

HO CHI MINH CITY

Office Q4 2020

y-o-y Change 12-Mo. Forecast

1,311,000
Current Supply (Grades A & B)

1.7%
Rent Growth (Grades A & B, y-o-y)

9.9%
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.

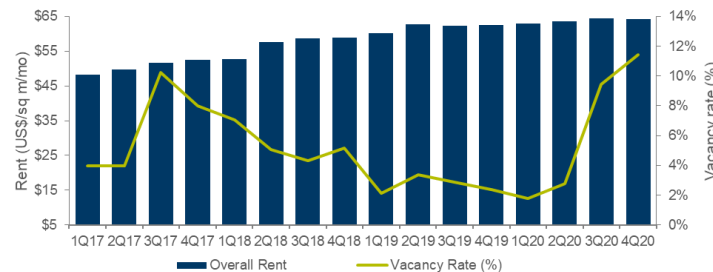
Softer Market Performance

One Grade B building was completed in Q4 2020, raising the total stock of Grade B spaces by 1% q-o-q and 8% y-o-y, while Grade A stock remained unchanged. Both grades reported negative absorption as many businesses face financial challenges and difficulties as a result of the pandemic, dragging overall occupancy down by 1.8 pp on a quarterly and 4.7 pp on a yearly basis, but remaining healthy at 90%. The market is expected to remain soft in the short-to-medium term.

Average Rents Continue to Trend Up

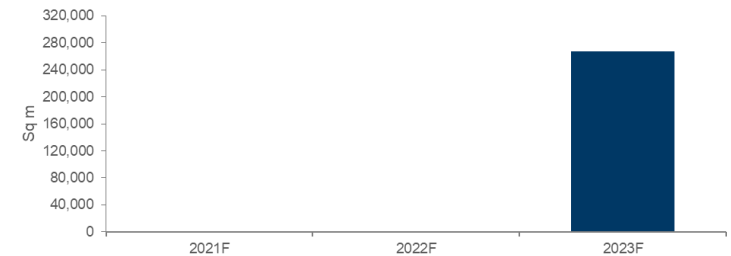
Limited available leasable space in the CBD continued to sustain high rental levels at new buildings, prompting rental increases at existing properties in prime locations. Overall rental rates for both grades remained stable q-o-q and up 1.7% y-o-y. This upward trend is expected to persist in the short 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

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

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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	260,500	3.6%	(2,700)	(3,300)	829,700	1,486,500	64.2	53.0
CBD	260,500	3.6%	(2,700)	(3,300)	829,700	1,486,500	64.2	53.0
Grade B	1,050,500	11.4%	(12,400)	16,800	796,900	787,700	34.0	28.1
CBD	481,800	10.7%	(6,600)	9,100	-	984,600	42.5	35.1
Non-CBD	568,700	12.0%	(5,800)	7,700	796,900	620,900	26.8	22.1
HCMC GRADE A & B TOTAL	1,311,000	9.9%	(15,100)	13,500	1,626,600	926,600	40.0	33.0

*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
Vincom Center	CBD	1,700	Renewal
Vincom Center	CBD	2,500	Renewal
Opal Tower	Non-CBD	1,100	New Lease
Sofic Tower	Non-CBD	1,580	New Lease

SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	EST. COMPLETION
UOA Tower	Non-CBD	N/A	37,500	2021
OfficeHaus	Non-CBD	N/A	14,600	2021
COBI Towers I & II	Non-CBD	N/A	18,000	2021

KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	DEVELOPER	SQ M
Phu My Hung Tower	Non-CBD	Phu My Hung Corp.	31,000
Friendship Tower	CBD	CZ Slovakia Vietnam	15,200
Viettel Complex (Tower B)	Non-CBD	Viettel Real Estate Co.	22,950
678 Tower	Non-CBD	B.B Dai Minh Co.	9,700

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