MARKETBEAT
SEOUL
CAPITAL MARKETS Q3 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
7.2T Total Volume (KRW)	▲	▼
26 Total Properties Sold	▼	▲
3.9% Office Cap Rate	▼	—
567,000 Office Total SQM	▼	▼
34.74 Office Capital Value (Mn. KRW/3.3㎡, Grade A)	▲	—

ECONOMIC INDICATORS

	YOY Chg	Outlook
0.6% South Korea GDP Growth	▼	▲
2.1% South Korea CPI Growth	▲	▼
2.1% South Korea Unemployment Rate	—	▲
2.9% South Korea 10-Yr Treasury Yield	▲	—

Source: Statistics Korea, Bank of Korea

ECONOMIC OVERVIEW

South Korea's economy demonstrated a gradual recovery in Q3 2025 as the Bank of Korea maintained a low-rate policy to support growth and stabilize inflation. The base rate stood at 2.5% at the end of September, 1.0 pp lower than a year earlier. Continued rate cuts have eased financing burdens and driven more office asset deal closings, with further easing expected to boost market activity.

OVERALL CRE MARKET TRANSACTIONS

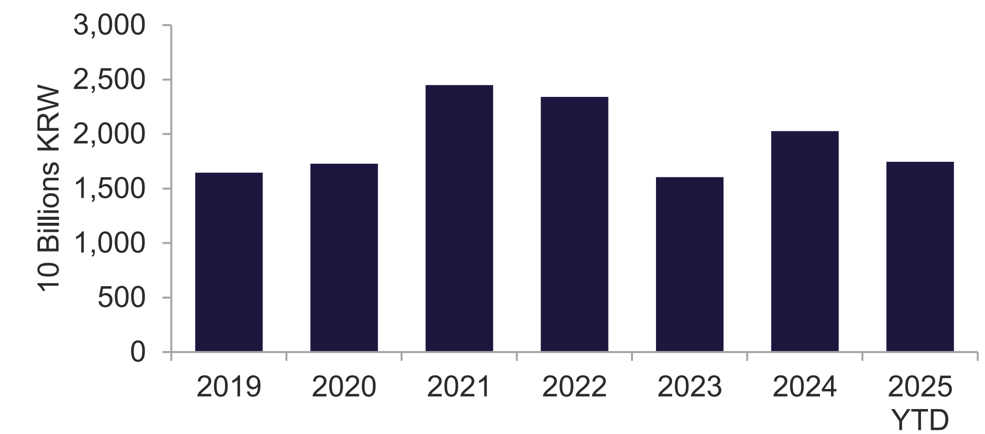
A total of 26 commercial real estate transactions meeting the threshold for transaction size and value were recorded in Q3 2025, with an aggregate volume of approximately KRW7.2 trillion. The cumulative transaction volume for the first three quarters of 2025 then reached KRW17.5 trillion, marking a 16% increase y-o-y, primarily driven by active trading in the office sector.

A total of 14 office sector transactions were completed in Q3, amounting to KRW5.7 trillion and representing 80% of the total commercial transaction volume. The cumulative office transaction volume reached KRW13.7 trillion, already exceeding the full-year 2024 total by 150%. Gross floor areas among transacted offices varied notably by submarket. In the CBD, large-scale buildings exceeding 50,000 sqm dominated, while in the GBD, most traded assets were under 30,000 sqm. Given the higher price per 3.3 sqm in GBD, investors appeared to prefer smaller-scale office properties. Among the seven GBD transactions, six were below 30,000 sqm, including four assets smaller than 10,000 sqm. In contrast, the BBD submarket gained attention with the closing of a super-large office transaction at a record price.

