

Briefing Serviced apartment sector

Q2 2014

→ Supply

The total supply in Q2/2014 was approximately 3,176 units from 41 projects, up 4% quarter-on-quarter (QoQ) and 13% year-on-year (YoY).

This quarter, two new projects with approximately 100 units came online in Thanh Xuan and Hai Ba Trung districts.

Performance

In Q2/2014, the average occupancy was 80%, down -2 ppts QoQ and -8 ppts YoY. Occupancy decreased slightly up to -3 ppts across all grades, with Grade A at 84%, Grade B at 74% and Grade C at 88 percent.

The average rent was approximately VND530,000/m²/mth, down -4% QoQ and -6% YoY. Both Grades A and B saw decreases in average rent of -3% QoQ to VND648,000/m²/mth in Grade A and VND430,000/m²/mth in Grade B. Grade C was up 5% QoQ to VND345,000/m²/mth.

Demand

In Q2/2014, serviced apartments in Ha Noi saw positive take-up in all three grades. The total take-up was approximately 31 units, down -21% QoQ.

Serviced apartments face strong competition from buy-to-let apartments. The rent for a buy-to-let apartment in a similar location and type was as much as -55% lower than a serviced apartment.

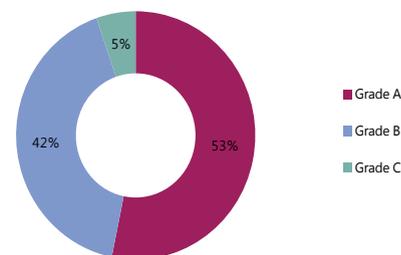
Asian expatriates, Japanese in particular, have been the main tenants for serviced apartments. This falls in line with the statistics of FDI inflow coming mainly from Asian countries such as Korea, Hong Kong, Japan and Singapore in the first half of 2014; Asian countries accounted for 60% of the total registered FDI to Viet Nam.

Outlook

There will be 18 new projects in the future, four of which will supply an estimated 1,400 units, accounting for 44% of the total current stock. The remaining projects are in planning and have not released information on their scale.

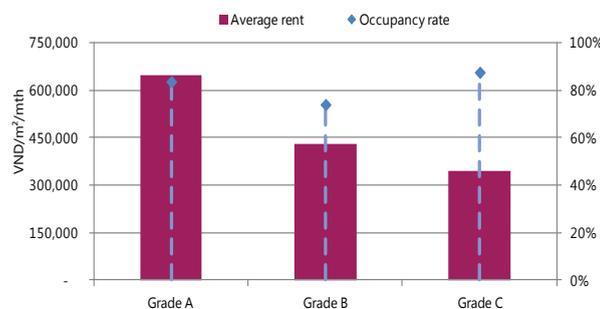
In 2H/2014, two new projects will come online supplying approximately 280 units. ■

FIGURE 1
Current stock



Source: Savills Research & Consultancy

FIGURE 2
Market performance, Q2/2014



Source: Savills Research & Consultancy

Savills Research team

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