

MARKET REAL REPORT

2024 2H

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

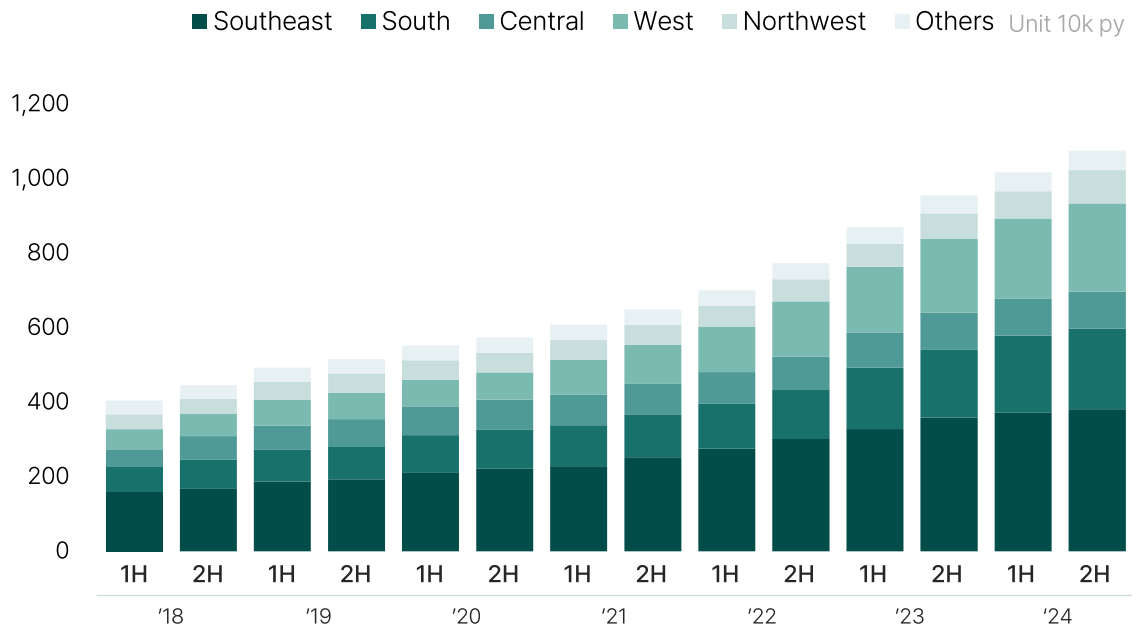
CHECK 1

Slowdown in the pace of supply increase in the Seoul metropolitan area

Cumulative supply trend of logistics centers by region in the Seoul metropolitan area

"In 2024 2H, approximately 580,000py of logistics centers were newly supplied in the Seoul metropolitan area, bringing the cumulative supply to 10.75 million py. However, it is notable that the growth rate of supply is continuously decreasing. Since 2022 1H, when supply was concentrated, new supply has continued at around 10% of the cumulative supply every half-year. However, as of 2024 1H, it has decreased to around 6%, indicating a decline in new supply.

"This is mainly due to increased uncertainty caused by the imbalance in the logistics center supply and demand market, worsening development conditions due to interest rate hikes and rising construction costs, and the resulting difficulties in PF (project financing) procurement. With the recent sharp decline in logistics center permits and construction starts in the Seoul metropolitan area, the supply is expected to decrease even more steeply after 2025."



'24 2H Major New Suppliers

Completion Schedule	Logistics Center	Usage	Region	Location	GFA (py)
'24.4Q	Dohwa logistics	Complex	West	Incheon	75,390
'24.4Q	Gimpo M93 Smart Logistics	Complex	Northwest	Gimpo	60,251
'24.4Q	K1 Gimpo-logis Center	Complex	Northwest	Gimpo	55,260
'24.4Q	Yeoju Jeombong Logistics	Ambient	Southeast	Yeoju	36,949
'24.3Q	GREENWAVE Sihwa	Complex	West	Siheung	71,277
'24.3Q	Gimpo Hangang Newtown Logistics	Complex	Northwest	Gimpo	50,001
'24.3Q	MegaWise Cheongna	Complex	West	Incheon	43,213

