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A Study on the Use of Empty Stores to Prevent Gentrification in Commercial Regeneration

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Abstract

Purpose - With the increasing number of small business owners who reports the cessation of their businesses, the rate of closing the business within the year is increasing as well. The efforts have been made continuously to revitalize the business through the inflow of government or private capital. Maintaining the fast-changing commercial districts with the existing support is difficult, so it is urgent state that needs for commercial district reorganization. The differentiate aspect is that this new measures for small-block-unit commercial modeling can be introduced to promote these aging/deposit private-owned shops politically.

Research design, data, and methodology - This study is to develop a sustainable theme shopping rehabilitation method which considers the characteristics of local cities based on the case studies of developed countries' commercial areas to revitalize the central urban areas of local cities.

Results - The purpose of this study as stated above is to manage the local commercial area through the program that purchases the empty stores, and the measure to secure the autonomy among stores.

Conclusions - The government should concentrate on projects such as vacant store purchase programs, which are omitted from past achievements, and maximize the effect of the project through inter-departmental project packages.

Keywords: Business District, Empty Store, Regeneration Original City Center, Gentrification.

JEL Classifications: L8, L85, L98, Q38.

1. Introduction

1.1 Research Background and Purpose

Urban industrialization and urbanization have contributed to improving the satisfaction of human life. Even though there were some positive functional results, various urban problems start to appear at the same time. Looking at the problems arise in the urban areas, it is considered to appear in the short period, but the desires to change and reproduce various social phenomenon are continually creating a new kind of urban crisis. Modern cities are externally splendid, but as internally, urban spaces that are aging and losing their competitiveness are generated in a

harsh environment. There are continuous economic efforts to rebuild the city as a productive, safe and healthy city. In the process of these constant efforts, cities' crises are failing to break the vicious circle due to the loss of economic and organic functions of the city. The representative of urban problems and the crisis is the disappearance of the middle class and the loss of competitiveness of small business owners.

One of the policies to solve these urban generated problems is the urban regeneration and commercial area revitalization project. The member of the business and policy are small business owners, and they act in the important position of our economy. The number of self-employed in Korea is around 5.67 million (based on the end of October 2018), which is much higher than the major developed countries. Although many efforts have been made over numerous years for the decline of the city and the competitiveness of the city, it has been difficult to cope with the domestic problems. The contraction of consumption due to the domestic economic situations, a decrease of jobs,

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entry into super-aged society, a decrease in school-age population, and the change in consumption pattern of the consumers are the reasons that start to alter the roles and functions of commercial areas within the urban spaces. As the rate of change in the city is increasing, the members who are doing self-employment in the centered-city are unable to keep up with the degree and speed of change, which threatens the right to survive from the commercial declination area due to the loss of competitiveness. With the increasing number of small business owners who reports the cessation of their businesses, the rate of closing the business within the year is increasing as well. The efforts have been made continuously to revitalize the business through the inflow of government or private capital. Despite these efforts, the other business bases of small business owners in the centered-city commercial area have been shaken due to the gentrification and other reasons. There were efforts to form local communities through volunteer efforts and to reconsider the revival of the past commercials by developing new ideas. However, the phenomenon of increasing the wealth of the landlord in the centered-city commercial areas and the tenants are forced out from those commercial areas that they have been trying hard to build. In the process of maintaining the frame of the commercial area due to the changes in urban areas, the government provided various support.

However, in the form and method of support, there was only fragmentary support without maintaining systemicity which does not have connectivity as well. It is becoming a permanent way that needs to be constantly supported. In order to make the members belong to the commercial space move systematically as an economic unit, a new legal and institutional framework for strengthening the sales base and necessary to systematically conclude a win-win partnership with the members of its space constituents. Also, in the complicated situation where the commercial space and time changes, the way of supporting the commercial space and the small businesses individually as in the past is not suitable for the current consumption pattern. In order to set up a healthy policy direction, a Korean model that can be reorganized in a way that manages and continuously promotes commercial areas should be settled urgently. Also, the centered-city commercial area is experiencing extreme changes and pain in the domestic market as in developed countries. This phenomenon mainly occurs because the large retailers and online shopping which provide standardized and unified services make consumers disregard it. In this aspect, if the quality and diversity of commercial services are damaged by the increment and alternation of large retailers and online distribution, this will damage the commercial area, which is the constituent element of the centered-city. The public should worry about the alternations, and in order to find proper location, functions, and roles of both the centered-city commercial area and the district commercial area's location, it is necessary to consider about

the executive level of reform and method. In order to do this, there are various methods and business among the measures for commercial management. However, as the number of vacant stores in commercial areas is inverting, it does not matter of the status of its stores, but it considers as the problem of the commercial area itself. This may view as a factor that accelerates the city to become hollow. Also, supporting or regulating a tenant or a landlord only in a specific area is likely to cause a balloon effect to move to a commercial area near a commercial area. It is difficult to secure the funds and bring feasible policy intervention to apply countermeasures to all areas where commercial districts are likely to expand. If a specific district is applied as a policy case, a policy that can anticipated the problematic situation and prevent those is desirable.

Therefore, this study suggests a preemptive direction of the government in the place where the decline or empty store may appear in the main commercial area as a measure to suggest a policy model for the reproduction of the commercial area and the stable and continuous frame. Maintaining the fast-changing commercial districts with the existing support is difficult, so it is urgent state that needs for commercial district reorganization. The differentiate aspect is that this new measures for small-block-unit commercial modeling can be introduced to promote these aging/deposit private-owned shops politically.

This direction suggestion can be used as primary data for government decision-making and enforcement. It will also provide opportunities for providing proactive learning materials for the management of poor local commercial areas. Lastly, the government is expected to build alternative data that can bring back vitality to the lagged business by suggesting necessary alternatives that can improve government support policy limitation and problems.

