



# CBRE

## VIETNAM PROPERTY OVERVIEW Q1.2017

*Presented by: Ms. Dung Duong and Mr. Hieu Le  
Director, CBRE Vietnam*

**HO CHI MINH CITY**

Wednesday, 12<sup>th</sup> April 2017



**TODAY**  
**REAL ESTATE**  
**MARKET**  
**IS DRIVEN BY...**

# URBANIZATION

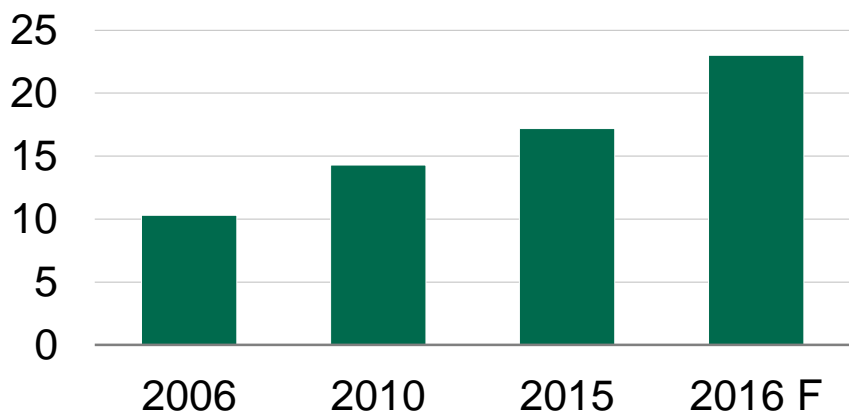
## Vietnam urbanization among fastest in the region

*“By 2020, 50 percent of Vietnam’s population (of 100 million) will live in urban areas/cities.*”

*An estimate number of 374,000 additional housing units will be needed in cities every year to cope with rising demand.”*

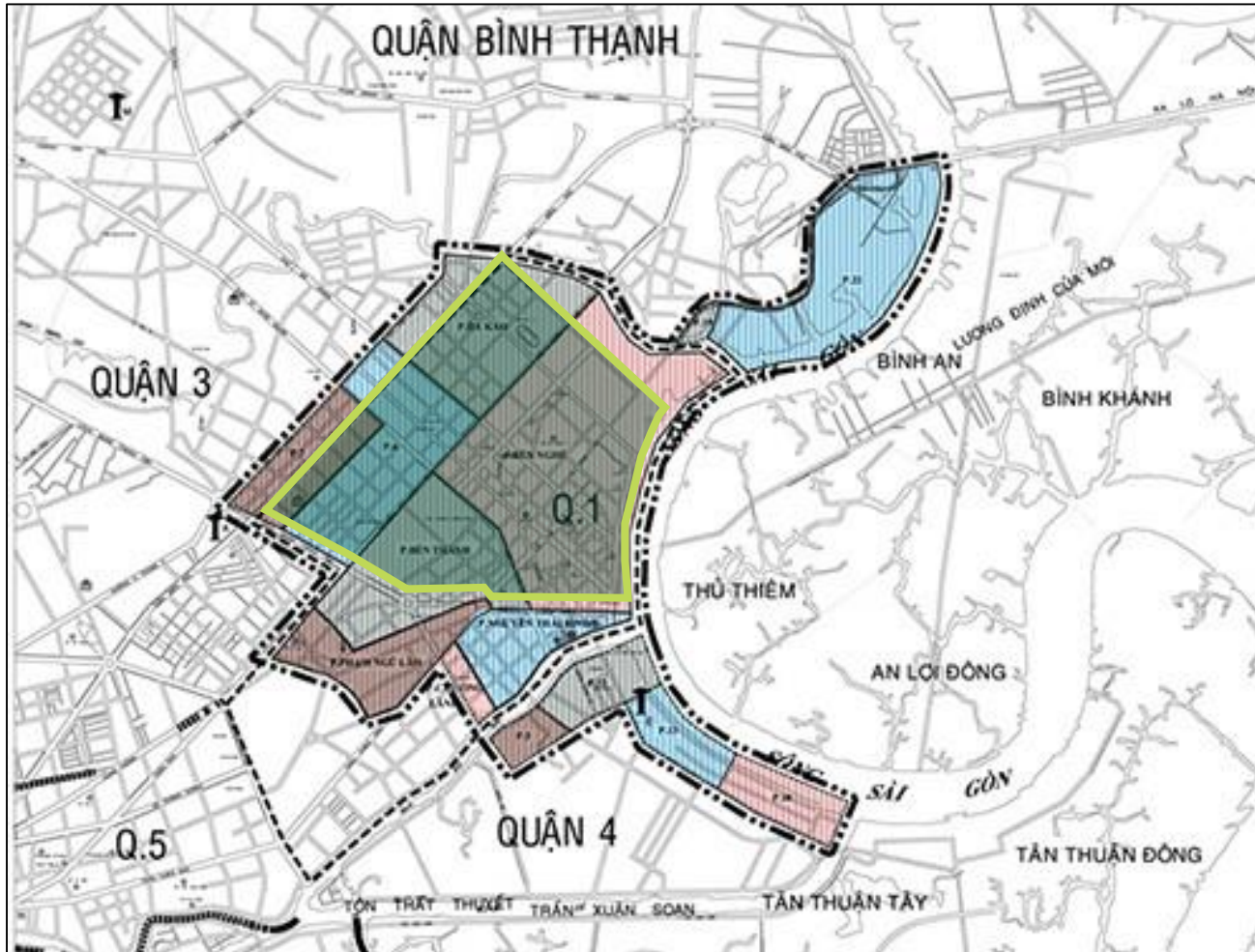


Existing residential area per person (sm)



# THE EXPANSION OF CBD

## The CBD Make-over



HCMC's new centre is expanding to include part of Binh Thanh District (Ward 22 and Ward 19) and District 4 (Ward 9, 12, 13 and 18)

# THU THIEM NEW URBAN AREA

## Quick Progress, Fast Changes

2008



2011



2015



Apr 17



# MEGA PROJECTS IN HCMC IN 2016 - 2018



## Vinhomes Central Park, Binh Thanh Dist.

Scale: 44 ha  
Condominium: 10,000 units  
Component: condominium,  
villa, office



## GS Metro City Nha Be

Scale: 349 ha  
Condominium: 3,600 units  
Component: condominium,  
villa, office, retail



## Eco-Tourism City Can Gio

Scale: 1,080 ha  
Condominium: 21,000  
units  
Component: condominium,  
villa, office, retail, hotel

## Palm City, Dist. 2

Scale: 30 ha  
Condominium: 816 units  
Component: condominium,  
villa, office, retail



## Eco Smart City Thu Thiem, Dist. 2

Scale: 10 ha  
Component:  
condominium, villa,  
office, retail, hotel



## Empire City Thu Thiem, District 2

Scale: 14.5 ha  
Condominium: 3,000 units  
Component: condominium,  
villa, office, retail, hotel



# THE EXPANSION OF FOREIGN DEVELOPERS

## Mitsubishi and Bitexco to develop The Manor Central Park

Released at: 06:18 28/07/2016

VIETNAM  
ECONOMIC TIMES



## Japanese companies invest more in Nam Long

*Hung Le*

Tuesday, Apr 19, 2016, 20:12 (GMT+7)

HCMC – Japanese firms Hankyu Realty and Nishi Nippon Railroad will acquire a combined stake of 50% in APSL-PLB-Nam Long Co Ltd under Nam Long Investment Corporation to invest in Fuji Residence project in HCMC.

## Frasers Centrepoint to build Ho Chi Minh City project with Vietnam-listed ADTD

By Lee Meixian leemx@sph.com.sg @LeeMeixianBT

### Development Of Luxurious Residence

## Daewoo E&C to Begin Parceling Sale of Luxurious Villas in Hanoi, Vietnam



## CapitaLand buys prime site in Ho Chi Minh City

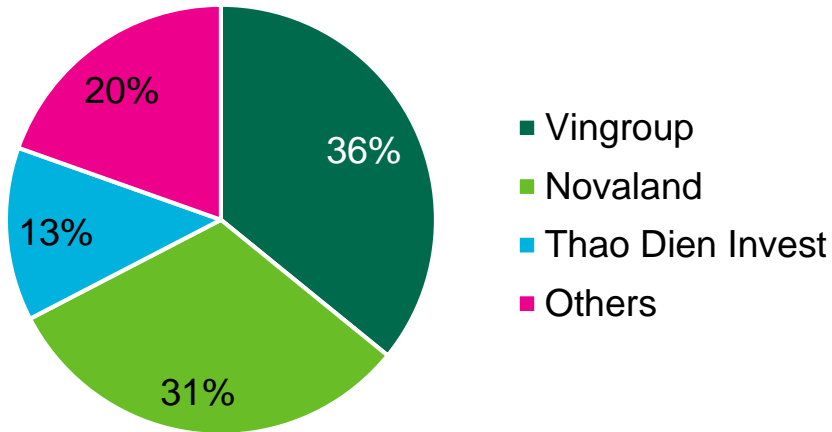


THE STRAITS TIMES

ET INSIGHTS | Q1 2017

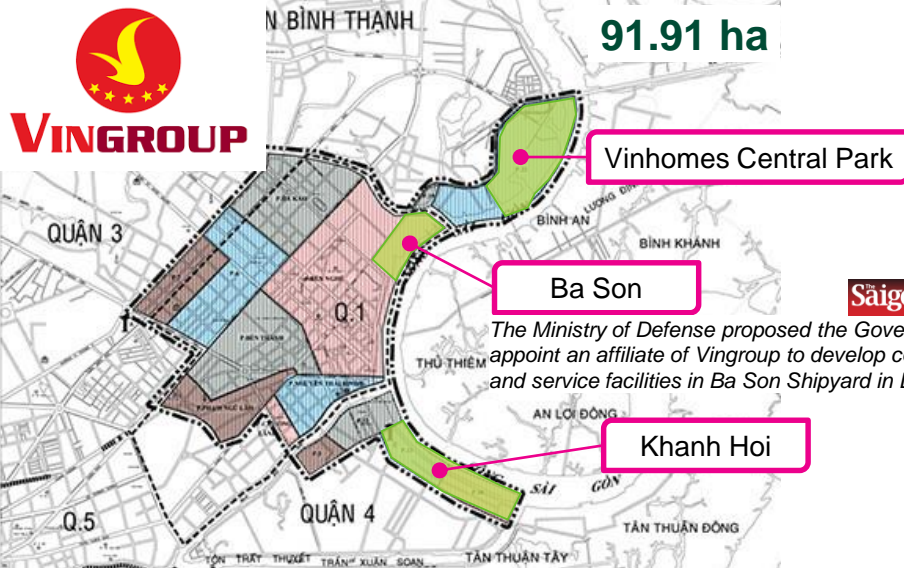
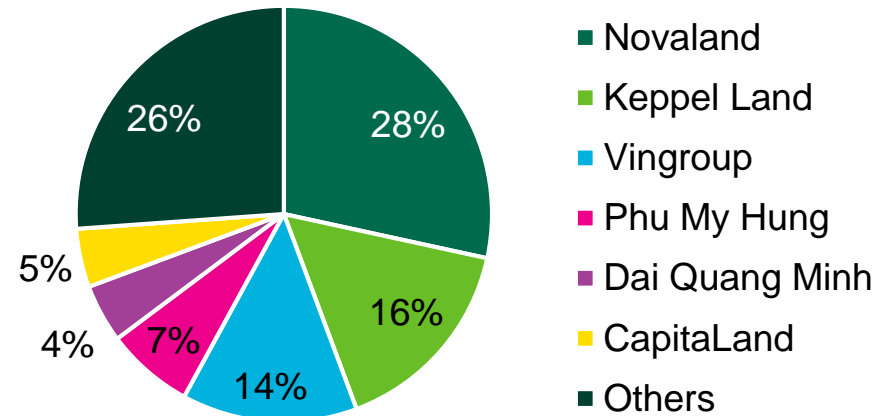
# THE STRENGTHENING OF LOCAL DEVELOPERS

## High-end Condo Market Share, HCMC, 2015



Source: Dragon Capital

## High-end Condo Market Share, 2016 - 2018



**Saigon Times**

The Ministry of Defense proposed the Government to appoint an affiliate of Vingroup to develop commercial and service facilities in Ba Son Shipyard in District 1.





# NEW LAW ON FOREIGN HOUSING OWNERSHIP



## What have we learnt after almost two years?

- Questions and more questions
- Guidelines and Paperwork
- Loans – Bank says Yes ✓ but in reality, it's a No ✗
- Foreigners use credit cards, not cash
- Most buyers are Vietnam-based foreigners. *Foreigners prefer drinking to buying properties on a Friday night!*

### Foreign Investors Remain Hesitant About Setting Up Home in Vietnam's Real Estate Market

Vietnam Briefing




HCMC – Despite a new **real estate** law that was implemented last July, ostensibly giving foreigners the same property rights as local **Vietnamese**, ...

   [Flag as irrelevant](#)


### Foreign buyers fuel Vietnam housing market

VietNamNet Bridge

VietNamNet Bridge - **Vietnam's real estate** market has been heating up with a rapidly increasing number of purchases made by not only locals but also ...

