



savills

SPOTLIGHT
2026
**KOREA OFFICE
MARKET OUTLOOK**

OFFICE - KOREA - MARCH 2026

RESEARCH

KEY TAKEAWAYS

01

Despite new supply equivalent to 4.5% of the total CBD stock in 2026, vacancy in other districts is expected to remain broadly steady.

02

Seoul prime office face rents are projected to increase by 2-4% in 2026; however, effective rental growth is likely to remain muted, as tenant incentives diverge by district and asset quality.

03

The 2026 office investment market is expected to remain resilient, supported by ongoing participation from strategic investors and owner-occupiers.

04

A sustained rate-hold environment, coupled with liquidity inflows from blind funds, is expected to support investor participation.

A broader investor base will likely keep the office investment market firm in 2026

2025 Review

Economic Overview

Following two 25bps rate cuts in February and May, the Bank of Korea ("BoK") maintained the base rate at 2.50% through November, sustaining an accommodative monetary stance amid financial stability considerations, including overheating risks in the real estate market, elevated household leverage and currency depreciation pressures. In January 2026, the BoK again held rates steady, citing moderating inflation, firmer growth momentum and financial stability risks.

Korea's economy gained traction in Q3/2025, with real GDP posting its strongest quarterly expansion in 18 months, underpinned by a rebound in private consumption and robust semiconductor exports. In November, the BoK revised its growth forecasts upward to 1.0% for 2025 and 1.8% for 2026, while maintaining its CPI forecast at 2.1% for both years, reflecting exchange rate pass-through effects.

Meanwhile, the Federal Reserve ("Fed") implemented three rate cuts in 2H/2025 amid signs of economic slowdown, lowering the target range to 3.50-3.75%. Consequently, the Korea-US policy rate differential narrowed to 125bps at the upper bound. However, the Fed's dot plot suggests limited scope for additional easing in 2026.

Supply

In 2025, new supply was limited to the refurbishment of existing assets rather than new developments. In the YBD, One Centinel (formerly the Shinhan Investment & Securities Building) completed a full renovation, alongside KT Gwanghwamun West in the CBD.

In 2026, three prime office buildings for lease are scheduled for delivery, all located in the CBD. The aggregate gross floor area totals approximately 211,000 sq m, equivalent to 4.5% of the CBD's total prime stock (4,646,900 sq m). Notably, all projects are concentrated along the Jongno-Euljiro corridor, underscoring the continued eastward expansion of the CBD.

No major completions are scheduled for 2027, with the next meaningful supply wave expected from 2028 onward. Over the 2026-2028 period, annual average supply is projected at approximately 158,700 sq m, broadly in line with the historical 10-year average (2016-2025) of 160,800 sq m.

Demand and Vacancy Rates

Seoul's prime office market recorded net absorption of -13,200 sq m in 2025, marking its first annual contraction in the past decade (2016-2025). The CBD posted -69,700 sq m, more than offsetting positive absorption in the YBD and GBD

NEW PRIME OFFICE SUPPLY IN 2026

EXPECTED COMPLETION	DISTRICT	BUILDING NAME	GFA (SQ M)
Q2/2026	CBD	G1 Seoul (Gongpyeong 15,16 District)	120,663
Q2/2026	CBD	Rene Square (Euljiro 3-ga 6 District)	52,098
Q4/2026	CBD	EUL Tower (Euljiro 3-ga 12 District)	38,319

Source: Savills Korea

and pushing overall market net absorption into negative territory. The contraction was primarily driven by large vacancies following the relocation of SK Group affiliates to SK-owned properties and SK REIT assets. While some space was subsequently backfilled, the CBD remained the only major district to register negative net absorption.

In contrast, the YBD recorded positive net absorption of 37,400 sq m, supported by leasing at Anchor One (completed in 2023) and One Centinel (renovated in 2025). The GBD also faced several sizable vacancies; however, most were leased up within two to three quarters, resulting in net absorption of 13,000 sq m.

Despite several large vacancies during the year, rapid backfilling kept Seoul's prime office vacancy rate low in the mid-3% range. An analysis of tenant industries by take-up in 2025 shows that the financial sector accounted for the largest share at 36%, followed by IT/Tech (22%), Wholesale & Retail (11%), and Government (9%). In 2024, demand was more heavily concentrated in Finance (53%), followed by IT/Tech (11%), Manufacturing (10%), and Wholesale & Retail (7%). The financial sector continued to dominate leasing activity in 2025, supported by significant take-up at newly completed Anchor One and the refurbished One Centinel in the YBD. Notably, the Government sector's share rose to 9% from 3% in 2024, largely reflecting the relocation of the Jongno-gu Office to K Twin Tower following the commencement of its redevelopment in the CBD.