1.2. Research Method

The method of this study is to investigate case studies which uses empty stores in various commercial areas or policy studies to draw out implications. the gentrification phenomenon in the domestic major commercial area and regeneration city commercial areas and does an empirical study on the government and the local government's effort to improve the phenomenon of gentrification. Also, to propose a new policy by comparing and analyzing the system promoted in developed countries and the system promoted in Korea. We examine the necessity of revitalizing the centered-city area theme street district as a commercial area for promoting the revitalization of local cities. Also, this study is to develop a sustainable theme shopping rehabilitation method which considers the characteristics of local cities based on the case studies of developed countries' commercial areas to revitalize the central urban areas of local cities.

2. Theoretical Study

Various studies have been conducted for the revival and regeneration of the commercial area, but rather than domestic and foreign commercial-level of research, the studies were focused on the post-development, the policy management, the participation methods of the private and government, and the evaluation of policy progress which has been conducted. First, a study on the gentrification due to a ripple effect of commercial area development (Zukin, 2009; Balzarini & Shlay, 2016; Davies, 2018; Jou, Clark, & Chen, 2016) and various results were derived from the urban regeneration process, and the study on the development of various evaluation models for scientific decision making was conducted (Marta, Chiara, & Alessandra, 2018; Bottero, Mondini, & Datola, 2017; Juan, 2010; Ryu, 2013). In order to overcome the limitations of government projects in urban regeneration areas and seek various business methods, researches were conducted to engage with private companies and private sources to facilitate smooth operation of public work projects and public works itself (Piergiuseppe & Benedetto, 2018; Francesco & Lucia, 2014). Research on combining different designs in the commercial districts to regenerate the theme for commercial area revive and the system of the revitalization of commercial districts (Chung, 2010, 2013). Also, research has been conducted on the implications and alternatives of the project through nation

comparison of the urban regeneration and government and space agencies & private companies (organization) policy examples for continuity of regeneration and comprehensive participation (Park, 2012; Cristina & Cristina, 2013; Lee, 2016; Elmedni, Christian, & Stone, 2018; Miguel, Teresa, & Paulo, 2019) The research trends in Korea have been studied rapidly since 2010, and the most significant number of papers have been published in 2012. Since then, researches have been carried out through various research methods. (Please refer to the table below. <Table 1>)

3. Empirical Study

3.1. Rental Trends In Major Main Centered-city

Currently, there are no data available to investigate and announce the rent in all domestic commercial districts. However, limited data are only being surveyed which can identify the trends in rents by the commercial entities that are conducting business or some government projects.

In this study, we examine the rate of change in store leases within the urban regeneration area being undertaken by the government. The government is conducting ongoing urban regeneration projects by selecting the regions, and 13 areas in 2014 were selected 33 regions in 2016 and 68 in 2017 were chosen.

Table 1: Research Review

Sortation	Content	Other
Lee (2016)	The study examines the types of difficulties and discomfort that local people have to form a BIDs organization. It was based on in-depth interviews with officials, BID consultants, executive directors of BIDs and community stakeholders. As a result, the reason for the failure to establish a BID organization in Los Angeles was that the residential areas consist of the relatively low-income immigrants.	Policy research
Elmedni, Christian, and Stone (2018)	In addition to revitalizing the decaying areas, the BID could backfire by shifting the burden on low-income residents and small business owners. This study outlines the process of changing zones in 16 of Brooklyn's 25 BIDs zones from the perspective of BIDs' directors, renters and BIDs' This study shows the process by which BID affects the zone in stages (short, medium and long term).	
Chung and Lee (2013)	The government had a roundabout approach and continued policy efforts to modernize the traditional market located within the CBD. However, the recession in the traditional market areas of local cities continues. Regeneration of local urban commercial areas by packaged regeneration methods will be the main target of regional urban regeneration policy.	Development model
Miguel, Teresa, and Paulo (2019)	Empty shops are becoming a very important issue affecting the city due to the economic crisis. This study examines the hypothesis that certain morphological features characterize an empty retail site. Four Portuguese cities have schematized spatial patterns through testbed and kernel density analysis.	Vacant Shops
Jou, Clark, and Chen (2016)	In recent decades, Taipei has experienced changes such as economic fundamentals, massive urban regeneration, neo-liberal reform and social bias. In this paper, to understand the process of urban restructuring in the East Asian Development Cities, the extent to which gentrification and urbanization are appropriate is discussed.	Gentrification
Balzarini and Shlay (2016)	An empirical study of competing arguments for community justification and authenticity in the dispute over gentry near Philadelphia. The results of this study show that the city has a problem in applying rights to the conflicts of opinions between neighbors when it is thought that the community can benefit the community. The rights to the city may not be general phenomenon specifically where shows the neo-liberal tendencies	

