

MARKET REAL REPORT

2024 H1

RSQUARE 

LOGISTICS

1 Leasing Market

2 Investment Market

Metropolitan Area Leasing Market for Logistics Centers

Supply Status & Outlook

Supply & Demand Trend and Outlook

Logistics Center Leasing Market

Supply Market

New Supply by Region

CHECK 1

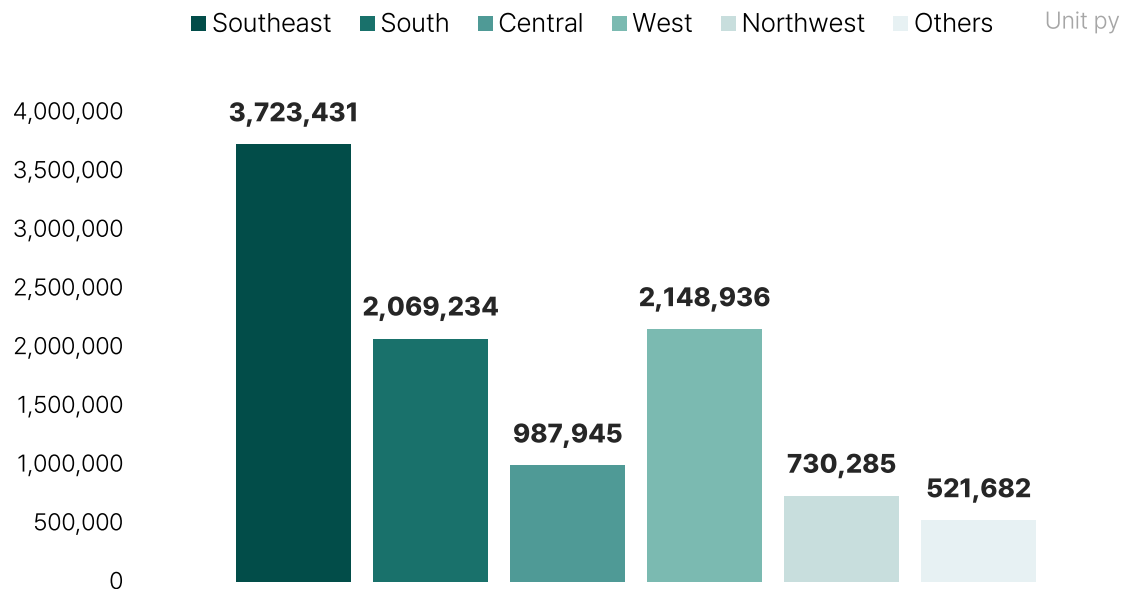
Seoul Metropolitan Area surpasses 10M py in cumulative supply.

Cumulative supply by region in the Seoul Metropolitan Area

In the first half of 2024, approximately 610,000 py of logistics centers were newly supplied in the Seoul metropolitan area, bringing the cumulative supply to 10.18M py.

The 'Southern Region' accounted for over 240,000 py, which is more than 10% of the region's cumulative supply. This marks the second-largest biannual supply volume in the region's history.

Similarly, the 'Western Region' continued to see substantial supply, with approximately 180,000 py, also representing about 10% of the region's cumulative supply. The 'Southeastern Region' added around 130,000 py of new supply, in which the three major regions accounted for 90% of the new supply in the first half of this year.



New Supply by Region for the First Half of 2024 (Py)

Change in Supply Area (Compared to Previous Cumulative Supply, %)	
Southeast	+133,115 (+3.7%)
South	+236,901 (+12.9%)
Central	-
West	+178,402 (+9.1%)
Northwest	+41,423 (+6.0%)
Others	+18,027 (+3.6%)
Metropolitan Area Total	+607,868 (+6.3%)

Logistics Center Leasing Market

Supply Market

New Supply by Region

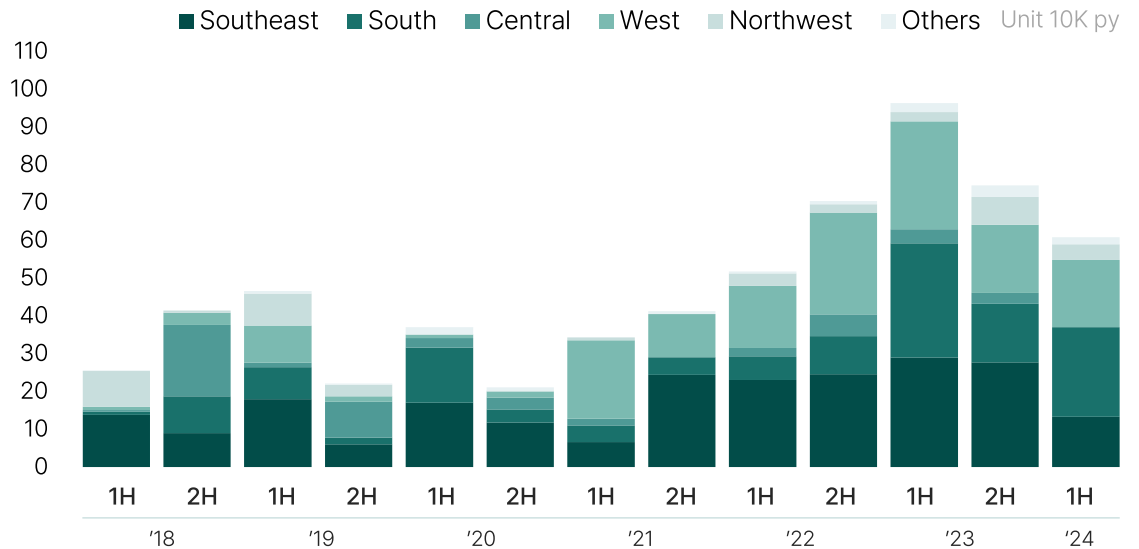
CHECK 1

Downward trend in the Seoul Metropolitan Area continues, with a sharp decline in the Southeastern Region.

