



Date 08/10/2013

Ho Chi Minh City Quarterly Market Research

Q3/2013

By Savills Vietnam

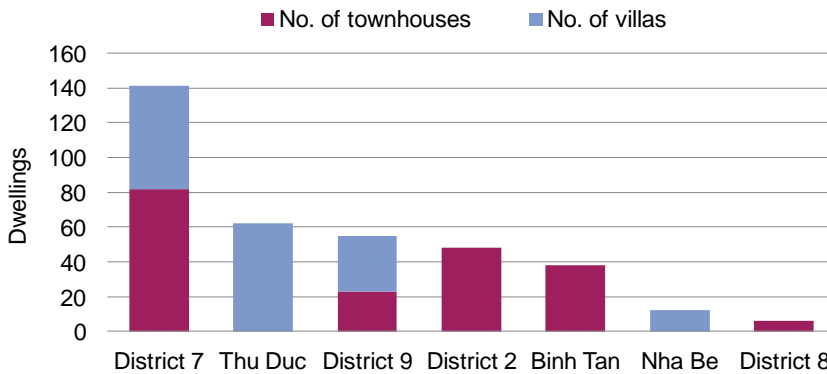
VILLA AND TOWNHOUSE

Supply

One villa/ townhouse project in district 7 entered the market. The total primary supply is approximately 360 dwellings, down -2% quarter-on-quarter (QoQ) but up 7% year-on-year (YoY). In the land plot segment, three new projects in district 7, 9 and Nha Be were launched this quarter.

District 7 remained largest supplier for the villa/ townhouse market, while districts 2 and 9 are the main suppliers for land plot segment.

Primary stock



Source: Savills Research & Consultancy

The landed property market showed better performance this quarter. The number of transacted villas/ townhouses increased by 11% and the absorption rate was up 2 ppts QoQ. The land plot segment had a significant increase in transaction volume, up 39% QoQ.

A number of projects, especially those that had relatively high unit prices and low liquidity, offered aggressive discounts to reduce inventory.

Demand

The high-end segment still had solid demand. The Phu My Hung area in district 7 dominated this segment with 83% of the total transacted villas and townhouses.

Buying land plots and self-construction continued to be a competitive choice for mid to long-term investors and homebuyers due to flexibility in construction, quality control and low investment costs.

Outlook

The future supply is expected to be approximately 54,000 dwellings from 139 projects in the next eight years. However, the city government should force the withdrawal of investment licenses in projects facing slow development progress.

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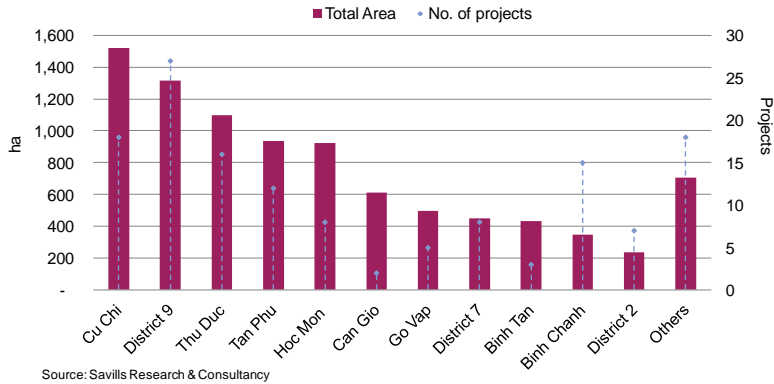
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Low liquidity and tough market conditions have slowed down the development of future projects. A number of them should be converted into land plot sale instead of bare-shell dwelling projects. This will affect the future stock of the segment.

Estimated future supply



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Approximately 1,200 dwellings are expected to enter the market in 2014E from eight projects, 54% of which will be villas.

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