

12-Mo. Forecast

2,600
Average Rent (NTD/PING/MO)

0.0%
Rental Growth Rate (QOQ)

4.6%
Vacancy Rate

Source: Cushman & Wakefield Research

Rental Demand Slows From Prior Peak

The office market's overall vacancy rate remained low in Q3, rising just 0.2 percentage points q-o-q to hit 4.6%. Key leasing transactions in the quarter were concentrated in Xinyi and Dunbei/Minsheng submarkets, with lease areas of 100 to 300 pings. With no new supply entering the market, cumulative absorption for the Q1 – Q3 2020 period reached merely 5,500 pings, evidently toned down compared to the absorption of 43,000 pings for the 2019 full year.

Average Rent Remains Steady

Without no new supply stimulus, average Grade A office rents remained stable in Q3 at NT\$2,600 per ping per month. In the investment market there were two notable deals at the Uni-President International Building in Xinyi: Yingzhan Development's NT\$1.24 billion purchase of around 670 ping on the 16/F, and Yingfu Development's NT\$615 million acquisition of about 340 ping on the 29/F, both at around NT\$1,790,000 per ping, marking the highest transaction unit price in Taipei.

Rental Growth Weakens as Economic Uncertainty Continues

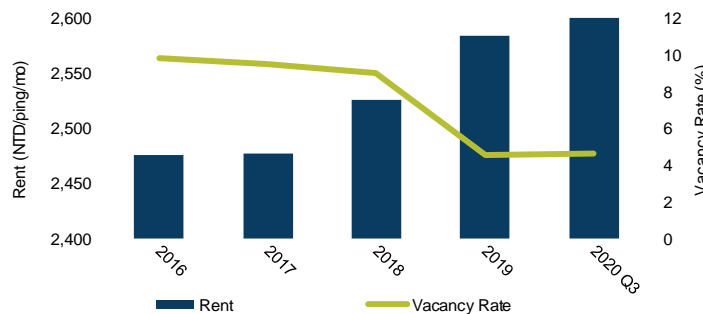
In the wake of the pandemic international firms have turned cautious with their office space leasing strategies, adopting a wait and see attitude in response to continuing uncertainty in the global economic environment. Firms are also adopting corporate policies to allow employees to work from home, or implementing flexible office space solutions with co-working space providers. Consequently, rental growth is expected to weaken as office demand continues to drop from pre-pandemic levels.

TAIWAN ECONOMIC INDICATORS Q2 2020

	Q1 2020	12-Mo. Forecast
-0.6% GDP Growth	2.2% ▲	
-1.6% Service Sector GDP Growth	0.9%	N/A
-1.0% CPI Growth	0.5% ▲	
4.0% Unemployment Rate (June)	3.8%	N/A

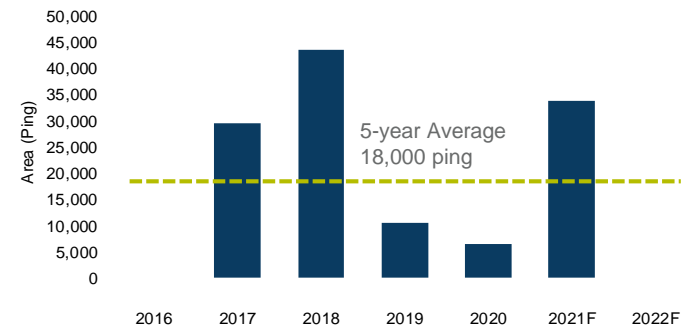
Source: Ministry of the Interior, Oxford Economics
Note: Growth figure is y-o-y growth

RENT & VACANCY RATE



Source: Cushman & Wakefield Research

SUPPLY PIPELINE



Source: Cushman & Wakefield Research

SUBMARKET	INVENTORY (ping)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (Ping)	GRADE A RENT		
				NTD/Ping/MO	US\$/SF/MO	EUR/SF/MO
Western	46,800	9.7%	0	2,200	US\$2.10	€ 1.78
Nanjing/Songjiang	36,600	3.5%	8,000	2,030	US\$1.94	€ 1.64
Dunbei/Minsheng	207,400	6.0%	25,900	2,360	US\$2.25	€ 1.91
Dunnan	103,700	6.6%	0	2,400	US\$2.29	€ 1.94
Xinyi	343,800	2.5%	0	3,190	US\$3.05	€ 2.58
Taipei City	738,300	4.6%	33,900	2,600	US\$2.48	€ 2.10

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

KEY LEASING TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	PING	LEASE TYPE
Farglory Financial Center	Xinyi	Tianhao Network Technology	300	New Lease
Farglory Financial Center	Xinyi	Agoda International Taiwan Company Limited	300	Relocation
Wango Bldg.	Dunbei/Minsheng	Lexcel Law Offices	180	Relocation
Farglory Financial Center	Xinyi	Rakuten Medical Taiwan	120	New Lease
City Link Bldg.	Dunbei/Minsheng	Bank SinoPac	120	Expansion

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	PING	COMPLETION DATE
China Life Headquarters	Dunbei/Minsheng	China Life/China Development Financial	17,200	2021
Yuanta Life New Headquarters	Nanjing/Songjiang	Yuanta Group	8,000	2021
E.SUN Second Headquarters	Dunbei/Minsheng	E.SUN Financial	8,700	2021

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