



# 2H 2025 Investor Survey Reports

GenstarMate Research Center

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## 2H 2025 Investor Survey Reports by GenstarMate Research Center

This survey report is based on a questionnaire provided to representatives of relevant departments of investment firms and management companies over a period of approximately 10 days from mid July 2025, and received responses from approximately 70 respondents.

Please note that this report is intended to synthesize the various opinions of each real estate investment market participant to help you make future investments, and contains the subjective views of individual respondents. We hope that this report will provide you with an overview of the real estate investment market in the second half of 2025 and will be useful for your future strategy considerations.

We wish you all the best for the rest of 2025.

Thank you.

July 2025

GenstarMate Research Center

# Korea Real estate market Investment Outlook

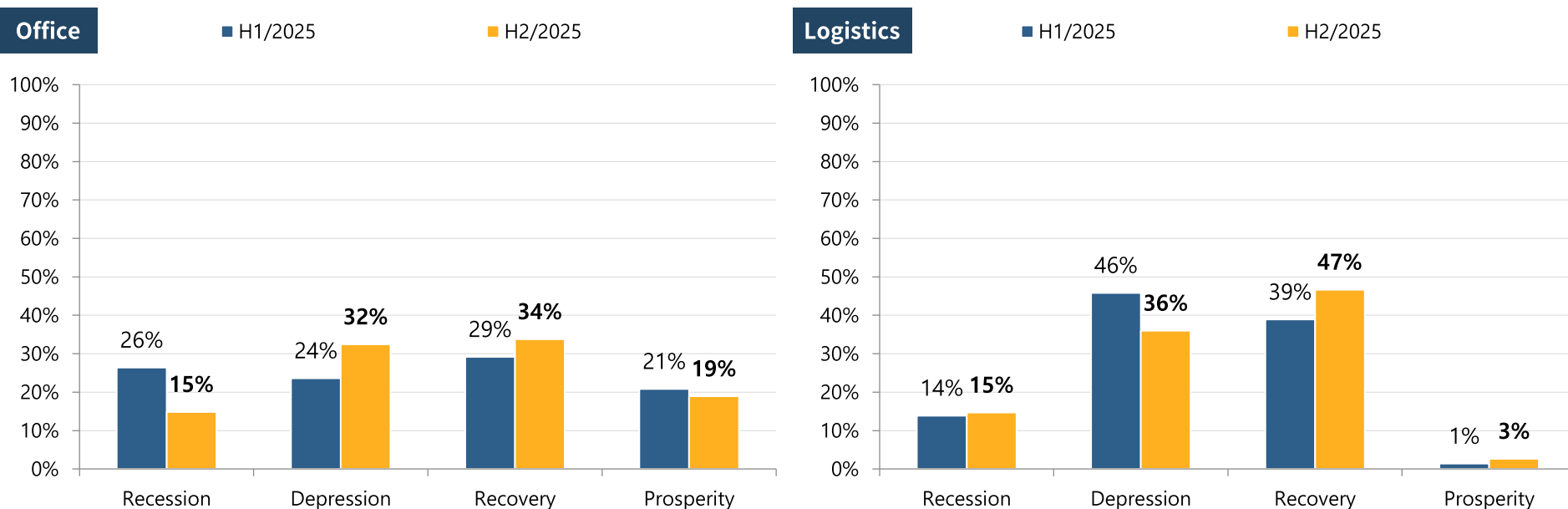
- I. Real estate market outlook by sector
- II. Investment strategies
- III. Investment destination
- IV. ESG and Investment

# I. Real estate market outlook by sector

## For office, the prospect of recession decreased, prospect of recovery for logistics center increased (47%)

- For the circular cycle of the office sector, the outlook for the 'Depression'/'Recovery' is the most dominant at 32%/34%, and the outlook for the 'Recession' is 15%, down 11%p from 1H 2025.
- For logistics center, the outlook for the 'Recession' decreased by 10%p compared to 1H 2025, and the outlook for the 'Recovery' period was 47%, up 8%p from 1H 2025, raising expectations for the 'Recovery' of the logistics sector ahead of the 'Recession' for the first time since 1H 2022.

### Q. Cycles by Sectors



※ Source: 2H 2025 Investor Survey, GenstarMate

# I. Real estate market outlook by sector

## Hospitality prosperity responses sharply up(36%), retail recession/depression outlook dominant(84%)

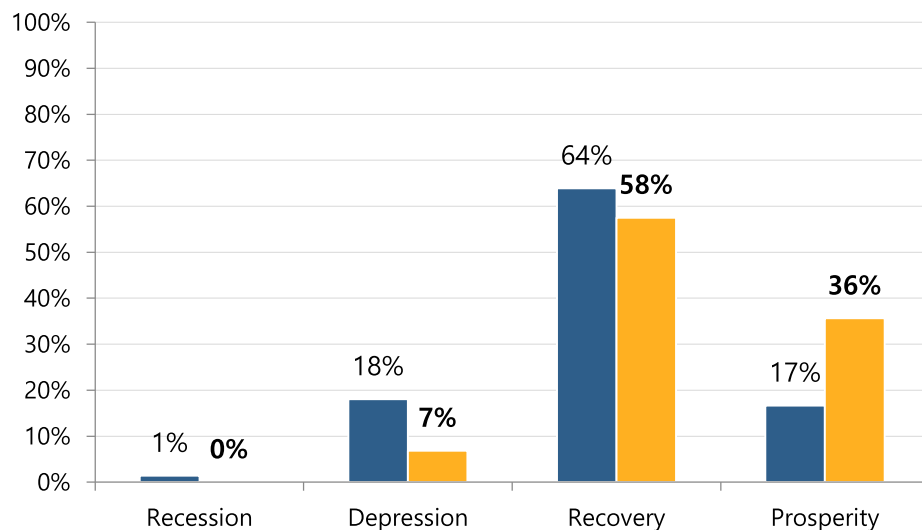
- With inbound tourism recovering, hotel occupancy(OCC) has surpassed pre-pandemic levels, raising the share of ‘Prosperity’ outlooks to 36%, up 19%p from 1H 2025, while positive views on the hospitality sector reached 94%.
- Retail ‘Recovery’ responses rose 9%p to 16%, but recession/depression outlooks remained high at 17%/67%, indicating continued weakness.

