

Press Release



08/10/2015

SAVILLS VIETNAM'S REPORT ON HA NOI REAL ESTATE MARKET

Q3/2015

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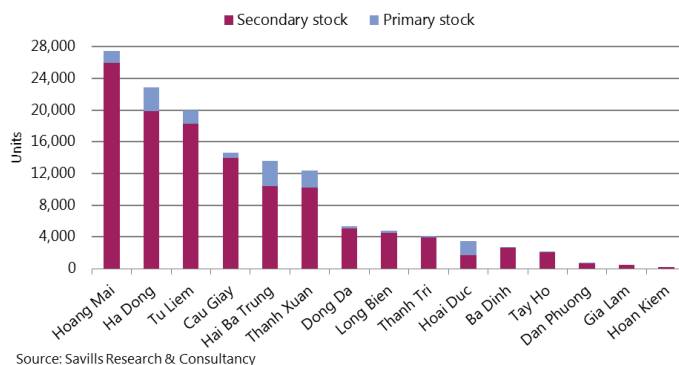
1. APARTMENT

Supply

In Q3/2015, Ha Noi's total apartment supply was 134,500 units from 203 fully sold and 96 active projects.

The total primary stock was 15,000 units, increasing 11.9% quarter-on-quarter (QoQ) and 50% year-on-year (YoY). There were 22 existing and 13 new projects, providing 8,700 units, increasing 43% QoQ.

Figure 1 - Current stock - Apartment



Performance

There were more than 6,650 units sold, transactions up by 44% QoQ. Absorption increased 11 ppts QoQ to 45 percent.

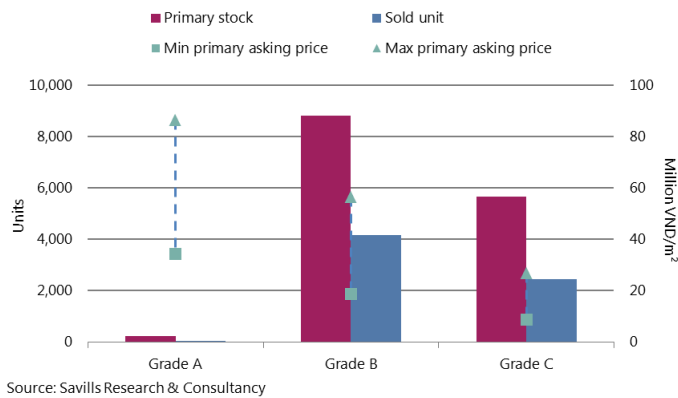
The primary price increased by 6.1% QoQ, due to the majority of newly launched projects being Grade B.

Savills Vietnam

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The primary price was often adjusted higher in following sales launch due to construction progress and a stronger market. The average secondary asking price decreased -2.3% QoQ.

Figure 2 - Market performance - Apartment



Demand

Projects with good standards, dependable developers and sufficient facilities have been popular.

According to General Statistics Office, credit growth increased by 10.78% compared with the end of 2014. This is the highest growth rate since 2011. Credit growth is the main financial source for both end-users and developers.

Outlook

By the end of 2015, 12 projects supplying 3,900 units are expected to come online.

In 2016, there will be 24,000 units from 43 projects in 15 districts of Hanoi.

In Q4/2015, sales may remain at a high level due to increasing cash flow from overseas remittances, credit balance in real estate and year-end housing ownership preference.

2. HOTEL

Supply

In Q3/2015, there were 9,100 rooms supplied by 66 three to 5-star hotels.

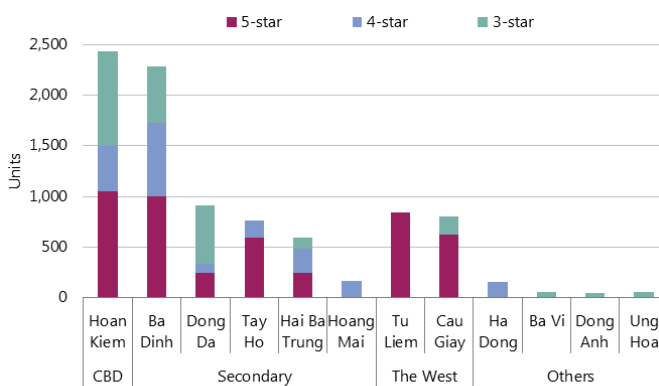
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Stock increased by 3% quarter on quarter (QoQ) and 7% year on year (YoY), due to the entrance of two newly ranked 3-star hotels and the return of La Casa Hotel (previously the Prestige Hotel).

