MARKETBEAT

TAIPEI

Office Q1 2022

	12-Mo. Forecast
2,620 Average Rent (NTD/PING/MO)	—
0.0% Rental Growth Rate (QOQ)	—
4.2% Vacancy Rate	—

Source: Cushman & Wakefield Research

TAIWAN ECONOMIC INDICATORS Q4 2021

	Q3 2021	12-Mo. Forecast
4.9% GDP Growth	4.4%	▲
2.6% Service Sector GDP Growth	-0.8%	N/A
2.7% CPI Growth	2.3%	▲
3.7% Unemployment Rate (December)	3.9%	N/A

Source: Ministry of the Interior, Moody's Analytics
Note: Growth figure is y-o-y growth

Overall Vacancy Stabilizes as Variation Appears Among Submarkets

The office market's overall vacancy rate rose slightly at 0.1 percentage points q-o-q to reach 4.2% in Q1. Among the submarkets, Western saw the biggest vacancy rise of 0.8 percentage points, followed by Dunbei / Minsheng with a rise of 0.5 percentage points. In contrast, vacancy in Nanjing / Songjiang submarket dropped 0.9 percentage points, down to 0.2%.

Average Rent Remains Stable

As the impact of the COVID-19 pandemic seemed to show signs of easing globally in the quarter, return-to-office strategies in Taipei resulted in stabilized office demand. Average rent for Grade A office space remained stable at NT$2,620 per ping per month. Xinyi submarket, seeing narrowed rental growth, led the way at NT$3,220 per ping per month, followed by Dunnan at NT$2,420 per ping per month.

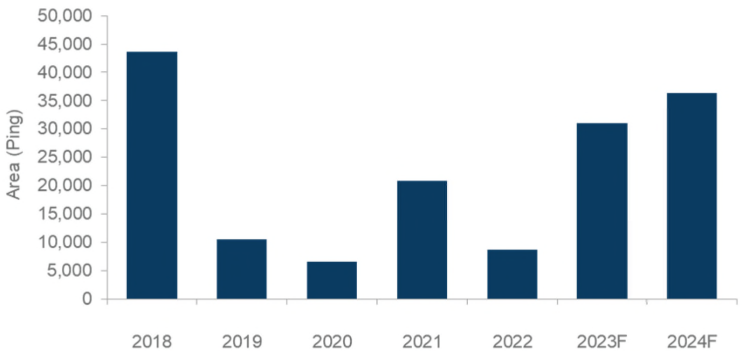
Insufficient Supply in Core Area Prompts Potential Relocations

Looking ahead to the next two years, currently just the A25 Fubon project is expected to come to the market in 2023. Given the scarcity of leasable area in the core locations in the short-term, tenants are now assessing the feasibility of moving to the emerging Nangang office area, which will provide the high quality, cost-effective space they require. Additionally, contemporary and flexible office planning with larger shared spaces is now in high demand, as working models change in the post-pandemic era.

RENT & VACANCY RATE

Source: Cushman & Wakefield Research

SUPPLY PIPELINE



Source: Cushman & Wakefield Research

MARKETBEAT

TAIPEI

Office Q1 2022

SUBMARKET	INVENTORY (ping)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (Ping)	GRADE A RENT		
				NTD/Ping/MO	US$/SF/MO	EUR/SF/MO
Western	46,800	8.6%	0	2,250	US$2.22	€ 2.02
Nanjing/Songjiang	41,200	0.2%	0	2,130	US$2.10	€ 1.92
Dunbei/Minsheng	223,700	8.9%	8,700	2,360	US$2.33	€ 2.12
Dunnan	95,100	1.1%	0	2,420	US$2.38	€ 2.18
Xinyi	343,800	1.9%	31,100	3,220	US$3.17	€ 2.90
Taipei City	750,600	4.2%	39,800	2,620	US$2.58	€ 2.36

1 USD = 28.5281 TWD; 1 EUR = 31.2355 TWD as of March 15, 2022

KEY LEASING TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	PING	LEASE TYPE
Nan Shan Plaza	Xinyi	Machi Xcelsior Studios	450	New Lease
Sumitomo Corp. Taiwan Ltd. Building	Dunbei/Minsheng	Taiwan PSI Health Development	340	Relocation
Taiwan Securities Financial Building	Nanjing/Songjiang	H&Y Engineering, H&K Consulting Engineering	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
A25 Fubon	Xinyi	-	31,100	2023

