

MARKET FUNDAMENTALS

	YOY Chg	Outlook
4.1% Vacancy Rate	▲	▲
17,486 Net Absorption, SQM	▲	▼
2.2% Rental Growth, QoQ <i>(Overall, Grade A)</i>	▼	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
0.0% GDP Growth	▼	▲
2.2% CPI Growth	▼	▼
2.6% Unemployment Rate	▼	▲

Source: Statistics Korea, Bank of Korea

ECONOMIC OVERVIEW

The South Korean economy entered a period of stagnation in Q2 2025, recording GDP growth in the 0% range despite a 25 bp rate cut to 2.50% in May. A moderate recovery is anticipated in the second half of the year, supported by monetary easing and a rebound in semiconductor exports, although the pace of growth is expected to remain subdued.

VACANCY RATES AND RENTAL GROWTH

The average Grade A office building vacancy rate edged up by 0.1 pp to 4.1% in Q2, with the CBD submarket posting the highest vacancy in the period, followed by YBD and GBD. Vacancy in the CBD fell q-o-q, but both GBD and YBD saw continued rises. Overall rents rose 2.2% q-o-q, largely driven by the GBD, which saw rents climb more than 3% q-o-q, while the CBD and YBD posted rent growth of less than 1%.

The CBD's vacancy rate dropped by 0.8 pp to 4.7% in the quarter but remained the highest among the main business districts. Leasing activity strengthened as vacancies in Project107 were gradually filled, with Samsung Fire & Marine Insurance and SKC preparing to move in. Tenant relocations within the district also gained momentum. To reduce costs, professional service firms are relocating from Center One to Booyoung Taepyung Building, while Societe Generale is moving from D Tower to Seoul Finance Center.

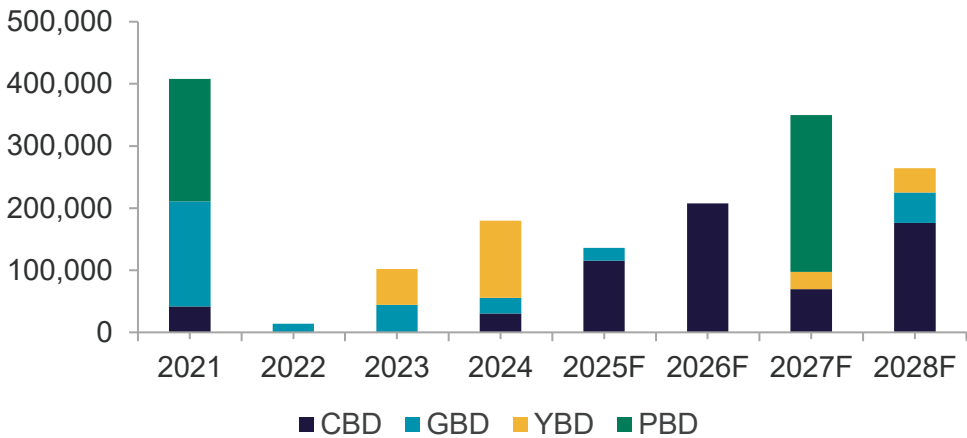
In the GBD, vacancy rose by 0.4 pp to 3.3%, despite robust leasing demand from IT and startup firms. Bithumb expanded their footprint in Gangnam N Tower, joined by Craver Corporation, Datadog, and Hecto. Both SNJ Lab and Synaptics are planning relocations within the district, with SNJ Lab set to move to The Pinnacle Gangnam and Synaptics to ICON Samsung.

The YBD recorded the sharpest vacancy increase among major districts, climbing from 3.1% to 4.4%, largely due to newly available space at One Sentinel following renovation. Data Universe and TRS Investment Advisory are slated to move in, and we expect a major lease deal nearing completion to support vacancy reduction in the coming quarters.

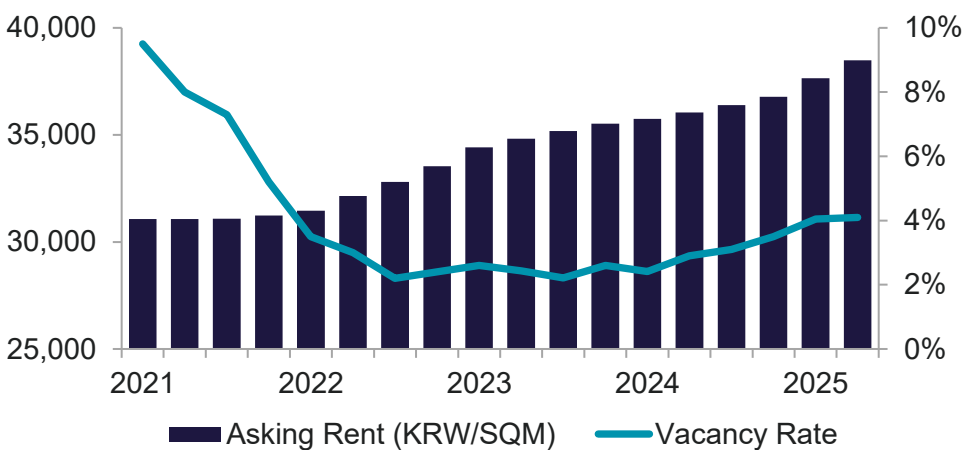
SUPPLY

In the GBD, the OPUS 459 project was completed in Q2 with a major pre-lease signed by Viva Republica, reaffirming strong tenant preference for the area. In the CBD, the INNO 88 project is now in the final stages of renovation and is actively marketing space to prospective tenants.

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	4.7%	-13,112	33,568	433,996	38,480
GBD	3,791,155	3.3%	14,180	11,738	57,848	40,913
YBD	2,052,831	4.4%	-15,266	-27,820	83,887	32,240
SEOUL TOTALS	10,198,010	4.1%	-14,198	17,486	936,470	38,478
Pangyo	797,664	3.9%	-28,646	70	360,739	27,583

*Rental rates does not reflect full service asking

KEY LEASE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
Booyoung Taepyung Building	CBD	Home & Service	3,154	Relocation
Seoul Finance Center	CBD	Societe Generale	8,265	Relocation
Project 107	CBD	Samsung Fire & Marine	2,430	Relocation
Project 107	CBD	SKC	2,430	Relocation
Gangnam N Tower	GBD	Craver Corporation	1,785	Expansion
Gangnam N Tower	GBD	Datadog	1,785	Relocation
The Pinnacle Gangnam	GBD	SNJ Lab	1,022	Relocation
ICON Samsung	GBD	Synaptics	1,984	Relocation
OPUS 459	GBD	Viva Republica	20,562	Relocation
Yeouido Finance Tower	YBD	Heungkuk Securities	1,207	Expansion
FKI Tower	YBD	ABeam Consulting	3,431	Relocation
One Sentinel	YBD	Data Universe	2,549	Relocation
One Sentinel	YBD	TRS Investment Advisory	2,549	Relocation
Magok One Grove	Others	Greystar	123	New Branch

*Grade A buildings only; based on contract date and leasable area

KEY PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	SQM	COMPLETION YEAR
INNO 88	CBD	39,500	2025
KT Gwanghwamun WEST	CBD	73,000	2025
Musinsa S1	Others	25,300	2025

*Grade A buildings only

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