

MARKET FUNDAMENTALS

	YOY Chg	Outlook
7.8T Total Volume (KRW)	▲	▼
29 Total Properties Sold	▲	▼
3.8% Office Cap Rate	▼	▬
544,018 Office Total SQM	▲	▼
34.55 Office Capital Value (Mn. KRW/3.3m ² , Grade A)	▼	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.8% South Korea GDP Growth	▲	▲
2.3% South Korea CPI Growth	▲	▬
4.1% South Korea Unemployment Rate	▲	▼
3.4% South Korea 10-Yr Treasury Yield	▲	▬

Source: Statistics Korea, Bank of Korea

ECONOMIC OVERVIEW

Despite robust exports, the prolonged slump in construction has constrained the Korean economy to a low-growth trend. The Bank of Korea has maintained the base rate at 2.50%, prioritizing market stability over further cuts. While commercial mortgage rates have stabilized following the shift towards lower interest, further cuts are being delayed in the face of housing market volatility and the household debt burden. Consequently, rather than expecting liquidity expansion, investors are turning more cautious, focusing strictly on individual asset core fundamentals.

OVERALL CRE TRANSACTIONS

A total of 29 commercial real estate (CRE) transactions meeting sector-specific thresholds were recorded in Q4 2025, with total volume reaching approximately KRW7.8 trillion. For the full year 2025, transaction volume totaled KRW25.4 trillion, climbing 23% y-o-y to a record high. This overall market expansion was largely driven by a sharp rise in office asset transactions.

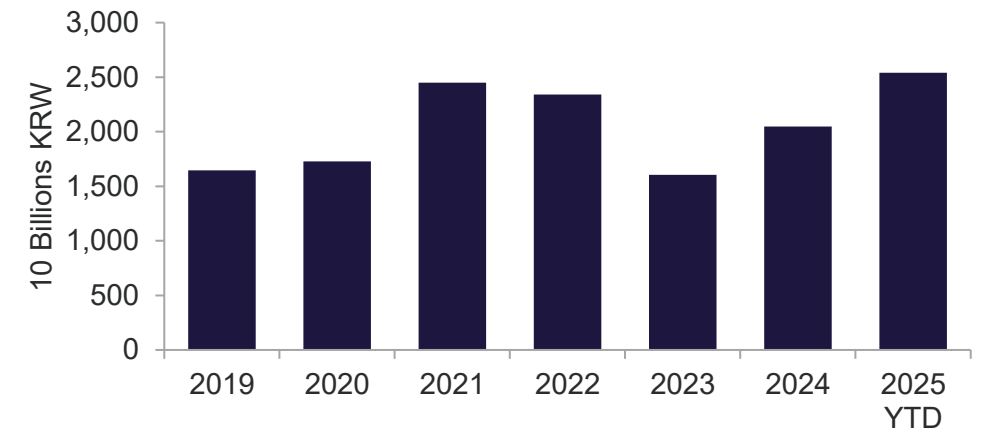
The office sector saw 14 transactions in Q4, totaling approximately KRW5.0 trillion. Full-year total volume reached KRW18.7 trillion, growing 43% y-o-y, unrivaled by other sectors. While most deals were concentrated in the CBD, the YBD area, which saw no activity in Q3, added vitality with two deals concluded. Strategic Investors continued to participate, with the number of share deals remaining high. Office assets are still preferred due to robust tenant demand, but investors are becoming increasingly selective based on individual asset location and condition.

The logistics sector recorded six transactions totaling KRW2.1 trillion in Q4. This represents a 112% increase q-o-q, marking a clear rebound since hitting a low in Q2. Major deals involving large-scale assets were finalized this quarter, supported by active participation from foreign investors. With the effects of reduced future new supply in play, the logistics market is maintaining its recovery trend.