Trends by region in the Seoul Metropolitan Area

The supply of logistics centers in the Seoul Metropolitan Area has been consistently declining since the first half of 2023. The supply for the first half of this year (approximately 610,000 py) is about 82% of last year's second-half supply and approximately 63% compared to the first half of last year, which had the highest supply volume. Considering the permits and development market climate, this trend is expected to continue for the foreseeable future.

By region, the supply decrease in the first half of last year was primarily driven by a reduction in the Southern Region. In the first half of this year, however, the Southeastern Region led the decline in total supply, with new supply volumes dropping by more than half compared to the previous period.



'24 1H Major New Suppliers

Completion Schedule	Logistics Center	Usage	Region	Location	GFA (py)
'24.2Q	Sihwa MTV Logistics Center	Mixed	Western	Siheung	42,102
'24.2Q	Arenas Anseong Logistics Center	Mixed	Southern	Anseong	38,186
'24.2Q	Daecon Smart Logistics Center	Mixed	Western	Siheung	30,209
'24.2Q	Logis Valley Incheon Port GDC Center	Ambient	Western	Incheon	27,140
'24.2Q	Bucheon Naedong Complex Logistics Center	Mixed	Northwest	Bucheon	24,840
'24.1Q	R&R Logistics Pyeongtaek Center	Mixed	Southern	Pyeongtaek	50,364
'24.1Q	Heinz Namdong Logistics Center	Mixed	Western	Incheon	16,131

Logistics Center Leasing Market

Regional Trend

Metropolitan Area

Vacancy rates increase for both ambient and cold storage due to new supply.

Supply-demand imbalance in cold storage persists, accelerating the conversion from cold to ambient.

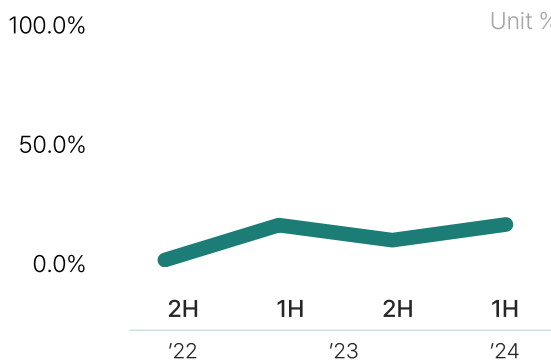
The average vacancy rate for ambient logistics centers in the Seoul metropolitan area for the first half of this year was 16.9%. While leasing activity in ambient centers was relatively active compared to cold storage, the influx of new supply led to a slight increase in the vacancy rate compared to '23.2H.

The average vacancy rate for cold storage logistics centers was recorded at 41.2%. Despite having a much smaller new supply than ambient centers, the continued slowdown in leasing demand resulted in a slight increase in the vacancy rate. The share of cold storage in logistics center supply was about 25% for the first half of this year, reflecting a decrease of nearly 10 percentage points compared to last year.

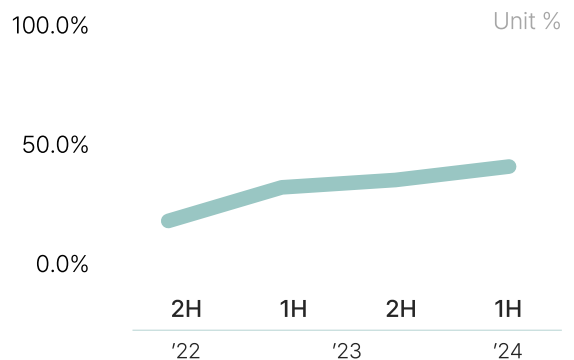
To mitigate the prolonged vacancy risks associated with cold storage logistics centers, the proportion of cold storage space in new supply is decreasing. Existing logistics centers are also increasingly converting cold storage facilities to ambient use or leasing cold storage space as ambient.

Koramco Asset Trust is currently renovating the 'Gwanyang Logistics Center,' a newly constructed asset in Anyang City, to convert three cold storage floors to ambient. Similarly, the 'Bucheon IC Logistics Center' in Naedong, Bucheon City, completed last year, is marketing its upper three floors as ambient space by not utilizing cold storage facilities and making no structural changes.

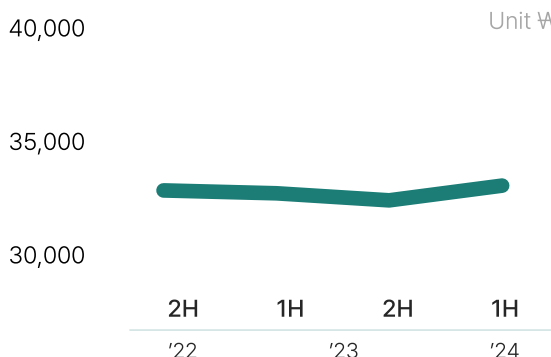
Amb Vacancy Trend



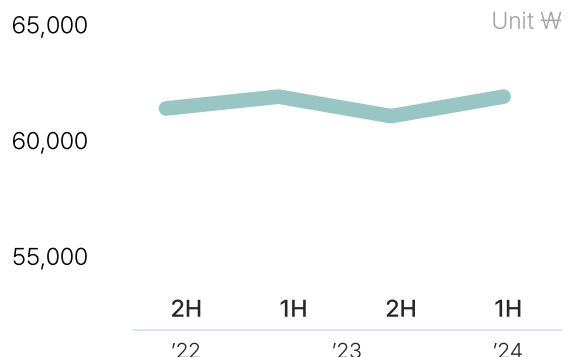
Cold Vacancy Trend



Amb Rent Trend



Cold Rent Trend



Logistics Center Leasing Market

Regional Trend

1. Southeast

Increase in average vacancy rates due to continued new supply.

