

# SEOUL Prime Office

Office - Korea - Q4/2025




## Office transactions peak in 2025

### KEY TAKEAWAYS

- Q4/2025 net absorption stood at 11,186 sq m, with the vacancy rate at 3.7% (down 0.1pp QoQ), maintaining a stable trend similar to the previous quarter.
- Conglomerate downsizing and relocations are expected to continue through 2026. Coupled with 210,000 sq m of new CBD supply, the vacancy rate is projected to rise slightly.
- Q4 volume reached KRW6.4 trillion, bringing the 2025 total to KRW21.1 trillion, an increase of approximately KRW6 trillion over the 2021 record.
- The estimated cap rate remained stable, but the spread narrowed slightly due to a rise in the five-year Treasury bond yield.

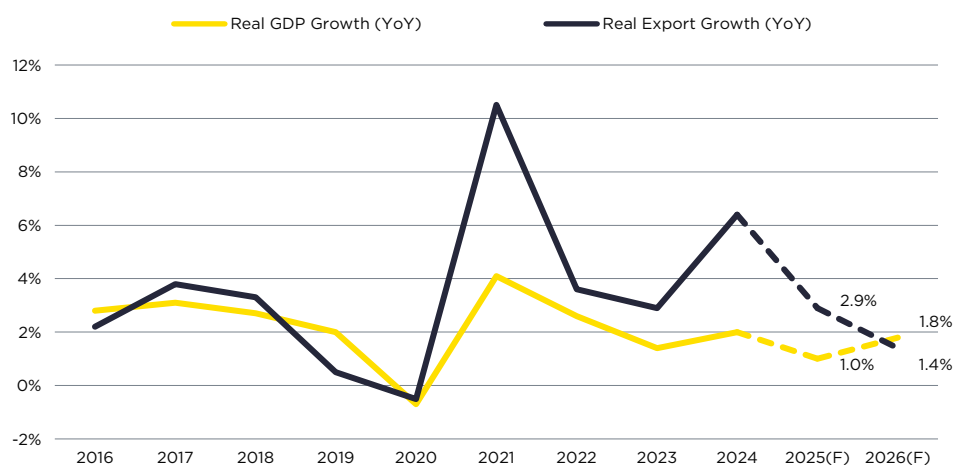
### SUPPLY

Following the absence of new prime office supply in 2025, three prime office developments are scheduled for delivery in the CBD in 2026. G1 Seoul (Gongpyeong district 15, 16) and Rene Square (Euljiro 3-ga district 6) are expected to complete in the first half of the year, followed by Eul Tower (Euljiro 3-ga district 12) in the second half. All upcoming office supply will be fully leasable, marking the first delivery of prime leasing stock since Grand Central in 2020.

### ECONOMIC OUTLOOK

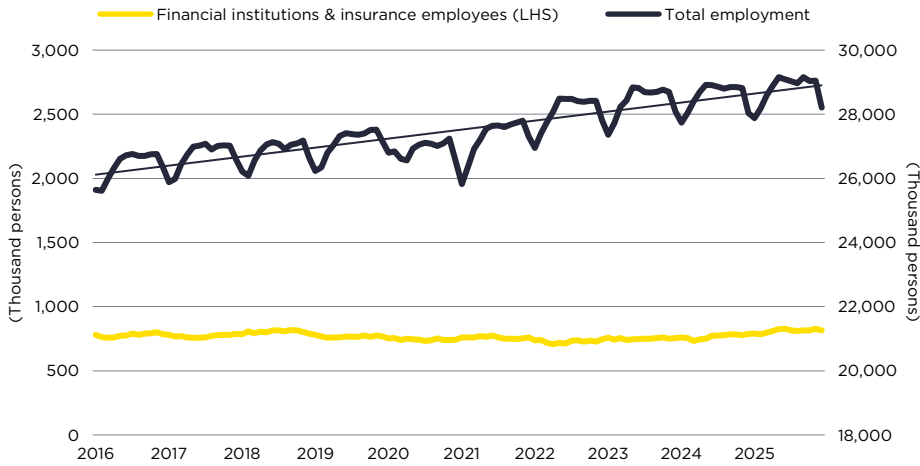
The Bank of Korea ("BoK") maintained the base rate at 2.50% in November, marking the fourth consecutive hold. This decision reflects the sharp rise in exchange rates and persistent real estate price expectations in the Seoul metropolitan area. The BoK revised its GDP growth forecasts upward from 0.9% to 1.0% for 2025 and from 1.6% to 1.8% for 2026, driven by a strong semiconductor sector and a gradual recovery in domestic demand.

