

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

12-Mo.
Forecast

0.0%
Rental Growth Rate (QOQ)

4.5%
Vacancy Rate

Source: Cushman & Wakefield Research

TAIWAN ECONOMIC INDICATORS Q3 2020

3.9%
GDP Growth

Q2 2020: **0.4%** ▲
12-Mo. Forecast: ▲

1.9%
Service Sector GDP Growth

Q2 2020: **-1.5%** ▲
12-Mo. Forecast: N/A

-0.5%
CPI Growth

Q2 2020: **-1.0%** ▲
12-Mo. Forecast: ▲

3.8%
Unemployment Rate (September)

Q2 2020: **4.0%** ▲
12-Mo. Forecast: N/A

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

Absorption Marks Ten-Year Low

The office market's overall vacancy rate remained low in Q4, dropping 0.1 percentage points q-o-q to record 4.5%. The lack of available office space meant that leasing activity remained relatively quiet in the quarter. Tarobo Investment Advisors' 800 ping leasing deal at the CEC Dunnan Building was a highlight, but other transactions were predominantly small- and medium-sized areas, ranging from 100 to 400 pings. With very limited new supply entering the market, full-year absorption for 2020 reached just 6,200 pings, dropping under 10,000 pings for the first time since 2009. However, co-working spaces have been more of a bright spot, benefitting from growing demand from enterprises for more flexible space allocations during the pandemic period. Some tenants have even relocated from Grade A offices to neighboring co-working facilities.

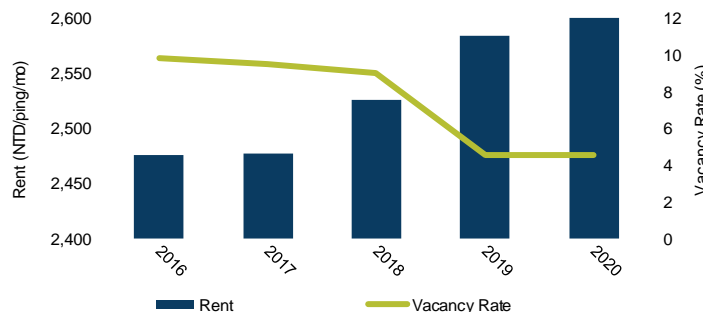
Average Rent Remains Stable

No new Grade A office entered the market in Q4. Average Grade A rents remained stable for the second consecutive quarter, at NT\$2,600 per ping per month. Xinyi led the way at NT\$3,190 per ping per month, followed by Dunnan at NT\$2,400 per ping per month. In the current landlord's market we expect average rents to remain at the prevailing levels.

Rental Growth to Narrow Further Under Market Uncertainty

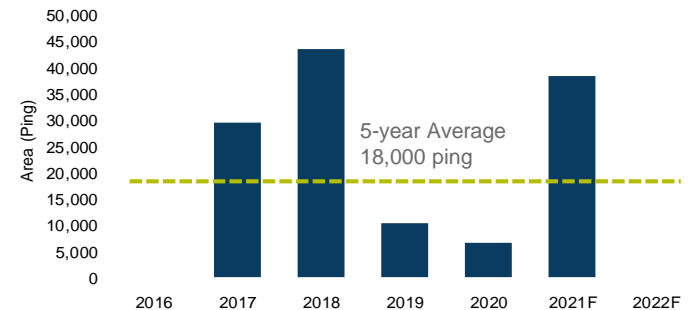
The Taipei Grade A office market is scheduled for 38,500 pings of new supply in 2021, most of which is slated for finance sector firms' own-use. Despite the scarcity of new space, we do not expect to see a pre-leasing boom, as international firms remain conservative in the face of the continuing global economic impact of the pandemic. In the short-term, office market leasing activities are forecast to stay flat, with opportunity for rental growth further narrowing.

RENT & VACANCY RATE



Source: Cushman & Wakefield Research

SUPPLY PIPELINE



Source: Cushman & Wakefield Research

SUBMARKET	INVENTORY (ping)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (Ping)	NTD/Ping/MO	GRADE A RENT	
					US\$/SF/MO	EUR/SF/MO
Western	46,800	10.4%	0	2,200	US\$2.17	€ 1.83
Nanjing/Songjiang	36,600	2.0%	12,600	2,030	US\$2.00	€ 1.68
Dunbei/Minsheng	207,400	5.9%	25,900	2,360	US\$2.33	€ 1.96
Dunnan	103,700	5.9%	0	2,400	US\$2.37	€ 1.99
Xinyi	343,800	2.6%	0	3,190	US\$3.15	€ 2.65
Taipei City	738,300	4.5%	38,500	2,600	US\$2.57	€ 2.16

1 USD = 28.4780 TWD; 1 EUR = 33.8663 TWD as of November 25, 2020

KEY LEASING TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	PING	LEASE TYPE
CEC Dunnan Building	Dunnan	Tarobo Investment Advisors	800	Relocation
TWTC International Trade Building	Xinyi	I Can Entertainment	390	Relocation
Hongya Building	Dunbei/Minsheng	Taiwan Depository & Clearing Corporation	300	Expansion
Taipei Century Plaza	Xinyi	Haidilao International Food Services	220	New Lease

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	PING	COMPLETION DATE
China Life Headquarters	Dunbei/Minsheng	China Life/China Development Financial	17,200	2021
Hope Square	Nanjing/Songjiang	Panasonic	4,600	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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