

Briefing Retail sector

Q2/2014

→ Supply

The total retail stock was approximately 870,000 m², increasing 2% quarter-on-quarter (QoQ) due to a supply of approximately 10,800 m² in retail podiums and 7,400 m² in shopping centres.

The suburban area has largest market share at 43%, followed by the secondary area at 36% and the CBD 21 percent.

Performance

The retail market performed better this quarter with a 2 pts QoQ increase in the average occupancy and -1 ppt QoQ decrease in the average rent.

The average occupancy increased 4 pts in department stores, 5 pts in the retail podiums and 2 pts QoQ in shopping centres, due mainly to the strong performance in new projects and improvements in many retail projects, particularly in district 7.

The average rent in department stores remained stable this quarter compared with retail podiums, which decreased -13%; shopping centres decreased -0.2% QoQ due to lower rent in new projects.

Demand

HCMC's retail sales in the first six months of 2014 were approximately VND 312 trillion. Without inflation, retail sales increased by 7.7% YoY. This growth is still slightly lower compared with 2013 (8.1%) and 2012 (8.9%); however, it is significantly higher than the national figure of 5.7 percent.

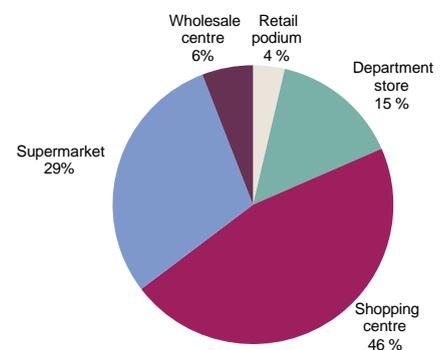
Food and beverage, supermarkets and entertainment services continue to have high demand.

Outlook

From Q3/2014 onward, approximately 1.3 million m² from 46 future projects are planned. However, only 24% are currently under construction or in the later stages of completion.

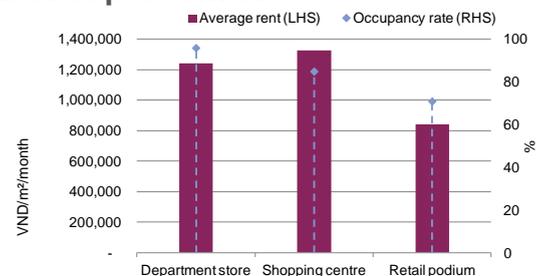
Districts 2 and 7 account for the largest future retail space amongst all the districts, with approximately 44% of the total future supply. ■

FIGURE 1
Current stock



Source: Savills Research & Consultancy

FIGURE 2
Market performance



Source: Savills Research & Consultancy

Note: the average rent per sq m on the ground level of the shops that have areas equal to or 10 sq m, "includes service charges, but excludes VAT".

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