

**2,610**  
Average Rent (NTD/PING/MO)

12-Mo.  
Forecast

**0.4%**  
Rental Growth Rate (QOQ)

**3.8%**  
Vacancy Rate

Source: Cushman & Wakefield Research

## TAIWAN ECONOMIC INDICATORS Q4 2020

**5.1%**  
GDP Growth

Q3  
2020 **4.3%** ▲  
12-Mo.  
Forecast

**2.8%**  
Service Sector  
GDP Growth

**2.3%** N/A

**0.0%**  
CPI Growth

**-0.5%** ▲

**3.8%**  
Unemployment Rate  
(December)

**3.8%** N/A

Source: Ministry of the Interior  
Note: Growth figure is y-o-y growth

## Overall Vacancy Marks Ten-Year Low

There were 16,200 pings of new Grade A office added to the supply in Q1 2021, coming from the China Life Headquarters in the Dunbei/Minsheng area for China Development Financial's self-use. The office market's overall vacancy rate dropped 0.7 percentage points q-o-q to 3.8%, marking a ten-year low. In terms of submarket vacancy rate variance, compared with the prior quarter, Dunnan saw the biggest change of a 5 pp drop q-o-q, chiefly due to leasing supply suspended from Dunnan Financial Building while its urban renewal plan was confirmed. Nanjing/Songjiang's variance ranked second, with a rise of 1.1 pp q-o-q as some financial industry tenants relocated to other areas. Vacancy rates in the remaining submarkets remained mostly unchanged.

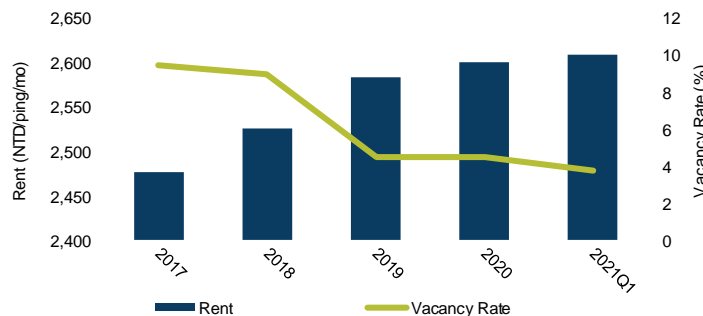
## Average Rent Remains Steady

Average rent for Grade A office space rose 0.4% in Q1 at NT\$2,610 per ping per month. Xinyi led the way with NT\$3,210 per ping per month, followed by Dunnan at NT\$2,420 per ping per month. Average rent levels have remained high, yet with the lack of new supply, further rental growth is limited for the short-term.

## Leasing Activity Continues to be Moderate

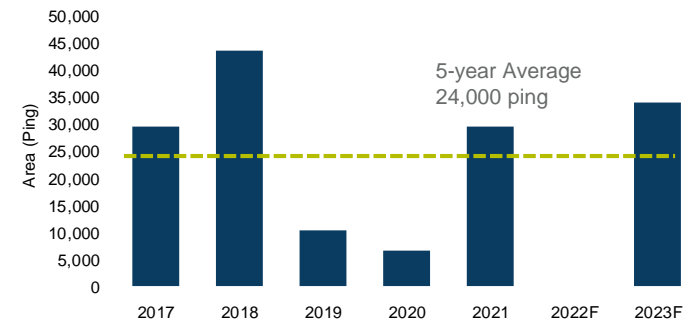
The COVID-19 pandemic remains active, and the global economic environment still faces challenges. Most international firms, especially in technology and fin-tech sectors have been conservative and are extending their evaluation period for new leasing plans. In addition, due to the scarcity of leasable area, it is expected that leasing activities will continue to be subdued in 2021. We expect large-scale relocation or expansion activities to be scarce in the short-term. On the other hand, companies have made good use of flexible working spaces to cope with economic changes and demand for remote backup office facilities, resulting in stable demand for co-working spaces.

