

August 2023

CHIPS Act

One year after the CHIPS and Science Act was signed into law the semiconductor industry is waiting for money to be allocated, but plenty has happened.

Cresa Research

Creating Helpful Incentives to Produce Semiconductors and Science Act of 2022, or the CHIPS Act

The CHIPS and Science Act is an industrial strategy to revitalize the research, development, and manufacturing of semiconductors within the United States. The US makes 12 percent of the world's semiconductors, down from 37 percent in the 1990s. As demand continues to grow, the US does not want to rely on foreign manufacturers for supply and innovation.

Key Provisions

The Chips Act approval will provide \$278.2 billion of spending over 10 years which, in dollar terms, is the largest 5-year investment in R&D in American history. **The Act provides \$52.7 billion for American semiconductor research and development, manufacturing, and workforce training.** This includes \$39 billion in manufacturing incentives, including \$2 billion for the legacy chips used in automobiles and defense systems, \$13.2 billion in R&D and workforce development, and \$500 million to provide for international information communications technology security and semiconductor supply chain activities.

The CHIPS Act also authorizes \$10 billion to be invested in regional innovation and [technology hubs](#) to be dispersed geographically across 20 markets in the US. The Hubs will provide collaboration between state and local governments, colleges and universities, labor unions, private sector businesses, and community-based organizations to create regional partnerships to develop innovation, technology, and manufacturing opportunities.

CHIPS Highlights

Signed Into Law

**August 9,
2022**

Funding to Boost US
Research & Production
for Semiconductors

\$280 B

Subsidies for Chip
Manufacturing in the US

\$39 B



The CHIPS Act and Commercial Real Estate

The Chips Act establishes a semi-conductor investment tax credit of approximately \$24 billion to spur private investment. Tax paying entities receive a 25 percent advanced manufacturing investment tax credit for investments in semiconductor manufacturing and processing equipment.

The Chips Act will provide a direct pay, refundable credit for facilities with a primary purpose of making semiconductors or semiconductor manufacturing equipment. It applies to tangible property that can be amortized and depreciated and placed in service between January 1, 2023 to December 31, 2027. Projects that are already under construction may qualify.

Commercial Real Estate Requirements

Recipients must demonstrate and follow certain provisions, including::

- Significant worker & community investments
- “Guardrails” will be put in place to ensure recipients do not build certain facilities in countries of concern
- Companies are prevented from using taxpayer funds for stock buybacks and shareholder dividends.

Source: [White House Briefing: 08/09/22 – Fact Sheet: CHIPS and Science Act Will Lower Costs, Create Jobs And Strengthen Supply Chains](#)

How Can Companies Apply for CHIPS Funding?

In February 2023, the US Department of Commerce released guidance for applicants. Funding will be provided as grants, federal loans, and/or federal guarantees of 3rd party loans. The awards are expected to range between 5% to 15% of capital expenditures, not to exceed 35%.

Applicants will be evaluated for:

- Financial strength/viability
- Technical feasibility/readiness
- Workforce development
- Efforts to spur economic growth.

More information can be found at the [US Department of Treasury](#).



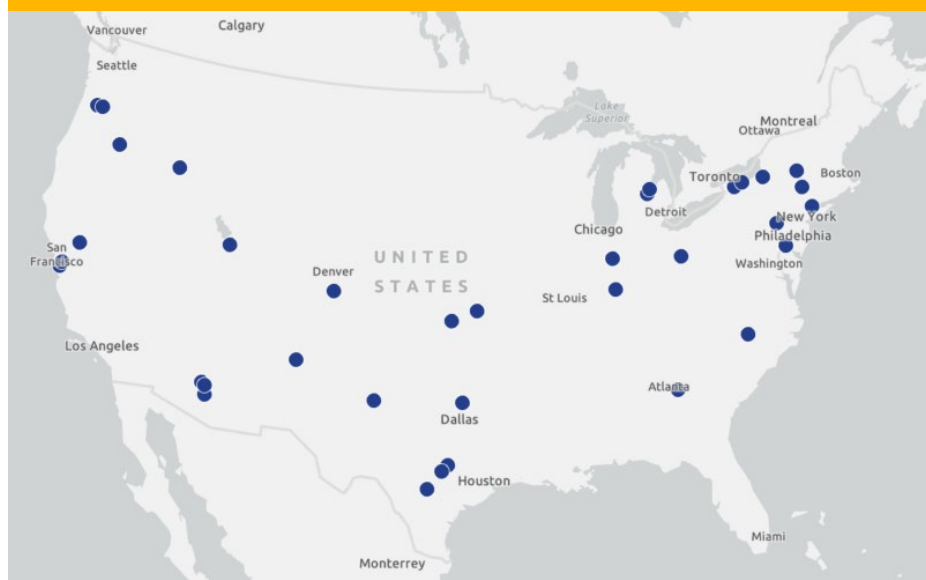
Setting the Stage

The CHIPS Act was passed in August 2022 with the goal of protecting US security interests and reshoring manufacturing jobs by offsetting the cost of production and spurring additional research and development. A year following the passing of the CHIPS and Science Act, the semiconductor industry is still actively waiting for money to be distributed. The US Department of Commerce has reported that over 460 statements of interest have been submitted by companies wanting to participate.

