

25 April 2014

SAVILLS PROPERTY PRICE INDEX (SPPI) - HCMC

1. Residential Index

The Q1/2014 residential index was 89.1, increasing by 0.4 index points quarter-on-quarter (QoQ) but decreasing by -0.1 index point year-on-year (YoY).

The overall absorption rate was 10.2%, down slightly -0.6 pts QoQ but up 3 pts YoY. There was significant increase in transaction volume and YoY growth with approximately 1,600 absorbed units, down -4% QoQ but up 39% YoY. This is the highest YoY growth during the first quarter in the last three years.

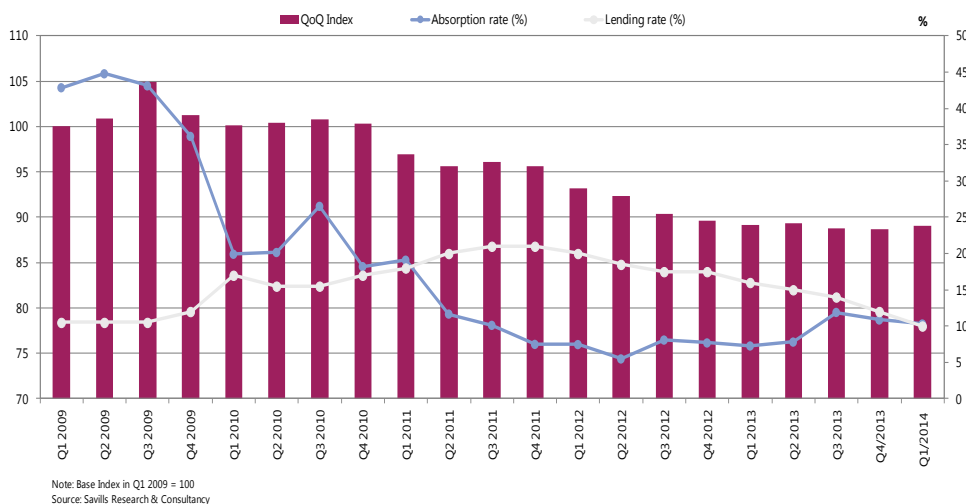
The housing price has been stable and improved slightly during the last five quarters. The improvement is mainly from developers' commitment to construction, good developer track records and the decreasing mobilising interest rate which helped strengthen homebuyer confidence. With these positive indicators, market liquidity is expected to continue in an upward trend, which will help raise the QoQ index in the coming quarters.

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FIGURE 1

Residential QoQ Index

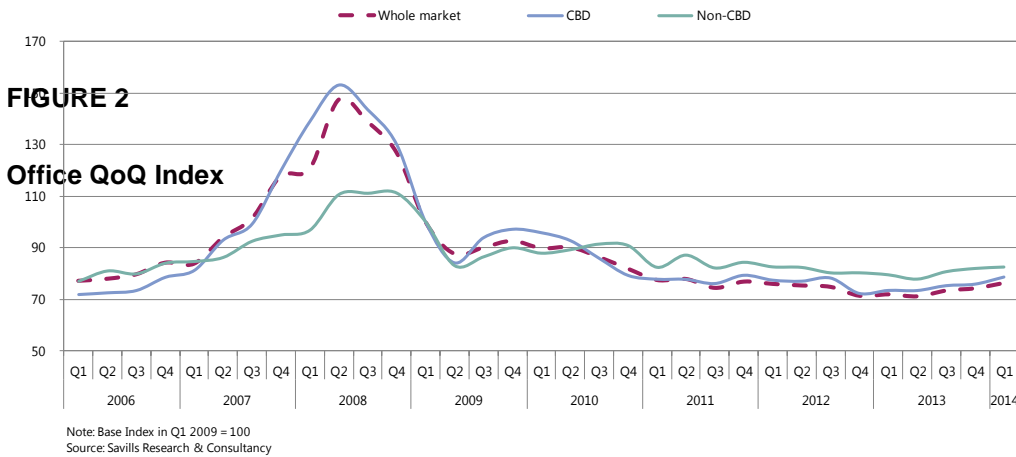


2. Office Index

In Q1/2014, the market index was 76.3, up 2.1 index points QoQ and 4.4 index points YoY. The higher office index was the result of an increase in both the average market occupancy (up 1 ppt) and market rent (up 2%) QoQ. Occupancy achieved its highest level in the last five years.

The CBD continued to perform better than the non-CBD in terms of both occupancy and average rent. In the CBD, occupancy increased by 1 ppt and average rent increased by 2%, raising the office index by 2.8 points. In the non-CBD, a slight 1% increase in the average rent was the reason for the 0.6 index point increase.

The office index started increasing from 2013, showing positive signs of market recovery. The office index is expected to be higher in 2014; demand is increasing but future supply is limited. Market performance will improve short term.



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