

CBRE

CBRE RESEARCH

**HANOI REAL ESTATE
MARKET INSIGHTS
Q3/2019**





HANOI STRIVES TO SOLVE TRAFFIC CONGESTION

CBRE

HANOI
MARKET INSIGHTS
Q3 2019



On 10/10, the Ring Road 3 expansion project will be completed

16:40 - 02/10/2019

DÂN SINH
CƠ QUAN CỦA BỘ LĐ-TB&XH

Hanoi plans to solve congestion at the Southern gateway

Friday, 27/09/2019

BÁO MÔI.com



Vietnam net
GLOBAL

Hanoi considers vehicle ban, metro underground station near Hoan Kiem Lake

30/09/2019 15:18 GMT+7



AFTER 6 MONTHS OF CONSTRUCTION, F1 TRACK IS GRADUALLY COMING INTO COMPLETION



It is expected that all of the Hanoi F1's track section to be completed in March 2020.



1. **CONDOMINIUM**
2. **LANDED PROPERTY**
3. **OFFICE**
4. **RETAIL**
5. **SERVICED APARTMENT**



CONTENT

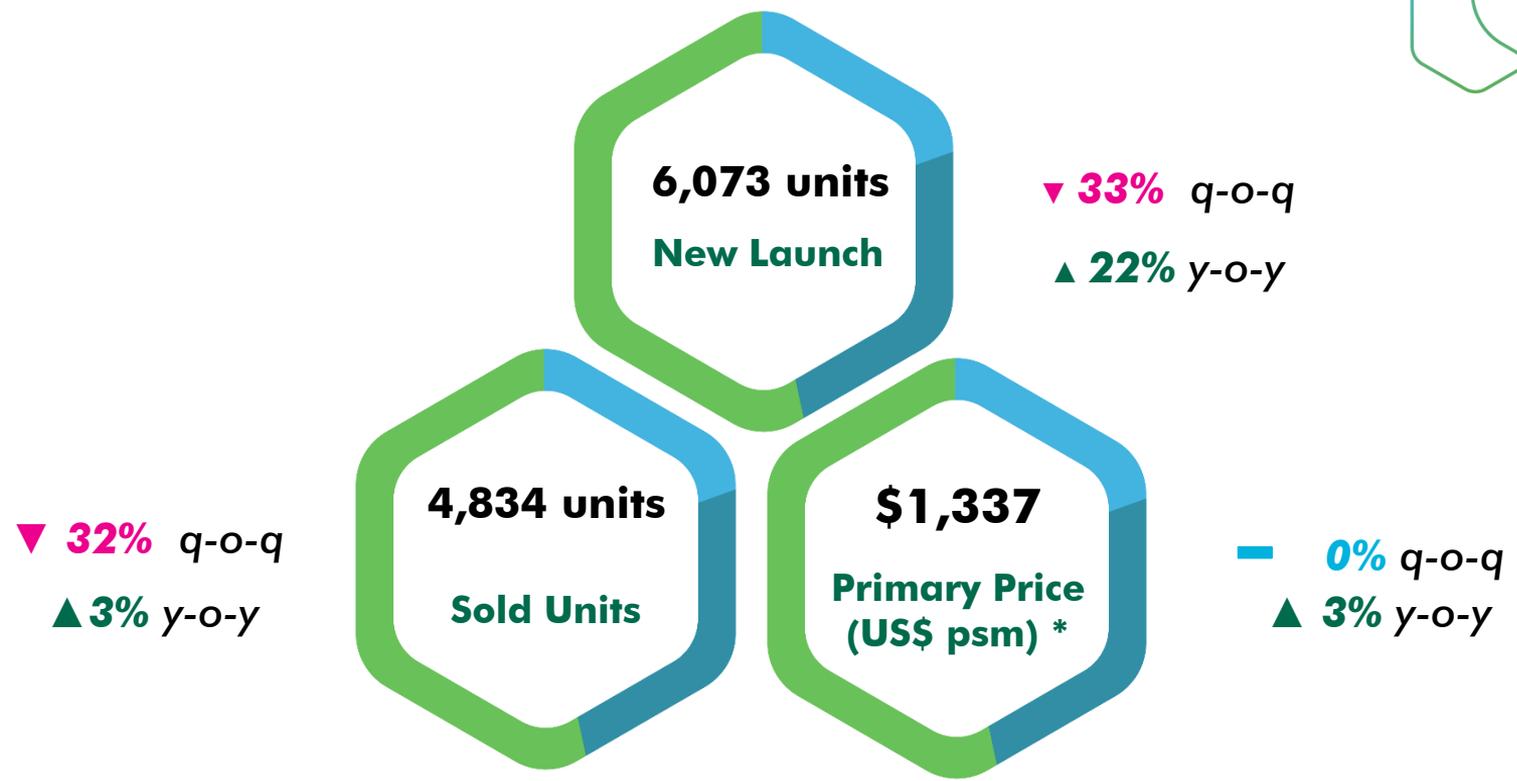
1



CONDOMINIUM MARKET



MARKET OVERVIEW Q3/2019



Source: CBRE Research & Consulting.

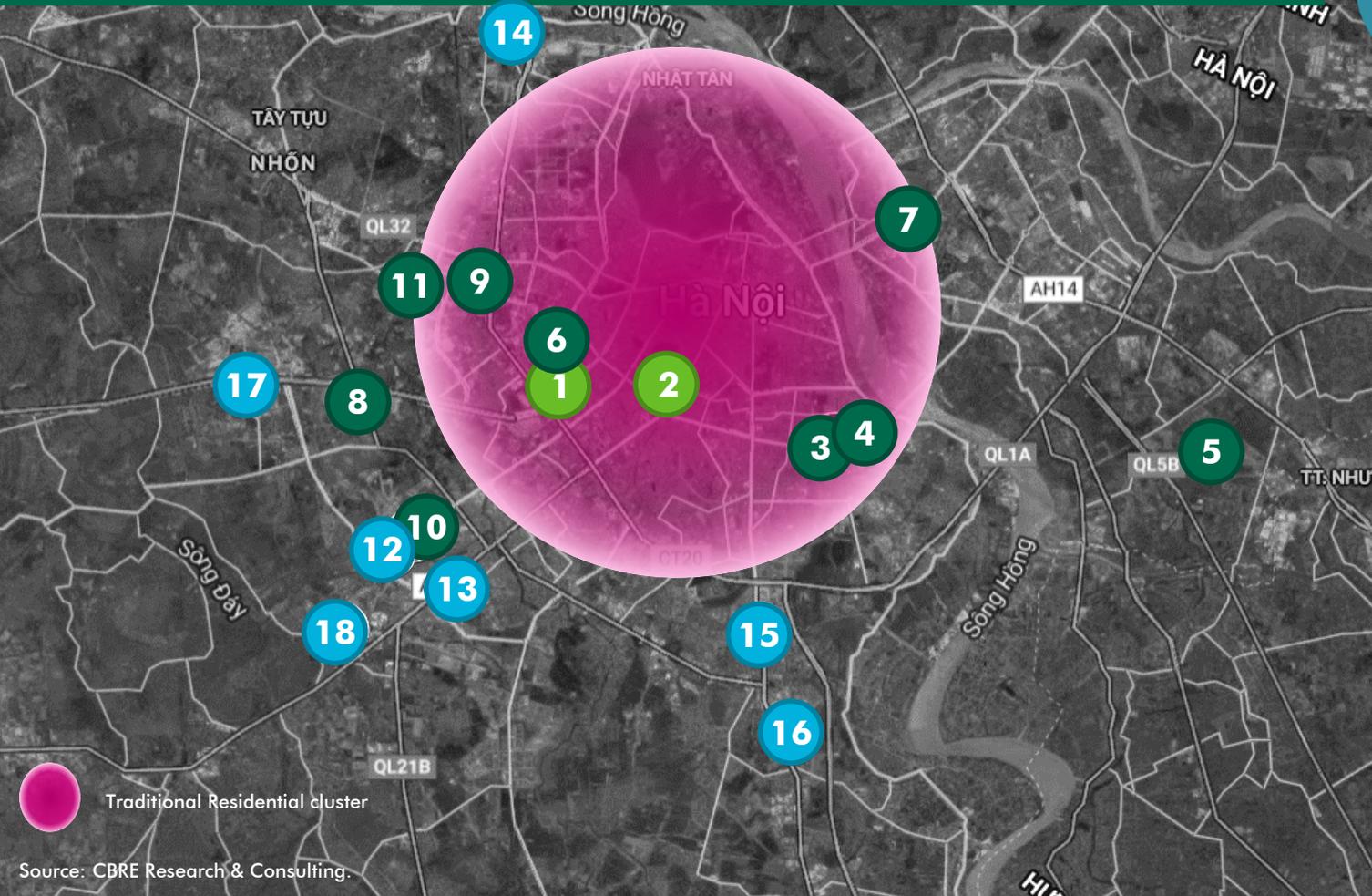
* Primary pricing are quoted on net area, excluding VAT and maintenance fee

