

# PROPERTY COUNTRY REPORT : VIET NAM

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# Vietnam economic outlook

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GDP, CPI, FDI & inventory of real estate



# Vietnam Economic Outlook

	1Q/2013	1Q/2014
GDP (% , y-o-y)	4.76	4.96
CPI (% , y-o-y)	6.91	4.83
FDI (US\$ billion)	6.034	3.334
FDI in Real estate	0.25	0.288

Inventory of Real Estate	1Q/2013	1Q/2014	Change (%)
Value (US\$ billion)	5.97	4.42	-26

*Source: General Statistics Office of Vietnam*

# Overview of Real estate market in Vietnam

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Retail, Office, Serviced apartment and Residential property



# Office market

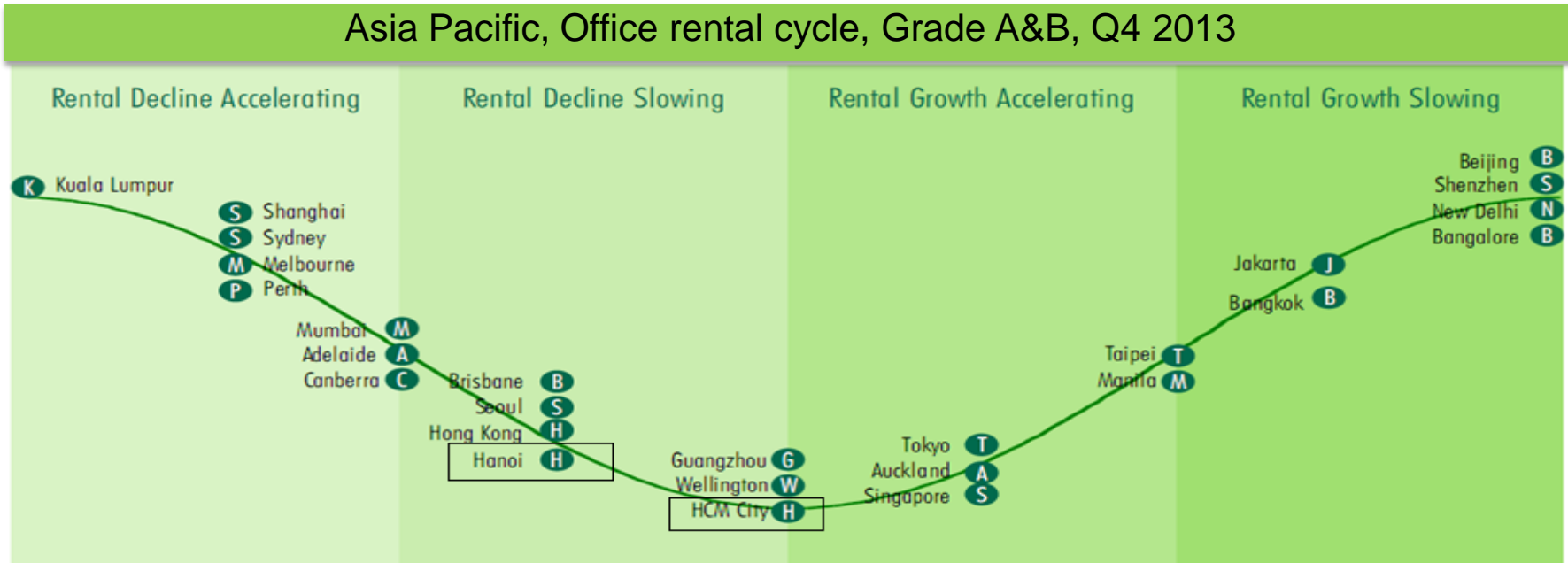
HANOI city	Grade A		Grade B	
	CBD	Non-CBD	CBD	Non-CBD
Total floor area (sqm)	142,140	164,036	118,653	202,778
Rental rate (USD/sqm/mth)*	36.74	28.81	23.9	17.17
Vacancy rate (%)	22.1%	25.81%	19.5%	37.21%

