



### Quick Stats

**6.8%**

Overall vacancy rate decreased by 60 basis points q-o-q

**42,337 sq. m**

Gross floor area of buildings completed in the first quarter

**₩23,091/sq. m**

Average rental rate increased by 2.5% in the past 12 months

**₩1.9 trillion**

Total office transaction volume during the first quarter of 2020

**₩6.3 million/sq. m**

Average unit sale price during the first quarter of 2020

## Market Overview

The total transaction volume in the 1Q stood at KRW 1.9 trillion, down 25.9% from the previous quarter and down 15.4% from the previous year. Vacancy rate during 1Q in Seoul recorded 6.8%, down 60 basis points(bps) from the previous quarter. COVID-19 had minimal impact on the leasing market because all necessary contracts and interior constructions were carried out prior to the outbreak. Seoul's overall vacancy rate reached 6%-level for the first time since 3Q 2013. Seoul had added two new offices (GFA 42,337 sq.m) to its stock in GBD (Gangnam Business District) this quarter.

### Supply and Vacancy

The overall vacancy rate in Seoul in the first quarter of 2020 is 6.8%, down 0.6%p from the previous quarter due to new tenants in CBD and Others (Please refer to the last page for Seoul's business district boundaries), recording the first 6%-level vacancy rate since the third quarter of 2013.

COVID-19 did not seem to have a significant impact on the leasing market in the first quarter, mainly due to the fact that the leasing contracts and interior constructions were completed well before the pandemic. However, there are now some cases in which negotiations for new leasing transaction are being delayed or canceled, and this may possibly drive a jump in vacancy rate in the 2Q.

New tenants moving into Prime and class A offices drove down vacancy in CBD amid absence of new office completions for three consecutive quarters in the business district. Tenants occupied offices such as Centropolis,

City Square, and Eulji Twin Tower, which had a relatively high vacancy, driving the vacancy rate down by 1.3%p to 9.1% q-o-q.

This quarter, GBD's vacancy drop was driven by leasing activities in class B2 and C offices and had a minimal impact on class A or Prime office vacancy rate. In addition, vacancy rate in GBD recorded 4.6%, up 0.2%p from the previous quarter due to tenant relocation of Bae, Kim & Lee LLC, one of Korea's major law firms, from GBD to CBD.

In YBD, Prime offices such as FKI Tower and One IFC suffered from relocation of major local conglomerates to other districts, recording a vacancy rate of 6.8%, up 0.6%p q-o-q.

In Others, the vacancy rate of Prime or class A office, such as Young City, East Central Tower, Lotte World Tower, and Hanyang Tower, went down 1.4%p q-o-q to 6.8%, marking the first 6%-level since 2013.

## Rental Rates

In the first quarter, rent and CAM fees increased by 1.0% and 1.1% respectively, from the previous quarter due to seasonal influences. The rate of increase is expected to lower slightly in the second quarter.

