



HANOI

Office Q1 2020

y-o-y
Change

12-Mo.
Forecast

1,393,800

Current Supply (Grades A & B)

2.9%

Rent Growth (Grades A & B, y-o-y)

7.5%

Vacancy Rate (Grades A & B)

Source: Cushman & Wakefield Vietnam – Research & Consultancy

Economy Grew at a Slower Pace in the First Quarter

In the aftermath of COVID-19, Vietnam's economy suffered its lowest first quarter GDP growth of the past 10 years, recording just 3.8%. The CPI rose by 5.6% while retail sales and services recorded minimal growth, at less than 5%. Total import and export value dropped by 1% while FDI attraction and disbursement reduced by 21% and 7%, respectively. The number of enterprises temporarily closed rose by 26%. However, if the pandemic can be controlled by Q2 or Q3 of 2020 the economy is then forecast to grow at well over 5%. Five main drivers of a rebound include a focus on dealing with land bottlenecks and administrative procedures, disbursement of investment capital, increasing labor productivity, and rising consumer spending.

Continued Addition of New Stock

The first quarter of 2020 welcomed two new completions, raising overall Grade B supply by 2% q-o-q and by 13% y-o-y. Grade A supply was unchanged on both the quarterly and yearly basis. Overall total stock increased by 2% q-o-q and by 9% y-o-y. Effective pre-leasing strategies resulted in high occupancy levels for the new entrants, helping to maintain overall occupancy at a stable level of 92% with considerable absorption of 23,300 sq.m in the quarter.

Rental Continued Trending Upwards

Average rent continued to trend upwards with increases of 2% q-o-q and 3% y-o-y, mainly due to the rising exchange rate. The COVID-19 outbreak can be expected to negatively impact market performance in the short-term, exerting downward pressure on asking rents.

VIETNAM ECONOMIC INDICATORS 3M 2020

y-o-y
Change

12-Mo.
Forecast

3.82%

GDP growth

5.56%

Inflation (CPI)

8.55

FDI (bil. US\$)

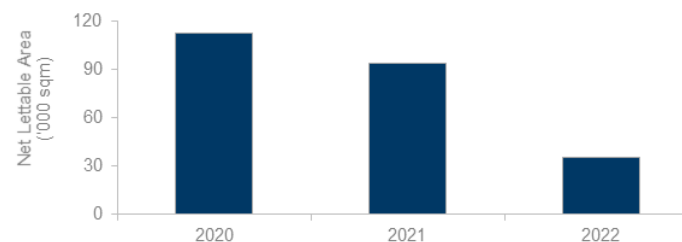
Source: General Statistic Office

GRADE A OVERALL VACANCY & ASKING RENT



Source: Cushman & Wakefield Vietnam – Research & Consultancy

GRADE A SUPPLY PIPELINE



Source: Cushman & Wakefield Vietnam – Research & Consultancy



MARKET STATISTICS

SUBMARKET	INVENTORY (SQ M)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION(SQ M)	YTD OVERALL NET ABSORPTION (SQ M)	PLANNED & UNDER CNSTR (SQ M)	OVERALL AVG ASKING RENT *		
						VND/SQ M/MO	US\$/SQ M/MO	EUR/SQ M/MO
Grade A	389,900	6.5%	1,500	1,500	242,300	772,000	32.7	29.7
CBD	136,000	13.4%	600	600	19,200	872,000	36.9	33.5
Non-CBD	253,900	2.8%	900	900	223,100	719,000	31.0	28.1
Grade B	1,003,900	7.9%	21,800	21,800	891,100	453,000	19.2	17.4
CBD	89,100	2.0%	(500)	(500)	30,100	625,000	26.5	24.0
Non-CBD	914,800	8.4%	22,300	22,300	861,000	436,000	18.8	17.1
HANOI GRADE A & B TOTALS	1,393,800	7.5%	23,300	23,300	1,133,400	542,000	23.0	20.9

*All rents are inclusive of SC but exclusive of VAT

US\$/VND = 23,607; US\$/€ = 0.908 as at 27 March 2020

KEY LEASE TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	SQ M	TYPE
Asia Tower	CBD	Woori Bank	433	Relocation
Discovery Complex	West	TechData	231	Relocation

SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
MB Grand Tower	West	N/A	41,300	2020
Oriental Sun Tower	CBD	N/A	19,200	2020
Capital Place	Secondary	N/A	93,550	2020

KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	DEVELOPER	SQ M
Coninco Tower	Secondary	Coninco	13,300
IDMC My Dinh	West	IDMC	14,400

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