



1ST HALF OF 2025 MARKET REPORT

Taipei Grade A Office Leasing Market: The Key to
Success—Location Advantage or Product Innovation?

- Choose Between "Same District Upgrade" or "Cross District Relocation"?
- Office Building Occupancy Strategies: Uncovering Potential Demand
- Developing Commercial District – Dazhi
- Market Outlook for the 2nd Half of 2025



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EDITORIAL - OUR VIEWPOINT



JOE LIN

Chief Executive Officer of PROMES Real Estate

"Cinderella" Revelation: Corporate HQ moving to the traditional West District and upcoming Nangang District?

In the latter half of this year, our team will be preparing a new office building in Taipei's West District for premises handover to a foreign corporate company as their future head office building in Taiwan, marking the transitioning of the established business district to a brighter future. This seemingly routine handover holds exceptional significance for us—**this is a rare event in nearly two decades where a large scale corporate HQ has opted to relocate from Taipei's core business district to the more traditional West District.** This transition represents not merely a change in corporate location; it may herald the dawn of a revitalized business district. Concurrently, we are observing the flourishing transformation of Nangang Market on the opposite side of Taipei City. **Who will emerge as the next Cinderella to realize the remarkable transformation in Taipei City?**



*Market opportunities frequently arise from the most challenging decisions. Anticipating the future involves not only data analysis but also **comprehending a company's implicit needs and capitalizing on emerging trends** within an increasingly intricate and competitive business landscape.*

Locations with Potential - Having initiated leasing a brand-new office building, we are not solely dependent on market data; instead, we aim to engage target tenants in a more interactive approach by giving them the vision and expectations regarding "locations with potential."

Transforming Business Districts - A decade ago, Nangang District spearheaded Taipei's most significant pre-leasing activity. The district was then predominantly characterized by factories and aging structures, with few recognizing its potential. Today, rents in Nangang have doubled; however, the area is on the brink of an influx of new supply, which will introduce new challenges in the coming years.

A Glimpse into the Future - On the opposite side of the Taipei city, the Dazhi business district is steadily emerging as the MRT's Circular Line route is being planned, unveiling the contours of the Xinyi District that existed a decade prior. From a new entertainment hub to the cultivation of office developmental potential, will Dazhi evolve into the next Xinyi District?

About Us

The narrative of PROMES commenced five years ago with a straightforward yet steadfast belief: ***to transform the way in which businesses engage with commercial real estate.*** Since then, we have firmly established our presence in commercial real estate consulting, prioritizing ***our role as a robust advocate for both corporate tenants and landlords.*** We offer dedicated tenant representation, meticulously developed real estate strategies leveraging our in depth market knowledge and experiences, and provide expert support to assist corporate landlords in realizing their acquisition objectives through our landlord representation. Throughout this journey, we have been writing a chapter of growth alongside with our clients.



Vision

Collaborating with PROMES transcends mere transactions; it represents a pathway to success.

Mission

Become a dependable partner for clients, dedicated to delivering innovative solutions while consistently honoring our commitments.

Our Core Values



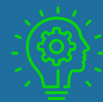
Integrity & Ethics

Comprehensive and transparent information, integrity and reliability, along with the utmost ethical standards.



Holistic Perspective

Utilizing PROMES' expertise in various projects in different scales to deliver thorough insights and solutions.



Technology Innovation

Develop a real-time property data search system to assist corporate tenants and landlords in understanding the latest market information and trends.



Client Focused

Beginning with the client's perspective and driven by explicit objectives, we guarantee the attainment of established goals.