HO CHI MINH city	Grade A		Grade B	
	CBD	Non-CBD	CBD	Non-CBD
Total floor area (sqm)	295,505	34,426	270,305	396,248
Rental rate (USD/sqm/mth)*	34.11	28.00	22.9	16.4
Vacancy rate (%)	11.2%	0%	8.3%	11.4%

Source: CBRE

\* Rental rate includes serviced charge, excludes VAT

# Office in HCMC and Hanoi: Different directions



Source: CBRE

## Ho Chi Minh city:

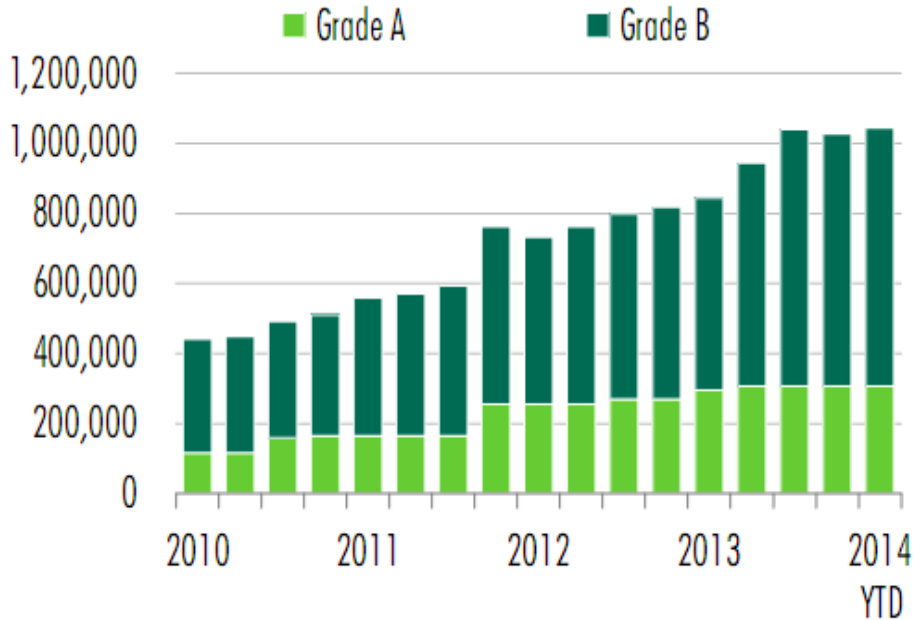
- Grade A and B vacancy rate: ↓ y-o-y
- Grade A and B asking rent: ↑ slightly  
- but watch for Grade B supply

## Hanoi city:

- Grade A and B vacancy rate: ↑ y-o-y
- Grade A and B asking rent: ↓ y-o-y

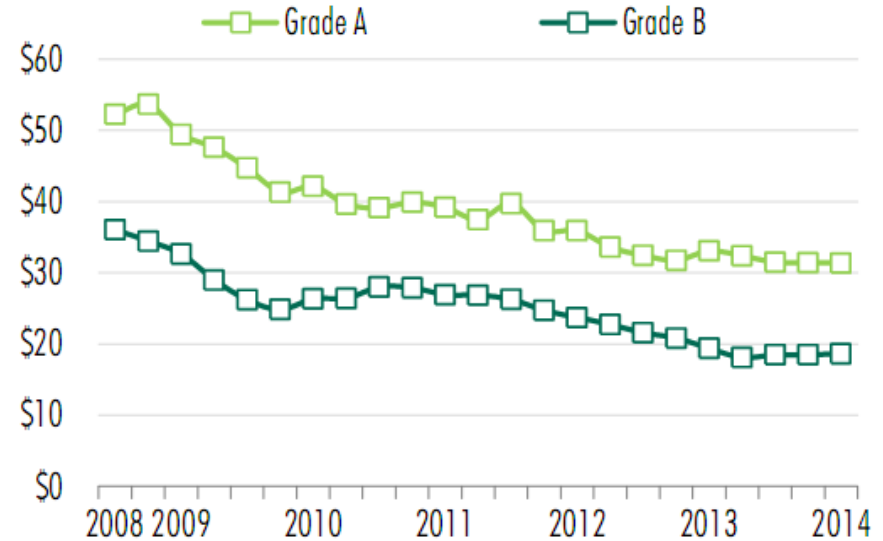
# Hanoi Office Market – Office supply & Asking Rents

Office supply (sq m NLA)



Source: CBRE Research, Q1 2014.

