

Briefing Serviced apartment sector

Q3/2015

→Supply

In Q3/2015 a Grade A project in district 1 supplying 89 units was added.

The total supply was approximately 4,370 units from 83 projects, increasing 2% quarter-on-quarter (QoQ) and 6% year-on-year (YoY).

Performance

The overall occupancy was down -3 ppts QoQ but stable YoY at 82 percent.

Projects in the CBD had occupancy of 84%, 5 ppts higher than that of the non-CBD.

The average rent was VND 507,000/m²/mth (US\$23/m²/mth), increasing 2% QoQ and unchanged YoY due to a slight increase in rent across all grades.

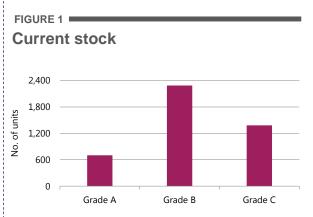
Demand

HCMC has a high GDP growth rate and is considered the most dynamic city in Viet Nam. As of Q3/2015, HCMC attracted US\$3 billion in foreign direct investment (FDI), up 129% YoY. Increasing FDI inflow has positively affected the demand for serviced apartments. Tenants in HCMC were mostly Asian expatriates.

Demand for serviced apartments is diversified as serviced apartments offer short-term hotel-type accommodation, as well as long-term rental opportunities.

Outlook

From 2016 to 2018, twelve projects providing 2,200 units are expected to enter the market. The CBD will account for 48% of total future supply by the end of 2018.



Source: Savills Research & Consultancy

FIGURE 2 Market performance Avg rent rate Occupancy rate 700,000 100 600,000 80 500,000 400,000 300,000 40 200,000 20 100.000 Grade A Grade B Grade C

Source: Savills Research & Consultancy

Note: Estimated average rent inclusive of service charge, "exclusive of VAT, on a net area basis".

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