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# Trends and Challenges in the Serviced Residence Market

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The debate over serviced residence (hereafter 'SR') has heated up once again. Since the Supreme Court ruled the lodging operation of SRs as illegal in 2010, the SR industry has strived for legalization. As a result, amendments to the Public Hygiene Management Act in 2012 and to the Building Act in 2013 were implemented, providing SRs with a legal foundation.

However, controversies have arisen as many SRs are being used as residential buildings without legitimate change of purpose. In an effort to address this issue, the government announced in October 2021 that SRs being used for residential purposes should be converted to residential facilities, with a temporary postponement of mandatory enforcement fines for a two-year grace period.

In this brief, we aim to examine the current state and challenges in the SR market, and explore the issues for SRs to enhance competitiveness.

## What is the Serviced Residence?

A serviced residence, commonly referred to as a residence, is defined under Article 4 of the Enforcement Decree of the Public Health Control Act as an operation providing services and facilities (including cooking facilities) that allow guests to sleep and stay. Unlike regular lodging, SRs are equipped with in-room cooking and laundry facilities (in some cases), making them suitable for long-term stays.

Enforcement Decree of the Public Health Control Act Article 4, Article 2, Paragraph 2	
1. Lodging (Conventional)	An operation that provides facilities and services for guests to sleep and stay (excluding cooking facilities)
2. Lodging (Residence)	An operation that provides facilities and services for guests to sleep and stay (including cooking facilities)
Enforcement Decree of the Building Act Article 3-5(Appendix 1, No. 15)	
15. Lodging Facilities	Ga. General lodging facilities and residential lodging facilities (Refers to facilities that must report their lodging business under Article 3, Paragraph 1 of the Public Health Control Act)

## Emergence and Growth of Serviced Residence

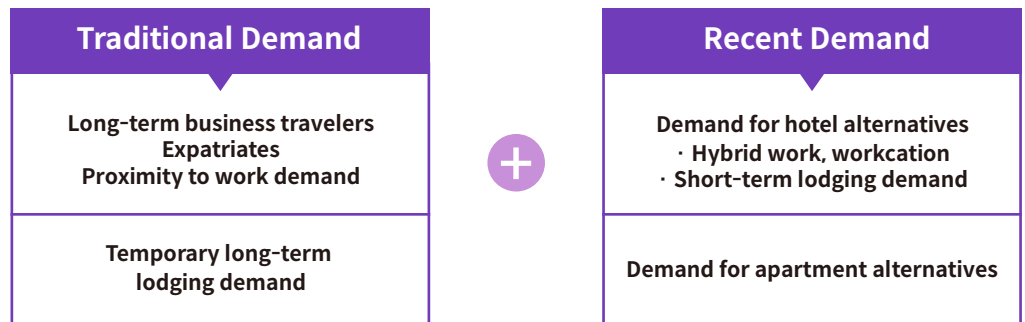
### Traditional demand for SR was long-term guests

The concept of long-term lodging emerged in South Korea with the legalization of residence hotels. Residence hotels emerged in 1988 when the Swiss Grand Hotel initiated services targeting long-term stay foreigners. These residences, equipped with cooking facilities and affordable rates, were warmly welcomed by foreigners unfamiliar with South Korea's complex housing contracts. Starting from that time, long-term business travelers, expatriates, and employees who preferred to reside near their workplaces became the main customer base for long-term lodging.

Furthermore, there has always been a diverse range of customers who require long-term accommodation for various reasons, such as foreigners visiting Korea for medical tourism, patients and their families staying near hospitals, students studying away from home during school vacations, and families who need to vacate their homes due to redevelopment or remodeling. These groups have been core customers of SRs even before the pandemic.

### Recent demand for SR includes tourists and investors

The recent increase in the demand for long-term lodging can be attributed to two main factors: the demand for alternatives to hotels and the demand for residential facilities.



Prolonged effects of the pandemic and technology development for remote work have rapidly advanced, leading to a significant increase in the number of digital nomads. The development of digital technology and the desire for work-life balance have driven the increased demand for long-term lodging, including concepts like "workcation" and extended stays such as "one-month stays" and "two-week stays."