SEOUL PRIME OFFICE SUMMARY AND ECONOMIC TRENDS, 2025 – 2026F

ITEM	Q1/2025	Q2/2025	Q3/2025	Q4/2025	2025	2026F
GDP Growth (yoy)	1.5%	0.8%	0.9%	1.0%	1.0%	1.8%
CPI (yoy)	2.1%	2.2%	2.1%	2.3%	2.3%	2.1%
Face Rent Growth (eop)	4.1%	3.5%	4.1%	5.1%	5.1%	2 - 4%
Maintenance Fee Growth (yoy)	2.4%	2.4%	3.0%	3.1%	3.1%	2 - 3%
Net Absorption (sq m)	1,259	-9,385	-16,254	11,186	-13,194	N/A
Vacancy Rate	3.5%	3.6%	3.8%	3.7%	3.7%	5 - 7%
BoK Policy Rate (eop)	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%
Cap. Rate	4.8%	4.8%	4.7%	4.7%	4.7%	4.6 - 4.7%

Source: Bank of Korea, Savills Korea

Relocation analysis indicates that Secondary-to-Prime upgrades accounted for 30% of total movements in 2025, followed by Prime-to-Prime lateral relocations (27%), expansions (25%), and new-to-market demand (18%). In comparison, 2024 saw upgrades and lateral relocations account for 35% and 32%, respectively, while expansions and new-to-market demand accounted for 15% and 18%. Despite a more balanced contribution from upgrading, expansion, and new-to-market activity in 2025, overall net absorption contracted due to substantial outbound relocations from the CBD, primarily by SK Group affiliates.

By district, upgrades accounted for the largest share in the CBD at 42%, driven by relocations such as Jongno-gu Office and Korean Reinsurance Company. In the GBD, lateral relocations accounted for 36%,

followed by expansions (32%) and new-to-market demand (30%). Meanwhile, the YBD recorded a higher proportion of new-to-market demand (38%) and upgrades (23%), together representing nearly 60% of total movements. This was primarily driven by the consolidation of dispersed offices by KB Kookmin Bank into Anchor One, as well as Mirae Asset Securities' relocation to One Centinel following the redevelopment of its former headquarters in the YBD.

Rents and Maintenance Fees

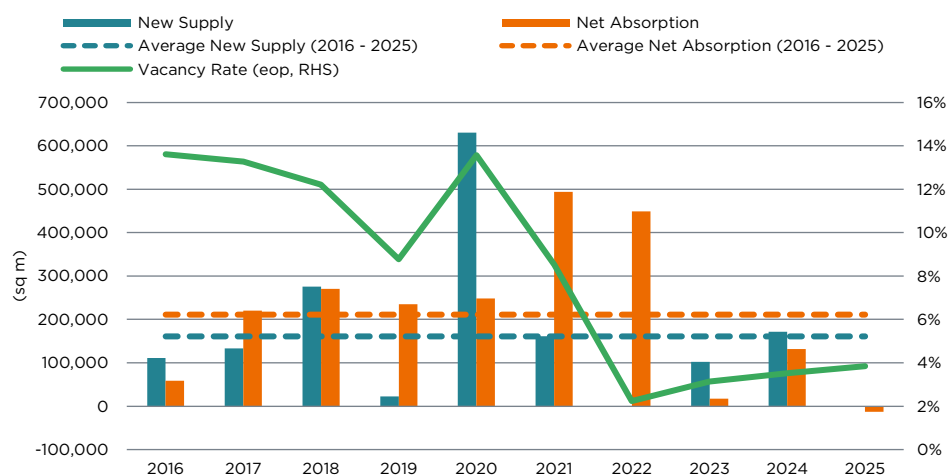
As of 2025, face rents rose by 3-5% over the year, with average growth of 4.3%, broadly in line with the 4.7% recorded at end-2024. Although rental growth has moderated from the 2022-2023 peak, it continues to exceed consumer price inflation by 2-3 percentage points.

