Marc Townsend, Managing Director, CBRE Vietnam

Hanoi, 7th April, 2016

VIETNAM REAL ESTATE

Q1 2016

MARKET INSIGHTS

Presented by:
Marc Townsend, Managing Director, CBRE Vietnam

Hanoi, 7th April, 2016

CBRE
NEW LEADERSHIP, DROUGHT AND CHINA

China Tension, Crippling Drought to Test Vietnam's New Premier

by John Boudreau

April 8, 2016 – 4:15 AM ICT
UP, UP AND AWAY

Vietnam’s Startups Step to the Fore

Private companies contribute to economy dominated by state firms and multinationals

By JAMES HOOKWAY
April 4, 2016 7:33 p.m. ET
2016 SOUTH EAST ASIA HEADWINDS

Economists at global bank body warn of risks from negative interest rates

by Jethro Mullen @CNNMoney
March 7, 2016 10:09 AM ET

Chinese stock markets suspended for second time in week over investor panic

Hong Kong Land Price Plunges Nearly 70% in Government Tender

Philippines Cuts 2016 Growth Goal as Asia Braces for Volatility

Singapore New Home Sales Post Worst Start to Year Since 2009

Coup politics in Thailand

Twentieth time lucky?
**2016 VIETNAM HEADWINDS**

Challenges from drought, salinization and (un)predictable weather patterns

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**Sa Pa snowfall damages farms, attracts tourists**

Last update 14:00 | 18/12/2013

Rare snowfall causes 10 billion VND losses for Lao Cai

---

**Transport costs soar after Đồng Nai bridge collapse**

BCS City — The collapse of the Đồng Nai Bridge that links the North-South railway in Vietnam has left businesses struggling with rising prices as a result of increased transport costs. The collapse caused the Đồng Nai River to block important routes in the region.

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**Vietnamese hit by worst drought in 90 years**

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**Mekong Delta Dam Map, retrieved at www.internationalrivers.org.**

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**Climate change, dams and risk on the Mekong**

by Nicolas Jenny | February 29, 2016

---

**Viet Nam News**
VIETNAM ECONOMY

Market recovery continues

March 18, 2016 11:54 am

Why now could be a good time to buy a property in Vietnam
Clarissa Sebag-Montefiore

The country wants to catch up with its richer Asian rivals but for now it still offers good value for international homebuyers.
2016 starts on a mediocre note

**GDP** up 5.46% (Q1 2015: 6.12%)

**Committed FDI** up 119% y-o-y to US$4 bn

**CPI** up 1.7% y-o-y

**FX Reserves** up to US$40bn and stable US$/VND

**Retail Sales** up 8.9% (in real terms)

**Petro price** hike 5% y-o-y
Vietnam may see a high level of public debt at up to 60 percent of gross domestic product as the state's budget deficit is expected to expand amid limited collection.
FDIs continue to grow into Real Estate

Vietnam, Registered FDI, Q1 2016

- 72% Manufacturing
- 17% Real Estate
- 6% Art, Entertainment
- 5% Others

Registered FDI USD4 billion, up 120% y-o-y

Top FDI Investors, USD million, Q1 2016

<table>
<thead>
<tr>
<th>Country</th>
<th>USD million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong</td>
<td>315</td>
</tr>
<tr>
<td>Japan</td>
<td>345</td>
</tr>
<tr>
<td>Taiwan</td>
<td>466</td>
</tr>
<tr>
<td>Singapore</td>
<td>554</td>
</tr>
<tr>
<td>South Korea</td>
<td>889</td>
</tr>
</tbody>
</table>

Major FDI Deals, Q1 2016

1. Samsung to build a **USD300 million** data center in the Manor Central Park, Hanoi.
3. Berjaya Corp. invest **USD210.58 million** (JV) to open a lottery project.
5. Samsung SDI Vietnam increased capital of **USD117.6 million**.
6. Zincox Resources Public Limited Company invested **USD115 million** in a steel-dust treatment and recycle company in Ba Ria-Vung Tau.
HANOI INFRASTRUCTURE

Underpasses / overpasses at key intersections

Source: CBRE Vietnam.
HCMC INFRASTRUCTURE
14 projects to start in 2016

- An Suong Tunnel
- Pham Van Dong - 1A Highway Link
- Binh Tien Bridge
- Nhi Thien Duong 1 Bridge
- Vo Van Kiet – Trung Luong Link
- My Thuy Intersection
- D3 Road
- 4 Underground Parking Projects
HANOI INFRASTRUCTURE

Metro lines

**Line Nhon - Hanoi Railway Station**: Land clearance of 4 underground stations to be completed in April 2016

**Line Ha Dong - Cat Linh**: All pillars are completed. Trial operation to start in December 2016

Source: Baoxaydung.com.vn, Baogiaothong.vn, Cafef.vn, CBRE Vietnam
HCMC INFRASTRUCTURE

Metro line no.1

Elevated section will be ready in 2017 – 45% completed in Q1 2016.