5-star stock remained at 4,600 rooms, accounting for 50% of the total, followed by three-star (28%) and four-star (22 percent).

Figure 3 - Current stock - Hotel



Source: Savills Research & Consultancy

Performance

The average occupancy was 58%, up 1 ppt QoQ and 4 ppts YoY. The average room rate (ARR) increased 1% YoY despite decreasing -1% QoQ.

RevPAR remained stable QoQ but grew 9% YoY, due to increased occupancy and ARR.

Demand

According to the National Administration of Tourism, there were 5.7 million international visitors to Vietnam in 9M/2015, down 6% YoY.

Ha Noi People's Committee has established the Department of Tourism of Ha Noi City to boost tourism.

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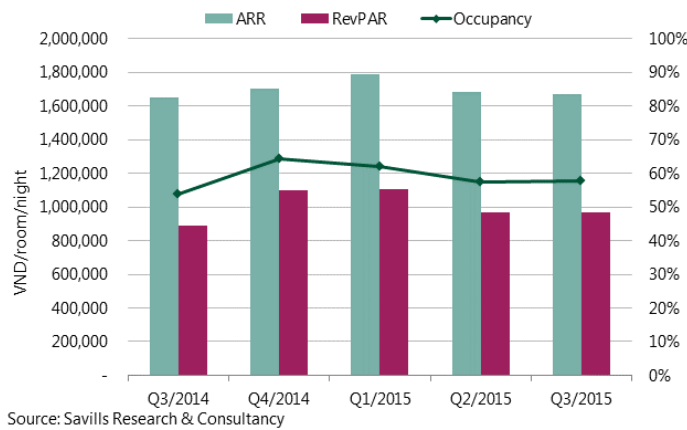
Outlook

From Q4/2015 onwards, 35 projects will come online. Fourteen projects will supply 5,110 rooms; the remaining 21 projects have not quantified their supply.

Nineteen projects will target the 5-star grade.

Two projects are being fitted-out and will enter the market in late 2015. From 2016 to 2017, one completed project and four projects currently under construction are expected to enter the market.

Figure 4 - Market performance - Hotel



3. OFFICE

Supply

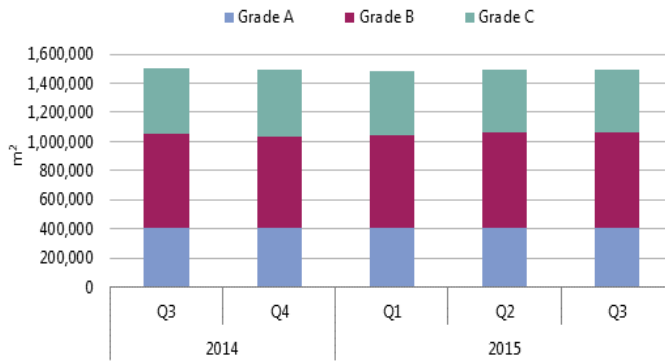
In Q3/2015, there was 1,494,000m², of office space, increasing 0.2% quarter-on-quarter (QoQ) but decreasing -0.4% year-on-year (YoY).

One renovated project entered the market, supplying 3,200 m².

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Figure 5 - Current stock - Office



Source: Savills Research & Consultancy

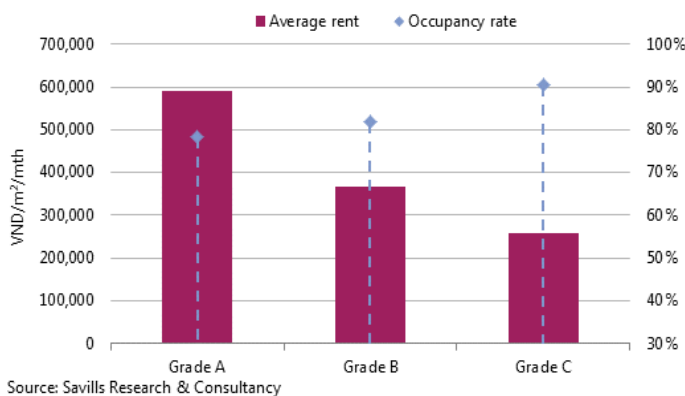
Performance

The average rent was VND395,000/m²/mth, down -0.6% QoQ and -0.3% YoY.

All grades saw a decline in rent this quarter. Grade A average rent decreased -0.9% QoQ; whilst Grade B and Grade C declined by -0.2% and -0.3% QoQ respectively.

