CBRE

CBRE RESEARCH

HCMC REAL ESTATE MARKET INSIGHTS

Q3 2019

1 HCMC OFFICE MARKET

HCMC OFFICE MARKET OVERVIEW

3 new projects : 80,000 sqm NLA

	Grade A	3 new projects	Grade B	
TOTAL SUPPLY	414,113 sqm NLA 16 projects ▲ 8.2% q-o-q ▲ 8.2% y-o-y	Lim Tower 3 / Sonatus Etown 5	894,201 sqm NLA 65 projects ▲ 5.8% q-o-q ▲ 9.7% y-o-y	NLA (sqm)
ASKING RENT	▼ -0.3% q-o-q ▲ 2.4% y-o-y	US$46.6 / US$24.2	▲ 2.7% q-o-q ▲ 5% y-o-y	US$/sqm/ month
VACANCY RATE	▲ 5.6 ppts q-o-q ▲ 4.0 ppts y-o-y	8.2% / 5.8%	▲ 1.5 ppts q-o-q ▲ 4.0 ppts y-o-y	(%)

Notes: Rents are based on NLA, exclusive of VAT and Service Charge

Source: CBRE Research, Q3 2019.

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OFFICE MARKET WELCOMED ONE NEW GRADE A BUILDING

After a quiet period

Lim Tower 3
Grade: A – D.1
NLA: 31,350 sqm
Asking Rent: US$42.5/sqm/month

Etown 5
Grade: B – Tan Binh
NLA: 17,616 sqm
Asking Rent: US$20/sqm/month

Sonatus
Grade: B – D.1
NLA: 33,700 sqm
Asking Rent: US$42.5/sqm/month

NEW PROJECTS ARE UNDER GOOD CONSTRUCTION

>190.000 sqm NLA to come online from Q4 2019 to 2020

UOA Tower
Grade: A – D.7
NLA: 29,940 sqm

Friendship Tower
Grade: A – D.1
NLA: 13,700 sqm

Viettel Tower B
Grade: B – D.10
NLA: 17,600 sqm

Phu My Hung Tower
Grade: B – D.7
NLA: 31,200 sqm

Opal Office Building
Grade: B – Binh Thanh
NLA: 21,732 sqm

DECENTRALIZATION TREND TO BE STRONGER

Three new projects were planned to construct in District 7

The Cobi Tower 2
Grade: B – D.7
GFA: 23,000 sqm

The 67 Tower
Grade: B – D.7
NLA: >9,700 sqm

The Graces
Grade: B – D.7
NLA: >8,000 sqm

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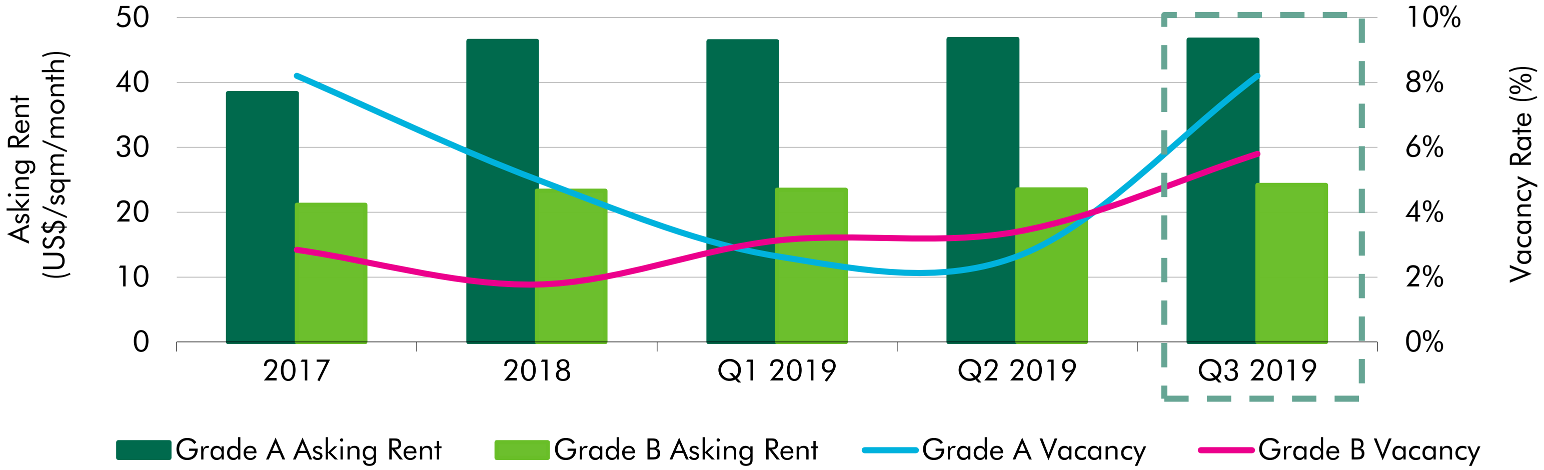
INCREASED VACANCY FROM NEW SUPPLY

Put high pressure on rental rate of Grade A

HCMC Office, Rental and Vacancy, Q3 2019

Average Vacancy 4 pts y-o-y



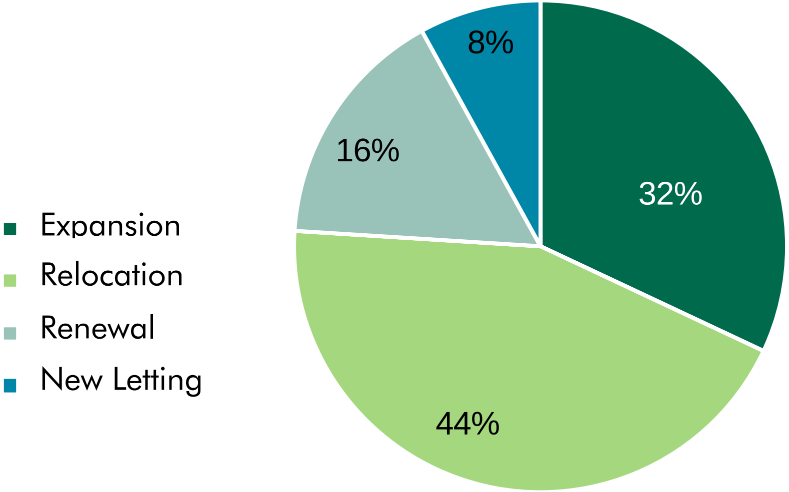
Notes: Rents are based on NLA, exclusive of VAT and Service Charge

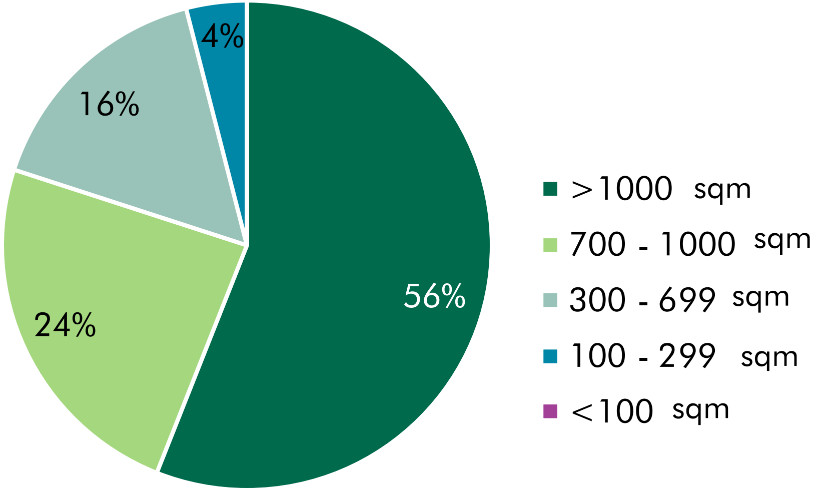
Source: CBRE Research, Q3 2019.

MOST OF TRANSACTIONS WERE FROM TENANT RELOCATION AND EXPANSION

When there were more Grade B buildings available for lease

HCMC Office, Tenants by Leasing Purpose and Leasing Area
Major Transactions Closed and Collected by CBRE, Q3 2019





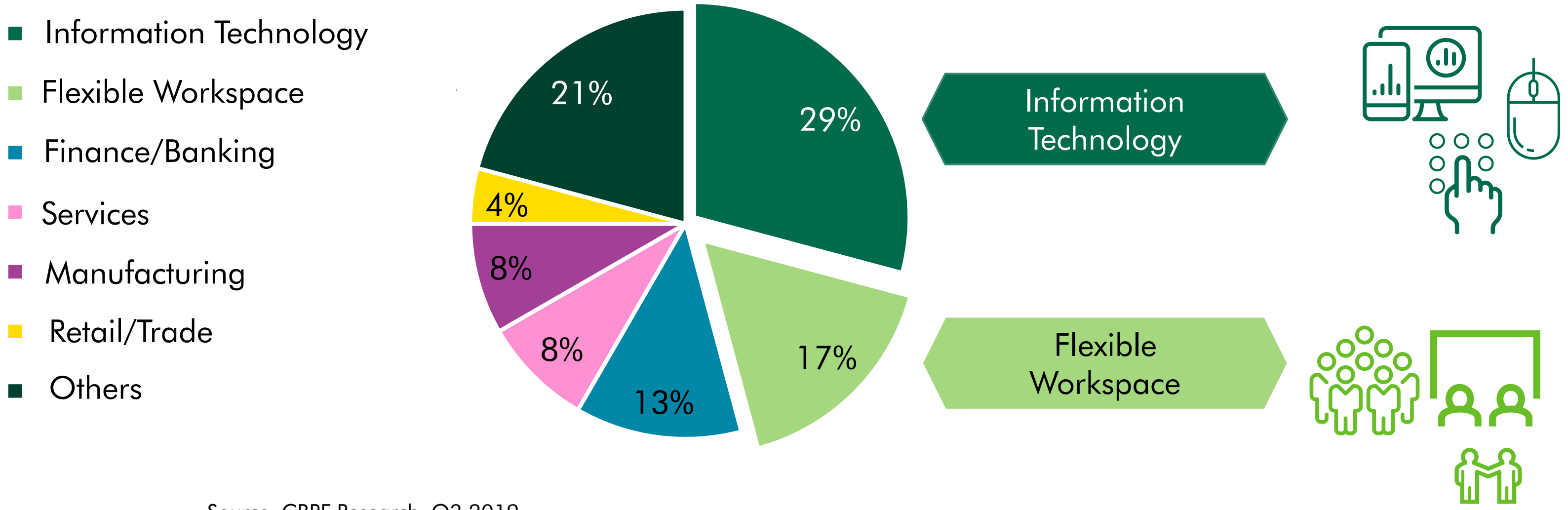
Source: CBRE Research, Q3 2019.

