

Briefing Retail sector

Q4/2014

→ Supply

In Q4/2014, there were five additional supermarkets and one new shopping centre, making the total retail stock increase 2% quarter-on-quarter (QoQ) to approximate 871,000 m².

Performance

The retail market performed better this quarter. The average occupancy was 92%, increasing by 1 ppt QoQ and 11ppts YoY, the highest level for the past five years. The average rent was stable QoQ but fluctuated slightly up to 2% during the year.

The retail podium's average occupancy was 84%, rising by 3 ppts QoQ. Meanwhile, occupancy of department stores was at 97% and shopping centres 91%. These segments increased by 1 ppt QoQ but more than 10ppts YoY.

All segments' rent was stable compared to last quarter. Shopping centre's rent increased slightly 2% YoY while retail podium witnessed a strong decrease by -15% YoY, department store's rent also decreased -3% compared to last year.

Demand

In 2014, HCMC retail sales were approximately VND 655 trillion, increasing by 12.5% compared to 2013. Without inflation, retail real growth was 8% YoY, slightly lower compared with 2013 at 8.6% and 2012 at 8.4%; however, it is significantly higher than the national figure of 6.5 percent.

The government has successfully controlled the CPI at a low level.

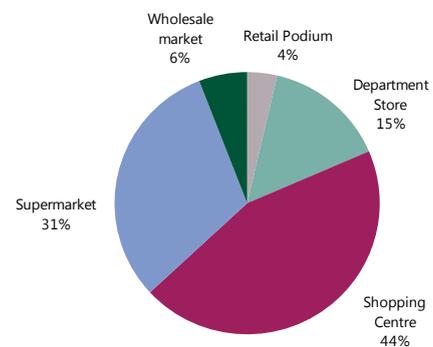
Outlook

From 2015 onward, there will be approximately 1.3 million m² from 62 future projects. However, only 25% of future projects are currently under construction and completing.

In next two years, 362,000 m² will enter the retail market; district 7 will account for 65 percent of the market share.

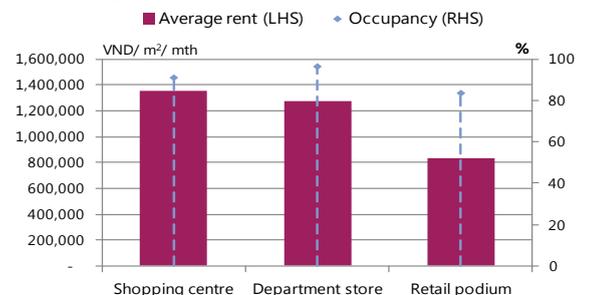
In 2015, Viet Nam will open its retail market due to the WTO trade agreement; this would be a good opportunity for foreign investors to establish 100% FDI business entity. ■

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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