

MARKETBEAT

HO CHI MINH CITY, Q2 2022

JULY 2022



HCMC APARTMENT

Ultra Luxury: > USD10,000 per sq.m

Luxury: USD4,500-10,000 per sq.m

High-end: USD3,000-4,500 per sq.m

Mid-end: USD1,500-3,000 per sq.m

Affordable: < USD1,500 per sq.m



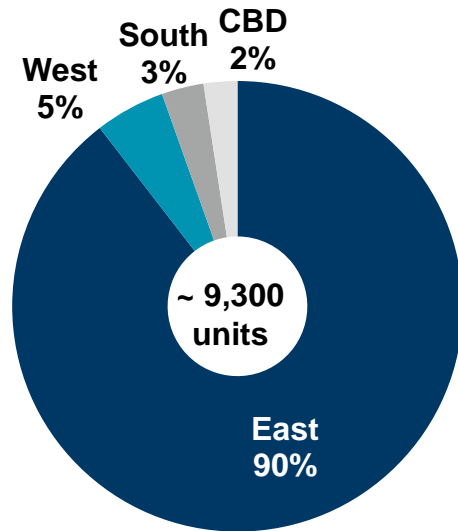
HCMC Apartment SUPPLY

The East led new supply in this quarter

Infrastructure improvements in the East, especially Thu Duc City is the key factor which developers utilized to launch new projects.

Some outstanding launched projects in this region namely Beverly Solari (Vinhomes Grand Park), LUMIÈRE Boulevard (Masteri Centre Point), MT East Mark City, Urban Green, King Crown Infinity, and Fiato Premier.

THE EAST SUB-MARKET DOMINATED NEW SUPPLY IN Q2 2022



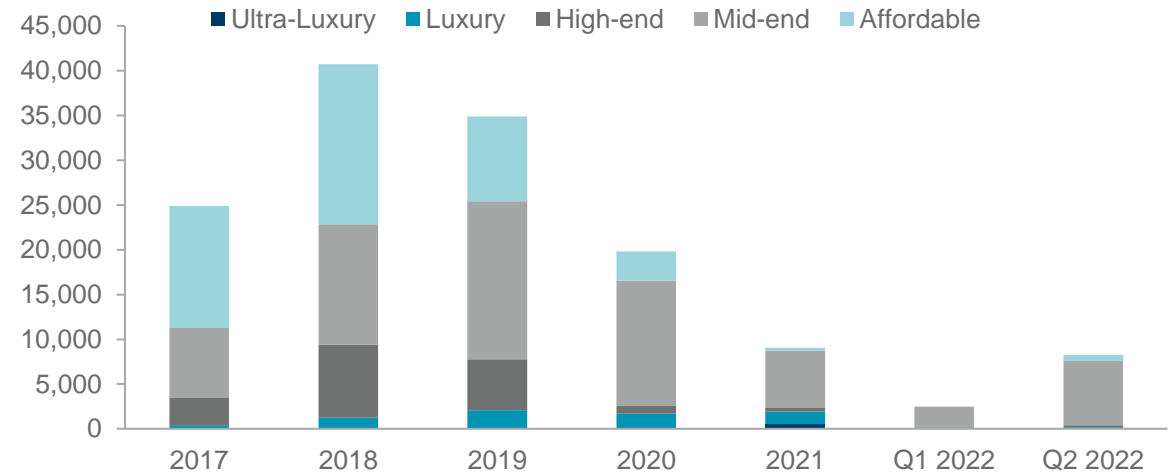
Source: Cushman & Wakefield

“Adaptable” and “Flexible”

Mid-end products accounted for a large share due to the rise of middle-class households.

Developers adjusted the payment schedule for buyers in line with “Line of credit” from sponsor banks.

NEW REMARKABLE SUPPLY REGARDLESS OF CREDIT TIGHTENING CONTROL



HCMC Apartment

DEMAND

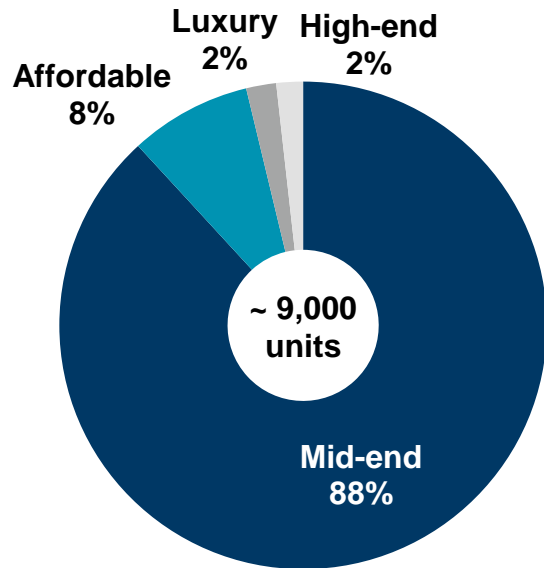
More unique selling points, better sales rate

The scarcity of affordable supply has led to the highest and fastest sales rate in each launching event in this segment.

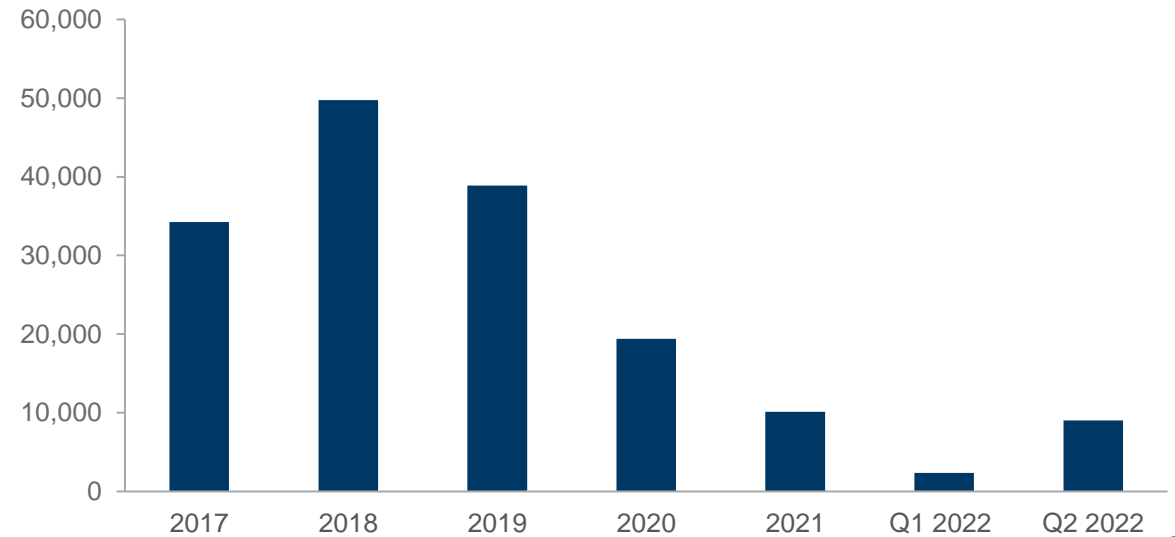
Buyers preferred beneficial payment policies amid credit control situation.

Green and modern, environment-friendly factors have proved to be what customers are recently looking for.

