

Market Briefs Q1/2016

Ha Noi, Viet Nam

savills

RETAIL: Soft performance of shopping centre

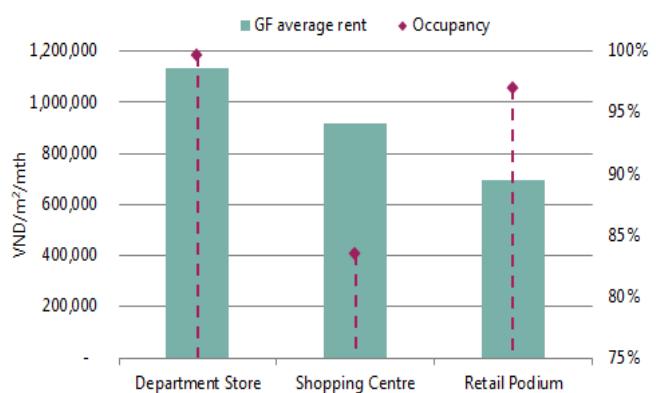
In Q1/2016, total retail stock was approximately 1.1 million m², stable quarter-on-quarter (QoQ) but up 22% year-on-year (YoY).

The average rent decreased -1.6% QoQ but up 4.9% YoY. Shopping centres decreased 3.1% QoQ whereas retail podiums and department stores increased 3.2% and 4.2% respectively.

The average occupancy was stable QoQ and up 4.8 ppts YoY. Retail podiums occupancy increased 3.0 ppts QoQ; followed by department stores with 1.4 ppts QoQ while shopping centres declined by -1.1 ppts QoQ.

According to Savills survey conducted across fourteen shopping centres and department stores in Ha Noi, the average area for fashion accounted for 47% total area followed by food & beverage with 27%.

Figure 1: Retail market performance



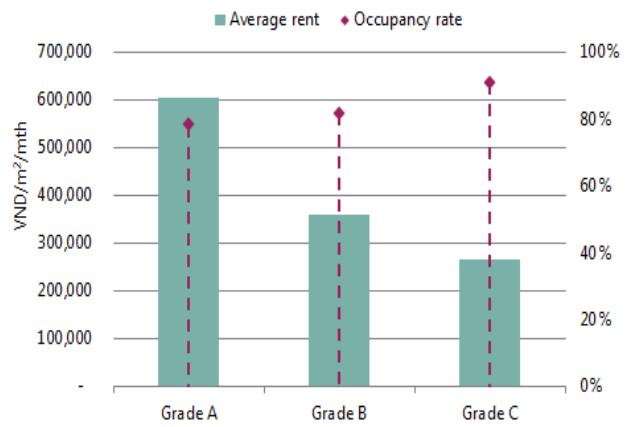
OFFICE: Better performance of office market

One project entered the market, supplying approximately 40,000 m². Ha Noi's office stock increased 5.5% QoQ and 8.7% YoY. In 2016, nine projects will come online providing approximately 127,000 m².

Compared to last quarter, average rent and occupancy increased across all grades. For rent, Grade A grew 0.2% QoQ, Grade B by 1.8% QoQ and Grade C by 2.1% QoQ. For occupancy, Grade A was up 0.4 ppt QoQ, Grade B by 0.6 ppt and Grade C by 0.1 ppt.

The performance of Grade A in CBD improved compared with Q4/2015, with increases in both average rent and occupancy while the performance Grade A in non CBD was stable QoQ.

Figure 2: Office market performance



SERVICED APARTMENT: Decreasing in occupancy and ARR

Stock was approximately 3,708 units, increasing 0.4% QoQ and 4% YoY.

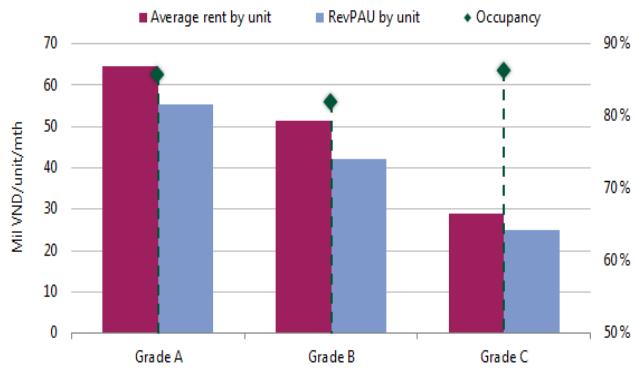
Occupancy decreased -3 ppts QoQ, but increased 4 ppts YoY. The average room rate (ARR) declined by -0.1% QoQ, but up 0.1% YoY. In Q1/2016, there was negative take-up across all grades.

According to the Foreign Investment Agency, estimated disbursed FDI was US\$1.5 billion in the first two months of 2016, growing 15.4% YoY. Demand from Asian tenants continues to be significant due to FDI investment from those countries.

