

MARKET FUNDAMENTALS

| | YOY Chg | Outlook |
|---|---------|---------|
| 5.8T Total Volume (KRW) | ▲ | ▼ |
| 26 Total Properties Sold | ▲ | ▼ |
| 4.0% Office Cap Rate | ▼ | ▬ |
| 523,719 Office Total SQM | ▲ | ▼ |
| 38.54 Office Capital Value (3.3m², Grade A) | ▲ | ▬ |

ECONOMIC INDICATORS

| | YOY Chg | Outlook |
|--|---------|---------|
| 0.0% South Korea GDP Growth | ▼ | ▲ |
| 2.2% South Korea CPI Growth | ▼ | ▼ |
| 2.6% South Korea Unemployment Rate | ▼ | ▲ |
| 2.8% South Korea 10-Yr Treasury Yield | ▼ | ▬ |

Source: Statistics Korea, Bank of Korea

ECONOMIC OVERVIEW

The Bank of Korea reduced its base rate to 2.50% in May 2025, reacting to weak domestic consumption and stable inflation. With monetary policy expected to remain accommodative, further rate cuts in the second half of the year are possible. Overall investment conditions are improving as borrowing costs for office assets decline. However, the prolonged economic slowdown is hindering a recovery in investor sentiment recovery, in turn exacerbating the wait-and-see stance seen across the market.

OVERALL CRE MARKET TRANSACTIONS

A total of 26 commercial real estate (CRE) transactions that met sector-specific thresholds were recorded in Q2 2025, with total investment volume reaching approximately KRW5.8 trillion. This represents a steep 72% rise q-o-q, largely driven by active trading in the office sector. Cumulative transaction volume for the 1H 2025 period stood at KRW9.6 trillion, marking a 16% increase y-o-y.

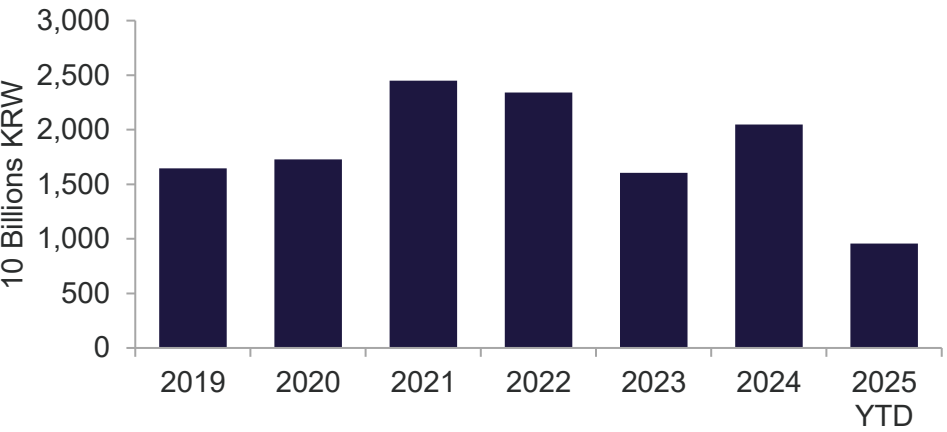
The office sector led the investment market in Q2 with 14 transactions totaling KRW5.1 trillion, accounting for 88% of all CRE investment. On a half-year basis, office asset transactions reached KRW7.4 trillion — more than 70% higher y-o-y. The office sector grew notably compared with other categories. Most transactions in Q2 were in the CBD and GBD areas and involved mid-to-large scale assets. Despite the ongoing base rate cuts, continued macroeconomic uncertainty has instilled investor caution towards mega-sized acquisitions, leading to stronger demand for mid-sized assets requiring less capital. New listings have come to market steadily in recent years, but deal closures are still an extended process, suggesting the market still needs time to fully absorb the accumulated inventory.

The logistics sector recorded two transactions in Q2 at a total value of approximately KRW164 billion, marking an 87% drop q-o-q and the lowest quarterly volume since 2019. However, several deals are now under negotiation or nearing completion, suggesting a gradual recovery in transaction volume in the 2H period.

