

The Changing Characteristics of Office Location in Central Seoul*

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Abstract

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In recent years, central Seoul has been experiencing a dynamic transformation. In the process of reorganization of urban industrial structure including tertiarization and quaternarization of the economic base of Seoul, business services are growing very rapidly and large scale urban renewal projects are agilely implemented. Downtown office activities become a nucleus for economic performance of Seoul and high-rise office buildings steer the landscape transformation of central Seoul. Even though there appear to exist some evidences that office districts have dispersed to several subcenters, major office activities are still concentrated in the central Seoul.

This paper redefines office industry in a narrow meaning comprising only relevant economic sectors and office buildings as office activity-functioning units. It then explores the industrial networking and territorial specialization of office activities focusing on the dual process of concentration and dispersion in Seoul. The changing characteristics of the downtown linkages of office activities in this post-industrial era transforms the spatial economy of central Seoul into more flexible and volatile, while territorial concentration of power and control functions are fortified at the same time. Finally, the paper addresses the development of manufacturing-tertiary-quaternary industrial complex, which can be regarded as new industrial clusters, selling cultural economy of urban space and possessing placeness or images for clients and customers, in relation to urban competitiveness and territorial specialization of large metropolitan areas.

1. INTRODUCTION

During the past few decades, Korea has experienced very rapid economic growth. This trend mainly has been backed up by the explosive increase

in economic activities of Seoul, which, in turn, have required office facilities in large quantities as tertiarization and quaternarization of metropolitan economy has proceeded.

The emergence of the office industry as a

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dominant force in the economy of Seoul has intense implications for the development of spatial structure of the City of Seoul. This industry, which provides the administrative, management, control and coordination functions of a post-industrial economy, surpassed the manufacturing sector in terms of employment in the early 1990s(Kim, 1998). Seoul captures almost 40% of Korean office-related employees and about 60% of business headquarters location. Moreover, 77% of Korean public organizations are concentrated in Seoul in sharp contrast with the fact that it possesses only 11.7% of national land share. Looking into the Seoul itself, Central Seoul, which consists of the two gus(wards), Chongro- and Chung-gus out of 22 gus in Seoul, possesses 36.5% of FIRE(finance, insurance, and real estate) employment and 37.0% of the top 100 business headquarters locations (Seoul Metropolitan Government, 1995a). In spite of the recent rapid office decentralization, central Seoul has kept the lions' share of offices for finance and insurance, travel agencies, advertising agencies, management consulting firms, major public institutions as well as business headquarters (Jung, 1998).

In recent years, central Seoul has been experiencing a dynamic transformation. In the process of reorganization of urban industrial structure including tertiarization and quaternarization of the economic base of Seoul, business services are growing very rapidly and large-scale urban renewal projects are agilely implemented. Downtown office activities become a nucleus for the economic

performance of Seoul and high-rise office buildings steer the landscape transformation of central Seoul. Even though there appear to exist some evidences that office districts have dispersed to several subcenters, major office activities are still concentrated in the central Seoul.

This study redefines office activities in a narrow meaning comprising only relevant economic sectors and office buildings as office activity-functioning units. Previous studies tended to regard all the commercial buildings as office buildings and implicitly took it for granted that all the activities executed in non-residential buildings were office activities. Office functions, however, specifically comprise such activities as production, processing, and distribution of information, as well as management, control, and coordination of organizations. These activities are explicitly a production process which utilize inputs of employees and space to produce information and plans of action which guide the allocation of scarce resources. This paper compares the broadly defined office development with the narrowly defined one. It will help for the understanding the nature of office suburbanization with reference to regional specialization of metropolitan area and the dynamics of the office activities in CBD area of Seoul (see Herbert and Thomas, 1997: 184).

The study then reviews the spatial trend of office development in advanced economies. In turn, it explores the industrial networking and territorial specialization of office activities focusing on the dual

process of concentration and dispersion in Seoul metropolitan region. The changing characteristics of territorial concentration of power and control functions which are fortified in the CBD of Seoul are investigated. Finally, the paper suggests urban spatio-structural policy implications in relation to urban competitiveness and territorial specialization in the network development of large metropolitan areas.

2. Office Location Problem: Concentration and Dispersion in a Metropolitan Setting

The growing demand for office industry in metropolitan areas of an advanced economy drew research attentions, which was sensitive to agglomeration economies, showing a high propensity to move to the top of the urban hierarchy and in turn to concentrate in CBD. Several studies examined the metropolitan area and focused on the actions of the demanders for office markets. Researchers explored the relationships between office market dynamics and intrametropolitan location decisions by office space users.

Clapp, et al (1992) examined the intrametropolitan location decision process and factors. They investigated the factors that affect demand and supply at the submetropolitan level. They found it very difficult to explain intrametropolitan office market behavior but suggested that intrametropolitan location decisions depended on a complex, shifting pattern of agglomeration economies such as face-to-

face contacts, transportation linkages, access to employees, building characteristics, property taxes, lease terms, and architectural amenities.

Along with the advances in communications technologies and telecommunications, widespread inter-regional and intra-urban shifts in office activity and an increase in speculative office space beyond the highest order and central urban locations. The earlier explanation tools for the concentration of office activities within the central business districts of metropolitan areas included the maximization of benefits of the agglomeration economies and the communications needs of office functions (Matthew, 1993). The wave of decentralization of economic activities, however, leads researchers to point out the importance of a strong centrifugal forces, which direct offices out of large metropolitan areas and the CBDs, due both to the agglomeration diseconomies and deglomeration economies, associated with relatively abundant space availability, low rental rates, and new facilities in the suburbs (Daniels and Holly, 1983, Hartshorn and Muller, 1989, Ihlanfeldt and Raper, 1990, Sui and Wheeler, 1993).