## RENT & VACANCY RATE



Source: Cushman & Wakefield Research

## SUPPLY PIPELINE



Source: Cushman & Wakefield Research

SUBMARKET	INVENTORY (ping)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (Ping)	GRADE A RENT		
				NTD/Ping/MO	US\$/SF/MO	EUR/SF/MO
Western	46,800	10.4%	0	2,200	US\$2.19	€ 1.84
Nanjing/Songjiang	36,600	3.1%	4,600	2,030	US\$2.02	€ 1.70
Dunbei/Minsheng	223,700	5.3%	8,700	2,360	US\$2.35	€ 1.97
Dunnan	95,100	0.9%	0	2,420	US\$2.41	€ 2.02
Xinyi	343,800	2.7%	0	3,210	US\$3.19	€ 2.68
Taipei City	746,000	3.8%	13,300	2,610	US\$2.59	€ 2.18

1 USD = 28.2715 TWD; 1 EUR = 33.6367 TWD as of March 10, 2021

## KEY LEASING TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	PING	LEASE TYPE
Union Jiajia Building	Nanjing/Songjiang	Daiichi Sankyo	560	Relocation
Union Jiajia Building	Nanjing/Songjiang	Dairen Chemical Corporation	560	Expanded Lease
Hung Kuo Building	Dunbei/Minsheng	Taiwan Ratings	350	Expanded Lease
Uni-President International Building	Xinyi	Garena	340	Expanded Lease

## SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	PING	COMPLETION DATE
Hope Square	Nanjing/Songjiang	Panasonic	4,600	2021
E.SUN Second Headquarters	Dunbei/Minsheng	E.SUN Financial	8,700	2021

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XIHU SECTION

12-Mo. Forecast

**1,480**  
Average Rent (NTD/PING/MO) ▲

**0.2%**  
Rent Growth Rate (QQQ) ▲

**7.3%**  
Vacancy Rate ▼

Source: Cushman & Wakefield Research

### Vacancy Falling in Jiuzhong Section

With financial, IT software and leasing industry firms moving into the Honhui Sparkle Square project, the vacancy rate in Xihu Section dropped down 1.6 percentage points q-o-q to 7.3%. In Wende Section the vacancy rate was 6.8%, with F&B operators' expansion of 300 pings in the Sweden Technology Center and ICT industry's take-up of 650 pings in Asia Plaza. In Jiuzhong Section a 990-ping space taken at Gending Jiuzjing Building helped the vacancy rate fall 0.8 percentage points q-o-q to 14.6%.

### Transactions Over NT100 Million Boom

Rental levels in Xihu Section grew 0.2% q-o-q to average NT\$1,480 per ping per month. Rents in Wende and Jiuzhong Sections remained stable at NT\$1,000 and NT\$940 per ping per month. Notable transactions included First Life Insurance's acquisition of 380 pings on the 12th floor of the Chonghong Crystal Diamond Technology Building in Xihu Section for NT\$226 million. Hotai Finance Corporation acquired 1,200 pings of space in Lianhong Technology Building for NT\$720 million. Capital values in each section also remained steady: Xihu at NT\$560,000-680,000 per ping, Wende at NT\$420,000-480,000, and Jiuzhong at NT\$400,000-450,000.

### New Tenants at Xihu Section Drive Vacancy Down

With the release of Honhui Sparkle Square into the I/O market in Q4 2020 tenants rapidly started to move in, and the vacancy rate is now expected to drop in Xihu Section. In Wende Section take-up was stable and the rental level is expected to remain flat. In Jiuzhong Section, where it is easier to find a whole I/O building and with prices better meeting buyers' budgets, more firms are considering establishing headquarters. However, 18,600 pings of new supply is expected to be released into the I/O market this year. Jiuzong Section may face take-up pressure and the rental level is expected to remain steady in 2021.

