenced by changing urban forms, government policies, (transnational and domestic) capital, class restructuring, and so on. However, there is still a dearth of literature, especially in East Asia, where state intervention has been highly visible throughout the region’s condensed industrialisation and urbanisation. The literature also needs to account for intra-regional diversities, following the suggestion of Lees et al. (2008: 166) that ‘in the global South, gentrification as an urban strategy is playing out in even more diverse
ways’, as the region’s urbanisation ‘is driven by the simultaneous expansion of ‘‘old’’ and ‘‘new’’ spatial economic shifts.’ Furthermore, as Neil Smith (1986: 23) asserted, ‘Different levels and kinds of state involvement give the process a very different form in different economies.’ It is therefore important to be sensitive about the ways in which gentrification has been territorialised in particular localities and interacts with other embedded (historical and contemporary) urban processes.

In this respect, we visit the case study of Seoul in South Korea (hereafter Korea) to discuss how gentrification plays out in an economy that is heavily shaped and nurtured by strong state intervention. In part, we attempt to expand the existing gentrification debates by including a case that goes beyond the usual suspects in the global North (Lees, 2012; Lees et al., 2015). The condensed urbanisation and industrialisation led by the Korean developmental state fundamentally changed the country’s city-scape from the 1960s. After having gone through a trial-and-error period of eradicating widespread substandard, illegal settlements, the Korean developmental state implemented an urban redevelopment programme in 1983, which relied heavily on the joint collaboration between real estate businesses and property owners. The programme fundamentally fed upon Seoul’s highly speculative real estate market (Shin, 2009), promoting ‘vertical accumulation’ (Shin, 2011) that tried to maximise accumulation through high-density construction and has become the main feature of Korea’s urbanisation in recent decades. While the redevelopment projects from the 1980s might have contributed to the provision of much more improved physical conditions of living than what dilapidated neighbourhoods used to provide, these projects incurred a life of huge socio-economic hardship for most local residents due to their displacement and relocation (Davis, 2011; Shin, 2008). Homes affordable for poor families were subject to ‘domicide’ (Porteous and Smith, 2001), destroyed to make way for new infrastructure and commercial housing, and to cater for the needs of the country’s middle classes and addressing the state aspiration of beautification and modernisation. Embedded in this urban context, a case study of Seoul is a useful means by which to inform the existing literature on gentrification investigating non-Western empirics.

In this paper, we prescribe to a broader definition of gentrification, which emphasises capital (re-)investment, commodification of space and (various forms of) displacement (Clark, 2005; Lees et al., 2008). We therefore keep a distance from a narrow conceptualisation that associates gentrification only with incremental upgrading of
dwellings or inner-city neighbourhoods, and from excessively associating gentrification with the specificities of Anglo-American metropolises only (e.g. Maloutas, 2012). Following Ley and Teo (2014), we also acknowledge that gentrification as a process may emerge and exist even if the concept itself is not sufficiently circulated in a society.

Based on their extensive review of urban redevelopment in Hong Kong, Ley and Teo (2014: 1296) conclude that although gentrification is ‘simply missing from the urban vocabulary’, gentrification was/is firmly in place. The obscurity of the term is attributed, partly, to the particular culture of real estate that has become a major target of individual investment and partly to Hong Kong’s extensive provision of welfare housing.

In Korea, gentrification has only gained its academic currency in recent years (e.g. Kim et al., 2010). Redevelopment (jaegaebal in Korean) and demolition (cheolgeo) are the terms that have been more widely circulated as popular, academic and policy expressions. To some extent, this is an outcome of confining gentrification to its classic form of inner-city residential upgrading. With few exceptions (e.g. Lee and Joo, 2008; Shin, 2009), gentrification has been regarded as being inapplicable to neighbourhood transformation through wholesale demolition and redevelopment (e.g. Kim and Nam, 1998).

By examining Seoul’s experience of urban redevelopment during the last 30 years, we argue that new-build gentrification is not just an attribute of the cities in the global North ruled by neoliberal ‘roll-out’ states (Davidson and Lees, 2010). In other words, new-build gentrification is an endogenous process embedded in Korea’s speculative urban development processes. However, Seoul’s new-build gentrification is not simply a replication of new-build gentrification in the global North, but a process that reveals distinctive characteristics due to the influence of the strong developmental (and later (neo-)liberalising) state. By adopting an evolutionary approach and making use of local historical archives, government records and authors’ first-hand research, this paper attempts to deliver a more in-depth, nuanced interpretation of Seoul’s history of urban development and gentrification.

The rest of the paper consists of four sections. Firstly, we provide an analytical framework that brings together the importance of real estate (as part of the secondary circuit of capital accumulation) and the role of the developmental state, and discuss their relevance for gentrification. Secondly, we examine the history of Seoul’s urban development and gentrification.
redevelopment during the last 30 years, examining how the developmental (and later (neo-)liberalising) state has shaped urban redevelopment practices that exhibit the key characteristics of new-build gentrification. This is followed by a section that discusses how the state and large businesses were taking an upper hand in promoting redevelopment, and how resistance to this was ineffective despite the colossal consequences for local residents. The final section brings together the main findings and makes a set of conclusions.