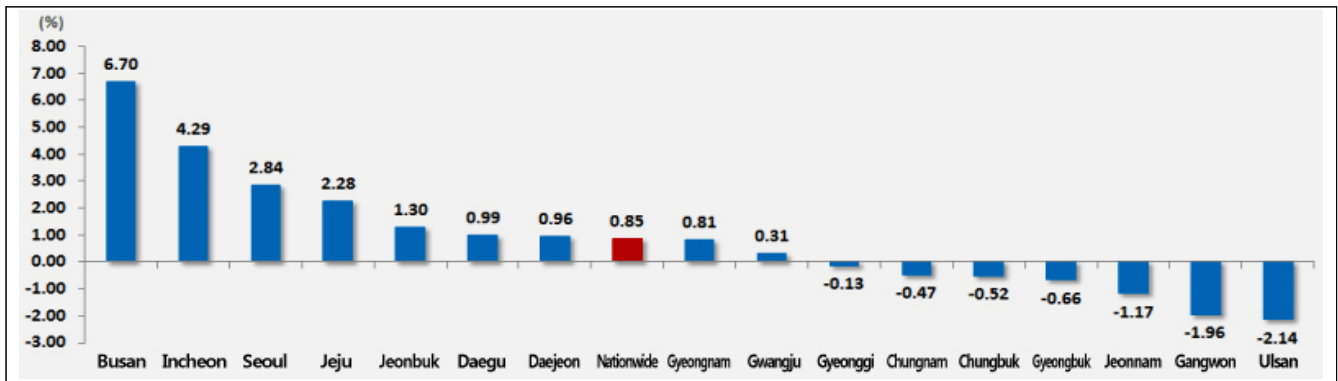
Source: own elaboration

This kind of projects can bring good opportunities to revitalized lagged stores and commercial areas, but it is challenging for the government that this may cause gentrification of the stores. Among the urban regeneration projects currently being implemented by the government, in the case of first selected area rents did not rise, but it showed the tendency that the rents in the commercial district from the second selected area rises and it increased roughly 1.19%.

This leads to an increase in the national average rental rate of 0.85%, so it is being raised as another issue of local commercial areas. By examining each region, Busan increase by 6.7% which is the highest ascend rate in the nation, followed by Incheon with 6.29% and Seoul with 2.84%. On the other hand, Ulsan decreased the most at -2.14%, followed by Gangwon -1.96% and Jeonnam with -1.17% in the survey.

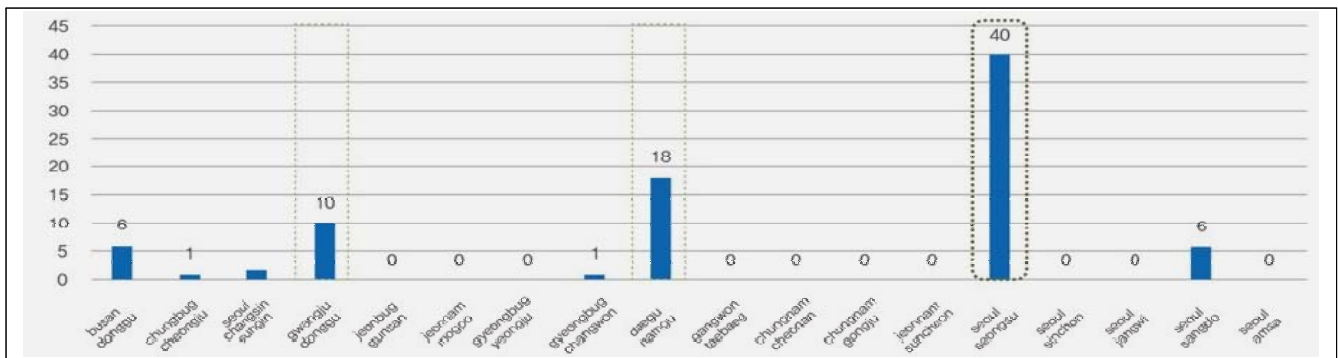
The urban regeneration program in Korea is mainly caused by the phenomenon of gentrification in the commercial area. Among them, many new cafes and restaurants are being introduced in Seoul, Seongsu, Daegu, Nam-gu, and Gwangju-dong-gu.

This rise in rents can be interpreted as a result of promoting the effects of various governmental policies for the revitalization of the commercial areas. However, these results provide a ground for other problems due to the continuous increase in the rents of commercial areas. In the process of time, the occurrence of increment of rents (see the table below), and this will re-lag the commercial area, and it is inevitable that it needs to be revitalized. This kind of situation will repeat as a cycle. These research data will provide the basic data for running the public lease stores.



Source: Land & Housing Institute(2018) Reorganize

Figure 1: Regional Trends



Source: Land & Housing Institute(2018) Reorganize

Figure 2: Changes in Business Status By Region

Table 2: Trends by Region of Business(3Years Fluctuations Percentage Business Area)

Type	The first business area				Secondary business area			
	Economic Base Type	Neighborhood Regeneration Type(General size)	Neighborhood Regeneration Type(Small size)	Total	Economic Base Type	Neighborhood Regeneration Type(General size)	Neighborhood Regeneration Type(Small size)	Total
3years Fluctuations percentage	1.32	-0.39	-0.06	0.00	2.32	2.09	0.43	1.19

Source: Land & Housing Institute(2018), Reorganize

3.1. The Necessity of Commercial Management Due To the Decline of Centered-City Commercial Area

A decline of the centered-city commercial area has not proceeded in one day, and many people knew this decline of its area. However, it proceeded without any prevention which is now visible in the critical state of declines and starts to find the solution after they conceived is a problem. Until early 2000, even the large amount of budget was in flowed towards unsystematic support, and there are constantly raising questions and comments regarding the effectiveness of its support. The government starts to establish an exclusive group to secure the system of its 14 years of support and special measures for the operation of the establishment of around 2 trillion won funds. Even after the organization establishes, past projects have continuously proceeded.

However, this was also mainly limited to short-period assistance as the past, the support itself was hard to achieve the continuity and strengthening the target area's merchants competitiveness. In this process, a new approach to urban regeneration has been proposed, and a policy of kindling has been set up in hopes of many constituents in the centered-city commercial area. This is also limited to the spatial approach to the commercial area, which includes lacks of complex commercial activity in the distribution, management, and economics. It shows the limitation that the management of the commercial area is not systemically proper. However, in the case of urban regeneration, the time of business is not so long. That is why it is necessary to consider the approach from the administrative point of view.

