

23.6%
Vacancy Rate

YoY Chg

12-Mo. Forecast



9.6%
Retail Sales Growth



91.4
Consumer Composite Sentiment Index (CCSI)



Source: Korean Statistical Information Service, Cushman & Wakefield Research

S. KOREA ECONOMIC INDICATORS Q3 2022

0.7 %
GDP Growth

YoY Chg

12-Mo. Forecast



5.6 %
CPI Growth



2.1 %
Unemployment



Source: Korean Statistical Information Service, Bank Of Korea

Economic Overview

In September 2022, the Consumer Composite Sentiment Index (CCSI) dropped 2.6 pp from the previous month to 91.4. The CCSI fell 10.4 pp to 86.0 in July, with fears of high consumer prices, high oil prices and interest rate hikes and concerns over a slowdown in the global economy. The consumer price inflation rate in September stood at 5.6%, exceeding 5% for five consecutive months. Consumer price inflation is expected to continue its high upward trend as upside risks increase due to the sharp rise in the exchange rate.

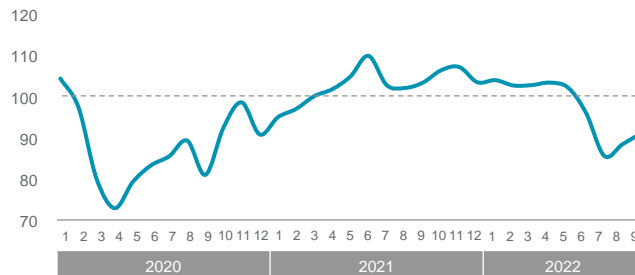
Myeongdong Recovering as International Travelers Return With Lifting of Entry Restrictions

As the inflow of international travelers grows as the pandemic fades, a welcome breeze is warming the retail market after the long slump imposed by COVID-19. South Korea has significantly eased the requirement for foreigners to visit Korea by eliminating the quarantine policy and mandatory PCR testing. In addition, the soaring won-dollar exchange rate is encouraging the tourism inflow. As at August 2022, international arrivals were recorded at 310,000, a spike of 220% y-o-y. Korea Immigration Service data shows that U.S. tourists were the largest international group to enter the country in September, followed by visitors from Thailand, Japan, and Singapore. The most-visited district was Jung-gu, home to the Myeongdong neighborhood, followed by Mapo-gu and Gangnam-gu.

The return of foreign tourists has prompted a recovery in Myeongdong. Heavily reliant on tourism, vacancy in the area had risen as brands exited due to the pandemic. The vacancy rate rose sharply in the wake of COVID-19, exceeding 50%, but has recently trended downward, falling 6.7 pp to record 45.8% in Q3. Myeongdong's key cosmetics sector accounted for 56% of the vacancies arising since the pandemic. While small brand stores are struggling, Myeongdong is seeing positive movement in major flagship stores. The largest Apple store in Korea opened in Hyde Park Myeongdong in April, while Nike and Eider opened flagship stores in 2021. Adidas also opened a new flagship store at M Plaza Myeongdong.

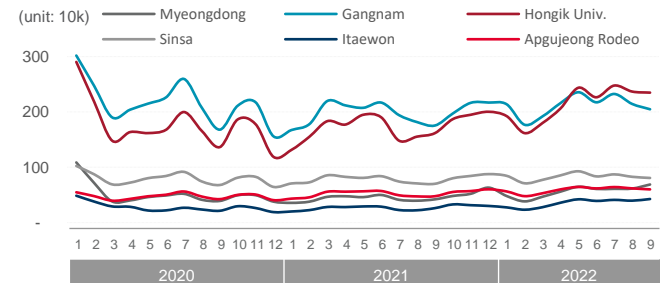
As inbound tourism numbers grow, department stores and hotels are experiencing greater footfall, with a positive impact on the retail market, especially the Myeongdong area. The floating population naturally increases as hotels, department stores, and tourist attractions are clustered near Myeongdong. Foreign consumer sales at the Lotte Department Store and Shinsegae Department Store located in Myeongdong quadrupled and doubled respectively in September compared to January. The occupancy rates of international travelers at major hotels in Myeongdong, including Lotte Hotel Seoul and Westin Chosun Seoul, are also known to have risen significantly y-o-y. Attention is now focused on whether Myeongdong can emerge from its COVID-imposed slump to regain its status as Korea's representative commercial market area.

Consumer Composite Sentiment Index (CCSI)



Source: Korean Statistical Information Service

Number of People Getting Off at Subway Station



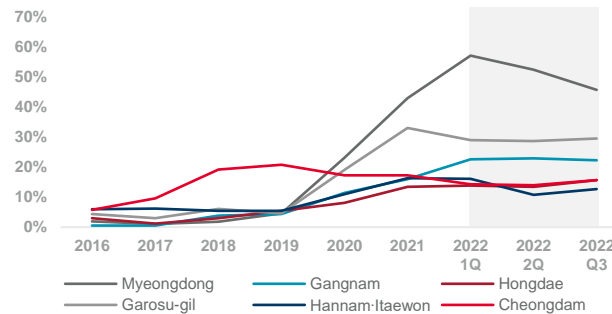
Source: Korean Statistical Information Service

MARKET VACANCY STATISTICS

MARKET	Q3 2022 VACANCY RATE	Q2 2022 VACANCY RATE	% POINT CHANGE QOQ	Q3 2021 VACANCY RATE	% POINT CHANGE YOY
Myeongdong	45.8%	52.5%	-6.7%	48.3%	-2.5%
Gangnam	22.3%	22.9%	-0.7%	16.9%	5.4%
Hongdae	15.7%	13.4%	2.3%	17.4%	-1.7%
Garosu-gil	29.5%	28.7%	0.8%	37.5%	-8.0%
Hannam-Itaewon	12.7%	10.8%	1.9%	16.8%	-4.1%
Cheongdam	15.7%	14.0%	1.7%	15.4%	0.3%
TOTALS	23.6%	23.7%	-0.1%	25.4%	-1.8%

Source: Cushman & Wakefield Research

OVERALL VACANCY RATE



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KEY LEASE TRANSACTIONS / NEW RETAIL FLAGSHIPS Q3 2022

PROPERTY TYPE	MARKET	TENANT	SQM	CATEGORY
High-street	Myeongdong	Adidas	2,500	Sports
High-street	Hongdae	Nike Style	470	Sports
High-street	Garosu-gil	Ami	508	Fashion
Shopping Mall	Hannam-Itaewon	Olive Young (Hamilton Hotel)	233	Lifestyle
High-street	Hannam-Itaewon	Lululemon	727	Sports
High-street	Hannam-Itaewon	Diesel	400	Fashion
Shopping Mall	Yeoui-do	Ballan (IFC Mall)	150	Fashion
Shopping Mall	Magok	TYPE (LG Art Center)	230	F&B

Source: Cushman & Wakefield Research

KEY PROJECTS UNDER CONSTRUCTION / RECENTLY COMPLETED

PROPERTY	LOCATION	SQM	COMPLETION DATE
Times Terrace Dongtan	Dongtan	142,000	2022.04
AK Plaza Geumjeong	Gunpo	24,320	2022.07
LG Art Center Magok	Seoul	1,600	2022.10
lpark Mall Gocheok	Seoul	45,137	2022.12
Starfield Suwon	Suwon	356,454	2023.2H

Source: Cushman & Wakefield Research

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