

## Office Investment Q3 2022

	YoY Chg	12-Mo. Forecast
<b>3.6%</b> Cap Rate	▼	—
<b>2.3 Tn</b> Total Volume (KRW)	▼	▲
<b>6</b> Total Properties Sold	▼	—
<b>309,366sqm</b> Total SQM (Excluding MF)	▼	▲
<b>2,435</b> Capital Value(10K KRW/3.3㎡)	▲	▲

(All Property Classes)  
MF = Multifamily

S. KOREA ECONOMIC INDICATORS  
Q3 2022

	YoY Chg	12-Mo. Forecast
<b>0.7%</b> GDP Growth	▲	▼
<b>5.6%</b> CPI Growth	▲	▼
<b>2.1%</b> Unemployment Rate	▼	—

Source: KOSIS, Bank of Korea

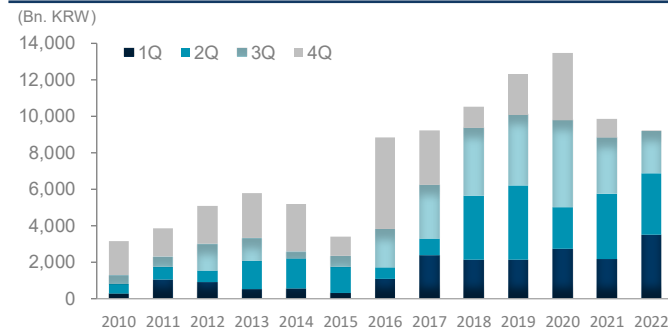
## Transaction Volume Recorded KRW2.3 Trillion in Q3 2022, Totaling KRW9.2 Trillion for YTD

Office investment volume in Seoul and Bundang totaled approximately KRW2.3 trillion in Q3 2022. The quarter's transaction volume performance is a 31% drop y-o-y, but the cumulative transaction volume up to Q3 totaled KRW9.2 trillion, up on last year. Transactions occurred in all submarkets except GBD, with six deals closed in Q3. The most notable was the Shinhan Financial Investment Building in YBD. It was sold at KRW639.5 billion by Shinhan Investment to IGIS Asset Management. The price was at KRW30.24 million per 3.3 sqm, more than KRW5 million higher than the highest unit price recorded by the O2 Building last year. In the CBD submarket, Jongno Place was transacted at KRW333.3 billion from Capital Land to Samsung Fire & Marine Insurance, and this transaction is known for share deal. Seoul City Tower, owned by Koramco Asset Trust, was sold to IGIS Asset Management for KRW490 billion. Seoul City Tower suffered sale transaction challenges as the first preferred bidder withdrew the offer. However, IGIS Asset Management closed the deal with a foreign asset management company by offering a unit price of KRW27 million per 3.3 sqm. In Others submarkets, Irae Building, owned by KB Asset Management, was sold to Kyobo Asset Trust for KRW307.5 billion. Even in difficult market conditions, Irae Building closed the deal due to its low vacancy rate and excellent location. In addition, CMAA completed the purchase of Kosmo Tower from Kiwoom Asset Management for KRW112 billion in cash. The payment method avoided the threat of rising interest rates. In the BBD submarket, the Mando Global R&D Center was traded. Halla Management REIT purchased the asset from Halla Holdings for KRW400 billion. Most transacted assets in Q3 were for value-add purposes with around 3% of the cap rate. The overall cap rate was recorded at 3.6% in Q3, up 0.3 percentage points y-o-y due to the rise in core assets' cap rates, such as the Irae Building.

