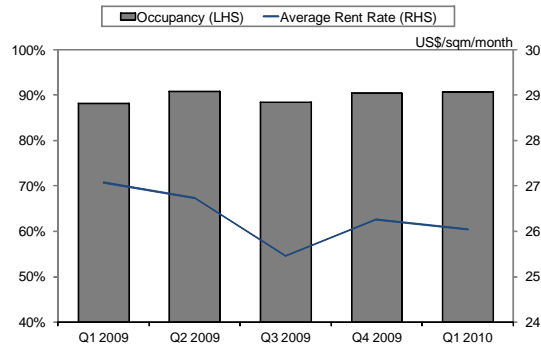


Supply Trends

Stock in Q1/2010 was unchanged from Q4/2009 and was provided by 41 buildings with a total of 2,209 serviced apartments occupying about 222,000 sqm. When compared with the same period last year, the total leaseable area this quarter increased by 7 per cent, equivalent to more than 100 units.

Hanoi's serviced apartment market provides a wide range of apartments from around 40 to 750 sqm, from studios to 6-bedroom units and penthouses.

Market Performance of Hanoi's Serviced Apartments, Q1/2009 – Q1/2010



Source: Savills Research & Consultancy
*Estimated average achievable rent and service charge, exclusive of VAT, on a net area basis.

The market this quarter was stable in comparison with other sectors. The overall occupancy rate recorded a slight increase of 1 percentage point against Q4/2009 and 3 percentage points against Q1/2009. However, the average rental rate decreased by only US\$0.3 per sqm per month, in comparison with Q4/2009. The year on year decline was at about 4 per cent or equivalent to US\$1.1 per sqm per month.

The total number of leased apartments this quarter was slightly higher than that in Q4/2009 by only about four units. Therefore, only a slight increase in occupancy was observed. Owners of most serviced apartments were offering a slightly lower rental rate than the previous quarter.

Demand Trends

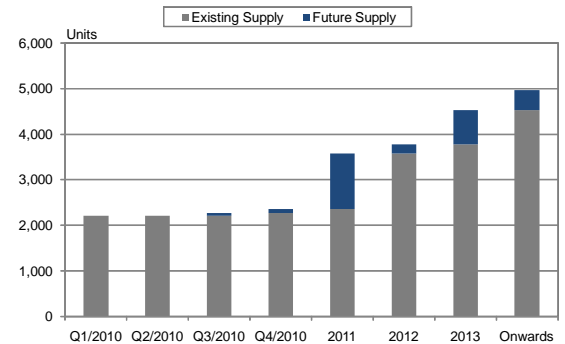
Expatriate tenants dominate the serviced apartment market. Demand for Hanoi's serviced apartments is mainly from embassies, international NGOs and foreign companies.

2010 is considered an important milestone for the commercial sector with the commencement of the Free Trading Agreement of ASEAN-Australia-New Zealand and ASEAN-China from January 1, 2010. These events may bring about an increase in foreign companies and, therefore demand to accommodate staff will rise and see possible improvement in the serviced apartment sector.

Implemented FDI for the first two months of 2010 was higher at (US\$1.1 billion) an increase of 10 per cent against the same period in 2009. This possibly promises a further upward trend in demand for serviced apartments.

Outlook

Existing Stock and New Supply, 2010E – 2013 & Onwards



Source: Savills Research & Consultancy
Total future supply is estimated at about 2,300 apartments over the next four years, with approximately 47 per cent expected to come from Tu Liem District. Further new supply of around 60 apartments from one project in Tay Ho District and 84 units from Crown Plaza Complex in Tu Liem District may possibly enter the market in Q3 and Q4/2010 respectively.

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