

12-Mo. Forecast

**2,650**  
Average Rent (NTD/PING/MO)

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

**4.0%**  
Vacancy Rate

Source: Cushman & Wakefield Research

### Overall Vacancy Rate Rises Slightly but Remains at Low Level

The office market's overall vacancy rate rose slightly at 0.2 percentage points q-o-q to reach 4.0% in Q1. Among the submarkets, Nanjing/Songjiang, Western and Dunnan rose 1.4, 1.2 and 0.2 percentage points respectively, while Dunbei/Minsheng and Xinyi dropped 0.1 percentage points each. The overall vacancy rate in the quarter remained low, with variation emerging among the submarkets.

### Average Rental Level Remains Stable, Although Xinyi Submarket Sees Substantial Rise

With insufficient market supply in the short-term, the average Grade A office rental level rose slightly at 0.4% in Q1 to record NT\$2,650 per ping per month. Xinyi submarket led the way with a rental level of NT\$3,300 per ping per month, followed by Dunnan at NT\$2,420 perping per month. Rents in Xinyi submarket have continued to climb, demonstrating an annual growth rate of 2.5% compared to the same period last year, from NT\$3,220 per ping per month. This is the steepest increase among all submarkets, indicating that the prime office area still holds considerable appeal for businesses.

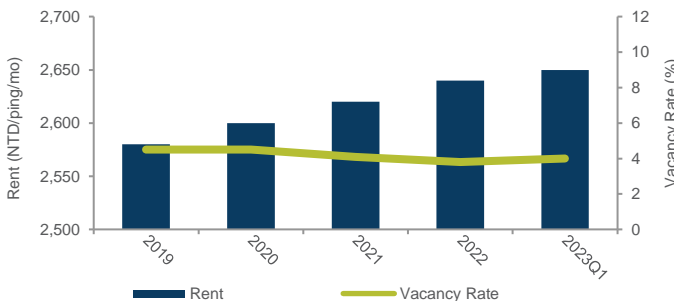
### Adjustments to Leased Spaces Due to Economic Environment Changes

As a result of recent changes in the economic environment, tenants have gradually started to plan for adjustments to their leased office spaces. Some small and medium-sized enterprises together with international branch offices have begun to downsize their office spaces, while large enterprises are exploring possible office layout changes. This adjustment in office spaces, coupled with ongoing completion of multiple new significant projects, is anticipated to raise the long-term minimal vacancy rate back to a more healthy market level.

### TAIWAN ECONOMIC INDICATORS Q4 2022

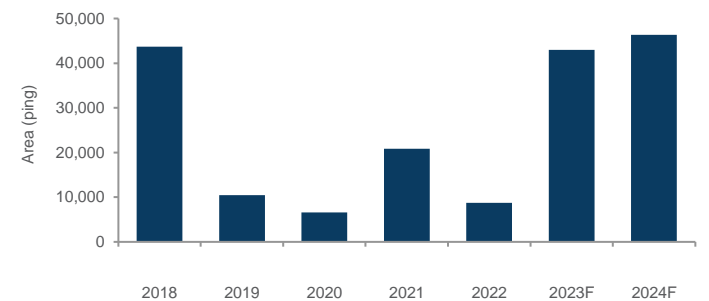
	Q3 2022	12-Mo. Forecast
<b>-0.4%</b> GDP Growth	<b>3.6%</b>	▲
<b>0.6%</b> Service Sector GDP Growth	<b>4.2%</b>	N/A
<b>2.6%</b> CPI Growth	<b>2.9%</b>	▼
<b>3.5%</b> Unemployment Rate (December)	<b>3.6%</b>	N/A

### RENT & VACANCY RATE



Source: Cushman & Wakefield Research

### SUPPLY PIPELINE



Source: Cushman & Wakefield Research

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

SUBMARKET	INVENTORY (PING)	VACANCY RATE	UNDER CONSTRUCTION (PING)	NTD/PING/MO	GRADE A RENT	
					US\$/SF/MO	EUR/SF/MO
Western	46,800	7.6%	19,900	2,250	US\$2.05	€ 1.93
Nanjing/Songjiang	41,200	1.4%	0	2,150	US\$1.96	€ 1.85
Dunbei/Minsheng	232,400	6.6%	12,900	2,370	US\$2.16	€ 2.04
Dunnan	95,100	1.3%	13,700	2,420	US\$2.20	€ 2.08
Xinyi	343,800	2.7%	43,000	3,300	US\$3.00	€ 2.84
Taipei City	759,300	4.0%	89,500	2,650	US\$2.41	€ 2.28

