

HO CHI MINH CITY

Office Q4 2019

 YoY
Change
 12-Mo.
Forecast
1,232,000

Current Supply (Grades A & B)

**4.0%**

Rent Growth (Grades A & B, YoY)

**5.0%**

Vacancy Rate (Grades A & B YoY)



Source: Cushman & Wakefield Vietnam – Research & Consultancy

VIETNAM ECONOMIC INDICATORS Q4 2019

 YoY
Change
 12-Mo.
Forecast
2.79%

Inflation (CPI)

**38.00**

FDI (bil. US\$)

**138,139**

No. of new enterprises



Source: General Statistic Office

ECONOMIC GROWTH EXCEEDS TARGETS

Vietnam's economy grew 7.02% in 2019, higher than the government target of 6.8% and just short of the decade-high growth rate of 7.08% posted in 2018. In 2020 and 2021, real GDP growth is projected to remain robust at around 6.5%, supported by stable macroeconomic conditions, sustained FDI inflows, economic reforms and improving business environment. Economic integration through agreements such as RCEP and EVFTA are promising. Still, Vietnam's economy remains vulnerable to external events which can drag on export growth.

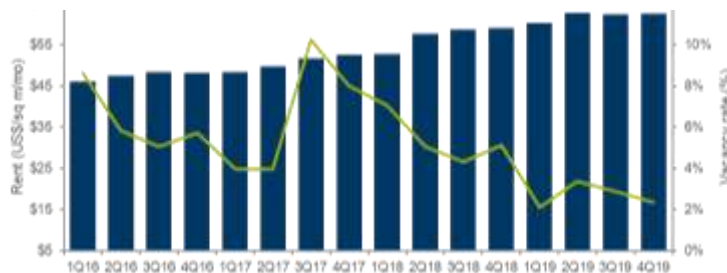
CONTINUED ADDITION OF NEW STOCK

Two new Grade B buildings were completed, raising Grade B's stock by 7% quarter-on-quarter (QoQ) and by 15% year-on-year (YoY); there was no new Grade A supply. The overall occupancy rate decreased by 2% on both a quarterly and yearly basis mainly due to the new supply but still maintained at a healthy 95%. Absorption were mainly in the new Grade B buildings whilst those of Grade A were modest due to tight availabilities and limited new supply.

RENT CONTINUED TRENDING UPWARDS

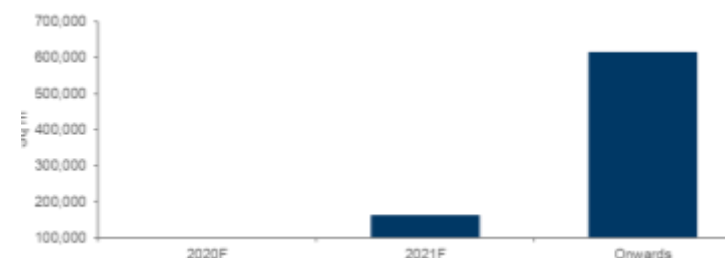
Average asking rent has been on an upward trend over the last four years. In Q4 2019, the average rent increased by 2% QoQ and by 4% YoY, mainly driven by higher rents charged by new buildings as well as rental increases from existing buildings in prime locations with limited availabilities. This upward trend is expected to persist in the short-to-medium term.

GRADE A OVERALL VACANCY & ASKING RENT



Source: Cushman & Wakefield Vietnam – Research & Consultancy

GRADE A SUPPLY PIPELINE



Source: Cushman & Wakefield Vietnam – Research & Consultancy

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MARKET STATISTICS

SUBMARKET	INVENTORY (SQ M)	OVERALL VACANCY RATE	CURRENT QTR NET ABSORPTION (SQ M)	OVERALL YTD OVERALL NET ABSORPTION (SQ M)	PLANNED & UNDER CNSTR (SQ M)	OVERALL AVG ASKING RENT		
						VND/SQ MMO	US\$/SQ MMO	EUR/SQ MMO
Grade A	260,500	2.36%	1,400	7,300	778,000	1,452,000	62.6	56.3
CBD	260,500	2.36%	1,400	7,300	778,000	1,452,000	62.6	56.3
Grade B	971,600	5.98%	29,900	89,200	848,000	766,000	33.0	29.7
CBD	466,600	9.78%	27,200	31,000	19,000	952,000	41.1	36.9
Non-CBD	504,900	2.46%	2,700	58,200	829,000	594,000	25.6	23.0
HCMC GRADE A & B TOTAL	1,232,000	5.21%	31,300	96,500	1,626,000	911,000	39.3	35.3

*All rents are inclusive of SC but exclusive of VAT

US\$/VND=23,191; €/US\$=0.899 as at 14 December 2019

KEY LEASE TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	TENANT	SQ M	TYPE
Deutsches Haus	CBD	Fraser's Property	500	Acquisition
Deutsches Haus	CBD	SunShine Group	1,400	Relocation
Sonatus	CBD	ACFC	1,580	Relocation
Sonatus	CBD	VIET NAM F&B	500	Relocation
Sonatus	CBD	Aqua Electronics	775	Relocation
Sonatus	CBD	Philips Vietnam	720	Relocation
Vietcombank	CBD	Sojitz	480	Relocation
Vincom	CBD	ADayRoi	1,000	Relocation

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	EST. COMPLETION
Crescent Hub	Non-CBD	N/A	31,100	2020
Friendship Tower	CBD	N/A	18,900	2020
Viettel Complex (Tower B)	Non-CBD	N/A	23,000	2020

KEY CONSTRUCTION COMPLETIONS YTD 2019

PROPERTY	SUBMARKET	DEVELOPER	SQ M
OneHub Saigon - Tower 1	Non-CBD	Ascendas Saigon Bund Co., Ltd	10,200
Pax Sky Ung Van Khiem	Non-CBD	Hoa Binh House	18,000
Sofic Building	Non-CBD	Dai Quang Minh Corp.	11,200
e.Town 5	Non-CBD	REE Corp.	22,400
Sonatus Building	CBD	Hoang Thanh JSC.	33,700
Lim Tower 3	CBD	An Khang Investment & Trading Co., Ltd.	30,000

LOCAL MARKET RESEARCH LEAD

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