

Briefing Apartment sector

Q1/2015

Supply

In Q1/2015, seven new projects and new phases in thirteen active projects were launched and provided approximately 6,600 units. This is an increase of 40% quarter-on-quarter (QoQ) and 137% year-on-year (YoY). This quarter had the highest amount of newly launched supply since Q2/2011.

As of Q1/2015, there were approximately 20,500 available units in the primary market, a sharp increase of 11% QoQ and 32% YoY.

Performance

The overall absorption rate was 21%, a decrease of -1 ppt QoQ but increased 11 pts YoY. In Q1/2015, over 4,200 units were sold, up 3% QoQ and 167% YoY, the highest transaction volume since Q4/2010.

In Q1/2015, districts 2 and 7 maintained the most sales with 38% of the total transaction volume, followed by Binh Thanh, Tan Phu and Binh Tan with a 31% share.

Grades B and C continued to have strong performances, accounting for 98% of the total sales this quarter.

Demand

Purchasers can benefit from various forms of financial support, including flexible payment terms, competitive home loan interest rates, and a stimulus package.

A major factor affecting buyers confidence is the developer's reputation and credibility.

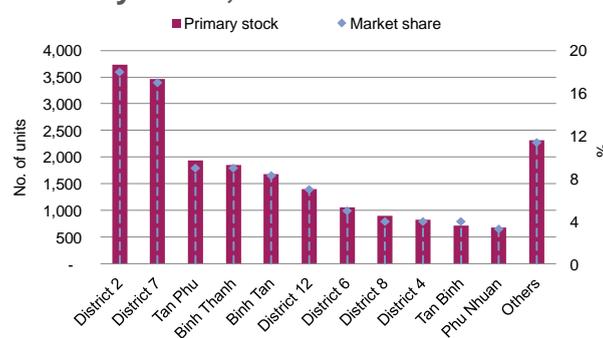
The product mix has become more diverse with various layouts. In all types of apartments, the size of units have decreased, lowering the total unit price and targeting a wider purchaser pool.

Outlook

Supporting policies in law and finance for the residential market are expected to have positive impact on the performance of the apartment sector.

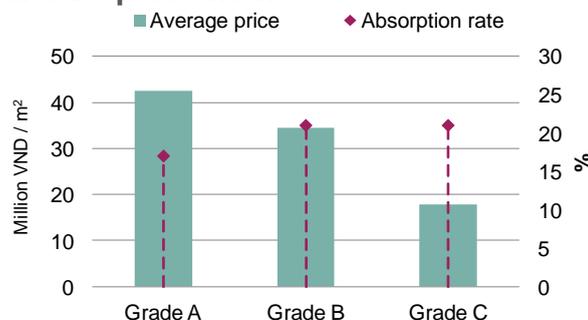
In the next three years, approximately 70,100 units from 102 existing and future projects are expected enter the market. Approximately 29% of the total future supply is expected to be completed in 2015 and 2016. ■

FIGURE 1
Primary stock, Q1/2015



Source: Savills Research & Consultancy

FIGURE 2
Market performance



Source: Savills Research & Consultancy

Savills Research team

Please contact us for further information



Troy Griffiths
Deputy Managing Director
+84 8 3823 9205 ext. 178
TGriffiths@savills.com.vn



Nguyen Thi Van Khanh
Associate Director,
Advisory Services.
+84 8 3823 9205 ext. 180
NThiVanKhanh@savills.com.vn

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