



Briefing
**Ha Noi and HCMC,
Viet Nam**

1H 2013



➔ Residential

From 1994 to present, the total accumulated residential stock of Ha Noi and Ho Chi Minh City (HCMC) is approximately 200,000 units, of which the apartment segment accounts for approximately 80%. Ha Noi has 90% of the villa/townhouse stock, with HCMC and Ha Noi having similar levels of apartment stock.

The average price of a villa/townhouse is beyond the means of the majority of the population and therefore, this segment is less competitive than the apartment segment, resulting in low absorption rates.

For apartments, typical prices range from US\$60,000 to US\$100,000 per unit. Approximately 80% of the transactions in Ha Noi and HCMC were for apartments priced below US\$1,000 per sq m, which is a clear indicator of demand and affordability in the residential market.

Ha Noi and Ho Chi Minh City are the two largest cities in Viet Nam and both record high population growth, increasing disposable incomes and strong urbanisation rates. The ten-year average population growth rates of Ha Noi and HCMC are 2.1% and 3.4% respectively, higher than the country average of 1.2%. On average, the two cities combined need an additional 100,000 units/dwellings per annum to support this population growth.

Hotels

Total stock of the three- to five-star hotel sector is approximately 21,000 rooms, of which HCMC accounts for 60%. Occupancy in the low season is approximately 50% to 60%, while in the high season occupancy reaches more than 70%. Revenue per available room in HCMC is approximately US\$64 while that of Ha Noi is US\$45. In the next five years, more than 12,000 new rooms are expected to enter these two markets.

Serviced apartments

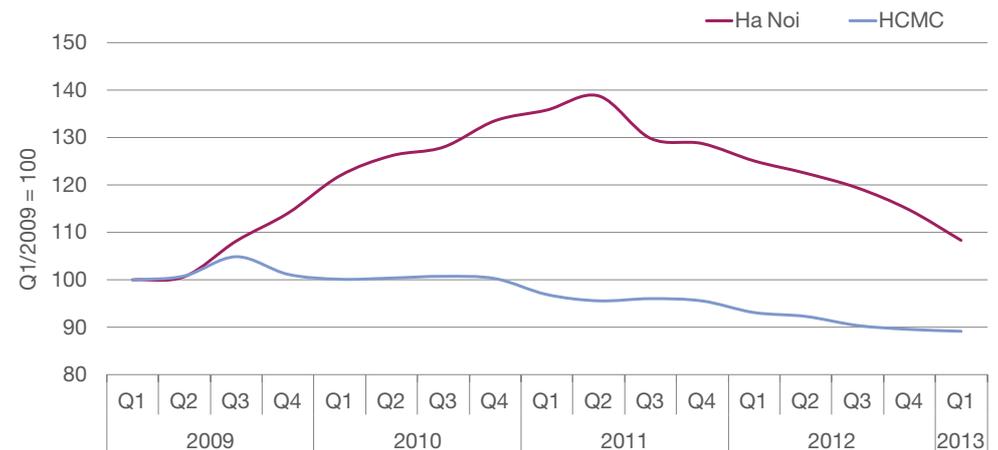
Total stock in Ha Noi and HCMC is approximately 6,700 units. This is a niche and stable segment in terms of both supply and performance. Occupancy rates usually average approximately 85% while the average

TABLE 1 Economic and demographic overview of Viet Nam, 2012

| Indicators | Unit | Value | YoY growth rate (%) |
|------------------|--------------|---------|---------------------|
| Area | Sq km | 331,212 | N/A |
| Population | Million | 88.8 | 1.4 |
| GDP | US\$ billion | 134.8 | 5.0 |
| FDI (registered) | US\$ billion | 13.0 | (11.6) |
| Imports | US\$ billion | 114.3 | 7.1 |
| Exports | US\$ billion | 114.6 | 18.3 |

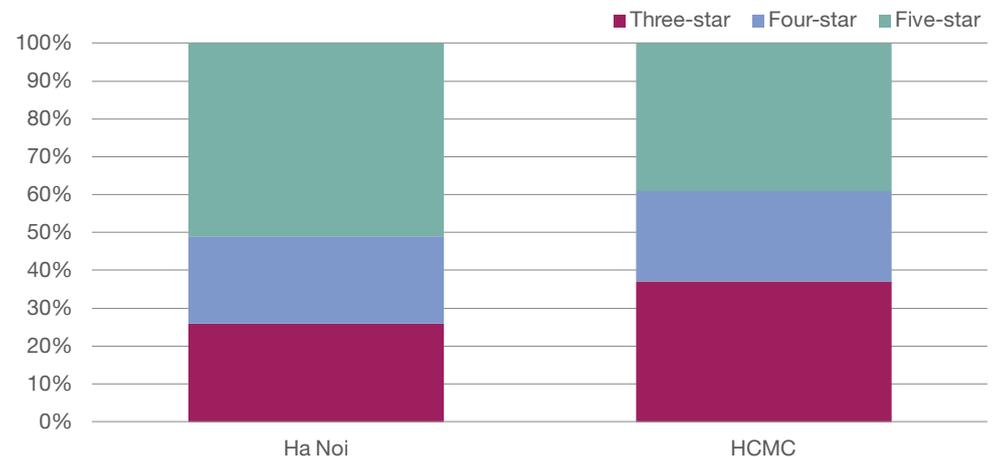
Source: Vietnam General Statistics Office, Savills Research & Consultancy