Office Asking Rents (US\$ per sqm per month)

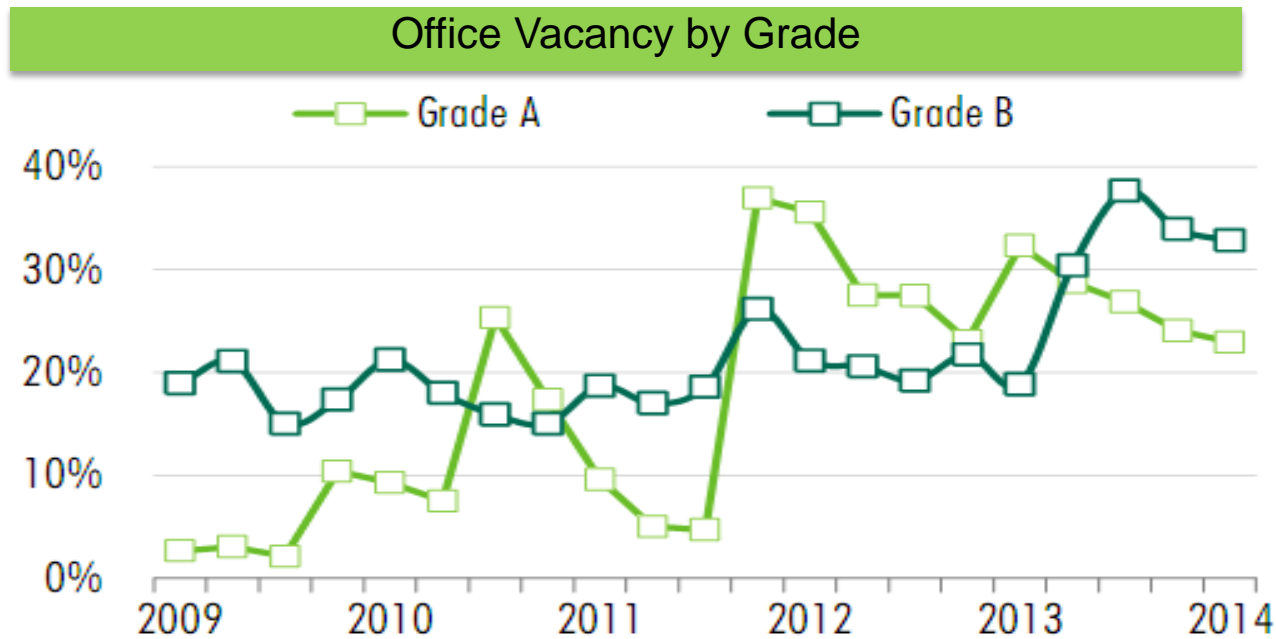


Source: CBRE Research, Q1 2014.  
Rents quoted on NLA, incl service charges and excl VAT

- Two office building were completed in the review quarter, supplying approximately 22,500 sqm
- Average asking rents continued to decrease across the market, Grade A performed better than Grade B
  - Q-o-q: Grade A recorded a slight decrease of 0.2%, while Grade B rents decreased by 3.3%
  - Y-o-y: Grade A observed only a decrease of 5.2 %, while Grade B recorded a lagre drop 7.7%