### Q. Cycles by Sectors

#### Hospitality

■ H1/2025

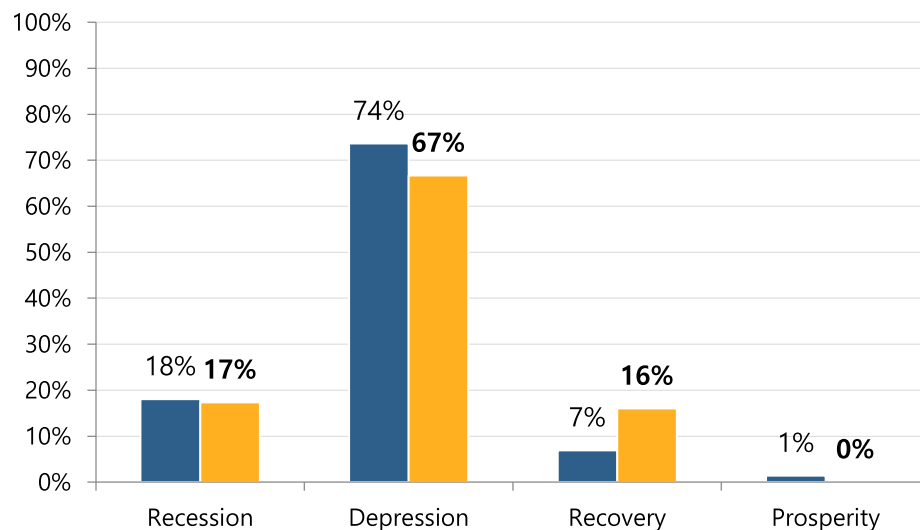
■ H2/2025



#### Retail

■ H1/2025

■ H2/2025



※ Source: 2H 2025 Investor Survey, GenstarMate

# I. Real estate market outlook by sector

## Positive outlook up for rental housing(75%), prosperity outlook up for data centers(59%)

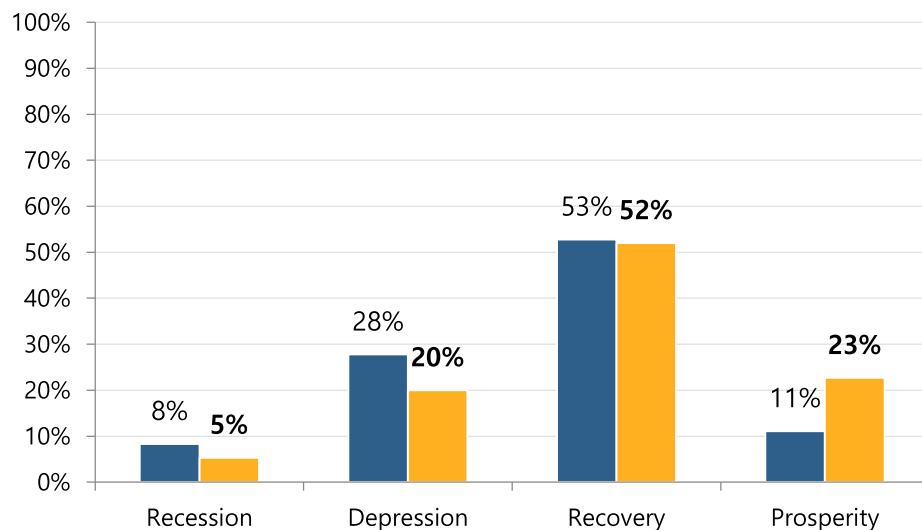
- In the rental housing, negative outlook responses fell to 25%, while ‘Prosperity’ outlook rose by 12%p to 23%, driven by rising rents and lease conversions.
- For data centers, the ‘Prosperity’ outlook reached 59, up 13%p from 1H 2025, reflecting sustained investor expectations driven by growing AI data center demand.

### Q. Cycles by Sectors

#### Rental Housing

■ H1/2025

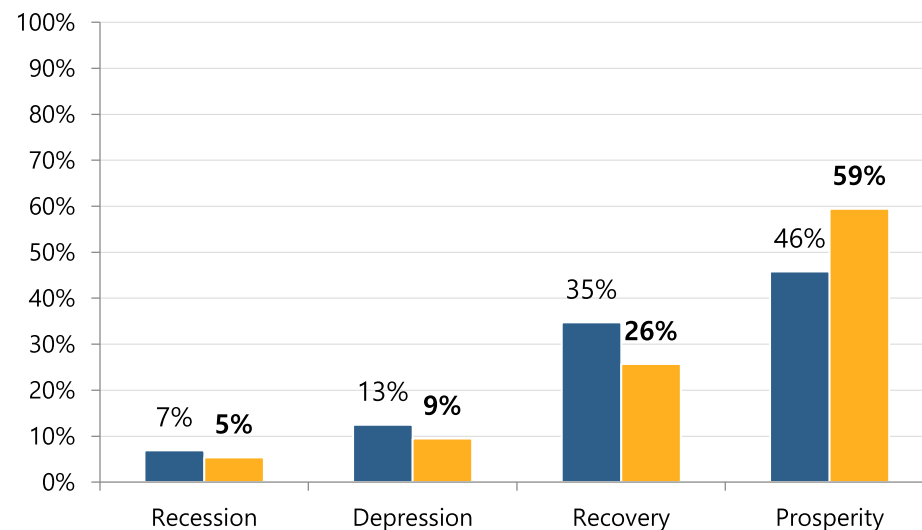
■ H2/2025



#### Data Centers

■ H1/2025

■ H2/2025



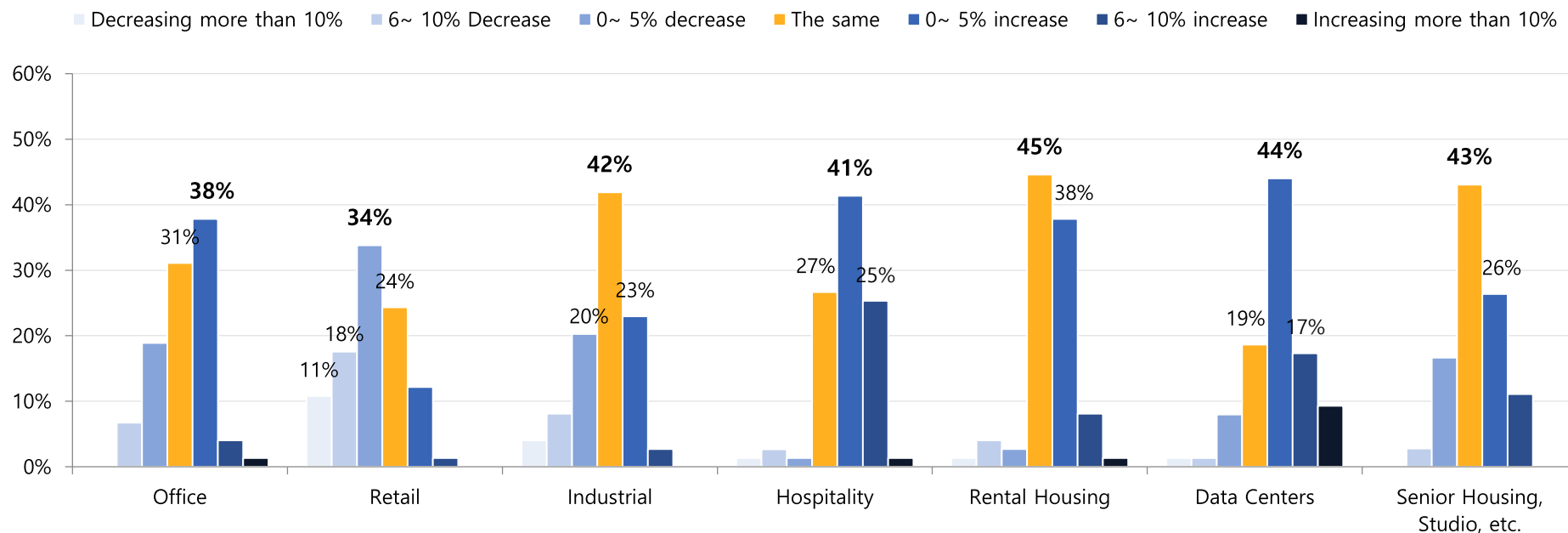
※ Source: 2H 2025 Investor Survey, GenstarMate

# I. Real estate market outlook by sector

## Office · Hospitality · DC expected price growth within 5%, Retail · Logistics points to smaller declines

- For office, 38% expect price growth within 5%, similar to 1H 2025, suggesting steady transactions ahead.
- For logistics, 42% now expect stable prices, compared to a majority expecting declines in 1H 2025, indicating a shift from downturn to recovery in line with cycle trends.
- For hospitality/rental housing/data centers, 68%/47%/71% respectively expect price growth, showing an expanded outlook for rising prices compared with 1H 2025.