Underground section will be ready in Feb 2019

DASHBOARD – PRODUCED MONTHLY

<table>
<thead>
<tr>
<th>ECONOMIC INDICATORS</th>
<th>2Y</th>
<th>1Y</th>
<th>6M</th>
<th>3M</th>
<th>1M</th>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPI (%), y-o-y</td>
<td>4.6</td>
<td>0.9</td>
<td>0.7</td>
<td>0.6</td>
<td>1.0</td>
<td>1.3</td>
</tr>
<tr>
<td>Trade balance</td>
<td>(0.3)</td>
<td>(1.4)</td>
<td>(0.2)</td>
<td>(0.6)</td>
<td>0.1</td>
<td>(0.1)</td>
</tr>
<tr>
<td>(US$, bil)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail &amp; services</td>
<td>233.1</td>
<td>195.9</td>
<td>270.6</td>
<td>294.7</td>
<td>288.0</td>
<td>275.4</td>
</tr>
<tr>
<td>Turnover (VND, tril)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: GSO, April 1, 2016

<table>
<thead>
<tr>
<th>BANKING &amp; FINANCE</th>
<th>2Y</th>
<th>1Y</th>
<th>6M</th>
<th>3M</th>
<th>1M</th>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>VN-Index</td>
<td>588.9</td>
<td>551.1</td>
<td>562.6</td>
<td>579.0</td>
<td>559.4</td>
<td>561.2</td>
</tr>
<tr>
<td>USD/VND (inter-bank)</td>
<td>21,036</td>
<td>21,458</td>
<td>21,890</td>
<td>21,914</td>
<td>21,914</td>
<td>22,300</td>
</tr>
<tr>
<td>Local gold (VND mil/tael)</td>
<td>35.8</td>
<td>35.1</td>
<td>33.8</td>
<td>32.5</td>
<td>33.4</td>
<td>33.2</td>
</tr>
<tr>
<td>Lending Rate (%)*</td>
<td>12.8%</td>
<td>8.1%</td>
<td>8.4%</td>
<td>7.6%</td>
<td>7.6%</td>
<td>7.6%</td>
</tr>
<tr>
<td>Deposit rate (%)**</td>
<td>7.5%</td>
<td>6.4%</td>
<td>6.3%</td>
<td>6.4%</td>
<td>6.4%</td>
<td>6.7%</td>
</tr>
<tr>
<td>(1-year term)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: GSO, SBV, SJC & HSX, April 1, 2016

<table>
<thead>
<tr>
<th>REAL ESTATE INDEX</th>
<th>2Y</th>
<th>1Y</th>
<th>6M</th>
<th>3M</th>
<th>1M</th>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Estate Holding &amp; Development Listed Companies</td>
<td>58.70</td>
<td>46.40</td>
<td>44.20</td>
<td>45.80</td>
<td>44.63</td>
<td>46.47</td>
</tr>
<tr>
<td>Real Estate Services Listed Companies</td>
<td>59.96</td>
<td>56.9</td>
<td>40.3</td>
<td>47.5</td>
<td>35.1</td>
<td>34.07</td>
</tr>
</tbody>
</table>

Source: Stockbiz, April 1, 2016

<table>
<thead>
<tr>
<th>NEW LAUNCHES</th>
<th>2Y</th>
<th>1Y</th>
<th>6M</th>
<th>3M</th>
<th>1M</th>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>HCMC New launches (unit)</td>
<td>43,233</td>
<td>30,621</td>
<td>9,815</td>
<td>1,553</td>
<td>3,784</td>
<td>3,404</td>
</tr>
<tr>
<td>HN New launches (unit)</td>
<td>30,753</td>
<td>18,809</td>
<td>7,529</td>
<td>1,257</td>
<td>2,459</td>
<td>2,115</td>
</tr>
</tbody>
</table>

Source: CBRE, April 1, 2016

(*) Current lending rate is the average lending rate surveyed at ten banks, and only applicable for home loan. However, the back-dated numbers were the average rate announced publicly at that point of time, applied for all sectors and all banks. The average lending rate is for reference only.

(**) Deposit rate is the average deposit rate from a sample comprised of ten banks, in which the rates are announced publicly on their websites and can be tracked backwards.
### BCI NUMBERS

#### Projects under construction, y-o-y change

- **2016 YTD vs 2015**

<table>
<thead>
<tr>
<th></th>
<th>HCMC</th>
<th>Hanoi</th>
<th>Da Nang</th>
<th>Can Tho</th>
<th>Khanh Hoa</th>
<th>Vung Tau</th>
<th>Hai Phong</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office</td>
<td>115</td>
<td>96</td>
<td>16</td>
<td>21</td>
<td>4</td>
<td>14</td>
<td>17</td>
</tr>
<tr>
<td>Retail</td>
<td>68</td>
<td>40</td>
<td>13</td>
<td>4</td>
<td>4</td>
<td>11</td>
<td>5</td>
</tr>
<tr>
<td>Hospitality and SA</td>
<td>22</td>
<td>13</td>
<td>10</td>
<td>3</td>
<td>8</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>Residential</td>
<td>189</td>
<td>60</td>
<td>12</td>
<td>5</td>
<td>3</td>
<td>12</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>394</td>
<td>208</td>
<td>51</td>
<td>33</td>
<td>19</td>
<td>44</td>
<td>29</td>
</tr>
</tbody>
</table>

#### All future projects (2016 – 2030), y-o-y change

- **2016 YTD vs 2015**

<table>
<thead>
<tr>
<th></th>
<th>HCMC</th>
<th>Hanoi</th>
<th>Da Nang</th>
<th>Can Tho</th>
<th>Khanh Hoa</th>
<th>Vung Tau</th>
<th>Hai Phong</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office</td>
<td>195</td>
<td>188</td>
<td>47</td>
<td>30</td>
<td>7</td>
<td>31</td>
<td>35</td>
</tr>
<tr>
<td>Retail</td>
<td>112</td>
<td>86</td>
<td>30</td>
<td>5</td>
<td>12</td>
<td>16</td>
<td>9</td>
</tr>
<tr>
<td>Hospitality and SA</td>
<td>33</td>
<td>21</td>
<td>18</td>
<td>3</td>
<td>24</td>
<td>13</td>
<td>5</td>
</tr>
<tr>
<td>Residential</td>
<td>287</td>
<td>156</td>
<td>32</td>
<td>10</td>
<td>13</td>
<td>16</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>626</td>
<td>454</td>
<td>127</td>
<td>48</td>
<td>54</td>
<td>77</td>
<td>60</td>
</tr>
</tbody>
</table>

Source: [www.bciasia.com](http://www.bciasia.com); CBRE Vietnam, April 2016.
LEGISLATION NEWS
The proposed Amended Circular 36

SBV: No major impact from amended Circular 36
Released at: 08:53, 10/03/2016

Amended Circular 36 may hit banking and property
Released at: 19:02, 16/03/2016

HoREA wants easy credit for property sector continued

Manh Tung
Tuesday, Feb 23, 2016, 20:58 (GMT+7)

Potential implications of applying the proposed Amended Circular 36

The State Bank of Vietnam recently proposed a amended Circular 36 on limits and ratios ensuring stability and efficiency of banking system.

