

2.1 %

Rental Growth, QoQ

YoY
Chg12-Mo.
Forecast**2.2 %**

Vacancy Rate

**78,139 sqm**

Net Absorption



Source: Cushman & Wakefield Research

**S. KOREA ECONOMIC INDICATORS
Q3 2022****0.7 %**

GDP Growth

YoY
Chg12-Mo.
Forecast**5.6 %**

CPI Growth

**2.1 %**

Unemployment



Source: Korean Statistical Information Service, Bank Of Korea

Economic Overview

Concerns for the global economy are mounting, due to rapid interest rate hikes to tame inflation and supply chain disruptions from the pandemic and the Ukraine conflict. The OECD's global economic growth forecast for 2023 is now 2.2%, down 0.6 pp from the previous forecast, with Korea's growth forecast down 0.3 pp to 2.2%. According to the Bank of Korea, the domestic economy continued to recover as consumption improved, but growth in the second half of the year is expected to weaken with exports gradually slowing along with the global downturn.

CBD Vacancy Falls on Strong Demand

Overall Grade A office vacancy fell for the sixth consecutive quarter in Q3, dropping 0.8 pp q-o-q to record 2.2%. As competition has intensified in GBD, where vacancy remains low, leasing activity in CBD has surged to take the spill-over demand from GBD. As the CBD vacancy rate fell sharply this quarter, all major districts in Seoul fell below the natural vacancy rate, and rents have continued to rise at a record rate this year.

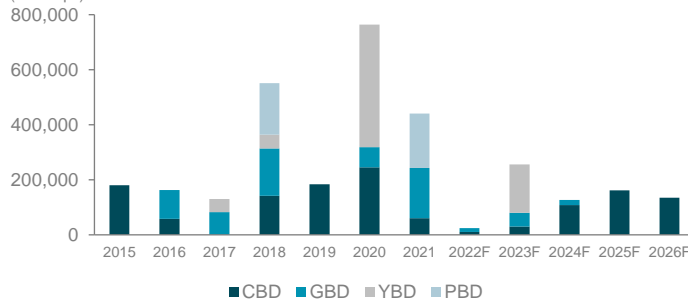
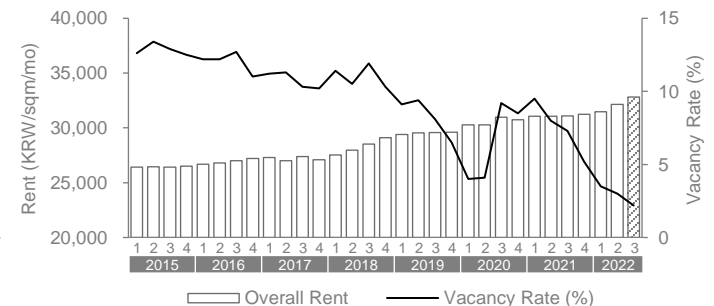
CBD submarket saw the steepest fall in vacancy, dropping 1.9 pp to 3.3%. Sizeable vacancy in Centropolis, resulting from an e-commerce company's move-out, was taken up by a lease agreement from Kakao Entertainment. Notable leasing activities at CBD also included TDCX Korea at D Tower Gwanghwamun, SK Hynix at Center One EAST, and Artworks Korea, an affiliate of CJ ENM, at KDB Life Tower. Myeongdong SK Networks Building (GFA 13,749 sqm) will re-enter the market following remodeling in the fourth quarter.

At GBD submarket, vacancy edged up 0.1 pp q-o-q to 1.2%. New vacancy at Dongil Tower led to the rise, but the impact is expected to be temporary as GBD has abundant demand. Keungil Tower signed lease contracts with AIRS Medical and F&F, while Lotte World Tower signed with LIG. Other transactions included Gameberry to Majesta City Tower 2, and Jeongyookgak to Doosan Building. New office space near Gangnam Station is scheduled for the first half of 2023, but pre-leasing activity is expected to contain the impact of the new supply on vacancy.

The vacancy rate in the YBD district remained unchanged q-o-q at 1.5%. After most of the vacancy at Parc.1 Tower 1 and NH Financial Tower, supplied two years ago, have been taken up, YBD has witnessed an unprecedented low vacancy rate. Korea Growth Investment Corporation signed a contract with SK Securities Building, while Korea Foss Securities completed a move-in to the Hi Investment & Securities Building.

NEW SUPPLY

(unit: sqm)

**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	3.3	80,258	140,841	668,982	34,227
GBD	3,714,704	1.2	-2,514	-24,672	656,045	33,074
YBD	1,853,446	1.5	394	100,969	362,293	27,931
SEOUL TOTALS	9,870,092	2.2	78,139	217,139	1,687,320	32,802
Pangyo	797,664	0.0	0	0	-	19,617

*Rental rates do not reflect full service asking

KEY LEASE TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
Centropolis	CBD	Kakao Entertainment	11,406	Relocation
Center One EAST	CBD	SK Hynix	6,822	Relocation
Signature Tower WEST	CBD	LVMH	2,838	Relocation
D Tower Gwanghwamun	CBD	TDCX Korea	2,199	Relocation
KDB Life Tower	CBD	Artworks Korea	2,670	Relocation
Keungil Tower	GBD	AIRS Medical	3,501	Relocation
Majesta City Tower 2	GBD	Gameberry	1,924	Relocation
Doosan Building	GBD	Jeongyookgak	4,000	Relocation
SK Securities Building	YBD	Korea Growth Investment Corporation	4,635	Relocation
Hi Investment & Securities Building	YBD	Korea Foss Securities	975	Relocation

Source: Cushman & Wakefield Research

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