

# VIETNAM REAL ESTATE **MARKET INSIGHTS**

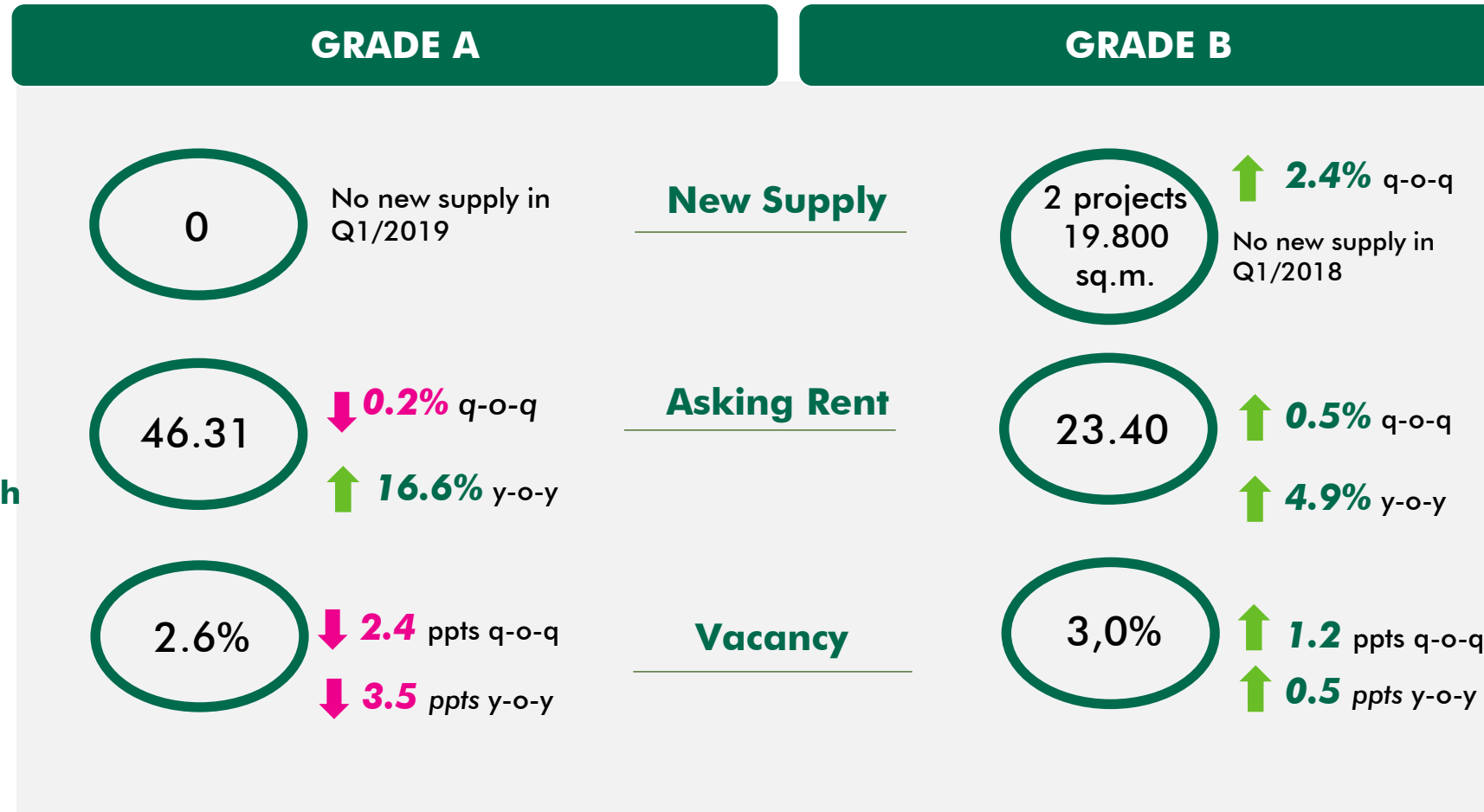
## Q1 2019

Ho Chi Minh City  
Wednesday, April 9, 2019

# HCMC MARKET **Office**

**CBRE**

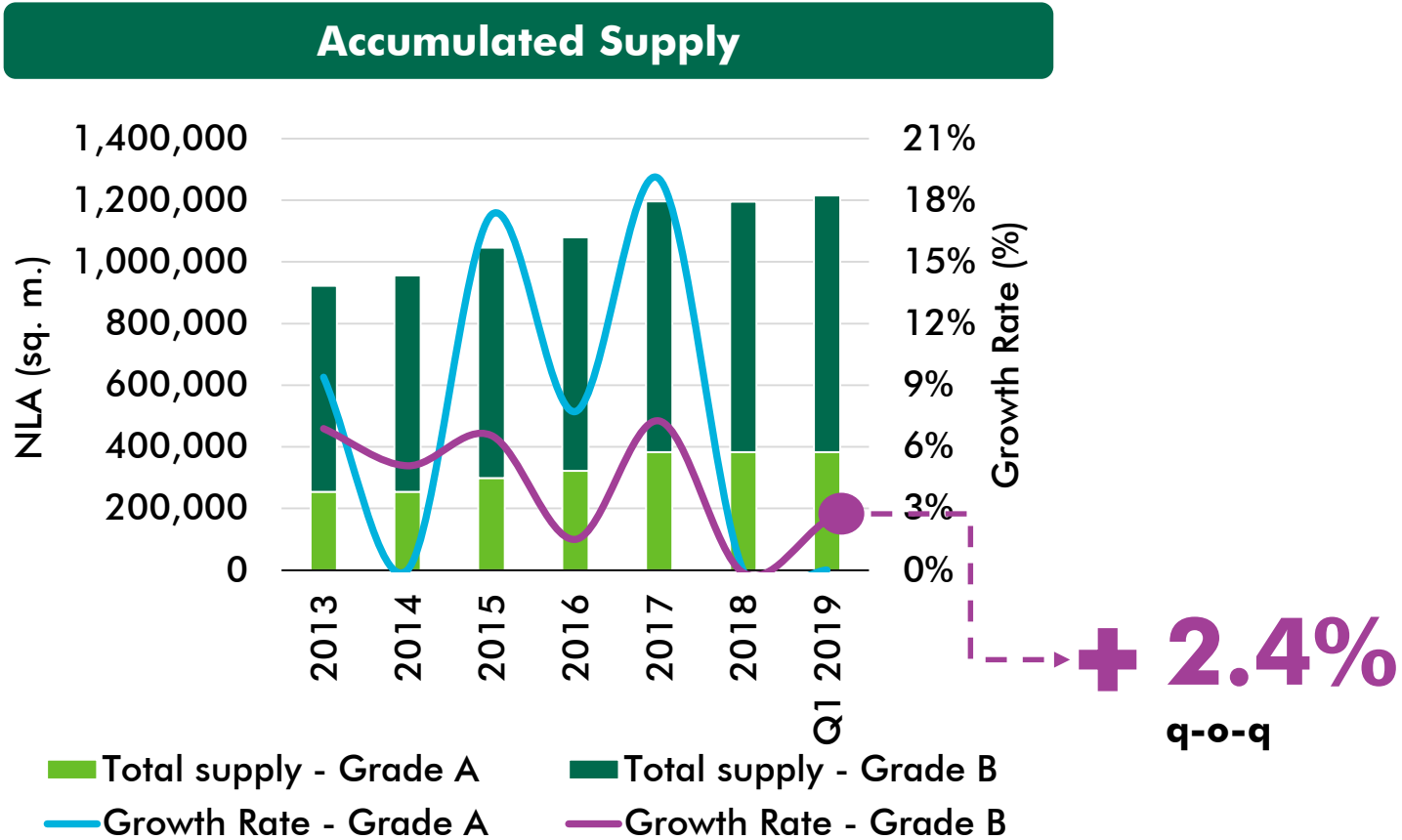
# MARKET SNAPSHOT Q1 2019



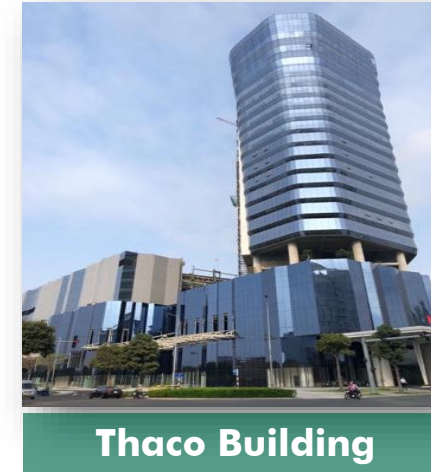
**Occupiers are still craving for spaces...**



# SINCE THE MARKET SUPPLY IS STILL SCRAPE



Source: CBRE Vietnam, Q1 2019



Thu Thiem, District 2  
NLA: 9,600 sq. m.

Asking Rent:  
**US\$33/sq. m./month**  
Occupancy: **33%**

Thaco Building

Saigon Hi-tech Park,  
District 9  
NLA: 10,200 sq. m.

Asking Rent:  
**US\$18/sq. m./month**  
Occupancy: **41%**

OneHub Saigon (P.1)

# OPPORTUNITIES FOR FLEXIBLE WORKSPACE

## Expand Domestically & Internationally

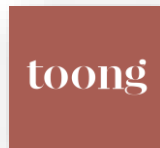
### New Flexible Workspace Launched in Q1 2019



Hong Kong  
Malaysia



Up – Le Meridien  
Ton Duc Thang, Q.1  
GFA: 1,600 sq. m.

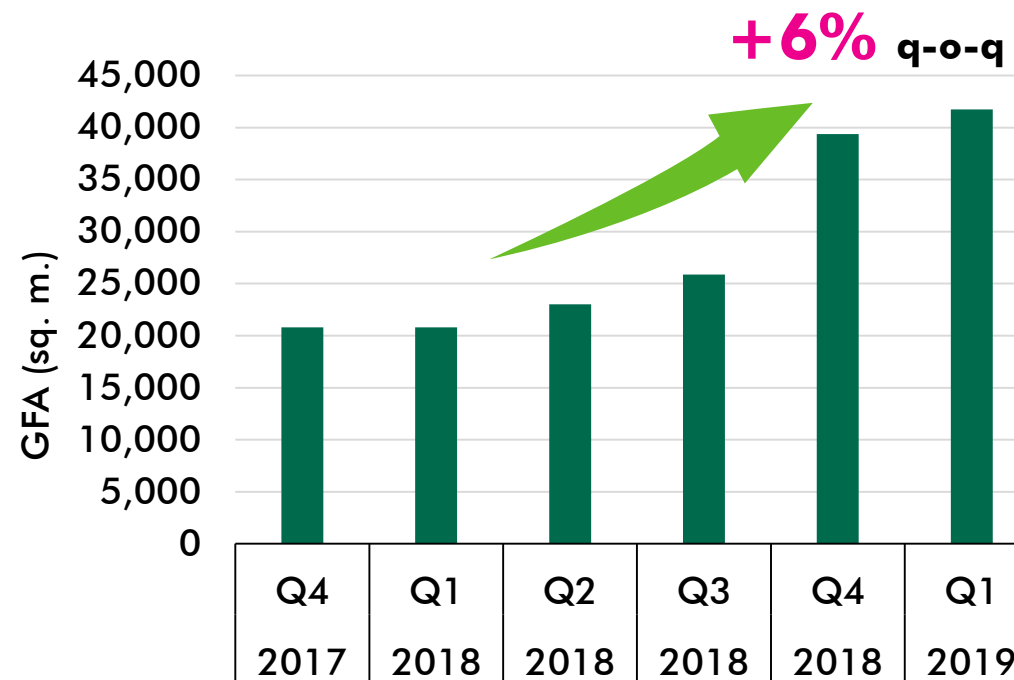


Laos  
Cambodia



Toong – Ham Nghi,  
Ham Nghi, D.1  
GFA: 1,500 sq. m.

### Accumulated Supply by GFA, Q1 2019



Source: CBRE Vietnam, Q1 2019

## ALSO FOR HEAD LEASE/ SUB-LEASE



**Pax Sky – Ung Van Khiem,  
Binh Thanh District**



**Dragon Fly – Tran Cao Van,  
District 1**



**Galleria Metro 6 – Thao Dien,  
District 2**



**GIC Tower 1 –  
Binh Thanh District**

A construction site at sunset. Several tower cranes are visible, with one large crane in the foreground on the right. A building is under construction, covered in scaffolding and green safety netting. The sky is a mix of blue and orange, with a bright sun low on the horizon. The text "But office supply will be no longer limited.." is overlaid on the left side of the image.

But office supply will be no longer limited..



# ACCELERATED INFRASTRUCTURE

**SAIGON**  
ONLINE

## HCMC speeds up first metro line

Monday, March 04, 2019 18:21

The first metro line project in HCMC, Ben Thanh-Suoi Tien, linking up Districts 1, 2, 9, Binh Thanh and Thu Duc and Binh Duong province's Di An district has been speeding up.