Logistics Center Leasing Market

Supply Market

New Supply by Region

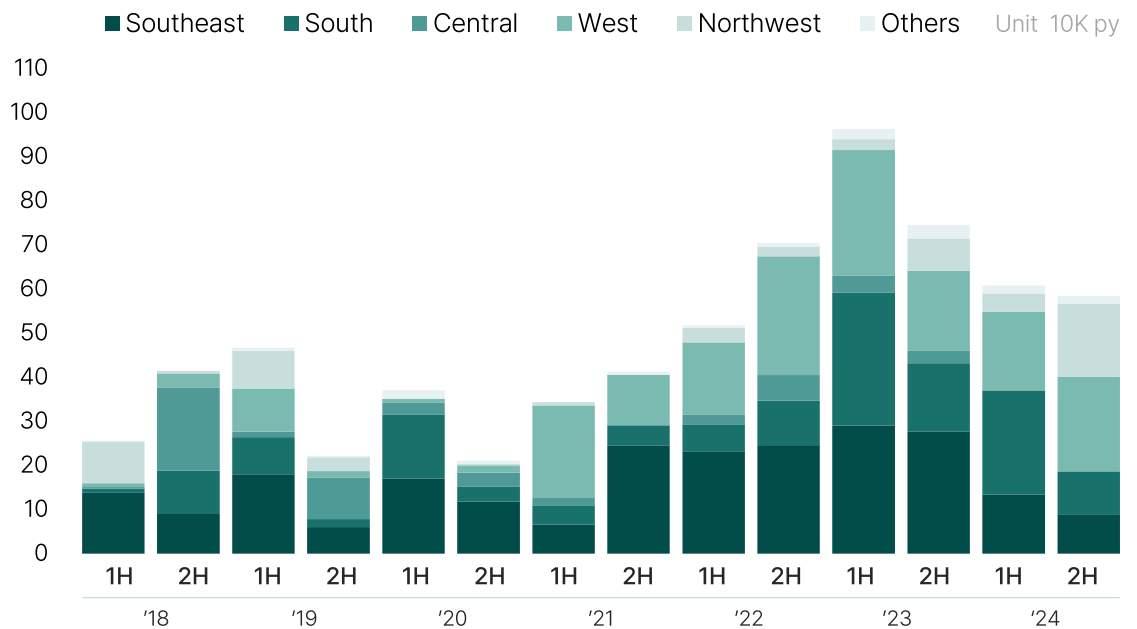
CHECK 1

Distinct regional variations in new supply within the Seoul metropolitan area

New supply trend of logistics centers by region in the Seoul metropolitan area

In 2024 2H, the new supply of logistics centers in the Seoul metropolitan area showed significant regional variations. The 'Southern Region' saw approximately 100,000py of new supply, more than a 50% decrease compared to 1H. Additionally, the 'Southeastern Region' continued to experience a decline in supply, with around 90,000py of new logistics centers being supplied in 2H. The 'Southeastern Region' had consistently seen concentrated supply of 200,000 to 300,000py per half-year since the first half of 2021, but a sharp decline has been observed following the supply of approximately 130,000py in the first half of 2024

In contrast, the 'Northwestern Region' and the 'Western Region' continued to see large-scale supply due to the completion of super-large assets. In the 'Northwestern Region,' approximately 170,000py was supplied, the largest half-year supply ever, accounting for more than 20% of the region's cumulative supply. Similarly, the 'Western Region' saw the supply of approximately 210,000py, equivalent to 10% of the region's cumulative supply, continuing a trend of large-scale supply at around 200,000py for three consecutive half-year periods.



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

Change in Supply Area (Compared to Previous Cumulative Supply, %)	
Southeast	+87,451 (+2.3%)
South	+98,834 (+4.8%)
Central	-
West	+214,549 (+10.0%)
Northwest	+165,455 (+22.7%)
Others	+17,568 (+3.5%)
Metropolitan Area Total	+583,856 (+5.7%)

Logistics Center Leasing Market

Regional Trend

Metropolitan Area

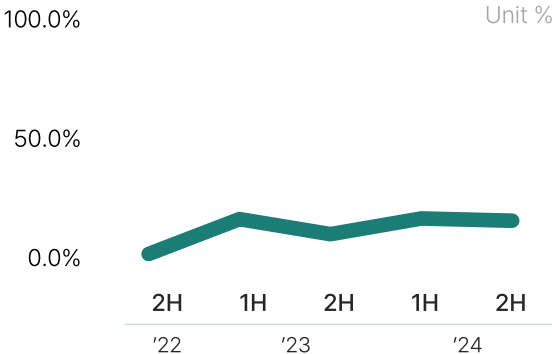
Slight decline in average vacancy rate for ambient and cold storage

Nominal rental rates remain stable

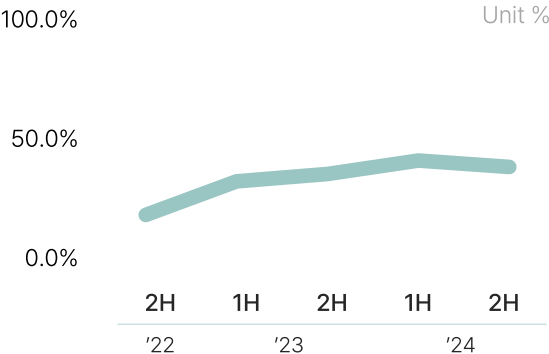
In the second half of this year, the vacancy rate of logistics centers in the Seoul metropolitan area slightly decreased for both ambient and cold storage, supported by steady leasing demand alongside a decline in new supply. The average vacancy rate for ambient logistics centers was recorded at 16.0%, down 0.9%p from the previous period. For cold storage, the vacancy rate dropped by 2.7%p to 38.5%. While the decline in vacancy rates was relatively more significant for cold storage compared to ambient storage, this was primarily attributed to the conversion of cold storage space to ambient storage and the resulting reduction in supply, rather than an expansion of demand for cold storage space.

Although the decline in supply has slowed, the competition to attract tenants is intensifying due to the large volume of previously supplied but still vacant spaces. As a result, nominal rental rates have remained stable at levels similar to 2022 2H. Despite the sharp increase in logistics center development costs, the deepening supply-demand imbalance is acting as a constraint on rental rate growth. In the case of cold storage, where the imbalance is particularly severe, variations exist depending on the asset and location. However, the number of rent-free months offered annually is gradually increasing, resulting in effective rental rates being more than 30% lower than nominal rates.

