Miracle to Momentum:
Korea's Next Chapter of Growth

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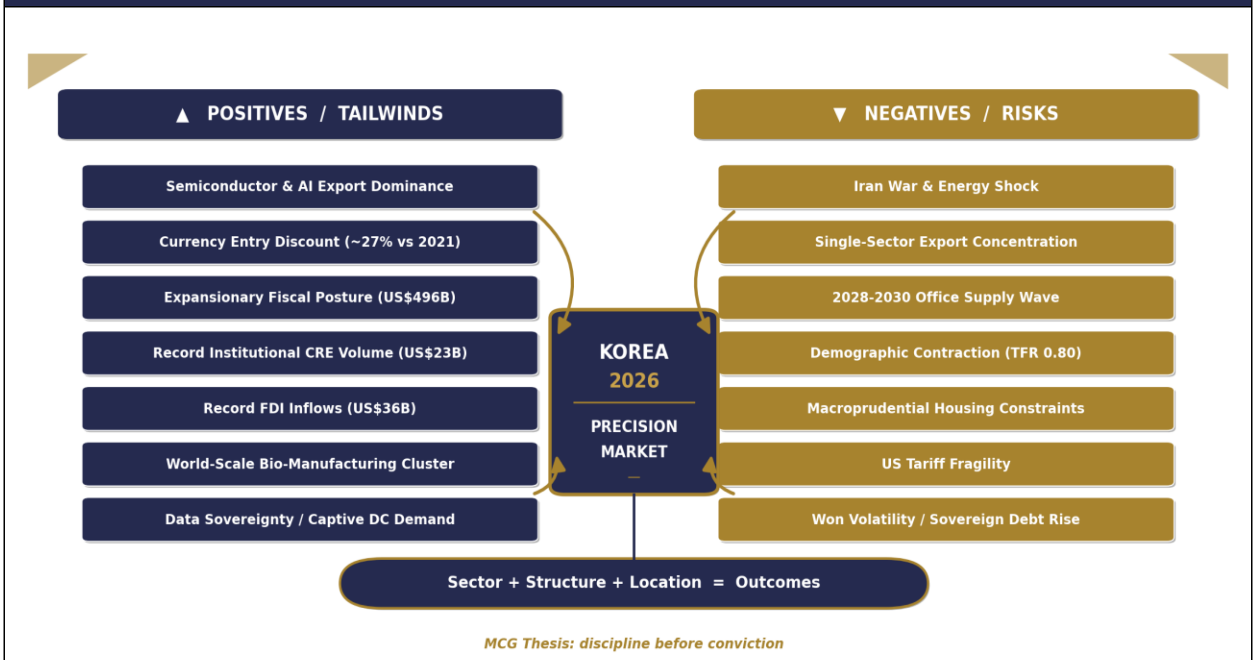
INTRODUCTION

South Korea stands at a pivotal juncture in 2026 - where strengthening exports (a record US$709.7 billion in 2025), strategic industries (semiconductors, AI infrastructure, and biopharmaceuticals), institutional liquidity, including approximately US$68 billion in K-REIT assets under management, and high-quality investment nodes converge to make it one of Asia's more compelling selective investment markets. Yet this opportunity is not uniformly distributed. Investors must stay disciplined about sector, structure, and location, and remain alert to evolving trends, policies, and macro risks that are actively reshaping the opportunity set. This report presents M Capital Group's comprehensive assessment of Korea's economic foundations, technology and strategic sectors - synthesizing macroeconomic data, capital markets intelligence, and sector-by-sector analysis into a forward-looking investment thesis for 2026-27 and beyond.

The Investment Thesis: Selective Conviction in a Precision Market

The framework that unifies this report is straightforward: South Korea in 2026 is a selective market rather than a broad-based recovery, where opportunity is distributed unevenly across sectors, capital structure, and location, and where the supporting conditions and the offsetting risks must be read together. Real estate also reflects the same selective pattern. Liquidity has returned and prime assets remain relatively resilient, but conditions are not uniformly strong across sectors, geographies, or risk profiles. Several forces are converging on the opportunity side - a historically weak won, deepening institutional capital, accelerating AI and biopharmaceutical demand, and a structural shortage of premium real estate - but they play out on fundamentally different terms across asset classes (prime office, Grade A logistics, build-to-rent residential, data centers, and life-sciences cluster real estate sit on distinct supply-demand cycles), across capital structures (household-debt limits, macroprudential intervention, and selective credit make financing as decisive as asset selection), and across locations (the Seoul Capital Region, Songdo/IFEZ, Pangyo, and Ulsan carry materially different risk-return profiles from secondary and regional markets). Those conditions sit alongside risks that belong at the front of the analysis rather than in a footnote: the Iran war - the late-February strikes and the subsequent Strait of Hormuz disruption - has raised Korea's 2026 inflation path and lowered its growth forecast, with the OECD cutting 0.4% points to 1.7%, the largest revision among major economies, for an economy that sources roughly 70% of its crude from the Middle East; Brent has held above US$100 since March, the won has lingered near 16-year lows despite a record current-account surplus, and the Bank of Korea is expected to hold its policy rate at 2.50% into 2027. Compounding this near-term shock is a structural one - 2025-2026 export resilience has been almost entirely a single-sector story, with semiconductors (24.4% of total exports) driving growth while ten of fifteen flagship export categories contracted, a concentration the Bank of Korea has itself called a "double-edged sword."

Investing in Korea



Source: MCG, 2026

The Opportunity in One Sentence

Korea's economic case is the chance to access one of Asia's highest-rated advanced economies at a multi-year currency and cyclical discount - on terms that reward selectivity and have grown more demanding over the past year.

Why Korea, Why Now

South Korea enters 2026 as a fully established high-income economy: nominal GDP of about US$1.76 trillion, GDP per capita of US$36,024 in 2024 (surpassing Japan and Taiwan for the first time), and AA/AA-/Aa2 sovereign ratings among the highest in the Asia-Pacific. The defining backdrop is political rather than economic - the December 2024 martial-law crisis collapsed business confidence and depreciated the won sharply, but its swift resolution through the April 2025 impeachment ruling and June 2025 election restored clarity and enabled an expansionary fiscal and monetary reset. That dislocation is also the origin of the roughly 27% discount to 2021 levels; the won now trades near 1,490–1,520 per US dollar, which Bank of America expects to narrow toward 1,395 by end-2026 on a widening current-account surplus, though forecasts diverge. On the macro foundation, growth slowed to 1.0% in 2025 before rebounding sharply in Q1 2026, when GDP rose 1.7% quarter-on-quarter. Early 2026 forecasts were revised down after the Iran shock, but stronger-than-expected growth and semiconductor-led exports led the Bank of Korea in May 2026 to raise its full-year growth forecast to 2.6% from 2.0% (detailed in Current Macro Environment). Three drivers underpin the recovery: record exports of US$709.7 billion led by semiconductors (US$173.4 billion, up 22.2%); an expansionary 2026 budget of US$496 billion (up 8.1%) directed at AI, R&D, and high-technology industries; and recovering domestic demand alongside FDI inflows of US$36.1 billion, a fifth consecutive record.

KOREA ECONOMICS AT WORK

Korea's macro backdrop is the foundation on which the rest of this thesis rests, and in 2026 it reads as a study in contrasts: a fully established high-income economy with record exports and one of Asia's deepest capital markets, yet one whose momentum is unusually narrow and increasingly shaped by forces beyond its borders. Full-year 2025 growth slowed to just 1.0% before a sharp first-quarter rebound, and the recovery that follows is real but concentrated - led by semiconductors, underwritten by an expansionary post-crisis budget, and exposed to an energy shock that has reset the near-term inflation and growth path. The subsections below trace that picture in sequence: the growth trajectory and its export engine, the labor and demographic constraints that cap long-run potential, the policy and fiscal reset that followed the martial-law crisis, the financing and currency conditions that frame entry, and the Iran-war developments now reshaping the 2026 outlook. The throughline is the same one that runs through the report - Korea's strength is genuine, but it is selective, policy-supported, and best underwritten with its offsetting risks in full view.

Economic Growth & GDP Trends

Korea's growth path captures both the power and the fragility of an export-led economy. Full-year 2025 growth fell to 1.0% before rebounding in Q1 2026, when GDP rose 1.7% quarter-on-quarter, the fastest pace in five and a half years. Before the Iran shock, BoK made a forecast of around 2.6%; after the shock, the more credible central range moved to 1.8%–1.9%, with the OECD at 1.7% on the low end and ING remaining closer to 2.0%. The engine is unmistakable - semiconductors at US$173.4 billion (up 22.2%) - but so is the dependency, with chips alone making up 24.4% of all exports and Fitch trimming long-run potential growth to 1.9% on demographic drag.

Labor, Demographics, and Urbanization

Beneath a historically low unemployment rate (2.2% in late 2025, drifting to 2.9% by February 2026) sits a labor market doing its work through composition rather than headline strength: youth employment is slipping even as the senior employment rate hits a record 70.5%, exposing a widening skills mismatch around high-wage technical roles. The demographic backdrop is the most extreme in the OECD - a super-aged society since 2024 with 21.21% of the population over 65, and a fertility rate that, while recovering to 0.75 in 2024 from a 0.72 low, remains the world's lowest and points to a working-age population just 64% of todays by 2072. Geography concentrates these forces: more than 90% of Koreans live in cities and roughly half in the Seoul Capital Region, which generates 53% of GDP - a split that increasingly bifurcates the country into a dense, resilient core and structurally shrinking regional markets.

Policy, Regulation, and Fiscal Environment

The defining event of the cycle was political, not economic - and its resolution reset the policy stance. The Constitutional Court's April 2025 impeachment ruling and President Lee's June 2025 election restored clarity and unlocked an expansionary turn, anchored by a 2026 budget of US$496 billion (up 8.1%) directed at AI, R&D, defense, and a semiconductor cluster strategy committing US$479 billion through 2047. That ambition carries a fiscal cost: national debt has passed US$865 billion for the first time, with the debt-to-GDP ratio rising toward 49.3% in 2026 and Moody's warning of a potential breach of 60% by 2030 as pension and healthcare obligations compound. The expansionary posture is unlikely to reverse before 2028, leaving long-horizon readers to weigh policy-driven demand against a thinning fiscal buffer.

Capital Markets and Financing Conditions

Korea offers one of Asia's deepest and most legible capital markets, and the financing backdrop has eased: the Bank of Korea's 100 basis points of cuts brought the policy rate to 2.50%, with a Fed-style dot-plot now signaling stability and the next cut not expected before Q1 2027. The won's weakness - near 16-year lows around 1,490–1,520 per US dollar, roughly a 27% discount to 2021 - frames a much-discussed currency angle, though forecasts diverge between Bank of America's 1,395 year-end call and more cautious 1,420–1,460 paths if oil stays elevated. Institutional depth is real and growing, with FDI inflows of US$36.1 billion marking a fifth consecutive record and K-REIT assets under management near US$68 billion, narrowing the historical "Korea discount" for prime product.

Current Events and Near-Term Macro Developments

The 2026 story cannot be told without the Iran war: late-February strikes and the disruption of the Strait of Hormuz pushed Brent from roughly US$72 to above US$110, and even after an April ceasefire, shipping flows remained badly impaired. For an economy that sources around 70% of its crude from the Middle East, the transmission is direct - March CPI reached 2.2% and May reached CPI 3.1%, the OECD cut 2026 growth by 0.4 points to 1.7% (its largest revision among major economies) while raising inflation to 2.7%, and derivatives markets price a 42.5% chance of inflation topping 3.0%. The government has answered with a US$17.1 billion supplementary budget and its first nationwide fuel-price caps in nearly three decades, but the shock lands unevenly - squeezing petrochemicals, refining, and autos while shipbuilding's LNG-carrier orders provide a partial hedge.

TECHNOLOGY: AT THE EDGE

If the macro picture explains why Korea is investable, technology explains where its edge is most durable. Korea’s technology platform is distinctive precisely because it is built on industrial scale, manufacturing depth, and sustained public co-investment rather than venture-stage narrative - and it rests on four reinforcing pillars. Semiconductors remain the backbone and the center of gravity; artificial intelligence is a policy-led, compute-intensive capability-building program where the decisive variable is the pace of enterprise and public-sector adoption rather than compute ambition alone; data centers are the physical-infrastructure layer that houses that demand, where the binding constraint is shifting from demand to power, land, and grid capacity; and biotech has matured into the most credible strategic platform beyond chips, anchored by biomanufacturing capacity that is slow to replicate and therefore durable once built. The same concentration that powers the upside also defines the risk. The subsections that follow take each pillar - general technology, artificial intelligence, data centers, and biotech - in turn.

General Technology

Korea's technology platform is strong precisely where it is least generic - built on industrial scale rather than narrative. Semiconductors remain the center of gravity, with SK Hynix crossing a US$1 trillion market capitalization (making Korea the only country outside the US with two firms above that mark), memory prices doubling in Q1 2026, and a US$12.9 billion commitment to a new advanced-packaging plant. Public policy reinforces the base through record R&D spending of US$25.4 billion and a US$34 billion strategic-industry fund, while a world-class 5G network supplies the delivery layer for digital adoption. The platform rests on four reinforcing pillars – semiconductors, advanced telecom and digital networks, public R&D and industrial policy, and the broader AI and digital-infrastructure build-out – which together make Korea’s base broader than a single chip-cycle story even though semiconductors still dominate near-term earnings power. The same concentration that powers the rally, however, deepens exposure to any turn in the AI-memory cycle or trade policy, leaving Korea less diversified in software-led platform growth than larger U.S. ecosystems.

Artificial Intelligence

AI in Korea is best read as a national capability-building program rather than a standalone software story. Policy is unusually explicit, targeting a more than 15-fold increase in national GPU capacity by 2030 (exceeding two exaflops), a National AI Computing Center funded up to US$1.4 billion, and a 50% domestic share of AI chips by 2030 – and the demand is already visible upstream, in the memory and advanced-packaging pricing that drives Korea’s chip economy. The decisive variable, however, is adoption: the gap between announced compute ambition and commercially scaled enterprise and public-sector use is the central execution risk, and the software-and-platform layer remains the least diversified part of Korea’s technology stack relative to leading U.S. ecosystems.

Data Centers

Data centers are where AI demand becomes physical, and they should be treated as infrastructure rather than as a direct proxy for AI software growth – their economics turn on power, grid access, land, and permitting. Private commitments confirm the build-out has moved past pilot stage: SK Group and AWS have committed about US$5.1 billion in Ulsan (scaling toward 1 GW), and Hyundai about US$6.3 billion in Saemangeum with 50,000 GPUs. The binding constraint is power, not demand – data-center electricity use is projected to climb from about 5 TWh in 2024 to 31.6 TWh by 2040 – which is steering the build-out away from Seoul toward sites with land and grid capacity and making this as much a strategic-infrastructure and real estate story as a technology one.

BioTech

Biotech has matured into Korea's most credible strategic platform beyond chips, with bio-industry output reaching US$17.2 billion in 2024 (up 9.8%) - industrial scale, not a niche. Its core strength is biomanufacturing: Songdo's biologics capacity is set to surpass 1.16 million liters in 2026 and 2.14 million by 2030, anchored by Samsung Biologics, Lotte Biologics, and Celltrion, with capacity that is slow to replicate and therefore durable once built. Long lead times, specialized utilities, and rigorous GMP compliance mean that once capacity is built it tends to anchor durable industrial demand – the same logic that makes the leading clusters hard for competitors to displace. The ecosystem is also broadening across differentiated nodes - Osong's full-cycle cluster of 188 companies, Daejeon's research base, Magok's Seoul R&D - while a US$1.04 billion ADEL–Sanofi licensing deal and 775 companies at BIO KOREA 2026 signal a rising presence in global partnering rather than manufacturing alone. Korea’s strongest biotech positions therefore lie where physical infrastructure, anchor tenants, and institutional backing are already established, rather than where the case depends on frontier discovery alone.

REAL ESTATE MARKETS & LANDSCAPE

Korea's commercial real estate market delivered its strongest year on record in 2025, with total transaction volume rising from approximately US$15 billion in 2024 to US$23 billion - a 54% increase in a single year that reflects structural reconfiguration rather than a sentiment-driven spike, as institutional capital repositions into the highest-quality, most supply-constrained assets amid the transition from political uncertainty to policy-driven growth. The depth of institutional liquidity matters equally: K-REIT assets under management reached roughly US$68 billion in 2025, expanding the pool of professionally underwritten domestic capital available for stabilized core product and reducing the historical reliance on opportunistic offshore buyers. Combined with record FDI inflows of US$36.1 billion - a fifth consecutive annual record - this marks Korea's shift from a market where international capital sets prices to one where domestic institutional capital provides genuine two-way liquidity, a change that compresses the "Korea discount" for prime product and supports cap-rate stability through the cycle.

Five Sectors, Five Structural Tailwinds

Korea’s real estate market is improving, but not uniformly. Commercial transaction volume reached approximately US$22.4 billion (KR₩33.7 trillion) in 2025, prime office vacancy remained low, and capital inflows stayed strong, but those gains are concentrated by sector, asset quality, and geography. Housing remains constrained by macroprudential policy, logistics is still recovering from a deep oversupply cycle, construction costs remain elevated, and the 2028–2030 office pipeline creates a real medium-term risk. The case for Korea is therefore one of precision rather than broad market exposure. The five sectors below show where demand, supply discipline, and investable opportunity still align.

- **Prime Grade A Office**
  Seoul office remains Korea’s clearest defensive income segment. Aggregate vacancy in the three major business districts was about 2.7% in Q2 2025, with face rents rising around 5% year-on-year, and prime office transactions reached roughly US$2.1 billion in Q1 2026. GBD remains the tightest district, but this is no longer a uniform market. The opportunity is concentrated in newer, higher-quality assets that should retain tenant demand as the 2028–2030 supply wave approaches.

- **Build-to-Rent Residential**
  Korea’s housing market is undergoing a structural shift from jeonse - the traditional lease in which a tenant pays a single large refundable lump-sum deposit - toward monthly rent, with monthly-rent contracts reaching 56% of rental transactions by 2024. At the same time, Seoul housing completions are projected at roughly 16,000 units in 2026, about half the recent three-year average. Macroprudential policy continues to cap broad residential upside, so the more credible opportunity lies in institutionally managed rental housing in the capital region rather than highly leveraged for-sale product.

- **Grade A Logistics**
  Logistics remains a recovery trade rather than a fully normalized core-income sector. Vacancy peaked near 23% in 2024 after heavy supply, but 2026 new supply is expected at only about 65% of 2025 levels, helping vacancy move toward 10% by 2027. The opportunity is in Grade A dry storage in established demand corridors, while cold storage remains more exposed to persistent oversupply.

- **Retail - A Two-Track Market**
  Korea’s retail sector is increasingly bifurcated between destination assets with pricing power and volume-driven formats facing weaker fundamentals.

Department stores reached about US$27.7 billion in sales in 2025, while duty-free sales fell to roughly US$8.3 billion. The strongest opportunities remain in tourism-exposed prime districts such as Myeongdong and Gangnam, as well as selected high-street destinations that benefit from experiential demand and tenant curation.

- **Hospitality - Supply Scarcity Meets Tourism Record**
  Seoul hospitality continues to benefit from tourism recovery and limited new luxury supply. Luxury hotels reached roughly 74.2% occupancy in 2024, and inbound arrivals are projected to hit 20.36 million in 2026, a record. That supports a favorable backdrop for well-located upper-upscale and luxury assets, though demand remains sensitive to geopolitical shocks and regional travel volatility.

OPPORTUNITIES

Key Investment Themes

Korea in 2026 is a precision market, not a broad-based recovery trade, and the opportunity set spans more than real estate. Five dynamics cut across every asset class, industry, and geography: a currency discount of roughly 27% versus 2021 that creates a dollar-cost entry window; government-directed fiscal expansion (a US$496 billion 2026 budget, up 8.1%, plus the US$479 billion semiconductor-cluster commitment through 2047) acting as a direct demand accelerator; a structural flight to scale and quality that rewards the largest, most defensible platforms; deepening institutional capital (record FDI of US$36.1 billion, K-REIT AUM near US$68 billion, and US$23 billion in commercial transactions); and a binding constraint that has shifted from demand to supply across the board – power, grid, and land for compute, GMP-grade capacity for biologics, and disciplined core supply in office and logistics that does not ease until the 2028–2029 cycle. The same concentration that powers the upside – semiconductors alone are 24.4% of exports – is what the Bank of Korea has called a “double-edged sword.” From these dynamics emerge themes across three domains: technology and strategic industries (the AI-memory upcycle, AI compute and software, and data-center infrastructure), life sciences (biotech and biomanufacturing), and real estate.

Opportunities by Sector and Strategy

The report organizes these into a cross-sector conviction framework rather than a transaction list, pairing each sector with geography, horizon, and the single underwriting variable that most determines outcomes – with real estate occupying one band of a broader opportunity set rather than standing as the whole framework. Higher conviction concentrates in semiconductors and memory, hyperscale data-center infrastructure, biomanufacturing, prime Grade A office, and capital-region build-to-rent; more moderate conviction attaches to AI compute and software (where enterprise-adoption pace, not compute ambition, is decisive), Grade A dry logistics, two-track retail, and luxury hospitality; cold storage sits lowest on structural oversupply. The common thread is that the defining variable is almost always adoption pace, supply, timing, or location – never broad market direction.

The Strategic Nodes		
Node	**Primary Strength**	**Key Demand Driver**
Seoul CBD / GBD / YBD	Prime office, institutional liquidity	Corporate consolidation, flight-to-quality
Songdo / IFEZ	Biomanufacturing, international business	Samsung Biologics, Celltrion, FDI incentives
Magok	Innovation district, mixed-use	Corporate R&D relocation, retail activation
Pangyo	Technology cluster	Digital talent, enterprise ecosystems
Osong	Full-cycle bio-cluster	Drug development, hospital integration
Daejeon	Research & innovation	Science capital, Daedeok Techno Valley
Ulsan	AI data center infrastructure	SK-AWS, power capacity, industrial land
Source: MCG, 2026		

Read theme by theme, the report develops five investment cases. Semiconductors and the AI-memory upcycle are the highest-conviction technology theme but also the most cyclical – best accessed through the scaled incumbents and the upstream memory, packaging, and materials chain, and underwritten to the cycle rather than the peak. AI compute and software is the least diversified layer relative to leading U.S. ecosystems, so enterprise- and public-sector adoption pace, not compute ambition, is the decisive variable, supporting moderate-to-high conviction. Data-center infrastructure is a high-conviction physical play – a real estate and infrastructure thesis rather than an equity bet on technology companies – where utility connection and grid-access timing dominate underwriting. Biotech and biomanufacturing carry high conviction in scaled GMP capacity and the leading cluster nodes (Songdo/IFEZ, Osong), with the most direct real estate expression in life-sciences cluster space underwritten on occupier demand. And Korean real estate is treated as one domain resolving into five distinct sector cycles – prime Grade A office, build-to-rent residential, Grade A logistics, two-track retail, and supply-scarce hospitality - each governed by its own supply, timing, or location variable rather than broad market direction.

Headwinds and Watchpoints

A forward view is only as credible as its honesty about what could go wrong, and the watchpoints span every pillar of the thesis, not just real estate. The largest is single-sector concentration: semiconductors are 24.4% of exports, so a reversal in the AI-memory cycle would transmit quickly to growth, the won, and the broader narrative. The data-center build-out is constrained by power and grid-access timing rather than demand; AI carries an adoption gap behind its compute ambition; and biotech's scaled-manufacturing edge assumes that global demand, biosimilar pricing, and FDI incentives hold. In real estate, the 2028–2029 office supply surge threatens quiet incentive escalation rather than a vacancy collapse, while macroprudential controls and tight construction feasibility cap residential and development upside. And US tariff uncertainty - a fragile 15% framework tied to a US$350 billion commitment, with 25% advanced-AI-chip tariffs separately floated - continues to weigh on manufacturing-linked demand across chips, autos, and biopharma despite the legal buffer from the February 2026 IEEPA ruling.

