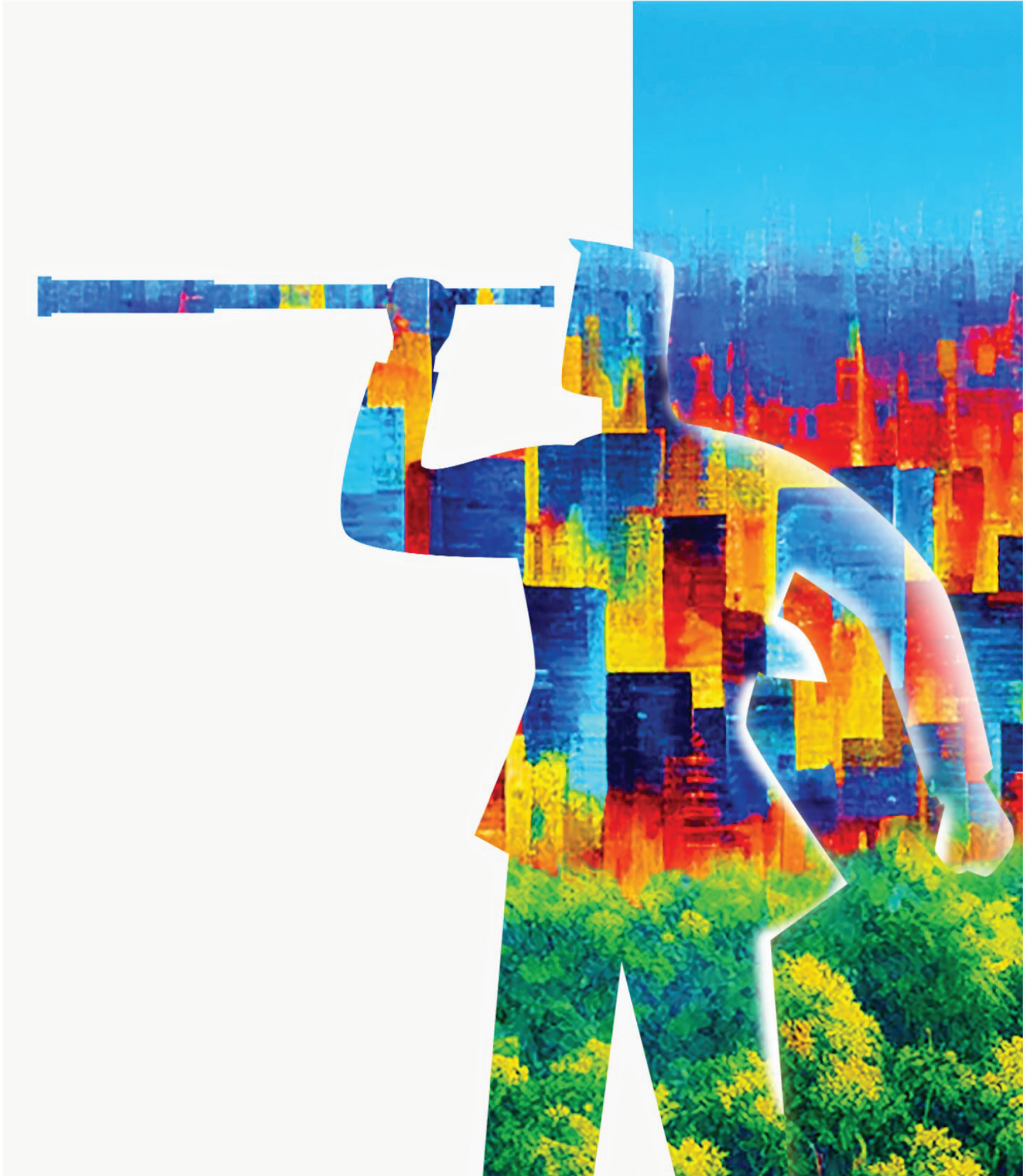


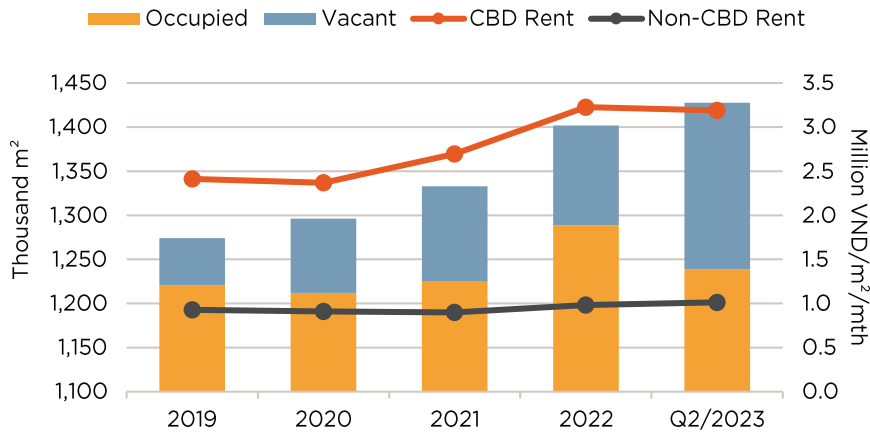
Market Brief

Q2/2023



RETAIL

Performance



Shopping centres and retail podiums in residential projects were in hot demand in Q2/2023. However shophouses continue to struggle after the pandemic.

Hoang Nguyet Minh

Senior Director, Commercial Leasing, Savills Ha Noi



KEY FINDINGS

Supply

Stock of 1.7 million m² net leasable area (NLA) increased by 1% quarter-on-quarter (QoQ) and 2% year-on-year (YoY). Stock growth has averaged 3% per annum (pa) for five years.

Shopping centres had a 56% share of stock or 962,400 m². Since 2019, department store stock has had the greatest increase at 10% pa, followed by retail podiums at 8% pa and shopping centres at 2% pa.

Weaker Occupancy but Higher Rent

At VND 1,070,000/m²/month gross, ground floor rent increased by 3% QoQ and 13% YoY.

Occupancy eased by -4 pts QoQ and -2 pts YoY to 87%. In the East and 'Others' areas, take-up fell by -29,500 m². Shopping centres had the greatest decrease of -30,200 m².

Discretionary to Necessity Spending

A shift from discretionary to necessity spending will dampen retail prospects, with fashion and cosmetics, entertainment, and fitness being the hardest hit. Supermarkets will benefit from substantial spending growth on household, personal care products and food products. Education and healthcare tenants will be strongholds amid weak economic growth.

