

International Real Estate Scope

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Taipei



Taipei and its Commercial Real Estate Market are unique in many respects. Did You Know...

- Taipei, the largest city and the capital of Taiwan, is the country's economic, political, cultural, and educational center. It is located on the northern tip of the island, and it has a city population of about 2.6 million people and a metropolitan population of 10 million people, making it one of the most densely populated areas in the world.
- At the beginning of the 1980's, the Taiwanese government took steps to transform from an agriculture and manufacturing based economy to a service and technology base. As a result, Taipei has seen tremendous economic growth, averaging an annual GDP growth of 5% in recent years. Taiwan now ranks among the world's 20 largest trading nations, and has also become a creditor economy, holding one of the largest foreign exchange reserves in the world. Moreover, traditional labor intense industries have moved to other countries, while capital and technology industries have moved into Taipei. Key industries in Taipei include: finance, manufacturing, IT, trade, textiles, electronics, and shipbuilding. Agriculture generates only 3% of the total GDP, while the service sector makes up 73% of the GDP.
- In the past, Taipei suffered from heavy pollution, but lately the air quality has improved considerably due to several progressive actions taken by the government. The government is promoting renewable energy, and plans to develop its renewable energy manufacturing industry into an export market. A city wide Wi-Fi network gives internet access to Taipei's residents, making it a city with one of the highest wireless penetrations in the world. Taipei 101, one of Taipei's most popular tourist attractions, is the second tallest building in the world, after Dubai's Burj Dubai.
- Taipei's real estate market continues to develop as the country's economic growth keeps attracting foreign investors. Last year, over \$3.6 billion was invested in the office, retail, and industrial markets. The investment market will be less active this year due to the credit crisis of some major investing markets. In 1Q 2008, only \$400 million was invested in Taipei's real estate market, of which 53% went to the office market, 30% to the retail market, and 17% to the industrial market.
- The office market continues to see high demand for high quality space. The office stock totals 50 million square feet, of which 36% is Class B, 29% is Class AB, 21% is Class A, and 14% is premium space. The current overall Class A sale value is \$545 per square foot, while the investment yield is 5.0%. In the next seven months, due to the tightening of space and strong demand, the office market is expected to see a decrease in vacancy rates and an increase in rental prices.
- The retail and industrial markets are also experiencing high demand. The rise of disposable income among Taipei's residents and the strong consumption from tourists have increased the demand for imported high-quality consumer goods. As a result, many foreign retailers have established presence in Taiwan and many others have shown a strong interest, particularly for highly visited shopping centers and other prime locations.



Taipei

City Population 2.6 million
 Metro Population 10 million
 City Area 105 mi²

Taiwan

Population 22.9 million
 Population Growth 0.238%
 Area 12,456 mi²
 GDP Purchasing PP \$690 billion
 Real GDP Growth 5.0%
 GDP per capita \$29,800
 Inflation Rate 1.8%
 Unemployment Rate 3.9%
 Labor Force 10.78 million
 Exchange Rate 1\$=30.64TWD

Taipei Office Market 1Q 2008
 (USD/Sq Ft/Month)

District	Rent	Vacancy
Overall	\$1.84	6.7%
Xinyi	\$2.60	10.0%
Dunhua North	\$2.09	7.6%
Dunhua South	\$2.24	4.0%
Neihu Tech. P.	\$1.23	9.4%
Suburbs	\$1.80	6.8%
Premium Class	\$2.75	11.7%
Overall Class A	\$2.29	5.0%
Overall Cass B	\$1.56	4.7%
Total Stock		Sale Value
50 million sq ft		\$545 sq ft
Xinyi Sale Value		\$629 per sq ft



For further information on doing business in this market, please contact:

Timothy J. McEvoy, SIOR
 ITRA / ExclusiveTenantRep.com
tmcevoy@itraglobal.com
 +1 (757) 747-7440