



Taipei Overview

- GDP (purchasing power parity): \$611.5 billion (2005 estimate)
- The island of Taiwan has relatively few natural resources, almost all of the raw materials that Taiwan needs for manufacturing and energy generation must come from abroad
- Taipei is the island's major political, financial, and commercial center; Kaohsiung is Taiwan's leading industrial city, as well as the site of a port that ranks among the busiest and most modern in the world.
- Manufacturing output now constitutes over 92% of Taiwan's total industrial production. Electronics and information technology have evolved into mainstays, accounting for over 35% of the island's industry.

Incentives and Foreign Direct Investment

- If an existing or newly established company invests in a high-tech industry or technical services industry, it will be granted a five-year exemption from business income tax.
- A company that invests in R&D or the cultivation of talent in automation equipment, the Internet, communications or telecommunications products, electronics, television equipment, digital content production or other hardware, software or technology related fields will be allowed to list this investment as a deduction for the purposes of business income tax.
- Land in industrial districts can be rented at specially reduced rates. Rental is free for the first and second year; a 40% reduction is granted for the third and fourth year, and a 20% reduction for the fifth and sixth year.
- As a WTO member from January 1st, 2002 Taiwan's government has been rapidly scrapping the custom laws that once hindered openness and transparency to open the floodgates to global trade.



World Trade Center in Taipei

- According to the Business Environment Risk Intelligence (BERI) in 2005, Taiwan's investment environment ranks 5th in the world, meaning that Taiwan is a low-risk country suitable for investment. The report ranked Taiwan the 3rd in Asia.

Infrastructure:

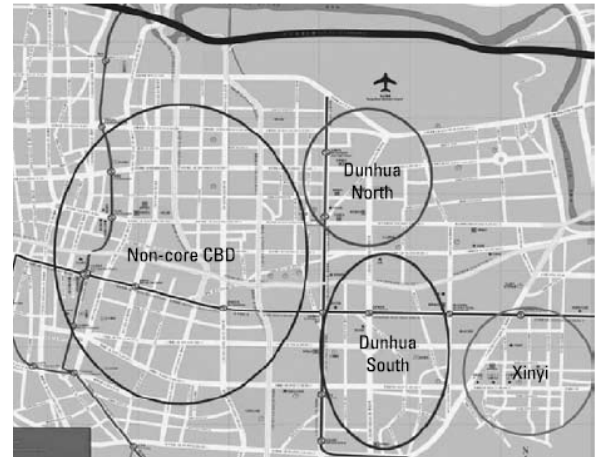
- Taiwan is home to several international business ports, with the shortest average flying time to all seven major cities of the western Pacific at 2 hours and 55 minutes.
- In terms of shipping, the average time from Taiwan to 5 major regional harbors (Singapore, Hong Kong, Tokyo, Shanghai, Manila) is 53 hours, making it the ideal location for an international company's Asian distribution center
- The Chiang Kai-Shek International Airport is the perfect gateway to both Northeast and Southeast Asia. It is located in Taiwan's Taoyuan County, approximately 40 kilometers or about 50 minutes by car or bus from downtown Taipei.
- Taipei's public transport system MRT (Mass Rapid Transit), now also known as metro Taipei, incorporates a light rail system based on VAL (automatic or driverless) technology with its conventional metro. Both are currently undergoing significant expansion.



The Chiang Kai-Shek International Airport

Labor:

- Unemployment rate as of Q1 2006 is 3.87%
- According to the Business Environment Risk Intelligence (BERI) in 2005, Taiwan's labor productivity was 3rd place globally and 2nd in Asia.
- At present a total of 9.83 million people are in the work force in Taiwan, of this number, 35.21% are employed in industry, 58.23% in service and white-collar jobs, and 6.56% in the agricultural and fishing sectors of the economy.
- There are 18 universities and 6 colleges in the capital city of Taipei



Four Districts in Taipei

Taipei's Office Grade A market is divided into four main districts:

- *Xinyi*
 - Once mostly consisting of swampland, the new Xinyi district of Taipei is now the hub of the Taipei's financial district and seat of the municipal government.
 - Grade A office space in the area is approximately 17% more expensive than other prime office districts in the city.
 - As of Q1 2006, Xinyi district offers 38% of Taipei's Grade A office space.
 - The area has quickly become a highly sought after location for a number of foreign multinational companies.
 - Average vacancy for the area is 29.5%
- *Dunhua North*
 - An established business areas, which traditionally had a high concentration of banks and financial institutions.
 - Average vacancy for the area is 6.6%
 - Includes properties on Minsheng East Road
- *Dunhua South*
 - One of the most attractive business areas with many large modern commercial properties.
 - Includes properties on Renai Road
 - Average vacancy for the area is 5.9%
- *Non-core CBD*
 - This area covers the properties that are outside of the 3 districts above.
 - Includes buildings near Taipei Main Station, Nanjing East, Jianguo North, Zhongshan North, Zhongxiao East, and Xinyi Roads
 - Average vacancy for the area is 7.8%



Located in the Xinyi district, Taipei 101 is the world's tallest building. It houses retail facilities on Levels 1-4; a fitness center on Levels 5-6; offices on Levels 7-84; restaurants on Levels 86-88; observation decks on Levels 89, 91, and 101; and communication facilities on Levels 92-100.

Office Rental Rates

(US\$/sq. ft./month)

	Low	High	Vacancy
Downtown			
New Construction	1.64	2.93	N/A
Class A	1.64	2.54	13%
Class B	1.25	1.49	8%
Suburban			
New Construction	0.84	1.37	N/A
Class A	0.89	1.25	6%
Class B	0.81	1.08	10%



Applied Materials' building in Hsinchu, an hour's drive from Taipei

Industrial:

- Prime industrial office locations are in Neihu/Dazhi and Nankang
- The industrial market in Taiwan falls into 2 major categories:
 - Government established*- more in desirable, professionally run, and has higher standards of service provision. Access to prime sites in government run parks is determined by government priorities such as employment benefits and perceived tech benefits to the existing community of industries.
 - Private industrial parks*- usually in non-prime locations and often not well serviced or connected to infrastructure

Industrial Rental Rates

(US\$/sq. ft./month)

	Low	High
Industrial		
Bulk Warehouse	0.6	0.89
Manufacturing	0.36	0.66
High Tech/R&D	0.66	0.98

General Real Estate Practices:

- The "ping" is the standard of measurement of building area; one ping equals 3.305 sq m or 35.58 sq ft
- Rents are quoted in New Taiwan Dollars per ping per month; US\$1 = 31.751 TWD as of May 18 2006
- A typical lease is for 3 to 5 years
- Tenants are normally liable for internal repairs; external and common area works will typically be carried out by the landlord and charged back to the tenant via the service charge
- Tenants are required to pay 3 to 6 months rental as security deposit, and this is non-interest bearing until the lease expires
- There are no restrictions on foreign ownership of land, except for Chinese nationals or Chinese resident companies