

2019

SPOTLIGHT
Savills Research

Vietnam

savills



2019

2020 VISION

MARKET BRIEF 2019

● Retail ● Office ● Serviced Apartment ● Hotel ● Apartment ● Villa & Townhouse ● Industrial

MACRO INDICATORS 2019

GDP
GROWTH RATE 

7.02 % ↓ 0.06 PPTS

RETAIL SALES 

163 BILLION \$ ↑ 13%

CREDIT
GROWTH 

12 % ↓ 1.2 PPTS

TRADE
SURPLUS 

9.9 BILLION \$

INTERNATIONAL
VISITORS 

18 MILLION ↑ 16%

FDI 

(Registered FDI) (FDI Disbursement)
38 / 20.4
↑ 7% ↑ 7% BILLION \$

MORTGAGE
RATE 

11 % Stable

CPI 

2.8 %

NEWLY ESTABLISHED
BUSINESSES 

138,100 UNIT ↑ 5%

● Value ● YoY Growth Rate(%)

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 3ppts 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



Source: Savills Research & Consultancy

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 3ppts.

By 2022, approximately 357,000 m² will enter; 76% will launch in 2020.

FIGURE 2: Office Performance, 2019



Source: Savills Research & Consultancy

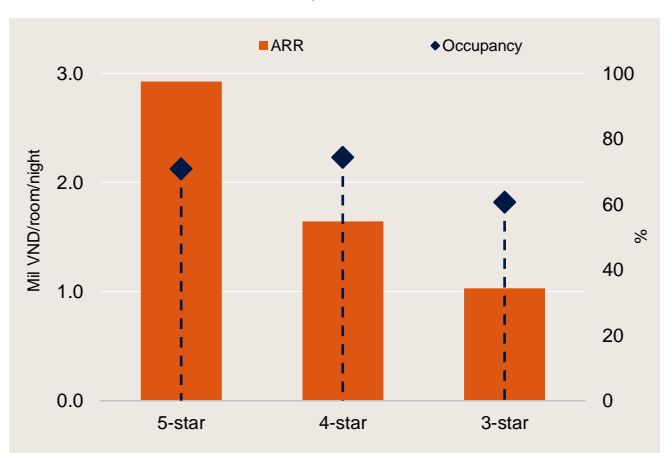
HOTEL: UPSCALE RENT INCREASE

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 13ppts 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



Source: Savills Research & Consultancy

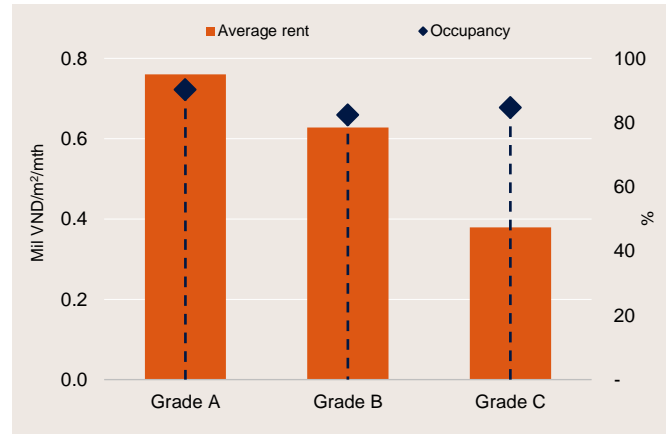
SERVICED APARTMENT: IMPROVED PERFORMANCE

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.

