

0.7 %

Rental Growth



7.3%

Vacancy Rate



- 0.8%

Absorption, QoQ



Source: Cushman & Wakefield

S. KOREA ECONOMIC INDICATORS Q3 2021

0.8%

GDP Growth



2.6%

CPI Growth



2.8%

Unemployment



Source: KOSIS, BANK OF KOREA

Economic Overview

The domestic economy continued to recover from the prolonged COVID-19 pandemic in Q3, bolstered by stronger exports and an accelerated vaccination program. The IMF downgraded its 2021 economic growth forecast for advanced countries in its October *World Economic Outlook*, but maintained its previous forecast for Korea at 4.3%. Exports are expected to lead the overall growth trend in the second half of 2021, and facility investment should remain solid in the wake of increased trade and strong IT demand. The inflation rate recorded a quarterly high of 2.6% in Q3, the highest in nine years, while the consumer price index has continued to rise at the 2% level for six consecutive months.

Overall Vacancy Falls on Limited New Supply

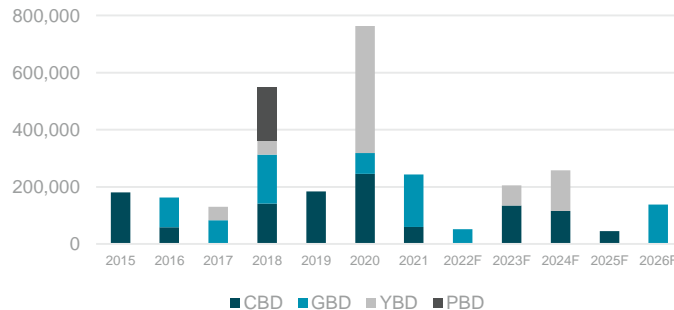
Overall Grade A office vacancy fell to 7.3% in Q3, down 0.7 percentage points q-o-q, with expanded demand in the GBD submarket met by limited new supply entering the market. Office leasing demand is on the rise, supported by booming IT firms and the economic recovery from the pandemic, but scheduled supply for the next three years is insufficient. Consequently, we expect overall vacancy to continue trending down.

The vacancy rate in CBD submarket rose 0.8 percentage points q-o-q to record 9.9%. The K Square City project, at 41,677 sqm, re-entered the market following remodeling, but pre-leasing by Woongjin Group limited the impact on vacancy. Notable transactions included a new branch of Sparkplus at D Tower Gwanghwamun and the relocation of SK Tmap Mobility to Daishin Financial Tower.

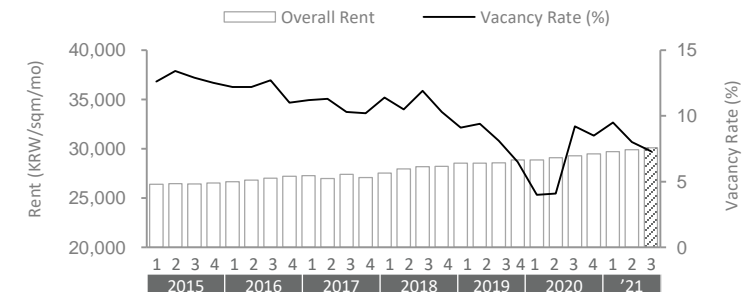
In the GBD, the average vacancy rate fell 3.0 percentage points q-o-q to record a citywide low of 1.6%. Vacancy has been compressed due to continued high demand from the IT industry and startups. The Center Field project, completed earlier this year, quickly filled its vacancy as Npixel and Fast Campus signed large-scale leases. In addition, The Pinnacle Yeoksam, which was remodeled in 2020, was filled by Line Games as they moved into 14 floors. GBD vacancy is expected to remain trending low as leasing demand continues in the absence of substantial new supply.

At YBD submarket, vacancy fell 1.5 percentage points q-o-q to 10.4%, with continued leasing activity at prime buildings. Large vacancies were taken up, including the signing by Sparkplus to open their new branch in Parc1 Tower 1. Vacancy in YBD continues to decline as long-term vacancies at IFC and FKI Towers are occupied and the Parc1 project is steadily leased out.

NEW SUPPLY



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS (A GRADE BUILDING)

SUBMARKET	INVENTORY (SQM)	DIRECT VACANT (SQM)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION(SQM)	YTD OVERALL NET ABSORPTION (SQM)	UNDER CNSTR (SQM)	OVERALL AVG ASKING RENT (KRW)*
CBD	3,329,939	329,379	9.9%	12,342	37,077	516,298	33,677
GBD	3,303,339	51,815	1.6%	89,133	252,010	662,308	29,716
YBD	1,765,105	182,723	10.4%	27,324	164,321	362,293	26,887
SEOUL TOTALS	8,398,383	563,917	7.3%	128,799	453,408	1,540,899	30,093
Pangyo	600,526	0	0.0%	-	-	-	18,128

*Rental rates do not reflect full service asking

KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
K Square City	CBD	Kyobo Life Insurance	1,867.38	Relocation
D Tower Gwanghwamun	CBD	Sparkplus	2,300.00	New Leasing
D Tower Gwanghwamun	CBD	Pebblestone Asset Management	1,121.50	Relocation
DAISHIN Finance Center	CBD	SK Tmap Mobility	6,277.92	Relocation
Center Field	GBD	NPIXEL	11,082.84	Relocation
Center Field	GBD	Fastcampus	7,388.56	Relocation
The Pinnacle Yeoksam	GBD	LINE Games	66,996.20	Relocation
Luchen Tower	GBD	NX3 Games	3,964.11	Relocation
Parc.1 Tower 1	YBD	Sparkplus	6,837.78	New Leasing

YJ Choi

Head of Tenant Advisory Group, Seoul
+82 2 3708 8845 / yj.choi@ap.cushwake.com

Ray Kim

Head of Leasing Marketing Advisory, Seoul
+82 10 6201 2954 / ray.kim@cushwake.com

Hena Park

Head of Business Development Services, Seoul
+82 2 3708 8883 / hena.park@ap.cushwake.com

Jin So

Research Analyst, Seoul
+82 10 9186 1816 / jin.so@cushwake.com

cushmanwakefield.com**About Cushman & Wakefield**

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 50,000 employees in over 400 offices and 60 countries. In 2020, the firm had revenue of \$7.8 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](https://twitter.com/CushWake) on Twitter.

©2021 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.