

**MARKET FUNDAMENTALS**

	YOY Chg	12-Month Forecast
<b>3.1%</b> Vacancy Rate	▲	▼
<b>-17,406</b> Net Absorption, SQM	▼	▲
<b>0.9%</b> Rental Growth, QoQ <i>(Overall, Grade A)</i>	▼	—

**ECONOMIC INDICATORS**

	YOY Chg	12-Month Forecast
<b>2.3%</b> GDP Growth	▲	▼
<b>1.6%</b> CPI Growth	▼	▲
<b>1.9%</b> Unemployment Rate	▼	▲

Source: Korean Statistical Information Service, Bank of Korea

**ECONOMIC OVERVIEW**

The BOK cut its interest rate by 0.25 pp to 3.25% on October 11, ending a 38-month rate hike cycle. The decision was prompted by a slow recovery in domestic demand despite stable inflation, aiming to ease the burden on households and businesses. The BOK revised down its full-year 2024 domestic growth forecast to 2.4%, 0.1 pp lower than the May forecast.

**SUPPLY AND DEMAND**

Overall Grade A office vacancy in Q3 rose 0.2 pp q-o-q to record 3.1%. The overall average rental level climbed by 0.9% q-o-q, with GBD recording the highest growth at 1.6%. Rent-burdened firms facing lease renewals may choose to downsize or relocate, and with some major occupiers reviewing their leases, a shift in the overall vacancy rate is expected.

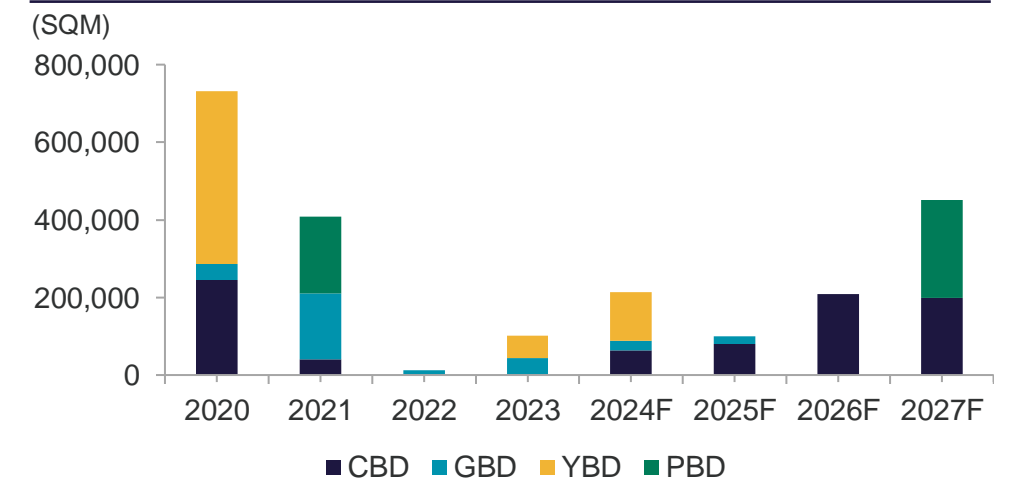
The CBD vacancy rate dropped to 3.1% in Q3. Korean Re selected Signature Tower as its temporary office during its headquarters' reconstruction. Notable expansion activities included Shin & Kim LLC's lease at D Tower Gwanghwamun, and Shinhan Life's lease at GREITS Sungnye. Comento signed a lease at Meritz Gangbuk Tower, which was completed last quarter. Grand Central cleared all remaining vacancy with some tenant expansions.

At GBD, vacancy moved up 0.6 pp q-o-q to record 3.0%. The rate met the 3% mark for the first time in three years, after fluctuating between 0%–2% as firms either downsized or relocated due to high occupancy costs. T'order and Craver Corporation completed their leases at Gangnam N Tower, while GT Tower cleared all remaining vacancy as Benow and IdeaHub completed lease agreements. Lotte ON, a tenant at Lotte World Tower, relocated within the district to reduce rental costs.