The average occupancy was 84%, up 3 ppts QoQ and 11 ppts YoY. Grade A increased 5 ppts, whilst Grade B grew 3 ppts QoQ. Grade C remained stable QoQ.

Figure 6 - Market performance by grade - Office



Source: Savills Research & Consultancy

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Demand

All grades had positive take-up this quarter with a total take-up of 43,000 m². Grade B led the market with approximately 21,000 m²; Grade A came second with approximately 18,000 m² and Grade C provided 3,800 m².

The majority of demand was for areas between 100 – 300m².

Outlook

By the end of 2015, six projects are expected to enter the market and will supply 130,000 m². In 2016, 17 new projects will provide 290,000 m².

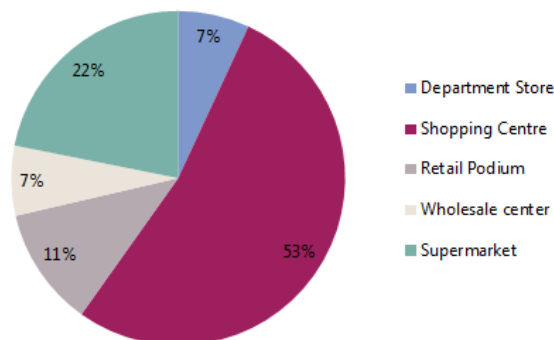
By 2017, the market will welcome 670,000 m² from 35 new projects, increasing 45% compared with current stock.

4. RETAIL

Supply

In Q3/2015, total retail stock was 971,000 m², increasing by 2.3% quarter-on-quarter (QoQ) and 17% year-on-year (YoY).

Figure 7 - Current stock - Retail



Source: Savills Research & Consultancy

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Performance

The average rent was VND 808,000/m²/mth, decreasing -4.7% QoQ and -9.0% YoY. Retail podiums had the largest decrease QoQ of -10.3%, followed by shopping centres' by -5.8% and department stores' by -2.2 percent.

The average occupancy was 87%, increasing 3ppts QoQ and 4 ppts YoY. Department stores' occupancy increased by 5.9 ppts QoQ; followed by shopping centres' at 2.5 ppts QoQ and retail podiums by 0.5 ppt QoQ.

Figure 8 - Market performance - Retail



Source: Savills Research & Consultancy

Demand

A survey conducted by Savills in 15 shopping centres in Ha Noi shows that the F&B area has the highest number of customer per month, followed by the clothes/shoes area and the watches, bags and accessories area.

And street-front shop is still favored location of retailers in the next 12 months.

Outlook

In Q4/2015, Aeon Mall Long Bien and Vincom Nguyen Chi Thanh will enter the market. Aeon Mall Long Bien will provide approximately 72,000m² and is the first shopping centre

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of Aeon Group in Ha Noi. Vincom Nguyen Chi Thanh is the 5th Vingroup shopping centre and will supply 65,000 m².

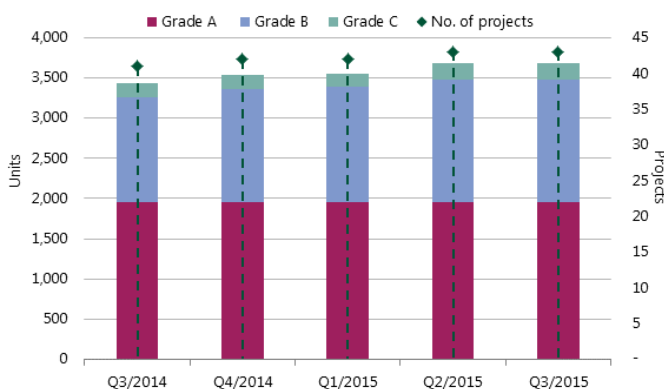
5. SERVICED APARTMENT

Supply

Stock was unchanged quarter-on-quarter (QoQ) at 3,680 units and up 7% year-on-year (YoY). Grade A accounted for the greatest share with 53% of total stock, followed by Grade B (42%) and Grade C (five percent).

The secondary area remained the main supplier with 63% of stock.

Figure 9 - Current stock – Serviced Apartment



Source: Savills Research & Consultancy

Performance

Occupancy was 81%, up 4 percentage points (ppts) QoQ and 6 ppts YoY.

