



Savills Research
Viet Nam

VIETNAM

QUARTERLY MARKET BRIEFING Q3.2018



MACRO INDICATORS (9M/2018)

GDP
GROWTH RATE



6.9 % ↑ 0.5 PPT

RETAIL SALES



106 BILLION \$ ↑ 12%

CREDIT GROWTH



9.5 % ↓ 1.5 PPTS

TRADE SURPLUS



5.4 BILLION \$

INTERNATIONAL
VISITORS



11.6 MILLION ↑ 23%

FDI



25.3 / 13.3 BILLION \$
↓ 1% ↑ 6%

MORTGAGE RATE



11 % Stable

CPI



3.6 % ↓ 0.2 PPT

NEWLY ESTABLISHED
BUSINESSES



96,600 UNIT ↑ 3%

● Value ● YoY Growth Rate(%)

GDP growth reached 6.9%, the highest 9M/2018 growth in eight years. In 2018, the government forecast GDP growth to reach 6.7 percent. Manufacturing and processing grew 13% YoY and continued to be a key GDP contributor.

Strong export momentum continued up 15% YoY to US\$179 billion, delivering a US\$5.4 billion trade surplus.

The US remains the largest export market with US\$35 billion, increasing 13% YoY.

Total registered FDI reached over US\$25 billion, while FDI disbursement increased 6% YoY to US\$13.3 billion with Japan being the largest contributor.

CPI growth was well controlled at 3.6%, approximately 4% under the limit.

International visitors strongly grew 23% YoY to 11.6 million, Asian tourists continued to be the main source market.

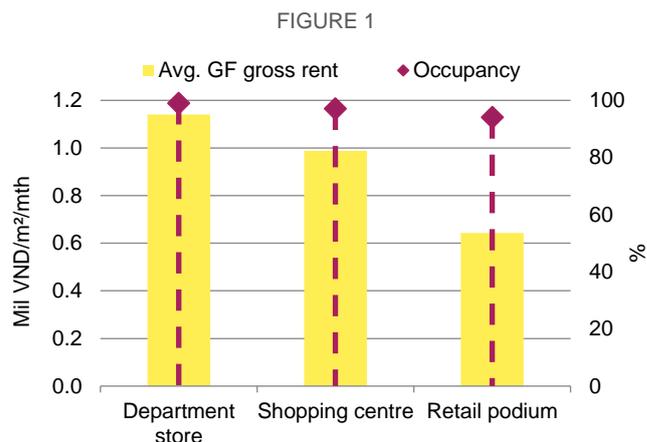


RETAIL: RENT CONTINUES TO RISE

Total stock was over 1.3 million m², up 2% quarter-on-quarter (QoQ) and 4% year on year (YoY) due to the entry of one shopping centre and one retail podium providing 27,400 m².

Average ground floor gross rent increased 4% QoQ and 12% YoY whilst occupancy was stable QoQ and up 1 ppts YoY. The shopping centre segment had the most improved performance YoY.

In the last quarter of 2018, nine new projects will provide 68,400 m². In 2019, eight projects supplying 319,500 m² will come online.



Source: Savills Research & Consultancy

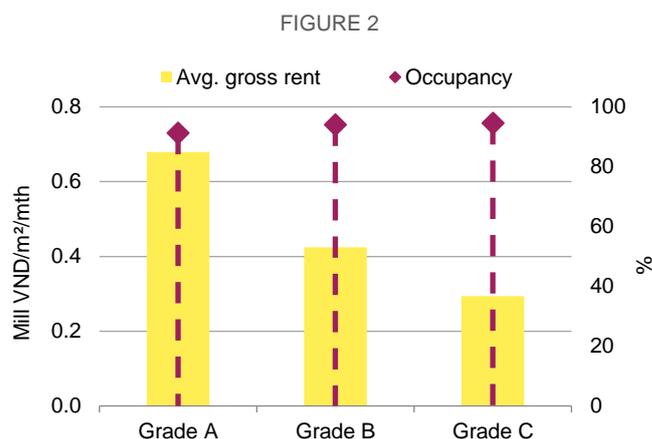


OFFICE: INCREASING GRADE A PERFORMANCE IN THE CBD

Total stock was nearly 1.7 million m², up 3.4% QoQ and 6.7% YoY with the entrance of one Grade B project. Over the past five years, stock has grown 7.2% pa.

