

2025 SEOUL CO-LIVING REPORT PART 2.

Co-Living

Senior Housing

Purpose-built student accommodation (PBSA)

Globally, institutional interest in these sectors is intensifying, driven by demand for flexible, well-managed urban housing solutions.

As of 2025, Korea's residential market is witnessing a surge in interest toward co-living spaces. Nearly every day, there are new articles about investments and developments in the co-living sector. Co-living distinguishes itself from traditional rental housing through:

- Enhanced communal amenities
- Flexible lease terms starting from just one month
- Fully furnished units (including appliances and furniture)

These unique features attract not only operators and investors, but also prospective tenants seeking convenience and community.

1H.2025 Recent notable openings in Seoul

Episode Convini Gasan (Apr 2025)



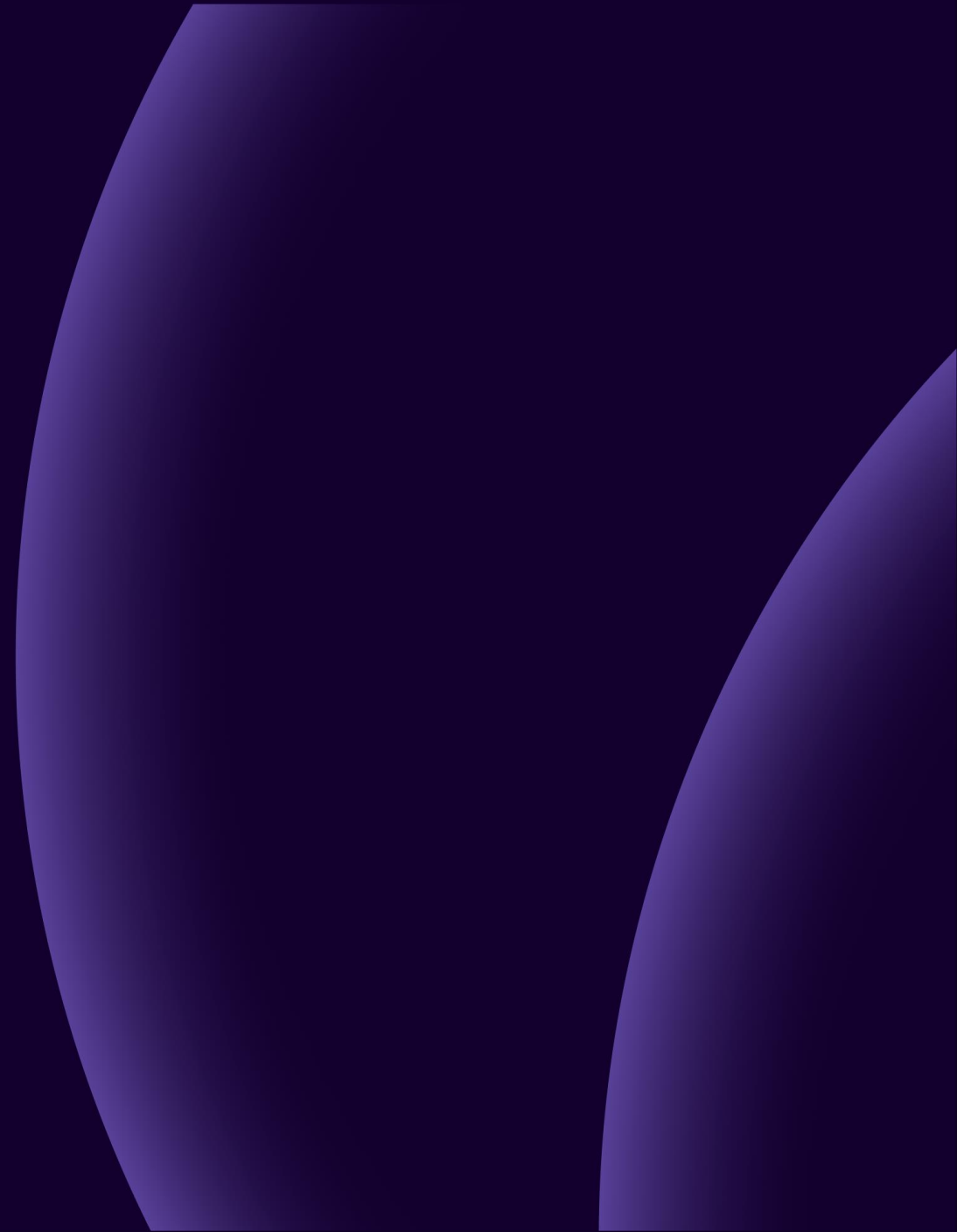
Homes Studio Anam (May 2025)



Source Company's Website

- 01 Regulatory Framework for Co-Living in Korea**
- 02 Co-Living and Officetel**
- 03 Co-Living vs Multifamily**
- 04 Co-Living Issue & Review**
- Apx Demand Outlook from Foreign Students in Greater Seoul**

Regulatory Framework for Co-Living in Korea



Private Rental Housing System in Korea

Private Rental Housing

Housing units designated for lease by private rental operators, typically offered for a minimum of 10 years.

Normally, Co-Living facility have been registered as private rental housing and operated. Under that framework, it is subject to regulations and benefits.

Property Types

- Includes multi-household units, urban lifestyle housing, and officetels registered as quasi-residential assets.

Classification by Acquisition Type

- Built-to-Rent Private Housing: Rental housing built for the purpose of lease, either through direct construction or with an approved business plan.
- Acquired Private Rental Housing: Housing acquired through purchase or similar means and subsequently leased to tenants.

Business Type of Private Rental Housing

- Publicly Supported Private Rental Housing: Rental housing supplied with public assistance (e.g., Housing and Urban Fund), with a lease term of at least 10 years.
- Long-Term General Private Rental Housing: Rental housing supplied without public support, with a minimum lease term of 10 years.

Key Regulatory Conditions

- Mandatory Lease Term: 10 years minimum. During this period, resale is restricted unless the buyer assumes rental obligations.
- Use Restrictions: PRH-registered officetels must be used solely for residential purposes. Violations are subject to fines of up to KRW 10 million.
- Lease Protection: Subject to the Housing Lease Protection Act (2+2 years guaranteed renewal, 5% rent cap on renewals).
- Reporting Requirements: Mandatory contract reporting and security deposit insurance enrollment.

Short-Term PRH System

6-Years Short-Term Private Rental Housing System

Effective June 4, 2025

If a property such as a multifamily, urban lifestyle housing etc. is registered as a short-term rental (minimum 6 years) and meets official price criteria, tax benefits such as exemption from additional corporate tax and exclusion from capital gains tax surcharge are granted.