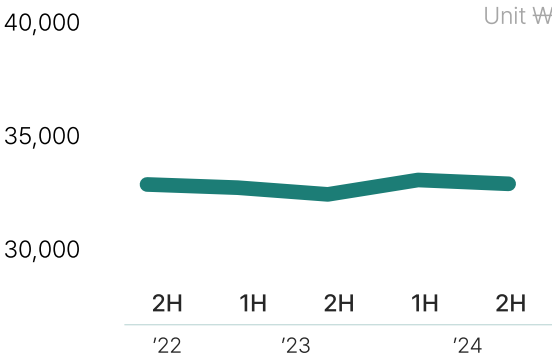
Amb Vacancy Trend



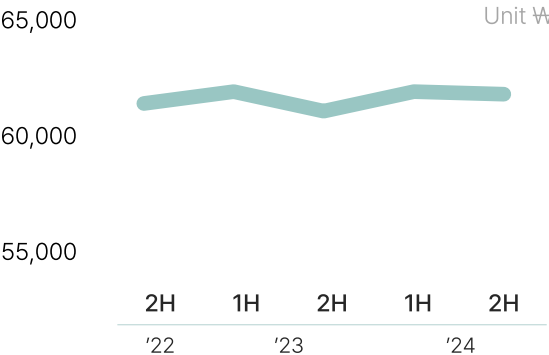
Cold Vacancy Trend



Amb Nominal Rental Rate Trend



Cold Nominal Rental Rate Trend



Logistics Center Leasing Market

Regional Trend

1. Southeast

Ambient vacancy rate remains stable, slight decline in cold storage vacancy rate

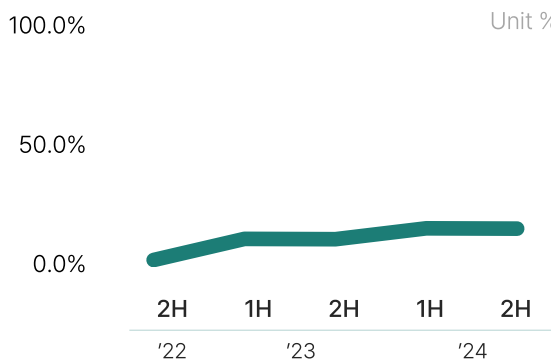
Despite a significant decline in supply, the average vacancy rate for ambient logistics centers in the Southeastern region remained similar to the first half, at 15.2%. This is attributed to continued new leasing demand for assets with relatively strong rental competitiveness, while tenant relocations were observed for less competitive assets, reflecting the polarization between properties.

The 'Bonduri Logistics Center' in Yeosu, completed last year, was newly leased by Bucketplace, an e-commerce company operating the 'Today's House' service. Additionally, the 'Yeosu Hagwiri Logistics Center,' completed in the third quarter of this year, was leased by 'JB Logistics,' resolving its vacancy and demonstrating ongoing leasing demand. On the other hand, at a logistics center in Icheon completed in 2015, an 'A clothing company' that had been leasing approximately 4,000py vacated the space. Similarly, at another Icheon logistics center completed in 2018, a 'B 3PL company' also vacated, indicating a trend of tenant movement away from relatively older assets.

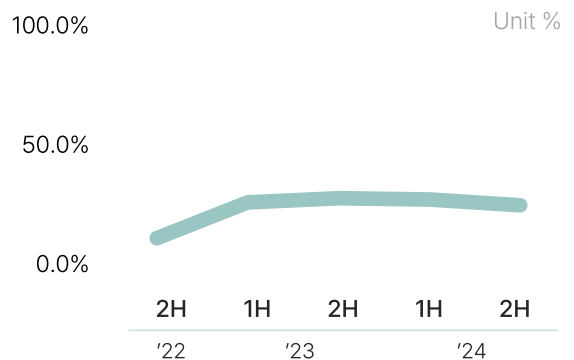
The vacancy rate for cold storage logistics centers recorded a decline of approximately 2.5%p, reaching 24.9%. This slight decrease was driven by both the conversion of cold storage spaces to ambient storage and the emergence of new leasing demand. Notable leasing cases include 'CJ Logistics' newly leasing the 'Mastern Baegam Cold Storage Logistics Center' in Yongin and the 'Wide Creek Gunnyang-ri Logistics Center' in Icheon.

In terms of nominal rental rates, the average for ambient storage was 30,492 KRW and for cold storage was 59,930 KRW, maintaining a stable trend. On the other hand, newly constructed assets in 2024 showed an average of 30,389 KRW for ambient storage and 56,200 KRW for cold storage, similar to or lower than the overall average. This suggests a strategic choice, as newly constructed assets inevitably face rental competition with previously supplied properties.

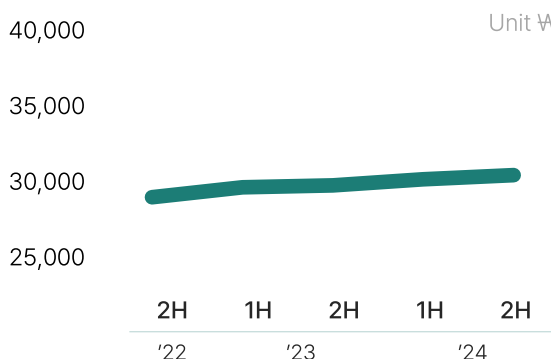
Amb Vacancy Trend



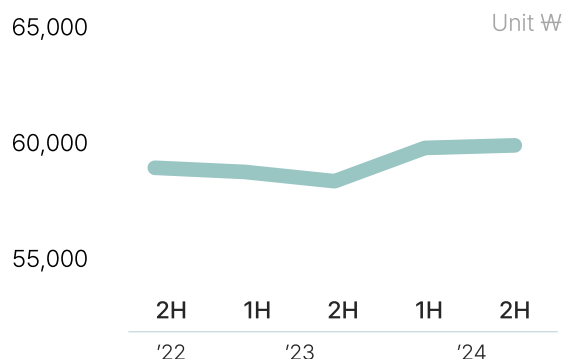
Cold Vacancy Trend



Amb Nominal Rental Rate Trend



Cold Nominal Rental Rate Trend



Logistics Center Leasing Market

Regional Trend

2. South

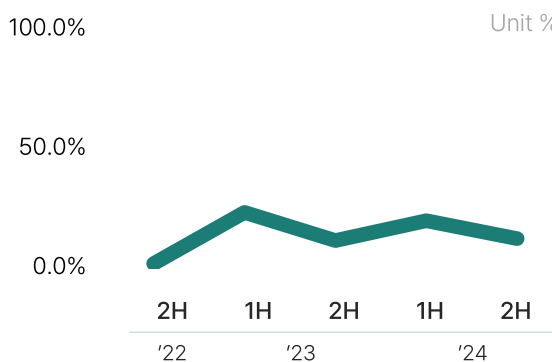
Decrease in ambient vacancy rate, stable cold storage vacancy rate

The southern region showed either a decline or stability in average vacancy rates by type, driven by a decrease in new supply along with emerging leasing demand.

