

10 July 2015

## SAVILLS VIETNAM REPORT ON HANOI REAL ESTATE MARKET

Q2/2015

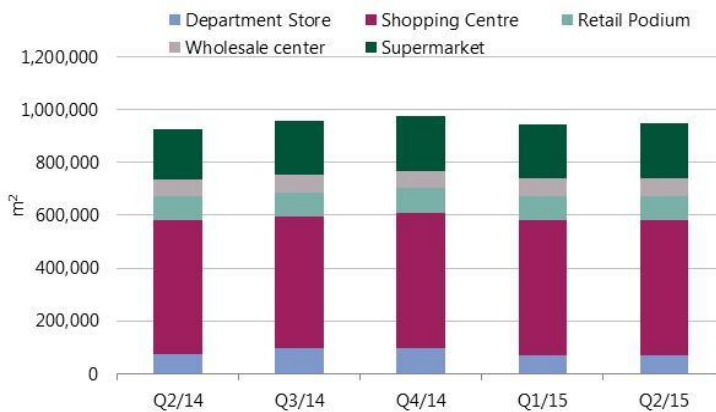
Savills Vietnam Co.,Ltd  
 18<sup>th</sup> Floor, Continental Tower  
 81-85 Ham Nghi Street  
 District 1, HCMC  
 T: +84 8 3823 9205

savills.com.vn

### 1. RETAIL

#### Supply

In Q2/2015, Ha Noi's retail supply was approximately 950,000 m<sup>2</sup>, increasing by 0.4% quarter-on-quarter (QoQ) and 3% year-on-year (YoY), due to the opening of a Big C supermarket in Ha Dong district.



Source: Savills Research & Consultancy

#### Performance

The average rent was VND 841,000/m<sup>2</sup>/mth, decreasing -0.9% QoQ and -10% YoY. Department stores and shopping centres' rent decreased by -0.7% QoQ and -1.2% QoQ respectively, whilst retail podiums' rent increased 0.5% QoQ.

Occupancy was 84%, stable QoQ and up 7.2 ppts YoY. Department store occupancy increased by 1 ppt QoQ; retail podiums decreased -1.1 ppt QoQ. Shopping centre occupancy remained stable QoQ.

---

#### Savills Vietnam

Savills Vietnam is the largest and most experienced real estate practice with offices in Hanoi and Ho Chi Minh City. The company provides comprehensive property services such as: Residential Sales, Commercial Leasing, Residential Leasing, Research & Consultancy, Valuation & Feasibility Study, Banking & Corporate Services, Investment Brokerage & Advisory, Retail Consultancy & Leasing, Property & Asset Management, Tenant Advisory & Representation, Industrial Consultancy & Leasing, Marketing & Creative services. Savills Vietnam has won the Asia Pacific Property Awards 2015 - 2016 for **"Best Real Estate Agency in Vietnam"**, and **"Best Property Consultancy in Vietnam"**. 2015 is also a milestone for Savills Vietnam when the company celebrates its 20 years of operations and growth with the Vietnam market. Currently, Savills Vietnam consists of over 1,000 experienced and professional staff nationwide.

Press Release



Source: Savills Research & Consultancy

### Market performance, Q2/2015

#### Demand

In 1H/2015, Ha Noi's retail sales were approximately VND 210 trillion, increasing 10.3% YoY. Without inflation, the real growth rate was 9.6% YoY.

With Free Trade Agreement participation and the expected signing of the Trans-Pacific Partnership in 2015, competition between domestic and foreign retailers will continue.

#### Outlook

From 2H/2015 – 2017, Ha Dong district will provide approximately 225,000 m²; three and a half times higher than the current stock.

In 2H/2015, approximately 353,000m² from 16 projects will enter the market. Two notable projects are Vincom Nguyen Chi Thanh and Aeon Mall Long Bien which will provide more than 165,000m².

