Chapter 5. Relationship between expansion of residential area for periphery and residential movements by property formation in Seoul metropolitan area

This chapter considers relationship between spatial patterns of residential movements and processes of property formation. Figure 24 and 25 illustrate the relationship simply.

5.1 The property formation processes by the types

Residential size of the parent dependence type included in the lease income type expanded from middle to large size (Figure 24). Accompanied with it, residential amount also increased rapidly. The households belonging to the type inhabit in the widest and the most worthy residence. As they could depend on their parents' financial support, they could start forming property earlier. Accordingly the parent dependence type was blessed with various environment basis of property formation from beginning of their life stage, and was able to acquire lease residences
<table>
<thead>
<tr>
<th>Patterns</th>
<th>Attributes</th>
<th>Change of residential scale (m²)</th>
<th>Residential properties (mil. won)</th>
<th>Supplies of residential fund</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>0 20 60 90 132 165</td>
<td>0 100 200 300 400 500</td>
<td></td>
</tr>
<tr>
<td>Low-income type</td>
<td>Marriage Present</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Independence type</td>
<td>Marriage Present</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-low income type</td>
<td>Marriage Present</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High income acquisition type</td>
<td>Marriage Present</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Thickness of line shows relative numbers.
** Size shows importance.

Figure 24. The Property formation processes of the sample households in Bundang new town, 2002

-102-
Residential scale of the independence type households grew from small to large size. Though all of them started from less than 50 million won residence, their amount of residential properties including a income from lease residences ranks next to the parent dependence type. However, differing from the parent dependence type, they depended on residential purchase fund for the cheonse deposit of the former residence. The independence type did not receive support from their parent, despite starting from cheap and narrow residential space. Accompanied by economic level, frequent movements to the cheonse residence let them accumulate residential fund. Although the result of their property formation is almost as same as the parent dependence type, large difference is recognized in the process of property formation.

The property gradual increase type lived in the smallest residence when they were married, and still lives in the smallest size among the four types. In addition to residential size, their total residential property amount stays the lowest status, too. The property gradual increase type has been living in the worst environment for residence from marriage to present among the four types. The cheonse deposit are used most frequently to purchase residence by the type. It is same as the independence type. The property gradual increase type has put up with cheap and
narrow residential space. They increased the cheonse deposit and accumulated residential fund, repeating movements into the cheonse residences. Even in present, their amount of properties is lowest among the four types. However, they have potential to shift the other types. Because they acquired self possession residence in earlier life stage, which will become start point of their property formation.

Although residential scale of the high margin acquisition type households were centered in small size in marriage time as well as the independence type and property gradual increase type, the scale grew to middle and large size as well as the parent dependence type. While total amount of their residential properties is much lower than the two types of the lease income type, it is higher than the property gradual increase type. Their financial resources for purchase of residence reflect the experience which gained high margin profit by sale of the former residence. They most frequently used money by sale of the former residence among the four types.

It can be proved that the property formation is one of main factors which causes residential movements in Korea, by these discoveries. The property formation by residential movement brings the lease income type especially the parent dependence type advantage. They prepared basis possessing residences for their habitation or lease in early period. On the other hand, property gradual increase type increased property slowest.
Because more than 40% households bought residence by repeat of moving into the cheonse residence, and because the cheonse is effective fund supply method for low and middle income households, the cheonse institution characterizes Korean residential movements. While the cheonse lets poor household purchase high property value residence in Bundang new town, also it is one of causes that generates frequent short migrations.

These analyses suggest different opportunities in property formation by the four types. The lease income type household remarkably increased property by income which is from lease residences. However, while the parent dependence type household received support of the parents from the beginning of household formation period, the independence type achieved it by self effort. On the other hand, although the property gradual increase type lacked economic basis to make property since marriage, they achieved the current purpose by the purchase of self possession house in Bundang new town. The high margin acquisition type was able to sell a residence which was purchased in the Seoul metropolitan area by high price. This happening led them into the property formation. Differences of the most important financial resources reflect these tendencies plainly. Main financial resources by each types are as follows: The parent dependence type is supported by their parents. The independence type and the property gradual increase type depend

-105-
on the *cheongse* deposit. The high margin acquisition type uses money earned by sale of the former residence. Three types except the parent dependence type had similar characteristic about residence in marriage time. However, the independence type gained lease residence by high income, and the high margin acquisition type made high profit by sale of residence. They were start points of property formation for each. Additionally it is common characteristic that both the independence type and property gradual increase type depend on the *cheongse* deposit for accumulation of residential purchase fund.

