In 2019, Vietnam’s impressive macroeconomic indicators supported the strong performance of the real estate market.

GDP growth was 7.02%, above the 2019 government target of 6.6% to 6.8% and similar to 2018 (7.08%). CPI was well controlled at 2.79%, under the 2019 target and the lowest in the last three years. Retail sales were US$163 billion, up 13% YoY – the highest in five years.

Total registered FDI capital was US$38 billion, up 7% YoY; in which, newly registered FDI provided capital of US$16.7 billion from 3,883 projects. By country, Korea led newly registered FDI (22%), followed by Hong Kong (17%) and China (14%). FDI disbursement was over US$20 billion, up 7% YoY.

International arrivals to Vietnam increased 16% YoY to 18 million.
RETAIL: IMPROVED OCCUPANCY
At the end of 2019, total retail stock reached over 1.46 million m². This quarter, approximately 39,500 m² entered from 13 supermarkets, one shopping centre and one retail podium. Average gross rent decreased -1% YoY due to the lower rent of new supply in the non-CBD. Occupancy increased 3pppts YoY, as the majority of new area was quickly leased. Retail sales grew 14% YoY, focusing on F&B, clothing and household appliances. In 2020, nearly 142,000 m² will enter, 34% will be in the CBD.

FIGURE 1: Retail Performance, 2019

OFFICE: NEW RECORDS REACHED
New supply from Grade B and C buildings added over 101,000 m² this quarter. At the end of 2019, total supply reached 2.1 million m², increasing 8% QoQ and 13% YoY. The market performed well with a 5% YoY rent increase and occupancy of 97 percent. With limited stock, Grade A had the best performance, rent increased 9% and occupancy improved by 3pppts. By 2022, approximately 357,000 m² will enter; 76% will launch in 2020.

FIGURE 2: Office Performance, 2019

HOTEL: UPSCALE RENT INCREASE
With no new supply in Q4, the 3- to 5-star hotel market ended 2019 with over 15,900 rooms from 125 hotels. It was down -1% QoQ as three 3-star hotels closed, yet up 1% YoY. Yearly market performance was good with relatively stable occupancy of 68% and a 5-year ARR high of US$85/room/night, driven by 5-star growth. International visitors to HCMC accounted for 48% of total arrivals to Vietnam, equivalent to approximately 8.6 million. During Q4, overall occupancy increased 13pppts QoQ while the ARR grew 4% QoQ. Until 2023, over 5,000 rooms will enter; the CBD will provide 59% of stock.

FIGURE 3: Hotel Performance, 2019
SERVICED APARTMENT: IMPROVED PERFORMANCE

Total stock was over 6,300 units, up 9% QoQ and 10% YoY. In Q4/2019, new supply with 600 units from Grade B and C entered. Despite the continuous stock increase, average occupancy in 2019 was up 1ppt YoY to 84%, while rent grew 1% YoY due to the outstanding performance of Grade B. In the future, nearly 1,700 units will enter; 62% will be in the non-CBD. District 2 will account for 53% of future stock.

VILLA & TOWNHOUSE: LIMITED PRIMARY SUPPLY

In 2019, primary supply was down -31% YoY; absorption remained high at 82 percent. Quarterly primary supply was limited with 830 dwellings, down -2% QoQ and -34% YoY, absorption was low at 45 percent. Primary land plot supply in 2019 was -30% lower than in 2018, despite high absorption of 84 percent. Primary land supply in Q4 was over 1,390 plots, up 24% QoQ but down -30% YoY; absorption was low at 43 percent. By 2022, over 15,200 dwellings/plots will enter. Districts 9 and 2 will account for 51% of stock.

APARTMENT: STRONG PERFORMANCE

About 35,000 units entered in 2019, down -10% YoY. Approximately 21% of supply launched in Q4 with over 7,300 units coming from 12 new projects and the next phases of eight projects. Limited new stock caused primary supply to decrease -25% YoY to 42,000 units. There were 37,000 sales in 2019, down -25% YoY; Q4 accounted for 17% with over 6,100 transactions. In 2019, absorption reached a 5-year peak of 88%, up 1ppt YoY, showing strong demand. In 2019, Grade C remained the main driver with 68% of sales and 90% absorption. By 2022, over 154,000 units from 108 projects will launch; 57,000 are expected to enter in 2020.
**HCMC Residential QoQ Index**

