

Seoul Hotel Market Report

Annual Report _ 2024

GenstarMate 

2024

Hotel Demand Indicator: Volume of Inbound Tourists

Inbound Tourism Recovers to Pre-Pandemic Levels with 48% YoY Growth in 2024

The number of inbound tourists to Korea in 2024 increased by 48% year-over-year, indicating that the domestic tourism market has recovered to pre-COVID-19 levels. According to Statistics Korea and the Korea Culture & Tourism Institute, a total of 16.37 million international visitors arrived in 2024, up 48% from the previous year, and comparable to 2019 (17.5 million, the all-time high) and 2018 (15.35 million).

The rise in Chinese visitors was particularly notable, reaching 4.6 million in 2024—up 128% from 2023 (2.01 million). Despite this sharp growth, the figure remains 24% below the 2019 level due to China's immigration policies and the delayed recovery of flight supply.* Still, inbound demand from China is expected to continue growing, supported by the Korean government's plan to introduce a temporary visa-free policy for Chinese group tourists from Q3 2025.

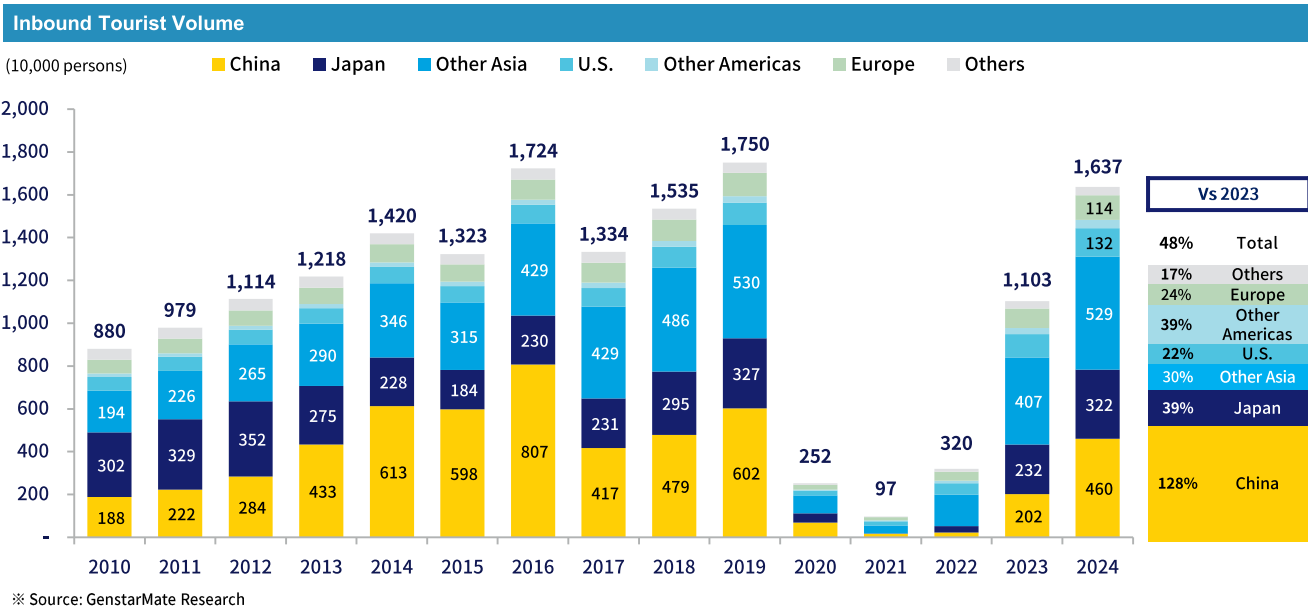
Meanwhile, U.S. tourist arrivals reached 1.32 million, well above the pre-pandemic average** of 800,000 and showing a 22% increase compared to 2019—the highest growth among all markets. Japanese tourists also returned in greater numbers, with 3.22 million visiting in 2024, a 39% increase from the previous year. Despite the weak yen, Korea remains a relatively affordable short-haul destination for Japanese travelers, and the rising popularity of Korean cultural content and lifestyle travel experiences has positively influenced demand.