(Supporting System) The centered-city commercial area is very complicated, and various factors are entangled. For small business owners, it is a living space, and in the community economy, space is based on diversity as the basis of the local economy. Despite the need to systemize support, most of the projects were based on subsidy-type public works projects, which were conducted through government support in the form of related projects based on relative evaluations rather than projects based on unique ideas.

The size of support has increased due to the financial support rather than the support of the business methods of individual small business owners, but the situation of the qualitative growth of the support has not been achieved.

As the scale of support increases, rather than space becomes a center of its primary agent, but become a support to exhaust if there is no problem in the expenditure of business. There is a limit to secure the continuity and competitiveness of its support.

(management system) Although large-scale support organizations have been established, since their capabilities influence the business results, the sustainability is not ensured because the activists or PMs manage the various

commercial businesses. Also, if the business is selected under the conditions that there are empty stores and other unfavorable conditions in the commercial area, the business period is fixed, and it is proceeding in the form of planning → detailed planning → bidding → construction → completion like a physical business. There are many situations when it is carried out under the conditions that cannot tolerate the overall management.

The management of the commercial area is not the management of government budget and the development enterprise in the declined commercial area. Also, the continuous input of the budget is also not considered to be the basis of management.

(Budget Investment) Although the government is unable to continue to invest its budget to revitalize the market, it still adheres to the existing support system, so it is a situation that the owner lacks their consciousness.

(Lack of understanding of the commercial area) In the situation where the spatial approach is absence, the opinions and the method to vitalize the declined commercial market using the individual support and access are main ideas and the education method to educate should be prepared as well. If there is an empty store in a situation where it is stuck in the stereotype that the business is maintained and operated continuously in the form of the past operation system and the government's support, there is no alternative to maintain commercial areas or to secure the competitiveness of its area. It is necessary to understand the constitutional system of these commercial market.

(Gentrification within the commercial area) In a situation where stagnation or activation is increasing due to the government's support or private business investment, the continuous gentrification is likely to consider as a factor that losing the competitiveness. Certain provinces wish that this phenomenon occurs in the place. However, this situation has been falling due to the rise in the rents of the stores, so the efforts to revitalize the market have been going on in the same cycle and pattern every time.

(empty store management) The number of free stores generated in the domestic can be differed based on the commercial area size and characteristics. Based on 2016 national statistics data, 209,193 stores are registered nationwide and compare to 2012, the number increased by approximately 2.4% (2012, 204,237 stores). Around 90% (188,774 stores) of these stores are an open business that currently operating, and it increased by around 4.8% compared to 2012. Empty stores are 10% of operating stores which is 18,807 (2016) and increased 1.5% compared to 2012.

On the other hand, centered-city commercial market 's price level of the store was used as an index representing the competitiveness of the city when it was reestablished in the past. However, as the decline progresses, the rate of vacant stores increases and vacant stores are shifting from

the past urban competitiveness indicators to declining indicators. Most of the vacant store in the commercial area is neglected as empty because they are unable to give the role of the vacant stores newly to the private economy. When empty stores start to develop in the commercial area, it rapidly declines like the occurrence of cancer in our body, and when the diagnosis and management are not carried out within a short period, death or the alley economy itself broken down actually.

4. Advanced Case Of Commercial Area Management

Centered-city commercial area in France as in developed countries has undergone severe changes, and until the 1970s, there has not been publicly intervened from the Paris city government. It is relatively recent that the importance of the commercial market for the city future. As a result, urban planners and related officials have ceased to comprehend the issue of the commercial area only regarding the private realm, or market economy. They set the standard for mandatory public roles in urban management and growth. The demand for change in the commercial organization has become more urgent since 1975-1976. This demand begins with downtown merchants competing with outskirt area merchants. Thus, in the 1980s, there was much interest in urban planning in commercial activities. Initially, simple safeguards such as strengthening public transport or installing a sidewalk were made. Since then, they came up with the various project such of commercial city planning, such as an integrated commercial center. This new approach to problem-solving has diversified interest, while at the same time it was able to see the willingness to reorganize the form of commercial market. Various attempts such as revive the center of the life, to facilitate traffic circulation, easy parking have been made to revive the commercial areal or reform it.

Except for the UK, USA, and Japan, which are the most famous examples in the management of the commercial area, we will look at the operator method of SEMAEST in France. It is active in the management of centered-city commercial management and is suitable for the domestic situation. In order to balance and harmonize the living rights of the city, the City of Paris will grant all the authority of urban development and management to achieve the goal of promoting daily economic activities and commercial diversification *diversification of lifestyle-related industries) through SEMAEST (la Societe d'economie mixte d'amenagement de l'est de Paris) and is carrying out the Vital'Quartier project. First stage project was held from 2004 to 2015 (11 years), the second stage project proceeded between 2008 and 2022 (14 years).

The city revitalization project was selected one of the two

types of "commercial activation" or "commercial diversification" in consideration of the current status of the commercial streets designated as promoting commercial preservation in the PLU (urban, regional planning in Paris). In phase one, six zones were commissioned for commercial rehabilitation, and in phase 2, the project was conducted in the same five new districts. Since 2004, the company has purchased and managed 372 stores of about 40,000 square meters, which has enabled the stable commercial settlement. A total of 11 districts can be re-classified into two significant issues such as a single industrial cluster and an economic recession. It is the area where the same industry is concentrated in a single industry area and a specific area (Saint-Denis Area, Beaubourg-Temple Area, Sedaine-Popincourt Area, Daumesnil-Montgallet Area, Fontaine au Roi Area, Belleville Area, Lancry Area, Entre-deux-Gares Area, Jonquiere-Epinettes Area, Daumesnil-Felix Eboue Area, DuQuartier Latin Area).

