

# Briefing Serviced apartment sector

Q1 2014

## Supply

There were no new projects this quarter. The total supply was approximately 3,160 units from 51 projects, decreasing -1% quarter-on-quarter (QoQ) but increasing 10% year-on-year (YoY). One Grade C project in Hoan Kiem district re-entered the market after renovations; two small projects were removed from the basket due to unclear operational models or renovation.

## Performance

After three consecutive quarters of decreases, average occupancy increased 2 ppts QoQ to 82% but decreased -3.3 ppts YoY. The average rent continued in a downward trend at approximately VND 530,000/ sq m/ mth, down -0.7% QoQ and -7% YoY.

Grade A projects continue to lead the market with the highest occupancy and rent; occupancy was up 3 ppts QoQ to 87% and rent was up slightly 0.5% QoQ to VND 638,000/ sq m/ mth.

The average rent of both Grades B and C continued downward and were at their lowest since 2009; Grade B was down -2% QoQ to VND 420,000/ sq m/ mth and Grade C down -7% QoQ to

VND 287,600/ sq m/ mth. However, the occupancy of both Grades B and C increased slightly 1% QoQ.

## Demand

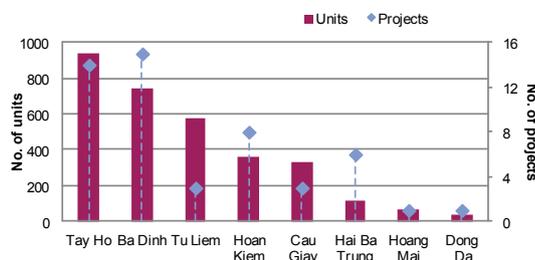
Q1/2014 saw positive take-up with approximately 40 units in all three grades after being negative last quarter. Tu Liem had the highest take-up due to the high demand from expats working in the nearby office buildings and industrial zones. Tenants favoured small units such as studios and 1-bedrooms, due partly to decreasing accommodation budgets.

## Outlook

From 2014 onward, 19 projects at 47% of the current supply will enter the market. Seven projects with confirmed supply will provide approximately 1,600 units.

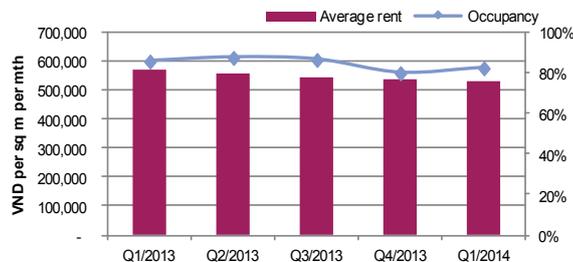
In Q2/2014, two new projects in Thanh Xuan and Hai Ba Trung districts will enter the market and provide approximately 200 units. In 2H/2014, a Grade A project with 258 units in Ba Dinh district will enter the market. ■

GRAPH 1  
Stock by district, Q1/2014



Source: Savills Research & Consultancy

GRAPH 2  
Market performance, Q1/2013 – Q1/2014



Source: Savills Research & Consultancy

## Savills Research team

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