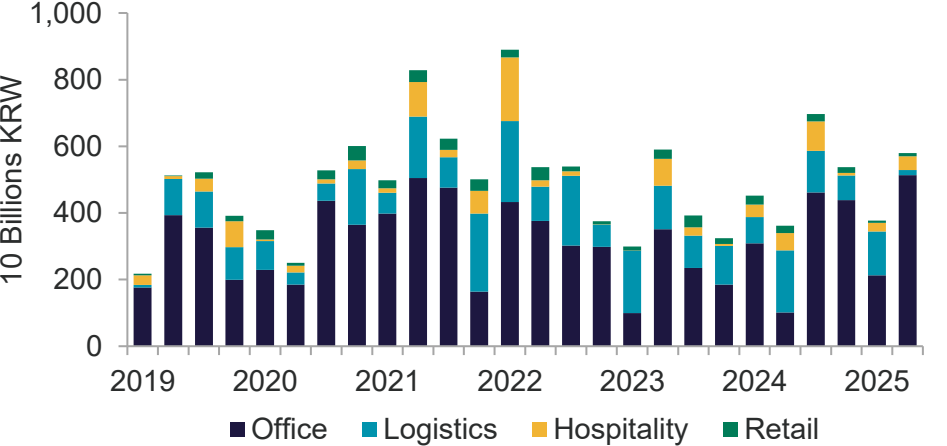
The hospitality sector recorded two transactions totaling KRW405 billion, growing 55% q-o-q. Activity in the 1H period focused on 3- and 4-star hotels. Sustained tourism demand indicates these assets will maintain their existing hotel operations post-sale.

Retail sector transactions grew approximately 38% from the previous quarter to record KRW100 billion across eight deals. Transactions were broadly distributed across major retail high streets in Seoul, reflecting steady investor interest in high-traffic areas.

