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Ho Chi Minh City Quarterly Market Research

Q3/2013

By Savills Vietnam

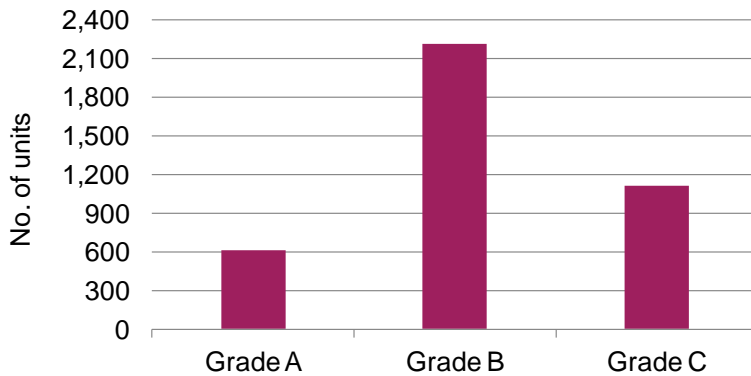
SERVICED APARTMENT

Supply

Two new Grade C projects entered the serviced apartment market, adding 114 units.

As of Q3/2013, the total serviced apartments in HCMC were 3,946 from 70 projects, increasing 3% quarter-on-quarter (QoQ) and 19% year-on-year (YoY).

Current stock, Q3/2013



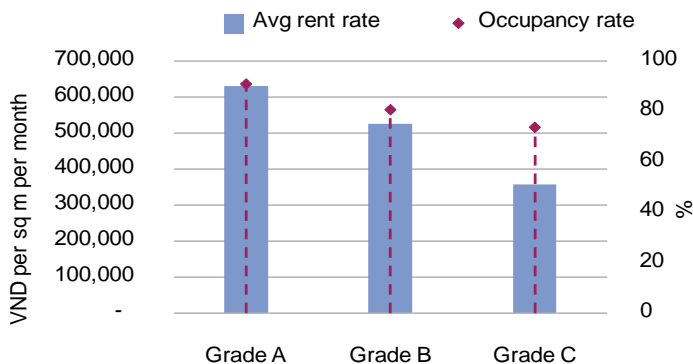
Source: Savills Research & Consultancy

Performance

The average occupancy was 80%, increasing slightly by 1 ppt QoQ but decreasing -5 ppts compared with the same period last year.

The average rent was VND 500,000/ sq m/ mth, unchanged since Q3/2012. Two-bedroom units from 80 sq m to 120 sq m in size had the average rent of VND 39,800,000/ unit/ mth.

Market performance, Q3/2013



Source: Savills Research & Consultancy

Note: Estimated average rent inclusive of service charge, “exclusive of VAT, on a net area basis”.

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Grade B was the only Grade that had an increase in occupancy, up 4 ppts to 81% QoQ. While occupancy for Grade A remained stable, Grade C decreased -3 ppt to 74% QoQ.

Projects in the CBD performed better than in the non-CBD. The average occupancy in the CBD was 87%, 16 ppts higher than the non-CBD.

Demand

Demand from Asian expatriates is high. In the first nine months of 2013, there were 180 projects from Japan, Singapore, Korea and Malaysia, representing 62% of the newly registered FDI projects in HCMC.

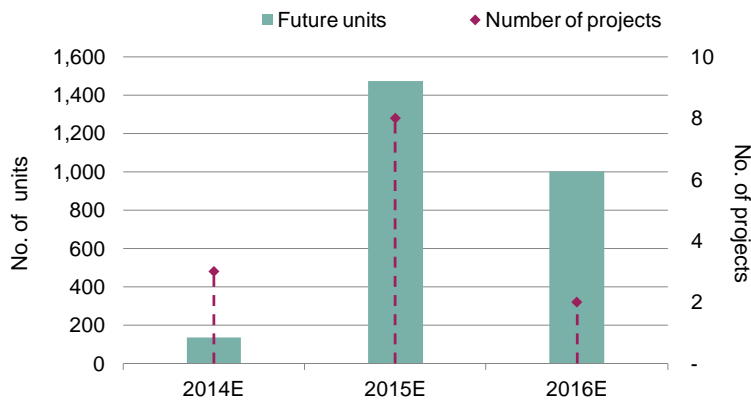
Buy-to-let apartments are the main competitor of serviced apartments. However, serviced apartments remain a better choice for expatriates in terms of professional services and security.

Outlook

From 2014 to 2016, 3,500 units from 20 projects are expected to enter the market. In the next four years, the total supply in HCMC is expected to grow on average 18% each year, much higher than the rate from 2008 to 2013, which was 10 percent.

In the next two quarters, three new projects, supplying approximately 134 units will enter the market.

Estimated future supply



Source: Savills Research & Consultancy

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