## 2. OFFICE

#### Supply

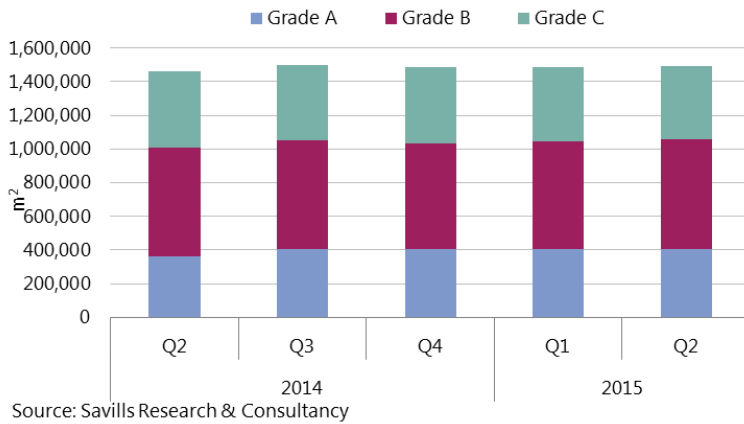
Ha Noi's office supply was approximately 1,491,000 m², increasing 0.3% quarter-on-quarter (QoQ) and 2% year-on-year (YoY).

Two projects closed for renovation and one new project supplying 11,000 m² entered the market.

---

### Savills Vietnam

Savills Vietnam is the largest and most experienced real estate practice with offices in Hanoi and Ho Chi Minh City. The company provides comprehensive property services such as: Residential Sales, Commercial Leasing, Residential Leasing, Research & Consultancy, Valuation & Feasibility Study, Banking & Corporate Services, Investment Brokerage & Advisory, Retail Consultancy & Leasing, Property & Asset Management, Tenant Advisory & Representation, Industrial Consultancy & Leasing, Marketing & Creative services. Savills Vietnam has won the Asia Pacific Property Awards 2015 - 2016 for **"Best Real Estate Agency in Vietnam"**, and **"Best Property Consultancy in Vietnam"**. 2015 is also a milestone for Savills Vietnam when the company celebrates its 20 years of operations and growth with the Vietnam market. Currently, Savills Vietnam consists of over 1,000 experienced and professional staff nationwide.

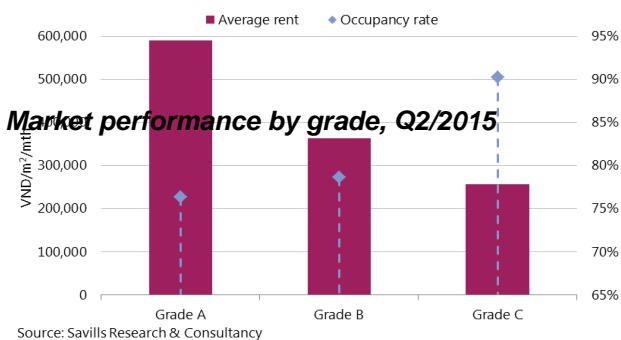


**Performance**

The average rent was VND394,000/m²/mth, stable QoQ but increased 2% YoY.

Grade A and Grade B's average rent declined -0.3% and -0.9% QoQ respectively; whilst Grade C's average rent increased 0.7% QoQ.

Average occupancy was 81.4%, stable QoQ and up 6 pts YoY. Grade A and Grade C increased 0.4 ppt and 2.2 pts QoQ respectively; however Grade B decreased -1.9 pts QoQ.



**Demand**

**Savills Vietnam**

Savills Vietnam is the largest and most experienced real estate practice with offices in Hanoi and Ho Chi Minh City. The company provides comprehensive property services such as: Residential Sales, Commercial Leasing, Residential Leasing, Research & Consultancy, Valuation & Feasibility Study, Banking & Corporate Services, Investment Brokerage & Advisory, Retail Consultancy & Leasing, Property & Asset Management, Tenant Advisory & Representation, Industrial Consultancy & Leasing, Marketing & Creative services. Savills Vietnam has won the Asia Pacific Property Awards 2015 - 2016 for **“Best Real Estate Agency in Vietnam”**, and **“Best Property Consultancy in Vietnam”**. 2015 is also a milestone for Savills Vietnam when the company celebrates its 20 years of operations and growth with the Vietnam market. Currently, Savills Vietnam consists of over 1,000 experienced and professional staff nationwide.

Total take-up was 1,800 m<sup>2</sup>, decreasing -97% QoQ and YoY. Grade A and C had positive take-up; whilst Grade B was negative.

International tenants account for approximately 60% of office space in Grade A and B buildings; the Banking & Finance industry occupies the largest amount of space.

### Outlook

From 2H/2015 onward, the recorded future supply includes 1,470,000m<sup>2</sup> from 129 projects.

Until the end of 2017, 35 new projects will supply 544,000 m<sup>2</sup>, an increase of 36% compared to current stock.