MID-END TYPE LED NEW UNITS SOLD IN THIS QUARTER



NEW SALES VOLUME NEARLY EQUIVALENT TO WHOLE YEAR OF 2021

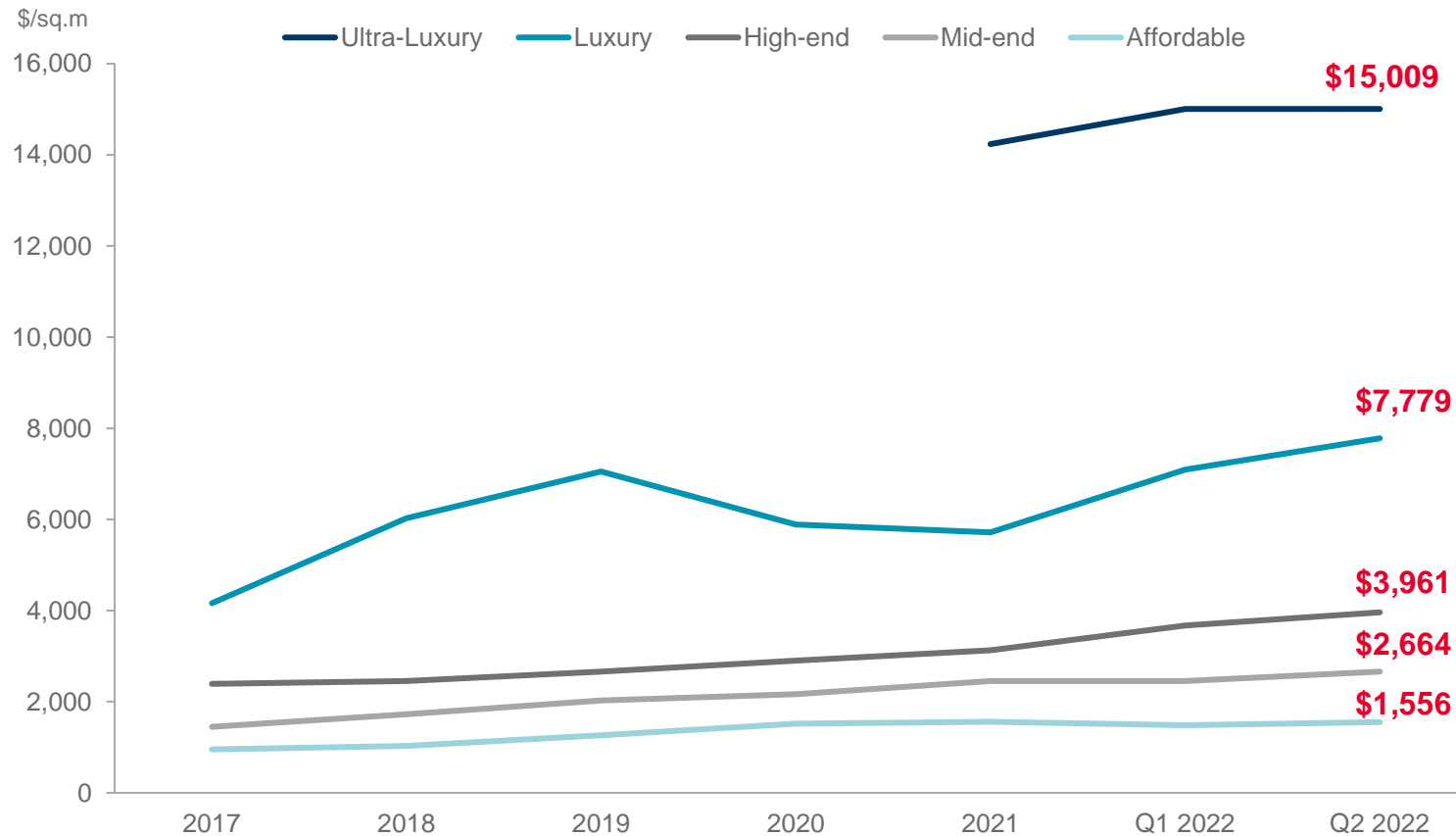


Source: Cushman & Wakefield

HCMC Apartment

AVERAGE PRIMARY PRICE

SUBSTANTIAL RISE FOR EACH GRADE BUT SLOW FOR EACH PROJECT



Source: Cushman & Wakefield

Average primary price is on NSA, excluded 10% VAT and 2% maintenance fee

Price escalation in a range of 1-3% QoQ

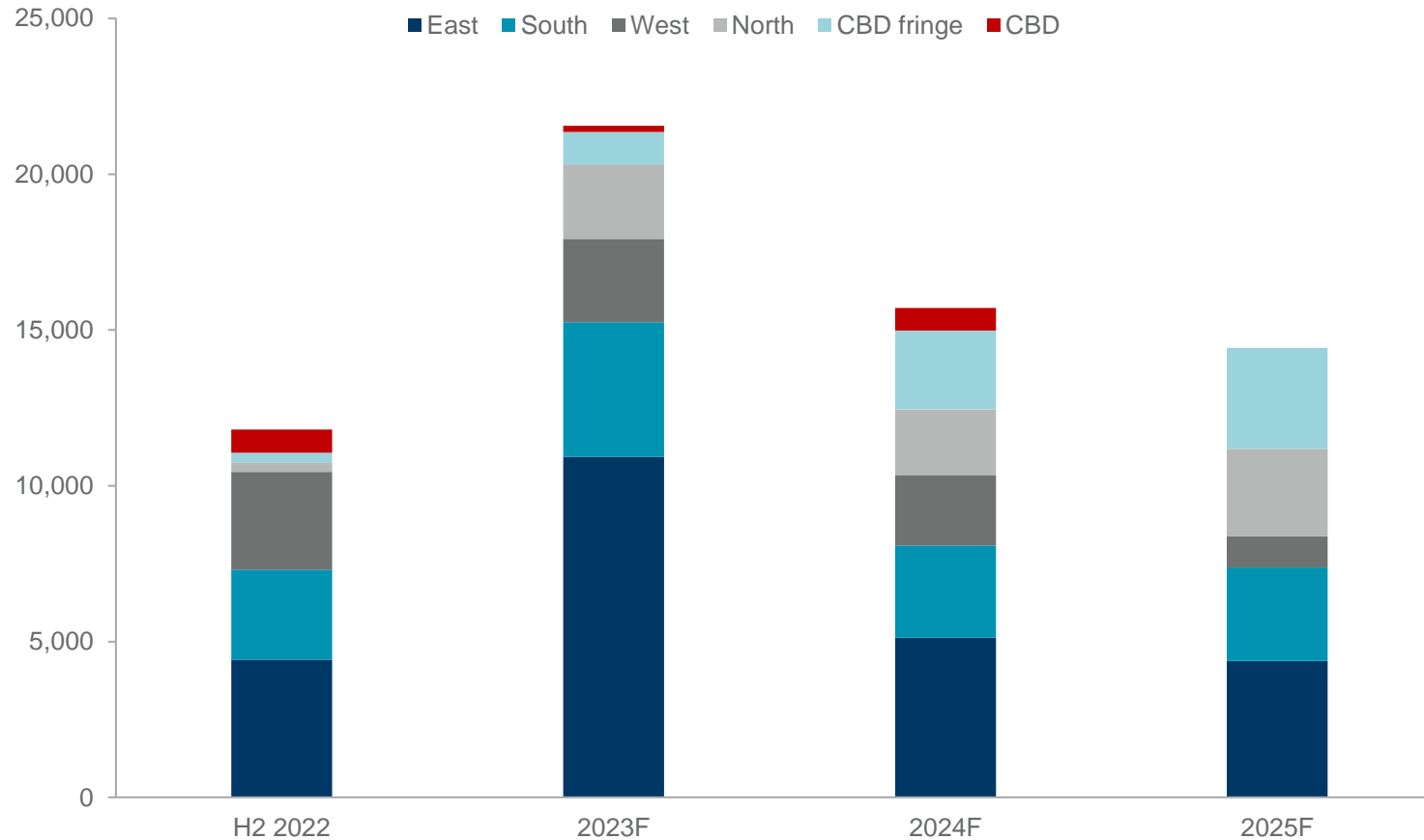
For projects launched for more than three quarters, the primary price kept stable.

Meanwhile, for large-scale integrated projects, primary price increased in a range from 1% to 3% QoQ. Price fluctuation was to assure benefits for both developers and previous buyers.

HCMC Apartment

MARKET OUTLOOK

FUTURE SUPPLY BY REGION AND BY YEAR



The East and the South expected to lead future supply

In the H2 2022 - 2023 period, future supply is estimated around 30,000 – 35,000 units.

The large gap between the future population and future housing supply will contribute to rising market demand.

The improvement in public infrastructure is expected to support the property value.

