

EVOLVING URBAN DESTINATIONS

How the blending of work
and travel is reshaping cities
in Asia-Pacific for the better

CITY APPENDIX





SEOUL

1. UNDERSTANDING THE TRENDS

As a dense city with diverse land use, advanced transportation infrastructure, and rapid digital innovation, Seoul serves as the central hub for economic activity in South Korea.

1.1. COVID-19

Seoul was relatively resilient to the Covid-19 pandemic, adopting a strategy of soft guidelines that did not require complete lockdowns, closure of non-essential businesses or full movement restrictions. The country rebounded quickly with subway ridership recovering as early as September 2020 and reaching a high of 7 million riders in April 2022.

1.2. SUSTAINABILITY

In the Green New Deal, the government has set targets for net-zero by 2050. The nation aims to reduce reliance on fossil fuels, with aims for renewable energy to account for 20% of energy generation by 2030.¹ The government also aims to install renewable energy facilities for over 220,000 households¹.

Other key initiatives include:

- **Green Loans:** A ₩1.9 trillion loan will be introduced for the prevention of environmental pollution of businesses¹.
- **Green Jobs:** A ₩30.1 trillion investment will be made by 2025 to create 387,000 green jobs¹.
- **Green Hubs:** Development of a Green Startup Town and a Green-Integrated Cluster to foster innovation in sustainability and infrastructure.

¹ Korean New Deal, Government of the Republic of Korea, 2020

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1.3. OTHER TRENDS

With regards to digital transformation, Seoul was already considered advanced, with Covid-19 only raising the speed of the adoption. The city continues to invest in technology as part of long-term growth plans, as seen by a ₩321.3 billion investment on 1,045 ICT projects announced in 2021, expected to create 3,245 jobs as well.¹

By 2023, Seoul aims to deploy a city-wide Internet-of-Things (IoT) network and a central control centre to streamline data collection.¹ Beyond Seoul, the government has plans to deploy 5G infrastructure across rural areas to improve rural connectivity.

Demographic change will also have implications in the future planning of Korean cities. As a rapidly aging society, the elderly population is projected to grow from 14.9% in 2019 to 46.5% by 2067 – the fastest pace globally.² South Korea also saw its lowest birth rate of 0.98 in 2018.²

In addition, the number of one-person households is expected to rapidly grow. As of 2021, the number of one-person households stood at over 9 million, which accounts for over 40% of all households across South Korea.³

2. FUTURE WORK & TRAVEL

The social and economic impacts of Covid-19, coupled with rising sustainability commitments, rapid digitalisation and demographic change, will have implications on the way in which Seoul residents choose to work, travel and live.

2.1. THE NEW NORMAL OF WORK

Seoul has embraced new forms of working that have spurred from the global pandemic. City dwellers are embracing remote working, working from new locations (such as cafes or co-working spaces) and taking workcations. These shifts have been enabled by employers and are supported by new offerings across the city. Some key trends include:

- **Rise in co-working:** The co-working space industry is seeing growth in Seoul, with high adoption amongst freelancers. Many cafes have expanded their offerings to provide work-conducive spaces, equipped with Wi-Fi, power outlets, free seating and 24/7 hour openings. These options are particularly attractive to those with remote or flexible working arrangements, or unable to work effectively from home.
- **The demographics of flexibility:** The younger, digital generation, wants the freedom to work from anywhere, such as in cafes, and to work more flexibly. This has increased during Covid-19, but the adoption of flexible working remains low. A survey by Seoul Woman Up, a brand name for Seoul Women's Resources Development Institutes Network, revealed that 65.1% of Seoulites would prefer to work in “metaverse” offices – virtual workspaces using avatars. The main reasons include managing household chores and childcare with work, as well as maintaining a work-life balance. This was, however, more true for women with 77.6% answering that they prefer remote work, compared to 22.4% of male respondents.

¹ Korean New Deal, Government of the Republic of Korea, 2020

² Korea to become world's most aged society by 2067, The Korea Times, 2019

³ Single household registrations hit a high of 40.1%, Korea JoongAng Daily, 2021

⁴ 72.7% of South Korean big firms support remote work, HRMAsia, 2022

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- **A looming return-to-office:** While working-from-home policies remain, the number of people returning to a physical office is expected to rise. 91.5% of the top 100 largest companies in South Korea implemented working-from-home arrangements for its employees in 2021, decreasing to 72.7% in 2022.¹
- **Varying hybrid adoption:** Hybrid working arrangements are mostly seen in much bigger corporations, with smaller local companies asking their employees to return to the office. For example, SK Telecom, a telecommunications giant in South Korea, has adopted hybrid working policies, enabling employees to work from a Western Seoul office called Sphere, instead of commuting to the central Seoul HQ. Amongst smaller companies, technology firms are more experimental with their hybrid and remote working policies, while others tend to follow more traditional working formats.

