

OFFICE MARKET REPORT

20223Q



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Ire Bldg.



Twin Tree Tower



K-Square City



Space K



Krafton
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Investment Market

The transaction of Ire Bldg., which was managed by Evison Young Korea, was successfully completed.

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Lease Market Analysis by District

The Seoul office vacancy rate fell 0.6%p from the previous quarter to 3.1%, as YBD's vacancy has been largely involved.

01

Research Overview

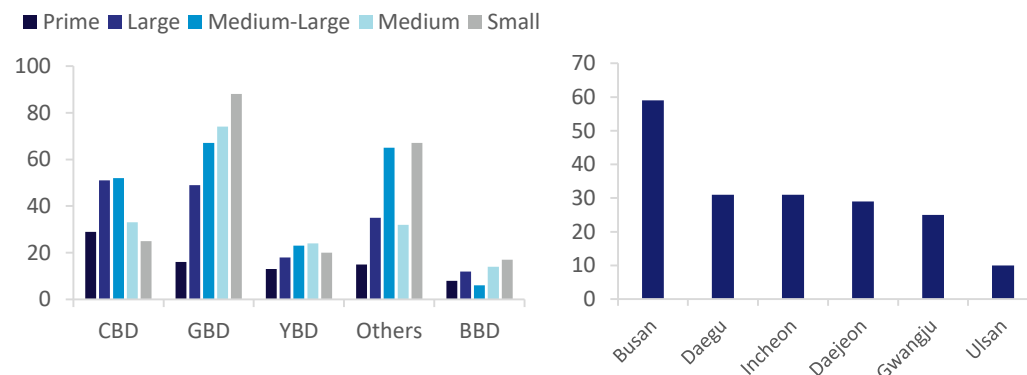
02

Office Classification

Region: Seoul, Bundang, and 6 major metropolitan cities(Incheon, Daegu, Daejeon, Gwangju, Ulsan, Busan)
Target: Office buildings with gross floor area of 1,500m² or more which use at least 50% of its area as office facilities
Research method: Telephone/site investigation, Ministry of Land, Infrastructure, and Transport
Contents of research: Office transaction cases, tenant status, and rent level
Research period: Seoul and Bundang: every 5th ~ 15th day of each month, Metropolitan cities: 13th July ~ 24th September(Quarterly)
Price Unit: won(KRW)

Prime: over 20,000 py
Large: over 10,000 py ~ smaller than 20,000 py
Medium-Large: over 5,000 py ~ smaller than 10,000 py
Medium: over 3,000 py ~ smaller than 5,000 py
Small: smaller than 3,000 py

Classification of Market & Submarket



Market	Submarket	Area
Seoul	CBD	Jongno-gu, Jung-gu(Jungnjin-dong excluded), Yongsan-gu(Dongja-dong)
	GBD	Gangnam-gu, Seocho-gu
	YBD	Yeouido-dong, Yeongdeungpo-gu
	Others	The rest of Seoul
BBD	Bundang-gu, Sujeong-gu (Seongnam city)	Gwanghwamun Sinmunro, Namdaemun, Euljiro, Jongno, The rest of CBD
Major Metropolitan Cities	Incheon, Daegu, Daejeon, Gwangju, Ulsan, Busan	Teheranro, Gangnamdaero, The rest of GBD
		West Yeouido, East Yeouido, Stock Exchange Market
		Mapo, Yongsan, Jamsil/Songpa, Sangam, The rest of ETC
		Seohyun, Sunae, Pangyo, The rest of Bundang