Wendy Hsueh
Director
Valuation & Advisory Services | Research, Taiwan
6/F, 101 Song Ren Road, Xin Yi District,
Taipei 110, Taiwan
Tel: +886 2 8788 3288 / wendy.hj.hsueh@cushwake.com

cushmanwakefield.com

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MARKETBEAT

TAIPEI

Industrial-Office Q1 2022

XIHU SECTION	12-Mo. Forecast
1,530 Average Rent (NTD/PING/MO)	▲
1.3% Rent Growth Rate (QOQ)	▬
3.7% Vacancy Rate	▬

Source: Cushman & Wakefield Research

TAIWAN ECONOMIC INDICATORS Q4 2021

	Q3 2021	12-Mo. Forecast
4.9% GDP Growth	4.4 %	▲
9.6% Secondary Sector Growth	11.9 %	N/A
2.7% CPI Growth	2.3 %	▲

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

IT Software Firm Expansion Leads the Leasing Market

The vacancy rate rose 0.4 percentage points q-o-q to record 3.7% in Xihu Section in Q1, primarily due to some enterprises moving out with the resulting idle space still to be rented. In Wende Section, the vacancy rate dropped 0.2 percentage points q-o-q to 7.3%. Expansion by IT software industry firms at the Xinzuan Office Building, Loyal Chemical Building and Xing Yang Technology Headquarters properties totaled 950 pings. The Juizhong Section vacancy rate dropped 3.7 percentage points q-o-q to 13.5%, with a construction company taking 290 pings of space at the Lianhong Technology building.

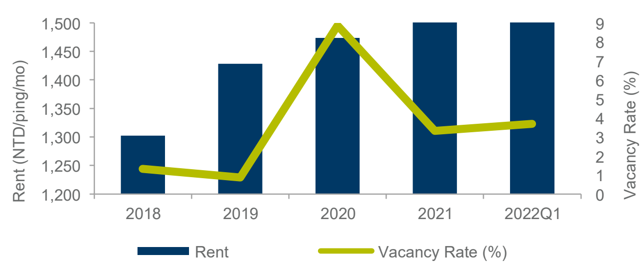
Rent and Capital Values Grow Modestly

Rental levels grew modestly in Xihu and Wende section in Q1. The average rent at Xihu Section was at NT$1,530 per ping per month. Average rent in Wende Section stood at NT$1,085 per ping per month, and in Juizhong Section was steady at NT$990 per ping per month. Capital values in each section also rose slightly from the prior quarter. Xihu Section was at NT$600,000-730,000 per ping, Wende at NT$460,000-530,000, and Jiuzhong at NT$440,000-500,000.

Limited New Supply and Stable Demand

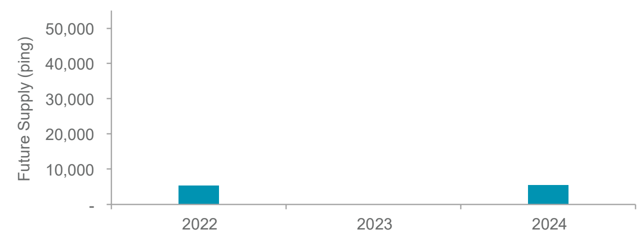
No new industrial-office supply is currently scheduled for the coming nine months. Demand is expected to remain solid. Overall, with the limited scheduled new supply in the market and stable leasing demand across NHTP in Xihu, Wende and Juizhong Sections, we expect to see continued gradual growth in rental levels.

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	3.7%	-	1,530	US$1.51	€ 1.37
Wende	7.3%	-	1,085	US$1.07	€ 0.98
Jiuzong	13.5%	-	990	US$0.98	€ 0.89

1 USD = 28.5281TWD; 1 EUR= 31.2354TWD as of Mar. 15, 2022

KEY LEASING TRANSACTIONS Q1 2022

PROPERTY	SECTION	TENANT INDUSTRIAL CLASSIFICATION	PING	LEASE TYPE
Theta Technology Ctr.	Xihu	IT Software Industry	160	Expansion
Darwin Ctr.	Xihu	Optoelectronic Materials	140	New Lease
Xinzuan Office Bldg.	Wende	IT Software Industry	260	Expansion
Loyal Chemical Bldg.	Wende	IT Software Industry	550	Expansion
Xing Yang Technology Headquarters	Wende	IT Software Industry	140	Expansion
Lianhong Technology	Juizhong	Construction	290	New Lease

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SECTION	MAJOR TENANT	PING	COMPLETION DATE
CREM Building	Xihu	-	5,400	2024