FIGURE 4: Serviced Apartment Performance, 2019



Source: Savills Research & Consultancy

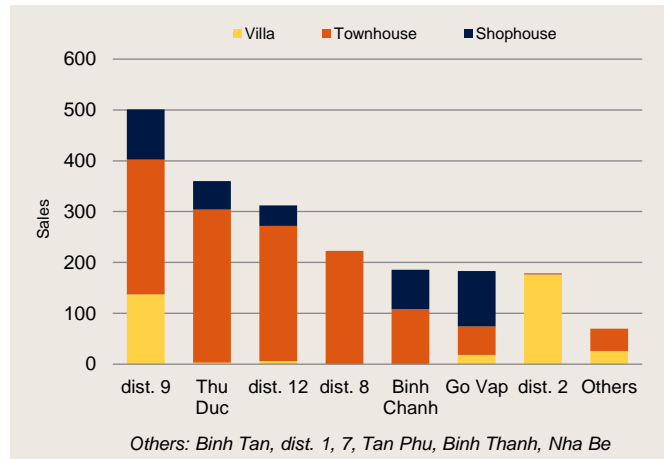
VILLA & TOWNHOUSE: LIMITED PRIMARY SUPPLY

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.

FIGURE 5: Villa & Townhouse Performance, 2019



Source: Savills Research & Consultancy

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.

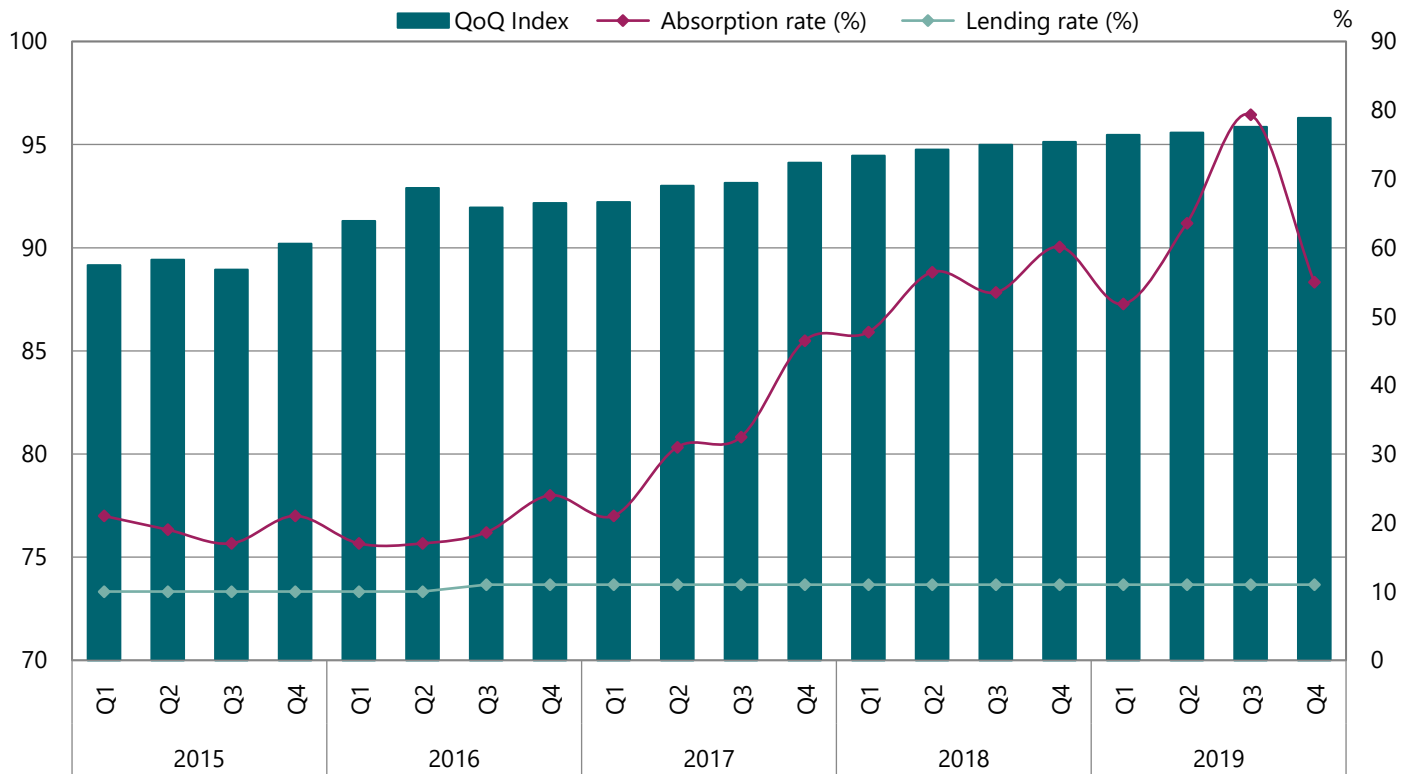
By 2022, over 154,000 units from 108 projects will launch; 57,000 are expected to enter in 2020.

