



CBRE

VIETNAM PROPERTY OVERVIEW

Q1.2017

*Presented by: Ms. Dung Duong and Mr. Hieu Le
Director, CBRE Vietnam*

HO CHI MINH CITY

Wednesday, 12th April 2017



**TODAY
REAL ESTATE
MARKET
IS DRIVEN BY...**

URBANIZATION

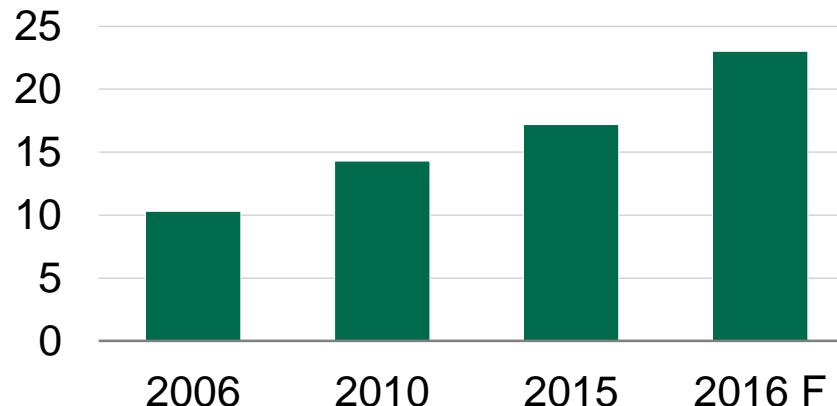
Vietnam urbanization among fastest in the region

“By 2020, 50 percent of Vietnam’s population (of 100 million) will live in urban areas/cities.

An estimate number of 374,000 additional housing units will be needed in cities every year to cope with rising demand.”

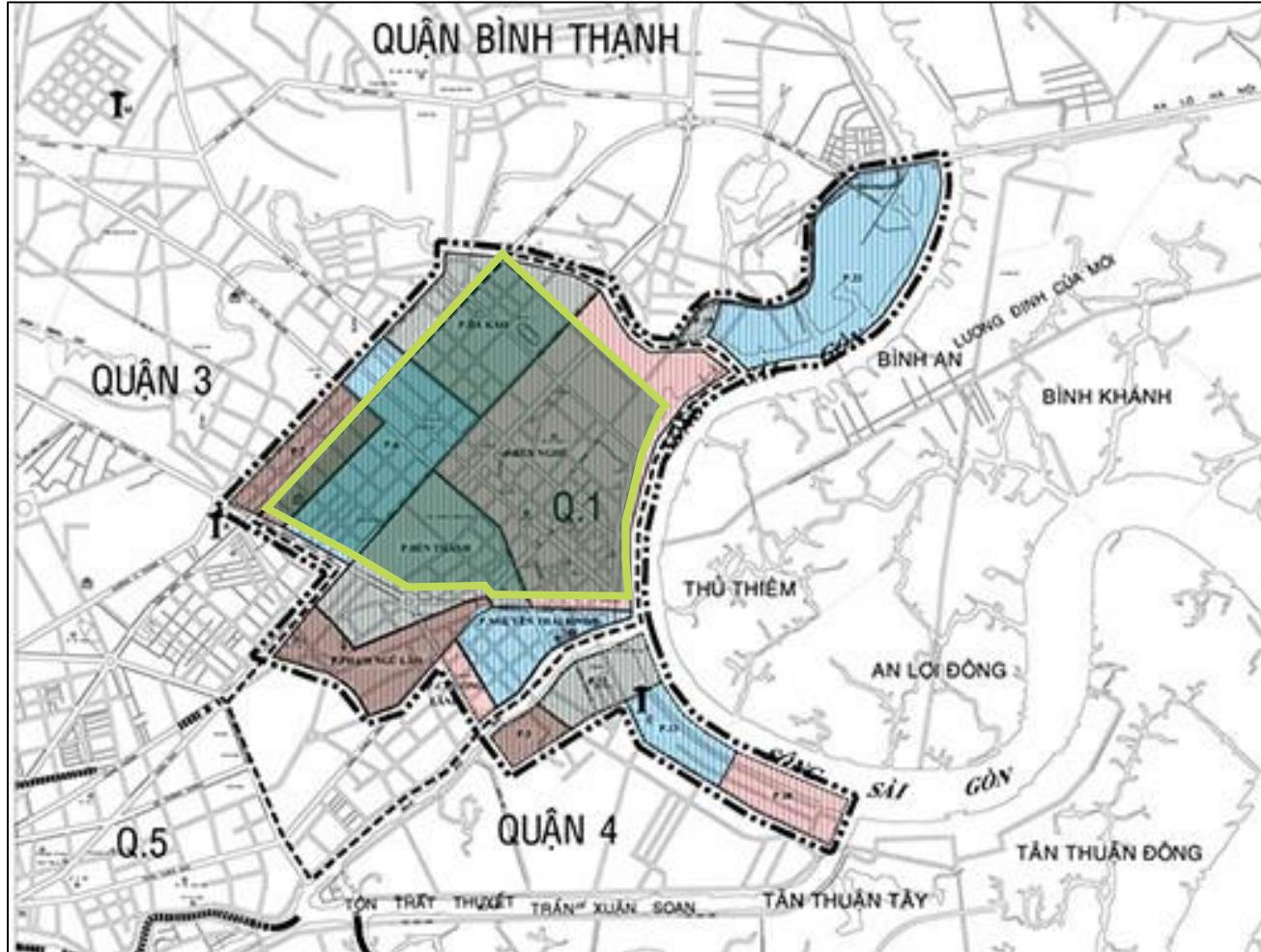


Existing residential area per person (sm)



THE EXPANSION OF CBD

The CBD Make-over



HCMC's new centre is expanding to include part of Binh Thanh District (Ward 22 and Ward 19) and District 4 (Ward 9, 12, 13 and 18)

THU THIEM NEW URBAN AREA

Quick Progress, Fast Changes

2008



2011



2015



Apr 17



MEGA PROJECTS IN HCMC IN 2016 - 2018



Vinhomes Central Park,
Binh Thanh Dist.

Scale: 44 ha
Condominium: 10,000 units
Component: condominium, villa, office



GS Metro City
Nha Be

Scale: 349 ha
Condominium: 3,600 units
Component: condominium, villa, office, retail



Eco-Tourism City
Can Gio

Scale: 1,080 ha
Condominium: 21,000 units
Component: condominium, villa, office, retail, hotel

Palm City, Dist. 2

Scale: 30 ha
Condominium: 816 units
Component: condominium, villa, office, retail



Eco Smart City
Thu Thiem, Dist. 2

Scale: 10 ha
Component: condominium, villa, office, retail, hotel



Empire City
Thu Thiem, District 2

Scale: 14.5 ha
Condominium: 3,000 units
Component: condominium, villa, office, retail, hotel



THE EXPANSION OF FOREIGN DEVELOPERS

Mitsubishi and Bitexco to develop The Manor Central Park

Released at 06:18 28/07/2016

Vietnam
ECONOMIC TIMES



Japanese companies invest more in Nam Long

Hung Le

Tuesday, Apr 19, 2016, 20:12 (GMT+7)

HCMC – Japanese firms Hankyu Realty and Nishi Nippon Railroad will acquire a combined stake of 50% in APSL-PLB-Nam Long Co Ltd under Nam Long Investment Corporation to invest in Fuji Residence project in HCMC.

Frasers Centrepoint to build Ho Chi Minh City project with Vietnam-listed ADTD

By Lee Meixian leemx@sph.com.sg @LeeMeixianBT

Development Of Luxurious Residence

Daewoo E&C to Begin Parceling Sale of Luxurious Villas in Hanoi, Vietnam



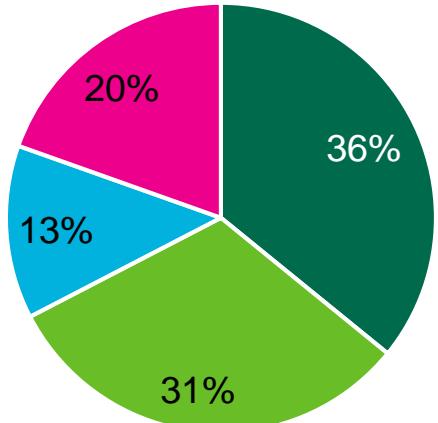
CapitaLand buys prime site in Ho Chi Minh City



THE STRAITSTIMES

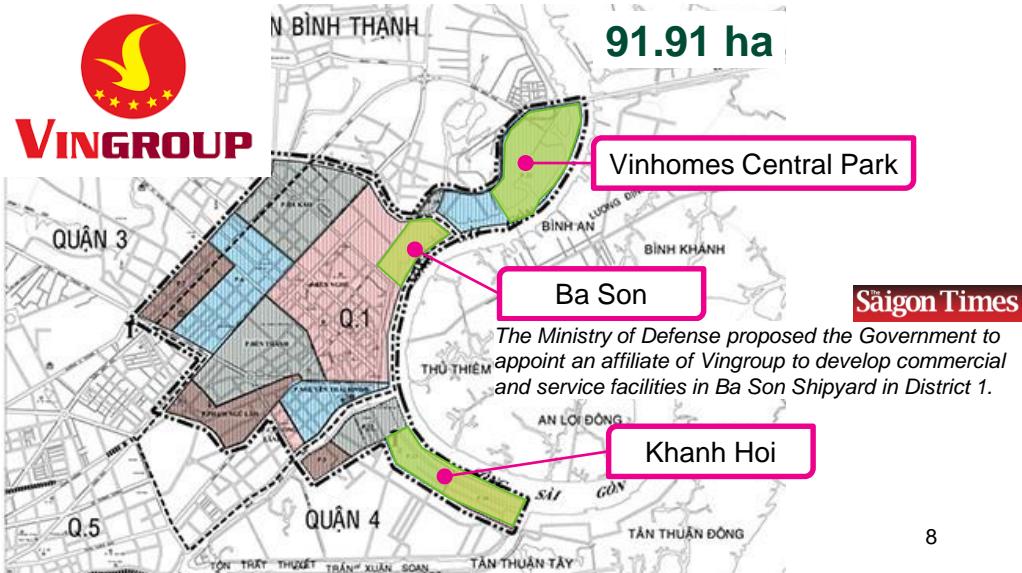
THE STRENGTHENING OF LOCAL DEVELOPERS

High-end Condo Market Share, HCMC, 2015

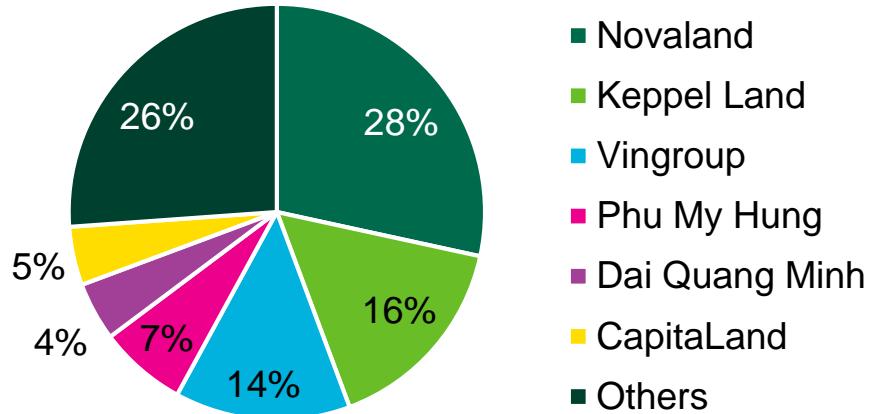


Source: Dragon Capital

The logo consists of a red circle containing a yellow stylized bird or flame shape. Below the circle, the word "VINGROUP" is written in a bold, red, sans-serif font.



High-end Condo Market Share, 2016 - 2018



NEW LAW ON FOREIGN HOUSING OWNERSHIP

What have we learnt after almost two years?

- Questions and more questions
- Guidelines and Paperwork
- Loans – Bank says Yes ✓ but in reality, it's a No ✗
- Foreigners use credit cards, not cash
- Most buyers are Vietnam-based foreigners. *Foreigners prefer drinking to buying properties on a Friday night!*



Society

Vietnam exempts visa for Viet kieu, foreign spouses of Vietnamese citizens

CBRE

Foreign Investors Remain Hesitant About Setting Up Home in Vietnam's Real Estate Market

Vietnam Briefing

HCMC – Despite a new real estate law that was implemented last July, ostensibly giving foreigners the same property rights as local Vietnamese, ...



Flag as irrelevant

Foreign buyers fuel Vietnam housing market

VietNamNet Bridge

VietNamNet Bridge - Vietnam's real estate market has been heating up with a rapidly increasing number of purchases made by not only locals but also ...



