

18.3%
Vacancy Rate

YoY Chg

12-Mo. Forecast



-2.1%
Retail Sales Growth



100.9
Consumer Composite Sentiment Index (CCSI)



Source: Korean Statistical Information Service, Cushman & Wakefield Research

S. KOREA ECONOMIC INDICATORS Q2 2024

3.3 %
GDP Growth



2.4 %
CPI Growth



2.9 %
Unemployment



Source: Korean Statistical Information Service, Bank Of Korea

Economic Overview

The Consumer Sentiment Index (CCSI) stood at 100.9 in June 2024, rising 2.5 points from the previous month, indicating stronger consumer sentiment. The increase is attributed to continued strong exports and slowing inflation. The consumer price inflation rate was at 2.4% in June, marking the third consecutive month of deceleration. Rising prices in agricultural, livestock, and fishery products, which had been driving recent inflation, are now gradually levelling off. Prices are expected to stabilize in the mid-2% range in the second half of the year, but the accumulated high price levels will keep perceived inflation high, while uncertainties from international oil prices and climate conditions also remain.

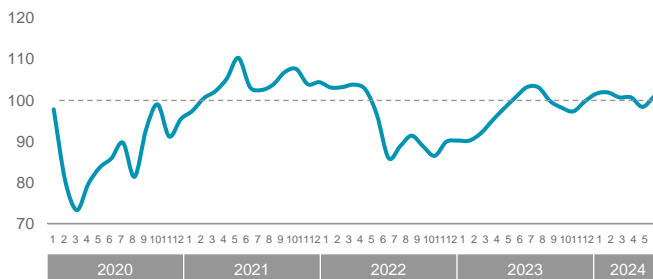
Evolution of the Domestic Luxury Market: Expanding From Fashion to Jewelry & Watches in Cheongdam

The global luxury retail market surged during the COVID-19 pandemic period but is now seeing slower growth. Data from the South Korea Ministry of Trade, Industry and Energy (MOTIE) shows that the nation's department store luxury goods sales growth, which had been in double digits during the pandemic, dropped to 0% in 2023 before partially recovering in early 2024. However, the prominent Seoul luxury neighborhood Cheongdam is seeing significant activity with a rush of new flagship stores. Cheongdam, traditionally dominated by fashion brands, is seeing multiple new entrants in jewelry and watches, reflecting a broader shift in the luxury market. High-fashion items such as clothing and bags have been the traditional mainstay of the luxury market. But as the market matures, consumers are increasingly seeking high-end goods such as jewelry and watches. This trend is especially notable in Asia, where sales continue to grow despite ultra-high pricing strategies.

The luxury jewelry and watch market is expected to grow at a faster rate than the general luxury market. In response to this shift, luxury brands are adjusting their strategies to diversify product portfolios away from a sole focus on fashion and into high-value watches and jewelry. A key example is LVMH, which strengthened its position in the jewelry market by acquiring Tiffany & Co. in 2021. In Korea, Louis Vuitton opened its first watch and jewelry store in April at Shinsegea Gangnam, followed by Chanel's fine jewelry pop-up store in Seongsu in July.

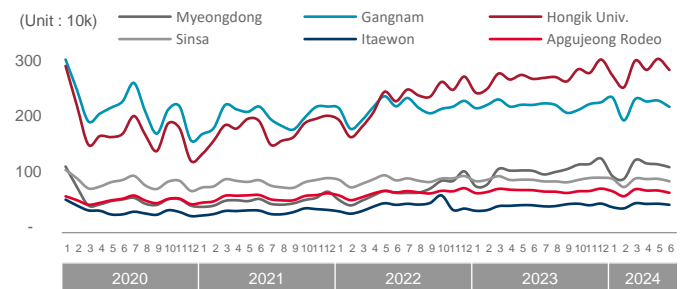
Activity in the Cheongdam area is reflecting these shifts. Audemars Piguet opened a global flagship store in August, and Richard Mille has relocated its store within Cheongdam. Tiffany & Co. is set to open its first Korea standalone store in the area and Vacheron Constantin is planning to enter. Premium coffee brand Bacha Coffee has also opened its first Korean flagship store. With brands such as Celine and Loewe also preparing to open stores, the vacancy rate in Cheongdam is expected to fall further into next year. The Cheongdam neighborhood is now evolving into a hub that reflects a broader high-end lifestyle, encompassing fashion, jewelry, watches, and associated luxury lifestyle brands.