In particular, demand is growing for “daily-cation”*** experiences, where tourists engage in everyday Korean activities—such as eating fried chicken by the Han River, enjoying the food delivery culture, or going on café tours. These experiences, often seen on social media and YouTube, represent a shift from traditional sightseeing to lifestyle-based tourism. Combined with increasing global interest in K-beauty and K-food, demand for experiential and extended-stay travel is expanding, likely pushing hotel demand beyond pre-pandemic levels.

*Limited flight recovery from Chinese regional cities vs. pre-COVID.

** Avg. of 2010–2019

*** Daily-cation: A trend among foreign tourists seeking to experience Korean daily life and culture, inspired by Korean SNS and media content. (Source: Korea Tourism Organization)



Seoul Hotel Investment Market: Transaction Statistics

2024 hotel transactions totaled approx. KRW 2 trillion, with KRW 24.94M/py and KRW 400M/Room

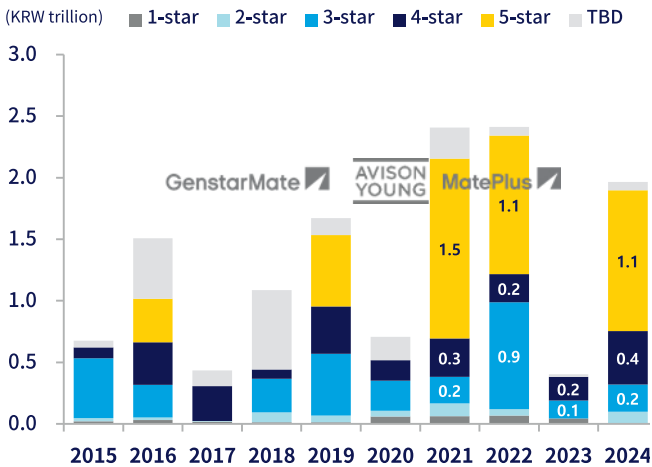
A total of 14 hotel properties were transacted in Seoul in 2024, with a combined volume of KRW 1.97 trillion*, marking a 390.0% increase from 2023 (KRW 0.4 trillion). This level is close to the KRW 2.0 trillion recorded during 2021–2022. Large-scale five-star transactions, such as Conrad Seoul (KRW 415.0 billion) and Grand Hyatt (KRW 730.0 billion), drove the surge.

* Excludes Skypark Central & Myeongdong II due to portfolio deal; hotel-level pricing not disclosed.

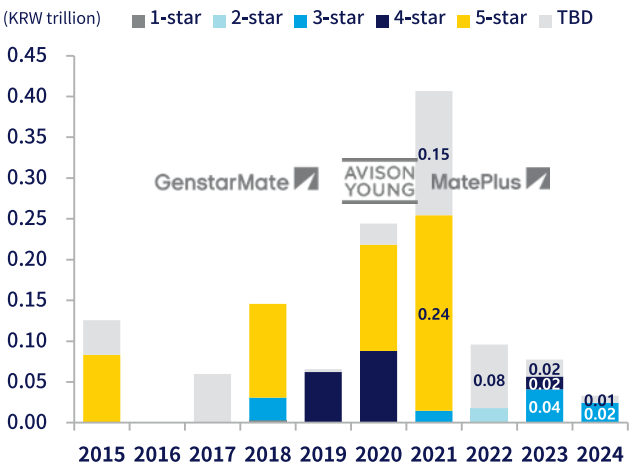
By grade, transaction volumes were: five-star hotels at KRW 1.1 trillion, four-star at KRW 432.4 billion, and three-star at KRW 221.3 billion. In contrast, Jeju recorded four deals totaling KRW 33.1 billion, mainly between individuals and corporates, showing a 57.0% decline from 2023.

