

# News Release

Q2/2013

## HANOI market

### Real estate SNAPSHOT

#### Office

##### Market Performance

The office market in the second quarter of 2013 picked up its pace with slightly more activity. Nevertheless, it is still less busy than the same period last year.

The appearance of new buildings in the CBD helped generate more enquiries in the area. CornerStone Building successfully completed several transactions with sizes from 100m<sup>2</sup> to 2,000m<sup>2</sup>, including a large accounting firm, and some other Japanese, European and domestic companies. The building's occupancy is therefore at a good rate of over 45% within three months after its completion date. Other buildings such as ACB Building and Capital Building, previously known as 19-12 Building, also attracted certain tenants thanks to their competitive leasing strategies.

The mid-town area gained less popularity but in terms of new supply, Song Hong Park View added approximately 7,800m<sup>2</sup> to the market and in Q3/2013, the market will receive a further 28,000m<sup>2</sup> from VCCI Tower. The demand for the West is still healthy, although not at the same levels that we witnessed in 2012. However, the completion of PVI Tower in the next quarter has added to the competition, which was already fierce. Transactions of 1,000m<sup>2</sup> to 1,600m<sup>2</sup> were completed and most likely the biggest deal of 2013 of a reputable Korean company, that is expected to be completed in Q3/2013.

Despite these new lease transactions, the downturn of the economy has affected more heavily on the office plans of many companies. The market is still sluggish as the difficult economy has made many companies decide to stay and renew their leases, despite the renewed rents being higher than relocation offers, in many cases.

#### Outlook

There are expected to be various office activities, in terms of enquiries and transactions in Q3/2013, particularly in the CBD. The reason is the central district area will welcome a new institutional quality building named Coalimex, located right in Hoan Kiem. The building offers a total office area of over 5,000m<sup>2</sup> which is a reasonable supply addition in these market conditions and we expect it will be absorbed steadily. The building is a similar size to Sun City and Asia Tower, and will attract tenants that appreciate factors such as column-free floor plates and one of few buildings with efficient parking spaces in the CBD. Besides, the building's unique green design of glass façade, shall definitely improve the aesthetics of the area.

Overall, with the continual new supplies added to the Hanoi office market, it is crucial for new buildings to be finished on schedule to catch up with leasing opportunities and avoid the increasing competition.

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