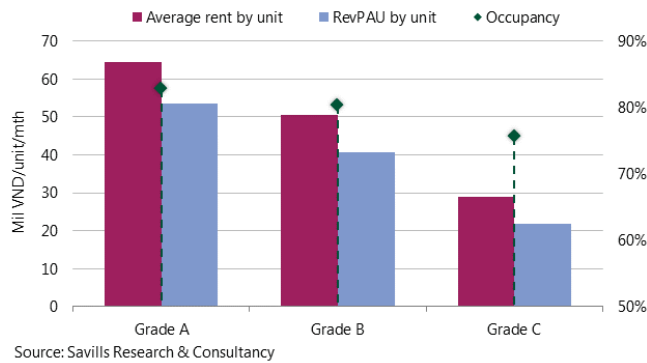
The average room rate (ARR) decreased by -1% QoQ and -3% YoY. The ARR of grade A remained steady while that of grade B and C decreased -1% and -2% QoQ respectively.

The revenue per available unit increased 5% QoQ and YoY to VND 46.2 million/unit/mth.

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Figure 10 - Market performance - Serviced Apartment



Demand

In Q3/2015, there was positive take-up across all grades.

Grade A had 54% market share, followed by Grade B (41%) and Grade C (5 percent).

According to the Foreign Investment Agency, the estimated disbursed FDI was \$US9.65 billion for the first nine months of 2015, up 8.4% YoY.

Outlook

From Q4/2015 sixteen projects will come online; eight projects will provide 1,500 units.

From 2016 to 2017, six projects will enter the market; the remaining are in planning with unknown completion times.

Approximately 83% of recorded future supply is located in Cau Giay, Hai Ba Trung and Ba Dinh districts.

6. VILLA/TOWNHOUSE

Supply

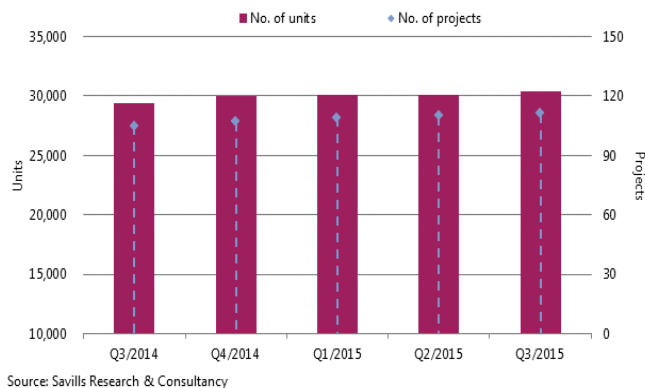
As of Q3/2015, the total stock of the villa/ townhouse segment was 30,400 dwellings from 114 projects, up 1% (quarter-on-quarter) QoQ and 3% (year-on-year) YoY.

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There were 1,200 primary and 29,200 secondary dwellings. Four new projects entered the market this quarter providing 280 dwellings.

Figure 11 - Supply by quarter- Villa/Townhouse

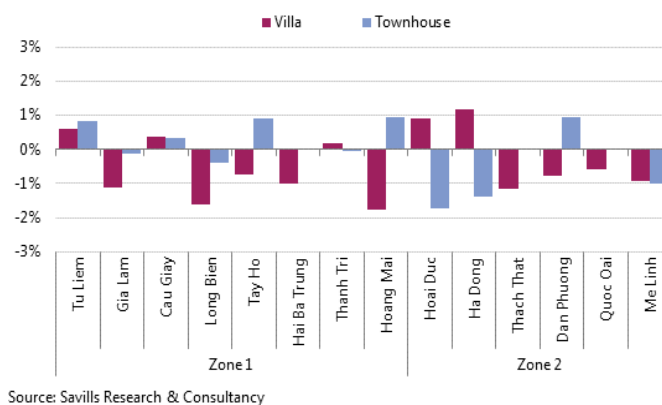


Performance

The average secondary price for villas was VND48.7 million/m², down -0.4% QoQ and -1.9% YoY and VND61 million/m² for townhouses, up 1.2% QoQ and 1.8% YoY.

The highest primary price for a villa was in Tay Ho district, at VND117 million/m², the lowest was in Thach That district at VND18 million/m². For townhouses, the highest primary price was VND136 million/m² in Cau Giay district.

Figure 12 - Changes in secondary price, QoQ – Villas/Townhouse



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Demand

Recently launched villa/townhouse projects with completed internal infrastructure and convenient accessibility have attracted buyers.

Decree No. 76/2015/ND-CP dated 10 September 2015 of the Government on guidelines for Law on Real Estate Business has established stricter legal framework for selling unfinished housing units.

Outlook

From Q4/2015, 80 future villa/townhouse projects in 17 districts will enter the market and supply 8,600 ha.

By the end of 2015, five new projects are expected to come online; four projects will supply 550 villas and townhouses.

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