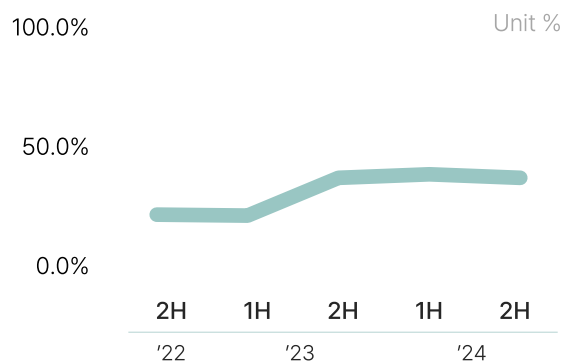
The average vacancy rate for ambient logistics centers in the southern region recorded 11.8%, a decrease of 7.5%p compared to the first half. Since 2023, the vacancy rate has fluctuated between 10% and 20%, depending on supply and demand conditions. Key leasing cases in the second half include the 'Daedeok Logistics Center B Building' (total floor area of 50,000py/ambient), where premium tenants such as 'Olive Young,' 'Daiso,' and 'Samdeok Logistics' newly leased the space, fully resolving its vacancy. Additionally, in the 'LaSalle Asset Management Seo-Anseong Logistics Center' (total floor area of 12,000py/mixed-use), the 3PL company 'JP Logistics' pre-leased the majority of the space. Furthermore, the 'Igis Asset Management Arenas Anseong' (total floor area of 37,000py/mixed-use) was pre-leased by 'Howser,' a furniture-specialized 3PL company.

The cold storage vacancy rate remained similar to the previous period, recording 37.3%. While large assets such as the 'Pebblestone Anseong Iljuk Logistics Center' (total floor area of 30,000 py/mixed-use) and the 'Igis Seongeun-ri Logistics Center' (total floor area of 35,000py/mixed-use) were completed in the second half, adding new cold storage supply, some new leasing cases were also observed. A 3PL cargo owner newly leased space at the 'Dough Development Nam-Anseong Logistics Center' (total floor area of 10,000py/mixed-use). Additionally, at the 'Rich Logistics Pyeongtaek Logistics Center' (total floor area of 15,000py/mixed-use), a 'food company' and a '3PL company' signed a lease for approximately 4,000py of cold storage space, fully resolving the vacancy

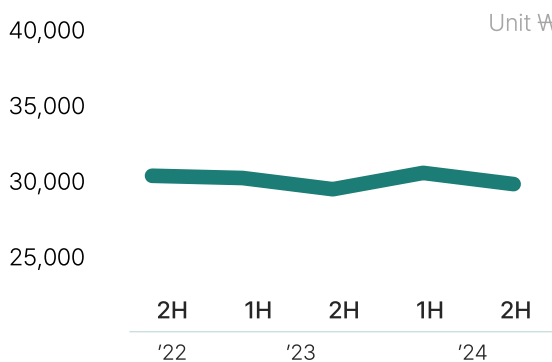
Amb Vacancy Trend



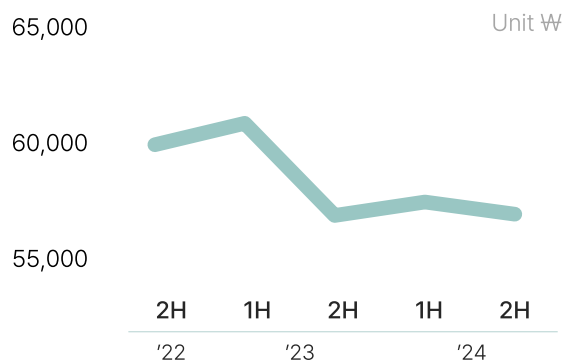
Cold Vacancy Trend



Amb Rent Trend



Cold Rent Trend



Logistics Center Leasing Market

Regional Trend

3. West

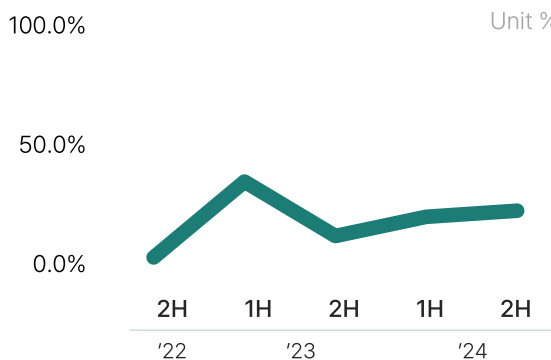
Continued large-scale supply and new demand

In the second half of this year, the average vacancy rate for ambient logistics centers in the western region slightly increased to 22.7%, while the average vacancy rate for cold storage logistics centers was recorded at 53.8%. Despite the continuous large-scale supply of approximately 400,000py annually over the past three years, steady leasing activity has been observed in the western region. However, cold storage continues to show a high vacancy rate due to temporary supply concentration. In the second half of this year, significant leasing cases were observed around 'Siheung and Ansan,' where newly supplied assets are concentrated.

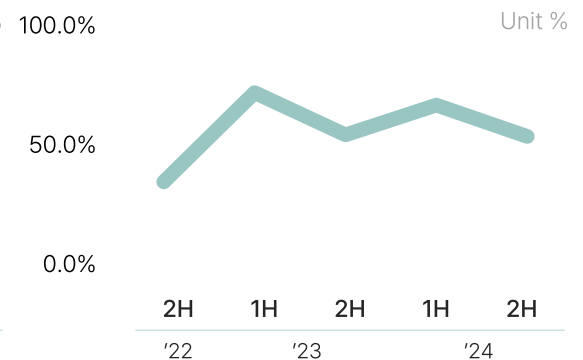
Key leasing cases include the 'JB Asset Management Siwha MTV Logistics Center' (total floor area of 72,000py/mixed-use), completed in 3Q 2024, where 'Market Kurly' and 'LX Pantos' each signed new lease agreements for some ambient space. Additionally, in the 'Greybox Ansan Logistics Center' (total floor area of 33,000py/mixed-use), completed in 2022, 'Coupang' signed a new lease for part of the cold storage space.

