

Seoul Office Market Report

Light ver.

Quarterly Report _ Q3 2024

GenstarMate 

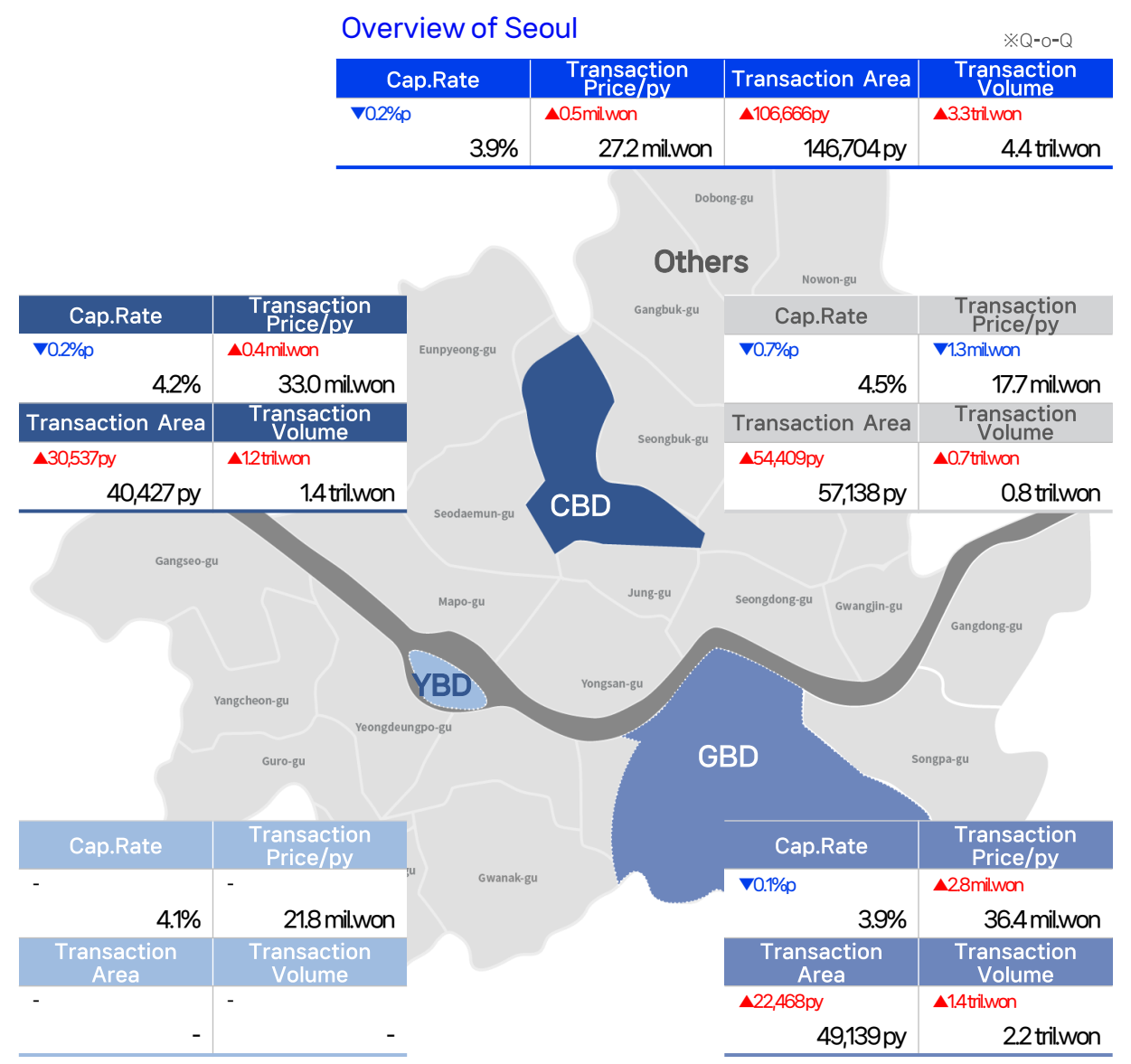
Q3

Investment Market

“Q3 2024:
Seoul Office
Transactions Surge
312%, Increasing by
KRW 3.3 Trillion to
Reach KRW 4.4
Trillion”

