IGIS Asset Management

*M*arket *O*utlook
H2 2026

IGIS Strategic Research Division

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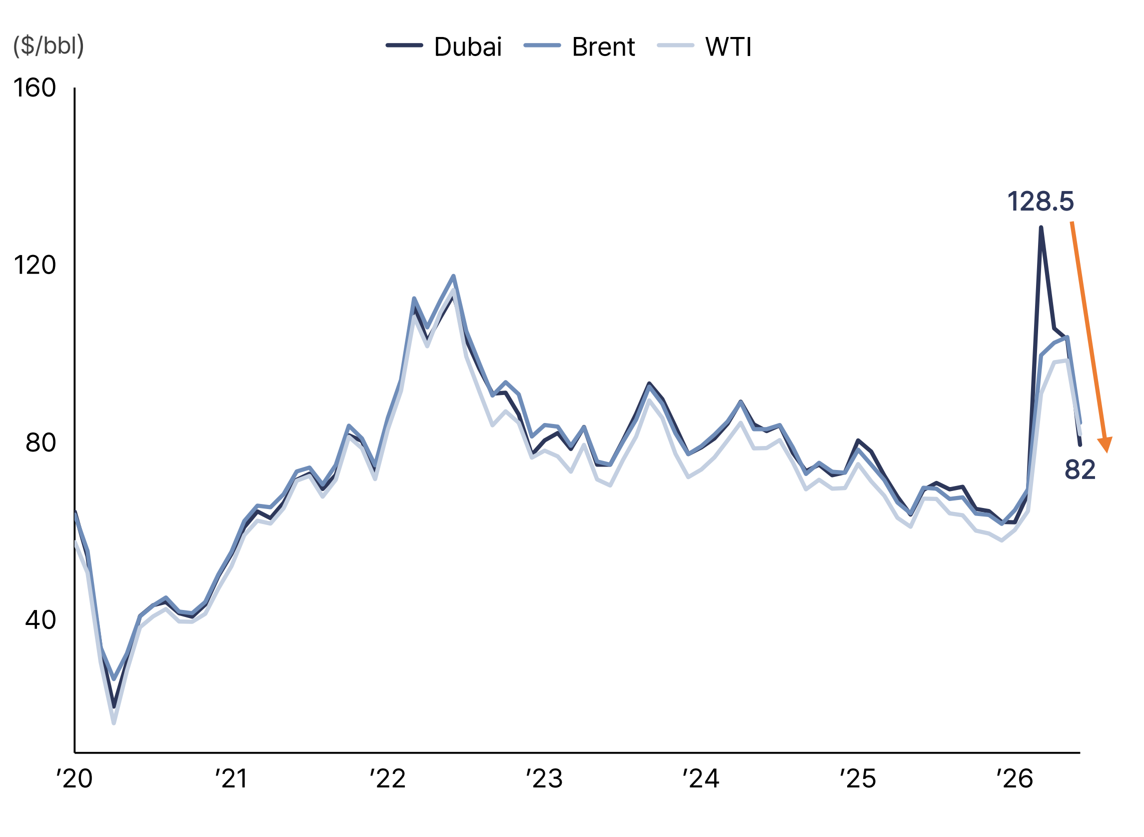
CONTENTS

1. Market Fundamental & Capital Trends

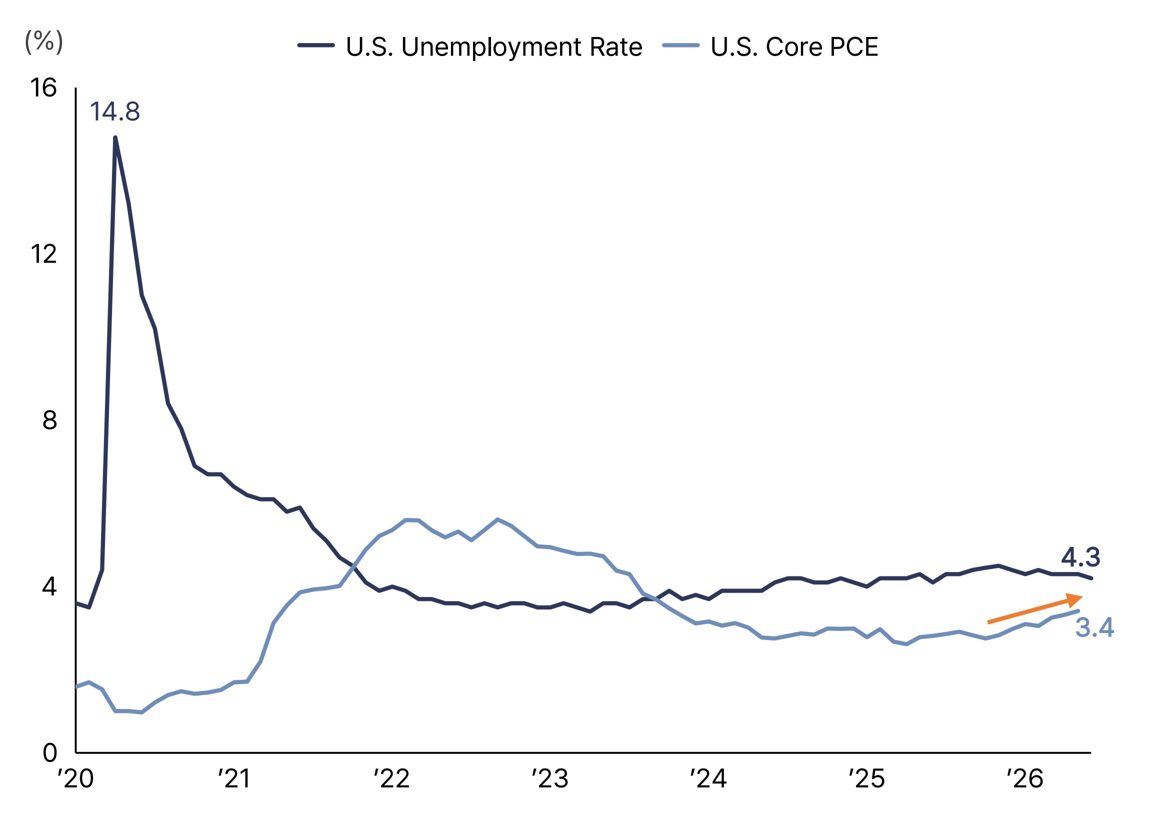
Oil prices retreat on ceasefire talks, while U.S. core PCE inflation hits a 3-year high

- Oil prices fell from USD 128.5 to USD 83 after ceasefire talks, with Hormuz tensions renewing volatility
- U.S. unemployment held at 4.3% in May, while core PCE inflation rose to 3.4%

Major Crude Oil Prices



U.S. Unemployment Rate & Core PCE

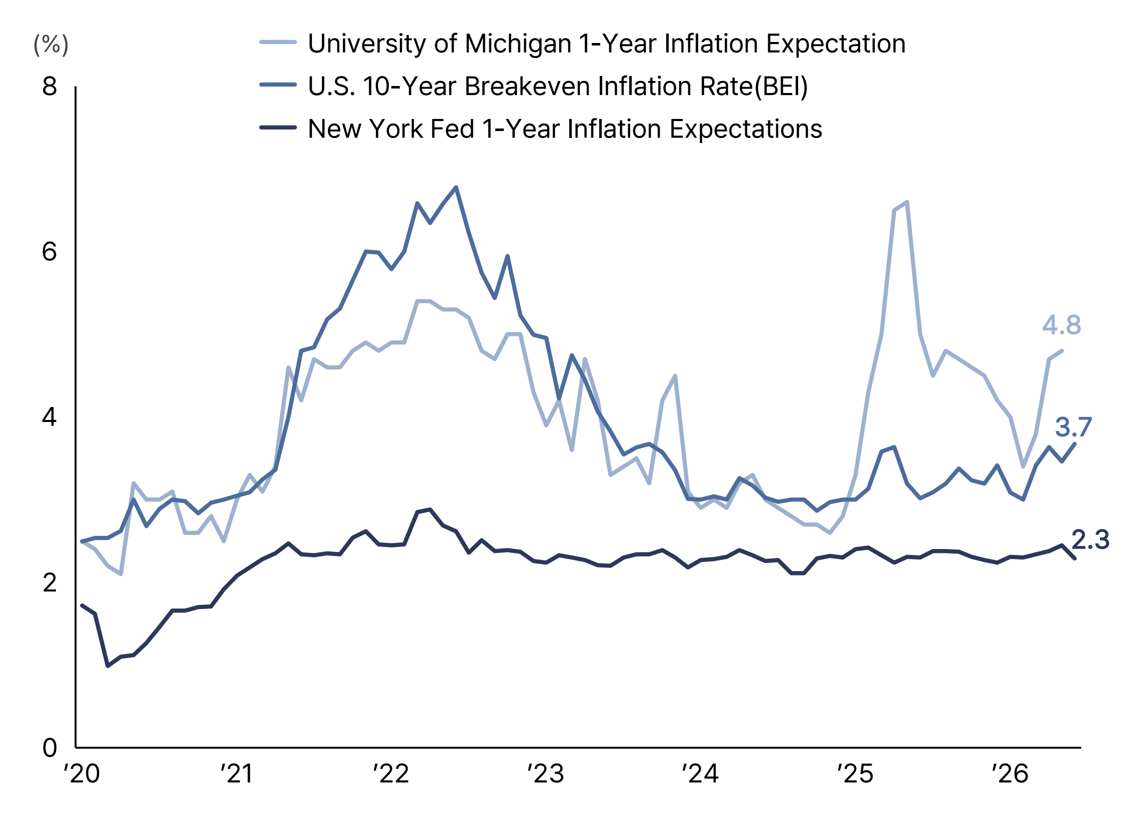


Source: Korea National Oil Corporation, FRED, IGIS Strategic Research Division

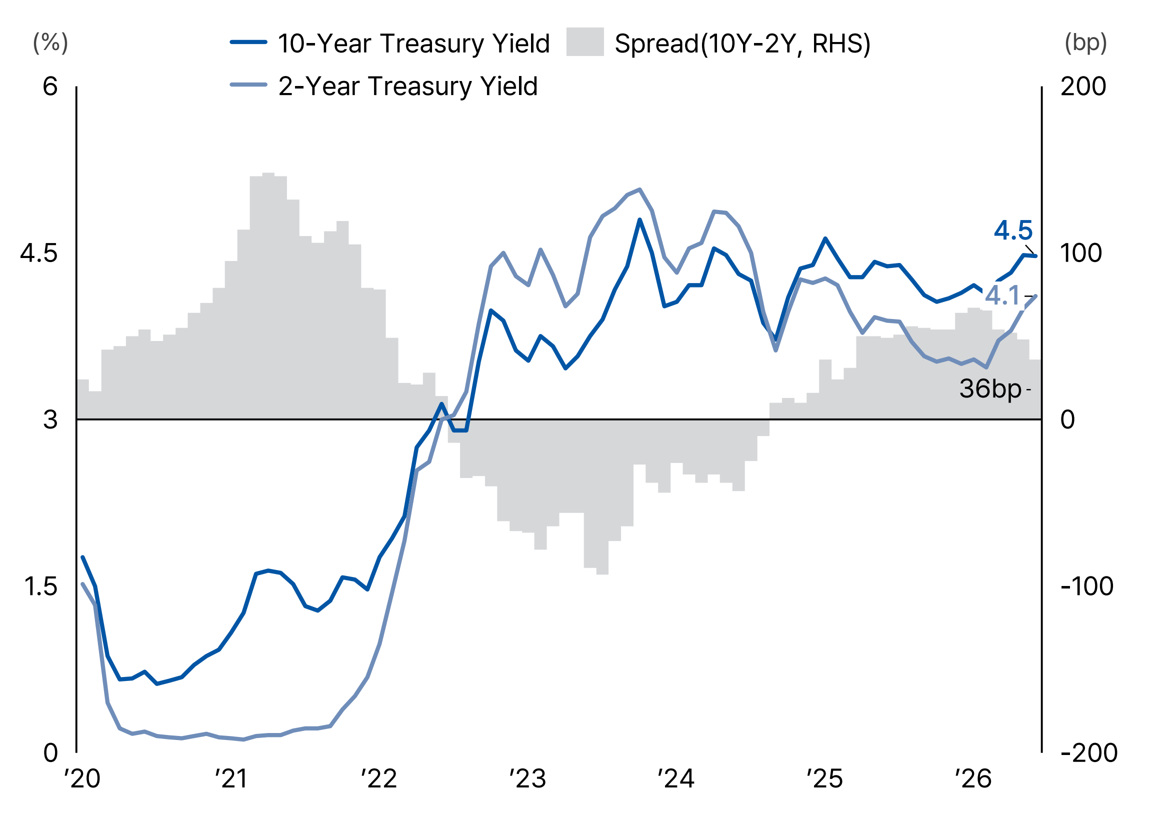
U.S. 10-year inflation expectations remain stable near 2%, with long-term expectations anchored

- Annual inflation expectations remain elevated(Michigan 4.8%; NY Fed 3.7%), while the 10-year breakeven holds at 2.3%
- Delayed Fed rate-cut expectations pushed up the 2-year Treasury yield, narrowing its spread with the 10-year yield

U.S. Inflation Expectations



U.S. Treasury Yields

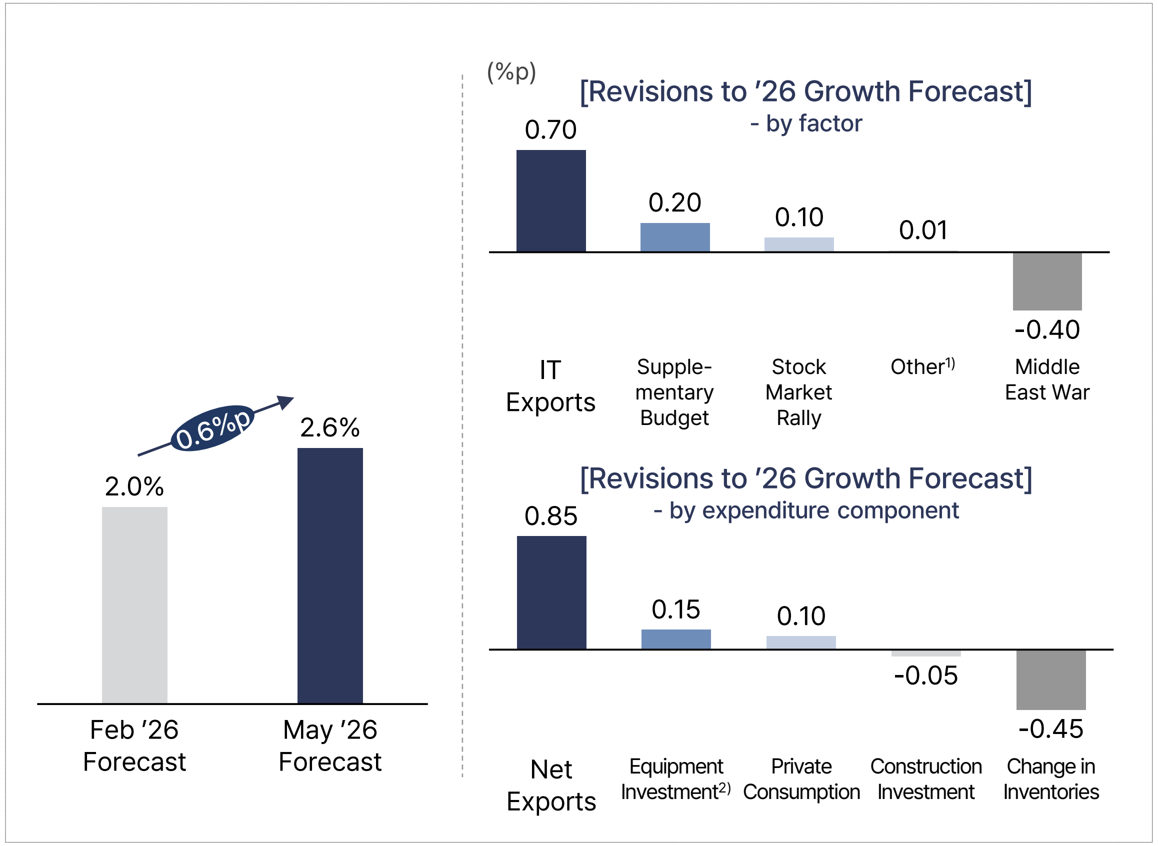


Source: FRED, IGIS Strategic Research Division

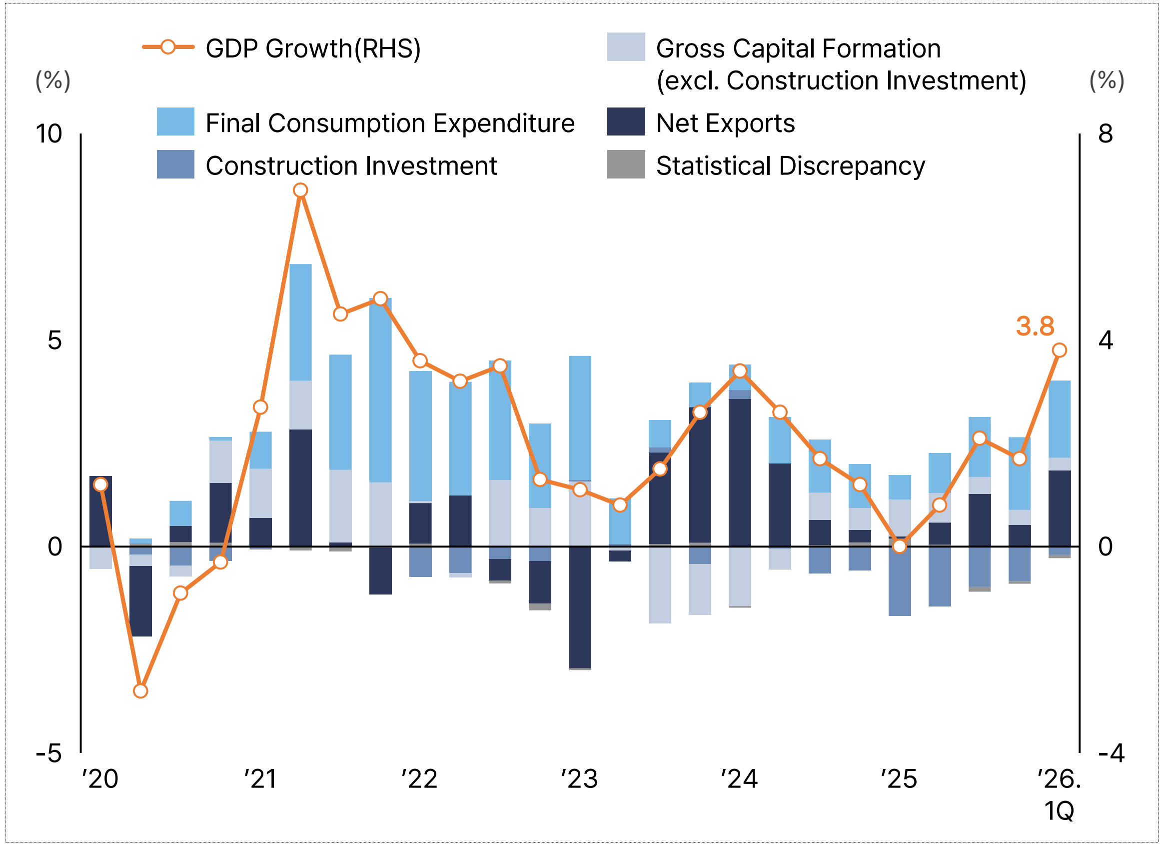
BOK raises 2026 GDP growth forecast to 2.6% on strong IT exports

- The 2026 growth forecast was raised to 2.6% (+0.6%p vs. Feb.), led by strong IT exports (+0.7%p)
- Q1 2026 growth recorded 3.8%, accelerating from 1.6% in the prior quarter on net exports and consumption

Real GDP Growth Forecast('26)



Quarterly Real GDP Growth

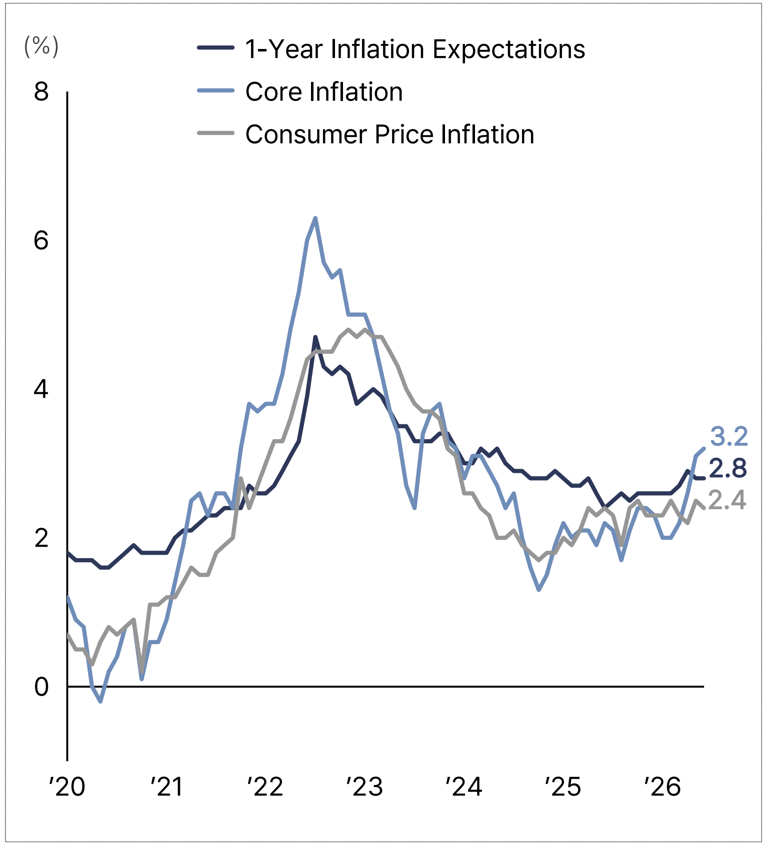


1) Adjustments to temporary tariff assumptions, etc. 2) Includes intellectual property products investment
Source: IMF, Bank of Korea, Korea International Trade Association, IGIS Strategic Research Division

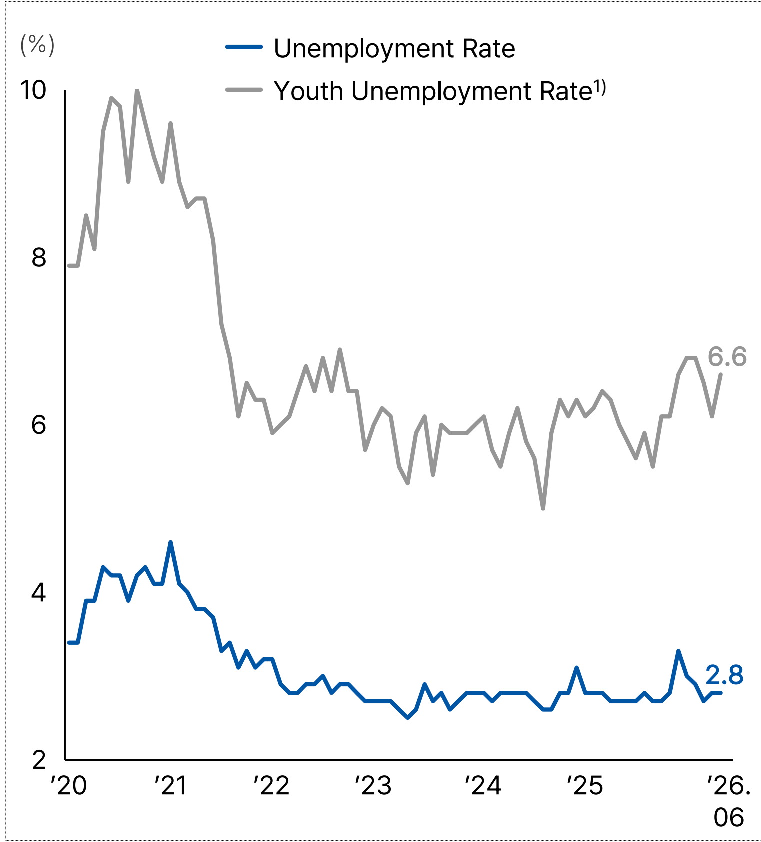
Consumer price inflation edges up to 3.2% in June, while USD/KRW falls to the high 1,400s

- CPI rose 0.1%p MoM to 3.2% in June, while one-year inflation expectations held at 2.8%
- Unemployment held at 2.8%, but youth unemployment rose to 6.6%; USD/KRW fell from around 1,560 to the high 1,400s level