Some of the proposed amendments are related to bank financing to the property market, including: lowering the ratio of using short-term capital for impacts, and long-term loans, and increasing the ratio of credit risk of property critically, according to the proposed Amended Circular 36.

to decrease ratio of short-term capital used for medium- and long-term loans from the current level of 60% to 40% of credit risk of property loans to increase from currently 150%.

The current Circular 36 has been in effect since February 2015.

The proposed amendment aims to continually improve risk management in banking system and encourage credit flow into other industries rather than property. As the property market is perceived to have been recovering, with supply and prices to grow again, the amendment also aims to lift off some of the support previously lent to the industry during a more challenging time.

Implications of applying the proposed Amended Circular 36:

- Banks would be forced to be more selective in lending to property sector as there will be less funding allowed to lend out to property sector. Access to bank financing therefore might be more difficult and take longer for players in the property market.
- Potential higher borrowing costs as properties would be imposed higher credit risks. Who would be impacted most?
  - Developers/ property developments that possess higher risks (such as projects targeting a special segment, or located in non traditional areas, or developers with little track record, etc.)
  - Investors using heavy leverage
- Developers would be required to adapt through better product positioning, offering products closer to real demand, enhancing operational management through cost cutting & savings, and seeking finance through different channels.

Whether Vietnam will squeeze its credit valve for the real estate market or not is the biggest question of real estate investors after the draft revision of Circular 36 of the State Bank of Vietnam (SBV) was announced. According to the draft, the maximum ratio of short-term funds used for medium and long-term loans will be reduced from 60% to 40% and the risk index of receivable lending for real estate will be raised from 150% to 250%.

MacReca
LEGISLATION NEWS
VND30-trillion Home Loan Program & Future-Formed Project Approvals

SBV wants new contracts for cheap home loans halted

Tran Thu and Cao Ban
Wednesday, Mar 30, 2016, 20:04 (GMT+7)

The State Bank of Vietnam (SBV) has told commercial banks to stop signing new contracts with customers under the Government-endorsed VND30-trillion home loan program from March 31. As the loans pledged within the program have exceeded VND30 trillion (US$1.34 billion), the central bank has told lender banks to focus on loan disbursements, instead of clinching new deals. … Participating in the home loan program are 19 commercial banks: Agribank, BIDV, Vietcombank, VietinBank, PVcomBank, Eximbank, SHB, TPBank, SCB, NamABank, SeaBank, VPBank, OCB, LienVietPostBank, VietBank, VIB, NCB, BaoVietBank and ACB. According to the SBV, banks have pledged around VND30.12 trillion (US$1.3 billion) in loans for 46,246 customers, with over VND21.32 trillion of it disbursed as of March 10.

HCMC Department of Construction (HDC) has just announced 31 projects having been approved to sell the future-formed apartments from 1st Jul 2015 to 28th Mar 2016.

HDC approved 24 projects; 9,854 units
CBRE tracked 66 projects, 32,522 units

The VND30 trillion preferential credit package for low-income homebuyers is officially ending after 36 months. Homebuyers not receiving their funds until after June 1 may be in for a shock. Although they will still benefit from the soft credit package, they will be subjected to an interest rate at least double the current preferential rate of 5 per cent per annum.
RESIDENTIAL
RESIDENTIAL
Rise of New High-end Large-scale Residential Projects in Hanoi

**Imperia Garden**
Developer: HBI – M.I.K
Scale: 1,652 condos + 42 landed houses

**Park 10 (Times City)**
Developer: Vingroup
Scale: 600 condominium units

**Vinhomes Gardenia**
Developer: Vingroup
Scale: ~2,000 condominium units + 363 landed houses

**The Nassim (a luxury project in HCMC launched in Hanoi)**
Developer: Hong Kong Land & Son Kim Land
Scale: 238 condominium units
Sales Event: March 18-19, 2016
RESIDENTIAL

Rise of New Luxury Residential Projects in HCMC

**MADISON**
Developer: Novaland
Scale: 115 condos + 72 office-tel units
VIP Preview Event: Saturday, March 12, 2016

**THE NASSIM**
Developer: Hong Kong Land & Son Kim Land
Scale: 238 condominium units
Sales Event: Sunday, March 27, 2016

**EMPIRE CITY**
Developer: Tien Phuoc, Keppel Land, Gaw Capital and Tran Thai
Scale: ~3,000 condominium units
VIP Preview Event: Friday, March 18, 2016

**VINHOMES GOLDEN RIVER**
~3,000 condominiums @ US$4,000-$5,000/sm with ~5,000 sales brokers
Sales Training Event: Tuesday, March 22, 2016
RESIDENTIAL
Affordable Fever in HCMC

9 VIEW APARTMENT
Developer: Hung Thinh Corporation
Scale: 690 condo units
Launch Event: Sunday, March 20, 2016

DREAM HOME PALACE
Developer: Nha Mo
Scale: 978 condo units
Sales Event: Saturday, Jan 16, 2016

RESIDENTIAL
Hanoi Developments Along Ring Road No.3
RESIDENTIAL
Saigon River Today