Average gross rent increased 0.2% QoQ and 5.4% YoY whereas average occupancy was down -0.2 ppts QoQ and up 0.8 ppts YoY. Grade A buildings in the CBD saw upsurges in rent and occupancy despite weaker performance in other areas. Grade B is the only sector with increases in both rent and occupancy.

In Q4/2018 there will be six new projects supplying 109,000 m²; most are fitting out and located in the West. In 2019, 145,000 m² from 17 new projects will enter.



Source: Savills Research & Consultancy

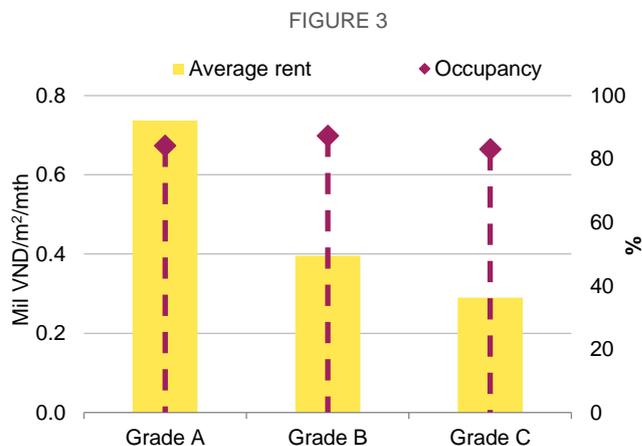


SERVICED APARTMENT: NEW JAPANESE-MANAGED PROJECT

Total stock from 49 projects increased 3% QoQ and 15% YoY due to the entry of a Japanese-managed, Grade A project. From 2018 onwards, 1,830 units from 17 projects will come online.

Average room rates (ARR) increased 0.9% QoQ but dropped -2.3% YoY. Average occupancy decreased -2.2 ppts QoQ and -4.6 ppts YoY. Grade A in Cau Giay charged the highest rent, 13% higher than Tu Liem and Tay Ho.

In the first nine months in 2018, registered FDI to Ha Noi was US\$6.27 billion, accounting for 25% of total FDI to Viet Nam.



Source: Savills Research & Consultancy



HOTEL: 5-STAR CONTINUES STRONG PERFORMANCE

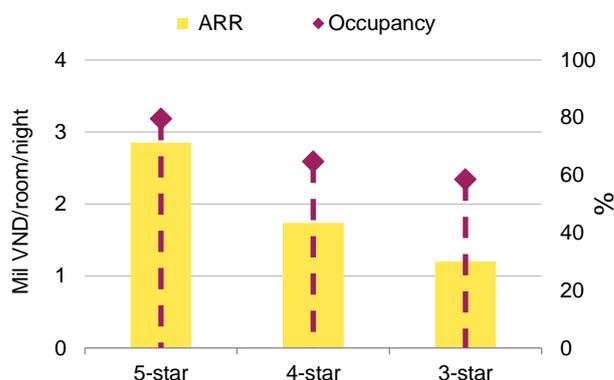
Total stock was approximately 10,000 rooms, down -1% QoQ but up 1% YoY.

Average occupancy slightly decreased -1 ppt QoQ but increased 2 ppts YoY. ARR was down -5% QoQ and -9% YoY. Average revenue of five-star hotels was US\$100/room/night, double that of four-star and triple three-star.

According to the Ha Noi Statistics Office, in the first nine months of 2018 there were approximately 4.3 million international visitors to Ha Noi, a 20% YoY increase.

With 43 projects coming online from 2019, pressure will increase across all grades.