In the Q3 of 2024, the transaction volume for Seoul offices was 4.41 trillion won, reflecting an increase of 3.33 trillion won(312% ↑) q-o-q, recording the highest in the last 3 years. The unit price per py in Seoul rose by 480,000 won (1.8% ↑) q-o-q, reaching 27.27 million won/py, with the contribution of large office deals in CBD and GBD.

With large-grade office properties becoming on sale, including SFC and KDB Life Tower, and transactions being completed for properties such as D Tower Donuimun, Magok CP District, and Center Place, the transaction volume in Q4 is expected to increase compared to this quarter.

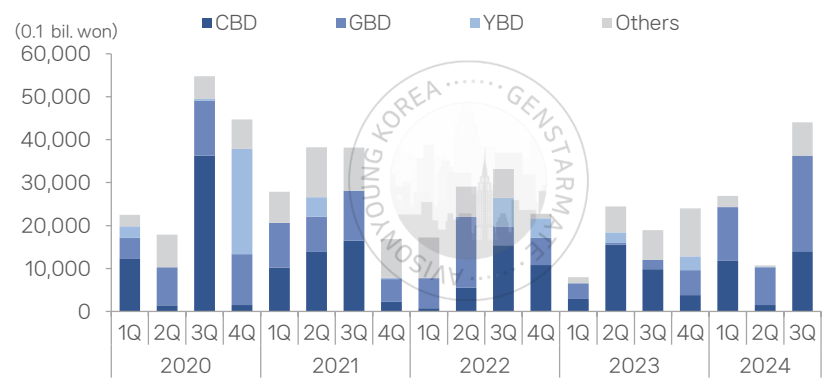


Transaction Volume & Unit Price

In Q3 2024, the transaction volume for Seoul offices was 4.41 trillion won, recording the highest since Q2 of 2021 when the quarterly transaction volume reached 5.20 trillion won. Annual transaction volume in 2024, putting aside Q4's, was 8.17 trillion won and outplaced the slow transaction volume of 7.53 trillion won made up in 2023. Closing of large-grade assets such as The Asset (1.10 trillion won), Hanhwa Building (0.81 trillion won), and Golden Tower (0.44 trillion won) contributed to the scaling of transaction volume and was worth 77% of the entire transaction volume.

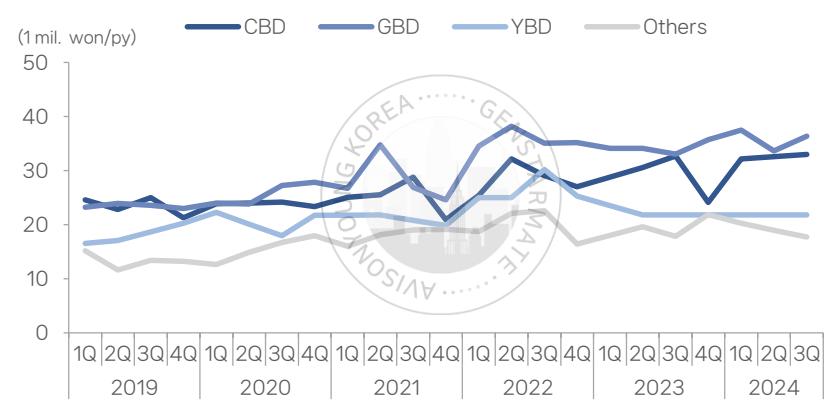
4.41 Trillion Won

Transaction volumes increased across all submarkets in Seoul, except for YBD (no observation), comprising 1.40 trillion won in CBD, 2.23 trillion won in GBD, and 0.78 trillion won in Others district. Notably, GBD accounted for 51% of the total transaction volume in Seoul, with a 155% increase quarter-on-quarter.



