

12-Mo. Forecast

2,620
Average Rent (NTD/PING/MO)

0.2%
Rental Growth Rate (QOQ)

4.1%
Vacancy Rate

Source: Cushman & Wakefield Research

Financial Sector Relocations Release Large Grade A Office Area

The office market's overall vacancy rate rose slightly at 0.5 percentage points q-o-q to reach 4.1% in Q4, mainly due to the relocation of financial groups such as Shin Kong Life Insurance and Standard Chartered Bank, which released a large area of Grade A office space. Among the submarkets, Western saw the biggest vacancy rise of 3.6 percentage points, followed by Dunbei / Minsheng with a rise of 2.3 percentage points. The overall vacancy rate remained low with slight changes among submarkets. Overall, the rental market remained solid with the full-year absorption for 2021 reaching more than 17,000 pings.

Average Rent Remains Stable

Expansion and downsizing by firms in response to the effects of the pandemic were offset by different industries, resulting in stabilized office demand and narrowed rental growth. Average rent for Grade A office space rose mildly in Q4, up 0.2% q-o-q to record NT\$2,620 per ping per month. Xinyi led the way with NT\$3,210 per ping per month, followed by Dunnan at NT\$2,420. Among leasing benchmarks, Taipei 101 in Xinyi once again revealed several high-floor leasing deal records at more than NT\$4,000 per ping per month.

Core Area Market Supply and Demand Counterbalance

Just one new project is expected to come to the market for self-use in 2022: the E.SUN Second Headquarters building. Given the scarcity of leasable area in the core area, Nangang District, as an emerging office district with high-quality office space and competitive rents, has attracted the attention of tenants. In the core area, the supply and demand factors are likely to reach a counterbalance point, with rental growth subsequently expected to slow further.

TAIWAN ECONOMIC INDICATORS Q3 2021

	Q2 2021	12-Mo. Forecast
3.7% GDP Growth	7.8%	▼

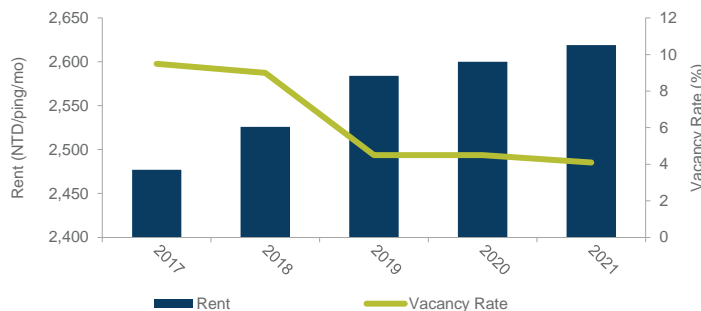
-0.9% Service Sector GDP Growth	4.2%	N/A
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2.3% CPI Growth	2.1%	▲
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3.9% Unemployment Rate (September)	4.8%	N/A
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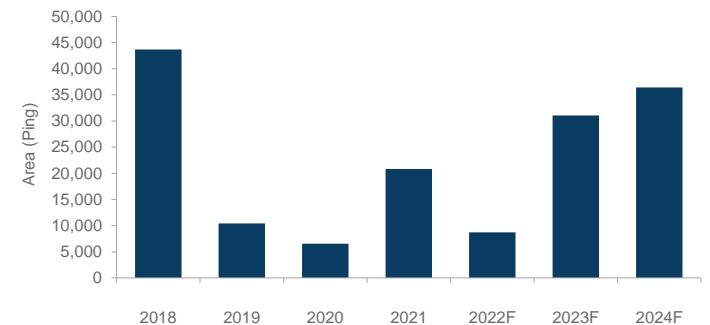
Source: Ministry of the Interior, Moody's Analytics
Note: Growth figure is y-o-y growth

