

May 25th, 2015

SAVILLS REPORT ON NHA TRANG REAL ESTATE MARKET Q1/2015

RETAIL & OFFICE SECTOR

Retail Sector

As of Q1/2015, the total retail stock in Nha Trang was more than 71,400 m² from seven projects. Shopping centres dominated the market with a 75% market share, followed by supermarkets with 25 percent.

Nha Trang retail market had good performance with an average occupancy of 91 percent. Four of seven current projects were fully occupied. The average rent on the ground-floor was VND 720,000/m²/mth.

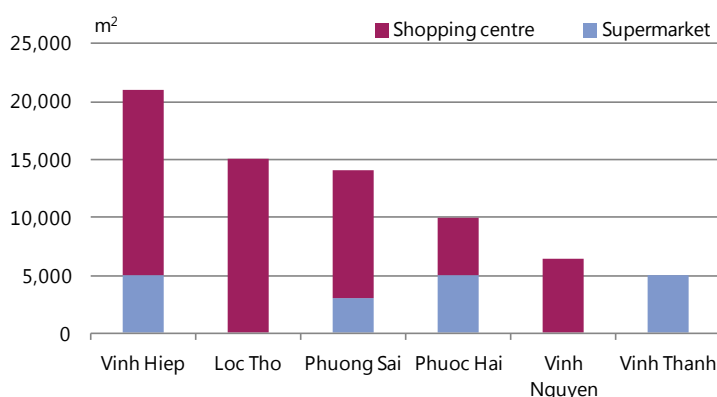
Nha Trang's retail revenue in 2014 was more than VND22 trillion, up 15% YoY.

As of Q1/2015, 13 future retail projects were recorded in Nha Trang. Only two projects are under construction. Due to financial difficulties and issues with site clearance, four projects are vacant land and six are on hold or in the planning stage.

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Current retail supply



Source: Savills Research & Consultancy

Office sector

The total office stock in Nha Trang is approximately 17,300m² from eight projects. All office projects in Nha Trang were undertaken by domestic developers.

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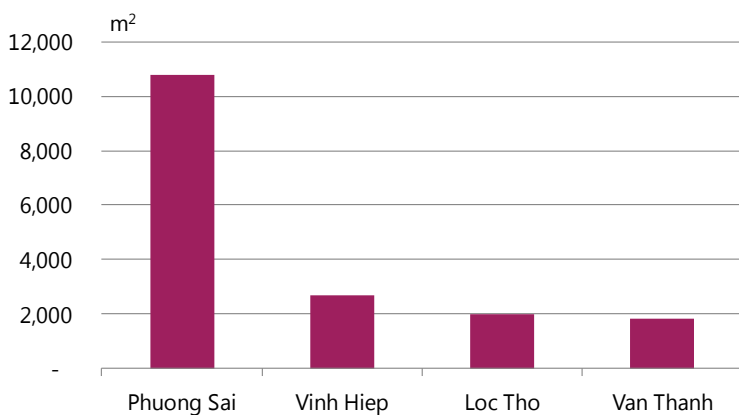
The Nha Trang office market achieved an average occupancy of 70% and an average rental of approximately VND193,000/m²/mth.

The office segment in Nha Trang faces competition from shophouses with an average rental -35% lower.

Main tenants are foreign companies that account for approximately 60% of current projects. Tenants mainly came from banking, insurance and financial services.

There are two future office projects that are mixed-use, however the office component has yet to be determined.

Current office supply



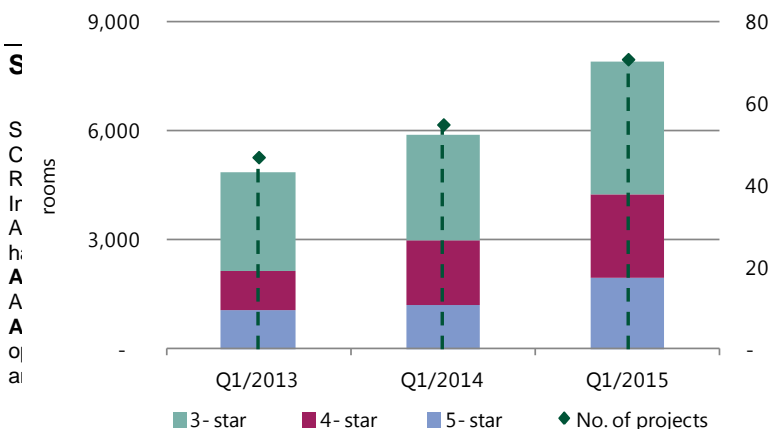
Source: Savills Research & Consultancy

HOTEL MARKET

Supply

In Q1/2015, Nha Trang's hotel market had approximately 8,000 rooms from 71 three to five-star hotels, increasing by 8% compared with the same period last year. Three-star hotels led the market with a 46% market share, followed by 4-star with 29% and 5-star with 25 percent.