### Q. 2H 2025 Outlook on Purchase/Sale Prices by Sector



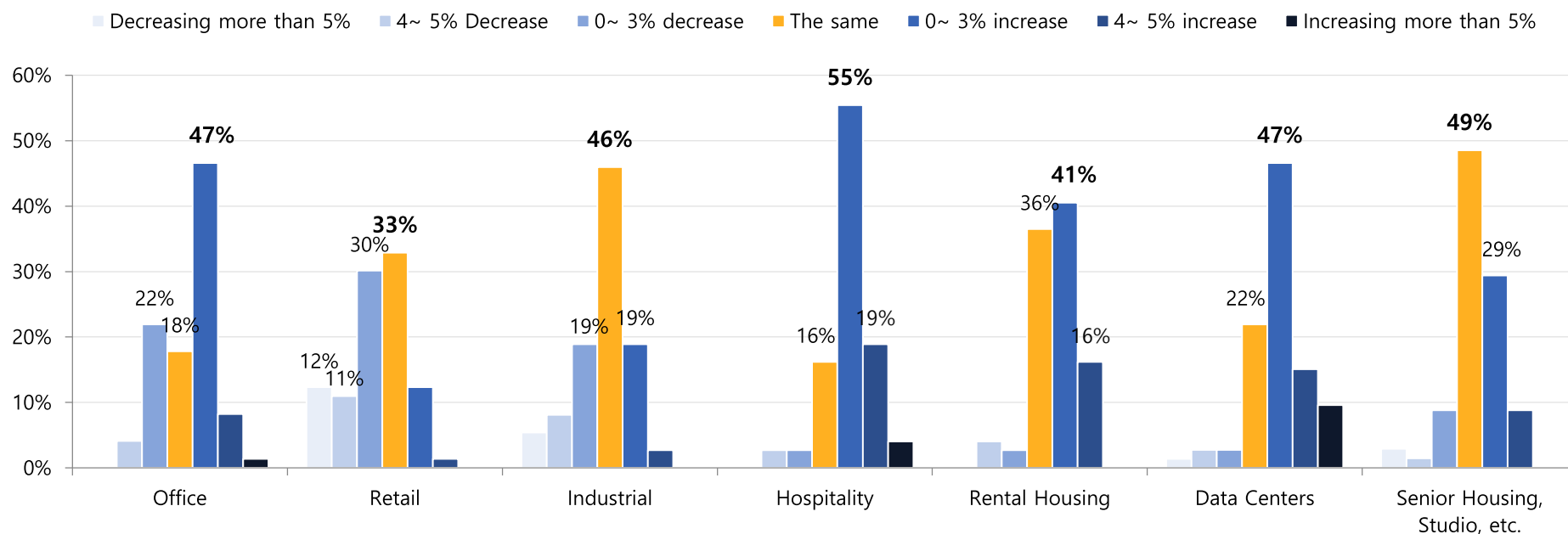
※ Source: 2H 2025 Investor Survey, GenstarMate

# I. Real estate market outlook by sector

## Office · Hospitality · Rental Housing · DC expected effective rent growth within 3%, Logistics holding steady

- In the office sector, 47% expect rent growth within 3%, a level consistent since 1H 2024.
- For logistics, 32% still forecast declines, but 46% expect stability, more than double the response in 1H 2025.
- For hospitality/rental housing/data centers, 55%/41%/47% respectively expect rent growth within 3%.
- As for retail, 33% expect stability and 30% expect within 3% decline, with overall decline outlook down 11%p from 1H 2025.

### Q. 2H 2025 Outlook on Effective Rents by Sector



※ Source: 2H 2025 Investor Survey, GenstarMate



# I. Real estate market outlook by sector

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## Positive/negative factors coexist, selective investments are expected as regional and asset polarization intensifies

### Q. Views on the current real estate market trends

- Real estate market is currently struggling, but is expected to recover soon.
- The market appears to be entering a recovery phase after a downturn, with a full rebound likely from September when interest rate cuts are anticipated.
- Slower GDP growth has weakened tenants' ability to pay rent, leading to declining commercial real estate yields.
- It seems that the market entered correction phase that should have occurred during the COVID-19 period.
- Overall market contraction is inevitable due to low growth and prolonged recession, while asset/regional polarization is expected to intensify.
- Pension and public funds remain constrained, and investors are holding off amid expected medium-term rate cuts.
- Polarization between Seoul/metropolitan area and province market is deepening, with growing sector differences.
- Despite rate cut expectations, rising uncertainties slowed recovery and deepened regional/asset polarization under cautious investment.
- The market is entering a downturn, and only competitive core assets are likely to survive.
- As domestic uncertainties increase, a more conservative investment approach is needed in the second half of the year.

※ Source: 2H 2025 Investor Survey, GenstarMate

# I. Real estate market outlook by sector

## Office in adjustment, Logistics rebound, Hotels recovering, DC· Rental Housing growing

### Q. Views on the current real estate market trends

#### Office

- 🧑 Large AMC's blind funds are weak, foreign investors reduce office investment, favoring medium-large over large assets.
- 🧑 CBD office supply points to a near-term adjustment.
- 🧑 Negative outlook continues due to corporate relocations and declining IT tenant demand in GBD and Pangyo.

#### Hospitality

- 🧑 Buyers remain limited, but pricing and transaction volumes are entering an upswing.
- 🧑 Recovery supported by rising travel demand, yet high volatility keeps investment risks elevated.

#### Logistics

- 🧑 Supply issues are easing, but vacancies in cold storage persist, limiting the market and allowing selective investment.
- 🧑 Logistics need time until 2030.
- 🧑 Logistics in temporary downturn with supply-driven potential.
- 🧑 Logistics investment appeal unlikely to recover within 5 years.

#### Data Centers · Rental Housing

- 🧑 Policy-driven demand and supply growth is expected for DC.
- 🧑 Paradigm shift from Office/Logistics toward DC/Senior Center.
- 🧑 Rising demand for co-living and senior housing.

