

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
9.1% Vacancy Rate		
835,700 Stock, ping		
2,800 Average Rent (NTD/PING/MO)		

ECONOMIC INDICATORS
Q2 2024

	2024 Q1	12-Month Forecast
5.1% GDP Growth	6.6%	
5.4% Service Sector GDP Growth	6.4%	N/A
2.2% CPI Growth	2.3%	
3.4% Unemployment Rate (June)	3.4%	N/A

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

NEW PROJECT ENTRANTS PROMPT VACANCY RATE RISE

The Taipei Grade A office market welcomed two new project completions in Q3 2024, adding a combined 17,100 pings of new space. The first new entrant, the Dunnan Commercial Building in the Dunnan submarket, is partially owner-occupied. The second, the Farglory Dome in the Xinyi submarket, is fully for lease. The new supply in the quarter prompted the overall vacancy rate to rise 1.4 percentage points to record 9.1%. However, vacancy rates in the Nanjing/Songjiang and Dunbei/Minsheng submarkets fell by 0.9 and 0.6 percentage points, respectively. Ahead, additional new supply of nearly 300,000 pings is expected by 2027, taking total market stock to more than 1 million pings.

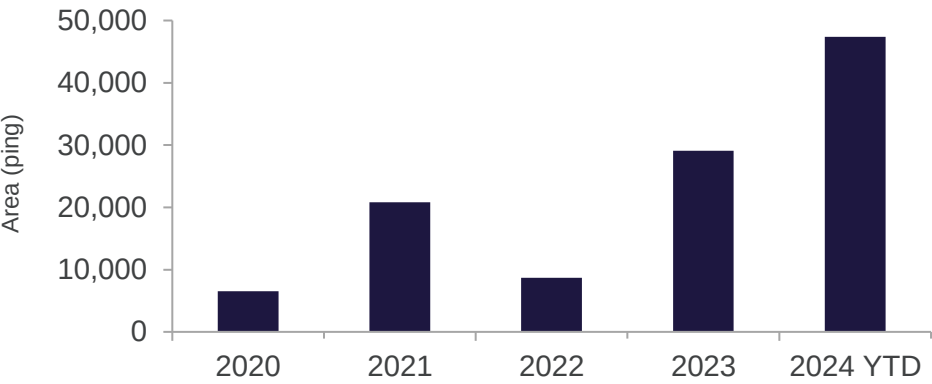
OVERALL RENTAL LEVEL DEMONSTRATES MODERATE GROWTH

The quality new project entrants in the quarter, combined with rent increases at older properties, pushed the overall average Grade A rental level up by 1.1% q-o-q to stand at NT\$2,800 per ping per month. Within the submarkets, Xinyi submarket commands the highest rent at NT\$3,460 per ping per month, followed by Western at NT\$2,620 per ping per month.

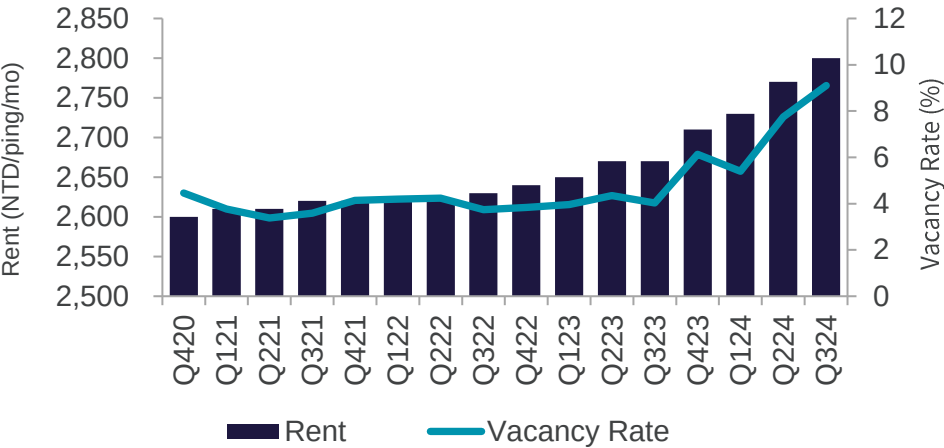
RISING MANAGEMENT COSTS CHALLENGE LANDLORDS

As inflation and wages continue to rise, landlords are increasingly facing higher property management costs and consequently are considering raising management fees. However, existing tenants often resist such adjustments. As a result, some landlords are opting to include management fees in the rent, or to adopt an actual-cost reimbursement approach to cover expenses.

