

LOGISTICS MARKET REPORT

2020



AVISON
YOUNG



Dancheon-ri logistics center



BLK Pyeongtaek logistics center



Dongtan logistics Complex C Block

03

Guide

Research Overview, Grade and Submarket

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Logistics Center Investment Market

The transaction volume of Seoul Metropolitan Area's Logistics center from 1Q to 3Q of 2020 reached 1.89 trillion won, up 3.2% y-o-y.

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Seoul Metropolitan Area Analysis by Submarket

The logistics center supplied in the Seoul Metropolitan Area in 1Q to 3Q of 2020 is about 480,000 py, down 12% y-o-y.

01

Research Overview

02

Logistics center grade and Submarket

Region: Gyeonggi-do, Incheon, Seoul

Target: Logistics Center with gross floor area of 3,300m² or more which uses at least 50% of its area as warehouse facilities

Research method: Telephone/site investigation, Ministry of Land, Infrastructure and Transport

Contents of research: Logistics Center license and approval status, transaction cases, tenant status and rent level

Research period: Research on the 15th to the last day of the following month at the end of each quarter

Prime: over 165,289m²

Large: 99,174m² or more and less than 165,289m²

Medium: More than 33,508m² and less than 99,174m²

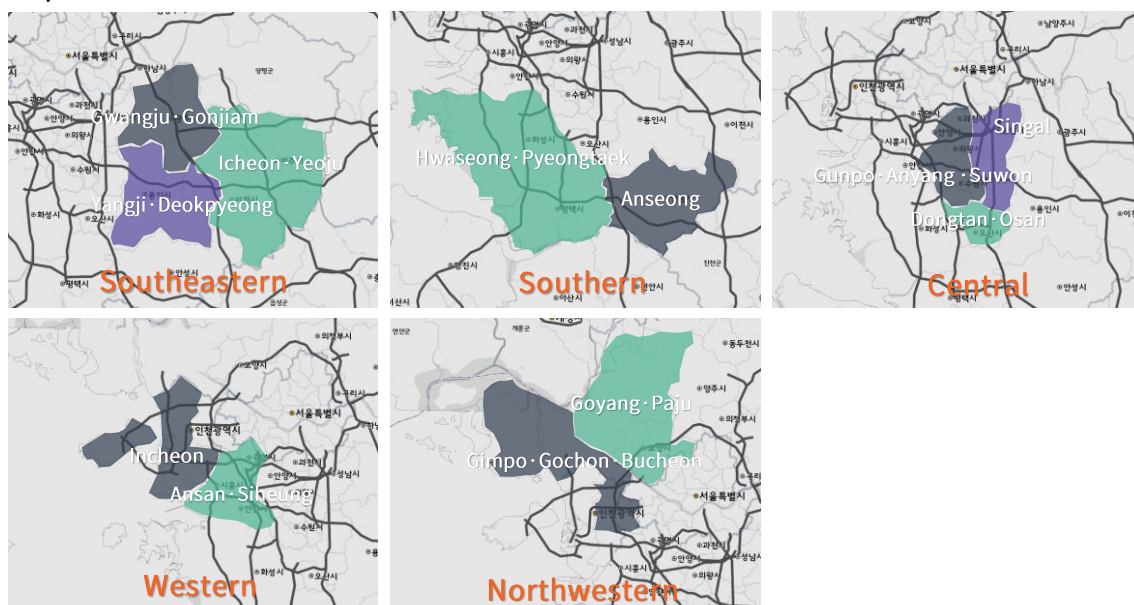
Small: less than ~33,508m²

Area unit: py=3.3m²

Classification of Market & Submarket

Market	Submarket	Area
Southeastern	Gwangju · Gongnam, Icheon · Yeosu, Yangji · Deokpyeong	Gwangju City, Icheon City, Yeosu City, Yongin City (Cheoin-gu)
Southern	Anseong, Pyeongtaek · Hwaseong	Anseong City, Pyeongtaek City, Hwaseong City (excluding Dongtan Area)
Central	Gunpo · Anyang · Suwon, Dongtan · Osan, Singal	Gunpo City, Ulsan City, Anyang City, Gwacheon City, Suwon City, Osan City, Hwaseong City (Dongtan Area), Yongin City (Suji-gu, Giheung-gu), Seongnam City
Western	Incheon, Ansan · Siheung	Ansan City, Siheung City, Gwangmyeong City, Incheon Metropolitan City (Jung-gu, Dong-gu, Michuho-gu, Seo-gu, Namdong-gu, Yeonsu-gu, Ongjin-gun)
Northwestern	Gimpo Gochon · Bucheon, Goyang · Paju	Goyang City, Paju City, Gimpo City, Bucheon City, Incheon Metropolitan City (Gyeyang-gu, Bupyeong-gu, Ganghwa-gun)
Others		Gyeonggi-do, Seoul Area

Map of Submarket



* Source: Avison Young Korea

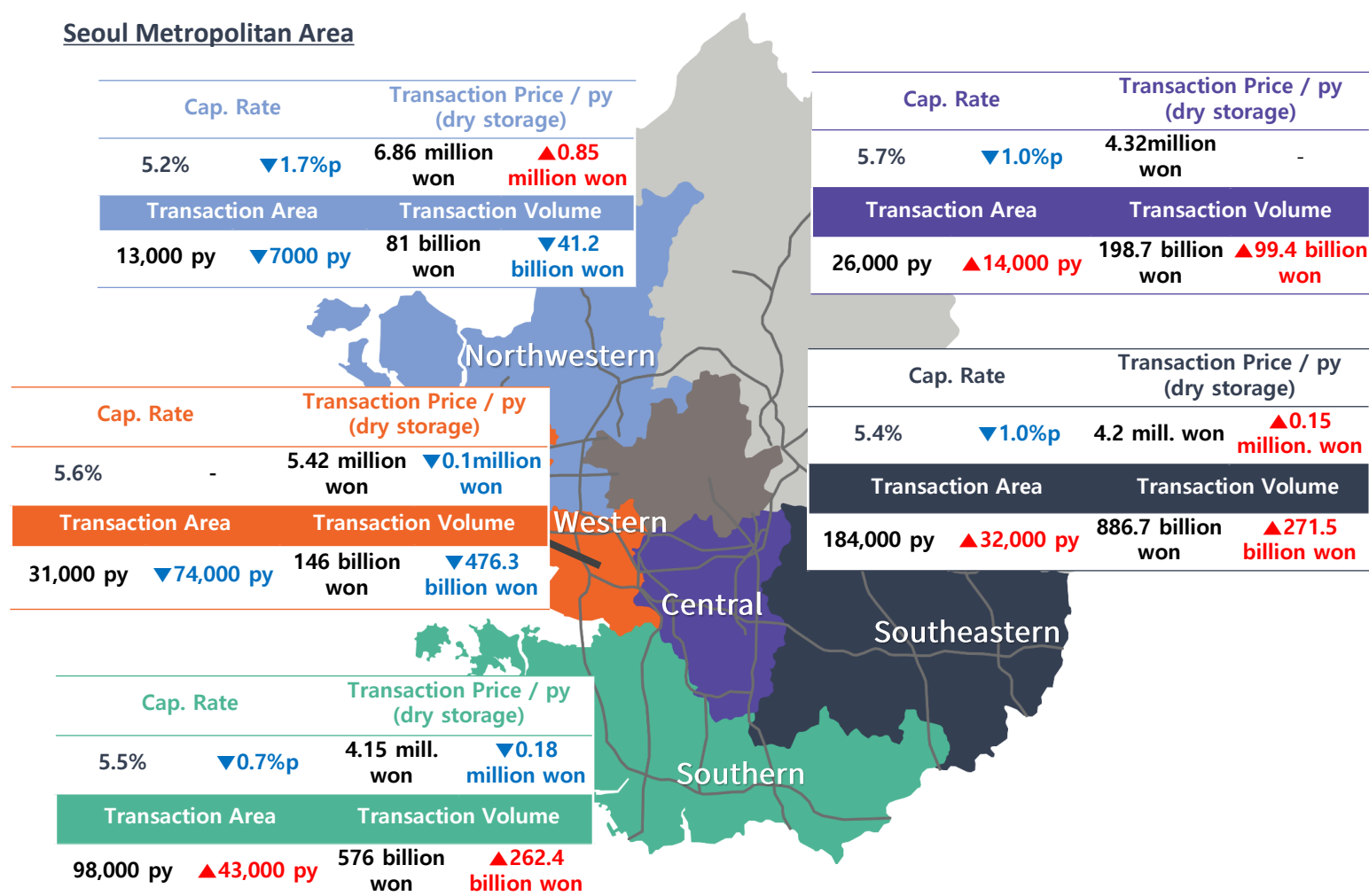
01 Investment Market

Overview

※ From 1Q to 3Q 2020, Y-O-Y

Cap. Rate	Transaction Price / py (dry storage)	Transaction Area	Transaction Volume
5.4% ▼0.9%p	4.33 million won ▼50,000 won	352,000 py ▼2,000 py	1.89 trillion won ▲58.3 billion won

Seoul Metropolitan Area



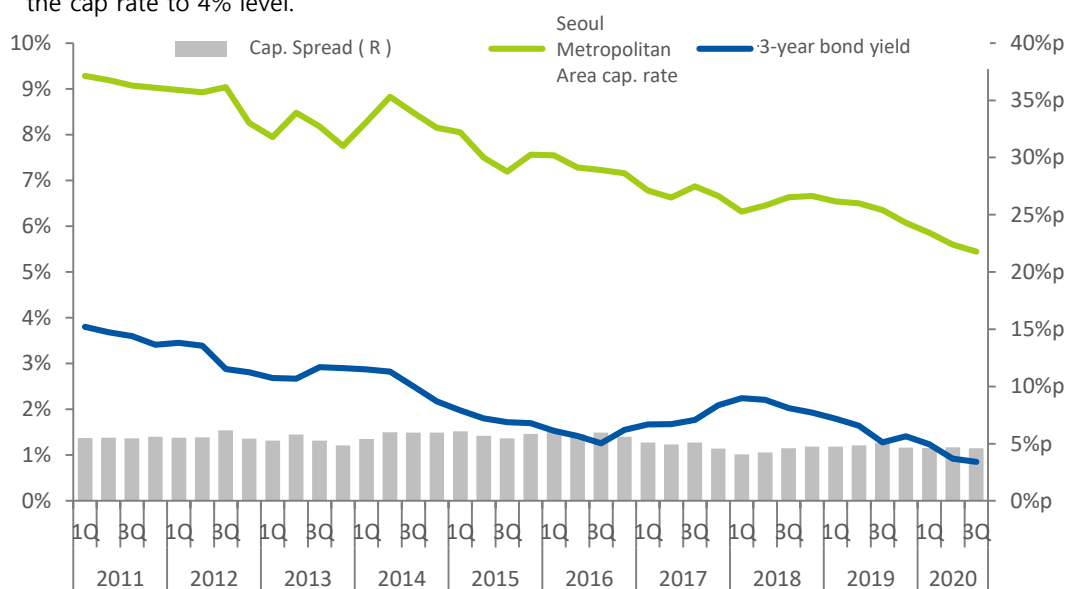
- The transaction volume of Seoul Metropolitan Area's¹ Logistics center from 1Q to 3Q of 2020 reached 1.89 trillion won, up 3.2% y-o-y. The annual transaction volume in 2020 is expected to reach 2 trillion won, which marks three consecutive years of passing the 2 trillion mark.
- The average transaction price per py of Seoul Metropolitan Area's Logistics center (dry storage) is 4.43 million won, which is a slight decrease compared to same period last year. However, in the case of a mixed Logistics center which includes a low temperature function, the price increased by 13.6% y-o-y, reaching 6 million won per py.
- Capitalization rate of Logistics center in the Seoul Metropolitan Area fell 0.9%p year-on-year to 5.4%. In the case of some real assets in the second half of 2020, investment demand was high, pushing down the cap. rate to 4%-level. This fall is much steeper than that witnessed in the past.

*Source: Avison Young Korea

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Cap. rate of logistics centers in Seoul Metropolitan Area

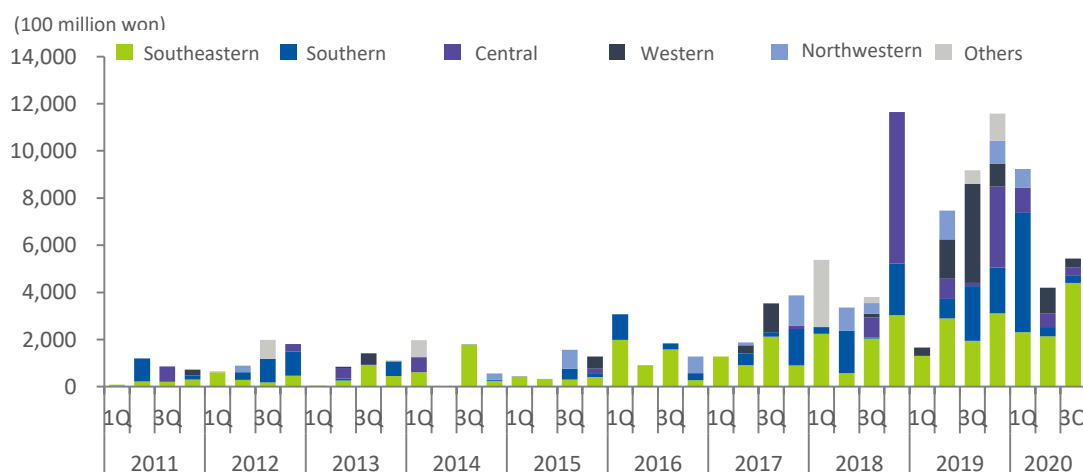
- The cap.rate of Logistics center in Seoul Metropolitan Area continued to decline, reaching 5.2% in the third quarter of 2020. This is a 1.1%p decline y-o-y, and rate of decline is much steeper than in the past.
- The cap.rate is in the higher 5 % level for Logistics centers transacted through pre-sale contracts, when the transaction price per py was lower than the current level. However, in the case of some real assets, the demand for investment was extremely high, pushing down the cap rate to 4% level.