Summary of Short-Term Private Rental Housing System

Category	Built-to-Rent Private Housing	Acquired Private Rental Housing
Effective Date	June 4, 2025	
Minimum Lease Period	Minimum 6 years	
Eligible Housing Types	Non-apartment housing (e.g. urban lifestyle housing, etc.)	
Minimum Supply	At least 2 units	-
Registration Requirements (for tax benefits)	Net area ≤ 149m ² Land area ≤ 298m ²	-
Appraised Price Limit	≤ KRW 600 million	≤ KRW 400 million (≤ KRW 200 million in non-Seoul areas)
Capital Gains Tax Exemption	Exempted	Exempted (except in designated adjustment areas)
Comprehensive Real Estate Tax Exemption	Exempted	Exempted (except in designated adjustment areas)
Corporate Tax Surtax Exemption	20% surtax exempted	20% surtax applied
Rent Increase Cap	Within 5%	

Tax Incentives

Acquisition Tax Reduction for Publicly Supported or General Long-Term PRH

(Until December 31, 2027)

Scope of Tax Reduction	Types
Acquisition Tax Exemption	In cases where a dormitory-type rental housing or a multi-unit dwelling with a net area of 60m ² or less is constructed or land is acquired for such purpose. (An 85% acquisition tax reduction applies if the tax amount exceeds KRW 2 million)
	In cases where land is acquired to construct 20 or more rental units with a net area between 60m ² and 85m ² for long-term lease purposes (10 years or longer)
	In cases where 20 or more long-term rental housing units are constructed and acquired
50% Reduction in Acquisition Tax	When a rental business operator who already owns 20 or more long-term rental housing units acquires land to construct additional long-term rental housing (If the acquisition results in land intended to build 20 or more units, only the portion exceeding 20 units shall be included)
	When a rental business operator who already owns 20 or more long-term rental housing units acquires additional long-term rental housing through new construction (If the acquisition results in owning 20 or more units, only the portion exceeding 20 units shall be included)

* Acquisition tax reduction does not apply if the acquisition price exceeds KRW 600 million for multi-unit housing or officetels in the Seoul Metropolitan Area, or KRW 300 million in other regions.

Property Tax Reduction for Publicly Supported and General Long-Term PRH

(Until December 31, 2027)

Types	Scope of Tax Reduction
Dormitory-type rental housing, multi-household housing or officetel units with a net area of 40m ² or less, or land under construction for such purposes	Property Tax Exemption
Multi-household housing or officetel units with a net area of 40~60m ² , or land under construction for such purposes	75% Reduction in Property Tax
Multi-household housing or officetel units with a net area of 60~85m ² , or land under construction for such purposes	50% Reduction in Property Tax

Income Tax / Corporate Tax Reduction for Publicly Supported or General Long-Term PRH

(Limited to Small-Scale Rental Business Operators, Until Dec 31, 2025)

* Definition of Small-Scale Housing: Net residential area per household must not exceed 85m²

Types	Scope of Tax Reduction
Leasing of 1 Rental Unit	30% reduction in income tax or corporate tax (or 75% for general long-term PRH, etc.)
Leasing of 2 or More Rental Units	20% reduction in income tax or corporate tax (or 50% for general long-term PRH, etc.)

General Long-Term Private Rental Housing, etc.: Refers to either Publicly Supported Private Rental Housing or General Long-Term Private Rental Housing

Source Ministry of Land, Infrastructure and Transport

Tax Incentives

Capital Gains Tax Reduction for Long-Term PRH (Long-Term Holding Special Deduction)

1. Special Taxation for Capital Gains on Publicly Supported or Long-Term Private Rental Housing

Category	Condition for Exemption
Registration Deadline	Until December 31, 2027
Minimum Lease Period	Must be leased continuously for 10 years before disposal to apply 70% special long-term holding deduction
Rent/Deposit Increase Limit	Rent increases must not exceed 5%; even with consent, increase is not allowed during fixed lease term (within a year after contract, rent increasing is prohibited)
Housing & Land Price Limit	Combined declared value ≤ KRW 600 million in Greater Seoul, ≤ KRW 300 million outside
Unit Size Limit	Below National Housing Standard (e.g. Net Area ≤ 85m ² in Greater Seoul)

2. Additional Capital Gains Deduction Based on Lease Period for Privately Built or Acquired Rental Housing

Lease Period	Additional Exemption Rate
6 yrs ≤ Lease < 7 yrs	2%
7 yrs ≤ Lease < 8 yrs	4%
8 yrs ≤ Lease < 9 yrs	6%
9 yrs ≤ Lease < 10 yrs	8%
10 yrs or longer	10%

3. Exemption from the 10% Additional Capital Gains Tax for Owners with 3 or More Homes

Generally, a 10% surcharge is applied to capital gains from the sale of property by owners holding three or more homes. However, this surcharge may be waived if the specific conditions are satisfied.

Penalties for Transfer During Mandatory Lease Period

According to Article 43-2 of the Special Act on Private Rental Housing, the transfer of a rental housing unit to another registered landlord is permitted even within the mandatory lease period. However, under Article 31-3 of the Local Tax Reduction and Exemption Act, if the transfer takes place during the lease obligation period, the landlord is required to repay any previously exempted property taxes, depending on the tax item.

1. Tax Reassessment Items upon Early Transfer

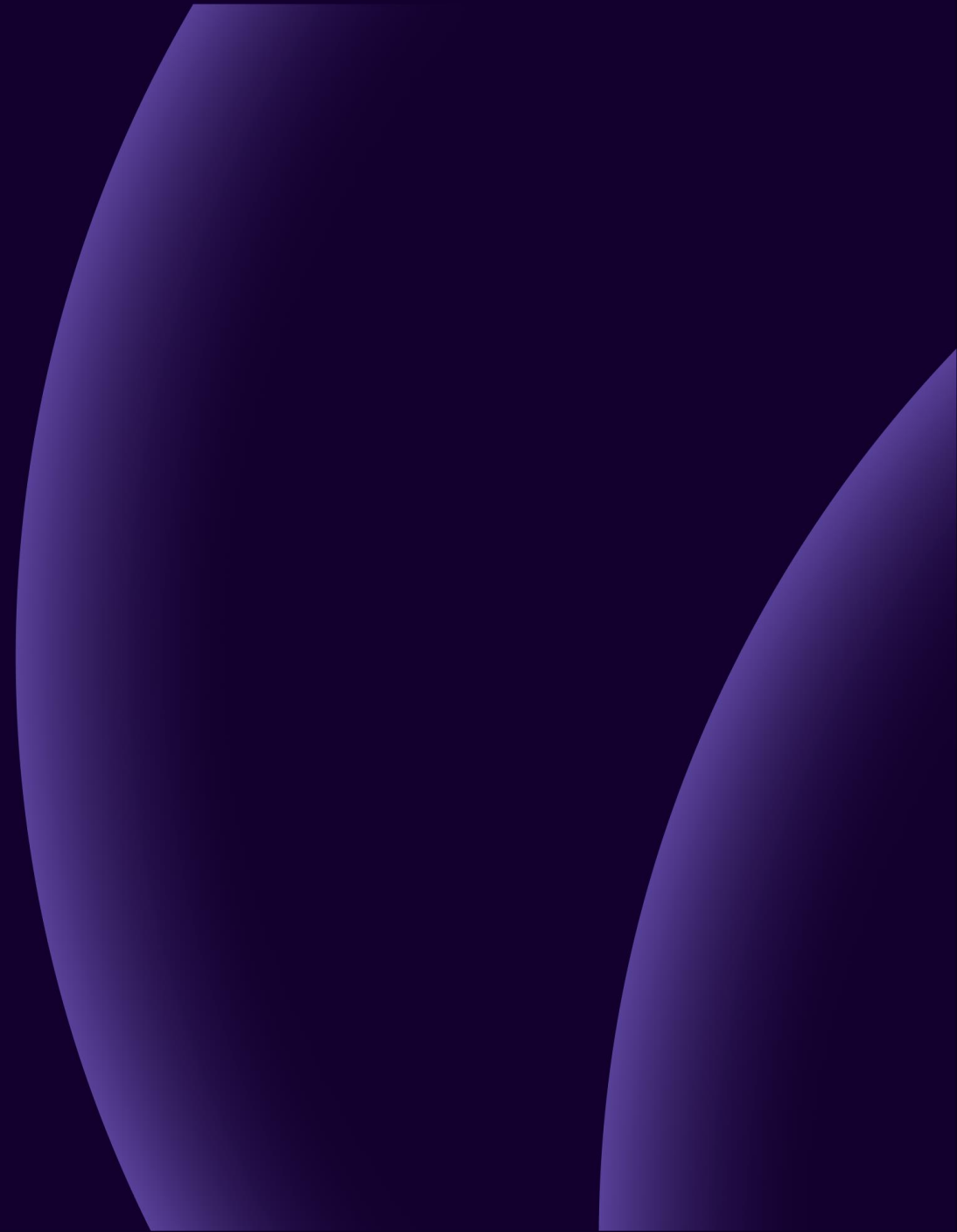
Tax Type	Scope of Reassessment
Property Tax	If the landlord sells rental housing (including dormitory-type units, multi-household housing or officetels) within 5 years from the date of acquisition during the mandatory lease period, any property tax previously exempted must be repaid in full.

