

Intelligent Investment

2026 Korea Investor Intentions Survey

REPORT

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KOREA

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Executive Summary

CBRE conducted its 2026 Asia Pacific Investor Intentions Survey in November and December 2025. The survey gathered insights from 422 respondents across the region regarding their real estate investment outlook, key risks, preferred strategies, and sectors for the year ahead.

This report analyzes the views and outlook of the 77 Korean investors who participated in the survey, providing a comprehensive overview of the domestic commercial real estate market for 2026.

Despite sustained domestic and international challenges, Korean investors' purchasing intentions once again reached a record high this year. However, uncertainty surrounding the pace and direction of central bank interest rate cuts re-emerged as a significant risk. The price expectation gap between buyers and sellers, along with rising labor and construction costs, also continue to pose challenges.

In 2025, Korea's commercial real estate investment market achieved a historically high transaction volume of approximately KRW 34 trillion, primarily driven by improved borrowing conditions following interest rate cuts and the active participation of Strategic Investors (SIs). Considering this high-base and the impending end of accommodative monetary policy, CBRE expects Korea commercial real estate investment volume for 2026 to experience a mild downward adjustment, with a projected decline of 5-10% compared to the previous year.



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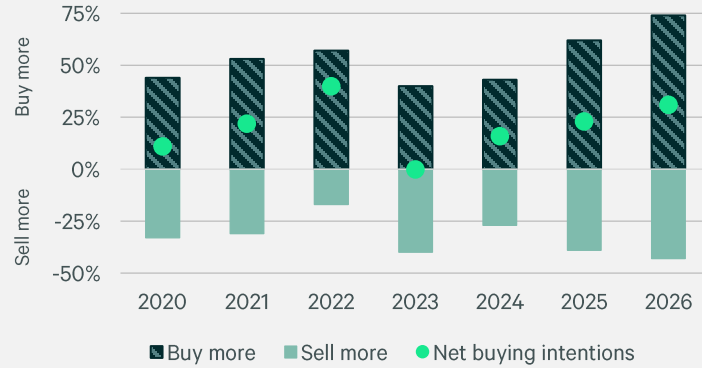
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2026 Korea Investor Intentions Survey

Investor Buying and Selling Intentions

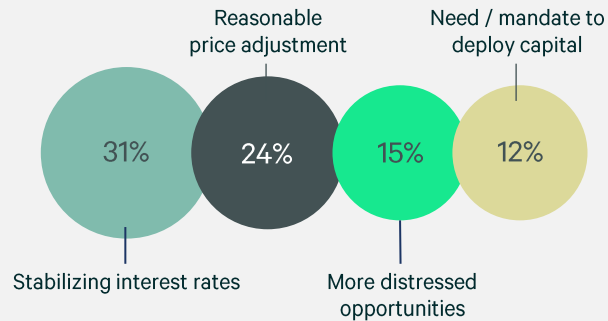
Korean investors' net buying intentions are 14%p higher than the Asia Pacific average.

Korea Investment Sentiment



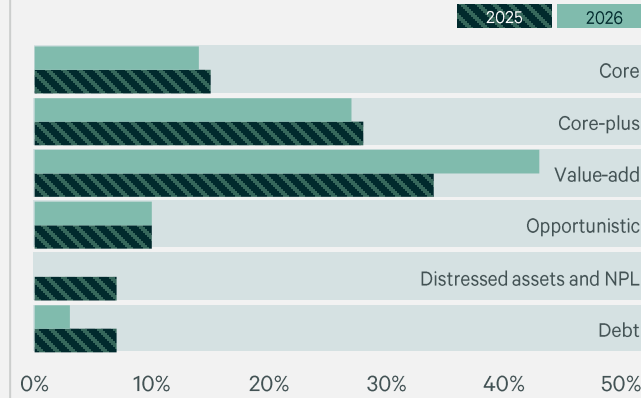
83% of Korean investors intend to increase their allocations to real estate in 2026

Key reasons:



Preferred Strategies and Sectors

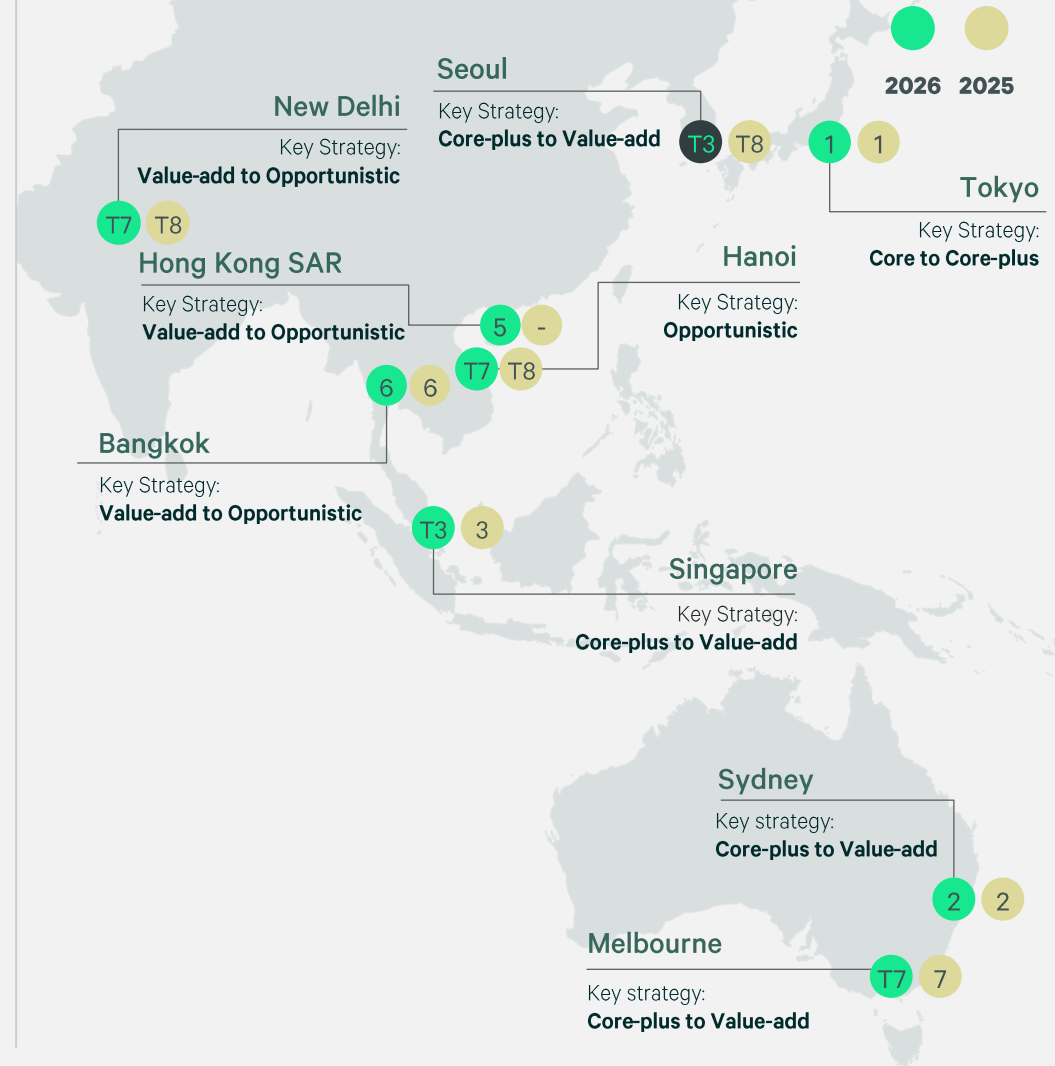
Value-add remains the most popular investment strategy for the third consecutive year.



Top Sectors for Investment



Preferred Destinations for Cross-Border Investment



Key findings

- 01 Commercial real estate investment activity in Korea is expected to remain robust in 2026, with the office sector continuing to lead market activity. However, due to the high-base effect resulting from 2025's record volume and the impending end of accommodative monetary policy, total transaction volume is projected to decline slightly compared to last year.
- 02 Approximately 83% of Korean respondents indicated they intend to increase their investment this year, reflecting a stronger proactive stance toward purchasing. However, this remains contingent upon a decline in borrowing costs following interest rate reductions, along with reasonable price adjustments implemented by vendors.
- 03 Investors identified central bank policy as the most significant challenge they expect to impact the domestic commercial real estate investment market this year. The disparity in price expectations between sellers and buyers, coupled with rising labor and construction costs, continue to pose headwinds alongside weakening leasing demand. Concerns regarding macroeconomic risks, such as inflation and exchange rate volatility, have also heightened.
- 04 While offices remain a traditional core asset class, their popularity continued to decline this year due to slowing leasing demand and oversupply concerns. Although prime logistics facilities remain keenly sought after, interest in alternative sectors such as hotels, data centers, and co-living properties has expanded significantly, driven by socio-structural changes in Korea.
- 05 Amidst a downward adjustment in investors' preferences for alternative sectors, interest in real estate debt and senior living—which previously generated overwhelming demand—recorded a decline this year. This shift reflects investors' rigorous reassessment of profitability in response to heightened operational risks.
- 06 Ongoing policy uncertainty and the dilution of interest rate reduction expectations are expected to keep yields for Grade A office and logistics assets stagnant in 2026. This year's market is projected to be characterised by selective investment in prime assets and greater sophistication of return structures rather than sharp price fluctuations.

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01

Investor Buying and Selling Intentions

Buying intentions hit new high; investment volume set to adjust

This year’s survey found 74% and 43% of respondents plan to expand their buying and selling activity, respectively. These figures represent increases of 12%p and 4%p from the previous year, once again reaching all-time highs and signaling a significant rebound in investment sentiment.

Net buying intentions rose by 8%p to 31%, solidifying Korea’s status as a dominant buy-side market and confirming robust investment demand. Buying competition and transaction activity for prime assets are expected to intensify further in the coming year.

Commercial real estate transaction volume reached approximately KRW 34 trillion in 2025, comfortably surpassing the previous record set in 2024. This figure far exceeds the KRW 21 trillion recorded in 2021 at the height of the low-interest-rate era, suggesting that market confidence in asset fundamentals and interest rate stabilization is driving activity even amidst high interest rates. SIs accounted for 36% of buying activity in the office sector—which represented over 70% of total transactions—acting as a key driver to strengthen the market’s structural resilience beyond the traditional dominance of asset management companies.

The high-base effect following 2025’s record-breaking surge in transactions, coupled with signals that Korea’s accommodative monetary policy will end, suggests that investment volume will experience a downward adjustment this year. Korea commercial real estate investment volume is projected to decline by approximately 5-10% y-o-y.

Figure 1: Purchasing and Selling Intentions

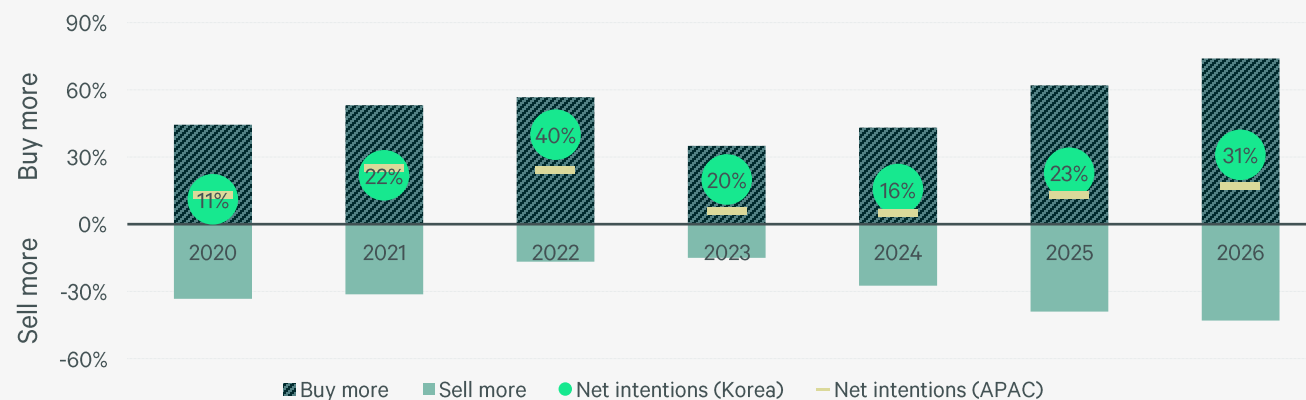
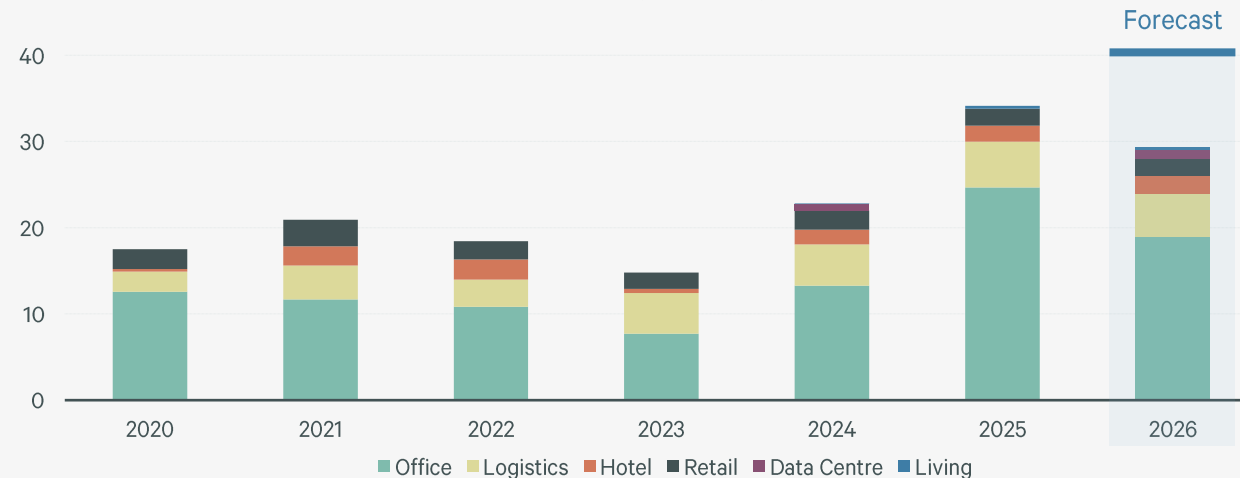


Figure 2: Annual Commercial Real Estate Transaction Volume (KRW Trillion)



Note: Includes transactions of KRW 10 billion or more located in Seoul & BBD (Office), Seoul (Retail, Hotel, Living), and Greater Seoul (Logistics, Data Centre). (Includes share deals).

Source: CBRE Research, March 2026.

Most investors intend to maintain purchasing activity

Korea commercial real estate investment activity is expected to remain robust in 2026, with 83% of respondents planning to increase their investment allocations. This represents a further rise from the previous year (79%), suggesting that most investors maintain a proactive stance toward acquisitions. Only 3% of respondents plan to reduce their investment volume.

Interest rate stabilization (31%) was identified as the top driver for investment activity, accompanied by a significant surge in profitability indicators, which saw a sharp increase in respondent share compared to the previous year. Specifically, expectations for potential rental growth reached 10%, a more than 5x increase from last year, reflecting confidence in capital appreciation. This indicates a shift in investors' focus toward securing real earnings through improved asset fundamentals, such as rent hikes, rather than simple financing cost reductions. Expectations for price adjustments (24%) outpaced interest in distressed asset opportunities (15%), suggesting that practical buying strategies centered on prime assets with reasonable pricing will dominate the market. Against this backdrop, this year will see an active investment market driven by high buying intentions and expectations for improved profitability.

Market restructuring is anticipated to accelerate, characterized by capital concentration in prime assets and selective price adjustments for less competitive properties.