03

Transaction volume of Logistics centers in Seoul Metropolitan Area

- The transaction volume of the Seoul Metropolitan Area Logistics center, from 1Q-3Q of 2020, is about 1.9 trillion won. This figure is slightly higher than 1.8 trillion won transaction closed in the same period last year. Considering the transactions scheduled for 4Q 2020, it is expected that the transaction volume for 2020 will surpass 2 trillion won, as was the case in the past two years.
- Half of the total transaction volume in Seoul Metropolitan Area Logistics center was traded in the Southeast region. However, it is notable that transaction volume in the southern area surged as Logistics center with gross floor area of over 10,000 py in Anseong and Pyeongtaek was traded in the 1Q of 2020.

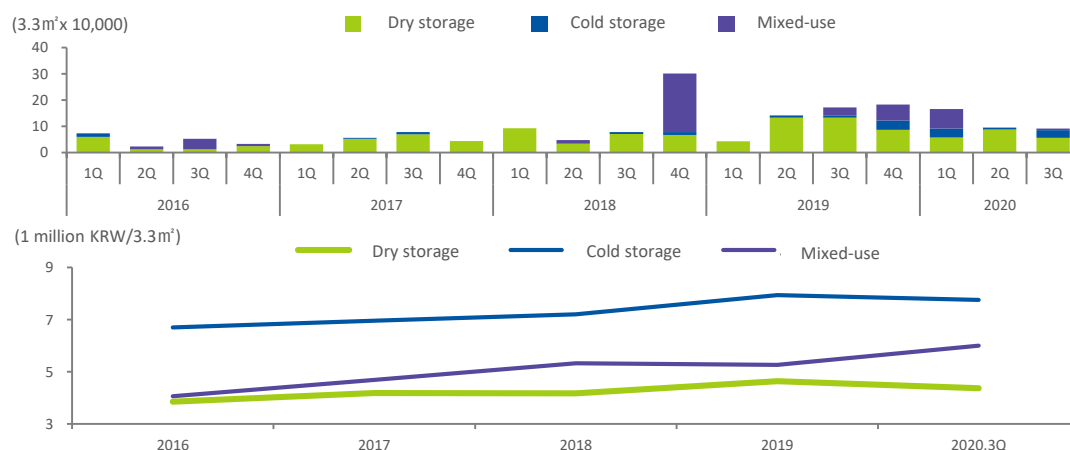


*Source: Avison Young Korea

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Transaction area and price per py by Logistics center type

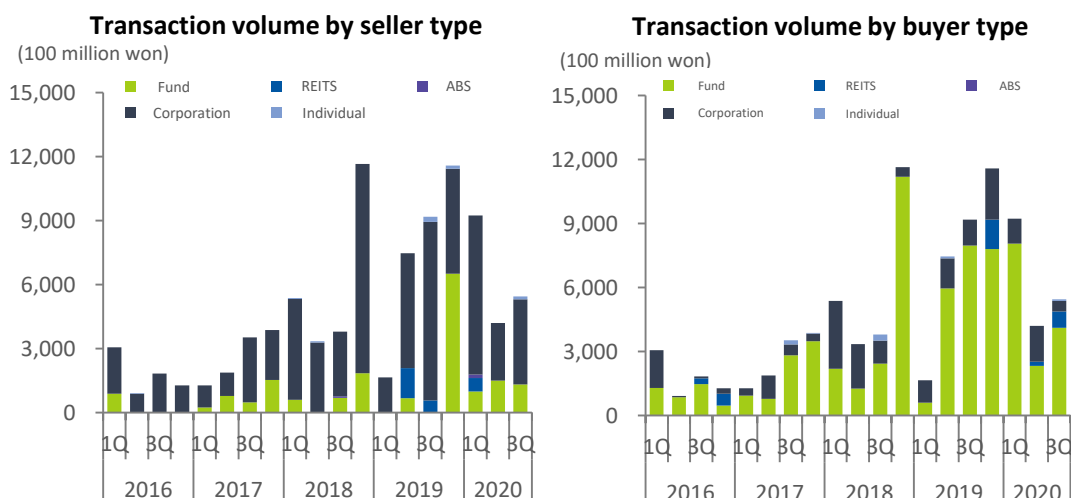
- From 1Q-3Q 2020, 44 Logistics centers which is equivalent to about 350,000 py were traded. The explosive growth of the fresh food delivery market including early morning delivery, drove investment demand for cold storage Logistics centers and mixed-use Logistics centers with freezing and refrigeration facilities. Such cold storage Logistics centers accounted for 43% of the total transaction area.
- The average transaction price per py of the dry storage and cold storage Logistics centers in the Seoul Metropolitan Area was 4.43 million won and 7.75 million won. This figure is a slight decrease from the previous year. However, in the case of mixed -use Logistics center, the average transaction price recorded 6 million won, up y-o-y. The reason for such trend seems to be two-fold. Investors preferred mixed-use Logistics centers this year. Also, the dry storage or cold storage Logistics centers traded this year was relatively older.



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Transaction volume by seller/buyer type

- As for the seller type, the direct (corporation) method totaled 31 cases from 1Q to 3Q of 2020, showing the highest proportion among seller type. Corporations that sold Logistics centers were often engaged in general warehouse business such as storage and management of goods.
- In terms of buyer type, fund accounted for the highest proportion with 25 cases. Among them, the most frequent purchases of Logistics centers were sold by corporations at 19 cases, and followed by purchase of Logistics centers managed and developed by funds or REITs at 6 cases.



*Source: Avison Young Korea

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Transaction cases by region

Southeastern

- As of the third quarter of 2020, the transaction volume of the Southeastern Market Logistics center recorded KRW 886.7 billion, up 44% from the previous year. Including 4Q, the transaction volume is expected to reach 1 trillion won, which is the largest volume among all regions. In 1Q-3Q 2020, there were 23 transactions in southeastern area, which is equivalent to 52% of the total number of transactions, and 47% of the total transaction volume in Seoul Metropolitan Area. The share of purchases through indirect investment vehicles reached about 86%, and for the first time in five years, there were two purchases through REITs this year which is the biggest number so far.

Logistics center	Address	Type	Transaction Area(py)	Price(100milli on won)	Unit price (py, 10,000 won)	Seller / Buyer
DC Deokpyeong	Icheon, Gyeonggi-do	dry storage	7,648	358	468	Seller: DC Deokpyeong (Limited) Buyer: Hobeop 2 Logistics Korea
HN Logistics	Icheon, Gyeonggi-do	dry storage	7,361	289	392	Seller: HN Logistics Buyer: K-Clavis Asset Management
JK Logis	Icheon, Gyeonggi-do	Mixed-use	6,000	345	575	Seller: Evia Logistics, JKF Buyer: KORAMCO Asset Management
Musinsa Logistics Center Building B	Yeoju, Gyeonggi-do	dry storage	11,200	530	473	Seller: Smart L Buyer: YNP Asset Management
Taeun Logistics 2nd Yeoju Center	Yeoju, Gyeonggi-do	dry storage	6,734	240	357	Seller: Beige Box Two Buyer: Hyundai Investment Asset Management
Taeun Logistics No. 1 Yeoju Center	Yeoju, Gyeonggi-do	dry storage	11,899	540	454	Seller: ADF Asset Management Buyer: K-Clavis Asset Management
Seoicheon Logistics Center	Icheon, Gyeonggi-do	dry storage	7,612	260	342	Seller: Capstone Asset Management Buyer: K-REITs Investment Management
Musinsa Logistics Center Building A	Yeoju, Gyeonggi-do	dry storage	10,121	509	503	Seller: New D.P.L Buyer: YNP Asset Management
Brick Yongin Logistics Center	Yongin, Gyeonggi-do	cold storage	13,018	940	722	Seller: Brick Yongin Logistics Center Buyer: KORAMCO Asset Management
Yeonseung Apparel Logistics Center	Gwangju City, Gyeonggi-do	dry storage	4,293	210	489	Seller: Yeonseung Apparel Buyer: Hyundai Investment Asset Management
Seolseong Logistics Center	Icheon, Gyeonggi-do	Mixed-use	6,660	400	601	Seller: KORAMCO Asset Management Buyer: Vestas Asset Management
E-Mart Yeoju Logistics Center	Yeoju, Gyeonggi-do	dry storage	8,193	320	390	Seller: K-REITs Investment Management Buyer: Hyundai Investment Asset Management
Logis Valley Seoicheon Center	Icheon, Gyeonggi-do	dry storage	23,658	980	380	Seller: Sunkyung E&C Buyer: CBRE GI Asset Management
Carrier Logistics Center	Yongin, Gyeonggi-do	cold storage	16,635	1,100	661	Seller: Wonjin Logistics Buyer: Hana Alternative Investment Asset Management
Dancheon-ri Logistics Center	Icheon, Gyeonggi-do	dry storage	10,122	600	593	Seller: LB Asset Management Buyer: Shinhan REITs Management

DC Deokpyeong



BRIC Yongin logistics center



Carrier Logistics Center



Dancheon-ri Logistics Center



* Source: Avison Young Korea

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Transaction cases by region

Southern

- The transaction volume of the Southern Logistics center in 1Q-3Q 2020 reached 460 billion won, the largest transaction volume following the southeastern region. In particular, two transactions worth 200 billion won were closed in the southern region, accounting for about 30% of the total transaction volume in Seoul Metropolitan Area. Among them, the BLK Pyeongtaek Logistics Center, invested and developed by KKR, was sold to Pebblestone Asset Management at KRW 197.7 billion. Iljuk cold storage logistics center signed a long-term lease agreement with K-REITs Investment Management.

Logistics center	Address	Type	Transaction Area(py)	Price(100million won)	Unit price (py, 10,000 won)	Seller / Buyer
BLK Pyeongtaek Logistics Center	Pyeongtaek, Gyeonggi-do	Mixed-use	37,255	1,977	531	Seller: Bear in the Zoo PFV Buyer: Pebblestone Asset Management
Iljuk refrigeration	Anseong, Gyeonggi-do	cold storage	29,930	2,242	749	Seller: Icheon Warehouse, Iljuk Warehouse Buyer: K-REITs Investment Management
GL Logistics Center	Anseong, Gyeonggi-do	Mixed-use	6,800	380	559	Seller: GL Buyer: Rifa Asset Management Company

BLK logistics center



Iljuk refrigeration



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Transaction cases by region

Central

- In the Central region, there were 4 transactions worth KRW 197.8 billion including the Dream Forward Logistics center. Among them, Hansol Refrigeration Suwon Logistics center and AMB Incheon Logistics Center located in the Incheon Airport Logistics Complex was traded using the stock transfer method. On the other hand, Geumwon Logistics located in Yongin Singal Area is being redeveloped into a new Logistics center which is located along the Gyeongbu Expressway.

Logistics center	Address	Type	Transaction Area(py)	Price(100million won)	Unit price (py, 10,000 won)	Seller / Buyer
Dream Forward Logistics Center	Osan City, Gyeonggi-do	Mixed-use	8,879	423	476	Seller: Dream Forward Buyer: K-REITs Investment Management
Geumwon Logistics	Yongin, Gyeonggi-do	Mixed-use	8,374	620	872*	Seller: Geumwon Logistics Buyer: Kendall Square Asset Management

Dream Forward Logistics center



Geumwon Logistics Center



* Source: Avison Young Korea

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Transaction cases by region

Western

- In the western area during 1Q-3Q 2020, there were five transactions, reaching transaction volume of 146 billion won, including DB Steel's Incheon Logistics Center and Jeonglim Trading Logistics Center. Unlike last year, when transactions were in the Ansan and Siheung areas, this year, transactions were handled in Incheon area, including AMB Incheon Logistics Center (Incheon Airport Logistics Complex) and Jeonglim Logistics Logistics Center (Incheon Logistics Terminal Complex). In line with the trend last year, transactions of old warehouses for the purpose of redevelopment took place Wonchang-dong Hanjin Heavy Industries site and Hang-dong and Sinheung-dong in the Namhang area.

Logistics center	Address	Type	Transaction Area(py)	Price(100million won)	Unit price (py, 10,000 won)	Seller / Buyer
DB Steel Incheon Logistics Center	Incheon Jung-gu	dry storage	2,723	700	406*	Seller: DB Asset Management Buyer: Incheon Hang-dong The One PFV
Hangdong 7-ga Incheon Port Logistics	Incheon Jung-gu	cold storage	1,166	165	626*	Seller: Incheon Port Logistics Buyer: LSD Project Logistics
Junglim Trading Logistics Center	Incheon Jung-gu	dry storage	2,408	193	729	Seller: Junglim Trading Buyer: Spigen Korea

Hangdong 7-ga Incheon Port Logistics



Junglim Trading Logistics Center



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Transaction cases by region

Northwestern

- In the northwest region, there were three transactions including the Gimpo Seongkwang Logistics Center, reaching 81 billion won in transaction volume. The Gimpo Seongkwang Logistics Center, which was sold to KB Real Estate Trust at the end of 2016, changed hands to DWS Asset Management in 2020. The Gimpo Seongkwang Logistics Center, recorded the highest price per py in the Gimpo Gochon Logistics Complex as the transaction price per py increased by about 14.1% to KRW 7.40 million. In addition, as the IPP Logistics center located in the same complex was sold to Mercury Asset Management at 6.66 million won per py, pushing up the average transaction price per py in the northwest region y-o-y.

