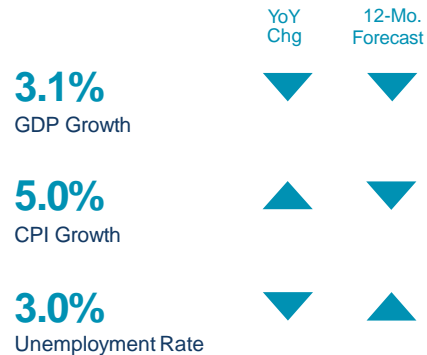


Source: Korean Statistical Information Service, Cushman & Wakefield Research

S. KOREA ECONOMIC INDICATORS Q4 2022



Source: Korean Statistical Information Service, Bank Of Korea

Economic Overview

In December 2022, the Consumer Composite Sentiment Index (CCSI) rose 3.4 pp from the previous month to record 89.9. The CCSI rebounded following two consecutive months of decline, thanks to employment growth in the services sector and slowed inflation, despite uncertainties and concerns over a global economic slowdown. The consumer price inflation rate recorded 5.0%, and as high prices have persisted at more than 5% for eight consecutive months, the annual consumer inflation rate in 2022 recorded 5.1%, the highest since the 1997 financial crisis. Consumer prices in 2023 may be negatively affected by oil and utility price hikes, but demand-side inflationary pressure is not expected to be high, with fears over economic recession.

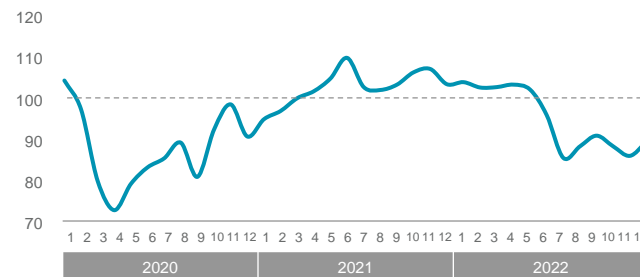
In the Heyday of the Pop-up Store, Seongsu Emerges as a Brand Battleground

The retail industry has entered the heyday of the pop-up store. According to Google trend data, South Korea search volume for "pop-up store" in 2022 grew by 3.8 times over 2021. This appears to be a global trend, with the size of the pop-up store market in the United States in 2021 reaching \$14 billion, or approximately KRW17 trillion, according to IBISWorld. Pop-up stores are becoming both an essential strategy for brands and a space offering new experiences for consumers.

A pop-up store is a temporary structure operated with a specific concept for a certain period. Formerly a space primarily to showcase new products, the pop-up's key objective now is to build brand image. Consumers who are accustomed to online shopping are now going beyond mere purchase of goods offline, and are pursuing consumption activities where they can express themselves through experiences. In response, brands are providing in-person experiences which can help drive consumer brand preferences. Pop-up stores allow brands to flexibly operate retail spaces with lower costs than traditional stores, and landlords can boost retail footfall and earn short-term profits by utilizing vacancies. Brands' strategies of opening spaces with individual identities and creativity has become key to differentiation among a flood of pop-up stores.

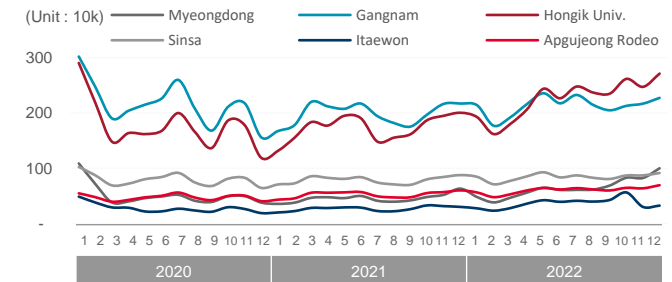
Seongsu commercial district has emerged as a battleground for the fast-growing pop-up store market. Brands open pop-up stores in high-traffic areas to reach potential customers. In the aftermath of COVID-19, foot traffic on major high streets in Seoul dropped by about 26% in 2022 compared to 2019, whereas Seongsu grew by 14%. Millennial and Generation Z consumers seeking fresh content are flocking to Seongsu, and various industries, from tech firm Meta to luxury brand Dior, have opened pop-up stores in Seongsu targeting them. With the flurry of new pop-up stores every week, a rental space business dedicated to pop-up stores now operates in Seongsu. While consumers who visit pop-up stores contribute to vitalizing the district, pop-up and Seongsu stores are creating a virtuous cycle, establishing a strong relationship.

Consumer Composite Sentiment Index (CCSI)



Source: Korean Statistical Information Service

Number of People Getting Off at Subway Station



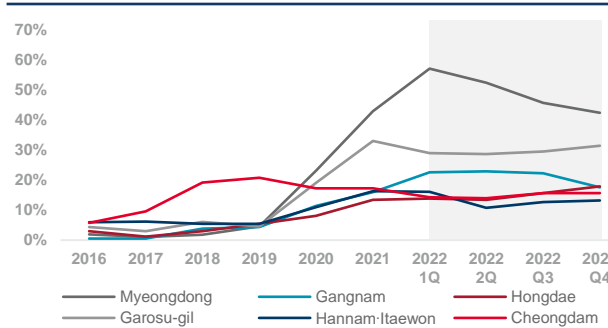
Source: Korean Statistical Information Service

MARKET VACANCY STATISTICS

MARKET	Q4 2022 VACANCY RATE	Q3 2022 VACANCY RATE	% POINT CHANGE QOQ	Q4 2021 VACANCY RATE	% POINT CHANGE YOY
Myeongdong	42.4%	45.8%	-3.4%	49.9%	-7.4%
Gangnam	17.6%	22.3%	-4.7%	21.5%	-3.9%
Hongdae	18.0%	15.7%	2.3%	14.1%	3.9%
Garosu-gil	31.5%	29.5%	2.0%	36.4%	-5.0%
Hannam-Itaewon	13.2%	12.7%	0.6%	17.4%	-4.1%
Cheongdam	15.7%	15.7%	0.0%	15.4%	0.3%
TOTALS	23.1%	23.6%	-0.5%	25.8%	-2.7%

Source: Cushman & Wakefield Research

OVERALL VACANCY RATE



KEY LEASE TRANSACTIONS / NEW RETAIL FLAGSHIPS Q4 2022

PROPERTY TYPE	MARKET	TENANT	SQM	CATEGORY
High-street	Myeongdong	ABC Mart	640	Fashion
High-street	Myeongdong	Shoemaker+	290	Fashion
High-street	Gangnam	8 Seconds	730	Fashion
High-street	Cheongdam	Choo Café (Jimmy Choo Pop-up Store)	220	Luxury • Pop-up
High-street	Cheongdam	KITON	380	Luxury
High-street	Seongsu	Beaker	420	Fashion
High-street	Seongsu	National Geographic	160	Fashion
Office Arcade	Sinsa	Soigné (Sinsa Square)	250	F&B

Source: Cushman & Wakefield Research

KEY PROJECTS UNDER CONSTRUCTION / RECENTLY COMPLETED

PROPERTY	LOCATION	SQM	COMPLETION DATE
LG Art Center Magok	Seoul	1,600	2022.10
Ipark Mall Gocheok	Seoul	45,137	2022.12
Starfield Suwon	Suwon	328,950	2023.12
One West Seoul Magok	Seoul	145,200	2024

Source: Cushman & Wakefield Research

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