### TAIWAN ECONOMIC INDICATORS Q4 2020

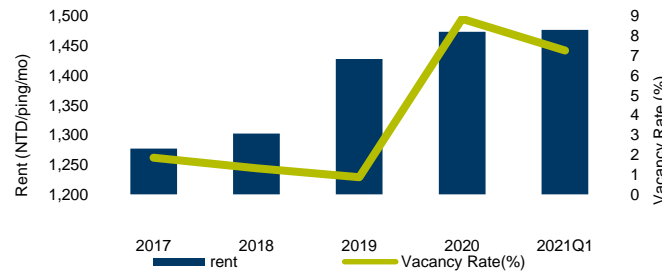
**5.1%** GDP Growth  
Q3 2020: **4.3%** ▲ 12-Mo. Forecast

**8.3%** Secondary Sector Growth  
Q3 2020: **5.8%** N/A

**0.0%** CPI Growth  
Q3 2020: **-0.5%** ▲

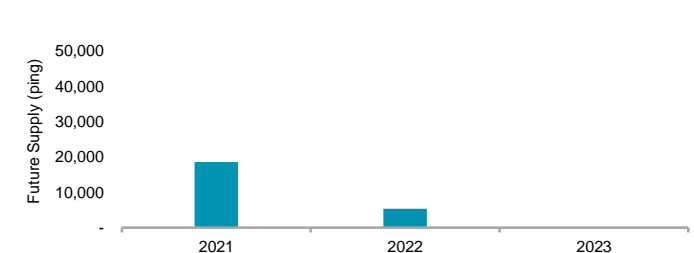
Source: Directorate-General of Budget, Accounting and Statistics  
Note: Growth figure is y-o-y growth

### RENT & VACANCY RATE (XIHU SECTION)



Source: Cushman & Wakefield Research

### FUTURE SUPPLY



Source: Cushman & Wakefield Research

SECTION	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (PING)		I/O RENT		
				NTD/PING/MO	USD/SF/MO	EUR/SF/MO
Xihu	7.3%	-	-	1,480	US\$1.47	€ 1.24
Wende	6.8%	-	-	1,000	US\$0.99	€ 0.84
Jiuzong	14.6%	23,900	-	940	US\$0.93	€ 0.79

1 USD = 28.2715TWD; 1 EUR = 33.6367TWD as of Mar. 10, 2021

### KEY LEASING TRANSACTIONS Q1 2021

PROPERTY	SECTION	TENANT INDUSTRIAL CLASSIFICATION	PING	LEASE TYPE
Honhui Sparkle Square, Building A	Xihu	Financial industry	1,300	Relocation
Honhui Sparkle Square, Building A	Xihu	IT software industry	900	Relocation
Honhui Sparkle Square, Building A	Xihu	Leasing industry	1,700	Expansion
Sweden Technology Center	Wende	F&B	300	Expansion
Asia Plaza, Building C	Wende	Information and Communications Technology	650	Relocation
Gending Juizhong Building	Jiuzong	Information and Communications Technology	990	Expansion

### SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SECTION	MAJOR TENANT	PING	COMPLETION DATE
Chonghong New Generation	Jiuzong	-	5,800	2021
Shanyuan Chuangke Building	Jiuzong	-	5,300	2021
Lianhong Technology Building	Jiuzong	-	4,100	2021
Fuqing Xingshan Enterprise Building	Jiuzong	-	3,400	2021
CMP Building	Jiuzong	-	5,300	2022

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12- Mo. Forecast

**12,700**  
Average Rent (NTD/PING/MO)



**-1.6%**  
Rental Growth Rate (QOQ)



**9.9%**  
Vacancy Rate



Source: Cushman & Wakefield

## Closed Borders Drive Robust Domestic Consumption Over Chinese New Year

The buying rush during the Lunar New Year and the long weekend of 228 Peace Memorial Day, coupled with curtailed overseas travel due to the international COVID-19 situation, stimulated consumption growth. As at February 2021, retail sales of general merchandise stores increased by 4.1% y-o-y. For department stores, sales jumped by 15.9%. As for convenience stores and wholesale stores, sales grew by 6.5% and 3.7% y-o-y respectively due to increased demand for festival merchandise over the Lunar New Year. However, still impacted by COVID-19, inbound tourism remained at a low level, leading to continued declining turnover at duty-free shops, and resulting in retail sales from other general merchandise stores to fall by 22.4% y-o-y.

