

# UP, UP

(AND WHAT'S NEXT?)

— H1 MARKET INSIGHTS & H2 MARKET OUTLOOK —

Presented by:  
**Marc Townsend, Managing Director**

Ho Chi Minh City, 30<sup>th</sup> June 2016



# WHAT'S UP

## Big Groups Settle In Vietnam With Large Deals

Business

### US investors plan \$4 billion financial hub in Vietnam: report

Thanh Nien News

Wednesday, May 11, 2016 16:50

A group of US and Vietnamese investors have sought Ho Chi Minh City's permission to develop a US\$4 billion complex of office and entertainment buildings, local media reported on Wednesday.

The project was proposed by investment company Cantor Fitzgerald, architectural company Steelman Partners, and Taiwan-based developer Weidner Resorts of the US's Weidner Holdings, news website Dau Tu (Investment) said.



### Daewoo E&C to build \$2.2 billion Korean-style luxury "city" in Hanoi

By Dam Tuan June 22, 2016 | 03:21 pm GMT+7



Daewoo Engineering & Construction Co. (Daewoo E&C) has just announced that it will proceed with the official construction of its first high-end villa project in Hanoi from July 4.

### Mapletree bags prime asset in Saigon CBD for over S\$400m

Group still keen on main income-producing completed assets as well as development opportunities in Vietnam

By Katherine Bachmann  
katherine@vnexpress.net



MAPLETREE Investment has bought another prime asset in the heart of the city (HCMC) central business district. The price is estimated to be the equivalent of more than S\$400 million and when Mapletree's total assets under management in Vietnam is more than S\$1 billion. The deal was completed on Thursday.

Mapletree bought the property from Korea's Daewoo Industrial Corp. and its affiliate, Daewoo.

The net asset value of the stable fund, income-producing property is estimated to be 105.2 million. It has a gross floor area of close to 100,000 sq metres (about 1.8 million sq ft) comprising a 21-story Grade A office building, a 32-story serviced apartment tower, a 21-story hotel and a mixed-use development with retail and leisure F&B offerings.

Mapletree's Group manages the serviced apartment and the hotel.

Occupancy for the office, serviced apartments and the F&B units have been consistently above 90 per cent, Mapletree said.

Located along Le Thanh Kieu Street and Hai Ba Trung Street, opposite the

other such as HCMC and Hanoi, he added.  
"We are also keen to invest in greenfield opportunities to develop office, retail, residential, serviced apartment and mixed-use developments, either on our own or with local partners. All our investments in Vietnam are geared towards long-term and growing our earnings base, to the benefit of our investors."  
Mapletree is currently also developing Saigon South Place on a 4.4-hectare site along Nguyen Van Cu Road, next to District 7's Van Phong Street. Work on a 16,000-sq-m office tower is slated for completion by the end of the year, while construction of an 800-unit residential serviced apartment building and a residential block will begin soon and both are scheduled for completion in 2017.

The net asset value of the property is understood to be US\$2.1 billion, with 90% of close to 100,000 sq metres, it comprises a



#### News

### Vietnam's tallest skyscraper to tower over Hanoi

By Vo Hai June 24, 2016 | 02:24 pm GMT+7



Model of the urban area where Hanoi's tallest skyscraper is planned to stand. Photo by VnExpress/Hai

A 108-storey financial tower in Hanoi will become Vietnam's tallest building when it is completed, adding to the country's construction boom, according to the city's urban construction blueprint towards 2050.

# BREXIT

- Vietnam's stock market shaken, unlikely significant impact on trade
- Outlook of the Vietnam – EU FTA?

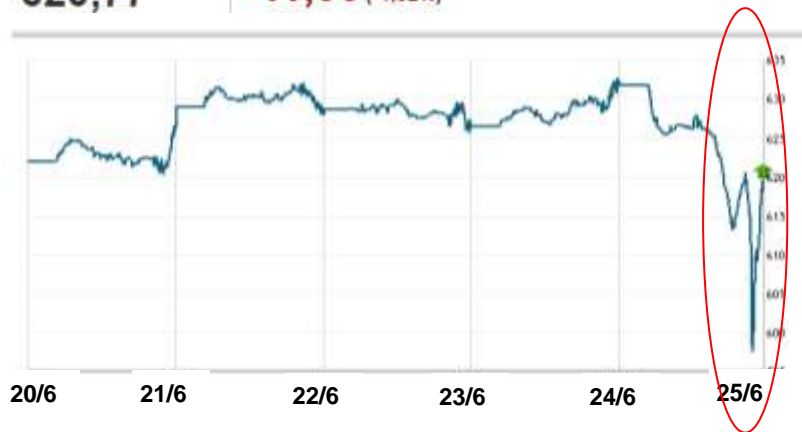
## VN-INDEX

Cập nhật ngày 24/06/2016  
2:34:48 CH

Thay đổi (%)

620,77

-11,50 (-1,82%)



Source: Stockbiz.

## VND per 1 GBP

19 Jun 2016 14:15 UTC - 26 Jun 2016 14:22 UTC

GBP/VND close: 30329.00865 low 29917.96170 high 33617.62557



Source: www.xe.com

## Vietnamese stocks crash following Brexit vote

By Bach Duong June 24, 2016 | 05:11 pm GMT+7



The domino effect of net sales has caused the VN-Index to spiral by 34 points at one point, the biggest dip this year, while transactions climbed to a 2016 record of over VND6 trillion.

## Brexit to leave no immediate impact on Vietnam's stocks, trade ties with UK: experts

TUOI TRE NEWS  
UPDATED : 06/25/2016 09:41 GMT + 7



Vietnam's stock market reacted immediately to Britain's vote to leave the European Union, but industry insiders believe immediate Brexit impacts on the market as well as the bilateral trade ties between the two countries are unlikely.

# BREXIT – THE LONG GOODBYE?



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## Game theory

Sports

Previous | Next | Latest Game theory All latest updates

## The Long Goodbye? Property market impacts of the 'Leave' vote

In voting to leave the EU, the UK has made probably its most profound economic and political decision in 60 years. But what happens next, and what does it all mean for real estate?

In this note we sketch out some of the big issues to watch:

- The **political fallout** will be so significant that it will trigger a delay in the Conservative leader's selection. Budget and a second EU referendum will be the first all look possible. But a second look is unlikely. The 'Article 50' process will start soon and is likely to take several years to complete.



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Tel: +84 28 3528 2000  
Fax: +84 28 3528 2001  
Email: info@saigontimes.vn

# The Saigon Times

Daily

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### EU diplomat: Brexit to leave little impact on FTA with Vietnam

**By Ho Hai**  
EU diplomat says Brexit will have little impact on the EU's trade agreement with Vietnam. The EU ambassador in Hanoi, Jean-Claude Juncker, said the EU-Vietnam Free Trade Agreement (FTA) will remain in force and that the EU will continue to work with Vietnam to improve the FTA.



### H1 GDP growth cools to 5.52%

Vietnam's gross domestic product (GDP) grew 5.52% in the first half of the year, down from 5.7% in the same period of the previous year. The National General Statistical Office (GSO) said the growth was driven by strong exports and investment, but was offset by a decline in household consumption.

## The 2016 Euros

# England's second European exit in a week echoes its first

Jun 28th 2016, 12:07 BY R.J.E.

Timekeeper | Like 2.4K | Tweet

## Euro 2016

### England humiliated as Iceland knock them out of Euro 2016

**England** 1 - 2 **Iceland**

Report: England 1-2 Iceland

From BBC Sports Centre

David Taylor at the Stade de Nice

Report

Monday 27 June 2016 21:07 BST

5085 5,434

Share the story



England coach Roy Hodgson resigns after loss to Iceland

# OBAMA VISITS VIETNAM

...And Seeks to Turn Former Enemy into Major Trading Partner



## Look forward to:

- Finalizing and implementing TPP
- Vietnam to become market-based economy
- More American volunteers in Peace Corp
- USA to assist Vietnam in maritime security

# VIETNAM ECONOMY

## Prospects for Growth are Positive



**600 new real estate companies in Vietnam in Q1.2016, up 146% y-o-y**



**630 new foreign investors in VN stock market in 5M.2016, up 200% y-o-y**



**Real estate inventory down 26% in 6M.2016**

**THANHMIEN NEWS** HO CHI MINH CITY - Thursday, April 28, 2016 09:49

The number of new businesses in Vietnam's real estate sector increased 146 percent year-on-year to 596 companies in the first quarter, according to the government's new data.

The new businesses had a combined registered capital of more than VND45.5 trillion (US\$2 billion), up 407 percent from a year ago, the Ministry of Planning and Investment has reported.

Monday, June 06, 2016 17:46

A total of 630 new foreign investors registered with Vietnam's stock regulator in the first five months, twice the number seen during the same period last year, according to official data.

At the end of May, 19,150 foreign investors, 15.3 percent of whom are corporate investors, were trading in the local stock market, the Vietnam Securities Depository has reported. That was an increase of 7.1 percent from a year ago.

### Fulbright University Vietnam licensed

VietNamNet Bridge - Deputy Prime Minister Vu Duc Dam has signed a decision to establish the Fulbright University Vietnam (FUV). It is a 100% foreign-invested nonprofit university based in the HCM City Hi-tech Park.



# VIETNAM ECONOMY


## Though There Remain Challenging Issues to Tackle

### Vietnam Seeks Faster Bad-Debt Cleanup With 1st Cash Purchase

by Nguyen Dieu Tu Uyen  
@adi\_viet

June 7, 2016 - 4:18 PM ICT (Updated on June 8, 2016 - 10:56 AM ICT)

Government wants banks to speed up lending to spur growth  
VAMC to resolve about 30 trillion dong of bad loans



Bad debt rose to **2.62%** as of Mar/2016  
vs. **2.55%** as of Dec.2015

### Vietnam has big trade deficit with China and Korea

Quoc Hung  
Monday, May 30, 2016, 20:50 (GMT+7)

HCMC - Vietnam ran big trade deficits with China and South Korea but had large trade surpluses with the U.S. and the European Union (EU) in the first five months this year, according to the General Statistics Office (GSO).

Vietnam's January-May imports from China amounted to US\$19.2 billion while its exports to the northern neighboring market totaled a mere US\$7.6 billion, leaving a trade deficit of US\$11.6 billion. Vietnam's imports from Korea were US\$12.1 billion, with the latter enjoying a trade surplus of US\$7.8 billion.



### HSBC worries about Vietnam's credit loosening

Tran Thu  
Monday, Jun 6, 2016, 20:43 (GMT+7)

HCMC - The HSBC Global Research team has expressed concern over Vietnam's recent move to loosen credit to stimulate private sector and government spending.

A report which HSBC released last Friday says credit easing suggests the Vietnamese Government's pro-growth bias.

The Government has confirmed the original 2016 gross domestic product (GDP) growth target of 6.7%. In early May, new Prime Minister Nguyen Xuan Phuc instructed ministries and agencies to do whatever it takes to achieve the growth target while reining in inflation.

"We think this is going to be difficult to do given the first-quarter growth number and large...




A teller of a commercial bank counts U.S. dollar notes. The HSBC Global Research team has expressed concern over Vietnam's recent move to loosen credit - PHOTO: UYEN VIEN

### Bad debt is again on the rise

Ngân hàng Nhà nước VN vừa công bố một số chỉ tiêu cơ bản các tổ chức tín dụng (TCTD), trong đó tỷ lệ nợ xấu tính đến cuối tháng 3 tăng lên 2.62% so với con số 2.55% vào tháng 12.2015.




### Drought in Vietnam Holds Back Growth as Farming Takes Knock

"Despite the slowdown, growth of 5.5 percent still makes Vietnam one of the top-performing economies in the region,"



### Vietnam Stocks Are on The Verge of a Breakout

# UP, UP AND AWAY

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**Vietnam's Startups Step to the Fore**  
Private companies contribute to economy dominated by state firms and multinationals



Vietnam's e-commerce market had revenues of \$4 billion last year. New firms have sprung up to cater to the growing demand...

By JAMES HODGKINS

'Creatively uniformed' Signboards in Hanoi



Forbes Asia #ForeignAffairs

SENSATIONAL CHANDER! NOW 40% OFF! AJIO.COM

**Vietnam's Mass Fish Death Mystery Continues, Or Does It?**

There is still no official finding on what killed hundreds of tons of fish along Vietnam's central coast. Sort of. Authorities announced in early... not detail how or who was responsible.

The incident, and the follow up from... caused genuine outrage across the...



**THANH HOA 24h**  
TIN NHANH THƯƠNG HIỆU

XÃ HỘI KINH DOANH THỂ GIỚI PHÁP LUẬT VĂN HÓA GIẢI TRÍ THỂ THAO SỨC KHỎE

Tổng hợp

Thứ 4, 25/6/2016 | 13:10 GMT+7

**Chiều 30/6, công bố nguyên nhân cá chết ở miền Trung**

ThanhHoa24h.com Chiều ngày 30/6 sẽ tổ chức họp báo để công bố nguyên nhân và thủ phạm gây ra tình trạng cá chết hàng loạt ở miền Trung.



**CNBC** Search: Vietnam, Boeing & Airbus

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**vietjet Air.com**

AEROSPACE & DEFENSE

**Vietnam's VietJet to buy 100 Boeing planes for \$11.3 billion**

Monday, 23 May 2016 | 7:34 APET

REUTERS



# VIETNAM ECONOMY

## Q2 2016



**GDP** up 5.55%  
(Q1 2016: 5.48%)



**Committed FDI** up  
105% y-o-y to  
US\$11.3 bn



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



**FX Reserves** up to  
US\$38bn and  
US\$/VND stable

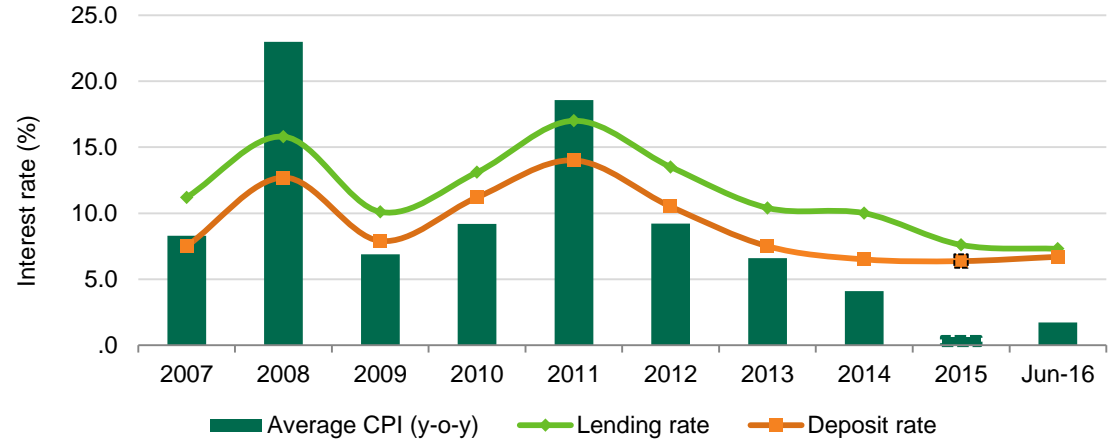


**Retail Sales** up 7.5%  
real

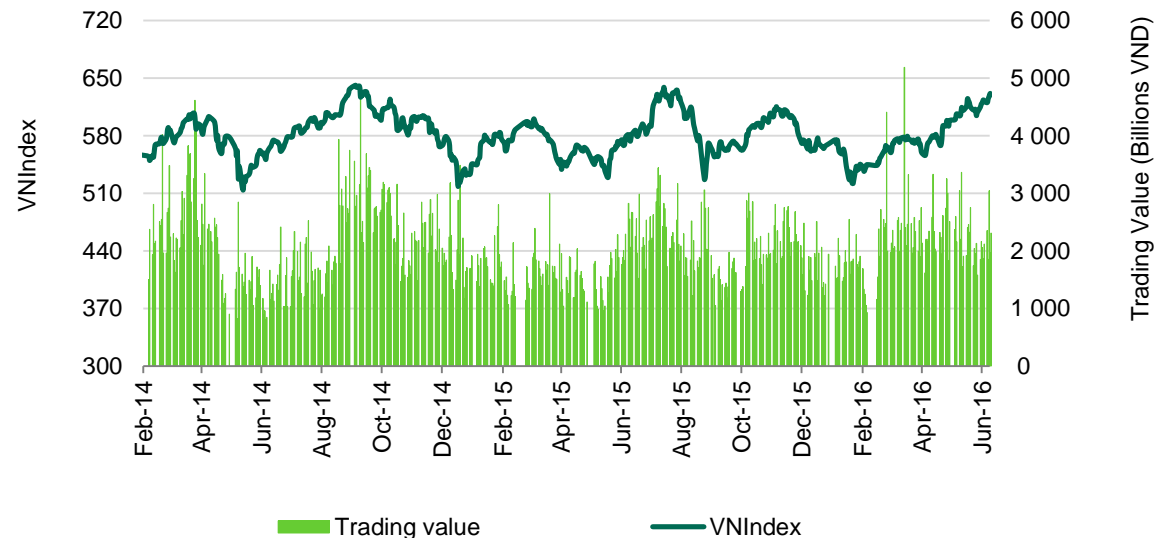


**Petro price** hike 5%  
in May (\*\*)

**CBRE**



Source: GSO, SOB



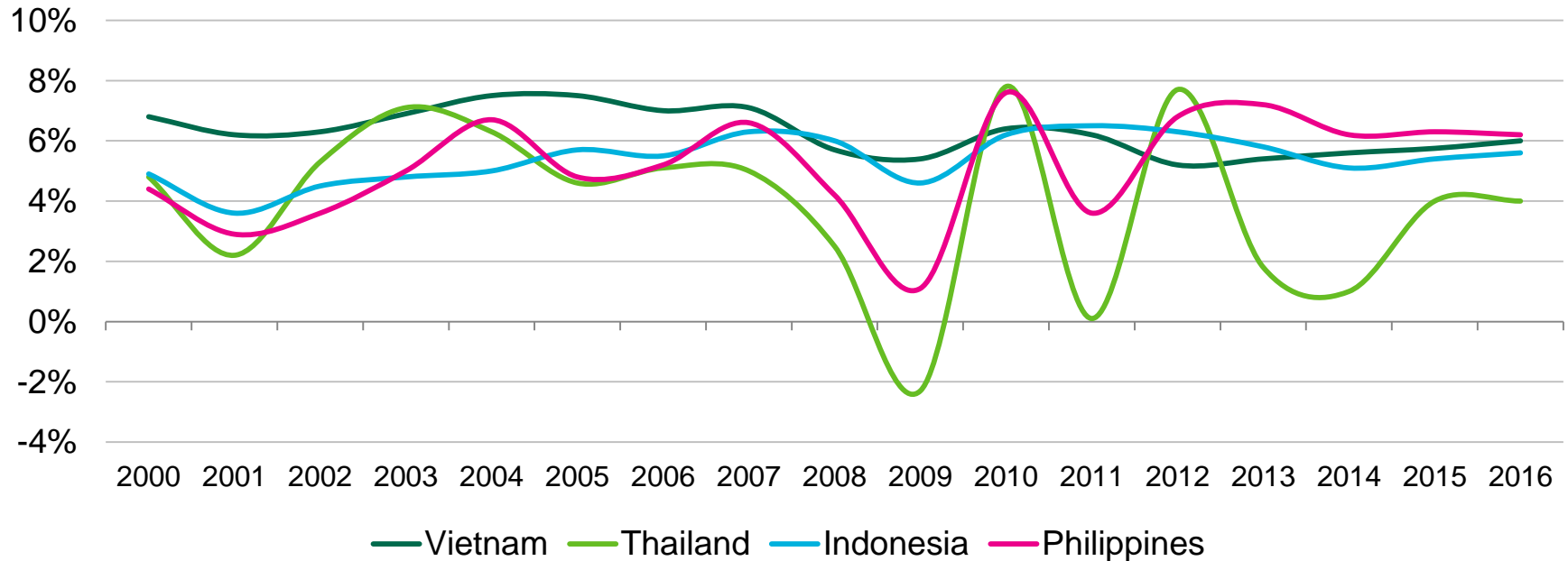
Source: GSO

(\*\*) Updated May 2016

# VIETNAM ECONOMY

## Growth More Stable Than Its Peers

Vietnam GDP Growth compared to Thailand, Indonesia and Philippines



Source: World Bank Data.