SUPPLY PIPELINE



RENT & VACANCY RATE



MARKET STATISTICS

SUBMARKET	INVENTORY (PING)	VACANCY RATE	UNDER CONSTRUCTION ~2027 (PING)	GRADE A RENT		
				NTD/PING/MO	US\$/SF/MO	EUR/SF/MO
Western	69,300	20.7%	105,400	2,620	US\$2.29	€ 2.07
Nanjing/Songjiang	48,900	16.1%	7,500	2,420	US\$2.12	€ 1.92
Dunbei/Minsheng	232,400	4.9%	53,800	2,410	US\$2.11	€ 1.91
Dunnan	99,600	4.1%	39,600	2,550	US\$2.23	€ 2.02
Xinyi	385,500	9.9%	90,000	3,460	US\$3.03	€ 2.74
Taipei City	835,700	9.1%	296,300	2,800	US\$2.45	€ 2.22

1 USD = 32.0980 TWD; 1 EUR = 35.5080 TWD as of September 9, 2024

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	PING	TYPE
Yuanta Songjiang Jinxing Building	Nanjing/Songjiang	Eisai	430	New Lease

(Area rounded to the nearest ten.)

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	DEVELOPER	PING	COMPLETION DATE
Yuanta Bank's Headquarters	Dunnan	Yuanta Bank	13,700	2024
Kindom Songshan Minquan Building	Dunbei/Minsheng	Kindom Development	9,800	2025
Cathay Huanyu Building	Dunbei/Minsheng	Cathay Life Insurance	12,900	2025
Yuanta Songjiang Yinxing Building	Nanjing/Songjiang	Yuanta Life Insurance	7,500	2025
TransGlobe Life Taipei Headquarters	Dunbei/Minsheng	TransGlobe Life Insurance	18,600	2026
Homax Landmark	Dunnan	Homax Development	15,600	2027
Fubon Insurance Building	Dunnan	Fubon Insurance	10,300	2027
Tatung Building	Dunbei/Minsheng	Yuanta Financial Holding / Chang Hwa Commercial Bank / China Life Insurance	12,500	2027
Core Pacific Plaza	Xinyi	Core Pacific Development	65,000	2027
Taipei Twin Towers	Western	Honhui Group	89,300	2027
Hiyes International Building	Western	Hi-yes Group	16,100	2027
Nanshan A26	Xinyi	Nan Shan Life Insurance	25,000	2027

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MARKET FUNDAMENTALS

NT\$1,535

Xihu Section rents (NTD/ Ping/ month)

3.3%

Xihu Section vacancy (vacancy rate in %)

Source: Cushman & Wakefield Research

TAIWAN ECONOMIC INDICATORS Q2 2024

	Q1 2024	12-Month Forecast
5.1%	6.6%	▼
9.3%	6.0%	N/A
2.2%	2.3%	▼

GDP Growth

Secondary Sector Growth

CPI Growth

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

NHTP VACANCY RATE DECLINES SLIGHTLY

The vacancy rate in Xihu Section decreased by 0.2 percentage points to 3.3% in Q3 2024, primarily due to the absorption of 840 pings by the IT software industry at Honhui Sparkle Square. In Wende Section, the vacancy rate fell by 0.3 percentage points to 6.0%, with the main absorption being 280 pings leased by the IT software industry at Loyal Chemical Building and 150 pings leased at Golden Plaza. In Jiuzong Section, the vacancy rate dropped by 0.3 percentage points to 11.4%, primarily due to the occupancy of 620 pings by an electronics component company and an interior design firm at Lianhong Technology Building.