FIGURE 6: Apartment Performance, 2019



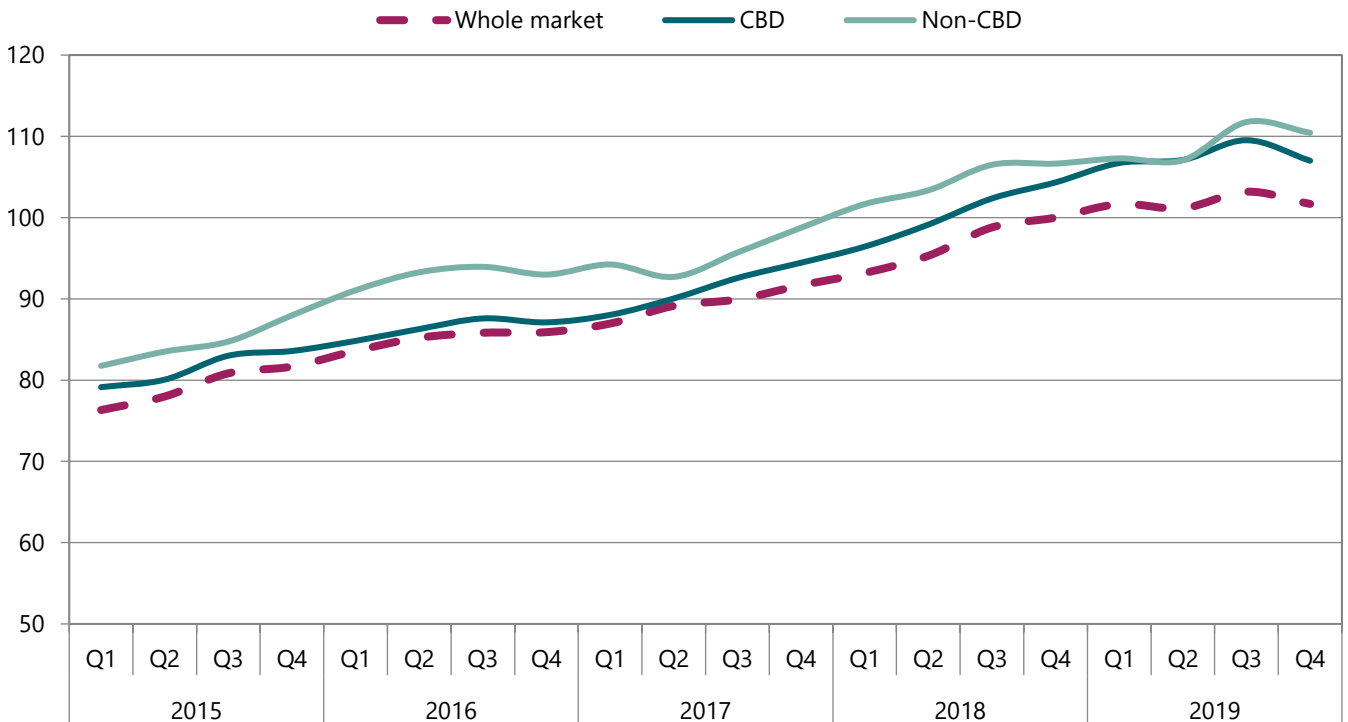
Source: Savills Research & Consultancy

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

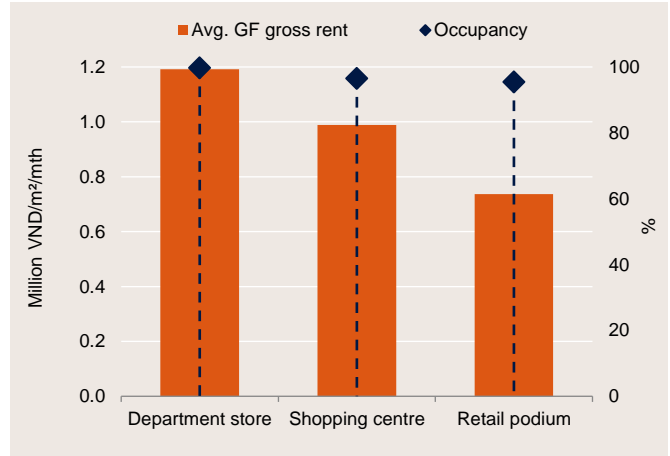
RETAIL: SUPPLY UP

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.

FIGURE 7: Retail Performance, 2019



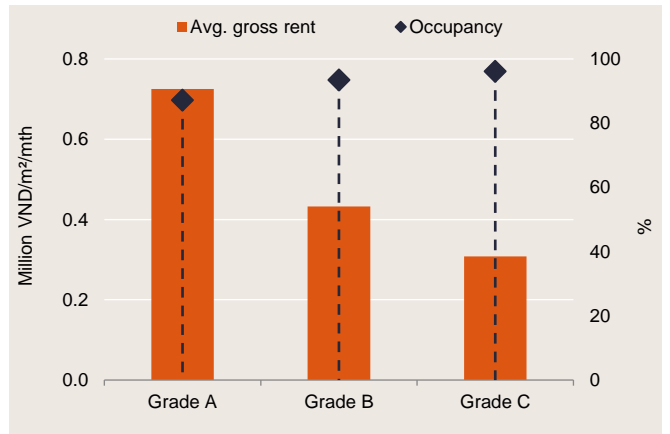
OFFICE: RISING RENT

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.