Large groups lead supermarket stock; AEON Mall had a 36% share of segment stock, WinMart followed with 27%, and Go! had a 19% share. Large retail chains are pursuing expansion strategies to secure their place in the market and build brand recognition.

Suburban Shopping Centres as Entertainment Hubs

The retail landscape in Ha Noi is changing. While small retail podiums and medium-sized shopping centres are rising in central locations, mega shopping centres are moving to the outskirts and using unique entertainment elements as a competitive advantage.

AEON Mall Ha Dong and Long Bien are producing special events like Eco Event 2023 and Dreamkids Got Talent. AEON Mall also hosts annual events like blood donation drives or fairs. Vincom Ocean Park is a supplement to the larger entertainment complex that comprises a crystal lagoon and a night market.

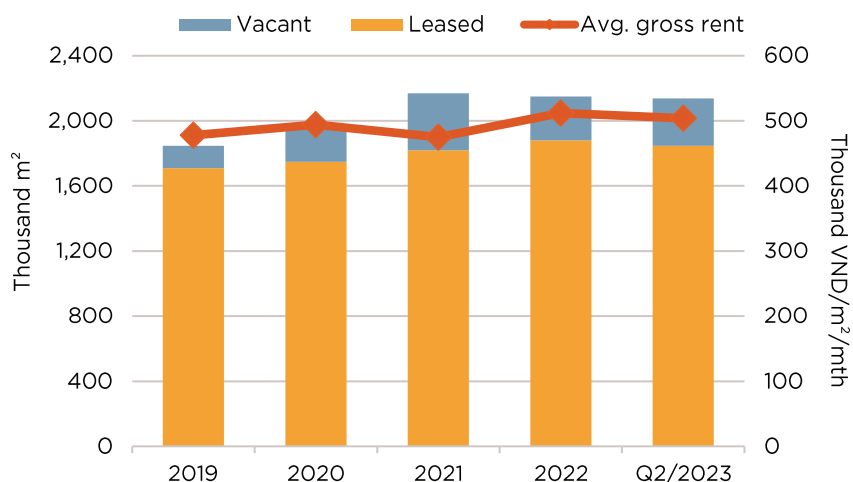
Outlook

In H2/2023, three shopping centres and four retail podium projects with 130,400 m² NLA are expected. The Secondary area will have an 83% share, the Others will have a 9% share and the West will have 8%.