MAPPING OF NEW LAUNCHED PROJECT - Q3 2019

EXPANSION OF RESIDENTIAL MARKET: MORE NEW PROJECTS IN NEW AREA

6,073 units
New
Launch

18 Projects



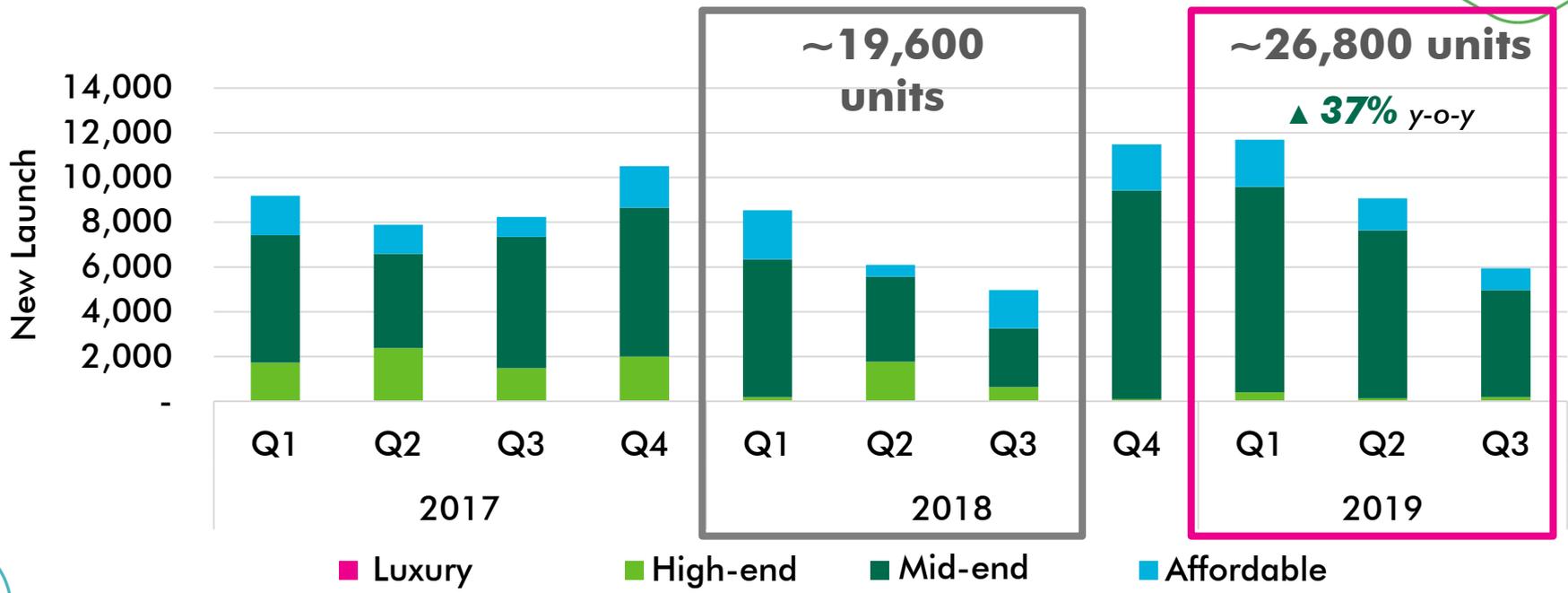
No.	Project
1	Summit Building
2	Le Capitele
3	Hinode City
4	Imperia Sky Garden
5	Vinhomes Ocean Park
6	Chelsea Residence
7	PHC Complex
8	Vinhomes Smart City
9	An Binh Plaza
10	Anland Premium
11	Iris Garden
12	Terra An Hung
13	Phu Thinh Green Park
14	Ecohome 3
15	Athena Complex
16	Tecco Skyville Tower
17	Thang Long Capital
18	CT1 Yen Nghia

 Traditional Residential cluster

Source: CBRE Research & Consulting.

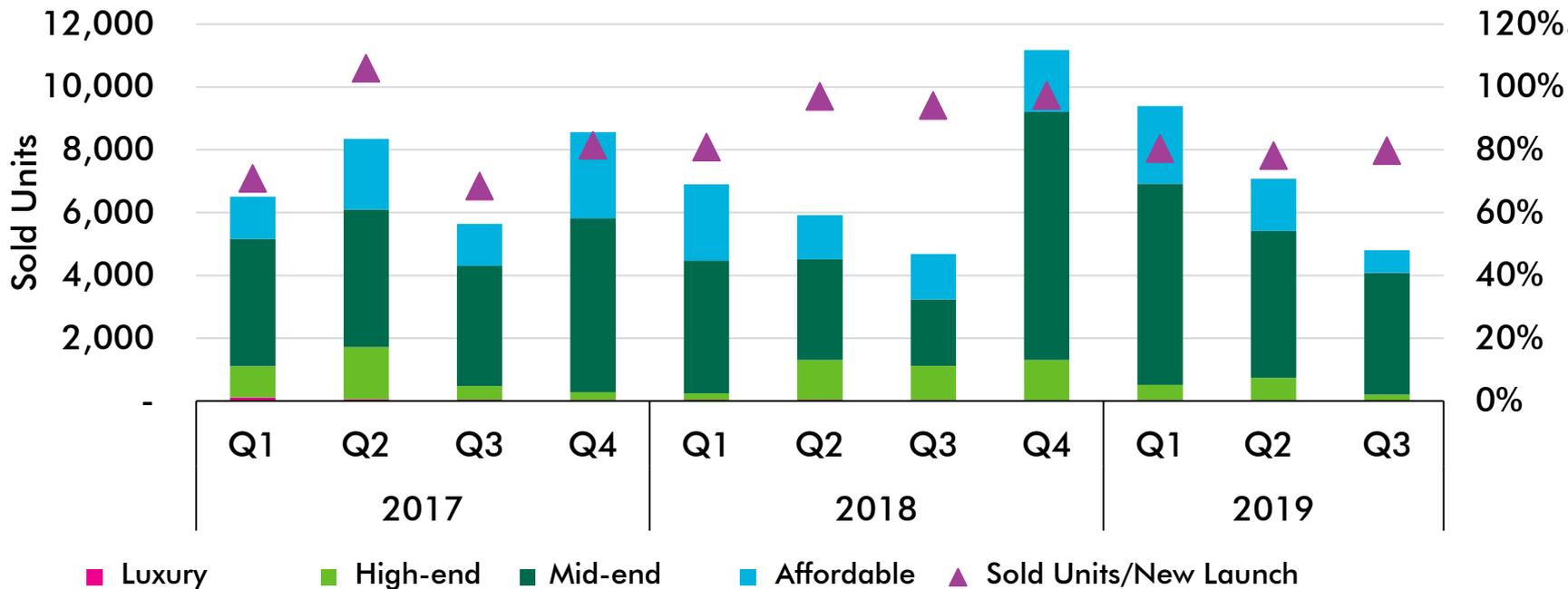


NEW LAUNCH IN 9M 2019 MID-END SEGMENT ACCOUNTED FOR ~80% NEW SUPPLY



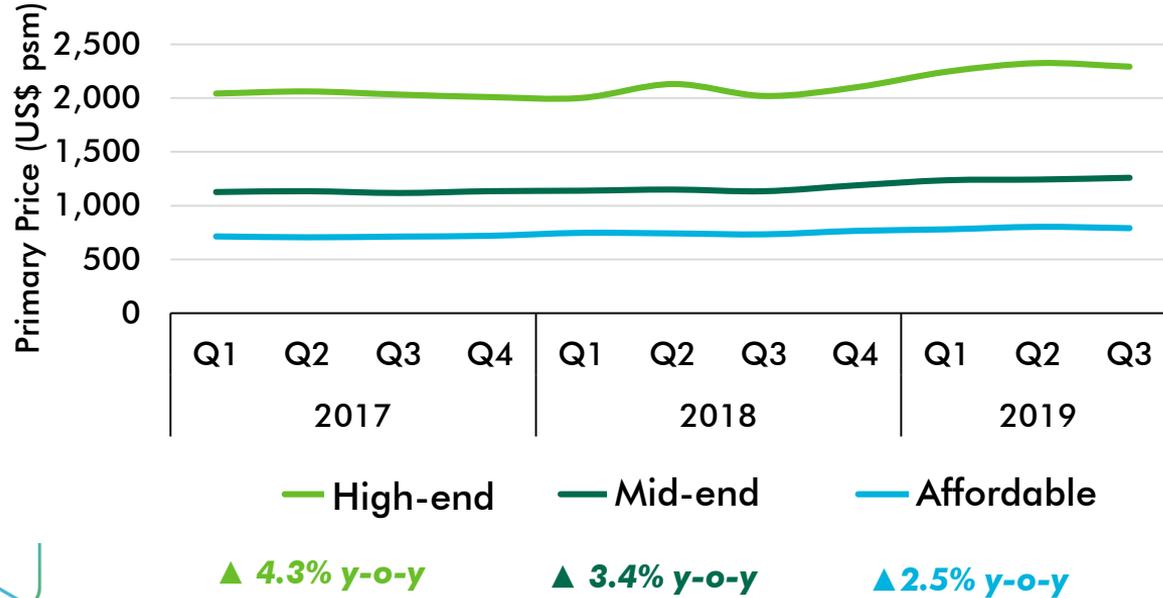
Source: CBRE Research & Consulting.

SOLD UNITS TO NEW LAUNCH ACHIEVED ~80%

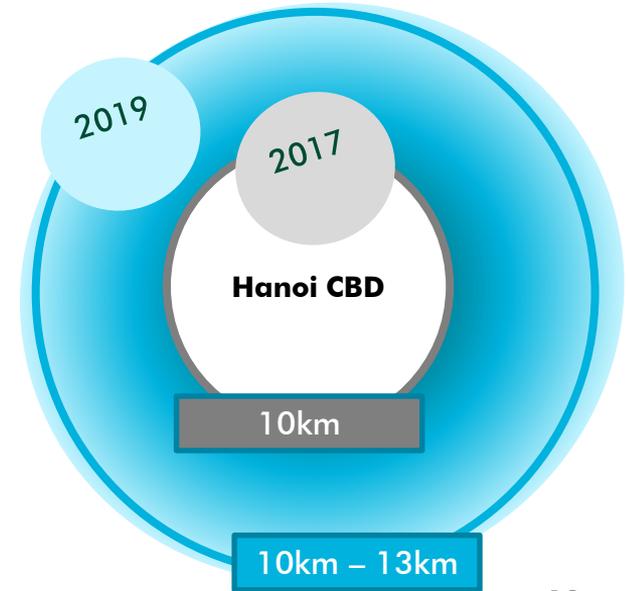


Source: CBRE Research & Consulting.

