



VIETNAM REAL ESTATE MARKET OUTLOOK 2019

HO CHI MINH CITY

Wed, 9 Jan, 2019

CONTENT

01
HCMC OFFICE

02
HCMC RETAIL

03
HCMC CONDOMINIUM

04
HCMC LANDED PROPERTY

04
HCMC HOTEL

06
VIETNAM INVESTMENT

HCMC OFFICE

THE FOUR STORIES

① Landlord Market



Limited Stock

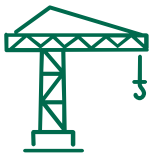


Rent Increase

② Flexible Workspace & Client Portfolio Restructuring



③ Pre-commitment



Construction
30%

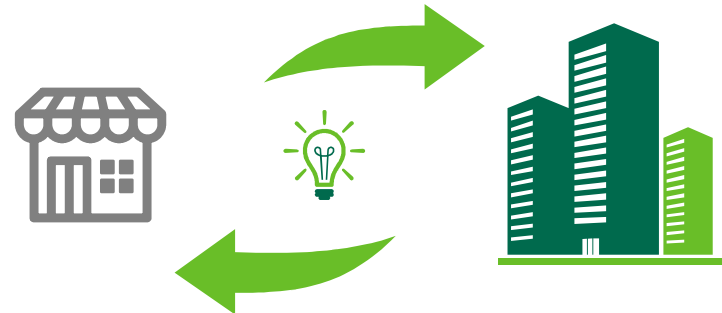


Pre-commitment
28%



Early bird
incentives

④ Asset Optimisation



2018 MARKET SNAPSHOT



NLA (sm)



**US\$/sm
/month**



(%)

GRADE A

New Launch

= **0% y-o-y**

0

Asking Rent

↑ **15.8% y-o-y**

↑ **1.4% q-o-q**

\$43.5

Vacancy Rate

↓ **3.1 ppts y-o-y**

↑ **1.4 ppts q-o-q**

5.1%

GRADE B

New Launch

↓ **0.1% y-o-y**

3,600

Asking Rent

↑ **10.8% y-o-y**

↑ **1.5% q-o-q**

\$23.4

Vacancy Rate

↓ **1.1 ppts y-o-y**

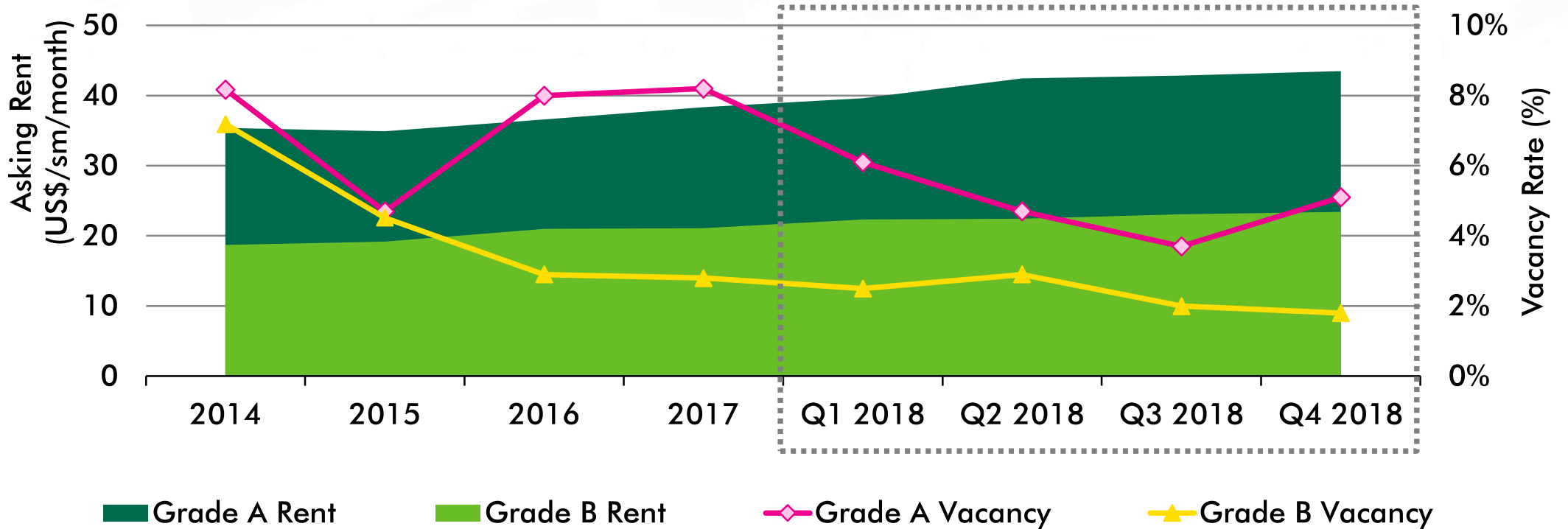
↓ **0.2 ppts q-o-q**

1.8%

Note: Rent does not include Service Charge and 10% VAT
Source: CBRE Vietnam.

GRADE A VACANCY INCREASED DUE TO TENANT CONTRACTION

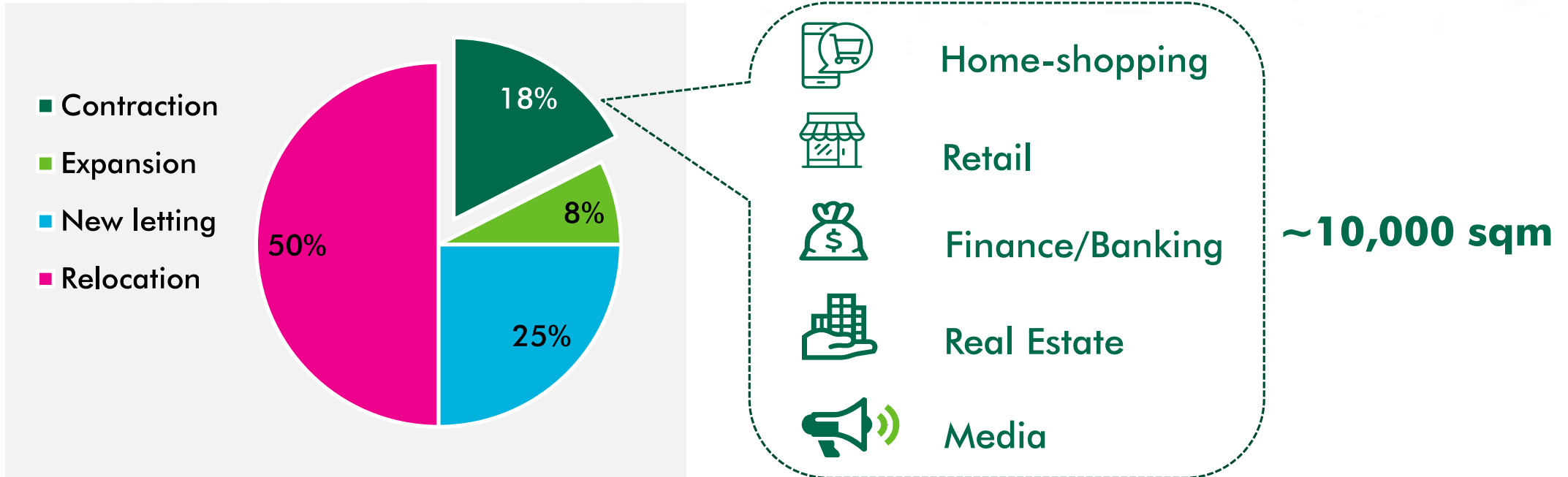
HCMC Office, Rent and Vacancy by Year



Note: Asking rent does not include Service charge and VAT.
Source: CBRE Vietnam, Q4 2018.

SPACE CONTRACTION In Response To Rising Rental And Business Restructuring

Tenant Intentions, Based on Leasing Inquiries received by CBRE Vietnam in 2018



Note: Based on total leasing inquiries received by CBRE Vietnam
Source: CBRE Vietnam, Q4 2018.

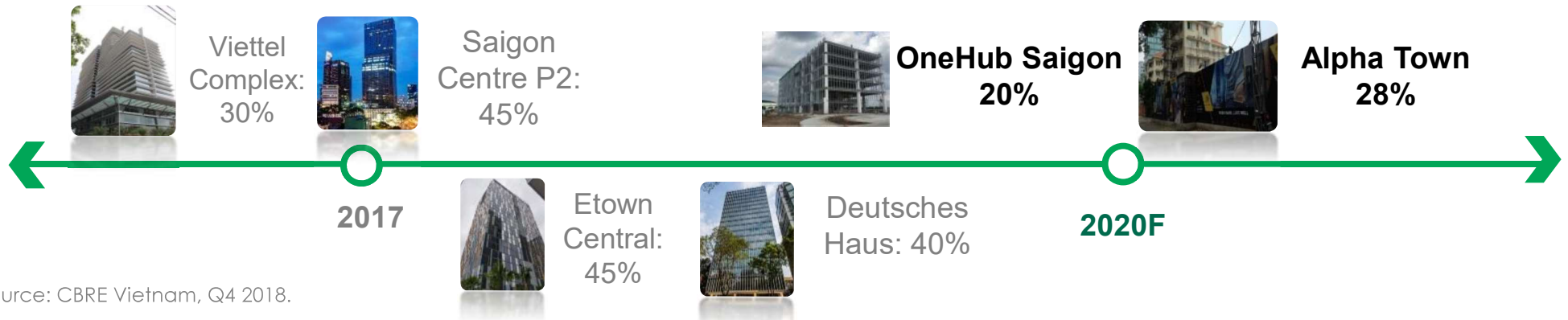
THE RISE OF PRE-COMMITMENT Due To Changing Tenants' Demand



Tenants and Landlords typically wait for the development to be finished to start negotiating



Leasing negotiation can be started upon finishing of super structure

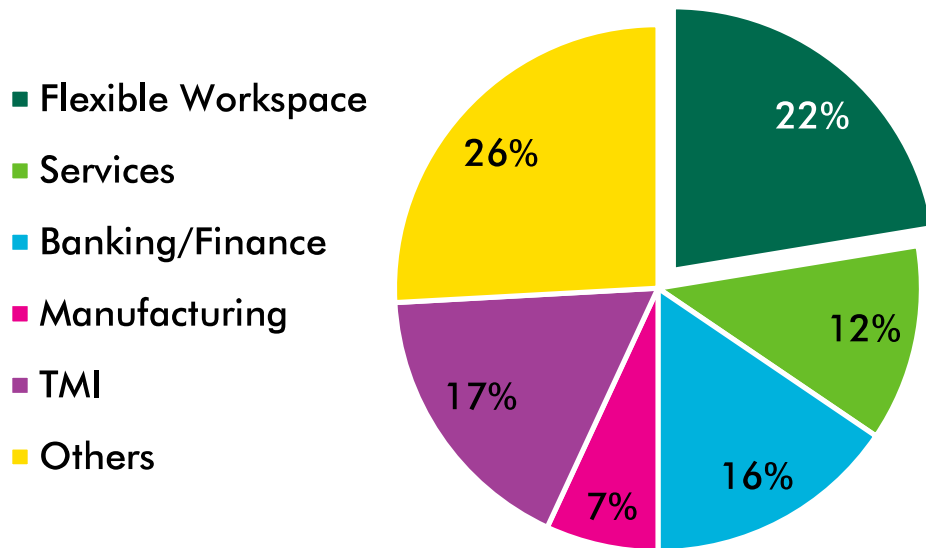


Source: CBRE Vietnam, Q4 2018.