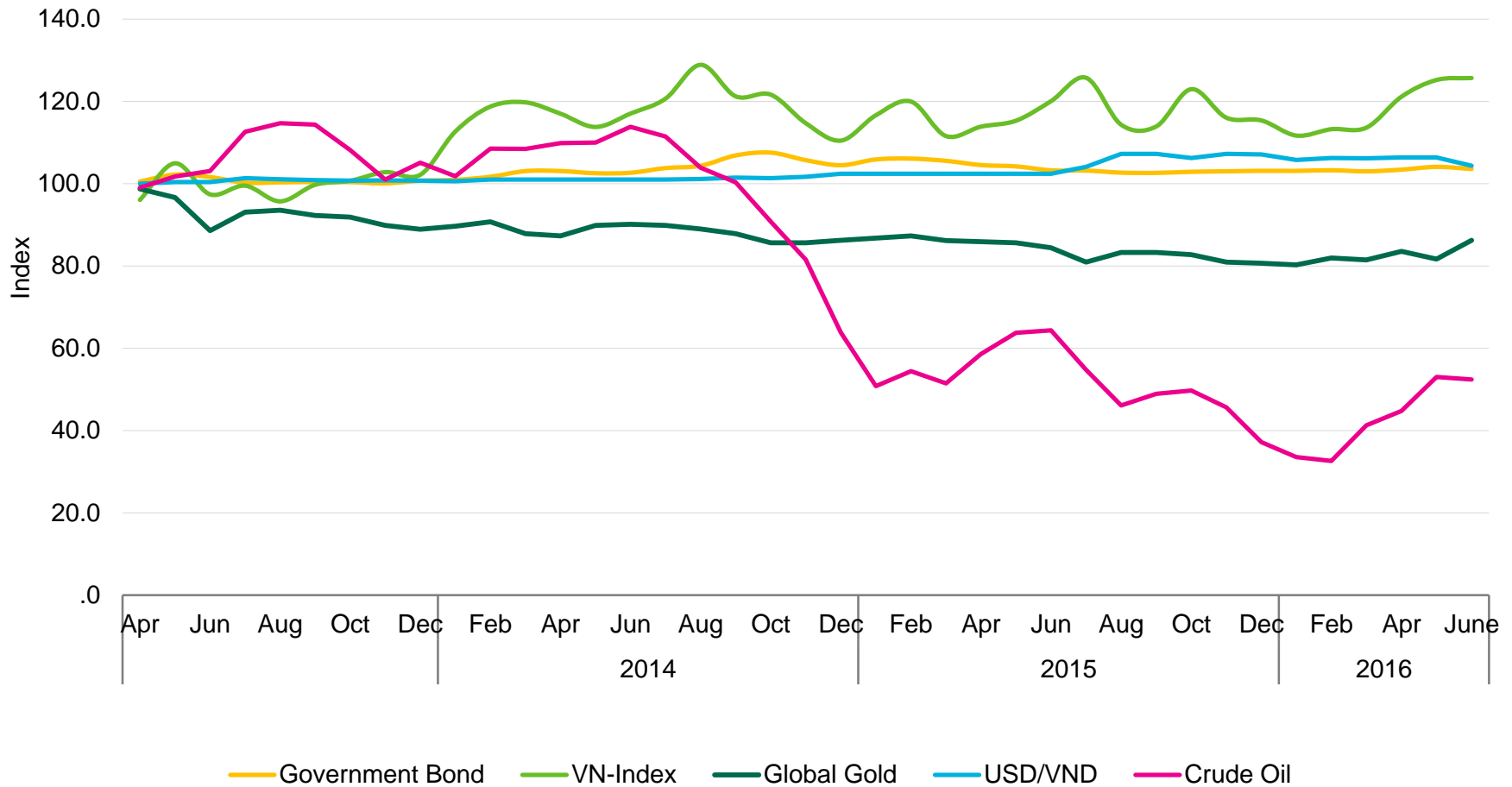
**Compared to the rest of ASEAN, Vietnam is the only country for which ADB raised its GDP growth target thanks to very strong FDI, active sqmE economy and new foreign ownership laws for both properties and stocks..**



Asian Development Bank

# VIETNAM ECONOMY

## Major Asset Channels

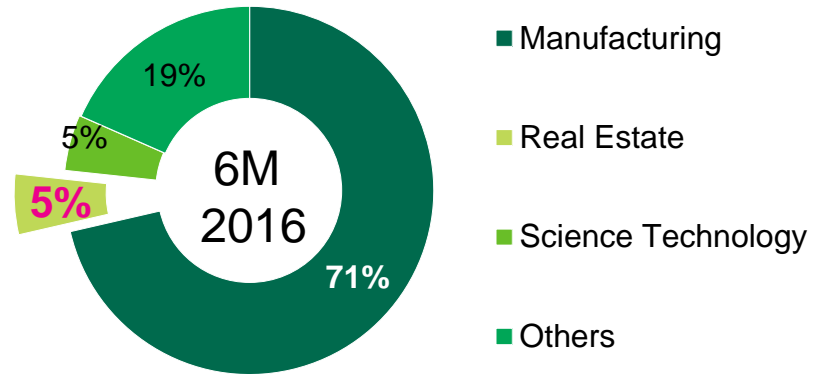
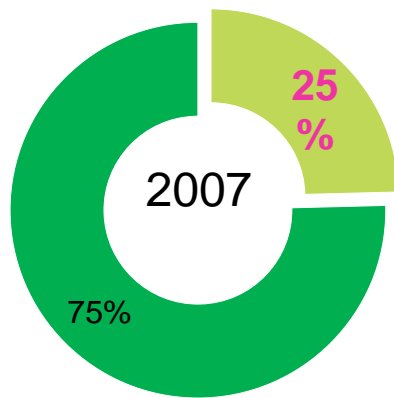


Source: FPT Securities, HNC, Gold.org, SJC

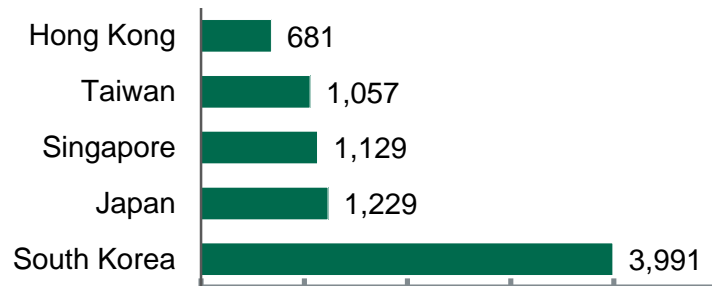
# FDI

## Real Estate FDI Remains Moderate

Vietnam Registered FDI in 6M 2016: USD11.3 billion, up 105% y-o-y



### Top FDI Investors, USD million, May 2016



### Major Real Estate Deals, H1 2016

1. LG Display Co., Ltd invested US\$1.5 billion for a OLED project in Hai Phong
2. Samsung to invest US\$300 million in a 21-storey building in Hanoi.
3. TNR Holdings and a Russian partner signed the memo regarding implement a US\$300 million project in Hanoi.
4. SynGience (Singapore) invest in DepotMetro Tower – Tham Luong with US\$18 mil.

Source: GSO

# DASHBOARD – PRODUCED MONTHLY

ECONOMIC INDICATORS	2Y	1Y	6M	3M	1M	Current
CPI (%) y-o-y	5.0	1.0	0.6	1.3	2.3	1.7
Trade balance (US\$, bil)	(0.4)	(1.2)	0.3	0.1	0.1	(0.1)
Retail & services Turnover (VND, tril)	240.3	199.1	282.1	288.0	279.8	295.8

Source: GSO, June, 2016

REAL ESTATE INDEX	2Y	1Y	6M	3M	1M	Current
Real Estate Holding & Development Listed Companies	51.16	48.00	45.80	46.47	50.29	49.67
Real Estate Services Listed Companies	48.64	51.1	47.5	34.07	29.48	28.12

Source: Stockbiz, June, 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.

BANKING & FINANCE	2Y	1Y	6M	3M	1M	Current
VN-Index	578.1	593.1	579.0	561.2	616.0	620.8
USD/VND (inter-bank)	21,246	21,673	21,896	22,352	22,352	21,866
Local gold (VND mil/tael)	36.8	34.4	32.5	33.2	33.3	35.1
Lending Rate (%)*	13.0%	7.9%	7.6%	7.6%	7.3%	7.1%
Deposit rate (%)** (1-year term)	7.0%	6.3%	6.4%	6.7%	6.7%	6.6%

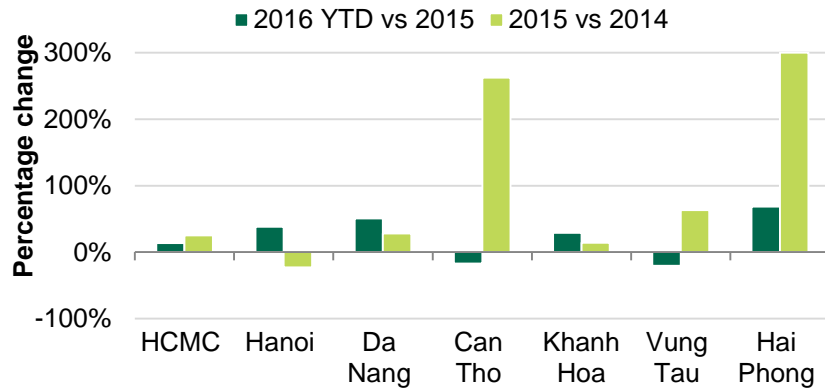
Source: GSO, SBV, SJC & HSX, June, 2016

NEW LAUNCHES	2Y	1Y	6M	3M	1M	Current
HCMC New launches (unit)	60,099	38,650	20,117	14,260	6,907	3,927
HN New launches (unit)	36,639	20,933	9,643	6,104	2,968	1,618

Source: CBRE, June, 2016

# BCI NUMBERS

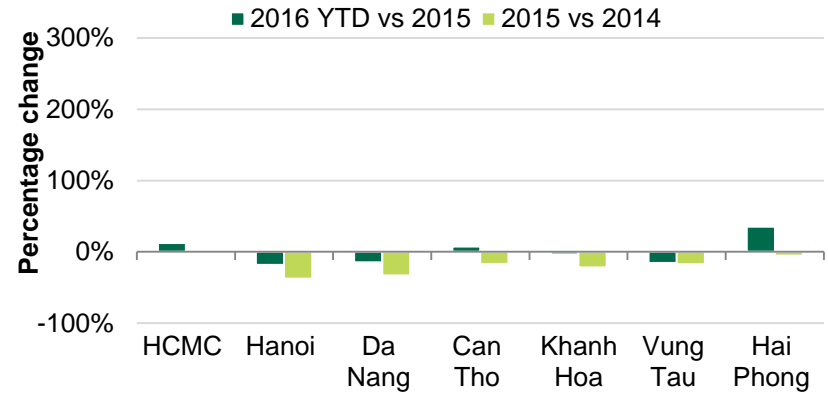
## Projects under construction, y-o-y change



Projects Under Construction	HCMC	Hanoi	Da Nang	Can Tho	Nha Trang	Vung Tau	Hai Phong
Office	124	125	17	14	8	16	17
Retail	90	62	29	3	6	8	3
Hospitality and SA	23	15	27	2	11	9	2
Residential	174	86	16	5	6	6	5
<b>Total</b>	<b>411</b>	<b>288</b>	<b>89</b>	<b>24</b>	<b>31</b>	<b>39</b>	<b>27</b>

Source: [www.bciasia.com](http://www.bciasia.com); CBRE Vietnam, Jun 2016.

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



All Future Projects (2015-2030)	HCMC	Hanoi	Da Nang	Can Tho	Nha Trang	Vung Tau	Hai Phong
Office	207	217	45	27	9	25	32
Retail	80	106	43	5	12	12	7
Hospitality and SA	46	24	34	3	22	16	4
Residential	287	157	28	8	13	12	7
<b>Total</b>	<b>620</b>	<b>504</b>	<b>150</b>	<b>43</b>	<b>56</b>	<b>65</b>	<b>50</b>

Source: [www.bciasia.com](http://www.bciasia.com); CBRE Vietnam, Jun 2016.

# INFRASTRUCTURE

## Airports



**Hai Phong – new terminal**



**Hanoi – airport expansion under planning**

**Da Nang – airport expansion under construction**

**Dong Nai – Long Thanh airport under designing process**

**HCMC – airport expansion under construction**



**Old airport max pax per year**

Hai Phong	1,200,000
Hanoi	25,000,000
Da Nang	5,000,000
Long Thanh	N/A
HCMC	26,500,000



**New airport max pax per year**

Hai Phong	4,000,000
Hanoi	50,000,000
Da Nang	13,000,000
Long Thanh	100,000,000
HCMC	40,000,000

# INFRASTRUCTURE – HCMC



**Elevated expressways**  
Route 1 – Under planning

 CII + foreign partner  
 US\$667 million





**Lang Cha Ca Roundabout**

**Phu An Bridge**

9.5 km

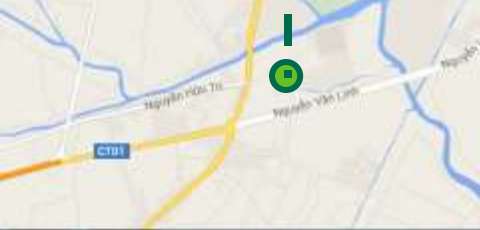


**Cat Lai Bridge – Under planning**

 Thai Son Co. – Cienco 1 – Duc Binh Co. – Cai Mep Co.  
 US\$198 million

**New Western Bus Station**

 Samco  
 US\$177 million



## HCMC starts biggest anti-flood project

PM Nguyễn Xuân Phúc kicked off HCMC's most expensive initiative to improve flooding





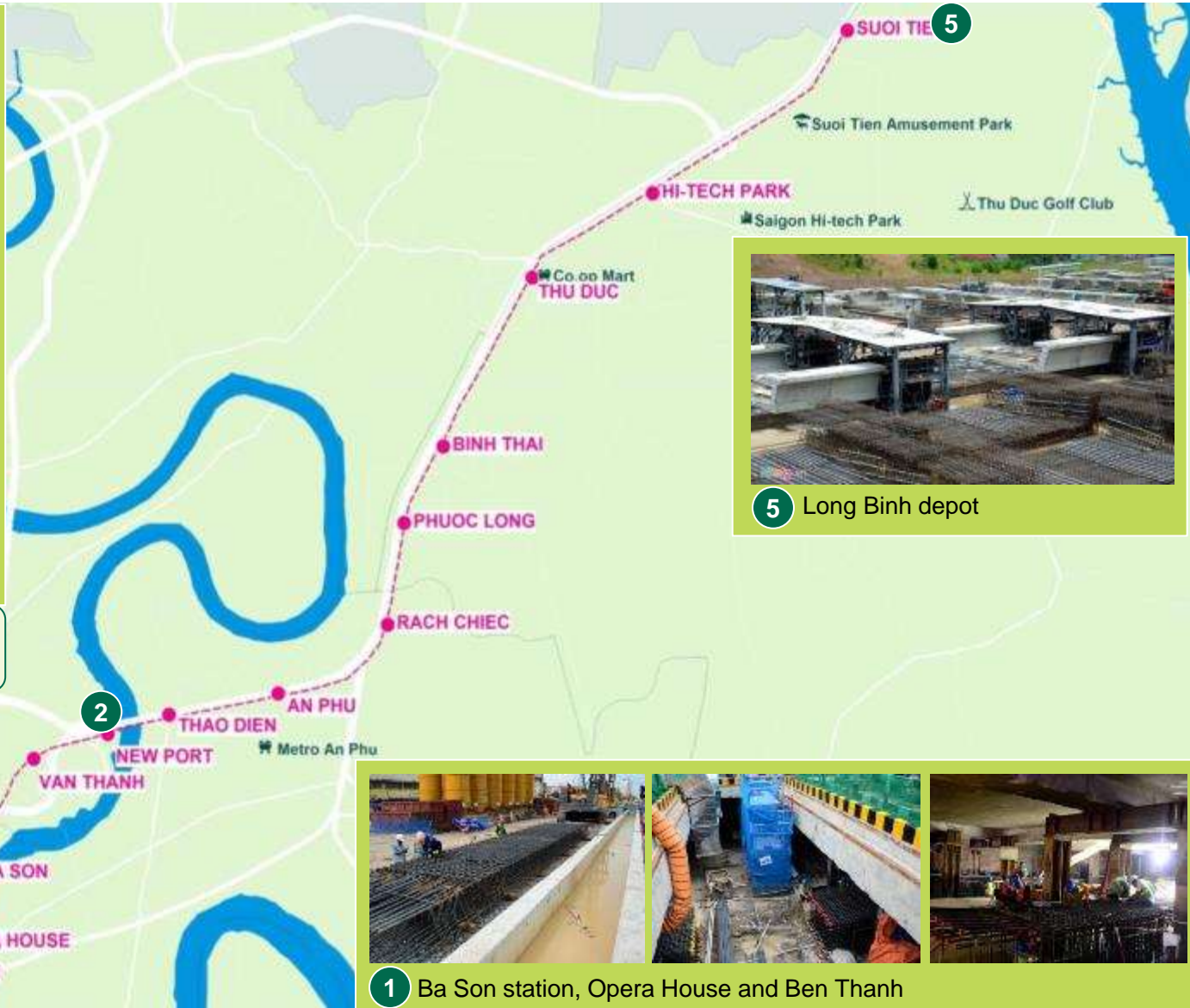
# INFRASTRUCTURE – HCMC

## Metro Line No. 1



2 Tan Cang Station

Slow construction process for the elevated section



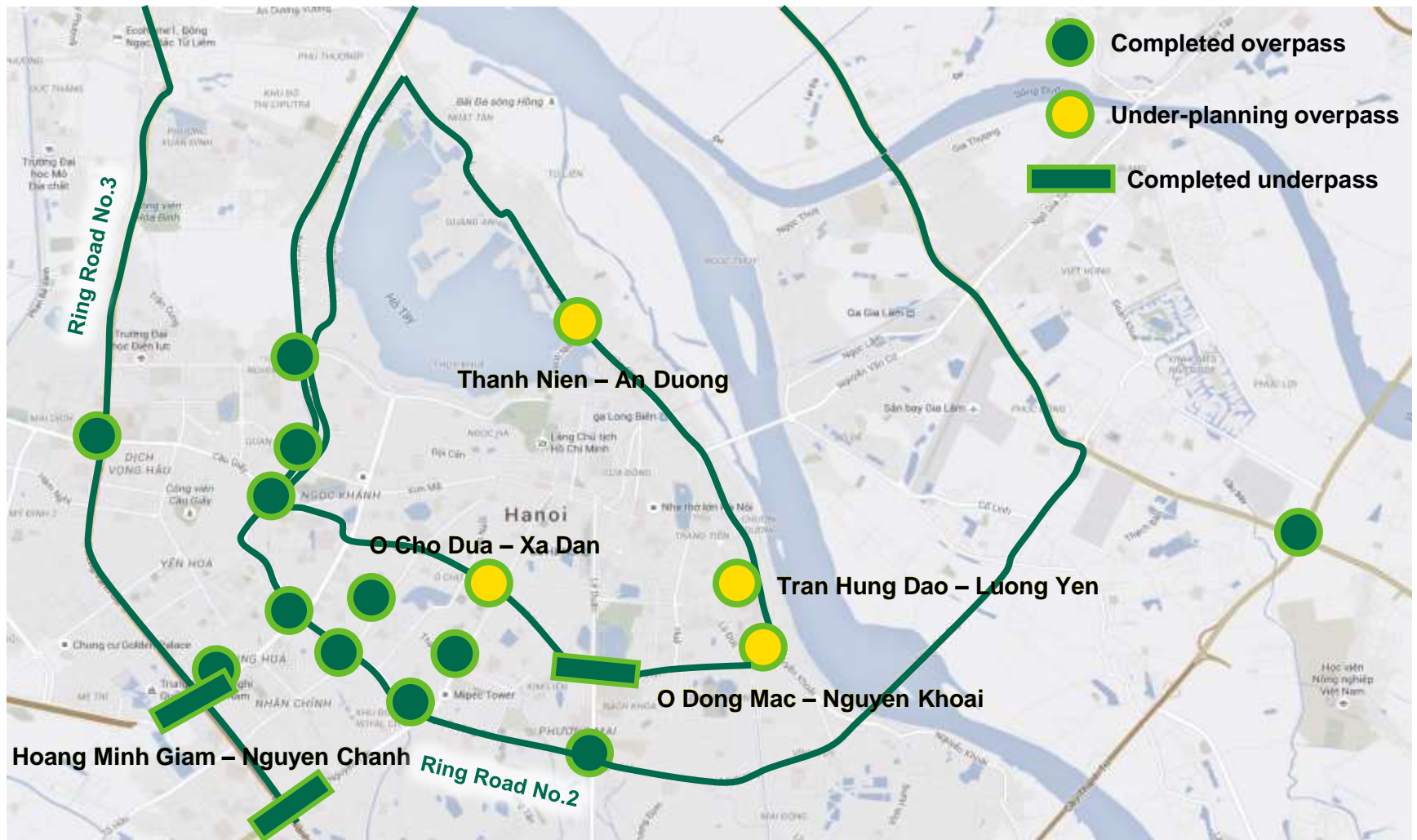
5 Long Binh depot



1 Ba Son station, Opera House and Ben Thanh

# HANOI INFRASTRUCTURE

## 12 Overpasses and Underpasses Completed Past 4 Years



# HANOI INFRASTRUCTURE

## Metro Lines

Line No.3 – Nhon - Hanoi Railway station: slow progress.



