MARKETBEAT

# HO CHI MINH CITY

Office Q3 2021

| | y-o-y Change | 12-Mo. Forecast |
|---|---|---|
| **1,351,900** Current Supply (Grades A & B) | ▲ | ▲ |
| **-1.7%** Rent Growth (Grades A & B, y-o-y) | ▼ | ▲ |
| **9.8%** Vacancy Rate (Grades A & B) | ▲ | ▼ |

*Source: Cushman & Wakefield Vietnam – Research & Consultancy*

**VIETNAM ECONOMIC INDICATORS 9M 2021**

| | y-o-y Change | 12-Mo. Forecast |
|---|---|---|
| **1.42%** GDP growth | ▼ | ▲ |
| **1.82%** Inflation (CPI) | ▼ | ▲ |
| **22.15** FDI (bil. US$) | ▲ | ▲ |

*Source: General Statistic Office*

## Economy Severely Affected by COVID-19 Fourth Wave

The fourth wave of the COVID-19 pandemic impacted all aspects of the economy, forcing many major cities and provinces to impose multi-month lockdowns. Vietnam's GDP contracted by 6.2% y-o-y in Q3 2021, the sharpest decline on record. The services and industrial & construction sectors recorded falls of 9.3% and 5.0% y-o-y respectively, while the agriculture sector expanded only 1.0%. For the first nine months of 2021, GDP growth was at 1.4% y-o-y, down on the 2.1% for the same period last year. By sector, agriculture and industrial & construction output grew by 2.7% and 3.6% y-o-y respectively, while services contracted by 0.7% y-o-y. Total export and import values still recorded high growth rates, at 18.8% and 30.5% respectively, while FDI attraction rose by 4.4% y-o-y despite a 3.5% reduction in disbursement. The government is striving for a quick economic recovery with a loosening of restrictions, rising vaccination rate, and resumption of normal business and production activities.

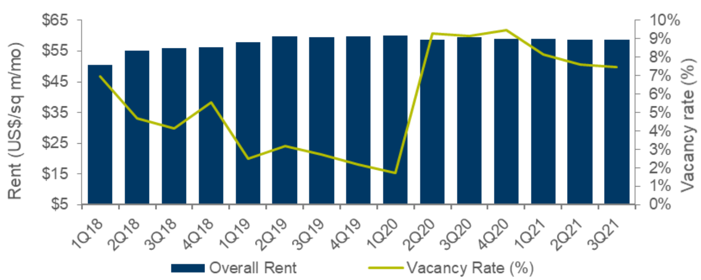
## Stagnant Market Performance

No new supply entered the market in Q3. Total stock remained unchanged q-o-q and up 4% y-o-y. Overall occupancy was recorded at 90%, unchanged q-o-q but falling by 2 pp y-o-y, mainly due to low occupancy at new buildings. The quarter recorded just modest absorption, mainly due to suspended leasing activities during the fourth wave of COVID-19. The market is predicted to remain lackluster until the pandemic is completely controlled, and economic activities fully resume.

## Rental Levels Drops Marginally

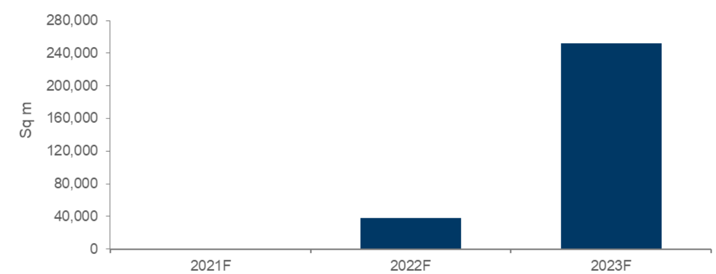
Overall average asking rents stayed stable q-o-q but dropped slightly by 2% y-o-y, mainly due to lower rents at new buildings, as well as rental reductions at some existing projects to attract tenants. The upwards trend is expected to resume when the market regains its momentum once the pandemic is effectively contained, and business activities fully recover.

**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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Office Q3 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 M/MO | US$/SQ M/MO | EUR/SQ M/MO |
| Grade A | | 314,600 | 7.5% | 400 | 6,000 | 852,300 | 1,337,900 | 58.6 | 49.6 |
| | CBD | 260,500 | 4.7% | (75) | (2,700) | 744,300 | 1,455,800 | 63.8 | 53.9 |
| | Non-CBD | 54,100 | 21.0% | 500 | 8,700 | 108,000 | 769,600 | 33.7 | 28.5 |
| Grade B | | 1,037,300 | 10.5% | 4,700 | 32,000 | 753,600 | 767,200 | 33.6 | 28.4 |
| | CBD | 468,200 | 9.3% | (1,000) | (6,000) | 28,400 | 975,600 | 42.8 | 36.2 |
| | Non-CBD | 569,100 | 11.4% | 5,700 | 38,000 | 725,300 | 595,700 | 26.1 | 22.1 |
| **HCMC GRADE A & B TOTAL** | | **1,351,900** | **9.8%** | **5,100** | **38,000** | **1,605,900** | **900,000** | **39.4** | **33.3** |

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

*US$/VND = 22,821; US$/€ = 0.846 as at 15 September 2021*

## KEY LEASE TRANSACTIONS Q3 2021

| PROPERTY | SUBMARKET | SQ M | TYPE |
|---|---|---|---|
| Sofic | Non-CBD | 1,000 | Relocation |
| Pearl Plaza | Non-CBD | 820 | Relocation |
| PMH Tower | Non-CBD | 7,400 | Relocation |
| Lim Tower 3 | Non-CBD | 2,400 | Expansion |
| Saigon Centre 2 | CBD | 1,000 | 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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