LARGE TENANCIES

Flexible Workspace Expansion & Quality-Maximizing Trend

Tenants by Industry, Based on Transactions received by CBRE Vietnam in 2018



Major Office Transactions in HCMC, 2018

No.	Industry	Purpose	Grade	NLA (sm)
1	Flexible Workspace	New Letting	B	5,400
2	IT	Relocation	B	4,200
3	Media	Relocation	B	2,130
4	Flexible Workspace	Expansion	C	2,010
5	IT	Expansion	A	2,000
6	Insurance	Expansion	C	1,786
7	Flexible Workspace	Expansion	B	1,650
8	Flexible Workspace	New Letting	B	1,200
9	Design	Relocation	B	1,200
10	Education	Relocation	B	1,151

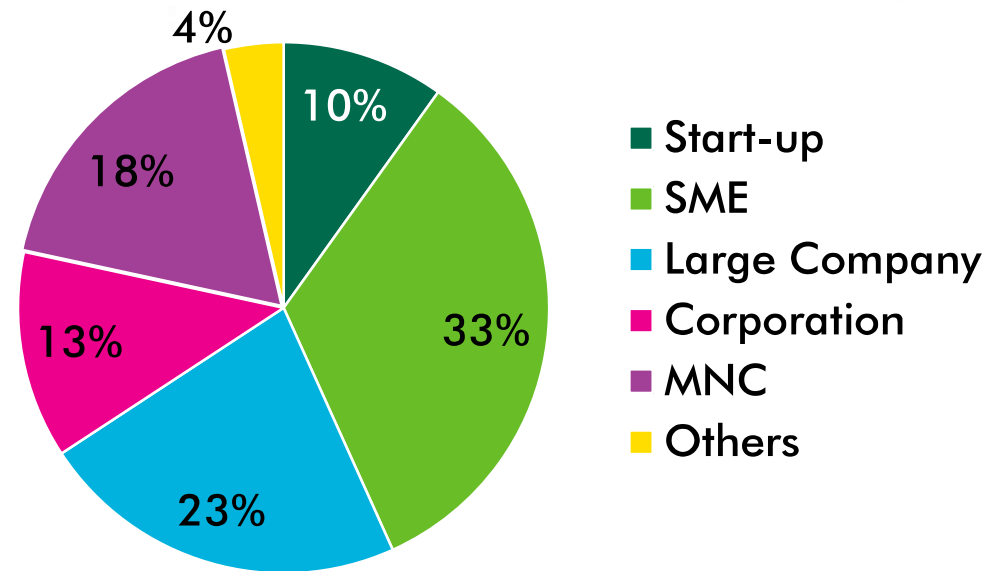
Note: Based on total transactions received by CBRE Vietnam
Source: CBRE Vietnam, Q4 2018.

FLEXIBLE WORKSPACE DEMAND Not just for Start-up/SMEs

New Tenant: MNCs and Big Companies



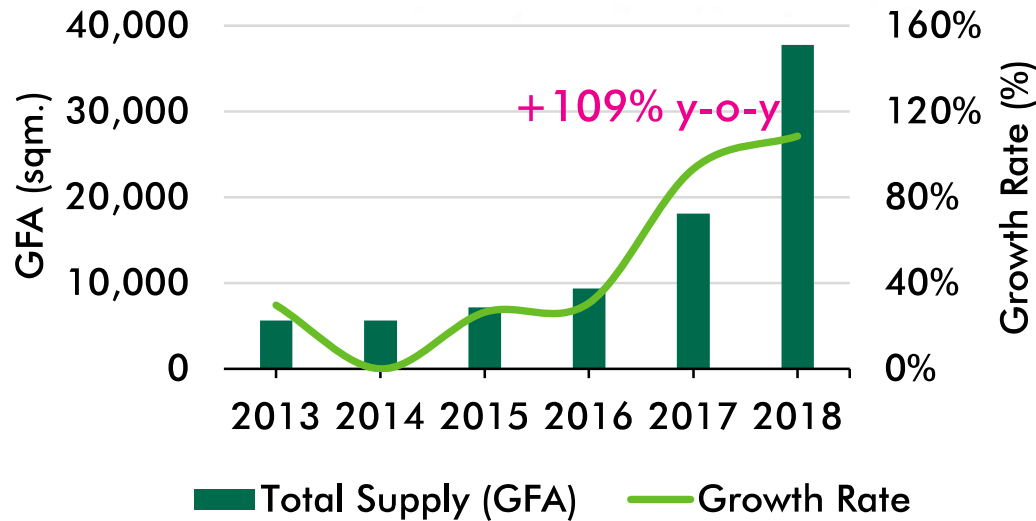
Occupiers by Company Type



Source: CBRE Vietnam, Q4 2018.

HCMC FLEXIBLE WORKSPACE Sharp Increase in Supply, Yet Quickly Absorbed

HCMC Flexible Workspace, Total Supply by Year



	1997	2015	2017	2018
Operator(s)	Regus	DREAMPLEX	toong	UP
# of venues by 2018	3	3	3	2
Total GFA (sm)	4,029	4,500	4,450	6,334

HCMC FLEXIBLE WORKSPACE

Total supply (GFA): 37,780 sqm

Occupancy Rate: ~80%

ASSET OPTIMISATION

The Future of Property Management

2018 CBRE Global Tenant Survey | Asia Pacific Highlights

TRADITIONAL TENANTS

Focus on the basics.

What tenants think is most important:

- Elevator maintenance 71%
- Cleaning services 71%
- Correcting building faults 71%

FLEXIBLE SPACE

Desirable, but not a requirement.

24% think co-working will be **the norm** VS 23% have little or **no interest** in co-working

AMENITIES

Strong demand for wellness programming.

Most desired items:

- Fitness centres 35%
- Wellness classes 30%
- Cafeterias 29%



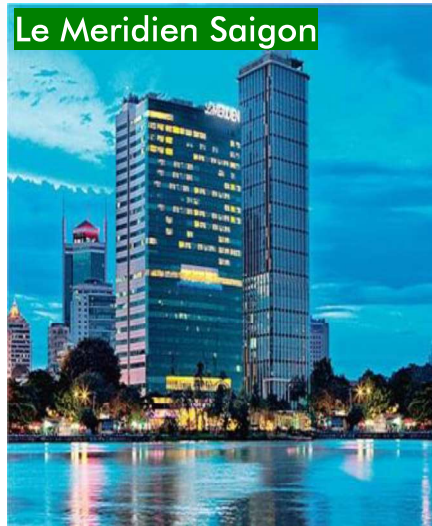
+ GREEN ELEMENTS

- Internal climate controls
- Energy-use management
- Sustainability guidance

+ TECH FEATURES

- Building security technology
- Digital solutions
- Internet connectivity

Le Meridien Saigon



Leman Luxury Apt



The Gold View



Estella Place

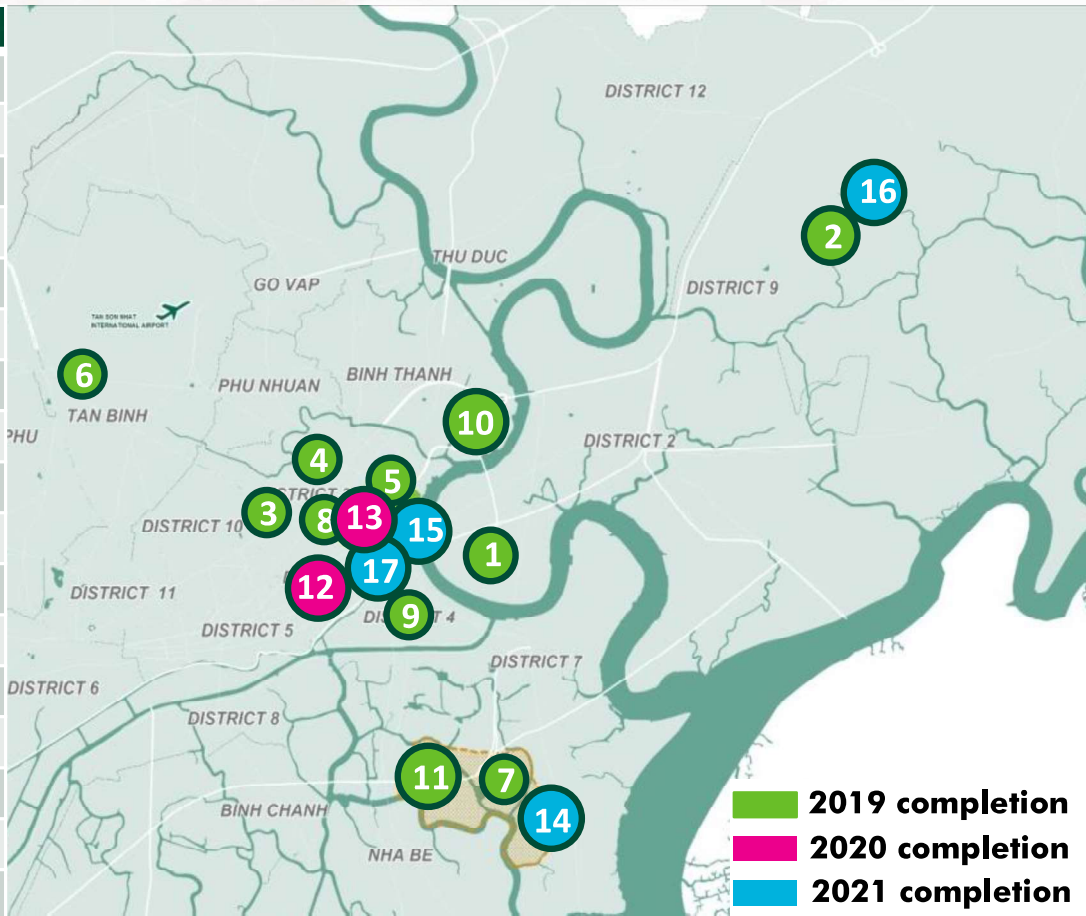


Republic Plaza Saigon

FUTURE SUPPLY (2019-2021)

17 projects >360,000 sm NLA

No	Project
1	Thaco Building
2	OneHub Saigon P.1
3	Viettel Complex P.2
4	Lim 3
5	Friendship Tower
6	Etown 5
7	Crescent Hub
8	Five Star
9	Phuong Long
10	Opal Office Tower
11	DHA Building
12	Alpha Town
13	Vertex Tower
14	UOA Tower
15	Nexus Tower
16	OneHub Saigon P.2
17	Saigon Centre P.3

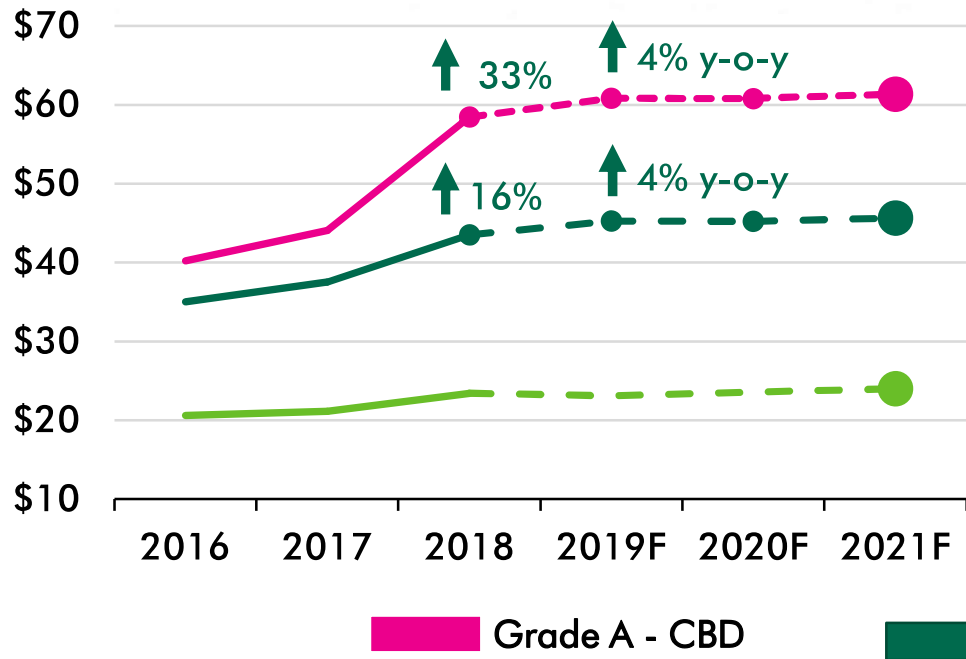


Source: CBRE Vietnam, Q4 2017.

