

# Seoul Prime Office



## Sustained investment market momentum in 2025

Increasing investment volumes, with strong domestic investor activity.

- In Q2/2025, the Seoul prime office vacancy rate increased 0.1 ppts QoQ to 3.5%, while the total net absorption of three major districts stood at -5,900 sq m.
- Driven by the reconstruction of the BoK Gangnam Branch and the relocation of Shinsegae affiliates, GBD was the only major district to record a positive net absorption.
- Seoul prime office rents rose by 2.8% YoY in the CBD and 2.7% YoY in the GBD, while the YBD recorded the highest increase among the three major districts at 4.9%.
- In Q2/2025, Seoul office transaction volume reached KRW5.8 trillion, 1.5 times higher than the same period last year. Cumulatively, volume totaled KRW8.5 trillion in 1H/2025, equivalent to 73% of the total volume recorded in 2024 (KRW11.2 trillion).

“In 2H/2025, office cap rates are projected to remain largely stable, due to persistent investor demand for stable core assets.”

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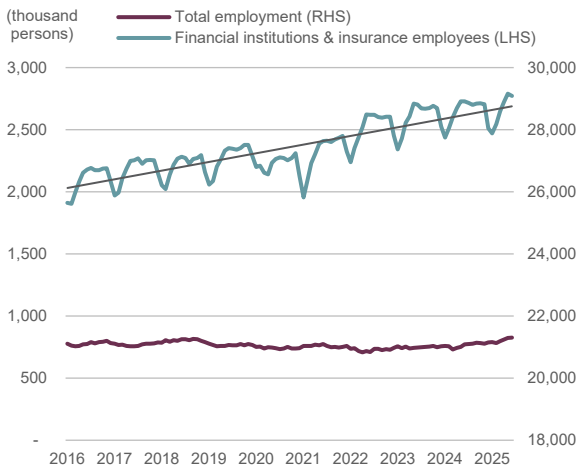
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**GRAPH 1: Growth Rate of Real GDP and Real Exports, 2016 to 2026(F)**



Source Bank of Korea (Economic Outlook, May 2025)

**GRAPH 2: Number of Employees in Finance and Insurance Sectors, January 2016 to June 2025**



Source Statistics Korea

**SUPPLY**

As with the previous quarter, no new supply came online this quarter. However, two renovation projects are expected to complete in 2H/2025. KT Gwanhwamun West Building will be owner-occupied, and INNO88 Tower (formerly the Samhwan Building) is located near Anguk Station.

**ECONOMIC OUTLOOK**

In its May Monetary Policy Committee, the Bank of Korea (BoK) lowered its benchmark interest rate from 2.75% to 2.50%, citing a sharp decline in the growth prospects due to its sluggish domestic demand, particularly in private consumption and construction investments, and heightened US export risks stemmed from US tariff pressures. Korea’s February domestic GDP forecast of 1.5% was revised down to 0.8% in May, attributing the downgrade largely to the 0.2% contraction in real GDP in Q1/2025, raising concerns of economic recession. Supported by quantitative easing and interest rate cuts, the BoK anticipates a recovery in domestic sentiment and demand in 2H/2025. However, uncertainty remains around potential reciprocal tariffs from the United States.

**DEMAND AND VACANCY RATES**

In Q2/2025, net absorption in Seoul’s prime office market declined by 5,900 sq m. The CBD and YBD recorded negative net absorption of 15,600 sq m and 3,200 sq m, respectively. The GBD was the only district to post positive

net absorption, totaling 13,000 sq m, largely driven by the BoK’s relocation to nearby prime offices amid the reconstruction of its Gangnam headquarters.

In the CBD, the vacancy rate declined by 0.6 ppts QoQ to 4.0% in Q2/2025. Korean Reinsurance Company relocated to Signature Tower (10,000 sq m), while PU Core, a chemical manufacturer spun off from SKC, leased c. 2,000 sq m at Grand Central. Meanwhile, Starbucks Korea vacated 7,200 sq m at State Tower Namsan, and Shinsegae I&C exited KCCI and other buildings. Both companies relocated to Centerfield in GBD. Additionally, T-Map Mobility moved to SK-C Tower in Chungmu-ro, leaving 6,300 sq m vacant at Daishin Finance Center.

