

Taiwan Facility Management Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The Taiwan Facility Management Market is expected to grow at a CAGR of 2.50% over the forecast period 2022 to 2027. Taiwan is supposed to be one of the biggest outsourced markets for facility management services in terms of maturity and sophistication.

Key Highlights

Digitalization has been changing and penetrating all industries and businesses, including the FM industry, since the outbreak of the Covid-19 crisis, trends such as paperless offices, mobile working, and video conferencing. Technological advances such as artificial intelligence, cloud computing, and IoT have created a whole new range of levels for productivity improvement across the Globe. Bringing all these two factors together - the acceptance and availability of new technologies - raises the expectation that significant disruptions will bring significant productivity improvements to industries such as Facility management.

Sustainability awareness significantly impacts the Taiwan FM market's value and service needs. With the increase in CO2 emission from the end-user industry, there is more and more requirement for FM businesses to tackle the situation in innovative ways with better business models and technology in workplace management.

The country has been expanding its economy by investing in commercial and infrastructural projects, which will lead to the FM industry's progress in the region. For instance, Government agencies proposed an NTD 180 billion infrastructure development plan for the fourth phase of the country's forward-looking infrastructure development plan. These developments will require facility management services to maintain sustained building structures that are expected to drive the growth of the market.

The FM Industry in Taiwan has been experiencing a shift toward adopting new technologies. With this comes challenges like successfully integrating technology with humans in an effective and cost-efficient way and Interpreting data in meaningful structures which could be easily interpreted by people working in the industry.

The outbreak of COVID-19 has had a mixed business impact on facilities management firms in Taiwan, with halted business. The FM Industry has been able to cope with new regulatory laws and Framework compliance like ISO 41001 and ISO 41000. The

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restrictions on the movement of people resulted in a decline in project work and a decreased level of activity across many customer sites. Significant players in the market, such as CBRE Group, Diversy Holdings Ltd, and others, were adversely affected due to the pandemic lockdown.

Taiwan Facility Management Market Trends

Infrastructure Development Holds the Major Market Share

As per the Report Published by DBS bank Outlook 2022, The government in Taiwan has set a firm 2050 carbon neutrality target. It has proposed introducing a carbon pricing mechanism by 2023, in the form of a low carbon tax for big emitters during the initial phase. Meanwhile, increasing the support for green investment in Infrastructure development. All these steps to acquire sustainability will drive the FM industry into the region to achieve the target of zero-emission.

As per the National development council of Taiwan, the government is planning to use the fourth-stage budget for the Development of infrastructure projects, which include green energy, the internet of things, 5G, artificial intelligence, and cybersecurity, closing the gap between urban and rural Development.

The third phase of the infrastructure plan allocated was NTD 229.83 billion for 2021 and 2022. As per the NDC, NTD 124.06 billion was set aside for 2021, of which 92.27% had already been used by December on several projects, including installing air conditioners in most school classrooms, improving water supply infrastructure, and subsidizing 5G connectivity, projecting an important role of FM industry for the Future Development of the region.

In April 2022, at the Asia silicon valley expo, The Zhonghua System Integration announced the launch of four primary application services: smart factories, AR augmented reality, intelligent detection, and drones. It also exhibits the 5G smart long-term care service in the world's first smart glasses first-view solution that combines AIoT, 5G private network, and AR technologies for making all these projects a reality as well as after the completion of the project facility management services will play a crucial role for managing the building structure.

The ongoing projects reflect the call for FM services innovation in adapting technologies. FM services providers in Taiwan will undergo a significant transformational journey to accelerate digital growth. With all these transformations in infrastructural Development in the region, it is evident that the role FM industry will be crucial in Taiwan.

Commercialization and Urban Development will Hold the Key to Market Growth

The strong export demand in Taiwan leads many local corporates to purchase facilities and industrial land for future expansion. Several local manufacturing companies reportedly plan to raise CapEx, implying the continuation of buying in the industrial sector, raising more demand for Facility Management services to look after the offices and properties.

As per the CBRE report on Taiwan Real Estate Market Outlook 2021, the solid Taipei office leasing market will continue attracting institutional and private investors to seek investment opportunities. Yields for retail properties in Taipei are expected to rise to 3.65% this year as sellers come under pressure to cut asking prices amid weak investor interest. Retail assets with redevelopment opportunities are more likely to attract buyers, creating new sources of revenue for FM companies in the region.

Owner-occupiers will retain a strong appetite for industrial assets located in major industrial parks in Northern Taiwan. This will see industrial yields contract to around 3.6%, a level below retail properties.

As per the CBRE report on Taiwan Real Estate Market Outlook 2021, FY2021 is another strong year for the real estate investment market on the back of abundant liquidity and positive investor sentiment. CBRE's Asia Pacific Investor Intentions Survey, conducted in Q4 2020, found that 71% of Taiwanese respondents intend to buy more real estate in 2021, which inherently attracts more FM businesses across the globe to manage all these properties across the country.

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As economic fundamentals continue to strengthen, landlords in significant shopping areas are reluctant to reduce rents. High street rents in Taipei are expected to stabilize throughout 2021. According to the report published by CBRE, stabilization in rents for commercial properties will allow companies to spend more on other necessary facilities like cleaning, office maintenance, electrical maintenance, etc., boosting the FM industry in the region.

Taiwan Facility Management Market Competitor Analysis

The Taiwan Facility Management Market is highly competitive with the presence of diverse firms of different sizes. This market is anticipated to encounter a number of partnerships, mergers, and acquisitions as organizations continue to invest strategically in offsetting the present slowdowns that they are experiencing. The clients in this region are employing FM services to increase the ease of their business operations. The market comprises key solutions and service providers, such as CBRE Group, Diversey Holdings Ltd, ISS A/S, G4S Facilities Management UK Limited, and AssetPlus Taiwan Limited.

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September 2021- Hai Long offshore wind farm project in Taiwan appointed Mott MacDonald as one of its owner's engineers. The Hai Long project, a 1 GW wind farm located 50-70 kilometers from Taiwan's shore, is currently in the development phase, having three separate grid allocations. Phase 2a has 300 MW, 2b has 232 MW, and phase 3 has 512 MW. Extending its role to all stages, Mott MacDonald's, offshore wind farm, is expected to power 1.55 million households in Taiwan.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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