Forward Outlook

Sequenced over time, the central case now sees 2026 defined by a BoK hold at 2.50%, stronger-than-expected growth after the first quarter rebound, and a more inflation-sensitive policy backdrop after May CPI rose to 3.1%. Earlier post-Iran-shock forecasts had moved into a 1.7%–2.0% range, but the BoK's May 2026 update raised its own growth forecast to 2.6% as exports and activity outperformed expectations. 2027 then brings a likely easing window, logistics vacancy near 10%, and a deepening build-to-rent market; 2028–2029 bring the CBD supply wave and more visible demographic drag; and 2030 onward is shaped by maturing AI infrastructure, the semiconductor investment cycle through 2047, and further capital-region concentration. The currency entry argument remains live, and Seoul retains its standing as a top-tier cross-border destination, but the report's closing judgment is consistent throughout: Korea's next chapter is not a broad recovery to ride passively but a more specialized, more disciplined ascent - the move from miracle to momentum.

Two return enhancers sit alongside that sequence. The currency entry argument is live – the won near 1,490–1,520 per US dollar stacks a projected 8–9% appreciation tailwind toward 1,395 by year-end 2026 on top of underlying asset returns – and cross-border demand is competing for access, with Seoul tied third among preferred Asia-Pacific destinations and Singapore-based capital (CapitaLand, GIC, Keppel) active in Korean acquisitions. Five propositions anchor the underwriting: Korea rewards precision geography, with the Seoul Capital Region dominating institutional demand and pricing power; sector specialization is now the primary differentiator, so generic market-level conviction is insufficient; institutionally managed rental housing sits at an inflection point as the collapse of jeonse opens a durable build-to-rent demand base; digital infrastructure – data-center and AI-linked real estate – is the most policy-aligned real estate bet in Korea today; and the 2028–2030 supply cohort is the central medium-term office risk, rewarding assets that meet post-2028 quality thresholds now.

CONCLUSION: FROM MIRACLE TO MOMENTUM

The title of this report is not merely rhetorical. Korea built its first miracle across the 20th century through manufacturing discipline, export orientation, and institutional investment in human capital; the momentum it is now building rests on a different foundation - semiconductor and AI leadership, a biopharmaceutical export base gaining global scale, a real estate market reconfiguring toward higher-quality and more specialized product, and a political reset that has restored the conditions for long-horizon capital. That same history demands honest engagement with the headwinds: the Iran war's energy shock, a demographic outlook that remains structurally challenging despite the 2024–2025 birth-rate uptick, ongoing US tariff fragility, and a real estate supply wave arriving in 2028-2030. The throughline is that Korea is not uniformly easy - sector, structure, and location remain the defining variables - and what distinguishes 2026 is the simultaneous convergence of macro recovery, policy alignment, a currency discount, and structural sector tailwinds. The evidence for how those forces interacts, and where they are offset by risk, begins on the pages that follow.

KOREA ECONOMICS AT WORK

ECONOMIC GROWTH & GDP TREND

Korea's Economic Standing: From Asian Tiger to Advanced Economy

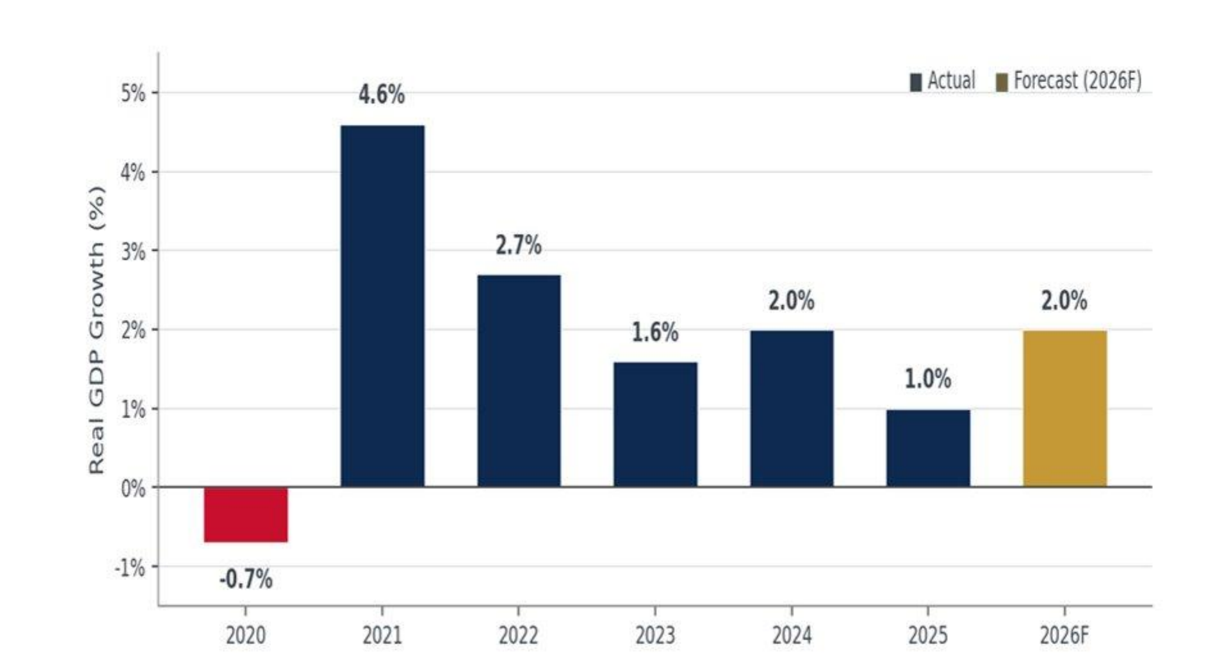
South Korea stands at a pivotal inflection point in 2026 - navigating the aftermath of an unprecedented domestic political crisis while sustaining one of Asia's most structurally robust economies. With a nominal GDP of approximately US$1.76 trillion and a GDP per capita of US$36,024 in 2024 - surpassing both Japan (US$32,859) and Taiwan (US$33,234) for the first time in modern history - Korea has firmly established itself as an advanced, high-income economy by any global standard. The country's economy grew 2.0% in 2024, its strongest performance since 2022, supported by a record export surge driven by global AI infrastructure demand and semiconductor dominance.

Yet beneath these headline figures lies a more complex picture. Full-year 2025 GDP expansion slowed to just 1.0% - the weakest growth since the COVID-19 pandemic - as political turmoil, weak domestic consumption, and a depreciating won constrained momentum. Consensus forecasts for 2026 converge on a return to potential growth of approximately 2.0%: the Bank of Korea ("BoK") projects 2.0% (its February 2026 projection), the IMF projects 1.9% (revised up from 1.8% in January 2026), the OECD 2.1%, and Moody's 1.8% (revised up from 1.6%). Key drivers underpinning the recovery include chip-led export momentum anchored by Samsung Electronics and SK Hynix, an expansionary fiscal stance, and a gradual broadening of domestic demand as real wage growth feeds through to household spending.

Notwithstanding the cyclical recovery, structural headwinds temper the longer-run outlook. Fitch Ratings revised Korea's potential growth rate downward from 2.1% to 1.9% in 2025 due to an accelerating decline in the working-age population - a constraint that bears directly on the country's long-term fiscal sustainability and social infrastructure needs.

South Korea's trajectory over the next five years will be determined by how effectively it executes structural reforms, capitalizes on its semiconductor and AI leadership, and addresses deep-rooted demographic challenges that represent, by the Bank of Korea's own assessment, the single greatest long-term threat to the country's economic model.

South Korea GDP Growth (%, 2020 – 2026F)



Source: MCG, Bank of Korea, IMF, OECD, 2026

Korea's Growth Story: Resilience Through Export Strength

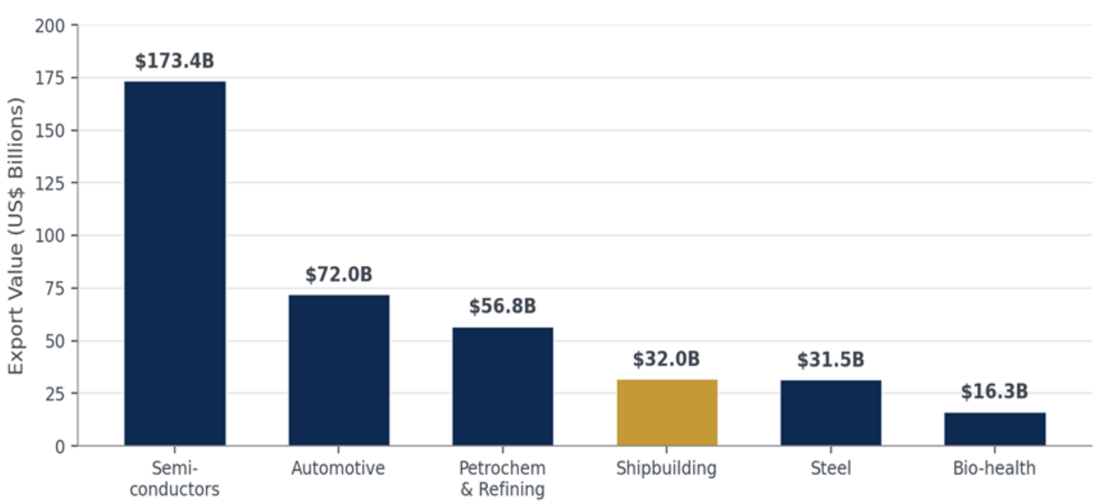
South Korea's economic growth trajectory reflects the hallmarks of an export-led, technology-driven advanced economy - capable of strong upside during global demand cycles but exposed to domestic vulnerability and geopolitical shock. After posting 4.6% growth in 2021 during the post-COVID rebound, the economy decelerated to 2.7% in 2022 and further to 1.6% in 2023 as global trade softened and domestic inflation eroded household purchasing power. The 2024 recovery to 2.0% was driven principally by export outperformance as global AI infrastructure spending sent semiconductor demand surging. Full-year 2025, however, fell back to just 1.0% - its weakest pace since the COVID-19 contraction of 2020 - after a domestic political crisis triggered contraction in the first quarter.

The year nonetheless closed on an improving trajectory: 2025 GDP expanded 1.2% quarter-on-quarter, the strongest quarterly expansion in over a year, driven by a resurgent semiconductor export cycle, rising real wages, and initial evidence of private consumption recovery. President Lee Jae-myung declared that the economy had "turned a corner," citing consumer confidence improvements and the quarter's growth as the "highest point in six quarters." The political vacuum created by former President Yoon Suk-yeol's brief declaration of martial law on December 3, 2024 - which led to his impeachment and removal - had triggered business confidence collapsing to pandemic-era lows and the won depreciating sharply. The snap presidential election in June 2025 and Lee's assumption of office restored political clarity and enabled a fiscal and monetary reset.

GDP Per Capita: Crossing the US$36,000 Threshold

South Korea's GDP per capita crossed the US$36,000 threshold in 2024, representing a landmark achievement for an economy that stood at just US$1,028 per person in 1960. The 2024 figure of US$36,024 exceeded Japan (US$32,859) and Taiwan (US$33,234), cementing Korea's status as Asia's per-capita income leader among its traditional peers. On a PPP basis, GDP per capita reached US$55,071 in 2024, reflecting the economy's high productivity base. Looking ahead, before the Iran shock, the government projected 2.0% real growth in 2026, anchored by a projected recovery in domestic consumption (+1.7% estimated), a bottoming out of the prolonged construction investment slump (forecast +2.4% after a -9.5% contraction in 2025), and continued export resilience.

Korea 2025 Key Export Sectors (US$ billion)

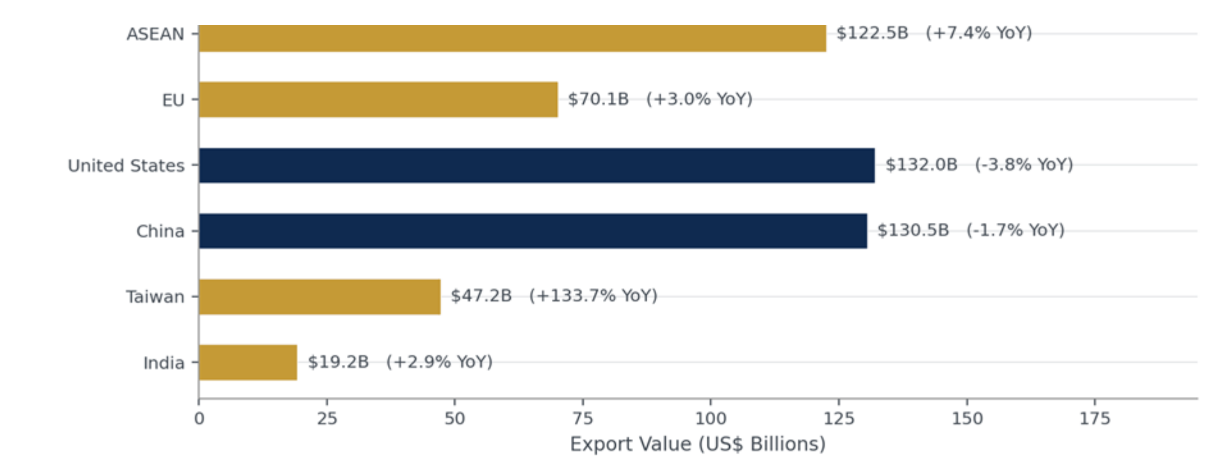


Source: MCG, MOTIR/ Korea Herald, 2026

Export Engine: Semiconductors and the AI Dividend

South Korea's exports reached a record US$709.7 billion in 2025 - surpassing US$700 billion for the first time and cementing Korea's status as the world's sixth-largest goods exporter, up 3.8% year-on-year. Semiconductor shipments led the advance at US$173.4 billion (+22.2% YoY), representing 24.4% of all Korean exports - a concentration that underscores both the economy's structural dependency on and competitive advantage in advanced chip manufacturing. Shipbuilding surged 24.9% to US$32 billion on the back of LNG carrier demand, automotive exports reached a record US$72 billion (+1.7%), and bio health products expanded 7.9% to US$16.3 billion - a sector directly relevant to Korea's emerging life sciences investment landscape. The trade surplus widened to US$78 billion in 2025 - the largest since 2017 - driven by export growth outpacing import expansion. March 2026 saw semiconductor monthly exports exceed US$30 billion for the first time, extending the positive momentum into the current fiscal year. Geographically, Korea is executing a deliberate diversification away from its China-and-US-centric export model: shipments to ASEAN rose 7.4% to US$122.5 billion, EU grew 3.0% to US$70.1 billion, India reached a record US$19.2 billion (+2.9%), and Taiwan surged from US$20.2 billion in 2023 to US$47.2 billion in 2025 on semiconductor and AI supply-chain integration. China and the US both contracted - by 1.7% and 3.8% respectively - reflecting ongoing tariff headwinds.

Korea Export Breakdown 2025 (US$ billion)



Source: MCG, Korea Customs Service, 2026

How an Export-Driven Economy Fares in a Global Downturn & Inflation Spike

From a downside scenario analysis, Korea’s export concentration is the single largest macro variable that disciplined investors must underwrite. Exports represent approximately 44% of GDP, semiconductors alone account for 24.4% of all merchandise exports, and the top three trading partners (China, US, ASEAN) absorb more than 55% of total shipments. In a benign global cycle this concentration is a tailwind - in a stagflationary one, it is the principal transmission channel through which a foreign shock becomes a domestic recession. The Iran war and the US tariff regime have made that scenario materially more probable for 2026–2027, and we treat it accordingly.

▪ **Demand-side risk**: a global downturn directly compresses Korea's top line. Bank of Korea's own scenario modeling indicates that a one-percentage-point reduction in global GDP growth shaves roughly 0.6%–0.8% points off Korean GDP via the export channel - nearly a one-for-one transmission for the chip-cycle component. The IMF's April 2026 World Economic Outlook cut global growth to 3.1% (down 0.2 ppt) and warned of a "severe scenario" in which prolonged energy disruption pushes global growth to 2.0%; in that downside case, Korea's 2026 GDP would likely contract on a full-year basis. The Korea Development Institute already expects export growth to decelerate from 16.6% in 2025 to 4.7% in 2026 on base effects alone - before any further demand shock from oil-driven consumer weakness in the US, EU, and China.

▪ **Cost-side risk:** imported inflation compresses corporate margins before it reaches the consumer. Korea imports approximately 94% of its energy and routes more than 95% of Middle Eastern crude through the Strait of Hormuz. With Brent above US$100 since March 2026, producer prices for energy-intensive sectors (petrochemicals, refining, steel, basic chemicals) are being squeezed faster than firms can pass costs through to customers. The Korea Petrochemical Association reported in April 2026 that ethylene cracker margins had fallen to their lowest level since 2009. Automakers face a dual hit - input costs rising while elevated fuel prices erode discretionary demand in the export markets they sell into.

▪ **Currency and capital-flow risk**: in a stagflationary regime, the won is a high-beta asset. Despite Korea's record current account surplus, Korean won remains weak (1,473–1,485 to US dollar as of late April 2026) because rate differentials versus the US, capital outflows from Korean residents into US assets, and risk-off flows during oil shocks dominate the trade balance. If the BoK is forced to hold rates higher for longer to defend the won and contain imported inflation - as Standard Chartered, Nomura, and ING all now expect - domestic credit conditions tighten precisely when the export channel is weakening. That combination historically maps to recessionary outcomes for high-leverage real estate sub-sectors (logistics development, speculative residential, mid-market office).

▪ **Concentration risk inside the chip cycle:** Korea's 2025–2026 export resilience has been almost entirely a memory-chip story, driven by HBM demand for AI training infrastructure. The Bank of Korea has explicitly warned that "the current semiconductor boom is a double-edged sword, as heavier reliance on the sector could magnify the impact of any downturn compared with past cycles." Were US hyperscaler capex to slow even modestly in late 2026 - a tail risk that compounds quickly if global growth disappoints - Korea would lose its single biggest growth engine without a meaningful domestic substitute. The 2022–2023 chip-cycle downturn took GDP growth from 2.7% to 1.6% in twelve months; the next downturn would arrive on top of, not before, the energy and tariff shocks already in train.

The implication for real estate underwriting: Korea today is a precision economy, not a broad-based one. Sectors with durable, policy-anchored demand (data centers, life-sciences cluster real estate, prime Seoul office in tightest sub-markets) can absorb a moderate global downturn because their occupier base is structurally insulated from the global-demand channel. Sectors that depend on broad-based corporate expansion, discretionary consumption, or speculative residential demand (secondary office, non-prime retail, regional logistics, for-sale housing in non-core nodes) are materially exposed if exports slow and inflation stays sticky. The discipline this report demands - sector, structure, location - is the discipline of an export-driven economy entering a less hospitable global environment, not the discipline of one that has already arrived in safety.

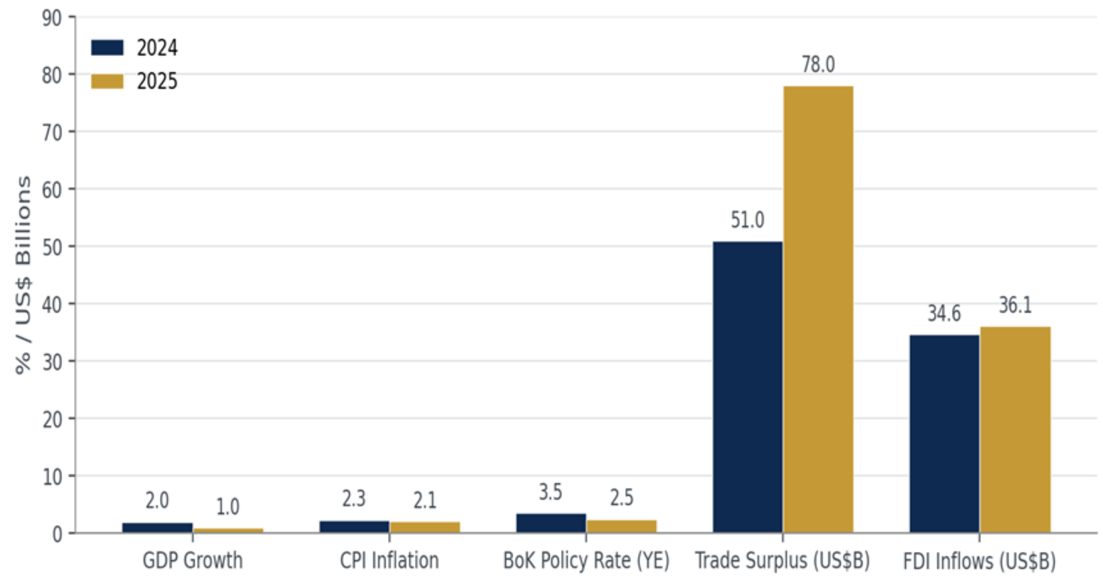
Monetary Policy & Inflation

The Bank of Korea's Monetary Policy Board held its base rate at 2.50% at successive meetings through mid-2026, following an easing cycle that delivered 100 basis points of cumulative cuts between October 2024 and May 2025. In February 2026, the BoK adopted a Federal Reserve-style "dot plot" framework, formally signaling that rates would remain on hold for at least six months - a communication shift designed to anchor expectations and reduce market volatility.

The pause now reflects a more difficult policy trade-off than earlier in the year. On one side, domestic demand remains uneven and the won is still weak by historical standards. On the other, inflation has accelerated materially. After CPI printed at 2.2% year-on-year in March and 2.6% in April, consumer inflation rose to 3.1% in May 2026, the highest level in more than two years. The Bank of Korea has kept the Base Rate at 2.50%, but the latest inflation data have weakened the earlier easing narrative and shifted market attention toward the possibility of a more prolonged hold or even renewed tightening if price pressure persists.

On the inflation front, headline CPI is forecast at 2.2% for 2026, modestly above the BoK's 2.0% target, with core inflation at 2.1%. March 2026 CPI printed at 2.2% year-on-year, lifted by a 5.0% rise in transport costs from higher oil prices, partially offset by food price deflation and government fuel caps. The Bank of Korea’s May 2026 outlook raised its inflation forecast for the year to 2.7%, up from 2.2% previously. The inflation outlook is now shaped less by benign normalization and more by the interaction of oil prices, imported cost pressure, and won weakness.

Korea Key Macro Indicators: 2024 vs 2025



Source: MCG, Bank of Korea, IMF, 2026

US Trade Relations & Tariff Risk

The trajectory of US-Korea trade relations represents the single most consequential exogenous risk to Korea's near-term economic outlook. On April 2, 2025 - designated "Liberation Day" by the Trump administration - the White House announced a 25% reciprocal tariff on Korean goods. Following intensive bilateral negotiations, a preliminary trade framework agreed in July 2025 reduced the general tariff to 15%, though automotive tariffs initially remained at 25%. The APEC summit in October 2025 yielded a further concession, with the Trump administration agreeing to apply the 15% rate to Korean automobiles as well - in exchange for a Korean commitment of US$350 billion in investment into U.S. industries, including semiconductors and shipbuilding.

The détente proved fragile. In January 2026, President Trump publicly threatened to reinstate 25% tariffs, citing delays in the Korean National Assembly's ratification of the bilateral investment framework. The legal landscape shifted materially in February 2026 when the US Supreme Court ruled against the Trump administration's use of the International Emergency Economic Powers Act (“IEEPA”) as the statutory basis for unilateral tariff increases - a decision widely interpreted as constraining the executive's ability to impose further tariff escalation without Congressional authorization. Negotiations remain ongoing. Korean industrial policy has responded with accelerated export market diversification and supply-chain reconfiguration, but tariff uncertainty continues to weigh on business investment decisions and capital expenditure planning cycles.

Sovereign Credit Profile

Korea maintains an investment-grade sovereign credit profile among the highest-rated economies in Asia: Fitch affirmed its AA- rating with a Stable outlook in January 2026, S&P maintains AA, and Moody's holds Korea at Aa2 (affirmed February 2026). All three agencies cite Korea's dynamic export sector, strong external liquidity, and robust institutional framework as anchors for the rating.

