



MARKET REPORT BRIEF- HCMC Q2/2013 BY SAVILLS VIETNAM

RETAIL:

Supply

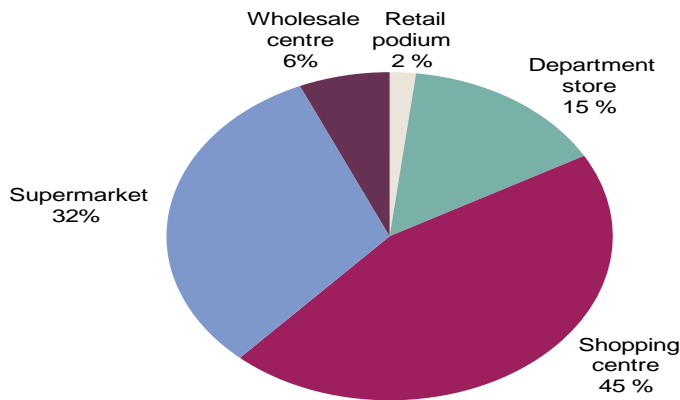
Total retail stock was approximately 776,000 sq m, decreasing approximately -2.4% quarter-on-quarter (QoQ). This was due to three shopping centres closing and one supermarket opening.

There are 8 department stores, 8 retail podiums, 19 shopping centres, 65 supermarkets, and 3 wholesale centres in the city.

Nguyen Pham Khanh Van (Ms.)
 Corporate Marketing & PR Manager
 E: nvan@savills.com.vn

18Fl., Fideco Tower
 81 – 85 Hàm Nghi
 HCMC, Vietnam
 T: +84 8 3823 9205 Ext. 153
 F: + 84 8 3823 4571
savills.com.vn

Current stock

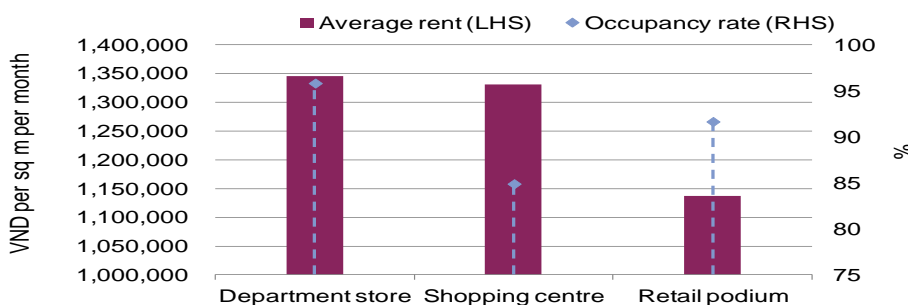


Source: Savills Research & Consultancy

Performance

The average rent increased by approximately 7% and the average occupancy rose slightly by 1 percentage point QoQ. However, this was not because of better performance by the market but mainly due to the closing of poor performers.

Market performance, Q2/2013



Source: Savills Research & Consultancy

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Note: the average rent per sq m on the ground level of the shops that have areas equal to or above 10 sq m, “includes service charges, but excludes VAT”.

Demand

HCMC’s retail sales in the first half of 2013 were approximately VND 288,000 billion. Without the effect of inflation, retail sales increased by 8.1% YoY. This growth is lower compared with 2012 (8.9%) and 2011 (8.8%). This is due to the current soft conditions of the retail market and lower consumer purchasing power.

Many retail centres offered supporting programs to help the retailers overcome difficulties and to attract tenants. However, they still had soft performance, as these programs were not as effective as expected.

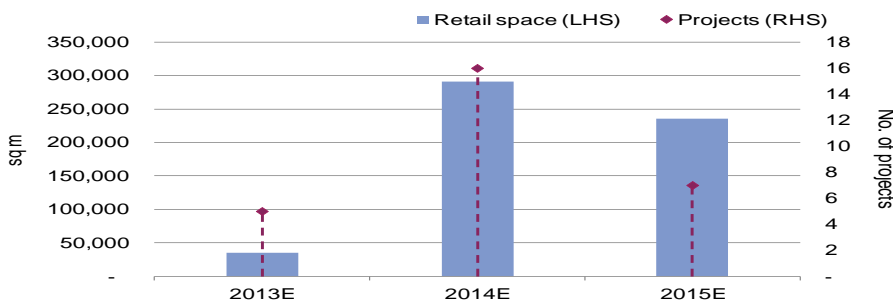
Although the market is in a downturn, there are still opportunities in the supermarket segment since the demand for essential products is always high.

Outlook

From 2013 onward, approximately 1,410,000 sq m of known supply will enter the market. However, only 42% of the future projects, approximately 574,000 sq m, are under construction or nearing completion while the rest are vacant land, in planning or on hold.

The secondary area accounted for approximately 56% while that of suburban was approximately 27% and the CBD 17%.

Estimated future supply, 2013–2015



Source: Savills Research & Consultancy

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