   [Flag as irrelevant](#)



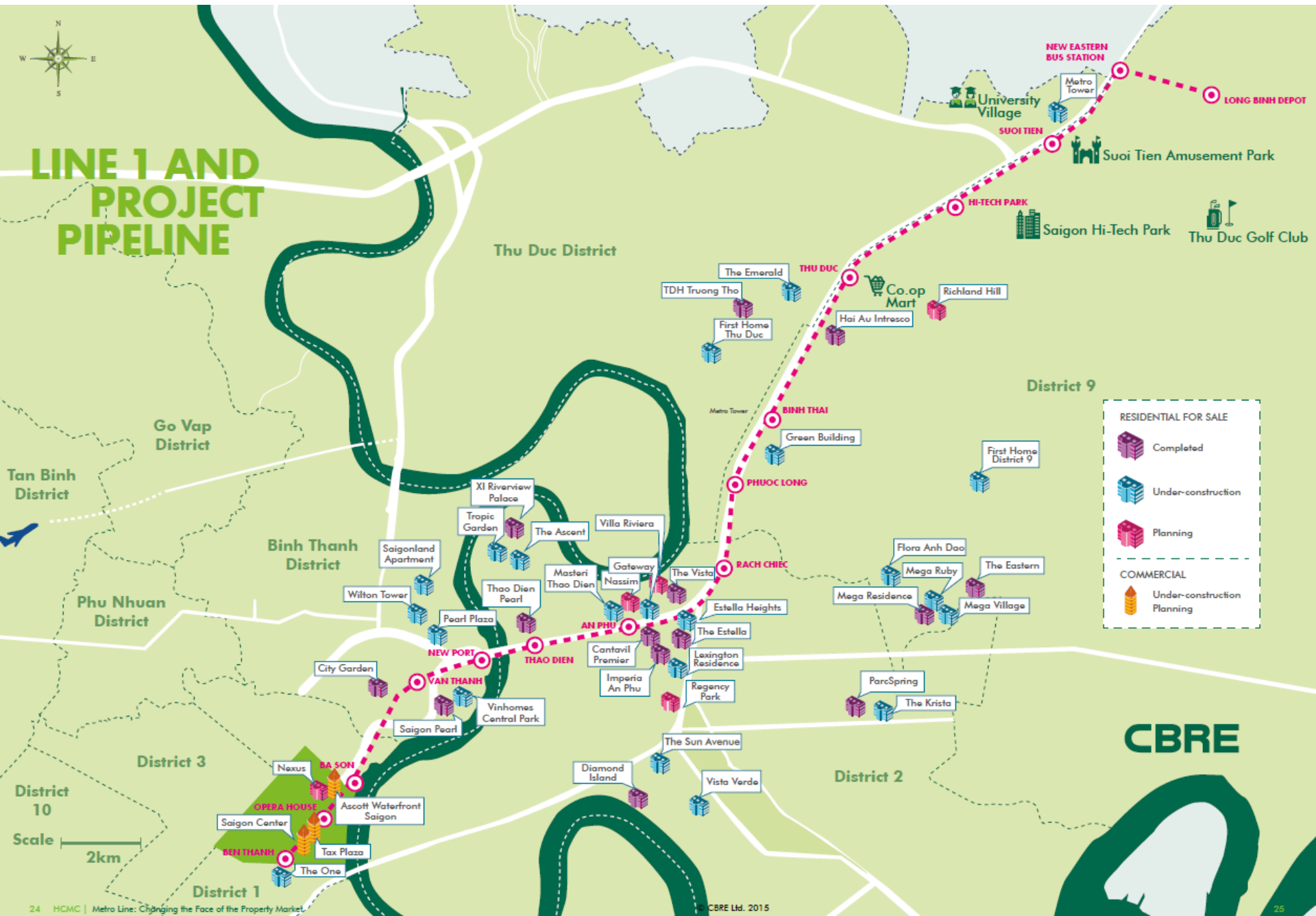
 Society

**Vietnam exempts visa for Viet kieu, foreign spouses of Vietnamese citizens**

**From All-nationalities Event  
..... to Themed Event  
for a Focus Group**



# METRO LINE NO.1 AND RESIDENTIAL PROJECTS

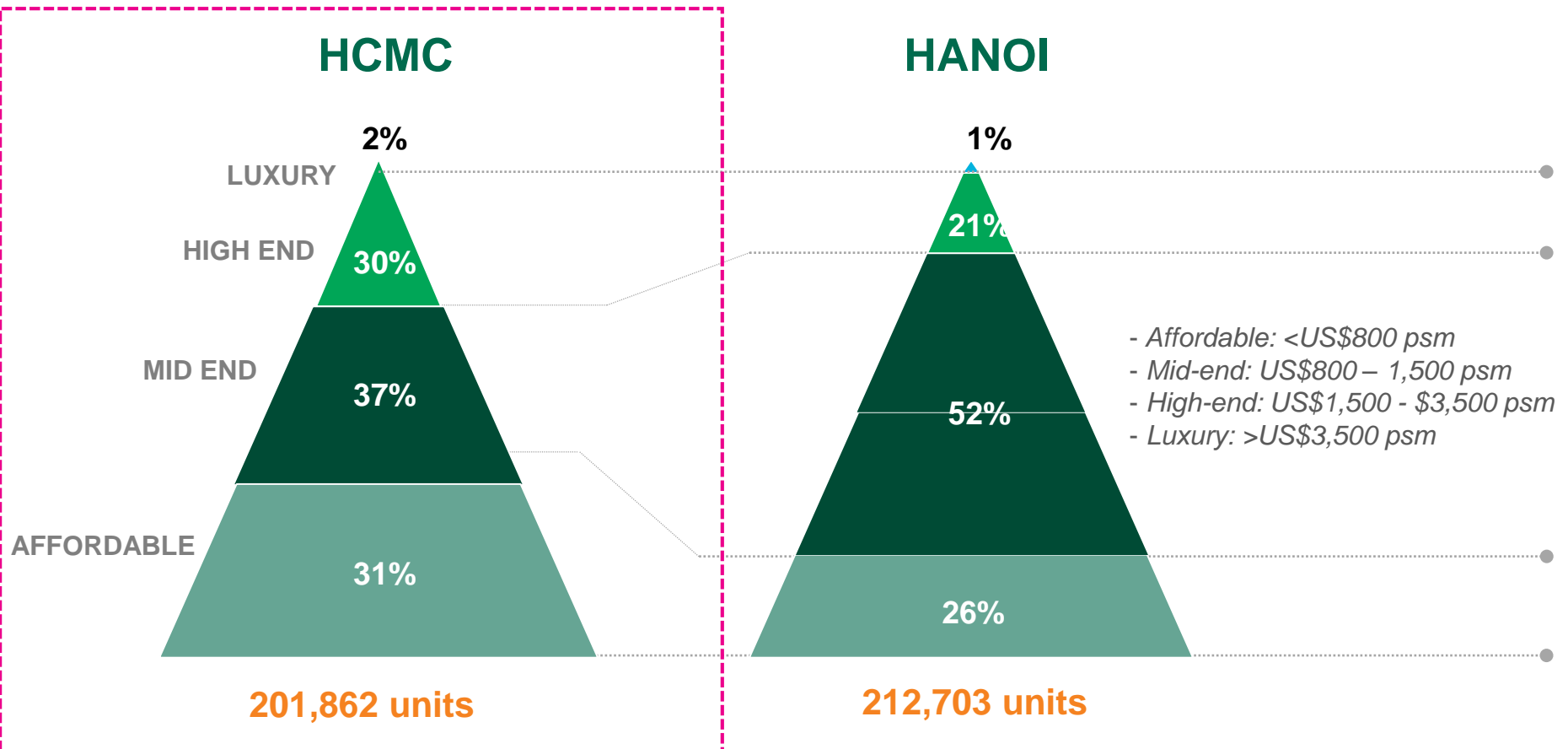




# HOW THE RESIDENTIAL MARKET TRENDS

# HCMC CONDOMINIUM FOR SALE

## Total Supply by Grade \*

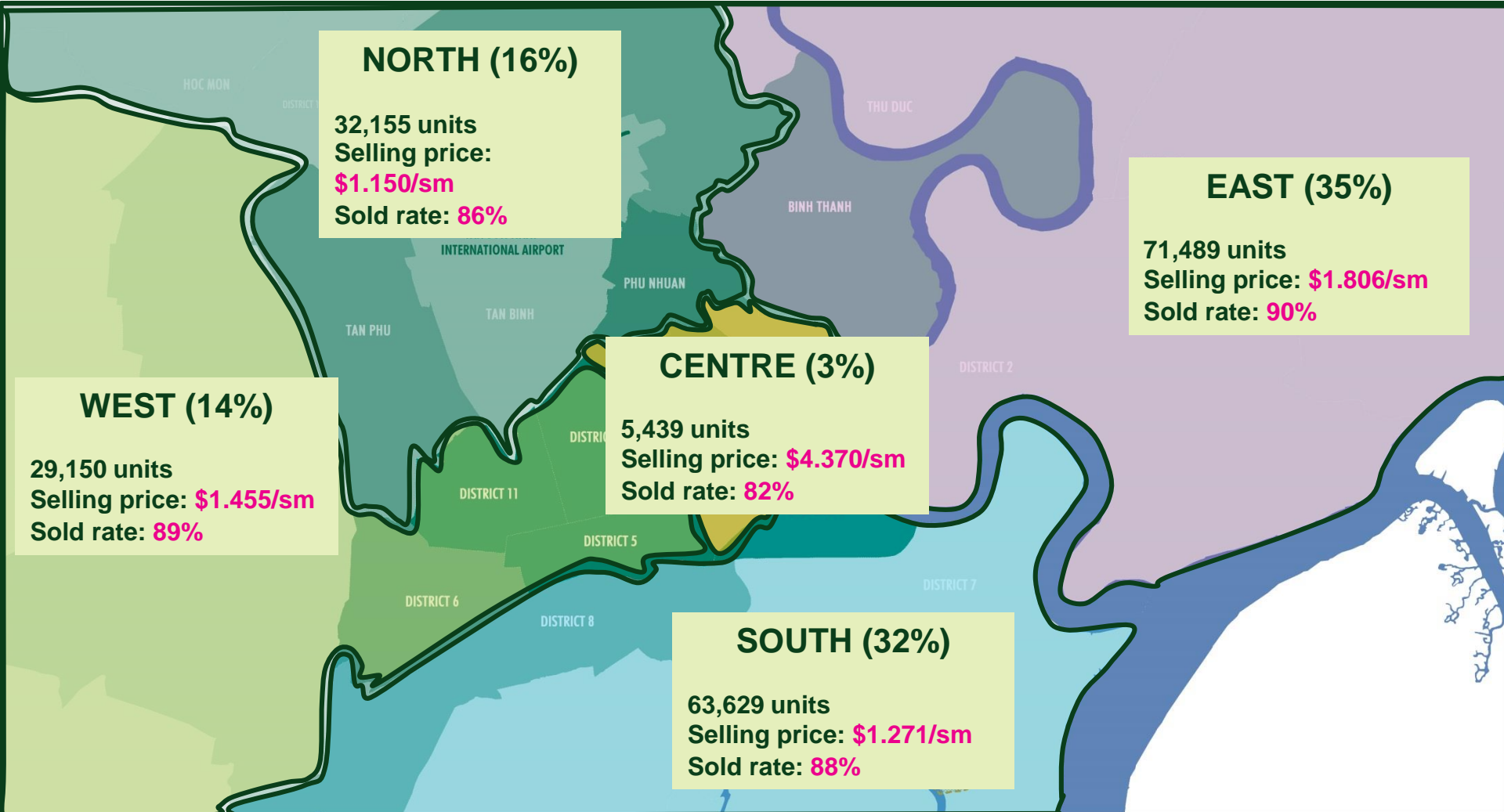


(\*): Accumulative launches since 1999, including both completion and under construction units, sold and unsold units.

Source: CBRE Vietnam, Q1 2017.

# HCMC CONDOMINIUM FOR SALE

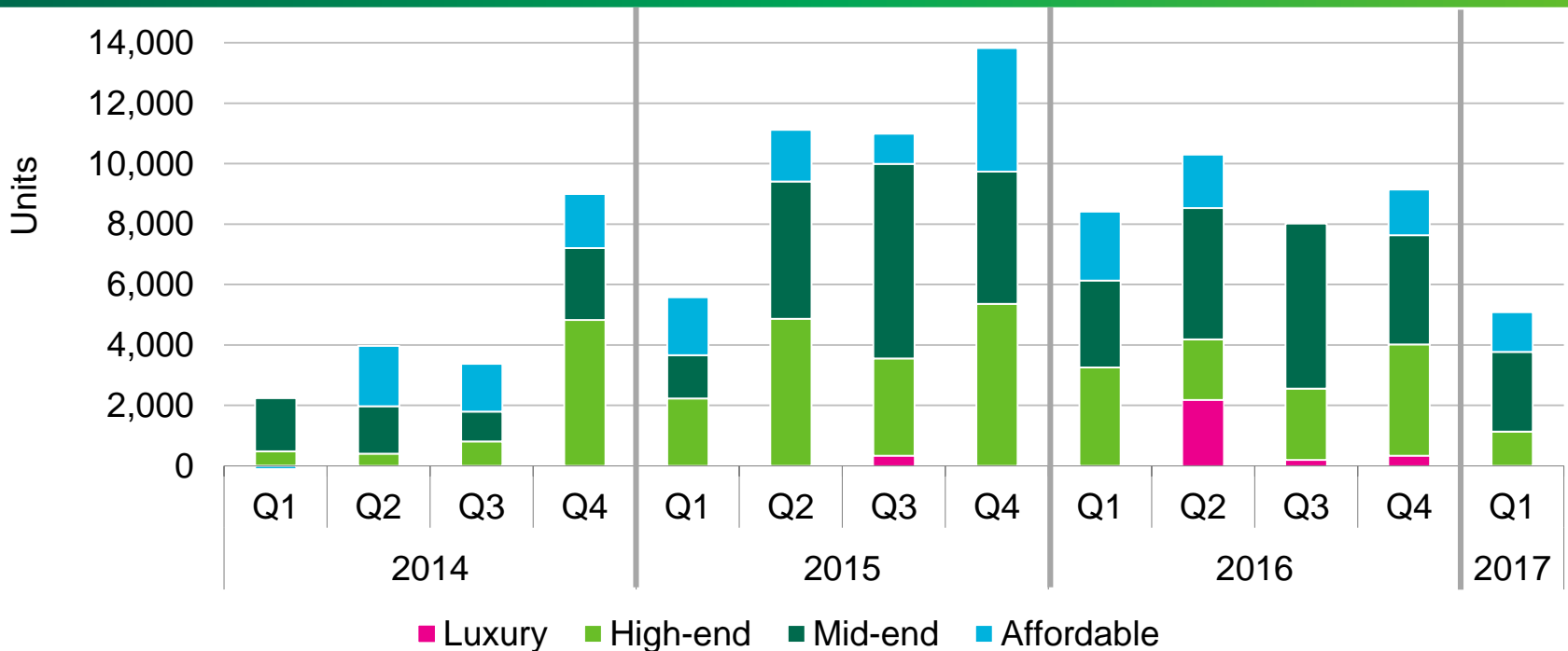
## New launch remains strong in the East and the South



# HCMC CONDOMINIUM FOR SALE

## Supply by Year

New launches by year, units



Source: CBRE Vietnam, Q1 2017.