2. Administrative Penalty for Unauthorized Transfer

Violation	Penalty
Transferring the rental unit to a non-registered landlord during the mandatory lease period	KRW 30 million per unit fine

Source Ministry of Land, Infrastructure and Transport

Co-Living and Officetel



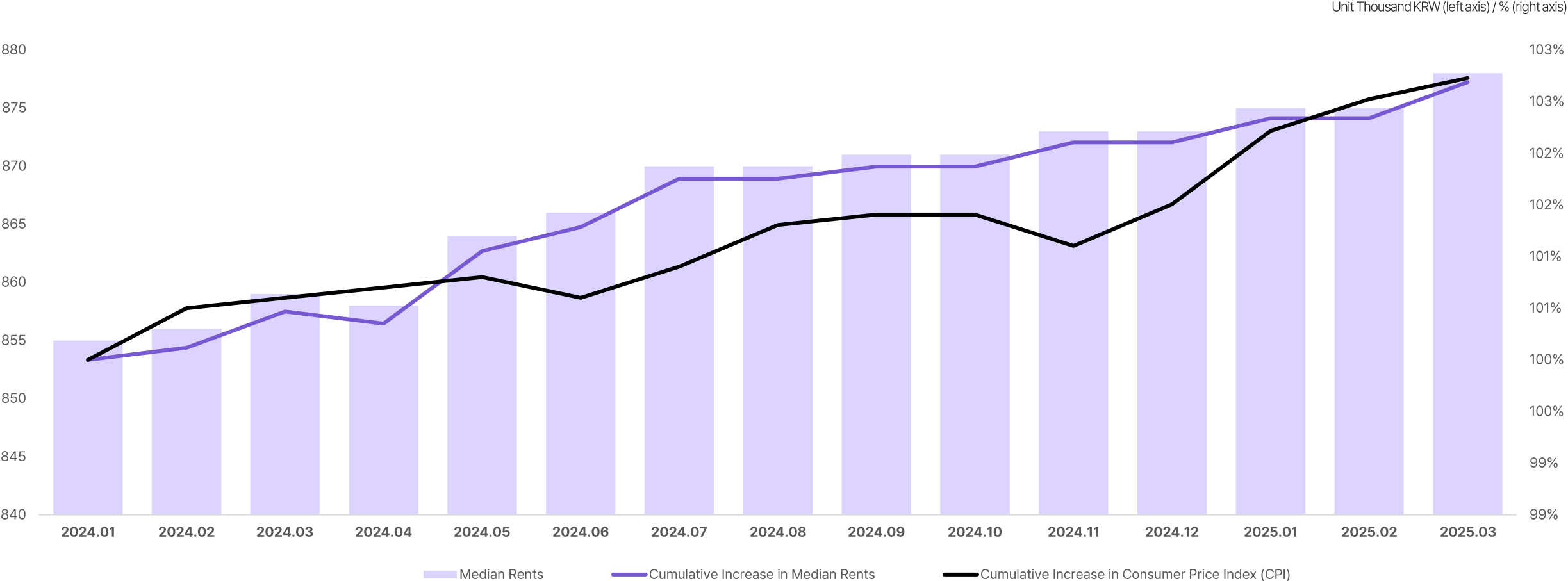
Officetel Rental Trends in Seoul

Monthly rents for officetels in Seoul have steadily increased, closely tracking the cumulative Consumer Price Index (CPI) rise.

As of Mar 2025, the median monthly rent of Seoul officetel stood at KRW 878,000, up KRW 23,000 from KRW 855,000 in Jan 2024.

The continued upward trend is driven by an increase in Jeonse fraud cases and phase 3 implementation of Korea's stricter Debt Service Ratio (DSR) regulations. These pressures suggest that the rent gap between officetels and co-living facilities may narrow over time.

Monthly Median Rent Trend for Officetels in Seoul



Source: Korea Real Estate Board, Statistics Korea

Rent Comparison: Co-Living vs Officetel

Like other conventional residential properties such as officetels, co-living rents vary depending on multiple factors including location and lease term.

As of May 2025, face rents per pyeong (3.3m²) for co-living units in Gangnam-gu and Seocho-gu ranged from approximately KRW 170,000 to KRW 260,000. The rent-free period also varied significantly, from 15 days up to 60 days.

This reflects the strategic use of flexible pricing incentives by professional co-living operators aiming to boost tenant acquisition. In contrast, such practices are rarely seen in officetels, which are mostly owned by individuals and leased through standard brokerage channels. When comparing the effective NOC between co-living and officetel in the same districts, the difference was minimal. In fact, a officetel recorded even higher effective NOC level than its co-living counterparts.

Rent Comparison Between Co-Living and Officetel in GBD (May 2025)

Category	Co-Living Site A by Company S	Co-Living by Company K	Co-Living Site B by Company S	Co-Living by Company H	C Officetel near Yeoksam Station
Address	Seocho-gu	Gangnam-gu	Seocho-gu	Gangnam-gu	Gangnam-gu
Operation Start	2022	2018	2021	2018	2019
Units	250	72	378	61	736
Net Area(m ²)	23.32	17.00	27.01	28.75	17.57
Net Area(Pyeong)	7.05	5.14	8.17	8.69	5.31
Security Deposit (KRW)	10,000,000	5,000,000	10,000,000	10,000,000	10,000,000
Deposit to Rent Ratio	5.87	3.70	6.60	6.67	11.11
Monthly Face Rent (KRW)	1,705,000	1,350,000	1,515,000	1,500,000	900,000
Monthly Face Rent (KRW/py)	241,844	262,646	185,435	172,612	169,492
Rent-Free Period	15 days(half a month)	60 days (2 months)	60 days (2 months)	30 days (1 month)	-
Effective Rent (KRW/Py)	231,767	218,872	154,529	158,228	169,492
CAM (KRW)	133,000	120,000	150,000	150,000	120,000
CAM (KRW/Py)	18,865	23,346	18,360	17,261	22,599
Effective NOC(KRW)	271,341	252,572	193,597	196,197	212,799
Monthly Parking Fee (per vehicle)	100,000	90,000	100,000	55,000	220,000

* NOC interest rate based on 1-year Korean Treasury Bond (as of Apr. 2025)

Source RSQUARE Research Center

Comparison Between Co-Living and Officetel

The key distinction between co-living and officetels begins with the ownership and management structure. Co-living properties are typically operated by professional corporate operators, who directly manage the facility and provide tenant services. In contrast, officetels are mostly privately owned and are commonly managed indirectly through real estate brokers.