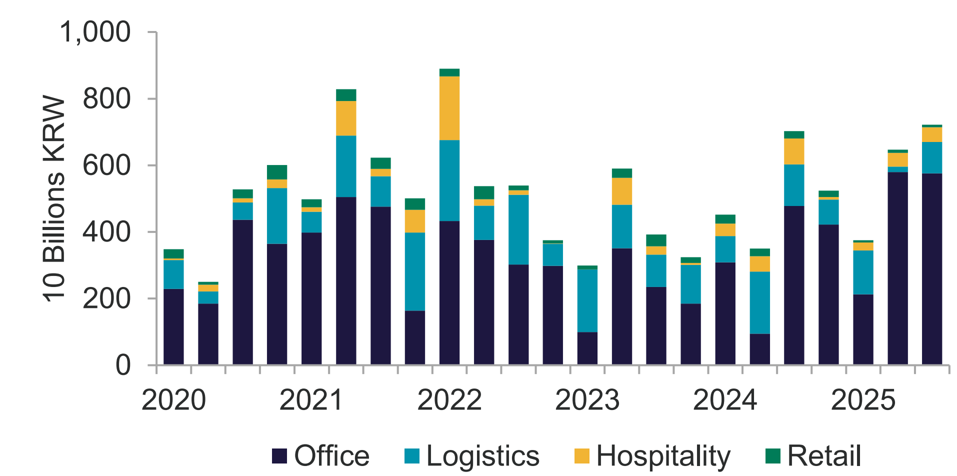
Six logistics center transactions were completed in Q3, totaling KRW942.4 billion. Supported by large core asset deals, the cumulative quarterly volume jumped 590% q-o-q to KRW2.4 trillion, although still at 38% below the same period last year. In the quarter, one transaction was completed in the eastern region, three in the high-demand western region, one in the southern region, and one in the northern region — with the latter the first deal completion in nearly a year.

The hotel market saw three transactions totaling KRW443 billion, showing a modest increase from the previous quarter. The cumulative transaction volume reached KRW1.1 trillion, a 19% y-o-y increase. This quarter's activity included one three-star and one five-star hotel located outside major tourist areas, reaffirming steady demand for hotel assets across Seoul. The retail sector posted KRW83.7 billion in total transaction volume, up 16% q-o-q.

