



MARKET REPORT BRIEF- HCMC Q2/2013 BY SAVILLS VIETNAM

SERVICED APARTMENT:

Supply

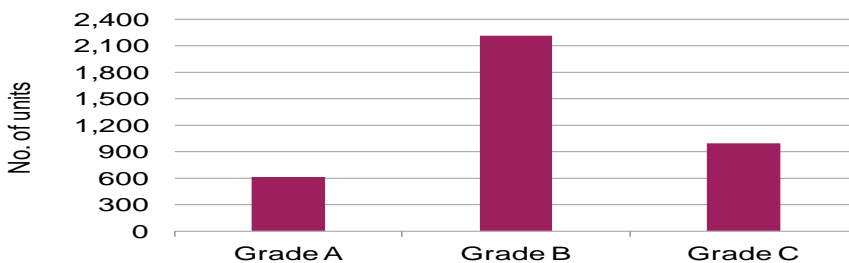
No new projects entered the market; however, one Grade B project in district 2 supplied an additional 13 units this quarter.

As of Q2/2013, HCMC’s total stock was more than 3,800 units from 68 projects, relatively stable quarter-on-quarter (QoQ) and up 19% year-on-year (YoY).

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Current stock, Q2/2013



Source: Savills Research & Consultancy

Performance

The average occupancy was 79%, slightly up by 1 percentage point (ppt) QoQ. However, the abundant new supply in the previous five quarters led to a decrease in occupancy of -5 pts YoY. The average rent was VND 500,000/ sq m/ mth, unchanged since Q2/2012.

Market performance, Q2/2013



Source: Savills Research & Consultancy

Note: Estimated average rent inclusive of service charge, “exclusive of VAT, on a net area basis”.

Only the Grade B segment had an increase in its average occupancy, up 2 pts QoQ to 77%. This figure is equivalent to that of Grade C but -14 pts lower than Grade A.

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Demand

With the large number of consulates, international offices and FDI projects, the demand for serviced apartment in HCMC is relatively high in comparison with other cities and provinces. In 1H/2013, the total FDI capital to HCMC was down -43% YoY.

The fierce competition from buy-to-let apartments negatively impacted the performance of serviced apartments.

Outlook

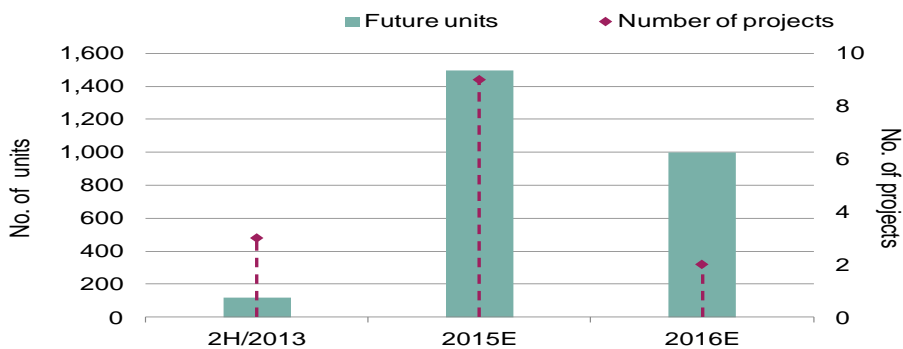
From 2H/2013 to 2016, 14 future projects are expected to enter the serviced apartment market, supplying more than 2,600 units.

In 2H/2013, three new projects are expected to come online, supplying more than 120 units. There will be one Grade A project in district 1 and two Grade C projects in districts 3 and Tan Binh. With this new supply, the total serviced apartment stock in HCMC will be more than 3,900 units by the end of 2013.

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Estimated future supply



Source: Savills Research & Consultancy

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