

MARKETBEAT

13,400

AVERAGE RENT
(NTD / PING / MO)

-1.5%

RENTAL GROWTH RATE
(QOQ)

4.8%

VACANCY
RATE

WHAT'S NEXT

HIGHLIGHTS

Cosmetics retailers expand in Ximen

Vacancy rates at Ximen and Taipei Railway Station dropped in Q3, while those in Zhongxiao and Zhongshan/Nanjing rose. Apart from a rental level drop in Zhongxiao, on the whole other hubs saw rental levels remain stable.

POYA entered Ximen in Q3 and Watsons expanded, demonstrating the continued growth of cosmetics retailers. Away from Hanzhong Street, there are now seven cosmetics stores on Chengdu Road, which has become the new key ground for cosmetics retailers. The 'FAVtory' food court in Zhongshan/Nanjing closed in Q3, and leasing of its sizable space will be an indicator to the area's future growth. Gucci, Prada and Coach have recently withdrawn from Zhongshan/Nanjing. Players in the luxury industry have changed their strategy, and the boutique street image of Zhongshan North Road has faded.

Vacancy rates in the most and least trendy sections in Zhongxiao have greatly diverged. PUMA has expanded in the trendy area, while F&B stores 'ICE MONSTER' and 'Boost Juice Bars' have exited from the more unfashionable sections. With many units vacant in Q2 still on the market, the vacancy rate in Zhongxiao rose 1.4 percent points q-o-q to 11.5%.

Financial sector turns to creative experiences

The financial sector has turned to innovative storefronts and formats to provide new services and experiences. For example, Cathay Life Insurance opened a center including a Starbucks, Yuanta Financial Holdings opened a branch offering cultural and creative imagery at Huashan 1914 Creative Park, and KGI Bank has partnered with creative brands and rising artists to offer a combined bank and gallery experience in Zhongshan.

Ximen to see steady growth despite China travel ban

The travel ban imposed by China in August, with the consequent drop in Chinese tourists, will impact Taiwan's tourism market. However, overall tourist volumes since the beginning of 2019 have risen 12% y-o-y, with numbers from Japan, Korea and Thailand soaring. We expect Ximen, supported by diverse foreign tourism, to be resilient to the ban and to see steady rent growth.

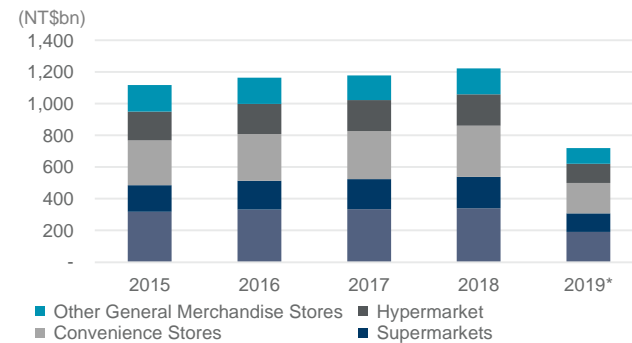
ECONOMIC INDICATORS

	Q1 2019	Q2 2019	2019-2020 Forecast
GDP Growth	1.8%	2.4%	▼
CPI Growth	0.3%	0.8%	▲

Source: Directorate-General of Budget, Accounting and Statistics

SALES OF GENERAL MERCHANDISE

	2018	2019	Period Growth
Cumulative Sales of General Merchandise from Jan to Jul (NT\$ bn)	691.0	720.9	▲
Sales of General Merchandise in Jul (NT\$ bn)	99.2	105.3	▲



*Jul of 2019

Source: Department of Statistics, Ministry of Economic Affairs

Wendy Hsueh

Director, Valuation & Advisory
Services | Research, Taiwan
Tel: +886 2 8788 3288
wendy.hj.hsueh@cushwake.com
6/F, Capital Square,
101 Song Ren Road, Xin Yi
District, Taipei 110, Taiwan

TAIPEI RETAIL MARKETBEAT

OCTOBER 2019

PRIME RETAIL VACANCY AND AVERAGE RENTS IN Q3 2019

RETAIL HUB	VACANCY RATE	RENTAL RANGE (NTD/PING/MO)	RENTAL RANGE (USD/SF/MO)	12-MONTH OUTLOOK
Zhongxiao	11.5%	9,000~16,000	8.1~14.3	▼
Taipei Railway Station	2.6%	10,000~12,000	9.0~10.7	■
Zhongshan / Nanjing	5.8%	7,000~12,000	6.3~10.7	■
Ximen	1.5%	18,000~22,000	16.1~19.7	▲

*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: 1 USD = 31.3742 TWD as of August 23, 2019*

SIGNIFICANT OPENINGS IN Q3 2019

RETAIL HUB	LOCATION	TENANT	AREA (ping)
Zhongxiao	Section 4, Zhongxiao East Road	PUMA	66.1
Zhongshan / Nanjing	Nanjing West Road	CHARLES & KEITH	39.9
Zhongshan / Nanjing	Section 1, Zhongshan North Road	KGI BANK	91.0
Ximen	Chengdu Road	Watsons	76.7 (1~3F)
Ximen	Kunming Street	POYA	358.3 (1~3F)

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

A Cushman & Wakefield
Research Publication

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

www.cushmanwakefield.com