MARKETBEAT

SEOUL

CAPITAL MARKETS Q2 2026

MARKET FUNDAMENTALS

	YOY Chg	Outlook
4.4T Total Volume (KRW)	▼	▲
29 Total Properties Sold	▲	—
4.0% Office Cap Rate	—	▲
436,723 Office Total SQM	▼	▲
32.46 Office Capital Value (3.3㎡, Grade A)	▼	—

ECONOMIC INDICATORS

	YOY Chg	Outlook
3.7% South Korea GDP Growth	▲	—
3.2% South Korea CPI Growth	▲	—
2.8% South Korea Unemployment Rate	—	▼
4.3% South Korea 10-Yr Treasury Yield	▲	—

Source: Statistics Korea, Bank of Korea

ECONOMIC OVERVIEW

Despite robust semiconductor exports, renewed Middle East instability pushed up global oil prices and inflationary pressures in Q2, leaving the Korean economy to balance growth against price stability. After revising its growth and inflation forecasts upward in its May Economic Outlook, the Bank of Korea in July raised the base rate to 2.75% from 2.50%, ending a 14-month hold. With the 10-year government bond yield climbing into the 4% range, rising funding costs are pushing commercial real estate investors toward core and prime assets with stable income, favoring selectivity over broader deployment.

OVERALL CRE TRANSACTIONS

A total of 29 CRE transactions were recorded in Seoul in Q2 2026, with volume reaching approximately KRW4.4 trillion, down 11% q-o-q. Cumulative H1 volume totaled KRW9.3 trillion, down 4% y-o-y. The office sector saw a modest pullback in the quarter, while logistics, hospitality, and retail each posted y-o-y gains.

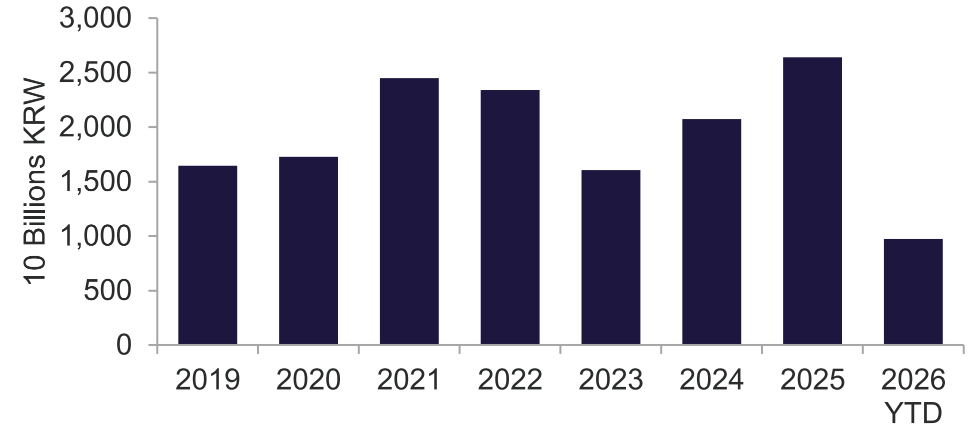
The office sector recorded 10 transactions totaling approximately KRW3.2 trillion. By submarket, the CBD accounted for five deals (KRW1.3 trillion), followed by one each in the YBD (KRW811.2 billion) and GBD (KRW185.0 billion), with three in other districts. Major transactions such as the Hana Securities Building and Eulji Twin Tower anchored the market, with institutional value-add acquisitions — including NPS-backed deals — occurring alongside Strategic Investor purchases for owner-occupation, reflecting a broadening investor base.

The logistics sector recorded five transactions totaling approximately KRW402 billion, down approximately 43% q-o-q against a prior quarter concentrated in large assets. Cumulative H1 volume totaled approximately KRW1.1 trillion, down approximately 29% y-o-y. Selective activity continued to center on ambient-temperature, core assets, with foreign capital participating. By submarket, three transactions were recorded in the east, one in the south, and one in the north.