# Hanoi Office Market – Vacancy Rate



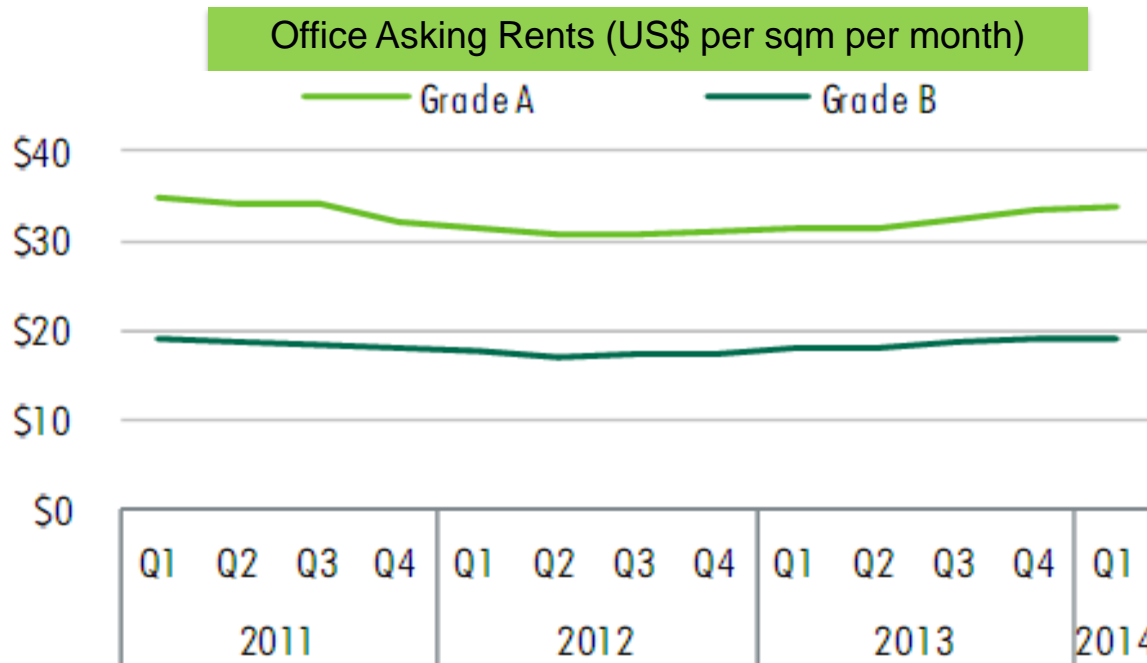
Source: CBRE Research, Q1 2014.

Both Grade A and B saw occupancy rates improve due to a stable supply of space

- More attractive rental rates helped reduce Grade A vacancy to 22% from 24% of the previous quarter.
- Grade B buildings vacancy decreased to 32.8% (1.1% lower than the previous quarter), due to a strong net absorption rate and also the closing of two Grade B office buildings.

Approximately 300,000 sqm of office space is expected to come online in the last three quarters of 2014. This will put downward pressure on rents in this area, especially Grade B office space.