Logistics center	Address	Type	Transaction Area(py)	Price(100million won)	Unit price (py, 10,000 won)	Seller / Buyer
Seongkwang Logistics center	Gimpo-si, Gyeonggi-do	dry storage	9,075	639	704	Seller: KB Real Estate Trust Buyer: DWS Asset Management
IPP Logistics center	Gimpo-si, Gyeonggi-do	dry storage	2,248	150	667	Seller: IPP Buyer: Mercury Asset Management



Seongkwang Logistics center

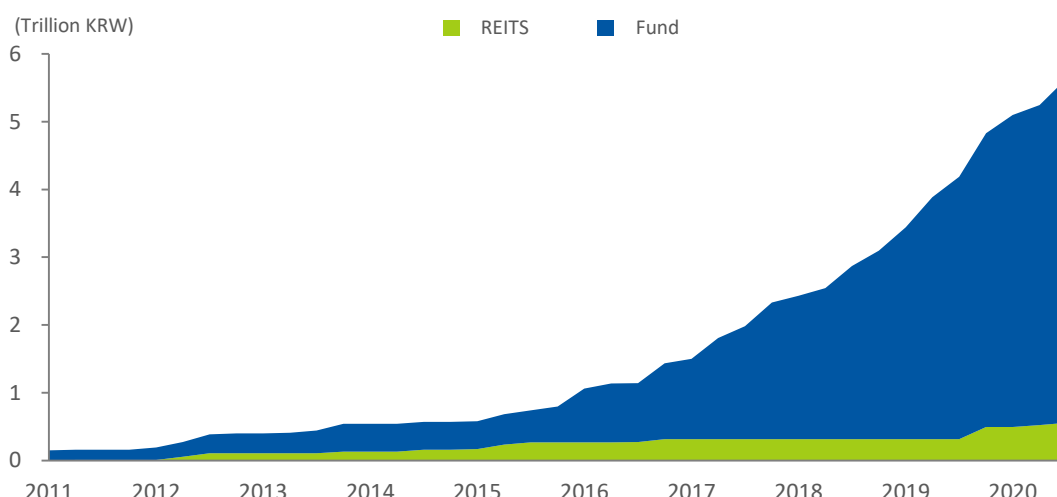
* Source: Avison Young Korea

07

Real estate indirect investment vehicle

- As of the third quarter of 2020, about 5.6 trillion won of equity (REITs capital or real estate fund trust original amount according to investor information document) has been invested through REITs and real estate funds in the real asset or development of domestic Logistics centers.
- Amount of equity stood at around 150 billion won as of the end of 2010 but reached 1 trillion won in 2016. Since then, about 1 trillion won was invested in real estate purchases and development of new Logistics centers through REITs and real estate funds every year.

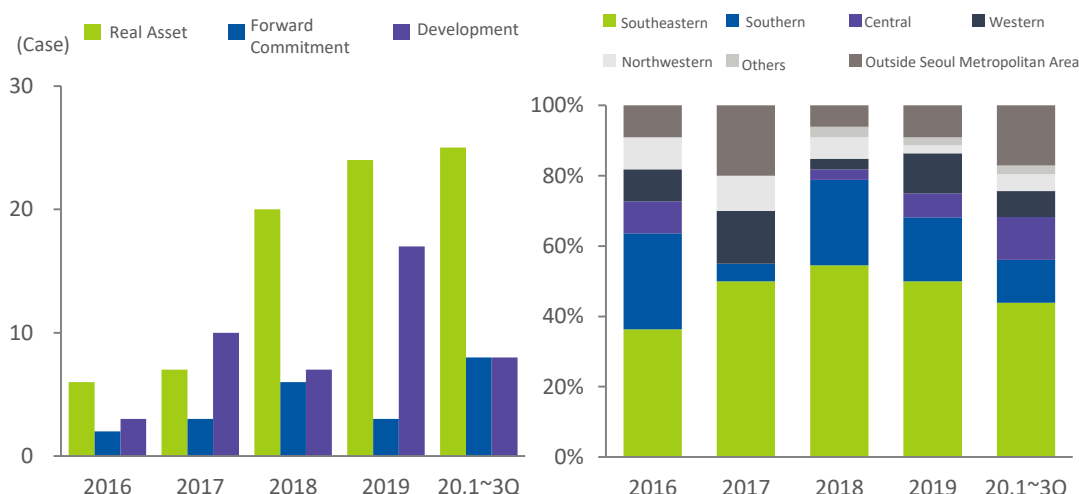
Indirect investment vehicle capital or trust original amount (Real Asset, Development)



- A total of 41 REITs and real estate funds that have been licensed for investment in asset or development of domestic Logistics centers in 1Q-3Q 2020. Most of them invested in existing Logistics centers. Meanwhile, funds for new developments have decreased compared to the previous year, while the number of pre-purchase funds and REITs has increased.
- By investment region, the Southeastern region accounts for the largest share, and indirect investment in Logistics centers has expanded to Gangwon-do and Jeju-do.

Newly licensed Indirect investment type

Share of Indirect investment by region



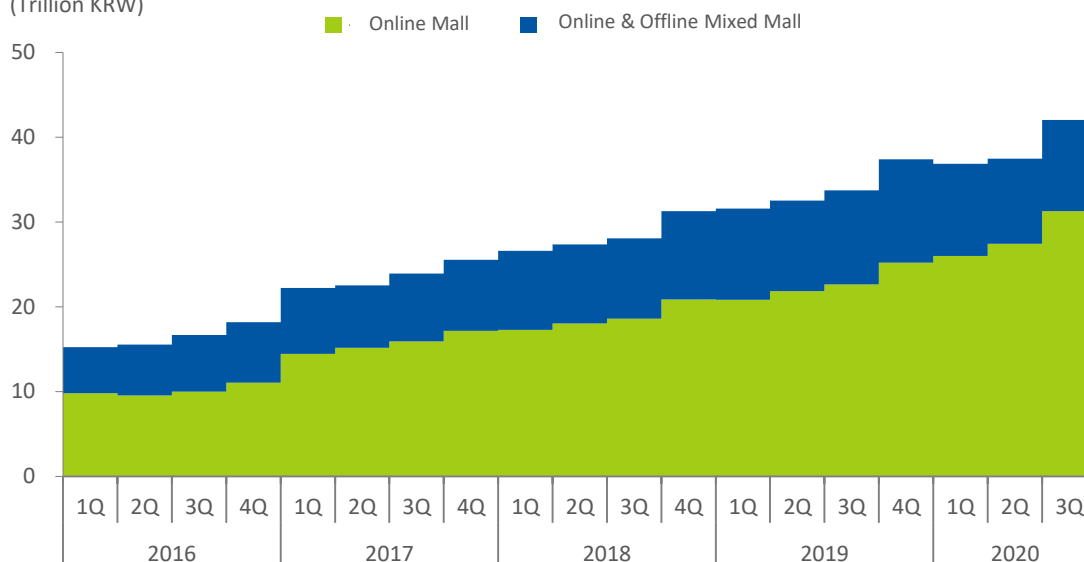
* Source: Avison Young Korea, Ministry of Land, Infrastructure and Transport, Financial Supervisory Service

01 Analysis by Submarket

Logistics Market Index

Shopping revenue

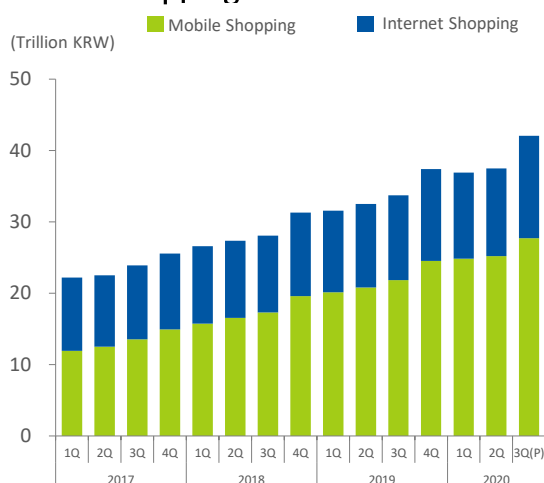
(Trillion KRW)



- According to the Statistics Korea¹, online shopping transactions between Q1 and Q3 2020 amounted to approximately KRW 116 trillion, up 19% y-o-y.
- In particular, in 3Q 2020, the largest quarterly transaction volume (KRW 42 trillion) was recorded since 2001 when data was first collected, as online shopping became more prevalent from social distancing measures due to COVID-19 resurgence.

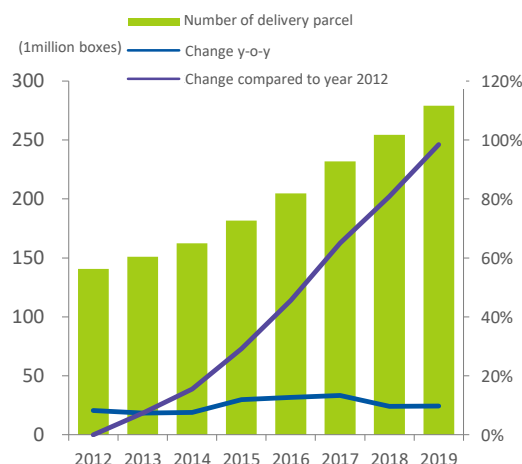
Online Shopping Revenue

(Trillion KRW)



Volume of delivery parcel

(1million boxes)

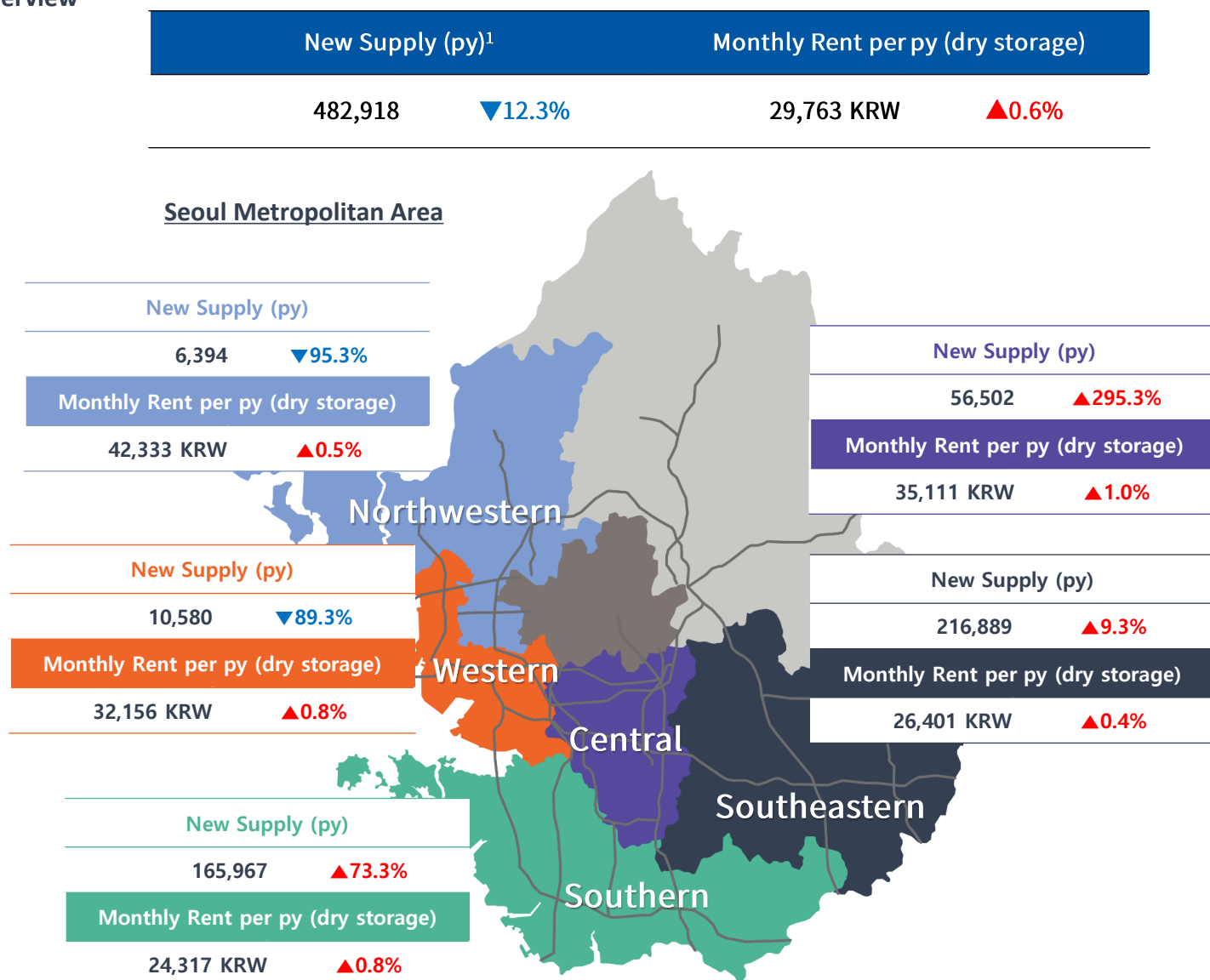


- Mobile shopping revenue recorded KRW 77 trillion between Q1 and Q3 2020, up 24% y-o-y due to the spread of COVID-19.
- Total number of delivery parcel in 2019 was 2.79 billion, up 9.7% from the previous year. As the demand for courier service is expected to surge due to the growth of e-commerce, the number of delivery parcel is expected to increase in 2020 y-o-y.