The 2026 national budget of US$496 billion (KR₩727.9 trillion) - an 8.1% increase over 2025 - reflects an explicitly expansionary fiscal posture directed at artificial intelligence, R&D, high-technology industries, and defense. The government also executed two supplementary budgets in 2025 totaling US$31 billion to provide domestic consumption stimulus in the wake of the political crisis. Taken together, these measures have pushed national debt above US$865 billion for the first time, with the debt-to-GDP ratio projected to rise from 46.8% in 2024 to approximately 49.3% in 2026.

Moody's has flagged the fiscal trajectory as a medium-term concern, warning that debt-to-GDP could breach 60% by 2030 if current expenditure trends persist, driven by demographic pressures on pension and healthcare obligations. The fiscal deficit is nonetheless projected to narrow from -2.3% of GDP in 2025 to -2.0% in 2026 as higher corporate tax revenues and stronger nominal growth improve the primary balance. President Lee Jae-myung has publicly acknowledged that "for the time being, we have no choice but to pursue an expansionary fiscal policy," signaling that the current stance is unlikely to reverse before 2028.

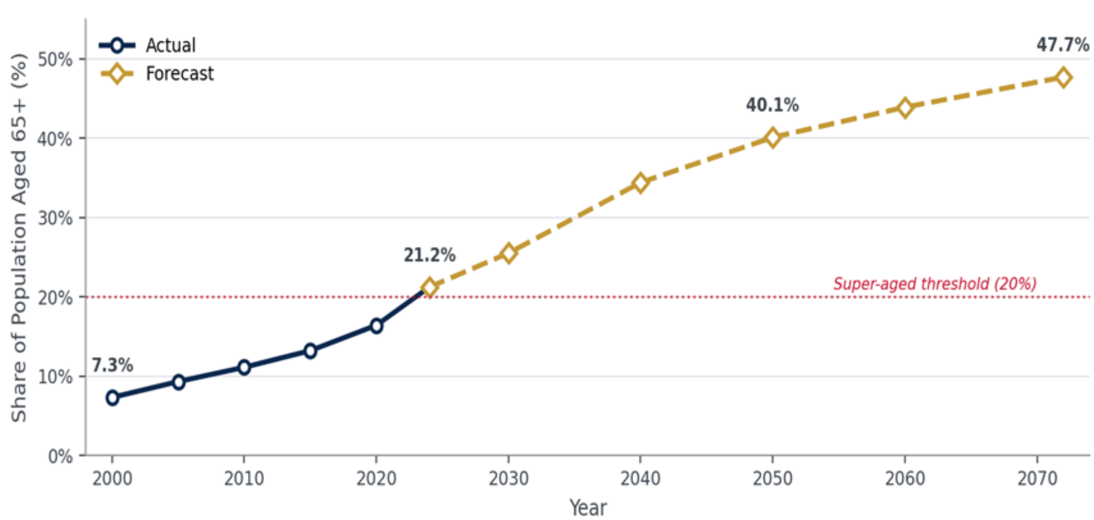
LABOR, DEMOGRAPHICS, AND URBANIZATION

Labor Market: Dual Tensions Between Recovery and Structural Stress

South Korea’s labor market presents a genuine contrast between weak cyclical demand at the end of 2025 and stronger structural underpinnings that are increasingly concentrated in high-productivity sectors. By November 2025, the unemployment rate had fallen to a historic low of 2.2%, yet this did not feel like a boom for households or corporates: the effects of the political crisis, soft domestic consumption, and cautious corporate sentiment meant companies were largely freezing or delaying hiring rather than aggressively expanding. The subsequent rise in unemployment to 2.9% in February 2026 reflects this pause in demand rather than a collapse in labor capacity. Total employment of approximately 28.4 million workers and a record 70.2% employment rate for those aged 15–64 point to a deep and highly engaged labor pool, but one where the composition of jobs - rather than the aggregate level - is doing most of the work. Service sectors such as arts and leisure, transportation, and warehousing continued to add jobs, partially offsetting persistent weakness in manufacturing and construction, which helps explain why late-2025 could feel weak even as headline indicators remained strong.

Beneath the surface, the labor market is bifurcated in ways that matter directly for the forward outlook. Youth outcomes have worsened: the employment rate for workers in their 20s fell 1.2% points in late 2025, highlighting a growing mismatch between the skills of many young job seekers and the demands of high-wage roles in semiconductors, AI, and advanced manufacturing. At the other end of the age distribution, Korea's senior employment rate reached a record 70.5% in 2025, driven by both financial necessity and policy measures aimed at keeping older workers economically active; a national debate about raising the mandatory retirement age from 60 to 65 is now underway. We do not ignore these tensions. Rather, our constructive medium- to long-term view rests on the way they intersect with Korea's structural strengths: a continued shift toward knowledge-intensive sectors, a rising share of educated workers, and an urban system that channels talent into a handful of high-demand nodes. In short, late-2025 labor demand was indeed weak and uneven, and we treat it as such - but we see the weakness as cyclical, layered on top of structural changes that selectively support the sectors and geographies at the core of this report.

Korea Population Aged 65+ (%, 2000-2070F)



Source: MCG, Statistics Korea, 2026

The Demographic Crisis: A Structural Constraint

Korea formally crossed the "super-aged society" threshold in 2024, with 21.21% of its approximately 51.1 million population now aged 65 or older - the fastest demographic aging trajectory of any major OECD economy. Eleven of Korea's seventeen provinces and metropolitan cities have already exceeded the 20% elderly threshold, and single-person households now number 10.27 million (42% of all households), with 21.6% occupied by adults aged 70 and above.

The country's total fertility rate of 0.75 in 2024 - a slight uptick from the record-low 0.72 in 2023 and the first year-over-year increase in nine years -remains the lowest of any nation in the OECD, and less than one-third of the 2.1 births per woman required to maintain a stable population. Despite the government spending more than US$270 billion over 16 years on birth incentives including cash bonuses, childcare subsidies, housing support, and military service exemptions for fathers, the structural drivers of low fertility - sky-high housing costs, career pressures on women, prohibitive education expenses, and delayed marriage - have proven resistant to inducements.

The structural labor market implications are significant. Korea's working-age population is in secular decline: by 2072, the employed population is projected to fall to 18.28 million - just 64% of its 2024 level - with workers aged 60 and above comprising 45.5% of the workforce, versus 22.7% today. The manufacturing sector's share of the workforce is projected to decline from 26% to 22% by 2070 as service industries - including healthcare, elder care, and knowledge-intensive sectors such as biotech and AI - grow relative to capital-intensive heavy industry. Critically for investors in life sciences infrastructure, the educated-worker share of the workforce is projected to rise from 51.8% in 2024 to 72.5% by 2072, a structural shift that enhances the talent pipeline for specialized technology and life-sciences clusters. The Bank of Korea projected in 2024 that the fertility crisis will contribute to a prolonged economic downturn by the 2040s.

Urbanization: A Nation of City-Dwellers

South Korea is one of the world's most urbanized nations, with over 90% of its 51.75 million residents living in urban areas as of 2024. The Seoul Capital Region - encompassing Seoul, Incheon, and Gyeonggi Province - is home to approximately 26 million people, making it the fourth-largest metropolitan area in the world and accounting for roughly half the national population and an even higher share of economic output. The government has made decentralization a stated policy priority, with initiatives to develop secondary metropolitan regions including Busan, Incheon's Songdo smart city district, and the emerging Pyeongtaek semiconductor cluster as complementary growth nodes. For real estate markets, this urbanization concentration creates highly polarized supply-demand dynamics: acute pressure and pricing power in the Seoul metro, moderate demand elsewhere, and significant geographic variation in investment risk and return profiles.

POLICY, REGULATION, AND FISCAL ENVIRONMENT

From Constitutional Crisis to Expansionary Reset

The most consequential policy event shaping Korea's near-term economic trajectory was not an economic shock, but a political one. President Yoon Suk-yeol's declaration of martial law on December 3, 2024 - rapidly reversed within six hours but triggering the largest constitutional crisis since Korea's return to democracy in the 1980s - produced immediate economic damage. The Constitutional Court's unanimous decision to uphold Yoon's impeachment in April 2025, followed by President Lee Jae-myung's election victory in June 2025, restored political clarity and allowed a fiscal and monetary reset.

Lee's economic response has been distinctly expansionary. His administration pushed through a US$14.7 billion supplementary budget in June 2025 to address near-term domestic demand weakness, distributing consumer vouchers to restaurants and retail as direct consumption stimulus. The government also outlined a sweeping six-sector structural reform framework - covering regulation, finance, public services, pensions, education, and labor - as the foundation for reversing Korea's declining potential growth rate. President Lee publicly stated: "The most urgent challenge facing the Republic of Korea today is to reverse the decline in our potential growth rate. To do that, bold, structural reform is essential."

Semiconductor & Industrial Policy

The centerpiece of Korea's industrial policy agenda is the semiconductor cluster strategy: a commitment of US$479 billion (KR₩700 trillion) in public and private investment by 2047 to construct a world-leading semiconductor manufacturing hub expanding from 21 to 37 fabrication plants, alongside dedicated NPU development, advanced packaging technology, and compound semiconductor programs. Additional commitments include US$6.0 billion in 2025 alone in low-interest loans and ecosystem funding for the chip industry, plus a new government investment of US$87 million (KR₩126.76 billion) by 2030 for next-generation AI chip commercialization. FDI cash grants now cover up to 75% of qualifying investments for advanced technology sectors including biopharmaceuticals and semiconductors.

The government framed 2026 as the opening chapter of a longer growth narrative running through 2045 - the 100th anniversary of Korea's liberation - positioning the strategy as more than a routine annual policy update. Strategic investment priorities include artificial intelligence, Korean cultural and entertainment industries (K-content), shipbuilding, and semiconductor manufacturing, signaling an intent to anchor governance around long-horizon industrial policy rather than short-cycle fiscal management.

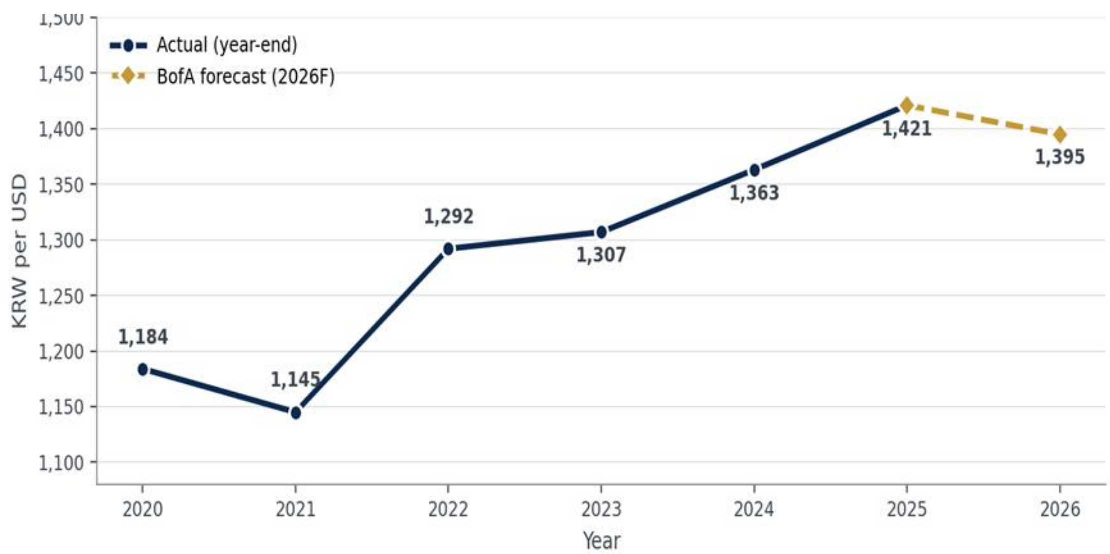
CAPITAL MARKETS AND FINANCING CONDITIONS

South Korea's capital markets represent one of Asia's most sophisticated and liquid investment environments, underpinned by an AA/AA- sovereign credit rating affirmed by all three major agencies in 2025–2026. Fitch's AA- (Stable), S&P's AA, and Moody's Aa2 collectively position Korea among the highest-rated sovereigns in the Asia-Pacific region - providing the institutional credibility and regulatory predictability that long-duration capital commitments demand.

Interest Rate Environment

The Bank of Korea's 100 basis points of cumulative easing between October 2024 and May 2025 - bringing the policy rate to 2.50% - has materially improved the domestic financing cost environment. The BoK's adoption of a Federal Reserve-style dot plot framework in February 2026 further anchors rate expectations, signaling stability for at least six months and reducing the uncertainty premium that had weighed on project-level debt underwriting. With the next rate cut anticipated in Q1 2027, borrowers benefit from a clear, low-rate runway that supports leveraged investment structures and reduces the cost of construction financing.

KR₩/US$ Exchange Rate: 2020 – 2026



Source: MCG, FRED/BofA, 2026

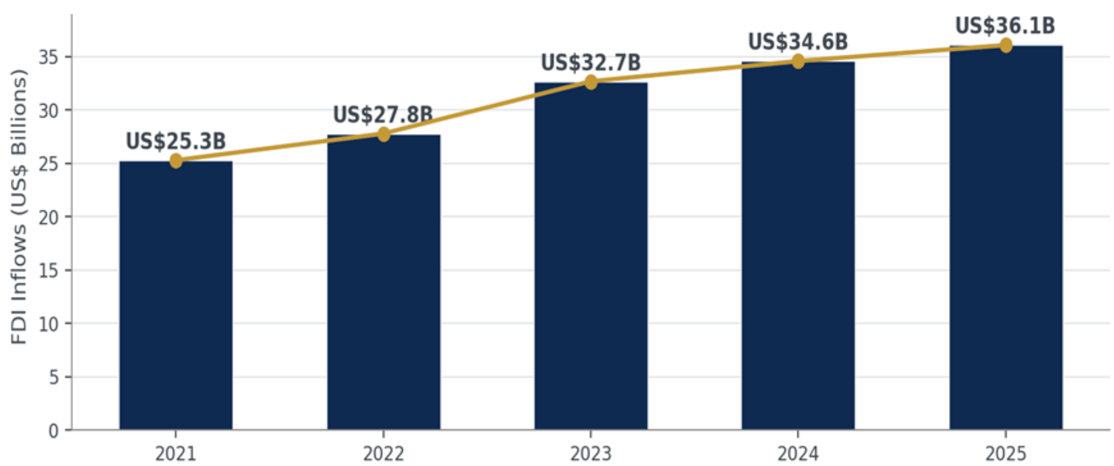
Currency Dynamics & Entry Opportunity

The Korean won currently trades near 1,490 - 1,520 KR₩/US$ - a level not seen since 2009 - creating a historically attractive entry point for US$-denominated investors. To contextualize this opportunity: in 2021, the won traded at approximately 1,145 KR₩/US$; today's rate represents roughly a 27% discount on Korean assets priced in US dollars. Bank of America forecasts a recovery to approximately 1,395 KR₩/US$ by end-2026, implying an 8–9% currency tailwind for international investors who deploy capital at current levels - stacked on top of underlying asset returns. Korea's widening current account surplus, driven by record semiconductor export earnings, provides the fundamental basis for this expected appreciation.

FDI & Institutional Capital Flows

Korea recorded FDI inflows of US$36.1 billion in 2025 - a fifth consecutive annual record - confirming that global institutional capital continues to view Korea as a primary destination in Asia-Pacific. The IFEZ alone has attracted cumulative FDI of US$16.72 billion since inception, demonstrating the zone's specific credibility with international investors. The K-REIT market has grown to approximately US$68 billion in assets under management, creating a mature domestic institutional buyer base and a well-established exit pathway for stabilized real estate assets.

South Korea FDI Inflows – Record Streak (US$ billion, 2021-2025)



Source: MCG, MOTIR, 2026

Fiscal Stimulus as a Demand Driver

The 2026 national budget of US$496 billion - an 8.1% year-on-year increase - is explicitly directed at artificial intelligence, R&D, high-technology industries, and defense. Rather than representing fiscal overreach, this expansionary stance functions as a direct demand accelerator for the sectors most relevant to life-sciences and technology real estate. Government-directed capital spending into the IFEZ framework, combined with national budget allocations to biotech and AI, materially de-risks private investment by ensuring sustained public co-investment in the surrounding infrastructure and talent ecosystem.

CURRENT EVENTS & NEAR-TERM MACRO DEVELOPMENTS

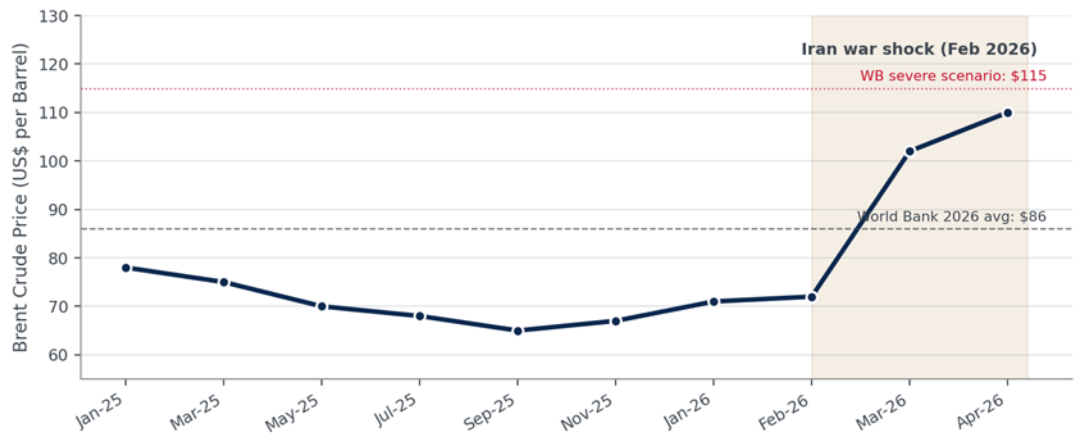
Korea's 2026 macro narrative cannot be told without the Iran war. Since US-Israeli strikes on Iranian targets in late February 2026 and the subsequent disruption of the Strait of Hormuz, the global energy and inflation backdrop facing Korea has changed materially. This subsection consolidates the current-events evidence - oil, inflation, growth revisions, currency, and policy response - into a single forward-looking view, and is the version of the macro setting investors should anchor on for any 2026–2027 underwriting.

Oil and Energy: a structural shock, not a spike

Brent crude rose from approximately US$72/bbl in late February 2026 to above US$110/bbl by late April, with the IEA characterizing the Strait of Hormuz disruption as the largest oil supply shock on record. Even after the announced US–Iran ceasefire on

April 8, 2026, ship traffic through the Strait remained at roughly 3.8 million barrels per day versus more than 20 mb/d pre-crisis. The World Bank now forecasts Brent to average US$86/bbl in 2026 (up from US$69 in 2025) and warns of a severe-case path averaging US$115 in which Korea's energy-cost trajectory would worsen materially. Korea sources approximately 70–72% of its crude oil and around 14% of its natural gas from the Middle East, with more than 95% of its Middle Eastern crude routed through Hormuz - making it among the most directly exposed advanced economies in the world.

Brent Crude Oil Price – Iran War Shock (US$, Jan 2025 – Apr 2026)



Source: MCG, World Bank Commodity Markets Outlook (April 2026), IEA Oil Market Report, 2026

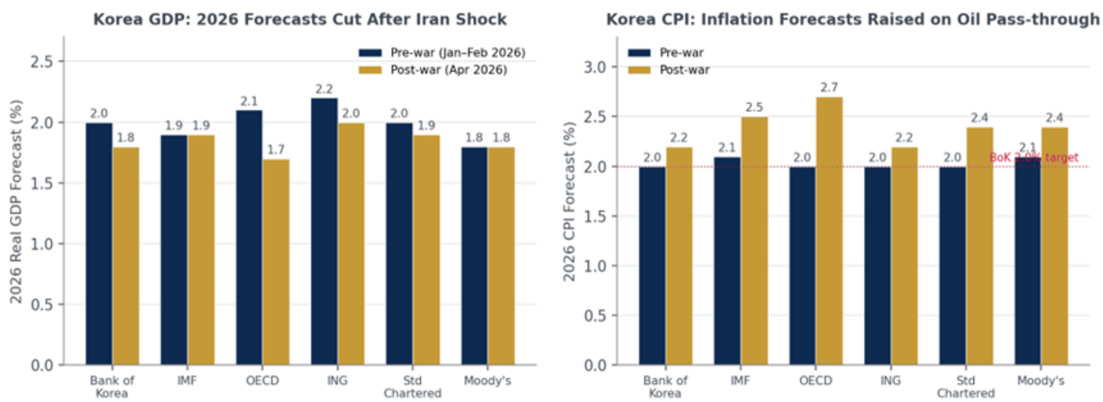
Inflation: the BoK's 2.0% target is now the floor, not the path

Korea's March 2026 CPI printed at 2.2% year-on-year, with transport prices up 5.0% and petroleum products up 10.4% month-on-month. The Bank of Korea has formally raised its 2026 CPI forecast to 2.2% from 2.0% and flagged that April 2026 inflation likely accelerated further. Standard Chartered now sees 2026 CPI at 2.4% (up from 2.0% pre-war), the OECD raised its forecast to 2.7%, and the IMF moved to 2.5%. ING's March 2026 estimate was 2.2% with explicit upside risk if Middle East tensions persist. Derivatives markets currently price a 42.5% probability of full-year 2026 CPI exceeding 3.0% - a tail outcome that would force the BoK to delay rate cuts well into 2027 and likely beyond.

Growth: forecast revisions are universally negative, but magnitudes differ

The Iran war has triggered the broadest set of negative revisions to Korea's 2026 outlook of any single shock since COVID-19. The OECD cut its forecast 0.4% points to 1.7% - the largest downward revision among major economies in its April 2026 update. Standard Chartered moved to 1.9% (from 2.0%). The Bank of Korea revised down to 1.8% (from 2.0%). Moody's holds at 1.8%. The IMF maintained 1.9% but warned of a "severe scenario" at materially lower growth if energy disruption persists. Counter-cyclically, ING is the most bullish at 2.0% on the strength of the Q1 2026 GDP beat (+1.7% QoQ, the fastest pace since Q3 2020, driven almost entirely by a 5.1% surge in semiconductor and AI-related exports). The credible underwriting range for full-year 2026 is 1.7%–2.2%, with a wider tail to the downside than upside.

Korea GDP: 2026 Forecasts Cut After Iran Shock
Korea CPI: Inflation Forecasts Raised on Oil Pass-Through

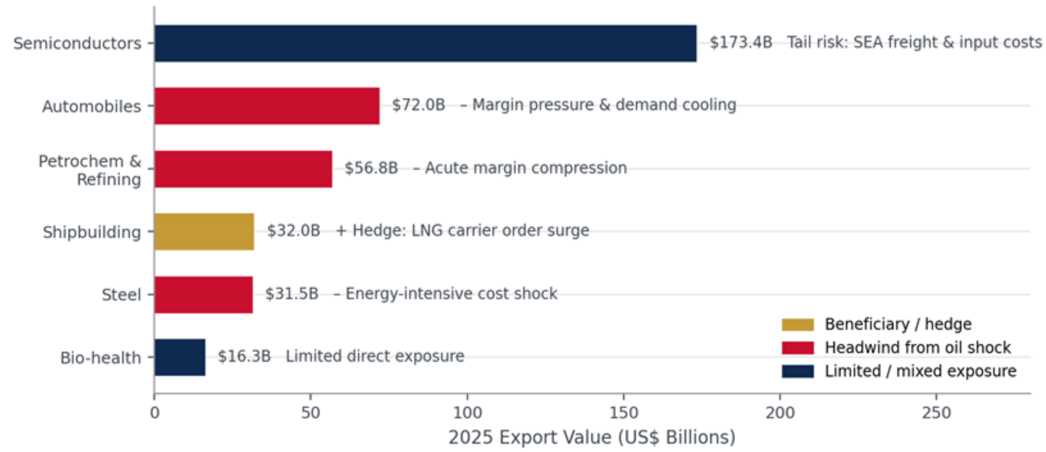


Source: MCG, Bank of America, IMF WEO, OECD Economic Outlook, ING Think, Standard Chartered, Moody’s Analytics, 2026

Sectoral transmission: which parts of Korea Inc are exposed

The shock is not landing evenly. Petrochemicals and refining (approximately 8% of total exports, US$56.8 billion in 2025) are facing the most acute margin compression as crude input costs have outpaced product price recovery. Automotive (US$72 billion, the second-largest export category) faces a dual headwind: rising production costs from energy-intensive manufacturing and softer demand in key markets where consumer confidence has been hit by elevated petrol prices. Steel and basic chemicals are absorbing higher fuel and feedstock costs at the same time as export demand softens. Conversely, shipbuilding (US$32 billion, +24.9% YoY in 2025) carries a structural hedge: elevated LNG prices have accelerated orders for LNG carriers, partly offsetting input cost inflation. Semiconductors remain the standout positive but are not immune - ING has flagged that essential-materials inventories may deplete within “the next few quarters” if Middle East shipping disruption persists, with adverse effects becoming visible in H2 2026.