Seoul's average transaction price reached a record-high of KRW 24.9 million per py in 2024. Price per key also stood at KRW 400.0 million, similar to 2021 (KRW 450.0 million) when development-driven deals were most active, and higher than pre-COVID levels. Cap rates in Seoul ranged from the high 4% to mid-6%, depending on location and deal structure.

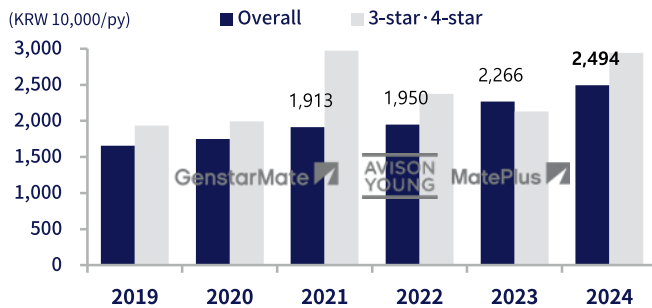
Hotel Transactions [Total Transaction Price, by Grade]



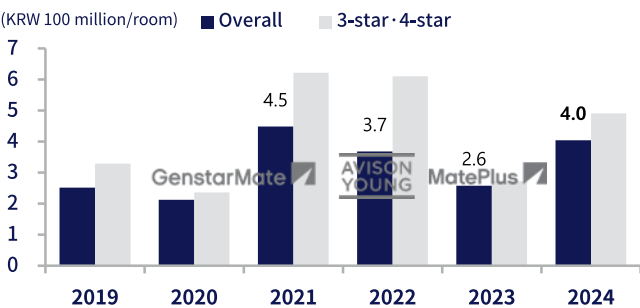
Jeju Hotel Transactions [Total Transaction Price, by Grade]



Hotel Transactions [Unit Price per Py]



[Unit Price per Room]



※ Source: GenstarMate Research

Seoul Hotel Investment Market: Transaction Cases

4- and 5-Star Hotels Lead Transactions; Operational & Investment Deals on the Rise

The 2024 hotel transaction market was primarily composed of deals made for operational or investment purposes.* One notable example is the Tmark Grand Hotel Myeongdong, located near Hoehyeon Station, which was acquired by Gravity Asset Management for KRW 228.2 billion (KRW 39.6M/py). The asset was repositioned and reopened as VOCO Seoul Myeongdong, following remodeling and rebranding. This became the second VOCO-branded hotel in Korea, following VOCO Seoul Gangnam in 2022.

Shinhan REITs, which acquired Nine Tree Dongdaemun in 2023, continued its hotel acquisition strategy in 2024 by purchasing Shilla Stay Gwanghwamun. More recently, the firm was also selected as the preferred bidder for Shilla Stay Mapo, expanding its hotel portfolio.

Several four- and five-star hotel transactions also occurred in 2024. Conrad Seoul (5-star), previously part of a failed bulk sale attempt of the IFC complex in 2021, was successfully sold as a stand-alone asset to ARA Korea for KRW 415.0 billion (KRW 960M/key), reflecting sustained interest in IFC assets.** The largest deal of the year was Grand Hyatt Seoul (5-star), sold for KRW 730 billion through a full equity acquisition of Seoul Mirama by JS747.***

L7 Gangnam by Lotte (4-star), originally acquired in 2017 by Mastern Investment Management through Korea’s first real estate fund, was sold to Lotte AMC in 2024. The deal yielded a capital gain of KRW 87.8 billion after seven years. Notably, this marked Lotte REIT’s first inclusion of a hotel asset, as the REIT had previously focused on retail and logistics. The lease structure was also adjusted from a 100% master lease to a hybrid model combining MRG (Minimum Revenue Guarantee) and revenue sharing with Lotte Hotels.

* The State Sunyu Hotel was redeveloped into Weave Suites after being acquired by LB AM, Weave Living, and KKR.

** ARA Korea and KKR bidding for the remaining IFC assets (excluding Conrad Seoul), but low market liquidity and multiple listings are likely to make financing more difficult.