Depot on Cau Giay Road



Depot on Cau Giay – Pham Hung Intersection



Depot on Xuan Thuy Road

Line No.2 - Ha Dong - Cat Linh: 74% completed, slow progress. Expected trial: Q4 2016



Depot on Lang Road



Depot on Nguyen Trai Road & Ring Road No.3



Depot on Nguyen Trai Road, Ho Guom Plaza

Source: Phapluatplus.vn, CBRE Vietnam

# LEGISLATION NEWS

## Amended Circular 36: Final decision favourable for real estate sector

1- The **risk weighting for lending to real estate businesses** changes from 150% to 200%, effective from 1 Jan 2017 [the proposed drafts were 250%]

2- The **ROOM ratio cap** (short term fund used for medium and long term lending) is moved from the current 60% to 50% from 1 Jan 2017, and then to 40% from 1 Jan 2018. [The draft proposed an immediate 40%].

=> the approved circular is less drastic as previously feared and well received by the market.



The State Bank of Vietnam recently proposed a proposed 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 medium- and long-term loans, and increasing ratio of credit risk of property loans. Specifically, according to the proposed Amended Circular 36:

- Banks to decrease ratio of short-term capital used for medium- and long-term loans: from the current level of 60% to 40%.
- Ratio of credit risk of property loans to increase from currently 150% to 250%.

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

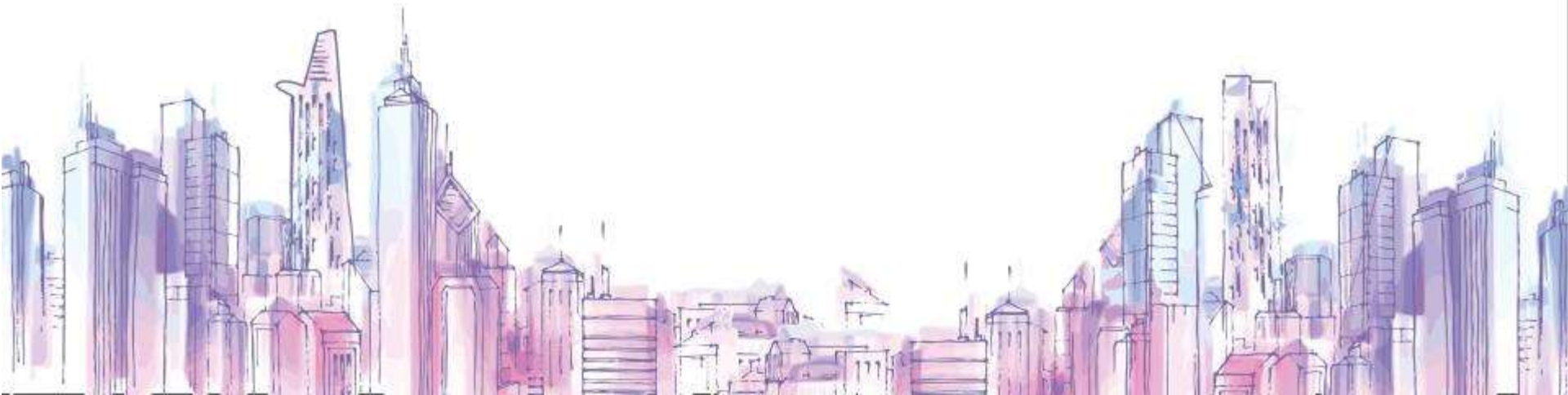
The proposed amendment aims to continually improve risk management in banking system and encourage credit flow into other industries rather than property. As the property market is perceived to have been recovering, with supply and prices to grow again, the amendment also aims to lift off some of the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



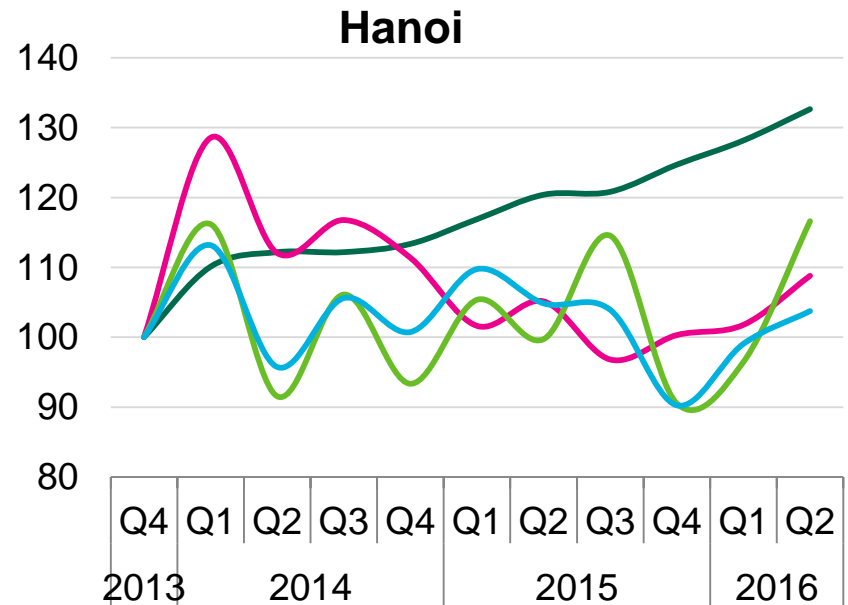
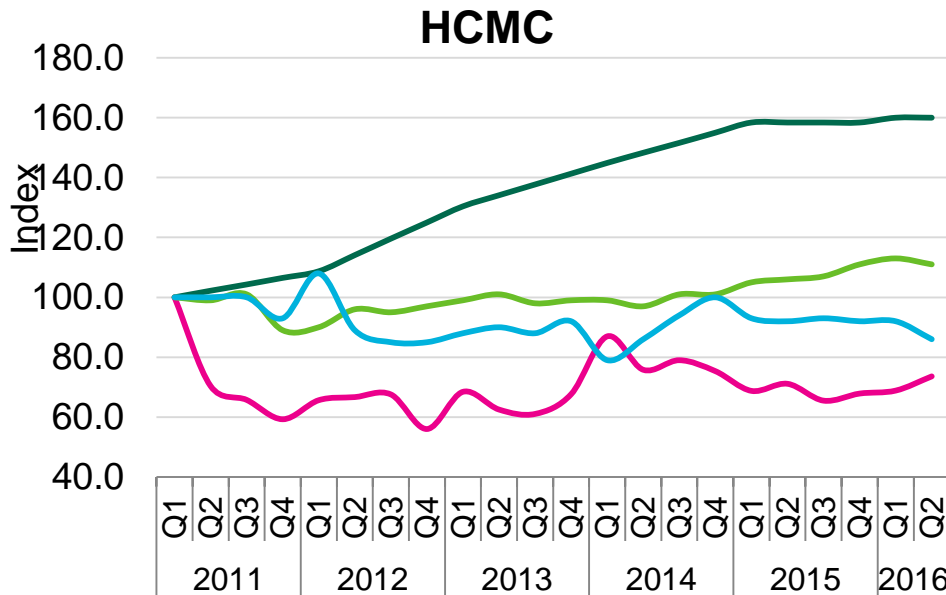
# RESIDENTIAL



# REAL ESTATE INVESTMENT CHANNELS

## Inefficiency in the Market?

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



Land price – New CBD

VN Index

New Condo. Pricing Old Condo. Pricing

- Base year: Hanoi Q4/2013, HCMC Q1/2011
- 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, June 2016

# CONDOMINIUM

## Notable HCMC Joint Ventures Formed Up

### RIVER CITY



**CREED GROUP  
+ PHAT DAT + AN GIA**

### G HOMES



**FRASER CENTREPOINT  
+ AN DUONG THAO DIEN**

### FUJI RESIDENCE



**HANKYU REALTY & NISHI NIPPON  
RAILROAD + NAM LONG**

### CITY GATE TOWERS



**CREED GROUP  
+ NAM BAY BAY**

### ASCENT LAKESIDE



**SANYO HOMES CORPORATION  
+ HOA BINH HOUSE JSC**

# CONDOMINIUM

## Professionalising the Sales Process

2015



Intensive technical training for car sales persons. How about property sales persons?



Source: CBRE Vietnam, taken in January 2016.

2016

## PROFESSIONAL SALES TRAINING EVENTS

Industrial-scale: 300 – 5,000 Sales  
Venue: Hotel Ballroom





# CONDOMINIUM

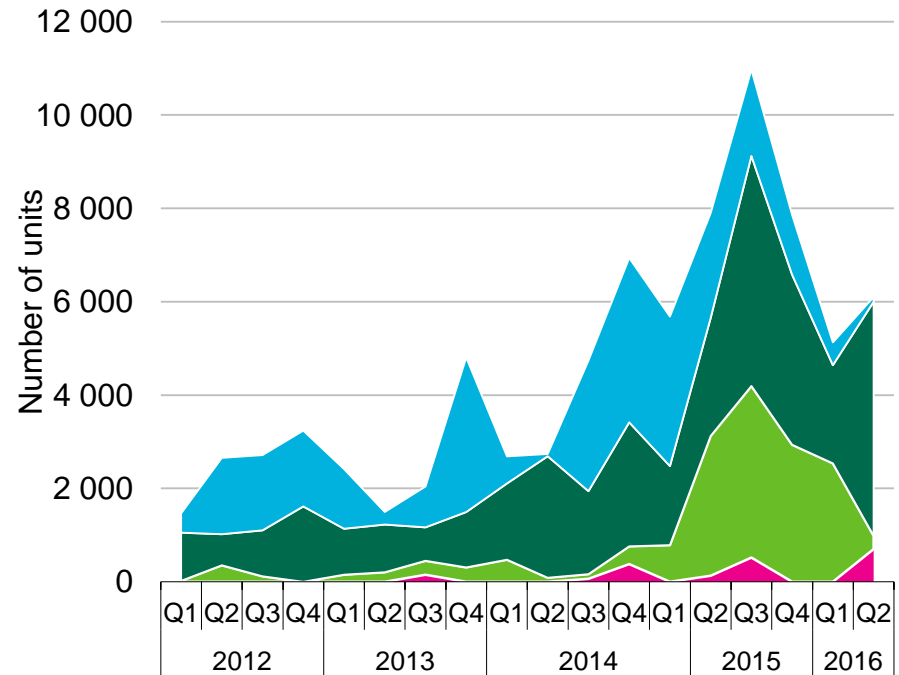
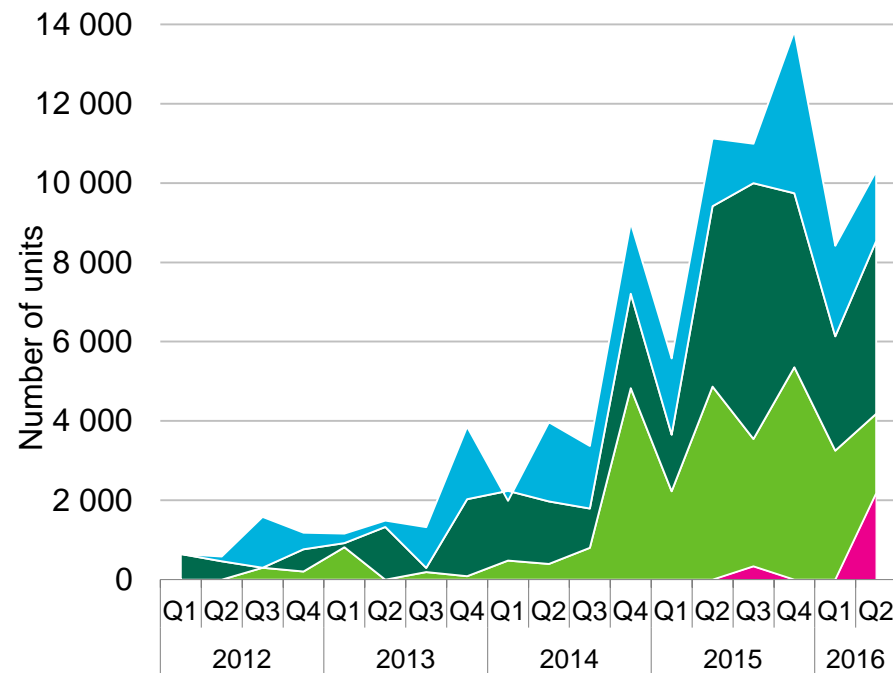
## Mid-end Apartments Dominate New Launches

New launches by year, units

HCMC

Hanoi

Luxury High-end Mid-end Affordable



Source: CBRE Vietnam, Q2 2016.

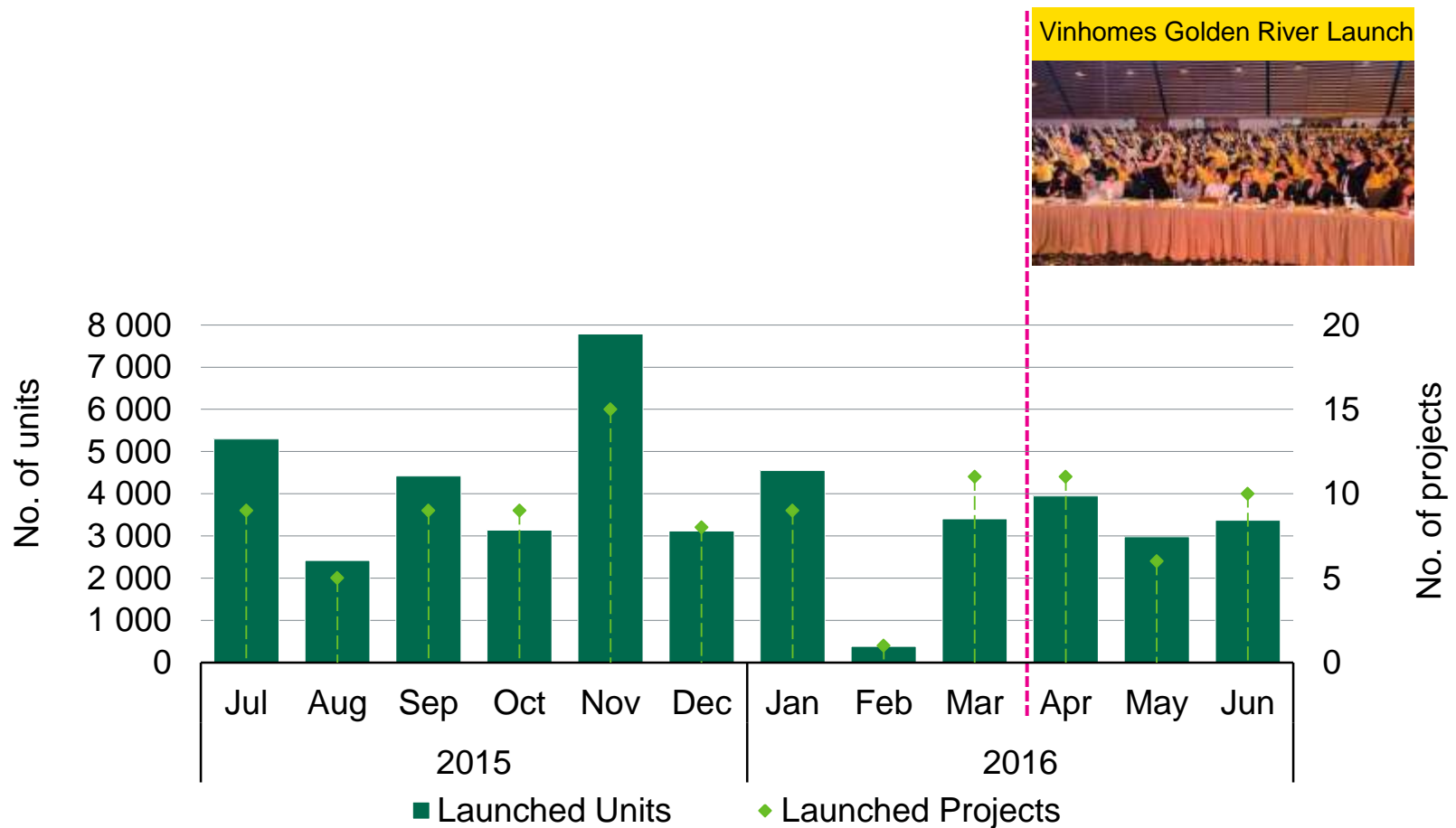


Luxury: >US\$3,000 per sqm in HN and > US\$3,500 per sqm in HCMC  
 High-end: US\$1,500 to US\$3,000(HN) or US\$ 3,500 (HCMC) per sqm  
 Mid-end: US\$1,000 to \$1,500 per sqm  
 Affordable: <US\$800 per sqm

# CONDOMINIUM

## HCMC: A Drop in New Luxury & Premium High-end Launches

New Launches in Last 12 Months, HCMC



Vinhomes Golden River Launch



Source: CBRE Vietnam, Q2 2016.