# HCMC Office Market –Asking Rents

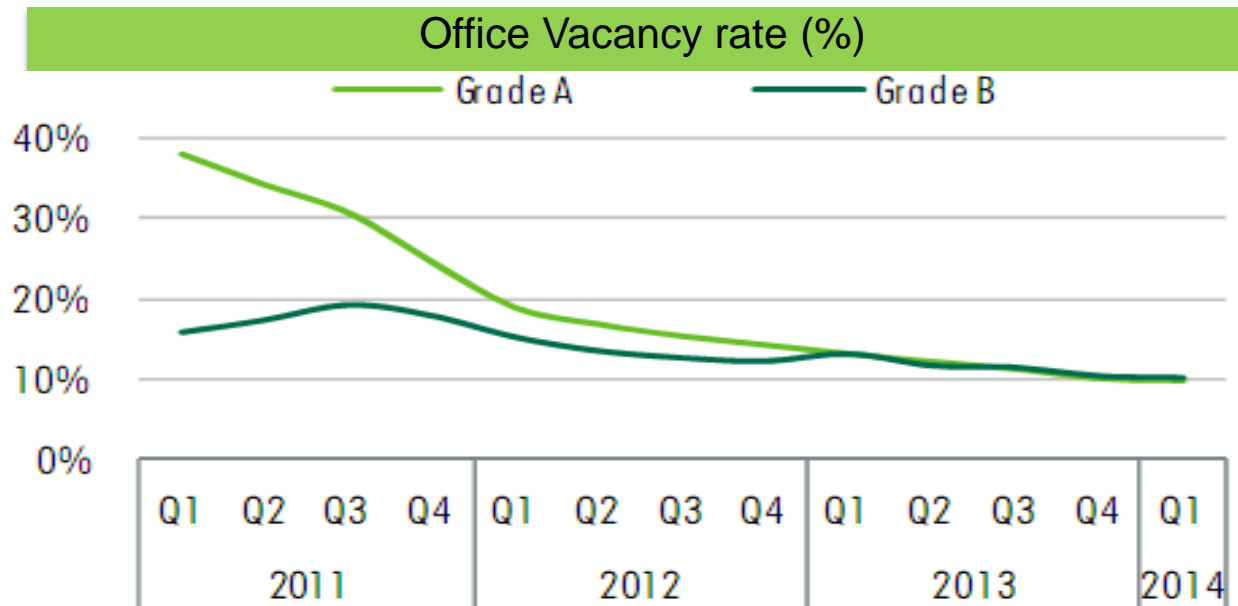


Source: CBRE Research, Q1 2014.

Year of 2014 started with healthy performance of all grade.

- The phenomenon of projects stopping construction in early 2012 allowed office supply to stabilize and demand to sustainably absorb what was available.
- Q1/2014 is the sixth quarters in a row recording overall rent increase with average growth rate of 1.5% per quarter

# HCMC Office Market– Vacancy Rate



Source: CBRE Research, Q1 2014.

Vacancy rate continued its downward trend in the review quarter – the tenth consecutive quarters of decreasing with pace at 1.2 pps per quarter.

In comparison with the same period last year, office market experienced notable improvement.

- Grade A and B vacancy rates as at the end of Q1 2014 decreased by 3.3 pps and 3.0 pps y-o-y
- Average rent showed improvement with Grade A increase by 7.6% yo-y and Grade B increase by 5.2% y-o-y

# Office future supply

## Significant projects

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No	Project Name	Project Location	NLA (Sqm)	Office Grade	Estimated completion date	Status of project
1	Lotte center	Hanoi	64,000	A	Q2.2014	Fitting out
2	Gelex Tower	Hanoi	18,300	B	Q1.2014	Fitting out
3	EVN Tower	Hanoi	14,040	B	Q2.2014	Finishing
4	Vietinbank Tower	HCMC	28,629	B	Q3.2014	Under construction
5	Vietcombank Tower	HCMC	77,000	A	Q4.2014	Under construction
6	Viettel Tower	HCMC	65,971	B	Q1.2015	Under construction

Source: CBRE

# Retail – Main street, early 2014

No	Name	Location	Type	Rent rate US\$ sqm/mth	Q-o-Q change
1	Rex Arcade	HCMC	Retail Podium	110	0%
2	Seraton Saigon Hotel	HCMC		120	0%
3	Opera View	HCMC		50	0%
4	Pacific Place	Hanoi		88.5	-11.5%
5	Opera business center	Hanoi		180	0%
6	Metropole Arcade	Hanoi		200	0%

Source: CBRE

# Retail – Mall, early 2014

No	Name	Location	Type	Rent rate US\$ sqm/mth	Q-o-Q change
1	Union Square	HCMC	Shopping Centre	135	0%
2	Crescent Mall	HCMC		35	0%
3	Aeon Celadon City	HCMC		120	0%
4	Trang Tien Plaza	Hanoi		120	0%
5	IPH	Hanoi		38.5	0%
6	Vincom Royal City	Hanoi		40	-7%