These trends have raised some concerns about overworking. "With work-from-home arrangements, some workers see more work assigned, as there are no limits to the time allocated to work," says Ken Fallas, an urban planner in Seoul.

As a result of the Covid-19 pandemic, the disaggregation of the traditional workday has enabled greater flexibility. Without proper policy on hybrid and remote working, however, employee wellbeing has been challenged with many instances and reports emerging on mental health, anxiety and feelings of loneliness worsening amongst the Korean workforce over the past two years.

¹ 72.7% of South Korean big firms support remote work, HRMAsia, 2022

² Back to normal?: 'It will never be the same', Korea Herald, 2022

³ Big Data Analysis of Korean travellers' Behavior in the Post Covid-19 Era, Sung et al., 2020

⁴ Korean Wave (Hallyu)– The Rise of Korea's Cultural Economy & Pop Culture, Martin Roll, 2021

“Most of South Korea's tourism development has been centralised in three main areas: Seoul, Busan & Jeju Island. We need more diversified development for tourism.”

Dr. Bona Kim, Inha University

2.2. THE NEW NORMAL OF TOURISM

As a result of border closures during the Covid-19 pandemic, the number of foreign tourists visiting South Korea dropped by 71.9% in 2020.³ While international tourism was badly hit, domestic tourism witnessed a boom with residents in Seoul visiting destinations such as Daegu, Busan and Jeju Island. Nature-based destination Jeju Island was especially popular, witnessing a year-on-year increase in visitorship.

Prior to the pandemic, there was a meteoric rise in inbound tourism attributed to the “K-wave,” or Hallyu. This global phenomenon denotes the worldwide popularity of South Korean pop culture, music, film and entertainment. It has been cited as a huge force drawing a continuous rise in international tourists to Seoul, with central areas like Gangnam or Hongdae serving as a hub for K-pop culture and sights. Hallyu culture amassed approximately US\$1.87 billion worth of GDP in 2004, with this number reaching a staggering US\$12.3 billion by 2019.⁴ The K-wave has shaped the international perception of Korea, expanding the cultural exportation of Korea as a brand globally. This has influenced Seoul's offerings and the expectations of the inbound tourist. In addition to offerings in food, film and fashion, adhering to Hallyu culture, this form of tourism has impacted the medical, cosmetics and beauty industries.

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Historic Seoul, called Hanyang in the past, remains a popular site in the city for cultural tourism, while younger people are increasingly visiting Gangnam, the centre for K-pop culture, fashion and high-tech products and Hongdae, for nightlife which is largely attributed to the universities, hostels and short-term rentals in this neighbourhood. Inbound tourists largely stay in the city of Seoul, seldom visiting the urban fringes or more regionally in South Korea. It is expected that retail tourism as well as medical/ cosmetic tourism will return and rise, raising concerns of overtourism in certain sites again. Luxury tourism is also on the rise in Seoul, with a new dedicated office recently established to this type of offering. These tourists are interested in wellness, health tourism, luxury retail and high-end cultural offerings, such as museums and galleries.

With regard to domestic tourism, the Covid-19 pandemic resulted in a rise in travel to the eastern coast. Prior to 2020, Seoul residents would predominately travel to other big cities like Busan, however, the trend has shifted to more rural villages and nature-based locations. In contrast to other countries like Australia or the United States, domestic travellers are favouring daycations and overnight stays, over longer visits.

“Most tourists who come to South Korea only stay in Seoul, or travel to other cities. The city should do more to promote outdoors and rural travel.”

**Professor
David Mason,
Sejong
University**

2.3. THE GREAT MERGING – NEW LIFESTYLES

As a digitally advanced country, combined with the remote working trends emerging from the global pandemic, the way South Koreans live, work, travel and play is transforming. Two new forms of travel have emerged: one being regional workcations taken by domestic travellers; the other focused more on international visitors or digital nomads.

The concept of workcations has become increasingly popular amongst locals, with popular destinations being Jeju Islands, Busan, Gangneung and Skocho.¹ According to Dr Bona Kim from Inha University: "workcations are one of the new trends emerging in South Korea as a desired type of lifestyle. Workcations can become a big option for workers, as long as workers sustain good work performance.

Korean businesses have jumped on the workcation trend and successfully implemented programmes for their employees. This trend has been particularly true for technology companies, with a few industries taking part as well. Some examples include:

- Mobile platform company, **Line Plus Corp.**, implemented a work-from-anywhere policy for IT workers. This initially allowed them to work from Jeju Island or Gangneung, and now extends to any country within a manageable time difference (e.g. Japan, Thailand, Indonesia).²
- **Kakao**, an internet company, is experimenting with four-day workweeks by providing employees with every other Friday off² (on top of the existing flexible work systems).