The relocation of manufacturing companies from the CBD contributed significantly to the decline in net absorption across the three major districts. KOS and Jeonju Paper vacated KCCI, leaving 2,900 sq m and 1,500 sq m, respectively. Additionally, Hanon Systems relocated from Ferrum Tower (3,200 sq m) to another district.

The GBD continued to record the lowest vacancy rate among the three major districts, declining by 0.5 ppts QoQ to 2.3%, underscoring sustained tenant demand. At Centerfield, Starbucks Korea and Shinsegae I&C backfilled approximately 18,500 sq m of space previously vacated by SSG, which relocated to KB Yeongdeungpo Tower. At the Icon Samsung building, the vacancy rate dropped from 40% to 10%, supported by the newly filled occupancy by BoK and iMarketKorea. In addition, companies

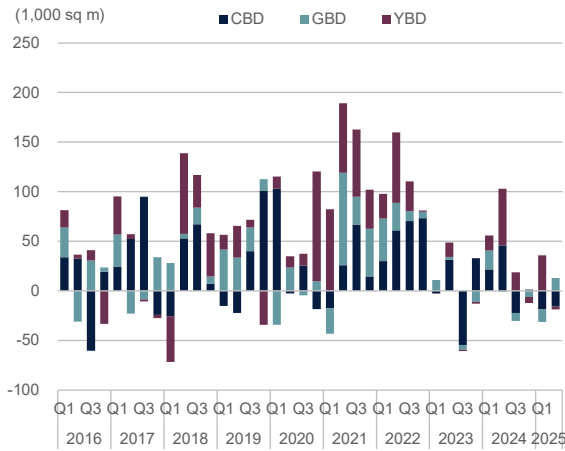
**TABLE 1: Monthly Rents, Maintenance Fees and Vacancy Rates by District, Q2/2025**

(Unit: KRW/3.3058 sq m, GLA)

DISTRICT	RENT		MAINTENANCE FEE		NET ABSORPTION (SQ M)	VACANCY RATE(%) (PREV. Q)
	AVERAGE	YOY INCREASE (%)	AVERAGE	YOY INCREASE (%)		
CBD	129,100	2.8%	49,400	1.8%	-15,600	4.0% (3.4%)
GBD	124,900	2.7%	45,000	1.8%	13,000	2.3% (2.8%)
YBD	111,400	4.9%	46,800	3.6%	-3,200	4.3% (4.1%)
Overall Seoul Average	123,900	3.2%	47,400	2.2%	-5,900	3.5% (3.4%)

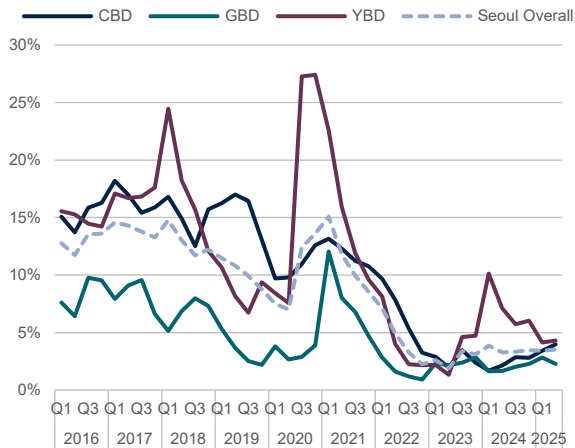
Source Savills Korea

**GRAPH 3: Net Absorption, Q1/2016 to Q2/2025**



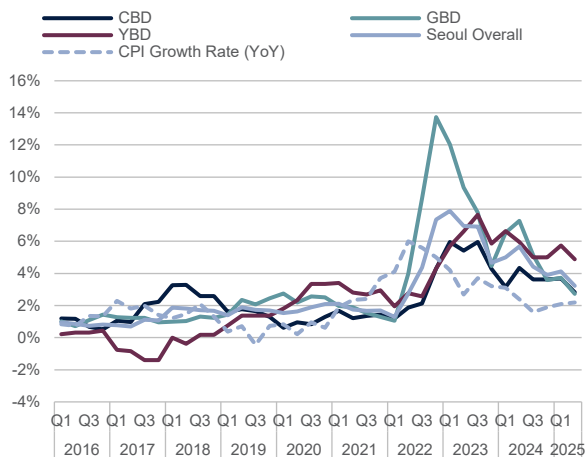
Source Savills Korea

**GRAPH 4: Prime Office Vacancy Rate, Q1/2016 to Q2/2025**



Source Savills Korea

**GRAPH 5: YoY Rental Increase Rate by District, Q1/2016 to Q2/2025**



Source Savills Korea, Bank of Korea

based in the GBD such as Craver Corporation, BENOW, and Viva Republica either expanded or newly leased adjacent offices, further contributing to the downward trend in vacancy.