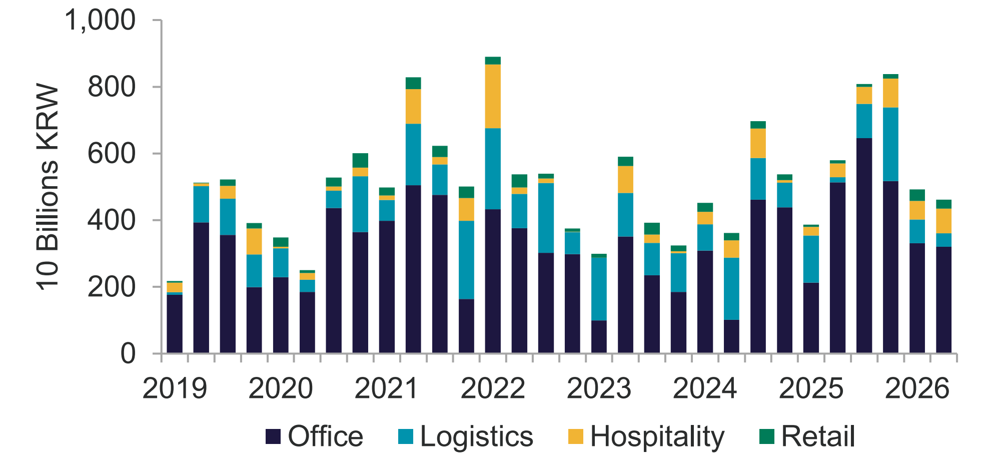
Four hospitality sector assets traded in Q2 for KRW588.5 billion, with 4-star hotels accounting for most activity. Cumulative H1 volume reached approximately KRW1.1 trillion, up 71% y-o-y, the strongest recovery of any sector. Foreign capital was especially active in central Seoul, highlighted by CapitaLand Investment's acquisition of the voco Seoul Myeongdong property.

The retail sector completed 10 transactions totaling KRW183.7 billion, down 46% q-o-q, though cumulative H1 volume more than tripled y-o-y. In Gangnam, Miju Plaza changed hands for KRW33.0 billion, Q2's largest retail deal, while three transactions in Seongsu underscored sustained investor interest in core districts.