Wendy Hsueh
Director
Valuation & Advisory Services | Research, Taiwan
6/F, 101 Song Ren Road, Xin Yi District,
Taipei 110, Taiwan
Tel: +886 2 8788 3288 / wendy.hj.hsueh@cushwake.com

cushmanwakefield.com

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MARKETBEAT

TAIPEI

Retail Q1 2022

	12- Mo. Forecast
11,100 Average Rent (NTD/PING/MO)	—
0.0% Rental Growth Rate (QOQ)	—
16.9% Vacancy Rate	—

Source:Cushman & Wakefield

TAIWAN ECONOMICS INDICATORS Q4 2021

	YoY Chg	12-Mo Forecast
+4.9% GDP Growth	▼	▲
+2.7% CPI Growth	▲	▲
+9.1% Cumulative Sales of General Merchandise	▲	N/A

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

Chinese New Year Aids Steady Retail Sales Growth

Retail revenues have gradually grown in 2022, benefitting from higher vaccine coverage levels and the Chinese New Year shopping festival. Retail sales at general merchandise stores for January increased by 9.1% y-o-y. Among the general merchandise sector, supermarket sales and wholesale store sales for January, boosted by the peak of the Chinese New Year shopping festival, rose with strong double-digit growth at 17.1% and 12.5% y-o-y, respectively. Department store and convenience store sales for January rose 6.6% and 5.9% y-o-y, respectively.

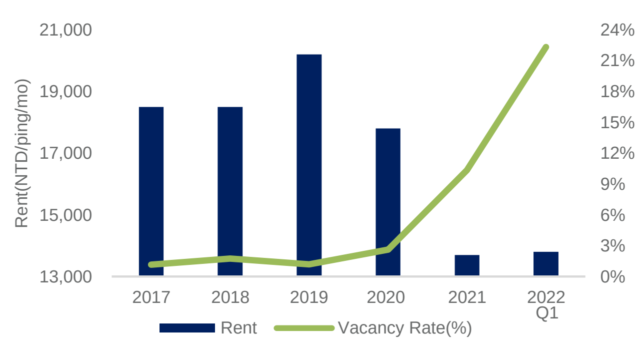
Post-Pandemic High-Street Reshaping

Vacancy rates in the major retail hubs in Q1 remained at around the same level as the previous quarter. Retail hubs are gradually reshaping, with the entrance of newcomers. Several clothing stores and cosmetics brands have now exited Zhongxiao hub, to be replaced by claw machine arcade games operators and drugstores. The Zhongxiao hub vacancy rate rose 1.9 percentage points to 16.9%. In the Zhongshan / Nanjing hub vacancy remained unchanged at 7.2%. Garment chain Aoyama Tailor exited the Taiwan market, with flash sales operators and F&B franchises now moving into the hub. In Ximen hub, retraction in the drugstore sector continued, although landlords have been able to attract small-unit stores by adopting space-sharing leasing strategies, with the vacancy rate dropping to 21.1%.

Demand for Produce and Daily Necessities Presents New Business Opportunities

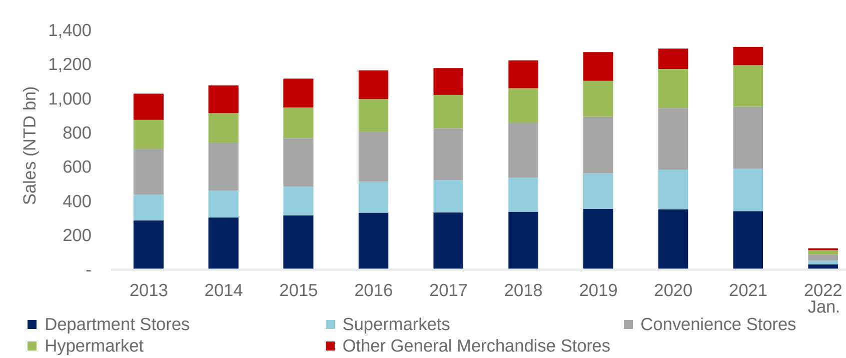
The impact of the pandemic has driven new demand for fresh and frozen produce and daily necessities, as more people have been predominantly staying and eating at home. In response, the Muji Miramar flagship store unveiled a 50-ping fresh produce court in January, a first for the brand. Familymart also opened FamiSuper, a 15-ping fresh and frozen produce store at Zhongxiao. Meanwhile, 7-ELEVEN announced its Open Now supermarket concept store to expand its fresh and frozen food offerings. We can see new business opportunities emerging in the food sector.

