

# Korea Proptech Insights

by Reimagining Cities Foundation

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## Korean Proptech market is still in its infant stage.

Just a couple of years ago, the term “Proptech” was barely known in Korea. But as global real estate and technology trends demonstrate that technology adoption is picking up steam, Korean companies, large and small, are becoming more interested in this fragmented emerging market.

The US and Europe are currently leaders in Proptech but Asia is catching up fast. A recent JLL report said that “60% of the \$7.8 billion invested globally in Proptech startups since 2013, were in startups in the Asia-Pacific region. And, Asia will potentially be the biggest customer for Proptech solutions.”

Korea’s large conglomerates like Samsung, LG, Hyundai, SK Telecom have core competencies in technology innovation, 5G connectivity, robotics coupled with large business operations in Asia. We can soon expect that these large conglomerates, together with their ecosystem of SME technology partners will place “Proptech” on their radar screens.



## Proptech Korea Network coming soon ...

As of today, there is no Proptech focused funds, VCs or accelerators in Korea. Korean accelerators like Sparklabs, BonAngels, Primer, TIPS Korea Tech Incubator Program, K-Startup Challenge, FastTrack Asia are quite active and could play a strong role in nurturing the local Proptech industry. We believe there are many solutions out there for the real estate value chain but do not call themselves “proptech” yet. So, we are in the process of developing a “Proptech Korea” community so we can combine our strengths toward supporting the real estate industry here and abroad with innovative proptech solutions.

## Our current list of Top 10 Korean Proptech companies worth watching.

Among the various sectors of proptech, we see the Korean property sector is seeking more efficiency in (1) buying and selling of real estate assets (2) energy efficiency to drive down energy costs (3) co-working is already very popular with WeWork opening up their 10<sup>th</sup> location spurring local brands and (4) co-living as a way to address affordable housing.

- Awair - indoor environment management solutions
- Budongsan 114 – online real estate broker platform
- Disco – a platform that provides detailed real estate information and transaction data
- OlimPlanet – real estate 3D Tech solution company
- Republiq – office space hunting app
- Tera Funding – real estate P2P lending company
- UrbanBase - virtual reality tools for interior planning and design
- Woozoo – co-living start-up to address affordable housing.
- ZigBang – apartment hunting app
- Ziptoss – housing rental platform

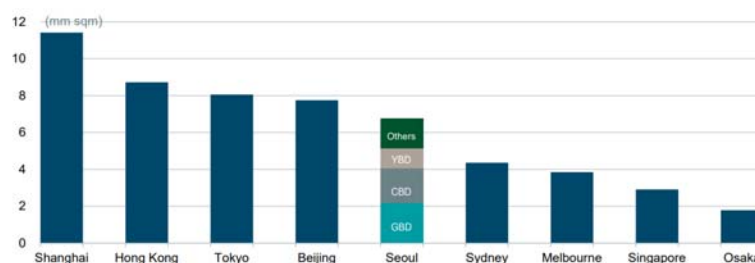
### Some Recent News:

- Tera Funding, a leading real estate P2P lending company in Korea, announced that it has secured KRW 10 billion (\$9.3 million) through its series A funding round from Woori Bank, Atinum Investment, SBI Investment, and Premier Partners
- KT will spend 23 trillion won (\$20 billion) on setting up an infrastructure for its high-speed 5G network, artificial intelligence (AI) and cloud business and hire 36,000 new employees over the next five years.
- Naver is contributing 99 billion won (\$88 million) to a 100 billion won venture capital fund devoted to fostering and investing in start-ups.
- Terra has successfully closed its seed funding round with an initial USD \$32M raised to kickstart its vision of creating the next generation of digital money.
- Home cleaning startup Miso raised investment of 9 billion KRW from global VCs such as Y Combinator, AddVentures, FundersClub, and Social Capital.
- Blockchain company AD4th Insight raised investment in Series A from Daesung Venture Capital.
- Fintech enterprise Fitpet raised investment from Mirae Asset-GS Retail. (amount not disclosed)
- Kakao’s blockchain subsidiary Ground X has signed an MOU with Orbs, a hybrid blockchain technology firm based in Israel, for strategic cooperation.
- Yanolja teams up with Terra to adopt blockchain solutions

### Korea Commercial Real Estate Market is a Global Market.

Seoul keeps its fifth position in the Asia Pacific in terms of the size of Grade A office stock and invested real estate stock value. Many of the global real estate consulting firms have offices in Seoul and we can expect their continued influence on how real estate is priced and managed. And, as these global firms bring in their “respective proptech solutions” from abroad, this will spur more proptech activity here in Korea.

