SECTOR UPDATE

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Real Estate/Construction

Measures to expand housing supply in urban areas; focus on asset-heavy stocks

- The Korean government plans to supply 60,000 apartments in urban areas by utilizing public land in prime locations (*eg*, Yongsan, Taereung, Gwacheon).
- Momentum is expected to build for urban development (*eg*, housing supply), which will likely highlight the value of companies holding land.
- The plan should provide constructors with stable order opportunities. The key factor going forward should be the timing of construction starts.

AT A GLANCE

Seobu T&D	(006730 KQ, 15,800)	
Target price	n/a	
Not Rated		
HDC Hyundai Development	(294870 KS, 21,200)	
Target price	KRW28,000	32.1%
BUY		

WHAT'S THE STORY?

To supply 60,000 apartments in prime locations: The Korean government has just announced a plan to provide 60,000 apartments in downtown areas—specifically, 53% in Seoul and 46.5% in Gyeonggi Province. The housing supply should comprise: 1) 44,000 units by utilizing public land in urban areas, including prime locations like Yongsan, Gwacheon, Taereung Country Club, Seongnam, and Dongdaemun; 2) 10,000 units by redeveloping outdated government office sites; and 3) 6,000 units by creating new public housing districts. The government aims to begin construction between 2027 and 2030 by expediting land compensation, re-zoning the land, and streamlining approval processes. Unlike previous administrations, which centered their policies on building new cities in suburban areas, this plan prioritizes supplying housing units in prime locations. By promoting housing development in areas with established infrastructure, the government hopes to better meet real demand.

To revitalize Seoul's urban development—time to focus on firms that own land in popular areas: This plan includes the development of public land in Seoul (*eg*, the Taereung County Club site) and building 14,000 units in Yongsan alone (including 10,000 units in the Yongsan International Business District). The new housing supply in Seoul will require coordination between the government and Seoul city, but momentum is set to build for urban development projects. Many underutilized sites in prime locations have remained undeveloped due to tax and financial burdens, but their potential for development is rising. The introduction of project REITs in Nov 2025 should help drive this trend. Urban development policies that support boosting the housing supply are becoming increasingly favorable.

(Continued on the next page)

Among related stocks, Seobu T&D stands out as it is set to break ground on the Yongsan Najin Arcade project in October. After all, a hike in the supply of housing units in the Yongsan area should lead to an increase in foot traffic and improvements in nearby infrastructure. Seobu T&D plans to develop high-end officetels and office space on the Yongsan Najin Arcade site, with the project valued at an estimated KRW0.8t-1t. The company acquired the 1,823-pyeong site for less than KRW100b.

Positive implications for constructors: The government's plan includes measures to streamline permitting processes, exempt public corporations from preliminary feasibility studies, and implement fast-track procedures, all of which should benefit constructors. Of note, considering the momentum in urban development, firms with major urban development projects should benefit the most, particularly HDC Hyundai Development, which is advancing not only key development projects (*eg*, the Bokjeong Station Area, Gongneung Station Area, and the Yongsan Railroad Hospital Site) but also in-house projects (*eg*, Seoul One IPark and Cheongju Gagyeong). Meanwhile, given the limited private-sector housing supply, the government-led, large-scale projects should provide constructors with stable order opportunities. Still, with most of the newly announced projects slated to begin construction between 2029 and 2030, the plan should have a limited impact on constructors' earnings in the short term.

