Research Report
October 2018

Vietnam Property Market Brief

Q3 2018

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Contents

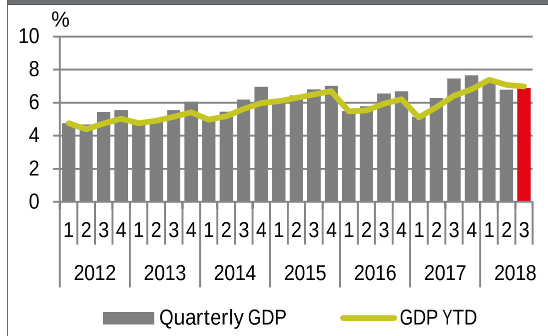
VIETNAM ECONOMY

Vietnam's economy retains the growth momentum: Vietnam's GDP witnessed the highest level of nine-month growth since 2011 with the growth of 6.98% y-o-y. As of 3Q18, the GDP achieved the growth of 6.88%, lower than the 7.45% increase in the first quarter but higher than the increase of 6.73% in 2Q18. This result indicated the timely and effective administration of the government to improve the growth across all sectors. In paticular, the industrial and construction sector registered significant growth of 8.89% for nine months of 2018, the service sector and the agro-forestry-fisheries sector came next with a healthy boost of 6.89% and 3.65%, respectively. In the last quarter of the year, Vietnam's economy may face challenges due to inflation, global trade war and The Federal Reserve System (Fed) raise the dollar interest rate. However, if the existing growth rate of all economic sectors keeps its pace, it will be possible to overpass the target of 6.7% in 2018.

Retail turnover and international arrivals kept rising: The cumulative retail turnover in nine months of 2018 increased by 11.3% y-o-y. The total number of international tourist arrivals in this same period, according to the Vietnam National Administration of Tourism, hit over 11.61 million visitors with an increased of 22.9% y-o-y. Specifically, China and South Korea remained the largest number of visitors, with a total of more than 6.3 million arrivals.

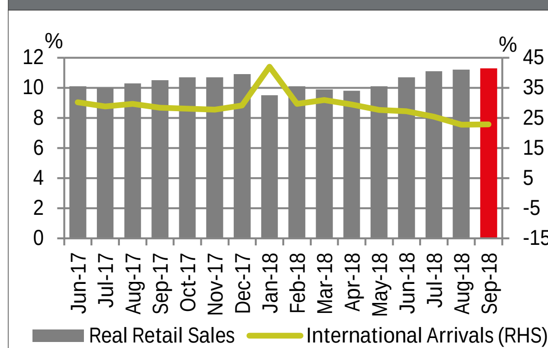
Vietnam's FDI stabilised its growth: As of September 2018, the total FDI pledged to the country was nearly USD 25.37 billion, equal to 99.6% over the same period in 2017. In particular, there were 2,182 newly registered projects worth USD 14.1 billion, equal to 97% y-o-y. The FDI disbursement recorded USD 13.25 billion, an increase of 6% y-o-y. When it comes to the 17 investment industries, the most attractive sector belonged to the processing and manufacturing, hit USD 11.3 billion and accounting for 44.6% of total capital. The real estate and retail sector remained as the second and third rank with USD 5.8 billion and USD 2.1 billion, respectively. Regarding of 104 investing nations in Vietnam, Japan stayed the lead with total USD 7 billion investment, accounting for 28% of the FDI, Korea followed with USD 5.6 billion and Singapore took the third place with USD 3.6 billion. Smart City with total investments of USD 4.14 billion in Hanoi by Sumitomo Corporation (Japanese), the polypropylene manufacture plant project invested by Hyosung Corporation (Korea) with total capital of USD 1.2 billion in BR-VT, the additional investment of USD 1.12 billion in Laguna (Vietnam) Co., Ltd. by Singapore investor in Thua Thien Hue still topped the list of notable FDI projects in this year.

Real GDP Growth (y-o-y)



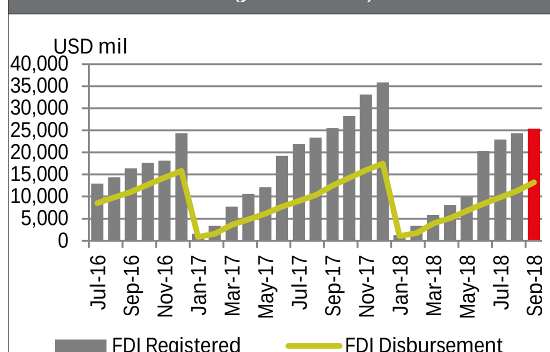
Source: General Statistics Office; JLL Research

Retail Sales vs. International Arrivals Growth (year-to-date, y-o-y)



Source: General Statistics Office; JLL Research

FDI (year-to-date)



