

Briefing Apartment sector

Q2/2015

Supply

In Q2/2015, eleven new projects and new phases of eight active projects were launched, providing more than 9,700 units. This is an increase of 47% quarter-on-quarter (QoQ) and 138% year-on-year (YoY). This quarter had the highest amount of newly launched supply in the last five years.

As of Q2/2015, there were approximately 26,000 available units in the primary market, a significant increase of 27% QoQ and 72% YoY.

Performance

The overall absorption rate was 19%, a decrease of -2 ppts QoQ but an increase of 2 ppts YoY. In Q2/2015, approximately 5,000 units were sold, up 17% QoQ and 96% YoY, the highest transaction volume since Q4/2010.

In Q2/2015, district 2 achieved the most sales with 28% of the total transaction volume, followed by Binh Thanh with a 15% share.

Grade B sales volume had a strong increase of 44% QoQ while Grade C maintained stable performance QoQ.

Demand

In recently launched projects there has been a wide range of products such as options in terms of size, bedrooms and uses.

Projects with good standards, sufficient facilities and infrastructure have been popular.

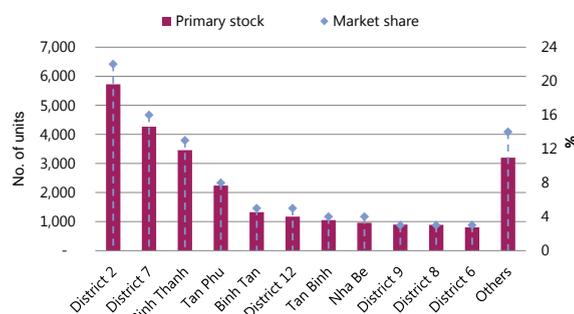
End-users are strongly encouraged by competitive mortgage rates and good payment schemes, while small investors are confident in the good rental yield in HCMC.

Outlook

From 2H/2015 to 2017, approximately 59,200 new units from 90 existing and future projects are expected enter the market. District 9 is a major future supplier.

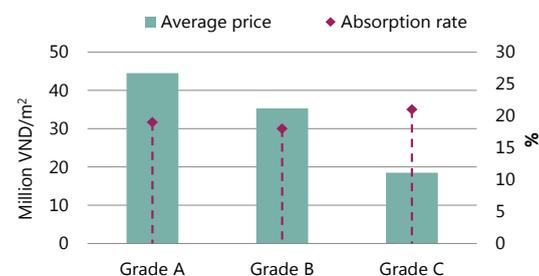
Recent legal reforms such as real estate law, housing law and developer guarantees to the residential market are expected to have positive impact on the performance of the apartment sector.

FIGURE 1
Primary stock, Q2/2015



Source: Savills Research & Consultancy

FIGURE 2
Market performance



Source: Savills Research & Consultancy

Savills Research team

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