**Q1/2017**

**5,083 units from 21 projects**



**-44% q-o-q**

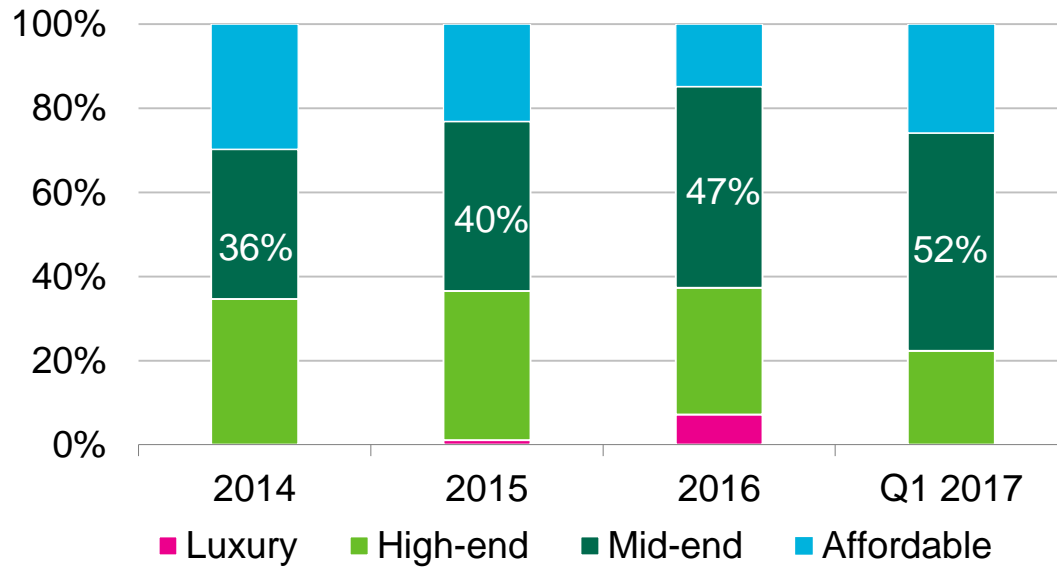


**-49% y-o-y**

# HCMC CONDOMINIUM FOR SALE

Mid-end segment expanding, easing high-end oversupply fear

New Launch Breakdown by Segment, HCMC



Vingroup promises affordable homes in Vietnam

NIKKEI ASIAN REVIEW

December 6, 2016



## Real estate bubble unlikely next year: HoREA



Hong Phuc

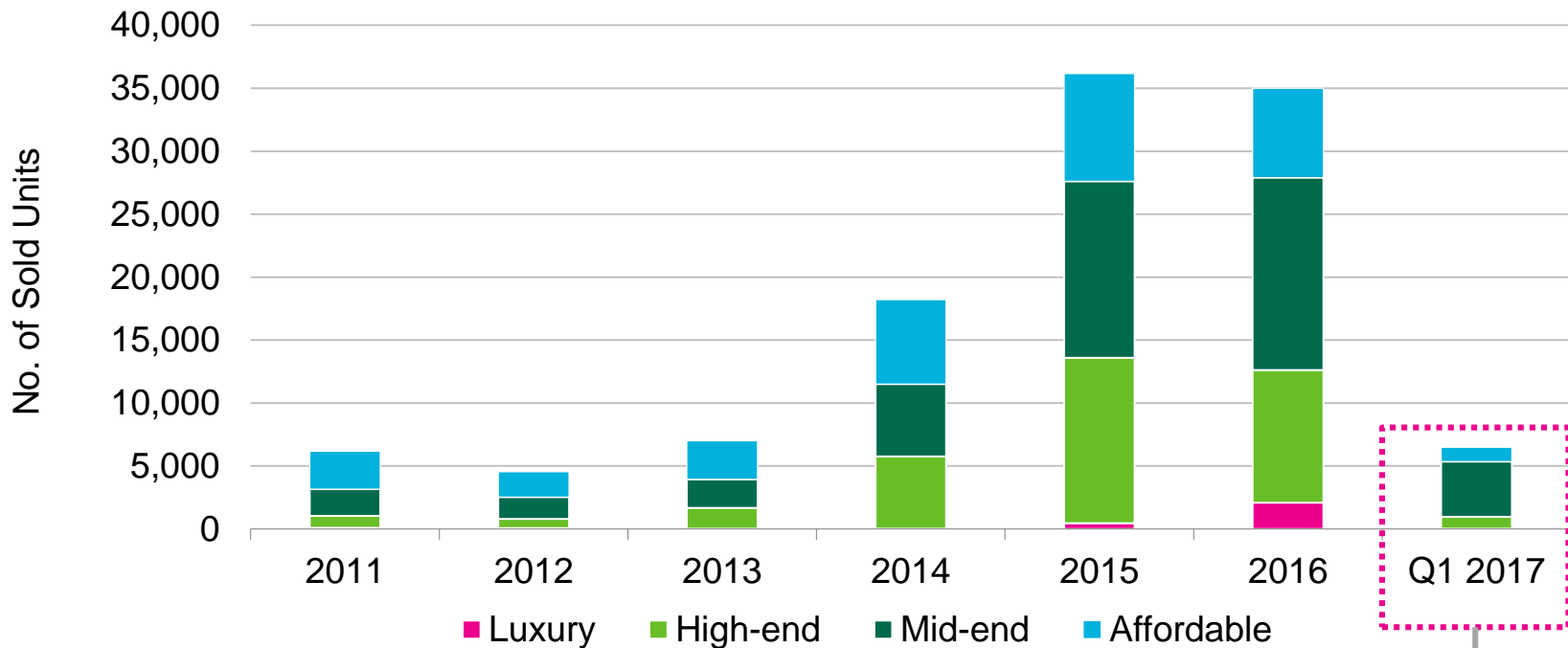
Tuesday, Dec 20, 2016, 21:56 (GMT+7)

- HCMC – A real estate bubble is unlikely to burst next year, the HCMC Real Estate Association (HoREA) forecast.
- The association predicted the property market in 2017 will maintain growth momentum but a slowing trend this year will probably continue. In addition, there will likely be a big adjustment to address the supply-demand mismatch that is currently skewed towards the luxury segment, including resorts.

# HCMC CONDOMINIUM FOR SALE

## Sold units - Mid-end dominated Q1 2017

Number of Units Sold by Year, HCMC



**6,501** units sold  
**67%** in mid-end segment

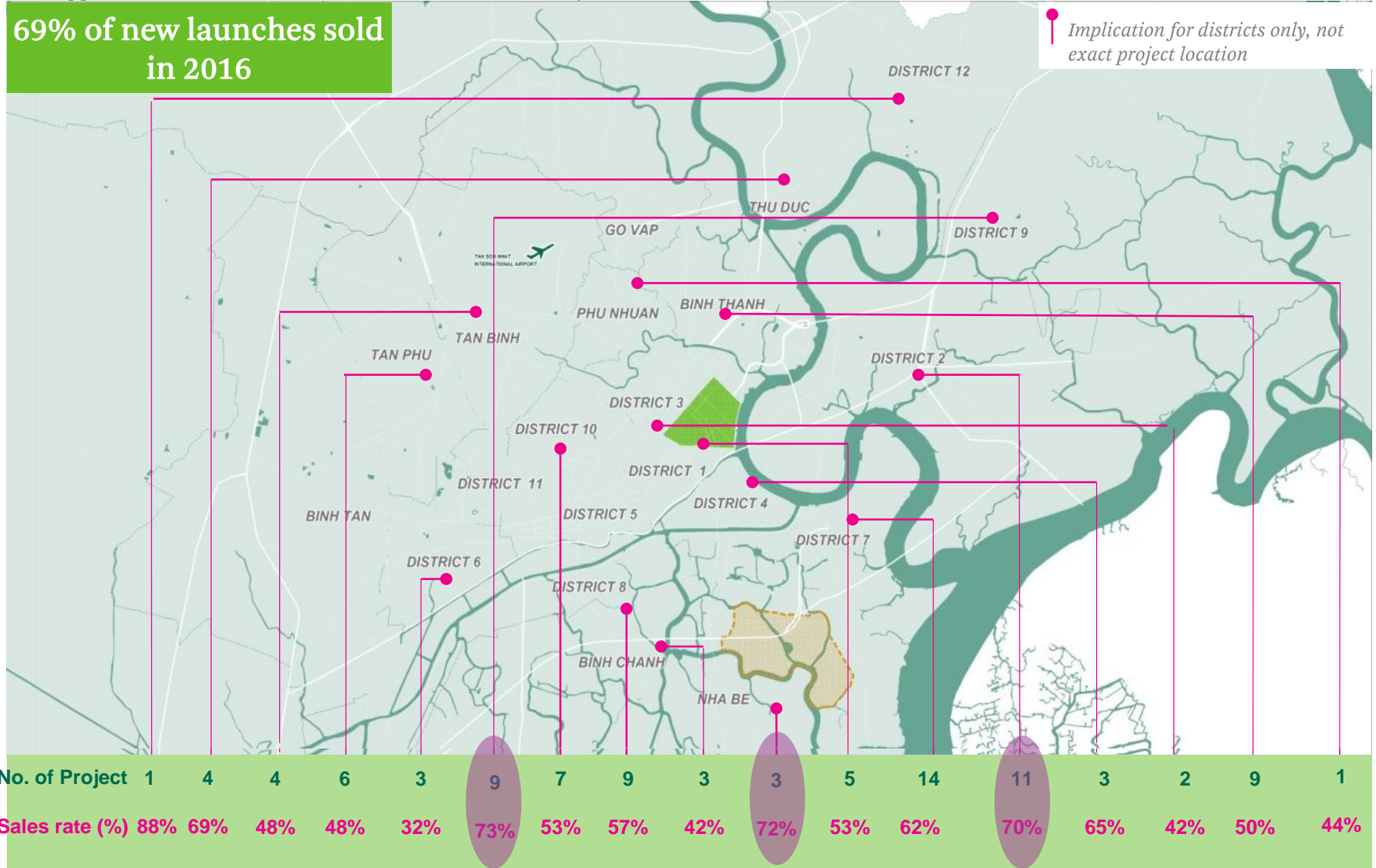


# HCMC CONDOMINIUM FOR SALE

## High sales rates in District 2, 9 and Nha Be

69% of new launches sold in 2016

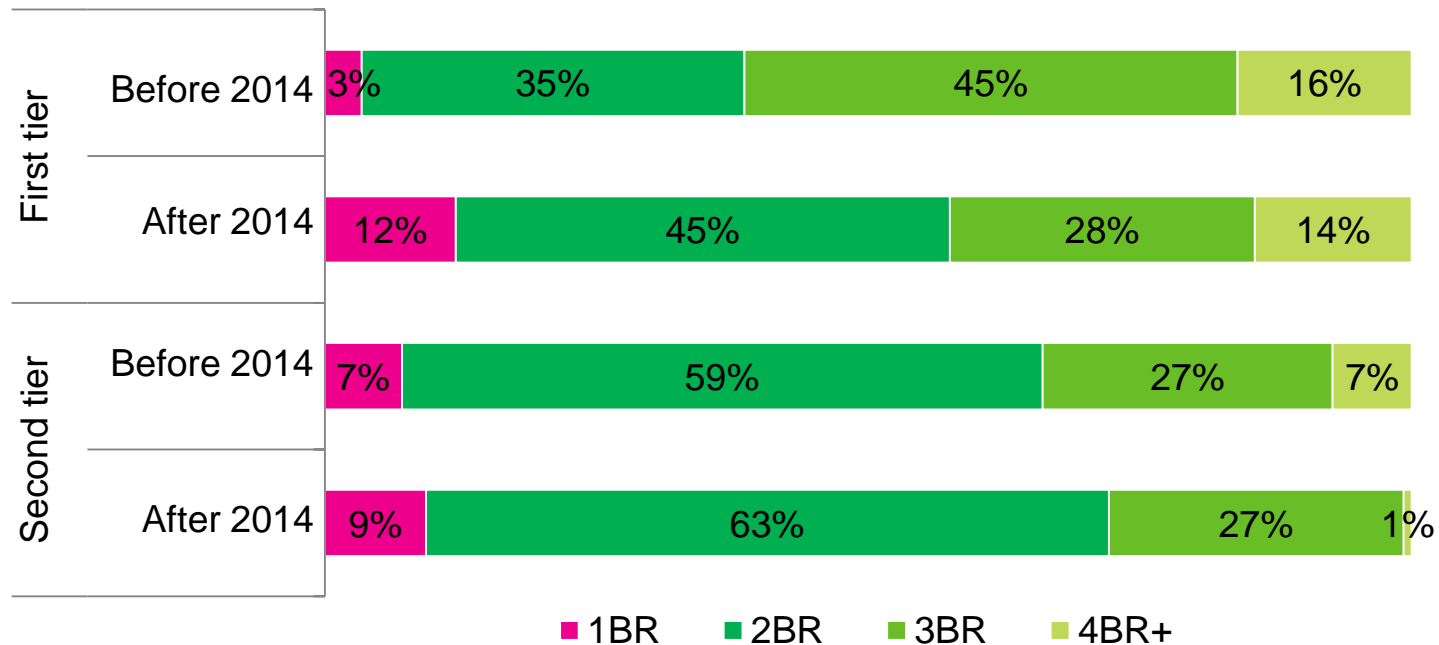
Implication for districts only, not exact project location



# HCMC CONDOMINIUM FOR SALE

Unit size/Unit type: Small is still beautiful!

## Condominium Unit Type Change, HCMC



- First tier: Luxury and high-end products;
- Second tier: Mid-end and affordable products

Source: CBRE Vietnam, Q1 2017.

# HCMC CONDOMINIUM FOR SALE

Unit size/Unit type: Small is still beautiful!

## Condominium Unit Size Change, HCMC



■ 1BR ■ 2BR ■ 3BR ■ 4BR+

- First tier: Luxury and high-end products;
- Second tier: Mid-end and affordable products

Source: CBRE Vietnam, Q1 2017.

