

# Briefing Retail sector

Q1/ 2014

## → Supply

The total retail stock was approximately 850,000 sq m, increasing 8% quarter-on-quarter (QoQ) and 7% year-on-year (YoY), due to the entrance of a new shopping centre, department store and supermarket.

The suburban area has the largest market share with 43% followed by the secondary area at 36% and the CBD at 21 percent.

## Performance

The retail market performed better this quarter with an increase of approximately 4 pts in average occupancy. The average rent decreased by approximately -1% QoQ.

The average occupancy of department stores increased 6 pts QoQ while shopping centres increased 3 pts QoQ, due mainly to the strong performance in new projects.

## Demand

HCMC's retail sales in Q1/2014 were approximately VND 152,000 billion. Without inflation, retail sales increased by 7.2% YoY, similar to 2013.

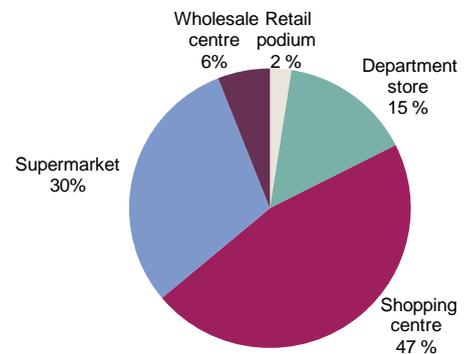
The stable real growth of retail sales indicates that consumer spending did not improve strongly. The mid-end retail segment is expected to have better performance than the high-end in the following quarters. Food and beverage, supermarkets and other essential retail products and services should continue to have high demand for space.

## Outlook

From Q2/2014 onward, approximately 1.3 million sq m of future supply is planned. However, approximately 70% of these projects have no specific expected completion time.

Districts 1, 2 and 7 account for the largest future retail space amongst all districts, with approximately 63% of the total future supply.

FIGURE 1  
Current stock



Source: Savills Research & Consultancy

FIGURE 2  
Market performance, Q1/2014



Source: Savills Research & Consultancy

Note: the average rent per sq m on the ground level of the shops that have areas equal to or 10 sq m, "includes service charges, but excludes VAT".

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