

Briefing Office sector

Q1/2015

→ Supply

In Q1/2015, more than 17,500 m² of office space from one Grade B and three Grade C projects in the CBD entered the market.

As of Q1/2015, there was approximately 1,470,000 m² from 223 projects. The total stock increased 1% quarter-on-quarter (QoQ) and 4% year-on-year (YoY).

Performance

In Q1/2015, HCMC's office market performed better than the previous quarter.

The average occupancy was 91%, up 1 ppt QoQ and YoY. This was the highest occupancy in the last seven years.

The average rental was VND 536,000/m²/mth (US\$25/m²/mth), stable QoQ and YoY.

Grades B and C performed well with a QoQ increase in their occupancies. Grade A's performance remained unchanged QoQ.

Demand

In Q1/2015, the total office take-up was more than 24,100 m², up 46% from the previous quarter. The demand for Grade B offices was high, accounting for more than 70% of total take-up this quarter.

The demand for offices in the CBD area remained high. In Q1/2015, the total office take-up in the CBD strongly increased 343% QoQ and 91% YoY.

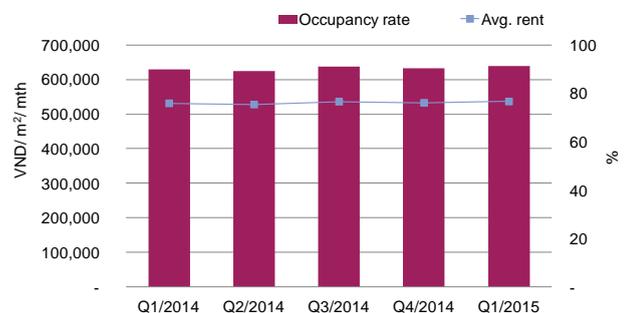
Outlook

Approximately 448,000 m² from 24 projects is expected to come online by the end of 2016.

With large future supply in 2015, the performance of Grade A and B may be under pressure.

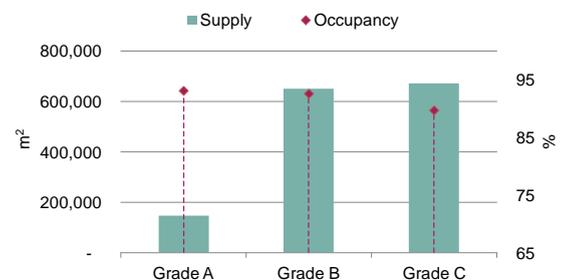
During the next quarter, two new Grade C projects in the CBD area are expected to enter the market, supplying approximately 11,000 m² office space. ■

FIGURE 1
Market performance



Source: Savills Research & Consultancy

FIGURE 2
Market performance by grade



Source: Savills Research & Consultancy

Note: the average gross rent was calculated based on net leasable area, including service charges but excluding VAT.

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