# HCMC CONDOMINIUM FOR SALE

## Buyers' Profile: More Foreigners, for Investment Purpose

### Owner-occupier



Q1 2017	31%
Q1 2016	23%
Q1 2015	65%

### Buy-to-let Investors



50%
40%
15%

### Buy-to-gain Investors

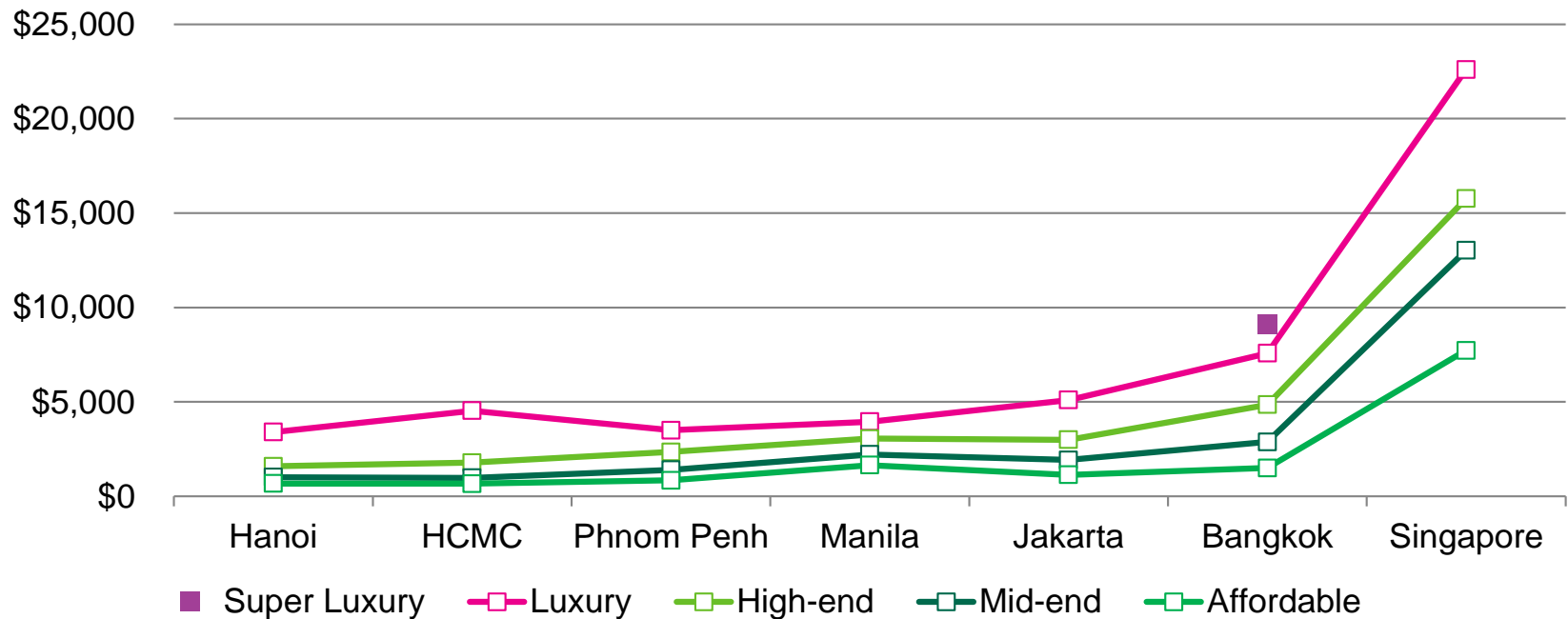


19%
37%
21%

# HCMC CONDOMINIUM FOR SALE

## Why Foreigners buy?

### Condominium, Regional Primary Asking Price (US\$/sm)



Source: CBRE Research.

### Why now could be a good time to buy a property in Vietnam

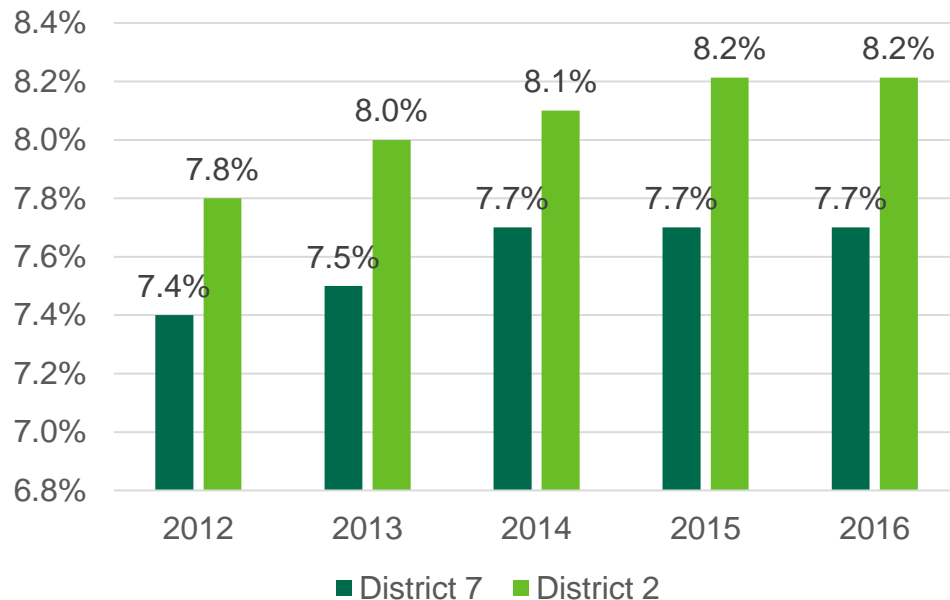
The country wants to catch up with its richer Asian rivals but for now it still offers good value for international homebuyers



# HCMC CONDOMINIUM FOR SALE

## Good Rental Yield Attracts Investors

Rental yield\* at selected high-end projects\*\* in HCMC



(\*) Gross yield. **Net rental yield ranges from 4.5%-6.5%.**

(\*\*) Selected projects:

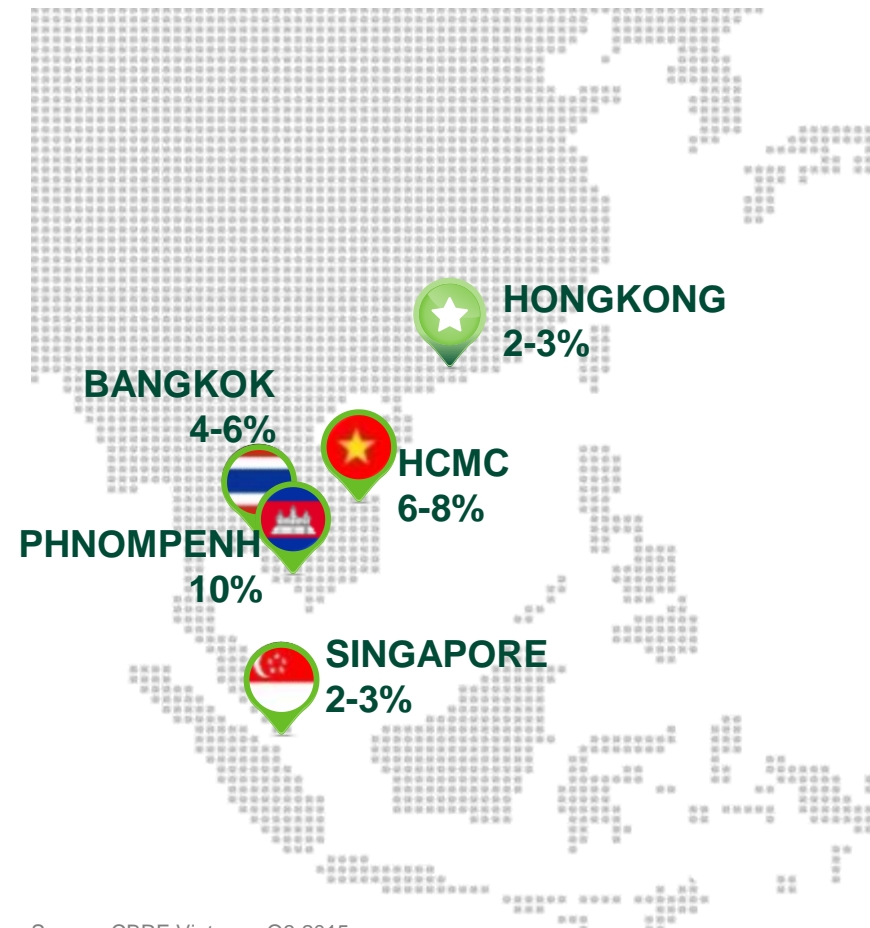
District 7: Sunrise City, Sky Garden, Panorama;

District 2: Xi Riverview Palace, The Estella, The Vista.

Source: CBRE Vietnam, 2016.



Gross rental yield\* in SEA countries

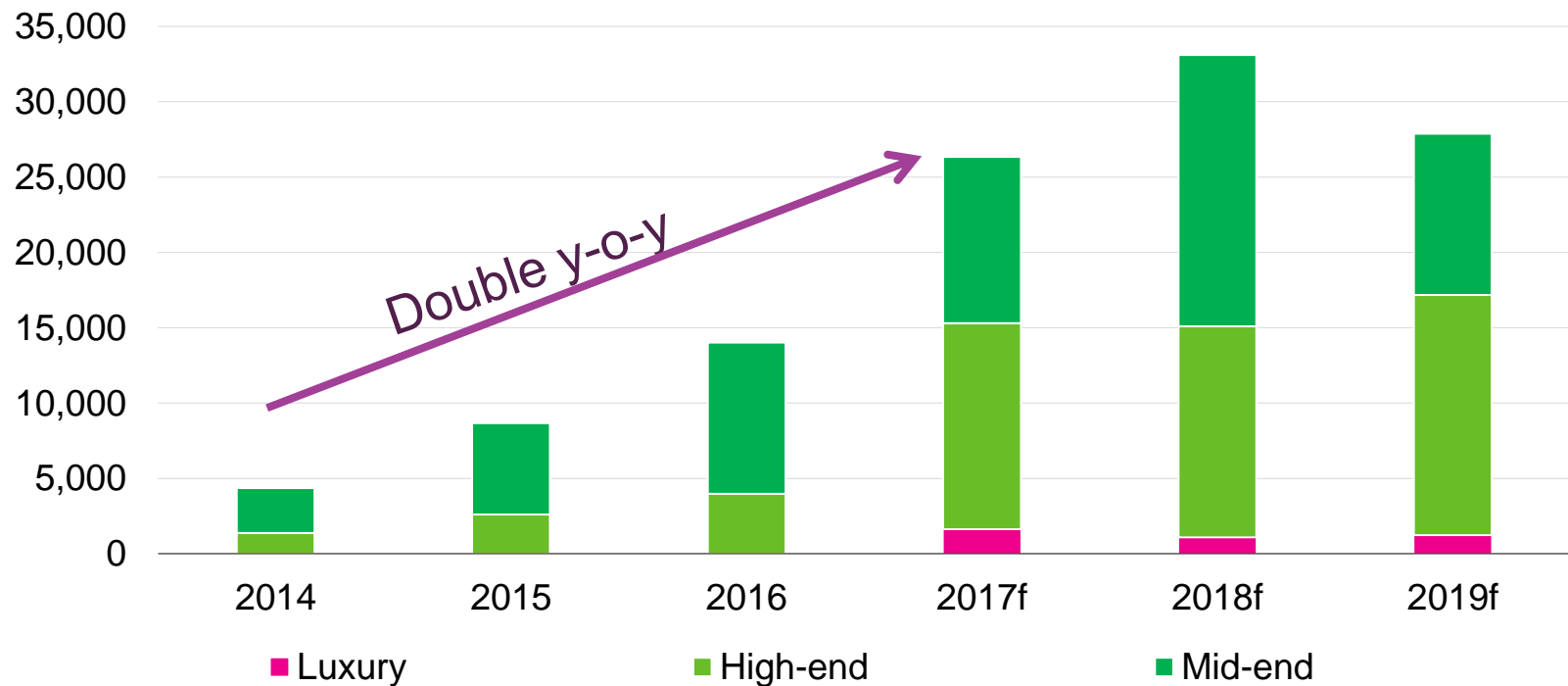


Source: CBRE Vietnam, Q3 2015.

