

	YoY Chg	12-Mo. Forecast
<b>4.0%</b> Cap Rate	▼	▼
<b>2.0 trillion</b> Total Volume (KRW)	▼	▲
<b>23</b> Total Properties Sold	▲	▲
<b>281,156 sqm</b> Total SQM (Excluding MF)	▼	▲
<b>2.51 million</b> Capital Value(Py)	▲	▲

(All Property Classes)  
MF = Multifamily

#### ECONOMIC INDICATORS Q4 2019

	YoY Chg	12-Mo. Forecast
<b>5.3M</b> Seoul Employment	▲	▲
<b>5.8%</b> Seoul Unemployment Rate	▲	▲
<b>4.5%</b> South Korea Unemployment Rate	▲	▲
<b>1.395%</b> South Korea 10-Yr Treasury Yield	▼	▼

Source: KOSIS, KOFIA

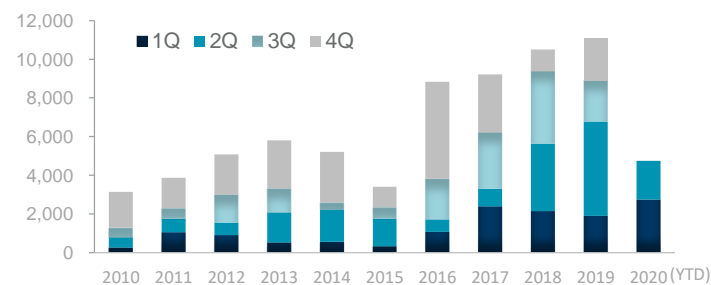
### Office Investment Market Holds Firm in Face of COVID-19 Outbreak

Total office property transactions in Seoul and Bundang reached KRW2.0 trillion in Q2, with 23 deals. For 1H 2020 transaction volume was KRW4.7 trillion. The 1H total is down 20% from 1H 2019, which was a record high, but is still very active in the context of the impact of COVID-19. A notable deal was the sale of Young City, in Yeongdeungpo, to a consortium of SK D&D and NH Investment & Securities for KRW545.8 billion. Eighteen potential investors participated in the bidding, closing at KRW18.2 million per pyeong, above market expectations. The seller, British private equity fund operator Actis, made a pre-tax profit of nearly KRW280 billion. Other deals included the sale of 34% of Glass Tower for KRW134 billion, and SEI Tower for KRW273 billion, both in GBD, to Pacific Asset Management, which had attracted Umi Construction as an SI.

Following the change in insurance companies' accounting standards, which are scheduled to begin in 2022, sales of real estate assets by insurance companies in recent periods are revealing a trend. Samsung Life Insurance's Yeouido Building was sold at a YBD record high Q1, while the Hyundai Marine & Fire Insurance Gangnam office and the Shinhan L Tower in Euljiro are also under transaction above market expectations. Office property transactions aimed at reconstruction, expansion and renovation were also active in 1H, reflecting development strategies towards maximizing profitability. Examples are the 24,515 m<sup>2</sup> Woodeok Building in GBD, to be developed as an officetel, and the 75,252m<sup>2</sup> Namsan Square Building, acquired in Q1 and planned to be developed as a high-end residential facility in partnership with real estate developer SK D&D.

The COVID-19 outbreak had limited direct impact on the office investment market in 1H, but the pandemic has had the effect of focusing market liquidity in the market further onto office properties. In particular, investors' preference for core assets with high-quality tenants, location advantages and superior specifications is growing day by day. The drivers of this trend appear to be low profit expectations for retail property assets, such as hotels, movie theaters and hyper markets; combined with an environment where COVID-19-driven uncertainty in financial markets has concentrated investment into the real estate market. Under these circumstances, competition for core deals has intensified. The Hyundai Marine & Fire Insurance Gangnam office and CJ Center, both currently in the market, are likely to be closed at prices exceeding market expectations. We can expect transaction prices for core assets to continue to rise in an environment of continued interest rate cuts, ample liquidity, and competition among investors.

