



## Quick Stats

### 8.7%

Overall vacancy rate up 20 basis points quarter-over-quarter

### 237,219 sq. m

Gross floor area of buildings completed in this second quarter

### ₩22,784/sq. m

Average rental rate up 1.9% in the last 12 months

### ₩4.1 trillion

Total office sales volume during the second quarter of 2019

### ₩6.5 million/sq. m

Average sale price during the second quarter of 2019

## Market Overview

Despite continuation of the downturn in the overall real estate market, Seoul's office market remained positive during the second quarter of 2019. The total transaction volume in Seoul was at ₩4.1 trillion, the most significant volume ever that happened in the second quarters of all time, and this is due to the key deals such as State Tower Namsan, Jongno Tower and Eulji Twin Tower, all in the CBD market. While investment volume in the second quarter jumped 80.8% on quarter, office vacancy also measured a slight increase due to the supply of new buildings.

### Supply and Vacancy

Despite the decrease of vacancy rates in YBD and Others market, the overall vacancy rate in Seoul increases 20 basis points(bps) to 8.7 percent due to the influence of Prime class buildings supplied to the CBD market. However, the increase in vacancy rate was not significant considering that the newly supplied buildings(total supplied area of 185,000 sq. m) in the CBD market was not small.

In the CBD market, as the effect of newly supplied buildings such as Eulji Twin Tower, APEX Tower, the vacancy rate rose by 140 bps to 12.3% quarter-over-quarter.

The GBD market vacancy rate showed a slight increase, ending at 5.8%, 20 bps increase quarter-over-quarter, due to the lack of new supply and tenant move-outs(in IT and financial, insurance industries).

In the YBD market, leasing activity has been brisk mainly class A buildings, and the vacancy rate dropped 90 bps to 7.2%, the lowest since 2013, due to the influence of Meritz Securities and Capital Company, which sold its previous headquarter building and moved the integrated office into Three IFC.

Despite the supply of class A buildings (the Hanyang Tower, 41,400 sq. m GFA), the vacancy rate in the Others market has decreased 60 bps to 9.0%. In particular, newly built assets within the last two years, such as East Central Tower, KD Tower, have been occupied by new tenants.

As new office buildings are mainly scheduled in the Others market(Yongsan, Sangam and other areas) in the second half of 2019, the overall office vacancy is expected to trend downward throughout the year.

## Rental Rates

As the time of seasonal rent increases has passed, most of the markets in this quarter showed similar levels of rent as in the previous quarter.

However, the YBD market showed the highest rate of increase in the CAM fee as some buildings traded in this quarter raised the overall CAM fee.

