

The Savills logo, consisting of the word "savills" in a lowercase, sans-serif font, is centered within a solid yellow rectangular box. The background of the entire page is a photograph of a warehouse aisle with high blue metal shelving units and yellow safety bumpers at the base of the racks.

savills

SPOTLIGHT

2026

KOREA LOGISTICS MARKET OUTLOOK

LOGISTICS - KOREA - MARCH 2026

RESEARCH

KEY TAKEAWAYS

01

Although new supply for logistics centers is projected at 1.75 million sq m nationwide and 1.40 million sq m in the Seoul Metropolitan Area in 2026, cold storage supply is expected to remain relatively constrained.

02

The dry storage leasing market is expected to extend its recovery, supported by continued growth in online sales penetration and improving distribution efficiency, with rents projected to climb and vacancy rate expected to decline further.

03

Amid active trading of large-scale and core assets, total investment volume in 2026 is projected to edge up from last year's level.

04

As investment sentiment toward logistics centers gradually improves, both domestic and foreign institutional investors are expected to increase participation, with the Cap. Rate for 2026 projected to compress modestly - settling around the 5% mark.

Domestic investor share set to rise amid active core asset transactions

Online Shopping Trends

Total retail sales from January through November 2025 reached KRW597.20 trillion, up 2.1% year-on-year (YoY). With consumer price inflation running at the same pace over the same period, real retail sales growth was effectively flat, pointing to broader softness in consumption.

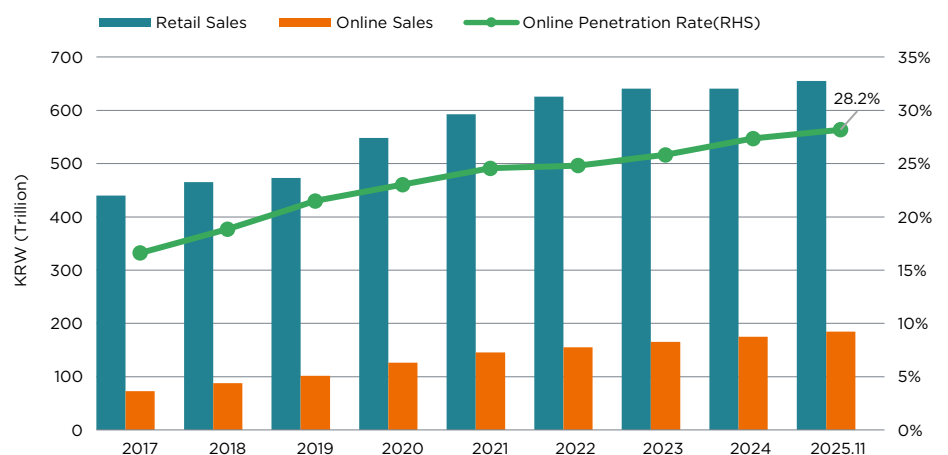
In contrast, total online transaction volume (excluding services) reached KRW168.30 trillion over the same period, rising 5.3% YoY and maintaining solid momentum. By category, auto parts and accessories led with 28% growth, followed by fresh produce (13%), food and groceries (10%), and fashion accessories and cosmetics (8% each). Although overall online growth has moderated from prior years, key consumer categories such as fresh produce and groceries continue to post double-digit gains, suggesting that the structural shift toward online

consumption remains intact. As of November 2025, online penetration stood at 28.2%, up 0.8 percentage points from 27.4% a year earlier, with the online share of total retail continuing to expand steadily.

Offline retail, meanwhile, continues to contract. Since COVID-19, hypermarket store counts have steadily declined, with the three major chains collectively closing 38 locations over the past five years. An additional 12 Homeplus stores are scheduled to close in the first half of 2026. This sustained retrenchment in brick-and-mortar retail remains a key driver of continued migration to online channels.

On the e-commerce front, Coupang has expanded operating profits through Q3/2025 following its return to profitability in 2024, while Naver has launched "Kurly N Mart" to strengthen its competitive position.

ONLINE SALES PENETRATION, 2017 - 2025.11



Source: Ministry of Data and Statistics, Savills Korea

The delivery sector continues to enhance service coverage: after CJ Logistics and Hanjin introduced seven-day delivery last year, Lotte Global Logistics followed suit in January. As delivery convenience improves, online sales growth is likely to remain resilient in the foreseeable future.