By district, Tay Ho had the highest RevPAR in Q1 2016.

In 2016, one project will enter the market and supply approximately 100 units. From 2017 onward, 15 future projects are expected to enter the market.

Figure 3: Serviced apartment market performance



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HOTEL: Soft hotel performance

Stock increased 1.3% QoQ and 7% YoY due to the entrance of one newly ranked 4-star.

Average occupancy was down -6 ppts QoQ but up 2 ppts YoY. The average room rate (ARR) decreased -7% QoQ but increased 1% YoY. RevPAR drop by -15% QoQ but up 5% YoY.

According to the Hanoi Statistics Office, there were approximately 761,000 international visitors to Ha Noi in Q1/2016, up 28.7% YoY.

From Q2/2016 onward, 34 future projects are planned to enter the market. Sixteen projects will supply approximately 4,700 rooms; the remaining projects have yet quantified their supply. In 2016, two projects are expected to enter the market, providing approximately 215 rooms.

APARTMENT: Continued high sales volume

The total primary stock was 16,270 units, increasing 1% QoQ and 26% YoY. There were 17 existing and 8 new projects, providing 6,620 units, decreasing -18% QoQ.

There were more than 5,600 units sold, a decrease of -13% QoQ but unchanged YoY. The absorption rate decreased -6 ppts QoQ to 34 percent.

Tu Liem district continues to record the greatest sales with a 24% market share. Grade B still leads the market with more than a 66% share.

According to SBV, banks will stop signing new credit contracts from 31 March 2016 for all customers of the VND 30 trillion stimulus package

Figure 4: Hotel performance

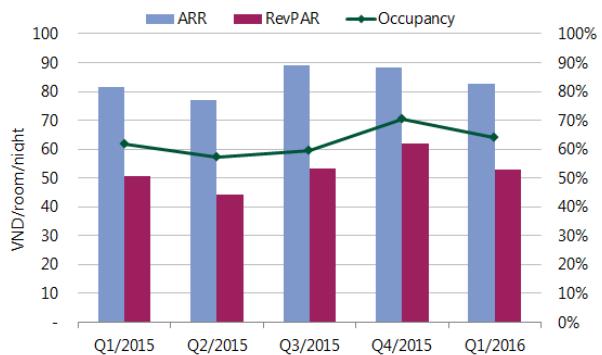
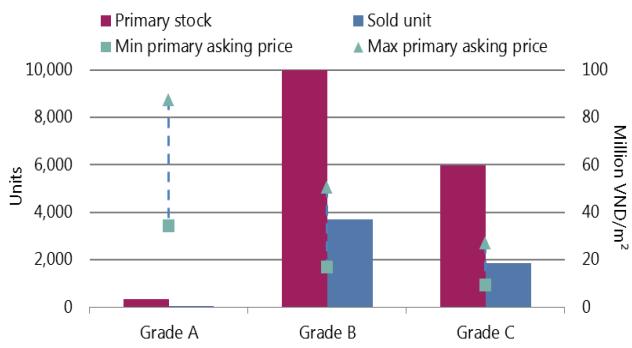


Figure 5: Apartment for sale performance



VILLA & TOWNHOUSE: Townhouses dominated sales

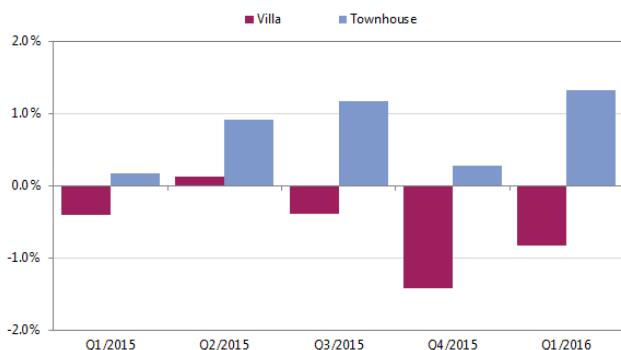
Total stock of the Villa/ Townhouse segment was 31,712 dwellings (1,662 primary and 30,050 secondary) from 124 projects, up 1.9% QoQ and 5.6% YoY. Ha Dong district remained the top supplier with a 27% market share. Two new projects and a new launch of an existing project provided 326 dwellings (100 villas and 226 townhouses).

The average secondary price of villas was down -0.8% QoQ and -2.5% YoY while that of townhouses was up 1.3% QoQ and 2.9% YoY. In quarter absorption dropped 13 ppts QoQ to 10 percent. Seventy six percent of dwellings sold were townhouses.

In the primary market, 62% of townhouses had a plot area below 100m², while 64% of villas had a plot area below 300m². Seven-level shophouses, the tallest ever recorded, were introduced by a new project in Ha Dong district.

More than half of 80+ known future projects are in the planning stage. In 2016, 10+ projects are expected to enter the market.

Figure 6: Villa and Townhouse performance



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