FIGURE 4



Source: Savills Research & Consultancy



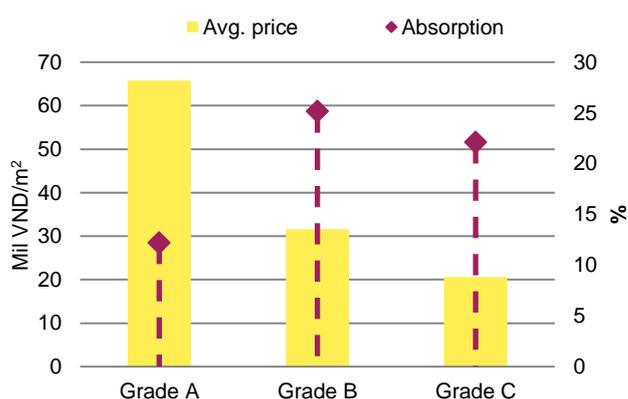
APARTMENT: NEW SUPPLY AND SALES DOWN

Thirteen new projects and next phases of 18 projects provided 6,910 units, down -29% QoQ but up 12% YoY. Primary supply was 27,380 units, down -2% QoQ but up 14% YoY.

Sales were down -16% QoQ but up 11% YoY. The absorption rate decreased by -4 ppts QoQ and -1 ppt YoY to 24 percent. The average asking price was US\$1,330/m², up 6% QoQ and 5% YoY. Grade B continued to dominate with 60% of stock, followed by Grade C with 33 percent.

In last quarter of 2018, more than 4,500 units will enter from 11 projects, most are Grade B.

FIGURE 5



Source: Savills Research & Consultancy



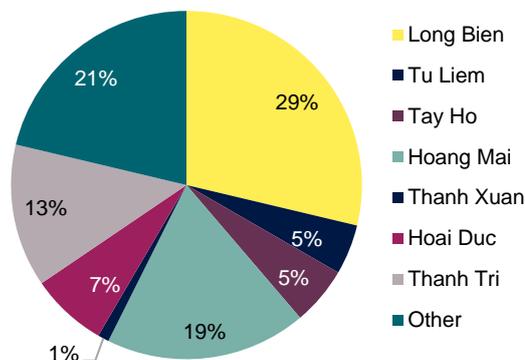
VILLA / TOWNHOUSE: NEW SUPPLY DROPS

Total stock was 43,255 dwellings, increasing 1.5% QoQ and 10.6% YoY. Ha Dong continues to lead with 23% market share, followed by Hoai Duc.

Three new projects and three new phases supplied nearly 250 dwellings. Primary stock was approximately 2,514 dwellings, down -27% QoQ and -33% YoY. Sales were down -35% QoQ and -32% YoY. Absorption was 31%, down -3.5 ppts QoQ and -4.9 ppts YoY.

From Q4/2018 to 2019, projects such as Vincy Gia Lam by Vingroup, Athena Fulland by Vimedimex and Sunshine Wonderland by Sunshine Group will come online.

FIGURE 6



Source: Savills Research & Consultancy



RETAIL: RENOVATIONS INCREASE APPEAL

Total stock was 1.2 million m², with over 55,000 m² added due to the entry of three shopping centers and two supermarkets. One department store downsized, withdrawing 7,300 m².

Average gross rent decreased -1% QoQ and -3% YoY. New supply in the non-CBD offered competitive rent. Average occupancy increased 1ppt QoQ even after the entry of new supply.

Retail sales had strong growth at 12% YoY, in which F&B grew 13% YoY. High retail density in the CBD and NUAs are encouraging retailers to renovate and revise the tenant mix for wider appeal. In Q4/2018, over 100,000 m² will be added in non-CBD districts, which will pressure overall performance.

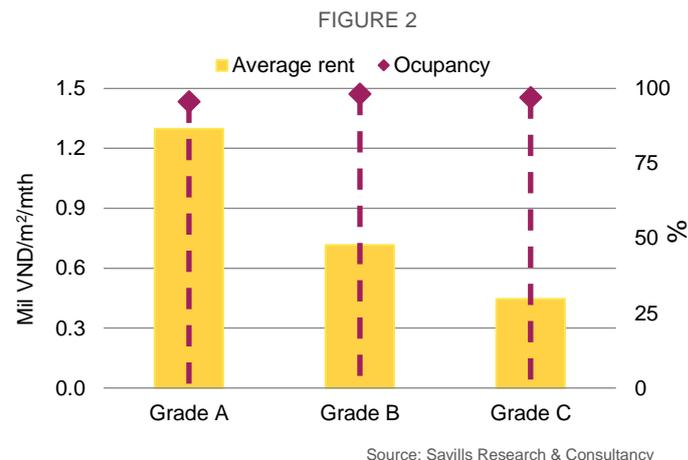


OFFICE: STRONG PERFORMANCE

One new Grade B and one new Grade C office provided approximately 9,000 m². Total office space reached over 1.8 million m², increasing 1% QoQ and 6% YoY.

