



Retail

Market Facts

110.8

Consumer Sentiment Index
+9.1% YoY

1.0%

Korea GDP Growth Outlook
(2025)-1.0%p YoY

KRW 1.24 trillion

Large-Scale Retail Transaction
Volume (Q3 2025 YTD)+73.7% YoY

113,000 py

Large-Scale Retail Supply (Q3
2025 YTD)-45.8% YoY

5 Cases

Large-Scale Retail Closures (Q3
2025 YTD)-10 cases YoY

Domestic Consumption

Korea's economic growth in 2025 is projected at 1.0%, representing a 1.0%p decline year-on-year. However, growth is expected to recover in the second half of 2025 (1.8%), compared with 0.3% in the first half, and remain at 1.8% in 2026. While government fiscal support and easing domestic and external uncertainties are likely to support a gradual recovery, both upside and downside risks persist.

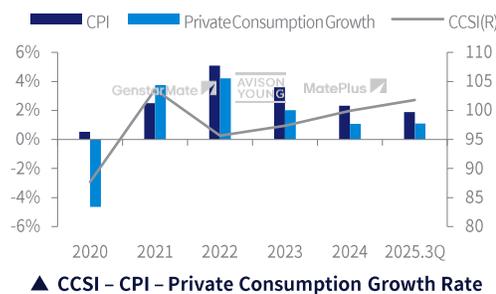
The Consumer Price Index (CPI) reached 116.7 in Q3 2025. Inflation remained elevated earlier in the year due to rising agricultural and petroleum prices, but easing global oil prices and stabilizing raw material costs are expected to moderate inflation to around 2.0% in 2025.

The Consumer Sentiment Index has shown a steady upward trend since the beginning of the year, supported by accommodative financial conditions and fiscal expansion. In Q3 2025, the index rose 9.1%p year-on-year to 110.8, indicating a recovery in domestic consumption.

In terms of retail sales by format, department stores, discount stores, grocery stores, and convenience stores recorded negative growth in 2024 amid prolonged high inflation, high interest rates, and weak consumer demand. By Q3 2025, sales declines widened further for discount stores, grocery stores, and convenience stores, while department stores saw a narrower decline (-1.0% YoY). Special stores rebounded, posting 0.7% YoY growth.

Online stores, which recorded double-digit sales growth during the pandemic, have maintained modest growth of around 1% since 2022, with growth improving slightly to 2.0% in 2024.

After nearly three years of declining total retail sales since Q1 2022, the trend reversed in 2025, as stabilizing inflation supported a recovery in private consumption, resulting in positive overall retail sales growth.



Source: Ministry of Data and Statistics, Bank of Korea

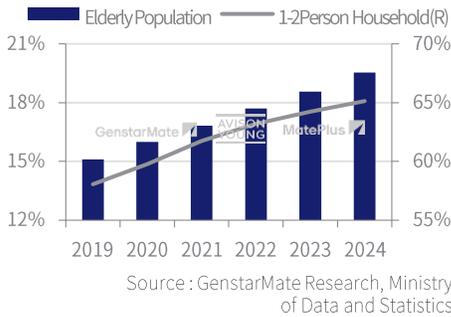
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Retail Market Overview

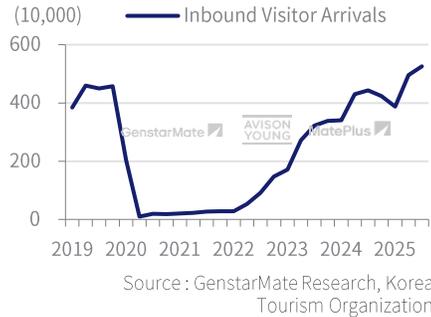
Online Transaction Growth & Online Shopping Penetration



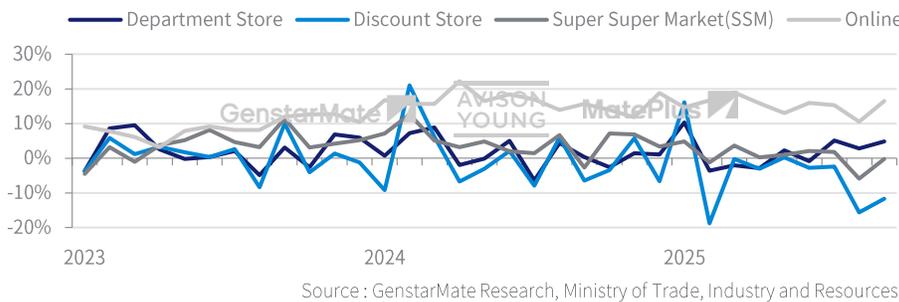
Elderly Population & 1-2 Person Household Trends