In the YBD, the vacancy rate rose by 0.2 ppts QoQ to 4.3%, primarily driven by DL Construction's temporary relocation from FKI Tower to Donuimun D-Tower, leaving behind a sizeable vacancy of 10,300 sq m. DL Construction is scheduled to move to Magok One Grove later this year, along with its affiliate, DL E&C.

In Q2/2025, 44% of take-up was attributed to prime-to-prime relocations, involving major tenant movements such as Starbucks Korea, iMarketKorea, and KB Real Estate Trust. This was followed by secondary-to-prime relocations, which accounted for 28% of take-up, primarily driven by relocation related to headquarters reconstruction, including those of Korean Reinsurance and the Bank of Korea's Gangnam branch. The remaining demand came from office expansion (20%) and new entrants to the prime office market (8%).

**RENTS**

The average rent for Seoul prime offices in Q2/2025 was reported at KRW123,900. By district, the CBD recorded the highest rent at KRW129,100/py, followed by GBD at KRW124,900/py, and YBD at KRW111,400/py.

For the second consecutive quarter, the YBD recorded the highest rental growth among the three major districts at 4.9% YoY, followed by 2.8% in the CBD and 2.7% in the GBD. Notably,

this marks the first time since Q2/2022 for the CBD and Q1/2022 for the GBD that rental growth has fallen below 3% YoY, reflecting a slowdown in rental growth amid easing inflation since 2023.

The average rent-free period remained steady at up to one month annually. However, some landlords are offering additional incentives, indicating that effective rents may fall below this benchmark.

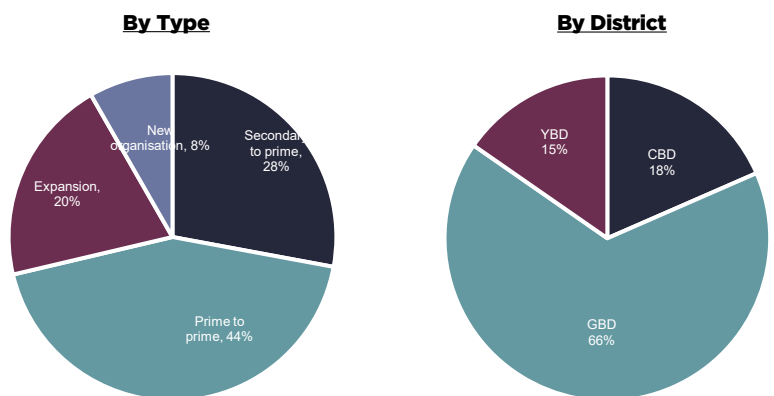
The average maintenance fee rose 2.2% YoY to KRW47,400/py. Growth slowed in the CBD and GBD, while the YBD recorded an increase of over 3%. By district, fees averaged KRW49,400/py in the CBD, KRW46,800/py in the YBD, and KRW45,000/py in the GBD.

**OUTLOOK**

In the CBD, SK affiliates such as SK Innovation and SKC are expected to relocate from Gran Seoul and K-Twin Tower to SK-C Tower and Jongno Tower, both of which are assets under SK REITs. The 12,000 sq m space vacated by SKC in K-Twin Tower is reportedly set to be occupied by the Jongno-gu Office. Nevertheless, with upcoming downsizing and lease expirations among financial institutions, professional services firms, and government/public entities, the CBD vacancy rate is projected to edge up slightly in Q3/2025.

In the GBD, Bithumb is scheduled to relocate to Gangnam N Tower in 2H/2025, following its acquisition of shares in the Gangnam N Tower REIT managed by KB Real Estate Trust. Meanwhile, several large conglomerate affiliates

**GRAPH 6: Take-up, Q2/2025**



Source Savills Korea

and multinational firms are expected to downsize or relocate to other districts, suggesting that the GBD vacancy rate will remain stable through the next quarter.