By district, the YBD led rental growth at 5.0%, followed by the GBD (4.7%) and the CBD (3.7%). YBD's outperformance was driven by rent reversions at newly completed and refurbished prime assets, including TP Tower and One Centinel. The district's effective NOC improved from 89% of the CBD level in 2020 to 94%, reflecting sustained leasing momentum.

However, landlords of assets with prolonged vacancies have offered more aggressive incentives, widening the gap in effective rents across buildings.

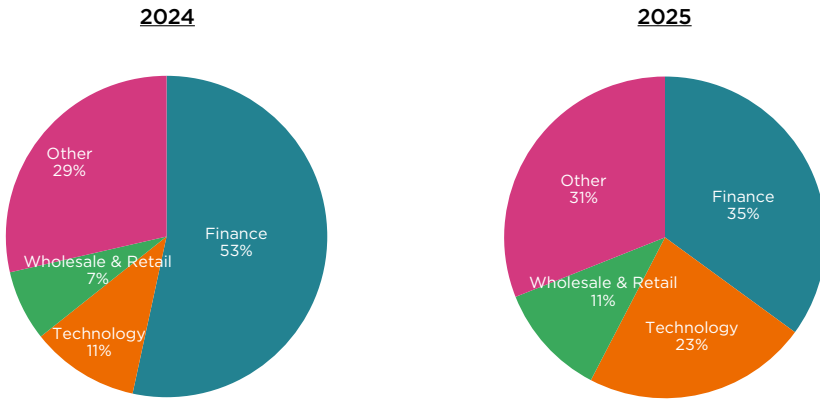
Average maintenance fees increased 2.7% year-on-year (YoY) in 2025, similar to the 2.6% recorded in 2024. Growth exceeded CPI at 2.3% as of December 2025, marking more than two consecutive years of annual increases above 2%.

NEW SUPPLY AND NET ABSORPTION, 2016 – 2025



Source: Savills Korea

NEW TAKE-UP BY INDUSTRY, 2024 VS 2025

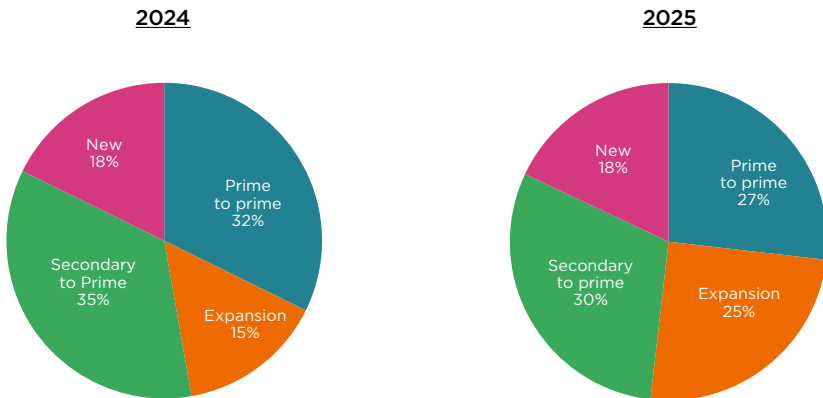


Source: Savills Korea

2026 Leasing Market Outlook

In the GBD, following the revision of the district unit plan by the Seoul Metropolitan Government, areas surrounding Teheran-ro, including Yeoksam-dong, Samseong-dong, and Daechi-dong, are now eligible for a floor area ratio (FAR) of up to 1,800%. This revision supports additional large-scale developments alongside the Seoripul project. In parallel, Hyundai Motor Group has resumed the Global Business Center (GBC) project, targeting completion by December 2031. Several mid-sized remodeling and redevelopment projects of approximately 33,000 sq m are also underway, with further potential office supply anticipated on key underutilized sites, including the Lotte Chilsung Beverage site.