Source: Foreign Investment Agency; JLL Research

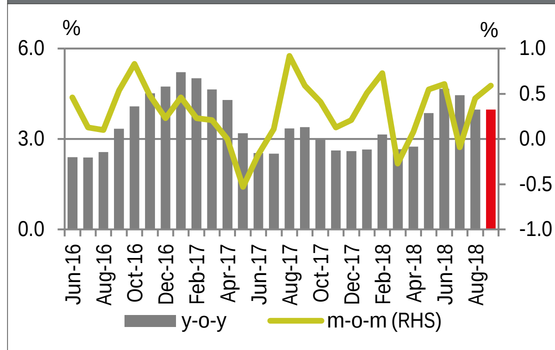
VIETNAM ECONOMY

CPI trending up in 3Q18: 3.57% is the average of Vietnam's CPI for the nine months of 2018 compared to the same period last year. In September, Vietnam's CPI increased 3.98% y-o-y and 0.59% against August, which mostly driven by the hikes in education tuition and electricity and gas cost. Amongst 11 surveyed groups of products and services, prices in the medical costs, tuition fees and the food sector in nine months of 2018 recorded the strongest growth rates at 18.26%, 7.02% and 4.09% y-o-y, respectively. The index of housing and construction materials rose by 3.73% y-o-y on average whilst the telecom services recorded a downturn of 0.60% compared to the same period in 2017, which slightly helped to stabilise the market. Given the government's attempts to control inflation, the target of CPI under 4% in 2018 is likely achievable. MOF forecasts CPI for the whole year 2018 increased from 3.73% - 3.95%. However, the pricing management still needs to proceed carefully due to the trade war and complicated global financial market.

Vietnam's trade surplus continuing: The country's trade surplus has reached USD 5.57 billion from the beginning of 2018 up to 15th September, 2018, according to the General Department of Vietnam Custom. The estimated export revenue in nine months of 2018 reached about USD 178.91 billion, a robust increase of 15.4%, whilst the import value was recorded at USD 173.52 billion, up 11.8% y-o-y. The United States and the EU remain as the two largest export markets in the context of the US-China trade war continues to escalate. Of that, the total export to the United States was USD 34.9 billion, strongly increased 12.5% and to the EU was USD 31.1 billion, up 9.6%, compared to the same period in 2017. The key export products comprise phones and devices, electronic appliances, garment and textile products. In the meantime, China and South Korea remained the key import sources with a total import value of USD 47.1 billion and USD 35 billion in the order, for gas and oil, garment, machinery, electronic equipment, computers, mobiles and other devices.

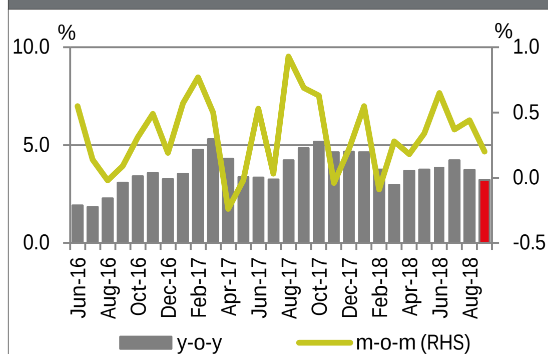
Strong surge in number of newly registered enterprises: As of end 3Q18, there were 96,611 newly established enterprises in total, up 2.8% regarding the number of companies, and 6.7% regarding registered capital from the same period in 2017. The registered capital averaged VND 10 billion per newly established enterprises, up 3.8% y-o-y. In nine months of 2018, the number of new businesses in the real estate sector hit to more than 5,000, grew 41.6% y-o-y and accounting for 5.1% of the total newly registered enterprises. 73,103 enterprises temporarily ceased operation by end of September 2018, increasing by 48.1% y-o-y. Of the total, 50,050 enterprises temporarily suspended operation without registering or waiting for dissolution, an increase of 62.3% y-o-y.

CPI – Overall



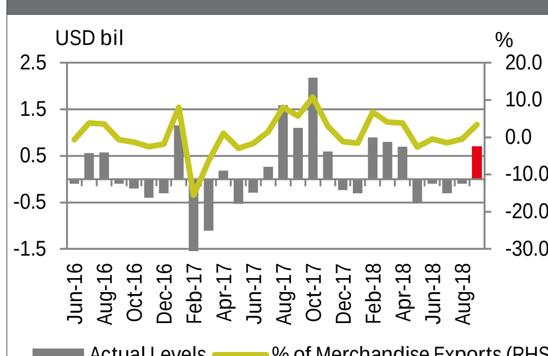
Source: General Statistics Office; JLL Research

CPI – Housing & Construction Materials



Source: General Statistics Office; JLL Research

Merchandise Trade Balance



Source: General Department of Vietnam Custom, JLL Research

HCMC OFFICE

Supply and Demand	Grade A	Grade B	Total
Total Stock (sqm NFA)	249,209	900,558	1,149,767
Occupancy Rate (%)	94.2%	96.5%	96.0%
Q-o-Q Change (bps)	▲20	▼1	▲4

Source: JLL Research

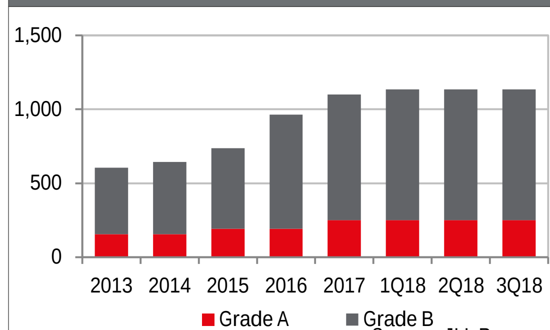
SUPPLY ROSE

- In 3Q18, the market welcomed a new Grade B building in District 2 called Thaco Complex. As a result, the total stock of Grade A and Grade B increased 1.3% q-o-q to 1,149,767sqm.