*** SPC formed to acquire Grand Hyatt Seoul.



Left: Conrad Seoul(Source: Conrad Seoul)
Right: Tmark Grand Hotel Myeongdong(Source: Hana Alternative Investment)

Major Hotel Transactions in 2024

Hotel	District	Opened	Grade	Rooms	Transacted Quarter	Seller	Buyer	Transaction Price(KRW 1,000)
Tmark Grand Hotel Myeongdong	Jung-gu	2016	4-star	576	1Q 2024	Hana Alternative Investment	Gravity Asset Management	228,200,000
Shilla Stay Gwanghwamun	Jongno-gu	2015	3-star	339	1Q 2024	IGIS Asset Management	Shinhan REITs Management	146,342,000
The State Sunyu Hotel	Yeongdeung po-gu	2018	TBD	146	2Q 2024	Hanseung Investment &Development	LB Asset Management	47,400,000
Grand Hyatt Seoul	Others	1978	5-star	615	2Q 2024	Seoul Miramar	Seoul Miramar	730,000,000
Conrad Seoul	Yeongdeung po-gu	2012	5-star	434	3Q 2024	SIFC Real Estate Development	ARA Korea	415,000,000
L7 by Lotte Gangnam	Gangnam-gu	2017	4-star	333	3Q 2024	Mastern Investment Management	LOTTE AMC	204,239,901 *Including office: KRW 330 billion
Hotel Skypark Kingstown Dongdaemun	Jung-gu	2014	2-star	254	3Q 2024	Mplus Asset Management	Individual Buyer	47,000,000
Nine Tree Myeongdong	Jung-gu	2012	3-star	144	4Q 2024	Capstone Asset Management	INNOCENCE	75,000,000

※ Source: GenstarMate Research

Seoul Hotel Investment Market: Upcoming Transactions

Hotel Investment Sentiment Rebounds, but Inventory Build-Up Deepens amid Limited Liquidity

Investor sentiment in Korea’s hotel market has been recovering, resulting in a buildup of listings. Notably, foreign institutional investors are regaining interest. Expected transactions include Mercure Ambassador Seoul Hongdae (Goldman Sachs via JB Asset Management), Shilla Stay Seodaemun (Morgan Stanley via IGIS Asset Management), and DL Group’s Glad Hotel portfolio (GIC via Gravity Asset Management).

While buyers have been confirmed for many assets, several others remain on the market, such as Courtyard by Marriott Seoul Namdaemun and Four Points by Sheraton Seoul Myeongdong in central Seoul, and Gravity Josun Seoul Pangyo and Hotel Skypark Central Seoul Pangyo in the Pangyo area—leading to growing inventory.

Large conglomerates are also moving to liquidate hotel holdings. KT Group is preparing to sell Sofitel Ambassador Seoul and Novotel Ambassador Dongdaemun as part of its real estate liquidity strategy, with Samjong KPMG, Colliers, and Avison Young acting as advisors. DL Group listed Glad Yeouido, Glad Coex, and Maison Glad Jeju in December 2024, with GIC (via Gravity Asset Management) reportedly acquiring them for around KRW 600 billion. KT&G, following its recent sale of Bundang Tower, has also listed Courtyard by Marriott Seoul Namdaemun.

However, despite recovering investor appetite—particularly from foreign investors—limited liquidity in the market is slowing down absorption, and it will likely take time to digest the current volume of listings.