Consumer Composite Sentiment Index (CCSI)



Source: Korean Statistical Information Service

Floating Population by the number of subway passengers



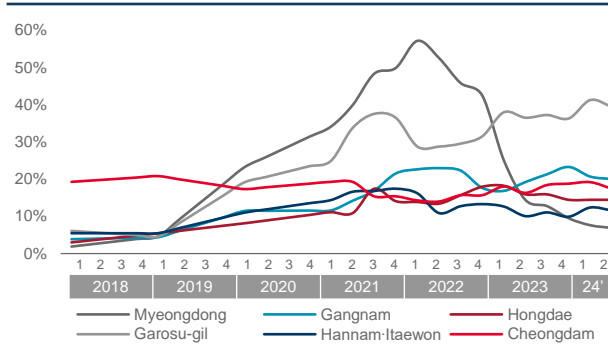
Source: Seoul Metropolitan Government

MARKET VACANCY STATISTICS

MARKET	Q2 2024 VACANCY RATE	Q1 2024 VACANCY RATE	% POINT CHANGE QOQ	Q2 2023 VACANCY RATE	% POINT CHANGE YOY
Myeongdong	6.8%	7.6%	-0.7	14.5%	-7.6
Gangnam	20.0%	20.7%	-0.7	19.2%	0.8
Hongdae	14.4%	14.4%	0.0	15.9%	-1.5
Garosu-gil	39.4%	41.2%	-1.8	36.5%	2.9
Hannam-Itaewon	11.5%	12.3%	-0.8	9.9%	1.7
Cheongdam	17.4%	19.1%	-1.8	16.3%	1.1
TOTALS	18.3%	19.2%	-1.0	18.7%	-0.4

Source: Cushman & Wakefield Research

OVERALL VACANCY RATE



KEY LEASE TRANSACTIONS / NEW RETAIL FLAGSHIPS Q2 2024

PROPERTY TYPE	MARKET	TENANT	SQM	CATEGORY	STATUS
High-street	Myeongdong	H&M	1,580	Fashion	Newly-opened(Renewal)
High-street	Hongdae	Superdry	190	Fashion	Newly-opened
High-street	Garosu-gil	Generalidea	370	Fashion	Newly-opened
High-street	Garosu-gil	Polène	250	Fashion	Newly-opened
High-street	Hongdae	Musinsa Standard	1,520	Fashion	Scheduled
High-street	Cheongdam	Bacha Coffee	380	F&B	Newly-opened
High-street	Cheongdam	Audemars Piguet	940	luxury	Newly-opened
High-street	Cheongdam	Loewe	830	luxury	Newly-opened
High-street	Cheongdam	Richard Mill	130	luxury	Newly-opened(Relocation)
High-street	Apgujeong	Musinsa Empty	1,160	Fashion	Newly-opened

Source: Cushman & Wakefield Research

KEY PROJECTS UNDER CONSTRUCTION / RECENTLY COMPLETED

PROPERTY	LOCATION	SQM	COMPLETION DATE
Starfield Suwon	Suwon	329,000	2024.01
Inspire Entertainment Mall	Incheon	151,300	2024.03
Magok One Grove Mall	Seoul	145,200	2024 Q3
Starfield Village Unjeong	Paju	92,000	2025

Source: Cushman & Wakefield Research

Kelly Nam

Head of Retail Tenant Representation, Seoul
+82 2 3708 8825 / kelly.nam@cushwake.com

Josh Lim

Head of Retail Leasing Management, Seoul
+82 2 3708 7413 / josh.lim@cushwake.com

Hena Park

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

Jin So

Assistant Research Manager, Seoul
+82 10 9186 1816 / jin.so@cushwake.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 nearly 400 offices and 60 countries. In 2023, the firm reported revenue of \$9.5 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), sustainability and more. For additional information, visit www.cushmanwakefield.com.

©2024 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable, including reports commissioned by Cushman & Wakefield ("CWK"). This report is for informational purposes only and may contain errors or omissions; the report is presented without any warranty or representations as to its accuracy.

Nothing in this report should be construed as an indicator of the future performance of CWK's securities. You should not purchase or sell securities—of CWK or any other company—based on the views herein. CWK disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CWK as well as against CWK's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.