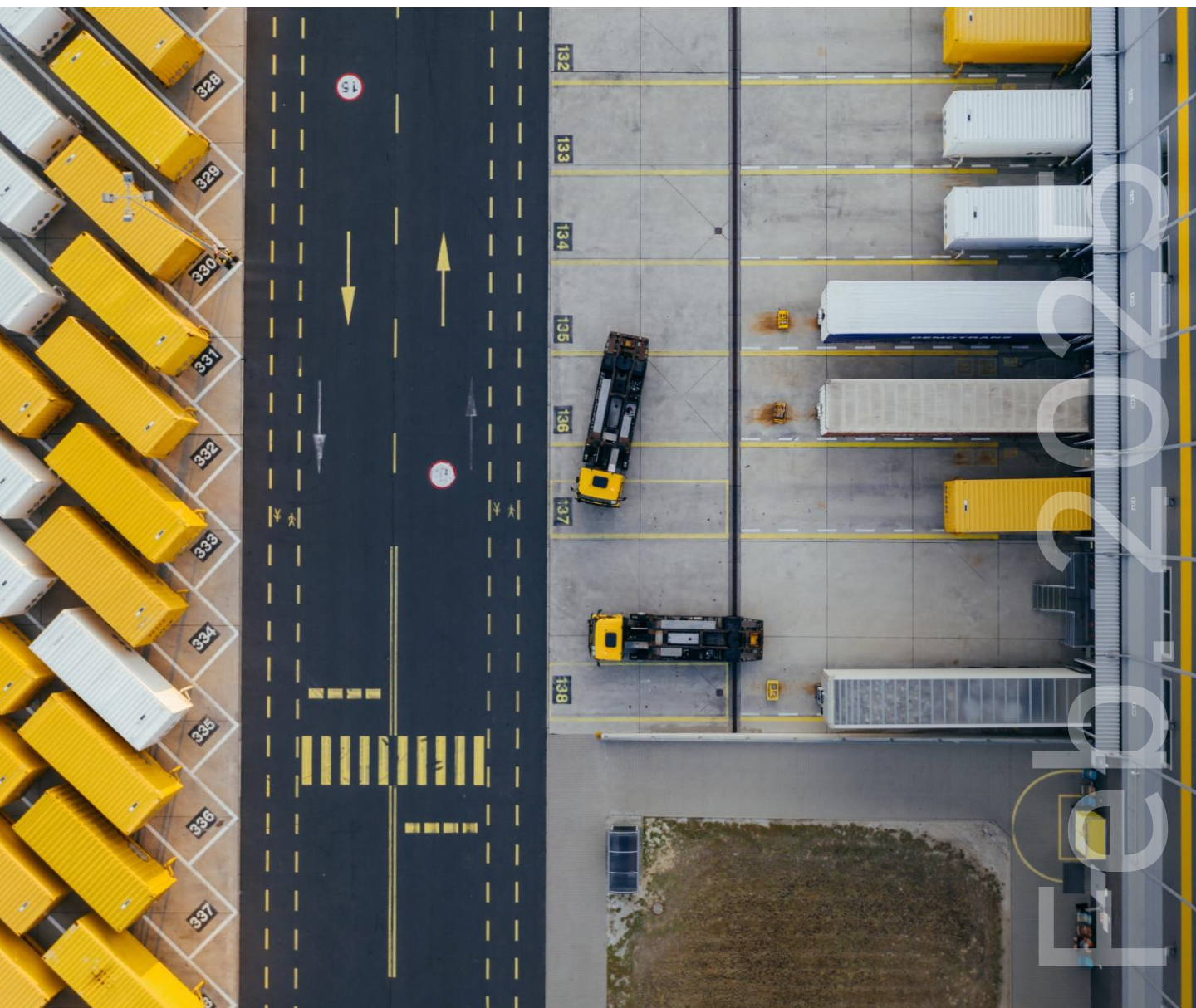


Logistics Tenant Profile

Chungcheong



The changing logistics hub ' Chungcheong '

Bio, Electronics, Automotive industrial parks,
F&B manufacturing & distribution companies,
e-commerce fulfillment, parcel HUB terminals...
'Chungcheong' has a variety of logistics models coexisting.

It has prepared to supply large-scale logistics centers,
but most of the projects are not progressing
due to deterioration of real estate development.

To overcome this, it is making great efforts
to absorb various demands such as manufacture,
distribution and e-commerce logistics.

