MARKETBEAT

SEOUL

Logistics 2H 2023

CUSHMAN & WAKEFIELD

	YoY Chg	12-Mo. Forecast
1.7 Tn Total Volume (KRW)	▼	▼
13 Total Properties Sold	▼	▼
2.6M sqm New Supply Area	▲	▼

Source: Cushman & Wakefield

S. KOREA ECONOMIC INDICATORS Q4 2023

	YoY Chg	12-Mo. Forecast
1.4% GDP Growth	▼	▲
3.2% CPI Growth	▼	▼
3.3% Unemployment	▲	▼

Source: KOSIS, Bank of Korea

NOTE

[1] Logistics Center data is based on greater than 16,500 sqm in GSA.
[2] All data is based on logistics center construction permits.
[3] Submarkets Criteria
- *East : Seongnam, Gwangju, Yongin, Icheon, Yeoju*
- *South: Osan, Hwasung, Pyeongtaek, Anseong*
- *North: Paju, Goyang, Yangju, Uijeongbu, Guri, Hanam, Yeoncheon, Pocheon, Gapyeong, Dongducheon, Yangpyeong, Namyangju*
- *West: Incheon, Gimpo, Bucheon, Siheung, Ansan*
- *Central: Gwangmyeong, Anyang, Gwacheon, Gunpo, Uiwang, Suwon*
- *Seoul: Seoul*

Transaction Volume Recorded KRW1.7 Trillion in 2H 2023, in First Fall Below KRW2 Trillion Since 1H 2020

Transaction volume for logistics centers in the Greater Seoul Area (GSA)[1] recorded approximately KRW1.7 trillion in 2H 2023, down 32% y-o-y, bringing the annual transaction volume for 2023 to KRW4.8 trillion. The half-year transaction volume fell below the KRW2 trillion mark for the first time since 1H 2020, and while several logistics center sales were floated, only a few transactions were completed due to delays or withdrawals. Some transactions are scheduled to be closed in 1H 2024, including the Incheon Seoknam Innovation Logistics Center (299,252 sq m) and the Logiport Osan Logistics Center (39,227 sq m), but we do not expect to see half-year transaction volume return to KRW2 trillion soon.

The largest transaction in the 2H 2023 period was the acquisition by Mirae Asset Management of the Yangji Distribution Center in Yangji-myeon, Chaein-gu, Yongin-si, from Rifa Asset Management for KRW467 billion, in July. The project has a long-term master lease agreement with Coupang from 2022 to 2033, securing a stable revenue structure.

New Supply of 2.6 Million Sqm in 2H Continuing to Add to Residential and Commercial District Stock

New logistics center supply of approximately 2.6 million sqm in 2H 2023 brought full-year supply for 2023 to 5.8 million sqm. The new space in 2H was led by 1.01 million sqm in the east submarket, the traditional logistics supply area, including the completion of the Bundang Yatap Logistics Center(70,547 sqm) in Seongnam-si, the district's first large logistics center.

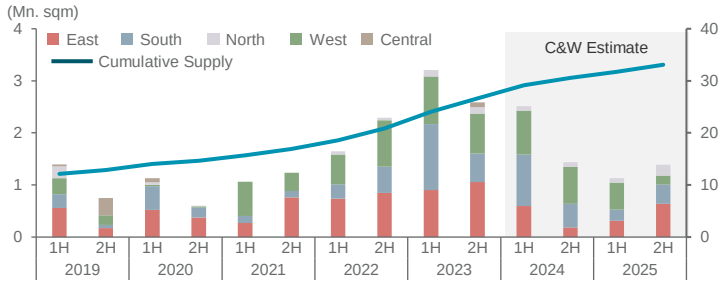
Away from the east submarket, new logistics centers were completed in residential and commercial districts with limited existing supply, such as Anyang-si, Paju-si, and Namyangju-si. Into the 1H 2024 period, new projects are scheduled for locations including Gurae-dong, Gimpo, and Namdong-gu, Incheon.

The Incheon Seoknam Innovation Logistics Center, at which Coupang is leasing most of the dry space, boasts the greatest floor area of the new supply in 1H 2023. It is one of five new centers in the Incheon North Port Hinterland Complex, with two more scheduled for completion in 1H 2024.