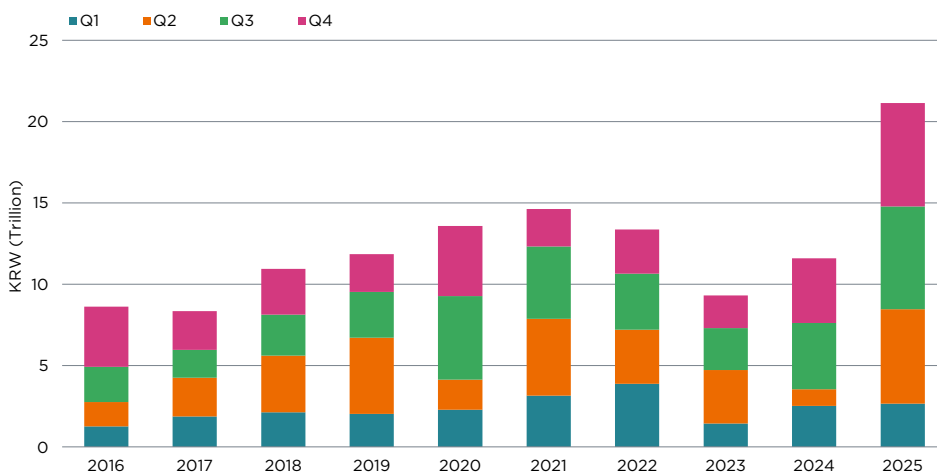
SEOUL PRIME OFFICE TAKE-UP COMPARISON, 2024 VS 2025



Source: Savills Korea

In the CBD, three new prime office buildings — G1 Seoul, Rene Square, and EUL Tower — are scheduled for completion in 2026. As of January, G1 Seoul is currently offered at an NOC in the low KRW40,000s per pyeong, with MetLife reportedly planning to relocate its headquarters from Yeoksam-dong to G1 Seoul, occupying three floors. Active leasing efforts, including expanded tenant incentives, are underway to attract a broad tenant base, particularly occupiers relocating from the GBD. Rene Square and EUL Tower are likewise offered at NOCs in the low KRW40,000s per pyeong, with rent-free periods and additional incentives provided to support tenant acquisition. With the delivery of these new prime assets, tenant relocations are expected to increase, both within districts and across major districts.

OFFICE TRANSACTION VOLUME, 2016 - 2025



Source: Savills Korea

The overall vacancy rate for Seoul prime offices is forecast to rise to 5-7% in 2026. In the CBD, vacancy is expected to increase to 8-10%, driven by relocations and downsizing by conglomerates such as SK Group and Hana Financial Group, anticipated tenant departures, and the delivery of new prime supply. Although vacancy will rise in the near term, prime office buildings delivered since 2015 have historically required an average lease-up period of 1.0-1.5 years. Vacancy is therefore expected to ease from 2027.

By contrast, the GBD recorded a low vacancy rate of 1.7% as of end-December 2025 and is expected to remain the most stable submarket in 2026, at around 2-3%.

In the YBD, the departure of GC Biopharma will vacate approximately 4.5 floors at Parc.1 Tower 2. In addition, relocations and downsizing by LG Corporation and its affiliates are expected to free up about four floors at Parc.1 Tower 1. These vacancies will be partly offset by planned move-ins by NH Capital, the Korea Fire Insurance Association, and the Korea Insurance Research Institute at One Centinel, totaling approximately 24,000 sq m. As a result, YBD vacancy is projected to remain at 3-5%, broadly in line with 2025 levels.

The landlord-favorable market conditions seen since 2021 are beginning to moderate. In 2026, face rent growth is expected to slow to 2-4%, while tenant incentives may increase for assets facing larger vacancies or slower leasing.

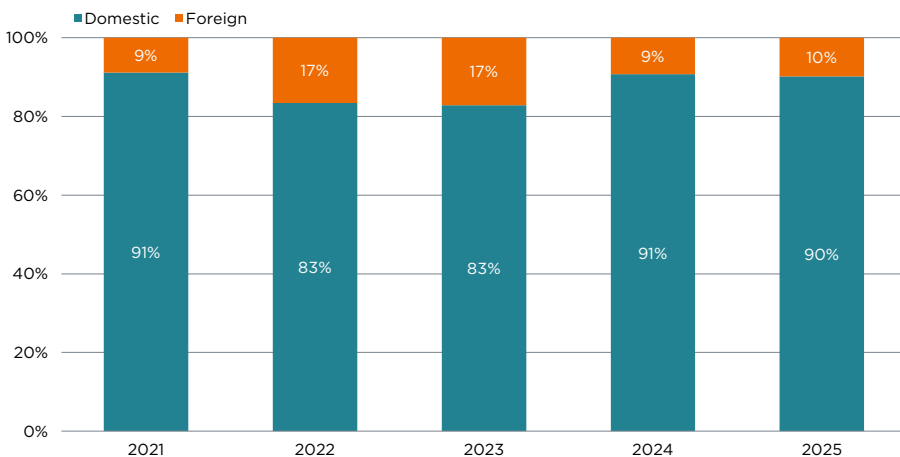
Maintenance fees are projected to rise by 2-3% in 2026, slightly above the inflation forecast of 2.1% and broadly in line with last year's increase.

