CUSHMAN & WAKEFIELD

2026 CRE OUTLOOK

C&W KOREA RESEARCH

DECEMBER, 2025

**WE DIDN'T COME THIS FAR,
TO COME THIS FAR.**

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CONTENTS


2026
Q1
CAPITAL MARKETS
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CRE TRANSACTIONS

1Q 2025 – 3Q 2025

Office

Seoul / KRW 50B+

41
Total Properties Sold

13,686.3 ▲
Total Volume (KRW in Billions)

78.5%

Logistics

GSA / 16.5K sqm+

15
Total Properties Sold

2,415.2 ▬
Total Volume (KRW in Billions)

13.8%

Hotel

Seoul / KRW 10B+

7
Total Properties Sold

1,089.7 ▼
Total Volume (KRW in Billions)

6.2%

Retail

Seoul / KRW 10B+

17
Total Properties Sold

255.8 ▼
Total Volume (KRW in Billions)

1.5%

Source: Cushman & Wakefield Research; Real Capital Analytics

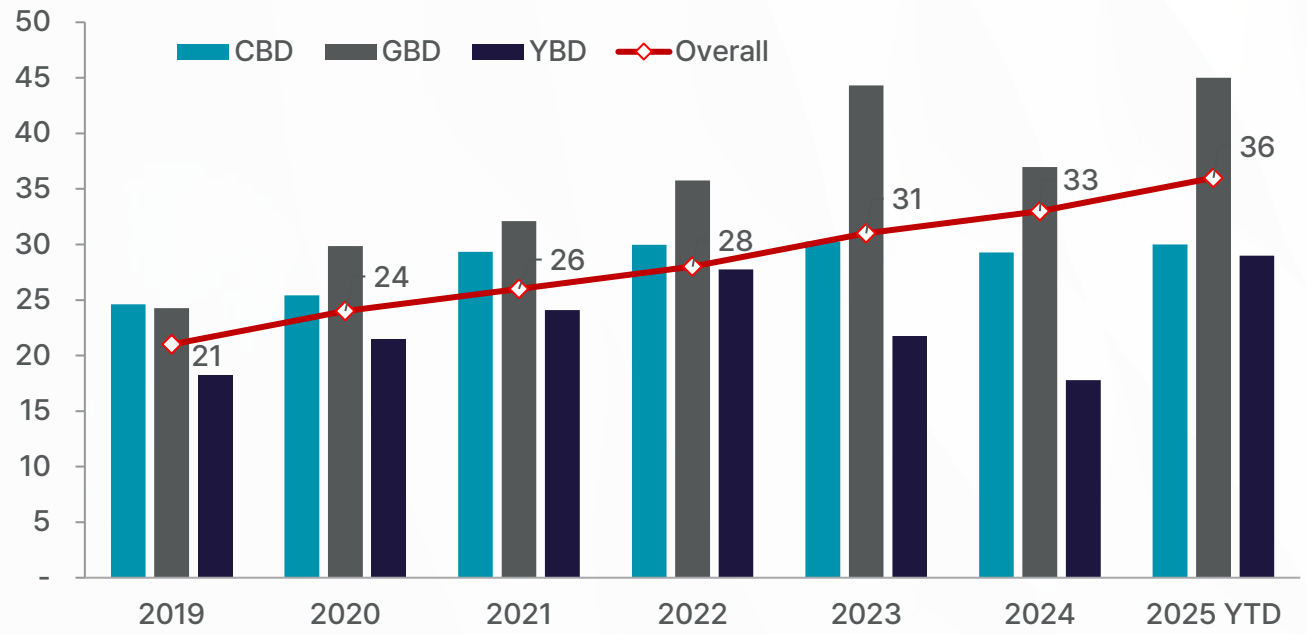
OFFICE

Transaction Price and Key Characteristics

Office Market Maintains Stability and Investment Appeal as GBD Remains Bullish

The average price per 3.3 sqm for Grade A offices varies by district and period but shows an upward trend with an average annual increase of around 9%. Offices with prime locations and low vacancy rates continue to trade at a cap rate in the low 4% range. The average price per 3.3 sqm of offices in the GBD has reached KRW 45 million, with the district's strength becoming increasingly pronounced.

PRICE PER 3.3 SQM (Unit: Mn KRW/3.3 SQM)



Source: Cushman & Wakefield Research; Real Capital Analytics

Highest-Priced Office Transaction	• Pangyo Tech1 Tower sold for approximately KRW 2 trillion • Kakao Bank participated as an SI • KIRA AMC establishes The First No.1 REIT
Bullish Trend in SI Investment and REITS	• Increased corporate office investments while on a lease, or for HQ expansion • Exploring tax benefits and cost reduction strategies through REITs
Differences in Transaction Area by Districts	• Increase in large-scale office transactions in CBD • Small and mid-sized deals are active in GBD, considering price burden

OFFICE

2025 Significant Sales

SI and REIT Investment Continues

The prices of Grade A offices with prime locations are rising, leading more end-users to expand or invest in their occupied buildings. KakaoBank and Olive Young participated as investors in the acquisition of the buildings they use as headquarters, while Bithumb acquired Gangnam N Tower for office expansion. Prime assets such as Pangyo Tech One Tower, SI Tower, and Susong Square were put into REITs to secure external capital.

SI (End-user)

Building Name	End-user
Pangyo Tech 1 Tower	kakaobank
KDB Life Tower	CJ OLIVEYOUNG
Seoul N Square	금융결제원
Gangnam Finance Plaza	SMB SEOUL MONEY BROKERAGE
Gangnam N Tower	ISU
	bithumb

Large-scale Area / Highest-Priced Deal

Building Name	Area/Price
Pangyo Tech 1 Tower	GFA: 197,232sqm Price: KRW 1,982B
KDB Life Tower	GFA: 82,435sqm Price: KRW 674.4B
Namsan Square	GFA: 75,243sqm Price: KRW 580.5B

REITs

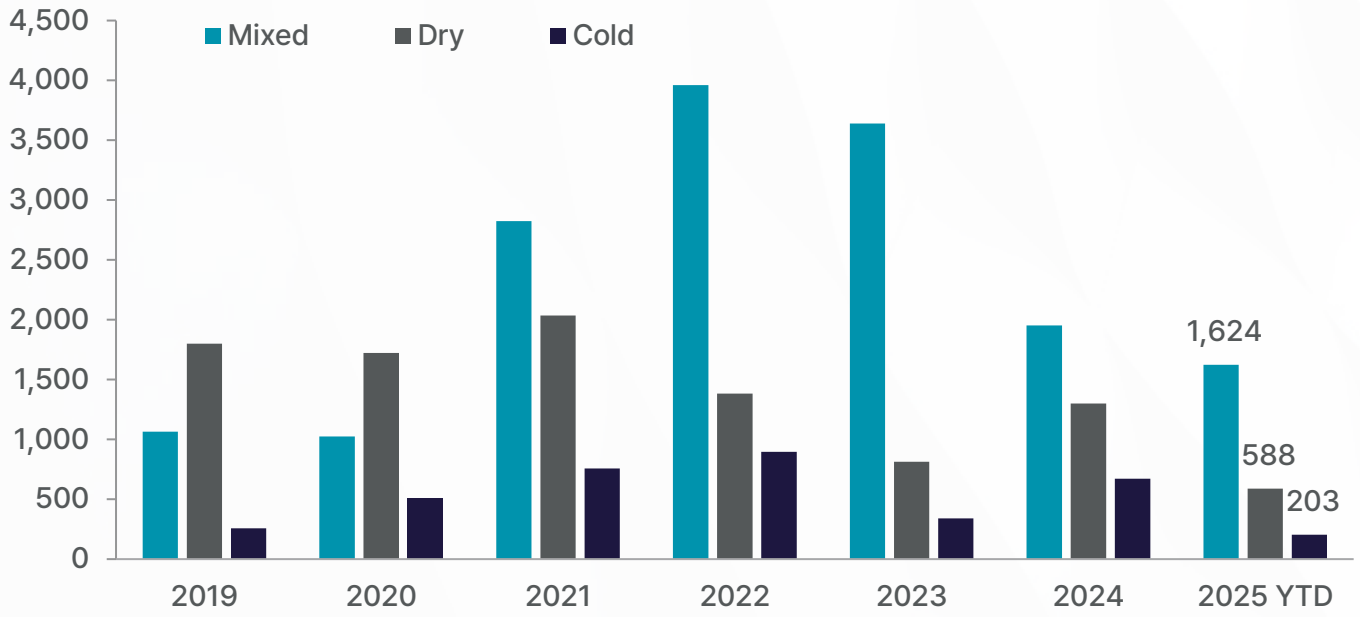
Building Name	REIT
Pangyo Tech 1 Tower	The First No.1 REIT Price: KRW 1,982B
SI Tower	IGIS Value Up No.1 REIT Price: KRW 897.1B
Susong Square	D&D Platform REIT Price: KRW 522.5B

Source: Cushman & Wakefield Research; Real Capital Analytics

Stages of Price Adjustments for Logistics Centers

In 2025, buyer-seller price expectations realigned. This facilitated the closure of deals for logistics centers with pre-purchase discounts. In the high-demand Incheon area, transactions of the conversion of dry centers occurred. Despite price gaps per 3.3 sqm based on location and individual asset characteristics, foreign asset managers continue to build their portfolios by acquiring relatively undervalued, high-quality centers.

TRANSACTION VOLUME BY TYPE (Unit: Bn KRW)



Source: Cushman & Wakefield Research; Real Capital Analytics

Foreign Investment
- Active acquisition of logistics centers by foreign AMCs is observed

Conversion to Dry Center
- Acquisition for conversion to dry use to address cold center oversupply and meet demand.

Pre-purchase
- Price discount and final acquisition of logistics centers with pre-purchase contracts signed 3 to 4 years ago.

LOGISTICS

2025 Significant Sales

Expectations of Foreign Investor Transactions

Foreign investors are actively investing in logistics centers. In 2025, Qube Industrial acquired three prime centers, while Kreate AMC added centers in Anseong and Hwaseong. In Incheon's Hang-dong and Seoknam-dong, deals focused on conversion to dry center. GIC maintained its preferred stock investment in Hang-dong Dream Logistics Center. Despite a forward purchase discount, Greenwave Sihwa Logistics Center achieved the highest transaction price of the year due to its extra-large area.

Foreign Investment

Investor	Qube Industrial AMC
Center Name	Anseong Samsung Logis Center Gimpo Gochon Center Namyangju Hwado Center
Investor	Kreate AMC
Center Name	Anseong Miyang-myeon Center (2 buildings) Hwaseong Jegi-ri Center
Investor	DWS AMC
Center Name	Gonjiam Logistics Center

Conversion to Dry Center

Center Name	Incheon Hang-dong Dream Center
GFA	133,309 sqm
Price	KRW 230B
Buyer	Koramco Asset Trust (Invested by GIC)
Center Name	Incheon Seoknam S&K Mix Center
GFA	148,238 sqm
Price	KRW 245B
Buyer	Brookfield AMC

Pre-purchase

Center Name	Greenwave Sihwa Center
GFA	235,627 sqm
Price	KRW 475B
Buyer	JB AMC
Center Name	Icheon Hoe-eok-ri Center
GFA	44,730 sqm
Price	KRW 80B
Buyer	IGIS AMC

Source: Cushman & Wakefield Research; Real Capital Analytics

HOTEL

2025 Significant Sales

Strong Tourism Demand and Constrained Supply Sustain Hotel Transactions in Seoul

Investor interest is rising in 3- and 4-star hotels in high-tourist areas. Goldman Sachs entered the Korean hotel market by investing in Mercure Ambassador Seoul Hongdae with JB AMC. Shinhan REITs Management, which acquired Shilla Stay Mapo, is steadily growing its hotel portfolio. With limited new hotel supply in Seoul, some investors are also looking to convert office and residential buildings into accommodations.

