

# Press Release



19/05/2016

## SAVILLS PROPERTY PRICE INDEX (SPPI) MAY 2016

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Savills Vietnam would like to announce Savills Property Price Index (SPPI) in May 2016 for Ho Chi Minh City and Hanoi with highlighted information as below:

### At HCMC

#### Residential Index

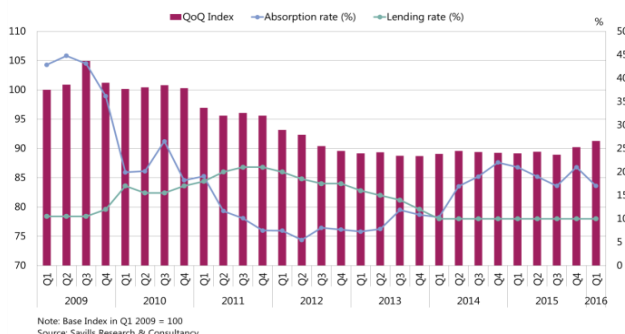
In Q1/2016 the residential index increased 1 point quarter-on-quarter (QoQ) and 2 points year-on-year (YoY) to 91.3.

There were approximately 6,400 sales, a decrease of -18% QoQ, but an increase of 49% YoY. The overall absorption rate was 17%, down -4 pts both QoQ and YoY due to abundant new supply.

Grade C transaction volume increased by 7% QoQ. Although Grade A and B sales decreased by -34% and -32% QoQ respectively, there was an increase of 83% YoY for Grade A transaction volume and 68% YoY for Grade B.

There were many factors contributing to high sales and price movement in Q1/2016, including seasonal, better construction progress, diversified product types, and flexible and prolonged payments offered by developers. Many developers have aggressive marketing campaigns.

**Figure 1 - Residential QoQ Index - HCMC**



### 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 2016 - 2017 for “**Best Real Estate Agency in Vietnam**”, and “**Best Property Consultancy in Vietnam**”. With over 20 years of operations and growth in Vietnam, Savills is proud to be the most established real estate consultancy firm, providing the most comprehensive data and insights of the local property market development. Currently, Savills Vietnam consists of over 800 experienced and professional staff nationwide and keep expanding further.

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## Office Index

The office index in Q1/2016 was 83.6, up 2 points QoQ and 7 points YoY. The improvements were a result of increased occupancy at 1 ppt QoQ and 5 ppts YoY, and rent at 1% QoQ and 4% YoY. The average occupancy reached an eight year high at 96 percent.

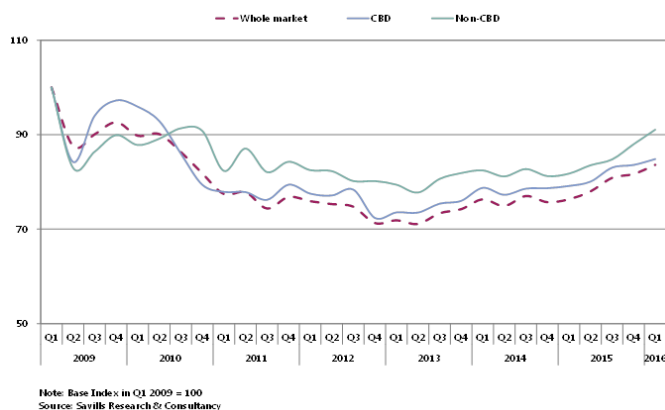
Newly-launched Grade A and B in the CBD area performed well this quarter, leading to a yearly increase in both occupancy at 3 ppts and rent at 4 percent. As a result, the CBD index rose 1 point QoQ and 6 points YoY.

Meanwhile, a 3 ppts QoQ and 7 ppts YoY increase in occupancy was the main reason for a surge in the office index in the non-CBD by 3 points QoQ and 9 points YoY.

In Q1/2016, total office take-up was approximately 26,400 m<sup>2</sup>, decreasing -54% QoQ but increasing 176% YoY.

With growing demand, Grade A and B office rent is expected to increase in coming years. Savills forecasts approximately 4% pa over the next three years.