RENTALS HOLD STEADY, CAPITAL VALUES EDGE UP

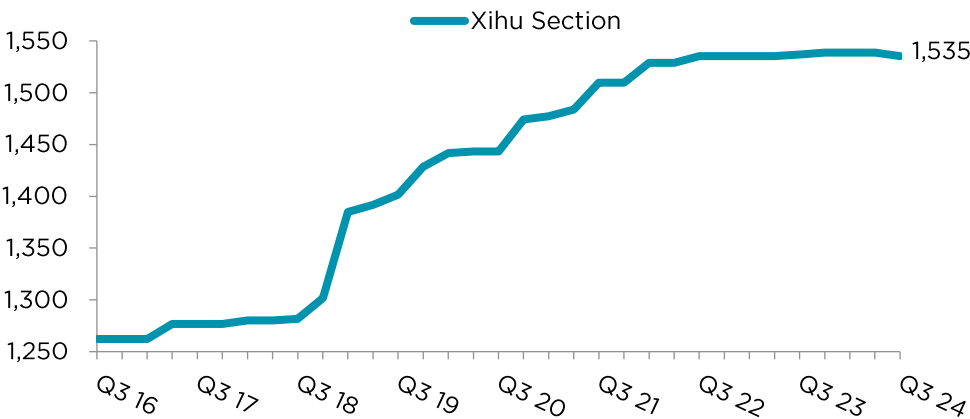
Rental levels remained steady in Q3. The average rent in Xihu Section fell slightly to NT\$1,535 per ping per month, while the average rent in Wende Section was steady at NT\$1,100 per ping per month, and in Jiuzong Section remained at NT\$1,000 per ping per month. Capital values in each section also stayed stable, with Xihu Section ranging between NT\$630,000 and NT\$770,000 per ping, Wende Section between NT\$470,000 and NT\$560,000 per ping, and Jiuzong Section ranging from NT\$440,000 to NT\$540,000 per ping. No significant market transactions were recorded in Q3.

NHTP GROWTH DRIVEN BY EXPANSION DEMAND

Expansion demand from existing technology industries continues to drive space needs in NHTP. Limited supply of new I/O buildings in Xihu Section is expected to keep vacancy rates low and rents stable. Two I/O buildings transacted in Q1 in Wende Section will be used by Delta Electronics for self-use, with the original tenants likely to relocate to nearby buildings, further reducing vacancy. In the Jiuzong Section, as more buildings are completed over the coming years, absorption pressure will persist, and rental rates are expected to remain stable.

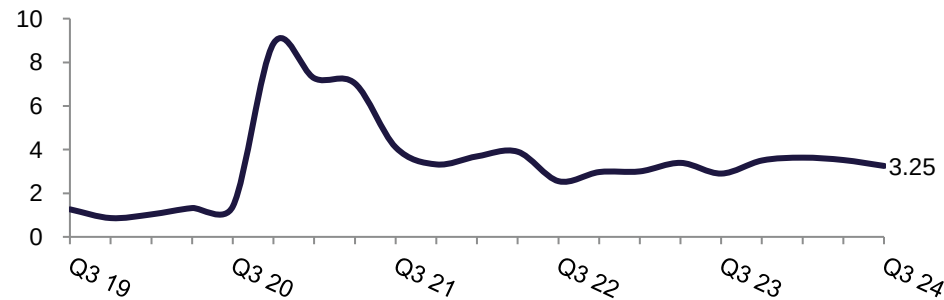
Rent Level in Xihu Section

Average Rents (NTD/ Ping/ month)



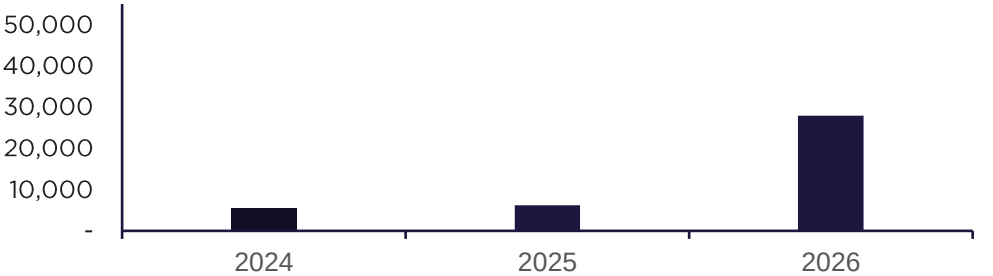
Vacancy Rate in Xihu Section (%)

Vacancy Rate (by %)



Future Supply

Area (Ping)



RENT LEVELS Q3 2024

	I/O RENT			Q-O-Q CHANGE
	NTD/PING/MO	USD/SF/MO	EUR/SF/MO	
Xihu	1,535	1.34	1.22	-0.2%
Wende	1,100	0.96	0.87	0.0%
Jiuzong	1,000	0.88	0.79	0.0%
NHTP AVERAGE	1,200	1.0	1.0	0.0%