1 USD = 30.8679 TWD; 1 EUR = 32.6996 TWD as of March 10, 2023

### KEY LEASING TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	TENANT	PING	LEASE TYPE
Farglory Financial Center	Xinyi	TXOne Networks	640	New Lease
CEC Dunnan Building	Dunnan	Symphox Information	400	Relocation & Consolidation
Taipei Century Plaza	Xinyi	AnyMind Group	220	New Lease

### SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	PING	COMPLETION DATE
A25 Fubon	Xinyi	Fubon Group	31,100	2023
Huang Hsiang Taiwan Motor North Station Building	Western	-	12,000	2023
SCSB Headquarters	Western	Shanghai Commercial & Savings Bank	7,900	2024
Farglory Dome	Xinyi	-	11,900	2024
Cathay Huanyu Building	Dunbei/Minsheng	-	12,900	2024
Yuanta Bank Headquarters	Dunnan	Yuanta Bank	13,700	2024

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#### About Cushman & Wakefield

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XIHU SECTION

12-Mo. Forecast

**1,535**  
Average Rent (NTD/PING/MO)

**0.0%**  
Rent Growth Rate (QOQ)

**3.0%**  
Vacancy Rate

Source: Cushman & Wakefield Research

TAIWAN ECONOMIC INDICATORS  
Q4 2022

**-0.4%**  
GDP Growth

Q3 2022: **3.6%** ▲  
12-Mo. Forecast

**-4.0%**  
Secondary Sector Growth

Q3 2022: **3.0%** ▲  
12-Mo. Forecast: **N/A**

**2.6%**  
CPI Growth

Q3 2022: **2.9%** ▼  
12-Mo. Forecast

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

### Cooler Leasing Demand in NHTP, Vacancy Rises Slightly

The vacancy rate in Xihu Section remained at 3.0% in Q1, with no significant leasing changes. In Wende Section, the vacancy rate was stable at 5.5%, with some technology tenants surrendering leases, hence releasing around 240 pings of space into market, while an auto service and repair business took 250 pings of space at Golden Plaza. In Juizong Section, vacancy rose 0.7 percentage points q-o-q to record 13.6%, primarily due to some technology tenants exiting from the Solomon Technology Corp. Building, Farglory Swiss Trading Center, and the Wei Mon Industry Building, together releasing approximately 790 pings of space.

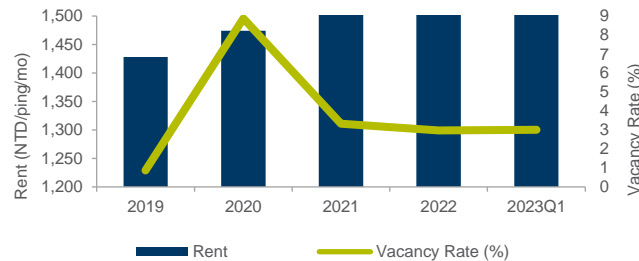
### Rental Levels Constant, Capital Values Remain Supported

Rental levels remained constant in Q1. The average rent at Xihu Section was at NT\$1,535 per ping per month. Average rent in Wende Section was at NT\$1,100 per ping per month, and in Juizong Section was at NT\$995 per ping per month. Capital values in each Section also remained constant in the quarter. Xihu was at NT\$610,000-760,000 per ping, with Wende at NT\$470,000-550,000, and Juizong at NT\$440,000-530,000. A major transaction at NHTP was the acquisition by Topco Scientific of the under-construction CREM Building project for NT\$5.35 billion, equivalent to an average unit price of NT\$836,000 per ping. However, the transaction did not exceed the price record set by China Life's acquisition of the ECS building last year, which was at NT\$860,000 per ping.

### Buyers Turn More Cautious, Leasing Demand Slows

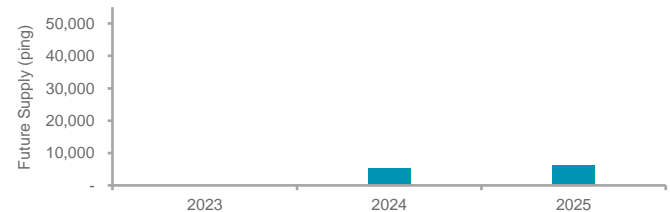
Investment and self-use buyers were more conservative in their bidding in Q1, adopting a wait-and-see approach to the market. Sellers' asking prices remain unchanged, and the price expectations gap between buyers and sellers is reducing transaction numbers. The NHTP occupancy rate has generally slowed somewhat, and the outlook for the I/O leasing market is now sluggish, with the rental level expected to remain stable.

