

## **Chapter 2. Attributes of Bundang new town residents and patterns of sample households**

### **2.1 Characteristics of a residential area in the Seoul metropolitan area**

This section examines characteristics of residential areas in the Seoul metropolitan area from two aspects of habitation and population.

Remarkable population concentration to Seoul is recognized in Korea (Figure 3). Population density of all Gangbuk and most of Gangnam reaches 20 thousands or more per a mesh, even in 1985. And high density meshes are distributed in built-up areas of Seongnam, Suwon, Anyang and Incheon of Seoul metropolitan area.

The new residences of Seoul metropolis have been constructed in Gangnam district by 1970's (Figure 4). Development progressed mainly on Gangnam three wards in the Gangnam district. However, in contrast to the Gangnam district, residential development has been restrained politically in Gangbuk district. Housing

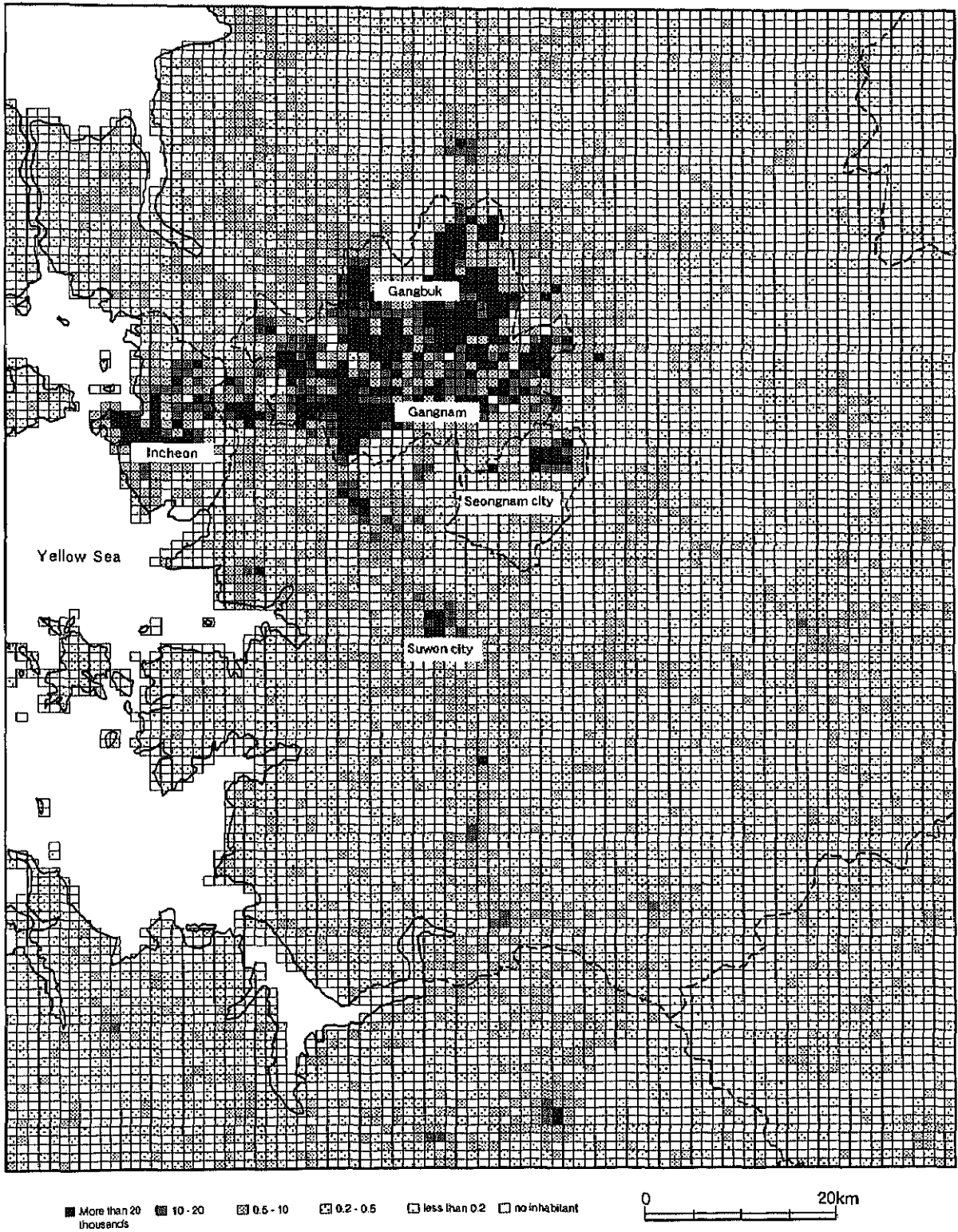


Figure 3. Population distribution in the Seoul metropolitan area, 1985

Source: Population and Housing Census

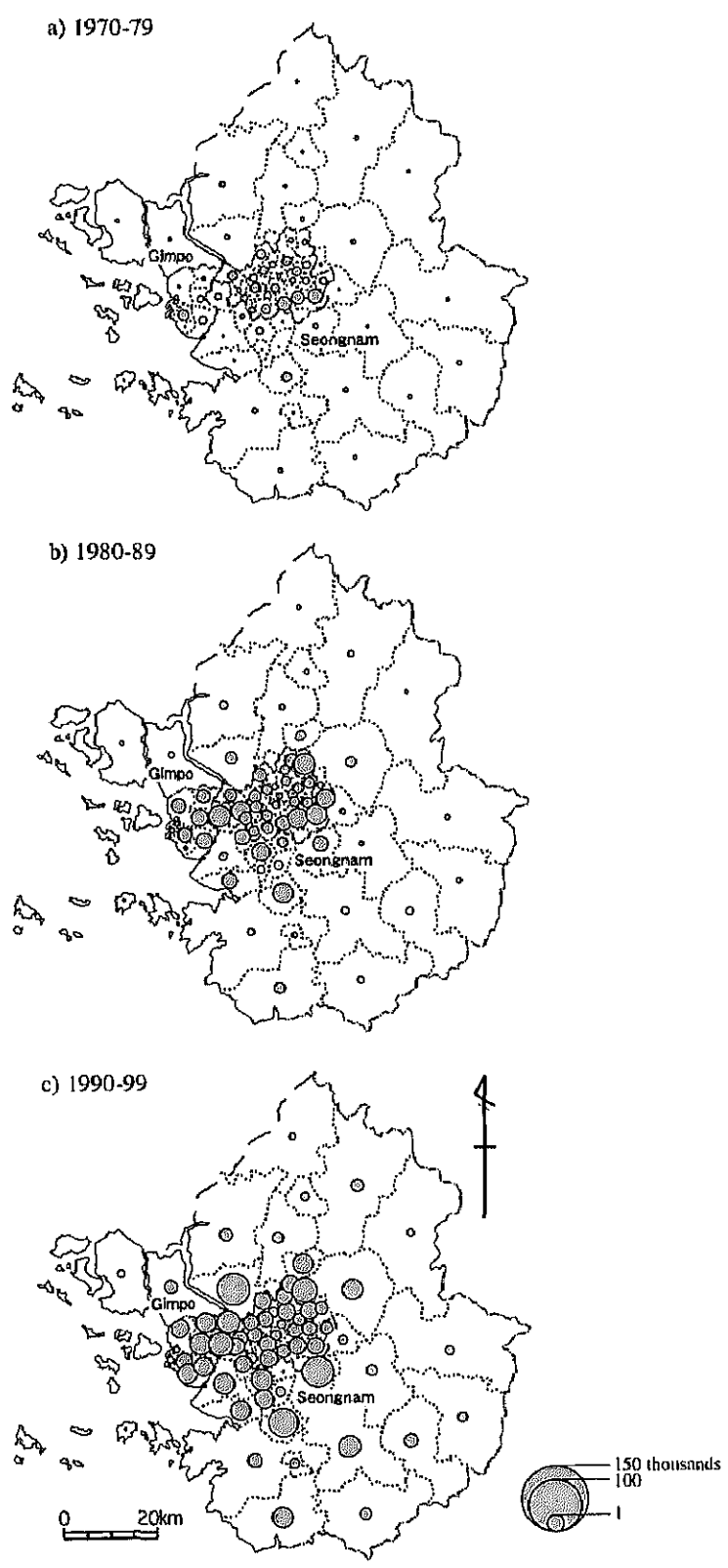


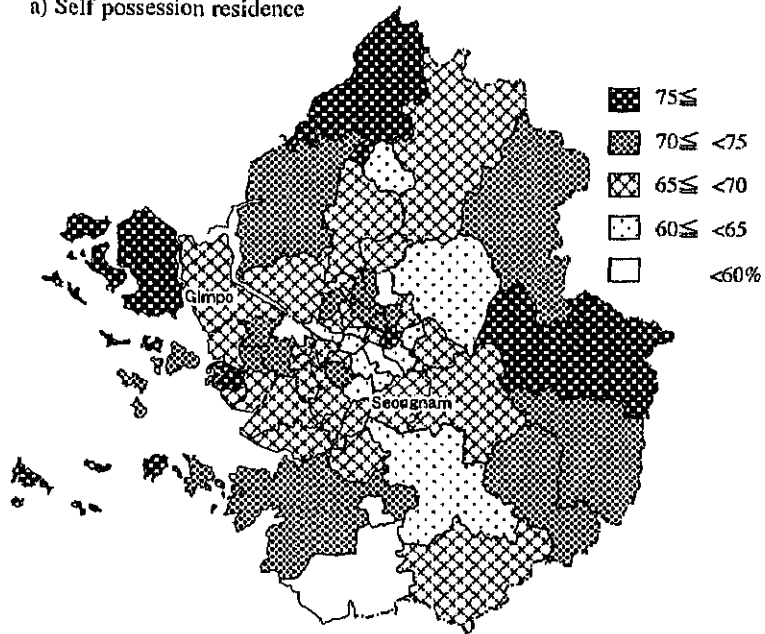
Figure 4. Changes of newly built residence numbers in the Seoul metropolitan area  
 Source: Population and Housing Census

development areas have been expanded to southwestern part of the Seoul metropolitan area where is neighboring to the Gangnam district, in 1980's. A lot of offices and governmental organizations moved into the Gangnam district, instead of the Gangbuk where residential environment became worse by decrepit of buildings. Despite of the policy of development control, some residential development has been carried out, such as Nowon ward, where has been located on suburban area. In particular development spreads to Seongnam which Bundang new town is located in, Anyang, Suwon, Gwangmyeong, Gwacheon and Incheon city in Seoul metropolitan area. The residential developments in 1980's have enlarged and spread, and the spatial extent has also spread. However, residential development area in 1980's concentrated on a southwestern area of Seoul. It almost agrees with Figure 3 that shows population distribution of 1985.

Residential development areas in 1990's spread more than 1980's. Although the development areas in 1980's concentrated on southwestern part of Seoul, 1990s' shifted to southeastern or northern part of Seoul<sup>6)</sup>. And the development was the most active in the five new town area where has started to construction since 1989 (Figure 1). The residential developments in Seoul metropolitan area spread to around the southern part of the Seoul metropolitan area.