HCMC LANDED HOUSES

- Villa
- Townhouse
- Shophouse

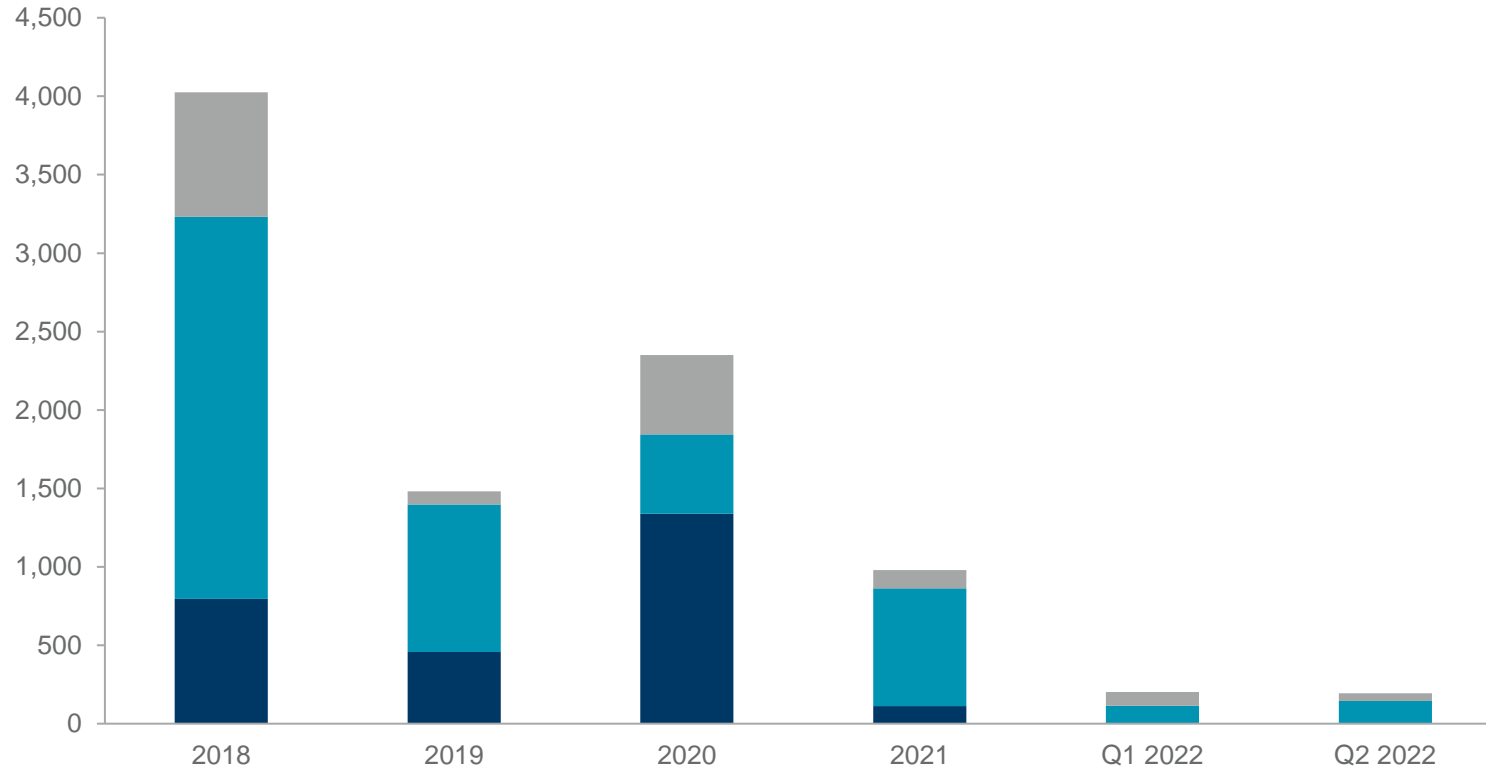


HCMC Landed Houses

SUPPLY

HCMC LANDED HOUSES SUPPLY

■ Shophouses ■ Townhouses ■ Villas



Source: Cushman & Wakefield

Thu Duc City is still the main hub for landed houses

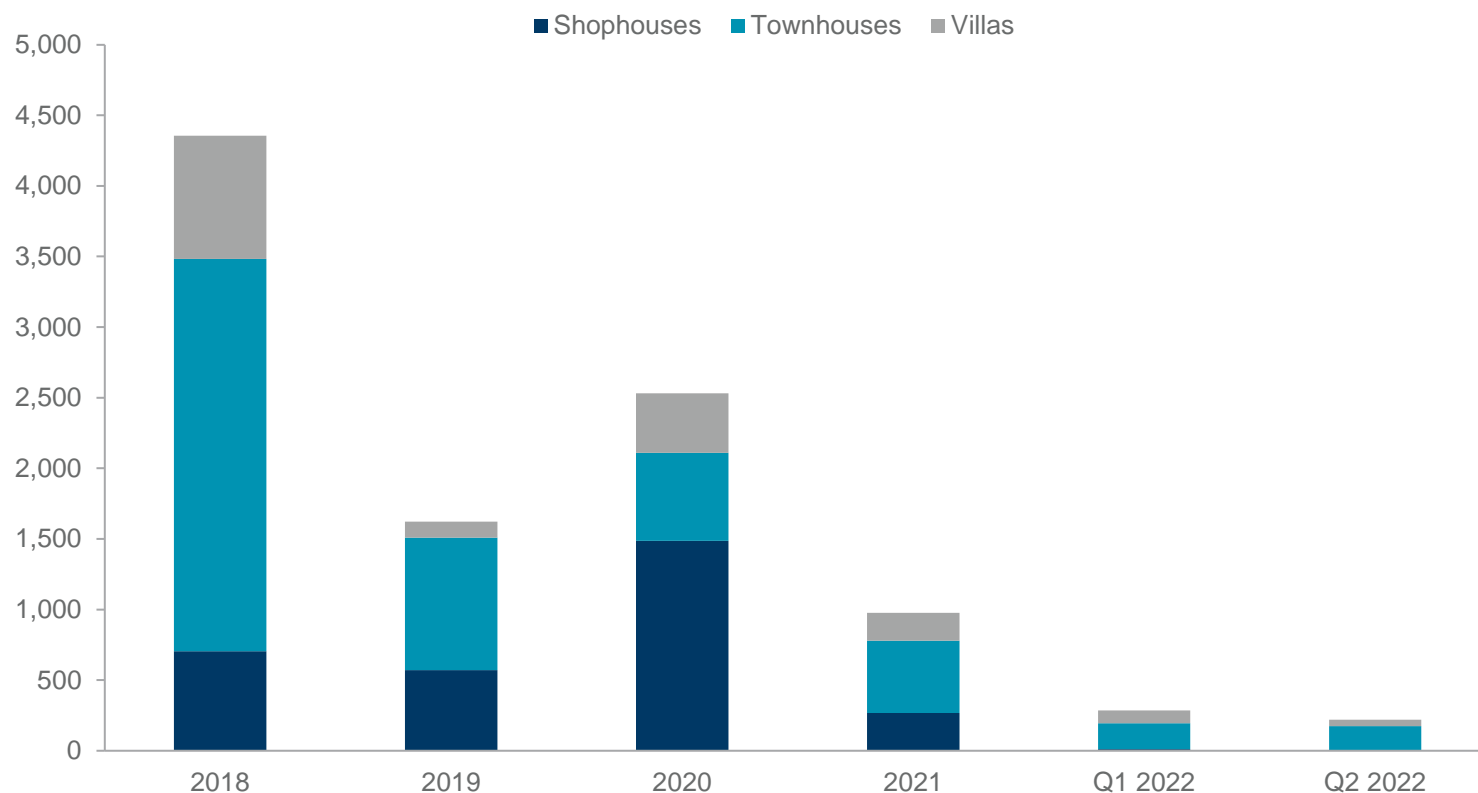
HCMC landed house market is still subject to limited supply situation, which has endured from 2019 until present.

Meanwhile, Thu Duc City remains the main spot for landed house, with two large-scale projects: SOHO shophouse (Global City project), and the Rivus Elie Saab, a villa project with a view to Dong Nai River.

HCMC Landed Houses

DEMAND

HCMC LANDED HOUSE SALES VOLUME



Source: Cushman & Wakefield

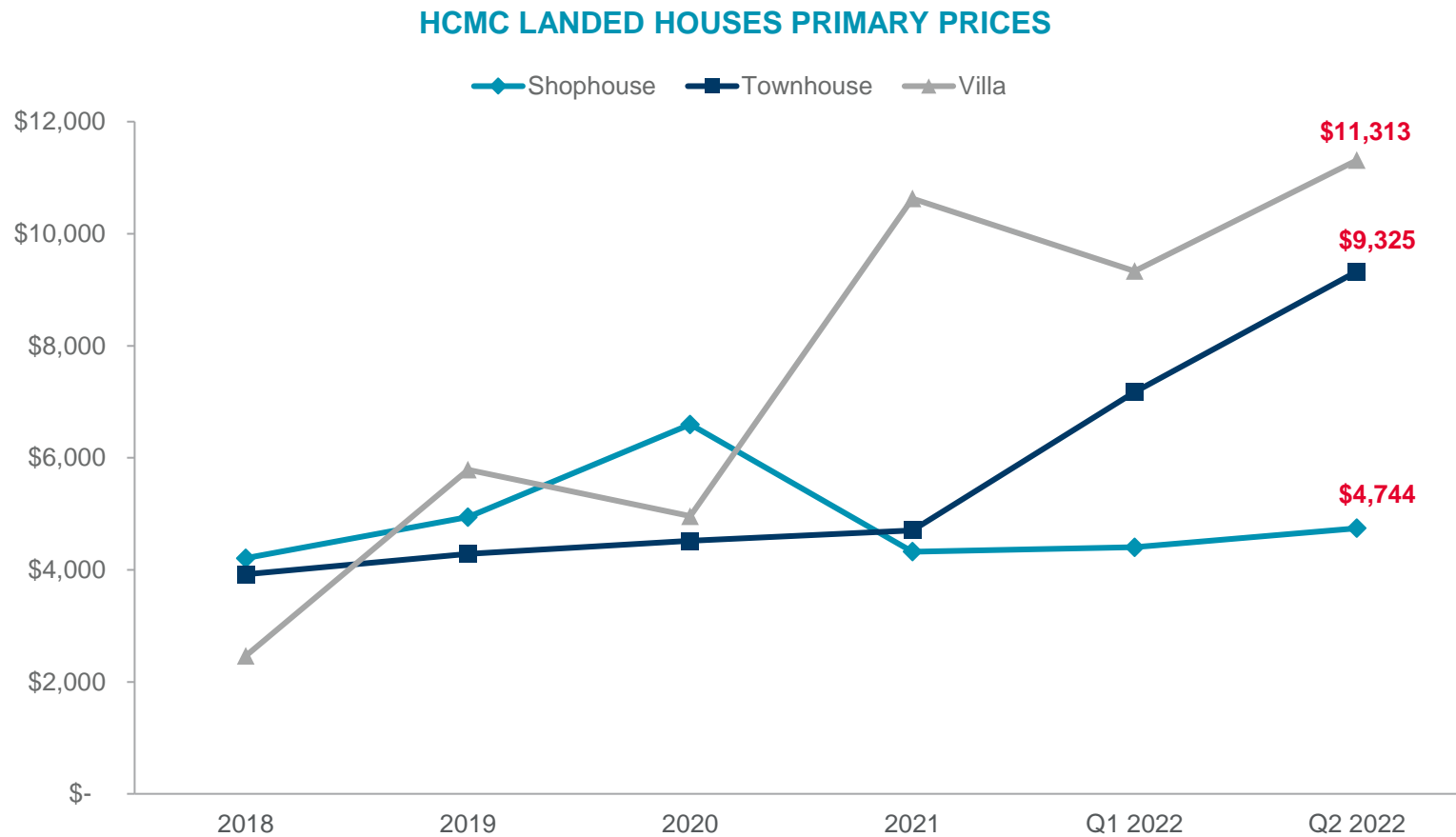
Sales volume down in the context of credit control

Due to the new credit control, the market observed a deceleration of speculators and more long-term investors and owner-occupiers.

Meanwhile, developers still make efforts to offer attractive sales policies, such as a grace period for both principal and interest up to 24 months, and exemption of management fees for 2 years.

HCMC Landed Houses

PRIMARY AVERAGE PRICE



Primary prices were on a new level

The limited supply situation and the launch of high-end landed projects have pushed the segment price into new high levels. Besides, developers have invested a lot in project concepts/facilities & amenities in both quality and quantity as their unique selling points.

Villas and townhouses primary prices approached US\$ 11,000 sq.m, and US\$9,300 sq.m, respectively.

