

MARKETBEATS

27.7

INVESTMENT VOLUME
(NTD bn)

68%

VOLUME GROWTH
RATE (QOQ)

26

DEALS

WHAT'S
NEXT

KEY TAKEAWAYS

- Investment volume increased 68% q-o-q to NT\$27.7 billion in Q2, led by office and industrial sectors.
- Waterland Financial Holdings' acquisition of part of Asia Landmark Plaza for NT\$5.1 billion was the biggest deal in Q2.
- Land investment was NT\$143.1 billion in 1H, amounting to 80% of the annual volume in 2018. Notably, a plot in close proximity to Taipei 101 was won by Yuanli Group for NT\$11.3 billion.
- As trading and manufacturing activities continue to grow and few tradeable assets are hard to come by, both industrial and office properties will likely remain highly sought-after.

MARKET OVERVIEW

Investment volume amounted to NT\$27.7 billion in Q2, up 68% q-o-q. Office and industrial sectors took the lion's share of deals at 51% and 30% shares of quarterly investment, respectively. The quarter's strong total was supported by production expansion activities in the manufacturing industry and strong demand for owner-occupied HQ space.

Centrally-located office buildings in Taipei City have been prized assets for financial institutions and insurance companies seeking to upgrade their HQ offices. Notable deals in Q2 included: Waterland Financial Holdings' acquisition of 5,900 ping in Asia Landmark Plaza for NT\$5.1 billion; Taian Insurance's purchase of Changchun Financial Building for NT\$3.8 billion; and Wan Hai Lines' picking up 1,700 ping of space in Pacific Commercial Building for NT\$1.4 billion. Amid a lack of tradeable office assets in Taipei and strong demand for owner-occupied office properties, office buildings are expected to continue to be sought-after by investors.

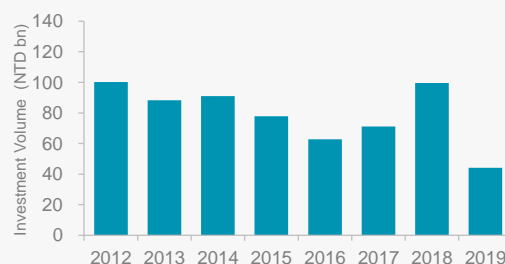
Meanwhile, the industrial sector has been active on a boost to manufacturing activities, particularly in Northern Taiwan. Notably, Delta Electronics and ASUSTeK Computer acquired factories in Chungli Industrial Park (New Taipei City) for NT\$2.6 billion and Tamsui (Taoyuan City) for NT\$1.4 billion, respectively.

ECONOMIC INDICATORS

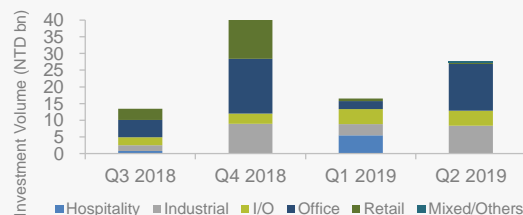
	Q4 2018	Q1 2019	2019–2020 Forecast
GDP Growth	1.8%	1.7%	▼
CPI Growth	0.5%	0.3%	▲
Prime Leading Loan Rate	2.63%	2.63%	N/A

Source: Ministry of the Interior | Note: Growth figure is y-o-y growth

INVESTMENT VOLUME



Source: Cushman & Wakefield Research

INVESTMENT VOLUME
BY SECTOR

Source: Cushman & Wakefield Research

Strong momentum continued in the lands sector with NT\$80.8 billion recorded in Q2. A total of NT\$143.1 billion worth of land parcels have been purchased in 1H, amounting to approximately 80% of annual volume recorded for all of 2018. Residential and commercial development sites owned by public sectors were the principle source of land investments in Q2. Developers drove transactions in Taoyuan, Hsinchu and Taichung City.

The most significant deal was the auction sale of Lot D3 in Xinyi Planned Area in Taipei City. The site sits directly across from Taipei 101 and was won by Yuanli Group for NT\$11.3 billion.

OUTLOOK

Investment in the market's lands sector has recorded massive volume over the past 6 months, amounting to NT\$143.1 billion, which already has exceeded the 10-year annual average of NT\$129.0 billion. Land sales are projected to reach a new historical high by year-end.

Elsewhere, as trading and manufacturing activities continue to grow and few tradeable assets are still hard to come by, industrial and office properties are expected to remain highly sought-after for the remainder of 2019.

INVESTMENT VOLUME BY SECTOR, Q2 2019

SECTOR	DEALS	NTD (BN)	CHANGE (Q-O-Q)
Office	10	14.09	488%
Retail	1	0.32	-56%
I/O	3	4.44	-2%
Industrial	11	8.36	148%
Hospitality	0	-	0%
Mixed/Others	1	0.48	100%
OVERALL	26	27.69	68%

SIGNIFICANT INVESTMENT TRANSACTION, Q2 2019

PROPERTY	PURCHASER	LOCATION	SECTOR	PRICE (NTD BN)
Asia Landmark Plaza	Waterland Financial Holdings	Zhongshan, Taipei City	Office	5.13
Changchun Financial Building	Taian Insurance	Zhongshan, Taipei City	Office	3.77
Pacific Commercial Building	Wan Hai Lines	Daan, Taipei City	Office	1.42
Chungli Industrial Park	Delta Electronics	Chungli, Taoyuan City	Industrial	2.57
Factory in Tamsui	ASUSTeK	Tamsui, New Taipei City	Industrial	1.42

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INTO
ACTION

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