Inbound Visitor Arrivals Trend



Sales Growth Trends by Retail Type



Structural changes in demographics, the rise of Generation Z as a core consumer group, sustained growth in online shopping, and a prolonged low-growth economic environment are reshaping consumption patterns in Korea's retail market. In response, retailers are diversifying their strategies, including the expansion of experiential retail formats and value-oriented specialized stores.

Online shopping accelerated during the COVID-19 pandemic and has continued to gain share, supported by the strong growth of Coupang and the entry of Chinese cross-border platforms such as AliExpress, Temu, and Shein. As a result, online shopping penetration reached 52.0% in Q3 2025. As online consumption becomes increasingly embedded in daily life, offline retail facilities continue to face structural challenges, compounded by weakened purchasing power amid economic slowdown.

At the same time, rapid demographic shifts—population decline, aging, and the rise of one- and two-person households—are weakening private consumption growth and accelerating changes in consumer behavior.

These shifts are driving consumption polarization, with simultaneous growth in ultra-low-price/value-for-money products and high-priced goods driven by personal satisfaction. As Gen Z emerges as a key consumer cohort, demand for hyper-personalized offerings and experience-driven spaces is increasing beyond traditional product purchases.

Meanwhile, inbound visitor arrivals, a key pillar of retail demand, have continued to recover since the pandemic, reaching 5.26 million in Q3 2025, exceeding pre-pandemic levels. Supported by inbound tourism growth and a weaker Korean won, department store sales recorded positive growth in Q3 2025. However, other retail formats continue to face performance pressures, highlighting the need for ongoing adaptation to evolving consumer trends.

Offline Retail Strategy Shift: Renovation and Content-Led Repositioning

Offline retailers are pursuing profitability improvements not only through the closure of underperforming stores, but also by responding to shifting consumer trends via store renewals, experiential spaces, expanded content offerings, and specialized formats.

Department stores are reinforcing differentiation through targeted renovations: Shinsegae Department Store has repositioned its flagship through luxury-branded and F&B-focused concepts, while Lotte Department Store is undergoing phased renovations, including the launch of a K-fashion specialty zone in Q3 2025. Hyundai Department Store is expanding its urban mixed-use retail model, combining premium, value-oriented, and cultural experiences.

Meanwhile, ShinsegaeProperty is diversifying its Starfield platform into urban, community-based, and experience-driven formats, broadening its retail portfolio. Discount stores are also shifting strategies, with major operators rolling out grocery-focused, everyday low-price formats, reflecting a growing emphasis on essential consumption.