Furthermore, at the 'Brookfield Cheongna Logistics Center' (total floor area of 130,151py), a mixed-use asset completed in 2022, one floor (approximately 10,000py) of cold storage space was converted to ambient storage due to prolonged vacancy, impacting the fluctuation of both cold and ambient vacancy rates.

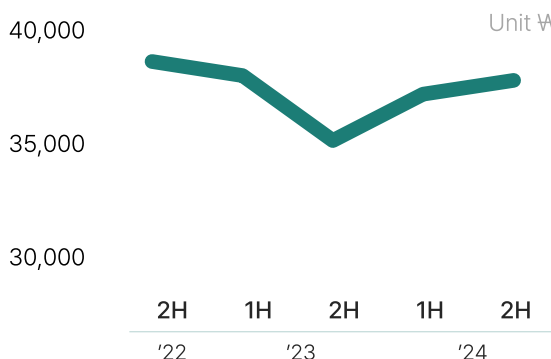
Amb Vacancy Trend



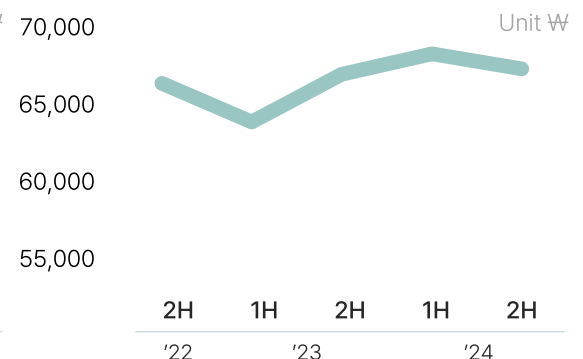
Cold Vacancy Trend



Amb Rent Trend



Cold Rent Trend



Logistics Center Leasing Market

Regional Trend

4. Northwest

Increase in vacancy rate due to large-scale supply

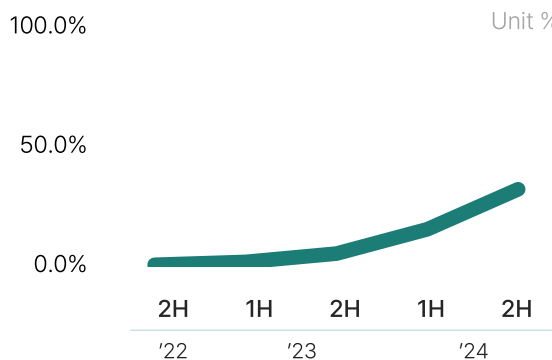
Highest vacancy rate recorded in the Seoul metropolitan area

In the second half of the year, the ambient vacancy rate in the northwestern region was recorded at 31.6%, while the cold storage vacancy rate stood at 68.5%. Notably, the ambient vacancy rate increased by 16.7%p compared to the first half. This rise was driven by the supply of approximately 170,000py of logistics centers—the largest ever in the region—leading to the highest vacancy rates for both ambient and cold storage among the six metropolitan regions.

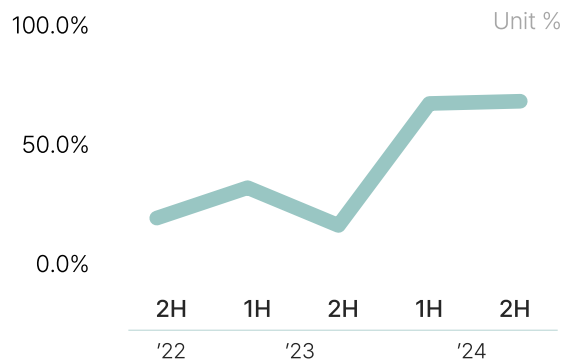
In the northwestern region, the area with the most concentrated new supply is 'Gimpo City.' However, more specifically, the focus has shifted from 'Gochon-eup,' which previously had a high concentration of logistics centers due to its superior accessibility to Seoul, to the relatively more distant 'Yangchon-eup.' Key supply assets include the 'Mastern Gimpo Smart Logistics Center' (total floor area of 60,251py), the 'Gimpo Hangang New Town Logistics Center' (total floor area of 49,944py), and the 'K-One Gimpo Logis Logistics Center' (total floor area of 55,260py), all of which were recently completed. The significant proportion of ambient space in newly supplied assets, combined with cases of converting cold storage areas to ambient space within existing assets, further amplified the increase in the ambient vacancy rate.

In terms of rental rates, both ambient and cold storage continued to show a downward trend despite large-scale supply. This trend is particularly notable due to the concentration of recent supply in 'Yangchon-eup, Gimpo City,' where relatively lower rental rates are formed due to locational factors. Caution is advised when interpreting this trend.

