

# MARKETBEATS



**3.5%**  
RENT GROWTH  
(YoY)

**4.2%**  
VACANCY RATE

**649,400sq.m**  
PLANNED & UNDER  
CONSTRUCTION

## WHAT'S NEXT

## HIGHLIGHTS

### Optimistic economic outlook

Vietnam's economy still holds a positive outlook in the short and medium term due to benefits from free trade agreements, growing domestic manufacturing for exports, etc. but also bears certain risks from reduced external demand, global financial fluctuations and restructuring progress of state-owned enterprises and from the banking system. According to the latest forecast by World Bank, Vietnam will experience diminishing GDP growth at 6.6% in 2019 and around 6.5% in 2020 – 2021.

### Increasing supply, stable performance

In Q2 2019, a new Grade B building was completed, rising the total stock by nearly 1.0% quarter-on-quarter (QoQ) and 6.6% year-on-year (YoY). Meanwhile, Grade A stock has remained stable since Q2 2017. Most of the absorption spaces in the quarter were attributed by new Grade B buildings, while Grade A suffered negative absorption. Overall, the occupancy rate maintained high levels at approximately 96%, stable QoQ but down marginally by 1ppt YoY.

### Rents continue upwards

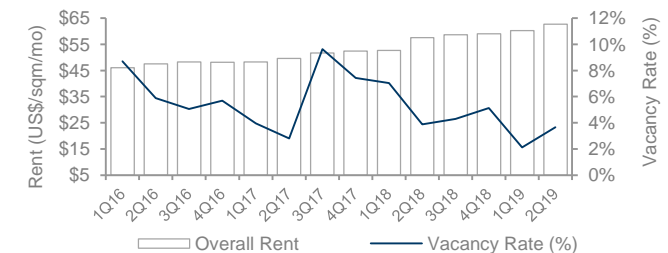
Average asking rents continued to record on quarter and on year increase of 1.6% and 1.3% respectively in the second quarter of 2019. This was mainly due to the limited available space for lease in prime locations. The upward trend is expected to continue in the short- to medium-term.

### ECONOMIC INDICATORS

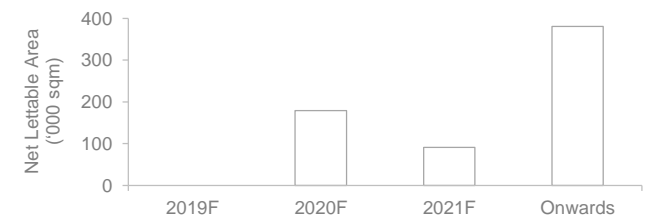
	5M 18	5M 19	12-month Forecast
CPI	3.01%	2.74%	▼
FDI (bil. US\$)	9.90	16.74	▲
Trade balance (bil. US\$)	3.39	-0.54	▲

Source: General Statistics Office

### GRADE A OVERALL RENT & VACANCY RATE



### GRADE A SUPPLY PIPELINE



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SUBMARKET	INVENTORY (SQ.M)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (SQ.M)	AVERAGE ASKING RENT		
				VND/SQ.M/MO	US\$/SQ.MMO	EUR/SQ.M/MO
<b>Grade A</b>	261,500	3.4%	649,400	VND1,462,000	US\$62.8	€55.6
<i>CBD</i>	261,500	3.4%	649,400	VND1,462,000	US\$62.8	€55.6
<b>Grade B</b>	885,500	4.4%	762,500	VND741,000	US\$31.8	€28.2
<i>CBD</i>	403,000	3.0%	132,500	VND927,000	US\$39.8	€35.2
<i>Non - CBD</i>	482,500	5.6%	630,000	VND586,000	US\$25.1	€22.3
<b>TOTAL</b>	<b>1,147,000</b>	<b>3.5%</b>	<b>1,411,900</b>	<b>VND905,000</b>	<b>US\$38.9</b>	<b>€34.4</b>

<sup>^</sup>All rents are inclusive of SC but exclusive of VAT  
US\$/VND = 23,302; US\$/EUR = 0.886 as at 20 June 2019

## KEY LEASING TRANSACTIONS Q2 2019

PROPERTY	SUBMARKET	TENANT	SQ.M	LEASE TYPE
Me Linh Point	CBD	Hoang Long Hoan Vu JOC	1,600	Renewal
Sonatus (Pre-leasing)	CBD	FrieslandCampina	1,600	Relocation
Sonatus (Pre-leasing)	CBD	First Alliances	1,200	Relocation
Royal Tower	CBD Fringe	Estee Lauder	640	Renewal & Expansion

## SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	EST. SQ.M	COMPLETION DATE
Phu My Hung Tower	Non - CBD	N/A	31,100	2019
Viettel Tower B	Non - CBD	N/A	22,900	2019
e.Town 5	Non - CBD	N/A	22,400	2019
Sonatus Building	CBD	N/A	35,800	2019
Lim Tower 3	CBD	N/A	29,800	2019
Friendship Tower	CBD	N/A	15,200	2020

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