MARKETBEAT

SEOUL

CAPITAL MARKETS Q3 2026

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
5.3 tn Total Volume (KRW)	▼	▲
27 Total Properties Sold	▲	–
4.0% Office Cap Rate	–	▲
518,288 Office Total SQM	▼	▲
32.26 mn Office Capital Value (3.3㎡, Grade A)	▼	–

ECONOMIC INDICATORS

	YOY Chg	Outlook
3.7% South Korea GDP Growth	▲	–
2.9% South Korea CPI Growth	▲	–
2.0% South Korea Unemployment Rate	–	▼
4.4% South Korea 10-Yr Treasury Yield	▲	–

Source: Statistics Korea, Bank of Korea

ECONOMIC OVERVIEW

In Q3 2026, Korea's policy focus shifted firmly towards price stability. The Bank of Korea raised its base rate from 2.50% to 2.75% in July, ending its hold stance, and followed with a further hike to 3.00% in August, its first back-to-back increase in three years and seven months. The 10-year government bond yield climbed to the 4.4% level, while CPI growth hovered around 3% between July and September. With funding costs rising, investors became increasingly selective, focusing on core and prime assets backed by stable rental income.

OVERALL CRE TRANSACTIONS

Seoul recorded 27 commercial real estate transactions meeting the size and value criteria in Q3 2026, totaling approximately KRW5.3 trillion. Although the deal count fell by two q-o-q, volume rose by around 20%, as several large-ticket deals reached closing. Year-to-date volume reached approximately KRW14.6 trillion, down 21% y-o-y, as higher funding costs weighed on overall activity.

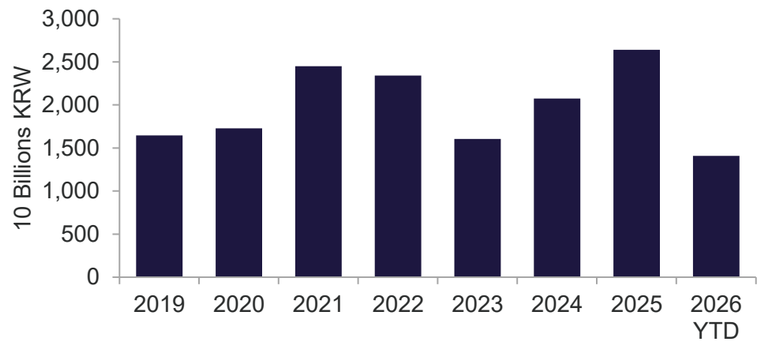
Office sector transactions totaled 14 deals at a combined approximate KRW4.6 trillion: seven in the CBD (KRW 2.5 trillion), two in the GBD (KRW 649 billion) and five in other submarkets. Deal count rose by five and volume by around 51% q-o-q, although volume fell by 44% y-o-y amid higher interest rates. Alongside large deals such as Doosan Tower and Semicolon Mullae, acquisitions aimed at hotel conversion stood out, reflecting growing demand for alternative uses of office assets.

Logistics recorded a single transaction worth approximately KRW343 billion. Deal count fell by four q-o-q, but the closing of one large asset limited the decline in volume to around 14%. Year-to-date volume reached approximately KRW1.4 trillion, down around 46% y-o-y, as higher rates delayed closings and investors focused selectively on dry and core assets with stable tenancy.

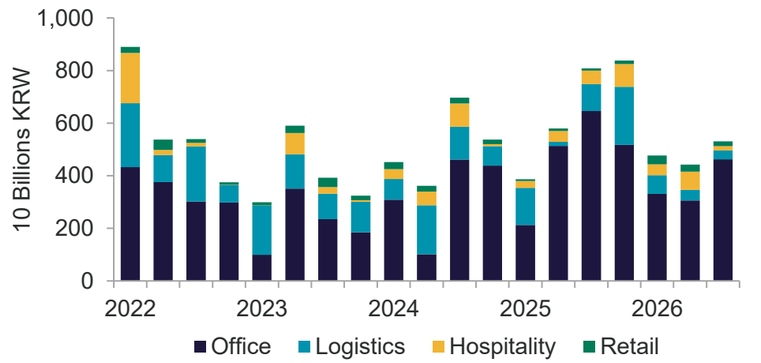
Hospitality saw one three-star hotel transaction worth approximately KRW162.7 billion. Year-to-date volume rose by around 18% y-o-y to approximately KRW1.3 trillion, making it the only sector to post growth. As tourism revitalizes Myeong-dong, sustained interest from foreign investors continues to support hotel transactions.

