



COLLIERS IN KOREA

Colliers in Korea has developed a market leading position in the real estate market in Korea. Our platform can deliver acquisition, disposal, leasing and valuations & advisory for different projects throughout Korea. Colliers ensures that a proven and transparent process is implemented, coupled with our market research which has been developed at a fundamental level that ensures all real estate decisions are made with a full and clear understanding of the market.

A TOTAL SOLUTION PROVIDER

- Commercial Sales and Leasing
- Corporate Services
- Industrial Sales and Leasing
- Research and Consultancy
- Valuation and Advisory

NEW STAFF

Cissy Mak joined Colliers as a Senior Manager of Commercial division in June 2009, mainly in charge of Business Development, Commercial Leasing and Corporate Services. She successfully worked in RHK Design and Jones Lang LaSalle in Singapore focusing on project management and marketing.

Yuwon Jeong joined Colliers as a Manager of Administration & Marketing division in June 2009. She has over 8 years' experience in the accounting field and will be in charge of overall accounting and finance as well as HR and other administrative tasks.

Young Cho joined Colliers as a Manager of Consultancy & Valuation division in January 2009. She provides services in valuation and advisory consultation for existing and prospective clients, with close collaboration with C&V division of Asia Pacific. Also, she is in charge of researching the market trends and publishing market reports.

James Jung joined Colliers as a Senior Analyst of Commercial division providing the professional knowledge as a licensed agent of real estate in Korea. James assists his team members in the overall project delivery with marketing activity and research.

Miles Ryu joined Colliers as an Intern of Consultancy & Valuation division, who graduated from the urban landscape architecture program at University of Seoul in Feb 2009. He will support C&V division for the valuation and consultancy project and will concentrate on market research.

ECONOMIC INDICATORS

In 2Q2009, Korea's GDP fell 2.51% YoY, showing a narrower drop range than 1Q2009 with -4.32% YoY, according to the Bank of Korea (BOK). On a quarterly basis, the GDP growth rate seemed to gradually recover, by 2.33% QoQ in 2Q2009. Such a rapid recovery of Korea's GDP growth rate made it possible to forecast a positive economic situation in the second half of 2009.

The CD rate, as a benchmark of variable interest mortgage loans, has consistently fallen since 3Q2008, reaching 2.41% in 2Q2009. However, the spread between the CD rate and the interest rates for mortgages became larger, representing the high risk premium regardless of lowered CD rate, which indicates ongoing instability in the financial market.

The foreign exchange rate (Forex), once up to KRW1,400 to the US dollar due to the US dollar deficit worldwide, fell to KRW1,294.8 to the US dollar in 2Q2009, and KRW 1,216.50 at 15th Sep, 2009, thanks to the leveraging of the current account in the black during 1H2009. The unemployment rate increased by a narrow gap, to 3.8% in 2Q2009, and is expected to slowly increase during the remainder of 2009, with only a few job postings announced. The growth rate of the Consumer Price Index (CPI) dropped continuously to 3.57% YoY in 2Q2009, compared with the relatively high rate in 2008. Still, the CPI remained at a higher level than other OECD countries.

OFFICE MARKET UPDATE

Although the Korean economy, in the Asia Pacific region, has successfully dealt with the difficult economic situation, thanks to the many reflation policies initiated by the Korean Government, the stagnant office market in Korea does not seem to restore to the prosperous state observed in previous years.

CBD has long been considered as the most influential district with the highest demand; even so, such demand fell to a certain degree in 1H2009. The increased vacancy rate of 2.71% during 1H2009 is expected to climb with new supply, namely Seoul Square, scheduled to be added to the market in November 2009. The main trend of the GBD market can be summarized as a sharp increase in vacancy rates and a stagnant increase in rents. Overall demand in the GBD fell, due to the cost-saving strategies put in place by major companies to consolidate operation branches and to restructure their companies. Otherwise, since most headquarters of finance- and insurance-related industries secured a location in YBD, the market stabilized, with a relatively insignificant movement of their office space; and this showed relatively low vacancy rates compared to GBD.

INVESTMENT MARKET UPDATE

There is no doubt that the investment in the Korea office market has been affected by the global financial crisis since 4Q2008. The capital value of Grade A office building largely fell in 4Q2008, more than 30% compared with previous quarter. This was mainly caused by a gap between sellers and buyers in transaction price, despite an increased volume of office buildings released for sale on the market. In 1H2009, the investment market started to recover slowly, owing to the positive signs of economic indicators, to the expectation of tiding over the financial crisis and to the increase of portfolio investment by Real Estate Trust, Funds and REITs. Especially, the capital value of Grade A buildings has climbed slightly in 2Q2009, as investors found price competitiveness acknowledged the market bubble easing and took an opportunity in the downturned market. Notably, local investors have driven the Seoul office sales market in 1H2009, unlike previous years' trends, which were driven mostly by foreign investors.

