

Vacancy rate should decrease year by year after 2018

Paul Lee Director | Taiwan

We expect that the vacancy rate of the whole office market will rise from 6.5% to 8.0% by end-2018 whilst the vacancy rate of Premium Grade and Grade A offices will rise from 9.0% to 13.0% at the same time. This is because the vacant area for Premium Grade and Grade A offices was 52,879 ping (174,500 sq m) at end-2017 and new supply in 2018 of 54,780 ping (180,775 sq m) belongs to these two grades. Large tenants may be able to obtain rent discounts in certain quality office buildings with high vacancy rates.

Forecast at a glance



Demand

The total net take-up in 2017 amounted to 41,464 ping (136,831 sq m) owing to the Taiwan Cooperative Bank's move into the Taiwan Cooperative Building A and B where it occupied 16,100 ping (53,130 sq m). We estimate the net take-up in 2018 will be 27,000 ping (89,100 sq m) and annual net take-up from 2019 to 2022 will be 24,000 ping (79,200 sq m).



Supply

Taipei's total office stock was unchanged at end-Q4 2017 at 1,564,797 ping (5,163,830 sq m) owing to delays in completion of new supply. We estimate that there will be 96,780 ping (319,375 sq m) of new supply by end-2020, implying a 6% increase over current stock. For Premium Grade and Grade A stock, the increase will be about 17%.

2018 年以後空置率將逐年下降

李日寶 董事 | 台灣

預計 2018 年年底全體辦公室市場的空置率將由 6.5% 上升到 8%。惟就頂級與 A 級大樓而言，2017 年底的空置面積仍達 52,879 坪(174,500 平方公尺)且 2018 年的新增供給 54,780 坪(180,775 平方公尺)皆屬這兩個等級，預計 2018 年年底該兩個等級大樓的空置率將由 9% 上升到 13%。大型承租人有機會以划算的價格進駐空置率較高的優質大樓。

預測一覽表



需求

合作金庫銀行搬入總部大樓 A 棟與 B 棟共 16,100 坪(53,130 平方公尺)，使 2017 全年的淨去化量達到 41,464 坪(136,831 平方公尺)。預計 2018 年的淨去化量約 27,000 坪(89,100 平方公尺)、2019 年到 2022 年的每年淨去化量則約為 24,000 坪(79,200 平方公尺)



供給

新增供給延遲完工，使 2017 年第四季辦公室存量維持 1,564,797 坪(5,163,830 平方公尺)。預計 2020 年年底前的新增供給合計約 96,780 坪(319,375 平方公尺)，係目前辦公室存量的 6%。對頂級與 A 級大樓而言，存量將增加 17%



Vacancy rate

With new supply of 54,780 ping (180,774 sq m) and net take-up of 27,000 ping (89,100 sq m) in 2018, we expect that the vacancy rate will rise from 6.5% to 8.0%. We predict that the vacancy rate will then decrease year by year to 4.6% by end-2022 owing to lower new supply.



空置率

預計 2018 年新增供給 54,780 坪 (180,774 平方公尺) 且淨去化面積 27,000 坪 (89,100 平方公尺)，使該年底之空置率將由 6.5% 上升到 8%。2018 年以後，因辦公室新增供給較少，預計空置率將逐年下降到 2022 年的 4.6%



Rent

Since the total vacant office area stood at 101,223 ping (334,035 sq m) at end-2017 and 2018 new supply should be the highest in the past ten years, some landlords have stopped raising rents or are offering incentives in order to be more competitive with tenants. We expect the average rent will increase around 1.5% in 2018 owing to higher rents in new office stock. The average rent should then grow by about 1% per annum between 2019 and 2022.



租金

由於全體辦公室市場空置面積仍達 101,223 坪 (334,035 平方公尺) 且 2018 年的新增供給為十年來最高，部分業主凍漲租金、甚至提供優惠條件爭取租客。我們預計 2018 年的平均租金將因新增供給的成交租金拉抬而增長約 1.5%，且 2019 年到 2022 年間的每年租金成長率約為 1%

New supply was delayed, so total stock was unchanged

Taipei's total office stock was unchanged at end-Q4 2017 at 1,564,797 ping (5,163,830 sq m) owing to delays in the completion of new buildings. We estimate that there will be 96,780 ping (319,374 sq m) of new supply by end-2020, implying a 6% increase over current stock. Around 70% of the new supply will be situated in the Hsin Yi district and 40% of new buildings are likely to be owner-occupied.

