

	YoY Chg	12-Mo. Forecast
3.7% Cap Rate	▲	▲
1.0 Tn Total Volume (KRW)	▼	▲
4 Total Properties Sold	▼	▲
62,210 sqm Total SQM	▼	▲
4,122 Capital Value (10K KRW 3.3㎡)	▲	▼

Transaction Volume Recorded KRW1.0 Trillion in Q1 2023, Down 79% Y-O-Y

Office sector investment volume in Seoul and Bundang totaled approximately KRW1.0 trillion in Q1 2023. The quarter's transaction volume performance was down 79% y-o-y. Following the interest rate hikes commencing in 2022, the Q1 transaction volume was the lowest since 2015. End-user purpose transactions and re-development purpose transactions were both completed in Q1. The largest deal was for the JoongAng Ilbo building. The CBD property was sold by JoongAng Holdings to CT Core for KRW290 billion. The building is located in the 11th district of Seosomun redevelopment district, and CT Core plans to redevelop it into a new office facility. In the GBD submarket, the Seshin Building, owned by Seshin Holdings, was sold to Handsome for KRW240 billion through an all-cash transaction. Handsome is expected to integrate nearby offices and use them as a company building in the future. Semyeong Building was sold to Bithumb Korea for KRW163 billion, making it the second crypto-related company to set up shop in GBD. In addition, the Autoway Tower was transacted via beneficiary certificate, Nexon Korea acquiring a 50% shareholding from KTCU, with a plan for its own company building. The price was approximately KRW297.5 billion, or KRW41.2 million per unit.

Limited Impact on Korea Market From SVB Collapse

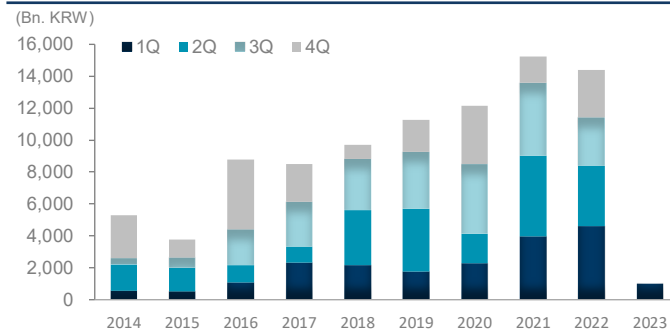
In March, the U.S. bank Silicon Valley Bank (SVB) collapsed. The subsequent bankruptcies of Signature Bank, Credit Suisse, and a sharp rise in Deutsche Bank's CDS premium amplified global financial market jitters. While some fear that the deterioration of bank-held real estate assets could trigger a chain reaction of defaults, unlike Lehman, the likelihood of a global crisis is slight due to quick government intervention and substantial U.S. employment and consumption. SVB's collapse is expected to have a relatively limited impact on the Korea market, as it was caused by a failure to manage its portfolio in the face of rapidly rising interest rates, rather than by the accumulation of credit risk due to the deterioration of its holdings. The Bank of Korea froze its base interest rate for the second consecutive time in April, and amid expectations of a future rate hike, deals such as Concordion and Asterium Yongsan, which have been delayed since last year, are expected to be completed within Q2. In 1H 2023, the investment market is expected to be driven by core assets, with the second half of the year increasingly focused on value-added or opportunistic investments.

S. KOREA ECONOMIC INDICATORS Q1 2023

	YoY Chg	12-Mo. Forecast
1.3% GDP Growth	▼	▼
4.2% CPI Growth	▼	▼
2.9% Unemployment Rate	▼	—

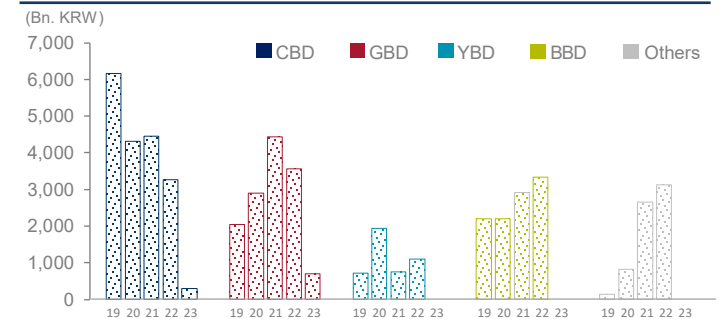
Source: KOSIS, Bank of Korea

TOTAL OFFICE INVESTMENT VOLUME(YOY)