#### RENT & VACANCY RATE (XIHU SECTION)



Source: Cushman & Wakefield Research

#### FUTURE SUPPLY



Source: Cushman & Wakefield Research

SECTION	VACANCY RATE	UNDER CONSTRUCTION (PING)	I/O RENT		
			NTD/PING/MO	USD/SF/MO	EUR/SF/MO
Xihu	3.0%	-	1,535	US\$1.40	€ 1.32
Wende	5.5%	-	1,100	US\$1.00	€ 0.95
Jiuzong	13.6%	-	995	US\$0.91	€ 0.86

1 USD = 30.8679TWD; 1 EUR= 32.6996TWD as of Mar. 10, 2023

### KEY LEASING TRANSACTIONS Q1 2023

PROPERTY	SECTION	TENANT INDUSTRIAL CLASSIFICATION	PING	LEASE TYPE
Wallstreet Technology Headquarters	Xihu	Retail	130	New Lease
Golden Plaza	Wende	Maintenance and Repair of Motor Vehicles	250	Expantion

### SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SECTION	MAJOR TENANT	PING	COMPLETION DATE
CREM Building	Xihu	-	5,400	2024
Hong Pu International Trade Building 2.0	Jiuzong	-	6,200	2025

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12- Mo. Forecast

**10,600**  
Average Rent (NTD/PING/MO)

**1.2%**  
Rental Growth Rate (QOQ)

**11.8%**  
Vacancy Rate

Source: Cushman & Wakefield

## Retail Market Performance Continues to Improve

The retail industry experienced a boost in sales in Q1 thanks to the Lunar New Year and 228 long weekend, combined with the return of tourists. Data for January to February 2023 indicate that retail sales in general merchandise stores increased by 10.4% y-o-y. Department stores saw a 16.9% y-o-y rise in sales due to greater shopper numbers, while convenience stores saw an 8.7% y-o-y lift. In supermarkets and hypermarkets, sales edged up 0.3% and 0.2% y-o-y, respectively. Other retail sectors reported a 40.7% jump in sales compared to the same period last year, as business at duty-free shops boomed with the expansion of inbound and outbound tourist numbers following the lifting of travel restrictions.

## Tourist Revival Drives Store Openings in Ximen Core Area

Taiwan has seen a significant increase in tourists since border restrictions were lifted, injecting new energy into its commercial districts. The Ximen business district has been particularly boosted by the return of tourists, with many souvenir shops and Korean selfie photo booths opening in prime locations. The Ximen vacancy rate dropped by 4.3 percentage points in Q1 to 14.3%. With the introduction of new tenants and the departure of old ones in the Zhongxiao business district, the vacancy rate rose by 1.7 points this quarter to 13.8%. The Zhongshan-Nanjing business district has a stable local customer base, and there have been no significant changes in storefronts, resulting in a vacancy rate of 3.95% in the quarter, unchanged from the previous quarter.

## New Miniature Business Model Emerging in Post-Pandemic Business Districts

Following the rapid growth of claw machine stores and mini KTVs in the past few years, Korean selfie photo booths have now quickly emerged in commercial districts, and notably in Ximen, where the number of booths is approaching that of claw machine stores. The low cost, low consumption, flexible operation, and high footfall rates of the booth businesses have contributed to the revival of commercial districts. As a result of this business model, landlords are able to seek more stable and quality tenants for their space in the currently recovering market.

## TAIWAN ECONOMICS INDICATORS Q4 2022

**-0.4%**  
GDP Growth

YoY Chg: ▼ 12-Mo Forecast: ▲

**2.6%**  
CPI Growth

YoY Chg: ▼ 12-Mo Forecast: ▼

**10.4%**  
Cumulative Sales of General Merchandise

YoY Chg: ▲ 12-Mo Forecast: N/A

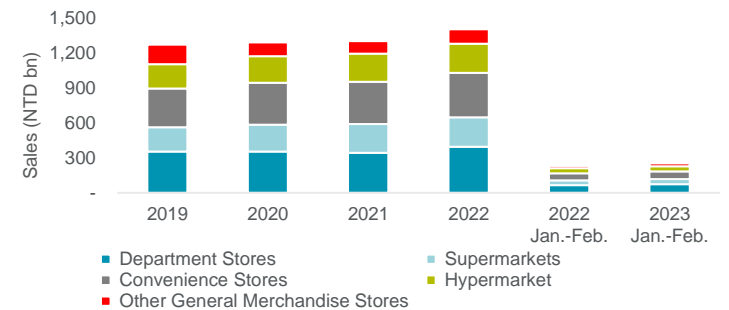
Source: Directorate-General of Budget, Accounting and Statistics, Moody's Analytics

