

VIETNAM

Cushman & Wakefield

Global Cities Retail Guide



Vietnam is the most eastern country geographically on the Indochinese Peninsula and shares a border with China, Cambodia and Laos.

Vietnam's population was estimated at 96 million in 2018. It has a very young population, with around one third aged below 19 years old, and more than half are under the age of 30 years. Due to the young average age of the population in Vietnam, new products and brands are easily adopted.

The Red River Delta region is the most densely populated area of the country, and includes the capital city, Hanoi.

With 7.9 million inhabitants in 2018, Hanoi is the second most populous city in Vietnam, behind Ho Chi Minh City with 8.6 million inhabitants.

Since the 1990s Vietnam has become a major tourist destination. In 2018, total international arrivals in Vietnam were approximately 15.5 million, an increase of 20% compared to 2017.



VIETNAM OVERVIEW

VIETNAM

ECONOMIC OVERVIEW

ECONOMIC SUMMARY

ECONOMIC INDICATORS*	2018	2019F	2020F	2021F	2022F
GDP growth	7.1	6.7	6.2	6.0	5.8
Consumer spending	8.8	7.0	6.3	6.0	5.6
Industrial production	8.8	8.6	7.7	6.5	6.2
Investment	10.5	7.8	6.5	6.0	5.5
Unemployment rate (%)	2.0	2.0	2.0	2.0	2.0
Inflation	3.5	2.7	3.8	4.0	4.0
Dong/€ (average)	27,183.3	26,441.2	27,355.3	28,472.9	28,934.9
Dong/US\$ (average)	23,012.2	23,142.2	23,009.1	23,031.7	23,147.9
Interest rates Short Term (%)	6.3	6.3	6.8	6.8	6.8
Interest rates 10-year (%)	4.8	5.2	5.6	5.9	6.2

ECONOMIC BREAKDOWN

Population	96.4 Million (2018)
GDP (nominal)	US\$ 240.5 Billion (2018)
Public Sector Balance	-3.5% Of GDP (2018)
Public Sector Debt	56.4% Of GDP (2018)
Current Account Balance	5.1% Of GDP (2018)
Parliament	Socialist Republic
Head of State	Nguyen Phu Trong
Prime Minister	Nguyen Xuan Phuc
Election Date	May 2016

RETAIL SALES GROWTH: % CHANGE ON PREVIOUS YEAR

VIETNAM	2018	2019F	2020F	2021F	2022F
Retail Volume*	9.2	7.4	6.7	6.4	6.0

NOTE: *annual % growth rate unless otherwise indicated. Figures are based on local currency and real terms. E estimate F forecast.

CITY	POPULATION (2018)
Ho Chi Minh City	8,637,000
Hanoi	7,974,000
Dong Nai	4,544,000
Hai Phong	2,351,000
Can Tho	1,569,000
Da Nang	1,230,000

An aerial photograph of a city, likely Ho Chi Minh City, taken at sunset. The sky is a mix of orange, yellow, and dark blue. The city below is densely packed with buildings. A large body of water is visible on the right side of the image. A prominent red diagonal overlay covers the right half of the image, and the text 'VIETNAM LARGEST CITIES' is written in white capital letters over this red area.

VIETNAM LARGEST CITIES

VIETNAM

RETAIL OVERVIEW

MAJOR DOMESTIC FOOD RETAILERS

Golden Gate Group, Redsun, MESA Group, QSR, OpenAsia

MAJOR INTERNATIONAL FOOD RETAILERS

Central Group, Lotte Mart, Aeon, MM Mega Market

MAJOR DOMESTIC NON-FOOD RETAILERS

Maison, Blue Exchange, VI Group, Viet Tien, May 10, May Ho Guom, Hong Ha

INTERNATIONAL RETAILERS IN VIETNAM (Selection)

Louis Vuitton, Hermès, Gucci, The Body Shop, Dior, Mango, Levi's, Naf Naf, FCUK, BCBGMaxazria, Just Cavalli, Furla, Lotte, BigC, Emart, Central Group, Auchan, Marks & Spencer, Robin, Aeon, FairPrice, MM Megamarket, Miniso