TOTAL INVESTMENT VOLUME

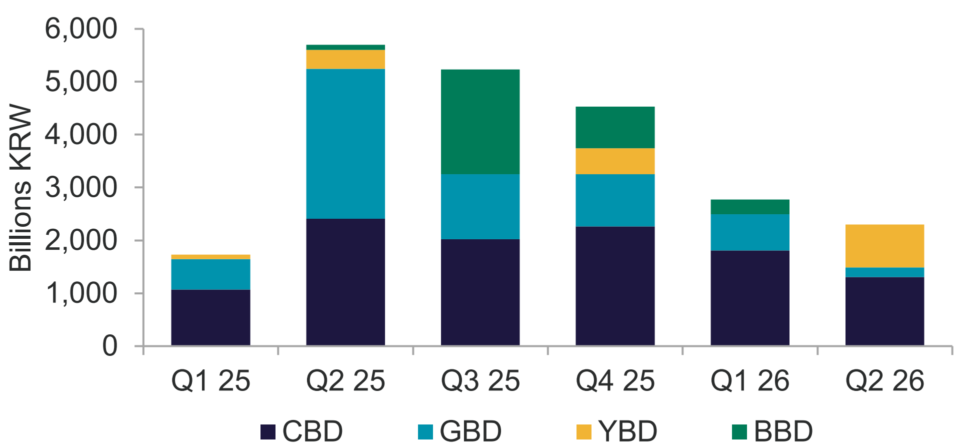


INVESTMENT VOLUME BY SECTOR

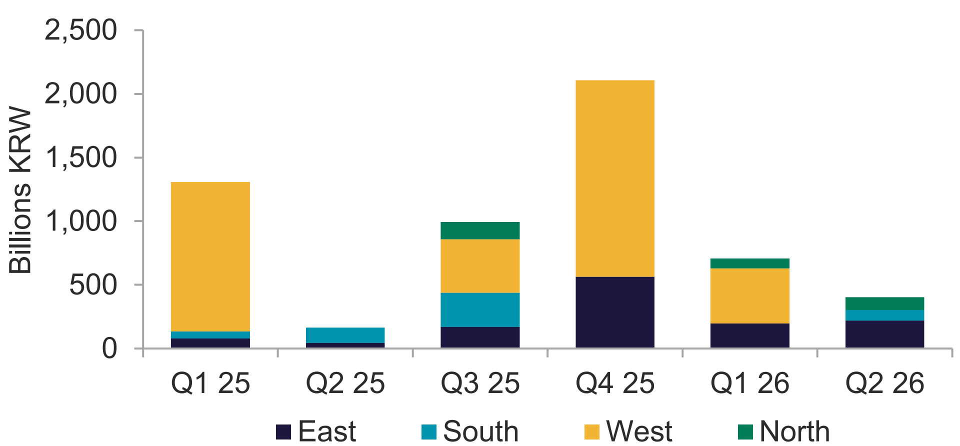


Source: Real Capital Analytics, Cushman & Wakefield Research

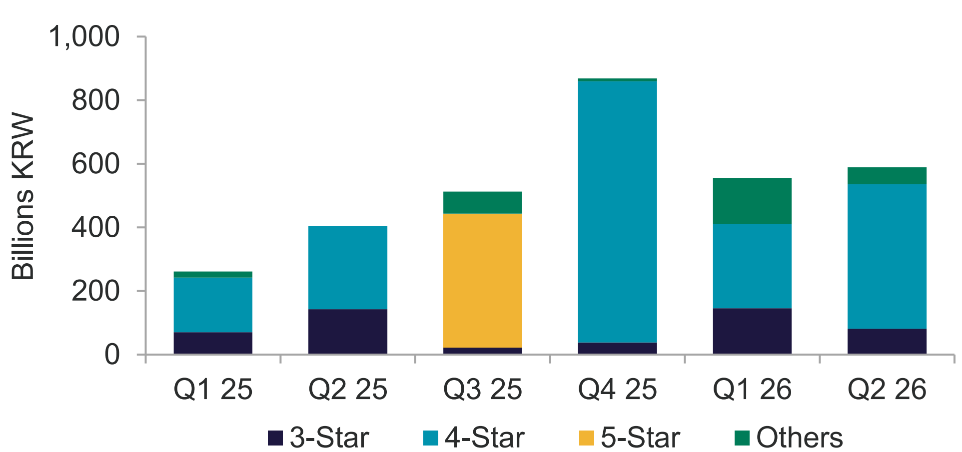
OFFICE INVESTMENT VOLUME BY SUBMARKET



LOGISTICS INVESTMENT VOLUME BY SUBMARKET



HOSPITALITY INVESTMENT VOLUME



Source: Cushman & Wakefield Korea Research

OFFICE: DIVERSIFIED DEAL STRUCTURES AND VALUE-ADD REPOSITIONING

The office market saw a mix of deal structures in Q2, including value-add acquisitions, sale-leasebacks, and corporate buybacks. Hana Alternative Asset Management and Hana Securities acquired the Hana Securities Building from Koramco The One REIT for KRW811.2 billion, restoring ownership after 11 years. Netmarble sold Guro G-Tower to Gvesco Asset Management, leasing back the asset for five years. Repositioning activity was also notable: Doban Building converted from a Korean medicine hospital to office use, and ABL Life Building is being repurposed as co-living space.

In the CBD, Pacific Asset Management acquired Eulji Twin Tower West for KRW657.0 billion using an NPS value-add fund, Q2's largest deal. Hanwha Asset Management purchased Emart Tower from NH Amundi for KRW350.0 billion. Hana Asset Trust sold Hana General Insurance Building to a Daishin Asset Management–Hanwha Corporation consortium, which is securing Hanwha Solutions as an SI and evaluating a data center on the lower floors. Grade A office pricing averaged approximately KRW32.46 million per 3.3 sq m, down slightly q-o-q. The Hana Securities Building traded at approximately KRW38.41 million per 3.3 sq m, the YBD's highest, while the CBD held at KRW29.49 million, weighed down by the more conservative Eulji Twin Tower price.

LOGISTICS: FOREIGN CAPITAL BROADENS A SELECTIVE QUARTER

Five transactions closed in the Seoul metropolitan logistics market, sustaining a selective, quality-focused stance. Volume fell approximately 43% q-o-q against a prior quarter concentrated in large assets, though broadening foreign participation pointed to deepening market interest.