※ Source: 2H 2025 Investor Survey, GenstarMate

# Korea Real estate market Investment Outlook

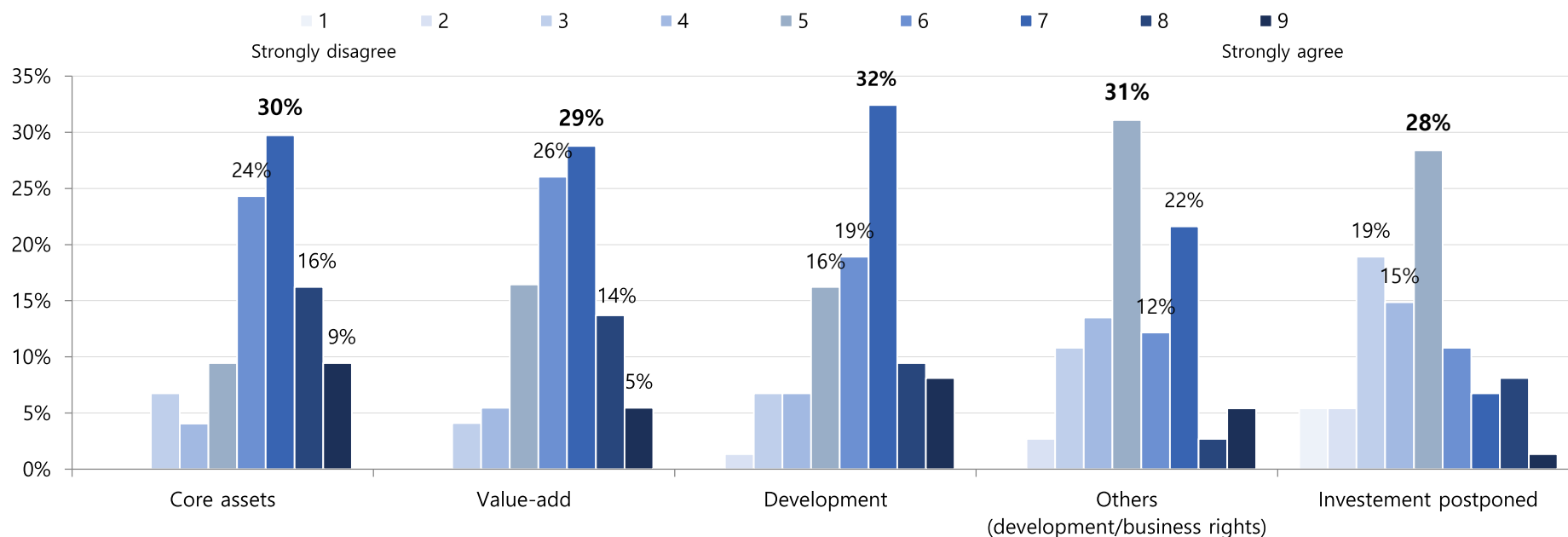
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- II. Investment strategies**
- III. Investment destination
- IV. ESG and Investment

## II. Investment strategies

### Core assets and Development preference increased, caution on Investment postponed

- For 'Core assets' and 'Development', responses 7-9 scale exceeded 50%, increasing by 11%p compared to 1H 2025, making them the most preferred strategy.
- 'Value-add' response decrease slightly in 7-9 scale(3%p ↓), while score 6 scale responses increased notably.
- Neutral responses(5 scale) for the 'Others(development/ business rights)' increased and a 10%p increase in 7-9 scale, indicating partial recovery.
- Low scores(1-3 scale) for 'Investment postponed' responses fell while neutral responses(5 scale) increased, reflecting cautious sentiment.

#### Q. Investment strategies change due to the high interest rate



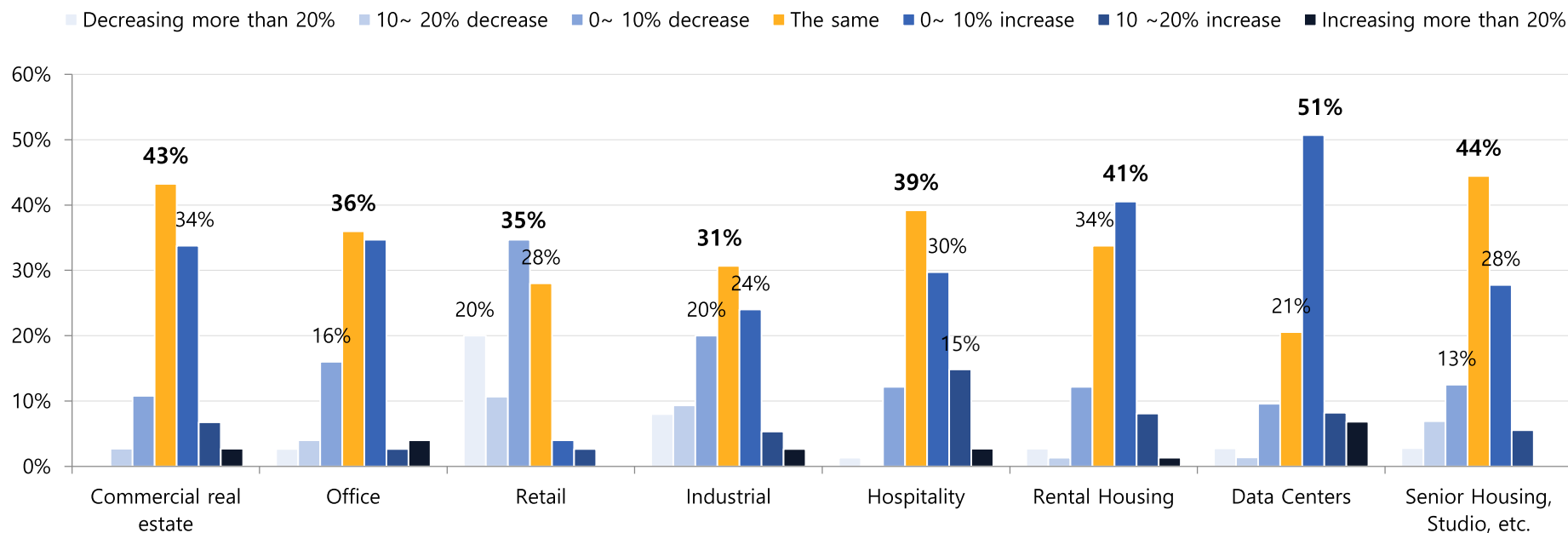
※ Source: 2H 2025 Investor Survey, GenstarMate

## II. Investment strategies

### Overall investment expected to expand, expanding investment in Hospitality · Rental Housing increased / reducing investment in Logistics response increased

- 43% of respondents chose to maintain investment in all commercial real estate, up 10%p compared to the 1H 2025.
- Hospitality and rental Housing investment expansion response increased, while DC fell 2%p but remained highest at 66%.
- 10~20% investment expansion response for office decreased, while within 10% and over 20% investment expansion response increased, and investment expansion response for logistics declined sharply by 19%p