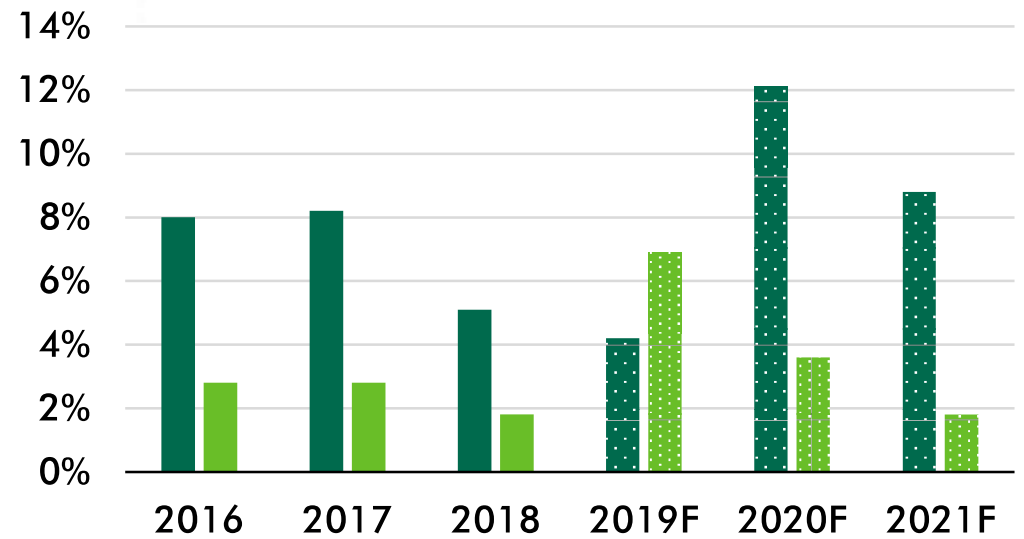
MARKET OUTLOOK

Lower Rental Growth Rate For Grade A

HCMC Office, Rent Forecast



HCMC Office, Vacancy Forecast



Source: CBRE Vietnam, Q4 2018.

2019 MARKET TRENDS

①

Grade A rent will increase slightly



②

Grade A pre-commitment is expected to slow down



③

**Enterprise Solutions/
Rentalisation**



④

**Flexible
Workspace
dual role**



ASIA PACIFIC REAL ESTATE MARKET OUTLOOK 2019

VIETNAM

HCMC RETAIL

The image shows a high-angle view of a modern shopping mall's interior. The space is characterized by multiple levels connected by glass railings. The ground floor is a bright, open area where several people are walking. The upper levels feature glass-fronted storefronts and balconies. The entire scene is bathed in a uniform green light, which serves as a background for the white text overlaid on the image.

THE FOUR STORIES

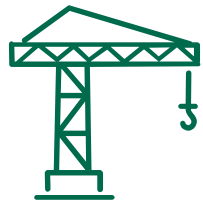
1 The Rise of E-retailing



2 Local Brands To Go Global



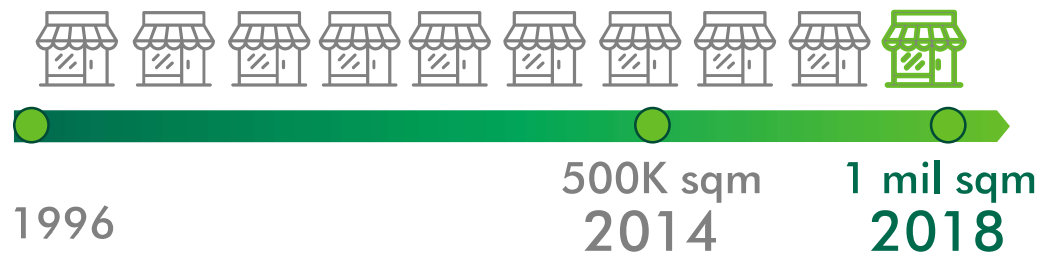
3 Provincial Retail



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

Construction and opening of new shopping malls in 2nd tier cities

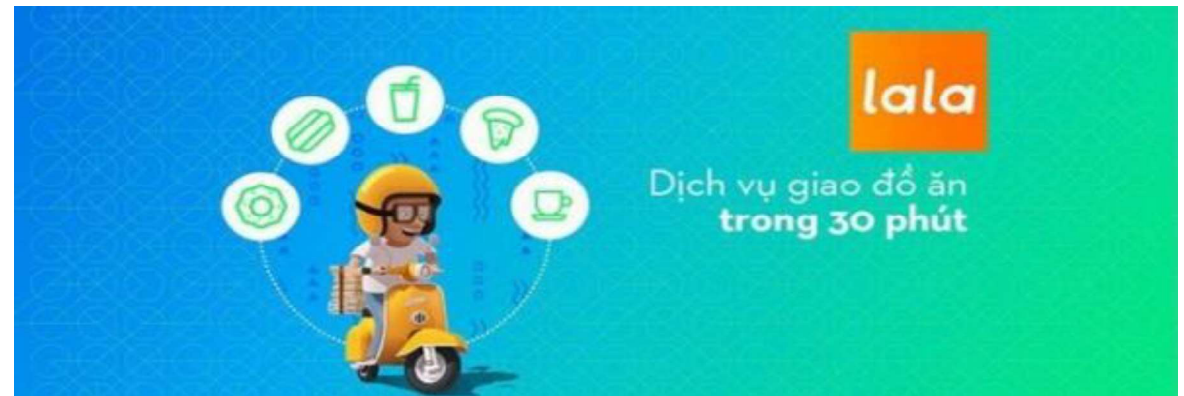
4 HCMC Supply Reaches ~1 million sqm NLA




THE RISE OF E-RETAILING Electronic Payment, E-commerce, Food Delivery



**Lala food delivery application
cease to exist?**



LOCAL BRANDS TO 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).



Source: CBRE Research, Bizhub

PROVINCIAL RETAIL



Ground-breaking of AEONMALL Shopping Centre in Hai Phong

13-05-2018 - 20:51 PM



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



Sunday, Dec 23, 2018 22:46



Central Group Vietnam introduces GO! My Tho

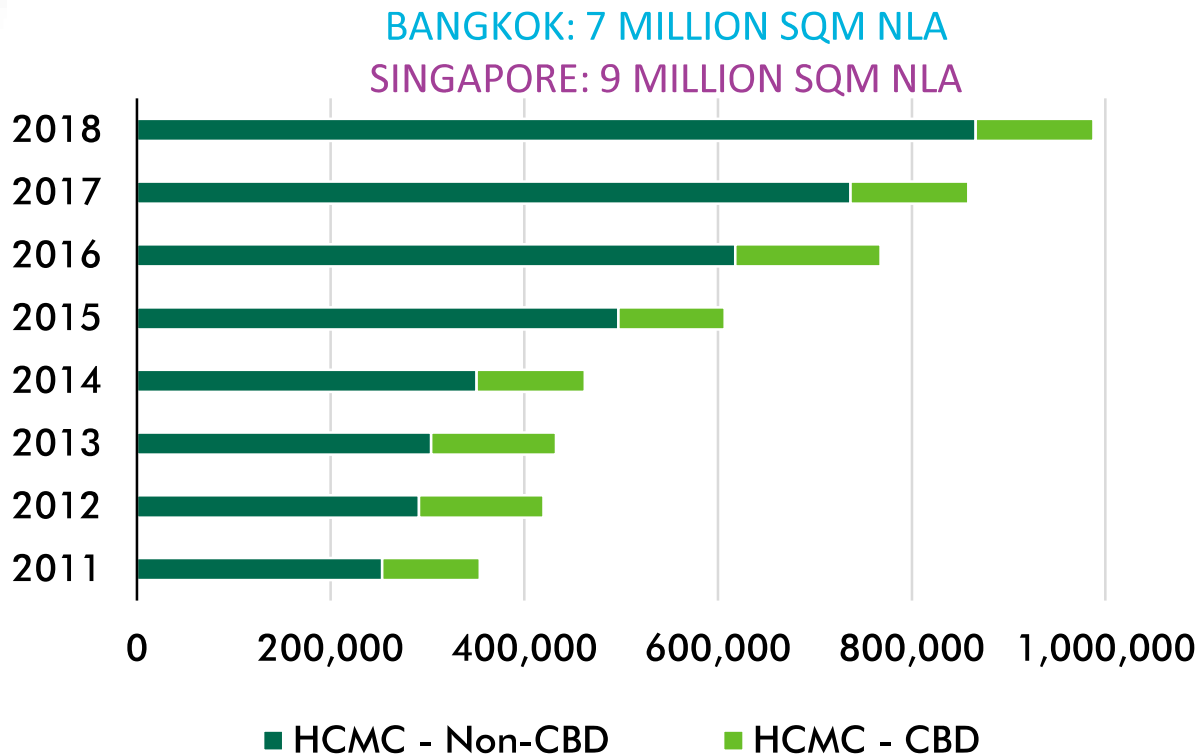
VIR Vietnam Investment Review

08:23 | 17/11/2018

Source: CBRE Research, retrieved from newspapers, 8 January 2019.

NEW SUPPLY

Accumulated Supply by Year (NLA, sm)



Source: CBRE Vietnam, Q4 2018.

2018 HIGHLIGHTS



Q4 2018

Estella Place, D2
Community mall
~26,000 sqm NLA



Van Hanh Mall, D10
~60,000 sqm NLA



New City, D2
~11,000 sqm NLA



Vincom+ Pho Quang
~2,724 sqm NLA



Vincom Landmark 81
~34,688 sqm NLA

2018 MARKET SNAPSHOT



NLA (sm)



US\$/sm
/month



(%)

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

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

Note: Average Rent on ground and first floor for specialty stores, excluding Service Charge and VAT
Source: CBRE Vietnam, Q4 2018.

NEW ENTRANTS TO HCMC Active Expansion from Asian Brands

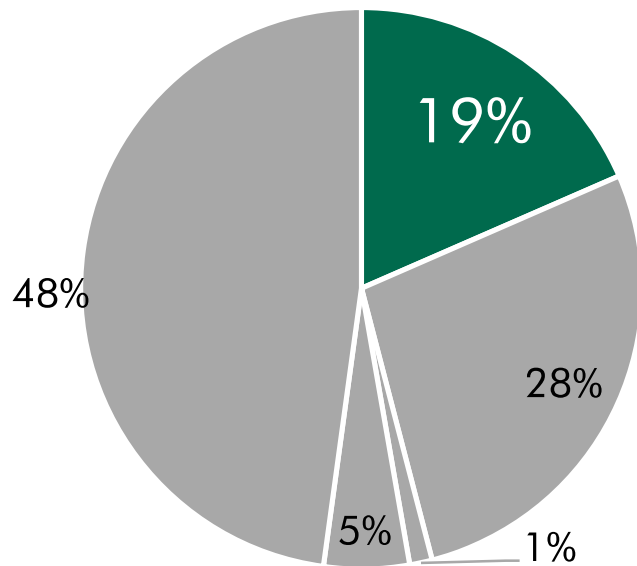


Source: CBRE Research.