## Metro Line No.1 to be complete by 2020

*The Saigon Times Daily*

Tuesday, Jan 15, 2019, 12:55 (GMT+7)

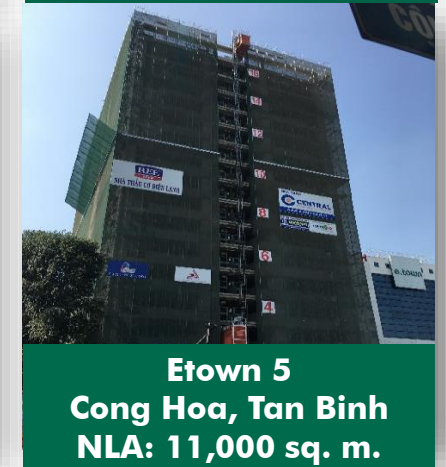
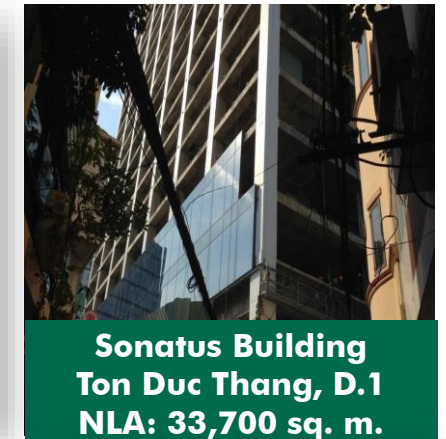


## New Mien Dong Bus Station after 2 years of construction

After two times delaying the project, the 4,000-billion-VND bus station of HCMC has been on good construction progress and expected to launch by September 2<sup>nd</sup> this year.



## ACCELERATED INFRASTRUCTURE Gave Boost to Decentralized-Offices



**>165,000** sq. m  
NLA to come online by  
the end of 2019

> 230,000 SQ.M TO BE COMPLETED IN 2020 & 2021



**Alpha Town**  
Tran Hung Dao, D.1  
NLA: 52,998 sq. m.



**Vertex Tower**  
Ton Duc Thang, D.1  
NLA: 18,401 sq. m.



**Nexus Tower**  
Ton Duc Thang, D.1  
NLA: 57,648 sq. m.



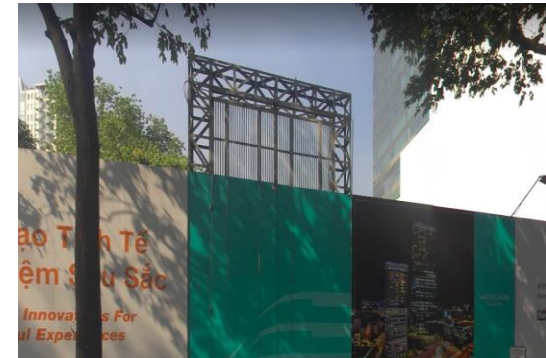
**CII Building**  
Dien Bien Phu, Binh Thanh Dist.  
NLA: 35,652 sq. m.



**Friendship Tower**  
Le Duan, D.1  
NLA: 13,700 sq. m.



**OneHub Saigon (P2)**  
Saigon Hi-Tech Park, D.9  
NLA: 16,184 sq. m.



**Saigon Centre (P3)**  
Pasteur, D.1  
NLA: 20,000 sq. m.



**UOA Tower**  
Tan Phu Ward, D.7  
NLA: 29,9940 sq. m.

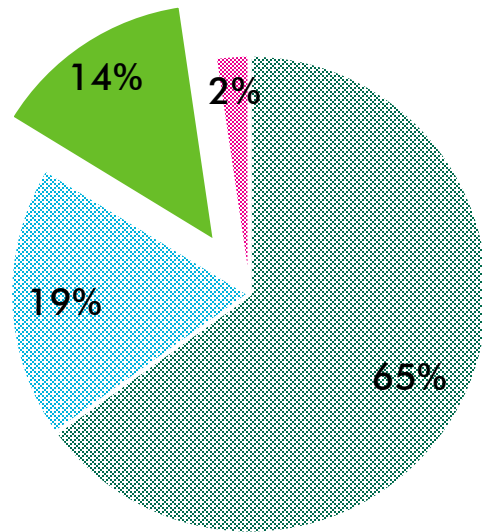


**Tenants will have more options..**

## FOR TENANTS EXPANSION

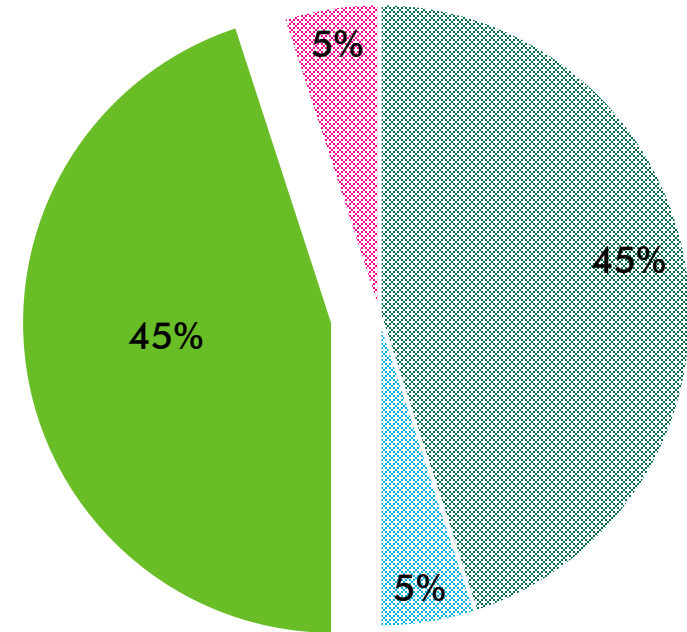
### HCMC Office, Tenants By Purposes, Based On Leasing Enquiries Received By CBRE

**Q1 2018**



■ Relocation
■ New Letting
■ Expansion
■ Renewal

**Q1 2019**



■ Relocation
■ New Letting
■ Expansion
■ Renewal

Source: CBRE Vietnam, Q1 2019



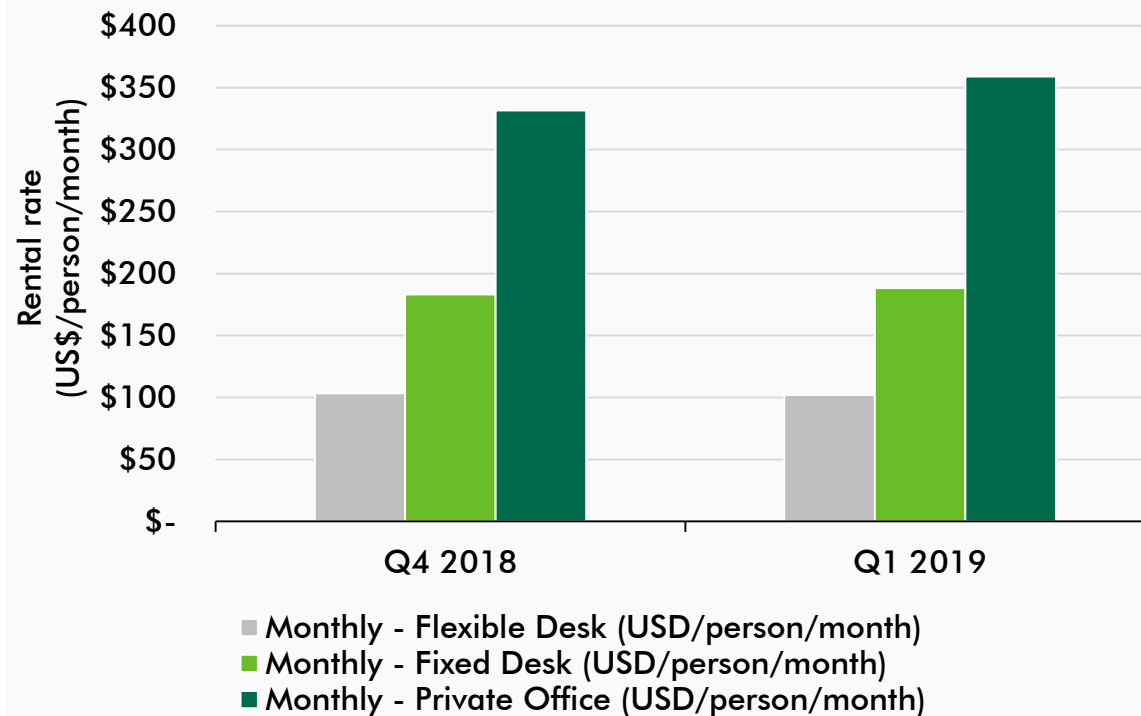
Who are they?



# FLEXIBLE WORKSPACE WHY?

# FLEXIBLE WORKSPACE HAS GREAT PERFORMANCE

## HCMC Flexible Workspace, Rental Rate



Note: Rent is inclusive of service charge and exclusive of VAT

Source: CBRE Vietnam, Q1 2019

## HCMC Flexible Workspace, Major Transactions Collected by CBRE, Q1/2019

Industry	Number of work stations	Leasing purpose
Manufacturing	93	Short-term relocation
Pharmaceutical	29	Relocation
Information Technology	60	Short-term relocation
Services	76	Short-term relocation
E-commerce	30	Short-term relocation
Finance/Banking	25	Expansion

Private offices

Occupancy **>80%**

Rents  **3-8%** q-o-q



WHO ELSE?

**Service**

**Banking**

**Finance**

**Trade**

**Retail**

**INSURANCE**

**E-commerce**

**Media**

**Manufacturing**

**Information  
Technology**

# INSURANCE SECTOR HAS LARGE ROOM TO GROW

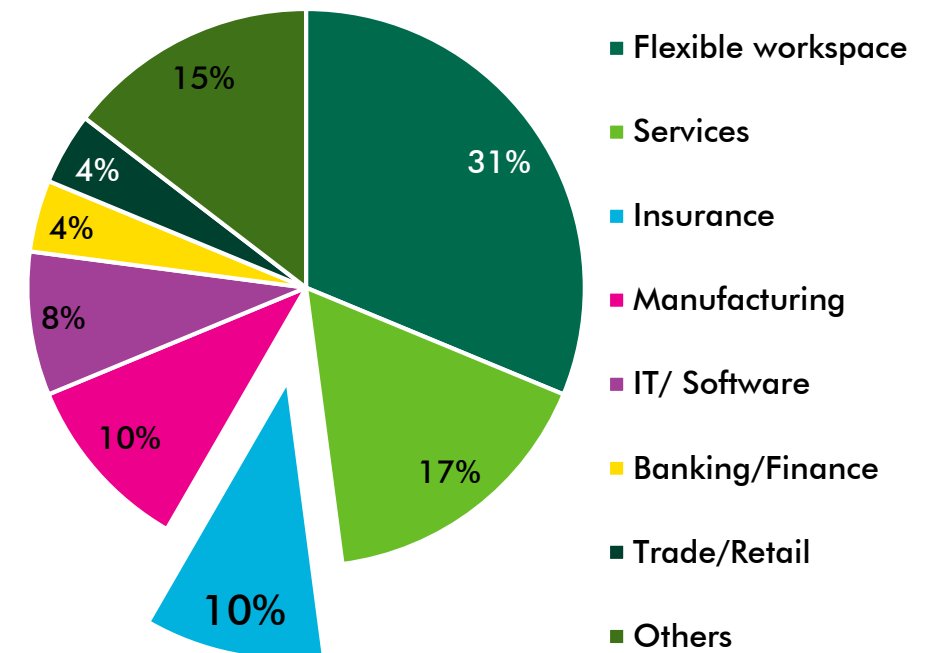
Premium Growth of Insurance Sector in APAC, 2015-2018



Source: Swiss Re Institute Sigma.