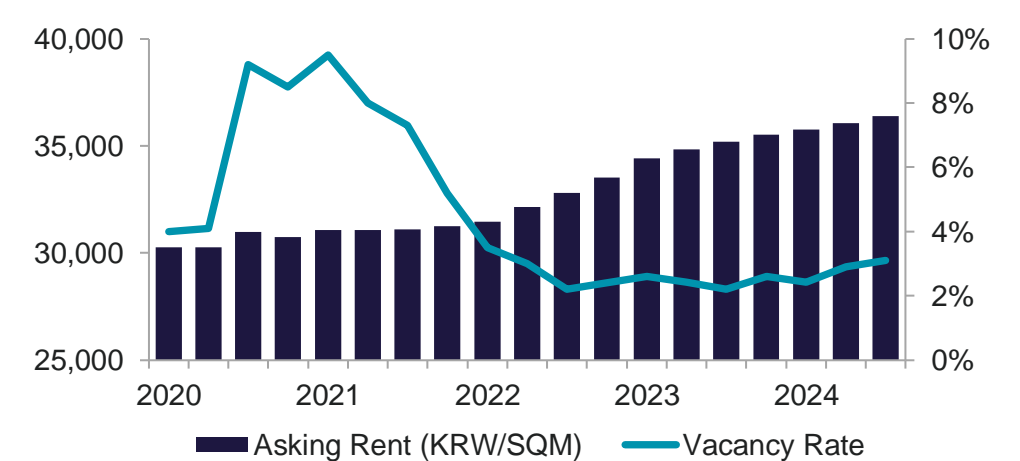
The YBD vacancy rate rose 0.2 pp q-o-q to record 3.4%. DS Investment & Securities at Three IFC, and Woori Investment Bank at TP Tower, signed expansion contracts. Carver Korea at FKI Tower and Neogen Korea at SK Securities Building also signed leases. Further movement in the YBD vacancy rate is expected as some floors at One Sentinel (Shinhan Investment & Securities Building), currently undergoing remodeling, were signed this quarter.

The OneGrove project is now completed in the Magok District, where new prime office projects are planned to be supplied this year, including K-Square and LeWest. Once supplied, the Magok District is expected to emerge as a new business hub in Seoul's west.

**GRADE A SUPPLY**



**OVERALL VACANCY & ASKING RENT**



MARKET STATISTICS

SUBMARKET	INVENTORY (SQM)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SQM)	YTD OVERALL NET ABSORPTION (SQM)	UNDER CONSTRUCTION (SQM)	OVERALL AVG ASKING RENT (KRW/SQM)*
CBD	4,342,200	3.1%	7,519	46,367	466,224	36,325
GBD	3,764,102	3.0%	-20,593	-45,985	968,034	38,330
YBD	2,052,832	3.4%	-4,332	125,753	48,915	31,653
<b>SEOUL TOTALS</b>	<b>10,159,153</b>	<b>3.1%</b>	<b>-17,406</b>	<b>126,135</b>	<b>1,483,172</b>	<b>36,387</b>
Pangyo	797,664	0.0%	0	0	360,739	21,067

\*Rental rates does not reflect full service asking

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
Signature Tower	CBD	Korean Re	9,970	Relocation
D Tower Gwanghwamun	CBD	Shin & Kim LLC	2,130	Expansion
GREITS Sungnye	CBD	Shinhan Life	890	Expansion
Meritz Gangbuk Tower	CBD	Comento	1,300	Relocation
Gangnam N Tower	GBD	T'order	1,740	Relocation
Gangnam N Tower	GBD	Craver Corporation	3,570	Relocation
GT Tower	GBD	Benow	1,960	Expansion
GT Tower	GBD	IdeaHub	1,000	Relocation
SK Securities Building	YBD	Neogen Korea	830	Relocation
Three IFC	YBD	DS Investment & Securities	3,370	Expansion
TP Tower	YBD	Woori Investment Bank	3,240	Expansion
FKI Tower	YBD	Carver Korea	3,120	Relocation

KEY PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	SQM	COMPLETION YEAR
K-Square Magok	Others	159,300	2024
LeWest Magok	Others	326,000	2024
Project 107	CBD	38,800	2024
OPUS 459	GBD	27,000	2025

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