Lotte Mall Hanoi will expand its offering to 82,550 m² NLA and will be Ha Noi's second largest shopping centre. It integrates traditional retail with experiential features, transforming the centre from a purely transactional space to an experiential destination that combines leisure, entertainment, and brand building.

OFFICE

Performance



Source Savills Research and Consultancy



We saw fewer transactions exceeding VND 950,000/m²/month, with more modest rent preferred. Tenants are being prudent when making decisions for the medium term.

Hoang Nguyet Minh
Senior Director, Commercial
Leasing, Savills Ha Noi



KEY FINDINGS

Supply

Stock of 2.14 million m² NLA decreased by -2% quarter-on-quarter (QoQ) and -1% year-on-year (YoY) after a Grade A and two Grade C projects closed for internal use.

Since 2019, Grade B stock has increased by 5% per annum (pa), Grade A by 4% pa, and Grade C by 1% pa. The West was the largest supplier with a 40% share or 873,700 m² NLA.

Economic Dips Pressure Rent

Gross rent of VND 504,000/m²/month decreased by -2% QoQ and was stable YoY.

Occupancy was stable QoQ but fell by -2 ppts YoY to 86%.

In H1/2023, take-up was negative at -33,400 m². Grade B had the greatest decrease of -26,650 m². Businesses are facing financial pressure. Despite robust performance during the pandemic and in 2022, ICT companies throughout Southeast Asia, particularly tech start-ups, are slowing after a hot period. In Ha Noi, several ICT enterprises have terminated their contracts early.

To remain competitive and uphold occupancy, several landlords are reducing rent and intensifying promotions to support tenants. Meanwhile, tenants are prioritising costs when assessing their lease options and favour buildings within the same grade with more affordable prices.

Economic Factors

In H1/2023, 16,900 businesses suspended or dissolved operations in Ha Noi, a record high and increasing by 29% YoY. Newly established enterprises and those resuming operations fell for the first time since H1/2020.

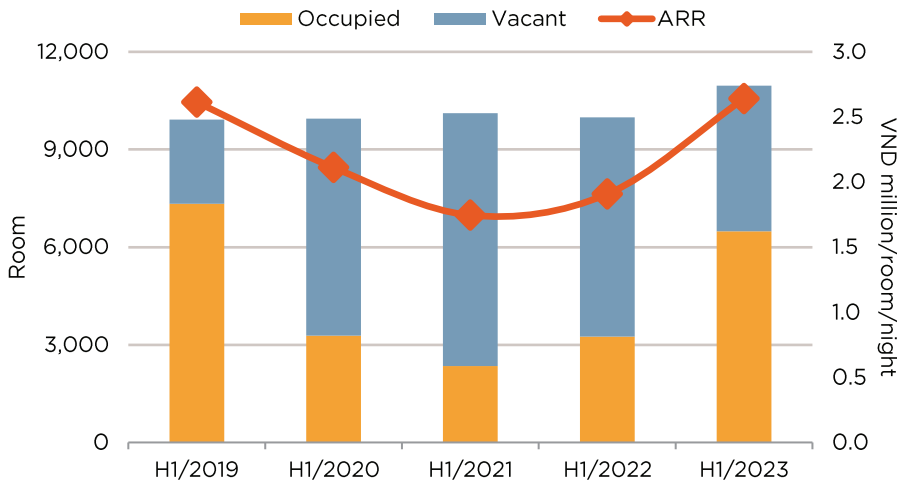
Outlook

By the end of 2023, four new projects will deliver 80,279 m². Lotte Mall will have a 38% share, making it the second largest office project in Ha Noi after Capital Place. This addition will increase Grade A stock by 13%.