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	7.8%	0	2,250	US\$2.27	€ 2.02
Nanjing/Songjiang	41,200	1.1%	0	2,130	US\$2.15	€ 1.91
Dunbei/Minsheng	223,700	8.4%	8,700	2,360	US\$2.38	€ 2.12
Dunnan	95,100	1.1%	0	2,420	US\$2.44	€ 2.17
Xinyi	343,800	2.1%	0	3,210	US\$3.24	€ 2.88
Taipei City	750,600	4.1%	8,700	2,620	US\$2.65	€ 2.35

1 USD = 27.8315 TWD; 1 EUR = 31.3561 TWD as of December 15, 2021

KEY LEASING TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	PING	LEASE TYPE
Hung-Sheng International Finance Center	Dunbei/Minsheng	Interasia Lines	710	Relocation
Taipei 101	Xinyi	Viatrix Pharmaceutical	320	Relocation
Shin Kong Life Zhongshan Bldg.	Western	TUN-GRP International	220	Relocation

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	PING	COMPLETION DATE
E.SUN Second Headquarters	Dunbei/Minsheng	E.SUN Financial	8,700	2022

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About Cushman & Wakefield

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Industrial-Office Q4 2021

XIHU SECTION

12-Mo. Forecast

1,510
Average Rent (NTD/PING/MO)



0%
Rent Growth Rate (QOQ)



3.3%
Vacancy Rate



Source: Cushman & Wakefield Research

Electronics and Technology Industries Lead the Leasing Market

The vacancy rate dropped 0.7 percentage points q-o-q to 3.3% in Xihu Section, with a health management company taking up 750 pings at the Honhui Sparkle Square project. With a technology industry firm moving in, and F&B sector expansion of 350 pings at the Washington Technology Center in Wende Section, the vacancy rate dropped 0.1 percentage points q-o-q to 7.5%. The Juizhong Section vacancy rate dropped 2.3 percentage points q-o-q to 17.2%, with a construction company's 670 ping relocation to the Lianhong Technology project, and an electronics equipment firm expansion of 1,100 pings at the Fly Into The Sky of Technology Building.

Rent and Capital Values Remain Steady

Rents are steady in Xihu, Wende and Juizhong Sections. The average rent at Xihu Section was at NT\$1,510 per ping per month. Rents in Wende Section and Juizhong Section were at NT\$1,070 and NT\$990 per ping per month, respectively. A notable transaction was HFC's acquisition of the 10th floor (670 pings) of the Nasdak building for NT\$540 million, at a price of NT\$730,000 per ping. Capital values in each section also remained stable from the prior quarter: Xihu at NT\$600,000-700,000 per ping, Wende at NT\$450,000-500,000, and Juizhong at NT\$440,000-500,000.

Rental Level Still Has Growth Potential in NHTP

With the vacancy rate still flat in Xihu Section, the rental level may see growth in the year ahead. In Wende Section, firms in several industries impacted by the pandemic have switched to work-from-home arrangements. Although some small units have already surrendered their leases, new tenants took over quickly. A large volume of new I/O supply has been released into the market in Juizhong Section. New tenants are expected to move in shortly. In addition, companies may shift from Xihu Section to Wende and Juizhong Sections for the more attractive rents. Overall, leasing demand remained stable in NHTP, and we expect the rental level still has potential for growth.

TAIWAN ECONOMIC INDICATORS Q3 2021

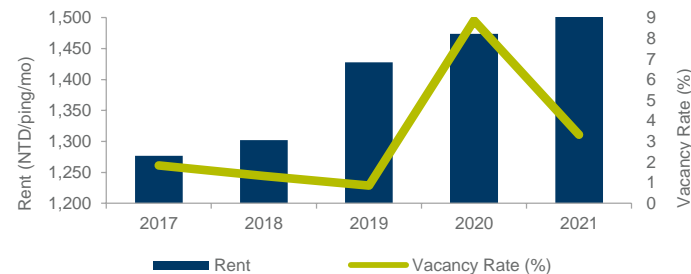
	Q2 2021	12-Mo. Forecast
3.7% GDP Growth	7.8%	