In the east, Gravity Asset Management acquired the Icheon Sangbong-ri Logistics Center from Sebang Logistics Center for KRW70.0 billion. Ripan Asset Management purchased Yongin Wonjin Logistics Center C for KRW82.7 billion, backed by Hong Kong's Phoenix Property Investors. In the south, DWS Group acquired the Hwaseong iBot Fulfillment Center for KRW82.1 billion with Hines investing. In the north, Pebblestone Asset Management acquired the Namyangju Hwado Logistics Center for KRW100.0 billion, the quarter's largest deal. Ambient-temperature pricing averaged approximately KRW5.45 million per 3.3 sq m, down from KRW6.46 million.

HOSPITALITY AND RETAIL TRANSACTIONS IN KEY HIGH STREET MARKETS

Foreign capital led the hotel market. CapitaLand Investment acquired voco Seoul Myeongdong from Gravity Asset Management and TPG Angelo Gordon for KRW368.6 billion, Q2's largest hospitality deal. Mastern Investment Management purchased Four Points by Sheraton Guro for KRW85.9 billion, while Nine Tree Seoul Dongdaemun sold to a private investor for KRW81.0 billion. Orion Asset Management also acquired Union Hotel in Yeongdeungpo for KRW53.0 billion with Goldman Sachs investing, reflecting sustained hotel investment amid recovering tourism demand.

Retail activity centered on Gangnam and Seongsu. Miju Plaza in Yeoksam-dong changed hands for KRW33.0 billion, the quarter's largest retail deal, while three Seongsu transactions extended investor interest from the prior quarter.

OUTLOOK

- The office market is expected to see continued investor caution as funding costs rise on the base rate hike and higher bond yields. Institutional interest should persist into 2H, however, supported by diverse deal structures. As rates tighten, capital is likely to concentrate further in core and prime assets, widening pricing differentiation and prolonging the narrowing of the bid-ask gap.
- In logistics, selective investment in ambient-temperature, core assets is expected to continue, with broadening foreign capital gradually deepening the market. Elevated funding costs and a persistent buyer-seller price gap, however, are likely to slow transactions for non-core assets.
- The hospitality market is expected to see continued foreign investment in Seoul hotels through 2H, supported by recovering tourism demand. With new supply limited, preference for quality assets is expected to persist, alongside a rise in REIT-based acquisitions of assets with a proven operating track record.
- Retail activity is expected to remain concentrated in core high-street districts such as Gangnam and Seongsu, though transaction volume may moderate somewhat as rising rates weigh on investor sentiment.

SIGNIFICANT SALES

PROPERTY TYPE	PROPERTY NAME	SUBMARKET	BUYER	SELLER	SQM	PURCHASE PRICE (Mn. KRW)	PRICE / UNIT (Mn. KRW/3.3㎡)
Office	Eulji Twin Tower WEST	CBD	Pacific Asset Management	KT Investment Management	86,449	657,000	25.12
Office	EMart Tower	CBD	Hanwha Asset Management	NH Amundi Asset Management	34,171	350,000	33.86
Office	Hana Insurance Building	CBD	Daishin Asset Management	Hana Asset Trust	17,098	136,915	26.47
Office	Yeosam Building	GBD	Allermann	Yeosam	14,256	185,000	42.90
Office	Hana Securities Building	YBD	Hana Alternative Asset Management	Koramco The One REIT	69,823	811,200	38.41
Office	G-Tower	Others	Gvesco Asset Management	Netmarble	172,967	697,671	13.33
Logistics	Hwado Logistics Center	NORTH	Pebblestone Asset Management	Corate Asset Management	50,052	100,000	6.60
Logistics	Sangbong-ri Logistics Center	EAST	Gravity Asset Management	Sebang Logistics Center	43,799	70,000	5.28
Logistics	Wonjin Logistics Center C	EAST	Ripan Asset Management	Hana Alternative Asset Management	54,991	82,680	4.97
Hospitality	Voco Seoul Myeongdong (4-star)	Jung-gu	CapitaLand Investment	Gravity Asset Management	27,172 (576 Rooms)	368,600	640 (per room)
Hospitality	Nine Tree Seoul Dongdaemun (3-star)	Jung-gu	Private Investor	Shinhan Alpha REIT	8,871 (219 Rooms)	81,000	370 (per room)
Hospitality	Four Points by Sheraton Seoul Guro (4-star)	Guro	Mastern Investment Management	Mirae Asset Management	18,500 (202 Rooms)	85,900	425 (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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