FIGURE 1: GROWTH RATE OF REAL GDP AND REAL EXPORTS, 2016 – 2026(F)



Source: Bank of Korea (Economic Outlook, Nov 2025)

**FIGURE 2: NUMBER OF EMPLOYEES IN FINANCE AND INSURANCE SECTORS, JAN 2016 – DEC 2025**



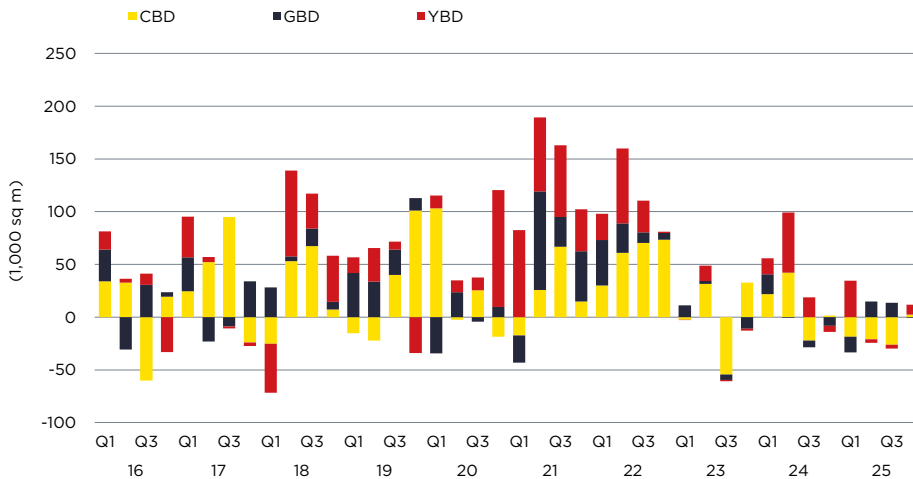
Source: Ministry of Data and Statistics Korea



The growth in 2025 transaction volume was driven by owner-occupier acquisitions and strategic investment.

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**FIGURE 3: NET ABSORPTION, Q1/2016 – Q4/2025**



Source: Savills Korea

and the construction sector. The BoK has left both rate-cut and rate-hold options open for 2026, as financial imbalance risks persist, including concerns over real estate overheating and exchange-rate volatility.

The US Federal Reserve (“Fed”) implemented a third consecutive rate cut, lowering the target range to 3.50–3.75%, reflecting a cooling labour market. As a result, the interest rate differential with Korea (2.50%) narrowed to 125 bps. In addition, the Fed has signalled limited room for further easing in 2026, as reflected in the median dot-plot projection of a 3.4% federal funds rate by end-2026.

**DEMAND AND VACANCY RATES**

In Q4/2025, Seoul’s prime office market recorded a total net absorption of 11,200 sq m, with the average vacancy rate standing at 3.7%, remaining broadly in line with the previous quarter’s 3.8%. By

**TABLE 1: MONTHLY RENTS, MAINTENANCE FEES AND VACANCY RATES BY DISTRICT, Q4/2025**

(Unit: KRW/3.3058 sq m, GLA)

