

Briefing Office sector

Q2/2015

Supply

In Q2/2015, one new Grade C project in district 3 providing 3,200 m² entered the market.

As of Q2/2015, there was approximately 1,472,000 m² from 224 projects. The total stock was relatively stable quarter-on-quarter (QoQ) and increased 3% year-on-year (YoY).

Performance

In Q2/2015, the average occupancy was 93%, up 2 ppts QoQ and YoY. This was the highest occupancy in the last seven years. The average rent was VND 541,000/m²/mth (US\$25/m²/mth), stable QoQ and YoY.

Grades A and C had QoQ occupancy increase by 3 ppts and 2 ppts respectively.

There was a wide gap in rental between Grade B buildings in the CBD and non-CBD at 60%. Grade C CBD rent was 13% higher than non-CBD.

Demand

In Q2/2015, the total office take-up was more than 25,500 m², up 6% from the previous quarter. The demand for Grade C offices was high, accounting for more than 68% of total take-up this quarter.

Factors influencing demand such as economic growth, foreign direct investment and newly registered enterprises have increased YoY. These elements provide positive prospects for office demand.

Outlook

By the end of 2015, one new Grade A project, three new Grade B and five new Grade C projects are expected to enter the market, supplying approximately 178,000 m².

By 2017, the market will welcome approximately 504,000 m² of new supply, increasing by 36% compared with 2014 ■

FIGURE 1

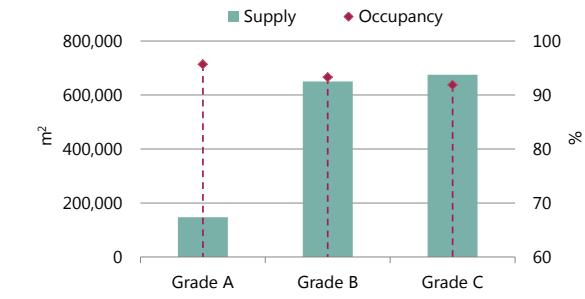
Market performance



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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