

**2.2 %**  
Rental Growth, QoQ



**3.0 %**  
Vacancy Rate



**56,755 sqm**  
Net Absorption



Source: Cushman & Wakefield Research

## S. KOREA ECONOMIC INDICATORS Q2 2022

**3.1 %**  
GDP Growth



**6.0 %**  
CPI Growth



**3.0 %**  
Unemployment



Source: Korean Statistical Information Service, Bank Of Korea

## Economic Overview

According to the Bank of Korea's May economic forecast report, economic growth is predicted to achieve 2.7% in 2022, down 0.3% from the original February forecast. The domestic economy has positive support factors from the government's revised supplementary budget and easing of COVID-19 measures. However, the economic growth forecast has been lowered due to negative external factors such as the Ukraine crisis, acceleration of interest rate hikes in major economies, and regional tensions. The consumer price inflation rate in June 2022 was at 6%, the highest since the 1998 financial crisis. Consumer price growth is expected to climb higher than the current rate due to rising international oil and raw material prices and international grain prices due to the conflict in Ukraine.

## Overall Grade A Vacancy Falls to New Low

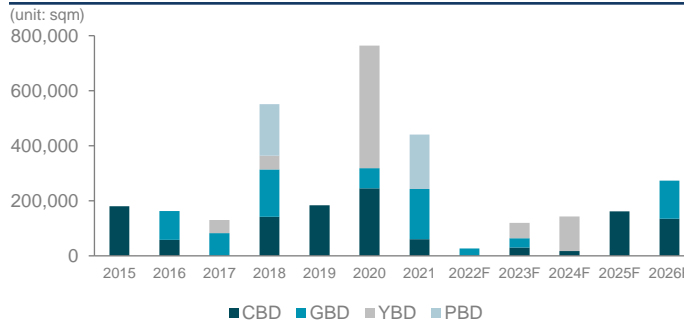
Overall Grade A office vacancy fell to 3.0% in Q2, down 0.5 pp from the previous quarter. Continued scarce office supply, coupled with strong leasing demand, prompted falls in previously relatively higher vacancy rates in the YBD and CBD submarkets. The overall office rent increase in Q2 was 2.2%, the highest growth in 10 years. Rents and maintenance fees are expected to continue to rise due to inflation and interest rates.

Vacancy in the CBD submarket dropped 1.2 pp q-o-q to a low of 5.2%. CJ Logistics' lease contract with Tower 8 resolved the vacancy from the KB Kookmin Bank call center. The CBD experienced active take-up in the quarter, with noted transactions including KT IS to K-Square City, and BAT Rothmans' move in at Center One West.

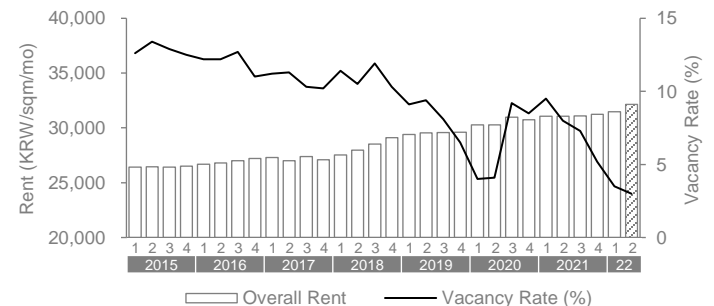
The vacancy rate in the GBD submarket rose slightly as some vacant spaces were still scheduled to be signed. Some firms relocated out of GBD upon lease contract expiry. However, the vacancy rate is expected to fall in Q3, with many potential tenants. Notable transactions included Class101 to Wework Tower, and Dealicious to Icon Yeoksam, and CLO Virtual Fashion to Gangnam Finance Center.

YBD submarket's vacancy rate fell 1.6 pp q-o-q to a record 1.5%. The vacancy rate has fallen as large vacancies have been taken up following signing contracts at Parc.1 Tower 1, Tower 2 (NH Financial Tower), and KT Yeouido Tower. YBD once recorded a vacancy rate of more than 20% with the completion of Parc 1. But at around a 1% vacancy rate, the area has now recorded the fastest decline in vacancy in two years among all submarkets. Notably, non-financial companies continue to flow into YBD, including I Hate Flying Bugs (Mildang English) to Parc.1 Tower 1, and Magnachip and Okestro 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	5.2	54,575	60,583	525,909	34,053
GBD	3,714,704	1.1	-26,378	-22,158	622,638	31,806
YBD	1,853,446	1.5	28,558	100,575	362,293	27,743
<b>SEOUL TOTALS</b>	<b>9,870,092</b>	<b>3.0</b>	<b>56,755</b>	<b>139,000</b>	<b>1,510,840</b>	<b>32,139</b>
Pangyo	797,664	0.0	0	0	-	19,617

\*Rental rates do not reflect full service asking

## KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
Tower 8	CBD	CJ Logistics	17,739	Relocation
K-square City	CBD	KT IS	7,141	Relocation
Center One	CBD	BAT Rothmans	3,332	Relocation
Timewalk Myeongdong	CBD	Able C&C	3,946	Relocation
Gangnam Finance Center	GBD	CLO Virtual Fashion	5,537	Relocation
Wework Tower	GBD	Class101	10,120	Relocation
Icon Yeoksam	GBD	Dealicious	3,874	Relocation
Parc.1 Tower 1	YBD	I Hate Flying Bugs	3,878	Relocation
Parc.1 Tower 2 (NH Financial Tower)	YBD	Magnachip	3,141	Relocation
Parc.1 Tower 2 (NH Financial Tower)	YBD	Okestro	3,141	Relocation

Source: Cushman & Wakefield Research

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