Planned Hotel Transactions in Seoul, Jeju and the Other Regions

Hotel	District/Regions	Opened	Grade	Rooms	Seller	Buyer
Mercure Ambassador Seoul Hongdae	Mapo-gu, Seoul	2020	4-star	270	Hyundai Asset Management	JB Asset Management (w/Goldman Sachs)
Shilla Stay Mapo	Mapo-gu, Seoul	2015	3-star	383	Hana Alternative Investment	Shinhan REITs Management
Shilla Stay Seodaemun	Others, Seoul	2015	3-star	319	IGIS Asset Management	IGIS Asset Management (w/Morgan Stanley)
Courtyard by Marriott Seoul Namdaemun	Jung-gu, Seoul	2016	4-star	400	KT&G	TBD
Four Points by Sheraton Seoul Myeongdong	Jung-gu, Seoul	2020	4-star	375	IGIS Asset Management	TBD
Parnas Hotel Jeju	Seoguipo-si, Jeju	2022	5-star	307	Bluecove Investment	TBD
Hotel Skypark Central Seoul Pangyo	Gyeonggi-do	2017	3-star	206	KREITs Investment Management	TBD
Gravity Josun Seoul Pangyo	Gyeonggi-do	2020	4-star	306	Mastern Investment Management	TBD
Shilla Stay Dongtan	Gyeonggi-do	2013	3-star	286	Mirae Asset Global Investments	Bluecove Investment
Shilla Stay Haeundae	Busan	2017	4-star	407	IGIS Asset Management	TBD
Glad Yeouido, Glad Coex, etc.		-			DL Group	Gravity Asset Management (w/GIC)
Sofitel Ambassador Seoul, etc.		-			KT Group	TBD

※ Source: GenstarMate Research

Seoul Hotel Supply Market: Supply Statistics and Upcoming Projects

Seoul Hotel Supply Rebounds in 2024, with Luxury Brands Preparing to Enter the Market

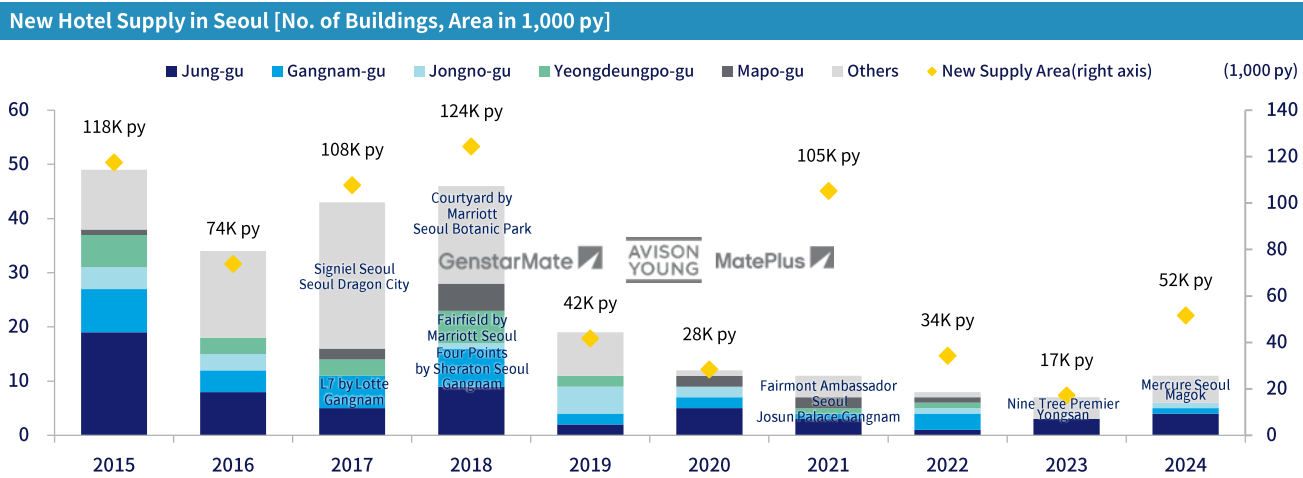
Prior to COVID-19, hotel development was concentrated in Myeongdong, Euljiro, and Dongdaemun, driven by growing demand from Chinese tourists. However, concerns over oversupply and the pandemic led to a decline in new hotel supply through 2023. From 2020 to 2023, the market averaged 10 new properties and about 46,000 py of floor area annually.