02

Overview

※ From 1Q to 3Q 2020, Y-O-Y

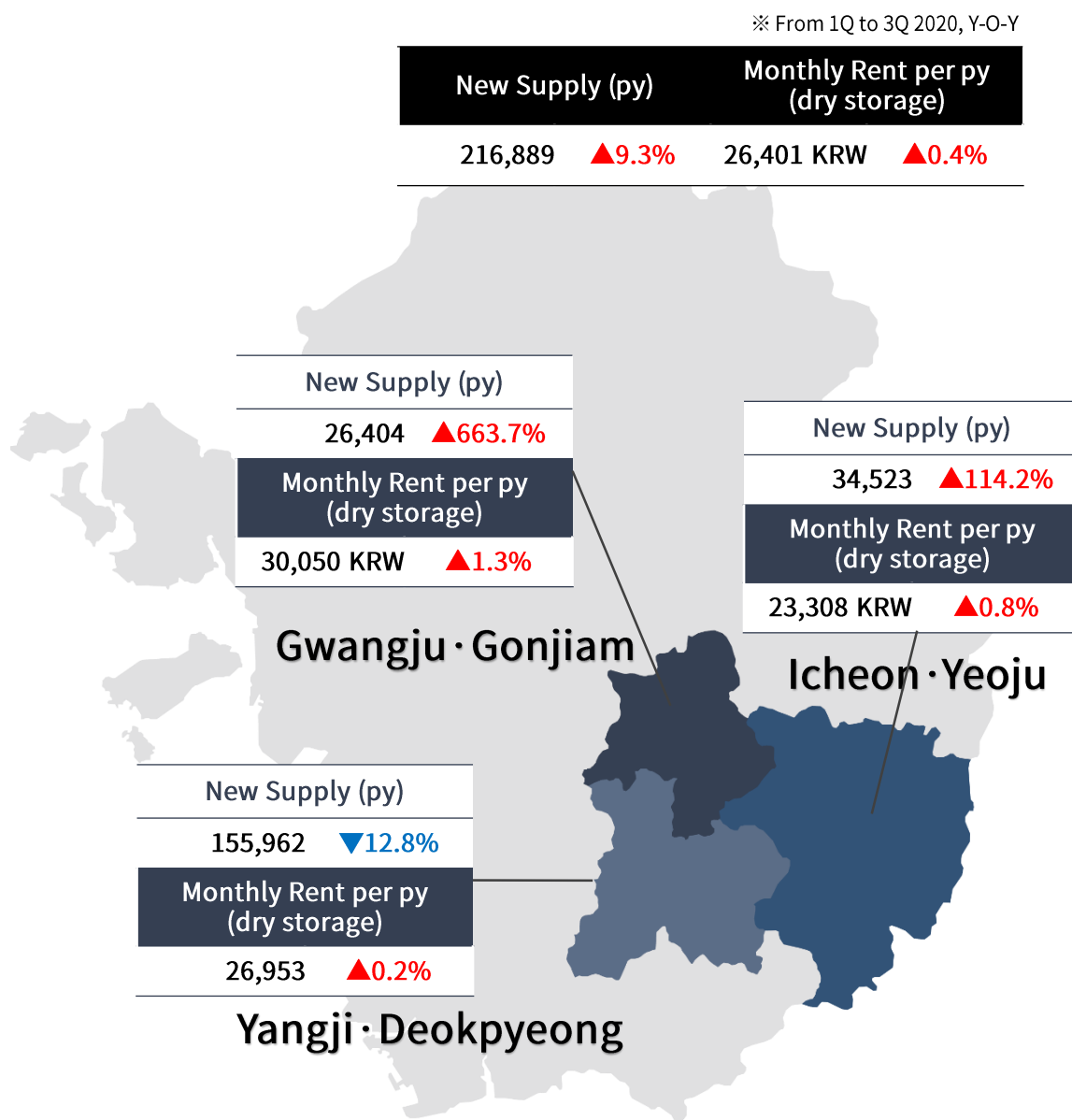


* Source: Avison Young Korea

- The logistics center supplied to the Seoul Metropolitan Area in 1Q to 3Q of 2020 is about 480,000 py, down 12% y-o-y. Despite a significant increase in new supply in the Southern Market, including Wongok Logis Park and Shinsegae Food Pyeongtaek Hub Center, the lack of new supply in the Western and Northwestern Market dragged down the overall new volume in the metropolitan area y-o-y.
- However, new supply will increase significantly in the western region as construction of logistics centers on the Wonchang-dong site sold by Hanjin Heavy Industries and the redevelopment of the old logistics centers located in Incheon North Port are nearing supply.
- The average monthly rent for dry storage in the Seoul Metropolitan Area recorded 29,763 KRW, up 0.6 % y-o-y. The highest rate of increase among the five major markets was the Central Market at 1.0% y-o-y.

03

Southeastern



- From 1Q to 3Q of 2020, the GFA of new supply in the Southeastern Market amounted to about 217,000 py, up 9.3 % y-o-y. As of the third quarter, the total stock in Southeastern Market was about 2.35 million py, which is equivalent to 37.9 % of the stock in Seoul Metropolitan Area.
- In addition, there are several logistics centers in the pipeline in Southeastern Market, thus Southeastern Market is likely to take up a large share in the market.
- The average monthly rent for dry storage per py in the Southeastern Market rose slightly from the previous year to 26,401 won. Rent in Gwangju and Gonjiam Submarket, which is located near Seoul recorded the highest rent within the Southeastern Market.

* Source: Avison Young Korea

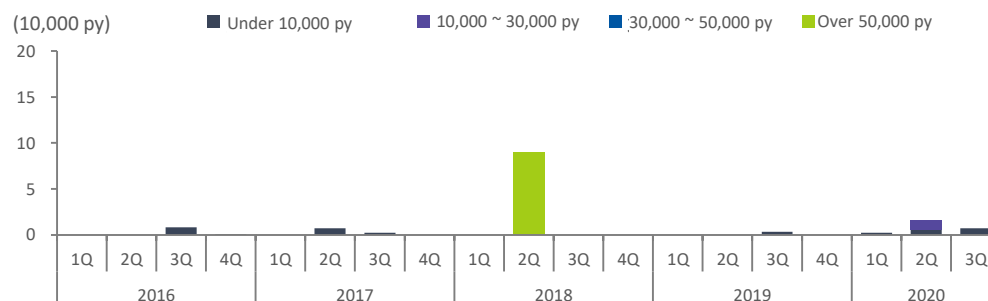
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Gwangju·Gonjiam

New supply

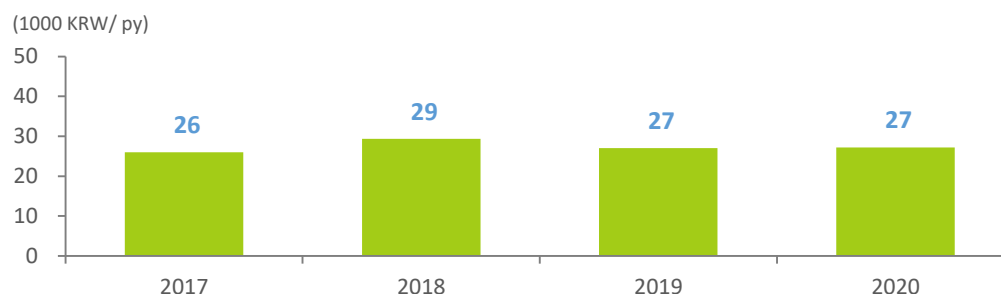
- The average GFA of the logistics center supplied before the supply of CJ Korea Express Mega Hub in the 2Q of 2018 was about 3,000 py. In Gwangju and Gonjiam, about 60% of the stock are small logistics centers of which GFA is less than 10,000 py.
- The share of medium logistics center in Gwangju and Gonjiam is expected to increase due to development of medium logistics centers in the pipeline.

New supply over the years



Rent

- The average rent for dry storage logistics center in Gwangju and Gonjiam region was 30,050 won per py, up about 1.3% y-o-y.

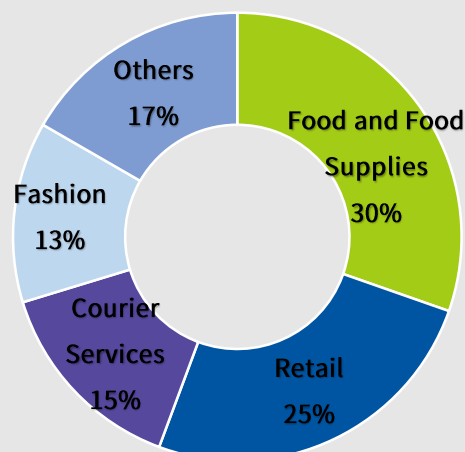


Gwangju·Gonjiam Submarket Logistics Center Tenant Analysis

Gwangju·Gonjiam mainly carries B2C Logistics centers, due to its great location. The area has convenient access to Seoul through Jungbu Expressway

Food and food supplies company represents 30% of the area's tenant base.

Gwangju·Gonjiam also has multiple E-commerce tenants such as Coupang and CJ O Shopping. There are some retail logistics tenant base such as BGF Retail, Electronic Land and CJ Logistics.



* Source: Avison Young Korea

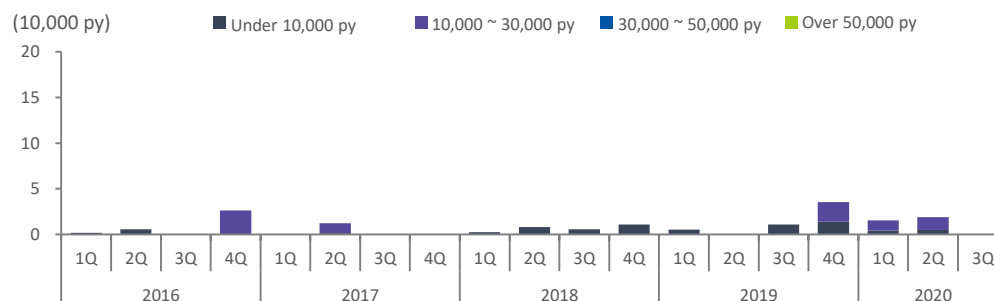
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Icheon·Yeoju

New supply

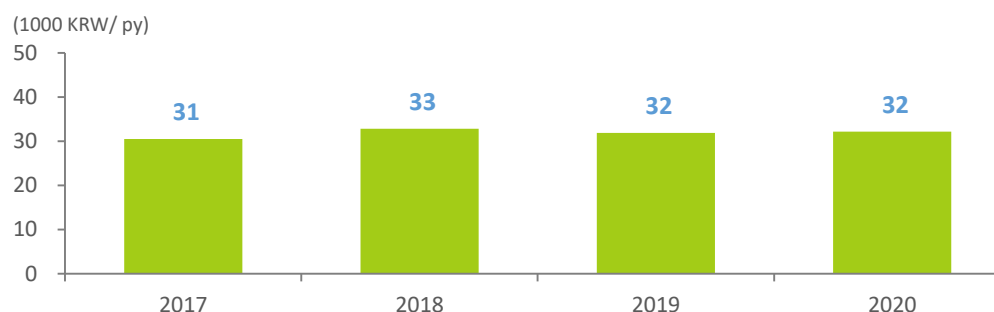
- Icheon and Yeoju, added four small and medium logistics centers during 1Q to 3Q, each less than 30,000 py, adding 2.9 million py to the Southeastern Market.
- New supply in 2020 and logistics centers in the pipeline are medium-sized centers with GFA of less than 30,000 py. Thus, the stock is expected to increase gradually.

New supply over the years



Rent

- Average rent for dry storage logistics centers in Icheon and Yeoju Submarket was 23,308 won per py, up 0.8% y-o-y.



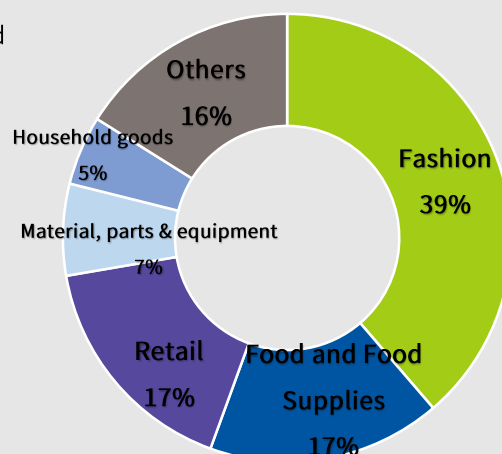
Icheon·Yeoju Submarket Logistics Center Tenant Analysis

Icheon·Yeoju area has relatively low land prices, and it has excellent access to the Seoul Metropolitan Area and other provinces through the Jungbu Inland Expressway and Yeongdong Expressway.

Logistic centers of fashion industry such as K2, ABC Mart, and Musinsa are concentrated in this area.

Large food and beverage companies and cold chain 3PL companies represent a considerable portion here.

Some logistics center handle household furniture such as beds, massage chairs, and sofas as well.



