

MARKET FUNDAMENTALS

	YOY Chg	Outlook
4.9T Total Volume (KRW)	▲	▲
30 Total Properties Sold	▲	▬
4.0% Office Cap Rate	▼	▬
348,943 Office Total SQM	▲	▲
36.09 Office Capital Value (Mn. 3.3m ² , Grade A)	▲	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.6% South Korea GDP Growth	▲	▬
2.2% South Korea CPI Growth	▲	▲
3.4% South Korea Unemployment Rate	▲	▼
3.9% South Korea 10-Yr Treasury Yield	▲	▬

Source: Statistics Korea, Bank of Korea

ECONOMIC OVERVIEW

Driven by strong semiconductor exports and a consumption recovery, South Korea's GDP growth is forecast to improve to the high-1% range in 2026, though construction investment remains sluggish amid a weak regional real estate market. Middle East tensions and U.S. tariff uncertainty have heightened downside risks, with the Bank of Korea holding the base rate at 2.50% and further cuts unlikely in the near term. Against this backdrop, investors are increasingly prioritizing occupancy stability and cash flow over yield compression.

OVERALL CRE TRANSACTIONS

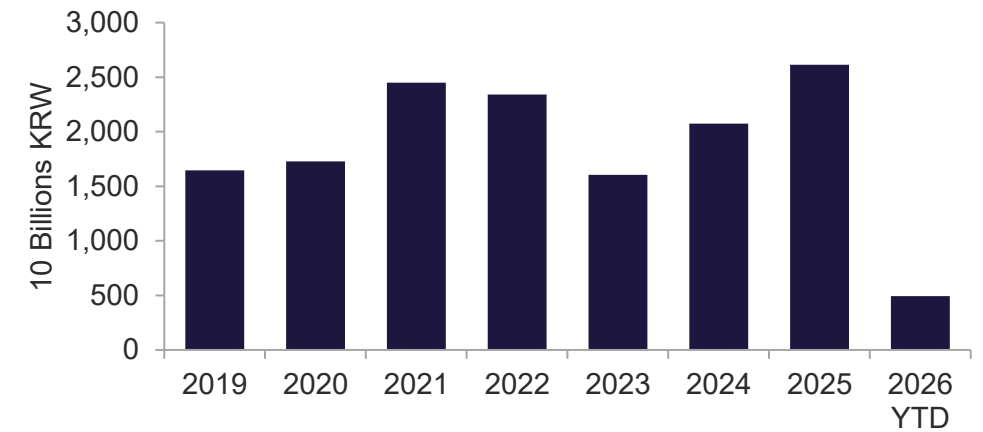
A total of 30 commercial real estate (CRE) transactions were recorded in Q1 2026, with aggregate volume of approximately KRW4.9 trillion — down 41% q-o-q from the record prior quarter but up 27% y-o-y. A landmark office deal exceeding KRW1 trillion underpinned overall activity, although logistics sector volume contracted sharply. Following a record-breaking 2025, the office market saw limited transaction in Q1, with 10 transactions totaling approximately KRW3.3 trillion. Activity was concentrated in the CBD with four deals (approximately KRW1.8 trillion), three in the GBD (approximately KRW690 billion), and three across other submarkets. Persistent financial market uncertainty drove a shift toward mid-sized assets, though total office volume rose approximately 55% y-o-y, largely driven by the Seoul Square transaction. Strategic investors and end-users remained active participants.

The logistics sector recorded four transactions totaling approximately KRW706.6 billion, down 66% q-o-q and 46% y-o-y, normalizing after the prior quarter's concentration of large-scale deals. Deals were spread across the East (two deals, approximately KRW197.6 billion), West (one deal, approximately KRW432.0 billion), and North (one deal, approximately KRW77.0 billion) submarkets, with selective investor focus remaining on fully leased core assets.