Korea Export Sectors: Exposure to Iran War Energy Shock (US$ billion)



Source: MCG, Korea Customs Service, 2025

Currency: the won remains structurally weak despite the trade surplus

Korean won traded at 1,473–1,485 to the US dollar through late April 2026, recovering modestly from the 1,500-level seen in late March but still near 1defen6-year lows. The currency has not appreciated meaningfully despite a US$13.3 billion January 2026 current account surplus, because rate differentials, dollar demand from offshore Korean investors, and risk-off flows during the oil shock continue to dominate the trade balance. Bank of America's end-2026 forecast of 1,395 KR₩/US$ now looks at the optimistic end of the consensus range; a more cautious view places year-end at 1,420–1,460 if oil remains above US$100.

Policy response: fiscal cushion, monetary patience

The Lee administration has activated a meaningful policy response. The US$17.1 billion March 2026 supplementary budget cushions energy costs for households and SMEs, and the government has imposed nationwide fuel-price caps for the first time in nearly 30 years. A US$68 billion market-stabilization program has been activated to manage capital-market volatility. ING has flagged a further proposed US$14–17 billion supplementary budget under discussion, financed primarily from higher-than-anticipated corporate tax revenues and unused earmarked expenditure. The BoK has held rates at 2.50% for nine consecutive months at its April 10, 2026, meeting and signaled it will prioritize inflation stabilization overgrowth support - the next rate cut now consensus-projected for Q1 2027 at the earliest.

Implications for the investment thesis

The Iran war does not invalidate the Korea thesis - but it materially compresses the margin of safety. Q1 2026 GDP confirmed that the chip-driven recovery is real and capable of absorbing meaningful external shocks; the Q2–Q4 path will determine whether that resilience extends through a sustained oil-driven inflation regime. For real estate underwriters, three changes follow directly: (i) the cost-of-debt assumption for project financing should be recalibrated upward, with no BoK easing now expected for at least three quarters; (ii) tenant-level credit analysis matters more in energy-intensive industrial sectors where margin compression is already visible; and (iii) currency-hedging cost for US dollar investors has risen and should be priced into target unlevered returns. The thesis remains intact for sectors with structural, policy-anchored occupier demand. It has weakened materially for sectors that depend on broad-based corporate expansion or speculative consumer demand.

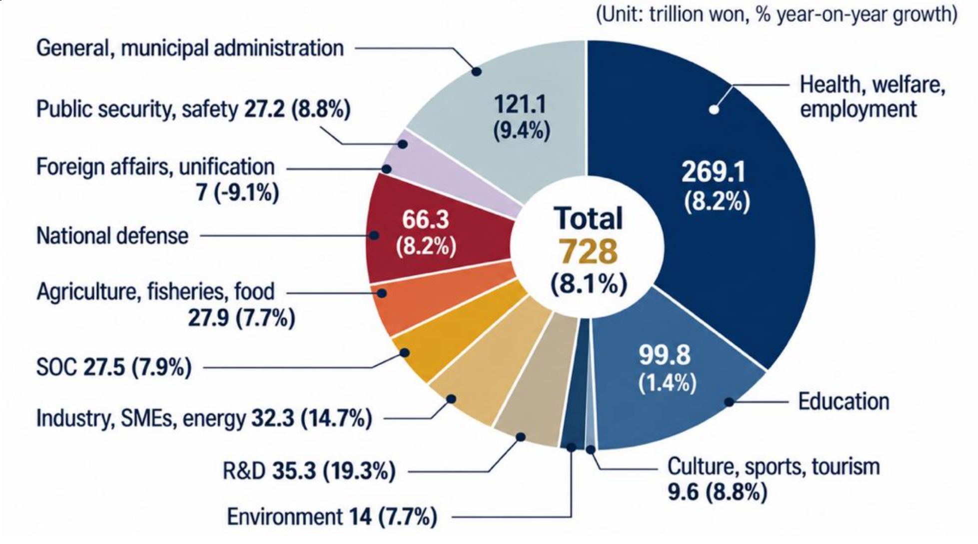
TECHNOLOGY: AT THE EDGE

INTRODUCTION

South Korea's technology landscape in 2026 is best understood as a selective strategic build-out rather than a broad sector surge. The country combines several advantages that few markets can replicate at once: global semiconductor scale, advanced telecom infrastructure, a sophisticated domestic digital market, and a state willing to fund science and technology at national scale. The Ministry of Science and ICT's proposed 2026 budget totals US$16.9 billion (KR₩ 23.7 trillion), including US$8.4 billion (KR₩ 11.8 trillion) for R&D, while the finalized government-wide 2026 R&D budget reached US$25.4 billion (KR₩ 35.5 trillion), both record levels. The government has also elevated AI within that framework, linking computing capacity, domestic chip use, cloud infrastructure, and industrial competitiveness more explicitly than in prior budget cycles. Technology has therefore become one of the main channels through which Korea is trying to support growth, deepen industrial capacity, and strengthen strategic autonomy.

That being said, the sector is not uniformly strong. Korea's technology profile remains concentrated, and the strongest momentum is appearing where industrial depth, public funding, and infrastructure needs reinforce one another. This chapter focuses on four areas. First, general technology, where semiconductors, telecom infrastructure, and industrial policy continue to anchor Korea's broader digital economy. Second, artificial intelligence, where public funding, sovereign-compute ambition, and enterprise adoption are shaping the next phase of national technology strategy. Third, data centers, where physical infrastructure, power access, and land availability are becoming the key constraints on digital expansion. Fourth, biotech, where Korea has developed one of Asia's most credible manufacturing- and cluster-led life sciences platforms. The broader conclusion is consistent with the rest of this report: Korea's technology story is strongest where policy support, physical infrastructure, and institutional depth are already visible, but it also remains exposed to concentration risk and execution risk.

Korea to Triple AI Spending in 2026



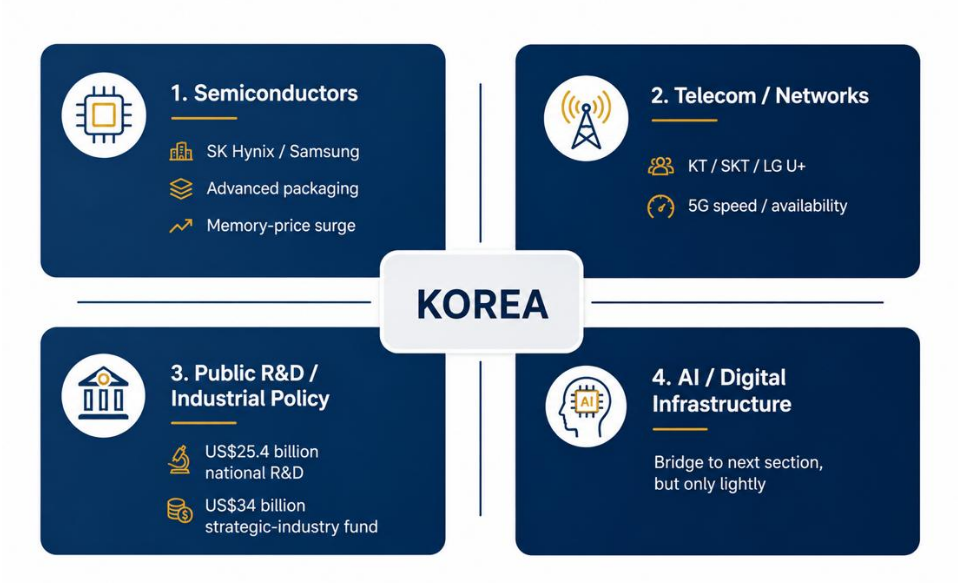
Source: MCG, Ministry of Economy and Finance, 2026

GENERAL TECHNOLOGY

South Korea's general technology platform remains one of the strongest in Asia because it is built on industrial scale, digital infrastructure, and sustained public support rather than on narrative alone. Semiconductors remain the center of gravity, but they sit within a broader system that also includes advanced telecom networks, large-scale R&D spending, and active industrial policy. This broader platform is reinforced by record public R&D spending, strategic-industry support, and a high-quality digital infrastructure base.). In parallel, the government established a US$34 billion (KR₩ 50 trillion) strategic-industry policy fund in 2025 to support sectors including semiconductors and autos. Korea's technology landscape is therefore not being built through private-sector momentum alone. It is being reinforced by an institutional framework that links manufacturing, infrastructure, and public investment.

The structure of that system can be read through four strategic pillars: semiconductors, telecom and digital networks, public R&D and industrial policy, and the broader AI and digital infrastructure build-out. Together, these pillars explain why Korea's technology base is broader than a single chip-cycle story, even though semiconductor performance still dominates near-term market sentiment. These pillars explain why Korea's technology base is broader than a single semiconductor cycle, even if semiconductors still dominate near-term market sentiment and earnings power.

Four Strategic Pillars



Source: MCG, 2026

Within that broader system, semiconductors remain the clearest expression of Korea's technological strength. Reuters reported in May 2026 that SK Hynix crossed the US$1 trillion market-capitalization threshold, joining Samsung Electronics and making South Korea the only country outside the United States with more than one company above that level. Reports also showed that memory prices doubled in the first quarter of 2026 and were expected to rise by as much as 63% in the second quarter, reflecting the intensity of AI-related demand. Earlier in 2026, SK Hynix committed approximately US$12.9 billion (KR₩ 19 trillion) to a new advanced-packaging plant in South Korea to meet rising AI memory demand.

Telecom is the second foundational layer. Korea remains one of the world's most advanced mobile-network markets, which matters because cloud migration, enterprise digitalization, AI services, and edge applications all depend on the quality of the underlying network. Opensignal's December 2025 report showed that KT posted the fastest 5G download speed, ahead of SK Telecom by 20 Mbps and LG U+ by 34.5 Mbps, while LG U+ led 5G availability at 90.3%. Korea therefore retains a high-quality delivery layer for digital adoption. In markets where network quality is weaker, policy ambition and commercial deployment often diverge. Korea faces fewer such frictions, which strengthens the broader case for digital and compute-intensive sectors built on top of this infrastructure.

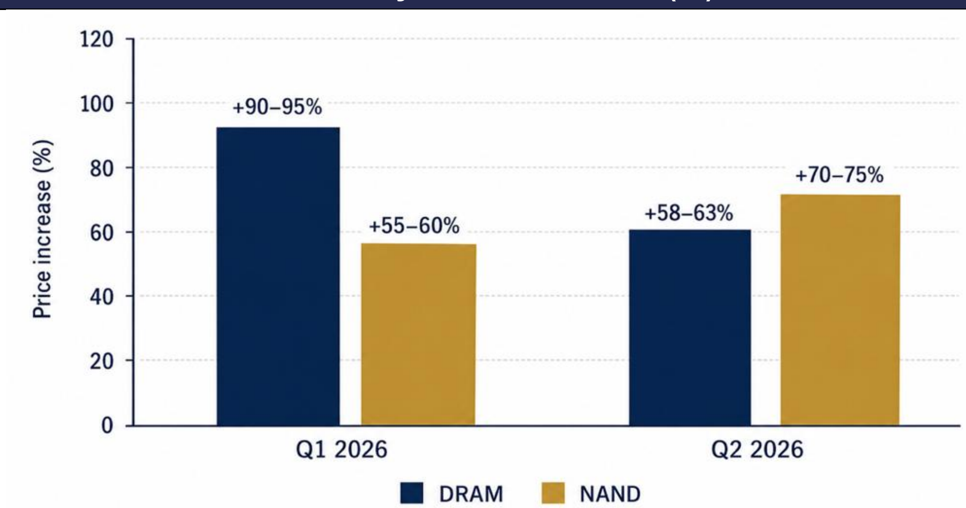
Korea's technology platform is broad in capability but concentrated in earnings power, with semiconductors providing the dominant cyclical engine and telecom infrastructure supporting the wider digital ecosystem. That structure creates both strength and vulnerability. It gives Korea global relevance in hardware, manufacturing, and industrial technology, but it also leaves the sector more exposed to shifts in the AI memory cycle, export demand, and trade-policy conditions than a more diversified technology ecosystem would be. Korea's general technology platform remains one of the strongest in Asia, but it is strongest where industrial depth, network quality, and public funding already reinforce one another. By contrast, Korea is less diversified in software-led platform growth and less balanced across subsectors than larger U.S. technology ecosystems, which leaves overall sector performance more exposed to the semiconductor cycle.

Artificial Intelligence

South Korea's AI landscape is becoming more policy-led, compute-intensive, and strategically important to the national industrial agenda. The key development is not only the growth of AI applications, but the extent to which the government is trying to build domestic compute capacity, increase the use of Korean AI semiconductors, and align cloud, chip, and enterprise adoption policy within one framework. In that sense, AI in Korea should be read less as a standalone software story and more as a national capability-building program.

The strength of AI-related demand is already visible upstream in the semiconductor value chain. This is important in Korea because the country's AI exposure does not sit only in software adoption or digital services. It also sits in memory, advanced packaging, and the broader hardware ecosystem that supports compute expansion.

Memory Price Increases (%)

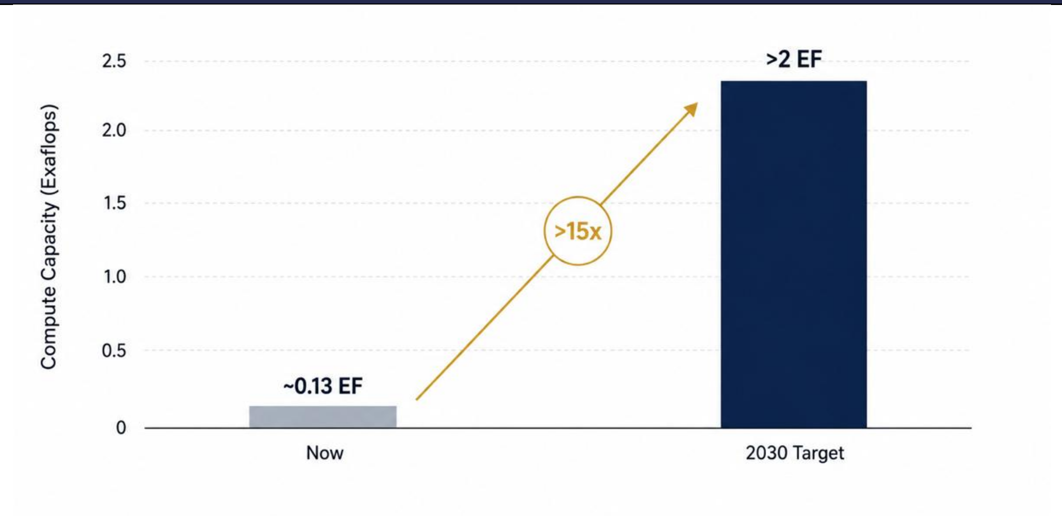


Source: MCG, 2026

The recent move in memory pricing therefore provides a market-based signal that AI demand is already affecting Korea's upstream technology economy, before one even turns to the policy targets below. That hardware demand is now being reinforced by explicit national policy. The Ministry of Science and ICT said Korea aims to expand national GPU capacity by more than 15 times by 2030, reaching more than 2 exaflops, and to establish a National AI Computing Center with a budget of up to US$1.4 billion

(KR₩ 2 trillion). It also plans to raise the share of domestic AI semiconductors used in that infrastructure to 50% by 2030.

Target National GPU Capacity (EF)



Source: MCG, The Ministry of Science and ICT, 2026

This policy direction is consistent with the rest of Korea's technology strategy. The strategic logic is clear, but commercial adoption still matters: the long-term significance of these commitments will depend on how quickly Korean enterprises, public institutions, and cloud users absorb AI tools at scale rather than on compute ambition alone. AI is being positioned as a layer that connects semiconductors, cloud infrastructure, enterprise software, and national competitiveness. That raises the strategic importance of AI across the economy, particularly in manufacturing, digital services, and public-sector modernization. It also means AI should not be evaluated only through startup activity or software narratives. In Korea's case, the sector is being shaped by public budgets, compute infrastructure, domestic chip policy, and industrial adoption.

The risks are also clear. Korea's AI trajectory still depends heavily on the semiconductor cycle, and there is a meaningful difference between announced compute ambition and commercially scaled AI adoption. The sector remains vulnerable to execution gaps in public spending, customer concentration, and the possibility that domestic AI deployment grows more slowly than infrastructure planning assumes. AI is becoming strategically more important in Korea, but the gap between announced compute ambition and commercially scaled domestic adoption remains an important execution risk.

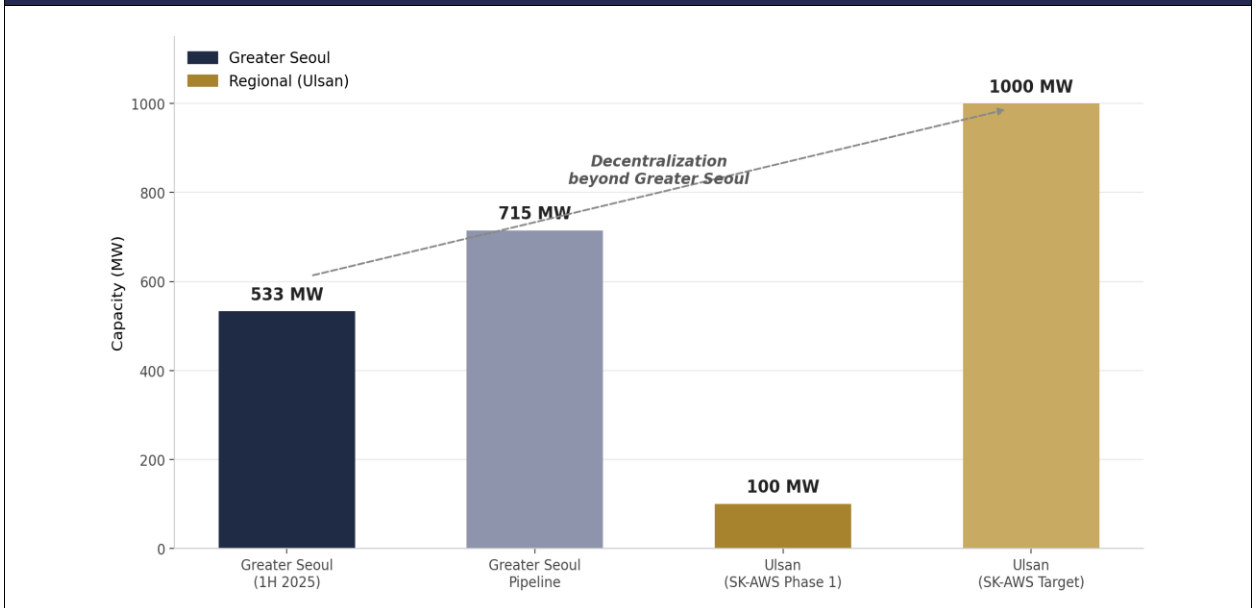
DATA CENTERS

Data centers in Korea should be treated as infrastructure rather than as a direct proxy for AI software growth. Their economics are shaped primarily by power availability, grid access, fiber connectivity, land, permitting, and sponsor quality. Demand from AI and cloud expansion is clearly increasing, but the practical question is whether physical capacity can be delivered on the right sites, at the right scale, and on the right timeline.

Private-sector commitments now make clear that Korea has moved beyond pilot-stage build-out. Reports in February 2026 stated that OpenAI, Samsung SDS, and SK Telecom were preparing to begin construction of two South Korean data centers with an initial combined capacity of 20 MW. Reuters also reported that Hyundai Motor Group would invest about US$6.3 billion in Saemangeum, including an AI data center equipped with 50,000 GPUs, alongside robotics, hydrogen, and solar investments. Earlier, Reuters reported that SK Group and AWS committed approximately US$5.1 billion to develop Korea's largest AI data center in Ulsan, with 100 MW of initial capacity and a long-term ambition to scale toward 1 GW. These projects are large enough to show that Korea's data-center story is no longer hypothetical. It is now moving into a strategic infrastructure phase.

The critical issue is geography. Greater Seoul remains the dominant demand node because that is where enterprise users, telecom backbones, and interconnection ecosystems are concentrated. At the same time, the next phase of growth is clearly pushing outward. Ulsan and Saemangeum matter because they show that Korea's data-center build-out is beginning to follow power, industrial land, and policy support rather than enterprise density alone. They are not substitutes for Seoul as digital markets. They are strategic sites where large-scale power-intensive development is easier to execute.

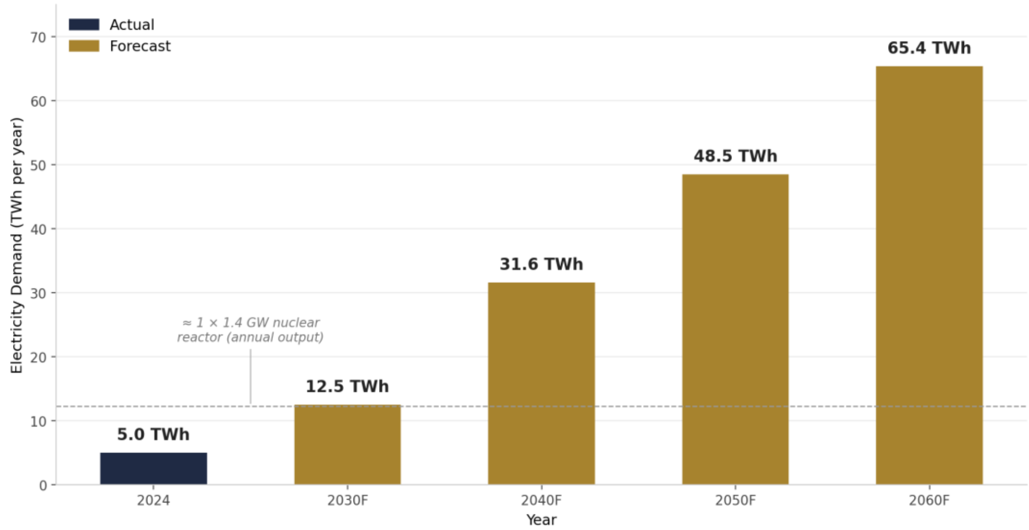
South Korea Data Center Capacity: Greater Seoul vs Ulsan (MW)



Source: MCG, Cushman & Wakefield, Reuters, 2026

Power is the binding constraint. Seoul Economic Daily reported in April 2026 that Korean data centers consumed about 5 TWh of electricity in 2024, but annual demand could rise to 31.6 TWh by 2040 and 65.4 TWh by around 2060. Even allowing for uncertainty in long-range forecasts, the direction is clear. The market’s expansion is increasingly constrained not by a lack of digital demand, but by the speed at which Korea can expand transmission, grid access, and site-level power delivery.

