

Briefing Retail sector

Q2/2015

→ Supply

In Q2/2015, two new shopping centres and one new supermarket entered the market, increasing total retail stock 5% quarter-on-quarter (QoQ) to approximately 940,000 m².

Performance

The average occupancy was 92%; stable QoQ and increased 7 pts year on year (YoY). The average rent decreased by 1% QoQ at 1.3 million VND/m²/ mth.

In a QoQ comparison, shopping centres' occupancy was stable at 92% and department stores were unchanged at 97 percent. Retail podium's occupancy was 82%, decreasing by -2pts QoQ; this decrease had no impact to the market's overall occupancy.

The average rent of department stores' increased by 1% QoQ, whilst shopping centres' rent decreased by -2 percent. Rent in retail podiums was unchanged.

In YoY comparison, the rent of department stores increased by 3% while shopping centres and retail podiums decreased by -2 percent.

Demand

In 1H/2015, HCMC retail sales were approximately VND256 trillion, increasing by 11.8% YoY. Without inflation, real retail growth was 14.3% YoY, significantly higher than in 1H/2014 at 7.7% and higher than the national figure of 10.2 percent.

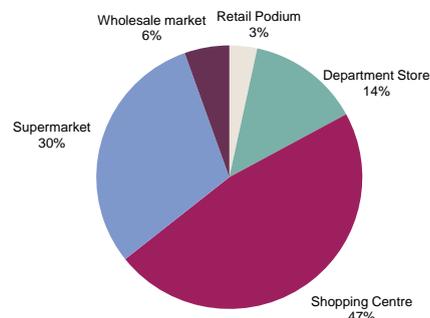
The increasing population and rising middle class in HCMC are driving the growth in retail demand.

Outlook

The retail market is expected to expand to the secondary and suburban areas faster than the CBD due to upgrades in public infrastructure and new residential projects. In the next six months of 2015, total future supply of the secondary area accounts for 66%, followed by the suburban area with 27% and the CBD with 7 percent.

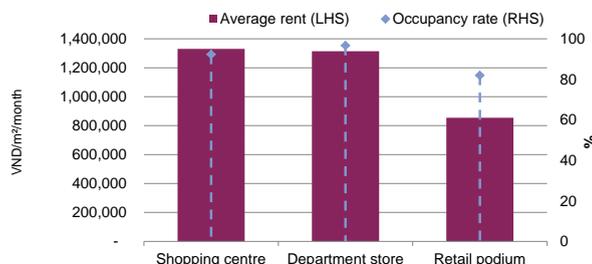
By the end 2015, the future supply will increase by 40% compared with 2014.

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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