Flag as irrelevant

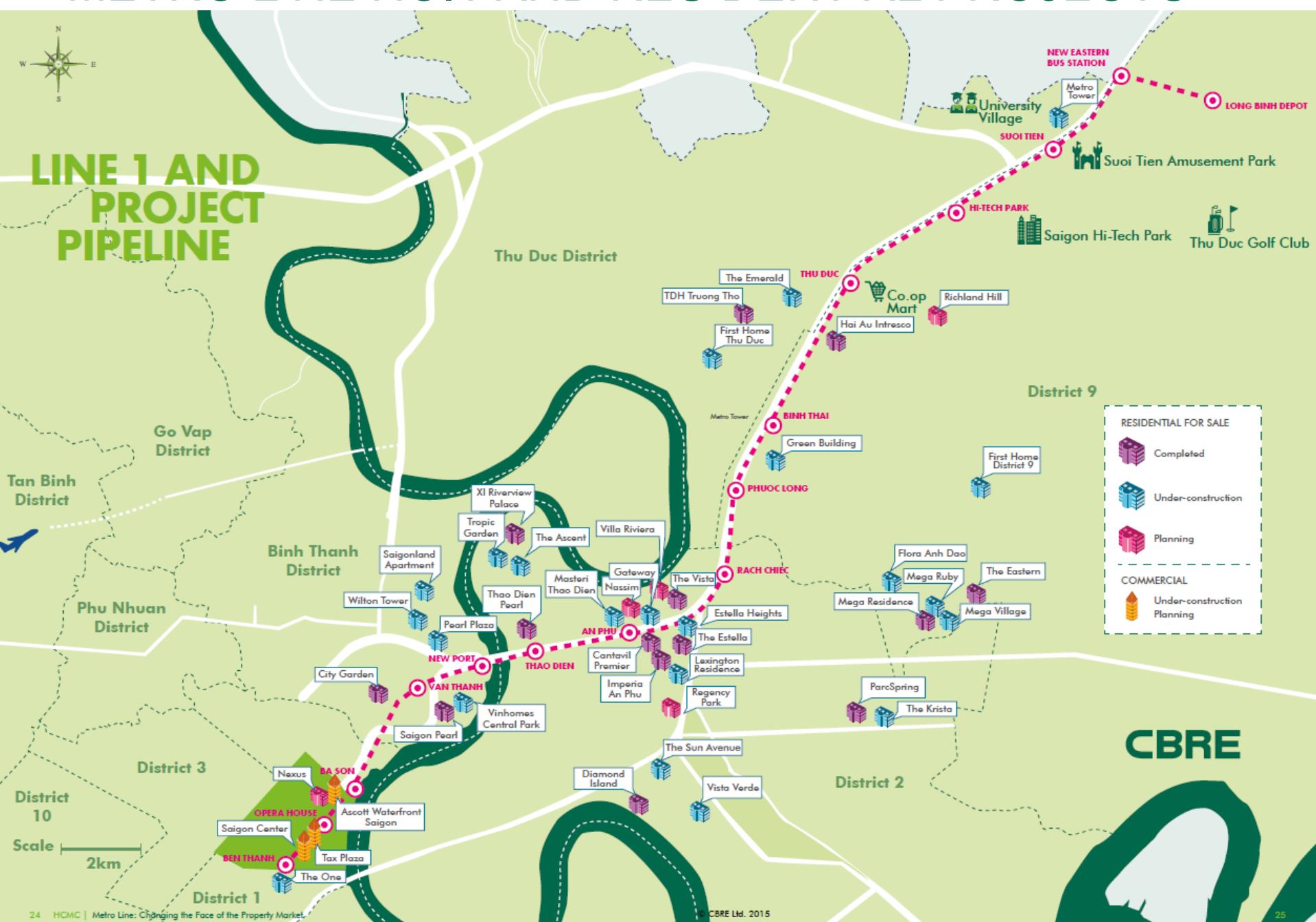
From All-nationalities Event to Themed Event for a Focus Group



METRO LINE NO.1 AND RESIDENTIAL PROJECTS



LINE 1 AND PROJECT PIPELINE

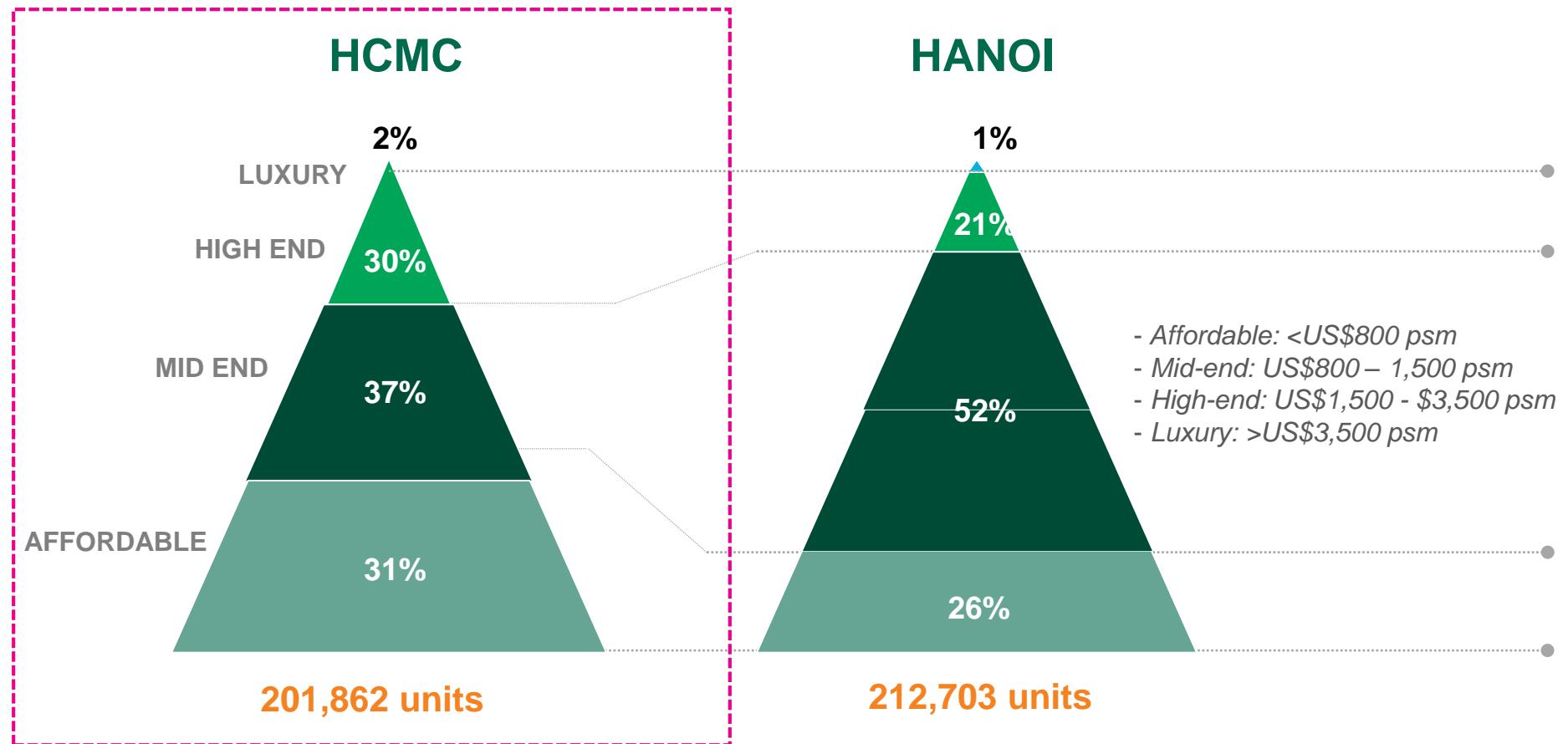


The background image shows a massive construction project, likely a residential complex, with several tall tower cranes and numerous building frames made of steel reinforcement rods (rebar) at different stages of completion. The sky is filled with dramatic, dark clouds, suggesting either dawn or dusk. The overall atmosphere is one of industrial activity and urban development.

HOW THE RESIDENTIAL MARKET TRENDS

HCMC CONDOMINIUM FOR SALE

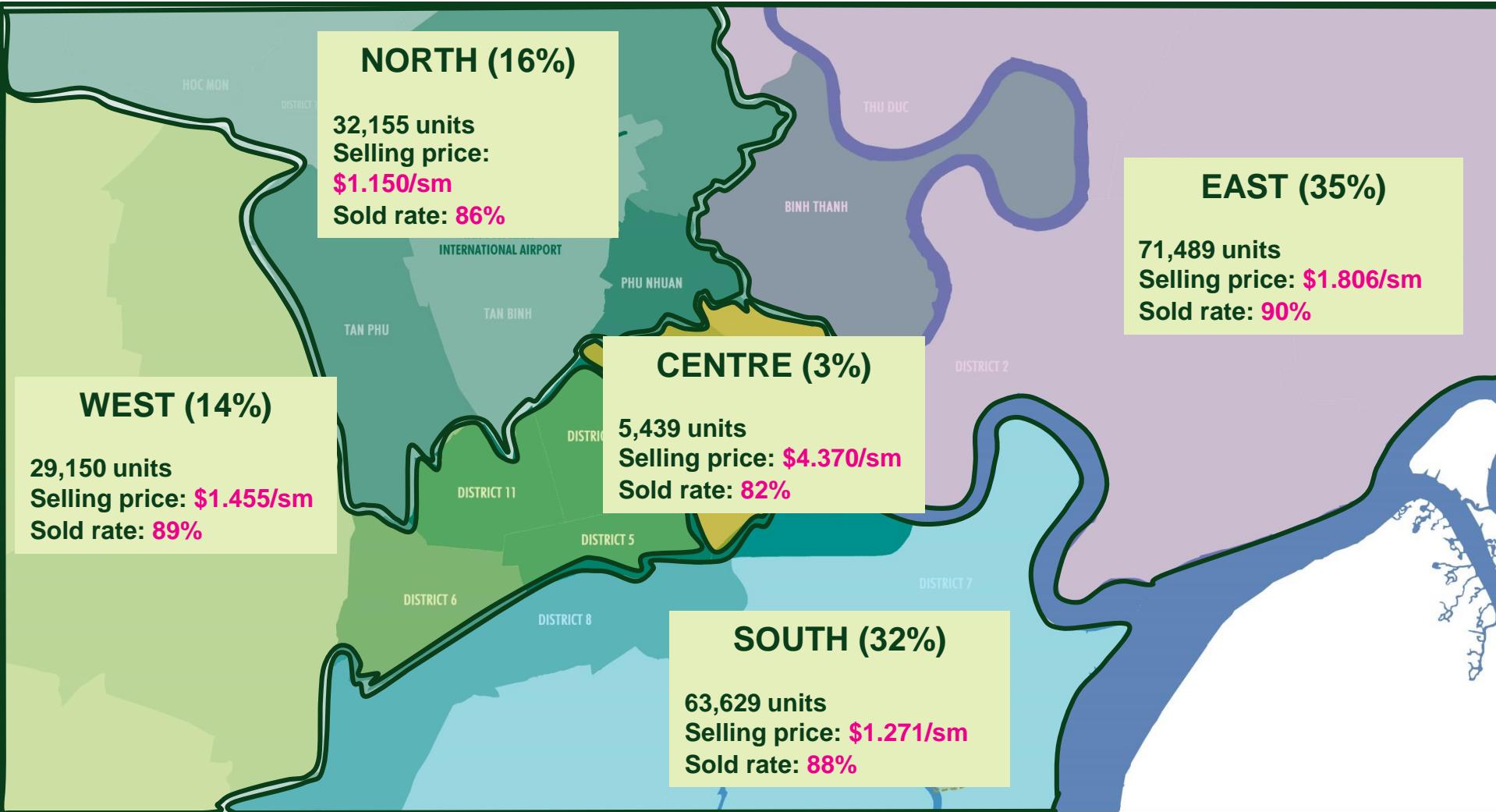
Total Supply by Grade *



Source: CBRE Vietnam, Q1 2017.

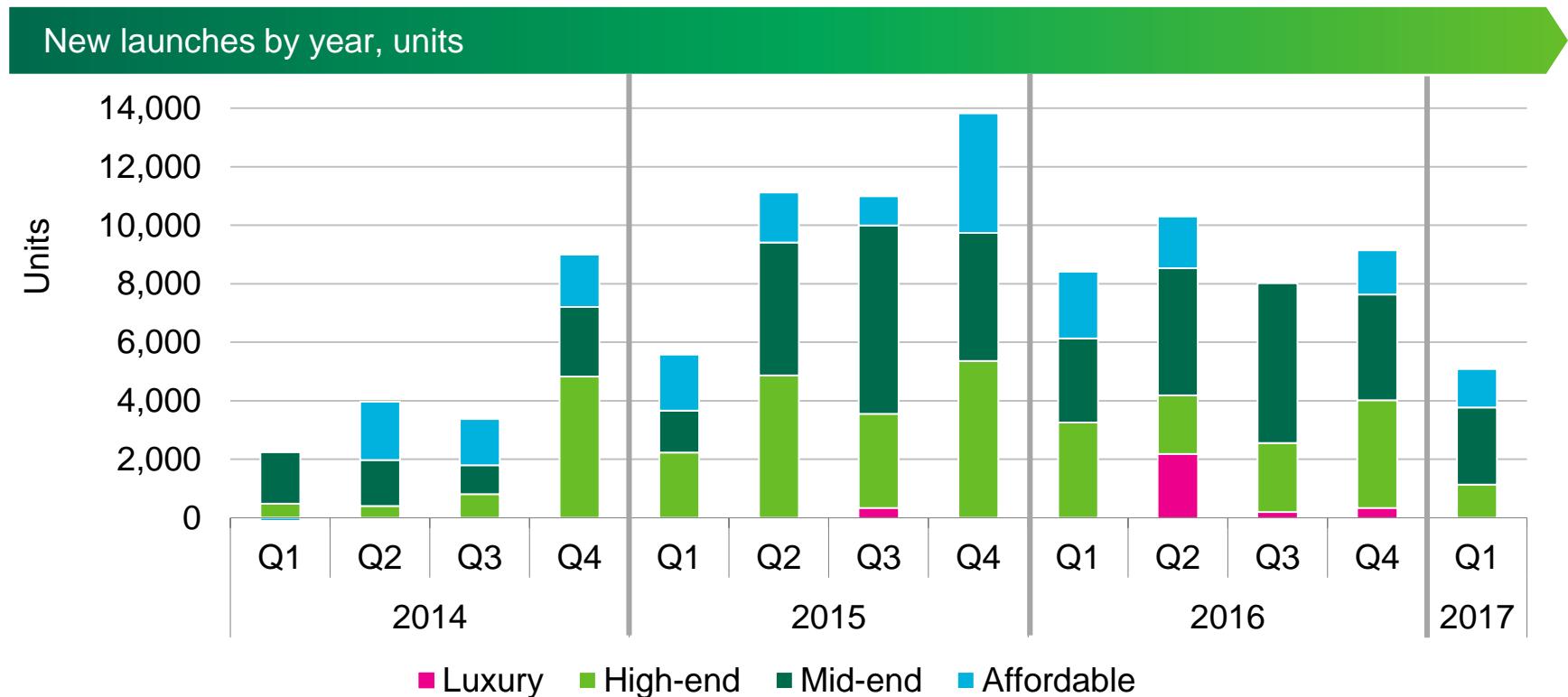
HCMC CONDOMINIUM FOR SALE

New launch remains strong in the East and the South



HCMC CONDOMINIUM FOR SALE

Supply by Year



Source: CBRE Vietnam, Q1 2017.