INCREASING PRIMARY PRICING, ESPECIALLY IN HIGH-END SEGMENT



Affordable segment:
Further expansion – Stable pricing



Source: CBRE Research & Consulting.

Primary Pricing is in US\$ psm, price does not include VAT and is based on carpet area.



UNCONVENTIONAL PRODUCTS INTRODUCED DURING 2018 - 2019



Scale 448 units	Type Apartment-for-sale Apartment-for-lease
Ownership Leasehold + Freehold	Location Nam Tu Liem
Scale 400 units	Type Condotel (*)
Ownership Freehold	Location Ba Dinh
Scale 167 units	Type Apartment-for-lease
Ownership Leasehold	Location Dong Da

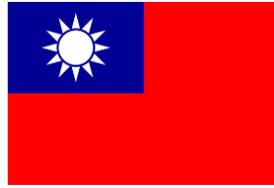
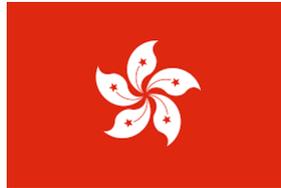
(*) lease-back program available

POSITIVE DEMAND FROM FOREIGN INVESTORS

CBRE

HANOI
MARKET INSIGHTS
Q3 2019
CONDOMINIUM

Foreign homebuyers' nationalities in Hanoi based on transactions recorded by CBRE in 2019



~85%

~70% high-end projects launched in 2018 – 2019 in the West reached maximum "room" for foreign buyers.

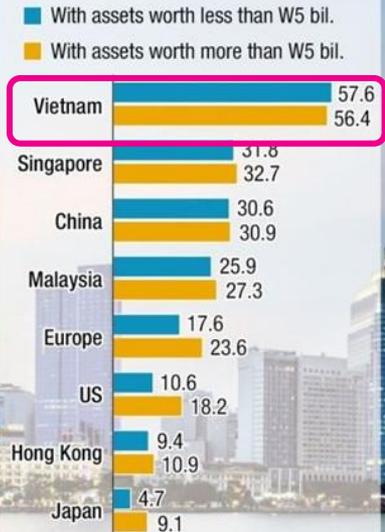
Zing.vn

30/09/2019

Korean billionaires eyeing on Vietnam Real estate market

Korean billionaires' preferred markets

(Unit: %)



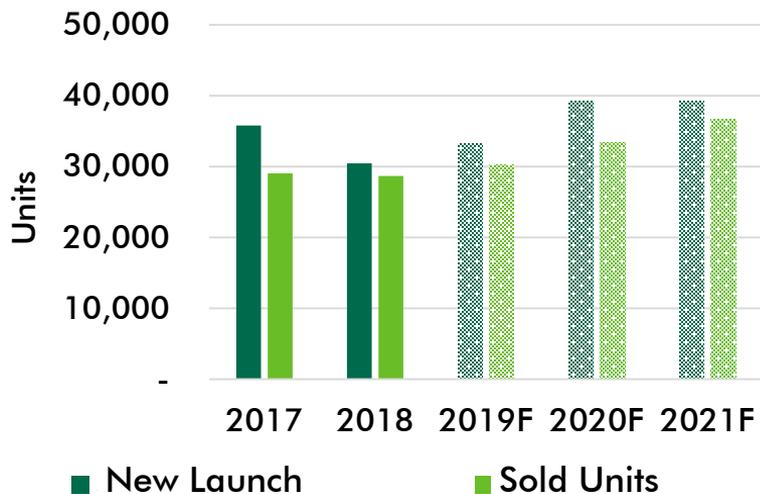
* Responses to multiple-answer survey

Source: KB Financial Group Research Institute

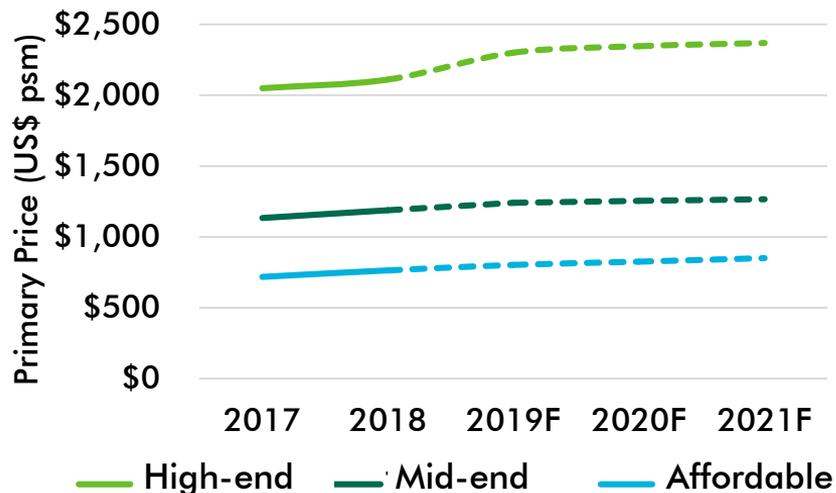
MARKET OUTLOOK

EXPECTING HIGHER PRIMARY PRICING BY YEAR END 2019

Forecasted New Launch and Sold Units



Forecasted Primary Pricing



Source: CBRE Research & Consulting.

Price is calculated as US\$ psm, price does not include VAT and is based on carpet area.

▲ 3% - 5% on average, annually



FUTURE SUPPLY: Q4 2019: AWAITING PROJECTS FROM HIGH-END AND LUXURY SEGMENTS

CBRE

HANOI
MARKET INSIGHTS
Q3 2019
CONDOMINIUM



The Matrix One
~1,500 units



Heritage West Lake
~380 units



Lancaster Luminaire
~300 units



Mon Central
~170 units



Summit Building
~150 units
(follow-on launch)



Sunshine Golden River
~70 units (follow-on launch)