# HCMC CONDOMINIUM FOR SALE

## Concerns on a Fully Supplied Mid- to High-end Sector

### Expected Completion

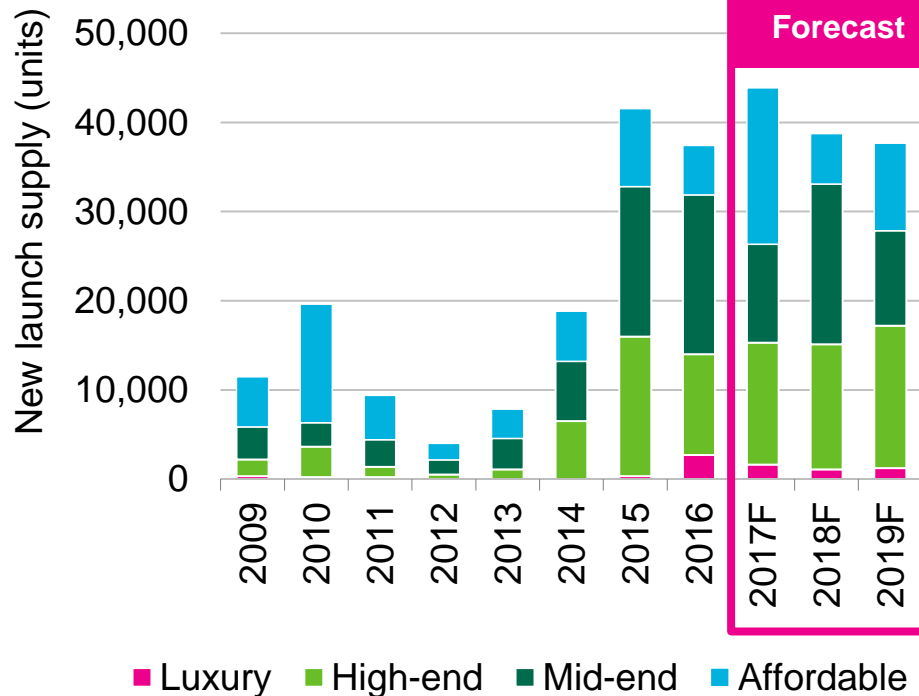


Source: CBRE Vietnam, Q4 2016

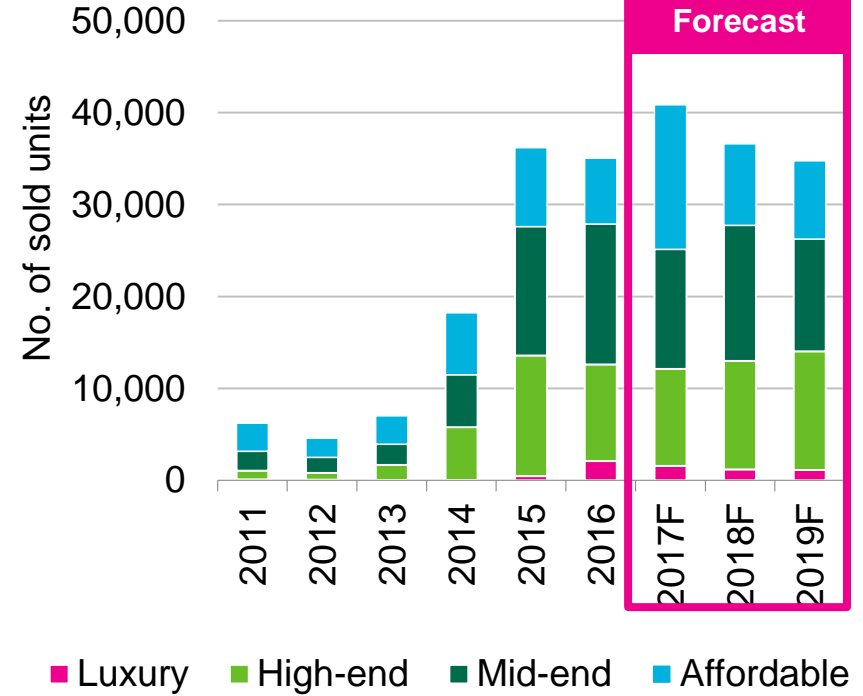
# HCMC CONDOMINIUM FOR SALE

## Outlook

HCMC - New Launch by Year



HCMC - Sold Units by Year



Source: CBRE Vietnam, Q4 2016



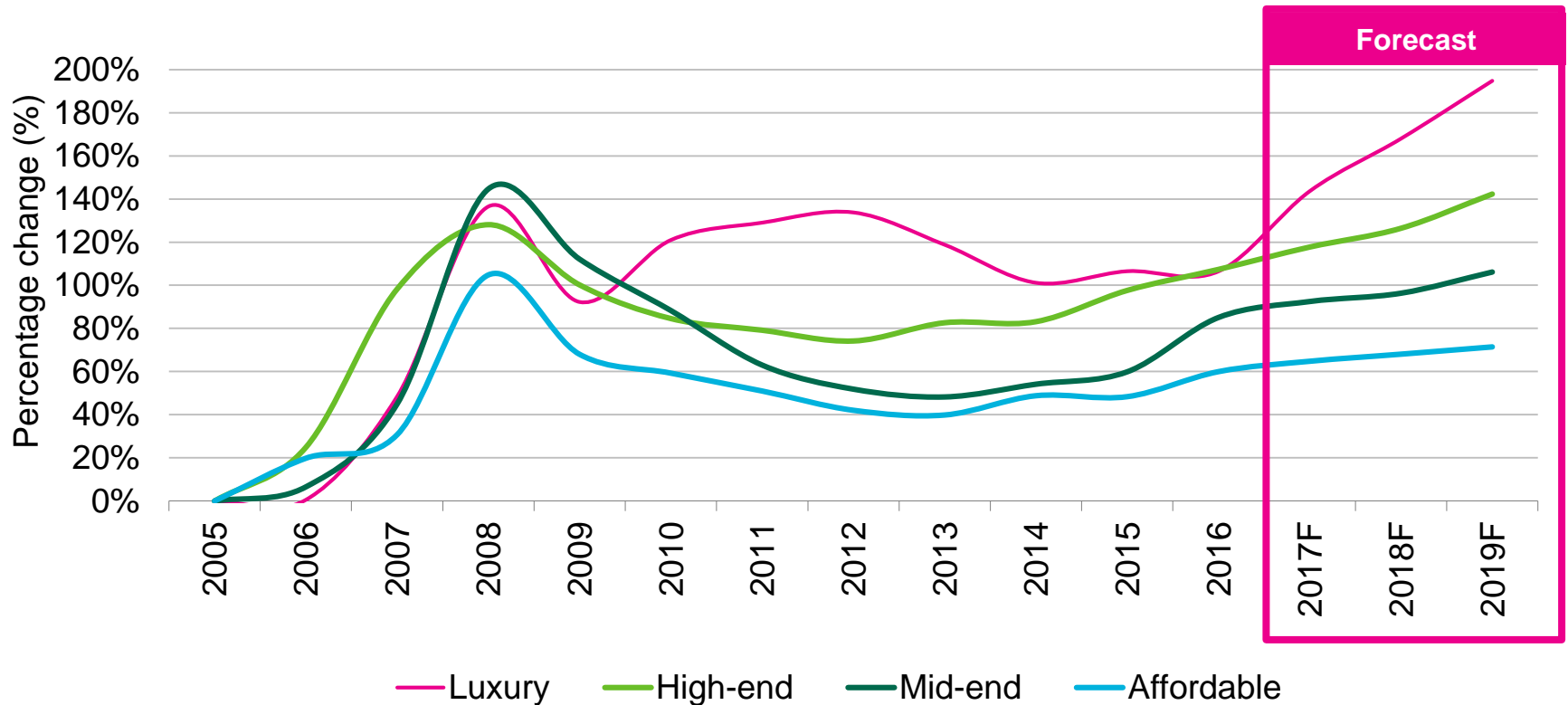
(High-end condos)



# HCMC CONDOMINIUM

## Primary pricing up across segments

Asking Selling Price on Primary Market



Source: CBRE Vietnam, Q4 2016.

# CONDOMINIUM OUTLOOK

**HCMC**

**2017: ~40,000 units from 60 projects**

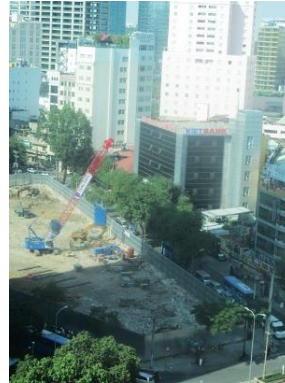
District 1 Active Again with Properties @ >US\$7,500 psm

**2017 Expected New Launches:**

- Luxury: 4%
- High-end: 31%
- Mid-end: 25%
- Affordable: 40%



**The One HCMC**  
Pham Ngu Lao Str.



**Saigon Melinh Tower**  
Hai Ba Trung Str.



**VCRE**  
Ngo Van Nam Str.



**Springlight City**  
Nguyen Dinh Chieu Str.

But Don't Forget the Affordable and Mid-end Sectors



**VinCity**  
District 9



**Green Town**  
Binh Tan District



**Toky Tower**  
District 12



**Park Vista Residence**  
Nguyen Huu Tho Street

# HCMC CONDOMINIUM FOR SALE

## Lower-end segments: Wait for a positive change

Challenges remain after handover



Big developers to join –  
Better quality to come?

### Người dân "ngán ngẩm" về chất lượng chung cư giá rẻ

06:55, 22/08/2016 - Quỳ Dương (Tổng hợp) - Thị trường - Dự báo

Tin liên quan

Trang chủ / Thị trường - Dự báo

Send Like Share 3 Tweet G+ 0 Print

**Bất động sản**  
VIỆT NAM REATIMES

REATIMES.VN Nhiều người lên tiếng phàn nàn về chất lượng phân khúc chung cư giá dưới 1 tỷ đồng. Thực tế cho thấy, những khu đô thị giá rẻ đã nhanh chóng bộc lộ những hạn chế, khiến các cư dân "ngán ngẩm".



Source: Images retrieved from the internet

**CBRE**

### Doanh nghiệp BĐS trong cuộc đua nâng tầm chất lượng nhà giá rẻ



**CAFEP**  
www.cafef.vn

### Hà Nội: Xuất hiện dự án chung cư vừa túi tiền quy mô lớn tại quận Nam Từ Liêm

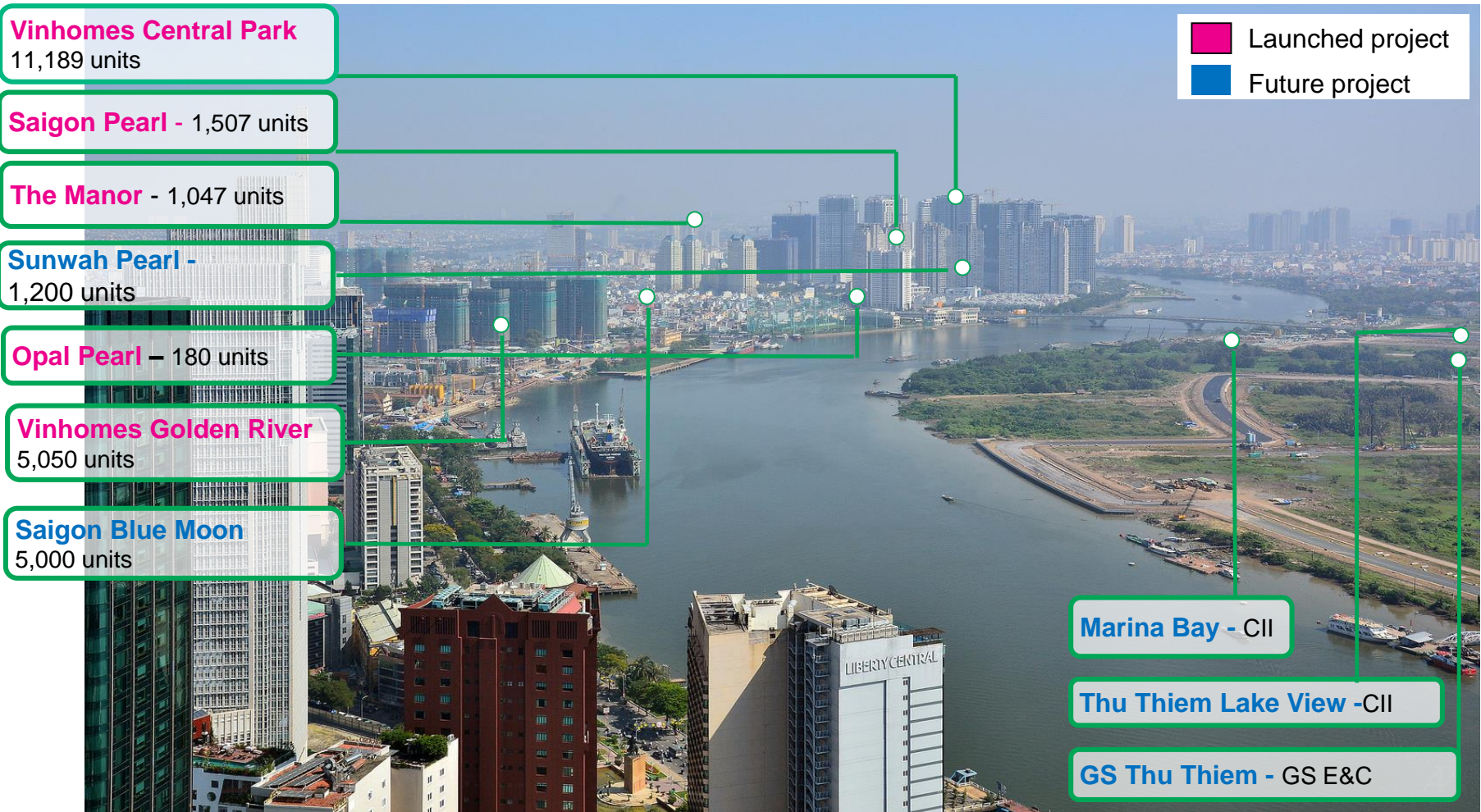
LinkKey Gửi Chia sẻ 181 Thích 2,5K người thích nội dung này. Hãy là người đầu tiên trong số bạn bè của bạn.



