



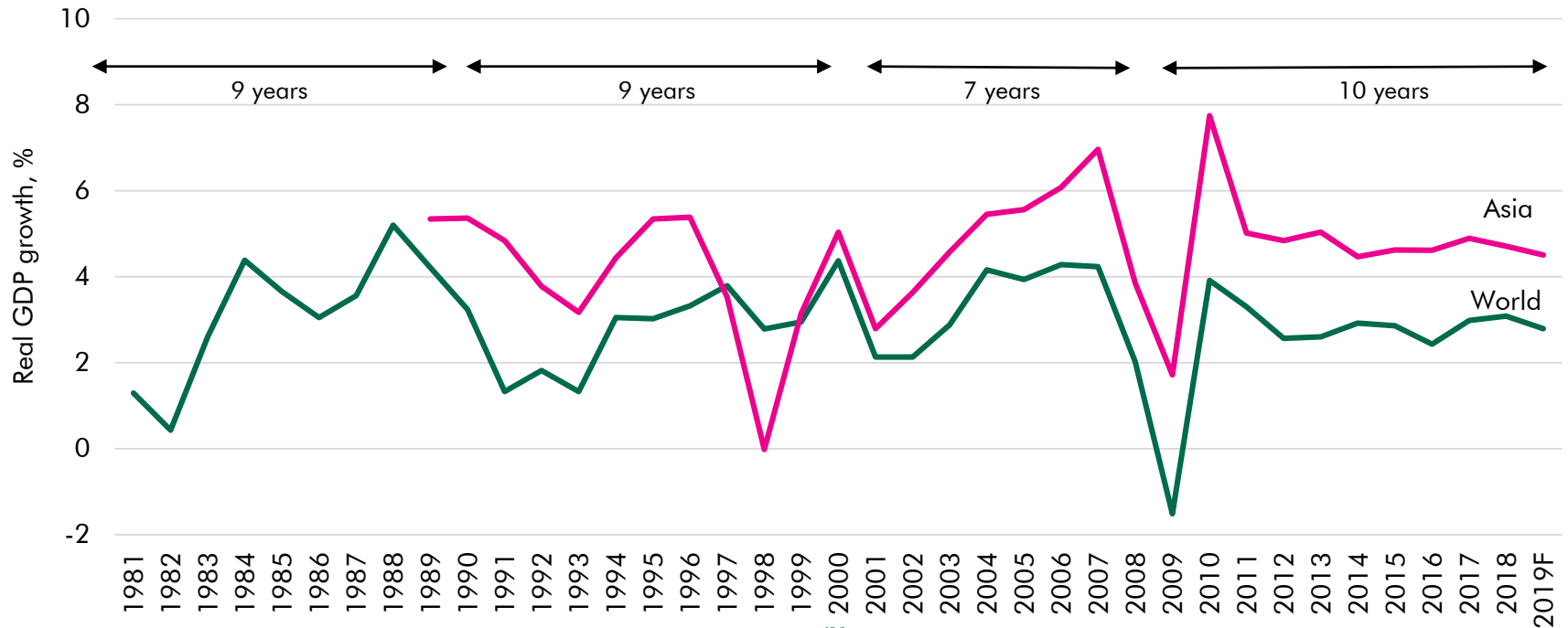
# ASIA PACIFIC REAL ESTATE MARKET OUTLOOK 2019

**EMBRACING CHANGE  
ENHANCING RESILIENCE**



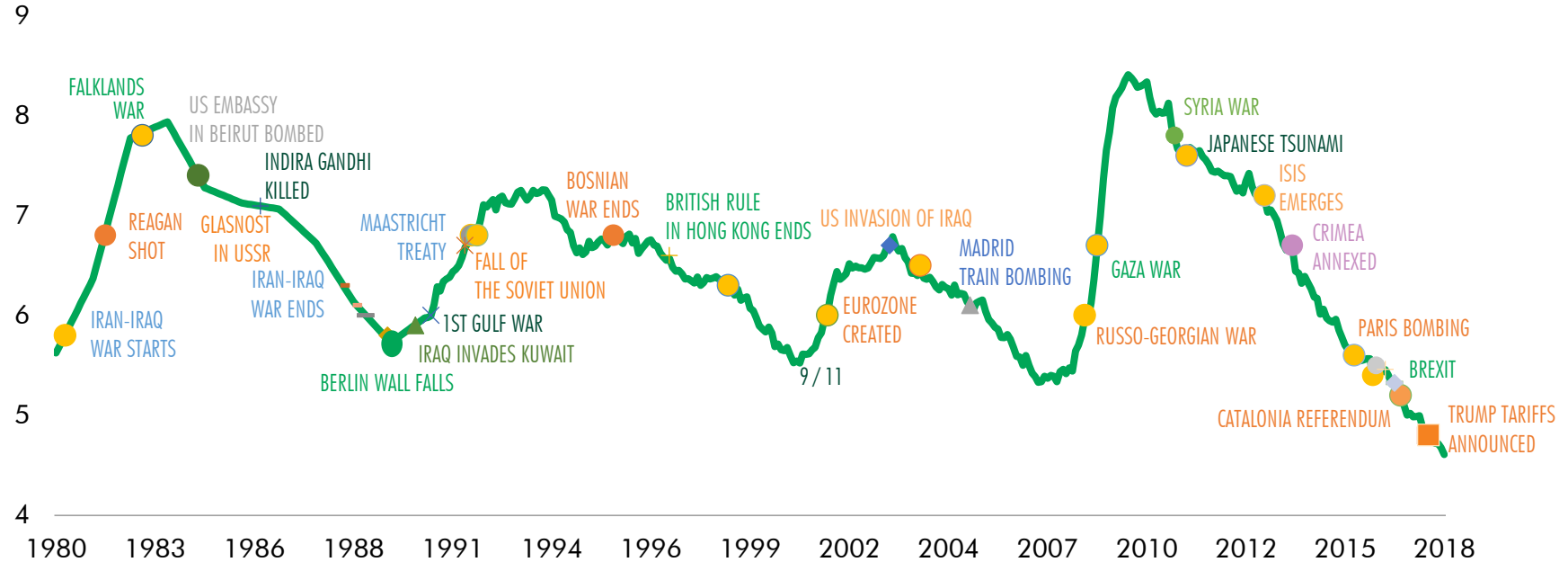
Key changes  
ahead

## LONGEST GROWTH CYCLE IN THREE DECADES ASIA OUTPERFORMS BUT IS NOT IMMUNE FROM GLOBAL DOWNTURN



## WHAT MIGHT BRING THE CYCLE TO AN END? IT WON'T BE GEOPOLITICS

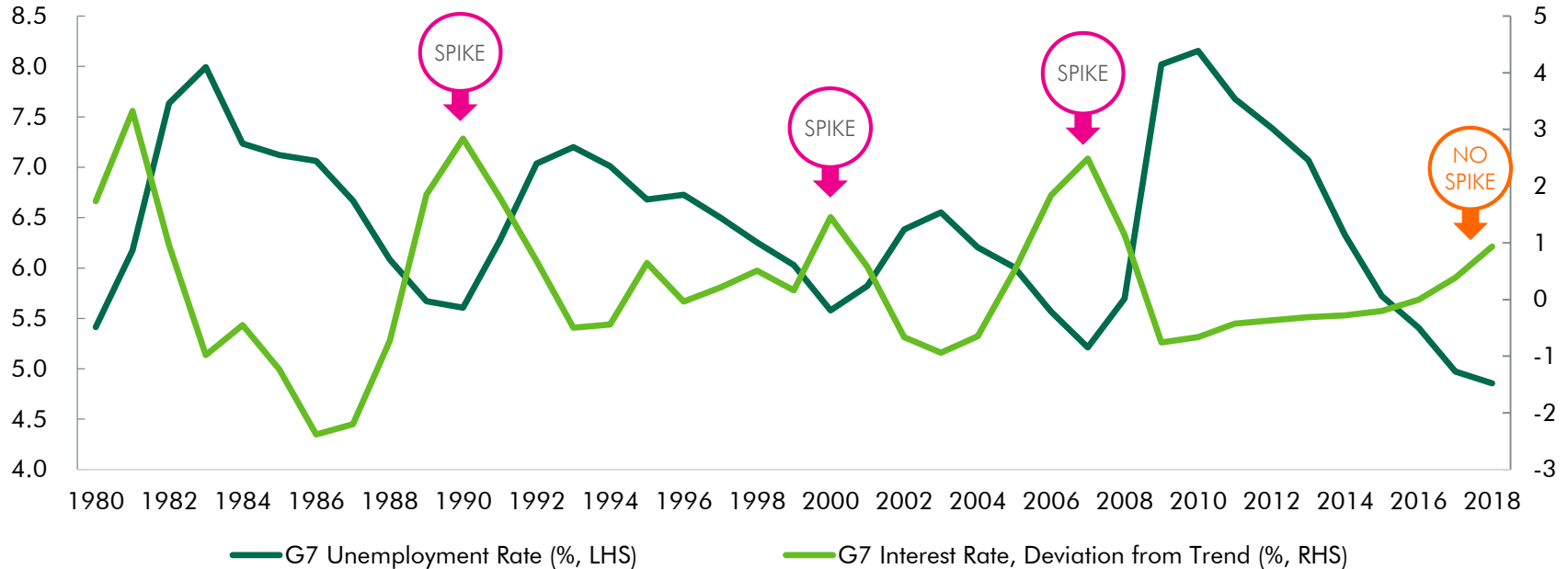
G7 Unemployment (% , Monthly, SA)



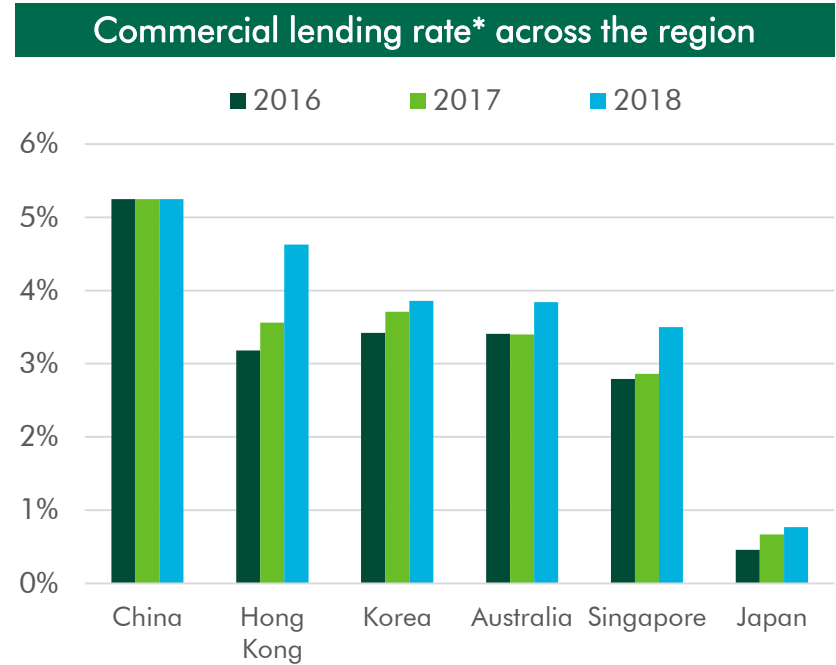
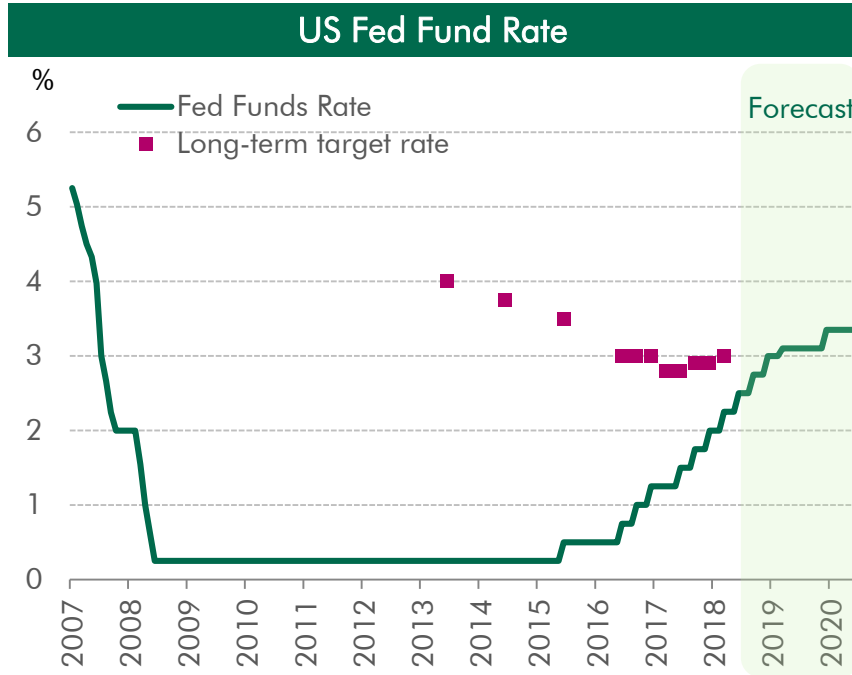


## IT IS RELATIVE INTEREST RATES THAT MATTER

G7 Unemployment and Interest Rate (Quarterly, %)



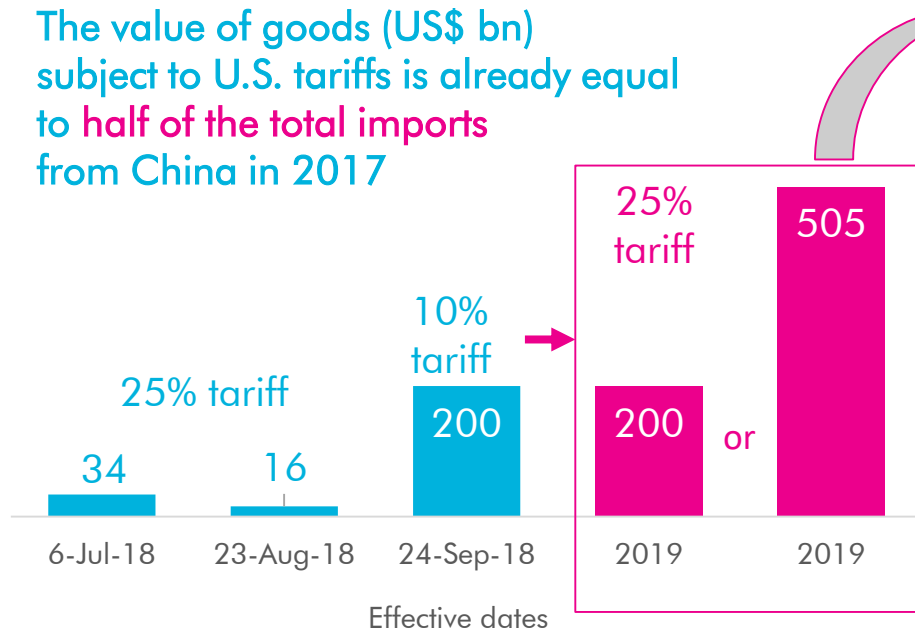
## PACE OF RATE HIKES POSES A CONUNDRUM BUT THE ERA OF CHEAP FINANCING IS COMING TO AN END



\* The commercial lending rate is calculated by adding minimum interest rate spread to the reference rate under typical commercial property lending terms  
Source: US Federal Reserve, CBRE Research, December 2018.

## NO END IN SIGHT TO U.S.-CHINA TRADE DISPUTE

The value of goods (US\$ bn) subject to U.S. tariffs is already equal to **half of the total imports** from China in 2017



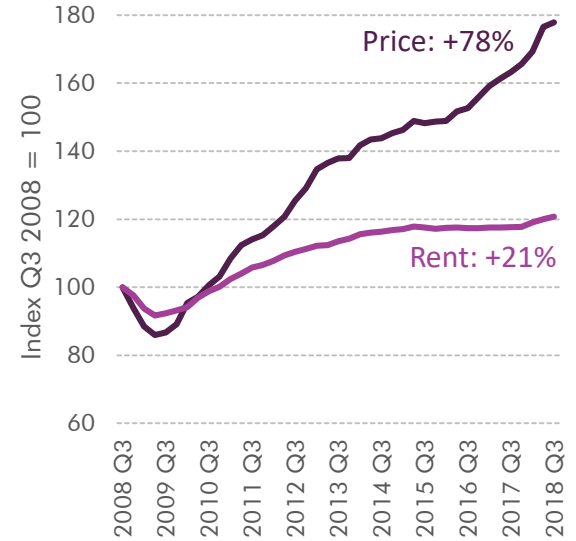
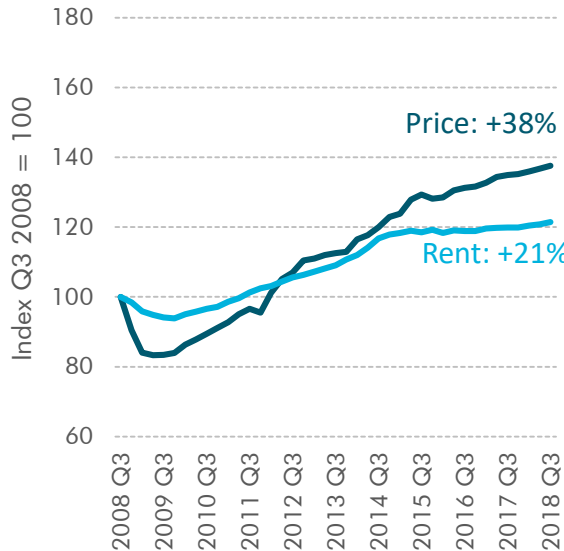
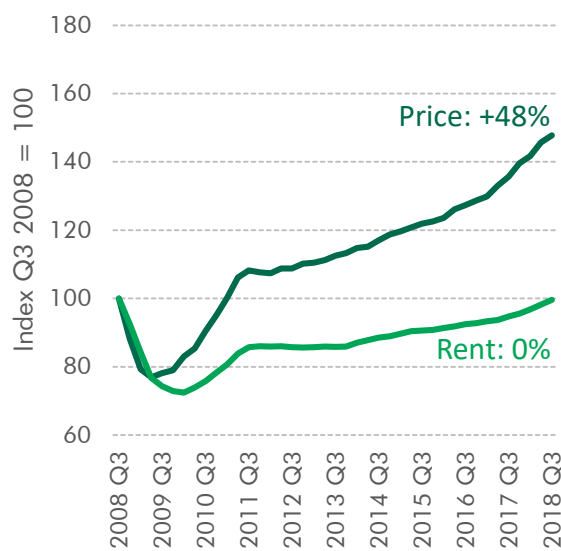
# CAPITAL VALUE GROWTH IS WELL AHEAD OF RENTS