HCMC Market Insights Q3/2019

TECH FIRMS & FLEXIBLE WORKSPACES

Continued to dominate the office market in HCMC

HCMC Office, Tenants by Industry
Major Transactions Closed and Collected by CBRE, Q3 2019



Source: CBRE Research, Q3 2019.

MAJOR TENANTS RECORDED IN Q3 2019

IDG

FirstAlliances
vietnam's leading HR specialist

FrieslandCampina

THE EXECUTIVE CENTRE

UP COWORKING SPACE

MAJOR TENANTS RECORDED IN Q3 2019

VPBS
VPBank Securities

dentsu

MBS
MB SECURITIES

NEXON

NOTABLE TRANSACTIONS IN Q3 2019

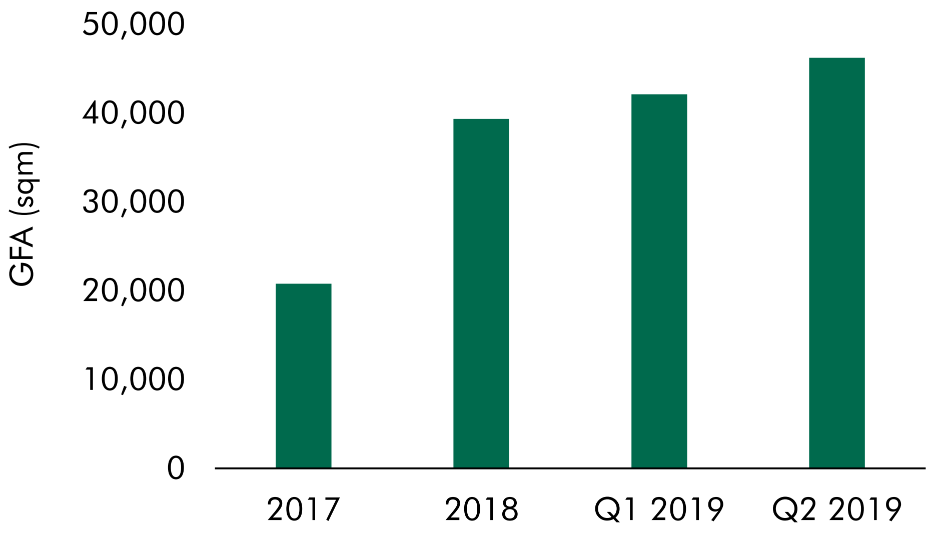
No.	Buildings	Location	Sector	Purpose	Size (sqm)
1	Sonatus Building	D1	Manufacturing (Consumers)	Relocation	1,700
2	Sonatus Building	D1	HR Consultancy	Relocation	1,200
3	M Plaza	D1	Bank	Expansion	700
4	IMC Building	D1	Fashion	Relocation	570
5	Friendship Tower	D1	Business Center	Expansion	1,400
6	Metropolitan	D1	Metropolitan	Renewal	1,700
7	PMH Tower	D7	E-commerce	Relocation	4,000
8	Saigon Paragon	D7	Co-working space	Expansion	2,000
9	Etown 5	Tan Binh	IT	Relocation/ Consolidation	8,485
10	Pax Sky	Binh Thanh	Bank/Finance	Expansion	800
11	Viettel Tower A	D10	Technology	New Letting	835
12	Goldview	D4	IT	Relocation	1,182
13	Saigon Trade Center	D1	Banking/Finance	Expansion	2,800

Source: CBRE Research, Q3 2019.

FLEXIBLE WORKSPACE OPERATOR

Tended to sign longer leasing term with larger size

Flexible Workspace Supply, Q2 2019



Source: CBRE Research, Q3 2019.

Occupancy: ~80%

Leasing Size and length Q1 – Q3 2019

- Q3 → 100 - 300 workstations; >1 year
- Q2 → ~30 - 90 workstations; ~6 months – 1 year
- Q1 → ~30 workstations; <6 months

INVESTMENT MARKET – MOST RECENT OFFICE TRANSACTIONS

VIETTHUANTHANH

HUTECH University

DB Tower & V-Ikon Tower
Grade: B – Binh Thanh
NLA: >11,000 sqm

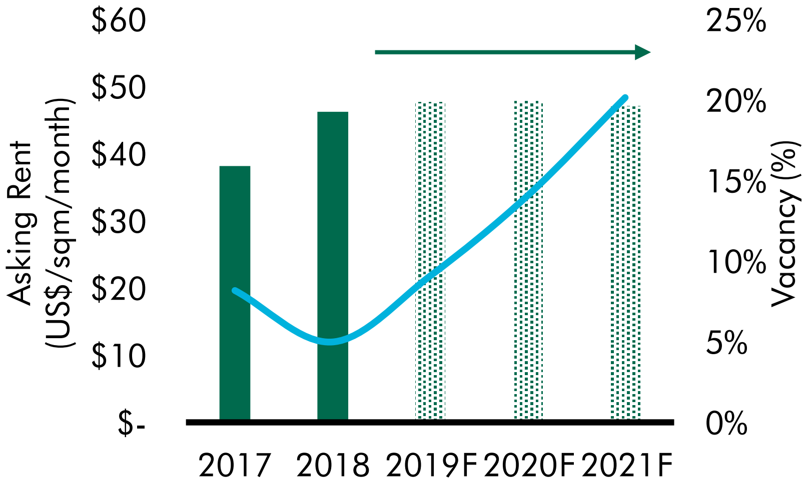
NOMURA

Zen Plaza
Grade: B – D.1
GFA: >12,000 sqm

MARKET OUTLOOK

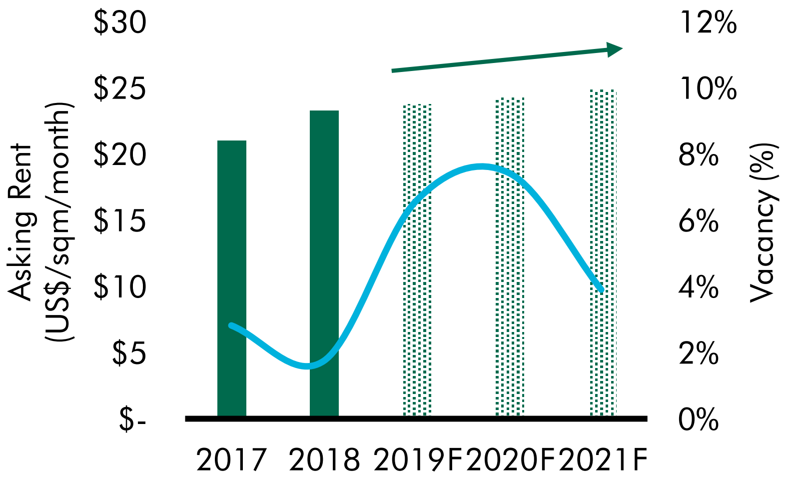
Vacancy rates will continue to increase in the future

Grade A – Rental and Vacancy Rates Forecast



Source: CBRE Research, Q3 2019.

Grade B – Rental and Vacancy Rates Forecast



Asking Rent (US$/sqm/month)
Vacancy (%)

Up to 2020...




More than **190.000 sqm** NLA will be launched to the market

Vacancy rate continues to **increase** and rental growth will **be more moderate**, especially **Grade A**

Tech firms will continue to dominate the office demand

The market will shift to the **tenant's market** soon

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HCMC RETAIL MARKET

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HCMC RETAIL MARKET SNAPSHOT

Rents continues to rise in CBD and slightly decrease in non-CBD

	CBD		Non-CBD		
TOTAL SUPPLY	98,753 sqm NLA 11 projects	No new supply	No new supply	933,646 sqm NLA 46 projects	NLA (m2)
ASKING RENTS	▲ 3.7% q-o-q ▲ 5.8% y-o-y	135.5USD	35.7USD	▼ 1.1% q-o-q ▼ 0.0% y-o-y	US$/sqm/month
VACANCY RATE	▲ 0,6 ppts q-o-q ▼ 1,0 ppts y-o-y	2.2%	8.1%	▲ 0,5 ppts q-o-q ▼ 6,5 ppts y-o-y	(%)

Asking rents are average for Ground floor and First Floor, exclusive of VAT and service charge.