"bung  
a dạng về  
y càng cao.  
, cung khan

# HCMC CONDOMINIUM FOR SALE

## The East and West side of Saigon River

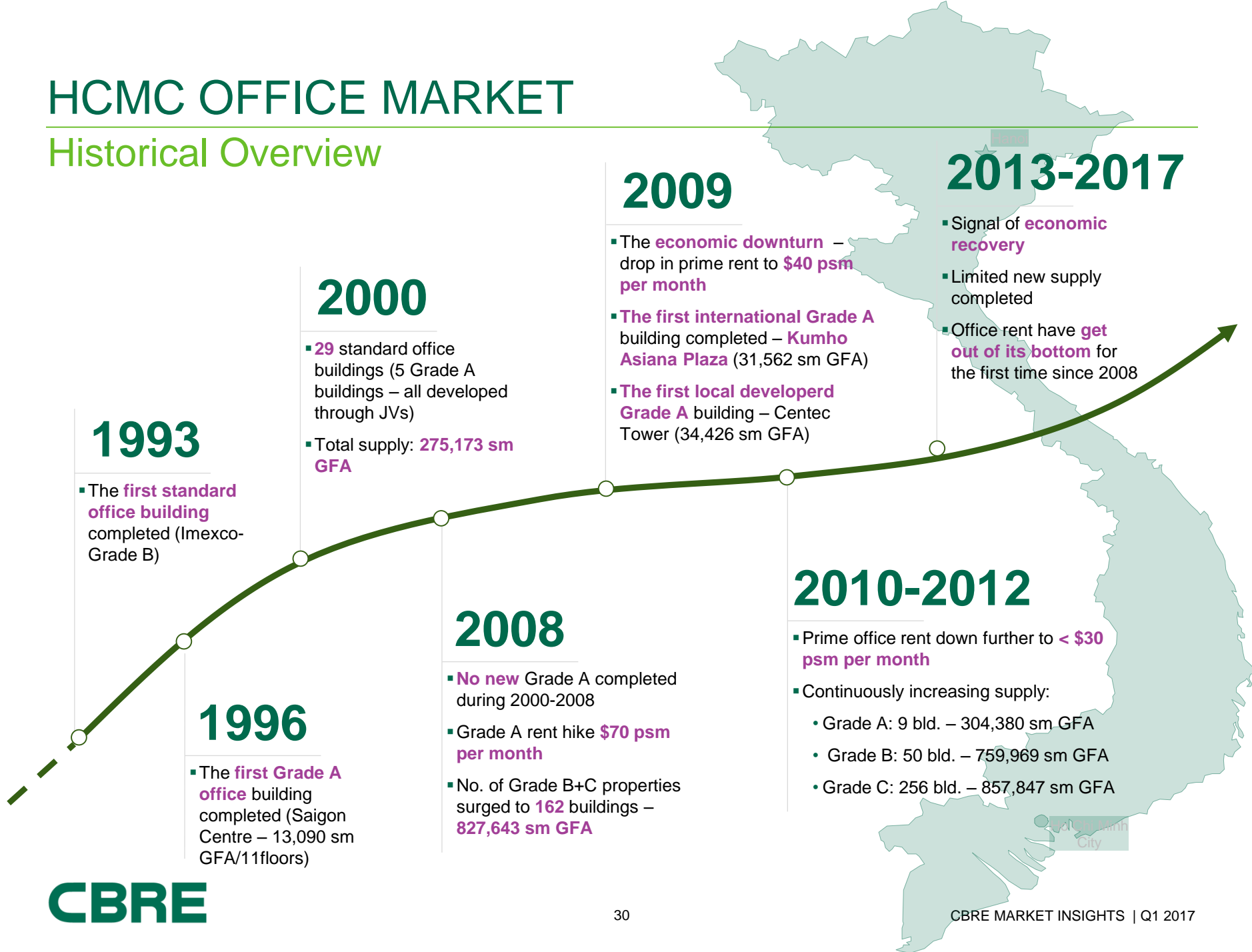




**LACK OF PRIME  
OFFICE SPACE**

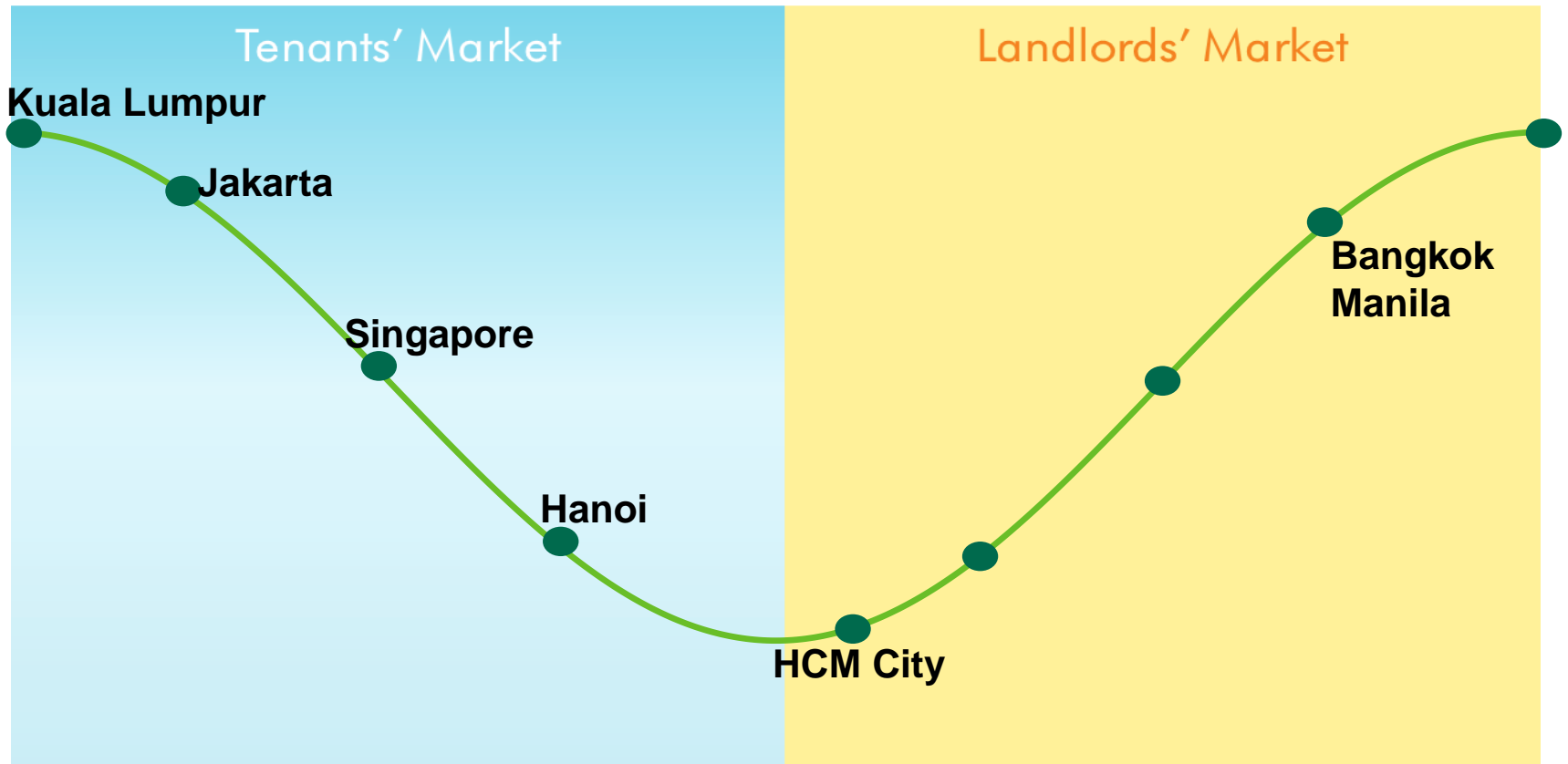
# HCMC OFFICE MARKET

## Historical Overview



# HCMC OFFICE MARKET VS. APAC

HCMC becoming more LANDLORD - Driven

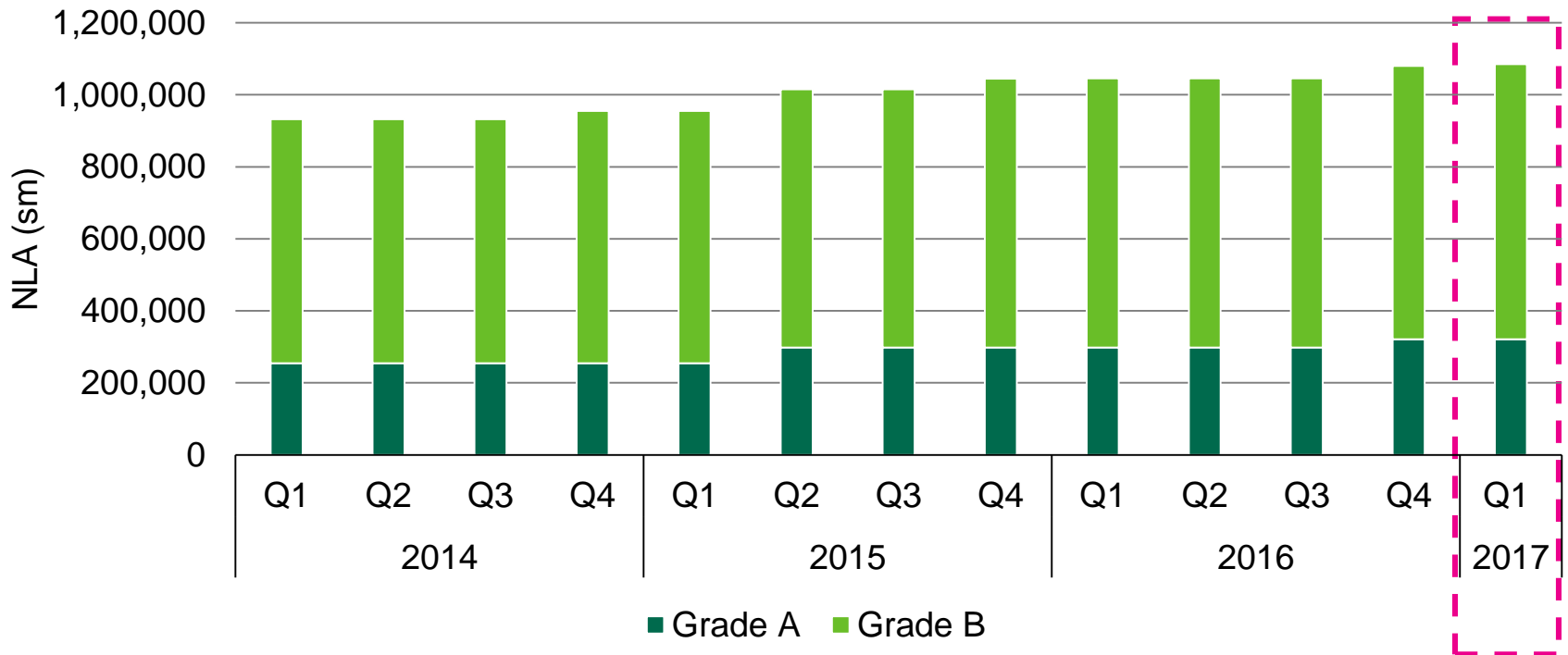


Source: CBRE, Landlord and Occupier Symposium 2016

# HCMC OFFICE MARKET

Limited New Supply until 2H 2017

## Total Supply by Year, HCMC Office



Source: CBRE Vietnam, Q1 2017

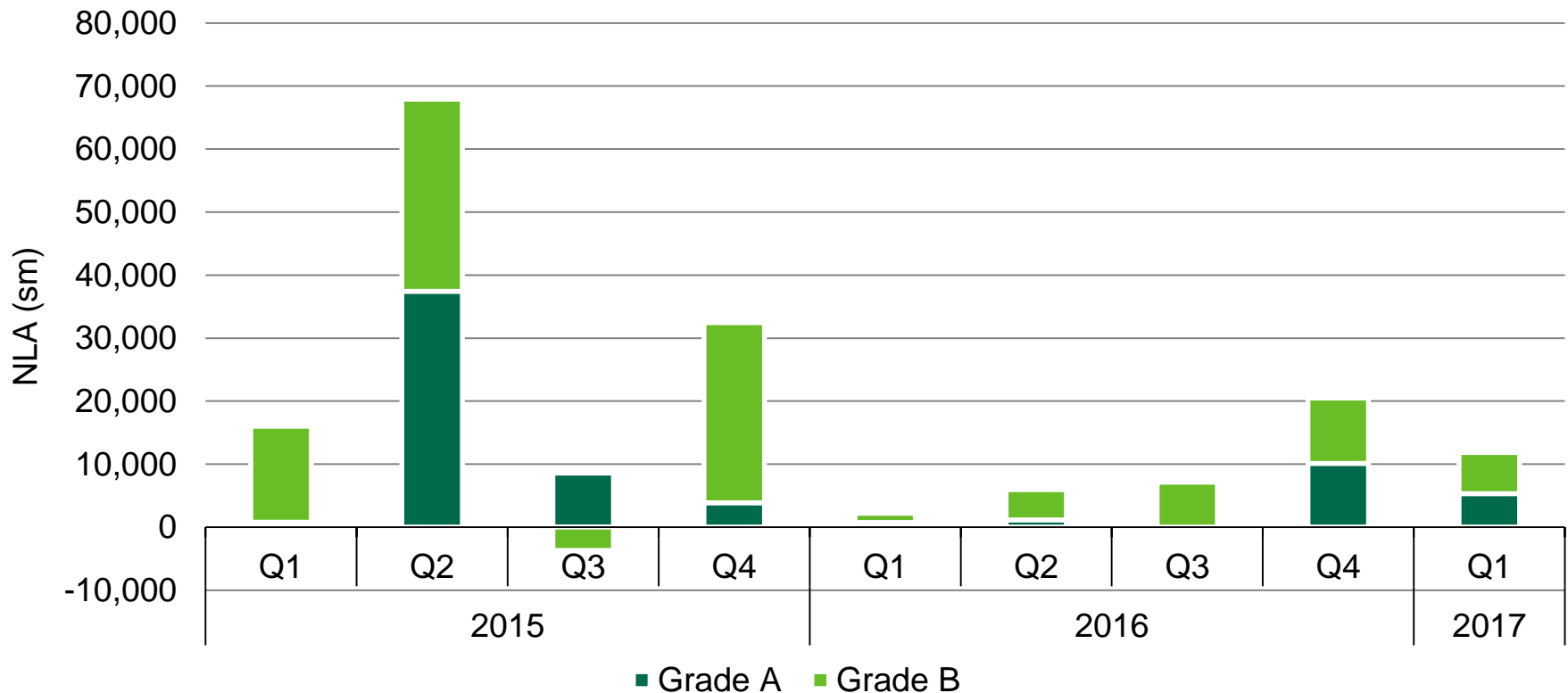
	GRADE A	GRADE B	TOTAL
<b>GFA (sm)</b>	414,931	1,008,474	1,423,405
<b>NLA (sm)</b>	321,557	763,684	1,085,241



# HCMC OFFICE MARKET

## New Net Absorption

Net Absorption by Quarter, HCMC Office



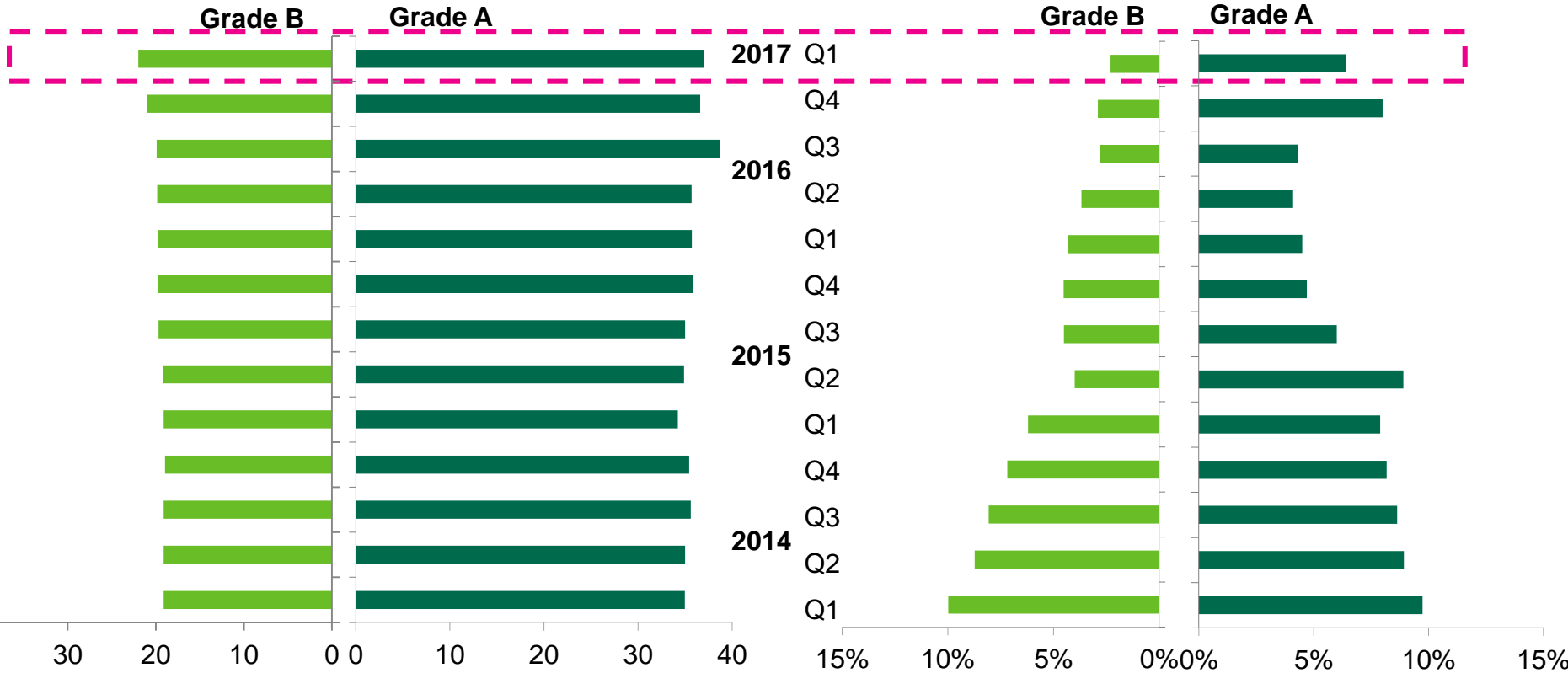
Source: CBRE Vietnam, Q1 2017.