Real estate, the developmental state and gentrification

In discussing urban accumulation crises and the emergence of increasingly deregulated capitalism in the 1960s, Henri Lefebvre highlights the possibility of the real estate’s rise as a second sector of accumulation to address the inherent risks of falling rates of profits and heightened competition that capitalism faces in perpetuity. He argues that,

As the principal circuit – current industrial production and the movable property that results – begins to slow down, capital shifts to the second sector, real estate. It can even happen that real-estate speculation becomes the principal source for the formation of capital, that is, the realization of surplus value. The second circuit supplants the first, becomes essential. (Lefebvre, 2003: 160)

In line with Lefebvre’s argument, David Harvey (1978) also puts forward the concept of ‘capital switching’ between different circuits of capital as a fix to (over-)accumulation crises. The secondary circuit of capital accumulation, that is, investment in the built environment (e.g. infrastructure and housing), gains particular importance due to its function of absorbing shocks generated from the primary circuit of industrial production. The shock absorption can occur in several ways. For instance, it may operate as a buffer to absorb low profitability in the production circuit and boost a sluggish economy. Classic examples would include the New Deal in times of the Great Depression in the US and more recently, China’s state-led investment in fixed assets as a pre-emptive means to generate economic development and advance urbanisation (see Shin, 2014).

The rise of the secondary circuit of capital entails the inevitable ascendancy of ‘real estate (speculation, construction) …a circuit that runs parallel to that of industrial
production’ (Lefebvre 2003: 159). As capital feels the poisonous seduction of speculative profits from real estate, it is difficult to dismiss the speculative desire especially in times of global economic ups and downs affecting national economies. The rise of real estate accompanies spatial investment strategies in order to facilitate (re-)valuation of real estate properties, producing speculative urban development (Goldman, 2011; Shin, 2014). Speculation also becomes rampant as obsolescence becomes ‘a neoliberal alibi for creative destruction’, which concentrates on areas with the highest returns on investment in a market that has been increasingly entwined with the global financial capital (Weber, 2002: 532). To help perpetuate this process, the local state ‘operates through decentralised partnerships with real-estate capitalists, and what remains of the local state structure has been refashioned to resemble the private sector, with an emphasis on customer service, speed, and entrepreneurialism’ (Weber, 2002: 531).

In this context of the rise of the real estate sector and intensifying state intervention in promoting speculative urbanisation, contemporary gentrification in the global North is increasingly characterised by large-scale real estate projects resulting in state-led, new-build gentrification (Lees et al., 2008). Gentrification is no longer confined to its classic process of residential upgrading mostly focused on the dilapidated inner city. Real estate projects that accompany the redevelopment of existing residential, commercial or brownfield sites come to constitute new-build gentrification, which result in either direct or indirect displacement of residents in targeted project sites or in adjacent spaces (Davidson and Lees, 2010).

East Asia, including Japan and tiger economies (Hong Kong, Singapore, South Korea and Taiwan) in particular, saw the heavy intervention of developmental states from the outset of their economic development and condensed urbanisation in the second half of the twentieth century. The East Asian developmental path was epitomised by centralised policy-making for economic growth, strong state intervention in investment decision-making, control of finance, export orientation, investment in human capital, the authoritarian control of civil society and close ties with business interests (Castells, 1992; Woo-Cumings, 1999). The state-led investment to produce and expand fixed assets and collective consumption (esp. housing) was phenomenal. Depending on the nature of the state–economy and state–society relations, the particular type of prioritised collective consumption differed across countries. For instance, Singapore
focused more on the production of public housing to meet the demand from the coalition between the state and the popular sector, while in Korea, the strong alliance between the state and large conglomerates made public housing investment less of a priority (Park, 1998). Developmental state’s legitimacy depended on successfully guaranteeing the economic security of the national populace, co-opted into various state ideologies.

East Asia’s condensed economic development and urbanisation were accompanied by the state-led, heavy investment in the built environment co-mingled with speculative real estate markets due to their land-scarce environment. As argued by Jang-sup Shin (2007), who emphasises the importance of the ‘stickiness’ of mobile assets (or capital) in the age of globalisation, improving the quality of the built environment has been one of the main urban accumulation strategies increasingly adopted by the East Asian states. Place promotion, beautification and mega-event promotion also helped East Asian states rewrite their urban landscapes. In Korea, subnational actors (e.g. Seoul municipal government or district governments within Seoul) were all in this together under the directives from the central government during the period of industrialisation and urbanisation. Government-owned development corporations such as the Korea Land Corporation and Korea National Housing Corporation played key roles in facilitating the state intervention in the built environment, often working with the private sector. While Korea experienced political decentralisation from the 1990s, having had the first election to elect district and municipal mayors, provincial governors (in 1995) and local assembly members (in 1991), sub-national actors are still bound by the growth politics that retained the investment in the built environment at its core (e.g. Park, 2008).

