

RETAIL: Softer performance

In Q2/2016, total retail stock was approximately 1.2 million m², up 4% quarter-on-quarter (QoQ) and 22% year-on-year (YoY) due to the entry of Thang Long Victory (Block T1), Thang Long Garden, and Victoria Van Phu which cumulatively provided approximately 48,000 m².

The average occupancy decreased -5.9 ppts QoQ and -1.6 ppts YoY. While department store occupancy increased 0.2 ppts QoQ, shopping centre and retail podium decreased -5.4 ppts and -15.8 ppts QoQ respectively.

According to Savills survey conducted across fifteen shopping centres and department stores in Ha Noi, the average area for fashion accounted for 49% of the total area, followed by food & beverage with 24 percent.

Figure 1: Retail market performance



OFFICE: Continued recovery

One project entered the market supplying approximately 18,000 m². Ha Noi's office stock increased 1.4% QoQ and 9.4% YoY. In 2H/2016, two projects will come online, providing approximately 47,000 m².

Compared to last quarter, average rent and occupancy increased across all grades. For rent, both Grade A and B grew 0.6% QoQ, while Grade C pushed ahead 3.7% QoQ. For occupancy, Grade A was stable QoQ, while Grade B increased by 3.1 ppts and Grade C by 0.9 ppts.

Grade A performance in both the CBD and non-CBD was stable in terms of average rent and occupancy.

Figure 2: Office market performance



SERVICED APARTMENT: Decreased occupancy but higher ARR

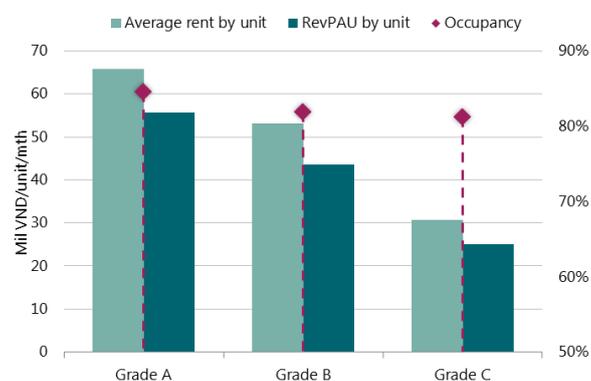
In Q2/2016, stock was approximately 3,818 units, increasing 3% QoQ and 4% YoY due to the introduction of Grade A Novotel Suites Hanoi with 53 units. There is no future supply until the end of 2016 but by the end of 2017 one new project in Tay Ho district will supply 247 units.

Occupancy decreased -1 ppt QoQ, but increased 6 ppts YoY. The average room rate (ARR) increased 1% QoQ, but was unchanged YoY. In Q2/2016, there was positive take-up in Grades A and B, but Grade C performance continued to suffer.

According to the Viet Nam Foreign Investment Agency, disbursed FDI was US\$5.8 billion in the first five months of 2016, growing 17.2% YoY. Demand from Asian tenants continues to be significant due to higher FDI investment from the region.

Cau Giay district had the highest revenue per available unit (RevPAU) in Q2/2016.

Figure 3: Serviced apartment market performance



HOTEL: Soft hotel performance

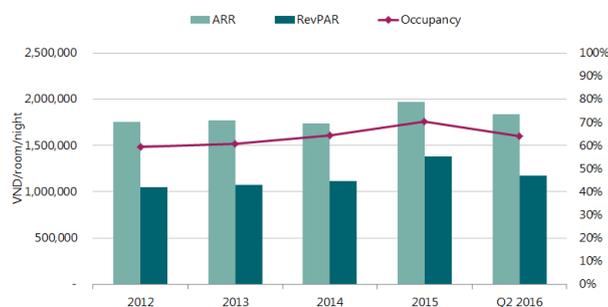
Stock decreased -0.2% QoQ but increased 8% YoY due to the entrance of one newly ranked 50 room 3-star and the closure of a 66 room 3-star.

Average occupancy was down -0.1 ppt QoQ but up 7 ppts YoY. The ARR decreased -0.1% QoQ but increased 7% YoY. RevPAR dropped slight by -0.3% QoQ but increased significantly 19% YoY.

According to the Ha Noi Statistics Office, there were approximately 2.05 million international visitors to Ha Noi in Q2/2016, up 34% YoY.

From Q3/2016 onward, 33 future projects are planned to enter the market, of which fifteen projects will supply approximately 4,700 rooms. The remaining projects have yet to quantify their supply. In 2H/2016, a single new project will supply approximately 64 rooms.

Figure 4: Hotel performance



APARTMENT: Continued high sales volume

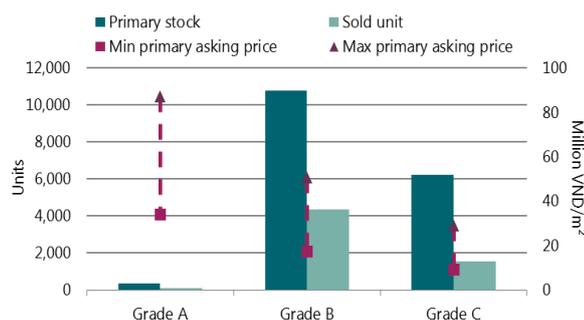
In Q2/2016, the total primary stock was 17,370 units, increasing 7% QoQ and 29% YoY. There were 10 existing and 16 new projects providing 6,700 units, increasing 1% QoQ.

There were approximately 6,000 sales, an increase of 7% QoQ and 30% YoY. The absorption rate increased 1 ppts QoQ to 35 percent.

Grade B still had the highest primary sales volume with a 73% of total sales. Tu Liem district continues to record the most sales at 37%, mainly due to 2,250 sales of Grade B.

In 2H/2016, 22,000 units from 41 projects, predominantly Grade B, are expected to launch, focused in Tu Liem, Thanh Xuan and Cau Giay.

Figure 5: Apartment for sale performance



VILLA & TOWNHOUSE: Large new supply, improved sales

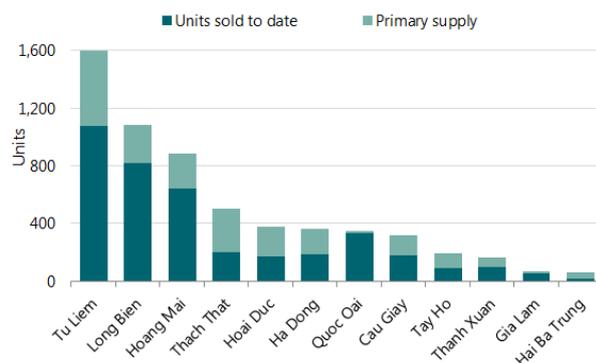
The total Villa/ Townhouse stock was 32,620 dwellings (2,396 primary and 30,224 secondary), up 7.0% QoQ and 11.2% YoY. Six new projects and a fresh launch from an existing project provided 908 dwellings – the highest quarterly supply in the past two years. Ha Dong district remained the top supplier with a 26% market share.

More than 280 sales (up from 174 last quarter) were recorded, 65% of which were townhouses. Tu Liem led both primary supply and sales, accounting for 34% of transaction volume.

Shophouses have been aggressively promoted by developers with deferred payment schemes and guaranteed leaseback programs for the first few years.

In 2H/2016, more than 1,200 dwellings are expected to enter the market.

Figure 6: Active projects' stock by district



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