Intelligent Investment

2026 Taiwan Real Estate Market Outlook

REPORT

CBRE RESEARCH
MARCH 2026

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Economy & Policy

AI boom to drive robust economic growth

According to the latest official data, Taiwan's GDP grew by 8.68% y-o-y in 2025, with GDP per capita rising to US$39,492, exceeding that of Japan and Korea. The year's higher-than-expected growth was mainly attributable to exceptional export performance despite tariff uncertainty. Total exports of Taiwanese goods increased by 35% y-o-y during 2025, underpinned by strong demand for AI-related electronics.

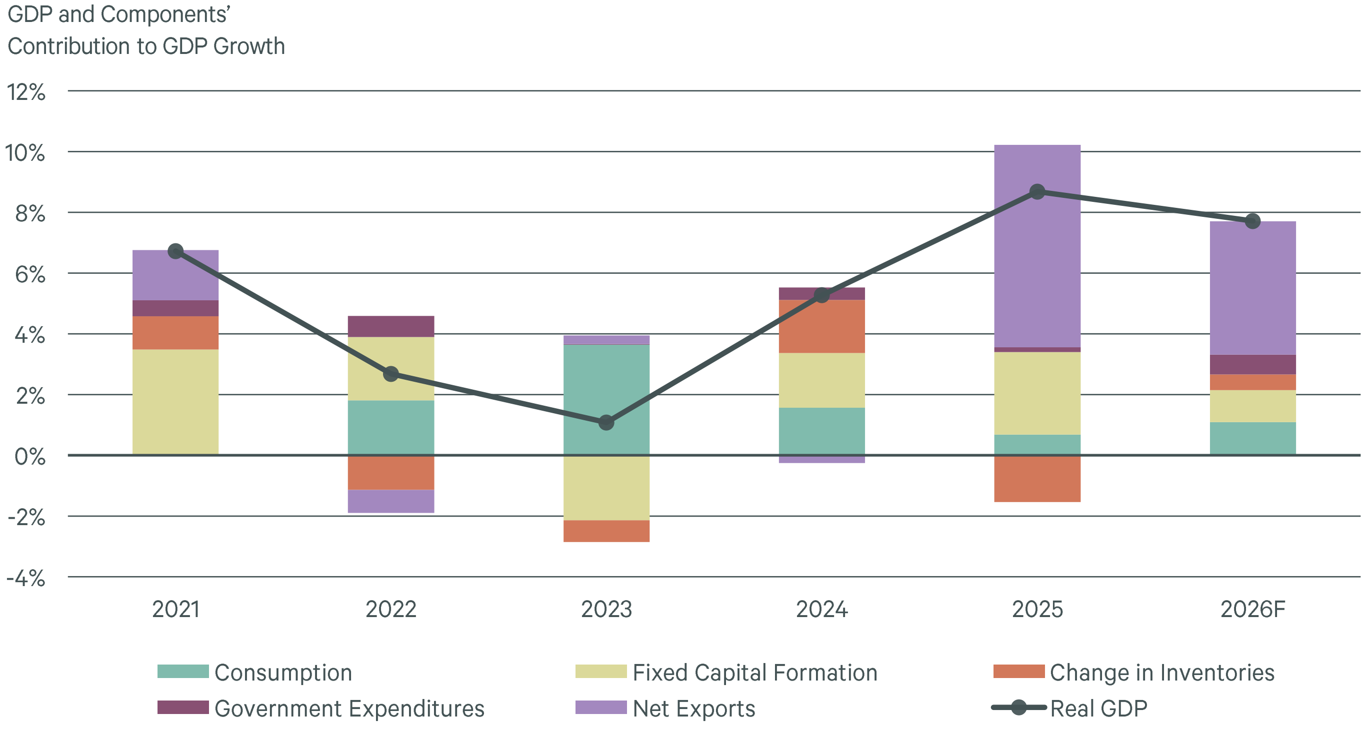
Despite 2025's high base, the Taiwanese economy is expected to benefit further from the rapid development of AI technology, with exports projected to surge by 22% y-o-y in 2026. Consumer expenditure is forecasted to rise 2.5% y-o-y this year, driven by an increase in the minimum wage and the stock market wealth effect. Expanding external and domestic demand will ensure Taiwan achieves GDP growth of 7.7% y-o-y in 2026, according to the national statistical agency's forecast.