# CONDOMINIUM

## Q2 2016

### HCMC

10,107 units  
launched  
-9% y-o-y



Launches

16%  
-17 pts y-o-y



Net absorption\*

5,887 units  
sold  
-45% y-o-y



Sales



High-end  
+1.6%  
y-o-y



Market wide  
-0.3%  
y-o-y



Asking price  
(Primary)

### HANOI

6,100 units  
launched  
-23% y-o-y



Launches

~10%  
-3.5 pts y-o-y



Net absorption\*

4,860 units  
sold  
-7.2% y-o-y



Sales



High-end  
+5% to +10%  
y-o-y



Market wide  
+2.4%  
Y-o-y



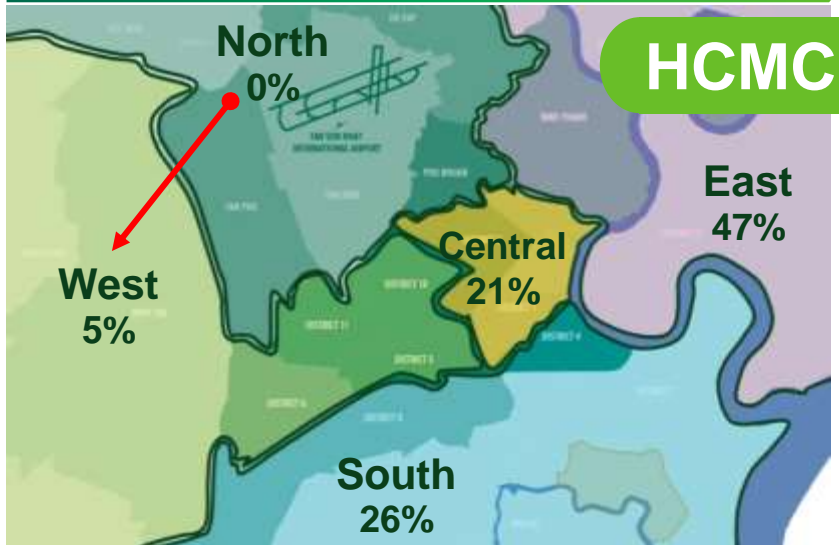
Asking price  
(Primary)

(\* ) 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)

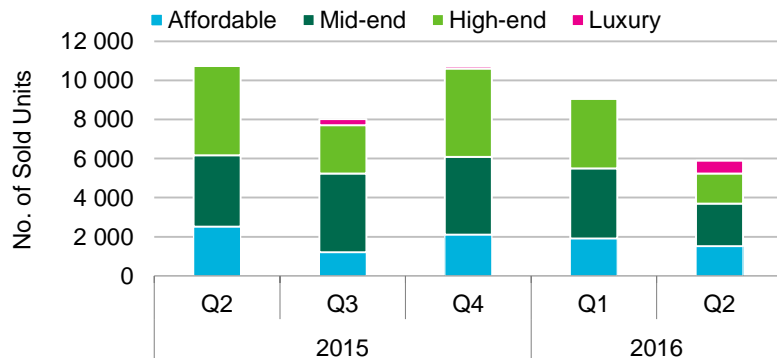
# CONDOMINIUM

## Hot Spots

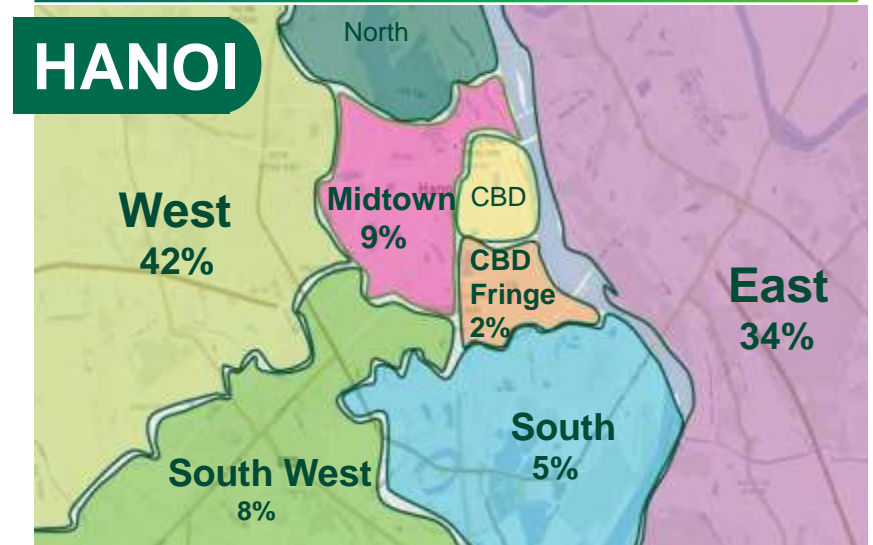
Clusters of Total Launched Supply in Q2 2016



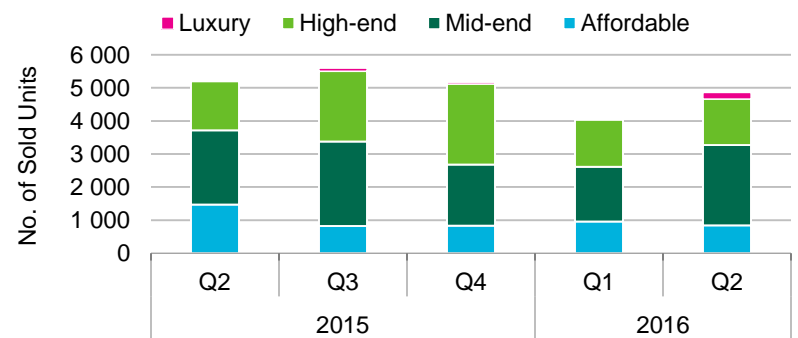
Sold Units



Clusters of Total Launched Supply in Q2 2016



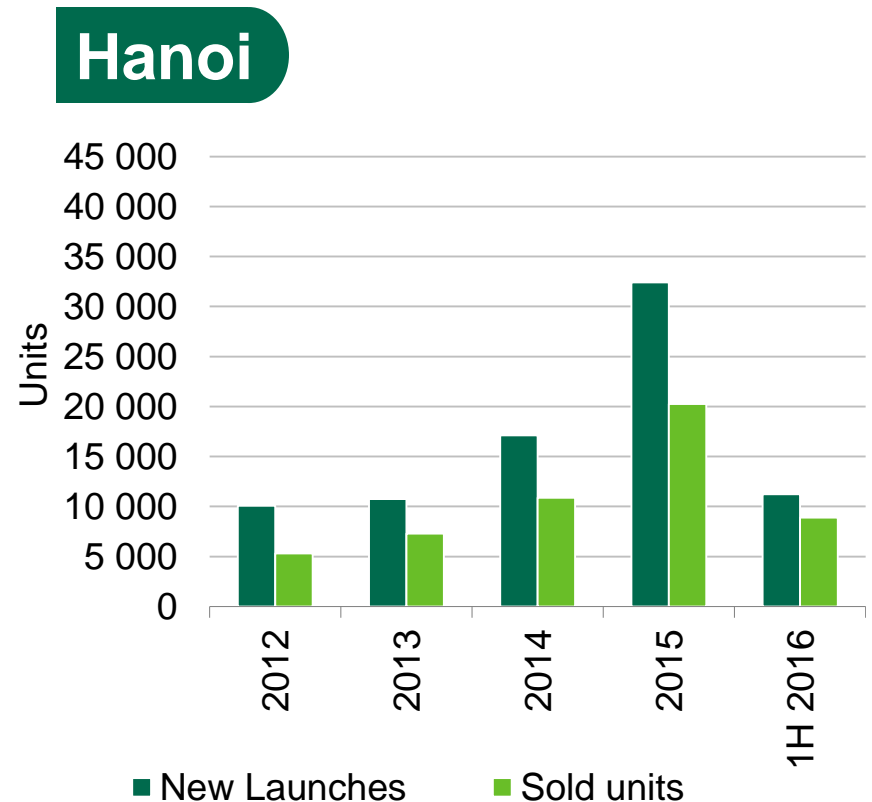
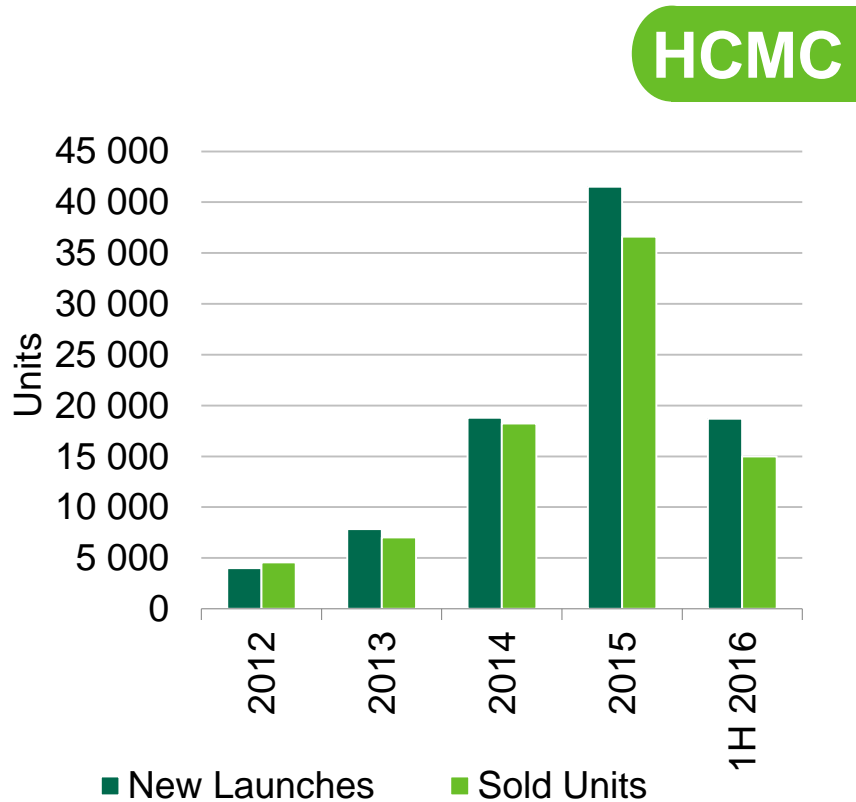
Sold Units



# CONDOMINIUM

## HCMC: Sales Not Catching Up with New Launches

### Sold Units vs. New Launches

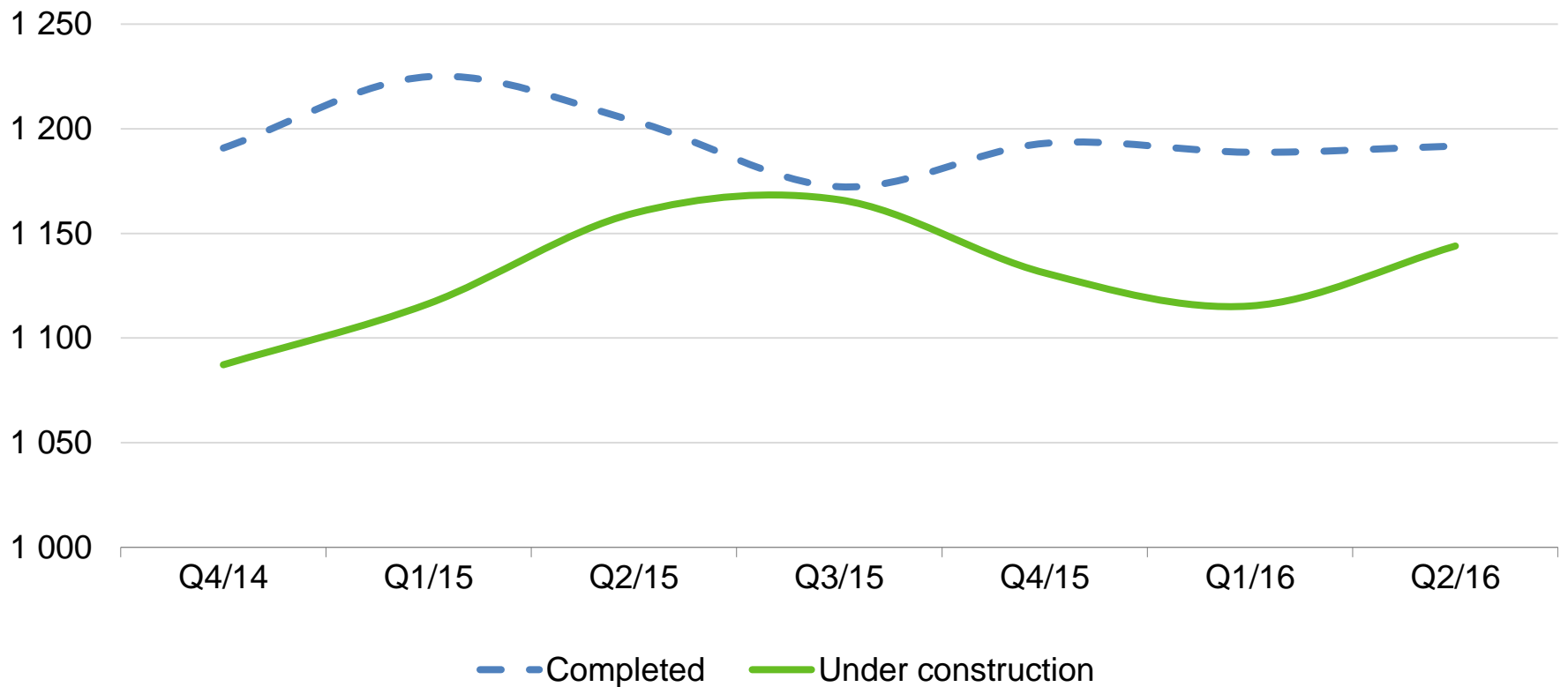


Source: CBRE Vietnam, Q2 2016.

# APARTMENT FOR SALE

## Hanoi: improvements in average secondary prices

### Resale Asking Price – Under-construction Projects vs. Completed Projects



Source: CBRE Vietnam, Q2 2016.

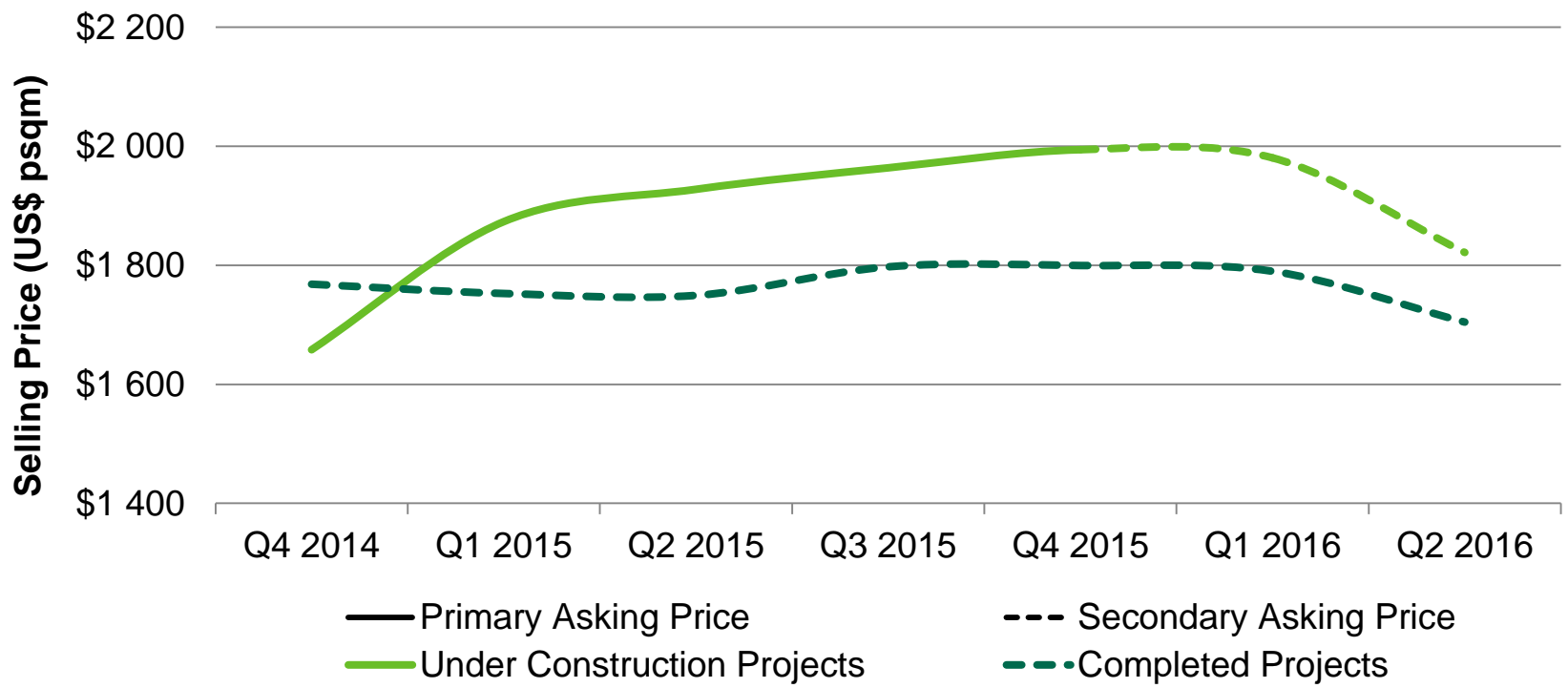


# CONDOMINIUM

## HCMC: Secondary Market Has Dried Up



### Resale Asking Price – Under-construction Projects vs. Completed Projects



\*Only typical high-end projects in District 2 and Binh Thanh District are selected into the basket.  
Source: CBRE Vietnam, Q2 2016.

# CONDOMINIUM

## Concerns on Mortgaged Apartments & Hand-over of Unfinished buildings

### Harmona residents shocked by developer using flats as collateral

Báo Dân Trí English - 1 month(s) ago 7 readings

[Read the original news >](#)



More than 600 households living at the Harmona Apartment Building in HCM City's Tan Binh District were shocked when discovering their flats going to be seized by a local bank because the developer had used them as collateral.



### Vietnamese apartment buyers risk living in unfinished buildings

TUOI TRE NEWS  
UPDATED : 06/08/2016 15:44 GMT + 7

Buyers of several apartment projects in Hanoi and Ho Chi Minh City have resorted to moving into unfinished buildings, saying it is still better than continuing to live in rented houses while waiting for sluggish constructions to be completed.



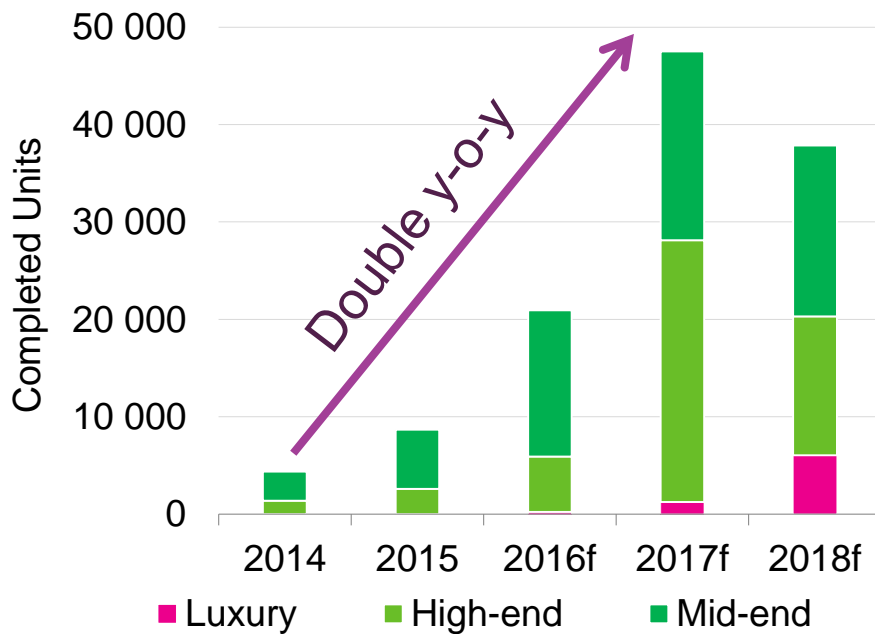


# CONDOMINIUM

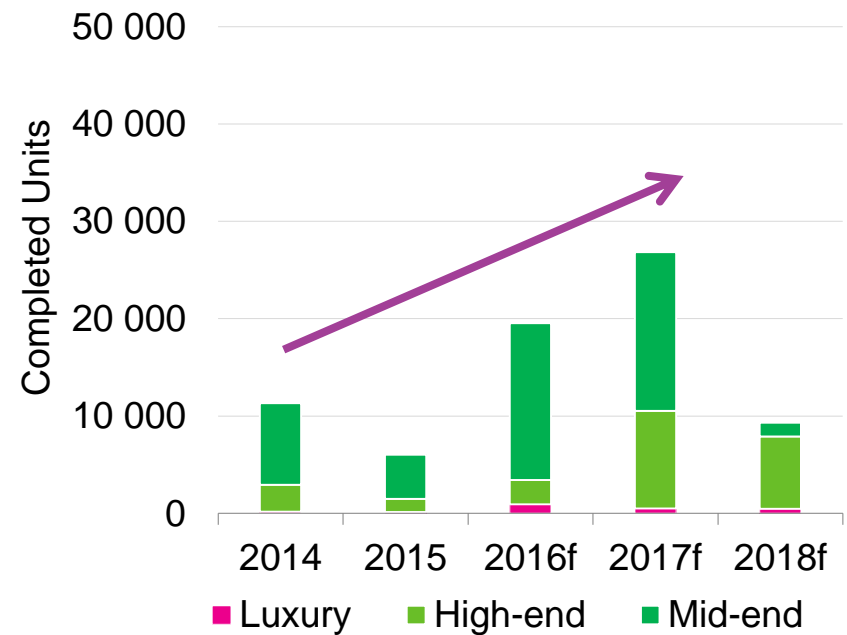
## Concerns on A Fully Supplied Mid- to High-end Sector

### Expected Completion

#### HCMC



#### Hanoi



Source: CBRE Vietnam, Q2 2016.