Source: CBRE Research, Q3 2019

VACANCY RATES SLIGHTLY PICKED UP

But expected to only be temporary due to renovation works at some malls

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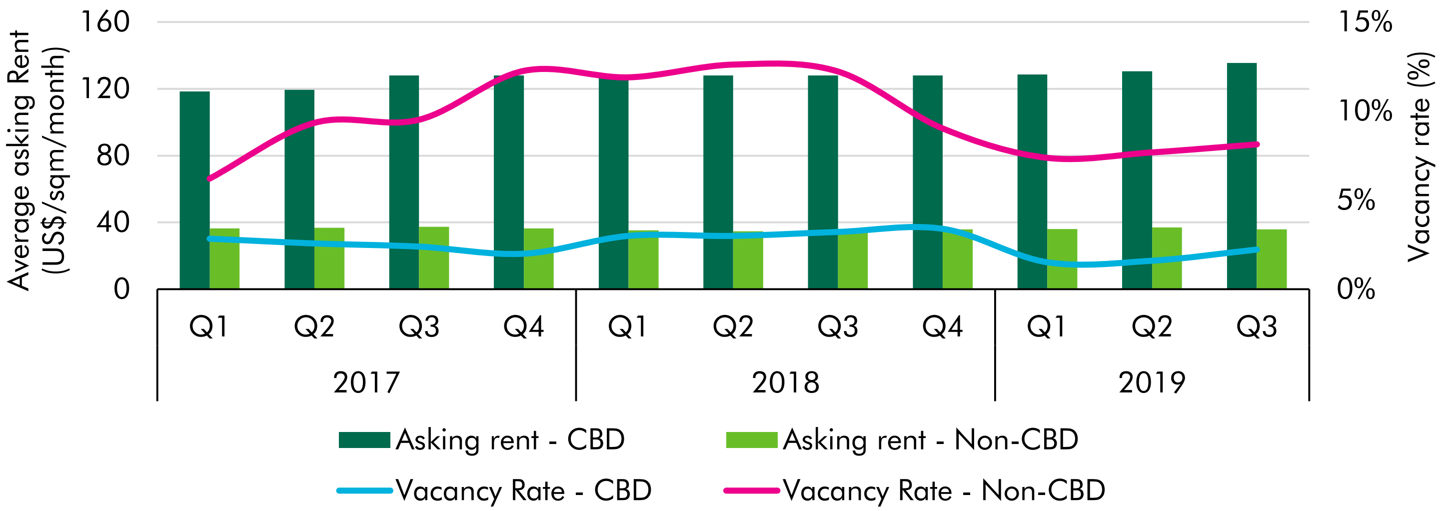
HCMC Retail, Rental and Vacancy, Q3 2019



Source: CBRE Research, Q3 2019

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NEW SUPPLY BY END 2019 AND TOWARDS 2021

New supply in both CBD and non-CBD

CBD

Parkson Saigontourist
District 1
NLA: 13,350 sqm

Union Square
District 1
NLA: 27,900 sqm

Source: CBRE Research, Q3 2019

Non-CBD

Crescent Mall Phase 2
District 7
NLA: 16,200 sqm

Socar Mall by Thaco
District 2
NLA: 30,000 sqm

Central Premium Mall
District 8
NLA: 30,000 sqm

Vincom Mega Mall Grand Park
District 9
NLA: 50,000 sqm

Sense City
District 9
GFA: 50,000 sqm

Saigon Co.op An Phu
District 2
NLA: 12,500 sqm

SHOPHOUSES PROJECT

Notable projects at populous residential areas

South **East**

Phu My Hung

Saigon Pearl

First projects..

Asking rent:
US$12-27/sqm GFA/month
2-3% y-o-y

Asking rent :
US$15-20/sqm GFA/month
1-2% y-o-y

East

Vinhomes Central Park

Asking rent : US$10-40/sqm GFA/month
5.0% y-o-y

Filling up…

Sala new township

Faifo Lane

Asking rent :
US$7-15/sqm GFA/month
8-10% y-o-y

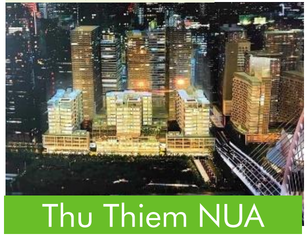
Asking rent :
US$18/sqm GFA/month

Near future…

North

Gamuda

New CBD



Thu Thiem NUA

Sources of pictures: Internet.

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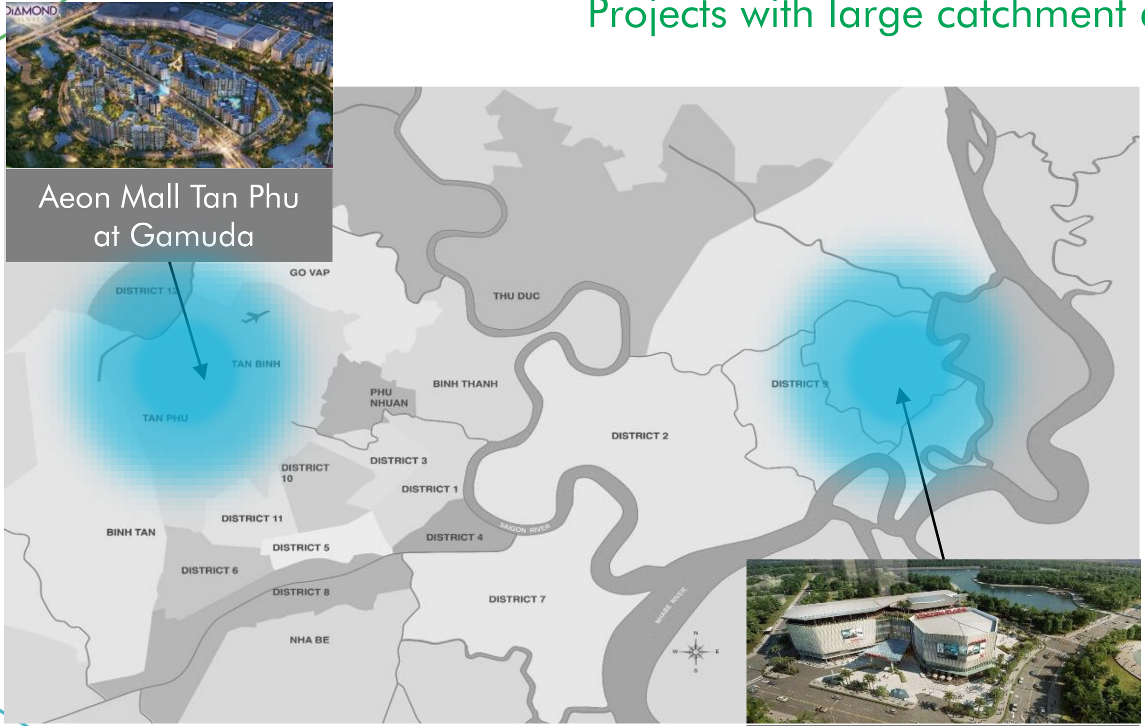
DESTINATION MALLS

Projects with large catchment areas



Aeon Mall Tan Phu at Gamuda

Vincom Mega Mall Grand Park, District 9

- Easy accessibility
- Create living atmosphere
- Available demand -> high occupancy rate
- Draw outside residents on a large scale
- More interesting tenant mix than retail podium

RENOVATION – A STORY FOR ALL

Changes are inevitable in retail industry

Saigon Center

SC VivoCity

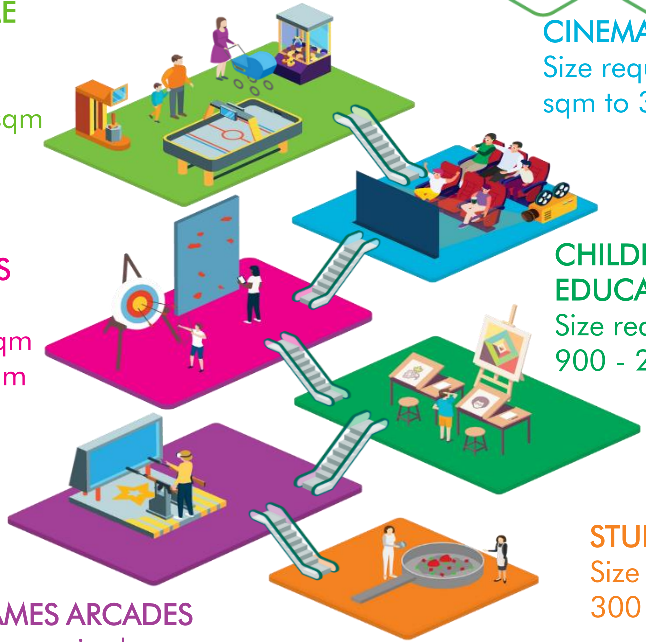
Parkson Saigontourist

INDOOR THEME PARKS
Size required:
3,500 - 5,500 sqm

CINEMAS
Size required: 1,500 sqm to 3,500 sqm

SPORTS CLUBS
Size required:
900 - 2,000 sqm
up to 5,000 sqm

CHILDREN's EDUCATION CENTRE
Size required:
900 - 2,000 sqm



STUDIOS
Size required:
300 - 500 sqm

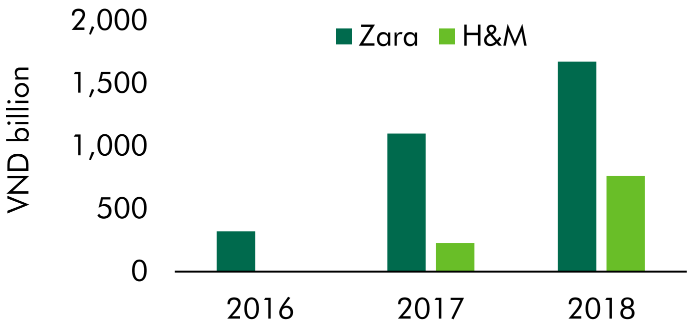
GAMES ARCADES
Size required:
1,000 - 2,000 sqm

Source: CBRE, Skyscrapercity

ANCHOR TENANTS IN SHOPPING CENTRES

Brings more value than only base rents

Fast Fashion revenue



Source: Cafef, VIRAC

Vincom welcomed 160 million of visits, increase of 40% y-o-y

H&M opened the 7th store in Vietnam

nay với việc khai trương cửa hàng thứ tư tại TP.HCM, đồng thời là cửa hàng thứ bảy trên toàn quốc.

