

18.7%
Vacancy Rate

YoY Chg

12-Mo. Forecast



-2.4%
Retail Sales Growth



99.7
Consumer Composite Sentiment Index (CCSI)



Source: Korean Statistical Information Service, Cushman & Wakefield Research

S. KOREA ECONOMIC INDICATORS Q4 2023

1.4%
GDP Growth

YoY Chg

12-Mo. Forecast



3.2%
CPI Growth



3.3%
Unemployment Rate



Source: Korean Statistical Information Service, Bank Of Korea

Economic Overview

The Consumer Sentiment Index (CCSI) stood at 99.7 in December 2023, up 2.3 points from the previous month, rebounding after a four-month decline from August. Expectations of interest rate cuts as the U.S. Fed signaled an end to tightening, combined with a pickup in exports, helped strengthen sentiment. The consumer price inflation rate recorded 3.2% in December, with the annual consumer inflation rate for 2023 at 3.6%. This was under last year's 5.1%, but still high compared to the yearly average. The high price trends are expected to ease in 2024, reflecting the impact of slowing domestic demand and high interest rates, although high volatility in oil and raw material prices still pose uncertainties.

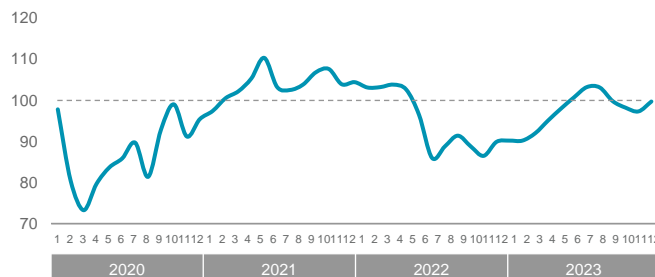
Seoul High Street Vacancy Continues to Fall, Led by Myeongdong District

The citywide average high street vacancy rate recorded 18.7% in Q4, down 4.4 pp y-o-y. Myeongdong district saw the largest fall in vacancy, down 33.0 pp y-o-y to 9.4%, regaining its status as the lowest vacancy rate district among the six major commercial areas. Incoming visitor arrivals to Korea reached 1.03 million in December, up about 1.9 times y-o-y, with tourism-related sectors such as K-beauty and fashion brands opening new stores in Myeongdong. After Myeongdong, Hannam and Itaewon districts now have the lowest vacancy rates.

New domestic designer brands and beauty brands are now entering the Seoul market. Hongdae is actively expanding its medical sector with new properties along the boulevard, while Cheongdam has seen new flagship store openings from luxury jewelry and watch brands. However, despite the overall post-pandemic boost, Gangnam and Garosu-gil have seen vacancy tick up, due in part to relatively high rents, the expansion of Serosu-gil street, and the rise of alternative retail destinations such as Seongsu. In addition, Starfield Suwon opened, targeting the younger generation by attracting hip brands and enhancing experiential stores.

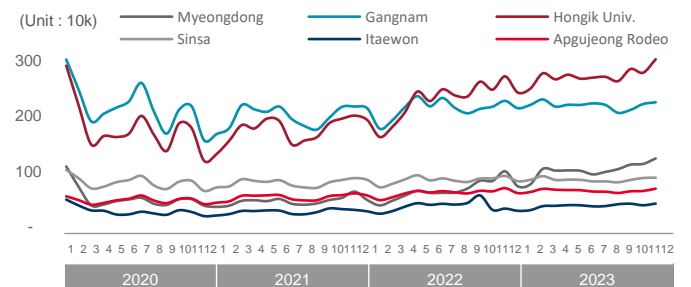
As the stimulus from the post-pandemic recovery wears off, high-street vacancy falls are gradually slowing. The key question for retailers now is how to secure future growth. We can expect to see a period of uncertainty in the market in 2024, driven by a combination of factors including an economic downturn, inflation, and geopolitical issues. Growth in the luxury sector is waning, albeit demand among high-end brands remains solid, while recessionary spending is gaining traction, resulting in growing consumer polarization. For the retail market to break out of its growth plateau, it will require positive factors to spur demand, such as an expected interest rate cut in 2H 2024 and additional inflows of international travelers.

Consumer Composite Sentiment Index (CCSI)



Source: Korean Statistical Information Service

Floating Population by the number of subway passengers



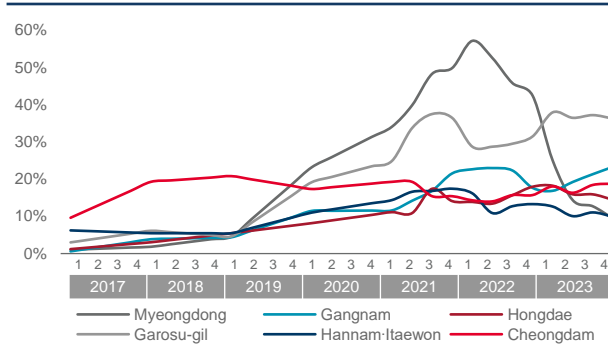
Source: Seoul Metropolitan Government

MARKET VACANCY STATISTICS

MARKET	Q4 2023 VACANCY RATE	Q3 2023 VACANCY RATE	% POINT CHANGE QOQ	Q4 2022 VACANCY RATE	% POINT CHANGE YOY
Myeongdong	9.4%	12.8%	-3.4	42.4%	-33.0
Gangnam	23.3%	21.3%	1.9	17.6%	5.6
Hongdae	14.4%	15.9%	-1.5	18.0%	-3.5
Garosu-gil	36.3%	37.2%	-0.9	31.5%	4.8
Hannam-Itaewon	9.9%	11.0%	-1.2	13.2%	-3.4
Cheongdam	18.8%	18.4%	0.4	15.7%	3.1
TOTALS	18.7%	19.4%	-0.8	23.1%	-4.4

Source: Cushman & Wakefield Research

OVERALL VACANCY RATE



KEY LEASE TRANSACTIONS / NEW RETAIL FLAGSHIPS Q4 2023

PROPERTY TYPE	MARKET	TENANT	SQM	CATEGORY	STATUS
High-street	Myeongdong	Skechers	540	Sports	Newly-opened
High-street	Myeongdong	World Wide Seoul	370	Fashion	Newly-opened
High-street	Hongdae	Tone's Clinic	430	Medical	Newly-opened
High-street	Garosu-gil	Line Friends Store	350	Lifestyle	Newly-opened
High-street	Hannam-Itaewon	Lemaire	230	Fashion	Newly-opened
High-street	Dosan Park	Swarovski	500	Jewelry	Newly-opened
High-street	Seongsu	Musinsa Standard	800	Fashion	Newly-opened
High-street	Seongsu	Tamburins	290	Beauty	Newly-opened
Shopping Mall	Hanam Starfield	Apple Store	970	Electronics	Newly-opened
Shopping Mall	Art Forest Cheongnyangni	A Twosome Place	300	F&B	Newly-opened

Source: Cushman & Wakefield Research

KEY PROJECTS UNDER CONSTRUCTION / RECENTLY COMPLETED

PROPERTY	LOCATION	SQM	COMPLETION DATE
Art Forest Cheongnyangni	Seoul	30,300	2023.07
Starfield Suwon	Suwon	329,000	2024.01
Inspire Entertainment Mall	Incheon	151,300	2024 Q1
One West Seoul Magok	Seoul	145,200	2024 Q3

Source: Cushman & Wakefield Research

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