Even though the office works such as production, processing, and distribution of information, as well as management of organization are being replaced with so called 'space-time collapsing technologies' like computer and telecommunications networks, the most important functions of office works, or planned and orientation contacts still need close geographical proximity and longer time (Thomgren, 1970). The functional association of office activities can be

acquired utilizing spatial association or spatial propinquity for interdependent activities. Tönnqvist (1970) pointed out several advantages of face-to-face contacts. First, These kinds of contacts are the most flexible methods, for they enable continuous coordination and adaptation. Second, these systems can mobilize a variety of information-exchange media, such as languages, papers, pictures, diagrams, gestures, attitudes, costumes, and other nonverbal cues. Third, because both parties of face-to-face contacting persons are in the same circumstance, uncertainties, misunderstood, and other miscommunications inconveniences can be minimized. These centripetal forces lead the major office functions remain in the (traditional) CBD areas of metropolitan regions even in this globalizing and telecommunications-driven era.

Unlikely to the U.S. experience of the large-scale office suburbanization(Hartshorn and Muller, 1989, Ihlanfeldt and Raper, 1990, Nelson, 1986, Sui and Wheeler, 1993), the urban structure of Seoul seems to show a little different trend, especially for the tertiary and quaternary sectors(Park and Nahm, 1998). In spite of the tremendous forces of the multiple-core development of these sectors, which are mainly office activities, the CBD area still possesses relatively strong attracting power for office-related works and facilities. These trends are also backed up by government's commitment for urban redevelopment and gentrification, as shown in European examples (Herbert and Thomas, 1997: 184). The main aim of the study is to identify the

factors or placeness of CBD area in terms of the spatial dynamics of office activities in Seoul.

3. Spatial Pattern of Office Growth in Seoul: Regional Specialization

(1) Multi-nucleated Development

The proportion of office-related employees in Korean urban areas marked 87.6%, in which the share of Seoul is 39.9% and Pusan, the second largest city's share is 9.8% in 1995(Kim, 1998), suggesting that substantial proportions of office activities are concentrated in Seoul. As shown in Figure 1, office space of Seoul has increased from 200ha in 1970 to almost 1800ha by 1995, meaning that about 9 times growth of the space in 25 years. At the same time, the average office space also augmented from 1000m² in 1970 to 2800m² in 1995,

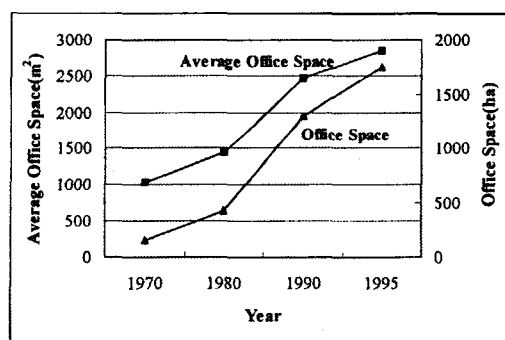


Figure 1. Changes in Cumulative Office Space* and Average Office Space* in Seoul

* Total floor space more than 6-story buildings
Source: unpublished data from the Association of Korea Fire Insurance Institutions

mainly due to the office automation facilities and modernization of office works. The floor space for any other sector hasn't grown at this rate in Korea.

The fast pace of office growth transformed metropolitan employment structure into post-industrial one and more importantly, the changing locational trend of offices became a key strategic element in the planning of metropolitan areas. These differential growth rates among metropolitan economies imply that structural changes in Korea's metropolitan regions tend to be accelerated by way of tertiary and quaternary industrial specialization.

Previous studies clearly showed that most of the office-related jobs including FIRE and business services activities were concentrated dispersed in 4 gus(wards), where Seoul is divided into 22 gus(wards) (see Figure 2) (Park and Nahm, 1998; Seoul Development Institute, 1995; Song, 1997). Among them, Chung-gu and Chongro-gu are the traditional CBD area and Yongdeungpo-gu is specialized in the agglomeration of financial institutions, which can be regarded as an extension of CBD. Kangnam-gu is a typical planned new downtown area, specialized in producer services industries and upper class residential districts, of which development is driven by Seoul metropolitan government's propulsive effort in the 1980s. To speed up the dispersion trend, the government was very reluctant to approve the new investment or redevelopment proposals for the CBD area.

Along with the rise of FIRE and producer services industries in the 1980s, the new cores (Yongdeungpo-

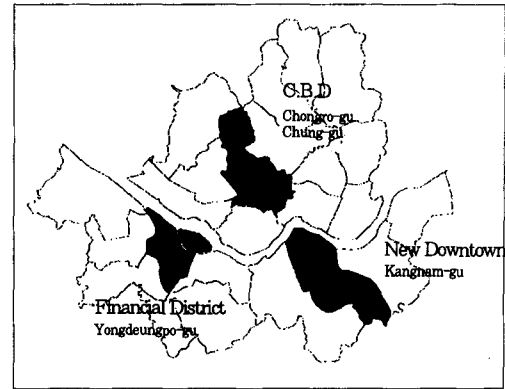


Figure 2. Seoul's Gus(wards) and Core Regions

gu and Kangnam-gus) grew at a rapid rate. This resulted in multi-nucleated development in Seoul, with regionally specialized three cores: CBD (Chung-gu and Chongro-gu), New Downtown (Kangnam-gu), and Financial District (Yongdeungpo-gu) in terms of employees and floor space of commercial buildings. Especially, Kangnam-gu's floor space has skyrocketed during the late 1980s and early 1990s, while that of Yongdeungpo-gu has increased at a moderate rate during the same period (Figure 3). The difference between the new centers is related to the fact that Kangnam is specialized in advanced services and relies upon strong local network among firms, while firms in Yongdeungpo have strong forward linkages to nearby manufacturing firms (Park and Nahm, 1998).