**Figure 2 - Office QoQ Index - HCMC**



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## At Hanoi

### Residential Index

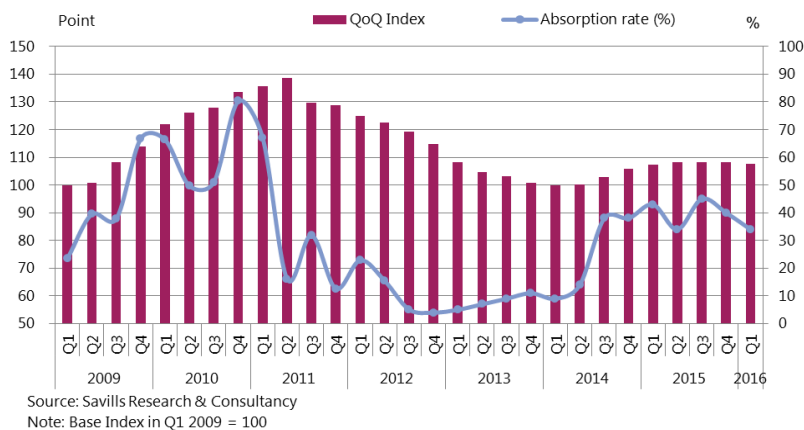
In Q1/2016, the residential index was 107.5, decreasing by less than -1 point (pt) quarter-on-quarter (QoQ) but increasing 0.2 pt year-on-year (YoY).

The overall absorption rate was 34%, decreasing -6 percentage points (ppts) QoQ and -9 ppts YoY due to the usual effect of Tet holidays. After high primary sales in 2H/2015, this quarter declined sharply to 5,600 sales or -13% QoQ but unchanged YoY

Grade B had the best performance at 66% of sales with absorption of 37%, a decrease of -4 ppts QoQ. Grade A and C sales dramatically decreased by -61% and -17% QoQ respectively.

The draft revision of Circular 36, if applied, could significantly impact Real Estate credit access. In general, the Ha Noi residential market will continue to stabilise in 2016.

**Figure 3 - Residential QoQ Index – Hanoi**



### Office Index

In Q1/2016, the Office Index was 57.8 pts, increasing 0.7 pt QoQ and 1.8 pts YoY. The increased rent across all grades was the main reason for the upward index adjustment.

The CBD index improved 2.6 pts QoQ and 2.9 pts YoY. Grade A recovered in both rent and occupancy as a result of limited vacancy in the CBD. In the non-CBD, stable

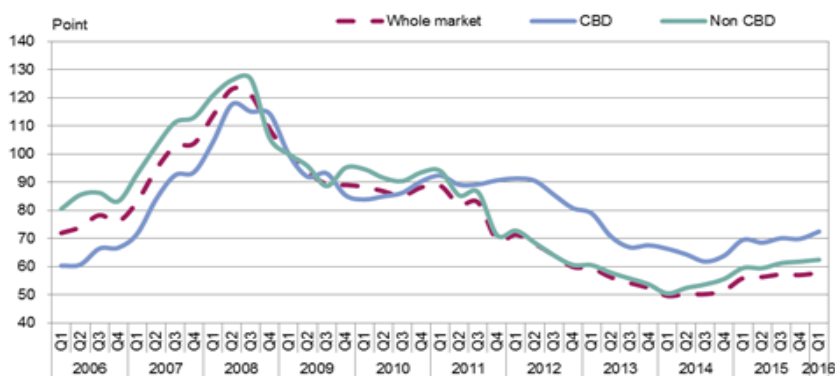
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occupancy and rent increases of 1% QoQ led the index in the non-CBD to increase 0.7 pts QoQ and 2.2 pts YoY.

In 2016, the CBD will continue to perform well with average rent forecast to increase 7 percent. The non-CBD is expected to face supply pressure due to the entry of new projects and existing vacancy in the recently opened projects.

**Figure 4 - Residential QoQ Index – Hanoi**



Source: Savills Research & Consultancy  
Note: Base index in Q1/2009 = 100

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