#### Q. Investment plan in 2H 2025



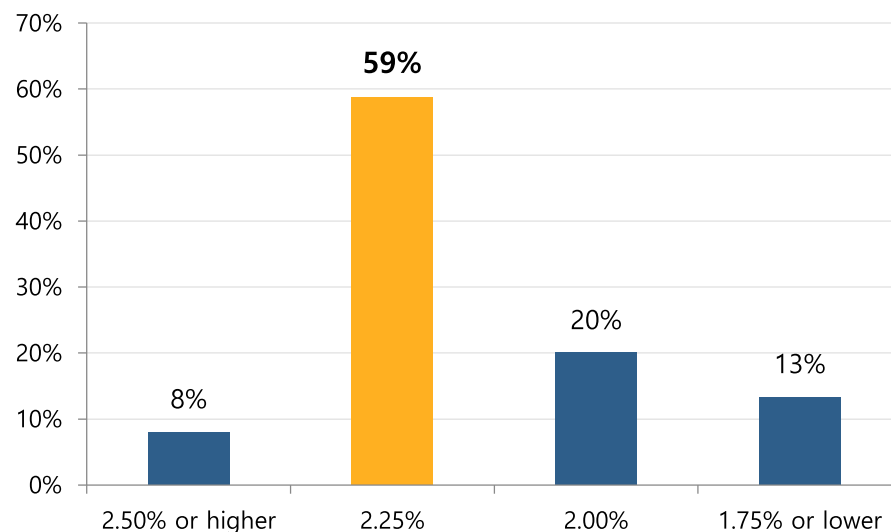
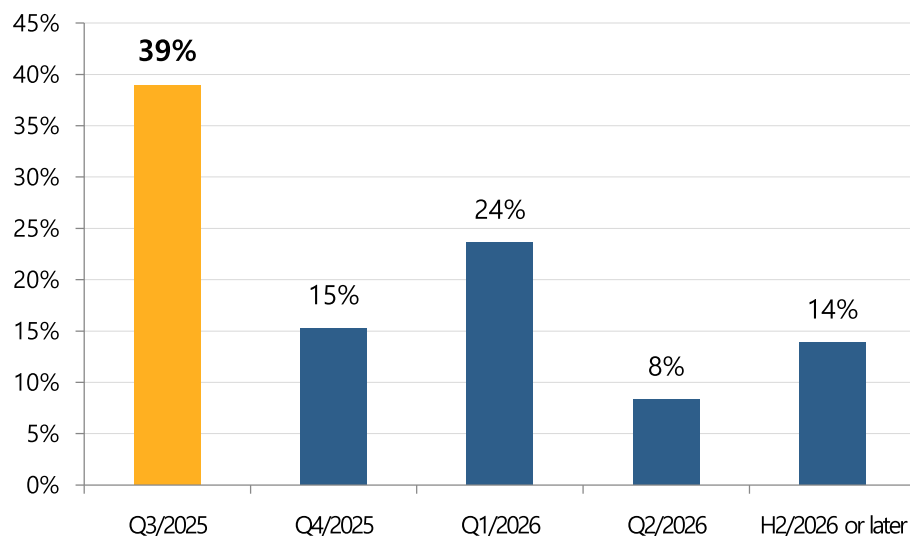
※ Source: 2H 2025 Investor Survey, GenstarMate

## II. Investment strategies

### 39% plan to resume investment immediately, base rate for 2H 2025 expected at 2.25%

- 39% of respondents indicated Q3 2025 as the timing to resume investment, reflecting an intention for immediate action.
- The share of respondents expecting a rate freeze or a cut of more than 0.5%p in 2H 2025 decreased, while 59% expect a single 0.25%p cut from 2.5%, suggesting one additional rate reduction is anticipated.

#### Q. When will resume investment and what will the benchmark interest rate be by the end of 2025



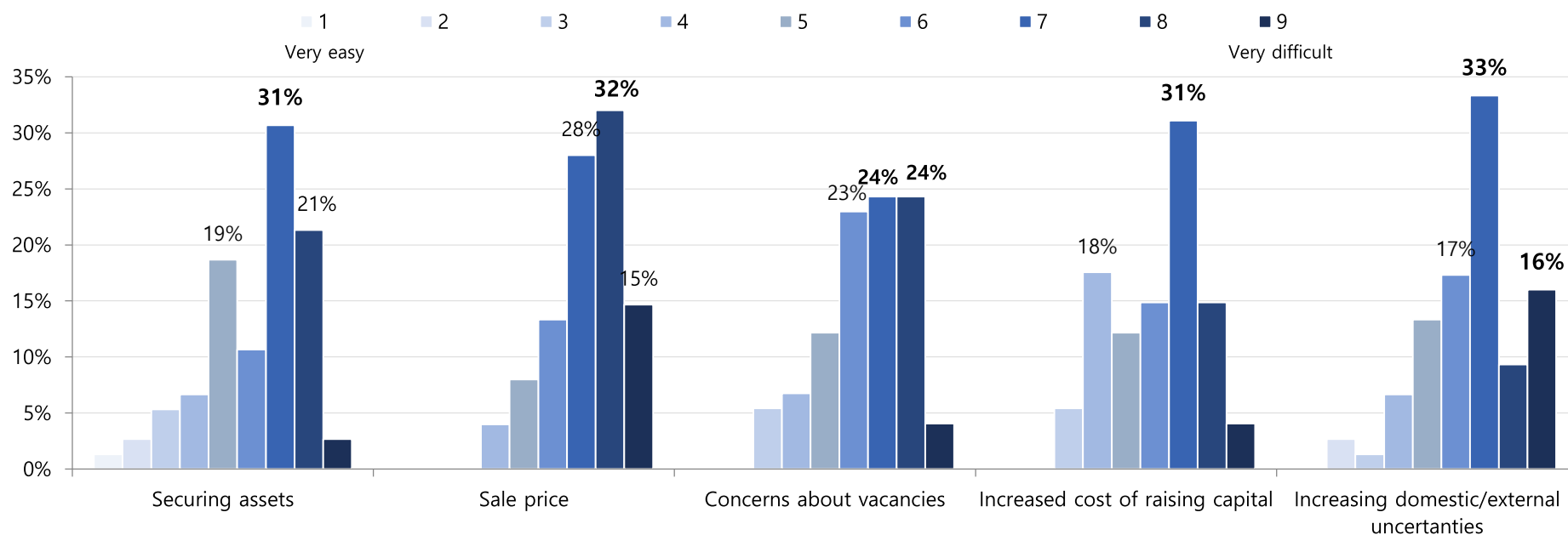
※ Source: 2H 2025 Investor Survey, GenstarMate

## II. Investment strategies

### Diverging views on sale prices, domestic/external uncertainties are main challenges

- 75% cited 'Sale price' as a challenge, up 7% from 1H 2025, indicating that asset prices remain relatively high from the buyers' perspective.
- 50% responded 'Increased cost of raising capital' as a challenges, slightly down from 1H, reflecting some easing in investment conditions from base rate cuts, while 'Securing assets' and 'Concerns about vacancies' rose to 55%(8%p ↑) and 53%(13%p ↑).
- The second-highest concern is 'Increasing domestic/external uncertainties'(59%) including extended recession, geopolitical risks, and US tariff policies.

#### Q. Most challenging part when invest



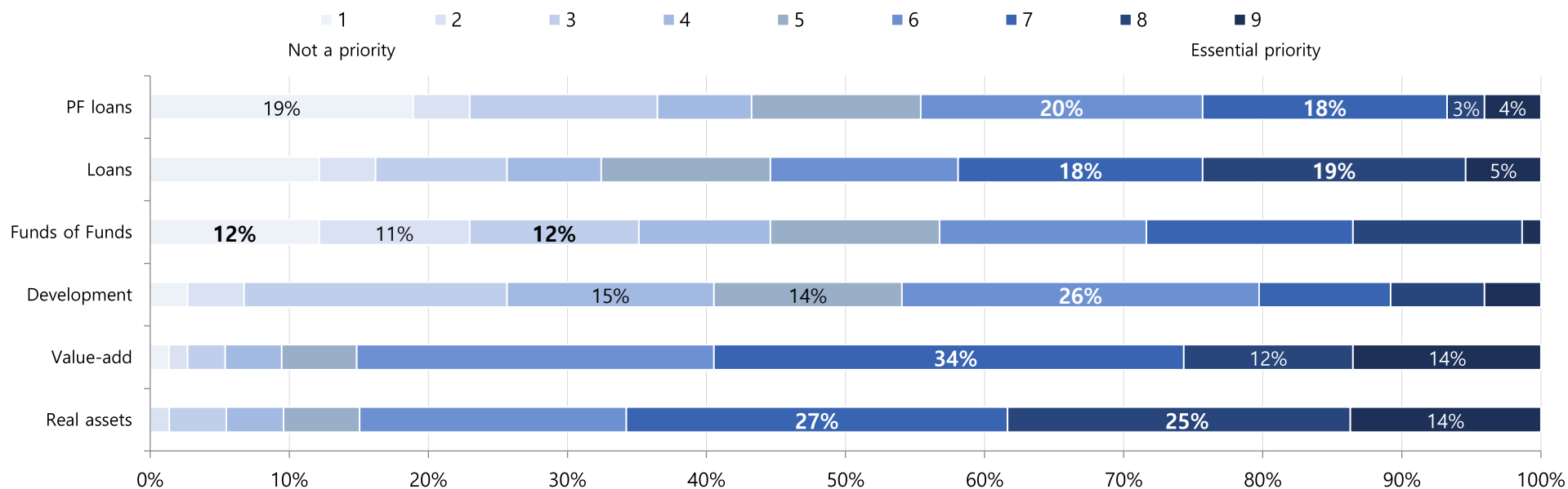
※ Source: 2H 2025 Investor Survey, GenstarMate