CONTINUING RECENT TRENDS

Leveraging customer experience

"RETAILTAINMENT" in VIETNAM

Playing with 3D animation during meals

Eating kit

Karaoke during shopping

Dancing break

and South East Asia

Samsung pop-up cafe (Beijing)

Kiehl's Coffee House (Hongkong)

Muji Thailand to open largest store yet, includes 'coffee corner'

Tiffany & Co pop-up cafe (Singapore)

NEW BRANDS IN THE MARKET

9M 2019, HCMC

F&B

PLAY dim sum
HaiDiLao HotPot 海底捞火锅
Grand jeté
SALADSTOP!
MELLOWER COFFEE
IPPUDO
kyoto soft serve
GREYHOUND CAFÉ
SWAN CAFE & BAKERY スワン JAPAN QUALITY
mr bean life's simple pleasures

Fashion

DECATHLON
JELLY BUNNY
TOMMY JEANS
PONY
MISSGUIDED
et cetera
COLORBOX
CC-OO CC DOUBLE O
Camicissima MILANO SINCE 1931
DELAMIBRANDS
EVERLAST
fitflop
BLOOM
MLB

Others

Cath Kidston
INGLOT
watsons
JAJU

Why Australian Joint-Venture The Coffee Club approaches Vietnam competitive coffee market?

Ho Chi Minh City - On 5th August 2019, the Australian coffee-restaurant chain, The Coffee Club, is set to open in Vietnam, marking another significant milestone in the journey of ramping up its international expansion with more than 400 current stores worldwide.

Japanese retailer Muji set to enter Vietnam

By Anh Tu February 22, 2019 | 09:28 am GMT+7

Pablo Cheesetart Vietnam opens in Ho Chi Minh City

July 9, 2019 Inside Retail Asia

Pablo Cheesetart Vietnam has expanded into Ho Chi Minh City, its second store in the country.

Located inside Saigon Garden complex on Huynh Thuc Khang Street, the outlet attracted long queues of cheese-tart fans on opening day.

IKEA to buid US$450-million retail center in Hanoi

Updated at Thursday, 17 Jan 2019, 15:59

The Hanoitimes - Once completed, the center would be IKEA's main supply hub for its South market, Vnexpress reported.

FDI contributes comprehensively to Hanoi socio-economic development: Mayor

Swedish home furnishings giant IKEA plans to build a retail center and warehouse system in Ha investment of US$450 million, revealed Nguyen Duc Chung, chairman of the Hanoi People's Committ

Japan's Hachi-ban ramen forays into Vietnam

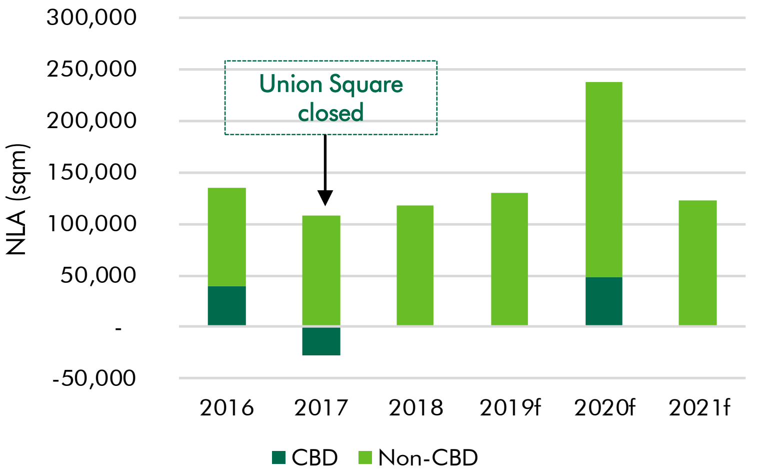
2019/7/19 10:24

Facebook Twitter B! Bookmark

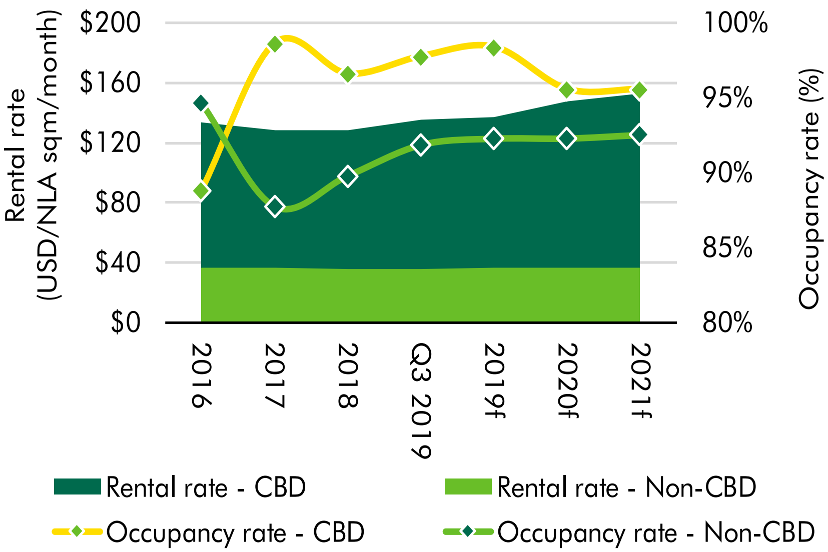
MARKET OUTLOOK

Positive market performance along with new supply

New Supply by Years



Market Performance



Source: CBRE Research, Q3 2019

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HCMC Market Insights Q3/2019

Up to 2020…

Over **200.000 sqm NLA** will be opened in the market

Occupancy rate to be **stable at good level**, especially in the CBD

Attraction categories: **F&B, Fashion, Entertainment, Health and Beauty**

New format: **more community focused** or underground shopping centre connecting to Metroline

3

HCMC CONDOMINIUM

LUXURY:	*> US$4,000 psm*
HIGH END:	*US$2,000 – 4,000 psm*
MID END:	*US$1,000 – 2,000 psm*
AFFORDABLE:	*< US$1,000 psm*

(Not incl. VAT)

SPOTLIGHTS

The Korea Times 30/09/2019

Korean billionaires eye Vietnamese real estate

Việt Nam News 12/09/2019

HCMC seeks to develop urban river-canal network

NDH 20/09/2019

Ministry of Construction proposes to build condominium units of 25 sqm

VGP NEWS 26/07/2019

February 2020, submitting a draft revision of the 2013 Land Law

NDH 15/08/2019

Real estate enterprises mobilized over VND 8,300 billion of bonds in seven months

AND NEW CHALLENGES

CAFEF 27/09/2019

Alibaba’s model was found in other projects

Saigoneer 13/09/2019

Saigon's First Two Metro Lines Delayed Again

VNEXPRESS 17/09/2019

HCMC facing social housing shortage

Việt Nam News 14/09/2019

Overlaps in legal system create difficulties for property businesses

vietnamnet 18/09/2019

Heavy traffic congestion in Saigon main roads

tuổi trẻ online 01/10/2019

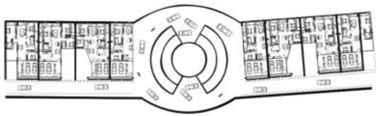
Increasing air pollution

VIETNAM INSIDER 08/05/2019

Saigon’s streets seriously flooded due to a heavy rain

NEW PRODUCTS

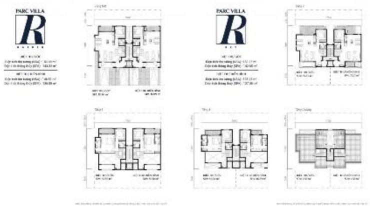
Sky Linked Villa



Diamond Alnata (Celadon City)