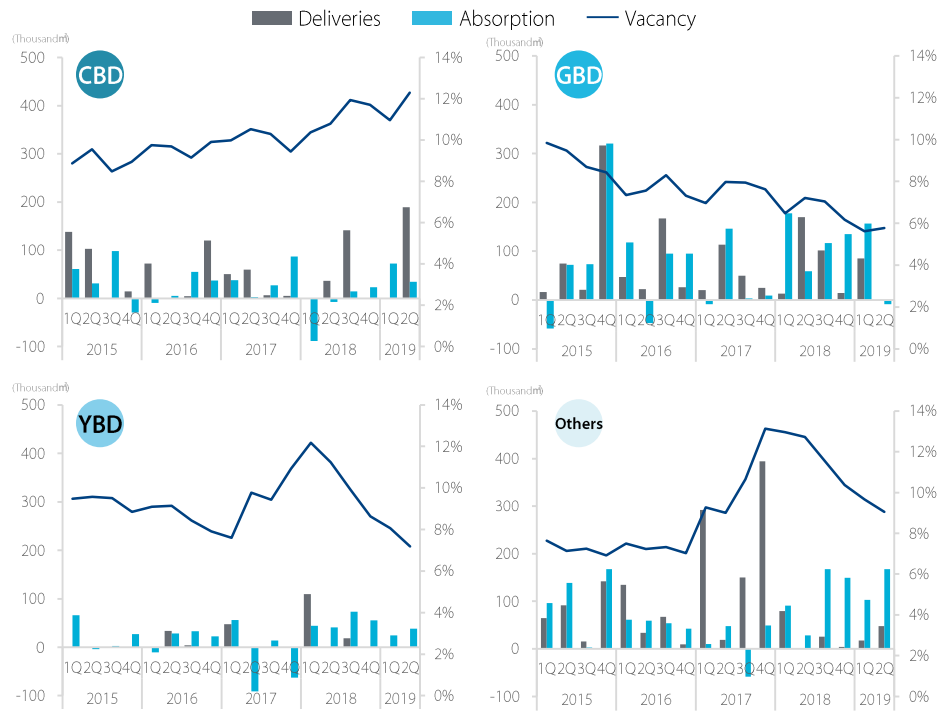
## Investment Sales

The total transaction volume in Seoul was at ₩4.1 trillion, which was increased by 81% compared to the last quarter and was the most significant volume ever that happened in the second quarters of all time. This is due to the transaction of State Tower Namsan, Jongno Tower and Eulji Twin Tower, which had a huge transaction volume of more than ₩400 billion in CBD, respectively. Also, In GBD, transaction volume rose by ₩521 billion compared to the previous first quarter as the number of transaction cases of Grade B offices increased.

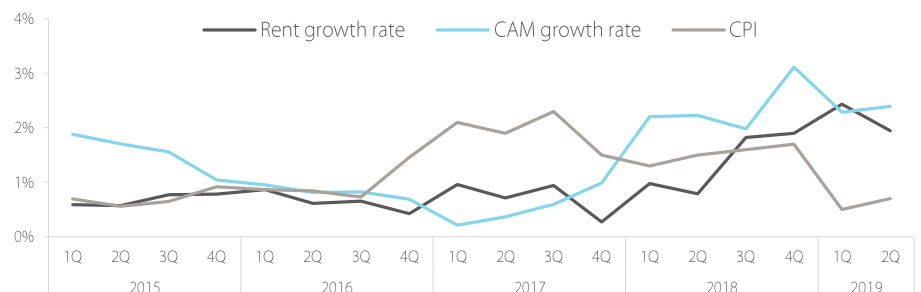
The overall unit price of Seoul office market was decreased by ₩269 thousand per sq. m. This was due to the decrease in the average sale prices of CBD and Others, even though the average sale price of the GBD and YBD has increased. However, in CBD, State Tower Namsan(₩8.8 million per sq. m) recorded the highest prime office average sale price, and it broke the record of The-K Twin Tower(2Q 2018), which was the highest ever.

There would be a bullish mood in CBD and Others investment market for the next quarter since there are still a few buildings such as Centerplace, Times square, Taeyoung Building and Young City in the process of transaction in the CBD and Others market.