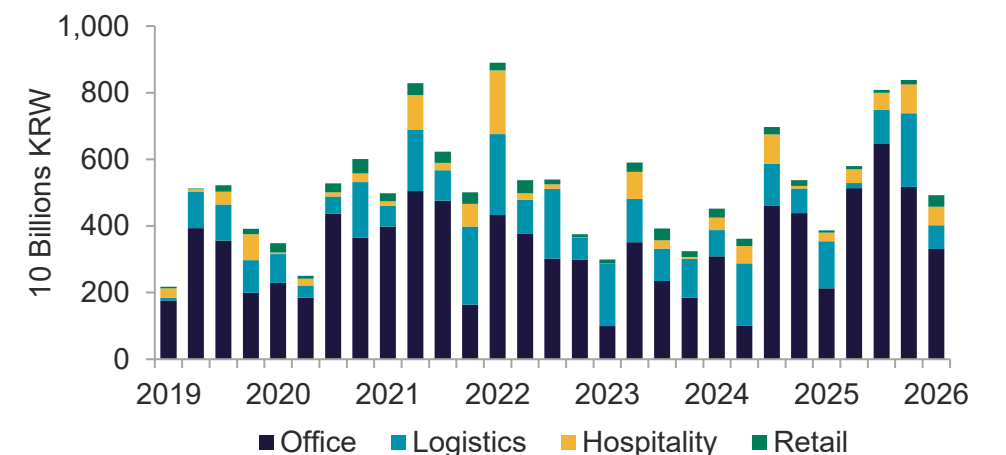
Three hotel transactions totaling approximately KRW556.0 billion closed, with activity more evenly distributed across 2-, 3-, and 4-star categories compared to the prior quarter's 4-star dominance. Total volume declined approximately 36% q-o-q, and two assets are set for operator changes to enhance asset value. Conversions of non-hotel assets into hotel use were also observed as market recovery continues.

The retail sector posted 13 transactions totaling approximately KRW343.2 billion, with volume more than tripling y-o-y. Gangnam district activity expanded notably, while a single KRW68.0 billion deal in Seongsu district, the quarter's largest retail transaction, drove overall sector volume.

