

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
17.1% Vacancy Rate	▼	▼
-1.9% Retail Sales Growth	▲	▲
100.0 Consumer Composite Sentiment Index (CCSI)	▲	▲

ECONOMIC INDICATORS

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

Source: Korean Statistical Information Service, Bank Of Korea

ECONOMY

The Consumer Confidence Sentiment Index (CCSI) recorded 100.0 in September 2024, down 0.8 p from the prior month. This drop aligned with a 3-year, 7-month low in consumer price inflation, now at 1.6%. Despite slower inflation, concerns about delayed domestic demand recovery persist, keeping consumer sentiment modestly subdued for a second consecutive month. Retail sales also shifted from a 1.7% rise in August to a 0.4% decline in September, largely due to reduced spending on F&B and apparel.

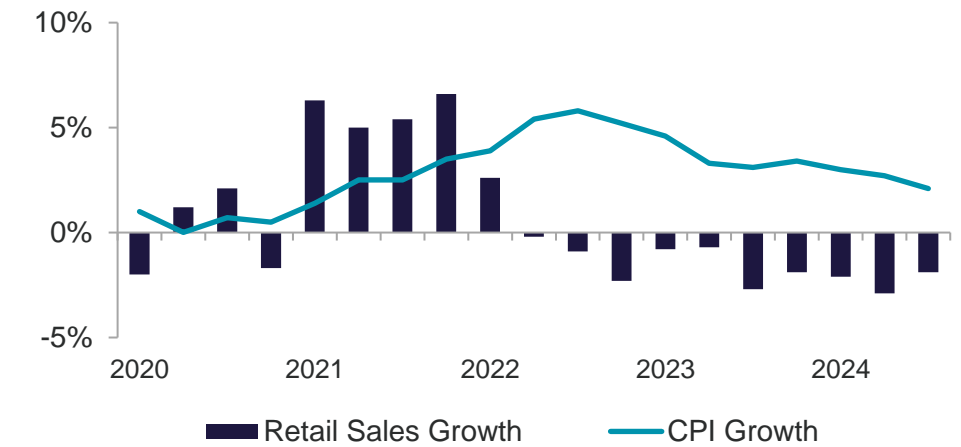
FRAGRANCE SECTOR EXPANSION IN KEY SEOUL DISTRICTS

Seoul's high street retail market remained active with new store openings in Q3, helping to pull the vacancy rate down by 1.5% from earlier in the year to 17.1%. However, despite many new store launches, the fall in vacancy has been quite modest, with new brands often replacing departing ones rather than filling vacant spaces.

The fragrance sector is showing notable activity in key areas. In Garosu-gil, despite a high vacancy rate, brands including Maison Margiela Fragrance, Byredo, Diptyque, and Nonfiction have opened stores in the past year. Since Aesop's entry in 2014, brands such as Le Labo and Tamburins have followed, strengthening the area's fragrance market. In Seongsu, brands such as Aesop and Le Labo led the way, with recent additions from Tamburins, Lush, and Nonfiction. Kinfolk has also expanded its presence, operating three stores within Seongsu, reflecting growing interest in fragrances from both locals and tourists. Other areas such as Cheongdam, Hannam, and Itaewon are also seeing entries from niche fragrance brands.

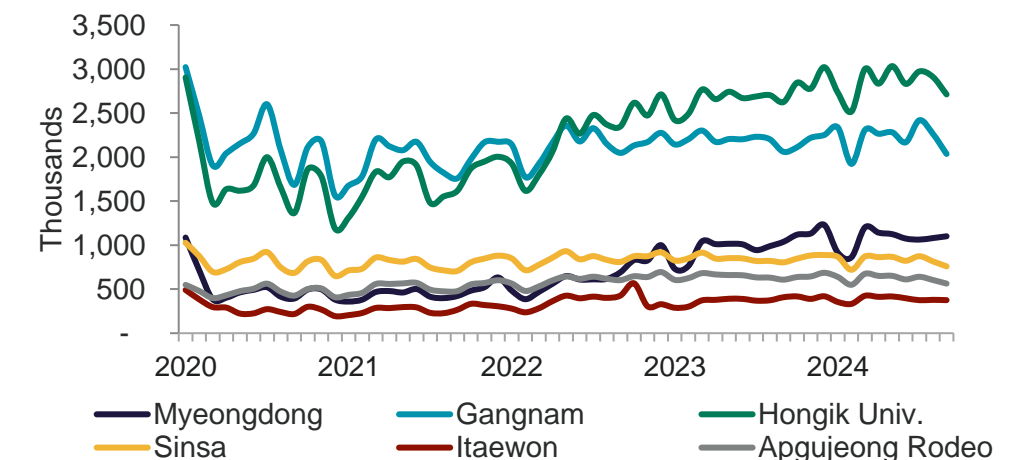
Fragrance brands, traditionally operating in department stores, are also increasingly expanding into street-level retail to engage customers directly and offer unique in-store experiences. These brands are creating sensory spaces that go beyond scent testing, focusing on brand identity and philosophy. According to Euromonitor, the global fragrance market grew by approximately 14% in 2023, driven by increased demand despite economic downturns, fueled by the lipstick effect and the Little Luxuries trend. Niche fragrances are particularly popular with younger consumers, and product lines are diversifying with items such as diffusers and body care. Major domestic fashion brands are expanding into this market, while international brands are increasingly targeting South Korea for its growth potential.

