

	YoY Chg	12-Mo. Forecast
3.9% Cap Rate	▼	▼
4.8 Tn Total Volume (KRW)	▲	▼
32 Total Properties Sold	▲	▲
661,968sqm Total SQM (Excluding MF)	▲	▼
7.2 Mn Capital Value(sqm)	▲	▲

(All Property Classes)
MF = Multifamily

ECONOMIC INDICATORS Q2 2020

	YoY Chg	12-Mo. Forecast
5.3M Seoul Employment	▲	▲
3.3% Seoul Unemployment Rate	▼	▲
3.1% South Korea Unemployment Rate	▲	▲
1.500% South Korea 10-Yr Treasury Yield	▼	▼

Source: KOSIS, KOFIA

Transaction Volume Reaches Near-Record KRW4.8 Trillion in Q3

Total office property transactions in Seoul and Bundang reached approximately KRW4.8 trillion in Q3, with 32 deals. Year-to-date transaction volume stood at KRW9.8 trillion, similar to the record high volume of the same period in 2019. In the wake of the COVID-19 outbreak, investors have continued to be attracted to office property assets for their relative stability, and the market continued to be active, with two large pre-sale (SG Tower, Centerpoint Donuimun) and building sale transactions completed to strengthen corporate finances.

The CBD submarket led office investment activity in Q3, claiming the largest quarterly transaction volume at around KRW3.8 trillion. Major property transactions included the two major pre-sales, along with deals at Pine Avenue A, Shinhan L Tower, CJ Cheil Jedang Center, Doosan Tower, the Hyundai Marine & Fire Insurance Office building, and Twin City Namsan.

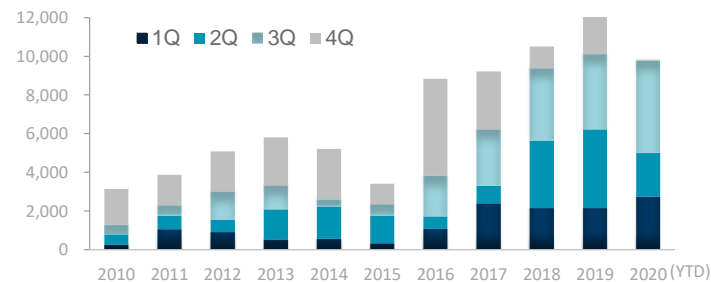
Grade A Office SqM Transaction Prices Rise Sharply, CBD and GBD Set Record Highs

CBD and GBD submarkets maintained record high per sqm transaction prices in Q3. Overall average transaction prices per sqm for Grade A office properties in the city's major districts for the year-to-date stood at KRW8.5 million, up 18.5% from last year, marking the sharpest ever increase.

In CBD submarket, Shinhan L Tower was sold to Shinhan REITs Management for KRW9.1 million per sqm, exceeding the previous highest transaction of KRW8.8 million set by State Tower Namsan. In GBD, the Hyundai Marine & Fire Insurance Office building was acquired by KOREIT, breaking the previous transaction record at KRW10.3 million per sqm. The deal has further widened the gap at the top in CBD, following the dawn of the KRW10 million per sqm era for a single office building transaction with the Samsung C&T Seocho office property in 2018. YBD submarket is also likely to maintain its price point upper level, with a deal underway for the KTB Building expected to close by the end of the year and exceeding KRW7.0 million per sqm.

The spike in transaction prices is chiefly due to an inflow of capital into the domestic core office market, in an environment of high liquidity and continued low interest rates. Overseas investment activity has been curtailed by the COVID-19 pandemic, which likewise has seen investors turn away from domestic retail assets such as hyper-markets and hotels. And amid the continuing boom in the market, core office buildings deemed to be suitable for sale for capital gains are coming to the market one after another, intensifying competition among investors.