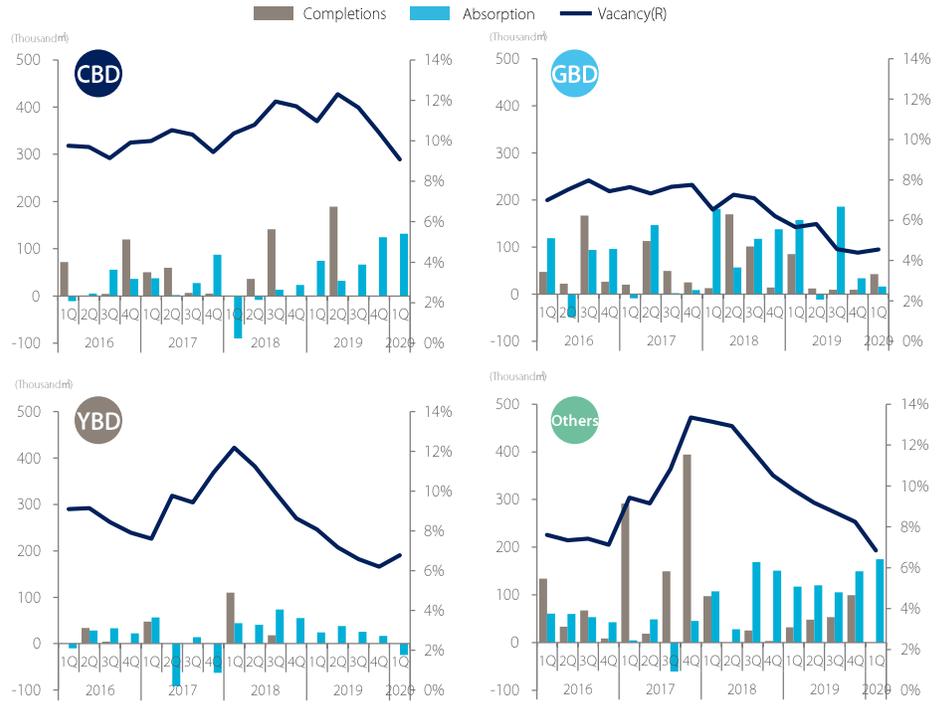
## Investment Sales

Seoul office transaction volume amounted to KRW 1.9 trillion, down 25.9% from the previous quarter and down 15.4% from the previous year. The transaction volume decreased quarter-over-quarter across all markets in Seoul. In CBD, transactions of class A offices such as Namsan Square and Orange Center were executed, but most of the transactions were class B and class C offices. GBD saw transactions of mostly class C offices leading to a decrease of 49% in transaction volume quarter-over-quarter. YBD only handled one transaction case of BNK Financial Tower (former Samsung Life Insurance Yeouido Building) in 1Q, leading the transaction volume to decrease by 28% compared to the previous quarter.

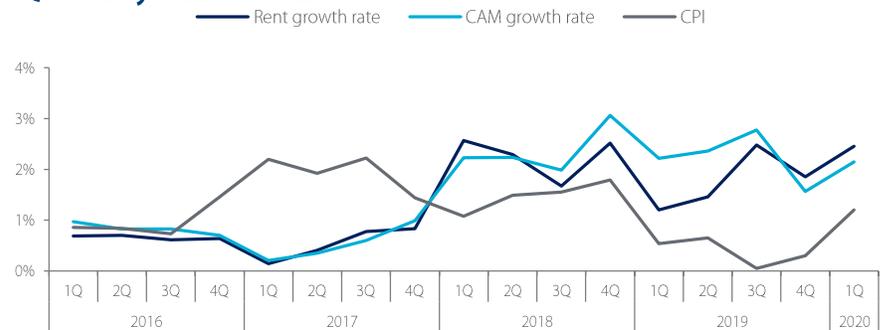
The average unit price of Seoul recorded KRW 6.3 million per sq.m, up 6.5% (KRW 384,000) from the previous quarter. In particular, BNK Financial Tower was traded at KRW 6.7 million per sq.m, recording the highest ever unit price in YBD.

In the second quarter, class A offices such as Glass Tower, and SEI Tower are scheduled to be traded. In 2020, completions such as Parc.1 Tower 2 and Acro Seoul Forest D Tower are scheduled to be traded, so office transaction is expected to increase slightly compared to the first quarter.

