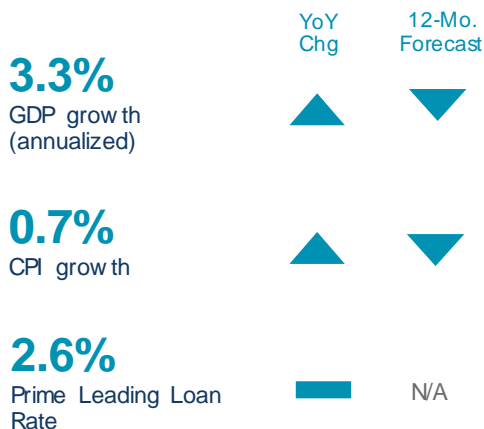
ECONOMIC INDICATORS
Q4 2019

Source: Ministry of the Interior, Oxford Economics

Investment Market Dropped Sharply in Q1

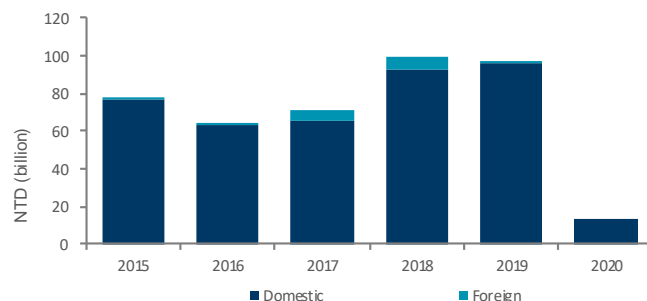
Investment in Q1 totaled NT\$13.4 billion. The quarter is usually viewed as the investment off-season, but investment was still off 45% compared with the last quarter and 20% on the same quarter last year. Notable deals in Q1 included Highwealth Construction's purchase of the Hotel Kingdom for NT\$1.5 billion. As well, Pegatron Corporation acquired a factory in Guishan, Taoyuan City for NT\$1.3 billion, and Subtron Technology acquired a factory in Hukou Township, Hsinchu County for NT\$1.3 billion. The industrial sector led market with 71% of the quarterly consideration. Deals were mainly concentrated in Taoyuan City and Hsinchu County.

Technology and Biotechnology Sectors Dominated the Market

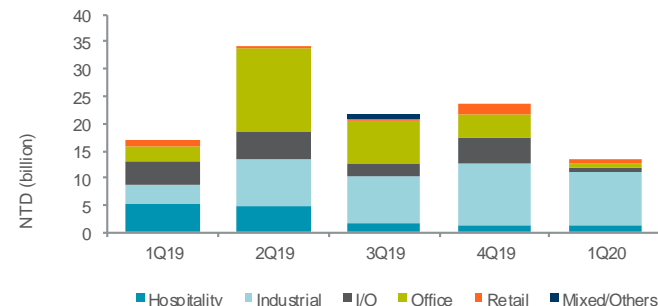
Local buyers dominated the market for owner-occupation in Q1. Demand came from technology and biotechnology firms due to growing manufacturing activities. For example, Grape King Biotech acquired a factory in Pingjhen Industrial Park for NT\$890 million, Kaori Heat Treatment acquired a factory in Jhongli Industrial Park for NT\$480 million, and iBase Gaming acquired an industrial office in Farglory U-Town for NT\$230 million.

Buyers for investment purposes, led by asset management companies (AMCs), were more conservative this quarter. Deals included Hua Nan Assets Management's acquisition of the Jiuyi Oxford Commercial Building for NT\$330 million through the auction market. First Holding AMC acquired a storefront in New Taipei City for NT\$360 million, and Taishin Asset Management acquired the Shi Jie Zhi Ding Commercial Building in Taipei City for NT\$430 million from a related party.

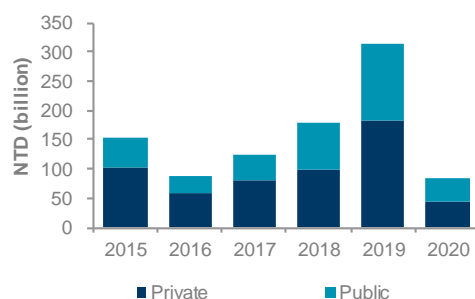
INVESTMENT VOLUME BY CAPITAL SOURCE



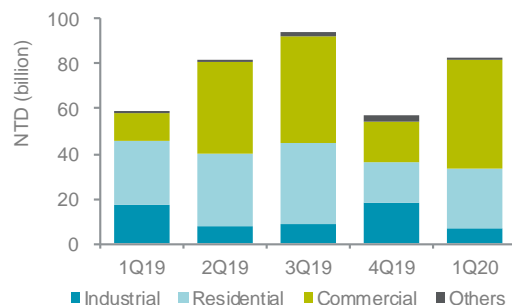
INVESTMENT VOLUME BY SECTOR



Land Investment Volume by Supply Source



Land Investment Volume by Land Use



Land Sales Maintain Momentum

Investment in land parcels reached a total of NT\$83.1 billion in Q1, up 45% on the prior quarter and 43% on the same quarter last year. The ten biggest land sales were driven by developers, and concentrated in Taipei City and Taichung City.

Significant deals included Nanshan Life's acquisition of the development rights of World Trade Center III for NT\$31.3 billion, breaking the record for both the biggest land parcel and the highest premium. As well, the NT\$8.4 billion business district land transaction by Highwealth Construction in the 7th Redevelopment Zone in Taichung City broke the local area record for the highest-value land sale. Highwealth plan to develop a commercial space including a department store, hotel, and office building on the site. Highwealth Construction also acquired a land parcel in a residential district in the 7th Redevelopment Zone for NT\$4.4 billion with intentions to develop a commercial building.

Industrial Assets for Owner Occupation Continue

Demand for industrial assets for owner occupation will continue to support the real estate market. Transactions of investment properties such as hotels or storefronts were largely suspended in response to the COVID-19 outbreak. With interest rate reductions across major markets worldwide, office assets have become an attractive target for investors seeking properties for owner-occupation or stable rental income. However, with land an essential asset for developers, they will continue to seek suitable land parcels to ensure future supply.

KEY SALE TRANSACTIONS

PROPERTY	LOCATION	PURCHASER	VENDOR	SECTOR	PRICE (NTD BN)
Hotel Kingdom	Yancheng Dist., Kaohsiung City	Highwealth Construction	Hotel Kingdom	Hotel	1.5
Factory in Guishan	Giushan Dist., Taoyuan City	Shu Guang Construction	Choice Company	Industrial	1.4
Factory in Pingjhen Industrial Park	Pingzhen Dist., Taoyuan City	Grape King Bio	Onano Industrial Corporation	Industrial	0.9
Factory in Zhudong	Zhudong Township, Hsinchu City	Yong Xi	Glotech Industrial	Industrial	0.8

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