

MARKET FUNDAMENTALS

	YOY Chg	Outlook
13.8% Vacancy Rate	▼	—
0.8% Retail Sales Growth	▲	▲
109.8 Consumer Composite Sentiment Index (CCSI)	▲	—

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.8% GDP Growth	▲	▲
2.3% CPI Growth	▲	—
4.1% Unemployment Rate	▲	▼

Source: Korean Statistical Information Service, Bank Of Korea

ECONOMY

The Composite Consumer Sentiment Index (CCSI) fell to 109.9 in December 2025, down 2.5p from the prior month. However, remaining at above the 100 level signals that consumer sentiment remains optimistic. During the same period, inflation was at 2.3%, with the annual rate for 2025 at 2.1%, the lowest level since 2020. While the trade surplus continues, with strong semiconductor exports, private consumption is growing moderately as services recover. However, ongoing youth unemployment is a potential risk that could weaken domestic demand.

RECORD TOURISM SUSTAINS STABILITY IN SEOUL RETAIL MARKET

The overall Seoul high street vacancy rate recorded 13.8% in Q4 2025, down 0.5 pp q-o-q and 0.9 pp y-o-y. Gangnam and Hongdae submarkets trended positively with vacancy rates falling by 2.5 pp and 2.2 pp q-o-q, respectively. Gangnam accelerated its recovery with large stores openings, bolstered by "K-medical" demand from both locals and foreigners. In Hongdae, foot traffic remains high with new brand entrants such as Chicor and Musinsa Kicks, and Musinsa Standard's expansion completed.

Cheongdam district showed notable growth, with annual vacancy falling by 4.6 pp. New flagship store openings from Time, Brunello Cucinelli, and Damiani have reiterated the area's luxury status. Myeongdong is now saturated, with almost no vacant space, but brands targeting foreign tourists are still greatly interested in entering the area.

In Hannam-Itaewon, global brands such as Wooyoungmi and On continue to open flagship stores. The scarcity of available space on high streets has driven the district's expansion into side street areas. Seongsu has seen a steady rise in both domestic and foreign visitors, but Garosu-gil faces a prolonged slump without significant new demand.

Seoul's retail market trends in 2025 were primarily driven by robust foreign tourist arrivals. According to the Korea Tourism Organization, foreign tourists reached 18.94 million, rising 15.7% y-o-y to a new record high. The continuing global influence of K-content is pulling in more visitors to experience the Korean lifestyle, including beauty, fashion, and medical services.

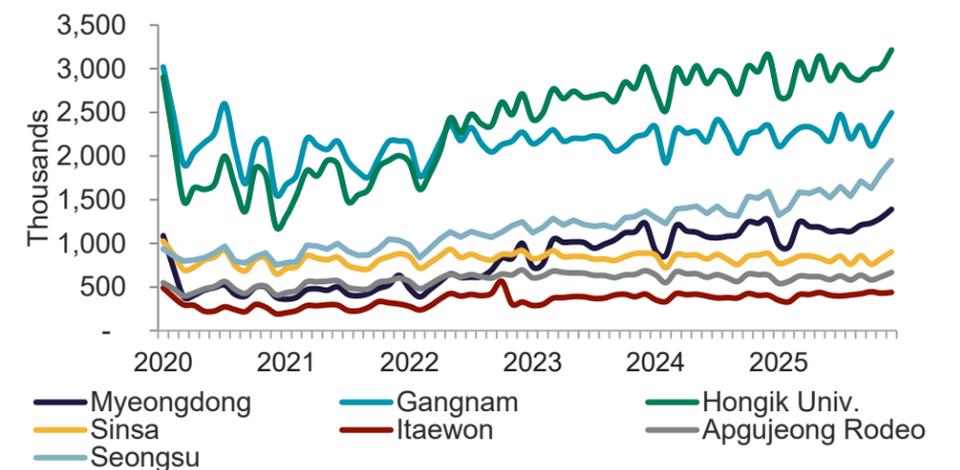
Even with a relatively slow recovery in domestic consumption, spending by foreign tourists is acting as a buffer to stabilize vacancy rates in major districts. The retail market is expected to continue qualitative growth focused on flagship stores, while the polarization between successful and struggling districts will likely persist.