RETAIL SALES GROWTH & CPI GROWTH



Source: Korean Statistical Information Service

FOOT TRAFFIC FROM SUBWAY EXITS

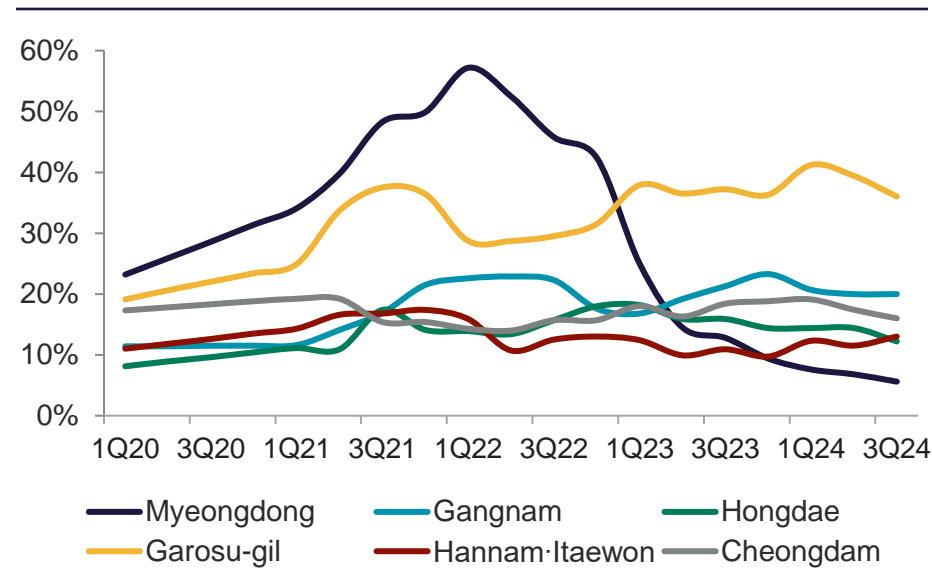


Source: Seoul Metropolitan Government

MARKET STATISTICS

SUBMARKET	Q3 2024 VACANCY RATE	Q2 2024 VACANCY RATE	% POINT CHANGE QOQ	Q3 2023 VACANCY RATE	% POINT CHANGE YOY
Myeongdong	5.6%	6.8%	-1.2%	12.8%	-7.2%
Gangnam	20.0%	20.0%	0.0%	21.3%	-1.3%
Hongdae	12.2%	14.4%	-2.2%	15.9%	-3.7%
Garosu-gil	36.0%	39.4%	-3.4%	37.2%	-1.2%
Hannam-Itaewon	13.0%	11.5%	1.4%	10.9%	2.1%
Cheongdam	16.0%	17.4%	-1.4%	18.4%	-2.4%
TOTALS	17.1%	18.3%	-1.1%	19.4%	-2.3%

HIGH STREET VACANCY RATE



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KEY LEASE TRANSACTIONS / NEW FLAGSHIPS Q3 2024

PROPERTY TYPE	SUBMARKET	TENANT	ESTIMATED SQM	CATEGORY	STATUS
High Street	Myeongdong	Covernat	830	Fashion	Newly-opened
High Street	Myeongdong	Ppeum Clinic	2,680	Medical	Scheduled
High Street	Gangnam	Spao	630	Fashion	Newly-opened
High Street	Garosu-gil	Maison Margiela Fragrance	150	Beauty	Newly-opened
High Street	Hannam-Itaewon	Maison Margiela	400	Luxury	Newly-opened
High Street	Hannam-Itaewon	MLB	730	Sports	Newly-opened
High Street	Seongsu	Musinsa	700	Fashion	Newly-opened
High Street	Seongsu	New Balance	750	Sports	Newly-opened
High Street	Dosan Park	Matin Kim	1,200	Fashion	Newly-opened
Shopping Mall	Lotte World Mall	Uniqlo	3,490	Fashion	Newly-opened

KEY CONSTRUCTION COMPLETIONS / UNDER CONSTRUCTION

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

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