27.21 Million Won/py

Unit price increased in CBD and GBD, reaching 33.01 million won per/py(1% ↑) and 36.38 million won/py(8% ↑), respectively. In contrast, unit price in Others district decreased to 20.23 million won per/py(7% ↓), due to the majority of transactions being small to medium-large grade deals. YBD remained unchanged with no transaction observed.



In the Q3 of 2024, 15 transactions took place in Seoul, 4 in CBD, 6 in GBD, and 5 in Others district. GBD saw the most active transactions, with high prices recorded across key deals. The Asset set a record at 45 million won per py, and other notable properties like Hana Financial Gangnam Building (38 million won/py) and Golden Tower(36 million won/py) were traded at prices generally ranging from the mid-30 million to 40 million won per py. In CBD, some REITs have acquired properties, including City Square, FastFive Tower (Shinhan REITs Management), and Hanwha Building (Hanwha Asset Management).

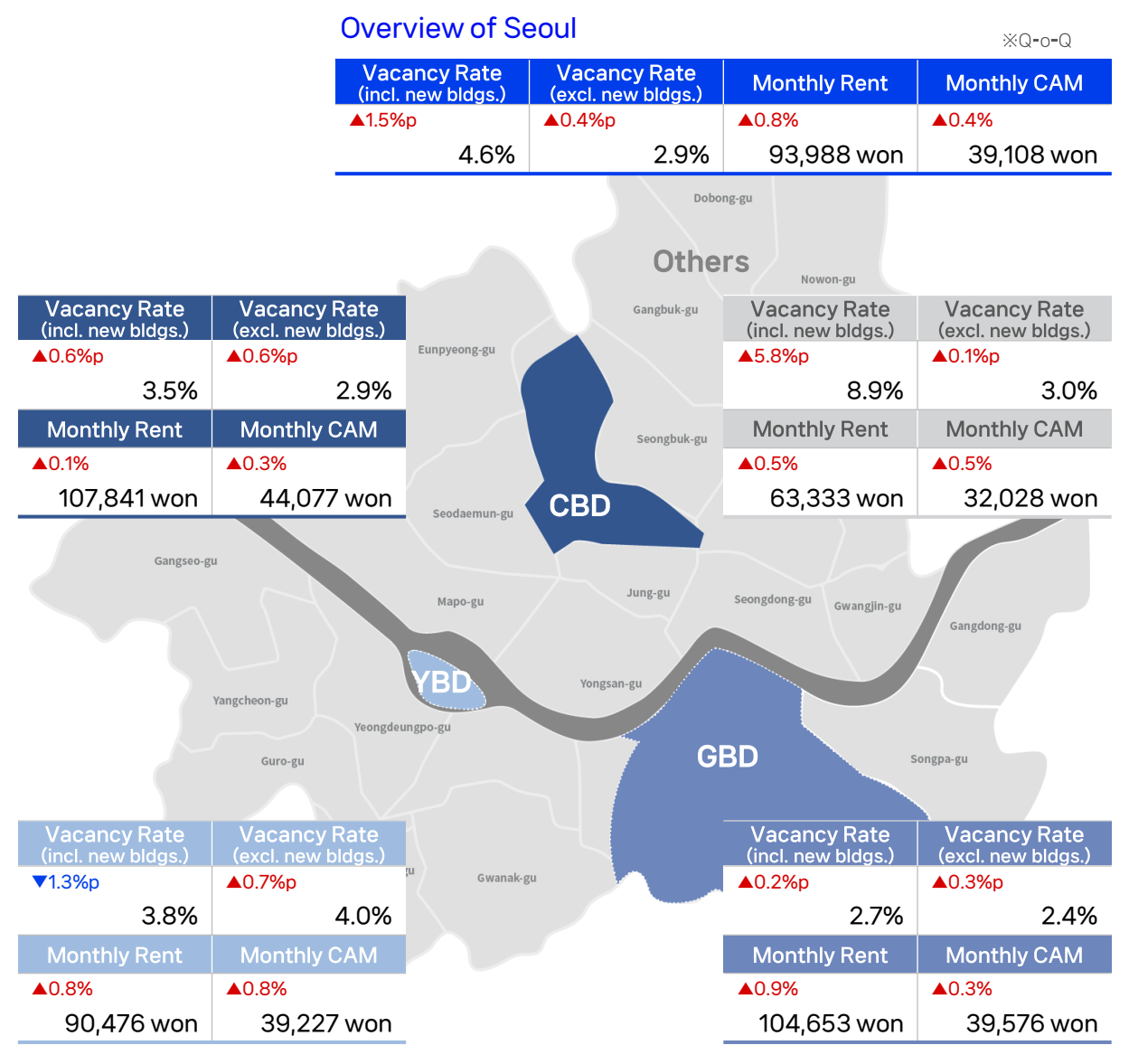
Name	District	Transaction Volume (bil. won)	Unit price per py (10,000 won)	Seller	Buyer
Hanhwa Building	CBD	808.0	3,592	Hanhwa Life Insurance	Hanhwa Asset Management
City Square	CBD	428.1	3,700	Hangang Asset Management	Shinhan REITs Management
The Asset	GBD	1,104.2	4,500	Koramco REITs Management and Trust	Samsung SRA Asset Management
Golden Tower	GBD	440.8	3,600	Koramco REITs Management and Trust	Ascendas Asset Management
Hana Financial Gangnam Building	GBD	282.0	3,800	Hana Alternative Asset Management	Hana Asset Trust
Hanssem Building	Others	320.0	1,587	Hanssem	Gravity Asset Management
Samsung Fire & Marine Insurance Pangyo Building	BBD	125.9	2,402	Samsung Fire & Marine Insurance	Samsung SRA Asset Management

