

MARKET FUNDAMENTALS

	YOY Chg	Outlook
4.0% Vacancy Rate	▲	▲
-14,198 Net Absorption, SQM	▼	▼
2.4% Rental Growth, QoQ <i>(Overall, Grade A)</i>	▲	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.2% GDP Growth	▼	▼
2.1% CPI Growth	▼	▲
3.1% Unemployment Rate	▲	▬

Source: Statistics Korea, Bank of Korea

ECONOMIC OVERVIEW

Korea’s economy is facing mounting downward pressure amid deteriorating external conditions. The Bank of Korea cut its interest rate by 0.25 pp to 2.75% in February 2025. However, the impact of the rate cut has been limited amid prolonged political uncertainty and rising global economic volatility. Export activity has come under pressure following tariff changes by the United States, leading to Korea’s 2025 GDP growth likely to remain subdued at around the 1% mark.

VACANCY LEVEL AND RENTAL GROWTH

The overall Grade A office vacancy rate in Q1 2025 rose by 0.5 pp q-o-q to 4.0%. Overall rents grew by 2.4% q-o-q, largely reflecting seasonal adjustments and marking a notable rise.

With limited leasing activity amid economic concerns, the CBD submarket vacancy rate climbed 1.2 pp q-o-q to reach 5.5%, the steepest increase in the major submarkets. Vacancy expanded mainly due to the completion of the Project 107 building, combined with some tenant move-outs. Regardless, new leasing activity in the quarter included The Center for Korean Network for Organ Sharing’s lease at Seoul Square, and UIB Korea’s new space at Pine Avenue B. FastFive also opened a new branch by acquiring WeWork’s former space at Daishin Finance Center.

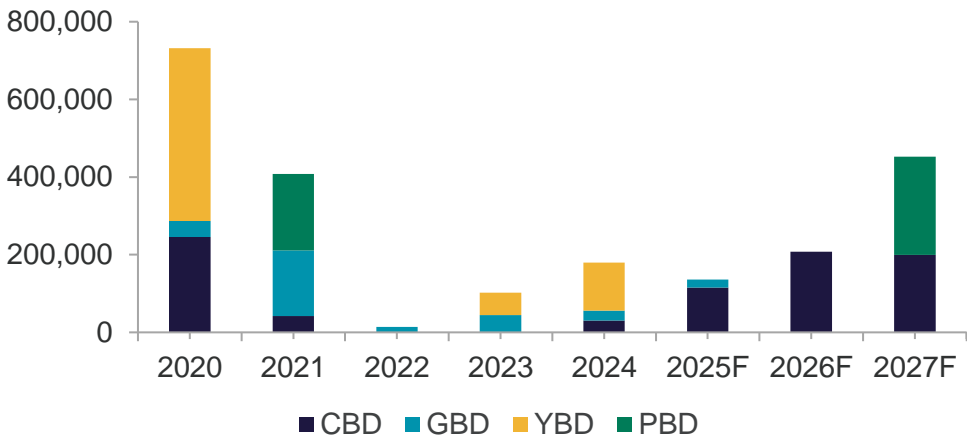
In the GBD submarket, vacancy fell by 0.4 pp q-o-q to 2.9%, with absorption led by smaller units. Significant leases included Toss Income’s lease at Posco Tower Yeoksam, and the Bank of Korea at Icon Samsung. Demand for quality space from startups also sustained, with Healing Paper taking up space at Arc Place and Goorm at The Pinnacle Yeoksam II.

The YBD vacancy rate rose 0.8 pp q-o-q to 3.1%. DL Construction confirmed its relocation from FKI Tower to Magok, with several tenants also exiting YBD. However, inbound activity included Woori Bank’s IB division relocation from CBD submarket to Parc.1 T1, while Leferi moved from GBD to NH Financial Tower.