POSITIVE DEMAND

- Grade B recorded high net absorption, driven by the recent completions in the last few quarters. In 3Q18, Grade B net absorption was approximately 14,500sqm, of that 9,500sqm was occupied by the owner of the new completion in the quarter.
- As of end-3Q18, overall occupancy rate continued to improve and stood at over 95%. On the back of positive demand in the market, the occupancy rate of Grade A and Grade B keep its upward trend.
- Leasing demand during the quarter was driven by relocation and expansion.

Total Stock (‘000 sqm)



Source: JLL Research

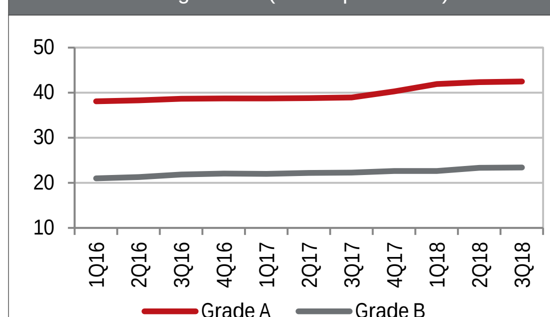
Asset Performance	Grade A	Grade B	Total
Average Gross Rent (USD/sqm/month) [1] [2]	50.3	28.7	33.7
Average Net Rent (USD/sqm/month)	42.5	23.4	27.8
Q-o-Q Change (%) [2]	▲ 0.6	▲0.6	▲0.6

Source: JLL Research

RENTS SLIGHTLY INCREASED

- Grade A average rent continued the upward trend. The current high level of market rent has left less room for further growth in this sub-segment. Similar to Grade A sub-segment, Grade B average rent slightly rose on the back of positive demand in the market.
- Moreover, several up-coming projects of 2019 started pre-launch strategies with higher-than-average rent, thanks to the better building quality and favourable market conditions.

Average Rents (USD/sqm/month)



Source: JLL Research

OUTLOOK

- Supply limited by end-2018
  - Grade A and Grade B supply are expected to remain scarce to end-2018.
  - By the end of 2020, high-quality Grade B supply will be expectedly completed and likely put pressure on Grade A sub-market.
  - The scarce in office supply will facilitate for development of alternative solutions, such as “flexspace” [3].
- Rents keep trending up
  - Limited supply, high demand and better quality future supply will support the upward trend in rents in the future.
  - Technology companies are steadily growing and playing an important role in office demand.

Indicator	Outlook by end-2018	
	Grade A	Grade B
Supply	↔	↔
Occupancy rate	↑	↑
Rental rate	↗	↗

Source: JLL Research

[1]: Gross rent includes service charges/management fees but exclusive of VAT.
[2]: Average gross rent, q-o-q and y-o-y changes are adjusted to remove the effects of supply additions / removals (i.e. changes are on a like-for-like basis).
[3]: Flexible space represents a variety of work spaces used by occupiers to increase their portfolio flexibility through short to medium-term leases.

HCMC RETAIL

Supply and Demand	SC/DS[1]	Bazaar	Supermarket/Hypermarket	Convenience Store
Total Stock (sqm)	989,403	39,850	491,000	285,150
Occupancy Rate (%)	89.3	91.0	N/A	N/A
Q-o-Q Change (bps)	▼ 204	◀▶ 0.0	N/A	N/A

Source: JLL Research

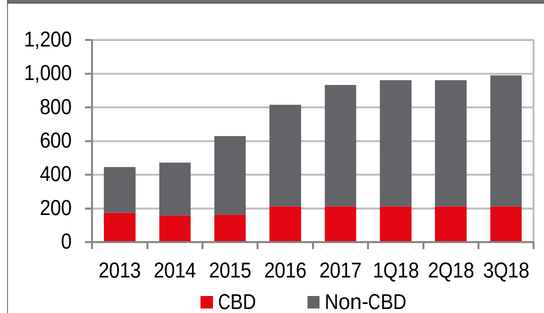
SUPPLY INCREASED IN NON-CBD

- In 3Q18, Vincom Center Landmark 81 officially opened, providing over 46,000sqm GFA to HCMC retail market. Besides, a shopping mall in non-CBD sub-market was converted into other function. Accordingly, as end of 3Q18, the total stock reached 989,400sqm, increased 2.8% q-o-q and 15.3% y-o-y.