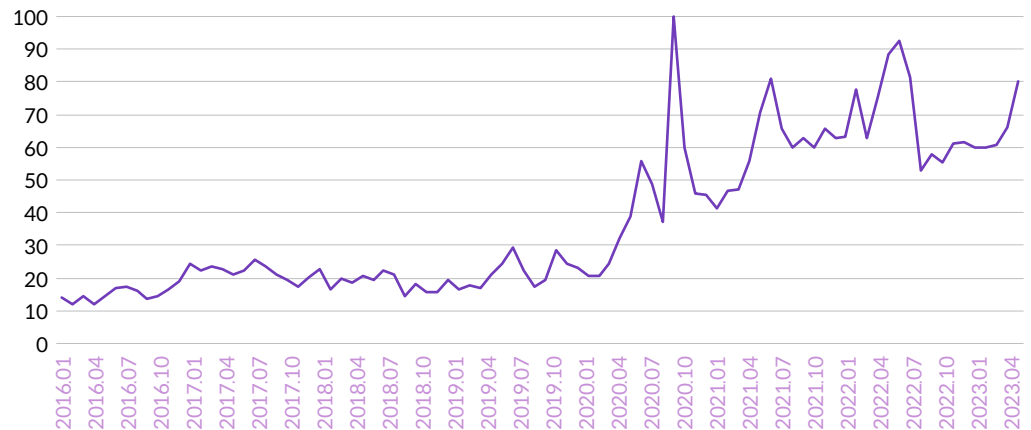
(in thousands)

	2018	2019	2020	2021
Remote workers	79	95	503	1,140
Workers desiring remote work	520	551	896	1,188

Source: Ministry of Employment and Labor, 'Remote Work Excellence Casebook' (2021)

As evident in the graph below, the search volume related long-term stays, such as 'one-month stays', experienced a significant surge starting from the onset of COVID-19. Even after the relaxation of social distancing measures in the second quarter of 2023, the search volume has remained high. It is natural that long-term travelers prefer accommodations with cooking facilities.

**'One-Month Stay' Search Volume Trend**



Source: Naver Datalab(July 2023), Search volume for 'one-month stay' and related terms

Note: The above graph represents relative changes with the highest search volume set to 100 during the specified period of analysis.

In recent times, high-end long-term lodging options developed primarily in places like Haeundae in Busan or Sokcho and Yangyang in Gangwon Province have been catering to the short-term accommodation needs of tourists seeking alternatives to hotels. These premium long-term lodging options are strategically located, often offering ocean views or mountain views, and are situated within resort complexes. They capture the hearts of travelers looking to enjoy a "staycation" in a home-like comfort. Moreover, they provide hotel-level services and amenities and offer various room sizes and styles, including studios, family units, and suites, making them popular even among families who may have found it challenging to accommodate their needs in traditional hotel rooms.

Secondly, despite being accommodation facilities that require registration under the Building Act and the Public Health Control Act, long-term lodgings have seen an increase in cases where they are used as residential facilities without proper change of use permits. Operators have exploited the blurred distinction between long-term lodging and residential living, wrongly advertising them as if they could be used as homes, and have attracted many investors. Additionally, false and exaggerated advertising claims such as 'guaranteed 10% returns' have stimulated demand from investors looking for alternative investment options to apartments.

Notably, over the past few years, strengthened regulations on housing and officetels, increased liquidity, and surging property prices during the pandemic have all contributed to positioning long-term lodging as a niche investment or an alternative residential option. As a result, properties designated as 'accommodation facilities' in name alone have expanded into major cities and tourist destinations nationwide.

Long-term lodging is considered a commercial facility for accommodation purposes, and it is subject to the Building Act rather than the Housing Act. As a result, unlike apartments or residential officetels, SR is not counted within the housing stock. It is typically constructed in commercial or quasi-residential zones where apartments are not allowed, and it is exempt from comprehensive real estate taxes for multiple dwellings and capital gains taxes. Furthermore, anyone over the age of 19 can apply for long-term lodging without the need for a subscription savings account, and the transfer of presale rights is also permissible.

	Serviced Residence	Apartment	Officetel
Counted as house	N	Y	Y (upon registration)
Housing subscription savings account	N/A	Needed	N/A
Presale rights transfer	Allowed	Not Allowed	Not Allowed (More than 100 rooms)
Loan restriction	None	LTV, DTI	LTV, DTI
Acquisition tax	4.6%	1.1%~13.4%	4.6%
Comprehensive real estate tax	Exempt	Taxable	Exempt for general lease Taxable for residential lease