## OFFICE

## RETAIL

## LOGISTICS

10-year performance of Asia Pacific Rental Value and Capital Value Indices

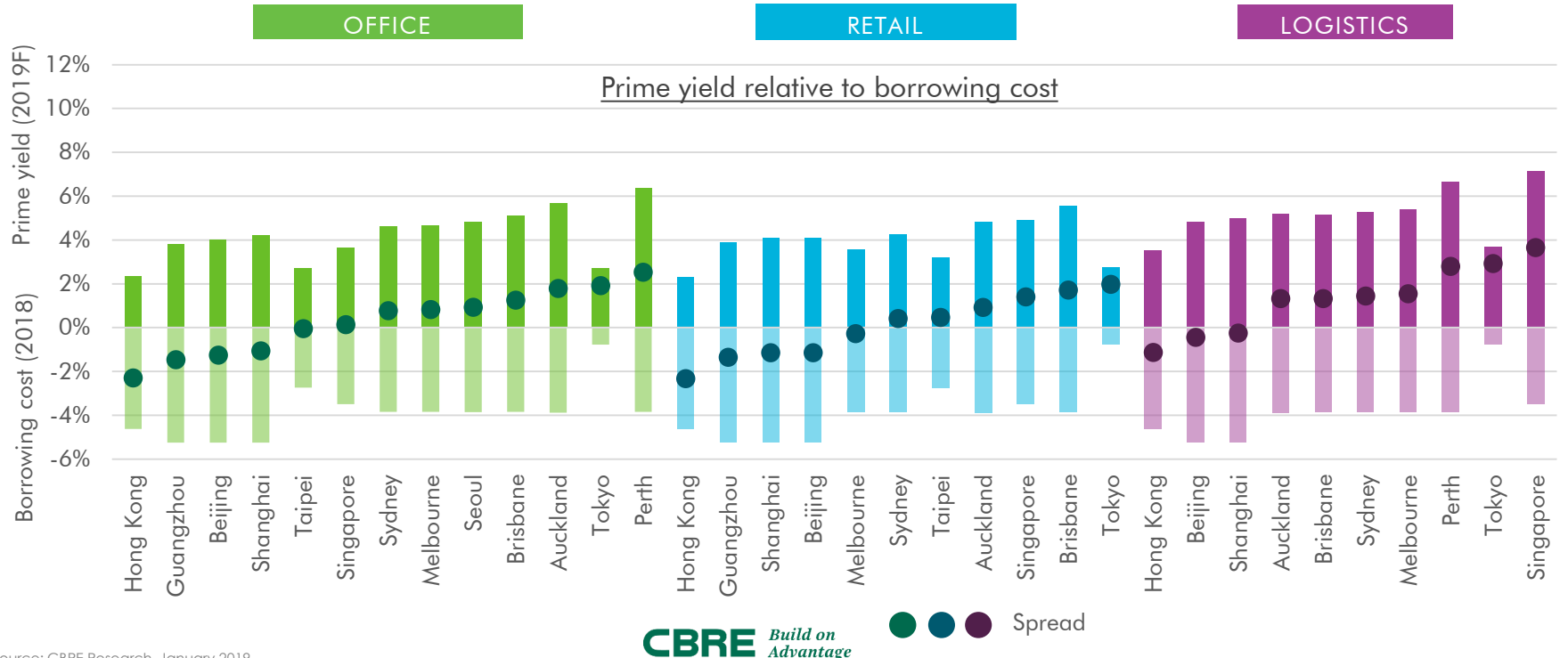


— Capital Value Index — Rental Value Index

— Capital Value Index — Rental Value Index

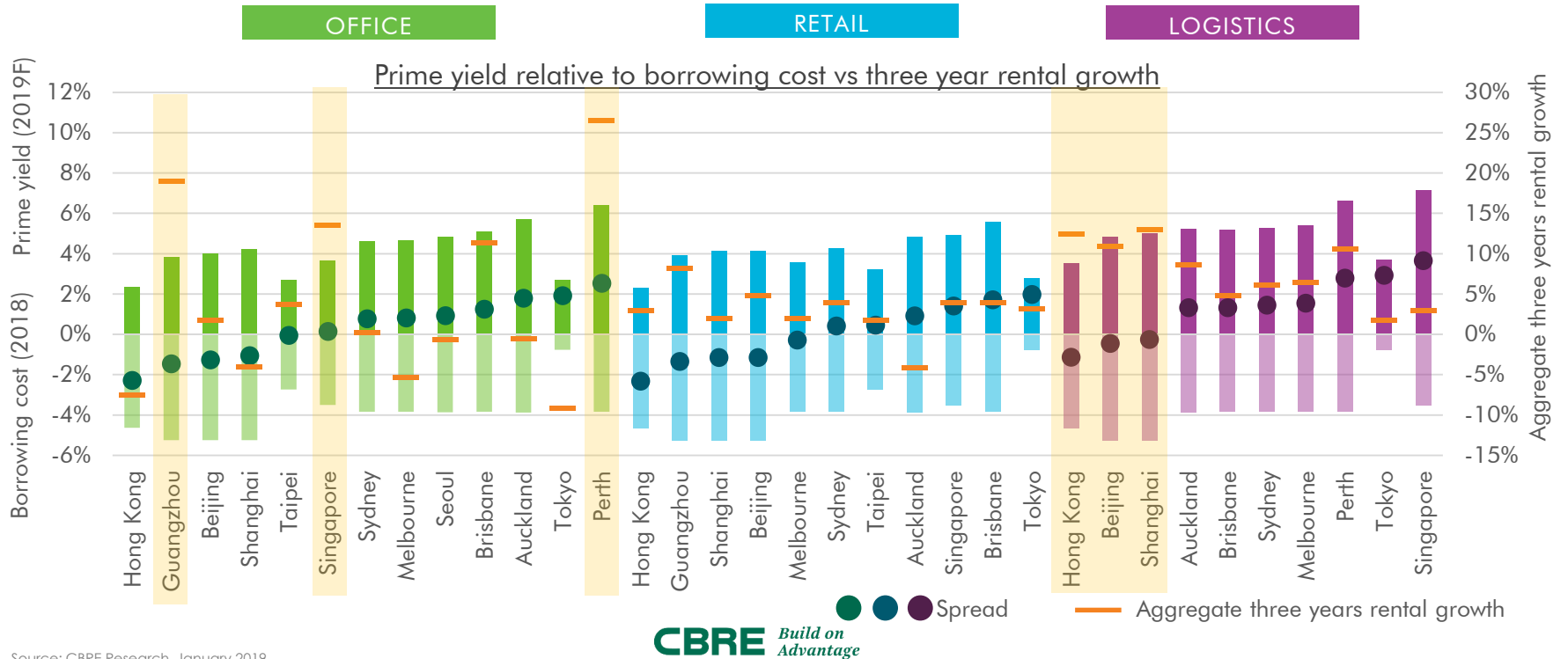
— Capital Value Index — Rental Value Index

## WILL NEGATIVE CARRY BE NORMAL OR SHOULD WE BE CONCERNED?





## NEGATIVE CARRY MAY BE JUSTIFIED BY STRONG RENTAL GROWTH



Source: CBRE Research, January 2019.

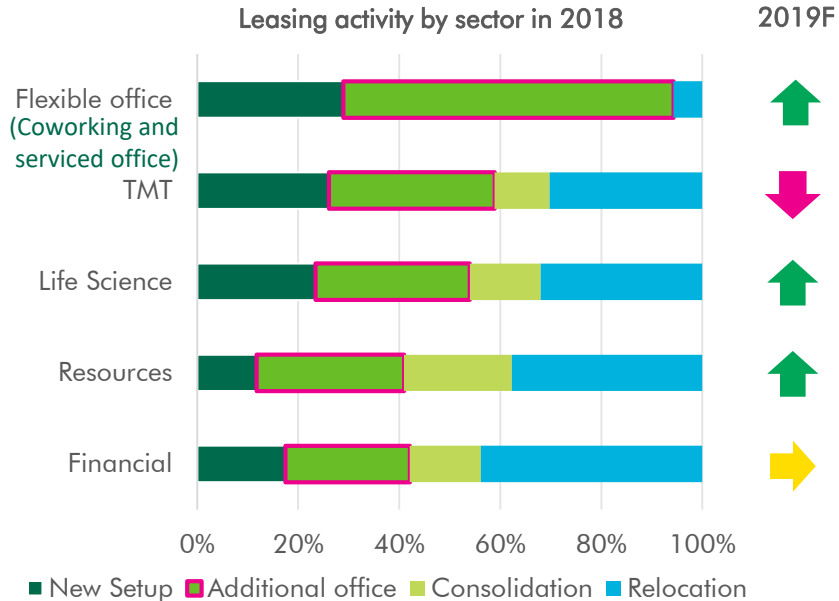
# OFFICE

Smarter space usage

## KEY OFFICE SECTOR CHANGES

1

### Stronger influence of coworking



2

### Service differentiation by landlords

Tenants seeking value beyond the traditional criteria of location, accessibility and rents

The 4Cs



Coworking



Customisation



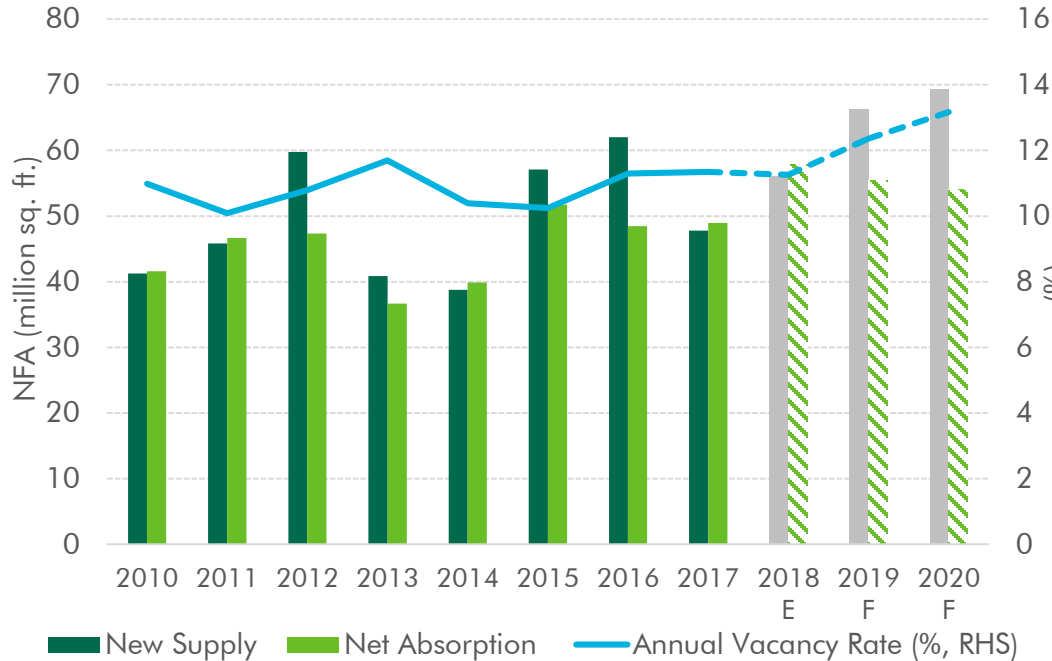
Corporate Social Responsibility



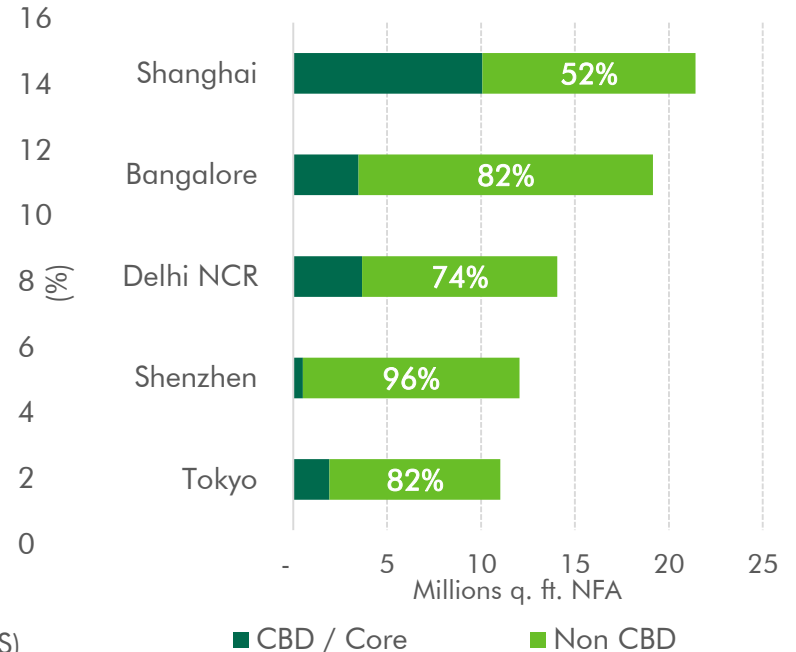
Community

## SUPPLY-DEMAND GAP TO WIDEN IN 2019 MOST NEW STOCK IN DECENTRALISED LOCATIONS

Grade A office net absorption and new supply



New supply in top five markets (2019-2020F)



Source: CBRE Research, November 2018



## NEW OFFICE PROJECTS EMPHASISE DIFFERENTIATION

### Crystal Plaza, Shanghai

**Location:** Pudong Decentralised Area

**Date of opening:** by phase (Q2 2018 – Q1 2019)



Anchor Tenant	Leased area (GFA sq. ft.)
Cadence	120,000
Merck	120,000

### One Taikoo Place, Hong Kong

**Location:** Quarry Bay



Anchor Tenant	Leased area (NFA sq. ft.)
Facebook	100,000
Baker McKenzie	100,000

### Paya Lebar Quarter, Singapore

**Location:** Decentralised Area

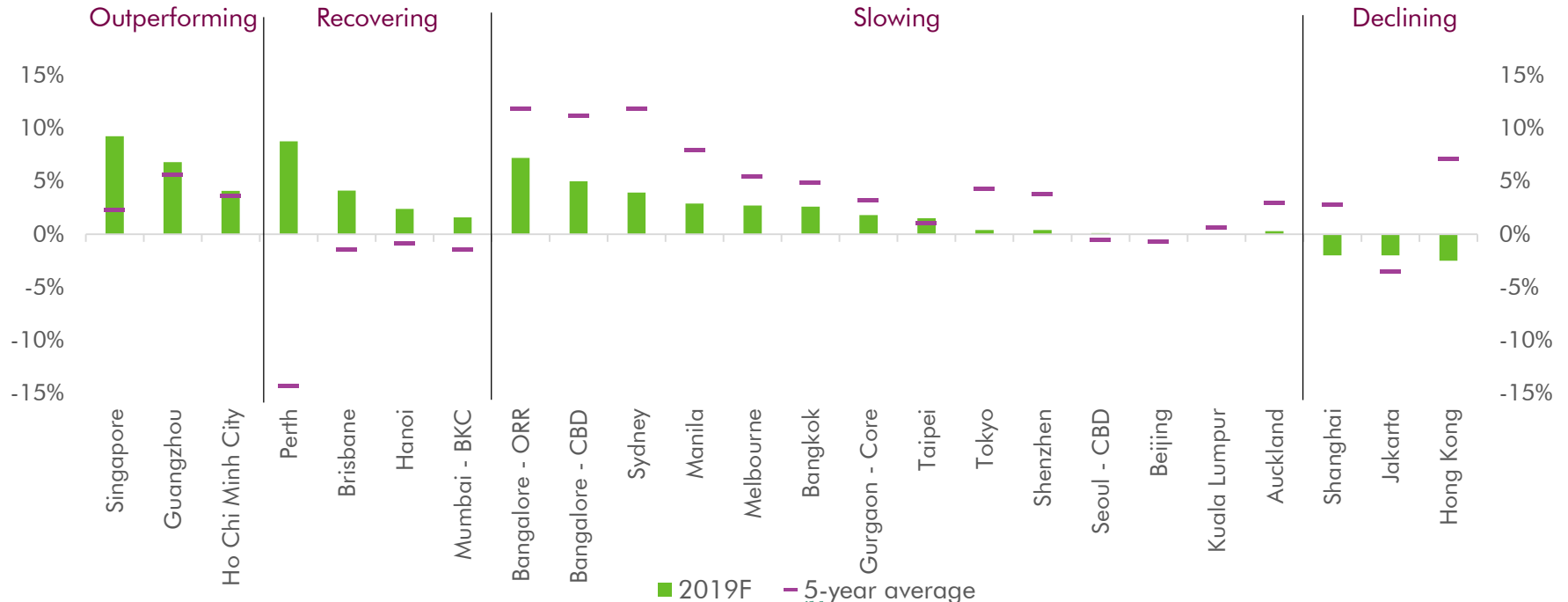


Anchor Tenant	Leased area (NFA sq. ft.)
SMRT	97,000
CBRE	31,000



## RENTAL GROWTH TO FALL BELOW FIVE-YEAR AVERAGE GUANGZHOU & SINGAPORE THE EXCEPTIONS. PERTH TO RECOVER

Grade A office net effective rental growth



■ 2019F ■ 5-year average  
**CBRE** Build on Advantage

Note: The rental growth is based on effective Grade A rent in the CBD/core location of each market, unless specified otherwise.  
 Source: CBRE Research, November 2018

# RETAIL

Omnichannel evolution

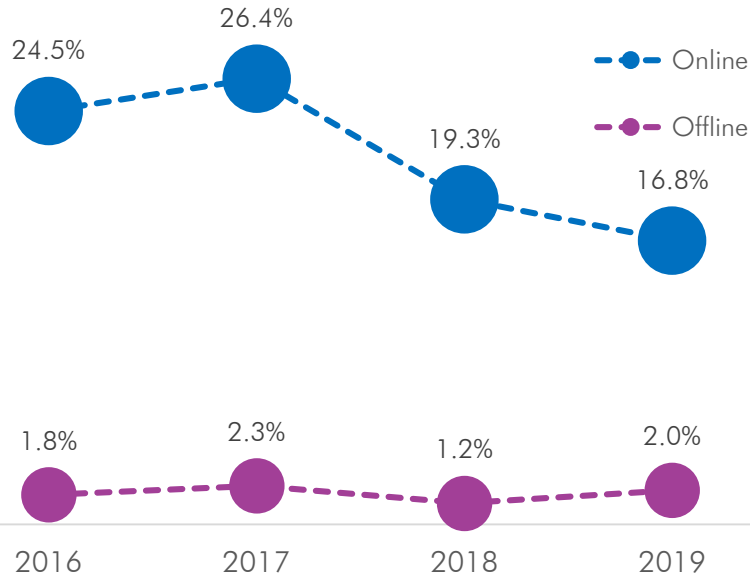


## KEY RETAIL SECTOR CHANGES

1

### Rationalisation of online sales growth

Asia Pacific online and offline retail sales growth

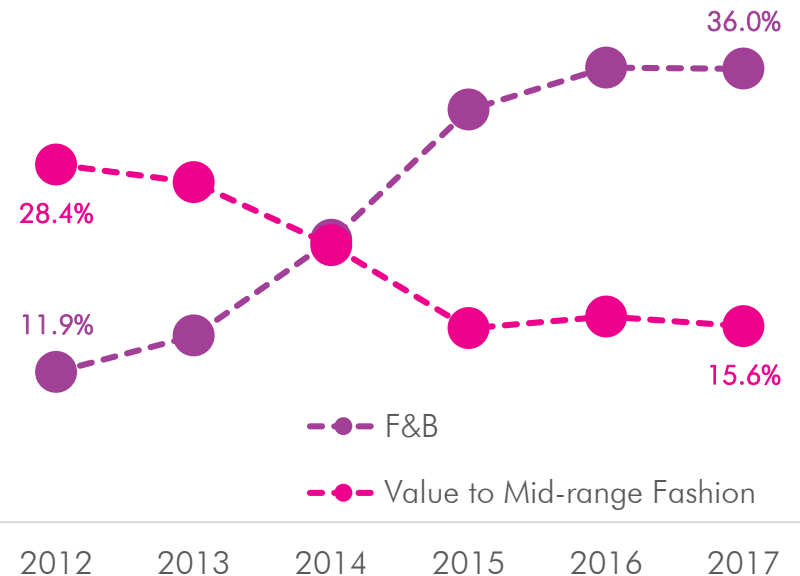


Source: Euromonitor, January 2019.