DEMAND REMAINED POSITIVE

- The decrease of 204bps q-o-q in occupancy rate was attributed to the entrance of the new supply and the restructuring of the tenant mix in a big shopping mall in non-CBD area.
- F&B and entertainment tenants continued to show good performance and were the most active group of tenants in the city.

Total Stock (sqm)



Source: JLL Research

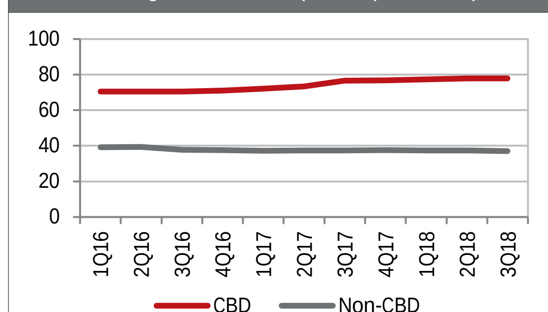
Asset Performance	SC/DS CBD	SC/DS Non-CBD	Bazaar
Average Gross Rent (USD/sqm/month) [2] [3]	77.9	37.0	150
Q-o-Q Change (%) [3]	◀▶ 0.0	▼ 0.4	◀▶ 0.0

Source: JLL Research

RENTS DECREASED SLIGHTLY

- The overall market rent was at around USD46.2 per sqm per month, slightly decreased by 0.2% q-o-q and 0.7% y-o-y.
- In non-CBD sub-market, a department store was reoriented both its business concept and pricing strategy, targeting lower market segment. As a result, the average rent of this sub-market reduced by 0.4% q-o-q to USD37 per sqm per month.

Average Gross Rents (USD/sqm/month)



Source: JLL Research

OUTLOOK

- Enrichment in future supply
  - By end-2018, the market is expected to welcome more new supply, focusing in non-CBD area such as Estella Place (District 2), Cong Hoa Garden (Tan Binh).
  - In spite of the forceful growth of e-commerce, market performance of retail market in HCMC has not recorded significant impact. Yet, in order to catch this emerging trend, future supply should be developed as a destination, providing entertainment, showroom and lifestyle experience for a diverse group of customers rather than a purely physical shopping place.
- CBD continue to attract more tenants
  - More foreign retailers are set to enter the market, especially in CBD sub-market where the occupancy rate and rental rate likely continue the upward trend.
  - Meanwhile, non-CBD sub-market is likely to witness the surplus in supply in the coming quarters.

Indicator	Outlook by end-2018 CBD	Outlook by end-2018 Non-CBD
Supply	↔	↑
Occupancy Rate	↑	↓
Rent	↔	↘

Source: JLL Research

[1]: Shopping centre/Department store
[2]: Gross rent includes service charges/management fees but exclusive of VAT.
[3]: Average gross rent, q-o-q and y-o-y changes are adjusted to remove the effects of supply additions/removals (i.e. changes are on a like-for-like basis).

HCMC RESIDENTIAL

Supply and Demand	Apartment	Villas/Townhouses [1]
Completed Supply (units)	150,000	12,200
Uncompleted Supply (units) [2]	75,000	6,700
Unsold Inventory (%) [3]	4.1	9.0

Source: JLL Research

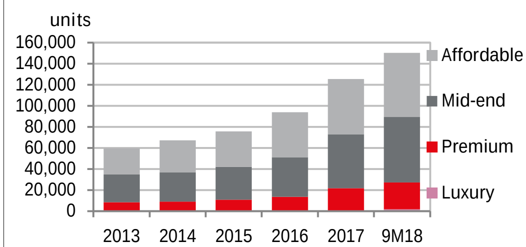
SLOW DOWN SUPPLY IN VILLAS/TOWNHOUSES

- Apartments: New supply reached 8,086 units in 3Q18, most of that already had soft launches in 2-3 previous quarters. Limited supply came from projects newly introduced in the market in this quarter.
- Villas/Townhouses: New launches totalled 814 units, down 47% q-o-q due to the slow down in launching activities during the “ghost” month in 3Q18.

DEMAND IN TANDEM WITH SUPPLY

- Apartments: Take-up was 16.4% higher q-o-q, with 8,189 units. The ratio of units sold to new launches averaged around 70% in 3Q18.
- Villas/Townhouses: Sales totalled 904 units, in line with the new supply. The demand still at a good level with around 10 units per months for each existing development.