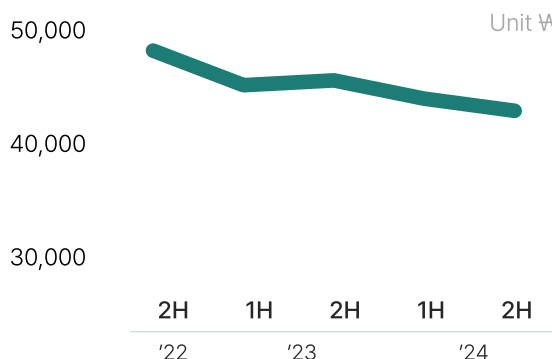
Amb Vacancy Trend



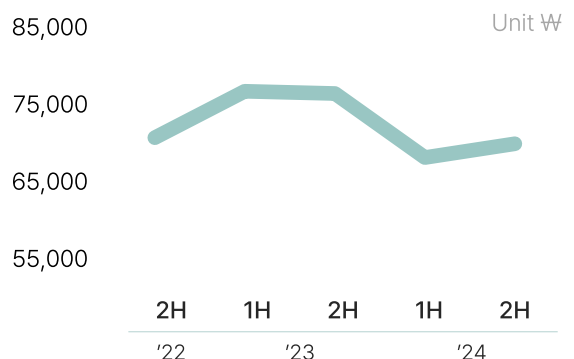
Cold Vacancy Trend



Amb Rent Trend



Cold Rent Trend



Logistics Center Leasing Market

Regional Trend

5. Central

Decline in vacancy rate due to lack of supply and stable leasing demand

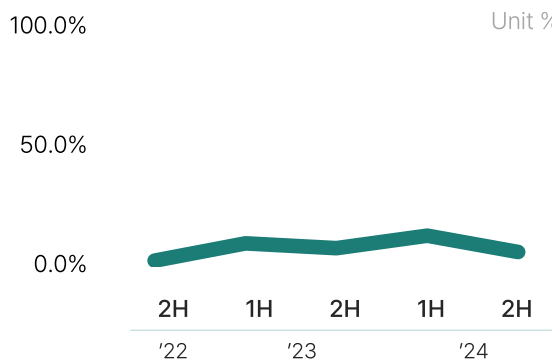
Successful vacancy resolution observed after converting cold storage space to ambient storage.

In the second half of the year, the average vacancy rate for logistics centers in the central region was recorded at 5.3% for ambient storage and 15.7% for cold storage, showing a slight decline compared to the first half. Compared to other regions, the central region maintains relatively stable vacancy levels. Due to its high population density and development restrictions, there were no new logistics centers larger than 2,000py supplied this year. Additionally, consistent leasing demand for existing assets further contributed to the decline in vacancy rates.

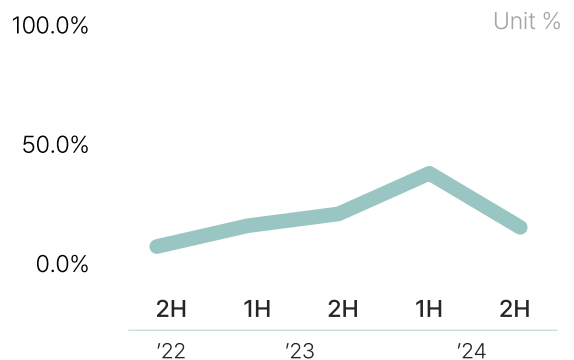
Key leasing cases include the 'YNP Osan Logipolis Logistics Center' (total floor area of 45,800py/mixed-use), where 'Quantum Liquor,' a liquor sales company, signed a new lease for approximately 1,000py of ambient space. Additionally, at the 'Stick Alternative Gomae-dong Logistics Center' (total floor area of 18,000py/mixed-use), 'Coupang' signed new lease agreements for both ambient and cold storage spaces, contributing to the decline in vacancy rates.

The 'Bundang Yatap Cold Storage Logistics Center' (total floor area of 21,340py) was initially marketed for leasing while fully vacant but faced difficulties in attracting tenants, leading to its auction. Following its acquisition by 'Igis Asset Management,' the center was converted from a cold storage to an ambient logistics facility, successfully attracting 'Coupang' as a tenant. Similarly, the 'Koramco Anyang Logistics Center' (total floor area of 28,800py) is currently undergoing construction to convert five floors from cold to ambient storage. Despite the construction not being fully completed, approximately 10,000py of the space has already been leased to new tenants, effectively resolving the majority of the vacancy.

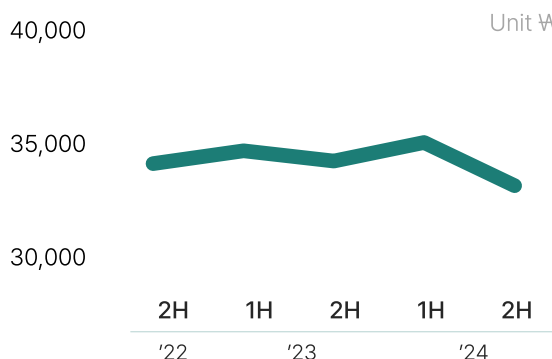
Amb Vacancy Trend



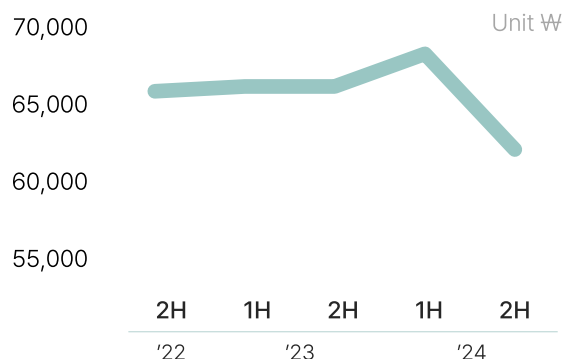
Cold Vacancy Trend



Amb Rent Trend



Cold Rent Trend



Logistics Center Investment Market

Logistics Center Investment Market Overview

Reduced transaction volume due to the absence of forward purchase and large asset transactions

Continued transactions of logistics centers with NPL (non-performing loan) characteristics

Transaction volume trends of logistics centers by region in the Seoul metropolitan area