Sustainable Partnership

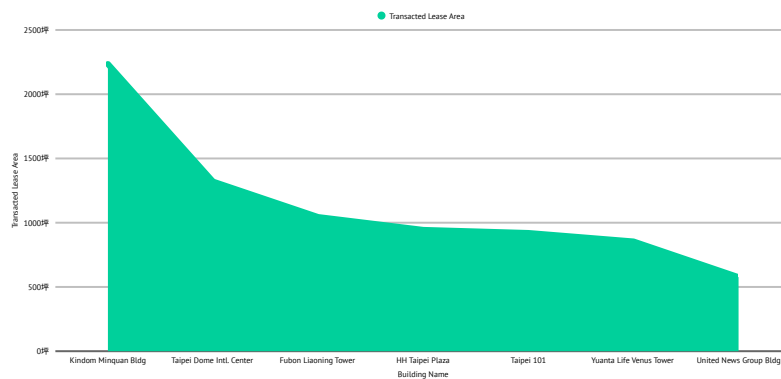
Pursue a business model centered on long-term collaboration with clients and business partners, fostering a sustainable win-win ecosystem relationship.



1st Half of 2025: Cross-district Relocation as a key market trend.

Location Versus Product Advantages

Continuing the significant relocation trend of 2024, office demand is expected to exhibit slower growth in the first half of 2025. Nevertheless, the trend of across district relocation is becoming increasingly pronounced. *What are the key factors behind such trend?*



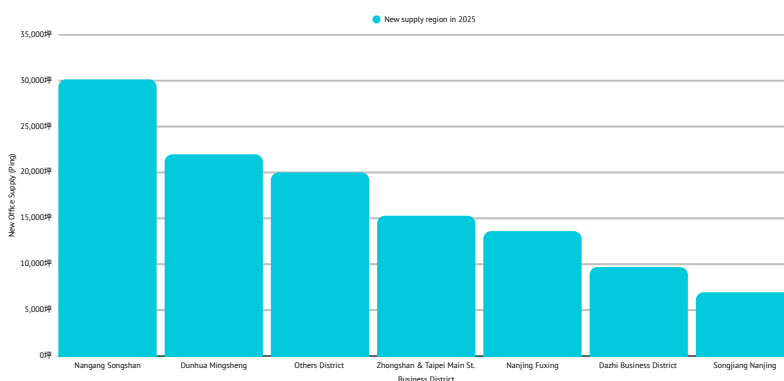
Data compiled by PROMES Real Estate, based on newly executed sales figures (some of which encompass areas utilized by owners or their affiliated companies for self use).

A convenient location and accessible transportation are essential requirements.

The top 7 office buildings with the highest volume of total leasing transactions floor area in the first half of 2025 are predominantly situated within a five-minute walk distance from the nearest MRT station, with three of them primarily located along the MRT Blue Line. This suggests that good location with accessible transportation is a crucial element in the relocation of corporate tenants.

Product advantages bolster the momentum of rental growth.

The top 7 office buildings with the highest volume of total transacted floor area are all premier office properties, exemplifying high-quality offerings that fulfill the significant demands of corporate tenants, with rental rates poised for sustained growth.



A more competitive marketplace in the latter half of 2025

Business districts such as Nangang-Songshan, Dunhua-Minsheng, and other areas, along with the Zhongshan vicinity adjacent to the Taipei Main station, will present additional opportunities for corporate tenants. Current office property owners in these districts will encounter heightened competition, and how fast new buildings being leased will pose a significant challenge.

Key Information at a Glance

2nd half of 2025 - Transition from a landlord market to a tenant favored market



11.8% (up from 6.9% in Q4 2024)

occupancy rate

In the Nangang-Songshan, Dunhua-Minsheng, and Songjiang-Nanjing business districts, new commercial office buildings scheduled for completion in the first half of 2025 feature substantial vacant space, exerting pressure to lease these new properties. Consequently, *the Taipei Grade A office market will transition into a tenant favored market in the latter half of the year.*



Rent at NT\$3,073/ping - up by 3.8%

Average monthly rent incl. tax

The majority of newly contracted space in the first half of the year was focused on new or existing top-tier Grade A office projects, leading to an average rental increase of approximately 3.8% compared to the end of the previous year. However, as vacancy rates rose in most commercial districts during the first half of the year, rental growth is anticipated to decelerate in the latter half due to leasing pressures.



