

	YoY Chg	12-Mo. Forecast
3.8% Cap Rate	▼	▼
3.7 Tn Total Volume (KRW)	▼	▲
19 Total Properties Sold	▲	▲
609,981sqm Total SQM (Excluding MF)	▼	—
8.1 Bn Capital Value(sqm)	▲	▲

(All Property Classes)
MF = Multifamily

ECONOMIC INDICATORS Q4 2020

	YoY Chg	12-Mo. Forecast
5.3M Seoul Employment	▲	▼
4.2% Seoul Unemployment Rate	▲	▲
3.4% South Korea Unemployment Rate	▲	▲
1.602% South Korea 10-Yr Treasury Yield	▼	▲

Source: KOSIS, KOFIA

Full-Year Office Transaction Volume Reaches Record High KRW13.4 Trillion

Office building transactions in Seoul and Bundang totaled KRW3.7 trillion in Q4 2020, taking full-year transaction volume to a record high KRW13.4 trillion, exceeding the KRW12.3 trillion of 2019. Total office transaction volumes have now exceeded KRW10 trillion for three consecutive years. By submarket, CBD took the lion's share with 32.2% of total volume, followed by GBD at 28.6%, Other at 18.0% and YBD with 14.5%. The boom in office transactions has been driven by the growing preference for relatively stable to commercial real estate assets, against the backdrop of the COVID-19 crisis, ample liquidity, and long-term low interest rates. The blow to the real economy from COVID-19 has raised concerns over the profitability of assets more closely related to the consumer economy, such as hyper markets, hotels and cinemas, in turn intensifying competition for core office assets offering relatively stable profits. In this environment, the transaction price per unit (py) of Seoul's three major office districts rose about 8.6% from last year to reach KRW25.69 million/py, with the highest transaction price per unit (py) maintained in all areas.

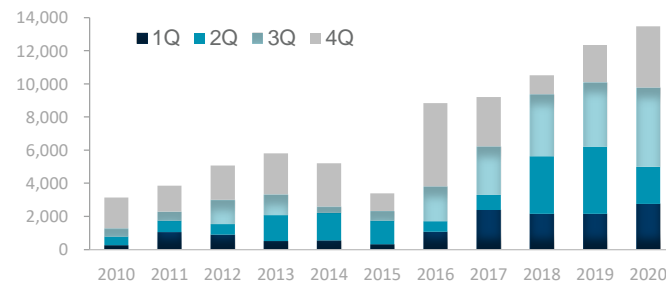
Core Office Assets Dominate in the COVID-19 Period

Twenty-one major office transactions at 10,000 py or more were recorded in 2020, the highest number of the past five years. Transaction activity was boosted by profit-taking, pre-completion sales and corporate financial restructuring, enabled by rising property asset values. The new Parc One Tower 2 office building in YBD recorded the year's highest transaction value at approximately KRW1.0 trillion, while the Grand Central and D-Tower Donuimun properties were sold to Pinetree AMC and Mastern Investment for KRW93.3 and KRW65.5 billion, respectively. Other major CBD office sales at over KRW500 billion included the Namsan Square Building, CJ Cheil Jedang Center and Pine Avenue A properties.

GBD Transaction Volume Sets New High

The office investment market was particularly active in GBD submarket through 2020, with total transaction volume reaching a record high of KRW3.8 trillion. Although the number of transactions was close to that in 2019, asset values have risen significantly. The compound annual growth rate in transaction amount per unit (py) in GBD has risen 7.6% annually, compared to approximately 5.6% in the CBD and YBD districts. Grade A office vacancy rates in GBD have also been stable in recent years, at less than 5%, indicating a landlords' market. Coupled with sustained leasing demand and location prestige, GBD capital values have continued to rise. A notable example was the sale of the Hyundai Marine & Fire Insurance Office building in Q3 at KRW034.07 million /py, setting a record high both for GBD and the overall Seoul office investment market.