# HCMC OFFICE MARKET

## Performance: Increased Rents and Decreased Vacancy Rates

### ASKING RENTS

### VACANCY



**Grade B** **-1.7 pts** y-o-y  
**2.6%** **-0.2 pts** q-o-q  
**Grade A** **+1.9 pts** y-o-y  
**6.4%** **-0.5 pts** q-o-q

**Grade B** **+11.5%** y-o-y  
**US\$ 22.0** **+4.8%** q-o-q  
**Grade A** **+3.6%** y-o-y  
**US\$ 37.0** **+1.2%** q-o-q

(\*) Average asking rents (US\$/sm/month)

# HCMC OFFICE MARKET

## Future Supply

1. Viettel Complex, D10 – GFA: 65,971 sm
2. Deustches Haus, D1 – GFA: 38,621 sm
3. Saigon Centre Phase 2, D1 – GFA: 40,000 sm
4. Etown Central, Tan Binh – GFA: 67,760 sm



2017



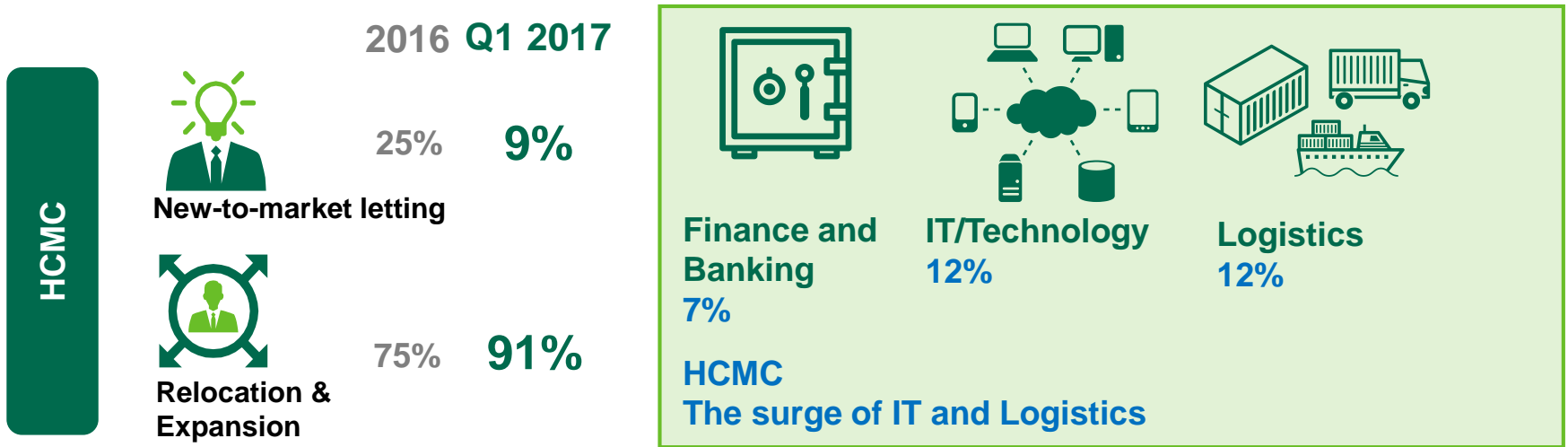
2018 - 2019

1. Spirit of Saigon, D1 – GFA: 15,000 sm
2. Saigon M&C, D1 – GFA: 49,000 sm
3. VietCapital Center, D1 – GFA: 38,621 sm
4. The Khai, D7 – GFA: 15,000 sm
5. The Prince, D7 – GFA: 15,000 sm

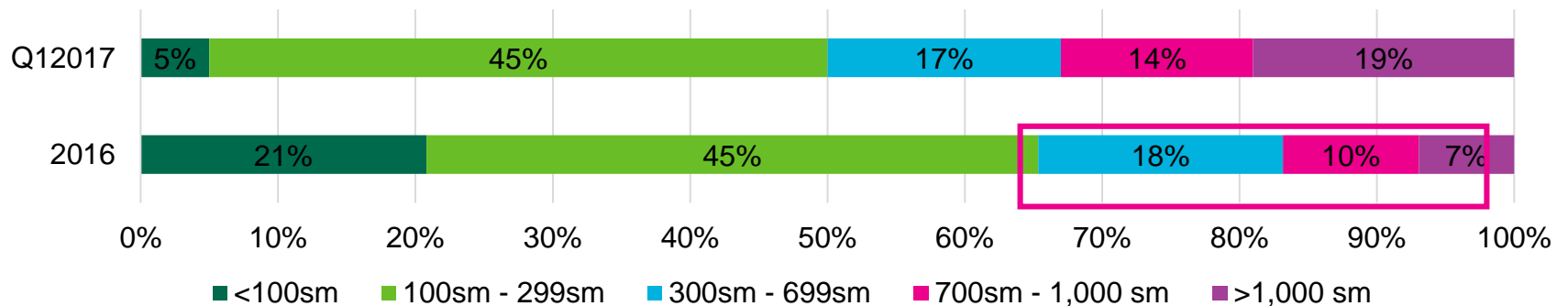


# HCMC OFFICE MARKET

## Demand Largely From Relocation And Expansion



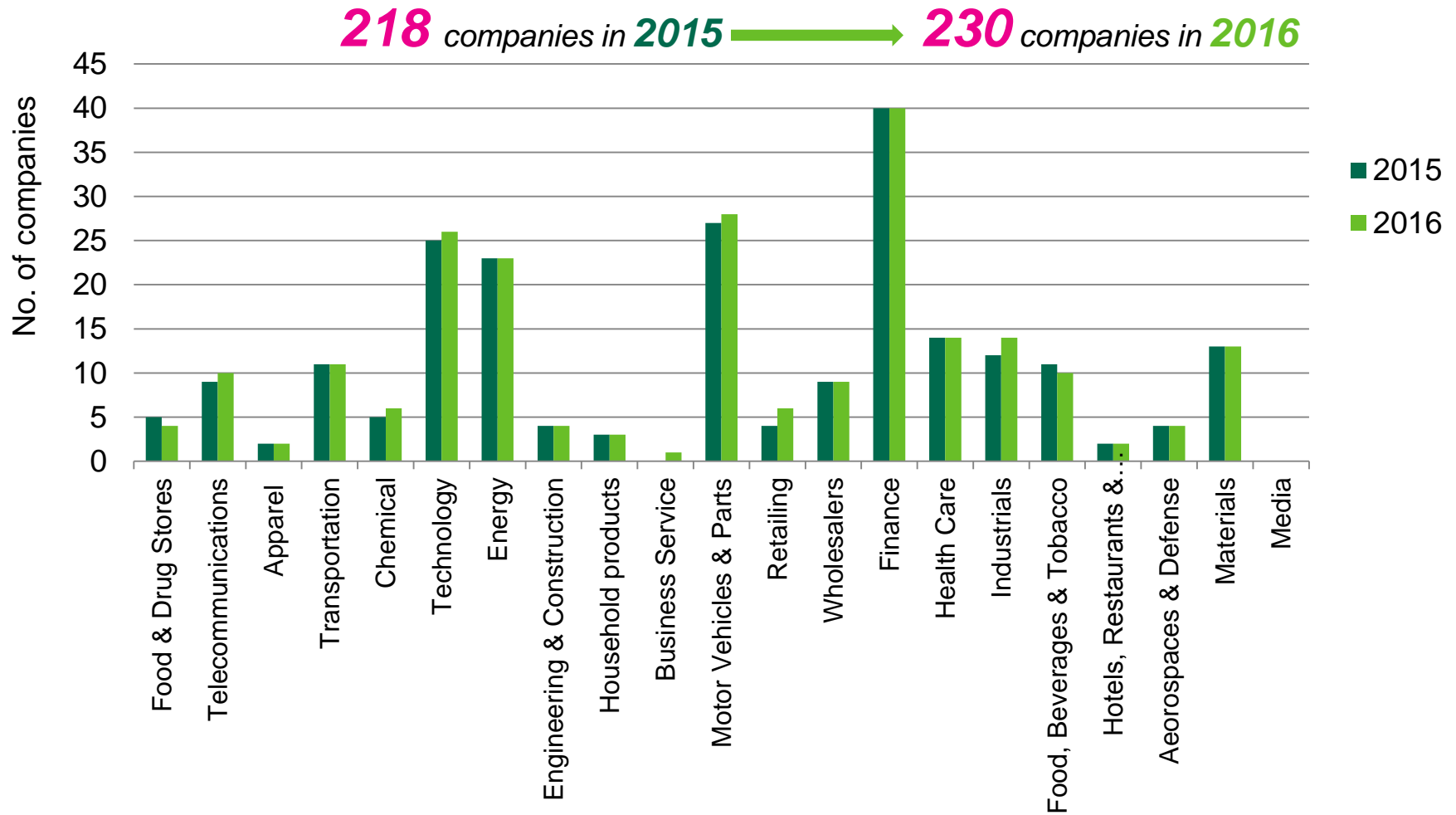
### HCMC Enquired Leasing Space



Source: based on CBRE's enquiries, 2017 y-t-d

# FORTUNE GLOBAL 500

## Fortune Companies in Vietnam



Source: CBRE Vietnam, Q4 2016



# OCCUPIERS DASHBOARD

## Major Transactions

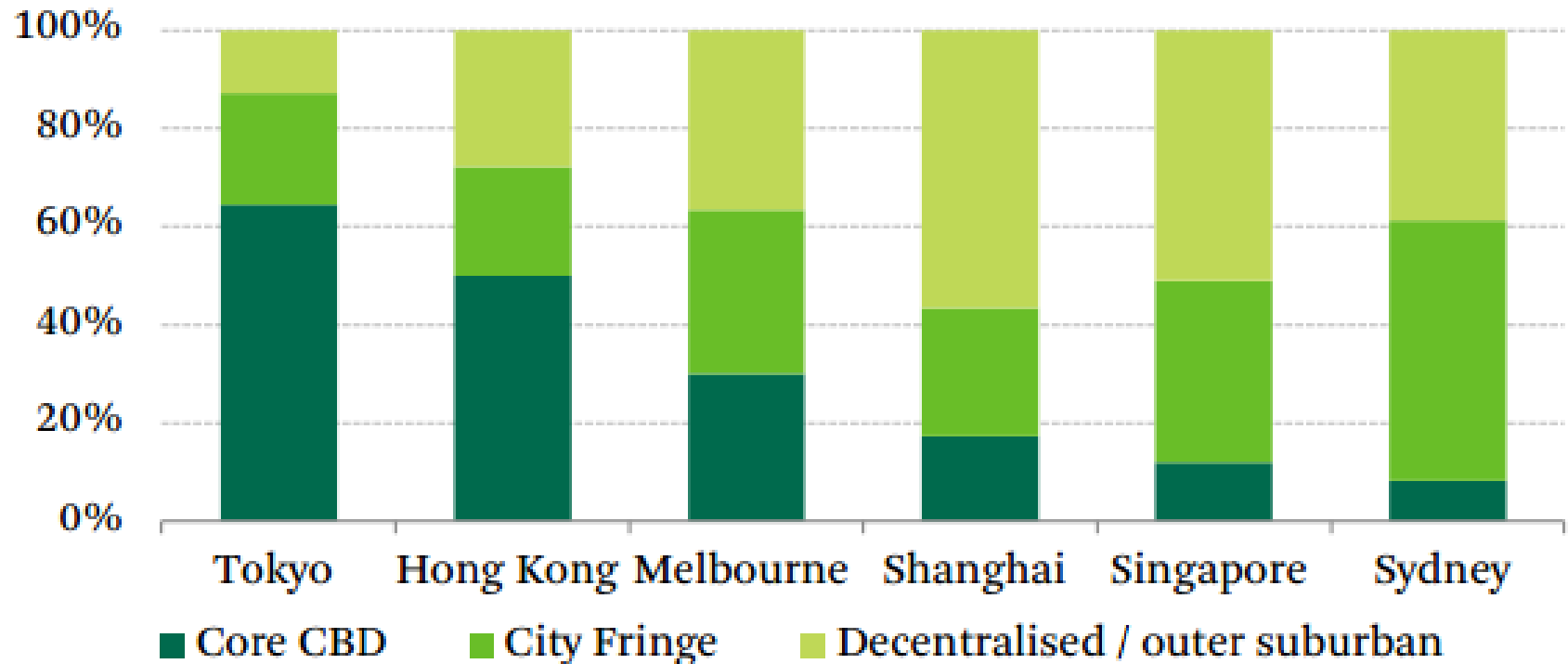
MAJOR TRANSACTIONS IN HCMC MARKET Q1 2017	Building	Sector	Size in sm	Rent (US\$ psm)	Service Charge (US\$ psm)
	TNR	Design	500	\$19	\$5
	PEARL PLAZA	Sourcing	1,133	\$19	\$6
	SAIGON TRADE CENTER	Software	164	\$22	\$7
	SAIGON GIAI PHONG	Insurance	560	\$20	\$5
	LOTTERY TOWER	Fashion	400	\$12	\$4
	VINCOM CENTER	Trading	314	\$23	\$5
	SAIGON TRADE CENTER	Technology	156	\$21	\$5
	CENTEC TOWER	Technology	308	\$27	\$6
	60 NGUYEN DINH CHIEU	Trading	270	\$17	\$5
	SUNWAH	Consultancy	175	\$40	\$6
	PHU MY HUNG	Retail	317	\$15	\$7
	METROPOLITAN	Fashion	575	\$34	\$6
	DIAMOND PLAZA	Real Estate	400	\$32	\$8
PICO PLAZA	Fashion	975	\$12	\$5	

Source: CBRE Vietnam , Q1 2017

# CO WORKING SPACE

## Regional Trend

### CWS Expansion Plan - APAC



Source: CBRE Research, August 2016.

Source: Co Working Space, CBRE Research 2016

# CO WORKING SPACE

## Supply Trend: Co-Working Space Still Expanding in Vietnam

Deal  
street  
Asia

Vietnamese co-working space startup Toong secures funding

Kinh tế Saigon Online  
CƠ QUAN CHỦ QUẢN: SỞ CÔNG THƯƠNG TP HCM

Dreamplex to open second co-working space

Dreamplex 2 Grand Opening on 2nd March, 2017

Toong at the Oxygen Opening on 25<sup>th</sup> March, 2017



Source: CBRE Vietnam, Q1 2017.



# CO WORKING SPACE

## Vietnam VS. APAC

Dreamplex 1 – HCMC



USD 27 - 90/ monthly pass

Blueprint – Hong Kong



USD 258/ monthly pass

**CBRE**

Toong – Hanoi



USD 60/ monthly pass

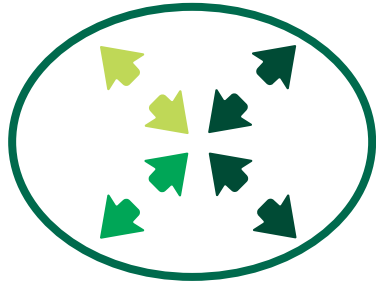
Naked Hub – Shanghai



USD 300 - 450/ monthly pass

# HCMC OFFICE MARKET

## Demand Trend: Opportunities abound for the market



### Ongoing Supply

- Excess supply coming from CBD and Non-CBD area
- Rents are expected to become more competitive
- Higher demand still comes for CBD



### Flight to value

- **Big occupiers to relocate and expand to higher quality buildings**



### Diversified Demand

- High demand from traditional sectors
- **The surge of IT expansion**
- Start-up boom: Growth of co-working space


Source: CBRE Vietnam , Q1 2017

# HCMC OFFICE MARKET

## Market Cycle Outlook



Source: CBRE Vietnam, Q1 2017.