+11,000 ping* – a decline in demand

Newly contracted area

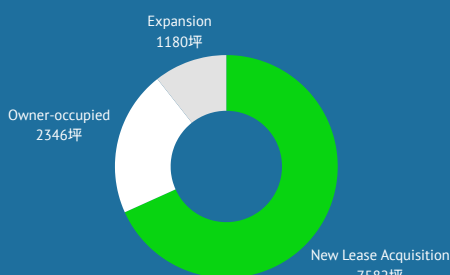
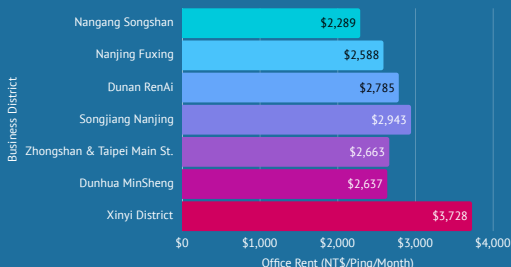
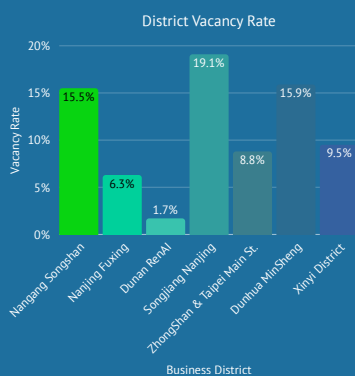
Top-tier Grade A office buildings in prime business districts continue to draw new tenants. Japanese companies contemplating relocation are predominantly favoring newly completed or buildings less than three years old in the Zhongshan and Songjiang/Nanjing business districts near the MRT station. Nevertheless, *the volume of newly contracted A-grade office space in the first half of this year so far represented only one-fifth of the total space contracted throughout the previous year.*



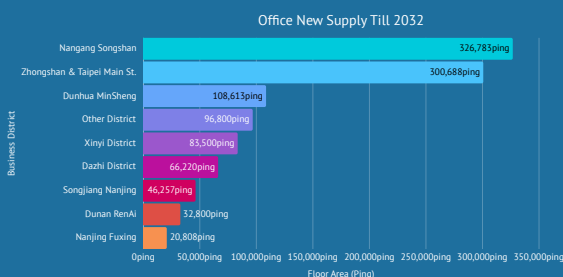
The slowdown of leasing in new bldgs

New Supply

New buildings continued to be introduced in the first half of 2025; however, the speed of leasing in new buildings has decelerated in comparison to the previous year. The pre-leasing rate of buildings still under construction has also declined as *demand for office space diminishes, with corporate tenants adopting a wait-and-see approach as future market trends unfold.*



*Including the area used by the owner for self use



Market Underlying Factors: Winner & Challenges



Corporate Tenants - Trends

"Pursuing Quality Upgrades" – Real estate, e-commerce, and Japanese companies continue to drive demand for commercial office space for both leasing and self-use in the first half of 2025.



Corporate Tenants - Case Studies

"Real estate developers continue to revitalize their own assets, or relocate to new office buildings as their businesses expand and upgrade."



Corporate Tenants - Analysis

Due to business expansion, the original building could no longer meet the needs and the company moved to a new building across the district.



Corporate Landlords - Trends

"Convenient location with accessible transportation and product advantages" - provide support for rent increases.



Corporate Landlord - Case Study

"The average rent for Grade A buildings in Songjiang Nanjing business district is close to NT\$3,000, second only to the Xinyi business district."