FOOD AND BEVERAGE OPERATORS

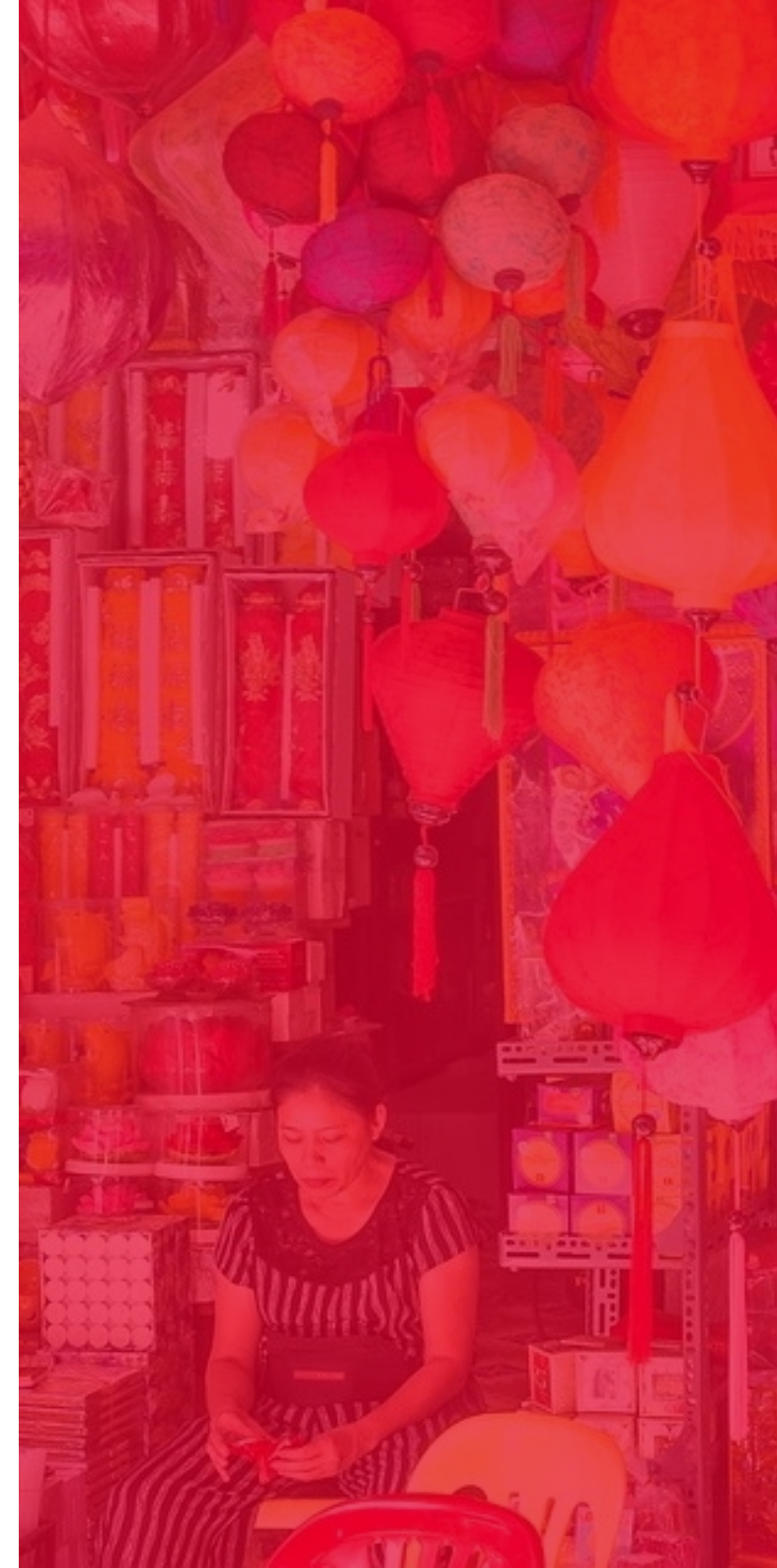
Annam Gourmet, Highlands Coffee, KFC, Lotteria, Burger King, Domino's Pizza, ZPizza, JoliiBee, Pizza Hut, McDonald's, ThaiExpress, SumoBBQ, Kichi Kichi