DISTRICT	RENT		MAINTENANCE FEE		NET ABSORPTION (SQ M)	VACANCY RATE (%) (PRE. Q) YOY INCREASE (%)
	AVERAGE	YOY INCREASE (%)	AVERAGE	YOY INCREASE (%)		
CBD	131,900	4.1%	50,400	3.1%	2,300	5.0% (5.0%)
GBD	130,400	6.6%	45,800	3.1%	-700	1.7% (1.7%)
YBD	112,000	4.6%	47,100	2.8%	9,600	4.1% (4.6%)
Overall	127,200	5.1%	48,200	3.1%	11,200	3.7% (3.8%)

Source: Savills Korea

district, net absorption was recorded at 2,300 sq m in the CBD, -700 sq m in the GBD, and 9,600 sq m in the YBD.

The CBD vacancy rate remained unchanged at 5.0%. SK C&C (6,700 sq m) relocated from Centropolis to SK-U Tower, while BM&KL Partners (2,100 sq m) and SBI Savings Bank (1,400 sq m) vacated space at Signature Tower. City Center Tower also recorded new vacancies. These were offset by Jongno-gu Office (9,500 sq m) moving into The K Twin Tower and Hanwha Claims Management (4,300 sq m) relocating to the KCCI Building, resulting in positive net absorption.

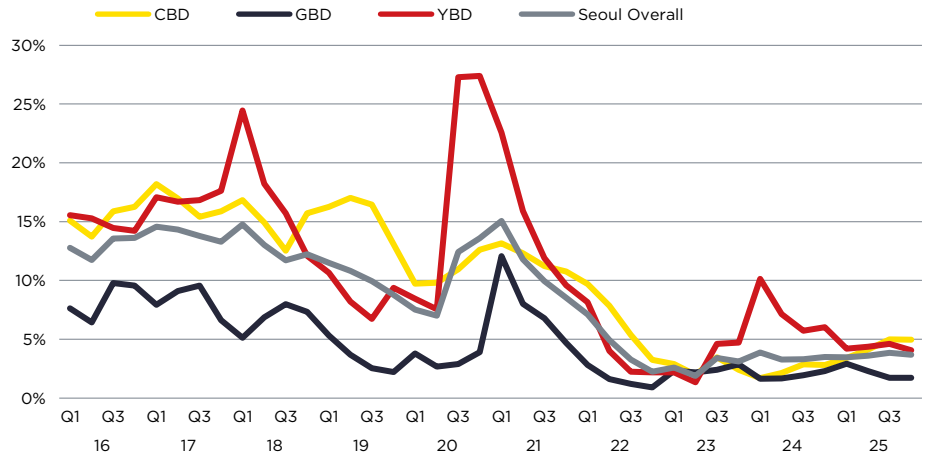
GBD was the only major district to record a modest contraction in demand; however, its vacancy rate remained stable at 1.7%. Hyundai AutoEver (5,100 sq m) and KB Financial Group (2,200 sq m) expanded their footprints at the Samseong-dong building and KB Life Tower, respectively. In contrast, 111Percent (3,900 sq m) relocated from Gangnam Finance Center to its newly acquired Seongsu Super Fast Seoul Forest (formerly Noudit Seoul Forest). Additional relocations—including Epson Korea (2,500 sq m) moving from Posco Tower Yeoksam to KT&G Daechi Tower and Toyota Financial Services (1,500 sq m) moving from Posco Tower Yeoksam to Pine Avenue B in the CBD—contributed to the district’s negative net absorption.

Meanwhile, the YBD vacancy rate declined by 0.5 pp QoQ to 4.1%. While there were some tenant relocations to the CBD—such as Nexus Community (3,400 sq m) moving from Parc.1 Tower 2 to City Center Tower and Polymirae(1,600 sq m) relocating from Three IFC to the KCCI Building. The district still recorded notable take-up, with SAP Korea (6,000 sq m) and Kakaopay Securities (1,300 sq m) moving into One IFC, alongside Apple’s 1,700 sq m expansion in Parc.1 Tower 1, all of which contributed to a modest decline in the vacancy rate.