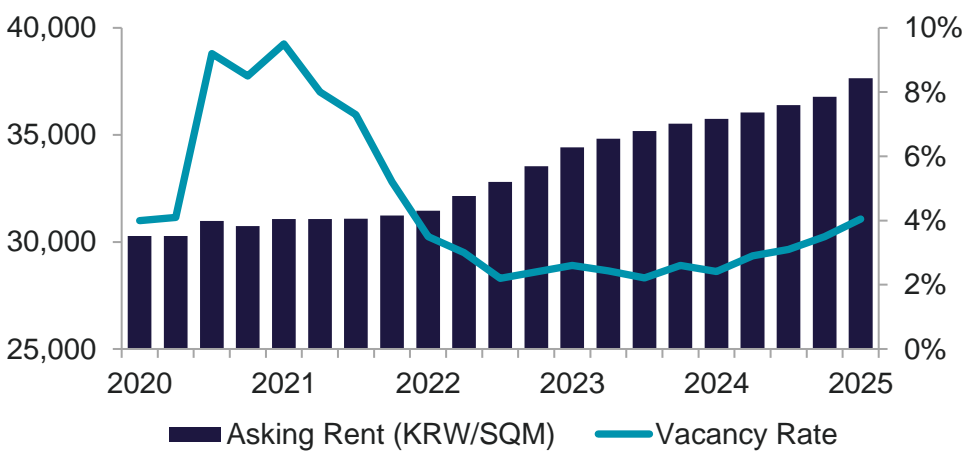
SUPPLY

The Project 107 Grade A building in the CBD completed in Q1 with modest take-up of space, contributing to the rise in vacancy. Ahead, OPUS 459 is set to enter the GBD in Q2 following a prolonged new supply absence, although its limited scale suggests minor market impact. In YBD, One Sentinel (formerly Shinhan Investment & Securities Tower) is scheduled for delivery after remodeling. Leasing performance of its remaining vacant floors will influence the submarket.

GRADE A SUPPLY



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SQM)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SQM)	YTD OVERALL NET ABSORPTION (SQM)	UNDER CONSTRUCTION (SQM)	OVERALL AVG ASKING RENT (KRW/SQM)*
CBD	4,381,077	5.5%	-13,112	-13,112	439,279	37,843
GBD	3,764,102	2.9%	14,180	14,180	84,901	39,637
YBD	2,052,832	3.1%	-15,266	-15,266	83,887	32,131
SEOUL TOTALS	10,198,010	4.0%	-14,198	-14,198	968,806	37,650
Pangyo	797,664	3.9%	-28,646	-28,646	360,739	24,520

*Rental rates does not reflect full service asking

KEY LEASE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
Daishin Finance Center	CBD	FastFive	14,070	New Branch
Seoul Square	CBD	Korean Network for Organ Sharing	2,260	Relocation
Pine Avenue B	CBD	UIB Korea	1,440	Relocation
KDB Life Tower	CBD	Olive Young	2,650	Expansion
POSCO Tower Yeoksam	GBD	Toss Income	1,230	Relocation
Icon Samsung	GBD	Bank of Korea	1,830	Relocation
Arc Place	GBD	Healing Paper	2,810	Relocation
The Pinnacle Yeoksam II	GBD	Goorm	1,860	Expansion
Samsung Life Daechi Tower	GBD	Skyworks Solutions Korea	2,450	Relocation
Parc.1 Tower 1	YBD	Woori Bank IB Division	3,430	Relocation
NH Financial Tower	YBD	Leferi	3,320	Relocation
NH Financial Tower	YBD	Pine Street Asset Management	2,080	Relocation
K Square Magok	Others	National Institute for Lifelong Education	9,310	Relocation

*Grade A buildings only; based on contract date.

KEY PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	SQM	COMPLETION YEAR
One Sentinel	YBD	70,000	2025
OPUS 459	GBD	27,000	2025
Eastpole Tower	Others	85,500	2025
INNO 88	CBD	39,500	2025

*Grade A buildings only

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