RENT / VACANCY RATE IN XIMEN



Source: Cushman & Wakefield Research

CUMULATIVE SALES OF GENERAL MERCHANDISE



Source: Cushman & Wakefield Research

MARKETBEAT
TAIPEI
Retail Q1 2022

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PRIMARY RETAIL VACANCY AND AVERAGE RENTS IN Q1 2022

RETAIL HUB	VACANCY RATE	RETAIL RANGE (NTD/ PING/ MO)	RENTAL RANGE (USD/SF/MO)	12- MONTH OUTLOOK
Zhongxiao	16.9%	8,000~14,000	7.9~13.8	▬
Zhongshan/Nanjing	7.2%	6,500~11,000	6.4~10.8	▬
Ximen	21.1%	10,000~15,000	9.9~14.8	▼

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 = 28.5281 NTD as of March 15, 2022

SIGNIFICANT OPENINGS IN Q1 2022

RETAIL HUB	LOCATION	TENENT	SIZE (Ping)
Zhongshan/Nanjing	Nanjing E. Rd.	Le Happiness Love	30
Ximen	Hanzhong St.	envie de neuf	20
Ximen	Kunming St.	Adidas	50
Zhongxiao	Sec. 4, Zhongxiao E. Rd.	Cosmed	50
Zhongxiao	Sec. 4, Zhongxiao E. Rd.	Taiwan Mobile	70*

*** The space is shared with Reformhaus*

SIGNIFICANT RETAIL PROJECTS - UNDER CONSTRUCTION/DECORATION

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

Wendy Hsueh
Director
Valuation & Advisory Services | Research,Taiwan
6/F, 101 Song Ren Road, Xin Yi District,
Taipei 110, Taiwan
+886 2 8788 3288 / wendy.hj.hsueh@cushwake.com

cushmanwakefield.com

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Capital Markets Q1 2022

	YoY Chg
33.5B YTD Investment Volume (NTD)	-27.8%
33.5B Q1 Investment Volume (NTD)	-27.8%
28 Q1 Deals	-26.3%

ECONOMIC INDICATORS
Q4 2021

	YoY Chg	12-Mo. Forecast
4.9% GDP growth (annualized)	▲	▲
2.7% CPI growth	▲	▲
2.4% Prime Leading Loan Rate	▬	N/A

Source: Ministry of the Interior, Moody's Analytics

First Taichung City Office Transaction to Exceed NT$10 Billion

Total consideration was at NT$33.5 billion in Q1, down 27.8% compared to last year's record high. The insurance industry accounted for 63.8% of the total transaction volume in Q1, at approximately NT$21.3 billion, reflecting the sector's optimism for the market outlook. Notable transactions included China Life Insurance's acquisitions of Fong Yi Global Strategy Center in Taichung City, and Ruentex Tower in Taipei City, for NT$12.1 billion and NT$3.2 billion, respectively. The former set a record as the highest volume single office transaction for Taichung City. Additionally, TransGlobe Life Insurance acquired three mixed-use assets, including the Ambassador Hotel Hsinchu, for NT$5.8 billion.

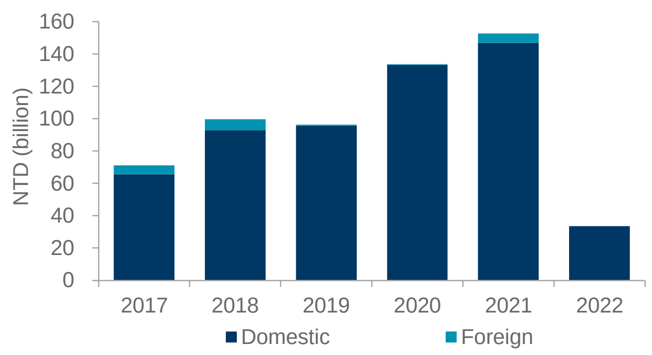
Land Transaction Volume Moderated in Q1

Total consideration in the land market in Q1 was at NT$45.5 billion, a sharp fall of 37.6% from the prior quarter, chiefly due to the off-season of Chinese New Year. Primary transactions were construction companies' and developers' take-up of residential land in northern Taiwan. Transaction highlights included Cathay Real Estate Development's NT$3.5 billion acquisition of residential land in Sanchong District, New Taipei City. Farglory Land Development purchased residential land in Beitou Distrist, Taipei City for NT$2.2 billion, while Highwealth Construction's subsidiary company Bi Jiang completed a NT$2.0 billion residential land acquisition in Taoyuan City. Nan Ya Plastics' acquisition of land in Zhangbin Industrial Park for NT$5.6 billion was the largest land transaction in the quarter, undertaken to expand production capacity.