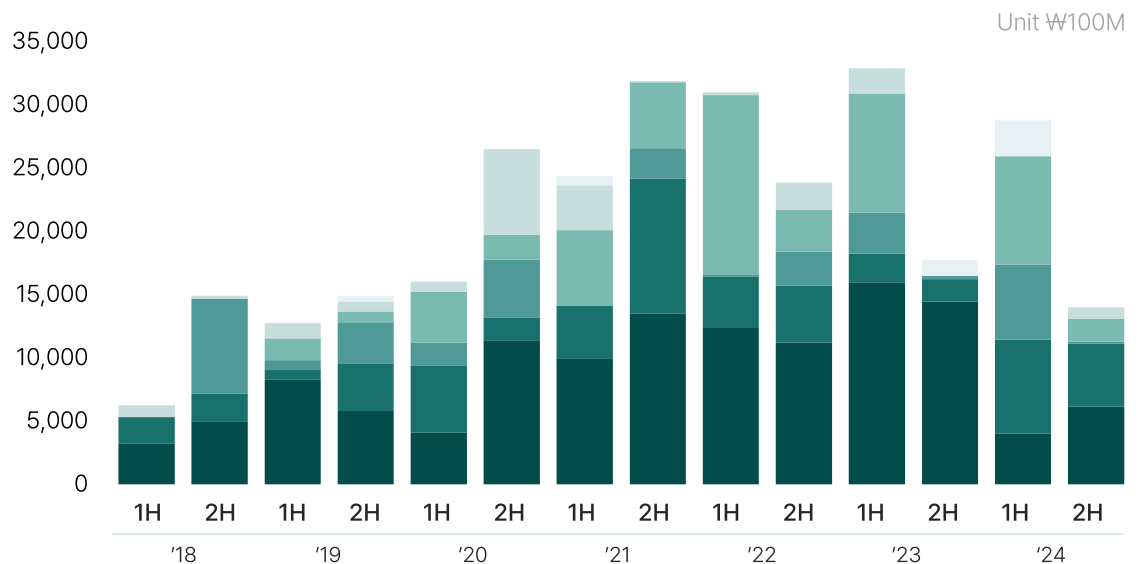
In 2H 2024, the total transaction volume of logistics centers in the Seoul metropolitan area reached 1.4 trillion KRW, covering a transaction area of 212,000py. This represents a decrease of approximately 50% compared to the previous period and around 12% compared to the same period last year. While transactions driven by ownership transfers through pre-purchase agreements had continued steadily, the second half of this year saw a significant decline in the proportion of pre-purchase transactions and the absence of large-scale asset transactions, resulting in an overall reduction in transaction volume.

A major transaction example is the sale-and-leaseback of the 'Han Express Nam Icheon 2 Center,' a mixed-use logistics center with a total floor area of 23,000py, located in Icheon, Gyeonggi Province. Han Express sold the property to ADF Asset Management for approximately 140 billion KRW. With the completion of this transaction, ADF Asset Management has acquired ownership of both assets previously used by Han Express in Nam Icheon.

During the second half of this year, transactions of logistics centers with NPL (non-performing loan) characteristics continued, similar to the first half.

The 'Icheon Bupilli Logistics Center' (total floor area of 22,902py) was sold by 'CU Logistics' to 'Petra Asset Management' for approximately 132 billion KRW. This asset was originally commissioned for construction by 'Hansol Paper' in 2021 and was completed in 2023, securing 'Samsung Electronics' as a tenant upon completion. However, due to issues regarding loan maturity extension and construction cost disputes, the property entered an auction process, with ownership transfer completed in the second half of this year.

The 'Sungdo ENG Logistics Center,' located in Yongin, Gyeonggi Province, with a total floor area of 11,785py, was developed by 'Ami Industry' and completed in 2023. However, the developer faced difficulties in paying the construction costs to the contractor, 'Sungdo ENG.' As a result, 'Sungdo ENG' exercised its priority purchase right as part of a strategy to recover unpaid construction claims and secure real estate investment returns, completing the ownership transfer for 88 billion KRW.



Transactions by Size

	Overall	XL	L	M	S
Volume ₩100M	14,005	-	-	11,235	3,872
HoH, ₩100M	▼ 14,755	▼ 11,881	▼ 2,120	▼ 1,102	▲ 347

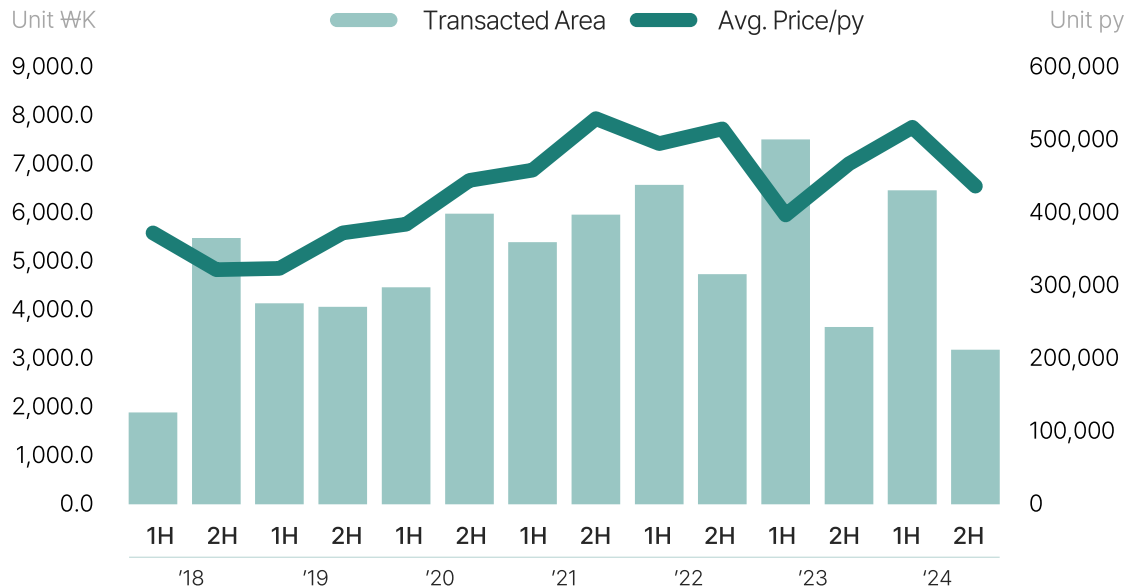
Logistics Center Investment Market Trend

Widening price gap in asset transactions.

