

TAIWAN

Capital Markets Q1 2021



	YoY Chg
31.1B YTD Investment Volume (NTD)	+132%
31.1B Q1 Investment Volume (NTD)	+132%
32 Q1 Deals	+39%

ECONOMIC INDICATORS Q4 2020

	YoY Chg	12-Mo. Forecast
+5.1% GDP growth (annualized)	▲	▲
0.0% CPI growth	▼	▲
2.4% Prime Leading Loan Rate	▼	N/A

Source: Ministry of the Interior

Investment Market Opened 2021 Positively, Life Insurance Companies Re-enter Investment Market

Taiwan's investment market opened 2021 on a solid note. Total consideration was at NT\$31.1 billion, down 6.4% q-o-q but growing 131.9% y-o-y. Local buyers dominated the market in Q1, with demand from owner-occupiers accounting for 75.2% of the total. The biggest deal in Q1 was Shin Kong Life Insurance's self-use acquisition of the China Development Building for NT\$9.3 billion, with future rebuilding potential. Shin Kong also acquired Riant Plaza for NT\$5.6 billion. These transactions represented 48.0% of total investment volume in Q1, marking the re-entry of life insurance companies. In other deals, First Life Insurance purchased the Jingtuan Technology Building for NT\$230 million, while Chunghwa Post acquired Taiwan Technology Plaza for NT\$480 million. Transactions in the quarter concentrated on offices, industrial offices and factories, with the latter two categories led by the TMT sector. Transactions included Kinsus Interconnect Technology's acquisition of Wintek Corporation's previous factory in Taoyuan Youth Industrial Park for NT\$4.5 billion, while Auras Technology purchased a factory in New Taipei Industrial Park for NT\$560 million.

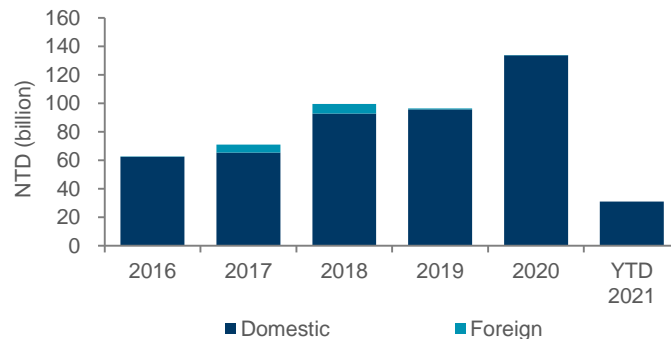
Land Sales Dropped in Q1

Total consideration for the land market in Q1 was at NT\$49.4 billion, down 18.1% q-o-q, with residential and industrial land parcels accounting for 31.8% and 32.6%, respectively. Notable deals included Highweath Construction's acquisition of a commercial land parcel near Taoyuan Metro A7 station for NT\$4 billion. Kings Group also purchased a 17,000-ping industrial land parcel near Carrefour in Rende District, Tainan City, for NT\$3.4 billion, with development plans for a technology Park.

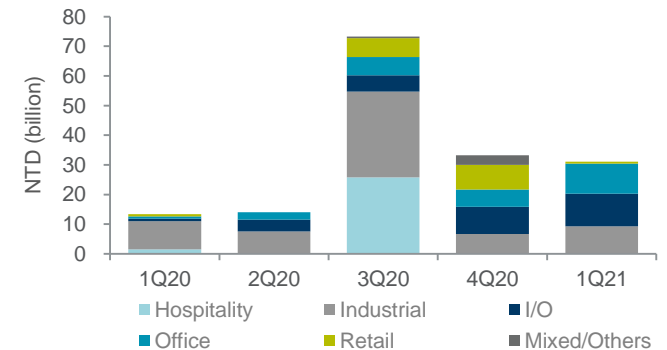
New Loan Limitations Further Curtail Developers' Activities, Major Developers Retain Cash Reserves

The Central Bank surprised the market with the implementation of further mortgage limitations in late March. The allowable loan ratio on land parcel purchases remained unchanged from December 2020, but the allowable loan ratio on mortgages was cut. Major developers will keep searching for land parcels, but they will likely be more cautious and target high quality properties. Ahead, we expect office, industrial office and factory assets to remain the focus of capital.

INVESTMENT VOLUME BY CAPITAL SOURCE



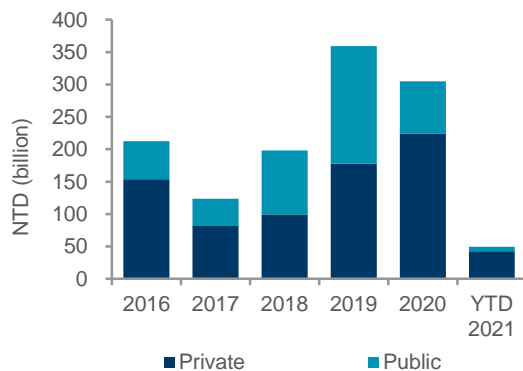
INVESTMENT VOLUME BY SECTOR



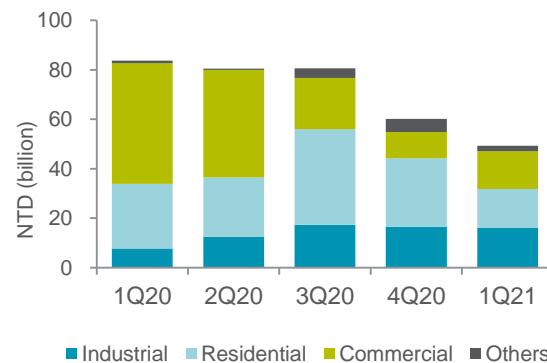
KEY SALE TRANSACTIONS

PROPERTY	LOCATION	SECTOR	PRICE (NTD BN)	VENDOR	PURCHASER	DEAL TYPE
China Development Building	Songshan Dist., Taipei City	Office	9.3	CDIB Capital Group	Shin Kong Life Insurance	Self-use
Riant Plaza	East Dist., Hsinchu City	I-O Building	5.6	Tech Bright Limited	Shin Kong Life Insurance	Investment
Wintek Corporation's previous factory in Taoyuan Youth Industrial Park	Yangmei Dist., Taoyuan City	Industrial	4.5	Wintek Corporation	Kinsus Interconnect Technology	Self-use
Lianhong Technology Building	Neihu Dist., Taipei City	I-O Building	0.8	Lianhong Construction	Hotai Finance Corporation	Self-use

Land Transactions Volume by Supply Source



Land Transactions Volume by Land Use



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