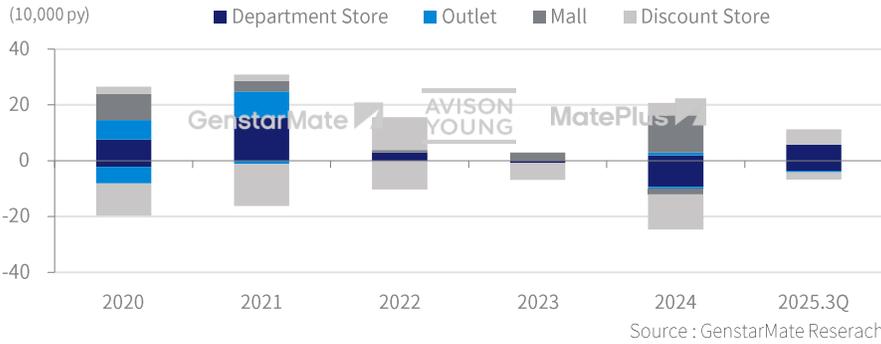


Source : Each Company's Website

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Supply Market

New Supply by Retail Business



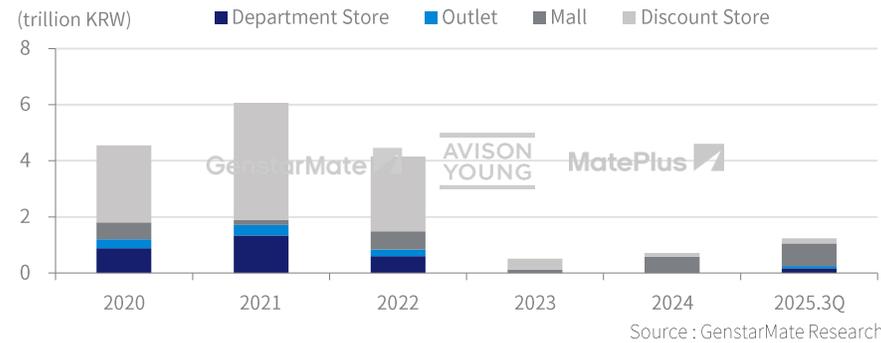
Major Store Open Cases

Chain & Location	Business Type	Address	Open Date
Traders Wholesale Club Magok	Discount Store	Gangseo-gu, Seoul	2025.1Q
NC Eastpole	Department Store	Gwangjin-gu, Seoul	2025.2Q
Costco Pyeongtack	Discount Store	Pyeongtaek-si, Gyeonggi	2025.2Q
Connect Hyundai Cheongju	Department Store	Cheongju-si, Chungbuk	2025.2Q

Source : GenstarMate Research

Investment Market

Transaction Volume by Retail Business



Transaction Volume by Purpose



Major Transaction Cases(2024~Q3 2025)

Chain & Location	Business	Address	Price (0.1 bil.KRW)	Date	Seller	Buyer
Homeplus Busan Banyeo	Discount Store	Haeundae-gu, Busan	510	2024.4Q	Homeplus	Busan Banyeo-dong Development PFV
AK Plaza Bundang	Department Store	Seongnam-si, Gyeonggi	1,664	2025.1Q	Capstone AM	Capstone AM(AK Plaza)
Costco Gongse	Discount Store	Yongin-si, Gyeonggi	950	2025.1Q	KORAMCO REITs Management & Trust	Costco Korea
W Mall Gasan	Outlet	Geumcheon-gu, Seoul	880	2025.2Q	Yein Development	Euntop Industrial Development
Homeplus Sinnae	Discount Store	Jungnang-gu, Seoul	523	2025.3Q	Homeplus	E-land Construction

Source : GenstarMate Research

8 new supplies were confirmed in 2024 and 2025, respectively, a significant increase compared to 2023. By business type, discount stores have the largest supply of 4 and 6 in 2024 and 2025, respectively. 15 and 5 stores closed, and net supply showed a big difference of -7 and 3, respectively.

