

12-Mo.
Forecast

2,730
Average Rent (NTD/PING/MO)

0.7%
Rental Growth Rate (QOQ)

5.4%
Vacancy Rate

Source: Cushman & Wakefield Research

Quarterly Net Absorption Peaks at 5,700 Pings in Q1, Highest in Nearly 3 Years

The Taipei Grade A office market achieved net absorption of approximately 5,700 pings in Q1 2024, marking the highest single-quarter figure since the fourth quarter of 2019, excluding self-use headquarters buildings. The overall average vacancy rate fell by 0.7 percentage points q-o-q to stand at 5.4% at the end of the quarter. Among the submarkets, Xinyi saw the biggest vacancy drop at 1.1 percentage points, followed by Dunbei/Minsheng, Dunnan, and Western, falling by 0.6, 0.2, and 0.1 percentage points, respectively.

Growth in New Building Rents Drives Upward Rent Trend for Older Properties

Rental rates at top-tier newly established office buildings have experienced consecutive increases for several quarters, prompting some tenants to shift their focus towards high-quality pre-owned properties, in turn leading to an increase in rental rates at older properties. The overall average Grade A office rental level rose by 0.7% in Q1 to record NT\$2,730 per ping per month. Xinyi submarket led the way with a rental level of NT\$3,440 per ping per month, followed by Dunnan submarket at NT\$2,450 per ping per month.

Divergence in Leasing Demand Between Core and Outlying Areas

The ongoing escalation of office rental and renovation costs, combined with the emergence of hybrid office arrangements and an increased focus on promoting wellness at work, has led to a polarization in corporate leasing requirements. While certain tenants prioritize corporate visibility or prefer prime locations, opting to remain in downtown business districts and to lease smaller areas to control costs, others are more committed to creating employee-centric office environments and introducing communal spaces. Such occupiers tend to favor large outlying district office buildings with generous floor space on each level and at comparatively affordable rental levels.

TAIWAN ECONOMIC INDICATORS Q4 2023

Indicator	Q3 2023	12-Mo. Forecast
GDP Growth	4.9%	2.2% ▼
Service Sector GDP Growth	6.5%	5.1% N/A
CPI Growth	2.9%	2.5% ▼
Unemployment Rate (December)	3.3%	3.5% N/A

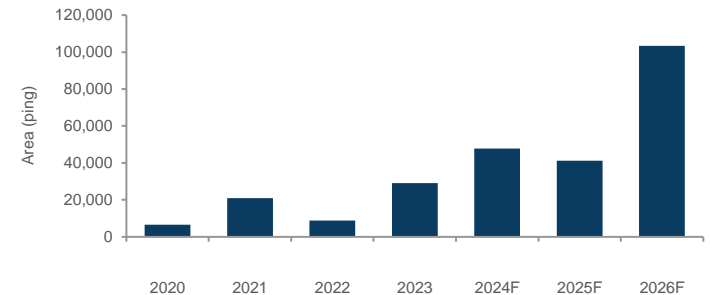
Note: Growth figure is y-o-y growth
Source: Ministry of the Interior, Moody's Analytics

RENT & VACANCY RATE



Source: Cushman & Wakefield Research

SUPPLY PIPELINE



Source: Cushman & Wakefield Research

SUBMARKET	INVENTORY (PING)	VACANCY RATE	UNDER CONSTRUCTION (PING)	NTD/PING/MO	GRADE A RENT	
					US\$/SF/MO	EUR/SF/MO
Western	46,800	1.4%	22,100	2,280	US\$2.03	€ 1.86
Nanjing/Songjiang	41,200	1.8%	0	2,160	US\$1.92	€ 1.76
Dunbei/Minsheng	232,400	5.6%	53,800	2,410	US\$2.14	€ 1.97
Dunnan	95,100	1.5%	39,600	2,450	US\$2.18	€ 2.00
Xinyi	372,900	7.2%	76,900	3,440	US\$3.06	€ 2.81
Taipei City	788,400	5.4%	192,400	2,730	US\$2.43	€ 2.23

1 USD = 31.6394 TWD; 1 EUR = 34.4405 TWD as of March 15, 2024

KEY LEASING TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	PING	LEASE TYPE
Hung Tai Ctr.	Dunbei/Minsheng	FundRich Securities	560	Relocation
Hung Tai Ctr.	Dunbei/Minsheng	Amway	470	In-house Relocation
Farglory Finanical Center	Xinyi	Vena Energy Taiwan	470	Relocation
Hung Tai Ctr.	Dunbei/Minsheng	LINE GO	360	New Lease
Fubon A25	Xinyi	Cadence	340	New Lease
Fubon A25	Xinyi	AinekoX	300	New Lease

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	PING	COMPLETION DATE
Huang Hsiang Taiwan Motor North Station Building	Western	-	14,200	2024
SCSB Headquarters	Western	Shanghai Commercial & Savings Bank	7,900	2024
Farglory Dome	Xinyi	-	11,900	2024
Yuanta Bank Headquarters	Dunnan	Yuanta Bank	13,700	2024
Kindom Songshan Minquan Building	Dunbei/Minsheng	-	9,800	2025
Cathay Huanyu Building	Dunbei/Minsheng	-	12,900	2025
TransGlobe Life Taipei Headquarters	Dunbei/Minsheng	TransGlobe Life	18,600	2025
Homax Landmark	Dunnan	-	15,600	2026
Fubon Insurance Building	Dunnan	Fubon Insurance	10,300	2026
Tatung Building	Dunbei/Minsheng	-	12,500	2026
Core Pacific Plaza	Xinyi	-	65,000	2026

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