Figure 5 examines a ratio of residential possession form in the Seoul

a) Self possession residence



b) Cheonse residence

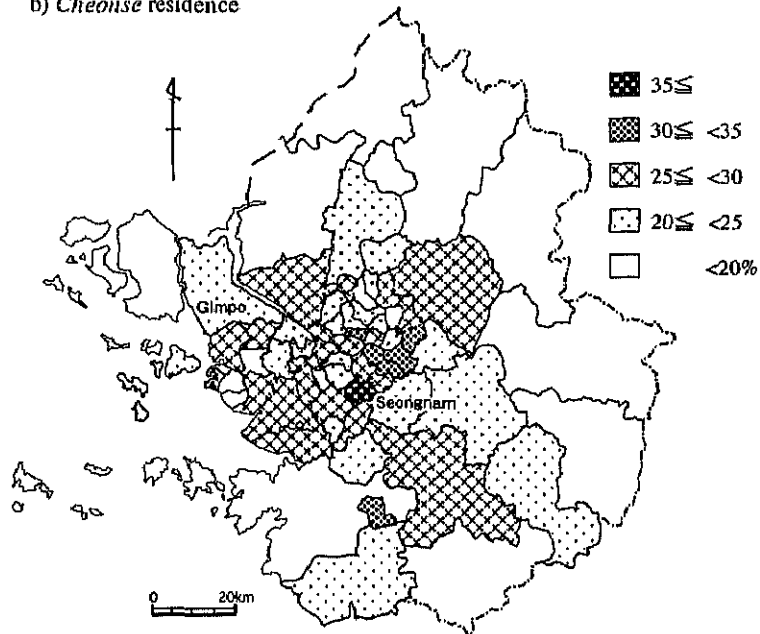


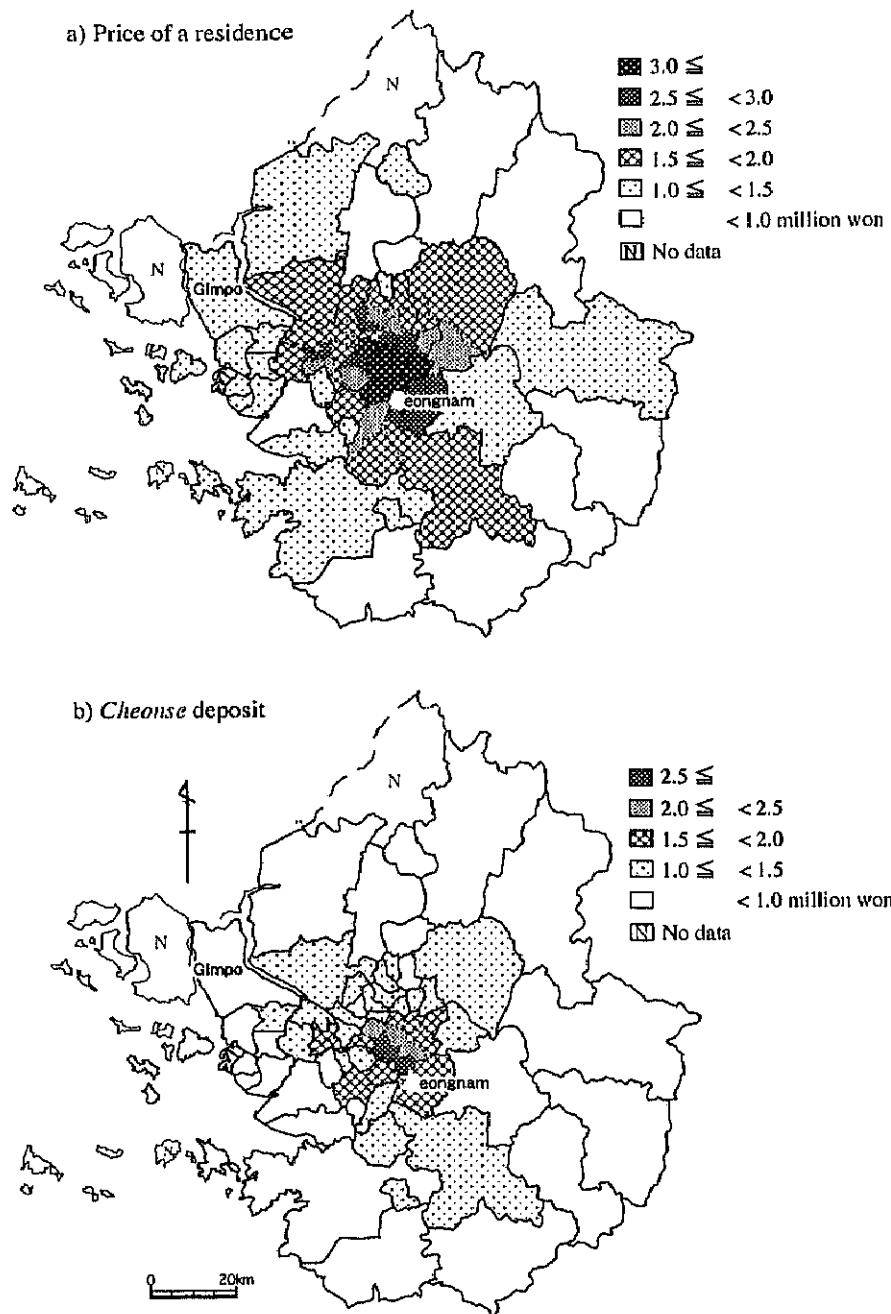
Figure 5. Possession forms of residence in the Seoul metropolitan area, 2000

Source: Population and Housing Census

metropolitan area. While the rate of self possession marks relatively high grade in periphery in the Seoul metropolitan area, the score declines in the central area. However, the high rate regions are distributed also in the central Seoul, such traditional high grade residential area as Eunpyeong, Seongbuk, and Dobong ward. Detached houses dominates against apartments, in these residential areas.

