MARKETBEAT

TAIPEI

Office Q1 2024

	12-Mo. Forecast
2,730 Average Rent (NTD/PING/MO)	
0.7% Rental Growth Rate (QOQ)	
5.4% Vacancy Rate	

Source: Cushman & Wakefield Research

TAIWAN ECONOMIC INDICATORS Q4 2023

	Q3 2023	12-Mo. Forecast
4.9% GDP Growth	2.2%	
6.5% Service Sector GDP Growth	5.1%	N/A
2.9% CPI Growth	2.5%	
3.3% Unemployment Rate (December)	3.5%	N/A

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

Quarterly Net Absorption Peaks at 5,700 Pings in Q1, Highest in Nearly 3 Years

The Taipei Grade A office market achieved net absorption of approximately 5,700 pings in Q1 2024, marking the highest single-quarter figure since the fourth quarter of 2019, excluding self-use headquarters buildings. The overall average vacancy rate fell by 0.7 percentage points q-o-q to stand at 5.4% at the end of the quarter. Among the submarkets, Xinyi saw the biggest vacancy drop at 1.1 percentage points, followed by Dunbei/Minsheng, Dunnan, and Western, falling by 0.6, 0.2, and 0.1 percentage points, respectively.

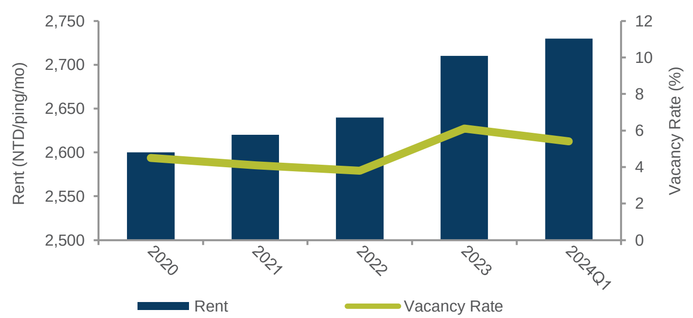
Growth in New Building Rents Drives Upward Rent Trend for Older Properties

Rental rates at top-tier newly established office buildings have experienced consecutive increases for several quarters, prompting some tenants to shift their focus towards high-quality pre-owned properties, in turn leading to an increase in rental rates at older properties. The overall average Grade A office rental level rose by 0.7% in Q1 to record NT$2,730 per ping per month. Xinyi submarket led the way with a rental level of NT$3,440 per ping per month, followed by Dunnan submarket at NT$2,450 per ping per month.

Divergence in Leasing Demand Between Core and Outlying Areas

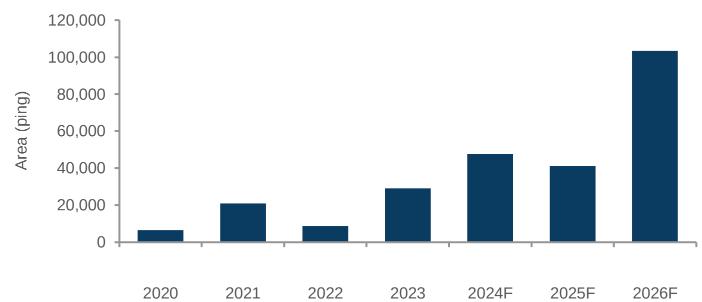
The ongoing escalation of office rental and renovation costs, combined with the emergence of hybrid office arrangements and an increased focus on promoting wellness at work, has led to a polarization in corporate leasing requirements. While certain tenants prioritize corporate visibility or prefer prime locations, opting to remain in downtown business districts and to lease smaller areas to control costs, others are more committed to creating employee-centric office environments and introducing communal spaces. Such occupiers tend to favor large outlying district office buildings with generous floor space on each level and at comparatively affordable rental levels.

RENT & VACANCY RATE



Source: Cushman & Wakefield Research

SUPPLY PIPELINE



Source: Cushman & Wakefield Research

MARKETBEAT

TAIPEI

Office Q1 2024

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SUBMARKET	INVENTORY (PING)	VACANCY RATE	UNDER CONSTRUCTION (PING)	GRADE A RENT		
				NTD/PING/MO	US$/SF/MO	EUR/SF/MO
Western	46,800	1.4%	22,100	2,280	US$2.03	€ 1.86
Nanjing/Songjiang	41,200	1.8%	0	2,160	US$1.92	€ 1.76
Dunbei/Minsheng	232,400	5.6%	53,800	2,410	US$2.14	€ 1.97
Dunnan	95,100	1.5%	39,600	2,450	US$2.18	€ 2.00
Xinyi	372,900	7.2%	76,900	3,440	US$3.06	€ 2.81
Taipei City	788,400	5.4%	192,400	2,730	US$2.43	€ 2.23