It is in this context of state-led economic development and urbanisation that we aim to contextualise the prominence of state-led, new-build gentrification under the developmental state. Translating economic success into the urban landscape involved the wholesale clearance of dilapidated urban spaces and their replacement by upscale commercial and residential buildings and facilities. In other words, urban spaces seeing widened rent gaps were put into higher and better uses by the state, capitalists and the emergent middle-class populace, who would have shared profits from closing the rent gap (see Smith, 1996 for rent gap discussions). In Korea, this process was particularly pronounced from the early 1980s when the country was seeing the channelling of surplus capital into real estate to accumulate property assets. The 1980s saw declining
profit rates in the Korean economy compared to those experienced during the more labour-intensive growth under the developmental state in the 1960s and 1970s (see Shin, 2009). The surplus capital made its way into the secondary circuit, tapping into the speculative property market that had experienced major price increases. For instance, Jung (1998: 136) notes that,

> During the past twenty-two years from 1974 to 1996, land prices for all the nation’s land increased by 17.6 times, in rural areas by 10.2 times and in smaller cities by 20.2 times. However, land prices in the six largest cities increased by 28.9 times, and in Seoul by 32.9 times.

The Korean conglomerates were also heavily engaged in property speculation in the country’s real estate markets (Sohn, 2008: 116–117). Not only were they operating major construction firms to reap profits from the state-financed restructuring of the built environment, but they also heavily acquired real estate holdings.¹ For instance, in 1989, it was reported that these conglomerates had been possessing real estate properties whose total value reached more than a half of their combined equity capital (Sohn, 2008).

**Urban (re)development and emerging new-build gentrification in Seoul**

*The rise and containment of substandard settlements in the 1960s and 1970s*

Currently, Seoul accommodates more than 10 million people, about one-fifth of the national population. This stands in sharp contrast with the land situation: Seoul’s surface area occupies less than 1% of the national territory, therefore producing a very high population density of 17,000 people per square kilometre. Seoul has always experienced a high demand for residential land in times of rapid urbanisation and economic development from the 1960s. Migration of cheap labour to Seoul was one of the main drivers of economic development, but Seoul’s urban infrastructure, housing in particular, was hardly sufficient to cope with the demand rising from the rapid population increase. Illegal substandard settlements, known as *panjachon* in Korean (translated as ‘village of wooden-board framed houses’), sprung up in and around Seoul. Facing no alternatives, the municipality to some extent turned a blind eye to such
development. By 1966, according to an official count, there were approximately 136,650 illegal dwellings, more than one-third of the total municipal housing stocks (Seoul Metropolitan Government; SMG, 1973: 185).

Eventually, a series of government attempts took place to control the growth of such illegal settlements. The authoritarian state headed by the president who led a military coup in 1961 exercised draconian measures to suppress and contain the growth of substandard settlements, if not completely eradicate them. For instance, from 1972, Seoul’s aerial pictures were taken four times a year and 159 ground surveillance posts were erected in substandard settlements to map any new construction of illegal dwellings. Government officials deployed routine patrols while residents were encouraged to spy on neighbours to report any illegal construction (SMG, 1973: 192).

Restraining the growth of exiting substandard settlements was accompanied by the development of large-scale new housing estates (known as danji in Korean) as part of the ten-year (1972–1981) housing construction programme (see Figure 1). This was to accommodate the demand for modern housing from the newly emerging middle class (Lee, 1994). The programme aimed at achieving an economy of scale and efficient land use, focusing on the then urban fringes to the south of the River Han where land assembly was relatively cheap and less confrontational due to a much scarcer density of population (Planning and Coordination for the Cabinet Office, 1972: 253–254). Each danji was huge in scale, comprising of about 27,000 flats in the case of Mokdong danji. New flats produced in the late 1970s became subject to rampant speculation. For instance, the total amount of deposits from applicants attracted to a sales announcement of new housing estates in 1977 by five construction companies amounted to about 4.6% of the national money supply at the time (Mobrand 2008:382). In short, the new housing construction drew an intense degree of interest from both homebuyers and speculators, which in turn led to the emergence of housing redevelopment targeting substandard settlements in Seoul’s more central areas to exploit the developmental potential.
Figure 1. View of Banpo medium-rise apartment *danji*, completed in the 1970s. Source: Photograph from Seoul History Compilation Committee 2008

Figure 2. Ogsu neighbourhood before and after redevelopment (project period: November 1984 - October 1990). Source: Photographs provided through the courtesy of The Seoul Institute
Property-led redevelopment since the 1980s

One of the pilot redevelopment programmes experimented in the 1970s was called the ‘consignment redevelopment.’ It required owner-occupiers in substandard settlements to form a steering committee and consign to a private builder the clearance of dwellings and construction of new flats or multi-household units. In situ upgrading without demolition was not favoured by the municipality who preferred to establish a ‘modern’ facade of the city (Kim et al., 1996: 95–101; SMG, 1983: 335–336). The municipality was to recommend credible builders and conduct supervision. Each project was small-scale, requiring 20–30 households to join hands so that about 1000-square-metre housing lot could be assembled (Kim et al., 1996: 96). Eventually, the programme was not successful: only 2253 dwellings in 12 project areas were redeveloped in this way (Kim et al., 1996). Major constraints were the large costs of reconstruction and temporary relocation, which burdened the participating owner-occupiers.