In mid-January 2026, Taiwan and the U.S. signed a reciprocal trade agreement to cap tariffs on Taiwanese goods at 15%; reduce non-tariff barriers on 2,072 items; and grant preferential treatment to semiconductors. However, uncertainty concerning U.S. tariffs remains high, with the U.S. Supreme Cout recently ruling to strike them down, and the aforementioned agreement with the U.S. still awaiting approval from Taiwan's opposition-controlled legislature.

Notwithstanding global trade uncertainty, Taiwan's semiconductor and electronics industries will further capitalize on the AI boom in 2026, ensuring that the domestic economy remains resilient. CBRE expects high-tech manufacturers to continue to purchase industrial properties for expansion, ensuring industrial & logistics assets will be most popular asset class this year.

Taiwan's economy is expected to see strong growth this year, fueled by AI-related exports.

Figure 1: Taiwan Real GDP Growth by Components



Source: Directorate General of Budget, Accounting and Statistics, February 2026.

01

Economy & Policy

Central Bank to maintain stable monetary policy

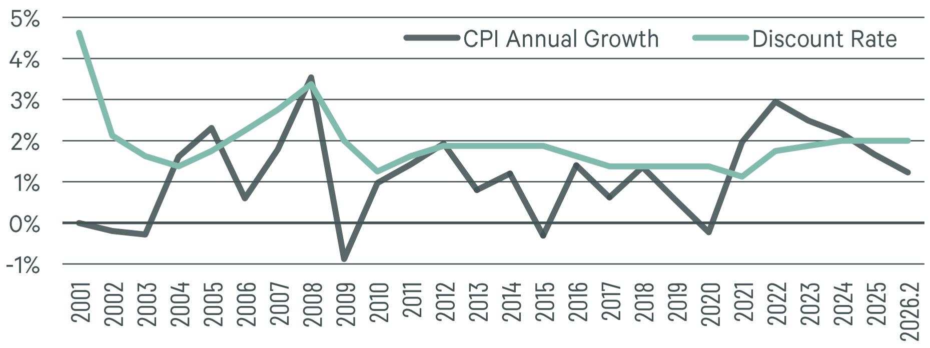
While many of the world's major central banks eased monetary policy during 2025, Taiwan's Central Bank has kept its benchmark interest rates unchanged since March 2024, primarily due to stable economic growth.

Taiwanese authorities forecast moderate CPI growth of 1.68% for 2026, anticipating stable international commodity prices. Given robust economic performance and easing inflation concerns, Taiwan's Central Bank is likely to hold its policy rates steady in the coming months. However, the recent escalation in the Middle East conflict could cause oil price volatility, potentially triggering inflationary pressures.

Following the implementation of new credit control measures in September 2024, local housing market sentiment turned pessimistic, resulting in a 26% y-o-y decline in full-year transaction volume in 2025. Price corrections in the housing market have been modest, however, with pre-sale prices even trending upward amid sluggish sales. In view of the slow progress in curbing housing prices, the Central Bank is less likely to substantially loosen its selective credit control measures in the next two to three quarters. Consequently, developers are expected to maintain a cautious approach to land acquisition in 2026.

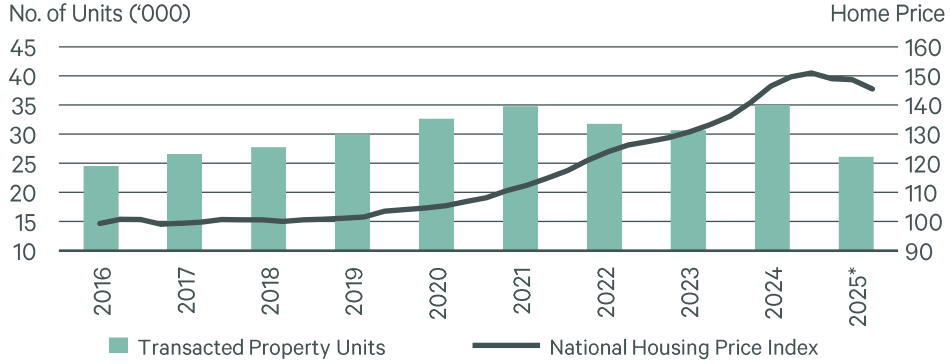
In January 2025, Taiwan's Financial Supervisory Commission relaxed rules governing real estate investment by insurance companies. Under the present rules, the minimum yield requirement for insurance companies increased from 2.545% in 2025 to 2.72% in 2026. This higher yield threshold is expected to result in sporadic commercial real estate transactions by Taiwanese insurers this year. CBRE expects industrial & logistics assets with initial yields above 3% to be more likely to attract enthusiastic interest from life insurance companies.

