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Hanoi Quarterly Market Research

Q3/2013

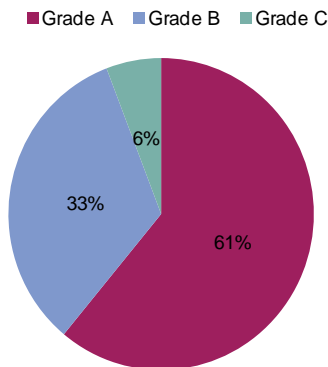
By Savills Vietnam

## IV/ SERVICED APARTMENT:

### Supply

In Q3/2013, Ha Noi's serviced apartments comprised of 50 projects, providing approximately 2,990 units. Sixty-one percent were Grade A, 33% Grade B and 6% were Grade C.

### Stock by grade, Q3/2013



Source: Savills Research & Consultancy

### Performance

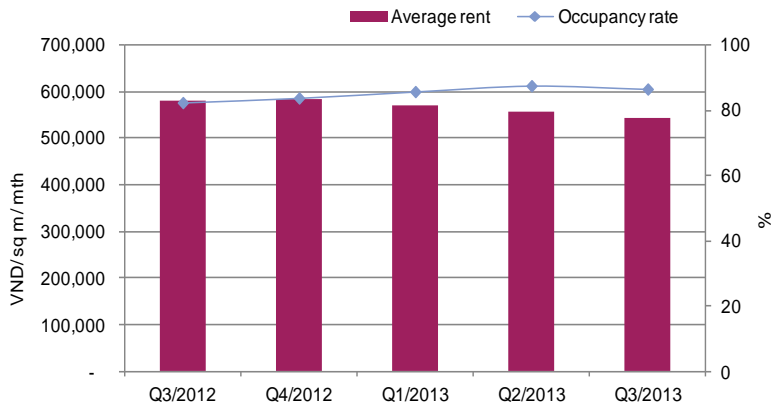
The average occupancy decreased slightly this quarter to approximately 87%, down -1 ppt quarter-on-quarter (QoQ) but still up 4.2 ppts year-on-year (YoY). This was the first quarter in which the occupancy rate decreased after five consecutive quarters, due to a new project entering the market with a low occupancy rate. The average rent has continued in a downward trend since Q3/2012. It reached VND 543,000/ sq m/ mth, down -2.3% QoQ and -6.6% YoY.

In Q3/2013, the rent in Tu Liem district decreased -7% QoQ, due projects lowering prices from -6% to -14 percent in order to attract tenants.

### Market performance, Q3/2012 – Q3/2013

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### Demand

The total number of leased units increased slightly by 1.2% QoQ and 9.6% YoY, supplying approximately 2,590 units. The take up this quarter was modest and has been since Q3/2012.

Demand for serviced apartments in the west continued to increase as Tu Liem and Cau Giay districts accounted for approximately 53% of the total take-up.

Among all unit types, one and 2-bedroom apartments had the highest demand as they accounted for approximately 76% of the total leased units.

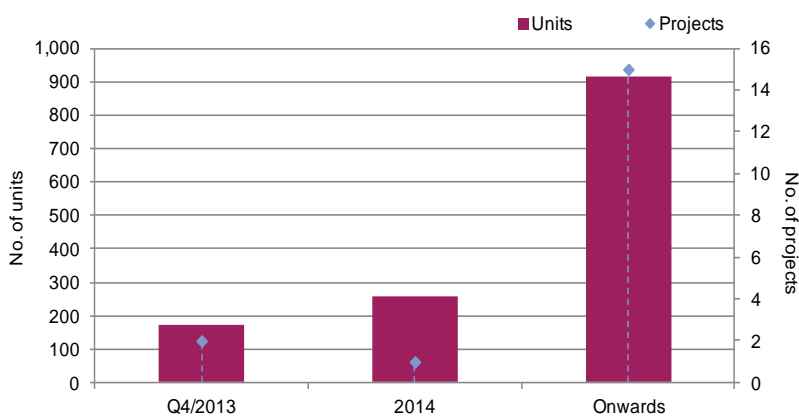
### Outlook

Ha Noi's serviced apartment market is expected to receive 18 projects, six of which will supply more than 1,300 units at 44% of the current stock.

In Q4/2013, 170 units in Tu Liem and Tay Ho districts are expected to enter the market.

Most of the projects that will come online after 2014 are in the planning stage, with the number of units unidentified. Many high-end apartments and hotel projects are considering converting partly into serviced apartments.

### Estimated future supply, Q4/2013 - onwards



Source: Savills Research & Consultancy

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