

History of Korean Real Estate Development and Implications

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Abstract

Korea has been experienced high-speed development era by rapid economic growth for the last several decades. In public sector, the government has promoted mega size real estate development like the 5 new towns around Seoul for housing demand. However, private sector development projects like office, shopping mall, and hotels have been out of concern though private real estate development in urban area becomes more important because creative ideas and large-scale financing is necessary. This paper investigates the history of real estate development by private developers to find out determinants of success and failure. We conducted in-depth interview with top-class developers who had experiences in Korea and overseas. In addition, we reviewed newspapers and reports on their projects. The results show that private real estate development has contributed to vitalization of urban area while their projects had made negative effects on neighborhood due to abandoned projects. The most important factor of success in real estate development is to meet the needs of the consumer and collaborate with the public sector. The findings imply that the developers need to strengthen private-public cooperation and focus on the consumer's needs.

Keywords: Real Estate Development, Developer, Private Sector, Korea