In the YBD, several finance and fintech companies are expected to occupy or expand approximately 7,500 sq m across three floors in One Centinel. Additionally, NH Capital is set to lease six upper floors totaling 14,000 sq m between Q2 and Q3. If all anticipated relocations proceed as planned, the current vacancy rate of 60% at One Centinel is expected to fall below 30% by the end of 2026, with a gradual downward trend expected across the YBD.

### TRANSACTIONS AND THE INVESTMENT MARKET

In Q2/2025, Seoul office transaction volume reached KRW5.8 trillion—1.5 times higher than the same period last year. Cumulatively, volume totaled KRW8.5 trillion in 1H/2025, equivalent to 73% of the total in 2024 (KRW11.2 trillion). Six prime office transactions exceeding KRW500 billion each including SI Tower, Gangnam N Tower, and KDB Life Tower were completed, significantly boosting quarterly transaction volume.

In Q2/2025, 49% of Seoul’s office transaction volume was driven by owner-occupiers and strategic investors, nearly double the three-year average of 26%. This reflects continued strong demand for self-use assets. Foreign investor activity

remained subdued, with only one prime office acquisition recorded in the first half—the purchase of G-Valley Plaza in Guro by GIC. Rather than indicating a retreat in foreign capital appetite for Korean office assets, recent market activity reflects stronger bid prices from domestic strategic investors and end-users.

Looking ahead to Q3/2025, several notable transactions are in the pipeline. Multiple foreign investors remain actively engaged, participating in bids for prime office assets and conducting internal assessments of potential opportunities.

In the CBD, Koramco AMC acquired Crescendo building from DWS AMC for KRW556.7 billion (KRW33.7 million/py). The building has been fully occupied by Kim&Chang since 2019, with the lease agreement extending to 2029. The asset attracted strong investor interest due to its stable rental income, suitable size for potential owner-occupancy, and upside potential through rental reversion. The acquisition was completed by Koramco REITs Management and Trust via a blind REIT funded by POBA.

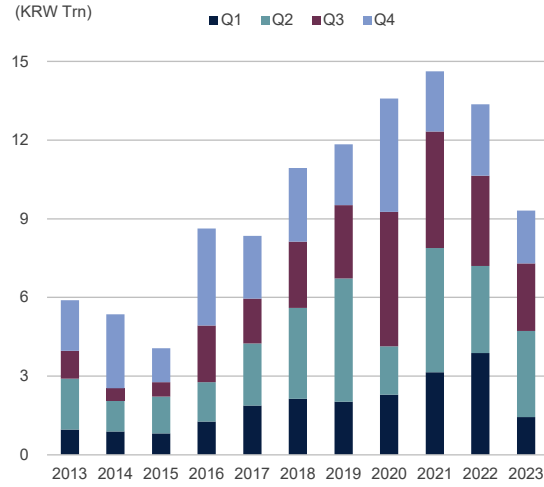
CJ Olive Young, occupying 40% of KDB Life Tower for its headquarters since 2021, acquired its building from KB AMC for KRW674.4 billion (KRW27.2 million/py). With leases set to expire from 2026, the company pursued ownership as an end-user to secure long-term control over its core office space in line with its continued growth trajectory.

TABLE 2: Major Tenant Relocations, Q2/2025

DISTRICT	BUILDING	To		From	
		TENANT	AREA (SQ M)	DISTRICT	BUILDING
	Signature Tower	Korean Reinsurance Company	10,000	CBD	Korean Reinsurance Bldg.
CBD	Centropolis	China Unicom	2,300	Expansion	
	Daishin 343	Fastfive	2,100	NEW	
		Hanwha Corporation E&C Division	1,100	NEW	
GBD	Centerfield	Starbucks Korea	10,100	CBD	State Tower Namsan
		Shinsegae Information & Communication	8,400	CBD	Woori Financial Digital Tower
		Hana Securities Samseongdong Center	3,300	GBD	Haeseong2 Bldg.
	ICON Samseong	I Market Korea	8,600	GBD	Samseongdong Bldg.
		Bank of Korea	6,000	GBD	Bank of Korea Gangnam Branch
	KB Life Tower	KB Real Estate Trust	6,700	GBD	Gangnam N Tower
YBD	Parc.1 Tower 1	Woori Bank	3,400	CBD	Woori Bank Main Bldg.
	IFC 3	DS INVESTMENT&SECURITIES	3,400	Expansion	
		Next Securities Corporation	1,700	Expansion	
		Meritz Securities	500	Expansion	
	IFC 2	Galaxy Corporation	2,600	YBD	IFC 3