The deregulation of government control for the CBD redevelopment in the 1990s, however, combined with advances in telecommunications and a buoyant demand for office accommodation introduced significant spatial changes. Redevelopment

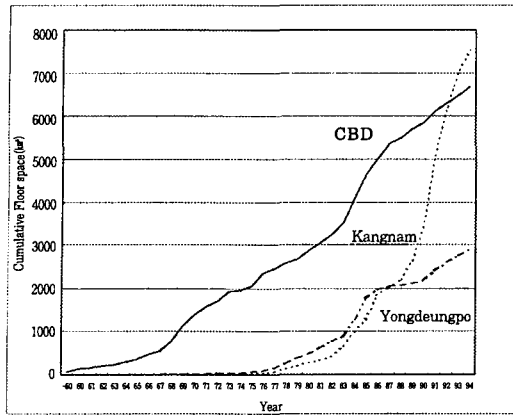


Figure 3. Changes in Cumulative Total Floor Space* in Selected Regions of Seoul

* Total floor space more than 6-story buildings
 Source: Seoul Development Institute, 1995, *Policy Guidelines for the Development of Urban Center Renewal Zone*, SDI

proposals for the CBD area involved integrated office, shopping and residential complexes were flourishing in the 1990s. Thus, CBD retained its dominant position in (a narrow-sense definition of) office buildings and concomitantly office activities.

The floor spaces in Figures 1 and 3 include not only office-industry buildings but also other buildings functioning as accommodation, retail, wholesale, warehouse, education, health, amusement, and so on. These figures cannot show us where the real office functions are located. Most of the office study, however, were based on this kind of data, and suggested that CBD area lost its position in office jobs and even more, CBD declined because of deterioration and incompetiveness. The real or a narrow-sense definition of office buildings should include only the office activities like FIRE and

producer services, business headquarters and various kind of subsidiary offices, government & public organizations and other related offices. A broad-sense definition of office buildings conventionally includes all the non-residential buildings whether it functions as real office or not. The narrow-sense definition of office buildings should only include office-functioned buildings, which is the definition this study adopts.

Figure 4 depicts floor space for commercial buildings, which include only the office buildings and other commercially functioned buildings in 1995. Unlikely to the previous data, CBD (Chongro- & Chung-gu) ranked highest in the floor space, 11,939,000m², followed by Kangnam-gu, 10,069,000m², and Yongdeungpo-gu, 5,917,000m². These three core regions comprise 36.3% of the commercial building space in Seoul, in which CBD maintains 15.5%, followed by the share of Kangnam-gu is 13.1% and that of Yongdeungpo-gu is 7.7%, respectively. Other gus in Southern Seoul show a relative high proportion: the floor space in Seocho-gu is 5,616m², Songpa-gu is 4,706m², and Kangdong-gu is 2,741m². These areas are characterized by large-scale newly built commercial-residential building complexes. Along with the residential community supporting buildings like sport complexes, private education centers, and small clinic complexes, small and medium-sized venture businesses are located in Southern Seoul.

To be more specifically account for the office functions and commercial functions in total floor

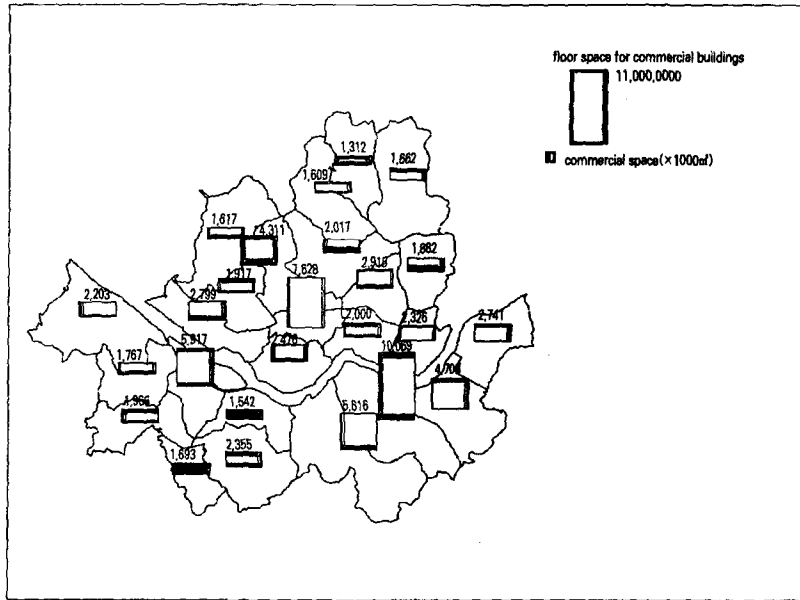


Figure 4. Total Floor Space for Commercial Buildings (1995)

Source: Government of Seoul, 1995, *Taxation Guideline for Buildings*, unpublished data