## Ximen Retail Hub Remains Challenged but Welcomed Don Don Donki

The Zhongxiao retail hub saw no significant change in store mix, with one clothing brand entering, and vacancy at 12.6%. The Zhongshan / Nanjing retail hub continued its robust performance, welcoming several new clothing, skincare and F&B brands. Vacancy in the retail hub was consistent, with rapid replacement of vacant space. Ximen still suffered the effects from the pandemic, reaching 11.6% in vacancy and with rental levels dropping, especially seriously on Chengdu Road and Wuchang Street. Japanese chain store Don Don Donki rented three stories at Oman TiT, taking approximately 1,090 ping. The total monthly rent is estimated at NT\$4.62 million, strengthening the confidence of nearby landlords.

## Eastern Retail Hub Revival Expected With Entry of Shin Kong Mitsukoshi

Leading department store Shin Kong Mitsukoshi has announced plans of entering the Eastern by opening in Diamond Towers, an urban renewable project of Zhengyi public housing. The overall size of the department store is around 4,300 ping and is expected to open in the second half of 2022. Eastern retail hub, previously facing business outflows, is now expected to enjoy a revival.

## TAIWAN ECONOMICS INDICATORS Q4 2020

**+5.1%**  
GDP Growth

YoY Chg



12-Mo Forecast



**0.0%**  
CPI Growth



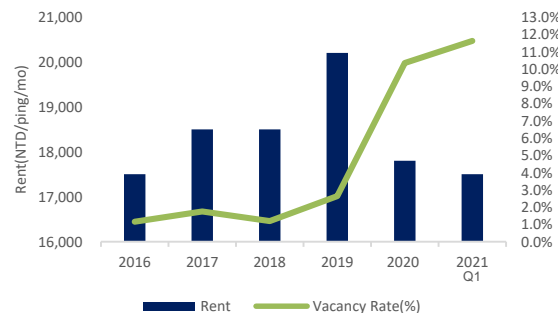
**+4.0%**  
Cumulative Sales of General Merchandise



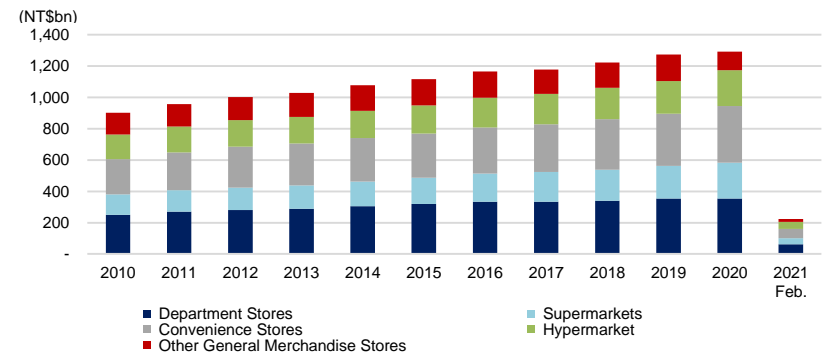
N/A

Source: Directorate-General of Budget, Accounting and Statistics

## RENT / VACANCY RATE IN XIMEN



## CUMULATIVE SALES OF GENERAL MERCHANDISE (NT \$ bn)





## PRIMARY RETAIL VACANCY AND AVERAGE RENTS IN Q1 2021

RETAIL HUB	VACANCY RATE	RETAIL RANGE (NTD/PING/MO)	RENTAL RANGE (USD/SF/MO)	12-MONTH OUTLOOK
Zhongxiao	12.6%	8,000-15,000	8.0-14.9	▼
Zhongshan/Nanjing	2.7%	7,000-12,000	7.0-11.9	■
Ximen	11.6%	15,500-19,000	15.4-18.9	▼

Note: Only high street store in prime retail hubs are taken into account. All data is based on gross floor area unless otherwise specified. Rentals are exclusive of management fees or other expenses.