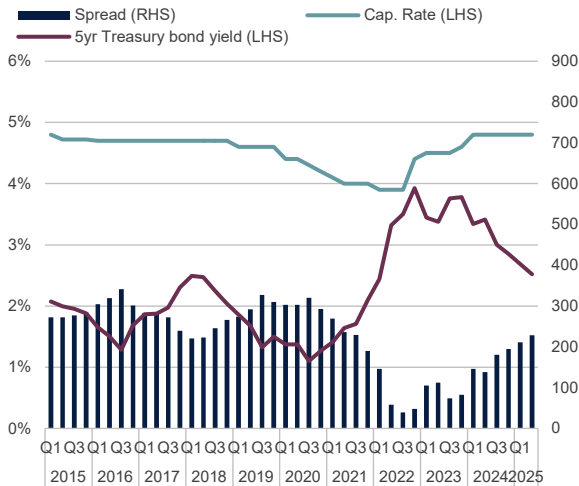
Source Savills Korea

**GRAPH 7: Prime Office Transaction Volumes, Q1/2016 to Q2/2025**



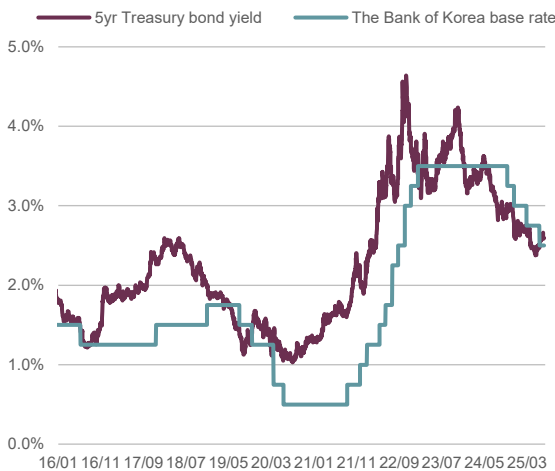
Source Savills Korea

**GRAPH 8: Prime Office Building Cap Rate Trend, Q1/2016 to Q2/2025**



Source Savills Korea, Bank of Korea

**GRAPH 9: Five-year Treasury Bond Yield and the BOK Base Rate Trend, January 2016 to June 2025**



Source Bank of Korea

In the GBD, Hyundai Motor Company acquired the remaining 50% stake in Tiger Alternative Private Real Estate Trust No. 318 from Jae Kwon for KRW410.9 billion (KRW55.0 million/py), matching the 2023 purchase price. This secured full ownership of Scale Tower, which has served as its Gangnam office since 2023. The acquisition was driven by the need to secure long-term office space due to ongoing delays in the GBC development project.

IGIS AMC acquired SI Tower from KB AMC for KRW897.1 billion (KRW44.8 million/py) through a blind fund backed by KTCU. The asset, with a GFA exceeding 66,000 sq m, is strategically located at the Teheran-ro intersection near Yeoksam Station. Approximately 70% of the leasable area is occupied by Hyundai Mobis, with other major tenants such as Nokia and Seoul Guarantee Insurance contributing to a 0% vacancy rate. Despite the elevated pricing, the property attracted competitive bidding, supported by its strong leasing profile and prime location. It marked the highest transaction price in 1H/2025. Alongside BNK Digital Tower in the GBD, SI Tower is reflected as a leading transaction case acquired by financial investors this quarter.