## II. Investment strategies

### Real assets · Value-add · Loans are most preferred, while Development preference declines

- Compared with 1H 2025, 'Value-add' decreased to 59%(6%p ↓), while 'Real assets' increased to 66%(8%p ↑), becoming the most preferred.
- 'Development' investment dropped markedly to 20% (15%p ↓), whereas 'Loans' rose sharply to 42% (14%p ↑), ranking third.
- 'PF loans' and 'Funds of Funds' declined to 36% and 35%, respectively, but still showed higher proportions of unfavorable response

#### Q. Preferred investment strategy



※ Source: 2H 2025 Investor Survey, GenstarMate

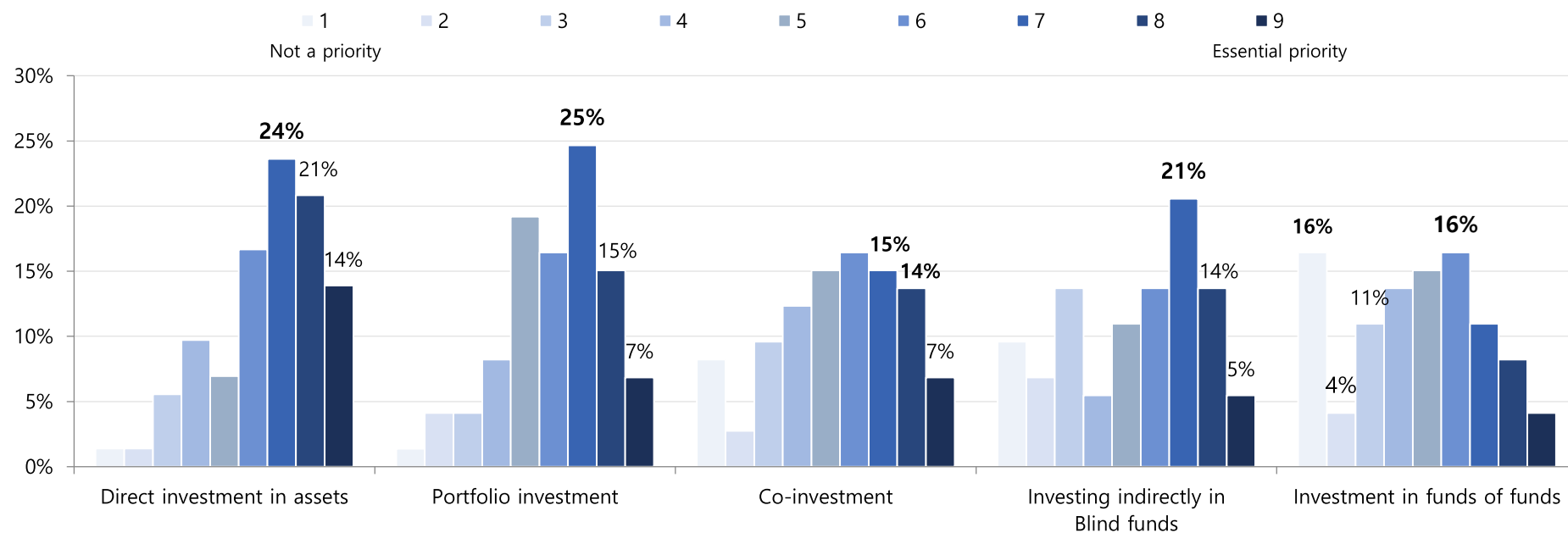


## II. Investment strategies

### Preference for direct investment in assets · portfolio, overall investment preference increased

- ‘Direct investment in assets’ declined but remained the highest at 58%, followed by ‘Portfolio investment’ at 47%.
- Preference for ‘Investing indirectly in blind funds’ rose significantly to 40%, up about 11%p from 1H 2025.
- For ‘Investment in funds of funds’, neutral response decreased while both favorable and unfavorable views increased, with 16% rating it as the least preferred(1 scale).

#### Q. Preferred investment strategy



※ Source: 2H 2025 Investor Survey, GenstarMate

# Korea Real estate market Investment Outlook

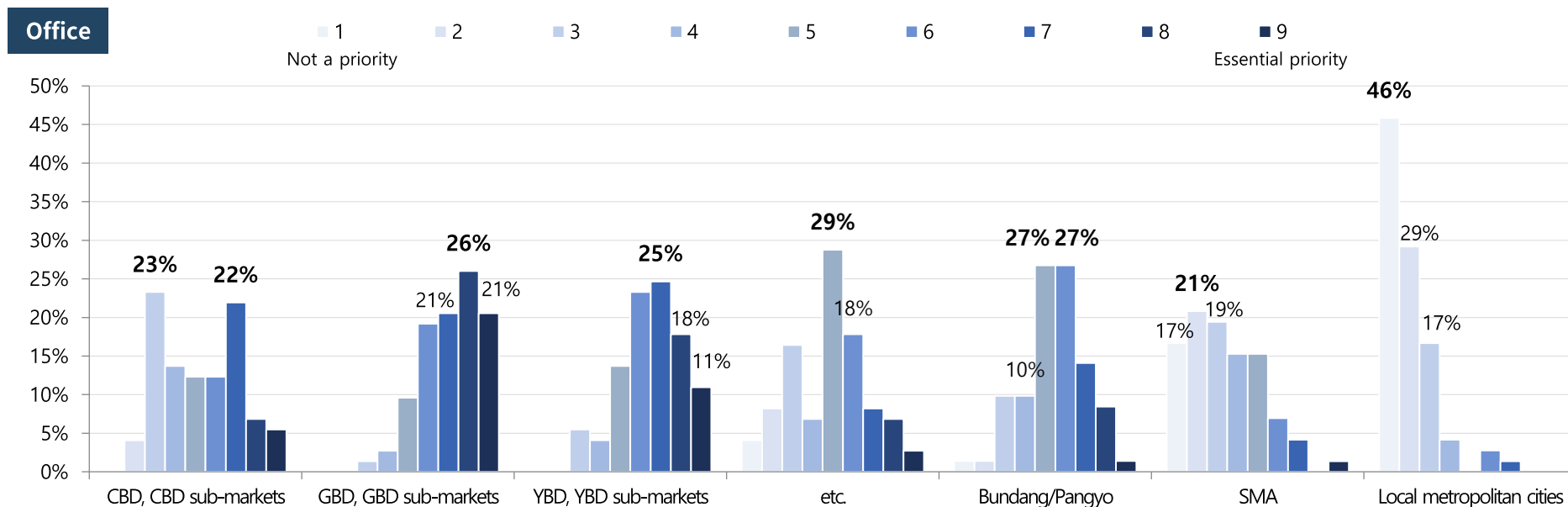
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### III. Investment destination

## Office continues to prefer GBD with rising neutral response, rising CBD unfavorable response

- Overall preference declined, but GBD remained the highest at 67%, followed by YBD at 53%.
- Due to concerns over future oversupply, CBD preference fell to 34%, down 17%p from 1H 2025, while unfavorable responses rose sharply to 27%(18%p ↑).
- Preference for Bundang/Pangyo rose to 24%, with unfavorable responses down 13%p and neutral responses prevailing(63%).