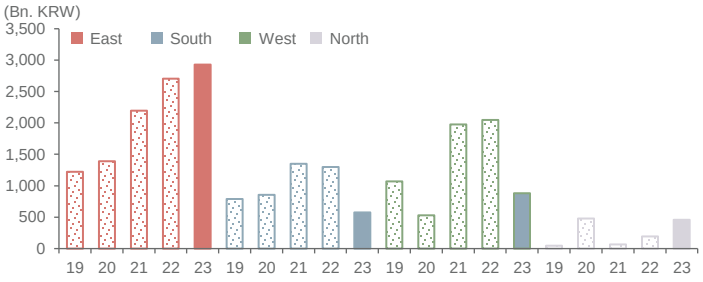
Further New Supply Set to Slow From 2024

A total of 93 new logistics centers entered the market in 2023, representing a record 5.8 million sqm of space. However, only 95 new logistics center project building permits were issued in the year, a decline of 36% y-o-y. In addition, none of the new permits commenced construction in the year. This demonstrates a slowdown in the pace of new supply, given that 33% and 17% of the new building permits issued in 2021 and 2022, respectively, commenced construction in the same year. Ahead, approximately 4 million sqm of new supply is scheduled to complete in 2024, although most projects were planned prior to 2022. Very little new supply is scheduled for 2025 onwards, predominantly new projects that have mitigated vacancy risk by securing pre-letting tenants, combined with construction-delayed projects.

LARGE-SCALE LOGISTICS CENTERS SUPPLY IN GSA[2]



LOGISTICS CENTERS TRANSACTION VOLUME BY SUBMARKETS[3]



Source: Ministry of Land, Infrastructure and Transport, RCA, Cushman & Wakefield

MARKETBEAT

SEOUL

Logistics 2H 2023

CUSHMAN & WAKEFIELD

2H 2023 SIGNIFICANT SALES

PROPERTY NAME	LOCATION	SUBMARKET	BUYER	SELLER	SQM	PRICE (Mn. KRW)	10K KRW/3.3㎡	TYPE
Yangji Distribution Center	Yongin	East	Mirae Asset Global Investments	Rifa AMC	205,789	467,000	749	Mixed
Joeup-ri Logistics Center	Icheon	East	ADF AMC	Dogi DC 2nd	64,607	151,300	773	Mixed
Sujeong-ri Logistics Center	Icheon	East	Mastern Investment	Metheus AMC	80,893	149,994	612	Mixed
Docheok Logistics Center	Gwangju	East	Kolon Global	Golden First	53,744	145,000	890	Mixed
Pocheon Logipolis Logistics Center	Pocheon	North	YNP AMC	Myung Jin CNS	47,260	127,616	891	Mixed
Goback-ri 315-7 Logistics Center	Icheon	East	ADF AMC	Ishin Logis	41,562	96,000	762	Mixed
Daepo-dong 838-4 Logistics Center	Icheon	East	Melon AMC	Seil Construction	47,624	72,915	505	Mixed
Pyogyo-ri Logistics Center	Icheon	East	Beyond AMC	YM Logistics	34,624	71,097	678	Dry
Anseong Seongeun-ri Logistics Center (A)	Anseong	South	CapitaLand Investment	Anseong Seongeun PFV	38,756	68,500	583	Mixed