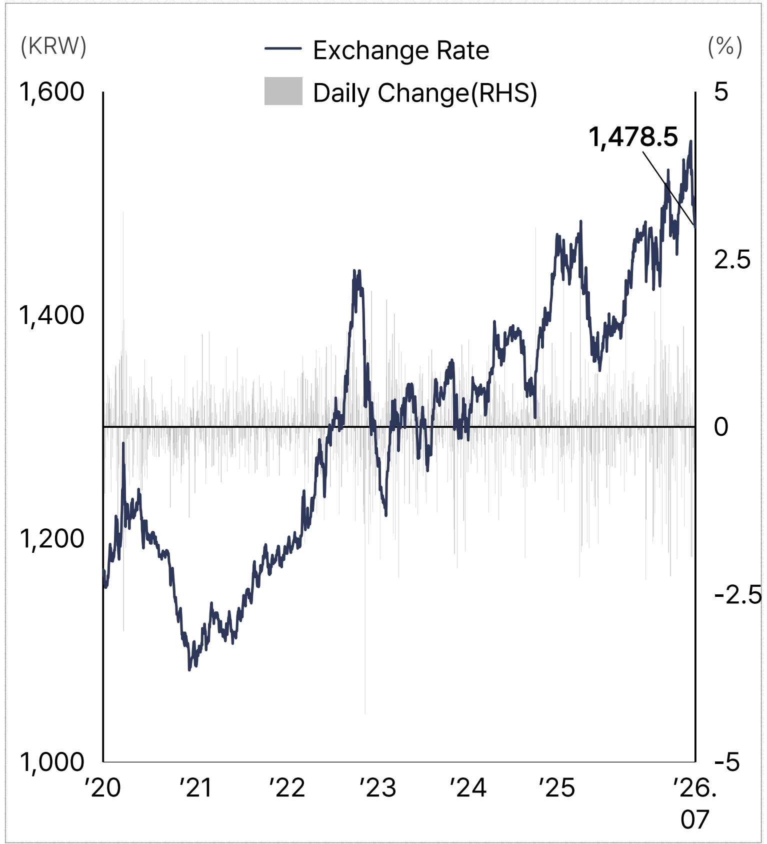
Korea's Inflation Expectations & Rates



Korea's Unemployment Rate



USD/KRW Exchange Rate

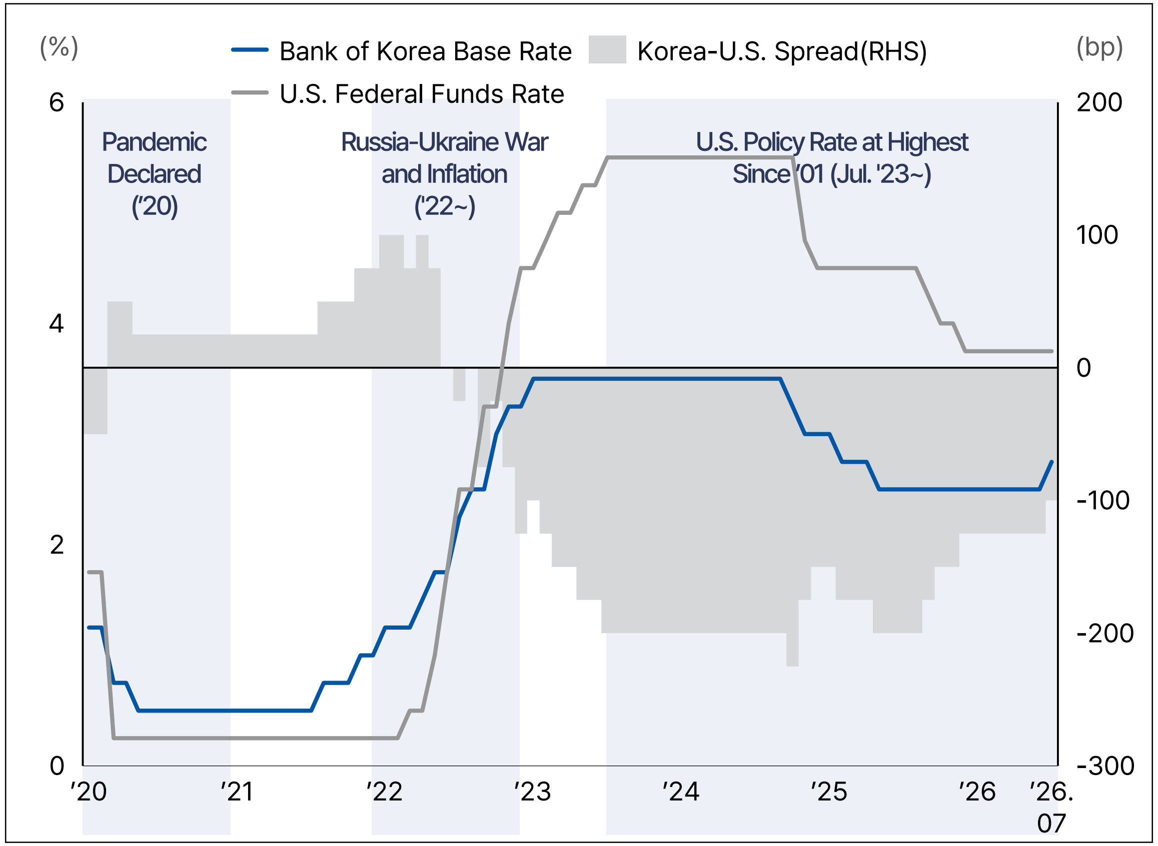


1) Youth unemployment rate is based on those aged 15~29
Source: Bank of Korea, KOSIS, IGIS Strategic Research Division

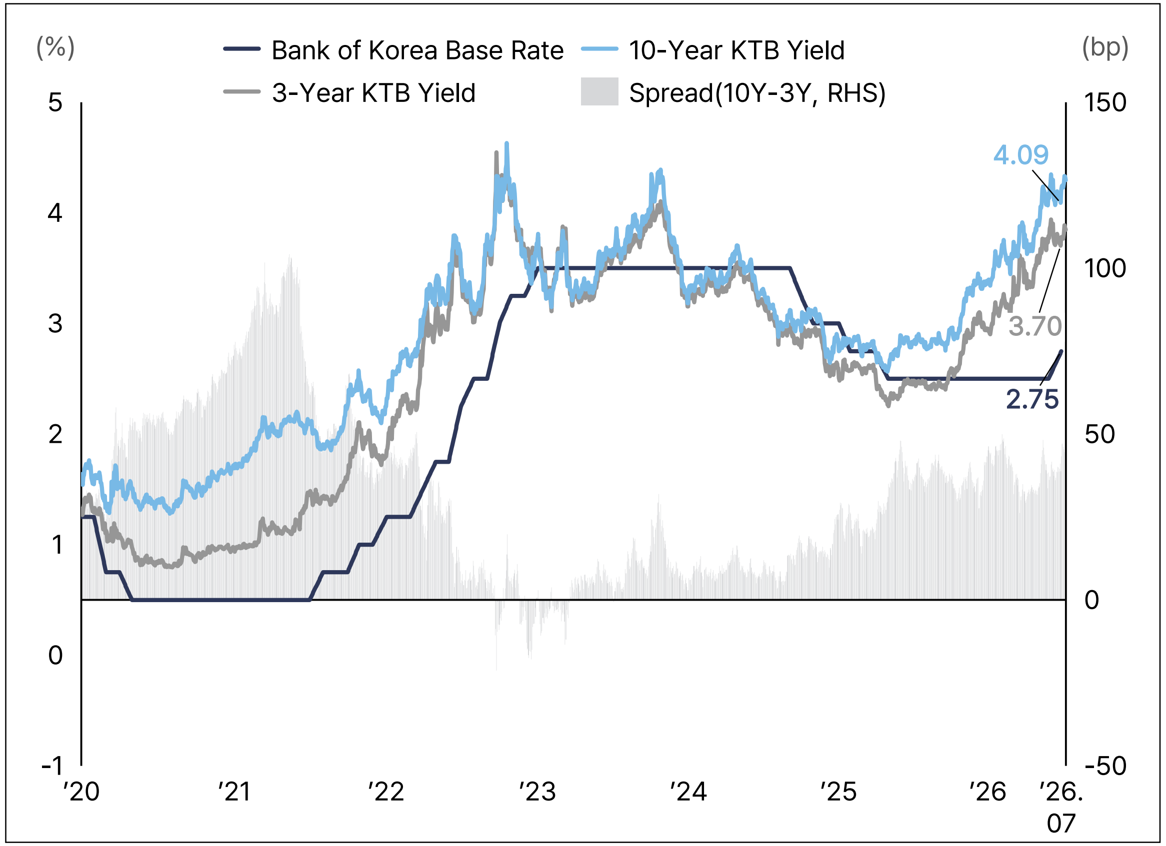
BOK raises Base Rate 25bps to 2.75% amid a stronger focus on price stability

- The July hike was the first in 3.5 years, with the governor signaling further tightening until price stability is secured
- The Korea-U.S. rate gap narrowed to 100bps, making the Fed's policy path key to further BOK decisions

Policy Rates in Korea and the U.S.



Korea Treasury Yields

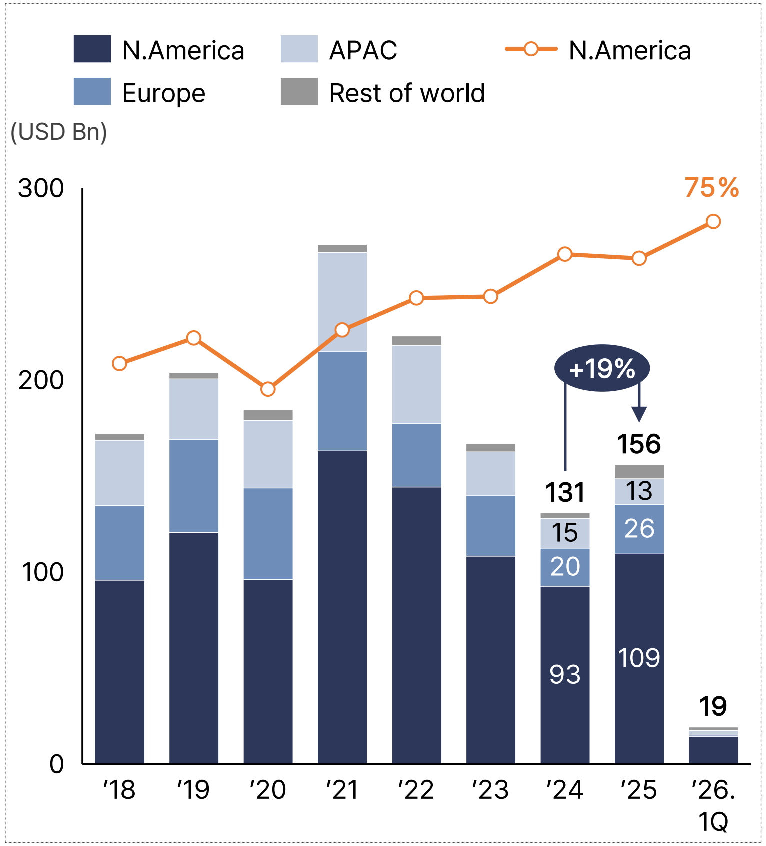


Source: FOMC, Bank of Korea, IGIS Investment Strategy Division

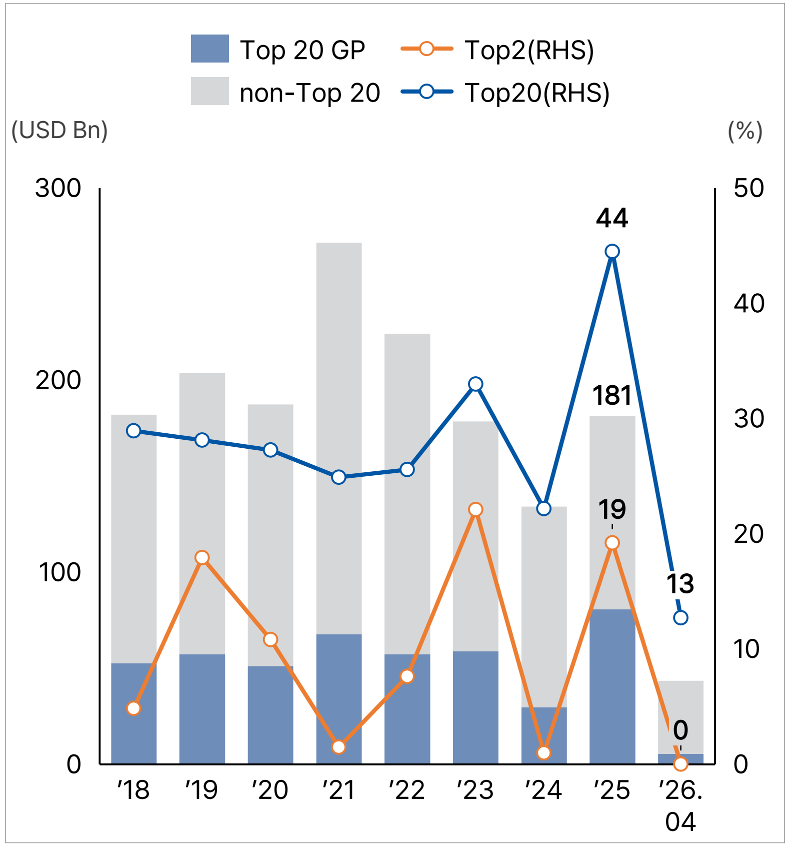
Global fundraising rebounds in 2025, increasingly concentrated in North America and top GPs

- Real estate fundraising rose 19% YoY, led by North America with a 70% global share
- Fund count rose, but average close sizes increased only for top GPs, widening the fundraising gap

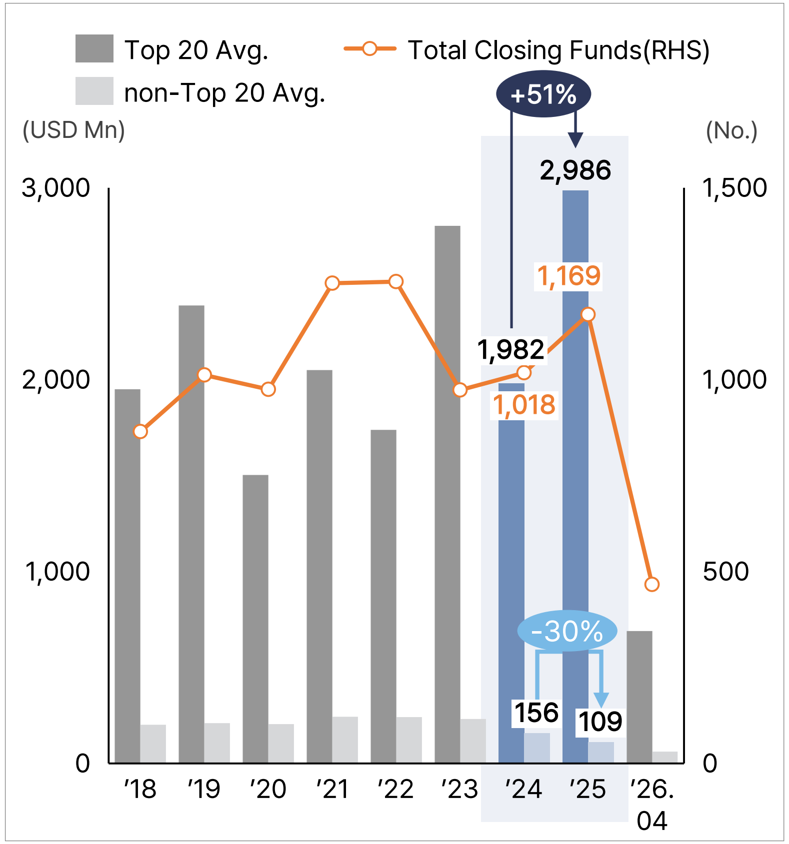
Fundraising by Region



Fundraising by Major GPs



Average Fund Size & Fund Count

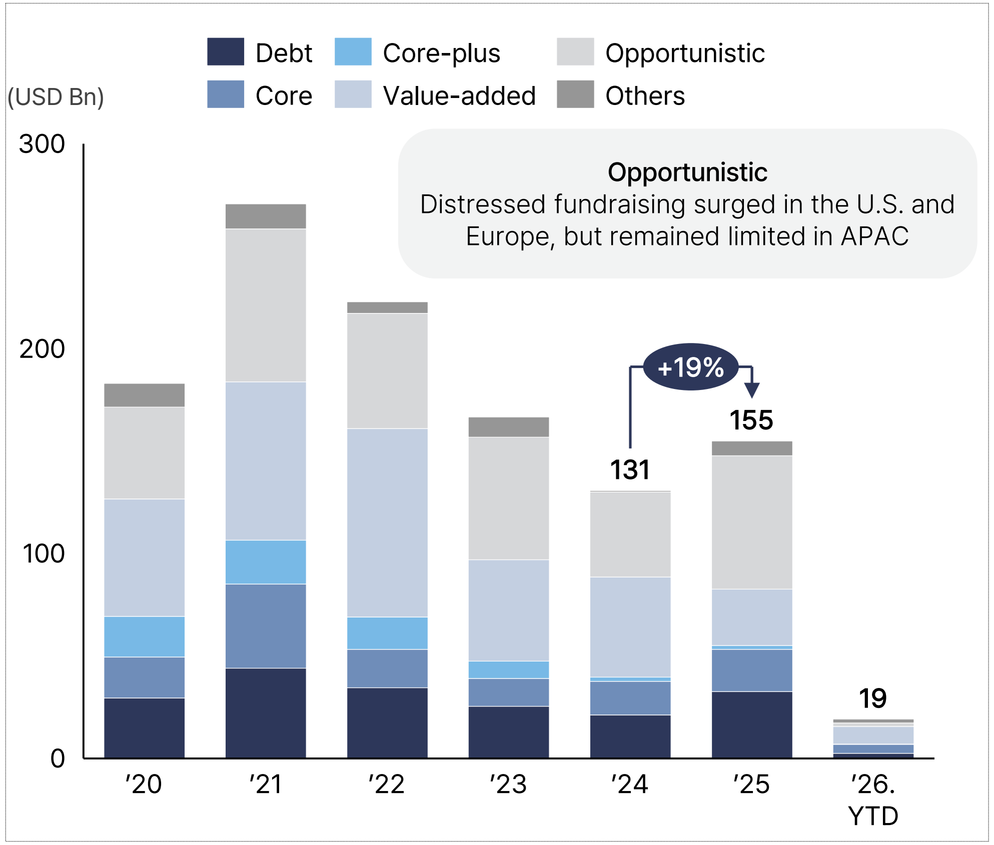


Source: Preqin, IGIS Strategic Research Division

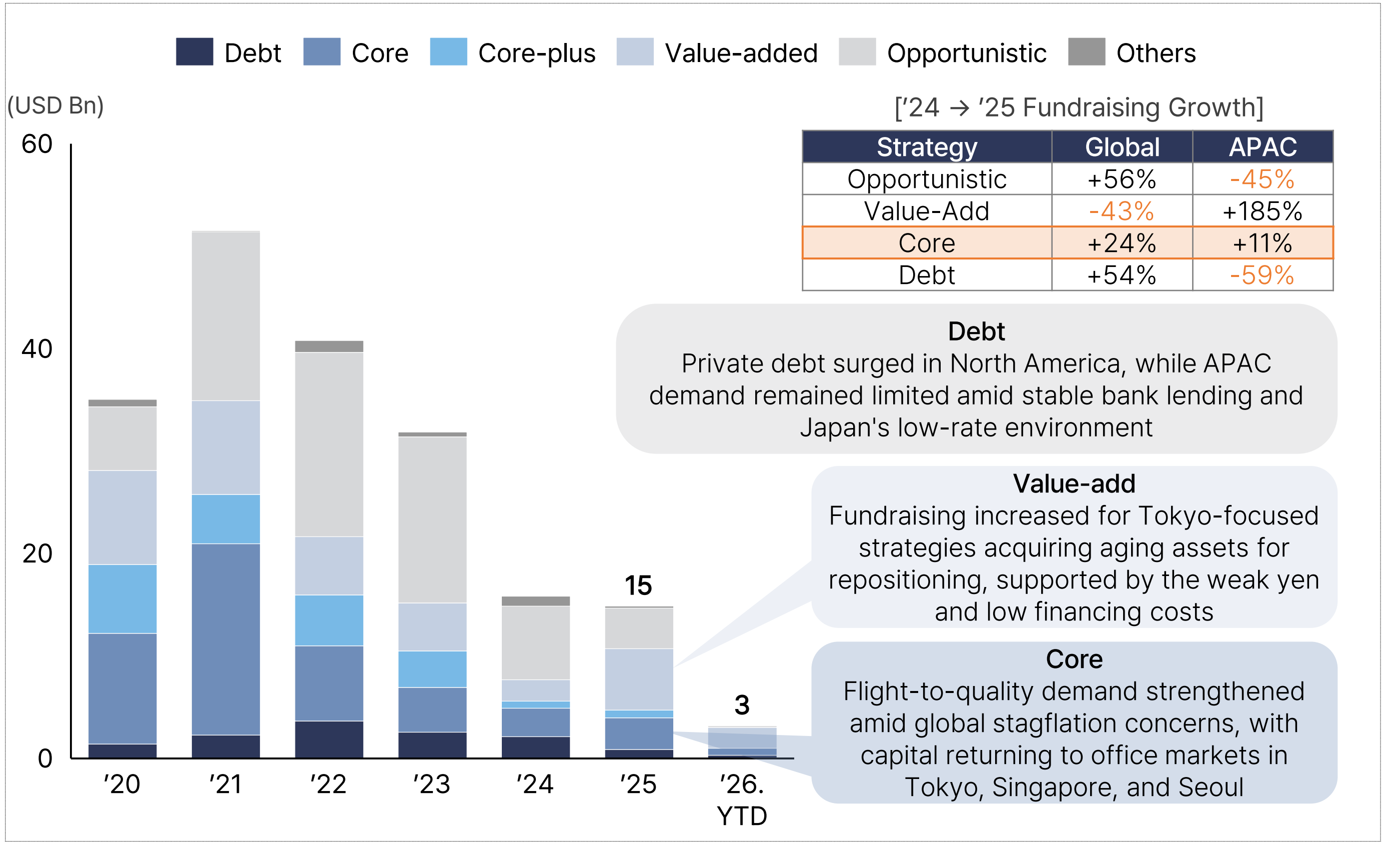
Global funds expand Debt/Opportunistic allocation, while APAC targeting Core/Value-add

- Global funds increased Debt · Opportunistic allocations due to the asset price correction and distressed acquisitions tied to loan maturities
- APAC-focused funds shifted capital toward Core · Value-add, supported by strong fundamentals and low-cost leverage

Global Fundraising by Strategy



APAC-Targeted Fundraising by Strategy



['24 → '25 Fundraising Growth]

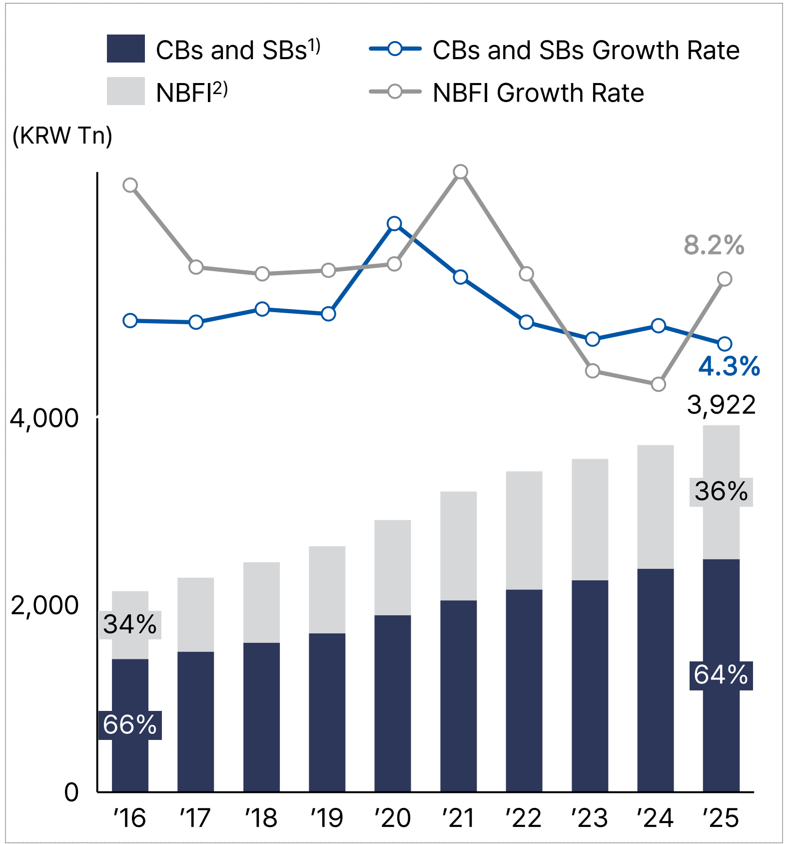
Strategy	Global	APAC
Opportunistic	+56%	-45%
Value-Add	-43%	+185%
Core	+24%	+11%
Debt	+54%	-59%