Exchange Rate: 1USD = 0.9040EUR = 32.0979NTD (as of Sep 9, 2024)

VACANCY RATE Q3 2024

	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Xihu	2.9%	3.5%	3.6%	3.5%	3.3%
Wende	6.3%	6.4%	6.1%	6.3%	6.0%
Jiuzong	11.9%	12.2%	12.3%	11.7%	11.4%
NHTP AVERAGE	5.8%	6.1%	6.1%	6.0%	5.7%

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SECTION	TENANT INDUSTRIAL CLASSIFICATION	PING	Type
Honhui Sparkle Square	Xihu	IT Software	840	Expansion
SIT Technology Building	Xihu	International Trade	150	New Lease
Loyal Chemical Bldg	Wende	IT Software	280	New Lease
Golden Plaza	Wende	IT Software	150	New Lease
Lianhong Technology Building	Jiuzong	Electronics Component / Interior Design	620	New Lease

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MARKET FUNDAMENTALS

12,000

Average Rent
(NTD/PING/MO)

5.8%

Vacancy Rate

12-Month
Forecast



Source: Cushman & Wakefield

ECONOMIC INDICATORS
Q2 2024 TAIWAN

5.1%

GDP Growth

YOY
Chg



12-Month
Forecast



2.2%

CPI Growth



4.1%

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 4.1% y-o-y in the January to August 2024 period. Department stores saw a modest 2% rise, due to overseas travel and slower luxury sales, prompting businesses to launch holiday promotions and annual sale pre-orders. Convenience store revenues rose 5.2%, aided by Olympic-related promotions. Weather events, and the Ghost Festival, boosted demand for daily necessities, leading to 4.8% growth in supermarket revenues and 2.4% at hypermarkets. Other general merchandise retailers, supported by the surge in cross-border travel and duty-free sales, experienced an 8.1% increase.

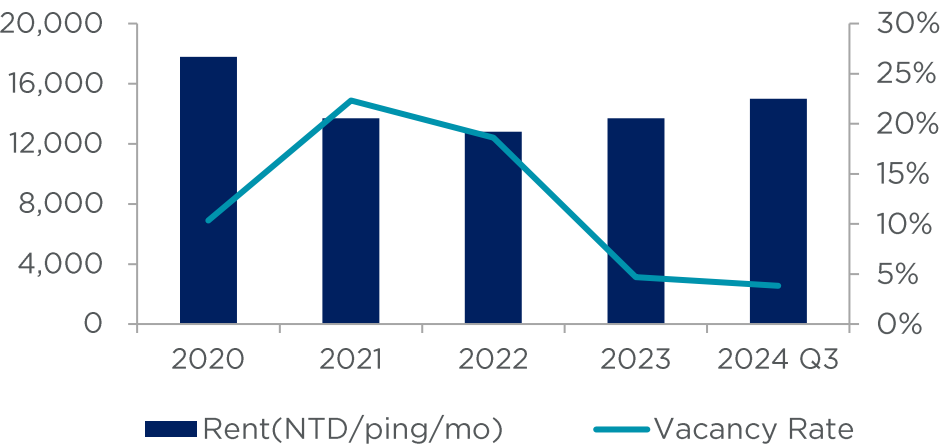
OCCUPANCY IN KEY COMMERCIAL DISTRICTS REMAINS STABLE

The Zhongxiao commercial district continued to attract crowds for the Taipei Dome, reducing the vacancy rate slightly to 11.67%. A late June transaction set a seven-year unit price record at NTD6.595 million per ping. Whether this signals a full recovery of the commercial district remains to be seen. In Ximen, the return of fashion chain stores and a cinema demonstrates confidence in the area's youthful consumer base. The vacancy rate remains low at 3.82%, indicating a stable market. The vacancy rate in Zhongshan/Nanjing commercial district stayed at around 3%, with minimal business changes. In terms of rent, the high-value transaction slightly pushed up rents in Zhongxiao. Low vacancy in Ximen caused modest growth in the rental level, with Zhongshan/Nanjing district remaining steady.

