

Industrial-Office Q3 2020

XIHU SECTION

12-Mo. Forecast

1,440
Average Rent (NTD/PING/MO)

0.0%
Rent Growth Rate (QOQ)

1.4%
Vacancy Rate

Source: Cushman & Wakefield Research

Vacancy Rates Rise Slightly in Xihu and Wende Sections

No new I/O supply was added at the Neihu Technology Park (NHTP) in Q3. In Xihu Section the vacancy rate edged up 0.1 percentage points q-o-q to reach 1.4%. A notable transaction was the take-up of 550 pings at Darwin Technology Center by a leasing industry firm. In Wende Section small-scale I/O units were released into the market, prompting vacancy to rise 1.1 percentage points q-o-q to 5.9%. Activity in Jiuzhong Section included a 1,500 ping space taken by an ICT company at Gending Juizjing Building, and a 600 ping space taken by an IT software company at Farglory Zurich B, dropping Jiuzhong's vacancy rate down 0.4 percentage points q-o-q to 16.2%.

Rent and Capital Values Remain Stable at Three Sections

Rental levels in Xihu, Wende, and Jiuzhong sections remained stable at NT\$1,440, NT\$1,000 and NT\$940 per ping per month respectively in Q3. There were no major investments in NHTP in the quarter. Capital values in each section also remained steady: Xihu at NT\$560,000-680,000 per ping, Wende at NT\$420,000-480,000, and Jiuzhong at NT\$400,000-450,000.

Leasing Inquiries for Jiuzhong Section Grow

New projects Hong Hui Rui Guan Plaza, in Xihu section, and Chang Hong New Generation, in Jiuzhong section, are expected to be released into the I/O market in Q4 2020. The new releases can be expected to push up vacancy rates in the future. However, leasing inquiries indicating strong demand for larger spaces may support further rental level growth. In Wende Section take-up was stable and the rental level is expected to remain flat. The negative impacts of the COVID-19 pandemic have obliged some firms to cut costs, and, with lower rental levels, Jiuzhong section has seen growth in leasing inquiries.

TAIWAN ECONOMIC INDICATORS Q2 2020

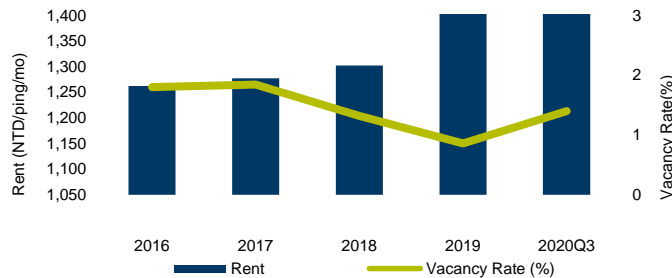
	Q1 2020	12-Mo. Forecast
-0.6% GDP Growth	2.2%	▲

3.5% Secondary Sector Growth	6.2%	N/A
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-1.0% CPI Growth	0.5%	▲
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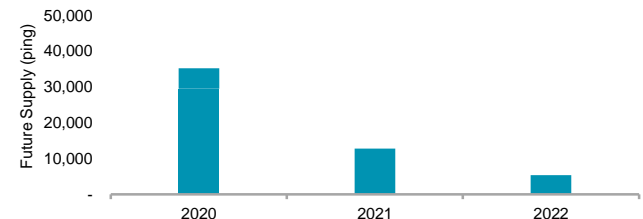
Source: Directorate-General of Budget, Accounting and Statistics, Oxford Economics
Note: Growth figure is y-o-y growth

RENT & VACANCY RATE (XIHU SECTION)



Source: Cushman & Wakefield Research

FUTURE SUPPLY



Source: Cushman & Wakefield Research

SECTION	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (PING)	I/O RENT		
			NTD/PING/MO	USD/SF/MO	EUR/SF/MO
Xihu	1.4%	29,500	1,440	US\$1.37	€ 1.16
Wende	5.9%	-	1,000	US\$0.95	€ 0.81
Jiuzong	16.2%	23,900	940	US\$0.90	€ 0.76

1 USD = 29.4311TWD; 1 EUR = 34.7451TWD as of August 24, 2020

KEY LEASING TRANSACTIONS Q3 2020

PROPERTY	SECTION	TENANT INDUSTRIAL CLASSIFICATION	PING	LEASE TYPE
Darwin Technology Center	Xihu	Leasing industry	550	Expansion
Asia Plaza	Xihu	Retail	200	Relocation
Guoding Technology Plaza	Xihu	Information and Communications Technology	200	New Lease
Farglory Zurich B	Jiuzong	IT Software Industry	600	Relocation
Gending Juizging Building	Jiuzong	Information and Communications Technology	1,500	Relocation

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SECTION	MAJOR TENANT	PING	COMPLETION DATE
Hong Hui Rui Guan Plaza	Xihu	Regus	29,500	2020
Chonghong New Generation	Jiuzong	-	5,800	2020
Shanyuan Chuangke Building	Jiuzong	-	5,300	2021
Lianhong Technology Building	Jiuzong	-	4,100	2021
Fuqing Xingshan Enterprise Building	Jiuzong	-	3,400	2021
CMP Building	Jiuzong	-	5,300	2022

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