Leasing Market

"Q3 2024: Seoul Office Vacancy Rate at 4.6%, Up 1.5%p from the Previous Quarter with Significant Supply and Tenant Relocation"

In the Q3 of 2024, the completion of One Grove – a prime grade office of 90,000 py in Magok – led to reaching a 4.6% of vacancy rate, up 1.5%p q-o-q, for Seoul as a whole. Furthermore, major tenants relocated their headquarters, raising vacancy rates across all submarkets except for YBD. In YBD, the vacancy rate decreased to 3.8%, down 1.3%p q-o-q, as TP Tower fully resolved vacancies by renting out vacancies to security firms and financial groups.

Rents and CAM increased by 0.8%p and 0.4%p, respectively, q-o-q, continuing the trend of diminishing increments following the last quarter.



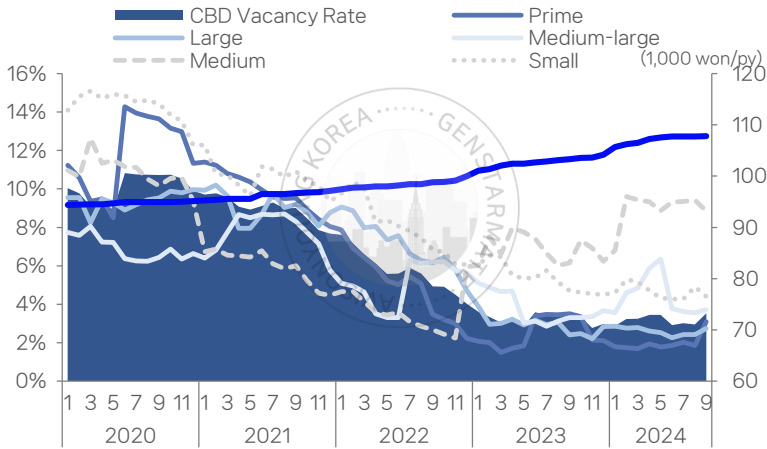
Vacancy Rate & Rent

CBD

In Q3 2024, CBD's vacancy rate including newly constructed buildings was 3.5%, up 0.6%p q-o-q, influenced by relocation of major tenants.