5.2 Movement patterns by types

Figure 25 relates residential movements of samples to expansion process of the Seoul metropolitan area, considering migration patterns of the four types in both 1980's and 1990's. Residential areas of the Seoul metropolitan area in 1980's were developed in Gangnam district followed in 1970's. The residential development were expanded to the area that contacted with Seoul. Cores of the development were located in Suwon, Seongnam, Gwacheon, and Anyang city.

The national government started large scale new town development in the Seoul metropolitan area at beginning of 1990's. Five new towns were built in the
Figure 25. Major movement patterns of sample households in Bundang new town, 2002
Seoul metropolitan area to disperse population and urban functions. Bundang new town is the largest new town among them. Large scale residential developments which were carried out in the metropolitan area including Seoul city gave large influences to residential movements.

Results of analyses of residential movements by the four types in 1980's are as follows: The parent dependence type made a lot of short distance movements within Gangnam district. They moved within Gangnam district, because households of the type achieved property formation most easily among the four types. Gangnam district developed as good residential area of daily life.

The independence type moved long distance from the countryside to the metropolitan area, but households belonging to the type are a few. The long distance movements make contrast with the movements of the parent dependence type.

The property gradual increase type are characterized by migrations within Seongnam city. The migrations occurred most a lot among the four types in the property gradual increase type.

Movements in the metropolitan area characterized the high margin acquisition type. Movement within Seongnam city are found as well as the property gradual increase type.

The parent dependence type and the independence type which belong to the
lease income type have common characteristic which generated many movements within Gangnam district. However, movements within Seongnam city dominated in movements of the non-lease income type.

Residential development was actively carried out in Gangnam district and in regions contacting Seoul city in 1980's. While households of the lease income type moved within Gangnam district, they got residences for lease. The purchases of lease residences synchronized with rapid rise of residential price in the area. The non-lease income type households which lacked accumulation of residential fund repeated movements to the cheonse residences in Seongnam city, where residential cost was cheap, despite to be nearby to Seoul.

Residential movements in 1990's are summarized as follows: Households of the parent dependence type migrated from Gangnam district to Bundang new town, and a part of them moved within Bundang new town at soon. Residential movements of the independence type concentrated within Bundang new town mainly. The property gradual increase type migrated mainly within Bundang new town and from Seongnam city to Bundang new town. The property gradual increase type achieved the first purchase of residence in Bundang new town. Residential movements of the high margin acquisition type concentrated within Bundang new town as well as the property gradual increase type. However, this type is
characterized by movements from the metropolitan area to Bundang new town. Because of the rapid rise of residential price of the metropolitan area in 1990's, the type took high margin profit by residential dealing.

Movements within Bundang new town of 1990's occurred in every types. Development of Bundang new town progressed in 1990's, and urban infrastructures were also prepared. The residential movements within Bundang new town synchronized with the urban developments in Bundang new town.

Bundang new town residents experienced residential movements within Gangnam district or vicinity of Seoul in 1980's, and they moved their residences into Bundang new town where was located in southeast of Seoul, in 1990's. They let residences moved into new residential area, as if following spatial expansion of residential area in the Seoul metropolitan area. In other words, their residential movements vividly reflect with expansion process of residential area in the Seoul metropolitan area.

The price of land remarkably rises at front area of urbanization. Investment for real estate concentrates upon the areas. Accordingly, residential movements which were drawn by households moving into Bundang new town for property formation, spatially correspond with residential expansion in the Seoul metropolitan area. However, a lot of households repeat residential movements within Bundang new
town in order to get margin profit by residential dealing.