As a result, co-living assets benefit from the operator's institutional expertise and centralized management systems, allowing for shorter lease terms, value-added services, and dedicated community amenities—all of which serve as differentiators in the rental market.

These features collectively contribute to an enhanced living experience for tenants and are driving co-living's rapid emergence as an attractive residential alternative in urban markets.

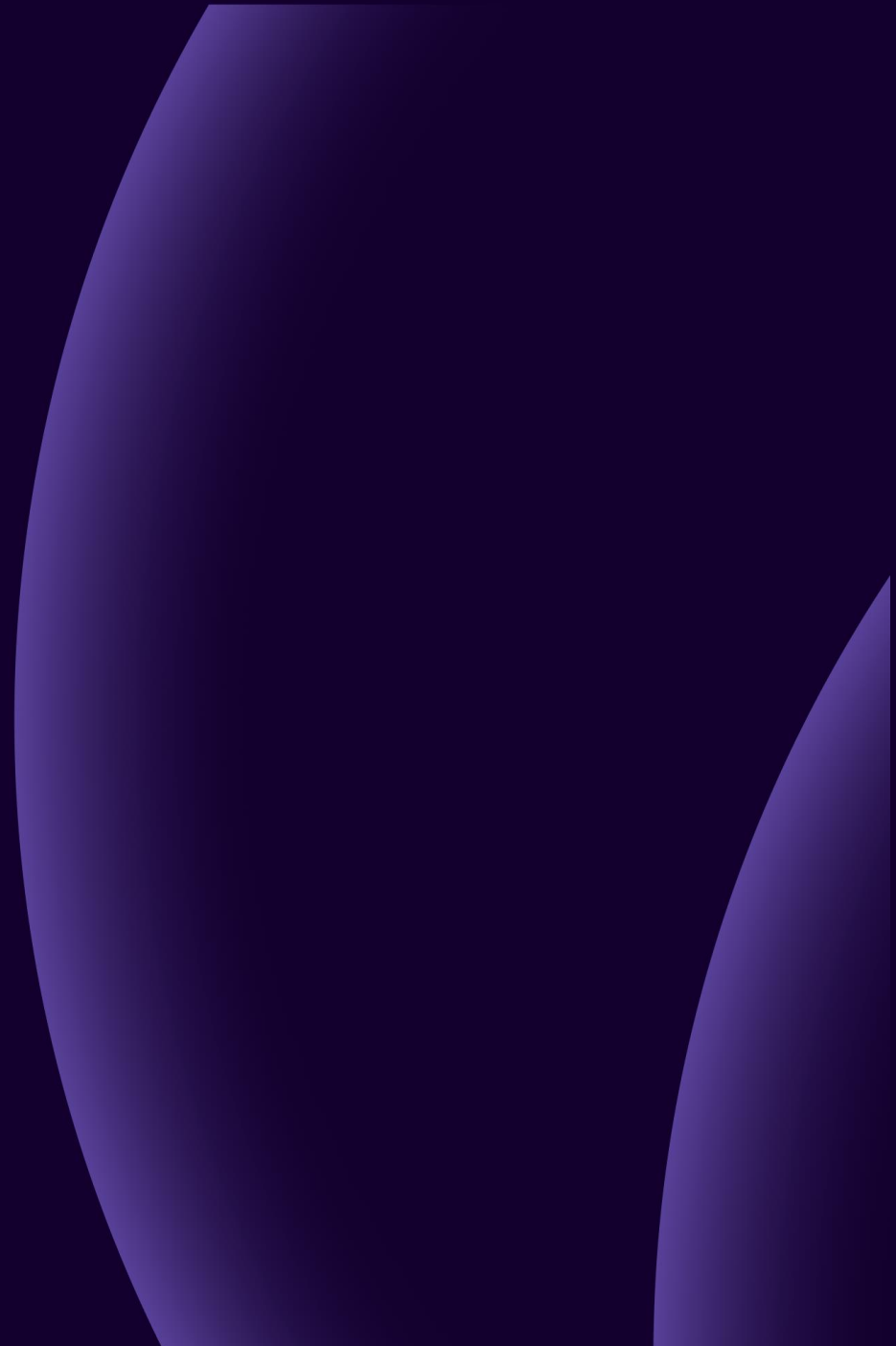
Comparison Table: Co-Living vs Officetel

Category	Co-Living	Officetel
Ownership(Landlord)	Owned and operated by corporate entities (AMC)	Privately owned by individual landlords
Operator(PM)	Professional, centralized property management (in-house)	Independent landlords or outsourced through brokers
Rents Flexibility	Vary by unit and lease term	Fixed
Community Facilities	Shared lounges, co-working spaces, fitness centers, laundry rooms	Rare or not provided
Services	Furnished units, cleaning, concierge, network events	None or basic maintenance only
Lease Term	Flexible (monthly to yearly contracts available)	Typically fixed 2 year lease terms
Furniture / Appliances	Fully furnished, option to choose unfurnished units	Basic appliances
Pets Allowed	Allowed(designated pet-friendly units)	Generally restricted or disallowed
Facility Maintenance	Centralized management by operator	Varies by individual owner
Fraud Risk	Low (contracted with verified operator)	Medium (due to fragmented ownership)
Security	High (Resident verification required for building entry and elevator use; QR code access for visitors; on-site security personnel; CCTV installed on each floor)	Moderate(CCTV installed on each floor)
Target Tenant Group	Young professionals, digital nomads, students, expats	Broad spectrum
Marketing Channels	Operated brand platforms, digital marketing	Broker-based offline listings and platforms

* Vary by individual cases

Source RSQUARE Research Center

Co-Living vs Multifamily



Business Feasibility Analysis : Co-Living vs Multifamily

Co-living and multifamily rental housing, external appearance of these asset types may not differ significantly, their operational models show clear distinctions.

Co-living offers:

- Greater lease flexibility
- App-based property management services
Dedicated community amenities and concierge offerings
- Opportunities for tenant interaction and community building
- These features set co-living apart as a differentiated product within the multifamily sector.

To compare feasibility, a hypothetical scenario was developed: A newly completed officetel in Mapo-gu, Seoul (general commercial zone) is acquired in 2025 and converted into two operational models:

- Scenario 1: Operated as Co-Living with shared spaces and services
- Scenario 2: Operated as Standard Corporate Rental Housing(Multifamily), without community facilities

The comparison focuses on:

- Initial year's Cash-on-Cash Return (CoC)
- Net Operating Income Yield (NOI/Value)
- Excludes resale value assumptions

Co-Living Community Facilities

Episode Sinchon369 Lounge



Homes Studio Seonjeongneung Shared Kitchen



Source Company's Website

Business Feasibility Analysis

0. Overview

The subject officetel is a residential building located in a general commercial zone of Mapo-gu, Seoul, and was completed on June 1, 2025. The building consists of 10 above-ground floors and 2 basement levels.

The gross floor area is 2,000 py(6,600m²), with a building coverage ratio (BCR) of 60% and a floor area ratio (FAR) of 800% as planned.

The parking facilities, located on Basement Levels 1 and 2, provide a parking ratio of 0.5 vehicles per unit, which complies with Seoul's official parking standards for officetel.