2

### Effective tenant mix adjustment in malls

New Retail Entrants to Asia Pacific: by Trade



Source: CBRE Research, January 2019.

## TENANT MIX LEANS TOWARD EXPERIENCE-BASED RETAIL

### Hobbies/ Leisure

#### ABC Cooking Studio **ABC** Cooking Studio



- Shanghai:** iapm
- Taipei:** Taipei 101
- Singapore:** Westgate
- Kuala Lumpur:** The Gardens Mall
- Jakarta:** Central Park

### Indoor park

#### SuperPark



- Hong Kong:** One Silversea
- Suzhou:** Olympic Sports Centre
- Singapore:** Suntec City
- Kuala Lumpur:** Avenue K

**CBRE** *Build on Advantage*

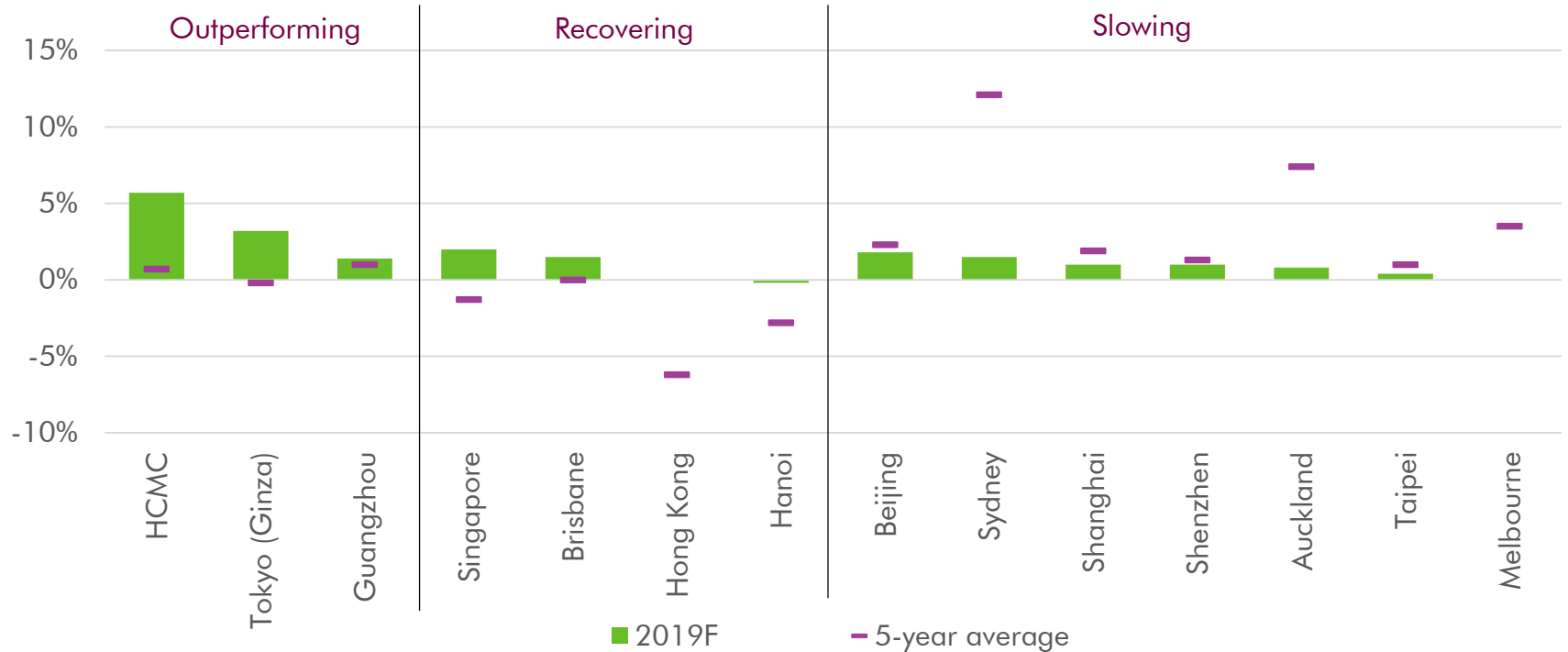
### New Retail

#### Yi Tiao



- Capitamall LuOne, Huaihai
- LC Mall, Pudong
- Decentralised
- Skymall, Xinzhuang

## WEAK RECOVERY AND SLOWING RENTAL GROWTH TO CONTINUE



Remarks: All the above are high street rents except China, Singapore and Auckland tracked shopping centres rents.  
 Source: CBRE Research, December 2018.





# LOGISTICS

Operational and portfolio  
upgrading

## E-COMMERCE TO GROW BUT MARGINS ARE TIGHT

### E-retailers increase portfolios

Every US\$1 billion e-commerce sales needs...



FY 2015 - 2017

1.85 million sq. ft.



FY 2017

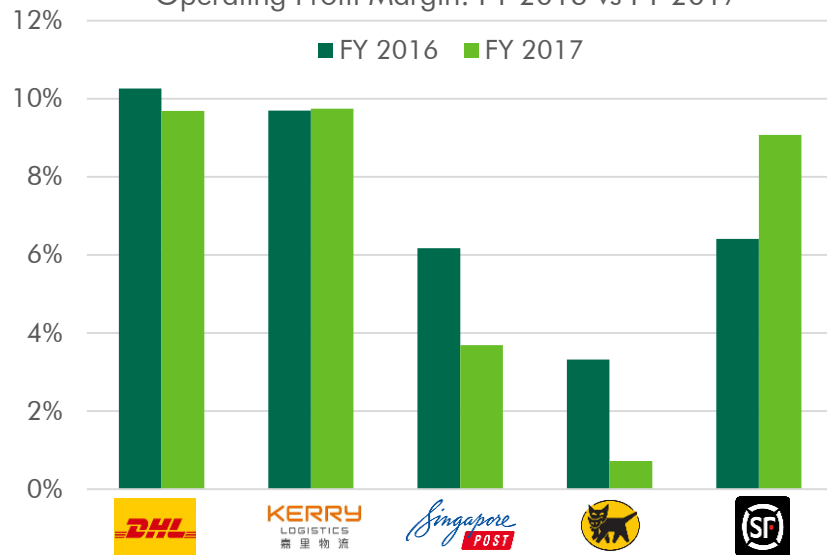
1.23 million sq. ft.



Source: JD.com, Amazon, MWPVL, January 2019

### 3PLs face tight margin

Operating Profit Margin: FY 2016 vs FY 2017

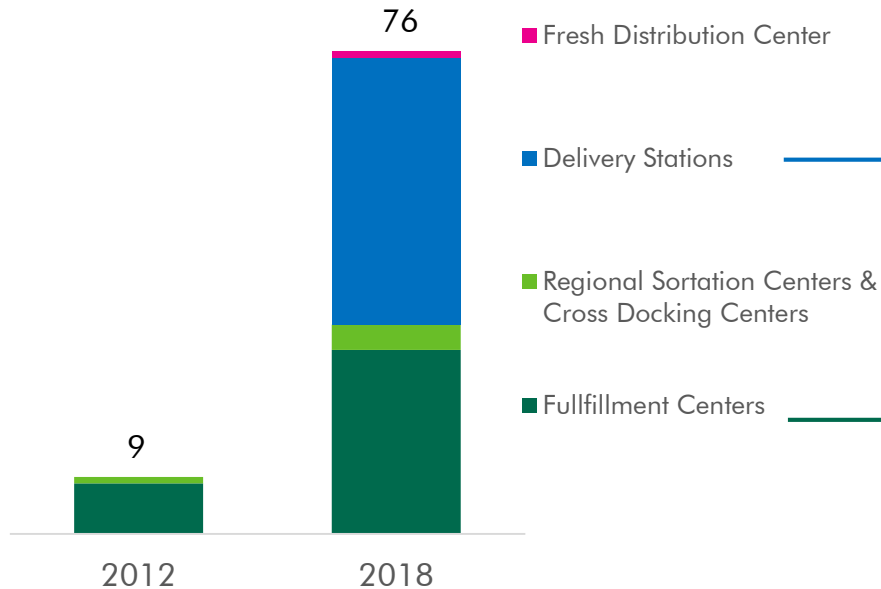


Remarks: DHL – Pep + Express, Kerry Logistics - Integrated Logistics - Logistics Operations, Singapore Post – Logistics, Yamato - Delivery Business + BIZ-Logistics Business, SF Group - Total

## FOCUS ON EFFICIENCY AND LAST-MILE LOGISTICS

### Amazon's Warehouse facilities in U.S.

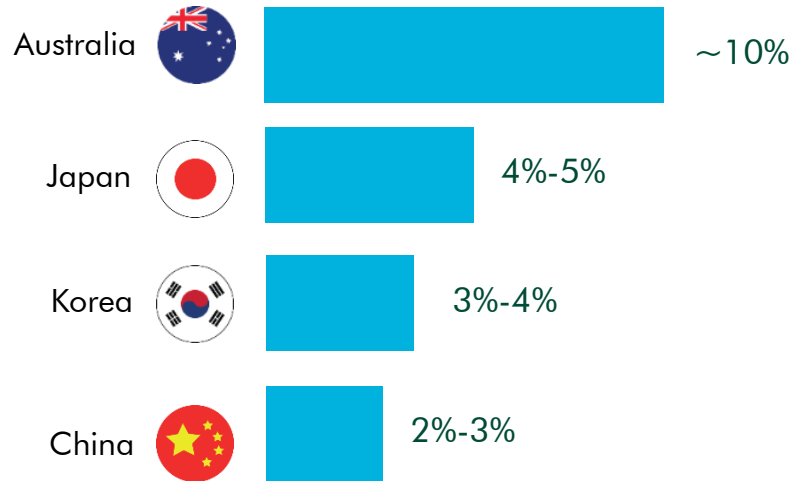
(Number of completion during 2012 and 2018)



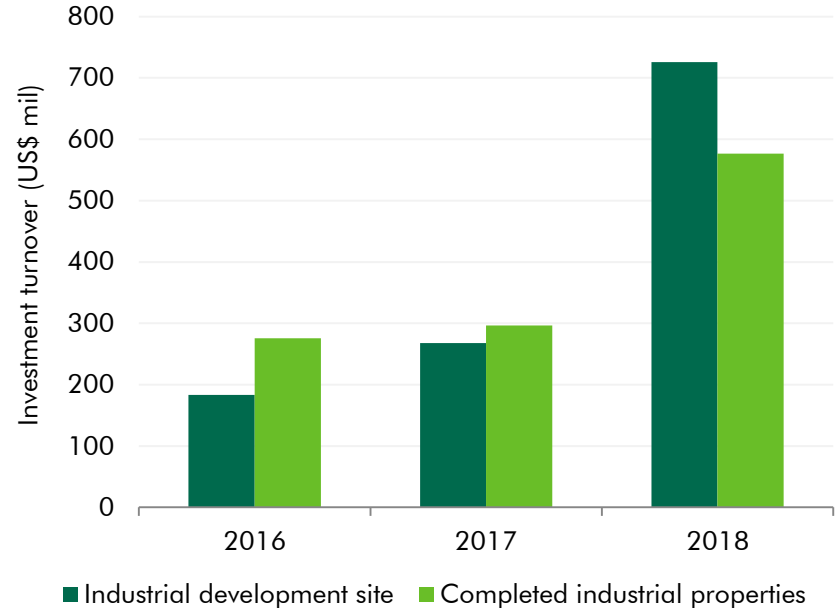


## STRONG DEMAND FOR MODERN LOGISTICS FACILITIES

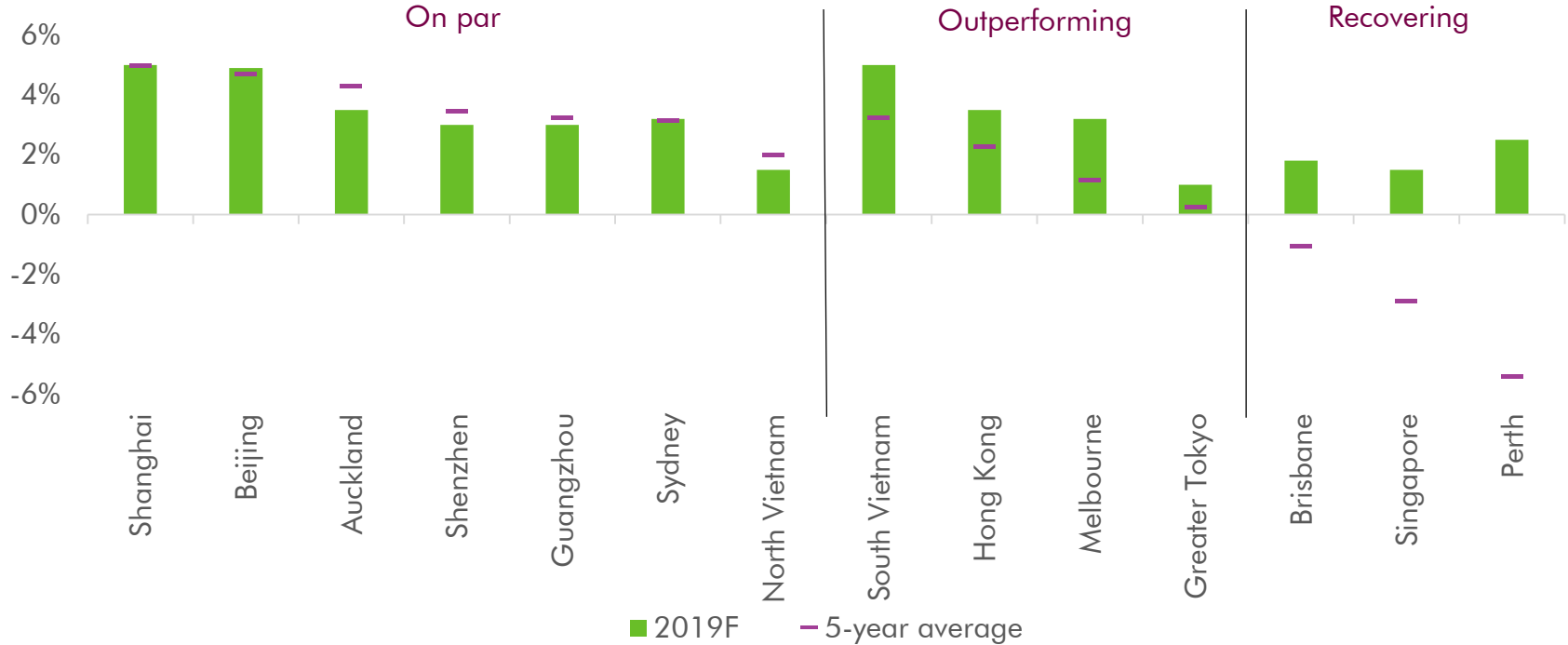
Prime logistics stock as a % of total stock



Industrial investment turnover in Southeast Asia and India (excl. Singapore)



## STEADY LOGISTICS RENTAL GROWTH



Remarks: The historical growth rate of Vietnam is a 2-year.

Source: CBRE Research, December 2018.



## SUPPLY CHAINS - POLICY CHANGES



China



Supports development of high-tech manufacturing

东莞市人民政府文件

东府〔2014〕112号

东莞市人民政府关于印发东莞市新型产业用地（M0）管理暂行办法的通知

各镇区人民政府（街道办事处），所属镇属各单位：  
现将《东莞市新型产业用地（M0）管理暂行办法》印发给你们，请认真贯彻落实。



Introduction of M0  
(新型产业用地)  
General Industrial use  
→ Business Park



Logistics operators

- Less industrial space for logistics development



India



100% FDI permitted to boost manufacturing sector



Relaxation of Integrated Industrial Area (IIA) policy



Industrial developers/ investors

- More incentives for developing institutional grade industrial assets

ASIA PACIFIC REAL ESTATE MARKET OUTLOOK 2019

# Enhancing Resilience

A blurred, high-angle photograph of a crowd of people moving on a staircase or escalator. The image is heavily motion-blurred, creating a sense of constant activity and movement. The entire image is overlaid with a semi-transparent purple color.