新增供給延遲完工使存量維持不變

新增供給延遲完工，使 2017 年第四季辦公室存量維持 1,564,797 坪 (5,163,830 平方公尺)。預計 2020 年年底前的新增供給合計約 96,780 坪 (319,374 平方公尺)，係目前辦公室存量的 6%，其中，70% 位處信義區、40% 主要供業主自用。

The average vacancy rate was the lowest since 2007

Thanks to persistent recovery in world trade and high growth in electronics and machinery exports, Oxford Economics expect Taiwan's real GDP growth to reach 2.6% for both 2017 and 2018. Real GDP growth in 2016 was 1.4%. Firm economic growth rates are positive for office leasing demand.

Total net absorption in Q4 2017 was 5,363 ping (17,698 sq m) and left the vacancy rate at 6.5%, decreasing by 0.3% QoQ and 2.6% YoY. This is the lowest rate since 2007. Some buildings including the Hung Sheng Nanking Building on 2,000 ping (6,600 sq m), the Jia Jia Building

平均空置率降到 2007 年以來的最低值

受惠於全球經濟持續成長及電子零組件與機械產品出口持續大幅成長，Oxford Economics 估計台灣 2017 年與 2018 年的實質經濟成長率皆為 2.6%。2016 年台灣的實質經濟成長率為 1.4%。良好的經濟成長表現有助於增加租賃需求。

2017 年第四季的淨去化量為 5,363 坪 (17,698 平方公尺)，使全體市場的平均空置率下降到 6.5%，分別較上季及去年同期下降 0.3% 與 2.6%，係 2007 年以來的最低值。去化表現較好的大樓包括宏盛國際金融中心 2,000

on 1,400 ping (4,620 sq m) and the Aurora International Building on 1,250 ping (4,125 sq m) performed well by recording net take-up of above 1,000 ping (3,300 sq m) in Q4.

The total net take-up in 2017 amounted to 41,464 ping (136,831 sq m) owing to the Taiwan Cooperative Bank's move into the Taiwan Cooperative Building A and B where it occupied 16,100 ping (53,130 sq m). We estimate the net take-up in 2018 will be 27,000 ping (89,100 sq m) and average annual net take-up from 2019 to 2022 will be 24,000 ping (79,200 sq m).

Vacancy rate will rise to 8% by end-2018 and then decrease year by year

The net take-up in NK SC district amounted to 2,896 ping (9,557 sq m) in Q4 2017, the highest among all districts. The vacancy rate in the district declined by 1.5 percentage points to 6.9%. The net-take up in the district mainly came from the Hung Sheng Nanking Building and the Jia Jia Building. In addition, the vacancy rate in the Hsin Yi district declined by 0.5% to 8.6% since the net take-up was 2,185 ping (7,211 sq m) in the district. The main contributors were the Aurora International Building, the Cathay Landmark and the Cathay Xinyi Trading Center.

The top three districts with highest net take-up in 2017 were MS TN district on 14,055 ping (46,382 sq m), Hsin Yi district on 12,737 ping (42,032 sq m) and NK SC district on 5,450 ping (17,985 sq m). Consequently, the vacancy rate fell below 10% at end-2017 in all these districts. With new supply of 54,780 ping (180,774 sq m) and net take-up of 27,000 ping (89,100 sq m) in 2018, we expect that the vacancy rate will rise from 6.5% to 8.0%. We predict that the vacancy rate will then decrease year by year to 4.6% by end-2022 owing to lower new supply.

Fig. 1: Taipei Office Quarterly New Supply, Net Absorption and Vacancy Rate (000 ping)

圖 1：台北辦公室新增供給、淨去化量及空置率(千坪)

坪(6,600 平方公尺)、佳佳大樓 1,400 坪(4,620 平方公尺)與震旦國際大樓 1,250 坪(4,125 平方公尺)等，分別去化 1,000 坪(3,300 平方公尺)以上。

合作金庫銀行搬入總部大樓 A 棟與 B 棟共 16,100 坪(53,130 平方公尺)，使 2017 全年的淨去化量達到 41,464 坪(136,831 平方公尺)。預計 2018 年的淨去化量約 27,000 坪(89,100 平方公尺)、2019 年到 2022 年的每年淨去化量則約為 24,000 坪(79,200 平方公尺)。