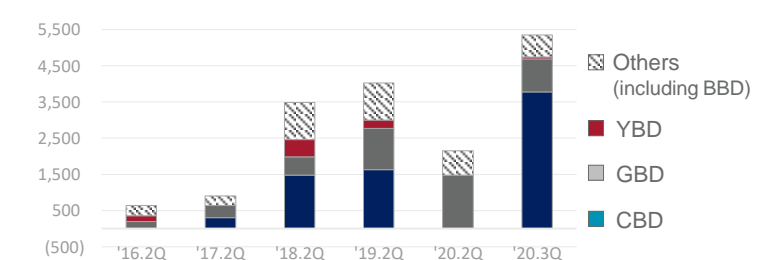
TOTAL OFFICE INVESTMENT VOLUME(YOY)



* Based on Over 10Tn KRW Transactions

Source: Cushman&Wakefield Korea Research

OFFICE INVESTMENT VOLUME BY SUBMARKET



3Q INVESTMENT ACTIVITY

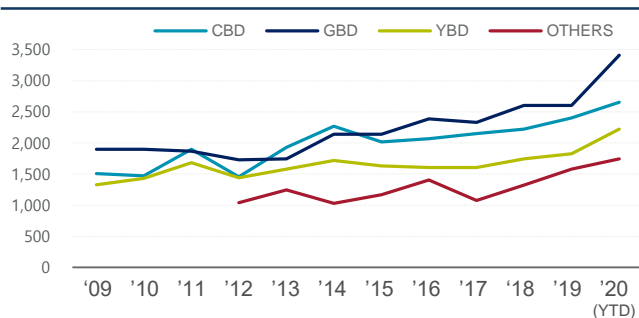
SUBMARKET	PROPERTIES SOLD	SALES VOLUME (bn. KRW)	TOTAL SOLD	PRICE/SQM, UNIT	CAP RATE(A GRADE)
CBD	6	3,198	422,369 SQM	7,641,966	-
GBD	16	924	111,584 SQM	8,367,359	-
YBD	1	48	8,835 SQM	5,432,947	-
OTHERS	9	608	119,181 SQM	4,925,335	-
TOTAL	32	4,777	661,968 SQM	7,171,578	-

3Q SIGNIFICANT SALES

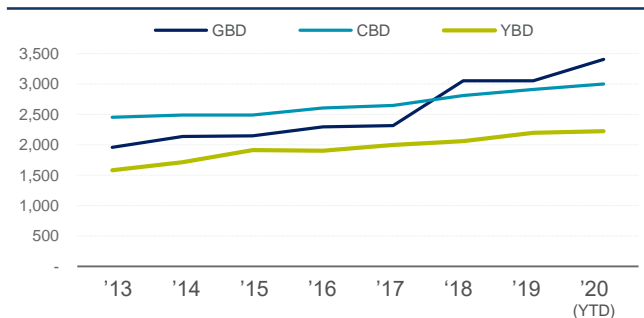
PROPERTY NAME	SUBMARKET	BUYER	SELLER	TOTAL SQM/UNITS	PURCHASE PRICE(Mn.KRW)	PRICE/UNIT (₩ PSQM)
SG Tower	CBD	Pinetree AMC	PTSG PFV	125,370	939.3	7,492,496
Centerpoint Donuimun	CBD	Mastern AMC	Gate tower AMC	86,222	656.3	7,611,746
CJ Cheil Jedang Center	CBD(Fringe)	IGIS AMC	Mirae Asset Mngt.	80,401	580.0	7,213,841
Hyundai Marine&Fire Bldg.	GBD	KOREIT	Hyundai Indurance	34,984	360.5	10,304,814
Shinhan L Tower	CBD	Shinhan REITs Mngt.	Mirae Asset Mngt.	30,832	279.8	9,075,441
Twincity Namsan Office	Others	Shinhan REITs Mngt.	KB Asset Mngt.	37,555	238.6	6,353,365
D'cube City Office	Others	Keppel AMC	JR Investment Mngt.	42,388	178.0	4,199,302

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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