Total Stock (Completed Supply) - Apartments



Luxury accounts for less than 1% of total stock
Source: JLL Research

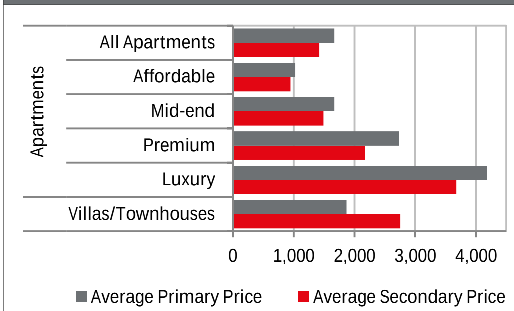
Asset Performance	Primary Market		Secondary Market	
	Q-o-Q [5]	Y-o-Y [5]	Q-o-Q [5]	Y-o-Y [5]
Apartments	▼ -0.9%	▲ 2.6%	▲ 0.8 %	▲ 3.1%
Villas/Townhouses	▲ 0.7%	▲ 8.2%	▲ 2.0%	▲ 8.2%

Source: JLL Research

PRICE UPTREND CONTINUES IN VILLAS/TOWNHOUSES MARKET

- Primary market
  - Apartments: Generally, prices were stable q-o-q across all segments. A slight decrease in selling price in USD term was due to the VND devaluation recently.
  - Villas/Townhouses: Prices continued the prevailing uptrend at 0.7% q-o-q, especially among properties priced at around USD 330,000-USD 550,000 per unit.
- Secondary market
  - Apartments: Price growth softened compared to previous quarters, with the slowdown more considerable in luxury apartments.
  - Villas/Townhouses: Prices were notably higher, with nearly 50% of the total secondary supply seeing price increases by around 2-3% q-o-q.

Average Asking Price by Segment (USD/sqm)

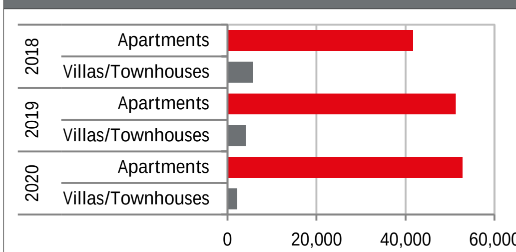


Source: JLL Research

OUTLOOK

- Pipeline supply for 2018 at good level
  - Total apartments new launches in 2018 may reach the same level as the peak in 2017, but in a more sustainable mode with the expansion of the lower-end segments.
  - Around 840 new Villas/Townhouses are expected to be launched in 4Q18, mostly from the suburbs area.
- Good sales rates
  - Sales rates are expected to remain high, as seen recently, with around 70% and 90% for apartment and villas/townhouses, respectively.

Upcoming Completions (units)



Source: JLL Research

[1]Excludes land plot projects [2] Excludes planned projects not launched for sale yet. Includes fully sold projects. [3]The percentage of [2] that remains unsold at quarter-end. [4] Projects are only considered as officially launched when the Sale Purchase Agreements can be signed upon the completion of foundation. [5]Q-o-Q and Y-o-Y changes are adjusted to remove effects from supply additions / removals.

HANOI OFFICE

Supply and Demand	Grade A	Grade B	Grade C	Total
Total Stock (sqm NFA)	529,000	1,134,277	253,084	1,916,361
Occupancy Rate (%)	95.6	87.6	95.9%	91.0%
Q-o-Q Change (bps)	▲153	▼621	N/A	N/A

Source: JLL Research

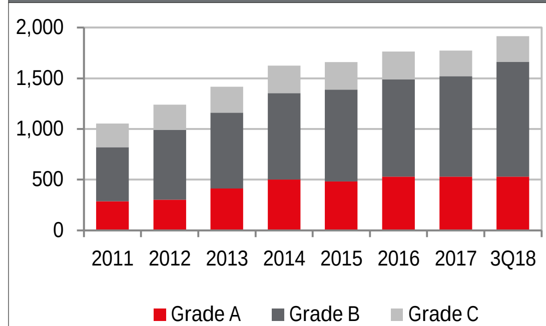
GRADE B SUPPLY INCREASES SIGNIFICANTLY

- In 3Q18, there was no new Grade A supply while Grade B segment welcomed a wave of new supply, bringing the total Hanoi office stock to more than 1,916,000 sqm.
- All new completions located in Thanh Xuan and Cau Giay districts, the emerging area for office development.

DEMAND IS POSITIVE

- Given large available spaces in recently complated Grade B buildings, the net absorption of the Grade B office market recorded the highest across all segments, at more than 45,000 sqm in 3Q18.
- Relocation and expansion office space continued to be the main drivers of office demand.

Total Stock ('000 sqm)



Source: JLL Research

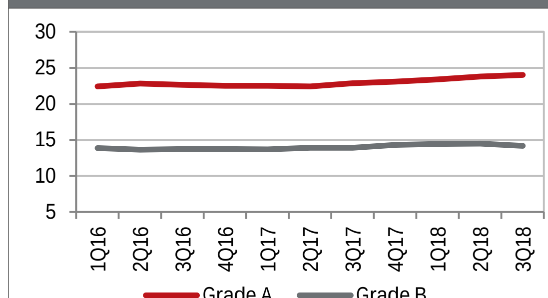
Asset Performance	Grade A	Grade B	Grade C	Total
Average Gross Rent (USD/sqm/month) [1]	30.0	18.2	14.1	21.1
Average Net Rent (USD/sqm/month)	24.0	14.2	14.1	17.9
Q-o-Q Change (%) [2]	▲ 1.2	▼0.2	N/A	N/A

Source: JLL Research

AVERAGE RENT REMAINS STABLE

- The average gross rent of the Grade A market increased slightly 1.2% thanks to strong demand and limited supply. The Grade B office market witnessed a decline in rent during the reviewed quarter, a slight decrease of 0.2% q-o-q, a result of lower-than-average rent in new supply.
- Landlords in several Grade A properties with high occupancy rate increased the asking rents to select strong brand name tenants for the buildings.