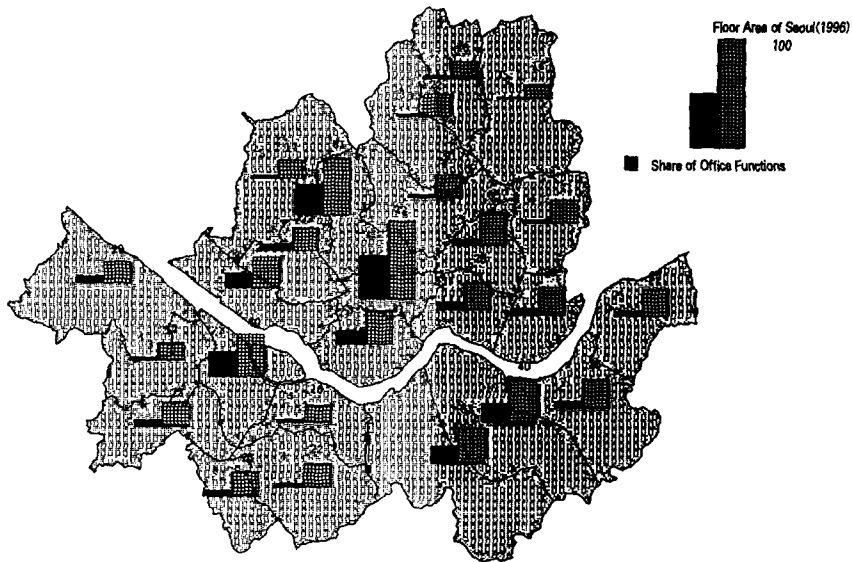


Figure 5. Share of Office and Commercial Functions in total Floor Space (1995)

Source: Government of Seoul, 1995, *Taxation Guideline for Buildings*, unpublished data

space, Figure 5 illustrates the shares for each function. It clearly shows the concentration of office activities in CBD area. Chung-gu's share of commercial functions is very high of 72% and that of office functions reaches 40%. Another constituent CBD, Chongro-gus shares are 51% and 28%, respectively. On the other hand, the New Downtown, Kangnam-gu's share marked third place, 40% for commercial functions and 19% for office functions, suggesting that relatively low proportion of office functions are located in this new center. Also the financial district, Yongdeungpo-gus shares are 40% and 23%, respectively.

The buildings in CBD are highly specialized in commercial and, especially, in office functions. Spatial decentralization of industrial activities in Seoul and new high-rise buildings in the New Downtown and the financial district relatively seem to be not so office-related. In other words, office functions are still concentrated in central Seoul and the relatively high figures for floor space in Kangnam and Yongdeungpo-gus are not directly related to the office decentralization.

(2) Why more offices in CBD rather than New Centers?

The average rent for the CBD office buildings more than two times higher than Kangnam-gu's buildings and about two and a half times expensive than that of Yongdeungpo-gu's (Choi, 1995), even though most buildings in these new centers are new and intelligent ones equipped with hi-tech facilities

and spacious parking areas as well as better-maintained transportation networks with more than 8 lanes roads. While most of the CBD buildings are rather old, not so well modernized, limited parking spaces, narrow roads, and crowding streets. Despite these facts, office activities are more concentrated in CBD area, even for the capital-hunger new businesses. There must be more locational factors than business incubators or seedbed effects in this concentration.

Table 1 suggests some clues for the CBD preference. It shows the locational factors for selecting present office location for CBD, Kangnam, and Yongdeungpo offices. All the firms responded that transport provision (easy transportation) and space availability are very important. CBD firms emphasized that easy transaction (with other businesses and government organizations) in the third place, and more importantly, place image or

Table 1. Locational Factors for Selecting Present Office Location (rank order)

Locational Factors	Region		
	CBD	Kangnam	Yongdeungpo
Transport Provision	1	1	1
Space Availability	2	2	2
Ease of Transaction	3	3	3
Parking Facility	5	5	5
Rent	6	6	6
Place Image	4	4	4
Amount of Security	10	10	10
Size of Building	7	7	7
Maintenance Cost	8	8	8
Other Factors	9	9	9

Source: Association of Korean Construction Companies, 1992, *Report for the Planning of 'Construction Building'*.

prestige of place ranked in the fourth, while Kangnam firms ranked parking facility in the third place and rent in the fourth. On the other hand, Yongdeungpo firms responded that the importance of rent in the third place and easy transaction in the fourth rank. This reflects the fact that Yongdeungpo is located near CBD area. CBD firms, especially office firms valued the transaction with other businesses and government organizations as well as place image at the cost of high rent.

The more important factors for the office concentration in CBD is culturally conditioned transaction tradition. Korean society prefers face-to-face contacts to telephone and other telecommunications-aided contacts (Kim, 1998). First, Korean business customs are still unstandardized and less systematic compared to Western business practices. Second, Korean business environment is prone to change unpredictably. Rules and government regulations are in the continuous transformation and altered without any notice. Sometimes, unofficial persuasion methods are needed in dealing with business. Face-to-face contacts are the best in this circumstance. Third, Personal connections like high school and university alumni, territorial relationships, family ties, and other irrational systems of connections are very important elements in business deals. Fourth, the long-standing tradition of authoritarian rule and sharp concentration of power lead to regard indirect contacts as somewhat impolite and uncivil. In particular, it is empirically tested that to do business with

government organizations and superior offices, telephone or e-mail contacts are very unsuccessful approaches. In short, office location in Korean setting is the very extreme example for 'functional linkages require spatial linkages'.