Q1/2017
5,083 units from 21 projects

CBRE



-44% q-o-q

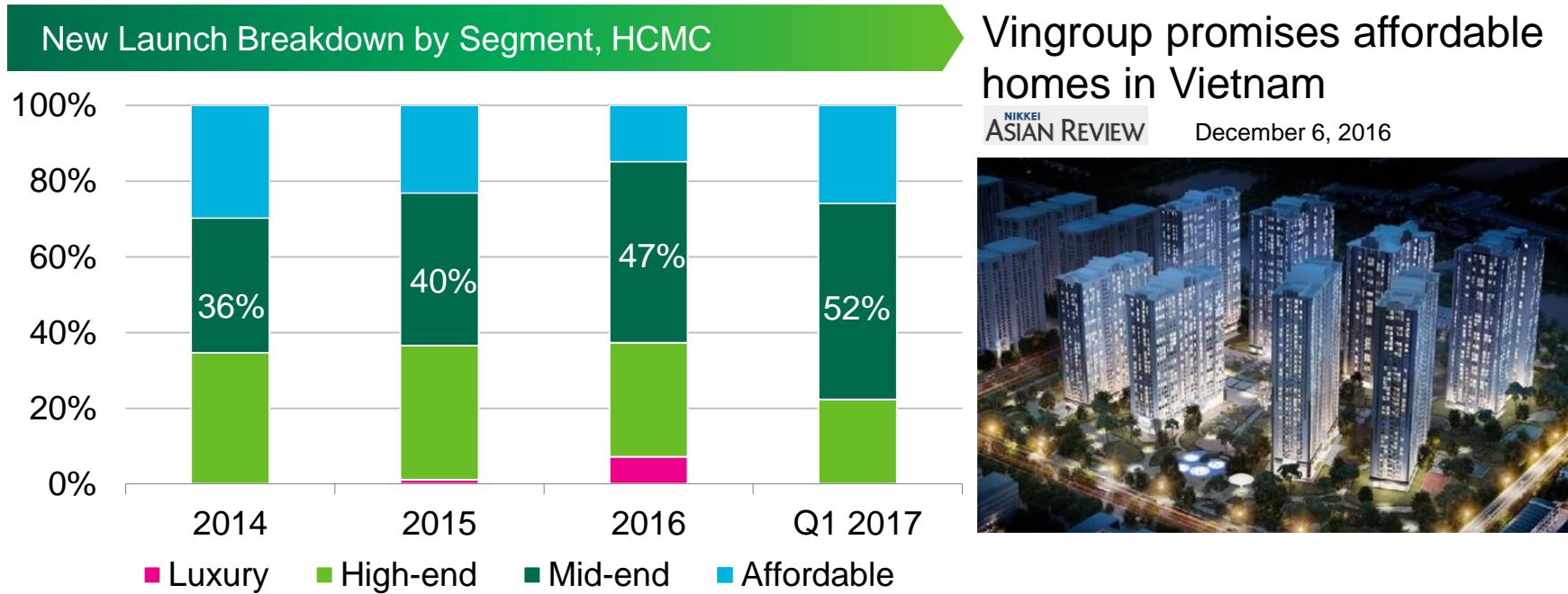


-49% y-o-y

CBRE MARKET INSIGHTS | Q1 2017

HCMC CONDOMINIUM FOR SALE

Mid-end segment expanding, easing high-end oversupply fear



Real estate bubble unlikely next year: HoREA

Hong Phuc

Tuesday, Dec 20, 2016, 21:56 (GMT+7)

The Saigon Times



HCMC – A real estate bubble is unlikely to burst next year, the HCMC Real Estate Association (HoREA) forecast.

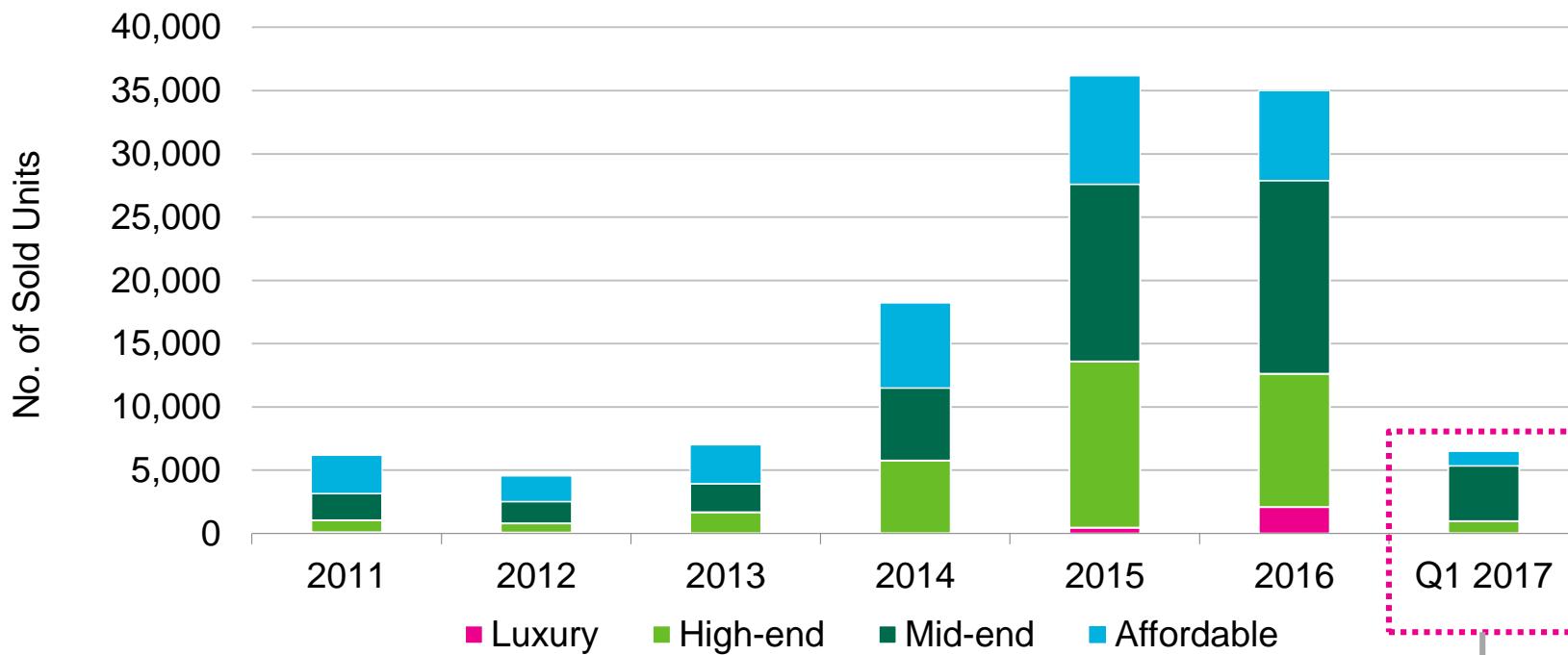


The association predicted the property market in 2017 will maintain growth momentum but a slowing trend this year will probably continue. In addition, there will likely be a big adjustment to address the supply-demand mismatch that is currently skewed towards the luxury segment, including resorts.

HCMC CONDOMINIUM FOR SALE

Sold units - Mid-end dominated Q1 2017

Number of Units Sold by Year, HCMC



6,501 units sold

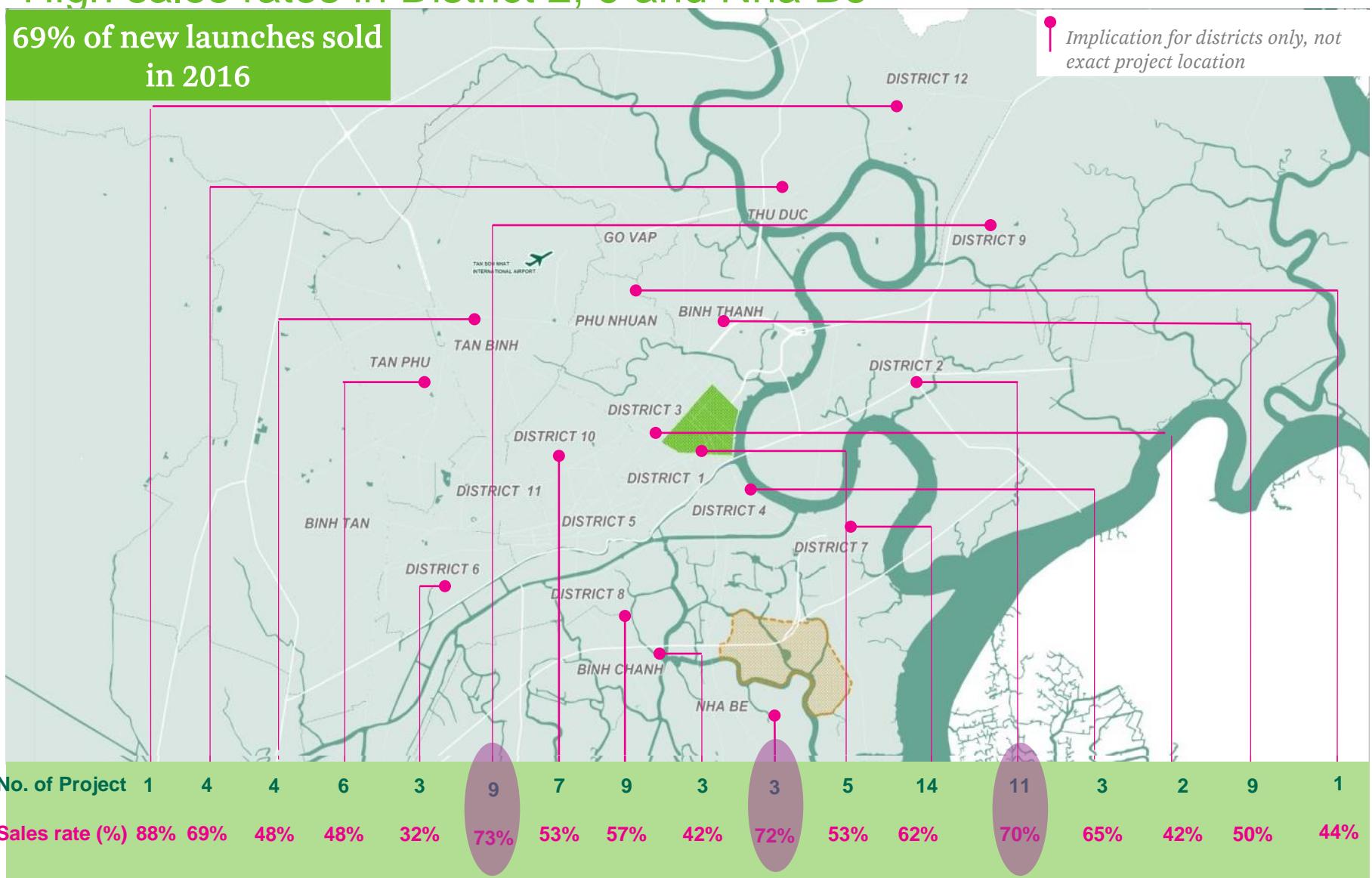
67% in mid-end segment

HCMC CONDOMINIUM FOR SALE

High sales rates in District 2, 9 and Nha Be

69% of new launches sold
in 2016

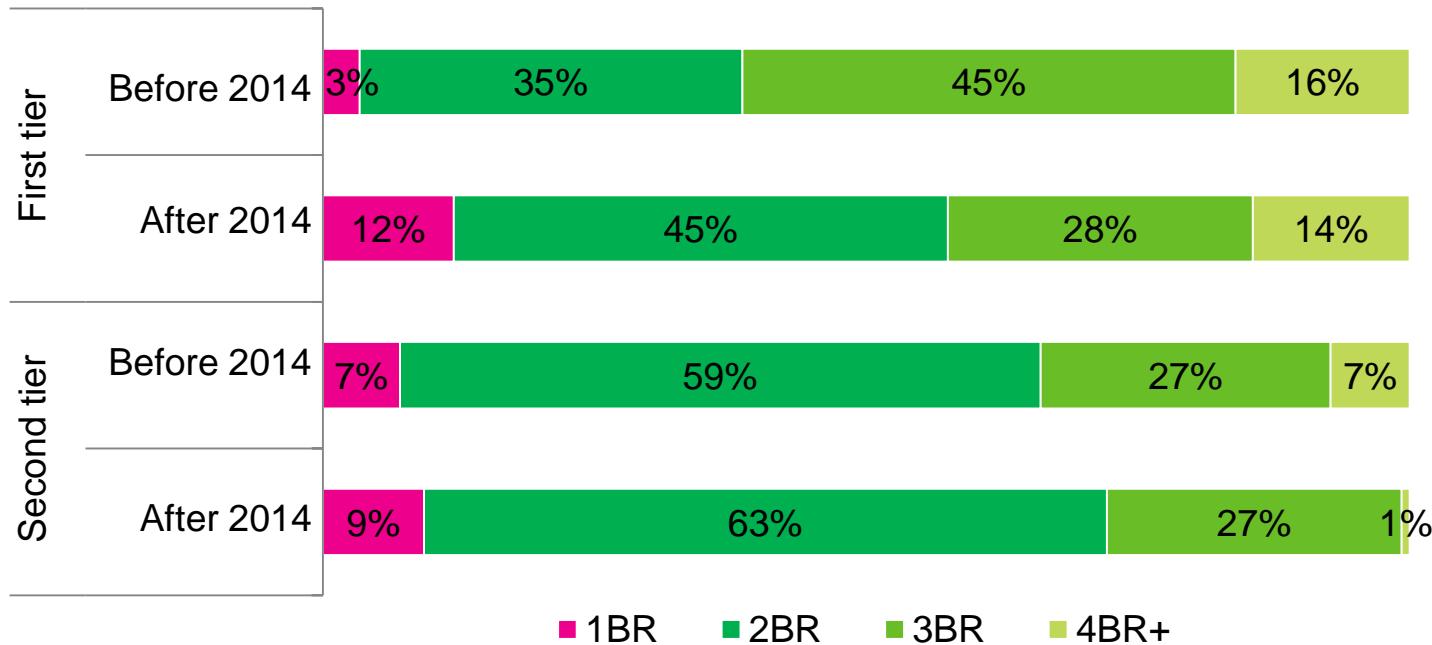
 Implication for districts only, not exact project location



HCMC CONDOMINIUM FOR SALE

Unit size/Unit type: Small is still beautiful!

Condominium Unit Type Change, HCMC



- First tier: Luxury and high-end products;
- Second tier: Mid-end and affordable products

Source: CBRE Vietnam, Q1 2017.

HCMC CONDOMINIUM FOR SALE

Unit size/Unit type: Small is still beautiful!

Condominium Unit Size Change, HCMC



- First tier: Luxury and high-end products;
- Second tier: Mid-end and affordable products

Source: CBRE Vietnam, Q1 2017.