1 USD = 31.6394 TWD; 1 EUR = 34.4405 TWD as of March 15, 2024

KEY LEASING TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	PING	LEASE TYPE
Hung Tai Ctr.	Dunbei/Minsheng	FundRich Securities	560	Relocation
Hung Tai Ctr.	Dunbei/Minsheng	Amway	470	In-house Relocation
Farglory Finanical Center	Xinyi	Vena Energy Taiwan	470	Relocation
Hung Tai Ctr.	Dunbei/Minsheng	LINE GO	360	New Lease
Fubon A25	Xinyi	Cadence	340	New Lease
Fubon A25	Xinyi	AinekoX	300	New Lease

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	PING	COMPLETION DATE
Huang Hsiang Taiwan Motor North Station Building	Western	-	14,200	2024
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
Homax Landmark	Dunnan	-	15,600	2026
Fubon Insurance Building	Dunnan	Fubon Insurance	10,300	2026
Tatung Building	Dunbei/Minsheng	-	12,500	2026
Core Pacific Plaza	Xinyi	-	65,000	2026

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About Cushman & Wakefield

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MARKETBEAT

TAIPEI

Industrial-Office Q1 2024

XIHU SECTION

	12-Mo. Forecast
1,540 Average Rent (NTD/PING/MO)	–
0% Rent Growth Rate (QOQ)	–
3.6% Vacancy Rate	▲

Source: Cushman & Wakefield Research

TAIWAN ECONOMIC INDICATORS Q4 2023

	Q3 2023	12-Mo. Forecast
4.9% GDP Growth	2.2 %	▼
-0.5 % Secondary Sector Growth	-4.9 %	N/A
2.9% CPI Growth	2.5 %	▼

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

NHTP Vacancy Rate Rises Modestly

Partial lease terminations seen in Q1 led to new vacancies opening in Xihu and Jiuzong Sections. Xihu Section experienced a 0.1 percentage point rise in vacancy q-o-q to reach 3.6%, Wende Section vacancy moved down 0.3 percentage points q-o-q to record 6.1%, and Jiuzong Section saw a 0.1 percentage point rise in vacancy to 12.3%.

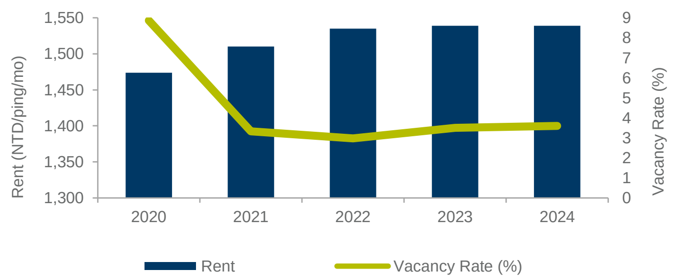
Rental Levels Remain Steady, Capital Values Show Slight Gain

Overall rental levels remained stable in Q1. 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 also showed a stable pattern, with Xihu Section averaging around NT$630,000-770,000 per ping, Wende Section at NT$470,000-550,000 per ping, and Jiuzong Section at NT$440,000-530,000 per ping. The significant market transaction in this quarter was Delta Electronics' acquisition of industrial offices in Wende Section for NT$4.79 billion, with an average price of approximately NT$535,000 per ping.

Technology Industries Are Adjusting Strategies, Focus on Self-Use Properties

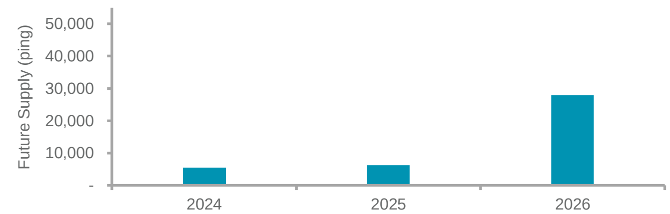
The continuous business expansion of TSMC domestically and internationally is driving a new wave of expansion demand in the semiconductor industry. The NHTP is benefiting from the trend of AI development work, and related industries are expected to continue adjusting their strategies, including office space expansion or reserving production line expansion space. However, the supply of industrial office space in Xihu Section is limited, and the vacancy rate is expected to remain low with stable rental trends. In contrast, in Jiuzong Section, the continuous expansion in new completed buildings in the coming years means there is some pressure for absorption, although rental rates are expected to remain steady.