CBD area possesses several Korean Palaces with more than 600 year-old and almost of all the government and public organizations. This is why the old and deteriorating CBD region still boasts of higher rent and office-work concentration in the presence of the modern new centers like Kangnam and Yongdeungpo regions, that possess abundant intelligent buildings, convenient transportation networks, lower rent, and, above all, government's subsidies.

Central cities of long development history conventionally divided into two interconnecting parts: CBD core and CBD frame (see Carter, 1995: 167). Central Seoul is not an exception. The CBD core region of Seoul is crowded by skyrocketing office buildings, added by continuous redevelopment process, while CBD frame region is specialized in printing, custom-made furniture, small electrical and electronic facilities, and fashion design industries. The offices in the core and small industries in the frame are in interdependent relationships. The presence of offices and daily commuting workers are the main customers for the CBD industries, at the same time, these industries are deeply embedded in the region, utilizing multi-layer subcontracting relationships across both sides of CBD core and frame (Nahm, 1998). This is one of the reasons why

CBD offices growing in multicentered Seoul.

4. Office Dynamics and Transformation in the CBD

Over the last 35 years, CBHI (central business height index) has increased almost four times. CBHI index for Chongro-gu buildings grew from 0.74 in 1960 to 4.20 by 1994 and that of Chung-gu buildings from 1.17 to 4.17. Another index, THI (total height index) also showed large increase from 1.63 in 1960 to 5.10 in 1994 for Chongro-gu and 2.10 to 4.93 for Chung-gu, respectively (Table 2). These increases were mainly made in the early 1990s as the governments restriction for urban redevelopment

proposals were weakened.

Table 3 depicts the patterns of locational change for office activities. Almost a half of the movements were CBD to CBD locational changes (44.9%), indicating that office business movements are still concentrated in CBD area, even though the development of new centers attracts office locations and government subsidies implicitly induce businesses to the Kangnam and Yongdeungpo areas. Both the non-CBD to CBD and non-CBD to non-CBD movements are relatively small in proportion. Major changes or locational decision-makings are the choices whether move-out from central area, which resulted in the decentralization(CBD to non-CBD movements) of office activities or in-situ

Table 2. Floor Space in the CBD of Seoul and CBD indices

Gu (Ward)	Year	Total Floor Area (㎡)	CBD-functions (㎡)	Ground Floor Area (㎡)	CBII	CBHI	THI
Chongro-gu	1960	1,007,649.2	455,331.8	619,035.7	45.2	0.74	1.63
	1965	1,270,765.6	642,899.3	644,067.5	50.6	1.00	1.97
	1969	1,704,072.4	969,695.9	729,008.3	56.9	1.33	2.34
	1994	5,372,174.6	4,420,628.5	1,052,383.6	82.3	4.20	5.10
	1960	1,854,010.0	1,029,599.2	880,942.7	55.5	1.17	2.10
Chung-gu	1965	2,332,228.1	1,386,832.0	984,150.8	59.5	1.41	2.37
	1969	3,151,502.2	2,165,770.2	1,071,852.2	68.7	2.02	2.94
	1994	9,183,107.0	7,767,332.8	1,862,409.3	84.6	4.17	4.93
	1960	2,861,659.2	1,484,931.0	1,499,978.4	51.9	0.99	1.91
CBD	1965	3,602,993.7	2,029,731.3	1,628,218.3	56.3	1.25	2.21
	1969	4,855,574.6	3,135,466.1	1,800,860.5	64.6	1.74	2.70
	1994(A)	14,555,281.5	2,187,961.2	2,914,792.9	83.7	4.18	4.99
	1994(B)	14,899,268.0	12,392,417.8	3,041,358.3	83.2	4.07	4.90

Notes: CBHI: central business space/ total ground floor space

CBII: central business space / total floor space

THI: total floor space/ total ground floor space

Source: *Building Records of Seoul*, Seoul Metropolitan Government, various years. cited from Kim and Nam(1998)

movement within central area, resulted in the recentralization(CBD to CBD movements).

As a whole, CBD to CBD locational changes are greater than those of CBD to non-CBD by almost 20%(44.9% v.s. 25.5%). Amongst the changes, Financial- and manufacturing-sector offices are to be noted. Almost 80% of the movements in the financial sector offices are *in-situ* shifts within central area, while 33% of the movements are the exodus from CBD. Similarly, 43% of the movements in the manufacturing sector offices are in-situ shifts within CBD, compared to the fact that 26% of the shifts are exodus. These figures suggest that office movements in Seoul are mainly occurring within the boundary of CBD.

The degree of business ties for the same region vividly shows that most of CBD firms sustain very closed ties among another, while most non-CBD firms bear a little ties, implying that office firms located in CBD area are utilizing the web of relationships, or multi-level reciprocal linkages with other office firms and CBD-oriented industries (see Nahm, 1998). Especially, the borderline between Chongro-gu and Chung-gu are the important belt in connecting office activities with supporting services and manufacturing activities both in day-to-day based transactions and planned arrangements. These ties are the engines for synergy effects for locational agglomerations not only in office activities but also

Table 3. Patterns of Locational Change for Office Activities*

(unit: number, %)

Sectors	CBD To CBD	CBD to non CBD	non CBD to CBD	non CBD to non CBD	No change	Total
Services	3 (16.7)	6 (33.3)	0 (0.0)	2 (11.1)	7 (38.9)	18 (100.0)
Finance	48 (77.4)	6 (33.3)	0 (0.0)	2 (11.1)	9 (14.5)	62 (100.0)
Const.	9 (36.0)	10 (40.0)	1 (4.0)	2 (8.0)	3 (12.0)	25 (100.0)
Transpt	25 (52.1)	13 (27.1)	3 (6.2)	0 (0.0)	7 (14.6)	48 (100.0)
Mfg.	40 (42.6)	24 (25.5)	8 (8.5)	9 (9.6)	13 (17.8)	94 (100.0)
Trading	13 (28.9)	16 (35.6)	2 (4.4)	6 (13.3)	8 (17.8)	45 (100.0)
Others	3 (13.6)	8 (36.4)	0 (0.0)	3 (13.6)	8 (36.4)	22 (100.0)
Total	141 (44.9)	80 (25.5)	15 (4.8)	23 (7.3)	55 (17.5)	314 (100.0)

*Sample offices are located in newly built buildings according to Government's redevelopment plan.

