

2,585

Average Rent (NTD/PING/MO)

12-Mo.
Forecast**0.2%**

Rental Growth Rate (QOQ)

**4.8%**

Vacancy Rate



Source: Cushman & Wakefield Research

TAIPEI ECONOMIC INDICATORS
Q4 2019
3.3%

GDP Growth

Q3
2019**3.0%**12-Mo.
Forecast**3.4%**Service Sector
GDP Growth**2.8%**

N/A

0.7%

CPI Growth

0.4%**3.7%**Unemployment Rate
(Dec.)**3.7%**

N/A

Source: Ministry of the Interior, Oxford Economics

Note: Growth figure is y-o-y growth

Overall Low Vacancy Rate Stabilized

The Grade A office market added 6,500 pings of new supply in Q1 2020. The new space came from the Taiwan Life Insurance Zhongshan building in the western district, which shifted its leasing strategy from whole-building with no usage restrictions to office spaces divided into units. A number of units were taken up immediately, easing the very limited supply in the market.

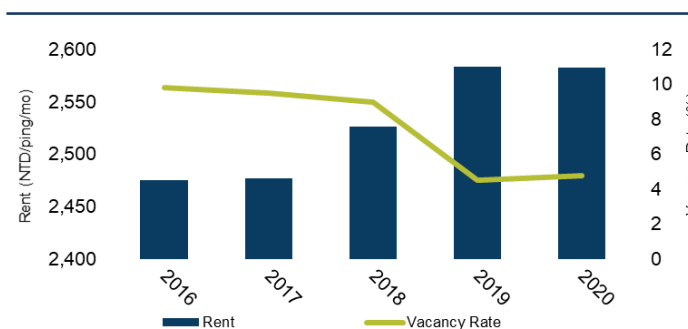
The overall vacancy rate edged up 0.3 percentage points q-o-q to 4.8% in Q1, prompted by new supply in the market. But by submarket, compared with prior quarter vacancy rates, the Dunbei/Minsheng district led the way with a drop of 0.8 percentage points q-o-q, followed by Xinyi with a drop of 0.7 percentage points q-o-q. The drop in the vacancy rate in these submarkets has slowed due to the lack of further available space.

Average Rent Remained Stable

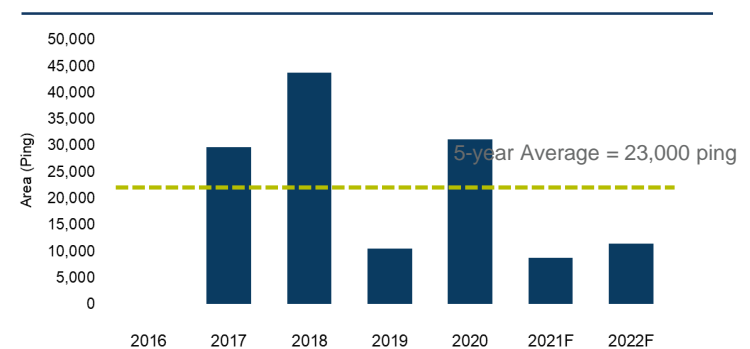
Average rent for Grade A office space slightly increased in Q1 at NT\$2,585 per ping per month. Xinyi district led the way with NT\$3,180 per ping per month, followed by Dunbei/Minsheng and Dunnan with NT\$2,360 per ping per month. Tenants and landlords have recognized that in the low-supply environment, a stable rise in rentals reflects that the trend is towards a landlords' market.

Leasing Activity Will be Flat Ahead With Limited Supply

The COVID-19 outbreak has prompted tenants who are actively looking for new locations to extend their evaluation time, but has not yet significantly influenced the office leasing activity. However, due to the very limited supply available may enterprises can be expected to remain at existing locations in 2020, and consequently leasing activity is expected to be flat in the year.

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	46,800	15.8%	0	2,180	US\$2.05	€ 1.84
Nanjing/Songjiang	36,600	3.7%	8,000	2,030	US\$1.91	€ 1.72
Dunbei/Minsheng	207,400	5.8%	25,300	2,360	US\$2.22	€ 1.99
Dunnan	103,700	7.0%	0	2,360	US\$2.22	€ 1.99
Xinyi	343,800	2.1%	0	3,180	US\$2.99	€ 2.68
Taipei City	738,300	4.8%	33,300	2,585	US\$2.43	€ 2.18

1 USD = 29.8721 TWD; 1 EUR = 33.2967 TWD as of Mar 3, 2020

KEY LEASING TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	TENANT	PING	LEASE TYPE
Continental Engineering Corporation Dunnan Building	Dunbei/Minsheng	Next Bank	1,600	New Lease
Hontai Financial Centre	Dunbei/Minsheng	Shipline	750	New Lease
TransGlobe Life Insurance Inc. Commercial Building	Dunbei/Minsheng	Targetglobal	260	Expansion
Shin Kong Life Insurance Co., Ltd. Zhongshan Building	Western	Taishin D.A. Finance	430	Relocation
Shin Kong Life Insurance Co., Ltd. Zhongshan Building	Western	Taishin Securities	220	Expansion

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
E.SUN Second Headquarters	Dunbei/Minsheng	E.SUN Financial	8,700	2021

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