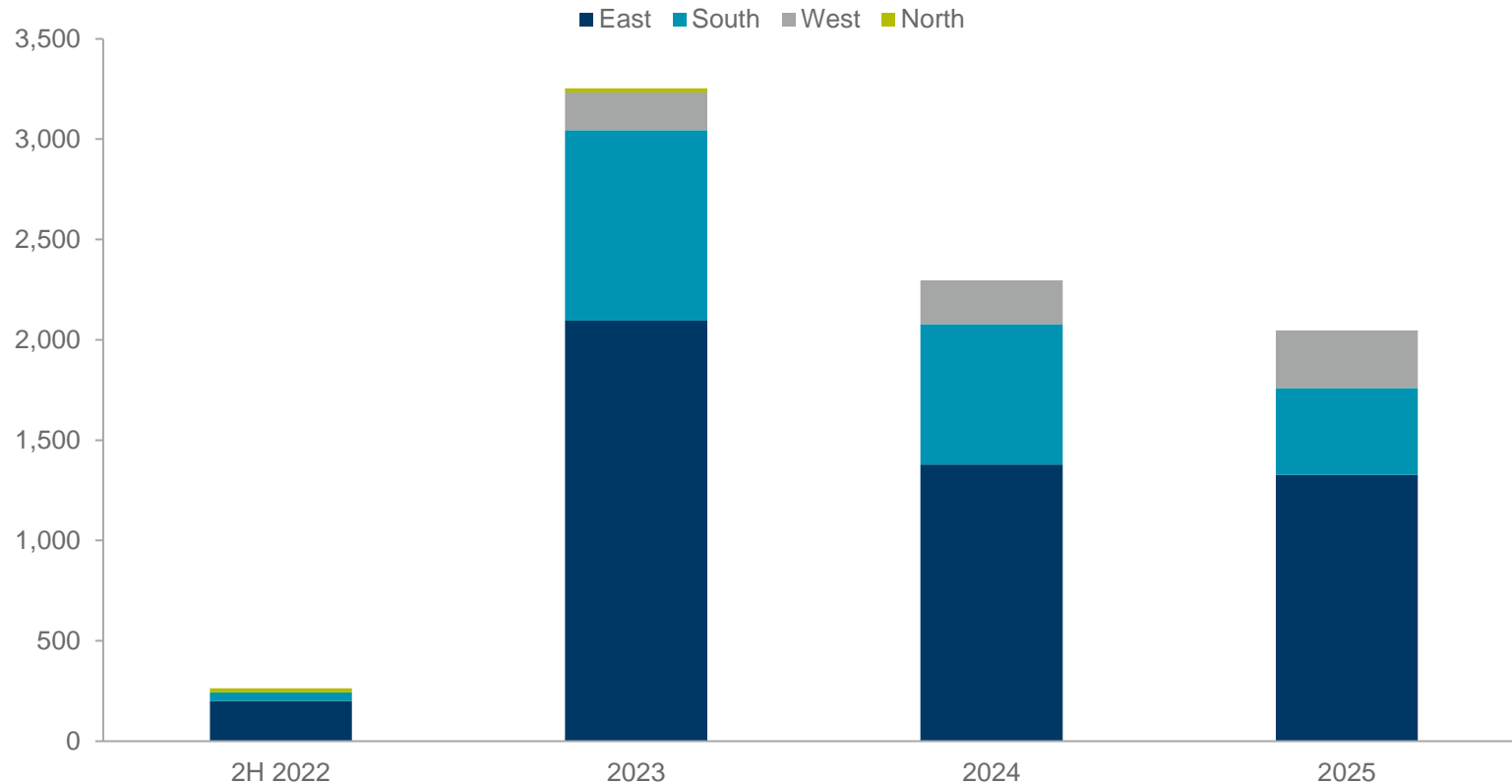
Source: Cushman & Wakefield

Average primary price is on land, excluded 10% VAT

HCMC Landed Houses

MARKET OUTLOOK

HCMC LANDED FUTURE SUPPLY, 2H22 – 2025



Future supply will improve in 2023

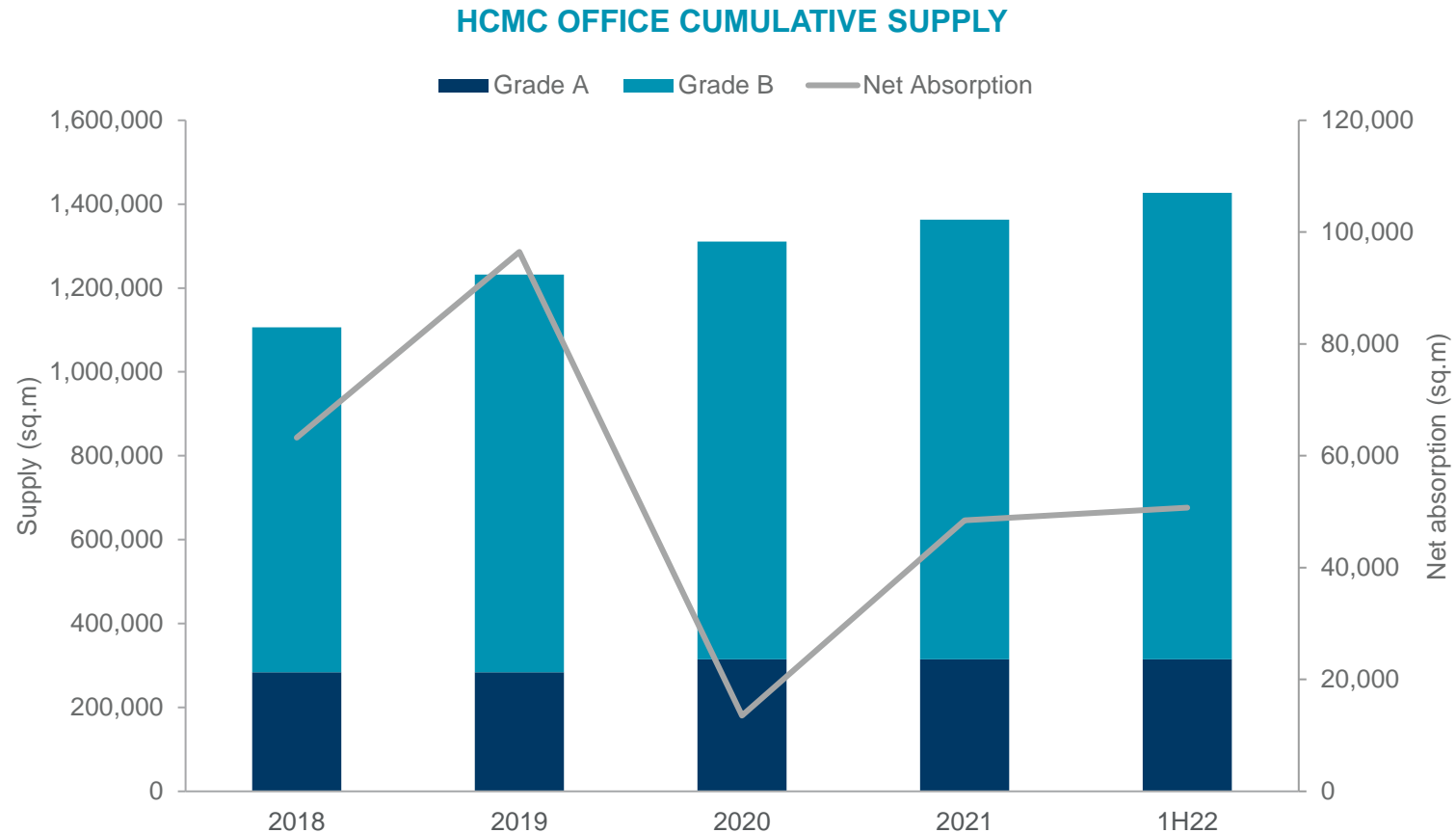
Land banks for Landed properties in HCMC are already limited and within certain areas: Thu Duc City in the East, Nha Be in the South, and Binh Chanh in the West.

Sustained demand for landed houses, the trend to live further away from the city center, and the government's commitment to infrastructure will help increase the price.

HCMC OFFICE



HCMC Office SUPPLY



New supply in the South

Cobi Tower I&II in District 7, completed and added 27,000 sq.m new supply into the market.

The South submarket has emerged as a major office cluster with the continuous completion of Grade B buildings in Phu My Hung NUA.

Total HCMC office supply Grade A & B reached 315,000 sq.m and 1,113,000 sq.m, combinedly up 4.7% YoY.

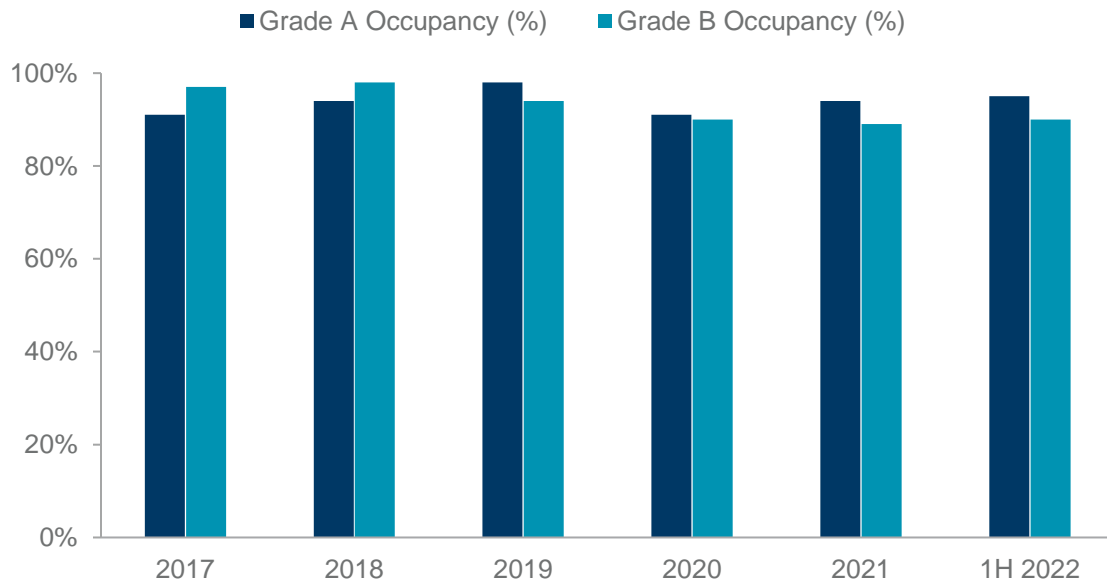
HCMC Office

MARKET PERFORMANCE

INCREASING DEMAND FOR RELOCATION AND EXPANSION

HCMC office market observed a gradual recovery in line with the economic bounce back after COVID-19.

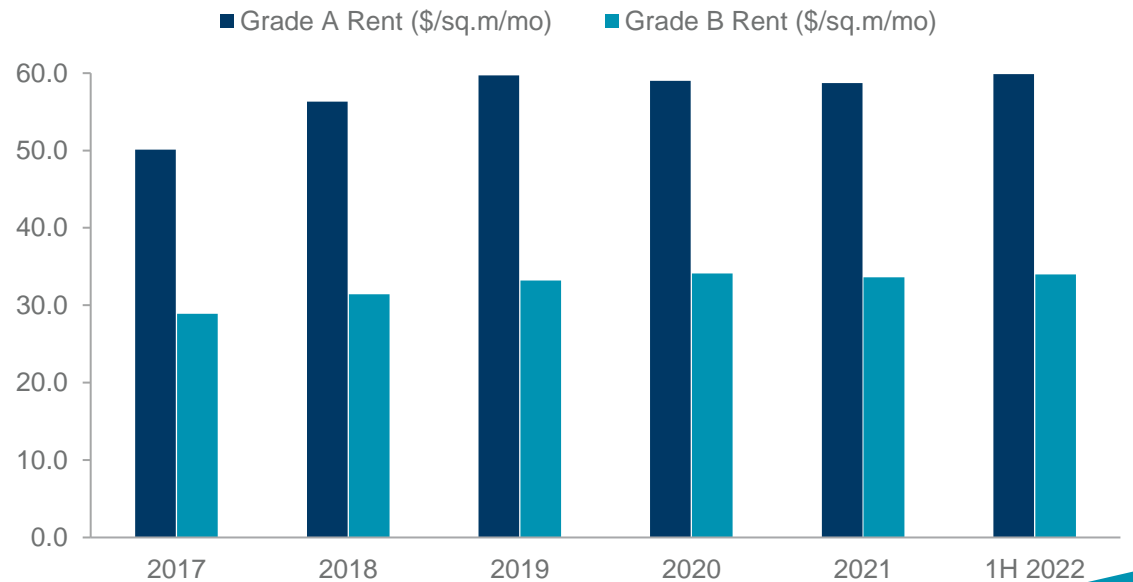
Demand for relocation and expansion kept increasing during the quarter. IT, logistics, E-commerce/Fintech, banking, and manufacturing continued to dominate the demand.