FIGURE 8: Office Performance, 2019



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 2ppts 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.

FIGURE 9: Hotel Performance, 2019



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.

FIGURE 10: Serviced Apartment Performance, 2019



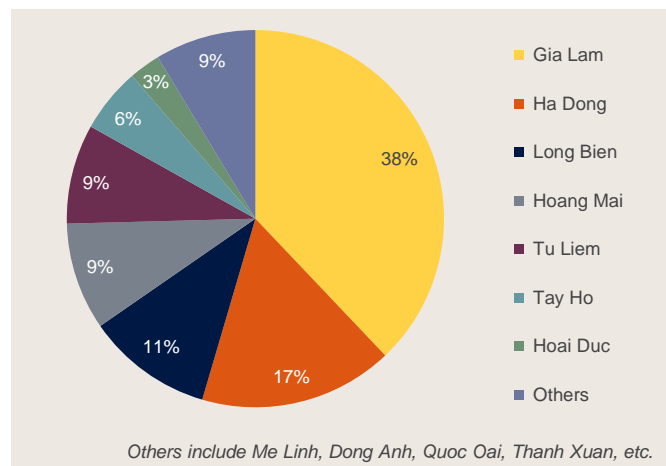
VILLA & TOWNHOUSE: LIMITED PRIMARY SUPPLY

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.