CONDOMINIUM

Q1 2016 still a positive start

**HANOI**

- 4,138 units launched
  -18% y-o-y
- ~34%
  -9 ppts y-o-y
- 4,048 units sold
  -5% y-o-y

**HCMC**

- 7,708 units launched
  +38% y-o-y
- 26%
  +1 ppts y-o-y
- 9,090 units sold
  +25% y-o-y

(!) Net absorption = Total units sold in primary market in the review period / (newly launched units in the review period + unsold units in the previous period)

Source: CBRE Vietnam, Q1 2016.
CONDOMINIUM

Hot Spots

Clusters of Total Launched Supply in Q1 2016

HANOI

West 61%
Midtown
CBD
CBD Fringe 14%
South 16%
South West 10%
East

Sold Units

- Luxury
- High-end
- Mid-end
- Affordable

Source: CBRE Vietnam, Q1 2016.

Clusters of Total Launched Supply in Q1 2016

HCMC

North 9%
East 48%
West 11%
Central
South 31%

Sold Units

Source: CBRE Vietnam, Q1 2016.
CONDOMINIUM

Historical Selling Prices - Hanoi

Hanoi Historical Price – Luxury Condominiums Price Index

Source: CBRE Vietnam, Q1 2016.
CONDOMINIUM
Historical Selling Prices And Rental Rates - HCMC

HCMC Historical Price and Rental Performance – District 1, District 2, District 7

Source: CBRE Vietnam, Q1 2016.
CONDOMINIUM

CBRE Sales: More Foreign Buyers, at Higher Level, for Investment Purpose

**Owner-occupier**
- Q1 2016: 18%
- Q1 2015: 62%

**Buy-to-let Investors**
- Q1 2016: 28%
- Q1 2015: 19%

**Buy-to-gain Investors**
- Q1 2016: 54%
- Q1 2015: 19%

*The analysis above is based on CBRE Vietnam’s residential closed deals and should not be used as a marketwise benchmark.*

Source: CBRE Vietnam, Q1 2016.
CONDOMINIUM

CBRE Sales: More Foreign Buyers, at Higher Level, for Investment Purpose

* The analysis above is based on CBRE Vietnam’s residential closed deals and should not be used as a marketwise benchmark.

Source: CBRE Vietnam, Q1 2016.
### Residential Affordability Pyramid

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash &amp; Gold</th>
<th>Mortgage &amp; Home Loan</th>
<th>Foreign Housing Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007 - 2012</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012 - 2015</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016 onward</td>
<td></td>
<td></td>
<td>Guaranteed Yield</td>
</tr>
</tbody>
</table>

Source: CBRE Vietnam, Q1 2016.

**Home Loan Offered by Commercial Banks**

<table>
<thead>
<tr>
<th>Bank</th>
<th>Interest Rate(*)</th>
<th>Maximum Loan (**)</th>
<th>Max. Payment Term (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vietcombank</td>
<td>7%</td>
<td>70%</td>
<td>15</td>
</tr>
<tr>
<td>BIDV</td>
<td>7%</td>
<td>Up to 100%</td>
<td>20</td>
</tr>
<tr>
<td>MB</td>
<td>8%</td>
<td>90%***</td>
<td>15</td>
</tr>
<tr>
<td>VIB</td>
<td>8.5%</td>
<td>80%</td>
<td>20</td>
</tr>
</tbody>
</table>


* 1st year Interest rate
** As percentage of asset value
*** As percentage of borrowing demand

Bank interest rates and loan terms as of Q1 2016.
Vietnam Prices Are Very Competitive

Selling Price of CBD Luxury Condominium Projects in the Region

Source: CBRE Vietnam, Q1 2016.
CBD LUXURY CONDOMINIUMS IN SINGAPORE

**Ardmore II**
*Singapore, 118 units, 36F*  
*Completion: 2010*  
**Asking price:** US$20,000-$21,000/sm  
Lap pool (50 m), Resort pool (25 m), Pool deck, Junior pool, Playground, BBQ deck  
Fitness center

**Boulevard Vue**
*Singapore, 28 units, 33F*  
*Completion: 2013*  
**Asking price:** US$23,000 - $26,000/sm  
Lap pool (25 m), Reflection pool, Jacuzzi, Spa, Steam bath, Dining area, BBQ pits, Theme garden, Playground, Fitness center

**Parkview Eclat**
*Singapore, 35 units, 18F*  
*Completion: 2008*  
**Asking price:** US$22,000 - $24,000/sm  
Lap pool, children’s pool, pool deck, Spa, Pavilion, Salvador Deli sculpture, BBQ pits, Outdoor Alfresco, Fitness center

**Goodwood Residence**
*Singapore, 210 units, 12F*  
*Completion: 2013*  
**Asking price:** US$18,000 - $20,000/sm  
Pool, Spa, Pool deck, Steam bath, Jacuzzi, Clubhouse, Lounge, BBQ pits, Playground  
Fitness center, Tennis court

Source: CBRE Vietnam and CBRE Singapore.
CBD LUXURY CONDOMINIUMS IN BANGKOK

**The Ritz Carlton Residence**
*Bangkok, 200 units, 77F*
*Completion: 2016*
**Asking price:** US$7,500 - $10,000/sm
Outdoor Swimming Pool and Gardens, Sundeck and Cabana Area, Fitness Center, Yoga and Pilates Room, Screening Room, Game Room, Residential Club Lounge and Bar, Meeting Area, Library

**Nimit Langsuan**
*Bangkok, 187 units, 53F*
*Completion: Q2 2018*
**Asking price:** US$8,900/sm
Roof top private club, 'greenhouse'-style lush garden, swimming pool, Fitness Center.