Mercure Ambassador Seoul Hongdae

- Usage: Hotel (Maintain Current Use)
- Price: KRW 262B
- Buyer: JB AMC, Goldman Sachs
- Seller: Hyundai AMC

Four Points by Sheraton Josun, Seoul Station

- Usage: Hotel (Maintain Current Use)
- Price: KRW 172B
- Buyer: KB AMC
- Seller: Macquarie AMC

Shilla Stay Mapo

- Usage: Hotel (Maintain Current Use)
- Price: KRW 143B
- Buyer: Shinhan REITs Management
- Seller: Hana Alternative AMC

Source: Cushman & Wakefield Research; Real Capital Analytics

OTHER SECTOR

2025 Significant Sales

Rise of Alternative Investment Assets

In 2025, Garden 5's former CGV theater space was acquired by a church, signaling a shift in use. Shared residential projects like Noudit Hongdae and land deals for data centers have emerged as alternative investment assets. Noudit Hongdae was sold for more than KRW 10 billion higher than four years ago. In the GSA, where data center construction and power supply are challenging, the price of pre-approved land is rising sharply.

Retail

Garden 5 (CGV Songpa)

- Usage : Scheduled for conversion to a church
- Price: KRW 39B
- Buyer: Saeroun Church
- Seller: JB AMC

Living Sector

Noudit Hongdae

- Usage : Co-living
- Price: KRW 143B
- Buyer: DDI/Invesco
- Seller: IGIS AMC

Data Center

Hang-dong Data Center (Seoul Guro Hang-dong)

- Usage : Data Center
- Price: KRW 140B
- Buyer: Pacific AMC/CPPIB
- Seller: Hayang Energy Generation
- Note : Completion in 2029/52MW

Source: Cushman & Wakefield Research; Real Capital Analytics


02
2026
OFFICE
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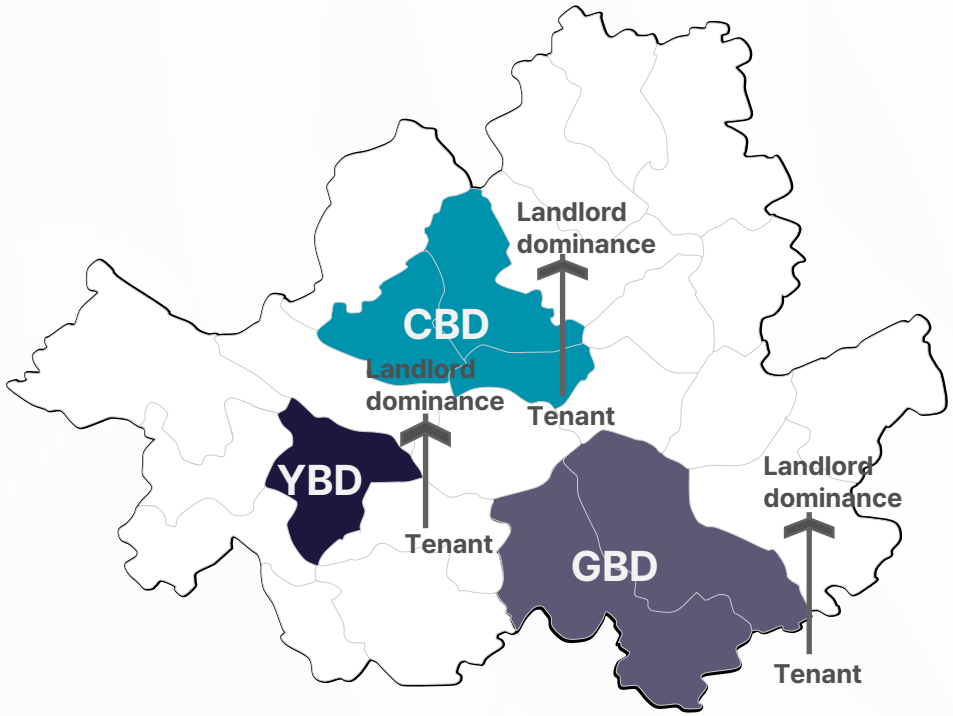
OVERVIEW

Main Business Districts

Seoul: Q3 2025 Overall Average
Based on Grade A building or Higher

Inventory	Monthly Rent	Vacancy Rate
10,265,000 sqm	39,000 KRW/sqm	4.3%
	q-o-q ▲ 1.2%	q-o-q ▲ 0.2%p

Finance 33.2 %
Service 19.2 %
Manufacturing 12.8 %



Source: Cushman & Wakefield Research

CBD (Central Business District)

Inventory	Monthly Rent	q-o-q	Vacancy Rate	q-o-q
4,421,000 sqm	39,000 KRW/sqm	▲ 1.2%	6.0%	▲ 1.3%p

Finance 30.9 % ▲ 0.2 pp (y-o-y)
Service 23.6 % ▲ 0.7 pp (y-o-y)
Manufacturing 11.5 % ▼ 0.2 pp (y-o-y)

GBD (Gangnam Business District)

Inventory	Monthly Rent	q-o-q	Vacancy Rate	q-o-q
3,791,000 sqm	41,000 KRW/sqm	▲ 1.3%	2.6%	▼ 0.7%p

Finance 22.9 % ▼ 0.4 pp (y-o-y)
IT 18.1 % ▲ 0.9 pp (y-o-y)
Wholesale and Retail 17.8 % ▼ 0.7 pp (y-o-y)

YBD (Yeouido Business District)

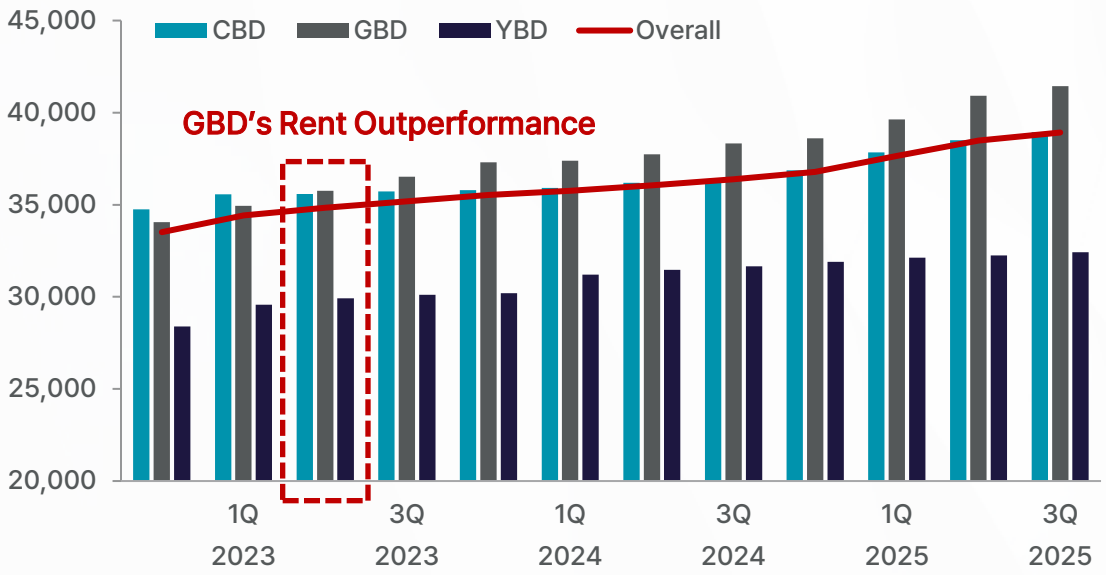
Inventory	Monthly Rent	q-o-q	Vacancy Rate	q-o-q
2,053,000 sqm	32,000 KRW/sqm	▲ 0.6%	4.1%	▼ 0.3%p

Finance 55.5 % ▲ 0.7 pp (y-o-y)
Service 15.6 % ▼ 0.3 pp (y-o-y)
Manufacturing 9.1 % ▲ 0.2 pp (y-o-y)

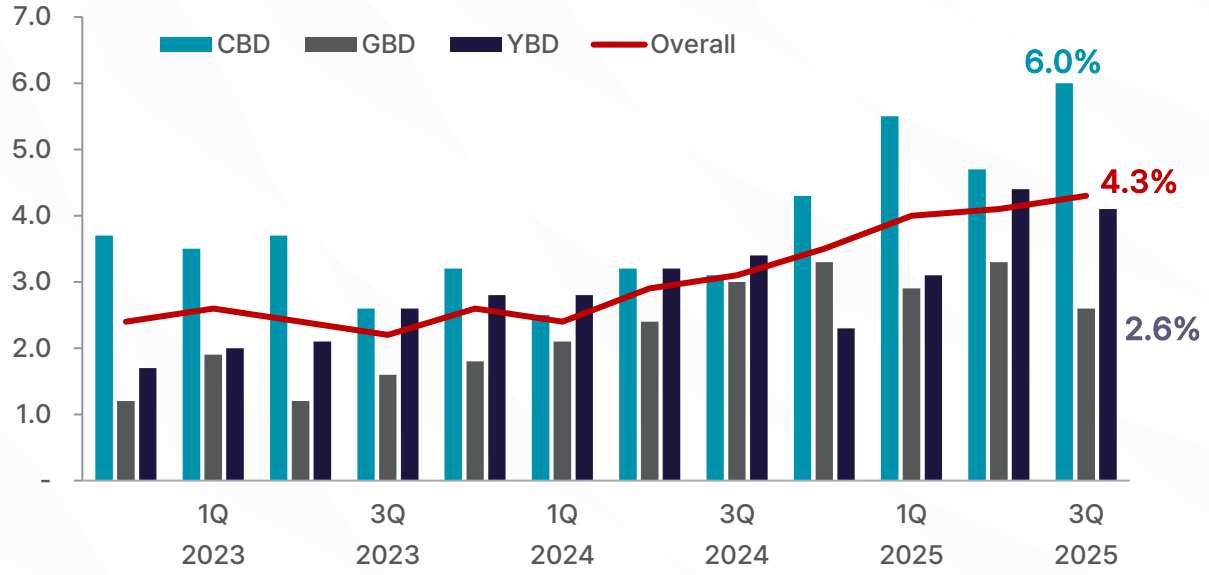
Rising Rents and Growing Disparities Across Districts

The vacancy rate for Grade A offices in major business districts remains in the low 4% range, continuing to command high rental levels. Driven by newly completed buildings and rising rents in the GBD area, the average rent increased by 7% y-o-y, and the rental gap between the CBD and GBD is also widening. As of Q3 2023, the CBD's vacancy rate rose to 6% due to new supply, while the GBD recorded the lowest level at 2.6%.

