Strong flight-to-quality demand continues to drive rental growth

▲ $2,551
Average Rent (NTD)

▲ 9,154
Total Net Absorption (ping)

▼ 6.7%
Average Vacancy

Note: Arrows indicate change from previous quarter.

EXECUTIVE SUMMARY

- Office leasing demand in Taipei's CBD remained solid in Q2 2026, with total net absorption of quality office space reaching 9,154 ping, marking a second consecutive quarter of strong take-up. The Grade A segment once again led leasing activity on the back of several large relocations and expansions.
- The absence of new supply combined with robust take-up ensured average Grade A and Grade B office vacancy fell by 1.2 pps and 0.3 pps q-o-q to 8.7% and 4.5%, respectively. The more pronounced decline in Grade A vacancy was largely due to flight-to-quality demand.
- Average Grade A and Grade B office rents rose by 0.5% q-o-q and 0.7% q-o-q to NT$3,118 and NT$1,967 per ping, respectively, supported by sustained relocation demand and increased take-up in newly completed buildings commanding higher rents.
- Four new office buildings comprising nearly 21,000 ping of leasable space are scheduled for completion in Taipei's CBD over the next two quarters. Given solid pre-commitment rates in selected buildings, CBRE expects the impact of new supply to be limited, ensuring Taipei's office market remains in landlords' favour for the remainder of 2026.

FIGURE 1: Office Market Figures

Submarket	Total Stock (ping)	Grade A Rent (NT$/ping/mth)	Grade B Rent (NT$/ping/mth)	Grade A Vacancy	Grade B Vacancy
Taipei Main Station	86,078	2,821	1,873	38.4%	2.0%
Zhongshan North Road	35,863	--	1,950	--	1.7%
Nanjing-Songjiang Area	157,796	2,537	2,069	0.2%	7.7%
Minsheng-Dunhua Area	267,577	2,581	1,940	12.8%	6.1%
Nanjing-Guangfu Area	49,938	2,072	1,855	8.3%	6.3%
Dunhua South Road	167,320	2,616	2,002	2.1%	4.8%
Xinyi-Jilong Area	387,209	3,608	1,896	6.8%	3.1%

Source: CBRE Research, Q2 2026.

Net Absorption and Vacancy

Total net absorption of quality office space in Taipei's CBD rose from 8,459 ping in Q1 2026 to 9,154 ping in Q2 2026, reflecting broad-based relocation momentum. The Grade A segment continued to account for the bulk of take-up, recording net absorption of 7,529 ping. Among Grade A submarkets, Xinyi-Jilong Area and Minsheng-Dunhua Area registered the strongest take-up, with activity in the former driven by several large transactions, and activity in the latter benefiting from tenants moving into newly completed offices. With no new completions and robust take-up, average Grade A vacancy declined to 8.7%.