## STRATEGIES FOR ENHANCING RESILIENCE

### OFFICE



#### CORE x FLEXI

- Evaluate leasing decisions based on cost and flexibility
- Prioritise flexible space solutions that complement core portfolios

### RETAIL



#### ONLINE → OFFLINE

- Expand omnichannel capabilities to integrate online and offline sales
- Focus experience-based offering in main stores

### LOGISTICS



#### GROW + ELEVATE

- Enlarge urban logistics footprint and capacity
- Upgrade warehouse systems and portfolio quality to achieve better operational efficiency

### INVESTMENT



#### PROFIT ↻ REBALANCE

- Prepare exit routes and lock-in profits on early investments
- Review portfolios and focus on asset repositioning

## INVESTMENT THEMES – CYCLICAL PLAYS

### Office Sector



**Decentralisation**  
to capture occupier  
demand for cost saving

Markets with  
**Strong Rental Growth**

Hong Kong  
Beijing  
Shanghai

Singapore  
Guangzhou  
Perth

### Debt



Real estate  
**Debt Opportunities**

Australia  
China



## INVESTMENT THEMES – STRUCTURAL PLAYS



Core Assets  
- Defensive  
Investments

Developed Markets



Placemaking

Beijing  
Shanghai  
Hong Kong  
Singapore



Modern Logistics  
Facilities

Japan  
Korea  
China  
Australia  
Southeast Asia  
India



Niche Sectors

Data Centres  
Multifamily





# VIETNAM REAL ESTATE MARKET OUTLOOK 2019

## HANOI

Thursday, 10 Jan, 2019

# CONTENTS

01  
HANOI OFFICE



02  
HANOI RETAIL



03  
HANOI RESIDENTIAL



04  
HANOI HOTEL



# HANOI OFFICE

## 2018 HIGHLIGHTS

**1****Office performance improved amid limited new supply****2****Grade A's vacancy at 10-year low (4.3%)****3****Pre-commitment seen in new projects****4****Flexible Workspace emerged as a major source of demand**



**OFFICE - MARKET SNAPSHOT IN 2018**

Improving market performance amid limited new supply



NLA (sm)

**HANOI****Grade A****No new supply  
since 2016****Grade B****2 new buildings  
(+48,000 sm, NLA)****HCMC****Grade A****No new supply****Grade B****1 new building  
(+3,600 sm, NLA)**US\$/sm  
/month**US\$25.4****▲ 2.2% y-o-y****US\$13.9****▲ 1.6% y-o-y****US\$43.5****▲ 15.8% y-o-y****US\$23.4****▲ 10.8% y-o-y**Vacancy  
(%)**4.3%****▼ -4.6 pts y-o-y****12.2%****▼ -5.2 pts y-o-y****5.1%****▼ -3.1 pts y-o-y****1.8%****▼ -1.1 pts y-o-y**

(\*) Asking rent excludes Service charge and VAT

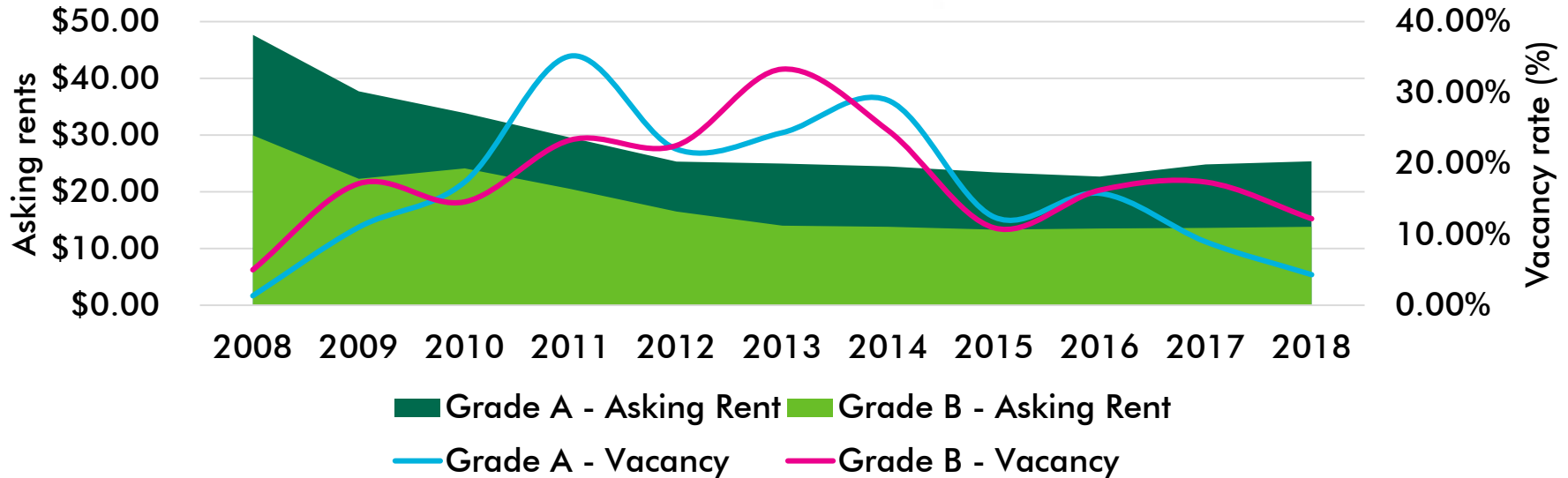
Source: CBRE Vietnam.



## HANOI OFFICE - GRADE A'S VACANCY AT 10-YEAR LOW

Rental rates increased y-o-y in both grades

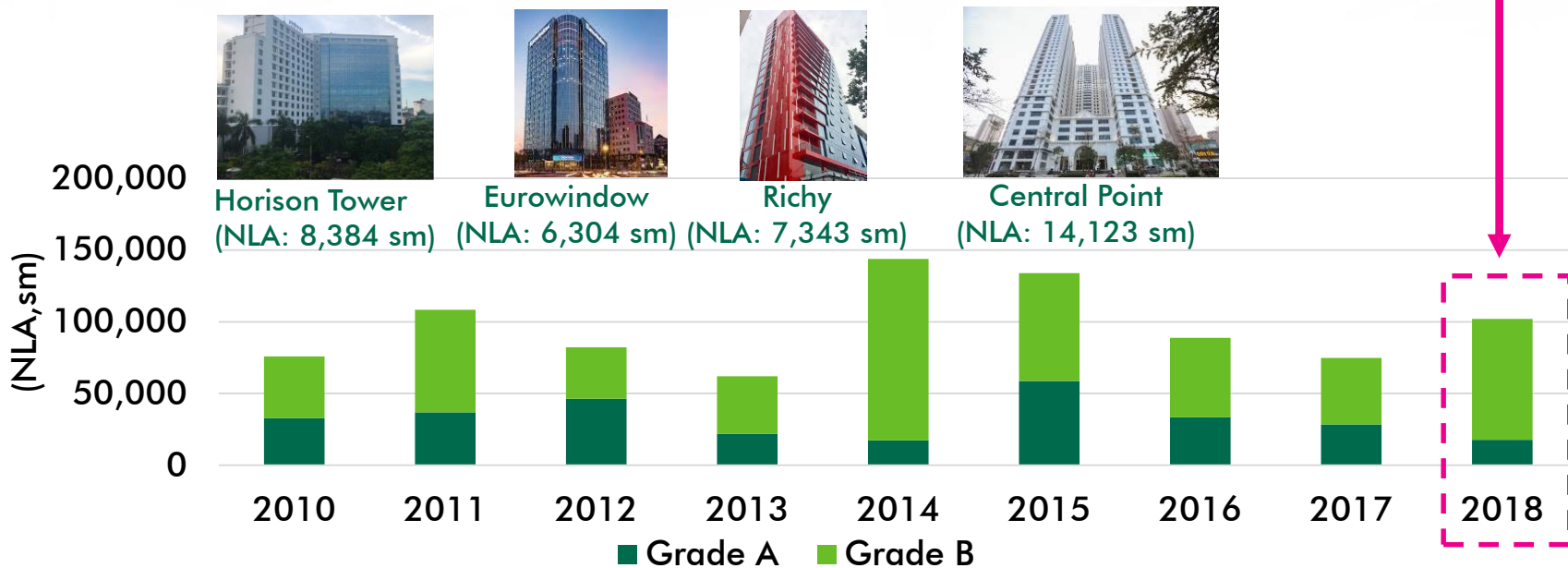
### Hanoi Office, Rent and Vacancy by Year



(\*) Asking rent excludes Service charge and VAT  
Source: CBRE Vietnam.

# HANOI OFFICE – HIGHEST ABSORPTION OVER THE PAST THREE YEARS

Shorter time to stabilize  
New buildings opened in 2017  
achieved 90 – 100% occupancy after 1 year



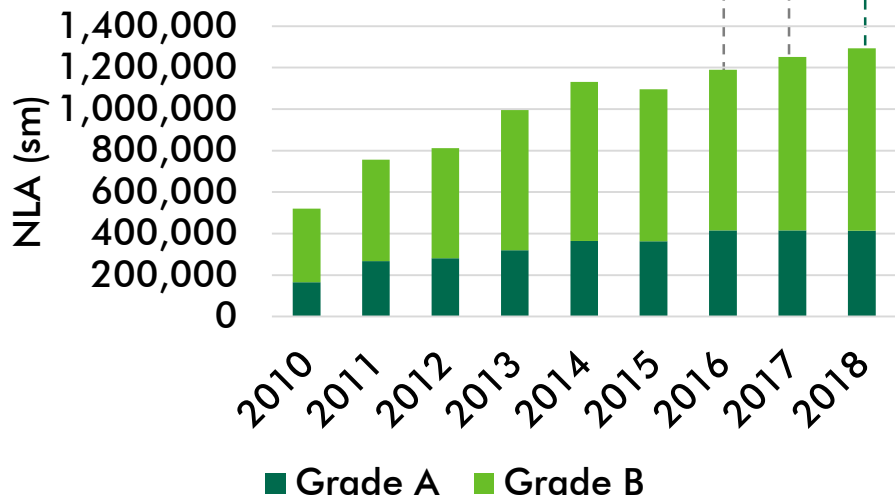
## HANOI OFFICE – SUPPLY GROWTH AT LOWER RATE

Stronger Pre-Commitment level at new buildings

### Hanoi Office Supply, NLA sm

#### Supply growth

+9%+5%+3%



Pre-commitment (\*) seen in recently and upcoming completed projects



#### Detech Tower II Grade B – Q4 2018

NLA: 15,000 sm  
Pre-commitment: **50%**



#### FLC Twin Towers Grade B – Q1 2019

NLA: 23,500 sm  
Pre-commitment: **13%**

(\*) Pre-commitment recorded prior to opening of the building  
Source: CBRE Vietnam, Q4/2018.

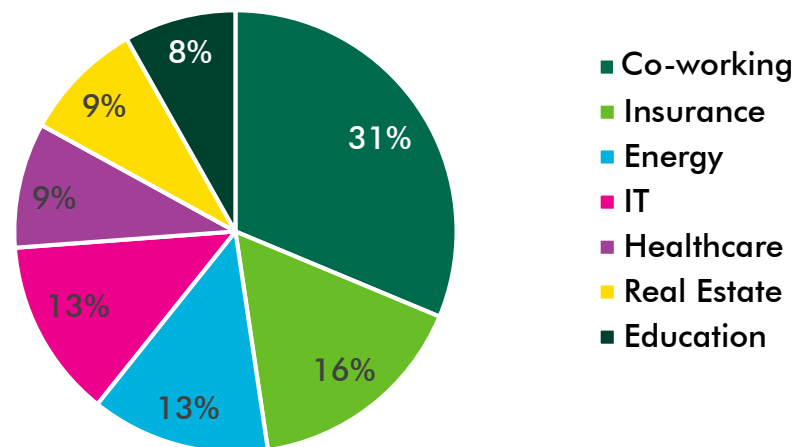
## HANOI OFFICE – LARGER TENANCIES

Co-working space emerged as a major source of demand

List of Major Transactions in Hanoi (>=1,000 sm)

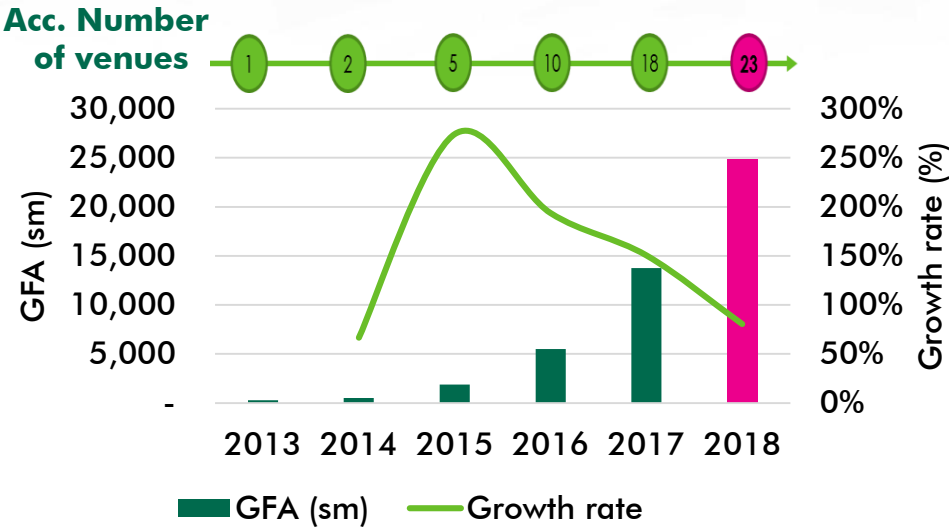
No.	Area	Size	Industry
1	Midtown	4,000	Energy
2	Midtown	3,400	Co-working
3	Midtown	2,700	Real Estate
4	CBD	2,700	Co-working
5	West	2,500	IT
6	Midtown	2,200	Co-working
7	West	2,200	Insurance
8	CBD	1,500	Education
9	Midtown	1,500	Insurance
10	Midtown	1,500	Healthcare
11	West	1,500	IT
12	Midtown	1,300	Insurance
13	Midtown	1,300	Healthcare
14	West	1,263	Co-working
15	West	1,000	Education

**Co-working leads the major transactions of equal or above 1,000 sm**



Note: Leasing transactions recorded by CBRE Vietnam  
Source: CBRE Vietnam, 2018.

## GROWTH OF CO-WORKING SPACE IN HANOI: Impressive growth(+81% y-o-y)



### HANOI CO-WORKING SPACE

Total supply (GFA): 25,000 sqm  
Occupancy Rate: ~70%

Source: CBRE Vietnam, Q4/2018.

## Major operators in flexible workplace in Vietnam

First introduced in Vietnam since	1997	2015 - 2017			2018	
Operator	Regus	DREAMPLEX	toong	UP	coco Co-working Space	A U.S. operator
# of venues by 2018 (*)	7	3	6	7	3	1
Total GFA by 2018 (sm) (*)	6,629	4,500	7,450	12,500	6,800	5,425