While the single-sector dense zone has the advantage of attracting the needs of remote customers because it forms a large commercial area, but it also has the risk of weakening the commercial area, and adversely affecting the daily lives of residents. It causes noise pollution, traffic congestion, parking problems, and hygiene problems. From a mid-to-long-term standpoint, if a single industry, which accounts for the majority for local commerce become stagnant, commercial desertification may rapidly take place across the entire region.



Source: SEMAEST (2016)

Figure 3: Vital'Quartier Project Target Area

Table 3: The Operating Methods of French SEMAEST

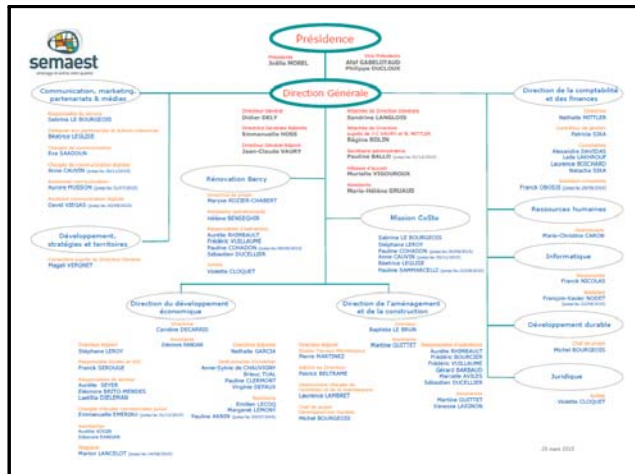
Stage	Years	Zones	Budget
Stage 1	'04~'15 (11 years)	six zones (Diversification 4, Activation 2)	€55,500,000
Stage 2	'08~'22 (14 years)	five zones (Diversification 3, Activation 2)	€30,000,000

Source: SEMAEST (2016)

It means commercial recession zone, a gradual decline of neighborhood commerce and empty store increase area and three districts are the corresponding areas. The presence of empty stores that deviate from the central living zone negatively affects the daily lives of residents and the formation of commercial areas in the district. It tried to solve the problems through independent market function, but it did not last long enough due to lack of competitiveness, and eventually, the city of Paris was forced to intervene publicly.

4.1. Organizations and Business Implementation Method

SEMAEST consists of around 70 people, member of City Council, district delegation, Chamber of Commerce and Industry, handicraft chambers, deposit companies, credit unions, and banks are participated as the board of directors, which is the decision-making body. It constitute of 11 departments and it is consists of a store-keeping team, a construction team, a management support team, and a communication team.



Source: SEMAEST (2016)

Figure 4: Organization Chart

Looking at the members who consist the SEMAEST, the number of people who buy and sell real estate is about 10% of the total number of consistent, and the management and superintendence part of the tenant is also 10%. The store construction, remodeling, and building management personnel are also composed of 10%, and the advertisement

and communication section of the commercial district is 10% as well. The rest of the workforce consists of urban planning, distribution, design, and administrative workforce.

Business operations under the SEMAEST is done by the profit from the sales, transfer and lease of the land and buildings. The SEMAEST will finance initial operation fund by the City of Paris under the condition that the running business meets the interest of the City of Paris as much as possible. The SEMAEST financial structure consist of contributions from the City of Paris (86.5%) and the own funds from the SEMAEST (13.5%). If profits are generated by the rental income during the project period, this will return to the SEMAEST's dividend. During the period of the project, the investment is retrieved through the sale of stores when the rental income and the business conclusion occurs

The implementation of the SEAEST project in France is carried out in six stages. The stage progress like these steps: 1. Store purchase, 2. Building remodeling 3. Commercialization 4. Lease management 5. Rental protection 6. Cede. First, in the case of buying a store, there are two methods. First of all, the store will be purchased in advance according to the procedures set in consideration of the desired selling price, land estimate price and other conditions (resident priority area, lease expiration date) listed in the sale request in the preemption method. The following is a simple and practical method of agreement. Allows the store to maintain the function of the store without purchasing the store, and allows the parties to comply.

Second, the remodeling business will remodel while complying with climate and energy plans. Remodeling the buying shop and it will lease the store using the public information network, lease selection, and lease contract. The store rent is determined accordingly to the building price, the remodeling construction cost, the location of the commercial street store, and the occupancy type.

Third, SEMAEST recruits lease traders based on the analysis of the status and characteristics of local commercial areas regarding merchandising and sectors. The lease trade is selected based on the economic research that SEMAEST has already examined before considering the direction suggested by the Paris mayor and head.

Fourth, the lease management is carried out by SEMAEST to manage tenants' lease management and to protect tenants.

The tenant protection is to educate merchants and diagnose their activities, encourage effective meetings through local activation clubs, and finally support the constant number of projects. Finally, the cede is to sell the store to the existing merchants at each store by the end of the project period. SEMAEST established a real estate subsidiary with the deposit trust fund in 2003 to purchase and manage the stores that the tenant cannot buy or did not show the intent of buying.

4.1.1. Saint-Denis Case Area

Saint-Denis is one of the oldest streets in Paris, built by the Romans from the first century, and the commercial density is high in this area among the 11 business districts.



Source: SEMAEST (2013) La revitalisation des Commerces de Proximité par la ville de Paris

Figure 5: Vital'Quartier Project Maintenance Period

The number of textile wholesalers decreased in the project area, and it decreased 22.7% between 2003 and 2012. Also, the number of sex shops decreased by half

(Refer to Table 4).