## 3. HOTEL

### Supply

In Q2/2015, Ha Noi had 63 hotels; 14 five-star, 13 four-star and 36 three-star, supplying approximately 8,855 rooms down -1% quarter on quarter (QoQ) but up 4% year on year (YoY).

The four-star Prestige Hotel has been closed for renovation since April 2015.

Five-star hotels supplied 4,600 rooms with a market share of 52%; followed by three-star with 27% and four-star with 21 percent.

### Performance

The hotel segment entered low season in Q2/2015; market performance was softer QoQ but stronger YoY.

The average occupancy rate decreased QoQ by -5 percentage points (ppts), but increased 1 ppts YoY.

The average room rate (ARR) increased 5% YoY but decreased -6% QoQ due to the negative QoQ change in all grades.

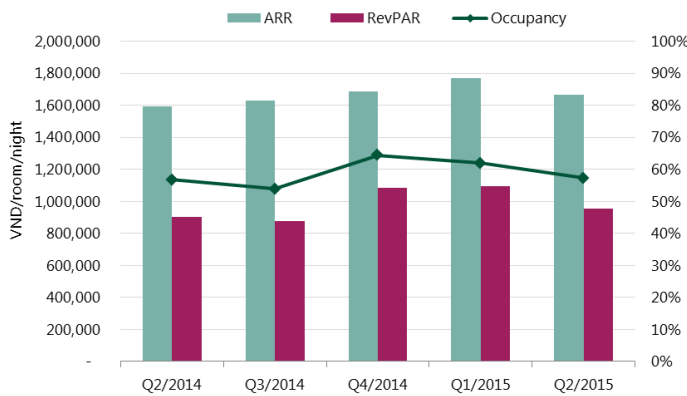
The average RevPAR decreased -13% QoQ and increased 6% YoY.

### **Market performance, Q2/2015**

---

### Savills Vietnam

Savills Vietnam is the largest and most experienced real estate practice with offices in Hanoi and Ho Chi Minh City. The company provides comprehensive property services such as: Residential Sales, Commercial Leasing, Residential Leasing, Research & Consultancy, Valuation & Feasibility Study, Banking & Corporate Services, Investment Brokerage & Advisory, Retail Consultancy & Leasing, Property & Asset Management, Tenant Advisory & Representation, Industrial Consultancy & Leasing, Marketing & Creative services. Savills Vietnam has won the Asia Pacific Property Awards 2015 - 2016 for “**Best Real Estate Agency in Vietnam**”, and “**Best Property Consultancy in Vietnam**”. 2015 is also a milestone for Savills Vietnam when the company celebrates its 20 years of operations and growth with the Vietnam market. Currently, Savills Vietnam consists of over 1,000 experienced and professional staff nationwide.



Source: Savills Research & Consultancy

### Demand

According to the Ha Noi Department of Culture, Sports and Tourism, there were 10.3 million visitors to Ha Noi in the first half of 2015 (1H/2015).

The international visitor number to Vietnam decreased YoY whereas the number to Ha Noi increased YoY.

### Outlook

From Q3/2015 onwards, 31 future hotel projects will enter the market; 14 will supply 4,850 rooms. The number of rooms in the 17 remaining projects has not yet been identified.

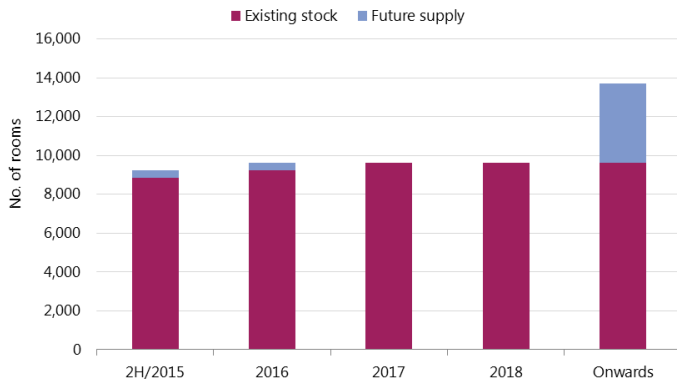
In the last two quarters of 2015, a 359-room hotel is expected to enter the market under the management of InterContinental Hotel Group (IHG).