TOTAL INVESTMENT VOLUME

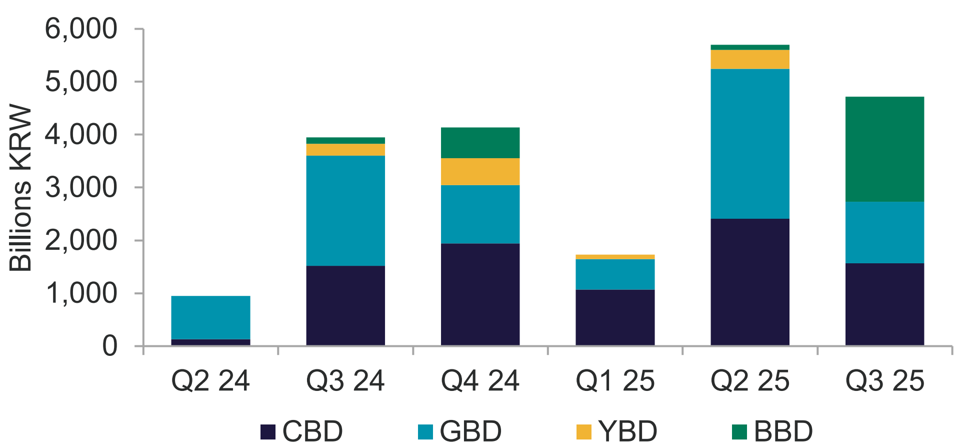


INVESTMENT VOLUME BY SECTOR

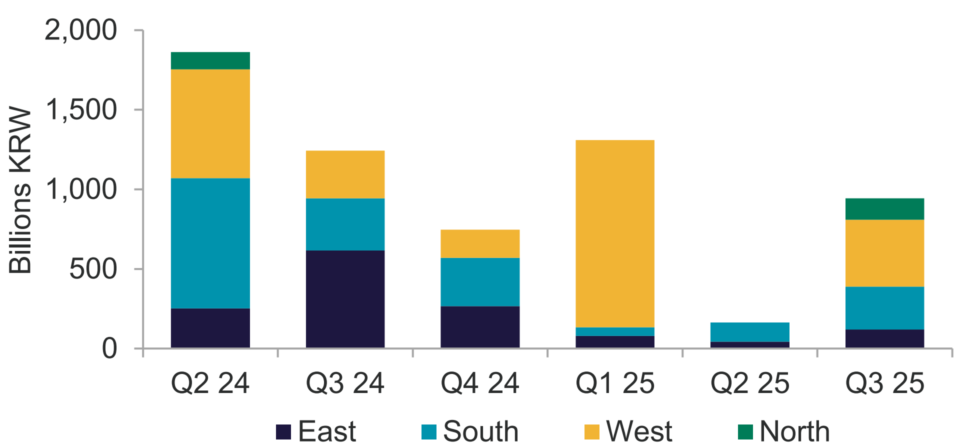


Source: Real Capital Analytics, Cushman & Wakefield Research

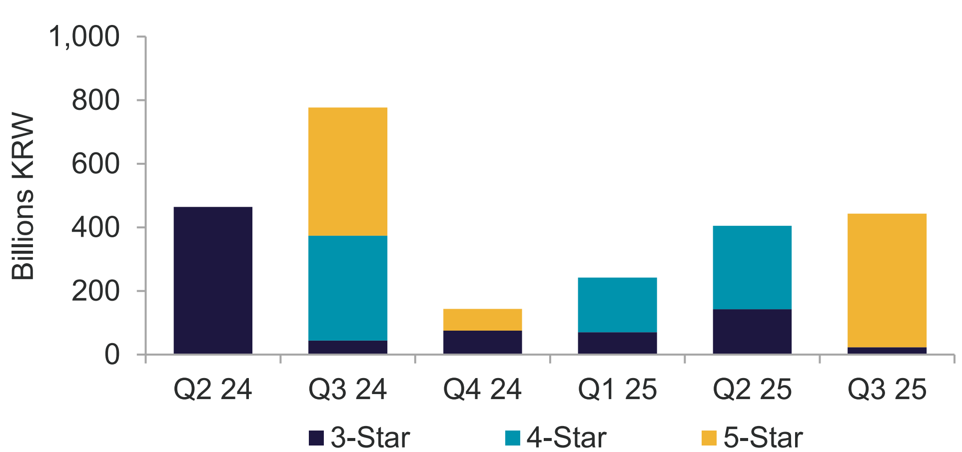
OFFICE INVESTMENT VOLUME BY SUBMARKET



LOGISTICS INVESTMENT VOLUME BY SUBMARKET



HOSPITALITY INVESTMENT VOLUME



Source: Cushman & Wakefield Korea Research

OFFICE: END-USER ACQUISITIONS ALONGSIDE PORTFOLIO REBALANCING

Korea's office investment market in Q3 2025 was driven by active end-user acquisitions and ongoing portfolio adjustments by institutional owners. Dongkuk Steel reclaimed ownership of Ferrum Tower after ten years by exercising its pre-emptive right, while KT&G continued its asset restructuring, completing the sale of KT&G Euljiro Tower as part of its plan to focus on its core tobacco business. Foreign investors were also active, with GIC selling both Daechi Building and Pangyo Tech One Tower to rebalance its office-heavy portfolio. The Pangyo Tech One Tower, a landmark building with a gross floor area of about 200,000 sqm, traded for KRW2 trillion, marking the largest office deal ever recorded in Korea. The asset was acquired under The First No.1 REIT, managed by Korea Investment Real Asset Management, with KakaoBank participating as an equity investor.

The average transaction price for Grade A office assets in Q3 2025 was approximately KRW34.74 million per 3.3 sqm, showing notable variation across submarkets. In the GBD, the average price reached KRW45 million, while smaller assets traded above KRW50 million. In contrast, Samwon Tower and the WeWork Building in Samseong-dong were at around KRW35 million, below the district average. In the CBD, pricing reflected buyer and seller intentions: Ferrum Tower achieved KRW38 million per 3.3 sqm due to strong acquisition demand, while KT&G Euljiro Tower traded below KRW22 million amid divestment pressure.

LOGISTICS: FOREIGN INVESTORS LEAD Q3 LOGISTICS DEALS

Foreign asset managers continued to play an active role in the Seoul Metropolitan Area's logistics investment market through Q3 2025. DWS Asset Management acquired the Gonjiam Logistics Center in Gwangju, Gyeonggi Province, marking its first real estate transaction in Korea in three years. Create Asset Management extended its investment momentum for a second consecutive quarter, acquiring the Hwaseong Jegiri Logistics Center this quarter. Blackstone also remained a key player, investing in Gochon (Gimpo) and Hwado (Namyangju) logistics centers, both Grade A modern facilities.