- Vietnam's insurance market recorded **low-penetration rate** BUT **high-premium growth**

HCMC Office, Leasing Inquiries Collected By CBRE, Q1 2019



Source: CBRE Vietnam, Q1 2019



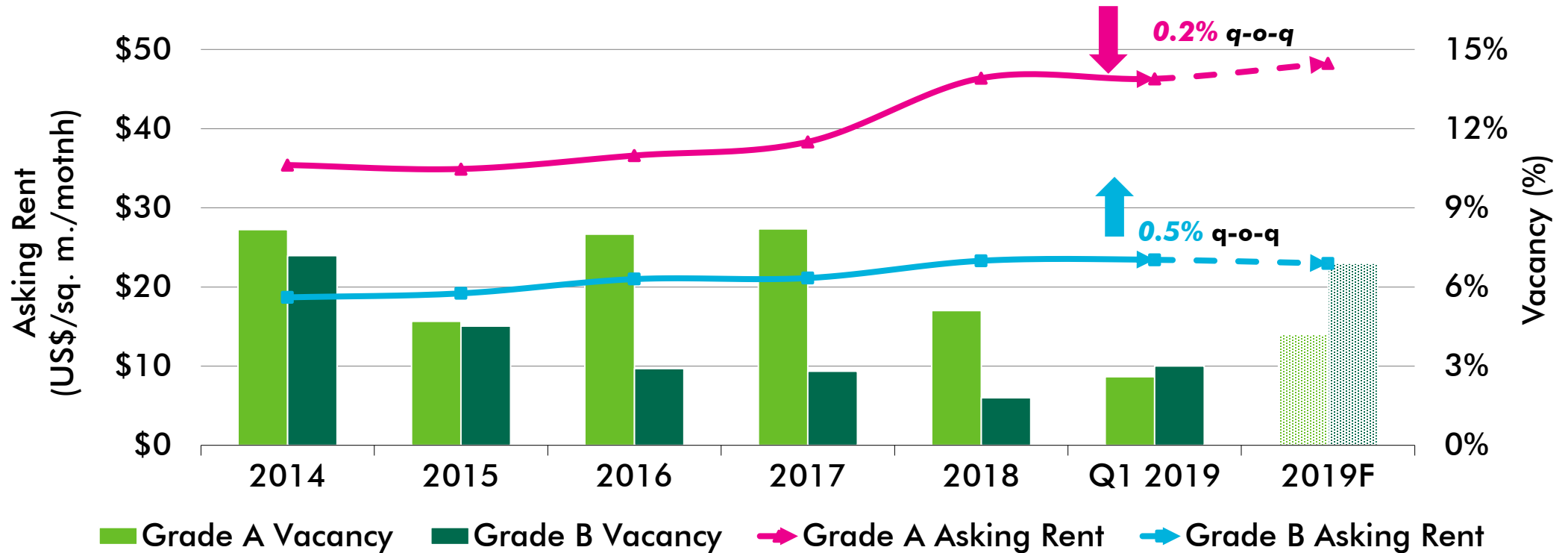


MORE OPTIONS FOR TENANTS,  
**RENTAL GROWTH** WILL BE **MODERATE**

Opal  
Office Tower

# RENTAL GROWTH TO SLOW DOWN

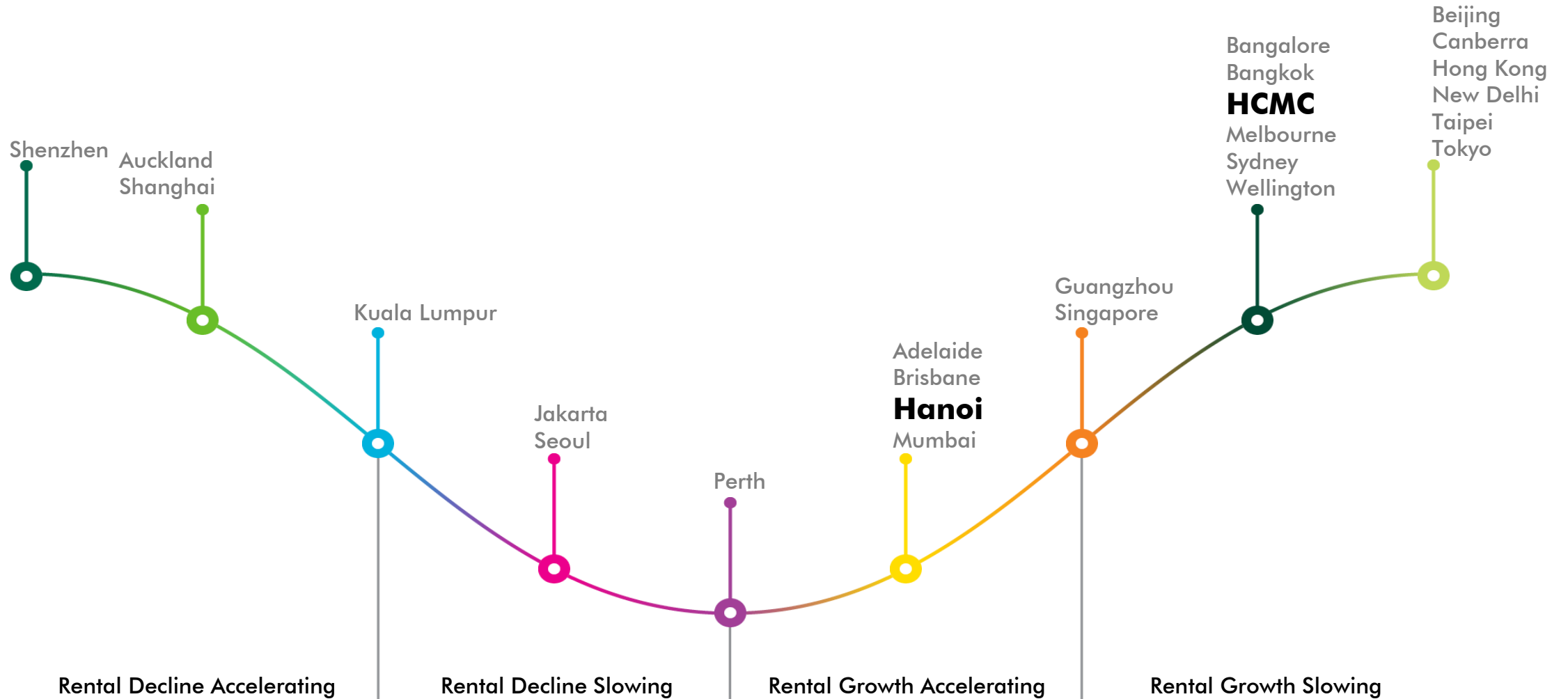
**Average Asking Rent and Vacancy Rate**



Note: Rent is based on NLA, exclusive of service charge and exclusive of VAT

Source: CBRE Vietnam, Q1 2019

## APAC OFFICE RENT CYCLE



A silhouette of a man in a suit holding a briefcase, standing in a modern office hallway looking out a large window. The scene is backlit by the window, creating a strong contrast between the dark figure and the bright light outside. The office interior features a grid ceiling with recessed lights and a polished floor that reflects the light from the window. The window itself is a large, multi-paned glass wall that offers a view of an urban landscape with various buildings and a flagpole.

**What should we expect in the future?**



## Accelerated infrastructure

will ease the pent up demand for office spaces

Rental growth will be more stable in response to a wave of new supply

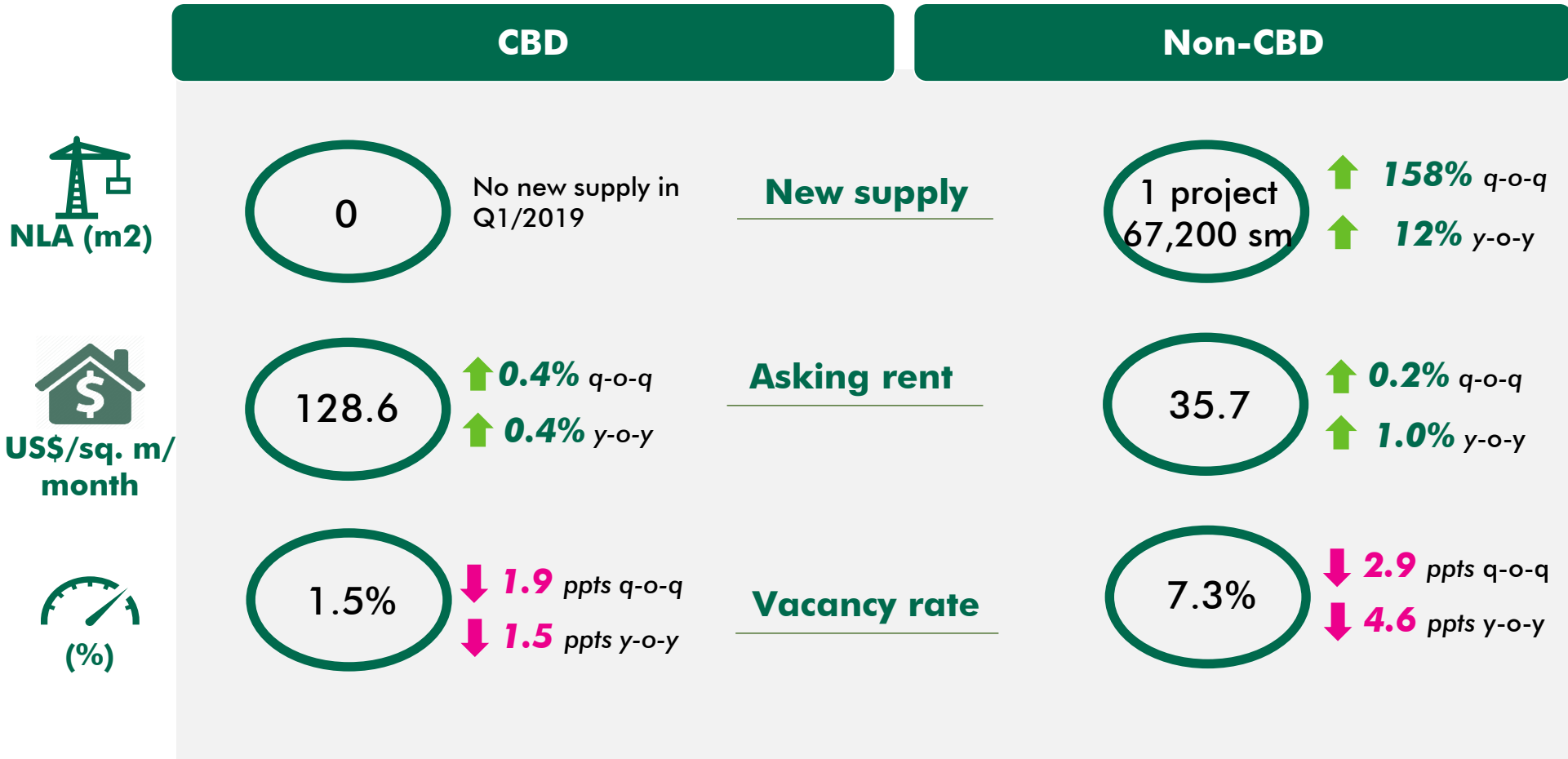
Insurance sector to boom in the near future

# HCMC MARKET Retail

**CBRE**



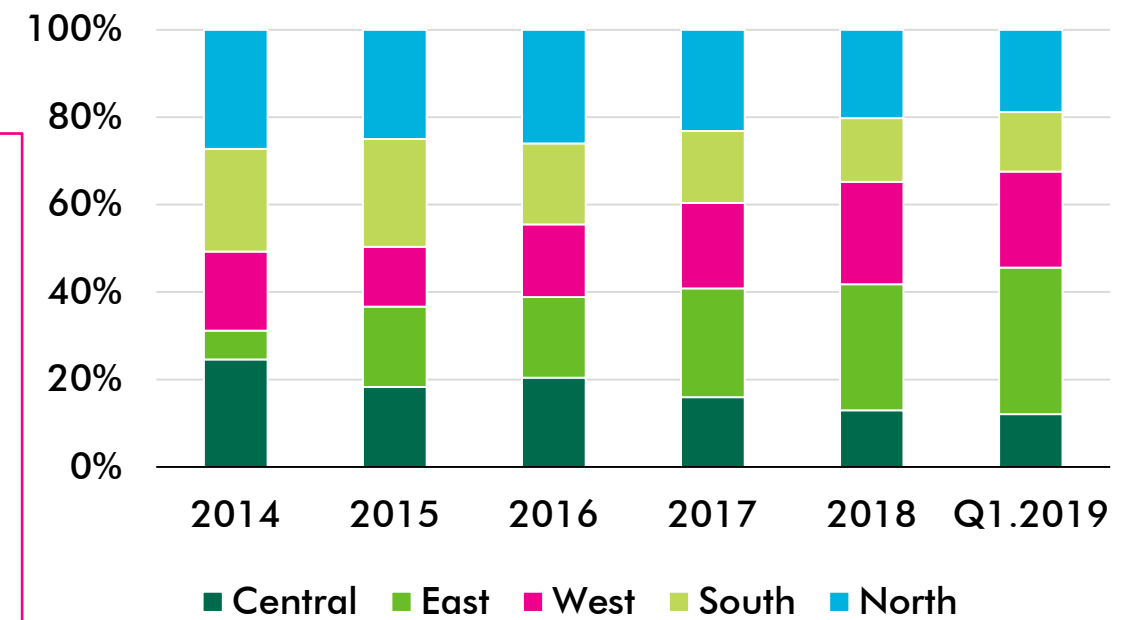
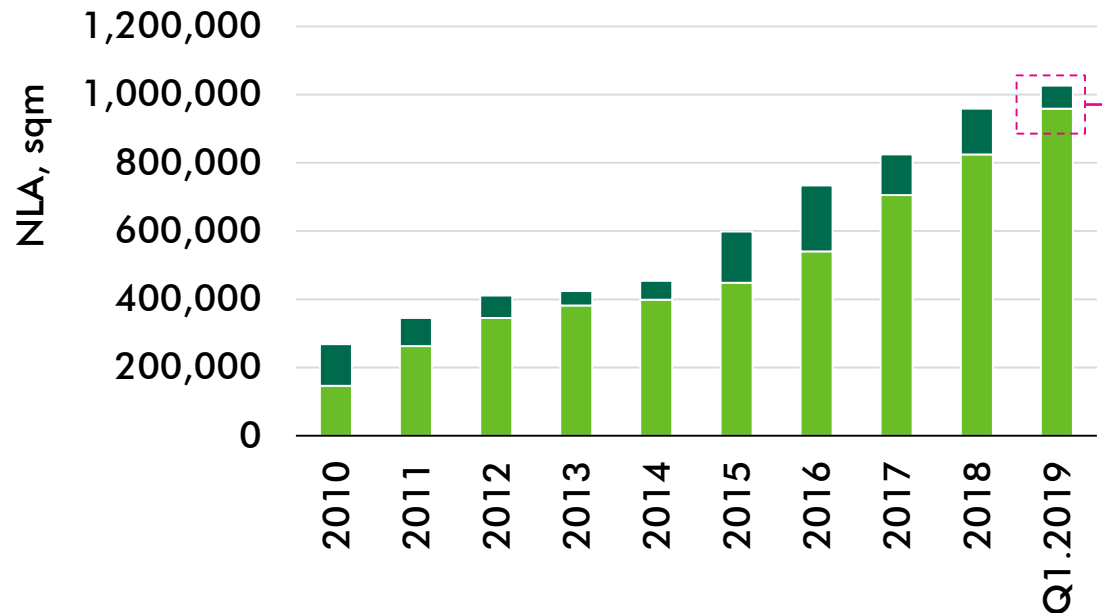
# MARKET SNAPSHOT Q1 2019



# NEW SUPPLY HEADS TO THE EAST

**Total Supply by Year**

**Total Supply by Location**



■ Existing Supply ■ New supply

2012 - 2014: +10%/year  
2015 - 2018: +21%/year

**Q1.2019: +12% y-o-y**



Source: CBRE Vietnam, Q1/2019.