**Marque Sukhumvit**
*Bangkok, 147 units, 77F*
*Completion: Q4 2016*
**Asking price:** US$8,900/sm
400-sm recreational park, 25-m swimming pool with whirlpool & Jacuzzi, fitness room, aerobics/yoga studio, separate male/female steam rooms and saunas, private massage room and full-size squash court, relaxation terrace, sky library, sky deck, celestial garden, golf simulator, kid’s quarter, and sky cigar and wine bar, gallery lobby, semi-private meeting room, multipurpose room, and outdoor terrace.

Source: CBRE Vietnam and CBRE Thailand.
CONDOMINIUM
Professionalising the Process

How about property sales persons?


PROFESSIONAL SALES TRAINING EVENTS
Industrial-scale: 300 – 5,000 Sales
Venue: Hotel Ballroom
Inefficiency in the market?

Change in Price of Land, High-end Condos and Real Estate Sector in VN-Index

- Base year: 2010 for HCMC, Q4/2013 for Hanoi
- Land Price: HCMC District 1, based on CBRE recorded transaction deals, therefore may not represent the whole market; Hanoi New CBD, based on CBRE’s tracked asking prices therefore may not represent the whole market.
- New Condo: selling price on primary market
- Old Condo: selling price on secondary market
- VN-index of Real Estate Holding & Development companies

Source: CBRE Vietnam, Stockbiz, RCA, February 2016
HOSPITALITY

Airline industry gets active – more flights, more tourists

All Nippon Airways acquired 8.8% stake of Vietnam Airlines for $108 M

Vietnam’s privately-owned airline went IPO

Air New Zealand (seasonal) and Emirates launch direct service to Vietnam in Q2

New Vietstar Airlines awaits air transport business license

Rising flight demand to shortage of pilots

The current shortage of pilots, and specifically Vietnamese pilots, within the Vietnamese commercial aviation sector is already evident. Photo Credit: Airbus
HOSPITALITY
More hotel deals and tourism facilities

Will the world’s longest cable car system add value to Fansipan’s tourism?

Will tourism be entertainment-driven?

Hilton’s third hotel opens in 2018

Hyatt and Thaigroup to build US$165 million hotel in Hanoi
HOSPITALITY
Improved connectivity picks up Ho Tram & Ha Long

Ho Tram
- Saint Simeon - 46 villas
- The Hamptons - 25 villas
- The Grand Ho Tram - 59 villas
- Sanctuary Ho Tram (P2) - 44 villas

Ha Long
- Little Vietnam - 109 villas
- Lotus Residence - 159 villas
- Vinhomes Dragon Bay - 380 villas
- FLC Resort
SECOND HOME MARKET

Significant Increase in Second Home Villas and Condos Sales

**Phu Quoc**
- 2014: 0 units
- 2015: 850 units
- Q1 2016: 185 units

**Nha Trang**
- 2014: 103 units
- 2015: 481 units
- Q1 2016: 1,357 units

**Da Nang**
- 2014: 7 units
- 2015: 180 units
- Q1 2016: 1,335 units

Source: CBRE Vietnam.

---

**Vietnam Investment Review**

Sun Group’s Phu Quoc paradise sees resounding success on first sales

March 27 marked the launch of sales of condos and villas at two hospitality real estate projects in Phu Quoc Island, developed by Sun Group.

---

**Khanh Hoa, News**

**Cruise tourism market in Nha Trang rising again**

Published: Tuesday, Feb 23, 2016

After a time of decrease, the number of cruise ships to Nha Trang as well as the figure ashore has risen again.

---

**Vietnam+**

Tourist arrivals to Da Nang increase sharply

Direct flight connects Da Nang, Bangkok

---

Source: CBRE Vietnam.
SECOND HOME MARKET
The Metamorphosis of Phu Quoc

- Vinpearl Resort
- Vinpearl Safari
- Grand World
- Novotel Hotel
- Sunset Sanato
- InterContinental Hotel
- JW Marriott Hotel

Source: Kien Giang Planning Department and BCI Asia
HOSPITALITY

Phu Quoc - The marathon to become the next pearl of Vietnam

<table>
<thead>
<tr>
<th></th>
<th>International Destination</th>
<th>Local Destination</th>
<th>Flight per day</th>
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<tbody>
<tr>
<td>Phuket</td>
<td>32 cities</td>
<td>6 cities</td>
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<tr>
<td>Phu Quoc</td>
<td>2 cities</td>
<td>3 cities</td>
<td>18</td>
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</tbody>
</table>
OFFICE
**OFFICE**

**Hanoi Q1 2016 Performance**

**Grade A Net Absorption (Q1 2016)**
- 23,860 sqm
- 33.4% Q-o-Q
- 1.5% Y-o-Y

**Hanoi Future Office Supply**

**Average Rental (US$/month/sqm)**
- **Grade A**: $28.1
  - 4.2% Q-o-Q
  - 6.3% Q-o-Q
- **Grade B**: $17.8
  - 0.3% Q-o-Q
  - 1.8% Y-o-Y
OFFICE

HCMC Q1 2016 Performance

Grade A Net Absorption (Q1 2016)

- 750 sm
- 80% Q-o-Q
- 8% Y-o-Y

HCMC Future Office Supply

- GFA (sm)
  - Grade A
  - Grade B

Average Rental (US$/month/sm)

- Grade A: $35.7
- Grade B: $19.7

Vacancy rate (%)

- Net absorption - Grade A
- Vacancy rate - Grade A

CBRE | HANOI MARKET INSIGHTS | Q1 2016
OFFICE

Market performance – Hanoi vs. HCMC

Average asking rentals (US$ psm pm)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
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</thead>
<tbody>
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<td>Grade A - Hanoi</td>
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<td>Grade B - HCMC</td>
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<td>Grade B - Hanoi</td>
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Vacancy (%)