New Supply

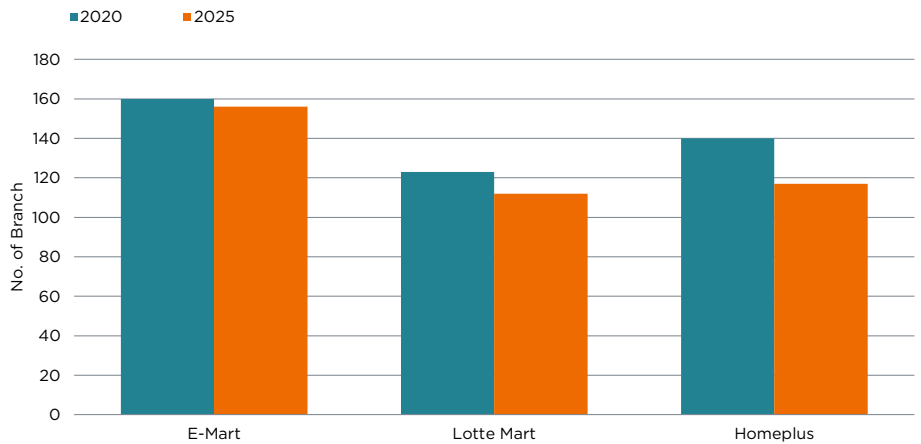
Nationwide completions of logistics centers exceeding 16,500 sq m in GFA declined 74% YoY in 2025, bringing total stock to 42.82 million sq m, up 3.8% from a year earlier. Cold storage accounted for just 80,000 sq m of new supply, all of which was concentrated in the Seoul Metropolitan Area (SMA).

The SMA, which represents 74.7% of total nationwide logistics stock, recorded average annual additions of 3.62 million sq m between 2020 and 2024; however, completions fell sharply to just 1.08 million sq m in 2025. As a result, total stock in the SMA rose a modest 3.5% YoY to 31.98 million sq m.

Leasing Market

Among logistics centers with GFA exceeding 33,000 sq m, average face rents in 2025 stood at KRW33,400 per pyeong for dry storage and KRW60,800 per pyeong for cold storage. Dry storage rents edged up

HYPERMARKET STORE COUNT, 2020 VS 2025



Source: Each Firm, Savills Korea

approximately 3% from the prior year, while cold storage rents remained flat. The SMA vacancy rate for dry storage declined to 13% in 2025, marking a turnaround after peaking in 2024. The improvement reflects a combination of resilient leasing demand and a sharp pullback in new supply working through the market. In contrast, cold storage vacancy remained elevated at 36%, broadly unchanged YoY. While some tenants leasing dry storage have also taken up limited cold storage space, logistics centers with a high cold storage component continue to face leasing challenges.

The broader leasing market is recovering, although tenants hold the

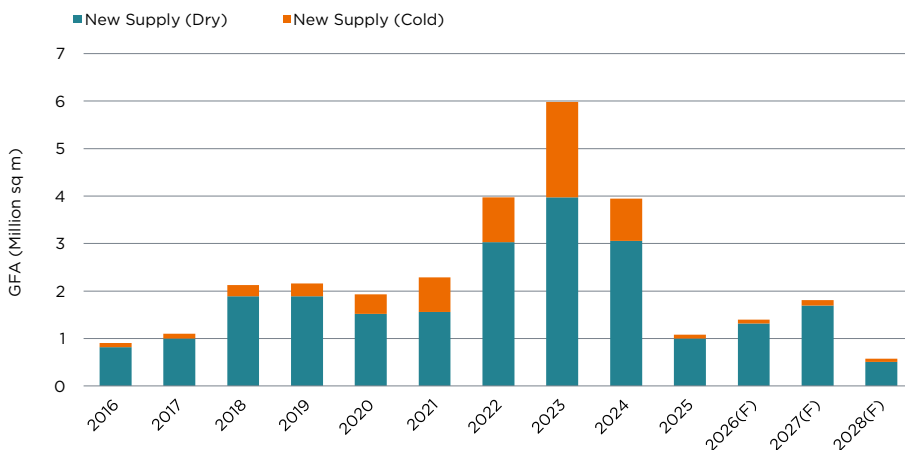
upper hand. Rent-free periods for dry storage currently average 1-2 months per year, while cold storage landlords continue to offer 3-5 months. Aggressive tenant incentives remain common across newly completed projects and existing vacant stock, particularly in the more challenging cold storage segment, where landlords are increasingly offering additional concessions to secure leases.