(\*) Including Hanoi and HCMC



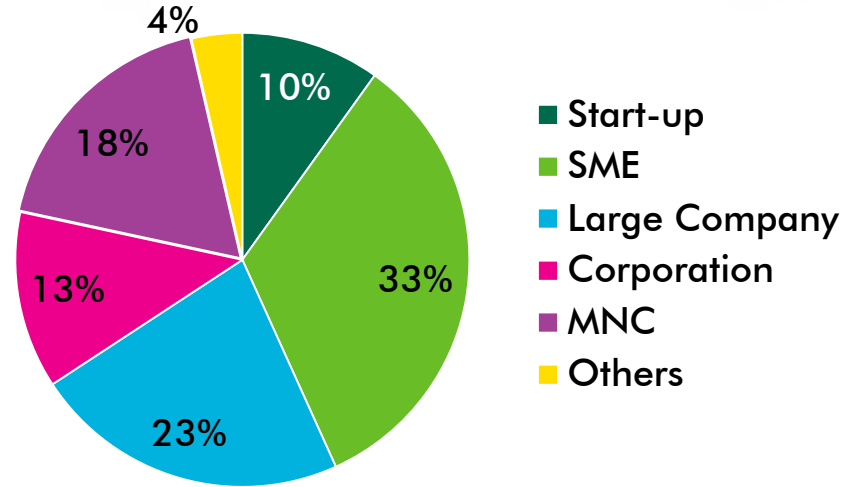
## FLEXIBLE WORKSPACE DEMAND

### Not just for Start-up/SMEs

New Tenant: MNCs and Big Companies



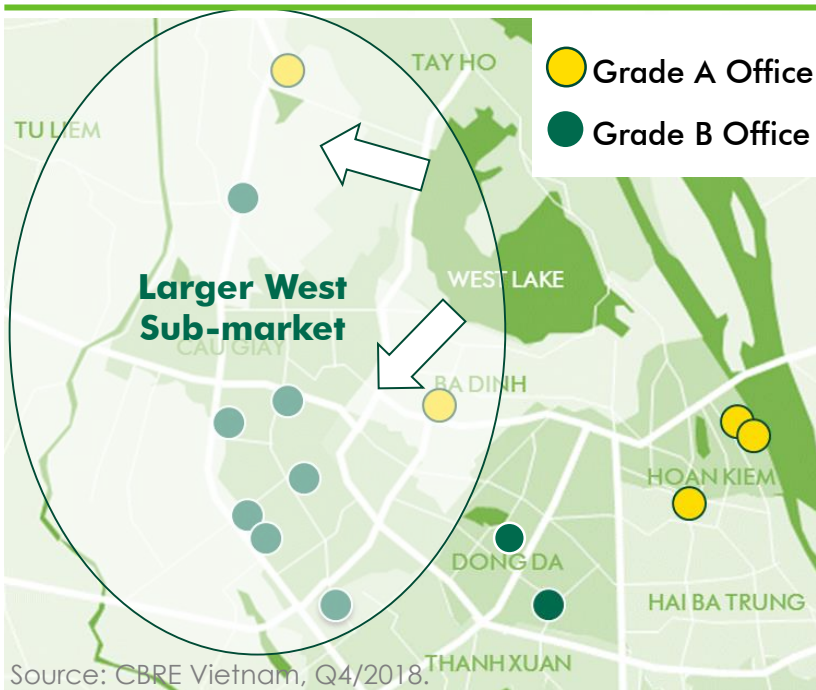
Occupiers by Company Type



## FUTURE SUPPLY ACROSS OFFICE CLUSTERS

Further expansion of office cluster in the West next 5 years

**14 projects ~278,000 sm NLA**



**2019 (NLA: 104,000 sm)**



**Thai Square**  
 Hoan Kiem Dist.  
 24,545 sm NLA  
 Grade A  
 – Under construction



**TCB Tower**  
 17,000 sm NLA  
 Grade B  
 – Under construction



**Thanh Cong Office**  
 Cau Giay Dist.  
 17,190 sm NLA  
 Grade B  
 – Under construction

**2020 (NLA: 126,000 sm)**



**Capital Place**  
 Ba Dinh Dist.  
 94,400 sm NLA  
 Grade A  
 – Under construction



**BRG Grand Plaza**  
 34,000 sm NLA  
 Grade B  
 – Under construction

**2021 (NLA: 48,000 sm)**

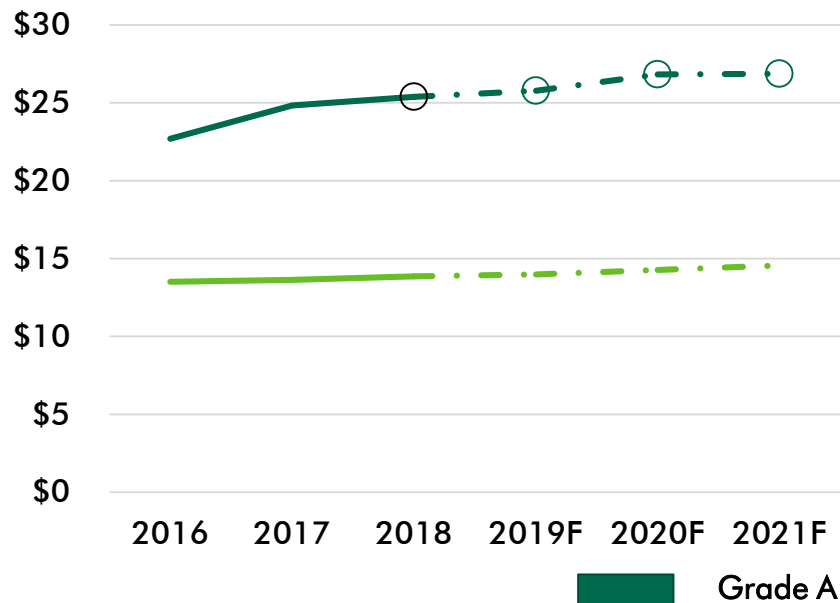


**Coninco Building**  
 Dong Da Dist.  
 19,000 sm NLA  
 Grade B  
 – Under construction

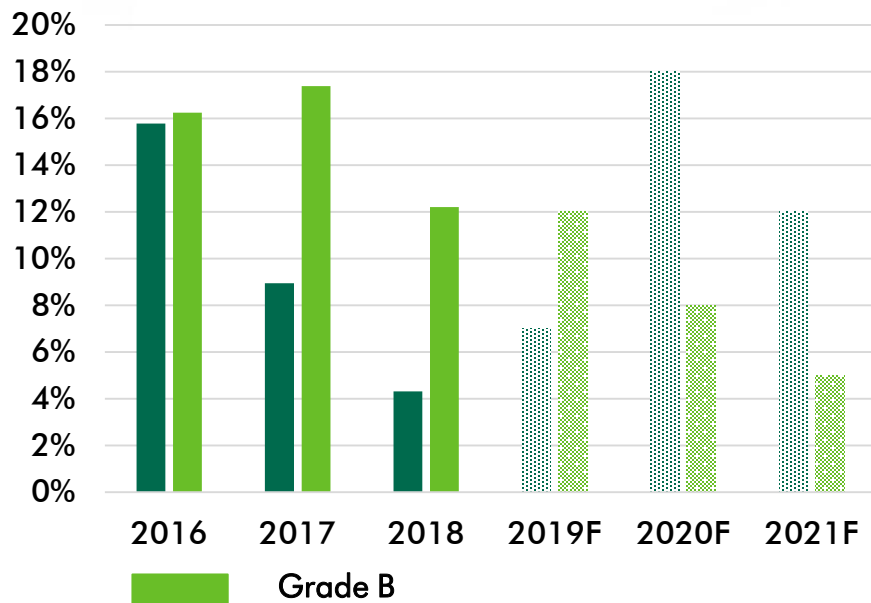
## MARKET OUTLOOK

Gradual rental growth expected in both grades

Hanoi Office, Rent Forecast



Hanoi Office, Vacancy Forecast



(\*) Asking rent (US\$/sm/month) excludes Service charge and VAT

Source: CBRE Vietnam.

## 2019 MARKET TRENDS

①

**New Grade A  
Supply in CBD**



②

**Grade A: Stabilized rents in  
existing projects  
New completed projects  
ask for higher rents than  
average**



③

**Co-working  
space – A  
major source  
of demand**



# HANOI RETAIL





## KEY HIGHLIGHTS

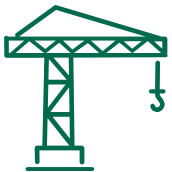
### ① The Rise of E-retailing



### ② Local brands go global



### ③ Provincial Retail



Bac Ninh, My Tho, Nghe An, Son La.....

Construction and opening of new shopping mall in 2<sup>nd</sup> tier cities

### ④ Local supermarket brands gain strong foothold



## THE RISE OF E-RETAILING

Electronic payment, e-commerce, food delivery



Some key players in Vietnam market



Lala food delivery application cease to exist?



## LOCAL BRANDS GO GLOBAL



## Franchising takes Vietnamese brands to the world

bizhub

BY THIEN LY

Monday, May 07, 2018 08:35

**RedSun ITI has taken its chain of Truly Viet restaurants to Australia under the franchise model.**

It has set up a joint venture with an Australian partner to open the first restaurant in Melbourne with a menu that features four popular traditional Vietnamese dishes, goi cuon (fresh spring roll), pho (noodle soup), banh mi (Vietnamese sandwiches), and bun cha (vermicelli with grilled pork and fresh herbs).



## PROVINCIAL RETAIL

## Ground-breaking of AEONMALL Shopping Centre in Hai Phong

CAFEF

13-05-2018 - 20:51 PM



## In 2018, Vincom put into operation 20 new shopping centres across the country

VIR News  
bizhub

Sunday, Dec 23, 2018 22:46

Central Group Vietnam introduces  
**GO! My Tho**

VIR Vietnam Investment Review

08:23 | 17/11/2018

# SUPERMARKET: LOCAL PLAYERS HAVE STRONG FOOTHOLD

## New foreign player entrances

### Hanoi supermarkets

Q4 2015

Q4 2018

**13**   
**5**   
**0** 

**41**   
**6**   
**4** 



### E-Mart to open first outlet in Hanoi

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



### Vietnam's Vingroup buys Fivimart

📅 October 9, 2018 👤 Inside Retail Asia

Vietnamese retail giant Vingroup has fully acquired grocery chain Fivimart, after Aeon ended its partnership.

### Japan's Summit supermarket to open outlets in Vietnam

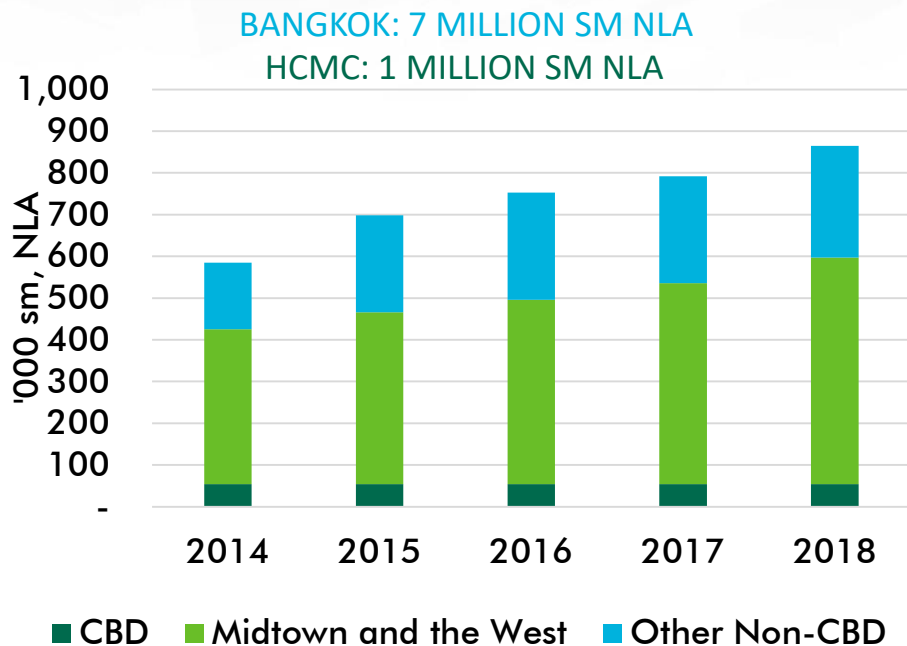
📅 December 14, 2018 👤 Inside Retail Asia





## HANOI RETAIL – LOWER COMPLETIONS IN Q4 2018

### Hanoi Retail Supply, NLA sm



### Newly opened projects



**Q4 2018**  
Vincom Center Metropolis  
~25,440 sm NLA



**Q3 2018**  
Discovery Complex  
~21,632 sm NLA



**Q2 2018**  
Machinco  
~14,610 sm



**Q2 2018**  
Truong Dinh Plaza  
~10,820 sm

## 2018 MARKET SNAPSHOT



NLA (sm)

US\$/sm  
/month

(%)

## HANOI

## Total Supply

865,000

↑ 9.2% y-o-y

## Asking Rent

CBD 99.5 ↑ 0.4% y-o-y

Non-CBD 29.3 ↑ 3% y-o-y

## Vacancy Rate

CBD 0.6% ↓ 1.2 pts y-o-y

Non-CBD 10.2% ↑ 2 pts y-o-y

## HCMC

## Total Supply

992,824

↑ 16% y-o-y

## Asking Rent

CBD 128 = y-o-y

Non-CBD 35.8 ↓ 2.6% y-o-y

## Vacancy Rate

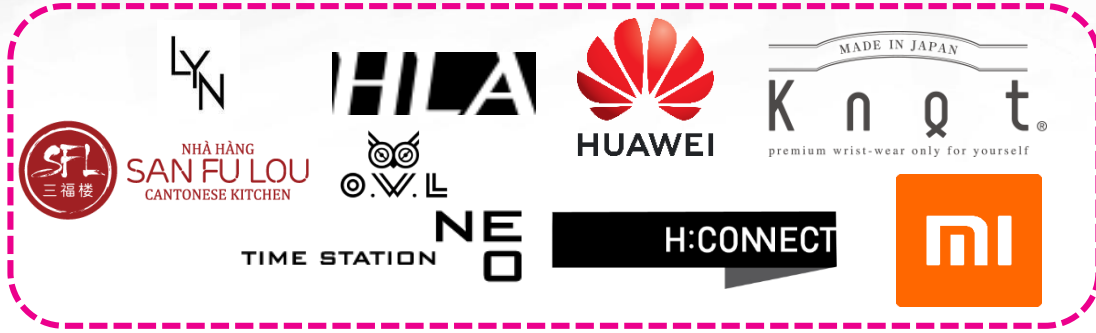
CBD 3% ↑ 1.4 pts y-o-y

Non-CBD 9% ↓ 2.8 pts y-o-y

Note: Average rent on ground floor, excluding VAT

Source: CBRE Vietnam, Q4 2018.

NEW ENTRANTS TO HANOI  
Active Expansion by Asian Brands/Concepts



Luxury brands

ST LOUIS



PATEK PHILIPPE  
GENEVE



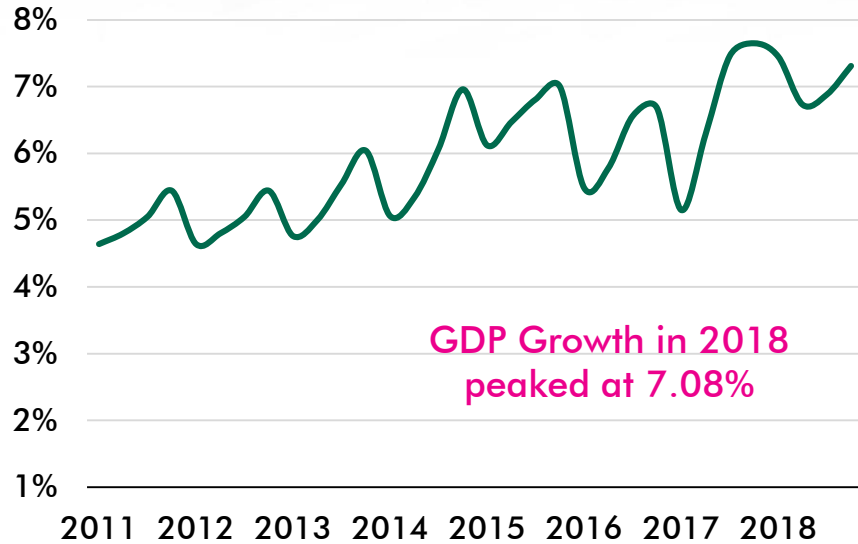
HUBLOT  
GENEVE



CANALI  
1934

# VIETNAMESE CONSUMER CONFIDENCE AT AN ALL-TIME HIGH

## Vietnam GDP Growth



Source: General Statistics Office

## Vietnam Consumer Confidence Index

Country	Rank	Q3 2018
India	1	130 ▲
Vietnam	2	129 ▲
Malaysia	3	127 ▲
Indonesia	4	126 ▼
Pakistan	5	126 ▲
Philippines	6	126 ▼
US	7	123 ▼
Denmark	8	122 ▼
China	9	112 ▲
Thailand	10	112 ▲

Source: Nielsen

# FUTURE SUPPLY IN 2019

## Retail podium as a trend

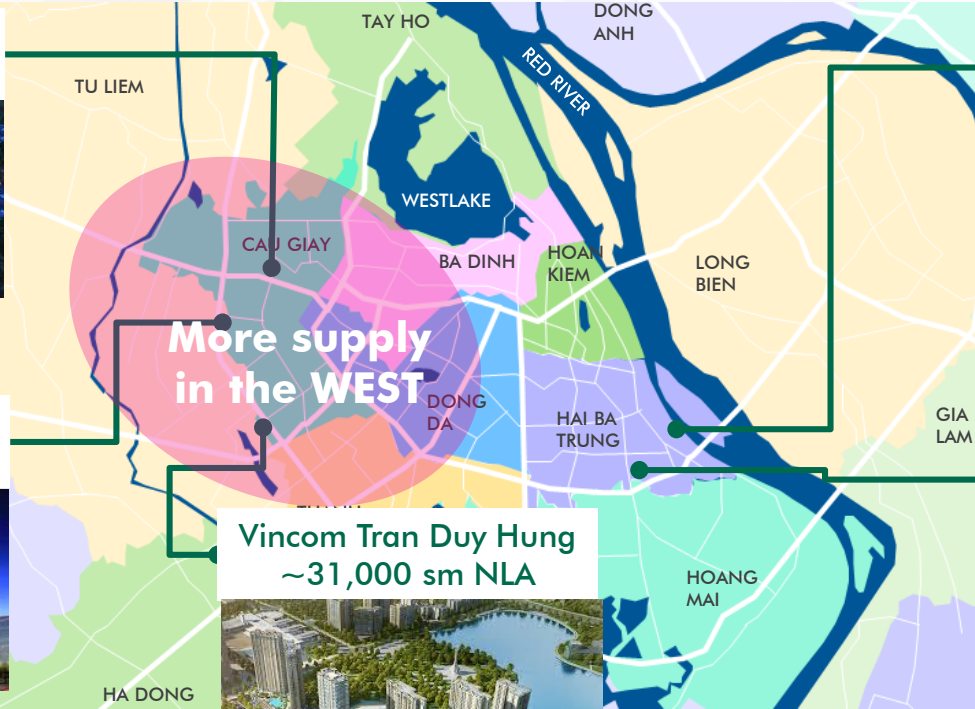
FLC Twin Towers  
~14,400 sm NLA



Vincom Skylake  
~15,000 sm



More supply  
in the WEST



Vincom Tran Duy Hung  
~31,000 sm NLA



Sun Plaza Ancora  
~19,830 sm NLA



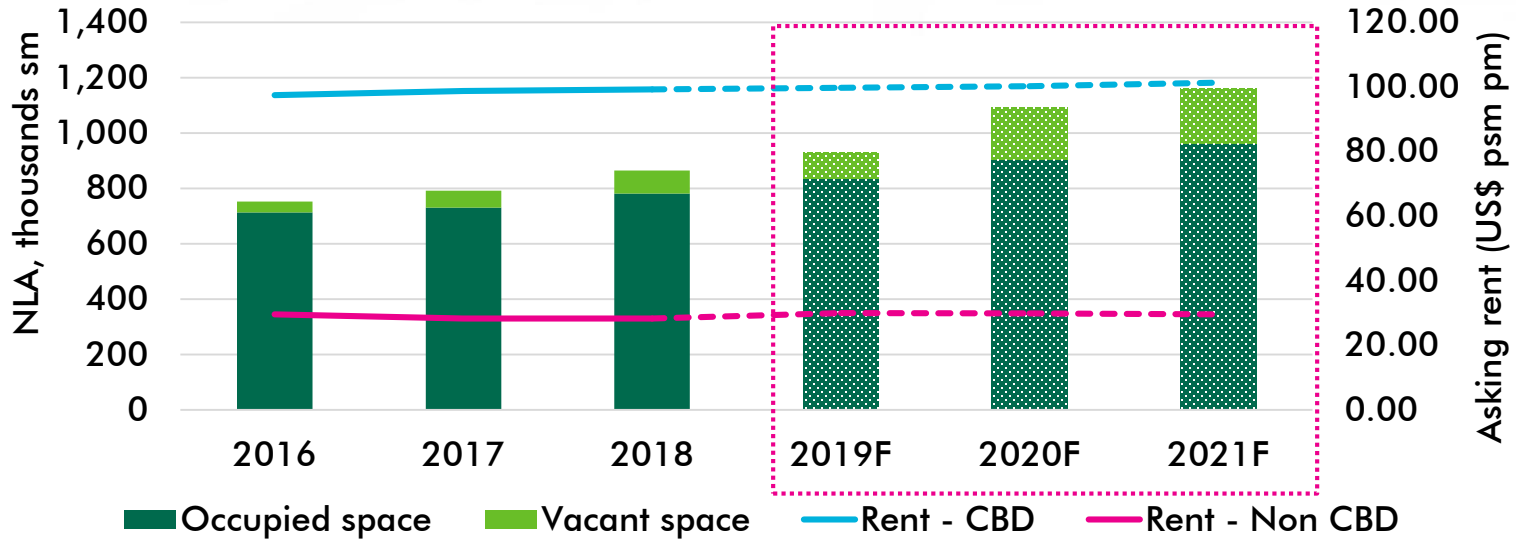
Hinode City  
~42,200 sm





## FORECAST FOR THE NEXT THREE YEARS

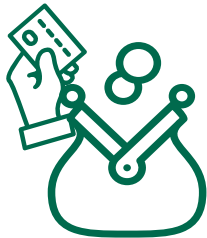
Hanoi Retail, Rent and Vacancy Forecast



## 2019 MARKET TRENDS

①

**Strong consumer  
confidence**



②

**E-retailing  
continues its  
march**



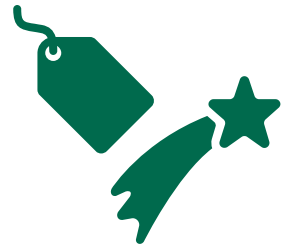
③

**Large-scale  
projects with  
foreign players  
will create new  
retail  
destinations**



④

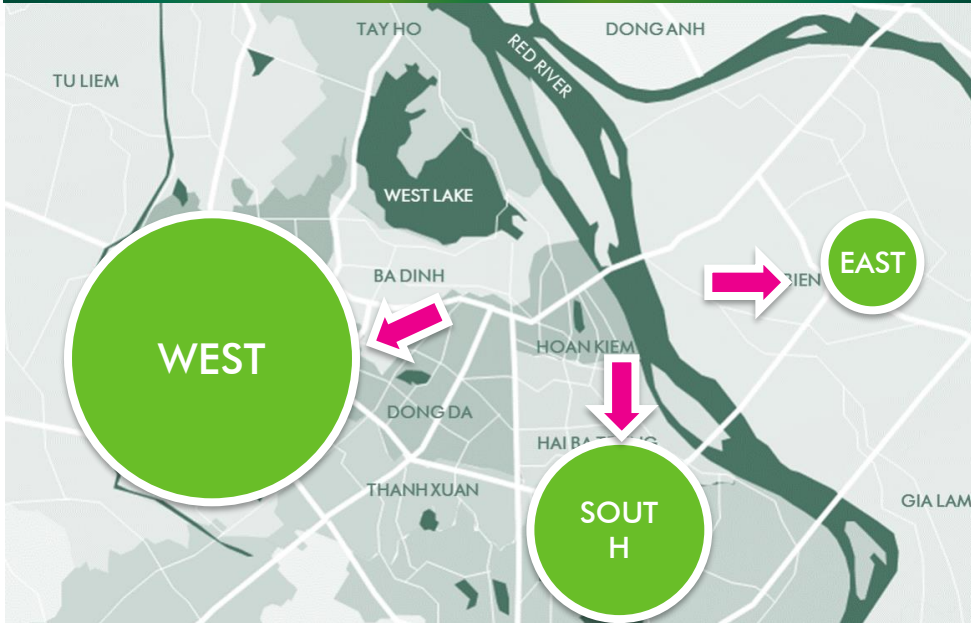
**Asian  
brands/concepts  
to be further  
embraced**