## RENT / VACANCY RATE IN XIMEN



Source: Cushman & Wakefield Research

## CUMULATIVE SALES OF GENERAL MERCHANDISE



Source: Directorate-General of Budget, Accounting and Statistics

## PRIMARY RETAIL VACANCY AND AVERAGE RENTS IN Q1 2023

RETAIL HUB	VACANCY RATE	RETAIL RANGE (NTD/PING/ MO)	RENTAL RANGE (USD/SF/MO)	12- MONTH OUTLOOK
Zhongxiao	13.8%	8,000~11,000	7.3~10.0	■
Zhongshan/Nanjing	3.9%	7,000~11,000	6.4~10.0	■
Ximen	14.3%	9,000~14,000	8.2~12.7	▲

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 = 30.8679 NTD as of March 10, 2023

## SIGNIFICANT OPENINGS IN Q1 2023

RETAIL HUB	LOCATION	TENANT	SIZE (Ping)
Zhongshan/Nanjing	Nanjing W. Rd.	I-PRIMO	85
Ximen	Hanzhong St.	Kr4Cut Korean Photo Booth	10
Ximen	Sec. 2, Wuchang St.	Cut Cut Korean Photo Booth	30
Zhongxiao	Sec. 4, Zhongxiao E. Rd.	JINS	50

## SIGNIFICANT RETAIL PROJECTS - UNDER CONSTRUCTION/DECORATION

PROJECT	LOCATION	EXPECTED COMPLETION	GFA (Ping)
Diamond Towers	Da'an District, Taipei City	2023	4,300
Yulong Town	Xindian District, New Taipei City	2023	43,600
Mitsui Shopping Park LaLaport (Nangang)	Nangang District, Taipei City	2024	61,900
Far Eastern SOGO CITY	Xinyi District, Taipei City	2024	42,000

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Associate Director

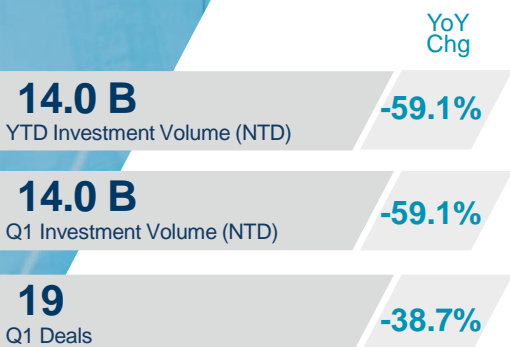
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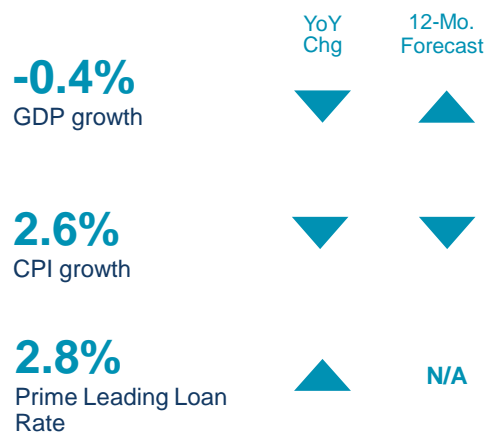
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## Capital Markets Q1 2023



### ECONOMIC INDICATORS Q4 2022



### Investment Market Cools, Self-Use Buyers Dominate

Total transaction volume in Q1 2023 was at NT\$14.00 billion, a significant drop of 59.1% y-o-y, and the lowest quarterly transaction volume recorded since 2019. The largest transaction in the quarter was the pre-sale CREM Building in Neihu District purchased by Topco Scientific for NT\$5.35 billion. The deal represented 38.2% of the total quarterly transaction volume. The second placed transaction was the purchase by International Games System of a factory in Wugu District for NT\$1.83 billion. Transaction activity in Q1 was focused on factories, offices, and I/O buildings, accounting for 92.52% of the total transaction volume for the quarter, with self-use buyers dominating.