HCMC CONDOMINIUM FOR SALE

Buyers' Profile: More Foreigners, for Investment Purpose

Owner-occupier



Q1 2017	31%
Q1 2016	23%
Q1 2015	65%

Buy-to-let Investors



50%
40%
15%

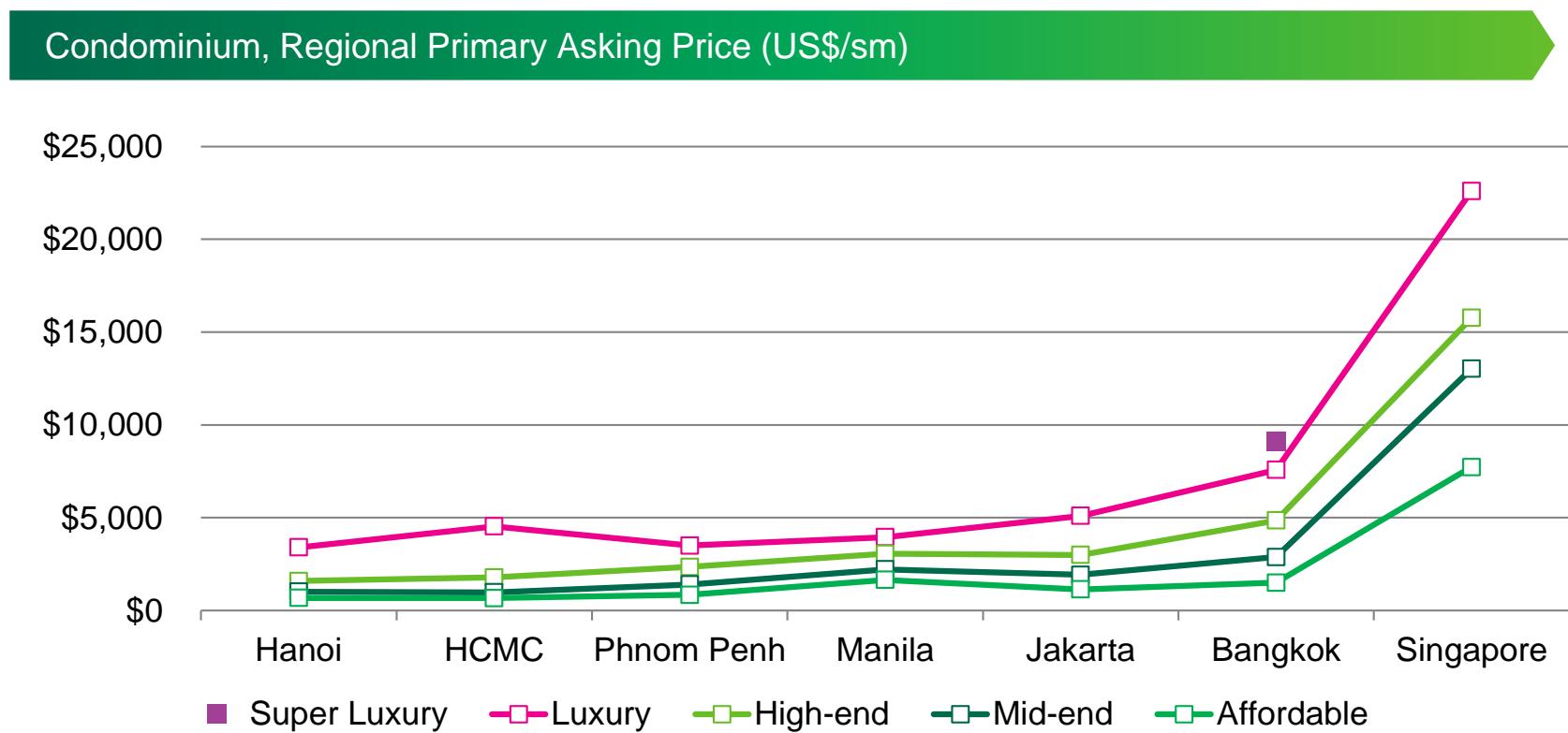
Buy-to-gain Investors



19%
37%
21%

HCMC CONDOMINIUM FOR SALE

Why Foreigners buy?



Source: CBRE Research.

Why now could be a good time to buy a property in Vietnam

The country wants to catch up with its richer Asian rivals but for now it still offers good value for international homebuyers

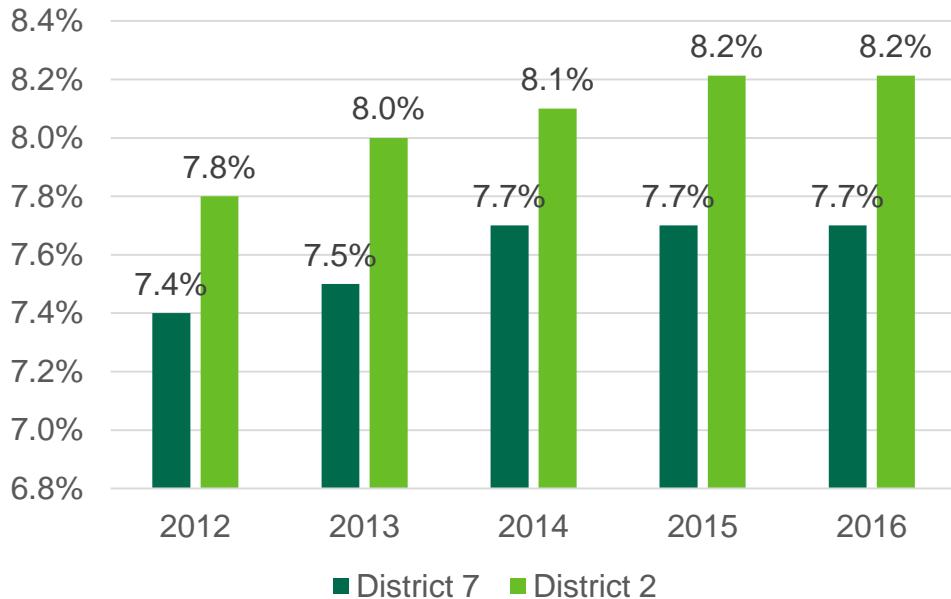


FINANCIAL TIMES

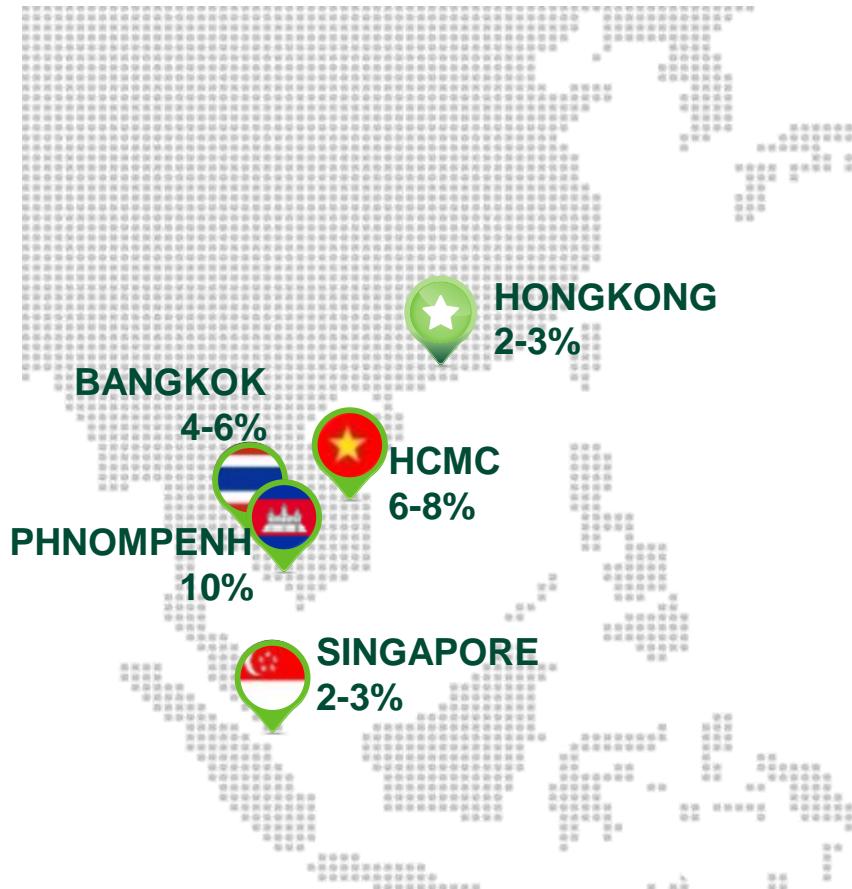
HCMC CONDOMINIUM FOR SALE

Good Rental Yield Attracts Investors

Rental yield* at selected high-end projects** in HCMC



Gross rental yield* in SEA countries



(*) Gross yield. Net rental yield ranges from 4.5%-6.5%.

(**) Selected projects:

District 7: Sunrise City, Sky Garden, Panorama;

District 2: Xi Riverview Palace, The Estella, The Vista.

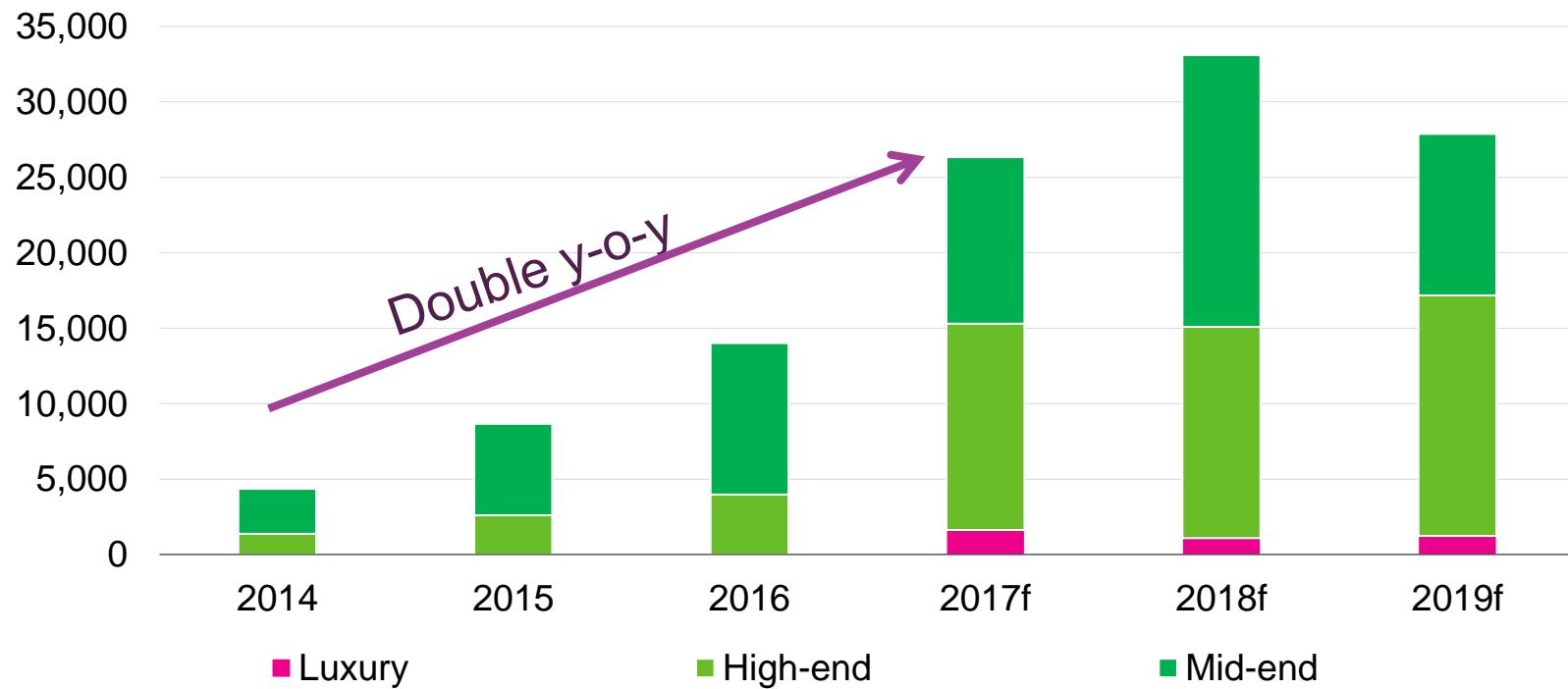
Source: CBRE Vietnam, 2016.