**RENTS**

Average face rent for Seoul prime offices in Q4/2025 was recorded at KRW127,200/py. By district, the CBD recorded at KRW131,900/py, followed by the GBD at KRW130,400/py and the YBD at KRW112,000/py. The average rental growth rate rose by 5.1% YoY, with the CBD, GBD, and YBD recording increases of 4.1%, 6.6%, and 4.6%, respectively.

**FIGURE 4: PRIME OFFICE VACANCY RATE BY DISTRICT, Q1/2016 – Q4/2025**



Source: Savills Korea

and 4.6%, respectively. The notable 6.6% increase in GBD rents was driven mainly by a single new lease, following a long period of constrained rental growth due to tight vacancy.

Meanwhile, the average maintenance fee rose 3.1% YoY to KRW48,200/py. By district, both the CBD and GBD recorded a 3.1% increase, while the YBD saw a 2.8% rise. Since Q4/2023, maintenance fee growth has consistently remained in the 2-3% range, continuing to trend slightly above the inflation rate.

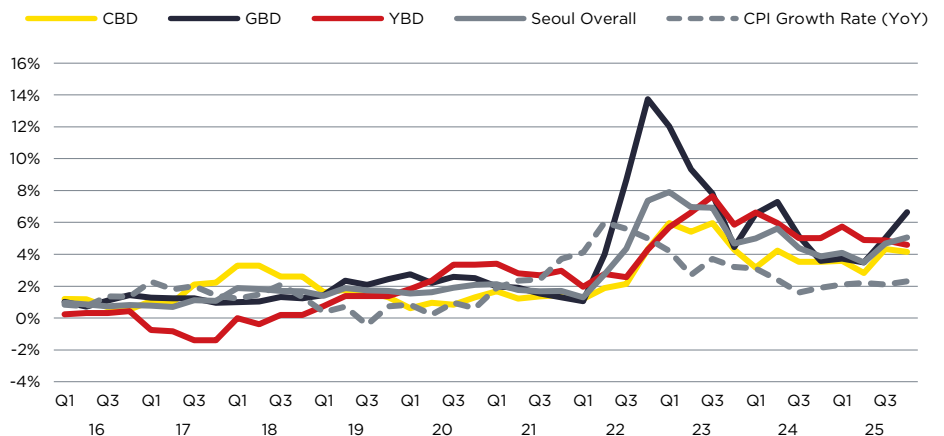
**OUTLOOK**

Downsizing and relocations of conglomerates are expected to persist through 2026. Following SK and LG groups, some departments from Hana Financial Group is scheduled to relocate to its headquarters in Cheongna.

The vacancy rate in CBD is projected to edge up slightly. While existing tenants in Pine Avenue A and the Yonsei Foundation Building are reportedly planning to expand, SK Group affiliates are set to vacate the Yonsei Foundation Building, T Tower, and Centerplace for relocations to other districts. Additionally, JT Chinae Savings Bank (Pine Avenue B) is planning moves, while Transcosmos Korea is expected to downsize its headquarters at City Center Tower.

The GBD vacancy rate is expected to remain steady. Although some vacancies in POSCO Tower Yeoksam and Gangnam Finance Center are anticipated to be backfilled, this will be offset by ABB Korea and Nature Republic, each downsizing or relocating approximately 2,000 sq m from Parnas Tower and Glass Tower, respectively.