#### Q. Preferred investment destination



※ Source: 2H 2025 Investor Survey, GenstarMate

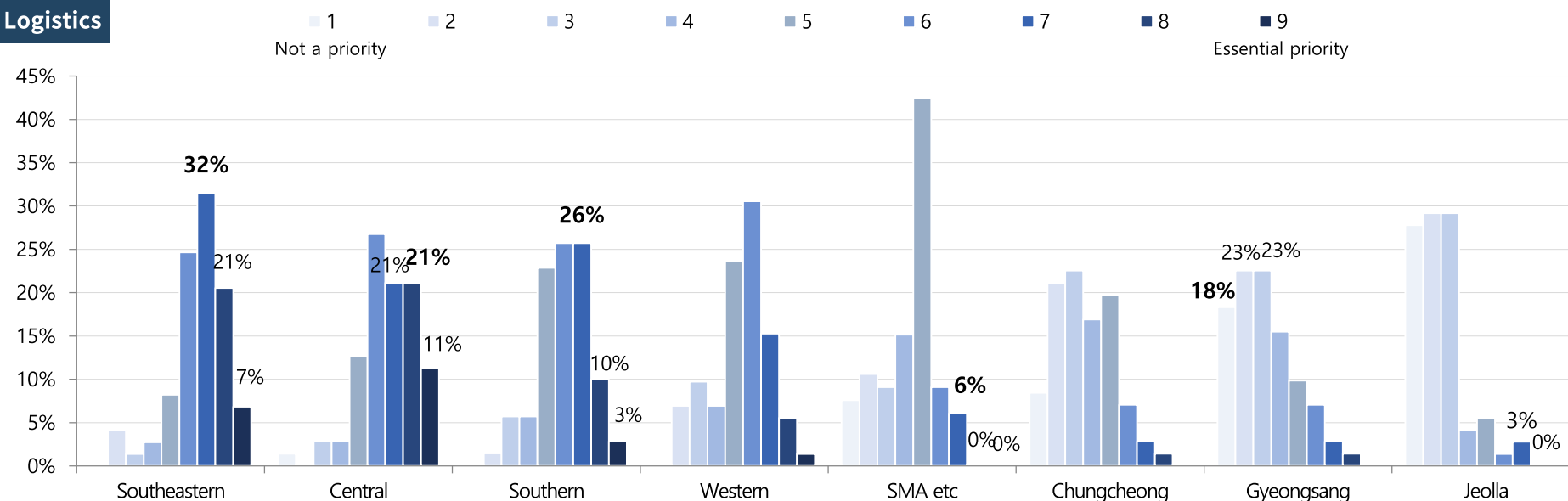
### III. Investment strategies

For logistics, most prefer Southeastern region, followed by Central, Southern, and Western

- Compared with 1H 2025, overall preference distribution showed little change, with no shifts in regional rankings.
- Preference rose for the Southeastern and Central to 59%(7%p ↑) and 54%(3%p ↑), while Southern and Western preference declined.
- In regions with higher unfavorable responses, SMA etc and Chungcheong declines in both preference and unfavorable rates with rising neutral opinions, while unfavorable responses in Gyeongsang and Jeolla increased 64%(1%p ↑) and 86%(10%p ↑).

#### Q. Preferred investment destination

##### Logistics



※ Source: 2H 2025 Investor Survey, GenstarMate

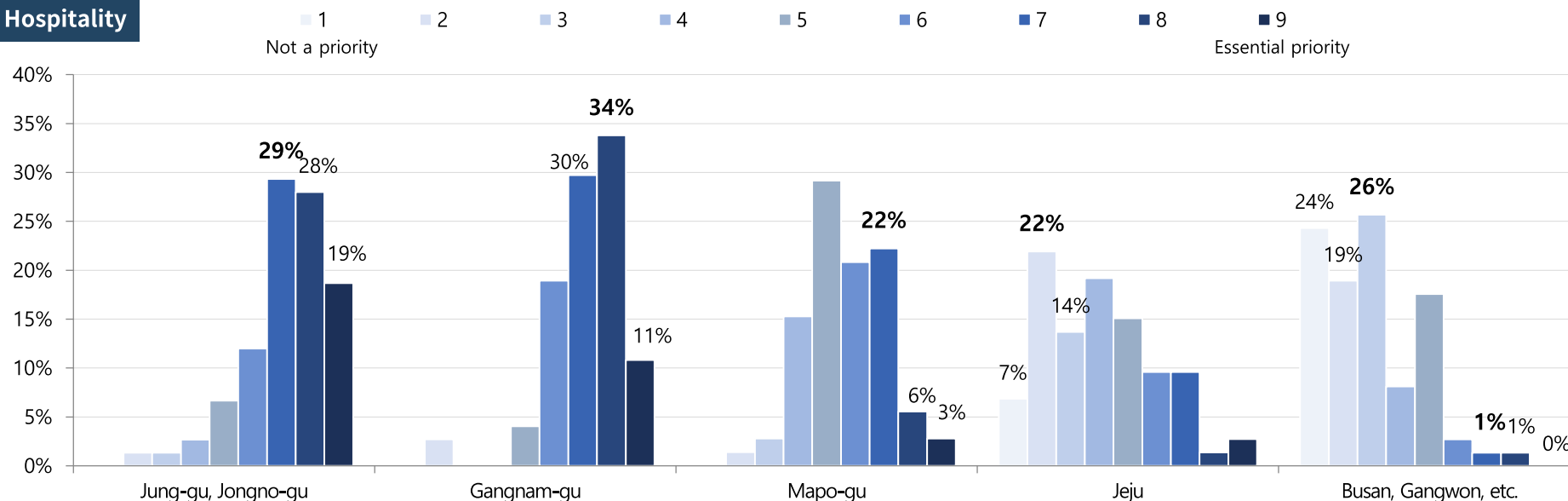
### III. Investment strategies

## Preference in Jung · Jongno-gu, Mapo-gu increased in Seoul, Jeju declined slightly

- With the recovery of inbound tourism and improved hotel profitability, hotel investment preference in Seoul rose, with 76%(4%p ↑) favoring Jung-gu, Jongno-gu, 31%(2%p ↑) for Mapo-gu, while Gangnam-gu declined slightly to 74% (3%p ↓).
- In Jeju and Busan, Gangwon, etc., unfavorable investment responses increased to 43% and 69%, respectively.