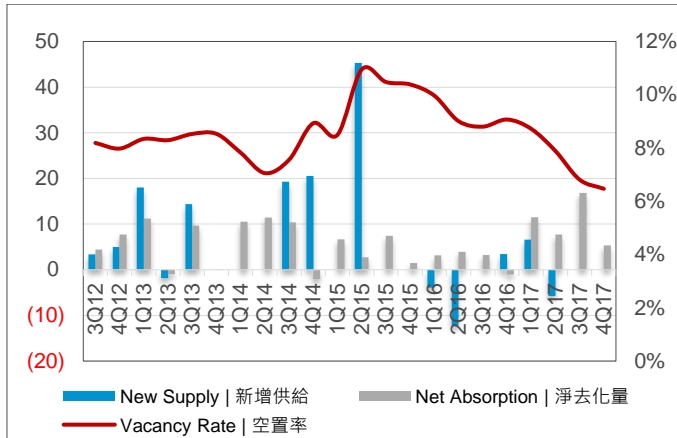
2018 年空置率將上升到 8%，之後逐年下降

以各商圈來看，南京松江區在 2017 年第四季的去化面積最多，為 2,896 坪(9,557 平方公尺)，使該區空置率下降 1.5%到 6.9%，主要的去化來自位處本商圈的宏盛國際金融中心與佳佳大樓。其次，信義區去化 2,185 坪(7,211 平方公尺)，使該區空置率下降 0.5%到 8.6%，主要的去化來自震旦國際大樓、國泰置地廣場與國泰信義經貿大樓。

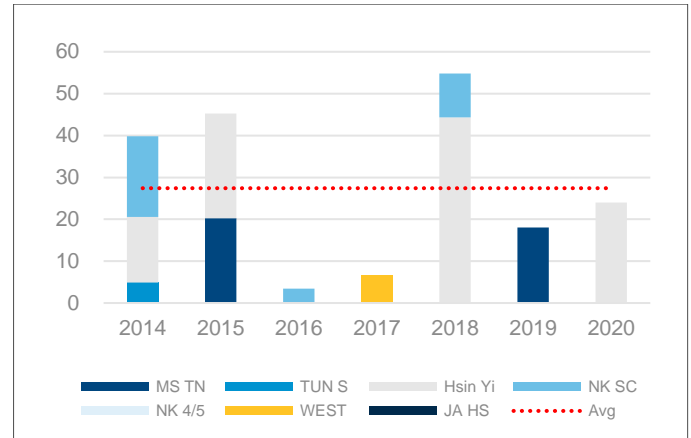
2017 年全年去化量最高的商圈分別為民生敦北區 14,055 坪(46,382 平方公尺)、信義區 12,737 坪(42,032 平方公尺)與南京松江區 5,450 坪(17,985 平方公尺)，促使這些商圈的空置率在 2017 年年底皆低於 10%。預計 2018 年的新增供給 54,780 坪(180,774 平方公尺)且淨去化面積 27,000 坪(89,100 平方公尺)，使該年底之空置率將由 6.5%上升到 8%。2018 年以後，因辦公室新增供給較少，預計空置率將逐年下降到 2022 年的 4.6%。

Fig. 2: Taipei Office Annual New Supply by District (000 ping)

圖 2：台北辦公室各商圈每年新增供給(千坪)



Source: Colliers International



資料來源：高力國際

Vacant area in Premium Grade and Grade A offices set to increase drastically

The net take-up for all office grades was positive. Premium Grade, Grade A, Grade AB and Grade B offices saw net take-up of 4,094 ping (13,510 sq m), 670 ping (2,211 sq m), 464 ping (1,531 sq m) and 135 ping (446 sq m) respectively.

The vacant area for Premium Grade offices was the highest at 28,821 ping (95,109 sq m) in end-2017. The vacant areas for other office grades were Grade A offices on 24,058 ping (79,391 sq m), Grade AB offices on 21,346 ping (70,442 sq m) and Grade B offices on 26,998 ping (89,093 sq m). The new supply of 54,780 ping (180,774 sq m) belonged to Premium Grade and Grade A offices, and we expect total net take-up for these two grades will be around 24,000 ping (79,200 sq m) in 2018. As a result, we expect that the vacant area for Premium Grade and Grade A offices will increase by over 50% YoY and the vacancy rate will rise by 4% to 13% by end-2018. Large tenants may be able to obtain rent discounts in certain quality office buildings with high vacancy rates.