¹ 'Workcation': Mixing work, vacation for both productivity, creativity, The Korea Herald, 2022

² From 4-day workweek to workcations, The Korea Herald, 2022

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WORKCATIONS, KOREA

At fintech startup Toss, instead of their typical urban commute, workers were able to start their day in pristine natural environments, enjoying fresh air and beautiful sceneries. This workcation programme was successful in supporting wellbeing and had a positive influence on productivity. “(During the workcation) the team set a record of launching two new services within 2 weeks.”

Others found that they preferred to keep work and leisure separate, stating an inability to focus on work while at Namhae, resulting in stress upon return to their home office. Others cited difficulty in communicating with team members on project work while on the workcation.

- **CJ ENM**, media company, opened an office on Jeju Island in 2021 to allow employees to work from a secondary location.
- Korean fintech startup, **Toss**, opened a workcation site in the southern coastal region in Namhae, South Gyeongsang Province, as part of a pilot workcation programme
- **Yanolja**, a travel platform, offered a one-week workcation in 2021 to 120 volunteers. In addition, the company provided accommodation, meals and company cars.

Workcations have proven beneficial for employee wellbeing and mental health, particularly for those who were stuck in small urban apartments for the course of the pandemic. There are, however, some potential limitations associated with workcations such as a hindered focus on work and communication difficulties.

International Travellers

Seoul is very well positioned to attract digital nomads or foreign travellers taking workcations because of sophisticated internet connectivity infrastructure, good transportation infrastructure, and a vast network of co-working spaces and cafes. That said, the city has seen a limited influx of these types of travellers. This is likely to change when the new digital nomad visa is launched. In the National Tourism Strategy Meeting presided over by Prime Minister Han Duck-soo in December 2022, the South Korean government announced they will introduce the 'Workation Visa' in 2023 as an effort to increase and secure the number of long-term stays from inbound tourists.

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3. A NEW WAY FORWARD

With a rising interest in flexibility and shifting priorities towards wellbeing and having more unique experiences, Seoul is well-positioned to attract new segments of travellers and accommodate the changing needs of the domestic population. These emerging opportunities, however, come with a set of challenges that will need to be addressed to ensure their success.

3.1. OPPORTUNITIES

Leveraging on strong infrastructure, existing natural landscapes, and rich culture, Seoul has the chance to attract many emerging segments of travellers. Stakeholders, however, must actively market these diversified offerings to prevent overtourism and overcrowding in the city. The city is well placed to draw in those interested in luxury, cultural and nature-based offerings.

- **Tap into regional connectivity:** In addition to urban transportation system, South Korea is very well connected via high-speed trains, the KTX. This nationwide infrastructure can be leveraged to support the dispersal of tourism beyond city limits and encourage travel to rural destinations as was seen during the pandemic. This is an opportunity for both domestic and international travellers.
- **Diversify tourism experiences:** Beyond the ever-popular offerings from the K-wave, Seoul has an incredible opportunity to diversify tourism offerings. One such example is cultural tourism through experiences like Temple Stays within or just outside the city, such as Geumseonsa or Myogaksa Temples. Another emerging area is luxury tourism.

Seoul is well-placed to continue attracting high-spenders interested in culture, wellness and leisure offerings in the city.

- **Leverage excellent digital infrastructure:** Seoul, and South Korea more widely, is equipped with good internet connectivity infrastructure. In addition, there's a vast network of co-working spaces emerging. As such, the city is well positioned to attract talent, house digital nomads, and support bleisure or workcation travellers in booking longer-term stays.
- **Embrace flexibility:** With individuals choosing to work more flexibly, office footprints have dropped. As such, the city needs to rethink how space is utilised. This has already been noticed with the many cafes that have amended their offerings to act as 24/7 workspaces. Moving forward, as leases come to term, commercial buildings and tenants will need to rethink the amount of space required, how it is designed, and the purpose of the office for the future of work.

“*Seoul should actively bring together tourist and residential areas to provide visitors with the experience of local lifestyles and culture.*”

**Professor
Chulmo Koo,
Kyung Hee
University**

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3.2. CHALLENGES

Seoul is very well equipped, from a physical and digital infrastructural standpoint, to capture the future of work and travel opportunities. That said, the city will face a variety of challenges that will impact the city's overall resilience, the wellbeing of residents, and the health of the tourism industry. Some of these challenges include:

- **Overtourism concerns:** Many urban challenges in Seoul have emerged from or been exacerbated by overtourism. For example, in 2018, overtourism in Bukchon Hanok Village resulted in increased noise pollution, littering and traffic congestion – disrupting the lives of locals. Little has been done to encourage the dispersal of tourists as the industry favours more profitable offerings. This compromises the resilience of the city and tourism industry in South Korea at large.

