



2,580

Average Rent (NTD/PING/MO)

12-Mo.
Forecast

0%

Rental Growth Rate (QOQ)



4.5%

Vacancy Rate



Source: Cushman & Wakefield Research

TAIPEI ECONOMIC INDICATORS
Q3 2019

3.0%

GDP Growth

Q2
2019

2.6%

12-Mo.
Forecast

2.6%

Service Sector
GDP Growth

2.7%

N/A

0.4%

CPI Growth

0.8%



3.7%

Unemployment Rate
(Jun)

3.7%

N/A

Source: Ministry of the Interior, Oxford Economics

Note: Growth figure is y-o-y growth

Overall Vacancy Rate Records Ten-Year Low

The office market's overall vacancy rate declined 0.9 percentage points q-o-q to 4.5% in Q4, marking our lowest recorded vacancy rate. By submarket, compared with prior vacancy rates, Nanjing/Songjiang led the way with a drop of 1.8 percentage points q-o-q, followed by Xinyi with a decrease of 1.4 percentage points, q-o-q. Leasing activity in the period was flat and concentrated predominantly in the small and medium space sectors in Xinyi district.

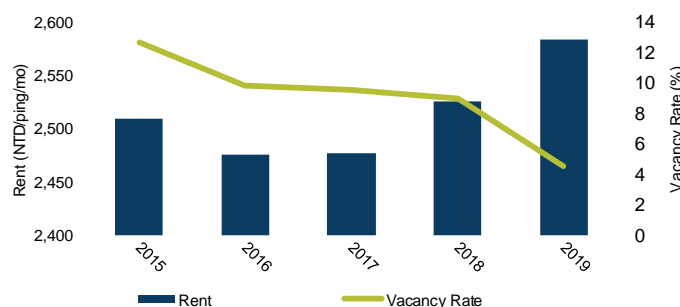
Average Rent Remained Stable

Average rent for Grade A office space remained stable in Q4 at NT\$2,580 per ping per month. Xinyi district led the way with NT\$3,170 per ping per month, followed by Dunbei/Minsheng and Dunnan with NT\$2,360 per ping per month. In the low-supply environment landlords were bullish in their rental terms and conditions. Average rent remained at the prevailing level.

Leasing Activity Will Stall in the Short Term

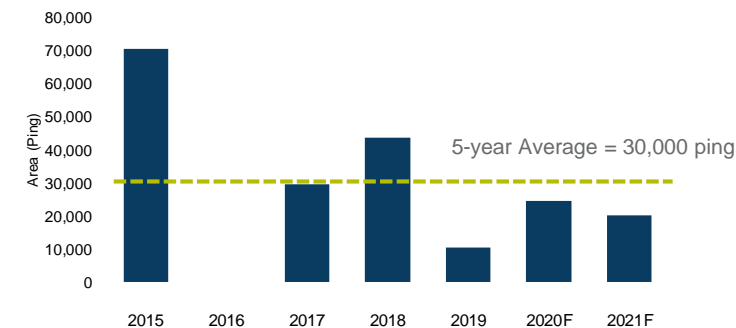
Total absorption was at nearly 43,000 pings for 2019, matching the figure for 2018. Over the past two years new completions have benefitted from strong demand and have enjoyed effective preleasing. Older properties at choice locations and at competitive rents have also performed well and have supported the overall market prosperity. For the future we see continuing healthy demand. However, with the lack of current vacant supply and with the upcoming two years' supply earmarked for own-use, a gradual downturn in leasing activity is expected. In the short-term some tenants are expected to shift to co-working spaces, older office buildings and outer districts of the city. Rents are expected to rise as the shortage of new supply is felt.

RENT & VACANCY RATE



Source: Cushman & Wakefield Research

SUPPLY PIPELINE



Source: Cushman & Wakefield Research



SUBMARKET	INVENTORY (ping)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (Ping)	GRADE A RENT		
				NTD/Ping/MO	US\$/SF/MO	EUR/SF/MO
Western	40,200	2.4%	0	2,100	US\$1.93	€ 1.75
Nanjing/Songjiang	36,600	3.5%	8,000	2,030	US\$1.87	€ 1.69
Dunbei/Minsheng	207,400	6.6%	25,300	2,360	US\$2.17	€ 1.96
Dunnan	103,700	7.0%	0	2,360	US\$2.17	€ 1.96
Xinyi	343,800	2.8%	0	3,170	US\$2.92	€ 2.64
Taipei City	731,700	4.5%	33,300	2,580	US\$2.38	€ 2.15

1 USD = 30.5200 TWD; 1 EUR = 33.7649 TWD as of Nov 22, 2019

KEY LEASING TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	TENANT	PING	LEASE TYPE
Hung Sheng International Finance Center	Dunbei/Minsheng	Claddagh Venture Investment Limited	470	New Lease
Taipei 101	Xinyi	The Executive Centre.	490	Expansion
Cathay Landmark	Xinyi	Mannatech	180	New Lease
Cathay Landmark	Xinyi	Honda Taiwan	270	New Lease

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	PING	COMPLETION DATE
Yuanta Life New Headquarters	Nanjing/Songjiang	Yuanta Group	8,000	2020
China Life Headquarters	Dunbei/Minsheng	China Life/China Development Financial	16,600	2020
Taipei Dome	Xinyi	-	11,400	2021
E.SUN Second Headquarters	Dunbei/Minsheng	E.SUN Financial	8,700	2021

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