Source: CBRE

# Retail future supply

No	Project Name	Project Location	NLA (Sqm)	Type property	Estimated completion date	Status of project
1	Thao Dien Pearl	HCMC	20,400	Shopping Centre	2014	Completed Leasing
2	SSG Tower	HCMC	20,579	Retail Podium	2015	Under construction
3	SC VivoCity	HCMC	72,000	Shopping Centre	Q1.2015	Under construction
4	Lotte Centre	Hanoi	20,000	Shopping Centre	Q2.2014	Fitting out
5	Ho Guom Plaza	Hanoi	23,380	Shopping Centre	2014	Fitting out
6	Aeon	Hanoi	108,000	Shopping Centre	2015	Under planning

Source: CBRE

# Residential Sector – Service Apartment

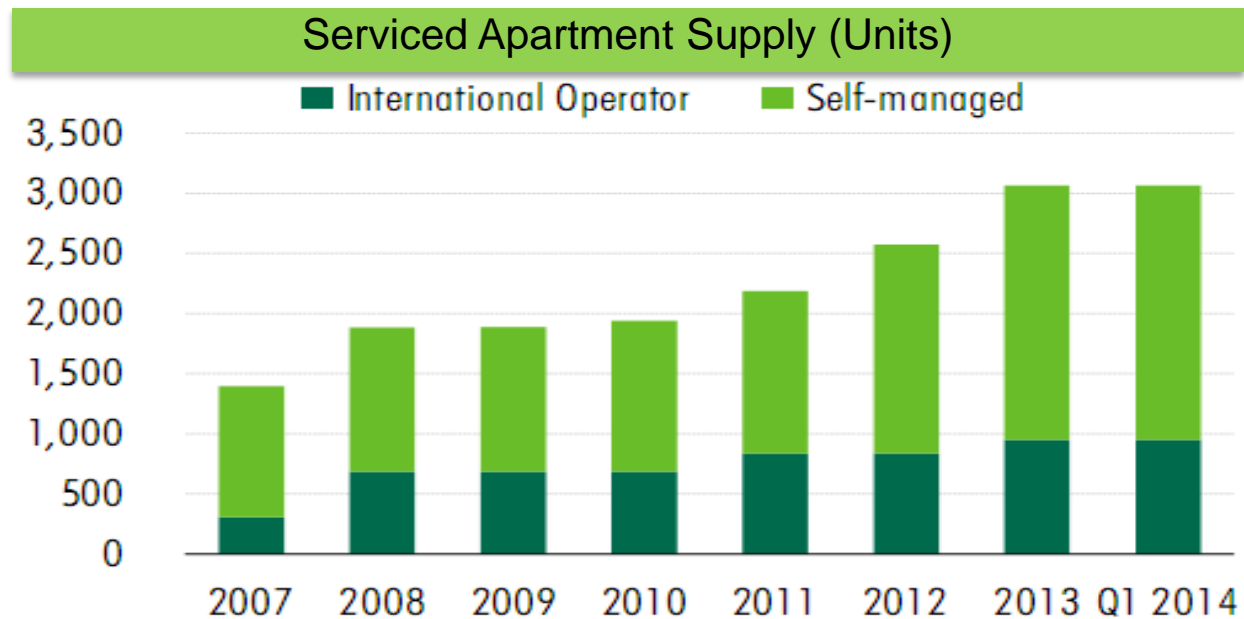
Service apartment in Hanoi	Grade A	Grade B
Number of units	2,285	1,052
Rental rate (USD/sqm/mth)	27.6	38.3
Vacancy rate (%)	21.0	15.0

Service apartment in HCM city	Grade A	Grade B
Number of units	782	2,492
Rental rate (USD/sqm/mth)	30.3	22.9
Vacancy rate (%)	8.0	20.7