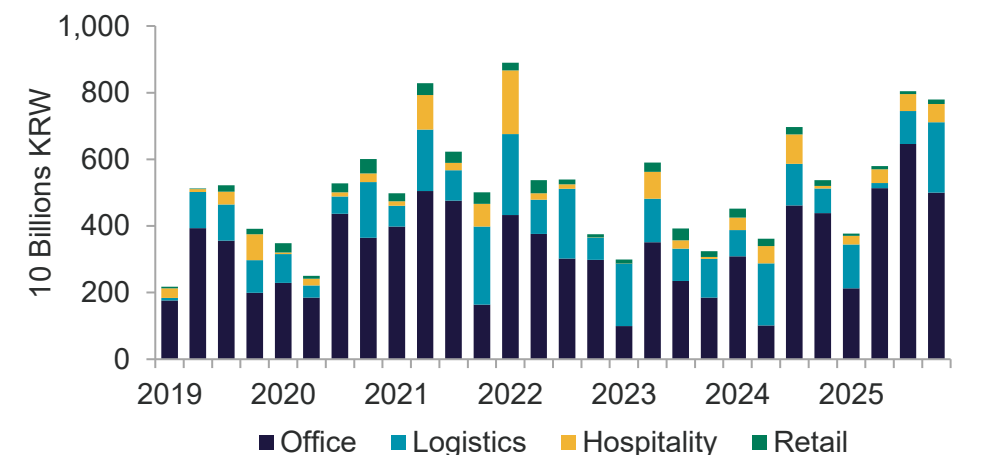
In the hospitality sector, three assets were traded in Q4 at a total volume of KRW547.5 billion, similar to the Q3 figure. Activity was particularly strong for 4-star hotels. As the tourism industry continues to recover, with 2025 seeing record-high foreign visitors, most assets traded this year are expected to maintain their hotel operations rather than undergoing conversion to other uses.

The retail sector completed six transactions totaling KRW125.9 billion. Although full-year transaction volume fell y-o-y, deals continued in core districts such as Seongsu. Volatility in the overall retail market persists due to changing consumption patterns, but demand for major high-traffic areas remains steady.