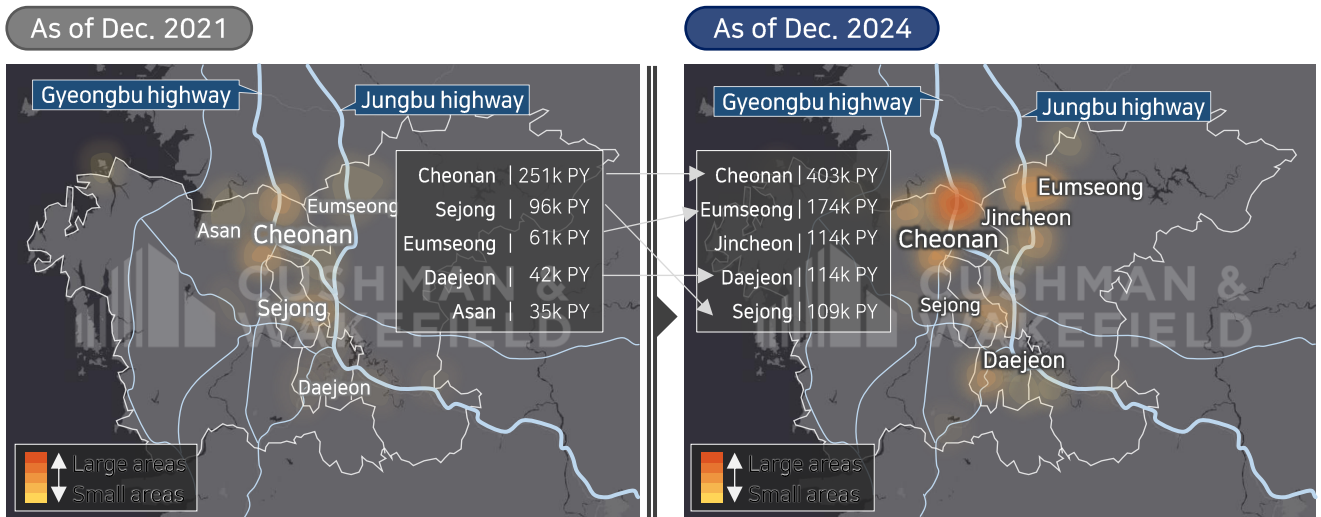
Who are the next players after e-commerce,
which has been driving logistics demand so far?

Rapidly changing Chungcheong

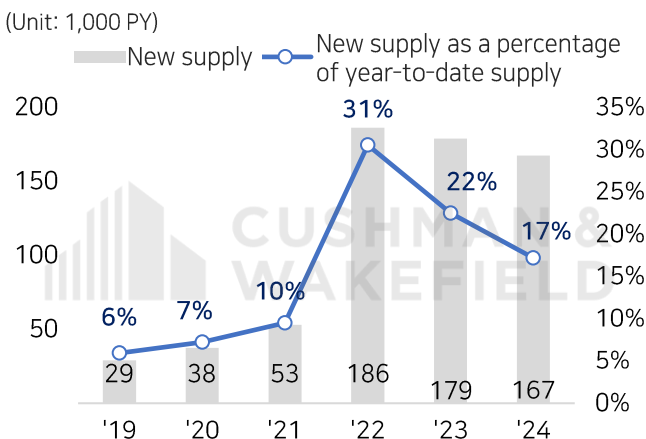
A. Supply Status of Logistics Centers

- The Chungcheong region is home to most of the logistics centers along the Gyeongbu and Jungbu highways. **New supply spiked immediately after the Covid-19, increasing the logistics area by about 120% from 519k PY in 2019 to 1,142k PY in 2024.**
- **About 70% of the new supply is located in the Cheonan, Eumseong, and Jincheon areas**, which are adjacent to the Seoul metropolitan area and have excellent transportation networks, and Jincheon has newly entered the top 5 in the Chungcheong region.