Stack Villa

Le Centre - Swan Bay



Commercial area

Metropole Thu Thiem

Commercial and office area

Shoplot

Q2 Thao Dien

HCMC CONDOMINIUM MARKET OVERVIEW

Vinhomes Grand Park launch event

13,072
New Launch

▲ 107% Y-o-Y

▲ 217% Q-o-Q

13,386
Sold Units

▲ 213% Y-o-Y

▲ 113% Q-o-Q

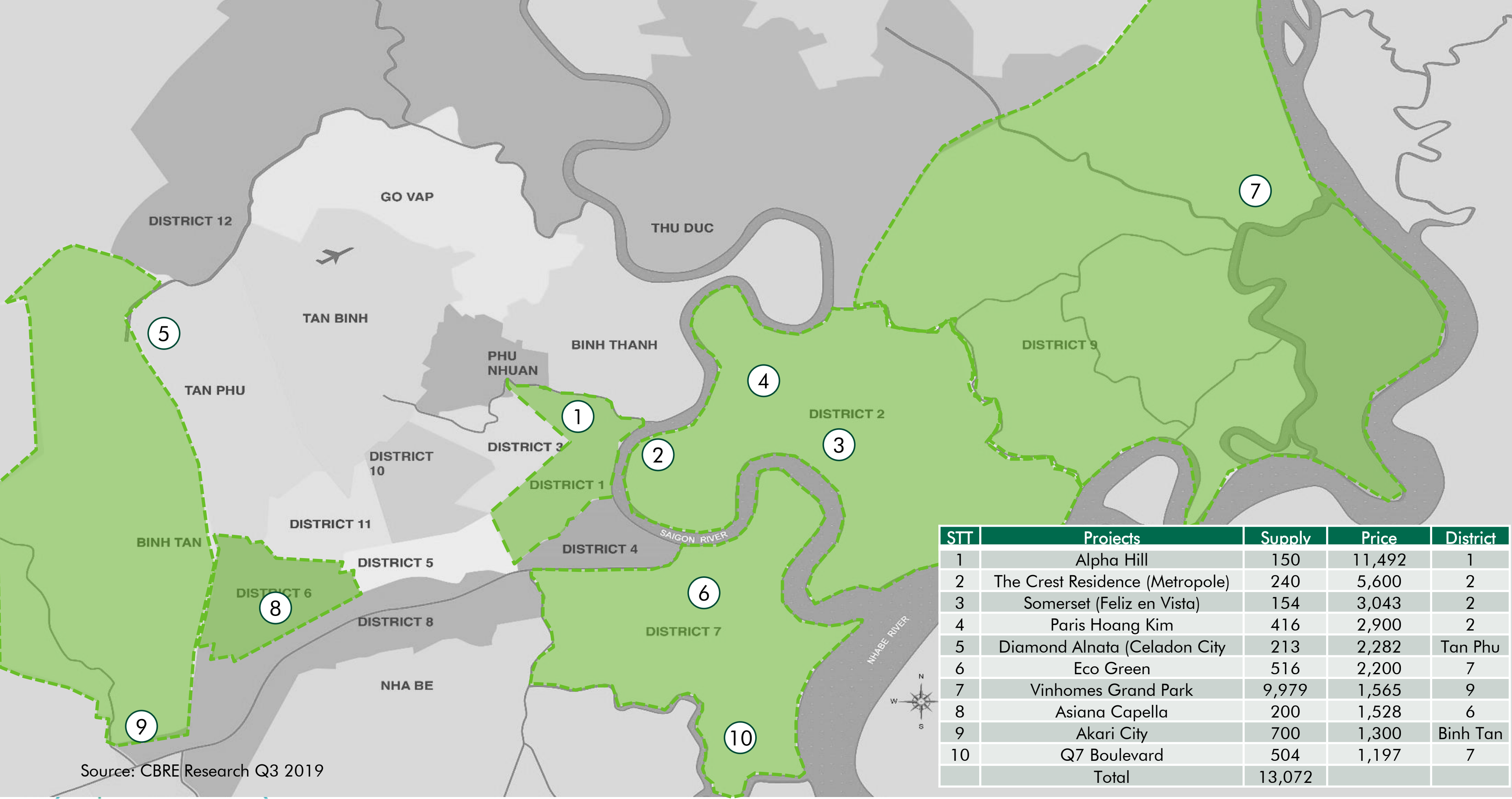
1,851
Selling price

▲ 15% Y-o-Y

– 0% Q-o-Q

Source: CBRE Research, Q3 2019.

MAP OF NEW LAUNCH BY DISTRICT

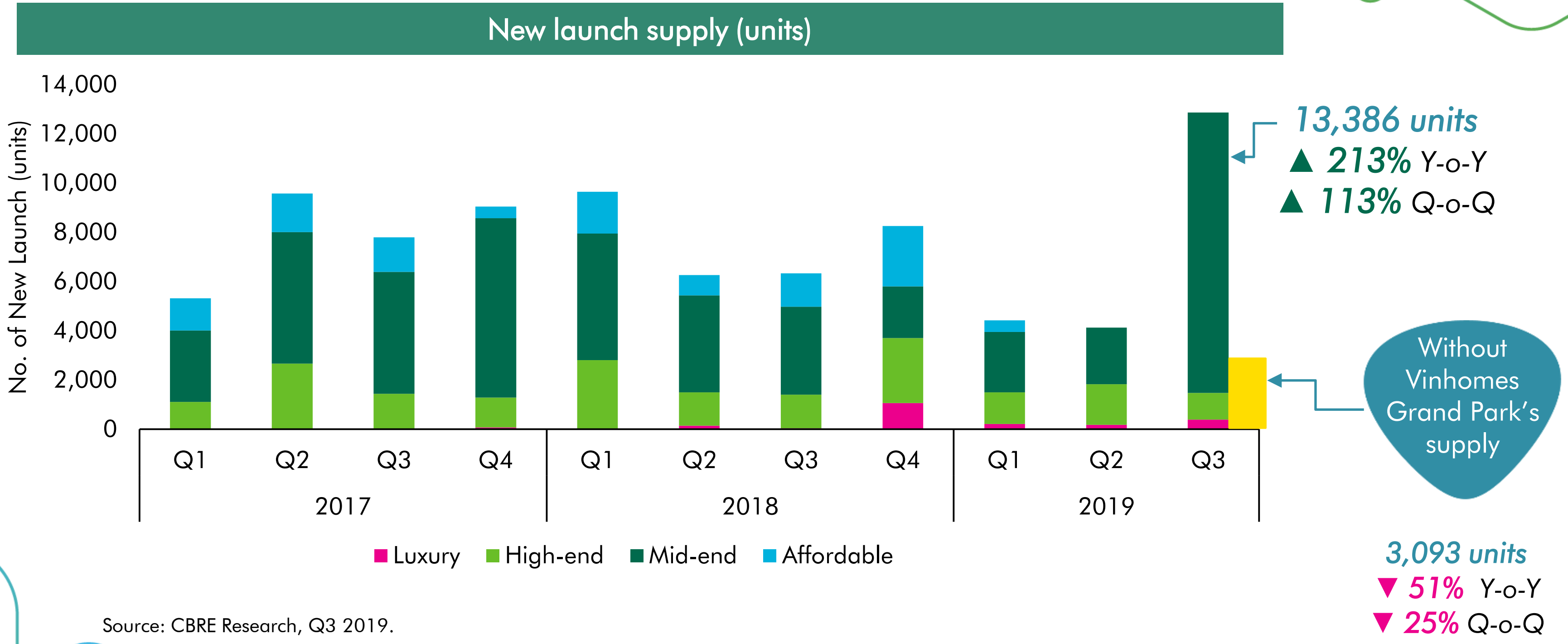


STT	Projects	Supply	Price	District
1	Alpha Hill	150	11,492	1
2	The Crest Residence (Metropole)	240	5,600	2
3	Somerset (Feliz en Vista)	154	3,043	2
4	Paris Hoang Kim	416	2,900	2
5	Diamond Alnata (Celadon City	213	2,282	Tan Phu
6	Eco Green	516	2,200	7
7	Vinhomes Grand Park	9,979	1,565	9
8	Asiana Capella	200	1,528	6
9	Akari City	700	1,300	Binh Tan
10	Q7 Boulevard	504	1,197	7
	Total	13,072		

Source: CBRE Research Q3 2019

NEW LAUNCH SUPPLY

~80% of new launch came from one township project

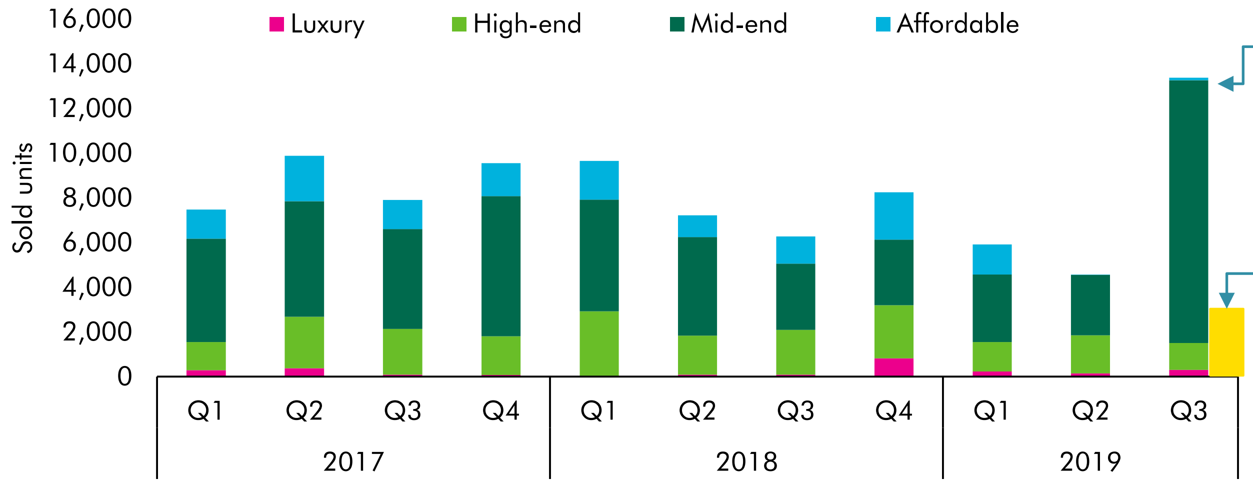


Source: CBRE Research, Q3 2019.