Having learnt from the 1970s, the municipal government introduced a revised policy in 1983 (The KyungHyang Shinmun, 1984), which became the model for subsequent redevelopment programmes in following decades. The programme, known as the ‘Joint Redevelopment Programme’ (hereafter JRP), largely depended on the use of joint contributions from local property owners (mostly dwelling owners) and builders that supplied development finance and carried out construction and marketing (Ha, 2001; Shin, 2009). Unlike the 1970s, the JRP was to substantially increase the scale of reconstruction, facilitated by the growing popularity of high-rise apartments among the emerging middle classes for the purpose of both consumption and investment (see Figure 2).

In substandard settlements subject to the JRP, the majority of dwellings were without de jure property ownership as they had no land titles (SMG, 1998: 20–21). As the 1973 Temporary Act prohibited any upgrading of existing dwellings to prevent the spread and expansion of such settlements, owner-occupiers in these settlements faced unfavourable conditions in terms of investment in their own properties. This condition also prevented the arrival of middle class households as individual gentrifiers, and in turn discouraged the rise of ‘first-wave’ gentrification (Hackworth and Smith, 2001). The suppression of development however created a massive rent gap (Shin, 2009), thus
opportunities for reaping profits once these settlements became subject to commercial redevelopment and closure of the rent gap.

The introduction of the JRP as a redevelopment model can be understood more as the gradual evolution of endogenous policies. While it is not possible to verify if the national or municipal government imported or consulted a particular overseas policy due to limited availability of interviewees or official archives, the combination of state assistance, corporate interests and commercial redevelopment targeting large-scale substandard and illegal settlements would be considered as a highly unprecedented urban policy in the global South at the time. The summary of ad hoc communications with a former housing official who served in the municipality between 1992 and 1997 also testifies that the JRP introduction was embedded in Seoul’s particular urban contexts:

The JRP was an eye-opening idea. Seoul at the time was facing the hosting of the 1986 Asian Games and the 1988 Summer Olympic Games, and was in need of redeveloping panjachon. But, this was going to be impossible if previous methods were used, given local residents’ economic hardship and the government’s financial capacity. Construction firms were in need of projects, and if they were to provide money and take the responsibility, the government would not have to worry any more. At first, it was just a trial, but it quickly spread to cover the entire city, testifying the formidable power of the combination of local residents and capital, thus joint redevelopment. Development profits were the main impetus of the JRP promotion. (Meeting on 30 September 2013 and telephone communication on 1 November 2013)

Seoul’s housing market, especially the emergent high-rise apartment sector, was seeing a speculative boom throughout the 1980s and 1990s. This meant that construction firms were able to reap profits by selling commercial new-build flats in the new housing market (after deducting flats to be sold to participating property owners at construction costs). High-density construction was therefore crucial (Shin, 2011). Government data examining 65 JRP districts between 1990 and 1996 suggest that the number of dwellings experienced a 303% increase after redevelopment, while the number of residents witnessed a 32% increase (SMG 1998: 32). In other words, redevelopment resulted in the construction of more spacious single-family units in neighbourhoods that used to experience house-sharing and overcrowded conditions. The floor-to-area ratio
(hereafter FAR; the ratio of gross floor space to the land surface area that a building occupies) of redeveloped districts during this period often reached 300% or higher. The high-density redevelopment was supported by various government incentives to help property owners lessen their burden of paying for construction and guaranteeing a certain amount of profits for builders. If poorer property owners opted out of a project, they sold the right (to buy a redeveloped flat at construction costs) to speculators or first-time homebuyers at a price that was determined somewhere between the price of existing dwellings (before the arrival of redevelopment) and the subsidised price of new flats they were originally entitled to pay as a member of the redevelopment association. This would have resulted in what López-Morales (2011) referred to as ‘ground rent dispossession’, a situation in which property owners were disadvantaged in fully appropriating potential ground rent. The dispossession of this nature also becomes the basis for the rise of speculative activities by absentee landlords and developers (see Shin, 2009).

*Densification of old residential units in the 1990s*

The redevelopment of substandard settlements was accompanied by the densification of existing low-rise detached houses in formal, established neighbourhoods. House owners rebuilt their one- or two-storey detached dwellings to convert them into multi-household units that were usually three- to four-stories high excluding the basement (see Figure 3). The municipal government contributed to this process by relaxing planning regulations (e.g. easing the requirements for a minimum distance between dwellings or the provision of parking spaces). Small-scale builders were naturally the main participants in this segment of the housing market.
Each densified multi-household dwelling was subdivided to be rented out. Usually a detached dwelling for one family was densified and then subdivided to provide living space for five households. The authors’ own estimation from the municipal government data suggests that about 750,000 multi-household units were produced between 1990 and 2001, accounting for about 66% of all housing units produced in Seoul in this period. Approximately 150,000 detached dwellings are estimated to have been demolished in this process. These multi-household dwellings contributed to the expansion of more affordable housing stocks with flexible tenure for low-income urban residents (Shin, 2008), but as a neighbourhood, what prevailed were worsening living conditions due to inadequate provision of parking spaces, narrow streets and the absence of green or recreational spaces.

