

Office Q1 2023

12-Mo. Forecast

2,650
Average Rent (NTD/PING/MO)

0.4%
Rental Growth Rate (QOQ)

4.0%
Vacancy Rate

Source: Cushman & Wakefield Research

Overall Vacancy Rate Rises Slightly but Remains at Low Level

The office market's overall vacancy rate rose slightly at 0.2 percentage points q-o-q to reach 4.0% in Q1. Among the submarkets, Nanjing/Songjiang, Western and Dunnan rose 1.4, 1.2 and 0.2 percentage points respectively, while Dunbei/Minsheng and Xinyi dropped 0.1 percentage points each. The overall vacancy rate in the quarter remained low, with variation emerging among the submarkets.

Average Rental Level Remains Stable, Although Xinyi Submarket Sees Substantial Rise

With insufficient market supply in the short-term, the average Grade A office rental level rose slightly at 0.4% in Q1 to record NT\$2,650 per ping per month. Xinyi submarket led the way with a rental level of NT\$3,300 per ping per month, followed by Dunnan at NT\$2,420 per ping per month. Rents in Xinyi submarket have continued to climb, demonstrating an annual growth rate of 2.5% compared to the same period last year, from NT\$3,220 per ping per month. This is the steepest increase among all submarkets, indicating that the prime office area still holds considerable appeal for businesses.

Adjustments to Leased Spaces Due to Economic Environment Changes

As a result of recent changes in the economic environment, tenants have gradually started to plan for adjustments to their leased office spaces. Some small and medium-sized enterprises together with international branch offices have begun to downsize their office spaces, while large enterprises are exploring possible office layout changes. This adjustment in office spaces, coupled with ongoing completion of multiple new significant projects, is anticipated to raise the long-term minimal vacancy rate back to a more healthy market level.

TAIWAN ECONOMIC INDICATORS Q4 2022

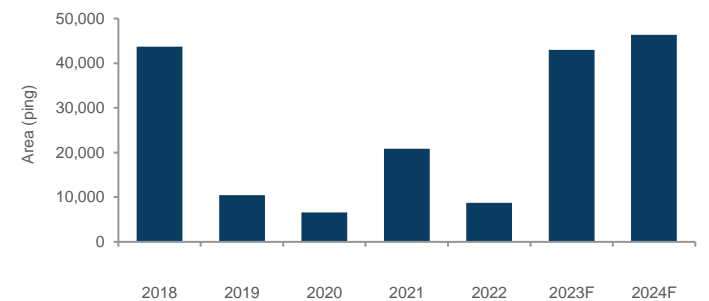
	Q3 2022	12-Mo. Forecast
-0.4% GDP Growth	3.6%	▲
0.6% Service Sector GDP Growth	4.2%	N/A
2.6% CPI Growth	2.9%	▼
3.5% Unemployment Rate (December)	3.6%	N/A

RENT & VACANCY RATE



Source: Cushman & Wakefield Research

SUPPLY PIPELINE



Source: Cushman & Wakefield Research

Note: Growth figure is y-o-y growth
Source: Ministry of the Interior, Moody's Analytics

SUBMARKET	INVENTORY (PING)	VACANCY RATE	UNDER CONSTRUCTION (PING)	NTD/PING/MO	GRADE A RENT	
					US\$/SF/MO	EUR/SF/MO
Western	46,800	7.6%	19,900	2,250	US\$2.05	€ 1.93
Nanjing/Songjiang	41,200	1.4%	0	2,150	US\$1.96	€ 1.85
Dunbei/Minsheng	232,400	6.6%	12,900	2,370	US\$2.16	€ 2.04
Dunnan	95,100	1.3%	13,700	2,420	US\$2.20	€ 2.08
Xinyi	343,800	2.7%	43,000	3,300	US\$3.00	€ 2.84
Taipei City	759,300	4.0%	89,500	2,650	US\$2.41	€ 2.28

1 USD = 30.8679 TWD; 1 EUR = 32.6996 TWD as of March 10, 2023

KEY LEASING TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	TENANT	PING	LEASE TYPE
Farglory Financial Center	Xinyi	TXOne Networks	640	New Lease
CEC Dunnan Building	Dunnan	Symphox Information	400	Relocation & Consolidation
Taipei Century Plaza	Xinyi	AnyMind Group	220	New Lease

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	PING	COMPLETION DATE
A25 Fubon	Xinyi	Fubon Group	31,100	2023
Huang Hsiang Taiwan Motor North Station Building	Western	-	12,000	2023
SCSB Headquarters	Western	Shanghai Commercial & Savings Bank	7,900	2024
Farglory Dome	Xinyi	-	11,900	2024
Cathay Huanyu Building	Dunbei/Minsheng	-	12,900	2024
Yuanta Bank Headquarters	Dunnan	Yuanta Bank	13,700	2024

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