Overall performance continued to improve with average rents increasing 3% QoQ and 7% YoY. The surge was due to rent increments across all grades, especially Grade A. Average occupancy was 97%, up 1ppt QoQ. Given the very low vacancy rates and lack of new supply in upcoming quarters, the office segment expected to continue its strong performance.

By 2020, approximately 387,000 m² will be added.

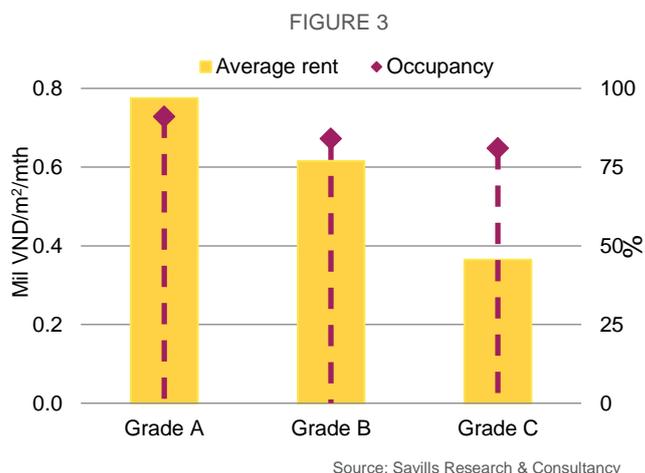


SERVICE APARTMENT: ROBUST UPSCALE SEGMENT

One new project and four new phases added approximately 450 units, whilst one project withdrew. Total stock was more than 5,500 units, up 6% QoQ and 16% YoY.

Average occupancy was 84%, increasing 1ppt QoQ due to the improved performance of CBD projects. The majority of take-up was from Grade A and B. Average rent increased 1% YoY.

From Q4/2018 to 2020, more than 1,500 units from 11 projects will enter the market. Six are located in the CBD and will provide approximately 780 units; accounting for 50% of future supply.



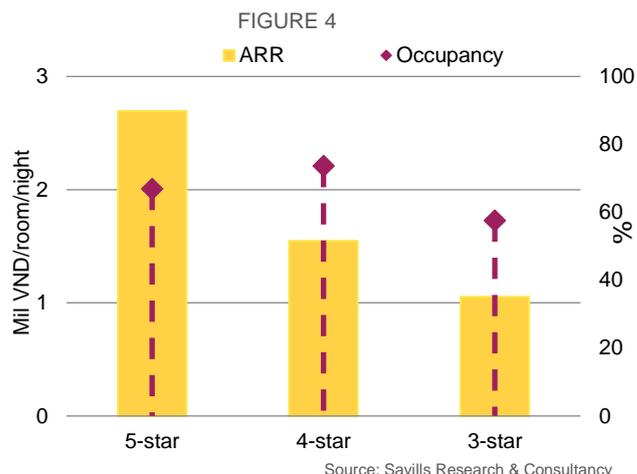


HOTEL: ROOM RATE RECOVERY

One 5-star and two 3-star hotels closed for renovation, equivalent to 393 rooms. Room supply was down -3% QoQ and -4% YoY to approximately 15,800 rooms from 127 hotels.

The low season saw average occupancy dropping -1ppts QoQ but stable YoY. Meanwhile, overall ARR gained 3% YoY, a significant improvement in the context of increasing competition between tourism destinations.

To 2020, 3,000 rooms from 15 projects are expected to come online.

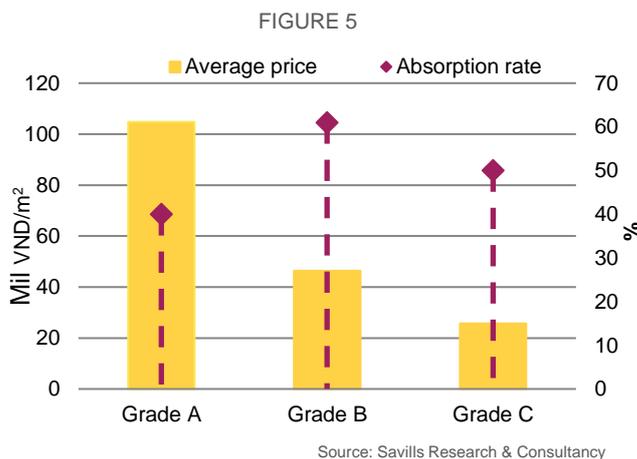


APARTMENT: LIMITED NEW SUPPLY

Fourteen new projects and 10 launches of new phases provided over 7,700 units. Primary supply dropped -26% QoQ and -47% YoY to 18,800 units.

