

Briefing Office sector

Q4/2014

Supply

In Q4/2014, three Grade C buildings entered the market supplying more than 23,600 m².

HCMC's total office stock was more than 1,400,000 m² from 222 projects. This has increased 1% quarter-on-quarter (QoQ) and 5% year-on-year (YoY), the lowest growth since 2006.

Performance

In Q4/2014, the HCMC office markets performance was down slightly on the previous quarter. The average occupancy was 90%, down -1 ppt QoQ but still increased 1 ppt YoY, due to new Grade C projects low performance.

The average rental rate was VND 533,000/m²/mth (US\$25/m²/mth), stable QoQ and up 1% YoY.

The performance for Grade A and B unchanged QoQ. Their occupancies remained high, more than 90% as rent was stable compared to the last quarter.

Demand

In Q4/2014, the total office take-up was down -44% QoQ. The demand for Grade C office space was high. This quarter, take-up of Grade C improved, up 16% QoQ and 26% YoY.

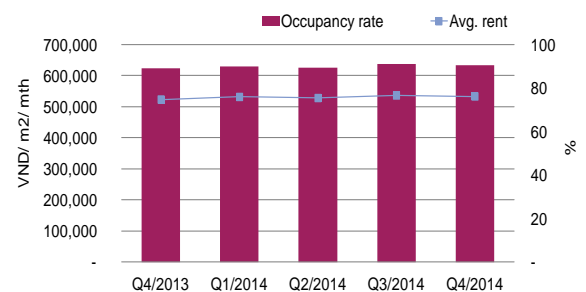
In Q4/2014, take-up from new buildings accounted for 50% of total take-up.

Outlook

In the next three years, 29 projects with approximately 500,000 m² are expected to enter the market. 12 projects are currently being completed.

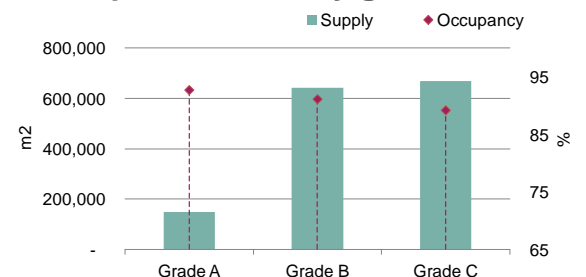
In Q1/2015, the market will welcome three Grade C projects with an area approximately 13,000 m².

FIGURE 1
Market performance



Source: Savills Research & Consultancy

FIGURE 2
Market performance by grade



Source: Savills Research & Consultancy

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

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