By grades, the prime grade office experienced an 1.2%p increase in vacancy rate, to 3.1%, with major tenants such as Eleven Street (Seoul Square), and Korea Seven (Signature Tower) moving out to other districts. Additionally, the completion of Meritz Fire & Marine Insurance's new headquarters in Bongrae-dong, contributed to an increase in vacancy rates across the district, as tenants moved in from Jongno Tower and Booyoung Taepyung Building.

Compared to the previous quarter, rents increased 0.1% to 107,800 won/py and CAM increased 0.3% to 44,100 won/py.



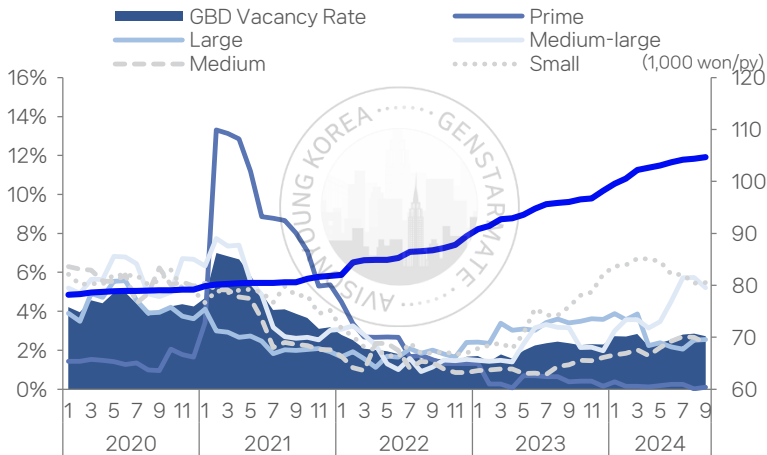
Grade	Vacancy Rate (incl. new bldgs.)			Monthly Rent (1,000 won/py)			Monthly CAM (1,000 won/py)		
Overall	3.5%	▲	0.6%p	107.8	▲	0.1%	44.1	▲	0.3%
Prime	3.1%	▲	1.2%p	128.3	-	0.0%	48.6	▲	0.3%
Large	2.7%	▲	0.5%p	109.6	▲	0.4%	45.4	▲	0.3%
Medium-Large	3.7%	▼	0.1%p	75.8	▼	0.2%	37.0	▲	0.1%
Medium	8.8%	▼	0.5%p	76.6	-	0.0%	34.4	-	0.0%
Small	4.4%	▲	0.1%p	59.8	▲	0.1%	28.4	▲	0.1%

GBD

In Q3 2024, GBD's vacancy rate was 2.7% (including newly constructed buildings), up 0.2%p q-o-q, while the rate of excluding newly constructed buildings was 2.4%, up 0.3%p.

By grades, large and medium-large office spaces saw vacancy increases of 0.4%p and 0.7%p, respectively. For large-grade offices, several tenants, including Acuon Capital, vacated Golden Tower, while for medium-large grade offices, Sephora Korea and Korea Zinc moved out of GFC and Youngpoong Nonhyun Building, respectively, leaving large vacancies.

In this quarter, rents rose to 104,700 won/py and CAM reached 39,600 won/py.