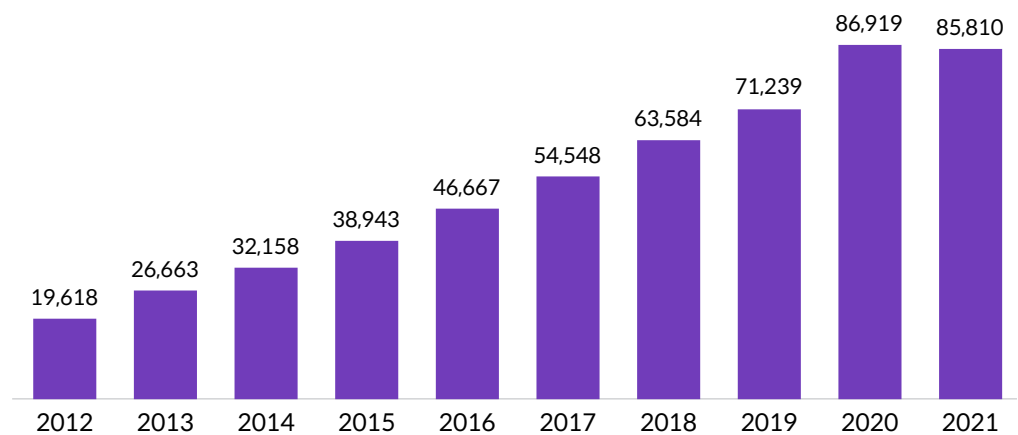
Source: Chosun Ilbo DB, partially modified by Yanolja Research  
 Source: LTV (Loan To Value), DTI (Debt To Income)

## Market Size of Serviced Residence

### Eighty six thousand rooms nationwide

According to the Ministry of Culture, Sports and Tourism, as of December 2021, there were approximately 3,900 establishments registered as residential lodging businesses under the Public Health Act, with around 86,000 rooms corresponding to them. This indicates an average annual growth rate of 17.8% in room numbers since 2012.

### Number of SR Rooms

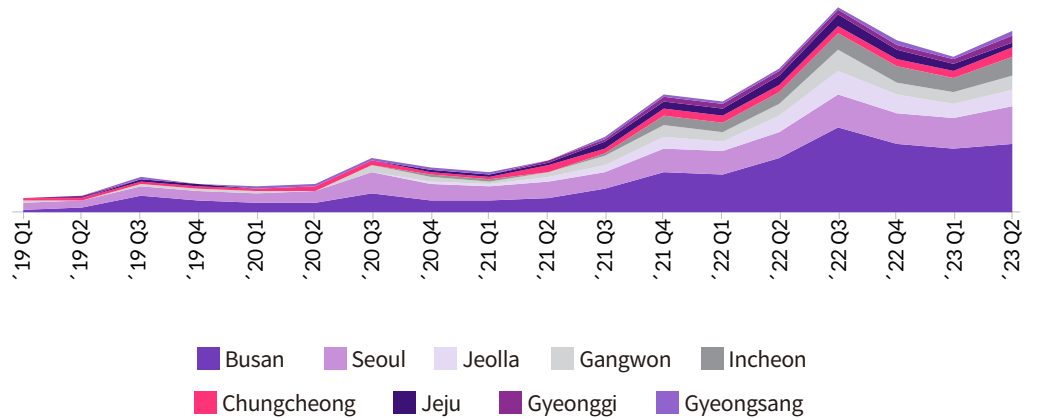


Source: Ministry of Culture, Sports and Tourism, 'Status of Registered Tourism Lodging Businesses as of 2021'

Note: Due to the collection errors, Ulsan data were excluded from the calculation

## A significant growth of the SR market in Busan

### SR Sales Revenue by Region



The graph above illustrates the revenue trends of lifestyle lodgings registered on Yanolja by region since 2019. The most noticeable change is the growth in revenue for lifestyle lodgings in the Busan region, which has nearly doubled from 19% of the national total in the first quarter of 2019 to 36% in the second quarter of 2023. In contrast, the revenue from lifestyle lodgings in the Seoul area, which accounted for 46% of national lifestyle lodging revenue in 2019, has decreased to 23% in the second quarter of 2023. This can be attributed to the rapid increase in the supply of lifestyle lodgings in the Busan region. The number of lifestyle lodging establishments registered on Yanolja in the Busan region increased 3.6 times during the same period, while there was little change in the number of establishments in the Seoul area.

Busan, leveraging its geographical advantage of being adjacent to the sea, has seen the opening of large premium lifestyle lodging establishments such as Elcity in 2020, Haeundae Hillstate Central in 2021, and Ocean Scenae Matie in 2022. Additionally, other high-end lifestyle lodgings like Vista Ocean Heritage, Bilive Paragraph, and Lotte Castle Demer are set to open in 2024, primarily centered around Haeundae. According to Busan City, the total number of lifestyle lodgings in the Busan region, as of December last year, was 86 buildings with 7,856 rooms, and an additional 21 buildings with 8,107 rooms are expected to be added in the near future. More than 80% of these are densely concentrated along the coastline, including Haeundae, Gwangalli Beach, Busan Port, and North Port areas.<sup>1</sup>

1 Kukje News, 'Serviced Residences at the Coastal Areas of Busan...Monopoly of Scenic View' (2023/04/04)

## Challenges and Prospects in the Serviced Residence Market

### Challenges ahead of the conversion to residential facilities

As mentioned earlier, with the increasing misuse of SRs for residential purposes, the government announced its "Illegal Use Prevention Plan for Serviced Residences" in October 2021. Under this plan, the government aims to proactively prevent the illegal residential use of newly constructed SRs. Furthermore, for existing SRs currently being used for residential purposes, a two-year grace period until October 14, 2023, was provided, during which they should convert their usage to residential officetels and other residential facilities. After the grace period, an enforcement penalty equivalent to 10% of the standard property value will be annually imposed on lifestyle lodgings used for residential purposes.