Retail recorded 11 transactions totaling approximately KRW100 billion. Volume fell by around 28% q-o-q, but year-to-date volume rose more than 2.5 times y-o-y. Seongsu remained the most active retail submarket, and CJ Olive Young drew attention by winning a key site on Yeonmujang 5-gil at a price above its appraised value.

TOTAL INVESTMENT VOLUME



INVESTMENT VOLUME BY SECTOR



Source: Real Capital Analytics, Cushman & Wakefield Research

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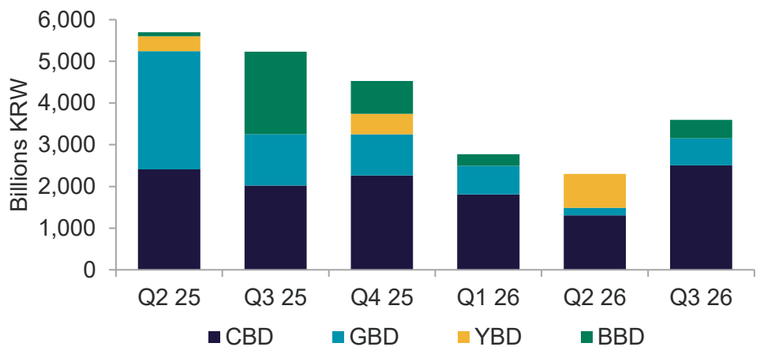
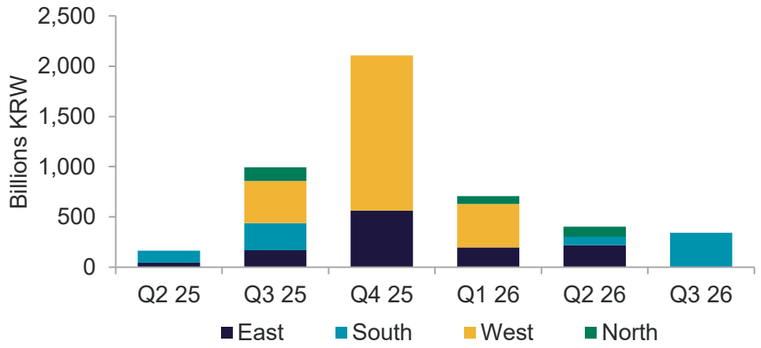
SEOUL
CAPITAL MARKETS Q3 2026

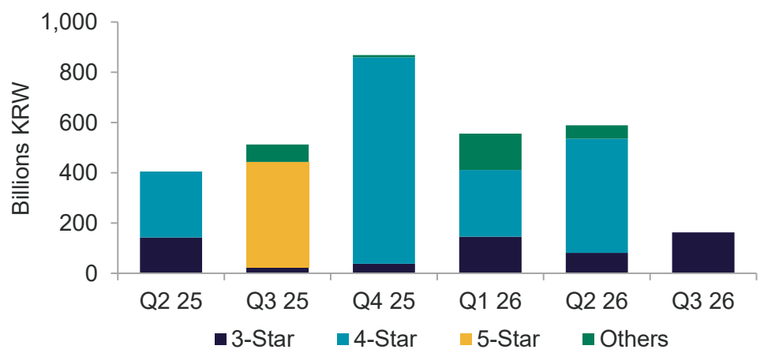
OFFICE INVESTMENT VOLUME BY SUBMARKET



LOGISTICS INVESTMENT VOLUME BY SUBMARKET



HOSPITALITY INVESTMENT VOLUME



Source: Cushman & Wakefield Korea Research

OFFICE: HOTEL CONVERSIONS AND SUSTAINED FOREIGN INVESTMENT

Two office deals aimed at hotel conversion closed in Q3, highlighting growing interest in alternative uses for office assets. In the CBD, IGIS Asset Management acquired Doosan Tower (approximately 120,000 sqm) for KRW897.1 billion, planning a mixed-use remodeling with part of the space operated as a hotel. KORAMCO Asset Management acquired K Square Hongdae for KRW150 billion and plans a hotel conversion in partnership with Paradise Group, targeting tourism demand in the Hongdae area.

Owner-occupier and sale-and-leaseback deals also closed. Hanwha Galleria purchased Sunhwa Building for KRW213.5 billion for use as its headquarters, securing a prime CBD location for its new holding company. Pine Avenue Tower A was sold to MDM Asset Management for KRW800 billion, with Shinhan Card reinvesting through common equity and remaining in the building as a long-term tenant. Daiso's parent Asung HMP bought Shinhan Expace in Myeong-dong for KRW128 billion, with seller Shinhan Bank leasing back part of the building.