Figure 3: Expected Changes in Commercial Real Estate Investment Weight

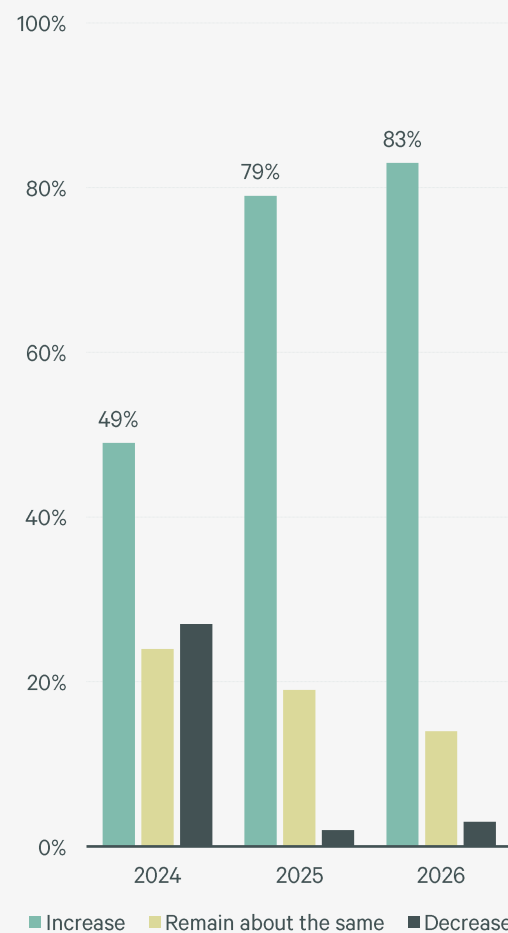
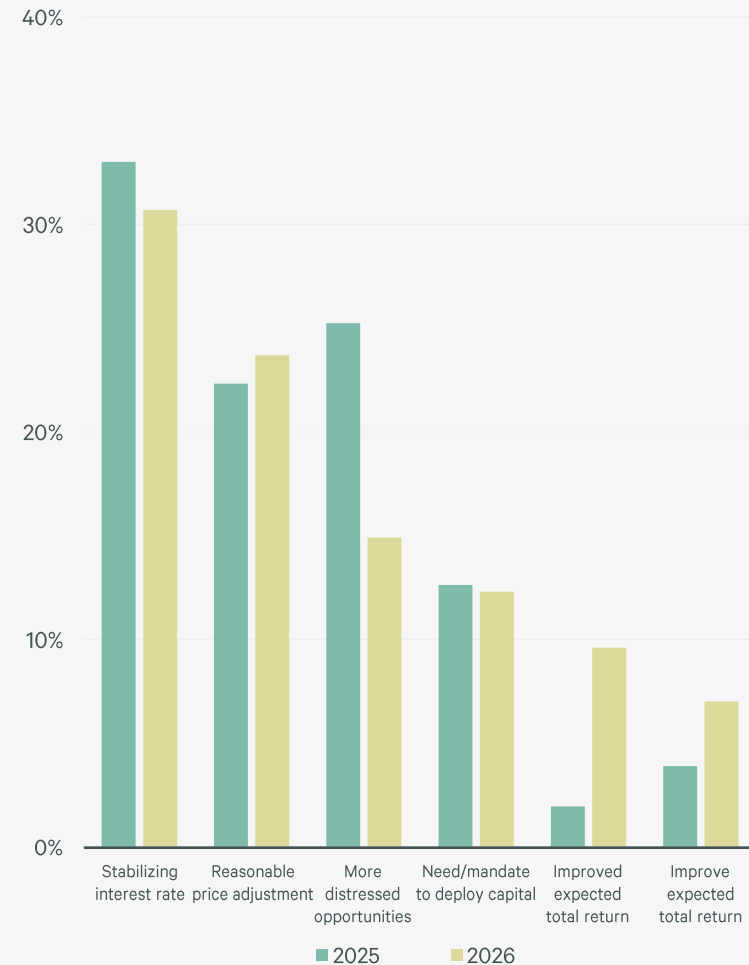


Figure 4: Key Drivers for Investment Expansion in 2026



Source: CBRE Research, March 2026.

Interest rate uncertainty re-emerges as biggest challenge

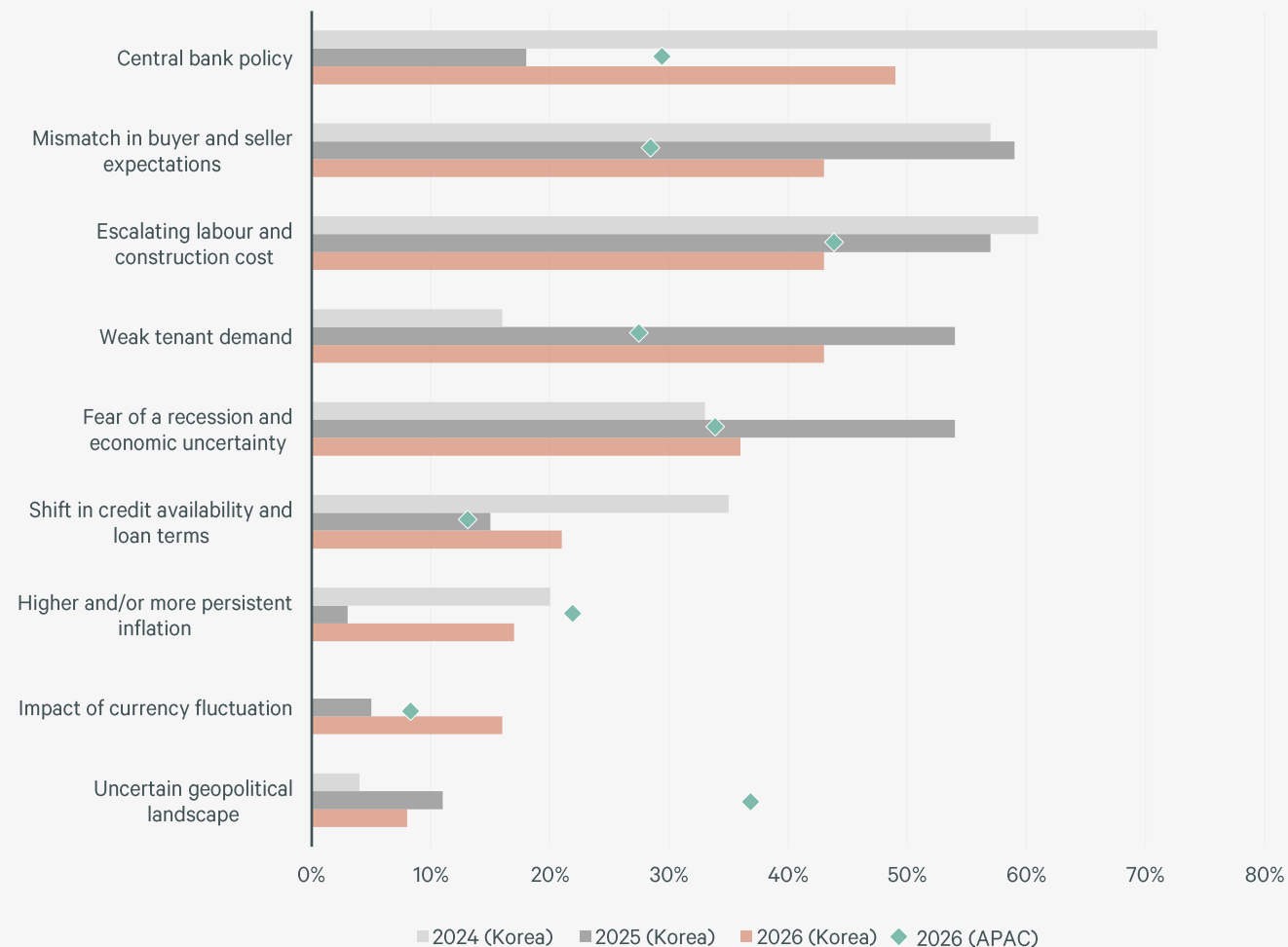
The focus of investors' risk management this year lies within macroeconomic and financial indicators. Domestic investors identified central bank policy as the most significant obstacle to investing in 2026, with uncertainty regarding the pace and direction of interest rate cuts re-emerging as the top priority.

In contrast to the price expectation gap and rising construction costs—which slightly eased compared to last year—macroeconomic and financial indicators were the only categories to see an increase in concern. Specifically, central bank policy (45%), persistent inflation (22%), leverage availability (21%), and exchange rate volatility (16%) all rose. This selective increase suggests that investors perceive macroeconomic uncertainty as a more substantial threat than simple market supply-demand imbalances.

Amidst heightened vigilance regarding financial risks, differing views on price peaks may prolong the time required for deal closing this year. If buying demand fails to meet target prices, vendors are expected to coordinate the timing of their exits through flexible strategies, such as extending fund maturities or pursuing recapitalizations.

While Asia Pacific investors identified geopolitical uncertainty as their biggest challenge this year, only 8% of Korean respondents agreed, highlighting different risk perceptions. Having weathered various external shocks and geopolitical crises in the past, investors are cognizant of the fact that the market has proven to be more sensitive to macroeconomic crises and capital market volatility rather than being directly impacted by geopolitical issues.

Figure 5: Major Challenges for Real Estate Investment



Source: 2026 Asia Pacific Investor Intentions Survey, CBRE Research, March 2026.

Investors more concerned about strict loan review criteria

Despite concerns regarding the volatility of financial indicators and central bank policy, the overall funding environment in Korea has improved significantly compared to last year. The proportion of respondents citing rising interest costs on new loans and refinancing risks due to declining asset values—factors that previously acted as major market risks—dropped by half in this year’s survey, indicating that much of the rigidity in the funding market has eased. However, uncertainty regarding the direction of interest rates remains the primary constraint.

While expectations for a less restrictive funding environment are growing, investors’ concerns regarding strict loan reviews by lenders increased sharply compared to last year. Although [CBRE’s 2025 Korea Lender Intentions Survey](#) found lenders are expected to seek more active lending opportunities, investors anticipate that lenders will intensify their selective approach, scrutinizing asset quality, location, and tenant creditworthiness more closely during the review process. This shift appears to stem from lenders’ plans to adopt more sophisticated and selective liquidity supply strategies to manage asset soundness, such as rising delinquency rates, despite their aggressive investment appetite.

Domestic investors identified lenders’ perspective and stringent review stance as a more significant variable this year than the uncertainty surrounding asset profitability or fundamentals. Presenting sophisticated investment strategies and robust data to persuade lenders is therefore expected to become a core competitive advantage for securing smooth funding in future.

Figure 6: Major Challenges When Sourcing Debt for Real Estate Investment

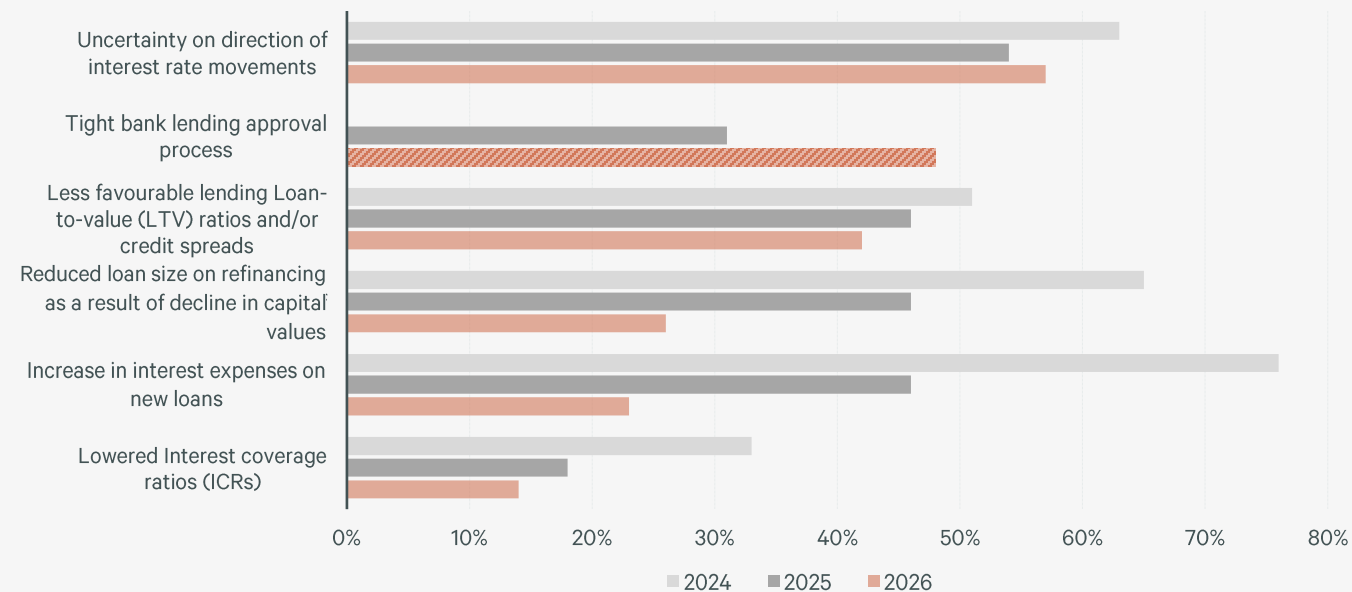


Figure 7: Lenders’ Credit Underwriting Outlook for 2026

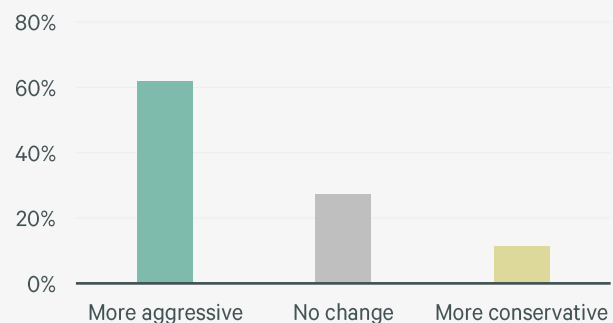
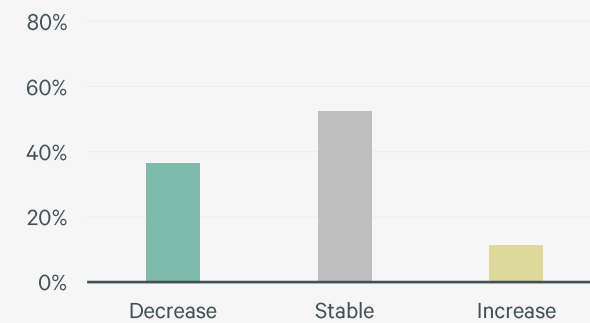


Figure 8: Lenders’ Loan Delinquency Rate Outlook for 2026



Source: 2025 Korea Lender Survey, CBRE Research, March 2026.

Interest rates expected to remain above market expectations

Reflecting investors' concerns regarding central bank policy, the Bank of Korea's (BoK) monetary policy in 2026 is expected to maintain an accommodative stance but take a more cautious and conservative approach toward the pace of cuts than the market expects.

According to the survey, 96% of respondents anticipate that interest rates have peaked and will stabilize with a slight downward trend. Expectations for a mild cut of less than 50bps (40%) and a freeze (38%) constitute the dominant views. Rather than a sharp pivot, a gradual adjustment or an extension of the tightening cycle is considered more likely, given household debt risk and real estate market volatility.

Considering the survey was conducted late last year, the outlook for rate cuts at that time may not have fully captured current macroeconomic variables. Recent surges in oil prices and inflationary pressures driven by expanding geopolitical risks are contributing to elevated volatility in the domestic exchange rate and interest rate path. In response, the BoK has retained a cautious stance—maintaining a freeze for six consecutive sessions—while balancing price stability and economic recovery against the constraints of household debt and property market fluctuations.

Increased volatility in interest rate trends may heighten uncertainty toward refinancing and new acquisition terms for investors who had anticipated a visible decline in borrowing costs. This, in turn, could serve as a practical constraint, limiting market liquidity and transaction activity.

Figure 9: Expected Direction of Central Bank Policy Rates in 2025

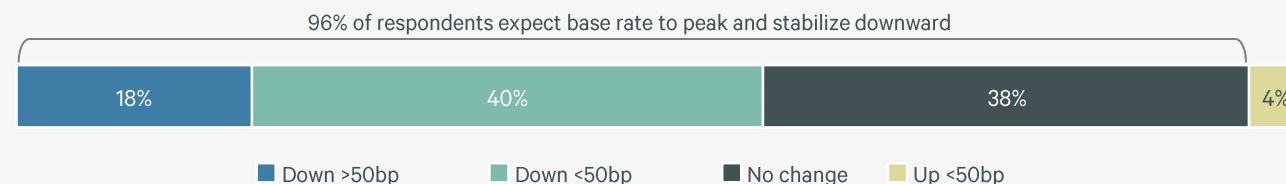
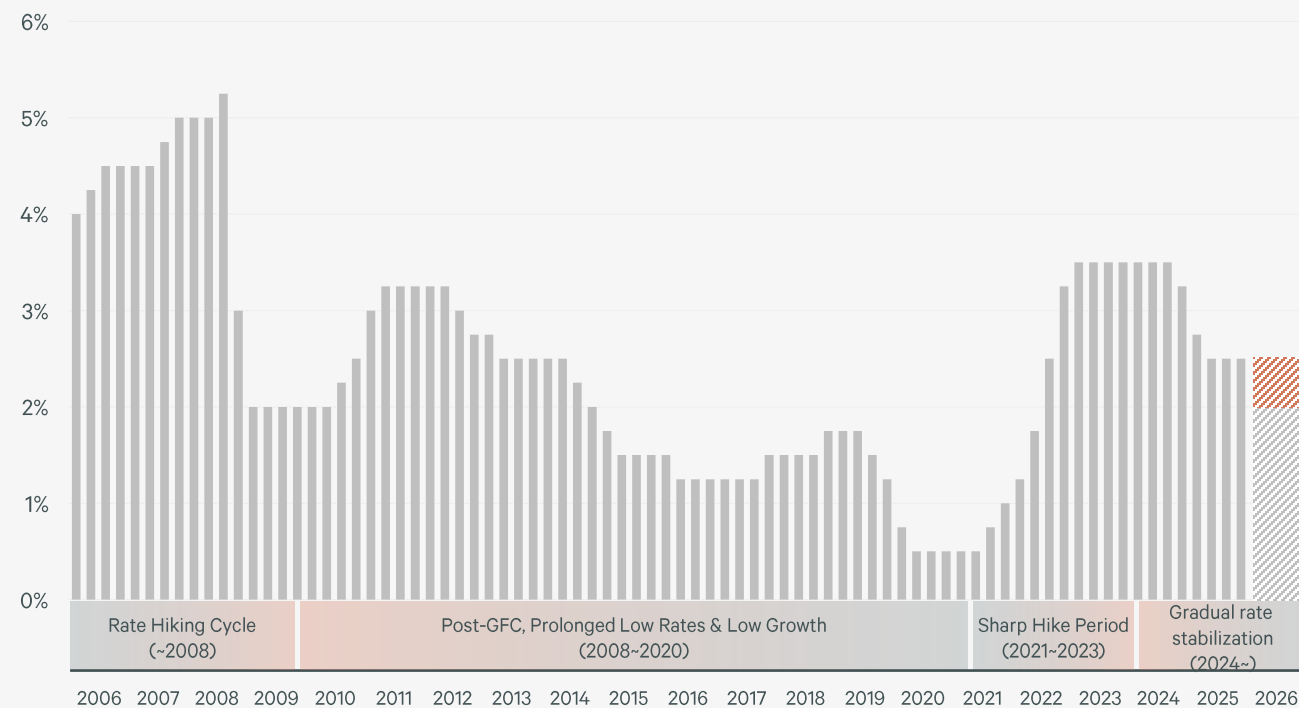


Figure 10: Base Interest Rate Trend (2006-2026F)



Source: CBRE Research, March 2026.