Investment Market

Total nationwide logistics transaction volume - including forward purchases - reached KRW5.70 trillion in 2025, up 16.8% from 2024. Large-scale asset deals drove the headline growth, while forward purchase activity has been on a steady decline since 2023 as investors remain cautious about vacancy risk tied to large new supply pipelines. Excluding forward purchases, hard asset transactions totaled KRW5.20 trillion, marking an all-time high. Distressed transactions also declined meaningfully: they accounted for 33% of total volume in 2024 (KRW1.60 trillion across 19 deals), but the share fell to 19% in 2025 (KRW1.10 trillion across 8 deals), suggesting a meaningful improvement in overall transaction quality.

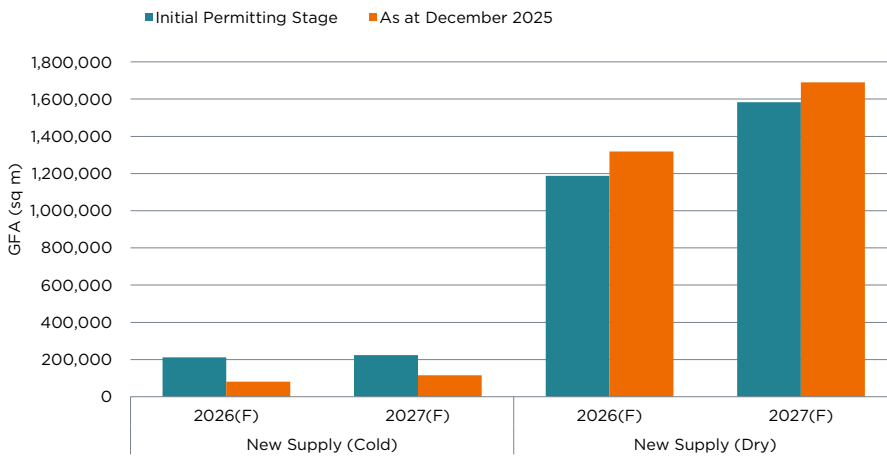
Dry storage entered a recovery phase in 2025, supported by tighter supply conditions and stabilizing

ANNUAL NEW SUPPLY IN SMA, 2016 - 2028(F)



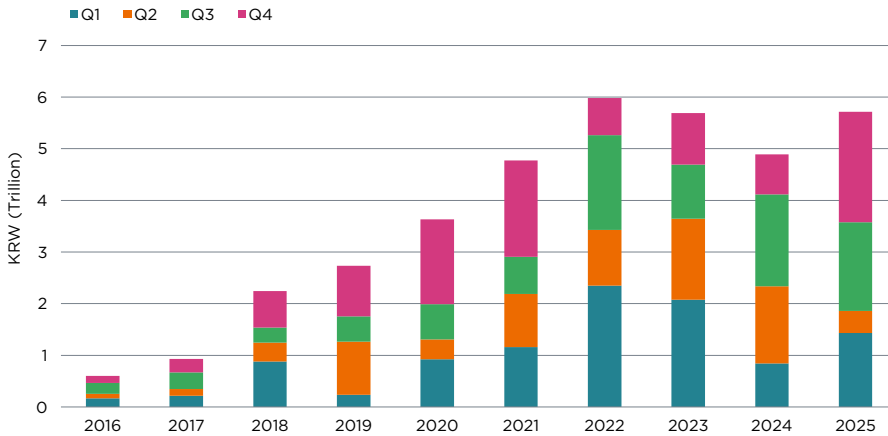
Source: Savills Korea

CHANGE IN NEW SUPPLY BY STORAGE TYPE



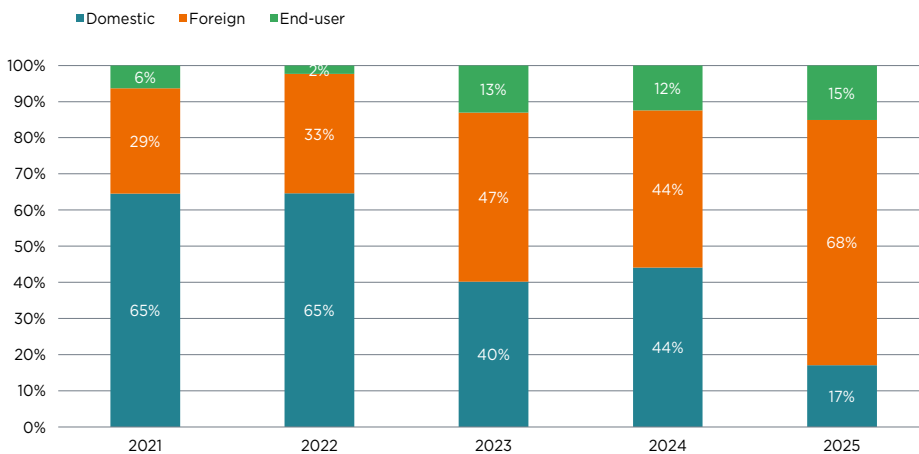
Source: Savills Korea
 * GFA : Projects in SMA with a GFA of 16,500 sq m or more, excluding projects that have not yet commenced or suspended

