

**19.4%**  
Vacancy Rate

YoY Chg

12-Mo. Forecast



**-2.7%**  
Retail Sales Growth



**99.7**  
Consumer Composite Sentiment Index (CCSI)



Source: Korean Statistical Information Service, Cushman & Wakefield Research

## S. KOREA ECONOMIC INDICATORS Q3 2023

**0.9 %**  
GDP Growth

YoY Chg

12-Mo. Forecast



**3.7 %**  
CPI Growth



**2.3 %**  
Unemployment



Source: Korean Statistical Information Service, Bank Of Korea

## Economic Overview

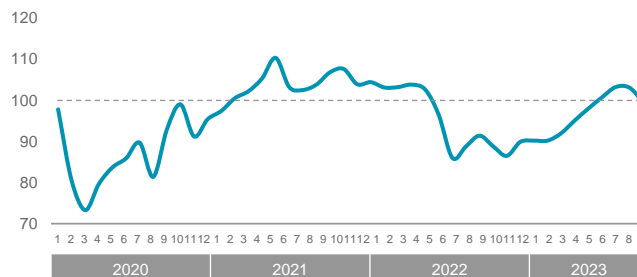
In September 2023, the Consumer Sentiment Index (CCSI) stood at 99.7, falling below 100 for the first time in four months. Consumer perceptions have weakened, as exports remain sluggish due to the delayed global recovery and consumption capacity shrinks due to rising prices. The consumer price growth rate rose to 3.7% in September, the steepest rise in five months. Consumer price inflation continued to rise at the 3% level for the second consecutive month, due to higher oil and agricultural prices, and is expected to stay at around 3% at the end of the year, but uncertainties regarding oil prices and exchange rates remain high.

## Retail Operators Enhance Customer Experiences with O4O (Online for Offline) Strategy

E-commerce grew rapidly during the pandemic, but online retail alone cannot fulfill consumer needs for physical experiences. Pent-up demand for physical experiences has been released, bringing offline back to the forefront. Generation Z in particular views shopping as a "play" activity to experience brands' spaces and products, prompting many brands to redesign their brick-and-mortar spaces. Many retailers who previously focused on new store openings and driving sales are now more intent on strengthening offline stores into spaces offering differentiated brand experiences. This includes actively leveraging online channels. Following O2O (Online to Offline), which connects online and offline businesses, the new trend is O4O (Online for Offline), which applies data and technologies accumulated online to offline businesses.

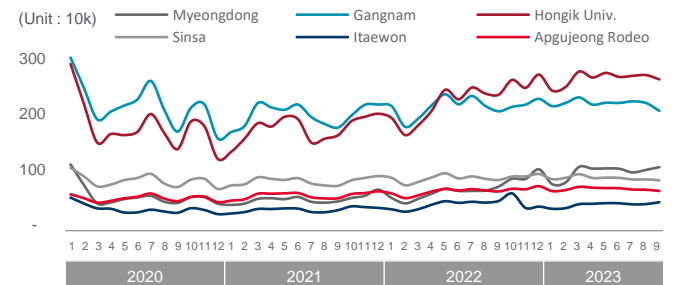
Globally, brands in various sectors such as Nike, L'Oreal, and IKEA are taking the initiative to enhance the customer experience via O4O. In Korea, Zara has expanded its IFC Mall store by 1.5 times and implemented digital services that allow customers to check product locations and book fitting rooms through mobile apps. Companies that started as online platforms are leveraging their online know-how as they go offline to strengthen consumer contact. Musinsa has implemented its online functionality at its stores in Hongdae and Gangnam, while Bungaejangter provides detailed product information through QR codes at the BGZT Lab located in The Hyundai Seoul. Retail space implemented from analyzing customer data contributes to bringing shoppers to offline stores and growing brand loyalty. Consequently, it is now crucial for brands to accrue large volumes of data and online behaviors, such as purchasing patterns and reviews, and to use them to determine store locations for their target groups and to determine store layouts and product selections.