TOTAL INVESTMENT VOLUME

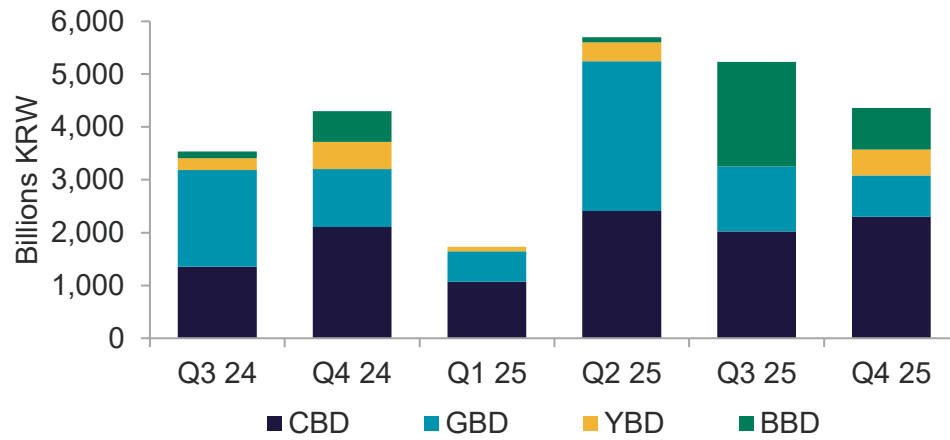


INVESTMENT VOLUME BY SECTOR

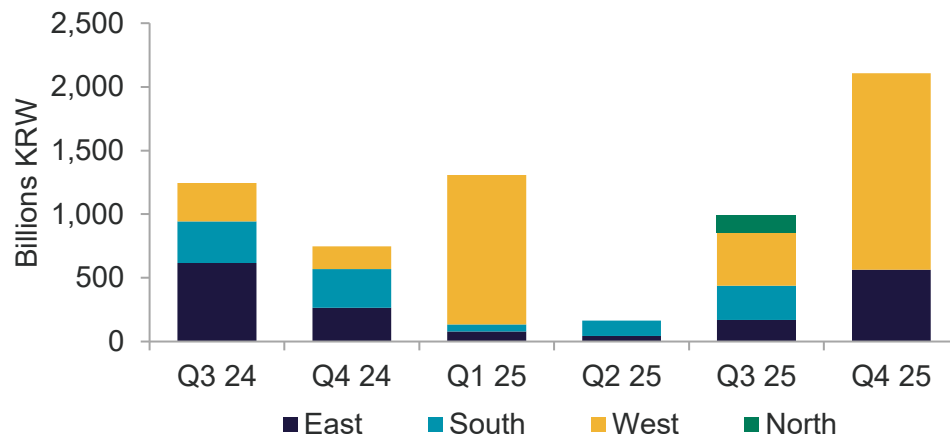


Source: Real Capital Analytics, Cushman & Wakefield Research

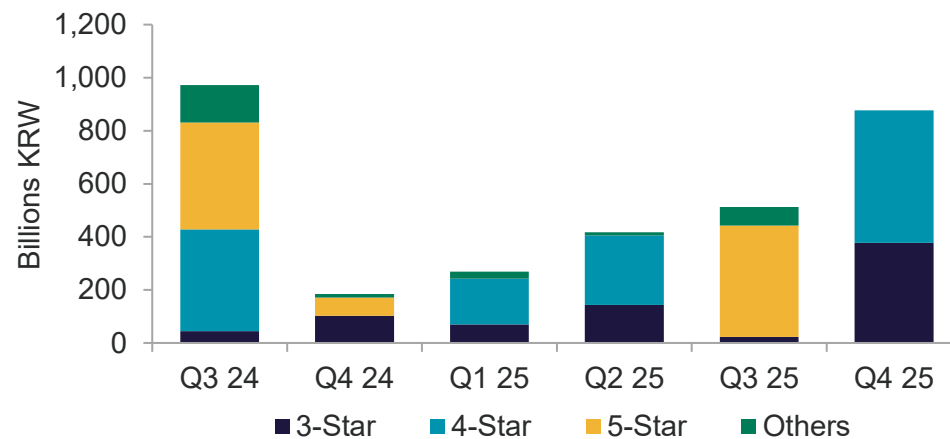
OFFICE INVESTMENT VOLUME BY SUBMARKET



LOGISTICS INVESTMENT VOLUME BY SUBMARKET



HOSPITALITY INVESTMENT VOLUME



OFFICE: SHARE DEALS AND SI PARTICIPATION DRIVE Q4 MARKET

Share deal structures dominated the Q4 2025 office investment market. Signature Tower was transferred from IGIS Asset Management to KB Asset Management for KRW 1.03 trillion, marking the CBD’s largest acquisition of the year with equity participation from tenant Kumho Petrochemical. The transaction confirms robust demand for prime assets despite CBD oversupply concerns. Yeouido Finance Tower was transferred to KB Asset Management. YBD has emerged as an attractive destination, as supply constraints from redevelopment combines with stable tenant demand. Other deals, including Center Point Gwanghwamun, Samsung-dong Building, and Bundang Doosan Tower, were also concluded via share deals. Investors continue to leverage share deals for cost efficiency and expedited closing. Strategic Investors (SIs) also maintained active participation. Money Today acquired Premier Place from GIC, while Shift Up participated in the Seocho-dong Building sale for future occupancy. SIs maintain a consistent presence in the office market, driven by expectations of operational stability and long-term property value appreciation.

The average Grade A office transaction price in Q4 was approximately KRW34.55 million per 3.3 sq m. For the full year 2025, prices by submarket were in the KRW31 million range for CBD, KRW45 million range for GBD, and KRW28 million range for YBD. GBD maintained a significant price premium on other areas. In the CBD, the rise in sale prices remains relatively limited as the market already reflects the future supply pipeline.

LOGISTICS: LANDMARK DEALS FUEL MARKET RECOVERY

The Seoul metropolitan logistics market recorded six transactions in Q4 2025 — four in the eastern and two in the western submarkets. Total transaction volume expanded significantly as multiple deals for mega-scale assets were finalized. The market showed signs of entering a recovery phase in 2H 2025, with investor sentiment strengthening as easing oversupply concerns followed a decline in new groundbreakings.

A notable transaction was the 130,000 sq m Cheongna Logistics Center in Incheon. Kreate Asset Management acquired the asset for KRW1.03 trillion, setting a new record for the highest transaction price. Wide Creek Asset Management also purchased the Sihwa MTV Logistics Center for KRW12.3 billion per 3.3 sq m. The average price for logistics centers in Q4 was approximately KRW6.3 million, down 14% q-o-q.