4.2. Commercial Area Management

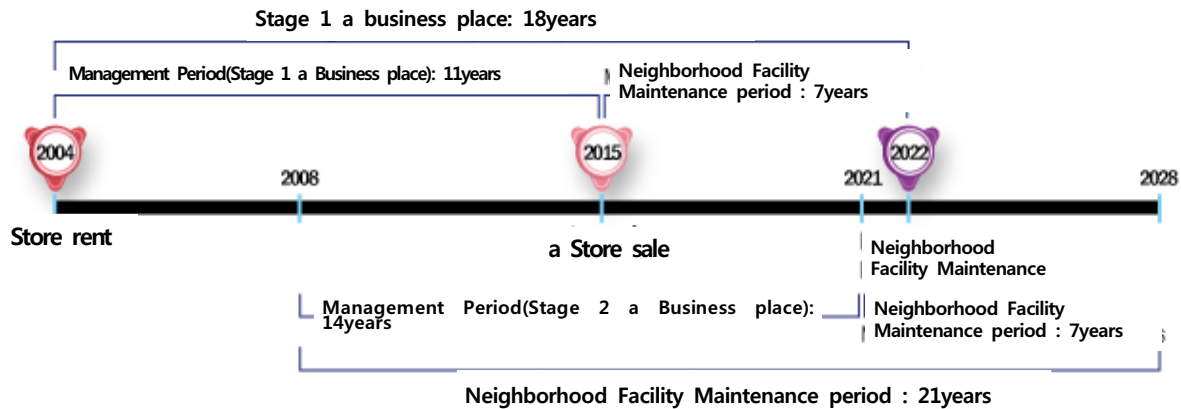
In SEMAEST, the remodeling is carried out through basic remodeling, and final remodeling is proceeded after confirming the specific business type by the tenant. The sourcing industry for each store is determined by the internal regulation of SEMAEST, but the lessee determines the specific business type. The lease of the store will be maintained for at least nine years, and the landlord and the tenant will have the right to terminate the lease every three years. The initial borrowing reflects the surrounding market price and is readjusted to 3-year increments. When the lease ends, the contract is concluded within the 10% range. The first phase of the project was extended for seven years from the first eleven years which remained for 18 years. In the second phase, the initial period has extended for seven more years to 14 years, and it is maintaining a total of 21 years of use.

In order for SEMAEST to conduct its business directly, the sectoral analysis on a quarterly basis is held, prioritizes the agreement rather than purchase with restrictions on property rights of landowners, and SEMAEST is directly involved in the role of a real estate agent. The sales promotion provided support for the vitalization of the commercial area, exhibition, marketing, advertisement, and individual VMD coaching was provided. Also, the VMD supports not only the purchase and rental of the stores but also aiding all branches of the business.

Table 4: Case Area(Saint-Denis)

Sortation	'03	'05	'07	'10	'12	03~05 Rate of change (%)	05~07 Rate of change (%)	07~10 Rate of change (%)	10~12 Rate of change (%)	03~12 Rate of change (%)	03~12 Rate of change (%)	
Ready-to-wear wholesaler	622	598	566	525	481	-2.7	-2.2	-2.9	-4.2	-22.7	-2.7	↘
Fastfood	52	51	47	55	50	-1.4	-3.2	6.8	-4.5	-3.8	-0.5	→
Sex Shop	39	35	28	24	19	-7.2	-8.3	-5.7	-10.4	-51.3	-6.2	↓
Equipment	258	267	270	284	276	2.5	0.5	-2.1	-1.4	7.0	0.8	→
Human Services	228	223	242	236	246	-1.5	3.5	-1.0	2.1	7.9	0.9	→
Empty Store	121	135	143	140	174	8.2	2.5	-0.8	12.1	43.8	5.3	↑
etc.	82	88	107	119	129	5.2	8.9	4.5	4.2	57.3	6.9	↑
Shopping Office	28	32	29	46	50	10.1	-3.9	23.4	4.3	78.6	9.4	↑
Restaurant	17	18	22	21	21	4.2	9.2	-1.8	0.0	23.5	2.8	↗
Total	1,447	1,447	1,454	1,450	1,446	0	0.2	-0.1	-0.1	-0.1	0.0	

Source: SEMAEST (2013) La revitalisation des Commerces de Proximité par la ville de Paris



Source: SEMAEST (2016), Reorganize

Figure 5: Vital'Quartier Project Maintenance Period

In order to secure stable tenant landing in the target commercial area, the policy will be supported by subsidizing the deposit and reducing the initial rent. For the initial stable settlement of the first tenant, the first three-month rent fee is supported and arrange for low-interest loans as well. After the rent reduction for the first three months, rent is charged according to the surrounding rent rates.

5. Results

5.1. Introduction Of The Public Market For The Management Of The Domestic Commercial Area

At present, similar systems are being established as a way to revitalize the competitiveness and revitalization of the commercial area as part of the urban renewal in Korea. However, in the aspect of continuous management of the domestic commercial sector, although it is necessary to consider more effective ways and methods, it proceeds as fragmentary projects. In this study, we propose a new regeneration and generation model in the centered-city commercial area, suggest how to handle and manage empty store adjust to the domestic reality, and position this model as Korean model which can become a new model.

We suggest a method and alternatives overcome this problem because it is the proves that the commercial area is in a recession when centered-city regeneration or commercial area regeneration is required or empty stores in the areas are generated. Suggest ways and methods overcome the raised problems.