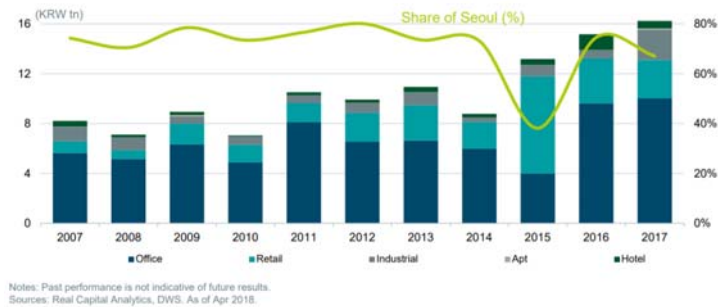
**EXHIBIT 1: GRADE A OFFICE STOCK IN APAC MAJOR CITIES (BASED ON GFA)**



\* Pangyo and Sangam DMC are included in Others.  
 Sources: JLL, Colliers, REI Korea, DWS As of Apr 2018.

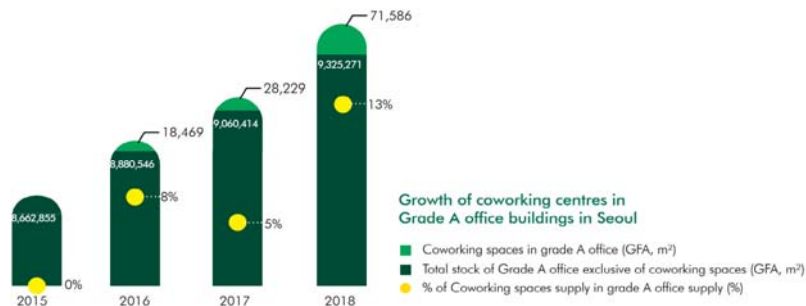
Foreign investors' interest in Korean real estate remains high with transaction volume in 2017 at KRW 16.2 trillion. This is approximately US\$15.2 billion based on 2017 year end exchange rate of US\$1 = KRW1,065. Office sector investments accounted for more than 60% of total volume in the last ten years. And, as cap rates dip below 5% in the core office markets, the adoption of technology to improve the performance of assets is becoming more and more attractive.

EXHIBIT 2: REAL ESTATE TRANSACTION VOLUME BY SECTOR IN KOREA AND SHARE OF SEOUL



**Co-Working in Korea** is expanding fast. WeWork has become very popular as they recently opened their 10<sup>th</sup> location. And, this has spurred multiple local brands to spring up to “copy” the WeWork concept. According to CBRE Korea’s study, even traditional offices have begun to offer hybrid working spaces that incorporate the flexibility and collaborative nature of Co-Working spaces.

EXHIBIT 3: GROWTH OF COWORKING CENTRES IN GRADE A OFFICE BUILDING IN SEOUL



Source: CBRE “A New Era of Work Space/ Flexible Office Space Goes Mainstream”

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Re-imagining Cities is a proactive non-profit with large global collaboration partners such as Global Real Estate Sustainability Benchmark (GRESB), WeGO Smart Sustainable Cities Organization, Architecture 2030, Andalusia Smart Cities Cluster, World Green Building Council, among others. We are based in Seoul, Korea but we operate globally. Recently, we became the global smart cities advisor to the LG Electronics Group to help collaborate with cities and real estate developers around the world with "greener & smarter" solutions into real estate developments. And, Proptech solutions will play a key role to accelerate “better buildings” and “smart, sustainable cities”