



Quick Stats

7.2%

Overall vacancy rate increased by 0.4%p q-o-q

242,000 sq.m

Gross floor area of buildings completed in the second quarter

₩23,163/sq.m

Average rental rate increased by 2.5% in the past 12 months

₩1.8 trillion

Total office transaction volume decreased by 20.4% q-o-q

₩6.4 million/sq.m

Average unit sale price increased by 2.5% q-o-q

Market Overview

The overall transaction volume reached 1.8 trillion KRW, down 20.4% KRW q-o-q and down 60.5% y-o-y. The overall vacancy rate of Seoul in the second quarter is 7.2%, up 0.4%p q-o-q due to vacancy increases in CBD and GBD. However, the rise in the vacancy rate is mainly influenced by two prime offices that were completed in CBD this quarter. In fact, the vacancy rate excluding new buildings dropped slightly q-o-q. Two prime offices, SG Tower (125,373 sq.m) and Centerpoint Donuimun (86,224 sq.m) were added to the CBD stock, recording the largest new GFA supplied to CBD since 2015.

Supply and Vacancy

The overall supply in Seoul in the second quarter is 242,000 sq.m, which is the largest supply since 2019 2Q (248,000 sq.m). New offices were completed in CBD and Others. CBD added two prime offices SG Tower(125,373 sq.m) and CenterPoint Donuimun(86,224 sq.m). Others market added one class B1 and three class C offices, increasing its total stock by 0.24%(30,188 sq.m).

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The vacancy rate in CBD increased 1.7% q-o-q due to addition of prime offices to its stock that has been absent since Eulji Twin Tower in 2019. However, the vacancy rate excluding new buildings dropped 0.5%p q-o-q due to

the increase in occupancy level in Prime and class A buildings such as Centropolis and Concordian.

GBD's vacancy rate rose two consecutive quarters. This quarter, the vacancy rate rose 0.4%p q-o-q due to tenants' relocation to other business districts. GBD will add two offices to its stock in 3Q, but their effects on the vacancy rate are expected to be minimal.

YBD recorded the largest net absorption area amid absence of new supply. The vacancy rate reached its lowest level since 2012 2Q. YBD will add three prime offices to its stock next quarter, increasing its total stock by 10.2%.

The vacancy rate in Others recorded 6.6%, down 0.3%p q-o-q due to boost in occupancy rate in class A offices such as Lotte World Tower, World Tower, and Hanyang Tower in Jamsil-Songpa area. The vacancy rate in Others dropped for 11 consecutive quarters since 2017 4Q.

Rental Rates

The rent and CAM fee rose 0.3% q-o-q. Rent increased 2.5% and CAM fee increased 2.2% y-o-y. Rent increases were mostly completed in 1Q rather than 2Q this year.

Investment Sales

The total transaction volume of office buildings in Seoul is 1.8 trillion KRW, down 460 billion KRW(20.4%) q-o-q. This number is down 60.4% from 2019 2Q when the largest 2Q transaction volume in history was reached.

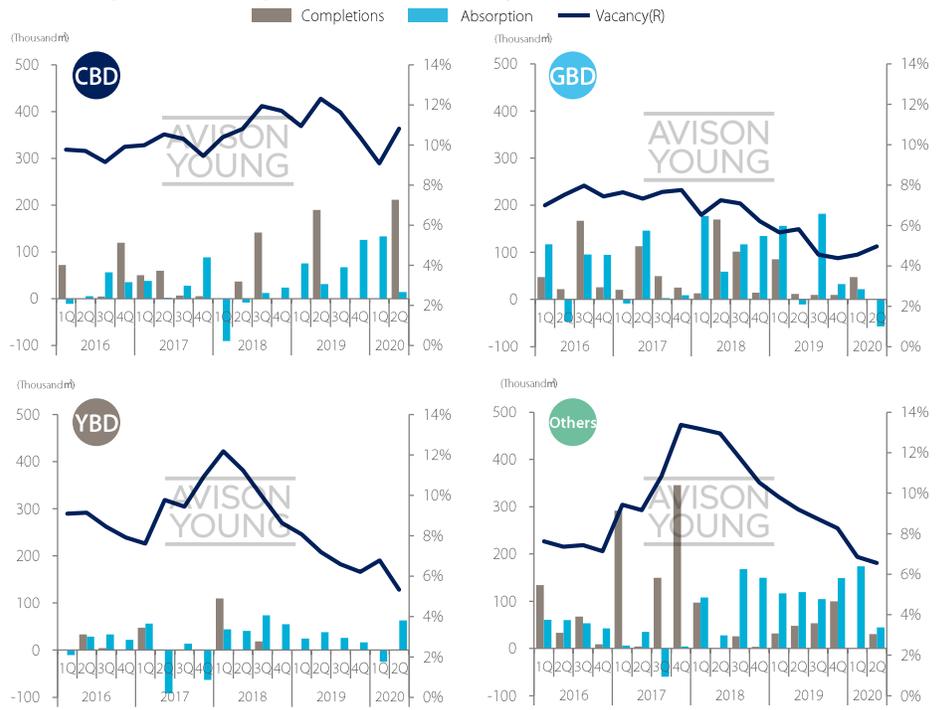
As sale of buildings were concentrated in GBD and Others, the overall transaction volume sunk in Seoul. As for major transactions, HiteJinro Seocho Office was acquired by KB Asset Management. Woomi Construction Corp. bought Glass tower and SEI tower through Pacific Asset Management's fund. In Others, D&D Investment acquired YoungCity which was completed in 2017. Furthermore, class B2 and C offices such as Hansol Education Building, and Asterium Yongsan were transacted.