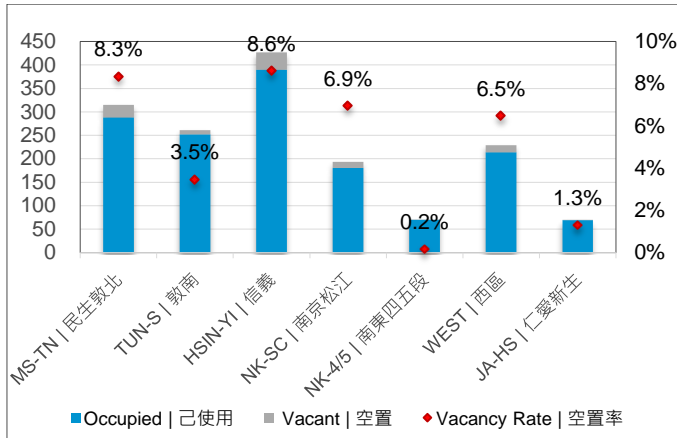
Fig. 3: Taipei Office Occupied and Vacant Area by District (000 ping)
圖 3：台北辦公室各商圈已用及空置面積(千坪)

頂級與 A 級大樓空置面積將大幅竄高

以辦公室等級來看，2017 年第四季各等級大樓的去化量皆為正數。其中，頂級大樓去化 4,094 坪(13,510 平方公尺)、A 級大樓 670 坪(2,211 平方公尺)、AB 級大樓 464 坪(1,531 平方公尺)與 B 級大樓 135 坪(446 平方公尺)。

截至 2017 年年底，空置面積最高的為頂級大樓 28,821 坪(95,109 平方公尺)，其餘各等級辦公室的空置面積分別為 A 級 24,058 坪(79,391 平方公尺)、AB 級 21,346 坪(70,442 平方公尺)與 B 級 26,998 坪(89,093 平方公尺)。因 2018 年的新增供給 54,780 坪(180,774 平方公尺)皆屬頂級大樓或 A 級大樓且淨去化量約為 24,000 坪(79,200 平方公尺)，預計當年底該兩個等級大樓的空置面積將較 2017 年年底增加 50% 以上，使空置率將上升 4% 到 13%。大型承租人有機會以划算的價格進駐空置率較高的優質大樓。

Fig. 4: Taipei Office Occupied and Vacant Area by Grades (000 ping)
圖 4：台北辦公室各等級已用及空置面積(千坪)

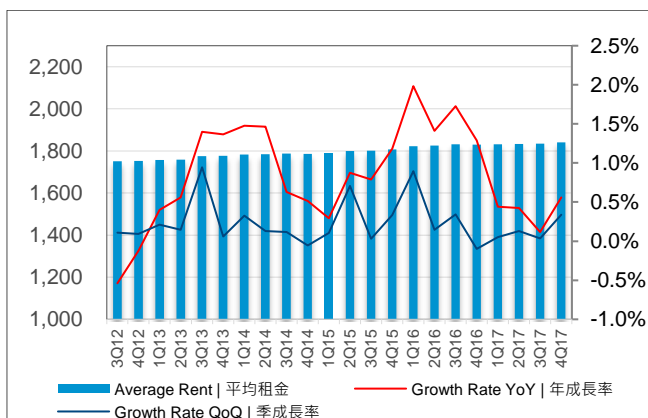


Source: Colliers International

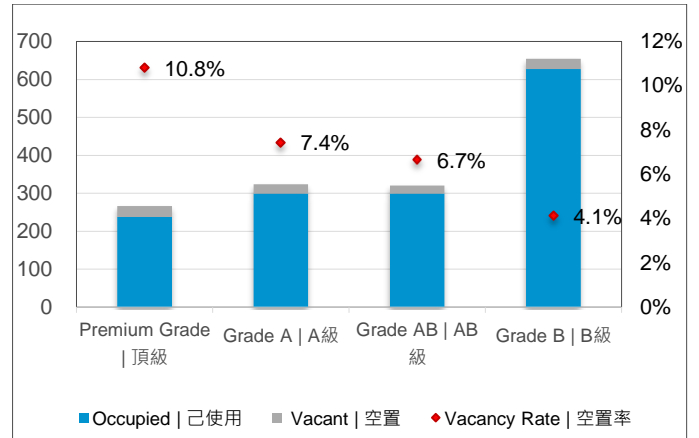
Growth in average rent is limited

The average rent for the Taipei office market was NTD1,841 per ping per month (NTD558 or USD18.7 per sq m per month) in Q4 2017, increasing by 0.3% QoQ and 0.6% YoY. Rent finally regained the level prior to the 2008 Global Financial Crisis. Among all districts, only the rent in Hsin Yi is above NTD2,000 at NTD2,204 per ping per month (NTD668 or USD22.4 per sq m per month). Since the total vacant office area still stands at 101,223 ping (334,036 sq m) in end-2017 and 2018 new supply is the largest in past ten years, some landlords have stopped raising rents or are offering incentives in order to be more competitive with tenants. We expect the average rent will increase around 1.5% in 2018 owing to higher rents in new office stock. The average rent should then grow by about 1% per annum between 2019 and 2022.