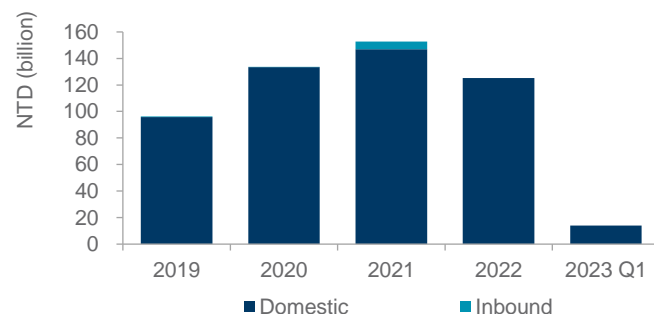
### Land Transaction Volume Drops to Nearly 10-Year Low, Buyers Seeking Attractive Assets

Land transaction volume in Q1 fell sharply compared to the previous quarter, and with the impact of the Lunar New Year holiday season, total land transaction volume was at just NT\$16.3 billion, the third lowest volume in nearly a decade. The most valuable transaction in the quarter was concluded by Dacin Construction Co., which purchased a land parcel of approximately 650 pings in a prime location in Taipei City for NT\$2.6 billion. Following closely behind was Pou Chen Group's sale of an industrial land plot in the Dayuan district of Taoyuan City for NT\$2.4 billion. Meanwhile, a church building on Jilin Road in Taipei City, slated as urban renewal development land, attracted bids from as many as nine investment groups. Despite the continued sluggishness in land market transactions, land prices and demand in the core urban areas remain unaffected.

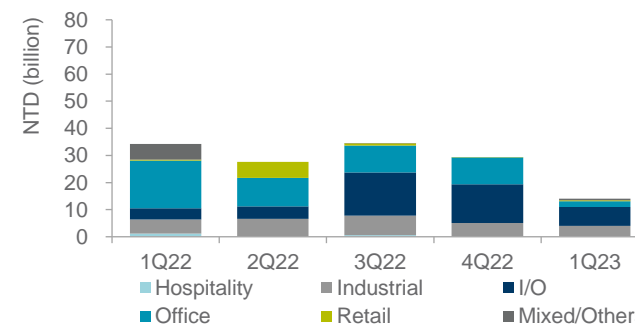
### Market Transaction Activity Drops as Prices Remain Tight

As we move further into 2023, the overall market environment and international economic situation remain challenging, and the interest rate cycle is still ongoing. However, investment market funds have not been completely cut off. In the commercial real estate investment market, most transactions are predominantly for self-use, while in the land transaction market, buyers are becoming increasingly cautious in their selection of targets as prices remain tight.

### INVESTMENT VOLUME BY CAPITAL SOURCE



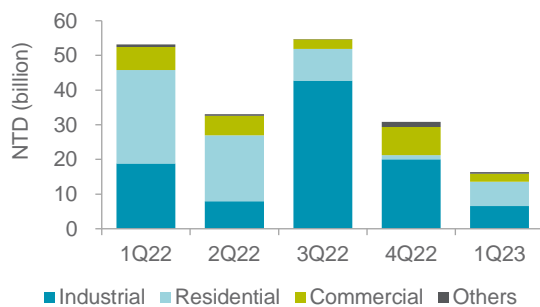
### INVESTMENT VOLUME BY SECTOR



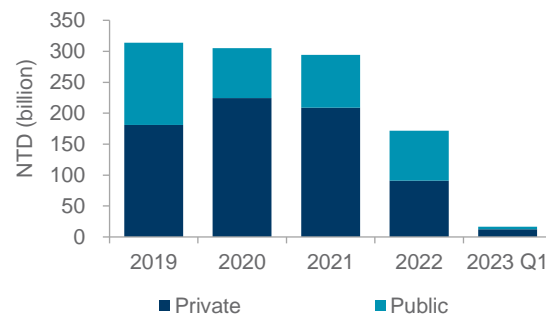
### KEY SALE TRANSACTIONS

PROPERTY	LOCATION	SECTOR	PRICE (NTD BN)	VENDOR	PURCHASER	DEAL TYPE
CREM Building	Neihu Dist., Taipei City	I/O Building	5.35	CREM & Personal	Topco Scientific	Self-use
Factory in Wugu Dist., New Taipei City	Wugu Dist., New Taipei City	Industrial	1.83	Taipei fats&food Chemical Factory	International Games System	Self-use
Yulon Building	Da'an Dist., Taipei City	Office	0.88	Yulon Motor	Yulon Finance	Self-use
Factory in Guiren Dist., Tainan City	Guiren Dist., Tainan City	Industrial	0.75	Kerry TJ Logistics	Xxentria Technology Materials	Self-use
Office Building in Songshan Dist., Taipei City (ori. Capital Hotel)	Songshan Dist., Taipei City	Office	0.74	Jiateng Development	First Steamship	Self-use

### Land Transactions Volume by Supply Source



### Land Transactions Volume by Land Use



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