

HO CHI MINH CITY

Office Q2 2021

y-o-y Change 12-Mo. Forecast

1,351,900
Current Supply (Grades A & B)

-0.7%
Rent Growth (Grades A & B, y-o-y)

10.1%
Vacancy Rate (Grades A & B)

Source: Cushman & Wakefield Vietnam – Research & Consultancy

Sustained Economic Growth

Despite experiencing a fourth COVID-19 wave from the end of April, Vietnam's GDP growth rate remained at 6.6% in Q2 2021, higher than the growth of 4.5% and 0.4% achieved in Q1 2021 and Q2 2020 respectively. For the first half of 2021, the economy expanded by 5.6%, a jump from the 1.8% in 1H 2020 but still lower than the growth of 6.8% - 7.1% in the same period in 2018 and 2019. The higher economic growth is attributed to the increase in industrial output of 8.9% y-o-y as demand recovered in global markets, coupled with the growth of the agricultural sector by 3.7% y-o-y due to favorable weather. Total imports and exports increased by 36.1% and 28.4% y-o-y respectively, while FDI disbursement rose by 6.8% y-o-y despite a 2.6% reduction in FDI attraction. The economy is expected to continue to rebound with full year growth projected at 6.5% in 2021, regardless of the difficulties caused by the COVID-19 pandemic. The manufacturing sector and sustained domestic demand will be the major drivers of economic growth in the second half.

No New Completion, Stable Market Performance

No new supply was added to the market in Q2 2021. Total stock was down 1% q-o-q due to the closure of one Grade B building for internal use. Absorption in the quarter was primarily from recent Grade B entrants. Overall occupancy was recorded at 90%, slightly up by 2 pp q-o-q but falling by 2 pp y-o-y, mainly due to low occupancy at new buildings. The ongoing wave of COVID-19 cases from the end of April onwards may negatively impact the market in the short-term due to economic and social restrictions.

Rental Fell Marginally

Overall average asking rents stayed stable q-o-q but dropped modestly by 1% y-o-y, mainly due to lower rents at new buildings. The upward trend is expected to resume when the fourth COVID-19 wave is brought under control and economic activities fully recover.

VIETNAM ECONOMIC INDICATORS 1H 2021

y-o-y Change 12-Mo. Forecast

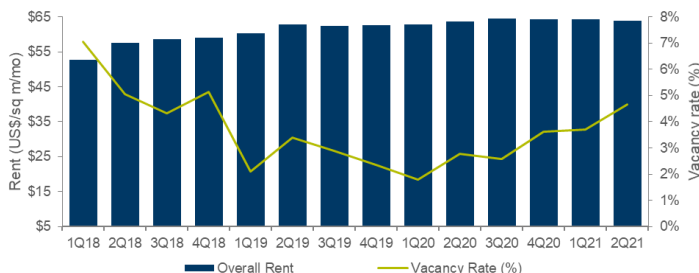
5.64%
GDP growth

1.47%
Inflation (CPI)

15.27
FDI (bil. US\$)

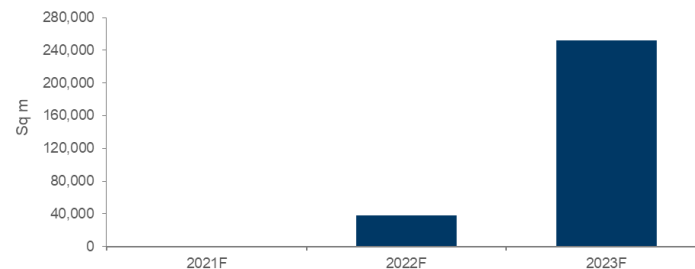
Source: General Statistic Office

GRADE A OVERALL VACANCY & ASKING RENT



Source: Cushman & Wakefield Vietnam – Research & Consultancy

GRADE A SUPPLY PIPELINE



Source: Cushman & Wakefield Vietnam – Research & Consultancy

HO CHI MINH CITY

Office Q2 2021

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 MMO	US\$/SQ MMO	EUR/SQ MMO
Grade A	314,600	7.6%	1,800	6,000	852,300	1,344,000	58.6	48.4
CBD	260,500	4.6%	(2,400)	(2,600)	744,300	1,463,000	63.8	52.7
Non-CBD	54,100	21.8%	4,200	8,600	108,000	773,000	33.7	27.9
Grade B	1,037,300	10.9%	13,500	27,300	753,600	770,700	33.6	27.8
CBD	468,200	9.1%	(8,200)	(4,500)	28,300	980,000	42.8	35.3
Non-CBD	569,100	12.4%	21,700	31,800	725,300	598,000	26.1	21.6
HCMC GRADE A & B TOTAL	1,351,900	10.1%	15,300	33,300	1,605,900	904,000	39.4	32.6

*All rents are inclusive of SC but exclusive of VAT

US\$/VND = 22,926; US\$/€ = 0.826 as at 14 June 2021

KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SQ M	TYPE
Opal Office Building	Non-CBD	3,000	Relocation
Five Star Tower	CBD	1,440	Relocation
Viettel Tower	Non-CBD	1,200	Relocation
Saigon Trade Center	CBD	1,000	Renewal
Riverbank Place	CBD	1,000	Relocation
Friendship Tower	CBD	723	Relocation
Riverbank Place	CBD	600	Relocation
Friendship Tower	CBD	560	Relocation

SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	EST. COMPLETION
OfficeHaus	Non-CBD	N/A	14,600	2022
COBI Towers I & II	Non-CBD	N/A	18,000	2021

KEY CONSTRUCTION COMPLETIONS YTD 2021

PROPERTY	SUBMARKET	DEVELOPER	SQ M
Opal Office Tower	Non-CBD	Vietnam Land SSG Co.Ltd	25,200
UOA Tower	Non-CBD	UOA Tower	29,300

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