

03/08/2016

SAVILLS PROPERTY PRICE INDEX (SPPI) JULY 2016

Savills Vietnam today announces the July's Savills Property Price Index (SPPI) for Ho Chi Minh City and Hanoi with highlighted information as below:

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

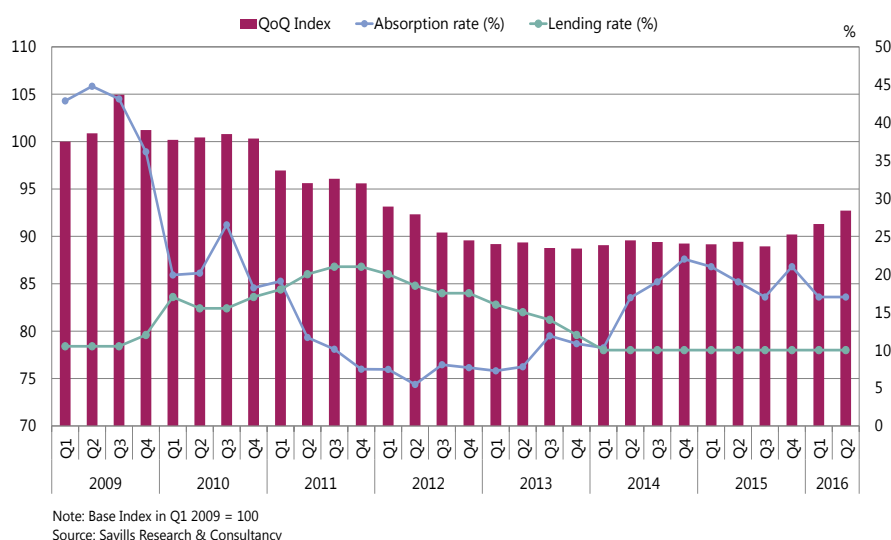
HO CHI MINH CITY

Residential Index

In Q2/2016, the residential index increased 1 point quarter-on-quarter (QoQ) and 3 points year-on-year (YoY) to 92.7. The apartment price index has increased steadily since Q3/2015.

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Figure 1 - Residential QoQ Index - HCMC



There were approximately 6,900 sales, up 10% QoQ and 34% YoY. The overall absorption rate was stable QoQ at 17% but decreasing -2ppts YoY.

Although Grade A sales increased 74%, absorption was down -5ppts due to abundant new supply. Grade B was the market driver with 49% of total sales, followed by Grade C with 47 per cent.

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.

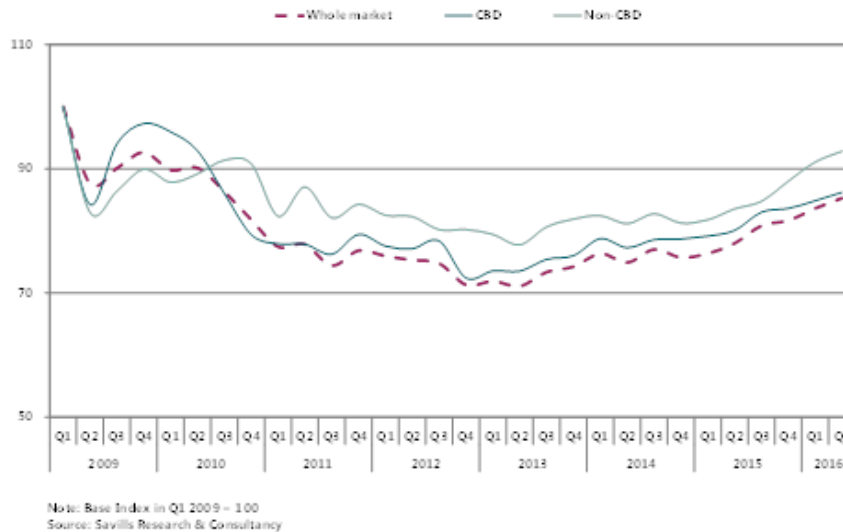
Press Release

Better construction progress and flexible and prolonged payment schemes from developers continued to be the major contributors to the price improvement and good sales in Q2/2016. The QoQ index is expected to follow an upward trend next quarter.

Office Index

The office index was 85.3, up 2 points QoQ and 7 points YoY. The improvements were a result of increased occupancy by 1ppt QoQ and 4ppts YoY, and rent by 1% QoQ and 5% YoY. The average occupancy peaked again at 97 per cent.

Figure 2 - Office QoQ Index - HCMC



Grade A and B projects in the CBD continued to perform well this quarter, leading to a yearly increase in both occupancies by 3ppts and rent by 4 per cent. As a result, the CBD index raised 1 point QoQ and 6 points YoY.

Meanwhile, the non-CBD continued the upward trend in occupancy by 1ppt QoQ and 5ppts YoY, resulting in the index rising 2 points QoQ and 9 points YoY.

In Q2/2016, total office take-up was approximately 14,200 m2, decreasing -46% QoQ and -44% YoY. This is the result of most projects reaching full occupancy.

