

Briefing Residential sector

Q1 2015

→ Supply

In Q1/2015, there were no new villa or apartment projects.

The villa stock was stable at 927 dwellings from 16 projects, unchanged since 2012. Compared with 2H/2014, the primary market had 11 projects with 395 dwellings, down -5% and the secondary market had 16 projects with 532 dwellings, up approximately 4 percent.

There were approximately 3,100 apartments in 14 projects. There were approximately 678 units from 12 projects in the primary market, down -14% against 2H/2014, the secondary stock consisted of 2,431 units from 14 projects, up approximately 49% against 2H/2014.

Performance

Despite some good performance, villa absorption was soft at 4% due to low market sentiment. The average villa price was approximately VND25 million/m², up 11% against 2H/2014.

The apartment absorption was 11% in Q1/2015 due to transactions in central and affordable projects with prices below VND20 million/m². The average price was up 17% against 2H/2014. Prices of apartments in and near the city centre were from VND13 – 51 million/m² while beachside were VND21 - 73 million/m².

Demand

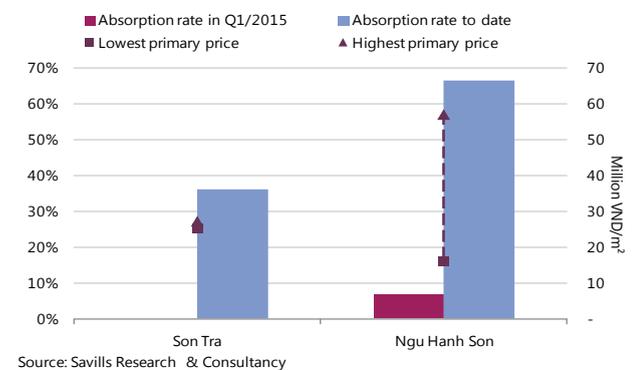
The key factors that may affect buying decisions include the reputation of the developer, construction status, price and location. Recently several purchases were foreign or buy-to-let investors.

Outlook

From 2015 onward, 1,300 dwellings from 12 villa projects and 16,870 units from 15 apartment projects will enter Da Nang's market. While Son Tra district continues to have the largest future villa supply, Hai Chau district remains the top future apartment supplier. Most future villa and apartment projects are in planning and do not have clear construction schedules; it is difficult to forecast launch dates. ■

FIGURE 1

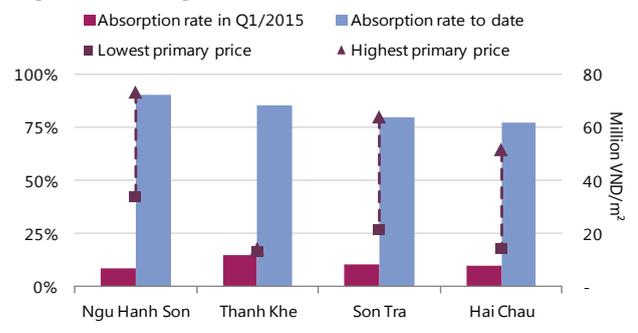
Villa performance, Q1/2015



Source: Savills Research & Consultancy

FIGURE 2

Apartment performance, Q1/2015



Source: Savills Research & Consultancy

Savills Research team

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