TOTAL TRANSACTION VOLUME, 2016 - 2025



Source: Savills Korea

LOGISTICS TRANSACTIONS* BY INVESTOR, 2021 - 2025



Source: Savills Korea
 * Excludes cases where contractors acquired ownership through debt repayment under guaranteed completion obligations

vacancy. Average transaction prices rose 15% YoY to KRW6.20 million per pyeong. In contrast, mixed-use assets transacting below KRW6.00 million per pyeong were largely distressed or faced leasing challenges related to cold storage space. Some landlords converted vacant cold storage areas to dry use to mitigate vacancy risk. Excluding distressed sales, the average capital value of mixed-use assets stood at KRW7.45 million per pyeong.

Foreign investors dominated the market in 2025, accounting for approximately 68% of total transaction volume, with a clear focus on prime assets exceeding 99,000 sq m. GIC and Brookfield were the most active buyers in the first half, while KKR, M&G Real Estate, and Starwood Capital acquired several major assets in the second half.

KKR was the most active investor in 2025, acquiring the Anseong Miyang Logistics Center Buildings A and B, Hwaseong Jegi-ri Logistics Center, and Kendall Square Maegok DC, alongside the acquisition of the 430,253 sq m Brookfield Cheongna Logistics Center in Q4/2025 with domestic institutional co-investors. In total, KKR closed approximately KRW1.50 trillion in logistics transactions during 2025, representing approximately 26.5% of total transaction volume.

With leasing demand holding steady and new supply pulling back sharply, the market is approaching supply-demand equilibrium. Domestic institutional investors have resumed market participation, and transaction pricing for stabilized prime assets has shifted into recovery, with cap rates compressing to the low-5% range.

2026 Outlook

Nationwide new logistics center supply (GFA above 16,500 sq m) is estimated at approximately 1.75 million sq m in 2026, of which the SMA accounts for roughly 1.40 million sq m. The supply contraction

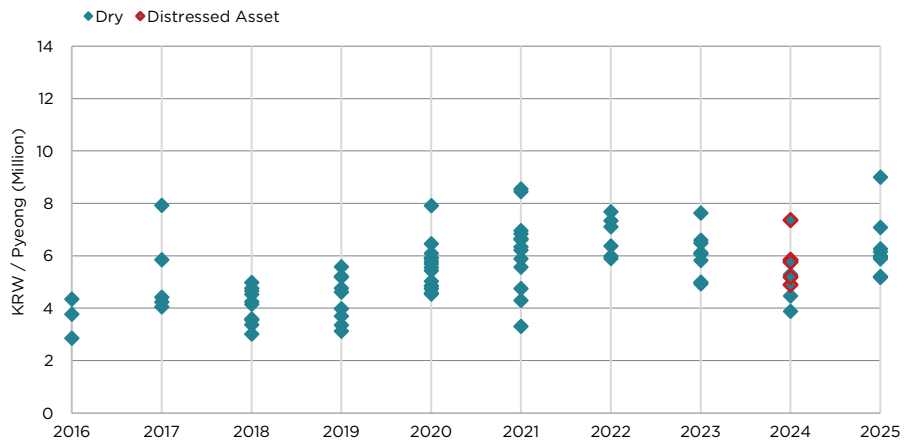
is expected to persist, further compounded by recently revised Gyeonggi-do ordinances that tighten warehouse permitting standards, including stricter district-level land use zoning, building height caps, and width limitations. These regulatory constraints are weighing on the commercial viability of logistics centers, pointing to further restraint in new development activity.

Despite the moderation in new supply, cold storage vacancy remains elevated, holding in the 30% range. Developers are increasingly reducing cold storage allocations at the planning stage or pivoting toward dry-only schemes. Several projects currently under construction have already scaled back cold storage space relative to original permit plans - or eliminated it entirely - resulting in approximately 220,000 sq m being converted from cold to dry use.