There were over 10,000 sales, down -30% QoQ and -13% YoY. Absorption was 53%, down -3ppts QoQ but up 21ppts YoY. Grade C continued to dominate with a 54% market share. Grade A sales increased 58% QoQ.

Until 2020, supply is expected to be approximately 124,000 units from 94 projects; District 9 is expected to have the largest share at 32 percent.

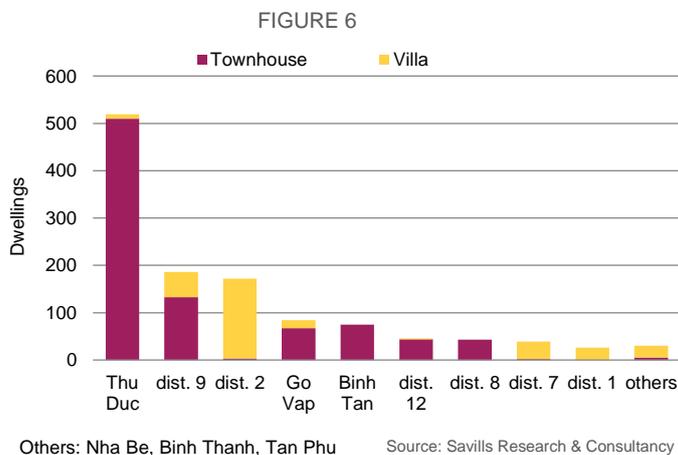


VILLA/ TOWNHOUSE: SUPPLY SCARCE

Six new small-scale projects and one new phase added 650 dwellings. Primary stock was approximately 1,200 dwellings, dropping -26% QoQ and -39% YoY. Transactions decreased -66% QoQ and -67% YoY due to scarce supply. Townhouses with small land sizes (< 75m²) accounted for 65% of sales.

Primary land supply was 1,860 plots with high quarterly absorption of 64 percent. Suburban districts led due to low investment entry.

From Q4/2018 to 2020, 20,200 dwellings/plots are expected to enter the market. District 9, Binh Tan and Binh Chanh will contribute 60% future market supply.





