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Hanoi Quarterly Market Research

Q3/2013

By Savills Vietnam

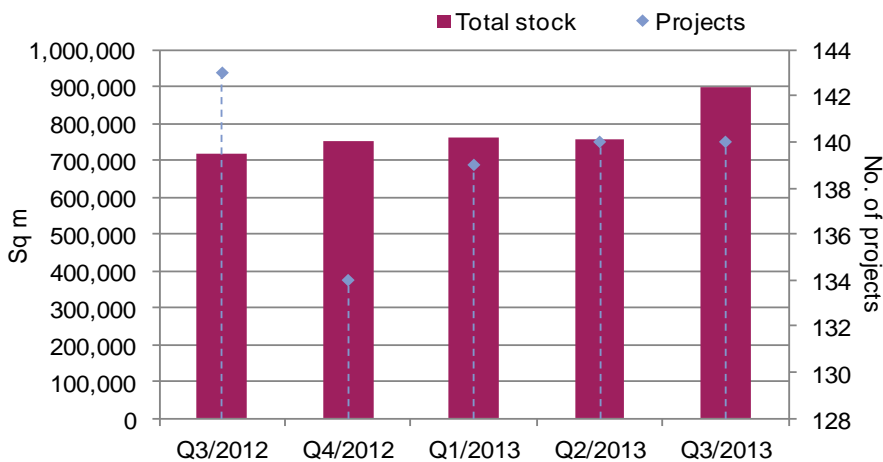
I/ RETAIL:

Supply

The Ha Noi retail market includes 140 projects, which provide approximately 897,000 sq m, a significant increase of 18% quarter-on-quarter (QoQ) and 25% year-on-year (YoY). The increase was due mostly to the opening of a mega shopping mall in the Thanh Xuan district, which has a leaseable area of 181,000 sq m, one of the largest shopping centres in southeast Asia.

Two retail centres closed; a shopping centre in the Dong Da district and an electronics market in the Ba Dinh district.

Stock, Q3/2013



Source: Savills Research & Consultancy

Performance

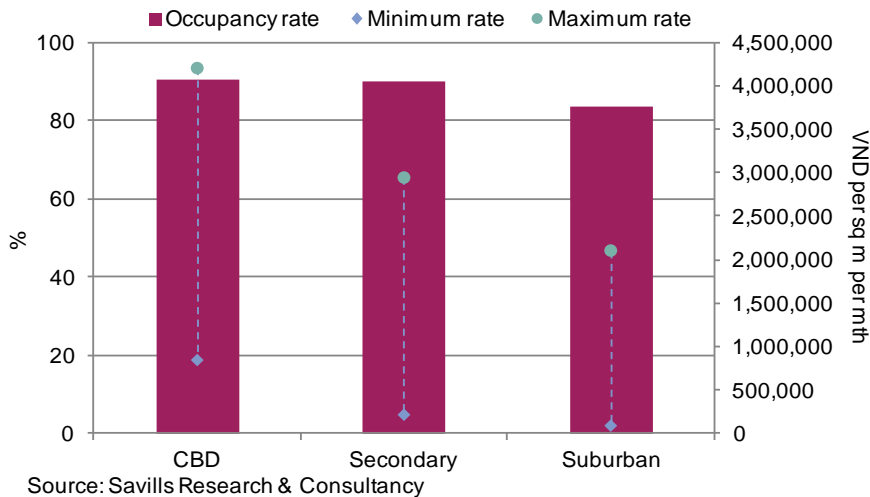
The average occupancy rate has continued in a downward trend since Q2/2012, reaching 85% this quarter, down -2 pts QoQ and -5 pts YoY.

The average rent achieved VND 1,200,000/ sq m/ mth, down -2% QoQ. The new mega shopping mall offers affordable rent and flexible payment schedules, thereby forcing other retail centres to lower rental rates, even those in prime districts.

Market performance, Q3/2013

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Demand

Retail take-up had a significant increase this quarter, with the total take-up at approximately 108,000 sq m after a negative figure last quarter.

The Ha Noi retail market remains attractive to foreign investors, especially to the electronic markets segment. A Japanese investor purchased a 10% stake, at a US\$3 million investment and a global fund invested US\$4.2 million for 18.5% of the shares of a well-known, local electronics retailer.

Outlook

In the future, 109 projects will enter Ha Noi's market; 106 of them will provide approximately two million sq m, 220% of the current stock.

From Q4/2013 to 2014, 25 projects are expected to come online, supplying approximately 358,000 sq m of retail area, at 40% of the current stock.

The future retail area is concentrated in secondary districts, supplying approximately one million sq m, accounting for 50% of the total future stock.

Due to limited space, the CBD area has the smallest share of future stock, accounting for only 1% market share.

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