Source: CBRE



# Hanoi Serviced Apartment - Supply

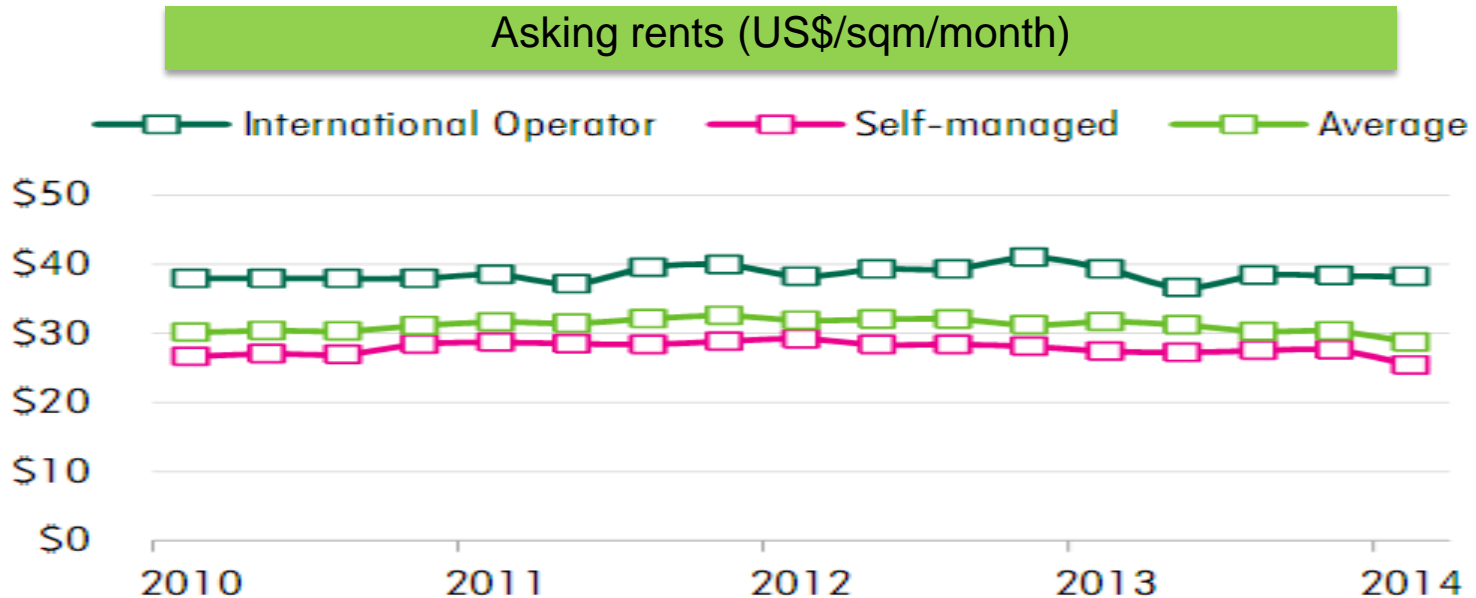


Source: CBRE Research, Q1 2014.

Overall vacancy decreased by 4.3 pp q-o-q to 15%, performance was a little better in international groups than self-managed group

- International operator reported a decrease in vacancy of 5.4 pp to 9.6%
- Self-managed group reported a decrease in vacancy of 4.6 pp to 16.4%