savills



MARKET REPORTS

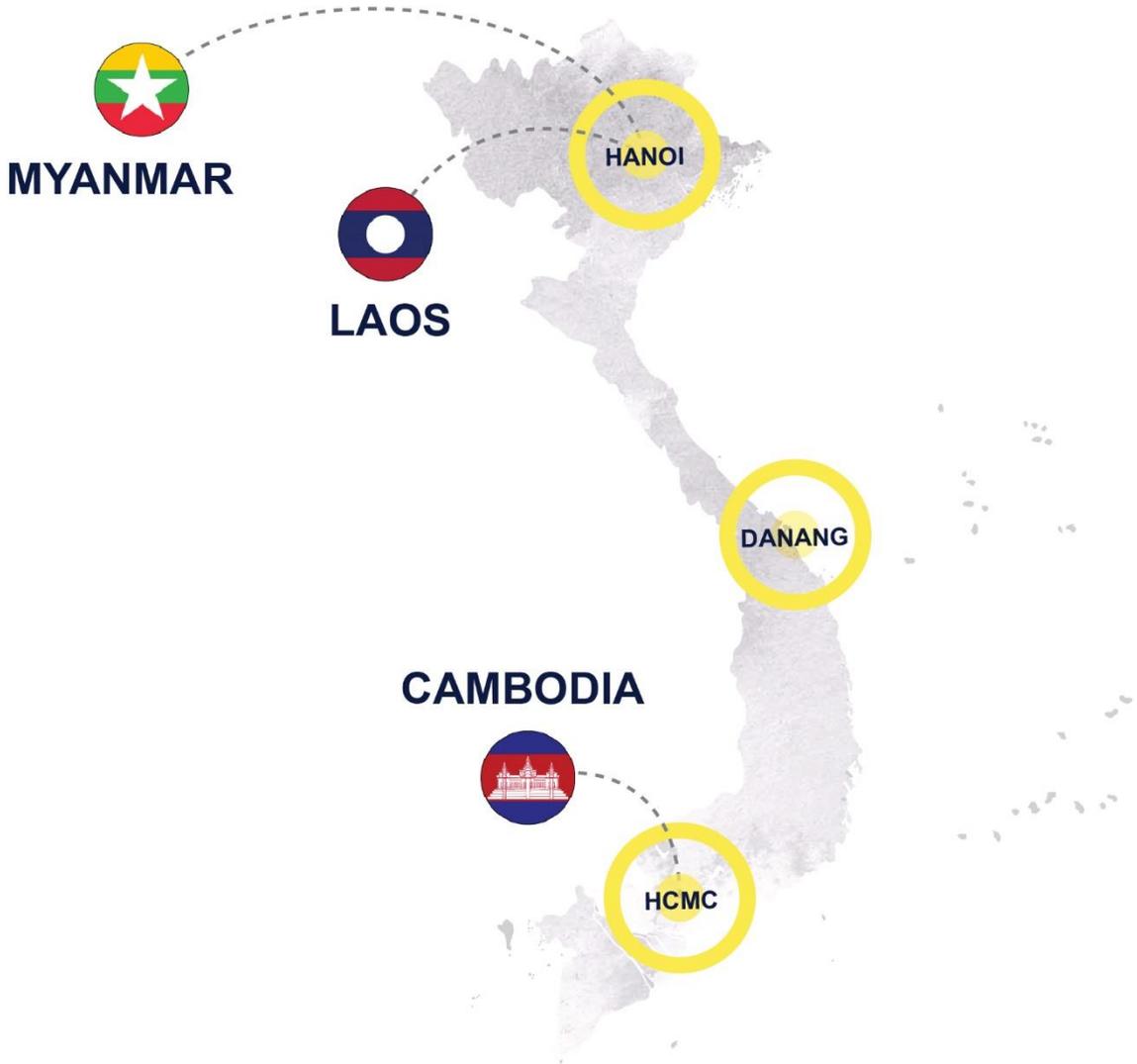
VIETNAM

City	Market sectors	Report Type	Quotation (One year)
HCMC	<ul style="list-style-type: none"> • Office • Retail • Hotel • Serviced Apartment • Apartment • Villa/Townhouse 	 4 x Quarterly Report	US\$ 7,000 + VAT
HA NOI	<ul style="list-style-type: none"> • Office • Retail • Hotel • Serviced Apartment • Apartment • Villa/Townhouse 	 4 x Quarterly Report	US\$ 7,000 + VAT
SECOND-TIER MARKETS	Hai Phong Da Nang Nha Trang Vung Tau Binh Duong Dong Nai Can Tho Long An <ul style="list-style-type: none"> • Office • Retail • Hotel/ Resort • Residential • (Apartment/ Villa/Townhouse) 	2 x Half Yearly Report	US\$ 6,000 + VAT
	Common Appendix <ul style="list-style-type: none"> • Macro Economy • Infrastructure • Legal • Planning 	4 x Quarterly Report	US\$ 1,000 + VAT