Corporate Landlords - Analysis

Office building's rental price premium can only be achieved by bringing innovative service value to corporate tenants

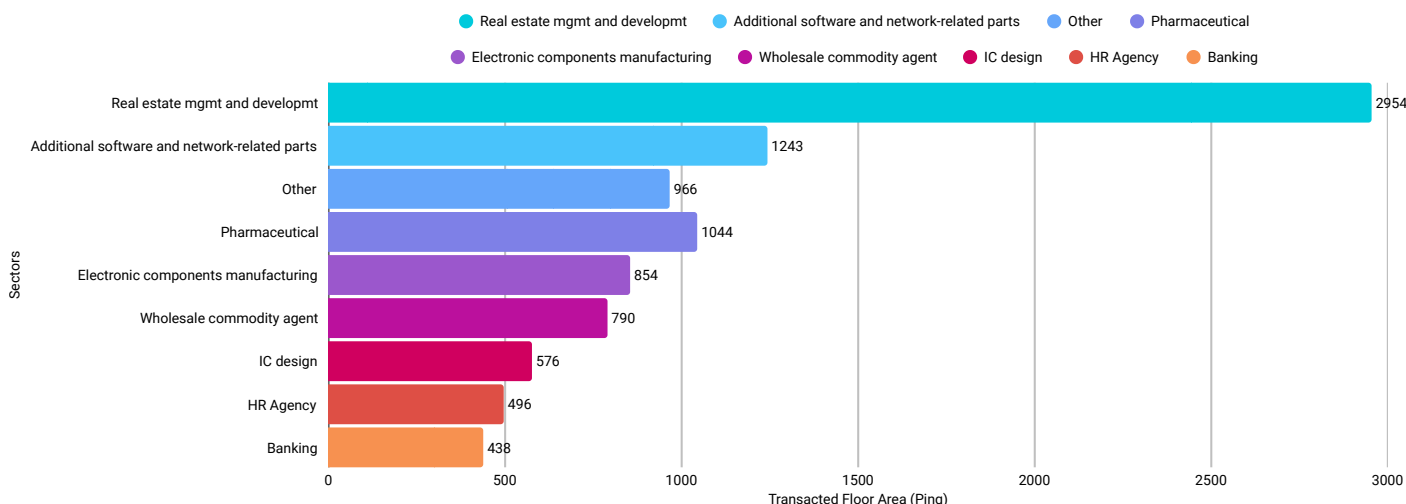
***TENANTS seek market new opportunities to relocate across districts;
LANDLORDS can achieve high occupancy by leveraging location advantages and product value.***



Where are the hotspots?

- Dunhua Minsheng Business District – Well Established Business District
- Xinyi Business District – Strategic Headquarters Location
- Songjiang Nanjing Business District – Convenient Transportation Location

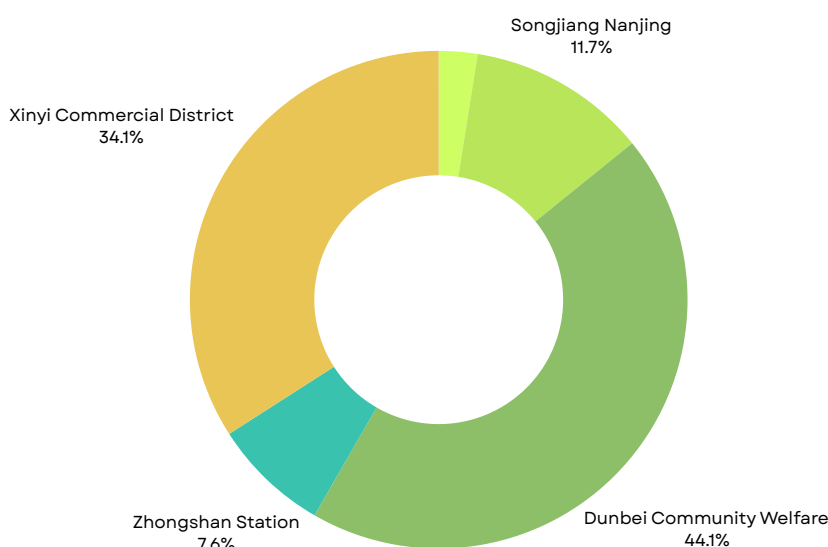
Total Volume of Transacted Floor Area For 1st Half of 2025 By Industry Sector



