

MARKET FUNDAMENTALS

	YOY Chg	Outlook
4.0% Vacancy Rate	—	▲
30,550 Net Absorption, SQM	▲	▼
1.0% Rental Growth, QoQ <i>(Overall, Grade A)</i>	▼	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.6% GDP Growth	▲	—
2.2% CPI Growth	▲	▲
3.5% Unemployment Rate	▲	▼

Source: Statistics Korea, Bank of Korea

ECONOMIC OVERVIEW

Korea's economy showed resilience in Q1 2026, bolstered by semiconductor exports and prior rate cuts. Although the BOK projects 2.0% GDP growth, this remains heavily skewed toward semiconductors, diverging from domestic sentiment. Amid inflation and supply chain risks from Middle East-driven oil price hikes, the BOK held the base rate at 2.50%, maintaining a "wait-and-see" stance.

VACANCY RATES AND RENTAL GROWTH

The average Grade A office vacancy rate in Seoul fell by 0.3 pp q-o-q to 4.0% in Q1 2026. This marks the first decline after a seven-quarter upward trend, with absorption of space in the CBD driving the overall decrease. Overall average rents increased by 1.0% q-o-q and 5.9% y-o-y.

The CBD submarket vacancy rate dropped 0.4 pp q-o-q to 5.7%. Expansion demand from existing tenants contributed to the vacancy reduction. The Tower 107 building, completed last year, is stabilizing as TKG Huchems, Xi S&D, and AnyCar signed new lease agreements. Other notable transactions included the Ministry of Culture, Sports and Tourism at Twin Tree Tower A, Encar at Grand Central, and the Korea Land and Housing Corporation at Seoul Square.

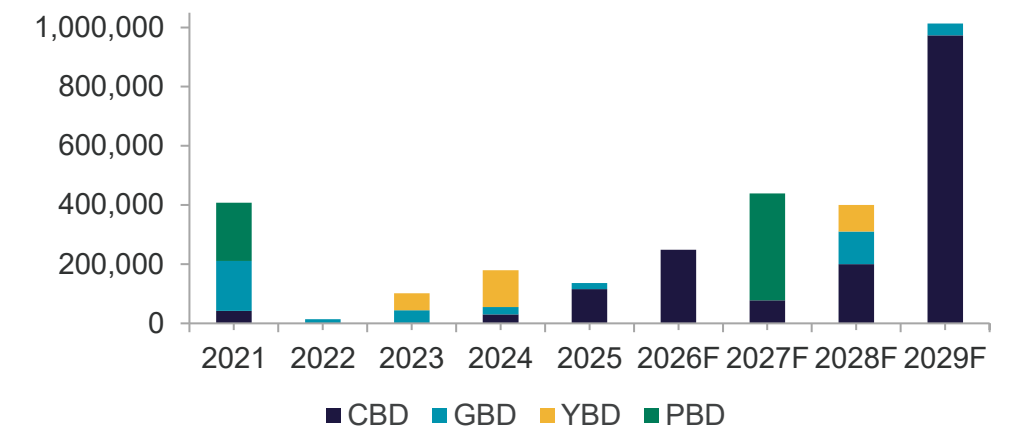
In the GBD, the vacancy rate fell 0.4 pp q-o-q to 2.5%. The district continues to maintain the lowest vacancy level among major submarkets due to sustained demand for Grade A space. Corporate expansion drove the decline this quarter, with significant leases signed by Kurly at the Koreit Tower building, Datadog at Bithumb Finance Tower, and The Founders at Glass Tower.

The YBD vacancy rate held steady at 3.2% q-o-q. Relocation demand within the district was observed as tenants of the Korea Fire Protection Association Building moved to nearby properties ahead of the building's planned reconstruction. The Insurance Development Institute relocated to NH Financial Tower, while the Korea Insurance Research Institute moved to One Centinel. Despite these inflows, the vacancy rate remained flat as some buildings saw tenant exits.

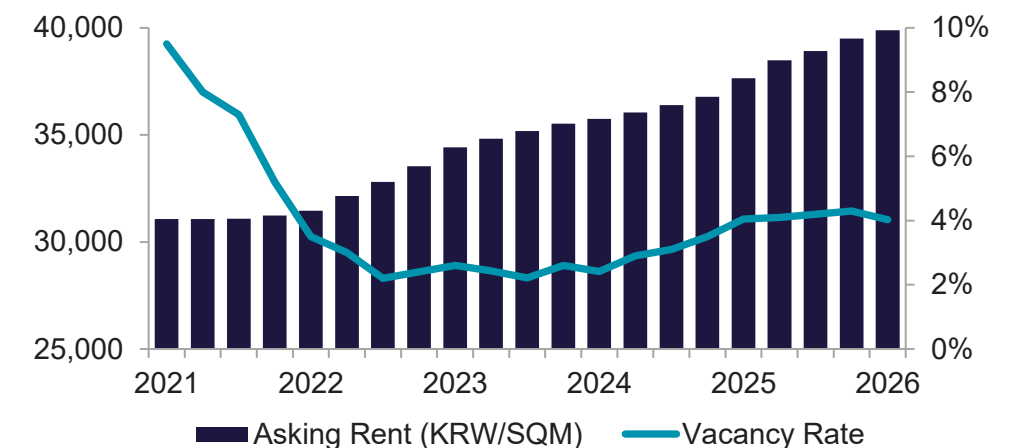
SUPPLY

In the CBD, the G1 Seoul (Gongpyeong 15-16) and Rene Square (Euljiro 3-ga 6) projects are scheduled for completion in Q2 2026. As the first major office properties in the CBD in years, the completions will drive an unavoidable short-term rise in vacancy, considering current pre-leasing levels. Including the delivery of Eul Tower (Euljiro 3-ga 12) in Q4, new supply in the CBD is expected to reach approximately 250,000 sqm this year.

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	4,420,601	5.7%	17,229	17,229	1,500,902	39,985
GBD	3,791,155	2.5%	13,488	13,488	149,450	42,444
YBD	2,052,831	3.2%	-167	-167	89,970	33,053
SEOUL TOTALS	10,264,587	4.0%	30,550	30,550	1,740,321	39,883
Pangyo	797,664	0.9%	12,706	12,706	360,739	28,698

*Rental rates does not reflect full service asking

KEY LEASE TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
Twin Tree Tower	CBD	Ministry of Culture, Sports and Tourism (New Division)	1,600	New Branch
The K-Twin Towers	CBD	Woori Card	4,300	Expansion
Tower 107	CBD	Xi S&D	4,900	Relocation
Tower 107	CBD	TKG Huchems	4,900	Relocation
Seoul Square	CBD	Korea Land and Housing Corporation	5,400	New Branch
Grand Central	CBD	Encar	6,200	Relocation
Parnas Tower	GBD	Simmons	3,000	Relocation
Koreit Tower	GBD	Kurly	1,800	Expansion
Bithumb Finance Tower	GBD	Datadog	1,000	Expansion
Glass Tower	GBD	The Founders	4,000	Expansion
Greits Gangnam	GBD	PJ Law Group	4,000	New Branch
NH Financial Tower	YBD	Insurance Development Institute	6,900	Relocation
One Centinel	YBD	Korea Insurance Research Institute	4,800	Relocation
FKI Tower	YBD	Hwaseung Corporation	1,700	Expansion

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

KEY PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	SQM	COMPLETION YEAR
G1 Seoul (Gongpyeong 15-16)	CBD	143,400	2026
Rene Square (Euljiro 3-ga 6)	CBD	60,400	2026
Eul Tower (Euljiro 3-ga 12)	CBD	44,900	2026

*Grade A buildings only

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