RENT & VACANCY RATE (XIHU SECTION)



Source: Cushman & Wakefield Research

FUTURE SUPPLY



Source: Cushman & Wakefield Research

TAIPEI

Industrial-Office Q1 2024

SECTION	VACANCY RATE	UNDER CONSTRUCTION (PING)	I/O RENT		
			NTD/PING/MO	USD/SF/MO	EUR/SF/MO
Xihu	3.6%	5,400	1,540	US$1.37	€ 1.26
Wende	6.1%	-	1,100	US$0.98	€ 0.90
Jiuzong	12.3%	34,100	1,000	US$0.89	€ 0.82

1 USD = 31.6394TWD; 1 EUR= 34.4405TWD as of Mar. 15, 2024

KEY LEASING TRANSACTIONS Q1 2024

PROPERTY	SECTION	TENANT INDUSTRIAL CLASSIFICATION	PING	LEASE TYPE
Times Plaza	Wende	Retail	250	Expansion
Times Plaza	Wende	IT Software	310	New Lease
Times Plaza	Wende	Mechanical and Electrical Engineering	140	Expansion
Washington Technology Center	Wende	Retail	170	Relocation
Washington Technology Center	Wende	Medical and Health Retail	140	New Lease

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
Kuo Yang Intercontinental Headquarter	Jiuzong	-	8,400	2026
Wistron Taipei Digital Content Innovation Center	Jiuzong	Wistron Corporation	19,500	2026

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MARKETBEAT

TAIPEI

Retail Q1 2024

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	12- Mo. Forecast
11,500 Average Rent (NTD/PING/MO)	–
2.7% Rental Growth Rate (QOQ)	–
6.1% Vacancy Rate	▼

Source:Cushman & Wakefield

TAIWAN ECONOMICS INDICATORS Q4 2023

	YoY Chg	12-Mo Forecast
4.9% GDP Growth	▲	▼
2.9% CPI Growth	▲	▼
5.3% Cumulative Sales of General Merchandise	▲	N/A

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

Consumer Spending Patterns Normalize, Enabling Steady Growth in Retail Revenues

General merchandise stores' total sales revenues for January and February of 2024 grew 5.3% y-o-y. Department store revenues saw a modest rise of 1.3% y-o-y, with sales somewhat impacted by greater outbound travel during the New Year and Lunar New Year holidays. Convenience stores revenue grew by 7.0% y-o-y, driven by holiday travel and gift box sales. Supermarkets and hypermarkets benefited from Lunar New Year spending, with revenues increasing by 4.6% y-o-y and 3.4% y-o-y respectively. Other retail sector sales in the period, particularly duty-free shops, jumped by 16.7% y-o-y, fueled by continuous growth in inbound and outbound travelers.

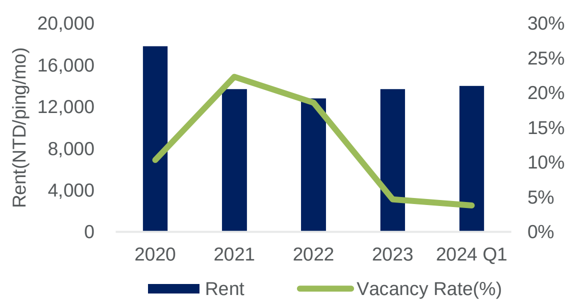
Top Chain Brands Claiming Prime Spots, Driving Down Vacancy in Key Commercial Districts

Well-known toy store Pop Mart and e-commerce clothing brand Pazzo both rented prime storefronts in the Ximen commercial district in Q1 2024, leading to a sustained fall in the district's vacancy rate to 3.8%. The Zhongshan/Nanjing commercial district remained stable in the quarter, with a few stores relocating within the retail hub, and the vacancy rate dropping to 4.7%. Changes in the Zhongxiao commercial district in the quarter have primarily revolved around short-term lease sales, with the notable addition of renowned sports brand Hoka seizing prime locations with high exposure. As a result, the Zhongxiao vacancy rate dropped slightly to 11.7%.