**Giga Mall – Thu Duc District**  
67.200 sq.m. NLA

# EXISTING SUPPLY TO INCREASE BY 25% IN 2019

**2019: 179,979 sq. m NLA**

**From 2020 onwards: ~363,221 sq. m NLA**



**TNL Plaza, D.4**  
11,179 sq. m NLA



**TTTM Sala, D.2**  
60,000 sq. m NLA



**Union Square, D.1**  
22,800 sq. m NLA



**Aeon Celadon P2  
Tan Phu Dist.**  
36,000 sq. m NLA



**Crescent Mall P2, D.7**  
18,000 sq. m NLA



**Lotte Mart Central  
Premium, D.8**  
32,000 sq. m NLA



**Alpha Mall, D.1**  
23,300 sq. m NLA



**Elite Mall, D.8**  
38,000 sq. m NLA



**Saigon Tax Trade  
Center, D.1**  
25,521 sq. m NLA



**Vincom, D.9**

2020: 48,000 sq. m  
2021: 150,000 sq. m



**Spirit of Saigon, D.1**  
48,000 sq. m NLA



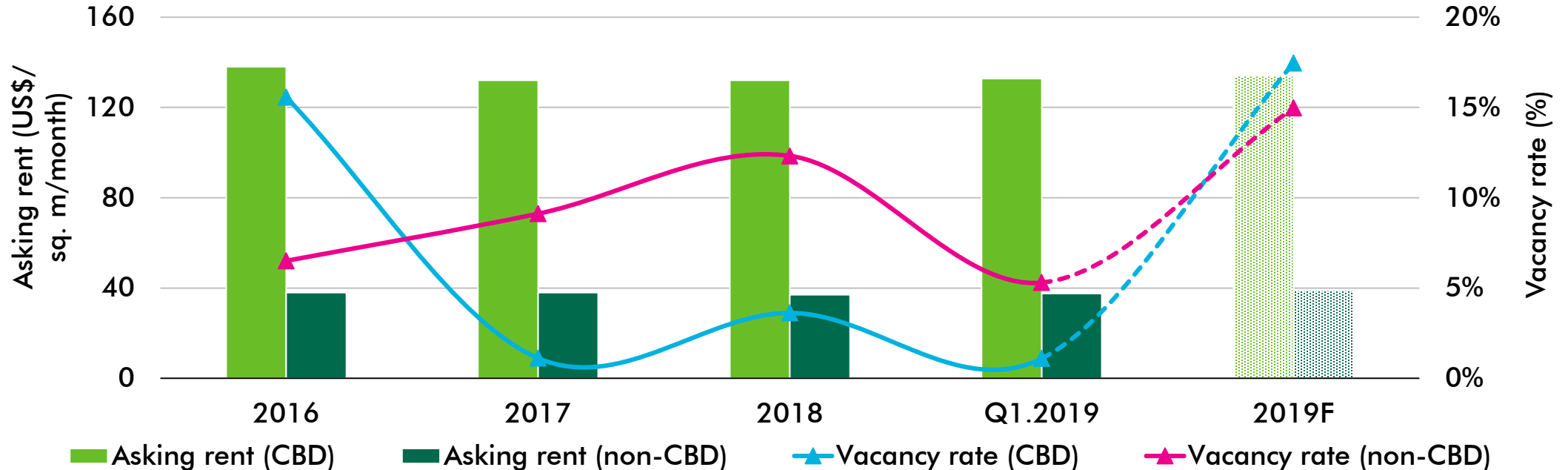
**Saigon Coop, D.2**  
30,400 sq. m NLA

Source: CBRE Vietnam, Q1/2019.

# HIGH OCCUPANCY AT NEW PROJECTS

## Average Asking Rent and Vacancy Rate

Lower Vacancy Rate Supported Rent



(\* ) Average asking rents on ground floor and first floor for specialty stores, exclusive of VAT and Service Charge

Source: CBRE Vietnam, Q1/2019.

# NEW BRAND ENTRANTS TO HCMC

## Q1.2019

## UPCOMING



F&B



Fashion



IZRO

Japanese retailer Muji set to enter Vietnam

Friday, 02/22/2019, 10:57



Uniqlo to open first store in HCMC next year

The Saigon Times

Friday, Aug 31, 2018, 17:18 (GMT+7)



Others



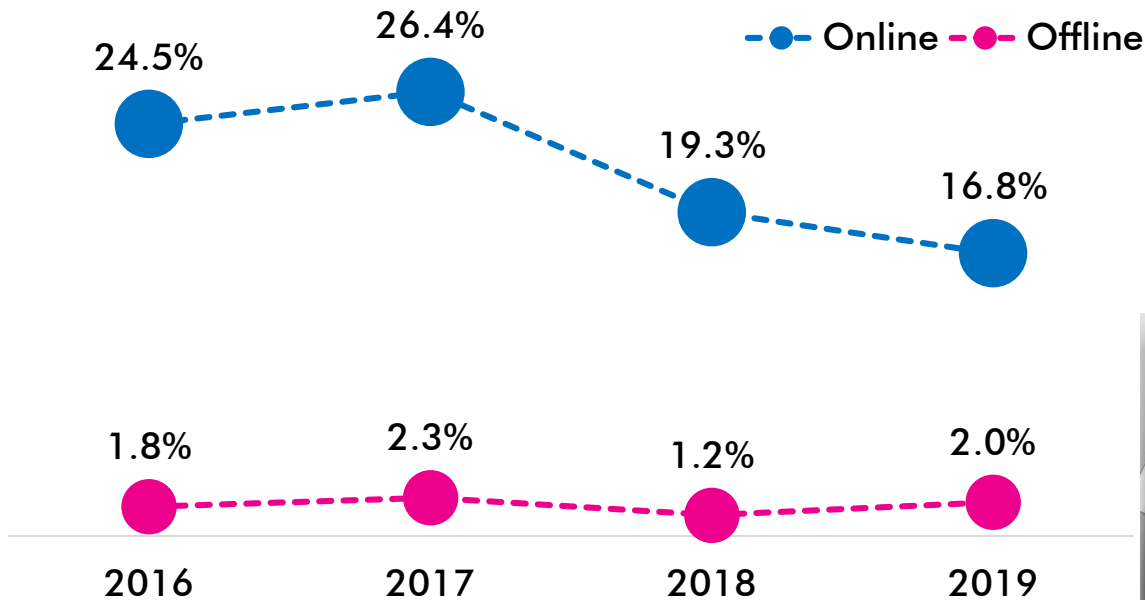
Vietnam part of IKEA's global expansion: CEO

Wednesday, October 11, 2017, 10:31 GMT+7



# ECOMMERCE GROWTH IS RATIONALIZING

## Asia Pacific Online and Offline Retail Sales Growth



Source: Euromonitor International.

### Robins suspends online sales services



Wednesday, Mar 27, 2019 18:40

### Lingo.vn unexpectedly shuts down as investors pull out



10/09/2016



### Shopping site deca.vn shut down

SaigonTimes

Tuesday, Jan 5, 2016, 21:22 (GMT+7)

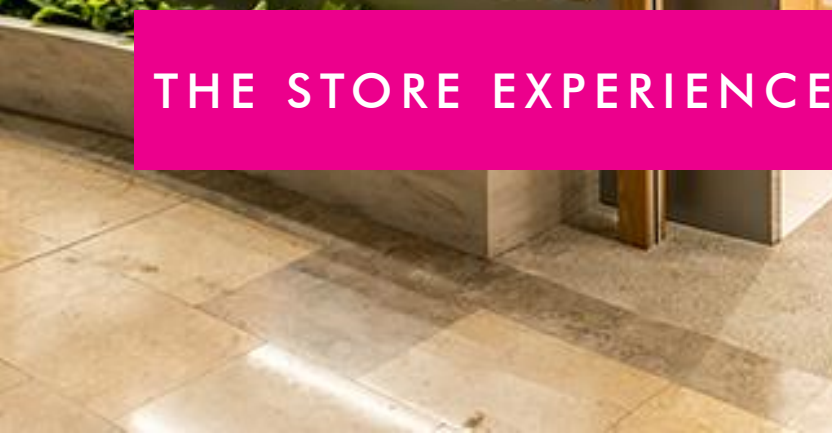


# 80% ASIA PACIFIC RETAIL SALES TOOK PLACE IN BRICK-AND-MORTAR STORES

Source: Euromonitor



THE STORE EXPERIENCE MUST "WOW" CONSUMERS



## ENHANCING STORE EXPERIENCE



*Food Village  
Aeon Mall Binh Tan*



*Phuong Nam Bookstore  
Van Hanh Mall*



*NARS pop-up store  
Saigon Centre*



*Highland Coffee's open space  
Vincom Center Dong Khoi*



*Interactive mountain climbing  
Estella Place*

From green landscape

And lifestyle

... to diversification



*3D Entertainment  
JP World, Giga Mall*





Existing supply  
to increase by  
**25%** in 2019

Rents are forecasted to  
increase thanks to  
high quality future  
supply

**More** new entrants  
from Asia Pacific

# HCMC MARKET Condominium

New ranking  
criteria




<b>LUXURY:</b>	> US\$4,000 psm
<b>HIGH END:</b>	US\$2,000 – 4,000 psm
<b>MID END:</b>	US\$1,000 – 2,000 psm
<b>AFFORDABLE:</b>	< US\$1,000 psm

## Q1 2019 OVERVIEW



# MARKET SNAPSHOT Q1 2019

## 4,423 units launched from 12 projects

	Luxury	High-end	Mid-end	Affordable
 <b>New Launch</b>	<b>1 project</b> 205 units No new supply in Q1 2018	<b>4 projects</b> 1,292 units ▼ 55% y-o-y ▼ 63% q-o-q	<b>6 projects</b> 2,446 units ▼ 64% y-o-y ▼ 34% q-o-q	<b>1 projects</b> 480 units No new supply in Q1 2018
 <b>Selling Price (*)</b>	<b>5,859 US\$/sm</b> ▲ 12% y-o-y ▲ 3.9% q-o-q	<b>2,318 US\$/sm</b> ▲ 5.2% y-o-y ▲ 5.7% q-o-q	<b>1,174 US\$/sm</b> ▲ 2.8% y-o-y ▲ 1.4% y-o-y	<b>792 US\$/sm</b> ▲ 1.5% y-o-y ▲ 1.5% y-o-y
 <b>Sold Units</b>	<b>240 units</b> ▲ 5x y-o-y ▼ 71% q-o-q	<b>1,397 units</b> ▼ 53% y-o-y ▼ 56% y-o-y	<b>3,733 units</b> ▼ 41% y-o-y ▼ 11% q-o-q	<b>554 units</b> ▲ 66% y-o-y ▲ 5x y-o-y

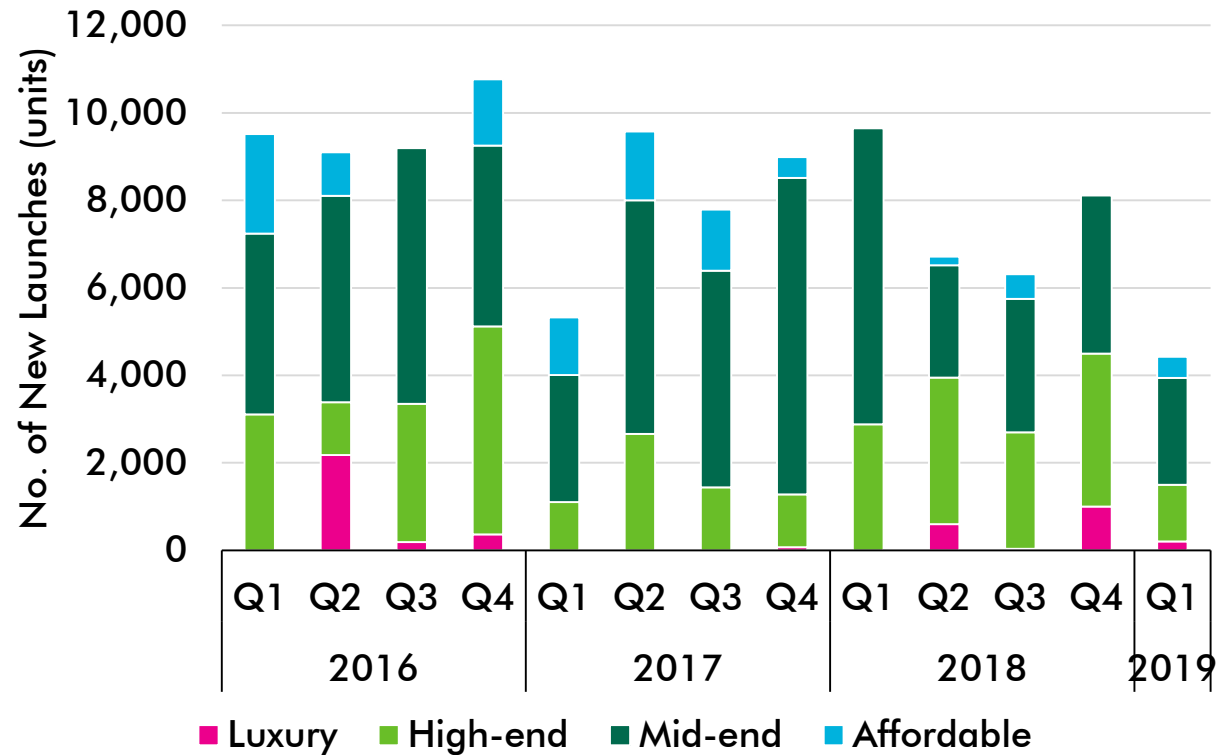
Source: CBRE Vietnam, Q1 2019.

