MARKETBEAT

TAIPEI

Office Q3 2023

	12-Mo. Forecast
2,670 Average Rent (NTD/PING/MO)	—
0.2% Rental Growth Rate (QOQ)	—
4.0% Vacancy Rate	▲

Source: Cushman & Wakefield Research

TAIWAN ECONOMIC INDICATORS Q2 2023

	Q1 2023	12-Mo. Forecast
1.4% GDP Growth	-3.3%	▲
5.9% Service Sector GDP Growth	0.9%	N/A
2.0% CPI Growth	2.6%	▼
3.5% Unemployment Rate (June)	3.6%	N/A

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

Vacancy Rates Maintained, Scheduled New Supply Ahead

Short-term office availability remained limited in Q3, with no new building completions in the quarter and some landlords temporarily reducing numbers of rentable units through space integration. The overall Grade A office vacancy rate dropped slightly at 0.4 percentage points q-o-q to record 4.0%. Among submarkets, Western experienced the most significant decline, dropping by 3.7 percentage points, followed by a 0.3 percentage point fall in Nanjing/Songjiang. Ahead, anticipated new Grade A office completions, including Fubon A25 and the Huang Hsiang Taiwan Motor North Station Building in Q4 2023, are expected to alleviate the supply shortage, gradually restoring market equilibrium.

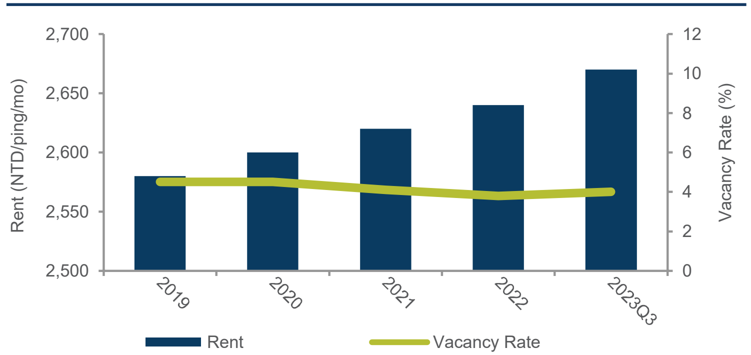
Premium Office Building Rents Continue to Rise

In the face of the ongoing market supply shortage, rents for premium office buildings continue to climb. The overall average Grade A office rental level rose slightly at 0.2% in Q3 to record NT$2,670 per ping per month. Xinyi submarket led the way with a rental level of NT$3,320 per ping per month, followed by Dunnan submarket at NT$2,420 per ping per month.

Return to Office: Vital Importance of Location and Functionality

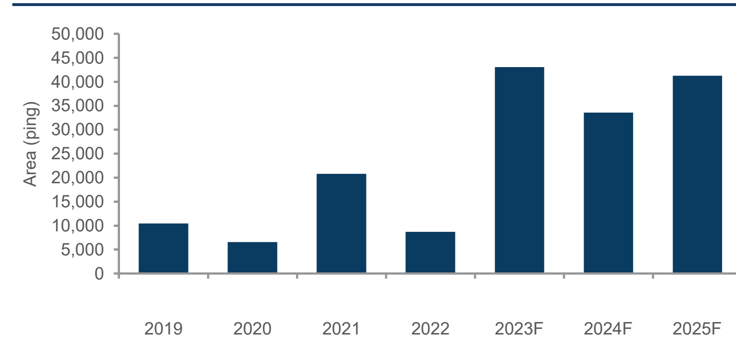
In the post-pandemic era, corporations are urging employees to return to the office, despite many still favoring remote work. With a focus on talent retention and strengthening recruitment initiatives, companies are prioritizing physical office locations with an emphasis on public transportation, commuter hubs, and sufficient parking spaces — all factors that effectively reduce the costs of commuting. Additionally, there is a concerted effort to create spaces that strike a balance between openness and privacy, bridging the gap between physical and remote work. Grade A office properties equipped with these features are expected to demonstrate enhanced resilience against the wave of new office supply currently scheduled from Q4 2023 through to the coming four years.