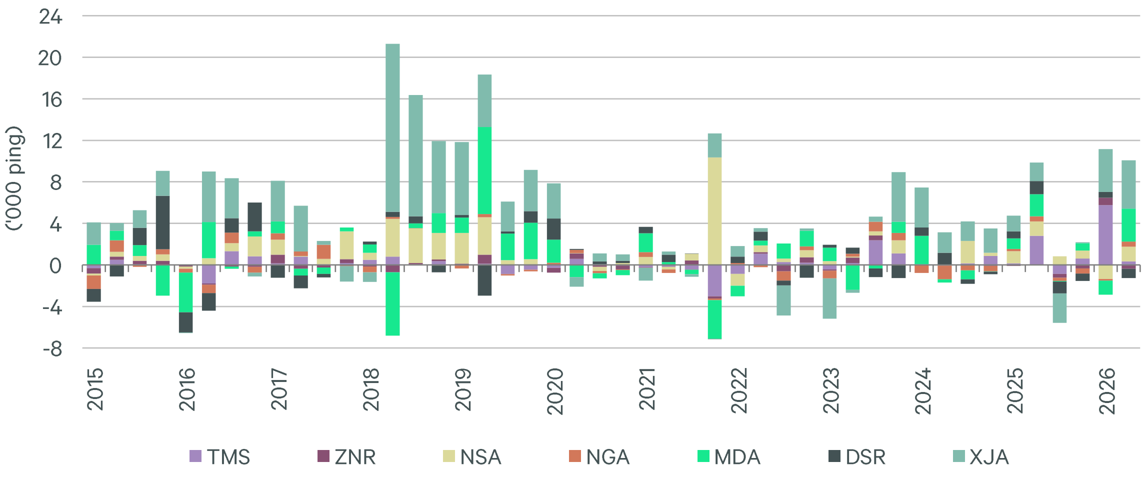
Grade B office leasing activity improved over the quarter, with net absorption rising to 1,625 ping. Overall relocation momentum remained weaker than in the Grade A segment, primarily due to the prevalence of smaller leasing transactions in the Grade B segment. About 50% of new deals closed this quarter were below 120 ping. Some tenants vacating Grade B space in favour of Grade A offices continued to partially offset gross take-up. Against a backdrop of stabilising relocation demand and the absence of new supply, average Grade B vacancy fell by 0.3 pps q-o-q to 4.5%.

Leasing Activity

While leasing enquiries remained steady, there was a notable divergence in space requirements. In the Grade A segment, activity was predominantly driven by multinationals and local financial institutions with higher rental budgets, resulting in the completion of several large deals exceeding 500 ping. In contrast, most newly signed leases in the Grade B segment were below 350 ping. Average Grade B vacancy has stayed below 5% for nearly eight years on the back of strong SME demand, with limited new supply also meaning that large occupiers are often left with little choice but to expand modestly in their existing location.

Flight-to-quality continued to drive overall activity this quarter, with relocation demand concentrated in buildings completed within the past two years. CBRE data show 87% of upgrading transactions this quarter involved tenants relocating to buildings with superior specifications, while 48% involved moves to better locations, particularly those in proximity to MRT stations. Several large deals were signed for space in Shin Kong Huashan Financial Centre and Yuanta Silver Star Building, largely due to the convenient transport access they provide.

FIGURE 2: Net Absorption



Source: CBRE Research, Q2 2026.

FIGURE 3: Selected Leasing Transactions

Tenant	Size (ping)	Building	District	Industry
E.SUN Financial Holding Company	2,473	Kindom Minquan Building	MDA	Financial Services
Formosa Transnational Attorneys at Law	1,228	Shin Kong Huashan Financial Center	TMS	Legal
Formosa Solar Renewable Power	390	Taipei Gas Kwang Fu Building	NGA	Energy
Wiselink	352	Yuanta Silver Star Building	NSA	Fintech/Manufacturing
Longchamp	187	Shin Kong Xinyi Financial Building	XJA	Retail

Source: CBRE Research, Q2 2026.

Rents

Robust relocation activity pushed up average Grade A office rents in Taipei's CBD by 0.5% q-o-q to NT$3,118 per ping in Q2 2026. Minsheng-Dunhua Area recorded the strongest rental growth of any submarket, with average rents rising 1.3% q-o-q on the back of strong take-up in newly completed buildings. New Grade A buildings continued to attract strong occupier interest despite higher rents, driving modest rental growth in submarkets with new completions.

