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SAVILLS VIETNAM: LANDED PROPERTY OUTPERFORMING

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Savills Vietnam today released its latest paper that provides insight into an often overlooked property sector - Landed Property. In Q2/2016 this sector had the best performance ever with 820 sales in HCMC, or growth of 81% quarter-on-quarter (QoQ) and 110% year-on-year (YoY).

This asset class has come of age and now has critical supply mass, however will it match other asset classes for performance? Savills whitepaper explores the fundamental drivers of demand and considers the investment future for landed property. Scenarios are explored and supported by open modelling. The report highlights that the smaller townhouse sizes have promoted affordability. Townhouses can compete with apartments and are not that much more expensive yet offer far greater advantages such as: recreational amenities, pool, and education on site, convenient shopping and the security of a gated community.

Historically a townhouse in HCMC was typically 3 times more costly than a high-end apartment; however this has now reduced to 1.7 times in newly developed areas. This is a low step ratio that shows landed property is well within reach for many. Savills Vietnam forecasts that landed property demand in 2016 would be YoY 103% higher in HCMC and 88% higher in Hanoi. Strong demand indeed but supported by a growing affluent class. Compared to regional peers with similar population densities, such as Kuala Lumpur, Bangkok and Jakarta, HCMC and Hanoi's primary supply of landed housing (less than 10%) is relatively small, leaving ample room for future growth.

"The local landed property market promotes sustainability due to a healthy purchaser structure." Troy Griffiths, Deputy Managing Director, Savills Vietnam commented - "End-

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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.

users account for the majority of purchasers, with speculators less than 10%. Investors are substantial in the townhouse segment, prompting an expanding rental market in the near future. Townhouses have outperformed other residential asset classes in investment returns thanks to land value appreciation and stable rental.” Troy continued.

Full report for Vietnam Landed Property and other real estate reports of Savills Vietnam Research can be found at savills.com.vn/research.

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