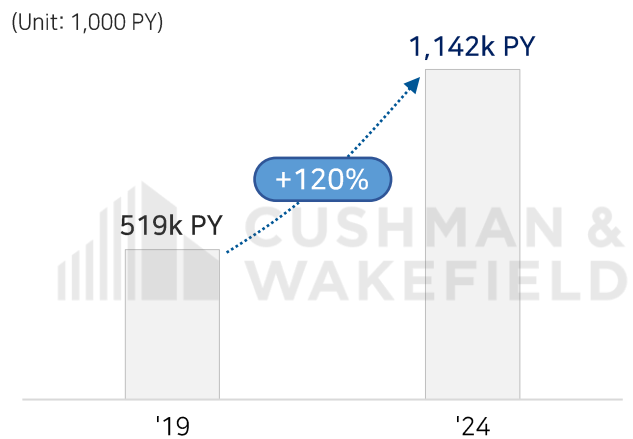
Analysis of Logistics Center Situation¹



New supply by year



Cumulative supply change



Note1: Scale of 5,000py+ in Chungcheong, as of December 2024

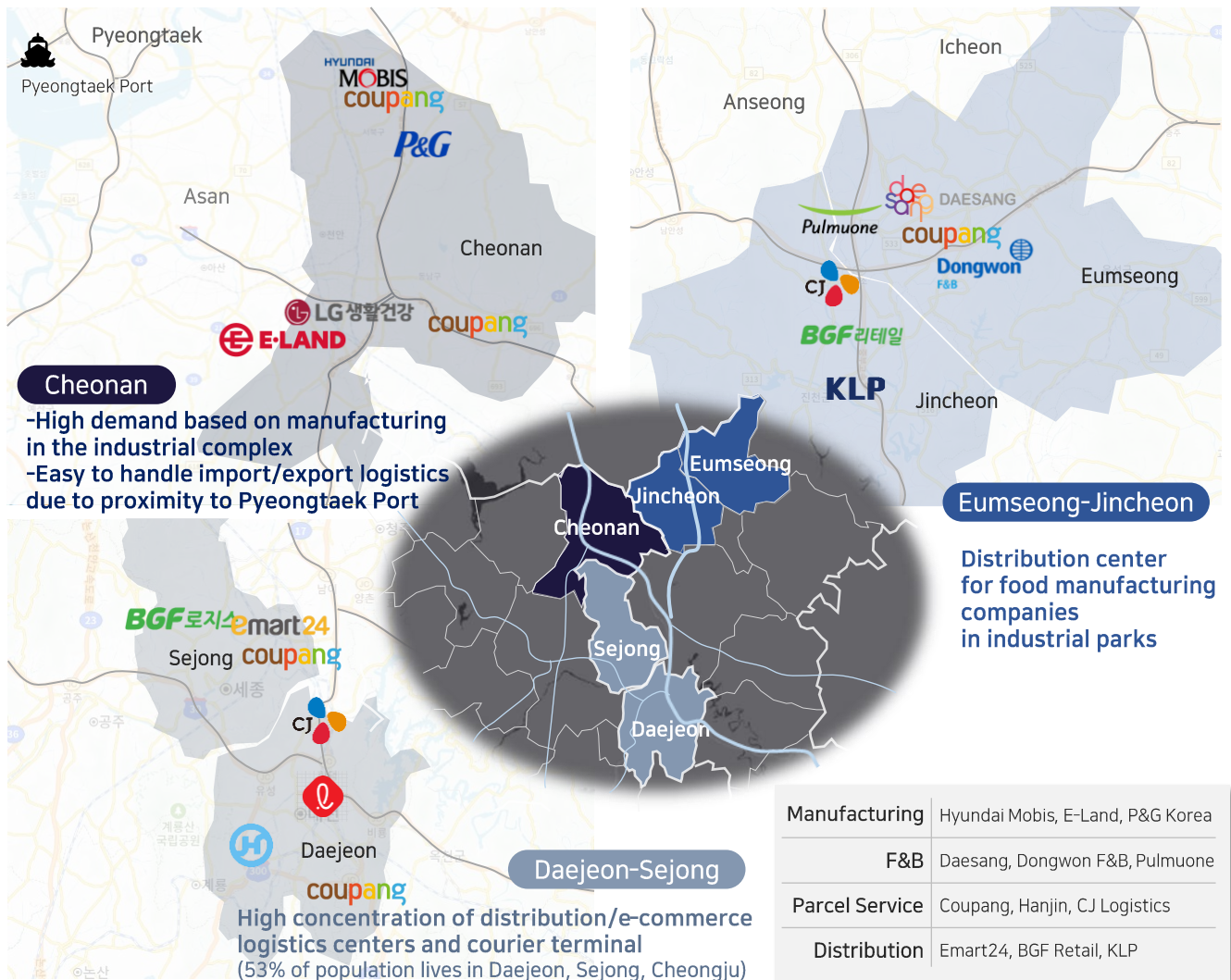
Source: C&W Research

Rapidly changing Chungcheong

A. Supply Status of Logistics Centers

- A lot of manufacturing companies have established their production bases in Chungcheong region, and their logistics needs are abundant here. Cheonan is home to a number of export and import logistics bases due to its proximity to Pyeongtaek Port, while there are many food distribution centers in Eumseong-Jincheon due to the high concentration of food factories.
- In Daejeon-Sejong, distribution logistics and e-commerce fulfillment centers such as Coupang and E-Mart 24, and the hub terminals of all three major Korean courier companies are located.

Distribution of Major Shippers²



Note2: Scale of 5,000py+ in Chungcheong, as of December 2024

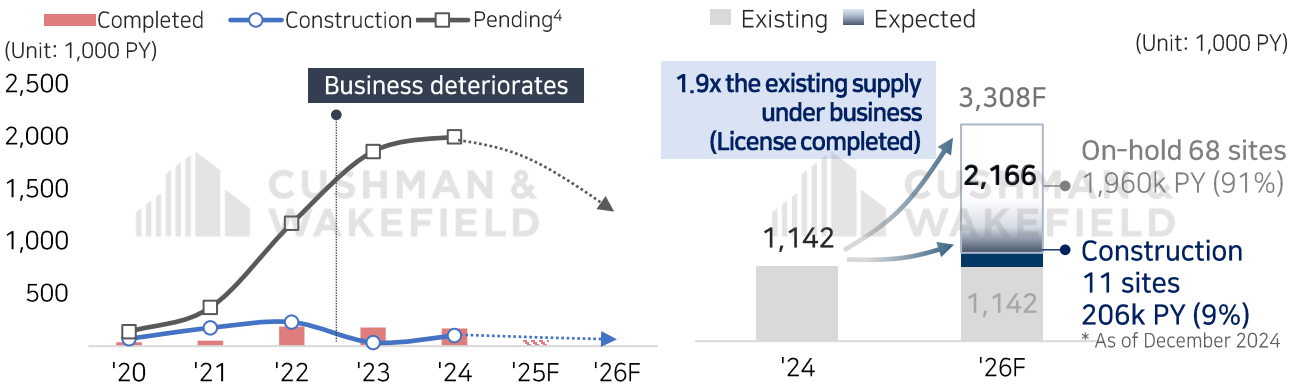
Source: C&W Research

Rapidly changing Chungcheong

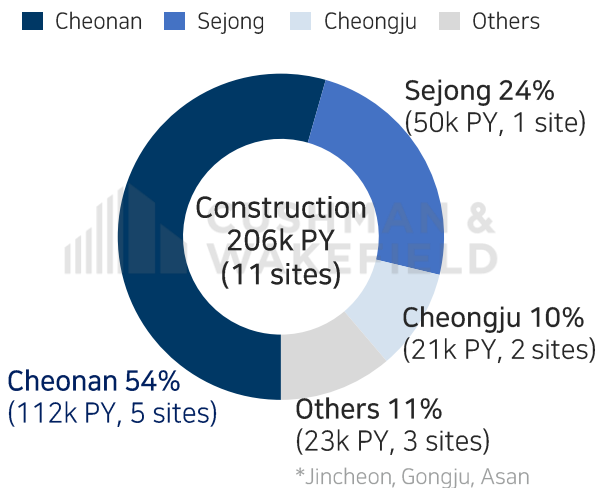
A. Supply Status of Logistics Centers

- Logistics development in the Chungcheong region has been in full swing due to high land prices and a shortage of development land in the SMA, but business performance has deteriorated, resulting in an increase in the number of sites on hold. **At the end of '24, only 9% of the potential development volume(2, 166k PY) has been started.**
- New supply is concentrated in the Cheonan, Sejong and Cheongju regions, which are located near major highways.** It has a **high proportion of proprietary centers** such as Daiso Sejong Hub Center and Woongjin Food Yugu Logistics Center.