POSITIVE SALES PERFORMANCE

Was mainly driven by one project

Sold units

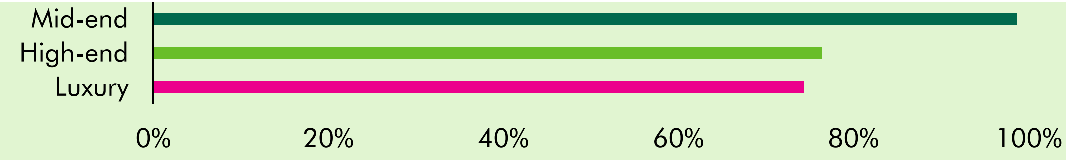


13,072 units
▲ *107%* Y-o-Y
▲ *217%* Q-o-Q

Without Vinhomes Grand Park's supply

3,407 units
▼ *46%* Y-o-Y
▼ *26%* Q-o-Q

ABSORPTION RATE
in Newly Launched Projects Q2 2019

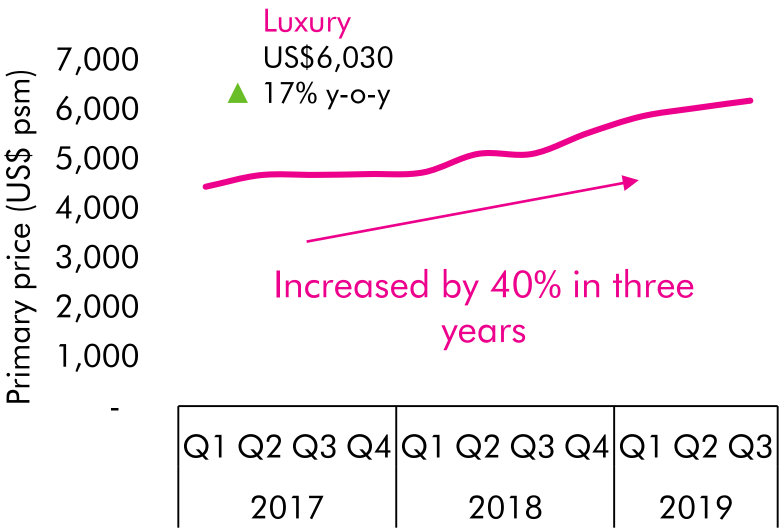


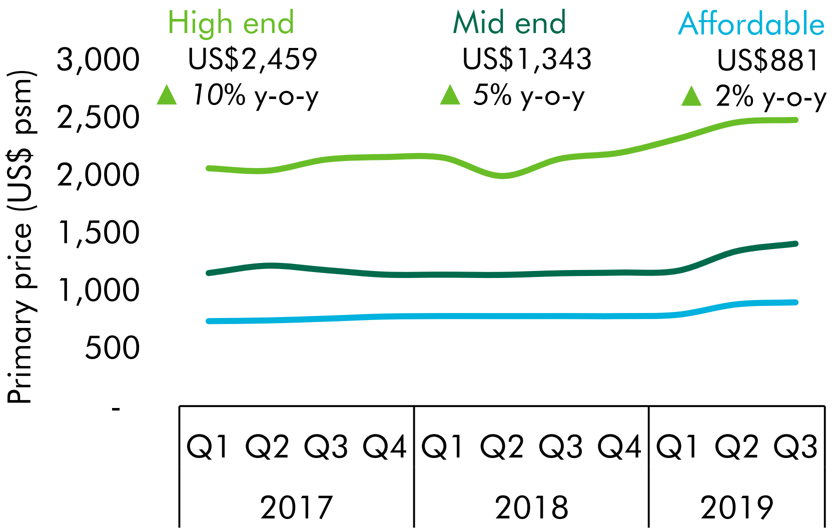
Source: CBRE Research, Q3 2019.

PRIMARY PRICE INCREASED ACROSS ALL SEGMENTS

HCMC Market Insights Q3/2019

Primary price, US$ psm





(*) Selling price: US$ psm (exclude VAT and quote on NSA)

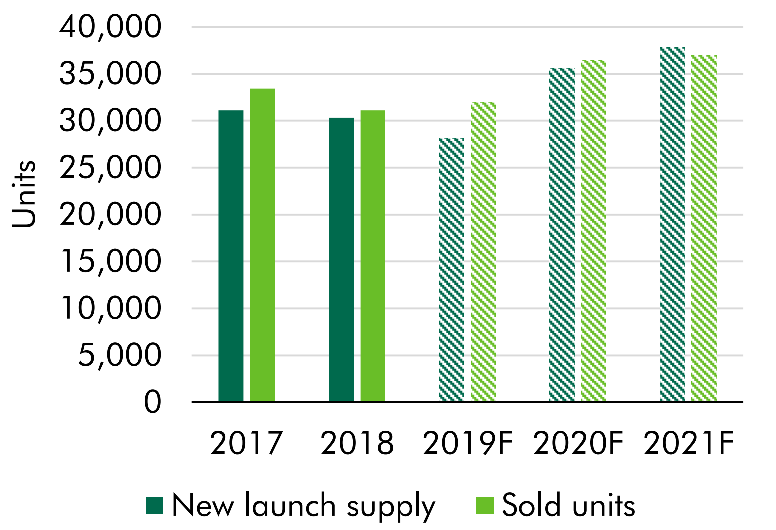
Source: CBRE Research, Q3 2019.

HCMC Market Insights Q3/2019

MARKET OUTLOOK

Drop in new launch leads to good sale performance

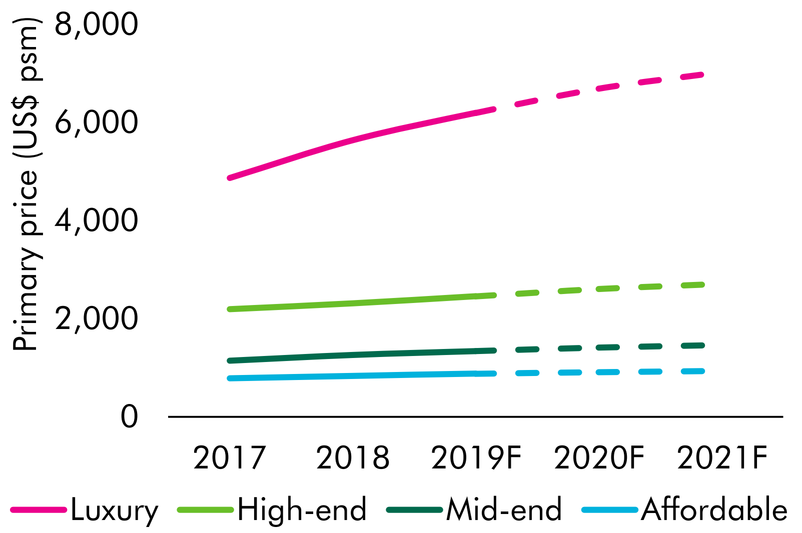
Forecast on New launch and Sold units



Selling price: US$ psm (exclude VAT and quote on NSA)

Source: CBRE Research, Q3 2019

Forecast on Primary Price



▲ 5% - 10% y-o-y in average

Up to 2020…

New supply will come from **township in the East and West** of the city with better living condition.

Foreign developers actively expand their presence in **Mid-end segment** to catch high demand.

More product options for buyers which will focus on **convenience** and **optimizing usable area**.

Competitive rental market, compress rental yield with stable income.

4

HCMC LANDED PROPERTY

HCMC LANDED PROPERTY MARKET OVERVIEW

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HCMC Market Insights Q3/2019

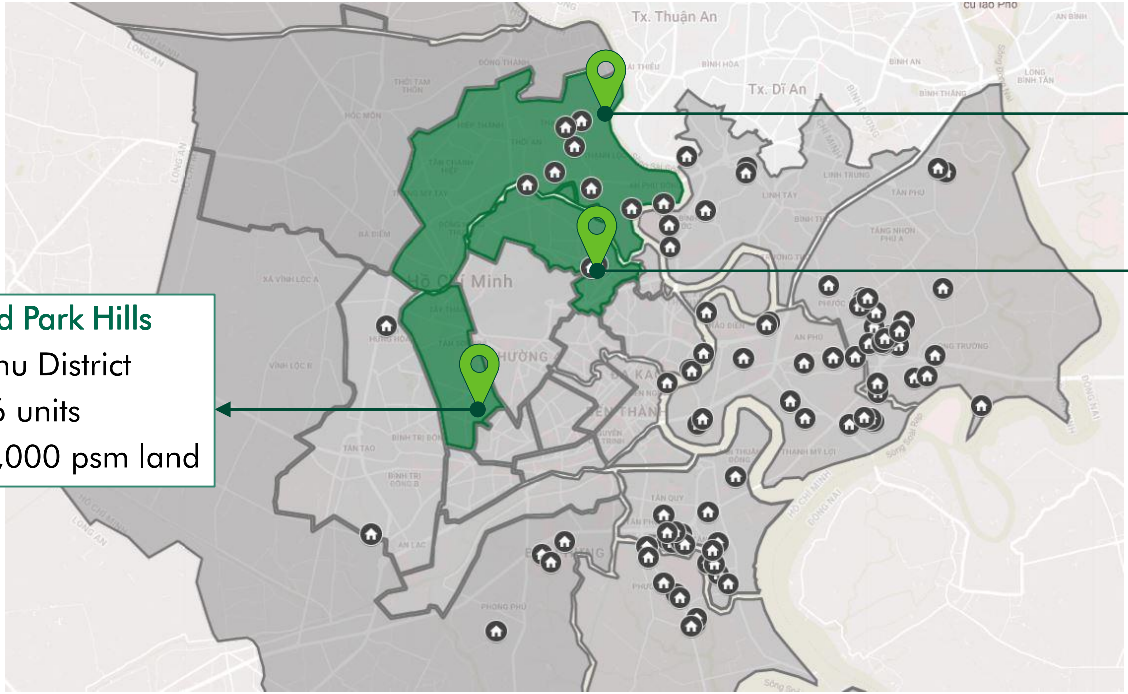
Shortage of new supply: Q3/19 welcomed two new projects (61 units) and new phase of one existing project (66 units)

	Villa	Townhouse	Shophouse	
TOTAL SUPPLY	5,972 ▲ 0% q-o-q ▲ 2.5% y-o-y	8,364 ▲ 1.5% q-o-q ▲ 6.7% y-o-y	1,904 ▲ 0% q-o-q ▲ 7.4% y-o-y	Units
SECONDARY ASKING PRICE	4,707 ▲ 6.8% q-o-q ▲ 20.1% y-o-y	3,730 ▲ 3.0% q-o-q ▲ 4.2% y-o-y	5,514 ▲ 2.3% q-o-q ▲ 4.5% y-o-y	$ USD psm
CUMULATIVE SOLD RATE (*)	96.2%			(%)

Source: CBRE Research, Q3 2019.

Note: Asking price is calculated per sqm of land area (including construction cost and excluding 10% of VAT)
(*): Cumulative sold rate = Cumulative sold unit/ Cumulative total supply

ALL NEW PROJECTS ARE SMALL SCALE, IN DECENTRALIZED LOCATIONS AND FROM LOCAL DEVELOPERS



Bao Ngoc Garden
District 12
40 units; ≈ USD2,300 psm land
Sold rate: 13%

Ruby Boutique Residence
Tan Phu District
21 units; ≈ USD5,200 psm land
Sold rate: 50%

Cityland Park Hills
Tan Phu District
66 units
≈ USD10,000 psm land

Source: CBRE Research, Q3 2019.