TOTAL INVESTMENT VOLUME

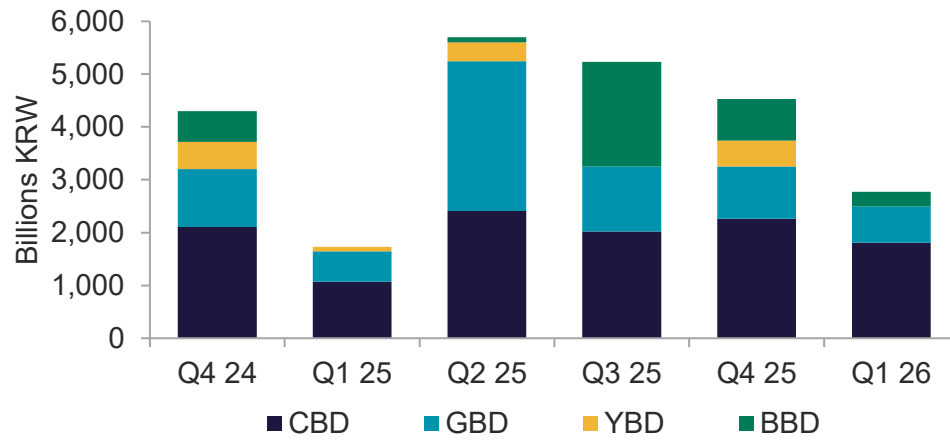


INVESTMENT VOLUME BY SECTOR

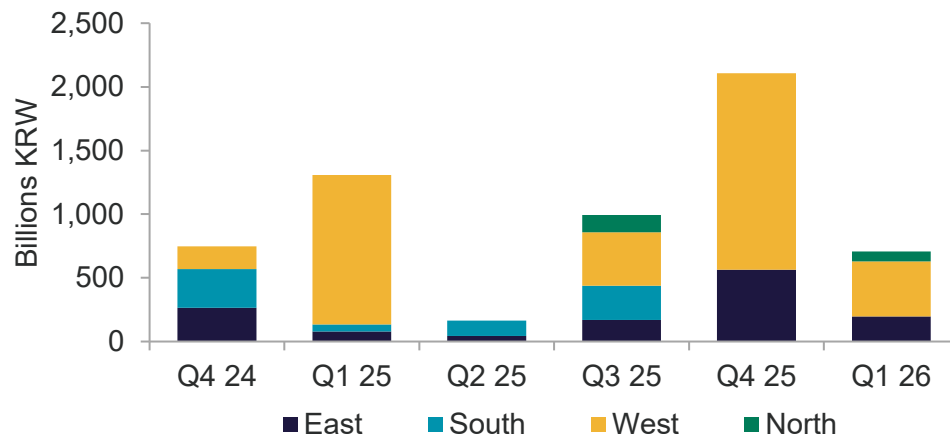


Source: Real Capital Analytics, Cushman & Wakefield Research

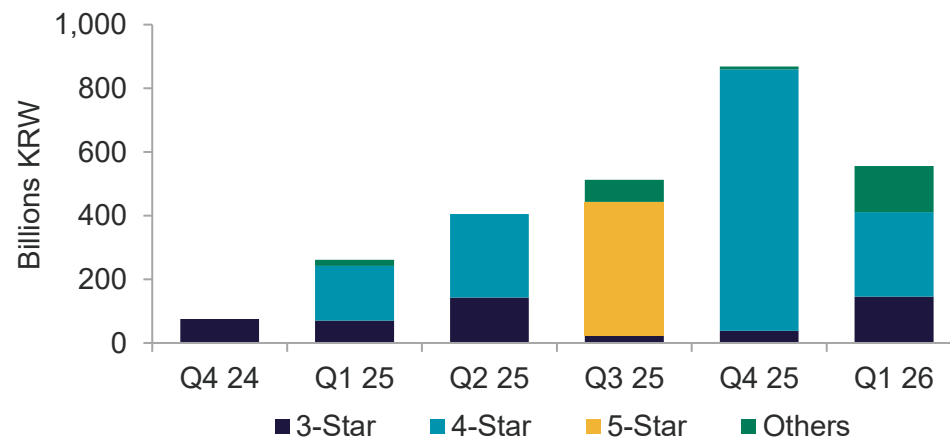
OFFICE INVESTMENT VOLUME BY SUBMARKET



LOGISTICS INVESTMENT VOLUME BY SUBMARKET



HOSPITALITY INVESTMENT VOLUME



OFFICE: CBD MEGA DEAL AMID CONTINUED CORPORATE ACTIVITY

Office sector investment in Q1 2026 reflected strategic investor(SI) acquisitions and corporate asset disposals. In the GBD, Hanwell Group acquired K-Square Gangnam 2 and Misto Holdings purchased Cykan Holdings Tower, while Hanwha Vision acquired Humax Village in the BBD for owner-occupancy. Institutional disposals by non-real estate corporates were also observed, including the F&F headquarters and Samsung Life Insurance Jamsil Building. The CBD posted the highest transaction volume for a second consecutive quarter, led by Korea Investment Real Asset Management's KRW1.3 trillion acquisition of Seoul Square. The deal closed despite above-average vacancy, supported by redevelopment-driven locational upside in the Seoul Station district. Koramco REITs & Trust acquired Etivers Tower at a competitive KRW22.71 million per 3.3 sq m, retaining incumbent tenant Etivers Tower as an SI, with post-acquisition CAPEX planned. The average Grade A transaction price reached approximately KRW36.09 million per 3.3 sq m, with GBD led by K-Square Gangnam 2 at KRW53.49 million and CBD averaging KRW27.39 million amid widening price dispersion.