02

Preferred Investment Strategies and Sectors

Expansion of value-add strategies and portfolio rebalancing

When asked about preferred investment strategies this year, domestic investors are increasingly favoring value-add strategies to maximize returns through proactive asset appreciation. The proportion of respondents naming value-add as their preferred strategy reached 43% this year, marking a significant and continuous rise. Conversely, interest in real estate debt and distressed asset strategies, which typically garner more attention during economic downturns, somewhat contracted.

In terms of asset class preferences, the popularity of the office sector—traditionally a core investment product—continued to decline, falling to 27%. This represents a sharp drop to less than half the level recorded in 2023, as concerns over peak rents, slowing leasing demand, and looming large-scale new supply exert downward pressure on investment sentiment. In contrast, logistics facilities maintained a 25% preference, demonstrating robust demand supported by a stabilizing leasing market as supply-demand imbalances ease, alongside expectations for new domestic blind funds.

Investors are increasingly diversifying their portfolios in response to socio-structural changes and industrial growth potential, leading to a meaningful expansion in allocations to alternative sectors. To overcome stagnant returns in traditional assets, investors are turning toward new asset classes with higher growth potential to mitigate risk and secure additional revenue streams. Data centers have rapidly emerged as a major investment sector following offices and logistics, recording a 22% preference, while hotels have shown a steady upward trend driven by a clear recovery in tourism. Interest in co-living assets is also increasing, particularly in development projects, despite ongoing policy-related uncertainty.¹

Figure 11: Preferred Investment Strategies Among Domestic Investors

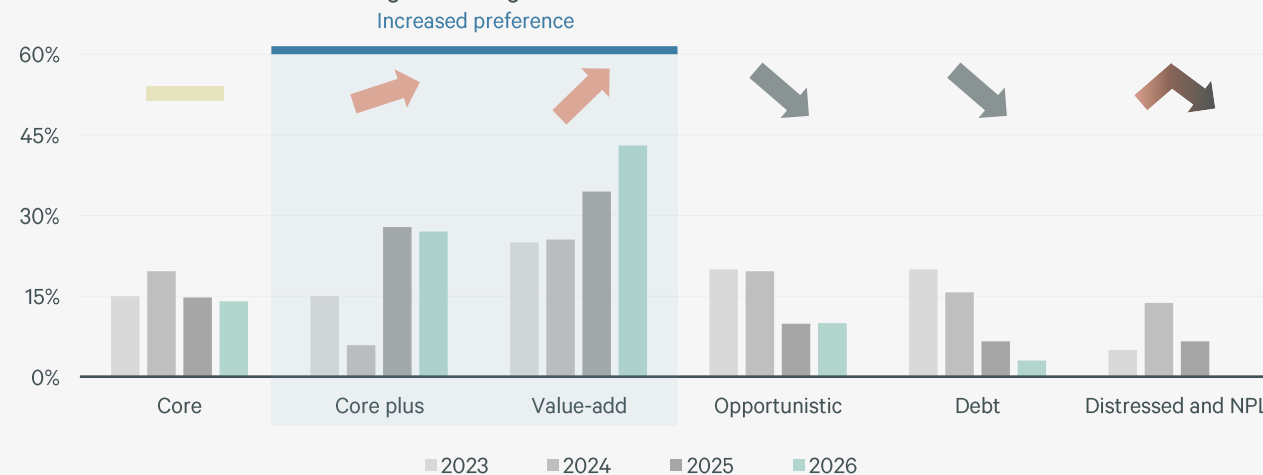
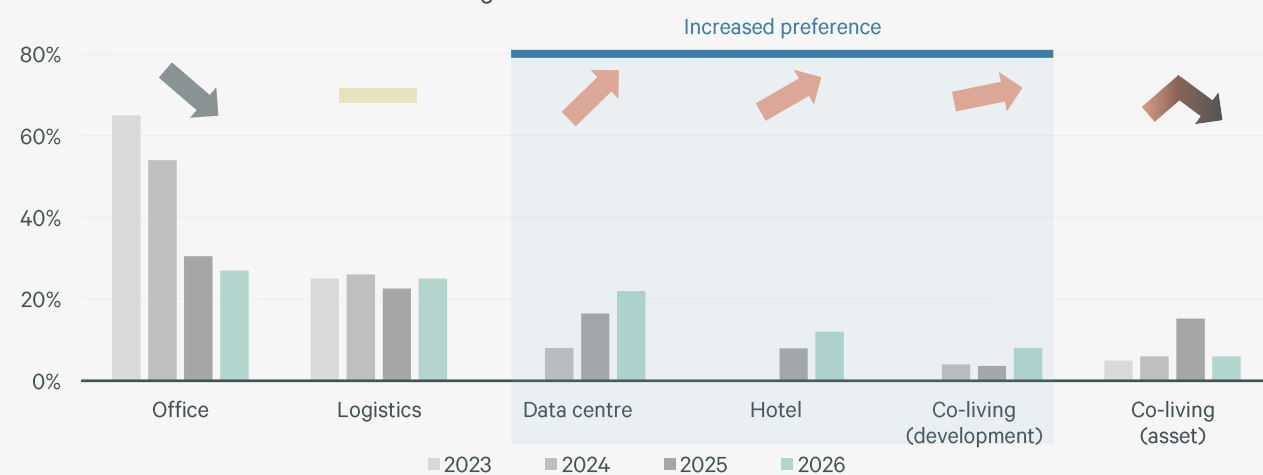


Figure 12: Preferred Investment Sectors Among Domestic Investors



Source: CBRE Research, March 2026.

Broad-based decline in interest for alternative sectors

In contrast to the portfolio diversification movement toward specific sectors such as data centres and hotels observed in this year's survey, domestic investors' overall preference for alternative investment sectors has weakened. This trend is being observed across Asia Pacific, suggesting that investors are adopting a cautious stance, favoring conservative portfolio management centered on proven assets amidst an uncertain market environment.

While real estate debt and senior living—sectors that previously were keenly sought after by domestic investors—remain in the top tier, they recorded sharp declines of 13%p and 19%p, respectively, compared to last year. This shift suggests that investors are now reassessing profitability based on actual operational risks, moving away from previous investment decisions driven solely by macro themes such as high interest rates and demographic shifts. Preference for life sciences and personal storage facilities also fell into the single digits this year, moving further away from domestic investors' primary interests.

CBRE expects the Korean commercial real estate market to witness a more rigorous selection process for alternative sectors in 2026, contrasting with the recovery of traditional assets. Rather than relying on the simple growth potential of emerging asset classes, investors are likely to closely scrutinize actual profitability and risk, selectively considering assets with clear exit visibility. This is expected to further intensify the polarization between assets and markets within the alternative investment landscape.

Figure 13: Preference for Korea Alternative Sectors in 2026

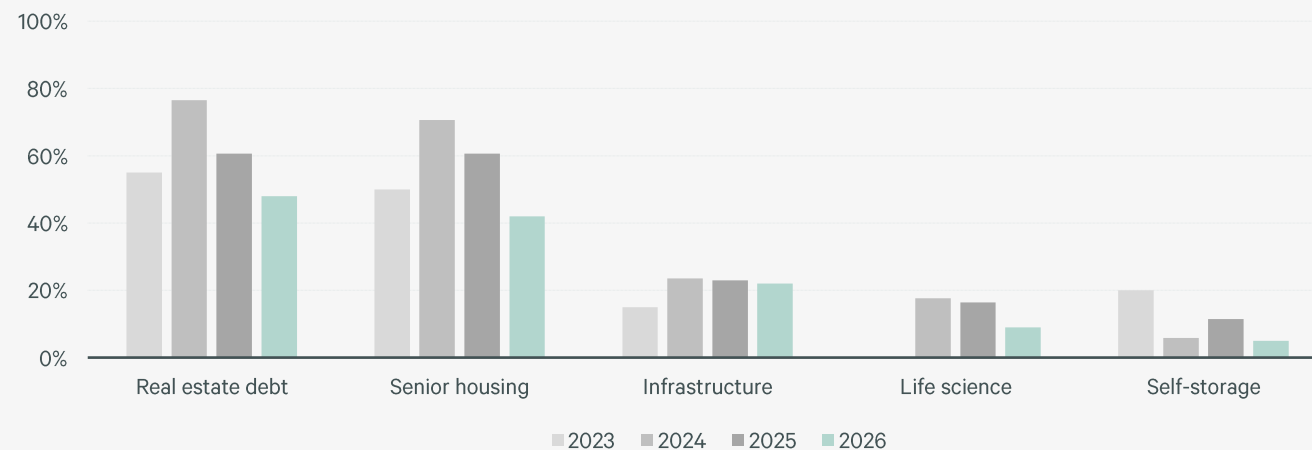
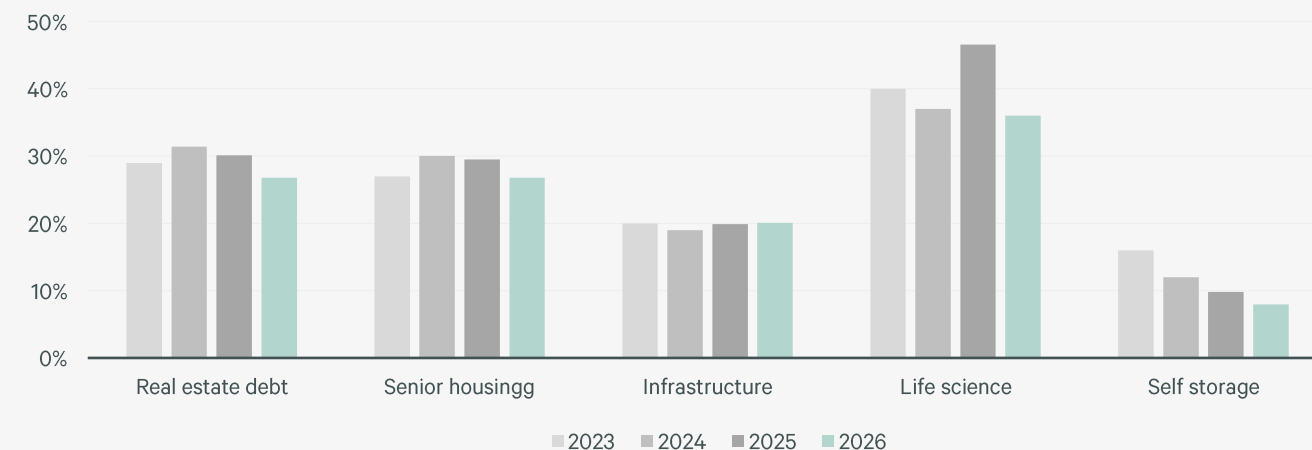


Figure 14: Preference for Asia Pacific Alternative Sectors in 2026



Source: CBRE Research, March 2026.

Widespread expectations for price increases, led by data centers

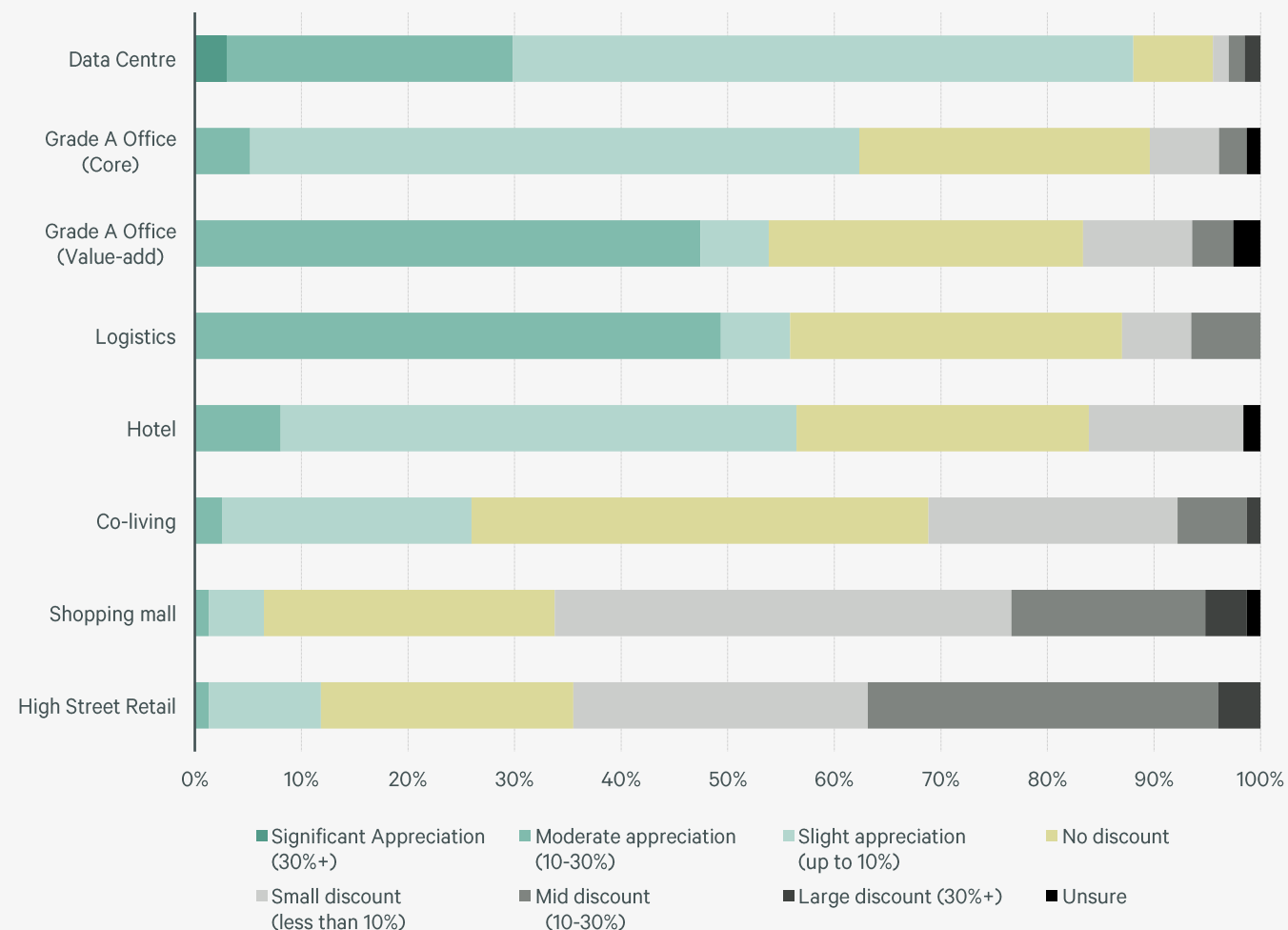
In 2026, domestic investors expect distinct price appreciation for assets with proven growth potential, particularly offices and logistics. More than half of respondents forecast that prices for major sectors, except for retail, will rise this year. The strategic value of data centers driven by the expansion of the AI industry has significantly influenced valuation outlooks, with 88% of respondents anticipating price increases—the steepest upward trend across all asset classes.

Expectations for aggressive price appreciation in the office sector are centered on value-add strategies. Approximately 54% of respondents expect price increases for value-add assets, with a majority anticipating significant gains of 10% to 30% or more, highlighting the focus on maximizing value through asset enhancement. Core offices also demonstrated strong downward rigidity, with 90% of respondents indicating that prices would either rise or remain at current levels.

The logistics sector shows a recovery in sentiment, overcoming previous concerns regarding a market downturn. 56% of respondents forecast an increase in asset prices, with a high proportion expecting a rebound of 10% to 30%. This is interpreted as a reflection of stabilized supply and demand, alongside expectations for rent growth as the oversupply issue gradually eases and the e-commerce market continues to expand.

For hotels, which have seen increased transaction activity following a demand recovery, and co-living, which is emerging as a new residential format for the younger generation, more than two-thirds of respondents anticipate stable asset value formation based on robust operating income.

Figure 15: Investor Expectations for Price Adjustments by Sector in 2026



Source: CBRE Research, March 2026.

Yields enter phase of downward stabilization

In 2026, widespread expectations for asset price appreciation among domestic investors are expected to lead to the downward stabilization of yields (cap rates), subsequently driving asset value revaluations. According to CBRE Research yield tracking and internal expert analysis, perceived yield trends across all sectors have recently shifted downward, signaling anticipated growth in asset values.