Note: Asking price is calculated per sqm of land area (including construction cost and excluding 10% of VAT)

LARGE SCALE PROJECTS WERE DELAYED

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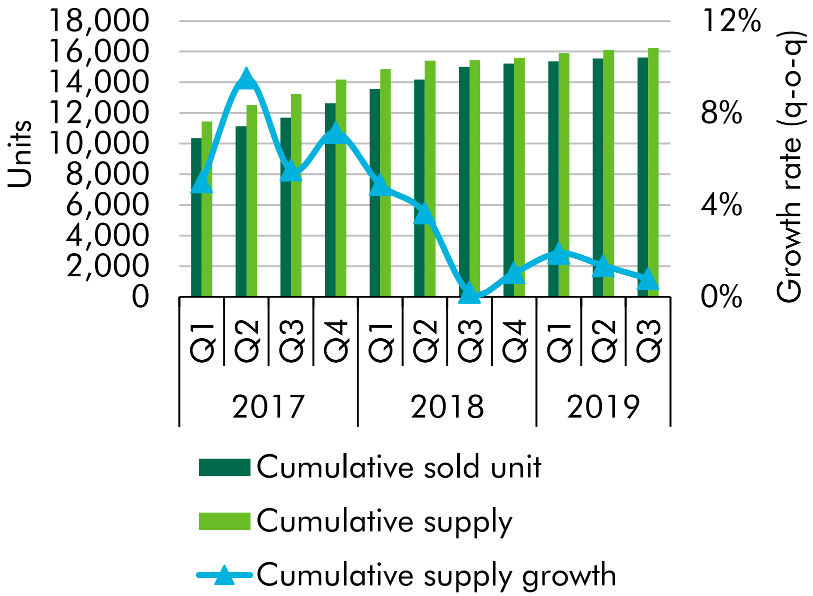
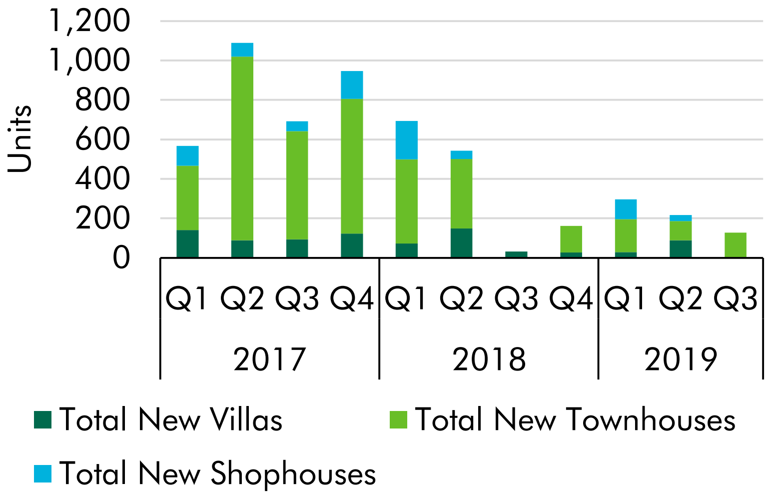
HCMC Market Insights Q3/2019

Cumulative total supply and sold units



Source: CBRE Research, Q3 2019.

New supply



ZEITGEIST XII

VINHOMES Grand Park

VEROSA PARK

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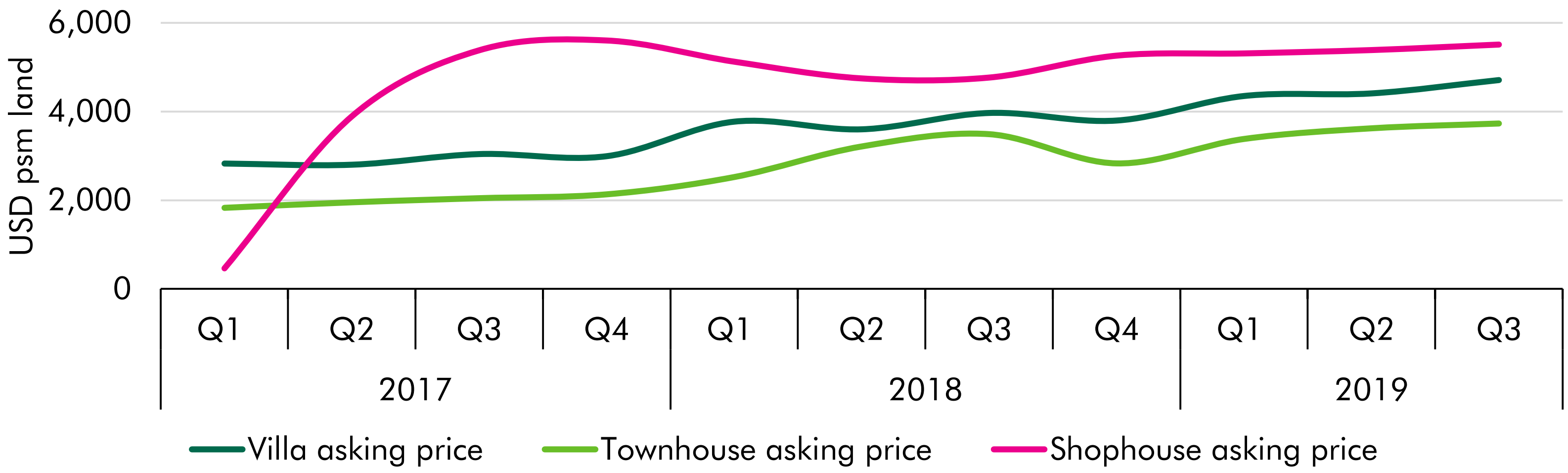
SELLING PRICE INCREASED SLIGHTLY

Ready-built villa and townhouse, Secondary asking price

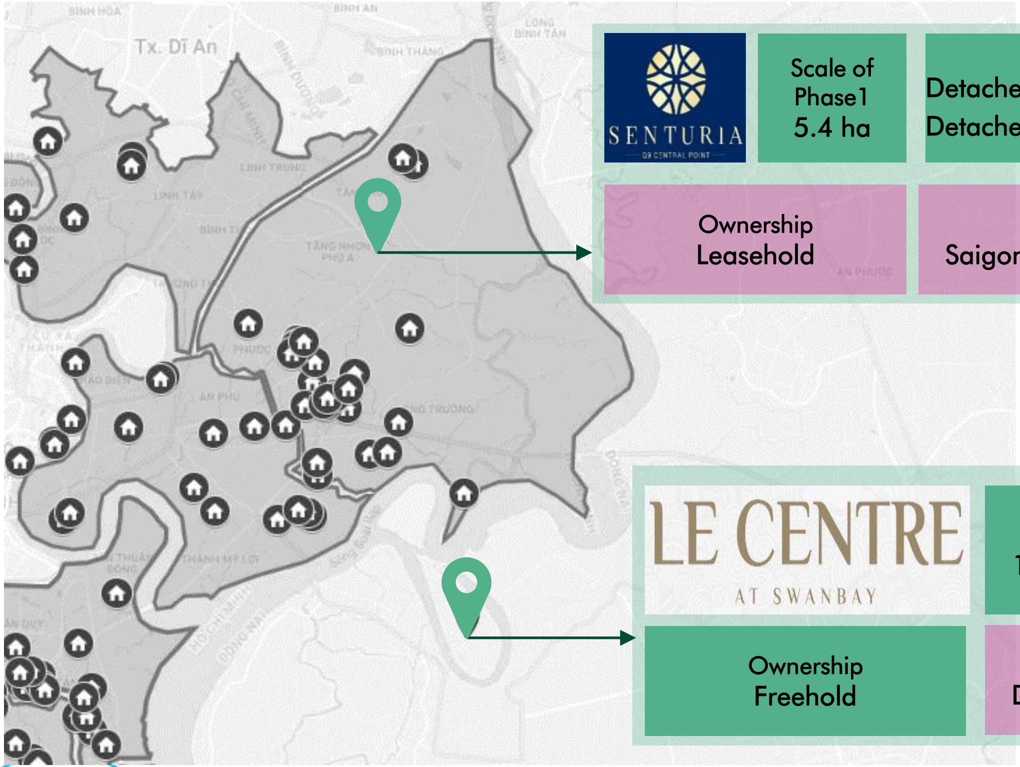


Source: CBRE Research, Q3 2019.

Note: Asking price is calculated per sqm of land area (including construction cost and excluding 10% of VAT)