11.8% Secondary Sector Growth	15.6%	N/A
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2.3% CPI Growth	2.1%	
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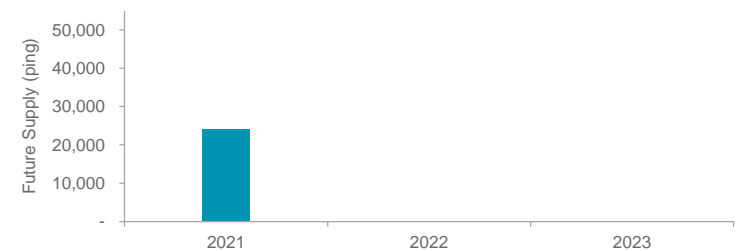
Source: Directorate-General of Budget, Accounting and Statistics, Moody's Analytics
Note: Growth figure is y-o-y growth

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	3.3%	-	1,510	US\$1.52	€ 1.35
Wende	7.5%	-	1,070	US\$1.08	€ 0.96
Jiuzong	17.2%	-	990	US\$1.00	€ 0.88

1 USD = 27.8315TWD; 1 EUR = 31.3561TWD as of Dec. 15, 2021

KEY LEASING TRANSACTIONS Q4 2021

PROPERTY	SECTION	TENANT INDUSTRIAL CLASSIFICATION	PING	LEASE TYPE
Honhui Sparkle Square, Building C	Xihu	Health management	750	New Lease
Chonghong a+	Xihu	Retail	190	New Lease
Bonn Technology Center	Wende	Furniture	130	New Lease
Washington Technology Center	Wende	Technology	210	New Lease
Washington Technology Center	Wende	F&B	140	Expansion
Lianhong Technology	Juizhong	Construction	670	Relocation
Fly Into The Sky of Technology Bldg.	Juizhong	Electronic Equipment	1,130	Expansion

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12- Mo. Forecast

11,100
Average Rent (NTD/PING/MO)



-0.9%
Rental Growth Rate (QOQ)



17.0%
Vacancy Rate



Source: Cushman & Wakefield

Post-Pandemic Consumption Recovery Aids Steady Retail Sales Growth

Retail revenues have grown gradually, benefitting from effective control of the pandemic and with sales and shopping festival activities helping to spur consumers' willingness to spend. Retail sales at general merchandise stores for the January to November period increased by 0.3%. Among the general merchandise sector, department stores were severely impacted by the pandemic in H1 2021, and sales for January to November fell 4.8%. On the other hand, daily necessities retail sales saw positive growth. Wholesale store sales and supermarket stores sales for January to November, boosted by new store development and promotion events, rose 6.8% and 8.2%, respectively.

Lower Rents Prompt Partial Return to Major Hubs

The market saw a partial return of stores in the quarter, as businesses took advantage of rental drops in Taipei's major retail hubs. Several food franchises seized the opportunity to enter the Ximen hub, heavily impacted by the loss of tourism, while rents remain low. In turn, the hub's vacancy rate rose only slightly to 22.3%. On the other hand, rents remained unchanged in Zhongxiao and vacancy dropped slightly to 15.0%. L'Occitane Concept moved to the northern side of Section 4, Zhongxiao East Road, to gain higher exposure. High street stores also took up space quite rapidly along Nanjing West Road, benefiting from the return of shoppers to the Zhongshan / Nanjing retail hub. However, the vacancy rate in Zhongshan / Nanjing still rose 0.6 percentage points to reach 7.2%, chiefly due to the retreat of clothing stores on Zhongshan North Road.