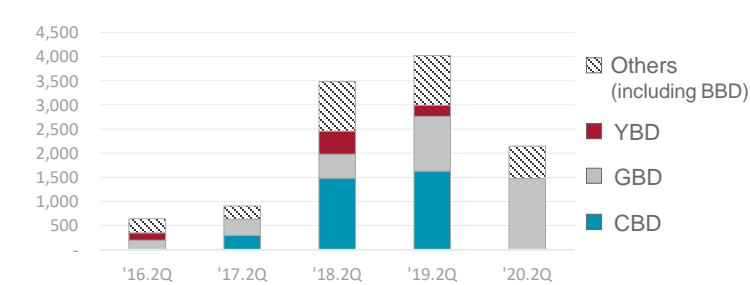
#### TOTAL OFFICE INVESTMENT VOLUME(YOY)



\*100억 이상 오피스빌딩 거래 기준

Source: Cushman&Wakefield Korea Research

#### OFFICE INVESTMENT VOLUME BY SUBMARKET



# MARKETBEAT SEOUL

Office Investment Q2 2020



## 2Q INVESTMENT ACTIVITY

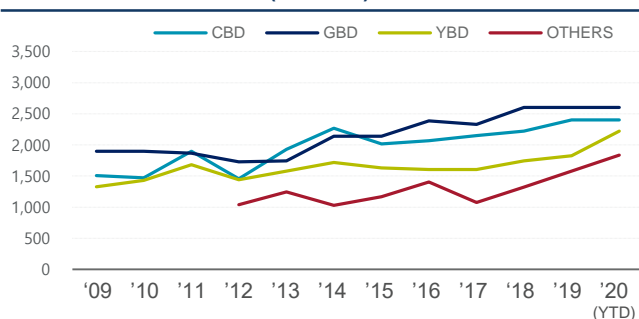
SUBMARKET	PROPERTIES SOLD	SALES VOLUME (Mn. KRW)	TOTAL SOLD	PRICE/SQM, UNIT	CAP RATE(A GRADE)
CBD	-	-	-	-	-
GBD	17	1,325.8	169,512 SQM	8,073,108	3.9%
YBD	-	-	-	-	-
OTHERS	6	669.4	111,644 SQM	5,586,394	4.0%
<b>TOTAL</b>	<b>23</b>	<b>1,995.2</b>	<b>281,156 SQM</b>	<b>7,599,448</b>	<b>4.0%</b>

## 2Q SIGNIFICANT SALES

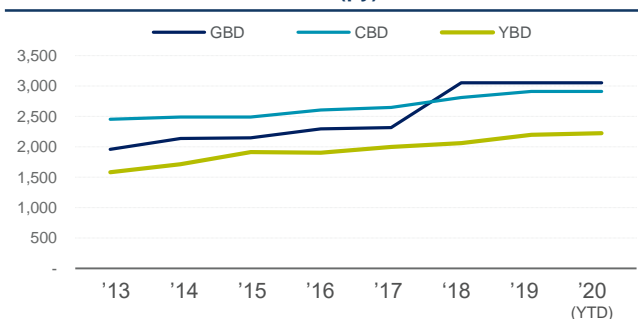
PROPERTY NAME	SUBMARKET	BUYER	SELLER	TOTAL SQM/UNITS	PURCHASE PRICE(Mn.KRW)	PRICE/UNIT (₩ PSQM)
Young City	Others	SK D&D/NH Securities	Actis	99,140	545.8	5,505,346
Glass Tower	GBD	Pacific AMC	Koramco AMC	60,327	134.0	7,404,092
SEI Tower	GBD(Fringe)	Pacific AMC	Koramco AMC	39,648	271.5	6,847,760
Hite Jinro Seocho Building	GBD	KB AMC	Yookyung PSG AMC	27,720	228.0	8,225,108
Wooduck Building	GBD	Gangnam 832 PFV	IGIS AMC	24,514	181.0	7,383,423
Chamzone Daechi Building	GBD	NH Nonghyup REITs	Koramco AMC	11,391	78.0	6,847,511

Sources: Real Capital Analytics, Cushman & Wakefield Research Closed transactions over \$10 million

## CAPITAL VALUE TREND (A Grade)



## THE HIGHEST PRICE PER UNIT(py) BY SUBMARKET



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