Average Rents (USD/sqm/month)



Source: JLL Research

OUTLOOK

- Supply to increase further
  - By the end of 2018, more than 36,000 sqm office space is expected to come into operation. Almost new supply will be in the CBD-fringe sub-market.
  - In the 2019-20 period, the Hanoi office market will welcome a large number of new Grade A and Grade B supply, with more than 50% from Grade B segment.
- Demand for office space will continue to increase
  - Grade A office performance will remain positive with no new supply to be completed until 1Q19.
  - New Grade B office buildings with reasonable rents are likely to push the demand for office space up over the next quarters.

Indicator	Outlook by end-2018	
	Grade A	Grade B
Supply	↔	↑
Occupancy rate	↑	↘
Rental rate	↗	↔

Source: JLL Research

[1]: Gross rent includes service charges/management fees but exclusive of VAT.
[2]: Average gross rent, q-o-q and y-o-y changes are adjusted to remove the effects of supply additions / removals (i.e. changes are on a like-for-like basis).

HANOI RETAIL

Supply and Demand	SC/DS[1]	Prime Retail Space	Supermarket/Hypermarket	Convenience Store
Total Stock (sqm)	987,118	8,000	170,000	75,450
Occupancy Rate (%)	88.4	92.6	N/A	N/A
Q-o-Q Change (bps)	▲466	◀▶0.0	N/A	N/A

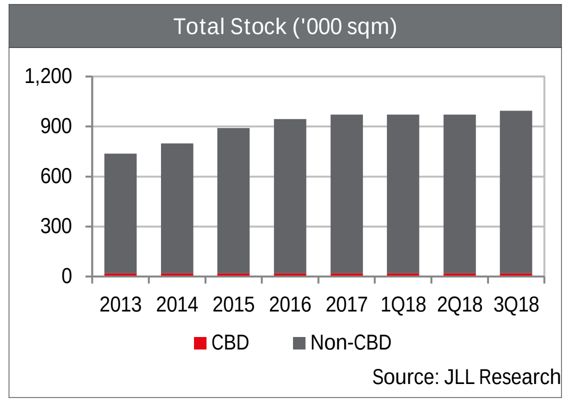
Source: JLL Research

SUPPLY INCREASES

- There was no new prime retail space in 3Q18. Approximately 24,000 sqm of shopping centre space opened in the non-CBD area in 3Q18, pushing the total retail stock to more than 987,000 sqm.
- Convenience stores remained robust growth during the reviewed quarter, with total existing of nearly 75,000 sqm, mostly attributed to favourable retailers and recent new entrants, such as Co.op Food.

HEALTHY DEMAND

- Quarterly total net absorption was approximately 66,000 sqm, mainly driven by the new supply in the non-CBD sub-market. The new shopping centre achieved high occupancy rate of nearly 80% when opening.

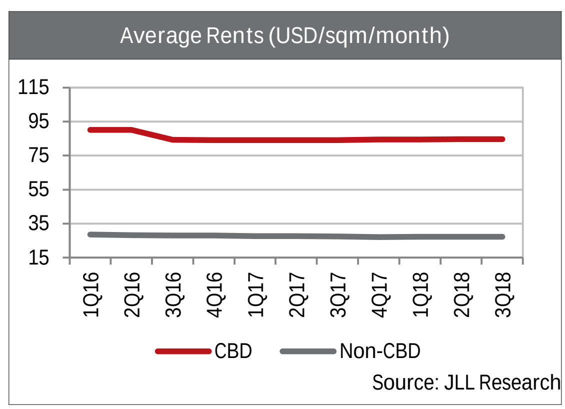


Asset Performance	SC/DS CBD	SC/DS Non-CBD	Prime Retail Space
Average Gross Rent (USD/sqm/month) [2] [3]	100	27.3	40.7
Q-o-Q Change (%) [3]	◀▶0.0	▼0.4	▲0.9

Source: JLL Research

A MODEST DECREASE IN RENT

- The average rent of SC/DS saw a slight decline of 0.4% q-o-q. In 3Q18, shopping centre in the CBD remained unchanged at USD 100 per sqm per month, while the non-CBD properties witnessed a mild fall to USD 27.3 per sqm per month, down by 0.4 q-o-q.
- The rental growth of prime retail space in 3Q18 was 0.9% q-o-q, thanks to the high demand and restricted supply.



OUTLOOK

- More supply in CBD-fringe submarket

– More than 96,000 sqm is expected to be opened by the end of 2018, 52% of the total high-quality retail supply located in CBD-fringe area.