Offices continue to maintain the lowest yield levels with the most limited adjustments despite interest rate fluctuations. While logistics and hotels form higher yields compared to offices, a revaluation of asset values is expected as the upper limit of required yields declines due to easing risk perceptions. For data centers—where investor expectations for capital appreciation were most prominent—yields are projected in the mid-5% range, establishing them as a stable investment destination.

The BoK is expected to remain cautious, maintaining current interest rates for an extended period to manage financial stability risks like household debt and Middle East tensions. Contrary to easing expectations, this suggests a potential higher-for-longer plateau. Consequently, 2026 will likely see selective yield declines amidst overall stability, with the market focusing on prime assets and sophisticated return structures rather than sharp price fluctuations.

While interest rate cuts in 2025 drove investment, this year is expected to see selective yield declines amidst overall stability, aligned with a conservative monetary policy. Rather than experiencing sharp price fluctuations, the market is therefore projected to see investment in prime assets and greater sophistication of return structure.

Figure 16: Grade A Office and Logistics Yield Trends

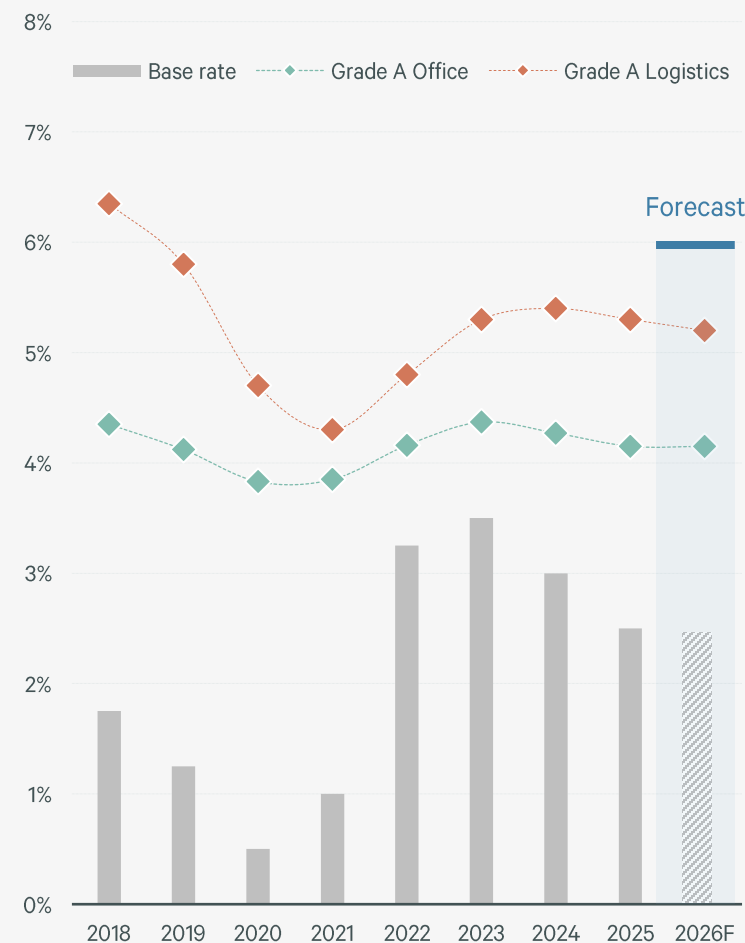
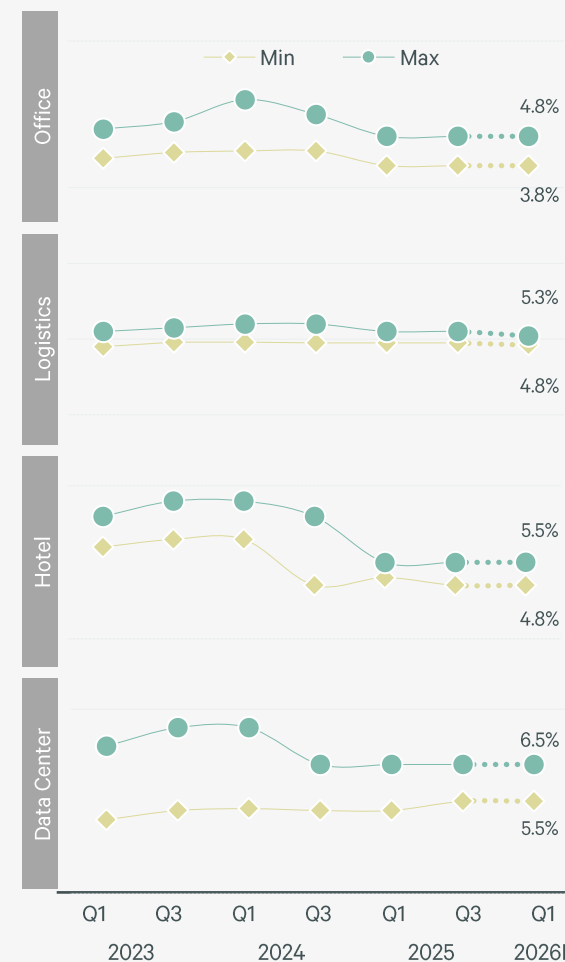


Figure 17: Yield Outlook by Sector



Source: Asia Pacific Cap Rate Survey, CBRE Research, March 2026.

03

Sector Outlook

Office investment shifts toward larger prime assets

As previously noted in the sector preference survey, interest in office—the traditional core asset—remained at a modest 27%, continuing a downward trend. However, in contrast to this cooling sentiment, the office sector firmly maintains its status as the most preferred asset and the undisputed leading sector within the domestic commercial real estate market.

This resilience is underpinned by a distinct trend toward qualitative expansion and larger-scale assets currently observed in the office transaction market. CBRE’s analysis of office deal sizes and prices from 2021 to 2025 reveals that while the number of transactions remained stagnant—decreasing from 139 deals in 2021 to 131 deals in 2025—the average transaction price per deal more than doubled during the same period, rising from approximately KRW 84 billion to KRW 188 billion. The average deal size reached approximately 23,000 sq. m., confirming the ongoing shift toward larger-scale assets.

This phenomenon is analyzed as a result of "selection and concentration," where market liquidity gravitates toward proven properties. Driven by robust demand for prime office assets that command high tenant preference and rent premiums, the market in 2026 is projected to sustain a solid investment volume. This will be characterized by a phase of qualitative growth, led by the revaluation of individual assets and expanding deal sizes per transactions, rather than a quantitative surge in the number of transactions.

Figure 18: Average Transaction Price per Office Deal

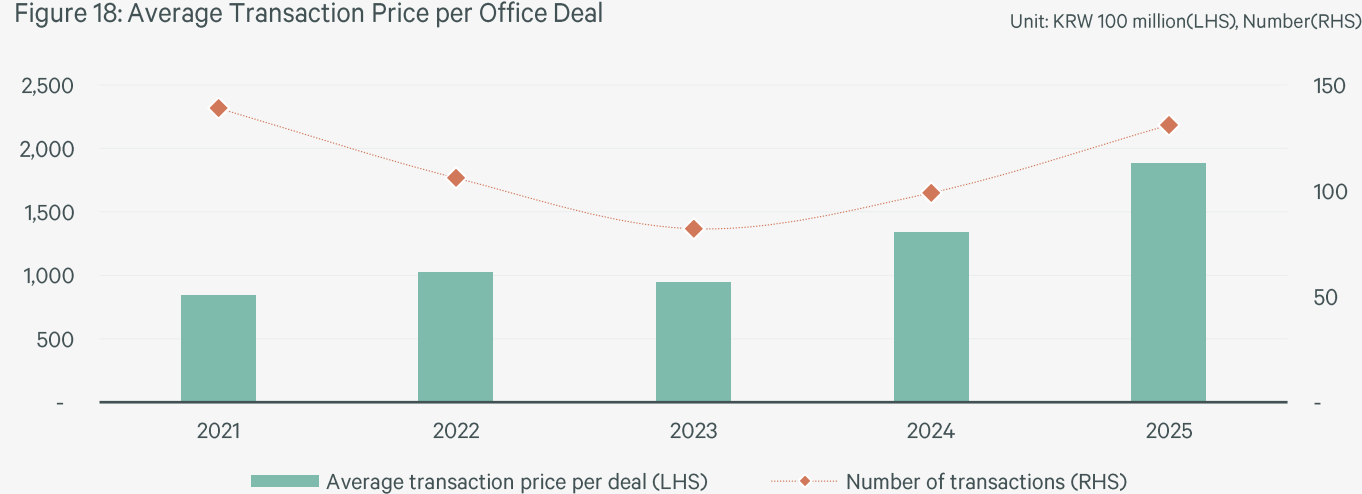
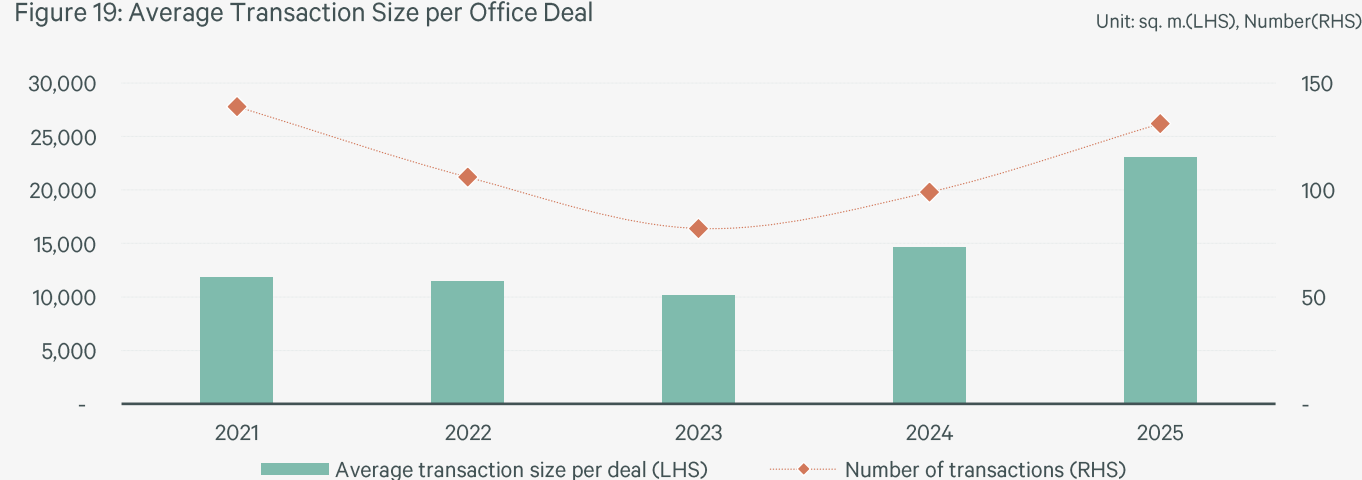


Figure 19: Average Transaction Size per Office Deal



Note: Includes transactions of KRW 10 billion or more located in Seoul and Bundang Business District (BBD). (Includes share deals).

Source: CBRE Research, March 2026.

Office

Logistics

Data Centers

Hotel

Co-living

CBD leads in volume; GBD sets price premiums

CBRE’s analysis of 2025 office transactions by district reveals a distinct polarization between transaction volume and asset pricing. While the CBD recorded the highest transaction volume of any district at approximately KRW 8.5 trillion, its unit price remained in the early KRW 30 million per pyeong range, lower than the GBD. In contrast, while the GBD’s transaction volume trailed behind the CBD, its unit price reached the early KRW 40 million per pyeong range—the highest across all districts—solidifying its status as a premium asset hub. The BBD also maintained its position as a major district with a transaction volume of KRW 3.1 trillion and unit prices in the early KRW 20 million per pyeong range.

This regional concentration is even more pronounced in deals involving SIs. While SI activity was concentrated within the three major business districts, the YBD saw no SI participation, indicating its exclusion from their preferences. In the GBD—which already boasts the highest unit prices—deals involving SIs pushed pricing even higher. This suggests that investors with significant capital are willing to pay an additional premium to secure core assets in already established prime locations.

This trend is expected to accelerate in 2026. Amidst persistent domestic and international uncertainty, the selective deployment of institutional capital is likely to result in investment being concentrated on proven prime assets within the three major districts. As the market increasingly becomes driven by SIs, the upward standardization of unit prices is expected to emerge as a key market indicator.

Figure 20: Major Office transaction volume and Price per Pyeong in 2025

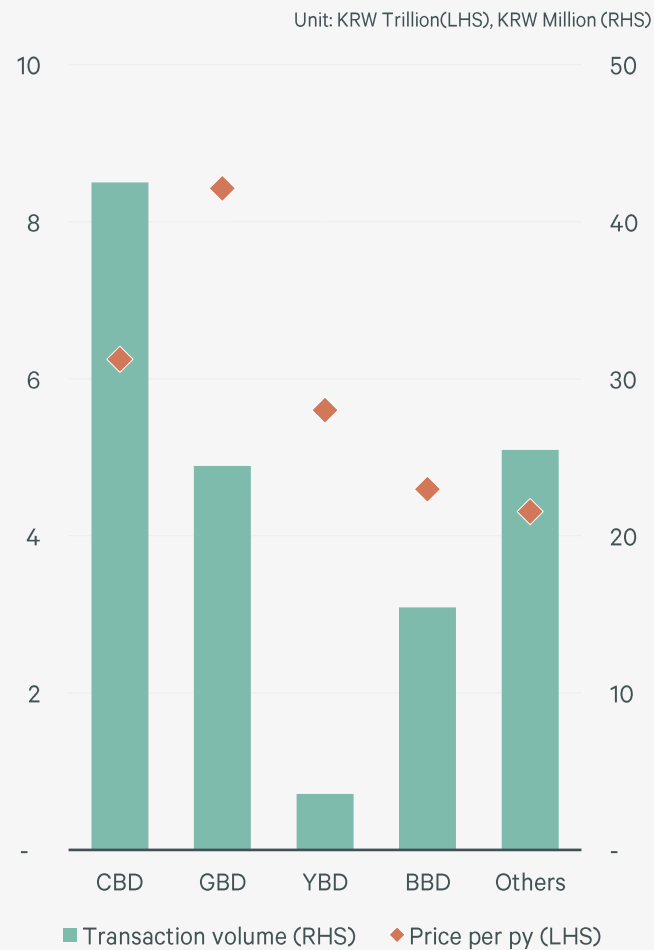
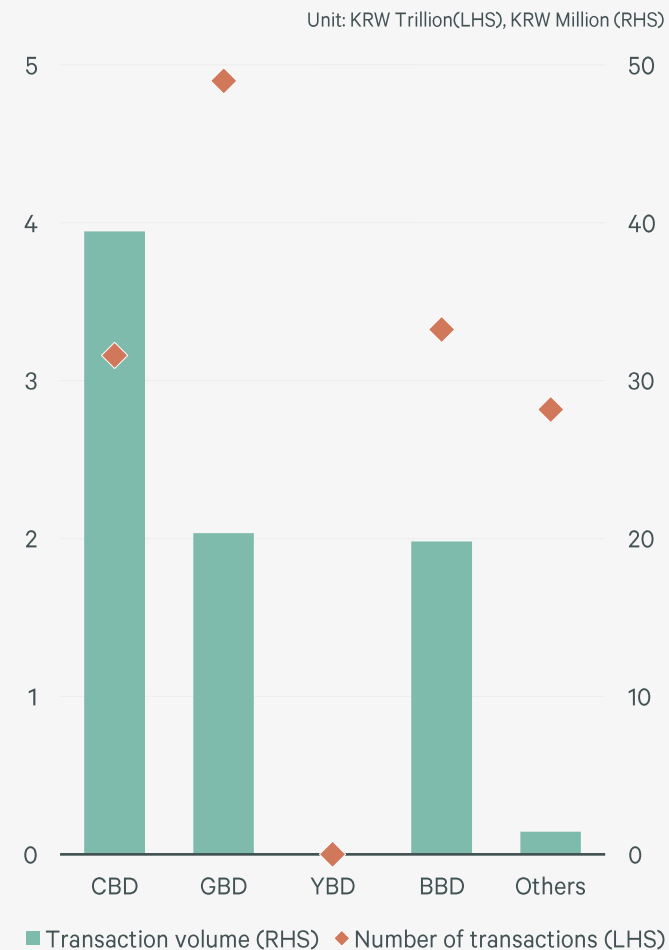


Figure 21: SI Involved Deals: Transaction Volume and Price per Pyeong



Source: CBRE Research, March 2026.