Note: Base Index Q1 2009 = 100
Source: Savills Research & Consultancy

**HCMC Office QoQ Index**

Note: Base Index in Q1 2009 = 100
Source: Savills Research & Consultancy
RETAIL: SUPPLY UP

Total stock was approximately 1.6 million m², up 5% quarter-on-quarter (QoQ) and 14% year-on-year (YoY), after the entry of one large-scale department store in Ha Dong District. Average ground floor gross rent increased 2% QoQ but decreased -1% YoY; occupancy was down -1 ppt QoQ and up 2 ppts YoY. The West had the most improved performance. Retail sales grew 14% YoY, most significantly in F&B and gasoline and diesel. In 2020, fourteen new projects will enter, providing 88,000 m².

OFFICE: RISING RENT

Total stock was approximately 1.8 million m², stable QoQ and up 10% YoY. Average rent rose 1% QoQ and 5% YoY while occupancy was up 2 ppts QoQ but down -1 ppt YoY. Grade C had the most substantial occupancy rise, while Grade B saw the largest increase in rent. The Secondary area performed better than the CBD and the West.

There were 27,900 new enterprises in 2019, increasing 11% YoY. In 2020, eight projects with 169,000 m² will enter, mostly in the Secondary area.

HOTEL: IMPROVED PERFORMANCE

In 2019, the market had 9,800 rooms from 65 hotels, stable QoQ but down -1% YoY. Three 3-star hotels were downgraded, and one 4-star entered. Market occupancy was 74%, up 2 ppts, while ARR increased 7% YoY.

Ha Noi had seven million international arrivals, up 17% YoY. During Q4, occupancy increased 2 ppts QoQ while the ARR grew 2% QoQ.

In 2020, six hotels with approximately 1,200 rooms will enter. From 2020 onwards, 9,100 rooms from 48 projects are expected to come online.
SERVICED APARTMENT: NEW GRADE A STOCK
Total stock increased 6% QoQ to approximately 4,600 units, due to the entrance of one Grade A project.
Average rent grew 6% YoY to US$26/m²/month. Due to a stock increase, occupancy was 82%, down -2 ppts QoQ and -4 ppts YoY.
An estimated 2,700 units from 22 projects will enter; three are in the West, the remaining are in the Secondary area. Tay Ho District will provide 47% of future stock.
Ha Noi captured US$8.5 billion of registered FDI, of which 77% was capital contribution and share purchases.

VILLA & TOWNHOUSE: LIMITED PRIMARY SUPPLY
Total stock was approximately 49,800 dwellings, up 1% QoQ and 9% YoY.
Four new projects supplied approximately 547 dwellings, accounting for 22% of new supply in 2019. In 2019, primary supply was down -28% YoY; however, absorption was high at 87 percent. In Q4, primary stock was nearly 1,300, up 2% QoQ but down -70% YoY. In 2019, Gia Lam led with 38% of sales, followed by Ha Dong with 17 percent.
By 2021, approximately 10,900 dwellings will enter. Dong Anh and Dan Phuong Districts will account for over 57% of stock.

APARTMENT: STRONG DEMAND
In 2019, approximately 37,700 units entered, up 1% YoY. 35% of supply launched in Q4, with over 13,300 units coming from eight new projects and the next phases of 14 projects. New stock increased primary supply 12% YoY to 62,400 units.
There were 39,300 sales in 2019, up 26% YoY; Q4 accounted for approximately 27% with over 10,400 transactions. In 2019, absorption reached 63%, up 7 ppts YoY, showing strong demand. Grade B remained the main driver with 73% of sales and 64% absorption.
By 2022, over 124,000 units from 116 projects will launch; 41,000 are expected to enter in 2020.
HANOI RESIDENTIAL QOQ INDEX

Note: Base Index in Q1 2009 = 100
Source: Savills Research & Consultancy

HANOI OFFICE QOQ INDEX

Note: Base index in Q1/2009 = 100
Source: Savills Research & Consultancy
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Savills Property Price Index (SPPI) - Hanoi

Industry award fees are being redirected to help local people. Charities for underprivileged around the country will receive donations.

Savills is committed to caring for the community

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We’re a dedicated team with an unrivalled reputation for producing well-informed and accurate analysis, research and commentary across all sectors of the Vietnam property market.

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