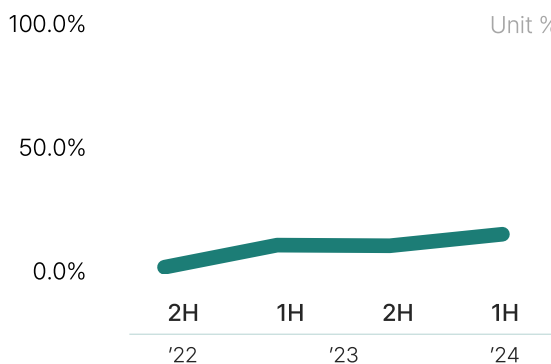
The average vacancy rate for ambient logistics centers in the Southeastern Region rose slightly to 15.3% compared to '23.2H. Although there was consistent leasing demand, such as the global shipping company Maersk leasing 15,000 py in the newly constructed 'Bongduri Logistics Center' in Yeosu City, and Haedong Logistics leasing 6,500 py in 'Koramco Icheon Baeksa Logistics Center,' over 60,000 py of new ambient space supply contributed to the slight increase in the average vacancy rate.

Even in the densely populated Southeastern Region, cold storage logistics centers experienced a slowdown in demand, resulting in generally limited leasing activity in the first half of this year. However, Hansung Logis absorbed vacancies by master leasing a large space in the 'BGO Mapyeongdong Logistics Center' (with a GFA of 50,364 py) completed last year. Despite this, similar-sized new supply emerged, maintaining the vacancy rate at a level similar to the '23.2H, at 27.4%.

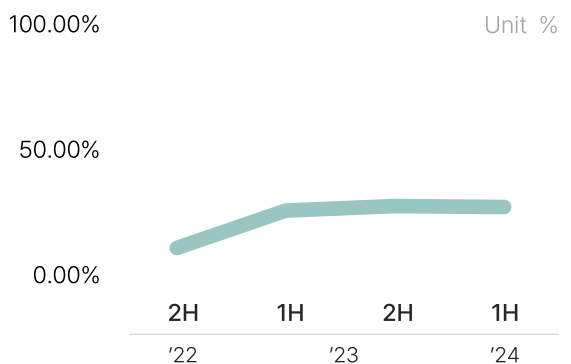
The stagnation in demand for cold storage logistics centers, coupled with a decrease in supply proportion, suggests that this trend is likely to persist for the foreseeable future.

Nominal rents are subject to fluctuations due to the supply of new assets and inflation rates. However, in terms of effective rent, ambient centers have been offering rent-free periods of 1-2 months per year. For cold storage centers, there is significant variability depending on vacancy conditions, with some cases offering up to 4 months per year.

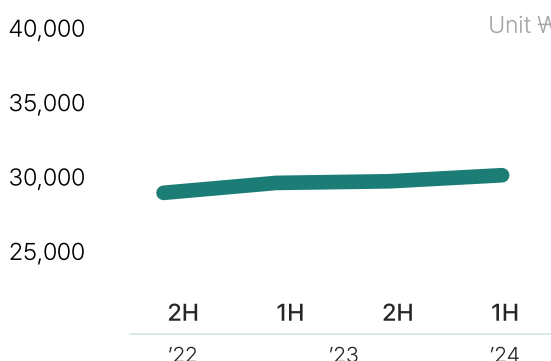
Amb Vacancy Trend



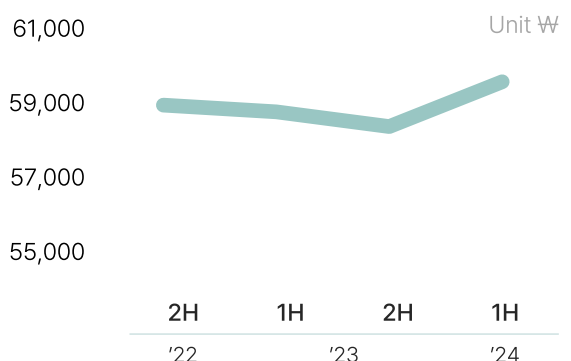
Cold Vacancy Trend



Amb Rent Trend



Cold Rent Trend



Logistics Center Leasing Market

Regional Trend

2. South

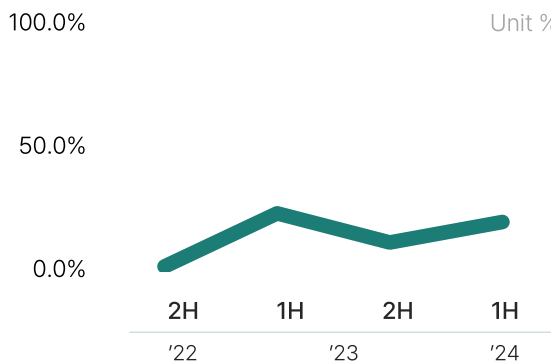
Despite tenant demand, continued large-scale supply exerts upward pressure on vacancy rates.

The Southern Region exhibited supply and demand trends similar to those of the Southeastern Region in the first half of this year. For ambient logistics centers, there was consistent tenant demand, but the supply exceeded this demand, resulting in a slight increase in the average vacancy rate. In contrast, cold storage centers maintained a vacancy rate similar to '23.2H at 38.7%.

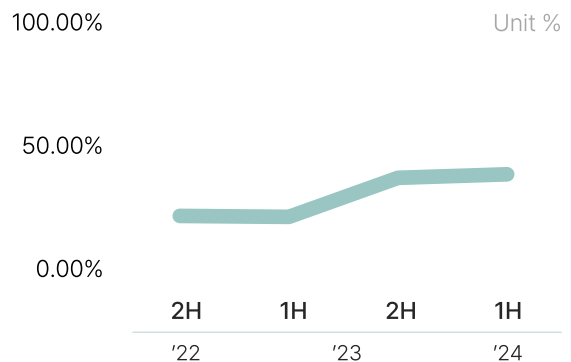
The average vacancy rate for ambient logistics centers in the Southern Region increased by 8.3 percentage points from '23.2H, reaching 19.3% in the first half of this year. Notable leasing activity included TimF, a cold chain platform, signing a master lease for the entire space in the 'Brick Hwaseong Logistics Center' (with a GFA of 15,000 py, mixed-use). Additionally, Samdeok Logis leased most of the space in 'Daedeok Logistics Center Building B' (with a GFA of 50,000 py, ambient), helping to alleviate vacancies. However, the new supply of approximately 67,000 py of ambient space contributed to the increase in vacancies.