Area Conversion: 1 Ping=35.58 Square Feet=3.3 Square Meters

Currency Exchange Rate: 1USD = 28.2715 NTD as of March 10, 2021

## SIGNIFICANT OPENINGS IN Q1 2021

RETAIL HUB	LOCATION	TENANT	SIZE (Ping)
Ximen	Xining S. Rd.	Don Don Donki	1,090
Ximen	Hanzhong St.	CACO	20
Zhongshan/Nanjing	Sec. 1, Nanjing E. Rd..	Vine-Vera	40
Zhongshan/Nanjing	Nanjing W. Rd.	QMOMO	70
Zhongxiao	Sec. 4, Zhongxiao E. Rd.	STAYREAL	200*

\* The space is shared with MLB Korea, 7-11 and MOSA Cosmetics.

## SIGNIFICANT RETAIL PROJECTS - UNDER CONSTRUCTION/DECORATION

PROJECT	LOCATION	EXPECTED COMPLETION	GFA (Ping)
Mitsui Shopping Park LaLaport (Nangang)	Nangang District, Taipei City	2022	61,900
Yulong Town	Xindian District, New Taipei City	2022	-
Diamond Towers	Da'an District, Taipei City	2022	4,300

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# TAIWAN

## Capital Markets Q1 2021



	YoY Chg
<b>31.1B</b> YTD Investment Volume (NTD)	<b>+132%</b>
<b>31.1B</b> Q1 Investment Volume (NTD)	<b>+132%</b>
<b>32</b> Q1 Deals	<b>+39%</b>

### ECONOMIC INDICATORS Q4 2020

	YoY Chg	12-Mo. Forecast
<b>+5.1%</b> GDP growth (annualized)	▲	▲
<b>0.0%</b> CPI growth	▼	▲
<b>2.4%</b> Prime Leading Loan Rate	▼	N/A

Source: Ministry of the Interior

### Investment Market Opened 2021 Positively, Life Insurance Companies Re-enter Investment Market

Taiwan's investment market opened 2021 on a solid note. Total consideration was at NT\$31.1 billion, down 6.4% q-o-q but growing 131.9% y-o-y. Local buyers dominated the market in Q1, with demand from owner-occupiers accounting for 75.2% of the total. The biggest deal in Q1 was Shin Kong Life Insurance's self-use acquisition of the China Development Building for NT\$9.3 billion, with future rebuilding potential. Shin Kong also acquired Riant Plaza for NT\$5.6 billion. These transactions represented 48.0% of total investment volume in Q1, marking the re-entry of life insurance companies. In other deals, First Life Insurance purchased the Jingtuan Technology Building for NT\$230 million, while Chunghwa Post acquired Taiwan Technology Plaza for NT\$480 million. Transactions in the quarter concentrated on offices, industrial offices and factories, with the latter two categories led by the TMT sector. Transactions included Kinsus Interconnect Technology's acquisition of Wintek Corporation's previous factory in Taoyuan Youth Industrial Park for NT\$4.5 billion, while Auras Technology purchased a factory in New Taipei Industrial Park for NT\$560 million.

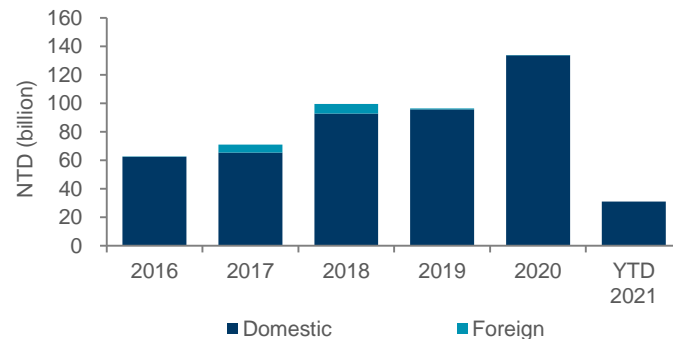
### Land Sales Dropped in Q1

Total consideration for the land market in Q1 was at NT\$49.4 billion, down 18.1% q-o-q, with residential and industrial land parcels accounting for 31.8% and 32.6%, respectively. Notable deals included Highweath Construction's acquisition of a commercial land parcel near Taoyuan Metro A7 station for NT\$4 billion. Kings Group also purchased a 17,000-ping industrial land parcel near Carrefour in Rende District, Tainan City, for NT\$3.4 billion, with development plans for a technology Park.