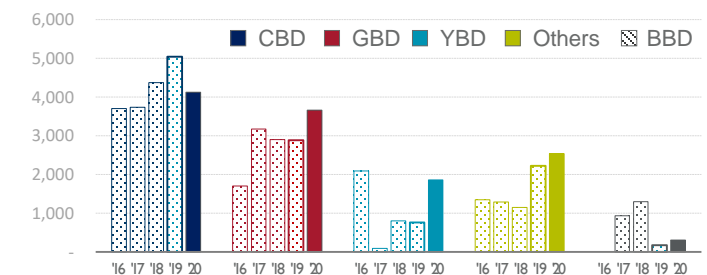
TOTAL OFFICE INVESTMENT VOLUME(YOY)



*100억 이상 오피스빌딩 거래 기준

Source: Cushman&Wakefield Korea Research

OFFICE INVESTMENT VOLUME BY SUBMARKET



2020 INVESTMENT ACTIVITY

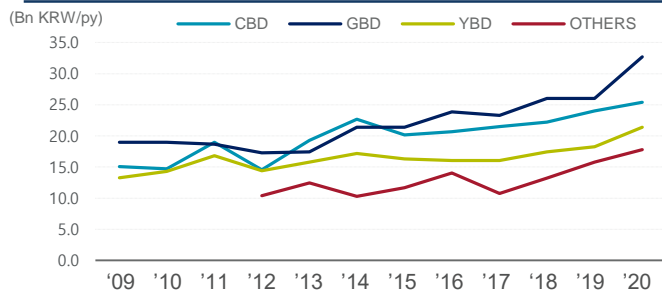
SUBMARKET	PROPERTIES SOLD	SALES VOLUME (bn. KRW)	TOTAL SOLD	PRICE/SQM, UNIT	CAP RATE(A GRADE)
CBD	12	4,305	575,255 SQM	7,452,582	3.8%
GBD	36	3,828	272,726 SQM	8,758,773	3.6%
YBD	5	1,936	306,905 SQM	6,290,074	3.8%
OTHERS	18	2,413	305,201 SQM	5,720,651	4.1%
BBD/Pangyo	7	898	285,426 SQM	3,469,543	4.5%
TOTAL	78	13,380	1,745,513 SQM	7,363,436	3.8%

2020 SIGNIFICANT SALES

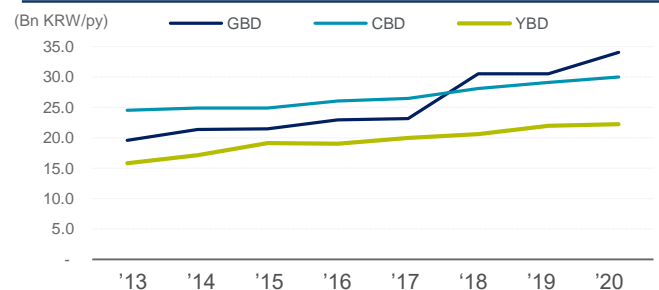
PROPERTY NAME	SUBMARKET	BUYER	SELLER	TOTAL SQM/UNITS	PURCHASE PRICE(Mn.KRW)	PRICE/UNIT (₩ PSQM)
Parc1 (Tower2)	YBD	NH Invest&Securities	Y22 PFV	167,302	1,019.5	6,093,761
Pine Avenue A	CBD	Shinhan Card	SOFAZ	65,744	521.5	7,932,283
Grand Central	CBD	Pinetree AMC	PTSG PFV	125,370	939.3	7,492,496
D-Tower Donuimun	CBD	Mastern AMC	Gateway AMC	86,222	656.3	7,611,746
CJ cheil Jedang Center	CBD(Fringe)	IGIS AMC	Mirae Asset AMC	80,401	580.0	7,213,841
Namsan Square Bldg.	CBD	IGIS AMC	Koreit Investment	75,252	500.0	6,644,342

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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