Ratio of the *cheonse* residences marks high level in the core of the metropolitan area. And lower level areas are distributed in the outer zone. The pattern shows contrast to the distribution of the self possession ratio. In particular the ratio of the *cheonse* residence is high in Gangnam, Songpa, Gangdong and Yongsan ward. Both ratios mark middle level of the metropolitan area, in Seongnam city including Bundang new town. They shows in-between characters of Seongnam city, in Seoul metropolitan area.

It is said that standard scale of residence has 106 square meters in the Seoul metropolitan area. Price of the standard scale residence reaches over three hundred million won, in the Gangnam three wards (Figure 6). Seongnam city where Bundang new town is located indicates a high level next to this area. Distribution of deposit for *cheonse* residences are almost equivalent with the selling price of residences. In other words, the selling price of apartment is expensive generally in the area where deposit for the *cheonse* is high, too. But Bundang new town is



Price of an apartment of 106 square meters.

Figure 6. Distribution of apartment price in the Seoul metropolitan area, 2002

Source: Real estate bank in February, 2002

exception. Deposit for the *cheonse* in Bundang new town needs 180 million won which is almost as same price as Songpa ward<sup>7)</sup>.

Bundang new town is located on forefront area of urbanization. Residential construction has been begun since 1990's. Present price of residence remains high level. Because rise of real estate price is expected in such areas, a lot of opportunities of property formation by real estate investment are found.

## **2.2 Household and residential attributes of sample households**

Among 81 head of a household in samples, male occupies 97.5% with 79 persons. 23.5% of them were born in from 1950 to 54, 27.2% were born in from 1955 to 59, and 27.2% were born in from 1960 to 64. Around 40 years old occupied about half at investigation point in time.

92.6% of sample families consist of husband, wife, and their children. Nuclear families consisting of a couple and their one or two children occupy 85.2% of whole. Extended families consisting of three generations occupy only 3.7% of all (Table 2). According to the population and inhabitation census in 2000, ratio of nuclear family reaches 88.4% of all households, and households consisting of three or four members occupy 63.0% of all households in Bundang ward. Even though



Table 2. Constitution of the sample households in Bundang new town, 2002

Constitution	Households	%
A couple	1	1.2
Mother and a child	1	1.2
Mother and 2 children	1	1.2
A couple and a child	19	23.5
A couple and 2 children	50	61.8
A couple and 3 children	5	6.2
A couple and 4 children	1	1.2
3 generations	3	3.7
Total	81	100.0

Source: interview

the nuclear families are increasing in Korea, these are extremely high value. As a result, sample households reflect characteristics of household in Bundang new town.

The samples have experienced three residential movements since marriage in an average. 65.4% of head of a household were born in countryside, and only 21.0% of them were born in Seoul (Table 3). 77.8% of them have been graduated by university, or finished master, or doctoral program. They hold strong will to rise social position, and most of them belong to the middle class<sup>8)</sup> (Table 4). Ryu (1997) also discovered the similar characteristics in other new town. The householders who were coming from Seoul occupies 70.6% of people who were born in Gangbuk district. Majority of their wives came from countryside, as well as their husbands. However, more wives were born in Seoul than their husbands. Wives came from Gangbuk district occupy 81.0% of them who were born at Seoul. This relates to start on the development in Gangnam district after 1970's.

Ratio of self possession rose from 51.9% to 81.5%, while the samples migrated to Bundang new town. In the same period, ratio of the *cheonse* decreased from 45.7 to 14.8% (Table 5). According to the population and habitation census, the ratio of self possession of Seoul residents in 2000 stays at 40.5%. It suggests that the moving into Bundang new town encouraged samples to acquire their own

Table 3. Birth places of sample households in Bundang new town, 2002

Birthplace	Husband		Wife	
	Numbers	%	Numbers	%
Gangbuk	12	14.8	17	21.0
Gangnam	5	6.2	4	4.9
Metropolitan area	11	13.6	12	14.8
Countryside	53	65.4	48	59.3
Total	81	100.0	81	100.0