REGIONAL

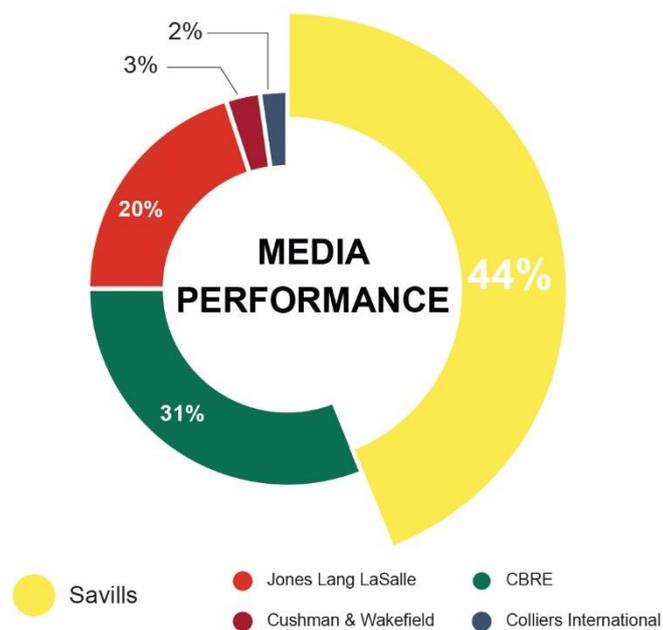
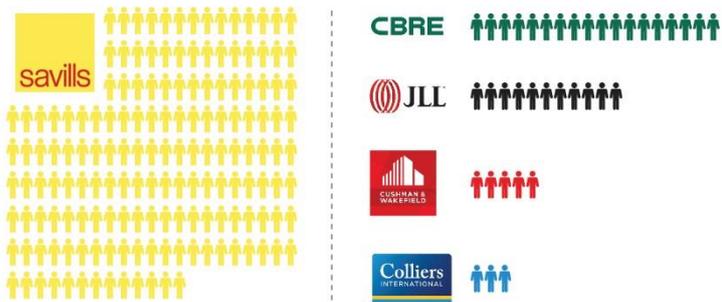
MYANMAR (YANGON)	<ul style="list-style-type: none"> • Apartment • Office • Retail • Serviced Apartment • Hotel 	 Half Yearly Report	US\$ 5,000 + VAT
CAMBODIA (PHNOMPENH)	<ul style="list-style-type: none"> • Apartment • Villa/Townhouse • Office • Retail • Serviced Apartment • Hotel 	 Half Yearly Report	US\$ 6,000 + VAT
LAOS (VIENTIANE)	<ul style="list-style-type: none"> • Villa/Townhouse • Office • Retail • Serviced Apartment • Hotel 	 Half Yearly Report	US\$ 5,000 + VAT

SAVILLS VIETNAM



Over 1,300 staff

2 times larger than
all foreign competitors combined



“Savills Vietnam has the largest total exposure on major and high commercial value channel such as VTV1, HTV7, HTV9...”

Source: CommSight – Media Report , the 2nd quarter.2018



savills

Savills Cares

Industry award fees are being redirected to help local people. Charities for underprivileged around the country will receive increasing donations.

Savills is committed to caring for the community.



OUR SERVICES

Our services are delivered by people who combine entrepreneurial spirit and a deep understanding of specialist property sectors with the highest standards of client care. We help our clients to fulfil their real estate needs – whatever and wherever they are.



ADVISORY SERVICES

- Market Research General & Specific
- Economic and Demographic studies
- Conceptual Development Recommendations
- Feasibility Studies
- Highest and Best Use Study
- Development Review
- Valuation



AGENCY



Retail



Office

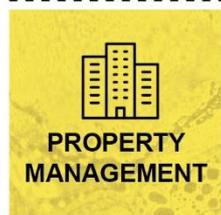


Industrial



RESIDENTIAL

- Project Sales and Marketing Strategy
- International Sales
- Residential Sales
- Residential Leasing



PROPERTY MANAGEMENT

- Pre-Operations
- Management Consultancy
- Facility Management
- Residential
- Commercial
- Industrial
- Property & Asset Management
- Property Management Training



HOTEL & LEISURE

- Management Agreement negotiation
- Operator Selection



INVESTMENT

- Strategy Project Positioning
- Stakeholder Engagement Structuring
- Acquisitions and Sales

Please contact us for further information:



Troy Griffiths
Deputy Managing Director
+84 (0) 933 276 663
TGriffiths@savills.com.vn



Do Thu Hang
Associate Director
Research Ha Noi
+84 (0) 912 000 530
DThuHang@savills.com.vn



Savills plc

Savills is a leading global real estate service provider listed on the London Stock Exchange. The company established in 1855, has a rich heritage with unrivalled growth. It is a company that leads rather than follows, and now has over 700 offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East.

This report is for general informative purposes only. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent. Whilst every effort has been made to ensure its accuracy, Savills accepts no liability whatsoever for any direct or consequential loss arising from its use. The content is strictly copyright and reproduction of the whole or part of it in any form is prohibited without written permission from Savills Research.