

MARKETBEATS

13,600

AVERAGE RENT
(NTD / PING / MO)

1.2%

RENTAL GROWTH RATE
(QOQ)

4.5%

VACANCY
RATE

WHAT'S NEXT

HIGHLIGHTS

Ximen's rent rises while Zhongxiao's vacancy tightens

Zhongshan/Nanjing and Taipei Railway Station retail hubs saw rental levels and vacancy rates remain stable on the whole in Q2. Rental levels in Ximen picked up, while vacancy and rent in Zhongxiao fell back on average.

Matsumoto Kiyoshi entered Ximen in Q2, continuing expansion efforts by cosmetics retailers in Ximen. As of Q2, there were 14 cosmetics stores within the 200-meter-walking-area from Exit 6 of MRT Ximen Station. In addition, local handmade drinks retailer Xing Fu Tang leased out pricey storefronts in Ximen's prime high street area.

Vacancy in Zhongxiao dropped 2.4 percent points q-o-q to 10.1% after Adidas and COSMED expanded, and MOMA, ORBIS and K.UNO entered the market in Q2. However, rental levels have continued to slide on the whole as some landlords have offered incentives to attract tenants.

Fast fashion exits, large storefronts may face challenges

Korean fast fashion brand SPAO exited its approximately 1,000-ping store in Ximen in Q2 on the heels of an earlier exit from Zhongxiao last year. Elsewhere, Forever 21 moved out of a 605-ping space in Zhongxiao in Q2. With most retailers over the past two years opting for stores of less than 60 ping, it appears that landlords of sizeable storefronts face leasing challenges.

Evolving beyond retail experiences

Traditional retail stores also have challenges as e-commerce continues to grow. Retailers are going beyond providing shoppers with experiences to position their stores as destinations in themselves. The Apple XINYI A13 flagship store that opened in Q2 is a prime example.

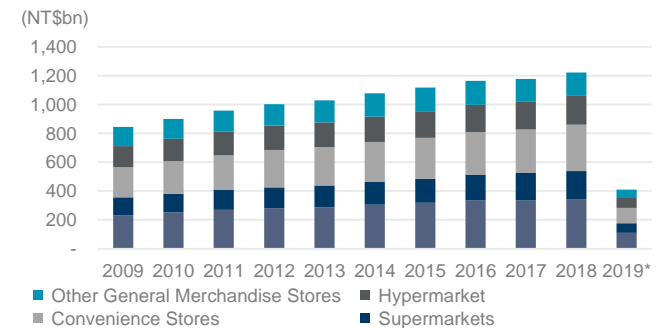
ECONOMIC INDICATORS

	Q4 2018	Q1 2019	2019-2020 Forecast
GDP Growth	1.8%	1.7%	▼
CPI Growth	0.5%	0.3%	▼

Source: Directorate-General of Budget, Accounting and Statistics

SALES OF GENERAL MERCHANDISE

	2018	2019	Period Growth
Cumulative Sales of General Merchandise from Jan to Apr (NT\$ bn)	396.0	408.7	▲
Sales of General Merchandise in Apr (NT\$ bn)	98.2	102.8	▲



Source: Department of Statistics, Ministry of Economic Affairs

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DATA
INTO
ACTION

PRIME RETAIL VACANCY AND AVERAGE RENTS IN Q2 2019

RETAIL HUB	VACANCY RATE	RENTAL RANGE (NTD/PING/MO)	RENTAL RANGE (USD/SF/MO)	12-MONTH OUTLOOK
Zhongxiao	10.1%	10,000~17,000	8.9~15.2	▼
Taipei Railway Station	2.8%	10,000~12,000	8.9~10.7	■
Zhongshan / Nanjing	5.3%	8,000~12,000	7.1~10.7	■
Ximen	1.8%	18,000~22,000	16.1~19.6	▲

*Note: Only storefronts 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 Unit Conversion: 1 ping = 35.58 sq ft = 3.3 sq m
Exchange Rate: US\$1 = NT\$31.4690 as of 27 May 2019*

SIGNIFICANT OPENINGS IN Q2 2019

RETAIL HUB	LOCATION	TENANT	AREA (ping)
Zhongxiao	Section 4, Zhongxiao East Road	MOMA	41.2
Zhongxiao	Section 4, Zhongxiao East Road	ORBIS	26.1
Zhongshan / Nanjing	Nanjing West Road	JLD Dragon	53.5
Ximen	Emei Street	Matsumoto Kiyoshi	51.2

SIGNIFICANT RETAIL PROJECTS – UNDER CONSTRUCTION / DECORATION

PROJECT	DISTRICT	OPENING TIME	GFA (ping)
FEDS XINYI	Xinyi District, Taipei City	Q4 2019	13,000
Honhui Plaza	Xinzhuang District, New Taipei City	Q2 2020	25,600
Mitsui Shopping Park LaLaport Nangang	Nangang, Taipei City	2021	61,900

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