Compiled by PROMES Real Estate

Key Point 1

- **Dunhua Minsheng:** In the 1st half of the year, existing Grade A buildings remained mostly leased, while some newly completed premier buildings are primarily being utilized by owners for self use.
- **Xinyi:** The district continues to attract cross-district headquarters relocations from a diverse array of industry tenants to the premier A-level office buildings in this area, resulting in increased rents.
- **Songjiang Nanjing:** New Grade A office buildings within 3 years old in this area are increasingly favored by Japanese companies.



Compiled by PROMES Real Estate

Key Point 2

Characteristics of the three primary business districts

- **Dunhua Minsheng:** Well developed commercial area featuring more urban redevelopment coming into completion in next few years.
- **Xinyi:** A hub for premier office buildings, characterized by an image appealing to many corporate headquarters.
- **Songjiang Nanjing:** Efficient transportation and Japanese business concentration

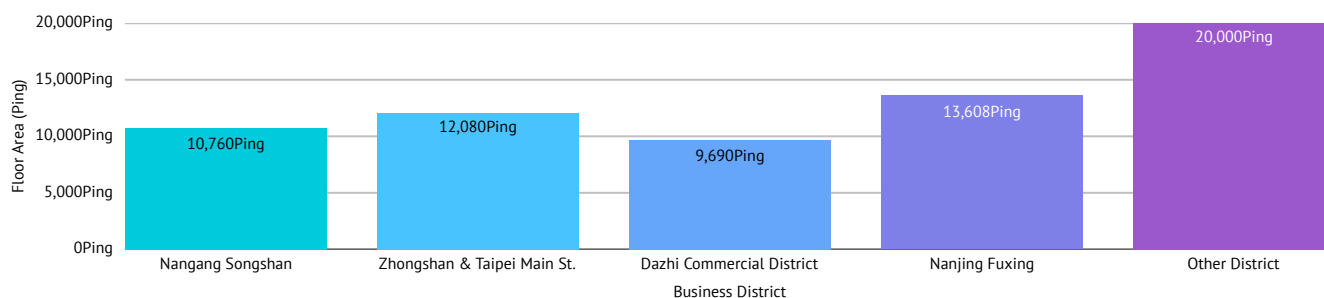
Outlook for 2nd half of 2025: Prospects & Challenges

- US tariff uncertainty affects market momentum.
- Additional new buildings will be launched in the latter half of the year, offering early bird opportunities.



Over 66,000 pings of new supply are anticipated to be introduced in the latter half of 2025, leading more owners of newly completed buildings to provide early bird packages to mitigate leasing pressure. In the face of growing economic uncertainty, corporate tenants will encounter elevated relocation expenses, including increased rents and fit-out costs.

New Supply for 2nd Half of 2025



Compiled by PROMES Real Estate

Projected annual rent escalation in the latter half of 2025*

~1.5%

1st Half of 2025

NT\$3,073/ping

trend



Projected vacancy rate by the end of 2025*

~15%

1st Half of 2025

11.8%

trend



% Change*

~38%

New supply anticipated in the latter half of 2025

66,000 pings

1st Half of 2025

A-grade office building encompassing a total area of 1.02 million pings.

% Change

6.5%

trend



Projected net sales area in the latter half of 2025*

~20,000 pings

1st Half of 2025

11,000 pings

% Change

~80%

trend



**Remark

The aforementioned rent is the total amount inclusive of tax.

• The percentage change in the vacancy rate is determined by subtracting the estimated remaining leasable area in the first half of 2025 from that in the second half of 2025.

• The projected net leasing area encompasses the space utilized by owners for self use.

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Dazhi - Prospective business district

Dazhi, surrounded by international hotels, high-end residences, museums, and a vibrant entertainment business hub, is projected to welcome nearly 10,000 pings of new office space by 2025, providing corporate tenants with an alternative to Taipei City's central business district.



