

Briefing Office sector

Q3/2015

→ Supply

In Q3/2015, total office stock was 1,500,000m² from 225 projects, increasing 4% quarter-on-quarter (QoQ) and 5% year-on-year (YoY).

A new Grade A project in district 1 increased stock by 38% QoQ and YoY. One new Grade B project in district 3 was added whilst one project was removed; stock was unchanged both QoQ and YoY.

Performance

The average occupancy was 94%, up 1 ppt QoQ and 3 ppts YoY. Grade A had the highest occupancy of 96%, Grade B was 94% and Grade C was 92 percent.

The average rent was VND 563,000/m²/mth (US\$25.7/m²/mth), increasing by 3% QoQ and YoY.

Demand

The total office take-up was 62,000 m², up 143% from the previous quarter. Approximately 94% was Grade A and B.

There was demand for Grade A and B space with areas of more than 700m² from international companies. However, there is limited available space, especially in district 1.

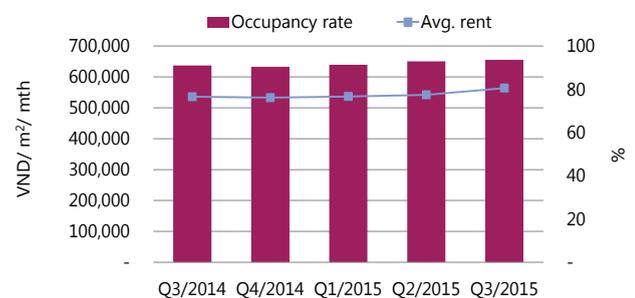
Growing foreign direct investment (FDI) and gross domestic product (GDP) in HCMC, will flow through to office demand. In 9M/2015, total registered FDI capital reached more than US\$3 billion, increasing 129% YoY. GDP was US\$30 billion with growth rate of 9% YoY, the highest rate in the same period over the last 3 years.

Outlook

By 2018, there will be approximately 342,000m² from 19 projects. Grade A and B are expected to account for 48% of future stock.

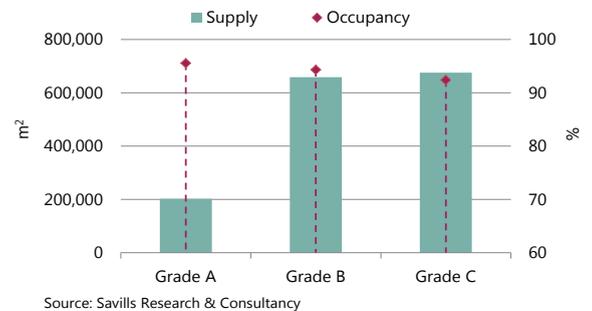
With increasing demand and limited future supply of Grade A and B in CBD areas, rent may be pressured. ■

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.

Savills Research team

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