In contrast, 2024 saw the addition of 11 new hotels totaling 52,000 py and 1,991 rooms—surpassing the four-year average. This uptick reflects the delayed completion of long-planned projects, rebranding, and remodeling efforts. Key examples include Mercure Seoul Magok (CP1), The Prima Hotel Jongno (formerly Aventree), and VOCO Seoul Myeongdong (formerly Tmark Grand Hotel Myeongdong). Most of the supply came from midscale (3–4 star) hotels. In Jeju, only one hotel opened—Shilla Stay Plus Jeju Iho Tewoo (211 rooms), the brand's first leisure-focused property—continuing the decline in new supply since 2022.

Looking ahead, global luxury brands are set to launch hotels in Seoul between 2026 and 2031. These include Janu Seoul (Hotel Prima redevelopment), Ritz-Carlton (Millennium Hilton site), Mandarin Oriental (Seoul Station North), and Rosewood Seoul (The Parkside redevelopment). Janu and Rosewood will mark their Korean debuts, signaling renewed growth in the domestic hotel sector supported by rising inbound tourism.

* Includes tourist, family, and small-scale hotels under the Tourism Promotion Act; excludes hostels.

** 2020 supply area (approx. 105,000 py) remained near pre-2018 levels due to openings of 5-star hotels like Josun Palace and Fairmont Seoul.



Planned Hotel Opening by 2031				
Hotel	Planned Opening	District/Regions	Rooms	Hotel Area(py)
The Ambassador Seoul Pullman Guui	2025	Others, Seoul	282	11,127
L7 Cheongnyangni by Lotte	2025	Others, Seoul	260	6,802
Rosewood Hotel Seoul (The Parkside redevelopment)	2027	Others, Seoul	250	26,785
Riverside Hotel redevelopment	2028	Others, Seoul	TBD	17,346
Le Meridien Seoul redevelopment	2028	Gangnam-gu, Seoul	65	5,379
Manda-rin Oriental (Seoul Station North)	2029	Jung-gu, Seoul	108	10,721
Janu Seoul (Hotel Prima redevelopment)	2030	Gangnam-gu, Seoul	TBD	6,178
Ritz Carlton (Millennium Hilton Seoul redevelopment)	2031	Jung-gu, Seoul	220	17,669
HGBC Hotel (Hyundai Global Business Center)	TBD	Gangnam-gu, Seoul	265	TBD
The-K Hotel Redevelopment	TBD	Others, Seoul	TBD	TBD