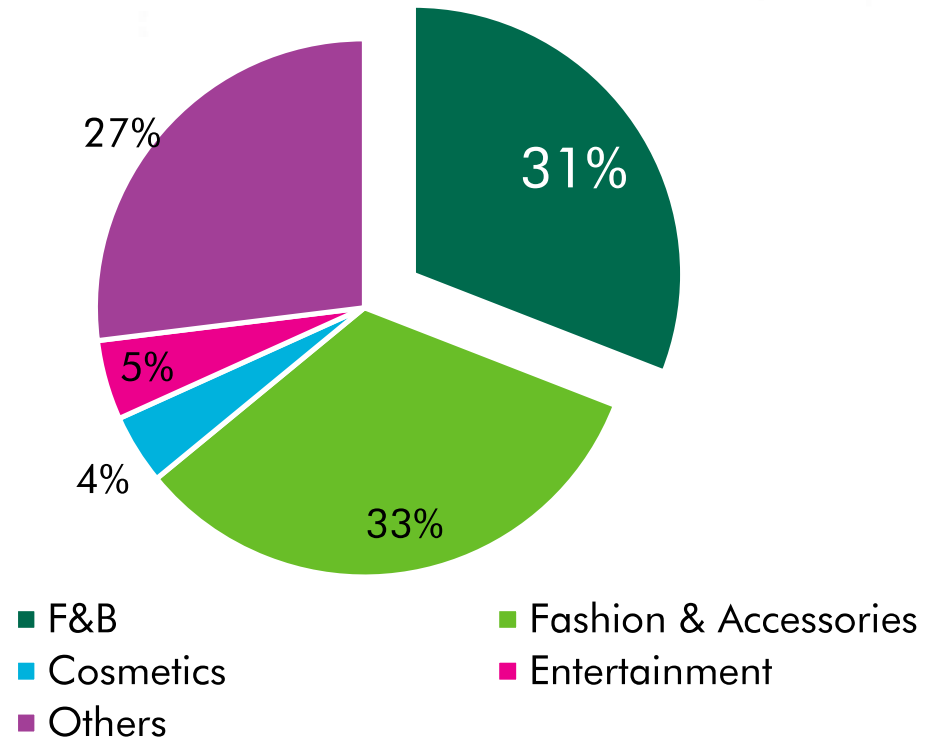
RISING IMPORTANCE OF F&B

Landlords allocate more space to F&B (*)

2015



2018



*Only for selected shopping centres, Estella Place, Van Hanh Mall, Vincom Dong Khoi, Saigon Center, Crescent Mall, Aeon Mall, Union Square

Source: CBRE Vietnam.

MORE FAVORABLE NEW RETAIL BUSINESS LEGISLATION



Decree 09 provides a clearer and more transparent framework for foreign investment in the distribution and retail sector



Shorter approval timeline.

ENT requirement widened to include:

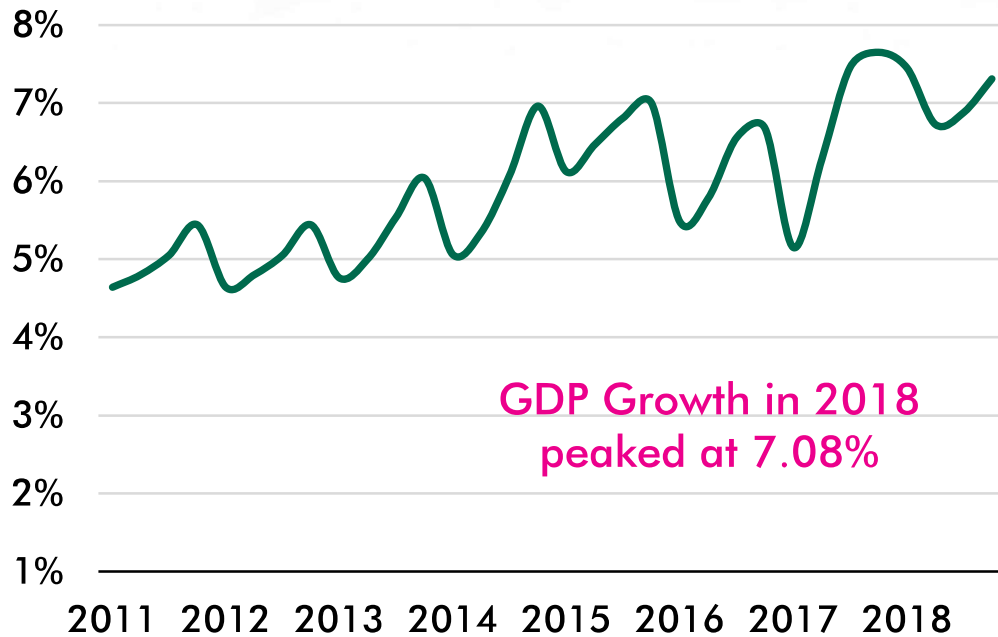
- Convenience stores
- Mini-supermarkets



OVERALL, the distribution and retail sector will continue to be very attractive for foreign investors

VIETNAM CONSUMER CONFIDENCE AT AN ALL-TIME HIGH

Vietnam GDP Growth



Source: General Statistics Office

Vietnam Consumer Confidence Index

Country	Rank	Q3 2018	Change
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

HOWEVER NOT EVERYONE IS A WINNER

VIR Vietnam Investment Review 03/03/2018

Foreign retail giants experience different fortunes in Vietnam



Source: CBRE Vietnam, retrieved from newspapers, 8 January 2019.

InsideRetail™

May 23, 2018

Takashimaya admits to losing money in Shanghai, Saigon

CAFEP
www.cafef.vn

19-12-2018 - 16:47 PM

Despite losing money, supermarkets and convenience stores continue expansion

FUTURE SUPPLY

2019F: 247,179 sq. m. NLA



Giga Mall, Thu Duc
67,200 sq. m. NLA



TNL Plaza, D.4
11,179 sq. m. NLA



Sala S.C, D.2
60,000 sq. m. NLA



Union Square, D.1
22,800 sq. m. NLA



Aeon Celadon P2, Tan Phu
36,000 sq. m. NLA



Crescent Mall P2, D.7
18,000 sq. m. NLA



Central Premium, D.8
32,000 sq. m. NLA

2020F: 61,300 sq. m. NLA



Alpha Mall, D.1
23,300 sq. m. NLA

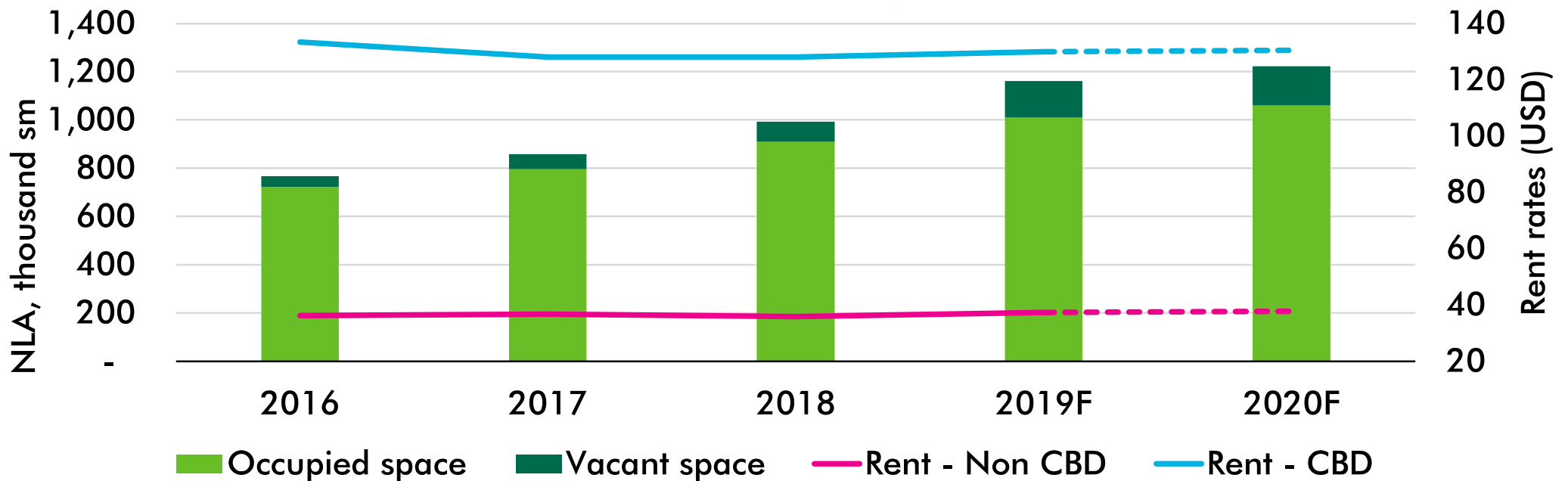


Elite Mall, D.8
38,000 sq. m. NLA

Source: CBRE Vietnam, REIC, Q4 2018.

FORECAST FOR THE NEXT THREE YEARS
Rental Increase Driven by Prime New Supply and Rent Review

HCMC Retail, Rent and Vacancy Forecast

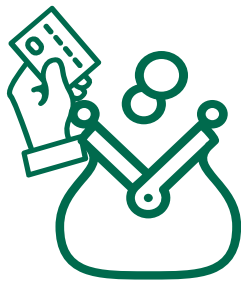


Source: CBRE Vietnam, Q4 2018.

2019 MARKET TRENDS

①

Consumer confidence



②

E-retailing continues its march



③

Asian brands' continued expansion



④

The rise of convenience and experiential retail



HCMC CONDOMINIUM

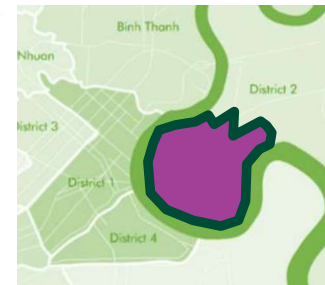
LUXURY:	> 3.500 US\$/sm
HIGH END:	1.500 - 3,500 US\$/sm
MID END:	800 - 1.500 US\$/sm
AFFORDABLE:	< 800 US\$/sm

THE FOUR STORIES

① Land Fever in HCMC and Neighbouring Provinces



② Thu Thiem Land Dispute



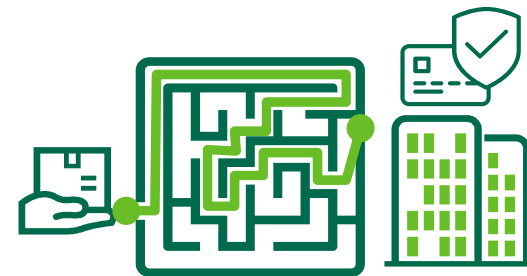
③ Limited Affordable Supply



Compared to 2015

- Selling price: ↑ 10%
- Supply: ↓ 91%

④ Slow Moving Projects



2018 HIGHLIGHTS

New Directions Amid Strong Competition



DEALS MAY 3, 2018 / 1:08 PM / 8 MONTHS AGO

Vinhomes raises \$1.35 billion in Vietnam's biggest share issue: sources

SINGAPORE (Reuters) - An initial equity offering of Vinhomes JSC, the residential property development unit of Vingroup JSC VIC.HM, raised about \$1.35 billion in Vietnam's biggest ever issue after being priced at the top of an indicative range, sources said on Monday.



15:22 | 04/05/2018

Novaland raises \$160 million from convertible bonds in Singapore

19/09/2018 09:32



Phúc Khang công bố chiến lược hành trình xanh tại khu Đông Sài Gòn



First real estate promotion event Red Friday slated for December

VNA WEDNESDAY, NOVEMBER 14, 2018 - 21:30:00 PRINT

Hanoi (VNA) – The real estate week Red Friday with special promotion programmes will be held in Vietnam for the first time, from December 7-14, the Vietnam Association of Realtors (VARs) announced on November 14.



Aug 06, 2018 | 12:28 PM

Alpha King develops premier residences with price of \$10,000 per square metre in September



Thứ Năm, 15/11/2018 - 13:35

Sunshine Group chính thức ra mắt hoành tráng tại TP. HCM

2018 HIGHLIGHTS Remaining Challenges

TP.HCM ngừng cấp phép dự án nhà ở mới tại quận 1 và 3



19/11/2018 15:53 GMT+7

Chung cư cao tầng, bao giờ bớt nỗi lo cháy nổ?

Chủ nhật, 05:58, 25/03/2018



Dự thảo bảng giá đất năm 2019 tại TP Hồ Chí Minh: Nguy cơ nghĩa vụ tài chính tăng cao



KTĐT 27/10/18 11:04 GMT+7 17 liên quan Góc

Metro Bến Thành - Suối Tiên có thể dừng thi công do chậm thanh toán



23-11-2018 - 08:59 AM | Bất động sản

Chia sẻ 8 Thích 47

Thứ Ba, 16/10/2018 13:08

Đầu tư Chứng khoán

Thích 36 Chia sẻ

Tín dụng bất động sản dần siết lại trước giờ "G"

2018 MARKET SNAPSHOT



HCMC

New Launch

30,792

= 0% y-o-y

Selling Price

\$1,714

↑ 10% y-o-y

Sold Unit

31,083

↓ 12% y-o-y

HANOI

New Launch

29,840

↓ 19% y-o-y

Selling Price

\$1,304

↓ 2% y-o-y




Sold Unit

25,377

↓ 13% y-o-y

Note: Selling price excludes VAT and quotes on NSA
Source: CBRE Vietnam.