OFFICE RENT BY SUBMARKET (Unit: KRW/SQM)



OFFICE VACANCY RATE BY SUBMARKET (Unit: %)



Source: Cushman & Wakefield Research

SUPPLY

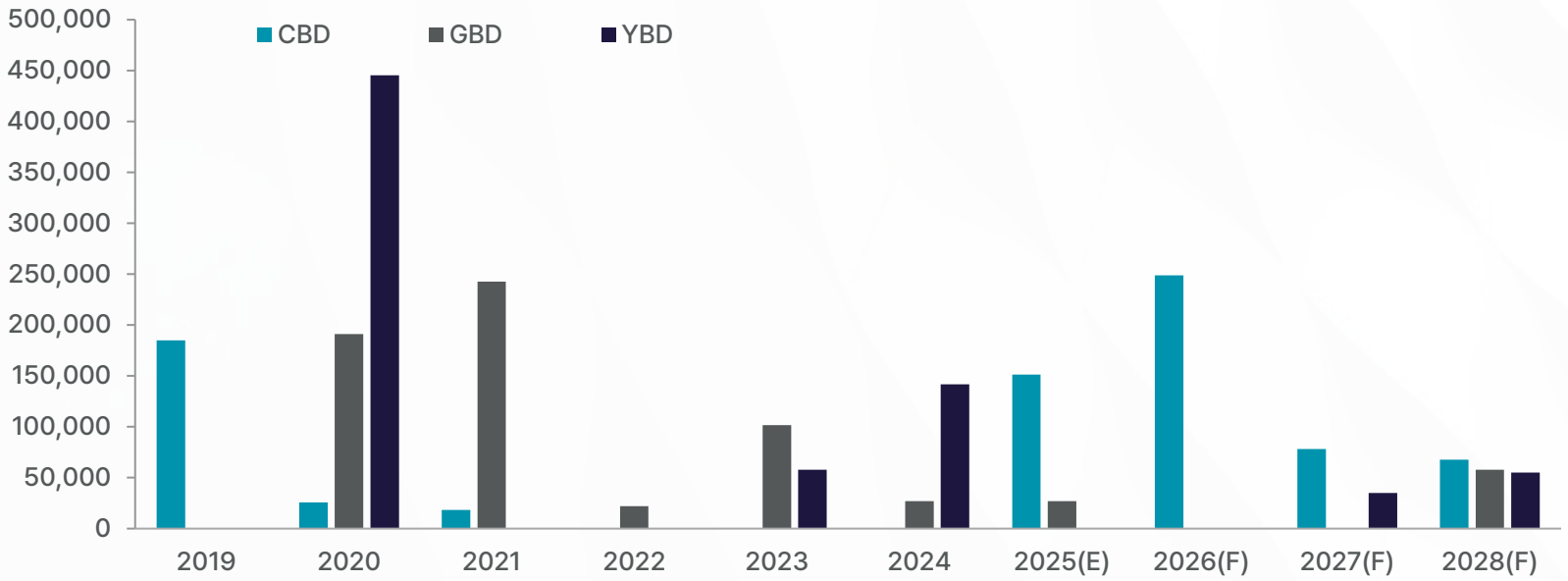
Main Business Districts

New Supply Increases in the CBD, Supply Shortage Persists in the GBD

In 2025, Project 107 and INNO 88 were completed in the CBD but remain partially vacant. Large-scale projects like Gongpyeong Districts 15 and 16 will be completed in 2026. By contrast, the GBD had medium-scale office completions in 2024 and 2025, with few new supplies expected before 2027. This ongoing supply imbalance between districts will continue to affect vacancy rates and rental gaps between the two districts.

NEW SUPPLY BY SUBMARKET

(Unit: SQM)



NEW SUPPLY LIST (2025-2026)

Sub-market	Building Name	Date of Completion	GFA (sqm)
CBD	Project 107	Q1 2025	34,020
CBD	KT West (Remodeling)	Q2 2025	51,120
CBD	INNO 88 (Remodeling)	Q3 2025	30,116
CBD	Gongpyeong District 15 & 16	Q2 2026	118,524
CBD	Euljiro 3-ga District 6	Q2 2026	50,831
GBD	OPUS 459	Q2 2025	20,516

Source: Cushman & Wakefield Research

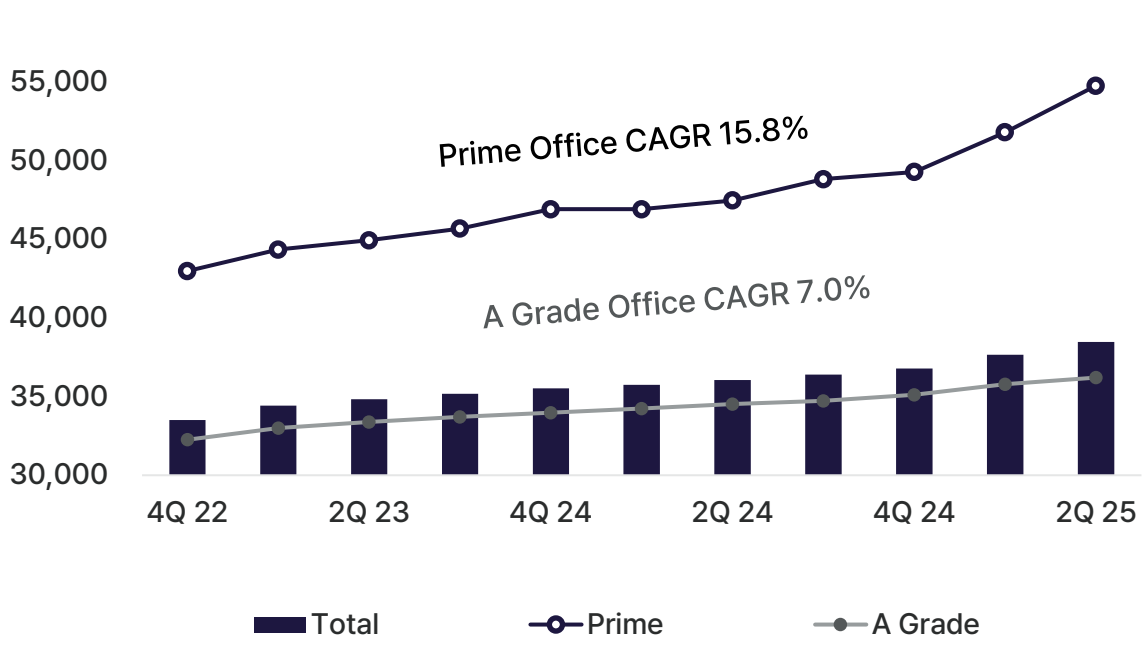
KEY CHARACTERISTICS

Prime Office Demand Remains Strong

Prime Office Strength Expected to Persist

Prime office rents are rising at an annual rate of 16%, more than double the 7% growth for Grade A offices, underscoring the strength of prime assets. In the GBD, IT firms are expanding and relocating to higher-quality spaces, quickly filling vacancies in new buildings. Although oversupply remains a concern in the CBD, the concentration of office workers and prime location are expected to help prime assets retain their value.

RENT VARIATIONS BY GRADE (Unit : KRW/sqm)



REPRESENTATIVE BUILDING RENT & VACANCY

Sub-market	Building Name	Completion Year	GFA (sqm)	Monthly Rent (KRW/sqm)	Vacancy Rate (%)
CBD	Gran Seoul	2013	175,538	56,000	11.3%
CBD	Seoul Finance Center	2001	119,647	53,000	2.3%
CBD	Centropolis	2018	141,475	58,000	0.7%
GBD	OPUS 459	2025	27,053	70,000	0.0%
GBD	K Square Gangnam II	2022	21,931	70,000	3.9%
GBD	Scale Tower	2023	49,398	61,000	0.0%
YBD	TP Tower	2024	141,669	43,000	0.0%

Source: Cushman & Wakefield Research

Q3

LOGISTICS

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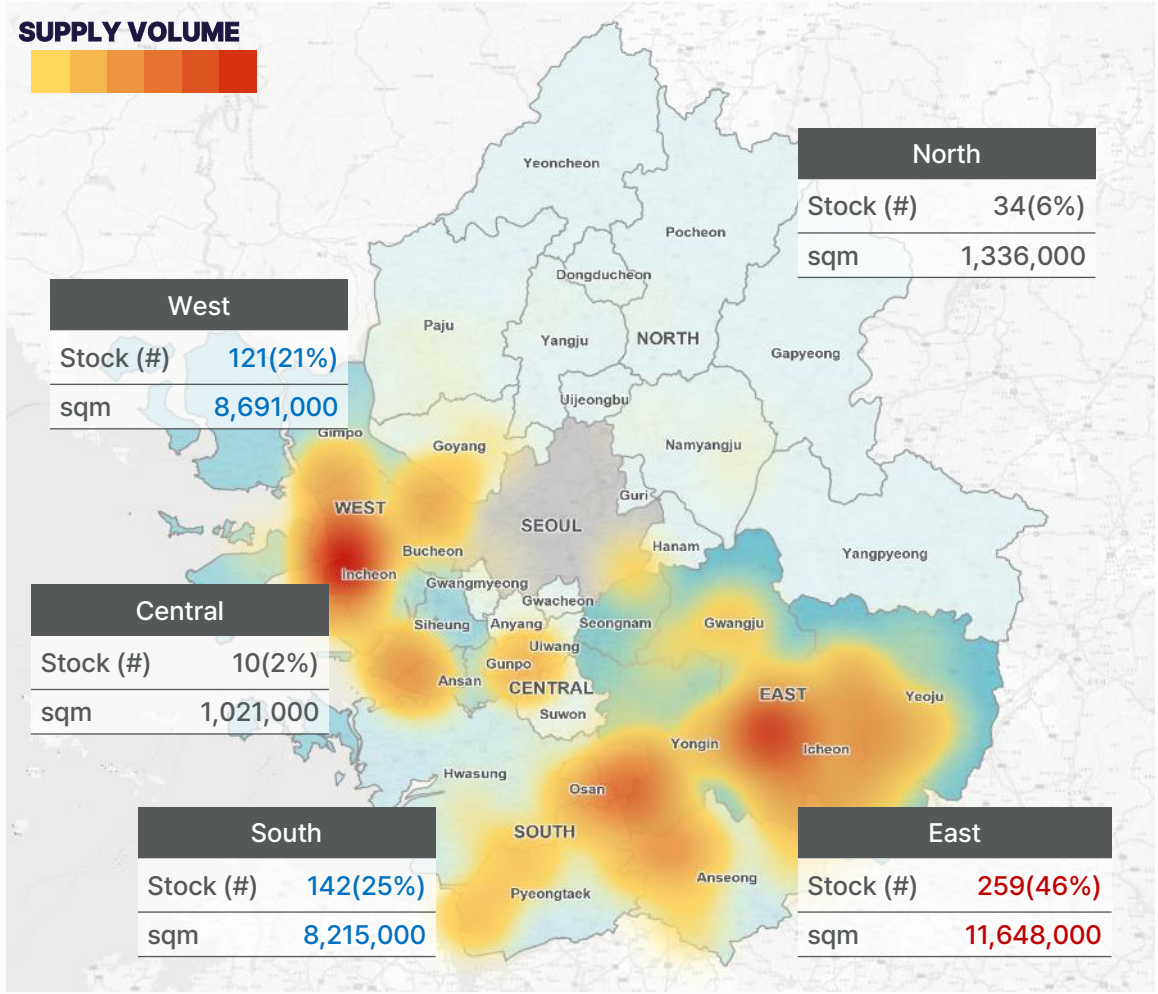
OVERVIEW AND CURRENT STATUS

Greater Seoul Areas



Sub-market		City	Accessibility	Key Characteristics	Key Tenants
1	East	Icheon Yongin Gwangju	• Adjacent to Gyeongbu Highway • Excellent accessibility to Seoul and Gyeonggi	• Concentration of logistics center as a major logistics hub • Limited available land and new supply	3PL E-commerce (Coupang, etc.) Apparel manufacturing and distribution
2	South	Hwaseong Osan Anseong Pyeongtaek	• Easy access to Gyeongbu highway and Pyeongtaek-Jecheon highway	• Growth trends in manufacturing, distribution, and cosmetics	3PL E-commerce (Coupang, etc.) Major manufacturer Large distribution company
3	West	Incheon Gimpo Siheung Ansan	• Adjacent to Incheon Airport / Incheon Port	• E-commerce concentration due to excellent airport/port accessibility	E-commerce (Coupang, etc.) 3PL Large distribution company
4	North	Goyang Paju Namyangju	• Adjacent to Seoul and new towns in northern Gyeonggi • Adjacent to Paju Publishing Complex	• Key delivery hub for northern GSA • Logistics hub for the major industries, like publishing	E-commerce (Coupang, etc.) Publishing
5	Central	Gunpo Uiwang Anyang	• Adjacent to Seoul	• Delivery hubs in the GSA	3PL E-commerce (Coupang, etc.)

