

Briefing Apartment sector

Q1 2014

Supply

By Q1/2014, Ha Noi's total apartment supply was 95,400 units from 157 sold and 71 active projects. The total primary stock rose by 5% quarter-on-quarter (QoQ) to more than 12,100 units. Three Grade C projects launched, supplying approximately 1,150 units. The total secondary stock grew 5% QoQ.

Primary market

In Q1/2014, the absorption rate was 10%, falling -1 ppt QoQ. Total sales were down -6% QoQ. The average primary price was approximately VND 24.5 mil/ sq m, a -8% QoQ decrease. There were price reductions across all grades; Grade A fell by -4%, Grade B by -3% and Grade C by -7 percent. Grade B absorption continued to rise by 1 ppt QoQ to 10%; sales were up 3% QoQ.

Secondary market

There was a -2% fall QoQ in the secondary market price. The sharpest decline occurred in Long Bien district at -7%, followed by Ha Dong at -6 percent. The secondary prices in Gia Lam, Ba Dinh, Tu Liem and Thanh Xuan districts were unchanged QoQ.

Demand

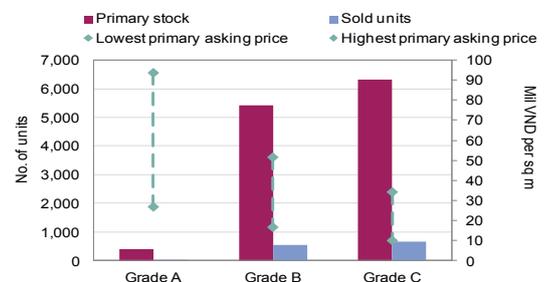
Developers of Grade A projects are trying to stimulate investment demand by offering rental pool program and reducing prices. Meanwhile, Grade B developers launched shell units to attract buyers.

Buyers are changing the way they obtain information on projects; they often search the internet before contacting agents/ developers. Buyers no longer obtain project information through cold calls and emails from agents/ developers.

Outlook

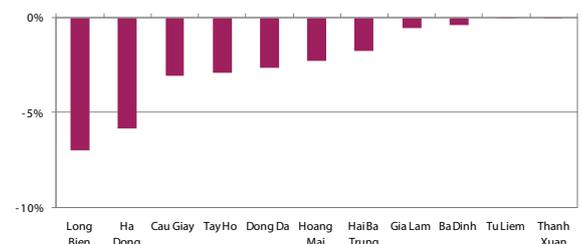
From Q2/2014 onward, there are an estimated 83 future projects with more than 65,400 apartments. The last three quarters of 2014 will welcome approximately 5,000 units from 10 projects. In 2015, it is estimated that more than 4,600 apartments from five projects will be launched. ■

GRAPH 1
Performance, Q1/2014



Source: Savills Research & Consultancy

GRAPH 2
Change in secondary asking price
Q1/2014



Source: Savills Research & Consultancy

Savills Research team

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