Leasing Activities Expected to Recover

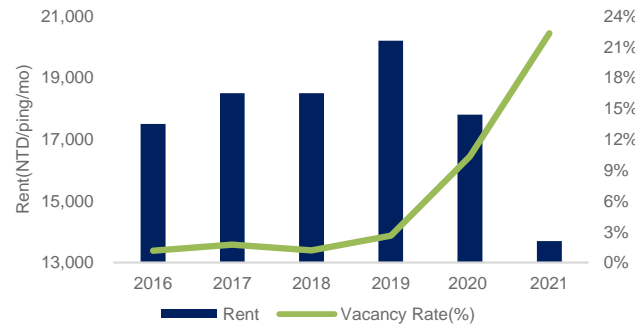
Retail consumption is expected to regrow briskly with the effective containment of the pandemic and increasing vaccination coverage. We expect to see recovery in leasing activities to overcome the issue of high vacancy in the major retail hubs. New store development in the food service industry will be evident in the recovery era, with growing demand for workers. Meanwhile, wholesale stores and convenience store chains are applying multiple new store development strategies, including expanding in the most exclusive districts and in community neighborhoods at the same time, aiming to satisfy demand from specific market segments.

TAIWAN ECONOMICS INDICATORS Q3 2021

	YoY Chg	12-Mo Forecast
+3.7% GDP Growth	▼	▼
+2.3% CPI Growth	▲	▲
+0.3% Cumulative Sales of General Merchandise	▲	N/A

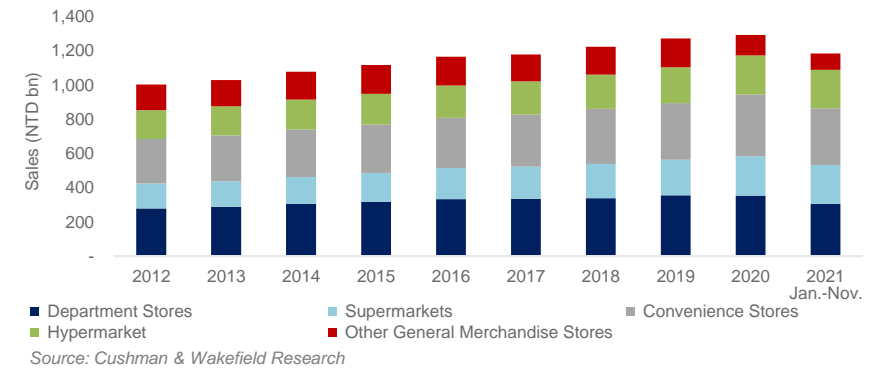
Source: Directorate-General of Budget, Accounting and Statistics, Moody's Analytics

RENT / VACANCY RATE IN XIMEN



Source: Cushman & Wakefield Research

CUMULATIVE SALES OF GENERAL MERCHANDISE



Source: Cushman & Wakefield Research

PRIMARY RETAIL VACANCY AND AVERAGE RENTS IN Q4 2021

RETAIL HUB	VACANCY RATE	RETAIL RANGE (NTD/ PING/MO)	RENTAL RANGE (USD/SF/MO)	12- MONTH OUTLOOK
Zhongxiao	15.0%	8,000~14,000	8.1~14.1	■
Zhongshan/Nanjing	7.2%	6,500~11,000	6.6~11.1	■
Ximen	22.3%	11,000~15,000	11.1~15.1	▼

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 = 27.8315 NTD as of Dec 15, 2021

SIGNIFICANT OPENINGS IN Q4 2021

RETAIL HUB	LOCATION	TENANT	SIZE (Ping)
Zhongshan/Nanjing	Nanjing W. Rd.	2nd STREET(Japanese secondhand clothing store)	50
Ximen	Chengdu Rd.	MOS Burger	150
Ximen	Kunming St.	Jhujian Catering	70
Zhongxiao	Sec. 4, Zhongxiao E. Rd.	Orange Workshop tea store	10

SIGNIFICANT RETAIL PROJECTS - UNDER CONSTRUCTION/DECORATION

PROJECT	LOCATION	EXPECTED COMPLETION	GFA (Ping)
Mitsui Shopping Park LaLaport (Nangang)	Nangang District, Taipei City	2024	61,900
Yulong Town	Xindian District, New Taipei City	2023	43,600
Diamond Towers	Da'an District, Taipei City	2022	4,300