However, converting existing SRs to residential officetels is expected to be challenging because SRs and residential officetels have different building requirements and standards, including parking spaces, fire safety regulations, and zoning plans. While the government has announced temporary easing of some officetel building standards to facilitate the conversion, many developers believe that this alone is insufficient to meet the conversion conditions. Converting usage requires the consent of all property owners within the building, and in cases where SRs were built in areas where residential facilities are not allowed, many local authorities have been reluctant to approve zoning plan changes due to concerns about fairness. As a result, the actual number of successful conversions is reported to be just over 1,000 rooms, slightly over 1% of the nationwide total of 86,000 rooms as of last year.<sup>2</sup>

### Conversion Requirements

- 1 100% buyer consent (80% for completed buildings)
- 2 Change of zoning plans
- 3 Increase parking spaces
- 4 Enhanced on-site communication, fire safety, and disabled-friendly facilities
- 5 Corridor width expansion

### Continued conflict is expected post the grace period

The two-year grace period for changing the usage of residential lifestyle lodgings is soon coming to an end. However, even the initial step of obtaining 100% agreement from residents may not be smooth.<sup>3</sup> While recent cases in Busan and Jeju have seen successful conversions to officetels through collaboration between local authorities and residents,<sup>4</sup> challenges remain, including changes to zoning plans, securing parking spaces, and enhancing fire safety and facilities for persons with disabilities.

2 Maekyung Economy, 'First Conversion of Serviced Residence to Officetel' (2023/08/03)

3 Chosun Ilbo, 'Busan LCT, Resident Conflict Erupts' (2022/07/12)

4 Chosun Ilbo, 'Four Serviced Residences in Haeundae Successfully Converted into Office-Tels' (2023/07/07)



### **Challenges regarding the management of SR**

The operation of SRs for accommodation purposes by individuals is subject to significant constraints. To operate a portion of a building for lodging purposes, one must have a minimum of 30 rooms or occupy more than 1/3 of the building's total floor area for commercial use, which can be challenging for individuals to meet. Additionally, compliance with fire safety education and hygiene management obligations under the Public Health Control Act is mandatory. Due to these reasons, the majority of SR buyers rely on professional management companies to operate their SRs. However, issues frequently arise, such as low room occupancy rates and failure to meet promised rental returns, often stemming from inadequate management by small-scale, unverified management companies.

### **Trends and Global Outlook of the Serviced Residence Market**

<p><b>1.</b> High-end SRs are actively developed</p>	<p><b>2.</b> Specialization of construction and management companies</p>	<p><b>3.</b> Global demand for SR is also expected to grow</p>
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### **SRs are developed with a focus on the high-end segment**

SRs operated for lodging purposes are actively developing, especially in major tourist destinations like Busan and Gangwon Province. The trend of luxury travel and tourism packages is also impacting the SR market. In Busan's Haeundae district, 'Belive Paragraphe' and 'Vista Ocean Heritage' are under construction, and in Donggu, 'Lotte Castle Demer,' a complex with 1,221 units, is being built. In Sokcho, Gangwon Province, following the completion of the 1,000-unit 'Chestertons Sokcho', Hanwha Construction is set to complete 'Casia Sokcho' later this year, operated by the global hotel resort group Banyan Tree. Moreover, Shinsegae Construction, in collaboration with the global hotel chain Windom Group, is working on the 5-star lifestyle lodging 'Windom Gangwon Gosung' aiming for completion in 2025.

Premium serviced residences catering to long-term stay guests are currently being operated or developed in Seoul, including Yeouido, Jongno, and Gangnam. In Yeouido's financial district, the 'Marriott Executive Apartments' stands out as a premium serviced residence directly operated by Marriott Hotels, achieving a 5-star family hotel rating earlier this year. Additionally, the upcoming 'Anantara Residences Yeouido,' a project by the Banyan Tree Group, aims to provide 5-star hotel services as a high-end serviced residence. These facilities are equipped with upscale amenities like private fitness centers, swimming pools, saunas, and offer a variety of concierge services, including pet care, breakfast provision, housekeeping, and concert reservations. In Jung-gu, as part of the Seoun Shopping Street redevelopment, 'Fugio Gravity' is set to be constructed, a premium serviced residence targeting long-term stay guests with 756 units, aiming to cater to the Gwanghwamun and Euljiro business districts.