Source: Cushman & Wakefield Research

NOTE: Based on logistics centers with a GFA 165,000 sqm or more

KEY INDICATORS

Rent and Vacancy Rates

Preference Gap Between Dry and Cold Logistics Center

Geographically, the highest dry center rent is found in the central region adjacent to Seoul at 13,400 KRW/sqm. In contrast, the eastern region, with the most logistics centers, offers the lowest rents at 9,000 KRW/sqm. The vacancy rate for dry centers varies by district and asset but has stabilized at an average in the 10% range. Meanwhile, the cold center is seeing a high vacancy rate of 42% due to oversupply issues.

AVERAGE RENT & VACANCY BY TYPE (1H 2025)

Dry

Monthly Rent:
9,900 KRW/sqm

Vacancy Rate:
17%

Cold

Monthly Rent:
18,300 KRW/sqm

Vacancy Rate:
42%

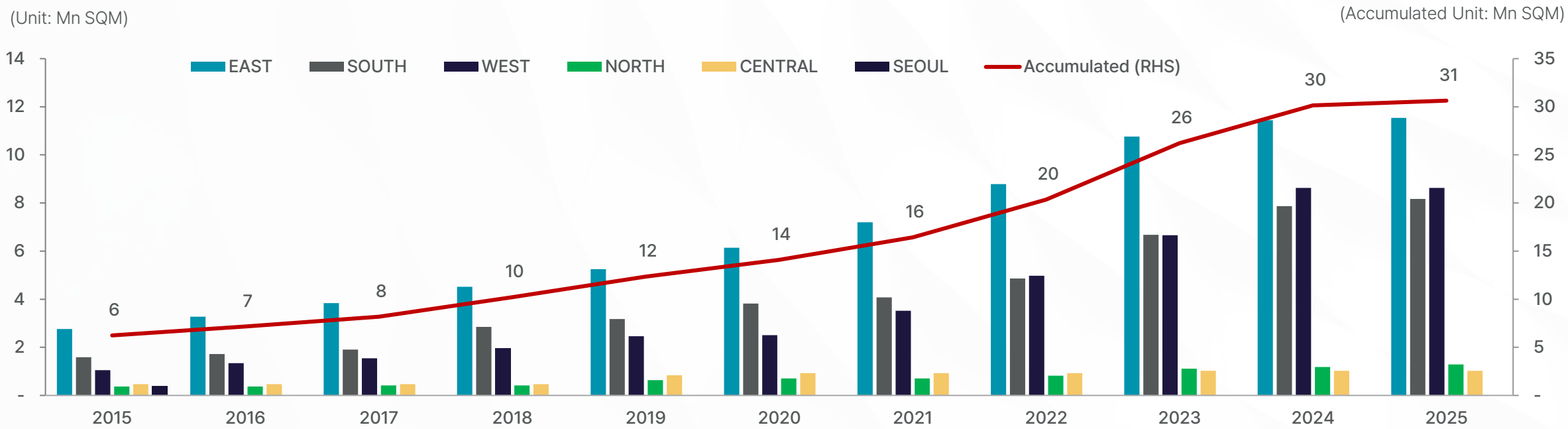
RENT & VACANCY BY SUBMARKET (1H 2025)

Source: Cushman & Wakefield Research

Stabilization of Oversupply

The rapid growth of E-commerce during COVID-19 drove a surge in the supply of logistics centers from 2021 to 2024. Logistics center space increased from about 16 million sqm in 2021 to 30 million sqm in 2024, representing a more than 1.8-fold increase over three years. Permits and new construction have dropped recently, limiting further supply, but the supply-demand imbalance will take time to resolve.

STOCK BY SUBMARKET

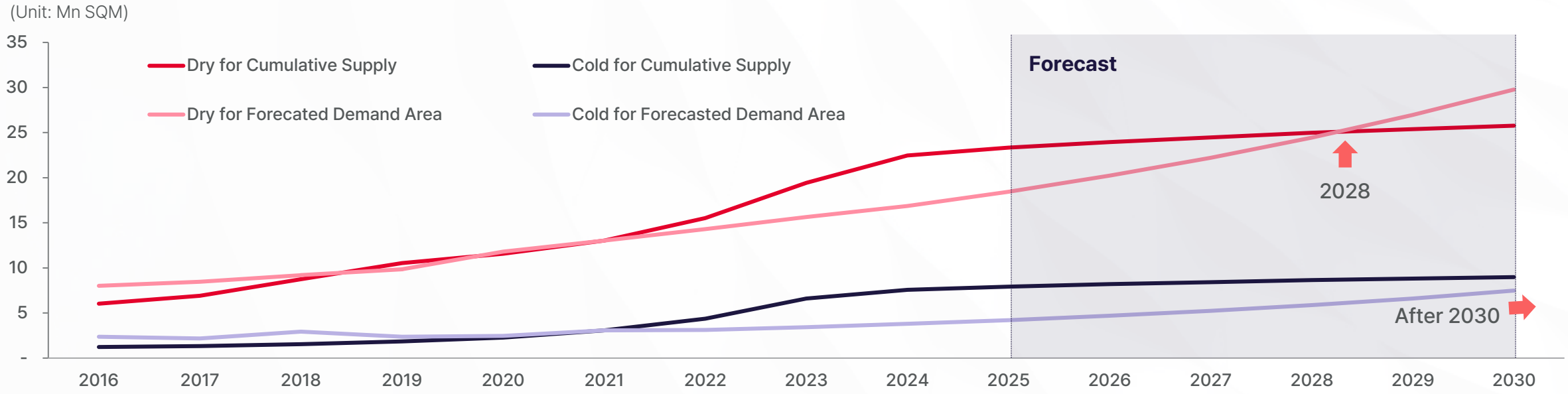


Source: Ministry of Land, Infrastructure and Transport; Cushman & Wakefield Research

Expected Lag in Supply-Demand Balance in Dry and Cold Logistics Center

Supply-demand balance for dry center space is projected for 2028, while cold centers are unlikely to recover from oversupply until after 2030. The sharp decline in new supply is due to worsening financing conditions, vacancy risks, and stricter permits in Gyeonggi-do. However, as consumer sentiment contracts and the E-commerce growth moderates, a gradual supply-demand equilibrium for logistics centers is anticipated.

DEMAND & SUPPLY ESTIMATION



Source: KOSTAT; Korea Customs Service; KMA; MOTIE; MOLIT; BOK; Cushman & Wakefield Research
Note: 수요면적은 '2020 = 1.0'으로 가정하여 변수별 가중치 적용


04
2026
HOTEL
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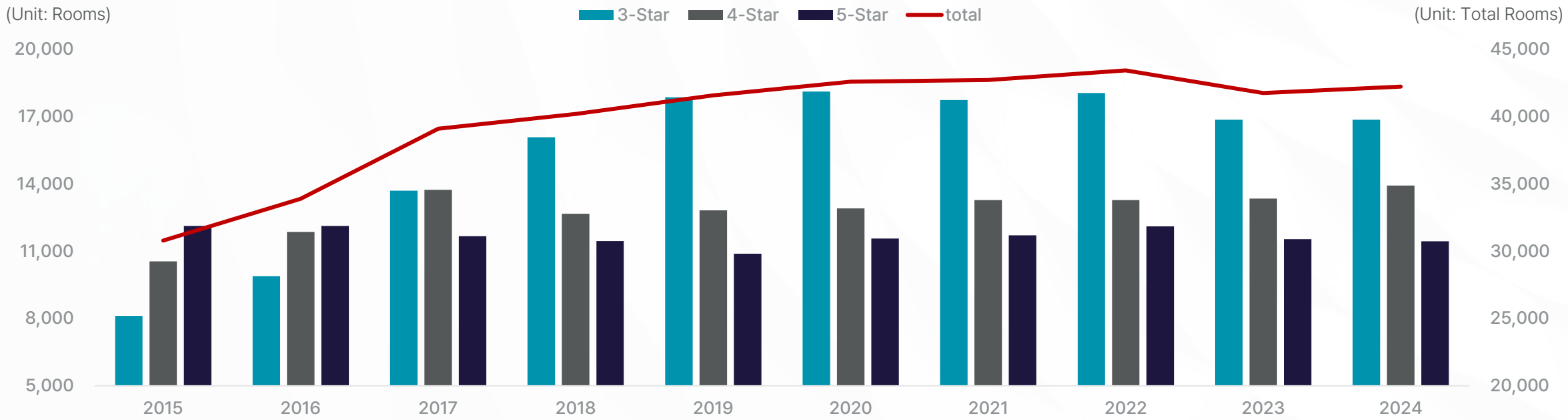
Supply Constraints, Visitor Surge Worsen Seoul's Hotel Room Shortage

Driven by the [Special Act for the Expansion of Tourist Accommodations] (2012-2016), hotel rooms in Seoul rose by over 13% each year from 2015 to 2017. In 2023, the annual number of hotel rooms decreased due to delayed recognition of closures and suspended operations during COVID-19. As of 2024, Seoul has 42,000 rooms in three-star hotels or above, and with few available sites, this number will remain steady for now.

HOTEL STOCK & SUPPLY IN SEOUL

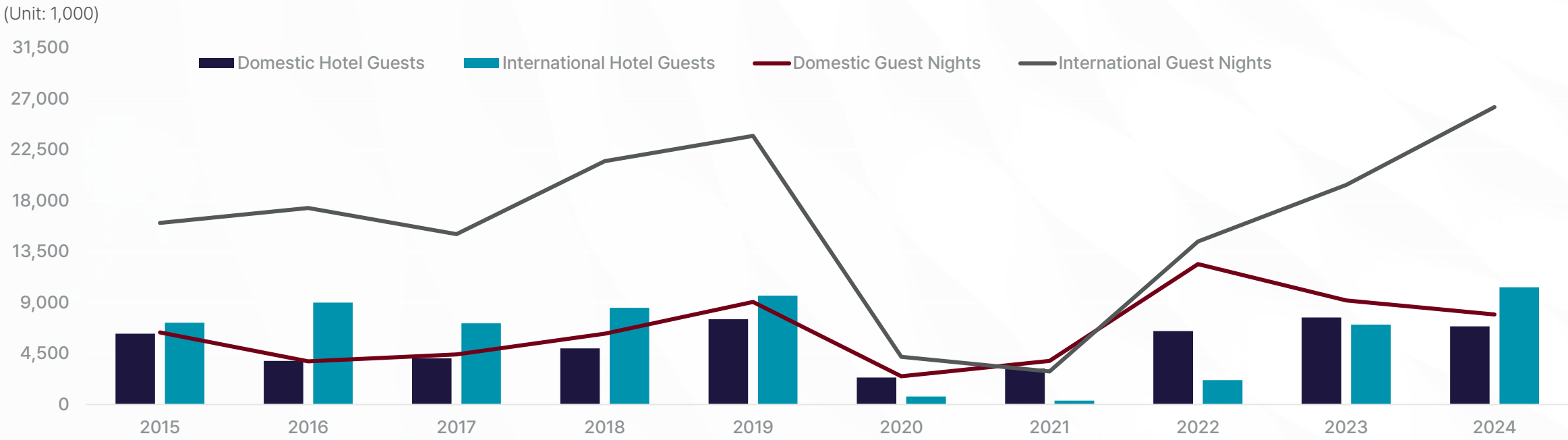


Source: Cushman & Wakefield Hospitality Advisory Services

Expected Hotel Room Shortage due to Rising Demand

With the rise in domestic and international tourism after COVID-19, the tourists' annual lodging days increased significantly. The increase in visitors, not only from Asia but also from the United States and Europe, contributed to longer stays. As of 2024, the annual total reached about 34 million lodging days—up 23% from the pre-pandemic year of 2018. With supply limited, hotel room shortages are likely as demand increases.