Transaction unit price per sq.m recorded 6.4 million KRW, up 508,000 KRW(2.5%) q-o-q. HiteJinro Seocho office in GBD was transacted at 8 million KRW/sq.m, driving up Seoul's overall transaction unit price.

In the 2H, there are numerous buildings scheduled for transactions, and the transaction volume is expected to see a jump compared to the 1H. The list includes prime offices such as Parc1 Tower 2, Acro Seoul Forest D Tower, CJ Cheil Jedang Center and class A and B1 offices such as Hyundai Marine & Fire Insurance Gangnam, Pine Avenue, Shinhan L Tower, Eusu Holdings building.

The Cap Rate of Seoul office recorded 4.3% down 0.2%p q-o-q. However, Cap Spread increased 0.1%p as the 3-year government bond yield decreased to 0.9%.

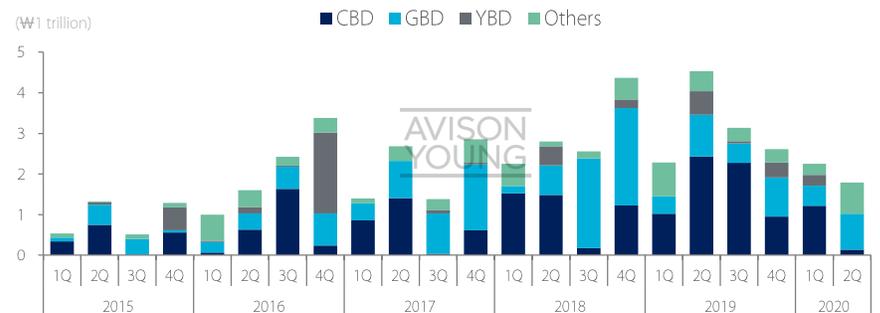
Absorption, Completions & Vacancy



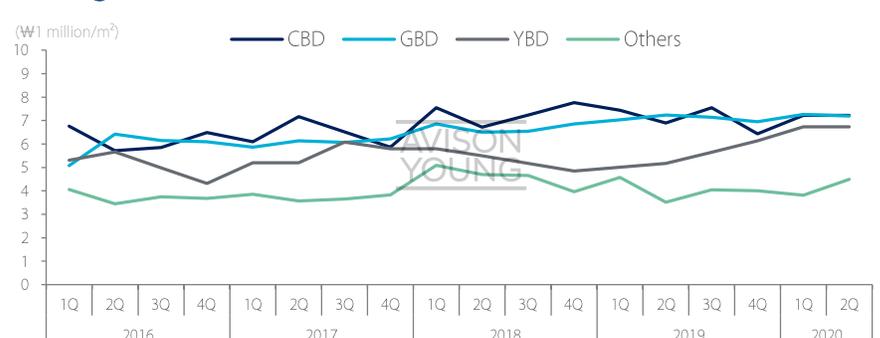
Quarterly Rent and CAM



Transaction Volume



Average Sale Prices



Markets By The Numbers

BY SUBMARKET	Vacancy Rate				Monthly Rent(₩/sq. m)				CAM(₩/sq. m)				Quarterly New Completion (sq. m)
	Total	Prime	Class A	Class B1	Total	Prime	Class A	Class B1	Total	Prime	Class A	Class B1	
Gwanghwamun-Sinmunro	13.9%	36.6%	6.0%	5.2%	25,443	26,305	29,467	18,515	10,266	9,914	11,565	8,118	7,890
Namdaemun	11.7%	16.1%	6.9%	11.3%	27,995	30,729	27,214	22,902	12,108	12,733	11,974	11,151	11,472
Eulgiro	10.1%	10.2%	12.3%	6.8%	29,490	32,963	32,503	25,497	12,372	13,140	13,561	11,663	-
Jongno	9.4%	11.3%	8.8%	3.9%	34,590	41,818	32,465	21,038	13,340	14,821	13,281	10,283	-