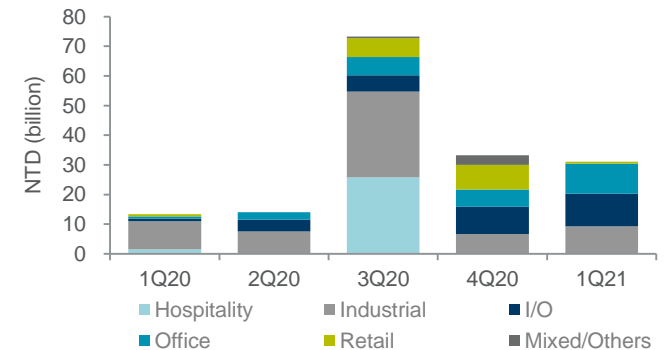
### New Loan Limitations Further Curtail Developers' Activities, Major Developers Retain Cash Reserves

The Central Bank surprised the market with the implementation of further mortgage limitations in late March. The allowable loan ratio on land parcel purchases remained unchanged from December 2020, but the allowable loan ratio on mortgages was cut. Major developers will keep searching for land parcels, but they will likely be more cautious and target high quality properties. Ahead, we expect office, industrial office and factory assets to remain the focus of capital.

INVESTMENT VOLUME BY CAPITAL SOURCE



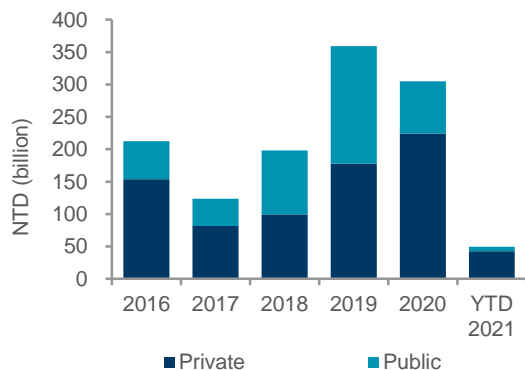
INVESTMENT VOLUME BY SECTOR



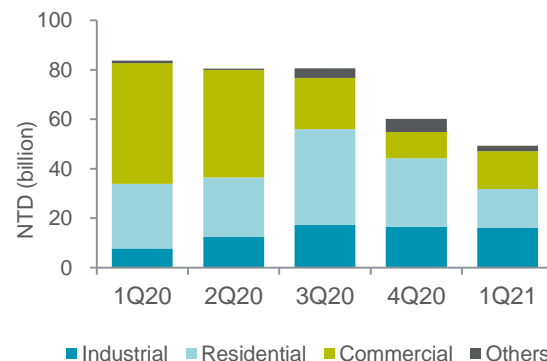
### KEY SALE TRANSACTIONS

PROPERTY	LOCATION	SECTOR	PRICE (NTD BN)	VENDOR	PURCHASER	DEAL TYPE
China Development Building	Songshan Dist., Taipei City	Office	9.3	CDIB Capital Group	Shin Kong Life Insurance	Self-use
Riant Plaza	East Dist., Hsinchu City	I-O Building	5.6	Tech Bright Limited	Shin Kong Life Insurance	Investment
Wintek Corporation's previous factory in Taoyuan Youth Industrial Park	Yangmei Dist., Taoyuan City	Industrial	4.5	Wintek Corporation	Kinsus Interconnect Technology	Self-use
Lianhong Technology Building	Neihu Dist., Taipei City	I-O Building	0.8	Lianhong Construction	Hotai Finance Corporation	Self-use

Land Transactions Volume by Supply Source



Land Transactions Volume by Land Use



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