RENT & VACANCY RATE



Source: Cushman & Wakefield Research

SUPPLY PIPELINE



Source: Cushman & Wakefield Research

SUBMARKET	INVENTORY (PING)	VACANCY RATE	UNDER CONSTRUCTION (PING)	GRADE A RENT		
				NTD/PING/MO	US$/SF/MO	EUR/SF/MO
Western	46,800	5.2%	19,900	2,250	US$1.98	€ 1.85
Nanjing/Songjiang	41,200	1.4%	0	2,150	US$1.89	€ 1.77
Dunbei/Minsheng	232,400	6.7%	41,300	2,390	US$2.10	€ 1.97
Dunnan	95,100	2.1%	13,700	2,420	US$2.13	€ 1.99
Xinyi	343,800	2.9%	43,000	3,320	US$2.92	€ 2.74
Taipei City	759,300	4.0%	117,900	2,670	US$2.35	€ 2.20

1 USD = 31.9750 TWD; 1 EUR = 34.1042 TWD as of September 18, 2023

KEY LEASING TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	TENANT	PING	LEASE TYPE
Taipei Century Plaza	Xinyi	Cathay United Bank	340	Expansion

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	PING	COMPLETION DATE
Fubon A25	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
Yuanta Bank Headquarters	Dunnan	Yuanta Bank	13,700	2024
Kindom Songshan Minquan Building	Dunbei/Minsheng	-	9,800	2025
Cathay Huanyu Building	Dunbei/Minsheng	-	12,900	2025
TransGlobe Life Taipei Headquarters	Dunbei/Minsheng	TransGlobe Life	18,600	2025

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About Cushman & Wakefield

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MARKETBEAT

TAIPEI

Industrial-Office Q3 2023

XIHU SECTION	12-Mo. Forecast
1,540 Average Rent (NTD/PING/MO)	—
0.1% Rent Growth Rate (QOQ)	—
2.9% Vacancy Rate	—

Source: Cushman & Wakefield Research

TAIWAN ECONOMIC INDICATORS Q2 2023

	Q1 2023	12-Mo. Forecast
1.4% GDP Growth	-3.3 %	▲
-9.2 % Secondary Sector Growth	-11.4 %	N/A
2.0% CPI Growth	2.6 %	▼

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

Xihu Section Vacancy Rate Resumes Downward Trend

The vacancy rate in Xihu Section dropped by 0.5 percentage points q-o-q in Q3 to record 2.9%. The fall was primarily attributed to expansion in the IT software industry at the Asia Leadership No.1 property, occupying approximately 890 pings. A second IT software industry lease at Honhui Sparkle Square was of approximately 420 pings. In Wende Section, vacancy increased by 0.5 percentage points in the quarter, reaching 6.3%. In Jiuzong Section, the vacancy rate dropped by 1 percentage point due to continued absorption at Golden Silicon Valley No.9 Commerce square and Farglory Swiss Trading Center, resulting in a vacancy rate of 11.9%.

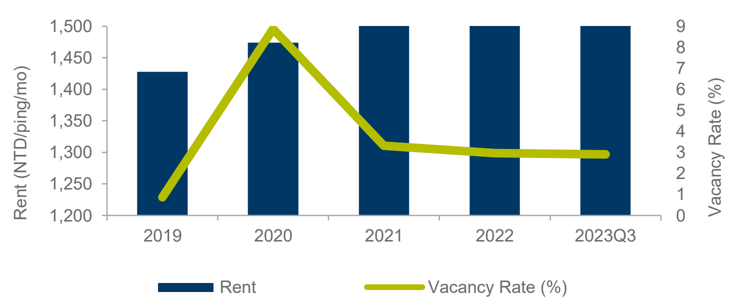
Rental Levels and Capital Values Rise Slightly

Rental levels saw a slight increase q-o-q in Q3. The average rent in Xihu Section was at NT$1,540 per ping per month. Average rent in Wende Section was at NT$1,100 per ping per month, and in Jiuzong Section was at NT$1,000 per ping per month. Capital values in each Section also experienced a slight uptick in the quarter. Xihu was at NT$620,000-760,000 per ping, with Wende at NT$470,000-550,000, and Jiuzong at NT$440,000-530,000. There were no significant market transactions concluded in the quarter.

