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Ho Chi Minh City Quarterly Market Research

Q3/2013

By Savills Vietnam

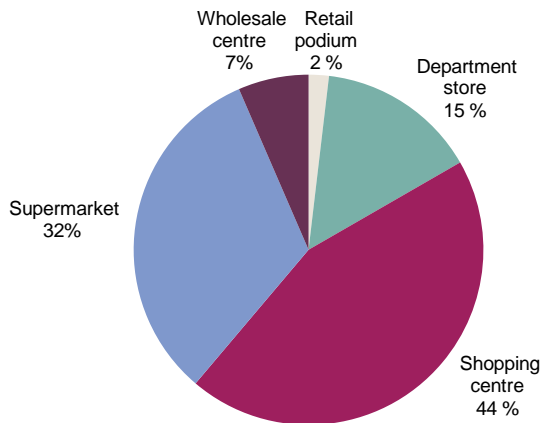
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Supply

The total retail stock was approximately 783,000 sq m, increasing 1% quarter-on-quarter (QoQ) due to the entrance of a new supermarket.

There are eight department stores, eight retail podiums, 19 shopping centres, 66 supermarkets and three wholesale centres in the city.

Current stock



Source: Savills Research & Consultancy

Performance

The retail market had softer performance compared with the previous quarter due to a decrease in average occupancy for all retail types in all areas. The average rent decreased by approximately -2% and average occupancy declined -3 percentage points (pts) QoQ.

Market performance, Q3/2013



Source: Savills Research & Consultancy

Note: the average rent per sq m on the ground level of the shops that have areas equal to or 10 sq m, "includes service charges, but excludes VAT".

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Demand

HCMC's retail sales in the first nine months of 2013 were approximately VND 441,000 billion. Without inflation, retail sales increased by 8.7% YoY. This growth is higher compared with 2012 (8.2%) and 2011 (8.1%). However, there was slow recovery in spending for non-essential and luxury goods.

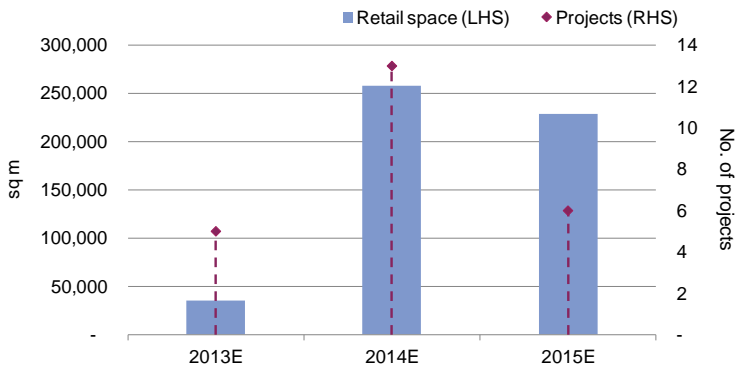
Demand for retail space in high standard retail centres will continue to be low in the next quarters due to sluggish sales in non-essential goods. Low to mid-end centres or supermarkets still have room to grow.

Outlook

From 2013 onward, approximately 1.4 million sq m of known supply will enter the market. Approximately 37% is expected to enter from 2014 to 2015, while there is no specific expected completion date for 60% of the future supply to be delivered after 2015.

Of the future supply the secondary area accounts for approximately 56%, while the suburban area accounts for approximately 27% and the CBD 17%.

Estimated future supply, 2013–2015



Source: Savills Research & Consultancy

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