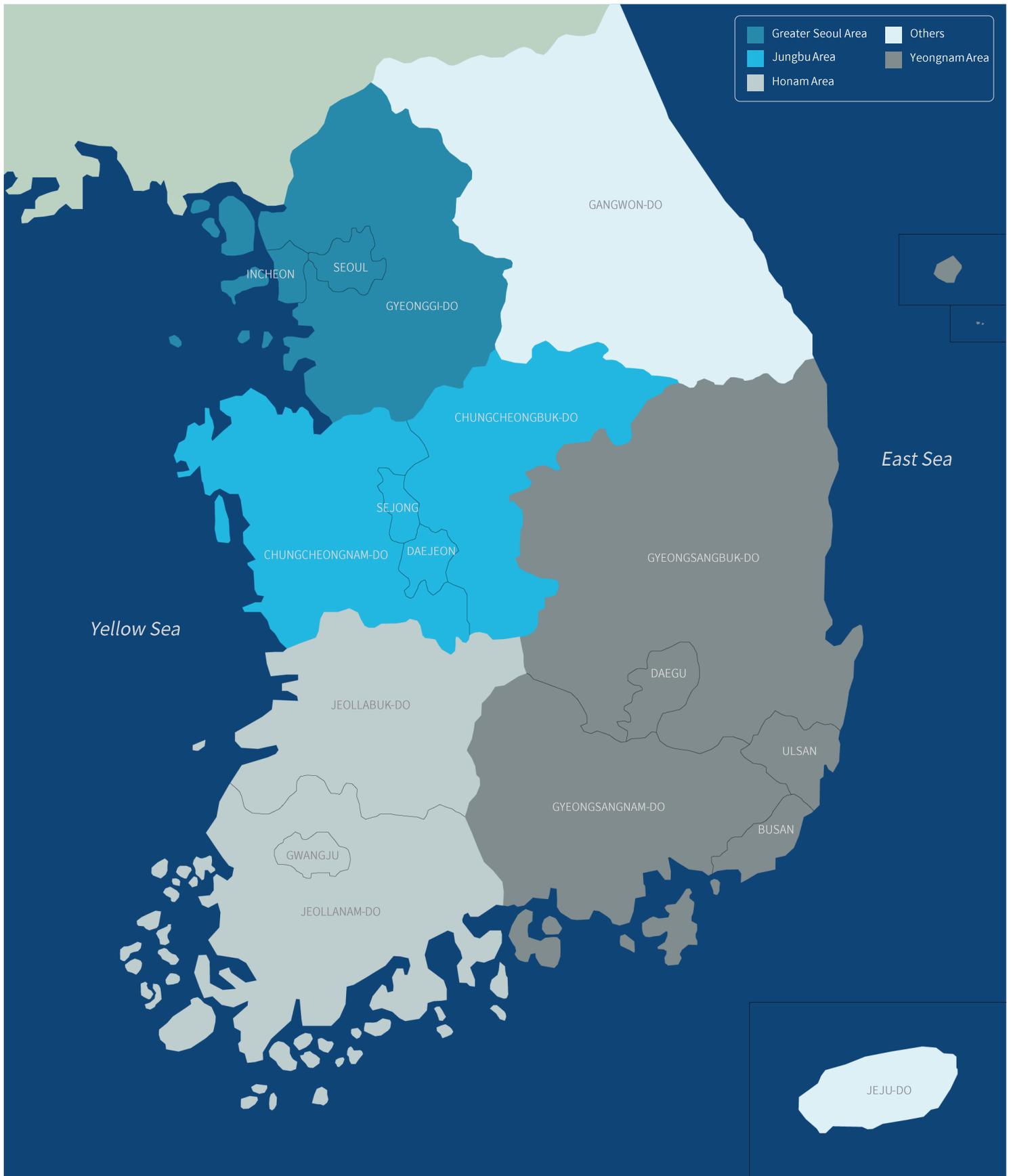
Major supply cases indicate that the shift to a lifestyle platform and the polarization of consumption are leading companies to strengthen competitiveness by opening specialized stores. In the case of department stores and shopping malls, Connect Hyundai Busan, Cheongju, Time Villas Suwon, and Starfield Suwon were supplied. In the case of hypermarkets, low-cost stores specializing in foods such as E-Mart Food Market Suseong, Godeok, and Lotte Mart Grand Grocery Guri opened.

Due to a series of weak performances, the highest closure showed at discount stores, with 9 in 2024 and 3 in 2025, with 8 Homeplus stores closing, the largest portion. In the future, large-scale closures are scheduled in accordance with Homeplus corporate rehabilitation process, which is expected to lead to a large number of closing retail facilities.

In 2024, 5 large retail facility transactions were recorded, up 40.7% compared with 2023, reaching KRW 714.6 billion. As of Q3 2025(YTD), 7 transactions have been recorded, up 73.7% compared with 2024, totaling KRW 1.24 trillion. However, it is similar to 2024 except for Magok One Grove Mall, which was pre-purchased 4 years ago, and it is difficult to say that the retail market has recovered because it includes simple owner changes for management purposes.

Among major transactions, AK Plaza acquired fund beneficiary certificate stakes for lease structure improvement in Q1 2025, but divested in Q4 2025 for strengthen its financial structure. W Mall Gasan, closed in 2023 and repeatedly unsold at public sale, was acquired by Euntop Industrial Development for KRW 88 billion in Q2 2025. Office conversion remodeling is underway, as seen in Enter-6 Park Avenue Hanyang Univ.(converted in 2025), with completion as KB Gasan Tower scheduled for 2026. Homeplus Busan Banyeo(Q4 2024) and Sinnae(Q3 2025) were sold for KRW 51 billion and KRW 52.3 billion, respectively, for mixed-use and rental housing developments.

Sales are expected to continue, including 13 E-Mart stores by Mastern Investment Management and Homeplus stores. However, considering market conditions, such as slow economic recovery and market interest rates rising again at the end of the year, the recovery of the large-scale retail facilities trading market is expected to be slow.



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