FUTURE SUPPLY Q4 2019 – 2020: NEW SUPPLY MAINLY FROM TOWNSHIP DEVELOPMENTS

CBRE

HANOI
MARKET INSIGHTS
Q3 2019
CONDOMINIUM



**Vinhomes Smart City
Follow-on launches from Q4 19**

Zing.vn

06/10/2019

Work kicks off on \$4.2 billion smart city in Hanoi



Expected to first launch in 2020



**Park Kiara @ Park City
Expected to launch in Q4 2019: 432
units**

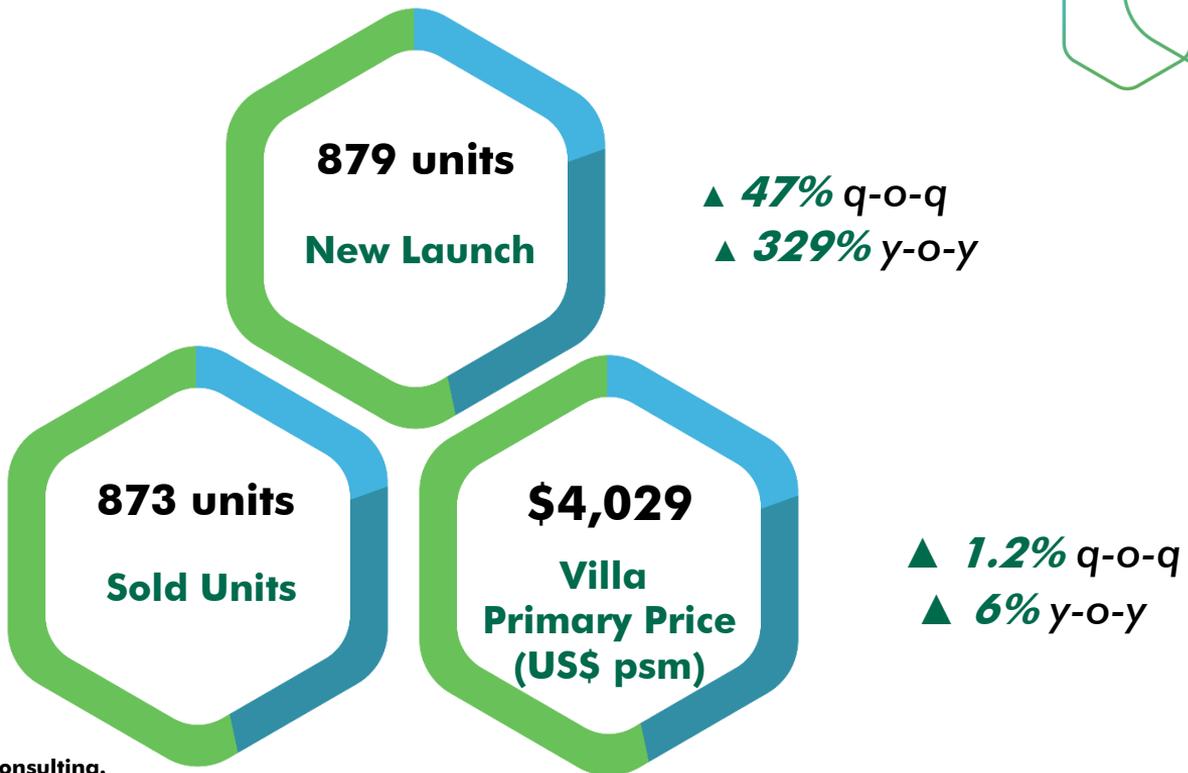
2



LANDED PROPERTY MARKET

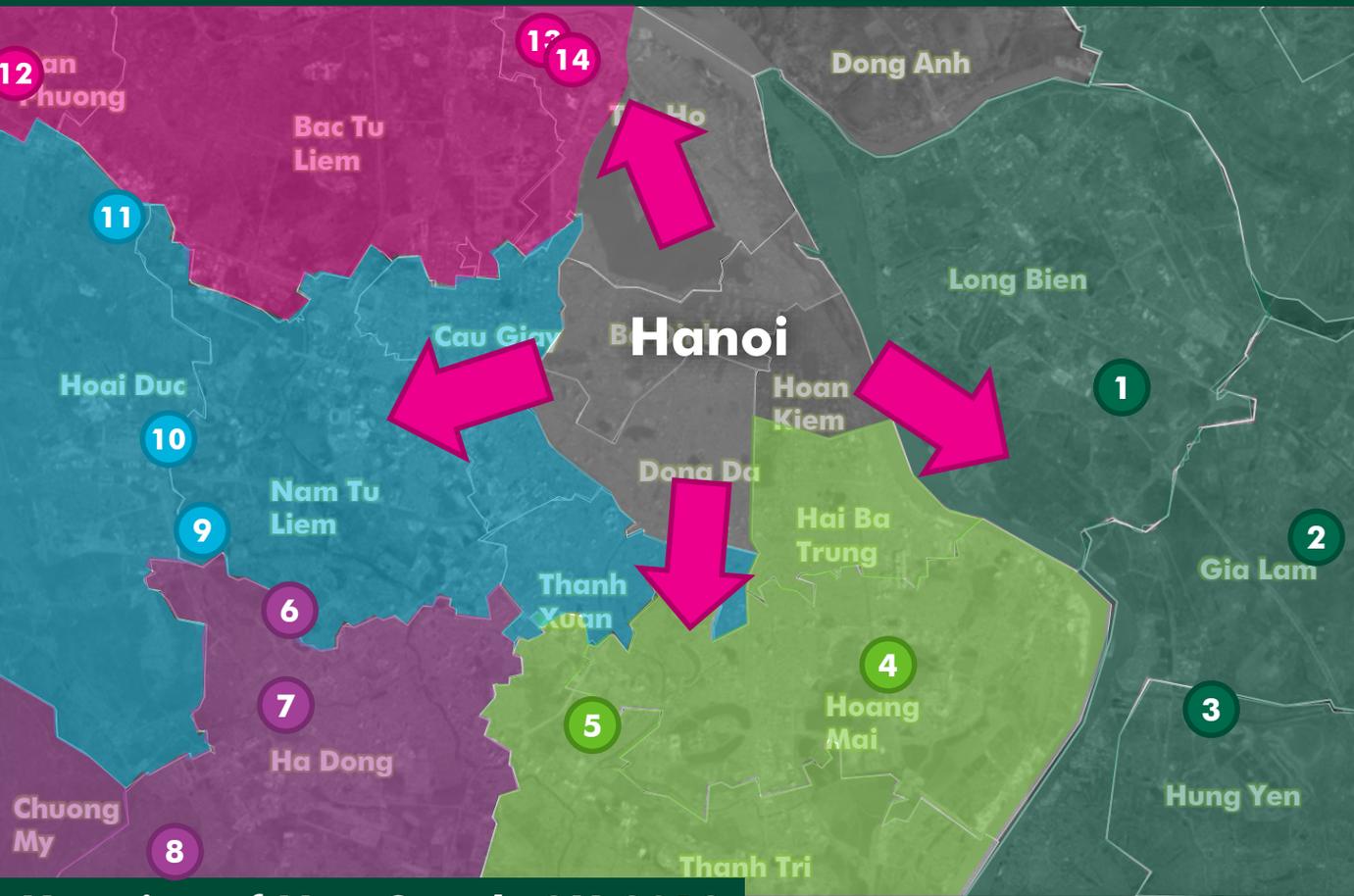


MARKET OVERVIEW Q3 2019



Source: CBRE Research & Consulting.

MARKET SUPPLY TO EXPAND FURTHER TO SUBURBAN AREA

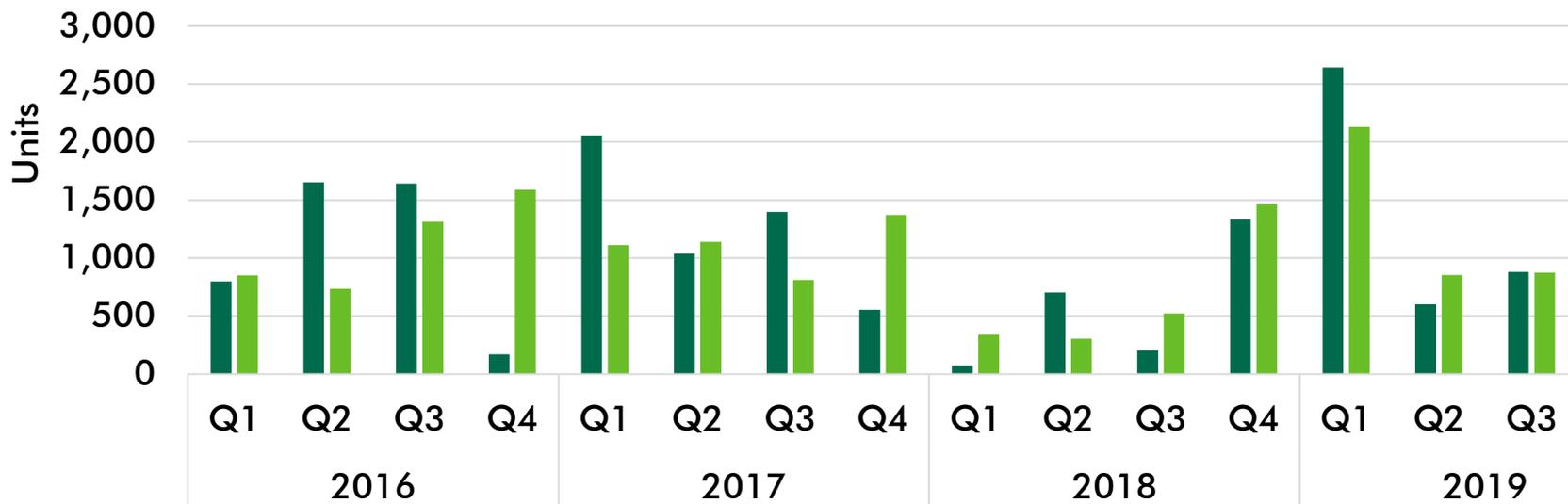


	No.	Project
East	1	Elegant Park Villa
	2	Vinhomes Ocean Park
	3	Spring Valley - Ecopark
South	4	Aurora Garden
	5	The Manor Central Park
South West	6	Louis City
	7	Terra An Hưng
	8	Sol Lake Villa
West	9	Vinhomes Smart City
	10	An Lạc Green Symphony
	11	Lideco
North West	12	Phoenix Garden - Royal Hill
	13	Sunshine Wonder Villas
	14	Sunshine Golden River

Mapping of New Supply 9M 2019

POSITIVE SALES RATE

New Launch vs. Sold Units



■ New Launch

■ Sold Units

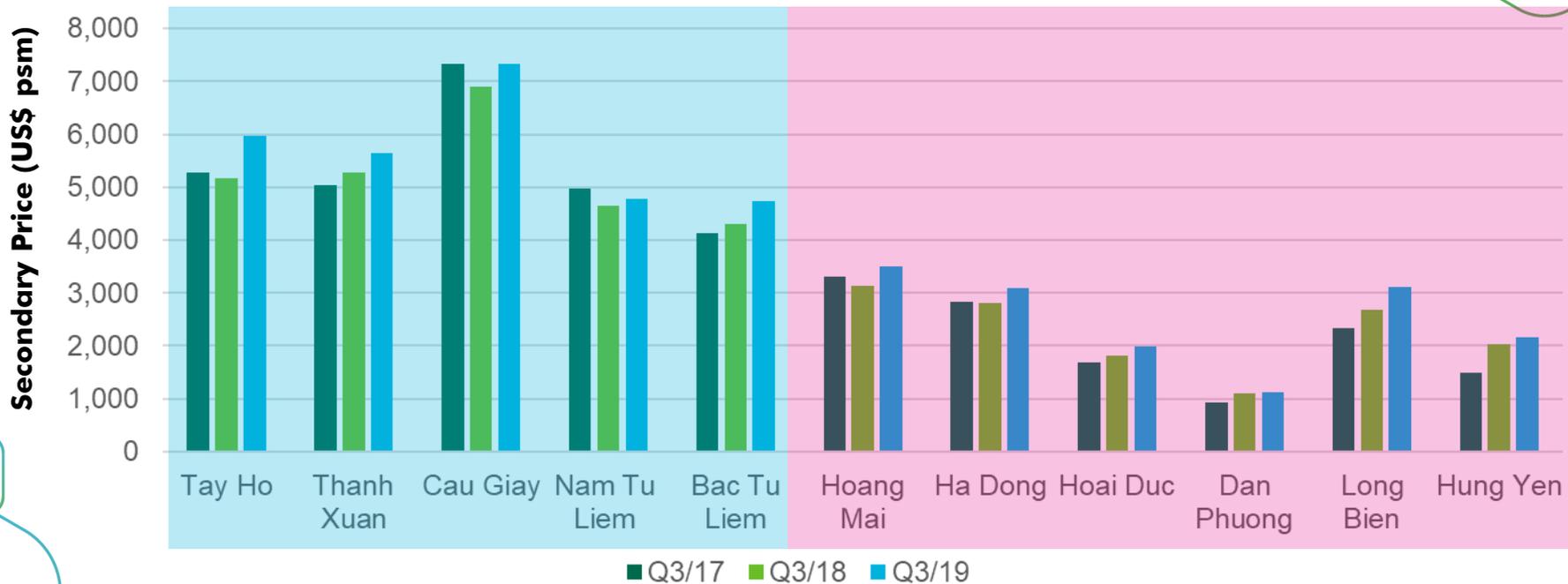
▲ **47% q-o-q**

▲ **3% q-o-q**



IMPROVING PRICING IN EMERGING LOCATIONS

Villa Secondary Price (US\$ psm)



Source: CBRE Research & Consulting.

Price is calculated on US\$ psm land. Price includes land price, construction costs and VAT.

