

RETAIL: Higher occupancy but rental trending downward

In Q4/2015, the new supply was 84,400 m² from five projects. The total retail stock reached more than one million m², increasing by 7% quarter-on-quarter (QoQ) and 16% year-on-year (YoY).

The average gross rent decreased by -6% QoQ and -10% YoY. The decrease was attributed to new shopping centres' competitive rents in the non-CBD. The rent of department stores and retail podiums were stable QoQ.

The average occupancy was 94%, increasing by 2ppts QoQ and YoY. Shopping centre occupancy increased by 3 ppts QoQ; followed by department stores at 1 ppt QoQ while retail podiums was unchanged QoQ.

New shopping centres focus on F&B services with often greater than 30% of leasable area. In 2016, many goods tariffs will be lifted, perhaps driving an increase in consumption.

Figure 1: Retail market performance



Source: Savills Research & Consultancy

OFFICE: Significant performance improvement

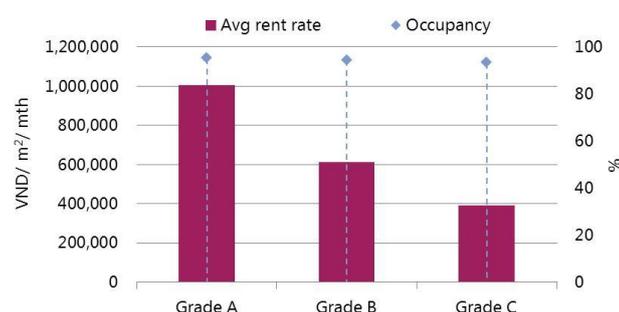
Approximately 57,000m² from two Grade B and four Grade C projects entered the market. Total stock increased 4% QoQ and 8% YoY.

This quarter the office market had the best performance in the last four years. The average occupancy was highest 94%, stable QoQ and 4ppts YoY due to strong YoY occupancy increase in all Grades by 3 ppts to 4ppts.

The average rent was up 3% YoY. Grade B and C rent increased, both by 1% QoQ and 1% YoY.

Total take-up was 60,000m², up 264% YoY, in which Grade B share was 65 percent. Office demand increased following growth in GDP and FDI capital and the effect of revised real estate law and trade agreements.

Figure 2: Office market performance



Source: Savills Research & Consultancy

SERVICED APARTMENT: Grade A's improved performance

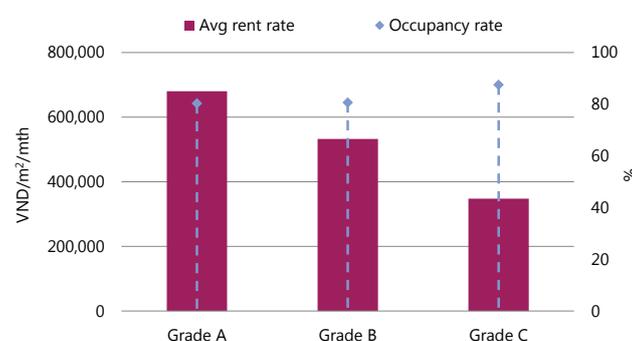
In Q4/2015, eight additional units of an existing Grade A project in district 1 increased the total stock to approximately 4,380 apartments from 83 buildings. The total stock was stable QoQ and up 5% YoY.

The overall average occupancy increased 1 ppt QoQ but decreased -1 ppt YoY to 83 percent. Improved QoQ occupancy was result of an increase in Grades A and B' leased units.

The average rent fell -2% by quarter and year. On average, the overall rent has declined -1%/ quarter over the last 3 years.

HCMC's serviced apartments are in demand from expatriates and business travelers. The increasing FDI to the city along with the completion of new Free Trade Agreements (FTA) between Viet Nam and Japan, Korea, EU and the US implies strong potential for a foreign workforce from these countries.

Figure 3: Serviced apartment market performance



Source: Savills Research & Consultancy

HOTEL: Stronger performance during peak season

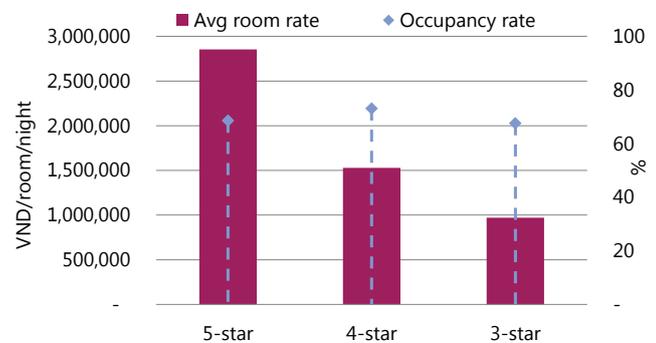
HCMC market stock increased by 3% QoQ and 12% YoY, due to the entrance of 503 rooms from one 4-star and three 5-star hotels. One 3-star hotel closed for renovation.