0) Property Overview (in Common)



Category	Contents
Address	Mapo-gu, Seoul
Zoning	General Commercial Area
Main Use	Officetel
Completion	June.01.2025
Land Area	825m ² (250py)
Building Area	396m ² (120py)
GFA	6,600m ² (2,000py)
BCR	60%
FAR	800%
Floors	B2 ~ 10F
Parking Spaces	65 Lots (0.5 lots per housing unit)
Elevators	2 Passenger, 1 Emergency

Business Feasibility Analysis

1. Co-Living

1-1) Sources & Uses

Acquisition Price (KRW 50 billion)	Equity (KRW 39.1 billion)
Acquisition Tax (KRW 0.35 billion)	Loan (KRW 15.5 billion)
Acquisition-Related Expenses (KRW 2.5 billion)	
Renovation Costs (KRW 2.5 billion)	
Contingency Reserve (KRW 0.5 billion)	Security Deposit (KRW 1.25 billion)
Total Uses KRW 55.85 billion	Total Sources KRW 55.85 billion

The purchase price of the newly completed officetel, repurposed for co-living operations, was KRW 50.0 billion, which is equivalent to KRW 25 million per py of GFA. An additional KRW 2.5 billion was invested for remodeling the common areas and building out community facilities.

The capital structure was set at a 70:30 ratio between equity and debt. The debt portion was financed through a combination of tenant security deposits and loans from financial institutions, with the interest rate (all-in cost) applied at 4.2%, in line with current market levels.

1-2) Uses

Category	Amount(KRW)	Ratio	Remarks
Acquisition Price	50,000 Million	89.5%	KRW 25,000,000(py)
Acquisition Tax	345 Million	0.6%	Acquisition tax: 4.6% for officetel 85% reduction for registered long-term private rental housing
Acquisition-Related Expenses	2,500 Million	4.5%	Brokerage fees, advisory fees, national housing bonds, and non-deductible VAT etc.
Renovation Costs (Community Facility)	2,500 Million	4.5%	Community facilities such as lounges, fitness centers, and meeting rooms
Contingency Reserve	500 Million	0.9%	
Total Uses	55,845 Million	100%	

1-3) Sources

Category	Ratio	Amount(KRW)
Equity	70%	39,091 Million
Debt	30%	16,753 Million

1-4) Finance

Category	Amount(KRW)	Remarks
Total Debt	16,753.5 Million	
Security Deposit	1,251.3 Million	OCC 97% (Assumption)
Loan	15,502.2 Million	
Annual Interest Fee	651.1 Million	All-in Cost 4.2%

Business Feasibility Analysis

1. Co-Living

The co-living facility consists of 129 rooms, with Type 18A/B and Type 24A units, located from the 2nd to 10th floor of the building.

Community amenities such as shared laundry rooms, fitness center, lounge, meeting rooms, and co-working space are located on the 1st floor and partially on other floors.

Due to the allocation of common areas, the efficiency rate of this co-living asset is relatively lower compared to a conventional multifamily layout.

2-1) Unit Types

Types	Units	Net Area	Gross Area(Net Area + Common Area)	Efficiency Rate
18A	40	17.8m ² (5.4py)	44.9m ² (13.6py)	39.7%
18B	40	17.8m ² (5.4py)	44.9m ² (13.6py)	39.7%
24A	49	24.8m ² (7.5py)	61.4m ² (18.6py)	40.3%
Total	129	2,638.4m ² (799.5py)	6,598.0m ² (1,999.4py)	40.0%

2-2) Floor Usage Table

Floor	18A Units	18B Units	24A Units	Total Units	Total Net Area (py)	Efficiency Rate per Floor
2	4	4	5	13	81	67%
3	4	4	6	14	88	74%
4	4	4	6	14	88	74%
5	4	4	6	14	88	74%
6	4	4	6	14	88	74%
7	5	5	5	15	92	76%
8	5	5	5	15	92	76%
9	5	5	5	15	92	76%
10	5	5	5	15	92	76%
Total	40	40	49	129	800	

Business Feasibility Analysis

1. Co-Living

The co-living require a security deposit of KRW 10 million, and the effective monthly rent, adjusted for a one-month rent-free period, is set at KRW 201,000 for Type 18 and KRW 220,000 for Type 24. Based on these assumptions, the annual operating income, factoring in a natural vacancy rate of 3%, is estimated at approximately KRW 2.12 billion. When adding appliance & furniture rental income and parking income, the total annual revenue reaches approximately KRW 2.24 billion. The NOI amounts to around KRW 1.99 billion. Excluding interest on loan, the net income is approximately KRW 1.34 billion. As a result, the income return (NOI/Value) is **3.98%**, and the CoC is **3.43%**.

3-1) Operating Income

Category	18 Type	24 Type	Total	Unit KRW
Security Deposit per Unit	10,000,000	10,000,000		
Total Deposit	800,000,000	490,000,000	1,290,000,000	
Monthly Rent	1,188,000	1,800,000		
Monthly Rent per Net Area(py)	220,000	240,000		
Monthly Effective Rent per Net Area(py)(Rent Free 1 mth)	201,000	220,000		
Total Annual Effective Rent	1,041,984,000	970,200,000	2,012,184,000	
CAM per py of Net Area	18,000	18,000		
Total Annual CAM	93,312,000	79,380,000	172,692,000	
Annual Gross Income	1,135,296,000	1,049,580,000	2,184,876,000	
Annual Gross Income (Net of 3% Natural Vacancy)	1,101,237,120	1,018,092,600	2,119,329,720	

3-4) Operating Expenses

Category	Annual Expense	Remarks	Unit KRW
PM Fee (Operator)	144,000,000	12,000,000/mth	
Unit Maintenance Cost	2,400,000	100 KRW/py/mth	
Building Maintenance Cost	12,000,000	500 KRW/py/mth	
Insurance	4,800,000	200 KRW/py/mth	
Contingency Reserve	7,200,000	300 KRW/py/mth	
CAPEX	60,000,000	5,000,000/mth	
Taxes and Public Dues	20,000,000	Mandatory public payments	
Security Deposit Insurance	1,826,898	0.146%*Security Deposit	
Total Annual Operating Expense	252,226,898		

3-2) Appliance & Furniture Rental Income

Category	Value	Unit KRW
Units	129	
Monthly Rental Fee	50,000	
Estimated Utilization Rate	80%	
Monthly Rental Income	5,160,000	
Annual Rental Income	61,920,000	

3-3) Parking Income

Category	Value	Unit KRW
Parking Spaces	65	
Monthly Parking Fee	100,000	
Estimated Utilization Rate	80%	
Monthly Parking Fee Income	5,200,000	
Annual Parking Fee Income	62,400,000	

3-5) Investment Returns

Category	Amount	Unit KRW
Annual Gross Income	2,243,649,720	
Operating Expenses	252,226,898	
Net Operating Income(NOI)	1,991,422,822	
Interest on Loans	651,092,400	
Net Income	1,340,330,422	
Income Return (NOI / Value)	3.98%	
CoC(excl. capital gains)	3.43%	

Business Feasibility Analysis

2. Multifamily

1-1) Sources & Uses

Acquisition Price (KRW 50 billion)	Equity (KRW 39.1 billion)
Acquisition Tax (KRW 0.35 billion)	Loan (KRW 15.17 billion)
Acquisition-Related Expenses (KRW 2.5 billion)	
Renovation Costs (KRW 2.5 billion)	Security Deposit (KRW 1.58 billion)
Contingency Reserve (KRW 0.5 billion)	
Total Uses KRW 55.85 billion	Total Sources KRW 55.85 billion

The acquisition price for the officetel to be operated as a multifamily asset was also set at KRW 50.0 billion, equivalent to KRW 25 million per py of gross floor area. An additional KRW 2.5 billion was invested for remodeling to increase the number of units.

