

Market Briefs Q3, 2015

Da Nang, Viet Nam

savills

COMERCIAL: Rent and occupancy all increased QoQ

RETAIL

In Q3/2015, total retail stock was 167,000 m², stable quarter-on-quarter (QoQ).

The average rent increased 7% QoQ due to higher rents being achieved in Vincom Ngo Quyen and Indochina Riverside Tower.

The occupancy in Hoang Anh Gia Lai Lake View and Nguyen Kim Da Nang Supermarket increased. Average occupancy increased by 1 ppts QoQ.

Total retail sales for the first nine months of 2015 were approximately VND 55,070 billion, up 16.8% year on year (YOY). In 2016, the Hilton Da Nang is expected to enter the market and provide 3,500 m² of retail space.

Figure 1: Retail market performance



OFFICE

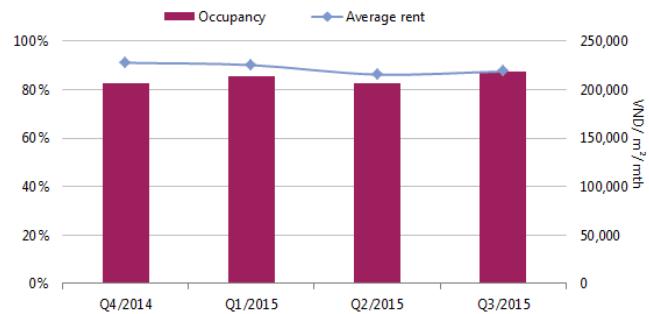
Danang total office stock was approximately 85,000 m² decreasing -2% (QoQ) as Trung Ky Plaza closed for renovation.

The average rent was up 2% QoQ. Grade A average rent increased 7% QoQ and Grade B was up 4% QoQ while Grade C saw a -2% decrease.

The average occupancy was 87%, up 5 ppts QoQ. Grade A's occupancy was stable QoQ, whilst Grade B and C increased 1ppts and 9 ppts respectively QoQ.

The total leased area was approximately 74,300 m², up 4% QoQ. According to the People's Committee of Da Nang, in the first nine months of 2015, there were 2,393 new businesses, up 38% YoY, with a registered capital of over VND8,648 billion.

Figure 2: Office market performance



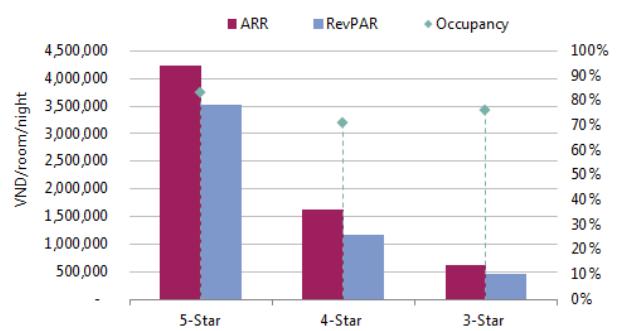
HOTEL

Stock increased by 7% QoQ, due to the official ranking of four hotels: three 4-star hotels and one 3-star hotel.

The average occupancy was up 3 ppts QoQ to 77 percent. The average room rate (ARR) increased 8% YoY; whilst RevPAR grew 13% YoY, ARR and RevPAR increased across all grades QoQ and YoY.

According to the National Administration of Tourism, there were 1.5 million arrivals to Da Nang in Q3/2015, up 24% YoY.

Figure 4: Hotel performance



RESIDENTIAL: Improved sales performance

In Q3/2015, Vinpearl Danang launched the second phase with 150 dwellings. Villa stock increased to 1,200 units from 17 projects following additional 146 units from Euro Village. Primary stock was up by 50% QoQ to 725 dwellings from 11 projects; while secondary stock was up by 50 units to 474 from 16 projects. There was no new launch in apartment market. Primary stock was down -16% QoQ to 600 units; while secondary stock was up 5% to 2,519 units.

Developer and management reputation, proximity to beach and city centre were key contributors to good sales this quarter. People from Hanoi, overseas Vietnamese and foreigners remained the key buyers. In addition, attractive sales policies such as guaranteed minimum annual % return from rental pool program helped drive sales forward.

Hai Chau district remains the top future apartment supplier with 75% market share. Most future villa and apartment projects are in planning or pending and do not have clear construction schedules; however, with recent positive market sentiment, it is expected that various projects will launch by end of 2015 and 1H/2016.

Figure 5: Villa performance

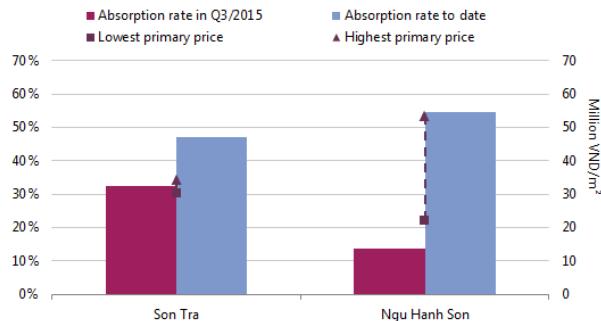
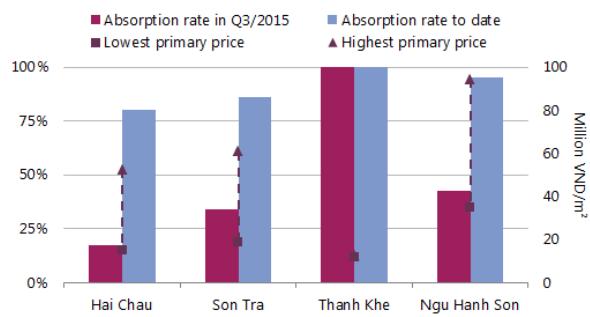


Figure 6: Apartment performance



Please contact us for further information

Troy Griffiths

Deputy Managing Director

TGriffiths@Savills.com.vn

Do Thi Thu Hang

Head of Research

DThuHang@savills.com.vn

Disclaimer

This report is for general informative purposes only. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent. Whilst every effort has been made to ensure its accuracy, Savills accepts no liability whatsoever for any direct or consequential loss arising from its use. The content is strictly copyright and reproduction of the whole or part of it in any form is prohibited without written permission from Savills Research.