## Consumer Composite Sentiment Index (CCSI)



Source: Korean Statistical Information Service

## Floating Population by the number of subway passengers



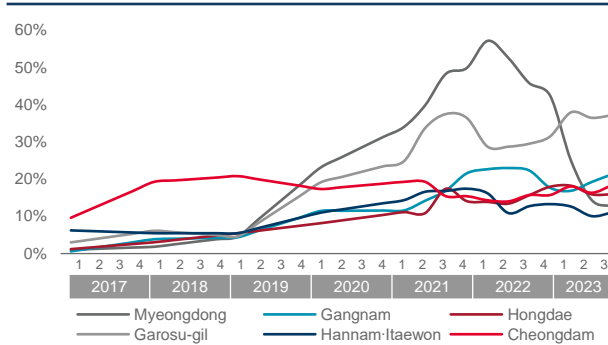
Source: Seoul Metropolitan Government

**MARKET VACANCY STATISTICS**

MARKET	Q3 2023 VACANCY RATE	Q2 2023 VACANCY RATE	% POINT CHANGE QOQ	Q3 2022 VACANCY RATE	% POINT CHANGE YOY
Myeongdong	12.7%	14.3%	-1.6%	45.8%	-33.1%
Gangnam	21.3%	19.2%	2.1%	22.3%	-0.9%
Hongdae	15.9%	15.9%	0.0%	15.7%	0.2%
Garosu-gil	37.2%	36.5%	0.7%	29.5%	7.7%
Hannam-Itaewon	11.0%	10.0%	1.0%	12.7%	-1.6%
Cheongdam	18.4%	16.3%	2.0%	15.7%	2.7%
<b>TOTALS</b>	<b>19.4%</b>	<b>18.7%</b>	<b>0.7%</b>	<b>23.6%</b>	<b>-4.2%</b>

Source: Cushman & Wakefield Research

**OVERALL VACANCY RATE**



**KEY LEASE TRANSACTIONS / NEW RETAIL FLAGSHIPS Q3 2023**

PROPERTY TYPE	MARKET	TENANT	SQM	CATEGORY	STATUS
High-street	Myeongdong	Lululemon	730	Sports	Scheduled
High-street	Myeongdong	Mushinsa	1,260	Fashion	Scheduled
High-street	Myeongdong	Mplay Ground	1,010	Fashion	Scheduled
High-street	Gangnam	Tim Hortons	300	F&B	Scheduled
High-street	Hongdae	Oliveyoung	170	Beauty	Scheduled
High-street	Hannam-Itaewon	Mardi Mercredi	730	Fashion	Scheduled
High-street	Hannam-Itaewon	Diesel	400	Fashion	Scheduled
High-street	Seongsu	Coor	521	Fashion	Scheduled
Shopping Mall	Magok	Modam	680	F&B	Scheduled
Shopping Mall	Cheongnyangni	Soul Training	1,470	Fitness	Scheduled

Source: Cushman & Wakefield Research

**KEY PROJECTS UNDER CONSTRUCTION / RECENTLY COMPLETED**

PROPERTY	LOCATION	SQM	COMPLETION DATE
Art Forest Cheongnyangni	Seoul	30,300	Q3 2023
Inspire Entertainment Resort	Incheon	151,300	Q4 2023
Starfield Suwon	Suwon	329,000	Q4 2023
One West Seoul Magok	Seoul	145,200	2024

Source: Cushman & Wakefield Research

**Kelly Nam**

Head of Retail Tenant Representation, Seoul  
+82 3708 8825 / [kelly.nam@cushwake.com](mailto:kelly.nam@cushwake.com)

**Josh Lim**

Head of Retail Leasing Management, Seoul  
+82 3708 7413 / [josh.lim@cushwake.com](mailto:josh.lim@cushwake.com)

**Hena Park**

Head of Business Development Services, Seoul  
+82 2 3708 8883 / [hena.park@cushwake.com](mailto:hena.park@cushwake.com)

**Jinwoo Jung, PhD**

Head of Research, Seoul  
+82 10 2751 2390 / [jinwoo.jung@cushwake.com](mailto:jinwoo.jung@cushwake.com)

**Jin So**

Assistant Research Manager, Seoul  
+82 10 9186 1816 / [jin.so@cushwake.com](mailto:jin.so@cushwake.com)

**cushmanwakefield.com**

**About Cushman & Wakefield**

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in approximately 400 offices and 60 countries. In 2022, the firm reported revenue of \$10.1 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), Environmental, Social and Governance (ESG) and more. For additional information, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com).

©2023 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.