LOGISTICS: FLIGHT-TO-QUALITY KEEPS DEAL COUNT IN CHECK

The Greater Seoul Area logistics market saw transaction activity remain limited in Q1 2026 as selective focus on prime assets persisted. Four deals closed, including Mastern Investment Management's settlement of a 2023 forward purchase agreement for LogisPoint Sinhae-ri, and Samsung SRA Asset Management's acquisition of a Hanam cold logistics center for data center conversion. Key transactions were observed in the East and West submarkets. Capstone Asset Management acquired Arenas Yeongjong for KRW432.0 billion through the NPS Core Platform Fund, marking the quarter's largest deal — a near-fully leased core asset. Koramco Asset Management acquired LogisPoint Hobeop A in Icheon from Mastern Investment Management. With core asset transactions closing, the average dry logistics transaction price edged up slightly q-o-q to KRW6.46 million per 3.3 sq m.

HOSPITALITY AND RETAIL TRANSACTIONS IN KEY HIGH STREET MARKETS

Three city center hotel transactions were completed in Q1. NH REITs Management acquired Shilla Stay Seodaemun, reinforcing its presence near Seodaemun Station. Koramco Asset Management acquired U5 Hotel with GIC as an equity investor, targeting value enhancement through renovation and rebranding under Mercure Ambassador. Lotte Hotel divested L7 Hongdae to Lotte REITs via a sale-leaseback, securing liquidity while Lotte REITs added its second hotel asset after L7 Gangnam Tower. Retail activity remained anchored in the Gangnam and Seongsu districts, with deal flow near Ttukseom Station and Seoul Forest continuing to pick up. Conversion-driven acquisitions were also observed, with Post Asset Management acquiring Pagoda Tower for mixed-use redevelopment into a medical center and a hotel.

OUTLOOK

- Cautious investor sentiment in the office market is expected to persist. SI-driven owner-occupier demand and corporate disposals are set to remain steady, with fund maturities bringing additional supply to market and improving deal flow. That said, investor selectivity around core and prime assets will intensify price differentiation across individual assets, particularly as CBD supply pipeline expands.
- Despite the cautious tone in Q1, logistics deal flow is expected to gradually recover as more assets come to market and fund maturities add to the pipeline. Investor demand is likely to remain concentrated in dry and large-plate core assets, while bid-ask spreads for other asset types may delay transaction closings.
- Although hotel transaction volume moderated in Q1, investor interest in hotel assets remains intact, supported by continued tourism recovery and limited new supply. With several 4-star hotel assets slated for, transaction volume is expected to gradually recover.
- Retail market momentum warrants close monitoring amid an uneven economic recovery. Transaction activity is expected to remain concentrated in core trade areas such as Gangnam and Seongsu.

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	Seoul Square Building	CBD	Korea Investment Real Asset Management	ARA Asset Management, NH Investment & Securities	132,799	1,288,477	32.07
Office	Etivers Tower	CBD	Koramco REITs & Trust	Capstone Asset Management	38,532	264,732	22.71
Office	K-Finance Tower	CBD	MDM Asset Management	Keppel Investment Management	15,752	190,947	40.07
Office	K Square Gangnam 2	GBD	HANWELL	Koramco REITs & Trust	21,941	355,000	53.49
Office	Seongsudong Office	Others	Capstone Asset Management	Mastern Investment Management	29,672	327,697	36.51
Office	Humax Village	BBD	Hanwha Vision	Korea Real Estate Investment & Trust	44,595	280,000	20.76
Logistics	LogisPoint Sinhae-ri	EAST	Mastern Investment Management	SH Logis No.1, Daon Design Construction	52,882	119,000	7.44
Logistics	LogisPoint Hobeop A	EAST	Koramco AMC	Mastern Investment Management	49,517	78,558	5.24
Logistics	Yeongjong Arenas	WEST	Capstone Asset Management	IGIS Asset Management	186,038	432,000	7.68
Hospitality	Shilla Stay Seodaemun (3-star)	Seodaemun	NH REITs Management	IGIS Asset Management	13,529 (319 Rooms)	146,000	458 (per room)
Hospitality	L7 Hongdae (4-star)	Hongdae	Lotte REIT	Lotte Hotel	27,851 (340 Rooms)	265,000	779 (per room)
Hospitality	Hotel U5 (2-star)	Jung-gu	Koramco AMC	Kyesan Industry Corporation	13,819 (297 Rooms)	145,000	488 (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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