Source: Ahn. 1993.

Table 4. Degree of Business Ties for Office Activities in the Same Region(gu)

(unit: number, %)

Sectors	Close Ties	Usual Ties	A Little Ties	Almost non	Total
Services	7 (38.9)	2 (11.1)	6 (33.3)	3 (16.7)	18 (100.0)
Finance	20 (32.3)	18 (29.0)	14 (22.6)	10 (16.1)	62 (100.0)
Const.	4 (16.0)	7 (28.0)	14 (56.0)	0 (0.0)	25 (100.0)
Transpt	17 (35.4)	16 (33.3)	14 (29.2)	1 (2.1)	48 (100.0)
Mfg.	18 (18.5)	25 (25.8)	44 (45.5)	10 (10.3)	97 (100.0)
Trading	13 (29.5)	8 (18.2)	15 (34.1)	8 (18.2)	44 (100.0)
Others	3 (13.0)	6 (26.1)	12 (52.2)	2 (8.7)	23 (100.0)
CBD	64 (34.2)	50 (26.7)	59 (31.6)	14 (7.5)	187 (100.0)
Non CBD	18 (13.9)	32 (24.6)	60 (46.1)	20 (15.4)	130 (100.0)
Total	82 (25.9)	82 (25.9)	119 (37.5)	34 (10.7)	317 (100.0)

Source: Ahn, 1993

in CBD-oriented industries, relatively concentrated around the borderline of CBD area.

Figure 6 illustrates more precisely the changes in total floor space between 1990 and 1995. In this figure, CBD area is divided by the smallest administration unit, or dong. Most of the growth centered in the borderline between Chongro-gu and Chung-gu, where small and medium sized urban industries such as prints, fashion, design, and light customized electrical and electronic industries are concentrated. CBD office firms are very close relationships with these industries. During the same period, major headquarters of big conglomerates (*Chaebols*) dispersed from CBD to Kangnam-gu,

while innovation-oriented small- and medium-sized office firms and new office firms were concentrated in CBD, especially along with the borderline between Chongro-gu and Chung-gu.

Figure 7 also depicts the floor space for office functions in CBD area. Similarly to the result of Figure 6, major office buildings are concentrated along with the borderline between Chongro-gu and Chung-gu. Formerly major office clusters were located left-hand sides of the two CBD gus. This new trend of agglomeration seems to be facilitated by the flow of information, promoting trust and cooperation among interlinked office activities and even more importantly, interconnected not just commercial functions but also

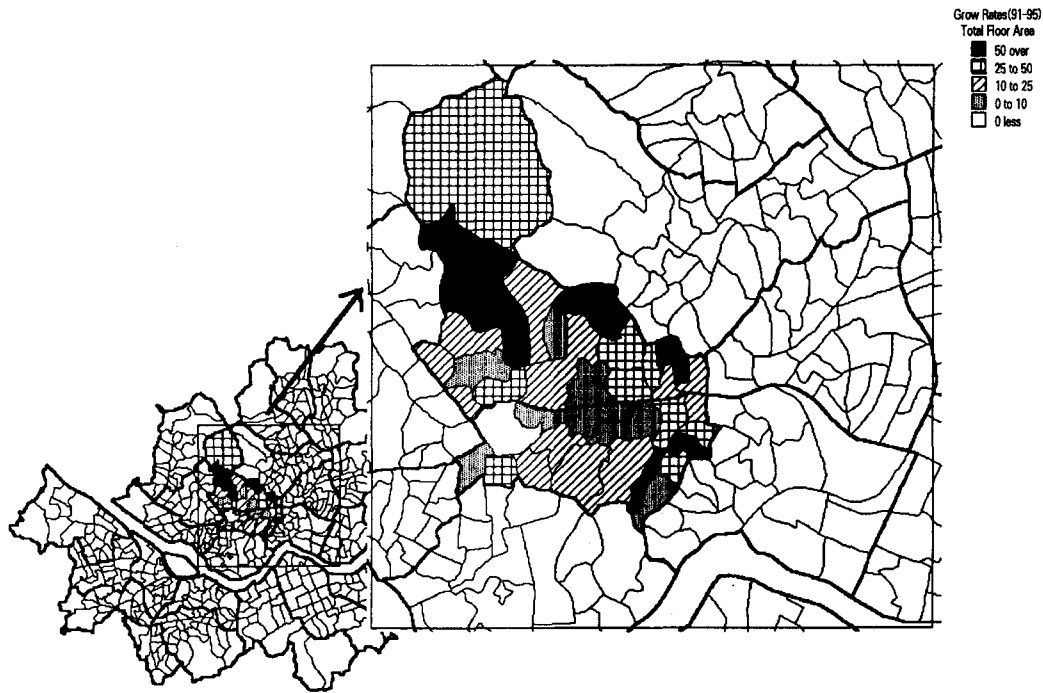


Figure 6. Growth Rates for Total Floor Space by *dong* in Seoul's CBD
 Source: Seoul Metropolitan Government, Unpublished survey data

CBD-oriented industrial establishments located in the CBD frame nearby borderline. The agglomeration of office activities in CBD along with the symbiotic relationship among CBD establishments are especially advantageous to the quaternary sectors both in effective strategic planning and day-to-day transactions.