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HCMC CONDOMINIUM FOR SALE

Concerns on a Fully Supplied Mid- to High-end Sector

Expected Completion

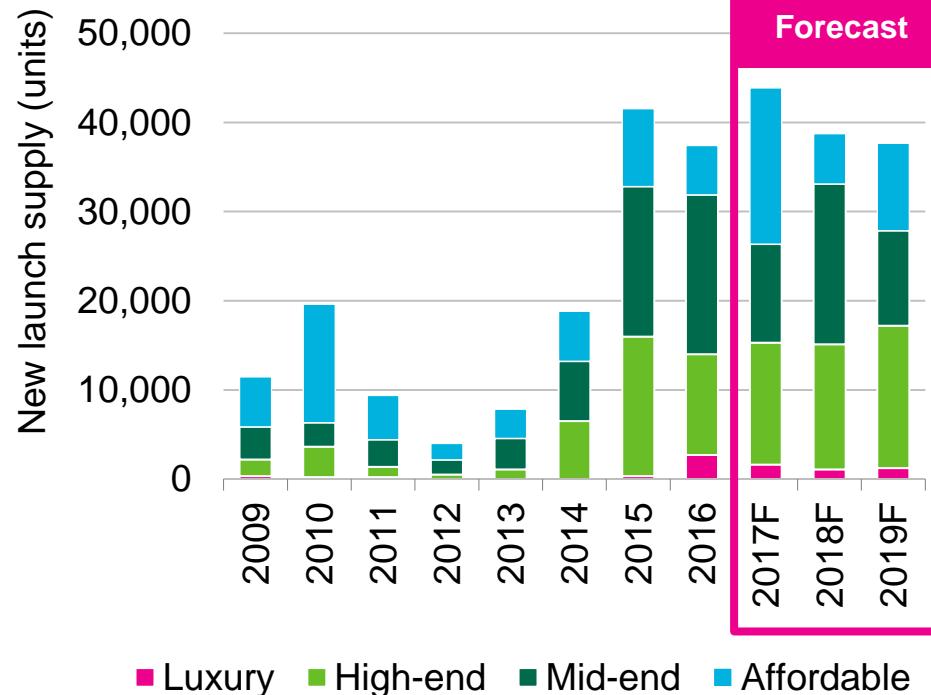


Source: CBRE Vietnam, Q4 2016

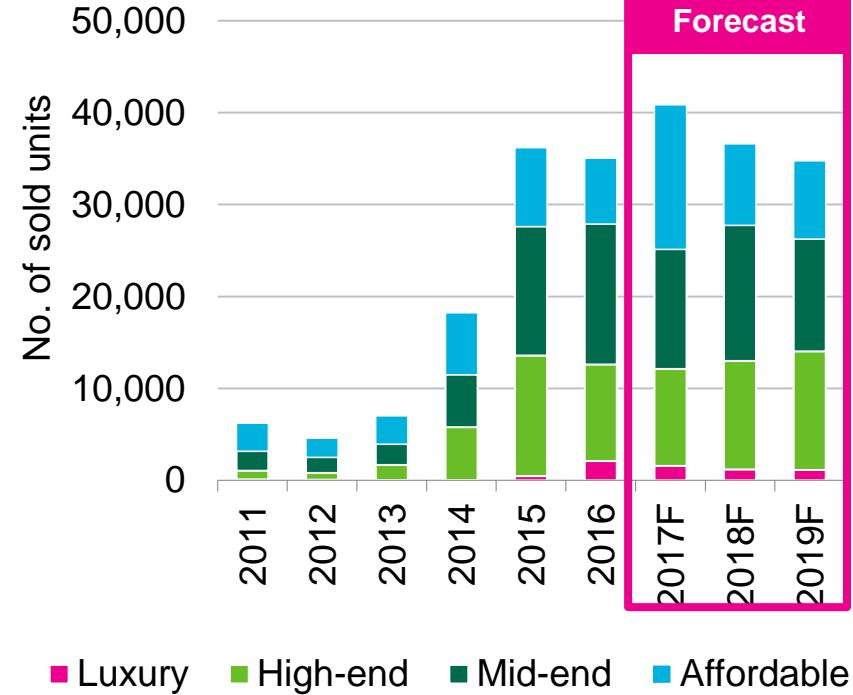
HCMC CONDOMINIUM FOR SALE

Outlook

HCMC - New Launch by Year



HCMC - Sold Units by Year



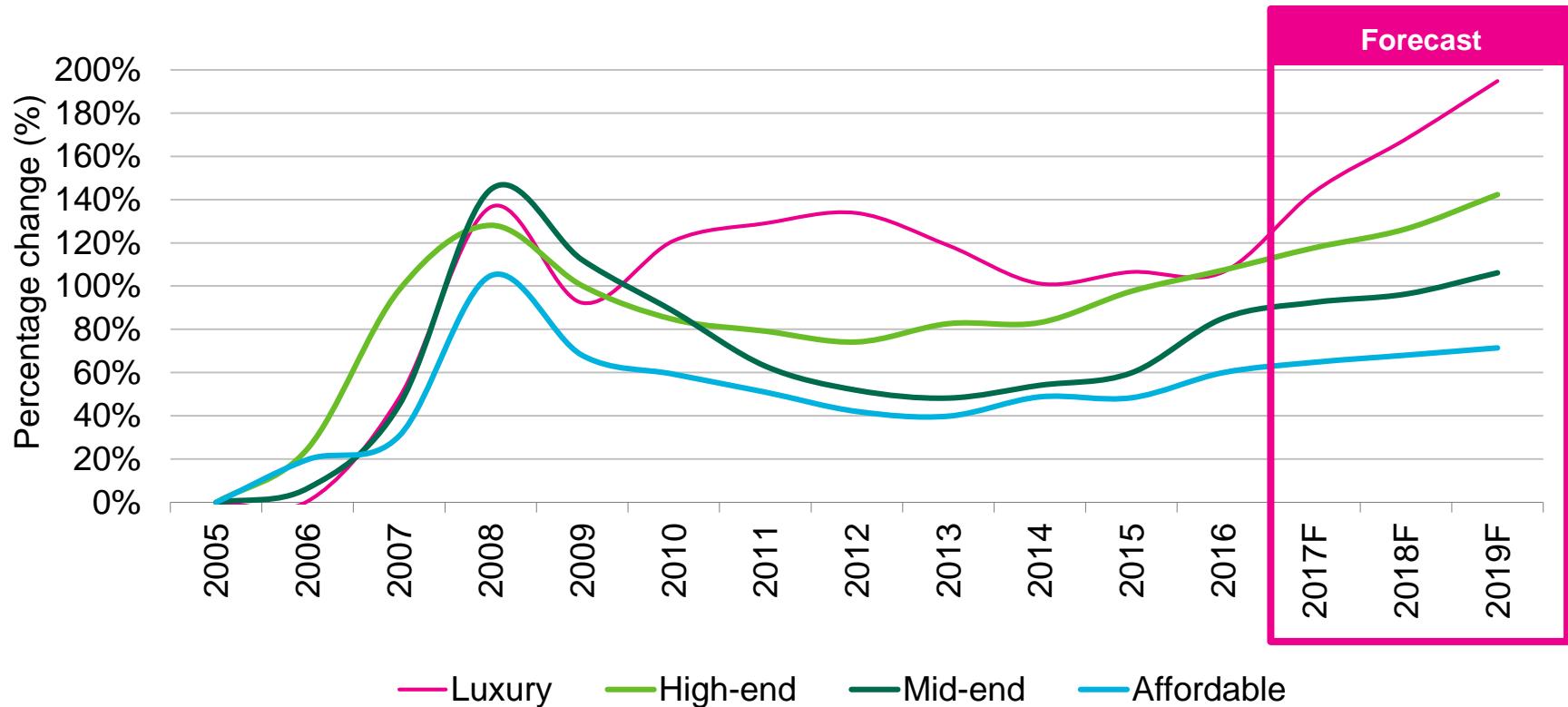
Source: CBRE Vietnam, Q4 2016

CBRE

HCMC CONDOMINIUM

Primary pricing up across segments

Asking Selling Price on Primary Market



Source: CBRE Vietnam, Q4 2016.

CONDOMINIUM OUTLOOK

HCMC

2017: ~40,000 units from 60 projects

District 1 Active Again with Properties @ >US\$7,500 psm

2017 Expected New Launches:

- Luxury: 4%
- High-end: 31%
- Mid-end: 25%
- Affordable: 40%



The One HCMC
Pham Ngu Lao Str.



Saigon Melinh Tower
Hai Ba Trung Str.



VCRE
Ngo Van Nam Str.



Springlight City
Nguyen Dinh Chieu Str.

But Don't Forget the Affordable and Mid-end Sectors



VinCity
District 9



Green Town
Binh Tan District



Toky Tower
District 12



Park Vista Residence
Nguyen Huu Tho Street

HCMC CONDOMINIUM FOR SALE

Lower-end segments: Wait for a positive change

Challenges remain after handover



**Big developers to join –
Better quality to come?**

Người dân "ngán ngẩm" về chất lượng chung cư giá rẻ

06:55, 22/08/2016 - Quý Dương (Tổng hợp) - Thị trường - Dự báo

Tin liên quan

Trang chủ / Thị trường - Dự báo >

Send Like Share 3 Tweet Print

Bất động sản VIỆT NAM REATIMES

REATIMES.VN Nhiều người lên tiếng phàn nàn về chất lượng phân khúc chung cư giá dưới 1 tỷ đồng. Thực tế cho thấy, những khu đô thị giá rẻ đã hành chông bộc lộ những hạn chế, khiến các cư dân "ngán ngẩm".



infonet

Doanh nghiệp BĐS trong cuộc đua nâng tầm chất lượng nhà giá rẻ

LinkHay Gửi Chia sẻ 10 Thích 15 người của bạn.

CAFEF
www.cafevn.com



Hà Nội: Xuất hiện dự án chung cư vừa túi tiền quy mô lớn tại quận Nam Từ Liêm

LinkHay Gửi Chia sẻ 181 Thích 2,5K người thích nội dung này. Hãy là người đầu tiên trong sở bạn bè của bạn.



CAFEF
www.cafevn.com



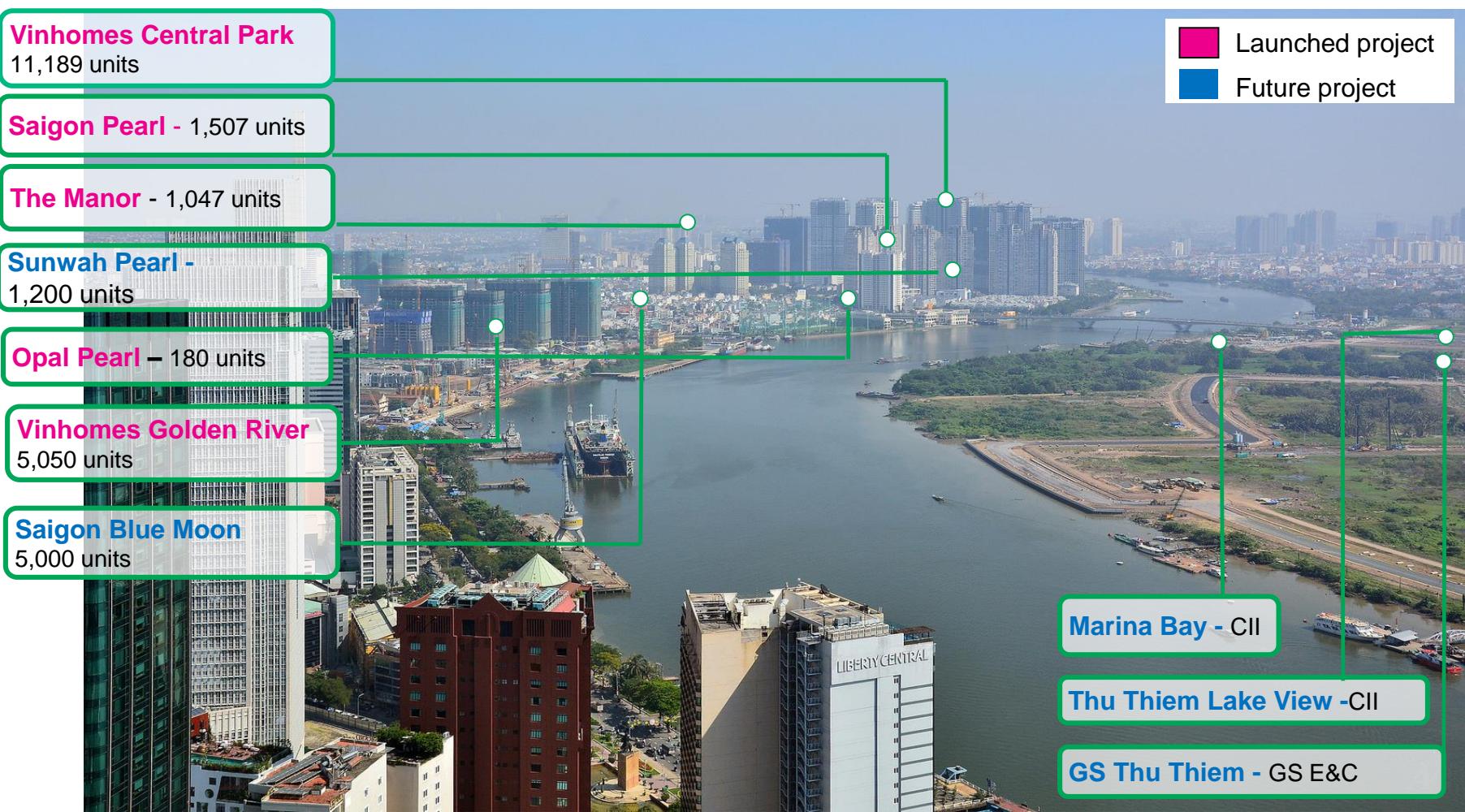
bung
a dạng vê
y càng cao.
, cung khan

Source: Images retrieved from the internet

CBRE

HCMC CONDOMINIUM FOR SALE

The East and West side of Saigon River

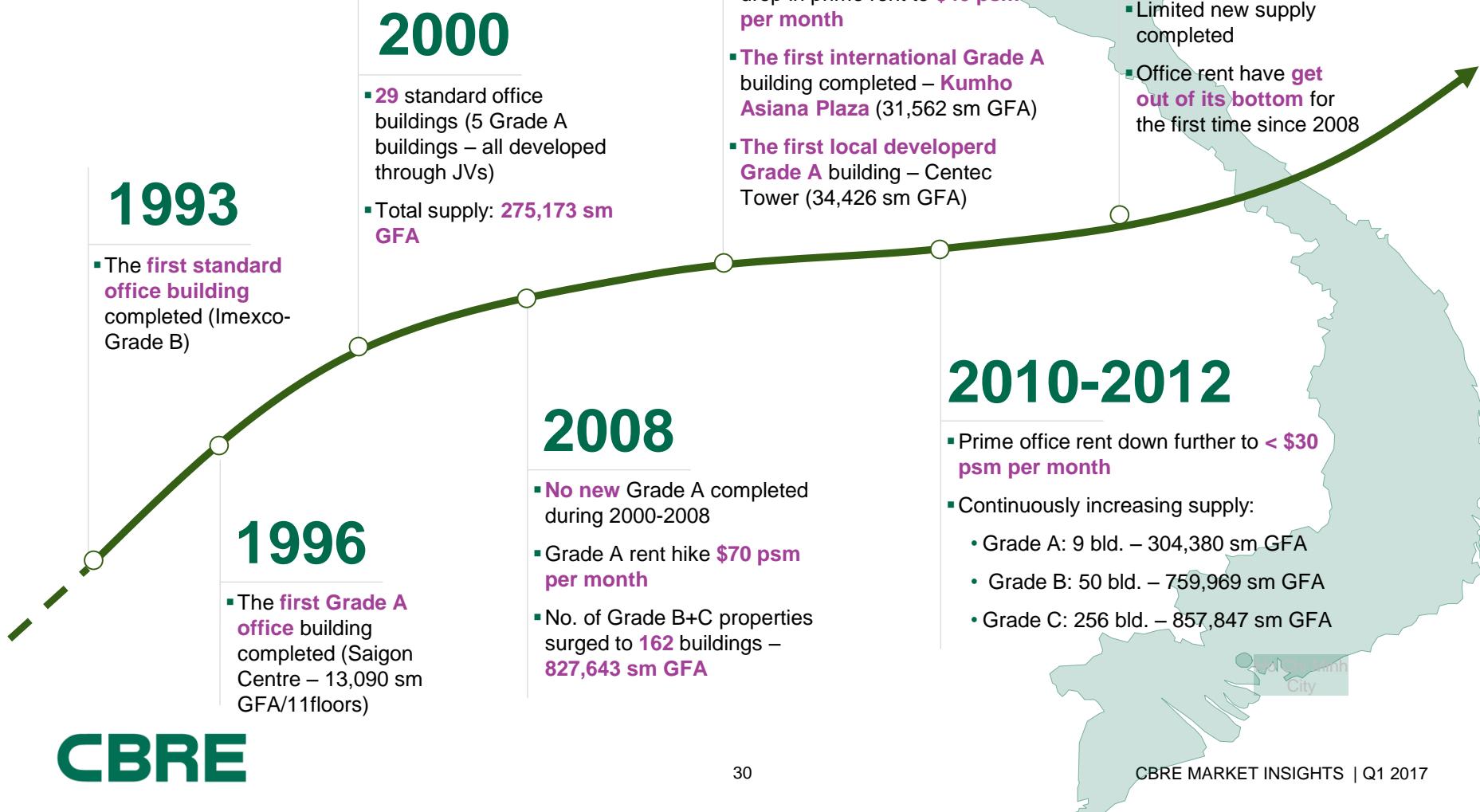


The background of the slide is a blurred photograph of a city skyline at night. The buildings are mostly dark, with many windows glowing with light, creating a dense grid of points of light against a dark sky.