Source: Preqin, IGIS Strategic Research Division

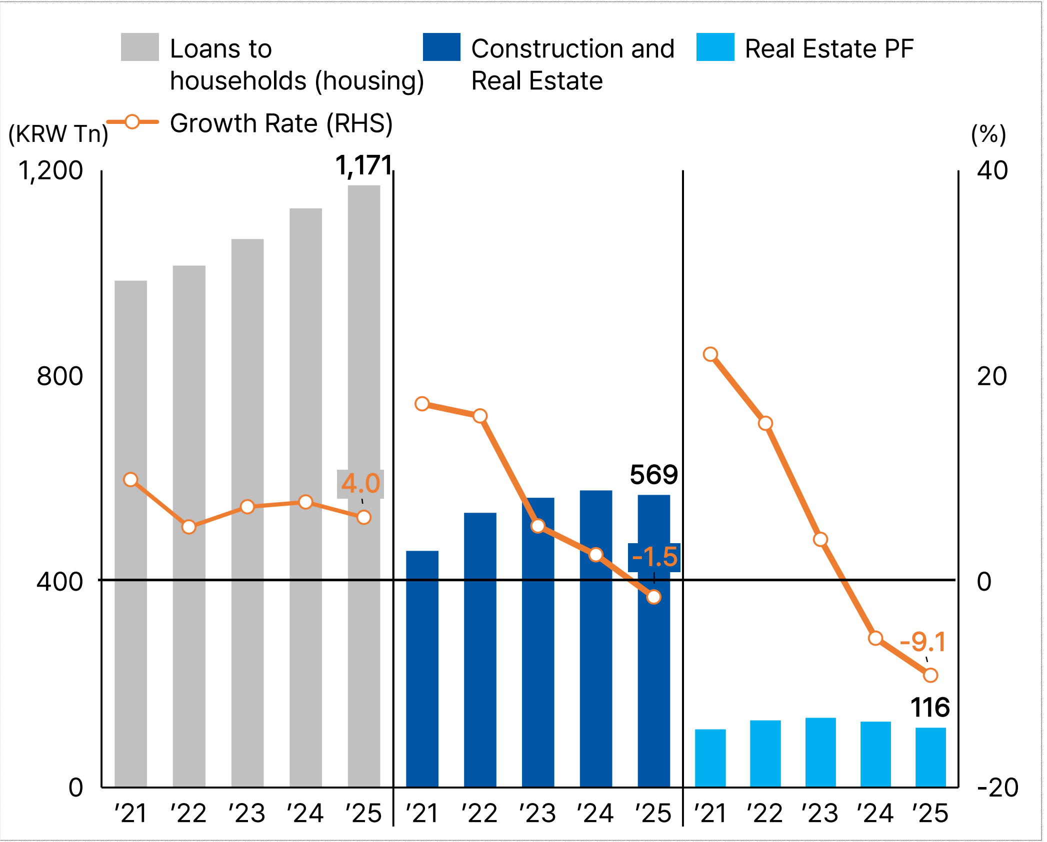
CRE lending market enters a deleveraging phase, raising concerns over a credit supply gap

- Since the Legoland crisis in 2022, the market has shifted toward deleveraging and selective liquidity provision
- Ongoing distressed asset resolution and risk management have constrained lending capacity, creating a credit supply gap

Domestic Loan Market Size



Share of Real Estate-Related Loan Balances



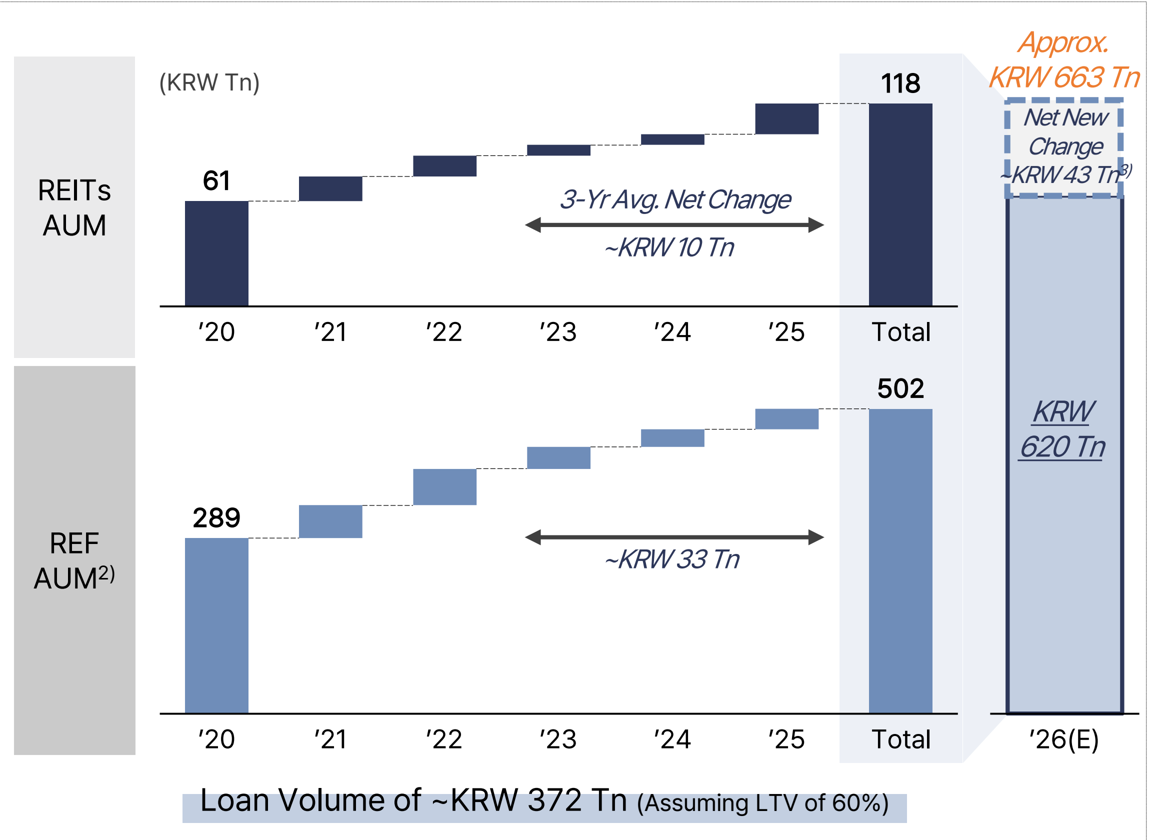
1) Commercial Banks and Saving Banks 2) Non-Bank Financial Institution

Source: Bank of Korea, IGIS Strategic Research Division

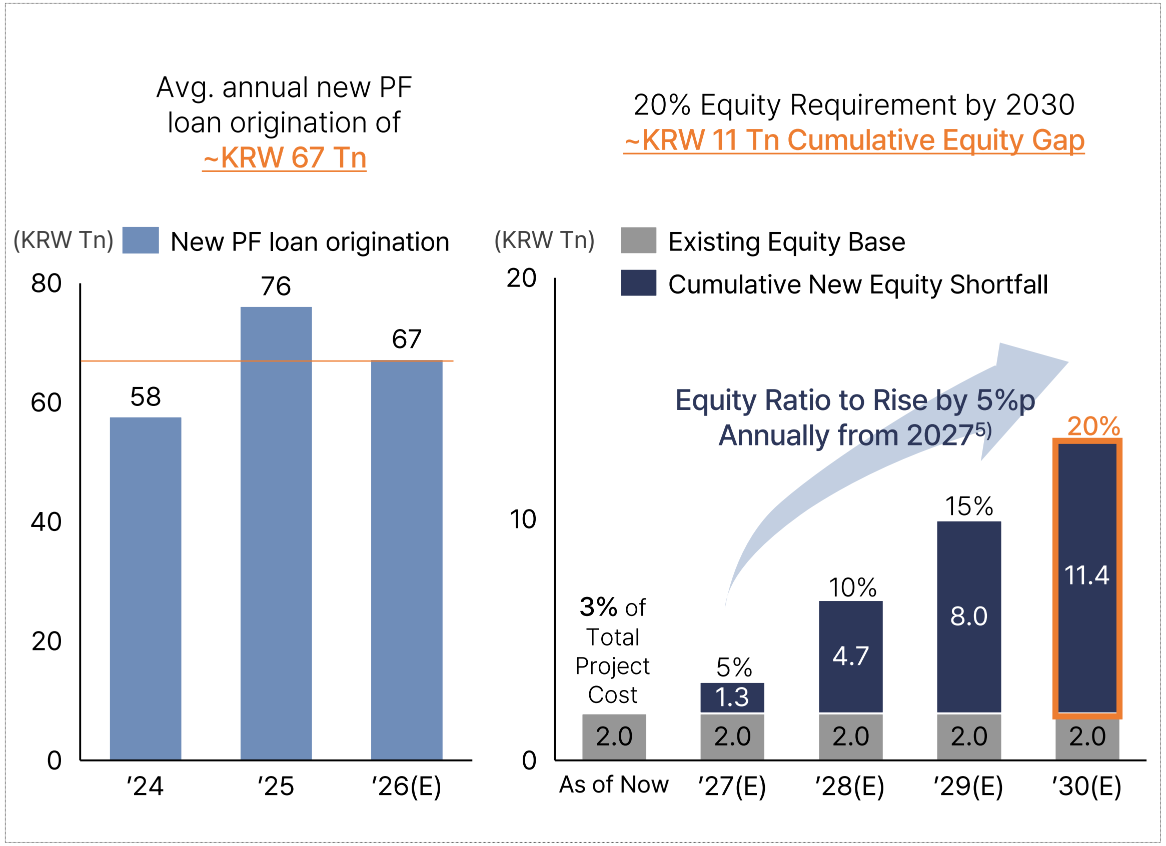
REITs/REF AUM are increasing, stricter PF equity requirement expects to widen equity shortfall

- REITs and REF AUM are projected to rise from KRW 620 Tn('25) to KRW 663 Tn('26)
- Annual PF originations avg. KRW 67 Tn; tighter equity requirements could create an KRW 11Tn gap, driving alternative capital demand

CRE REITs · REF AUM[1)]



Real Estate PF Loan



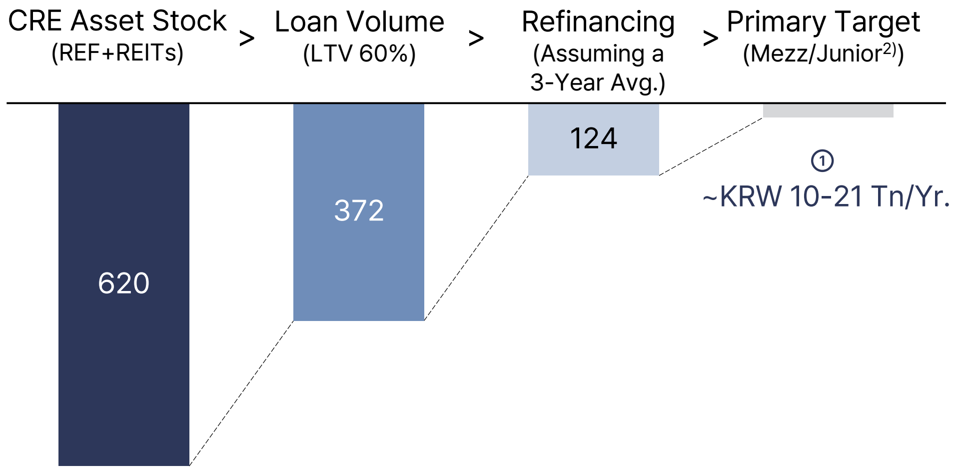
1) As of 4Q'25 2) Estimated based on KOFIA fund data (NAV+appraised value) as the equity base, with total asset value (equity + Debt) derived by applying an average LTV of 60% 3) 3-Year Avg. Net New Change (REF + REITs) 4) Based on Estimated Avg. Annual New PF Loan Origination of Approx. KRW 67 Tn (2024-2026E) 5) Equity Ratio to Rise 5%p/yr, '27-'30 (5%→10%→15%→20%), per PF Soundness Measures
Source: KOFIA(Korea Financial Investment Association), K-REITs, FSS, FSC, Rsquare, IGIS Strategic Research Division

Annual debt fund market is projected KRW 32~45 Tn, while refinancing/lending constraints increase

- Rising refinancing demand and constrained bank lending are the opportunities for debt fund
- CRE collateral, new CRE loans and PF loans together represent an annual market of KRW 32–45 Tn

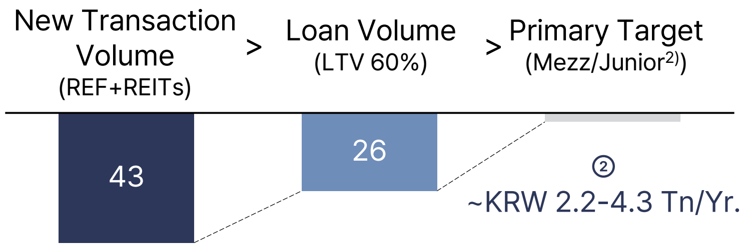
Existing CRE-Backed Loans[1)]

"Existing CRE-Backed Loans – Mezzanine/Junior Tranches"



New CRE Loans

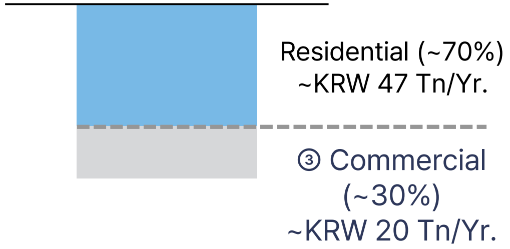
"New CRE Deals – Mezzanine/Junior Tr."



New PF Loans

"CRE Loans within New PF Loan Origination"

Avg. Annual New PF Loan Origination: approx. KRW 67 Tn



Addressable Market

① Existing CRE-Backed Loans ~KRW 10-21 Tn/Yr. + ② New CRE Loans ~KRW 2.2-4.3 Tn/Yr. + ③ New PF Loans ~KRW 20 Tn/Yr. = CRE Debt Opportunity ~KRW 32-45 Tn/Yr.

1) Investable CRE Market Size for Institutional Investors: Real Estate Fund AUM (NAV+Appraised Value) ÷ 0.4 + REITS AUM (as of 2025) 2) Assuming Mezz/Junior Tr. Accounts for 5~10% of Total Capital Structure
Source: Ministry of Data and Statistics, KOFIA, KAREIT, FSC, IGIS Strategic Research Division

Debt fund opportunities expected amid rising rates and bank deleveraging CRE

Macro & Capital Market Summary

Macro

- U.S. core PCE reaches 3.4%; July rate held
- BOK Base Rate rises to 2.75%; rate gap narrows to 100bp
- Korea's 2026 growth forecast raised to 2.6% on strong IT exports

Capital

- Global fundraising rebounds 19%, concentrating in North America and top GPs
- CRE lending market deleveraging → widening credit supply gap
- REF/REITs AUM ~KRW 633 Tn in 2026; equity gap building on stricter PF rules

Outlook

Short-Term

- Rate hikes underway; proactive response needed amid rising volatility
- Ongoing refinancing demand from maturing loans to sustain CRE debt investment

Mid-to-Long-Term

- Prolonged bank CRE exposure management to expand role of alternative capital
- Stricter PF equity rules → higher sponsor capital burden, rising structured finance demand

Key Monitoring Points

Track interest rate path, pace of bank CRE loan contraction, and alternative capital's ability to meet refinancing demand

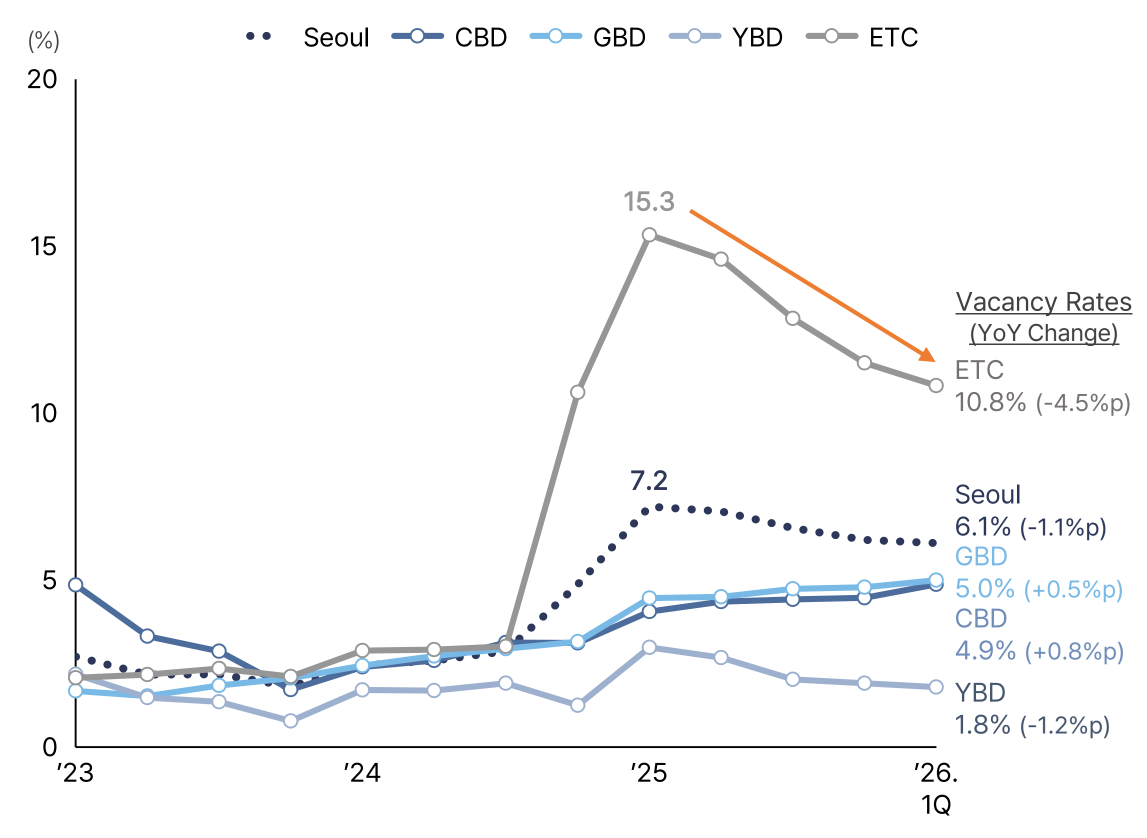
2. CRE Market Trends

2.1. Office

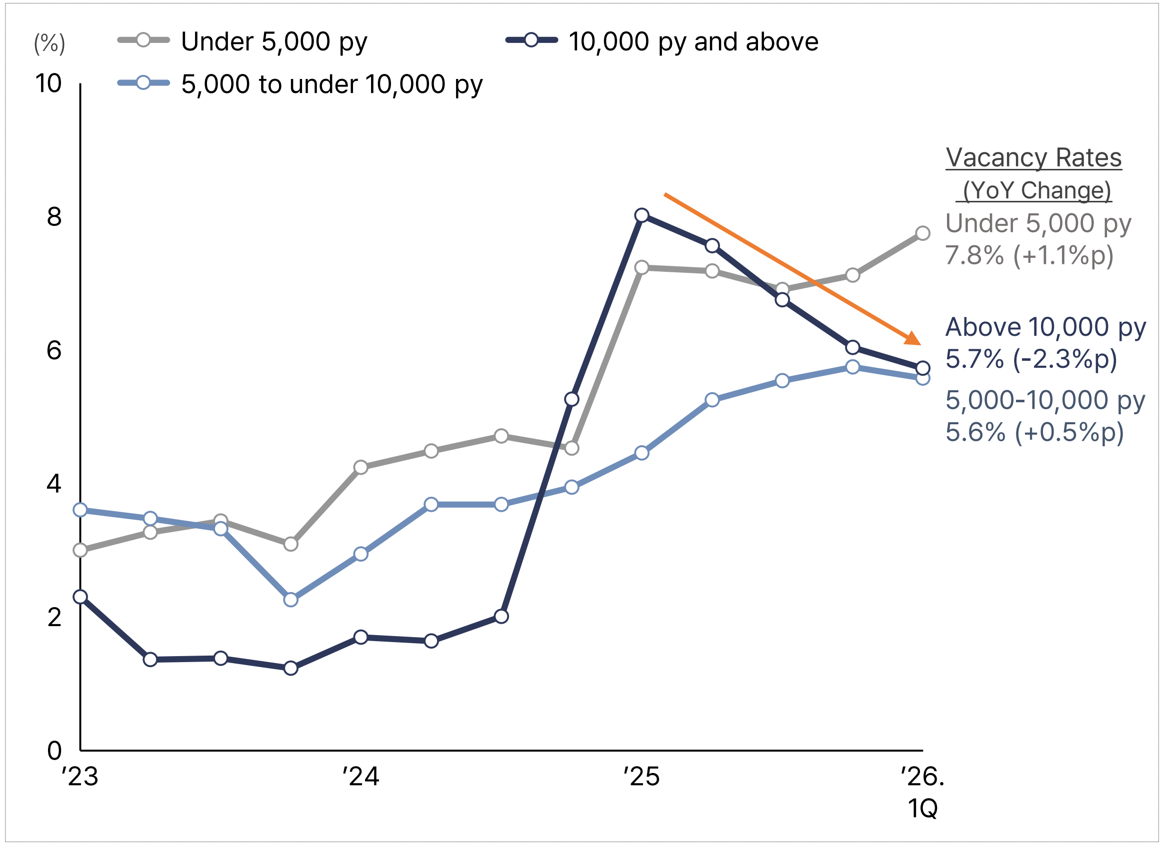
Seoul office vacancy rates remains stable, declines in other district and large-scale assets

- Avg. vacancy rate at 6.1%, with other districts dropped 4.5%p YoY and the three major districts remaining below 5%
- Vacancy rate fell 2.3%p YoY for assets over 10,000py but rose 0.5%p for those below 5,000py, reflecting tenant preference for large assets

Vacancy Rates by District



Vacancy Rates by Size

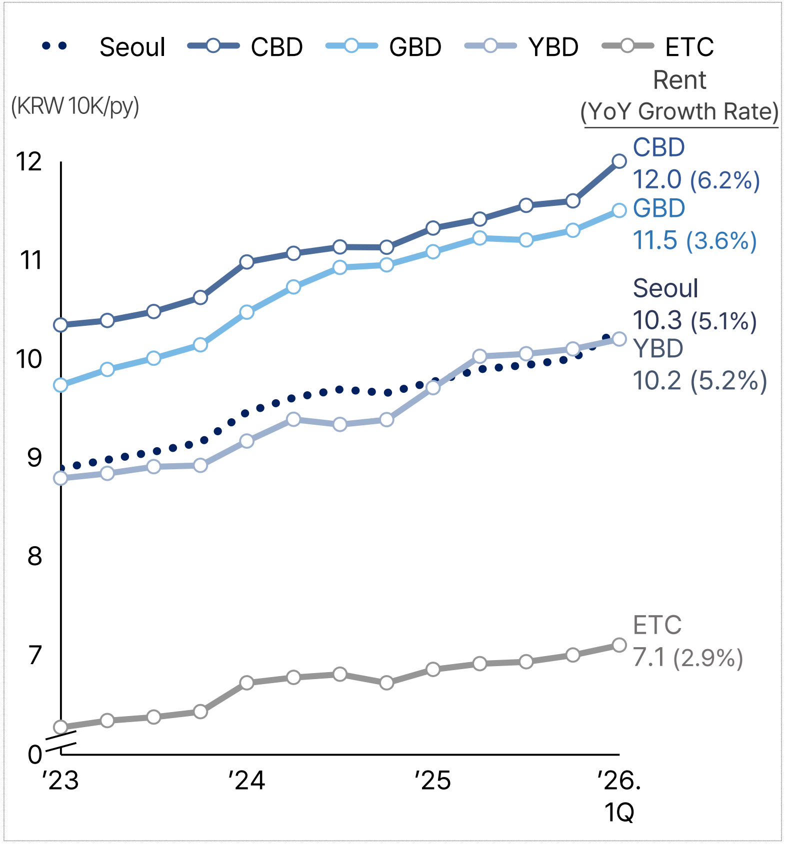


Source: Rsquare, IGIS Strategic Research Division

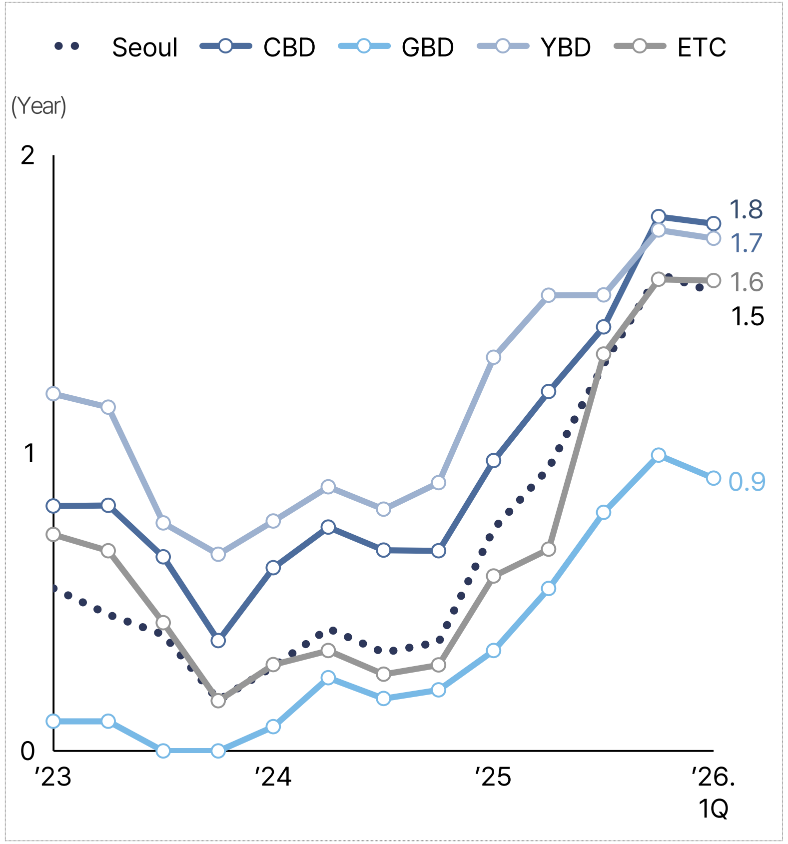
Seoul office rents rose to 5.1% YoY in Q1