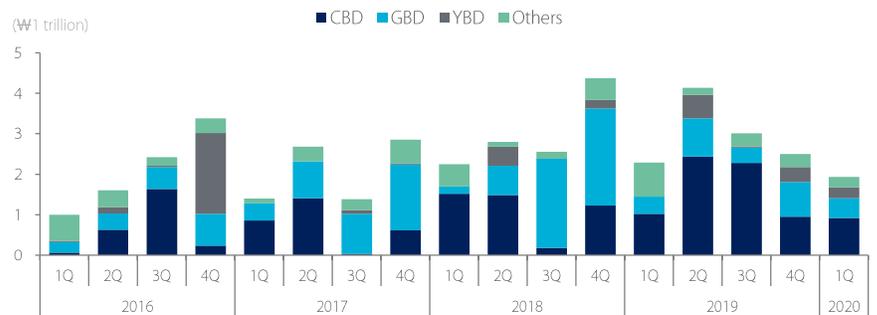
## Absorption, Completions & Vacancy



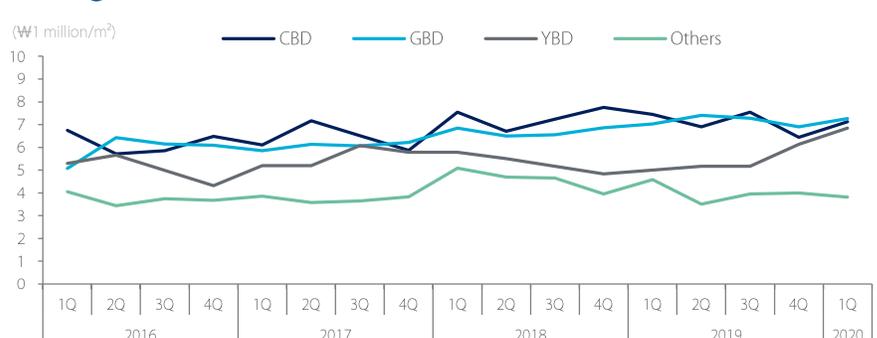
## Quarterly Rent and CAM



## Transaction Volume



## Average Sale Prices



## Markets By The Numbers

BY SUBMARKET	Vacancy Rate				Monthly Rent(₩/sq. m)				CAM(₩/sq. m)				Quarterly New Completion(sq. m)
	Total	Prime	Class A	Class B1	Total	Prime	Class A	Class B1	Total	Prime	Class A	Class B1	
Gwanghwamun-Sinmunro	9.1%	2.8%	11.0%	6.4%	25,455	26,305	29,492	18,515	10,266	9,914	11,565	8,118	
Namdaemun	6.8%	4.2%	6.8%	12.9%	27,775	30,729	26,881	22,657	12,032	12,685	11,926	10,967	
Euljiro	9.0%	10.9%	4.8%	9.7%	29,557	32,322	32,503	25,804	12,363	12,984	13,561	11,600	
Jongno	11.0%	13.7%	9.8%	4.5%	34,547	41,818	32,320	21,038	13,303	14,821	13,127	10,283	
The rest of CBD	10.8%	11.8%	12.3%	4.6%	20,227	24,643	24,039	16,897	10,184	11,070	11,315	9,822	
<b>CBD</b>	<b>9.1%</b>	<b>9.3%</b>	<b>8.2%</b>	<b>8.0%</b>	<b>28,565</b>	<b>34,117</b>	<b>29,157</b>	<b>21,914</b>	<b>11,954</b>	<b>13,205</b>	<b>12,342</b>	<b>10,477</b>	
Teheranro	5.2%	1.3%	7.3%	4.2%	26,789	32,594	26,678	24,139	11,176	12,453	11,258	10,728	42,337
Gangnamdaero	2.4%	4.5%	0.7%	2.3%	24,313	32,587	25,078	24,007	10,415	13,694	10,349	10,417	
The rest of GBD	5.0%	0.2%	3.8%	9.2%	18,491	16,564	20,841	18,870	8,921	9,042	9,689	9,154	
<b>GBD</b>	<b>4.6%</b>	<b>1.5%</b>	<b>4.9%</b>	<b>5.6%</b>	<b>23,766</b>	<b>29,847</b>	<b>24,613</b>	<b>22,243</b>	<b>10,337</b>	<b>12,038</b>	<b>10,605</b>	<b>10,115</b>	<b>42,337</b>
West Yeouido	6.6%	1.0%	4.6%	9.2%	13,820	18,800	17,555	13,759	7,277	6,050	9,569	7,544	
Stock Exchange District	8.0%	7.5%	9.2%		26,409	31,020	22,135		12,120	13,083	11,335		
East Yeouido	6.1%	8.2%	5.6%	2.8%	21,231	27,322	18,234	17,366	10,087	12,242	8,818	8,804	
<b>YBD</b>	<b>6.8%</b>	<b>7.4%</b>	<b>7.5%</b>	<b>5.2%</b>	<b>21,473</b>	<b>28,088</b>	<b>20,348</b>	<b>16,029</b>	<b>10,200</b>	<b>12,112</b>	<b>10,296</b>	<b>8,337</b>	
Mapo	2.7%		0.8%	3.3%	14,092		14,683	14,177	8,096		9,217	8,125	
Yongsan	1.5%	1.0%	4.9%	0.8%	23,840	30,664	15,429	15,909	10,044	11,075	8,606	8,660	
Jamsil-Songpa	6.8%	6.6%	7.5%	4.6%	20,885	25,062	17,716	16,620	9,664	10,787	8,969	9,184	
Sangam	10.4%	6.8%	13.7%	7.0%	12,624	13,581	12,111	11,892	7,786	8,179	7,495	7,829	
The rest of Others	7.6%	10.6%	3.5%	9.4%	15,349	14,971	16,978	16,014	8,340	8,894	9,339	8,611	
<b>Others</b>	<b>6.8%</b>	<b>6.5%</b>	<b>6.9%</b>	<b>7.0%</b>	<b>16,601</b>	<b>21,173</b>	<b>15,478</b>	<b>15,363</b>	<b>8,630</b>	<b>9,809</b>	<b>8,717</b>	<b>8,510</b>	
<b>Total Market</b>	<b>6.8%</b>	<b>6.6%</b>	<b>6.8%</b>	<b>6.6%</b>	<b>23,091</b>	<b>29,082</b>	<b>23,516</b>	<b>19,397</b>	<b>10,374</b>	<b>11,967</b>	<b>10,711</b>	<b>9,533</b>	<b>42,337</b>