Lack of New Supply, Expansion Demand Prevails

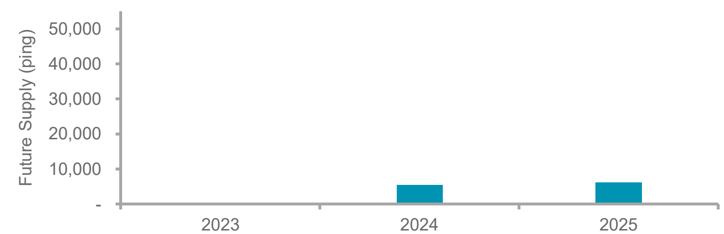
In the short term, both Xihu and Wende Sections lack new supply, leaving expansion demand unmet. Vacancy rates are expected to remain low with rental trends also remaining stable. Conversely, in Jiuzong section, supply continues to expand and there is still relatively higher pressure on absorption, although rental levels are also expected to remain flat.

RENT & VACANCY RATE (XIHU SECTION)



Source: Cushman & Wakefield Research

FUTURE SUPPLY



Source: Cushman & Wakefield Research

MARKETBEAT

TAIPEI

Industrial-Office Q3 2023

SECTION	VACANCY RATE	UNDER CONSTRUCTION (PING)	I/O RENT		
			NTD/PING/MO	USD/SF/MO	EUR/SF/MO
Xihu	2.9%	5,400	1,540	US$1.35	€ 1.27
Wende	6.3%	-	1,100	US$0.97	€ 0.91
Jiuzong	11.9%	6,200	1,000	US$0.88	€ 0.82

1 USD = 31.9750TWD; 1 EUR= 34.1042TWD as of Sep. 18, 2023

KEY LEASING TRANSACTIONS Q3 2023

PROPERTY	SECTION	TENANT INDUSTRIAL CLASSIFICATION	PING	LEASE TYPE
Asia Leadership No.1	Xihu	IT Software	890	Expansion
Honhui Sparkle Square	Xihu	IT Software	420	New Lease
Xing Yang Technology Headquarters	Wende	Fashion Industry	230	Expansion
Golden Silicon Valley No.9 Commerce square	Jiuzong	Retail	130	Expansion
Farglory Swiss Trading Center	Jiuzong	Retail	160	Expansion

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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MARKETBEAT

TAIPEI

Retail Q3 2023

12- Mo. Forecast

10,900
Average Rent (NTD/PING/MO)

0.9%
Rental Growth Rate (QOQ)

8.8%
Vacancy Rate

Source:Cushman & Wakefield

TAIWAN ECONOMICS INDICATORS Q2 2023

	YoY Chg	12-Mo Forecast
1.4% GDP Growth		
2.0% CPI Growth		
10.9% Cumulative Sales of General Merchandise		N/A

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

Retail Consumption Momentum Continues to Rise

Retail sales revenues at general merchandise stores grew by 10.9% y-o-y in the January to August 2023 period. Consumer spending and the return of foreign tourists boosted department store sales by 19.6% y-o-y. The summer holiday season also helped convenience store sales grow by 8.7% y-o-y. However, supermarkets and hypermarkets experienced sales declines of 0.1% and 1.9%, respectively. In other retail sectors, sales grew notably at 43.2%, boosted by cross-border tourism.

