Savills Global Network

30,000 employees across a network of over 700 offices in more than 60 countries

Savills World-leading property services
Our services

Our services are delivered by people who combine entrepreneurial spirit and a deep understanding of specialist property sectors with the highest standards of client care. Through our advice, our property management capabilities and the transactional services we provide, we help our clients to fulfil their real estate needs – whatever and wherever they are.

+ Advisory Services  + Valuation & Research  + Retail Consultancy
+ Industrial Services  + Investment Brokerage  + Commercial Leasing
Regional Overview

GDP

In 2015, Viet Nam had the 4th highest GDP growth rate in ASEAN at 6.4 percent.

The cumulative nominal GDP of ASEAN in 2015 was approximately US$2.5 trillion, equivalent to the world’s 6th largest economy.

From 2016 to 2018, Viet Nam is forecast to achieve GDP growth of 6.50%, 6.40% and 6.30%, approximately 1 ppt ahead of ASEAN average growth but remaining 4th in the region.

Savings and Consumption

From 2010, ASEAN household consumption grew on average 3.53% pa, with Viet Nam exhibiting the greatest growth in the region at approximately 2 ppts above average.

While savings and basic expenditure are limited for Vietnamese in the bottom 40th percentile income brackets, those from the 50th – 90th (VND 65 – 108 million pa) tend to not increase their overall expenditure as their income rises, instead saving more.
Consumer Confidence

From Q4/2014 to Q4/2015, Viet Nam was one of three Asia Pacific countries with an improved CCI and one of two in ASEAN, increasing 2 points. This is a positive sign particularly as confidence levels across Asia continue to decline.

As the end of 2015, the VCCI had increased 9.2 points YoY, equivalent to an approximate improvement of 7%, reinforcing signs of consumer optimism.

Population

The ASEAN average ratio of working to non-working is 1.82, from highest to lowest: Singapore (1.99), Viet Nam (1.98), Thailand (1.97), Malaysia (1.97), Indonesia (1.78), Myanmar (1.75), Cambodia (1.6), and Philippines (1.55). Meanwhile, Singapore and Thailand’s working age population is diminishing quickly, with Viet Nam in it’s golden population window but soon to follow.

At 1.98, Viet Nam has almost two workers for every dependent, driving economic growth as a relative competitive advantage in factors of production for labour intensive industries such as processing and textiles.
Viet Nam’s GDP growth over the past decade averaged 13% pa, with 2015 at 6.7%, and a GSO forecast for 6.6% in 2016 and 6.7% in 2017.

In 2015, the industrial and construction sector was the greatest contributor, accounting for 3.2% of GDP growth, followed by service at 2.4% and agriculture at 0.4 percent.

The soft real growth in retail turnover over the period of 2011 through 2014 reflected the negative impact on the retail market created by the economic downturn. This figure has been slowly improving, up 2 ppts YoY in 2015, but still faces difficulties such as high rate of inventory, low absorption capacity from fresh investment and weak consumer demand.
From 2009 to 2015, Viet Nam’s population grew by approximately 5.7 million, equivalent to approximately 1% pa with a cumulative increase of 7 percent.

The working age population of 15-64 has ceased to grow, leveling out at 70% of the total population and marginally decreasing YoY. With decreased workers and increased dependents, Viet Nam’s economy will be relatively unaffected as the social security system remains insubstantial and many superfluous positions will be replaced by those more specialised.

From 2010 to 2014, overall job growth in Viet Nam was positive as annual cross-sector gains exceeded losses and unemployment dropped 1 ppt to 3.4 percent.

Approximately 50% of Vietnamese are employed in the primary sector, yet decreasing 2% pa, whilst both the secondary (30%) and tertiary (20%) sectors are increasing by approximately 2% pa.

The urbanization rate from 2005 to 2010 was relatively low at 3.5%, yet rocketing back to 4.0% as the economy stabilised.

Industrial zones throughout Ho Chi Minh City have attracted thousands of labourers from nearby provinces, contributing to a high population growth rate in suburban areas.
Income and Expenditure

Since 2004, the Viet Nam average monthly expenditure has increased 16% pa, mirroring rural growth but exceeding urban growth by 2 ppts; the rural represents 2/3 of Viet Nam’s population.

In 2004, the average citizen spent approximately 92% of their monthly income, while in 2014 this figure was 72 percent.

Consumer Price Index (CPI)

In 2014, Viet Nam’s headline inflation (4.1%) further converged toward core inflation (3.3%), partly reflecting more credible monetary policy commitment to maintaining low and stable inflation.