Foreign capital continues to drive Greater Seoul logistics investment

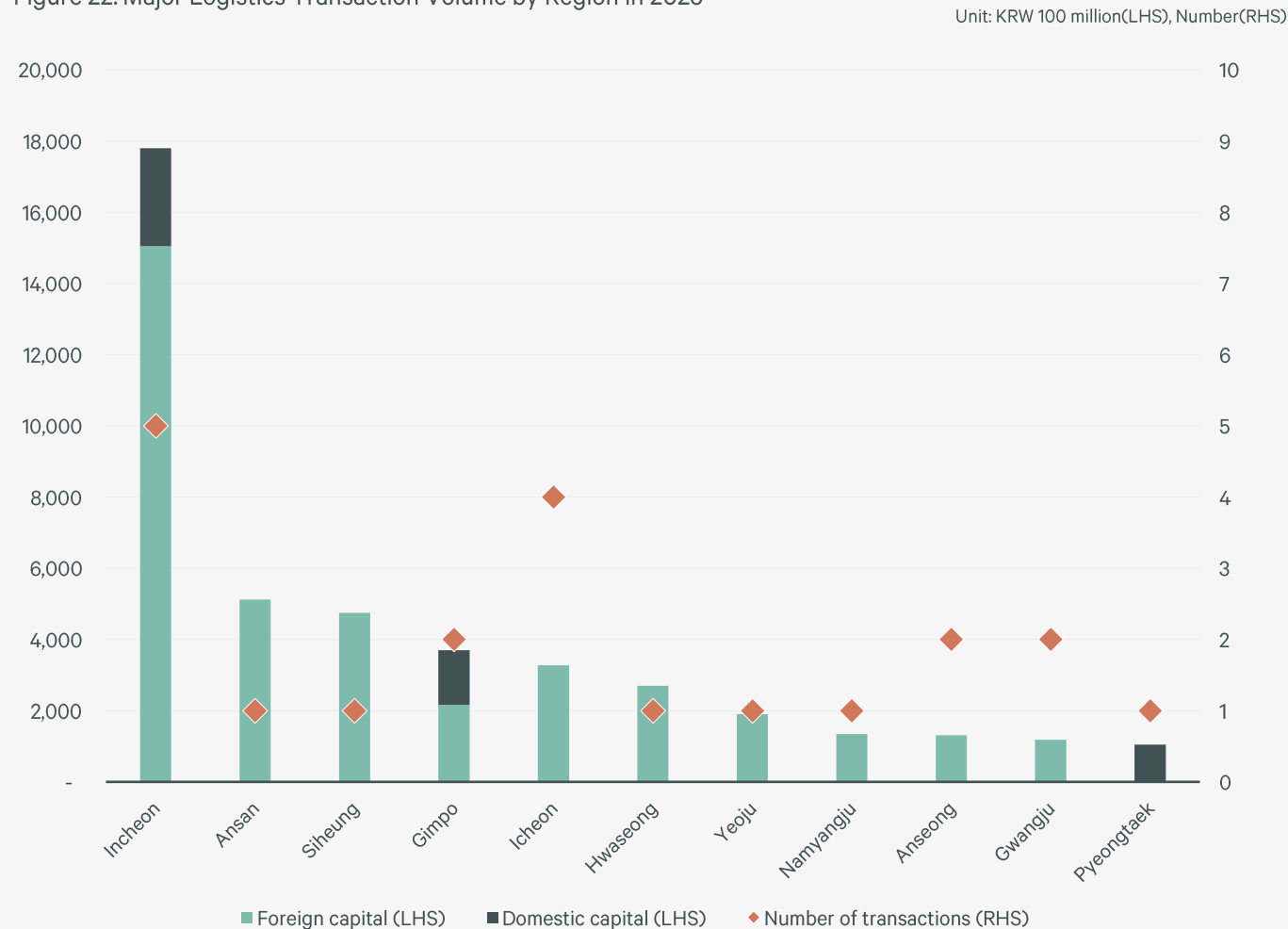
CBRE's analysis of 21 logistics transactions exceeding KRW 50 billion completed in 2025 reveals that foreign investors remain the primary drivers of the Greater Seoul logistics market. Out of a total transaction volume of approximately KRW 4.4 trillion, foreign capital accounted for about 88%, or KRW 3.9 trillion.

By district, Incheon ranked first with KRW 1.8 trillion across five deals, while other major logistics hubs such as Ansan, Siheung, Icheon, and Hwaseong saw significant participation from foreign investors. In contrast, sole participation by domestic capital was limited to only one transaction in Pyeongtaek.

In 2026, foreign institutional investors are expected to continue their selective participation in large-scale deals within core logistics districts in Greater Seoul. Preference for close-proximity areas capable of last-mile delivery is likely to strengthen further, alongside expanding demand for large-scale logistics centers that can serve as regional hubs.

Assets that satisfy both accessibility and scale are highly likely to receive intensive focus from foreign institutional investors. Consequently, the market will continue to be driven by foreign-led large-scale deals for the time being.

Figure 22: Major Logistics Transaction Volume by Region in 2025



Note: Based on 21 transactions of KRW 50 billion or more closed in 2025.

Source: CBRE Research, March 2026.

- Office
- Logistics**
- Data Centers
- Hotel
- Co-living

Logistics deal size trends up amidst stagnant frequency

CBRE’s analysis of transaction price and deal size in the Korea logistics investment market from 2021 to 2025 reveals a pattern of both quantitative and qualitative expansion. Unlike the office sector, the logistics market is experiencing a gradual recovery in transaction frequency alongside simultaneous growth in individual deal sizes.

An analysis of transaction trends from 2022 to 2025 reveals that while annual deal volume has moved largely sideways — ranging from 24 transactions in 2022 to a peak of 37 in 2024 before returning to 24 in 2025 — average deal size and transaction area expanded by approximately 82% and 112%, respectively, over the same period. In 2025, average transaction value and area reached approximately KRW 188 billion and 27,820 pyeong (91,967 sqm), both the highest on record, even as deal count declined year-on-year. This divergence between volume and scale suggests that individual deal size and asset quality have increasingly displaced transaction frequency as the primary drivers of market growth, a trend that is likely to accelerate value polarisation between institutional-grade assets and secondary stock going forward.

In 2026, investor demand is projected to remain robust, fueled by the steady growth of the e-commerce and 3PL markets. While upward pressure on pricing for prime assets persists, a market restructuring centered on large-scale deals is expected to drive expansion in both number of transactions and volume. Consequently, the 2026 logistics market will see a more established structure where market competitiveness is defined by the qualitative level and scale of individual deals, rather than a mere competition over the frequency of transactions.

Figure 23: Average Transaction Price per Logistics Deal

Unit: KRW 100 million(LHS), Number(RHS)

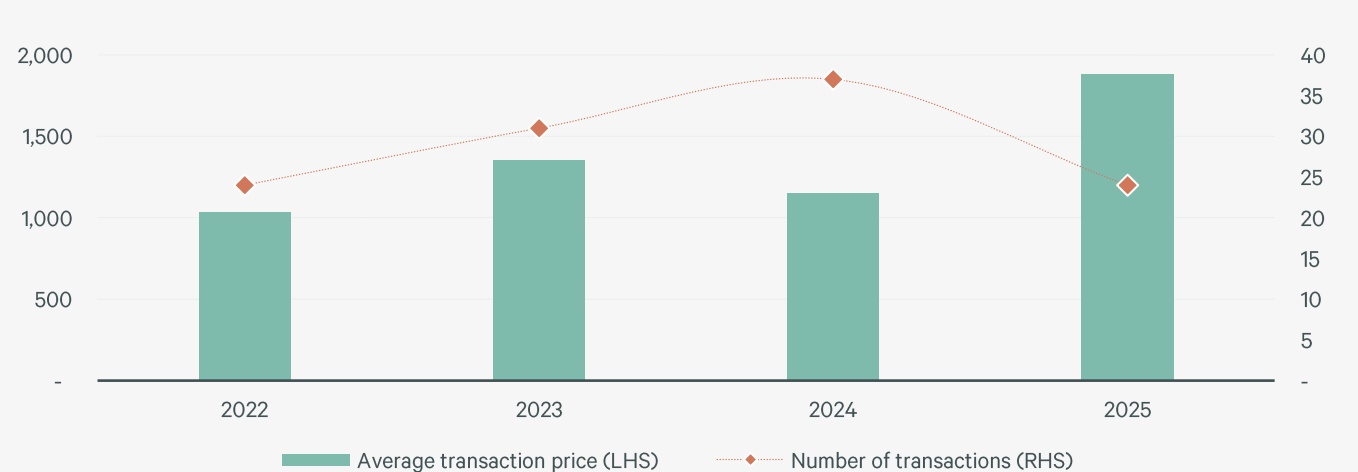
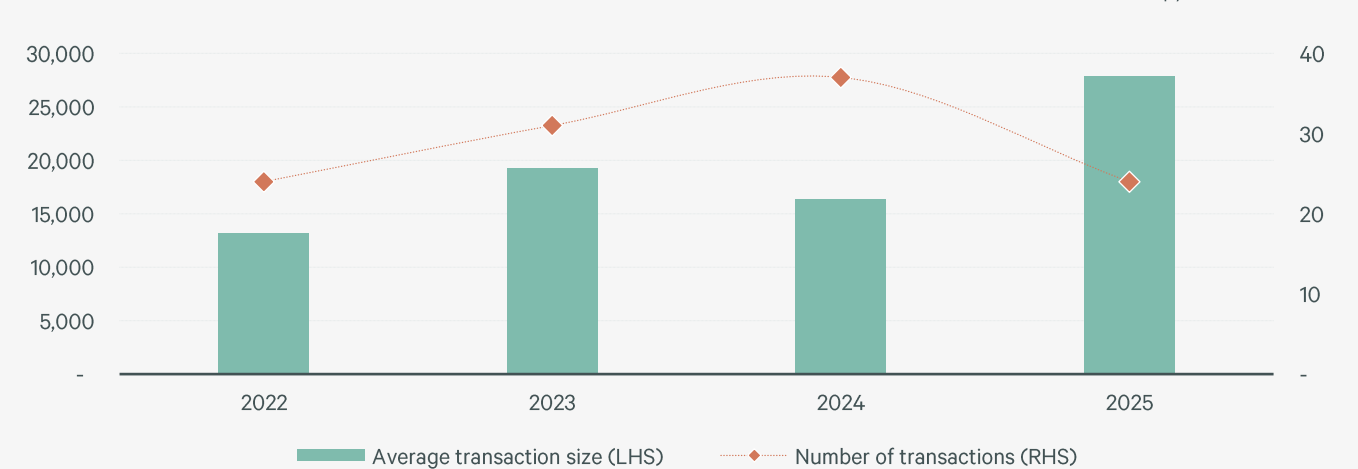


Figure 24: Average Transaction Size per Logistics Deal

Unit: py(LHS), Number(RHS)



Source: CBRE Research, March 2026.

Office

Logistics

Data Centers

Hotel

Co-living

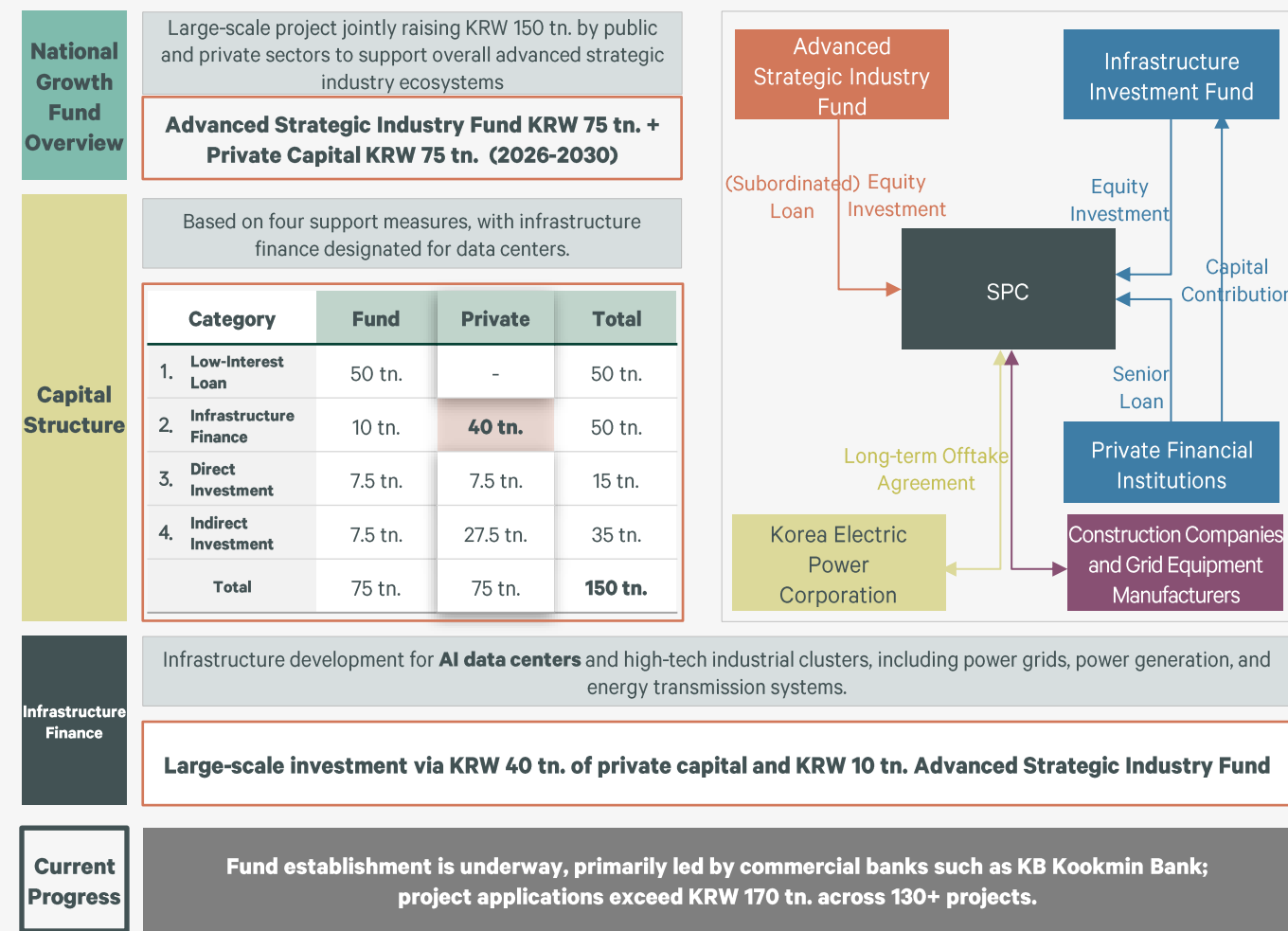
Policy finance boosts data centers' investment appeal

Transactions for data centers have been limited in Korea due to high barriers to entry such as a lack of available stock, power supply issues, and significant initial capital requirements. However, thanks to the expected launch of a KRW 50 trillion government-led public-private infrastructure fund, improved financial support should act as a key driver in bridging the gap between investment intentions and actual capital deployment.

This shift suggests that expectations for data center price appreciation could transition from mere psychological preference into actual bidding competition. Investors are expected to re-assess data centres—moving away from viewing them as promising but risky alternatives toward recognizing them as core portfolio assets capable of generating stable returns, backed by government infrastructure support. With preferences for traditional sectors like office and logistics entering a phase of adjustment or stagnation, the shift toward data centers, bolstered by improved policy funding, is expected to accelerate.

In 2026, preemptive participation by private financial institutions is likely to emerge ahead of the full-scale deployment of policy finance. As government funding intensifies, the subsequent influx of private capital is projected to further drive market expansion. Through this phased integration of policy and private finance, Korea's once-limited data centre market is expected to enter a period of both quantitative and qualitative growth, with investors actively utilizing policy finance to mitigate development risks and enhance overall portfolio yields.

Figure 25: Overview of Regional Activation Fund and Investment Support Measures



Source: CBRE Research, March 2026.

Office
Logistics
Data Centers
Hotel
Co-living

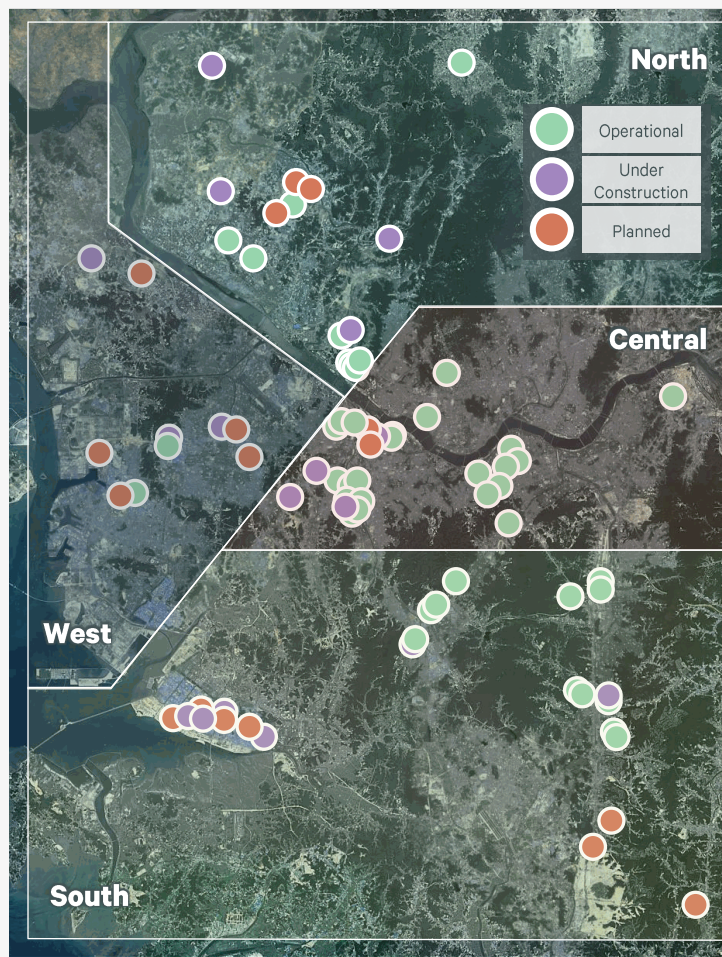
Data centers evolve via decentralization and policy finance

Despite rising interest, power grid connectivity limits and permitting issues within Greater Seoul have been the primary obstacles to the growth of the domestic data center market. While numerous development projects are surfacing across the capital region, the pace of supply is being constrained by grid stabilization requirements and local civil concern, acting as a major headwind that hinders investor participation and execution.