## Investment Market Expected to Slow in Q4 Amid Possible Benchmark Interest Rate Rise

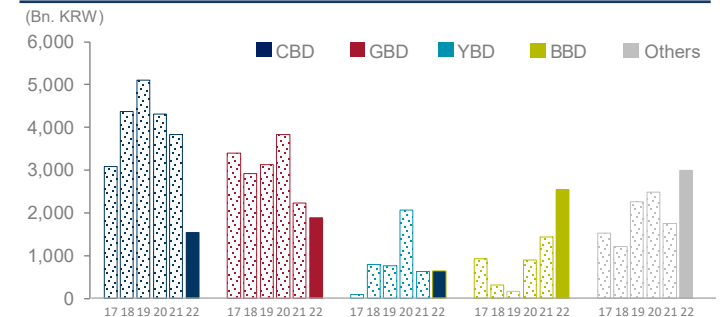
Negotiations for the sale of IFC, expected to be recorded as the most valuable deal in 2022, broke down in Q3. Mirae Asset Management applied for REIT business approval after selecting a preferred bidder; however, it was not approved within the preferred negotiation period. Since then, Mirae Asset Management has made various efforts to acquire IFC, but has failed to reach an agreement with Brookfield. The U.S. Fed conducted three consecutive giant steps (0.75 pp) in September, and a historic four times reversal of the Korea-U.S. benchmark interest rate occurred. With the last monetary policy direction meetings remaining until the end of the year, the Bank of Korea still has the possibility of a future rate increase. Ahead, the investment market is expected to be relatively quiet in Q4 as sale withdrawals escalate in the face of interest rate hikes.

## TOTAL OFFICE INVESTMENT VOLUME(YOY)



Source: Cushman & Wakefield Korea Research (Closed transactions over \$10 million)

## OFFICE INVESTMENT VOLUME BY SUBMARKET



### Q3 2022 INVESTMENT ACTIVITY

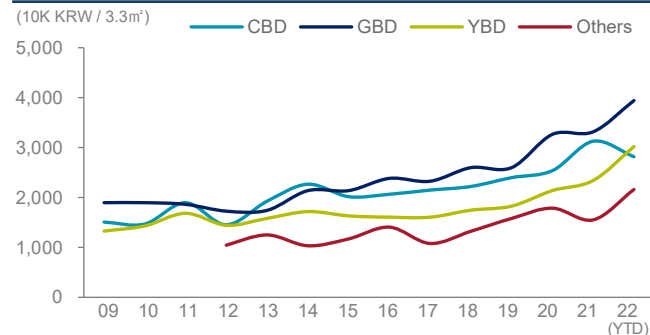
SUBMARKET	PROPERTIES SOLD	TRANSACTION VOLUME (Bn. KRW)	SQM	10K KRW/3.3㎡
CBD	2	823	105,745	2,582
GBD	-	-	-	-
YBD	1	640	69,971	3,024
OTHERS	2	420	76,961	1,803
BBD/Pangyo	1	400	56,689	2,333
<b>TOTAL</b>	<b>6</b>	<b>2,282</b>	<b>309,356</b>	<b>2,435</b>

### Q3 2022 SIGNIFICANT SALES

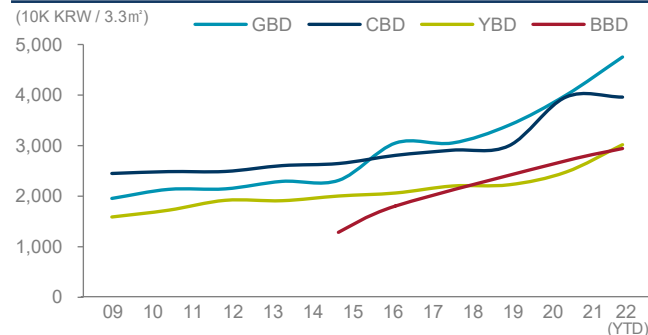
PROPERTY NAME	SUBMARKET	BUYER	SELLER	SQM	PRICE (Mn. KRW)	10K KRW/3.3㎡
Seoul City Tower	CBD	IGIS AMC	Koramco REITs & Trust	60,010	490,140	2,754
Jongno Place	CBD	Samsung Fire & Marine Insurance	Capital Land	45,735	333,300	2,409
Shinhan Finance Investment Building	YBD	IGIS AMC	Shinhan Investment	69,971	639,500	3,024
Irae Building	Others	Kyobo Trust	KB AMC	56,460	307,500	1,800
Kosmo Tower	Others	CMAA	Kiwoom AMC	20,501	112,000	1,806
Mando Global R&D Center	BBD	Halla Management REITs	Halla Holdings	56,689	400,000	2,333

Sources: Real Capital Analytics, Cushman & Wakefield Research (Closed transactions over \$10 million)

### CAPITAL VALUE TREND (A Grade)



### THE HIGHEST PRICE PER UNIT(3.3㎡) BY SUBMARKET



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