RETAIL SALES GROWTH & CPI GROWTH



Source: Korean Statistical Information Service

FOOT TRAFFIC FROM SUBWAY EXITS

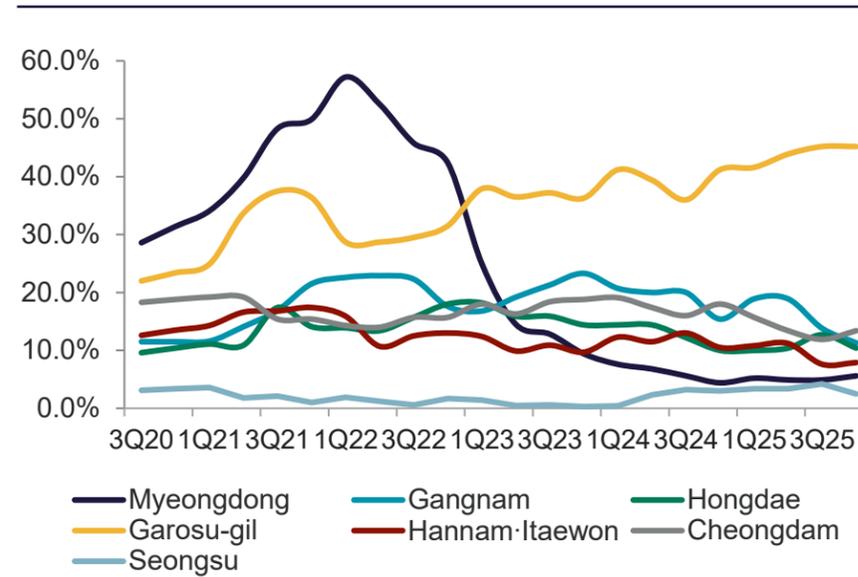


Source: Seoul Metropolitan Government

MARKET STATISTICS

SUBMARKET	Q4 2025 VACANCY RATE	Q3 2025 VACANCY RATE	% POINT CHANGE QOQ	Q4 2024 VACANCY RATE	% POINT CHANGE YOY
Myeongdong	5.6%	4.9%	0.7%	4.4%	1.1%
Gangnam	11.3%	13.8%	-2.5%	15.4%	-4.1%
Hongdae	10.4%	12.7%	-2.2%	10.0%	0.4%
Garosu-gil	45.2%	45.2%	0.0%	41.2%	4.0%
Hannam-Itaewon	7.9%	7.6%	0.3%	10.5%	-2.6%
Cheongdam	13.4%	11.9%	1.5%	18.0%	-4.6%
Seongsu	2.5%	4.2%	-1.6%	3.0%	-0.4%
TOTALS	13.8%	14.3%	-0.5%	14.7%	-0.9%

HIGH STREET VACANCY RATE



KEY LEASE TRANSACTIONS / NEW FLAGSHIPS Q4 2025

PROPERTY TYPE	SUBMARKET	TENANT	ESTIMATED SQM	CATEGORY	STATUS
High Street	Myeongdong	Musinsa Store	990	Fashion	Newly-opened
High Street	Gangnam	lululemon	920	Sports	Newly-opened
High Street	Hongdae	Chicor	500	Beauty	Newly-opened
High Street	Hongdae	Musinsa Kicks	1,120	Fashion	Newly-opened
High Street	Hannam-Itaewon	Wooyoungmi	980	Fashion	Newly-opened
High Street	Cheongdam	Brunello Cucinelli	1,720	Luxury	Newly-opened
High Street	Cheongdam	Damiani	500	Luxury	Newly-opened
High Street	Seongsu	Loewe Perfumes	350	Beauty	Newly-opened
High Street	Seongsu	Blue Elephant	2,650	Fashion	Newly-opened
High Street	Dosan Park	Goldwin	440	Sports	Newly-opened
Office Arcade	CBD	Modam	330	F&B	Newly-opened

KEY CONSTRUCTION COMPLETIONS / UNDER CONSTRUCTION

PROPERTY	LOCATION	SQM	COMPLETION YEAR
Sindorim D-cube City remodeling	Seoul	TBD	2027
Starfield Cheongna	Incheon	510,000	2028

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