It has been observed a rising presence of prominent construction firms like Shinsegae Construction, HDC Hyundai Development, Hanwha Construction, and Dongwon Development in the SR sector. Additionally, there's noteworthy participation from global hotel chains like Marriott, Banyan Tree, and Windom, expanding into the domestic SR management market. Furthermore, we see a growing trend towards specialization among domestic SR outsourcing operators such as Handyz and Holmes Company.

### **Global demand for SR is also expected to grow**

The demand for extended stay hotels and serviced apartments, both of which include cooking facilities, is expected to continue growing in North America. Global hotel chains Hilton and Marriott have announced plans to launch new apartment hotel brands between 2023 and 2024. Hyatt and Wyndham also launched new extended stay-type brands in the first half of this year.

As blended travel, combining leisure and business trips, continues to rise, and with the announcement of the U.S. government's public infrastructure investment plan, it is expected that there will be an increased demand for long-term accommodations in North America for an extended period.

Serviced apartments are similar to serviced residences in South Korea, offering more diverse and upscale amenities and services compared to extended stay hotels. They are often operated through corporate contracts targeting long-term business travelers and expatriates. While the number of companies engaging in permanent remote work has decreased as the pandemic progresses, the demand for long-term stays is expected to continue due to the increasing demand for blended travel, which combines hybrid work with business trips and leisure travel. Market research firm EuroMonitor predicted that the global blended travel market, worth \$150 billion in 2021, will more than double to \$360 billion by 2027.<sup>5</sup> Gartner also projected that by the end of 2023, 39% of knowledge workers will work in a hybrid mode.<sup>6</sup> Reflecting these trends, a 2023 global serviced apartment market analysis report found that 52% of surveyed companies increased their usage of serviced apartments for expatriates since 2020, and in 2021, 39.2% of business trips lasted for eight nights or more.<sup>7</sup>

5 EuroMonitor International, as cited in the WTTC 'A World in Motion Shifting Consumer Travel Trends in 2022 and Beyond' (2023)

6 Gartner, 'Gartner Forecasts 39% of Global Knowledge Workers Will Work Hybrid by the End of 2023' (2023.3.1)

7 Ariosi, '2023 Global Serviced Apartment Industry Report' (2023)

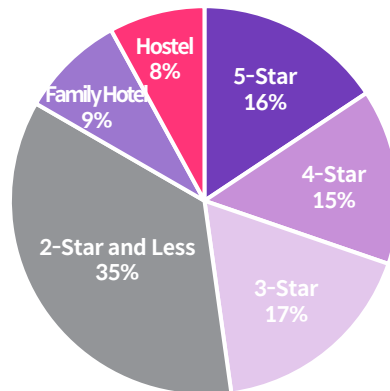
## To Improve the Competitiveness of SR

### Potential of SR as lodging facility

The time has come to decide whether SR will continue to operate as lodging facilities in line with its original purpose or undergo a transition into residential facilities. Regardless of the choice made, it is likely that part of it will result in new entrants into the lodging market.

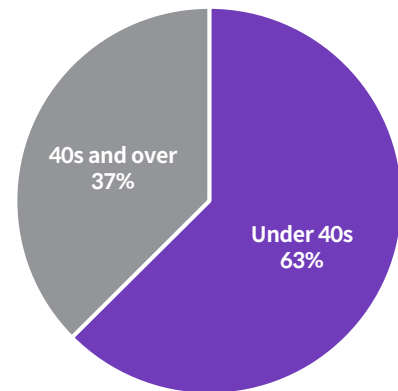
At the end of 2022, the government declared '2023-2024 Korea Visit Year' and pledged to accelerate the development of infrastructure to attract 30 million foreign tourists by 2027. The vision outlined by the Korea Tourism Organization is to become a 'Tourism Attractive Nation in Harmony with K-Culture.' As already well-known, millions of young foreign tourists visit Korea each year to directly experience and enjoy K-pop, dramas, and movies on-site. In fact, among foreign tourists who visited Korea in 2022, those aged 10-30 accounted for approximately 1.684 million, representing about 60% of all foreign tourists. So, where will these young travelers mainly stay? It is likely that they will choose cost-effective accommodations such as Airbnb, hostels, or guesthouses. However, as of the end of 2022, there were only 755 registered hostels nationwide, accounting for a mere 8% of all registered lodging facilities in terms of room numbers within the hotel industry. In such a situation, 'saengsuk,' which is more affordable than hotels, offers safety, and includes cooking facilities, can be an excellent choice. Moreover, it can play a crucial role in building tourism infrastructure.