New Supplies³



Major New Supplies⁵



Note3: Scale of 5,000py+ in Chungcheong, as of December 2024

Note4: On-holding area after permits as of December 2024

Note5: Only for construction cases among permit approvals

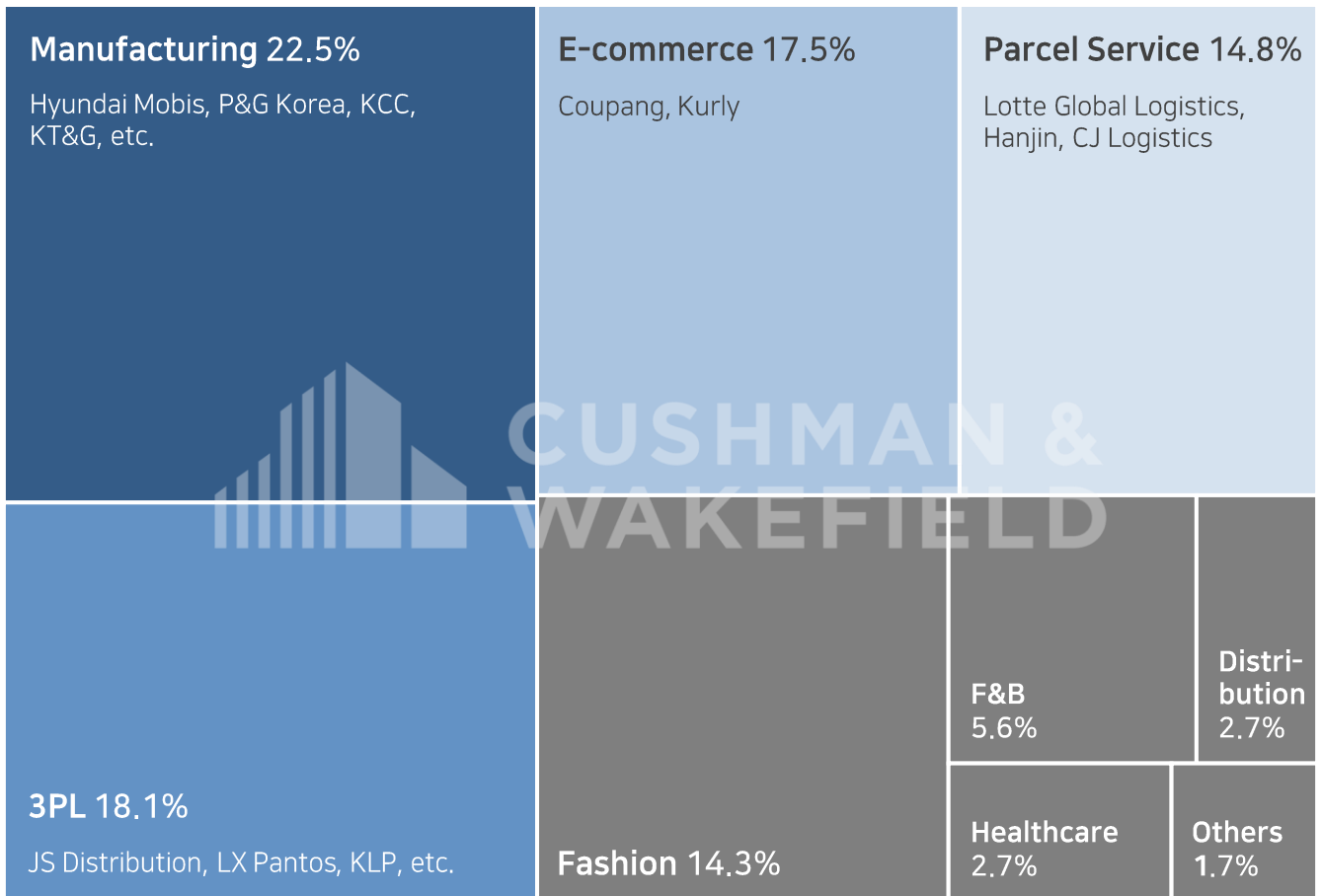
Source: C&W Research

Who is the primary tenant?

B. Tenant Industry Sector Proportions (by GFA)

- **Manufacturing companies occupy the largest area (about 23%), followed by 3PLs, e-commerce, and parcel services.**
- Manufacturing companies such as **Hyundai Mobis and P&G Korea** operate logistics centers in the area along with their manufacturing bases, and there are many logistics bases of 3PL companies such as **JS Distribution and LX Pantos**. In addition, e-commerce fulfillment and delivery bases of **Coupang and Kurly** operate in Daejeon, Sejong, and Cheonan, which are densely populated areas in the Chungcheong region, and there are many courier terminals such as **Lotte Global Logistics, Hanjin, and CJ Logistics**.