The rest of CBD	9.4%	6.4%	12.7%	4.2%	22,043	28,903	24,249	16,897	10,613	12,092	11,420	9,822	-
CBD	10.8%	14.3%	8.9%	6.4%	28,693	34,188	29,270	21,748	12,005	13,238	12,385	10,491	19,362
Teheranro	6.6%	0.9%	9.2%	7.6%	26,917	32,781	26,809	24,298	11,203	12,453	11,300	10,785	-
Gangnamdaero	2.2%	4.5%	1.4%	2.1%	24,418	32,741	25,078	24,007	10,438	13,694	10,349	10,417	-
The rest of GBD	4.0%	0.2%	2.4%	8.0%	18,503	16,564	20,841	18,902	8,928	9,042	9,689	9,170	-
GBD	5.0%	1.3%	5.6%	6.8%	23,857	29,997	24,678	22,330	10,358	12,038	10,626	10,148	-
West Yeouido	6.1%	1.0%	2.9%	9.5%	13,820	18,800	17,555	13,759	7,277	6,050	9,569	7,544	-
Stock Exchange District	5.8%	3.9%	8.3%		26,311	30,810	22,136		12,176	13,190	11,336		-
East Yeouido	4.7%	6.2%	5.9%	2.6%	21,231	27,322	18,234	17,376	10,100	12,242	8,892	8,806	-
YBD	5.3%	5.0%	6.9%	5.2%	21,447	28,015	20,350	16,037	10,226	12,154	10,323	8,339	-
Mapo	4.6%		0.8%	6.2%	14,157		14,683	14,247	8,165		9,217	8,219	-
Yongsan	1.8%	0.4%	4.8%	3.0%	23,840	30,664	15,429	15,909	10,044	11,075	8,606	8,660	-
Jamsil-Songpa	3.3%	3.1%	2.6%	3.3%	20,888	25,062	17,173	17,191	9,658	10,787	8,707	9,351	-
Sangam	10.9%	7.7%	13.2%	10.8%	12,640	13,581	12,142	11,892	7,818	8,238	7,516	7,829	-
The rest of Others	7.8%	11.6%	4.3%	8.1%	15,331	14,971	16,978	15,959	8,340	8,894	9,339	8,611	2,762
Others	6.6%	5.7%	6.3%	7.0%	16,595	21,173	15,363	15,446	8,639	9,822	8,683	8,565	2,762
Total Market	7.2%	7.8%	7.0%	6.6%	23,163	29,169	23,623	19,357	10,405	12,000	10,747	9,548	22,124