STABLE RENT RECORDED

Rental level has maintained relatively stable, even at final units in prime location buildings.

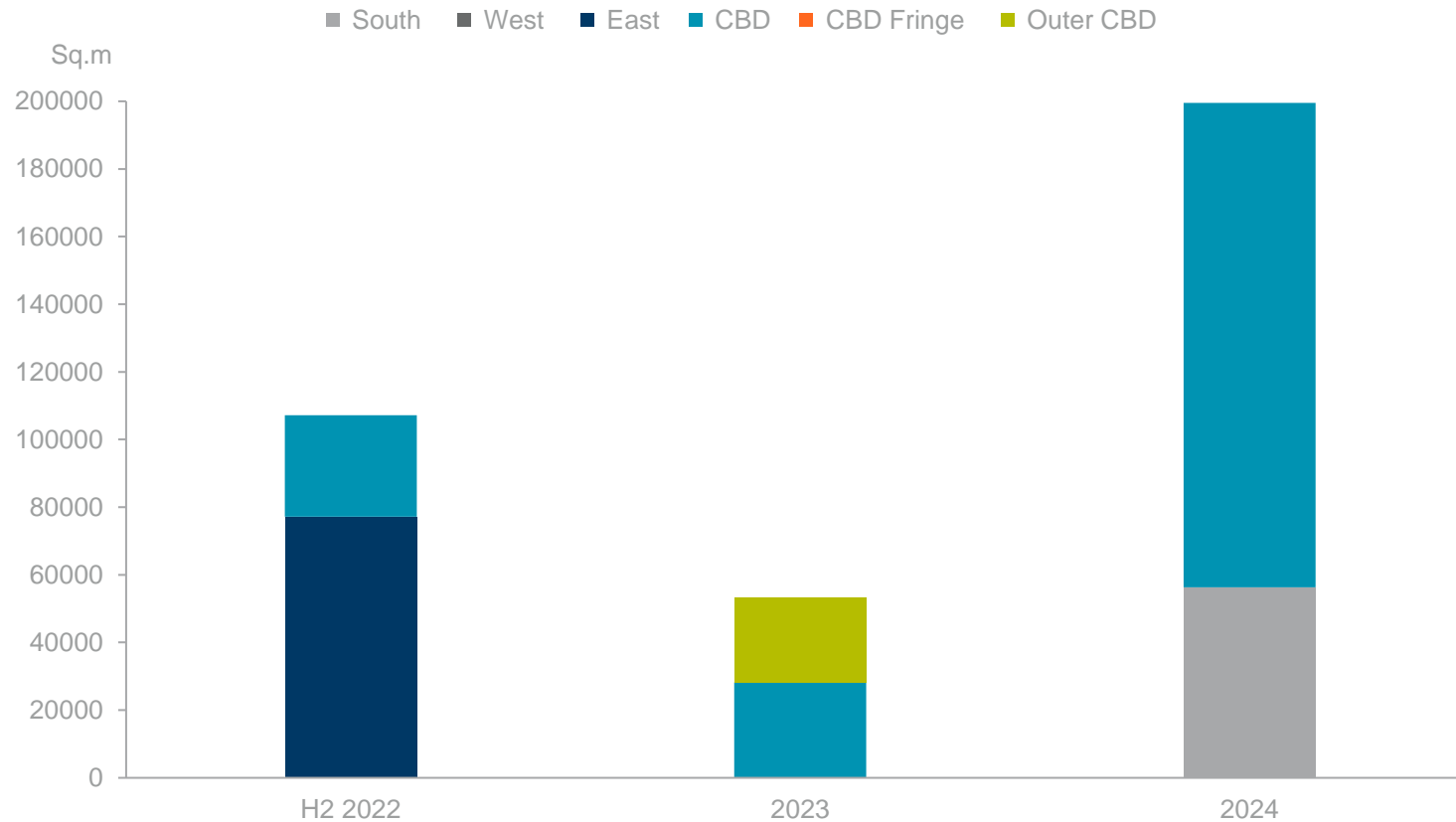
Grade A and Grade B avg. rent were 59.9 \$/sq.m/mo and 34 \$/sq.m/mo, up 1.9% YoY and 1.2% YoY, in order.



HCMC Office

MARKET OUTLOOK

GRADE A&B FUTURE SUPPLY (H2 2022 – 2024)



Abundant future supply in H2 2022

Both supply and demand witness the decentralization trend with the majority of new supply coming from the East.

Higher quality and specification of the upcoming buildings in the East, coupled with no new Grade A supply for lease in the CBD, has pushed their expected rents to a new level.

HCMC RETAIL

- Shopping center
- Department store
- Retail podium



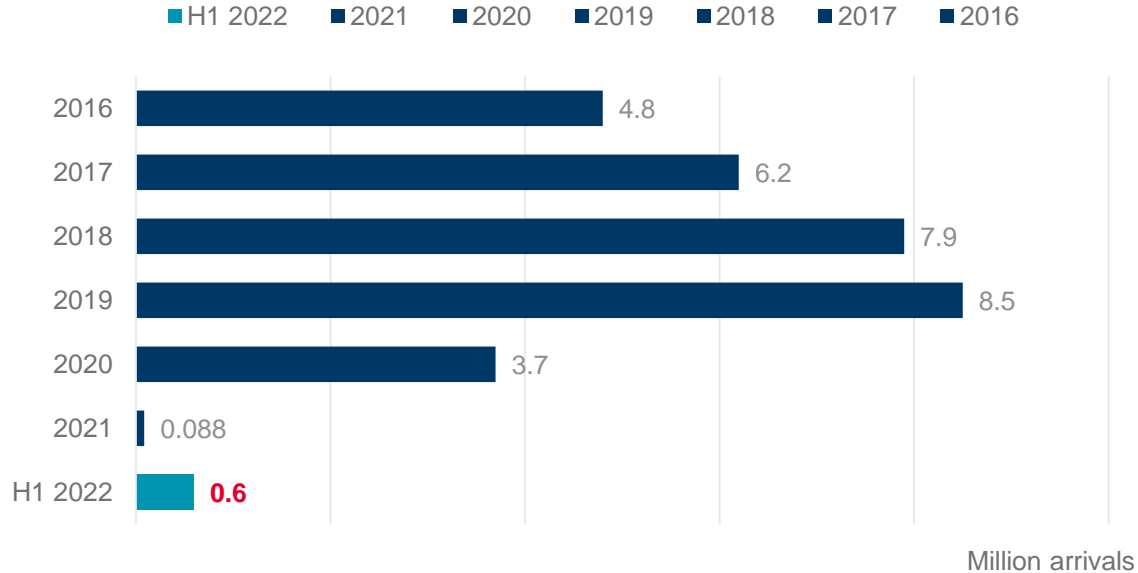
Retail Key Demand Drivers

RETAIL & TOURIST INDICATORS

International tourist arrivals in the first six months were nearly seven times that in 2021

Total international tourists reached 0.6 million visits in the first six months. The majority are from Asia with 392,100 arrivals, Europe with 96,400 arrivals, and the remaining belonged to the Americas, Africa, and Oceania.

6-MONTH INTERNATIONAL TOURIST ARRIVALS BY YEAR

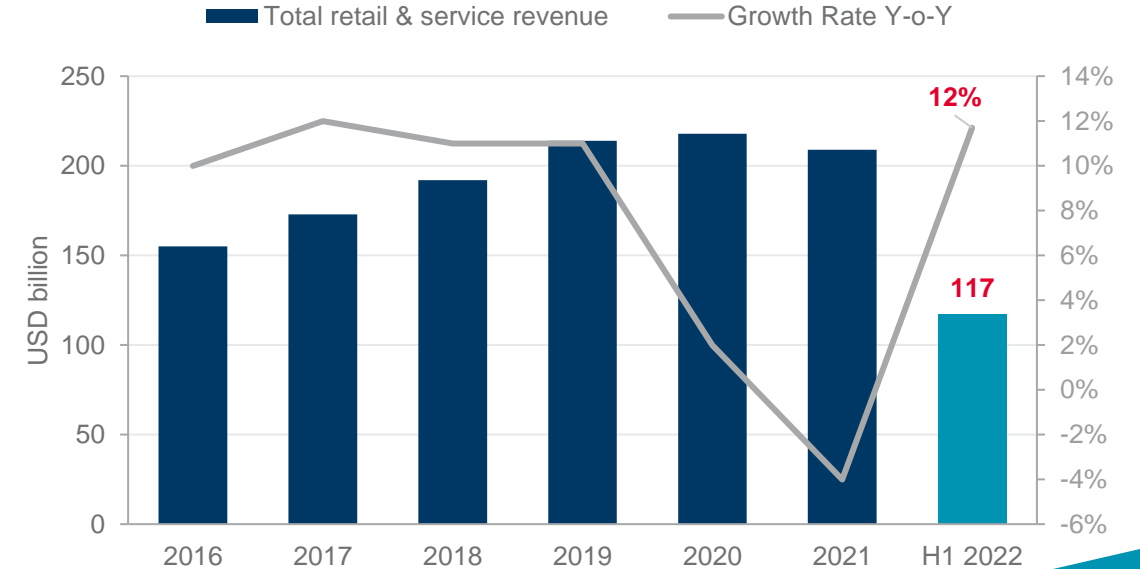


Source: General Statistics Office

Significant rise in total retail & service turnover

Total retail and service revenue reached around US\$117 billion, up 27.3% YoY. Therein gasoline group was up 22%, goods & education up 16%, foods up 13.7%, and transportation up 5.3%.