Hotel supply, Q1/2013 – Q1/2015



Source: Savills Research & Consultancy

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Performance

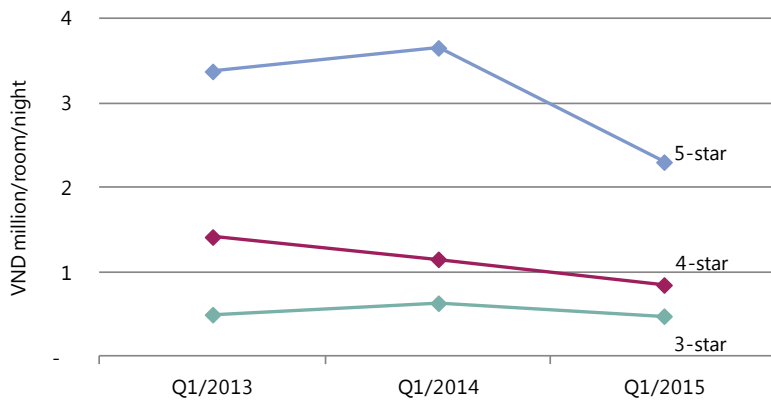
The average occupancy in Q1/2015 was at 68%, a decrease of -12 ppts compared with Q1/2014. The strong increase in stock, a YoY decrease in international visitor volume and the tightening expenditure of Russian tourists had a negative impact on the hotel performance.

The continuous increase in stock also forced three to 5-star hotels to lower their average room rate (ARR) to VND1.5 million/room/night, a YoY decrease of -15 percent.

The three-star segment had the best performance with 70% occupancy, 4 ppts higher than 5-star and 5 ppts higher than the 4-star segment.

Soft occupancy and lower ARR's resulted in the YoY decrease in RevPAR in all grades.

RevPAR, Q1/2013 – Q1/2015



Source: Savills Research & Consultancy

Demand

In Q1/2015, Nha Trang welcomed 224,000 international arrivals, down slightly -1% YoY due to the decrease in Russian visitor volume. There was a trend of tour cancellations or transferring bookings to lower grade hotels to save costs, resulting in the soft performance of four to 5-star hotels.

Domestic visitor volume increased 8% YoY, supporting the three-star segment.

Outlook

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In Q1/2015, 23 future projects were recorded in the three to 5-star hotel segments. Nine are expected to be 4-star and nine will be 5-star.

In the next three quarters of 2015, the market is expected to welcome 3,730 rooms from nine future projects.

APARTMENT SECTOR

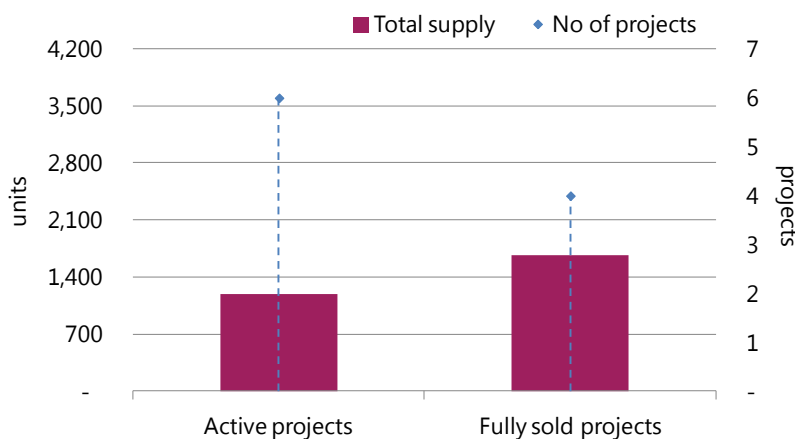
Supply

In Q1/ 2015, two new projects entered the market, adding more than 700 units.

There were approximately 2,800 units from 10 projects. Six active projects supplied approximately 1,200 units and the remaining stock was from four fully sold projects.

Most projects are located along the coast, especially on Tran Phu Street, Loc Tho Ward. All were developed as part of a mixed-use project comprising 4 and 5-star hotels and luxury residences.

Current Supply



Source: Savills Research & Consultancy

Performance

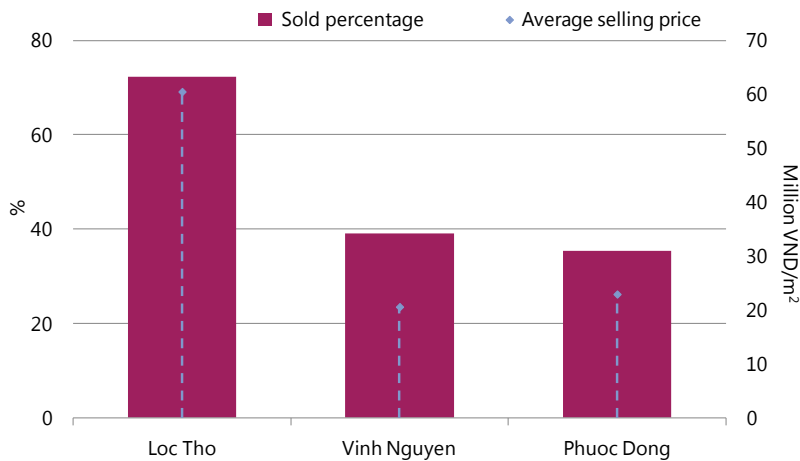
Projects in Loc Tho had the best performance with an average selling price of VND60 million/m²; followed by Phuoc Dong at VND23 million/m² and Vinh Nguyen at VND21 million/m².

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One and two-bedroom units had high absorption due to their affordable selling prices and good rental yield. Sales of one and two-bedroom units accounted for approximately 90% of all apartment sales.

Performance by location



Source: Savills Research & Consultancy

Demand

The target market is mostly people from other provinces, particularly those from Hanoi and HCMC, who purchased properties as a second home or investment.

Outlook

As of Q1/2015, there were three future apartment projects, with a total supply of approximately 2,000 units.

Financial difficulty is the main reason for delaying completion time of future projects. Only one project is currently under construction and two projects are in planning or on hold

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For enquiries, please contact:

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