5.1.1. Introduction Of The Safe Commercial Stores Of Government Investment Style

In order to stabilize the housing market, the government

has been providing public housing for a long time and helping the welfare of people. Due to this policy, people who started job recently, a new married couple and second-class citizen become a critical policy that provides minimum human rights This policy is considered to be very important to receive at least fundamental rights from the state, and it is significant as a policy that can affect the real estate issue. However, in the case of a store in the commercial area, it is recognized as a private area as institutional decided have been providing. Due to the domestic and foreign problems, the alley economy has been stagnated, and the situation has direct hit the market where the shops are crowded, and it is raised as a social issue and a problem. In order to solve these problems and issues, it is necessary to manage the sector and business conditions of the stores in the commercial areas, and it is the sector that cannot adjust the private economic sector, so it needs to play a role in public interest and management as well. Therefore, it is a method of securing a commercial building through purchasing or renting the buildings at a government level and allowing the small business owners with passion and expertise to operate the business with confidence and safety.

The core content of this method is a system proceeds with the overall method in which the government builds a new fund, buys stores in a declining commercial area, and performs remodeling, shopping design, trade promotion and marketing and improving the constitution of the commercial area. It provides the tenants with a sustainable and long-term operating period while providing the basis for the surrounding commercial areas and local alley commercial areas.



Source: own elaboration

Figure 6: Operation Mode

5.2. Establishment Of New Operating Organization Based On Integrated System

It is premised that systematic systems and institutional support for business operation are accompanied to improve individual and fragmentary business support. In order to purchase empty stores, a pre-emptive diagnosis should be made based on an established commercial area in the domestic or based on preformed commercial area. In addition to surveying the types of businesses and business conditions, identify the size of its store, and rent. Based on this information, integrated management should be carried out based on primary data for commercial management.

This approach supported the necessity and justifiability of business and institution due to similar logic and reason before the start of the first business or before main business starts in the past. However, in the current field, competition is continuously being promoted while such a system is not settled and widely used. As a result of this learning, the beneficiaries are dealing with the daily routine of receiving like tap water from the faucet while forgetting the purpose of the project, so the organization that requires more expertise should be constituted. In particular, it is believed that the same process will continue without provision of the investment method and introduce safe commercial stores which are led by the government is essential for the procedure and management of the project.

New organizations should operate assets (empty stores) with a focus on purchasing and vitalization in order to actively respond to the management of the commercial area and gentrification. In addition to this, it is necessary to carry out the educational service for the business type of the targeted merchandise and the service training necessary for the commercial area and to lead the physical environment improvement project in the commercial area. At the same time, establish collaboration system together with the large enterprises, local industries and universities. In addition, it

will be necessary to find the profit business model which is necessary for the commercial area, and to develop the combination of the franchise type or the franchise which is suitable for the commerce, and to increase the profit.

It is necessary to operate a membership system to secure the attributes of consumers externally, and to use the information and patterns of consumers as a database for merchandise data and to link then with major businesses.

5.3. Operating Expenses (Budget)

In all systems and projects, it is the operating expenses (budget) that is the most challenging part to be ready, so once this is done, it is normal that no business will be a problem in the operational sector once autonomy and transparency are secured. However, in the case of new projects and project with large budgets, it may be difficult to arrange the project costs, and it may be discontinued at the beginning of the project, or the project itself may be changed to the private sector. In the case of the commercial market (traditional market) which has not enough time for experience, it needs to fulfill their own time and experience to find the internal motivation. However, there is some sector that expects to be able to address these issues in certain sectors by way of a corporative store driven by some private sectors or merchant owners. This is limited to a specific area (space), so if the budget is not implemented at the national level, it will be difficult to manage the whole commercial area. In order to manage and operate commercial area by purchasing empty stores, expanded budget inflows are inevitable, so the government budget itself can show limitation. To this end, a joint investment (fund) base that can be shared by the government and the private sector is being prepared, and this will gradually ensure that the budget is allocated in such a way as to distribute the revenue along with the budget input.

The public lease project carried out by the government

department or local government and a similar project that has to intend to proceed from the department's budget. They formulate the fund by using its department's budget investment form.

The fund structure is designed to prevent the overlapped investment and to build on the competence and expertise of specialized agencies. The government (Ministry of culture, Ministry of Land, Infrastructure, and Transport) will put funds to prevent commercialization and the gentrification.

The operation of this fund shall have a maximum duration of 10 years and manage the investment business by the guidelines of the investing organization

5.4. Promotion Method

In order to activate the commercial area through the purchase of empty stores, it is necessary to consider in detail with the specific verification and current status of the commercial area, the commercial management plan, the empty shop purchase plan, the operation plan though purchasing and the method of sales of empty stores in the future.

First, in order to manage the commercial area by purchasing the empty store, actual investigation on the situation needs to be carried out in detail regarding the vacant stores and industry, property related overall details. It is necessary to obtain the primary data for the systematic management to divide the stores by proper grading.

Next, based on the surveyed management grading data, it is possible to select the industries suitable for the empty stores and establish a system to operate within the

community level.

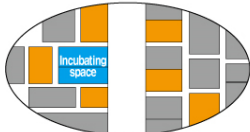
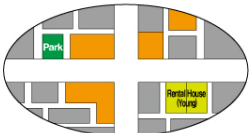


For continuous management of empty stores, management costs other than store rents should be secure to have continuity, and the additional revenue ensures the sustainability of value added and trade management. Also, introduce and manage the structure and pattern of the entire commercial area through the promotion and marketing of the commercial area focused on the businesses in the empty stores. By increasing the overall competitiveness of the commercial area, allow long-term operation of leased stores and the tenants are encouraged to have a system that can secure the integrity and purchase rental stores eventually.

The organization for the commercial area will return the profit from the sale and manage it to ensure full integrity. Also, continuously expand asset value of the commercial area, it is managed as a customized commercial area corresponding to the type. The organization of the commercial area secures the long-term operation of the purchased store from 10 years up to 20 years, and it will alleviate the rigidity of commercial management and ensure the stable commercial activities.