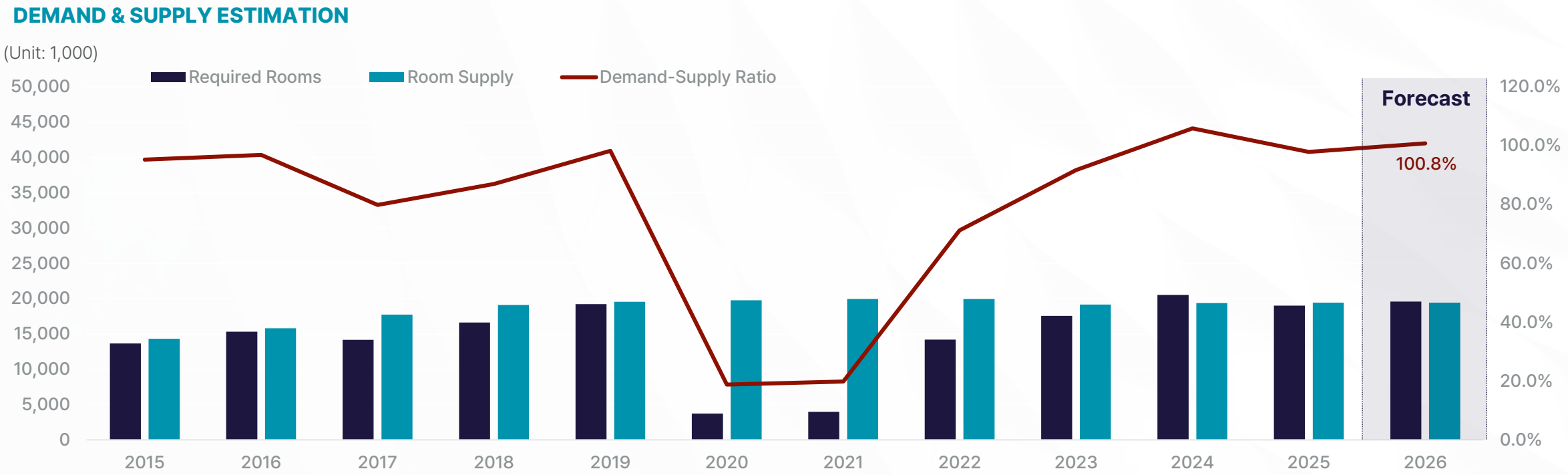
TOTAL GUEST NIGHTS



Source: Cushman & Wakefield Hospitality Advisory Services

Supply-Demand Imbalance Expected After 2026

Considering new supply and the recovery in tourist demand, Seoul's hotel market is expected to experience a supply-demand imbalance from 2026. During peak seasons, as hotel room reservations become difficult, guesthouses, residential accommodations, and motels are likely to emerge as alternative accommodations.



Source: Cushman & Wakefield Hospitality Advisory Services


05
2026
RETAIL
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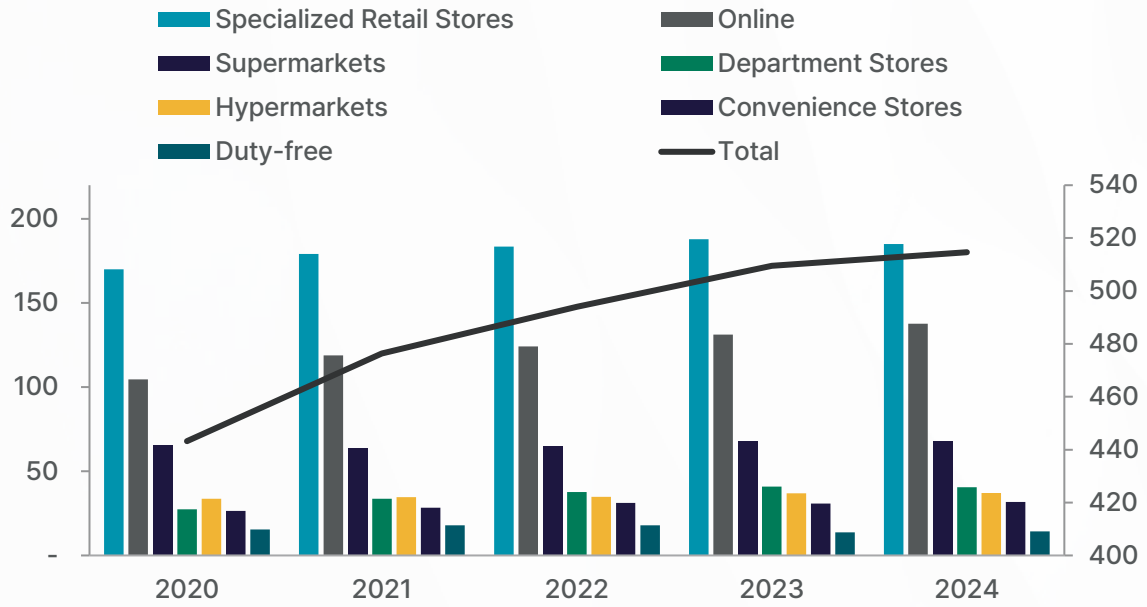
Specialty Retailers and the Online Market are Dominant

The domestic retail market reached KRW 515 trillion in 2024, growing approximately 1% compared to the previous year, lagging inflation. By sales channel, specialized retail shops had the highest share at 36%, followed by online sales at 27%, which continued their annual growth. Although online shopping is increasing for simple purchases, offline spending remains concentrated in specialized retail shops and popular high streets.

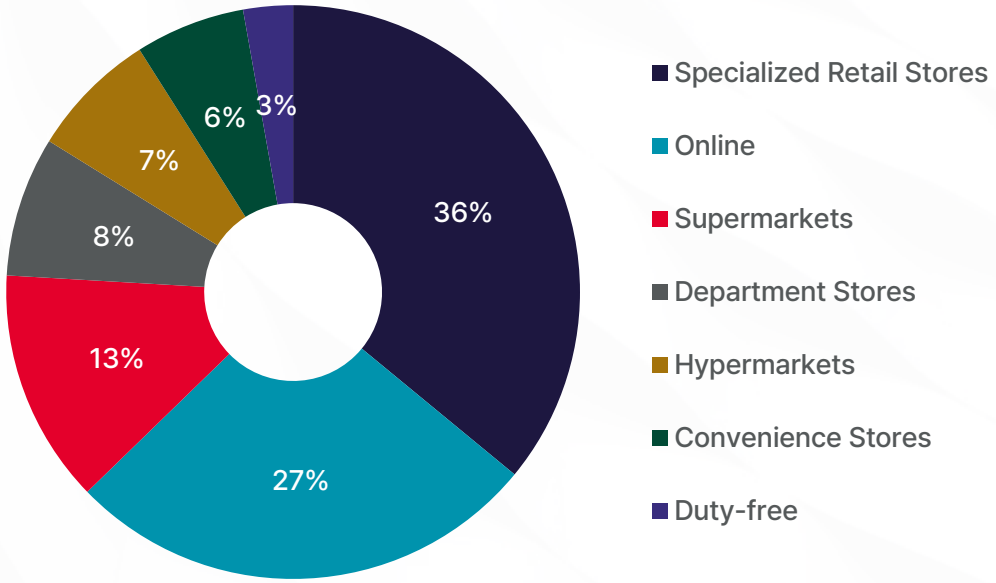
RETAIL MARKET SALES BY CHANEL & YEAR

(Unit: Tn KRW)



RETAIL MARKETS SALES BY CHANNEL

(Unit: %)

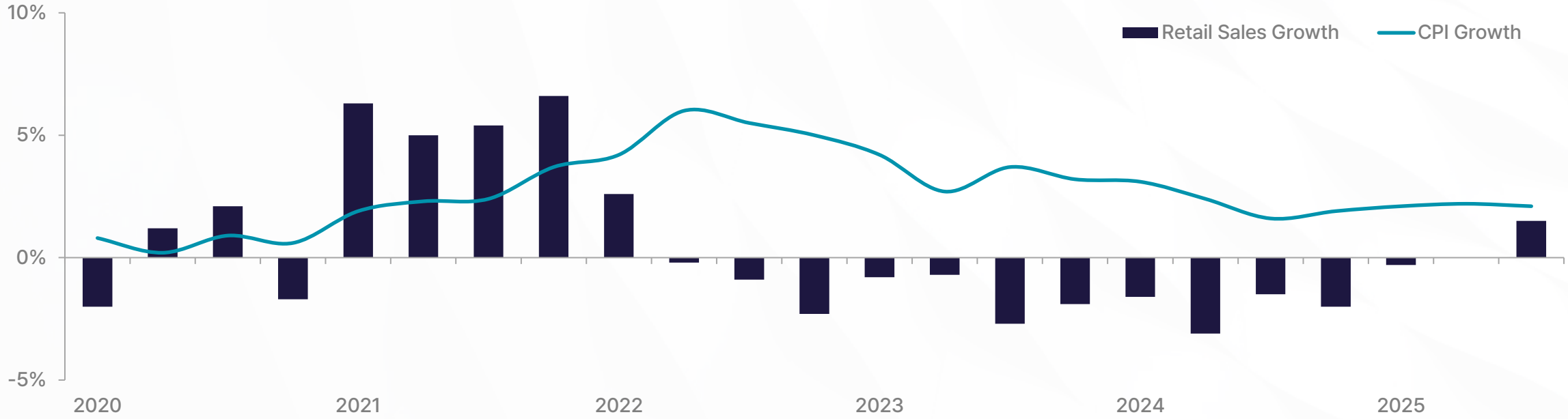


Source: Statistics Korea; Cushman & Wakefield Research

Retail Sales Rise for the First Time in Three and a Half Years

In the first half of 2025, the domestic retail market faced sluggish consumer spending and internal demand due to worsening global trade conditions and political uncertainties. In the second half, interest rate stabilization and government stimulus revived private consumption, resulting in the first retail sales growth in three and a half years. Despite stable overall prices, the weak KRW drove up import costs, making groceries and dining out more expensive, keeping living expenses high.

