

12- Mo. Forecast

**12,100**  
Average Rent (NTD/PING/MO) ▼

**-5.1%**  
Rental Growth Rate (QOQ) ▼

**N/A**  
Vacancy Rate ▲

Source: Cushman & Wakefield

## Market Faces Severe Challenge With COVID-19 Level 3 Alert in Force

The Taiwan authorities raised the COVID-19 pandemic alert level to Level 3 in mid-May, strengthening containment measures and restrictions. Shopper numbers at physical stores fell dramatically, seriously impacting retail revenue performance. In May 2021, retail sales of general merchandise stores had grown by 0.4% y-o-y. However, department store sales plummeted by 28.3% y-o-y as the Level 3 alert measures came into force. As for supermarkets, sales grew by 35.7% y-o-y due to increased demand for staple goods. Convenience store and wholesale store sales grew by 4.3% and 3.6% y-o-y respectively, again benefitting from growth in demand for daily necessities. However, food court in wholesale stores suffered from declining customer numbers and the temporary closure of some branches. In response to the impact of the pandemic alert, some retail landlords have extended financial assistance to struggling tenants via short-term rent reductions. Ximen retail hub has been particularly hard hit, with lease surrenders growing and rents continuing to drop.

## Clinics and Convenience Stores Move to Retail Hub Center

Prior to the Level 3 pandemic alert, clinics and convenience stores have replaced clothing retailers at the center of the Zhongxiao retail hub. Universal Eye Centre announced a lease of two stories at Quanmei Building, taking approximately 245 ping, at a monthly rent of NT\$1.68 million. Convenience stores such as 7-ELEVEN and FamilyMart have also relocated from the deeper areas of Zhongxiao E. Road to the heart of the retail hub. On the other hand, the Zhongshan / Nanjing retail hub had been able to destock rapidly in an environment of limited space supply. D+AF, an online fashion footwear retailer, leased a whole building of around 110 ping, at a monthly rental of NT\$850,000.

## Pandemic Intensifies Competition Between Online Retailers

The COVID-19 pandemic has led to stagnant rental activity in physical stores in the city's retail hubs. Department stores are attempting to migrate more quickly onto e-commerce platforms to expand their range of business, shortening opening hours of physical stores and continuing their digital transformation efforts from last year. Overall, we can expect the new environment to strengthen the war between online retailers.

## TAIWAN ECONOMICS INDICATORS Q2 2021

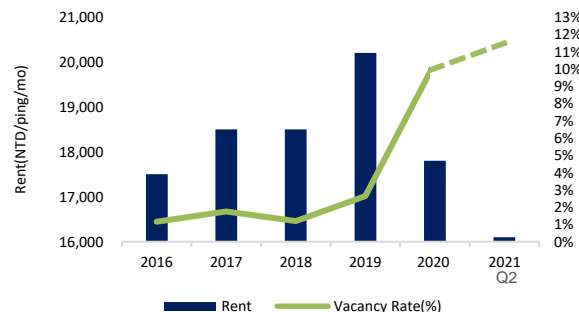
**+8.9%**  
GDP Growth ▲ (YoY Chg) ▲ (12-Mo Forecast)

**0.8%**  
CPI Growth ▲ (YoY Chg) ▲ (12-Mo Forecast)

**+7.3%**  
Cumulative Sales of General Merchandise ▲ (YoY Chg) N/A (12-Mo Forecast)

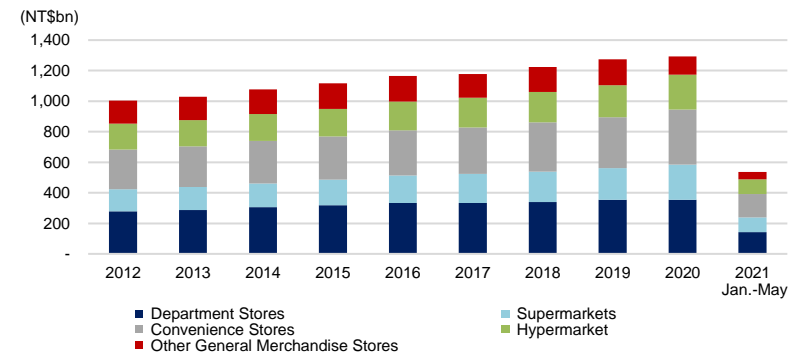
Source: Directorate-General of Budget, Accounting and Statistics, Moody's Analytics

## RENT / VACANCY RATE IN XIMEN



Note: Retail stores are temporary closed under effect of COVID-19 pandemic which the vacancy rate is incalculable. Therefore, the vacancy rate remains number in Q1 2021.

## CUMULATIVE SALES OF GENERAL MERCHANDISE (NT \$ bn)





## PRIMARY RETAIL VACANCY AND AVERAGE RENTS IN Q2 2021

RETAIL HUB	VACANCY RATE	RETAIL RANGE (NTD/PING/MO)	RENTAL RANGE (USD/SF/MO)	12- MONTH OUTLOOK
Zhongxiao	N/A	8,000~14,500	8.1~14.7	▼
Zhongshan/Nanjing	N/A	6,500~11,500	6.6~11.7	▼
Ximen	N/A	14,500~17,500	14.7~17.8	▼

Note: Only high street store in prime retail hubs are taken into account. All data is based on gross floor area unless otherwise specified. Rentals are exclusive of management fees or other expenses.

Area Conversion: 1 Ping=35.58 Square Feet=3.3 Square Meters

Currency Exchange Rate: 1USD = 27.6760 NTD as of June 8, 2021

## SIGNIFICANT OPENINGS IN Q2 2021

RETAIL HUB	LOCATION	TENANT	SIZE (Ping)
Zhongshan/Nanjing	Nanjing W. Rd..	D+AF	110
Zhongxiao	Sec. 4, Zhongxiao E. Rd.	FamilyMart	105*
Zhongxiao	Sec. 4, Zhongxiao E. Rd.	7-ELEVEN	55

\* The space is shared with take it easy bakery.

## SIGNIFICANT RETAIL PROJECTS - UNDER CONSTRUCTION/DECORATION

PROJECT	LOCATION	EXPECTED COMPLETION	GFA (Ping)
Mitsui Shopping Park LaLaport (Nangang)	Nangang District, Taipei City	2022	61,900
Yulong Town	Xindian District, New Taipei City	2022	-
Diamond Towers	Da'an District, Taipei City	2022	4,300

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