Housing Supply Plan

Location	Supply volume	Construction start date
1.Utilization of public land in urban areas	**43,468**	
Yongsan International Business District	10,000	2028
Gwacheon Let's Run Park Seoul, Defense Counterintelligence Command	9,800	2030
Taereung Country Club	6,800	2030
Namyangju Military Site	4,180	2029
Geumcheon Public Facilities Complex	2,900	2030
Korea National Defense University	2,570	2029
Camp Kim Site	2,500	2029
Research Institute in Bulgwang-dong	1,300	2029
Korea Institution for Defense Analyses	1,000	2029
Military Site in Gangseo-gu	918	2027
Gwangmyeong Police Station	550	2029
Economic Development Exhibition Hall	500	2029
Hanam Tennis Court	300	2029
Returned Land (Parcel 501)	150	2028
2.Redevelopment of outdated government office sites	**9,847**	
Ssangmun-dong Educational and Research Facility	1,171	2029.19
Suwon Mail Center	936	2030.04
Bucheon Mail Center	860	2030.12
Gwangmyeong Youth Welfare Center	740	2030.12
Jungnang Myeonmok Administrative Complex	712	2027.06
Southern Site of Seoul Medica Center	518	2028.12
Yongsan Retention Basin	480	2028.12
Seoul Customs Guro Support Center	437	2029.10
Dangsan Parenting-Friendly Housing	380	2027.10
Gangnam District Office	360	2030.04
Pyeongtaek Post Office	352	2030.12
Yongsan Urban Regeneration Innovation District	324	2027.12
Songpa-gu ICT and Security Cluster	300	2030.12
Uijeongbu3-dong Post Office	262	2028.06
Seongsu-dong Former National Police Agency Mounted Police Unit Site	260	2030.06
National Geographic Information Institute	240	2027.12
Gwangmyeong District Tax Office	238	2030.12
Seoul Southern Women's Development Center	200	2027.11
West Anyang Post Office	200	2028.06
Bangi-dong Government Complex	160	2027.12
SBA Marketing Center	116	2029.10
Cheongna-dong 92-29	110	2030.12
Suwon Branch of Statistics Korea	88	2030.12
Seongnam Customs Office	76	2030.12
Songpa Post Office	51	2030.12
Southern Branch of the Ministry of Employment and Labor	43	2030.12
Guro-dong 87-1	40	2030.12
700-33 Chang-dong 700-33	40	2030.12
Yongin Singal-dong 17-27	40	2030.12
Dongjak Post Office	30	2030.12
Namincheon Post Office	29	2030.12
Suwon Seodundong 208-16	29	2030.12
Gwanak Tax Office	25	2030.12
3.Creation of new public housing districts	**6,300**	
Seongnam Geumto2	3,800	2030
Seongnam Yeosu2	2,500	2030
Total	**59,615**	

Source: Ministry of Economy and Finance, Samsung Securities

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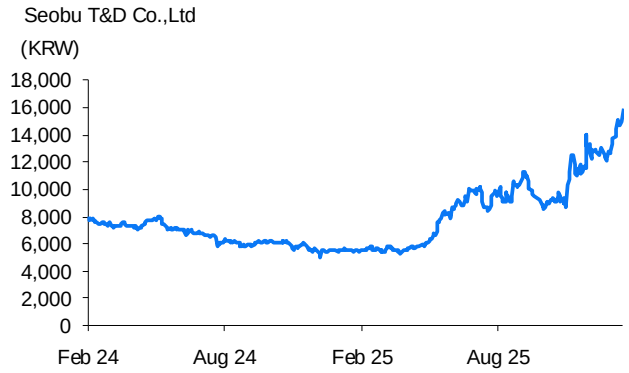
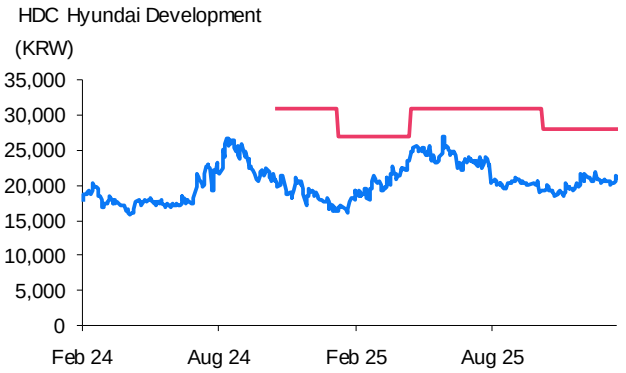
Target price changes in past two years





Rating changes over past two years (adjusted share prices)

Seobu T&D				
Date	2026/1/30			
Recommendation	Not Rated			
Target price (KRW)	n/a			
Gap* (average)				
(max or min)**				

HDC Hyundai Development				
Date	2024/11/1	2025/1/21	4/28	10/22
Recommendation	BUY	BUY	BUY	BUY
Target price (KRW)	31000	27000	31000	28000
Gap* (average)	-39.22	-26.05	-26.82	
(max or min)**	-30.65	-12.41	-12.58	

Note: * [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%
** Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

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Percentage of ratings in 12 months prior to 2025.12.31

BUY (85.8%)·HOLD (14.2%)·SELL (0%)

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