

HO CHI MINH CITY

Industrial Q4 2020

	YoY Chg	12-Mo. Forecast
10.6% Rent Growth (YoY)	▲	▲
14.4% Vacancy Rate	▼	▼
2,014 ha Supply pipeline	▼	▼

Source: Cushman & Wakefield Vietnam – Research & Consultancy

VIETNAM ECONOMIC INDICATORS Q4 2020

	yo-y Change	12-Mo. Forecast
2.91% GDP growth	▼	▲
3.23% Inflation (CPI)	▲	▼
28.50 FDI (bil. US\$)	▼	▼

Source: General Statistic Office

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 rose 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.

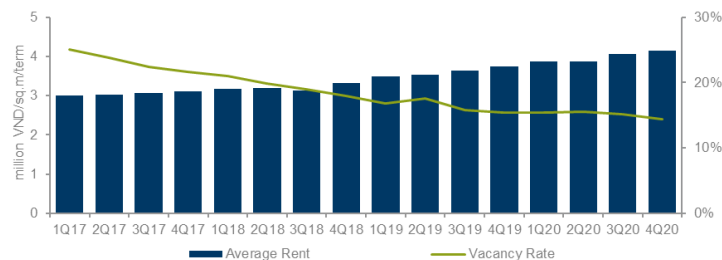
Stable Supply and Sustained Market Performance

Total industrial stock in Ho Chi Minh City remained unchanged at nearly 2,500 ha. The occupancy rate rose by 1 pp on both a quarterly and yearly basis to reach 85.6%, mainly due to improved take up recorded at industrial parks in districts to the north of the city. Overall, the sector has been the least impacted by the COVID-19 outbreak. The pandemic, coming on top of trade tensions and rising labor costs, has added to a wave of manufacturers relocating from China, a shift expected to benefit Vietnam as an attractive investment destination due to favorable government incentives, competitive labor costs, and stable macroeconomic and political environments.

Notable Y-o-Y Rent Rise

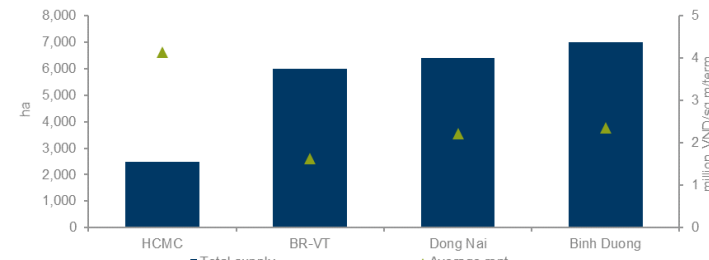
The overall average rent level rose by 4.9% q-o-q and 10.6% y-o-y, mainly due to limited available supply and rising demand for industrial land amid the wave of companies moving production out of China. The overall market rent remained the highest nationwide, 30% higher than that of Hanoi, 60% - 70% higher compared to Binh Duong and Dong Nai, and more than double that of Ba Ria - Vung Tau.

AVERAGE RENT/VACANCY RATE



Source: Cushman & Wakefield Vietnam – Research & Consultancy

INDUSTRIAL LAND SUPPLY & AVERAGE RENT BY PROVINCE



Source: Cushman & Wakefield Vietnam – Research & Consultancy

MARKET STATISTICS

SUBMARKET	INVENTORY (HA)	VACANCY RATE	YTD OVERALL NET ABSORPTION (HA)	PLANNED & UNDER CNSTR (HA)	OVERALL AVG ASKING RENT*		
					VND/SQ M/TERM	US\$/SQ M/TERM	EUR/SQ M/TERM
West	834	15.6%	(2)	1,441	4,343,000	187.7	158.8
North	778	5.5%	26.6	73	3,248,000	140.3	118.7
South	701	26.6%	2	500	5,067,000	218.9	180.6
East	182	0.0%	0	0	3,381,000	146.1	123.6
HO CHI MINH TOTAL	2,495	14.4%	26.6	2,014	4,134,000	178.7	147.4

*All rents are inclusive of SC but exclusive of VAT

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

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION Q4 2020

PROPERTY	SUBMARKET	MAJOR TENANT	HA	COMPLETION DATE
Hiep Phuoc – Phase 3	Nha Be	N/A	500	2023
Le Minh Xuan 3 – Phase 2	Binh Chanh	N/A	338	2023
Vinh Loc 3	Binh Chanh	N/A	200	2023

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