



Date 08/10/2013

Ho Chi Minh City Quarterly Market Research

Q3/2013

By Savills Vietnam

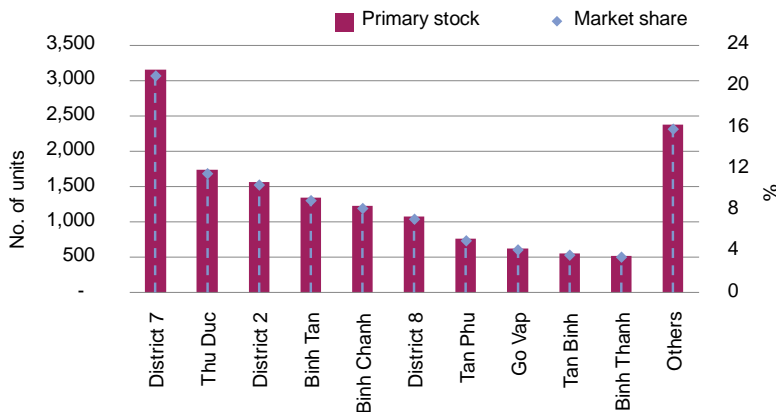
APARTMENT FOR SALES

Supply

As of Q3/2013, there were approximately 15,000 units in the primary market, decreasing slightly by -1% quarter-on-quarter (QoQ) but increasing by 3% year-on-year (YoY). Due to halted sales and construction for several quarters, there were a number of projects that were temporarily moved out of the basket, resulting in a decrease in the primary supply.

Seven new projects, plus new phases of three existing projects launched, adding approximately 2,300 units.

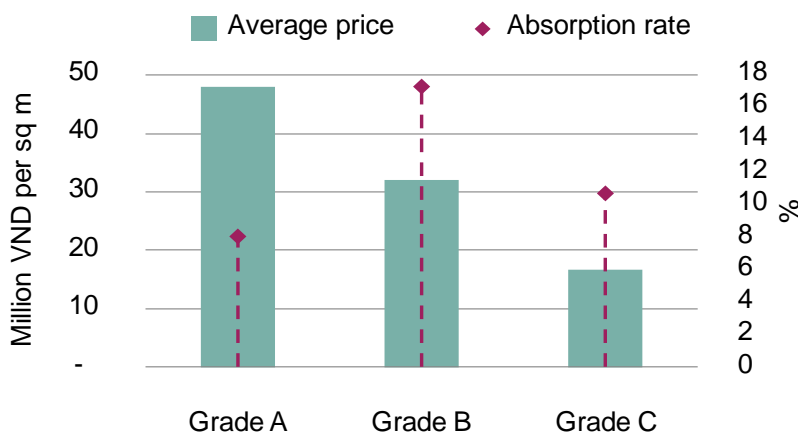
Primary stock, Q3/2013



Source: Savills Research & Consultancy

Performance

Market performance, Q3/2013



Source: Savills Research & Consultancy

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As of Q3/2013, transactions had impressive growth and achieved the highest number of sold units since Q3/2011, up 52% YoY. The overall absorption rate was 12%, increasing by 4 pts QoQ and YoY.

The majority of transactions were Grade C apartments with average prices ranging from VND 12,000,000/ sq m to VND17,000,000/ sq m.

Demand

As of Q3/2013, the current ceiling mobilising rate remained stable at 7% pa for deposits under six months. The gross rental yield of the HCMC apartment market ranges from 4% to 6% pa. The decreasing gap between the rental yield and mobilising interest rate can encourage long-term investors to buy apartments as an alternative investment channel.

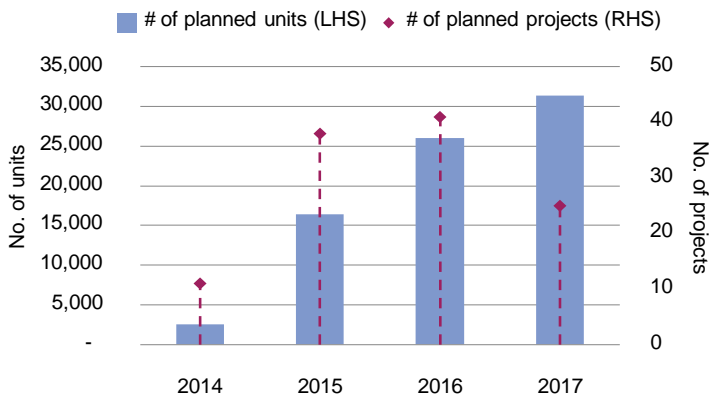
The total committed disbursed amount of the stimulus package was 0.5% of the US\$1,440 million. Although the rate remains low, the disbursement is a positive sign that the market is reacting to the package and it may have a positive impact on the demand for the residential market.

Future Outlook

Approximately 76,400 units from 115 projects are expected to complete from 2014 to 2017; 25% will be completed from 2014 to 2015.

In Q4/2013, HCMC's stock is expected to increase by approximately 1,800.

Estimated future supply, 2014 – 2017



Source: Savills Research & Consultancy

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