The average logistics center transaction price reached KRW7.75 million per 3.3 sqm in Q3, about KRW2 million higher than in Q2. The completion of large-scale prime asset transactions with high unit prices drove an overall increase in the price per 3.3 sqm.

HOSPITALITY & RETAIL: STRONG DEMAND DRIVES HOTEL INVESTMENT

Seoul's hotel market maintained strong demand in Q3 2025, supported by the recovery in tourism and limited new supply, which continued to draw investor interest. SC Capital Partners entered the Korean market by acquiring Newblanc Central Myeongdong for about KRW70 billion, while Hanwha Hotels & Resorts purchased the five-star Paraspara Seoul, a deal completed swiftly despite the seller's financial difficulties and debt assumption.

In the retail market, Saeroun Church acquired the CGV theater in Garden Five, Songpa-gu, for approximately KRW39 billion, with plans to repurpose the property.

OUTLOOK

- Korea's office investment market saw more deal closings in Q3 2025 as strategic investors' acquisition demand aligned with corporate asset disposals. This trend suggests that pricing is becoming increasingly differentiated by asset type, investor profile, and regional market conditions. Considering factors such as gross floor area, transaction value, existing stock, and upcoming supply, GBD is expected to see continued activity in small- to mid-sized office transactions, while in CBD the success of large-scale office deals will likely play a key role in shaping the broader market direction.
- In the logistics sector, growing interest from foreign and institutional investors drove more core asset transactions. The logistics market is showing widening price gaps across regions, assets, and types. Properties in prime locations with strong tenant demand are expected to continue attracting transactions, supported by stable income generation and sustained investor interest.
- The hotel market remains active as demand continues to exceed supply, keeping foreign investment momentum strong.
- Meanwhile, the retail sector is likely to focus on repurposed non-core properties and small-scale assets that offer lower investment risk.

SIGNIFICANT SALES

PROPERTY TYPE	PROPERTY NAME	SUBMARKET	BUYER	SELLER	SQM	PURCHASE PRICE (Mn. KRW)	PRICE / UNIT (Mn. KRW/3.3㎡)
Office	Namsan N Tower	CBD	Samyang Foods	Namsan PFV	28,669	227,000	26.16
Office	Pacific Tower	CBD	Aberdeen Group	Pebblestone Asset Management	59,499	576,991	32.04
Office	Ferrum Tower	CBD	Dongkuk Steel	Samsung Life Insurance	55,693	645,060	38.27
Office	KT&G Euljiro Tower	CBD	Chun Kyung Shipping	KT&G	18,189	120,000	21.80
Office	WeWork Building, Samseong-dong	GBD	Asia Property	Hana Alternative Asset Management	20,126	212,500	34.89
Office	Samwon Tower	GBD	Pacific Asset Management	JR Asset Management	18,954	200,700	34.99
Office	NC Tower 1	GBD	Pacific Asset Management	NCSoft	30,912	443,500	47.41
Office	Pangyo Tech One Tower	BBD	Mirae Asset Global Investments	Korea Investment Real Asset Management	197,232	1,982,000	33.20
Logistics	Gonjiam Logistics Center A·B	EAST	DWS Asset Management	Mirae Asset Global Investments	63,720	118,600	6.15
Logistics	Gochon Logistics Center, Gimpo	WEST	Blackstone	MQ Logistics	78,317	216,700	9.14
Logistics	Jegiri Logistics Center, Hwaseong	SOUTH	Create Asset Management	JR Asset Management	107,871	270,000	8.27
Logistics	Hwado Logistics Center, Namyangju	NORTH	Blackstone	MQ Logistics	49,291	133,757	8.97
Hospitality	Newblanc Central Myeongdong (Unrated)	Myeondong	SC Capital Partners	Sang Investment	6,077 (181 Rooms)	70,000	387 (per room)
Hospitality	Paraspara Seoul (5-star)	Gangbuk	Hanwha Hotels & Resorts	Jeongsang Bukhansan Resort	99,969 (334 Rooms)	420,200	1,258 (per room)
Retail	CGV Songpa (Garden Five)	Songpa	Saeroun Church	JB Asset Management	8,925	39,000	4.37

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)

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