As the government's data center decentralization policy gains momentum, a gradual shift toward regional projects with easier power access is expected to materialize. However, given the structural advantages of Greater Seoul in terms of demand base and operational efficiency, regional decentralization is more likely to complement rather than replace the capital-centric market structure. Regional developments are gaining competitiveness in capital raising as policy-driven funds, such as the Regional Activation Fund, mitigate structural risks alongside various incentives including power supply priorities, tax benefits, and cash subsidies.

Direct equity participation by local governments and public-private risk-sharing models aimed at boosting regional economies will serve as a key mechanism to remove the uncertainties that previously deterred large-scale capital commitment. By overcoming physical power constraints through policy support and geographical diversification, data centers are evolving into a mature investment model. Consequently, the sector is projected to receive even greater attention this year, following the lead of the office and logistics sectors.

Figure 26: Distribution of Data Centers in Greater Seoul



Source: CBRE Research, March 2026.

Figure 27: Greater Seoul Data Center Pipeline

Category	Operational	Under Construction	Planned
Number	47	16	19
	Total 82 centers		
Size	1,511MW (IT Load) (Based on Operational + Under Construction)		

Figure 28: Incentives for Non-Greater Seoul Data Center Development

Electricity Incentives	<ul style="list-style-type: none"> Discount on distribution facility contributions Exemption of reserve power charges for transmission facilities
Financial & Cash Support	<ul style="list-style-type: none"> Increased limit for local investment promotion subsidies Linkage with Opportunity Development Zones
Tax Benefits	<ul style="list-style-type: none"> Tax credits for national strategic technologies Tax reductions (Corporate, acquisition, and property taxes)
Legal & Institutional Framework	<ul style="list-style-type: none"> Special Act on Promotion of Distributed Energy Application of differential electricity rates by region

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Hotel market matures thanks to sophisticated supply and demand

The rapid recovery in foreign visitors to Korea post-pandemic has become a key growth driver for the Seoul hotel market. In 2025, even during the traditional off-peak months of January and February, monthly arrivals exceeded 1 million, overcoming seasonal volatility to record an 8% increase compared to 2019 levels.

The global proliferation of Korean soft power through phenomena such as K-pop, K-drama, and K-beauty is fueling experience-oriented individual travel demand, while the relative weakness of the Korean won is supporting inbound growth by reducing stay costs. Simultaneously, the structural shift from mass group tourism toward high-value individual travelers is significantly enhancing the potential for qualitative growth in Seoul's hotel sector.

This evolving demand structure is reflected in supply trends, with new supply of hotels rated 3-stars or higher pushing Seoul's total room count past 40,000 in 2024. Led by the scheduled opening of Maison Delano in 2026 and the announced entries of top-tier global brands such as Aman, the luxury end of the market is undergoing a decisive qualitative transformation.

The expansion of supply and enhanced market maturity are expected to drive long-term growth in Korea's hotel investment market. While the steady increase in 3-star supply broadens the market's scope, the 5-star sector—which previously saw limited transaction activity due to concentrated ownership by major conglomerates—is expected to gradually turn more active. This shift will likely broaden investment opportunities, establishing Seoul hotels as an increasingly attractive asset class.

Figure 29: Monthly Foreign Visitor Arrivals and Exchange Rate Trends

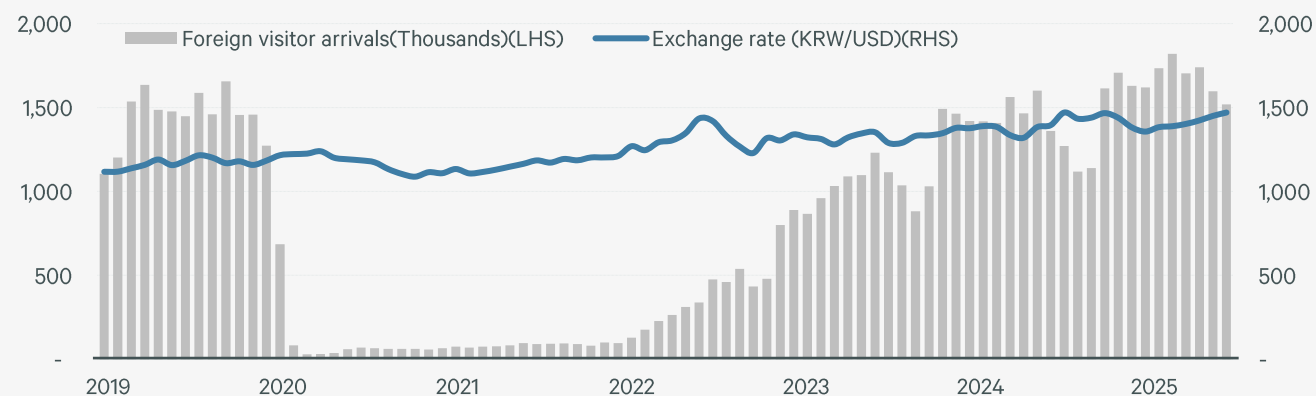
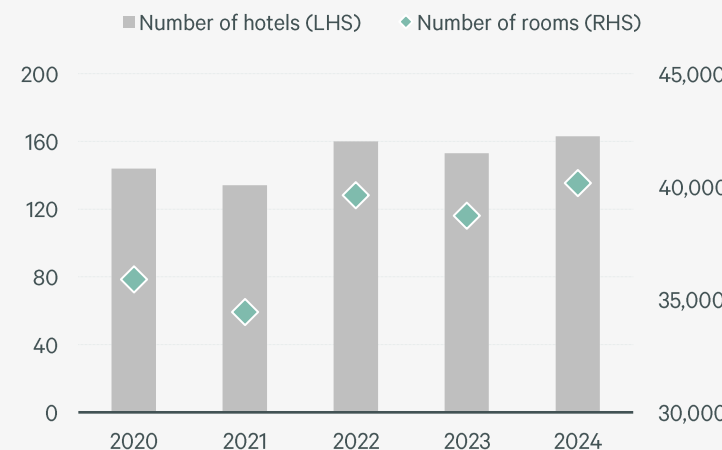


Figure 30: Number of 3-Star or Higher Hotels and Rooms in Seoul Figure 31: Upcoming (5-star+) Hotel Openings



Project (Hotel Name)	Location	Expected Opening
Maison Delano	Seojeongneung	2026
Rosewood Seoul	Yongsan	2027
Paradise Flagship Hotel	Jangchung-dong	2028
Marriott International Sheraton	Yongsan	2029
Aman Seoul	Cheongdam-dong	2030
Mandarin Oriental	Bongrae-dong	2030
Sampyo Cement Plant Site	Seongsu-dong	2030
Ritz-Carlton	Namdaemun	2032

Source: CBRE Research, March 2026.

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Hotel market shifts from cyclical rebound to structural demand

Korea's hotel investment market, which relies heavily on foreign visitors, is characterized by higher volatility driven by external factors—such as the global macroeconomic environment and geopolitical risks—rather than domestic real estate cycles alone.

Following intermittent large-scale deals between 2016 and 2019, transaction volume reached record highs in 2021 and 2022. However, there are limitations to interpreting this as organic market growth. This is because a large number of those transactions were driven by acquisitions for conversion into residential or office use rather than for hotel operations. Subsequently, the market underwent a sharp adjustment in 2023 as surging interest rates combined with the burden of asset revaluation.

The recovery momentum established in 2024 gained further traction in 2025, driving sustained growth across the market. Successful disposals of assets in core tourism districts—such as Myeongdong, Hongdae, and Namdaemun—proved market liquidity. This suggests that the current momentum is more than just a cyclical rebound; rather, it reflects a full-scale expansion of structural demand from institutional investors for physical assets based on hotel operating income.

In 2026, activity is expected to center on 3- to 4-star hotels as major ongoing deals reach completion alongside the strategic liquidation of assets owned by conglomerates. As corporate asset optimization strategies align with institutional demand for diversified alternative investments, hotels are projected to emerge as a key pillar of portfolio strategies.

Unit: KRW 10 billion(LHS), Number(RHS)

Figure 32: Seoul Hotel Transaction Volume

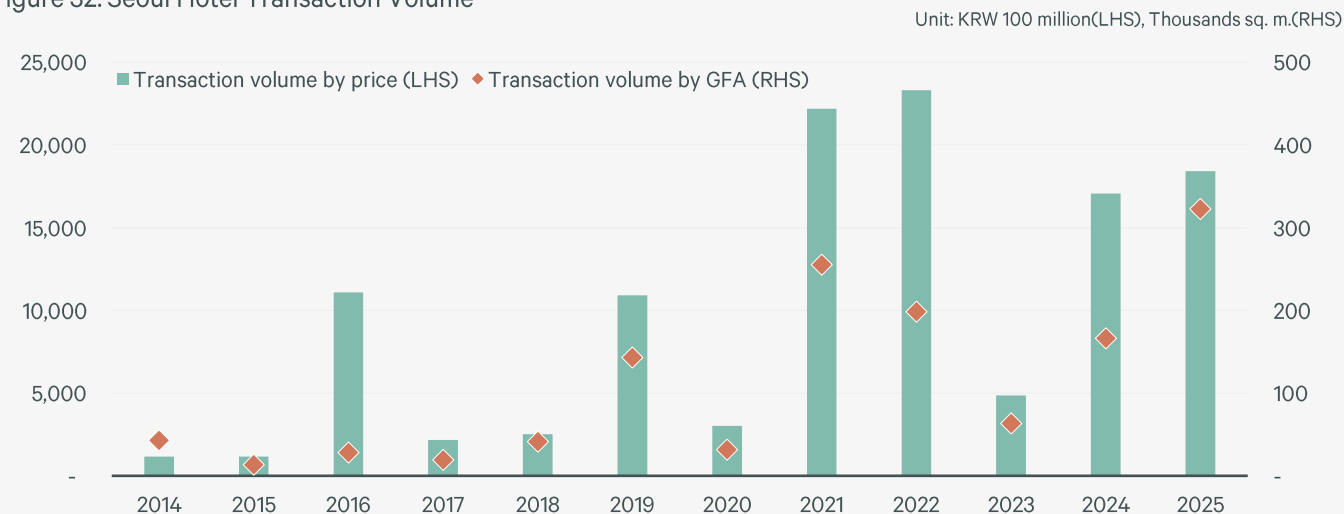



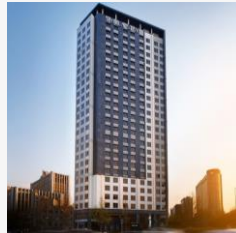



Figure 33: Major Hotel Transaction Pipeline for 2026

	Fairfield by Marriott Seoul	VOCO Seoul Myeongdong	Nine Tree Parnas Dongdaemun	Shilla Stay Seodaemun	Skypark Central Seoul Pangyo
Rooms	556	576	219	319	206
Grade (Stars)	4	4	3	3	3
Pic					

Source: CBRE Research, March 2026.

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Supply-demand gap and accelerating rental shift

Following data centers and hotels, co-living has emerged as a keenly sought after asset class. This rise is driven by a fundamental shift in both household structure and housing tenure patterns within Seoul.

The proportion of single-person households in Seoul is projected to reach approximately 43% within the next five years. Simultaneously, the share of monthly rentals surpassed 50% in late 2021 and has now stabilized at around 60%. This ongoing "rentalization" suggests that the residential sector is moving away from Korea's traditional private-finance-driven Jeonse¹⁾ system toward a sophisticated income-generating real estate market that prioritizes stable cash flow.

Despite these projections, Seoul's housing supply rate remains significantly lower than other major metropolitan areas and continues to decline. Conventional supply models, centering on large-scale construction and apartment complexes, face limitations in meeting the evolving needs of the surging single-person population. Consequently, the supply-demand imbalance caused by the chronic shortage of high-quality small-scale housing is likely to intensify.

The rise of single-person households, chronic supply shortages, and the structural shift toward rentals are collectively shifting the housing paradigm from "ownership" to "operation." In the long term, the residential market is expected to evolve beyond individual-to-individual transactions into an institutionalized asset class, where professional operators manage assets backed by institutional capital.

¹⁾Jeonse: A unique Korean residential lease system where tenants deposit a lump-sum amount with the landlord instead of paying monthly rent. The full deposit is returned to the tenant upon the termination of the lease contract.

Figure 34: Projected Number and Share of Single-Person Households in Seoul

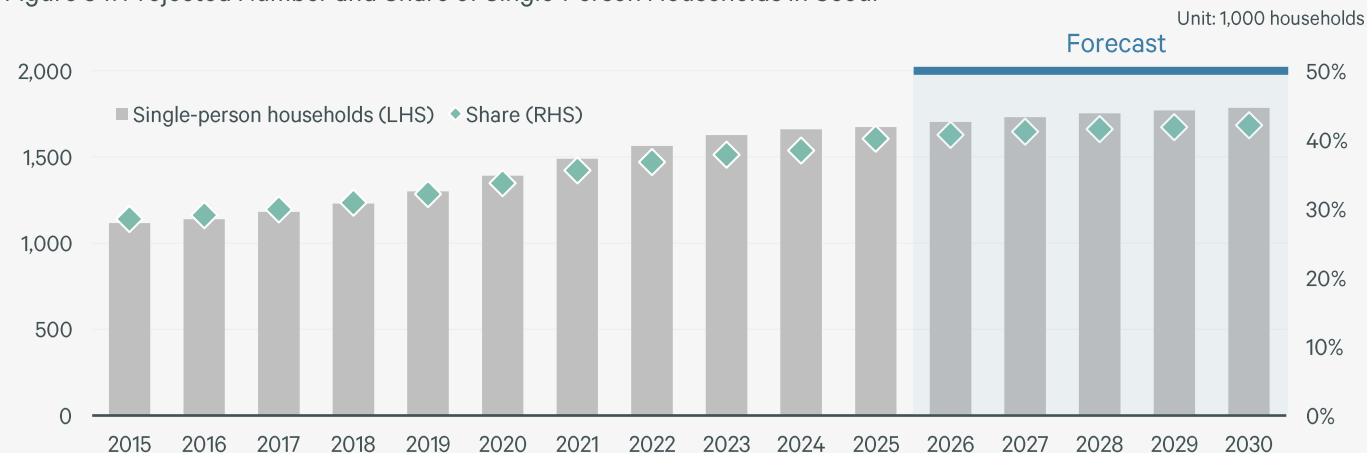
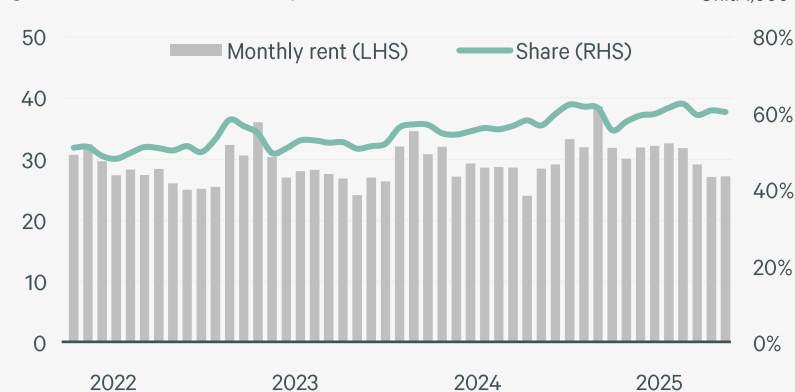


Figure 35: Housing Supply Rate: Seoul vs. Regional Areas



Figure 36: Share of Monthly Rentals in Seoul (out of total leases)



Source: Statistics Korea (KOSTAT), Seoul Open Data Plaza, Seoul Real Estate Information Plaza, CBRE Research, March 2026.