In 2024 and 2025, prime supply is expected with the entry of Tien Bo Plaza, Gelex 10 Tran Nguyen Han, Taisei Ha Noi Office Tower and Starlake offices.

HOTEL

Performance



Source Savills Research & Consultancy

“ International visitors are yet to fully return, and Chinese visitors are well below 2019 levels. Although new visa policies will support improvement, full recovery is only expected post 2024.

Troy Griffiths
Deputy Managing Director



KEY FINDINGS

Four & Five-Star Increases

Stock of 10,962 rooms increased by 7% quarter-on-quarter (QoQ) and 10% year-on-year (YoY). Three hotels with 633 rooms were graded five-star, including international brands Dolce by Wyndham Ha Noi Golden Lake and Grand Mercure Ha Noi. One hotel with 133 rooms was graded four-star.

In Q2/2023, occupancy reached 62%; however, it was still lower than 73% in Q2/2019. Rent of VND 2.5 million/room/night decreased by -6% QoQ but rose by 26% YoY after recovery slowed.

Slow International Recovery

In H1/2023, Viet Nam had 70 million visitors, equal to 63% of the 2023 target. There were 64 million domestic visitors (up 5% YoY) and 5.6 million international visitors (up 826% YoY).

Koreans were the highest with a 29% share or 1.6 million visitors; Chinese had a 10% share, and US a 7% share. After resuming international travel in March 2023, there were 557,000 Chinese visitors to Viet Nam; -77% fewer than in H1/2019.

Ha Noi had 12 million visitors, increasing by 5% YoY and equal to 55% of the 2023 target. Domestic visitors of 10 million met 53% of the 2023 target. There were 2 million international visitors equal to 66% of the 2023 target but still trailing 2019 levels.

Viet Nam is updating its visa policies to attract more international arrivals. From 15 August 2023, Viet Nam will extend the e-visa validity from a 30-day, single-entry visa to a 90-day visa with multiple entries.

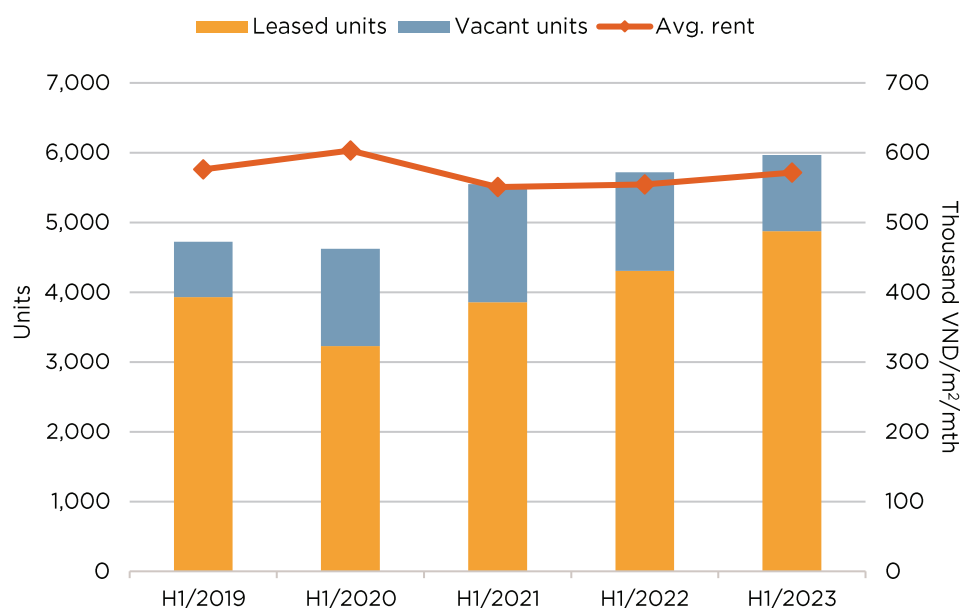
Incoming International Supply

In H2/2023, L7 West Lake Ha Noi operated by Lotte will launch 264 rooms in Tay Ho District.

In 2024 and 2025, more than 2,600 rooms are expected. International projects include Dusit Ha Noi - Tu Hoa Palace, Fairmont Hotel, Shilla Hotel, Four Seasons and Hyatt Regency.