### Future supply, Q3/2015 onwards

---

### Savills Vietnam

Savills Vietnam is the largest and most experienced real estate practice with offices in Hanoi and Ho Chi Minh City. The company provides comprehensive property services such as: Residential Sales, Commercial Leasing, Residential Leasing, Research & Consultancy, Valuation & Feasibility Study, Banking & Corporate Services, Investment Brokerage & Advisory, Retail Consultancy & Leasing, Property & Asset Management, Tenant Advisory & Representation, Industrial Consultancy & Leasing, Marketing & Creative services. Savills Vietnam has won the Asia Pacific Property Awards 2015 - 2016 for **“Best Real Estate Agency in Vietnam”**, and **“Best Property Consultancy in Vietnam”**. 2015 is also a milestone for Savills Vietnam when the company celebrates its 20 years of operations and growth with the Vietnam market. Currently, Savills Vietnam consists of over 1,000 experienced and professional staff nationwide.



Source: Savills Research & Consultancy

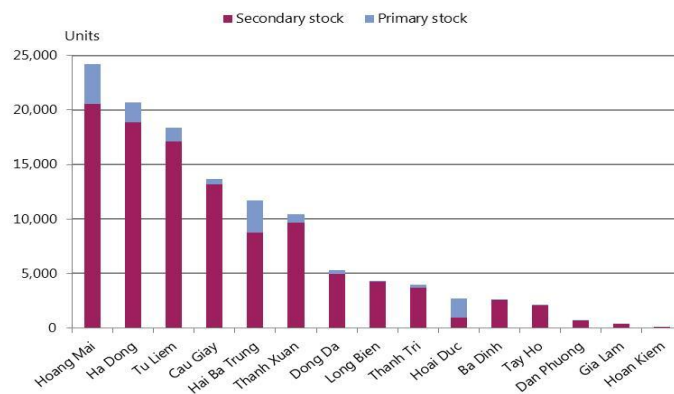
#### 4. APARTMENT FOR SALE

##### Supply

In Q2/2015, Ha Noi’s total apartment supply was approximately 121,400 units from 199 fully sold and 82 active projects. The total primary stock was 13,400 units, increasing 4% quarter-on-quarter (QoQ) and 24% year-on-year (YoY).

There were 27 newly launched, fifteen existing and 12 new apartment projects, providing 6,100 units, decreasing 21% QoQ. Thirteen new projects at foundation had unofficial sales of 1,340 units.

##### Current stock, Q2/2015



Source: Savills Research & Consultancy

#### Savills Vietnam

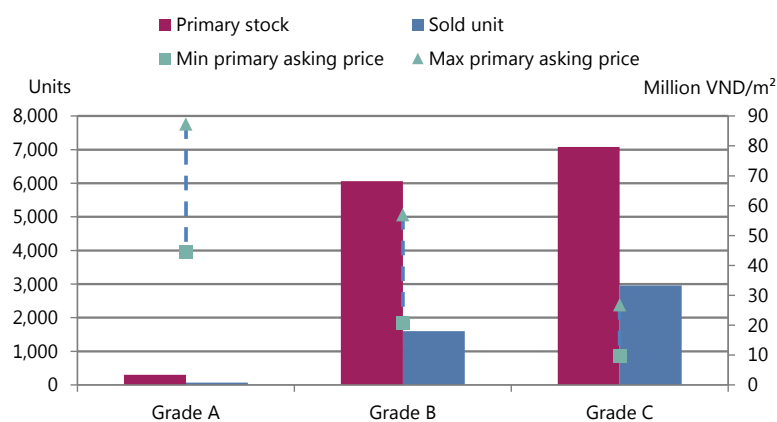
Savills Vietnam is the largest and most experienced real estate practice with offices in Hanoi and Ho Chi Minh City. The company provides comprehensive property services such as: Residential Sales, Commercial Leasing, Residential Leasing, Research & Consultancy, Valuation & Feasibility Study, Banking & Corporate Services, Investment Brokerage & Advisory, Retail Consultancy & Leasing, Property & Asset Management, Tenant Advisory & Representation, Industrial Consultancy & Leasing, Marketing & Creative services. Savills Vietnam has won the Asia Pacific Property Awards 2015 - 2016 for **“Best Real Estate Agency in Vietnam”**, and **“Best Property Consultancy in Vietnam”**. 2015 is also a milestone for Savills Vietnam when the company celebrates its 20 years of operations and growth with the Vietnam market. Currently, Savills Vietnam consists of over 1,000 experienced and professional staff nationwide.