In terms of cold storage leasing, TimF also leased space in the 'Brick Hwaseong Logistics Center.' Additionally, the newly constructed mixed-use asset 'Pebblestone/Heinz Namyang Logistics Center' (with a GFA of 13,693 py), completed last year, managed to fill its basement cold storage vacancies. Similarly, the newly constructed mixed-use asset 'Mercury Janggye-ri Logistics Center' (with a GFA of 14,170 py), also completed last year, secured a 4,600 py lease from a 3PL client for cold storage space.

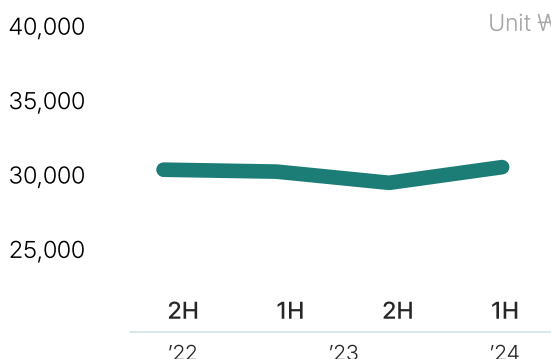
Amb Vacancy Trend



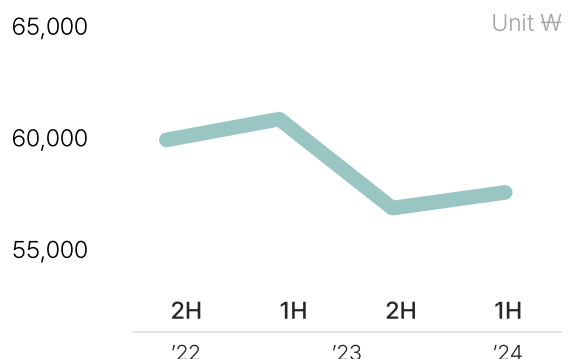
Cold Vacancy Trend



Amb Rent Trend



Cold Rent Trend



Logistics Center Leasing Market

Regional Trend

3. West

Vacancies are steadily being absorbed, particularly in large existing mixed-use assets, but continued large-scale supply is exerting upward pressure on rates.

The new supply in '24.1H centered around Siheung and Ansan, driving a slight increase in nominal rents.

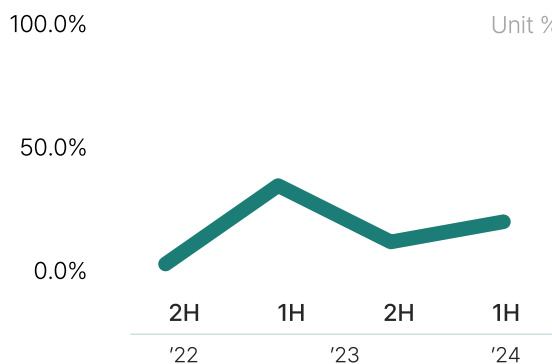
In the first half of this year, the average vacancy rate for logistics centers in the Western Region increased to 20.2% for ambient and 66.9% for cold storage, marking a shift from '23.2H. Despite active leasing activity, particularly around newly completed large assets in the Incheon area, the substantial new supply led to an increase in average vacancy rates.

Significant leasing transactions include the 'Pebblestone Logistics Hub Incheon' (GFA of 37,940 py), where approximately 4,000 py of cold storage space was newly leased, resulting in a vacancy rate of less than 10%. Additionally, the 'Brookfield Cheongna Logistics Center' (GFA of 130,151 py), completed in 2022, fully absorbed its ambient vacancies except for amenity spaces. For cold storage, the center signed new leases for about 15,000 py in the first half of this year, leasing over half of the available space.

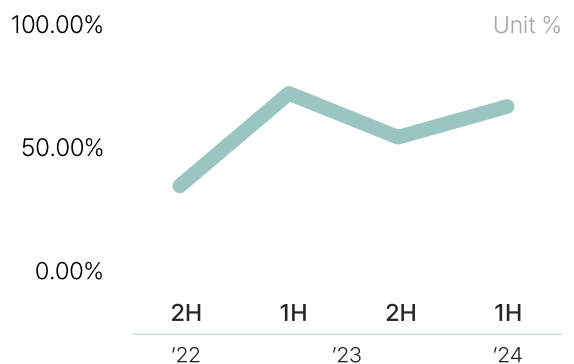
In the first half of this year, key new supply assets in the Western Region were located in areas such as Jeongwang-dong in Siheung City and Seonggok-dong in Ansan City, marking a shift from the previously concentrated supply in the Incheon area.

These newly supplied assets have set relatively higher rental rates compared to logistics centers within the Incheon area. As these assets were introduced to the market, the average nominal rent for the region experienced a slight increase.

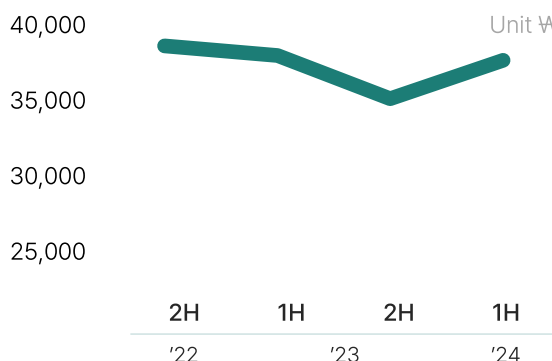
Amb Vacancy Trend



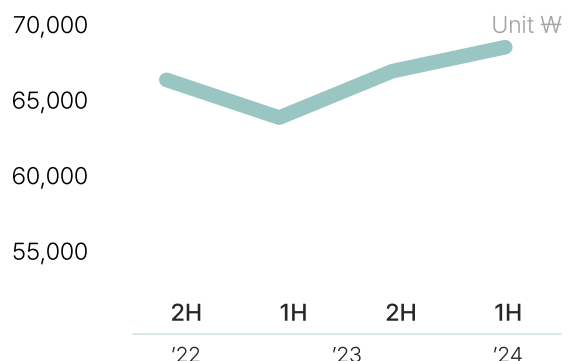
Cold Vacancy Trend



Amb Rent Trend



Cold Rent Trend



Logistics Center Leasing Market

Regional Trend

4. Northwest

Large-scale supply of cold storage has led to a significant increase in cold storage vacancy rates.