Potential Attributes of Dazhi Business District

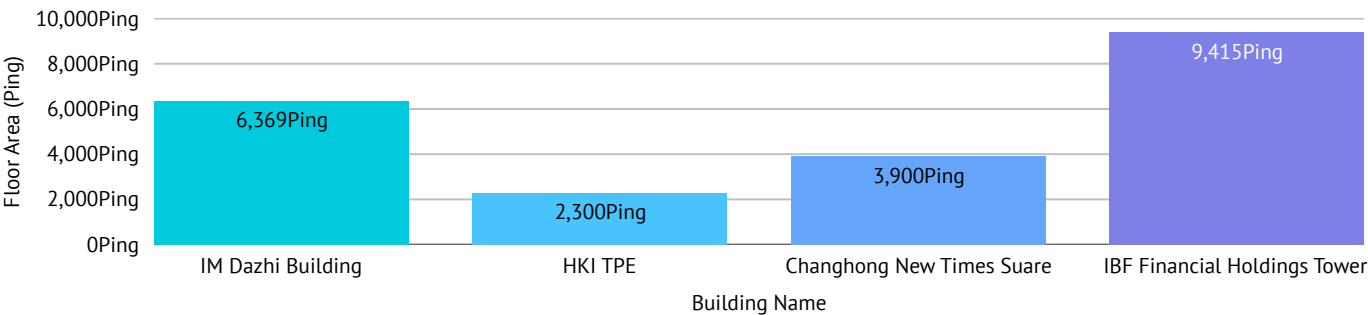
Future Technology Hub

Situated at the central nexus of Taipei's AI Technology Corridor, it links the Neihsu Science Park with the Beitou Shilin Technology Park (BSTP).

Industry Leader Consortium

It is situated next to the headquarters of prominent companies including PX Mart, LCFC , IBF Financial Holdings, KGI Securities, MediaTek, Lenovo, Nvidia, SK Hynix, and many others.

Dazhi Grade A Stock For Lease

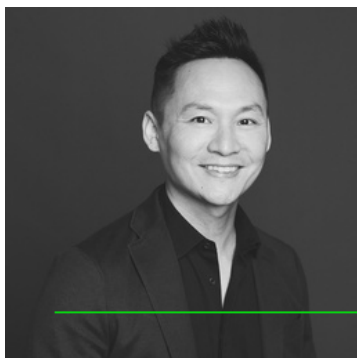


Compiled by PROMES Real Estate

The advantage of one-single-headquarter buildings location, coupled with a diverse array of entertainment and commercial activities.

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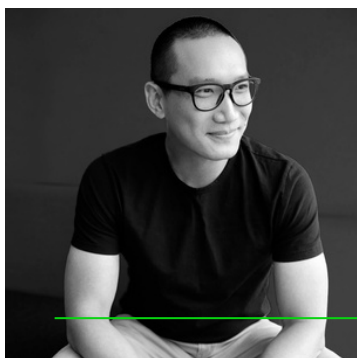
Our Best Team



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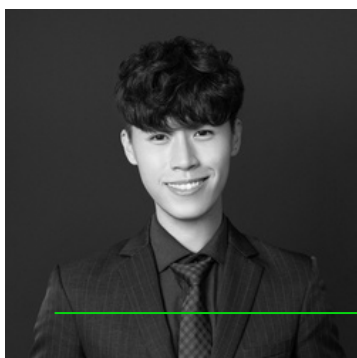
23+ years of commercial real estate experience. Enjoys connecting with technology enthusiasts. Has lived or worked in Taipei, London, Tokyo, and Shanghai, with international perspectives. Formerly responsible for WeWork's East China market, with extensive experience in the coworking office sector.



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Majored in Architecture, continues to make an impact in the commercial real estate sector, enjoys communicating with professionals in human resources, administration, and general affairs, and is skilled in providing professional strategic advice in the office and retail leasing sectors.

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