

# Press Release



18/07/2016

## SAVILLS REPORT ON DANANG MARKET BRIEF

### July 2016

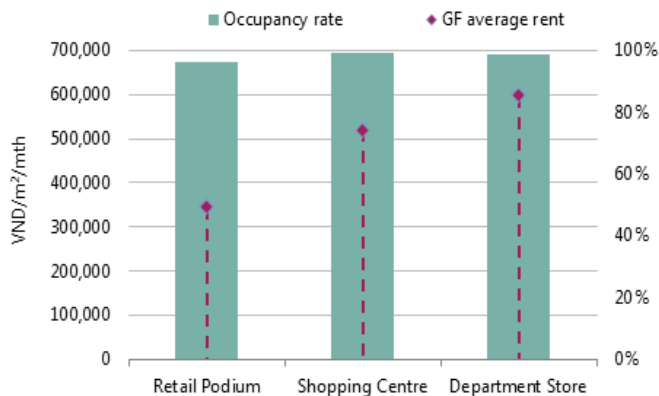
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#### Commercial – Better retail performance

In Q2/2016, total retail stock was stable quarter-on-quarter (QoQ) but down -5.7% year-on-year (YoY) due to the closure of Nguyen Kim supermarket in Q1/2016. The average rent increased 7.3% QoQ and 11.5% YoY. Retail podiums and department stores had large increases of 19.2% and 13.1% QoQ respectively, whereas shopping centres decreased -2.8 percent.

The average occupancy increased 1.9 pts QoQ and 0.9 ppt YoY. While shopping centre occupancy decreased -0.4 ppt QoQ, department stores increased slightly by 0.8 ppt QoQ and retail podiums increased significantly by 24.7 pts QoQ. In 2H/2016, one project is expected to come online supplying 18,000 m<sup>2</sup> and in 2017 two projects will open and cumulatively provide approximately 15,000 m<sup>2</sup>.



**Figure 1: Retail performance**

#### 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.

## OFFICE

In Q2/2016, the total office stock was stable both QoQ and YoY. Average rent was up 2% QoQ but down -5% YoY. Average occupancy increased 2 ppts QoQ and 9 ppts YoY. While Grade A occupancy decreased -2 ppts both QoQ and YoY, Grade B increased 4 ppts QoQ and 3 ppts YoY. Grade C remained stable QoQ but significantly increased 15 ppts YoY.

The total leased area was approximately 79,170 m<sup>2</sup>, up 2% QoQ and 11% YoY due to the good performances of Green Plaza, Danang Book and Lilama 7 Building. Demand for office space is expected to increase as Da Nang aggressively encourages start-ups. In the first five months of 2016, 2,015 new enterprises were registered, doubling YoY.

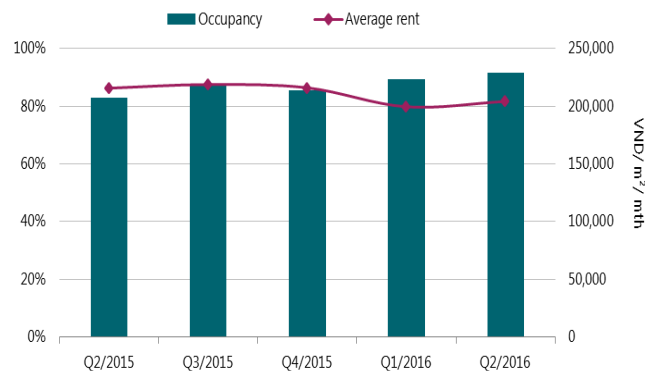


Figure 2: Office performance

## HOTEL

Stock increased 4% QoQ and 15% YoY due to the entrance of one 4-star and three newly ranked 3-star hotels. Average occupancy was up 2 ppts QoQ but down -8 ppts YoY. The ARR decreased -4% QoQ but increased 6% YoY. RevPAR dropped slight by -1% QoQ and -6% YoY.

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According to the Da Nang Tourism Department, there were approximately 795,646 international visitors in Q2/2016, up 29.7% YoY. From Q3/2016 onward, 35 future projects are planned to enter the market. In 2H/2016, 3 new projects will supply approximately 1,320 rooms.

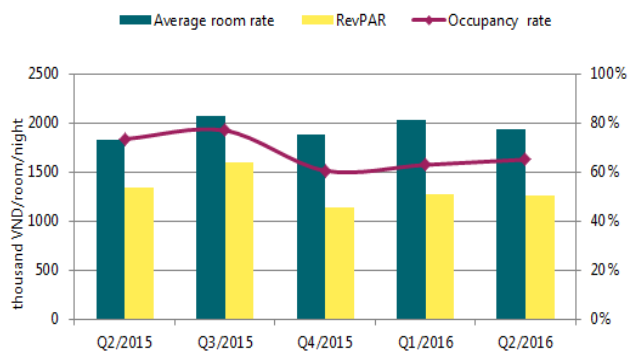


Figure 3: Hotel performance

## Residential - Improved sales

In Q2/2016, the total villa stock was stable QoQ but up 33% YoY with 17 projects providing 410 dwellings to the primary market. Apartment stock also remained unchanged QoQ but up 7.4% YoY with 12 projects providing 575 units to the primary market. Son Tra district was the largest supplier with a 58% market share, followed by Hai Chau with 39 percent.

Active pre-sales activities were observed in both the villa and apartment markets. Apartment sales drove up in-quarter absorption by 7 pts to 11% and absorption-to-date by 2 pts to 85 percent. Villa absorption increased by 1 ppt to 4% and absorption-to-date also increased by 1 ppt to 67 percent.

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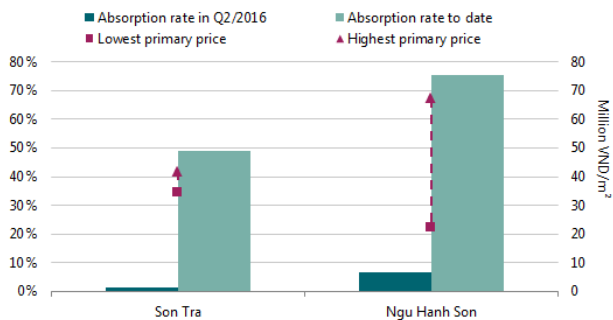
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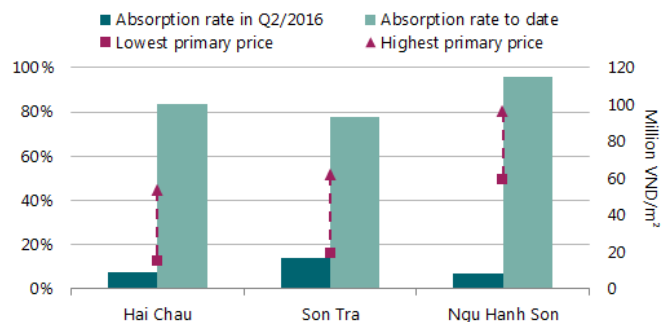
The lowest primary apartment price was recorded in Hai Chau district (15 million VND/m<sup>2</sup>) while the highest was in Ngu Hanh Son district (69 million VND/m<sup>2</sup>). The lowest and highest primary villa prices were both recorded in Ngu Hanh Son district at 22 million VND/m<sup>2</sup> and 54 million VND/m<sup>2</sup>, respectively.

Developer reputation, construction progress and proximity to the beach were key factors amongst the best performing projects this quarter. Guaranteed returns have been widely offered in many projects' pre-sales programs. A large supply of over 7,000 apartments/condotels is expected toward the end of 2018.

**Figure 4: Villa performance**



**Figure 5: Apartment performance**



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