Another example for the importance CBD area and the borderline is represented in Figure 8, where 63 foreign banks are located in CBD, especially just nearby the borderline, while only one bank is located in Kangnam-gu and the other is located in Pusan, the second largest city in Korea. This locational trend of foreign banks implies not just the importance of

foreign cost, but also that of borderline location for high-level office works.

These manufacturing-tertiary-quaternary industrial complex can regarded as new industrial clusters, selling cultural economy of urban space and possessing placeness or images for clients and customers and long tradition of urban development (Zukin, 1992). Comparing to the 'New Industrial Districts', which are specialized in small-and medium-sized high-tech industries based on embedded socio-industrial networks and lead regional, or even, national economic development and industrial restructuring, the 'new industrial clusters' are comprised of traditional small-sized craft

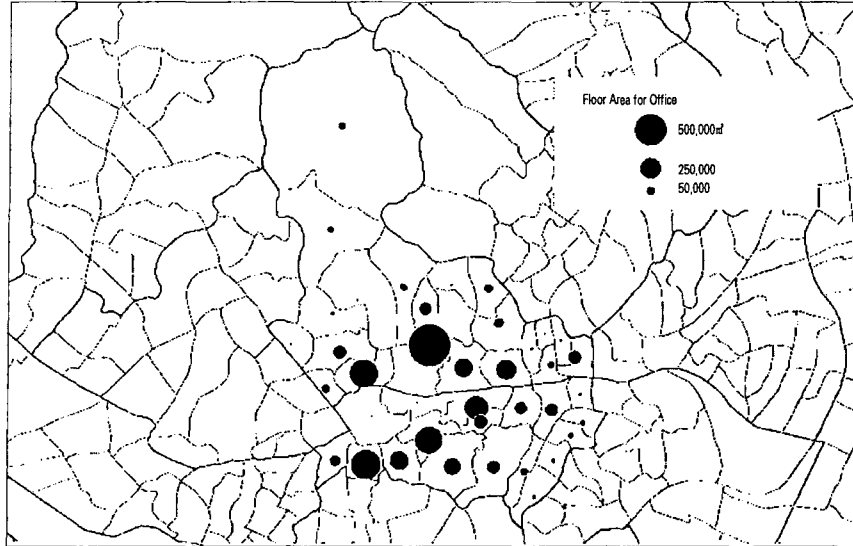


Figure 7. Floor Space for Office Functions by *dong* in Seoul's CDB
 Source: Seoul Metropolitan Government, Unpublished survey data

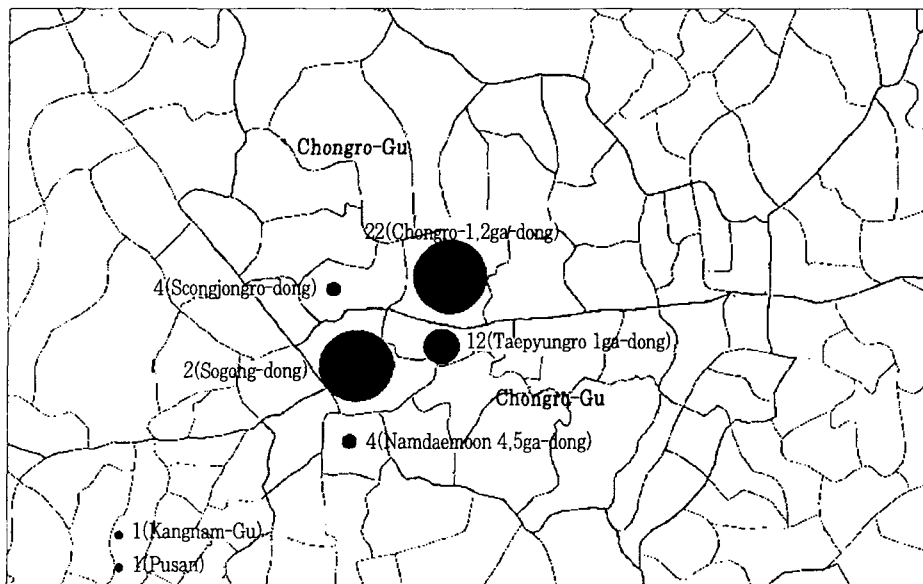


Figure 8. Location of Foreign Bank Headquarters in Seoul, 1997
 Source: Ministry of Economics and Finance, 1997, *Foreign Direct Investment in Korea*, manuscript

and customized service establishments. This kind of clusters has not been built by government policy or private enterprises' capital investment in a short time period, but by way of a long history of presence and adaptation process of endogenous establishments. They utilize appropriate technology, instead of high-technology, and customized production and distribution networks where consumers can purchase goods and services exactly what they want and precisely when they need.