※ Source: GenstarMate Research

Seoul & Jeju Hotel Operating Market: OCC & ADR

Seoul Hotel Occupancy Exceeds Pre-COVID Levels, with a Sharp Increase in ADR

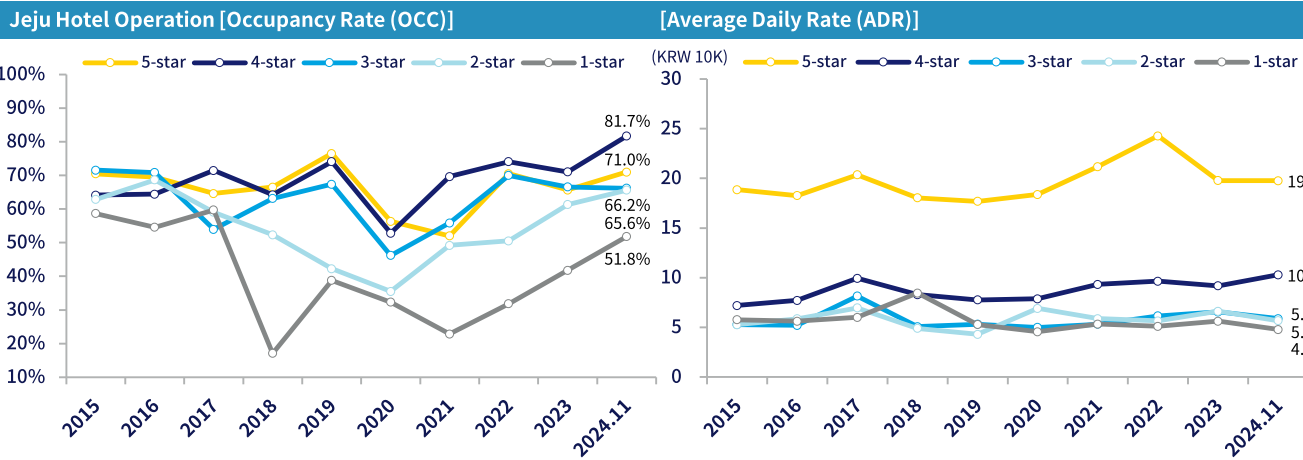
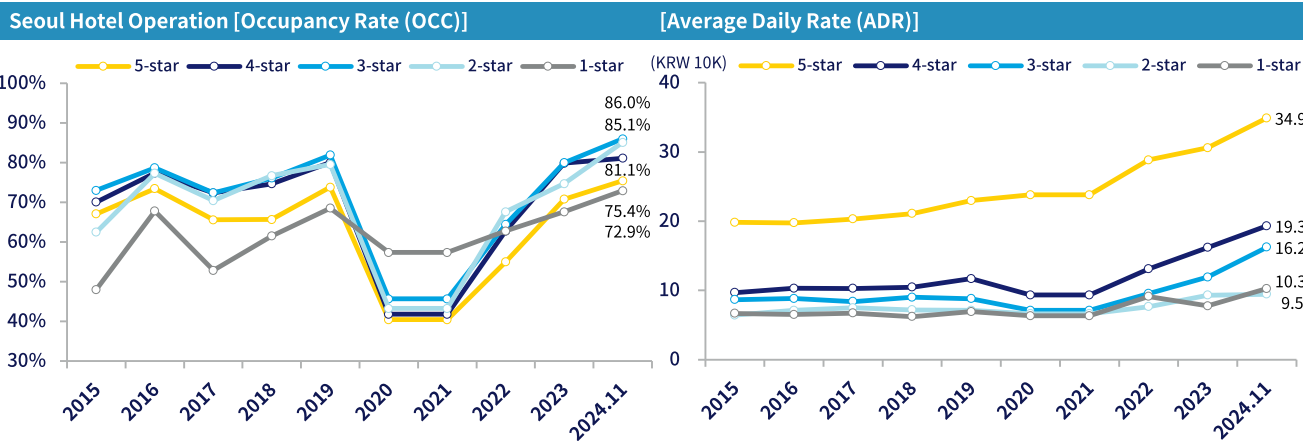
As of November 2024, Seoul’s hotel OCC exceeded 2019 pre-COVID levels across all star ratings. OCC reached 75% for 5-star, 81% for 4-star, 86% for 3-star, 85% for 2-star, and 73% for 1-star hotels—marking a strong recovery from the 40% range seen in 2020–2021.

ADR also rose sharply across all segments, indicating solid performance in the Seoul hotel market. As of November 2024, ADR stood at KRW 349,000 for 5-star, KRW 193,000 for 4-star, and KRW 162,000 for 3-star hotels—up 14%, 19%, and 36% YoY, respectively. Compared to 2019, these figures represent gains of 52%, 65%, and 85%.