## Performance

In Q2/2015, more than 4,630 units were sold, decreasing by -18% QoQ, The absorption rate decreased -9 ppts QoQ to 34 percent.

The primary price increased 1% QoQ, whilst the average secondary asking price increased 2% QoQ. In some districts (such as Tay Ho and Hoan Kiem) secondary prices increased by 7 percent, the largest decrease was -4% QoQ in Ba Dinh and Dan Phuong.

## Market performance, Q2/2015



Source: Savills Research & Consultancy

## Demand

Buyer confidence was reflected by high sales. Off-contract premiums appeared in many projects, even in projects only at foundation stage.

Financial guarantees from banks for projects were one of the most important motivations for buyers.

Banking credit became the main financial source for both end-users and investors.

## Outlook

By the end of 2015, 26 projects supplying 12,600 units are expected to come online.

The Housing Law 2014 and Law on Real Estate Business 2014 are expected to increase demand; the market awaits the guiding legal documents for the laws.

Sales are expected to remain at a high level in the remaining quarters of 2015; however there could be elements of speculation distorting the overall demand

## Savills Vietnam

Savills Vietnam is the largest and most experienced real estate practice with offices in Hanoi and Ho Chi Minh City. The company provides comprehensive property services such as: Residential Sales, Commercial Leasing, Residential Leasing, Research & Consultancy, Valuation & Feasibility Study, Banking & Corporate Services, Investment Brokerage & Advisory, Retail Consultancy & Leasing, Property & Asset Management, Tenant Advisory & Representation, Industrial Consultancy & Leasing, Marketing & Creative services. Savills Vietnam has won the Asia Pacific Property Awards 2015 - 2016 for **“Best Real Estate Agency in Vietnam”**, and **“Best Property Consultancy in Vietnam”**. 2015 is also a milestone for Savills Vietnam when the company celebrates its 20 years of operations and growth with the Vietnam market. Currently, Savills Vietnam consists of over 1,000 experienced and professional staff nationwide.

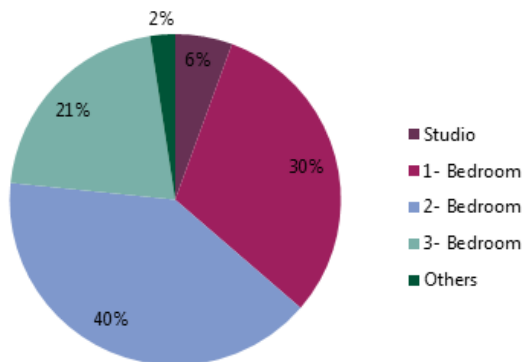
## 5. SERVICED APARTMENT

### Supply

In Q2/2015, there were 100 new units from two projects – Vinhomes Royal City and Times City. This increased total supply to 3,680 units from 43 projects, up 3% quarter-on-quarter (QoQ) and 16% year-on-year (YoY). The secondary area was the main supplier with 63% of stock.

The number of one- and two-bedrooms accounted for over 70% of total units.

### Current stock, Q2/2015



Source: Savills Research & Consultancy

### Performance

The overall occupancy was

77%, down -3 pts QoQ and YoY.

The average room rate (ARR) remained unchanged QoQ and YoY at VND 548,000/m<sup>2</sup>/mth. The ARR of grade C decreased -2% QoQ while that of grade B increased 1%; grade A was unchanged QoQ.

The revenue per available unit (RevPAU) decreased -11% QoQ to VND 43.6 million/unit/mth.