**FIGURE 5: YOY RENTAL INCREASE RATE BY DISTRICT, Q1/2016 – Q4/2025**



Source: Bank of Korea, Savills Korea

TABLE 2: MAJOR TENANT RELOCATIONS, Q4/2025

TO				FROM	
DISTRICT	BUILDING	TENANT	AREA (SQ M)	DISTRICT	BUILDING
CBD	The K Twin Tower	Jongno-gu Office	9,500	CBD	Susong-dong DL Bldg.
	Korea Chamber of Commerce & Industry Bldg.	Hanwha Claims Management	4,300	Mapo	Mapo LG Bldg.
	State Tower Namsan	Richemont Korea	2,800	Expansion	
	Seoul Finance Center	Societe Generale	2,600	CBD	D Tower
	Ferrum Tower	Dongkuk Steel	1,300	Expansion	
GBD	Samseongdong Office Bldg.	Hyundai Autoever	5,100	Expansion	
	KB Life Tower	KB Financial Group	2,200	Expansion	
	SEMA Tower	Korea Scientists & Engineers Mutual-aid Association	1,900	GBD	Asea Tower
	Kyobo Gangnam Tower	Delight Room (Alarmy)	1,500	GBD	Duo Sinnonhyeon Bldg.
YBD	ONE IFC	SAP Korea	6,000	Others	Military Mutual Aid Association Bldg.
		Kakao pay Securities	1,300	New	
	One Centinel	Woori Investment Securities	2,600	Expansion	
	Parc 1. Tower 1	Apple	1,700	Expansion	

Source: Savills Korea

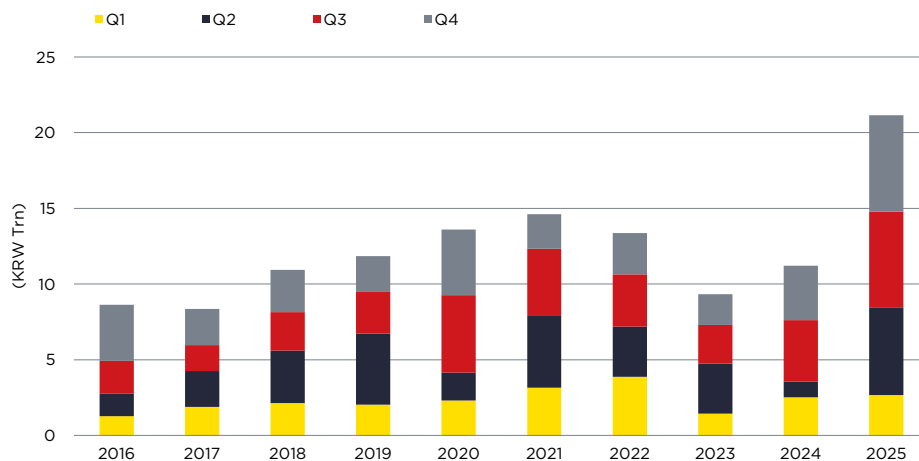
In YBD, large-scale tenant departures are anticipated in Q1/2026. LG Chem (10,000 sq m) is scheduled to relocate from Parc.1 Tower 1 to Magok, while GC Biopharma and its affiliates (15,000 sq m) will move from Parc.1 Tower 2 to Seoul Forest The Sharp. Although major vacancies in One Centinel and FKI Tower are expected to be backfilled, the district’s vacancy rate is projected to remain broadly in line with the previous quarter or edge up slightly.

### TRANSACTIONS AND THE INVESTMENT MARKET

In Q4/2025, Seoul’s office transaction volume reached approximately KRW6.4 trillion, marking the third consecutive quarter to surpass the KRW5 trillion threshold. This brought the total annual investment volume for 2025 to KRW21.1 trillion, significantly outpacing the previous historical high of KRW14.6 trillion recorded in 2021.

In the CBD, KB AMC acquired Signature Tower from IGIS AMC for KRW1.035 trillion (KRW34.2 million/py) through a share-deal, with KB Financial Group affiliates and Kumho Petrochemical, a key tenant, participating as major investors. Located near Euljiro 3-ga Station, the asset is highly regarded

