



MARKET REPORT BRIEF- HCMC Q2/2013 BY SAVILLS VIETNAM

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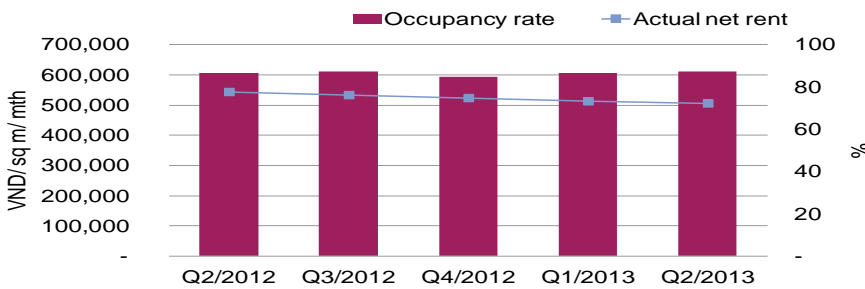
Supply

Three Grade C buildings with more than 18,800 sq m entered the city's office market. The total stock was more than 1,353,000 sq m from 208 projects, increasing 1% quarter-on-quarter (QoQ) and 8% year-on-year (YoY).

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Market performance, Q2/2012–Q2/2013

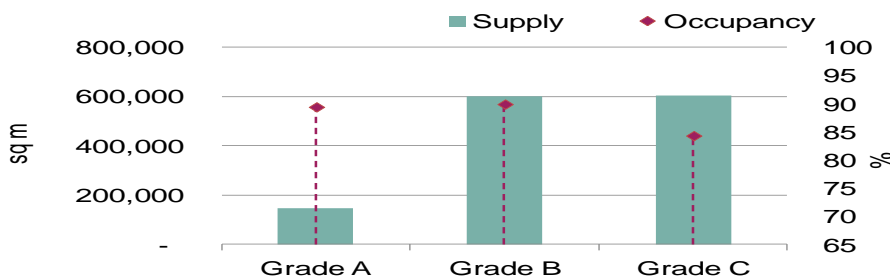


Source: Savills Research & Consultancy

Performance

HCMC's office market achieved high occupancy at 87%, relatively stable QoQ and slightly up by 1 ppt YoY. The overall average rent was more than VND 500,000/ sq m/ mth, down -1% QoQ and -7% YoY.

Market performance by grade, Q2/2013



Source: Savills Research & Consultancy

Note: The average rent was calculated on net leasable area, including service charge but excluding VAT.

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Grades A and B performed better, with their occupancies both up 2 ppts QoQ.

The occupancy of the CBD was 89%, up 2 ppts QoQ and 5 ppts higher than that of the non-CBD. However, due to the abundant stock in the CBD, rents have lowered to improve performance.

Demand

In the first half of 2013, the total office take-up was more than 58,000 sq m, increasing by 16% YoY. This was due to the increase in total take-up of both Grades A and C. The take-up of Grade A was up strongly by 128% and that of Grade C 39% YoY.

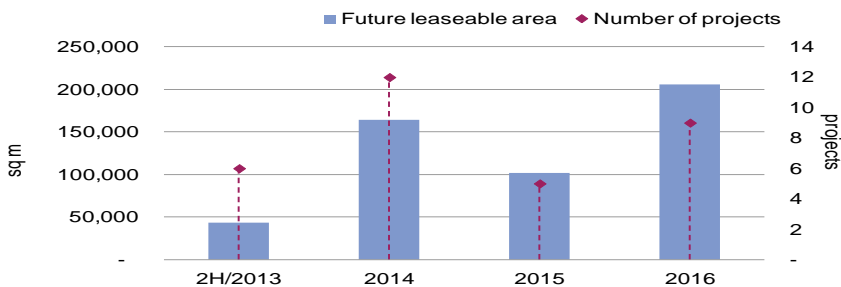
Tenants preferred office buildings in the CBD to those in the non-CBD. Total take-up of the CBD was more than 360% higher than that of the non-CBD.

Outlook

From 2H/2013 to 2016, 32 future office buildings with approximately 515,000 sq m will enter the market.

One Grade B and three Grade C projects are expected to enter the market next quarter, which will increase the market's overall stock by 2% QoQ. Total Grade B stock will increase by 4% and Grade C 1%.

Estimated future supply, 2H/2013–2016



Source: Savills Research & Consultancy

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