# NEW TOWNSHIP

## VinGroup Expansion – HCMC



Vinpearl named investor of safari park project in Ho Chi Minh City

TUOI TRE NEWS  
UPDATED: 05/24/2016 16:32 GMT+7



Đề xuất nhiều dự án giao thông trọng điểm tại quận 12

13:54, 14/05/2016

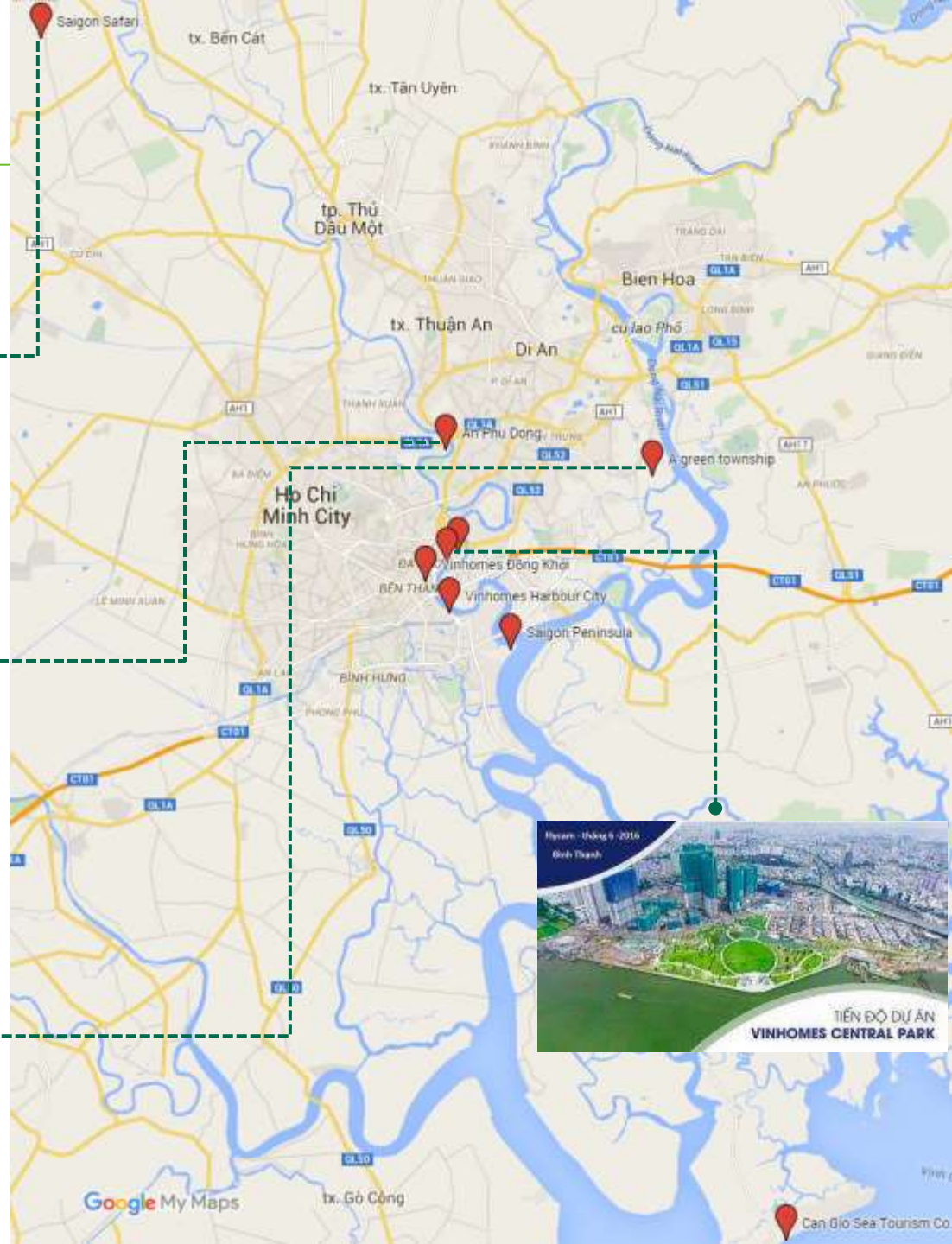
(Chinhphu.vn) - Để kết nối giao thông giữa quận 12 với khu vực trung tâm TP. Hồ Chí Minh ... Tháng 9/2015, **Tập đoàn Vingroup** đề xuất tham gia đầu tư xây dựng dự án nâng cấp, mở rộng đường Vườn Lài và xây dựng cầu Vàm Thuật theo hình thức xây dựng - chuyển giao (BT). Nguồn vốn đối ứng của dự án là **tiền sử dụng đất khu đất phía Nam của Quốc lộ 1 tại phường An Phú Đông, Quận 12**.



Những dự án “khủng” chuẩn bị đầu tư của Tập đoàn Vingroup

Danh mục Dự án BĐS của Vingroup đang chuẩn bị đầu tư

Dự án	Địa điểm	Quy mô -Vốn đầu tư	Tỷ lệ sở hữu	Tình trạng
Thành Phố Xanh	Quận 9, Tp.HCM	280ha- 17.445 tỷ đồng	49%	Đang bồi thường đạt 60%, dự kiến hoàn thành 2017



# NEW TOWNSHIP

## VinGroup Expansion - Hanoi

VIETNAM  
ECONOMIC TIMES

### Vingroup launches Vinhomes Gardenia in Hanoi



VIETNAM  
ECONOMIC TIMES

### Vingroup opens Vinhomes Thang Long

Published at 10:10, 12/05/2016



# CONDOMINIUM

## New Supply in 2H 2016 – HCMC



**Vinhomes Golden River - The Luxury.** Developer: VinGroup  
~ 5,000 units



**Sunwah Pearl**  
Developer: Sunwah Group  
~ No. of unit – N/A



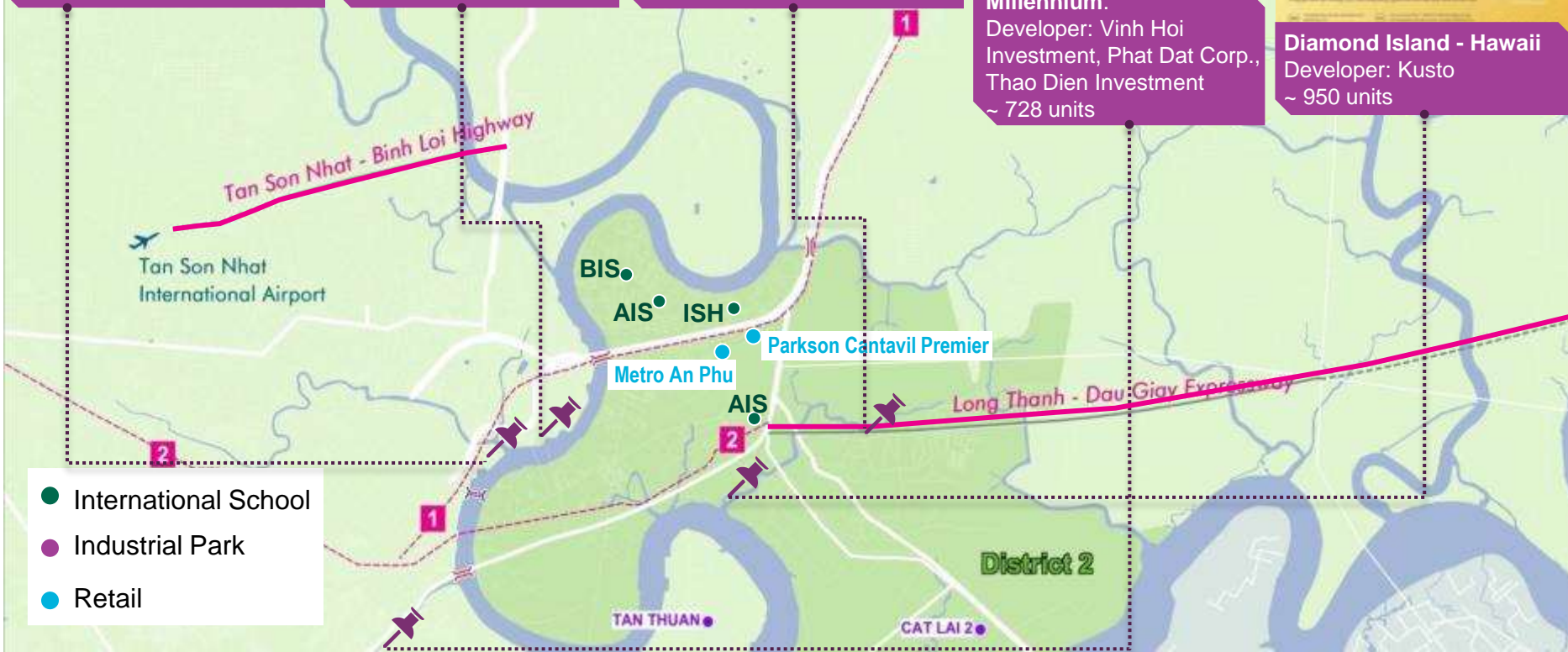
**Palm City.** Developer: Keppel Land, Tien Phuoc, Tran Thai  
~ No. of unit – N/A



**Millennium.**  
Developer: Vinh Hoi Investment, Phat Dat Corp., Thao Dien Investment  
~ 728 units



**Diamond Island - Hawaii**  
Developer: Kusto  
~ 950 units



# CONDOMINIUM

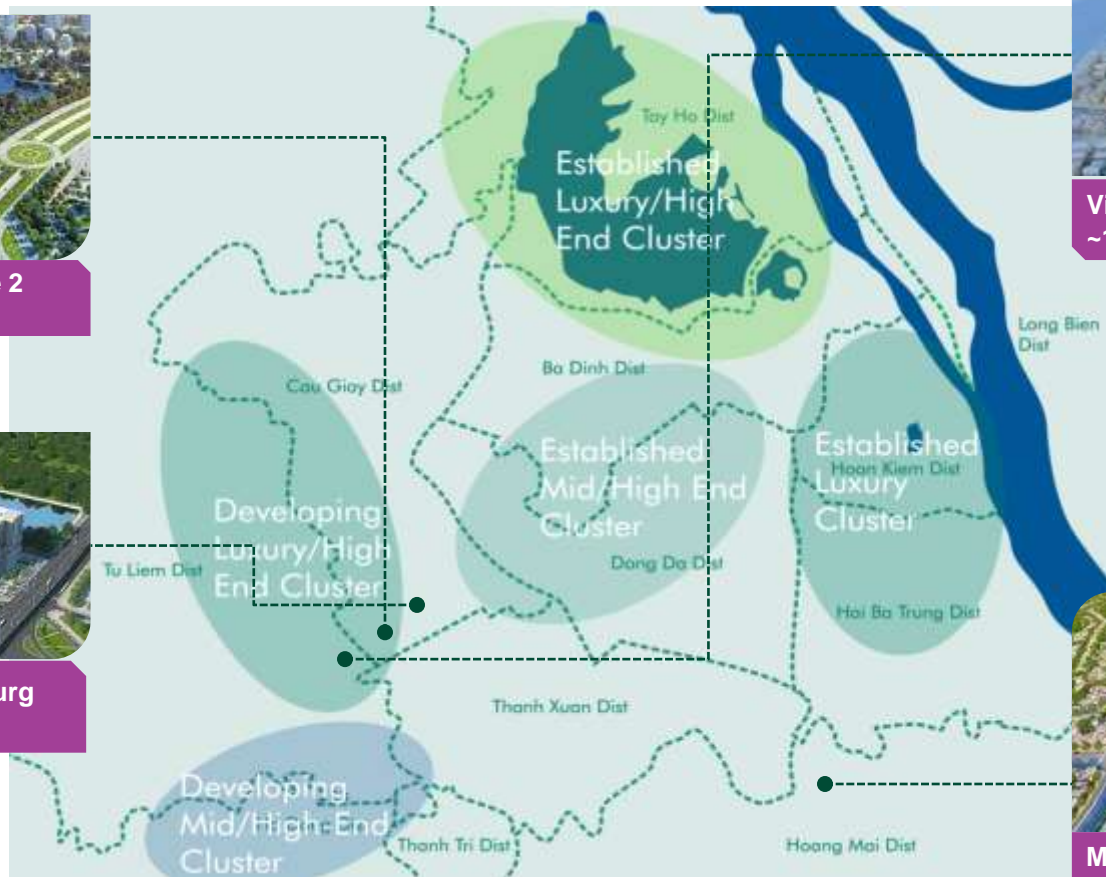
## Vibrant upcoming launches in Hanoi



**Thang Long No. 1 – Phase 2**  
~234 units



**D'Le Jardin du Luxembourg**  
~498 units



**Vinhomes Paradise Me Tri**  
~15,000 units



**Mandarin Garden 2**  
~640 units

# CONDOMINIUM

## CBRE Sales: More Foreign Buyers, for Investment Purpose in HCMC

### Owner-occupier



H1 2016	33%
Q1 2016	18%
H1 2015	65%

### Buy-to-let Investors



30%
28%
15%

### Buy-to-gain Investors

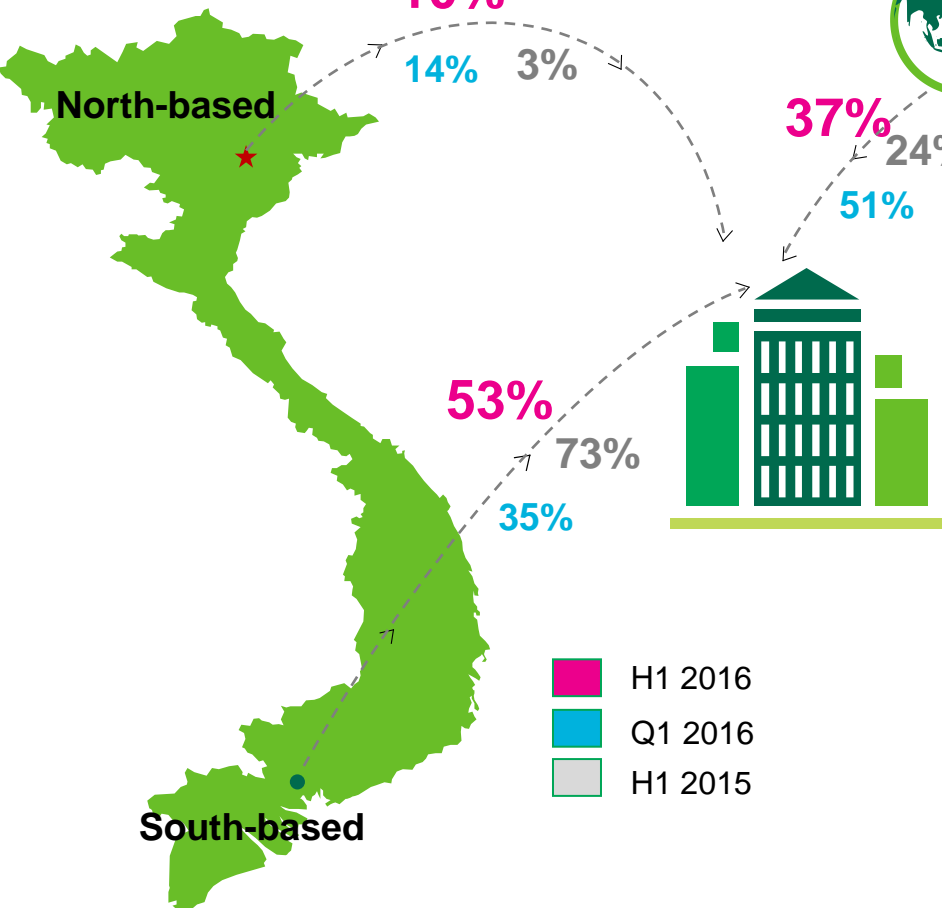


37%
54%
21%

# CONDOMINIUM

## CBRE Sales: More Foreign Buyers, for Investment Purpose in HCMC

### Buyers by Origin



■ H1 2016  
■ Q1 2016  
■ H1 2015

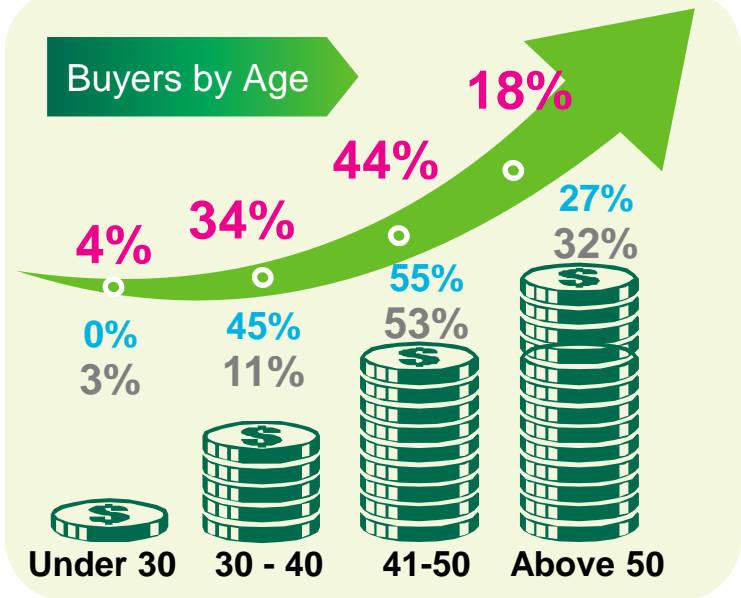
### Foreigners buy houses in Vietnam as green light turns on

Last update: 08:00 | 20/06/2016

*VietNamNet Bridge* - Though some problems still exist in the legal framework, more and more foreigners are registering to buy houses in Vietnam.

...A HoREA report showed that **about 700 foreigners have bought high-end houses in HCM City in the period from July 1, 2015...** there are 90,000 expats living and working in Vietnam, 50 percent in HCMC. ...According to Phu My Hung Development Company, **the number of expats in Phu My Hung New Urban Areas has increased by 35 percent in the last two years, or by 11,000 to 15,000 residents.**

### Buyers by Age



\* The analysis above is based on CBRE Vietnam's residential closed deals and should not be used as a marketwise benchmark. Source: CBRE Vietnam, Q2 2016.

# RESIDENTIAL AFFORDABILITY PYRAMID

## Home loan offered by commercial banks

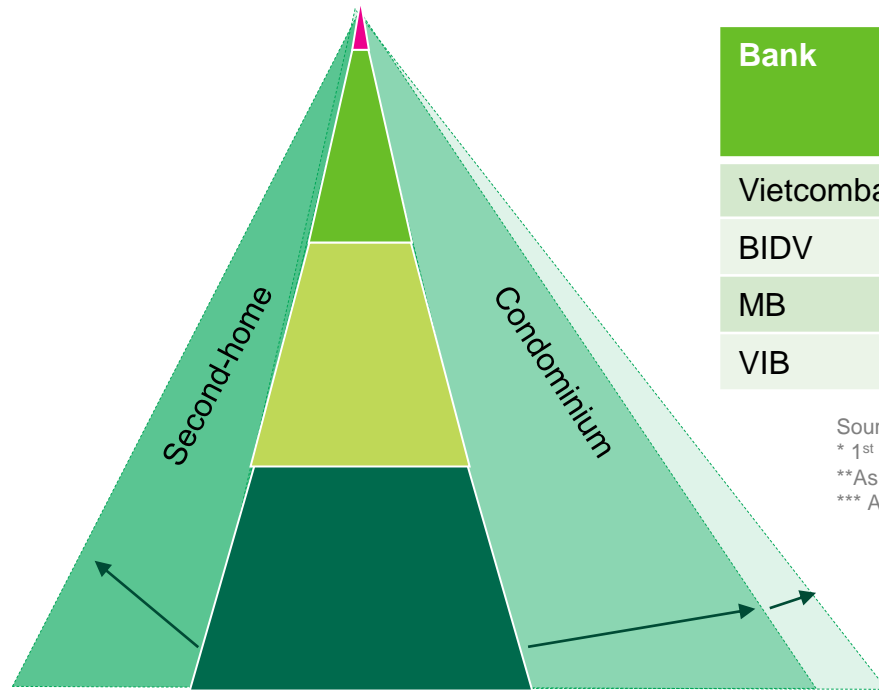
Bank	Interest rate (*)	Maximum loan (**)	Max. payment term (years)
Vietcombank	7.3%	70%	15
BIDV	7.3%	Up to 100%	20
MB	6%	90%***	15
VIB	7.49%	80%	20

Source: Retrieved on thebank.vn. June, 2016

\* 1<sup>st</sup> year Interest rate

\*\*As percentage of asset value

\*\*\* As percentage of borrowing demand



2007 - 2012

2012 - 2015

2016 onward

Guaranteed Yield

Cash & Gold

Mortgage & Home Loan

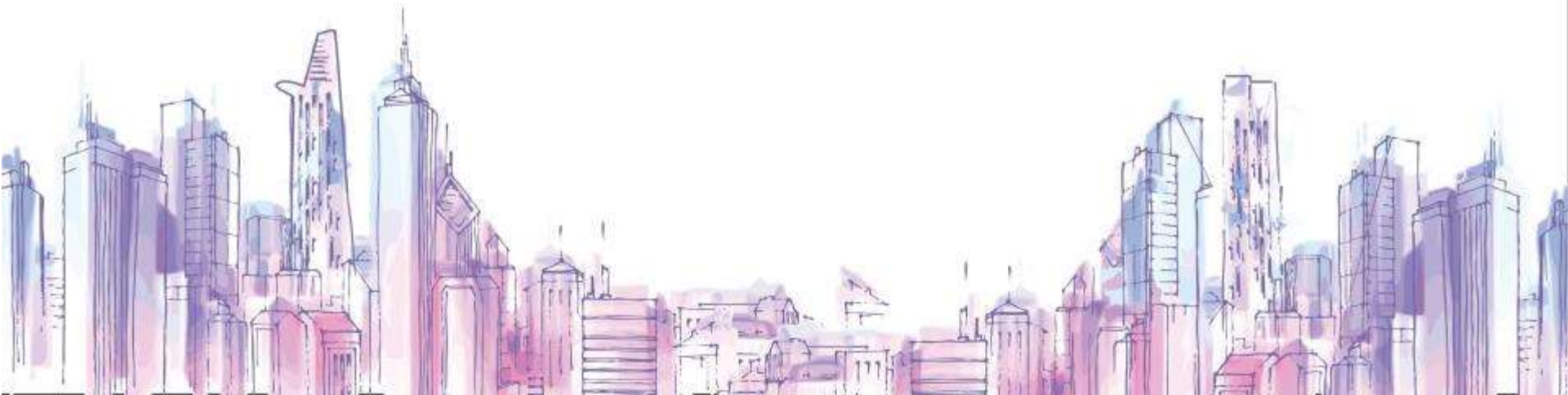
Foreign Housing Ownership

Source: CBRE Vietnam, Q2 2016.