In the first half of this year, the average vacancy rate for cold storage logistics centers in the Northwestern Region increased significantly to 67.6% compared to '23.2H. This region is characterized by a relatively small inventory of logistics centers, which means that new supply can have a pronounced impact on statistical indicators. Despite ongoing vacancies in existing large logistics centers, approximately 32,000 py of new cold storage space was supplied in the first half of the year, leading to a substantial rise in vacancy rates.

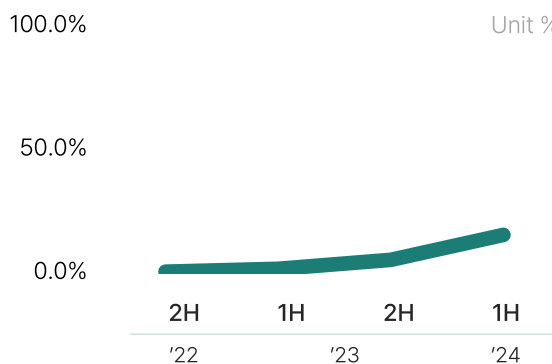
Major new supply assets include the 'Raiders Valley Hwagok Logistics Center' (GFA of 16,584 py) and the 'Miraeinlogis Bucheon Complex Logistics Center' (GFA of 24,840 py).

Additionally, the departure of 'Market Kurly,' a tenant at 'K-Logis Gimpo,' and the conversion of some owner-occupied space to rental space at the Lotte Mart Mall Gimpo Center in Gochon-eup contributed further to the increase in cold storage vacancy rates.

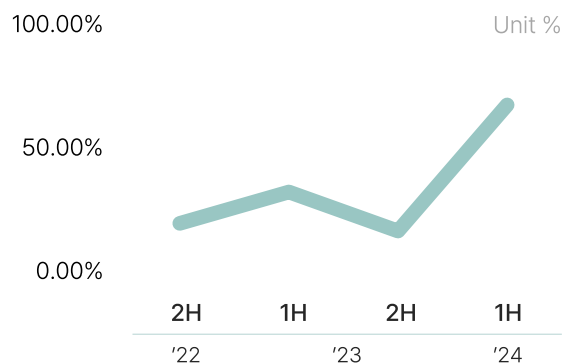
For ambient storage, the average vacancy rate was 14.9% in the first half of the year. The supply of 6,400 py of ambient space at the 'Raiders Valley Hwagok Logistics Center' and 5,400 py at the 'Miraeinlogis Bucheon Logistics Center' drove a slight increase in vacancy rates compared to '23.2H.

The first half of this year in the Northwestern Region was marked by a substantial increase in new supply, leading to a sharp decline in rents, particularly for cold storage centers.

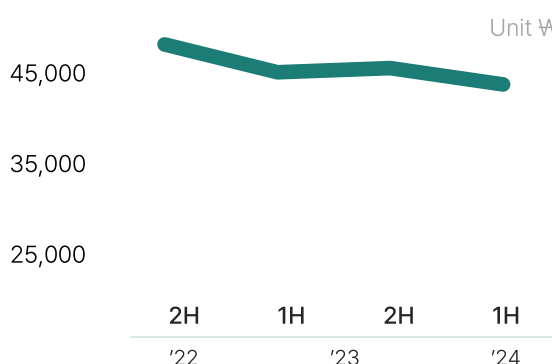
Amb Vacancy Trend



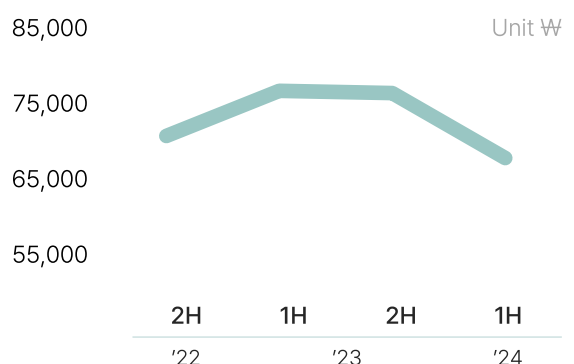
Cold Vacancy Trend



Amb Rent Trend



Cold Rent Trend



Logistics Center Leasing Market

Regional Trend

5. Central

Average vacancy rate for cold storage logistics centers has increased due to the supply of large assets and tenant departures.

Conversion of cold storage to ambient has led to an increase in ambient supply, resulting in a slight rise in average vacancy rates.

In the first half of this year, the average vacancy rate for cold storage logistics centers in the Central Region increased to 38.4%, up from '23.2H. The completion of a large cold storage logistics center, coupled with tenant departures from existing assets, contributed to the rise in vacancy rates.

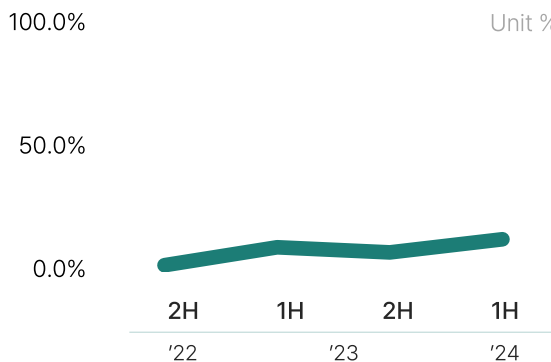
The Central Region has a relatively small inventory of logistics centers, so new supply from large assets has a significant impact on statistical indicators. In the first half of the year, the 'Bundang Yatap Cold Storage Logistics Center' (GFA of 21,340 py) began leasing marketing while fully vacant, contributing to the increase in average vacancy rates. The nominal rent for this asset is 87,000 KRW, which is 20-30% higher than neighboring assets, affecting the rise in the region's average rent in the first half of the year.