Figure 2: Inflation vs. Discount Rate



Source: DGBAS, Central Bank of Taiwan, February 2026.

Figure 3: Housing Market Performance



Source: Ministry of the Interior, February 2026.
* The latest available National Housing Price Index data is for Q3 2025.

02

Office

02
Office

Grade A vacancy forecasted to reach double digits

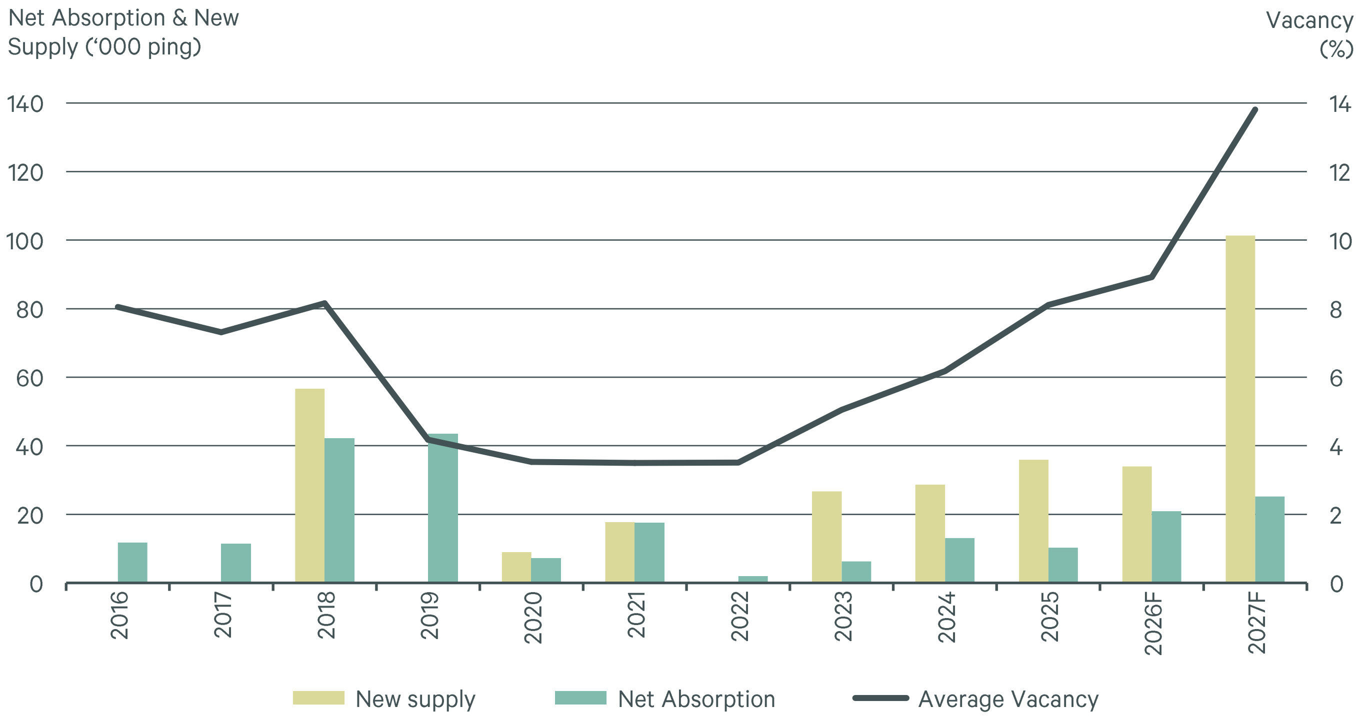
Five new office buildings in Taipei's CBD were completed in 2025, adding nearly 36,000 ping of leasable space to the market. Economic uncertainty surrounding U.S. tariff policy led some multinationals to delay relocation decisions, causing total net absorption to fall to 10,000 ping last year. Lackluster take-up, combined with the 89,000 ping of new supply added in the last three years, pushed up average vacancy to 8.1% in Q4 2025.