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Regulatory uncertainty and bifurcated investment in co-living

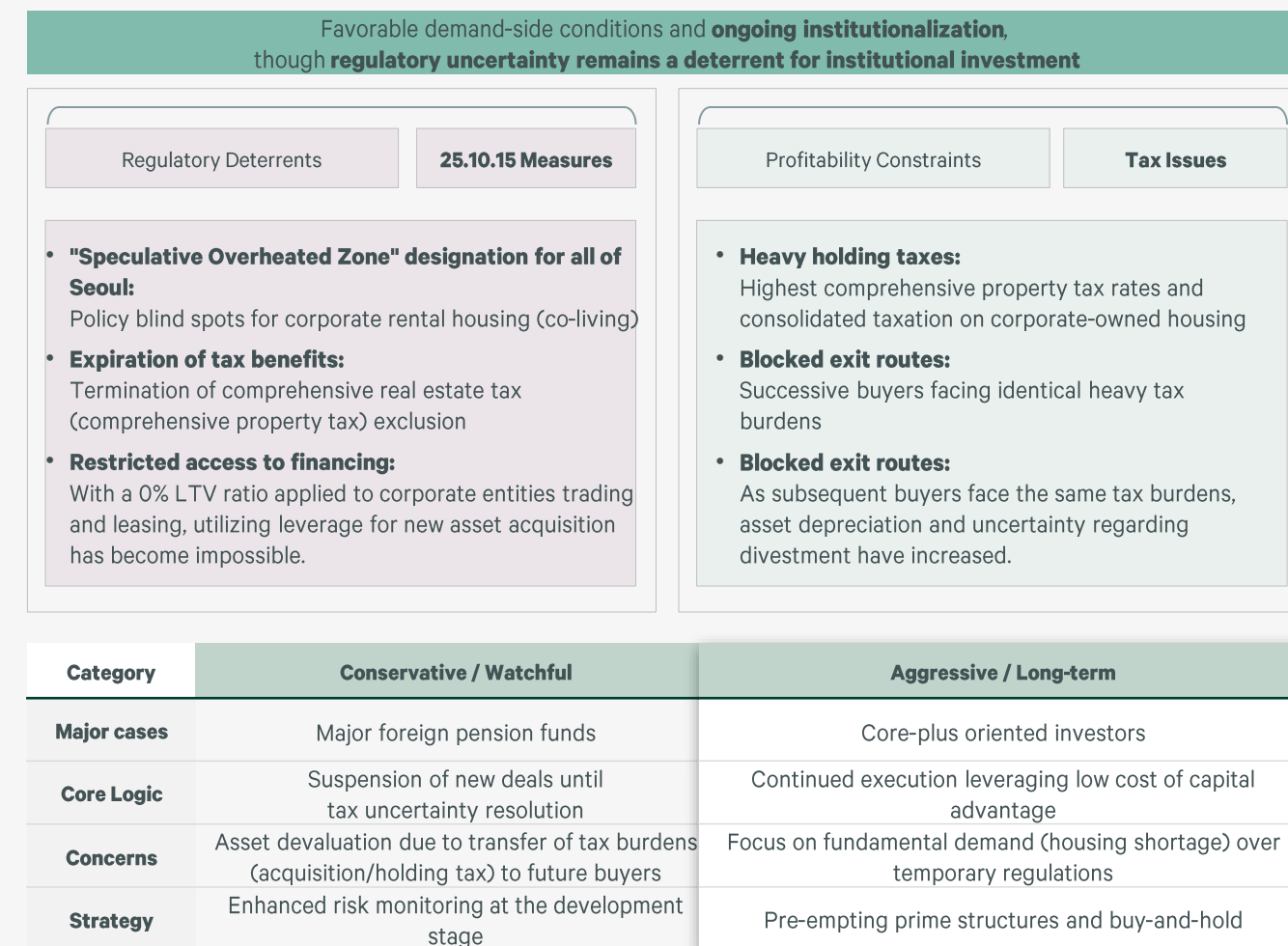
Despite strong demand momentum, a pure investment approach to the domestic co-living sector remains challenging. Regulatory measures originally designed to curb apartment speculation have been indiscriminately applied to alternative residential sectors like co-living. This ongoing policy volatility continues to undermine the stability of capital deployment and the ability to secure target returns.

In particular, the re-designation of Regulatory Adjustment Areas across Seoul following the inauguration of the new government last year, combined with heavy taxation, acts as a primary headwind, deteriorating the economic viability and practical execution of co-living development projects.

In response to this environment, investors are adopting divergent strategies. Conservative institutions, such as foreign pension funds, maintain a cautious stance, suspending new investments until uncertainty is resolved. Conversely, core-plus investors are focusing on fundamental demand driven by Seoul's housing shortage. Leveraging their lower capital costs, they view the current period as an opportune time to preemptively secure prime assets.

While the government's underlying policy focus on expanding supply remains a positive long-term signal, several practical hurdles persist. These include policy uncertainty, a lack of professional operators, consumer resistance to high rents, and the relatively small scale of individual assets. The expansion of co-living investment is therefore projected to gradually institutionalize, steadily establishing itself as a major asset class over the mid-to-long term rather than seeing a sharp short-term increase.

Figure 37: Impact of policy changes on co-living sector and investor bifurcation



Source: CBRE Research, March 2026.

04

Overseas

Investment Trends

Seoul climbs to 3rd most preferred market in Asia Pacific

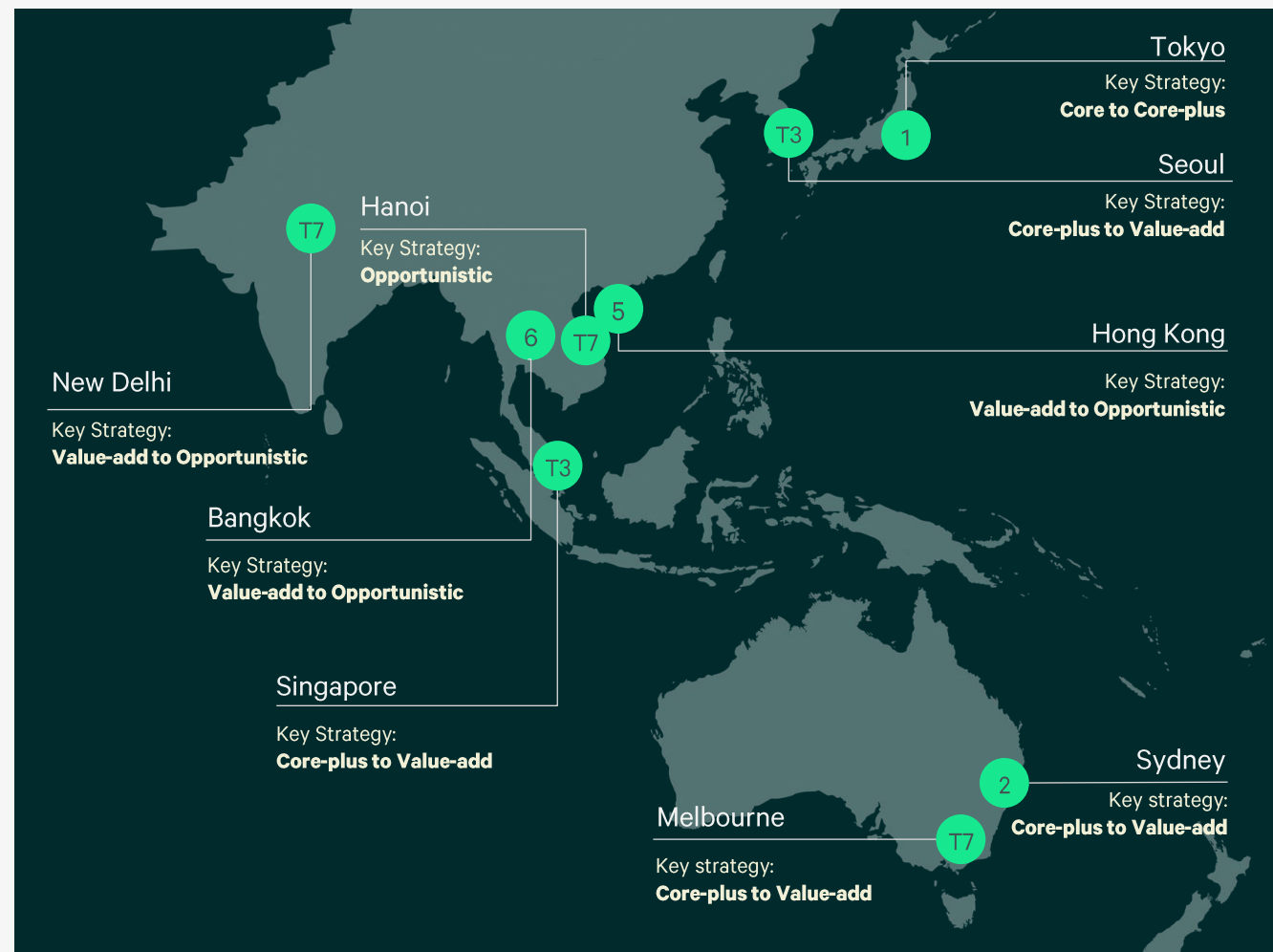
In CBRE's 2026 Asia Pacific Investor Intentions Survey, Seoul climbed from 8th place last year to 3rd this year, marking its highest position since the survey's inception.

This significant leap reflects Seoul's transition from an office-centric investment market toward a more balanced growth trajectory, supported by the normalization of logistics transactions and diversification into sectors such as hotels and data centers. With core-plus and value-add identified as primary investment strategies, this shift serves as a meaningful milestone, suggesting that investors now view Seoul as a dynamic market capable of generating value through active asset management.

Among other major Asia Pacific markets, Tokyo solidified its status as Asia Pacific's most attractive investment destination for the seventh consecutive year, underpinned by low borrowing costs and stable cash flow. Sydney maintained 2nd place, continuing to draw capital into core office assets based on price attractiveness and robust population growth.

Singapore, which shared 3rd spot with Seoul, saw improved investor sentiment driven by a meaningful decline in lending rates. Hong Kong signaled the onset of a market recovery by re-entering the top five from outside the top ten last year, fueled by a rising repurposing trend where underperforming hotel assets are converted into student housing.

Figure 38: Most Preferred Cities and Strategies for Overseas Investment in Asia Pacific in 2026



Source: CBRE Research, March 2026.

Record-high inbound investment and visible sector diversification

Foreign investors' heightened preference for Seoul is evidenced by recent data. In 2025, total inbound investment reached KRW 6.5 trillion, hitting an all-time high and underscoring Seoul's position as a premier investment destination in Asia Pacific.

The share of foreign capital in the Seoul commercial real estate market remains steady at around 20%. This suggests that as the overall market size expands, the absolute volume of inbound investment rises in tandem, contributing to the market's quantitative growth.

By sector, logistics dominates foreign capital inflows in terms of both transaction volume and price. Inbound investment in the logistics sector reached approximately KRW 4 trillion in 2025, accounting for 62% of the total, continuing a sharp upward trend that began in 2023. The office sector also showed steady demand, recording approximately KRW 2 trillion in 2025. Consequently, the dual-pillar structure of logistics and office has established itself as the core foundation of current inbound investment.

There are emerging signs of new sectors being integrated into this dual-pillar structure. The hotel sector has seen meaningful investment volumes for two consecutive years (2024–2025), indicating that investor interest is translating into actual execution. Meanwhile, investment in data centers by major foreign pension funds and global private equity firms is actively progressing; a trend expected to further bolster the share of foreign capital. This gradual inflow into hotels and data centers will serve as a foundation for Seoul's investment market to evolve into a more balanced, multi-sector structure.

Figure 39: Annual Inbound Investment Volume (Price)

Unit: KRW Trillion

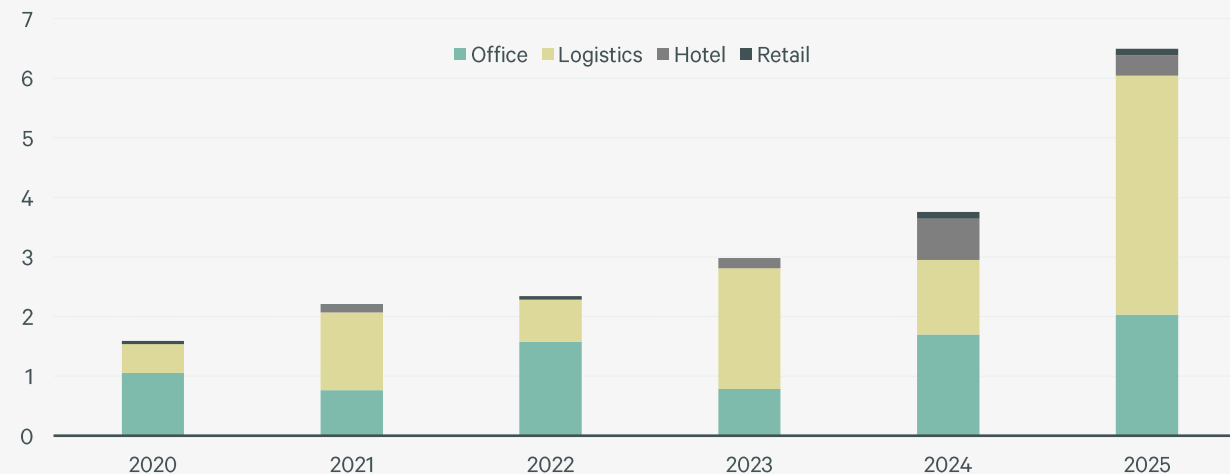
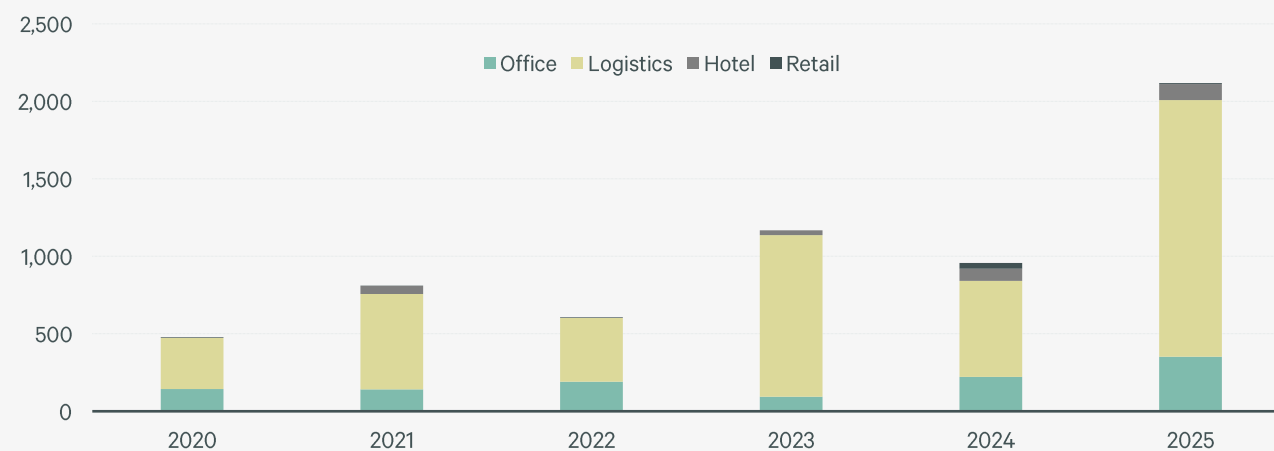


Figure 40: Annual Inbound Investment Volume (GFA)

Unit: 1,000 sq. m.



Source: CBRE Research, March 2026.

Overseas investment sentiment recovers, favoring developed Asia

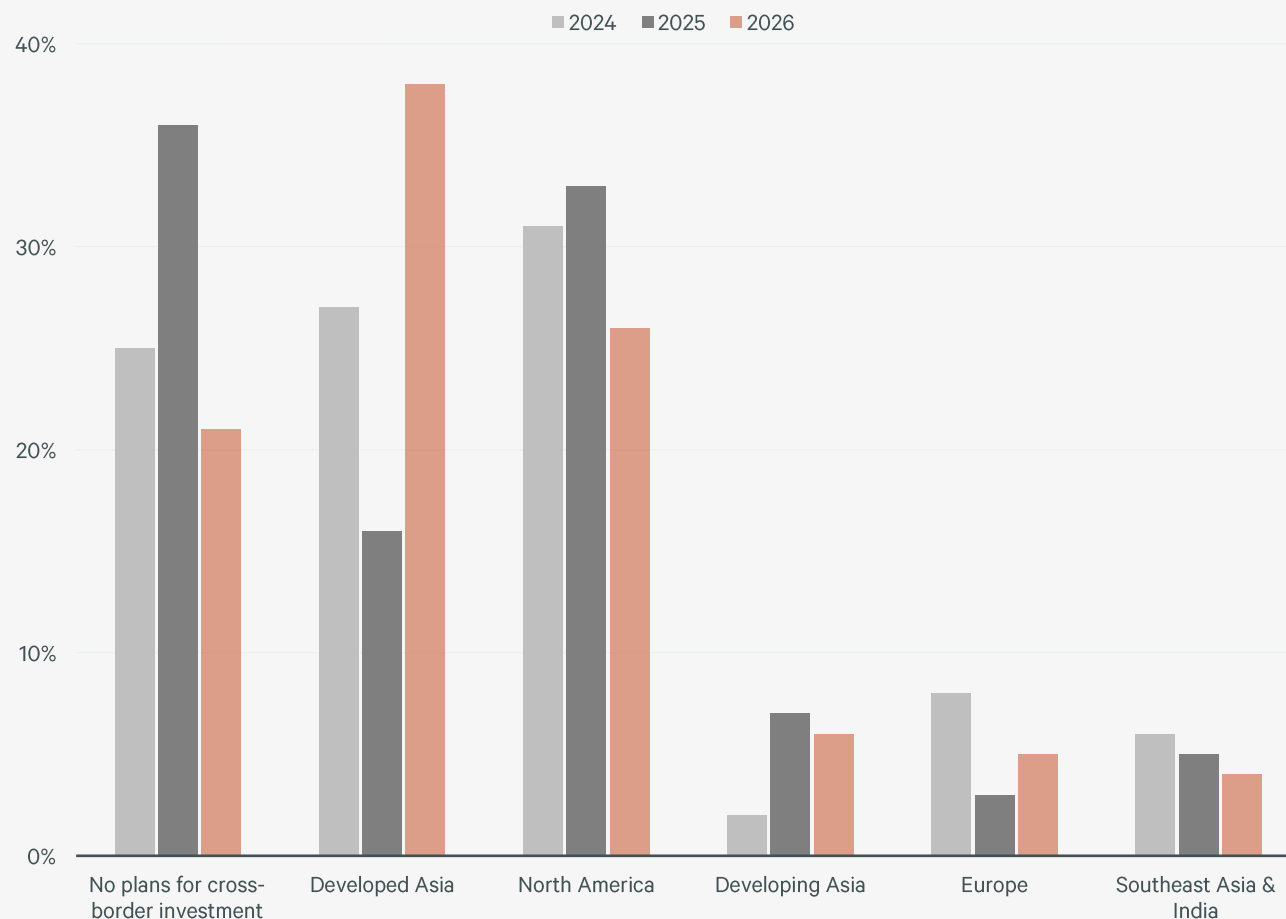
Investor sentiment for overseas real estate has shifted toward a distinct recovery. According to this year's survey, the proportion of respondents with no plans for overseas investment dropped by 15%p, from last year's 36% to 21% in 2026. This suggests that the period of investment inactivity that has constrained the market is now reaching an end.