HOSPITALITY AND RETAIL TRANSACTIONS IN KEY HIGH STREET MARKETS

Two 4-star asset transactions near Myeong-dong led the hotel market. Courtyard by Marriott Seoul Namdaemun was sold by KT&G to Heungkuk REITs Management, with both the asset and operating rights transferred. Four Points by Sheraton Myeongdong was acquired by Josun Hotels & Resorts in partnership with Pacific Asset Management. Following the sale of the Seoul Station branch in Q1, the successful closing of the Myeong-dong branch demonstrates strong demand for CBD hotels. Hotels are emerging as a highly-valued asset class, offering stable performance amid limited new supply. In the retail sector, transactions focused on small-scale assets within the Seongsu district. Driven by continuous growth and increasing foot traffic, Seongsu consistently attracts demand from investors seeking long-term appreciation in asset value.

OUTLOOK

- The office investment market continued its growth, supported by the prevalence of share deals and active participation from SIs. While investment is expanding into niche sectors, trust in office assets providing stable returns remains firm. However, upcoming large-scale supply in the CBD and vacancy risks are affecting investor sentiment. Limited activity from financial investors (FIs) may influence future market liquidity.
- The logistics sector prepared for a rebound as a record-breaking deal closed this quarter, ending the recent slump. As oversupply concerns gradually ease with fewer new construction starts, investors have started reviewing prime assets again. This shift in market tone is expected to support a recovery in transactions.
- Investment strategies in the hospitality sector are changing as operational performance improves, driven by record-high foreign tourist numbers. There is a clear trend toward maintaining hotel operations post-acquisition, and acquisitions via REITs are also increasing.
- Due to the growth of online shopping, the retail market saw a relative contraction in transaction volume. Polarization in investment demand is expected to persist depending on the vitality of specific commercial districts.

Source: Cushman & Wakefield Korea Research

SIGNIFICANT SALES

PROPERTY TYPE	PROPERTY NAME	SUBMARKET	BUYER	SELLER	SQM	PURCHASE PRICE (Mn. KRW)	PRICE / UNIT (Mn. KRW/3.3m ²)
Office	Signature Tower	CBD	KB Asset Management	IGIS Asset Management	99,989	1,034,600	34.21
Office	Center Point Gwanghwamun	CBD	Kyobo AIM Asset Management	Koramco Asset Trust	38,946	432,000	36.67
Office	LG Gwanghwamun Building	CBD	LX Holdings	LG	51,311	512,000	32.99
Office	Samseong-dong Building	GBD	Korea Investment Real Estate Trust	Kyobo Asset Trust	30,675	350,253	37.75
Office	AP Tower	GBD	Smilegate Asset Management	IGIS Asset Management	14,458	253,020	57.85
Office	Yeouido Finance Tower	YBD	KB Asset Management	Keppel Asset Management	43,669	356,700	27.00
Office	Factorial Seongsu	Others	Kyobo AIM Asset Management	IGIS Asset Management	21,059	254,800	40.00
Office	Bundang Doosan Tower	BBD	Koramco Asset Management	Koramco Asset Trust	128,551	790,000	20.32
Logistics	Cheongna Logistics Center	WEST	Create Asset Management	Brookfield Asset Management	430,253	1,030,000	7.91
Logistics	Sihwa MTV Logistics Center	WEST	Wide Creek Asset Management	CBRE IM	238,946	512,300	7.09
Logistics	Yeosu Jeombong-dong Logistics Center	EAST	ARA Asset Management	AM plus Asset Development	122,147	220,000	5.95
Hospitality	Courtyard by Marriott Seoul Namdaemun (4-star)	Myeong-dong	Heungkuk REITs Management	KT&G	31,835 (409 Rooms)	254,200	622 (per room)
Hospitality	Four Points by Sheraton Seoul Myeongdon (4-star)	Myeong-dong	Pacific Investment Management	IGIS Asset Management	21,658 (375 Rooms)	246,300	657 (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)

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