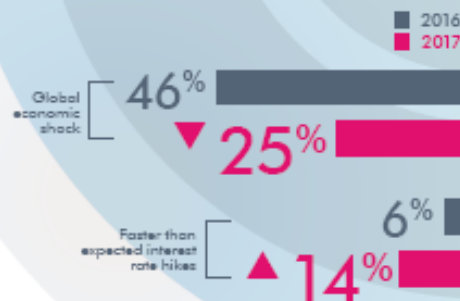
The background features a dark blue and green color palette. On the right side, there is a grid of small, glowing green dots that recede into the distance, creating a sense of depth. The left side is filled with soft, out-of-focus bokeh lights in various shades of green and blue. The overall aesthetic is modern and technological.

# **INVESTMENT OPPORTUNITIES**

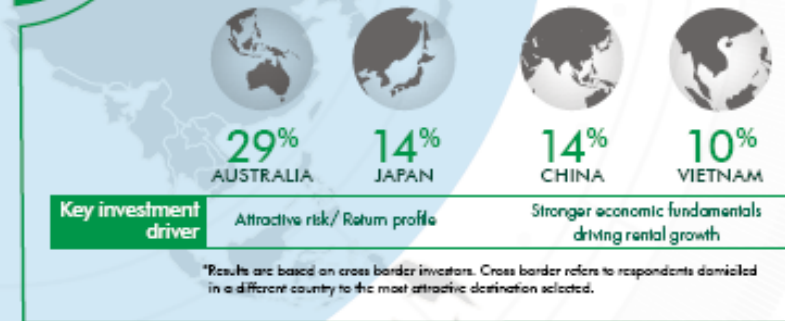
# ASIA PACIFIC INVESTOR INTENTIONS SURVEY 2017



**Economic worries are still the main concern but there is more apprehension around the rate cycle**



**Major markets remain the primary focus but interest in Vietnam rises significantly\***



Source: CBRE Asia Pacific Investor Intentions Survey 2016 and 2017.

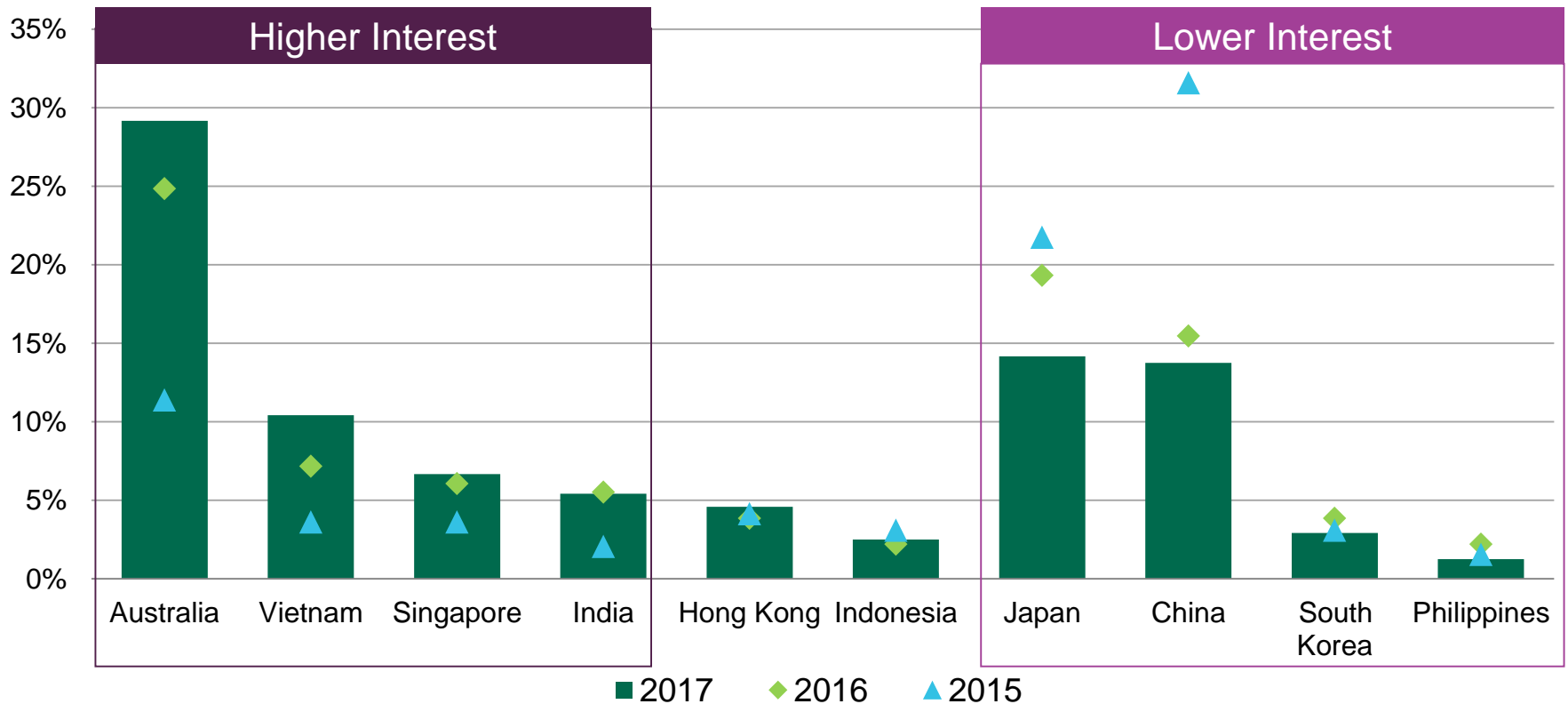
CBRE RESEARCH  
This report was prepared by the CBRE Asia Pacific Research Team, which forms part of CBRE Research – a network of professional stakeholders who collaborate to provide real estate market research and transaction forecasting to retail clients.

© 2017 CBRE, Inc. Information contained herein, including projections, has been obtained from sources believed to be reliable. While we do not describe its accuracy, we have not verified its and make no (warranty, expressly or implied) about it. It is your responsibility to confirm independently its accuracy and completeness. This information is provided exclusively for use by CBRE clients and professionals and all rights to the material are reserved and cannot be reproduced without prior written permission of CBRE.

# INVESTMENT

Higher interest for Vietnam thanks to strong macro fundamentals and higher initial yields

## Preferred Markets for Investment (cross-border\* only)

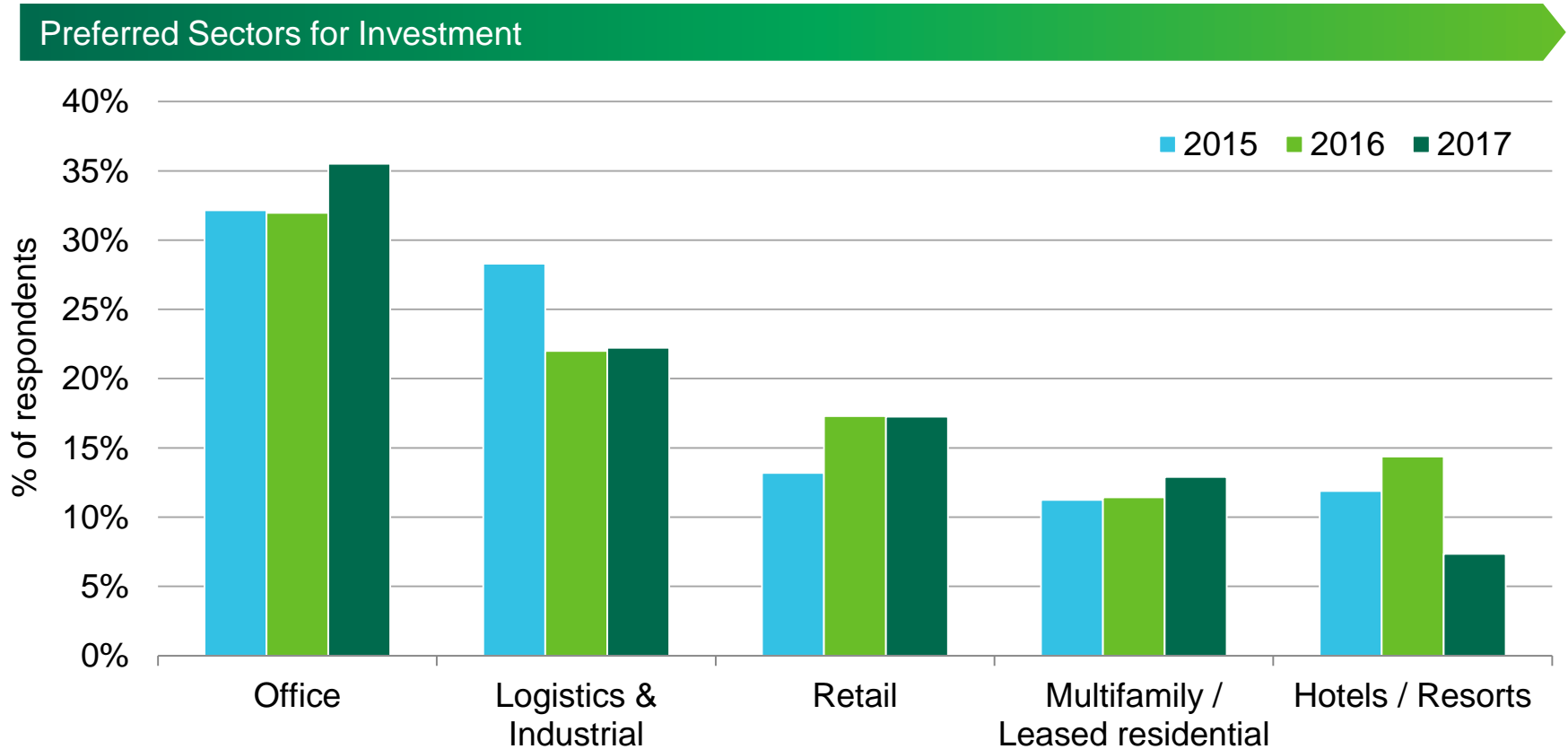


(\*) Cross border refers to respondents domiciled in the different country as the most attractive destination selected

Source: CBRE Asia Pacific Investor Intentions Survey 2015, 2016 and 2017

# INVESTMENT

## Preferred Sectors for Investment

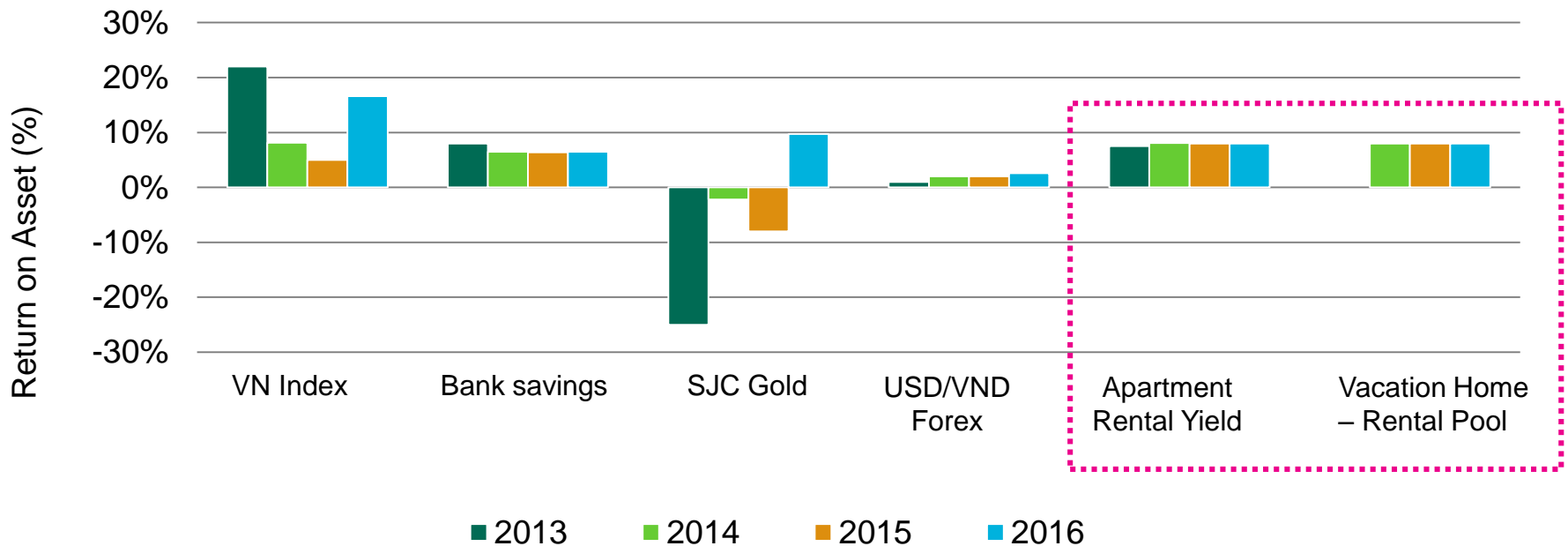


Source: CBRE Asia Pacific Investor Intentions Survey 2015, 2016 and 2017

# ASSET CLASSES

## Real Estate Investment Remains Attractive

### Yields Across Asset Classes



- VN Index: YoY change, end of period
- Bank savings: 12 month deposit
- SJC gold: y-o-y change of price per tael
- Rental yield: average of high end projects in D2, HCMC
- Vacation Home – rental pool program applied at Nha Trang, Da Nang and Phu Quoc

Nguồn: CBRE; SJC; SBV



# Thank You

For more information regarding this presentation please contact:

**CBRE Vietnam Co., Ltd. – Research & Consulting**

T +84 8 3824 6125

F +84 8 3823 8418

Email: [research.vietnam@cbre.com](mailto:research.vietnam@cbre.com)

All materials presented in this report, unless specifically indicated otherwise, is under copyright and proprietary to CBRE. Information contained herein, including projections, has been obtained from materials and sources believed to be reliable at the date of publication. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. Readers are responsible for independently assessing the relevance, accuracy, completeness and currency of the information of this publication. This report is presented for information purposes only, exclusively for CBRE clients and professionals, and is not to be used or considered as an offer or the solicitation of an offer to sell or buy or subscribe for securities or other financial instruments. All rights to the material are reserved and none of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party without prior express written permission of CBRE. Any unauthorised publication or redistribution of CBRE research reports is prohibited. CBRE will not be liable for any loss, damage, cost or expense incurred or arising by reason of any person using or relying on information in this publication.

**CBRE**