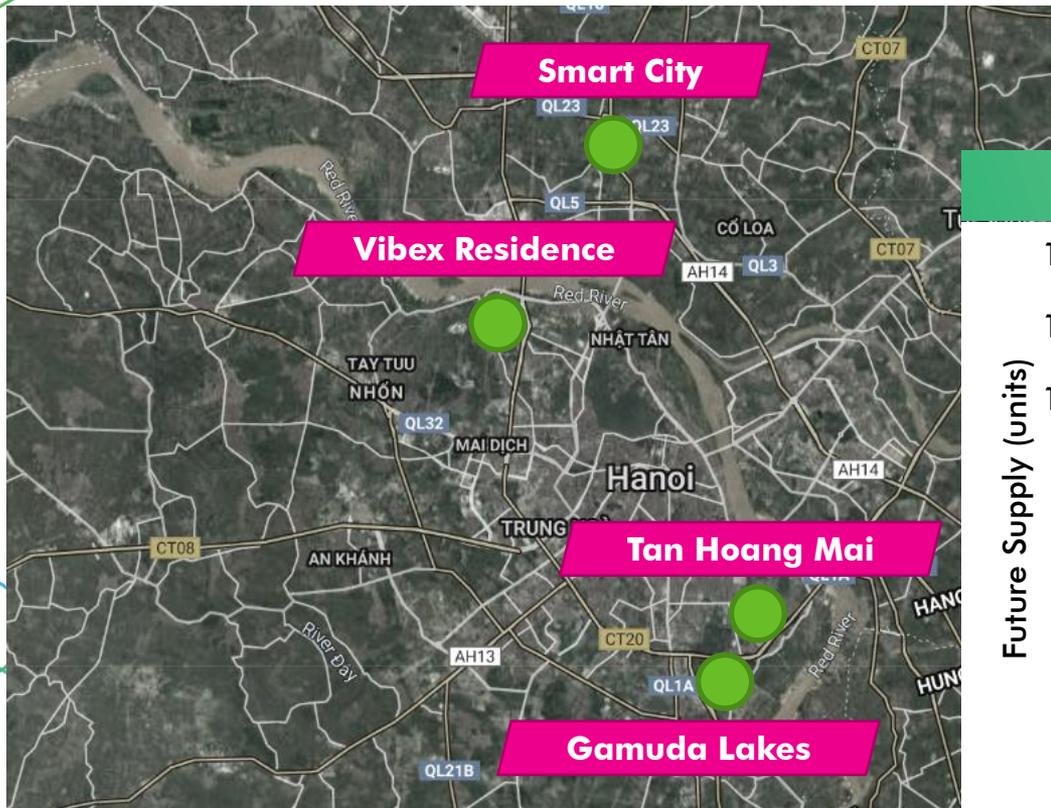


MARKET OUTLOOK

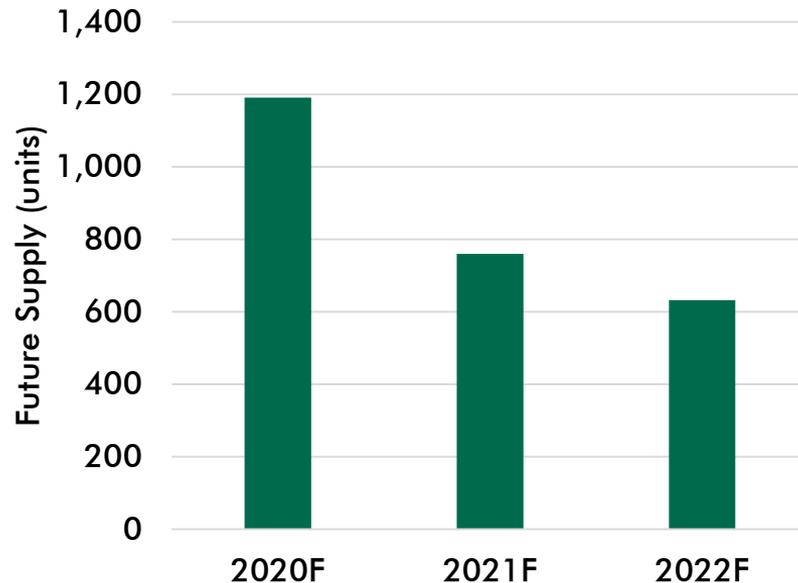
Market to welcome large-scale townships in 2020 - 2022

CBRE

HANOI
MARKET INSIGHTS
Q3 2019
LANDED PROPERTY



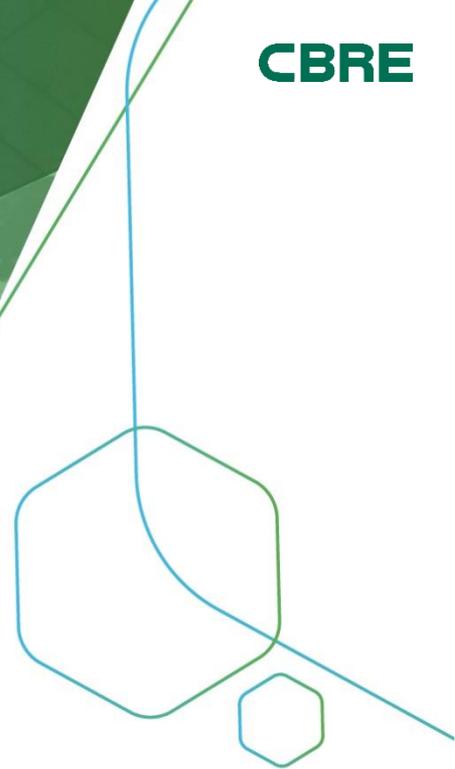
Forecasted New Launch



3



OFFICE MARKET





MARKET OVERVIEW Q3 2019

One New Project in Q3 2019: +3,000 sm NLA

	Grade A	Grade B	
TOTAL SUPPLY	434,767 sm NLA 20 projects <i>0% q-o-q</i> ▲ <i>5.1% y-o-y</i>	 906,029 sm NLA 72 projects <i>0% q-o-q</i> ▲ <i>9.0% y-o-y</i>	 NLA (sm)
ASKING RENTS	<i>0% q-o-q</i> ▲ <i>5.0% y-o-y</i> US\$ 26.4	 US\$ 14.3 ▲ <i>0.2% q-o-q</i> ▲ <i>4.4% y-o-y</i>	 US\$ psm pm
VACANCY RATE	▼ <i>0.3 ppts q-o-q</i> ▲ <i>1.7 ppts y-o-y</i> 7.9%	 9.2% ▼ <i>1.5 ppts q-o-q</i> ▼ <i>2.3 ppts y-o-y</i>	 (%)

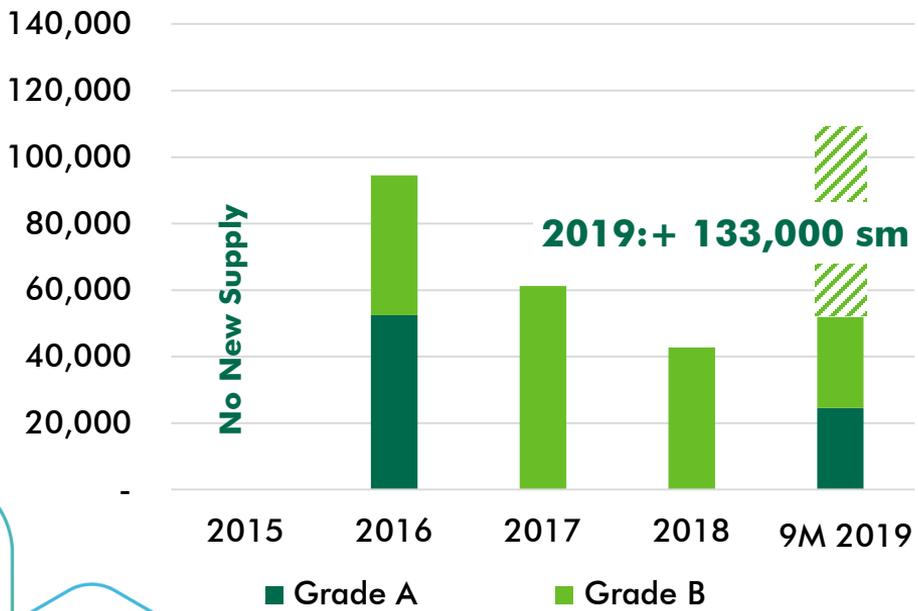
Source: CBRE Research & Consulting

Notes: Price is calculated based on net area, exclusive of service charge and VAT.



