

**0.7 %**

Rental Growth, QoQ

YoY Chg



12-Mo. Forecast



**3.5 %**

Vacancy Rate



**174,794 sqm**

Net Absorption



Source: Cushman & Wakefield Research

## S. KOREA ECONOMIC INDICATORS Q1 2022

**1.2 %**

GDP Growth

YoY Chg



12-Mo. Forecast



**4.1 %**

CPI Growth



**3.0 %**

Unemployment



Source: Korean Statistical Information Service, Bank Of Korea

## Economic Overview

According to the Bank of Korea's February economic forecast report, economic growth is predicted to achieve 3.0% in 2022. Despite increasing uncertainties, the domestic economy is expected to maintain robust growth, thanks to the resumption of global economic activities and the easing of pandemic restrictions. The consumer price inflation rate recorded 4.1% in March. As inflationary pressures are on the rise with increases in energy and raw material prices and global supply disruptions, the consumer price inflation rate is expected to significantly exceed last year's level.

## Overall Grade A Vacancy Falls to Decade-Low Level

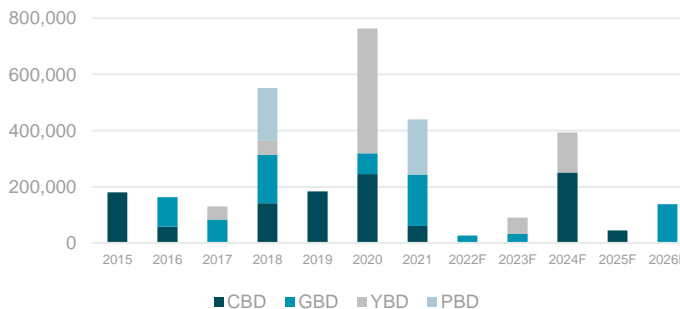
Overall Grade A office vacancy fell to 3.5% in Q1, down 1.7 pp from the previous quarter. Due to the insufficient scheduled supply and recent expansion in leasing demand, the vacancy rate fell below the natural vacancy rate to record the lowest in the past decade. The market is becoming increasingly unfavorable to tenants, with declining available leasable area and limited future new supply. In particular, availability in GBD district is extremely tight, and hence the landlord-favorable market environment is expected to continue in the immediate period.

The vacancy rates in all Seoul key office submarkets fell in Q1. Vacancy in the CBD submarket dropped 2.1 pp q-o-q to record 6.4%. As Hyundai Capital signed an 11-story lease contract with Grand Central, large vacancies were resolved, and most of the remaining vacancy was taken up with lease agreements from Korea Inclusive Finance Agency and Posco International. The CBD experienced active take-up in the quarter, with transactions including Toyota Motor Korea's move-in to Center One West, SK's affiliates to Jongno Tower, and Celine Korea to K-Square City.

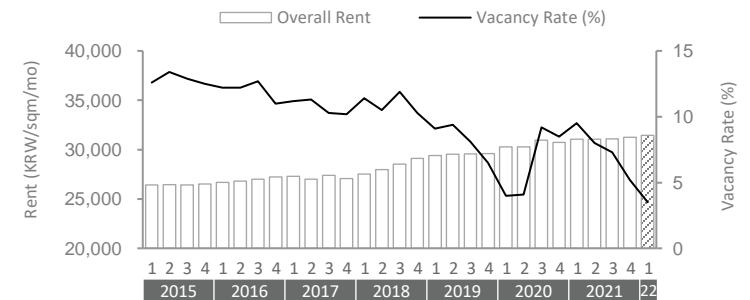
The vacancy rate in the GBD submarket fell a further 0.2 pp to 0.4%. Notable transactions included Netmarble F&C to Posco Tower Yeoksam and SSG and Moloco to Center Field. The new K-Square Gangnam II project (GFA 21,931 sqm) launched this quarter, with Lunit and other IT firms taking substantial space to offset a potential rise in the submarket's vacancy. Competition among tenants to secure space in GBD is fierce due to the unprecedented low vacancy rate, and effective rents are rising as benefits such as rent-free periods are withdrawn.

YBD submarket's vacancy rate fell 4.2 pp q-o-q to record 3.1%. The vacancy rate has fallen significantly as large vacancies have been taken up following the signing of contracts for Parc.1 Tower 1 and Tower 2 (NH Financial Tower). Notably, non-financial companies continue to flow into YBD, including HMM to Parc.1 Tower 1 and SK Signet to Parc.1 Tower 2.

## NEW SUPPLY



## OVERALL VACANCY & ASKING RENT



## MARKET STATISTICS (A GRADE BUILDING)

SUBMARKET	INVENTORY (SQM)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION(SQM)	YTD OVERALL NET ABSORPTION (SQM)	UNDER CNSTR (SQM)	OVERALL AVG ASKING RENT (KRW)*
CBD	4,301,942	6.4	86,176	86,176	502,878	33,963
GBD	3,714,704	0.4	11,984	11,984	610,025	30,457
YBD	1,853,446	3.1	76,634	76,634	362,293	27,378
<b>SEOUL TOTALS</b>	<b>9,870,092</b>	<b>3.5</b>	<b>174,794</b>	<b>174,794</b>	<b>1,475,195</b>	<b>31,458</b>
Pangyo	797,664	0.0	0	0	-	18,886

\*Rental rates do not reflect full service asking

## KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
Grand Central	CBD	Hyundai Capital	22,671	Relocation
Grand Central	CBD	Korea Inclusive Finance Agency	10,305	Relocation
Grand Central	CBD	Posco International	6,289	Relocation
Center One	CBD	Toyota Motor Korea	2,390	Relocation
K-square City	CBD	Celine Korea	2,300	Relocation
Posco Tower Yeoksam	GBD	Netmarble F&C	3,500	Relocation
Center Field	GBD	Moloco	7,500	Relocation
Arc Place	GBD	Viva Republica	5,768	Expansion
Parc.1 Tower 1	YBD	HMM	34,160	Relocation
Parc.1 Tower 2 (NH Financial Tower)	YBD	SK Signet	3,130	Relocation
Parc.1 Tower 2 (NH Financial Tower)	YBD	Leading Investment & Securities	6,399	Relocation

Source: Cushman & Wakefield Research

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