# HANOI RESIDENTIAL

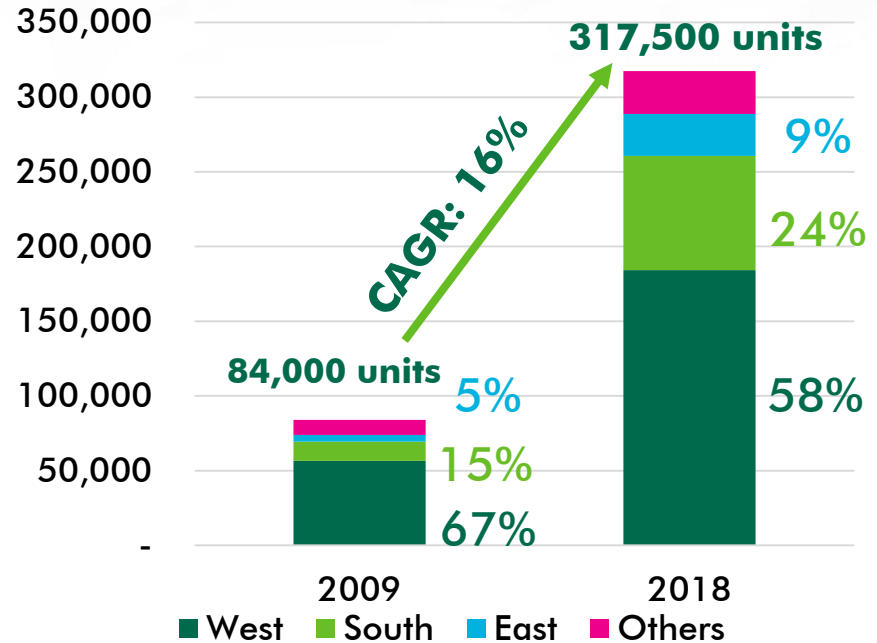
## HANOI RESIDENTIAL MARKET A 10-YEAR LOOKBACK

### Hanoi residential development directions



Notes: accumulated supply to date including landed property and condominium  
Source: CBRE Vietnam, Q4 2018

### Accumulated Supply, Hanoi Residential





## HANOI RESIDENTIAL MARKET A 10-YEAR LOOKBACK

### Forming the "Skyline" in West of Hanoi



### And transforming "Ghost Town" projects





# HANOI RESIDENTIAL MARKET A 10-YEAR LOOKBACK

## Going further and bigger with fund raising

Vinhomes raises \$1.35bn in Vietnam's biggest share offer

**FINANCIAL TIMES**

Emma Dunkley in Hong Kong and John Reed in Bangkok MAY 7, 2018

Novaland raises \$160 million from convertible bonds in Singapore



15:22 12/05/2018

Like 0 Share 0 Tweet in Share Print Email

## FLC plans to list on foreign stock markets

Released at: 16:22, 12/06/2017



Mitsubishi teams up with Vietnamese developer Bitexco for realty JV  
July 27, 2016

**Deal  
street  
Asia**

Japanese Sumitomo-BRG Group JV to invest \$1b for Hanoi smart city project  
June 18, 2018

**Deal  
street  
Asia**

## HANOI RESIDENTIAL MARKET A 10-YEAR LOOKBACK

**And better connectivity amid much greater traffic**

**Six more bridges to span Hanoi's Red and Duong rivers**

*VietNamNet Bridge – Phan Truong Thanh is one of the drafters of the "Master plan on Investment in Ha Noi's Transportation Infrastructure in 2017-2021, with a vision to 2030". He speaks to the Kinh te & Do thi (Economic and Urban Affairs) newspaper about the importance of building new bridges across the Red River.*



**Hanoi kicks off construction  
of Ring Road No. 2**

**TALK VIETNAM**

**Hanoi to launch first bus rapid transit  
system this month**

By VnExpress December 14, 2016 | 09:21 pm GMT+7



**An Dương-Thanh Niên overpass opens  
to traffic**



## 2018 HIGHLIGHTS



**1**

**Lower new supply**



**2**

**The rise of residential in suburban locations**



**3**

**Future supply to come from large scale developments**



**4**

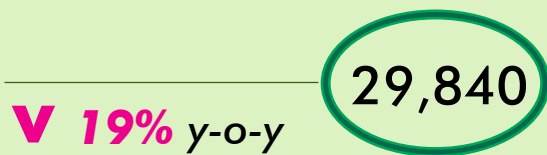
**Flat Prices**

**2018 HIGHLIGHTS – MARKET PERFORMANCE**

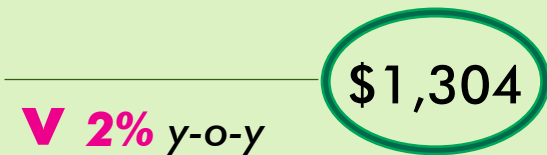
**HANOI**



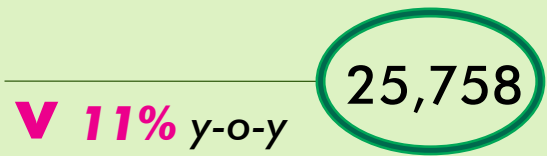
**New Launch  
(Units)**



**Selling prices (\*)  
(US\$ psm)**



**Sold units  
(Units)**



**HCMC**



(\*) Selling price: US\$ psm (exclusive of VAT & Maintenance fee)

Source: CBRE Vietnam, Q4 2018.

**LUXURY:** >3,500 US\$/sm  
**HIGH END:** 1,500 – 3,500 US\$/sm  
**MID END:** 800 – 1,500 US\$/sm  
**AFFORDABLE:** <800 US\$/sm

## 2018 HANOI MARKET SNAPSHOT

**29,840 units launched from 72 projects**



**19%** y-o-y

Luxury

High-end

Mid-end

Affordable



**New launch**

**0 project**

0 unit

**26 projects**

6,109 units

▼ 19% y-o-y

**46 projects**

20,615 units

▼ 8% y-o-y

**10 projects**

3,116 units

▼ 55% y-o-y



**Selling Prices (\*)**

**3,460 US\$/sm**

▼ 1.3% y-o-y

**1,930 US\$/sm**

▼ 1.1% y-o-y

**1,123 US\$/sm**

▲ 1.3% y-o-y

**729 US\$/sm**

▲ 3.2% y-o-y



**Sold units**

**127 units**

▼ 47% y-o-y

**5,608 units**

▼ 18% y-o-y

**16,133 units**

▼ 5% y-o-y

**3,890 units**

▼ 21% y-o-y

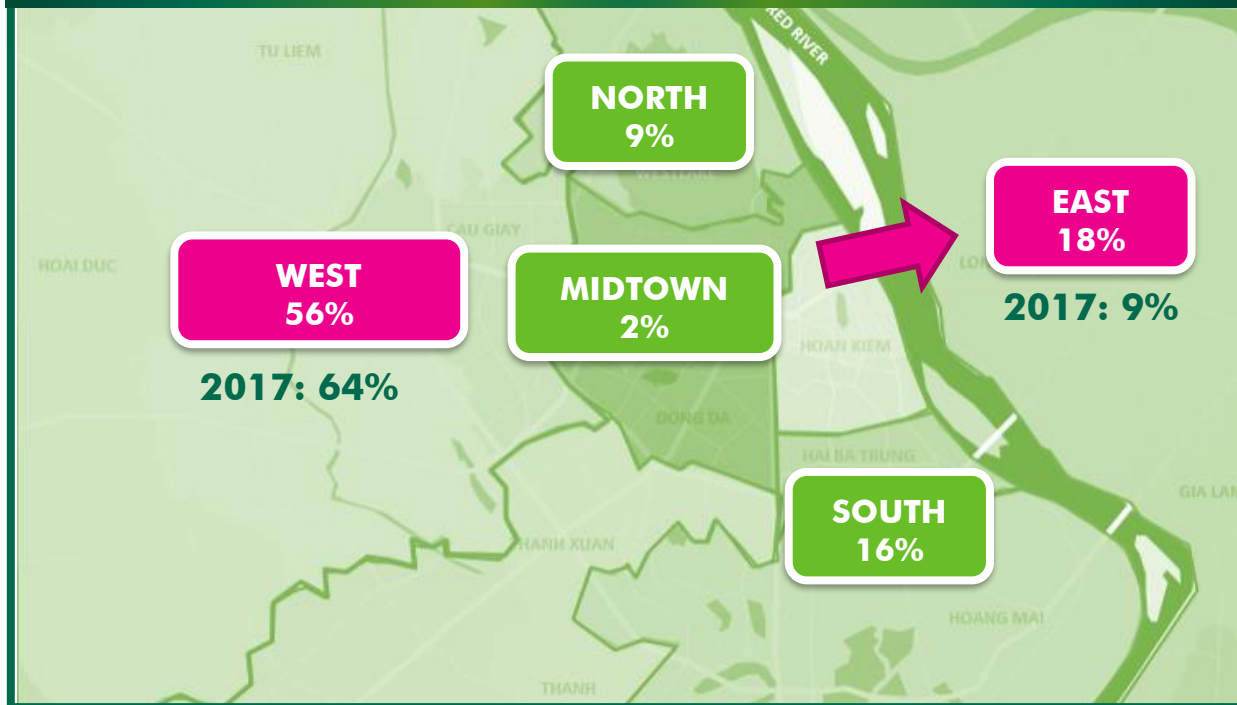
(\*) Selling prices exclude VAT and quote on NSA

Source: CBRE Vietnam Q4 2018.

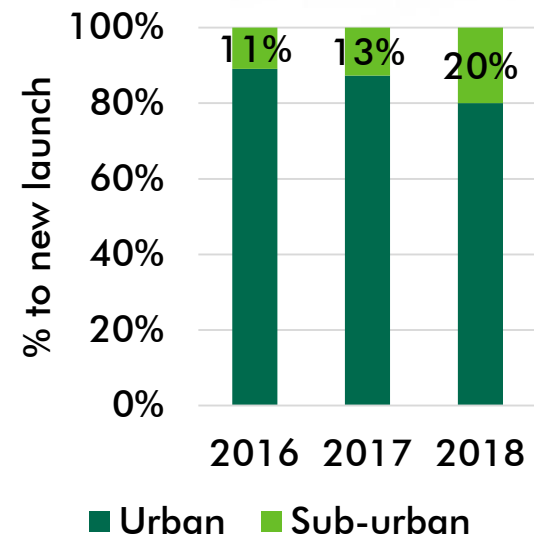


## THE RISE OF RESIDENTIAL IN SUBURBAN LOCATIONS

Share of new launch supply in 2018 by location



Increasing share of sub-urban areas



Source: CBRE Vietnam Q4 2018.

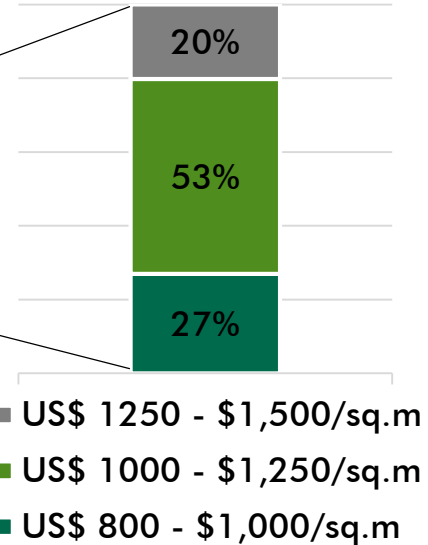
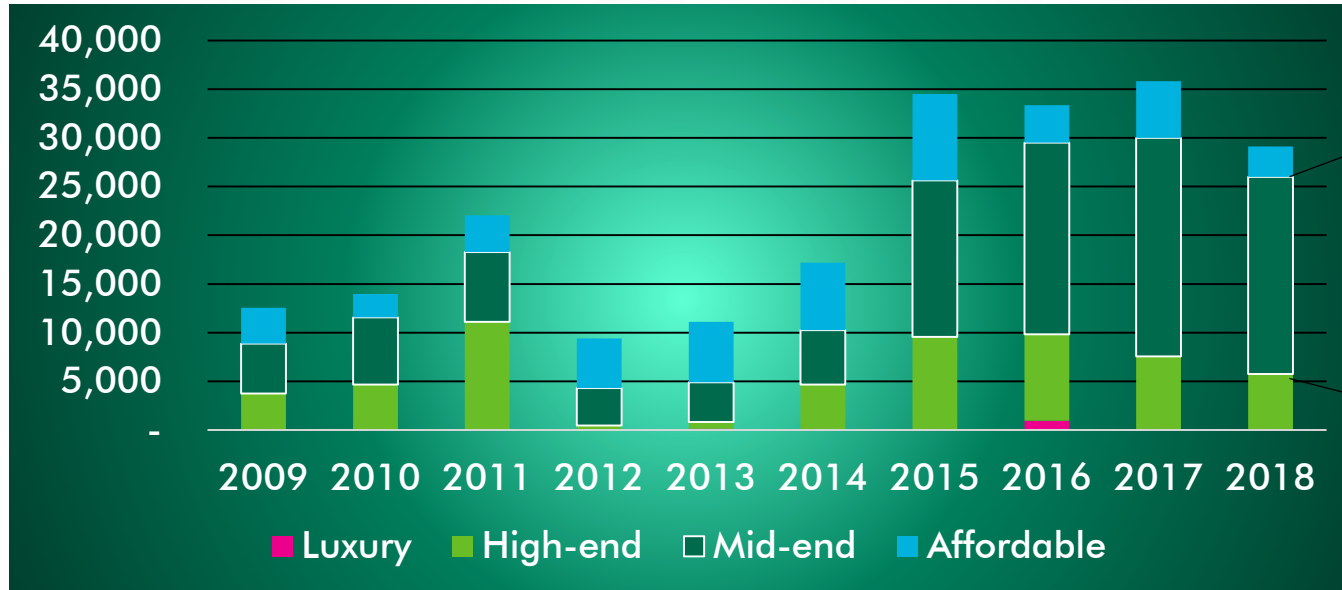
Sub-urban includes districts: Gia Lam, Dong Anh, Chuong My, Hoai Duc, Thanh Tri, Dan Phuong, Hung Yen

## EXPANDING MID-END SEGMENT

More options at similar pricing levels

% of mid-end to new launch (2015 - 2018) 47% ▪ 59% ▪ 63% ▪ 70% →

Common unit values  
from US\$70,000 -  
\$100,000 (\*)



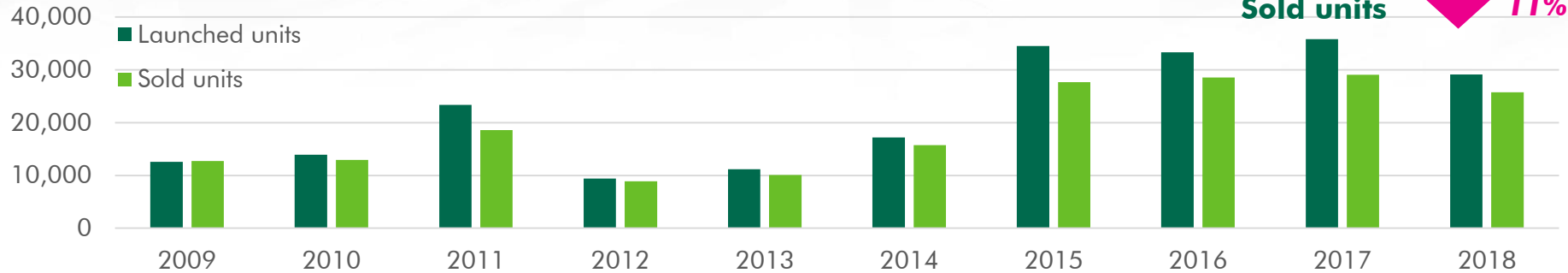
Source: CBRE Vietnam Q4 2018.