Ximen Retail Hub Continues Recovery, Sets New Rental Yield Benchmark

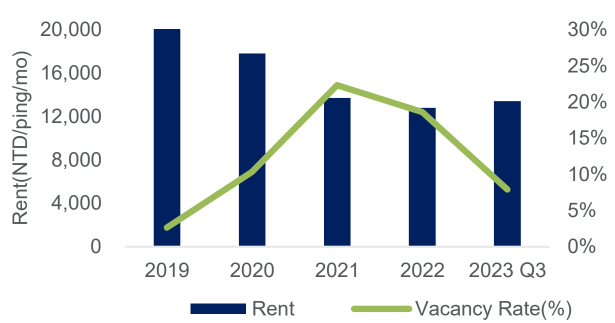
Retail activity in the Zhongxiao commercial district in Q3 was predominantly existing store relocations, such as the Japanese jewelry store Agete, which moved to a prominent location. Zhongxiao recorded a slight fall in vacancy to 13.5%. The Zhongshan commercial district remained stable with a consistent vacancy rate, benefiting from the opening of popular stores nearby and with the linear park attracting crowds. Ximen district has continued to see a reduction in vacant storefronts, with the vacancy rate dropping to 7.9%.

Co-operative Assets Management Co., Ltd. acquired the former Chengdu Star Fruits Ice Ximen location in November 2022. The property, acquired through a foreclosure auction for NT$85.02 million, is now being rented to a souvenir shop operator at NT$250,000 per month, based on the latest price registration data. With a rental yield of approximately 3.5%, this property sets an investment benchmark for Taipei's primary commercial district property market, reflecting the post-pandemic recovery and rising interest rates.

Yulon City Grand Opening Demonstrates Rise of the Urban Peripheral Shopping Mall

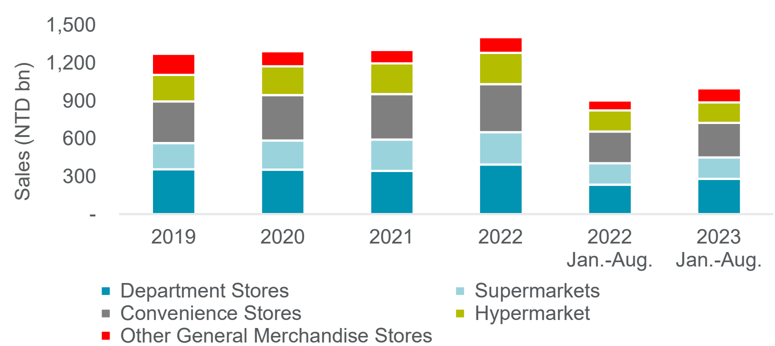
As the city center expands, the outskirts become increasingly attractive locations for commercial establishments. This quarter saw the grand opening of Yulon City, a huge retail space covering 33,000 pings over eight above-ground floors and three basement levels. The mall has introduced prominent brands such as Eslite Spectrum, Showtime Cinemas, and other lifestyle retailers. The Eslite Spectrum Xindian store within the mall is the largest of its kind in Asia, occupying four above-ground floors and one basement level, with a total area of approximately 19,000 pings. The Yulon City opening marks the entry of a major commercial complex in the Xindian area, primarily serving residents of the Xindian, Zhonghe, and Wenshan districts.

RENT / VACANCY RATE IN XIMEN



Source: Cushman & Wakefield Research

CUMULATIVE SALES OF GENERAL MERCHANDISE



Source: Directorate-General of Budget, Accounting and Statistics

MARKETBEAT

TAIPEI

Retail Q3 2023

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PRIMARY RETAIL VACANCY AND AVERAGE RENTS IN Q3 2023

RETAIL HUB	VACANCY RATE	RETAIL RANGE (NTD/ PING/ MO)	RENTAL RANGE (USD/SF/MO)	12- MONTH OUTLOOK
Zhongxiao	13.5%	8,000~11,000	7.0~9.7	▬
Zhongshan/Nanjing	5.3%	7,000~11,000	6.2~9.7	▬
Ximen	7.9%	9,000~14,000	7.9~12.3	▲