SERVICED APARTMENT

Performance



Source Savills Research & Consultancy

“ Demand is sound this year with solid FDI inflows. Given that FDI forecasts for northern provinces are positive, the outlook for the sector is good.

Matthew Powell
Director, Savills Ha Noi



KEY FINDINGS

Stable Performance

Stock of 5,966 units from 63 projects increased by 1% quarter-on-quarter (QoQ) and 4% year-on-year (YoY), after Lancaster Luminaire (Grade A) was launched with 120 units.

Occupancy of 82% increased by 2 ppts QoQ and 6 ppts YoY, and rent of VND 572,000/m²/month increased by 3% QoQ and YoY.

FDI Overview

Registered FDI in H1/2023 was the lowest in five years at US\$13.4 billion, decreasing by -4.3% YoY. Newly registered increased by 31% YoY,

Singapore was the largest investor with a 22% share, followed by Japan with 16% and China with 15%.

Exports by FDI businesses reached US\$120 billion, decreasing by -13% YoY; imports of US\$100 billion fell by -17% YoY. The uncertain macro environment hindered global trade and influenced FDI businesses.

Ha Noi had the highest registered FDI in Viet Nam, followed by HCMC, Bac Giang, Binh Duong, and Hai Phong. The largest was an M&A deal by Sumitomo (Japan) valued at US\$1.5 billion. Bac Giang also had notable investments, including Ingrasys (Singapore) with newly registered FDI of US\$621 million and Hainan Longi Green Energy (China) with newly registered FDI of US\$140 million. Continuing FDI inflows in neighbouring provinces support demand for serviced apartments in Ha Noi.

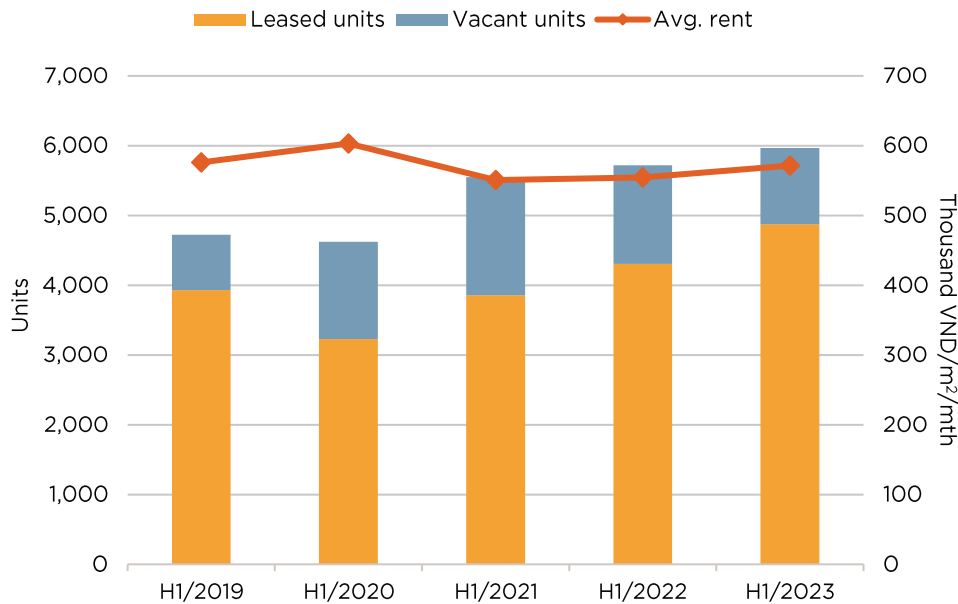
Outlook

Of the 4,013 confirmed future units, Tay Ho District will have the greatest share at 45% with 2,615 units. Projects include L7 West Lake Ha Noi with 192 units expected in H2/2023 and Parkroyal Serviced Suites Ha Noi with 261 units expected in 2024.

In June 2023, construction started on Ring Road 4, which is expected to open in 2027. It will pass through Bac Ninh and Hung Yen, improving connectivity between Ha Noi and these industrial provinces.

SERVICED APARTMENT

Performance



Source Savills Research & Consultancy

“ Demand is sound this year with solid FDI inflows. Given that FDI forecasts for northern provinces are positive, the outlook for the sector is good.