2019: HIGHEST NEW LAUNCH DURING THE PAST 5 YEARS

Hanoi Office Market, New Supply



Q4 2019: + 77,000 sm



Doji Tower

Q3 2019: + 3,000 sm



Thaiholdings Tower



Pax Sky Pham Van Dong

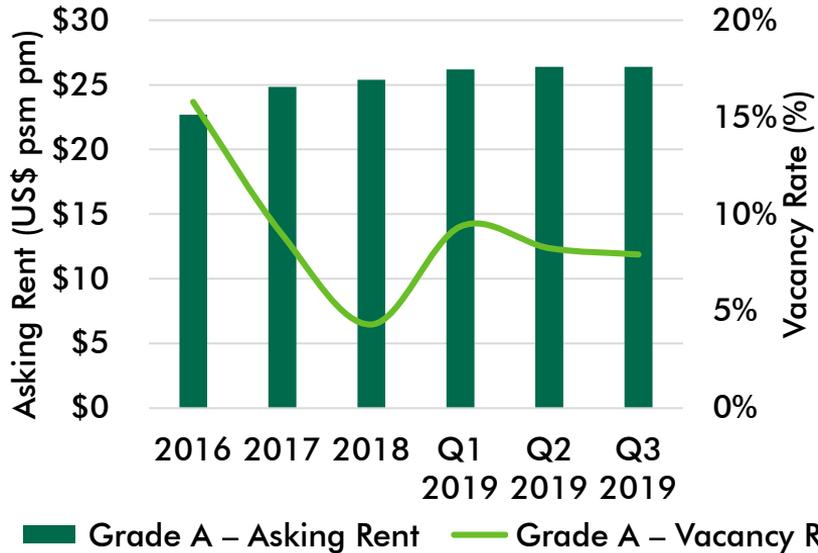


Bamboo Airways Tower

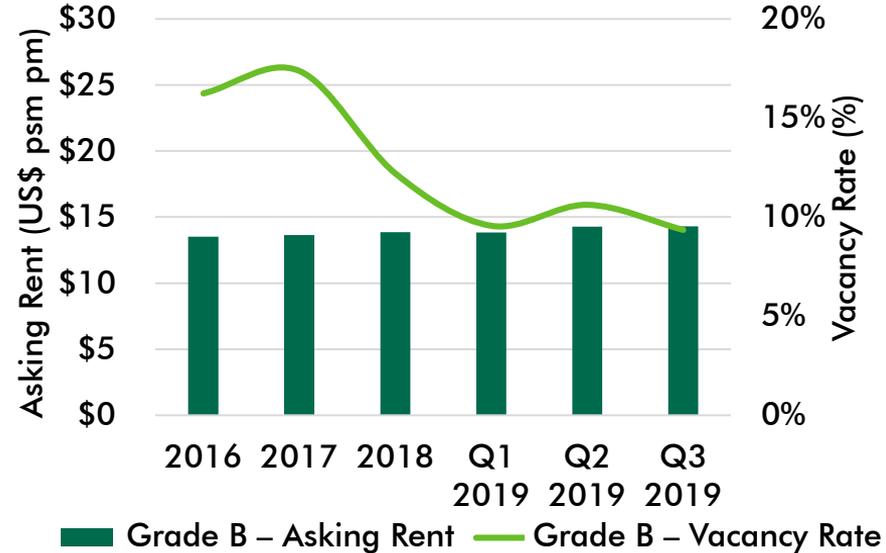
H1 2019: + 53,200 sm

STABLE PERFORMANCE IN BOTH GRADES DESPITE CONTINUOUS NEW SUPPLY

GRADE A:
Increasing asking rents over years, Vacancy rate decreased slightly



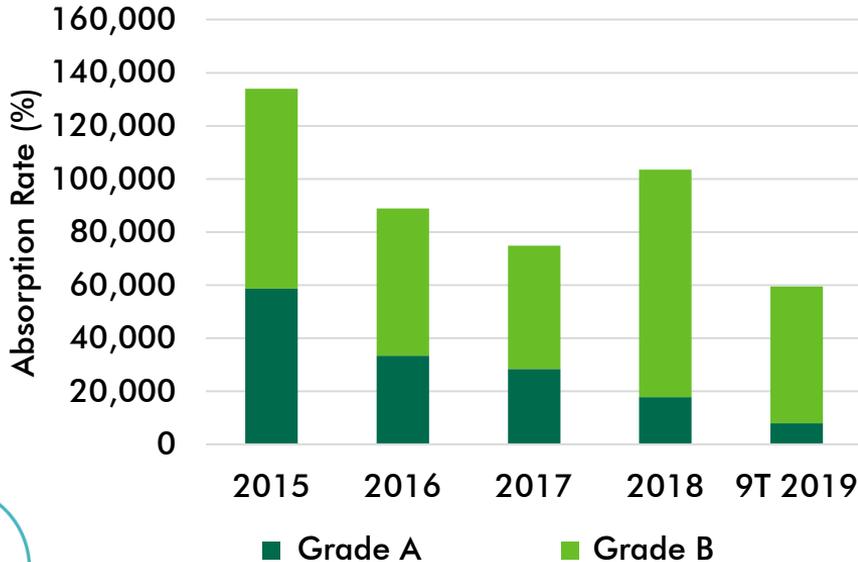
GRADE B:
Decreasing vacancy rate despite continuous new supply



Source: CBRE Research & Consulting
Notes: Price is calculated based on net area, exclusive of service charge and VAT.

GRADE B: EFFECTIVE RENTAL POLICY - GOOD ABSORPTION RATE ACHIEVED IN NEW PROJECTS

Absorption rate, Hanoi Office Market



Peak View
NLA: 24,000 sm
Expected opening date: Q4 2019

Pre-commitment
(Q3 2019): 70%



Detech II
NLA: 15,000 sm
Opening date: Q4 2018

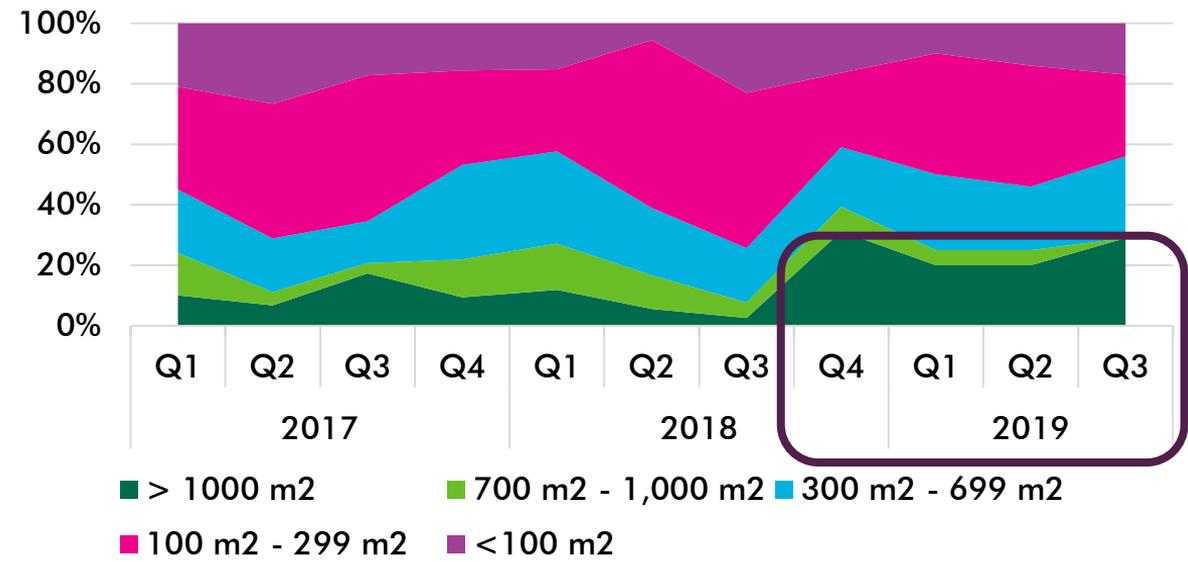
Pre-commitment: 50%



ENQUIRIES FOR LARGER SIZE THOUGH LIMITED OPTIONS AVAILABLE

Hanoi Office Market, Tenants by Purpose and Sizing, Enquiries recorded by CBRE, Q3 2019

	9M 2019	2018
New Lease	33%	22%
Expansion	36%	35%
Office Change	24%	38%
Contract Extension	7%	5%





Q4 2019 – 2020 AWAITS LARGE-SCALE FUTURE PROJECTS



Capital Place
NLA: 92,000 sm

1

Q4 19 - 2020: +203,000 m²



Thai Building
NLA: 24,000 sm

4



Peak View
NLA: 24,000 sm

1

Q4 19

2020



BRG Grand Plaza
NLA: 34,000 sm

5



D'Capitale - C5 Tower
NLA: 12,000 sm

3



Coninco Tower
NLA: 10,000 sm

2

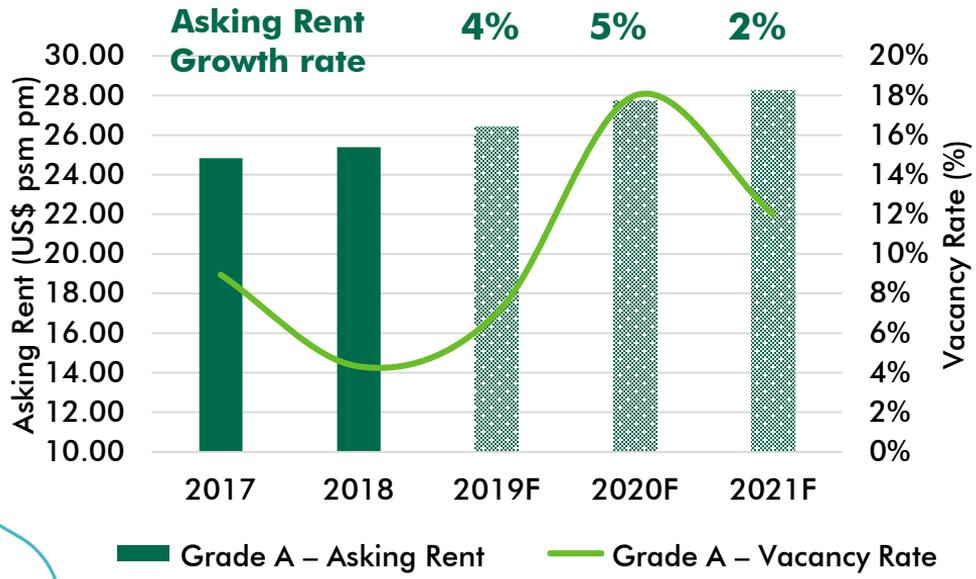
Grade A **Grade B**



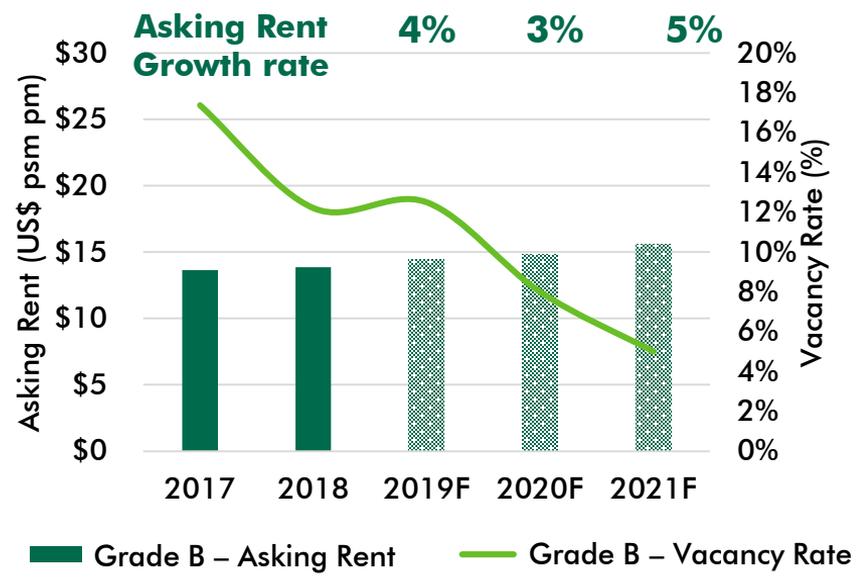
MARKET OUTLOOK

2019F: Asking Rents to increase in both grades: Grade A by 5% y-o-y, Grade B by 4% y-o-y

Grade A: Forecasted Asking Rent and Vacancy Rate



Grade B: Forecasted Asking Rent and Vacancy Rate



Source: CBRE Research & Consulting
 Notes: Price is calculated based on net area, exclusive of service charge and VAT.