**LACK OF PRIME
OFFICE SPACE**

HCMC OFFICE MARKET

Historical Overview



HCMC OFFICE MARKET VS. APAC

HCMC becoming more LANDLORD - Driven

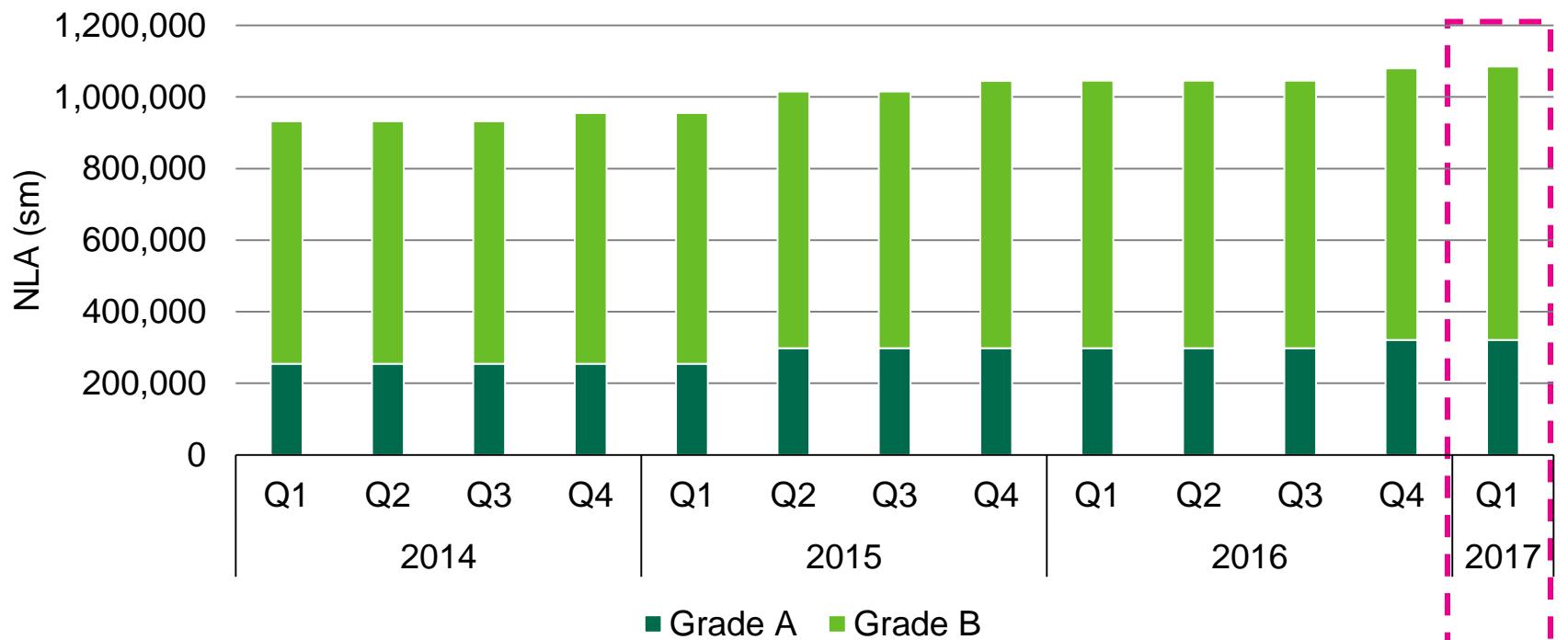


Source: CBRE, Landlord and Occupier Symposium 2016

HCMC OFFICE MARKET

Limited New Supply until 2H 2017

Total Supply by Year, HCMC Office



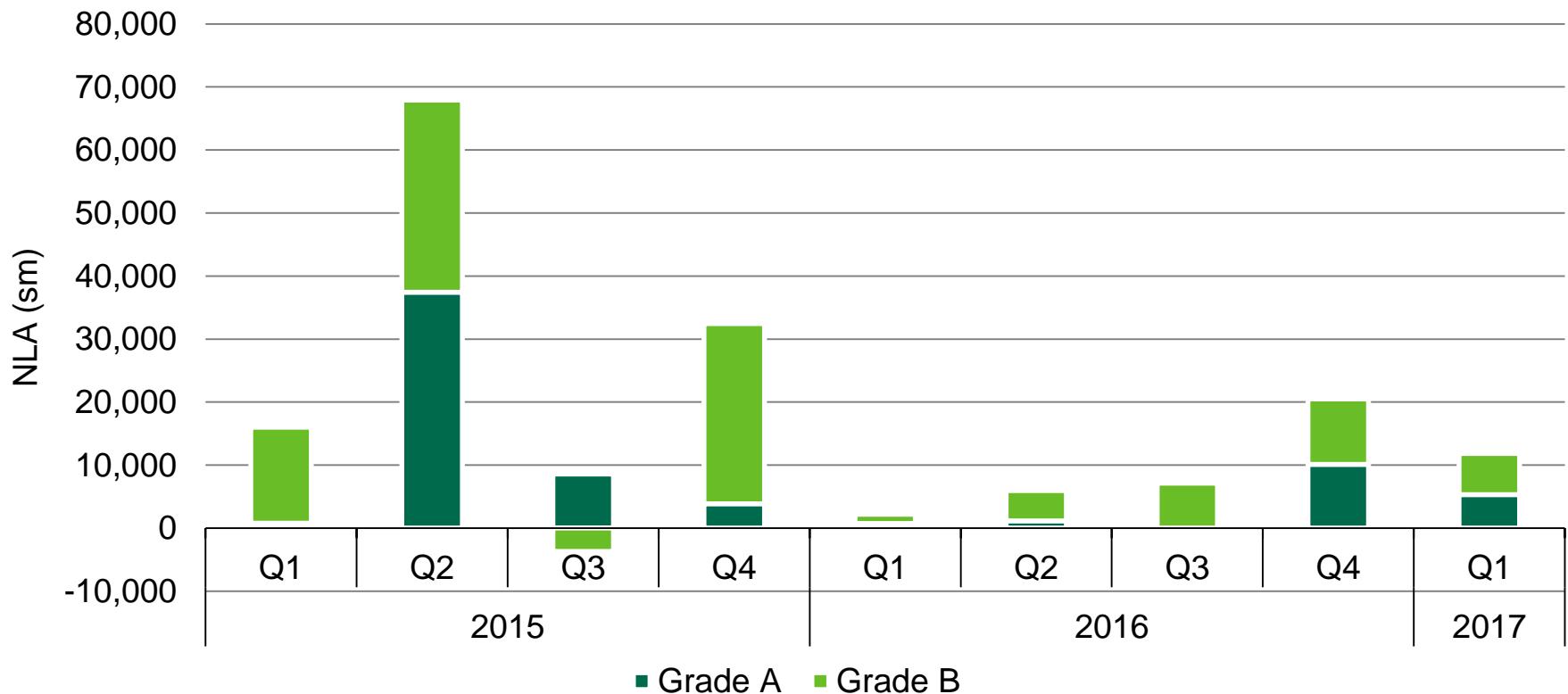
Source: CBRE Vietnam, Q1 2017

	GRADE A	GRADE B	TOTAL
GFA (sm)	414,931	1,008,474	1,423,405
NLA (sm)	321,557	763,684	1,085,241

HCMC OFFICE MARKET

New Net Absorption

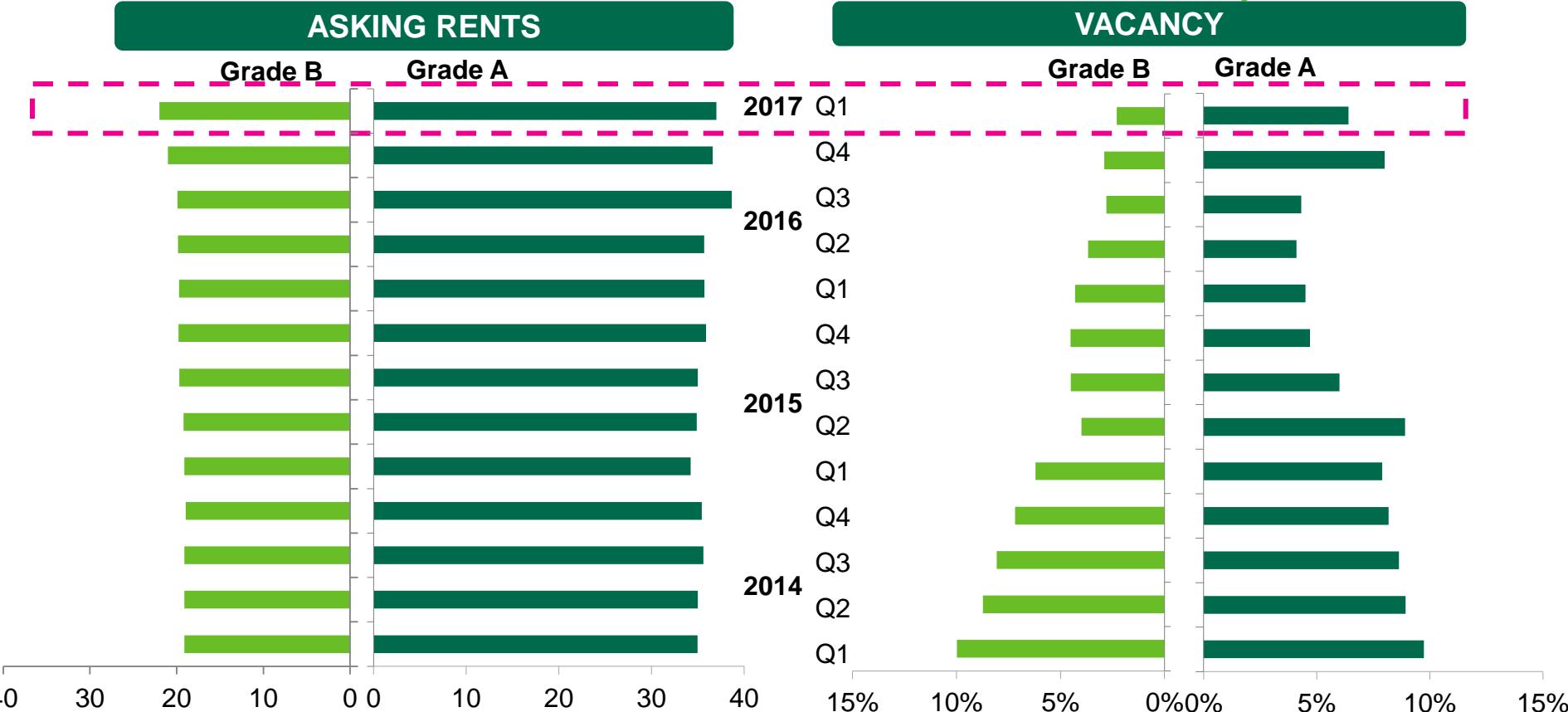
Net Absorption by Quarter, HCMC Office



Source: CBRE Vietnam, Q1 2017.

HCMC OFFICE MARKET

Performance: Increased Rents and Decreased Vacancy Rates



Grade B

2.6%

-1.7 ppts
y-o-y

-0.2 ppts
q-o-q

Grade A

6.4%

+1.9 ppts
y-o-y

-0.5 ppts
q-o-q

(*) Average asking rents (US\$/sm/month)

34

Grade B

US\$ 22.0

+11.5%
y-o-y

+4.8%
q-o-q

Grade A

US\$ 37.0

+3.6%
y-o-y

+1.2%
q-o-q

HCMC OFFICE MARKET

Future Supply

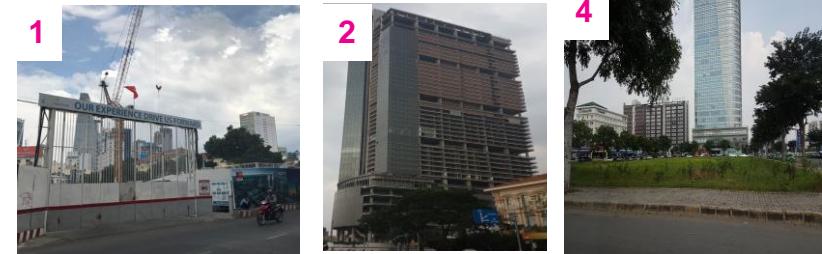
1. Viettel Complex, D10 – GFA: 65,971 sm
2. Deustches Haus, D1 – GFA: 38,621 sm
3. Saigon Centre Phase 2, D1 – GFA: 40,000 sm
4. Etown Central, Tan Binh – GFA: 67,760 sm

2017



2018 - 2019

1. Spirit of Saigon, D1 – GFA: 15,000 sm
2. Saigon M&C, D1 – GFA: 49,000 sm
3. VietCapital Center, D1 – GFA: 38,621 sm
4. The Khai, D7 – GFA: 15,000 sm
5. The Prince, D7 – GFA: 15,000 sm