ALLEYWAY SHOPS DRIVE RETAIL HUB PROSPERITY

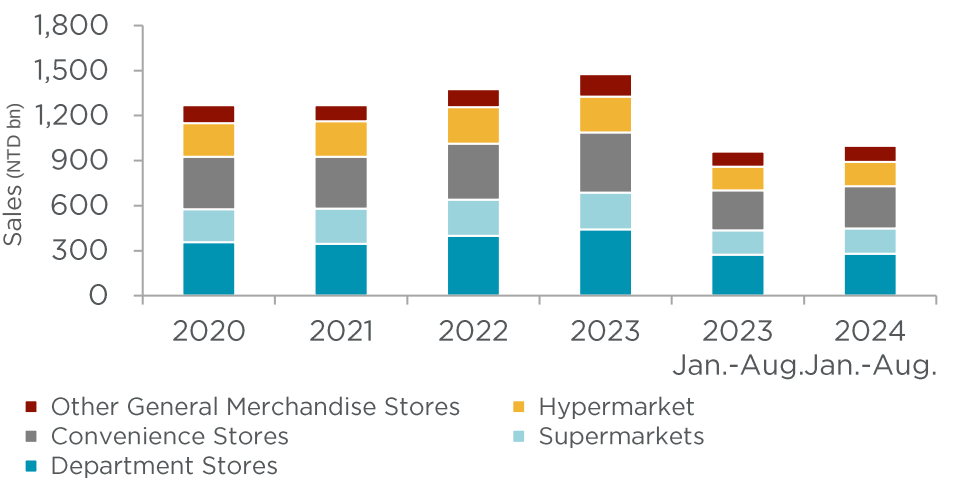
Alleyway store occupancy within a commercial district reflects the district's character and commercial vitality. Recent leasing activity in the Zhongxiao alleyways has been strong, supported by regular events at the Taipei Dome and improved pedestrian access. This trend may help reduce vacancy on major streets. In contrast, the Nanjing-Zhongshan district faces regulatory challenges around alleyway commercial usage, raising concerns about the potential loss of distinctive shops and its impact on the area.

RENT / VACANCY RATE IN XIMEN



Source: Cushman & Wakefield

CUMULATIVE SALES OF GENERAL MERCHANDISE



Source: Directorate-General of Budget, Accounting and Statistics

MARKET STATISTICS

RETAIL HUB	VACANCY RATE	NTD/ PING/ MO	RETAIL RANGE		12- MONTH OUTLOOK
			USD/ SF/ MO	EURO/ SF/ MO	
Zhongxiao	11.67%	8,000~11,000	7.0~9.6	6.3~8.7	▬
Zhongshan/Nanjing	3.36%	7,200~12,200	6.3~10.7	5.7~9.7	▬
Ximen	3.82%	9,500~15,500	8.3~13.6	7.5~12.3	▲

**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 = 0. 90396608EURO = 32.097993NTD as of Sep 9, 2024

SIGNIFICANT OPENINGS IN Q3 2024

RETAIL HUB	LOCATION	TENENT	SIZE (PING)
Zhongxiao	Sec. 4, Zhongxiao E. Rd.	COSMED	70
Ximen	Chengdu Rd.	Roots	50

SIGNIFICANT RETAIL PROJECTS - UNDER CONSTRUCTION/DECORATION

PROJECT	LOCATION	EXPECTED OPENING YEAR	GFA (Ping)
Mitsui Shopping Park LaLaport (Nangang)	Nangang District, Taipei City	2025	47,000
Far Eastern SOGO CITY	Xinyi District, Taipei City	2025	42,000
Dream Plaza	Xinyi District, Taipei City	2025	7,500

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MARKET FUNDAMENTALS

	YoY Chg
113.9B	39.0%
YTD Investment Volume (NTD)	
55.9 B	255.1%
Q3 Investment Volume (NTD)	
48	60.0%
Q3 Deals	

ECONOMIC INDICATORS

Q3 2024	YOY Chg	12-Month Forecast
5.1%	▲	▼
GDP growth		
2.2%	▲	▼
CPI growth		
3.2%	▲	N/A
Prime Leading Loan Rate		

Source: Ministry of the Interior, Moody's Analytics

TECHNOLOGY SECTOR LEADS Q3 TRANSACTION ACTIVITY

The Taiwan commercial real estate investment market was active in Q3 2024, with total transaction volume of NT\$55.96 billion, up 64% from the prior quarter. Technology firms were the key buyers, focusing on self-use factory and office assets. The most valuable transaction was TSMC's purchase of Innolux's plant in the Southern Taiwan Science Park for NT\$17.14 billion. The second was Micron Taiwan's acquisition of two AUO plants in Tainan for NT\$7.4 billion. ASE followed, buying a new plant in Kaohsiung for NT\$5.26 billion from a related party. Notably, 88% of transactions were for industrial and I/O buildings, with end-user buyers dominating.

