

TAIWAN

Capital Markets Q2 2020



27.2B

YTD Investment Volume (NTD)

YoY
Chg

-53%

13.8B

Q2 Investment Volume (NTD)

-60%

23

Q2 Deals

-28%

Investment Market Edged up in Q2, Technology Firms Drive Market

Investment in Q2 totaled NT\$13.8 billion, up 3.1% q-o-q, but down 59.7% on the same quarter last year. Transactions were concentrated in Taipei City, New Taipei City and Taichung City, together accounting for 64.3% of the total investment volume in Q2. Local buyers dominated the market for owner-occupation in Q2, accounting for 79.5% of transactions. The industrial sector led the market, taking 53.6% of the quarterly consideration, driven by technology firms preparing for future operations and expansion. Notable industrial deals in Q2 included General Interface Solution Limited's acquisition of a factory in Taichung Science Park for NT\$1.8 billion. As well, I-HWA Industrial acquired a factory in Xinhua District, Tainan City for NT\$1.1 billion, and Getac Technology acquired a factory for NT\$1 billion in Giushan Industrial Park, Taoyuan City. The industrial office sector accounted for 26.5% of Q2 consideration, with the largest deal being Wan Hai Lines' purchase of the Chonghong New Generation Building for NT\$2.1 billion as its future headquarters.

Investment Buyers Target Offices and Industrial Offices

Buyers for investment maintained a cautious attitude toward storefronts this quarter, preferring offices and industrial offices. Deals included Chunghwa Post's acquisition of Taipei Technology City for NT\$830 million, Wan Hai Lines' purchase of an office in the Pacific Commercial Building for NT\$540 million, and Long Bon's acquisition of Time Financial Plaza in Taipei City for NT\$210 million from a related party.

ECONOMIC INDICATORS
Q1 2020

1.6%

GDP growth
(annualized)YoY
Chg12-Mo.
Forecast

0.5%

CPI growth



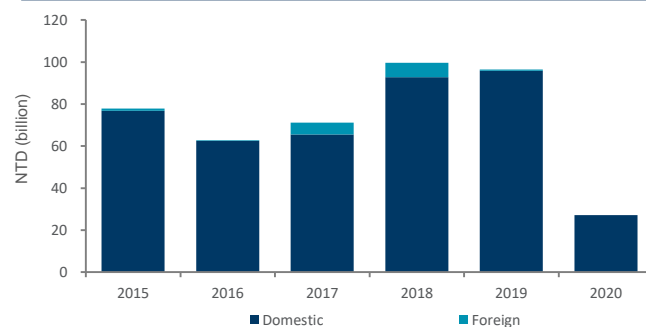
2.6%

Prime Leading Loan
Rate

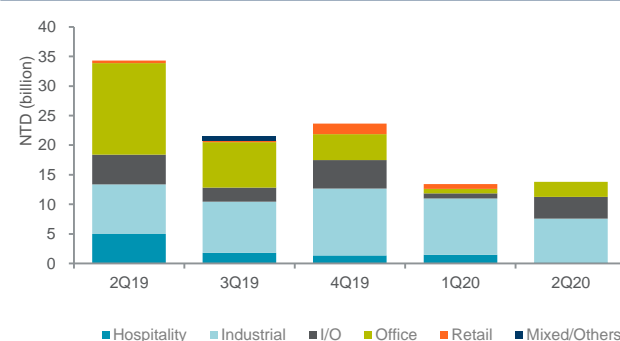
N/A

Source: Ministry of the
Interior, Oxford Economics

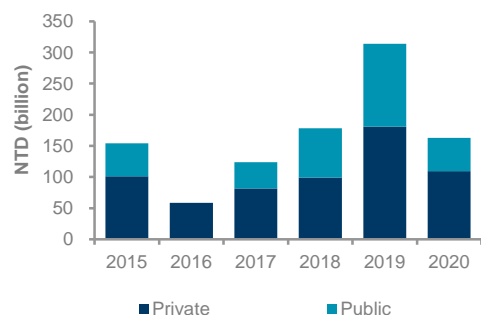
INVESTMENT VOLUME BY CAPITAL SOURCE



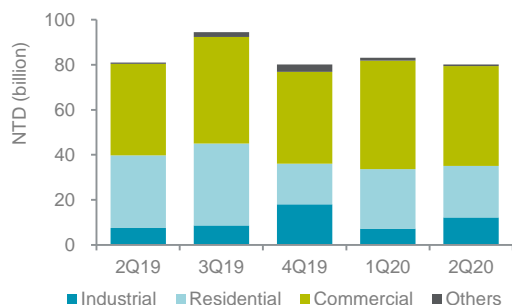
INVESTMENT VOLUME BY SECTOR



Land Investment Volume by Supply Source



Land Investment Volume by Land Use



Developers Maintain Hunt for Suitable Land

Investment in land parcels reached a total of NT\$80.1 billion in Q2, marking a record of over NT\$80 billion for the last five consecutive quarters. Land sales were driven by life insurance and developers. Significant deals included Fubon Life Insurance's acquisition of commercial land in Nangang for NT\$28.3 billion, breaking the record for the highest unit price in Nangang at NT\$3.8 million per ping. Fubon plan to build commercial buildings in the future. As well, the NT\$3.2 billion industrial land transaction by Hung Sheng Construction in Nangang demonstrates the interest in the district. Strong momentum continued in the surface rights sector in Q2. Transglobe Life won the 70-year development rights to a land parcel near Taipei Songshan Airport for NT\$9.8 billion, planning to build their future headquarters.

Land Market Predicted to Maintain Activity in Q3 - Q4

With developers maintaining their hunt for suitable land the market is predicted to be active in the next two quarters. Demand for commercial real estate is mainly concentrated in offices and industrial office properties for owner-occupation. The impact of the COVID-19 outbreak severely damaged revenues for hotels and storefronts and these sectors face challenges in recovery. However, some potential buyers were willing to enter the market during the crisis period.

KEY SALE TRANSACTIONS

PROPERTY	LOCATION	PURCHASER	VENDOR	SECTOR	PRICE (NTD BN)
Chonghong New Generation	Neihu Dist., Taipei City	Wan Hai Lines	Chong Hong Construction	Industrial office	2.1
Factory in Taichung Science Park	Houli Dist., Taichung City	General Interface Solution Limited	NexPower Technology	Industrial	1.8
Factory in Xinhua Dist., Tainan City	Xinhua Dist., Tainan City	I-HWA Industrial	Tah Shin Spinning	Industrial	1.1
Factory in Giushan Industrial Park, Taoyuan City	Taoyuan Dist., Taoyuan City	Getac Technology	Waffer Technology	Industrial	1.0

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