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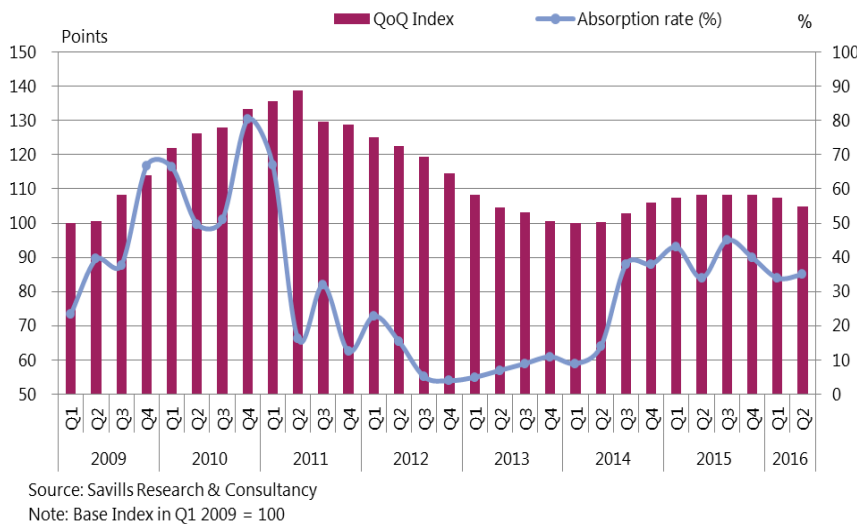
With growing demand, Grade A and B office rent is expected to increase in coming years. Savills forecast an approximate rise of 4% pa over the next three years.

HANOI

Residential Index

In Q2/2016, the residential index was 104.7 points, decreasing -3ppts QoQ and -3.5ppts YoY with an average selling price of VND 26.3 million/m².

Figure 3 - Residential QoQ Index – Hanoi



The overall primary absorption rate was approximately 35%, up 1ppt both QoQ and YoY, similar to the previous quarter with 6,000 sales, up 7% QoQ and 30% YoY.

Grade B remained the market driver with 73% share of sales and increased absorption by 3ppts QoQ up to 40%, due to good performance in large-scale projects. Following was Grade C at 25% absorption and then Grade A with a significant increase of 11ppts QoQ to 28 per cent.

Circular No.06/2016/TT-NHNN has yet to make an impact on the real estate market, but by the end of the year its effects may become clearer. Tu Liem Ha Dong and Hoang Mai continue to attract many affordable housing projects due to connectivity, infrastructure development and land bank.

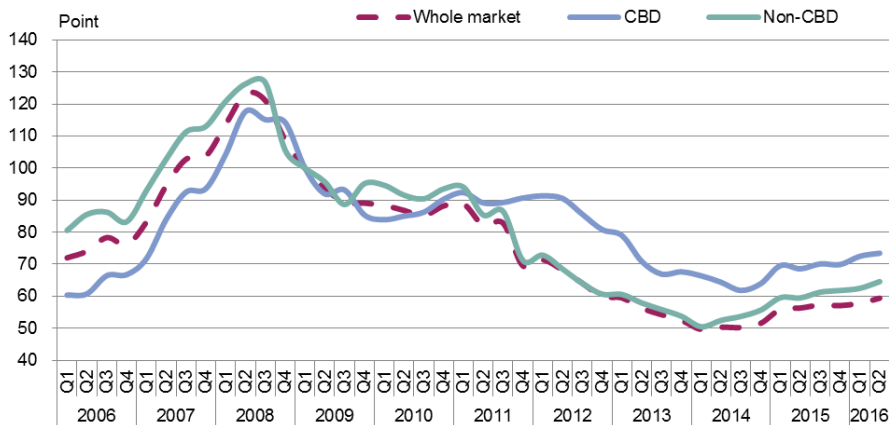
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Office Index

In Q2/2016, the Office Index was 59.4 points, increasing 1.6 points QoQ and 3.1 points YoY due to increased rent across all grades.

Figure 4 - Office QoQ Index – Hanoi



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

The CBD had a slight improvement of 1 point QoQ and 4.9 points YoY due to stable occupancy and a rent increase of 1% QoQ. Non-CBD index was up 2.1 points QoQ and 5.1 points YoY with occupancy increasing 1.7ppts QoQ and rent increasing 1.2% QoQ.

In 2H/2016, the CBD will continue to perform well with total office supply unchanged, while the non-CBD is expected to experience supply pressure from new projects and those from previous quarters with large vacancy.

Ends-

For enquiries, please contact:

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Vu Kieu Linh (Ms)

Marketing & Communications Director
Savills Vietnam

T: +84 8 3823 9205 Ext: 153

E: vkieu linh@savills.com.vn

Dinh Huong Linh (Ms)

Head of Marketing & Communications
Savills Hanoi

T: +84 4 3946 1300 Ext: 112

E: duonglinh@savills.com.vn

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