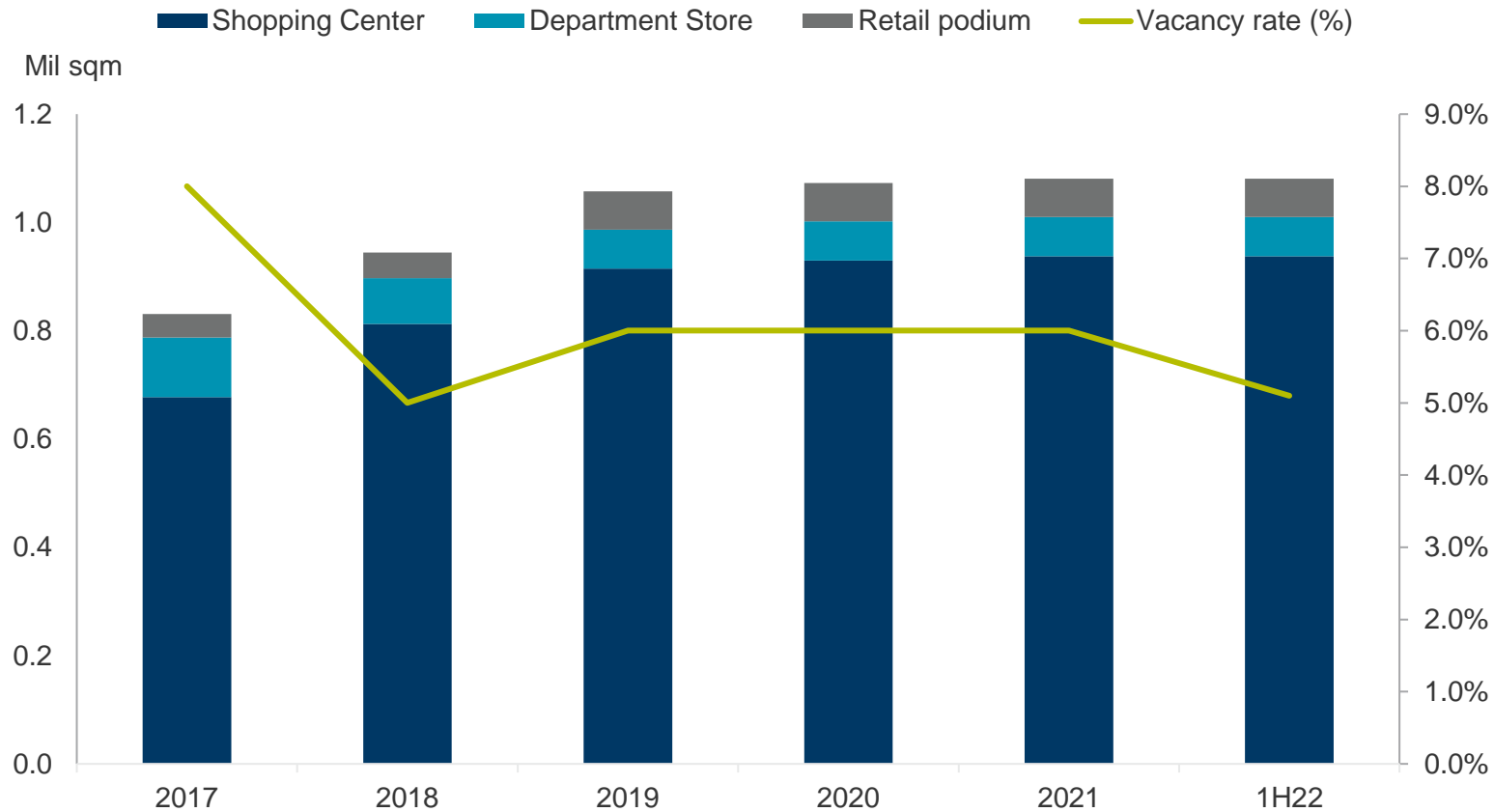
TOTAL RETAIL & SERVICE REVENUE BY YEAR



HCMC Retail

SUPPLY

CUMULATIVE RETAIL SUPPLY



No new supply in the quarter

Supply remained stable at approx. 1.1 million sq.m.

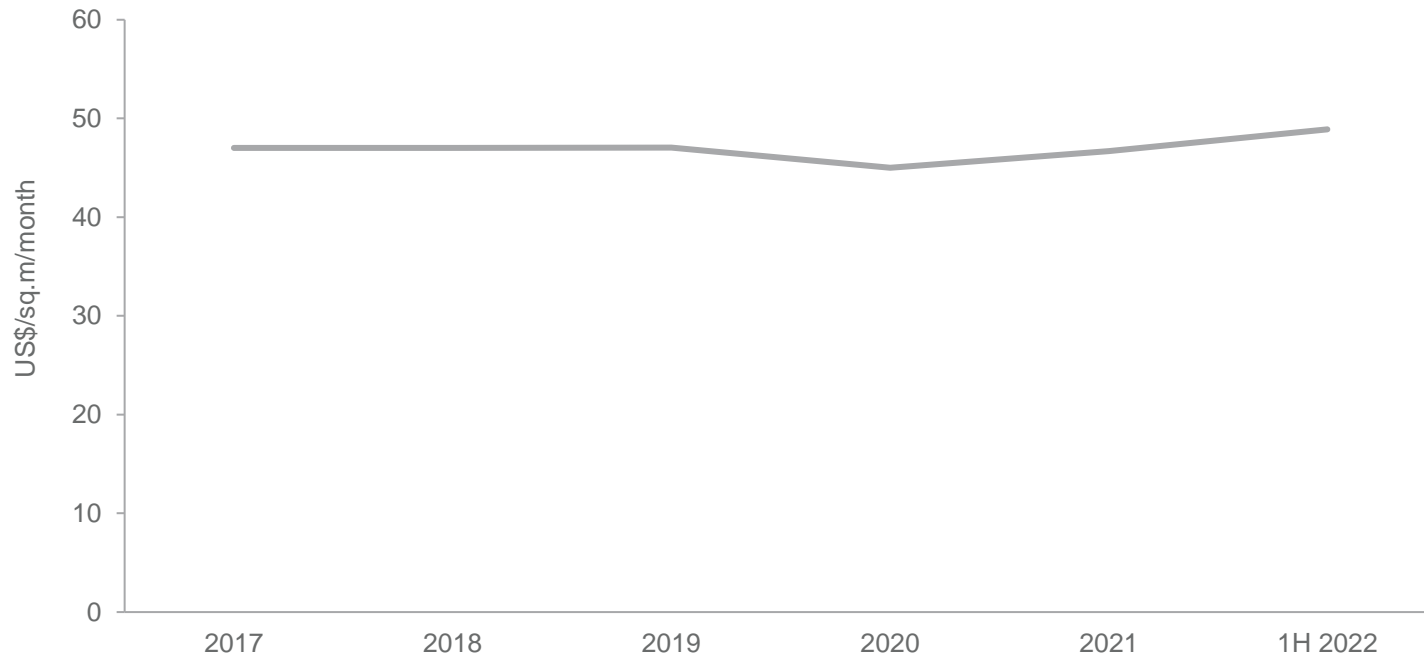
The vacancy rate was recorded at 5.1%, down 0.4 ppt QoQ, showing a gradual recovery of the market.

Vacancies are expected to stay in short term as most retail brands, especially fashion, still need to set up brick-and-mortar stores.

HCMC Retail

MARKET PERFORMANCE

AVERAGE RENTS



Demand is gradually recovering

Tenants who have good financial standing and survived during Covid-19 have kept looking for high-qualified space for expansion.

Landlords started to become more confident and are planning to prepare their rent increase scheme.

HCMC Retail

HIGHLIGHTS



Uniqlo opened new store in Saigon Centre (3,000 sq.m)

On 22 April, Uniqlo had a grand opening event at Saigon Centre and attracted a large number of customers coming.



Muji store in Crescent Mall coming soon in Q3

After success of the existing stores, Muji continued implementing the 4th store with a scale of thousand sq.m in Crescent Mall.