* Source: Avison Young Korea

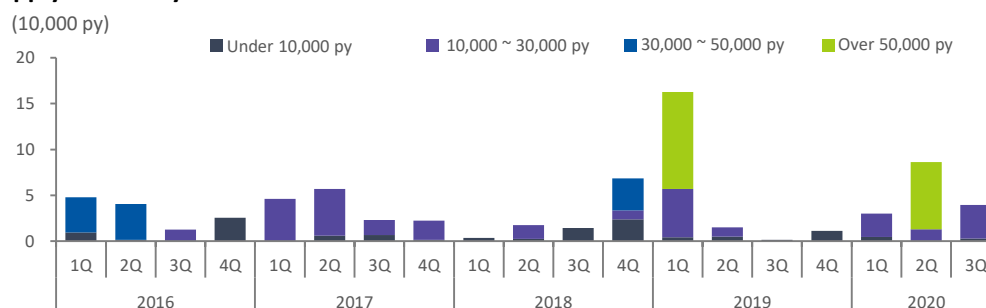
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Yangji-Deokpyeong

New supply

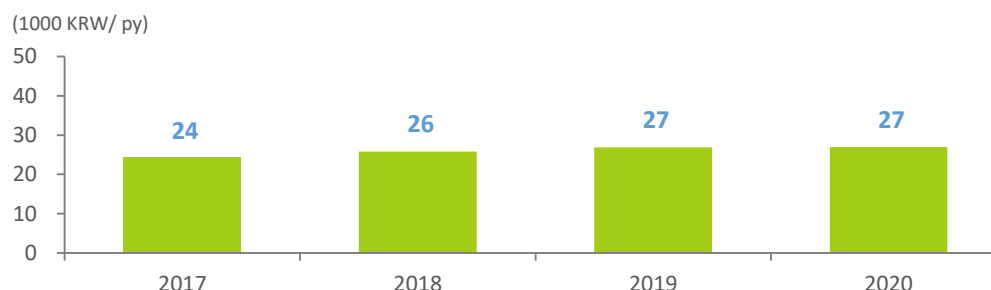
- Five logistics centers with a GFA of 10,000 py or more were supplied during the 1Q to 3Q of 2020. The newly supplied Namsa Logistics Terminal Yongin became the second largest logistics center in the submarket after Yangji Arenas.
- ADF Asset Management will develop Yangji Joint Collection Center and Buk-ri Logistics Center next year.

New supply over the years



Rent

- Average rent of the dry storage in Yangji and Deokpyeong Submarket was 26,953 won per 3.3 square meters, up about 0.2% y-o-y.

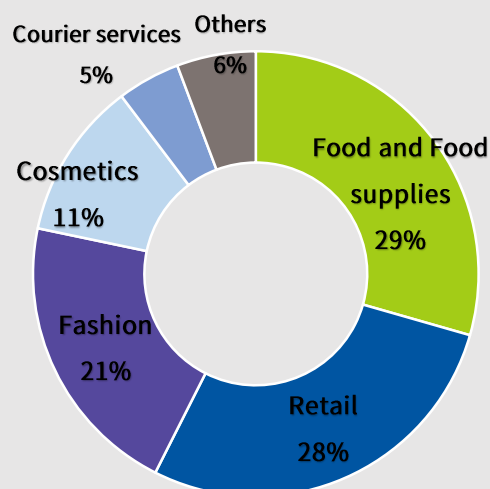


Yangji·Deokpyeong Submarket Logistics Center Tenant Analysis

Yangji·Deokpyeong Submarket has had numerous logistics centers since the past as it has an excellent transportation network. It is adjacent to the Yeongdong Expressway and Jungbu Expressway.

Accordingly, this area is popular among goods that can be distributed nationwide such as food and food supplies, retail Logistics, and fashion.

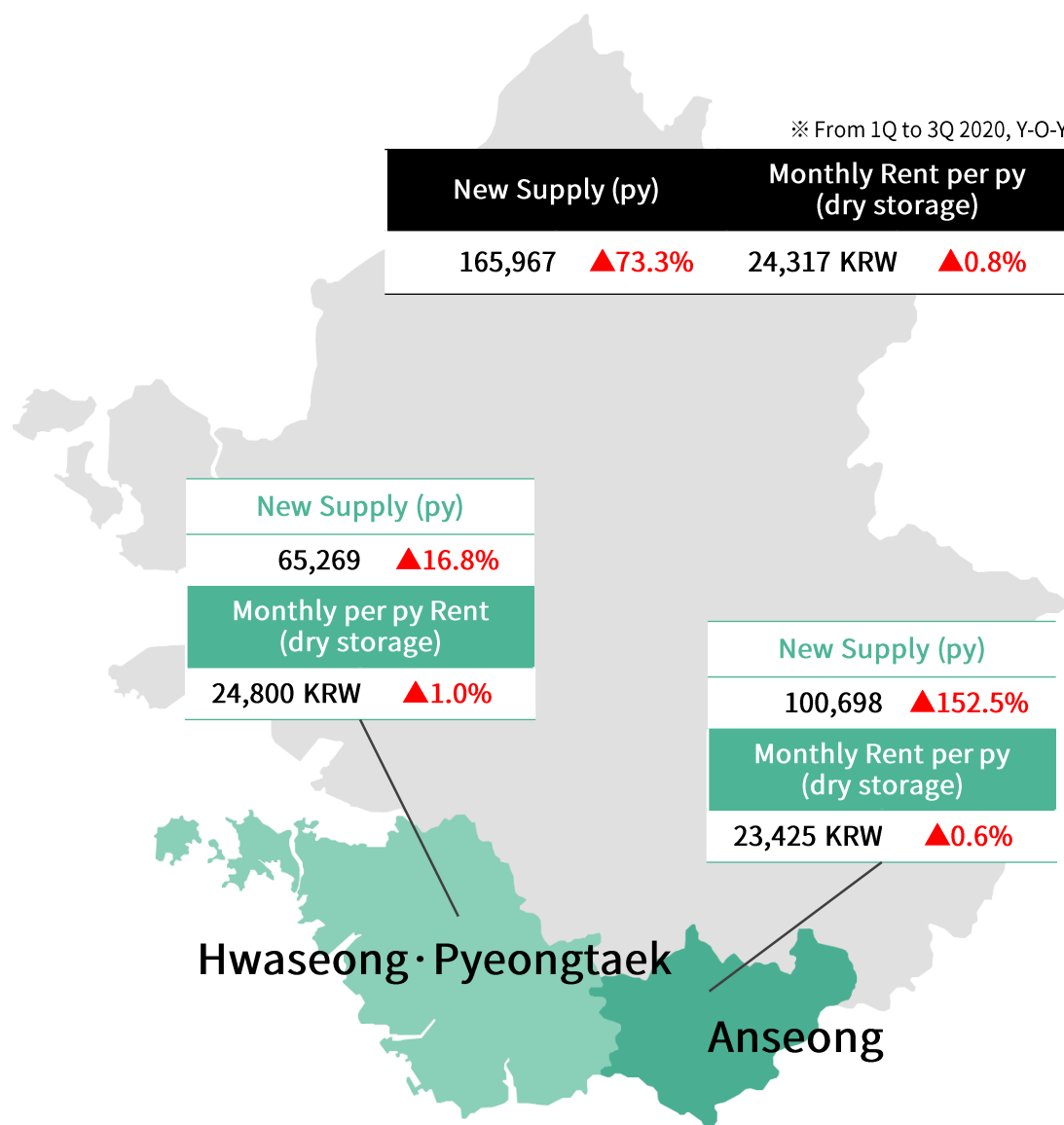
Specifically, the proportion of logistics centers of clothing companies and Logistics companies used by themselves is higher than in other areas. This seems to be related to the large premium outlets located nearby.



* Source: Avison Young Korea

04

Southern



- As four medium logistics centers with a GFA of 20,000 py were supplied in Anseong and Pyeongtaek, the volume of new supply southern region was about 1.65 million pyeong, which is the second largest volume after the southeastern region.
- The stock in the Southern Market is expected to rise steadily. Gyeongdong Joint Delivery Center with a GFA of nearly 10,000 py will be completed in the 4Q of 2020 and Pams Pyeongtaek Camp logistics center with a GFA of 60,000 py is expected to be completed in the 2H of 2021.
- The average monthly rent per py of dry storage logistics center in the southern region is 24,317 won, up 0.8 % y-o-y.

* Source: Avison Young Korea

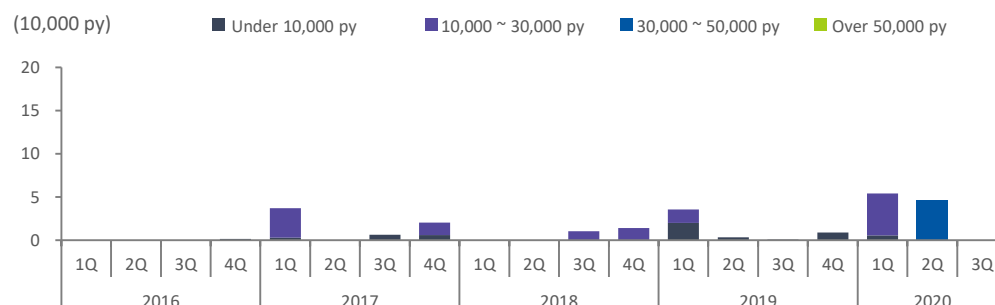
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Anseong

New supply

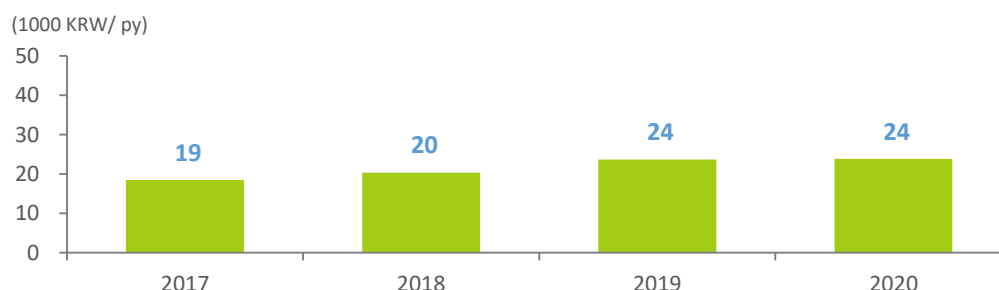
- Wongok Logistic Park and Sanha Logistics Park developed by Kendall Square added 160,000 pyeong of stock to Southern Market. Wongok Logistic Park became the largest logistics center in Anseong.
- Ilguk Logistic Park, which is being developed by Kendall Square, is expected to be completed next year.

New supply over the years



Rent

- Rent per py of dry storage logistics center in Anseong in 2020 is 23,425 won per month, up 0.6% y-o-y.



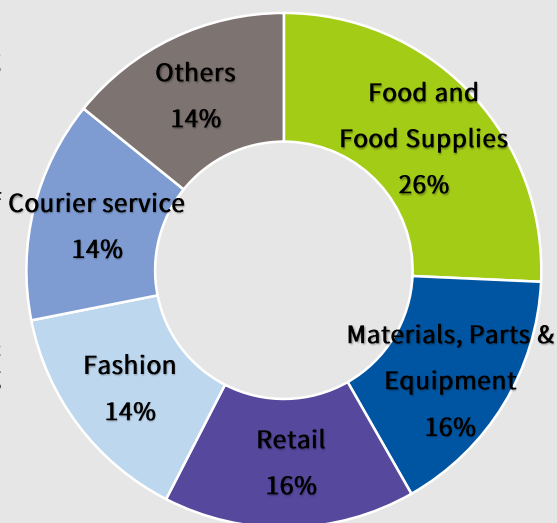
Anseong Submarket Logistics Center Tenant Analysis

Logistics Centers located in Anseong Submarket has convenient access to Seoul Metropolitan Area as well as other provinces.

This area is favored by a number of food and food supplies companies and domestic retailers.

Access to Pyeongtaek Port is also excellent, so materials, parts & equipment companies including Mercedes-Benz and BMW occupy 16% of the leasing area.

Fashion related companies such as Descente and Nepa is also located here.



* Source: Avison Young Korea

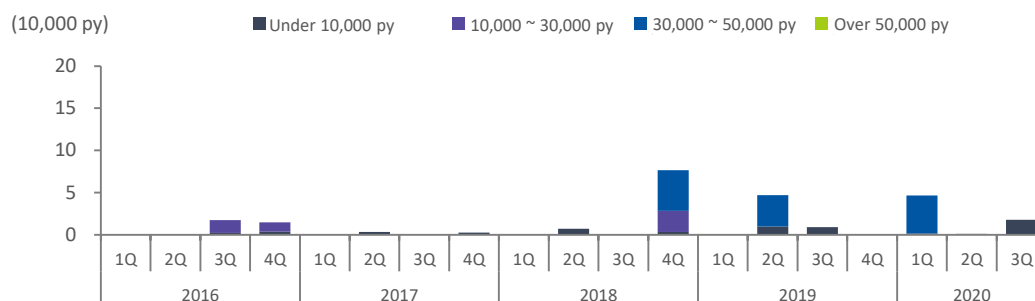
04-2

Hwaseong-Pyeongtaek

New supply

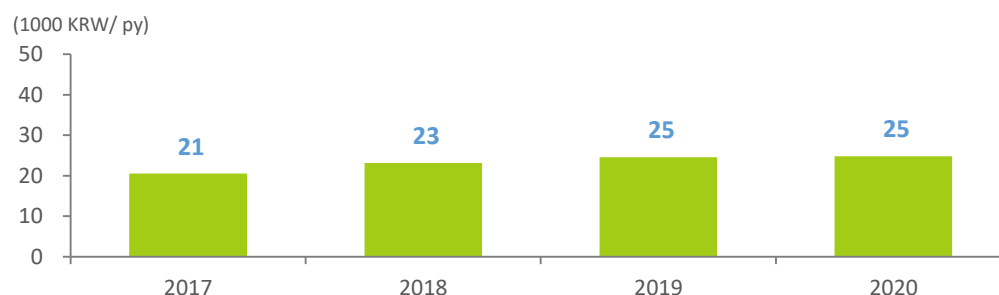
- Shinsegae Food Hub Logistics Center with GFA of 4.5 million py developed by Pacific Asset Management was supplied in this submarket. This submarket has been supplied with a large logistics center for the past two years.
- Pams Pyeongtaek Camp, which is being developed by Mastern Investment Management, will be the first logistics center in Pyeongtaek to have a GFA of more than 50,000 py.