Transaction and Investment Market

In 2025, Seoul office investment volumes reached a record KRW21.1 trillion, up 82% YoY and 45% above the previous peak of KRW14.6 trillion in 2021.

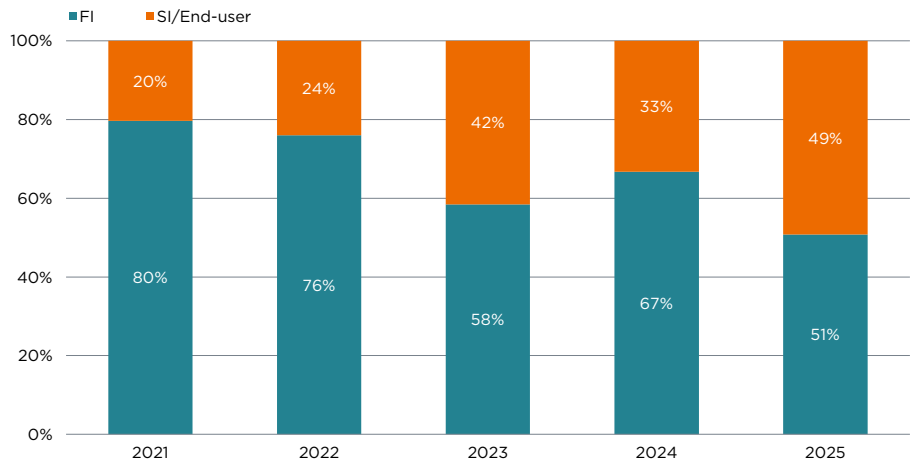
The surge was driven by strong turnover of prime assets. While the number of the total transactions declined from 89 in 2021 to 54 in 2025, the number of prime deals increased from 10 to 18. Investment in prime offices more than doubled over the period, rising from KRW3.9 trillion to KRW10.3 trillion.

OFFICE INVESTORS BY NATIONALITY, 2021 – 2025



Source: Savills Korea

OFFICE TRANSACTION VOLUME BY INVESTOR TYPE, 2021 – 2025



Source: Savills Korea

Share-deal transactions also expanded meaningfully. After averaging KRW1.5 trillion annually between 2021 and 2024, volumes rose to KRW6.9 trillion in 2025—more than four times the prior average—representing 33% of total transaction volume.

Strategic investors and owner-occupiers played an increasingly prominent role between 2021 and 2025. Their share of investment rose from 20% to 49%, representing nearly half of total volume. Over the same period, among transactions completed by strategic investors and owner-occupiers, office assets in the GBD accounted for 58% of total transaction volume and 57% of all transactions (31 deals) across the three key districts.

Notably, 76% of these investors were existing occupiers within the same district, reflecting a clear preference for business continuity and location familiarity.

Foreign investment nearly doubled from KRW1.1 trillion in 2021 to KRW2.1 trillion in 2025. However, its share remained below 10%, unchanged from 2024 and below the 10-year average of 17%. Acquisitions were concentrated in non-core districts, including DMC, Jamsil and the Southwest area, and were largely executed through private negotiations at competitive pricing.

Overall, 2025's record activity reflected elevated prime asset turnover, broader adoption of share-deal structures and sustained demand from strategic and owner-occupier buyers, particularly for headquarters acquisitions.

2026 Investment Market Outlook

In 2026, corporates are expected to remain active as strategic investors and owner-occupiers. Historically, these investors have demonstrated greater flexibility in capital deployment, often driven by occupier needs such as securing headquarters or consolidating core operations. Their presence provides pricing support and execution certainty, creating a stable backdrop for co-investing financial investors. As a result, high-quality assets in preferred locations are likely to remain in strong demand.