FIGURE 6: PRIME OFFICE VACANCY RATE BY DISTRICT, Q1/2016 – Q4/2025



Source: Savills Korea

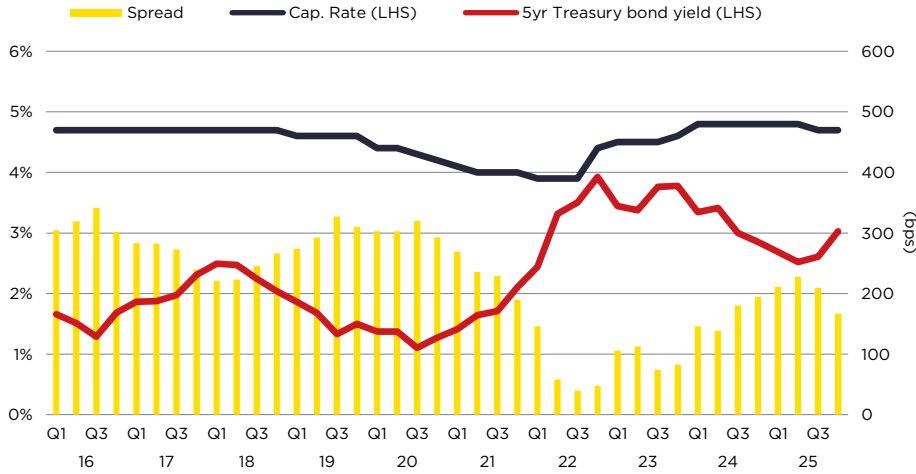
for its superior physical specifications and potential for stable rental income.

Kyobo AIM AMC acquired Center Point Gwanghwamun from Koramco REITs & Trust for KRW432.4 billion (KRW36.7 million/py) via a share-deal. With Kim & Chang occupying roughly 80% of the total GFA under a long-term lease, the asset is expected to achieve a significant rental uplift upon future renewal, as its current rents remain below prevailing market levels.

Corporate activity in the CBD investment market remained robust this quarter. Korea Computer acquired the Alpha Building in Seorin-dong for KRW117.5 billion (KRW28.7 million/py), while Chunkyung Shipping purchased the KT&G Euljiro Tower for KRW121.6 billion (KRW22.1 million/py), with both transactions primarily aimed at securing rental income.

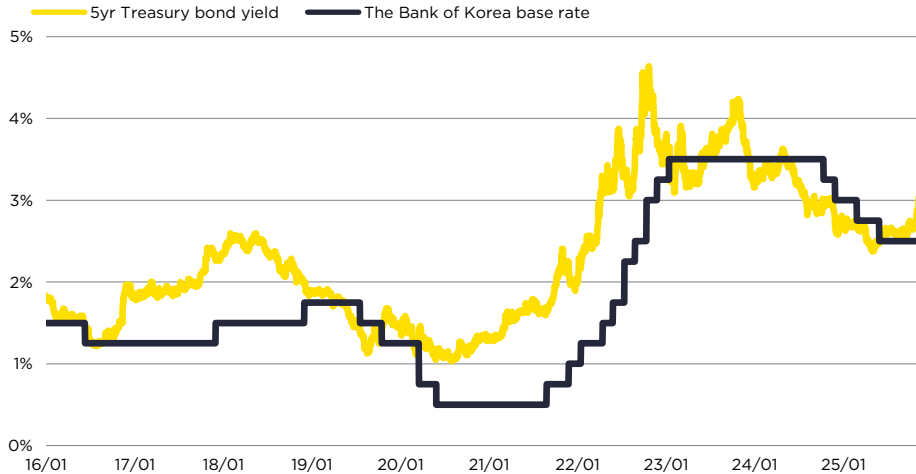
LX Holdings purchased the LG Gwanghwamun Building from LG for

FIGURE 7: PRIME OFFICE BUILDING CAP. RATE TREND, Q1/2016 – Q4/2025



Source: Bank of Korea, Savills Korea

FIGURE 8: FIVE-YEAR TREASURY BOND YIELD AND BOK BASE RATE TREND, JAN 2016 – DEC 2025



Source: Savills Korea

KRW512.0 billion (KRW33.0 million/py). The company plans to use the asset as its new headquarters, consolidating affiliates that are currently dispersed across multiple locations, including the LG Seoul Station Building and LG Electronics' Yangjae-dong Campus.