In the YBD, Hyundai Motors acquired its headquarters building, the Hyundai Motor

Securities Building, via a share-deal for KRW354.8 billion (KRW29.0 million/py). Although BNK AMC was initially selected as the preferred bidder through a public tender in February, Hyundai Motors exercised its right of first refusal to finalize the deal. With 60% of the leasable area occupied by Hyundai Motor Securities and major tenants like KB Securities and Shinhan Fund Partners, the property maintains strong occupancy. Located within the “Yeouido Financial Hub District Plan,” the site offers significant redevelopment potential, with a current FAR of 700% well below the 1,600% zoning limit positioning it for long-term value enhancement.

In Q2/2025, prime office cap rates in Seoul remained in the mid-to-high 4% range, with effective cap rates falling to the low-to-mid 4% range after accounting for tenant incentives. Five-year Treasury bond yields declined slightly to 2.5%, resulting in a cap rate spread of 230 bps on a face rent basis. Senior mortgage rates, which were in the low-to-mid 4% range in Q4/2024, have eased to the high-3% to low-4% range in Q2/2025. With upcoming capital gain disposals and refinancing of matured funds expected in 2H/2025, sustained buyer demand for core assets is likely to maintain cap rates stable.

TABLE 3: Major Investment Transactions, Q2/2025

DISTRICT	BUILDING NAME	SELLER	BUYER	TYPE	TRANSACTION PRICE (KRW BIL)
GBD	SI Tower	KB AMC	IGIS AMC	Asset Deal	897.1
GBD	Gangnam N Tower	KB Real Estate Trust	KB Real Estate Trust (Bitthumb)	Share Deal	680.5
CBD	KDB Life Tower	KB AMC	CJ Oliveyoung	Asset Deal (Strata)	674.4
Others	CJ Cheiljedang Center	IGIS AMC	IGIS AMC	Share Deal	656.5
CBD	Crescendo	DWS	Koramco REITs & Trust	Asset Deal	556.7
CBD	Susong Square	IGIS AMC	D&D Investment	Asset Deal	522.5
GBD	BNK Digital Tower	BNK AMC	Shinhan REIT's Management	Asset Deal	457.8
GBD	Scale Tower (Share Deal 50%)	Tiger Alternative Investors	Tiger Alternative Investors (Hyundai Motor Group)	Share Deal	410.9
YBD	Hyundai Motor Securities	Koramco AMC	Koramco AMC (Hyundai Motor Securities)	Share Deal	354.8

Source Savills Korea

## Overview of the Seoul Office Market and Savills Korea Office Survey

TABLE 4: Summary Of Surveyed Buildings, June 2025

		CBD	GBD	YBD	Total
A	Number of buildings	25	14	14	53
	Average GFA (sq m)	88,000	107,000	110,000	99,000
	Average year of completion	2004	2005	2012	2006
B	Number of buildings	24	22	9	55
	Average GFA (sq m)	51,000	47,000	48,000	49,000
	Average year of completion	2002	2002	1999	2001
Total number of buildings		49	36	23	108
Total area (sq m)		3,450,000	2,530,000	1,980,000	7,970,000

Source Savills Korea

Close to 69% of large office buildings (30,000 sq m or more) in Seoul are located in three major business districts – the CBD (33%), GBD (19%) and YBD (17%). The CBD is the largest of these districts and is home to major government and multinational institutions. The GBD also houses many multinational companies and is an information technology centre, while YBD, the “Wall Street” of South Korea, includes the headquarters of major securities firms and broadcasting companies.

The Savills Korea Quarterly Office survey is the longest running survey of prime office stock in Seoul. Established in 1997, it currently comprises of 109 among 132 buildings in Seoul classified as “prime” buildings.

Prime buildings: Buildings with a GFA greater than 30,000 sq m with good accessibility and facilities, high level of finish, and creditworthy blue-chip tenants.

Monthly rent: Surveyed rents are “face rents”, the asking rents reported by landlords for mid-level floors. These rents are standardised by Savills Korea to account for variations in the security deposits required by different landlords to produce an effective rental figure for NLA.

### Cap Rate Calculation Method

Cap rate: (income from interest on security deposit (5%) + face rent of a standard floor + residual income from maintenance fee) × occupancy rate (95%) × 12 / transaction amount.

For comparison of cap rates of each transaction case, a 5% interest rate on security deposit and 90% occupancy rate were uniformly applied. The applied occupancy rate was revised from 95% to 90% in 2014 due to higher natural vacancy rates, until 2022 since which 95% is re-applied.