(\*) Selling price excludes VAT and is quoted on NSA

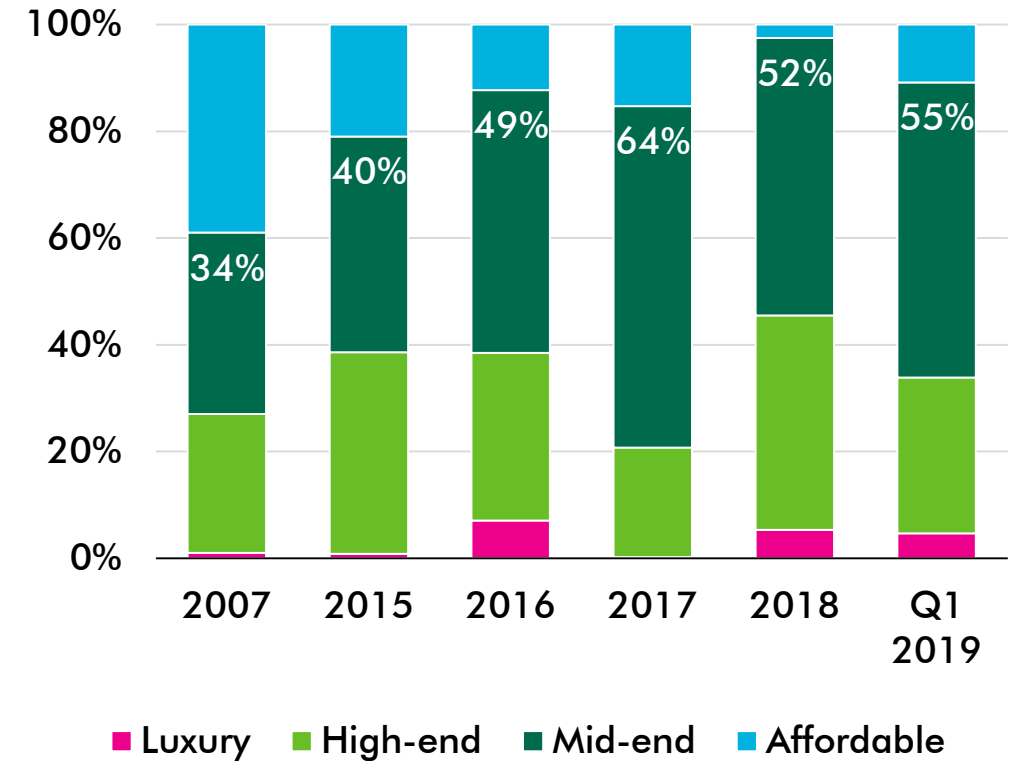
## NEW LAUNCH SUPPLY

### Mid-end segment is leading the market

New Launch Supply, By Year



New Launch Supply, By Segment

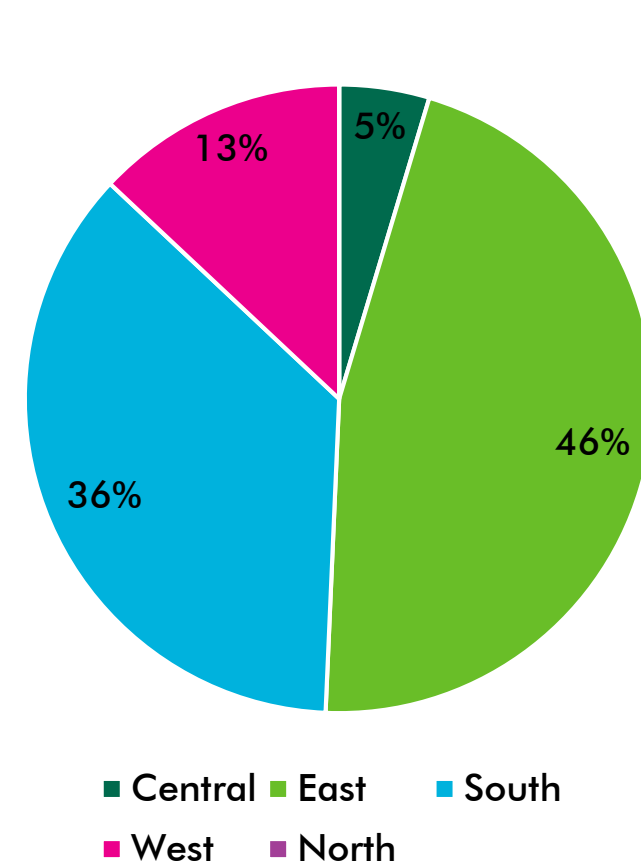
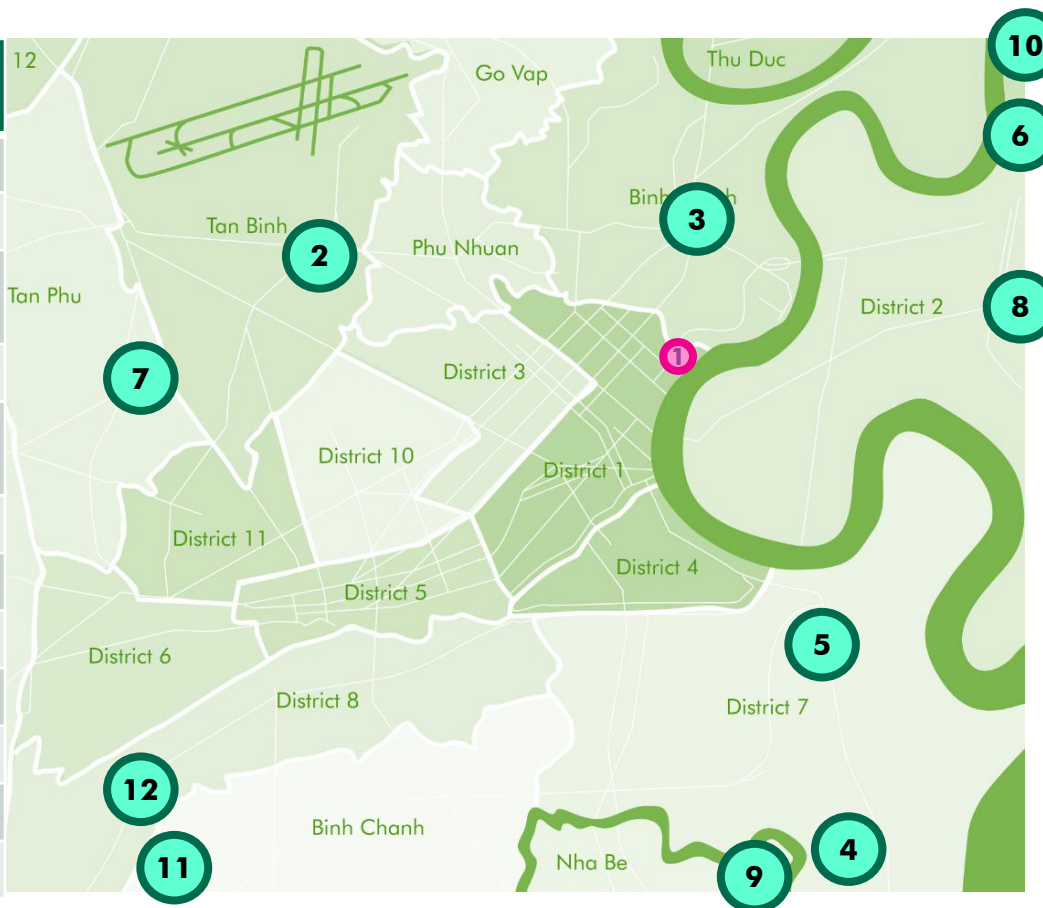


Source: CBRE Vietnam, Q1 2019.

# NEW LAUNCH SUPPLY

## The East accounted for the largest proportion

No.	Project	Unit	Selling price (US\$ psm)
1	Centennial	205	9.750
2	Park Legend	176	2.838
3	152 Dien Bien Phu	74	2.391
4	Sunshine City	242	2.174
5	Eco Green Saigon	800	2.157
6	Metrostar	400	1.583
7	Res Green Tower	174	1.500
8	CitiAlto	675	1.348
9	Goldora Plaza	84	1.304
10	Hausbelo	888	1.239
11	Victoria Garden	225	1.044
12	NBB Garden 3	480	935

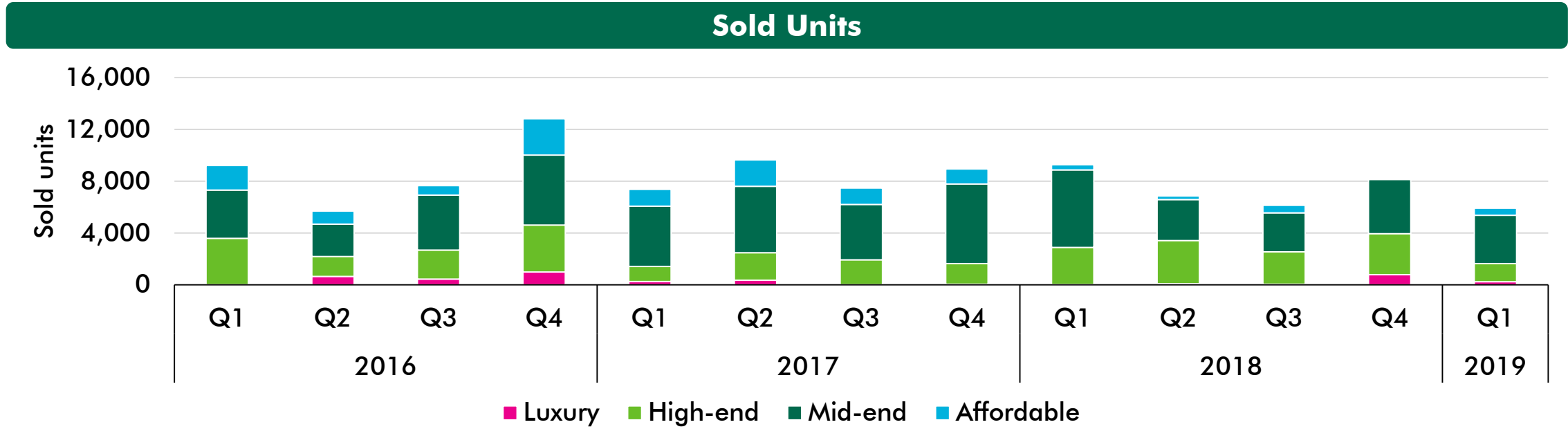


(\*) Selling price: US\$ psm (exclude VAT and quote on NSA)

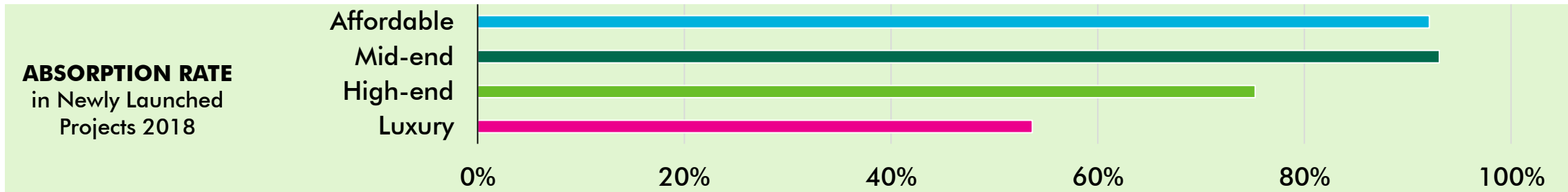
Source: CBRE Vietnam, Q1 2019.