Map of District



01 Overview

※3Q, 2022

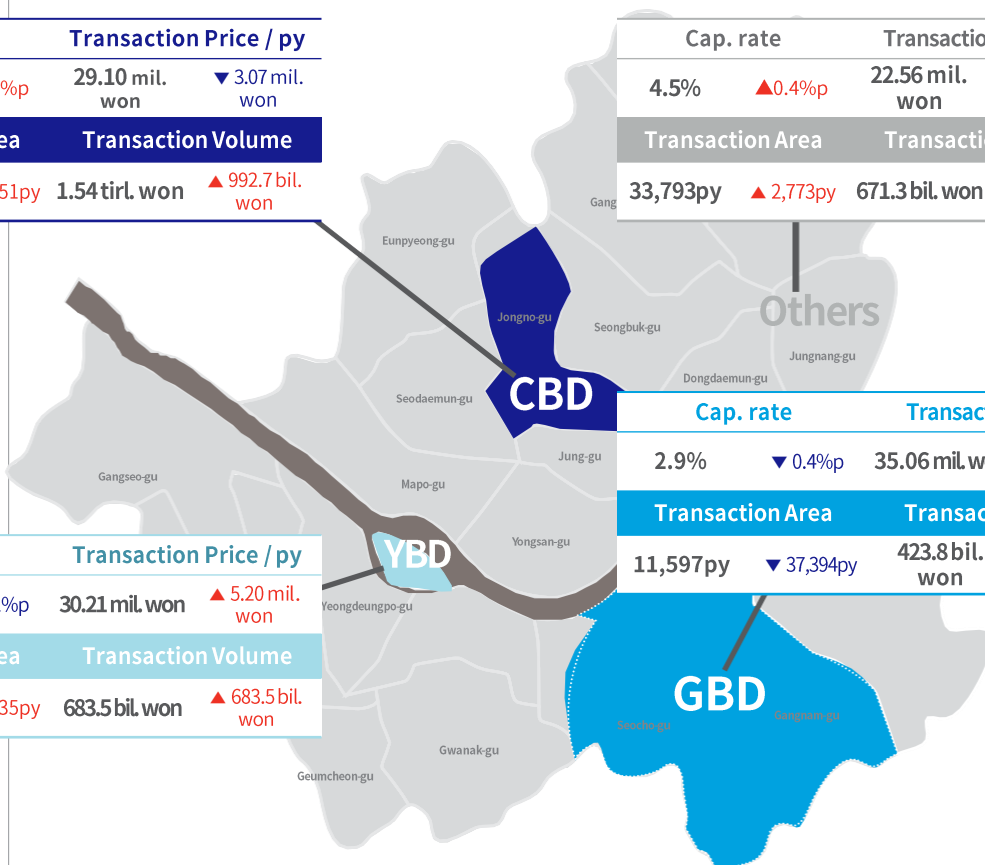
Cap. Rate	Transaction Price / py	Transaction Area	Transaction Volume
3.5% ▲0.1%p	29.23 mil. won ▼0.13 mil. won	126,094py ▲27,109py	3.32 tril. won ▲413.2 bil. won

Cap. rate	Transaction Price / py
3.7% ▲0.2%p	29.10 mil. won ▼3.07 mil. won
Transaction Area	Transaction Volume
53,699py ▲34,651py	1.54 tril. won ▲992.7 bil. won

Cap. rate	Transaction Price / py
4.5% ▲0.4%p	22.56 mil. won ▲0.49 mil. won
Transaction Area	Transaction Volume
33,793py ▲2,773py	671.3 bil. won ▼27.5 bil. won

Cap. rate	Transaction Price / py
3.1% ▼0.1%p	30.21 mil. won ▲5.20 mil. won
Transaction Area	Transaction Volume
27,035py ▲27,035py	683.5 bil. won ▲683.5 bil. won

Cap. rate	Transaction Price / py
2.9% ▼0.4%p	35.06 mil. won ▼3.15 mil. won
Transaction Area	Transaction Volume
11,597py ▼37,394py	423.8 bil. won ▼1.24 tril. won



Source: GenstarMate Research Center

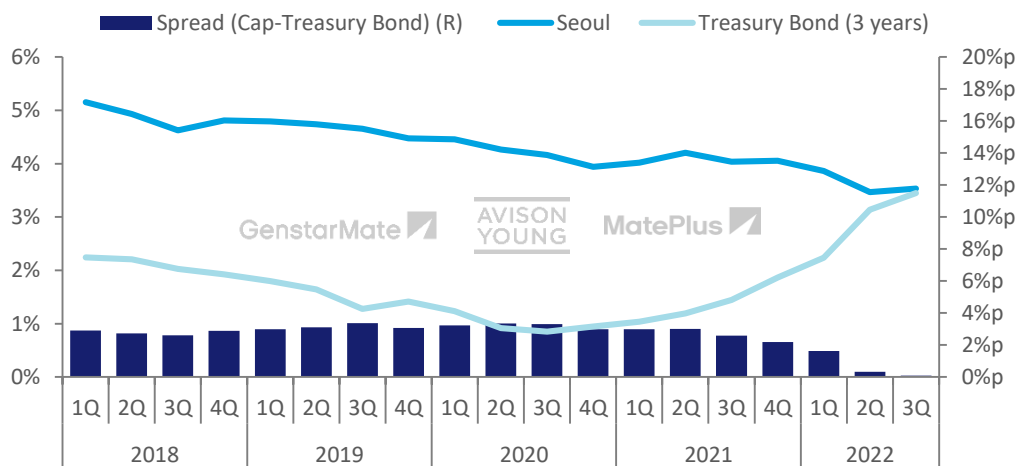
- In 3Q, 2022, the Seoul office transaction volume increased by 413.2 bil. won (14.2% ↑) q-o-q and fell 493.8 bil. won (12.9% ↓) y-o-y to 3.31 tril. won
- The transaction price per py of Seoul fell 130,000 won (0.5% ↓) q-o-q to 29.23 mil. won, the same level as the previous quarter. However, in YBD, Shinhan Investment & Securities Tower was traded at 30.21 mil. won per py, breaking the highest price of the district, recorded by the O2 Tower (YBD).
- In the 4Q, Jongno Tower, Concordion, S-One Building, and Samsung Life Tower are scheduled to be traded, and the scale of the transaction is expected to be similar to that of the third quarter of 2022.

