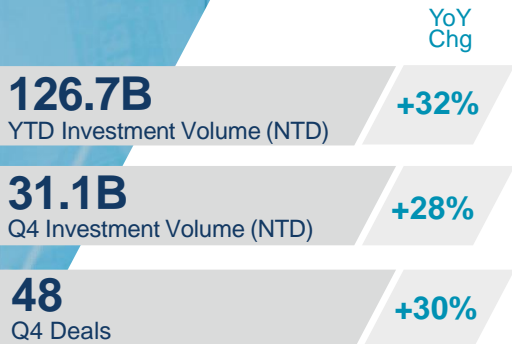
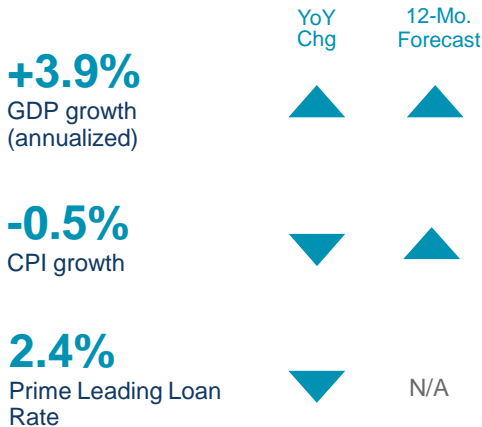


TAIWAN

Capital Markets Q4 2020



ECONOMIC INDICATORS Q3 2020



Source: Ministry of the Interior, Oxford Economics

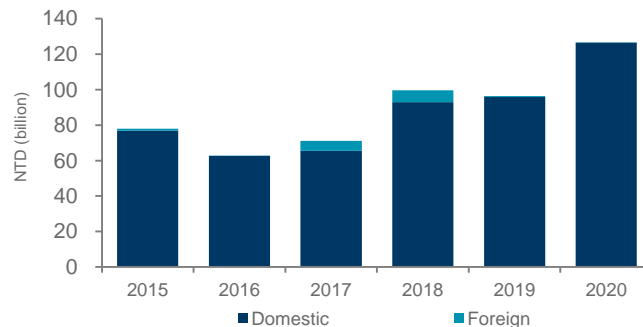
Investment Market Closed 2020 On a Solid Note at NT\$126.7 Billion

Taiwan's investment market closed 2020 on a solid note. Total consideration was at NT\$126.7 billion for the year, surpassing the NT\$100 billion mark for the first time since 2013, and growing 31.6% y-o-y. The Q3 performance was the best of the year, at NT\$68.2 billion and 53.8% of the annual total. Investment in Q4 totaled NT\$31.1 billion, down 54.4% q-o-q due to the extremely high volume of Q3, yet still up 28.2% on the same quarter last year. Local buyers dominated the market in 2020, with demand coming from both owner-occupier buyers, accounting for 53.7% of the total, and investment buyers, at 46.3%. Most owner-occupier buyers were TMT sector firms purchasing factories and industrial office for operational use, while investment buyers were predominantly life insurance companies.

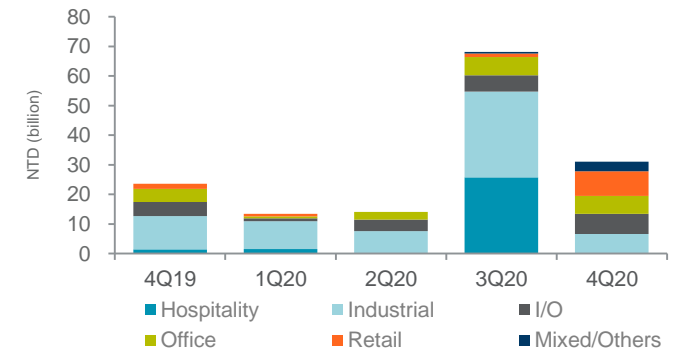
Buyers Target a Variety of Real Estate Sectors in Q4