South Korea Data Center Electricity Demand (TWh per year, 2024-2060F)



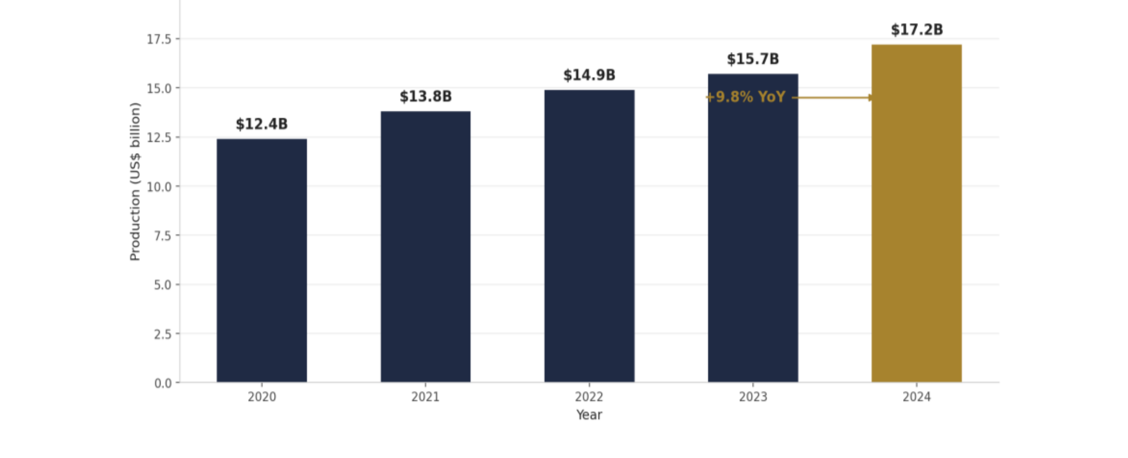
Source: MCG, Seoul Economic Daily, Korean Ministry of Trade Industry & Energy, 2026

Proposed legislation and policy discussions increasingly focus on faster permitting, broader power-purchase arrangements, and regional dispersion incentives. Official discussion has moved toward treating data centers as part of the national energy system rather than as a narrow digital-economy niche. Korea’s data-center market is becoming more significant, but it should be evaluated as an infrastructure system with real power, grid, and permitting constraints rather than as a simple extension of AI demand.

BIOTECH

Biotech now warrants treatment as a strategic industry within Korea’s broader technology landscape. Its strongest position remains in biopharmaceutical manufacturing, biologics, biosimilars, and CDMO activity, but the broader ecosystem is also deepening in clinical development, partnering, and cluster-based innovation. Invest Korea reported in April 2026 that domestic bio-industry production reached approximately US$16.8–17.2 billion (KR₩ 22.92–23 trillion) in 2024, up 9.8% year on year. That is an important threshold because it confirms the sector is already operating at industrial rather than pilot scale. The stronger analytical point, however, is structural: Korea’s biotech position is being built through manufacturing infrastructure, specialized clusters, and public support rather than through a single wave of venture enthusiasm.

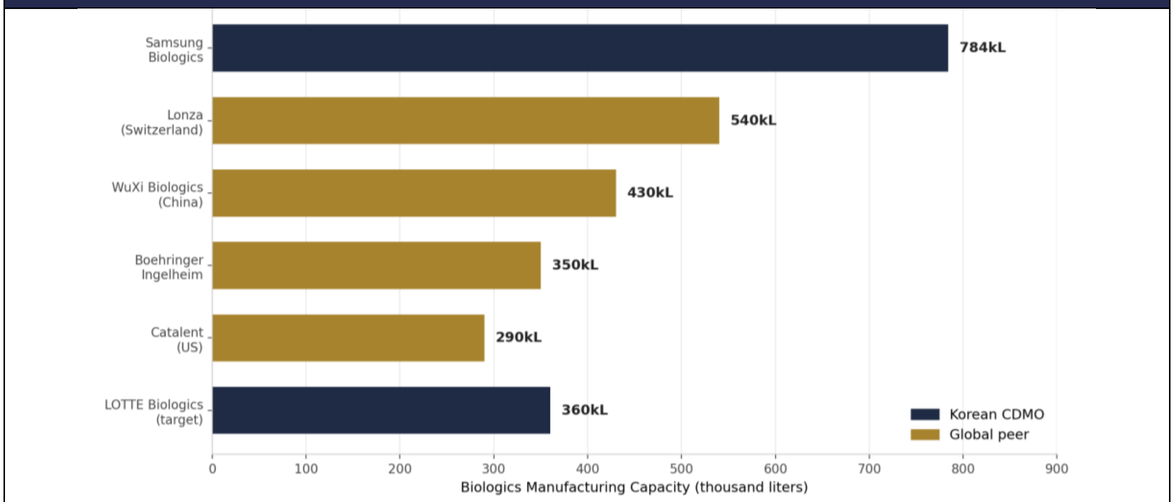
Korea Bio-Industry Production (US$ billion, 2020-2024)



Source: MCG, Invest Korea, 2026

The production trend is important not only because it is positive, but because it is sustained. Biotech is becoming a structural growth pillar within Korea's industrial base rather than a cyclical add-on, and that biomanufacturing scale remains as Korea's clearest strength. Songdo is the flagship example. Invest Korea stated in 2026 that Songdo's biopharmaceutical production capacity will surpass 1.16 million liters by 2026, with a roadmap to more than 2.14 million liters by 2030. LOTTE Biologics said its first Songdo plant is scheduled for completion in 2026, with commercial manufacturing targeted for the first half of 2027, while Samsung Biologics has continued to expand internationally, including through the 2026 acquisition of a manufacturing facility in Rockville, Maryland. Biologics manufacturing is not easily substitutable. It requires long lead times, specialized utilities, and rigorous GMP compliance, which means that once capacity is established it tends to anchor durable industrial demand.

Global Biologics CDMO Capacity by Operator (thousand liters)



Source: MCG, company filings, 2026. Figures approximate; LOTTE Biologics reflects 3-plant Songdo target.

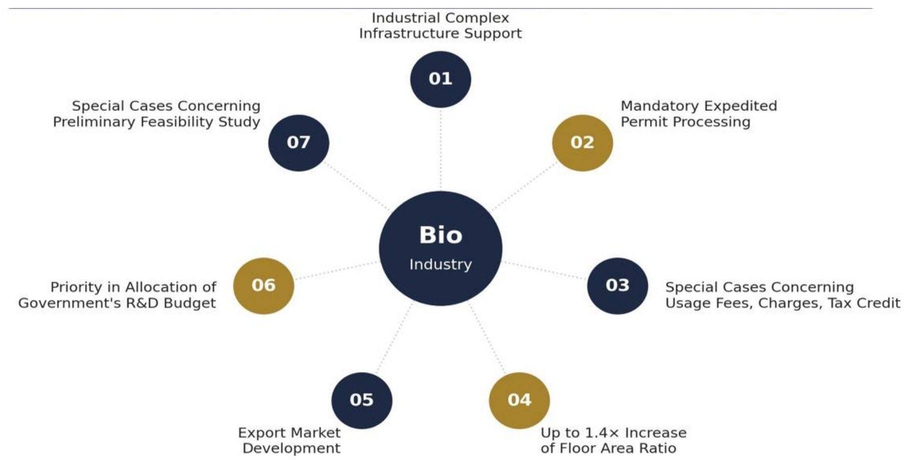
The chart shows that Korea's manufacturing position is globally significant rather than merely regional. Songdo's significance, however, is not limited to current production capacity. It also reflects the scale of planned expansion. The cluster is being developed not only as a manufacturing base, but as a broader industrial and innovation platform supported by airport access, free economic zone incentives, and a high-spec urban environment. This is why Songdo should be understood as more than a successful industrial district. It is an example of how Korea is trying to combine production capacity, urban planning, and international accessibility in one place.

Songdo Initial vs Expansion Plans		
	Initial (2021)	**Expansion (2030)**
Location	Songdo Zones 4,5, & 7	Added 11
Area	920,000m²	2,000,000m²
No. of companies	60	700
No. of employees	More than 6,000	More than 20,000
Investment/Sites	US$5.3 billion (KR₩7 trillion)	US$11.3 billion (KR₩15 trillion)
Sources: MCG, BusinessKorea, 2026		

Korea's biotech geography is also becoming more differentiated by node. Songdo remains the most internationally legible manufacturing cluster. Osong is less visible internationally but more complete from a domestic systems perspective. Invest Korea describes Osong as the only Korean bio-cluster that combines companies, universities, research institutes, hospitals, and related institutions in one ecosystem capable of supporting the full development process from R&D and non-clinical work through clinical trials and licensing. As of December 2024, 188 companies were operating across its first and second complexes. Daejeon occupies a different role again. It is more research-intensive than manufacturing-led and should be understood as a science and innovation node rather than a high-volume production base. Magok remains smaller, but strategically relevant as a Seoul-based R&D district. This node differentiation matters since Korea's biotech sector is not one uniform landscape, its strongest areas perform different functions and should not be treated as substitutes.

Daejeon receives government support to deepen cluster competitiveness. Its significance lies less in current manufacturing scale than in research intensity, science infrastructure, and the policy framework designed to reduce friction for advanced-industry development. In that sense, Daejeon shows how Korea is trying to extend the biotech system beyond manufacturing into a broader research and commercialization framework.

Government Support for Nation's Advanced Strategic Industry in Daejeon



Source: MCG, Invest Korea, 2026

The sector's international relevance is also increasing. BIO KOREA 2026 drew 775 companies from 59 countries, reinforcing Korea's role as a platform for partnering, licensing, and investment. Reuters also reported in December 2025 that Korea's ADEL signed a US$1.04 billion Alzheimer's drug development agreement with Sanofi. These developments do not mean Korea has already matched Boston or Basel as a frontier innovation ecosystem. They do show that the country is becoming more visible in global biotech business-development networks and is moving beyond a pure manufacturing identity. South Korea is already one of Asia's most serious manufacturing-led biotech platforms, and its leading clusters now have enough scale and policy support to matter globally. At the same time, the ecosystem remains more developed in production and cluster execution than in frontier discovery. Korea's strongest biotech positions lie where physical infrastructure, anchor tenants, and institutional backing are already established rather than where the investment case depends on early-stage innovation alone.

REAL ESTATE MARKETS & LANDSCAPE

INTRODUCTION

Under tighter external and financial conditions, South Korea’s real estate market in 2026 is best understood as a selective recovery. Leasing, pricing, and investment activity have improved in core segments, particularly Seoul office and selected logistics corridors, but the market remains shaped by macroprudential housing policy, selective credit, elevated construction costs, and a more volatile external backdrop. In April 2026, the Bank of Korea warned that growth could fall below its earlier 2.0% forecast and that inflation has since risen well above its earlier 2.2% path, reaching 3.1% in May 2026 because of higher energy prices and supply disruptions linked to the war in the Middle East. At the same time, first-quarter GDP rose 1.7% quarter-on-quarter, supported by a 5.1% increase in exports led by semiconductors, showing that the economy retains real cyclical momentum.

The stronger reading of the market is therefore not that it is uniformly strong or uniformly weak. It is that the gap between core and non-core assets is widening. Core assets in the Seoul Capital Region continue to benefit from deeper occupier demand, tighter supply, and stronger institutional liquidity. Secondary assets, highly leveraged developments, and non-core regional product remain more exposed to refinancing risk, policy shifts, and demographic drag.

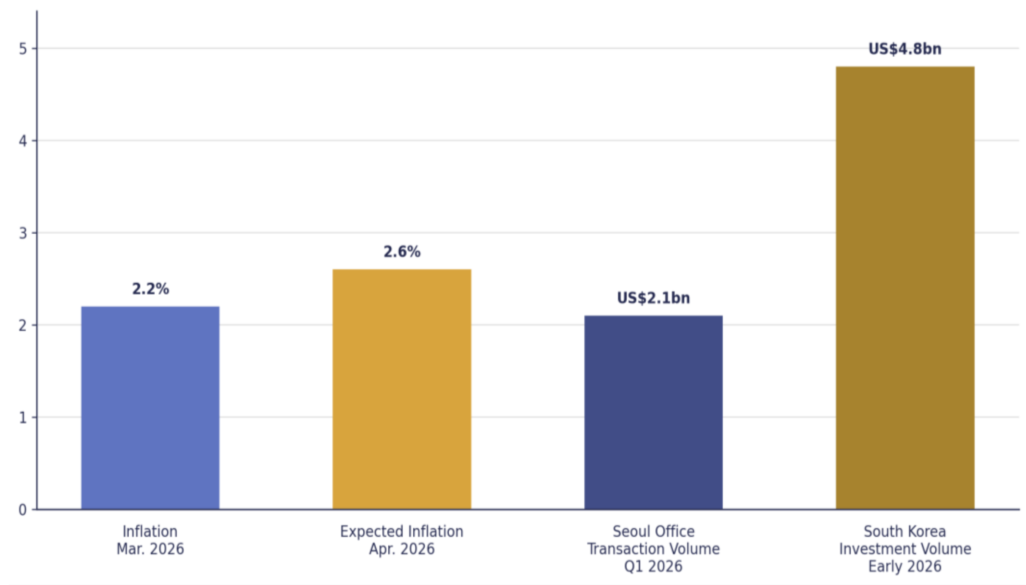
NATIONAL REAL ESTATE MARKET OVERVIEW

Macro Setting and Market Transition

The property market faced a macro backdrop that improved from late 2025 into early 2026, but became more exposed to commodity, trade, and geopolitical risk in the second quarter. In February, the Bank of Korea still described 2026 as a year of improving consumption, exports, and facilities investment. However, by April, it had shifted to a more cautious tone, warning that growth would likely come in below its earlier 2.0% forecast and that inflation could move higher because of oil-price shocks and supply constraints tied to the Middle East conflict. Reports stated that April consumer inflation was expected to accelerate to 2.6% from 2.2% in March, while South Korea still sources roughly 70% of its crude oil from the Middle East. For real estate, this changes the quality of the recovery. Korea is no longer dealing only with weak 2025 growth and domestic political disruption. It is now also operating in a more difficult imported-risk environment, where oil, trade, and currency volatility affect financing costs, construction inputs, and investor sentiment.

Despite that, the market is still entering 2026 from a better cyclical position than it held in mid-2025. Commercial transaction volume rebounded sharply, near-term office supply remained limited, and several logistics submarkets began to stabilize after a prolonged oversupply phase. The practical conclusion is that Korea's property cycle is being shaped by two opposing forces at once: export-led growth and industrial policy support on one side, and oil, inflation, exchange-rate, and credit risks on the other. That combination favors sectors with durable occupier demand and limited near-term supply. It is much less supportive of speculative product or assets that depend on a rapid easing in financial conditions.

South Korea Real Estate Market Indicators



Source: MCG, 2025

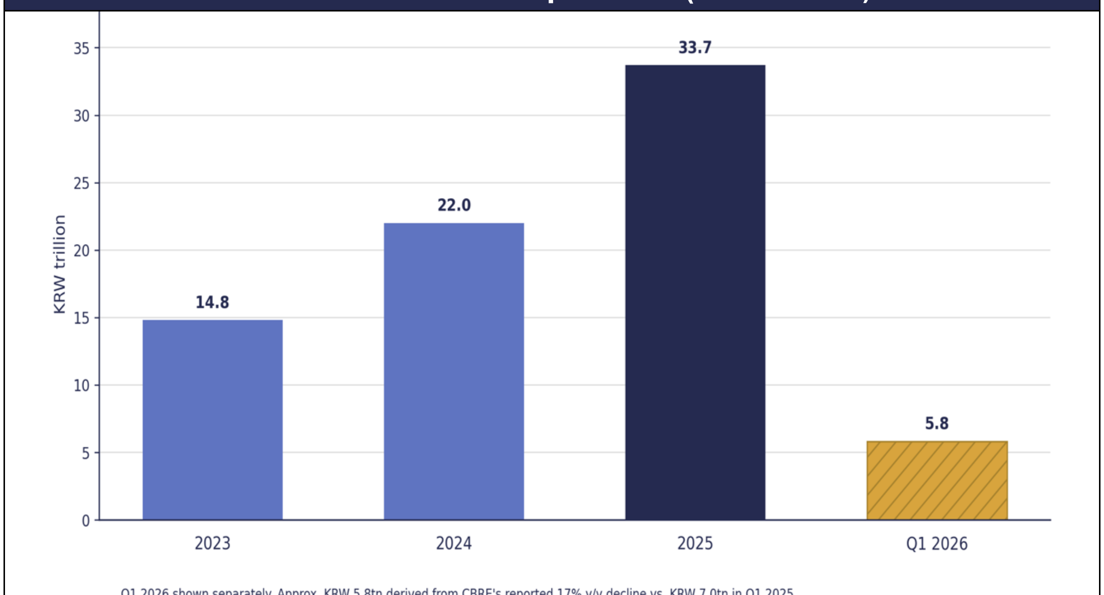
Household Debt and Macroprudential Constraint

The largest domestic constraint remains household leverage. Household debt stood at roughly US$1.3 trillion equivalent at the end of 2024, and regulators have continued to use debt-service-ratio rules, mortgage restrictions, and district-level controls to prevent easier monetary conditions from feeding directly into another housing upswing. Bank of Korea was expected to keep rates unchanged partly because Seoul apartment prices had already risen for 55 consecutive weeks and the won had weakened materially since the prior year. In April, the Bank again emphasized caution on housing prices, household debt, and exchange-rate risk. Korea's housing cycle is no longer driven by interest rates alone. It is being actively managed through macroprudential policy, and that limits the upside for highly leveraged residential strategies even in a recovering economy. Furthermore, it affects land pricing, redevelopment assumptions, and any strategy that relies on stronger household borrowing to drive absorption or value growth.

Commercial Real Estate Capital Markets

Commercial property capital markets have recovered more quickly than the broader economy. Investment volumes reached record levels in 2025, US$22.4 billion (KR₩ 33.7 trillion), and first-quarter 2026 activity remained solid even as the pace normalized from the prior year's peak, US$3.8 billion (KR₩ 5.8 trillion). Savills reported that Seoul office transaction volume alone reached approximately US$2.1 billion equivalent in the first quarter of 2026, supported by prime assets, strategic buyers, and owner-occupiers. JLL's Asia-Pacific capital tracker also showed South Korea posting US$4.8 billion of investment volume in early 2026, even though that was down from an unusually strong prior-year comparison; hospitality was notably strong. These figures suggest that liquidity has returned but only concentrating in sectors with clearer income visibility and stronger buyer conviction rather than broadening evenly across the market. Korea's commercial property market is not sending a single national signal but a selection one. Office, logistics, hospitality, living, and specialized product sit on different supply curves, carry different refinancing risks, and require different assumptions about tenant demand and exit liquidity.

Transaction Volume per Year (KR₩ trillion)



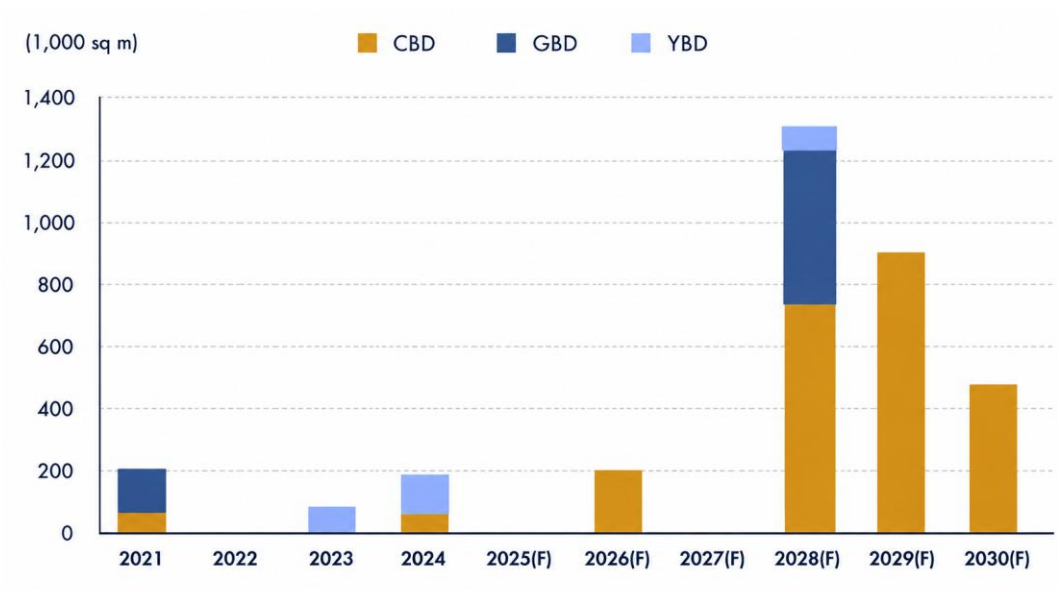
Source: MCG, CBRE 2026

Office and Logistics: Two Different Recovery Paths

Office and logistics are both improving, but for different reasons. Office remains the clearest core-income segment in Korean real estate, supported by low prime vacancy, continued rent growth, and limited near-term supply. The market remains strongest in Seoul, but the national conclusion is not that office is uniformly tight. It is that near-term fundamentals remain favorable while medium-term leasing conditions will become more differentiated as the 2028–2030 supply wave approaches.

Logistics on the other hand is not a pure defensive-income trade, but a recovery trade shaped by asset selection. JLL reported that 2026 logistics supply in Seoul is expected to be roughly 65% of 2025 levels, while continued demand could allow net absorption to exceed new supply and stabilize vacancy. Savills' 2026 logistics outlook similarly expects the dry-storage market to continue recovering, supported by online sales growth and improving distribution efficiency, with higher rents and lower vacancy. This is constructive, but it is not the same as saying logistics is uniformly strong today. The sector appears to be moving past its worst oversupply phase, especially in dry storage, while still requiring careful submarket and asset selection.

Prime Office New Supply



Source: MCG, Savills, 2025

Residential Market Structure and Regional Divergence

Residential is becoming more differentiated as the shift from jeonse to monthly rent continues and demand remains concentrated in the Seoul Capital Region. The OECD reported in 2025 that Korea's population peaked in 2020 and is now declining amid rapid aging, while more than half of the population already resides in the Seoul Capital Region, which also accounts for 53% of national GDP. Internal migration continues to favor the north-west, particularly Gyeonggi-do, while many regional markets face population decline, aging, and weaker pricing power. Supply policy is also shifting in 2026, with the government targeting 62,000 public housing starts in the Seoul metropolitan area this year and 70,000 in 2026 to offset weaker private-sector delivery. The national takeaway is that residential performance is increasingly shaped by tenure, geography, and policy exposure rather than by a single national housing cycle.

OFFICE, RESIDENTIAL, & MIXED-USE

Korea's office, residential, and mixed-use markets should be read together since all three are shaped by capital-region concentration, tighter credit conditions, tenant selectivity, and the rising importance of location quality. But they are not moving in lockstep. Office remains the clearest institutional product. Residential is being reshaped by tenure change and policy intervention. Mixed-use is increasingly a response to land scarcity, transport access, and redevelopment economics rather than a stylistic preference.

Office: Strength in a Differentiated Leasing Market

Although Seoul office remains the strongest core-income story in Korean real estate, it is now a more differentiated market than citywide averages suggest. Savills reported that prime office vacancy rose slightly to 4.0% in Q1 2026, while GBD remained the tightest major district at 1.7%. It also expects face-rent growth of 2% to 4% in 2026, supported by constrained near-term prime supply and continued demand from finance, technology, and strategic occupiers.

District composition helps explain why. As shown in the table below, CBD remains the largest Grade A office market by total stock, with roughly 3.45 million square meters across 49 buildings, while GBD and YBD have newer and larger average Grade A assets. Average Grade A building size is about 107,000 square meters in GBD and 110,000 square meters in YBD, compared with 88,000 square meters in CBD. YBD also has the newest Grade A profile by average completion year. Demand is increasingly favoring larger, more efficient, and newer buildings in districts with strong access, amenity depth, and clearer leasing identity.