02

Cap. Rate trends of Seoul office market

- The Seoul office Cap. Rate recorded 3.5% in the third quarter of 2022, the same as the previous quarter, while the Cap spread was at 0.1%p, the lowest level in 10 years, caused by a recent surge in interest rates. Cap. Rate by region was CBD 3.7%, GBD 2.9%, YBD 3.1%, and Others 4.5%, decreased in GBD and YBD.

Cap. Rate Trends of Seoul Office Market



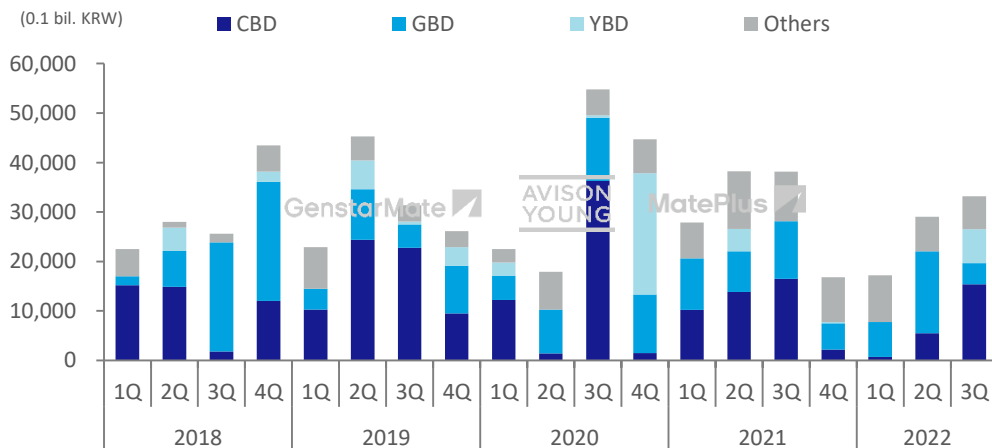
Source: GenstarMateResearch Center

03

Trends of transaction volume of Seoul office market

- Seoul office transactions in the third quarter were 3.32 tril. won, up slightly from the previous quarter. The transaction volume of CBD is 1.54 tril. won this quarter, accounting for 46% of Seoul's total transactions, and in GBD, which recorded 1.60 tril. won in the previous quarter was traded 423.8 bil. won in the 3Q.
- Meanwhile, YBD, which has had no transaction found since the 4Q of 2021, recorded 683.5 bil. won by Shinhan Investment & Securities Tower transactions of this quarter, while Others recorded 671.3 bil. won, similar to the previous quarter.