The capital structure mirrors that of the co-living scenario, with a 70:30 ratio of equity to debt, and the same interest rate of 4.2% (all-in cost) applied to the borrowed capital.

1-2) Uses

Category	Amount(KRW)	Ratio	Remarks
Acquisition Price	50,000 Million	89.5%	KRW 25,000,000(py)
Acquisition Tax	345 Million	0.6%	Acquisition tax: 4.6% for officetel 85% reduction for registered long-term private rental housing
Acquisition-Related Expenses	2,500 Million	4.5%	Brokerage fees, advisory fees, national housing bonds, and non-deductible VAT etc.
Renovation Costs (Addition of Units)	2,500 Million	4.5%	Construction costs for unit additions and additional furniture purchase costs
Contingency Reserve	500 Million	0.9%	
Total Uses	55,845 Million	100%	

1-3) Sources

Category	Rate	Amount(KRW)
Equity	70%	39,091 Million
Debt	30%	16,753 Million

1-4) Finance

Category	Amount(KRW)	Remarks
Total Debt	16,753.5 Million	
Security Deposit	1,581.1 Million	OCC 97% (Assumption)
Loan	15,172.4 Million	
Annual Interest Fee	637.2 Million	All-in Cost 4.2%

Business Feasibility Analysis

2. Multifamily

The unit composition also includes Type 18A/B and Type 24A, but the total number of units is 163, compared to 129 in the co-living scenario.

Unlike co-living, the multifamily configuration does not include dedicated community facilities, resulting in a higher efficiency rate. As a result, despite having the same GFA, the multifamily setup yields approximately 26% more units (34 additional rooms).

The building's net area ratio per floor is higher, as all available above-ground floor area is fully utilized as leasable units.

2-1) Unit Types

Type	Units	Net Area	Gross Area(Net Area + Common Area)	Efficiency Rate
18A	53	17.8m ² (5.4py)	35.6m ² (10.8py)	50%
18B	53	17.8m ² (5.4py)	35.6m ² (10.8py)	50%
24A	57	24.8m ² (7.5py)	49.5m ² (15.0py)	50%
Total	163	3,299.7m ² (999.9py)	6,599.3m ² (1,999.8py)	50%

2-2) Floor Usage Table

Floor	18A Units	18B Units	24A Units	Total Units	Total Net Area (py)	Efficiency Rate per Floor
1	4	3	3	10	60	50%
2	6	5	6	17	104	87%
3	5	6	6	17	104	87%
4	5	6	6	17	104	87%
5	6	5	6	17	104	87%
6	5	6	6	17	104	87%
7	6	5	6	17	104	87%
8	5	6	6	17	104	87%
9	6	5	6	17	104	87%
10	5	6	6	17	104	87%
Total	53	53	57	163	999.9	

Business Feasibility Analysis

2. Multifamily

The multifamily asset was underwritten with a security deposit of KRW 10 million and a face rent of KRW 150,000 per py of net area. Given a natural vacancy rate of 3%, the estimated annual operating revenue is approximately KRW 1.95 billion. When including income from furniture/appliance rentals and parking fees, total annual revenue amounts to KRW 2.11 billion. After deducting operating expenses, the Net Operating Income (NOI) is approximately KRW 1.98 billion, and the net income after interest payments is KRW 1.342 billion. The income return (NOI/Asset Value) is calculated at **3.96%**, while the Cash-on-Cash return (CoC) stands at **3.43%**.

3-1) Operating Income

Category	18 Type	24 Type	Total	Unit KRW
Security Deposit per Unit	10,000,000	10,000,000		
Total Deposit	1,060,000,000	570,000,000	1,630,000,000	
Monthly Rent	810,000	1,125,000		
Monthly Rent per Net Area(py)	150,000	150,000		
Total Annual Rent	1,030,320,000	769,500,000	1,799,820,000	
CAM per py of Net Area	18,000	18,000		
Total Annual CAM	123,638,400	92,340,000	215,978,400	
Annual Gross Income	1,153,958,400	861,840,000	2,015,798,400	
Annual Gross Income (Net of 3% Natural Vacancy)	1,119,339,650	835,984,800	1,955,324,450	

3-2) Appliance/Furniture Rental Income

Category	Value	Unit KRW
Units	163	
Monthly Rental Fee	50,000	
Estimated Utilization Rate	80%	
Monthly Rental Income	6,520,000	
Annual Rental Income	78,240,000	

3-3) Parking Income

Category	Value	Unit KRW
Parking Spaces	82	
Monthly Parking Fee	100,000	
Estimated Utilization Rate	80%	
Monthly Parking Fee Income	6,560,000	
Annual Parking Fee Income	78,720,000	

3-4) Operating Expenses

Category	Annual Expense	Remarks	Unit KRW
PM Fee (Operator)	48,000,000	KRW 4,000,000/mth	
Unit Maintenance Cost	2,400,000	KRW 100/py/mth	
Building Maintenance Cost	12,000,000	KRW 500/py/mth	
Insurance	4,800,000	KRW 200/py/mth	
Contingency Reserve	7,200,000	KRW 300/py/mth	
CAPEX	36,000,000	KRW 3,000,000	
Taxes and Public Dues	20,000,000	Mandatory public payments	
Security Deposit Insurance	2,308,406	0.146%*Security Deposit	
Total Annual Operating Expense	132,708,406		

3-5) Investment Returns

Category	Amount	Unit KRW
Annual Revenue	2,112,284,450	
Operating Expenses	132,708,406	
Net Operating Income(NOI)	1,979,576,044	
Interest on Loans	637,240,800	
Net Income	1,342,335,244	
Income Return (NOI / Value)	3.96%	
CoC(excl. capital gains)	3.43%	

Feasibility Comparison Analysis

3. Co-living vs Multifamily

According to the profitability analysis comparing co-living and multifamily, the NOI of the co-living asset was KRW 1.99 billion, with a net income after interest payments of KRW 1.34 billion. In comparison, the multifamily recorded an NOI of KRW 1.98 billion and a net income of KRW 1.342 billion, slightly outperforming the co-living asset. The income return (NOI/Asset Value) was similar for both assets: 3.98% for co-living and 3.96% for multifamily. The Cash-on-Cash return (CoC) was identical at 3.43% for both asset types.

1-1) Returns

Co-Living

Category	Value
Units	129
Effective Rent per Net Area (py)	201,000(18A,B) / 220,000(24A)
Annual Revenue	2,243,649,720
Operating Expenses	252,226,898
Net Operating Income (NOI)	1,991,422,822
Interest Expense	651,092,400
Net Income	1,340,330,422
Income Return (NOI / Asset Value)	3.98%
Cash-on-Cash Return (excl. Capital Gains)	3.43%

Multifamily

Category	Value
Units	163
Rent per Net Area (py)	150,000
Annual Revenue	2,112,284,450
Operating Expenses	132,708,406
Net Operating Income (NOI)	1,979,576,044
Interest Expense	637,240,800
Net Income	1,342,335,244
Income Return (NOI / Asset Value)	3.96%
Cash-on-Cash Return (excl. Capital Gains)	3.43%

Unit KRW

1-2) Sensitivity Analysis of Effective Rents – Scenarios 1 & 2

Effective Rents	140,000	145,000	150,000	155,000	160,000
200,000	43%	38%	33%	29%	25%
205,000	46%	41%	37%	32%	28%
210,000	50%	45%	40% (Point of Equal CoC)	35%	31%
215,000	54%	48%	43%	39%	34%
220,000	57%	52%	47%	42%	38%

Unit KRW

Feasibility Comparison Analysis

3. Co-living vs Multifamily

Although the CoC (Cash-on-Cash return) is identical at 3.43% for both co-living and multifamily, the multifamily asset offers 163 units, compared to 129 units for the co-living property, despite having the same gross floor area. This means the multifamily provides 26% more units than the co-living asset.