# SOLD UNITS

## Inventory absorbed gradually



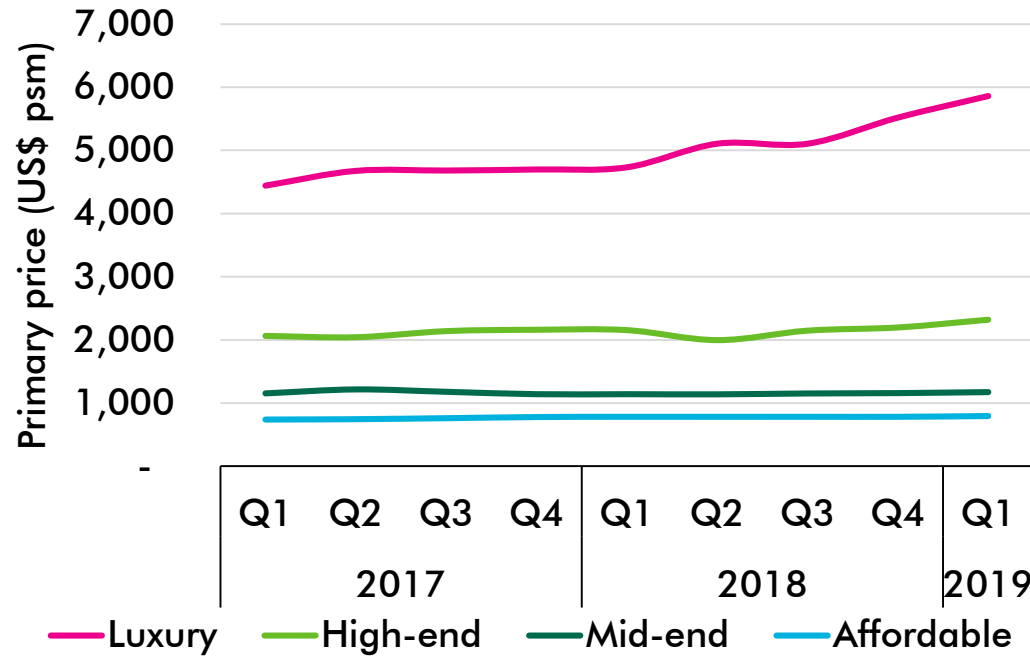
Source: CBRE Vietnam, Q1 2019.



# PRICE IMPROVEMENT ACROSS ALL SEGMENTS

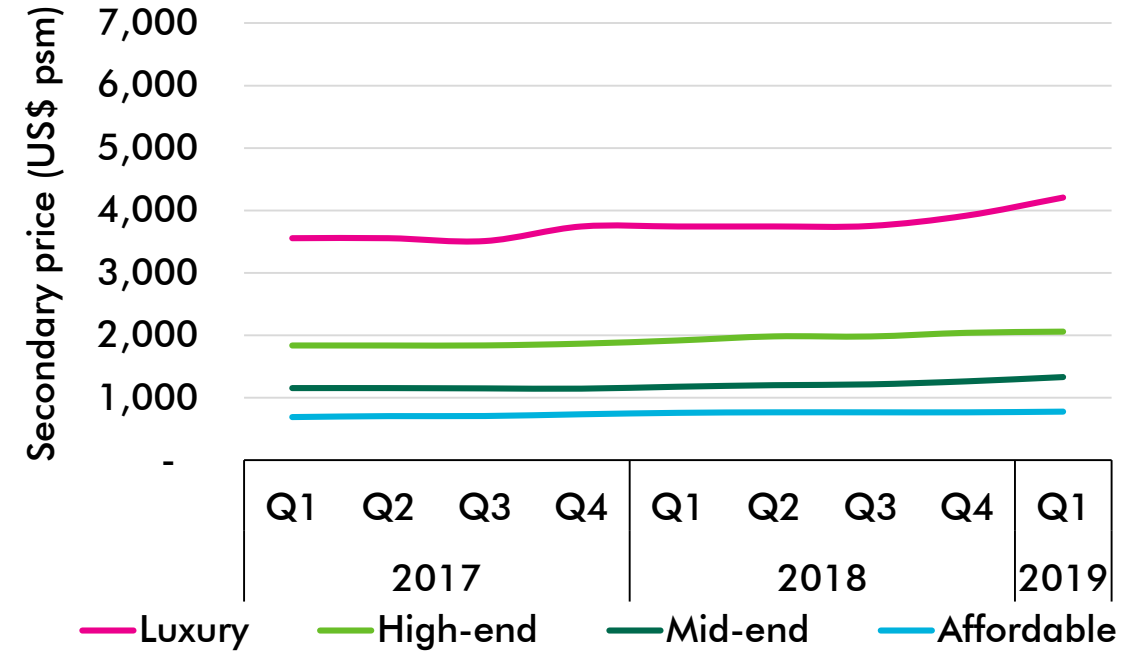
## Primary Price (US\$ psm)

<b>Luxury</b> US\$ 5,859 ▲ 12.3% y-o-y	<b>High-end</b> US\$ 2,318 ▲ 5.2% y-o-y	<b>Mid-end</b> US\$ 1,174 ▲ 2.8% y-o-y	<b>Affordable</b> US\$ 792 ▲ 1.5% y-o-y
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## Secondary Price (US\$ psm)

<b>Luxury</b> US\$ 4,208 ▲ 12% y-o-y	<b>High-end</b> US\$ 2,058 ▲ 7% y-o-y	<b>Mid-end</b> US\$ 1,329 ▲ 13% y-o-y	<b>Affordable</b> US\$ 777 ▲ 2.4% y-o-y
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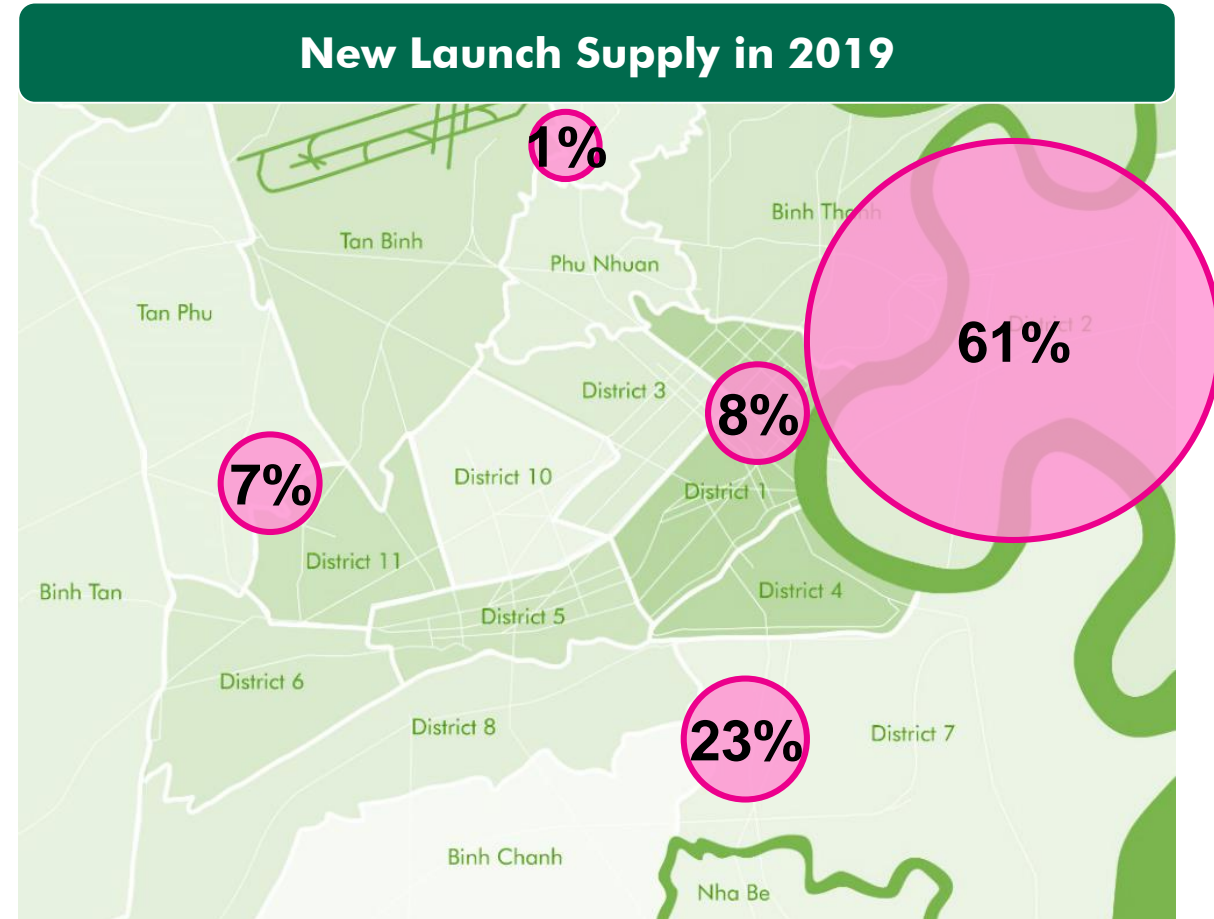
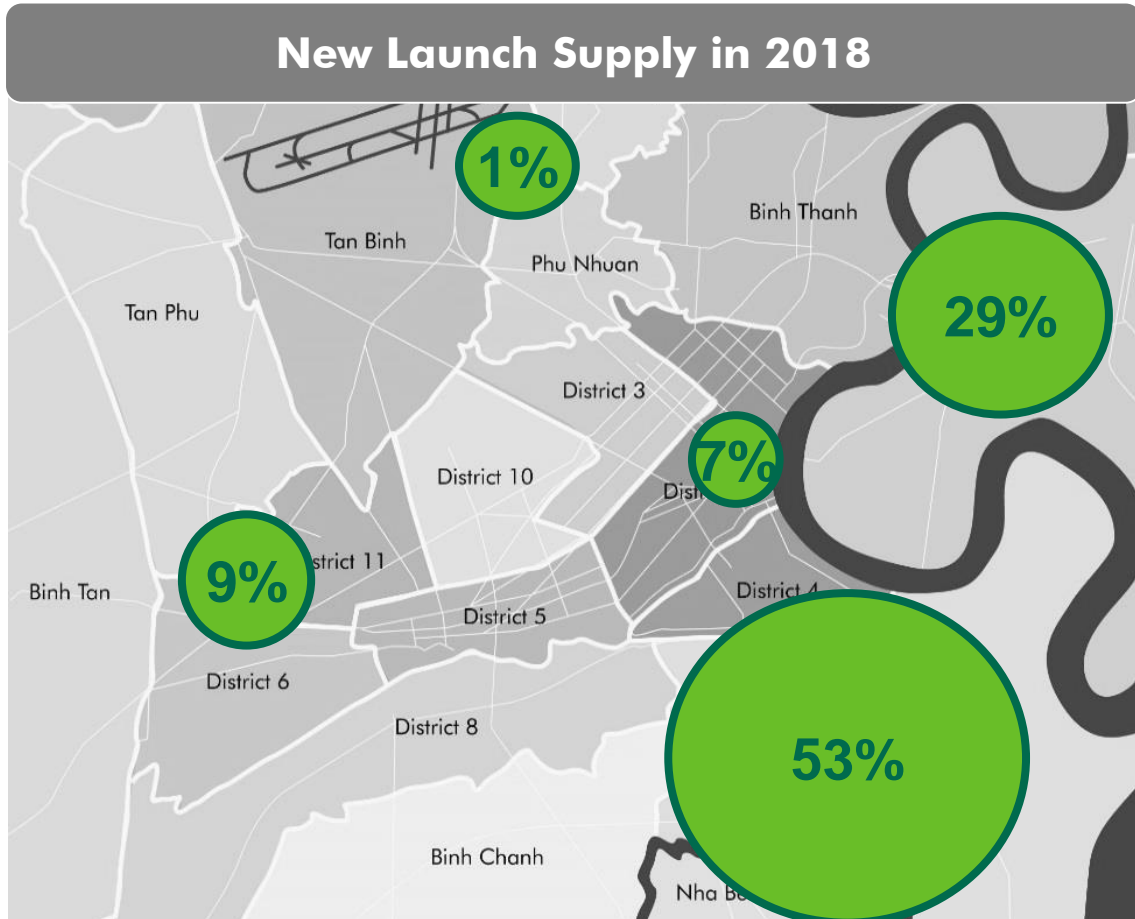


Source: CBRE Vietnam, Q1 2019.