HCMC OFFICE MARKET

Demand Largely From Relocation And Expansion

HCMC



2016 Q1 2017

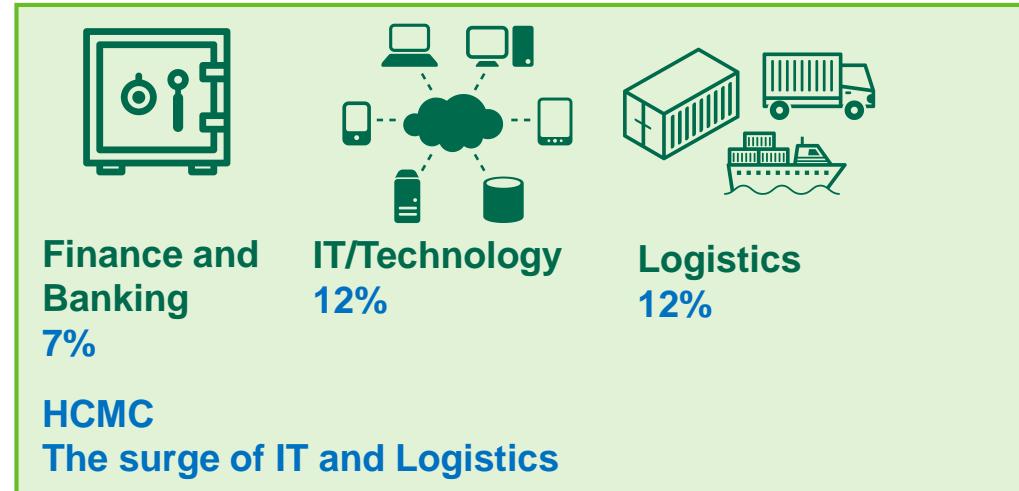
25% 9%

New-to-market letting

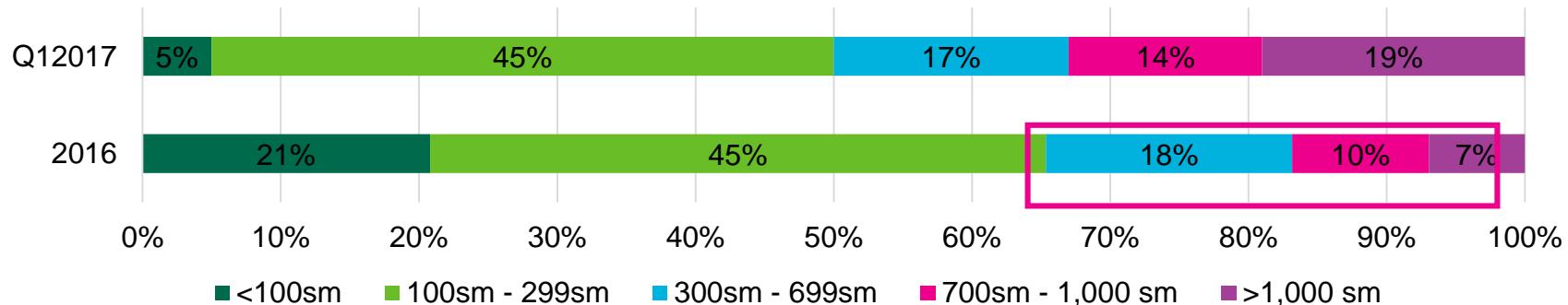


75% 91%

Relocation &
Expansion



HCMC Enquired Leasing Space

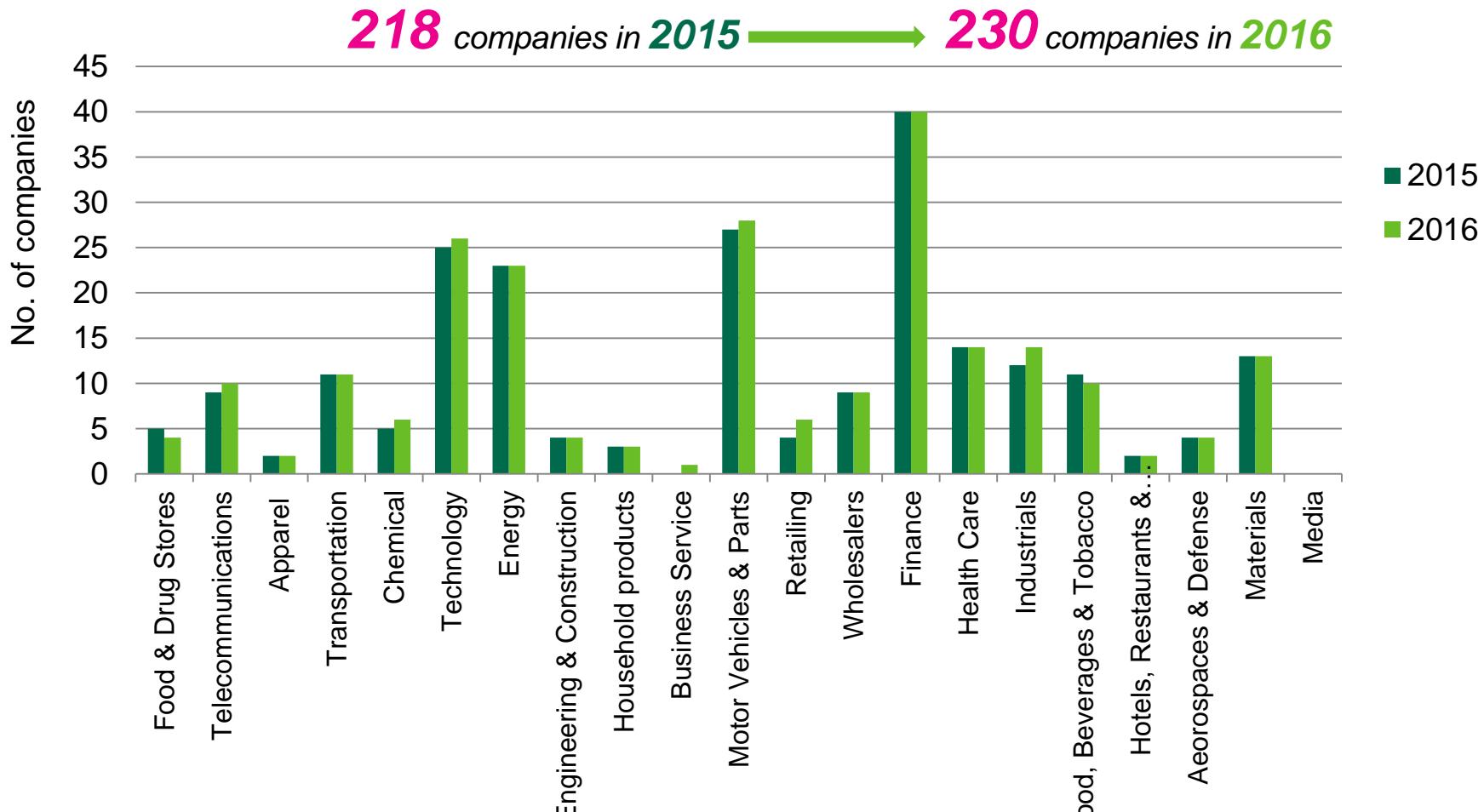


Source: based on CBRE's enquiries, 2017 y-t-d

CBRE

FORTUNE GLOBAL 500

Fortune Companies in Vietnam



Source: CBRE Vietnam, Q4 2016

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OCCUPIERS DASHBOARD

Major Transactions

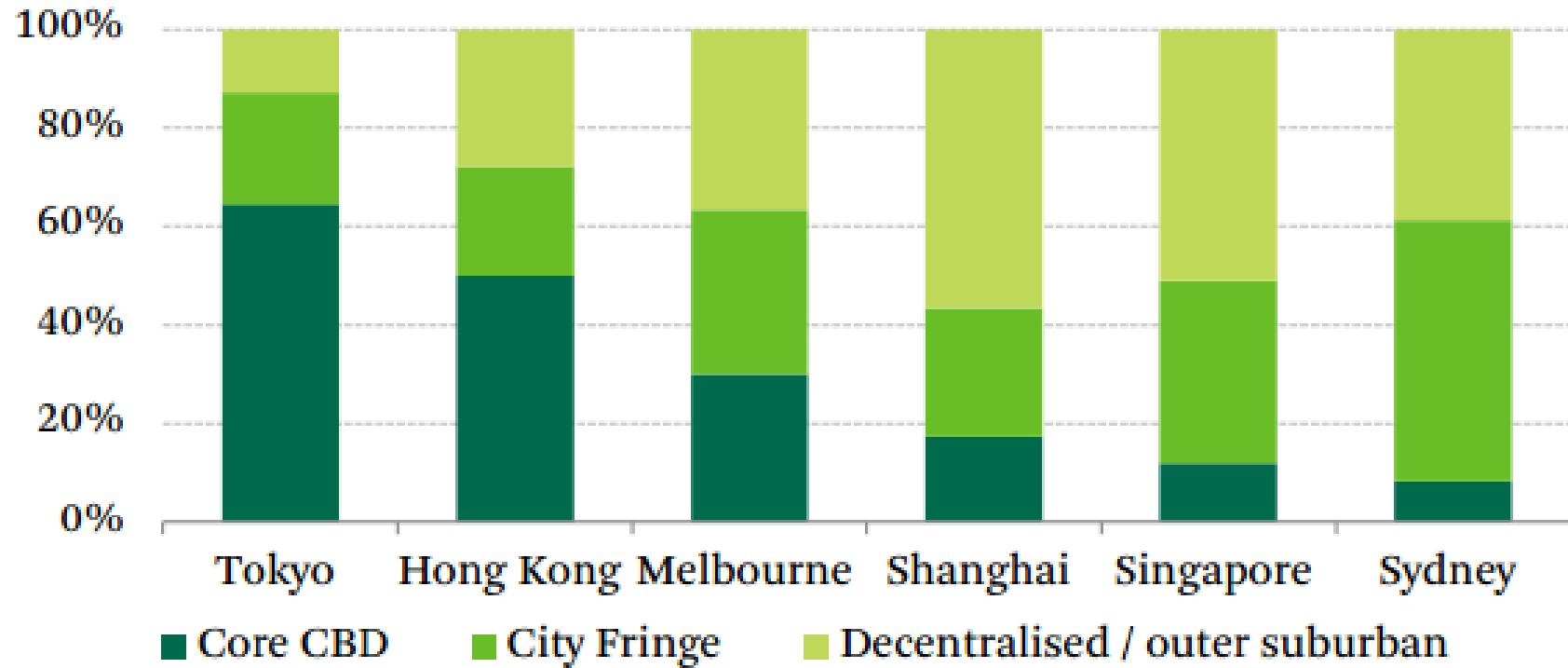
MAJOR TRANSACTIONS IN HCMC MARKET Q1 2017	Building	Sector	Size in sm	Rent (US\$ psm)	Service Charge (US\$ psm)
	TNR	Design	500	\$19	\$5
	PEARL PLAZA	Sourcing	1,133	\$19	\$6
	SAIGON TRADE CENTER	Software	164	\$22	\$7
	SAIGON GIAI PHONG	Insurance	560	\$20	\$5
	LOTTERY TOWER	Fashion	400	\$12	\$4
	VINCOM CENTER	Trading	314	\$23	\$5
	SAIGON TRADE CENTER	Technology	156	\$21	\$5
	CENTEC TOWER	Technology	308	\$27	\$6
	60 NGUYEN DINH CHIEU	Trading	270	\$17	\$5
	SUNWAH	Consultancy	175	\$40	\$6
	PHU MY HUNG	Retail	317	\$15	\$7
	METROPOLITAN	Fashion	575	\$34	\$6
	DIAMOND PLAZA	Real Estate	400	\$32	\$8
	PICO PLAZA	Fashion	975	\$12	\$5

Source: CBRE Vietnam , Q1 2017

CO WORKING SPACE

Regional Trend

CWS Expansion Plan - APAC



Source: CBRE Research, August 2016.

Source: Co Working Space, CBRE Research 2016

CO WORKING SPACE

Supply Trend: Co-Working Space Still Expanding in Vietnam

**Deal
street
Asia**

Vietnamese co-working space startup Toong secures funding

Kinh tế Saigon Thời báo **Online**

CƠ QUAN CHỦ QUẢN: SỞ CÔNG THƯƠNG TPHCM

Dreamplex to open second co-working space

Dreamplex 2 Grand Opening on 2nd March, 2017



**Toong at the Oxygen
Opening on 25th March, 2017**



Source: CBRE Vietnam, Q1 2017.

CBRE

CO WORKING SPACE

Vietnam VS. APAC

Dreamplex 1 – HCMC



USD 27 - 90/ monthly pass

Blueprint – Hong Kong



USD 258/ monthly pass

CBRE

Toong – Hanoi



USD 60/ monthly pass

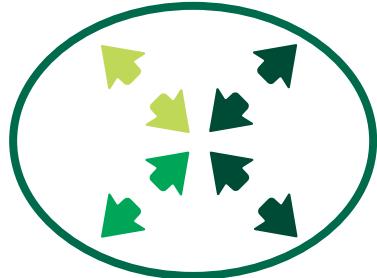
Naked Hub– Shanghai



USD 300 - 450/ monthly pass

HCMC OFFICE MARKET

Demand Trend: Opportunities abound for the market



Ongoing Supply

- Excess supply coming from CBD and Non-CBD area
- Rents are expected to become more competitive
- Higher demand still comes for CBD



Flight to value

- **Big occupiers to relocate and expand to higher quality buildings**



Diversified Demand

- High demand from traditional sectors
- **The surge of IT expansion**
- Start-up boom: Growth of co-working space

Source: CBRE Vietnam , Q1 2017

HCMC OFFICE MARKET

Market Cycle Outlook

Landlord's Market

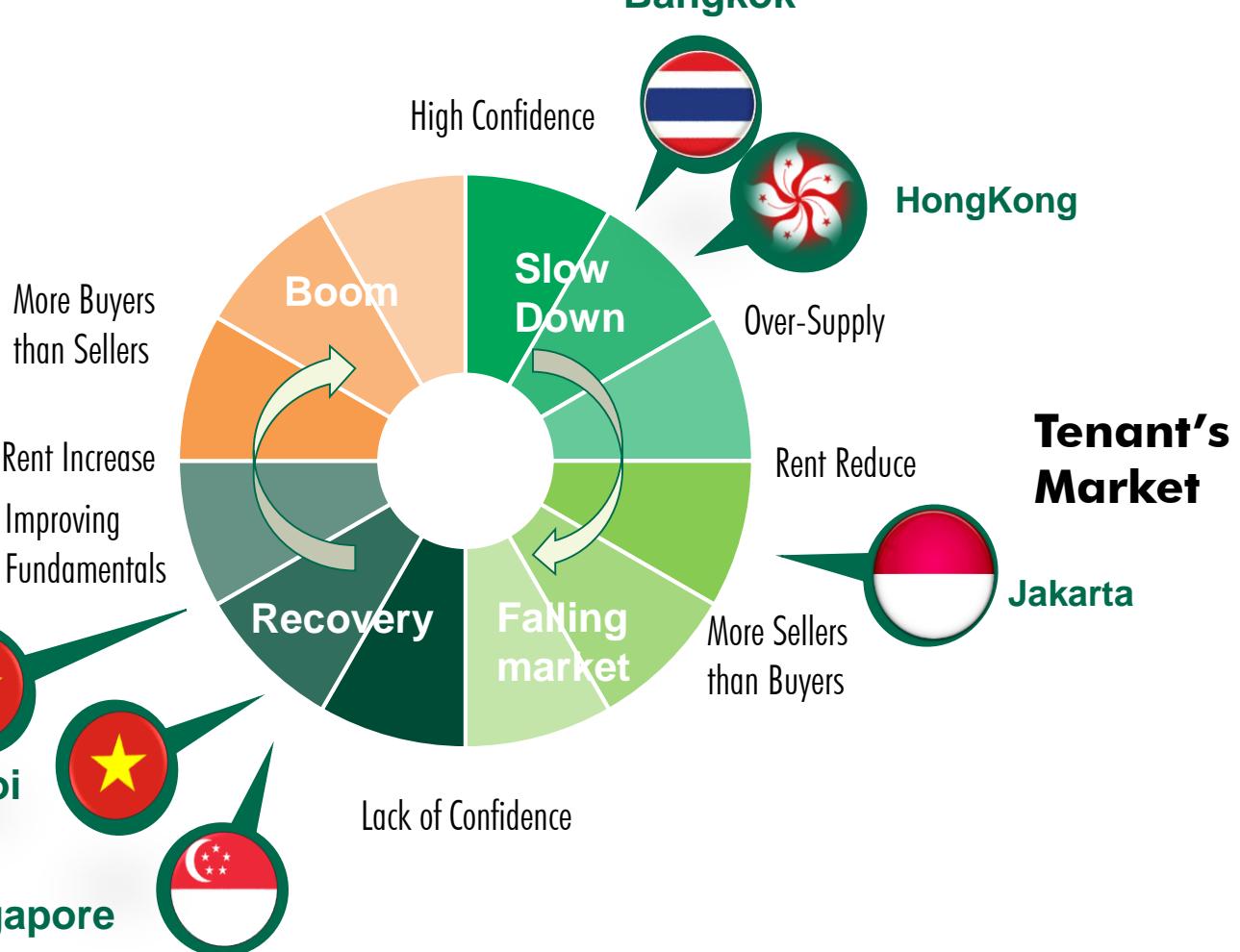
HCMC

Hanoi

Singapore

Rent Increase
Improving
Fundamentals

More Buyers
than Sellers



Source: CBRE Vietnam, Q1 2017.