AEON strongly expand their business scale in Vietnam

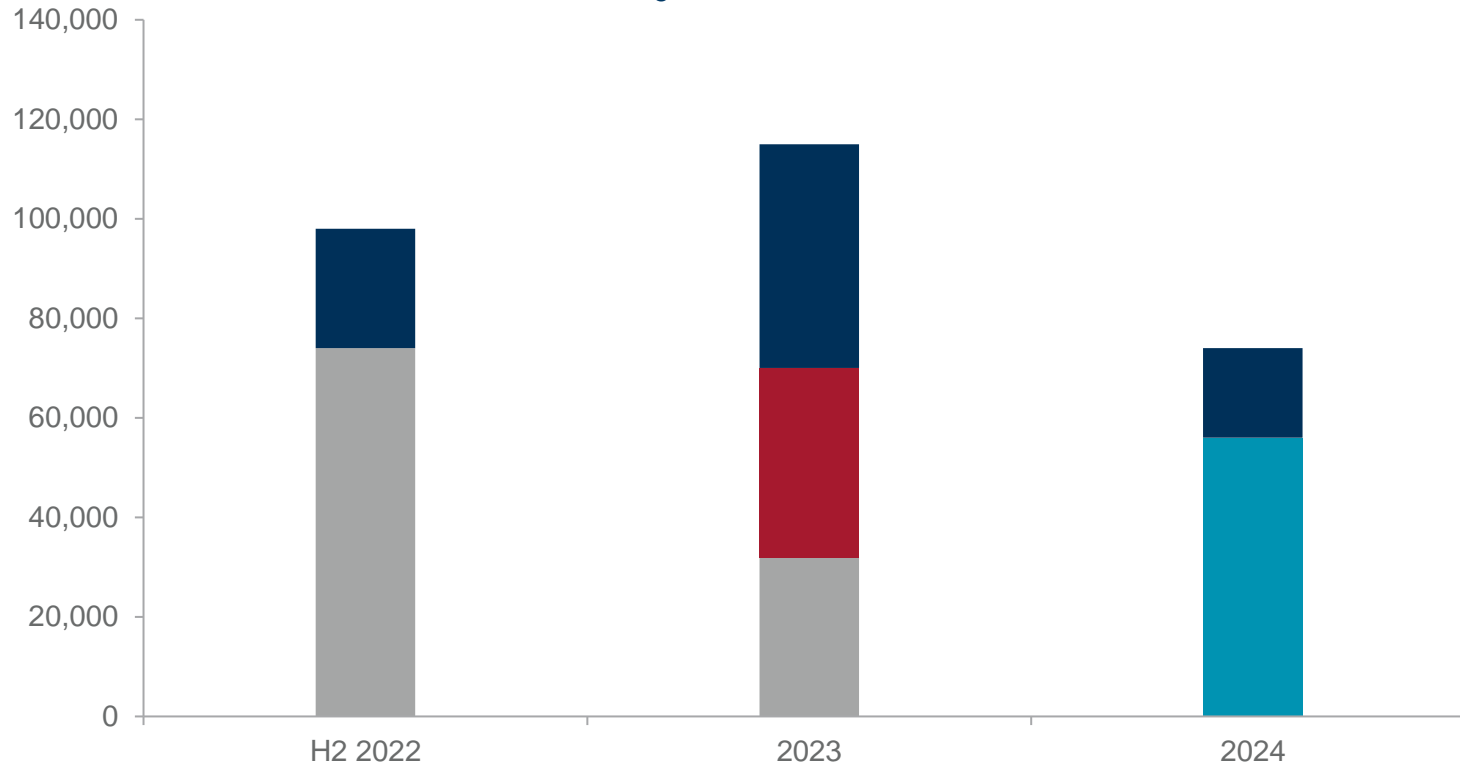
AEON plans to expand on both small-scale (up to 100 MaxValu stores by end of 2025) and large-scale shopping destination (from current 6 malls to 16 malls)

HCMC Retail

MARKET OUTLOOK

FUTURE RETAIL SUPPLY (H2 2022 – 2024)

■ CBD ■ CBD-fringe ■ East ■ North ■ South ■ West



Thu Duc City will be home to abundant future supply until 2024

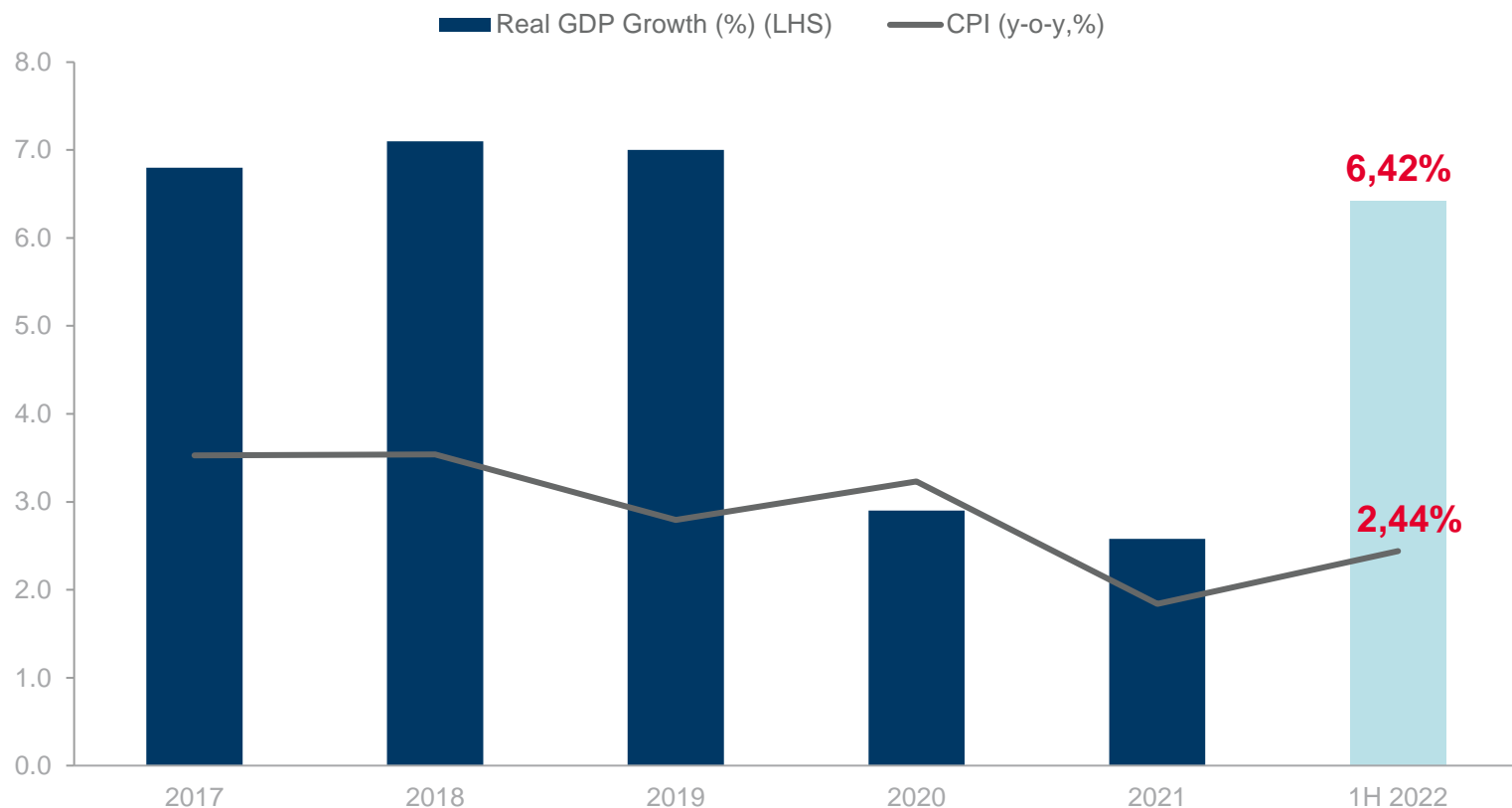
Future supply recorded good construction progress after a long delay due to Covid-19.

The retail market is expected to be brighter in upcoming years with more international brands entering the market.

Vietnam Economy Highlights

ECONOMICS INDICATORS

GDP AND CPI GROWTH BY YEARS



Vietnam's economy grows at the fastest pace in 11 years in Q2 2022

GDP grew 7.72 percent on-year in April-June, its best performance since 2011. In terms of GDP structure:

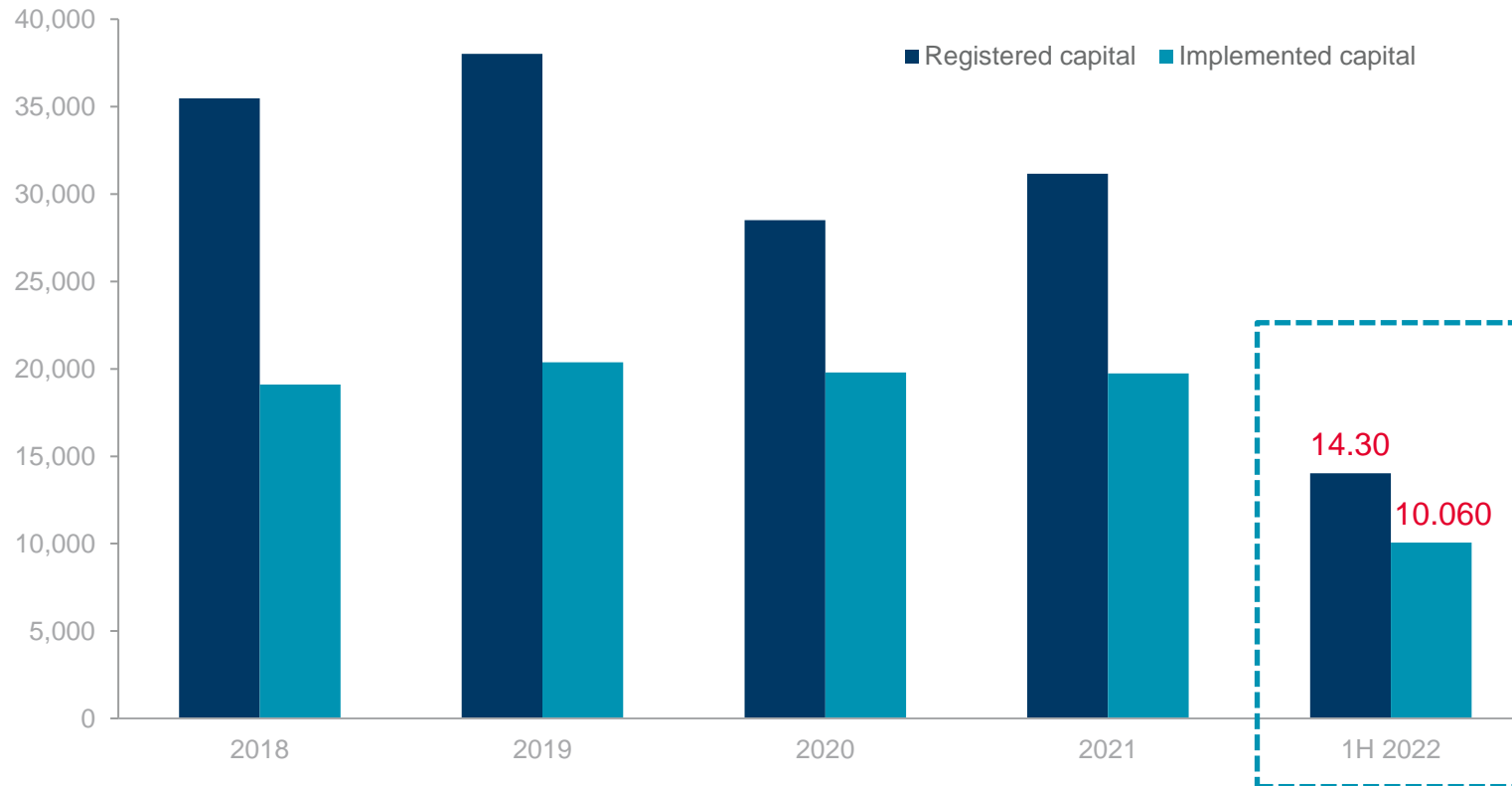
- Agriculture, Forestry and Fishery: 11.05%
- Industrial & Construction: 39.30%
- Services: 40.63%
- Tax and Subsidies: 9.02%

CPI in Q2 2022 increased 2.96% YoY and 2.44% YoY in H1 2022.

