

# HANOI

Office Q4 2020

y-o-y Change    12-Mo. Forecast

**1,505,700**  
Current Supply (Grades A & B) ▲ ▲

**5.3%**  
Rent Growth (Grades A & B, y-o-y) ▲ ▲

**12.8%**  
Vacancy Rate (Grades A & B) ▲ ▲

Source: Cushman & Wakefield Vietnam – Research & Consultancy

## Economy on the Mend

Vietnam recorded lower economic growth in 2020, with just 2.9% expansion in GDP, a 3.4% increase in added value in the industrial sector, 2.6% growth in total retail sales and services revenue, and 3.6% - 6.5% rises in import and export values. These figures all represent ten-year lows. Total FDI inflows fell by 25.0% while international visitors plummeted by 78.7%. The number of newly established enterprises fell by 2.3% as temporarily closed and dissolved enterprises grew by 62.2% and 3.7% respectively. However, the environment remains better than expected given the global COVID-19 crisis. With timely and supportive policies from the government to contain the pandemic and revive the economy, the outlook remains positive, fueled by improvements in infrastructure and legal reforms in the coming year.

## Three New Completions, Market Performance Improved

Two new Grade A projects and one Grade B completed in Q4. Total supply rose sharply by 10% q-o-q and 12% y-o-y. Significant absorption was recorded, mainly from the new completions, whilst existing projects suffered modest or negative take-up due to the negative impacts of the pandemic. However, the considerable new supply and softer performance from existing stock lowered overall occupancy by around 4.5 pp q-o-q and 5.3 pp y-o-y. The market is expected to remain stable in the short-to-medium term with the economy predicted to recover soon.

## Rents Rise Significantly

High rental levels at the new projects and rent increases at existing projects, coupled with limited available leasable space in prime locations, boosted overall average rental rates for both grades by 4.1% q-o-q and 5.3% y-o-y. The upwards trend is expected to persist in the short to medium-term with forecasts of better market performance in the upcoming period.

### VIETNAM ECONOMIC INDICATORS Q4 2020

y-o-y Change    12-Mo. Forecast

**2.91%**  
GDP growth ▼ ▲

**3.23%**  
Inflation (CPI) ▲ ▼

**28.50**  
FDI (bil. US\$) ▼ ▲

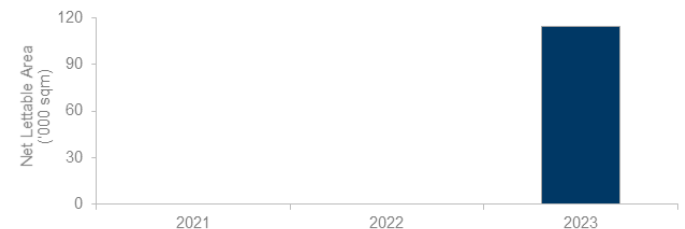
Source: General Statistic Office

### GRADE A OVERALL VACANCY & ASKING RENT



Source: Cushman & Wakefield Vietnam – Research & Consultancy

### GRADE A SUPPLY PIPELINE



Source: Cushman & Wakefield Vietnam – Research & Consultancy

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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
<b>Grade A</b>	489,600	23.4%	20,900	20,600	249,300	774,600	33.5	29.8
CBD	123,900	9.1%	200	6,100	6,200	834,900	36.1	30.6
Non-CBD	365,700	28.3%	20,700	14,500	243,100	754,100	32.6	26.9
<b>Grade B</b>	1016,100	7.7%	33,400	46,200	807,800	457,600	19.8	16.3
CBD	107,400	8.7%	100	(200)	25,600	693,700	30.0	24.7
Non-CBD	908,700	7.6%	33,300	46,400	782,200	429,700	18.6	15.3
<b>HANOI GRADE A &amp; B TOTALS</b>	<b>1,505,700</b>	<b>12.8%</b>	<b>54,300</b>	<b>66,800</b>	<b>1,057,100</b>	<b>560,700</b>	<b>24.2</b>	<b>20.0</b>

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

US\$/VND = 23,141; US\$/€ = 0.825 as at 09 December 2020

## KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	SQ M	TYPE
Diamond Flower	West	1,000	Renewal & Expansion

## SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
Vinfast Tower	Suburban	N/A	115,000	2021
Thai Building	West	N/A	24,750	2021
Vinacomin Tower	West	N/A	72,160	2022

## KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	DEVELOPER	SQ M
Capital Place	Secondary	CapitaLand	93,310
BRG Tower	CBD	BRG Group	6,250
Century Tower	Secondary	Vingroup	33,000

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