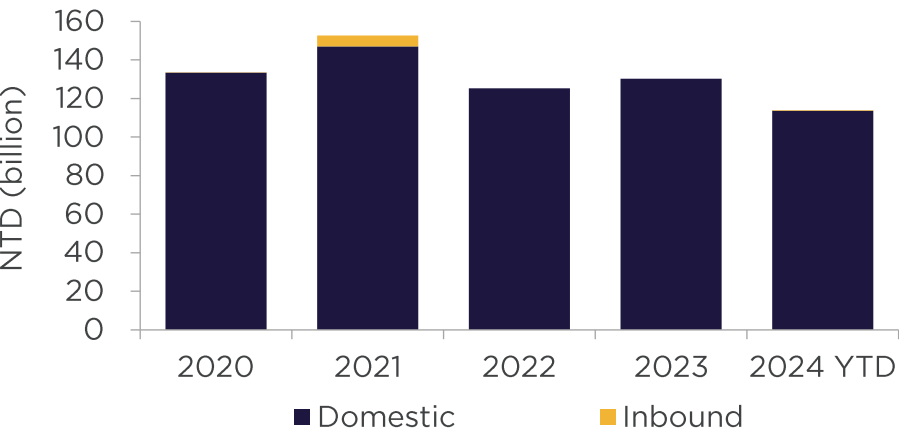
DEVELOPERS ACTIVELY REPLENISH LAND INVENTORY

The land market transaction volume in Q3 2024 was NT\$111.7 billion, bringing the total for the first three quarters to NT\$214.4 billion, surpassing the full-year 2023 figure, indicating ongoing market activity. Technology firms' expansions are driving up employee housing demand, prompting developers to replenish land inventory. The top transaction was Taiwan Life Insurance's land acquisition in Taoyuan Aerotropolis's Industrial Specific Purpose District Zone 4 for NT\$13.75 billion. The second was a joint venture of Dali Development and Hiyes International, purchasing commercial land in Taipei's Daan District for NT\$9.58 billion. The third was Jean Co., Ltd's residential land purchase in Nantun District, Taichung, for NT\$3.88 billion.

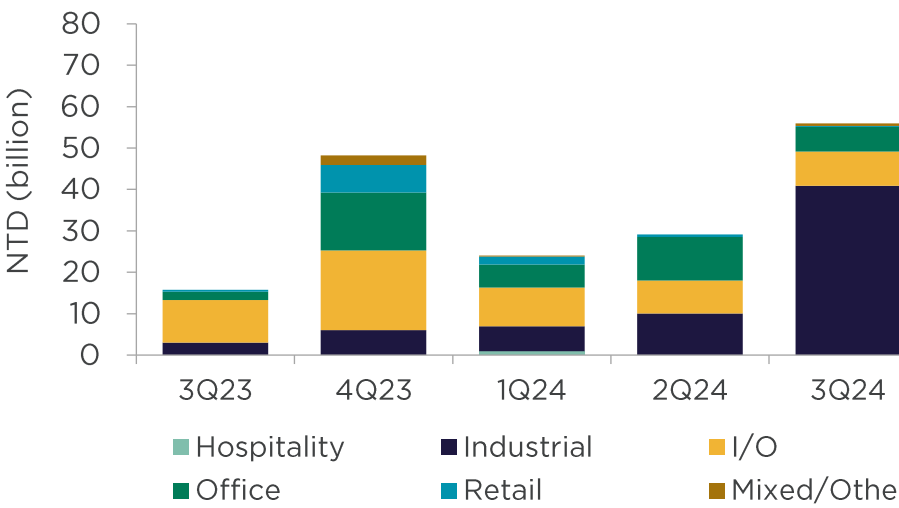
CREDIT CONTROL POLICY ADDS TO FUTURE UNCERTAINTY

The investment market has been active this season, with high-quality, ready-to-use assets in high demand. Commercial real estate is expected to continue being driven by corporate self-use. However, real estate lending has nearly reached its legal limit, and the central bank's new credit controls aim to slow funds into the residential market. Ahead, policy impacts may make developers more cautious in land acquisition in Q4. While commercial real estate funding remains unaffected and offshore capital is gradually released, the upcoming U.S. presidential election could stoke greater global economic uncertainty, leading to a more conservative investment approach.