4



HANOI RETAIL MARKET



NEW REGIONAL MALLS

Malls with regional scale attract large catchment area



Lotte Mall Hanoi



Vincom Megamall Ocean Park



Vincom Megamall Smart City



Aeon Mall Ha Dong



Aeon Mall Hoang



Immediate catchment → High occupancy rate

Located outside traditional retail area

Attract large catchment areas

Diversified tenant mix

40,000 sqm – 70,000 sqm (NLA)



A COMMON STORY OF EXISTING SHOPPING MALLS

An inevitable trend of retail market – 9M 2019

Renovate ...



Vincom Center Pham Ngoc Thach



Vincom Center Ba Trieu



Green Garden – Aeon Mall Long Bien

... and upgrade tenant mix with anchor tenants

INDOOR THEME PARKS

Typical size required:
3,500 sqm to 5,500 sqm



CINEMAS

Typical size
required: 1,500
sqm to 3,500 sqm

SPORTS CLUBS

Typical size required:
900 to 2,000 sqm
Large-scale may go up
to 5,000 sqm



CHILDREN'S EDUCATION CENTRE

Typical size required:
900 to 2,000 sqm

GAMES ARCADES

Typical size required:
1,000 sqm to 2,000 sqm



STUDIOS

Typical size required:
300 sqm to 500 sqm



Tiniworld – Vincom Center Ba Trieu

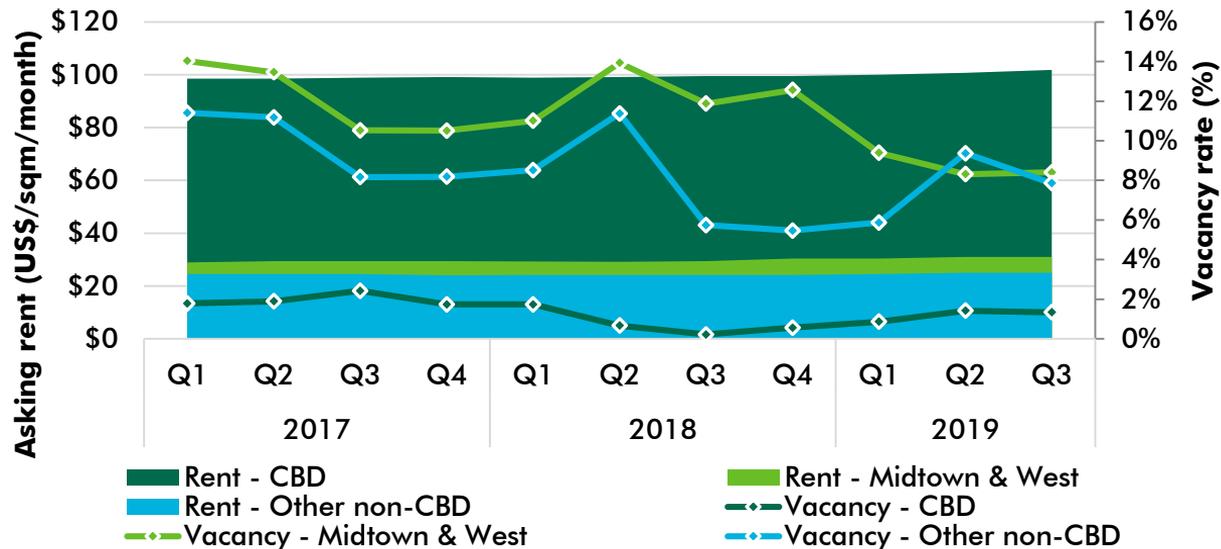
Source: CBRE APAC



VACANCY DECREASED SLIGHTLY IN NON-CBD

No new supply recorded in Q3 2019

Hanoi Retail, rent and vacancy, Q3 2019



Source: CBRE Research, Q3 2019.



TENANT TRENDS

Adding services and experience

“RETAILTAINMENT” _ VIETNAM

The Saigon Times

Bubble king Fan Yang opens 3-million-dollar stage in Vietnam

The Saigon Times Daily
Tuesday, Aug 27, 2019, 12:08 (GMT+7)



&

OTHER COUNTRIES IN THE REGION



Samsung pop-up cafe (Beijing)



Kiehl's Coffee House (Hongkong)



3D projected tale concept – Park Hyatt HCMC



Meal kit – Haidilao Hotpot



Dancing during the meals – MK Restaurants



Muji Thailand to open largest store, includes “coffee corner”



Tiffany & Co pop-up cafe (Singapore)



MARKET OUTLOOK

Diversified tenant mix and quality

New brands in Q3 2019



Japan's Hachi-ban ramen forays into Vietnam



THE
**COFFEE
CLUB®**



South Korea's CU convenience store chain to open in Vietnam

September 25, 2019 Tong Van



Muji Vietnam to launch next year

February 21, 2019 Yen Hai Nguyen



Retail sales growth of some categories in Vietnam (% y-o-y)



Source: Business Sweden Analytics, 2018



Following Phuc Long, famous milk tea brand Koi to expand in Hanoi

28/08/2019 09:09 AM



MARKET OUTLOOK

Stronger interest from International retailers



Takashimaya and Toshin Development to Participate in Starlake Project in Hanoi

June 25, 2019
Takashimaya Company, Limited
Toshin Development Co., Ltd.



E-Mart to open first outlet in Hanoi

Released at: 15:39, 03/10/2018

South Korean retail group E-Mart plans to build its first hypermarket in Hanoi, at the StarLake urban area.



Ikea Vietnam to invest US\$450 million in Hanoi centre

January 18, 2019 Yen Hai Nguyen

Ikea Vietnam plans to invest US\$450 million on a retail centre and warehouse system in Hanoi, according to a government official.

Nguyen Duc Chung, chairman of the Hanoi People's Committee, told a recent conference held by the Ministry of Industry and Trade that the Swedish furniture giant's local subsidiary is well advanced with plans to launch in the country.

Once completed, the centre will be Ikea's main supply hub for its Southeast Asian market.



FUTURE SUPPLY FROM Q4 2019 TO 2020F

Located in non-CBD area

2019f



FLC Twin Towers
Cau Giay district
NLA: 14,400 sqm



Aeon Mall Ha Dong
Ha Dong district
NLA: 74,000 sqm

2020f



Hinode City
Hai Ba Trung district
NLA: 42,200 sqm



Vincom Megamall Ocean Park
Gia Lam district
NLA: 39,500 sqm



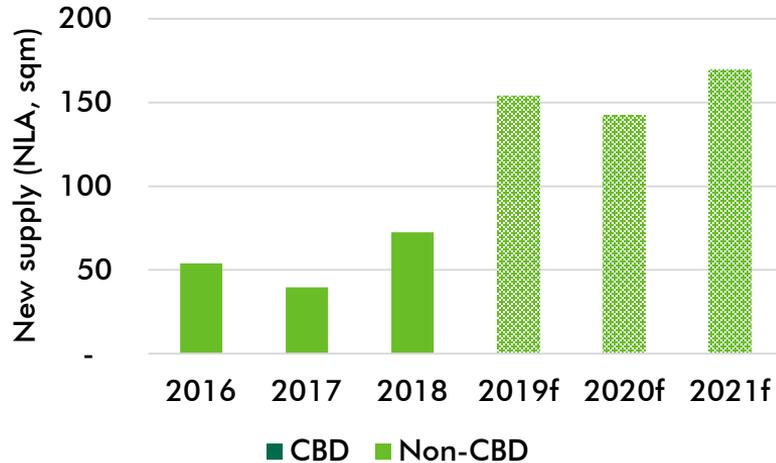
Vincom Megamall Smart City
Nam Tu Liem district
NLA: 49,000 sqm



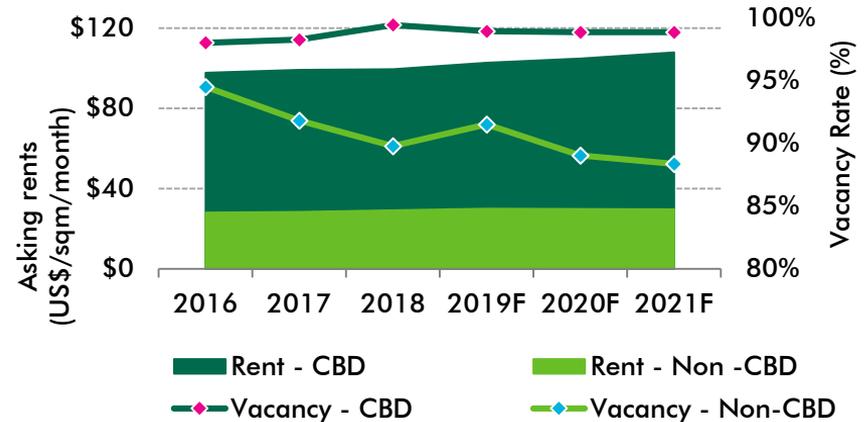
MARKET OUTLOOK

New supply increased by 150,000 sqm per year until 2021f, equivalent to a growth of 15% per annum

New supply by year



Market performance



Source: CBRE Research, Q3 2019



By 2020...