- Rent growth accelerated to 5.1% YoY, with sharper gains at large offices
- Effective NOC turned upward as rents rose and rent-free periods shortened in Q1 2026

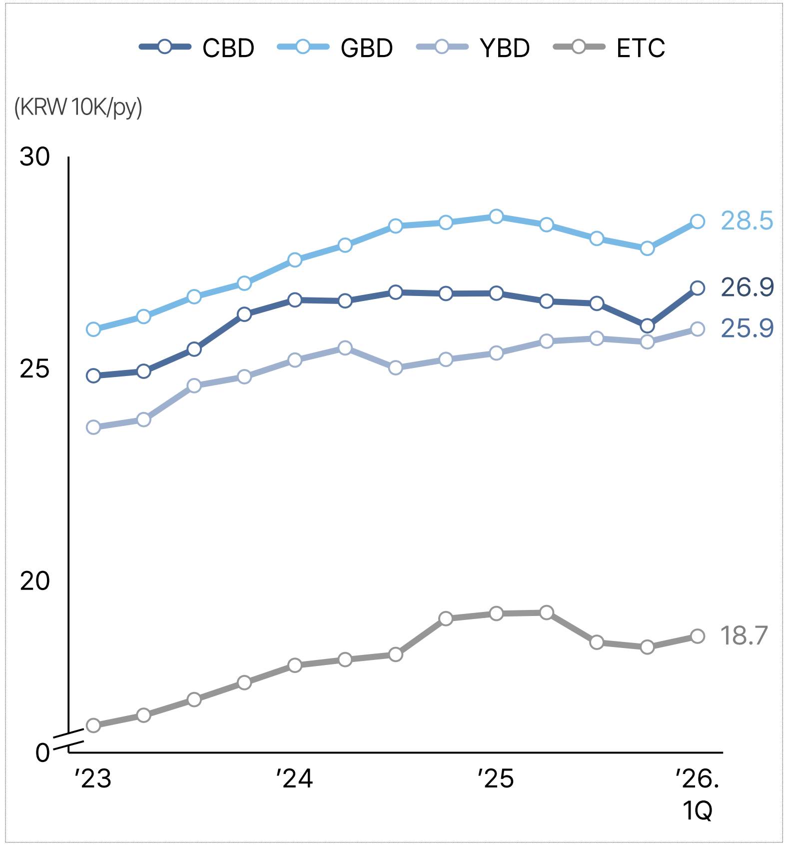
Nominal Rent



Rent-Free



E.NOC



Source: Rsquare, IGIS Strategic Research Division

Intra-submarket relocations were most active in GBD and ETC, led by ICT firms in GBD

- Over the past two years, intra-submarket relocations were highest in GBD and ETC, while moves to ETC came mainly from CBD and GBD
- ICT firms led GBD demand, with relocations also generating expansion demand

Office Relocation Share by District (1Q'24-1Q'26)

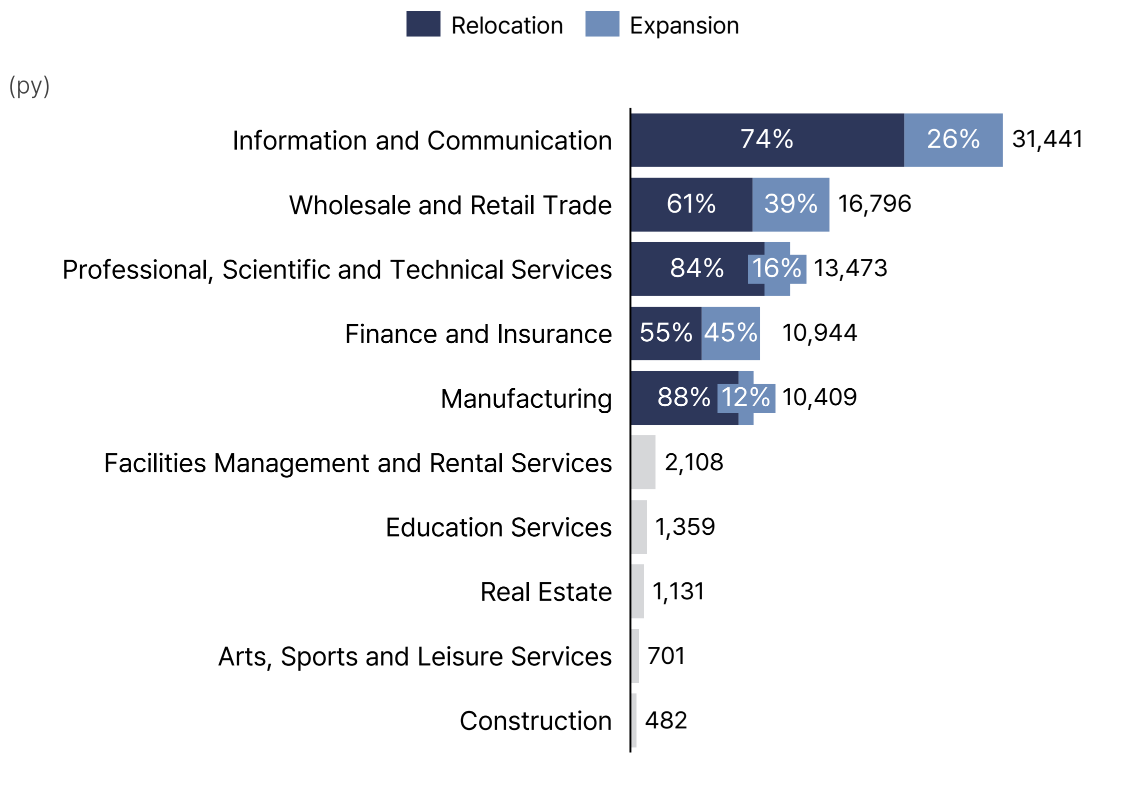
Under 5% | 5% to under 20% | 20% to under 30% | 30% and above

(Gross Floor Area, py)

TO

FROM	CBD	GBD	YBD	ETC
CBD	9% (22,670)	2%	0%	5% (12,708)
GBD	0.2%	36% (89,839)	1%	4%
YBD	0%	0.2%	8% (21,019)	0.5%
ETC	3%	3%	0.3%	28% (68,798)

Industry Distribution of Relocations within GBD (1Q'24-1Q'26)

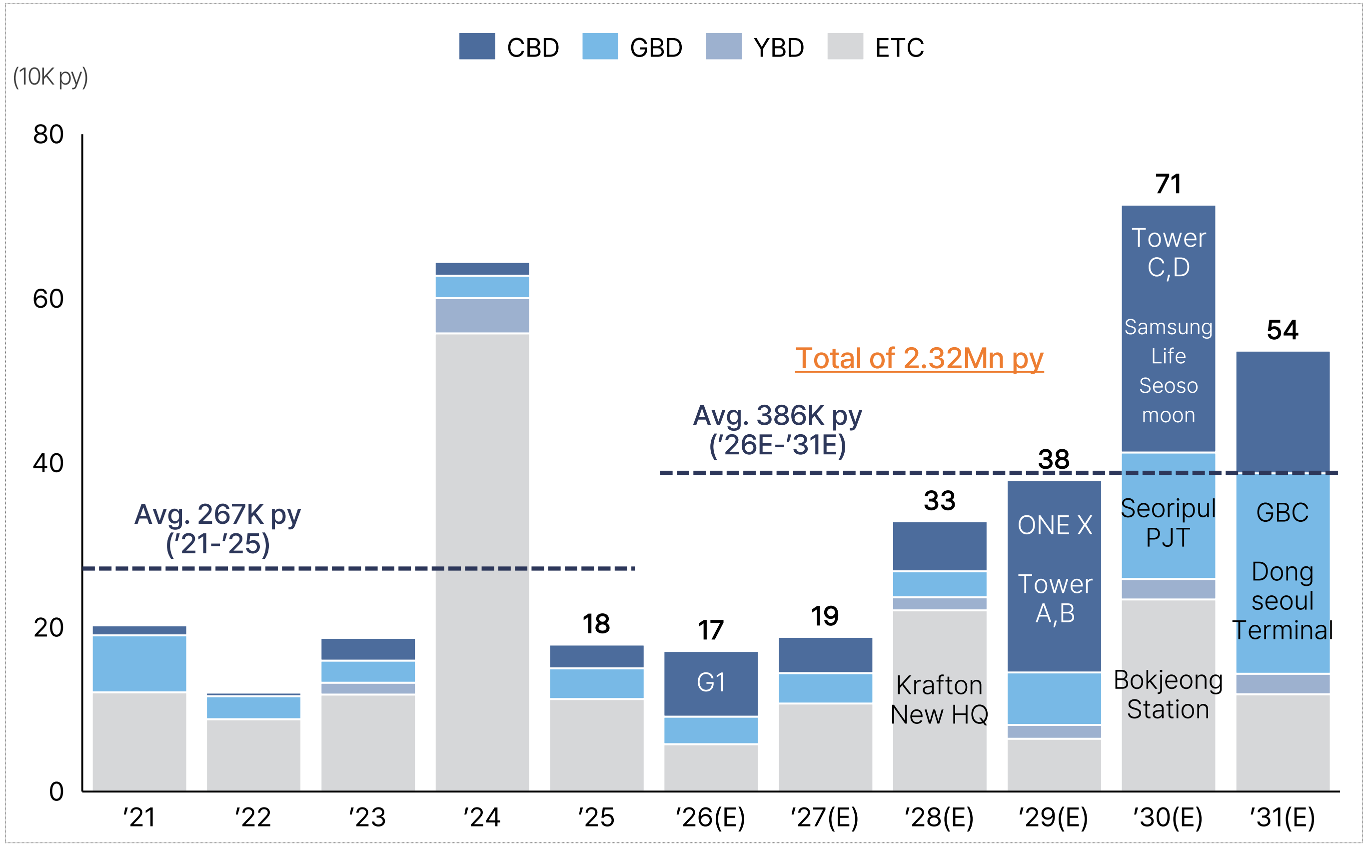


Source: Rsquare, IGIS Strategic Research Division

2026 office supply remains flat at 170K py, while post-2030 completions may be delayed

- Around 2.3 Mn py of new office supply is expected in 2026–2031 (CBD 38%, GBD 24%, ETC 35%)
- Over 300K py is planned annually from 2028, but rising construction costs and PF financing challenges may cause delays

Office Supply and Pipeline[1] ('21-'31E)



Major Planned Supply Projects ('26E-'31E)

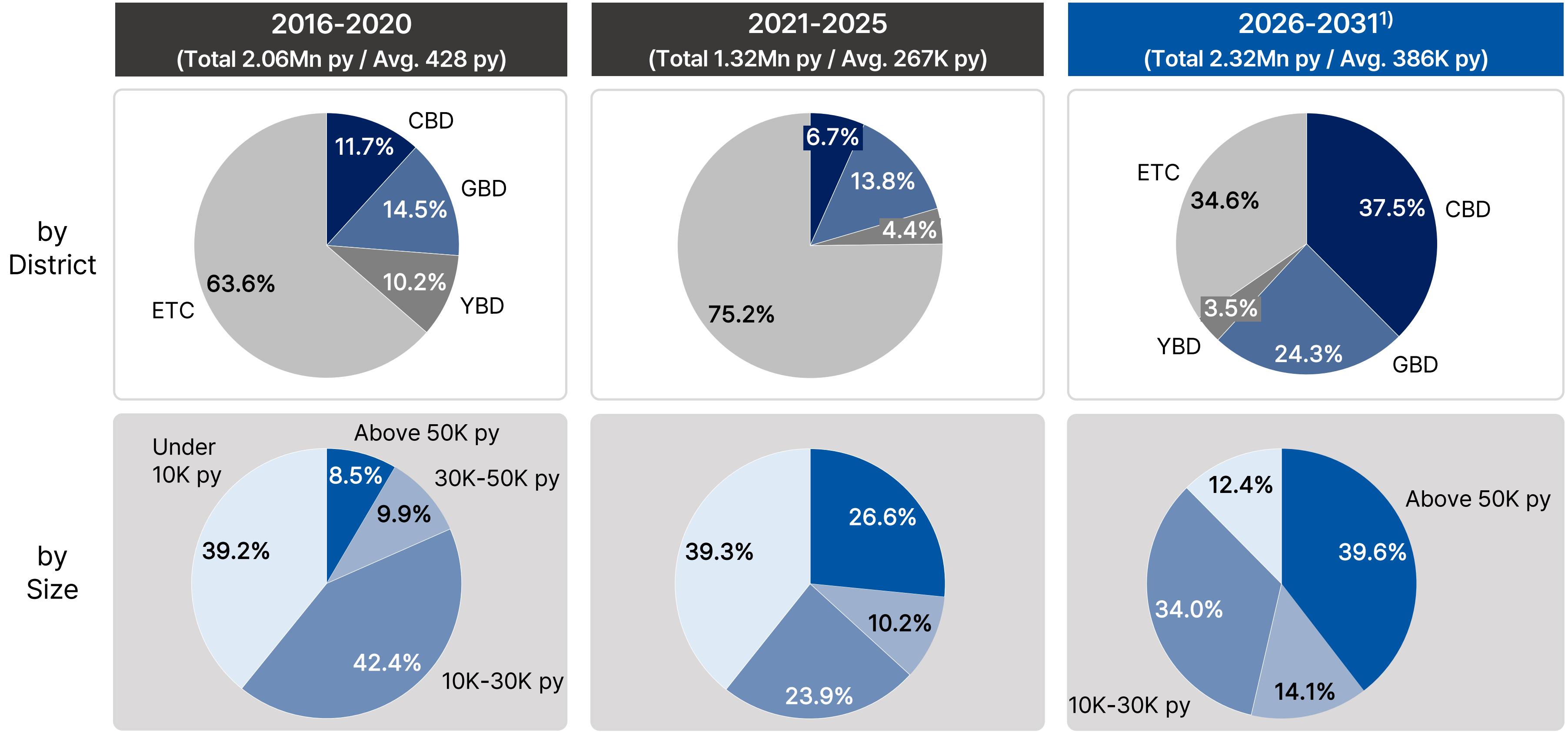
Schedule Year	District	Projects	GFA(py)
'28	CBD	Tower E (Sewoon 6-3-3BL)	26,503
	ETC	JYP New HQ (Godeok Gangil 1BL)	22,245
		Seoul One IPARK[1]	34,521
		Crafton New HQ (K-PJT, Seongsu)	70,590
'29	CBD	ONE X (Com2us New HQ)	52,061
		Tower A,B (Sewoon 3-2,3BL)	51,652
		Seoul Station North Area Development PJT[1]	18,127
	ETC	Magok The Grid (CJ Factory Site, Gayang)[1]	36,015
'30	CBD	Tower C,D (Sewoon 3-8,9,10BL)	68,153
		Samsung Life Seosomoon	75,377
	GBD	Seoripul PJT (North, South)[1]	117,151
	ETC	Bokjeong Station Smart City[1]	157,438
'31	GBD	Hyundai Motor Group Site (GBC)[1]	165,883
		Dongseoul Terminal Modernization PJT[1]	65,968

1) For certain mixed-use developments where the office portion of the pipeline supply cannot be clearly identified, office space is assumed to account for 60% of total gross floor area
Source: Rsquare, IGIS Strategic Research Division

Office supply is more balanced across submarkets after 2026, led by large-scale assets

- Supply in CBD and GBD, limited in 2016–2025, is set to expand after 2026, easing submarket concentration
- Supply will shift sharply from 10K–30K py assets to projects exceeding 50K py

Office Supply Characteristics (by District / by Size)



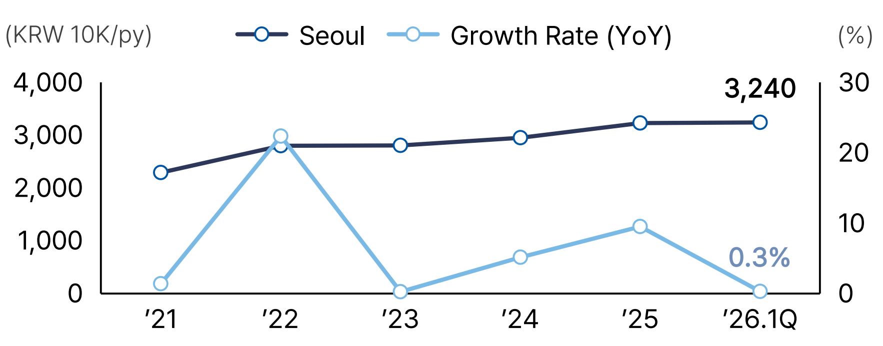
2026-2031[1)]		Total Supply Area (py)
by District	CBD	870K
	GBD	564K
	YBD	82K
	ETC	802K
	Total	2.32Mn py
by Size	Above 50K py	917K
	30K–50K py	326K
	10K–30K py	788K
	Under 10K py	288K
	Total	2.32Mn py

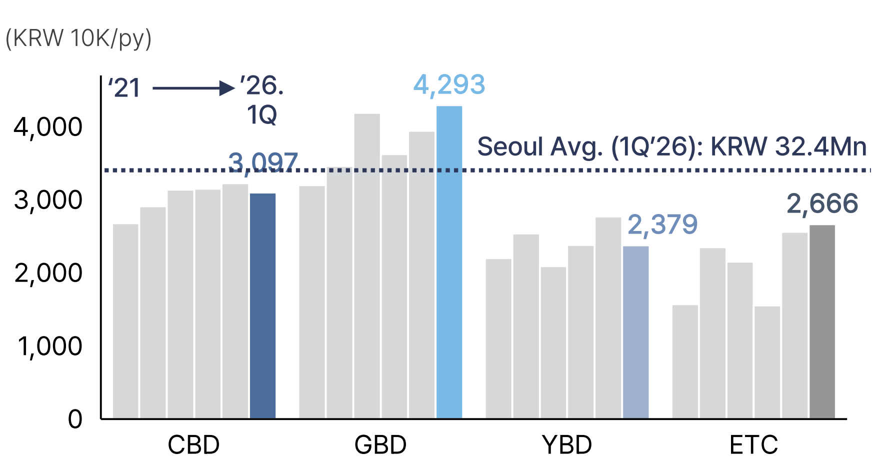
1) For certain mixed-use developments where the office portion of the pipeline supply cannot be clearly identified, office space is assumed to account for 60% of total gross floor area
Source: Rsquare, IGIS Strategic Research Division

Q1 office deals focused on small- and mid-sized assets across SI, conversion/value-add

- Seoul's avg. price held at its peak of KRW 32.4 million per py, with growth slowing on a high 2025 base
- CBD deals targeted hotel and medical conversions and value-add, while GBD saw SI acquisitions for owner occupation

Transaction Price per Pyeong[1)]





Major Transaction Cases in Seoul (Q1 '26)

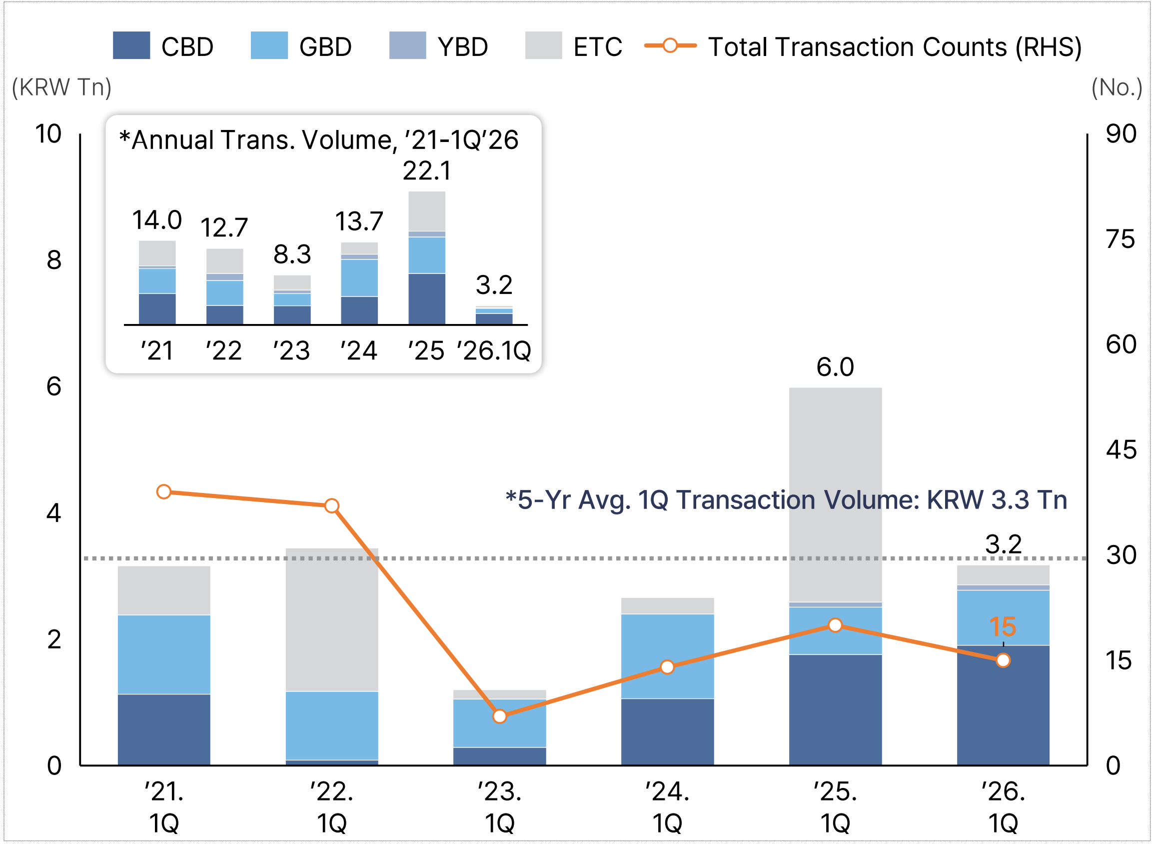
Disrtict	Building	GFA (py)	Trans. Price (KRW 100M)	Price per py (KRW 10K)	Seller	Buyer	Notes
CBD	Seoul Square	40,174	12,855	3,200	ARA Korea AMC	Korea Investment Real AMC	-
	Pagoda Tower Jongno	2,227	700	3,143	Daewon Co., Ltd	Post AMC	Hotel and Medical Dev.
	K-Finance Tower	4,326	2,221	4,660	Keppel IM	MDM AMC	-
	Etivers Tower	13,757	2,647	2,271	Capstone AMC	Koramco Asset Trust	Value-add
GBD	K-square Gangnam II	6,638	3,550	5,348	Koramco Asset Trust	Hanwell(Daiso)	-
	Cykan Tower	4,856	1,940	3,995	Cykan	Misto Holdings	For HQ Use
	F&F Yeoksam	4,010	1,625	3,355	F&F, F&F Holdings	Starlord AMC	Foreign Investors (Phoenix[2)])
ETC	Samsung Life Jamsil	7,421	2,079	2,802	Samsung Life	Samsung SRA AMC	REITs

1) 1Q'26 transaction counts : CBD_5, GBD_5, YBD_1, ETC_ 4, *Forward-purchase transactions excluded from price-per-pyeong calculations 2) Phoenix Property Investors (PPI)
Source: Rsquare, IGIS Strategic Research Division