On the other hand, the average effective rent for co-living was KRW 210,500, which is approximately 40% higher than the KRW 150,000 recorded for multifamily. This indicates that, in order to achieve the same CoC, co-living must set rents approximately 40% higher than multifamily.

Therefore, for co-living to charge over 40% higher rents compared to multifamily, it must go beyond simply providing physical community spaces. It needs to offer meaningful services and high-quality community facilities that clearly justify the premium for prospective residents.

Co-living property that prioritize tenant convenience and livability is expected to become increasingly attractive investment asset within the commercial real estate market.

This feasibility analysis is a simple comparison that does not account for the time value of money. The outcome may vary significantly when considering long-term exit value or capital appreciation.

Co-Living Issue & Review



Co-Living Issues

In the past few years, several major co-living operators in the U.S. and U.K. have gone bankrupt. This indicates that even in overseas markets where co-living has entered a mature stage, sudden management crises can still occur.

These bankruptcies were commonly caused by aggressive early-stage expansion strategies that led to excessive depletion of investment capital.

In addition, the revenue generated during the actual operation phase was not enough to cover the expected operating and financing costs, including interest.

In other words, even if the business model appears attractive on the surface, without thorough profitability management, there can be fundamental issues with sustainability.

Currently, most domestic operators are recording stable operating profits and continuing to grow. However, if unforeseen external shocks such as a pandemic or macroeconomic changes occur, a crisis could arise at any time.

Therefore, for the Korean co-living market, establishing a sustainable profit structure and managing financial soundness are more important than ever.



Category	COMMON LIVING
Founder	Brad Hargreaves
Established	2015
Nation	USA
Investor	Norwest Venture Partners, TriplePoint Capital etc.
Key Feature	Operated over 5,200 units across 12 cities in North America
Issue	On May 31, 2024, the company filed for Chapter 7 bankruptcy, leading to asset liquidation and business termination.

Category	THE COLLECTIVE
Founder	Reza Merchant
Established	2010
Nation	UK
Investor	Deutsche Bank, Asimov Capital etc.
Key Feature	The "Old Oak" property in London was the largest co-living facility at the time of its opening in 2016.
Issue	In September 2021, the company attempted to sell its business, but the sale failed, and it subsequently filed for administration in the UK (the equivalent of bankruptcy protection).

Source Company's Website

Co-Living Review

In preparation for this report, several co-living properties were visited and assessed on-site. Most facilities featured visually appealing interiors and well-designed community spaces, which were actively used by residents, reinforcing the product's lifestyle-driven appeal.

However, in some assets—particularly those that had been in operation for a certain period—the common areas began to resemble low-cost dormitories (gosiwon) in both condition and ambiance. In one facility, the absence of on-site management personnel caused difficulties for residents in accessing the building, highlighting operational weaknesses in certain properties.

Despite the aforementioned shortcomings and relatively high rents, the majority of co-living properties maintained consistently high occupancy rates exceeding 90%. This suggests that co-living's competitiveness is not solely dependent on visible features such as interior design or shared amenities.

Instead, its success is largely driven by less tangible, lifestyle-related factors, including:

- **Proximity to public transportation (transit-oriented locations)**
- **Safe and pleasant living environments**
- **Timely and professional facility maintenance**
- **Easy access to on-site management offices**

Additionally, intangible benefits such as exclusive resident perks, community events, and networking opportunities further enhance the appeal of co-living, positioning it as a compelling residential option for urban tenants.

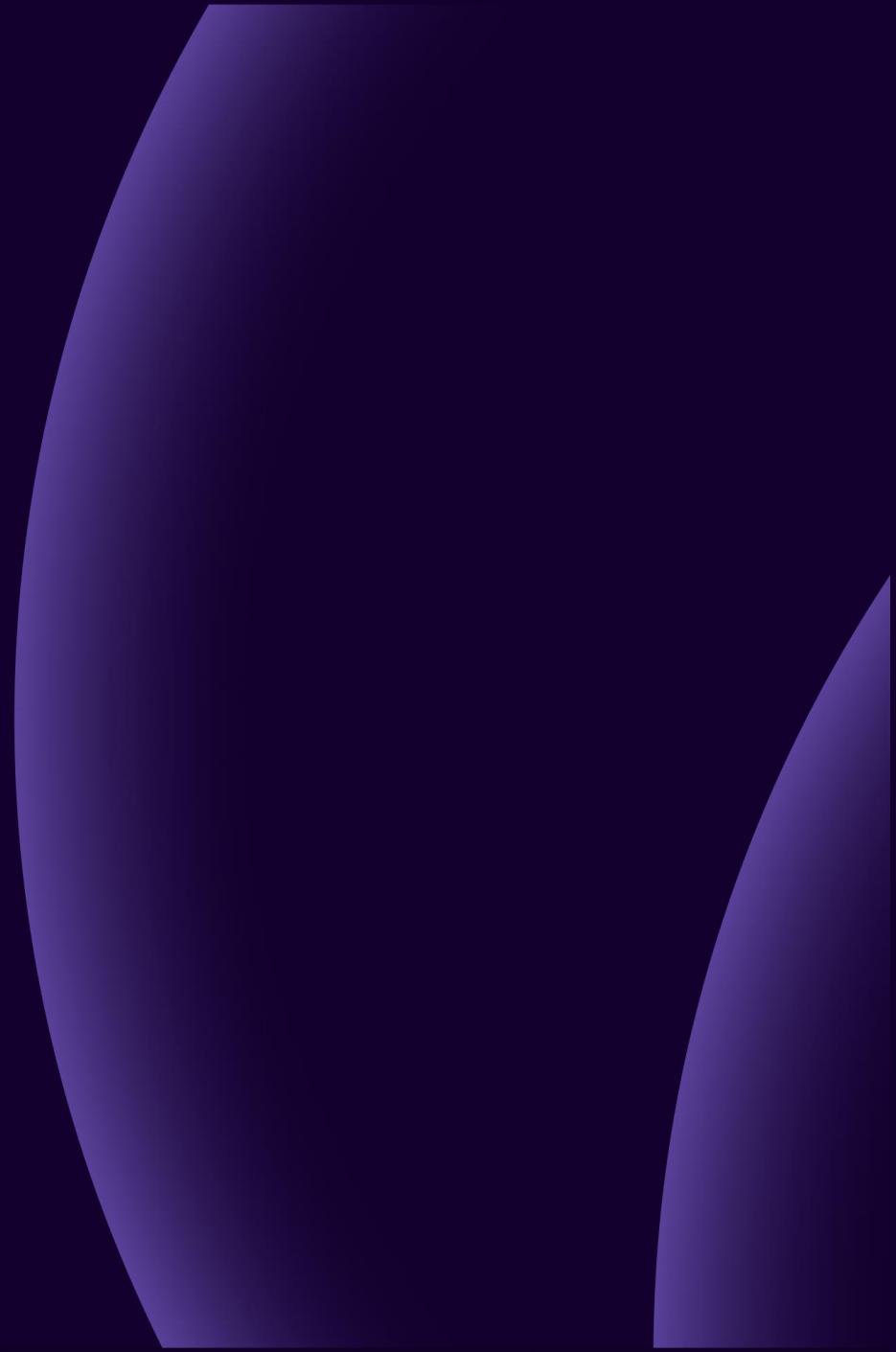
For long-term growth of the co-living sector, it is no longer sufficient to merely offer well-designed community spaces. Sustained facility maintenance and enhancement of resident-oriented services are becoming increasingly essential.