2018 MARKET SNAPSHOT
30,792 units launched from 61 projects

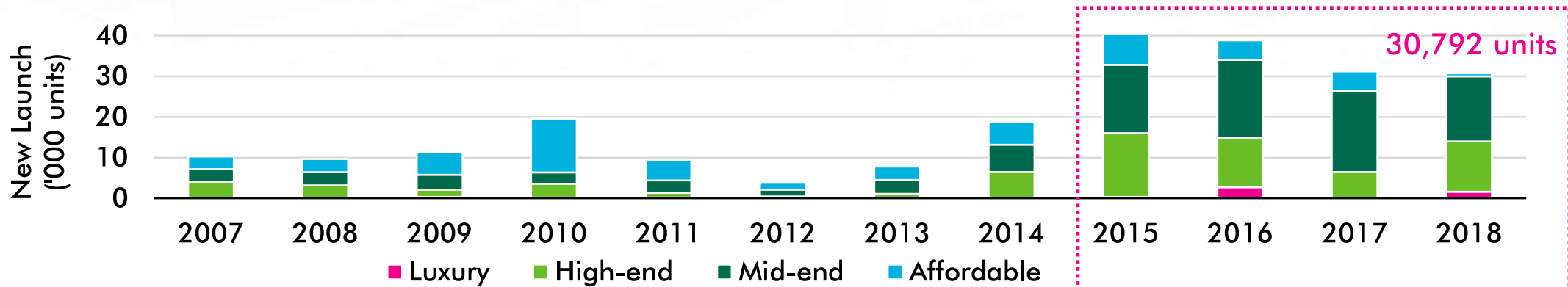
	Luxury	High-end	Mid-end	Affordable
 New launch	5 projects 1,636 units ▲ 21x y-o-y	28 projects 12,381 units ▲ 93% y-o-y	26 projects 16,007 units ▼ 22% y-o-y	2 projects 768 units ▼ 84% y-o-y
 Selling Price (*)	5,518 US\$/sm ▲ 17% y-o-y	2,195 US\$/sm 0% y-o-y	1,158 US\$/sm ▲ 1% y-o-y	780 US\$/sm ▲ 1% y-o-y
 Sold units	981 units ▲ 28% y-o-y	12,082 units ▲ 65% y-o-y	16,755 units ▼ 20% y-o-y	1,265 units ▼ 80% y-o-y

(*) Selling price excludes VAT and quotes on NSA

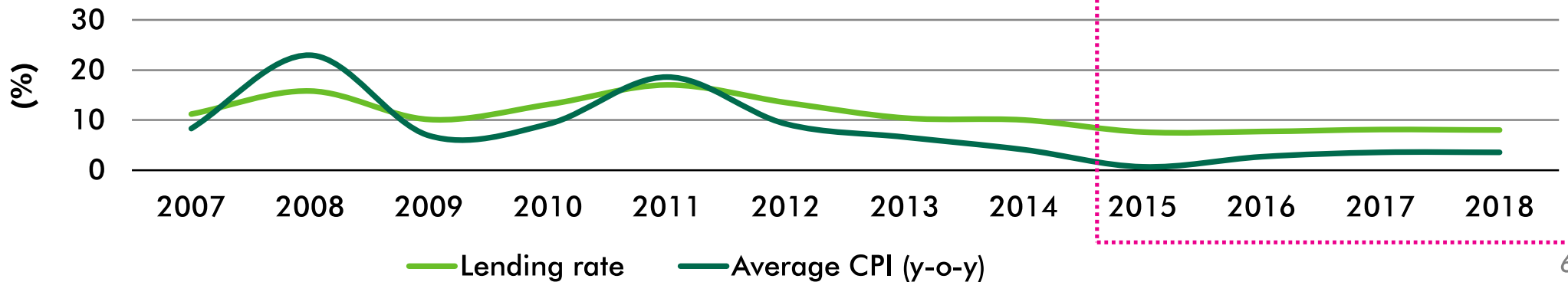
Source: CBRE Vietnam Q4 2018.

2018 NEW LAUNCH Lower Than Expected But Still High

New launch by years ('000 units)

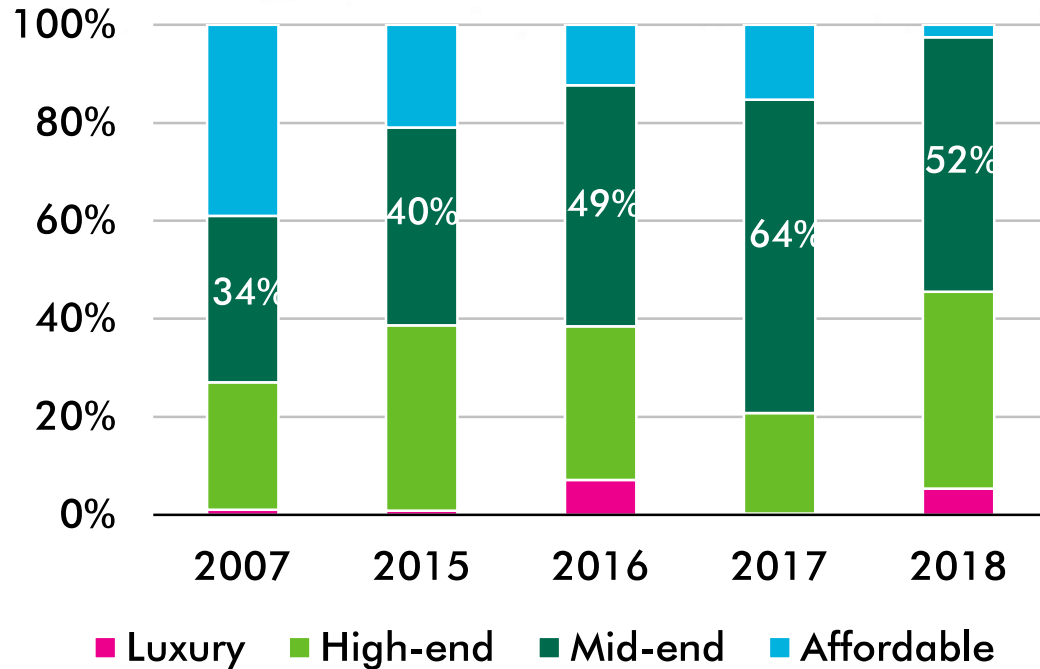


Lending rate and Inflation by years (%)