Fig. 5: Taipei Office Average Rent and Growth Rate (NTD per ping per month);
圖 5：台北辦公室平均租金及其成長率(新台幣每坪每月)



Source: Colliers International

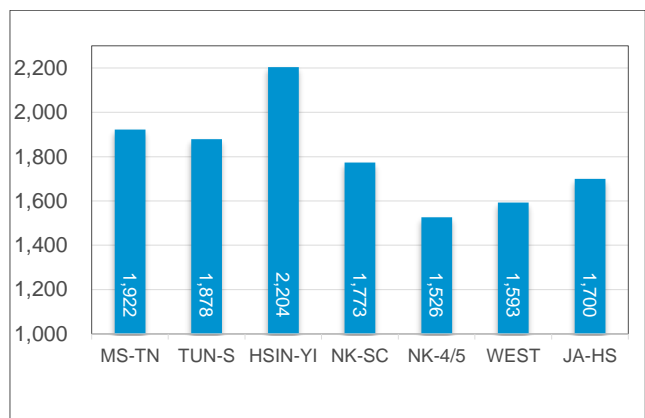


資料來源：高力國際

平均租金成長有限

2017 年第四季，台北辦公室的平均租金為每坪每月新台幣 1,841 元(每平方公尺每月新台幣 558 元或美金 18.7 元)，分別較上季與去年同期增加 0.3%與 0.6%。此平均租金僅回復到 2008 年金融海嘯降租前的水準。在各個商圈中，僅有信義區的每坪每月租金超過新台幣 2,000 元，為 2,204 元(每平方公尺每月 668 元或美金 22.4 元)。由於全體辦公室市場空置面積仍達 101,223 坪(334,036 平方公尺)且 2018 年的新增供給為十年來最高，部分業主凍漲租金、甚至提供優惠條件爭取租客。我們預計 2018 年的平均租金將因新增供給的成交租金抬而增長約 1.5%，且 2019 年到 2022 年間的每年租金成長率約為 1%。

Fig. 6: Taipei Office Average Rent by Area (NTD per ping per month);
圖 6：台北辦公室各商圈平均租金(新台幣每坪每月)



資料來源：高力國際

New industries help to take up vacant area in Premium Grade and Grade A offices

Since the vacant area for Premium Grade and Grade A offices is 52,879 ping (174,501 sq m) in end-2017 and the 2018 new supply of 54,780 ping (180,774 sq m) belongs to these two grades, we believe that competition among landlords will be intense. Some companies from games, on-line shopping, energy and Fintech have relocated or expanded into Premium Grade and Grade A offices in recent years, helping to boost net absorption for those office grades.

新興產業進駐頂級與 A 級大樓有助去化空置面積

由於頂級與 A 級大樓的空置面積仍達 52,879 坪 (174,501 平方公尺) 且 2018 年的新增供給 54,780 坪 (180,774 平方公尺) 皆屬這兩個等級大樓，預計業主將面臨強烈的競爭。幸好，部分新興的遊戲、網購、能源與金融科技業者，近年紛紛進駐或增租市中心品質良好的大樓，稍微緩解頂級與 A 級大樓的去化壓力。

For more information:

Andrew Liu
Managing Director |
Taiwan
+886 2 8101 2000
andrew.liu@colliers.com

Amanda Yang
Senior Executive Director |
Office Services & Industrial
Services
+886 2 8101 2000
amanda.yang@colliers.com

Paul Lee
Director | Research
+886 2 8101 2000
paul.lee@colliers.com

Copyright © 2017 Colliers International.
The information contained herein has been obtained from sources deemed reliable. While every reasonable effort has been made to ensure its accuracy, we cannot guarantee it. No responsibility is assumed for any inaccuracies. Readers are encouraged to consult their professional advisors prior to acting on any of the material contained in this report.



Accelerating success.