# OFFICE



# OFFICE

## Vietnam's Tallest Building

24/06/2016

### Vietnam's tallest skyscraper to tower over Hanoi

By Vo Hai June 24, 2016 | 03:24 pm GMT+7



Model of the urban area where Hanoi's tallest skyscraper is planned to stand. Photo by VnExpress/Vo Hai

A 108-storey financial tower in Hanoi will become Vietnam's tallest building when it is completed, adding to the country's construction boom, according to the city's urban construction blueprint towards 2050.

**Phuong Trach financial tower**  
108 Storeys in the Northern bank of Hanoi's Red River

A year ago

### Firm approved to build Vietnam's new tallest building in Saigon

Thanh Nien News

HO CHI MINH CITY - Wednesday, July 01, 2015 11:25



The blueprint of Empire City project in Ho Chi Minh City which will have the tallest building in Vietnam.

Ho Chi Minh City has approved the construction of a property mix which will include the country's tallest tower at 86 stories.

The city government on Tuesday gave its permit for the US\$1.2 billion investment to Empire City, a joint venture between several local firms and the Denver Power Ltd. from the UK.

**Empire City project**  
86 Storeys in the Eastern bank of Saigon river

# OFFICE

Hanoi – New Supply; HCMC - still under construction

## HANOI



**Grade B**

**HANDICO TOWER**  
South Tu Liem Dist.  
NLA: 24,233 sqm



**Grade B**

**789 TOWER**  
Cau Giay Dist.  
NLA: 42,000 sqm

## HCMC



**Grade A**

**DEUTSCHES HAUS**  
Sep 1<sup>st</sup> 2017  
Dist. 1  
GFA: 38,621 sqm



**Grade A**

**SAIGON CENTRE (P2)**  
Q3 2017  
Dist. 1  
GFA: 40,000 sqm

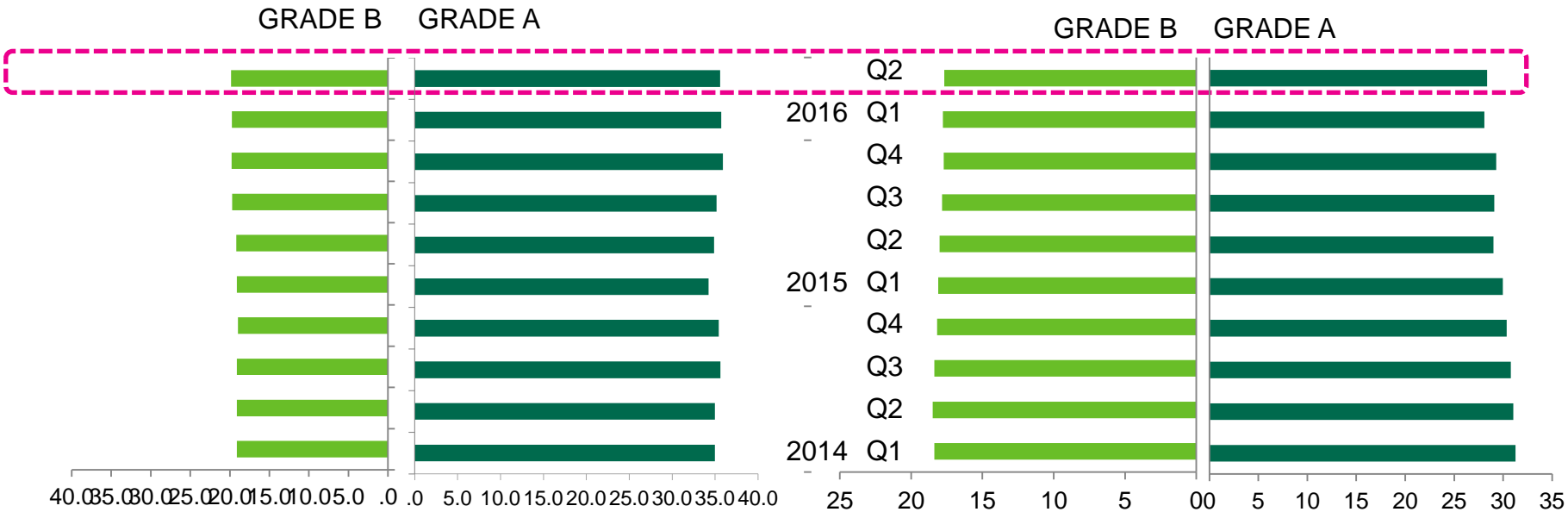




# OFFICE



## Rents: Stable in Both HCMC and Hanoi

### HCMC

### HANOI



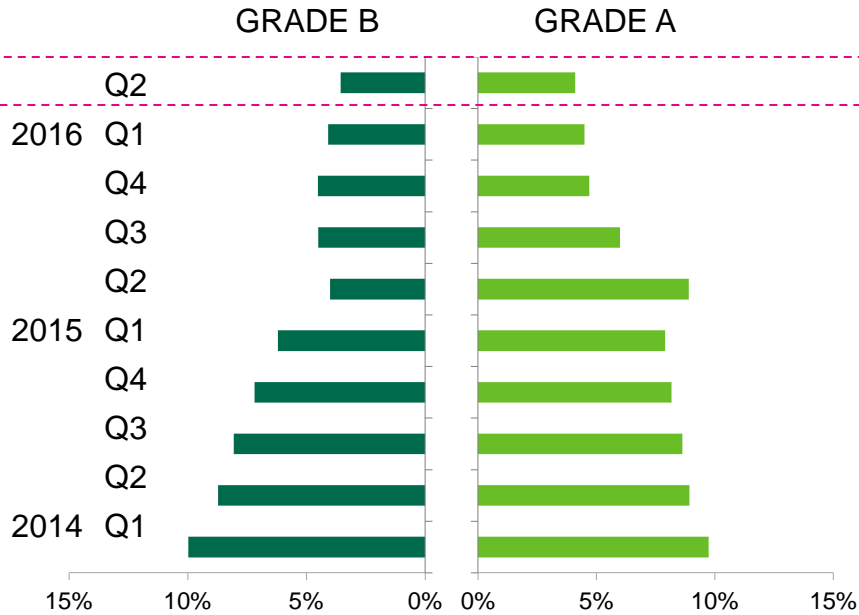
 **Grade A: 0% q-o-q**  
 **Grade B: 0.5% q-o-q**

 **Grade A: + 0.5% q-o-q**  
 **Grade B: - 0.6% q-o-q**

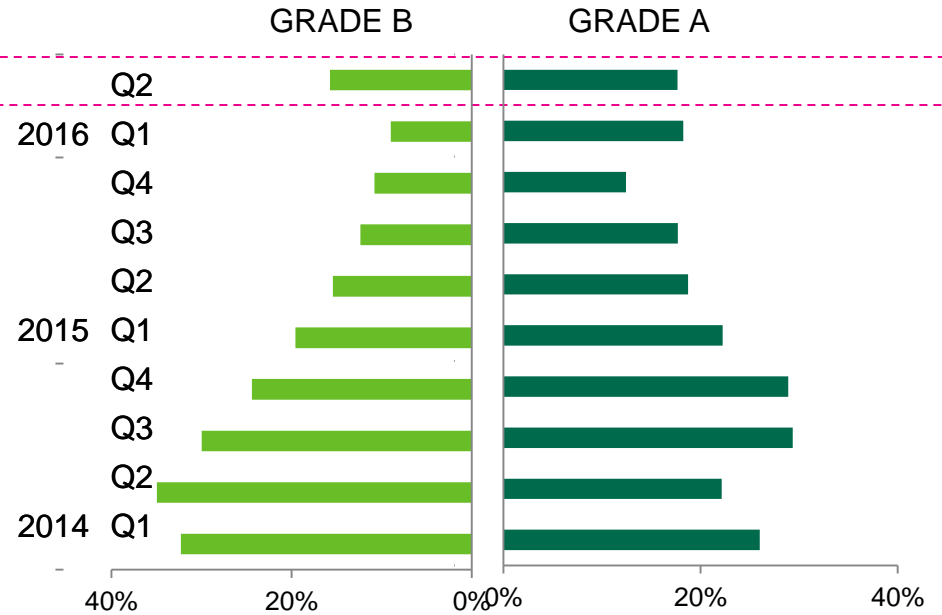
# OFFICE

## Vacancy Rate

### HCMC



### HANOI



**No new supply in HCMC in Q2/2016**



**Grade A: - 0.4 ppts q-o-q**



**Grade B: - 0.5 ppts q-o-q**

**New supply pushed vacancy up**



**Grade A: - 0.6 ppts q-o-q**



**Grade B: + 6.2 ppts q-o-q**

# OFFICE

## Future Supply

**2H.2016**

Hanoi: 100,000 sqm  
HCMC: 77,000 sqm

### HANOI



**B**  
**VP BANK TOWER**  
Dong Da Dist.  
44,000 sqm



**B**  
**HUD TOWER**  
Cau Giay Dist.  
56,000 sqm



**B**  
**HA DO BUILDING**  
Tan Binh Dist.  
14,000 sqm



**B**  
**HQC ROYAL TOWER**  
Dist. 7  
25,000 sqm

### HCMC



**A\***  
**MAPLETREE BUSINESS CENTRE**  
Dist. 7  
30,000 sqm



**B**  
**SAIGON GIAI PHONG**  
Dist. 3  
8,000 sqm

\* Decentralized Grade A

**2017**

Hanoi: 148,000 sqm  
HCMC: 153,000 sqm

### HANOI



**B**  
**VINACOMIN TOWER**  
Cau Giay Dist.  
103,000 sqm



**A**  
**DISCOVERY COMPLEX**  
Cau Giay Dist.  
45,000 sqm



**A**  
**DEUTSCHES HAUS**  
Dist. 1  
38,000 sqm



**A**  
**SAIGON CENTRE P2**  
Dist. 1  
40,000 sqm



**A\***  
**ETOWN CENTRAL**  
Dist. 4  
35,000 sqm



**B**  
**THE KHAI & PRICE TOWER**  
Dist. 7  
40,000 sqm

### HCMC

**2018**

Hanoi: 100,000 sqm  
HCMC: 33,000 sqm

### HANOI



**A**  
**VIETINBANK TOWER**  
Tay Ho Dist.  
100,000 sqm

### HCMC



**B**  
**VIETTEL OFFICE & TRADE CENTER**  
Dist. 10  
33,000 sqm

**2019**



**A**  
**THE SPIRIT OF SAIGON**  
Dist. 1  
15,000 sqm

# OFFICE

## Demand Mainly Driven by Expansion and Relocation

### Tenants by purpose 1H 2016

HCMC



New letting

14%  
**16%**



Relocation & Expansion

86%  
**84%**

Manufacturing  
Pharmaceutical  
IT/Software

■ 1H 2015 ■ 1H 2016

HANOI



New letting

29%  
**39%**



Relocation & Expansion

71%  
**61%**

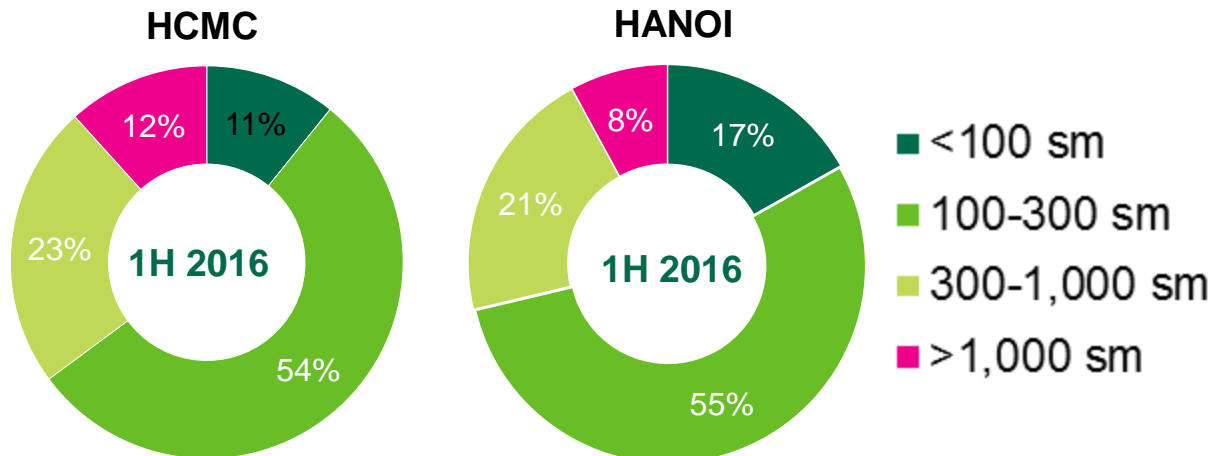
IT/Software  
Manufacturing  
Insurance/banking

# OFFICE

## Whole Floor Office Space Still Hard to Find in the Centre

Available space per building (Grade A)	Number of buildings	
	HCMC	Hanoi
> 3,000 sqm	1	2
2,000 - 3,000 sqm	1	1
1,000 - 2,000 sqm	3	1
500 - 1,000 sqm	1	4

Tenant preferred size (base on CBRE's enquiry)

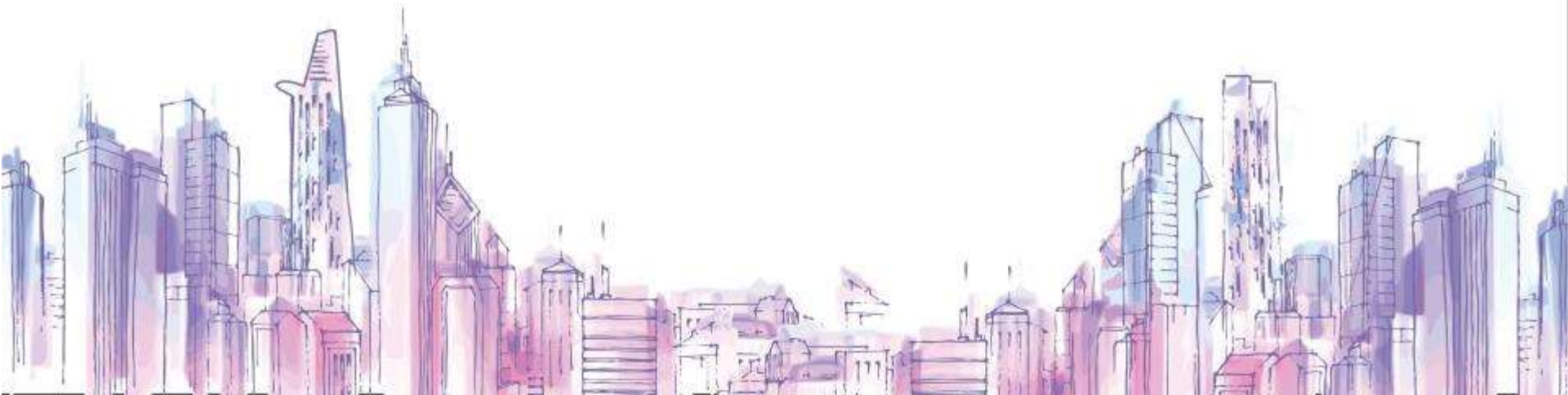


Lack of big office space in HCMC + Hanoi





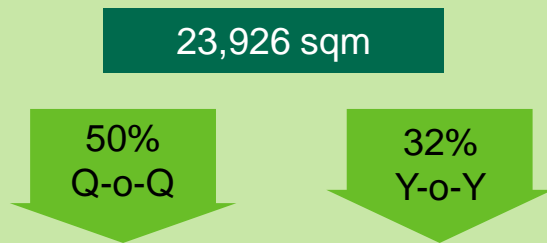
# RETAIL



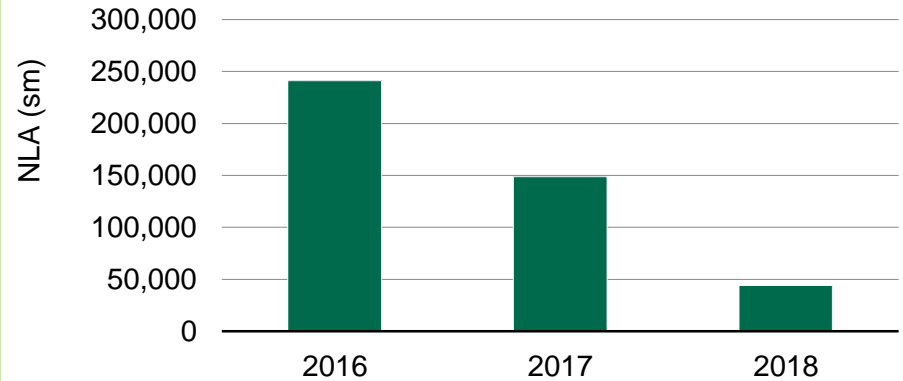
# RETAIL

## HCMC Q2/2016 Performance

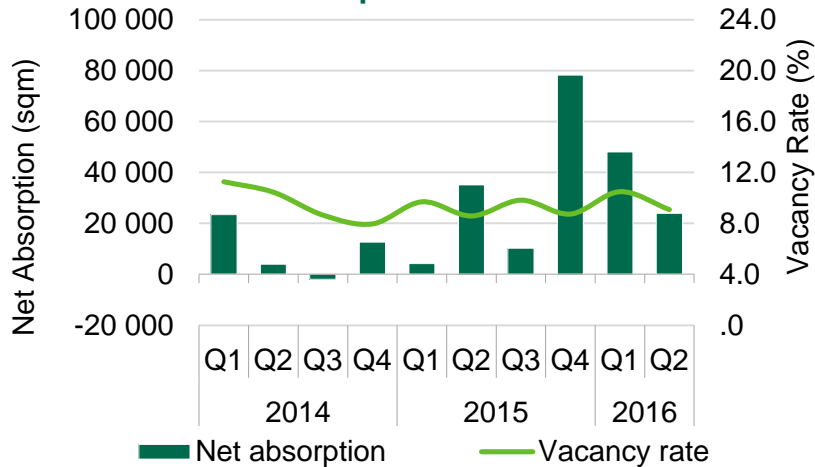
### Net Absorption (Q2 2016)



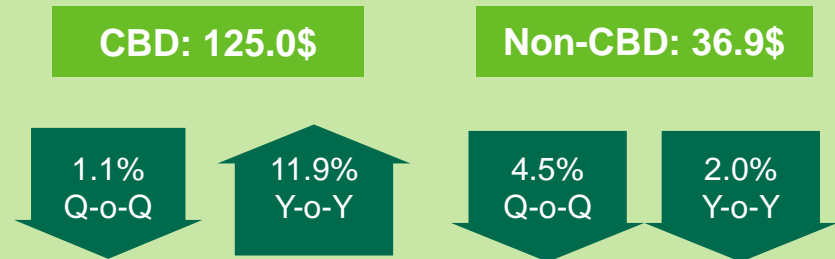
### HCMC Future Retail Supply



### HCMC Retail Net Absorption



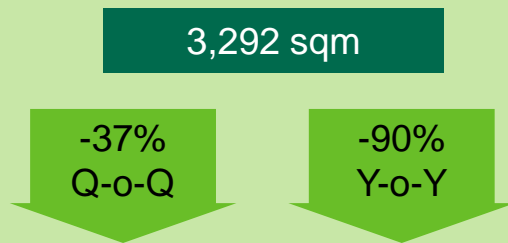
### Average Rental Ground Floor (US\$/month/sqm)