RETAIL SALES GROWTH & CPI GROWTH



Source: Statistics Korea; Cushman & Wakefield Research

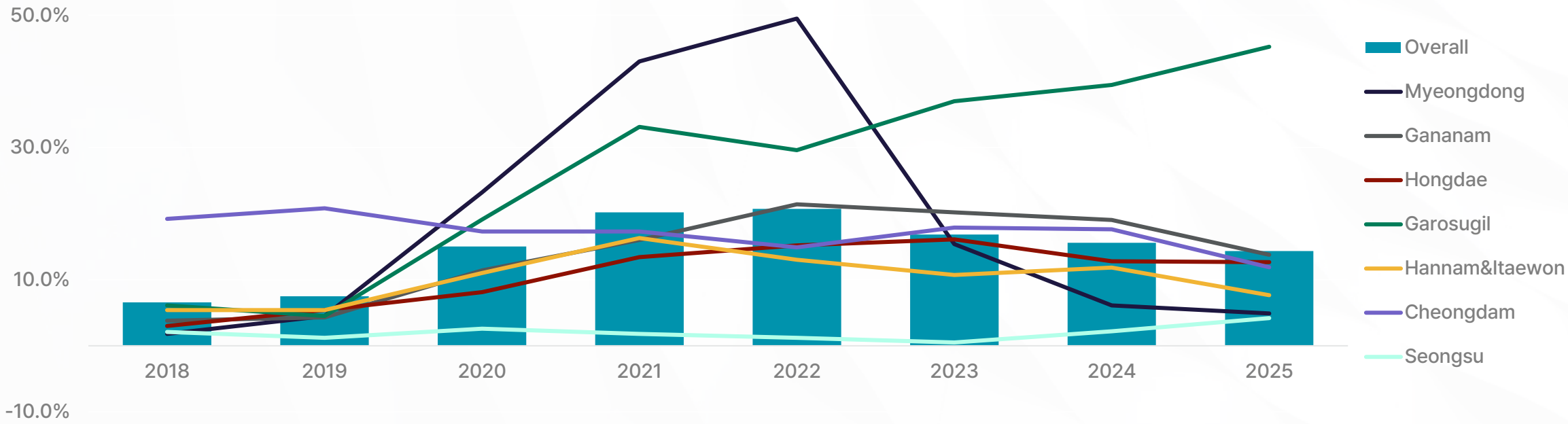
VACANCY RATE

7 High Streets in Seoul

Recovery in Seoul's High-Street Retail Vacancy Rates

In Q3 2025, Seoul's major high streets had a vacancy rate of 14.3%. Myeongdong's vacancies decreased noticeably with the influx of foreign tourists, and Gangnam and Hongdae saw increased foot traffic due to growth in the medical sector. Cheongdam remained a luxury retail hub, and Hannam and Itaewon drew more fashion brands. Seongsu kept the lowest vacancy rate, solidifying as a trendy, youthful district.

VACANCY RATES BY HIGH STREET



Source: Cushman & Wakefield Research

06

OPPORTUNITIES

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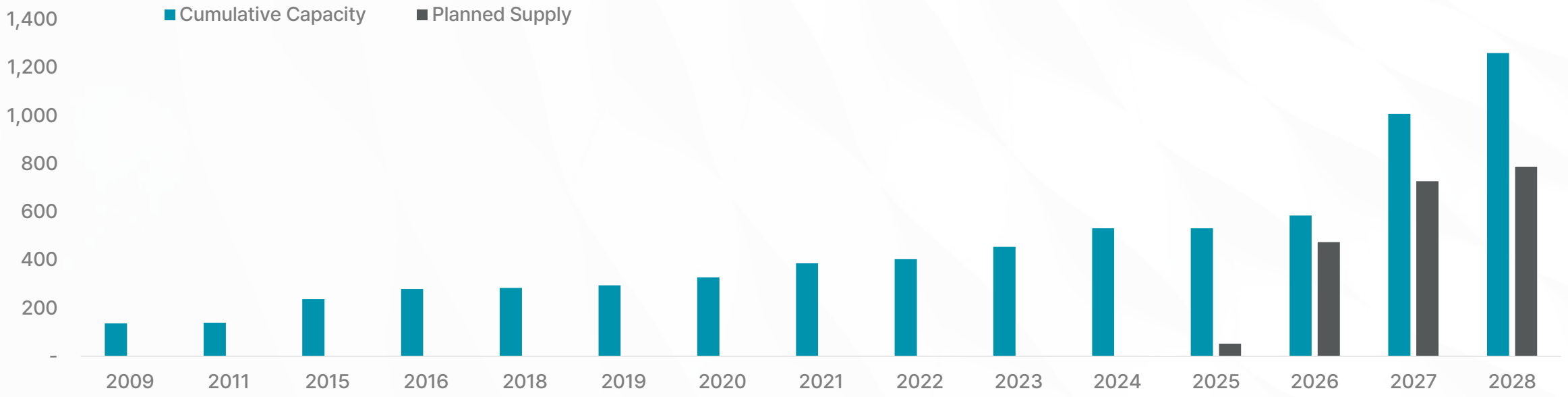
Rapid Growth Centered on the GSA

The surge in AI · cloud computing, and digital transformation in finance · public sectors is driving strong data center demand, concentrated in the GSA. As the [Distributed Energy Act] seeks to alleviate power supply burden in the GSA, new data center developers will face stricter procedures and permitting delays, including power procurement plans. However, latency-sensitive workloads keep the GSA as the preferred location.

IT LOAD EVOLUTION IN GSA (Unit: MW)



Source: CD Byte; Cushman & Wakefield DCG Research & Advisory

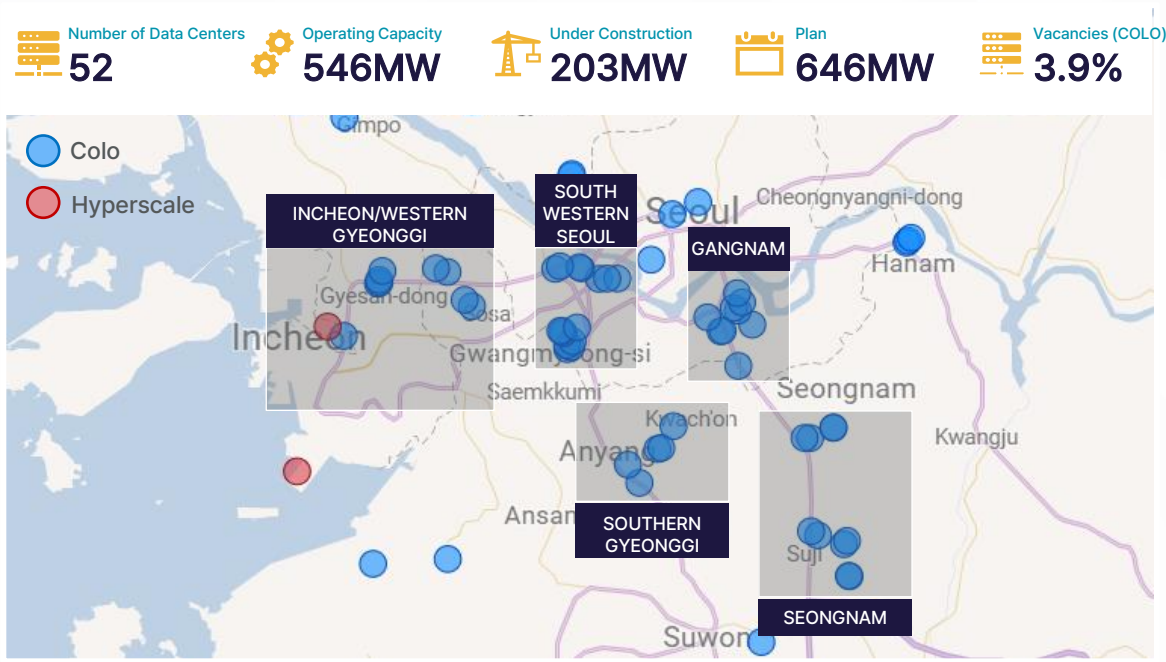
DATA CENTER

Supply

Continued Concentration in the GSA

As of Q3 2025, data centers in the GSA have an operational capacity of 546 MW, rising to 1,395 MW when including facilities under construction and in planning, with ongoing annual growth. Despite the government's policy to disperse data centers to provincial areas, the concentration and preference for the GSA are expected to continue for now. Less profitable facilities may be repurposed to edge data centers and land with completed data center permits may see a sharp price increase.

SUPPLY OVERVIEW IN GSA



Source: Cushman & Wakefield DCG Research & Advisory

OVERALL SOUTH KOREA SUPPLY

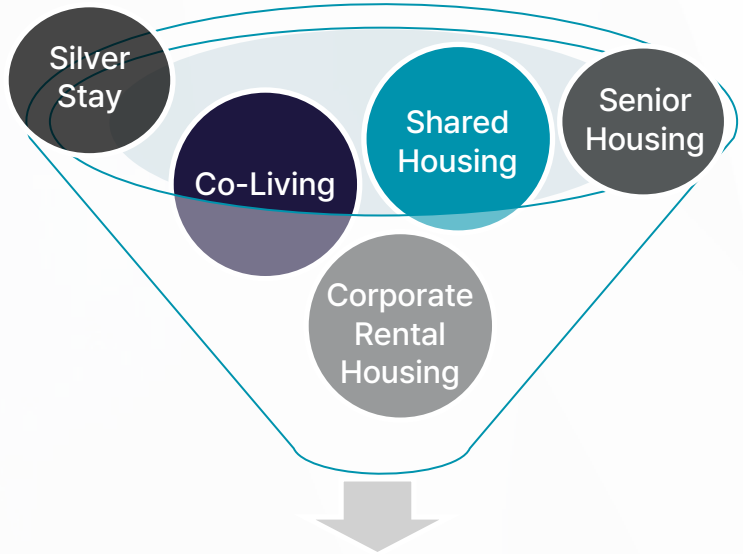
Region	Operating Capacity	Under Construction	Plan	Total
GSA	546MW	203MW	646MW	1,395MW
Busan	86MW	23MW	74MW	183MW
Other Regions	93MW	7MW	184MW	284MW
Total	725MW	233MW	904MW	1,862MW

NOTE: Based on hyper-scale / colocation data center

Various Types of Private Rental Housing

Under the Private Rental Housing Act, private rental housing is classified as either long-term (rented for over 10 years) or short-term (minimum rental period of six years). Additionally, the living sector of the capital market includes officetels (business facilities) and lifestyle accommodation facilities (lodging facilities) [as defined by the Enforcement Decree of the Building Act], urban-style housing [under the Housing Act], and senior welfare housing [under the Welfare of Senior Citizens Act].

PRIVATE RENTAL HOUSING TYPE



Long-Term Private Rental Housing / Short-Term Private Rental Housing / Officetel / Serviced Residence / Urban Lifestyle Housing / Senior Welfare Housing, etc.