Heungkuk Life Insurance sold its headquarters in Sinmun-ro to Heungkuk REITs Management for KRW719.3 billion (KRW33.0 million/py). The asset was acquired by Heungkuk Core REITs a vehicle funded by Taekwang Group affiliates. Taekwang Group reportedly intends to utilize the liquidity secured from this transaction to pursue new business ventures.

In the GBD, Korea Investment Real Estate Trust acquired the Samseong-dong Building from Kyobo Asset Trust for KRW350.7 billion (KRW37.8 million/py) through a share deal. Following the departure of Interpark and iMarketKorea from the building in 2H/2024, vacancy remained elevated due to difficulties in securing new tenants. The transaction was ultimately completed with Korea Investment Real Estate Trust taking owner-occupancy, while the seller, Kyobo Asset Trust, reinvested in a portion of the common equity.

Smilegate AMC acquired AP Tower and its adjacent site from IGIS AMC for KRW355.6 billion via a share-deal. The buyer is reportedly planning to consolidate the parcels and develop a prime-grade office building with a GFA exceeding 33,000 sq m, utilizing floor-area ratio (FAR) incentives.

TABLE 3: KEY TRANSACTIONS, Q4/2025

DISTRICT	BUILDING NAME	SELLER	BUYER	TYPE	TRANSACTION PRICE (KRW BIL)
CBD	Signature Tower	IGIS AMC	KB AMC	Share deal	1,034.6
CBD	Heungkuk Life Insurance Bldg.	Heungkuk Life Insurance	Heungkuk REITs Management	Asset deal	719.3
CBD	LG Gwanghwamun Bldg.	LG	LX Holdings	Asset deal	512.0
CBD	Centerpoint Gwanghwamun	Koramco AMC	KYOBO AIM AMC	Share deal	432.4
YBD	Yeouido Finance Tower	KB AMC	KB AMC	Share deal	356.7
GBD	Samseongdong Office Bldg.	KYOBO Asset Trust	Korea Investment Real Estate Trust	Share deal	350.7
GBD	AP Tower	IGIS AMC	Smilegate AMC	Share deal	355.6
Others	Bundang Doosan Tower	Koramco REITs & Trust	Koramco AMC	Share deal	790.0
Others	Factorial Seongsu	IGIS AMC	KYOBO AIM AMC	Asset deal	254.8

Source: Savills Korea

In the YBD, KB AMC purchased Yeouido Finance Tower for KRW356.7 billion (KRW27.0 million/py) via a share-deal. The new beneficiary was confirmed to be a KB blind fund backed by KB Financial Group affiliates. The asset is highly valued for its significant redevelopment potential, as the site allows for the construction of a new office building with FAR incentives.

Petraville AMC acquired City Plaza from IGIS AMC for KRW135.0 billion (KRW30.0 million/py). The transaction was reportedly funded by the Hong Kong-based private equity firm PAG. Located in the heart of the Yeouido financial district near Yeouido Station, the mid-sized asset is recognized for its significant rental upside potential.

In the Seongsu district, Kyobo AIM AMC acquired Factorial Seongsu from IGIS AMC for KRW254.8 billion (KRW40.0 million/py). The asset is a landmark prime office building in the Seongsu district, occupied by blue-chip tenants such as CJ Olive Young and Hyundai Motor Company. It is highly regarded for its significant upside potential in both office and retail rents.

As of Q4/2025, prime office cap rates in Seoul are estimated to remain stable compared to the previous quarter, hovering in the mid-to-high 4% range on a nominal basis and the low 4% range on an effective basis (adjusted for rent-free periods). With the average five-year Treasury bond yield rising to 3.03%, the spread over the nominal cap rate is recorded at approximately 170 bps.

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

TABLE 4: SUMMARY OF SURVEYED BUILDINGS, DEC 2025

		CBD	GBD	YBD	Total
A	Number of buildings	25	14	14	53
	Average GFA (sq m)	89,000	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 108 among 134 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.



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