Tenant Proportion⁶



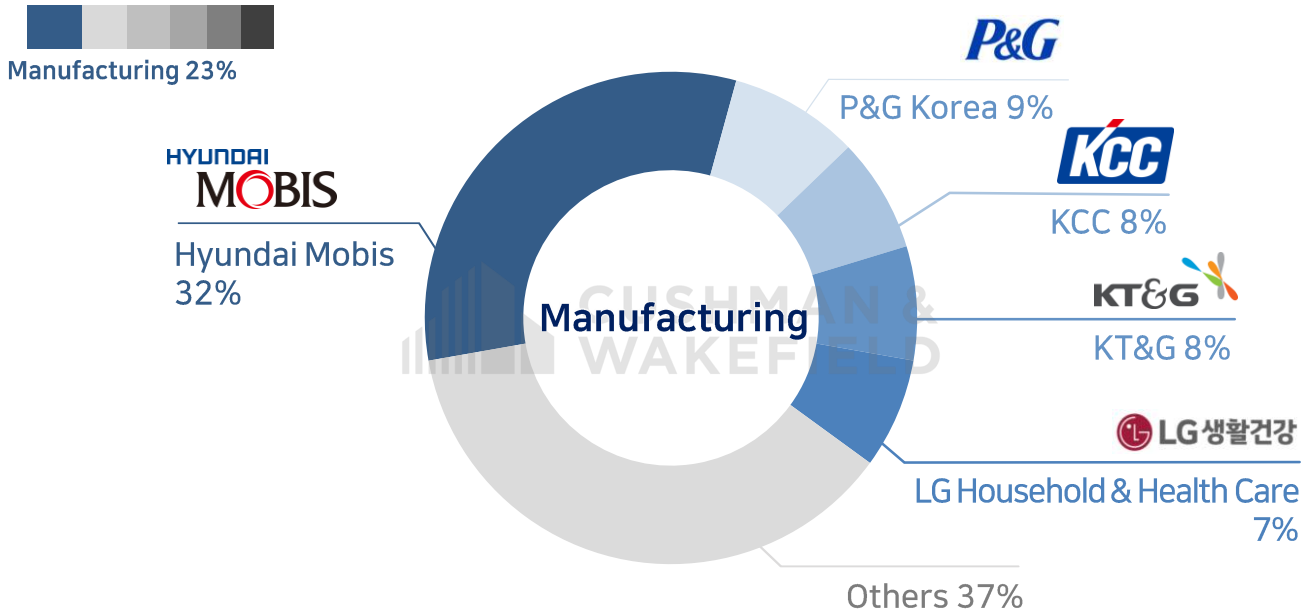
Note3: Scale of 5,000py+ in Chungcheong, as of January 2025

Source: C&W Research

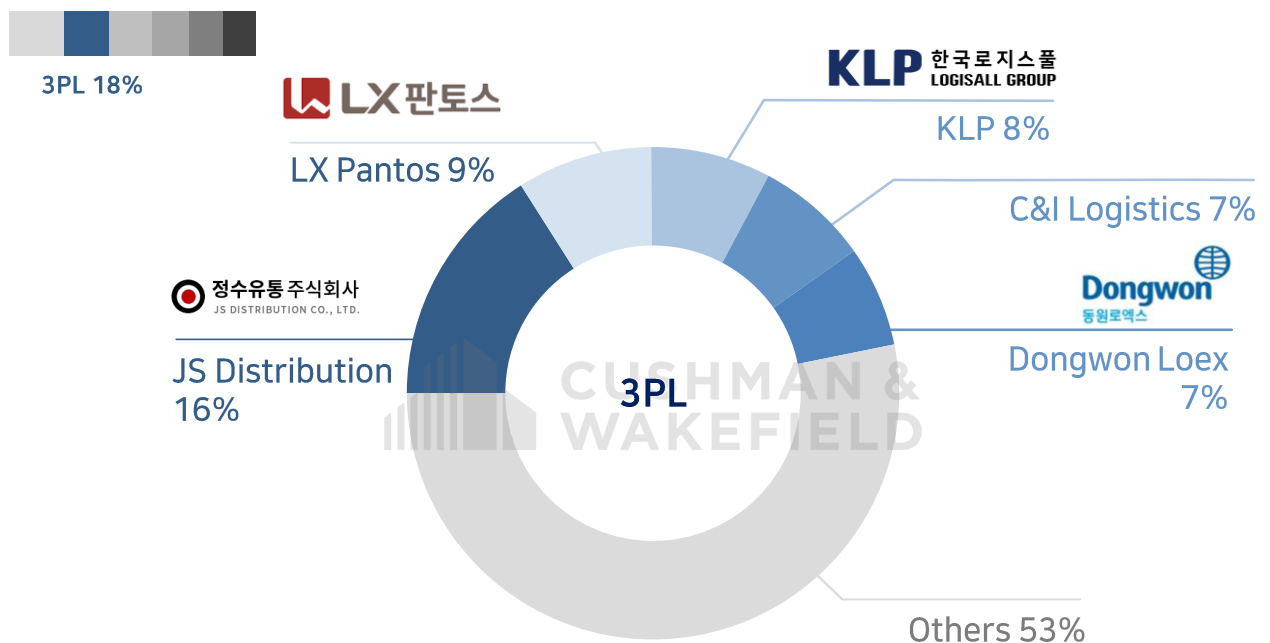
Who is the primary tenant?