LIMITED LAND BANK IN HCMC

New product types were introduced to the market



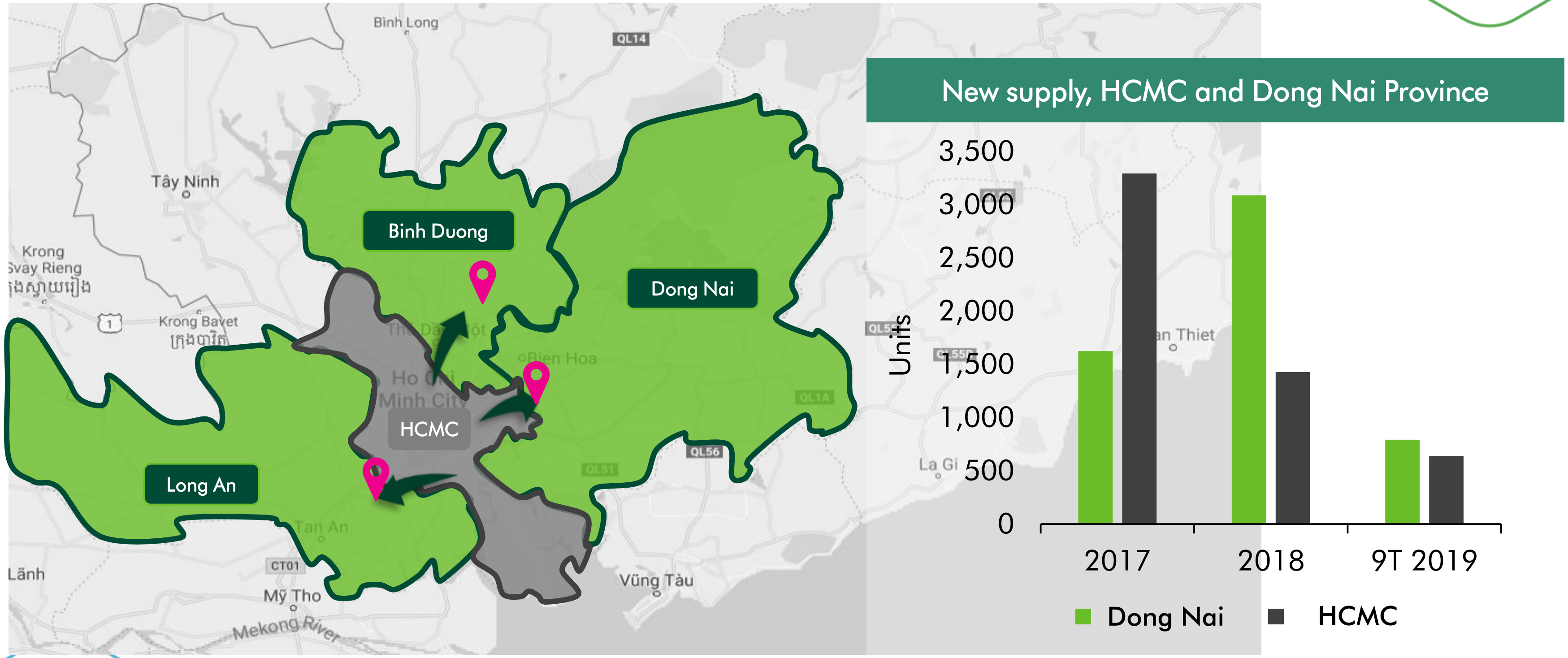
SENTURIA – Q9 CENTRAL POINT

Scale of Phase1	5.4 ha
Product type (Phase 1)	Detached villa | 11 x 11 | 70 units Detached villa | 15 x 15 | 12 units
Ownership	Leasehold
Location	Saigon High-tech Park (District 9)

LE CENTRE – AT SWANBAY

Scale	19.9 ha
Product type	Stacked shophouse | 6 floors | 2 modules Stacked villa | 5,5 floors | 2 modules
Ownership	Freehold
Location	Dai Phuoc Islet - Dong Nai Province

MARKET IN NEIGBOURING PROVINCES BECOME ACTIVE WITH LARGE TOWNSHIP PROJECTS

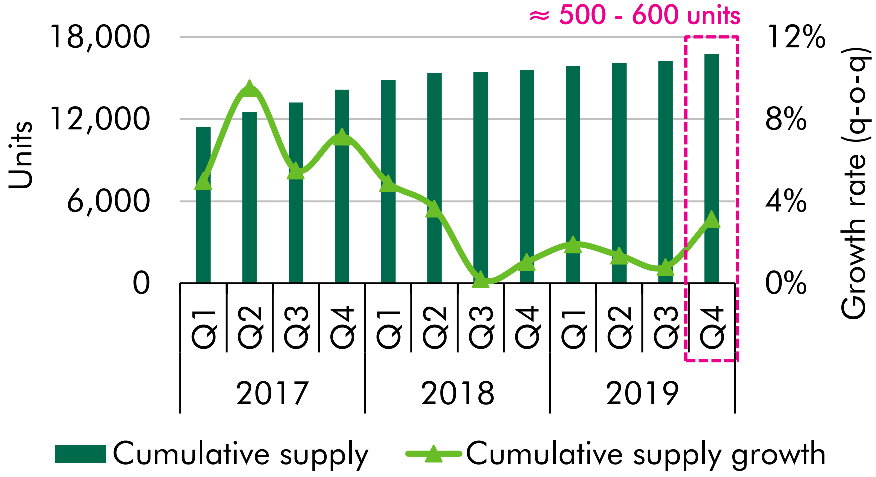


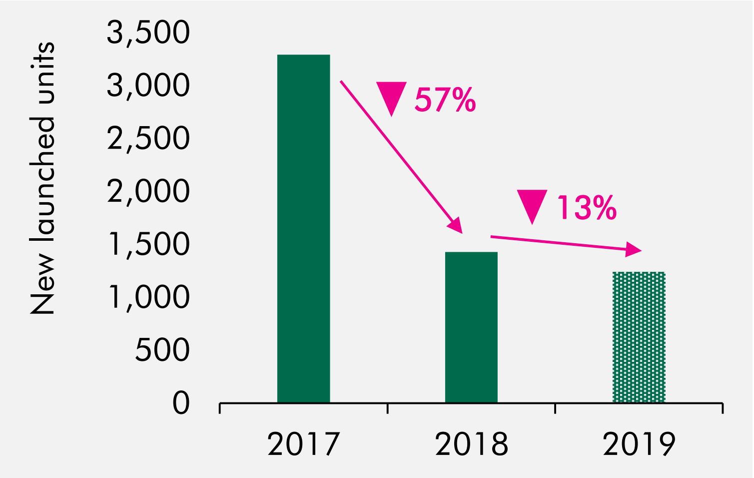
Source: CBRE Research, Q3 2019.

MARKET OUTLOOK

Total number of new launched units will continue to decrease

New supply forecast





Source: CBRE Research, Q3 2019.

TO 2020…

Large scale projects will be launched.

Continue positive absorption rate while selling price will be more stable.

Townhouse with **small land plot** in suburban areas will be preferred.

Inter-provincial infrastructure will be key factor for price determination.

5 HCMC SERVICED APARTMENT

HCMC SERVICED APARTMENT MARKET OVERVIEW

9M 2019: Improved performance from Grade B

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	Grade A		Grade B	
TOTAL SUPPLY	1,914 units 13 projects	3 new projects	2,787 units 27 projects	Total units
ASKING RENTS	▼ 1.1% y-o-y	38.8 USD	33.3 USD ▲ 2.7% y-o-y	USD/sqm/month
VACANCY RATE	▼ 6.4 ppts y-o-y	6.7%	12% ▲ 3.5% ppts y-o-y	(%)

Asking rent is based on NLA, exclusive of VAT and service charge

Source: CBRE Research, Q3 2019

MOST OF NEW PROJECTS ARE IN CBD

Mai House Saigon

Grade A
Operator: InVision
No. of serviced apartment units: 43 units

D1Mension Residences – Block A

Grade B
Operator: Somerset
No. of serviced apartment units : 60 units

Republic Plaza

Grade B
Operator: N/A
No. of serviced apartment units : 212 units

Source: CBRE Research, Q3 2019

MARKET PERFORMANCE

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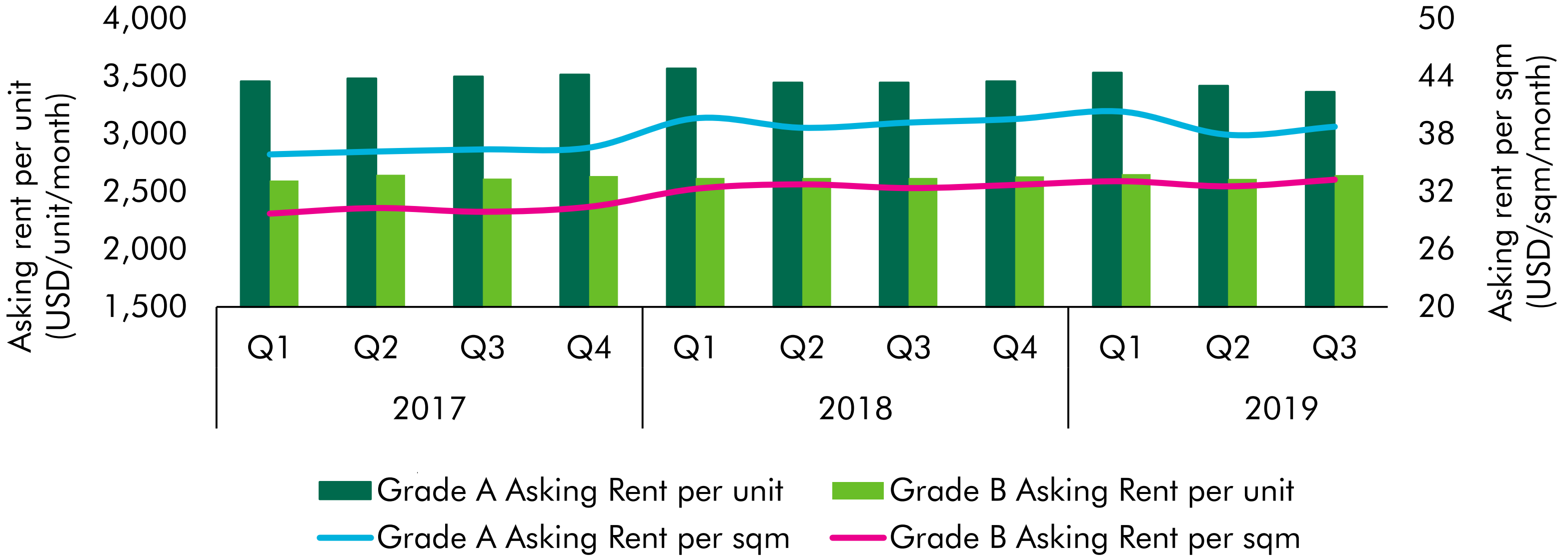
Asking rent per sqm went up while asking rent per unit decrease slightly

HCMC Serviced Apartment, Asking rent per sqm & unit, Q3 2019



Source: CBRE Research, Q3 2019

FLEXIBLE LEASE FOR SERVICE APARTMENT PROJECTS

Republic Plaza

Separate operations

Still have shared spaces

Hotel entrance

Serviced apartment entrance

Pool

Parking lot

More options for tenants

Tenants in serviced apartments can use hotel's additional facilities

Source: CBRE Research, Q3 2019

Up to 2020...

More than **400** serviced apartment **units** will come to the market

Both vacancy rate and asking rent will be **stable**

Expats will continue to dominate the demand for serviced apartments

Foreign operators will continue to lead the market

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DISCLAIMER

THANK YOU

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