

25.8%
Vacancy Rate

YoY Chg 12-Mo. Forecast



10.0%
Retail Sales Growth



103.9
Consumer Composite Sentiment Index (CCSI)



Source: Korean Statistical Information Service, Cushman & Wakefield Research

S. KOREA ECONOMIC INDICATORS Q4 2021

0.3%
GDP Growth

YoY Chg

12-Mo. Forecast



3.7%
CPI Growth



3.5%
Unemployment



Source: Korean Statistical Information Service, Bank Of Korea

Economic Overview

The Composite Consumer Sentiment Index (CCSI) fell for the first time in three months in Q4 to record 103.9, following steady growth since September. Confidence has been dampened with declining consumption due to COVID-19 prevention measures and rising inflation. The Consumer Price Index (CPI) increased by 3.7 pp, continuing to climb for the third consecutive month. The upward trend has continued with the rise of raw material prices and recovery in demand.

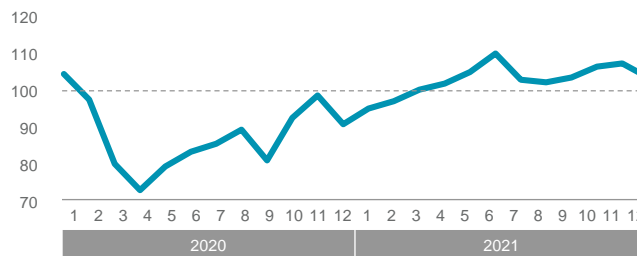
Cheongdam Revival as Luxury Brands Return With Flagship Stores

Cheongdam-dong, the “Mecca of luxury brands,” has long been the premier high-end commercial district in Korea. Cheongdam Fashion Street is lined with flagship stores from global luxury brands, fine-dining restaurants, upscale wedding shops, and multi-brand stores. Despite Cheongdam’s high spending power, it suffered a downturn 3-4 years ago as brands withdrew in the face of a long-term recession and changes in the distribution structure. However, brands have recently returned to launch new stores in Cheongdam, announcing the revival of the market.

Despite the rising vacancy rate in the major high streets in the aftermath of the pandemic, vacancy in Cheongdam has been steadily taken up. In Q4, the vacancy rate of the six major markets in Seoul rose 10.8 pp on average y-o-y, while Cheongdam fell 1.9 pp. In 2021, luxury brands such as Saint Laurent, Dolce & Gabbana, Titleist, and Smeg opened stores on Cheongdam Fashion Street. Van Cliff & Appel and Fendi are set to open their flagship stores in 2022.

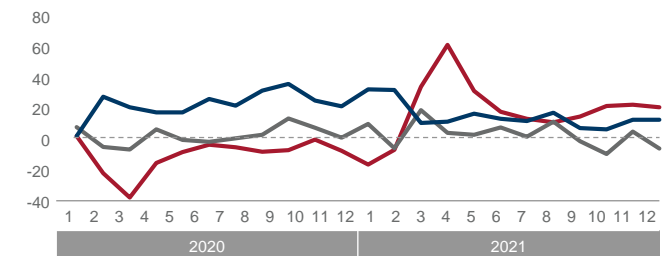
The background to the revitalization of Cheongdam is the recent rapid growth of the Korean luxury market. Data from the Ministry of Trade, Industry, and Energy reveals that sales of luxury goods at department stores jumped 32.9 pp y-o-y as of November. At the same time, Cheongdam has shown remarkable growth, with luxury goods-related sales surging by 37 pp in 2020 and 36 pp in 2021 (January-November). Cheongdam is drawing more attention as the growth of the luxury market is prompting more brands to open flagship stores. Luxury brands are willing to open a flagship store at a higher cost compared to a department store as it allows them to maximize their brand identity. Cheongdam district is still considered the most suitable area for flagship stores. Basking in its renaissance, Cheongdam is expected to be the renewed center of attention for the high-end retail sector for the immediate future.

Consumer Composite Sentiment Index (CCSI)



Source: Korean Statistical Information Service

Rate Change of Sales by Offline and Online YOY



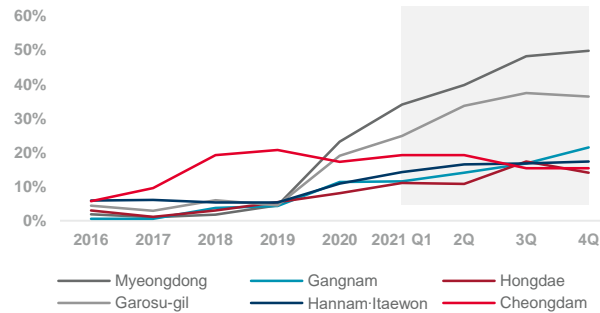
Source: Korean Statistical Information Service

MARKET VACANCY STATISTICS

MARKET	Q4 2021 VACANCY RATE	Q3 2021 VACANCY RATE	% POINT CHANGE QOQ	Q4 2020 VACANCY RATE	% POINT CHANGE YOY
Myeongdong	49.9%	48.3%	1.6%	23.0%	26.7%
Gangnam	21.5%	16.9%	4.6%	11.4%	10.1%
Hongdae	14.1%	17.4%	-3.3%	8.1%	5.9%
Garosu-gil	36.4%	37.5%	-1.1%	19.1%	17.3%
Hannam-Itaewon	17.4%	16.8%	0.6%	11.0%	6.4%
Cheongdam	15.4%	15.4%	0.0%	17.3%	-1.9%
TOTALS	25.8%	25.4%	0.4%	15.0%	10.8%

Source: Cushman & Wakefield Research

OVERALL VACANCY RATE



KEY LEASE TRANSACTIONS / NEW RETAIL FLAGSHIPS Q4 2021

PROPERTY TYPE	MARKET	TENANT	SQM	CATEGORY
High-street	Cheongdam	Fendi	1,150	Fashion
High-street	Myeongdong	Eider	782	Sports
High-street	Hongdae	Nike	2,000	Sports
High-street	Hannam-Itaewon	Polestar	753	Automobile
High-street	Hannam-Itaewon	Valentino Beauty	165	Pop-up Store
Shopping Mall	Pangyo	Mongjungheon (Techone Tower)	790	F&B
Shopping Mall	Goyang-si	OUR Bakery (Fiska by Lafiano)	400	F&B
Shopping Mall	Mok-dong	Brooklyn the Burger Joint (Trapalace)	267	F&B

Source: Cushman & Wakefield Research

KEY PROJECTS UNDER CONSTRUCTION / RECENTLY COMPLETED

PROPERTY	LOCATION	SQM	COMPLETION DATE
Hongdae LC Tower	Seoul	3,298	2021.05
Lotte Department Store Dongtan	Dongtan	246,000	2021.08
Lotte Premium Outlet Time Villas	Uiwang	175,200	2021.09
AK Plaza Gwangmyeong	Gwangmyeong	46,305	2021.10
Pangyo Techone Tower	Pangyo	16,108	2021.10
Time Stream Sillim	Seoul	38,000	2021.11
AK Plaza Geumjeong	Gunpo	-	2022
Time Central Dongtan	Dongtan	-	2022

Source: Cushman & Wakefield Research

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