Trends of Transaction Volume of Seoul Office Market



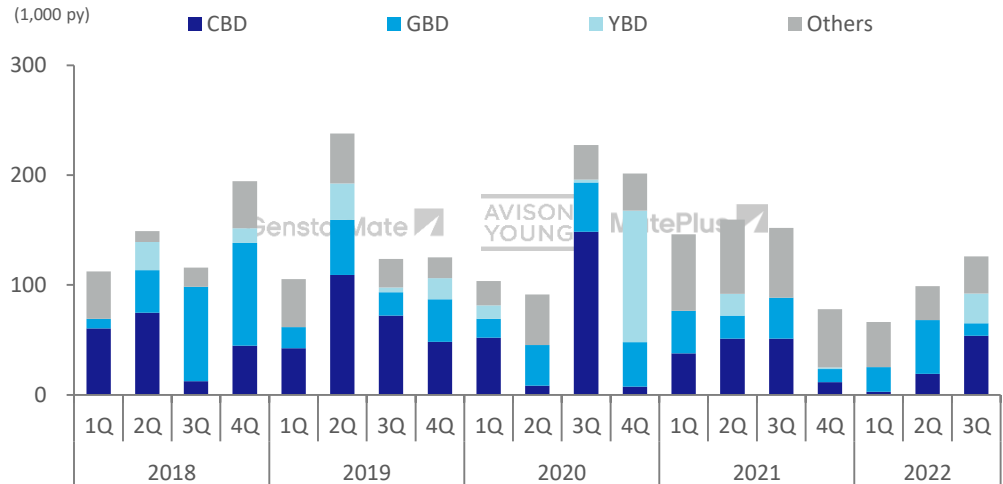
Source: GenstarMateResearch Center

04

Transaction area and unit price per py by district

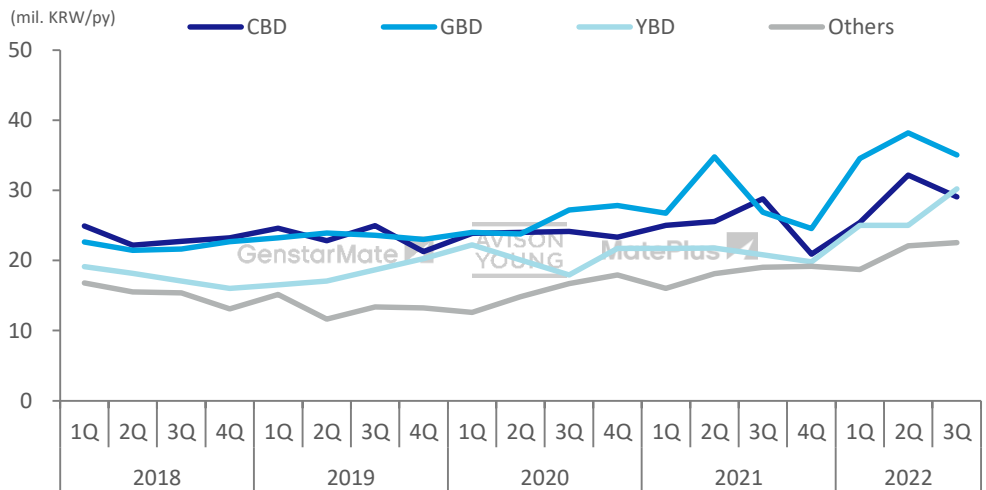
- In 3Q, about 126,000 py of 20 buildings were traded. There were 5 transaction cases found in CBD and GBD each, but unlike CBD, which transactions are mainly in large offices over 10,000 py, transactions in GBD were concentrated in small and medium offices, resulting in a 42,000 py difference in total transaction area.
- In terms of unit price per py, CBD and GBD, which rose sharply in the previous quarter, recorded 29.1 mil. won/py and 35.06 mil. won/py, respectively, showed a decline from the previous quarter. The unit price of YBD recorded over 30 mil. won for the first time due to Shinhan Investment & Securities Tower. In Others district, transactions included Ire Bldg. (18 mil. won/py), Hyundai Card Yeongdeungpo HQ (24.36 mil. won/py), and the unit price per py is confirmed to be 22.56 mil. won/py.

Transaction Volume by District, GFA



Source: GenstarMate Research Center

Trends of Unit Price per py by District



Source: GenstarMate Research Center

05-1

Transaction cases by market

CBD

Building	Address	Transaction Area(py)	Price(100 mil. won)	Unit price (py, 10,000 won)	Seller / Buyer
Twin Tree Tower	Junghak-dong, Jongro-gu	16,669	5,720(e)	3,425(e)	Seller: IGIS Asset Management Buyer: IGIS Asset Management
Seoul City Tower	Namdaemunro 5-ga, Jung-gu	18,153	4,901	2,700	Seller: Koramco REITs Management and trust Co.,Ltd Buyer: IGIS Asset Management
Jongno Place	Inui-dong, Jongro-gu	13,835	3,338(e)	2,413(e)	Seller: CapitaLand Investment Management Korea Buyer: CapitaLand Investment Management Korea
Hana Tour Bldg.	Gongpyeong-dong, Jongro-gu	3,889	1,206	3,100	Seller: Rifa Asset Management Buyer: Kiwoom Asset Management

GBD

Building	Address	Transaction Area(py)	Price(100 mil. won)	Unit price (py, 10,000 won)	Seller / Buyer
Park Bldg.	Seocho-dong, Seocho-gu	5,220	1,700	3,257	Seller: Hanhwa Asset Management Buyer: Hyundai Asset Management
Cheongdam Venture Plaza	Cheongdam-dong, Gangnam-gu	2,746	1,028	3,743	Seller: Private Owner Buyer: Edn Investment Management
BMW Bldg.	Seocho-dong, Seocho-gu	1,661	530	3,192	Seller: Hanmi Oil Buyer: Handok Motors

Source: GenstarMate Research Center

Twin Tree Tower



Seoul City Tower



Jongno Place



Park Bldg.