The average occupancy was strongly up 7 ppts QoQ and 1 ppt YoY. During the peak season of international arrivals, 4- and 5-star hotels had the best occupancy records, 1ppt to 5ppts higher than the 3-star.

Although there was an increase in upscale stock, this quarter had a -2% YoY decrease in the average room rate (ARR) to US\$85/room/night, due to increasing competitiveness. RevPAR remained stable YoY but grew 27% QoQ.

According to the HCMC's People Committee, there were 4.7 million international visitors to the city in 2015, up 7% YoY. The figure represented 59% of total arrivals to Viet Nam.

Figure 4: Hotel market performance



Source: Savills Research & Consultancy

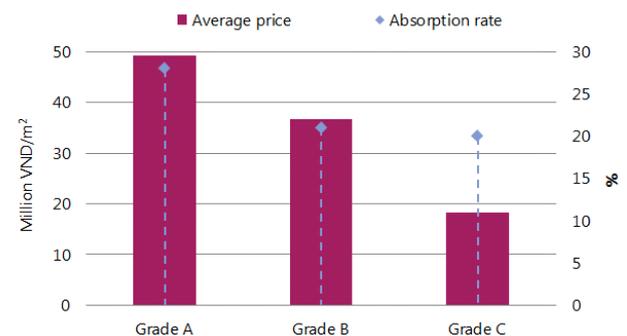
APARTMENTS: Highest new supply and transaction volume

There were 11,800 new units launched from 17 new and 7 existing projects increasing 20% QoQ and more than 100% YoY. This was the largest new supply by quarter over last 5 years, Total primary stock was nearly 37,200 units, increasing 20% QoQ and tremendously 101% YoY.

Total sales were nearly 7,700 units, up by 47% QoQ and 86% YoY. Absorption rate was 21%, up 4 ppts QoQ but down 1ppts YoY due to abundant new supply this year. Both Grade A and B has reached the highest sales level in the last 5 years. Grade C's sales remained stable, accounting for 37% of total transactions.

Projects with good location, investment opportunity, developed infrastructure and comprehensive urban planning attracted buyers' attention.

Figure 5: Apartment for sales market performance



Source: Savills Research & Consultancy

VILLA & TOWNHOUSE: Strong increase in stock

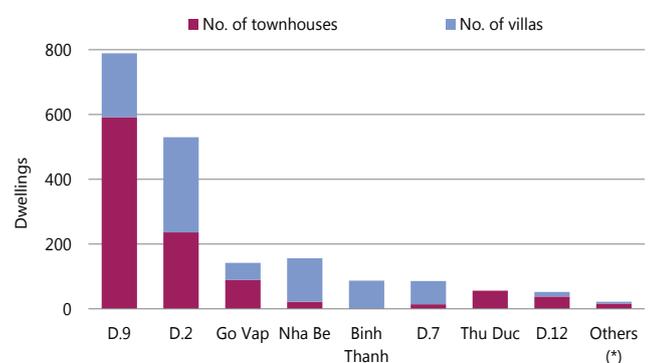
In Q4/2015, eight new projects and the next phases of four existing projects provided approximately 660 dwellings to the primary market. The primary stock reached more than 1,920 dwellings, up 15% QoQ and 94% YoY.

The transaction volume of villas/townhouses increased by 46% QoQ and 64% YoY due to good performance of new projects. Townhouses dominated the market with 70% of total transactions. The absorption rate was 31%, up 7 ppts QoQ but down -6 ppts YoY.

District 9 continued to be the best performer in the villa/townhouse segment in Q4/2015. Well-developed infrastructure and urban planning in the Eastern region has helped the popularity of projects in these areas.

Demand for premium products is higher in well-developed areas. Transaction volume of >US\$300,000/ dwelling accounted for 28% total transaction, significantly increasing 300% QoQ.

Figure 6: Villa & Townhouse primary stock



Source: Savills Research & Consultancy

(*): Includes Binh Tan, Binh Chanh, and Cu Chi

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