FIGURE 11: Villa & Townhouse Performance, 2019



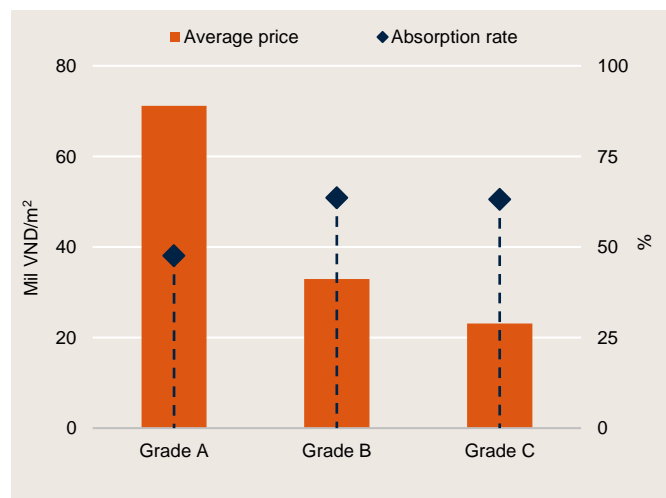
APARTMENT: STRONG DEMAND

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.

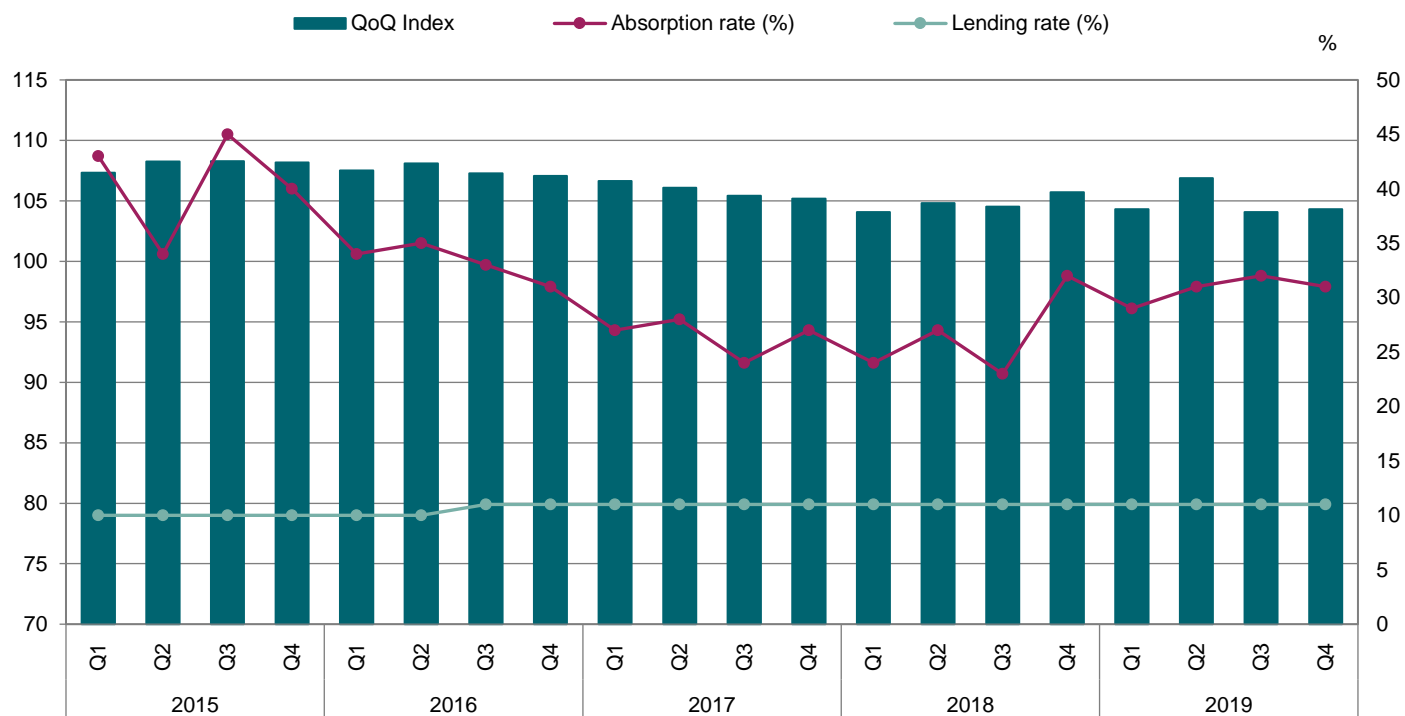
There were 39,300 sales in 2019, up 26% YoY; Q4 accounted for approximately 27% with over 10,400 transactions. In 2019, absorption reached 63%, up 7 ppts YoY, showing strong demand. Grade B remained the main driver with 73% of sales and 64% absorption.