Source: interview

Table 4. The last graduated schools of sample households in Bundang new town, 2002

Last graduated school	Husband		Wife	
	Numbers	%	Numbers	%
Master/ doctor	15	18.5	6	7.4
University	48	59.2	43	53.1
High school	14	17.3	27	33.3
Junior high school	2	2.5	0	0.0
Elementary school	2	2.5	3	3.7
None	0	0.0	2	2.5
Total	81	100.0	81	100.0

Source: interview

Table 5. Changes of possession forms and scale of residence by movements into Bundang new town, 2002

Possession form*	Before movement		After movement	
	Households	%	Households	%
Self possession	42	51.9	66	81.5
<i>Cheonse</i>	37	45.7	12	14.8
<i>Cheonwalse</i>	1	1.2	3	3.7
<i>Walse</i>	1	1.2	0	0.0
Total	81	100.0	81	100.0

Scale of residence**	Before movement		After movement	
	Households	%	Households	%
Large	6	7.4	25	30.9
Middle	53	65.4	50	61.7
Small	22	27.2	6	7.4
Total	81	100.0	81	100.0

\* Reference to the Table 1

\*\* Small is less than 66, middle is 66-132, large is more than 132 square meters.

Source: interview

residences.

Under the Korean housing institutions, the acquisition of own residence results from fund accumulation, by repetition of lease such as the *cheonse*. Accordingly, the high ratio of self possession of residence in Bundang new town suggests that they experienced several residential movements in order to come into the area.

Final movements they experienced mainly consist of 37.0% of migrations within same area and 27.2% of migrations from Seoul. Especially, migrations from Gangnam occupy 21.0% of all migrations<sup>9)</sup>. It should be noted for discussion of property formation, that a lot of residents moved within Bundang new town. For the households which lived in Gangnam district where housing costs extremely, Bundang new town was favorable area to be able to purchase self possession residence, or to be able to acquire larger one with the same price in Gangnam.

Finally, scale of residence is examined, because of showing economic status of household indirectly. During the final movement into present residence, middle and large size residences increased from 72.8% to 92.6%. In particular, ratio of large size residence increased from 7.4% to 30.9%.

Because residential scale has more expanded than former residences, migration into Bundang new town improved housing environment.

### **2.3 Property attributes of sample households**

The 81 samples consist of owners of lease residences and households which have gotten high profit by dealing of residence. Their financial basis for residential purchase might widely depend on support of their parents.

Among the 81 samples, 27 households possess lease residences, other than their own habitation (Table 6). One third of samples possess lease residences. It is expected that they form property on the basis of residential dealing.

And experiences which the samples supported by their parents financially should be examined. The financial support of parents might take important role in their financial basis. 40 samples which is equivalent to half of them have received the financial support from their parents.

Getting high margin by sale of residence shows evident proof of property use on the basis of real estate. 26 samples have experiences acquiring high margin of more than two times. In other words, one third of samples got high profit by use of residential properties.

These three indexes efficiently analyses types of samples in detail. From the viewpoint of property formation, possession of lease residences is adopted as the

Table 6. Property attributes of sample households in Bundang new town, 2002

	Lease residences		Parent's support		High margin of dealing	
	Households	%	Households	%	Households	%
Exist	27	33.3	40	49.4	26	32.1
None	54	66.7	41	50.6	55	67.9
Total	81	100.0	81	100.0	81	100.0

Source: interview



most efficient index, in particular. Furthermore, the financial support by parents strongly influence not only timing of purchase residence but also process of property formation.

Above analyses show that a lot of in-migrations to Bundang new town accompany changes of residential possession forms. The migrations to Bundang new town brought a lot of households to larger size or their own residence. The migration to Bundang new town improved housing environment of samples.

The typical household of Bundang new town is nuclear family which consists of a couple and their one or two children. The head of a household who has high educated background averages around 40 years old. And it owns an apartment. They reached into Bundang new town after three or four times of movements. They could purchase larger residence compared with the former one, as result. Furthermore, they accumulate properties by lease residences and high margin of residential dealing.

#### **2.4 Patterns of property formation with residential movements**

It is necessary to classify the samples into some types as the standard for property characteristics, to consider property formation with residential movements.