- Rent to decline slightly

– Abundant supply in the pipeline along will put downward pressure on Hanoi retail rent in CBD-fringe submarket over the next two years.

– Several non-CBD shopping centres are likely lower their rents and restructure the tenant mix and layout to boost the footfall.

Indicator	Outlook by end 2018 CBD	Outlook by end 2018 Non-CBD
Supply	↔	↑
Occupancy Rate	↑	↗
Rent	↗	↘

Source: JLL Research

[1]: Shopping centre/Department store
[2]: Gross rent includes service charges/management fees but exclusive of VAT.
[3]: Average gross rent, q-o-q and y-o-y changes are adjusted to remove the effects of supply additions/removals (i.e. changes are on a like-for-like basis).

HANOI RESIDENTIAL

Supply and Demand	Apartment
Completed Supply (units)	176,000
Uncompleted Supply (units) [1]	64,000
Unsold Inventory (%) [2]	15.0

Source: JLL Research

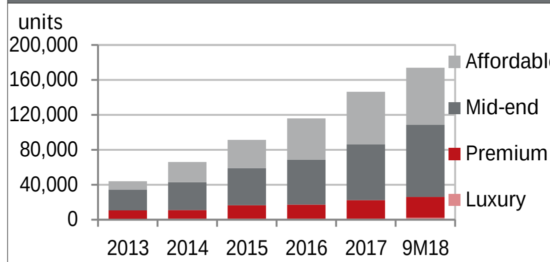
STRONG NEW LAUNCHES ACROSS THE CITY

- Approximately 10,900 units were newly launched in 3Q18, up 34% q-o-q. Nearly 69% of the total came from new projects.
- Regarding location, five districts recording new supply of more than 1,000 units each included Long Bien, Nam Tu Liem, Ha Dong, Tay Ho and Hai Ba Trung, mostly on Affordable and Mid-end segments.

DEMAND AT GOOD LEVELS

- Take-up totalled 10,554 units, 54% of transactions was at a price ranging from USD 800- USD 1,800 per sqm.
- Strong sales rate, especially new launches project. Affordable segment recorded the highest sales rates for new launches projects, about 71%.
- Nam Tu Liem, Long Bien and Ha Dong districts led the 3Q18 sales, in tandem with new supply.

Total Stock (Completed Supply)



Luxury accounts for less than 1% of total stock
Source: JLL Research

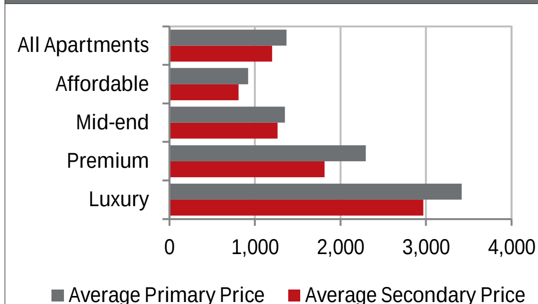
Asset Performance	Primary Market		Secondary Market	
	Q-o-Q [3]	Y-o-Y [3]	Q-o-Q [3]	Y-o-Y [3]
Apartments	▲1.9%	▲2.9%	▼ 0.5%	▼ 2.9%

Source: JLL Research

PRICES INCREASE

- Primary market
  - While most Premium and Luxury projects managed to maintain their prices, the Affordable and Mid-end apartments increased 1.9% thanks to the strong owner-occupied demand.
  - The non-chain-link prices decreased 1.5% q-o-q due to the increasing proportion of lower-than-average units in the quarter's new launches
- Secondary market
  - The chain-linked prices continued to be lower by 0.5% q-o-q. The non-chain-link prices improved, at USD 1,203 per sqm, thanks to the expanding in the proportion of the new projects with better construction quality and amenities.

Average Asking Price by Segment (USD/sqm)

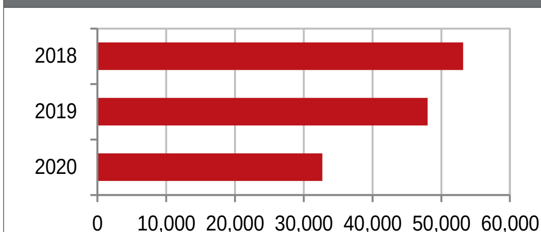


Source: JLL Research

OUTLOOK

- Large pipeline supply for end-2018, focus on the Mid-end segment
  - More than 23,000 new units are scheduled to complete in the last quarter of 2018, 43% comes from the Mid-end segment.
  - New supply in 4Q18 expectedly total more than 8,000 units with 80% from the Mid-end segment. Given this, the total launches in 2018 may surpass the 2017's level with more than 35,000 units launched.
- Price improves
  - Primary price likely to inch up by end-2018.
  - The low-priced sectors targeting owner-occupier demand will drive future sales.