CBRE

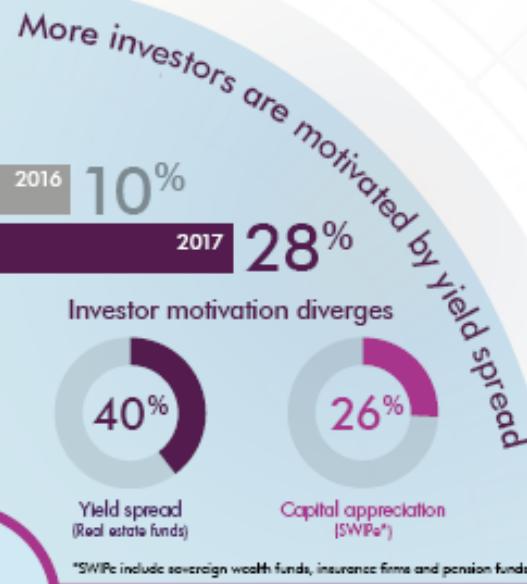
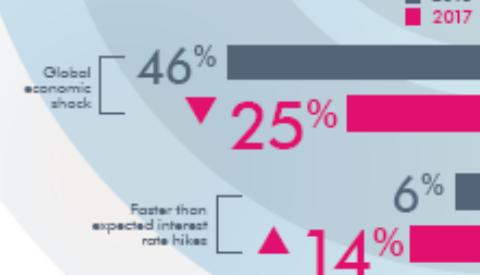
INVESTMENT OPPORTUNITIES



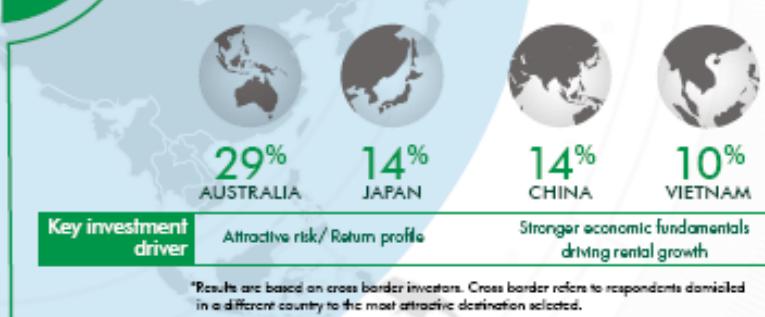
ASIA PACIFIC INVESTOR INTENTIONS SURVEY 2017



Economic worries are still the main concern but there is more apprehension around the rate cycle



Major markets remain the primary focus but interest in Vietnam rises significantly*



Sources: CBRE Asia Pacific Investor Intentions Survey 2016 and 2017.

CBRE RESEARCH

This report was prepared by the CBRE Asia Pacific Research Team, which forms part of CBRE Research – a network of professional researchers who collaborate to provide vital market research and analysis that informs CBRE's global research.

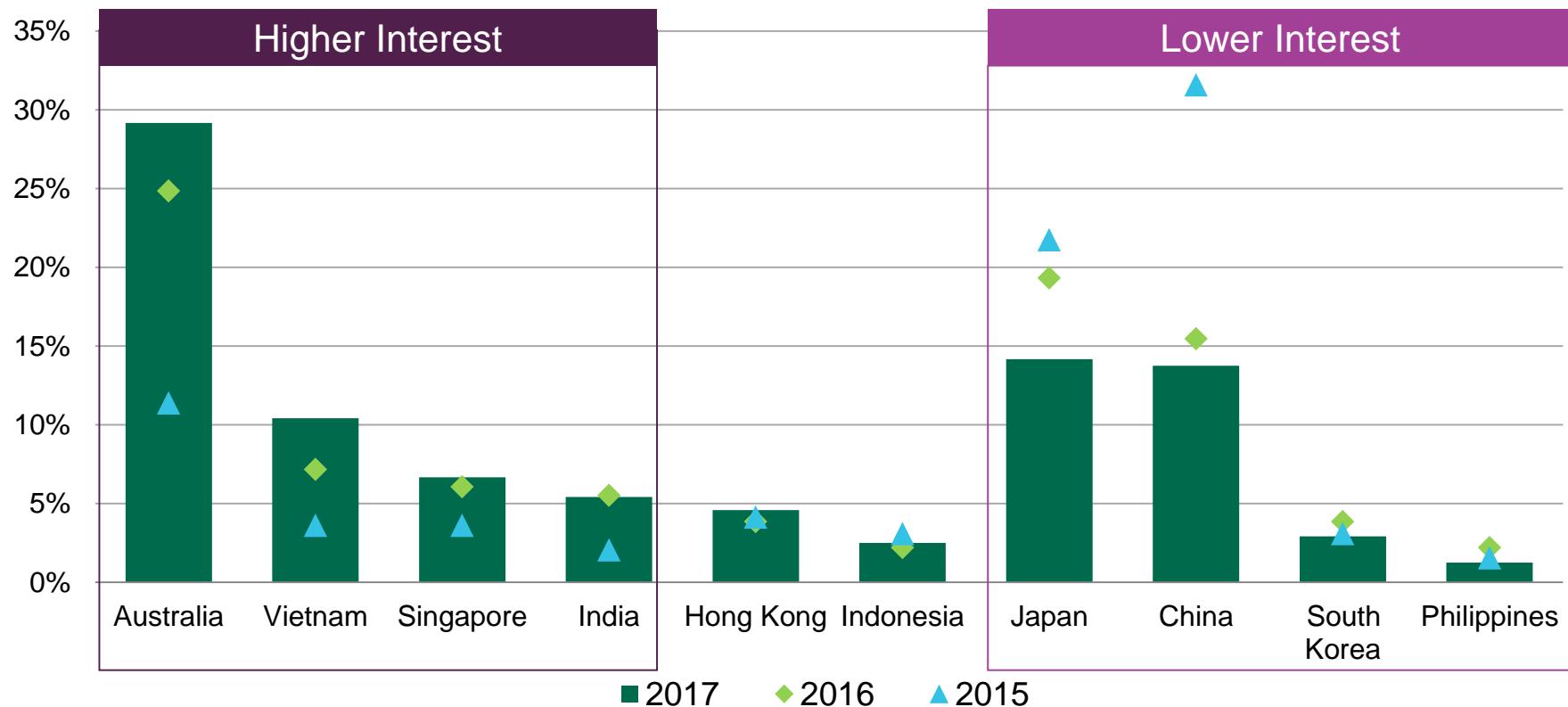
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INVESTMENT

Higher interest for Vietnam thanks to strong macro fundamentals and higher initial yields

Preferred Markets for Investment (cross-border* only)

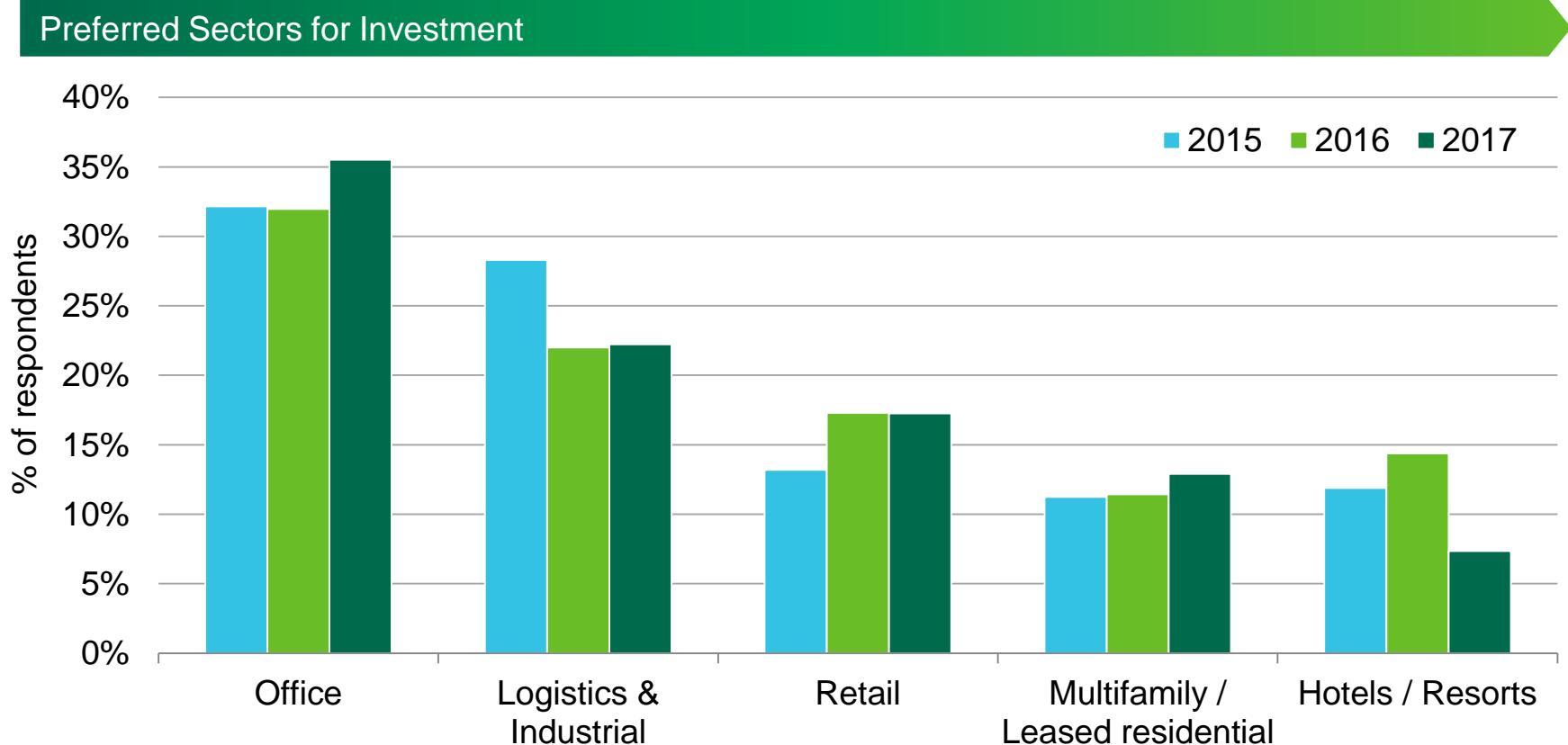


(*) Cross border refers to respondents domiciled in the different country as the most attractive destination selected

Source: CBRE Asia Pacific Investor Intentions Survey 2015, 2016 and 2017

INVESTMENT

Preferred Sectors for Investment

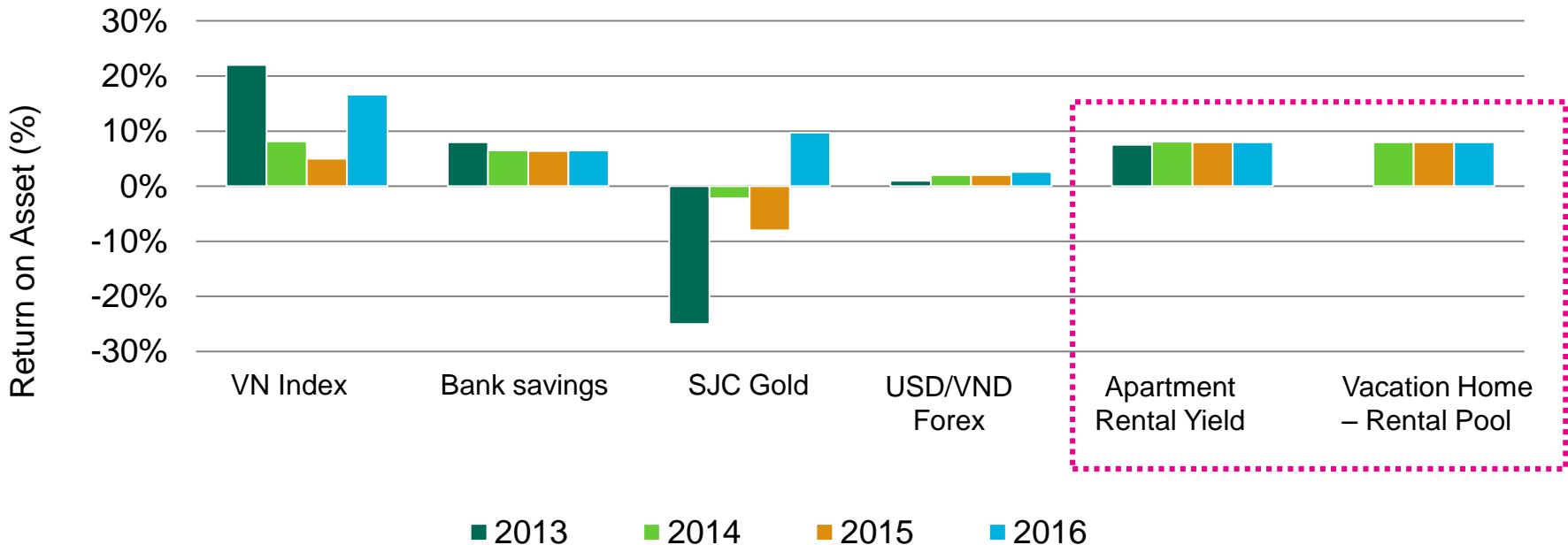


Source: CBRE Asia Pacific Investor Intentions Survey 2015, 2016 and 2017

ASSET CLASSES

Real Estate Investment Remains Attractive

Yields Across Asset Classes



- VN Index: YoY change, end of period
- Bank savings: 12 month deposit
- SJC gold: y-o-y change of price per tael
- Rental yield: average of high end projects in D2, HCMC
- Vacation Home – rental pool program applied at Nha Trang, Da Nang and Phu Quoc

Nguồn: CBRE; SJC; SBV



Thank You

For more information regarding this presentation please contact:

CBRE Vietnam Co., Ltd. – Research & Consulting

T +84 8 3824 6125

F +84 8 3823 8418

Email: research.vietnam@cbre.com

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