TOTAL INVESTMENT VOLUME

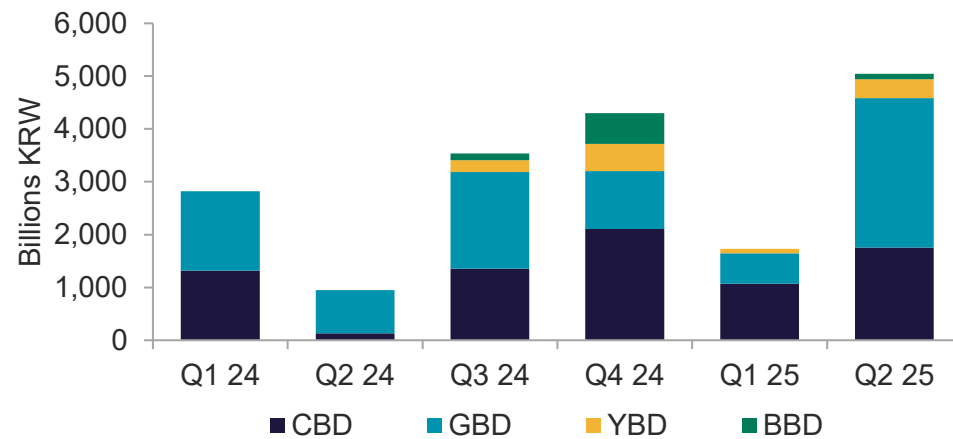


INVESTMENT VOLUME BY SECTOR

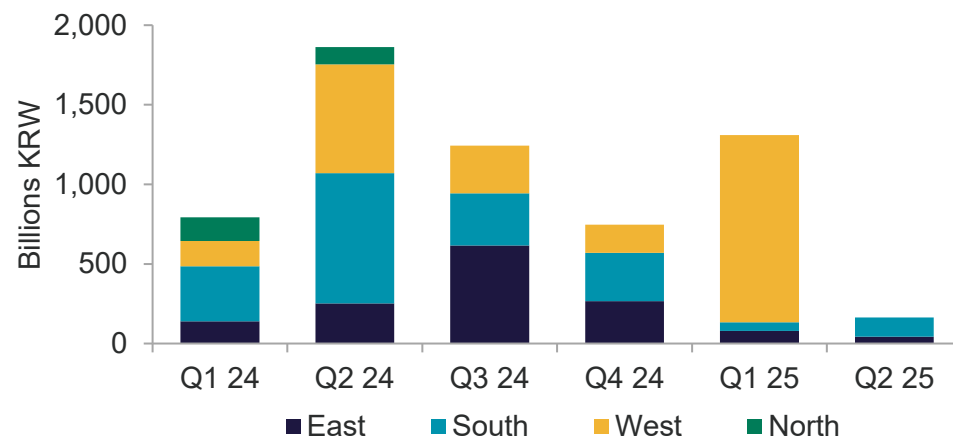


Source: Real Capital Analytics, Cushman & Wakefield Research

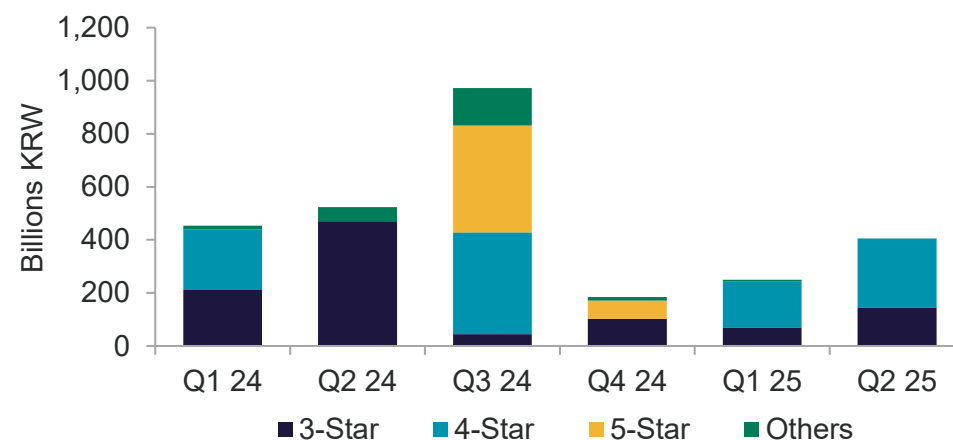
OFFICE INVESTMENT VOLUME BY SUBMARKET



LOGISTICS INVESTMENT VOLUME BY SUBMARKET



HOSPITALITY INVESTMENT VOLUME



Source: Cushman & Wakefield Korea Research

OFFICE: REITS BOOST OFFICE ASSET INVESTMENT IN Q2

The office investment market enjoyed active participation from REITs in Q2 2025. Major asset managers expanded their portfolios by acquiring prime office assets, leveraging REITs' structural advantages such as tax benefits. A notable transaction was IGIS Asset Management's acquisition of SI Tower, securing shares through a REIT and recording the largest deal of Q2. Koramco Asset Trust added Crescendo Building to its portfolio, gaining a stable cash flow asset. SK D&D also repurchased Susong Square through the D&D Platform REIT, 10 years after selling it to Morgan Stanley.

Strategic investors (SIs) continued to participate in Q2. CJ Olive Young purchased the KDB Life Tower, which it had previously leased, while Bithumb acquired Gangnam N Tower for office use. SIs maintain a steady presence in the market, driven by expectations of long-term operational stability and property value appreciation.

The average Grade A office transaction price in Q2 was at KRW38.54 million per 3.3 sq m. The GBD submarket maintained the highest price level, recording approximately KRW46 million per 3.3 sqm, driven by major deals including SI Tower, Gangnam N Tower, and Scale Tower. In the CBD submarket, Susong Square traded at KRW34 million per 3.3 sq m, setting the highest price in the area for the quarter.

LOGISTICS: DEALS SLOW IN Q2

The Seoul metropolitan logistics market recorded two transactions in Q2 2025 — one each in the eastern and southern areas — but total transaction volume dropped significantly q-o-q and y-o-y. Despite the base rate entering the easing phase, persistent pricing gaps between buyers and sellers remained a major factor limiting deal activity. The average price per 3.3 sqm for logistics centers held steady in the high KRW5 million range, similar to the prior quarter. Notable transactions included Mastern's sale of the Yongin Hanmi Logistics Center to M Global for KRW43 billion. Additionally, Kreate Asset Management, established by KKR, completed its first deal by acquiring Buildings A and B of the Anseong Yangbyeon-ri Logistics Center. Numerous large logistics centers are now on the market, attracting interest from a range of investors including foreign players. Transaction volume is expected to gradually recover in the second half of the year.

HOSPITALITY AND RETAIL: TRANSACTIONS IN KEY HIGH STREET MARKETS

Two hotel asset transactions were completed in Q2 2025, one each in the 4-star and 3-star categories. Goldman Sachs acquired the 4-star Mercure Ambassador Seoul Hongdae through JB Asset Management's fund for KRW262 billion. Located in Hongdae, a key K-culture hub with steady tourist inflows, the asset offers strong long-term income potential. Shinhan REITs Management, who recently completed the acquisition of Shilla Stay Mapo, continued to expand its hotel portfolio with a 3-star property acquisition. In the same Q2 period, the retail sector concluded eight transactions across major Seoul commercial districts. Areas such as Seongsu, Hannam, and Dosan consistently recorded deals, reflecting strong and sustained investor interest in these retail districts.