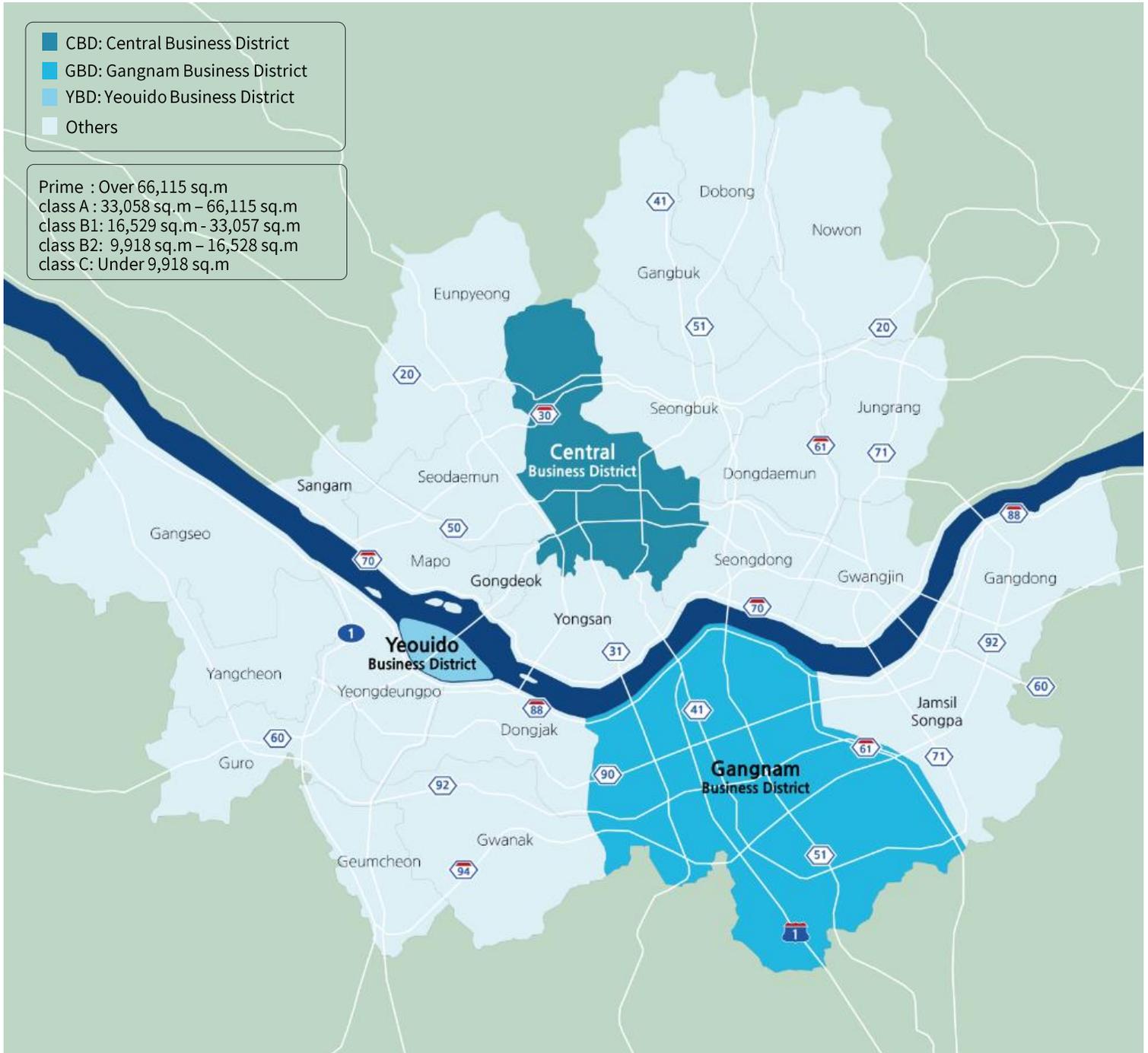
## Major First Quarter Leases

Tenant	Property	Type	Submarket	Rent Area(sq. m)
Bae, Kim & Lee LLC	Centropolis	New Lease	CBD	36,000
Seoul Metropolitan Gov't	City Square	New Lease	CBD	31,000
LG Hausys	LG Seoul Station Building	New Lease	CBD	8,000
JustCo	Concordian	New Lease	CBD	7,000
FastFive	Inwoo Building	New Lease	GBD	4,000

## Major First Quarter Transactions

Property	Market	Buyer	Seller	Area(sq. m)	Transaction Volume	Price(/sq. m)
Namsan Square	CBD	IGIS Investment Management	Koreit Investment Management	75,252	₩ 505 billion	₩ 6.7 million
Orange Center	CBD	NH Amundi Asset Management	ARA Korea	34,173	₩ 252 billion	₩ 7.4 million
Alpha Bldg.	CBD	Intrus Investment Management	Intrus Investment Management	13,519	₩ 91.8 billion	₩ 6.8 million
Urban Hive	GBD	Duk San Construction Company	Urban Hive	10,167	₩ 137 billion	₩ 13.5 million
*BNK Financial Tower	YBD	BNK Investment Management	Samsung Life Insurance	40,361	₩ 271.5 billion	₩ 6.8 million
Samsung Boramae Omni Tower	Others	Hangang Asset Management	Koramco Investment Management	20,012	₩ 49 billion	₩ 2.4 million

\* Transaction handled by Avison Young



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