

13,000

AVERAGE RENT (NTD/PING/MO)

12-Mo.
Forecast

-3%

RENTAL GROWTH RATE(QOQ)

5.9%

VACANCY RATE

Source: Cushman & Wakefield Research (Figures are growth rates as of Q1 2020.)

TAIPEI ECONOMIC INDICATORS
Q4 2019

3.3%

GDP Growth

YoY
Chg12-Mo.
Forecast

0.7%

CPI Growth

13.4%

Cumulative Sales of
General Merchandise

N/A

Source: Directorate-General of Budget, Accounting
and Statistics

Market Overview

At February 2020 general retail sales were up 1.7% y-o-y. However, department store sales dropped by 3.2%, with customer traffic impacted by the coronavirus outbreak. Year-on-year, convenience store sales rose by 5.0% due to expansion by retailers and demand for fresh foods. Supermarket sales rose by 15.1% and wholesale stores by 10.8%, boosted by greater demand for fresh food and daily necessities. However, sales of other general merchandise stores dropped sharply by 22.4% y-o-y, due to curtailed tourism and poorer performance at duty-free shops.

Fast Fashion Brand H&M Expands in Zhongxiao Retail Hub

Vacancy rates dipped in Zhongshan/Nanjing in Q4, while edging up in Ximen and climbing more than 3 percentage points q-o-q in Taipei Main Station and Zhongxiao. Rental reductions in Zhongxiao have prompted convenience stores to expand, while H&M has taken the former storefront of Forever 21, somewhat relieving the negativity of large storefront vacancy and bringing new vitality to the fast fashion market in Zhongxiao.

Large Storefronts Are Being Divided Up

In the last two years most leased storefronts in the main retail hubs have been at less than 60 pings. With large storefronts standing vacant for longer periods, landlords are no longer insisting on leasing properties to single tenants. Li Ren Commercial Building in Zhongxiao has divided its large storefronts into medium- and small-size units leased to chain convenience stores, while Taipei TIT Tower Square in Ximen has leased divided units to gift shops and clothing stores. This has proven to be a flexible solution to achieve take-up of large storefronts.

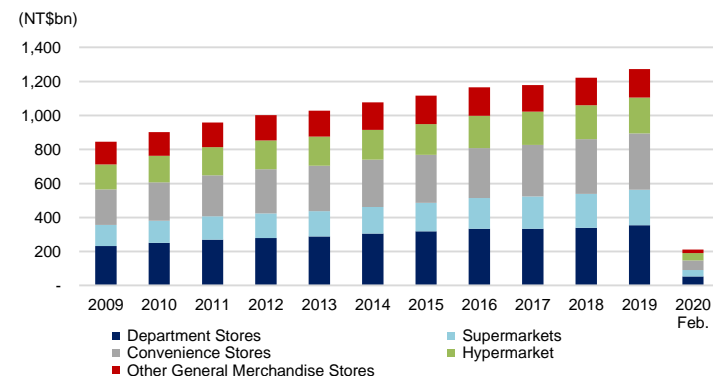
COVID-19 Outbreak Has Impacted Retail Hubs

The coronavirus outbreak has driven down tourist numbers at Ximen retail hub, with some cosmetics stores closing. Customer footfall at Zhongxiao retail hub has also dropped, resulting in store closures, pressure on rentals, and longer storefront vacancy. However, in the Zhongshan/Nanjing hub, cultural and creative stores and coffee shops have become popular for younger shoppers, and, coupled with convenient access from the MRT Zhongshan Station Xianxing Park, customer flow has remained stable and has given a boost to the market.

RENT / VACANCY RATE IN XIMEN



CUMULATIVE SALES OF GENERAL MERCHANDISE FROM JAN TO OCT (NT \$ bn)



PRIMARY RETAIL VACANCY AND AVERAGE RENTS IN Q1 2020

RETAIL HUB	VACANCY RATE	RENTAL RANGE (NTD/PING/MO)	RENTAL RANGE (USD/SF/MO)	12-MONTH OUTLOOK
Zhongxiao	11.4%	8,500~16,000	8.0~15.1	▼
Taipei Main Station	6.2%	9,000~11,500	8.5~10.8	▼
Zhongshan/Nanjing	2.7%	7,000~12,000	6.6~11.3	▼
Ximen	3.8%	18,000~21,500	16.9~20.2	▼

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 = 29.87 TWD as of March 4, 2020

SIGNIFICANT OPENINGS IN Q1 2020

RETAIL HUB	LOCATION	TENANT	AREA(ping)
Zhongxiao	Section 4, Zhongxiao East Road	The Body Shop	25
Zhongxiao	Section 4, Zhongxiao East Road	7-11	64
Taipei Main Station	Section 1, Zhongxiao West Road	7-11	54
Zhongshan/Nanjing	Nanjing West Road	Vlens	44
Ximen	Xining South Road	Sukiya	49(1~2F)

SIGNIFICANT RETAIL PROJECTS - UNDER CONSTRUCTION/DECORATION

PROJECT	DISTRICT	OPENING TIME	GFA(ping)
Honghui Plaza	Xinzhuang District, New Taipei City	2020	25,600
Mitsui Shopping Park LaLaport Nangang	Nangang, Taipei City	2021	61,900

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