Ximen District Banishes the Shadow of Pandemic, Welcomes Tourism Boom

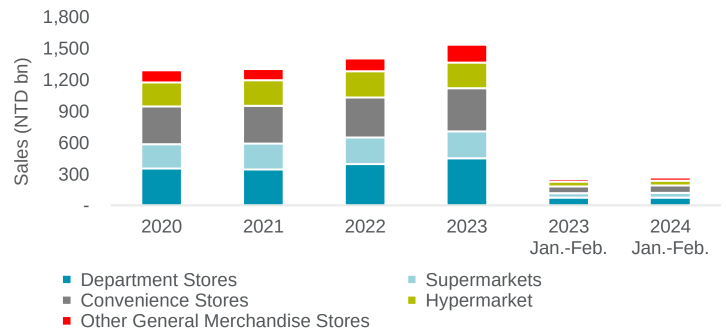
According to data from the Tourism Administration (MOTC), inbound tourist arrival numbers to Taiwan in 2023 recovered to around half of the pre-pandemic level. For the retail market, Ximen commercial district, a tourist hotspot, has emerged as one of the biggest beneficiaries. The number of souvenir shops in the district has multiplied, while many well-known retailers and chain restaurants, recognizing the foot traffic benefits and advertising potential, have also opened branches in the area. This revitalization has enabled Ximen to banish the commercial shadows of the pandemic period, with remaining vacant storefronts now quickly being filled.

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 Q1 2024

PRIMARY RETAIL VACANCY AND AVERAGE RENTS IN Q1 2024

RETAIL HUB	VACANCY RATE	RETAIL RANGE (NTD/PING/MO)	RENTAL RANGE (USD/SF/MO)	12- MONTH OUTLOOK
Zhongxiao	11.7%	8,000~11,000	7.1~9.8	▬
Zhongshan/Nanjing	4.7%	7,000~12,000	6.2~10.7	▬
Ximen	3.8%	9,000~15,000	8.0~13.3	▲

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 = 31.6394 NTD as of March 15, 2024

SIGNIFICANT OPENINGS IN Q1 2024

RETAIL HUB	LOCATION	TENENT	SIZE (Ping)
Zhongshan/Nanjing	Sec. 1, Zhongshan N. Rd.	I-MEI	35
Ximen	Emei St.	POP MART	215
Ximen	Emei St.	PAZZO	50
Zhongxiao	Sec. 4, Zhongxiao E. Rd.	HOKA	40

SIGNIFICANT RETAIL PROJECTS - UNDER CONSTRUCTION/DECORATION

PROJECT	LOCATION	EXPECTED COMPLETION	GFA (Ping)
Mitsui Shopping Park LaLaport (Nangang)	Nangang District, Taipei City	2024	47,000
Far Eastern SOGO CITY	Xinyi District, Taipei City	2024	42,000

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MARKETBEAT
TAIWAN
Capital Markets Q1 2024

戴 德 梁 行

	YoY Chg
22.0 B YTD Investment Volume (NTD)	57.3%
22.0 B Q1 Investment Volume (NTD)	57.3%
32 Q1 Deals	68.4%

ECONOMIC INDICATORS Q4 2023

	YoY Chg	12-Mo. Forecast
4.9% GDP growth	▲	▼
2.9% CPI growth	▲	▼
3.1% Prime Leading Loan Rate	▲	N/A

Source: Ministry of the Interior, Moody's Analytics

Sustained Drive in Real Estate Investment Transactions by Technology Industries

Taiwan commercial real estate market investment transaction volume reached NT$22.0 billion in Q1 2024. The performance represents a 57.3% jump on the same period last year, indicating a significant warming trend in the overall investment market. The largest transaction of the quarter involved Nanshan Life Insurance's sale of two I/O buildings — the Nanshan Ruiguang Building and the Li & Fung Building — in Taipei's Neihu District to the technology giant Delta Electronics for NT$4.8 billion. The second-highest value transaction was a domestic building materials company's sale of the Tainan Ambassador Theatres Mall for NT$1.6 billion. The third-ranked transaction was Taishin Life Insurance's acquisition of an I/O building in Tainan City for NT$1.5 billion. With the continued expansion of technology related industries, the core driver of transaction volume activity in the quarter was from companies purchasing I/O buildings and factories for self-use.

