

Briefing Retail sector

Q3/2015

→ Supply

In Q3/2015, one new shopping centre in Go Vap opened and a shopping centre in district 1 temporarily closed. Total retail stock increased by 1% quarter-on-quarter (QoQ) to approximately 948,000 m².

Performance

The average occupancy was 92%; decreasing -1ppt QoQ. The average rent decreased -2% QoQ to VND1.3 million/m²/mth.

In a QoQ comparison, department stores' and retail podiums' occupancy remained stable whilst shopping centres' decreased -1ppt.

The average occupancy of department stores' was 97%, shopping centres' was 92% and retail podiums' was 82 percent.

The average rent of department stores' and retail podiums was stable QoQ whilst that of shopping centres' decreased -2%. Several new shopping centres in the non-CBD area offered competitive rents, lowering prices by up to -7% YoY.

Demand

In the first nine months 2015, HCMC's retail sales were approximately VND493 trillion, increasing by 11% YoY. Without inflation, retail real growth was 10.4% YoY.

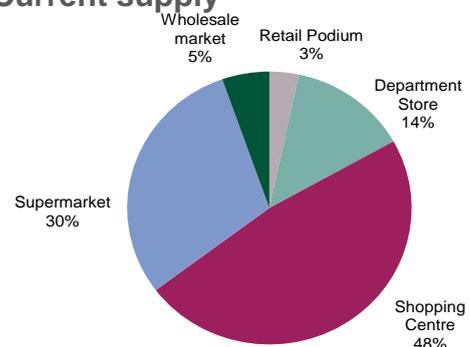
Sales of goods accounted for 80% of HCMC's retail turnover. There was a strong increase of 10% YoY in food and clothes and 11% YoY for household equipment.

Outlook

In Q4/2015, rent and occupancy in the non-CBD will be affected due to the entrance of approximately 107,000 m².

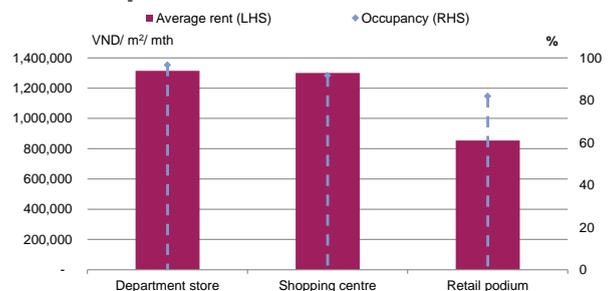
Retail podiums' supply will grow alongside the development of high-rise apartments, especially those located along Metro Line 1 and the new urban area in the south of the city. ■

FIGURE 1
Current supply



Source: Savills Research & Consultancy

FIGURE 2
Market performance



Source: Savills Research & Consultancy

Note: The average gross rent per m² on the ground level of the shops that have areas equal to or 10m², including service charges but excluding VAT.

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