(\*) Selling price excludes VAT and quotes on NSA

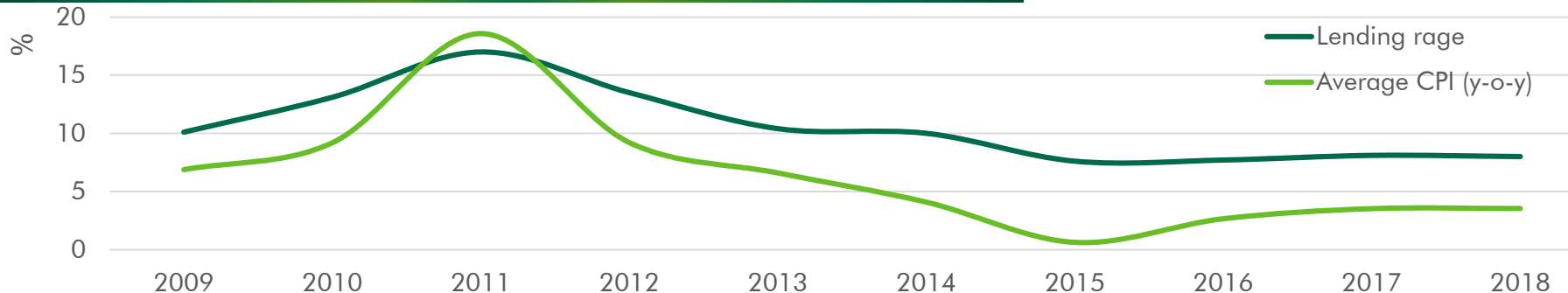
## MARKET ABSORPTION:

Lower new supply volume allows sales to catch up

### Hanoi launched units versus sold units



### Lending rates and Inflation rates (%)

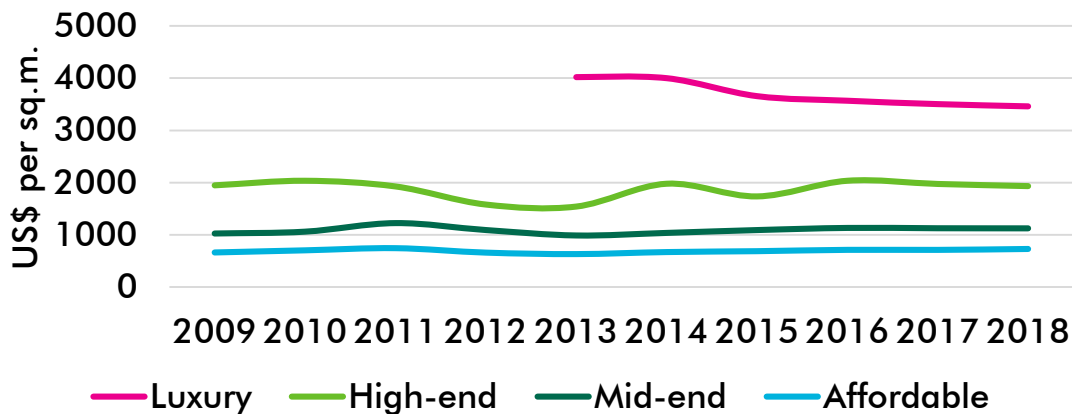


## HANOI CONDOMINIUM: END-USERS A MAIN FOCUS

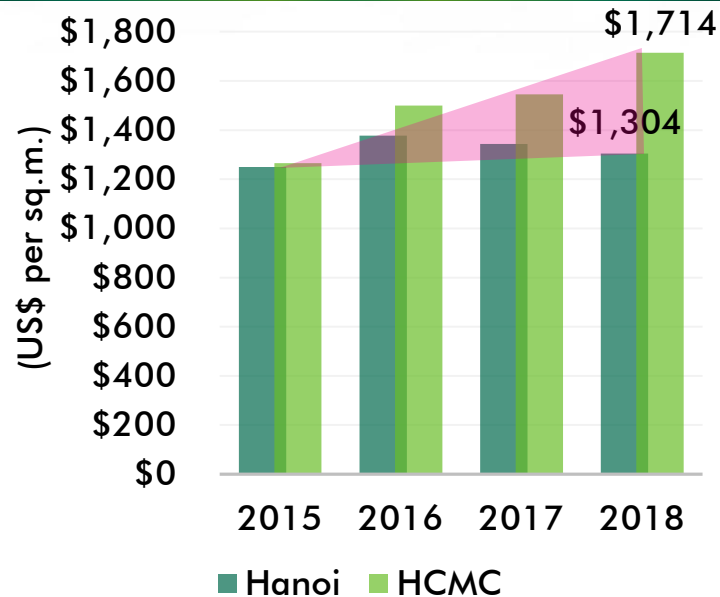
Affordability playing an important role

### Hanoi primary pricing by segment

<b>Luxury</b>	<b>High end</b>	<b>Mid end</b>	<b>Affordable</b>	← 2018 Price
US\$3,460	US\$1,930	US\$1,123	US\$729	
▼ 1.3% y-o-y	▼ 1.1% y-o-y	▲ 1.1% y-o-y	▲ 3.2% y-o-y	



### Hanoi vs HCMC primary pricing



(\*) Selling price excludes VAT and quotes on NSA

Source: CBRE Vietnam Q4 2018.

**PRODUCT ENHANCEMENTS**

Competition in terms of features and amenities among new projects

**Quantity vs Quality**

5-star amenities open at Riverside Garden (\*)



TNR GoldSeason focuses on educational amenities for residents' children (\*)



**Back to basics**

Iris Garden guarantees one parking space for an apartment unit (\*)



Fire Safety system inspection completed at Thanh Xuan Complex (\*)



**From old designs to new product features**



*Old design with limited exposure to natural light and outdoor view*



*Dual Key*



*Duplex*

(\*) Translated from Vietnamese Newspaper. Source: Various websites



## MARKET OUTLOOK

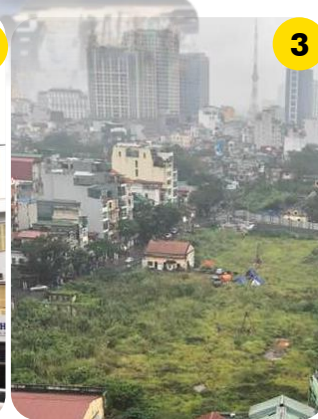
Going bigger and further from the CBD





## MARKET OUTLOOK

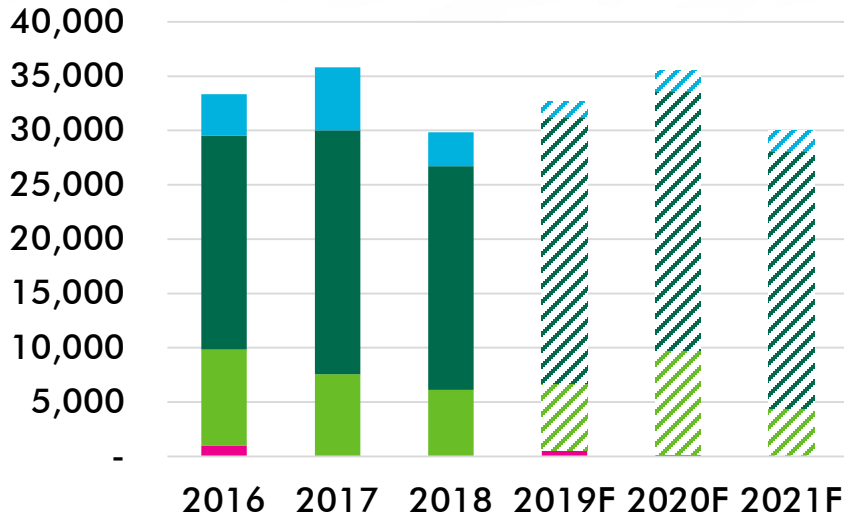
Progress at prime sites – the return of luxury in 2019?



## MARKET OUTLOOK

### More premium offerings expected

#### New launch Forecast

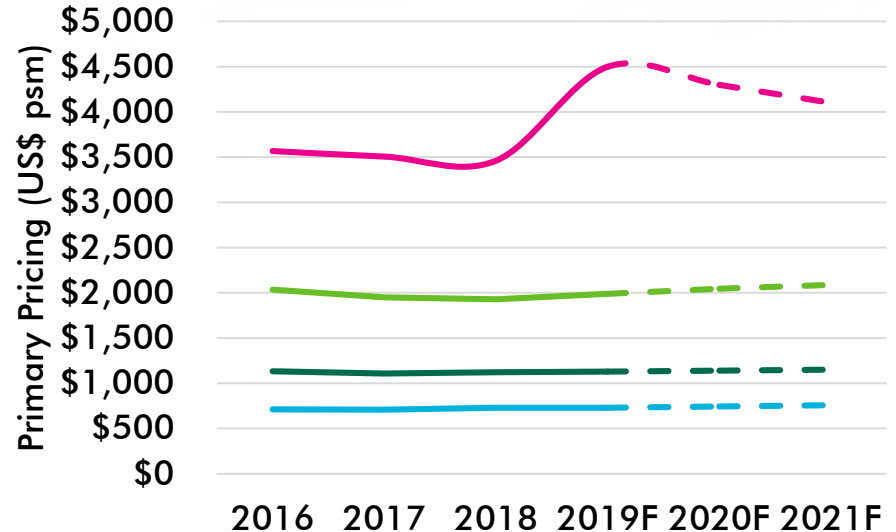


■ Luxury 
 ■ High-end 
 ■ Mid-end 
 ■ Affordable

Source: CBRE Vietnam Q4 2018.

(\*) Selling price (US\$ psm) excludes VAT and quotes on NSA

#### Primary Pricing Forecast



— Luxury 
 — High-end 
 — Mid-end 
 — Affordable

## 2018 HIGHLIGHTS



**1**

**New supply reached ~2,600 units**



**2**

**Strong absorption; sold units exceeded new launch**

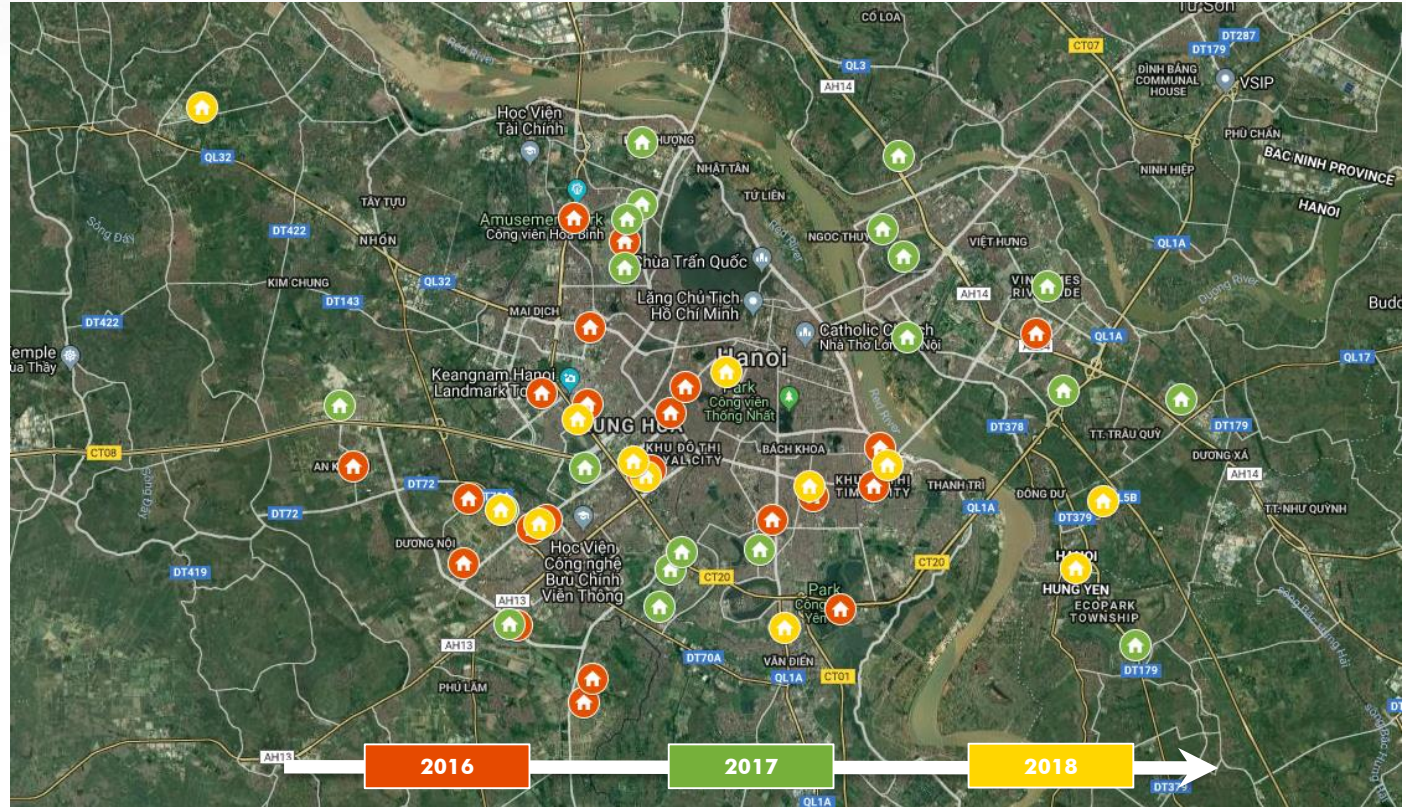
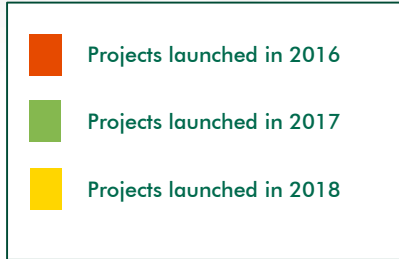


**3**

**Price gains for villa and townhouse products at emerging locations**

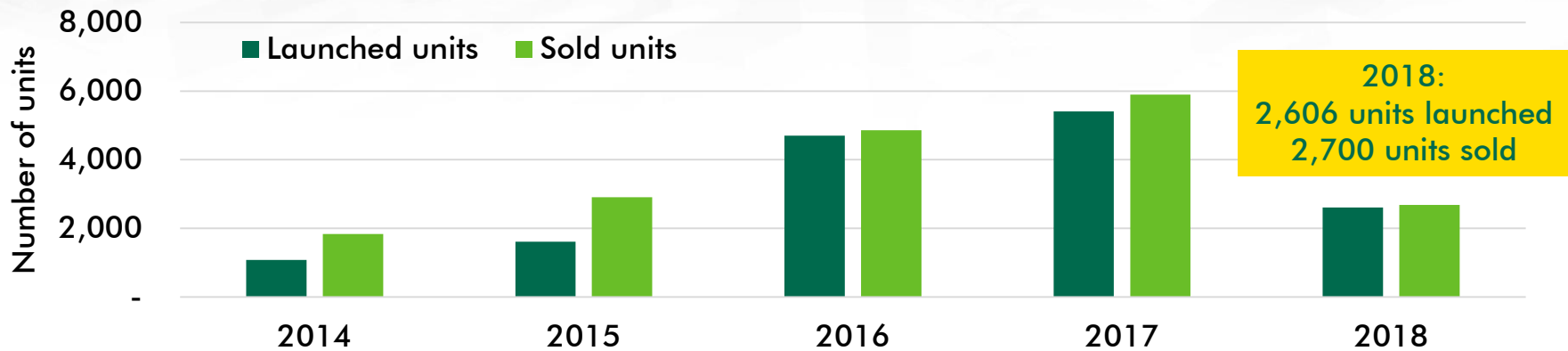


# SUPPLY EXPANSION MOSTLY TO WEST, BUT GRADUALLY TOWARD THE EAST





## 2018 LIMITED NEW SUPPLY SALES EXCEEDED NEW LAUNCH



Ecopark Grand – The Island

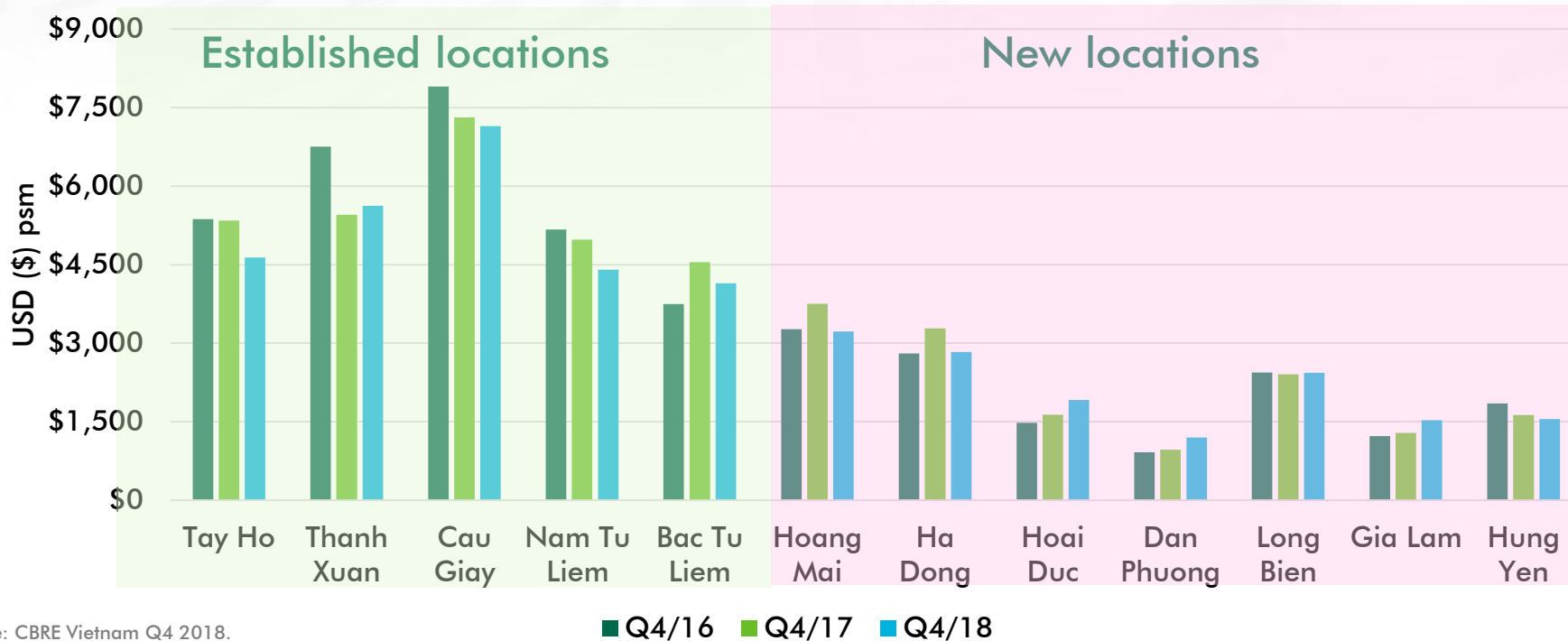


The Manor Central Park



Louis City

## UPWARD TRENDS IN SECONDARY PRICING AT EMERGING LOCATIONS



Source: CBRE Vietnam Q4 2018.