B. Tenant Industry Sector Proportions (by GFA)

Proportion of Manufacturing companies



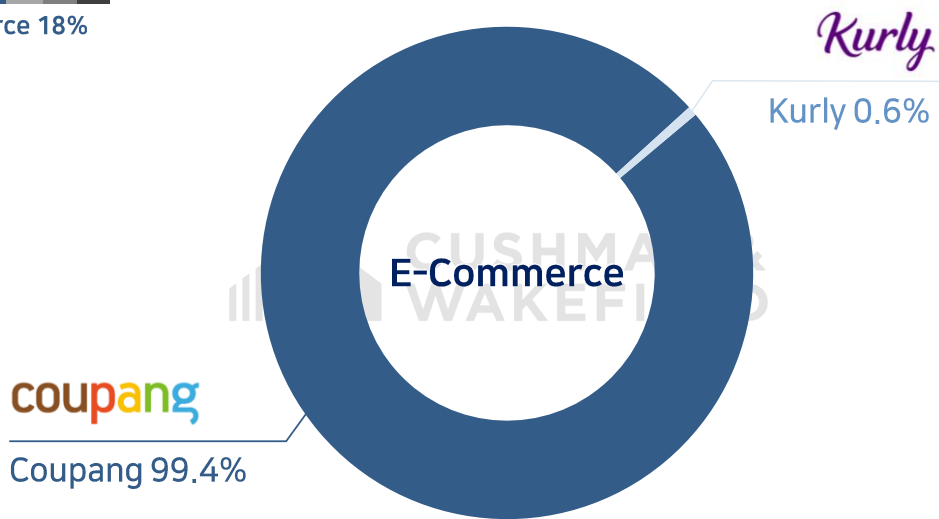
Proportion of 3PL logistics companies



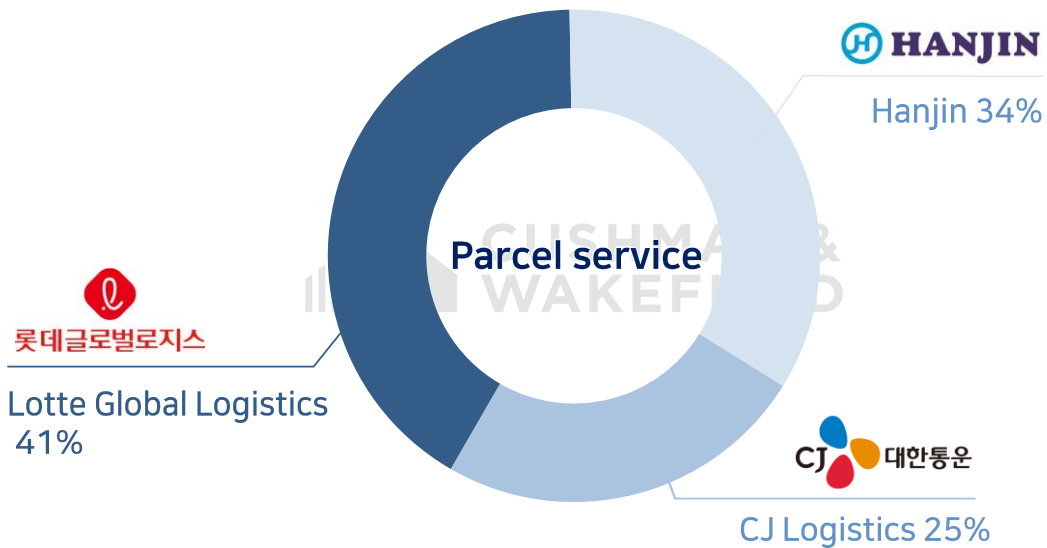
Who is the primary tenant?

B. Tenant Industry Sector Proportions (by GFA)

Proportion of E-commerce companies



Proportion of Parcel service companies



What about the US market?

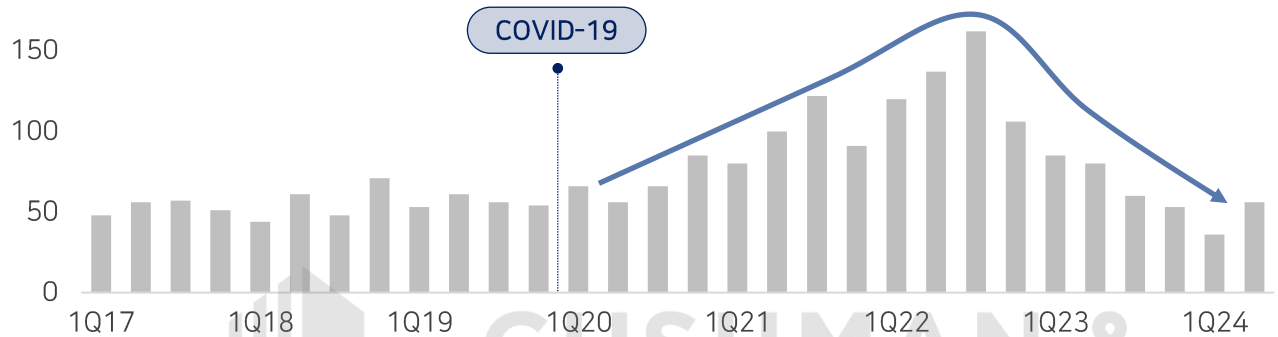
C. U.S. Industrial Real Estate Market Status

- **Similar to the Korean, the U.S. industrial real estate market is also suffering from oversupply.** The COVID-19 led to a surge in logistics demand as online marketplaces grew, and **the development of new logistics centers increased sharply, peaking in Q3'22.**
- Since then, development has been in full swing, **resulting in a surge in new supply, but the impact of interest rate hikes and rising costs has led to a decline in demand and an increase in vacancy rates,** which is very similar to the recent logistics real estate market in Korea.