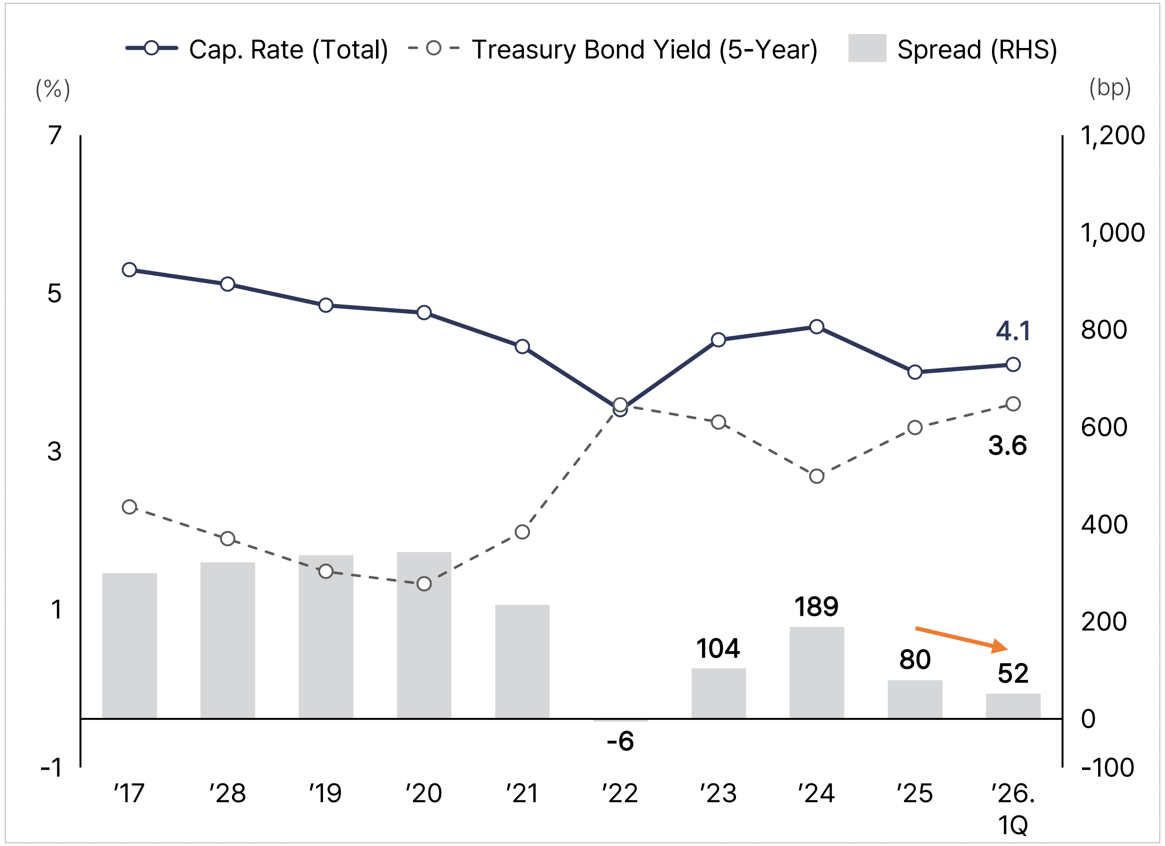
Q1 office volume reaches KRW 3.2Tn, with cap rate spread narrowing amid rising rates

- Q1 volume fell 47% YoY to KRW 3.2Tn, near the five-year Q1 average of KRW 3.3Tn
- The cap. rate remained stable at 4.1%, while higher KTB yields narrowed the spread from 80bps to 52bps

Office Transaction Volume



Seoul Office Nominal Cap. Rate[1] and Spread



1) The rise in office nominal Cap.Rate in 2023 was mainly driven by rent growth in addition to price adjustments
Source: Rsquare, IGIS Strategic Research Division

Entrenched asset-grade polarization reinforces the case for core investment in prime assets

Office Market Summary

Demand	• Avg. vacancy: 6.1%, easing by ETC · large-scale assets • Vacancy at large assets stable, reflecting tenant preference for large scale • E.NOC back to an uptrend (1Q rent ↑, rent-free periods ↓)
Supply	• '26-'31 new supply 2.3Mn py, '26 new supply ~170K py • 300K+ py annual supply expected ('28~), may be delayed • By-district supply concentration easing from '26, trend toward large-scale assets
Investment	• 1Q office price : KRW 32.4Mn/py, holding near peak • Transactions led by small-to-mid sized assets; diverse drivers include SI · conversion · value-add • Cap.Rate at 4.1%, spread narrowing amid rising rates

Outlook

Short-Term	Mid-to-Long-Term
• Vacancy to hold steady, rents to edge higher in 2H • Tenant preference for large, prime assets to strengthen, NOC gap across asset grades to widen • Rate hikes to compress Cap.Rate spread, weighing on transaction volume	• Pressure on funding costs and return structure; bid-ask spread likely to persist • Core demand for prime assets; refi pressure on small-mid assets to sustain V/A strategy appeal • AI-related capital inflows to expand leasing market potential

Key Monitoring Points

Keep monitoring 2H rate trajectory, cap rate spread movements, and district-level leasing market dynamics

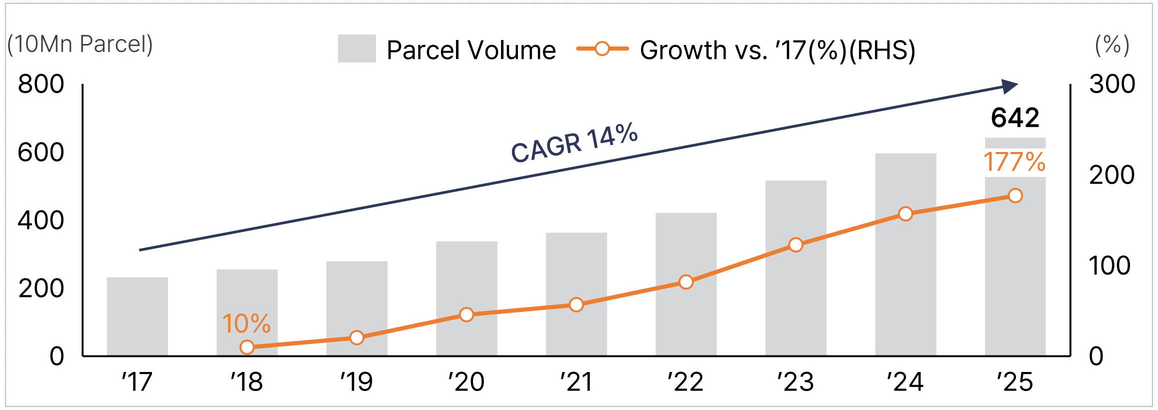
Source: IGIS Strategic Research Division

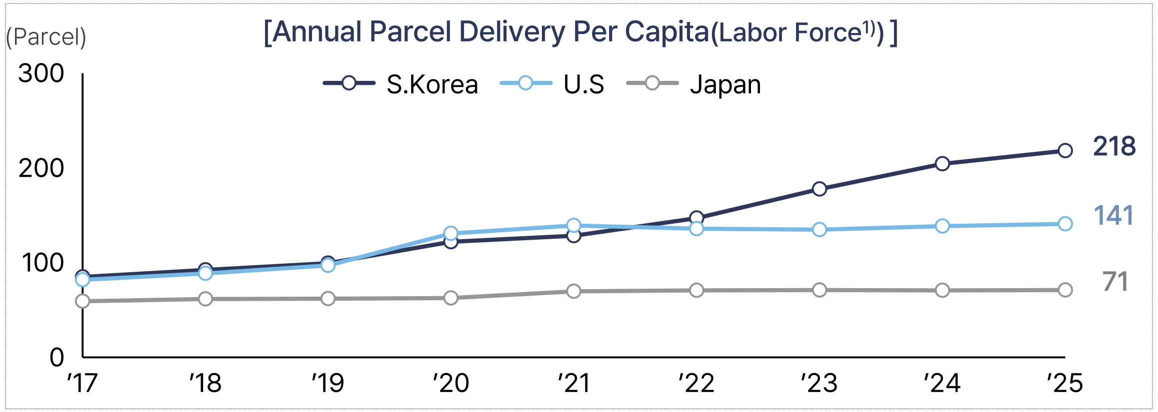
2.2. Logistics

Parcel volumes increasing, with cross-border E/C expected to boost logistics demand

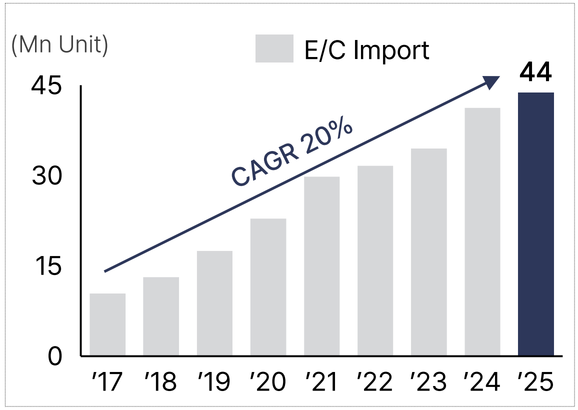
- Frequent small-basket purchases, returns and after-sales deliveries continue to drive parcel use above major-market levels
- K-culture-led cross-border e-commerce grew at a 30%+ CAGR in 2017–2025, supporting further parcel volume growth

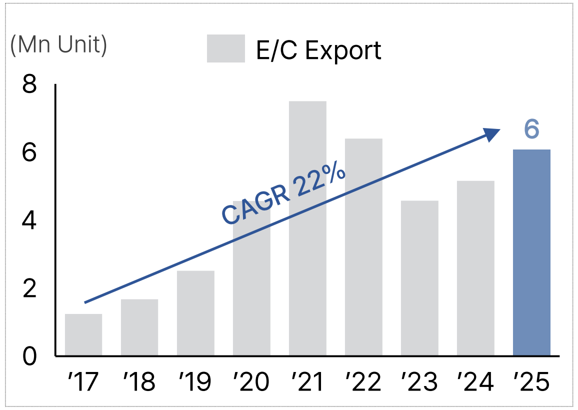
Domestic Parcel Volume Trend

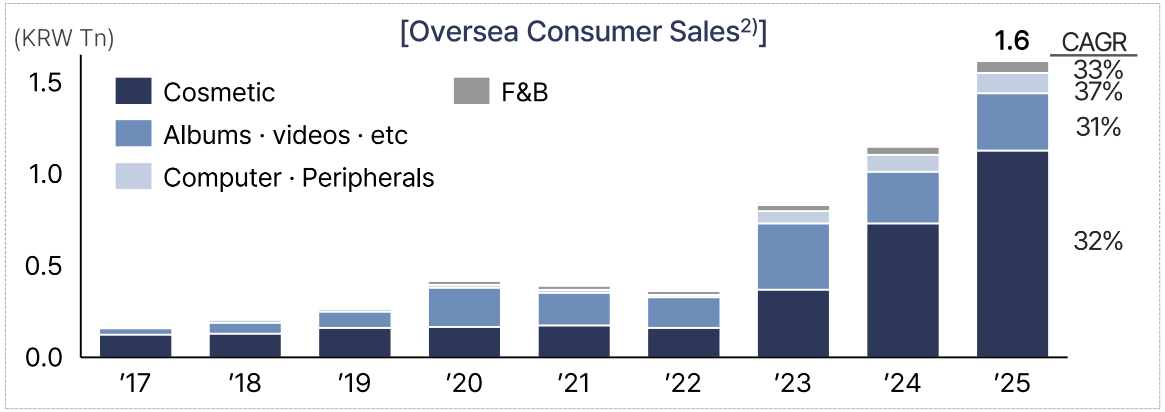




E-commerce Import/Export & Overseas Consumer Sales







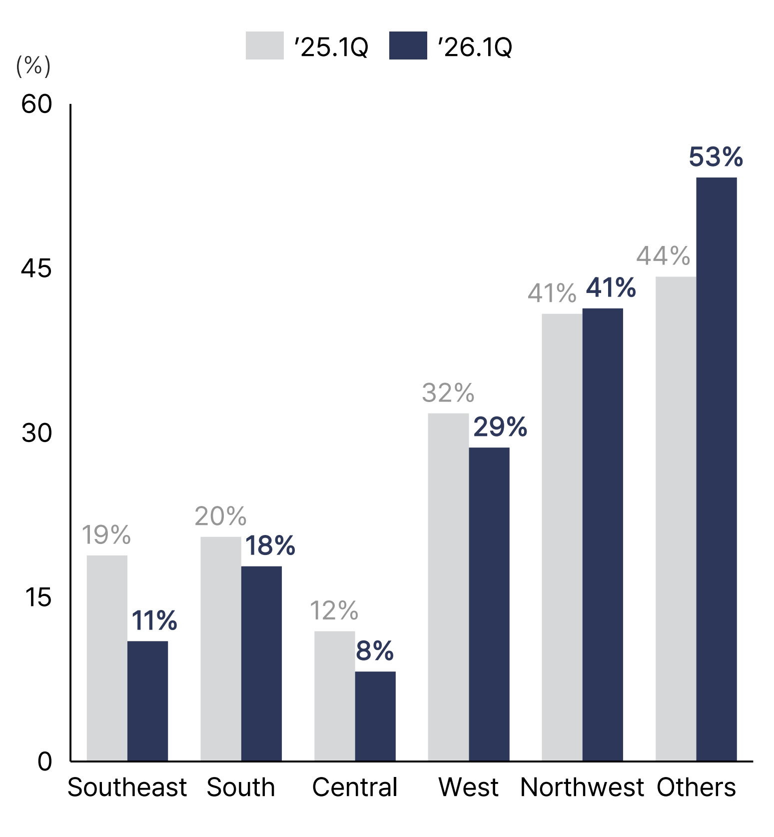
1) Labor force: All individuals aged 15 and older who are capable of and willing to work, including both the employed and the unemployed 2) Excluding duty-free products

Source : Korea Integrated Logistics Information Center, Korea National Transport DB, IGIS Strategic Research Division

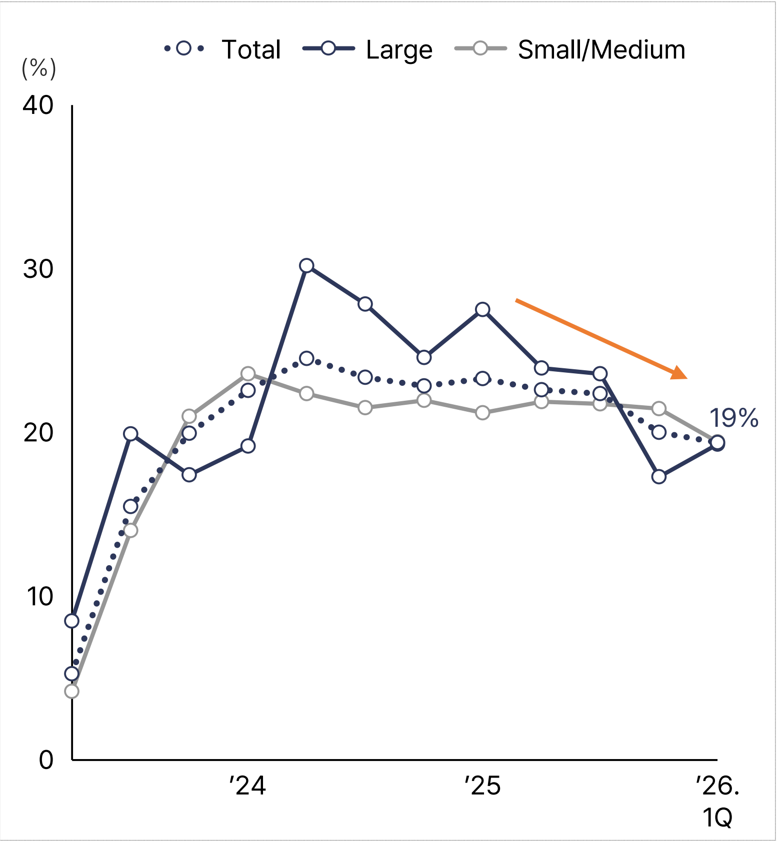
Logistics vacancy rate declines broadly across Greater Seoul

- Vacancy turned downward across major submarkets, with sustained declines in large-scale, dry and cold-storage facilities
- Vacancy rose in the northwest and other submarkets following large-scale completions in Gimpo Hakun and Yangju Okjeong

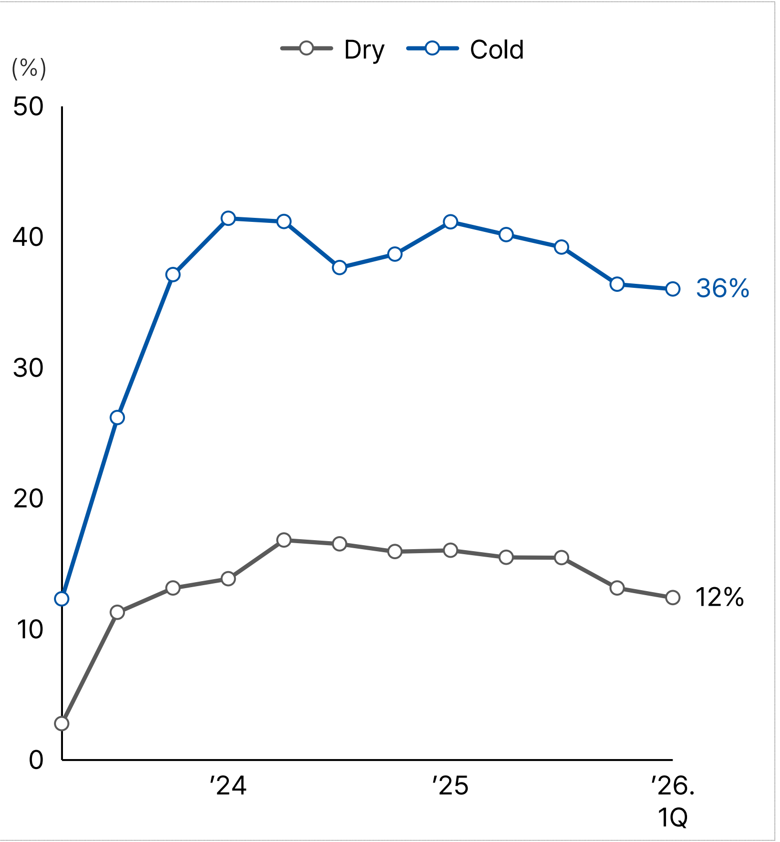
Vacancy Rate by District[1)]



Vacancy Rate by Grade



Vacancy Rate by Type

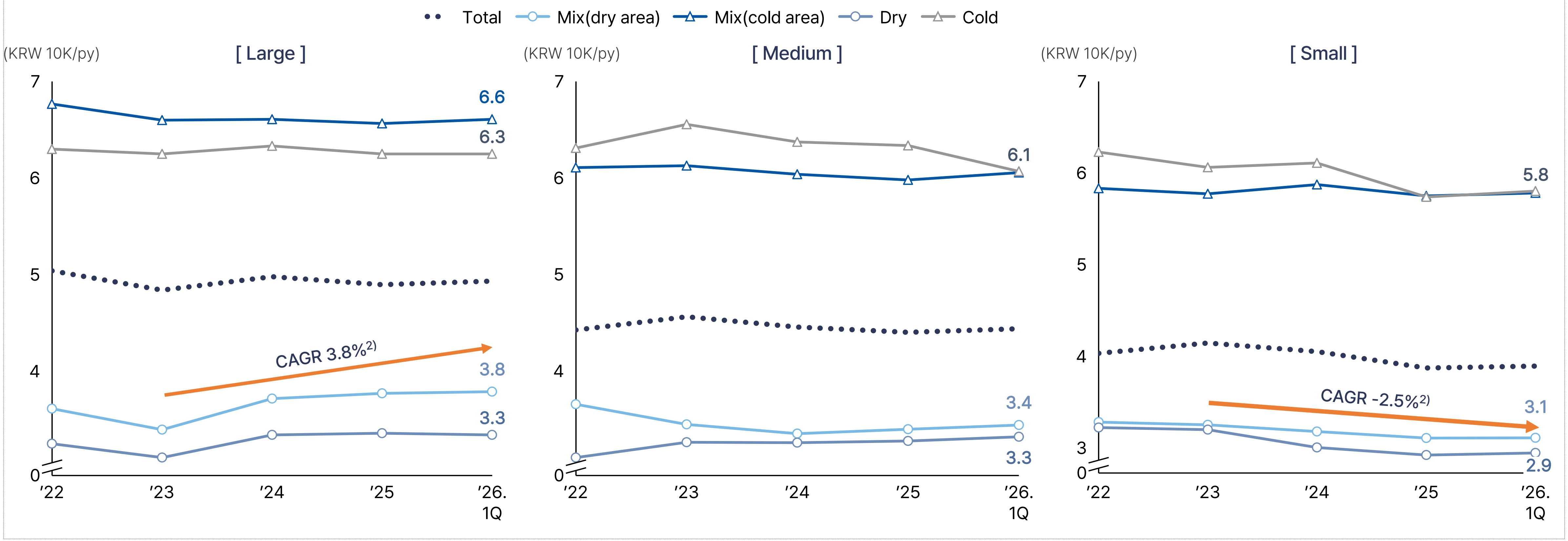


1) Greater Seoul (Seoul/Gyeonggi/Incheon), Large(GFA of 30k py~), Medium(GFA of 10K ~ 30K py), Small(GFA of less than 10K py)
Source: IGIS Strategic Research Division

Rent trends diverge between large and small assets

- Tenant preference for large assets drove annual rent growth of 3.8%
- Small-asset rents fell 2.5% annually, widening the divergence by asset size

Nominal Rent by Grade[1)]

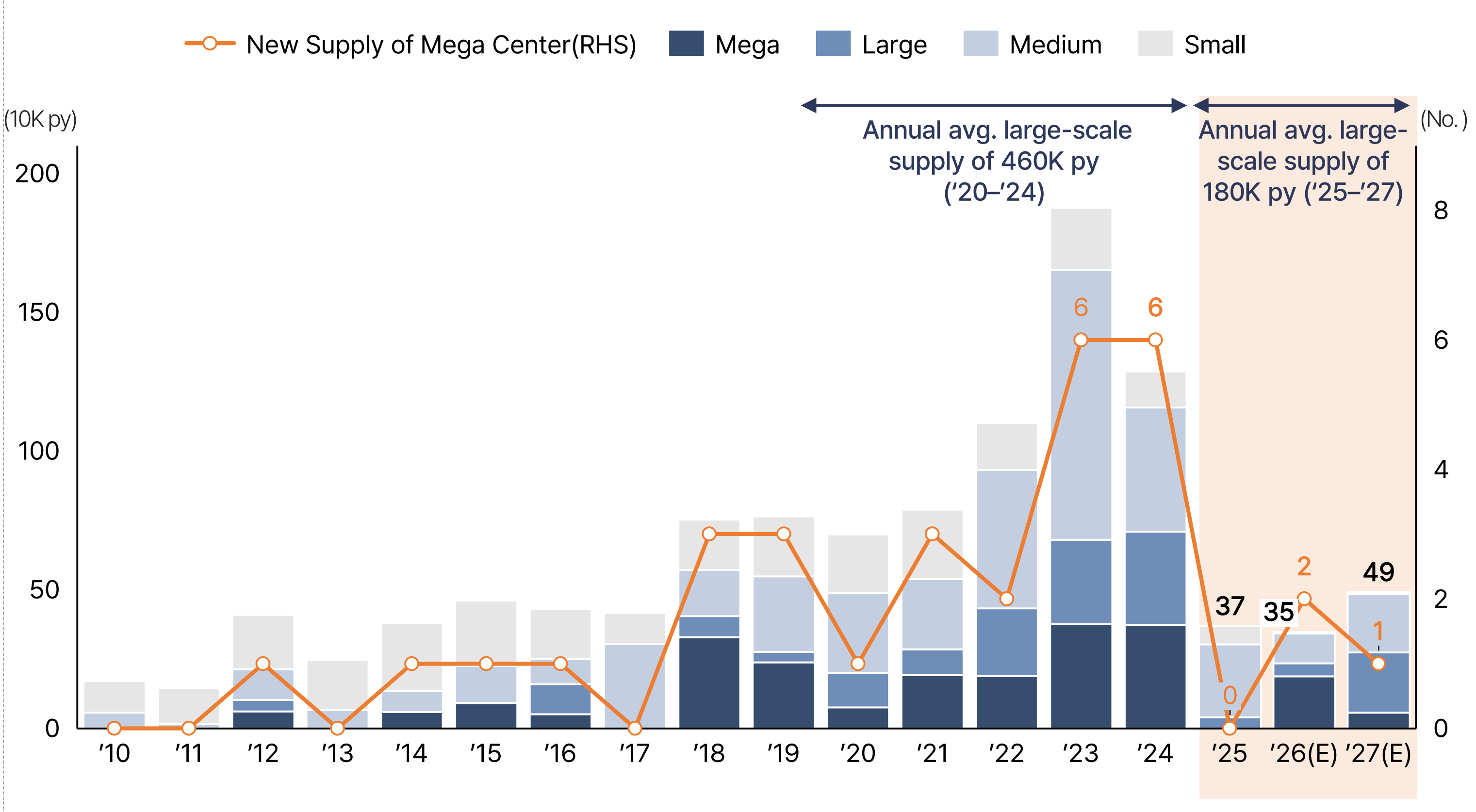


1) Including regional areas 2) Based on the rental rates dry storage space from '23 to '26.Q1
Source: IGIS Strategic Research Division