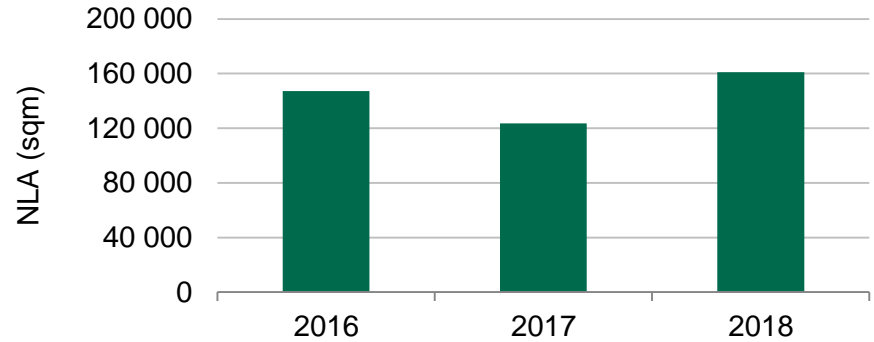
# RETAIL

## Hanoi Q2/2016 Performance

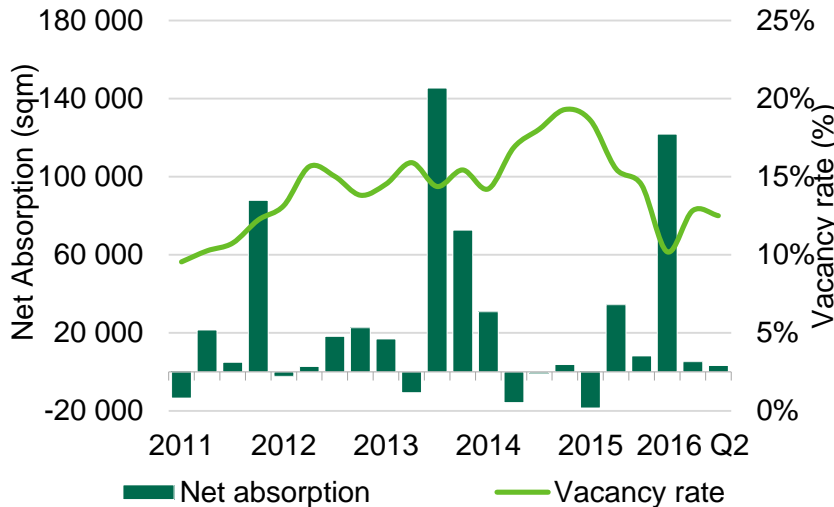
### Net Absorption (Q2 2016)



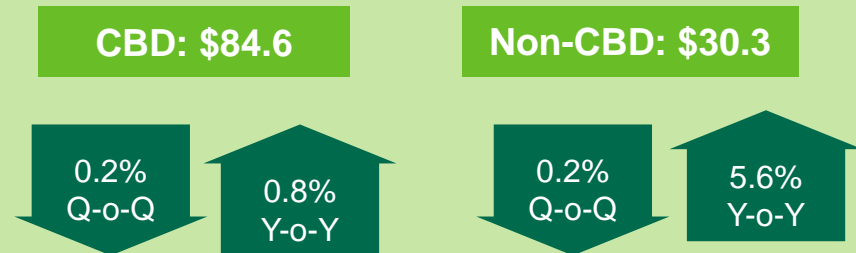
### Hanoi Future Retail Supply



### Hanoi Retail Net Absorption



### Average Rental Ground Floor (US\$/month/sqm)



# RETAIL

## New Openings in 2H 2016 HCMC

### HCMC



#### Aeon Mall Binh Tan

- Binh Tan Dist.
- 59,000 sqm NLA
- Q3 2016



#### Saigon Centre Phase 2

- District 1
- 50,000 sqm NLA
- July 2016



#### Union Square (upgrade)

- District 1
- 39,454 sqm GFA
- Q4 2016

### Hanoi



#### Vincom Exchange City

- Tu Liem Dist.
- 23,140 sqm GFA
- Q4 2016



#### Vincom Starbowl

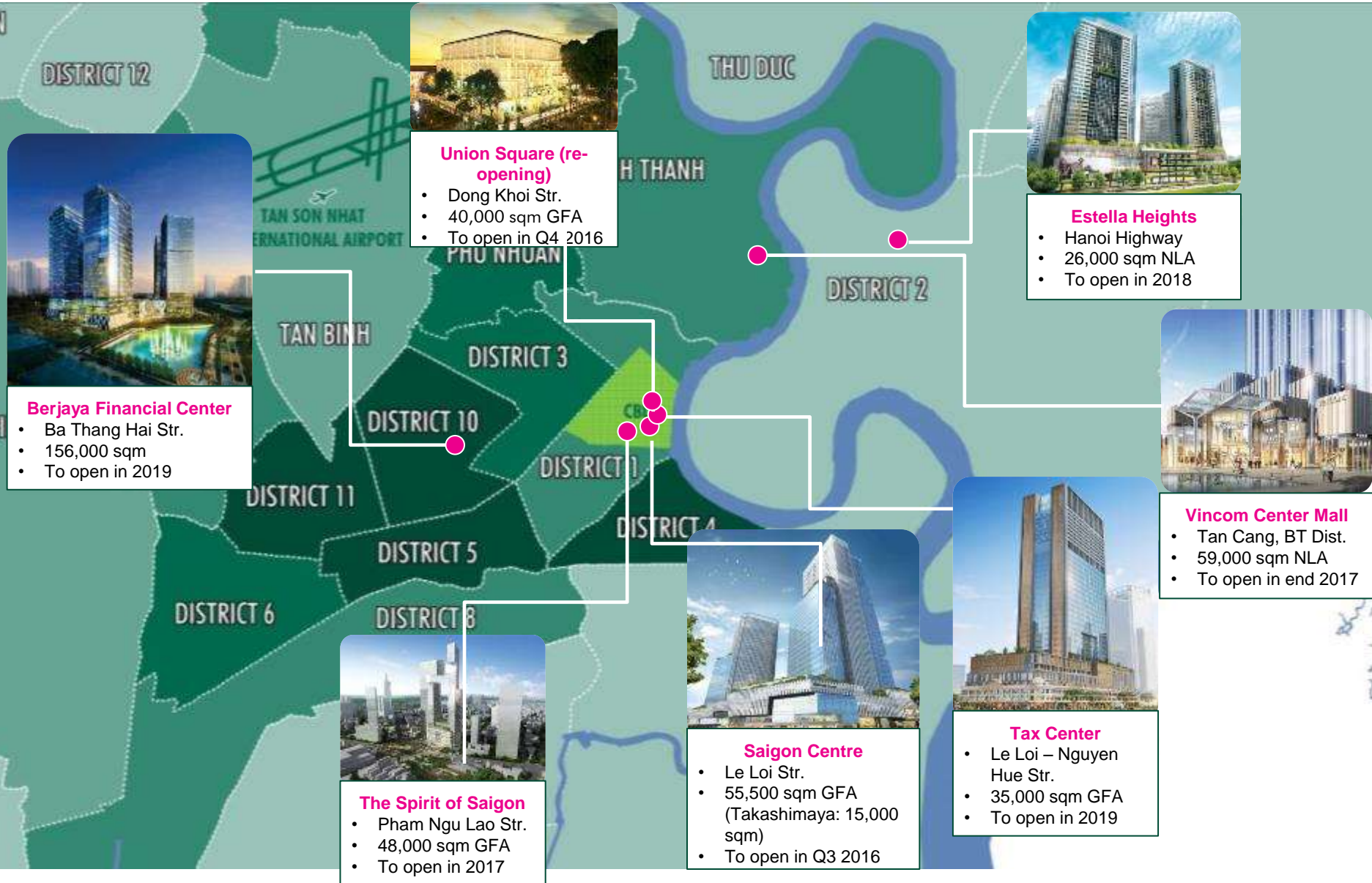
- Dong Da Dist.
- 51,234 sqm GFA
- Q4 2016



#### Le Parc by Gamuda

- Hoang Mai Dist
- 20,809 sqm GFA
- End of 2016

# HCMC – SIGNIFICANT SUPPLY IN 5 YEARS

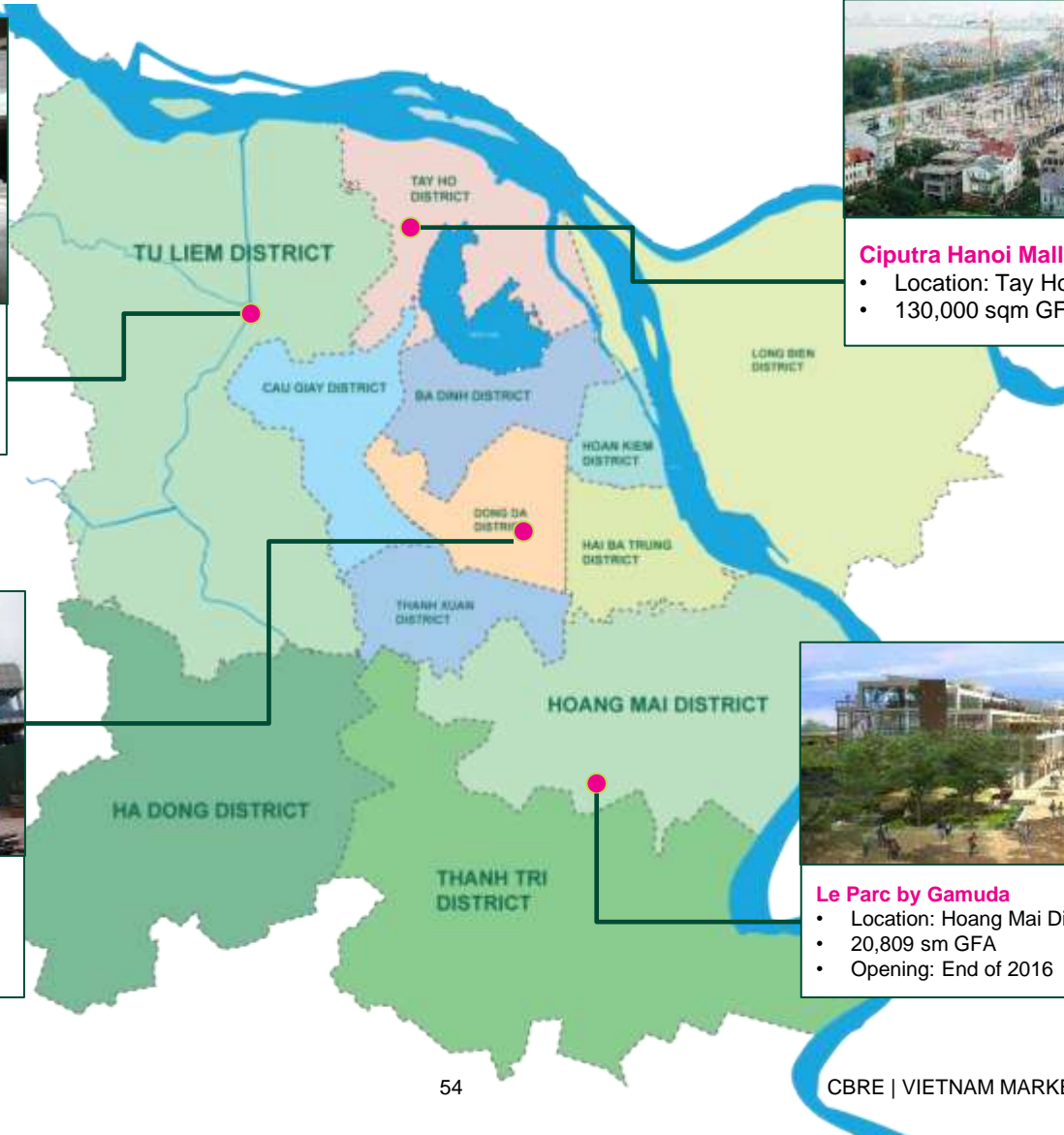


# HANOI - SIGNIFICANT SUPPLY IN 3 YEARS



## Vincom Exchange City

- Location: Tu Liem Dist.
- 23,140 sqm GFA
- Opening: Q4 2016



## Ciputra Hanoi Mall

- Location: Tay Ho Dist.
- 130,000 sqm GFA



## Vincom Starbowl

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



## Le Parc by Gamuda

- Location: Hoang Mai Dist., Hanoi
- 20,809 sm GFA
- Opening: End of 2016

# RETAIL

## A Need for Re-merchandising and Repositioning

### PARKSON KEANGNAM



Parkson Keangnam Hanoi  
closed in Jan '15

### UNION SQUARE



Parts being closed for renovation...

### PARKSON PARAGON



Parkson Paragon  
Location: District 7, HCMC  
Opened: 2011,  
Closed: **May 2016**






### VINCOM ĐỒNG KHỞI



Vincom Dong Khoi changes floor plans to welcome new brands:

# RETAIL

## Supermarkets

Some significant brands	Number of supermarkets	
Big C	33	
Vin Mart	49	
Co.op mart	84	
Lotte Mart	11	
Metro	19	



Source: Market Pulse Nielsen, CBRE.

Note: Total supermarkets of Big C, Co.op mart, Vinmart, Lottemart, Metro





# RETAIL

## Starbucks Does Not Make to Top 3 in Vietnam

### Which Vietnamese coffee brands are threatening Starbucks

A recent survey showed Vietnam is the only country, in which Starbucks is not the most chain, due to the popularity of domestic brands such as Trung Nguyen and Highlands.

Not so long after entering Ho Chi Minh city, Starbucks faced direct competition from the coffee Starbucks opened a café on Ly Tu Trong street, District 1. Just behind them is a store of furnishings, also a blue and white logo, but with a more affordable price. This Vietnamese coffee attract potential customers of Starbucks, opening more stores in commercial centers and near offi



However, the American brand expressed no concern, "Although the food and drinks market is competitive, 20 Starbucks stores in Hanoi and Ho Chi Minh city are still working well. We intend to open 20 more stores across the country to 30 by the end of this year," said Alain Cary, the owner of the franchise in Hong Kong.



### Southeast Asia's most visited coffee chains

Quarterly survey of 1,000 consumers in each country\* (Q4, 2015)

Country	Brand	Percentage
Indonesia	Starbucks	32%
	J.CO Donuts & Coffee	30%
	Dunkin' Donuts	13%
	The Coffee Bean	10%
	Kopitiam	10%
	Other	15%
	Does not regularly visit	22%
Malaysia	Starbucks	38%
	Seattle's Best Coffee	20%
	McCafe (McDonald's)	19%
	The Coffee Bean	17%
	Dunkin' Donuts	4%
	Other	9%
Philippines	Starbucks	45%
	Dunkin' Donuts	17%
	McCafe (McDonald's)	14%
	The Coffee Bean	11%
	Bo's Coffee	10%
	Other	5%
Thailand	Starbucks	32%
	McCafe (McDonald's)	11%
	Coffee World	7%
	The Coffee Bean	4%
	Dunkin' Donuts	4%
	Other	25%
Vietnam	Trung Nguyen	49%
	Highlands Coffee	26%
	The Coffee Bean	7%
	Starbucks	6%
	McCafe (McDonald's)	3%
	Other	14%
Does not regularly visit		22%

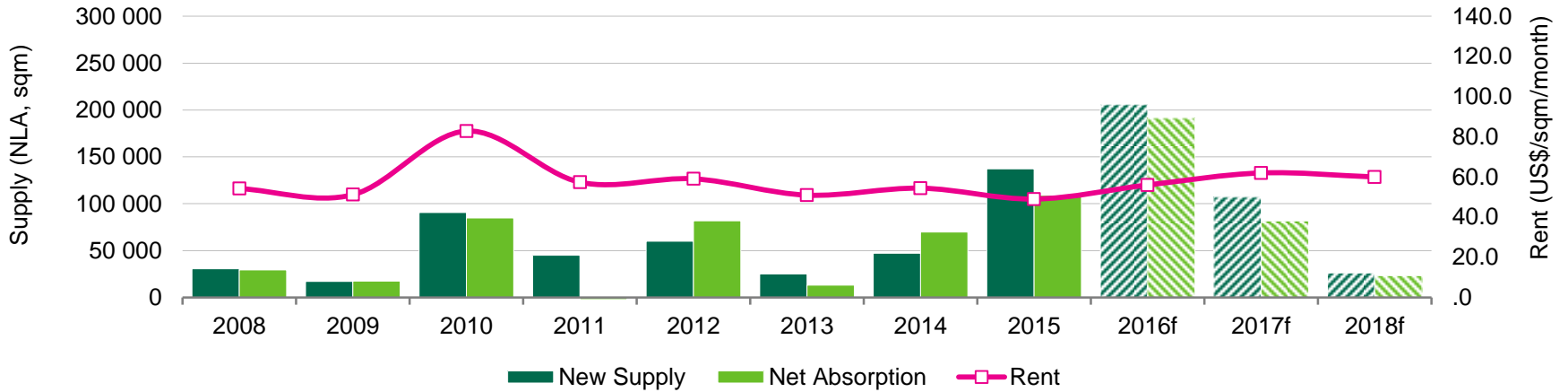
\* Respondents may choose more than one option  
Source: FT Confidential Research