On the demand side, 'Green Logistics' vacated 'The Bon Cold Storage' (GFA of 4,261 py) located in Osan City.

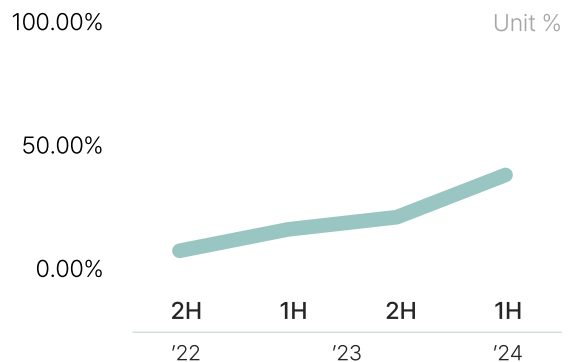
In the first half of this year, the average vacancy rate for ambient logistics centers in the Central Region was 12.3%. The conversion of cold storage space to ambient space in two mixed-use logistics centers contributed to a slight increase in average vacancy rates compared to '23.2H.

The 'Gwanyang Logistics Center' in Anyang City (GFA of 28,881 py) and the 'Jinwoo World Logistics Center' in Jangji-dong, Hwaseong City (GFA of 5,697 py) both converted cold storage areas to ambient storage.

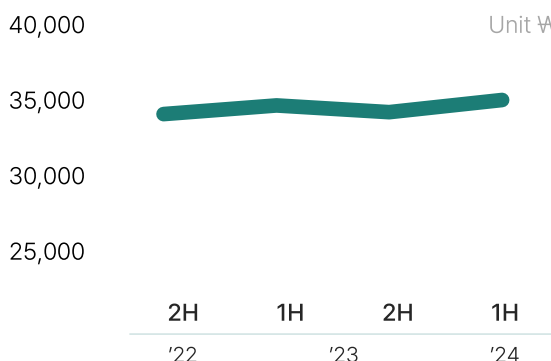
Amb Vacancy Trend



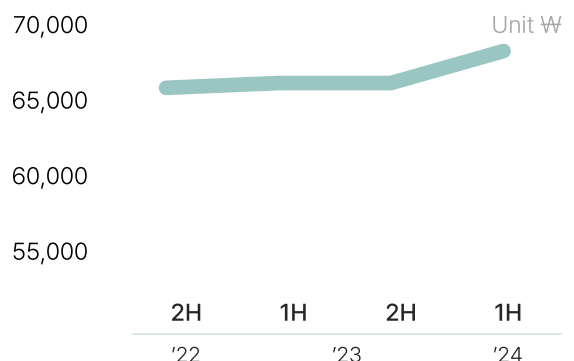
Cold Vacancy Trend



Amb Rent Trend



Cold Rent Trend



Logistics Center Investment Market

Logistics Center Investment Market Overview

Excluding forward purchases, the volume of real asset transactions remained on par with '23.2H, indicating continued sluggishness in the market

Observation of Logistics Center Transactions with NPL (Non-Performing Loan) Characteristics

Investment Volume by Region

In the first half of 2024, the total transaction value for logistics centers in the Seoul metropolitan area was 2.9 trillion KRW, with a transaction area of 431,000 py. This represents a +70% HoH but -12% YoY. Notably, over half of the transaction value this year, approximately 1.6 trillion KRW, involved ownership transfers through forward purchase agreements, resulting in actual real asset transaction values similar to '23.2H.

One of the major transactions involved the sale of the 'Daedeok Logistics Center,' a super-sized ambient logistics center with a GFA of 120,000 py located in Anseong City, Gyeonggi Province. It successfully attracted a key tenant that filled all vacancies; the property was sold to 'LaSalle Investment Management' for approximately 600 billion KRW.

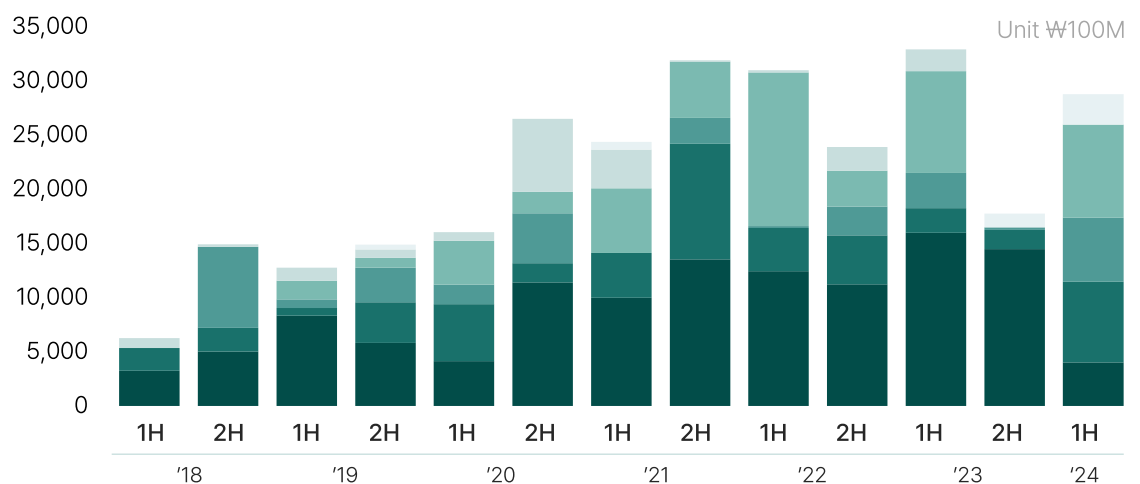
Additionally, the 'Incheon Seoknam Innovation Logistics Center,' a complex logistics center with a GFA of 90,000 py, fully leased by the e-commerce company 'Coupang,' was sold to 'IGIS Asset Management' for approximately 590 billion KRW.