05-2

Transaction cases by market

YBD

Building	Address	Transaction Area(py)	Price(100 mil. won)	Unit price (py, 10,000 won)	Seller / Buyer
Shinhan Securities Tower	Yeouido-dong, Yeongdeungpo-gu	21,167	6,395	3,021	Seller: Shinhan Securities Buyer: IGIS Asset Management

Others

Building	Address	Transaction Area(py)	Price(100 mil. won)	Unit price (py, 10,000 won)	Seller / Buyer
Ire Bldg.	Yangpyeong-dong 4-ga, Yeongdeunpo-gu	17,080	3,075	1,800	Seller: KB Asset Management Buyer: Kyobo Asset Trust
Corner50	Seongsu-dong 2-ga, Seongdong-gu	3,468	1,200	3,460	Seller: Star Property Korea PFV Buyer: IMM Investment
Cosmo Tower	Doseon-dong, Seogdong-gu	6,202	1,120	1,806	Seller: Kiwoom Asset Management Buyer: Correctional Mutual Aid Association
Hyundai Card Yeongdeunpo HQ	Yeongdeungpo-dong 4-ga, Yeongdeungpo-gu	1,236	301	2,436	Seller: Hyundai Card Buyer: Twenty First
Seokchon Flower Village Bldg.	Seokchon-dong, Songpa-gu	1,193	212	1,778	Seller: Individual Buyer: Dream Asset Management

Source: GenstarMate Research Center

ShinhanSecurities Tower



Ire Bldg.



Corner50



Cosmo Tower



01

Overview

※3Q, 2022

Vacancy Rate		Vacancy Rate		Monthly Rent		Monthly CAM	
3.1%	▼0.6%p	2.9%	▼0.7%p	82,622 won	▲1.3%	36,256 won	▲0.6%

Vacancy Rate		Vacancy Rate	
4.9%	▼0.6%p	4.6%	▼0.8%p

Monthly Rent		Monthly CAM	
98,819 won	▲0.6%	41,312 won	▲0.7%

Vacancy Rate		Vacancy Rate	
3.1%	—	2.8%	▼0.3%p

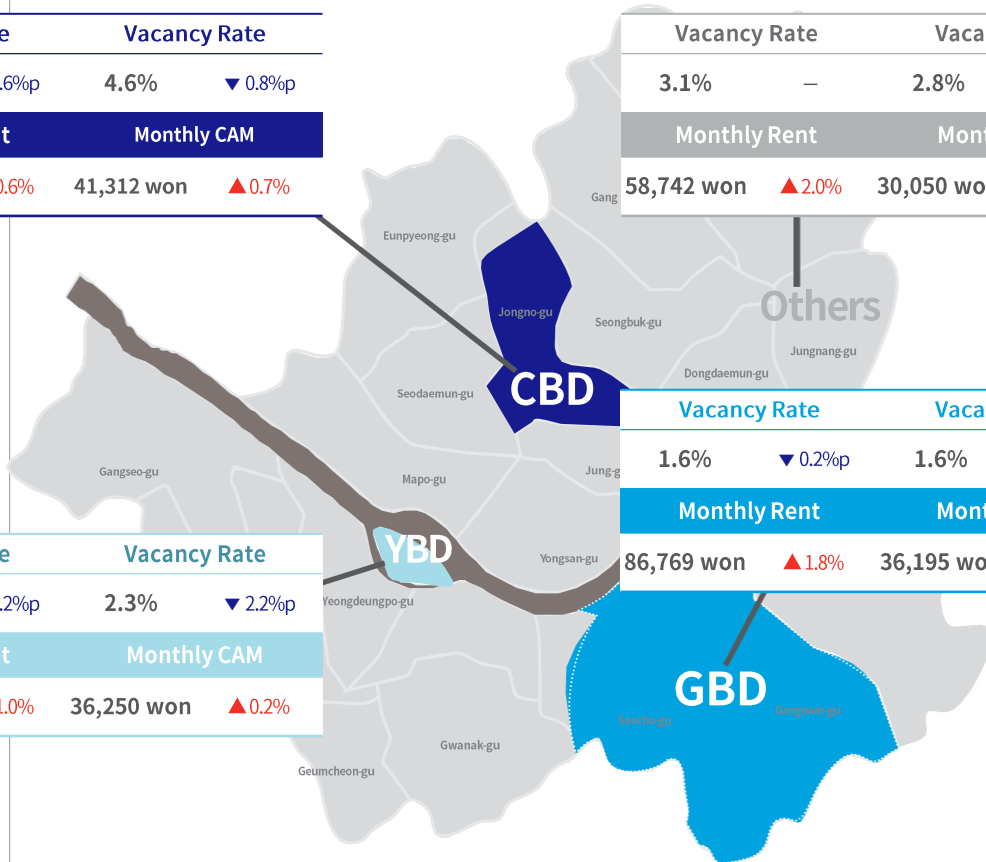
Monthly Rent		Monthly CAM	
58,742 won	▲2.0%	30,050 won	▲1.0%