In the second half of this year, the average transaction price/py for logistics centers in the Seoul metropolitan area was 6.55 million KRW/py. By type, the average was 5.14 million KRW/py for ambient storage, 7.26 million KRW/py for cold storage, and 6.41 million KRW/py for mixed-use facilities.

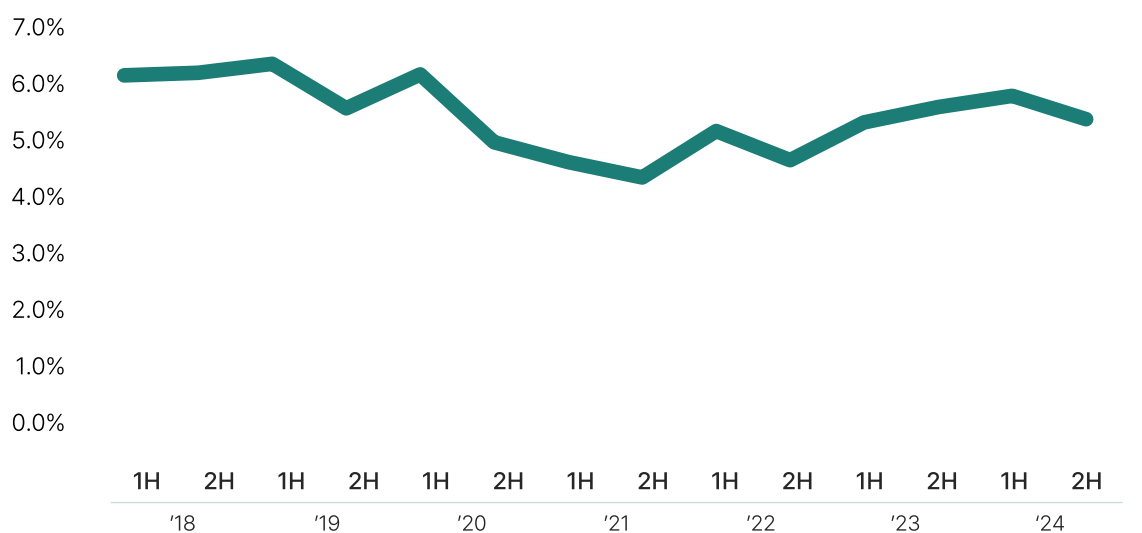
For assets with excellent accessibility to Seoul, transactions significantly exceeding the average price were observed. Despite being an ambient logistics center, 'Kimpo Sungkwang Logistics Center' was acquired by 'Pebblestone Asset Management' from 'DWS Asset Management' at 9.2 million KRW/py, greatly surpassing the second-half average price of around 5 million KRW/py for ambient logistics centers. This asset is a premium property located in an area with excellent accessibility to Seoul, attracting strong interest from multiple foreign investors during the bidding stage, contrasting with the currently subdued logistics center investment market. With consistent investment demand from foreign capital for premium assets, the price gap between high-quality assets and less favorable ones is expected to widen further.

Capital Region Logistics Center Average Transaction Price/Py Trend



Capital Region Logistics Center Average Cap Rate Trend

*Excludes pre-purchase and development-purpose transactions



Logistics Center Investment Market Trend

'24. 2H Major Transactions

Logistics Centers	Region	GFA (py)	Volume ₩100M	Price/Py ₩10K	Buyer	Seller	Remarks
Han Express Nam Icheon 2 Center	Southeast	23,426	1,411	602	ADF Asset Management	Han Express	
Icheon Bupilli Logistics Center	Southeast	22,902	1,320	576	PetraVille Asset Management	CU Logistics	Public Auction
Bric Hwaseong Logistics Center 4	Southern	15,317	1,180	770	LB Asset Management	Bric Hwaseong	
Anseong Janggyeri Logistics Center	Southern	15,693	1,160	739	Dongmoon Industrial Development	Master Development	
SGC Cold Storage Logistics Center (B-3 Block)	Western	8,564	948	1,107	SGC E&C	Woosung City Development	Construction Company Acquisition
Seongdo ENG Logistics Center	Southeastern	11,785	880	747	Sungdo ENG	Ami Industrial	Owner-Use After Purchase
Wonjeong-ri General Logistics Center	Southern	3,681	860	2,336	Hyundai Glovis	Wonjin Logistics	
Gimpo Seonggwang Logistics Center	Northwestern	9,075	835	920	Pebblestone Asset Management	DWS Asset Management	
Wide Creek Bangchori Logistics Center	Southern	11,097	830	748	Wide Creek Asset Management	G Develop Holdings	Pre-purchase



Han Express Nam Icheon 2 Center



Icheon Bupilli Logistics Center



Bric Hwaseong Logistics Center 4



Anseong Janggyeri Logistics Center



SGC Cold Storage Logistics Center (B-3 Block)



Seongdo ENG Logistics Center



Wonjeong-ri General Logistics Center



Gimpo Seonggwang Logistics Center



Wide Creek Bangchori Logistics Center

Major Transactions (Scheduled)

Logistics Center	Region	GFA (py)	Buyer	Seller (Scheduled)	Remarks
Anseong Iljuk Logistics Center	Southern	23,995	JR Investment Management	Kreate Asset Management	
Hwaseong Jegiri Logistics Center	Southern	32,710	JR Investment Management	Kreate Asset Management	
S&K Complex Logistics Center	Western	44,943	S&K Logistics	Brookfield Asset Management	'Coupang' partially leasing
Megawise Cheongna	Western	43,213	KB Real Estate Trust	LX Pantos	Planned for self-use

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 3,000py+
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

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, Youngchu 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
Other	Gaeyang-gu, Bupyeong-gu, Ganghwa-gun Other areas in Gyeonggi-do and Seoul

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