Vietnam Economy Highlights

ECONOMICS INDICATORS

FDI ATTRACTION BY YEAR (\$ MILLION)



Source: General Statistics Office

Highest FDI growth in the last 5 years

Total FDI value in H1 2022 reached USD10.06 billion, up 8.9% YoY with key sectors:

- Manufacturing & Processing: 58%
- Real Estate: 26%
- Technology, Electricity & Others: 16%

Top FDI countries:



Vietnam Economy Highlights

ECONOMICS NEWS



Gasoline prices continue getting new peaks

In H1 2022, gasoline prices had the highest increase in the last 8 years and reached around VND32,000 per liter.



Inflation sneaks into daily life

According to GSO, prices of goods have been adjusted, including foods, services, beverages, textiles, footwear, transportation, entertainment, etc.



Commercial banks compete to raise deposit interest rate

Due to rising inflation rate, commercial banks continued raising their deposit interest rate with a range from 0.1% to 0.5% per year, or even up to 0.8%.

Infrastructure Highlights

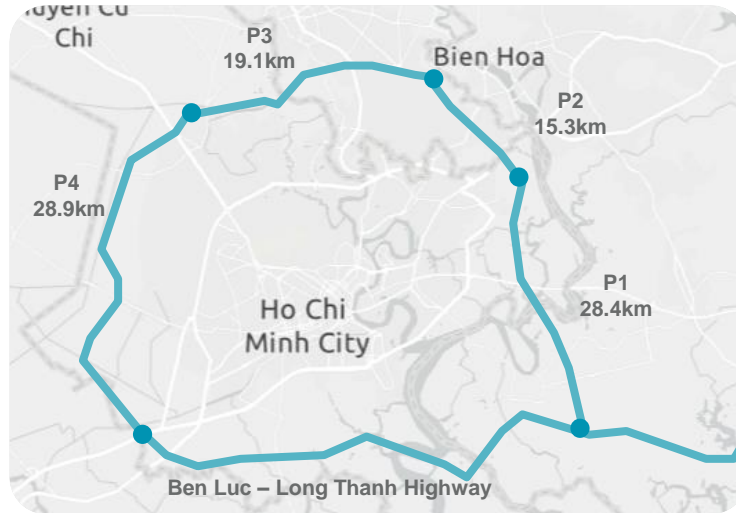
REMARKABLE INFRASTRUCTURE PROJECTS



Thu Thiem 2 Bridge opened to traffic

The bridge spans 1.5km, featuring 6 lanes and 2 pedestrian paths. It crosses the Saigon river to link downtown District 1 and Thu Duc city.

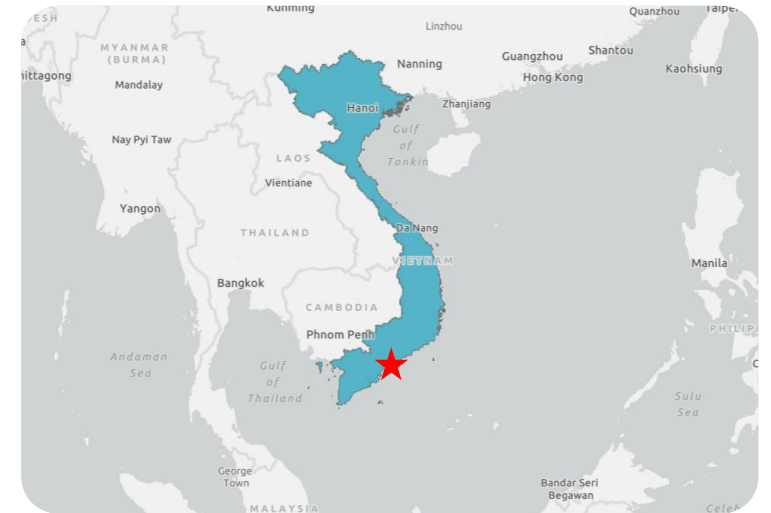
Additionally, the project spurs the development of the Thu Thiem peninsula and relieves traffic pressure on other urban arteries connecting the rest of the city to Thu Thiem.



Investment approval of HCMC's Ring Road 3

The project length is 76.34km and connects within the Southern Economic Hub (Dong Nai, Binh Duong, and Long An provinces).

Total investment in Phase 1 is approximately USD3.2 billion, to be implemented in H2 2022.



HCMC seeks to build Vietnam's largest port in Can Gio

The project is expected to be breakthrough in the development of the marine economy of the city and whole country, create a competitive advantage among the region.

The port has a dock over 7km long to receive 24,000TEU containers, with a throughput capacity of 10-15 million TEUs per year.

Regulation Highlights

RESOLUTION NO 18/2022/NQ-TW – NOTABLE POINTS

- 

Completion of revising Land Law 2013 and other relative laws
To resolve issues in terms of managing and using land sourced from agriculture, security, religious lands, etc.
- 

Remove land price table, feature method of land price as per the market
To enhance the quality of land appraisal
- 

Impose higher taxes for people owning lands, houses
To restrict speculations, enhance benefits for preferred objects and sustainability.
- 

Land allocation, land for lease mainly approved through LUR
To assure transparency in terms of land allocation and land for lease
- 

Religious units must pay the rent when using land for other purposes
- 

Specific regulation in terms of compensation, resettlement in case of land acquisition
To assure benefits for the landowners
- 

Extent objects, limits for receiving agriculture LUR convert
To allocate land for proper objects in line with regional, provincial conditions
- 

Regulations in terms of using land for overhead, underground projects, land from reclamation activity
To resolve issues in terms of managing and using land

Regulation Highlights

DECREE NO. 35/2022/NĐ-CP - NEW REGULATIONS FOR INDUSTRIAL PARKS



Clearly classified the types of industrial zones

- Supporting industrial zones
- Specialized industrial zones
- High-tech industrial zones
- Urban - Service industrial zones
- Eco-industrial zones



Save implementation time

- Specified types of master plans of IPs (if necessary):
 - General masterplan
 - Zoning masterplan
 - Detailed masterplan
- Allowed cases which planning tasks are not required



Assigned provincial authority the right to decide to approve

Location and size of the planning area for the construction of industrial parks for specific cases:

- Not more than 2% and not more than 6 hectares as that determined in the industrial parks list of the province.
- Not more than 10% and not more than 30 hectares of that as determined in the industrial parks list, after obtaining written opinions from the Ministry of Construction, the Ministry of Natural Resources and Environment, and the Ministry of Planning and Investment.



Reserve development space for SMEs

Industrial parks and economic zones must reserve at least 5 ha or 3% of industrial land area for the development of:

- Small and medium enterprises (SMEs)
- Supporting industry enterprises
- Innovative enterprises

Investment Highlights

Warburg Pincus leads USD250 million investment in Novaland



TROPICANA ZONE, NOVAWORLD HO TRAM

Dragon Capital & VinaCapital invested USD103 million in Hung Thinh Land

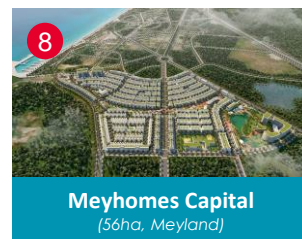
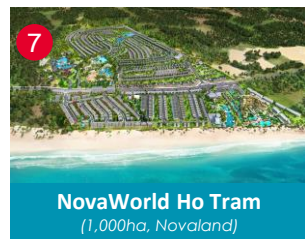
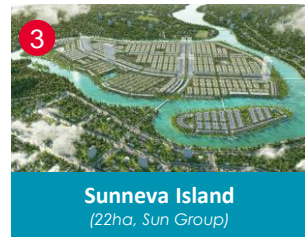
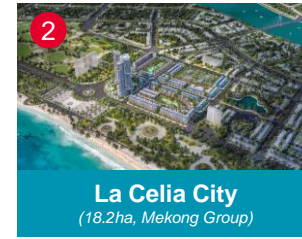
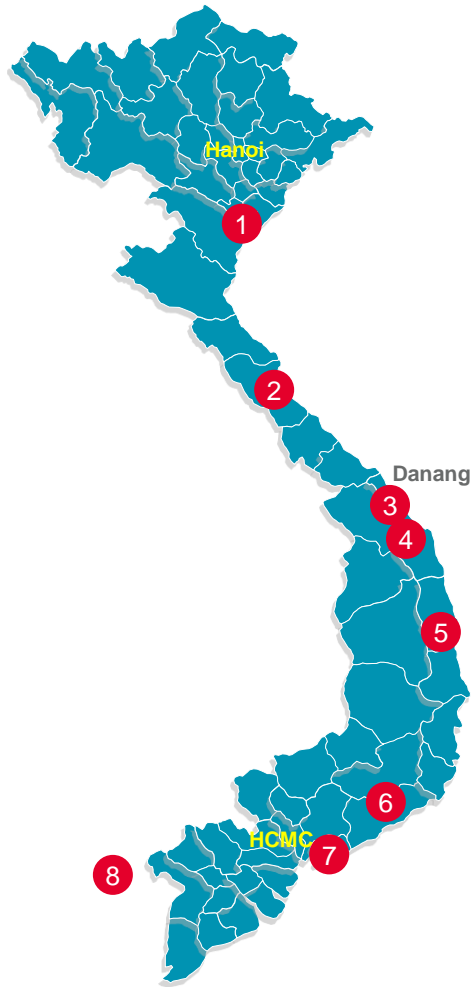


A PROJECT DEVELOPED BY HUNG THINH LAND

COASTAL CITIES



COASTAL CITIES



A rise of urban areas in coastal cities

Coastal cities market become more active with the diversification of product types, not only focus on hospitality as before 2020, thanks to abundant land bank, infrastructure improvement and revival of hospitality industry.

Source: Cushman & Wakefield

AT THE
CENTER OF
WHAT'S
NEXT



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THANK YOU

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