Reconstruction of medium-rise apartments between the mid-1990s and 2000s

From the mid-1990s, Seoul saw the expansion of urban redevelopment targeting extant medium-rise estates to a higher density. This process was initially concentrated in south Seoul where large-scale danji estates were previously constructed. The redevelopment of medium-rise housing estates is often referred to as ‘reconstruction’ or jaegeonchug in Korean to differentiate it from the redevelopment of substandard settlements classified as jaegaebal. The reconstruction adopted the JRP model. Each project was to be initiated by the property owners’ association (known as reconstruction association,
again to differentiate it from redevelopment association for substandard settlement redevelopment), which would also include a construction firm or a consortium of firms.

The increase in building density and in the number of flats as a result of reconstruction allowed the reconstruction committee (consisted of flat owners and collaborating construction firms) to sell additional commercial flats on the new housing market. The sales revenues would help lower the overall construction costs for existing owners and ensure a certain level of profits and speculative gains for both owners and construction firms. Only members of reconstruction association were to reap the benefits, as was the case in the previous JRP structure.

The reconstruction of existing apartment complexes became popular between 1998 and 2007, in particular when Korea was recovering from the aftermath of the 1997–1998 Asian financial crisis. According to the 2008 Housing Handbook from the Ministry of Land, Transport and Maritime Affairs, 94,492 flats were demolished during the ten-year period, followed by the reconstruction of about 180,562 flats. These accounted for about 14% of all apartment units in Seoul as of 2007. Given the large-scale nature of projects that required a huge amount of upfront financial input, reconstruction projects were mostly led by large construction firms (as was the case in JRP projects). The popularity of construction firms and their housing brand became an important factor that determined the price of reconstructed flats. Major firms associated with the largest conglomerates such as Hyundai, Samsung and Daewoo became the most sought-after brand names among flat owners in this regard.

Redevelopment of high density low-rise residential areas in the 2000s

From 2002, Seoul’s urban redevelopment expanded to address high-density low-rise residential areas where multi-household dwellings were concentrated. This was promoted under the label of ‘New Town Programme’ (NTP). As the then mayor indicated at the opening ceremony of a pilot project site in March 2004, ‘the project aims to create another city within a city’ (SMG, 2004). As of July 2010, 35 mega-districts were designated, which included 372 subdistricts (SMG, 2010). This covered a total area of 27.34 square kilometres, about 6% of Seoul’s surface area. As of September 2008, 350,000 households (850,000 people or 8% of the municipal population) were subject to the NTP (Jang and Yang, 2008). Of these, 69% or 230,000
households were tenants, and the municipal planning aimed to reduce the share of tenant households to 19.2% upon programme completion (Jang and Yang, 2008).

The NTP was led by the municipal government from its birth, which was also heavily politicised due to the then Seoul mayor who had an aspiration to secure national presidency. This situation was further exacerbated as the NTP also responded to the speculative aspiration held by those property owners who did not benefit from the previous rounds of JRP. Major builders also welcomed the policy as it promised the emergence of another market for their operation. To ensure the success of the pilot projects at the NTP outset, the municipality was put ‘in charge of building public facilities’ and the municipal development corporation ‘responsible for implementing housing development work’ (Korea Herald, 2002).

The NTP aimed at scaling up redevelopment projects so that a number of outdated residential neighbourhoods and urban facilities would come together to form a mega-district. Like in JRP projects, demolition and reconstruction were perceived as the norm. After piloting, private builders took more initiatives for housing development at the subdistrict scale, adopting either a JRP-style redevelopment model or the 1990s’ reconstruction model. Nevertheless, the municipal government made comprehensive efforts to ensure the success of the NTP, including the establishment of a separate division to oversee the progress, publishing regular progress newsletters for publicity.

However, the NTP caused a substantial reduction in affordable housing stocks for low-income residents who were concentrated in multi-household dwellings, especially after the demise of panjachon settlements. The interim evaluation suggested that about 80% of original residents were leaving project sites due to rising housing costs. In comparison with JRP projects, dwelling owners were more likely to lose out due to the increase in financial contributions (Kim, 2010). Neighbourhoods with multi-household dwelling concentration were experiencing already fairly high FAR of 200%, and there was a higher share of tenants’ households whose demand for compensation (both in-kind and in-cash) would place additional constraints upon financial outlook of each NTP project. Under these circumstances, the weakening real estate market resulting from the 2008 global financial crisis also made it financially difficult for property owners and construction firms in particular, who became more wary of the uncertain business outlook (Ha, 2010).
A summary of Seoul’s redevelopment history