“*The city should do more to protect landmarks, buildings and traits that are authentic to Seoul, beyond the main tourist districts.*”

**Professor
Chulmo Koo,
Kyung Hee
University**

- **Burgeoning burnout:** While raised flexibility gives workers more autonomy in how, when and where they work, it is beginning to inhibit wellbeing. The merge of live-work-play and disaggregation of the workday makes it harder for people to define when work ends, and other experiences can begin.
- **Home-sharing restrictions:** Home-sharing remains disallowed for Korean nationals as per the Urban Minbak policy. This means that South Korean nationals travelling to urban areas like Seoul or Busan are not allowed to stay in home-sharing accommodation, limiting the ability for long-stays or workcations for domestic travellers. Better diversification and dispersal of tourism can help spread benefits to wider communities, avoid any potential for touristification as well as strengthen economic resilience for individuals and local businesses.

Overcoming these challenges will require policy action from the public sector, as well as changes made by private sector players. Doing so will support employee wellbeing, encourage the dispersal of tourism and ensure that the necessities of city residents are met.



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3.3. KEY ACTIONS TO BE TAKEN

Seoul is uniquely placed to offer experiences that travellers are seeking such as workcations, rural travel, cultural experiences and wellness travel, amongst many others. This is largely attributed to the advanced digital and mobility infrastructure across the city and country more broadly. The city is also able to draw upon its rich culture, a diverse set of offerings and the existing supporting vendors.

While Seoul has benefited from international recognition of Hallyu culture, it has limited the country to capturing very specific types of travellers. Effectively attracting new groups of inbound travellers, and overcoming the challenges facing the city will necessitate action from both public and private sector bodies.

“
There are efforts to adopt a micro-community model of planning, incorporating third space elements within neighbourhoods such as parks or green areas, to encourage more leisure and relaxation
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**Ken Fallas,
Urban Planner,
Seoul Research
Center for
Regional and
Urban Design**

BY POLICYMAKERS

- **Subsidise cultural offerings:** Subsidising less profitable offerings, or those in the urban outskirts, will support the dispersal of tourism beyond the main tourism centres of the city and help travellers experience all that Seoul has to offer. This may include Buddhist temple stays in the city (e.g. Myogaksa Temple) or hiking tours in Bukhansan National Park.
- **Promote outdoor activity:** Policymakers should advocate for and enable outdoor and nature-based travel for locals and inbound visitors. Not only will this disperse activity, for example to Bukhansan, but it will promote healthy living amongst locals and unlock new opportunities to capture the wellness and eco-tourism markets.
- **Revisit home-sharing regulation:** To enable domestic travel, authorities should reconsider the Urban Minbak regulation that prevents South Korean nationals from staying in urban home-sharing accommodations. Policies can be revised to encourage the dispersal of tourists across the city to mitigate issues associated with overtourism. For example, the Urban Minbak policy can simplify the process to become a host and incentivise locals in less popular neighbourhoods to sign up as hosts. In turn, the policy can also reduce the pressure in busier locations like Hongdae, Myeongdong or Gangnam. Enabling home-sharing promotes flexible building use and prevents unnecessary new construction – a sustainable and resilient solution to manage fluctuating tourism numbers in the face of future shocks and stresses.

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BY INDUSTRY

- **Define flexibility:** While providing flexible work schemes, companies need to develop policies to ensure that teams can effectively collaborate and to prevent burnout or job creep. This may involve adding conditions to remote work, limiting hours, or providing resources to support wellbeing. For example, Kakao's flexible work policy allows individuals to clock in and out at their preferred times provided that they remain reachable via a voice communication system during certain hours. Employers can also provide tools to help employees connect with colleagues, schedule "quiet hours", or provide regular feedback.
 - **Rethink the purpose of offices:** With the rapid growth of co-working spaces, remote working and workcation programmes, companies and developers need to rethink the purpose of the office space. Offices should provide offerings that employees cannot experience at home, such as collaborative spaces, immersive experiences, activities or events. Seoul Financial Center, for example, has a range of offerings from traditional private offices to co-working spaces, virtual office plans, and event spaces.
 - **Embrace innovative housing:** In collaboration with relevant public agencies, developers should invest in new and innovative housing models to tackle issues of affordability and undersupply. This may include colocation of various-sized housing, social housing policies or flexible building use policies, for example modifying commercial buildings for residential use as needed.
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Workcation packages: Leveraging an array of existing offerings and infrastructure, tourism operators and agencies can work together to provide travel packages to inbound tourists or prospective workcationers. This may include short-term accommodation options, connection to a local host or contact, co-working passes, KTX train tickets, information on mobile telephone connectivity and unique, local experiences to book, such as temple stays, hikes or museum visits