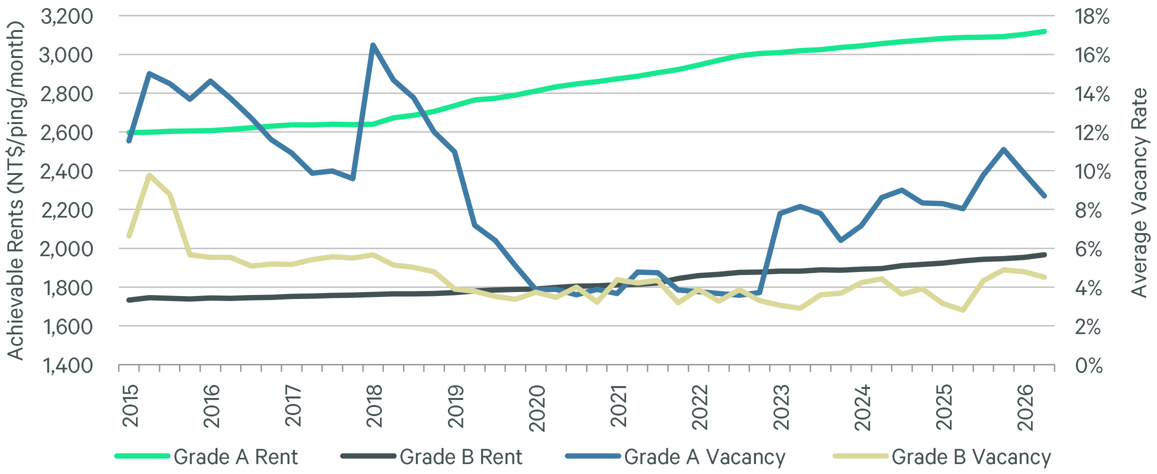
While the Grade B segment saw slower take-up than Grade A, most landlords held asking rents steady, with 70% of Grade B buildings reporting vacancy below 3%. Average Grade B office rents rose by 0.7% q-o-q to NT$1,967 per ping, largely driven by new leases signed in newly built offices fetching above-market rents. Rising relocation and fit-out costs prompted many tenants to opt for lease renewals during the quarter, providing additional support to rental growth.

Outlook

With global AI development continuing to accelerate, Taiwan's advanced manufacturing sector retains a prominent position in the AI ecosystem. This is benefitting total exports, which surged by 43.7% y-o-y in Q2 2026, pushing up GDP growth to 12.9% y-o-y and marking the third consecutive quarter of double-digit economic expansion. Exceptionally strong export demand has translated into robust corporate earnings in selected industries, in turn boosting some tenants' rental budgets and strengthening appetite for office upgrades. Flight-to-quality is expected to remain the primary driver of relocation demand in Taipei's office market in the coming quarters.

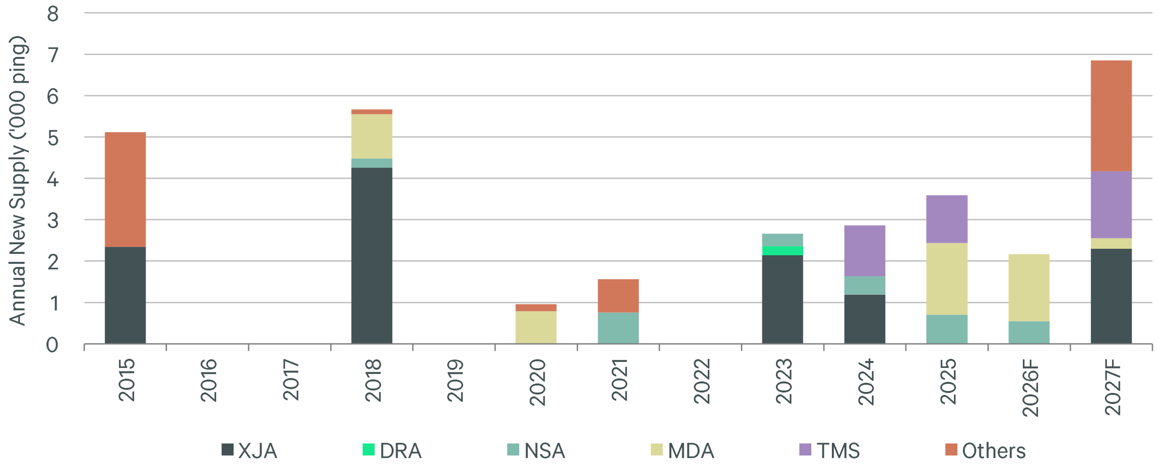
Four new office buildings are scheduled to come on stream in Taipei's CBD in H2 2026, adding around 21,000 ping of leasable space to the market. Amid solid enquiry levels for incoming supply and steady take-up in existing buildings, average rents are forecasted to continue to edge up over the next few quarters. Other key trends to watch include an ongoing labour shortage, which has caused delays to some new office development projects and has pushed back supply pressure in the Grade A segment to late 2028. While CBRE expects the market to remain in favour of landlords in the near term on the back of healthy leasing demand, some institutional landlords are adopting a more proactive stance toward attracting tenants with large space requirements by offering longer rent-free periods.