**Domestic Lodging Segment in 2022**



Source: Korea Hotel Association, 'Summary of Tourism and Lodging Registration (2021-2022)'

**Foreign Tourists in 2022**



Source: Korea Tourism Datalab

## **Considerations for enhancing the competitiveness of SR**

With the reopening of travel and an unprecedented flexible working environment, it is expected tourism demand will increase in various regions of the country. The comfort of being able to prepare food as if at home, upscale services, and a variety of size options make saengsuk an attractive choice for them. To establish saengsuk as a more competitive lodging option, here are a few considerations to explore.

SRs now finds itself in direct competition with hotels, aiming to cater to both long-term and short-term stay demands. To excel in the competition with branded hotels, it's crucial to identify differentiating factors beyond the presence of cooking facilities. Rather than solely focusing on high-end amenities, it is essential to position SR considering its location, surrounding environment, and the characteristics of the anticipated target demographic. Additionally, selecting an appropriate management company that aligns with this positioning is vital.

Unlike hotels where a single management team oversees all rooms, many SRs in South Korea have multiple operators in a single building, making it challenging to implement promotions or establish medium to long-term operational plans for the entire property. The lodging industry relies on periodic renovations to maintain service quality and competitiveness. However, SRs, being multi-owned buildings, may face disagreements among property owners regarding facility investments. Maintaining consistent brand reputation and service standards can be challenging as well. Hence, efficient management teams that can facilitate efficient communication among property owners are essential.

Furthermore, global hotel chains such as Marriott, Banyan Tree, and Wyndham have recently started offering management services for SRs. A comprehensive analysis and investigation will be required to determine how they compare in terms of long-term profitability, room occupancy rates, brand value, and other factors compared to independently managed SRs.

In recent years, the SR market has experienced explosive growth, with many facilities launched during the overheated investment period. As these facilities open over the next several years, the long-term sustainability of SR as lodging facilities will be put to the test. The success of SR as lodging facilities is heavily reliant on the tourism demand for the local community. Therefore, strategies and efforts from local governments to transform the city into a tourism hotspot are necessary. Furthermore, collaboration among various stakeholders, including lodging facilities, tourism businesses, and local residents, will be vital. With these diverse efforts, it is hoped that SR can play a significant role in propelling South Korea towards becoming a tourism powerhouse in Asia.