Vacancy Rate		Vacancy Rate	
2.3%	▼2.2%p	2.3%	▼2.2%p

Monthly Rent		Monthly CAM	
80,081 won	▲1.0%	36,250 won	▲0.2%

Vacancy Rate		Vacancy Rate	
1.6%	▼0.2%p	1.6%	▼0.1%p

Monthly Rent		Monthly CAM	
86,769 won	▲1.8%	36,195 won	▲0.5%

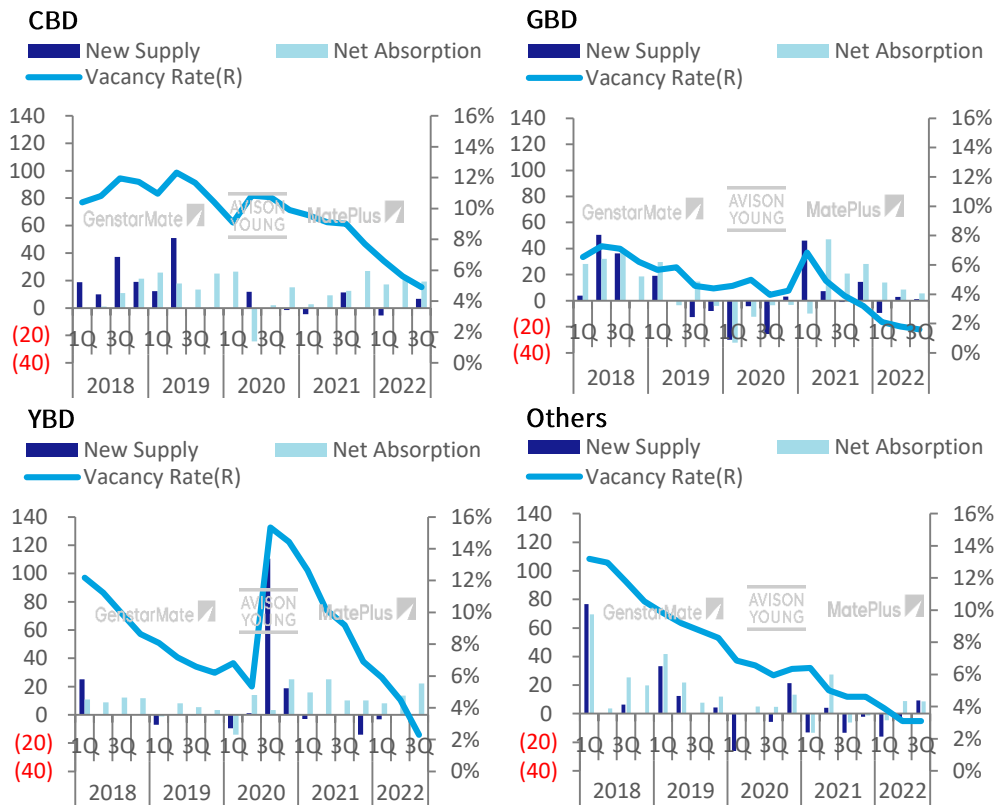


Source: GenstarMateResearch Center

- In 3Q, 2022, Seoul's overall vacancy rate fell 0.6%p q-o-q to 3.1%, recording the lowest rate since 2008. It seems to be the effect of the rapid elimination of vacancies in new assets due to a shortage of new supply.
- Rent and CAM rose 1.3% and 0.6% q-o-q respectively, and 4.5% and 2.8% y-o-y. The rent growth rate recorded the highest in recent 10 years.