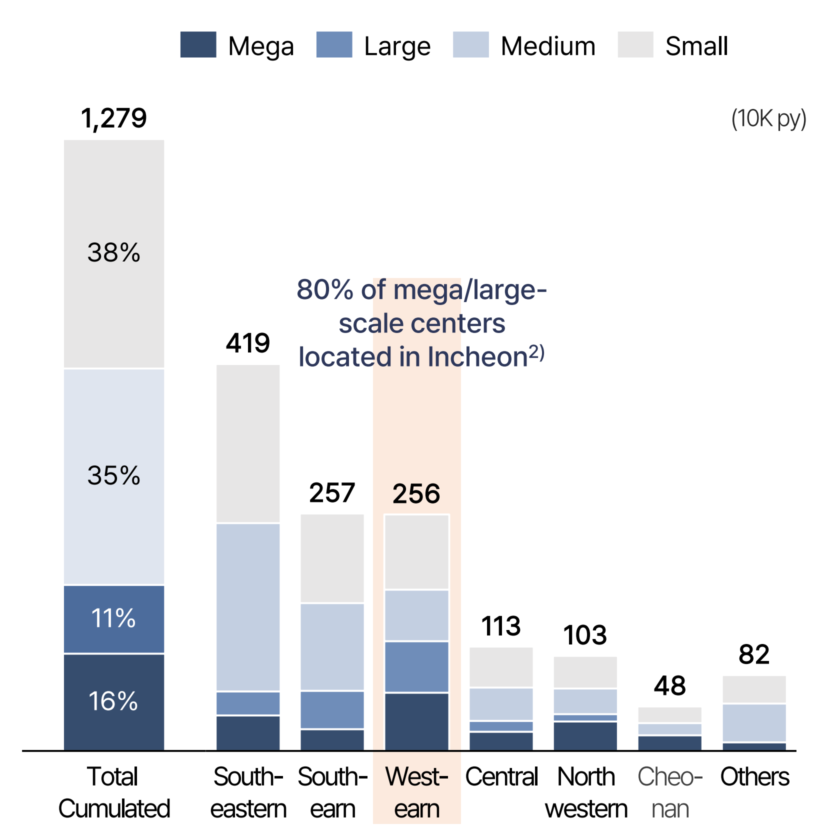
Declining large and ultra-large logistics supply to increase scarcity of prime large-scale assets

- 2026 Seoul metro supply is projected at 350K py, including 180K py of large/mega-scale centers which is down from prior years
- Higher construction costs and tighter building rules are expected to constrain large-scale supply and increase prime asset scarcity

New Supply by Grade[1)]



Cumulative Supply by District/Grade

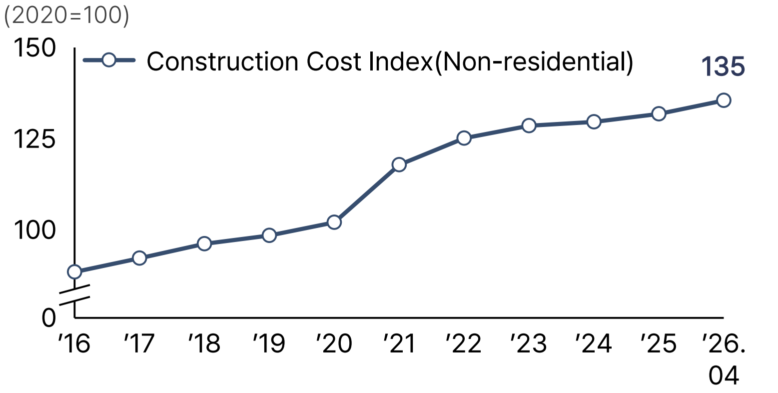


1) Mega(GFA of 50K py or more), Large(GFA of 30K py~), Medium(GFA of 10K ~ 30K py), Small(GFA of less than 10K py)
2) Vacancy rate for mega/large-scale centers in Incheon at 18% as of '26.Q1(remains lower than Greater Seoul)
Source: IGIS Strategic Research Division

Yellow Envelope Act and tighter Gyeonggi permitting heighten dev. risks and constrain supply

- The Yellow Envelope Act, effective March 2026, is expected to raise construction labor costs and developers' PF financing risks
- Gyeonggi's logistics permitting standards, effective October 2026, are expected to limit new large-scale supply

The Yellow Envelope Act(Mar.'26)



[The Yellow Envelope Act]

- Subcontractor unions are now permitted to directly engage in collective bargaining with primary contractors (inc. developers/real estate trust co.)
  - Upward pressure on labor costs is projected[1)]
  - Cause construction delays, accelerate the credit risks
- Concerns over PF financial risks for developers and profitability for trust companies

Development Standard Strengthen(Oct.'25)

Location & Environmental Criteria

Mandatory separation of at least 400m from sensitive zones (residential areas, schools) prior to construction[2)]

Traffic & Fire Safety

Mandatory submission of traffic impact review report and reinforced fire safety installations[3)]

Mandatory Community Public Hearings

Required to host at least two public briefing sessions targeting residents to gather feedback

Architectural Standards

Strict compliance with permitting standards is required; tightened height/length restrictions (height at 30–40m; length restricted to 100–150m)

Market Outlook

Expected Increase in Value of Existing Logistic Center · Permitted Sites

- Escalating construction costs and tightened development permitting requirements
- Acquisition demand is expected in permitted, highly preferred sites

Deceleration of New Supply · Heightened Feasibility Review

- Cause construction delays and escalate financing costs
- Development costs for new sites increase

Spillover of Logistics Regulations in Other Region

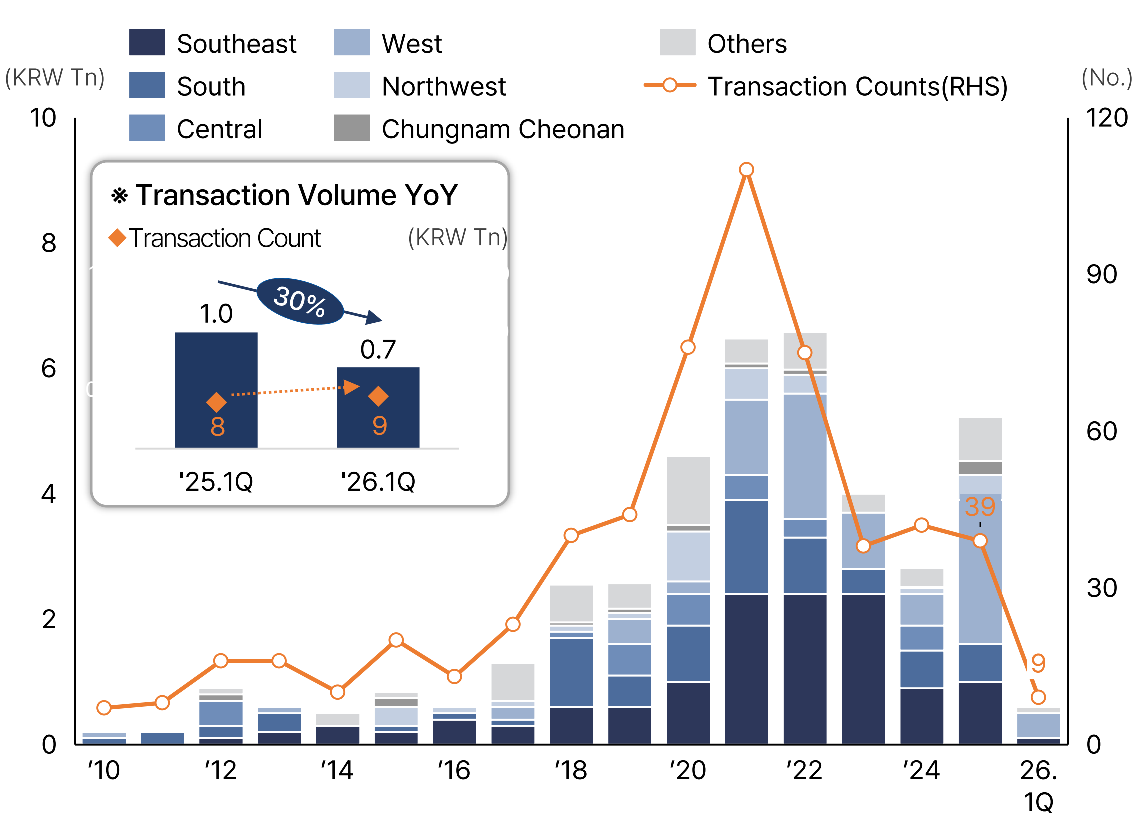
- Standardized permitting criteria are likely to be established across other region
- Development demand is expected outside Gyeonggi Province, notably the Chungcheong

1) According to the "Survey on Wage Conditions in the Construction Industry," the avg. daily wage for general construction workers increased 26.3% (exceeding the minimum wage increase rate of 18.1% over the past 5yr)
2) Previously, local government urban planning ordinances stipulated a minimum setback distance of 100–300m for noise-sensitive facility 3) For fire access roads, an internal loop fire access road of at least 4m in width must be secured, and at least one area designated exclusively for fire trucks must be established.
Source: Statistics Korea, Gyeonggi Provincial Office, IGIS Strategic Research Division

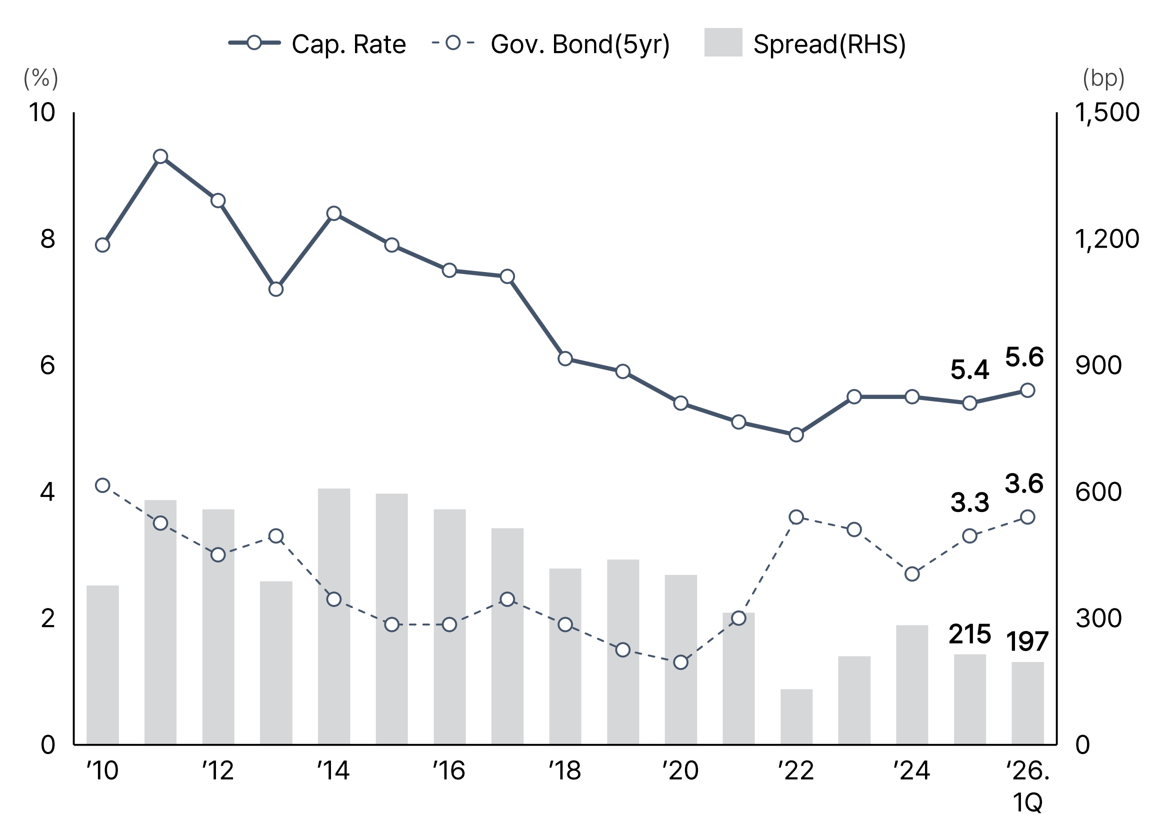
Q1 2026 logistics transaction volume totals KRW 0.7Tn, with the cap rate spread near 200bps

- Q1 transaction volume fell 30% YoY to KRW 0.7Tn, down KRW 0.3Tn
- Yeongjong Arenas alone accounted for 62% of volume among 9 deals in Q1, driving the market

Transaction Volume[1)]



Nominal Cap.rate[2)] and Gov. Bond Sad



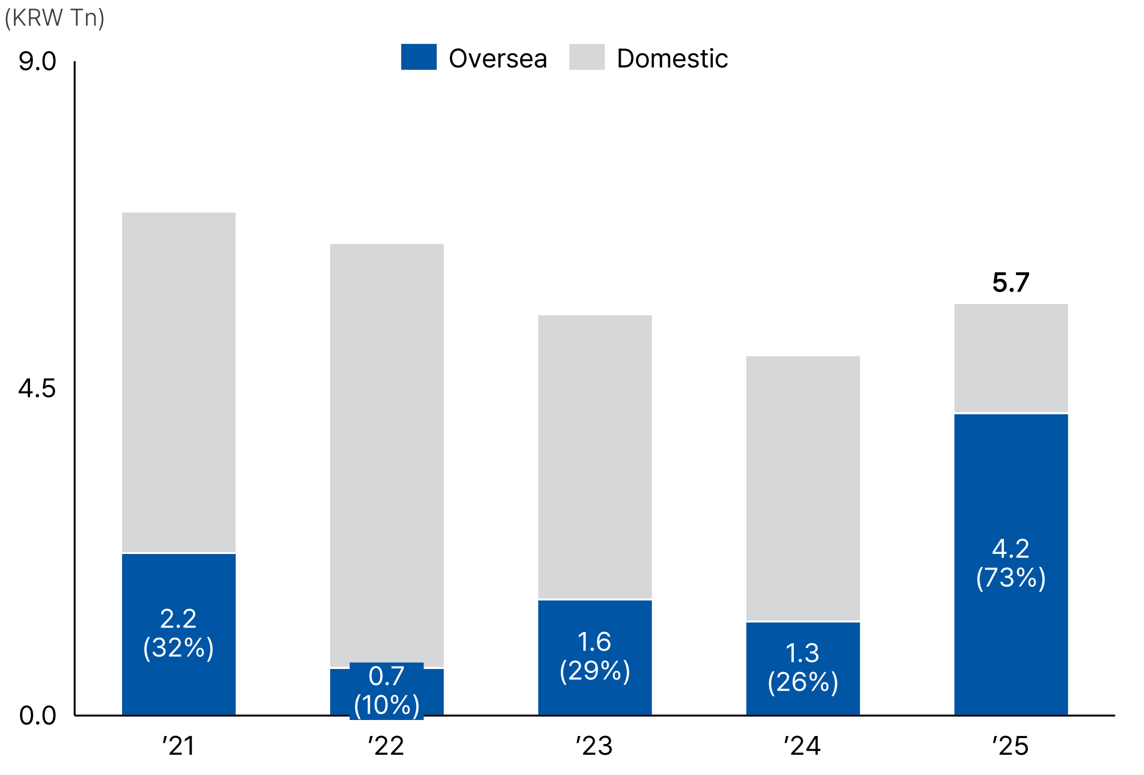
1) Nationwide basis, forward purchase excluded from transaction statistics
2) '26.Q1 Cap Rate: Based on two transaction cases checked (nationwide, excluding forward purchases)

Source: Rsquare, IGIS Strategic Research Division

Foreign investors selectively target prime last-mile and large newly built assets

- Foreign investors' share rose sharply YoY in 2025, exceeding 50% of total transaction volume
- Investment focused on competitively priced domestic assets completed in 2023–2024

Transaction Volume by Investor Type(inc. forward purchase)



1) 5 logistic centers including last-mile center
Source: Rsquare, IGIS Strategic Research Division

Oversea Investors Investment('25-'26.1H)

Investor	Investment Strategy and Asset	Completion Year	GFA (10K py)	Unit Price (10K/py)
Blackstone	Last-Mile Logistics Center Investment (MQ LogisCube Gimpo Gochon)	'13	2.3	914
	Last-Mile Logistics Center Investment (MQ LogisCube Namyangju)	'20	1.5	900
KKR	Investment in a Mega-Scale Prime Asset (Cheongna Logistics Center)	'22	13.3	791
M&G	Investment in a Mega-Scale Prime Asset (Logis Valley Ansan)	'19	7.2	708
GIC	Mega-Scale Newly Constructed Asset (Green Wave Siheung)	'24	7.1	666
	Large-Scale Newly Constructed Asset, Conversion cold area to dry (Hangdong Dream Center, Incheon)	'23	4.0	570
Brookfield	Large-Scale Newly Constructed Asset, Conversion cold area to dry (Incheon Seoknam Mixed Center)	'23	4.5	546
CapitaLand	Acquired at a Low Price, with Seller's Rent Guarantee (World in Cheonan Logistics)	'23	1.9	544
DWS/Hines	Scheduled for conversion to dry storage after acquisition in '26 (Hwaseong Haechang-ri Center)	'23	1.6	520
ESR	Selected for preferred bidder by Koramco (Baeksa Center)	'23	1.7	520
Hines	Selected for preferred bidders of CBRE IM logistics portfolio[1)] (Avg. occupancy rate: 96%)	'14-'19	6.1 (Total)	-

3PL and e-commerce investment boosts demand for automation-ready logistics centers

- Leading 3PL and e-commerce firms are investing in automation to build in-house capabilities
- Naver Shopping plans to launch its own logistics business and build advanced automated centers in the Greater Seoul

Key Specifications for Logistics Center Automation

Floor Plates · Ceiling Height

"Large Floor Plates, High Ceiling" to ensure operational efficiency, scalability, and stability
(Min. floor area: 3K py, ceiling height: 10m~)

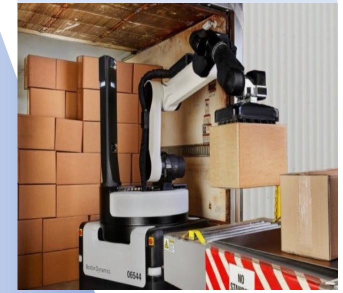
Level Floor Standards

"Level Flooring" to minimize routing errors for AGV/AMR, ensuring stable transit
(adherence to flatness/levelness standards)

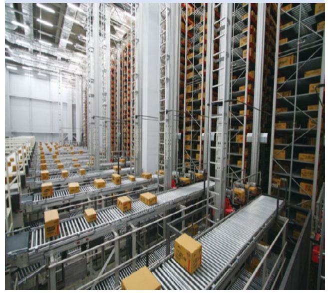
Power Capacity

"Essential Power Capacity" to operate high-performance[4]
(dry: 0.03–0.05 kW/py or more;
cold: 0.2 kW/py or more)

Robot Arm

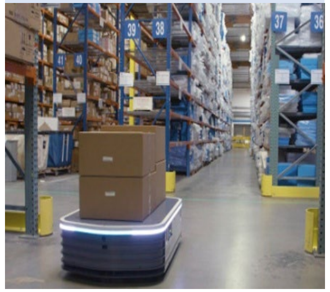


AS/RS[1]



Automated Sorting

AMR[2] · AGV[3]



High-Tech Automated Logistic Centers

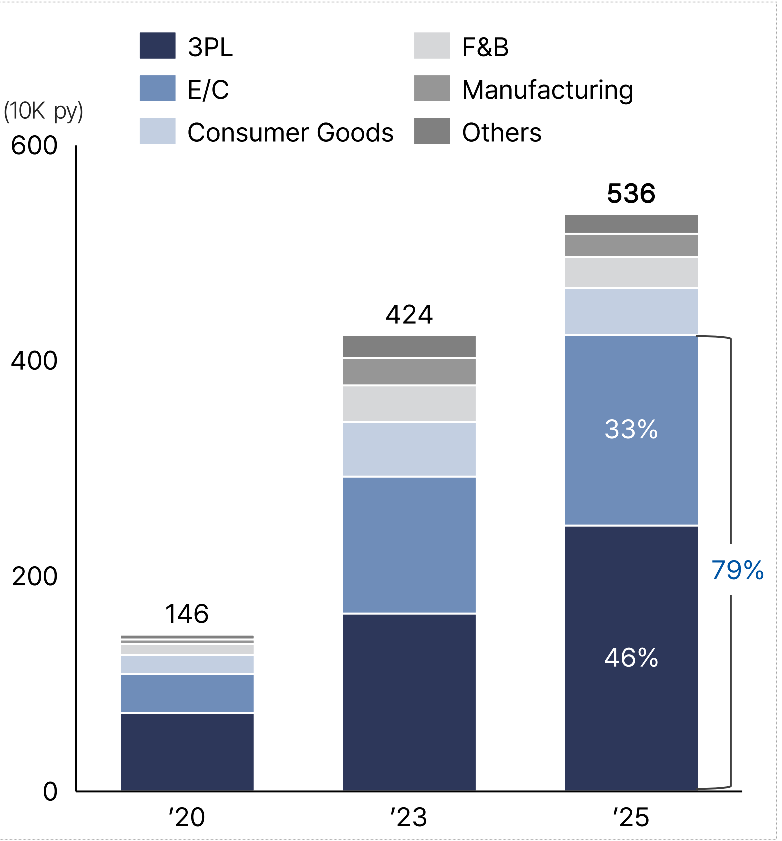
Major Tenants	High-Tech Automated Logistic Centers	GFA(floor plates)	Dev./Sales Price(KRW Bn)
coupang	Daegu High-Tech Logistics Center (Completed in '22)	100,000py (16,000py)	3,200
	Gimcheon High-Tech Logistics Center (Construction began in '24)	9,600py	1,000
	Gwangju High-Tech Logistics Center (Construction began in '24)	50,000py (10,000py)	2,000
	Jecheon High-Tech Logistics Center (Construction began in '25)	16,000py (8,000py)	1,000
	Daegu Smart Logistics Center (Construction began in '25)	22,000py	618
CJ 대한통운	Yongin Namsan Smart Logistics Center (acquired in '22)	40,000py	3,560
daiso 다이소	Sejong Logistics Base (construction began in '24)	50,000py	4,000
	Yangju Hub Center (scheduled for completion in '28)	62,000py	5,000
HYUNDAI HANDSOME	Icheon Smart Hub e-Biz (completed in '22)	15,000py	500
NAVER	Announced entering independent logistics business(Jul.'26), plans to develop automated center	Considering Development / Acquisition / Long-Term Lease	

1) Automated Storage and Retrieval System 2) Autonomous Mobile Robots 3) Automated Guided Vehicle
4) newly developed mega-scale dry logistics centers exceeding 50k py recently require approximately 0.23 kW/py to address large-scale automation trends
Source: Coupang, CBRE IGIS Strategic Research Division

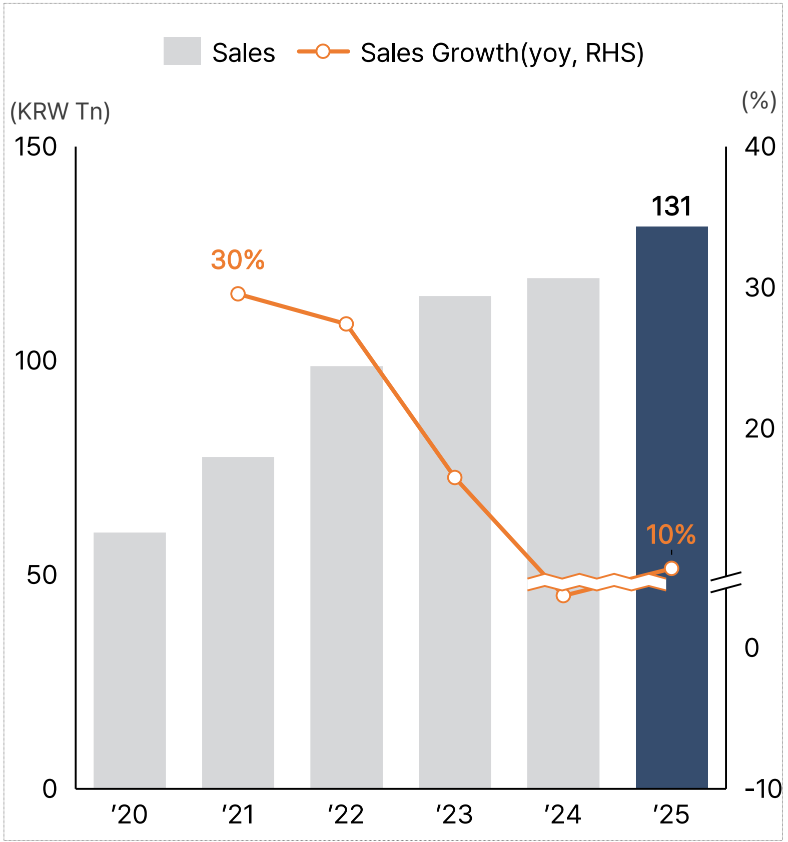
Logistics demand remains reliant on 3PL·E/C, highlighting the need to attract new tenants

- 3PL and e-commerce firms account for around 80% of tenants at major logistics centers
- Their revenue growth is slowing amid weaker online retail sales growth and intensifying competition, raising slowdown concerns