#### Q. Preferred investment destination

##### Hospitality



※ Source: 2H 2025 Investor Survey, GenstarMate

# Korea Real estate market Investment Outlook

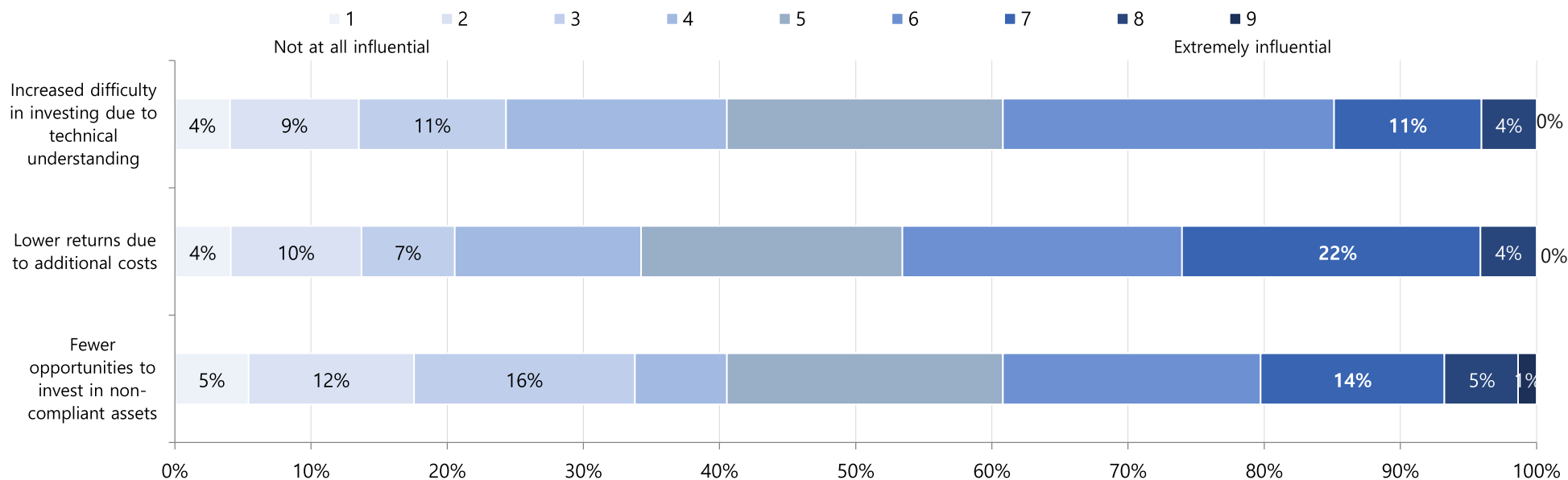
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## IV. ESG and Investment

### The main concern with ESG regulations is decline in investment returns due to added costs

- As ESG-integrated investments spread, changes in 7-9 scale responses on whether regulations discourage investment differ by item.
- The proportion of 'Increased difficulty in investing due to technical understanding' was 15%, a 2%p decrease compared with 1H 2025.
- However, responses for 'Lower returns due to additional costs'(26%) and 'Fewer opportunities to invest in non-compliant assets'(20%) increased by 5%p and 6%p compared with 1H 2025, respectively, showing renewed concerns over ESG-related investment constraints.

#### Q. The impact of ESG regulations on domestic investments



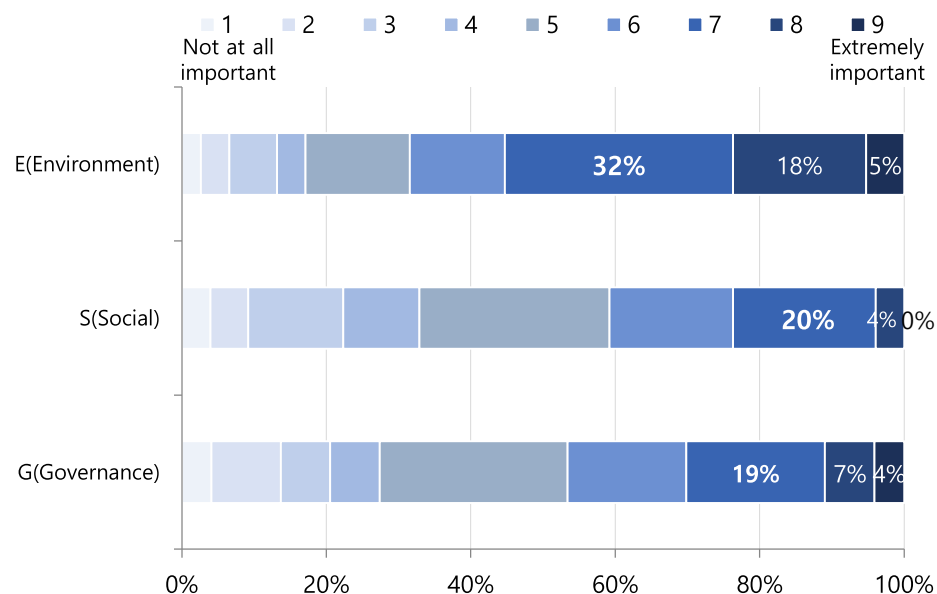
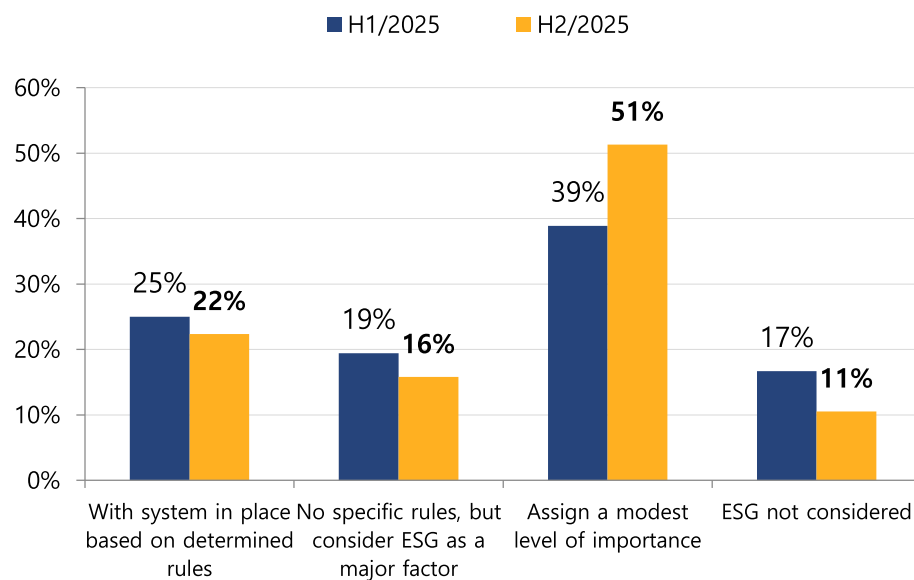
※ Source: 2H 2025 Investor Survey, GenstarMate

## IV. ESG and Investment

### Investors cited modest importance level given to ESG factors

- Among the three ESG factors, E(Environment) is considered most important in investment, with increasing by 15%p from 1H 2025.
- Responses stating 'ESG not considered' in investment review fell to 11%, down 6%p from 1H 2025, showing increased ESG consideration.
- Regarding ESG-related investment constraints, responses stating 'With system in place based on determined rules' and 'No specific rules, but consider ESG as a major factor' both fell by 3%p, while 'Assign a modest level of importance' rose to 51%(12%p ↑).

#### Q. ESG factors affect the investment and the most important factors



※ Source: 2H 2025 Investor Survey, GenstarMate



# 감사합니다

Thank you !

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