

MARKETBEATS



WHAT'S
NEXT

HIGHLIGHTS

Economic Review

According to the Bank of Korea, the Consumer Sentiment Index (CCSI), which has been on the rise since November last year, declined again, down 2 points to 98 in March. This was mainly due to the deepening of the US-China trade dispute and concerns over rising inflation. This is likely to limit consumption for some time.

2Q Retail Market Issue

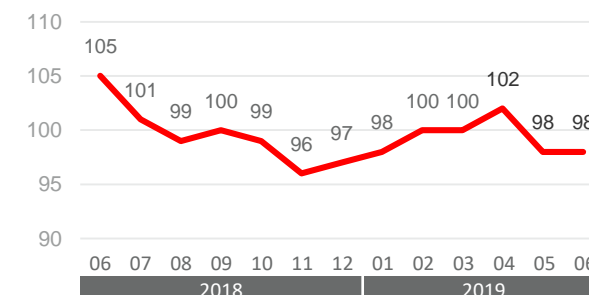
Polarization of the coffee market

The coffee market is rapidly being divided into specialty and low-cost segments. Competition in the specialty coffee market is accelerating as Blue-Bottle, known as the 'Apple of coffee', made a full-scale entry into Korea this year. Blue Bottle, which opened its first store in Seongsu-dong in May, is planning to open stores consecutively in Samcheong-dong and Gangnam-N towers. Starbucks has also rapidly expanded its upscale Reserve Bar formats and now boast 52 of such outlets, the second largest in the world. SPC Group's specialty coffee brand 'Coffee@Works' is also rapidly expanding its footprint. On the other hand, the ultra low-priced coffee brands that sells KRW1,000-1,500 per cup of Americano coffee is rapidly increasing. Ultra low-end coffee brands such as 'Coffee ae Banhada' and 'Mega Coffee' have more than 600 stores across the country, thanks to the rise of cost-effective trends. These stores are mainly located in colleges and academies centered on young adults' commercial areas rather than core commercial areas such as Myeongdong and Gangnam.

ECONOMIC INDICATORS

	2018 4Q	2019 1Q	6-Month Forecast
GDP Growth	2.9%	1.7%	▲
CPI Growth	1.3%	0.4%	▲
Unemployment	3.4%	4.5%	▼

Consumer Composite Sentiment Index (CCSI)



* Source: KOSIS

* The CCSI is an indicator of how consumers feel about the economy. If the long-term average of 2003-2018 is set at 100 and the index is below 100, the consumer sentiment is more pessimistic than the long-term average.

Philip Jin

Senior Manager
Research, Seoul, Korea
6F Seoul Finance Center
136, Sejong-daero, Jung-gu
Seoul, 100-768, Korea
Tel: +82 2 318 8322
Fax: +82 2 318 8323

Shopping malls go experiential

Recently, shopping malls have shifted away from the existing MD structure and the need to introduce differentiated contents or brands has been growing. As a result of efforts to remain relevant as competition between shopping malls intensify, the introduction of new or remodeled experiential stores have been growing, which is the focus of recent store development. For example, animal-themed park, *Zoolung Zoolung*, will open its doors in Yeongdeungpo Times Square in July. Playtime, a children's indoor playground brand, is strengthening in-store content to offer indoor rock climbing, game and sports experience facilities and continues to open mainly in outlets and shopping malls. These experiential brands are expected to contribute to an increase in shopping mall sales, serving as an anchor tenant to attract higher footfalls.

SIGNIFICANT LEASING TRANSACTIONS(2Q)

PROPERTY	LOCATION	TENANT	SQ M
-	Gwanghwamun	JUUL Flagship Store	79
Nam Young Building	Gangnam	VANS	1,683
Pagoda Building	Gangnam	MUJI Flagship Store	1,954
Gangnam N Tower	Gangnam	Allavo	63
Center1	Euljiro	Coffee@Works	264
-	Myeong-dong	Swatch	99

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	LOCATION	SQ M	COMPLETION DATE
Lotte Mall	Yongin(Seongbok)	150,000	2019.8
Shinsegae Simon premium Outlet	Uijeongbu	82,116	2019
Hongdae Donggyodong Complex	Seoul	17,086	2019.9
Shinsegae complex	Songdo	59,000	2020
Parc 1 Hyundai department store	Yeouido	89,100	2020
Eland Mall	Songdo	19,587	2020
Time Square	Songdo		2020.9
Shinsegae starfield	Anseong		2020
Hongdae CGV Complex	Seoul	3,298	2021

A Cushman & Wakefield
Research Publication

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

www.cushmanwakefield.com