The logistics center market is witnessing transactions with NPL characteristics due to several factors, including intensified competition to attract tenants following a rapid increase in supply, construction delays caused by rising construction costs, and a deteriorating investment environment due to interest rate hikes.

'IGIS Asset Management' acquired the 'Bundang Yatap Logistics Center' (GFA of 20,591 py) through a public auction for 220 billion KRW. Completed last year, this asset experienced an event of default (EOD) after failing to fill its vacancies post-completion.

Located in Icheon City, Gyeonggi Province, the 'Spatial Creation Logistics Center' (GFA of 16,425 py) saw its developer 'SPC Gungnyang Logistics' enter bankruptcy proceedings. Consequently, 'DL Construction,' which had provided a joint guarantee, assumed ownership through subrogation.

Similarly, the 'Byeollae ONE Logistics Center' in Namyangju faced difficulties in repaying project financing (PF), leading to challenges in its sale. 'Hwasung Industrial,' which provided a debt guarantee to the developer 'GOOD IDEA,' decided to acquire the asset for 108.2 billion KRW. Both logistics centers are now undergoing re-sale procedures immediately following their ownership transfers.



Transactions by Size

	Overall	XL	L	M	S
Volume ₩100M	26,535	11,181	2,120	9,009	3,524
HoH, ₩100M	▲ 11,708	▲ 7,211	▲ 2,120	▼ 837	▲ 3,213

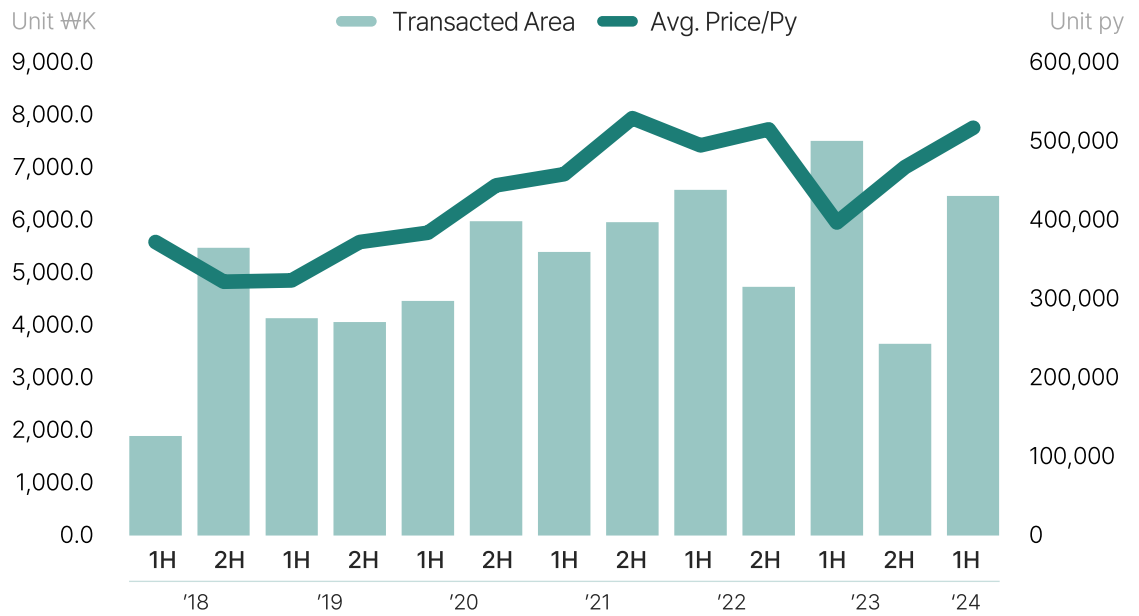
Logistics Center Investment Market Trend

Decline in Average Transaction Price Per Py for Southern Region Logistics Centers

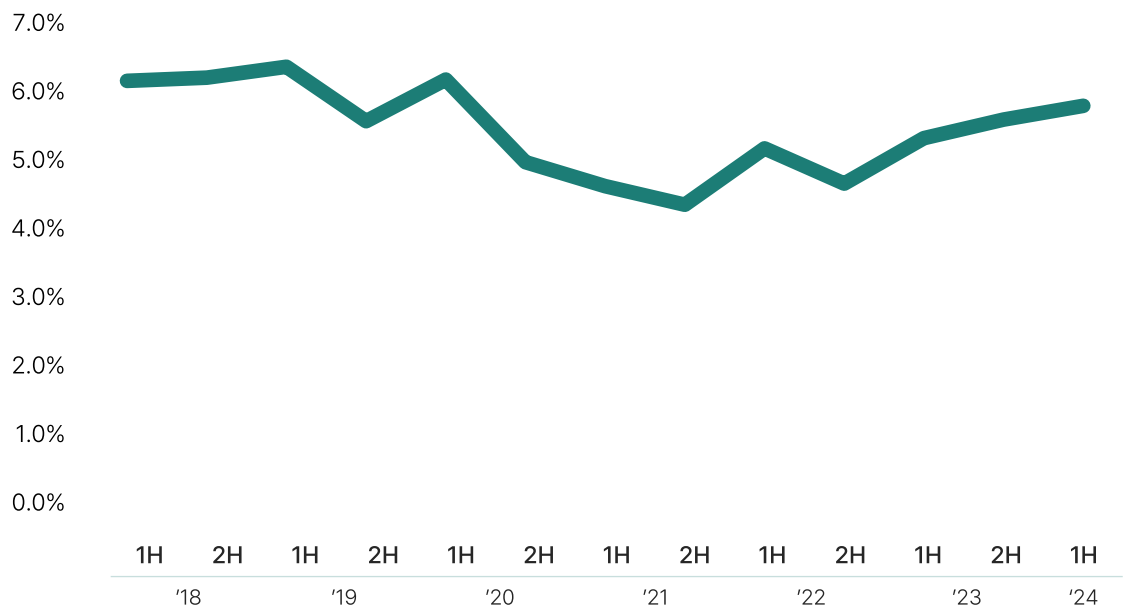
In the first half of this year, the average transaction price per py for logistics centers in the Seoul metropolitan area was 7.76 million KRW. By type, the prices were 5.08 million KRW per py for ambient storage, 8.72 million KRW per py for cold storage, and 6.70 million KRW per py for mixed-use facilities.