CBRE Research data show that 79% of relocation deals last year were driven by flight-to-quality, with 93% of occupiers opting for higher-quality buildings. With around 60% of office buildings in the CBD now more than 30 years old, some may not meet the space requirements of modern businesses due to their outdated design and hardware. CBRE therefore expects flight-to-quality to continue to drive relocation activity in 2026, boosting full-year net absorption to 21,000 ping.

Due to the uncertain global economic outlook, occupiers seeking to relocate will carefully assess their expansionary requirements. Lease renewals are expected to dominate leasing inquiries in 2026, while relocation demand will mainly be driven by companies in the technology, financial services, and retail/wholesale trading industries.

Four new office buildings are slated for completion in Taipei's CBD in 2026, providing nearly 34,000 ping of leasable space. Average vacancy is forecasted to rise to 8.9%. Despite the manageable volume of new Grade A office supply in this year's pipeline, the lack of a corresponding rise in leasing demand will push up average Grade A vacancy to 12.7%. In the Grade B office segment, limited new supply, coupled with the attractiveness of lower rents to cost-conscious tenants, will pull down Grade B vacancy to 4.7% by the end of 2026.

Figure 4: Taipei Office Take-up, Vacancy & New Supply



Source: CBRE Research, February 2026.

02

Office

Competition for tenants to dampen rental growth

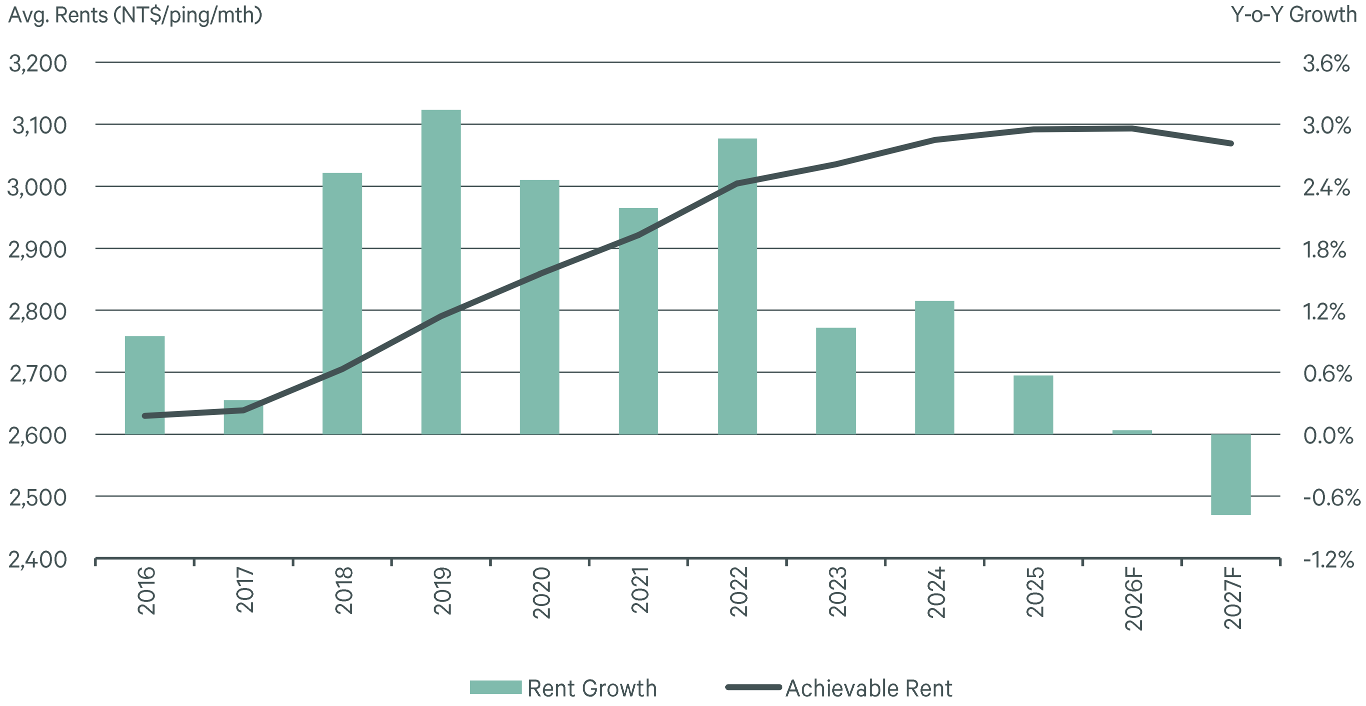
Growth in effective rents is forecasted to be stagnant, implying the market may approach a turning point by year's end.

