

TAIWAN

Capital Markets Q3 2020



	YoY Chg
98.7B YTD Investment Volume (NTD)	+137%
71.2B Q3 Investment Volume (NTD)	+242%
49 Q3 Deals	+81%

Investment Market Surged in Q3, With TSMC Expanding in Tainan Science Park

Investment in Q3 totaled NT\$71.2 billion, up 406.9% q-o-q and up 242.4% on the same quarter last year. Investment volume for the Q1 to Q3 2020 period has now exceeded the full year total volume for 2019. Transactions were concentrated in Taipei City, Taoyuan City and Tainan City, together accounting for 76.6% of the total investment volume in Q3.

Local buyers dominated the market in the quarter, with the biggest deal in Q3, and for the year to date, being Fubon Life Insurance's acquisition of the Sunworld Dynasty Hotel for NT\$25.5 billion. TSMC continued preparations for operational expansion in the quarter, acquiring three factories at Tainan Science Park for NT\$9.4 billion, adding to their Q2 acquisition, for a total investment of more than NT\$10 billion.

Investment Buyers Target Industrial Offices and Warehouses

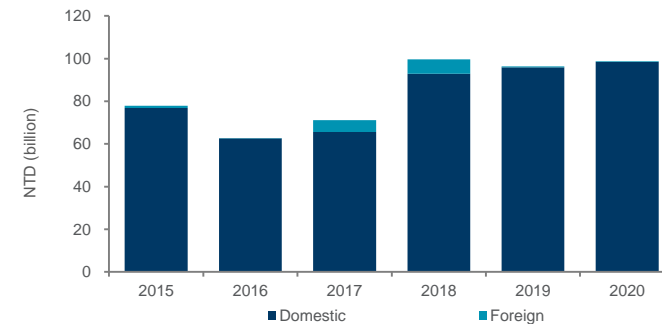
Owner occupier buyers remained the primary market purchasers in Q3, although investment buyers targeted a variety of real estate sectors in the quarter. Notable deals included Fubon Life Insurance's acquisition of the Sunworld Dynasty Hotel for NT\$25.5 billion, while Genyi Construction took Sampo's previous warehouse in Guishan District, Taoyuan, for NT\$1.8 billion; and Chunghwa Post and Fengshin Steel separately acquired ownership shares in Farglory U-Town for NT\$389 million and NT\$327 million respectively.

ECONOMIC INDICATORS Q2 2020

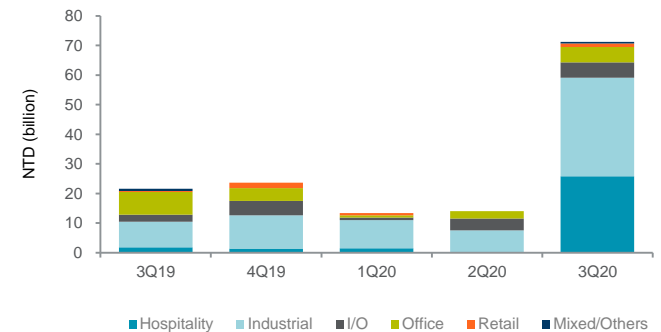
	YoY Chg	12-Mo. Forecast
-0.6% GDP growth (annualized)	▼	▲
-1.0% CPI growth	▼	▲
2.5% Prime Leading Loan Rate	▼	N/A

Source: Ministry of the Interior, Oxford Economics

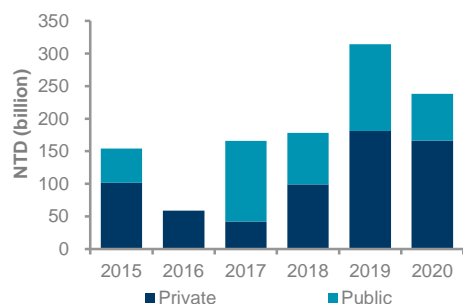
INVESTMENT VOLUME BY CAPITAL SOURCE



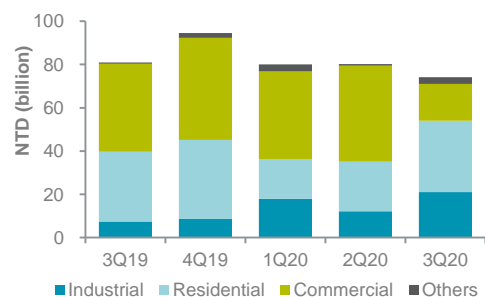
INVESTMENT VOLUME BY SECTOR



Land Investment Volume by Supply Source



Land Investment Volume by Land Use



Developers Maintain Land Purchases, Sale by Tender of National Land Attracts Interest

Investment in land parcels reached a total of NT\$74.1 billion in Q3, with developers maintaining their land acquisition activities. Chonghong Construction acquired an industrial land parcel near MRT Yongning Station for NT\$6.1 billion, while Highwealth Construction bought a land parcel in the 7th Redevelopment Zone in Taichung City for NT\$3.2 billion. After Highwealth’s business district land acquisition in February, this new deal represented a unit price high of NT\$3.5 million per ping. Highwealth Construction also acquired a residential land parcel in Chunglu Redevelopment Zone in Taoyuan City for NT\$2.5 billion.

The sale by tender of national land held by the Tainan City Government has attracted attention from different parties. A land parcel in a zone expropriation region has been tendered for NT\$2 billion, and two land parcels in the other zone expropriation region near Tainan Airport have both been tendered for NT\$1.3 billion.

Industrial Land Demand in Central and Southern Taiwan Grew in Q3

With interest rate reductions and quantitative easing policies in place, investors have been analyzing other potential investment targets, while developers have been maintaining their hunt for suitable land for future development projects.

Demand for owner-occupation properties is expected to remain stable, especially for the industrial property sector, which is the main force in the market. With industrial property prices on the rise and a lack of available large land parcels, demand for industrial land in central and southern Taiwan has grown, especially in Tainan City. The semiconductor and automobile component industries have now become key drivers of Taiwan’s industry value chain.

KEY SALE TRANSACTIONS

PROPERTY	LOCATION	PURCHASER	VENDOR	SECTOR	PRICE (NTD BN)
Sunworld Dynasty Hotel	Songshan Dist., Taipei City	Fubon Life Insurance	Sunrider International	Hotel	25.5
Factory in Tainan Science Park	Anding Dist., Tainan City	TSMC	Hannstar	Industrial	4.8
Factory in Taichung Youth Industrial Park, Taoyuan City	Yangmei Dist., Taoyuan City	Individual	Wintek Corporation	Industrial	4.4
Factory in Tainan Science Park	Shanhua Dist., Tainan City	TSMC	Optimax Technology	Industrial	3.7

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