OUTLOOK

- The office investment market saw a notable rebound in Q2 2025, with increased deal volume and greater diversity in investor types and deal structures, underscoring continued liquidity and demand.
- While demand for core office assets remains stable, investor sentiment has become more cautious due to concerns over upcoming supply and vacancy risks. Some investors are taking a selective approach. Liquidity is expected to improve in 2H with the launch of new blind funds, potentially supporting the closing of ongoing deals.
- In the logistics sector, transaction volume contracted temporarily in Q2, but multiple large-scale assets are currently under review by several investors. As a result, deal activity may recover in 2H, although price gaps between buyers and sellers remain a challenge.
- The hospitality sector is recovering, with investor focus beginning to shift. While transactions were previously centered on redevelopment or conversion, improving operational metrics are now driving interest in assets that remain in operation.
- Retail assets are expected to maintain steady trading activity, particularly in Seoul's major retail zones, where leasing fundamentals remain solid.

SIGNIFICANT SALES

| PROPERTY TYPE | PROPERTY NAME | SUBMARKET | BUYER | SELLER | SQM | PURCHASE PRICE (Mn. KRW) | PRICE / UNIT (Mn. KRW/3.3m²) |
|---------------|---|-----------|------------------------------------|-----------------------------------|--------------------|--------------------------|------------------------------|
| Office | Crescendo Building | CBD | Koramco REITs&Trust | DWS Asset Management | 54,672 | 556,689 | 33.66 |
| Office | Susong Square | CBD | D&D Investment | IGIS, Morgan Stanley | 50,313 | 522,546 | 34.34 |
| Office | KDB Life Tower | CBD | CJ Oliveyoung | KB Asset Management | 82,435 | 674,405 | 27.05 |
| Office | SI Tower | GBD | IGIS Asset Management | KB Asset Management | 66,202 | 897,133 | 44.80 |
| Office | Gangnam N Tower | GBD | KB Real Estate Trust, Bithumb | KB Real Estate Trust | 51,124 | 680,500 | 44.00 |
| Office | BNK Digital Tower | GBD | Shinhan REITs Management | BNK Financial Group | 37,180 | 457,800 | 40.70 |
| Office | Hite Jinro Seocho HQ (6-17F) | GBD | NH RETIs Management | KB Asset Management | 37,076 | 240,000 | 21.40 |
| Office | Hyundai Motor Securities Building | YBD | Koramco, Hyundai Motor Securities | Koramco Asset Management | 40,438 | 354,760 | 29.00 |
| Office | SD Biosensor Bundang Building | BBD | Capstone Asset Management | SD Biosensor | 13,815 | 100,000 | 23.93 |
| Logistics | Yongin Hanmi Logistics Center | EAST | M Global | Mastern Investment Management | 25,845 | 43,000 | 5.73 |
| Logistics | Anseong Yangbyeon-ri Logistics Center (A·B) | WEST | Kreate Asset Management | Sunwoo C&D, Sunwoo Logis | 69,100 | 121,000 | 5.76 |
| Hospitality | Mercure Ambassador Hongdae (4-Star) | Hongdae | JB Asset Management, Goldman Sachs | Hyundai Asset Management | 17,066 (383 Rooms) | 262,000 | 970 (per room) |
| Hospitality | Shilla Stay Mapo (3-Star) | Mapo | Shinhan REITs Management | Hana Alternative Asset Management | 18,470 (270 Rooms) | 143,000 | 373 (per room) |

Sources: Real Capital Analytics, Cushman & Wakefield Research
Note: office deals over 50bn KRW, logistics assets over 16,500 sqm in Greater Seoul, and hospitality and retail assets located in Seoul’s major areas (including shopping malls)

SUKI KIM
Head of Research, Seoul
Tel: +82 10 7153 0867
suki.kim@cushwake.com

JIN SO
Research Manager, Seoul
Tel: +82 10 9186 1816
Jin.so@cushwake.com

CHLOE KWON
Assistant Manager, Seoul
Tel: +82 10 3407 4060
Chloe.kwon@cushwake.com

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