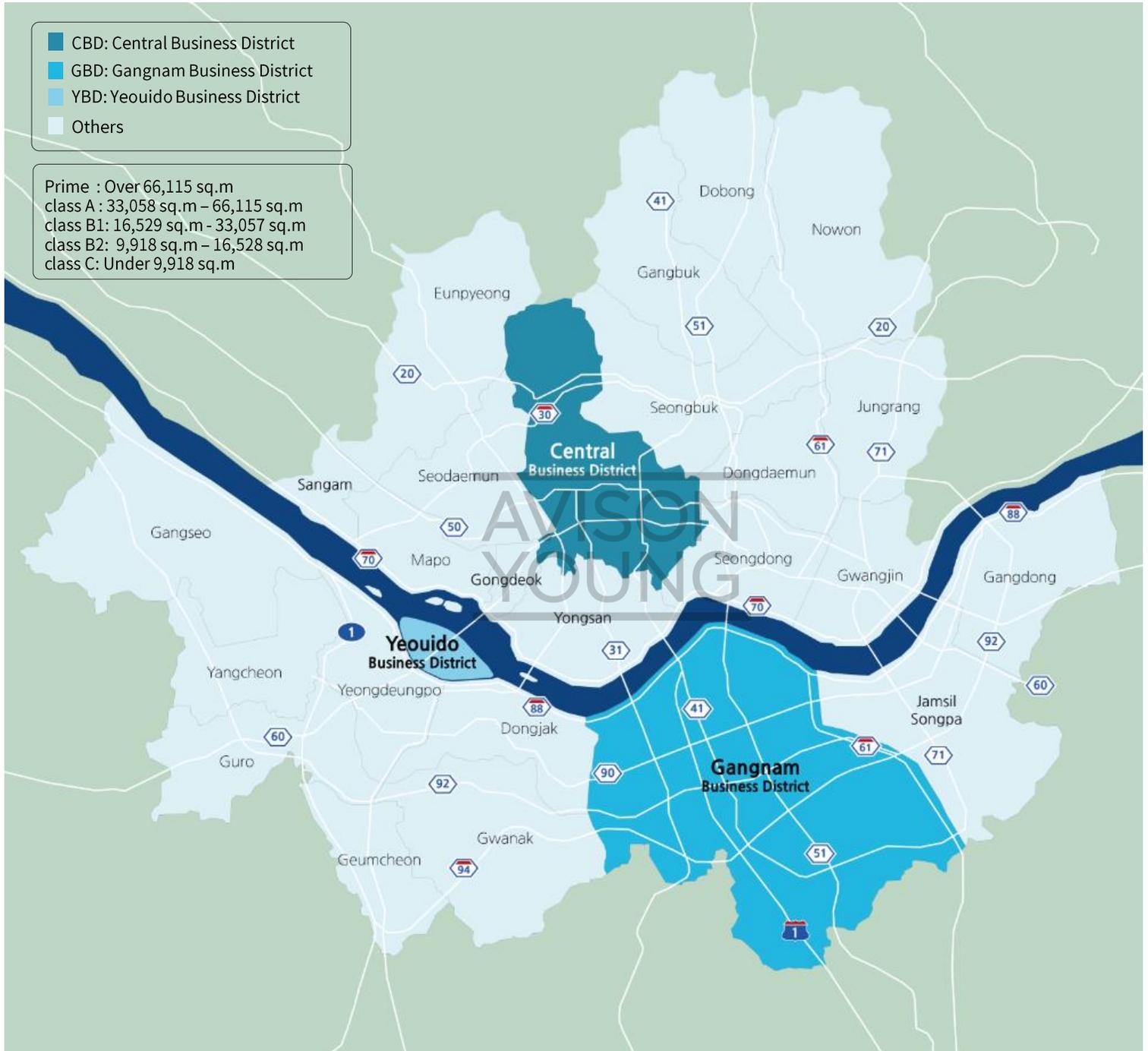
Major Second Quarter Leases

Tenant	Property	Type	Submarket	Rent Area(sq.m)
Lotte Card	Concordian	New Lease	CBD	19,000
SSG.com	Centropolis	New Lease	CBD	14,000
Hyundai Steel	Dongwon F&B	New Lease	GBD	12,000
CJ Freshway	S-City	New Lease	Others	12,000
Coupang	World Tower	New Lease	Others	11,000

Major Second Quarter Transactions

Property	Market	Buyer	Seller	Area(sq.m)	Transaction Volume	Price/sq.m
Glass Tower	GBD	Pacific AMC	Koramco Asset Management	20,655	₩ 133 billion	₩ 6.4 million
SEI Tower	GBD	Pacific AMC	Koramco Asset Management	41,438	₩ 271 billion	₩ 6.5 million
HiteJinro Seocho Office *	GBD	KB Asset Management	Ryukyung PSG Asset Management	27,421	₩ 220 billion	₩ 8.0 million
Young City	Others	Fountain Valley PFV	D&D Investment	99,140	₩ 546 billion	₩ 5.5 million
Hansol Education Building	Others	Koreit Asset Management	Intrus Investment Management	23,739	₩ 77 billion	₩ 3.2 million
Asterium Yongsan (office)	Others	Mplus Asset Management	Hana Alternative Asset Management	10,132	₩ 57 billion	₩ 5.6 million

* Transaction handled by Avison Young



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