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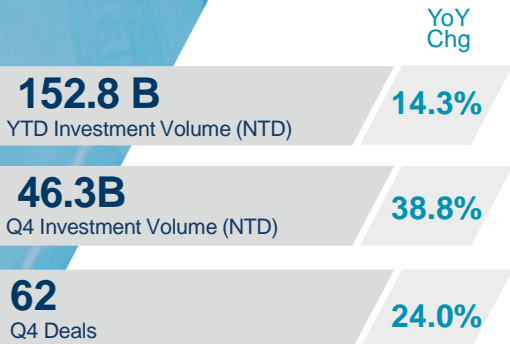
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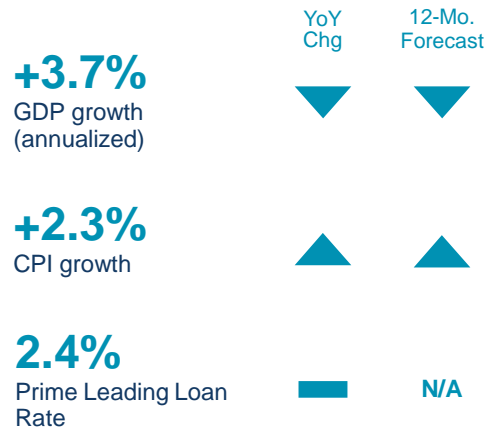
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TAIWAN

Capital Markets Q4 2021



ECONOMIC INDICATORS Q3 2021



Source: Ministry of the Interior, Moody's Analytics

Investment Sales Volume Exceeds NT\$150 Billion for New Record

Total transaction activity in 2021 set a new record, totaling NT\$152.8 billion, up 14.3% y-o-y. Transaction activity soared in Q4 to reach NT\$46.3 billion — up 40.8% q-o-q. Demand came predominantly from owner-occupier buyers, accounting for 64.5% of the total. By sector, industrial office and factory assets took 85.1% of total transactions in Q4. Life insurance companies and REITs allocated substantial capital into the industrial office sector. Notable transactions included Millerful No.1 REIT's acquisition of the Dynapack Industrial Office Building in Guishan District for NT\$4.4 billion, and TransGlobe Life Insurance's purchase of the Clevo Headquarters in Sanchong District for NT\$3.9 billion.

Investors and Owner-Occupiers Drive Industrial Office Transactions

The market has benefited from the global supply chain restructuring. International investors have expanded investment in factory assets. The most notable is Microsoft Operations Taiwan's purchase of a factory in Nankan Industry Park for NT\$2.4 billion. Industrial office and factories were also a highlight in 2021, accounting for 66.5% of the overall volume. Transaction volume for industrial office assets reached NT\$51.9 billion, significantly surpassing the NT\$33.0 billion mark set in 2018.

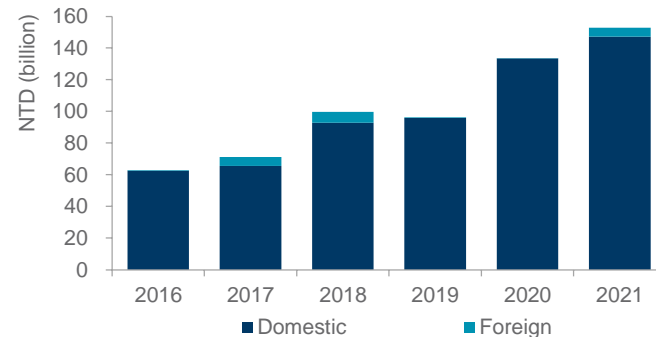
Land Transaction Volume Correction Still Holds NT\$250 Billion Mark

Total consideration for the land market in Q4 reached NT\$71.8 billion, up 19.2% y-o-y. Transactions were primarily in residential land, taking 40.1% of the total transaction volume. For the calendar year, total consideration for the land market in 2021 corrected to NT\$289.3 billion from the NT\$300 billion in the past two years, yet still holding the NT\$250 billion mark.