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 = 31.9750 NTD as of September 18, 2023

SIGNIFICANT OPENINGS IN Q3 2023

RETAIL HUB	LOCATION	TENENT	SIZE (Ping)
Zhongshan/Nanjing	Ln. 8, Chifeng St.	HIKINIKU TO COME	25
Ximen	Sec. 2, Wuchang St.	Sugar & Spice	30
Ximen	Sec. 2, Wuchang St.	Matsuya Foods	35
Ximen	Chengdu Rd.	Yannick	30
Zhongxiao	Sec. 4, Zhongxiao E. Rd.	2nd STREET	30
Zhongxiao	Sec. 4, Zhongxiao E. Rd.	Pin-Du Skewer	55

SIGNIFICANT RETAIL PROJECTS - UNDER CONSTRUCTION/DECORATION

PROJECT	LOCATION	EXPECTED COMPLETION	GFA (Ping)
Diamond Towers	Da'an District, Taipei City	2023	4,300
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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MARKETBEAT

TAIWAN

Capital Markets Q3 2023

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	YoY Chg
82.0 B YTD Investment Volume (NTD)	-34.5%
15.8 B Q3 Investment Volume (NTD)	-54.4%
30 Q3 Deals	-3.2%

ECONOMIC INDICATORS Q2 2023

	YoY Chg	12-Mo. Forecast
1.4% GDP growth	▼	▲
2.0% CPI growth	▼	▼
3.1% Prime Leading Loan Rate	▲	N/A

Source: Ministry of the Interior, Moody's Analytics

Quiet Investment Market in Q3 Sustained by Self-Use Buyers

Total investment market transaction volume in Q3 reached NT$15.76 billion, a significant drop of 69.8% compared to the previous quarter. Without the boost from REIT liquidations, the investment market has returned to a state of quiet. Just three transaction prices exceeded NT$1 billion. The highest value transaction involved Pegavision purchasing an I/O building in Taoyuan for NT$3.04 billion. The second-largest transaction was by ASE Holdings, which acquired the K27 factory building in Kaohsiung for NT$1.67 billion. The third was by Sushi Express Group, purchasing a factory in Taoyuan for NT$1.33 billion. Transactions in the quarter were predominantly driven by self-use buyers, with the top five deals all involving I/O buildings or factory buildings, accounting for 84.6% of the total transaction volume, totaling NT$13.33 billion.

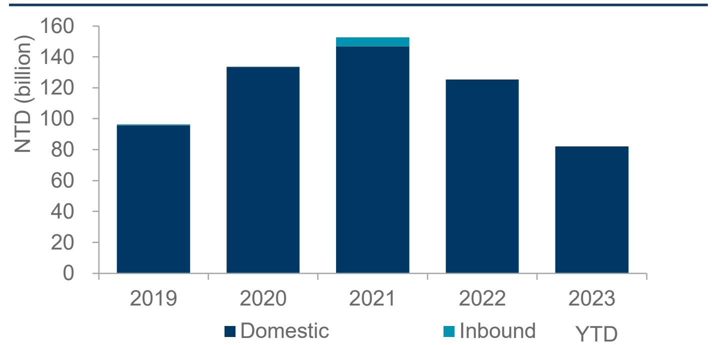
Land Transactions Show Improvement, but Market's Chill Continues

The land transaction market displayed an improvement in Q3 compared to the persistently sluggish situation from last year to the first half of this year. Transaction value for the quarter jumped 69.7% from Q2 to reach NT$38.22 billion, representing an increase of 15.6% from the same period last year. The biggest transaction in the quarter was by Hung Sheng Construction and Ruicheng Construction for NT$4.79 billion, acquiring land in the commercial district of Beitou, Taipei. The second-largest transaction was by Fu Yu Construction, which acquired residential land in Beitun District, Taichung City, for NT$4.0 billion. Additionally, despite the recent inactivity of life insurance companies in the market, Cathay Life Insurance secured the third-largest land transaction in the quarter with a 3,000-ping purchase in Zhongli District, Taoyuan City, for NT$2.0 billion, with plans for future development as a mixed-use commercial building.