## Appendix

## Key Economic Indicators

Indicator	Statistics	Measure	2018	2019	2020	2021	2022	22.06	22.07	22.08	22.09	22.10	22.11	22.12	23.01	23.02	23.03	23.04	23.05	23.06	23.07	
General Economics	GDP Growth Rate <sup>1</sup>	Real GDP Growth(%)	2.9	2.2	-0.7	4.1	2.6	-	0.3(Q3)	-	-	-0.4(Q4)	-	-	0.3(Q1)	-	-	0.6(Q2)	-	-	-	
		Private Consumption Growth(%)	3.2	2.1	-4.8	3.7	4.3	-	1.7(Q3)	-	-	-	-0.6(Q4)	-	-	0.5(Q1)	-	-	-0.1(Q2)	-	-	-
	Composite Indexes of Business Indicators <sup>2</sup>	Leading Indicator	94.2*	96.0*	100.0*	106.2*	108.7*	108.9	109.0	109.1	109.3	109.3	109.5	109.6	109.4	109.4	109.3	109.4	109.4	109.8	110.5	-
		Coincident Indicator	98.3*	99.7*	100.0*	103.8*	108.3*	108.0	108.5	109.1	109.3	109.3	108.9	108.4	108.2	108.7	109.5	110	110.3	110.4	-	
		Lagging Indicator	95.0*	97.8*	100.0*	103.7*	109.5*	109.0	109.7	110.3	110.8	111.3	111.8	112.4	112.8	112.9	113.1	113.4	113.7	113.9	-	
Business Trends	Business Survey Index <sup>3</sup>	Total	94.1*	90.8*	81.5*	101.4*	94.6*	96.3	92.6	-	95.8	89.6	86.7	85.4	88.5	112.9	93.5	93.0	93.8	90.9	95.5	
		Non-manufacturing	96.9*	93.6*	84.2*	100.6*	96.1*	99.3	95.1	91.4	94.8	91.1	89.7	87.3	90.3	85.1	95.7	90.5	93.3	90.9	101.6	
		Leisure/Hospitality	-	-	-	99.5*	89.7*	87.5	100.0	90.0	66.7	111.1	88.9	90.0	85.7	77.8	88.9	120.0	107.1	100.0	128.6	
	Business Survey Index by Industry <sup>4</sup>	Total	78*	73*	65*	84*	82*	87	82	79	82	79	76	74	70	68	71	73	74	76	75	
		Accommodation	78*	70*	30*	48*	85*	95	110	102	95	102	91	98	78	71	68	69	94	85	88	
	SME Business Outlook Survey <sup>5</sup>	Total	87.8*	83.6*	70.7*	77.8*	82.7*	86.1	81.5	78.5	83.2	85.1	82.3	81.7	77.7	-	-	-	-	-	-	
		Food/Accommodation	87.7*	82.0*	60.7*	57.8*	80.9*	94.1	96.7	84.7	80.5	86.2	90.0	95.9	80.1	-	-	-	-	-	-	
		Consumer Confidence Index	104*	99*	88*	103*	96*	97	86	89	92	89	87	90	91	90	92	95.1	98	101	103	
		Consumer Expenditure Outlook	108*	108*	97*	108*	111*	114	112	110	109	110	107	108	110	112	110	110	111	113	113	
		Travel Expenditure Outlook	91*	91*	80*	89*	92*	94	93	91	93	92	89	92	91	91	92	97	99	101	101	
	Consumer Survey Index <sup>6</sup>	Entertainment Expenditure Outlook	94*	90*	71*	86*	93*	99	92	87	91	91	91	89	90	91	94	93	94	96	95	
		F&B Expenditure Outlook	93*	91*	83*	92*	94*	96	91	92	91	92	91	89	91	90	90	91	94	96	97	
		Total	100.6	102.0	100.0	105.0	112.0	96	112.1	112.1	113.2	113.5	113.4	126.8	109.8	106.9	-	113.9	114.9	118.2	-	
		Accommodation	150.2	149.7	100.0	111.3	139.1	151.5	159.2	159.4	143.1	161.3	144.0	148.4	127.2	131.0	-	139.7	148.8	151.2	-	
	Production Index of Service Sector <sup>7</sup>	Food & Beverage	120.7	119.4	100.0	100.7	116.7	122.0	128.9	125.4	116.4	123.6	117.2	127.7	112.1	110.2	-	117.1	120.2	115.9	-	
All Services		100.63*	101.93*	100.00*	105.09*	112.24*	112.30	113.20	114.10	114.50	114.10	113.30	115.00	115.10	114.80	-	115.2	114.9	115.5	-		
Production Index by Industry <sup>8</sup>	F&B/Accommodation	124.37*	122.94*	100.01*	101.78*	119.31*	123.71	125.93	125.18	125.23	124.37	122.81	120.56	120.81	129.98	-	123.35	117.87	118.41	-		
	Total	99.09	99.47	100.00	102.50	107.71	108.22	108.74	108.62	108.93	109.21	109.10	109.28	110.10	110.38	110.56	110.8	111.13	111.12	111.2		
Prices	Consumer Price Index <sup>9</sup>	Hotel	108.91	106.51	100.00	99.82	108.71	103.62	120.62	123.54	110.38	115.68	113.33	116.34	113.51	107.30	108.27	114.21	116.83	115.11	123.04	
		Motel	101.28	101.43	100.00	98.39	101.64	100.80	101.97	102.85	102.75	104.46	104.16	104.67	104.58	104.86	104.98	105.89	105.57	105.84	106.77	
		Resort	101.21	102.29	100.00	99.86	102.43	93.23	106.88	131.22	100.03	98.83	94.02	106.67	115.30	101.64	98.88	99.99	105.56	105.76	120.4	
		Recreational Facilities	81.99	84.36	100.00	102.65	108.58	105.79	126.96	133.59	110.99	108.09	104.94	108.70	108.77	107.16	105.95	107.64	109.89	109.95	128.87	
		Total	103.48	103.50	103.03	109.60	118.78	120.10	120.44	119.98	120.06	120.68	120.29	119.79	120.25	120.46	120.58	120.5	120.03	119.77	120.14	