Overview of Seoul Office Market

		CBD	GBD	YBD	Total
A	Number of buildings	25	14	14	53
	Average GFA (m^2)	88,000	107,000	110,000	99,000
	Average year of completion	2004	2005	2012	2006
B	Number of buildings	24	22	9	55
	Average GFA (m^2)	51,000	47,000	48,000	49,000
	Average year of completion	2002	2002	1999	2001
Total number of buildings		49	36	23	108
Total area (m^2)		3,450,000	2,530,000	1,980,000	7,970,000

Sources: MCG, CBRE, 2025

This supports the idea that leasing outcomes are increasingly shaped by building scale, age, and district identity rather than by citywide supply conditions alone. The implication is straightforward: Seoul office should not be described as one market. CBD still offers the deepest inventory base and the strongest institutional depth, but GBD is tighter and more occupier-preferred, while YBD's newer stock helps support rental positioning even when occupancy is softer. Tenant mobility reinforces that point. Savills noted continued relocation and backfilling activity in 2025 and early 2026, with occupiers using relocations to improve building quality, efficiency, and district positioning. The market is therefore being driven less by broad demand expansion than by re-sorting. Buildings that can capture that re-sorting should remain competitive. Older or less flexible stock is more likely to face incentive pressure even if headline vacancy remains relatively low.

Residential: tenure shift, policy constraint, and capital-region concentration

Residential's theme is not scarcity of institutional product, but the interaction of housing policy, household leverage, and the ongoing shift from jeonse toward monthly rent. The move toward monthly-rent contracts is one of the most important structural changes in Korean housing because it makes residential cash flow more visible and more compatible with institutional ownership and management. At the same time, the market remains strongly policy managed. The government tightened trading and mortgage rules in high-priced Seoul districts in 2025 to curb speculation, while also pushing more housing supply into the metropolitan area. In practice, that reduces the case for highly leveraged for-sale strategies and strengthens the case for institutionally managed rental housing, especially in the capital region where demand remains deepest.

Korea's high concentration of population and activity in the Seoul Capital Region supports stronger rental and owner-occupier demand where jobs, education, transit, and services cluster. Outside those nodes, residential markets are more exposed to aging, weaker household formation, and stock obsolescence. This divide between capital-region depth versus non-core fragility makes all the difference.

Mixed-use: a planning and redevelopment solution

Mixed-use is more of a response to Korean urban conditions instead of a standalone asset theme. For Korea, a dense metropolitan markets, it is often the most efficient way to align office demand, housing demand, retail activation, and transit access on scarce land. That is why mixed-use tends to work best in major nodes where weekday foot traffic, evening population, and transport connectivity overlap. The value is not in stacking uses mechanically. It is in integrating them well enough that each use supports the others.

Policy also supports this direction. The OECD's work on Korea's compactness and connectivity agenda explicitly favors transit-oriented, compact, and connected urban development. Songdo remains the clearest national case study: a planned district built around proximity between residential, commercial, leisure, and green space, with strong transit and airport connectivity. The lesson is not that all Korean cities can replicate

Songdo. It is that well-located mixed-use schemes fit the country's broader urban logic when they are tied to transport, density, and genuine demand.

Magok illustrates that point in practice. It shows how newer office and employment districts in Seoul are increasingly being built as integrated environments rather than as single-use business parks. Its relevance lies in the combination of workplace, retail, mobility, and daily-life amenities in one district. Yeouido shows the same principle in a more mature district, where competitiveness increasingly depends not only on office towers, but also on the strength of the surrounding commercial ecosystem, including destination retail, food and beverage, and amenity density.

One Groove Mall – Magok Plannings

Source: MCG, CBRE, 2024

The development concept supports the broader point that mixed-use performance in Korea depends less on form alone than on how closely the project aligns with transport, district demand, and daily-use patterns.

These sectors show a market that is improving, but in a more selective way than broad recovery language suggests. Performance in Korea is increasingly determined at the district, asset, and operating-model level rather than by national averages. Office is increasingly district- and building-specific. Residential is becoming more rental-oriented and institutionally legible but remains tightly managed by policy. Mixed-use is strongest where it responds to real transport, density, and neighborhood demand.

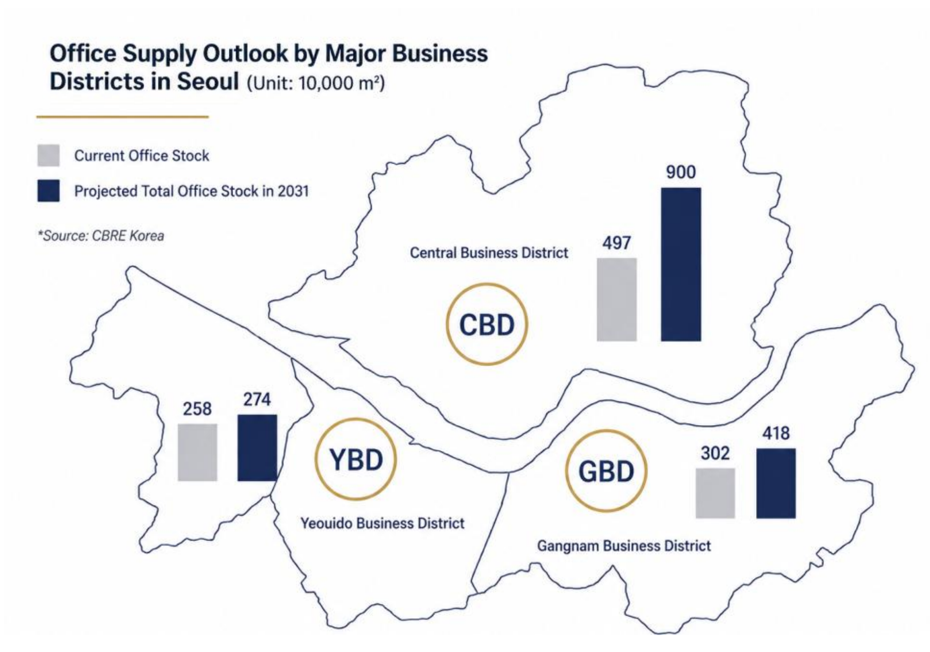
GEOGRAPHIC NODES & COMPETITIVE POSITIONING

Even though Korea's real estate market is geographically concentrated, it is not a single national market moving in one direction. The Seoul Capital Region remains the dominant platform for population, output, capital, and occupier demand. The OECD notes that more than half of Korea's population lives in the Seoul Capital Region and that the region accounts for 53% of national GDP. That concentration explains why pricing, liquidity, and leasing benchmarks still anchor around Seoul and its surrounding metropolitan system. It also explains why non-capital nodes usually compete through specialization, logistics relevance, or policy support rather than through scale alone.

Seoul's benchmark office districts

Within that capital-region system, Seoul's three major office districts remain the core benchmark nodes: CBD, GBD, and YBD. Their competitive positions are no longer interchangeable. Savills' 2026 office outlook indicates that prime vacancy remains low by long-run standards, but that district performance is increasingly differentiated by supply timing, tenant preference, and building quality. CBD retains the deepest institutional relevance and the largest office base, but it is also more exposed to the next visible supply wave. GBD remains the tightest and most occupier-preferred district. YBD continues to matter as a finance-linked and mixed-use district supported by large commercial anchors and integrated amenity ecosystems. The more accurate conclusion is not that Seoul is one office market. It is that Seoul is a hierarchy of submarkets with different leasing profiles, supply risk, and investor appeal.

Three major office districts – Benchmark Nodes



Sources: MCG, CBRE, 2025

This reinforces the point that Seoul's office geography is not balanced evenly across districts. CBD retains the greatest institutional depth and stock base, GBD remains the strongest occupier-preference market, and YBD continues to play a meaningful but smaller role as a finance-linked and mixed-use district.

Magok and Pangyo as metropolitan extensions

Beyond the traditional core, Seoul's competitive geography is extending outward through districts such as Magok and Pangyo. These locations are important not because they displace the central districts, but because they show how demand is being redistributed within the wider metropolitan system. Magok has emerged as a newer urban node built around modern office stock, research-oriented occupier demand, retail integration, and daily-life convenience. Pangyo plays a somewhat different role, functioning as a technology-intensive extension of the capital region and benefiting from a dense concentration of firms, talent, and enterprise activity. In real estate terms, both districts matter because cluster depth and newer stock are supporting demand outside the traditional office core.

Songdo as an international and planned urban platform

Outside Seoul, Songdo is one of the country's most distinctive real estate nodes. It does not compete directly with Seoul's office core, nor should it be judged by the same criteria. Its strength lies in a different proposition: master planning, international accessibility, modern infrastructure, and integrated mixed-use development. Located within the Incheon Free Economic Zone, Songdo combines proximity to Incheon International Airport with a compact urban form and a high-spec built environment. Its significance is not only locational, but structural. Rather than relying on legacy office depth, Songdo competes through connectivity, urban coherence, and the ability to support specialized ecosystems within a high-quality metropolitan environment.

Daejeon and Osong as specialized functional nodes

Daejeon and Osong occupy a different place in the national hierarchy. Neither competes with Seoul in terms of core office liquidity, and neither carries the same international visibility as Songdo. However, their importance lies instead in functional specialization. Daejeon is better understood as a research- and knowledge-driven city, where real estate demand is tied more closely to institutions, science infrastructure, and innovation activity than to conventional corporate office demand. Osong is stronger as an integrated bio-industrial platform, with a fuller development chain and more direct transport advantages. Both cities matter because they support real estate demand through specialized institutional ecosystems rather than generic metropolitan scale. Although their competitiveness is narrower than Seoul's, it is more focused.

Busan as Korea's leading secondary gateway

Busan remains Korea's most important generalist secondary metro. As the country's leading port city and southern gateway, it benefits from trade infrastructure, tourism, logistics, and regional service functions. Its office market is thinner and less institutionalized than Seoul's, but its broader economic base still makes it relevant across multiple property types. Ulsan is becoming more strategically important for different reasons. Its value lies in land, energy access, and industrial-scale execution. That does not make Ulsan a broad alternative to Seoul. It does, however, make it increasingly relevant for infrastructure-led sectors that can no longer fit easily within Greater Seoul's land and power constraints.

International Investor Perspective

These node differences also shape how international investors evaluate Korea. Reuters and CBRE reported in early 2026 that Seoul tied for third among preferred Asia-Pacific destinations for cross-border real estate investment, behind Tokyo and Sydney and alongside Singapore. That ranking is significant because it confirms Seoul's regional relevance as a liquid, legible gateway market. It also suggests that overseas capital is likely to enter Korea first through Seoul rather than through secondary nodes. More specialized locations such as Songdo, Pangyo, or Ulsan may attract attention later, but usually only where the real estate case is clear enough to overcome Korea's natural geographic concentration.

Top Cities for Cross-Border Investment

Sources: MCG, CBRE, 2026

The ranking supports the point that Seoul remains Korea's primary gateway for international capital, even if the broader opportunity set is becoming more differentiated beyond the capital core. From a competitive-positioning perspective, Korea's major nodes can be read through four categories. First are the core metropolitan investment districts, led by CBD, GBD, and YBD, where liquidity, pricing visibility, and institutional acceptance are highest. Second are the metropolitan extensions, including Magok and Pangyo, which compete through newer stock and cluster-based occupier demand. Third are the specialized strategic nodes, especially Songdo, Daejeon, and Osong, where competitiveness depends on planning quality, institutional ecosystems, and functional specialization. Fourth are the regional gateway and infrastructure nodes, such as Busan and Ulsan, which compete through trade, tourism, industrial land, and infrastructure capacity.

MARKET RISKS & CONSTRAINTS

The same features that support the long-term case, such as capital-region concentration, institutional demand, supply discipline, and strong infrastructure, also create tighter pricing, sharper competition, and greater sensitivity to policy and financing conditions. In 2026, those domestic constraints are being reinforced by a more difficult external backdrop. As the Bank of Korea warned in April that growth could weaken, and inflation could rise because of energy-price increases and supply disruptions linked to the war in the Middle East, the real estate market is recovering under pressure rather than in a clean expansion. The main existing risks are household leverage, housing-policy intervention, exchange-rate and commodity volatility, construction-cost pressure, selective credit, and widening divergence between strong and weak locations.

Household leverage and housing-market sensitivity

Household debt remains as a major constraint. Korea's household debt stood at roughly US$1.3 trillion equivalent at the end of 2024, and policymakers have continued to treat it as a financial-stability issue rather than a background macro variable. Reports stated that regulators aimed to keep 2025 household debt growth near 3.8% and tightened stressed debt-service-ratio rules to limit a renewed property-led credit cycle. The Bank of Korea has continued to link housing-market risk, household borrowing, and exchange-rate volatility in its policy communication. The implication is important: lower rates do not pass through into the housing market in a frictionless way. Residential demand, especially in higher-priced Seoul districts, remains filtered through macroprudential controls.

This matters beyond housing. It affects land markets, redevelopment assumptions, and any strategy that relies on stronger household borrowing to drive take-up or pricing. For it remains active, politically sensitive, and tightly managed, it will make the upside more controlled than in an unconstrained easing cycle.

Policy risk and regulatory intervention

As Korea increasingly relies on targeted intervention in overheated districts rather than broad national loosening, policy volatility grows as a major constraint. Reuters reported that the government tightened apartment-trading rules and mortgage conditions in key Seoul districts in 2025 while simultaneously trying to expand housing supply. That combination creates uncertainty for developers and investors because residential underwriting is exposed not only to rates and demand, but also to changing regulatory treatment by district and product type. Projects dependent on premium pricing, reconstruction timing, or high leverage is therefore more exposed to policy risk than the headline market tone sometimes suggests.

Construction costs and development feasibility

Construction-cost pressure remains a core real estate constraint. Korea's standard market unit price release was delayed in late April 2026 specifically to reflect fallout from the Middle East war, underscoring how quickly external shocks can feed into project economics. More broadly, high material and labor costs are still limiting development feasibility, especially where rents or exit yields have not adjusted enough to offset a higher all-in basis. The result is not simply slower construction. It is more selective construction: better-located projects, stronger sponsors, phased schemes, and adaptive reuse become easier to justify than speculative development in weaker submarkets. Limited new starts can support rents and values for high-quality existing assets, but they also reduce the pipeline of investable new product.

Selective Credit and Refinancing Risk

Althuogh credit availability has improved from the stress period of 2023–2024, it remains selective. Reuters reported in 2024 that Seoul rolled out large-scale financial support for builders and small businesses because high rates and rising raw-material costs were straining liquidity. That support helped stabilize the market, but it also showed that financing conditions had become a sorting mechanism. In 2026, capital is more available for stabilized income, strong sponsorship, and clearer exit visibility than for speculative development or secondary assets with long leasing ramps. This is not a frozen market. It is a filtered one. That filtering matters because refinancing risk now expresses itself through structure and pricing rather than through outright market closure. Strong assets can still find capital. Weaker assets may face tighter covenants, wider spreads, or limited lender appetite. That widens the performance gap between prime and non-prime product even in a broadly improving market.

Sector-Specific Risk Is Still Uneven

Risk also differs materially by property type. In office, the main medium-term risk is not immediate oversupply, but the concentration of future supply in certain districts after a relatively tight near-term period. In logistics, the issue is different: the market is improving, but it is still recovering from an earlier oversupply wave. JLL reported that the overall vacancy rate in the Seoul Capital Area logistics market declined in late 2025 and that 2026 supply is expected to stay relatively low, which is constructive. Still, that means logistics should be viewed as a recovery trade, not as a fully normalized core-income sector. The broader point is that Korea no longer has one national real estate cycle. It has multiple sector cycles moving at different speeds. That requires more precise underwriting and makes blanket bullish language less credible.

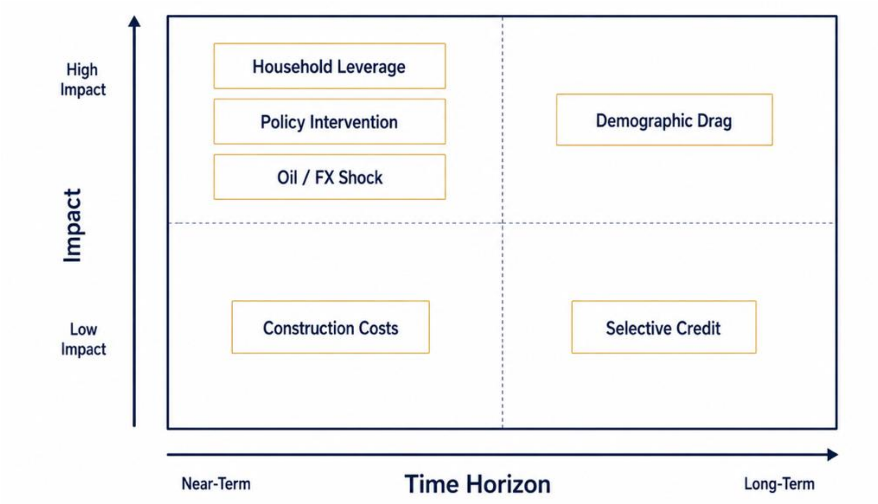
Demographic Drag and Regional Divergence

Demography remains the slower but more structural risk. OECD analysis shows that Korea's national population is shrinking and aging, while the Seoul Capital Region continues to attract younger residents and businesses. That creates a bifurcated real estate map. Core metropolitan areas may continue to benefit from land scarcity, labor-market depth, and stronger tenant demand. Many secondary and rural areas face weaker household formation, aging stock, and rising risk of underused housing and infrastructure. Some regional markets are not just cyclical laggards. They are structurally shrinking. Outside the strongest metro areas, strategy must account for structural demographic drag as well as normal market risk.

Risk Matrix

The main risks can be grouped into near-term macro and financing pressures on one side, and slower-moving structural constraints on the other. Some are economy-wide, such as oil, exchange-rate, and policy risk. Others are sector- or location-specific, including the back-end office supply wave, selective refinancing conditions, and widening divergence between core metropolitan assets and weaker regional markets.

Risk Matrix



Sources: MCG, 2026

Viewed together, these risks show why Korea should not be treated as a single-cycle property market. Near-term performance will be shaped by financing conditions, external shocks, and sector-specific supply, while medium- to long-term outcomes will depend more heavily on geography, demographics, and asset quality.

OPPORTUNITIES

INTRODUCTION

The preceding sections of this report have established three things.

- ✓ Korea's macroeconomic foundations are recovering after a weak 2025, but the rebound is narrow, semiconductor-led, and freshly exposed to an energy shock.
- ✓ Its technology platform - semiconductors, artificial intelligence, data-center infrastructure, and biotechnology - is built on industrial scale and sustained public co-investment rather than venture narrative.
- ✓ And its real estate market is in a phase of selective reconfiguration rather than broad-based cyclical expansion.

This section draws those threads forward. It does not relitigate established conditions; it translates the evidence assembled across the report into a forward-looking view of where durable investment opportunities exist across all of Korea's principal sectors - technology and strategic industries, life sciences, and real estate - where structural headwinds demand underwriting discipline, and what the medium-term trajectory implies for capital deployment.

The organizing judgment is straightforward: Korea in 2026 is a precision market, not a broad-based recovery trade. The opportunity set spans four domains that share one logic - capital concentrates where industrial depth, public co-investment, and constrained capacity meet durable demand. Real estate is one of those domains, not the whole story. Deploying capital in the expectation that macro normalization will lift every sector equally would misread the structural character of the opportunity. The market rewards investors who can identify the specific sectors, geographies, and asset profiles where demand is durable, supply is constrained, and institutional liquidity is deepest.

KEY INVESTMENT THEMES

Cross-Cutting Market Dynamics

Before turning to individual sectors, five dynamics cut across every asset class, industry, and geography in Korea, and they should frame everything that follows. First, a currency discount of approximately 27% versus 2021 levels creates a dollar-cost entry window across all Korean assets; Bank of America expects it to narrow by 8-9% toward 1,395 KR₩/US$ by year-end, a tailwind that stacks on top of underlying sector returns. Second, government-directed fiscal expansion - a US$496 billion 2026 budget, up 8.1%, channeled toward AI, R&D, defense, and advanced manufacturing, alongside the US$479 billion semiconductor-cluster commitment through 2047 - functions as a direct demand accelerator for chips, compute, biomanufacturing, and the real estate that houses them. Third, a structural flight to scale and quality is rewarding the largest, most defensible platforms - trillion-dollar chipmakers, world-scale biologics capacity, prime Seoul office - while widening the discount on sub-scale and secondary assets. Fourth, institutional capital is deepening, with record FDI inflows of US$36.1 billion (a fifth consecutive record), K-REIT assets under management near US$68 billion, and US$23 billion in commercial real estate transactions. Fifth, the binding constraint has shifted from demand to supply across the board: power, grid, and land for compute; GMP-grade capacity for biologics; and disciplined core supply in office and logistics that does not ease until the 2028-2029 delivery cycle.

These dynamics also carry a single, shared risk. The same concentration that powers the upside - semiconductors alone account for 24.4% of all exports, and the strongest themes cluster around a handful of strategic industries - is what the Bank of Korea has called a “double-edged sword.” Korea rewards precision, punishes broad-based exposure, and demands that underwriting reflect both the tailwinds and the offsetting risks simultaneously.

Opportunities by Domain

The themes below are grouped into three families - technology and strategic industries, life sciences, and real estate. The first three are where Korea's structural edge is most durable; life sciences is the most credible strategic platform beyond chips; and real estate is treated as one domain of several, offering selective, supply-disciplined entries rather than the center of the thesis.

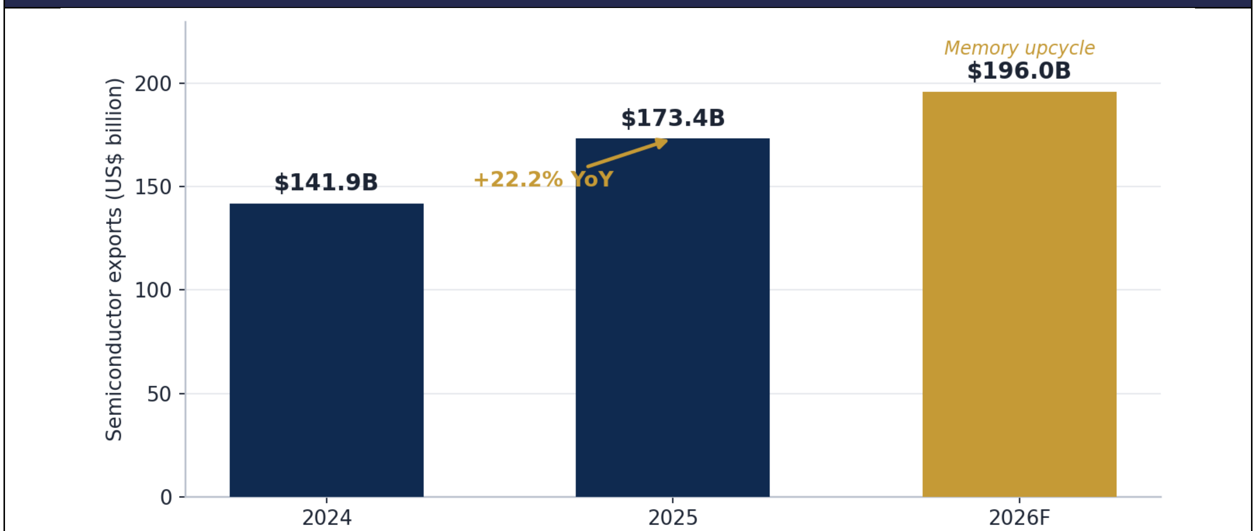
Technology & Strategic Industries

Theme 1: Semiconductors and the AI-Memory Upcycle

Semiconductors are the backbone of the Korea thesis and the clearest expression of its technological edge. SK Hynix crossed a US$1 trillion market capitalization in 2026, making Korea the only country outside the United States with two firms above that mark; memory contract prices roughly doubled in Q1 2026 and were expected to rise by as much as 63% in Q2 as AI demand intensified; and SK Hynix committed approximately US$12.9 billion to a new advanced-packaging plant. Public policy reinforces the base through record R&D spending of US$25.4 billion, a US$34 billion strategic-industry fund, and the US$479 billion cluster strategy through 2047.