02 Supply and Vacancy

Trends of Supply and Vacancy Rate of Seoul Office Market



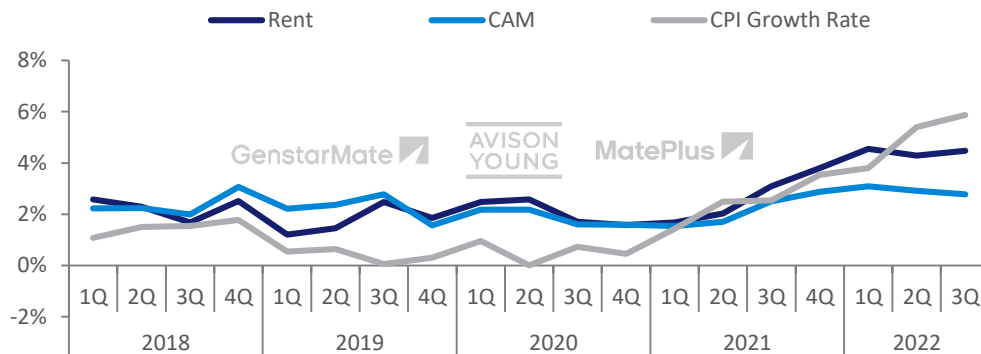
Source: GenstarMate Research Center

- In CBD, 1,000 py of small office was supplied this quarter, with the total stock rising slightly from the previous quarter. Thanks to the relocation of the HQ of Hyundai Capital into Grand Central the vacancy rate has fallen 0.6%p q-o-q to 4.9%, for the first time since the 1Q of 2012, the vacancy rate was around 4%. As the completion of the HQ of BOK, scheduled for the 2H of the year, is delayed, the total stock is expected to remain the same in the 4Q
- The new supply of GBD for 3Q was confirmed by only one small office around 1,000py, on the back of Teheran Road. The vacancy rate fell 0.2%p q-o-q to 1.6%, the lowest since 2008. This quarter, SSG.COM moved to Centerfield from CBD, and it has driven the decline in GBD vacancy rates. Despite the high demand, the net absorption tends to decrease continuously as new supplies continue to be small
- No new supply was found in YBD this quarter following the previous quarter, and it is expected to maintain the current level of stock before the supply of Brighten Yeoui-do(MBC site development) in 1H, 2023. The vacancy rate was 2.3%, down 2.2%p q-o-q, the lowest since the 2Q of 2011. It was due to a decline in the overall vacancy rate by prime-scale offices such as Parc.1 Tower 1 and NH Financial Tower
- In 3Q, 2022, two small offices and Space K, a renovation of Sheraton D-cube City, were supplied in Others, adding 15,000py to the total stock. The vacancy rate including new supply remained the same as the previous quarter, and the vacancy rate excluding new supply recorded 2.8%, down 0.3%p q-o-q due to the high demand for the newly constructed office

03

Rent growth rate of Seoul office market

Rent Growth Rate of Seoul Office Market



Source: GenstarMate Research Center

04

Major leases

District	Property	Address	Tenant	Rent Area(py)
CBD	Grand Central	Jung-gu Namdaemunro 5-ga	Hyundai Capital	6,800
	Eteverse Tower	Jung-gu Namchang-dong	Eteverse	3,900
	K Square City	Jung-gu Da-dong	KT	2,200
GBD	Centerfield East	Gangnam-gu Yeoksam-dong	SSG	4,600
	Centerfield West	Gangnam-gu Yeoksam-dong	Moloco	2,200
	K Square Gangnam II	Gangnam-gu Yeoksam-dong	Lunit	1,700
YBD	Parc.1 Tower 1	Yeongdeungpo-gu Yeouido-dong	HMM	9,300
			Sangsangin IB	2,000
Others	Space K	Guro-gu Sindorim-dong	Haegin	2,300
	S-City	Mapo-gu Sangam-dong	KT Skylife	1,500