5.5. Business Type

When conducting business based on empty stores, the business can be divided into two types, a purchase type, and a leased type. In the case of the purchase type, it is advantageous to secure the safety through the capitalization while it has a disadvantage that the sustainability cannot be secured so that it proceeds based on the purchase type.

Table 5: Promotion Method

Division	Contents	Type
① Incubating type	Forms to start or rent to founders	
② Public type	Forms that can enhance the collecting power such as cultural facilities in commercial areas	
③ Specialized type	A specialized street development model by introducing similar businesses in empty stores	
④ Most Influential Store type	A model that attracts high-profile industries and transforms empty stores into Most Influential Store	

Source: own elaboration

The purchase type can be divided into a remodeling business type and a construction business type. In the case of the remodeling business type, after the store is bought, it is remodeled according to the type of business and business characteristics and proceeds the rent. The case of the construction type, it is a way of carrying out the business for the buildings which can secure the diversity of the use through reconstruction rather than the remodeling because of the nature of the commercial area.

More subdivision of the business type can be classified into an incubating type, a public type, a specialized type, and a Most Influential Store type. The incubating model is a type that enlists who are preparing their own business or who are new to the business. Next, the public model has characteristics that can enhance the gathering power of the customers such as cultural facilities in the commercial area. In the case of the specialized type, it has a characteristic that it can induce commercial area developed into a unique commercial area by occupying similar businesses (coffee, pets) and form the specialized street.

Finally, the nucleus store model attracts representative or similar businesses in the area with high popularity, and introduce those successful businesses into the empty stores to become a famous store in the local commercial area, thereby enhancing the competitiveness of the commercial areas.

6. Conclusion

The government has pursued laws, regulations, win-win agreements and individual projects to strengthen the business base of small business owners, which are socially and economically weak. However, as the current population declined has reached the age of super-aging society, the process of losing competitiveness in the centered-city commercial area will rapidly proceed. There exists limitation on current policies which focus on enhancing competitiveness for individual small business owners at the government level. That is why it is necessary to manage commercial area through voluntary efforts by themselves should be provided based on the temporal change of the spatial approach and commercial area transition. Therefore, the government should pursue policies and projects in the framework of commercial management in order to improve the fundamental business environment of small business owners and to find the solutions.

Programs that use empty stores cannot replace past commercial area which is already declined, but at this point, there is no better system. Although all system cannot be perfect, if an organization that has a group of experts capable of responding flexibly to market function recovery and market fluctuation can operate, problems related to growth and management of the commercial area will also be

possible to respond preemptively.

Through The commercial area based on the spatiality which is comprehensive and systematic support for small-scale business, to expand the quality of life of consumers as well as occupation base for small-scale business owners through the purchase of empty stores in the commercial area should urgently proceed. In the developed countries, various regeneration methods are being proposed and promoted through various systems to promote the centered-city commercial area and has been generally managed through various methods such as in the public sector, the private sector, the public+ private sector.

Despite the process of improving the problems and getting lessons through the proactive approach, the commercial area is not supported. In the case of the commercial center, it is necessary to satisfy the ground that the current commercial area can be managed and the sustainability can be maintained rather than the large-scale development through the inflow of massive capital from the private sector. In this context, the centered-city commercial area should be reviewed through redevelopment reconstruction, or individual support of traditional market & stores has its limitation, rather than temporary support, spatial (area) support should be reviewed. It is also necessary to re-establish the linkages with the New Deal and Urban Renewal projects from the Ministry of Land, Infrastructure, and Transport.

The purpose of this study as stated above is to manage the local commercial area through the program that purchases the empty stores, and the measure to secure the autonomy among stores. Through these ways, suggest the measures to promote stable economic activities of small business owners and the following institutional plan for policy realization.

First, it provides an institutional framework to utilize vacant stores through the minimum role that the government can contribute. Through this, it is necessary to manage commercial areas through spatial support rather than individual support and to expand the competitiveness of small business owners.

Second, the program management and commercial management by purchasing the empty stores should be provided with a system for professional organizations with the expertise to proceed. Third, incentives in the form of special laws should be given in consideration of the specificity of the district in the commercial areas when there is a conflict between the purchase of empty stores and the existing laws of each city. Fourth, leasing income through leasing of stores and the difference in the sale should be applied to the system and methods that can be returned to the management and maintenance of the commercial area. Fifth, in the process of selling empty stores, since the subjects are transferred to small business owners, the sector related with tax should be improved separately.

(Academic implications) Existing studies have been carried

out, such as evaluation to activate shopping areas and research to improve the physical environment in shopping districts, and cases of Gentrification phenomenon due to regeneration.

This study carries significant meaning since the occurrence of empty stores considered as general phenomenon of commercial districts. Now it becomes an academic study subject to be analyzed.

We have looked at the characteristics of gentrification and the usage of the empty stores through the changes of town where the national projects are held.

Gentrification was caused by the large amount of capital being injected into residential or slum areas. In case of Korea, it occurred in a different form from the developed countries cases, thus presenting an alternative to improve this situation is necessary.

6.1. Limitation Of Research

The government should concentrate on projects such as vacant store purchase programs, which are omitted from past achievements, and maximize the effect of the project through inter-departmental project packages. Base on this, tenants should also be encouraged to manage their commercial area along with the professional organizations to have a sense of ownership. a separate system (law) must be established in order to operate these programs and organizations. Finally, a plan should be institutionalized to link the declining commercial area revitalization projects that are being pursued by each department.

Further studies should be undertaken as these sectors are expected to draw out fruitful research conclusion when these aspects were supplemented additionally, so continuous additional study is essential.

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