GRAPH 1 Residential price indices, Q1/2009–Q1/2013



Source: Savills Research & Consultancy

GRAPH 2 Hotel supply by grade, Q1/2013



Source: Savills Research & Consultancy

→ net rent is US\$25 per sq m per month. Thirty-nine projects totalling more than 5,000 units are expected to be developed in the next five years.

Retail

The total modern retail area of HCMC and Ha Noi is approximately 1.6 million sq m. Modern retail in Viet Nam lags behind other regional markets, illustrated by the low average density of less than 0.1 sq m per person. The average occupancy rate in both cities normally exceeds 80%.

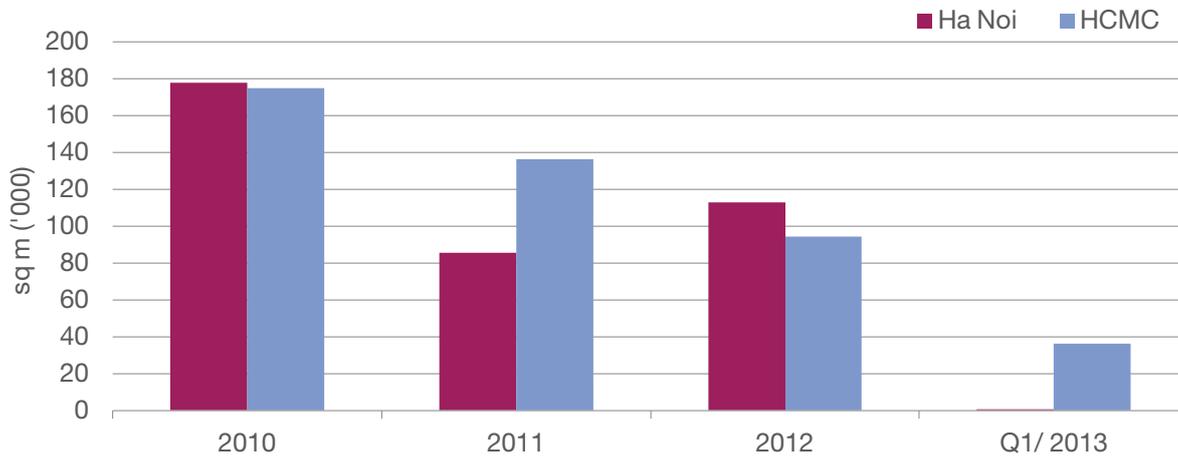
Retail demand is strongly supported by an increasing young population with modern lifestyles and rising income levels. Approximately 1.9 million sq m of retail space is expected to come on line in Ha Noi and HCMC within the next three years.

Offices

Total office stock in HCMC and Ha Noi is more than 2.4 million sq m, which is evenly distributed between the two cities. The average net rent in Ha Noi is approximately

US\$20 per sq m per month and the average occupancy is 77%. HCMC has a slightly better performance at US\$25 per sq m per month and 87% occupancy. Although it is still in a downward trend, the office market has shown signs of recovery, especially HCMC, which saw a 70% year-on-year increase in take-up in Q1/2013. In the next three years, a total of 1.3 million sq m of office space is expected to enter the Ha Noi and HCMC markets. ■

GRAPH 3 **Office take-up, 2010–Q1/2013**



Source: Savills Research & Consultancy

Savills Research team

Please contact us for further information



Troy Griffiths
Deputy Managing Director
+84 8 3823 9205 ext. 178
tgriffiths@savills.com.vn



Truong An Duong
Head of Research, HCMC Office
+84 8 3823 9205 ext.173
tanduong@savills.com.vn



Simon Smith
Senior Director, Asia Pacific
+852 2842 4573
ssmith@savills.com.hk

Savills plc

Savills is a leading global real estate service provider listed on the London Stock Exchange. The company established in 1855, has a rich heritage with unrivalled growth. It is a company that leads rather than follows, and now has over 200 offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East.

This report is for general informative purposes only. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent. Whilst every effort has been made to ensure its accuracy, Savills accepts no liability whatsoever for any direct or consequential loss arising from its use. The content is strictly copyright and reproduction of the whole or part of it in any form is prohibited without written permission from Savills Research.