First Steps

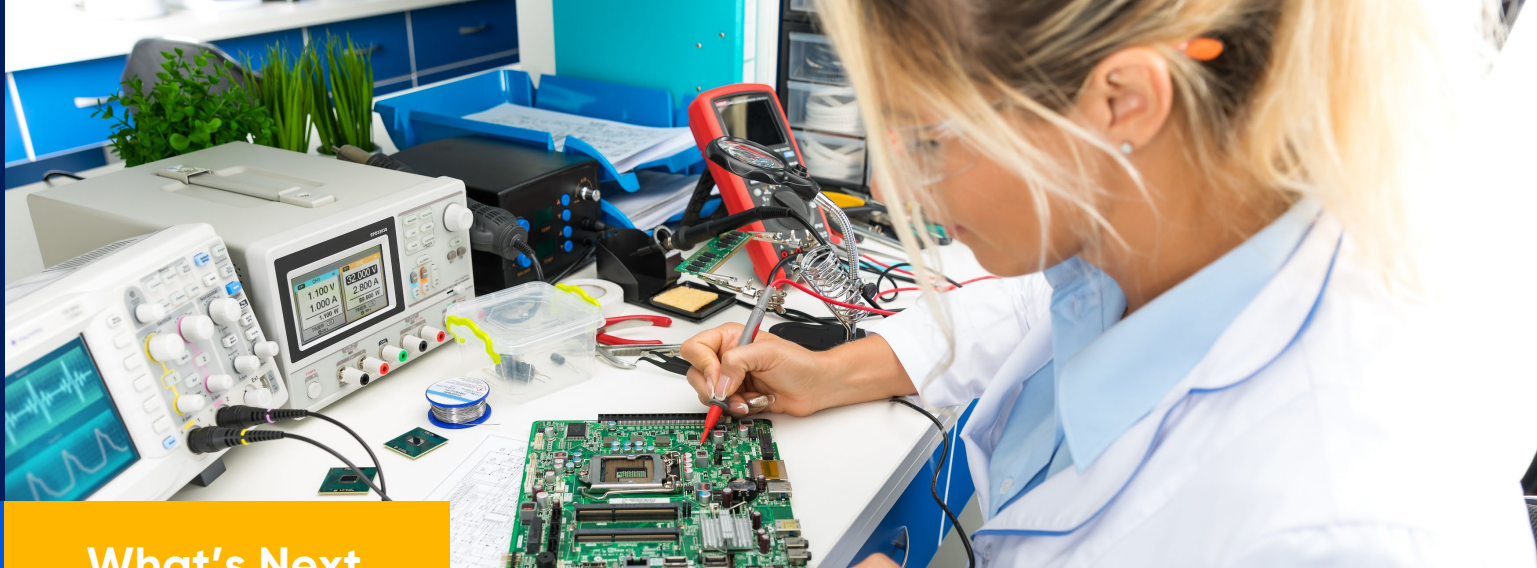
In the past year, the Department of Commerce designed and provided guidelines for the implementation of the CHIPS Act. During this time, the CHIPS for America team, formed to help administer the Act, has hired approximately 140 people to work in the CHIPS Program Office. The US Department of Commerce has stated more than \$230 billion in semiconductor manufacturing investment has been announced by the private sector in relation to the CHIPS Act. However, much of this investment likely relies on funding being allocated.

Semiconductor Investment Announcements



Significant Investment Announcements

- **TSMC**
Phoenix, AZ
\$40B (4,500 jobs)
- **Texas Instruments**
Sherman, TX
\$30B (3,000 jobs)
- **Intel**
Licking County, OH
\$20B (3,000 jobs)
- **Micron**
Clay, NY
\$20B (9,000 jobs)



What's Next

A Call to Action for Commercial Real Estate

The Pandemic revealed the perils of the United States relying on foreign manufacturers and suppliers. The CHIPS Act aims to re-shore manufacturing and secure technology advances within the United States. The billions of dollars of recent investments and billions more planned have shown that companies are both eager and willing to locate in the US. It's not just the semiconductor industry that will benefit from CHIPS Act incentives and private investment, supply chain companies like 3PLs and other logistics providers, upstream/downstream manufacturers and suppliers will also be positively impacted. Along with opportunities, challenges like the battle for labor and materials will also impact the commercial real estate industry. The overall industrial sector has quickly grown and expanded in the last several years. Understanding and proactively responding to both market demand and government policies and initiatives (like the CHIPS Act) will help companies prepare for the next innovation and evolution of the industrial sector and be in the best position to not only succeed but thrive.

Helpful Links

- [CHIPS Act of 2022 - Public Law No: 117-167 \(08/09/2022\)](#)
- [Nist.gov/chips](#)
- [CHIPS Program Office Launches Notice of Funding Opportunity](#)
- [One Year After CHIPS Act Passage](#)
- [Vision for Success Paper](#)
- [Application Process and Evaluation Fact Sheet](#)
- [Private Investment Fact Sheet](#)
- [Taxpayer Protection Fact Sheet](#)
- [Workforce Development Fact Sheet](#)
- [International Engagement Fact Sheet](#)
- [Regional and Technology Innovation Hubs](#)
- [Economic Opportunity Fact Sheet](#)
- [White House Launches First Chips America Funding](#)
- [U.S. Department of Commerce Celebrates One-Year Anniversary of the CHIPS and Science Act | U.S. Department of Commerce](#)
- [Strengthen Job Growth and Supply Chains Fact Sheet Fact](#)
- [Invest In America Interactive Map](#)



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