INVESTMENT VOLUME BY CAPITAL SOURCE



INVESTMENT VOLUME BY SECTOR



SIGNIFICANT SALES

PROPERTY	LOCATION	SECTOR	PRICE (NTD BN)	VENDOR	PURCHASER	DEAL TYPE
Factory in Southern Taiwan Science Park	Sinshih District, Tainan City	Industrial	17.14	Innolux	TSMC	Self-used
Factory in Annan Dist., Tainan City	Annan Dist., Tainan City	Industrial	7.4	AUO	Micron Memory Taiwan	Self-used
Factory in Nanzi Dist., Kaohsiung City	Nanzi Dist., Kaohsiung City	Industrial	5.26	Hung Ching Development & Construction Co. Ltd.	Advanced Semiconductor Engineering Inc.	Self-used
Office in Xinzhuang Dist., New Taipei City	Xinzhuang Dist., New Taipei City	Office	2.99	Shin Ruenn Development Co., Ltd	I-CHIUN PRECISION INDUSTRY CO., LTD.	Self-used
Tai Yuen Hi-Tech Industrial Park	Zhubei City, Hsinchu County	I-O Building	2.09	Winsome Development	Airoha Technology	Self-used

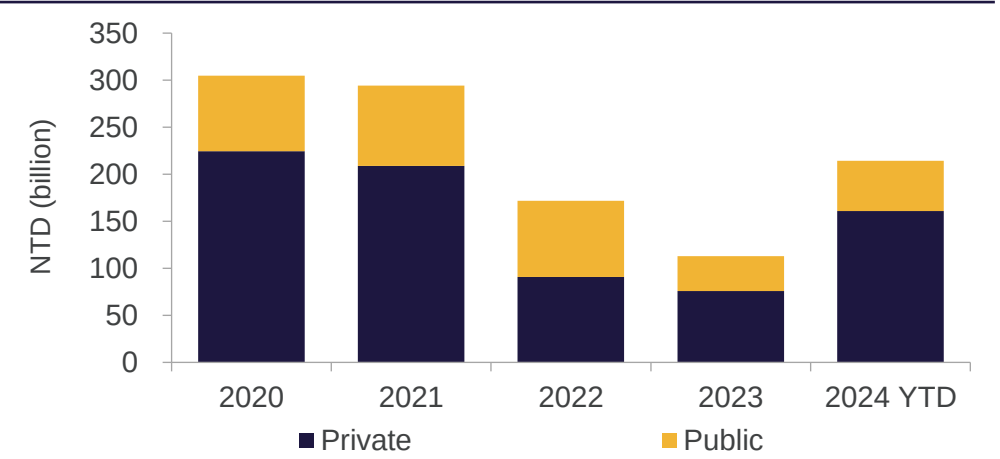
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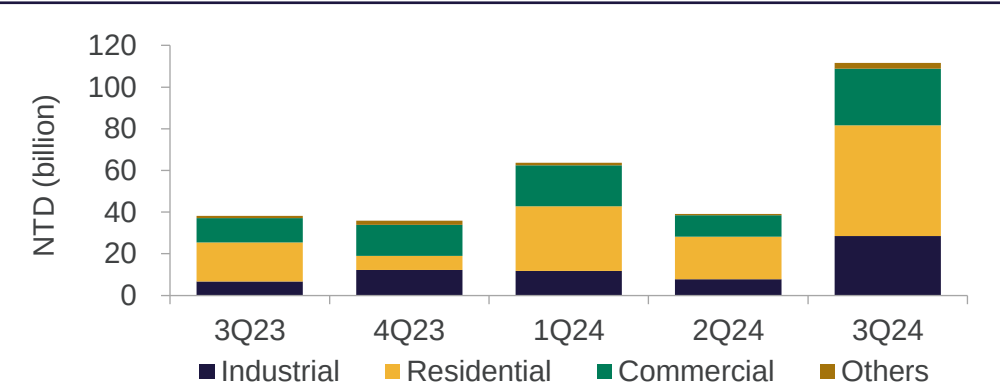
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Land Transactions Volume by Supply Source



Land Transactions Volume by Land Use



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