Productions in this clusters are usually organized in dense networks of small- and medium-sized firms and establishments that are strongly dependent on those for specialized and customized inputs and services. These networks form multifaceted

industrial complexes which tend to exert huge demands on local labor markets (Scott, 1997). This is why traditional shopping stores, warehouses and customized manufacturing facilities are located near the modern and newly renovated office buildings. Furthermore, these complex networks embedded in the CBD frame reinforce the intensive development of office activities in the CBD core. In other words, office activities in Seoul are reorganized very rapidly, resulting in regional specialization among discrete urban centers and concentrating in new industrial clusters in the CBD, operating as a vital element of the cultural economy of Seoul.

As Manuel Castells (1989) suggested, office activities can be divided into four categories

Table 5. Concentration, Dispersion, and Agglomerative Concentration/Dispersion of Office Activities

	Concentration		Dispersion	
		Agglomerative Concentration	Agglomerative Dispersion	
○ Information-Sensitive Functions	○ International Functions	○ Information-producing Services	○ Back Office Functions	
○ Banks, Credit Cos.	○ Trading Cos.	○ Software Cos.	○ Customer-Service Functions	
○ Insurance Cos.	○ International Finances	○ Information-Providing Cos.		
○ Business Services	○ International Organizations	○ Technology Development	○ Information-processing Services	
○ Law Services		○ Knowledge-related Services		
○ Accounting		○ Science Research Institutes		
○ Engineering		○ Design		
○ Consulting				
○ Headquarters Functions	○ Finance & Insurance-Related Cos.	○ Subsidiary Offices of Large Cos.	○ Other Auxiliary Service Functions	

Source: Arranged from Castells(1989), pp. 142-171.

according to their spatial tendencies: concentration, agglomerative concentration, dispersion, and agglomerative dispersion (see Table 5). Information sensitive office functions and headquarters functions tend to concentrate, even more, international functions and finance & insurance-related functions tend to concentrate agglomeratively. On the other hand, back-office functions, customer service functions, information-processing services tend to disperse within urban area, even more, information-producing services and subsidiary offices of large companies have a tendency for agglomerative dispersion. Even though this classification is very general in nature, it can provide some insights for the understanding functional division of urban area and regional specialization of office activities in Seoul.

5. Conclusions

The purpose of the study is to analyze the dynamics of office location and to examine the importance of CBD area for office activities in the presence of New Downtowns. During the last decades, the rapid growth of Kangnam and Yongdeungpo as new centers of Seoul resulted in the multi-nucleated spatial structure and regional specialization for the post-industrial space economy of Seoul, where the former is specialized in advanced producer service industries and upper class residential districts, while the latter is specialized in the agglomeration of financial institutions, which can be regarded as an extension of CBD. Despite of the

process of discrete multi-core spatial development, however, CBD still possesses substantial share of office buildings, or activities. These office activities are partly supported by the long-standing urban industrial and commercial activities located at the nearby CBD frame, and partly maintained by the tremendous importance of face-to-face contacts with other business and government organizations. Above all, office concentration in CBD is culturally conditioned transaction tradition. Korean society prefers face-to-face contacts to telephone and other telecommunications-aided contacts even in this globalizing era.

CBD office firms also differentiated according to their roles and sectors. Headquarters of big conglomerates and FIRE firms are located at the old CBD cores, utilizing the best contacts with government organizations and the prestige of place image. On the other hand, large amount of small and medium sized innovative office firms are tend to concentrate along with the borderline of two CBD gus (wards), utilizing the web of relationships, or multi-level reciprocal linkages with other office firms and CBD-oriented industries. These manufacturing-tertiary-quatery industrial complex can be regarded as new industrial clusters, selling cultural economy of urban space and possessing placeness or images for clients and customers and long tradition of urban development. Office activities in Seoul are reorganized very rapidly, resulting in regional specialization among discrete urban centers and concentrating in new industrial clusters within CBD area.

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연구
논문

서울 도심 사무활동입지의 변화와 특성

남기범*

최근 서울 도심부는 많은 변화를 겪고 있다. 서울경제의 기반이 3차 산업과 4차 산업으로 변모하면서 도시산업구조가 재편되고 있다. 사업서비스산업이 급속히 성장하고 그 수요에 발 맞추어 대규모 도심재개발사업이 진행되고 있다. 이제 도심의 사무활동은 서울경제 발전의 핵심적인 부문으로 등장했으며 도심 고층건물의 스카이라인은 서울의 경제변화를 주도하고 있다고 해도 과언은 아니다. 서울의 사무활동과 사무빌딩의 입지가 강남과 영등포 등의 신도심으로 분산되고 있는 경향이 보고되고 있기는 하나 주요 사무활동은 여전히 도심지역에 집중하고 있다. 이 논문에서는 사무활동을 협의로 정의하고 사무빌딩도 상업, 교육활동 등을 제외한 본래적 의미의 업무빌딩만으로 한정하여, 그 입지변화상을 추적하고 특성을 파악한다. 서울의 사무활동은 공간분업적 집중과 분산이라는 유형을 보이고 있으며, 전반적인 분산화경향에도 불구하고 핵심적인 조정·통제기능은 여전히 도심지역에 집중하고 있다. 이차적·기능적 통합을 통해 새로운 제조-유통-사무활동의 집적지를 형성하고 집적의 이익을 향유하기 때문에 계속된다. 특히 도심이라는 장소적 특성이 오랜 세월의 축적과 함께 도시의 문화경제를 형성하여 서울의 도시경쟁력 향상과 도시의 지역적 전문화를 촉진하고 있다. 도시공간정책은 이러한 도심지역의 특성화를 촉진하는 방향으로 이루어져야 할 것이다.

주요어 : 사무활동입지, 서울 도심, 신산업집적지, 도시의 문화경제

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