The lease income will make the most important role to the property formation. The financial support of parents is also important to purchase the lease residence as fund supply method. And, high margin profit by residential dealing influences amount of their properties, for the households which do not possess a lease residence. So, firstly, this paper divides samples into two categories by possession of the lease residence. And secondly the financial support of parents, finally high margin profit are adopted as indexes of the classification (Figure 7). While households which possess lease residences are classified by the financial support of parents again, households which have no lease residence are classified by high margin profit again.

The households which earn lease income possess apartment or house other than for their own habitation. The lease residences are rent by the *cheonse*, *cheonwolsse*, and *wolsse*. Although the households which has no lease income live in their own residence, they form property less effective than the former households. In this paper, the former households are named lease income type, and the latter households are named non-lease income type. Among sample households of 81, the lease income type is 27, and non-lease income type is 54 households.

The lease income type are divided into a parent dependence type and an independence type. The former has experience to be supported by parents financially. The latter secured fund by their own effort. 18 households belong to the

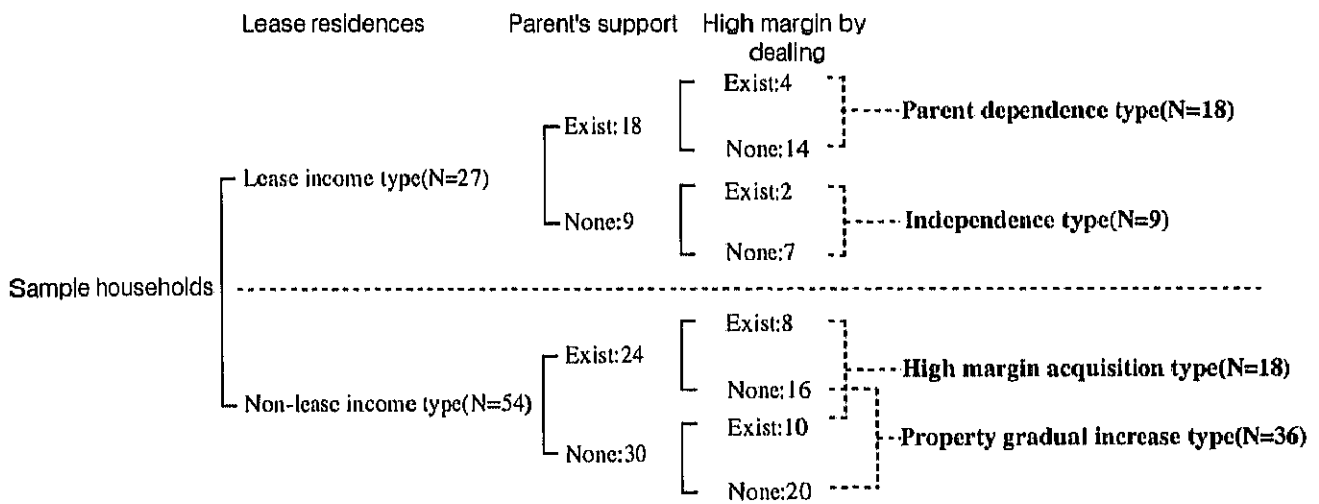


Figure 7. Classification of the sample households in Bundang new town, 2002

Source: Interview in 2002

parent dependence type, and nine households belong to independent types. On the other hand, the non-lease income type are classified into a high margin acquisition type, and a property gradual increase type. The former includes 18, the latter consists of 36 households. The property gradual increase type purchased residence by accumulated fund. While the type has repeated moving into the *cheonse* residences, it accumulated the returns of deposits. High margin acquisition type sold an owned house by a price of two times or more in the purchase. They have experienced to get high profit.

The samples consists of 36 households of the property gradual increase type, 18 of the independence type, 18 of the high margin acquisition type, nine of the parent dependence type. The property gradual increase type is not only the largest group of the samples, but also occupies two third of the non-lease income type households. The parent dependence type also holds two third in the lease income type. The same numbers of households of the parent dependence type belong to the high margin acquisition type.

Accordingly, major processes of property formation consist of these three types. Although four samples of parent dependence type and two samples of the independent type have experienced to get high margin profit, this paper notes importance earning lease income. So the six households are classified as the lease

income type.