By 2022, over 124,000 units from 116 projects will launch; 41,000 are expected to enter in 2020.

FIGURE 12: Apartment Performance, 2019



HANOI RESIDENTIAL QOQ INDEX

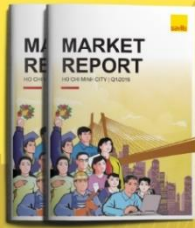


Note: Base Index in Q1 2009 = 100
 Source: Savills Research & Consultancy

HANOI OFFICE QOQ INDEX






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



VIETNAM MARKET REPORTS

savills

City	Sectors	Report Type	Quotation (One year)
HCMC	<ul style="list-style-type: none"> • Office • Retail • Hotel • Serviced Apartment • Apartment • Villa/Townhouse 	<ul style="list-style-type: none"> • Common Appendix <ul style="list-style-type: none"> ○ Macro Economy ○ Infrastructure ○ Legal ○ Planning  <p>4 x Quarterly Report</p>	US\$ 8,000 + VAT
HA NOI	<ul style="list-style-type: none"> • Office • Retail • Hotel • Serviced Apartment • Apartment • Villa/Townhouse 	<ul style="list-style-type: none"> • Common Appendix <ul style="list-style-type: none"> ○ Macro Economy ○ Infrastructure ○ Legal ○ Planning  <p>4 x Quarterly Report</p>	US\$ 8,000 + VAT
SECOND-TIER MARKETS	<ul style="list-style-type: none"> • Office • Retail • Hotel/ Resort • Residential (Apartment/ Villa/Townhouse) 	<ul style="list-style-type: none"> • Common Appendix <ul style="list-style-type: none"> ○ Macro Economy ○ Infrastructure ○ Legal ○ Planning  <p>2 x Half Yearly Report</p>	US\$ 6,000 + VAT

- Hai Phong
- Da Nang
- Nha Trang
- Vung Tau
- Binh Duong
- Dong Nai
- Can Tho
- Long An

SAVILLS VIETNAM

ADVISORY SERVICES

- Market Research
- Economic and Demographic studies
- Feasibility Studies
- Valuation
- Highest and Best Use
- Development Review
- Conceptual Development Recommendations

AGENCY

-  **Retail**
-  **Office**
-  **Industrial**
-  **Residential**

RESIDENTIAL & INTERNATIONAL SALES

- Project Sales and Marketing Strategy
- Residential Sales
- International Sales
- Landlord Representative

HOTEL & LEISURE

- Operator Selection
- Management Agreements

PROPERTY MANAGEMENT

- Residential - Commercial - Industrial
- Pre-Operations Management Consultancy
- Property & Asset Management
- Facility Management
- Property Management Training

INVESTMENT

- Strategic Project Positioning
- Acquisition and Sales
- Stakeholder Engagement Structuring



Savills Cares

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



savills

Savills Research

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.

Research



Troy Griffiths
Deputy Managing Director
+84 (0) 933 276 663
tgriffiths@savills.com.vn



Do Thu Hang
Director, Advisory Services
Research Hanoi
+84 (0) 912 000 530
dthuhang@savills.com.vn



Vo Thi Khanh Trang
Head of Research
Savills HCMC
+84 (0) 906 948 580
vthikhanhtrang@savills.com.vn

Savills plc: Savills is a leading global real estate service provider listed on the London Stock Exchange. The company established in 1855, has a rich heritage with unrivalled growth. It is a company that leads rather than follows, and now has over 700 offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East.

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.