FIGURE 4: Average Rents and Vacancy



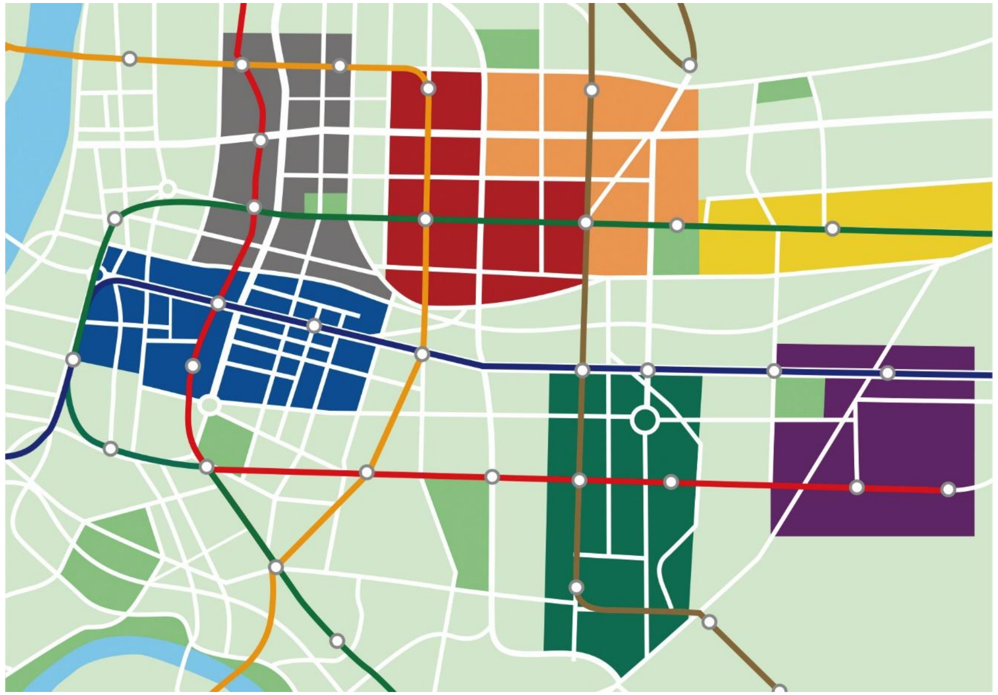
Source: CBRE Research, Q2 2026.

FIGURE 5: Development Pipeline



Source: CBRE Research, Q2 2026.

Market Area Overview



- Taipei Main Station (TMS)
- Zhongshan North Road (ZNR)
- Nanjing-Songjiang Area (NSA)
- Minsheng-Dunhua Area (MDA)
- Nanjing-Guangfu Area (NGA)
- Dunhua South Road (DSR)
- Xinyi-Jilong Area (XJA)

Classification

CBRE's classification of Taipei office buildings follows a structured grading system that considers a building's location, quality, leasing conditions, and building management. Under these four categories, ten detailed criteria are used to grade an office building, summing to a maximum score of 50 points. Buildings that receive 36 points or higher are classified as Grade A office buildings. Those receiving 24 points or higher and less than 36 points are classified as Grade B office buildings.

The Taipei Quality Office Market includes both Grade A and Grade B office buildings.

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