

Press Release



13/10/2015

SAVILLS RESEARCH GLOBAL ANNOUNCES THE LIVE/ WORK INDEX 2015

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

savills.com.vn

London, Hong Kong and New York are the world's most expensive cities for companies to accommodate employees, with London just ahead, according to latest *Savills Live/Work Index* which measures the combined cost of residential and office rental per person per year. Both London and New York real estate costs remain less expensive relative to economic productivity than Hong Kong, Shanghai and Mumbai, the property adviser says in its *12 Cities Report*, published today. Sydney, Los Angeles and San Francisco offer best value by this measure.

London's *Live/Work* costs averaged US\$118,425 in the first half of 2015, an increase of 20.7 per cent since the index was launched in 2008. This is marginally more expensive than Hong Kong where costs have risen just 0.4 per cent since 2008, and New York which has seen 28.4 per cent growth. San Francisco has been the biggest riser, with growth of 59.8 per cent since 2008. The cheapest city in the index is Mumbai, where it costs just US\$29,088 to accommodate an employee, up only 2.4 per cent since 2008, while Shanghai comes in at US\$38,089, up 15.6 per cent.

But, says Savills, accommodation costs are only part of evaluating real estate affordability. To measure this, the firm has compared the per head accommodation costs to the per capita GDP of each world city in the index to create a value indicator.

Sydney and Los Angeles offer the best value live/work rent combination at 70 per cent and 80 per cent of per head GDP respectively, followed by San Francisco. Mumbai is the most expensive relative to city productivity at a very high 5 times per head GDP. This

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.

reflects the fact that most workers in the city do not live and work in the international-standard accommodation that Savills measures.

Cities ordered by price growth since 2008

City	Average per head <i>live/work</i> accommodation costs US\$			Affordability Indicator	
	Dec-08	Jun-15	Change since 2008	GDP per capita	<i>Live/work</i> cost to GDP multiple
San Francisco	\$ 55,184	\$ 88,177	59.8%	\$ 90,481	1.0
New York	\$ 88,913	\$114,208	28.4%	\$ 74,436	1.5
Los Angeles	\$ 43,838	\$ 53,192	21.3%	\$ 65,346	0.8
London	\$ 98,093	\$118,425	20.7%	\$ 60,418	2.0
Sydney	\$ 44,915	\$ 52,994	18.0%	\$ 73,748	0.7
Shanghai	\$ 38,089	\$ 44,043	15.6%	\$ 16,256	2.7
Average	\$ 68,567	\$ 74,945	9.3%	\$ 53,973	1.4
Paris	\$ 81,723	\$ 84,344	3.2%	\$ 67,326	1.3
Mumbai	\$ 28,394	\$ 29,088	2.4%	\$ 5,781	5.0
Hong Kong	\$116,202	\$116,661	0.4%	\$ 38,733	3.0

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.

Tokyo	\$ 77,500	\$ 71,296	-8.0%	\$ 55,697	1.3
Dubai	\$ 69,012	\$ 59,426	-13.9%	\$ 42,006	1.4
Singapore	\$ 80,936	\$ 67,491	-16.6%	\$ 57,451	1.2

Source: Savills World Research

The average cost per head across the 12 leading world cities in the Savills study is US\$74,945 per year, which is 1.4 times the average city GDP per head of population. Hong Kong's ratio is 3 times and falling, London 2 times and stabilising and New York 1.5 times and rising.

"This may not be a perfect measure of real estate affordability, but it gives a good indication of which cities may be fully rented if GDP does not rise and those which have greatest ability to absorb rising total accommodation costs, whether through office or residential rent increases," says Yolande Barnes, director, Savills world research.

This is borne out by the performance of US cities. San Francisco has seen total accommodation costs for both financial and creative/digital businesses rise most rapidly, up nearly 60 per cent since 2008. Economic recovery in the USA has also led to rapid rent rises in New York and Los Angeles meaning that American cities take the top three spots for cost growth. Anglophone cities have generally seen the highest rental growth, with London and Sydney completing the top 5.

"This may be bad news for occupiers in those cities, but shows how income returns for investors in real estate in these 'old world' economies have paid off since the recession. Rental growth has been a sure sign of city business growth and prosperity."

Three cities – Tokyo, Dubai and Singapore have all seen live/work costs fall between -8.0 per cent and -16.6 per cent over the period since 2008.

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.

“This reflects high growth and relatively high levels of rents seen in these cities prior to 2008 and cheaper rents will help correct affordability and may be seen as a competitive advantage on the global stage,” says Barnes.

“Singapore will likely see rental growth over the mid to long term as supply is absorbed and economic growth resumes on the back of Indian and Asia Pac growth, which Singapore is well-placed to service.”

Barnes also anticipates rental growth in Dubai, linked to economic and business growth in the Gulf region, though this could be tempered by volatility and high levels of supply. Tokyo, with much lower population and economic growth has capacity to provide investors with higher yields and more stable income streams.

-ends-

For enquiries, please contact:

Vu Kieu Linh (Ms.)

Marketing & PR Director
Savills Vietnam Co., Ltd

T: +84 8 3823 9205 Ext:153

F: +84 8 3823 4571

E: 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: vngoc thao@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: dhuong linh@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.