Since 2010, traditionally volatile commodities such as Food and foodstuffs, and Energy have decreased quite significantly, with the former decreasing by approximately 14 ppts to 2.61% in 2014. The Brent crude spot has decreased dramatically since 2015 to current rates of approximately US$50 per barrel, though such depressed pricing looks only transitory.

Tourism

From 2013 to 2014, international tourist arrivals growth decreased by 7% to 4%, the lowest figure since the economic downturn from 2008-2009.

The top 7 tourist source countries represent 64% of total recorded arrivals, with China representing 26%, the top 4 all being Asian countries and Russia overtaking Malaysia for the 5th spot with a 45% pa growth since 2010.
Regional Property

Prime Retail

In 2H/2015, the prime retail benchmark for Ha Noi was US$124/m² and Ho Chi Minh City was US$118/m². From 2010-2015, Ha Noi’s benchmark decreased -3.5% pa, while HCMC’s increased approximately 1% pa.

Comparatively, Ho Chi Minh City and Ha Noi are in the nascent stages of retail development, with both offering a benchmark of approximately 10% of Hong Kong, meanwhile this city remains an outlier, offering one of the highest benchmarks in the world and nearly 50% higher than the next highest in the region, Singapore.

Prime Office

In 2H/2015, the prime office benchmark of Ha Noi was US$39/m² and HCMC was US$51/m². From 2010 to 2015, Ha Noi’s benchmark decreased -4.2% pa, while Ho Chi Minh City’s increased 0.7% pa.

Prime Serviced Apartment

In 2H/2015, the prime serviced apartment benchmark of Ha Noi was US$42/m² and Ho Chi Minh City was US$31/m². From 2011 to 2015, Ha Noi and Ho Chi Minh City’s benchmarks decreased -1.2% pa and -0.3% pa respectively.
Viet Nam Property

Retail Rents

Ho Chi Minh City retail rent has increased on average 2% pa since 2012, with the greatest rises coming from the non-CBD at 2.62%, the new focus of many developers due to the demand for entertainment which requires areas with large available land bank.

In contrast, Ha Noi retail rent has decreased -6.8% on average since 2012, with large downward adjustments across the three categories, the largest being the Prime Benchmark which has decreased by approximately -7.8% pa due to the launch of high-quality retail centres in non-CBD areas which require lower rents, hence depressing the overall figure.

Retail Density

From the eight largest cities in Viet Nam there is a recorded 2.8 million m² of retail space, of which Ho Chi Minh City and Ha Noi account for 75%. However, other regional cities such as Bangkok, Singapore and Kuala Lumpur far exceed the cities of Viet Nam, providing 0.9, 0.7 and 0.7m²/person.
Office

From 2010 to 2015, Ho Chi Minh City office supply increased approximately 50% to 1.5 million m², with Grade A, B and C increasing 8%, 6.8% and 10.2% pa.

Rents have remained stable and occupancy has increased by 27 ppts, and even though Grade A supply expanded approximately 100,000 m² from the entrance of the Bitexco Financial Tower, Times Square and Vietcombank Tower, it had the greatest occupancy increase at 14 ppts.

Office Tenant Breakdown

From Q1/2012 to 2016, the biggest gainers were Finance, Banking & Insurance at 3 ppts and IT at 2 ppts.

In Q1/2016, new and existing FDI projects registered US$2.7 billion, of which Manufacturing & Processing accounted for 72% and Real Estate for 6%, two high growth industries with relatively low demand for office space but large demand for capital.
Market Insights

Consumer Spending

With rising discretionary income and time, hygiene awareness, and demand for entertainment coinciding with decreased nuclear family sizes, modern Vietnamese consumer spending is focused on improving their family’s day to day living standard as well as upward mobility.

Regional Car Sales

Personal vehicle ownership in Viet Nam is still a luxury.

From 2010 to 2015, Viet Nam had cumulative passenger car sales growth of approximately 100% with an average yearly growth of 15%, much higher than that of Indonesia, Thailand and Malaysia at 7.6%, 5.5% and 3.7% respectively.

E-Commerce

As of 2015, e-commerce turnover in Viet Nam reached US$4.07 billion, increasing 37% YoY to 2.8% of total retail sales.
Certain cities

Ha Noi
Quang Ninh
Hai Phong
Da Nang
Nha Trang
Ho Chi Minh City
Dong Nai
Binh Duong
Can Tho

Ha Noi

Drivers:
- Political centre
- Growing population
- Steady increase in GDP
- Strong foreign trade links
- Improved public infrastructure

Main Industries:
- Trade
- Textiles
- Tourism
- Electronics
- Metallurgy

Prime Retail Malls:
- Press Club
- Vincom Centre
- Metropole Arcade
- Vincom Mega Mall
- Opera Business Centre

Major Retail Streets/Areas:
- Chua Boc
- Cau Giay
- Trang Tien
- Hang Bong
- Hang Ngang

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<th>2015</th>
<th>Units</th>
<th>Value</th>
<th>YoY Growth</th>
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<td>US$</td>
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<td>m²</td>
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<td>0.7%</td>
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Quang Ninh

Drivers:
Rich natural mineral resources: coal, limestone, clay, kaolin, granite and white sand.