Source: Cushman & Wakefield Research; National Law Information Center

Applicable Laws	Legal Classification	Product/Brand	Key Characteristics	Housing Status
Special Act on Private Rental Housing	Long-Term Private Rental Housing	Co-Living / Corporate Rental Housing / New Stay, etc.	Minimum 10-Year Rental Obligation	○
	Short-Term Private Rental Housing	-	Introduced in June 2025 Minimum 6-Year Rental Obligation Not Classified as an apartment	○
Building Act	Officetel	Co-Living / Shared Housing, etc.	Regarded as Housing When Used for Residential Purposes (Quasi-Housing)	△
	Serviced Residence	Residence	Regarded as Housing upon Sale	△
Housing Act	Urban Lifestyle Housing	Co-Living / Shared Housing, etc.	Studio-Type Housing with Fewer Than 300 Units, Row Housing in a Complex, Multi-Household Housing in a Complex	○
Welfare of Senior Citizens Act	Senior Welfare Housing	Senior Housing / Silver Stay, etc.	Rental Type (Non-Housing) Sales-Type (Housing / Also Available for Provincial Areas)	△

Essential Tax Monitoring by Ownership Structure in Housing Investments

Housing is legally distinguished because its status sets the basis for taxation. Taxes include acquisition tax when purchasing property, property tax and comprehensive real estate tax during ownership, capital gains tax upon sale, and rental income tax if leased. Tax rates differ for individuals and corporations, and for private rental housing registration status. Real estate investment vehicles often benefit from special rates and exemptions. However, continuous monitoring is required as these benefits may change with policy adjustments.

HOUSING TAXATION BY ENTITY

Tax	Applicable Laws	Individual			Corporation		
		Tax Base	Tax Rate	Key Characteristics	Tax Base	Tax Rate	Key Characteristics
Acquisition Tax	Local Tax Act/ Act on Restriction on Special Cases Concerning Local Taxation	• Acquisition price	• 1~3%	• Exclusive area under 60m² : 100% exemption • Exclusive area exceeding 60m² and under 85m² : 50% reduction	• Acquisition price	• 4.6% (Areas subject to adjustment 12%)	• Exclusive area under 60m² : 100% exemption • Exclusive area exceeding 60m² and under 85m² : 50% reduction
Property Tax	Local Tax Act	• Officially announced price × 60%	• 0.1~0.4%	• Exclusive area under 40m² : 100% exemption • Exclusive area exceeding 40m² and under 60m² : 75% reduction • Exclusive area exceeding 60m² and under 85m² : 25~50% reduction (Ordinance)	• Officially announced price × 60%	• 0.1~0.4%	• Exclusive area under 40m² : 100% exemption • Exclusive area exceeding 40m² and under 60m² : 75% reduction • Exclusive area exceeding 60m² and under 85m² : 25~50% reduction (Ordinance)

Source: Cushman & Wakefield Research; National Law Information Center

Continued on the next slide

LIVING SECTOR

Taxation

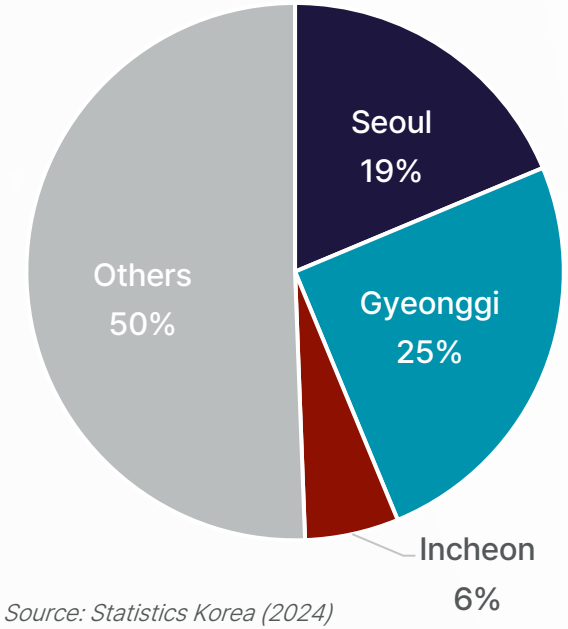
Tax	Applicable Laws	Individual			Corporation		
		Tax Base	Tax Rate	Key Characteristics	Tax Base	Tax Rate	Key Characteristics
Comprehen-sive Real Estate Tax	Comprehen-sive Real Estate Tax Act	• Officially announced price × 60%	• 2 Houses or less : 0.5~2.7% • 3 Houses or more : 0.5~5.0%	• Imposed for houses with an officially announced price under KRW 900 million (one house per household KRW 1.2B) • Exclusion from the aggregated exemption for private rental purchases in the areas subject to adjustment (2025.10.15 Measures)	• Officially announced price × 60%	• 2 Houses or less: 2.7% • 3 Houses or more: 5.0%	• No aggregated exclusion benefits
Capital Gains Tax	Income Tax Act/ Corporate Tax Act	• Gains from transfer – Special deduction for long-term possession and Basic deduction	• 6~45%		• Taxed as corporate tax • Tax Rate : Standard 10~25%, Additional corporate tax 20%		
Rental Income Tax	Income Tax Act	• Rental income	• Separate taxation : 15% • Global taxation : 6~45% Progressive tax rate	• Separate taxation is possible for rental income under KRW 20 million	• Applied at 10–25% depending on the tax base	• 10~25%	• Taxed as corporate tax

Source: Cushman & Wakefield Research; National Law Information Center

Housing Shortage Relative to Household Count in Seoul

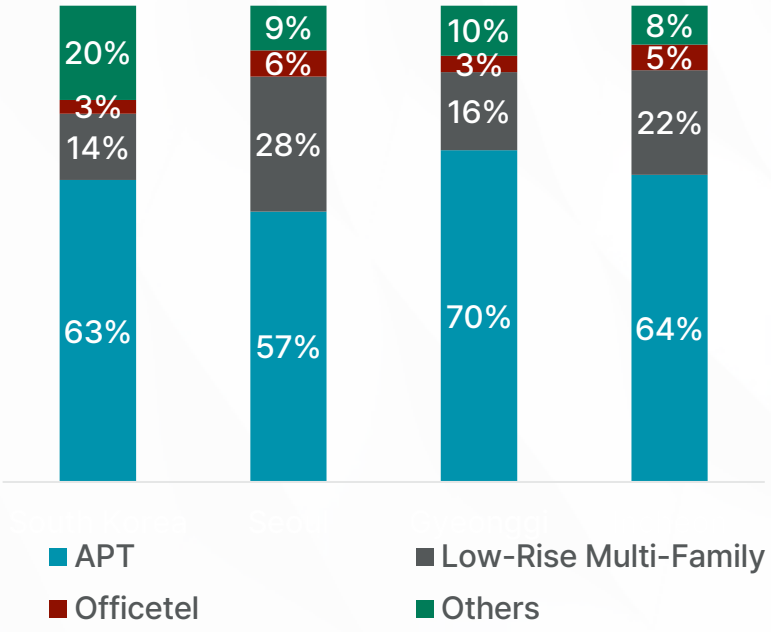
Housing demand in Korea is heavily concentrated in the GSA. Seoul alone accounts for approximately 20% of all national households, while the GSA comprises 50%. While apartments dominate the domestic housing market, Seoul has a higher proportion of multiplex, multi-family houses, and officetels compared to Incheon and Gyeonggi. Assuming 70% of officetels are residential, Seoul's household-to-housing unit ratio is 81%, the lowest in the GSA, indicating a housing shortage relative to the number of households.

NUMBER OF HOUSEHOLDS

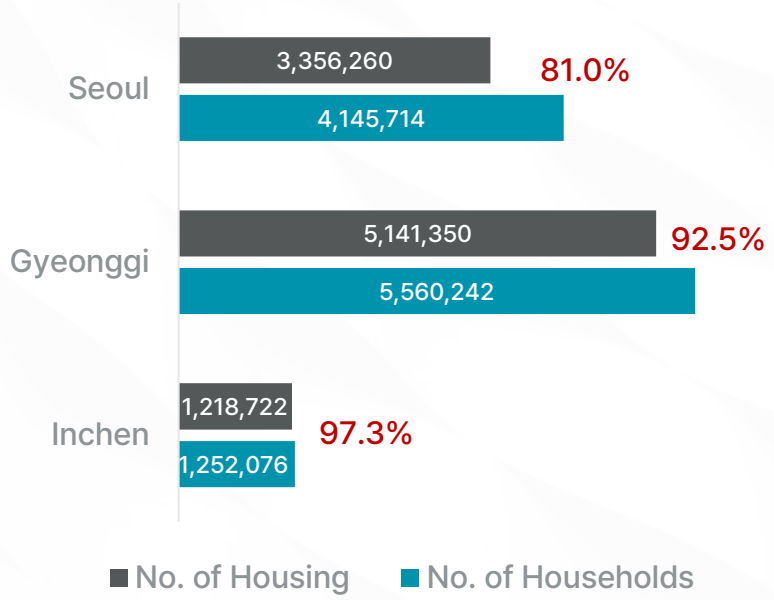


Source: Statistics Korea (2024)

HOUSING STOCK BY REGION & TYPE



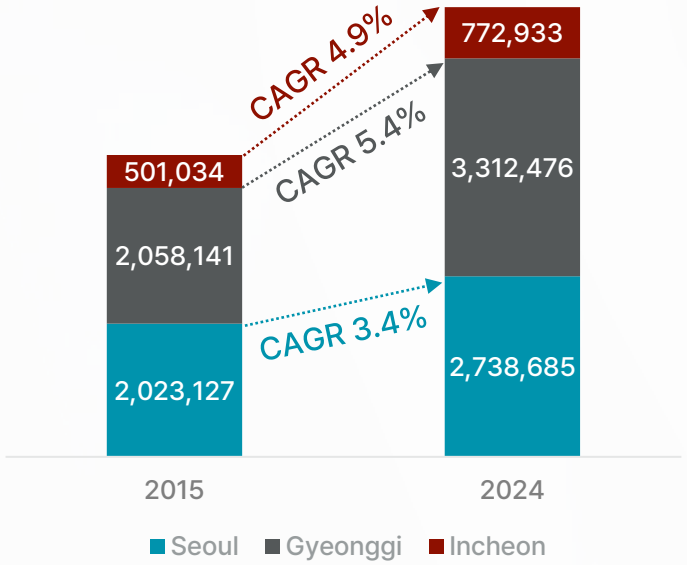
HOUSEHOLDS-TO-HOUSING-UNITS RATIO



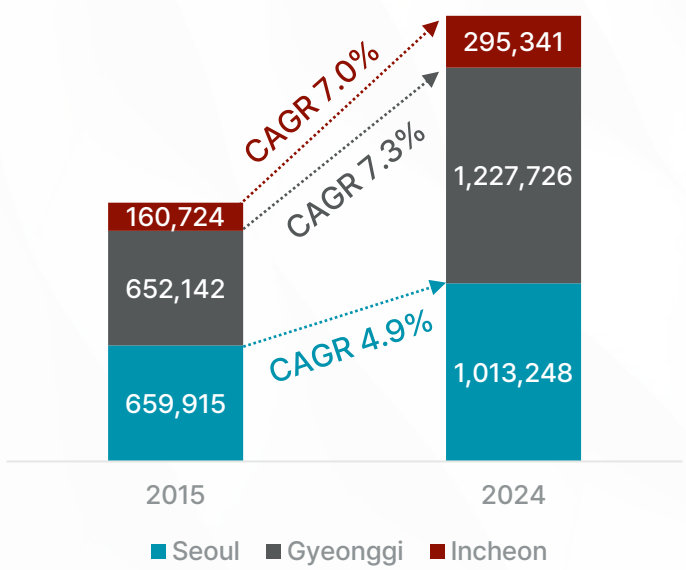
The Need to Satisfy Diverse Housing Demands

Domestic household numbers will remain stable, with ongoing growth in one- and two-person households. Key segments, including university students, singles, dual-income couples (DINKs), and seniors, have varied preferences by location, housing type, and financial situation. When developing housing products, it is crucial to consider that seniors prefer familiar neighborhoods, singles and DINKs prioritize proximity to work, and students value access to campus.