# Hanoi Serviced Apartment – Asking rents

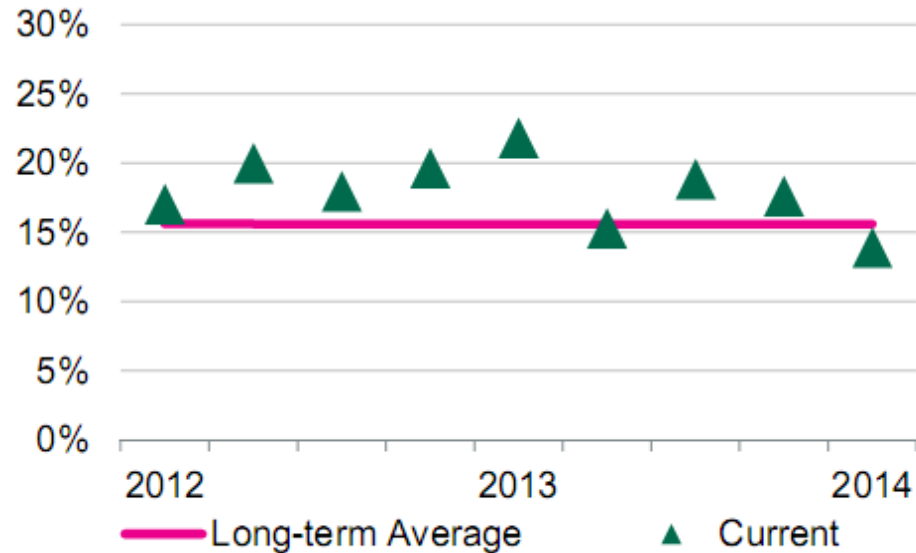


Source: CBRE Research, Q1 2014.

- International operator group saw better performance when asking rent decreased slightly 0.3% q-o-q compare to a sharp decrease 7.9% q-o-q of self-managed groups.
- Significant drop in self-managed group was due to rental reduction in several old serviced apartment buildings where rents decreased between 9 – 10% q-o-q.

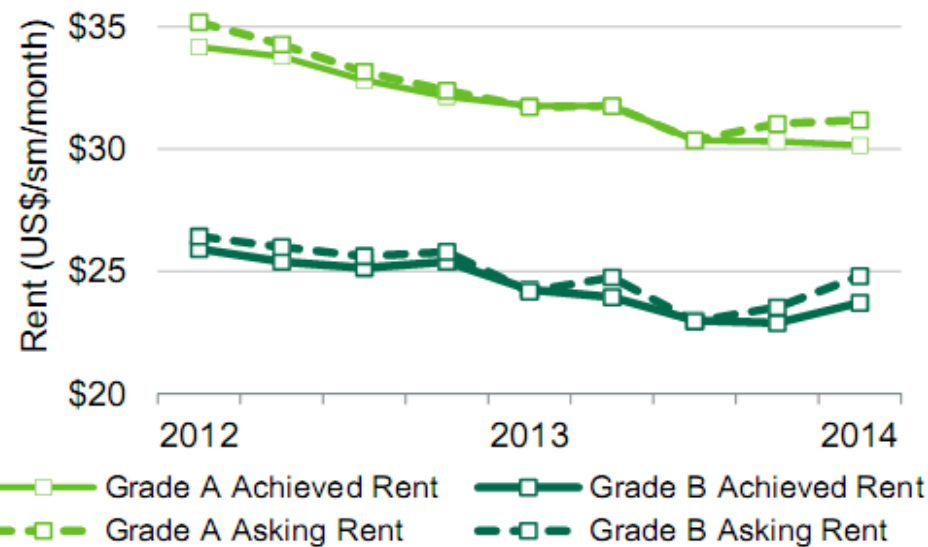
# HCMC Serviced Apartment

Serviced Apartment Vacancy (US\$/sqm/month)



Source: CBRE Research, Q1 2014.

Serviced Apartment Rents (US\$/sqm/month)



Source: CBRE Research, Q1 2014.

Q1/2014 saw strong net absorption due to more affordable rental levels. The current market-wide vacancy rate was reported 13.9% signaling an improvement in net absorption especially in the Grade B segment. In Q1/2014, Grade B buildings achieved a net absorption of 129 units and the rents also increased by 3.6%, currently at US\$ 23.72 psm per month

# Serviced apartment future supply

## Significant projects

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No	Project Name	Project Location	No. of units	Operator	Estimated completion date
1	Lotte Centre Hanoi	Hanoi	260	Self-managed	Q2.2014
2	343-345 Doi Can Street	Hanoi	N/A	Self-managed	2015
3	Somerset West Central Hanoi	Hanoi	252	N/A	2016
4	Times Square	HCMC	78	Windsor Property Management Group Corp. (WMC group)	Q2.2014
5	Saigon Centre 2	HCMC	~200	Sedona Hotels International	N/A
6	Lavenue Crown	HCMC	~186	N/A	Q4/2015

Source: CBRE

THANK YOU