Grade	Vacancy Rate (incl. new bldgs.)			Monthly Rent (1,000 won/py)			Monthly CAM (1,000 won/py)		
Overall	2.7%	▲	0.2%p	104.7	▲	0.9%	39.6	▲	0.3%
Prime	0.1%	▼	0.1%p	130.8	▲	1.3%	45.7	▲	0.2%
Large	2.5%	▲	0.4%p	109.4	▲	0.7%	41.2	-	0.0%
Medium-Large	5.2%	▲	0.7%p	94.8	▲	0.6%	37.6	▲	1.1%
Medium	2.4%	▼	0.1%p	82.8	▲	1.1%	34.2	▲	0.4%
Small	5.5%	▼	0.4%p	70.7	▲	1.1%	29.3	▲	0.2%

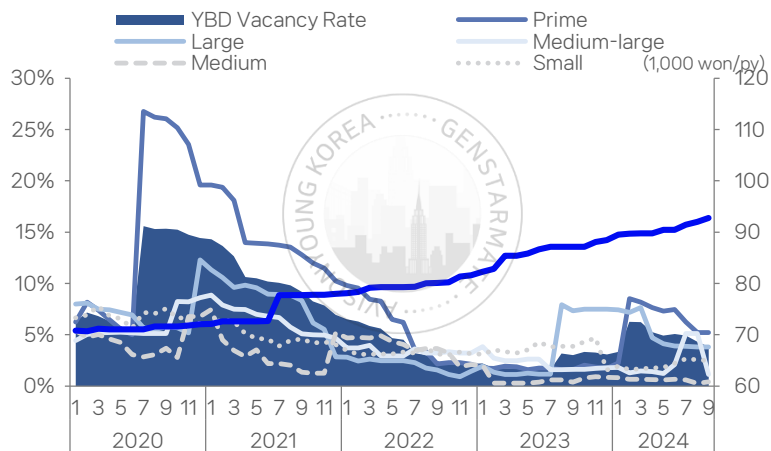
Vacancy Rate & Rent

YBD

In Q3 2024, YBD's vacancy rate was 3.8% (including newly constructed buildings), up 1.3%p q-o-q, while the rate excluding newly constructed building was 4.0%, up 0.7%p.

By grades, the vacancy rate of prime grade office was 5.2%, down 1.3%p q-o-q, as TP tower secured tenants like Kiwoom Securities, Shinhan Financial Group, resolving approximately 15,000 py of vacancy. In contrast, vacancy occurred in Parc1 Tower 1 (prime) with existing tenants reducing leased space. Meanwhile, existing tenants in Yuhwa Security Building (large) increased leased space.

Compared to previous quarter, rents increased 2.5% to 92,800 won/py and CAM increased 0.8% to 39,500 won/py.



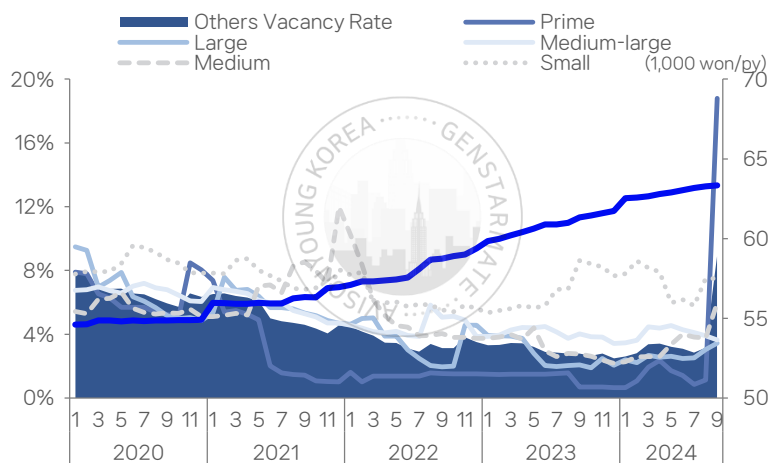
Grade	Vacancy Rate (incl. new bldgs.)			Monthly Rent (1,000 won/py)			Monthly CAM (1,000 won/py)		
Overall	3.8%	▼	1.3%p	92.8	▲	2.5%	39.5	▲	0.8%
Prime	5.2%	▼	2.2%p	122.5	▲	2.4%	46.6	▲	0.2%
Large	3.8%	▼	0.1%p	80.2	▲	4.9%	38.9	▲	2.1%
Medium-Large	1.1%	▼	1.0%p	56.5	▼	2.8%	28.9	▼	1.2%
Medium	0.4%	▼	0.3%p	47.4	▲	0.7%	26.6	-	0.0%
Small	2.5%	▲	0.3%p	34.8	-	0.0%	22.4	-	0.0%

Others

In Q3 2024, the vacancy rate of Others district was 8.9% (including newly constructed buildings), up 5.8%p q-o-q, with vacancy rates rising across all grades except for medium-large.