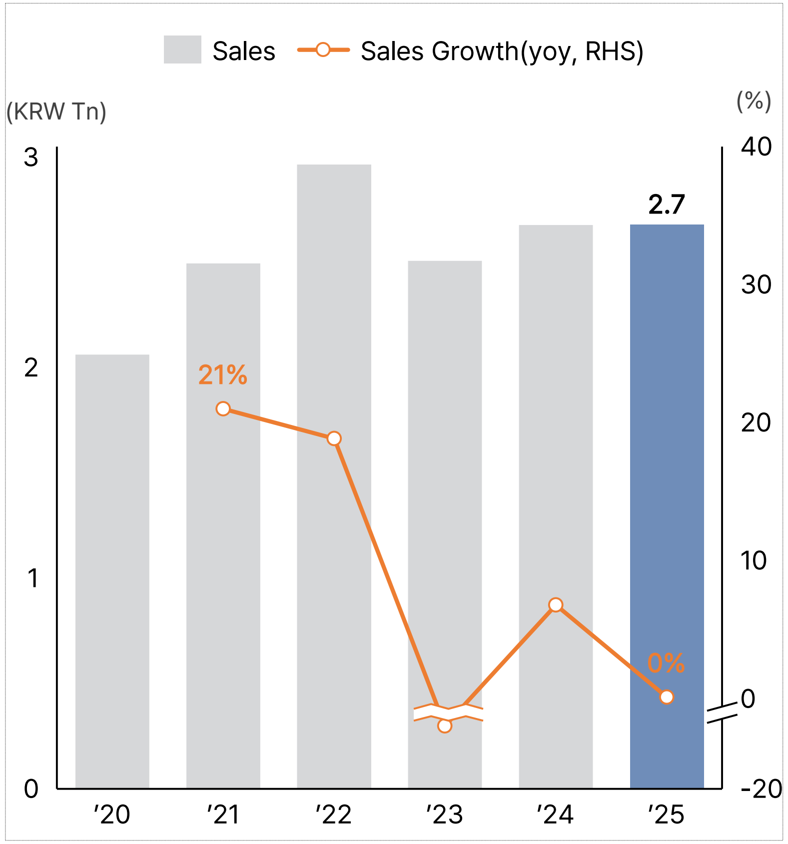
Leasing Trend by Tenant Type1)



E/C Sales Trend2)



3PL Sales Trend3)



1) Cumulative leased area based on Grade A logistics centers in the Seoul Metropolitan Area (assets of 10K py or more, considering quantitative and qualitative factors such as location, accessibility, tenants, and rent)
2) Coupang, Naver Shopping, Kurly, SSG, Gmarket, 11st 3) CJ Korea Express, Hanjin, Lotte Global Logistics, LX Pantos
Source: CBRE, Cushman & Wakefield, DART, IGIS Strategic Research Division

Specialized manufacturing logistics may provide access to niche tenant demand

- Specialized cargo includes pharmaceuticals and hazardous chemicals, requiring BTS operator partnerships and high-spec facilities
- In Japan, logistics development near semiconductor plants has generated new demand

Demand for Specialized Logistics in Manufacturing

[Pharmaceuticals] Over-the-Counter / Psychotropic Drugs (Pharmacy / Hospital Distribution)

[Specialized Operators]

용마로지스 · 株式会社 지오영 · MARKEN UPS Healthcare Precision Logistics · PICO Innovation

- Specialized Infrastructure Required
  (strict temperature, humidity, hygiene, and security)
- Major Operators: Yongma Logis (pharmaceutical, cosmetics) · Geo-Young(clinical, veterinary) · Pico Innovation(integrated logistics for SME) · Marken(global healthcare logistics)

[Development Case]


Anseong Huylos

- Widecreek & Warburg Pincus[1] developing life science logistics center
  - GFA 30K py(complete in late '26)
  - 70% are pre-leased[4]

[Hazardous Materials / Toxic Chemicals] High-risk / valuable materials (e.g. battery)

[Specialized Operators]

PNS NETWORKS · PJK (주)피제이케이 · RINCHEM · SLS Smart Logistics Service · FW 파운드리W

- Requires a specialized operator of delivering services as demanded by shippers
  - Require specialized operation including loading/unloading, packaging, pallet replacement, hazardous waste disposal
  - Revenue models : typically structured on a per-pallet storage fee, handling fee, and packaging cost basis

[Development Case]

Invesco · 서린건설(주) · PNS NETWORKS

- Invesco, P&S Networks, Seorin Dev. formed partnership to develop logistic centers for hazardous materials(Jun.'25)
  - e.g. toxic chemicals, and secondary battery material

[Semiconductor] Equipment & Maintenance Parts


Dream Logistics Warehouse

- Driven by the semiconductor "super cycle," rising fab utilization rates
- Facilities must maintain strict temperature and humidity controls, vehicles, and advanced security measures

[Japan Semiconductor Logistics Cluster]


TSMC Japan Fab


Nippon Express Warehouse

- TSMC's additional fab construction in Kumamoto
- Semi. logistics centers has expanded rapidly(due to TSMC fab)
  - Nippon Express and GLP Japan developing centers near by fabs
- Land prices have rose about 15~20%

1) U.S based global PEF(AUM USD 97.2 Bn)
Source: IGIS Strategic Research Division

Oversea investors expanding large prime deals, widening poloarizaiton between smaller assets

Logistics Market Summary

Demand	• Vacancy rate declined in major districts, mainly in maga/large-scale and dry logistics centers • Automation trend is increasing, demand for preferring high-specification logistic centers
Supply	• New supply plummeted by 71% yoy in '25 to 370K py • Rising construction costs and stricter dev. regulations are worsening new supply of large-scale centers
Investment	• Cross-border capital dominance, oversea investors accounting for over 70% of total transaction volume in '25 • Selective investment, focus on highly competitive assets, including newly built large-scale centers / last-mile hubs

Outlook

Short-Term

- Rising construction costs, stricter regulations will continue to constrain supply
- Tenants' preference for high-specification logistics centers strengthens
- More selective investment by oversea investors

Mid-to-Long-Term

- Vacancy rates to decline and rents to rebound, particularly for large dry centers
- New supply pipeline projected to decrease, heightened scarcity of large prime assets

Key Monitoring Points

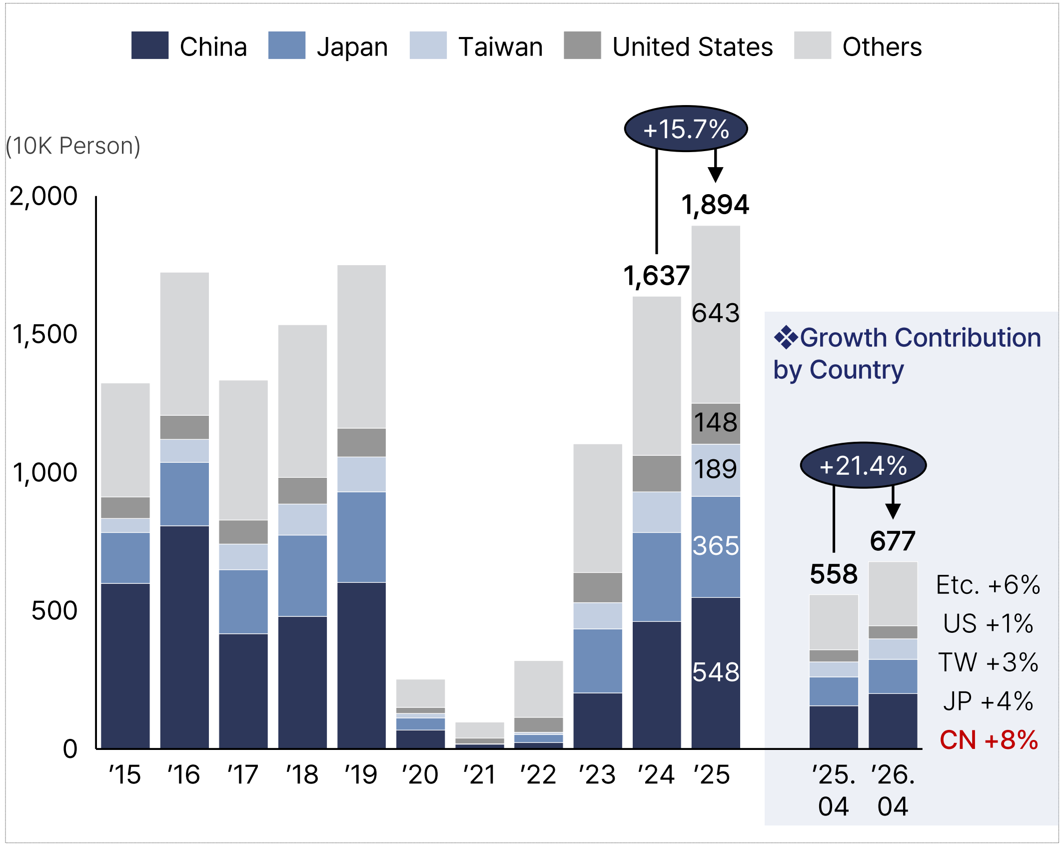
Capital inflows from overseas investors, investment activity by domestic institutional investors, track rent trends by district and type

2.3. Hotel

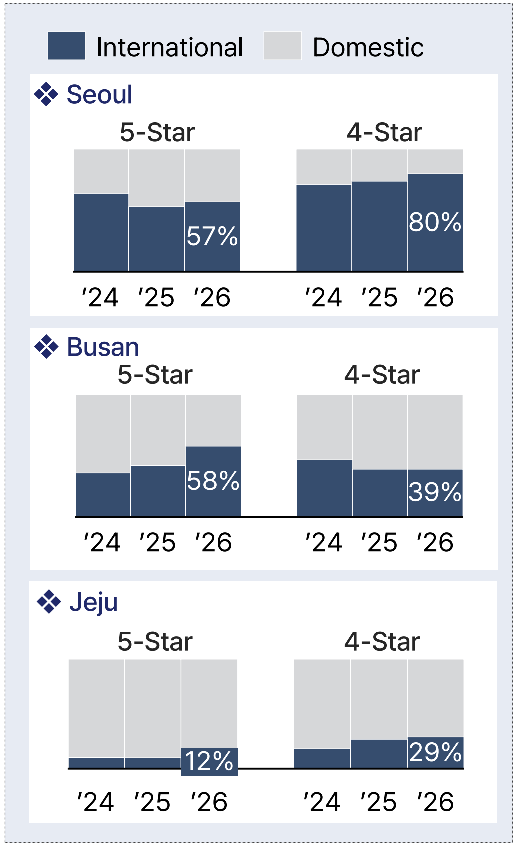
Domestic inbound tourists record high, driving improvement in hotel operating metrics

- Foreign arrivals reached a record 18.9Mn in 2025 (+15.7% YoY), while arrivals in Jan.–Apr. 2026 rose 21.4% YoY, led by China and Japan
- OCC and RevPAR continue to rise, particularly at Seoul's four- and five-star hotels, improving operating conditions

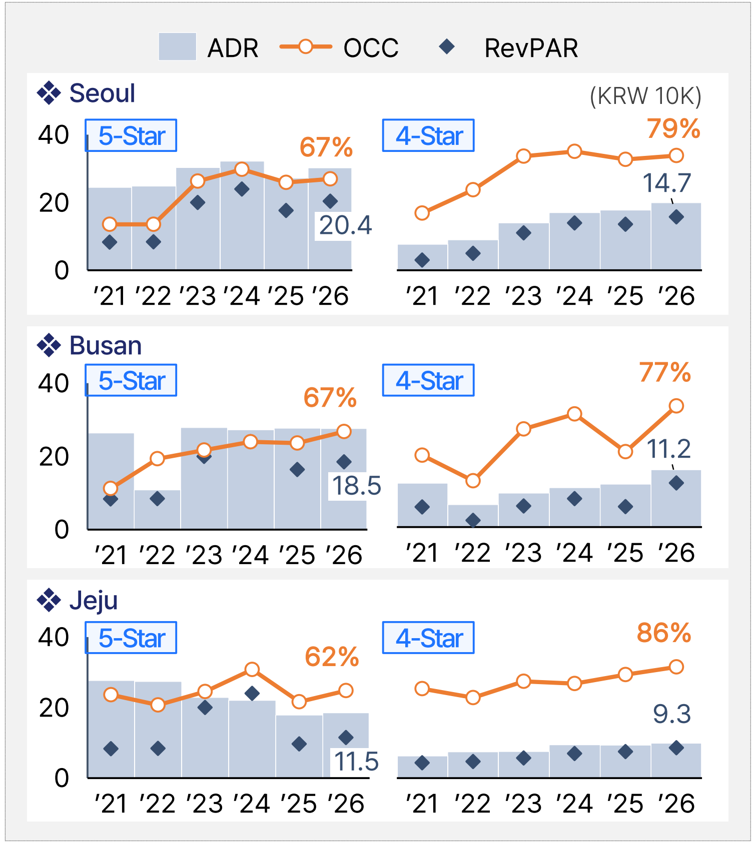
Inbound by Nationality



Hotel Usage by Guest[1)]



4·5 Star Operating Performance[1)]

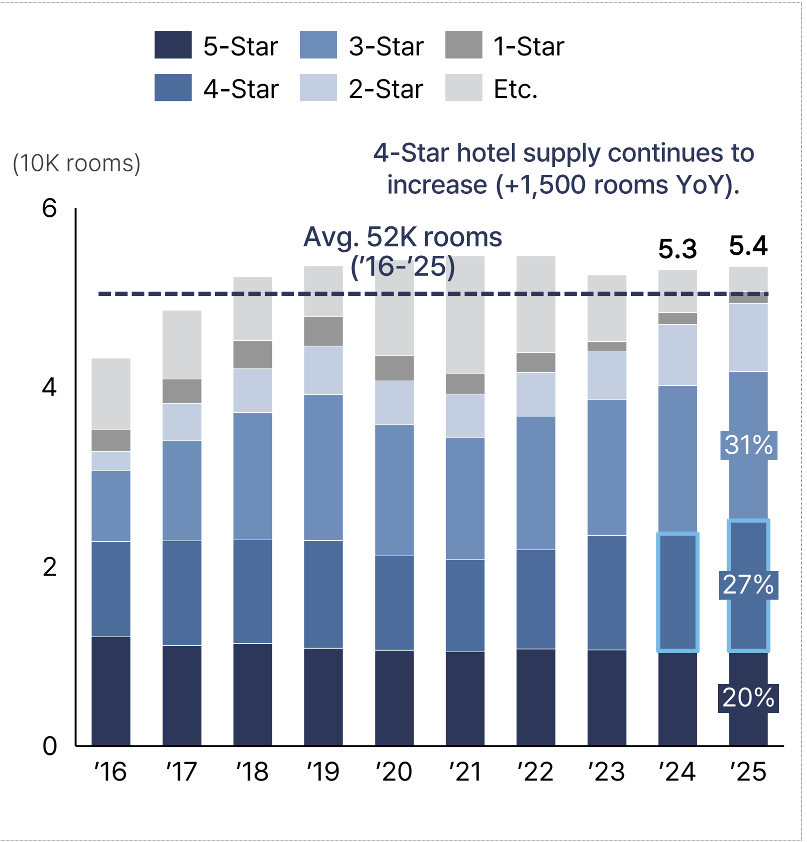


1) Based on 1Q of Each Year
Source: Korea Tourism Organization, Styleloft, IGIS Strategic Research Division

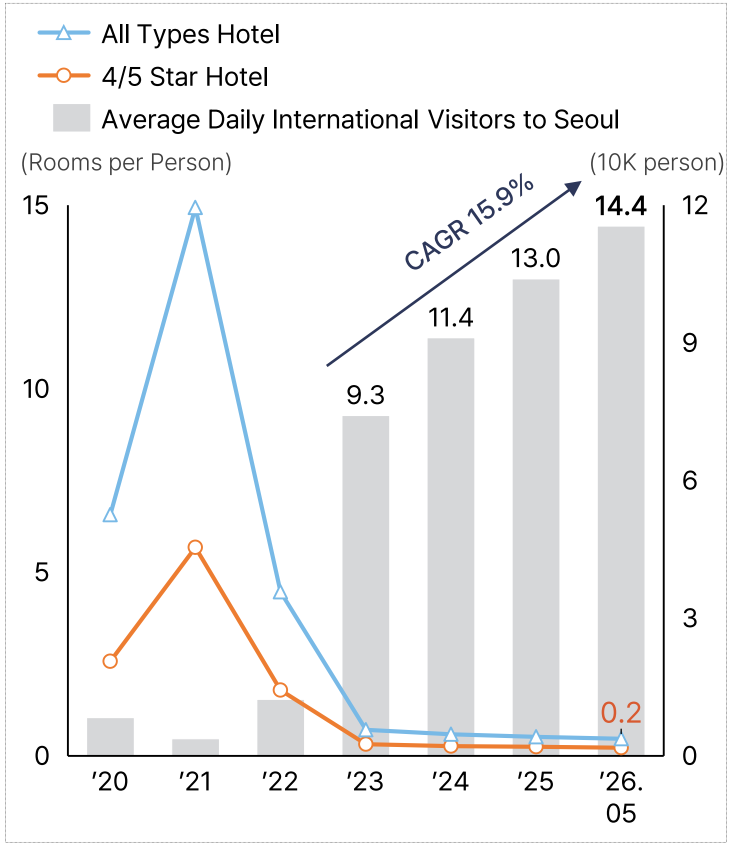
Hotel supply constraints, while rising foreign arrivals to improve domestic hotel performance

- Despite rising foreign arrivals, available hotel rooms per visitor continue to decline
- Limited five-star supply will highlight the performance and scarcity of prime hotel assets

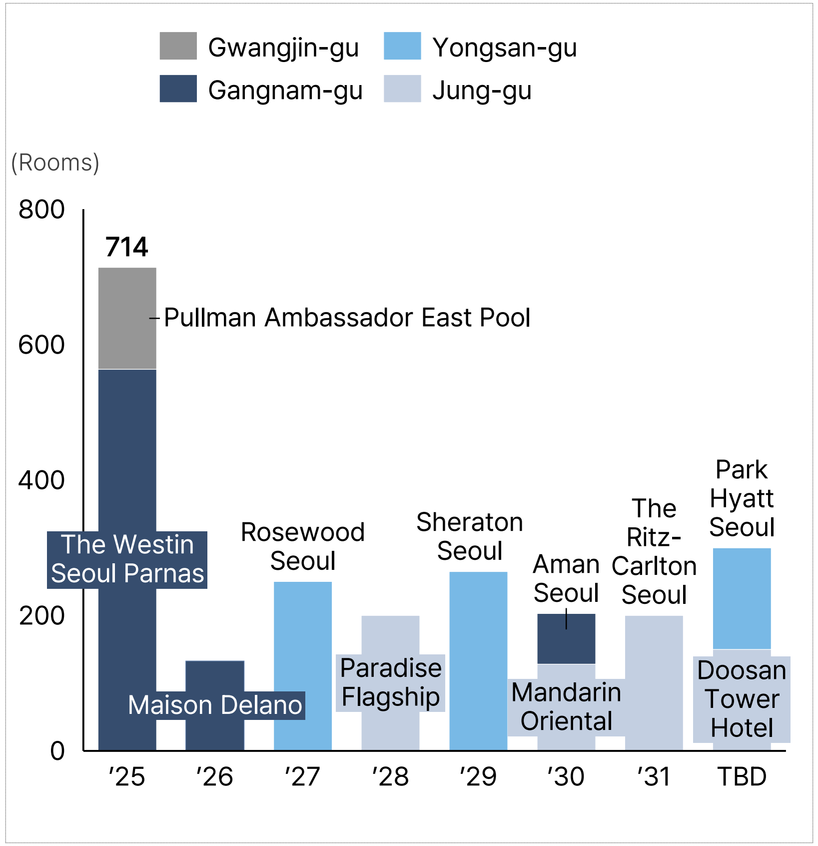
Supply by Hotel Class in Seoul



Rooms per Inbound in Seoul[1)]



5-Star Hotel Supply by District in Seoul



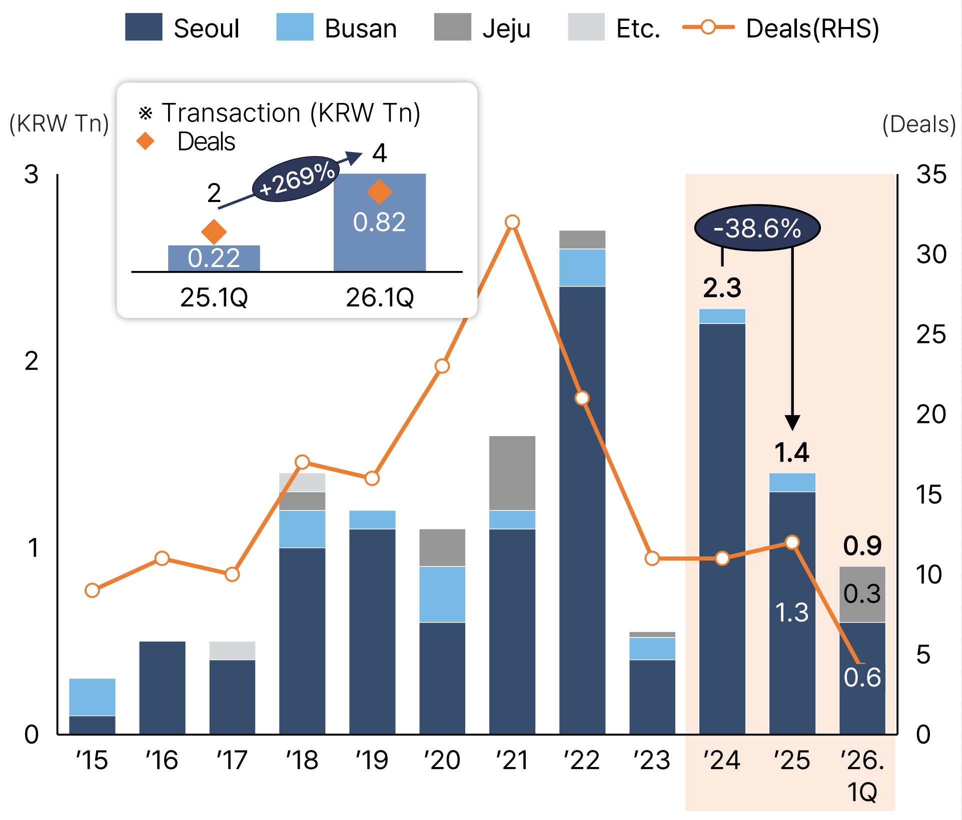
1) Hotel rooms per international visitor = Total hotel rooms / Average daily international visitors to Seoul. Visitor counts are based on daily unique visitors (e.g., a visitor staying from Jan. 1 to Jan. 2 is counted once on each day, totaling two daily visits).