New supply over the years



Rent

- Monthly rent for Hwaseong and Pyeongtaek areas is 24,800 won per py for dry storage, up 1.0% y-o-y.



Hwaseong-Pyeongtaek Submarket Logistics Center Tenant Analysis

Hwaseong-Pyeongtaek Submarket has great access to both ports and highways.

Logistics Centers of companies that import and export food and ingredients are concentrated near Pyeongtaek Port.

In Poseung Industrial Complex near the port, there are mostly manufacturing companies such as Hankook Tire, Mando Corporation, and Denso Korea.

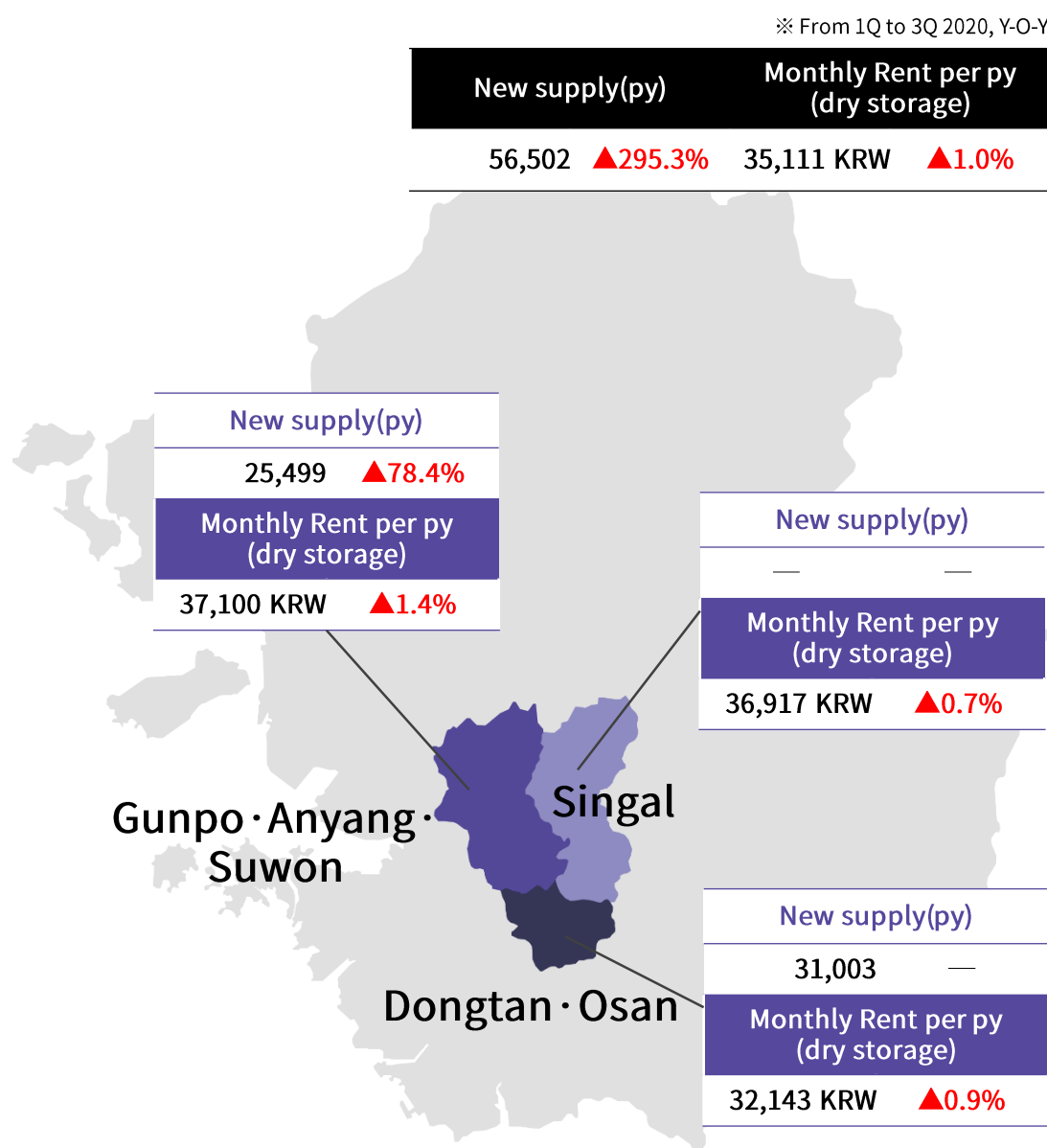
Domestic retailers such as GS Retail and Lotte Hi-Mart are located near the West Coast Expressway and the Gyeongbu Expressway.



* Source: Avison Young Korea

05

Central



- Logistics centers with a GFA of 20,000 py or more were completed in Uiwang and Dongtan, adding 5.6 million py to the Central Market stock. Since the Central Market does not have sufficient sites to develop new logistics centers, only one or two large logistics centers were completed annually since the supply of Dongtan logistics complex A and B blocks.
- New supply in the future is likely to increase further as recently transacted logistics centers in Singal area is scheduled to be redeveloped into new logistics centers.
- The average rent in the Central Market is 35,111 KRW per py, and its rate of increase recorded the highest among other Markets at 1.0%.

* Source: Avison Young Korea

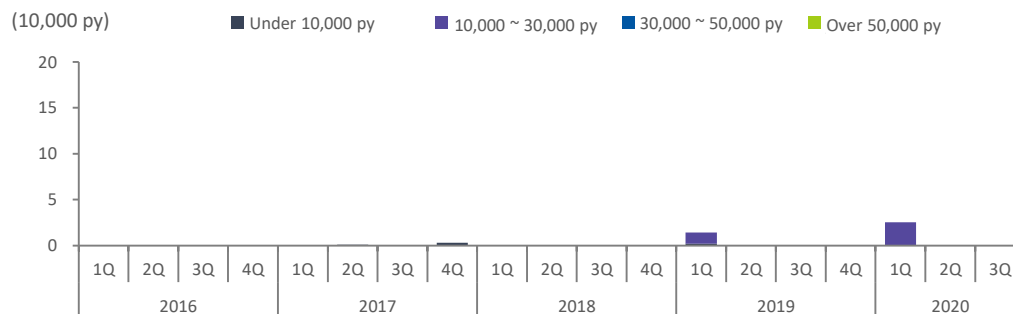
05-1

Gunpo·Anyang·Suwon

New supply

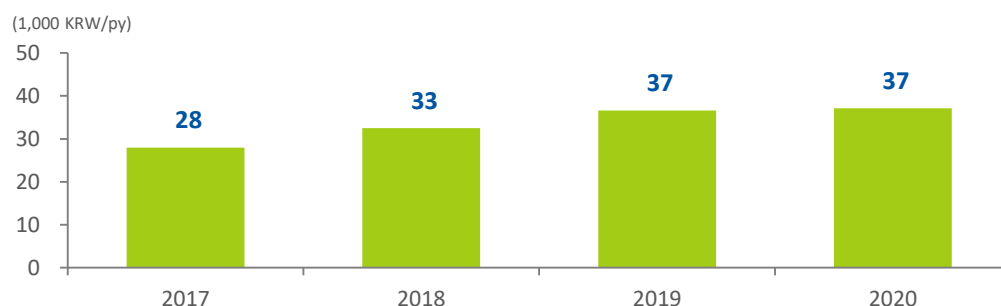
- New logistics center was completed for the first time in Gunpo·Anyang·Suwon area since 1Q 2019, specifically in Uiwang Techno Park Industrial complex when GS home shopping built a self-use logistics center. The newly completed logistics center which has a GFA of 25,000 py is built for lease purposes.

New supply over the years



Rent

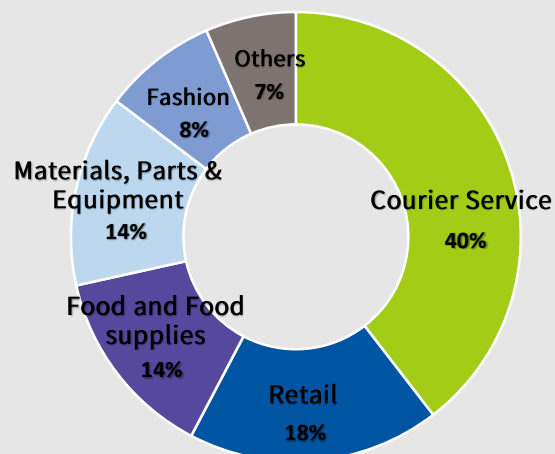
- The average rent for dry storage in Gunpo Anyang Suwon area per py is 37,100 KRW, up 1.4% from the previous year.



Gunpo·Anyang·Suwon Submarket Logistics Center Tenant Analysis

Korea Logistics Complex, which accounts for 64% of the total supply area, is mainly used by courier companies such as CJ Logistics, Lotte Global Logistics, and Daesin Parcel Services.

Some home shopping companies lease centers such as Hyundai Home Shopping, others use their own logistics centers such as CJ ENM and GS Home Shopping in this area.



* Source: Avison Young Korea

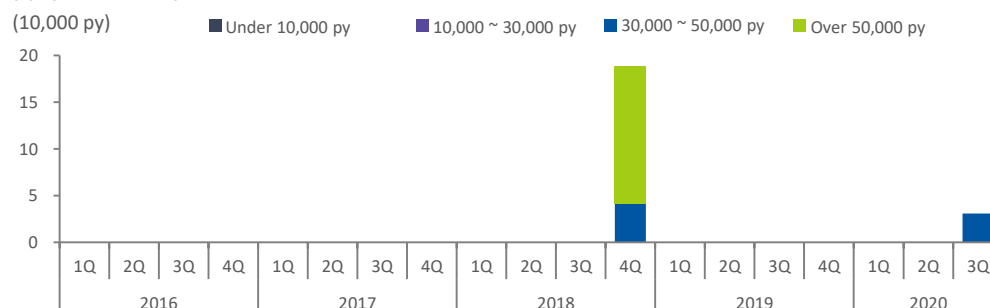
05-2

Dongtan·Osan

New supply

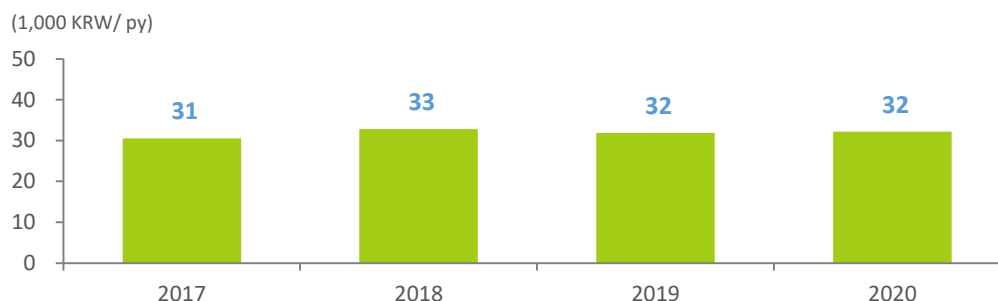
- Cold storage in block C in Dongtan Logistics complex was completed in 3Q 2020 which has a GFA of 35,000 py. Halla Group and Halla GLS master-leased block C.
- Pungnong logistics center (GFA 29,000 py) will be supplied near the Osan IC in 2021, and the volume of new supply in 2021 will be similar to this year.

New supply over the years



Rent

- The monthly rent of dry storage at Dongtan·Osan area was 32,143 KRW per py, up 0.9% y-o-y.

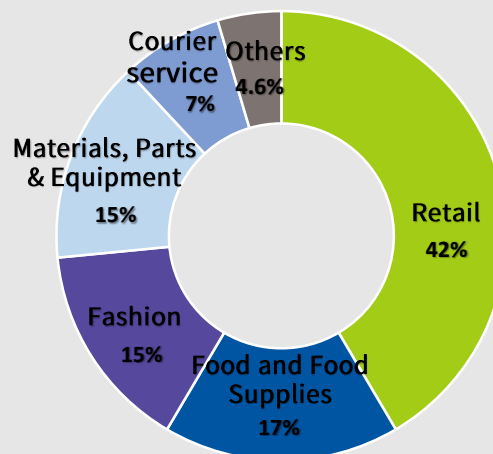


Dongtan · Osan Submarket Logistics Center Tenant Analysis

Located at upper Gyeongbu Expressway, the area has excellent accessibility to not only the Seoul Metropolitan Area, but also other provinces nationwide.

The submarket is demanded by online and offline retail, fashion companies, courier service companies, and food supplies companies that require cold chain facilities.

Materials, parts and Equipment companies related to nearby industrial complexes are also concentrated in this submarket.