Matthew Powell
Director, Savills Ha Noi



KEY FINDINGS

Stable Performance

Stock of 5,966 units from 63 projects increased by 1% quarter-on-quarter (QoQ) and 4% year-on-year (YoY), after Lancaster Luminaire (Grade A) was launched with 120 units.

Occupancy of 82% increased by 2 ppts QoQ and 6 ppts YoY, and rent of VND 572,000/m²/month increased by 3% QoQ and YoY.

FDI Overview

Registered FDI in H1/2023 was the lowest in five years at US\$13.4 billion, decreasing by -4.3% YoY. Newly registered increased by 31% YoY,

Singapore was the largest investor with a 22% share, followed by Japan with 16% and China with 15%.

Exports by FDI businesses reached US\$120 billion, decreasing by -13% YoY; imports of US\$100 billion fell by -17% YoY. The uncertain macro environment hindered global trade and influenced FDI businesses.

Ha Noi had the highest registered FDI in Viet Nam, followed by HCMC, Bac Giang, Binh Duong, and Hai Phong. The largest was an M&A deal by Sumitomo (Japan) valued at US\$1.5 billion. Bac Giang also had notable investments, including Ingrasys (Singapore) with newly registered FDI of US\$621 million and Hainan Longi Green Energy (China) with newly registered FDI of US\$140 million. Continuing FDI inflows in neighbouring provinces support demand for serviced apartments in Ha Noi.

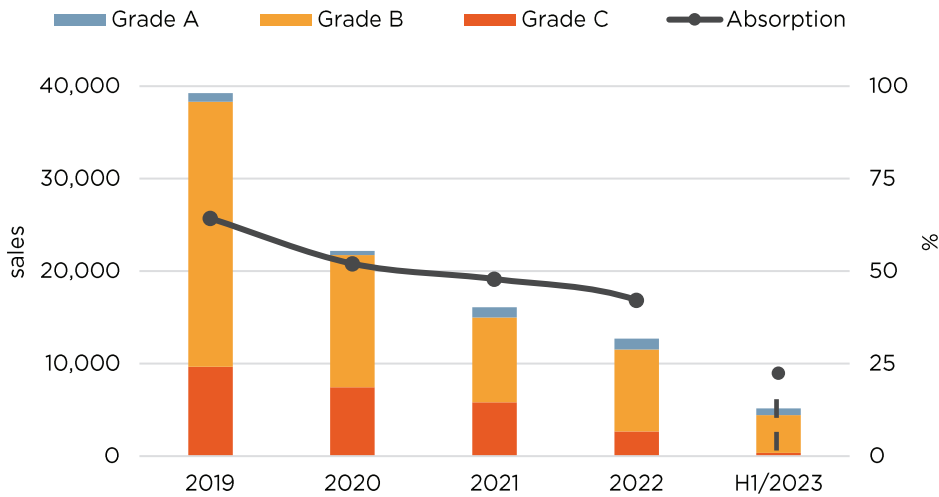
Outlook

Of the 4,013 confirmed future units, Tay Ho District will have the greatest share at 45% with 2,615 units. Projects include L7 West Lake Ha Noi with 192 units expected in H2/2023 and Parkroyal Serviced Suites Ha Noi with 261 units expected in 2024.

In June 2023, construction started on Ring Road 4, which is expected to open in 2027. It will pass through Bac Ninh and Hung Yen, improving connectivity between Ha Noi and these industrial provinces.

APARTMENT

Performance



Source Savills Research and Consultancy

“ Muted conditions will remain until the deposit rate lowers, and more supply enters. The government is dynamically working both sides of monetary and fiscal policy.

Do Thu Hang

Senior Director,
Advisory Services,

Savills Ha Noi



KEY FINDINGS

Good Supply from Existing Projects

New supply in Q2/2023 increased by 76% quarter-on-quarter (QoQ) and 125% year-on-year (YoY) with 3,596 units.

Primary stock of 20,412 units increased by 5% QoQ and 14% YoY. Grade B had a 91% share of stock.

Continued Soft Performance

There were 2,500 sales, decreasing by -6% QoQ but increasing by 11% YoY, and newly launched projects were 28% absorbed.