Owner-occupier buyers and investment buyers targeted a variety of real estate asset sectors in Q4. Owner-occupier transactions included Hannstar's acquisition of a factory in Tainan Science Park for NT\$2.8 billion, while Jing-Jan Retail Business purchased Q Square-Xiaobitan for NT\$2.4 billion from its parent company Radium Life Tech. Investment buyers were primarily life insurance companies, they purchased a variety of real estate assets including shopping malls, storefronts, offices and industrial offices. Notably, the biggest deal in Q4 was Cathay Life Insurance's acquisition of Kwongfong Plaza for NT\$4.7 billion. Taiwan Life Insurance and Bank Taiwan Life Insurance also purchased office and storefront property in Taipei Times Square for NT\$3.7 billion and NT\$780 million, while Nan Shan Life Insurance acquired 4 leased industrial offices near Tainan Science Park for NT\$2.1 billion.

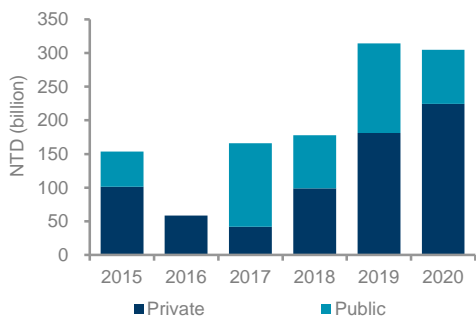
INVESTMENT VOLUME BY CAPITAL SOURCE



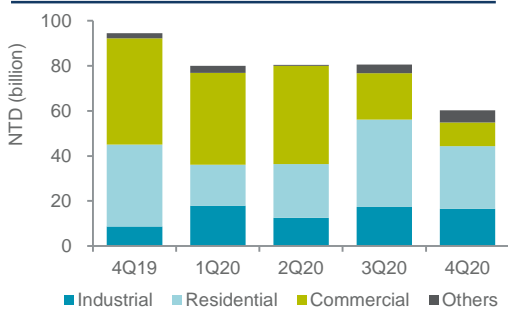
INVESTMENT VOLUME BY SECTOR



Land Investment Volume by Supply Source



Land Investment Volume by Land Use



Land Sales Reach Decade's Second Highest Level, Investment in Land Parcels Continues

Total consideration for the land market in 2020 was at NT\$304.9 billion, down 2.9% y-o-y, but still the second highest level of the past ten years. Life insurance companies and developers were the main drivers of transactions. Investment in land parcels reached a total of NT\$40.2 billion in Q4, with residential land parcels in the majority, accounting for 46.1%. The most notable land parcel deals in Q4 included Crowell Construction's acquisition of a 2,766.4-ping commercial land parcel in Daju Redevelopment Zone in Taoyuan City for NT\$2.4 billion. Dali Construction and Hiyes Group also jointly purchased a residential land parcel in North District, Taichung City, for NT\$2.2 billion, while Kuo Yang Construction acquired a land parcel in Jiuzhong Section in Neihu District, Taipei City, for NT\$2.1 billion, with plans for an industrial office.

New Loan Limitations Curtail Developers' Activities, Life Insurance Companies Less Impacted

The Central Bank took the market by surprise with the implementation of new mortgage limitations in early December, lowering the allowable loan ratio on land parcel purchases and mortgages. More highly leveraged developers will now have less capital for investment, and, as a result, they will evaluate targets more cautiously and reduce hoarding of residential units. However, life insurance companies have been less affected and have continued to invest in commercial real estate, development rights and BOTs. Consequently, we anticipate the investment market to remain steady into 2021.

KEY SALE TRANSACTIONS

PROPERTY	LOCATION	PURCHASER	VENDOR	SECTOR	PRICE (NTD BN)
Kwongfong Plaza	Bade Dist., Taoyuan City	Cathay Life Insurance	Baofeng Asset Management	Retail	4.7
Taipei Times Square	Zhongshan Dist., Taipei City	Taiwan Life Insurance	High Wealth Construction, Chyi Yuh Construction, Runlong Construction	Office	3.7
Factory in Tainan Science Park	Shanhua Dist., Tainan City	Hannstar	HannsTouch Solution	Industrial	2.8
Q Square- Xiaobitan	Xindian Dist., New Taipei City	Jing-Jan Retail Business	Radium Life Tech	Retail	2.4

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