* Source: Avison Young Korea

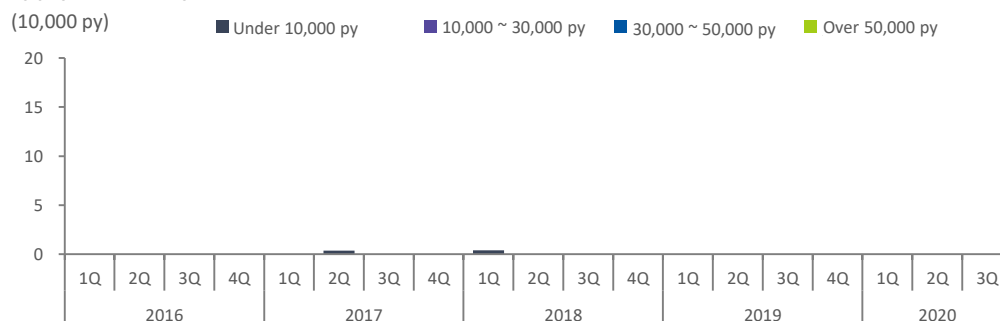
05-3

Singal

New supply

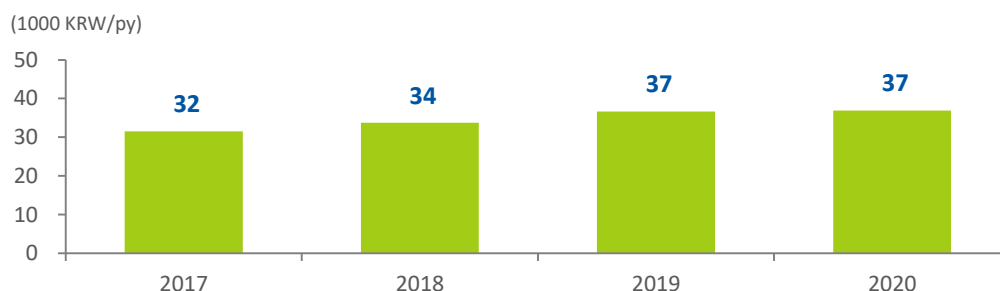
- There was very scant supply of new logistics center in the past five years in the Singal area. There was a construction of a small logistics center in 2018, in Giheunggu Gonsedong.
- There is no scheduled construction in the pipeline except for the redevelopment of logistics center in Singal dong traded in 2020.

New supply over the years



Rent

- The average rent of dry storage center in Singal area is 36,917 KRW per py, up 0.7% y-o-y.

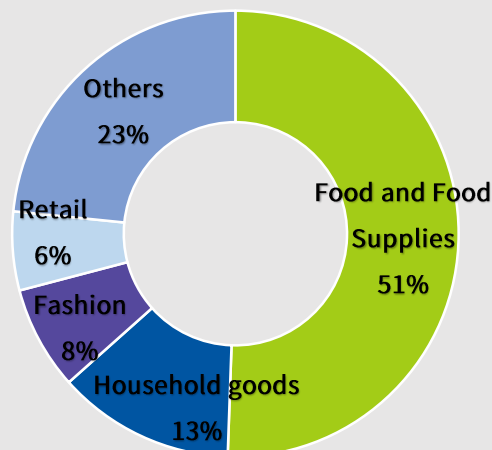


Singal Submarket Logistics Center Tenant Analysis

Logistics center supply is concentrated mainly in Dongcheon-dong and Hagal-dong, near Gyeongbu Expressway, and the proportion of small cold storage logistics centers is high.

CJ Freshway, Samsung Welstory, Pulmuone, Hyundai Green Food, and meat 3PL companies take up more than half of the tenant base.

Courier services and air logistics companies such as DHL, Schenker Korea, and various 3PL companies are also main tenants in Singal submarket

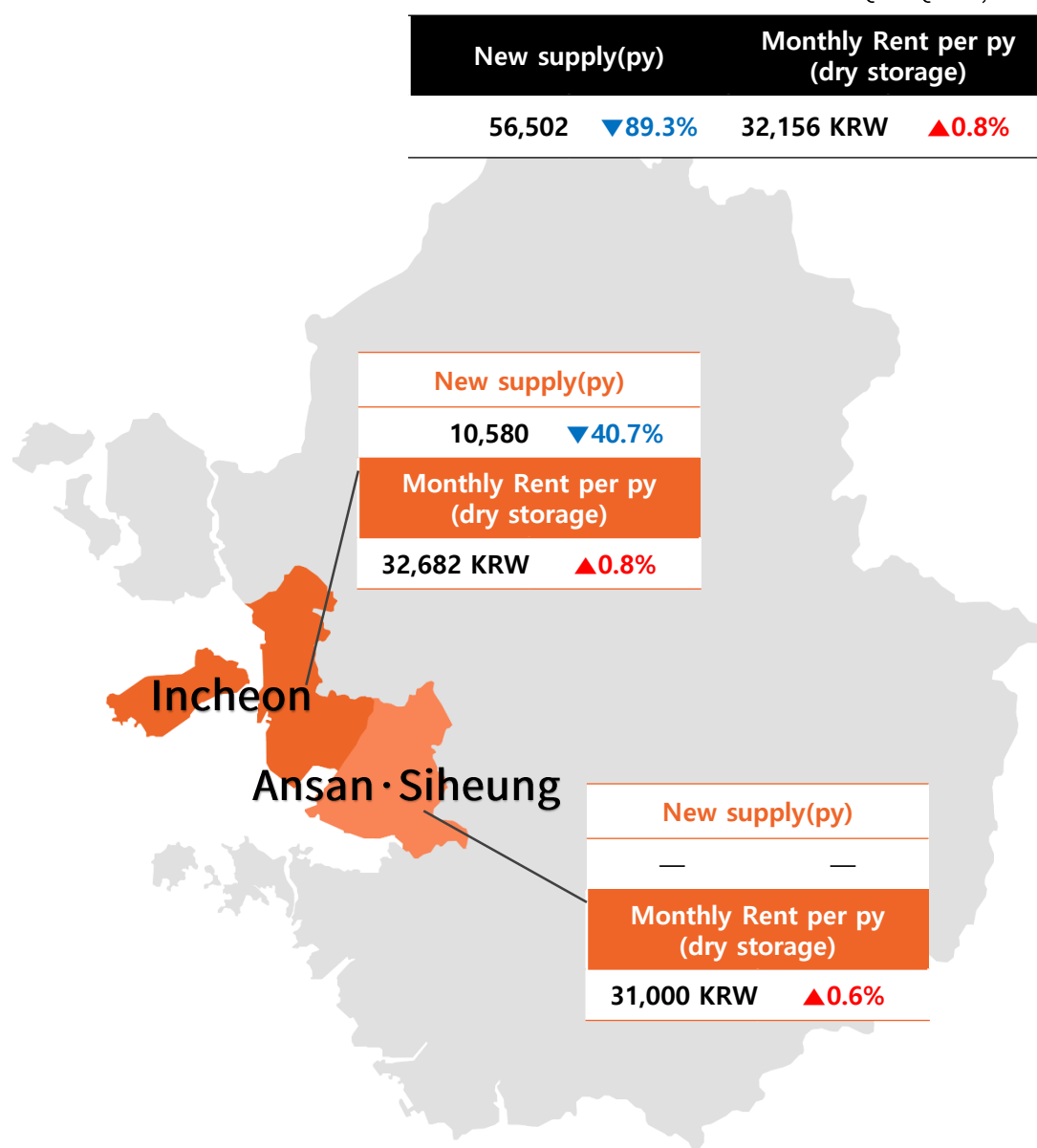


* Source: Avison Young Korea

06

Western

※ From 1Q to 3Q 2020, Y-O-Y



- The volume of new supply in the Western Market has decreased 90%, as only small logistics center was completed in 1Q to 3Q 2020.
- There are new supply in the pipeline in the Western Market as development of logistics center is scheduled in Incheon North Port in Wonchangdong and as redevelopment of old warehouses in Incheon South Port.
- The average rent of dry storage is 32,156 KRW per py, up 0.8% y-o-y.

* Source: Avison Young Korea

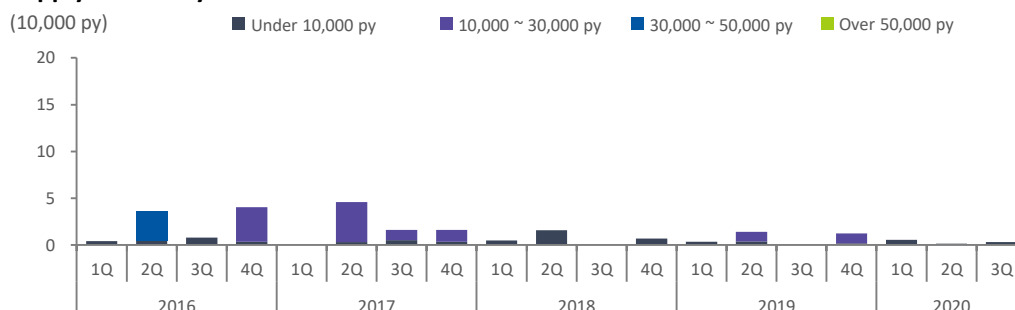
06-1

Incheon

New supply

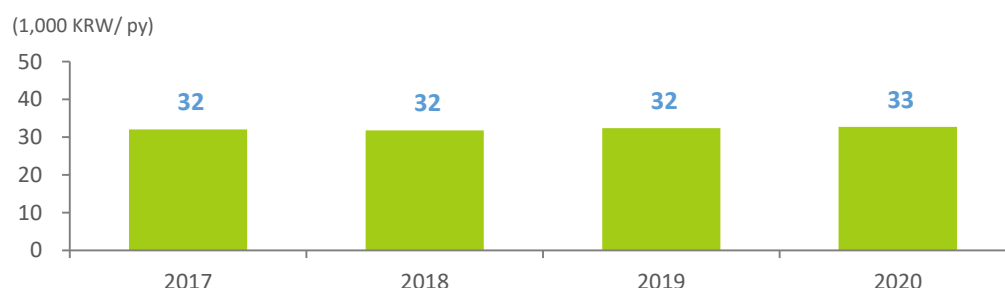
- The Incheon Submarket stock remained similar to last year as new supply in 1Q to 3Q 2020 were mainly small logistics centers under 10,000 pyeong near Incheon South Port, Incheon North Port, and Incheon Terminal Logistics Center.
- From next year, the stock of Incheon Market will increase significantly as construction of logistics centers in Incheon South Port and Incheon North Port are well underway.

New supply over the years



Rent

- The average rent of dry storage center in Incheon is 32,682 KRW per py, up 0.8% y-o-y.



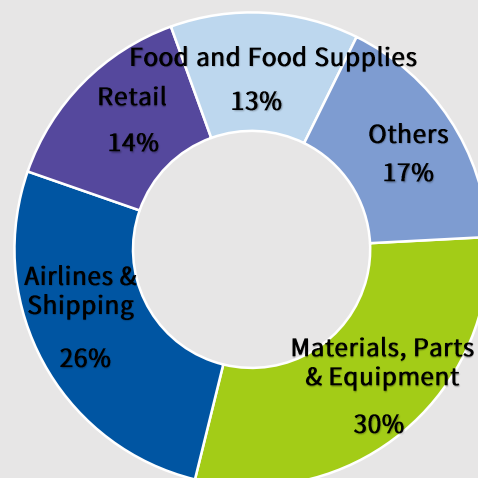
Incheon Area Logistics Center Tenant Analysis

The Southern and Northern ports are used not only by shipping and logistics companies, but also by relatively heavy industries such as wood, machinery, and auto parts companies.

Some logistics center is used by fisheries and crops companies that require cold storage facilities.

In Incheon Airport Logistics Complex in some areas are used by semiconductor chips companies.

In Incheon Terminal Logistics Complex, some tenants are retail companies such as Coupang, as demand from new towns in Incheon is relatively large.



* Source: Avison Young Korea

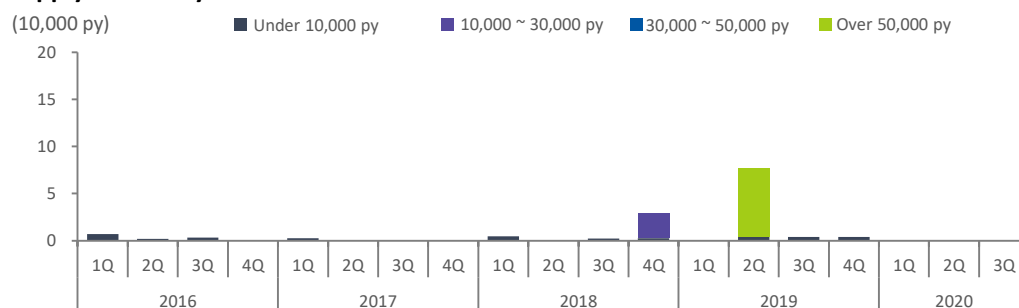
06-2

Ansan-Siheung

New supply

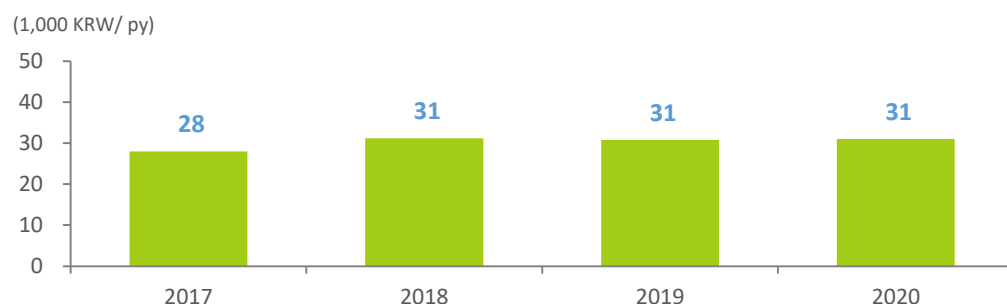
- In the last two years, Siwha Multi Techno Valley had large logistics center with GFA of more than 10,000 py supplied such as Pantos Seoul Metropolitan Area Western Center and Logis Valley Ansan Logistics center.
- The total stock in Ansan Siheung Submarket will continue to increase as redevelopment of factory facilities into logistics center is underway in Banwoel National Industrial Complex.