Price Growth

Primary asking prices of VND 53 million/m² net sellable area (NSA) increased by 1% QoQ and 17% YoY.

Primary prices have increased for eighteen consecutive quarters and are 73% higher than in Q1/2019. This is due to increasing land and construction costs, infrastructure development, and quality improvements.

Secondary prices at projects close to Metro Line 2A stations increased by 22% YoY, higher than the 13% YoY market average.

Urban Development

Gia Lam and Dong Anh will become urban districts this year. In the second quarter, they had a 29% share of Ha Noi's primary stock and a 34% share of sales. From H2/2023 onward, Gia Lam and Dong Anh districts will deliver 19,500 units.

By 2025, Hoai Duc, Dan Phuong, and Thanh Tri will become urban districts. Infrastructure developments such as Ring Roads 3.5 and 4 will support future supply and sales in these areas.

Outlook

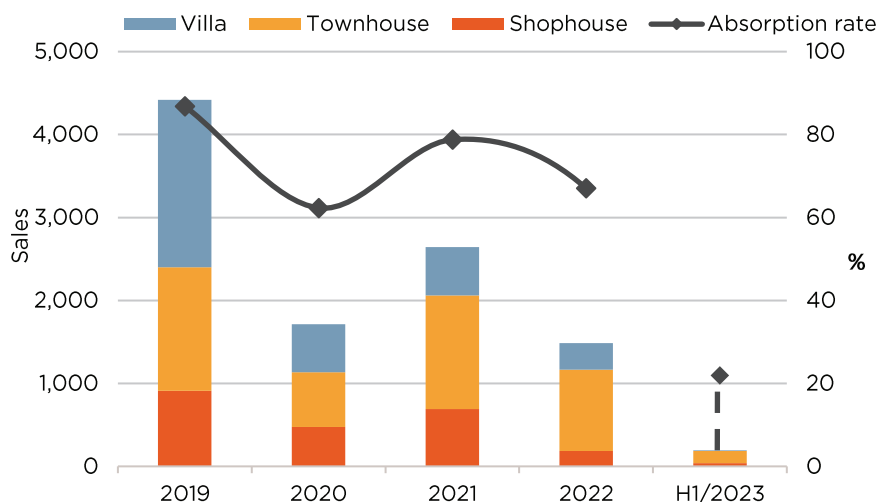
In H2/2023, nine new launches and the next phases of two projects will add 7,000 units. Ha Dong, Nam Tu Liem, and Hoang Mai will have a 73% share.

Long-term residential demand will remain high with positive net migration, a growing population, and high urbanisation.

Between 2023 and 2025, there will be 157,00 new households. However, only 59,000 units (all grades), 9,000 landed properties and 18,700 social housing units are expected; therefore, a shortfall of 70,300 units exists.

VILLA & TOWNHOUSE

Performance



Source Savills Research & Consultancy

“ Sales are gradually rising. We expect continued improvements thanks to the Government’s policies and efforts to remove obstacles. These mechanisms are forecast to enhance transparency and boost buyer confidence.

Matthew Powell
Director, Savills Ha Noi



KEY FINDINGS

New Supply

There were no new projects, and the 126 new dwellings came from two existing projects. New supply increased by 334% QoQ but fell by -14% YoY. Primary stock of 797 dwellings came from 14 projects, rising by 5% QoQ but decreasing by -20% YoY.

Improved Quarterly Sales

Following a stagnant first quarter, sales improved in Q2/2023 to 106 dwellings, up by 20% QoQ but down by -65% YoY. Townhouses remained the favourite with a 53% share of sales. Quarterly absorption of 13% increased by 1 ppt QoQ but softened by -17 pts YoY. New dwellings were 50% absorbed.

Secondary Prices Improved

Primary villa prices fell by -10% QoQ to VND 100 million/m² LA with the entry of new affordable products and low-priced inventory in Me Linh District. Townhouse prices improved by 4% QoQ to VND 173 million/m² LA, while shophouse prices decreased by -7% QoQ.

Secondary prices grew by 1% QoQ. Greater choice, reasonable prices, and guaranteed legal compliance support secondary appeal. Secondary products cost -20% less than those in the primary market.