Foreign capital also helped to close deals despite weaker sentiment over new CBD supply and rising rates. Petraville Asset Management, partnering with Hong Kong-based Gaw Capital, acquired City Center Tower for around KRW293 billion, completing a sale launched in late 2024 that saw a change of preferred bidder.

Grade A office capital values averaged around KRW32.26 million per 3.3 sqm. Gangnam 358 Tower set the highest price at KRW45.0 million, while Pine Avenue Tower A led the CBD at KRW40.21 million per 3.3 sqm.

LOGISTICS: CORE LOGISTICS IN FOCUS

Only one logistics deal closed in Greater Seoul this quarter, in the South submarket. Samsung SRA Asset Management acquired Kendall Square Pyeongtaek Logistics Park for KRW343 billion (KRW5.91 million per 3.3 sqm), the first investment of its KRW400 billion core platform fund anchored by the National Pension Service, completed without co-investors. The Grade A dry facility of approximately 190,000 sqm is leased to tenants including SSG and Coupang, reflecting demand concentrating on large dry assets with stable tenancy.

CAPITAL TARGETS MYEONG-DONG HOTELS, SEONGSU RETAIL

Recovering tourism continued to drive investment in prime Myeong-dong hotels. IGIS Value Plus REIT acquired Cheonghwi Building, home to the 152-room Sotetsu Fresa Inn Seoul Myeong-dong, for around KRW162.7 billion. The asset, with a hotel above K-beauty retail space, attracted bidders with plans ranging from hotel conversion to redevelopment and medical use, and is now planned to be demolished and redeveloped as a hotel-led asset.

In retail, CJ Olive Young won a bid for a site of approximately 660 sqm near Olive Young N Seongsu for KRW54.1 billion, further strengthening its presence in Seongsu.

OUTLOOK

- The office market is expected to remain cautious through the year-end as two base rate hikes and higher bond yields raise funding costs. Interest in prime assets should continue into Q4, supported by sale-and-leasebacks and owner-occupier purchases, while converting older offices into hotels is likely to draw attention as tourism surges. Pricing gaps for non-prime assets may widen further.
- Logistics investment is expected to remain selective, favoring dry and core assets, with growing foreign capital gradually broadening the market. However, financing costs and pricing gaps are likely to delay deals for non-core assets, while fund maturities may bring more assets to market.
- Hotel transactions are expected to pick up in prime locations such as Myeong-dong, Gangnam and Hongdae as tourism growth proves operating performance. Hybrid models using living-sector assets may also support new supply in undersupplied areas, creating further value-add opportunities.
- Retail interest is expected to stay focused on core areas such as Seongsu and Myeong-dong, where foreign visitor demand is concentrated, with more direct acquisitions by occupiers seeking to expand their store networks.

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SIGNIFICANT SALES

PROPERTY TYPE	PROPERTY NAME	SUBMARKET	BUYER	SELLER	SQM	PURCHASE PRICE (Mn. KRW)	PRICE / UNIT (Mn. KRW/3.3㎡)
Office	Doosan Tower	CBD	IGIS	Mastern	122,624	897,143	24.19
Office	Pine Avenue Tower A	CBD	MDM	Shinhan Card	65,772	800,000	40.21
Office	City Center Tower	CBD	Petraville	Hana AAM	36,571	293,004	26.49
Office	Sunhwa Building	CBD	Hanwha Galleria	Hanyang Educational Foundation	27,784	213,500	25.40
Office	Shinhan Expace	CBD	Asung Daiso	Shinhan Bank	4,191	128,000	100.97
Office	Gwanghwamun G Square	CBD	Chong Kun Dang	GRE Partners	8,814	121,000	45.38
Office	Gangnam 358 Tower	GBD	Hyunsong Educational & Cultural Foundation	Samsung SRA	32,684	445,000	45.01
Office	Semicolon Mullae	Others	KB Asset Management	D&D Platform REIT	99,136	614,800	20.50
Office	Korner 136	Others	AJU Group	IGIS	13,274	252,000	62.76
Office	K Square Hongdae	Others	KORAMCO AMC	KORAMCO REITs & Trust	10,992	150,000	45.11
Logistics	Pyeongtaek Logistics Park	SOUTH	Samsung SRA	Starwood Capital, ESR	191,833	343,000	5.91
Hospitality	Sotetsu Fresa Inn Myeong-dong (3-Star)	Jung-gu	IGIS Value Plus REIT	IGIS	5,944 (152 Rooms)	162,700	1,070 (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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