U.S. Industrial Real Estate Market Status⁷

U.S. Industrial Development Starts

(Unit: MSF)
200



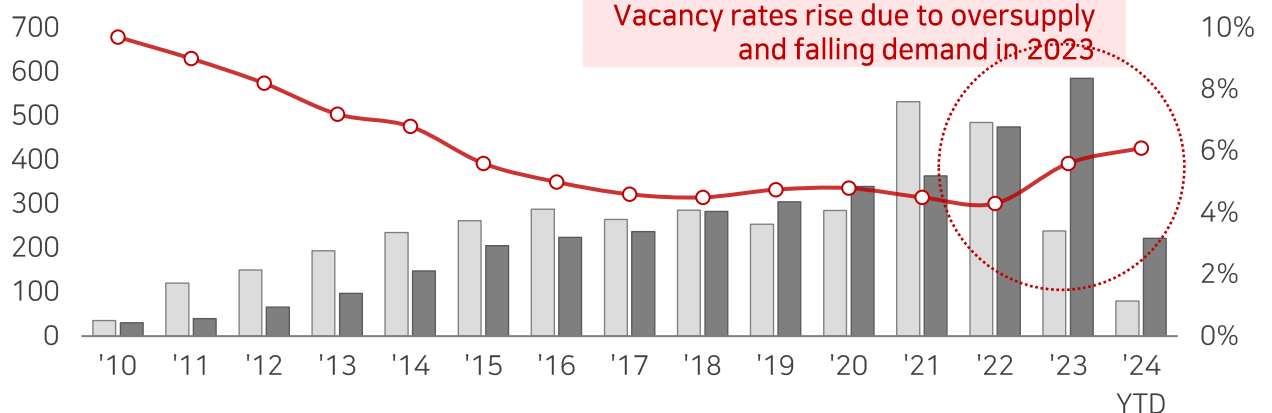
New construction starts spiked Due to the surge of Covid demand, Since Q3 '22 it starts to decline

COVID-19

U.S. Industrial Market Fundamentals

(Unit: MSF)

Net absorption Completions Vacancy rate



Vacancy rates rise due to oversupply and falling demand in 2023

Note7: MSF=Million Square Feet; YTD 2024 figure is through June 2024

Source: Prologis Research

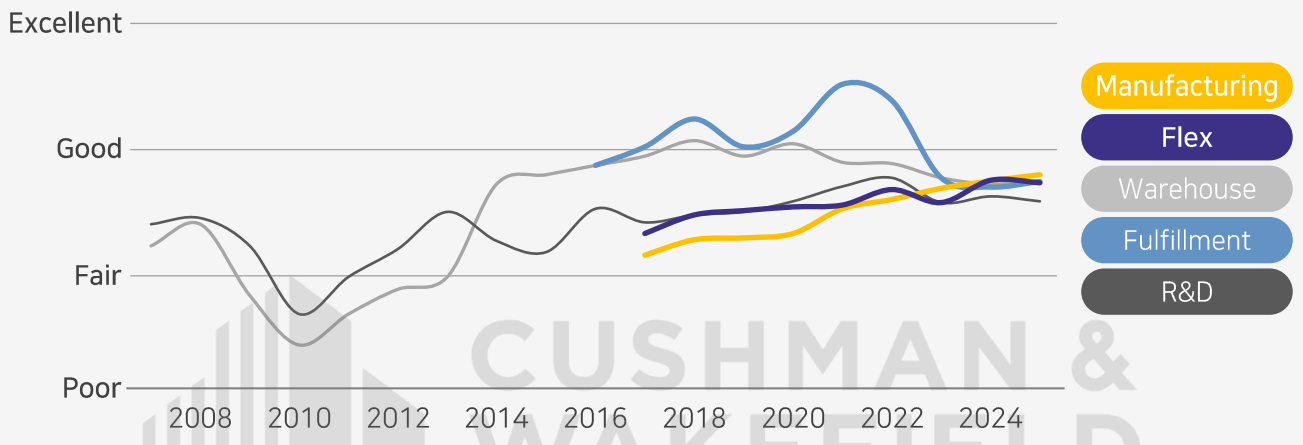
What about the US market?

C. U.S. Industrial Real Estate Market Status

- Fulfillment centers, which drove logistics demand during the COVID19 pandemic, have seen some decline in demand due to slowing e-commerce growth post-pandemic. However, **the U.S. industrial real estate market continues to grow as new types of assets, such as manufacturing and flex, have emerged to drive new logistics demand.**
- Trump's increased tariffs are expected to drive manufacturing plants back to their home countries, increasing demand for manufacturing facilities and flex assets. This continues to support a favorable investment outlook for industrial assets.

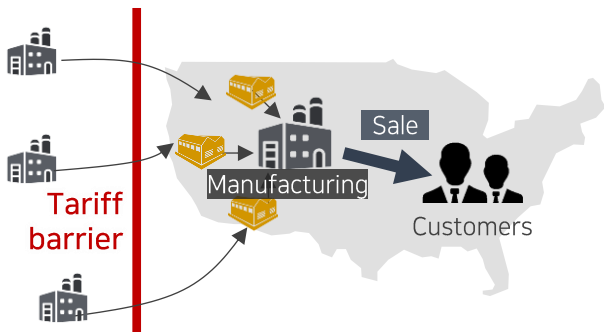
U.S. Commercial Real Estate Investment Outlook⁸

Investment Prospect Trends



Manufacturing

Flex



Onshoring, nearshoring, and other manufacturing plant offshoring expected as Trump's tariffs intensify



A new type of shared warehouse combines office and store functions in idle warehouse space

Note8: Based on U.S. respondents only
Source: Emerging Trends in Real Estate

*Flex: Assets that are single-story logistics buildings with a high proportion of offices in their internal structure

What about the US market?