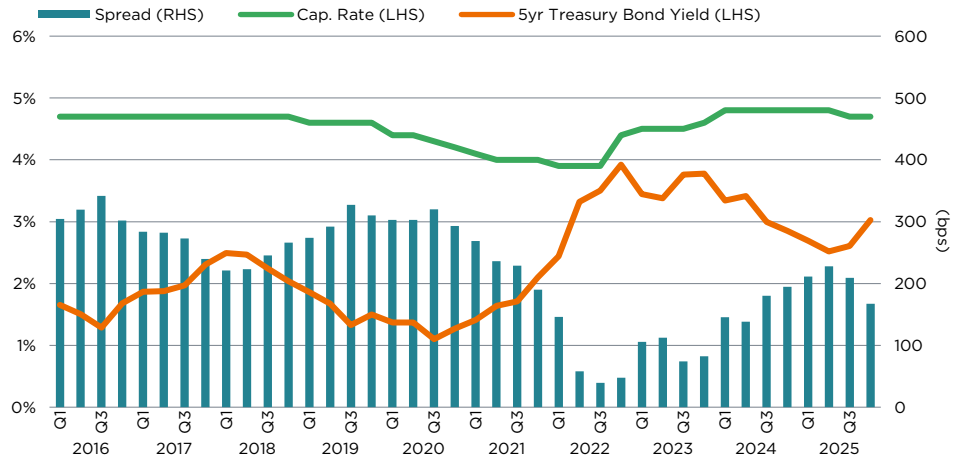
Liquidity is also expected to remain ample. Domestic institutional investors, including NPS and Korea Post, continue

to raise blind funds, sustaining capital deployment capacity. In addition, stable senior loan rates amid a prolonged base-rate hold should further support investment activity.

As of January, several transactions are underway or nearing closing. With assets approaching fund maturity expected to continue coming to market, office investment volume in 2026 is projected to remain broadly in line with 2025 levels, with potential for modest upside.

Effective cap rates, adjusted for rent-free periods, are expected to remain in the low-4% range. Both strategic and financial investors are likely to remain selective, focusing on assets with durable income and strong fundamentals, which should keep cap rate volatility contained.

SEOUL PRIME OFFICE CAP. RATE, 2016 – 2025



Source: Bank of Korea, Savills Korea

MAJOR OFFICE TRANSACTION IN 2025

PERIOD	DISTRICT	BUILDING NAME	SELLER	BUYER	TRANSACTIONED AREA (SQ M)	TRANSACTION PRICE (KRW BIL)
Q1	CBD	Daishin 343	Daishin Securities	Daishin Asset Trust	53,369	662.0
Q2	CBD	Cresendo	DWS AMC	KORAMCO REITs & Trust	54,672	556.7
Q2	CBD	Susong Square	IGIS AMC	D&D Investment	50,313	522.5
Q2	CBD	KDB Life Tower	KB AMC	CJ Oliveyoung	82,116	674.4
Q2	GBD	Bithumb Finance Tower (Formerly Gangnam N Tower)	KB Real Estate Trust	KB Real Estate Trust	51,126	680.5
Q2	GBD	SI Tower	KB AMC	IGIS AMC	66,202	897.1
Q3	CBD	Pacific Tower	Pebblestone AMC	Pebblestone AMC	59,500	574.0
Q3	CBD	Ferrum Tower	Samsung Life	Dongkuk Steel	55,695	645.1
Q4	CBD	Signature Tower	IGIS AMC	KB AMC	99,997	1,034.6
Q4	CBD	Heungkuk Life Insurance Bldg.	Heungkuk Life Insurance	Heungkuk REITs Management	72,054	719.3
Q4	CBD	LG Gwanghwamun Bldg.	LG	LX Holdings	51,312	512.0

Source: Savills Korea



Savills Research

We're a dedicated team with an unrivalled reputation for producing well-informed and accurate analysis, research and commentary across all sectors of the Korean property market. To view copies of our previous publications, go to www.savills.co.kr/insight-and-opinion/#Research



SAVILLS KOREA



Crystal Lee
CEO

+82 2 2124 4163
csilee@savills.co.kr

SAVILLS RESEARCH



JoAnn Hong
Senior Director
Research & Consultancy

+82 2 2124 4191
jhong@savills.co.kr

Savills plc is a global real estate services provider listed on the London Stock Exchange. We have an international network of more than 700 offices and associates throughout the Americas, the UK, continental Europe, Asia Pacific, Africa and the Middle East, offering a broad range of specialist advisory, management and transactional services to clients all over the world. This report is for general informative purposes only. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent. While every effort has been made to ensure it's accuracy, Savills accepts no liability whatsoever for any direct or consequential loss arising from its use. The content is strictly copyright and reproduction of the whole or part of it in any form is prohibited without written permission from Savills Research.