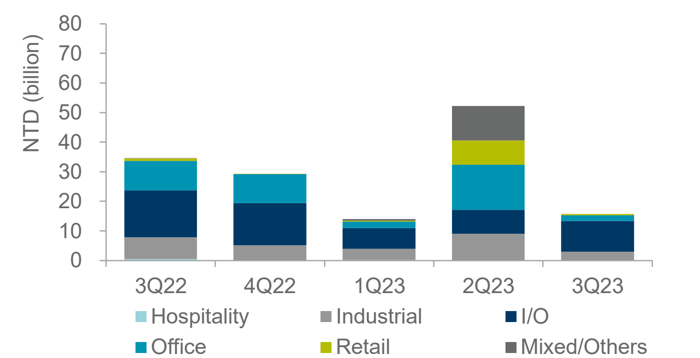
Overall Investment Market Subdued, Transactions Hard to Find on All Fronts

Over the first three quarters, housing market regulations have led to reduced transactions as both investors and self-use buyers exercise caution. As we enter the final quarter of the year, the overall investment market remains subdued. Full-year total transaction values for land and commercial real estate may hit a five-year low to at less than NT$100 billion.

INVESTMENT VOLUME BY CAPITAL SOURCE



INVESTMENT VOLUME BY SECTOR



MARKETBEAT

TAIWAN

Capital Markets Q3 2023

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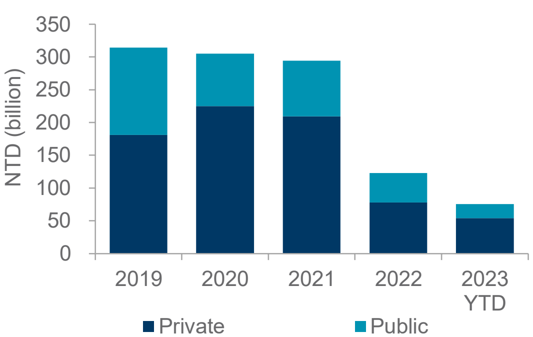
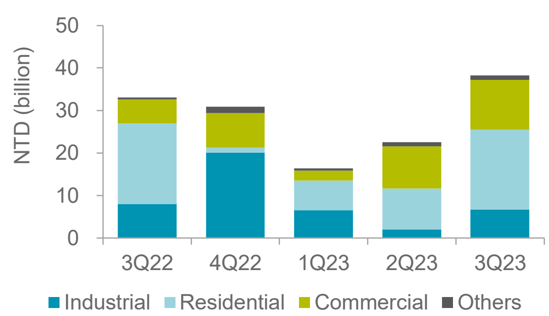
KEY SALE TRANSACTIONS

PROPERTY	LOCATION	SECTOR	PRICE (NTD BN)	VENDOR	PURCHASER	DEAL TYPE
I/O Building in Guishan Dist., Taoyuan City	Guishan Dist., Taoyuan City	I/O Building	3.04	Pegatron	Pegavision	Self-used
K27 Factory	Dashe Dist., Kaohsiung City	Industrial	1.67	ASE Group	ASE Holdings	Self-used
Factory in Taoyuan Dist., Taoyuan City	Taoyuan Dist., Taoyuan City	Industrial	1.33	Universal Textile	Sushi Express Group	Self-used
I/O Building in Zhubei City, Hsinchu County	Zhubei City, Hsinchu County	I/O Building	0.94	Winsome Development	Forcelead Technology	Self-used
Huaku National Land	Xinzhuang Dist., New Taipei City	I/O Building	0.64	Huaku Development	Caswell	Self-used

Land Transactions Volume by Supply Source



Land Transactions Volume by Land Use



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