The leasing market is expected to sustain its recovery in 2026, supported by continued growth in online sales penetration and rising capital expenditure among delivery operators competing on delivery speed and service coverage. Demand for large-scale logistics centers suitable for automation and capable of handling high throughput volumes is also expected to remain steady, as occupiers pursue hub consolidation strategies to enhance distribution efficiency. For dry storage specifically, face rents are projected to increase by approximately 3%, underpinned by tightening supply and stable leasing demand. Net absorption in 2026 is forecast at around 2 million sq m - broadly in line with 2025 - which would exceed scheduled completions and reduce SMA vacancy by approximately 2 percentage points YoY.

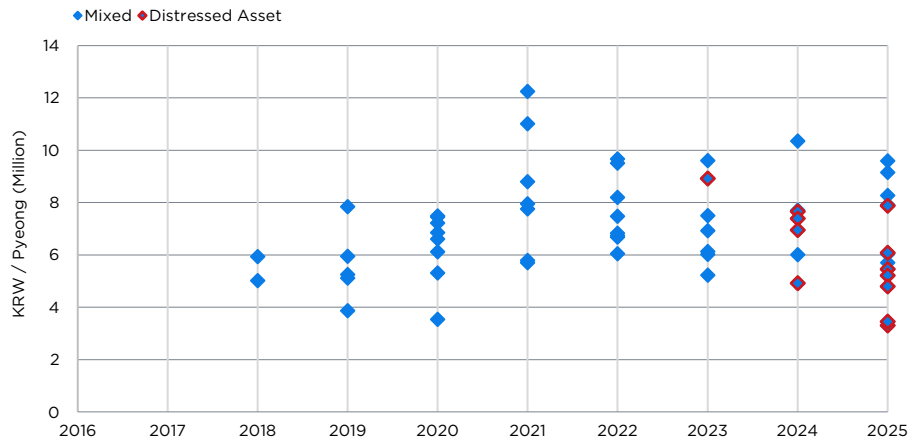
Investment activity in 2026 is expected to remain concentrated on stabilized prime assets, consistent with 2025. The Shinsegae HUB Logistics Center in Pyeongtaek is reportedly in advanced negotiations

CAPITAL VALUE FOR DRY LOGISTICS CENTER, 2016 - 2025



Source: Savills Korea

CAPITAL VALUE FOR MIXED LOGISTICS CENTER, 2016 - 2025



Source: Savills Korea

with a foreign investor consortium selected as preferred bidder, while CBRE IM's logistics portfolio and the Incheon Dohwa Logistics Center are currently being marketed for sale, sustaining investor interest across the sector. With multiple large-scale transactions in the pipeline, total investment volume in 2026 is projected to edge up from last year's level.

Foreign investors continue to target stabilized assets while increasingly extending their reach into development opportunities, and improving sentiment is drawing

domestic institutional investors back toward logistics assets. Capital is expected to concentrate around best-in-class properties, with cap rates forecast to compress modestly - settling around the 5% mark.

MAJOR INVESTMENT TRANSACTIONS, 2025

PROPERTY NAME	DISTRICT	PERIOD	SELLER	BUYER	TRANSACTIONED AREA (SQ M)	TRANSACTION PRICE (KRW BIL)
Incheon Hangdong Dream Logistics Center	Southwest	Q1	Dream RMC	KORAMCO Asset Trust	133,309	230.0
Megawise Cheongna	Southwest	Q1	Megawise Cheongna	LX Pantos	142,853	225.0
S&K Mixed Logistics Center	Southwest	Q1	S&K Logistics	Brookfield AMC	148,238	245.0
Siwha MTV GREENWAVE	Southwest	Q1	Siwha Road/LandBox/ Kiwoom Asset	JB Investment Management	235,626	475.0
Anseong Miyang Logistics Center A	South-Central	Q2	Sunwoo	KREATE AMC	43,223	77.0
Anseong Miyang Logistics Center B	South-Central	Q2	Sunwoo C&D	KREATE AMC	25,845	44.0
MQ Logis Cube Gimpo	Southwest	Q3	QUBE Industrial	QUBE Industrial AMC	78,317	216.7
Hwaseong Jegiri Logistics Center	South-Central	Q3	JR Investment Management	KREATE AMC	107,871	270.0
Yeoju Jeombong-dong Logistics Center	Southeast	Q4	AM Plus Property Development	NH Investment Securities PEF	122,145	220.0
Logis valley Ansan	Southwest	Q4	CBRE IM	Widecreek AMC	238,945	512.3
Logis point Yeosu	Southeast	Q4	Mastern Investment Management	KORAMCO AMC	130,988	190.0
Brookfield Cheongna	Southwest	Q4	Brookfield AMC	KREATE AMC	430,255	1,030.0

Source: Savills Korea



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