The Risk of High Pricing

Despite delivering high-quality products, projects with high prices had limited sales and low absorption. In the first half of 2023, dwellings with primary prices below VND 10 billion had a 39% share of sales, improving from 5% in 2022. Dwellings between VND 10 billion to VND 20 billion had a 28% share, and dwellings of over VND 30 billion had an 13% share.

Outlook

Until the end of 2023, 695 dwellings from seven projects are expected. Tay Ho District will have the most with a 24% share, followed by Long Bien with a 21% share and Gia Lam with a 20% share.

Construction recently started on Ring Road 4, which is expected to boost development in suburban areas (Me Linh, Dan Phuong, Hoai Duc, Soc Son, Ha Dong, Thanh Oai, and Thanh Tri) and neighbouring provinces like Hung Yen and Bac Ninh. When Ring Road 4 opens in 2027, residential stock in these areas is forecast to increase by 36% compared to current levels. This will alleviate the pressure on the inner city, where land resources are limited.

SAVILLS SERVICE OFFERING

Savills is the leading property advisory firm in Viet Nam. With the longest-running and most extensive databases, Savills delivers the regional benchmark for property market research across residential, commercial, hospitality, and industrial sectors.

Beyond our [publicly available research](#), paid subscribers have access to exclusive data and comprehensive insights that inform future strategies and optimise performance.

Product Overview		
Full Written Quarterly Market Report (QMR)	Power BI	GapMaps
<ul style="list-style-type: none"> Detailed metrics on Supply, Performance, and Outlook. Expert analysis. SWOT. Current and future property databases. 7 Sectors (30+ pages each) + appendices. <ul style="list-style-type: none"> Apartment Landed Property Office Retail Hotel Serviced Apartment Industrial 	<ul style="list-style-type: none"> Interactive and drillable dashboards & reports with vivid graphics. Detailed performance metrics (current & future supply, price), demographics, infrastructure, market share, competitors, and catchments. Online access across multiple devices. Insights & market commentary, including rankings. Powerful queries, accurate data, and interactive reporting. Application includes subscriptions, studies, consultancy, analysis, and strategy. 	<ul style="list-style-type: none"> Comprehensive demographic data & layers. Brand competitors & POIs highlighting future competition and factors influencing retail traffic. Custom catchment analysis; customised by mode of transport and distance. Property layers; current and future residential & commercial developments, growth areas, infrastructure, rent, GOC, and trading potential.

Subscription Type	Freemium	Basic QMR (Paid)	Premium QMR (Paid)	Corporate Solution (Paid)
Deliverables	<ul style="list-style-type: none"> Market Brief PDF. Demo Dashboards. 	<ul style="list-style-type: none"> PDF of full written QMR reports. Demo Dashboards. 	<ul style="list-style-type: none"> PDF of full written QMR reports. Online access to Power BI. 	<ul style="list-style-type: none"> PDF of full written QMR reports Corporate Power BI workspace. Power BI corporate training and online support GapMaps data and insights
Coverage	<ul style="list-style-type: none"> Market Brief. Macro and FDI Overview. 	7 Sectors	<ul style="list-style-type: none"> 7 sectors + optional module. Immediate access to expert insights and archives. Strategic Analyst/Key Client Contact Census 2009 / 2019 + relevant insights. Infrastructure landscape and timelines. FDI project breakdown by location and industry. 	<ul style="list-style-type: none"> 7 sectors + optional modules. Immediate access to the complete dataset and relevant statistics. Strategic alignment (exclusive). Forecasts. National coverage of macro, census, infrastructure, policy, and provincial planning. Competitor analysis and insights. Multi-Criteria Evaluation (MCE).
Update frequency	Quarterly	Quarterly	Quarterly	Dynamic
Optional modules	None	None	<ul style="list-style-type: none"> Policy Data aggregated on a national level (industrial supply). Land use planning. Housing laws & ownership. 	<ul style="list-style-type: none"> National overview. Competitors actions. Live deal tracking. Target profiling. Rumours and hearsay.



Savills Cares

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

Savills is committed to caring for the community.



savills

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

Do Thi Thu Hang
Senior Director, Advisory Services Savills Hanoi
(84) 912 000 530
dthuhang@savills.com.vn