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<th>Quarter</th>
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<th>2015</th>
<th>2016</th>
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<td>Grade B - HCMC</td>
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<tr>
<td>Grade B - Hanoi</td>
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</tbody>
</table>

Source: CBRE Vietnam, Q1 2016
OFFICE SUPPLY
Hanoi - Accelerating supply

Hanoi 2016

789 BUILDING
Cau Giay Dist.
GFA: 65,625 sm

HANDICO TOWER
South Tu Liem
GFA: 29,040 sm

HUD TOWER
Cau Giay Dist.
GFA: 56,000 sm

2017

VINACOMIN TOWER
Cau Giay Dist.
GFA: 103,100 sm

2018

DISCOVERY COMPLEX
Cau Giay Dist.
GFA: 45,100 sm

VIETINBANK TOWER
Tay Ho Dist.
GFA: 100,000 sm
OFFICE SUPPLY
HCMC - Accelerating supply

2016

Grade A
SAIGON M&C TOWER
Dist. 1
GFA: 49,000 sm
No visible construction

Grade B
HA DO BUILDING
Q3 2016
Tan Binh Dist.
GFA: 32,000 sm

HQC ROYAL TOWER
Q2 2016
Dist. 7
GFA: 26,726 sm

Decentralised Grade A
MAPLETREE BUSINESS CENTRE
Q4 2016
Dist. 7
GFA: 30,000 sm

Grade B
THE KHAI TOWER + THE PRICE
Q4 2017
Dist. 7
GFA: ~ 40,000 sm

2017

Grade A
DEUTSCHES HAUS
Aug 2017
Dist. 1
GFA: 38,621 sm

SAIGON CENTRE (P2)
Q2 2017
Dist. 1
GFA: 40,000 sm

ETOWN CENTRE
Q3 2017
Dist. 4
GFA: 67,760 sm

Grade B
HA DO BUILDING
Q3 2016
Tan Binh Dist.
GFA: 32,000 sm

HQC ROYAL TOWER
Q2 2016
Dist. 7
GFA: 26,726 sm

Decentralised Grade A
MAPLETREE BUSINESS CENTRE
Q4 2016
Dist. 7
GFA: 30,000 sm

THE KHAI TOWER + THE PRICE
Q4 2017
Dist. 7
GFA: ~ 40,000 sm

Construction status (as of Mar 2016)
Larger Deals – Higher Speeds

Average size per deal (sm) – Grade A & B

Speed (month) - Grade A & B

Tenant by purpose

Source: CBRE Vietnam, Q1 2016
Number based on CBRE’s deal.
OFFICE

Tenant Nationality by Source – Hanoi

Source: CBRE Vietnam, Q1 2016, based on CBRE’s deal.
Most Active Industries In The Market

**2016**
- SOURCING

**2015**
- TECHNOLOGY/ ELECTRONIC/ IT
- MANUFACTURING
- BANKING/ FINANCE/ INSURANCE
- CONSULTING

**2014**
- LOGISTICS/ TRANSPORTATION
- PHARMACEUTICAL

Growing sourcing sector:
- Occupying more spaces
- Renew longer lease term

New entrant: GAP, Walmart Sourcing

Source: CBRE Vietnam, Q1 2016
Number based on CBRE’s enquiries only.
APAC Office Leasing Demand

Mixed picture for **OFFICE** demand. TMT sector continues to drive leasing activity

<table>
<thead>
<tr>
<th>Region</th>
<th>Business Services</th>
<th>Financial</th>
<th>Global Banking</th>
<th>Insurance</th>
<th>Tech/ I.T.</th>
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<td>India</td>
<td>Up</td>
<td>Up</td>
<td>Up</td>
<td>Up</td>
<td>Up</td>
</tr>
</tbody>
</table>


Note: Business Services sector includes but not limiting to legal firms, professional consulting and advisory firms, accounting firms and outsourcing management etc.
OFFICE
APAC Occupier Survey 2015/16

Strong growth prospects in Asia Pacific

42% of respondents intend to increase headcount

64% of this will be powered by organic growth

Top expansion destinations

Southeast Asia

India

China

Location Strategies

69% Cost of real estate

51% Quality of infrastructure

41% Availability of talent

Factors driving office leasing decisions

Building Strategies

Cost of real estate 70%

Accessibility by transport 57%

Building specifications 53%

Source: CBRE Research, APAC Occupier Survey, Jan 2016
Development pipeline of Grade A in CBD+

INDUSTRIAL
INDUSTRIAL
Infrastructure Improvement and Opportunities in Second-tier Cities

HA NOI - HAI PHONG – HA LONG - MONG CAI CORRIDOR

Herberton to invest $120 million in garment plant in VSIP Hai Phong, 11 hectare

Unilever started construction of its Northern Plant in VSIP Bac Ninh

Nestle to build a 2nd plant in Thang Long 2 IP in Hung Yen, 15 hectare

Hyosung to invest $660 million in garment plant Nhon Trach 5, Dong Nai, 22 hectare

Vietnam Business Times
Samsung invests US$3 billion in Bac Ninh

REUTERS
Samsung Display to invest extra $3 billion to boost Vietnam output; source

Hanoi – Hai Phong Highway
Before Now
INDUSTRIAL AND LOGISTICS

Manufacturing and Logistics mania

Apple eyes $1b regional data centre in Vietnam

Samsung to build $300m research centre in Hà Nội

Update: March, 25/2016 - 09:16

Nestlé Vietnam breaks ground on $70 million Milo factory in Hung Yen

Nestlé Vietnam on March 16 began construction of a new $70 million factory at Thang Long II Industrial Park in the northern province of Hung Yen.
INDUSTRIAL AND LOGISTICS