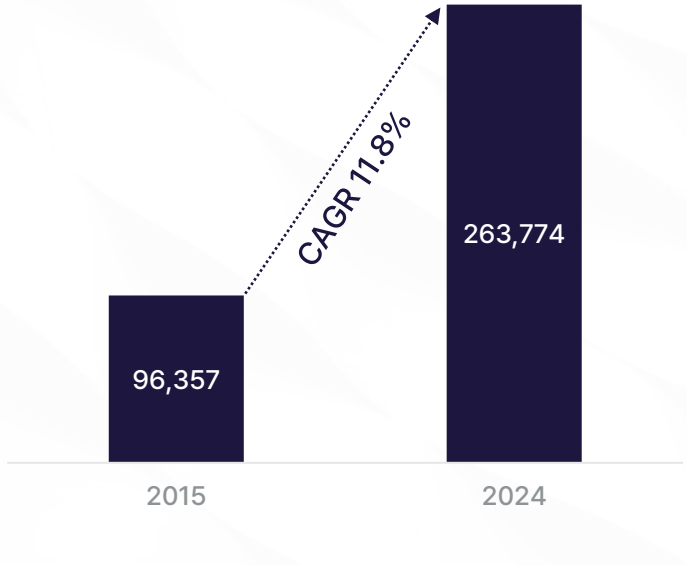
NUMBER OF 1- AND 2-PERSON HOUSEHOLDS



65+ HOUSEHOLDS



NUMBER OF INTERNATIONAL STUDENTS



Source: Statistics Korea


07
2026
ENDING
CUSHMAN &
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MACROECONOMIC FACTORS

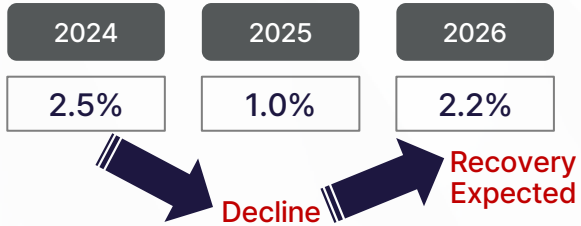
CRE Market Impacts

Robust Exports Despite Trade Wars

- With its high export dependence, Korea's exports and economy would be severely impacted if tariffs rise.
- Despite the domestic political turmoil that began late 2024 and the Trump-led trade war in 2025, Korea's exports have remained robust compared to the same period last year. While the export value decreased by 2.3% in Q1 2025, it increased by 1.0% in Q2.
- Various scenarios still exist for the domestic export market, depending on the Trump administration's flexible tariff strategy

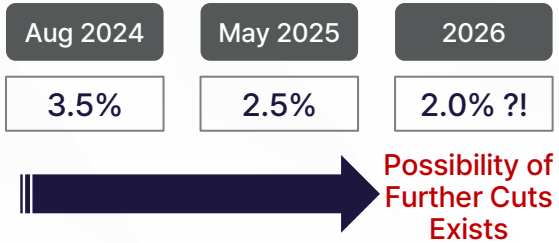
Low GDP Growth in 1% Range

- The OECD forecasts Korea's 2025 growth rate at 1.0%. Political issues have weakened Korea's global standing and depreciated the won, impacting economic growth.
- Economic growth is projected to recover to the 2% range with political stabilization and government stimulus policies expected to deliver measurable results in 2026.



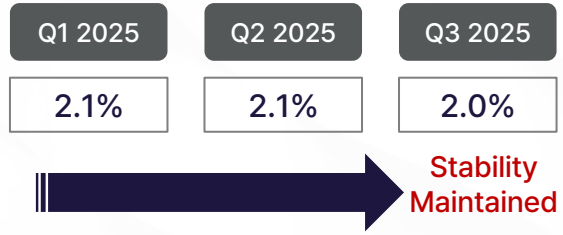
Base Rates Held at 2.5%

- The Bank of Korea lowered the base rate four times between October 2024 and May 2025 and now holds it at 2.5%.
- The possibility of continued future interest rate cuts is being raised, further energizing the real estate investment market.



Inflation Stabilizes at 2%

- In 2025, despite monthly and quarterly variations, inflation has remained stable with a 2% range increase compared to the same period and month of the previous year.
- Year-on-year, disposable income growth rose to 4.5% in Q1 but slowed to 1.5% in Q2, resulting in continued weakening in consumer spending.



Source:: KITA; OECD economic outlook; Bank of Korea; Statistics Korea

GOVERNMENT POLICY

Recession and Economic Revitalization Policies

01

Business Support

- Financial Support: Financial support for investment and export expansion by SMEs and mid-sized companies
- R&D Support: R&D investment and tax incentives for innovative technology development
- Deregulation: Elimination and simplification of business-hindering regulations

Enhancement of Corporate and National Competitiveness

02

Export Expansion

- High-Tech Industry: Enhancing global competitiveness by fostering tech industries like semiconductors and AI.
- Global Supply Chain Stabilization: International negotiations on tariffs, and related matters
- Digital Export: Promote digital exports like K-content and platform services

Expectation of Export Stabilization in the Second Half

03

Boosting Domestic Consumption

- Consumption Tax Deduction: Encouraging purchases through tax deductions for additional spending
- Tourism Revitalization: Boosting tourism consumption through lodging coupons and domestic travel support
- Discounts on Agricultural, Livestock, and Fishery Products: Stimulating consumption and stabilizing inflation through major item discounts.

Expansion of Domestic Demand Dependence

Expectations for an Economic Recovery and Moderate Growth

Source: the Ministry of Economy and Finance

2026 CRE OUTLOOK

By Sector

Office

- Grade A offices in major business districts hold a 4% cap rate, with corporate investment projected to remain stable in 2026. Rising expectations of rate cuts may drive higher transaction volumes.
- As supply in the GBD remains insufficient to meet demand, rents are expected to keep rising.
- While new supply and rising vacancies in the CBD may cause rent adjustments, prime-grade offices are expected to retain their prestige.

Logistics

- Foreign investment in logistics centers is expected to continue in 2026, with more investors expanding their portfolios to focus on prime centers, dry centers, and assets that offer strong accessibility to end-users.
- Despite ongoing oversupply issues, the supply and demand imbalance for dry centers is expected to largely resolve by 2026.
- Rental prices for high-quality assets are projected to increase as supply and demand balance.

Hotel

- While hotel demand is expanding with increasing domestic and foreign tourists and the long-term stay of foreign tourists, new supply is limited.
- A hotel room shortage is expected to become more visible in 2026 as demand outpaces supply, likely benefiting alternative lodging facilities as a substitute.
- Given current market conditions, active transactions for 3- to 4-star hotels in Seoul are expected to continue in 2026, with strong interest from foreign investors.

Retail

- Despite stabilizing inflation rates, the retail market struggles to recover domestic consumption due to the ongoing economic downturn.
- Accordingly, polarization between facilities and commercial districts is expected to persist. Consumers who make simple purchases online value new experiences at offline stores. Facilities and commercial districts that meet consumer needs will see increased sales, while underperforming assets may face closure or lead to transactions for repurposing.

김수경 (Suki Kim)
SENIOR MANAGER / HEAD OF RESEARCH
SUKI.KIM@CUSHWAKE.COM

소진 (Jin So)
MANAGER
JIN.SO@CUSHWAKE.COM

권소연 (Chloe Kwon)
ASSISTANT MANAGER
CHLOE.KWON@CUSHWAKE.COM

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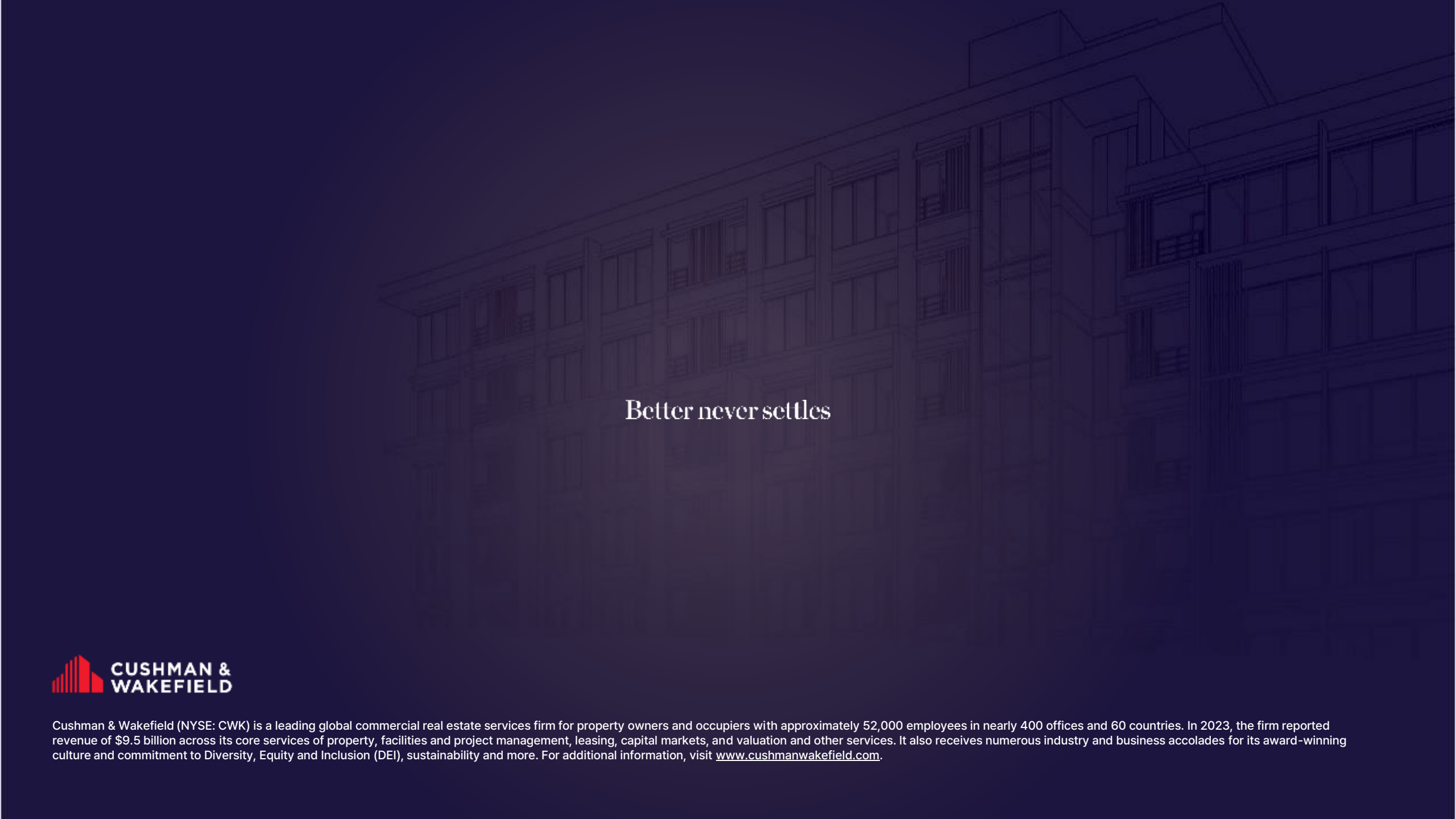
ABOUT CUSHMAN & WAKEFIELD

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2023, the firm reported revenue of $9.5 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), sustainability and more.

For additional information, visit www.cushmanwakefield.com.

Better never settles



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