Urban redevelopment through the demolition of substandard settlements and existing medium-rise apartment complexes brought about profound changes to Seoul’s landscape. Seoul’s urban transformation therefore shows a strong resemblance with new-build gentrification, incurring the displacement of the majority of low-income owner-occupiers and tenants from their original neighbourhoods. While there are no data showing the scale of displacement since the implementation of the JRP, reports suggest that about 0.75 million residents faced eviction between 1983 and 1988, which amounted to 8.9% of the then municipal population (ACHR, 1989). Reports also suggest that JRP projects saw nearly four-fifths of original residents displaced permanently (Ha, 2004). Official municipal records for JRP projects completed between 1993 and 1996 indicated that 84% of tenants and 55% of dwelling owners were permanently displaced (Kim et al., 1996: 221). The situation has been replicated in NTP projects (Jang and Yang, 2008). Table 1 summarises the scale of redevelopment over the years. The table also includes a summary of key events in South Korea.

The involvement of large construction companies with a strong capacity to mobilise financial resources was important especially because of the immense scale of each redevelopment project. The largest neighbourhoods subject to redevelopment could accommodate as many as 5738 households (Kim et al., 1996). According to the data from the municipal government, the average number of demolished dwellings from 211 redevelopment projects (completed by the end of 2010) turned out to be 379 units, while the average number of newly constructed flats reached 977 units.

Speculative desire and the politics of displacement

Gentrification is not an automated process and socio-political struggles matter (Shin, 2009). These struggles are of crucial importance especially for poor owner-occupiers and tenants who bear the brunt of redevelopment in the form of involuntary displacement. From the early 1980s Seoul’s redevelopment resorted to the collective mobilisation of property owners whose shared material interests brought them together. The material interests here largely refer to the increased exchange value of their
### Table 1: The scale of major redevelopment programmes in Seoul and the summary of key events

Source: Kim (2010), Jang and Yang (2008) and Seoul municipal government data

<table>
<thead>
<tr>
<th>Period</th>
<th>Major Projects</th>
<th>Scale</th>
<th>Graphic representation</th>
<th>Key events</th>
</tr>
</thead>
</table>
| 1960s and 1970s| Substandard settlements, their expansion and clearance                        | Official estimation of 136,650 illegal dwellings by 1966, more than one-third of the then total municipal housing stocks              | ![Graphic](Medium-rise-flats.png) | 1961 Military coup and the beginning of the Park Chung-hee regime  
1972 Commencement of ten-year Housing Construction programme  
1973 Temporary Act to prohibit expansion of substandard neighbourhoods  
1979 The end of the Park regime after his assassination, shortly followed by another military coup that led to the beginning of the Chun Doo-hwan regime |
| 1980s to 2000s | Joint Redevelopment                                                           | Demolition of about 80,000 dwellings in substandard settlements and construction of about 206,000 flats by the end of 2010. Affected about 10% in the 1980s alone, affecting 10% of municipal population | ![Graphic](JRP.png) | 1983 Implementation of the Joint Redevelopment programme  
1986 Seoul Asian Games  
1988 Seoul Olympic Games  
1989 Formal introduction of rehousing provision for eligible tenants in JRP districts |
| 1990s           | Densification of existing low-rise detached houses into multi-household dwellings | Demolition of 150,000 detached dwellings and the provision of 750,000 multi-household units, accounting for about 29.2% of Seoul's total housing stocks in 2001 | ![Graphic](Multi-household-dwellings.png) | 1990s Political decentralisation: First election of district and municipal mayors in 1995, and local assembly members in 1991  
1997-1998 Asian Financial Crisis  
1998 Inauguration of the President Kim Dae-jung, marking the first peaceful transfer of power between parties |
| Mid-1990s to 2000s | Redevelopment of medium-rise apartments                                       | Demolition of about 94,500 flats, resulting in reconstruction of flats that accounted for about 14% of all high-rise apartment flats | ![Graphic](Redevelopment.png) | 2002 Introduction of New Town programme  
2007-2008 Global financial crisis |
| 2000s           | New Town project                                                              | Redevelopment of urban neighbourhoods accommodating 350,000 households (850,000 people), about 8% of municipal households. 230,000 households are tenants | ![Graphic](New-Town.png) |  |
properties (therefore, development gains) overshadowing enhanced use value (improved living conditions). Studies, however, find that existing property owners were replaced by speculative absentee landlords as projects progressed (Shin, 2009). By the time demolition took place the share of owner-occupiers in the total number of property owners tended to be in the range of 20;30% only. This imbalance becomes the source of a redevelopment association being influenced by outsiders’ interests rather than those of local residents. Ironically, this would translate into a more financially sound project.