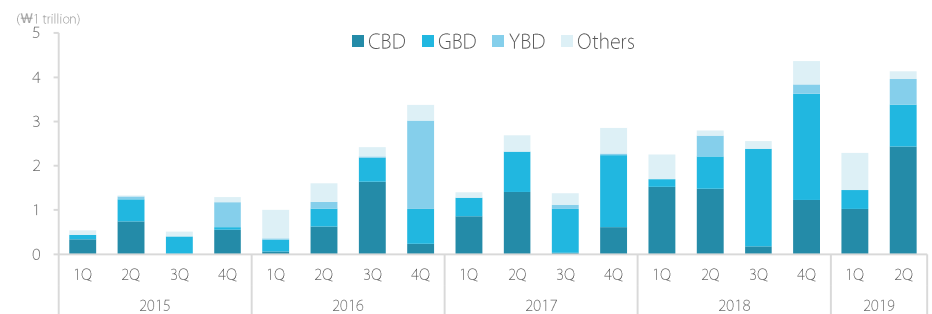
## Absorption, Deliveries & Vacancy



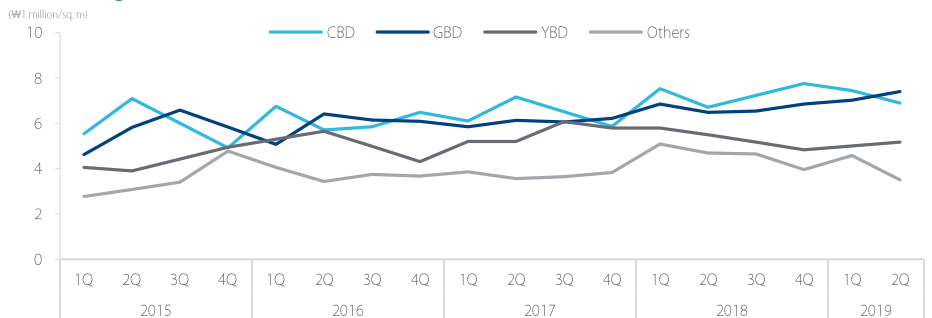
## Monthly Rent and CAM



## Transaction Volume



## Average Sale Prices



## Markets By The Numbers

BY SUBMARKET	Vacancy Rate				Monthly Rent(₩/sq. m)				CAM(₩/sq. m)				Quarterly New Completion <sup>(sq. m)</sup>
	Total	Prime	Class A	Class B1	Total	Prime	Class A	Class B1	Total	Prime	Class A	Class B1	
Gwanghwamun-Sinmunro	15.1%	1.9%	21.9%	5.7%	25,268	25,919	29,207	18,465	10,182	9,760	11,438	8,068	38,235
Namdaemun	10.2%	8.4%	10.5%	12.7%	27,552	30,729	26,456	22,482	11,913	12,709	11,627	10,945	-
Eulgiro	10.9%	15.7%	7.9%	7.3%	29,568	32,209	33,115	25,646	12,239	12,779	13,560	11,524	-
Jongno	14.6%	20.5%	11.9%	4.1%	34,055	41,066	32,202	20,679	13,122	14,569	13,068	10,110	-
The rest of CBD	13.0%	21.1%	14.8%	3.8%	21,728	28,382	23,534	16,897	10,494	11,859	11,199	9,813	151,073
<b>CBD</b>	<b>12.3%</b>	<b>14.6%</b>	<b>12.9%</b>	<b>7.0%</b>	<b>28,367</b>	<b>33,658</b>	<b>28,854</b>	<b>21,750</b>	<b>11,838</b>	<b>13,027</b>	<b>12,158</b>	<b>10,405</b>	<b>189,309</b>
Teheranro	5.7%	1.3%	8.4%	7.0%	26,147	32,019	25,602	23,939	10,966	12,281	11,017	10,590	-
Gangnamdaero	4.7%	2.3%	5.0%	4.3%	24,277	32,577	24,759	24,160	10,332	13,530	10,254	10,179	-
The rest of GBD	6.5%	2.1%	5.2%	8.8%	18,343	16,926	20,296	18,665	8,776	9,042	9,469	8,921	-
<b>GBD</b>	<b>5.8%</b>	<b>1.6%</b>	<b>6.7%</b>	<b>7.2%</b>	<b>23,348</b>	<b>29,510</b>	<b>23,874</b>	<b>21,982</b>	<b>10,159</b>	<b>11,896</b>	<b>10,405</b>	<b>9,886</b>	<b>-</b>
West Yeouido	7.0%	1.3%	5.5%	7.9%	13,763	18,755	17,555	13,630	7,083	6,050	9,569	7,016	-
Stock Exchange District	10.6%	9.7%	12.3%		25,740	30,102	21,689		11,908	12,929	11,045	-	-
East Yeouido	5.2%	6.2%	6.8%	2.9%	21,074	27,188	18,323	16,913	10,055	12,201	8,818	8,734	-
<b>YBD</b>	<b>7.2%</b>	<b>7.1%</b>	<b>9.7%</b>	<b>4.9%</b>	<b>21,129</b>	<b>27,669</b>	<b>20,130</b>	<b>15,620</b>	<b>10,064</b>	<b>12,032</b>	<b>10,134</b>	<b>8,057</b>	<b>-</b>
Mapo	3.7%		1.4%	3.8%	13,911		14,683	13,905	7,887	-	9,133	7,834	-
Jamsil-Songpa	3.1%	2.7%	7.0%	0.3%	23,834	30,664	15,388	15,909	10,024	11,075	8,606	8,660	40,897
Yongsan	8.8%	9.0%	10.0%	5.8%	20,344	25,062	17,611	15,418	9,275	10,787	8,553	8,143	-
Sangam	11.7%	10.4%	13.4%	7.0%	12,525	13,581	11,969	11,830	7,785	8,179	7,572	7,562	-
The rest of Others	10.6%	18.0%	12.4%	8.4%	15,149	14,728	16,404	16,090	8,255	8,813	9,297	8,457	7,014
<b>Others</b>	<b>9.0%</b>	<b>10.3%</b>	<b>11.4%</b>	<b>6.5%</b>	<b>16,386</b>	<b>21,112</b>	<b>15,204</b>	<b>15,219</b>	<b>8,498</b>	<b>9,789</b>	<b>8,631</b>	<b>8,224</b>	<b>47,910</b>
<b>Total Market</b>	<b>8.7%</b>	<b>9.4%</b>	<b>10.2%</b>	<b>6.7%</b>	<b>22,784</b>	<b>28,846</b>	<b>22,921</b>	<b>19,214</b>	<b>10,226</b>	<b>11,875</b>	<b>10,500</b>	<b>9,329</b>	<b>237,219</b>