TYPICAL HOURS

MONDAY-FRIDAY	SATURDAY	SUNDAY
08.30-21.00	09.00-22.00	09.00-22.00

NEW ENTRANTS TO MARKET

No Brand (Emart) Uniqlo GS25 Decathlon IKEA



VIETNAM

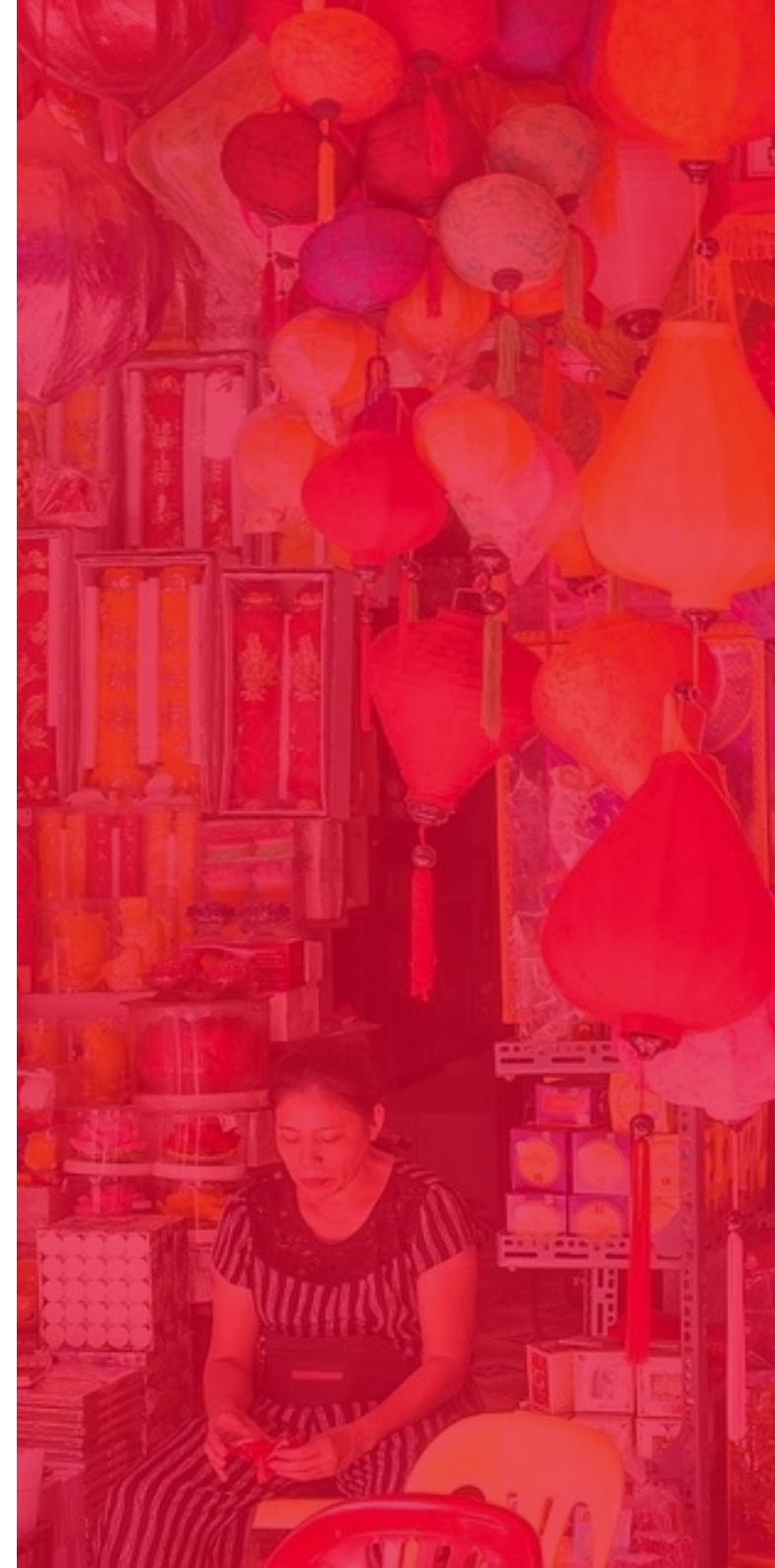
RETAIL SCENE

In Vietnam, the two biggest retail markets are Hanoi and Ho Chi Minh City, with total retail supply projected to reach 3.5 million sqm in the next four years.

There are several popular retail property formats, including shopping centers, retail podiums, department stores, supermarkets and hypermarkets. Shopping centers account for the majority of the supply of retail floorspace.

