

12,600

AVERAGE RENT (NTD/PING/MO)

12-Mo.
Forecast

-3%

RENTAL GROWTH RATE(QOQ)

8.3%

VACANCY RATE

Source: Cushman & Wakefield Research (Figures are growth rates as of Q2 2020.)

TAIWAN ECONOMIC INDICATORS
Q1 2020

1.6%

GDP Growth

YoY
Chg12-Mo.
Forecast

0.5%

CPI Growth

-1.0%

Cumulative Sales of
General Merchandise

N/A

Source: Directorate-General of Budget, Accounting
and Statistics

COVID-19 Outbreak Has Driven Rise in Online Shopping

The COVID-19 outbreak curtailed shopper traffic at brick-and-mortar stores. At April 2020, general retail sales were down 1% y-o-y. Department stores offered special discounts for Mother's Day in May, hoping to alleviate the impact, but sales still fell 12.4% for the period y-o-y. Customer demand for daily necessities and fresh foods has driven an increase in online shopping. Supermarket sales also rose 18.8% y-o-y and wholesale stores 12.1%. Convenience store sales rose by 4.4%, helped by operators issuing discount vouchers to boost customer traffic and spending. However, sales of other general merchandise stores dropped sharply by 27.7% y-o-y, due to curtailed tourism and poorer performance at duty-free shops.

H&M, Net and POYA Expand in Zhongxiao Retail Hub

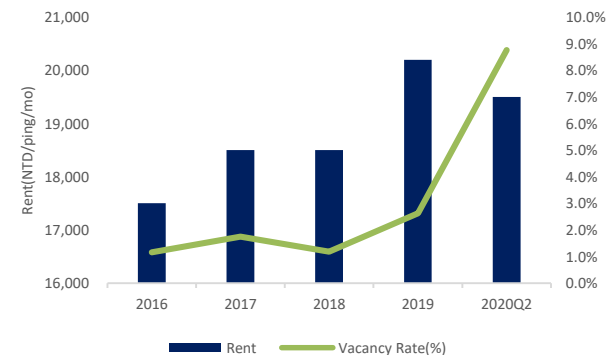
In Ximen district the vacancy rate climbed 5 percentage points q-o-q, with many cosmetics and souvenir stores closing due to the drop-off in tourism. Vacancy rates edged up 1 percentage point in Zhongshan/Nanjing and Zhongxiao, while Taipei Main Station remained stable. In Zhongxiao, fashion brands H&M and Net opened new stores in Q2, H&M taking the former storefront of Forever 21, and Net the former space of Yunfulou restaurant.

Cosmetics retailer POYA also expanded, taking a former Net storefront. The expansion of these three brands has aided the further development of the Zhongxiao retail hub. Landlords have offered rental reductions, although only for temporarily periods.

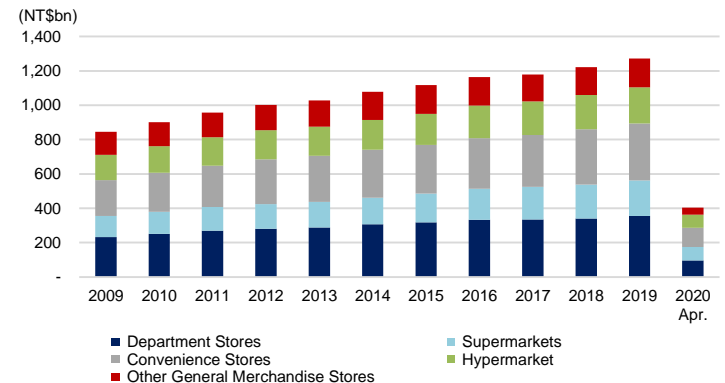
Pandemic Impact is Ebbing

The coronavirus outbreak has depressed shoppers' desire to venture out and has severely curtailed tourism. However, a speedy recovery in sales is expected post-pandemic. The first revival is predicted to be in the catering industry and domestic tourism. Promotions by department stores will also be bolstered by shopping vouchers issued by the central government in July, with the hope that retail sales can rebound to pre-COVID-19 levels.

RENT / VACANCY RATE IN XIMEN



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



PRIMARY RETAIL VACANCY AND AVERAGE RENTS IN Q2 2020

RETAIL HUB	VACANCY RATE	RENTAL RANGE (NTD/PING/MO)	RENTAL RANGE (USD/SF/MO)	12-MONTH OUTLOOK
Zhongxiao	12.4%	8,000~15,000	7.5~14.1	▼
Taipei Main Station	6.2%	9,000~11,500	8.4~10.8	▼
Zhongshan/Nanjing	4.1%	7,000~12,000	6.6~11.2	▼
Ximen	8.8%	17,000~20,500	15.9~19.2	▼

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 = 29.9872 TWD as of June 1, 2020

SIGNIFICANT OPENINGS IN Q2 2020

RETAIL HUB	LOCATION	TENANT	AREA(ping)
Zhongxiao	Section 4, Zhongxiao East Road	H&M	610
Zhongxiao	Section 4, Zhongxiao East Road	NET	390
Taipei Main Station	Nanyang St.	Zai Shui Wu Fen Zhong	30
Ximen	Emei St.	Xing Fu Jin Long Bao	30
Ximen	Sec. 1, Zhonghua Rd.	Ming Xian Lou	20
Zhongshan/Nanjing	Nanjing W. Rd.	Two Shots Coffee	20

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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