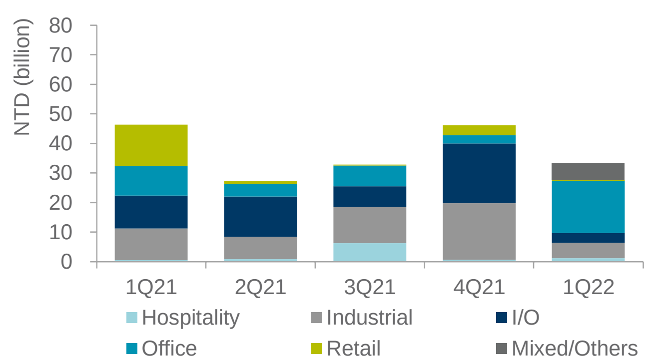
Central Bank Interest Rate Hike Will Limit Insurance Industry's Bidding Flexibility

Optimistically for capital markets, the insurance industry has been aggressively acquiring commercial real estate in the recent period, especially targeting assets with stable income in the core area. However, the Central Bank's announcement on March 17 that it will raise interest rates by a quarter-point will impact the insurance industry's purchase price flexibility for real estate. Nonetheless, interest rates are still relatively low historically. Consequently, we can expect funds to retain momentum and to continue to search for opportunities.

INVESTMENT VOLUME BY CAPITAL SOURCE



INVESTMENT VOLUME BY SECTOR



MARKETBEAT

TAIWAN

Capital Markets Q1 2022

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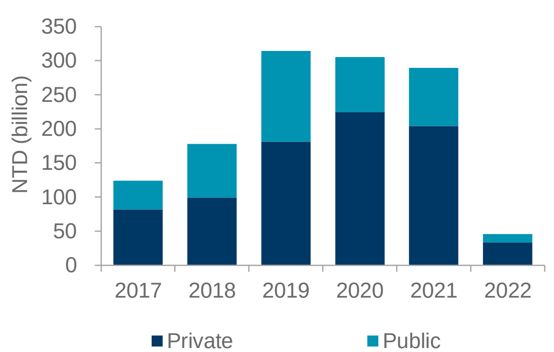
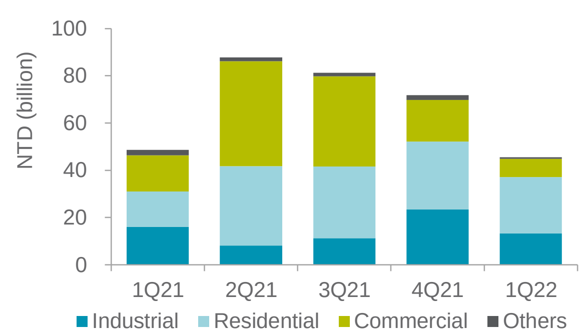
KEY SALE TRANSACTIONS

PROPERTY	LOCATION	SECTOR	PRICE (NTD BN)	VENDOR	PURCHASER	DEAL TYPE
Fong Yi Global Strategy Center	Xitun Dist., Taichung City	Office	12.1	Fong Yi Construction	China Life Insurance	Investment
Ambassador Hotel Hsinchu	East Dist., Hsinchu City	Mixed use	5.8	The Ambassador Hotel Hct Logistics	TransGlobe Life Insurance	Investment
Ruentex Tower	Daan Dist., Taipei City	Office	3.2	An Hong	China Life Insurance	Investment
Fu Ding Technology Building	Xizhi Dist., New Taipei City	I-O Building	1.4	Founding Construction Development	Voltronic Power	Self-use
Chateau de Chine Hotel Taoyuan	Taoyuan Dist., Taoyuan City	Hospitality	1.2	L'Hotel de Chine	Sharehope Medicine	Self-use

Land Transactions Volume by Supply Source



Land Transactions Volume by Land Use



Wendy Hsueh
Director, Valuation & Advisory Services | Research,Taiwan
+886 2 8788 3288/wendy.hj.hsueh@cushwake.com

Eagle Lai
Director
Head of Capital Markets, Taiwan
+886 2 8788 3288/eagle.yi.lai@cushwake.com

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