A notable trend is the continued decline in the average transaction price per py in the Southern Region. Starting from the first half of 2022, a period of active trading, the average price per py has consistently decreased, reaching 4.33 million KRW in the first half of this year. This decline is partly attributed to the Southern Region's relatively low asset scarcity compared to other regions, due to its substantial supply volume relative to existing inventory in recent years, affecting asset valuations.

Average Transaction Price per Py



Average Cap Rate of Logistics Centers in Metropolitan Area* *Excluding pre-purchase and development-purpose transactions



Logistics Center Investment Market Trend

'24. 1H Major Transactions

Logistics Centers	Region	GFA (py)	Volume W100M	Price/Py W10K	Buyer	Seller	Remarks
Daedeok Logistics Center	Southern	117,437	6,031	514	LaSalle Investment Management	Jisan Heavy Industry	Pre-purchase
Incheon Seoknam Innovation Logistics Center	Western	90,541	5,850	646	IGIS Asset Management	KKR	Pre-purchase
Pivot Logis Hwaseong Center	Central	32,370	2,120	655	IGIS Asset Management	Pivot+	Pre-purchase
SGC E-Tech Construction Cold Storage Logistics Center	Western	16,581	1,587	957	Westside Logistics	SGC eTEC E&C	Contractor Purchase
Starlord Unsu-ri Logistics Center	Others	15,776	1,491	945	Starlord Asset Management	Geumo Distribution	Pre-purchase
Spatial Creation Gunryang-ri Logistics Center	Southeast	16,425	1,259	767	DL Construction	SPC Gungnyang Logistics	Contractor Purchase
Pacific Investment Management Osan Logistics Center	Central	12,078	1,250	1,035	Pacific Asset Management	LaSalle Investment Management	
Byeollae ONE	Others	14,700	1,082	736	Hwasung Industrial	GOOD IDEA	Contractor Purchase
Wanchang-dong Logistics Center H2	Western	8,704	985	1,131	Westside Logistics	DNI Corporation	Contractor Purchase



Daedeok Logistics Center



Incheon Seoknam Innovatoin Logistics Center



Pivot Logis Hwaseong Center



SGC eTEC E&C Cold Storage Logistics center



Starlord Unsu-ri Logistics Center



HIVE Gunryang-ri Logistics Center



Pacific Investment Management Osan Logistics Center



Byeollae ONE



Wanchang-dong Logistics Center H2

Major Transactions (Scheduled)

Logistics Center	Region	GFA (py)	Buyer	Seller (Scheduled)	Remarks
Gimpo Seongkwang Logistics Center	Northwest	9,075	DWS Asset Management	Pebblestone Asset Management	Investor: Blackstone
Logiport Icheon Logistics Center	Southeast	13,130	DWS Asset Management	ESR Kendall Square	Entire Ambient Logistics Center

Survey Area	Seoul Metropolitan Area								
Survey Frequency	Semiannual								
Survey Method	Call Survey Field Research Lease Flyer Ministry of Land, Infrastructure, and Transport Public Data								
Survey Items	Leasing Market Deposit, rent, maintenance fee, vacant area Investment Market Transactions								
Survey Target	Leasing Market Logistics centers with GFA of 3,000 py+ Supply Market Logistics centers with GFA of 2,000py+ Definition: Logistics Center Logistics centers with more than 50% of the GFA used for storage purposes. Size Category for Logistics Centers <table border="0"> <tr> <td>XL</td> <td>GFA 50k py or more 165,289m² +</td> </tr> <tr> <td>L</td> <td>GFA 30k py ~ 50k py 99,174m²~165,289m²</td> </tr> <tr> <td>M</td> <td>GFA 10K py ~ 30k py 33,058m² ~ 99,174m²</td> </tr> <tr> <td>S</td> <td>Less than GFA 10K py Less than 33,508m²</td> </tr> </table>	XL	GFA 50k py or more 165,289m ² +	L	GFA 30k py ~ 50k py 99,174m ² ~165,289m ²	M	GFA 10K py ~ 30k py 33,058m ² ~ 99,174m ²	S	Less than GFA 10K py Less than 33,508m ²
XL	GFA 50k py or more 165,289m ² +								
L	GFA 30k py ~ 50k py 99,174m ² ~165,289m ²								
M	GFA 10K py ~ 30k py 33,058m ² ~ 99,174m ²								
S	Less than GFA 10K py Less than 33,508m ²								
Regional Category	Southeast Gwangju, Icheon, Yeosu, Youngin Chuhin-Gu South Anseong, Pyeongtaek, Hwaseong Excluding Dongtan Central Gunpo, Uiwang, Anyang, Gwacheon, Suwon, Osan, Hwaseong, Seongnam Dongtan (Bansong-dong, Sukwoo-dong, Neung-dong, Chunggae-dong, Youngchun-dong, Osan-Dong, Shin-dong, Mok-dong, Sancheok-dong, Jangji-dong, Song-dong)), Yongin (Suji-gu, Giheung-gu) West Ansan, Siheung, Gwangmyeong, Incheon Jung-gu, Dong-gu, Michuhol-gu, Seo-gu, Namdong-gu, Yeonsu-gu, Wongjin-gu Northwest Goyang, Paju, Gimpo, Bucheon, Incheon Gaeyang-gu, Bupyeong-gu, Ganghwa-gun Other Other areas in Gyeonggi-do and Seoul								

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