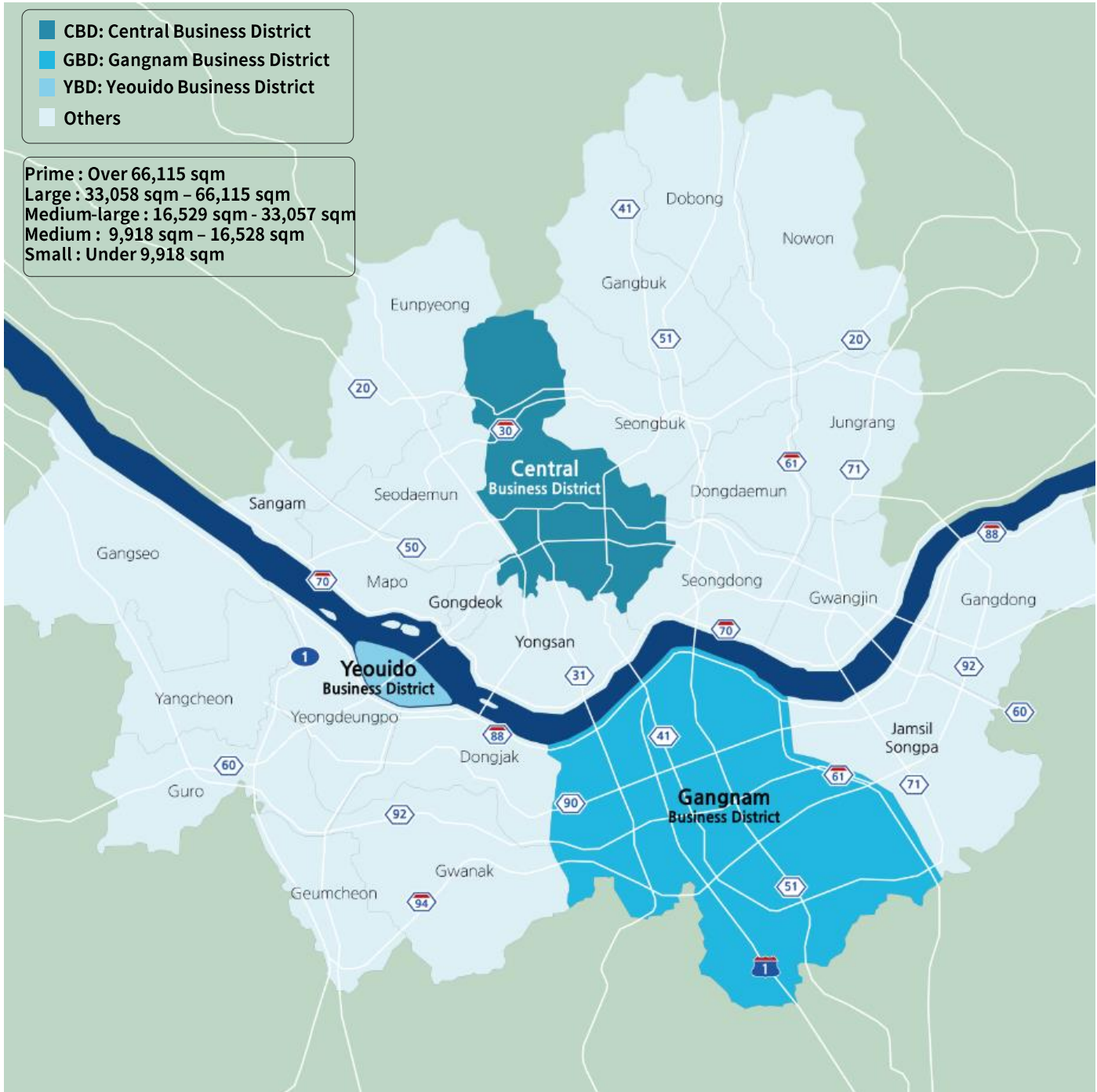
Source: GenstarMate Research Center

Market by the numbers

SUBMARKET	Vacancy Rate				Monthly Rent(W/py)				CAM(W/py)				New Completion (py)
	Total	Prime	Large	Medium Large	Total	Prime	Large	Medium Large	Total	Prime	Large	Medium Large	
Gwanghwamun-Sinmunro	2.6%	1.4%	3.9%	0.5%	89,280	98,119	101,543	59,191	36,153	37,366	40,377	26,044	
Namdaemun	6.5%	3.5%	9.0%	10.2%	98,240	111,071	91,599	77,573	41,749	44,342	40,715	37,962	
Eulgiro	3.7%	4.8%	2.8%	3.8%	100,105	114,876	107,476	84,893	42,397	45,953	45,497	39,248	
Jongno	4.9%	3.9%	8.1%	3.9%	116,514	141,281	110,724	68,417	45,274	50,579	44,781	34,397	
The rest of CBD	6.4%	0.0%	6.2%	13.2%	77,316	101,931	87,083	57,203	36,857	42,072	40,512	33,187	1,010
CBD	4.9%	3.5%	6.2%	6.2%	98,819	118,551	99,549	72,495	41,312	45,687	42,350	35,387	1,010
Teheranro	1.7%	2.2%	2.5%	0.8%	97,149	117,580	94,282	89,670	38,890	43,093	38,598	37,965	1,165
Gangnamdaero	0.7%	0.0%	0.1%	0.3%	91,559	118,986	87,939	94,598	37,360	47,059	35,718	38,338	
The rest of GBD	1.9%	0.1%	2.5%	1.9%	65,335	62,338	74,876	63,420	30,681	31,378	34,246	30,664	
GBD	1.6%	1.5%	2.0%	1.1%	86,769	109,708	87,210	80,649	36,195	42,023	36,714	35,332	1,165
West Yeouido	4.2%	1.0%	0.0%	7.9%	47,390	62,150	58,034	47,724	24,449	20,000	31,632	25,180	
Stock Exchange District	1.3%	0.2%	0.6%		95,557	112,383	77,837		42,141	45,603	38,749		
East Yeouido	2.3%	3.1%	3.0%	0.4%	81,944	104,677	59,108	59,461	36,786	43,374	31,120	29,840	
YBD	2.3%	2.2%	1.6%	3.2%	80,081	104,553	68,160	55,116	36,250	42,727	34,896	28,115	
Mapo	1.7%		0.2%	2.1%	48,665		50,308	48,898	28,093		31,888	28,116	
Yongsan	0.3%	0.0%	0.0%	1.5%	92,074	120,000	68,281	52,592	37,605	43,208	31,329	29,818	
Jamsil-Songpa	0.5%	0.1%	0.2%	0.0%	72,742	87,762	59,829	59,832	33,206	37,586	29,014	32,017	
Sangam	1.4%	1.9%	0.4%	3.7%	42,191	44,895	40,927	39,314	25,986	27,234	24,984	26,461	
The rest of Others	5.6%	3.8%	4.1%	7.8%	54,141	60,700	58,174	53,649	29,053	31,818	32,177	28,970	18,584
Others	3.1%	1.5%	2.0%	5.1%	58,742	77,272	53,395	52,225	30,050	34,869	29,545	28,992	18,584
Total Market	3.1%	2.3%	3.4%	3.9%	82,622	104,878	81,546	66,893	36,256	41,945	36,804	32,587	20,758

Source: GenstarMateResearch Center

Appendix



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