Absentee landlords tend to take the side of construction firms as they share common objectives: to displace existing tenants quickly and demolish dwellings to shorten the project schedule and prevent the unnecessary rise in overall costs. This becomes one of the major reasons behind the frequent use of violent measures to remove physical and human barriers to redevelopment. The compensation provision is also meant to affect only the officially recognised last-remaining residents subject to displacement, disregarding other forms such as chain displacement that occur before last-resident displacement) (Marcuse, 1985). Property owners and builders often strive to reduce the number of last-remaining eligible tenants to minimise the official costs of compensation, especially the costly provision of redevelopment rental flats.²

Displacement of poor owner-occupiers and tenants has thus been the inevitable outcome of Seoul’s urban redevelopment (Kim et al., 1998). The flow of capital into redevelopment areas was affecting the whole of Seoul with no evident concentration in inner-city areas (see Figure 4). Upon introducing the JRP in 1983, there was no compensation arrangement for tenants. Against the backdrop of heightened democratisation movements in the 1980s and the early 1990s, the large-scale displacement of tenants became a major source of discontent (ACHR, 1989). The demolition of the most affordable and flexible means of residence such as panjachon invoked great difficulties for poor tenants in particular (Shin, 2008). Tenants’ struggles against forced eviction and their call for housing rights were often undermined by the brutal oppression of the authoritarian state, which prioritised urban beautification and portrayed evictees’ protests as threatening national stability (Kim et al., 1998). Protestors were also often stigmatised as being motivated by self-interests for more compensation, pursuing personal interests at the expense of public gains, an experience that is often replicated elsewhere around the world (see Shin, 2013 for China’s case).
Eventually, the tenants’ struggle, the democratisation movement throughout the 1980s, and international concern all placed pressure upon the state, who yielded some concessions for tenants. By mid-1989 these came to be in the forms of cash (equivalent to three months’ living costs) and in-kind compensation for eligible tenants. The latter referred to the mandatory requirement to provide public rental flats (known as ‘redevelopment rental housing’) in the same neighbourhood to rehouse willing and eligible tenants (Kim et al., 1996: 109–110). To be eligible, tenants should have been registered residents and have lived there at least three months at the time of the government approval of the redevelopment masterplan. However, the provision of rehousing arrangement legitimised the municipal government to further push forward the complete eradication of substandard settlements throughout the 1990s, and by 2000, practically all panjachon settlements were cleared (Kim, 2011). The provision of rehousing arrangement, prescribed as a response to tenant evictees’ outcries for their basic rights notably led to the subsiding of the tenants movement against displacement. When the growth of civil society movements in parallel with the democratisation of the
country propelled active intervention in policy-making processes, the housing rights movement also gravitated towards legal systems to improve the general housing welfare for the urban poor (e.g. setting up a minimum housing standard) (Lee, 2012) rather than resistance to displacement.

While the provision of redevelopment rental flats could be deemed as progress, this was not hugely popular among tenants as these rental flats did not fully address tenants’ household economies and tenure preferences (Shin, 2008). The lack of provision of temporary relocation measures while the construction took place added further constraints. Tenants, in their post-redevelopment life in rehoused public rental flats have also been known to face social discrimination. Redeveloped neighbourhoods see the juxtaposition of luxury commercial flats with public rental flats, showing a social mix of tenure at the neighbourhood scale. However, incidents of discrimination by better-off residents against public tenants have become a major source of concern since the 1990s (Ha, 2008). Furthermore, compensation measures only benefited JRP tenants and did not help tenants displaced due to the reconstruction of more established apartment estates – jaegeonchug. The primary rationale behind this was the government classification of the former as serving the public interests, while the latter was treated as being exclusively in the private domain. This unequal treatment placed the issue of redevelopment compensation for tenants as if it was part of welfare provision for the urban poor rather than housing rights in general.

Developmental states are known to have co-opted the general population in their pursuit for rapid economic development and societal stability (frequently through authoritarian means) to maximise the mobilisation of resources and their productive use (Woo-Cumings, 1999). Despite the suppression of democratic processes and civil society, state legitimacy is often secured through getting things done and raising the living standard. For the emerging middle class, the speculative desire to accumulate property assets often leads to the perception of redevelopment as a societal progress as Tang (2008) noted. Viewed as the ‘culture of property’ by Ley and Teo (2014), this tendency may impel people to keep distance from denunciating redevelopment projects and displacement. Hsu and Hsu (2013) also refer to the ‘political culture of property’ in Taiwan, which privileged property ownership and supported close collaboration between real-estate developers and landowners for property-led redevelopment since the 2000s. In such contexts, displacement is taken as an inevitable pre-condition of
progress, and the civil society may be discouraged from setting a progressive agenda to fight negative consequences of redevelopment.

In Korea, this mechanism had been undermining popular resistance against eviction, albeit sporadic upheavals, and hindering movements from strengthening until the country’s real estate market started to dramatically weaken in recent years. Now, the weakening real estate market is ironically providing a renewed opportunity for critical urban scholars and social movements to produce alternative perspectives and strategies to resist the class re-making of urban space.