By grades, the vacancy rate of prime grade office was 18.8%, up 17.4%p q-o-q, affected by the completion of One Grove in Magok CP4 District and Lotte On moving out from Lotte World Tower leaving 2,200 py of vacancy. For the large grade, Meritz Fire & Marine Insurance reduced leased space contributing to a vacancy rate of 3.4%, up 1.0%p q-o-q.

Compared to the previous quarter, rents and CAM both increased 0.5% to 63,300 won/py and 32,000 won/py, respectively.



Grade	Vacancy Rate (incl. new bldgs.)			Monthly Rent (1,000 won/py)			Monthly CAM (1,000 won/py)		
Overall	8.9%	▲	5.8%p	63.3	▲	0.5%	32.0	▲	0.5%
Prime	18.8%	▲	17.4%p	81.8	-	0.0%	36.8	-	0.0%
Large	3.4%	▲	1.0%p	58.2	▲	0.4%	31.8	▲	0.4%
Medium-Large	3.6%	▼	0.6%p	56.8	▲	1.0%	31.4	▲	1.0%
Medium	6.0%	▲	2.0%p	58.1	▲	1.1%	27.5	▲	1.3%
Small	7.5%	▲	1.3%p	44.1	▲	1.1%	22.3	▼	0.1%

Appendix

Indirect Investment Products (REITs and REF)

REITs	Approval/Registration Date	AMC	Property Type
Incheon Ganseok Daehan No. 49	'24.07.03	Daehan Real Estate Investment Trust	Rental housing in Namdong-gu, Incheon
Shinhan Alpha Seosomun	'24.07.12	Shinhan REITs Management	Office in Jung-gu, Seoul
Woori Seongnam Bokjeong Daeto	'24.08.14	Woori Asset Trust	Other assets in Seongnam-si, Gyeonggi-do
DDI Myeongdong N	'24.08.19	D&D Investment	Office in Jung-gu, Seoul
Koramco Office Preferred Stock No. 1	'24.08.27	Koramco REITs Management and Trust	Real estate-related securities
TY No. 1 Corporate Restructuring	'24.08.28	D&D Investment	Office in Yeongdeungpo-gu, Seoul
Shinhan Mid and Small-Sized Office Value-Added	'24.08.29	Shinhan REITs Management	Office in Jung-gu, Seoul
HL Reit 3	'24.09.11	HL REITs Management	Office in Jung-gu, Seoul

REF	Inception Date	AMC	Property Type
CapitaLand Korea No. 18 General Private Real Estate Fund	'24.07.05	Ascendas Asset Management	Office in Gangnam-gu, Seoul
Gravity General Private Real Estate Investment Trust No. 7	'24.07.05	Gravity Asset Management	Logistics center in Bucheon-si, Gyeonggi-do
GRE General Private Real Estate Investment Trust No. 10	'24.07.25	GRE Partners Asset Management	Retail store in Seongdong-gu, Seoul
Pebblestone No. 21 General Private Real Estate Investment Trust	'24.08.22	Pebblestone Asset Management	Logistics center in Gimpo-si, Gyeonggi-do
Gravity General Private Real Estate Investment Trust No. 8	'24.08.26	Gravity Asset Management	Office in Mapo-gu, Seoul
ARA Korea No. 2 Real Estate General Private Investment Trust	'24.08.28	ARA Korea Limited	Hotel in Yeongdeungpo-gu, Seoul
Petraville General Private Real Estate Investment Trust No. 1	'24.09.11	Petraville Asset Management	Logistics center in Icheon-si, Gyeonggi-do
IGISNEOVALUE General Real Estate Private Investment Company No.12	'24.09.27	Igisneovalue Asset Management	Hotel in Jung-gu, Seoul
Samsung SRA General Private Real Estate Investment Trust No. 109	'24.09.30	Samsung SRA Asset Management	Office in Gangnam-gu, Seoul