The investment read: exposure to the AI-memory supercycle is best accessed through the scaled incumbents and the upstream value chain - memory, advanced packaging, and the materials ecosystem - where Korea's manufacturing depth is hardest to replicate. This is the highest-conviction technology theme, but also the most cyclical: single-sector concentration is the dominant risk, and the discipline is to underwrite the cycle rather than the peak. The chart below illustrates the export trajectory and the memory-led inflection now under way.

Korea Semiconductor Exports (US$ billion, 2024–2026F)



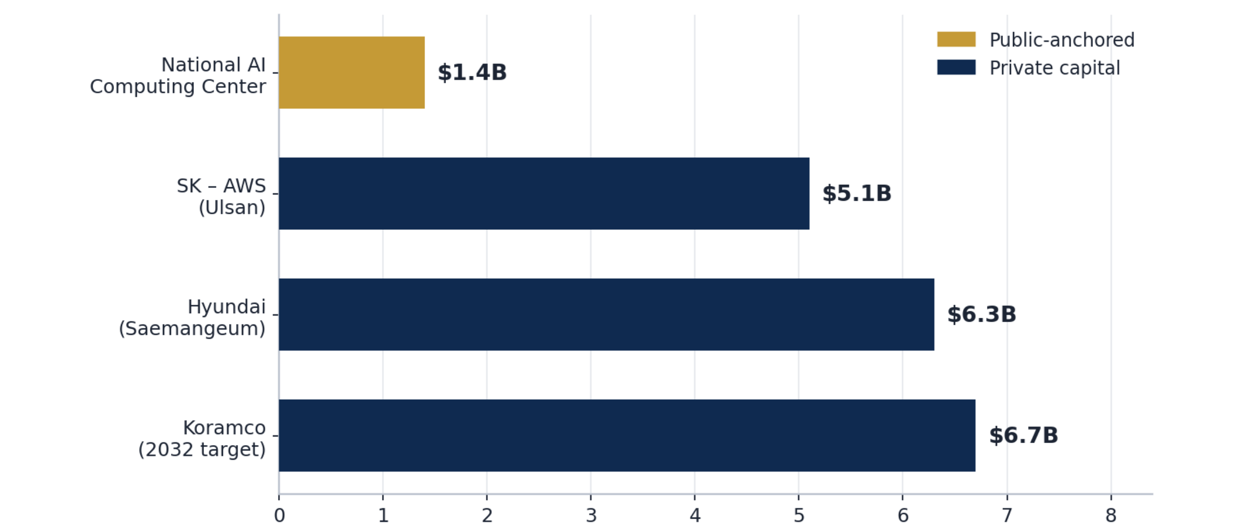
Source: MCG, Korea Customs Service, TrendForce, 2026

Theme 2: AI Compute and Software - Two Distinct Layers

Artificial intelligence in Korea must be read as two distinct layers that carry fundamentally different risk and return: a technology-and-software layer, addressed here, and a physical-infrastructure layer, addressed separately in Theme 3. Conflating them is the most common analytical error in the sector. The software and compute layer is best understood as a national capability-building program: the Ministry of Science and ICT targets a more than 15-fold increase in national GPU capacity by 2030 (exceeding two exaflops), a National AI Computing Center funded up to US$1.4 billion, and a 50% domestic share of AI chips. Private capital now matches the policy ambition across both layers.

The investment read: the software and platform layer is the least diversified part of Korea's technology stack relative to leading U.S. ecosystems, which makes adoption pace - not compute ambition - the decisive variable. The gap between announced compute targets and commercially scaled enterprise and public-sector adoption is the central execution risk, supporting a moderate-to-high rather than high conviction. The chart below sizes the major announced AI and compute commitments now anchoring the build-out.

AI & Compute Build-Out: Announced Commitments (US$ billion)



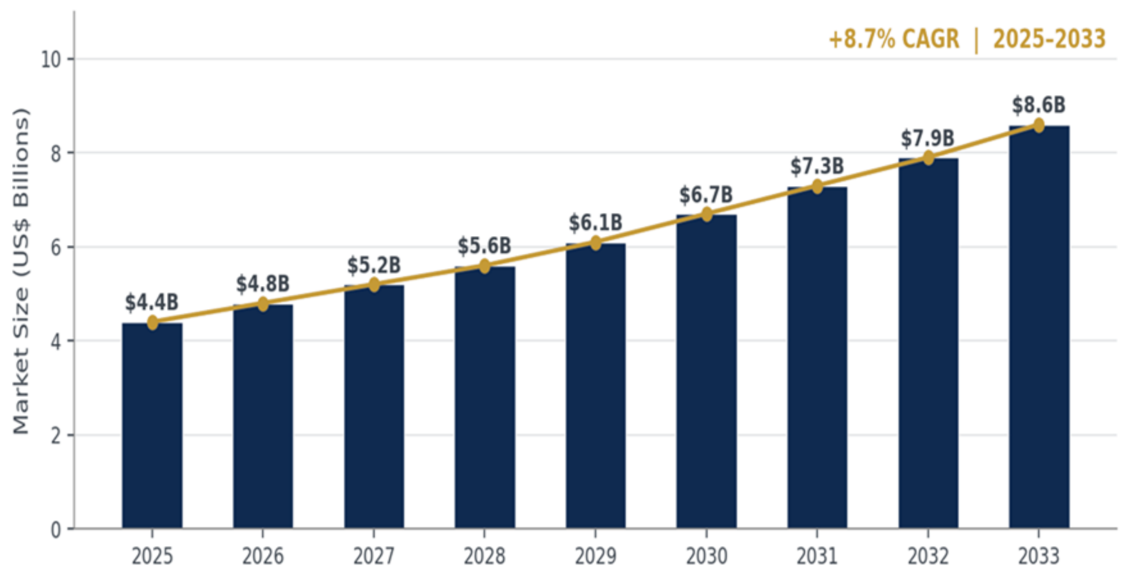
Source: MCG, Reuters, Ministry of Science and ICT, 2026

Theme 3: Data-Center Infrastructure - A Policy-Backed Physical Play

This is the physical-infrastructure layer flagged above: the land, power, grid connections, and cooling systems that house compute workloads. It is a real estate and infrastructure thesis - long-duration leases, sovereign-backed occupier demand, and constrained supply of power-connected, zoned sites - not an equity bet on technology companies. The market is growing at an 8.7% CAGR, from US$4.4 billion in 2025 to a projected US$8.6 billion by 2033, and data centers have been designated “policy-driven strategic assets.” The binding constraint is power, not demand: data-center electricity use is projected to climb from about 5 TWh in 2024 to 31.6 TWh by 2040, steering the build-out away from Seoul toward Ulsan and Saemangeum, where land and grid capacity exist - the SK-AWS US$5.1 billion Ulsan project (scaling toward 1 GW), Hyundai's US$6.3 billion Saemangeum site with 50,000 GPUs, and Koramco's US$6.7 billion 2032 target.

The investment read: high conviction, with the single decisive underwriting variable being utility connection and grid-access timing rather than tenant demand. The chart below shows the market's growth trajectory through 2033.

South Korea Data Center Market Size (US$ billion, 2025 – 2033F)



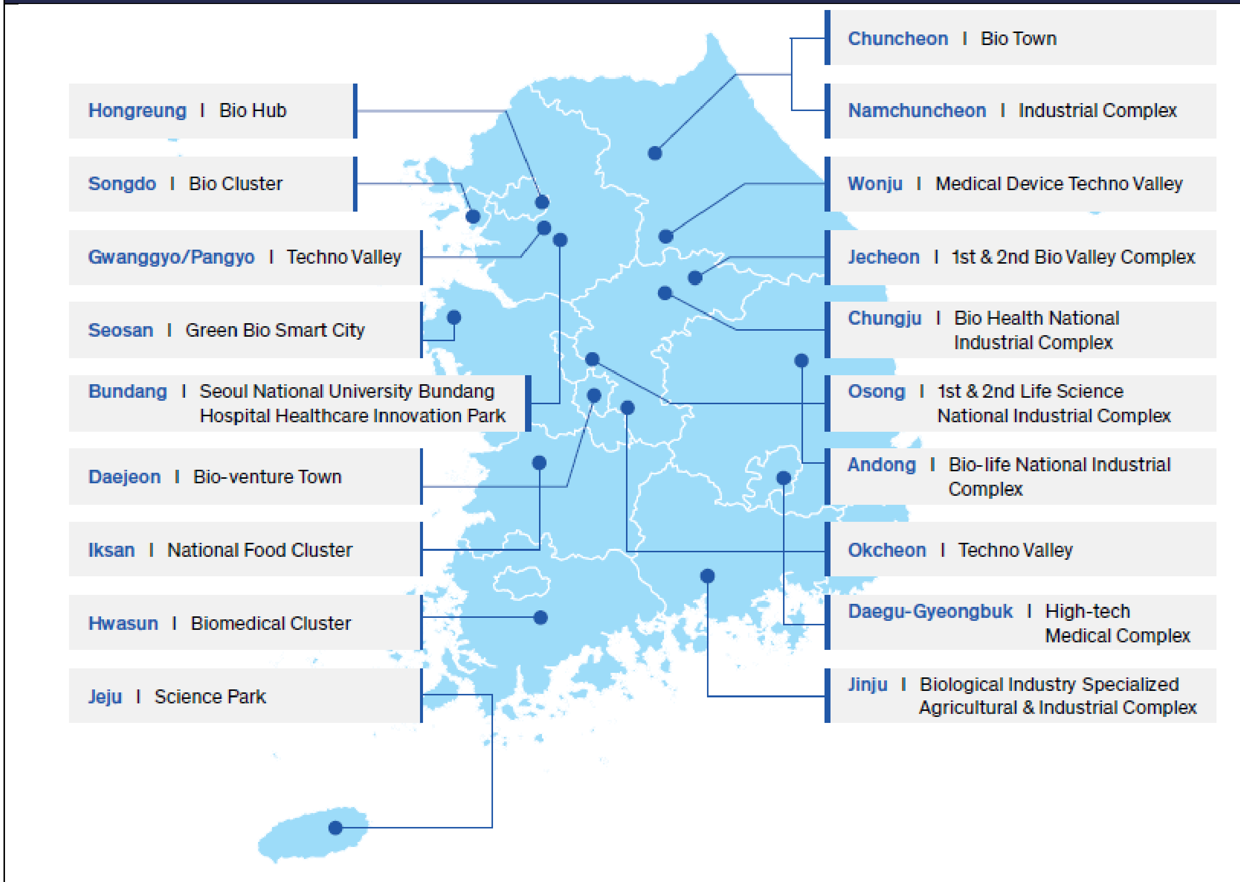
Source: MCG, IMARC Group, 2026

Theme 4: Biotech and Biomanufacturing

Biotech has matured into Korea's most credible strategic platform beyond chips, with bio-industry output reaching US$16.8-17.2 billion in 2024 (up 9.8%) - industrial scale, not a niche. Its core strength is biomanufacturing: Songdo's biologics capacity is set to surpass 1.16 million litres in 2026 and 2.14 million by 2030, anchored by Samsung Biologics, Lotte Biologics, and Celltrion. That capacity is slow to replicate - long lead times, specialized utilities, rigorous GMP compliance - and therefore durable once built. The ecosystem is broadening across differentiated nodes - Osong's full-cycle cluster of 188 companies, Daejeon's research base, Magok's Seoul R&D - while a US$1.04 billion ADEL-Sanofi licensing deal and 775 companies at BIO KOREA 2026 signal a rising presence in global partnering rather than manufacturing alone.

The investment read: high conviction in scaled manufacturing and the leading cluster nodes, weaker where the case depends on frontier discovery. The most direct real estate expression is life-sciences cluster space - GMP manufacturing, laboratories, and the surrounding commercial infrastructure - underwritten on occupier demand, not equity. The map below shows the cluster network.

South Korea Bio-clusters



Source: MCG, McKinsey, 2026

Real Estate

Theme 5: Korean Real Estate - One Domain, Five Sector Cycles

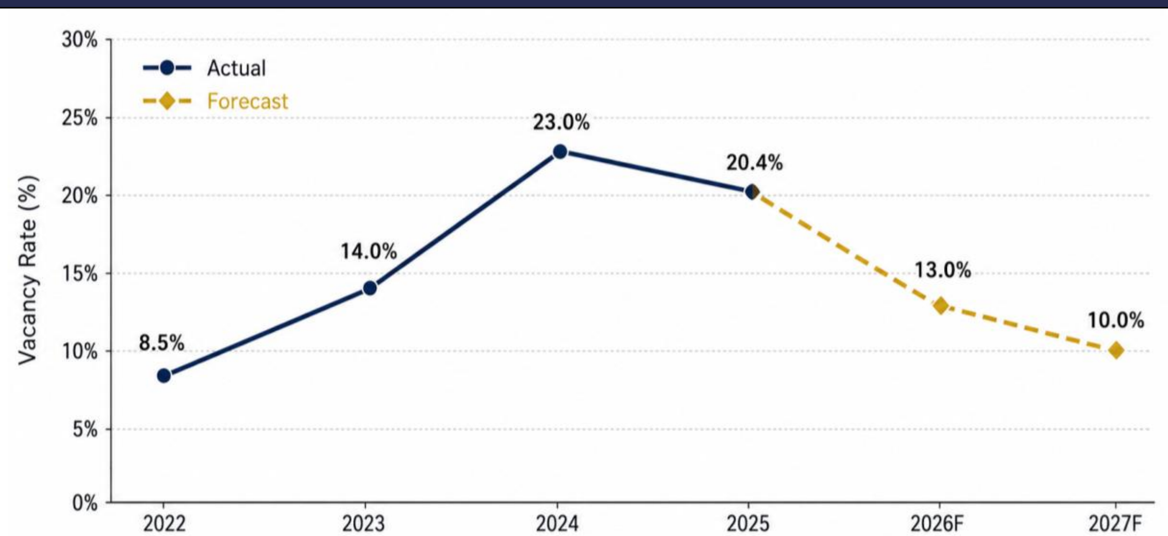
Real estate is one opportunity domain among several, and it should be read as a set of distinct sector cycles rather than a single market call. The common thread is that the defining variable is almost always timing, supply, or location - never broad market direction. Five sub-sectors carry investable, supply-disciplined entries, each with its own risk.

Prime Grade A office. The flight-to-quality dynamic is structural, not cyclical, and has accelerated despite the macro recovery. Q1 2026 Grade A vacancy held near 3.8% with face rents up roughly 5% year-over-year; GBD remains the tightest submarket. The discipline is to underwrite today's entry against the back-end supply wave - more than 1.3 million square meters scheduled for 2028, with elevated completions into 2029-2030 - and to favor buildings that will meet post-2028 quality thresholds. High near-term conviction, real back-end supply risk.

Build-to-rent residential. Korea's housing system is undergoing a tenure shift away from jeonse - the traditional lease in which a tenant pays a single large refundable lump-sum deposit instead of monthly rent - toward monthly-rent contracts, which reached 56% of all rental transactions by 2024. With Seoul completions projected to fall to roughly 16,000 units in 2026 (about half the three-year average) and macroprudential rules capping household-debt growth near 3.8%, highly leveraged for-sale strategies carry regulatory risk while institutionally managed rental housing in the capital region offers durable, policy-resilient cash-flow demand.

Grade A logistics. This is a recovery trade, not yet a normalized core-income sector. Vacancy peaked near 23% in 2024, the worst oversupply cycle in the modern era, and is forecast to decline toward 10% by 2027 as 2026 supply runs at roughly 65% of 2025 levels; net effective rents rose 3.0% year-over-year (the West submarket up 5.9%). The opportunity is in Grade A dry storage in established corridors as the overhang clears - cold storage, at potentially 30%-plus vacancy, is the exception that requires submarket-level diligence.

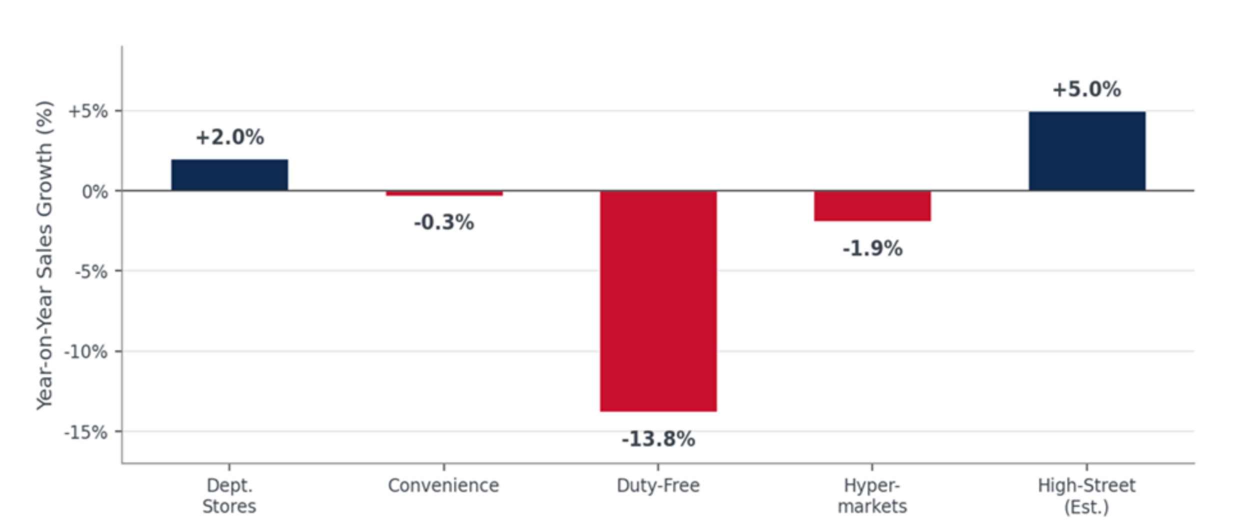
Greater Seoul Grade A Logistics Vacancy Rate (%, 2022-2027F)



Source: MCG, CBRE Korea, JLL, 2026

Retail - a two-track market. The sector is structurally bifurcated. Department stores were the only channel to grow every year since 2020, reaching US$27.7 billion in 2025, while duty-free contracted 13.8%. The investable thesis sits in tourism-exposed prime retail (Myeongdong, Insadong, Gangnam) and emerging high streets (Seongsu, Yongsan), supported by a projected record 20.36 million inbound visitors in 2026 (up 8.7%). K-shaped consumer polarization makes volume-dependent big-box formats hard to underwrite at current valuations.

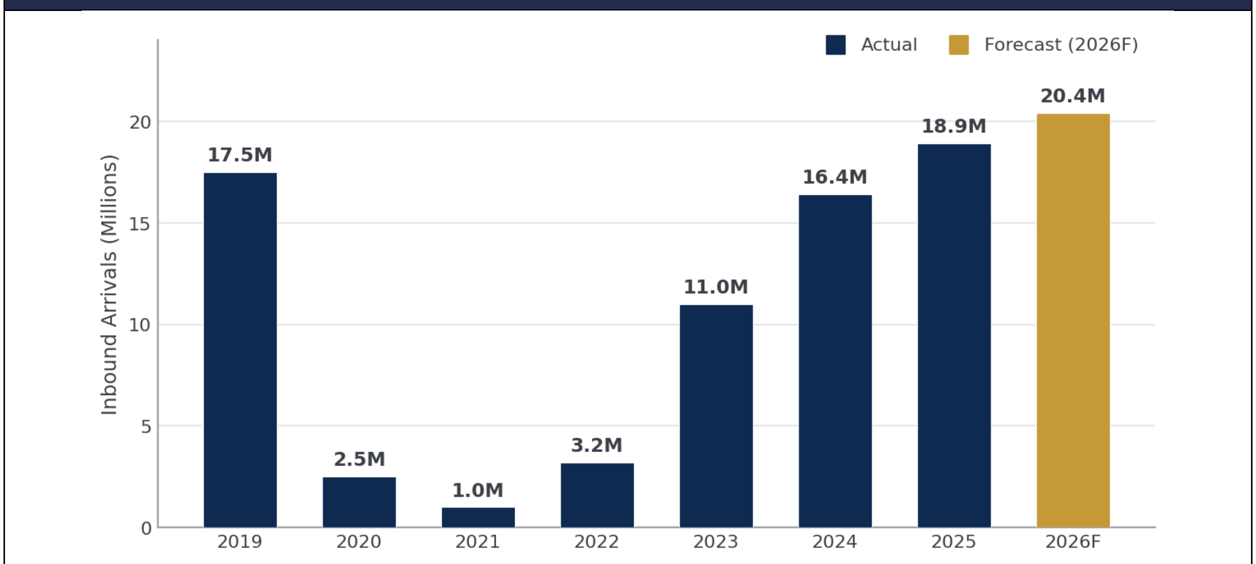
Korea Retail Channel YoY Sales Growth 2025 (%)



Source: MCG, KOSIS, CBRE Korea, 2026

Hospitality - supply scarcity meets a tourism record. Seoul's luxury hotels achieved record RevPAR and 74.2% occupancy in 2024, supply remains structurally constrained, and the market is projected to grow to US$7.64 billion by 2029. Luxury and upper-upscale product with limited pipeline offers a rare combination of operational tailwind, supply scarcity, and K-culture-driven demand - with cyclical exposure to Chinese outbound travel and yen-driven Japanese volatility as the principal risk. Both retail and hospitality are underpinned by the same inbound-tourism inflection shown below.

Korea Inbound Tourism Arrivals (million, 2019-2026F)



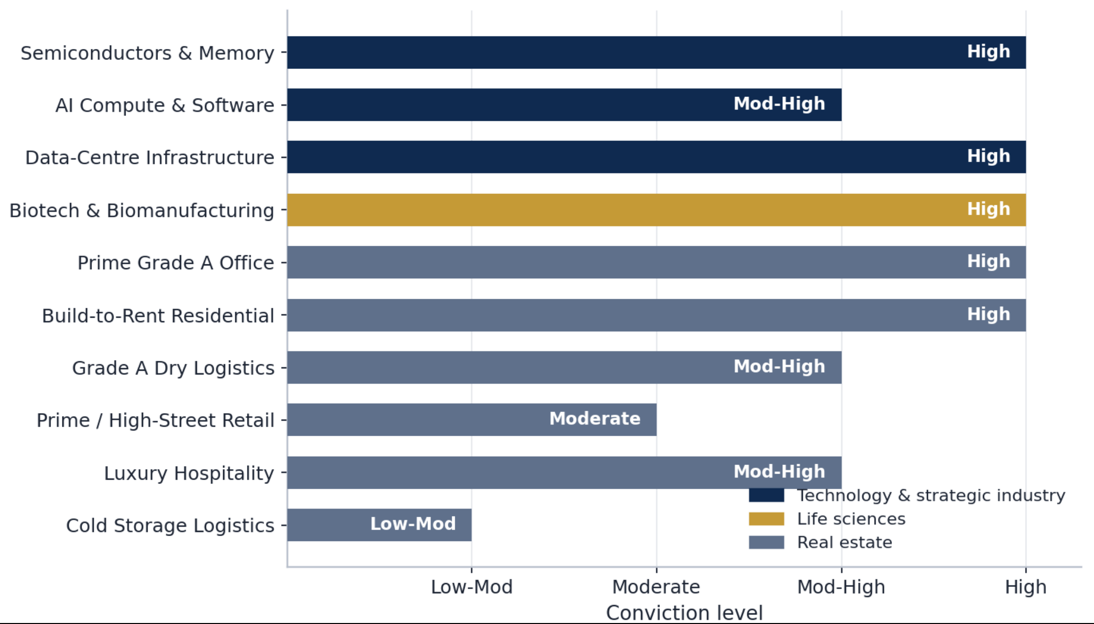
Source: MCG, KTO, Yanolja Research, 2025

OPPORTUNITIES BY SECTOR AND STRATEGY

The matrix below synthesizes the opportunity set across all of Korea's principal sectors - technology and strategic industries, life sciences, and real estate - against conviction level, primary geography, investment horizon, and the single underwriting variable that most determines outcomes. It is deliberately cross-sector: real estate occupies one band within a broader opportunity set rather than standing as the whole framework. It does not prescribe specific transactions but provides a structured basis for capital-allocation decisions within the Korean market context.