The market share of modern retail trade channels remained low, at around 22% in Vietnam in 2013; this is expected to grow to 40% of the market share by 2020. This represents a great opportunity to develop this format further in major urban centers. Foreign retailers can also benefit from the government's investment in modern infrastructure as well as the increase in property supply offering, which is increasing the opportunities for expansion across the market.

In recent years, Vietnam has been welcoming to foreign investment in retail with the likes of South Korea's Lotte and Japan's Aeon, they are both present in the market and seeking to expand. Foreign investment is increasing in Vietnam. Up until 2009 it was a legal requirement to cooperate with domestic operators; however the government has relaxed rules to allow 100% ownership by foreign companies.





VIETNAM

SHOPPING CENTERS

TOP TEN SHOPPING CENTERS BY SIZE

NAME	CITY	SIZE (GLA SQM)	YEAR OPENED
VINCOM MEGAMALL ROYAL CITY	HANOI	180,000	2013
VINCOM MEGAMALL TIMES CITY	HANOI	120,000	2013
AEON MALL TAN PHU	HCMC	87,000	2014
VAN HANH MALL	HCMC	86,000	2018
CRESCENT MALL	HCMC	68,000	2012
VINCOM MEGAMALL THAO DIEN	HCMC	65,000	2015
SC VIVO CITY	HCMC	66,000	2015
SAIGON CENTER	HCMC	55,000	2016
VINCOM DONG KHOI	HCMC	53,000	2010
LANDMARK81	HCMC	48,000	2019

VIETNAM

KEY FEATURES OF LEASE STRUCTURE

KEY FEATURES OF LEASE	
ITEM	COMMENT
Lease Terms	The most typical term is 3-5 years, except some specific kinds of tenants like supermarket, hypermarket, or F&B tenants who have heavy investment in the store where the term ranges from 10-20 years. Break options are not standard market practice.
Rental Payment	Rents are typically payable quarterly in advance, and monthly payment is very rarely accepted. Turnover/percentage rents are not common and usually apply for anchor tenants such as cinemas, book stores and hypermarkets. Only Vietnam Dong is accepted for any lease payment.
Rent Review	Rent is usually reviewed after year 3 and there is an interest rate cap for rent reviews (15-20% is most common). However, the interest rate cap shall be considered further in case there is significant change in the monetary policy. Annual escalation rate is usually 3-5%.
Service Charges, Repairs and Insurance	A service charge is usually payable in multi-tenanted buildings and covers management fees, security, cleaning, landscaping, internal maintenance of common parts, external maintenance like regular cleaning of external glass, and insurance, elevator servicing, utilities etc. Tenants are responsible for internal repairs over and above reasonable wear and tear. The landlord is responsible for repair of any mechanical systems it has installed and the structure of the property. The tenant is responsible for insurance of the property and must use a reputable insurance company.
Property Taxes and other costs	The Tenant shall pay to the Landlord all Value Added Tax (V.A.T) or any similar tax, levy or duty which may be payable by the Landlord upon demand. VAT at 10% is charged on rental payments but it is usually recoverable by most tenants (tax advice should be sought). Each party will meet their own legal and other professional costs.
Disposal of a Lease	Tenant is expressly prohibited from ceding, transferring, pledging or in any way disposing of its rights in terms of the lease and may not sub-let the leased premises or any part thereof without the prior consent of the Landlord.
Valuation Methods	Shops are valued on a location and size basis. In general, the lower the floor is, the higher the rental rate. The shop size is also a factor in the evaluation of rent. A rental discount is normally offered for large stores, mini anchor and anchor tenants (defined as leasing area of 500 SQM and over or great brand name).
Legislation	The lease must be in writing. No amendment or addition to this Lease Agreement shall be effective unless made in writing and signed by or on behalf of all Parties in the Lease.

MAI VO

Head of Business Development &
Retail Services

Cushman and Wakefield

Tel: +84 83823 7968 Ext. 138

Mob: +84 903 786 567

Mai.vo@cushwake.com

WHAT'S NEXT

REDEFINING THE LANGUAGE OF
RETAIL & LEISURE



No warranty or representation, express or implied, is made to the accuracy or completeness of the information contained herein, and the same is submitted subject to errors, omissions, change of price, rental or other conditions, withdrawal without notice, and to any special listing conditions imposed by our principals.

© 2019 Cushman & Wakefield LLP. All rights reserved.