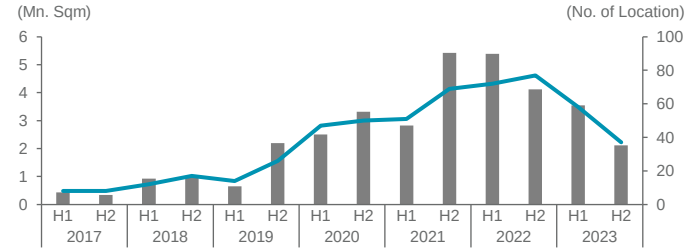
2H 2023 NEW SUPPLIES LIST

PROPERTY NAME	LOCATION	SUBMARKET	BUILT	SQM	TYPE
Seoknam Innovation Logistics Center	Incheon	West	23Q3	299,252	Mixed
GONS Yongin Logistics Center	Yongin	East	23Q3	166,491	Cold
Yeoju Logis Point Logistics Center	Yeoju	East	23Q4	130,990	Mixed
MQ Logiscube Gimpo Logistics Center	Gimpo	West	23Q4	122,527	Mixed
North Port Logistics Center	Incheon	West	23Q4	111,959	Cold
Bondu-ri Logistics Center	Yeoju	East	23Q4	108,777	Mixed
Pivot Logis Hwasung Center	Hwasung	South	23Q4	107,010	Mixed
Anyang Logistics Center	Anyang	Central	23Q4	95,475	Mixed
Siheung One&One Smart Logistics Center	Siheung	West	23Q3	86,148	Mixed
Daewol-myeon Bupil-ri Logistics Center	Icheon	East	23Q4	75,710	Dry
Bundang Yatap Logistics Center	Seongnam	East	23Q4	70,547	Cold
Aibot Fulfillment Hwasung Center	Hwasung	South	23Q4	54,791	Mixed
HIVE Gunryang	Icheon	East	23Q3	54,298	Mixed

1H 2024 EXPECTED SUPPLIES LIST

PROPERTY NAME	LOCATION	SUBMARKET	BUILT	SQM	TYPE
Anseong Logistics Center Unit B	Anseong	South	24Q1(F)	199,645	Dry
Gimpo MS 12-2BL Logistics Center	Gimpo	West	24Q1(F)	165,147	Mixed
Cheongbuk Goryom Logistics Center	Pyeongtaek	South	24Q1(F)	143,064	Mixed
Megawise Cheongna Logistics Center	Incheon	West	24Q2(F)	142,870	Dry
Ansung Arenas	Anseong	South	24Q2(F)	124,471	Mixed
HiFLEX Namdong Logistics Center	Incheon	West	24Q2(F)	123,810	Mixed
Logos Siheung Logistics Center	Siheung	West	24Q2(F)	99,864	Mixed
Miraein Logis Bucheon	Bucheon	West	24Q2(F)	81,782	Cold
Cheongbuk-eup Husa-ri Logistics Center	Pyeongtaek	South	24Q2(F)	71,912	Mixed
Anseong Seoun-myeon Logistics Center	Anseong	South	24Q2(F)	54,986	Mixed
Icheon Moga-myeon Logistics Center	Icheon	East	24Q2(F)	52,935	Mixed
Aster North Gunpo Logistics Center	Ansan	West	24Q1(F)	52,532	Dry
Yangchon-eup Hakun-ri Logistics Center	Gimpo	West	24Q1(F)	52,092	Mixed

LOGISTICS CENTER CONSTRUCTION PERMITS VOLUME[4]

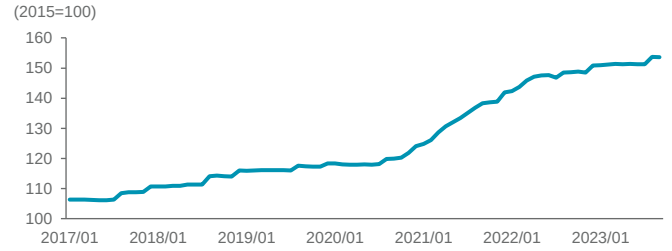


NOTE

[4] as of 2023.11.

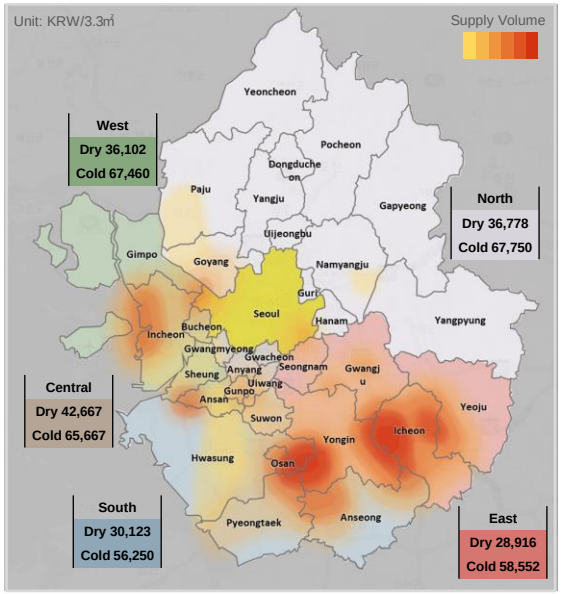
Source: Ministry of Land, Infrastructure and Transport

KOREA CONSTURCTION COST INDEX



Source: Korea Institute of Construction Technology

GREATER SEOUL AREA RENTS BY SUBMARKETS



Source: Cushman & Wakefield

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