MARKETBEAT

HANOI

Office Q3 2020

	y-o-y Change	12-Mo. Forecast
1,366,500 Current Supply (Grades A & B)	▲	▲
1.1% Rent Growth (Grades A & B, y-o-y)	▲	▼
8.3% Vacancy Rate (Grades A & B)	▲	▲

Source: Cushman & Wakefield Vietnam – Research & Consultancy

VIETNAM ECONOMIC INDICATORS 9M 2020

	y-o-y Change	12-Mo. Forecast
2.12% GDP growth	▼	▼
3.85% Inflation (CPI)	▲	▼
21.21 FDI (bil. US$)	▼	▼

Source: General Statistic Office

Economy on the Mend

Vietnam's economy recorded signs of recovery with GDP growing at 2.6% in the third quarter of 2020, much higher than the 0.4% achieved in Q2, mainly due to government measures to effectively control the pandemic and to support businesses. However, in 9M 2020 the economy suffered its lowest GDP growth of the past 10 years at just 2.1%, while the CPI rose by 3.9%. Retail sales and services recorded minimal growth at only 0.7% y-o-y. Total import and export value dropped by 1.8%, while FDI attraction and disbursement fell by 19% and 3.2%, respectively. The number of enterprises temporarily closed rose significantly by 81.8% y-o-y. The economy is expected to continue recovering in Q4, with full year growth for 2020 projected at 2-3%, one of the highest in the world, as economic momentum accelerates and production continues to relocate out of China.

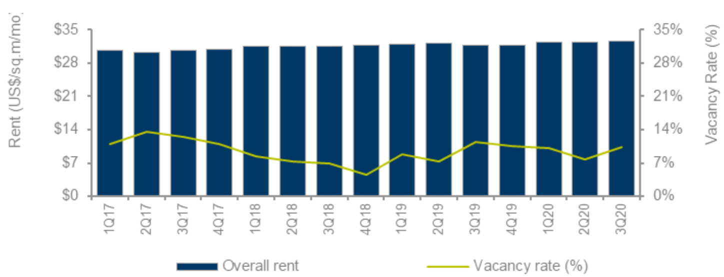
One New Completion, Market Performance Softens

One Grade B project has been completed in Q3, and one existing Grade B building was upgraded to Grade A status after completing renovations. Total supply rose marginally by 0.3% q-o-q and 3.7% y-o-y. Absorption was negative from both grades amid the impact from the pandemic. Overall occupancy fell 1.3 pp q-o-q, remained stable y-o-y, but stayed healthy at approximately 92%. The market is expected to remain soft in the short-to-medium term.

Rents Remain Stable

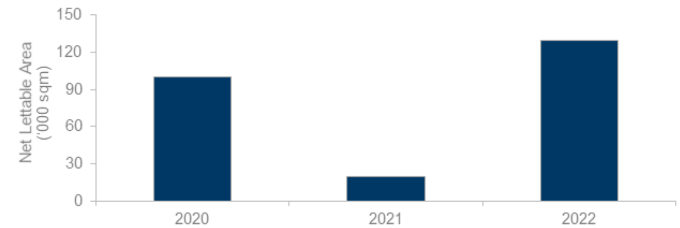
Overall average asking rents remained stable q-o-q but increased marginally by 1.1% y-o-y, mainly due to higher rents in the Grade A segment. Rents for both grades are expected to stabilize or potentially dip slightly due to rising competition.

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 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	414,500	10.4%	(5,800)	6,200	249,300	756,500	32.5	27.5
CBD	142,100	8.8%	3,500	12,400	6,200	874,300	37.6	31.8
Non-CBD	272,400	11.3%	(9,300)	(6,200)	243,100	695,000	30.0	25.4
Grade B	952,000	7.4%	(8,000)	2,200	807,800	446,000	19.2	16.2
CBD	83,000	2.5%	(3,900)	(6,800)	25,600	607,200	26.1	22.1
Non-CBD	869,000	7.8%	(4,100)	9,000	782,200	430,000	18.6	15.7
HANOI GRADE A & B TOTALS	**1,366,500**	**8.3%**	**(13,800)**	**8,400**	**1,057,100**	**540,000**	**23.2**	**19.6**

**All rents are inclusive of SC but exclusive of VAT*

US$/VND = 23,258; US$/€ = 0.846 as at 10 September 2020

KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	SQ M	TYPE
789 Tower	West	Tilleke & Gibbins	1,700	Relocation

SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
Capital Place	Secondary	N/A	93,550	2020
Century Tower	Secondary	N/A	37,600	2020
BRG Tower	CBD	N/A	6,200	2020

KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	DEVELOPER	SQ M
Coninco Tower	Secondary	Coninco	13,300
IDMC My Dinh	West	IDMC	7,000
IDMC Duy Tan	West	IDMC	4,450

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