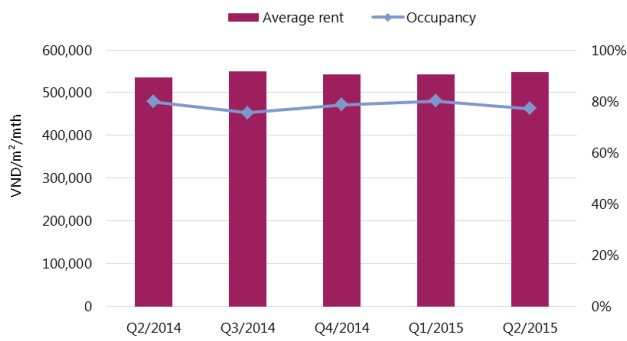
### Market performance, Q2/2015

---

### Savills Vietnam

Savills Vietnam is the largest and most experienced real estate practice with offices in Hanoi and Ho Chi Minh City. The company provides comprehensive property services such as: Residential Sales, Commercial Leasing, Residential Leasing, Research & Consultancy, Valuation & Feasibility Study, Banking & Corporate Services, Investment Brokerage & Advisory, Retail Consultancy & Leasing, Property & Asset Management, Tenant Advisory & Representation, Industrial Consultancy & Leasing, Marketing & Creative services. Savills Vietnam has won the Asia Pacific Property Awards 2015 - 2016 for “**Best Real Estate Agency in Vietnam**”, and “**Best Property Consultancy in Vietnam**”. 2015 is also a milestone for Savills Vietnam when the company celebrates its 20 years of operations and growth with the Vietnam market. Currently, Savills Vietnam consists of over 1,000 experienced and professional staff nationwide.





Source: Savills Research & Consultancy

## Demand

In Q2/2015, take-up was approximately -30 units due to the negative take-up of grade A and B.

This quarter, Grade A had 55% of total leased units, followed by Grade B (40%) and Grade C (5 percent).

According to the Hanoi Statistics Office, FDI to Ha Noi was US\$501 million in the first six months of 2015, down -14% YoY.

## Outlook

From Q3/2015 onward, 11 new projects will provide approximately 900 units. Ten of the projects are currently in planning and 72% of the future units are located in the secondary area.

In 2016, one new project supplying nearly 200 rooms is expected to enter the market.

## 6. Villa & Townhouse

### Supply

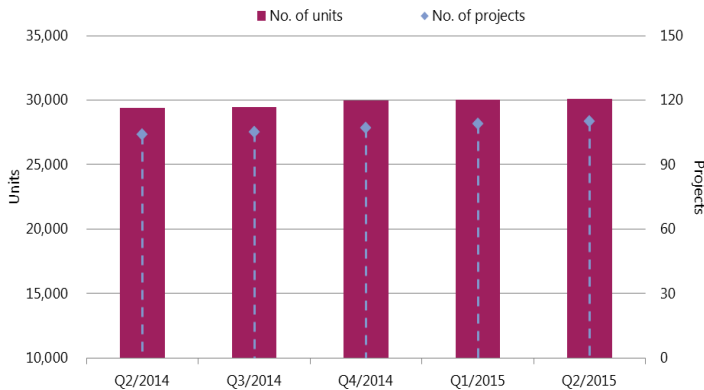
In Q2/2015, the total stock was approximately 30,100 units from 110 projects. There are approximately 1,030 primary and 29,060 secondary units. One new project in Tu Liem district launched this quarter and provided 46 villas.

### Supply by quarter

---

## Savills Vietnam

Savills Vietnam is the largest and most experienced real estate practice with offices in Hanoi and Ho Chi Minh City. The company provides comprehensive property services such as: Residential Sales, Commercial Leasing, Residential Leasing, Research & Consultancy, Valuation & Feasibility Study, Banking & Corporate Services, Investment Brokerage & Advisory, Retail Consultancy & Leasing, Property & Asset Management, Tenant Advisory & Representation, Industrial Consultancy & Leasing, Marketing & Creative services. Savills Vietnam has won the Asia Pacific Property Awards 2015 - 2016 for **“Best Real Estate Agency in Vietnam”**, and **“Best Property Consultancy in Vietnam”**. 2015 is also a milestone for Savills Vietnam when the company celebrates its 20 years of operations and growth with the Vietnam market. Currently, Savills Vietnam consists of over 1,000 experienced and professional staff nationwide.



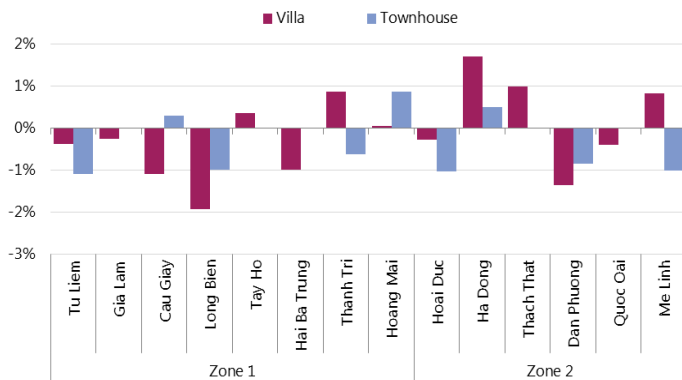
Source: Savills Research & Consultancy

## Performance

The average secondary price for villas was VND48.8 million/m<sup>2</sup>, up 0.1% QoQ and VND60.3 million/m<sup>2</sup> for townhouses, up 0.9% QoQ.