Main Industries:
Mining
Tourism

Prime Retail Malls:
Ha Long Centre
Vuon Dao Center
Mega Market Viet Nam
Ha Long Supermarket

Major Retail Streets/Areas:
Le Thanh Tong

Hai Phong

Drivers:
The largest 1st tier city. Economic, industrial, retail and educational centre. Deep-water ports which develop maritime transport.

Main Industries:
Light industries
Heavy industries
Food processing

Prime Retail Malls:
Big C
Parkson
Co-op Mart

Major Retail Streets/Areas:
Le Hong Phong
### Da Nang

#### Drivers:
- Major port city in the central coast.
- Retail and education centre of central Viet Nam.

#### Main Industries:
- Fishing, Forestry
- Tourism, Agriculture

#### Prime Retail Malls:
- Big C
- Mega Market Viet Nam
- Co-op Mart
- Indochina Riverside Tower

#### Major Retail Streets/Areas:
- Hoang Sa Street
- Pham Van Dong
- Bach Dang Street
- Dien Bien Phu Street

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<th>Value</th>
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### Nha Trang

#### Drivers:
- High tourism and revenue growth.
- New hospitality investments.

#### Main Industries:
- Fishery, tourism, services.

#### Prime Retail Malls:
- Big C, Co-op Mart
- Vinpearl, Maximark
- Nha Trang Center
- Mega Market Viet Nam

#### Major Retail Streets/Areas:
- Tran Phu, Thong Nhat
- Thai Nguyen, Le Thanh Ton
- Nguyen Thien Thuat

<table>
<thead>
<tr>
<th>2015</th>
<th>Units</th>
<th>Value</th>
<th>YoY Growth</th>
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<td>City population</td>
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<td>1.874</td>
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Ho Chi Minh City

Drivers:
Skilled workforce
Economic Hub of Viet Nam
Comparatively high incomes
High population growth rate

Main Industries:
Trade
Tourism
Finance
Software
Construction

Prime Retail Malls:
Parkson
Vivo City
Lotte Mart
Crescent Mall
Diamond Plaza
Vincom Centers
Aeon Mall Tan Phu

Major Retail Streets/Areas:
Le Loi
Dong Khoi
Nguyen Trai
Nguyen Hue
Hai Ba Trung

<table>
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<th>2015</th>
<th>Units</th>
<th>Value</th>
<th>YoY Growth</th>
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<td>Area</td>
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<td>US$</td>
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<td>m²</td>
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<td>US$ billion</td>
<td>8</td>
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<td>11.6%</td>
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<td>CPI 2015 over 2014</td>
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<td></td>
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### Dong Nai

**Drivers:**
One of the key economic zones of the southeast. High population growth rate. Many industrial parks. Attracted a large number of FDI projects.

**Main Industries:**
Industrial and agriculture

**Prime Retail Malls:**
- Big C, Co-op Mart
- Vincom, Lotte Mart
- Pegasus Plaza
- Mega Market Viet Nam

**Major Retail Streets/Areas:**
- Dong Khoi
- Vo Thi Sau
- Pham Van Thuan

### Binh Duong

**Drivers:**
One of the key economic zones of the southeast. High population growth rate. Many industrial parks. Attracted a large number of FDI projects.

**Main Industries:**
Industrial

**Prime Retail Malls:**
- Big C
- Becamex Centre
- Minh Sang Plaza
- Aeon Mall Canary

**Major Retail Streets/Areas:**
- Binh Duong Boulevard

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![Table](image.png)

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<td>Million</td>
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<td>5.6</td>
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![Table](image.png)

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<td>5.9</td>
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<td>US$</td>
<td>2,878</td>
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<td>US$ Billion</td>
<td>5.7</td>
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(*) 2014 data
Can Tho

Drivers:
Economic and education centre of Mekong Delta.

Main Industries:
Industrial
Agriculture

Prime Retail Malls:
Big C
Mega Market Viet Nam
Sense City
Lotte Mart
Vincom Hung Vuong

Major Retail Streets/Areas:
Le Loi
Tran Van Hoai
Nguyen Van Cu
Nguyen Thai Hoc
Xo Viet Nghe Tinh
Nguyen Viet Hong

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