Just over **140,000 sqm NLA** will be added to the market. Large-scale shopping malls will be spread out across the city, challenging to form a single retail destination in Hanoi



Occupancy will remain at **healthy level**, particularly in CBD area



F&B, Entertainment and Fashion chain will continue to expand rapidly in the market



New regional malls are expected to have attractive tenant mix and upgraded design

5



SERVICED APARTMENT MARKET



MARKET OVERVIEW Q3 2019

	Grade A	Grade B	
Total Supply (Q3 2019)	2,839 units 19 projects	1,051 units 16 projects	 (units)
Asking Rent (Q3 2019)	▲ 1.4% y-o-y 33.5	21.4 ▲ 0.1% y-o-y	 (US\$ psm pm)
Occupancy Rate (Q3 2019)	▲ 9.3 ppts y-o-y 87.7%	83.6% ▲ 2.0 ppts y-o-y	 (%)

Source: CBRE Research & Consulting.

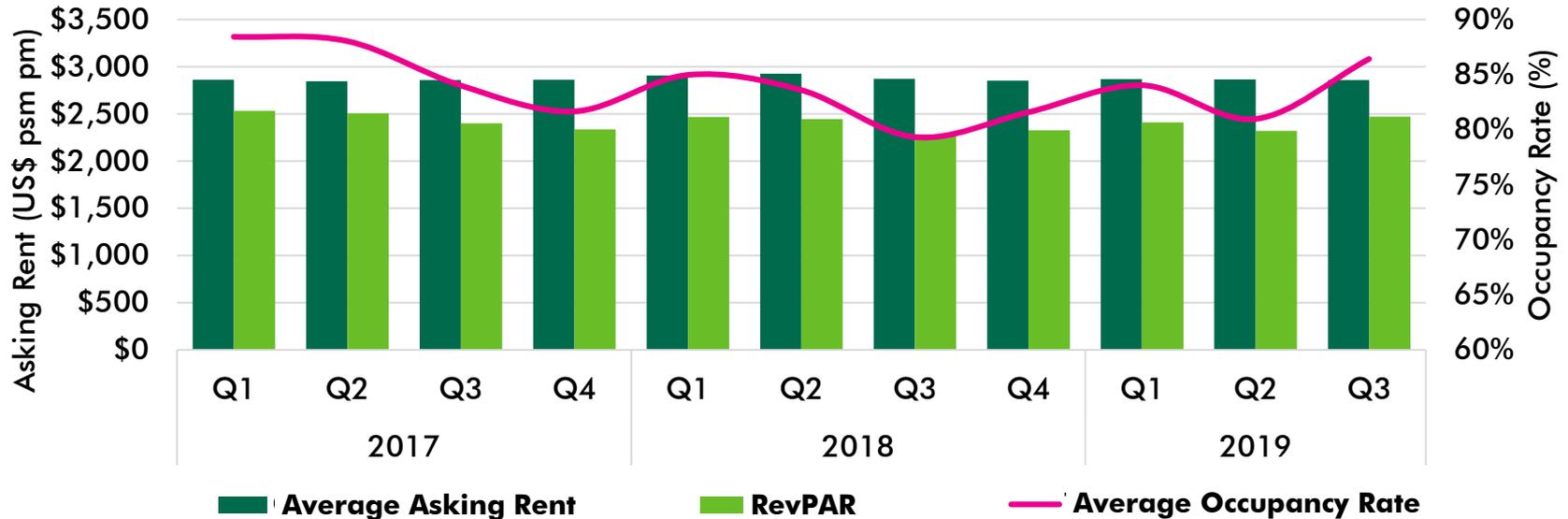
(*) Grade A Supply increased by 56 units from Roygent Parks in Q3 2019.
Price includes service charge, does not include VAT.



MARKET PERFORMANCE

Market Occupancy Rate increased by 5.65 ppts q-o-q

Market Performance, 2017 – Q3 2019



Source: CBRE Research & Consulting.
Price includes service charge, does not include VAT.



FUTURE SUPPLY

Oakwood Residence Hanoi and PentStudio to come onboard from Q4 2019
- Supply to increase by 383 units

Oakwood Residence Hanoi



- Grade **A**
- Operator **Oakwood**
- No. of Units **262**

PentStudio



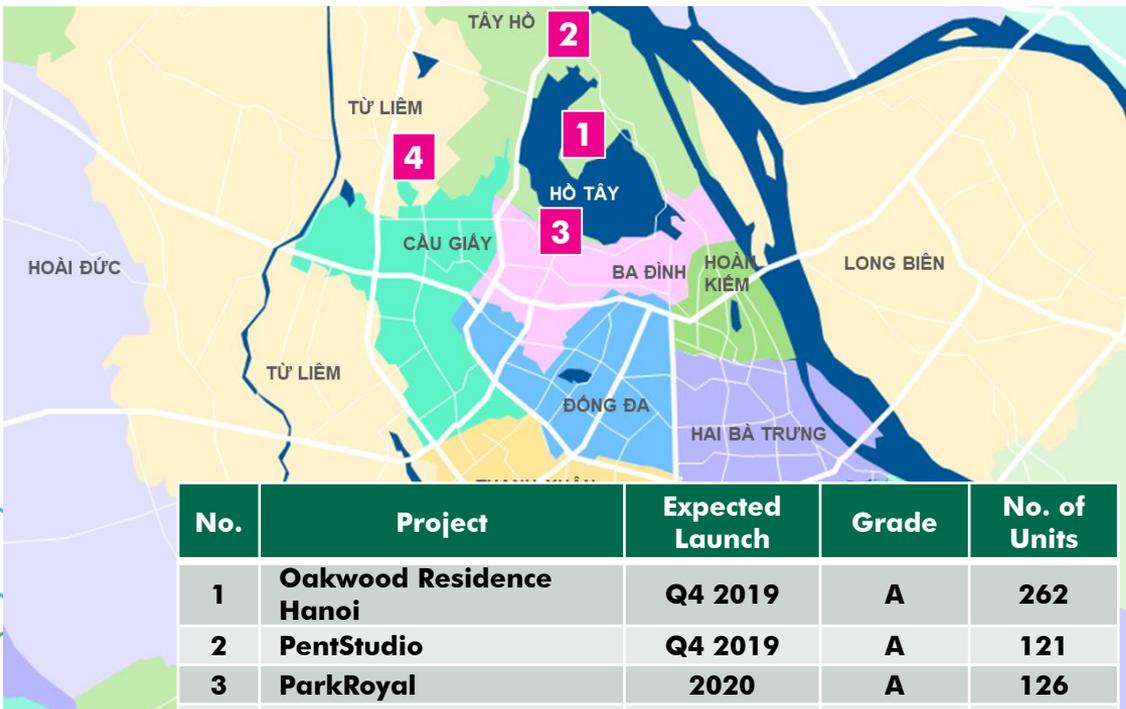
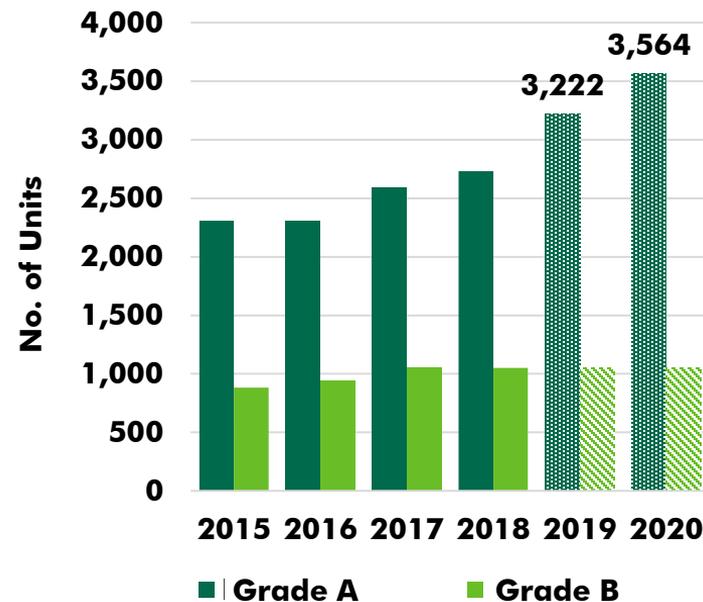
- Grade **A**
- Operator **The Ascott**
- No. of Units **121**



FUTURE SUPPLY

Market to welcome more international brands

Future Supply



Source: CBRE Research & Consulting.



By 2020...



725 units from 4 projects to come onboard

Increasing **competition** between projects regarding **occupancy rate** and **asking rent**

Hanoi as a top destination for FDI capitals, hence demand from **expat professionals**

International operators continue to lead the market in the future

THANK YOU

All materials presented in this report, unless specifically indicated otherwise, is under copyright and proprietary to CBRE. Information contained herein, including projections, has been obtained from materials and sources believed to be reliable at the date of publication. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. Readers are responsible for independently assessing the relevance, accuracy, completeness and currency of the information of this publication. This report is presented for information purposes only, exclusively for CBRE clients and professionals, and is not to be used or considered as an offer or the solicitation of an offer to sell or buy or subscribe for securities or other financial instruments. All rights to the material are reserved and none of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party without prior express written permission of CBRE. Any unauthorised publication or redistribution of CBRE research reports is prohibited. CBRE will not be liable for any loss, damage, cost or expense incurred or arising by reason of any person using or relying on information in this publication.