Manufacturing and Logistics mania

New entrants + Expansion - Last 6-18 months

- **Nokia / Microsoft** ►► North Vietnam @ $276 mil.
- **Samsung Electronics**: 2nd mega campus ►► Thai Nguyen @ $5 bil. and 3rd mega campus ►► SHTP, HCMC @ $1 bil. (2014).
- **Unilever** ►► VSIP Bac Ninh @ $40 mil. (Dec. 2015)
- **Nestle** ►► Thang Long 2 IP, Hung Yen for 17 ha plant.
- China’s **Texhong Textile** ►► Hai Yen IP, Quang Ninh @ $300 mil.
- **Camoplast** leased 7 hectares @ VSIP 2 (early 2014).
- Taiwan **Cheng Loong** ►► Ascendas Protrade Tech Park @ $1 bil. for 75 ha. plant
- **Maruzen Foods Corporation** ►► My Phuoc 3 IP, Binh Duong @ $100 mil for 13 ha Food & Beverages plant.
- **Panasonic** ►► VSIP 2 @ $38 mil. for Eco solution plant (2014)
- Taiwan motorbike producer **Kymco** ►► Dai Dang IP, Binh Duong @ $23 mil. for 6 ha factory (2014)
- **Worldon** (China based Shenzhen International) ►► Dong Nam IP, increased in investment capital from $140 mil. to $300 mil. for 45 ha textile campus.
RETAIL
Hanoi Q1/2016 Performance

Net Absorption (Q1 2016)

- 5,199 sm
- 96% Q-o-Q
- 100% Y-o-Y

Hanoi Future Retail Supply

Hanoi Retail Net Absorption

Average Rental Ground Floor (US$/month/sm)

CBD: $84.7
Non-CBD: $30.3

1.8% Q-o-Q
1.0% Y-o-Y
3.2% Q-o-Q
3.2% Y-o-Y
HCMC Q1/2016 Performance

Net Absorption (Q1 2016)
- 62,730 sm
- 20% Q-o-Q
- 1,500% Y-o-Y

HCMC Future Retail Supply
- NLA (sm)
- 2016e
- 2017e
- 2018e

HCMC Retail Net Absorption
- Net Absorption (sm)
- 2014
- 2015
- 2016
- Net absorption
- Vacancy rate

Average Rental Ground Floor (US$/month/sm)
- CBD: $125.0
- Non-CBD: $38.6
- 5.1% Q-o-Q
- 16.6% Y-o-Y
- 4.77% Q-o-Q
- 3.7% Y-o-Y
RETAIL – SIGNIFICANT SUPPLY IN 5 YEARS – HANOI

**Vincom Exchange City**
- Location: Tu Liem Dist.
- 23,140 sqm GFA
- Opening: Q4 2016

**Le Parc by Gamuda**
- Location: Hoang Mai Dist., Hanoi
- 20,809 sqm GFA
- Opening: End of 2015

**Vincom Starbowl**
- Location: Dong Da Dist.
- 51,234 sqm GFA
- Opening: Q4 2016

**Ciputra Hanoi Mall**
- Location: Tay Ho Dist.
- 130,000 sqm GFA

(Coordinates and images for each project are shown on the map.)
New Openings in HCMC

**Q1 2016**

**Vincom Plaza Le Van Viet**
- Hiep Phu Ward, District 9
- 43,000 sm NLA
- March 2016

**Lotte Mart**
- Go Vap Dist.
- 40,000 sm GFA
- April 2016

**Aeon Mall Binh Tan**
- Binh Tan Dist.
- 59,000 sm NLA
- Summer 2016

**Later this year …**

**Saigon Centre Phase 2**
- District 1
- 50,000 sm NLA
- July 2016

**Union Square (upgrade & re-opening)**
- District 1
- 39,454 sm GFA
- Q4 2016
CBRE | HANOI MARKET INSIGHTS | Q1 2016

Estella Heights
- Hanoi Highway
- 26,000 sm NLA
- To open in 2019

Saigon Centre
- Le Loi Str.
- 55,500 sm GFA
  (Takashimaya: 15,000 sm)
- To open in Q4 2016

Tax Center
- Le Loi – Nguyen Hue Str.
- 35,000 sm GFA
- To open in 2019

RETAIL HCMC – SIGNIFICANT SUPPLY IN 5 YEARS

Union Square
- Dong Khoi Str.
- 40,000 sm GFA
- To open in Q4 2016

Berjaya Financial Center
- Ba Thang Hai Str.
- 156,000 sm
- To open in 2019

Vincom Center Mall
- Tan Cang, BT Dist.
- 59,000 sm NLA
- To open in end 2017

The One
- Pham Ngu Lao Str.
- 48,000 sm GFA
- To open in 2017
RETAIL
New brands in 2016

More players likely to come
Vingroup buys out other retailers – expansion in 2\textsuperscript{nd} and 3\textsuperscript{rd} tier cities

- Phu Tho
- Hai Phong
- Ha Long
- Vincom Mega Mall
- Vincom Plaza
- Vincom Center
- Buon Me Thuot
- Dong Nai
- Can Tho
- An Giang

Number of Vincom shopping centers:
- 100 in 2020
- 40 in 2016
- 12 in 2015
- 5 in 2013
- 1 in 2004
Retail

Expansion and Scale down

CBRE Enquiries

Q1/2016

Q1/2015

Plan for expansion

Reassessing growth prospect

Source: CBRE Vietnam, Q1 2016
Number based on CBRE’s enquiries only.
RETAIL
Driven by high-street demand

Homogeneous Trade Mix

Sidewalk sprawl
Underground retail

HANOI

Controversy over shopping centre project in Hanoi’s major park

Hanoi authorities have approved a project in principle to build a shopping centre and underground parking facility inside Thong Nhat Park, which was previously known as Lenin Park.