New supply over the years



Rent

- The average rent of dry storage in Ansan-Siheung area is 31,000 KRW per py, up 0.6% y-o-y.

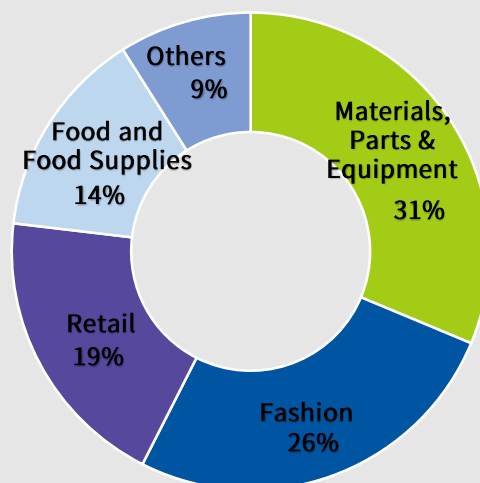


Ansan · Siheung Submarket Logistics Center Tenant Analysis

Most of the logistics centers located in Ansan · Siheung Area are often occupied by materials, parts and equipment companies related to factories in Banwol and Sihwa Industrial Complexes.

Ansan · Siheung Area, mostly had small logistics centers with a gross floor area of less than 5,000 py.

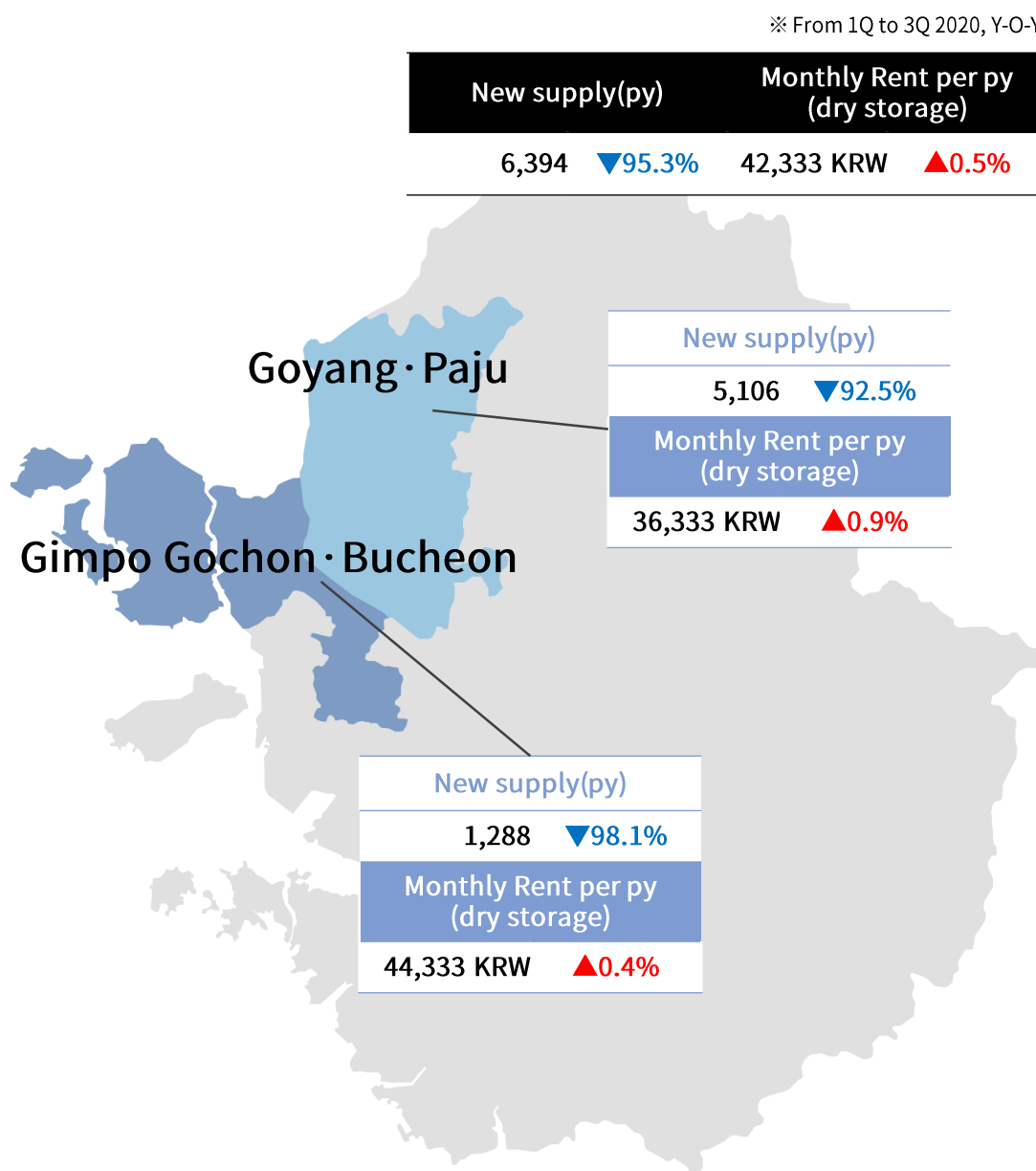
However, as a prime grade logistics center was supplied to Siwha Multi Techno Valley, major tenants like Coupang and LF increased in the submarket.



* Source: Avison Young Korea

07

Northwestern



- New supply to the Northwestern Market was 6,000 py in 1Q-3Q 2020, down 95% y-o-y. Former Cheil Textile logistics center redeveloped in to Kendall Square Gimpo LP(GFA 40,000 pyeong, mixed use) in Gimpo Gochon Logistics Complex was supplied in 4Q 2020.
- Gochon logistics Complex and Ojeong logistics Complex which takes up 56% of Northwestern Market logistics center is nearly filled up.
- The average rent for dry storage in Northwestern Market is 42,333 KRW per py which is the highest among the five areas in the Seoul Metropolitan Area.

* Source: Avison Young Korea

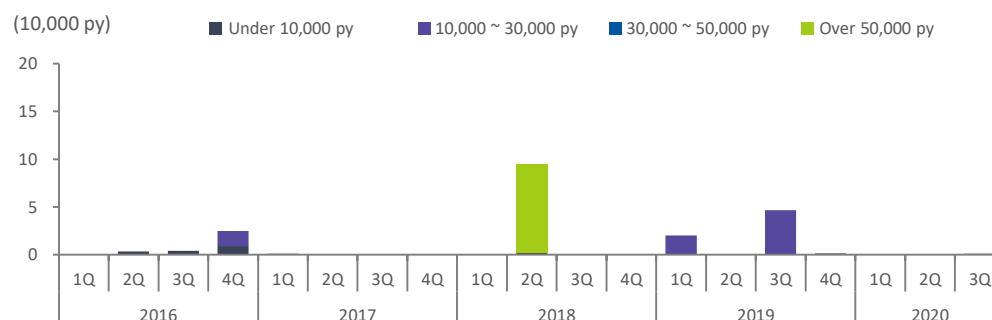
07-1

Gimpo Gochon ·Bucheon

New supply

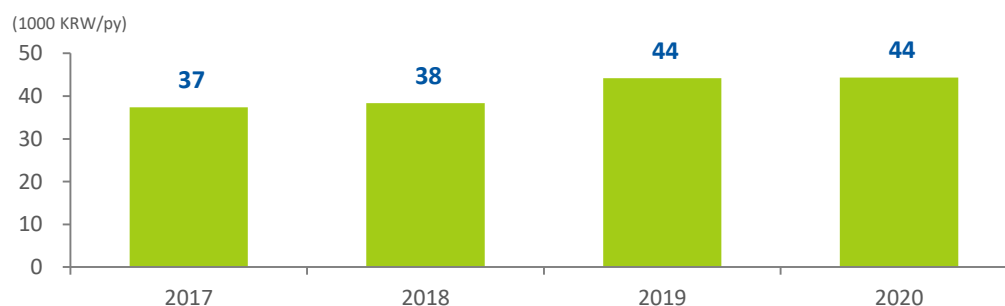
- There were supply of only small centers of GFA 1000m² which is in contrast to the large supply of logistics centers in Gochon and Ojeong Logistics Complex.
- However, Kendall Square Gimpo LP which has redeveloped Cheil Textile GSA logistics center which has both cold and dry storage capacities will be supplied in the 4Q. This will be the first large center to be built in this area.

New supply over the years



Rent

- The rent for dry storage in Gimpo Gochon and Bucheon is 44,333 KRW per py, which is the highest rate in Seoul Metropolitan Area except for Seoul

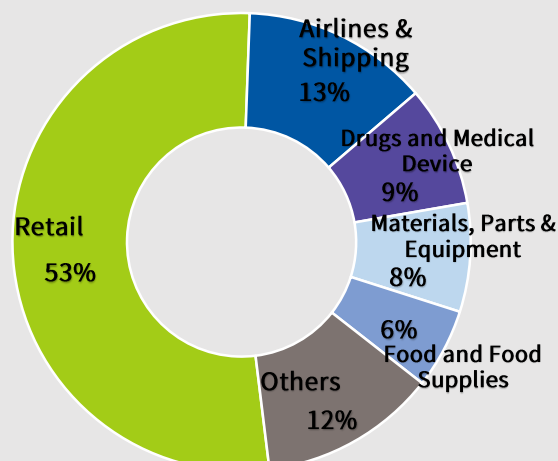


Gimpo Gochon · Bucheon Submarket Logistics Center Tenant Analysis

Retailers such as BGF Retail, Coupang, Kurly and food supplies companies are tenants in this area due to its proximity to Seoul.

With great access to airports and ports as well as the Seoul Metropolitan Area, domestic and international logistics companies using air and shipping occupy the next largest area after retailers.

The proportion of drug and medical devices industry is higher than in other areas. Some of the main tenants are DongWon Pharm and New Shin Pharm in Gochon Logistics Complex in Gimpo.



* Source: Avison Young Korea

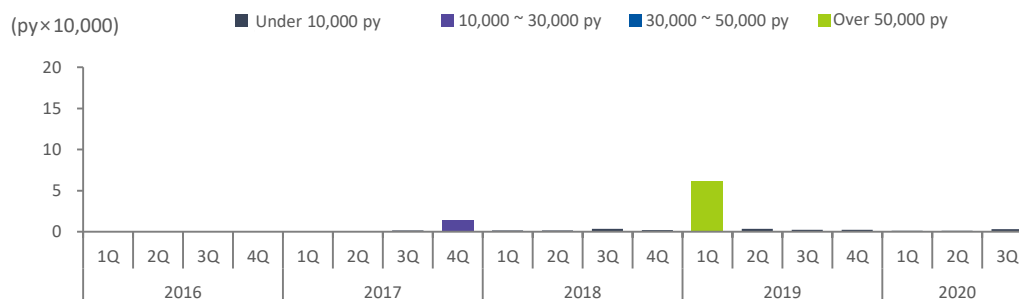
07-2

Goyang-Paju

New supply

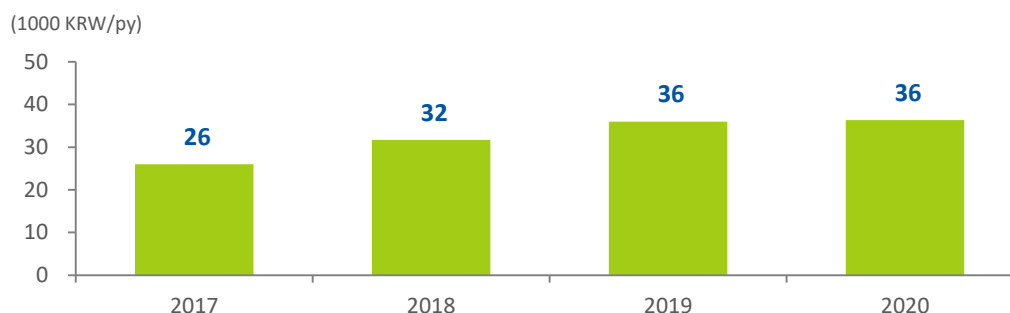
- There were only supply of small centers size under GFA 3,000 pyeong.
- In 2021, the total stock in Goyang-Paju Submarket will remain similar to this year. Construction in the pipeline are small logistics center.

New supply over the years



Rent

- The rent for dry storage center in Goyang-Paju area is 36,333 KRW per py , up 0.9% y-o-y.



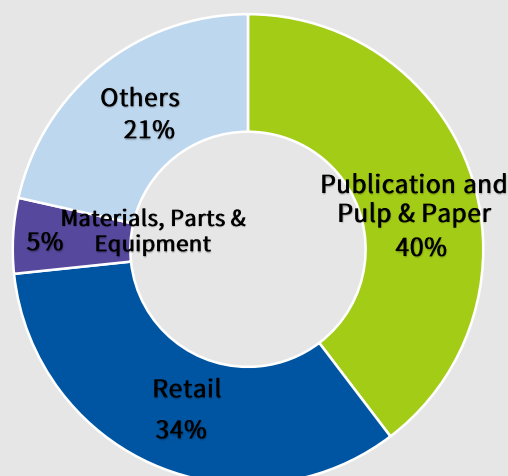
Goyang · Paju Submarket Logistics Center Tenant Analysis

As Paju publication complex is located in this region, companies related to publishing and pulp & paper is the largest tenant in this area.

Online and offline retailers such as Coupang and GS Retail were the second largest tenant, supporting logistic demand from Northwestern new towns .

Most of the logistics centers are located in Goyang area rather than Paju, which is closer to Seoul.

On the other hand, companies related to general industrial complexes located in Paju Area, such as Paju LCD Industrial Complex, use logistics center for warehouse purposes.



* Source: Avison Young Korea