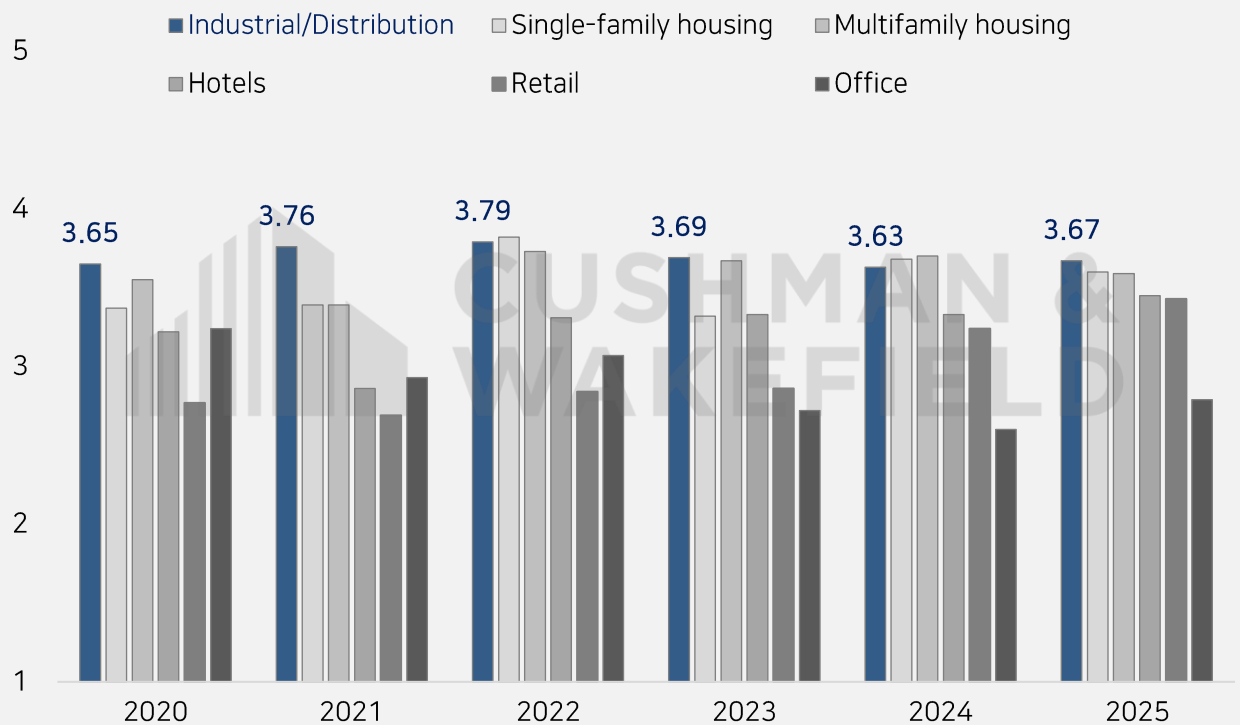
C. U.S. Industrial Real Estate Market Status

- **The positive investment outlook for industrial and logistics real estate in the U.S. will continue,** despite rising vacancy rates through 2023 due to oversupply, according to a survey of U.S. investors.
- **The positive real estate investment trend in America industrial and logistics market is expected to continue as foreign real estate asset managers based in the U.S. are actively investing in the Korean logistics market.**

U.S. Commercial Real Estate Investment Outlook⁸

Investment prospects for major commercial property types

1 – Abysmal / 2 – Poor / 3 – Fair / 4 – Good / 5 – Excellent



Relatively positive about investing in industrial/logistics, single-family and multifamily sectors in 2025

Note8: Based on U.S. respondents only
Source: Emerging Trends in Real Estate

Located in the center of South Korea, Chungcheong region has long served as logistics hub, thanks to its excellent transportation network.

New developments have been prepared to respond to e-commerce demands, but they are facing major challenges.

The U.S. industrial real estate market continues to grow despite the oversupply crisis, as various logistics demands emerging in addition to fulfillment, including manufacturing, flex.

The case of the U.S. is very instructive for Chungcheong, which is in desperate need of new logistics demands to promote sound business.

This is why 'Cushman & Wakefield' is interested in Chungcheong, where various logistics models are expected to emerge.



Disclaimer

The data used in the analysis was calculated and analyzed based on our logistics real estate DB, and are source data that are not available to other companies.

If you have any questions about data, please contact us through the contact below.

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Logistics Services

Logistics Real Estate One-Stop Consulting

Market Due
Diligence &
Feasibility Study

Logistics
Leasing

Acquisition &
Disposition

Logistics real estate services details



Market Due
Diligence &
Feasibility
Study

- Logistics Real Estate Feasibility Analysis Report
- Warehouse Design Consulting
- Big data-driven Logistics Advisory



Logistics
Leasing

- Leasing Advisory
- Logistics Center Marketing
- Logistics Center Due Diligence Representation



Acquisition &
Disposition

- Disposition/Acquisition Advisory
- BUILD-TO-SUIT(BTS) Advisory
- Logistics Development Advisory