The highest primary price for a villa was in Tay Ho district, at approximately VND100 million/m<sup>2</sup>. The lowest was in Me Linh district at VND 11.6 million/m<sup>2</sup>. For a townhouse, the highest primary price was approximately VND 145 million/m<sup>2</sup> in Cau Giay district.

## Changes in secondary price, QoQ



source: Savills Research & Consultancy

## Demand

### Savills Vietnam

Savills Vietnam is the largest and most experienced real estate practice with offices in Hanoi and Ho Chi Minh City. The company provides comprehensive property services such as: Residential Sales, Commercial Leasing, Residential Leasing, Research & Consultancy, Valuation & Feasibility Study, Banking & Corporate Services, Investment Brokerage & Advisory, Retail Consultancy & Leasing, Property & Asset Management, Tenant Advisory & Representation, Industrial Consultancy & Leasing, Marketing & Creative services. Savills Vietnam has won the Asia Pacific Property Awards 2015 - 2016 for **“Best Real Estate Agency in Vietnam”**, and **“Best Property Consultancy in Vietnam”**. 2015 is also a milestone for Savills Vietnam when the company celebrates its 20 years of operations and growth with the Vietnam market. Currently, Savills Vietnam consists of over 1,000 experienced and professional staff nationwide.

Projects with completed infrastructure, good design and living environment are main factors that attract buyers.

The new Housing Law takes effect on 1 July 2015 and may assist demand from foreigners.

### Outlook

From Q3/2015 onward, there will be 75 future villa/townhouse projects in 16 districts supplying 8,600 ha.

By the end of 2015, four new projects are expected to enter the market; three projects will supply approximately 390 villas and townhouses.

*This document is prepared by Savills for information only. Whilst reasonable care has been exercised in preparing this document, it is subject to change and these particulars do not constitute, nor constitute part of, an offer or contract, interested parties should not only rely on the statements or representations of fact but must satisfy themselves by inspection or otherwise as to the accuracy. No person in the employment of Savills has any authority to make any representations or warranties whatsoever in relation to these particulars and Savills cannot be held responsible for any liability whatsoever or for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. © Savills Vietnam Co. Limited. 2015*

-ends-

### For enquiries, please contact:

**Vu Kieu Linh (Ms.)**

PR & Marketing Director  
Savills Vietnam Co., Ltd

T:+84 8 3823 9205 Ext:153

F:+84 8 3823 4571

E:[vkieu linh@savills.com.vn](mailto:vkieu linh@savills.com.vn)

**Vo Ngoc Thao (Ms.)**

Corporate Communications Manager  
(HCMC)  
Savills Vietnam Co., Ltd

T:+84 8 3823 9205 Ext:112

F:+84 8 3823 4571

E:[vngocthao@savills.com.vn](mailto:vngocthao@savills.com.vn)

**Dinh Huong Linh (Ms.)**

Corporate Communications Manager  
(HN)  
Savills Vietnam Co., Ltd

T:+84 4 3946 1300 Ext:112

F:+84 4 3946 1302

E:[dhuonglinh@savills.com.vn](mailto:dhuonglinh@savills.com.vn)

---

### Savills Vietnam

Savills Vietnam is the largest and most experienced real estate practice with offices in Hanoi and Ho Chi Minh City. The company provides comprehensive property services such as: Residential Sales, Commercial Leasing, Residential Leasing, Research & Consultancy, Valuation & Feasibility Study, Banking & Corporate Services, Investment Brokerage & Advisory, Retail Consultancy & Leasing, Property & Asset Management, Tenant Advisory & Representation, Industrial Consultancy & Leasing, Marketing & Creative services. Savills Vietnam has won the Asia Pacific Property Awards 2015 - 2016 for **"Best Real Estate Agency in Vietnam"**, and **"Best Property Consultancy in Vietnam"**. 2015 is also a milestone for Savills Vietnam when the company celebrates its 20 years of operations and growth with the Vietnam market. Currently, Savills Vietnam consists of over 1,000 experienced and professional staff nationwide.