



MARKET REPORT BRIEF- HCMC Q2/2013 BY SAVILLS VIETNAM

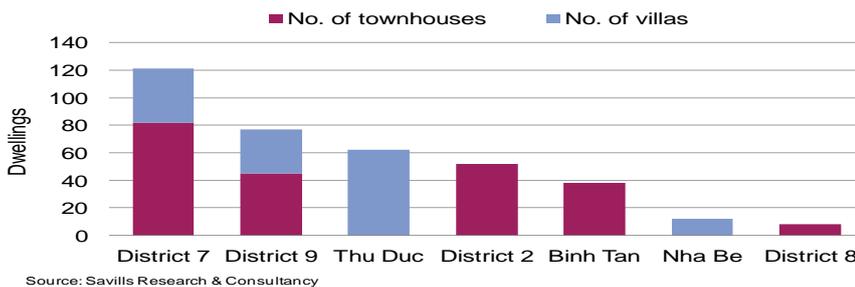
VILLA/TOWNHOUSE:

Supply

No new projects entered the market this quarter. An existing project in district 7 launched a new phase and one project in district 9 now sells townhouses instead of land plots. Twelve primary projects provided approximately 370 dwellings, up 26% QoQ.

The whole villa/ townhouse market supplied approximately 3,300 dwellings, 90% of which were in the secondary market.

Primary stock



The villa/ townhouse segment had better performance this quarter. The average absorption rate increased significantly from 5% to 18% QoQ. The land plot segment had a slight decrease in average absorption rate, dropping -1 ppt QoQ to 8%.

Due to low liquidity, a number of developers have significantly discounted their selling prices by up to -40%. Furthermore, capital shortage has forced a number of projects to postpone development.

Demand

Demand for the high-end segment remained. Villa/townhouse projects in the Phu My Hung area contributed 58% of total transacted dwellings this quarter.

With the current low mobilising interest rate of 7% pa, some villa/ townhouse projects, which can offer average gross yields of 5% to 6%, might attract certain potential buyers who want to either own landed houses or retain asset value in the mid and long-term.

Land plots might be preferable to certain end users. Buying land plots and self-constructing the house allows buyers to better control the quality and cost of construction. This is considered as an important factor affecting the purchase decision.

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Outlook

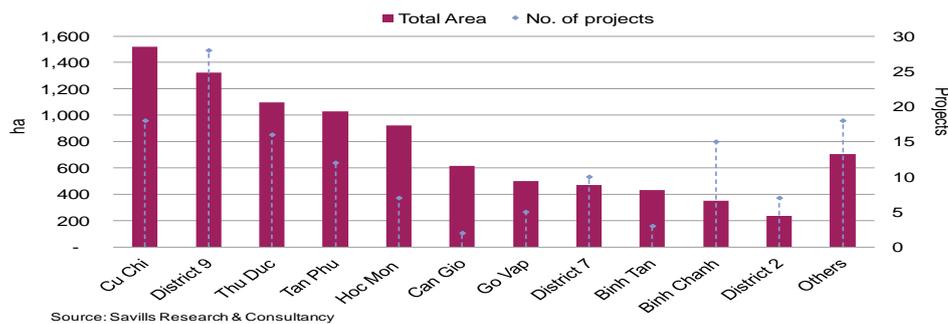
In the next eight years, future supply will receive over 57,000 dwellings from more than 140 projects. However, the investment license of a number of projects that have slow pace of compensation and construction progress might be revoked.

In the short-term to 2014E, more than 4,000 dwellings from approximately 30 projects are expected to enter the primary market, of which townhouses account for more than 55%.

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Estimated future supply



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