Conclusion: Gentrification in Seoul as an endogenous process

This paper on the place-specificity of gentrification in Seoul contests the view that gentrification travels from its ‘originating centre’ to ‘peripheral cities’ (Atkinson and Bridge, 2005). It is shown instead that the emergence of Seoul’s gentrification can be regarded as an endogenous process, embedded in Korea’s construction of speculative urban development. From its birth, Seoul’s gentrification has been a process of socio-spatial restructuring at the municipal scale. Instead of individual upgrading, Seoul’s gentrification has been characterised by the demolition of entire neighbourhoods to make way for new-build housing estates, catering for the needs of the country’s middle-class populace. Displacement is at the core of this transformative process of converting neighbourhoods into a ‘higher and better’ use to close the rent gap (Smith, 1996; Slater 2009). However, Seoul’s gentrification is not simply mimicking the new-build gentrification in the global North, as the process is heavily influenced by the strong developmental, and later (neo-)liberalising, state. Furthermore, despite its potential, displacement has failed to become a major political agenda. This owes partly to the brutal suppression of residents’ protests against forced eviction, reflecting the authoritarian nature of developmental states inherent among the newly industrialised economies and partly to the state concession to co-opt those discontented. The provision of public rental housing as part of in-kind compensation for eligible tenants was clearly conforming to the latter strategy.

Seoul’s experience of gentrification allows us to expand the gentrification debates on cities outside of the usual suspects of the global North by situating Seoul’s ‘new-build’ gentrification in the context of the speculative and exploitative process of extracting
exchange value from the built environment (Harvey, 1978; Lefebvre, 2003). Substandard settlements and other neighbourhoods subject to redevelopment became conduits for capital that speculated on the real estate and benefited from increased ground rents (Desai and Loftus, 2013; Goldman, 2011; López-Morales, 2011; Shin, 2009). The role of the Korean developmental state is noteworthy, broadening our understanding of the global geography of gentrification. By employing a critical understanding of the political economy of urban spatial restructuring, the case of the endogenous emergence of gentrification in Seoul shows that the exploitative process of gentrification and displacement is inevitable when central and local states are keen to facilitate urban accumulation via the secondary circuit of the built environment (see also Lees et al., 2015). Contemporary gentrification researchers often associate the global spread of gentrification with the neoliberal expansion of urban policies. This paper contends that gentrification transcends the realm of neoliberal ‘roll-out’ states and is also heavily influenced by the proactive intervention of developmental states in constructing speculative built environments. The process of gentrification in Seoul could not have been consolidated without the presence of those large conglomerates as the major partners of the Korean developmental state. The paper therefore highlights the importance of investigating and contextualising the nature and role of real estate capital and its relationship with the state in gentrification debates.

Does the neoliberalisation of the Korean developmental state, as argued by some commentators (e.g. Choi, 2012), produce any significant changes to the patterns of gentrification? In answer to this question, we argue that continuity has been the essence of urban redevelopment practices in Korea under both the pre-crisis developmental state and post-crisis (neo-)liberalising developmental state. The fundamental investment structure and institutional set-up, which shaped the geography of urban redevelopment, witnessed some changes (e.g. a more comprehensive area-based approach in the NTP), but they displayed a certain degree of continuity in terms of policy scope and key emphasis. To the extent that the developmental state placed a heavy emphasis on market orientation and proactive entrepreneurial state intervention in urban redevelopment, it could also be argued that the Korean developmental state befriended neoliberalisation. Neoliberal governance emphasises partnership or coalition with business interests (and sometimes with civil society) to enhance economic competence and ensure market supremacy (Brenner and Theodore, 2002). The emergence of this neoliberal governance was not something alien to the developmental state that was already founded on a strong
alliance with business interests and co-opted the national populace while suppressing social movements. The legacy of the developmental state era would prevail, as the state and large conglomerates continued to be important actors in shaping and formulating urban mega-projects and housing construction. To this extent, we concur with the notion of ‘hybridity’ in urban policy formation, which draws upon the idea that state policies under neoliberalisation contain both elements of ‘neoliberalism’ and ‘developmentalism’ (Choi, 2012; Park et al., 2012). The concept also emphasises the persistent manifestation of developmental characteristics in the process of neoliberalisation. As far as Seoul’s urban redevelopment and gentrification is concerned, state intervention in the built environment has been persistent regardless of Korea’s economic liberalisation.

So what will be the future of Seoul’s gentrification? The future depends largely on the degree of the vibrancy of the real estate market. A particular culture of property prevails, dictating that property investment in redeveloped neighbourhoods will produce a certain amount of return on financial input. It is however doubtful if this practice would continue in the future. To some extent, the global financial crisis in 2008 has undermined the confidence of property-based interests in the real estate market (Ha, 2010). Korea also experiences one of the lowest birth rates in the world, leading to the fear of a rapidly ageing society, raising doubts about future housing demand. As the myth of property investment withers away, the state’s legitimacy may also be shaken, leading to the rise of discontent. How this will all influence urban redevelopment and gentrification will need to be closely examined in the coming years.

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Notes

1. See Pirie (2008) for his account of the Korean market and firm activities.

2. Chain displacement refers to the displacement of those households who used to occupy a dwelling before the ‘last-remaining’ household and who were displaced due to the dwelling’s physical decline or rent increases. Such households are often hidden from the actual estimation of displaced households even though their displacement might have occurred during the entire process of neighbourhood decline (see Marcuse, 1985: 206).

References