	Producer Price Index <sup>10</sup>	Accommodation service	105.32	104.41	100.25	99.80	105.91	101.53	112.96	118.58	106.77	109.92	107.84	111.55	111.40	106.08	106.20	109.78	111.92	111.14	117.91	
		Hotel	104.00	101.82	95.59	95.59	104.09	99.21	115.49	118.29	105.69	110.76	108.51	111.40	108.69	102.74	103.67	109.36	111.87	110.22	117.82	
		Motel	99.60	99.76	98.35	96.87	100.14	99.31	100.46	101.33	101.23	102.92	102.62	103.12	103.03	103.31	103.43	104.33	104.01	104.27	105.19	
		Resort	114.96	116.04	113.44	113.83	117.12	106.60	122.20	150.04	114.37	113.00	107.51	121.97	131.84	116.21	113.07	114.33	120.7	120.93	137.67	
		Total	114.96	116.04	113.44	113.83	117.12	106.60	122.20	150.04	114.37	113.00	107.51	121.97	131.84	116.21	113.07	114.33	120.7	120.93	137.67	
Labor	Economically Active Population Survey <sup>11</sup>	Unemployment Rate(%)	3.8	3.8	4.0	3.7	2.9	3.0	2.9	2.1	2.4	2.4	2.3	3.0	3.6	3.1	2.9	2.8	2.7	2.7		
		Employment Rate(%)	60.7	60.9	60.1	60.5	62.1	62.9	62.9	62.8	62.7	62.7	62.7	61.3	60.3	61.1	62.2	62.7	63.5	63.5	63.2	
Tourism	Tourism Balance <sup>12</sup>	Total Tourism Balance(\$M)	-13,066.10	-8,515.60	-3,175.30	-4,328.60	-5,297.30	-489.40	-594.60	-556.00	-301.60	-335.20	-588.30	-837.90	-1,158.30	-856.50	-	-344.1	-630.1	-1083.2	-	
		Total Tourism Income(\$M)	18,461.80	20,744.90	10,181.10	10,622.50	11,781.40	973.40	818.40	1,088.90	1,127.50	1,306.70	1,125.10	1,089.80	865.50	955.30	-	1,347.2	1,378.3	1,167	-	
		Total Tourism Expenditure(\$M)	31,527.90	29,260.50	13,356.40	14,951.10	17,078.70	1,462.80	1,413.00	1,644.90	1,429.10	1,641.90	1,713.40	1,927.70	2,023.80	1,811.80	-	1,691.3	2,008.4	2,250.2	-	
	Immigration <sup>13</sup>	Number of Outbound Travelers(K)	28,695.98	28,714.25	4,276.01	1,222.54	6,554.03	412.80	674.02	702.15	619.95	773.48	1,041.43	1,393.34	1,782.31	1,724.88	-	1,497.105	1,683.022	1,771.962	-	
Number of Inbound Travelers(K)		15,346.88	17,502.76	2,519.12	967.00	3,198.02	227.71	263.99	310.95	337.64	476.10	459.91	539.27	434.43	479.25	-	888.776	867.13	960.638	-		
Currency	Exchange Rate <sup>14</sup>	USD	1,100.30	1,165.65	1,180.05	1,144.42	1,291.95	1,277.35	1,307.40	1,318.44	1,391.59	1,426.66	1,364.10	1,296.22	1,247.25	1,270.74	1,305.73	1,320.01	1,328.21	1,296.71	1,286.30	
		EUR	1,298.63	1,304.81	1,345.99	1,352.79	1,357.38	1,348.96	1,332.91	1,334.53	1,377.09	1,404.83	1,388.29	1,371.13	1,342.37	1,361.65	1,398.50	1,446.41	1,444.20	1,405.98	1,421.87	
		JPY	996.27	1,069.75	1,105.07	1,041.45	983.44	951.34	955.93	975.17	973.2	969.36	956.51	959.12	956.76	956.68	977.31	990.52	969.37	918.39	911.74	
		CNY	166.4	168.58	170.88	177.43	191.57	190.68	194.13	193.75	198.19	198.37	189.53	185.47	183.16	185.97	189.1	191.6	190.02	180.99	178.6	

\*This index should be interpreted with caution because the value is calculated by averaging monthly or quarterly indices in Yanolja Research.

1) The bank of Korea. QoQ(%)

2) KOSTAT; 2020 = 100

3) The Federation of Korean Industries; If the index is above(below) 100, more(less) companies expect the next month's business conditions to improve than those that do not.

"Leisure/Accommodation and Food Services" sector was not surveyed before 2021.

4) The Bank of Korea; Index range = 0-200; If the index is above 100, the number of companies with a positive outlook is greater than that with a negative outlook

5) Ministry of SMEs and Startups; If the index is above(below) 100, more(less) companies expect the next month's business conditions to improve than those that do not

6) The bank of Korea; Index range = 0-200; If the index is above(below) 100, consumers sense that overall economic situation is better(worse) than average.

7) KOSTAT; 2020 = 100; Constant

8) KOSTAT; 2015 = 100

9) KOSTAT; 2020 = 100

10) KOSTAT; 2015 = 100

11) KOSTAT; Surveys the unemployment rate(%) and employment rate(%) among the economically active population aged 15 and over.

12) The Bank of Korea

13) Korea Tourism Organization DataLab

14) Hana Bank; Based on the sales base rate

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