Despite increasing vacancy in Taipei's CBD, average Grade A and Grade B office rents edged up by 0.6% and 1.5% y-o-y, respectively, in 2025, reaching NT$3,092 and NT$1,947 per ping, respectively. However, Grade A office rental growth has slowed in recent quarters. Although some new offices have achieved record-high rents compared to buildings in the same district, their occupancy rates are somewhat disappointing. This suggests that occupiers are more reluctant to pay a rental premium.

Taipei's office leasing market is expected to be stable in the first three quarters of 2026, primarily because most new supply will be launched toward the end of the year. While landlords of existing buildings will likely maintain asking rents, an increasing number are expected to offer more favorable commercial terms to attract large or reputable tenants. Landlords of newly built offices, however, will hold rental levels firm, given increased construction costs and high return expectations. With competition between aged and newer buildings set to intensify, average effective Grade A office rental growth is forecasted to fall below 0.1% y-o-y in 2026.

CBRE's 2025 Office Occupier Survey found that 74% of Taiwanese respondents identified "better lease terms and rents" as the main factor behind their relocation decisions, reflecting a cautious approach to leasing costs. The survey also revealed that 27% of surveyed occupiers plan to adopt smaller workstations in the next three years, while about 30% intend to increase staff-to-desk sharing ratios. These results indicate that occupiers are placing an increasing emphasis on workplace efficiency and are likely to adopt a prudent attitude toward assessing their future space needs.

Figure 5: Taipei Grade A Office Rents



Source: CBRE Research, February 2026.

03

Retail & Logistics

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Retail & Logistics

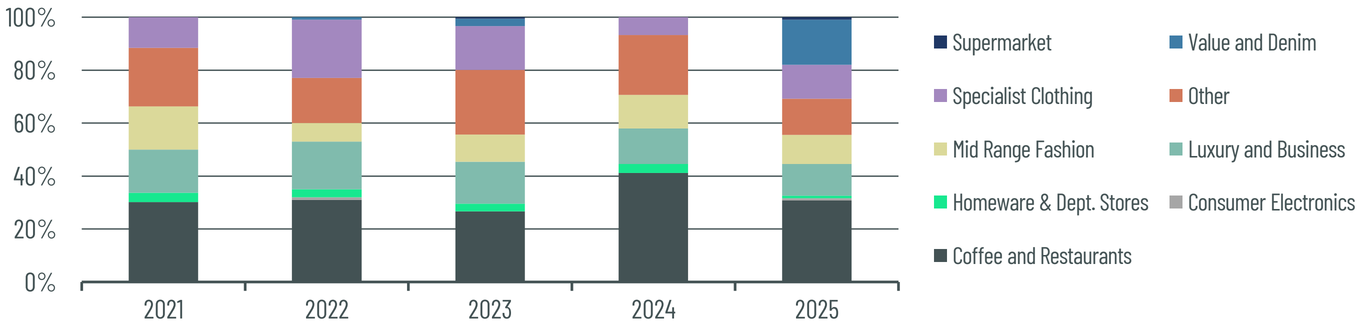
Retailers adapt to shifting consumer preferences

While Taiwan's economy performed strongly in 2025, many retailers faced challenges in growing revenue. Total retail sales in Taiwan declined by 0.2% y-o-y last year, primarily due to consumers' conservative attitude toward making purchases. While sales of apparel, accessories and luxury goods were adversely affected by the ongoing outbound travel boom, total supermarket and convenience store receipts grew by over 4% y-o-y, indicating the resilience of retail segments related to essential goods. In 2026, consumer spending is expected to gain momentum on the back of stable wage growth and a buoyant stock market.

