

Briefing Retail sector

Q1/2015

→ Supply

In Q1/2015, two new shopping centres entered the market, increasing total retail stock 3% quarter-on-quarter (QoQ) to approximately 896,000 m².

Performance

The average occupancy was 92%, stable QoQ and increased 7 pts YoY. The average rent was stable QoQ at 1.3 million VND/m²/mth.

The three main segments had unchanged occupancy QoQ. The department stores' occupancy was highest at 97%, followed by shopping centres' at 92% and retail podium's at 84 percent.

Rent was stable in the retail podium and the department store segment. The shopping centre segment rent decreased by -2% QoQ.

In YoY comparison, the rent of department stores and shopping centres increased slightly 2% whilst the retail podium sharply decreased by -15%.

Demand

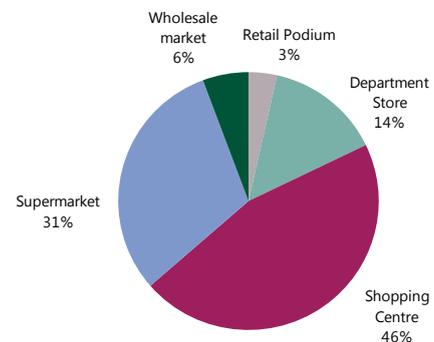
In Q1/2015, HCMC retail sales were approximately VND125 trillion, increasing by 11.7% YoY. Without inflation, real retail growth was 14.4% YoY, significantly higher than in Q1/2014 at 6.8% and higher than the national figure of 10.6 percent.

Outlook

The retail market is expected to expand to the secondary and suburban areas faster than the CBD due to increasing goods demand from a large and growing population. From 2015 onwards, total future supply in the secondary area accounts for 57%, followed by the suburban area with 27% and the CBD, 16 percent.

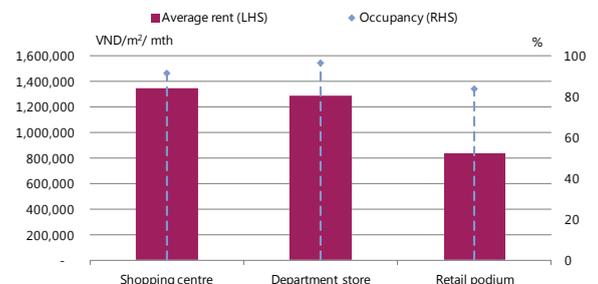
Performance will be affected in 2015 when retail supply will increase by 32% compared with 2014. ■

FIGURE 1
Current supply



Source: Savills Research & Consultancy

FIGURE 2
Market performance



Source: Savills Research & Consultancy

Note: the average gross rent per m² on the ground level of the shops that have areas equal to or 10m², including service charges but excluding VAT.

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