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Hanoi Quarterly Market Research

Q3/2013

By Savills Vietnam

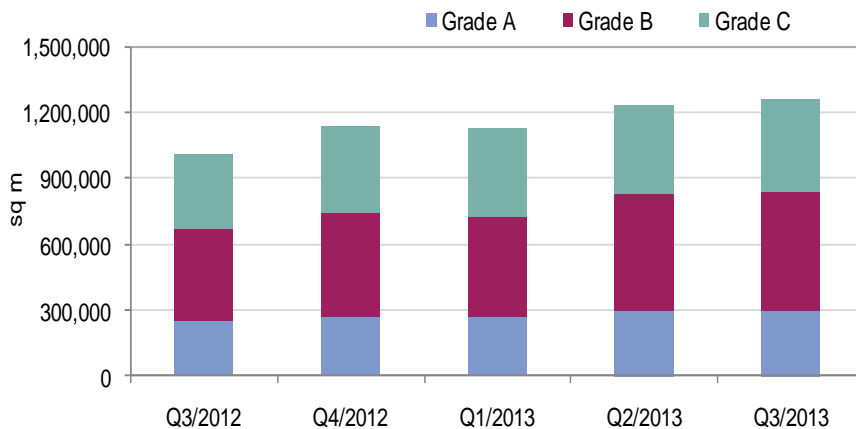
III/ OFFICE:

Supply

The total office stock in Q3/2013 included 150 buildings, at 1,254,500 sq m, up 2% quarter-on-quarter (QoQ) and 24% year-on-year (YoY). The market received two new Grade B buildings supplying a total of 13,600 sq m.

Grade A stock from 20 buildings provided 298,800 sq m, accounting for 24% of the total office space, while Grade B with 50 buildings occupied 43% market share and Grade C had 33% from 80 buildings.

Stock, Q3/2012–Q3/2013



Source: Savills Research & Consultancy

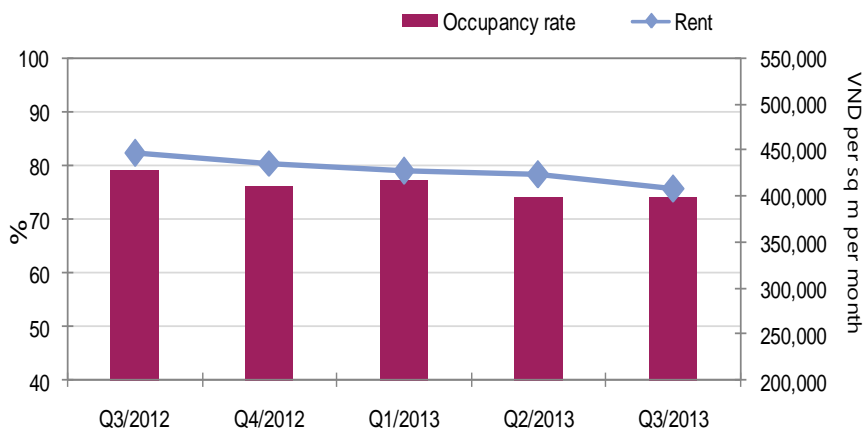
Performance

Market occupancy remained unchanged QoQ, but was down -5 ppts YoY to 74%. The average rent continued to decrease for eight consecutive quarters to VND 406,000/ sq m/ mth, down sharply by -5% QoQ and -10% YoY.

Performance, Q3/2012–Q3/2013

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The average rent of Grade A was VND 621,000/ sq m/ mth, down -1% QoQ. Grade B had a sharp decrease of -7.5% QoQ to VND 391,000/ sq m/ mth and Grade C fell -4% QoQ to VND 276,000/ sq m/ mth.

Demand

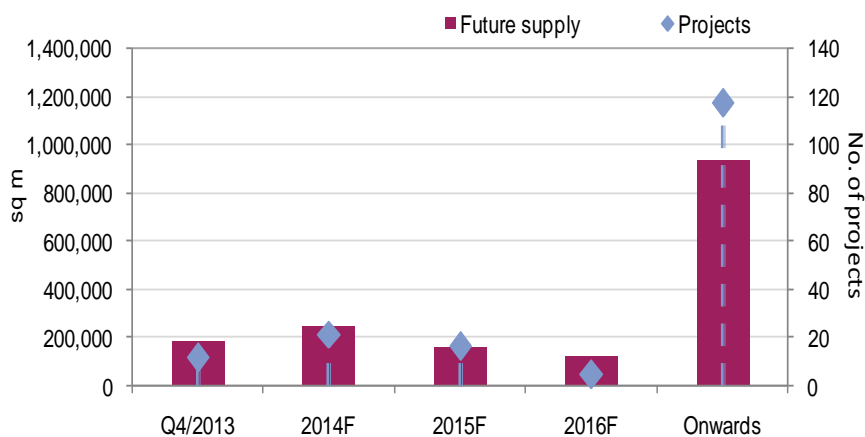
Office take-up achieved 14,000 sq m in Q3/2013. Grade B's take-up is negative at -5,500 sq m, while Grade A achieved 6,800 sq m and Grade C reached 13,000 sq m.

The trend continues of large tenants moving from Grade B to newer Grade A buildings in the west to take advantage of the reasonable rent, large available areas and better facilities.

Outlook

Up to 2015, 48 new office projects will supply a total of approximately 576,500 sq m to Ha Noi's market. The western area, including Cau Giay and Tu Liem districts will supply the future stock with 251,000 sq m of new office space, accounting for 36% of the market share.

Estimated future supply, Q4/2013 - onwards



Source: Savills Research & Consultancy

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