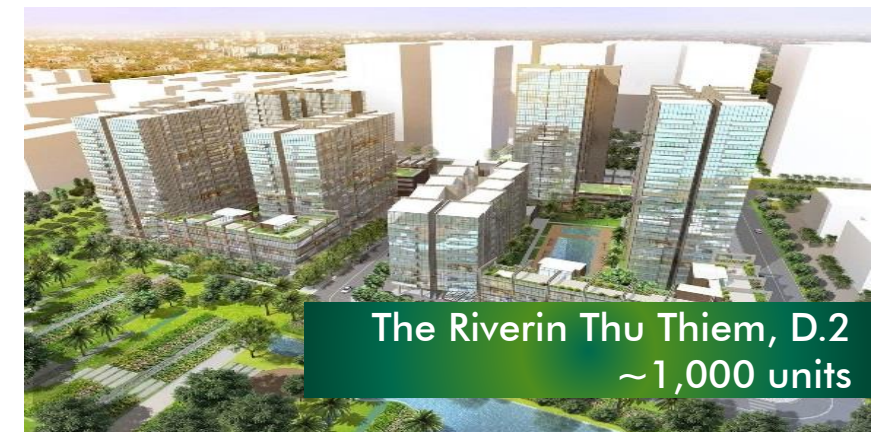
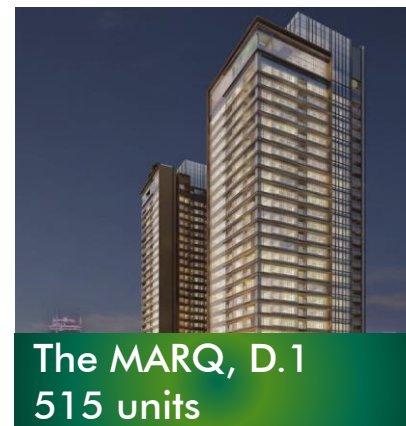
# MARKET OUTLOOK

## The East will lead the market



# MARKET OUTLOOK

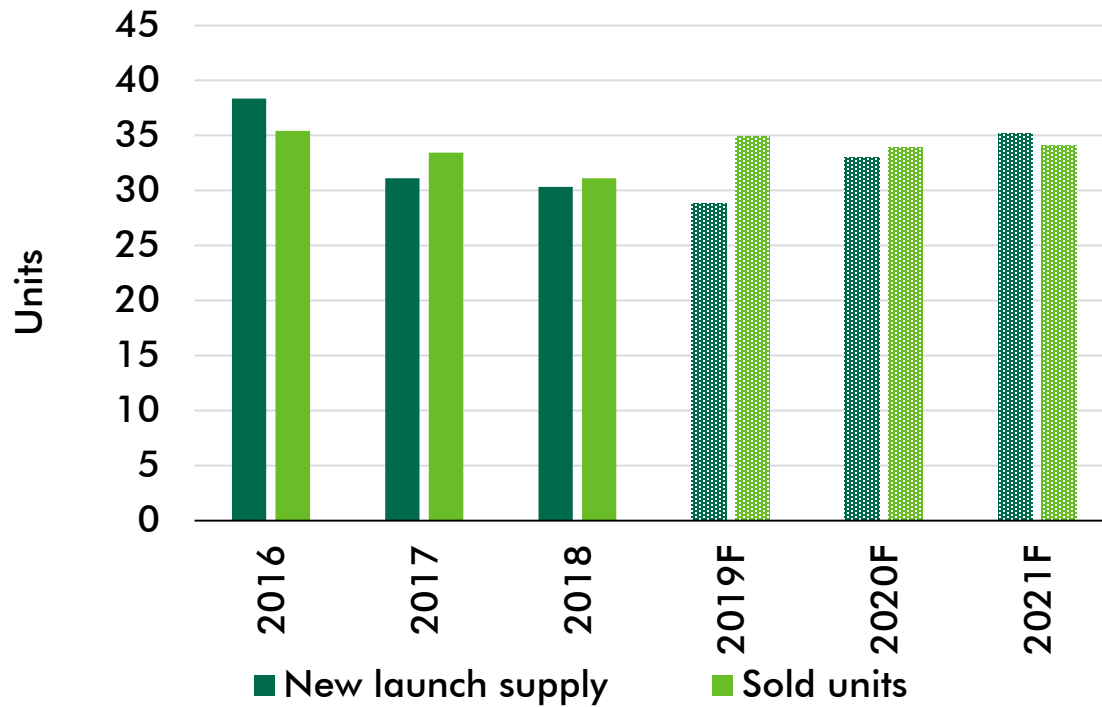
## Large scaled projects



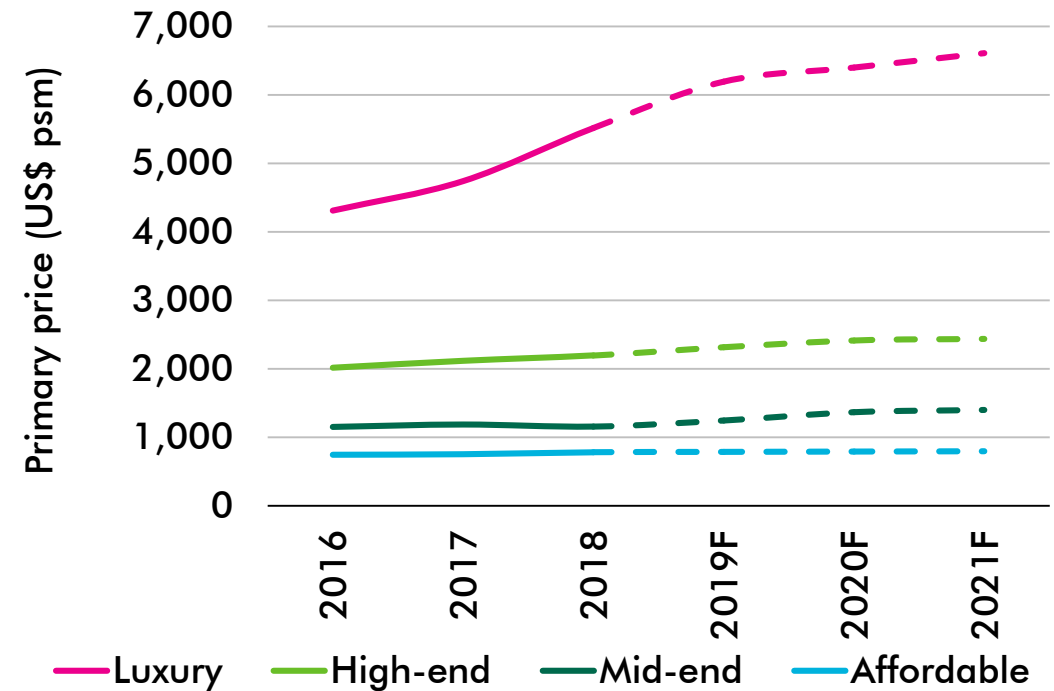
# MARKET OUTLOOK

## Positive sale performance

New Launch Supply and Sold Units



Primary Price



Source: CBRE Vietnam, Q1 2019.



## The East

continues to lead  
the market

## High price

growth due to lack  
of supply and high  
demand

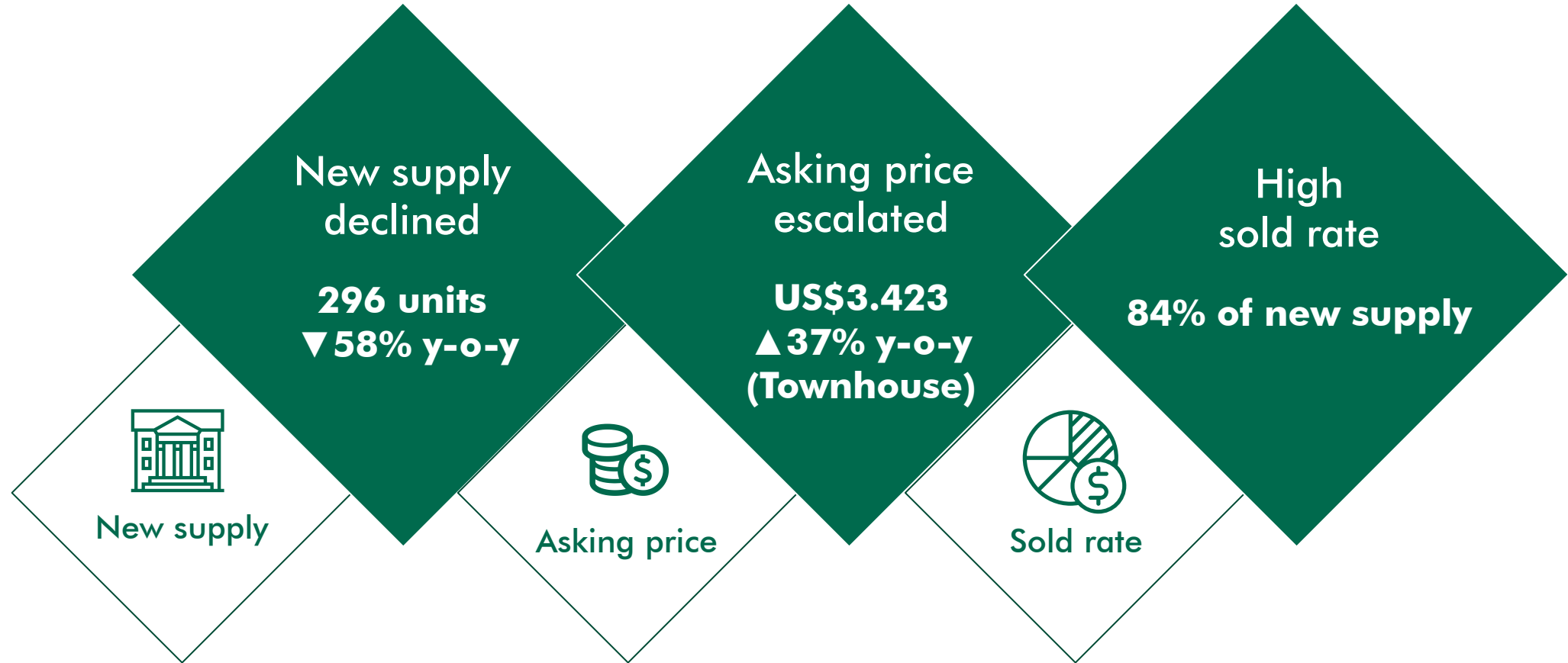
Opportunities for  
**better products**  
amid increasing  
competition