✓ 10,000 sm land area
✓ Shopping centre is proposed to be located over three floors of the underground car park.


HCMC

$377mln underground shopping precinct planned for Ho Chi Minh City

✓ Opening in 2024
✓ 45,240 sm underground
✓ 21,600 sm walking streets and square
RETAIL
Regional comparison

Occupancy cost (US$/sm)*

Source: CBRE Research.
Occupancy cost = Rent + Serviced charge
## RETAIL

### APAC Retail Leasing Demand

Leasing demand still led by F&B retailers

<table>
<thead>
<tr>
<th></th>
<th>Luxury</th>
<th>F&amp;B</th>
<th>Fast Fashion</th>
<th>Sports</th>
<th>Child-related</th>
<th>Department Stores</th>
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</tr>
</tbody>
</table>

Retail sales continue to grow but performance varies by market

Travel Hotspots for Chinese tourists

Development pipeline of Grade A in CBD+
INVESTMENT

Land values in big cities

The land price ranges included in this presentation have been included as a broad guide only. Land prices are subject to various positive and negative attributes, including but not limited to, proposed/approved plot ratio, permitted uses, land size, location, clear legal status and other restrictions. CBRE does not accept any liability under any cause of action including negligence for any loss arising from use of or reliance upon this information.
MAJOR INVESTMENT DEALS IN Q1 2016

**Somerset Vista, HCMC**
- Investor: CapitaLand
- Seller: Nguyen Binh Trading
- Value: US$13.9 mil.
- Scale: 100 units

**Vista Walk, HN**
- Investor: CapitaLand
- Seller: Nguyen Binh Trading
- Value: US$32.6 mil.
- Scale: 10,000 sm

**Empire City, HCMC**
- Investor: Keppel Land
- Seller: Empire City Ltd.
- Value: US$93.9 mil.
- Scale: 14.6-hectare

**TNR Tower, HN**
- Investor: TNR Holding
- Seller: Vingroup
- Value: US$110 mil.
- Scale: 63,715 sm GFA

**Duxton Hotel, HCMC**
- Investor: New Life RE
- Seller: Low Keng Huat
- Value: US$49.2 mil.
- Scale: 198 rooms

**January**

Vietnam to see continued momentum in real estate M&As in 2016

**March**

Nguyen Kim Site, D4-HCMC
- Investor: Phat Dat
- Seller: Nguyen Kim JSC (44%) + AGM (25%) + Kim Long + Vinafood 2
- Value: US$40 mil.
- Scale: 7,327.9 sm
INFLUX OF THAI CAPITAL

REAL ESTATE RELATED....

Jan ‘15  NGUYEN KIM ELECTRONIC
NKT New Solution and Technology Development JSC ►► Central Group @ 49% stake

Aug ‘14  METRO CASH & CARRY
MCC Vietnam ►► BJC @ $879 mil.

Jun ‘13  FAMILY MART
Phu Thai (51%, VN) + Family Mart (44%, JP) + Itochu (5%, JP) ►► TCI

...AND OTHERS

Dec ‘15  F&B MANUFACTURER
Masan Consumer Holdings and Masan Brewery ►► Singha Corp @ 1,100 mil.

Jul ‘15  PACKAGE SUPPLIER
Tin Thanh Packing Joint Stock Company ►► Thai Siam Cement Group @ 80% stake

Mar ‘15  CONTRACTOR
ContecCons ►► The Ton Poh Thailand Fund @ 5.9% stake

Jan ‘15  OIL & GAS
Nhon Hoi Oil Refinery Complex ►► Petroleum Authority of Thailand (PTT) @ $21,500 mil.
HCMC – 20 GOLDEN SITES

Only 6 Golden Sites Developed

Source: CBRE Vietnam.
CBRE INVESTOR INTENTION SURVEY 2016

More cross border investors eyeing SEA with Vietnam and Singapore on the top

Source: CBRE Asia Pacific Investor Intentions Survey 2016.

* The result is based on total cross border investors. Cross border refers to respondents domiciled in a different country to the most attractive destination selected. SEA countries include Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam.
CBRE INVESTOR INTENTION SURVEY 2016

Investment interest is high, with 61% of respondents indicating intentions to do so.

Source: CBRE Asia Pacific Investor Intentions Survey 2016.
Hotels saw a surge in interest

## MARKET OUTLOOK

<table>
<thead>
<tr>
<th>Category</th>
<th>SUPPLY</th>
<th>RENT</th>
<th>OCC. RATE</th>
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<td>✔️</td>
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<td>INDUSTRIAL</td>
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<td>Land</td>
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<td>Factory/ warehouse</td>
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<td>DEVELOPMENT SITE</td>
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MIRROR, MIRROR ON THE WALL, WHO IS RIGHT AFTER ALL?

CBRE FEARLESS FORECAST 2016

Macro

- The 5Cs – Currency, China, Commodities, Climate, Competition;
- Apple opens a flagship store in HCMC;
- Nguyen becomes the most popular name at MIT graduation in 2016;
- President Obama signs the TPP into legislation on his last day in office;
- Oil prices drop to US$20 per barrel, however Vietnam only makes money per barrel;
- Vietnam gets full Emerging Market status;
- Impact of Technology – more noise, less analysis (so far);
- Technology in marketing – more spam, more often;
- Information technology in Building Management – More analysis, better control;
- Sharing of data – Better valuations, more transparency, stronger governance;
- No Brexit.
PLEASE FILL IN THE QUESTIONNAIRE

THANK YOU FOR SHARING YOUR OPINION.
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VIEWPOINT & SPECIAL REPORT

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NEWS UPDATE

Every month
DASHBOARD

Every quarter
MARKETVIEW

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