Innovative, tenant-centric services—such as AI-powered 24/7 chatbot support, smart home technology for improved daily convenience, and digital automation of lease processes—can significantly reinforce the value proposition of co-living and provide clear reasons for prospective tenants to choose it over traditional housing options.

As the co-living market continues to expand, such resident-focused services will serve as key differentiators for co-living brands.

They are expected to form a stable foundation for sustainable, long-term revenue generation.

APPENDIX



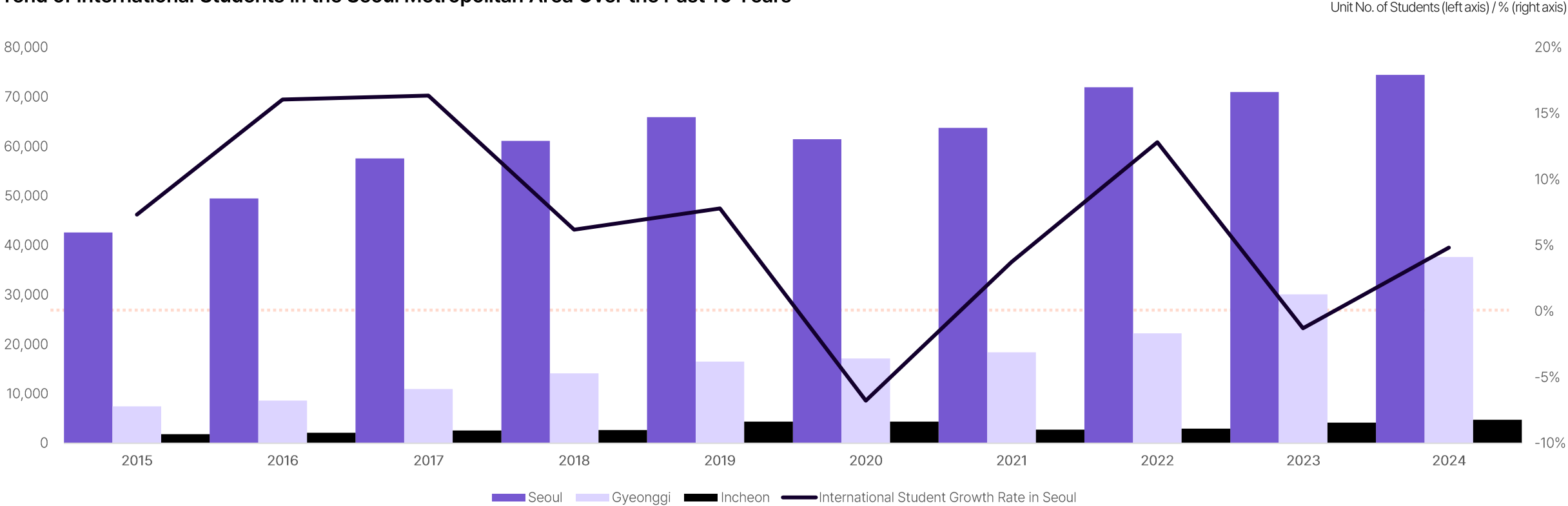
Trend of International Students in the Greater Seoul Area

International students represent a key demand group for co-living facilities. They typically reside in these units for as short as one semester, or for several years while continuing their studies. After graduation, they may also remain in Korea for employment, making them a potential long-term tenant segment for co-living properties.

In Seoul, the number of international students has steadily increased, except for temporary declines in 2020 and 2023. In 2024, the number rose by 4.8% y-o-y, reaching a record high of 74,000 students currently enrolled in Seoul. With the growing global popularity of K-Culture, the number of international students is expected to rise further. This trend underscores the need for an expanded supply of co-living units to meet future demand.

Notably, in 2024, both Gyeonggi Province and Incheon also recorded their highest-ever numbers of international students. In Gyeonggi Province alone, the student population increased by over 7,000 compared to the previous year, surpassing the increase observed in Seoul during the same period. This suggests strong potential for co-living expansion near major university clusters across the Greater Seoul Area, not just in Seoul but throughout the broader metropolitan region.

Trend of International Students in the Seoul Metropolitan Area Over the Past 10 Years



Source: Korean Educational Development Institute (KEDI)

Distribution of International Students in Seoul

As of 2024, Seodaemun-gu had the highest number of international students among all districts in Seoul. This is largely due to the concentration of major universities in the area, including Yonsei University, Ewha Womans University, and Myongji University.

The second-highest number of international students was observed in Seongbuk-gu, which is home to several prominent universities such as Korea University, Kookmin University, Seokyeong University, and Hansung University.

The distribution of international students by district and university in Seoul provides valuable insight into the demand for various types of student housing, including co-living facilities and dormitories.

This data can serve as a critical reference for establishing supply plans aligned with student housing needs.

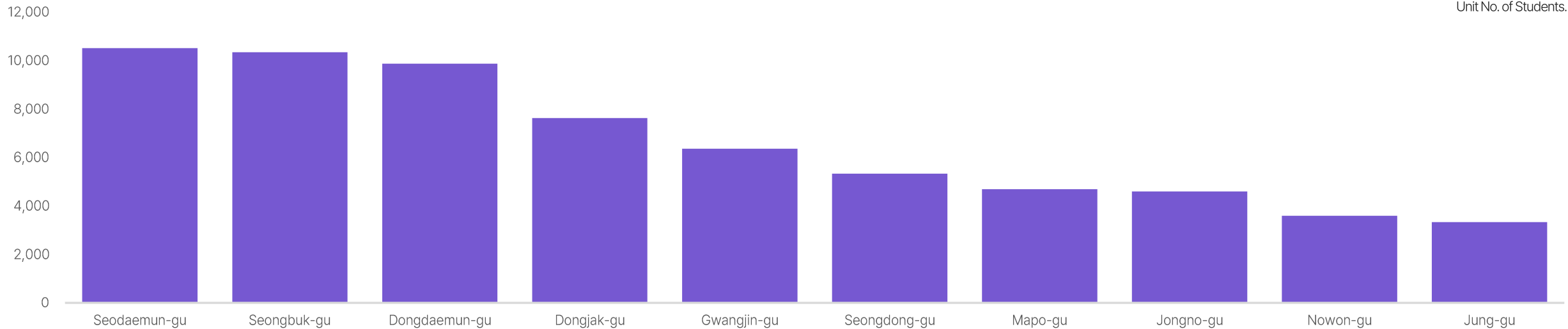
2024 Top 10 Universities in Seoul by Number of International Students

University	District	No. of International Students
Hanyang	Seongdong-gu	5,291
Kyunghee	Dongdaemun-gu	4,946
Korea	Seongbuk-gu	4,941
Yonsei	Seodaemun-gu	4,912
Chung-Ang	Dongjak-gu	4,490
Sungkyunkwan	Jongno-gu	3,969
Sejong	Gwangjin-gu	3,703
Hankuk University of Foreign Studies	Dongdaemun-gu	3,483
Dongguk	Jung-gu	3,327
Soongsil	Dongjak-gu	3,039

* Excluding cyber universities and Korea National Open University

Unit No. of Students.

2024 Top 10 Districts in Seoul by Number of International University Students



Source: Korean Educational Development Institute (KEDI)

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