Upcoming Completions (units)



Source: JLL Research

[1] Excludes planned projects not launched for sale yet. Includes fully sold projects. [2] The percentage of [1] that remains unsold at quarter-end. [3] Q-o-Q and Y-o-Y changes are adjusted to remove effects from supply additions / removals ("chain-link")

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NORTHERN REGIONAL INDUSTRIAL

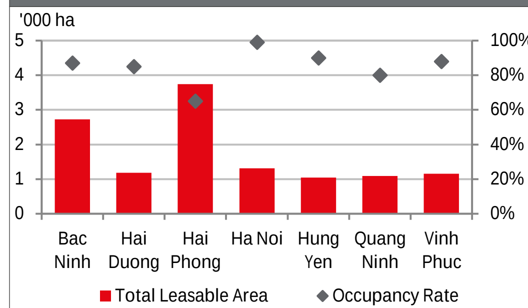
Existing Supply	Hanoi	Hai Phong	Bac Ninh	Quang Ninh	Hai Duong	Hung Yen	Vinh Phuc
Total Gross Area (ha)	1.710[1]	5.141	4.835	1.609	1.698	1.451	1.682
Total Leasable Land Area (ha)	1.314	3.744	2.728	1.091	1.187	1.043	1.153
Occupancy Rate (%)	99	65	87	80	85	90	88

Source: JLL Research

SUPPLY CONTINUED TO ENTER THE MARKET

- At end-3Q18, the total leasable industrial land area in the Northern Key Economic Zone ("NKEZ") was 12.260 ha, an increase of nearly 8% in total leasable stock compared to 1Q18.
- Hai Phong and Bac Ninh remained in their leading positions for industrial supply by contributing 53% of total stock. In line with the strong FDI pledged into Vietnam recently, these provinces continued to improve their investment environments with the expanding considerably in total supply in favourable locations having a well-established seaports system.

Total Stock and Occupancy Rate



Source: JLL Research

HEALTHY DEMAND BACKED BY STRONG MANUFACTURING GROWTH

- The 3Q18 occupancy rate, augmented mostly in Hai Phong, Bac Ninh and Hai Duong Provinces, averaged 85%, an increase of 400 bps from 1Q18.
- Having significant advantages such as accessibility to major markets, synchronised infrastructure and better support from the government, Bac Ninh and Hai Phong remained the most desired destinations for industrial investment. The strong performance of ready-built factories was a result of the limited stock.

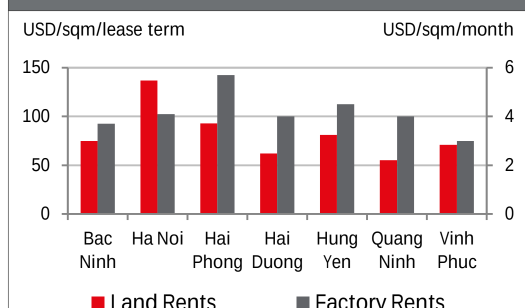
Asset Performance	Hanoi	Hai Phong	Bac Ninh	Quang Ninh	Hai Duong	Hung Yen	Vinh Phuc
Land Rent (USD/sqm/term)[2]	137	93	75	55	62	81	71
Factory Rent (USD/sqm/month)	4.1	5.7	3.7	4.0	4.0	4.5	3.0

Source: JLL Research

LAND RENT EXPERIENCED HEALTHY MOMENTUM

- The average land rent in 3Q18 hit USD 82 per sqm per lease term, an increase of nearly 9% compared to 1Q18. Hanoi's average rent increased significantly to USD 137 per sqm per lease term, the highest amongst the NKEZ, driven by limited supply.
- Monthly rents for factory space ranged from USD 3 to USD 5.7 per sqm per month for a minimum lease term of 3-5 years.

Average Land and Factory Rents



Source: JLL Research

OUTLOOK

- New supply proposed
  - Approximately 19.322 ha of industrial land is expected to enter the Northern market through 2020, mainly from Hai Phong, Hai Duong and Vinh Phuc.
- Demand will continuously improve
  - Industrial properties will remain desirable due to strong FDI coming mostly from Japan, South Korea and Taiwan. Demand from China is expected to increase considerably. The factories shift out of China has been bolstered by the US-China trade war with an increasing number of manufactures seeking alternative locations for manufacturing from China.

Indicator	Outlook by end-2018	
	Land	Factory
Supply	↗	↑
Occupancy Rate	↗	↗
Rents	↗	↗

Source: JLL Research

[1] Excluding Hoa Lac High-tech Park owing to its special characteristic.
[2] Infrastructure maintenance, service fees and VAT are not included in the average rent.

JLL Vietnam offices

Ho Chi Minh City
26/F, Saigon Trade Center
37 Ton Duc Thang Street,
District 1, Ho Chi Minh City
Tel +84 8 3911 9399

Jones Lang LaSalle offices

Ha Noi
Unit 902, 9/F, Sun Red River Building
23 Phan Chu Trinh Street,
Hoan Kiem District, Ha Noi
Tel +84 4 3933 5941

www.us.jll.com

Jones Lang LaSalle