Major Tenants Movement

District	Building Name	Location	Tenant	Leased Area(py)
CBD	Gran Seoul	Cheonjin-dong, Jongno-gu	Korea Zinc	4,800
GBD	Parnas Tower	Samsung-dong, Gangnam-gu	The Founders	1,400
YBD	TP Tower	Yeouido-dong, Yeongdeungpo-gu	Kiwoom Securities	6,700
			Shinhan Financial Group	4,700
Others	East Central Tower	Cheonho-dong, Gangdong-gu	Korea seven	2,600

Newly Constructed Office

District	Building Name	Location	Land Area(py)	GFA(py)
GBD	413 Tower	Yeoksam-dong, Gangnam-gu	170	1,900
	One Grove	Magok-dong, Gangseo-gu	11,800	94,700
Others	Plant Yangpyeong	Yangpyeong-dong 1-ga, Yeongdeungpo-gu	300	2,600
	KB Yeongdeungpo Tower	Yangpyeong-dong 4-ga, Yeongdeungpo-gu	500	4,200

Method : Telephone/site investigation, disclosure materials from AMC

Contents : Office transaction cases, tenant status, and rent level

Period : Seoul/Bundang: Monthly (5th ~ 15th), 6 major cities: Quarterly (11th Jul ~ 25th Sep)

Office grade: Small: Under 3,000py/ Medium: 3,000py ~ 5,000py/ Medium-Large: 5,000py ~ 10,000py/ Large: 10,000py ~ 20,000py/ Prime: Above 20,000py

Submarket : Seoul, Bundang, and 6 major cities(Incheon, Daegu, Daejeon, Gwangju, Ulsan, Busan)

	District	Area	Submarket
Seoul	CBD (Central Business District)	Jongno-gu, Jun-gu(Jungmin-dong excluded), Yongsan-gu(Dongja-dong)	Gwanghwamun Sinmunro, Namdaemun, Euljiro, Jongno, The rest of CBD
	GBD (Gangnam Business District)	Gangnam-gu, Seocho-gu	Teheranro, Gangnamdaero, The rest of GBD
	YBD (Yeouido Business District)	Yeouido-dong, Yeongdeungpo-gu	West Yeouido, East Yeouido, Stock Exchange Market
	Others (Non Major Business District)	The rest of Seoul	Mapo, Yongsan, Jamsil/Songpa, Sangam, The rest of Others
Gyeonggi	BBD (Bundang Business District)	Bundang-gu, Sujeong-gu (Seongnam City)	Seohyun, Sunae, Pangyo, The rest of Bundang
Metropolitan	6 major cities	Incheon, Daegu, Daejeon, Gwangju, Ulsan, Busan	

※ **Vacancy rate:** In order to consider the period of time it takes for new offices to have an actual impact on the office market, we distinguish between the 'new construction-included vacancy rate,' which reflects the immediate effect of the completion of new offices, and the 'new construction excluded vacancy rate,' which takes into account the rental stabilization period of new offices, and present both rates side by side in this report. Newly constructed offices are offices that are less than 12 months old at the time of the survey.

※ **Rent:** In order to consider the immediate effect of the completion of new offices, we distinguish between 'new construction included rent,' which reflects the immediate effect of the completion of new offices, and 'new construction excluded rent,' which takes into account the rent stabilization period of new offices, and is presented in this report as 'new construction excluded rent.'

* The GenstarMate Research Center's Market Report has been renewed. Starting from Q3 2024, it will be published in two versions: Light and Full. The Light version is available on our website, and for more detailed and in-depth information, please contact GenstarMate directly.

GenstarMate

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