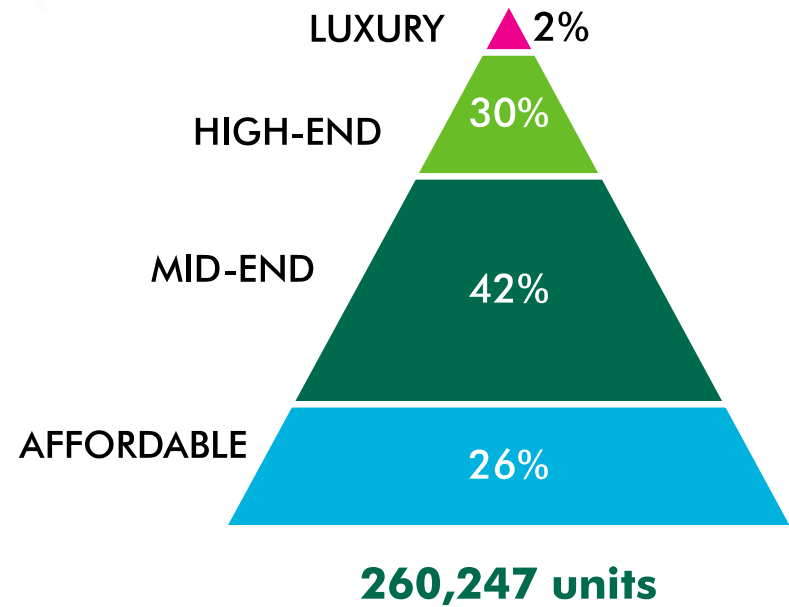


2018 NEW LAUNCH More Luxury and High-end, Less Affordable Products

New launch by segment

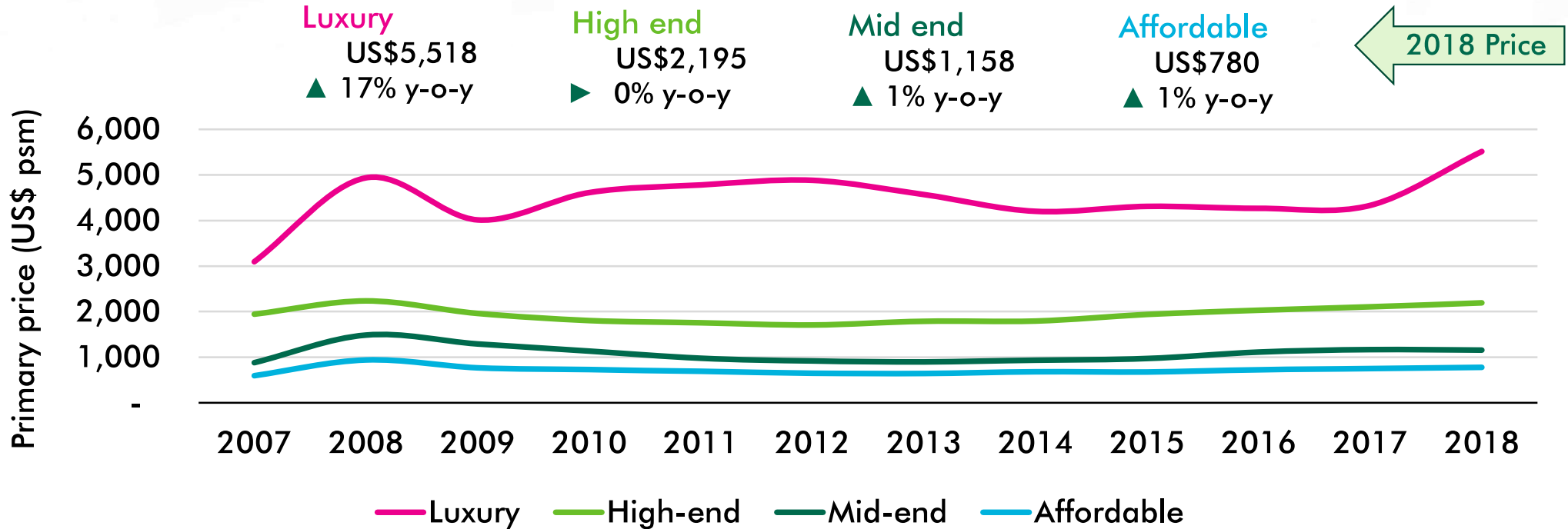


Accumulated new launch by segment



PRIMARY PRICE
Sharp Increase in Luxury Segment

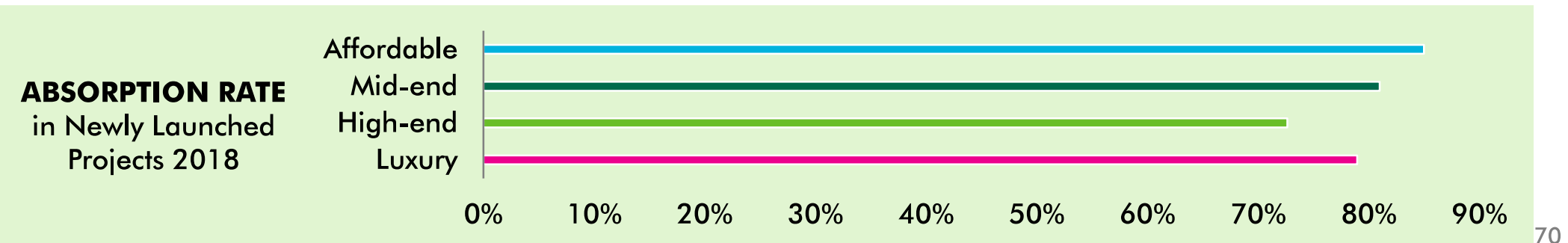
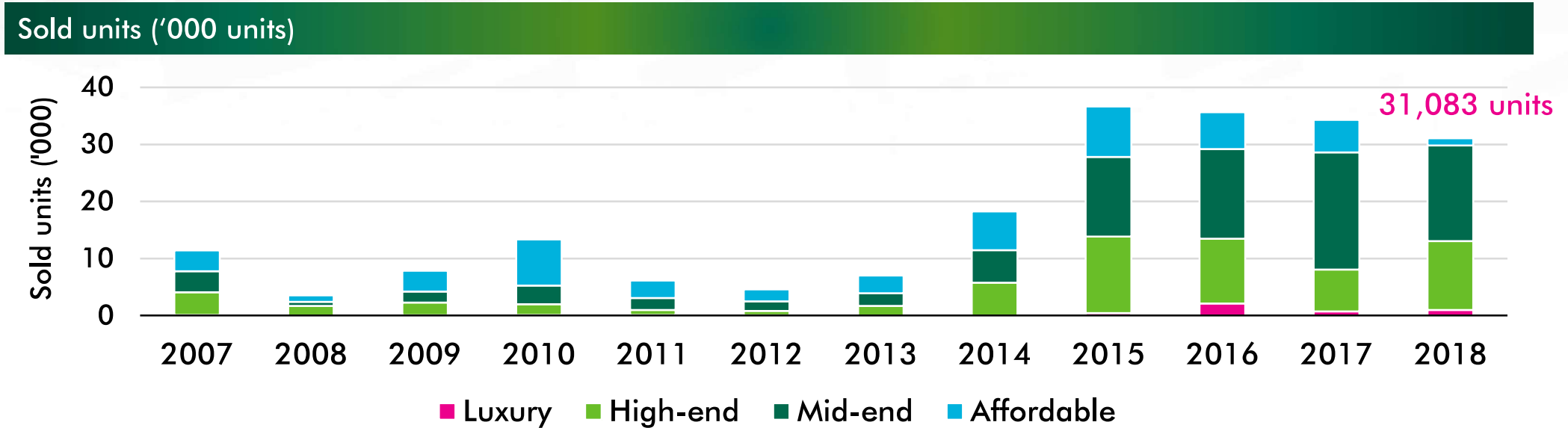
Primary price (US\$ psm)



(*) Selling price excludes VAT and quotes on NSA

Source: CBRE Vietnam Q4 2018.

SOLD UNITS
Sales Slowed Down, Absorption Rate Remained High

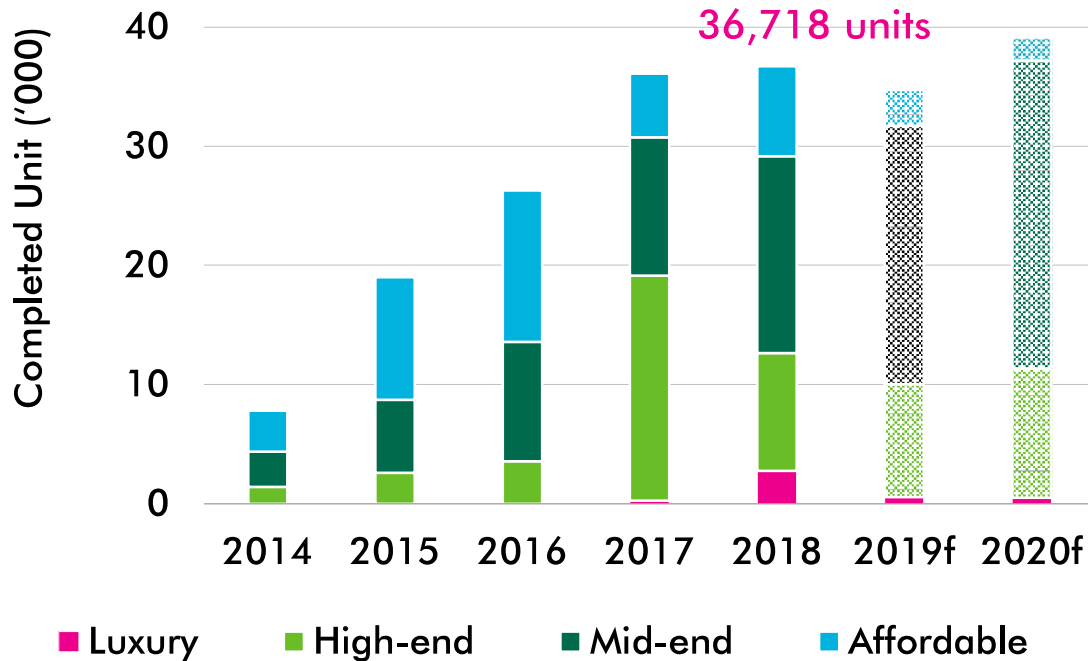


Source: CBRE Vietnam Q4 2018.

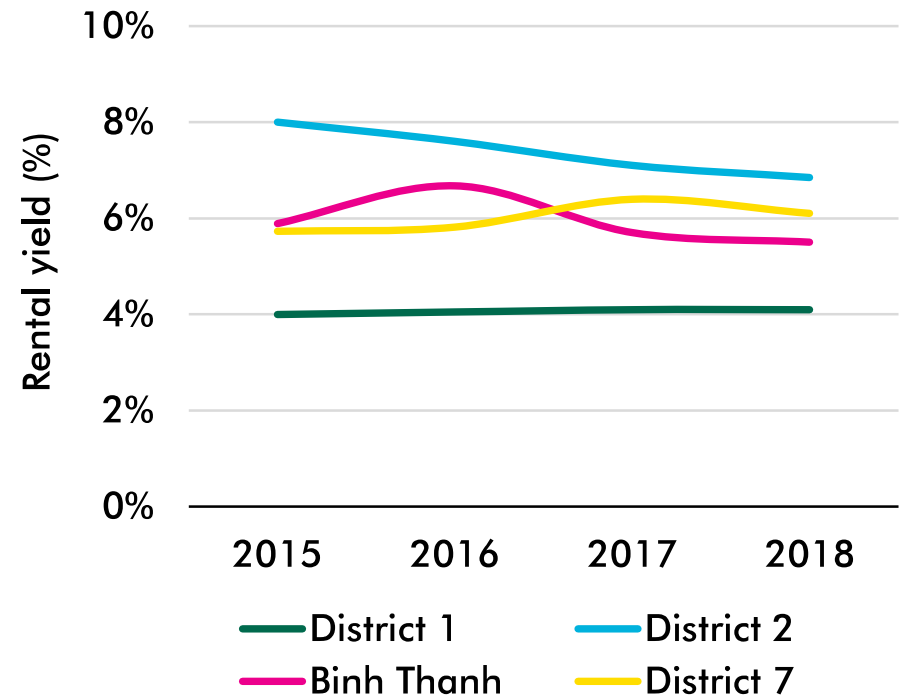
COMPRESSED RENTAL YIELD

Buy-to-let Investors Continued to Suffer from Fierce Competition

HCMC Condo, Handover Units by Year



HCMC Condo, Rental Yield of High-end/Luxury

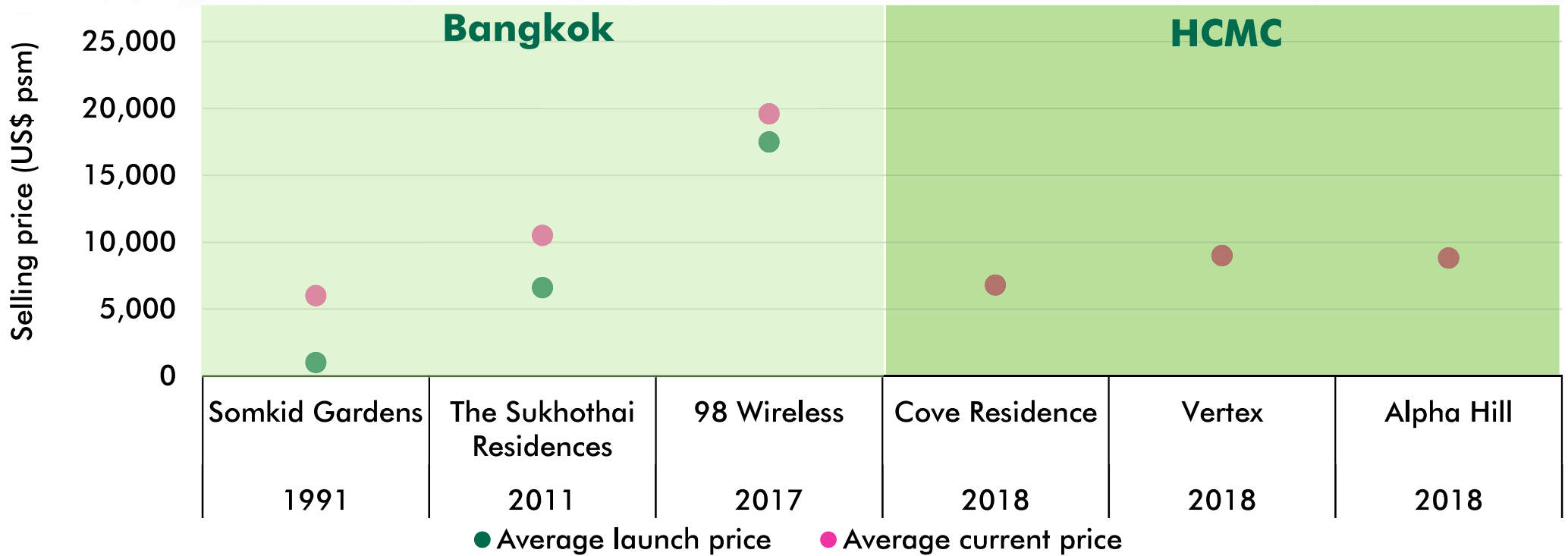


Source: CBRE Vietnam Q4 2018.

(*) Note: The analysis above is based on selected high-end projects

THE EMERGENCE OF SUPER LUXURY PRODUCTS Opportunity for Capital Gain Investors

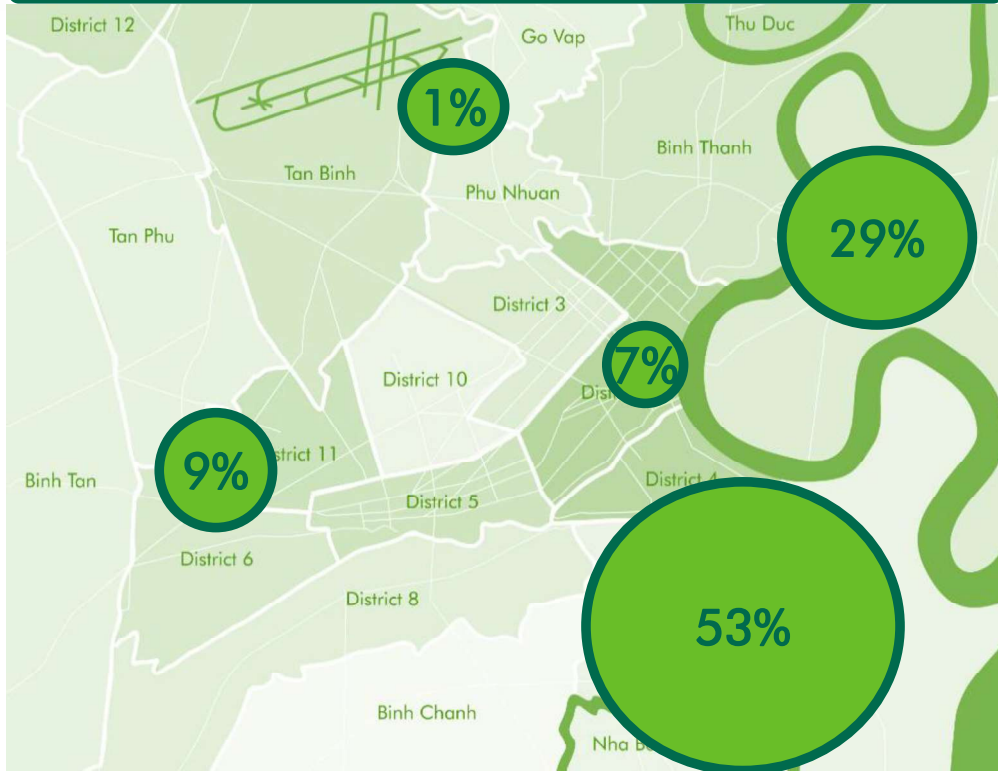
Selling Price of Selected Super Luxury Projects, Bangkok and HCMC



