

MARKETBEATS

XIHU SECTION

1,390

AVERAGE RENT
(NTD/PING/MO)

0.5%

RENT GROWTH RATE
(QOQ)

1.3%

VACANCY RATE

WHAT'S NEXT

HIGHLIGHTS

Vacancy rate falls below 20% in Jiuzong

No new I/O supply was added in Neihu Technology Park (NHTP) in Q2. Xihu Section recorded steady take-up, with move-ins and move-outs offsetting. Xihu's vacancy rate edged up 0.1 percentage points q-o-q to 1.3%, remaining the lowest among all three I/O sections.

As large-scale units available for lease tend to be rare in Xihu Section, Jiuzong and Wende sections have benefited from spillover demand and seen vacancy rates tighten. In particular, Jiuzong's vacancy rate fell below the 20%-mark in Q2, tightening 3.1 percentage points q-o-q, on demand from online shopping and logistics firms, which leased a combined 2,180 ping of I/O space at Gen Ding Jiuzong Building during the quarter.

Take-up remained stable in Wende Section. Notable transactions included a 260-ping lease by a business service company at Xinzuan Office Building and a 110-ping lease by a TMT company at Times Plaza. These deals drove down Wende Section's vacancy rate 0.5 percentage points q-o-q to 4.8%, the seventh consecutive quarter in which space tightened.

Rent holds firm in NHTP

Rental levels held firm on the whole in Xihu, Wende and Jiuzong Sections in Q2, finishing the quarter at an average of NT\$1,390, NT\$1,000 and NT\$925 per ping per month, respectively. There were no major investment transactions recorded in NHTP in Q2. Capital values in each section also were steady: Xihu at NT\$550,000–650,000, Wende at NT\$400,000–480,000 and Jiuzong at NT\$380,000–430,000 per ping.

New project could drive relocations

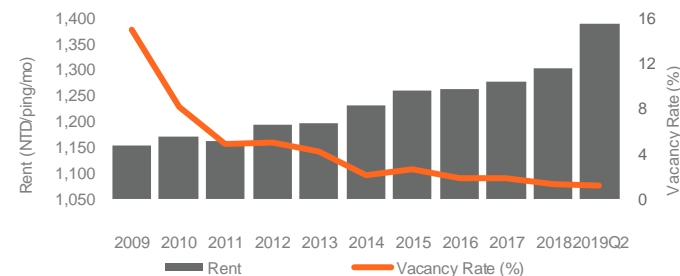
In this quarter, NHTP recorded steady take-up. As the market is not scheduled to receive a significant volume of new supply until completion of the large-scale NHTP 2.0 BOT in 2020, strong demand in Xihu is expected to drive rental growth ahead. The project, when completed, is likely to attract existing NHTP tenants who are seeking HQ space to relocate.

Economic Indicators

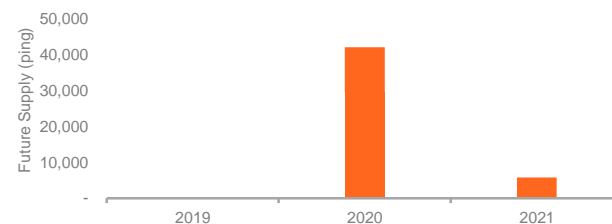
	Q4 2018	Q1 2019	2019–2020 Forecast
GDP Growth	1.8%	1.7%	▼
Secondary Sector Growth	2.7%	-1.9%	N/A
CPI Growth	0.5%	0.3%	▲

Source: Directorate-General of Budget, Accounting and Statistics, Oxford Economics
Note: Growth figure is y-o-y growth

Rent & Vacancy Rate (Xihu Section)



Future Supply

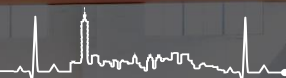


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TAIPEI INDUSTRIAL-OFFICE MARKETBEATS

July 2019



SECTION	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (PING)	I/O RENT		
			NTD/PING/MO	USD/SF/MO	EUR/SF/MO
Xihu	1.3%	29,500	1,390	US\$1.24	€ 1.11
Wende	4.8%	-	1,000	US\$0.89	€ 0.80
Jiuzong	17.5%	18,500	925	US\$0.83	€ 0.74

1USD= 31.4690TWD, 1EUR= 35.2343TWD as of May 27, 2019.

Key Leasing Transactions Q2 2019

PROPERTY	SECTION	TENANT INDUSTRIAL CLASSIFICATION	PING	LEASE TYPE
Chong Hong a+ Building	Xihu	Trade	190	New Lease
Beta Technology Center	Xihu	TMT	140	Expansion
Times Plaza	Wende	TMT	110	Expansion
Xinzuan Office Building	Wende	Business Service	260	Relocation
Gen ding Jiuzong Building	Jiuzong	Online shopping	1,480	New Lease
Hong Pu Trade	Jiuzong	TMT	270	New Lease

Significant Projects Under Construction

PROPERTY	SECTION	MAJOR TENANT	PING	COMPLETION DATE
NHTP 2.0 BOT Project	Xihu	-	29,500	2020
Shanyuan Chuangke Building	Jiuzong	-	5,300	2020
Lianhong Technology Building	Jiuzong	-	4,100	2020
Fulin Twin Stars	Jiuzong	-	3,300	2020
Chonghong New Generation	Jiuzong	-	5,800	2021

DATA
INTO
ACTION

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