Leasing activity in Taipei remained stable in 2025, with F&B retailers leading new store openings, followed by affordable clothing and sportswear brands. In 2025, 91% of new leases signed by foreign brands were in department stores and shopping malls, reflecting retailers' preference for locations with higher footfall. To adapt to evolving consumer expectations, more retailers are expected to develop new brands and launch new store formats.

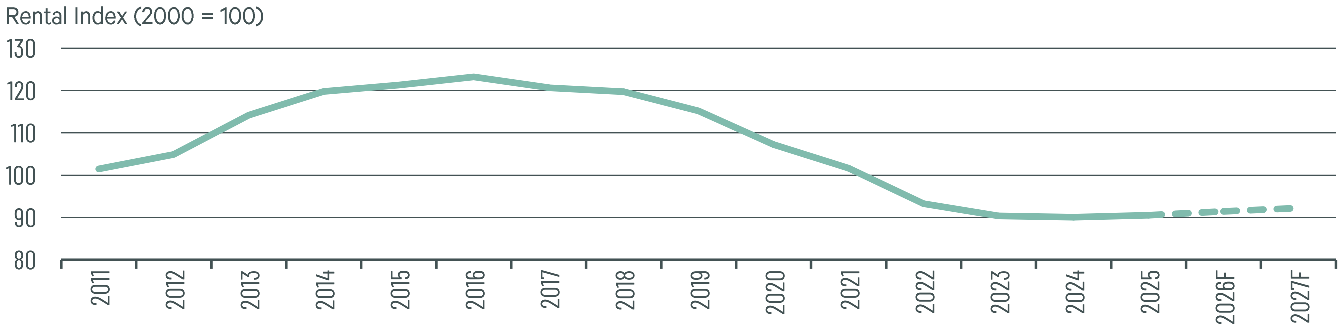
In Taipei's major shopping areas, shopping malls popular among international visitors recorded a decline in vacancy rates during 2025 on the back of the continuing recovery in inbound tourism. However, overall leasing demand was relatively weak, resulting in average high street rents recording negligible growth of 0.5% y-o-y in 2025. With most retailers focusing on expanding their footprint in shopping malls and adopting a selective approach to street-level locations, CBRE forecasts average high street rents to grow by just 1.0% y-o-y in 2026, with increases primarily driven by a further drop in vacancy levels in selected shopping precincts.

Figure 6: New Openings by Foreign Retailers



Source: CBRE Research, February 2026.

Figure 7: Taipei High Street Rents



Source: CBRE Research, February 2026.

03

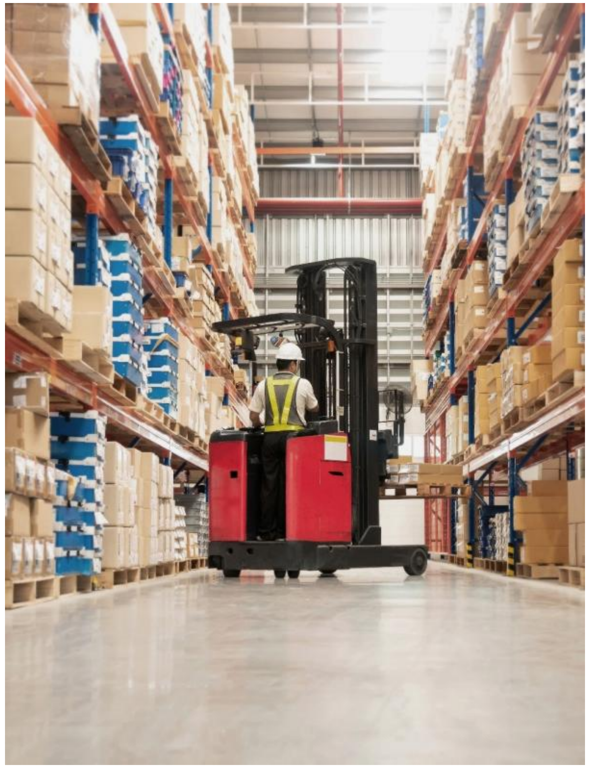
Retail & Logistics

E-commerce and tech to drive logistics growth

Online retail sales in Taiwan continued to grow steadily in 2025, rising by 2.8% y-o-y. The e-commerce penetration rate rose to 13.9%, nearing the peak achieved during the COVID-19 pandemic in 2022. With consumers increasingly reliant upon online shopping and demanding faster delivery, many businesses are prioritizing stable and reliable logistics services to boost their online market share.