## Select Second Quarter Leases

Tenant	Property	Type	Submarket	Rent Area(sq. m)
Daewoo E&C	Eulgi Twin Tower A	New Lease	CBD	60,000
Junglim Architecture*	Haenam Bldg. 2	New Lease	CBD	10,000
Naver	Gangnam N Tower	New Lease	GBD	33,000
Meritz Securities·Capital	Three IFC	New Lease	YBD	17,000
WeWork	HP Bldg.	Expansion	YBD	33,000
Fila Korea	East Central Tower	New Lease	Others	10,000

\* Handled by Avison Young

## Select Second Quarter Sales

Property	Sub market	Buyer	Seller	Area(sq. m)	Transaction Volume	Price/(sq. m)
State Tower Namsan	CBD	CBRE GI Asset Management	Mirae Asset Management	66,799	₩588.6 billion	₩8.8 million
Eulgi Twin Tower A	CBD	KT AMC	The Uni-star PFV	86,258	₩481.5 billion	₩5.6 million
Eulgi Twin Tower B	CBD	BC Card	The Uni-star PFV	60,418	₩376.4 billion	₩6.2 million
Jongno Tower	CBD	KB Asset Management	IGIS Asset Management	60,653	₩463.7 billion	₩7.6 million
Citi Bank Dadong Bldg.	CBD	Koramco REITs & Trust	Citi Bank	32,404	₩194.0 billion	₩6.0 million
Samsung Life Insurance Bldg. (Samseongdong)	GBD	Saengbo Real Estate Trust	Samsung Life Insurance	30,676	₩233.2 billion	₩7.6 million
Nonhyeon Bldg.*	GBD	Keppel Investmenet Management	Samsung SRA Asset Management	18,606	₩125.5 billion	₩6.7 million
Yeouido Finance Tower*	YBD	Keppel Investmenet Management	Samsung SRA Asset Management	42,346	₩232.2 billion	₩5.5 million

\* Transaction handled by Avison Young



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