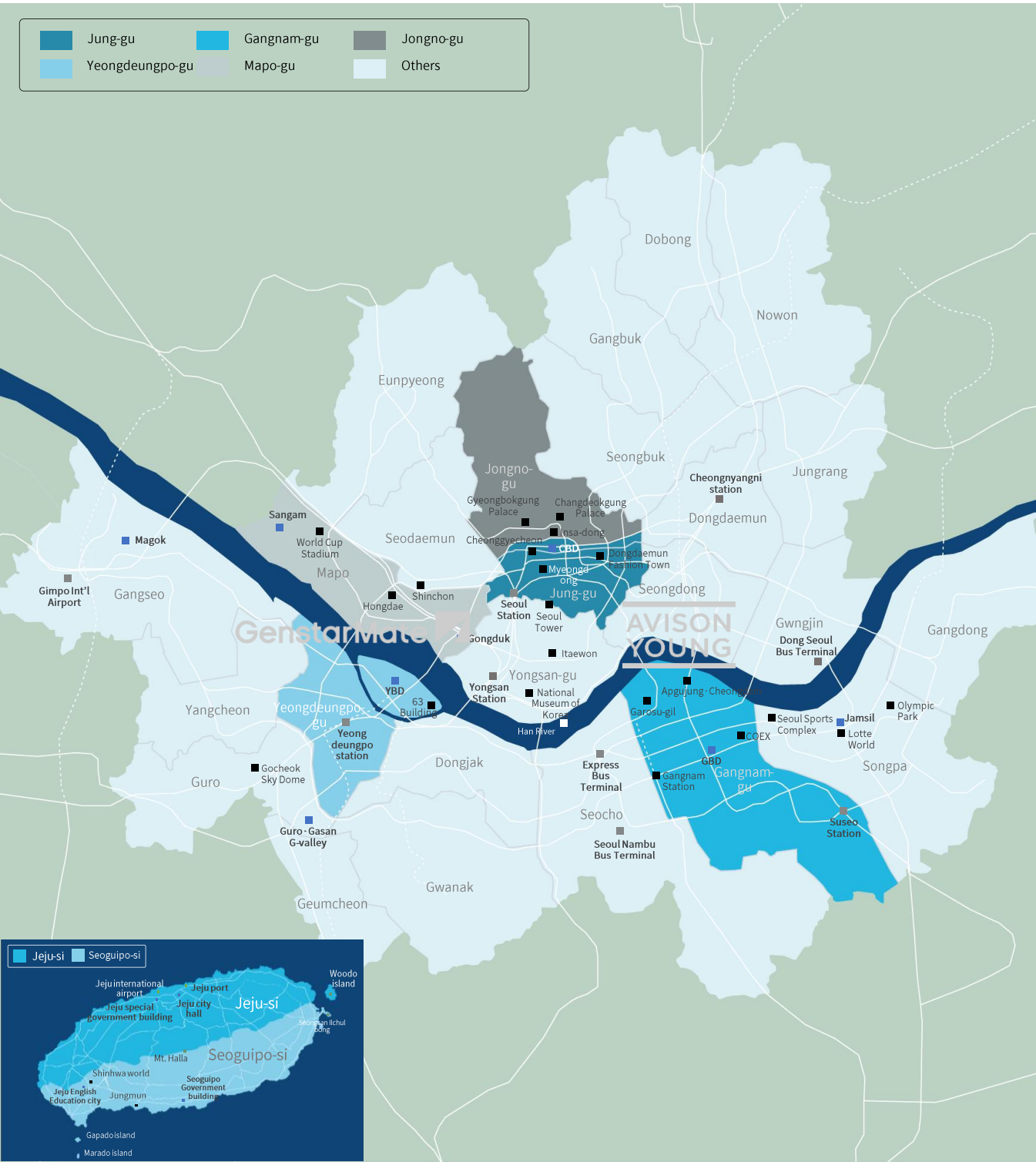
In contrast, Jeju’s market softened amid rising outbound travel and reduced flight capacity. ADR declined YoY in 2024 for 1-star (–15%), 2-star (–14%), and 3-star (–11%) hotels. However, it rose 12% for 4-star hotels and remained flat for 5-star. Compared to 2019, ADR increased 12% for 5-star, 33% for 4-star, and 11% for 3-star hotels.

* 2014–2023 OCC and ADR from Korea Hotel Association; Nov. 2024 figures edited by our firm based on Styleloft report.

**2019 OCC by star rating: 5-star 74%, 4-star 80%, 3-star 82%, 2-star 80%, 1-star 69%



※ Source: Korean Hotel Association, Styleloft, GenstarMate Research



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