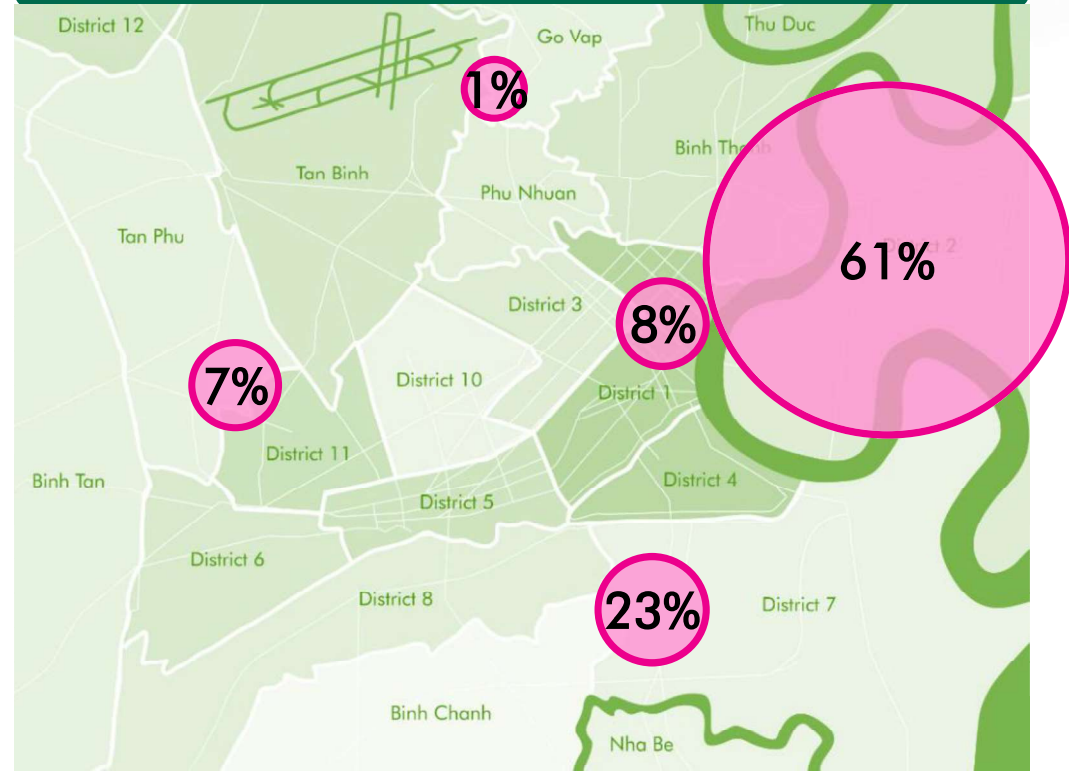
Source: CBRE Vietnam Q4 2018.

MARKET OUTLOOK 2019 Supply Dominated by the East

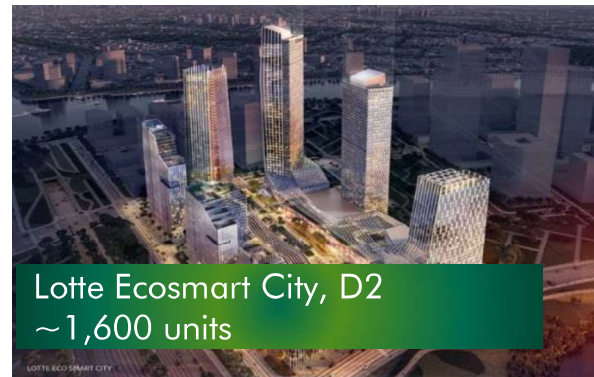
2018 NEW LAUNCH SUPPLY



2019 NEW LAUNCH SUPPLY



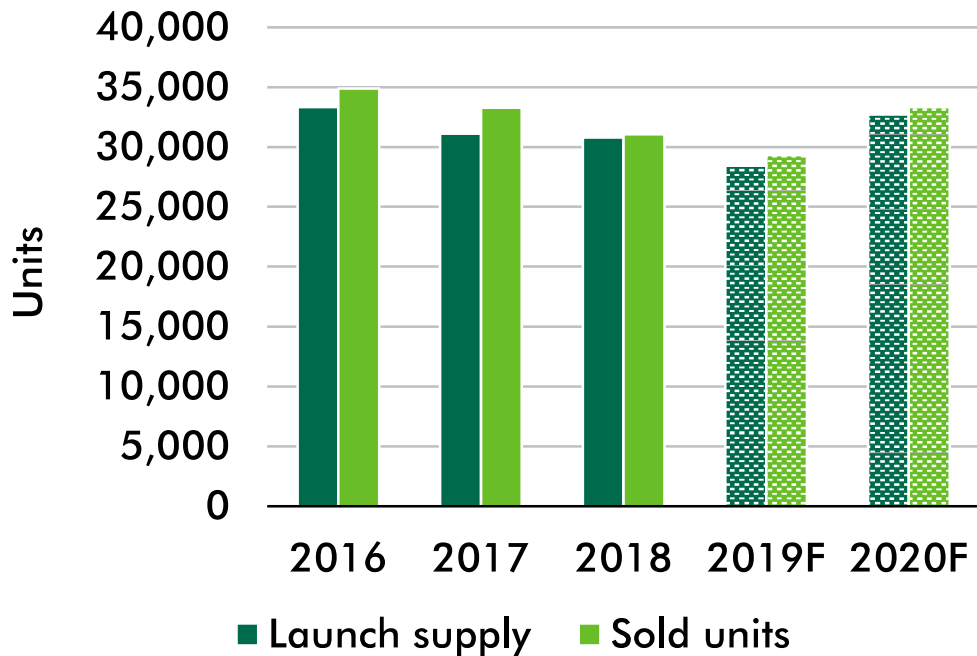
MARKET OUTLOOK
Going bigger and further from centre



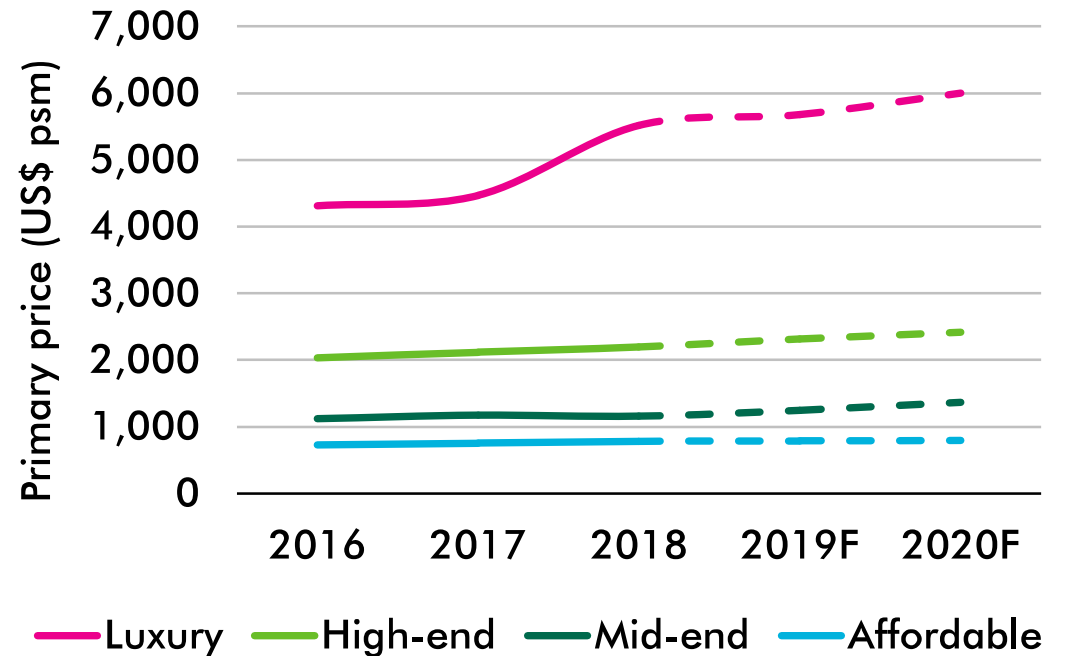
MARKET OUTLOOK

Price Increase, Slight Drop in Launch

Forecast on New launch and Sold units



Forecast on Primary Price



Source: CBRE Vietnam Q4 2018.