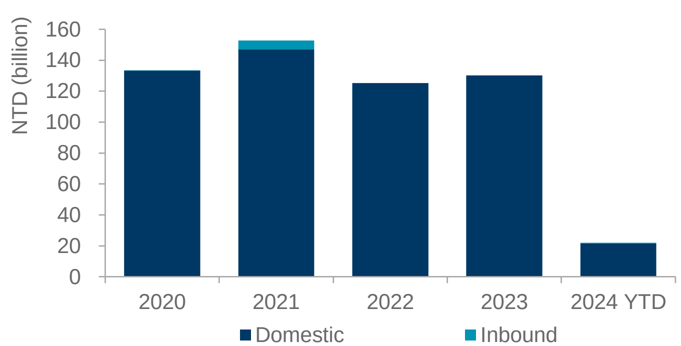
Land Market Stabilization

First-quarter land market transaction volume soared to NT$63.7 billion, up 77.7% from the previous quarter. The overall market showed significant signs of recovery, with developers showing renewed interest in land acquisition. The top transaction was by a group of developers purchasing partial floors of the Furong Building in Taipei's downtown core for NT$13.1 billion, with an eye on future redevelopment value. The second-highest value transaction involved Shin Ruenn Group acquiring commercial land in Taoyuan City for NT$3.5 billion, followed by JSL Group acquiring commercial land in New Taipei City's Taishan District for NT$3.3 billion. Fourth on the transaction list was Chang Chun Group's acquisition of land in Changhua Industrial Zone for NT$3.0 billion.

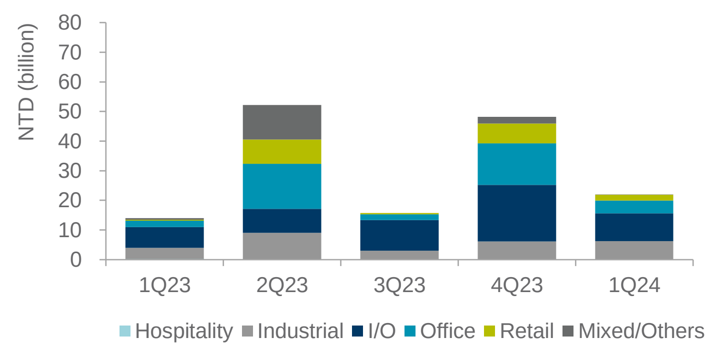
Abundant Market Funds and Strong Corporate Momentum

The recovery of industrial prosperity and ample funds in the market have created favorable conditions and a solid foundation for capital market growth in 2024. However, despite the more positive outlook, the central bank's sudden half-point interest rate hike at the end of the quarter is expected to temporarily cool overall investment demand. We expect corporate self-use needs to continue to dominate overall market activity in the immediate period ahead.

INVESTMENT VOLUME BY CAPITAL SOURCE



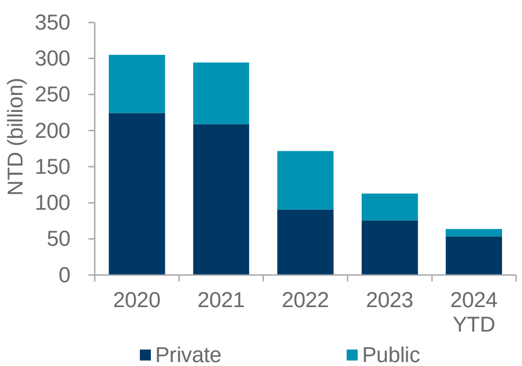
INVESTMENT VOLUME BY SECTOR



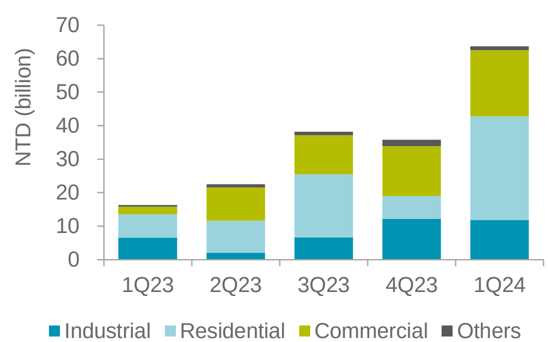
KEY SALE TRANSACTIONS

PROPERTY	LOCATION	SECTOR	PRICE (NTD BN)	VENDOR	PURCHASER	DEAL TYPE
Nanshan Ruiguang Building & Li & Fung Building	Neihu Dist., Taipei City	I-O Building	4.8	Nanshan Life Insurance	Delta Electronics	Self-used
Tainan Ambassador Theatres Mall	East Dist., Tainan City	Retail	1.6	Goldsun Building Materials	Personal	Investment
I/O building in Yongkang Dist., Tainan City	Yongkang Dist., Tainan City	I-O Building	1.5	Sun Toward Tech	Taishin Life Insurance	Investment
Factory in Anle Dist., Keelung City	Anle Dist., Keelung City	Industrial	1.3	Nanshan Life Insurance	Guo Meng Development	Self-used
National Enterprise Plaza	Zhongshan Dist., Taipei City	Office	1.1	High Wealth Group	Shine Glow Investments	Investment

Land Transactions Volume by Supply Source



Land Transactions Volume by Land Use



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