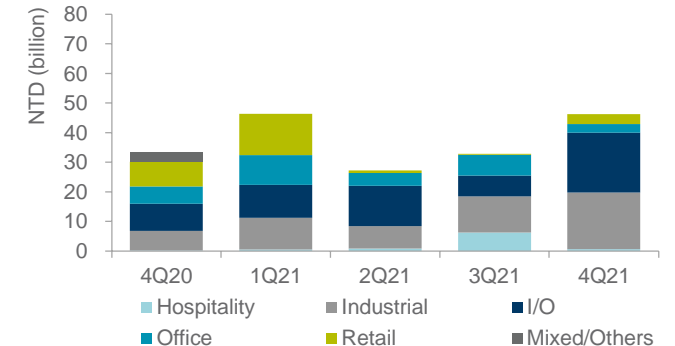
Shifting Focus Towards Beitou Shilin Technology Park as Demand for Headquarters Continues

The industrial property sector is likely to sustain activity levels in 2022 with strong demand for industrial development. Furthermore, as auctions on superfacies in Beitou Shilin Technology Park opened solidly, and with demand for headquarters leading the way, Beitou Shilin Technology Park has become a new cluster point in the city's Technology Corridor for companies to upgrade, relocate and consolidate their businesses.

INVESTMENT VOLUME BY CAPITAL SOURCE



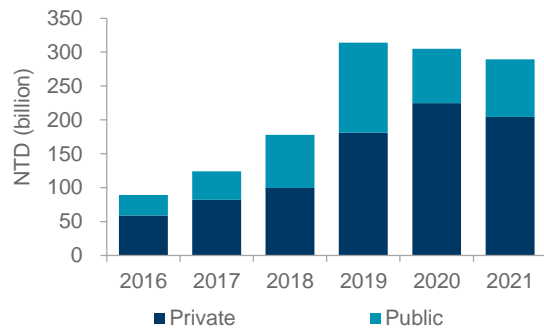
INVESTMENT VOLUME BY SECTOR



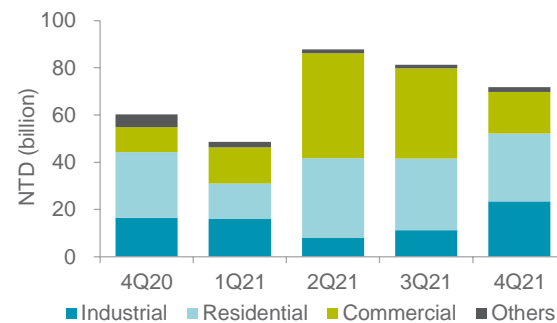
KEY SALE TRANSACTIONS

PROPERTY	LOCATION	SECTOR	PRICE (NTD BN)	VENDOR	PURCHASER	DEAL TYPE
Dynapack Industrial Office Building	Guishan Dist., Taoyuan City	I-O Building	4.4	Dynapack	Millerful No.1	Investment
Clevo Headquarters	Sanchong Dist., New Taipei City	I-O Building	3.9	Clevo	TransGlobe Life Insurance	Investment
Factory in Nankan Industry Park	Luzhu Dist., Taoyuan City	Industrial	2.4	Hong Tai Electric Industrial	Microsoft Operations Taiwan	Self-use
Factory in Hsinchu Industrial Park	Hukou Township, Hsinchu County	Industrial	2.4	Yi Tong Fiber	Shin Zu Shing	Self-use
Joy Plaza	Sanmin Dist., Kaohsiung City	Retail	2.2	Goldsun Building Materials	Bi Jiang	Investment

Land Transactions Volume by Supply Source



Land Transactions Volume by Land Use



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