2019 MARKET TRENDS

①

Slow licensing process will challenge the launching of new projects



②

Hanoi developers go South



③

Continued shortage of affordable products



④

Increasing demand from foreign buyers but stock could be limited



ASIA PACIFIC REAL ESTATE MARKET OUTLOOK 2019

VIETNAM

HCMC READY-BUILT LANDED PROPERTY

THE FOUR STORIES

① Land Fever in HCMC and Neighbouring Provinces



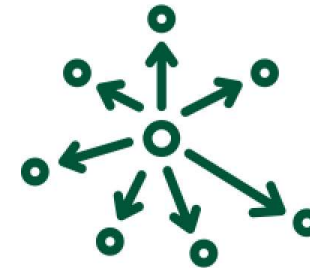
② Drop in New Supply



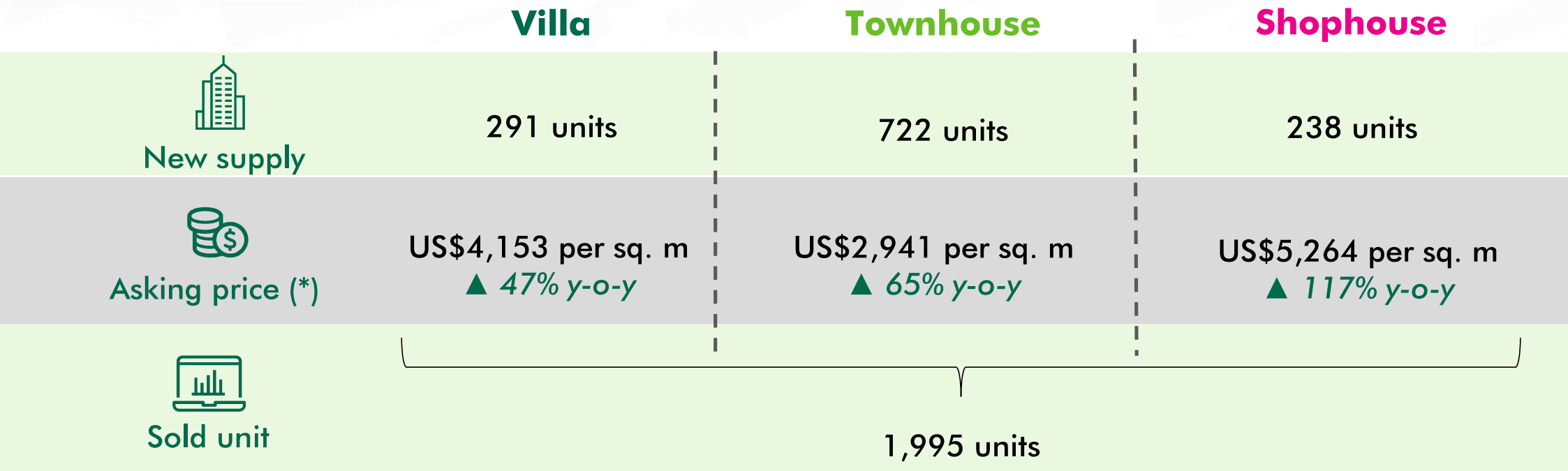
③ Increase in Selling Price



④ Decentralisation



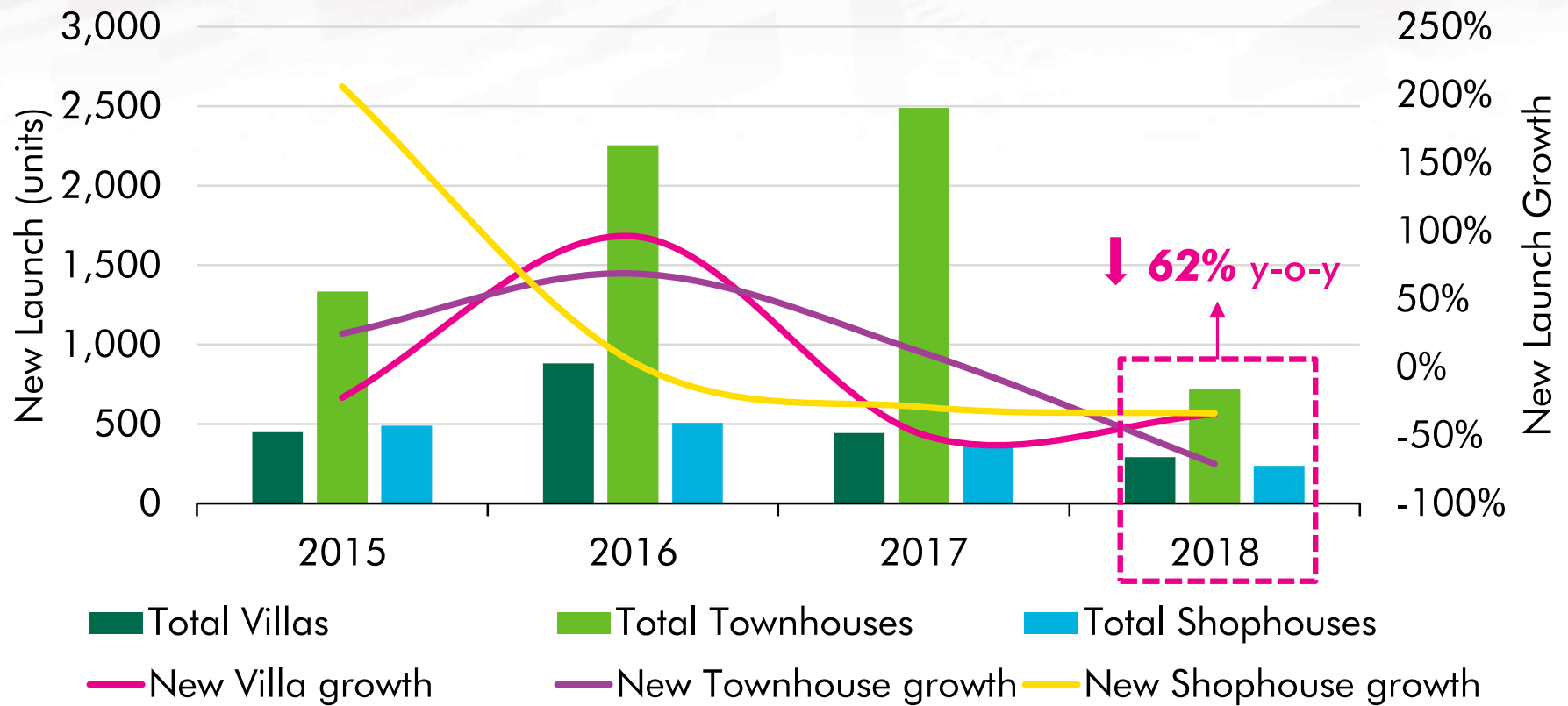
2018 MARKET SNAPSHOT
1,251 units launched from 12 projects



(*) Primary price: USD per sq. m land area (excluding VAT)

Source: CBRE Vietnam Q4 2018.

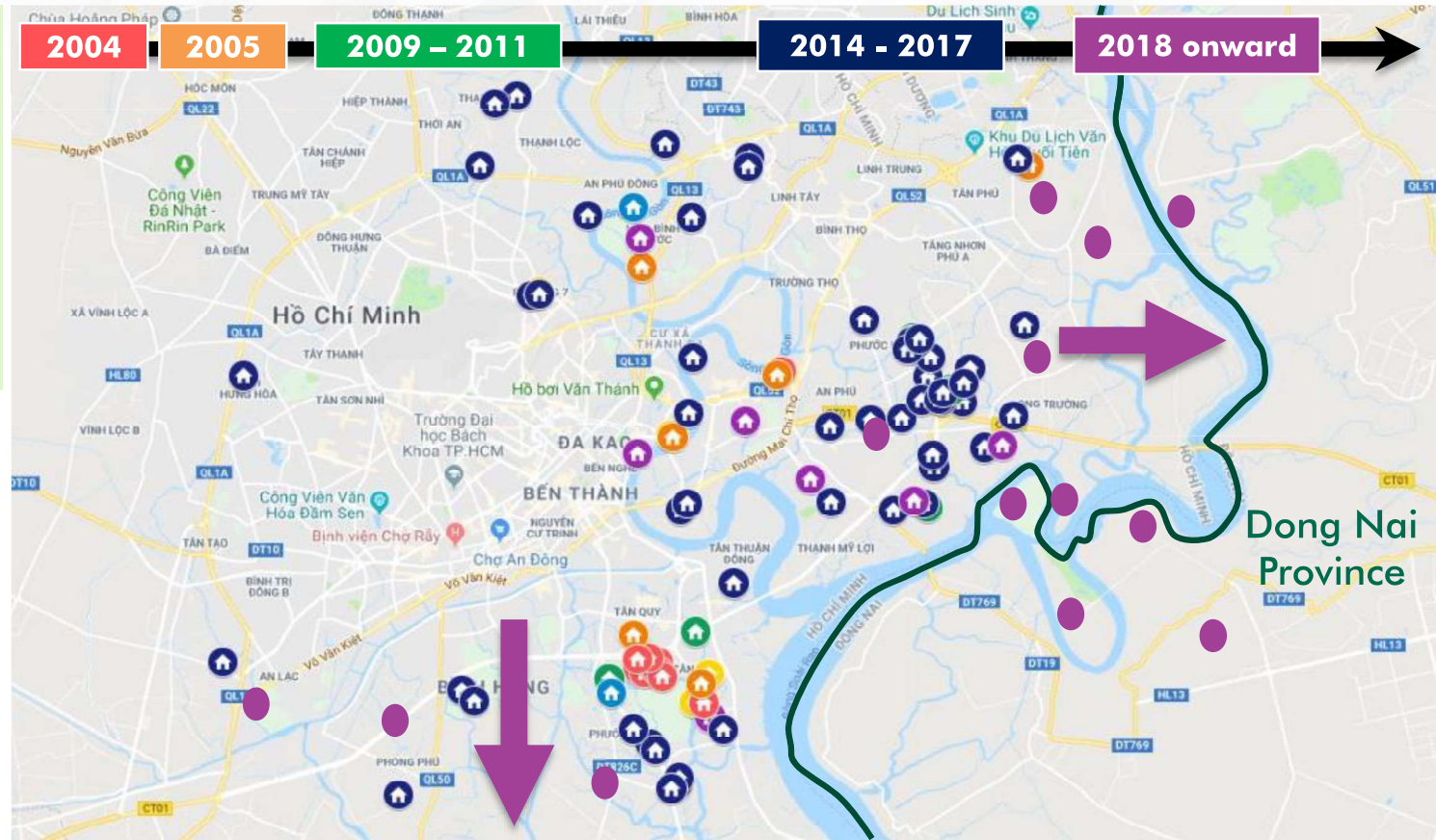
SIGNIFICANT DROP IN NEW SUPPLY



Source: CBRE Vietnam Q4 2018.

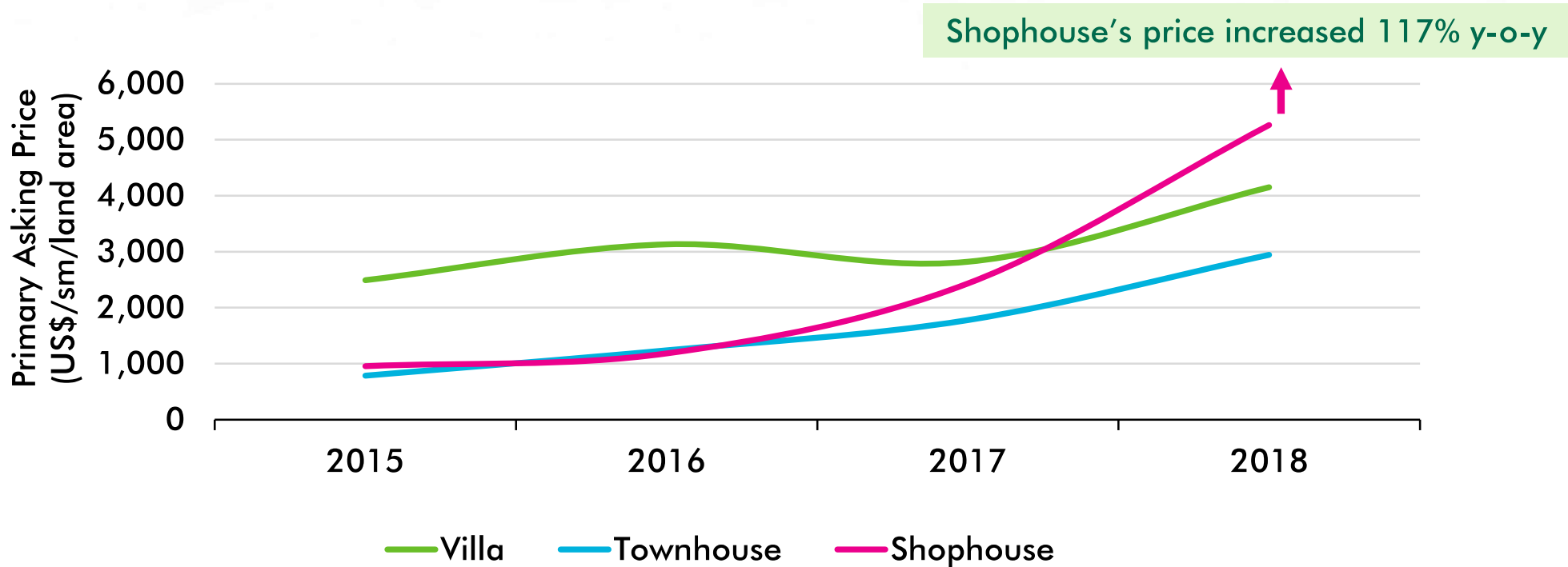
SUPPLY SPREADING TO HCMC'S VICINITIES

- Projects launched in 2004 and before
- Projects launched in 2005
- Projects launched in 2009 - 2011
- Projects launched in 2014 - 2017
- Projects launched in 2018 and beyond



PRIMARY ASKING PRICE
Shophouse has the highest price and strongest growth

Primary Asking Price



USD per sq. m land area (excluding VAT)

Source: CBRE Vietnam Q4 2018.

FUTURE LAUNCH (2019-2021)

~11 projects >6,800 units



Senturia South Saigon
Binh Chanh (19.8 ha)



Simcity Phase 3
District 9 (7.8 ha)



Evergreen Phase 2
District 7 (7.4 ha)



Senturia An Phu
District 2 (6.8 ha)



GS Metro City
Nha Be (350 ha)



Vincy GRAND PARK
District 9 (300 ha)

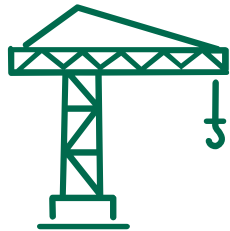


Harbor City
District 8 (60 ha)

2019 MARKET TRENDS

①

Large scale projects will be developed in HCMC's vicinities



②

Further increase in price due to lack of new supply



③

Eastern and Southern area will lead the future supply



④

Shophouse maintains its strong growth