Source: Cushman & Wakefield Korea Research

OFFICE INVESTMENT VOLUME BY SUBMARKET



Q1 2023 INVESTMENT ACTIVITY

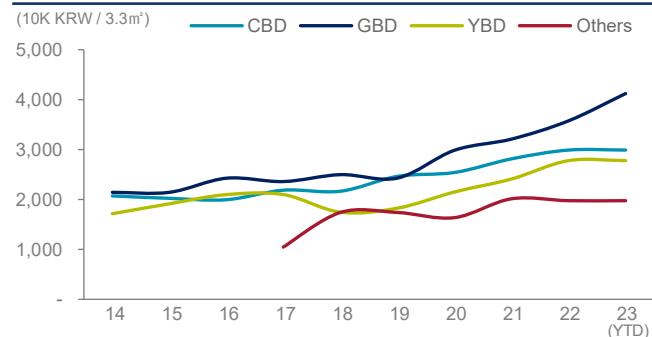
SUBMARKET	PROPERTIES SOLD	TRANSACTION VOLUME (Bn. KRW)	SQM	10K KRW/3.3㎡
CBD	1	290	20,132	-
GBD	3	678	42,078	4,122
YBD	-	-	-	-
OTHERS	-	-	-	-
BBD/Pangyo	-	-	-	-
TOTAL	4	968	62,210	4,122

Q1 2023 SIGNIFICANT SALES

PROPERTY NAME	SUBMARKET	BUYER	SELLER	SQM	PRICE (Mn. KRW)	10K KRW/3.3㎡
JoongAng Ilbo Bldg	CBD	CT Core	JoongAng Holdings	20,132	290,000	-
Autoway Tower (50% of shares)	GBD	Nexon Korea	KTCU	23,861	297,500(E)	4,122
Seshin Bldg	GBD	Seshin Holdings	Handsome	13,576	240,000	5,844
Semyeong Bldg	GBD	Bithumb Korea	Individual	4,642	163,000	11,609

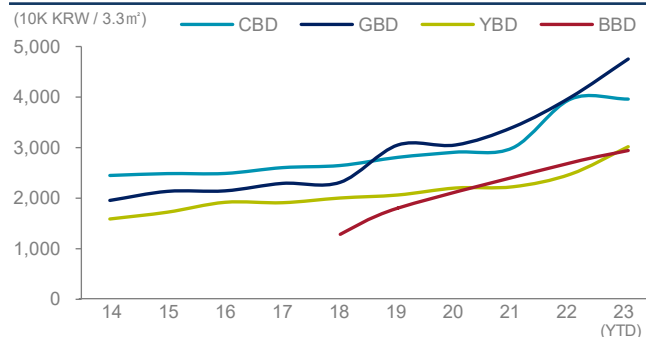
Sources: Real Capital Analytics, Cushman & Wakefield Research

CAPITAL VALUE TREND (Grade A)



Source: Cushman & Wakefield Korea Research

THE HIGHEST PRICE PER UNIT(3.3㎡) BY SUBMARKET



YK Son

Head of Capital Markets Group, Seoul
+82 3708 8823 / yk.son@cushwake.com

Sorim Jie

Director, Capital Markets Group, Seoul
+82 3708 8823 / sorim.jie@cushwake.com

Hena Park

Head of Business Development Services, Seoul
+82 2 3708 8883 / hena.park@cushwake.com

Jinwoo Jung

Head of Research, Seoul
+82 10 2751 2390 / jinwoo.jung@cushwake.com

Jin So

Research Analyst, Seoul
+82 10 9186 1816 / jin.so@cushwake.com

cushmanwakefield.com

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