# HCMC MARKET

# Landed Properties

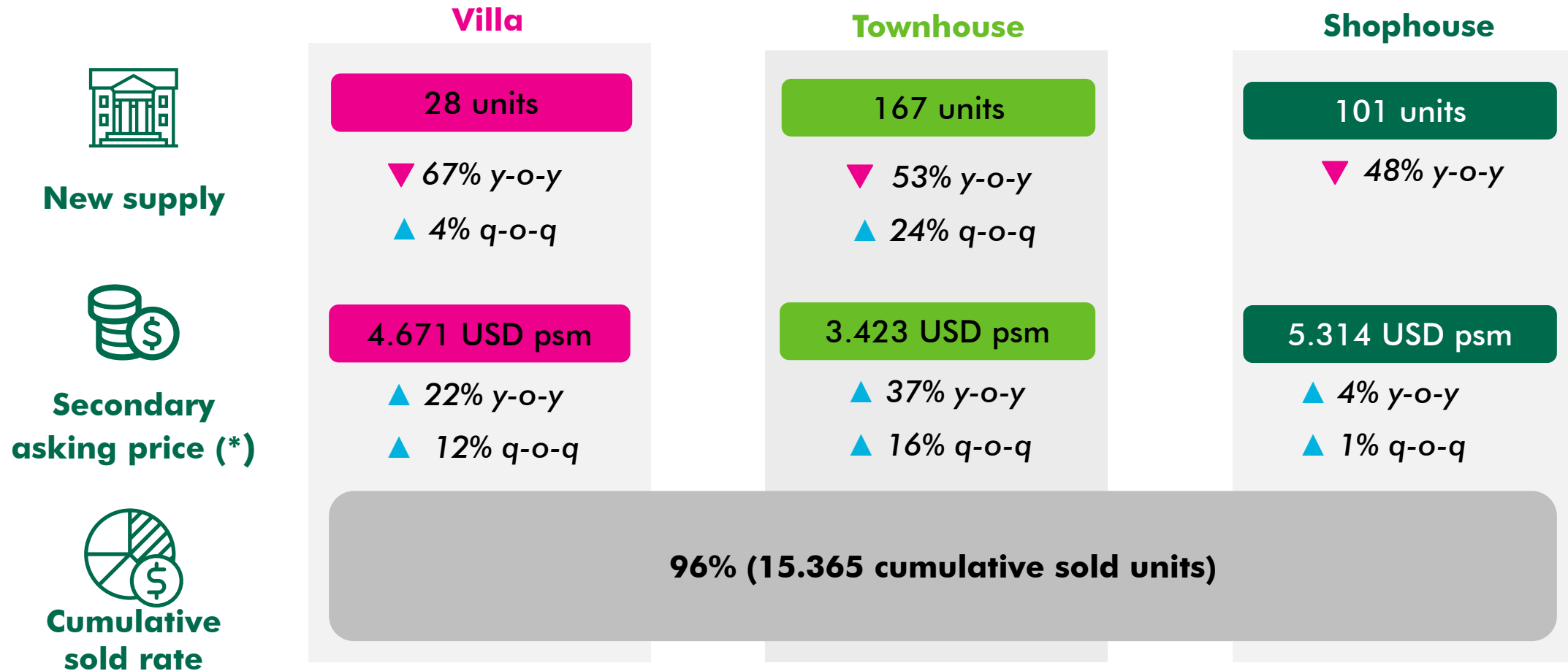
**CBRE**

## Q1 2019 OVERVIEW

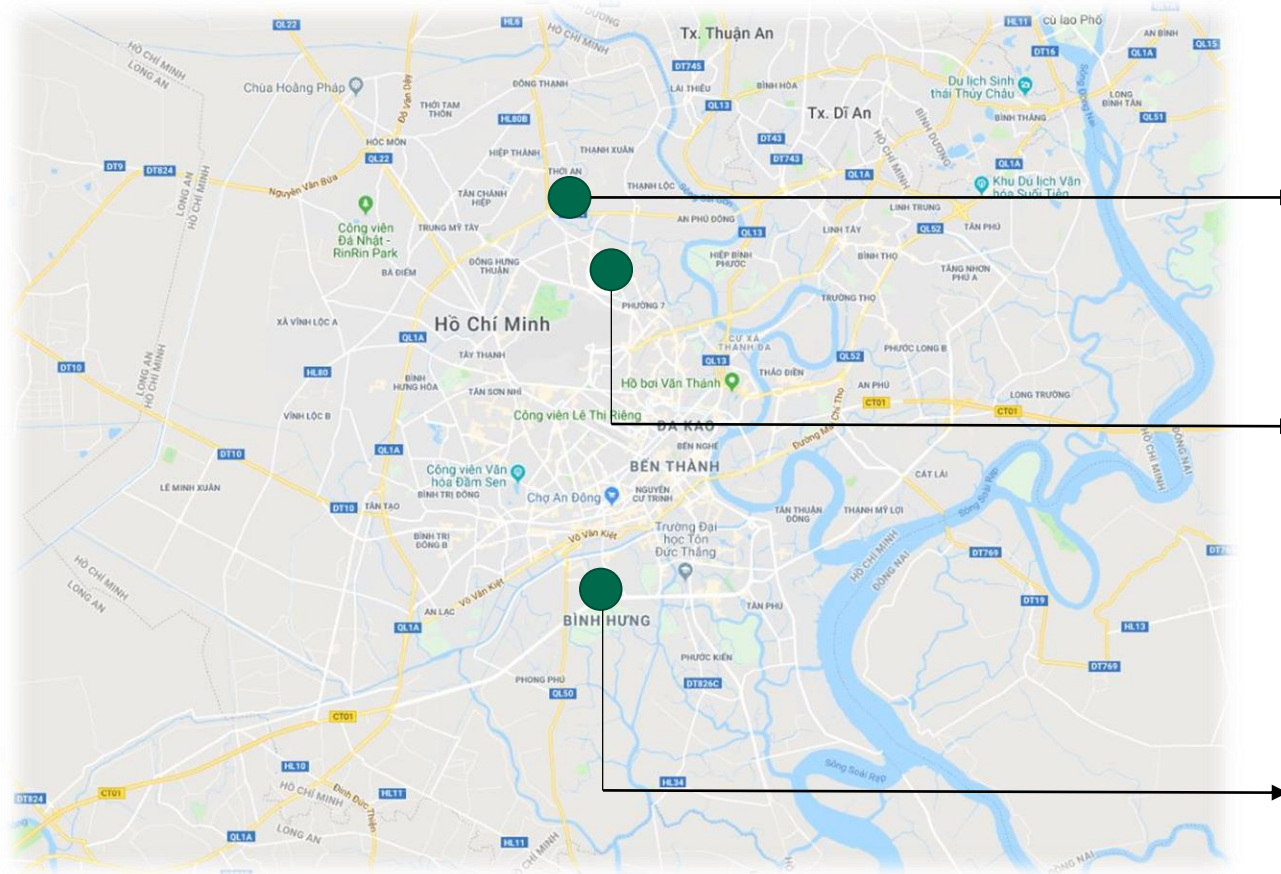


# MARKET SNAPSHOT Q1 2019

## 296 new launched units from 3 projects



# NEW LAUNCHED PROJECTS



## Pier IX

- Developer: Saigon 9
- Location: District 12
- Scale: 50 units (Phase 1)
- Asking price: 2.544 – 3.458 USD



## CityLand Park Hills

- Developer: CityLand
- Location: Go Vap District
- Scale: 138 units (Phase 5)
- Asking price: 4.743 – 10.669 USD



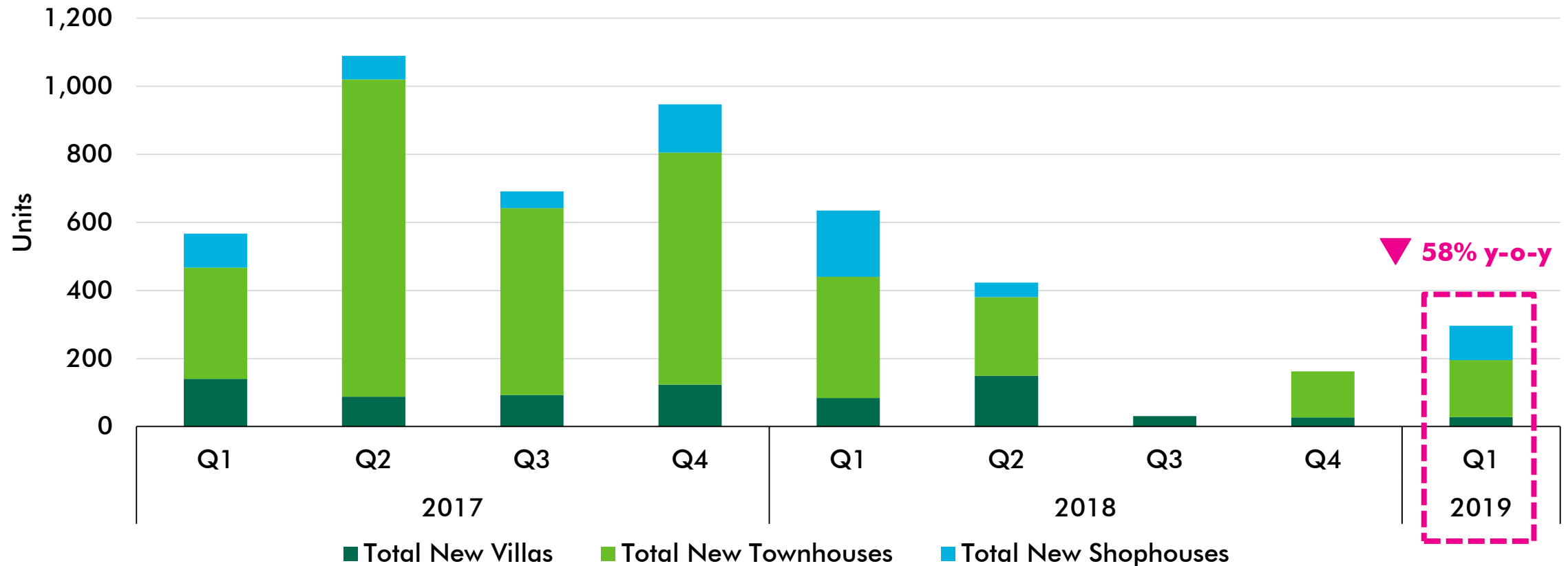
## Senturia South Saigon

- Developer: Tien Phuoc
- Location: Binh Chanh District
- Scale: 108 units (Phase 1)
- Asking price: 3.693 – 3.755 USD



# THE SHORTAGE OF NEW SUPPLY CONTINUED

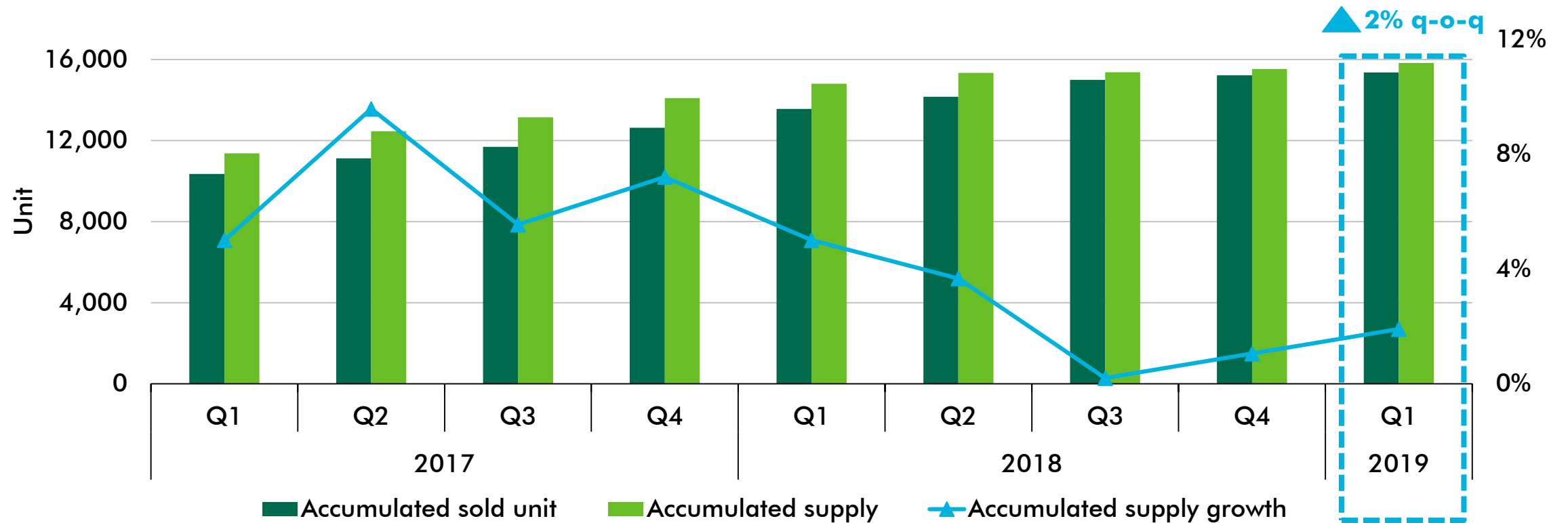
## New Launched Units



Source: CBRE Vietnam, Q1 2019.

# GROWTH OF MARKET SIZE IS DECREASING

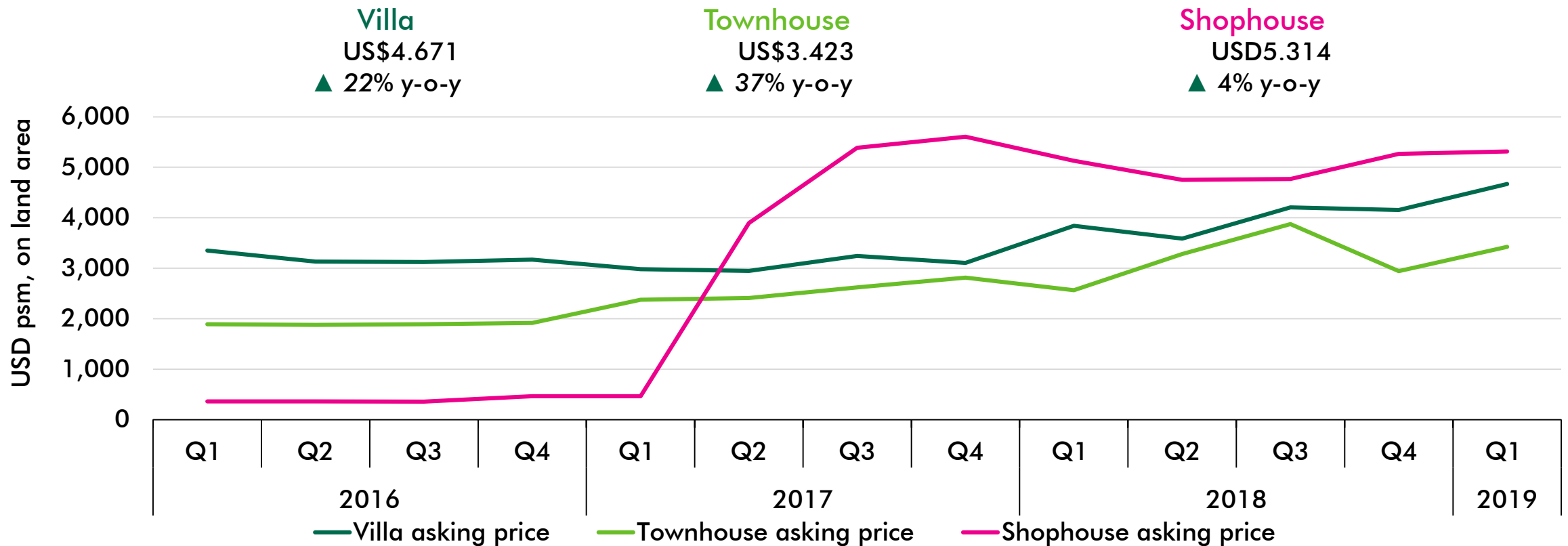
## Accumulated Supply and Sold Units



Source: CBRE Vietnam, Q1 2019.

# ASKING PRICE KEEPS INCREASING WHILE STOCK IS LIMITED

## Secondary Asking Price (USD per sq. m, on land area)



Source: CBRE Vietnam, Q1 2019.

(\*) Secondary asking price does not include VAT and calculated per sq. m land area.



## The Eastern and Southern area

continue dominates the market in terms of new supply

## Asking price escalated

due to limited supply and high demand

Buyers have to look for new supply in **sub-urban and bordering areas** with affordable price

# THANK YOU

For more information regarding this presentation please contact:  
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