The resurgence of overseas investment, which had been virtually non-existent since 2022, is driven by the stabilization of global interest rate volatility and the near-completion of asset price adjustment. As a result, external risks—namely asset value depreciation and refinancing pressures—have entered a manageable range, encouraging investors to once again seek new opportunities.

In terms of regional preferences, while most investors seeking overseas opportunities still favor North America and developed Asia, the latter (38%) surpassed North America (33%) as the most attractive destination this year. As capital seeking to avoid uncertainty in North America flows into Asia, competition for core assets within the region is expected to intensify.

In 2026, domestic investors are expected to move beyond a defensive risk-management stance toward a strategic restructuring phase aimed at maximizing returns in developed overseas markets. In particular, the concentration of preference for developed Asia, coupled with diversification strategies into growth sectors such as logistics and data centers, is projected to drive a more diversified approach to overseas investment.

Figure 41: Domestic Investors' Preferred Regions for Overseas Real Estate



Source: 2026 Asia Pacific Investor Intentions Survey, CBRE Research, March 2026.

05

ESG and Commercial Real Estate Investment

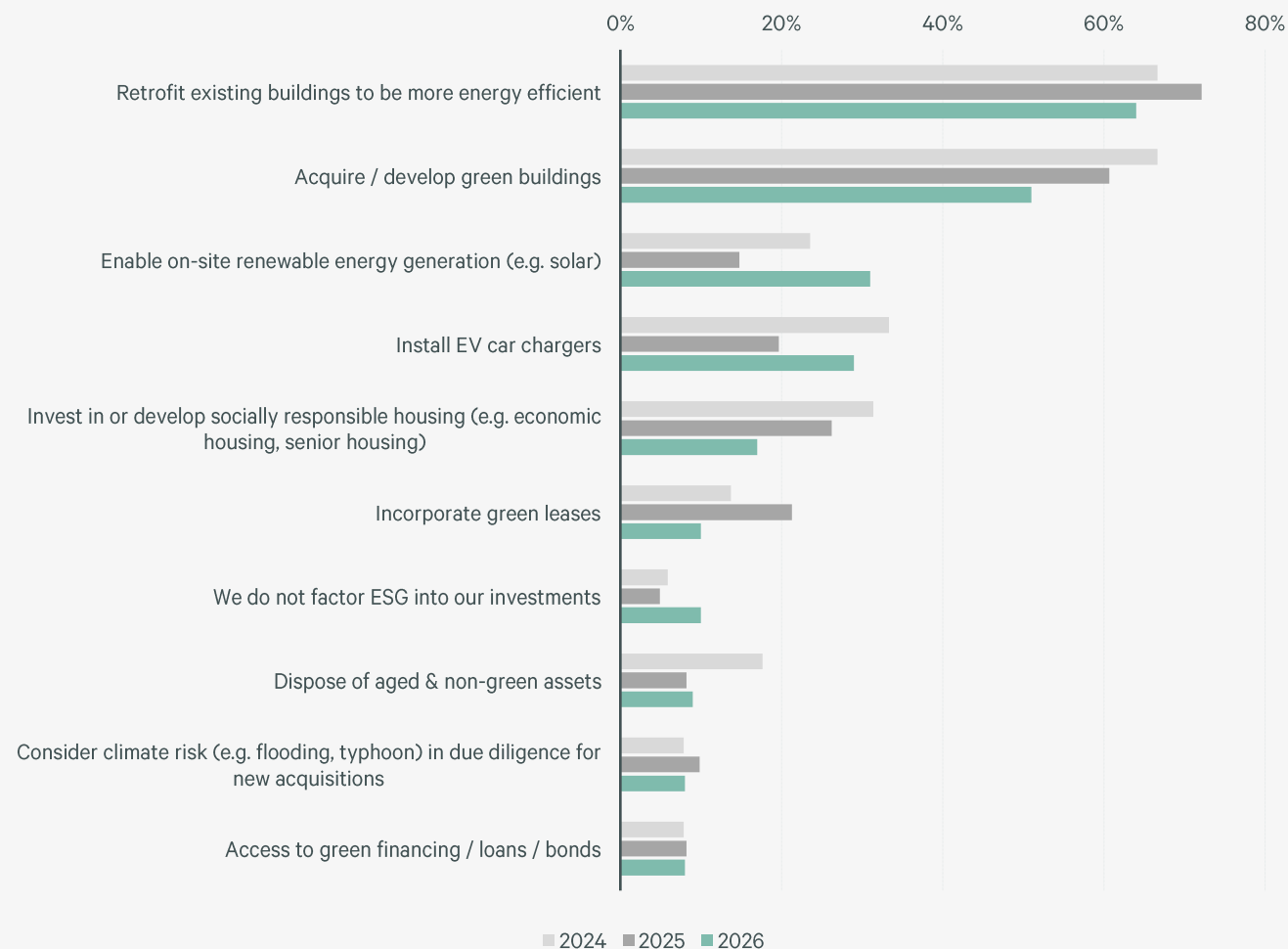
ESG strategies focus on asset retrofitting and energy efficiency

This year's survey found that improving energy efficiency through retrofitting existing assets has emerged as the top priority for domestic investors when considering new investments. This has remained the most preferred strategy for three consecutive years since 2024, reflecting a practical choice to enhance asset value while avoiding the high construction and financing costs associated with new developments. Notably, the intention to acquire or develop green buildings decreased by 10%p compared to the previous year.

In terms of asset management, practical energy management strategies gained momentum in this year's survey. Responses indicating plans for on-site renewable energy production more than doubled from last year, reaching an all-time high. Additionally, investors' growing intent to install Electric Vehicle (EV) charging stations further demonstrates efforts to secure operational competitiveness through physical infrastructure upgrades.

In contrast, the use of social strategies, such as investments in social housing or the implementation of green leases, declined in this year's survey. This shift suggests that amidst high interest rates and economic uncertainty, investors are prioritizing cost efficiency. Consequently, resources are being allocated toward enhancing energy performance to reduce operating expenses and defend asset value. In 2026, domestic investors' ESG strategies are set to be further refined around energy efficiency and technical optimization, directly impacting asset liquidity and valuation.

Figure 42: ESG Initiatives to be Pursued by Investors Looking at New Investments in 2025



Source: CBRE Research, March 2026.

Internalization of ESG investment guidelines continues to expand

Investors' strong preference for energy efficiency and asset retrofitting is leading to a fundamental shift in investment decision-making processes. Some 84% of respondents stated they are currently internalizing ESG investment guidelines. Around 27% indicated they would increase the importance of ESG compared to the previous year, confirming that ESG is becoming a structural foundation for asset valuation.

Investor perception of appropriate premiums for green buildings is converging toward a more practical and rational range of 5% or less. In contrast, preference for the 6–10% range—previously a common expectation—has contracted by nearly half. This reflects a shift in investor sentiment: while investors continue to recognize the value of green assets, they are prioritizing risk management and liquidity over paying excessive premiums.

In the future, ESG is expected to function as a critical variable rather than an optional element in domestic investment decisions. Similar to the “flight-to-green trend increasingly observed in developed countries, ESG investment strategies in Korea are likely to serve as a key mechanism to defend against downside risks to asset value, moving beyond simply justifying price premiums.

To meet the requirements of global institutional capital and ensure long-term sustainability, domestic investors are projected to execute more sophisticated asset management strategies based on these internalized guidelines.

Figure 43: Inclusion of ESG Factors in Investment Decision-Making vs. Previous Year

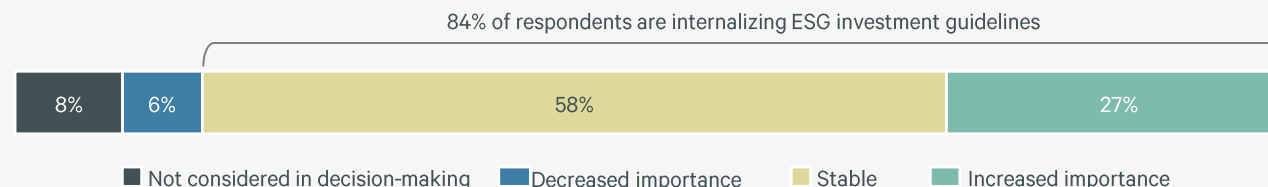
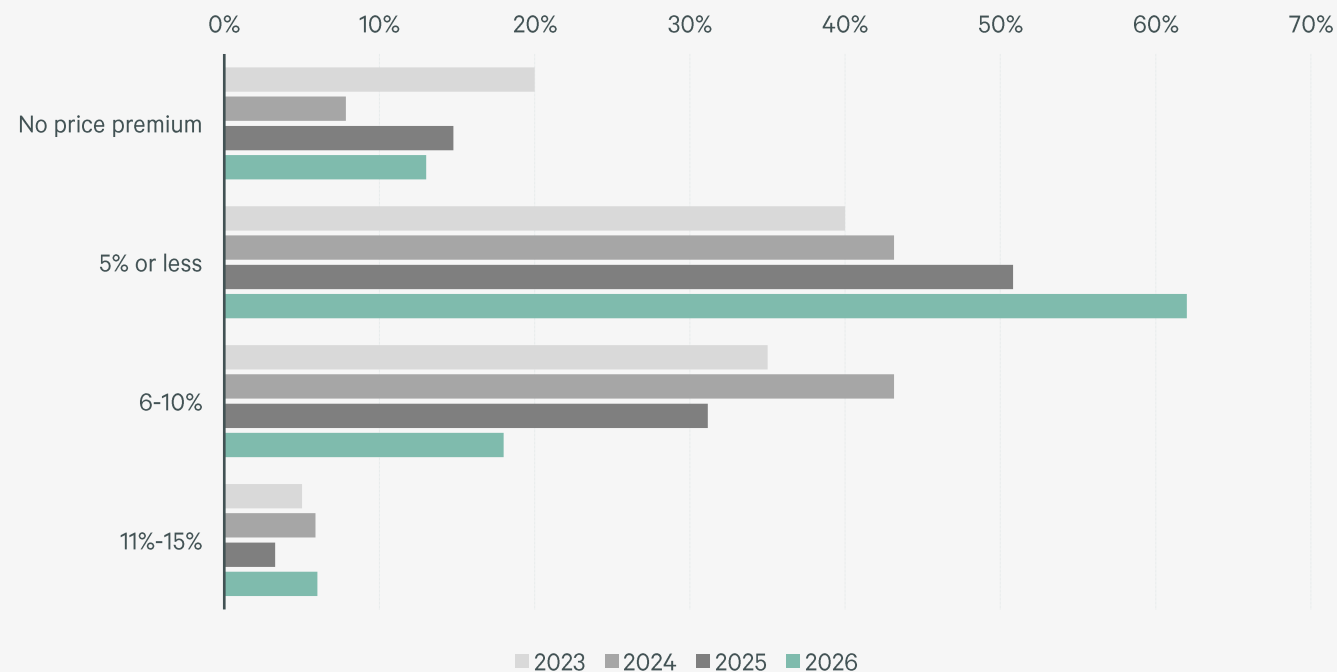


Figure 44: Premium Investors Would Give to an ESG-Certified Asset Compared to a Non-ESG Asset



Source: CBRE Research, March 2026.

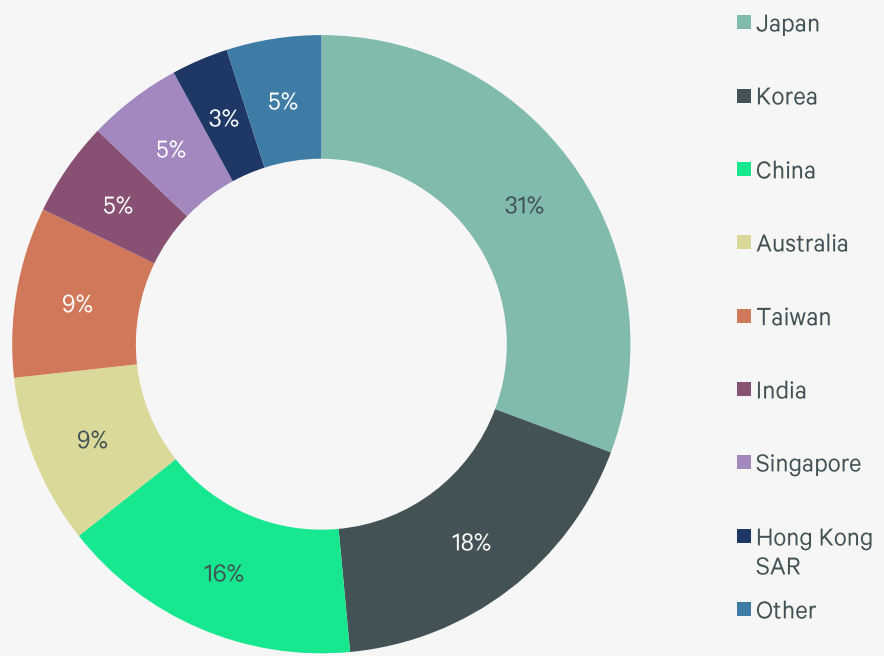
06

Respondent Profile

Respondent Profile

CBRE's 2026 Asia Pacific Investor Intentions Survey received a total of 422 responses. This figure included 77 Korean investors.

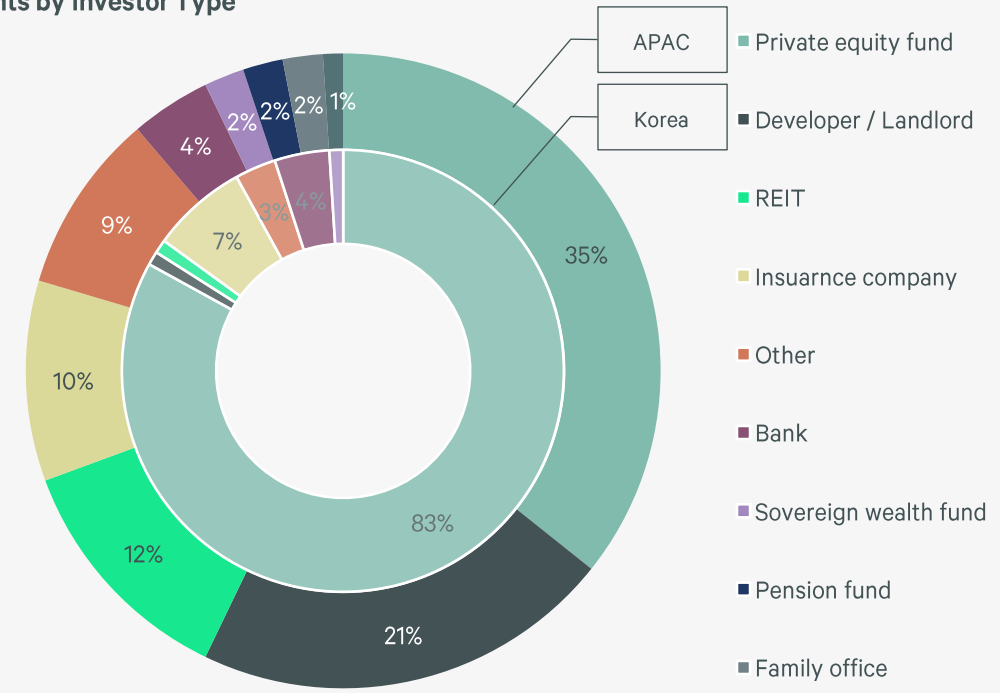
Respondents by Market of Origin



Notes: Other markets include New Zealand, Philippines, Vietnam, United Arab Emirates, France, Netherlands, the UK, Canada, and the U.S.

Source: 2026 Asia Pacific Investor Intentions Survey, CBRE Research, January 2026.

Respondents by Investor Type



Source: 2026 Asia Pacific Investor Intentions Survey, CBRE Research, January 2026.

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