Secondary pricing includes VAT and construction cost (US\$ psm of land)

■ Q4/16 ■ Q4/17 ■ Q4/18

## 2019 RESIDENTIAL MARKET OUTLOOK

①

Large scale and  
mega scale  
projects



②

More diverse &  
differentiated  
product offerings



③

Investors will be  
pondering over new  
locations, new concepts



④

Vietnam's first  
Metro Line soon to  
be up and running



# HANOI 4-5 STAR HOTELS



## 2018 MARKET HIGHLIGHTS

- ① Quiet year with no new 4-5-star supply



- ② Well-positioned performance compared to the region



- ③ Strong growth of tourist arrivals



- ④ Potential competition from the sharing economy





**2018 MARKET SNAPSHOT**



keys



US\$/room  
/night



(%)

**Hanoi**

**New Supply**

= 0% y-o-y

0

**ADR**

↑ 1.8% y-o-y

\$112.6

**OCC**

↓ 3.1 ppts y-o-y

78.4%

**HCMC**

**New Supply**

= 0.5% y-o-y

53

**ADR**

↑ 5.0% y-o-y

\$114.1

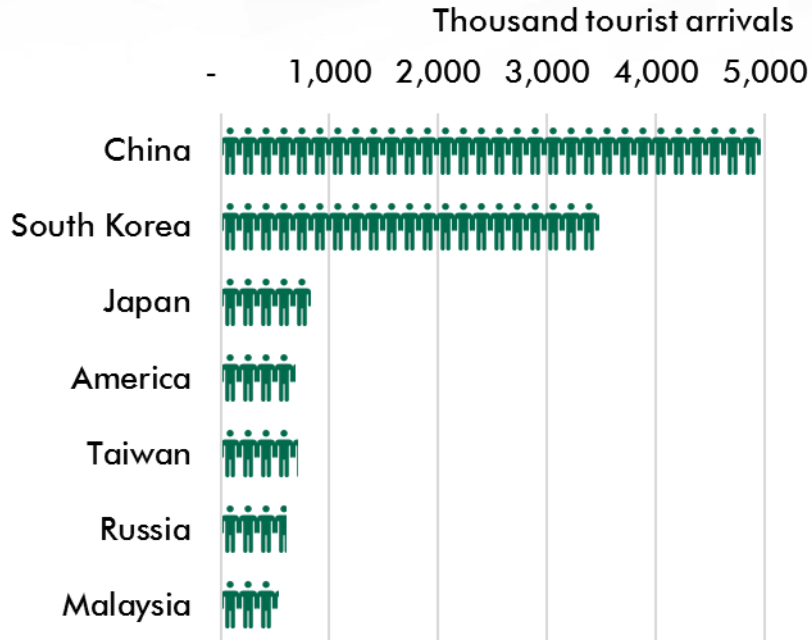
**OCC**

↓ 1.5 ppts y-o-y

73.3%

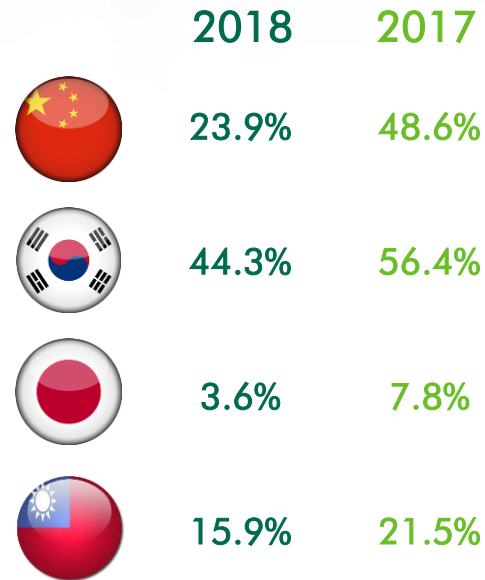
## TOURISM TREND FOR VIETNAM

International tourists to Vietnam by origins, 2018



Source: Vietnam Tourism Administration Office, 2018

Growth of in-bound arrivals by top origins



Source: Vietnam Tourism Administration Office, 2018

## TOURISM TREND FOR HANOI

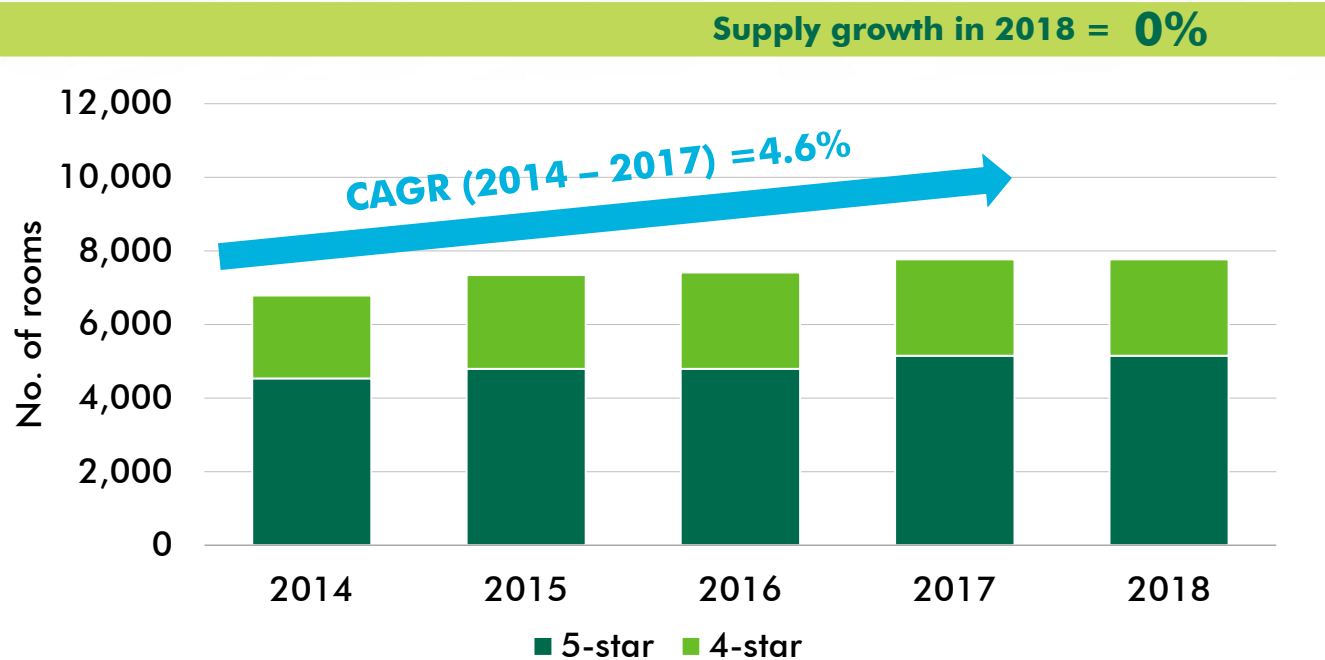
### International Tourist Arrivals to Hanoi by year



**International Arrivals to Hanoi  
in 2018:  
4.5 million  
(Up 19.1% y-o-y)**

**QUIET YEAR WITH NO NEW 4-5-STAR SUPPLY**

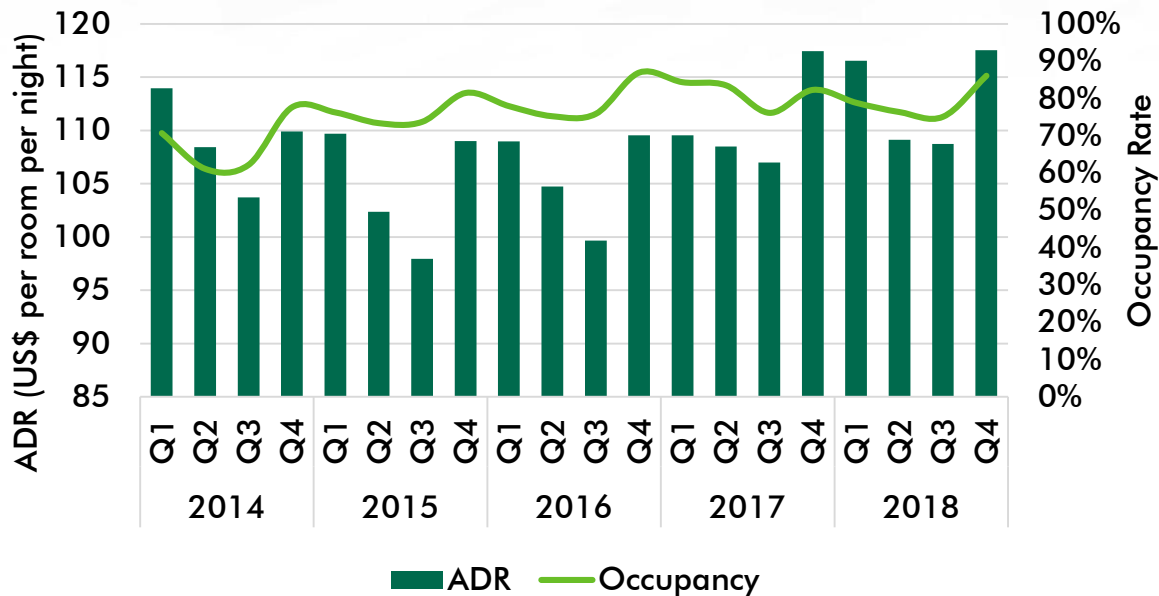
**Accumulated Hotel Rooms by year**



Source: CBRE Vietnam, Q4 2018

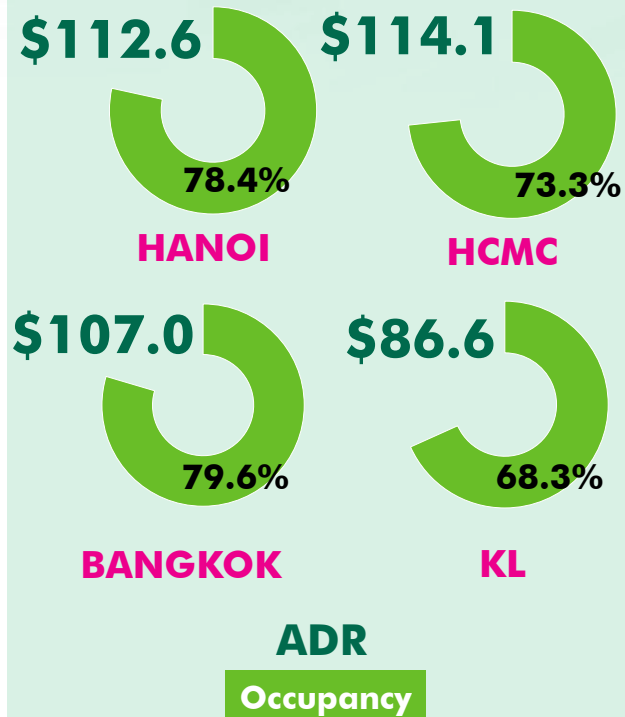
## STABLE SUPPLY AND HEALTHY DEMAND SUPPORT MARKET PERFORMANCE

### Hanoi upscale hotel, market performance by quarters



Source: STR, CBRE Vietnam, Q4 2018

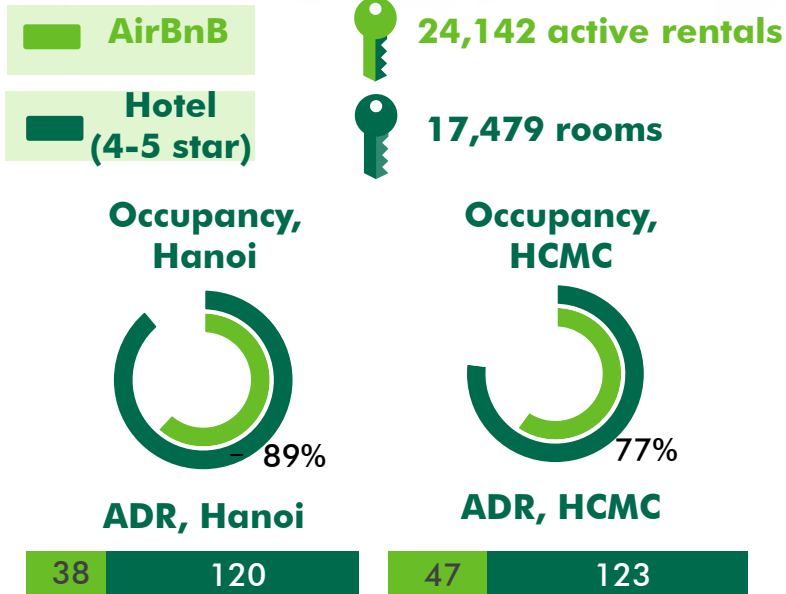
### 2018 Comparison





## COMPETITION FROM THE LIKES OF AIRBNB

Snapshot of AirBnB vs. 4-5 star hotels in major cities (HN and HCMC)



## EXPANSION OF MID-SCALE HOTEL CHAINS

Focusing on CBD and midtown



### More Asian brands ...



## SUPPLY GROWTH ESCALATE IN 2019 – 2021

To be completed in 2019: 457 keys



**Novotel Thai Ha**  
345 keys



**Wyndham Garden Hanoi**  
112 keys

Some key projects to be completed by 2021F



**Grand Mercure**  
250 keys



**Hilton & Doubletree by Hilton**  
620 keys



**Westin Hanoi**  
220 keys



**Kim Lien Site**  
300 keys



**Four Seasons Hanoi**  
100 keys



**San Raffles**  
100 keys

# OUTLOOK: CBD AND MIDTOWN DOMINATE SUPPLY SHARE

Expansion to the north

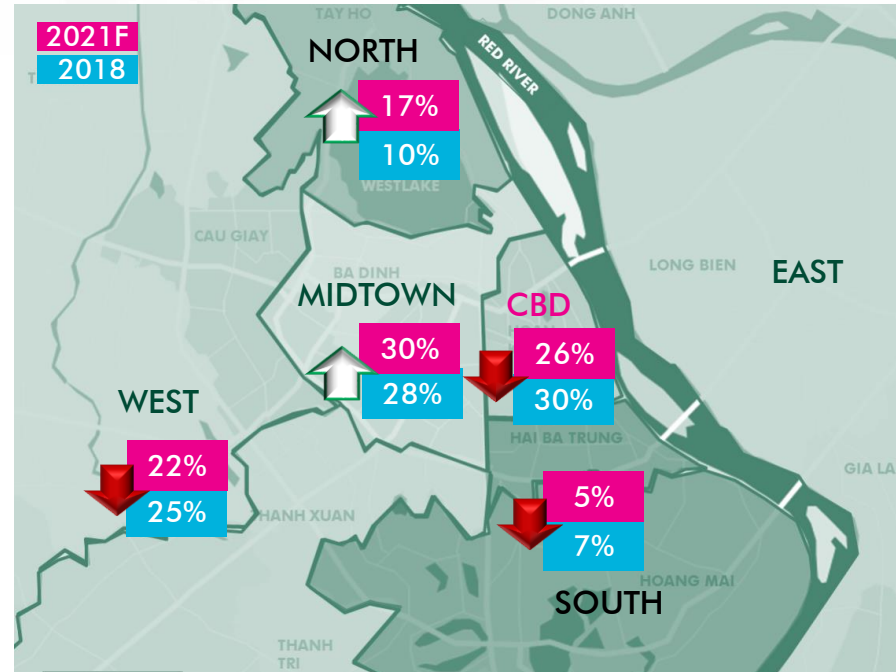
## Brand expansion by 2021F



## New brand entrance by 2021F



## Hanoi Hotel Supply Breakdown by areas



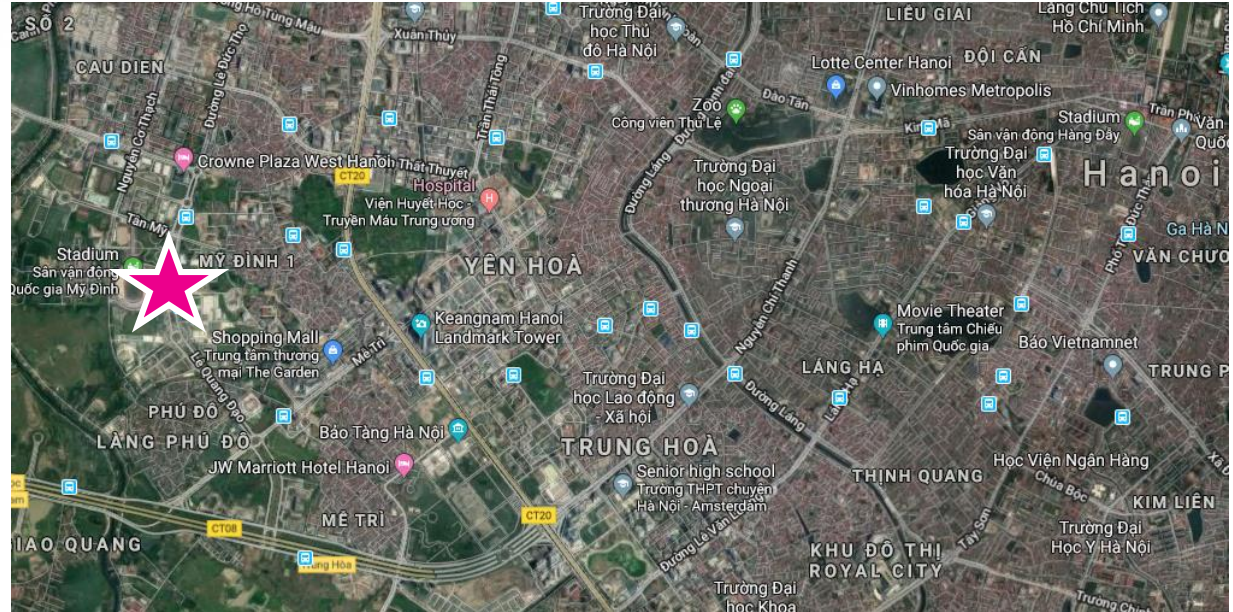
Source: CBRE Vietnam, Q4 2018, Upscale Hotels



## DEMAND: POTENTIAL TOURISM ACTIVITIES



**Formula 1: Vietnam capital Hanoi to host country's first grand prix in 2020**



## NEW HOTEL TRENDS AROUND THE GLOBE

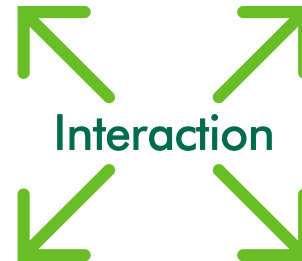
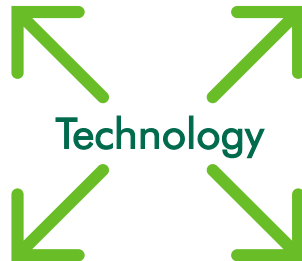


Self-Checkin Counters

Hotel & CWS  
For the digital nomads

Social Architecture

More Marketing through  
Social Media



## 2019 MARKET TRENDS

①

Strong inflow of new supply, after a quiet period



②

5-star segment continues to outperform due to limited new supply



③

Intensifying competition from sharing economy



④

Affordable luxury





# THANK YOU

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