Such an emerging trend in the investment market will be continued in 2H2009 and the following year. Considering that the vacancy rate is on the rise and rental rate is on a horizontal increase, as well as capital value dropping with increasing volume of office building from company restructuring and termination of Fund and REITs, the Seoul office market can be the gratifying opportunities for investors.

BUSINESS IN THE SPOTLIGHT

Recent Successful Assignments

Office Leasing

Tyco Electronics – Various renewal and relocation projects throughout Korea

Dole Korea – Relocation of existing head office 1,213 m², Seoul

Synaptics – Relocation of existing head office 954 m², Seoul

RGA – Relocation of existing head office, 1,392m², Seoul

PMC Sierra – Renewal of current office, 371 m², Seoul

Sales and Industrial

Faurecia – Disposition of an Industrial property, 15,839 m², Shihwa, Gyeonggi Province

Lease Acquisition of a Manufacturing facility, 5,699 m², Busan

Consultancy and Valuation

Schaeffler Korea – Valuation for Commercial Building of 379m², Ulsan

Valuation for Industrial Property of 1,507m², Busan

Spring Fresh – Valuation for Hospitality Development of 58,130m²,

Cheongsong-gun, Gyeongbuk Province

Leading Investment Securities – Valuation of an Office building for planned mixed-use

development, 83,094 m², Seoul

BUSINESS UPDATE / OPPORTUNITIES

Colliers International Korea (CIK) has acted as the exclusive corporate service provider of **3M**, setting up a comprehensive strategy for currently leased offices. CIK has been preparing for office renewal and relocation to provide the best solution to the client. CIK prepared several options for office relocation to satisfy client needs through the RFP process and negotiated with landlords for available relocation options. Currently, CIK is preparing a financial analysis of the proposal.

CIK has also been appointed exclusive tenant representative for the office renewal project of **Motorola Korea**, which currently occupies Hi-Brand Building, GBD. As the landlord has asked to increase the rent of Hi-Brand Building in 1H2009, CIK has negotiated with the landlord for any possible renewal options for **Motorola Korea**.

CIK has been appointed joint landlord representative of **Centum Science Park**, which will be completed in April 2010, in Busan. CIK is actively looking for potential tenants of office space, as well as setting up a leasing strategy. *For more details, please [Click Here](#) for contact info. Commercial division, CIK.*

Tyco Fire & Securities has appointed CIK the exclusive corporate services provider for the real estate portfolio review. It includes leasing, sales, disposal and market research for their assets nationwide. The branches in Goyang and Yongin have been renewed and the branches in Hwaseong and Jungbu have been relocated after market research by CIK. Furthermore, another branch in Sungnam and an overall review of branches in KT buildings will be reviewed until the end of 2H 2009.

Johnson Controls has appointed CIK as the exclusive agent of disposition for an industrial property, 13,392 m² of land size and building on the site, on as-is-where-is basis. The property is situated in Shinpyung-myun, Dangjin-gun, Chungcheongnam Province, renowned as a major industrial area near Asan National Industrial Complex and YESFEZ (Yellow Sea Free Economic Zone), and is located approximately 29km from Pyeongtaek International Port. Also, it has convenient access to major cities through Dangjin IC on the West Coast Expressway, 5.8km from the property. *For more details, please [Click Here](#) for contact info. Sales & Industrial division, CIK.*

Honeywell has appointed CIK as the exclusive agent for disposal of an industrial property in Shinpyung-myun, Dangjin-gun, with 29,960 m² of land and buildings on as-is-where-is basis. CIK already has performed market research and provided Honeywell with a report of Broker's Opinion of Value (BOV) regarding the property. General accessibility is considered good, as it directly connects with local road No. 34, and Songak IC is 7km from the site. Also, the property is situated near Asan National Industrial Complex and Pyeongtaek Port. CIK has established the disposal strategy and is currently at the marketing stage in collaboration with the local agent. *For more details, please [Click Here](#) for contact info. Sales & Industrial division, CIK.*

301 OFFICES IN 61 COUNTRIES ON
6 CONTINENTS

133 in Americas

97 in Europe, Middle East & Africa(EMEA)

71 in Asia Pacific

Over 12,700 Professionals

Over 102 million m² under management

USD 1.6 billion in revenue

ACTIVITIES IN THE COMMUNITY



CIK Clients Night at Rosso Bianco

Colliers International Korea(CIK) held an annual event, Clients Night on 10th, September 2009 at Rosso Bianco. GE, OTIS, ING Real Estate, Prologis, Goethe Institut, E&Y, Samsung F&M, etc - major clients of CIK had a great time with CIK members at CIK Clients Night. Furthermore, CIK is planning to invite clients and celebrate together the outgoing year and Christmas in December, 2009.

CONTACT INFORMATION

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