The conviction map that follows makes the same point visually. Higher conviction concentrates in semiconductors and memory, data-center infrastructure, biomanufacturing, prime office, and build-to-rent; more moderate conviction attaches to AI software, dry logistics, two-track retail, and luxury hospitality; cold storage sits lowest on structural oversupply.

Cross-Sector Opportunity Conviction



Source: MCG, 2026

Opportunities by Sector and Strategy				
Sector	**Conviction**	**Primary Geography**	**Horizon**	**Key Underwriting Variable**
Semiconductors & Memory	High	National (SK Hynix, Samsung)	2026–2028	AI-memory cycle timing; trade policy
AI Compute & Software	Mod-High	Pangyo; national	2026–2030	Enterprise adoption pace vs. compute build-out
Data Centers (Hyperscale)	High	Greater Seoul, Ulsan, Saemangeum	2026–2030	Power-grid access; utility connection timing
Biotech & Biomanufacturing	High	Songdo/IFEZ, Osong	2026–2030	GMP-capacity scarcity; FDI-incentive continuity
Prime Grade A Office	High	Seoul CBD, GBD	2026–2028	Supply-pipeline timing post-2028
Build-to-Rent Residential	High	Seoul Capital Region	2027–2031	Macroprudential DSR constraints
Grade A Dry Logistics	Mod-High	Greater Seoul (North, West)	2026–2028	Vacancy tightening toward 10% by 2027
Cold Storage Logistics	Low-Mod	Selective submarkets	2027–2030	Structural oversupply; automation pace
Prime / High-Street Retail	Moderate	Myeongdong, Gangnam, Seongsu	2026–2028	Tourism trajectory; consumer polarization
Luxury Hospitality	Mod-High	Seoul (luxury); secondary cities	2026–2029	RevPAR ceiling; limited new luxury supply

Source: MCG, 2026

HEADWINDS AND WATCHPOINTS

A credible forward outlook must be as explicit about headwinds as it is about opportunity. Six structural watchpoints - spanning semiconductors, digital infrastructure, life sciences, real estate, and trade policy - will determine whether the investment case described above materializes cleanly or requires re-pricing.

1. Semiconductor Concentration and Cycle Risk.

Semiconductors are the engine of the Korea thesis and its single largest vulnerability. At US$173.4 billion they accounted for 24.4% of all 2025 exports - a dependence the Bank of Korea itself has called a "double-edged sword." The AI-memory upcycle now driving record exports, the Q1 2026 GDP surprise, and the won's expected recovery is inherently cyclical: a reversal in memory pricing, an inventory correction, or a slowdown in AI-related demand would transmit rapidly to exports, the currency, and the broader narrative, with little offsetting ballast elsewhere in the economy - Fitch has already cut Korea's potential growth rate to 1.9%. The discipline is to underwrite the cycle rather than the peak and to treat single-sector concentration as the dominant macro risk to every theme in this report.

2. Power, Grid, and Land Constraints on the Data-Center Build-Out.

The digital-infrastructure thesis is constrained by supply, not demand. Data-center electricity use is projected to rise roughly six-fold - from about 5 TWh in 2024 to 31.6 TWh by 2040 - and the binding variable for every project is utility connection and grid-access timing rather than tenant demand. That constraint is already steering the build-out away from the capital region toward Ulsan and Saemangeum, where land and power exist but where returns depend on grid expansion, substation capacity, and permitting keeping pace with committed capital, including the SK-AWS Ulsan, Hyundai Saemangeum, and Koramco projects. Power procurement and interconnection delay - not occupier demand - is the principal risk to the timing and returns of what is otherwise the most policy-aligned real estate bet in Korea.

3. AI Adoption and Biotech Execution Risk.

Two of the strongest secular themes carry execution risk rather than demand risk. In artificial intelligence, the software and platform layer is the least diversified part of Korea's technology stack relative to leading U.S. ecosystems; the gap between announced compute ambition - a more-than-15-fold GPU expansion by 2030 and a National AI Computing Center funded up to US$1.4 billion - and commercially scaled enterprise and public-sector adoption is the decisive variable, and adoption may lag the build-out. In biotech, Korea's edge is concentrated in scaled biomanufacturing rather than frontier discovery: the planned near-doubling of Songdo biologics capacity toward 2.14 million liters by 2030 assumes that global biologics demand, biosimilar pricing, and continued FDI incentives all hold, leaving the cluster exposed to overcapacity or margin compression if any one of those legs weakens.

4. The 2028–2029 Office Supply Surge.

The current low-vacancy, rent-growth environment in Seoul office is substantially a function of limited completions. That condition reverses materially from 2028 onward, when the funded development pipeline - including large-scale CBD assets such as Eulji Twin Tower, Seoul Square, and E-Mart Tower - begins delivering. Investors underwriting office acquisitions in 2026 must model re-leasing scenarios against a potential tenant re-sorting environment in which the supply addition concentrates tenant attention on the newest vintage. The key risk is not vacancy collapse but incentive escalation: a market in which face rents hold while effective rents soften as landlord contributions to tenant fit-out and rent-free periods increase.

5. Macroprudential Housing Controls and Construction Feasibility.

Two domestic constraints bound the real estate opportunity. Macroprudential policy - the Financial Services Commission's commitment to holding household-debt growth near 3.8% and the reinforced stressed-DSR regime - means monetary easing does not pass cleanly into housing demand, capping for-sale residential upside even as the policy rate holds at 2.50%, though it supports the institutional build-to-rent thesis; the BoK's February 2026 warning about Seoul-area housing risk signals that this tightening is likely to persist. At the same time, construction-cost inflation keeps development feasibility tight: the construction sector is projected to grow just 0.2% in real terms in 2026, building permits fell 6% in 2025, and costs have stabilized but not normalized to pre-2021 levels - leaving development yields-on-cost in secondary locations challenged and penalizing strategies built on speculative absorption or pre-2022 cost assumptions.

6. US Tariff and Trade-Policy Uncertainty.

The preliminary July 2025 trade framework - which cut general Korean goods tariffs from 25% to 15% and extended the 15% rate to automobiles in exchange for a US$350 billion investment commitment - remains ratified but fragile, and its reach is cross-sector. The February 2026 US Supreme Court ruling constraining IEEPA-based escalation lowered the probability of a sudden reversal, but the bilateral framework still awaits full National Assembly ratification, the January 2026 threat to reinstate 25% tariffs remains in institutional memory, and the White House has separately floated 25% tariffs on advanced AI semiconductors, with data-center-bound chips currently exempt. Tariff uncertainty suppresses capital-expenditure planning across semiconductors, automobiles, and biopharmaceuticals, and creates execution risk for the manufacturing-linked real estate - chip fabrication plants, biologics facilities, and logistics - whose occupier demand depends on stable trade flows.

Recent News and Events

1. Q1 2026 GDP: Surprise 1.7% Rebound Reshapes the Narrative

The Bank of Korea's April 23, 2026 preliminary GDP release was the single most important economic data point in the current quarter. The 1.7% QoQ expansion - nearly double the BoK's own 0.9% forecast, established that Korea has exited the 2025 trough decisively, driven by semiconductor exports (+5.1% export growth, led by "IT components including semiconductors"). Year-on-year growth of 3.6% exceeded consensus by nearly a full percentage point. Real gross domestic income (GDI) increased 7.5% - far outpacing real GDP - reflecting the favorable terms-of-trade effect from higher semiconductor export prices relative to crude oil import prices. The result has prompted analysts to revise upward their full-year 2026 forecasts, with the BoK's own guidance now pointing toward a recovery "above its revised 1.8% forecast".

2. Memory Upcycle: SK Hynix Crosses US$1 Trillion as Contract Prices Double

The defining industry development of early 2026 has been the AI-memory upcycle. SK Hynix crossed a US$1 trillion market capitalization, making Korea the only country outside the United States with two firms above that mark, and memory contract prices roughly doubled in Q1 2026, with further increases of as much as 63% expected in Q2 as AI demand intensified. SK Hynix committed approximately US$12.9 billion to a new advanced-packaging plant, and monthly semiconductor exports exceeded US$30 billion for the first time in March 2026. This is the catalyst beneath the export and GDP rebound - and the clearest market signal that the AI-memory supercycle is already flowing through Korea's upstream technology economy - even as it concentrates the thesis in a single, cyclical sector.

3. Seoul Office Market: Savills Forecasts 2026 Transaction Record

Savills Korea CEO Lee Su-jung, writing in April 2026, projected that commercial office transactions in 2026 will set a new annual record, driven by rising construction costs that make existing prime buildings increasingly difficult and expensive to replace. The analysis confirms a dynamic the draft report has anticipated: in a construction-constrained environment, stabilized prime office assets gain relative scarcity value independent of near-term rental growth. Strategic investors (companies purchasing buildings for owner-occupation) have been the most active transaction driver in 2025–2026, reducing available quality supply further.

4. AI and Data-Center Build-Out Accelerates

Korea's digital-infrastructure pipeline advanced materially over the past year. SK and Amazon Web Services confirmed a US$5.1 billion Ulsan data center scaling toward 1 GW; Hyundai committed US$6.3 billion to a 50,000-GPU site at Saemangeum; and in February 2026 OpenAI, Samsung, and SK announced plans to begin building data centers in Korea. The build-out is backed by explicit national policy - the Ministry of Science and ICT targets a more-than-15-fold increase in GPU capacity by 2030 and a National AI Computing Center funded up to US$1.4 billion - and is increasingly sited toward Ulsan and Saemangeum, where land and grid capacity exist. The decisive constraint is power and grid-access timing rather than demand, making utility interconnection the variable that determines which projects deliver on schedule.

5. US Semiconductor Tariff Risk: Ongoing Monitoring

The South Korean Industry Ministry convened meetings with Samsung Electronics and SK Hynix officials in January 2026 after the White House announced 25% tariffs on certain advanced AI semiconductor chips. The Ministry confirmed that chips destined for US data centers and AI startups are explicitly exempted from the tariff, limiting the immediate financial impact on Korean chipmakers. However, the White House fact sheet flagged the possibility of broader semiconductor tariff expansion to incentivize US domestic manufacturing - a risk that the Ministry and industry continue to monitor closely. The US Supreme Court's February 2026 ruling constraining IEEPA-based tariff authority provides a legal buffer, but the Korean government has responded with accelerated export market diversification and semiconductor supply chain reconfiguration as a structural hedge.

6. Songdo & IFEZ: 2025 FDI Exceeds Annual Target Early

IFEZ recorded US$740 million in FDI by October 2025 - already exceeding the official annual target with two months remaining. The Songdo bio-cluster continues its planned expansion trajectory: Samsung Biologics' Third Campus, Lotte Biologics' site, and Celltrion's extended production infrastructure collectively point toward 1.16 million liters of biomanufacturing capacity by 2026 and a roadmap to 2.14 million liters by 2030. The cluster's importance to the national investment thesis is not as a single-site story but as evidence that Korea can successfully execute large-scale, vertically integrated industrial cluster development with international anchor tenants - a model with direct implications for Osong, Daejeon, and Magok as they mature.

FORWARD OUTLOOK

The horizon view below integrates the macro recovery path established in the Korea Economics section, the technology and real estate dynamics analyzed in the Technology and Real Estate Markets sections, and the cross-sector thematic framework developed above into a time-sequenced forward scenario. It represents the central case based on available evidence as of April 2026, incorporating the cross-sector investment themes, sector-level opportunities, and the identified headwinds.

Forward Outlook			
Horizon	**Macro Context**	**Sector Signals**	**Primary Risk**
2026	BoK holds at 2.50%; GDP rebounds to ~2.0% KR₩ appreciates toward 1,395 KR₩/US$ by year-end; exports at record US$ 709.7B	Memory upcycle drives semiconductor exports to record; AI and data-center build-out accelerating; biologics capacity scaling at Songdo; prime office vacancy tight at ~3.8%; hotel RevPAR at record	Tariff re-escalation; macroprudential housing tightening; construction permit declines
2027	First BoK rate cut expected Q1 2027; wage growth broadens domestic consumption; housing supply acceleration begins	Domestic AI-chip and compute capacity ramping; Songdo biologics on roadmap toward 2030 target; logistics vacancy reaches ~10%; residential BTR market deepens; office rents stable as 2028 supply prices in	Supply delivery timing in CBD; cold storage oversupply persistence; household debt trajectory
2028–2029	GDP growth path dependent on semiconductor cycle; demographic drag begins compressing potential growth toward 1.9%	Advanced-packaging and AI-memory investment compounding; data-center power capacity expanding to Ulsan and Saemangeum; CBD office supply wave delivers with re-leasing risk for older vintage; life-sciences cluster capacity scaling	Occupier re-sorting in CBD; Korea discount in capital markets; sovereign debt trajectory toward 49-60%
2030+	Semiconductor investment US$479B (KR₩700T) in aggregate commitment through 2047; AI data center network maturing; population decline accelerating	Semiconductor cluster build-out through 2047; national AI compute network maturing; biomanufacturing at global scale; capital-region real estate concentration deepens; specialized clusters dominant	Demographic contraction compresses non-core demand; pension/healthcare fiscal obligations rise
Source: MCG, 2026			

The Currency Entry Argument Remains Live

As established in the Capital Markets section, the Korean won trades at approximately 1,490–1,520 KR₩/US$ - near 16-year lows - creating a dollar-cost averaging opportunity for US$-denominated investors that stacks a projected 8-9% currency tailwind on top of underlying asset returns if Bank of America's forecast of KR₩/US$ recovery to 1,395 by year-end 2026 materializes. This entry discount is not a substitute for underwriting discipline on the asset itself, but it represents a meaningful additional return enhancer for cross-border capital deploying at current rates. Korea's widening current account surplus - driven by record semiconductor export earnings - provides the fundamental basis for expected appreciation, distinguishing the won's weakness as politically and cyclically driven rather than structurally deteriorating.

Cross-Border Capital: Korea as a Top-Tier Destination

Seoul's ranking tied for third among preferred Asia-Pacific destinations for cross-border real estate investment in CBRE's 2026 Investor Intentions Survey confirms that international institutional capital has not merely maintained Korea exposure - it is actively competing for access. Singapore-based capital has been particularly visible: CapitaLand Investment, GIC, and Keppel have all been active in Korean acquisitions, drawn by the combination of a softening won, lower domestic interest rates, and improving rental prospects across office and logistics. FDI inflows reached a fifth consecutive annual record at US$36.1 billion in 2025. The broadening of investor base, from the predominantly domestic institutions that drove the 2021–2023 market - toward competitive international participation creates a more liquid and more efficiently priced market, both of which are conditions that reduce entry risk for well-prepared investors.

Five Propositions That Should Anchor Underwriting

Synthesizing the research assembled across this report, the following five propositions define the analytical boundaries of a credible Korea investment thesis - spanning technology and strategic industries, life sciences, and real estate - in 2026 and the near-to-medium term:

- **Korea rewards precision geography.**

  The Seoul Capital Region continues to dominate institutional demand, employment concentration, and pricing power. National statistics systematically understate the depth of capital-region opportunity and overstate the attractiveness of non-core markets.

- **Sector specialization is now the primary differentiator.**

  Semiconductors, AI and data-center infrastructure, biomanufacturing, offices, logistics, and hospitality are operating on fundamentally different supply-demand dynamics. Generic market-level conviction is insufficient; sector-specific supply modeling and occupier analysis are prerequisite.

- **The income-producing rental housing market is at an institutional inflection point.**

  The collapse of jeonse and the rise of monthly-rent tenure have created a supply-demand gap in professionally operated rental housing that macroprudential policy is unlikely to close through mortgage liberalization. BTR-oriented capital faces limited institutional competition and a durable structural demand base.

- **Digital infrastructure is the most policy-aligned real estate bet in Korea today.**

  The combination of semiconductor-led industrial policy, AI budget commitments, national cloud sovereignty priorities, and power/land supply constraints outside the capital region creates a rare convergence of demand certainty and supply scarcity in data center and AI-linked real estate.

- **The 2028–2030 supply cohort is the central medium-term office risk.**

  Investors deploying into Seoul office today must underwrite the path to that supply wave with clear tenant retention assumptions, lease expiry management strategies, and asset-level ESG positioning. Assets that meet or exceed post-2028 quality thresholds now are well protected; those that do not face revaluation risk regardless of current vacancy performance.

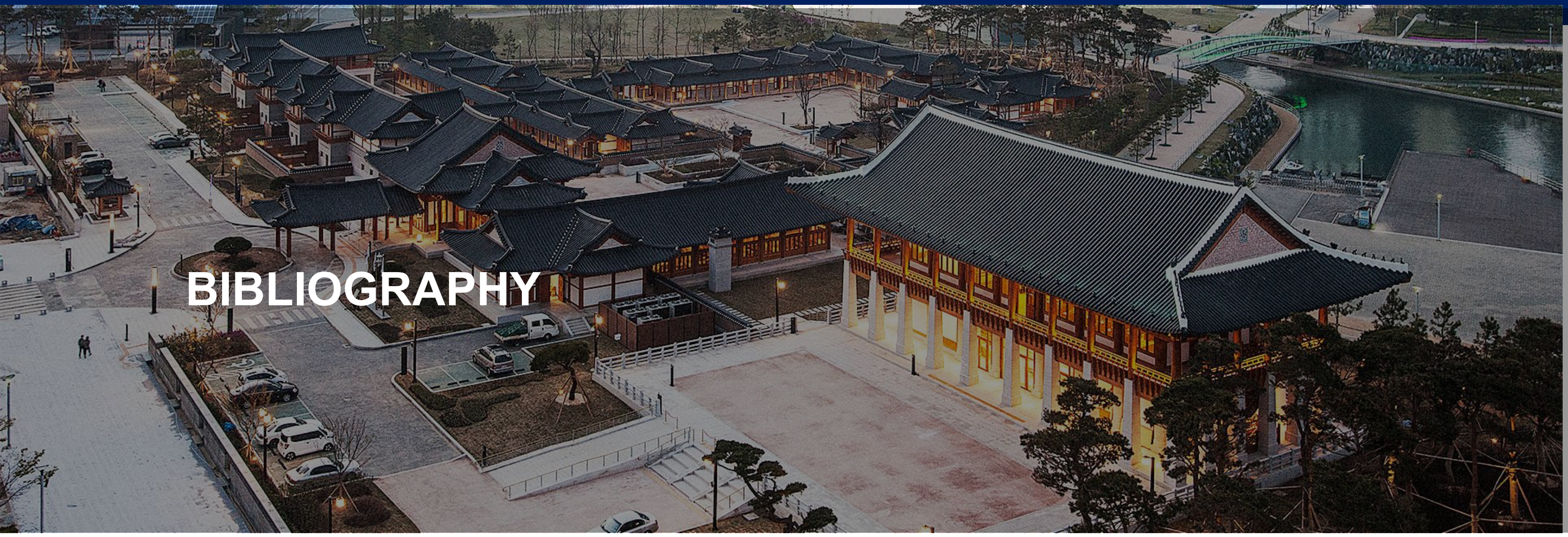
BEHOLD OUTLOOK

South Korea's outlook is improving, but in a more selective and demanding way than broad recovery language implies. The economy has moved off its 2025 trough, with first-quarter 2026 GDP rebounding strongly and exports again led by semiconductors, while fiscal policy remains supportive of AI, R&D, advanced manufacturing, and other strategic sectors. That improvement has become more visible in recent data: first-quarter GDP surprised to the upside, and the Bank of Korea raised its 2026 growth forecast to 2.6% in May, even as inflation accelerated to 3.1% and complicated the policy path. At the same time, this is not a broad or frictionless upswing. The recovery remains narrow, the won is still weak, and the external backdrop has become more difficult as higher oil prices, trade uncertainty, and Middle East-related supply risk feed through into inflation expectations, financing conditions, and business confidence. Korea therefore remains credible as an advanced-economy platform, but the case for deployment is more disciplined than the language of simple recovery would suggest.

The strongest momentum is concentrated where industrial depth, public support, and real operating demand reinforce one another. In the economy, semiconductors remain the central export engine, but there are also limits of that strength: export resilience is still too concentrated in one sector, which leaves Korea more exposed if the chip cycle weakens. In technology, the clearest advantages lie in areas where Korea combines manufacturing depth, infrastructure quality, and policy scale, particularly semiconductors, artificial intelligence, data centers, and biopharmaceutical manufacturing. At the same time, Korea is also unbalanced: software-led platform growth remains less diversified than in the leading U.S. ecosystems, AI adoption still carries execution risk beyond announced compute targets, and biotech remains stronger in scaled production and cluster execution than in frontier discovery. In real estate, the pattern is similar. Institutional liquidity has returned, but that does not create a uniformly strong market, but a selective one, where pricing, leasing, and investor interest remain strongest in higher-quality and more specialized assets, especially in Seoul and a limited number of strategic nodes such as Songdo, Pangyo, Osong, Daejeon, Magok, and Ulsan.

Korea has real strengths: a high-income economic base, globally relevant semiconductor leadership, deepening technology and biotech ecosystems, selective real estate recovery, and a policy framework that is actively directing capital toward long-duration strategic sectors. It also has real constraints: demographic aging, labor-market mismatch, household leverage, selective credit, uneven regional performance, and continued exposure to external shocks through oil, shipping, and trade. Korea is best understood neither as a simple comeback story nor as a market whose risks overwhelm its strengths. It is a selective, policy-shaped economy whose most compelling opportunities are becoming more specialized while its structural constraints are becoming harder to ignore. In that sense, Korea's next chapter is best understood not simply as recovery, but as:

From Miracle to Momentum.



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[1] Sources: from various sources—M Capital Group Research, including data from “South Korea Economic & Real Estate Research Outlook Report [Working Master Draft]” (April 2026); Bank of Korea materials including “Economic Outlook (May 2025)”, “Economic Outlook (August 2025)”, “Economic Outlook (November 2025)”, “Economic Outlook (February 2026)”, “Monetary Policy Decision & Opening Remarks to the Press Conference” (February 26, 2026), “Monetary Policy Decision & Opening Remarks to the Press Conference” (April 10, 2026), and Bank of Korea base-rate and GDP releases; CBRE Korea materials including “2025 Korea Market Outlook”, “2026 Korea Real Estate Market Outlook”, “2025 Korea Lender Survey”, “2025 Korea Investor Intentions Survey”, “CBRE Korea Retail Planning & Leasing”, and Korea office, logistics, retail, and investment outlook materials; Savills materials including “2025 Korea Residential Market Outlook” (March 15, 2025), “Seoul Prime Office Q2/2025” (July 30, 2025), “2026 Korea Office Market Outlook” (March 12, 2026), and “1H 2025 Korea Data Centers”; OECD materials including “Enhancing Compactness, Connectivity and Accessibility in Korea” (2025) and “Shrinking Smartly and Sustainably in Korea” (2025); Invest Korea and regional investment materials including Songdo Bio Cluster, Osong Bio Cluster, Daejeon, A Global Science Hub, Leading Innovation and Growth, and related regional and life-sciences cluster profiles; IFEZ and IFEZ Journal materials on Songdo bio-cluster expansion, training infrastructure, and FDI performance; Reuters reporting including “South Korea to tighten household borrowing rules from second half” (February 27, 2025), “South Korea says SK, Amazon to invest US$5 billion in country’s biggest data center” (June 20, 2025), “OpenAI, Samsung, SK set to start building data centers in Korea” (February 11, 2026), “Asia-Pacific real estate net buying intentions hit 4-year high, survey shows” (February 3, 2026), and related Reuters reporting on mortgage tightening, household debt, and Bank of Korea policy signals.

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