Recent major new logistics real estate developments include Uni-President's launch of a large-scale logistics park in Tainan in December 2025, with another in Taichung scheduled to open this year. Also in late 2025, Coupang received approval for a capital increase of NT$24.7 billion in Taiwan, reportedly to increase investment in its logistics infrastructure. Shopee, another major e-commerce platform with a substantial presence in Taiwan, has been actively strengthening its store-to-store network to achieve lower logistics costs and effectively manage last-mile delivery operations.

Logistics demand from the high-tech industry continues to strengthen, prompting major logistics providers to increase warehouse capacity. In recent months, DHL has launched a new logistics center in Kaohsiung while FedEx has opened a new transshipment center in Taoyuan, with both organizations aiming to better serve firms in the semiconductor supply chains. Given Taiwan's critical role in the global semiconductor and high-tech manufacturing ecosystem, demand for storing and transporting high-value electronics is expected to grow significantly in the next few years. This will further drive warehouse leasing activity across Taiwan and potentially push up rental rates.



Warehousing market growth will be underpinned by retailers' focus on logistics service quality and specialized storage requirements for high-tech firms.

04

Investment

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Investment

End-users set to continue to lead investment activity

Commercial real estate transaction volume in Taiwan reached a record high NT$152.5 billion in 2025, a robust increase of 21% y-o-y. Last year's strong growth in investment volume was largely attributed to semiconductor and electronics companies buying industrial assets for expansion. Acquisitions of existing factories accounted for 44% of total investment turnover, as a significant number of manufacturers sought to rapidly scale up production capacity.

CBRE's 2026 Taiwan Investor Intentions Survey found that 46% of respondents plan to increase their real estate allocations this year, while another 37% will maintain their current level of purchasing, indicating positive investor sentiment. Geopolitical risks were cited by 60% of surveyed investors as the main factor impacting their investment decisions, while 40% expressed concerns about economic uncertainty.

CBRE expects institutional investors and property investment companies to remain cautious toward purchasing commercial property in 2026, mainly due to sustained high interest rates and the elevated yield threshold for insurance companies. Ongoing strong demand for Taiwanese electronics will ensure local manufacturers continue to seek suitable industrial assets. Taiwan's commercial real estate market is expected to remain stable in 2026, with purchasing activity underpinned by owner-occupiers.

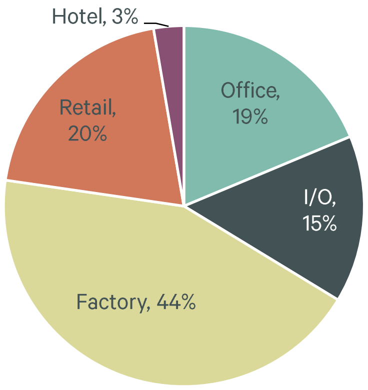
In contrast to the active commercial real estate sector, investment activity in the land sales market was subdued last year, with total transaction volume falling 36% y-o-y to NT$178.2 billion. The significant decline was primarily due to local developers taking a conservative stance toward expanding land banks amid a sluggish housing market. Total land sales contributed by developers fell 54% y-o-y in 2025.

In view of the marginal price correction witnessed in the housing market since the implementation of the seventh round of credit controls in Q3 2024, the Central Bank is expected to keep its current policies largely unchanged in the next few quarters. High financing costs and weak homebuying sentiment will prompt developers to adopt a wait-and-see attitude this year, with limited interest expected for large development sites. CBRE expects the land market to register a 5-10% y-o-y decrease in investment turnover over full-year 2026.

Figure 8: Taiwan Property Investment Turnover

Source: CBRE Research, February 2026.

Figure 9: Commercial Property Investment by Sector, 2025



Source: CBRE Research, February 2026.