Source: Korea Hotel Association, Korea Tourism Data Lab, IGIS Strategic Research Division

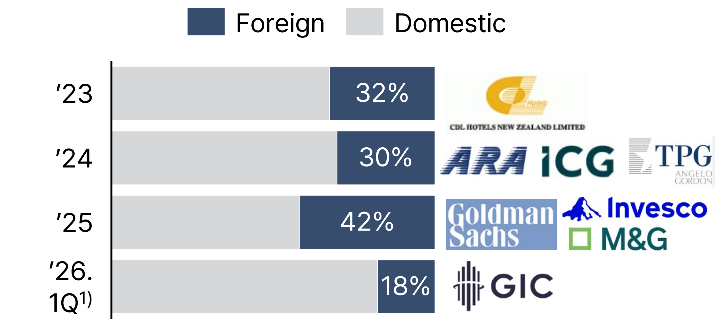
Q1 '26 transaction volume surged 269%(YoY), oversea investor interest in APAC/Korea

- 2025 transaction volume fell 38.6% YoY off a high base effect caused by major deals in 2024(Grand Hyatt /Conrad Seoul), while prime deals continued
- Oversea investors continued bidding for Korean hotels in H1 2026, with global sentiment toward APAC hotels remaining positive

Transaction Volume and Deal



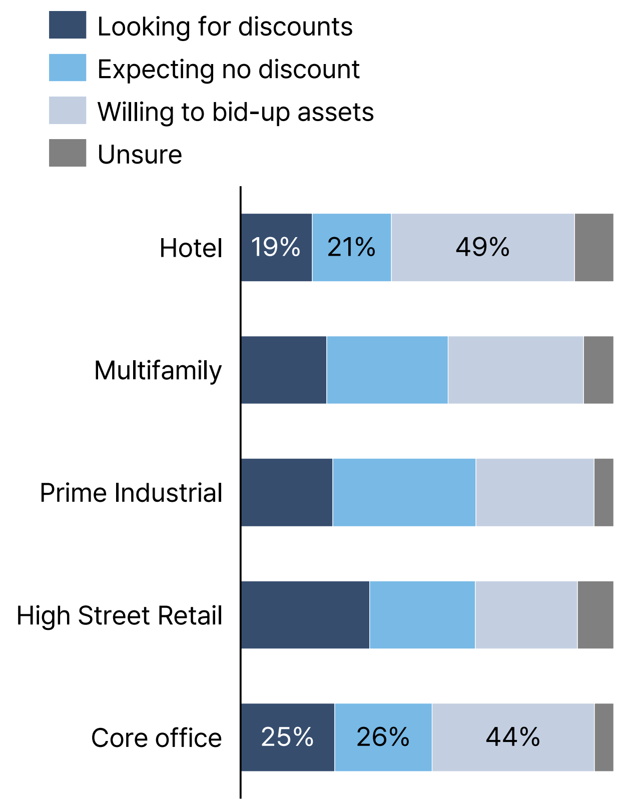
Transactions by Foreign Investors



❖ Key Foreign Investors (H1 2026)

Asset	Participating in Hotel Sale Bids
Voco Seoul Myeongdong (Closing)	CapitaLand Investment Management, Blackstone, ARA Korea
Orakai Daehakro (Closing)	Blue Cove-CPPIB-IHG, Mastern-Phoenix, ARA-Korea Investmnet&Securities
Peyto-Gang nam (MOU)	Pacific-GIC, Goldman Sachs, Warburg Pincus
Cappuccino	Gravity-GIC, CapitaLand, Daol Asset management-Hilton

Global Survey on APAC Investment[2]



1) Hotel U5 – Koramko/GIC 2) CBRE '2026 Global Investor Intentions Survey' (2026.03)
Source: Rsquare, CBRE, News, IGIS Strategic Research Division

Inbound recovery and supply constraint sustain prime hotel performance and investment appeal

Hotel Market Summary

Demand	• Inbound reached a record high, led by China and Japan • OCC and RevPAR at Seoul's 4- and 5-star hotels continued to rise
Supply	• Seoul's hotel room shortage continued to deepen • Limited 5-star supply will sustain prime asset scarcity
Investment	• Transaction volume reached KRW 0.8tn in 1Q (+269% YoY) • Foreign investor interest and bidding activity in Korean hotels remained strong

Outlook

Short-Term	Mid-to-Long-Term
• Strong inbound demand and limited hotel supply to support operating performance • Foreign investor interest to remain strong • Competitive bidding to persist	• Strong demand and limited supply to support Seoul hotels • Repositioning and rebranding to drive value-add opportunities • Luxury-branded assets to see greater Core allocation

Key Monitoring Points

Inbound recovery, foreign investor deployment, and the entry timing of global luxury brands

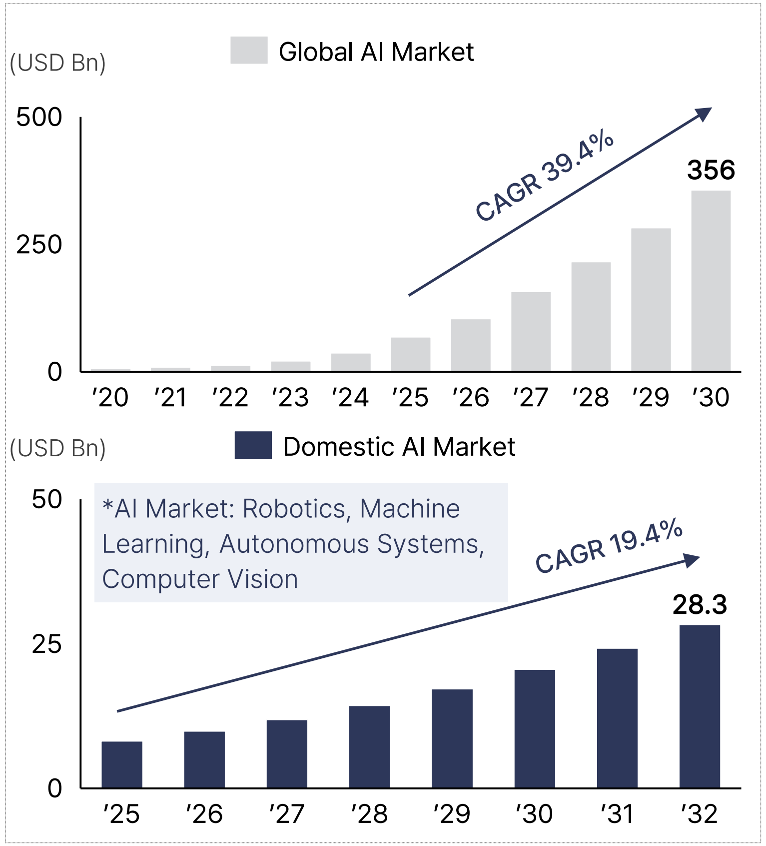
Source: IGIS Strategic Research Division

2.4. Data Center

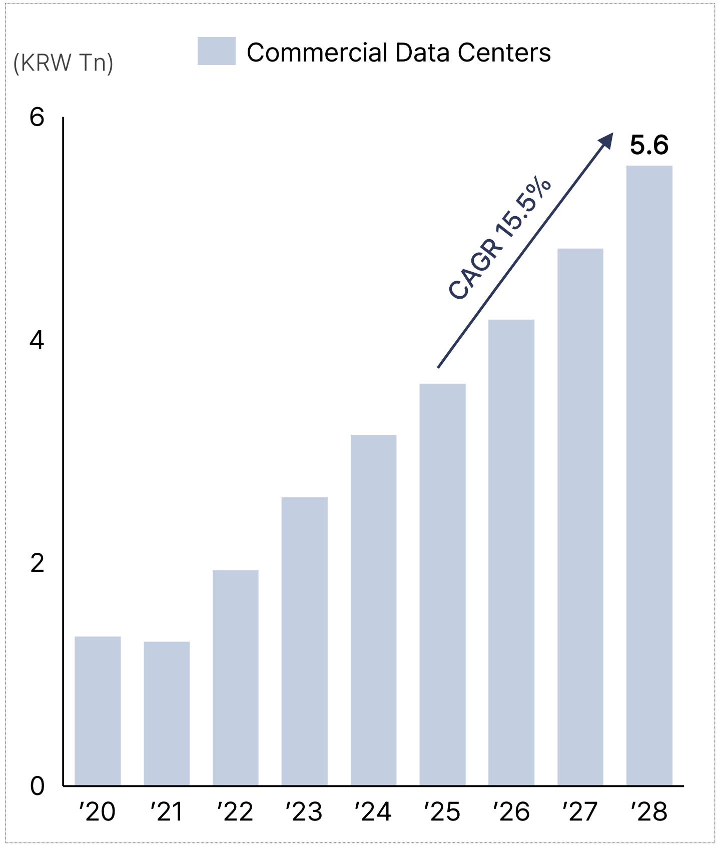
AI demand drives data center growth, deepening the power supply-demand imbalance

- Korea's data center market is projected to grow at a CAGR of over 15% through 2028, driven by AI demand
- Power demand is outpacing supply, limiting new capacity; available power may meet only 64% of demand by 2027

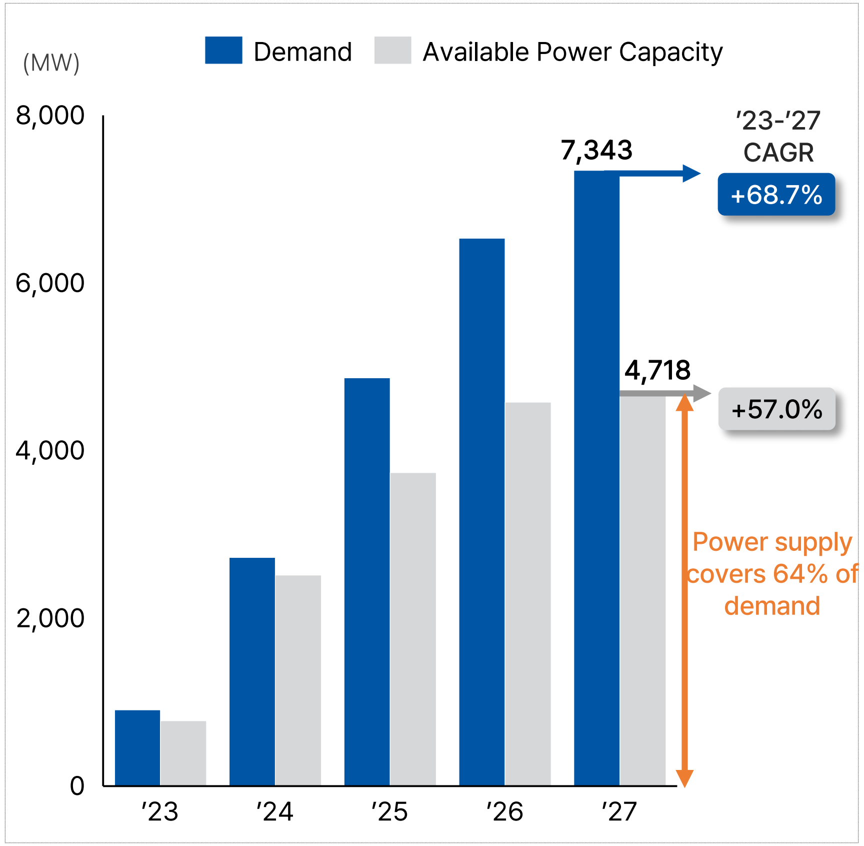
Global and Domestic AI Market Outlook



Korea Commercial DC Market



Data Center Power Supply and Demand Outlook

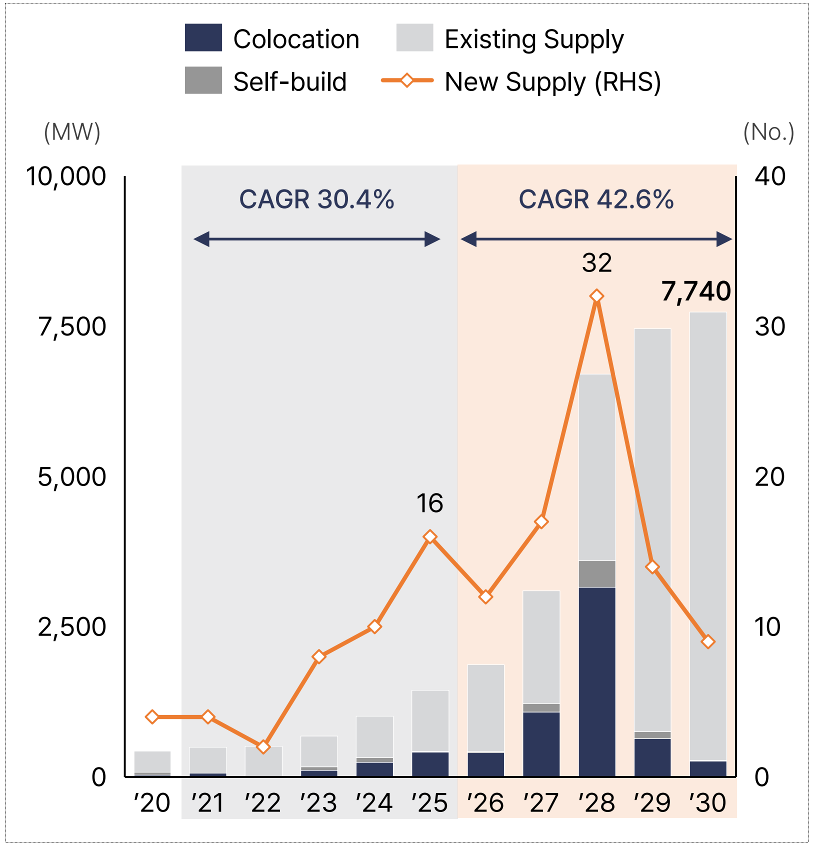


Source: Statista, KDCEA, 11th Basic Plan for Electricity Supply and Demand(2023), IGIS Investment Strategy Division

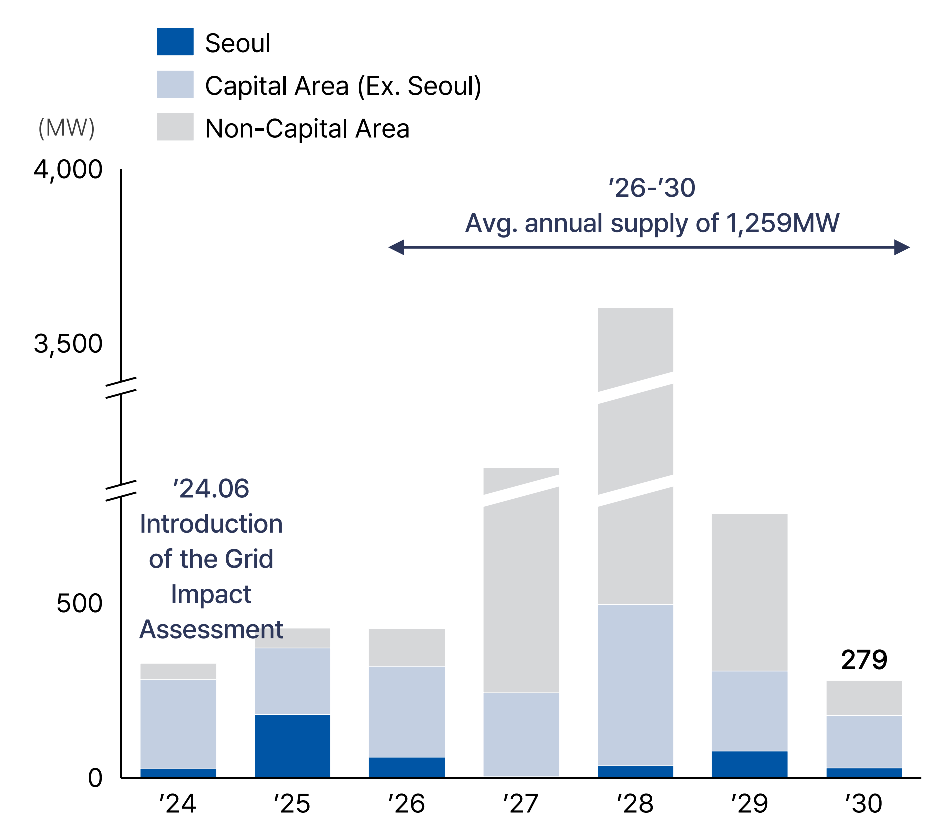
Data center supply keeps expanding, with new capacity shifting beyond Seoul

- Korea's data center supply is projected to grow 42.6% annually through 2030, with 1.3 GW of new capacity planned each year
- Seoul's site and power constraints are expected to shift large projects to the outer capital area and non-capital area

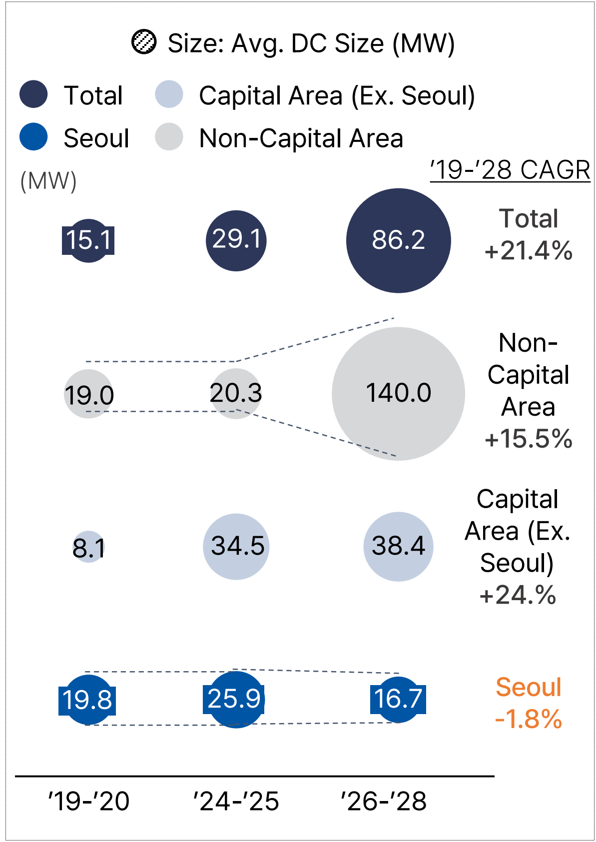
Supply by Facility Type[1]



New Supply by Region



Average Supply Size by Region



1) Total supply, including colocation and self-build facilities, as of end-June 2026
Source: RCA, IGIS Strategic Research Division

Power and permitting constraints heighten Greater Seoul data center scarcity

- Greater Seoul data center development is shifting from hyperscale to edge centers and remodeling projects due to power/permitting constraint
- Large-scale AI data center investment is expanding elsewhere, supported by AI industry and better power access

Data Center Development: Greater Seoul vs. Regional

Greater Seoul

Hyperscale and edge development led by institutional investors

Features
- Hyperscale development on power-secured sites
- Sub-10 MW edge and enterprise-focused development
- Growing demand for low-latency and enterprise workloads

Drivers
- Persistent power and land constraints in Greater Seoul
- Tighter 'Grid Impact Assessment' requirements
- Prolonged permitting and community opposition risks

Regional

AI data center development led by government and corporate consortia

Features
- Idle regional power supporting large-scale development
- 100 MW to GW-scale AI factory development
- Scalable sites with secured power and land

Drivers
- Government support for AI G3[1)] initiative
- Expansion of regional AI infrastructure
- Growing competition among large corporates for AI infrastructure

Grid Impact Assessment status(Mar.'25)

Grid Impact Assessment submissions and approval rates by stage

Region	Metric	① Technical review	② Technical approval	③ Final review	④ Final approval
Total	Case	736	430	53	36
	Approval rate(%)	-	58%	12%	68%
Greater Seoul	Case	522	243	24	10
	Approval rate(%)	-	47%	10%	42%
Regional	Case	214	187	29	26
	Approval rate(%)	-	87%	16%	90%

Approval rates in Greater Seoul are roughly half those in regional markets.

Stricter Grid Impact Assessment criteria proposed for Greater Seoul ahead of formal implementation (2024–).[2)]

(As-is) Technical (55) + Non-technical (45); passing score: 70

(To-be) Regional: passing score of 70 / Greater Seoul: passing score of 75

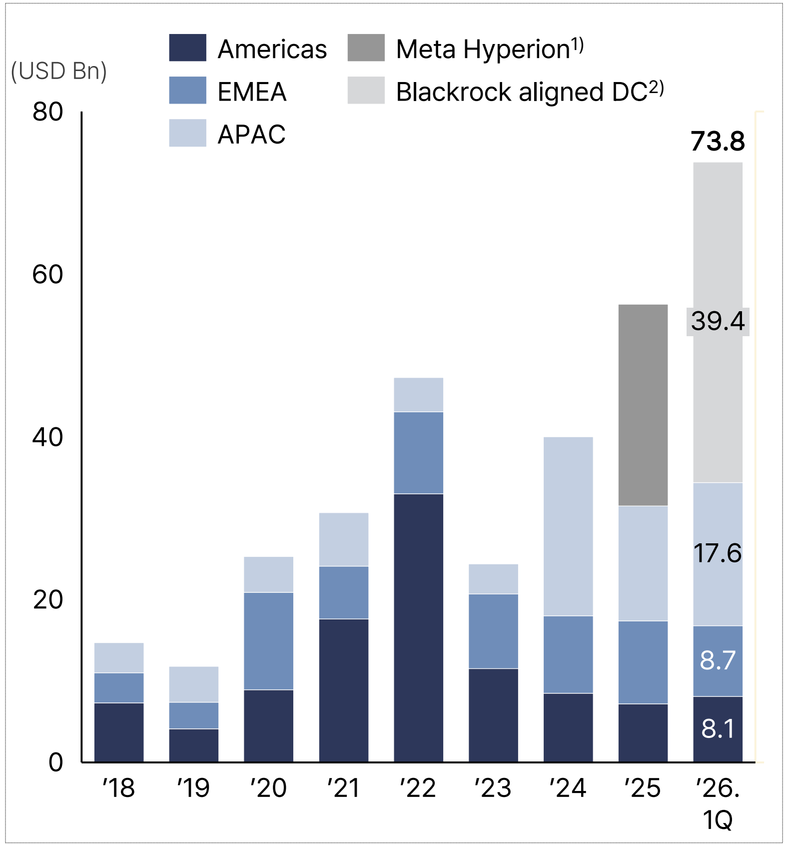
1) AI G3: Government initiative to position Korea among the world's top three AI nations. 2) Administrative notice of the proposed Regulation on the Operation of the Grid Impact Assessment (June 9, 2026)

Source: Ministry of Trade, IGIS Strategic Research Division

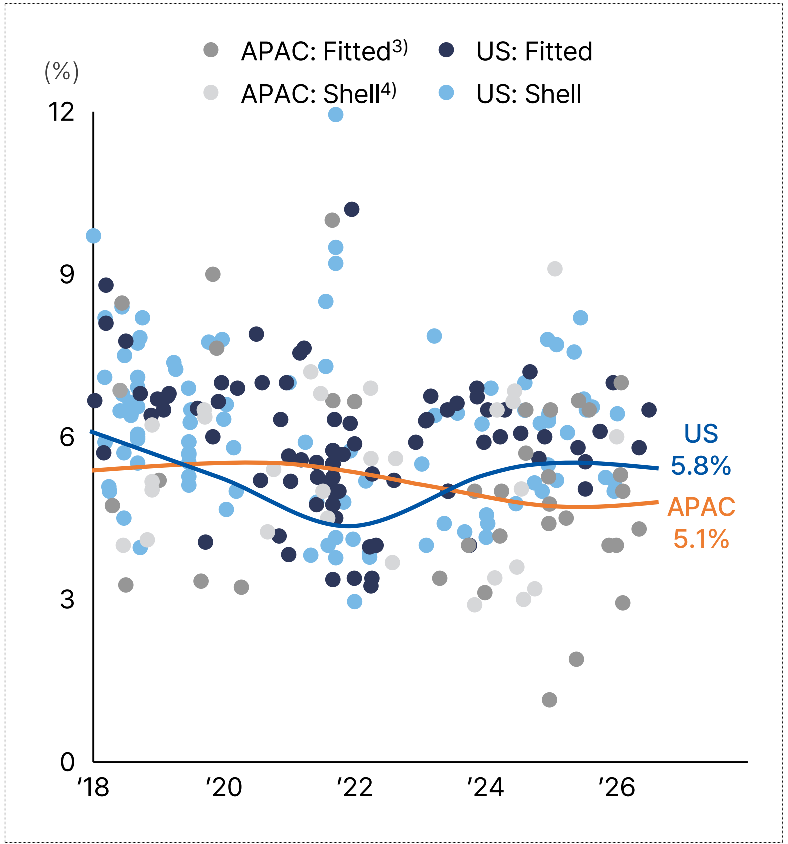
Global data center deal volume record high, highlights Korea data center investment appeal

- Q1 2026 volume reached a record USD 73.8Bn, with the largest-ever OpCo M&A deal also closing (Aligned DC)
- Korean data centers retain investment competitiveness, supported by a 200bps cap rate spread versus major markets

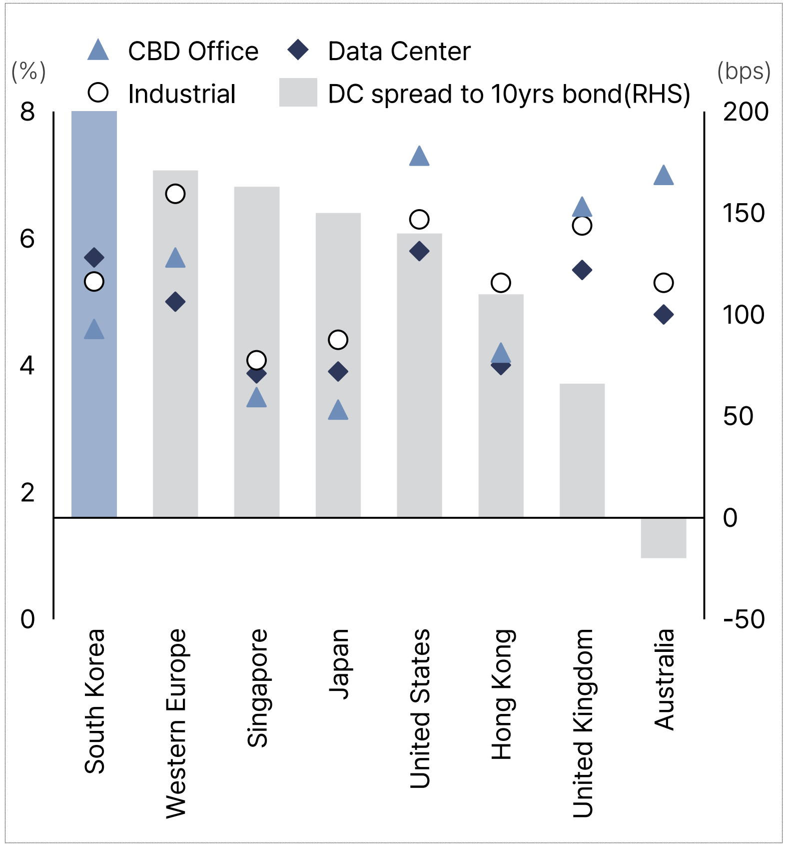
Global Transaction Volume



US·APAC: DC Cap.Rate Trend



DC Cap.Rate and Spread by Major Market5)



1) Hyperion data center development through a joint venture between Meta and Blue Owl Capital 2) BlackRock–MGX–AIP acquired Aligned Data Centers for USD 40bn 3) Fitted: Data center with fully installed power and cooling infrastructure 4) Shell: Data center with only the building shell and basic power infrastructure 5) As of June 30, 2026

Source: RCA, Rsquare, IGIS Strategic Research Division

AI drives data center growth, while power and site constraints widen competitiveness gaps

Data Center Market Summary

Demand	• Generative AI driving 15%+ annual market growth • Worsening imbalance in power supply and demand, power supply meeting only 64% of demand by 2027
Supply	• New supply continues to increase, shifting to Greater Seoul outskirts and non-capital area • Greater Seoul: edge & conversions / Regional: large-scale AI data centers
Investment	• Global data center investment reached a record high • OpCo M&A and institutional investor demand accelerating • Korean data centers supported by wider Cap rat spreads

Outlook

Short-Term	Mid-to-Long-Term
• AI demand remains resilient • Supply delay expected due to power and permitting constraints • Scarcity of power-secured sites increasing	• New supply expects to expand, development shifting beyond Greater Seoul • Power, permits, and tenants driving asset values

Key Monitoring Points

Greater Seoul Grid Impact Assessment approvals and AI leasing

Source: IGIS Strategic Research Division

INVESTING IN LASTING VALUES

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