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Investment

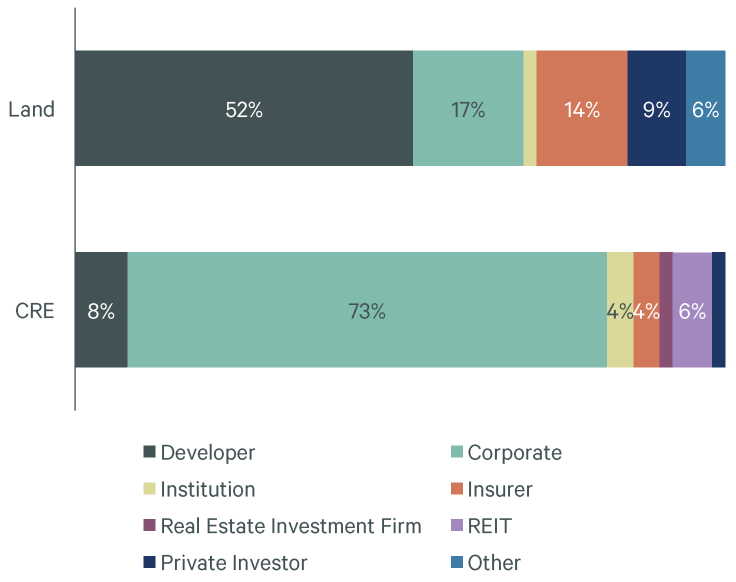
Industrial properties most favored

CBRE's 2026 Taiwan Investor Intentions Survey found that 77% of respondents intend to adopt a core or core-plus investment strategy this year, an increase of 10 percentage points compared to 2025. The results showed that income-producing assets are favored by investors during times of uncertainty.

CBRE's analysis of investor preferences reveals that about one-quarter of respondents identified both office and industrial & logistics facilities as their main investment targets this year. Conversely, investor interest in retail and hotel assets remained low, partly due to the slow recovery in the tourism and retail sectors in the post-pandemic era.

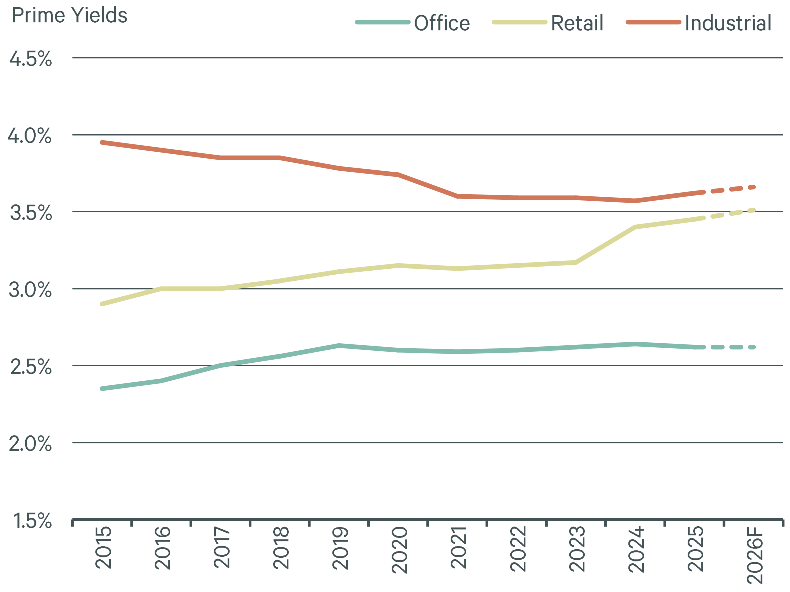
CBRE expects capital values to remain largely stable across the different property sectors in 2026. Although self-use demand for industrial properties will be robust, many owner-occupiers will only be willing to pay market values. Industrial yields are expected to rise slightly on account of moderate rental growth. The retail sector is also forecasted to see yield expansion, driven by both rental growth and lower selling prices. In the office sector, flat rents and rising vacancy pressure will lead investors to adopt a selective approach. Office yields will remain unchanged over the course of the year.

Figure 10: Real Estate Investment by Buyer Type, 2025



Source: CBRE Research, February 2026.

Figure 11: Yield Trends in Taipei City*



Source: CBRE Research, February 2026.
* Industrial yields track the performance of industrial markets in Northern Taiwan.

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