FT

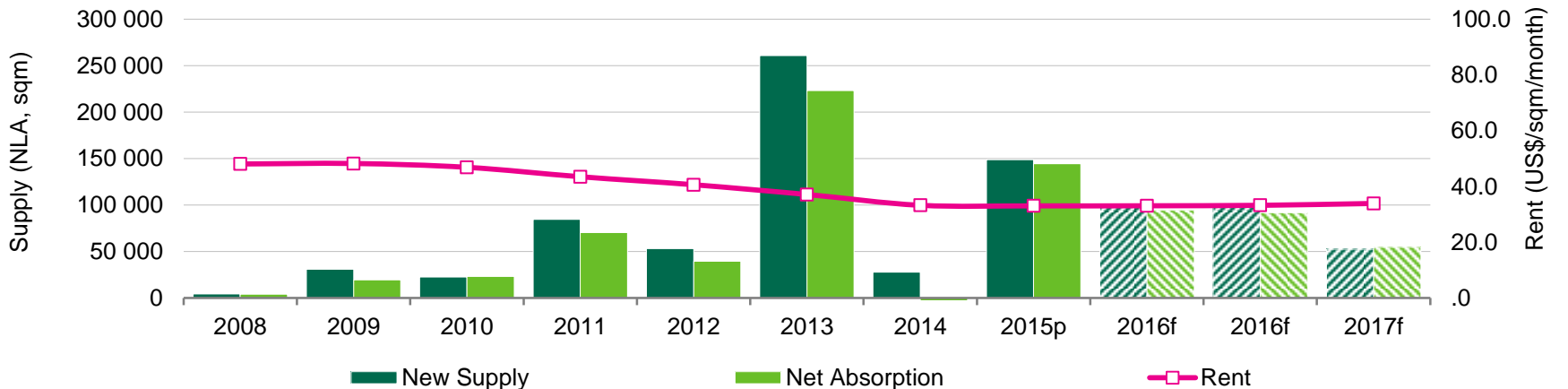
# RETAIL

## Market Outlook

### HCMC retail market

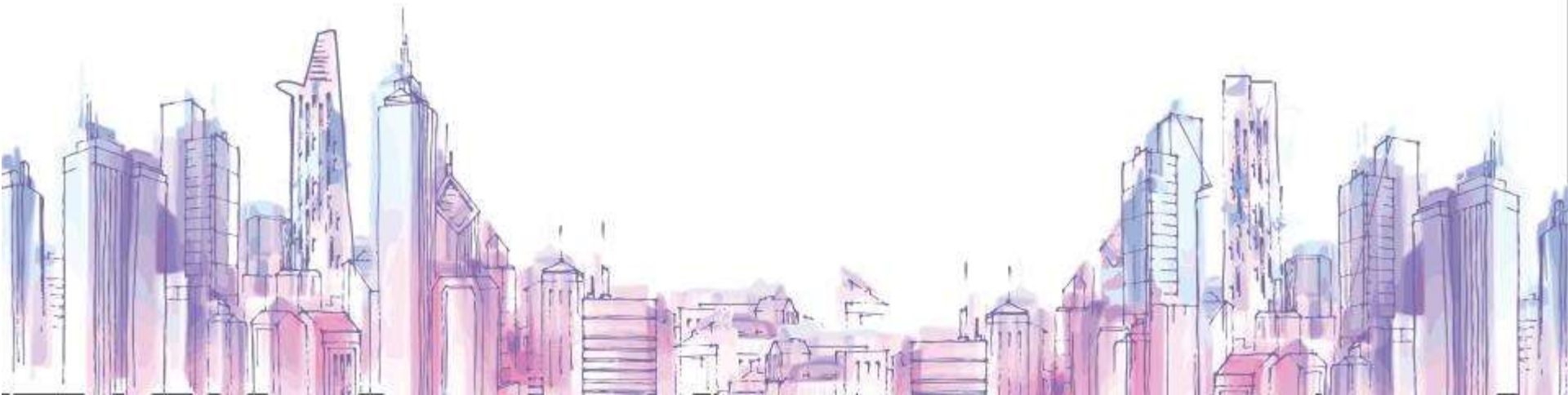


### Hanoi retail market



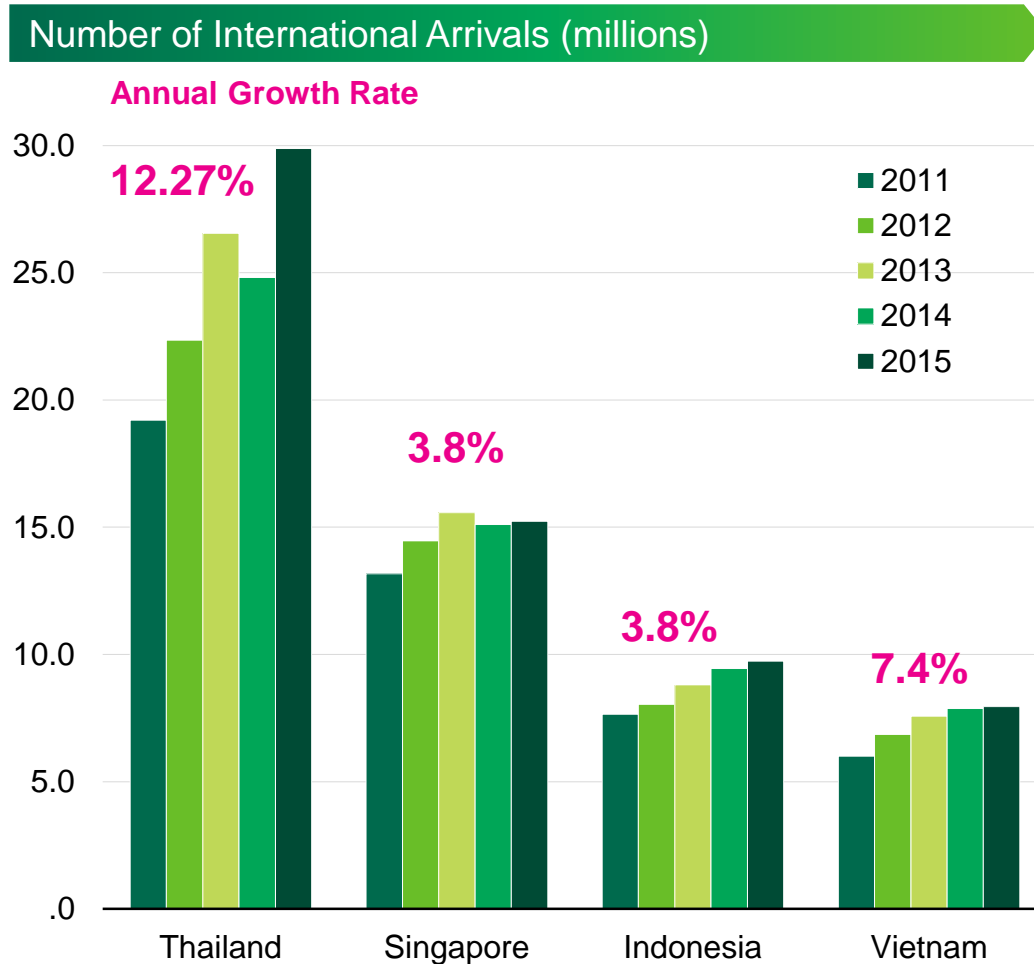


# HOSPITALITY



# HOSPITALITY

## Number of tourist arrivals in South East Asia



### 1H 2016 International arrivals



**To Vietnam**  
**4.7 mil.**  
▲ 24% y-o-y

**VS**



**To Thailand**  
**16.6 mil.**  
▲ 13% y-o-y

# HOSPITALITY

## Tourism Grows While More Transportation Services Expand

**Vietnam's budget carrier secures major deal with Boeing**



**VietJet to Buy 100 Boeing Aircraft for \$11.3bn**



**Expansion plan of the 720-ha Noi Bai 2**

**Hanoi to Invest \$5.5bn in New Airport Facility**



**Pending approval of Sapa's 261-ha airport**

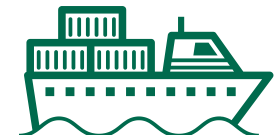


**Sapa May Be Getting an Airport**



**Inauguration of Cam Ranh's international seaport**

**Vietnam opens Cam Ranh Port for military, civilian purposes**



# HOSPITALITY

## New Cable Cars Across the Country



### SAPA - The world's **LONGEST** triple-wire cable car system



- Completed year: 2016
- Total length: 6,292.5 m
- No. of cabin: 35
- Capacity: 35 persons/cabin

### QUANG NINH: The world's **LARGEST CABIN** cable car system



- Completed year: 2016
- Total length: 2,222 m
- No. of car: 66
- Capacity: 230 persons/cabin

### DA NANG - The world's **LONGEST** one-wire cable car system



- Completed year: 2009
- Total length: 5,043 m
- No. of cabin: 94
- Capacity: 10 persons/cabin

### NHA TRANG - **ONLY** sea-crossing cable car in Vietnam

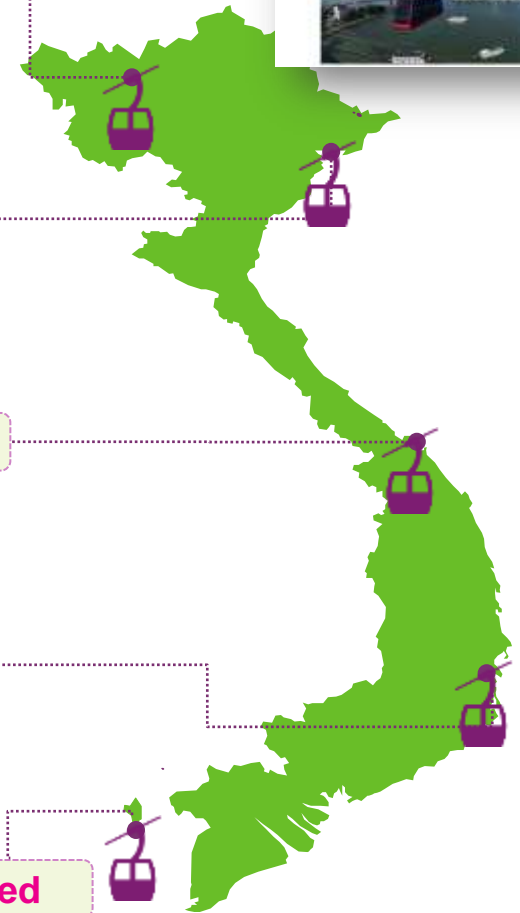


- Completed year: 2007
- Total length: 3,320 m
- No. of cabin: 65
- Capacity: 8 persons/cabin

### PHU QUOC - The world's **LONGEST** cable car system when completed



- Expected completed year: 2017
- Total length: ~ 8,000 m
- No. of cabin: 70
- Capacity: 30 persons/cabin



# HOSPITALITY

## Flamed Cruise, Sunk Boat, Missing Tourists... AND WHAT'S NEXT

'If you didn't you were going to die': The terrifying moment passengers were forced to jump from a burning Vietnamese cruise ship as it sank with 40 people on board

**Mail**Online



© Lin Shen Khing Youtube

**Forty-Three Passengers Rescued After Danang Tourist Boat Sinks**

**Bloomberg**



**Body of missing British backpacker found in Vietnam**

**Mail**Online

# HOSPITALITY

## Vietnam Tourism Preserves Its Heat

### Central coastal cities receive more foreign promotion aids and investments

#### Central coastal tourism to benefit from EU-funded project

After Phu Quoc, billions of US dollars flow to Cam Ranh

PHU QUOC ISLAND - The development of Cam Ranh has attracted many international resort and hotel developer companies such as Accor, Centon Resorts and Mitsui.



\$4bn resort in central Vietnam begins construction



### Vietnam steps up its competitiveness

BUSINESS > TOURISM & TRANSPORT

#### Vietnam's rise worries TAT

22 Jan 2016 at 04:00 1,720 viewed 2 comments

NEWSPAPER SECTION: BUSINESS / WRITER: CHADAMA S CHINMANEEVONG



The Tourism Authority of Thailand (TAT) is concerned that Vietnam, a rising star in Asean, will draw more South Korean tourists away from the Kingdom.



### Development of new projects across Vietnam

01/15/2016 04:00:00 30,000 views

#### New Vietnam Casino Proposal A \$4 Billion Gamble

#### IHG to bring first Crowne Plaza Hotel to Phu Quoc Island

New 300-room Crowne Plaza Phu Quoc Starbay to welcome guests in 2017

6-, 7-star hotels needed in Ho Chi Minh City: municipal Party chief

TUOI TRIE NEWS

### Peacefulness of Vietnam promises more international arrivals

#### Vietnam Named Among Only 10 Conflict-Free Countries in the World





# HOTEL MARKET IN THE NORTH

## New Players Enter Market



### Sofitel Plaza Hanoi to be Pan Pacific Hotel in Oct 2016

HOME > REAL ESTATE > STORY

### First Pan Pacific hotel in Vietnam to open in October 2016

By Mindy Tan [tanmindy@sph.com.sg](mailto:tanmindy@sph.com.sg) @MindyTanBT



Significant new supply

Hanoi

### Novotel Suites Hanoi

4-star  
151 rooms



Halong

### Wyndham Legend Halong

5-star  
217 rooms



# HOTEL MARKET IN THE SOUTH

## New Players Enter Market

### IHG teams up with Vietjet for new airport hotel

Hotel group and LCC plan new Holiday Inn & Suites at Vietnam's busiest airport



Ho Chi Minh City

### Holiday Inn & Suites Saigon Airport

4-star  
350 rooms



### Ibis Hado Hotel

3-star  
344 rooms



### AccorHotels opens new “French village” in Vietnam’s Bana Hills

New Mercure resort set 1,480 metres above sea level

Da Nang

### Mercure Bana Hills French Village

4-star  
494 rooms



### Eastin Hotels to debut in Phu Quoc

Absolute Hotel Services continues to expand Vietnam portfolio

Phu Quoc

### Eastin Resort Phu Quoc

4-star  
220 rooms



Vietnam's first ever integrated destination resort to be managed by Mövenpick Hotels & Resorts.

Deal to operate the landmark Mövenpick Resort Phu Quoc development, located on an island tipped to become Asia's next big tourism hotspot, amplifies Swiss hospitality firm's strategic presence in the region.



# HOTEL MARKET IN THE CENTRAL

## Big Brands Occupy Frontal Beach

2016



5 star

**Bach Dang Hotel Complex**  
223 keys  
Operator: Hilton



4 star

**Holiday Beach (P2)**  
90 keys  
Self-operated



2017



5 star

**Crowne Plaza (Phase 2)**  
800 keys  
Operator: Marriott



4 star

**Alphanam Luxury Da Nang**  
390 keys  
Operator: Starwood



4 star

**Muong Thanh Son Tra**  
500 keys  
Self-operated



2018



5 star

**Sheraton Da Nang Resort**  
250 keys  
Operator: Starwood

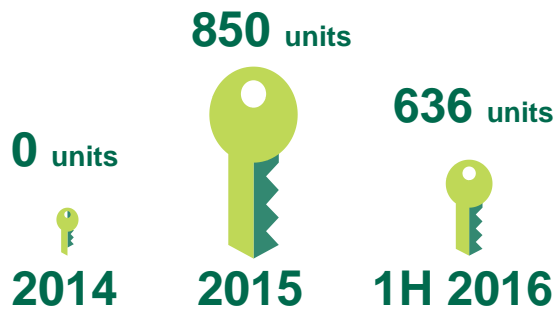


Construction status (as of May 2016)

# SECOND HOME MARKET

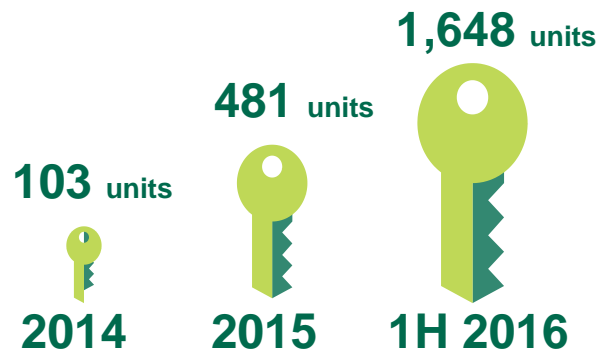
## Significant Increase in Second Home Villas and Condos Sales

### Phu Quoc



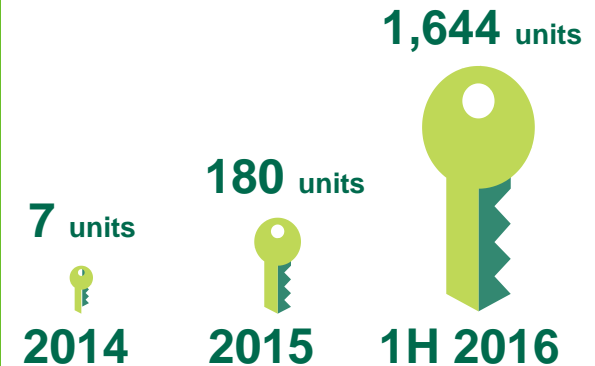
Source: CBRE Vietnam.

### Nha Trang



Source: CBRE Vietnam.

### Da Nang



Source: CBRE Vietnam.

**VIR Vietnam Investment Review**

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

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

Phu Quoc emerges as investment hub

Phu Quoc island has been thriving, turning itself into a tour Vietnam thanks to many large-scale projects that have investors.

**Khanh Hoa NEWS**

Home Society Economics Tourism Culture Sports Destinations Videos Charity

China Southern Airlines to carry about 37,000 visitors to Nha Trang

Published: Saturday, Feb 27, 2016

China Southern Airlines has just launched flight schedule to Vietnam from end March to end October.

### 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 of ashore has risen again.

**Vietnam+** POLITICS WORLD SOCIETY

MONDAY APRIL 04, 2016 - 17:22:38

TRAVEL DESTINATIONS FESTIVAL TOURS

**Tourist arrivals to Da Nang increase sharply**

VNA (THURSDAY, MARCH)

**Viet Nam News bizhub**

Home News Banking Property

Home | News

**Direct flight connects Da Nang, Bangkok**

Updated: Wednesday, Mar 30, 2016 06:11 PM

# SECOND HOME MARKET

## Guaranteed Yield and Bank Loan Support Sales



Biệt thự nghỉ dưỡng của Sun Group hút hàng ngay đầu ra mắt



Ra mắt biệt thự biển Vinpearl Paradise Villas

### ĐẦU TƯ CONDOTEL COCOBAY OCEAN ĐÀ NẴNG CỦA THE EMPIRE

© 14-05-2016

Dự án Condotel CocoBay Đà Nẵng của tập đoàn Empire đang tạo một làn sóng mới cho thị trường bất động sản du lịch giải trí ở miền trung, với cơ hội đầu tư vượt trội nhất năm 2015 cho các nhà đầu tư bất động sản. Khi đầu tư vào **condotel CocoBay Đà Nẵng** khách hàng được hưởng **CAM KẾT lên tới 12%/năm trong 8 năm liên tiếp, được 15 đêm nghỉ dưỡng du lịch giải trí miễn phí mỗi năm**. Ngân hàng **SHB** hỗ

### FHome

- Guaranteed yield **9-10%/year**
- Or **85%** of revenue after tax in **10 years**

### Vinpearl Riverfront Condotel Da Nang

- Min. **9%/year** (for VND) or
- Or **85%** of revenue after tax in **10 years**

### Alphanam Luxury Apartment

- Guaranteed leasing price at **US\$7,466/year** for one-bedroom units and **US\$11,733/year** for two-bedroom units in **5-10 years**.

### Ariyana Beach Resort & Suite

- Guaranteed yield **10%/year** in **10 years**

### Cocobay Ocean Condotel

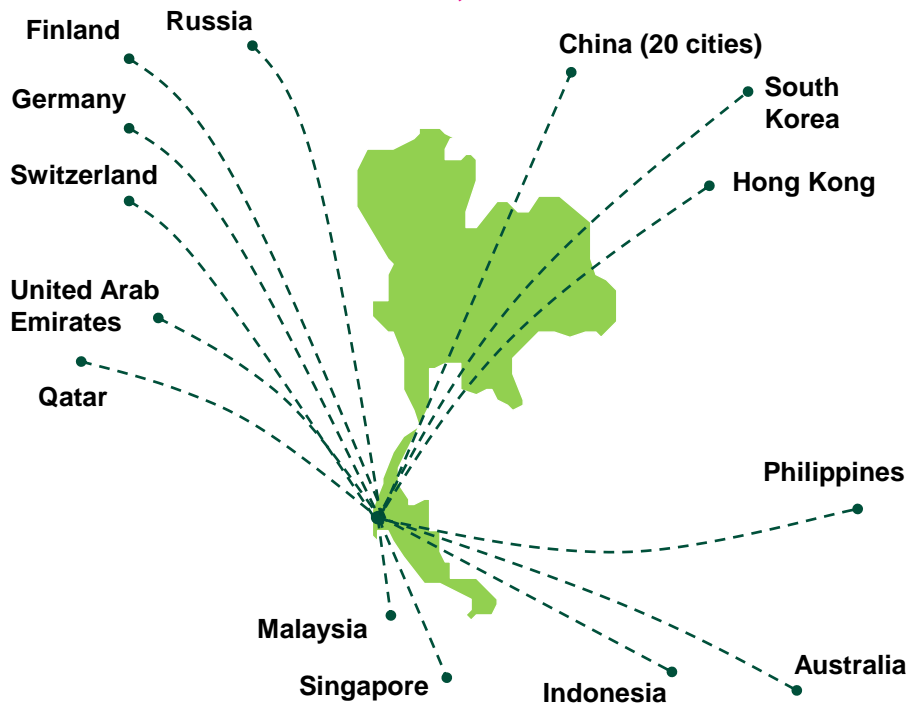
- Guaranteed Yield **12%/year** in **8 years**
- Free **15 nights** per year
- Loan up to **70%** in **20 years**

# HOTEL MARKET

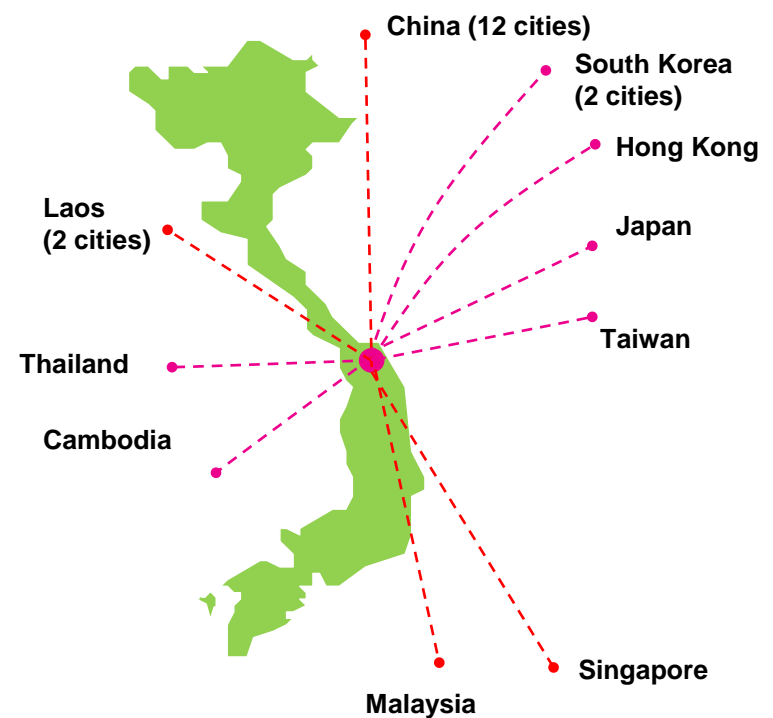
## Da Nang - It's Only a Matter of Time

	International Destination	Local Destination	Flight per day (both international and local)
Phuket	32 cities	6 cities	227
Da Nang	23 cities	9 cities	106

### PHUKET, THAILAND



### DA NANG, VIETNAM



# HOSPITALITY

## Chinalization – A New Trend



**25%** total number of arrivals to Vietnam



Prefer Coastal cities, specifically Nha Trang & Da Nang



Low spending **\$70/day/guest**



Direct flight from **12** cities in China

**2013** 1.91 M



**2014** 1.95 M



**2015** 1.8 M



BUSINESS »

Fear of 'Chinalization' grows in Vietnam's resort town: authorities

TUOI TRE NEWS

Famed Vietnamese resort town faces risks from Chinese arrivals

A surge in Chinese tourist arrivals brings joy and worry to Nha Trang, a Vietnamese city known globally for its beautiful beaches and islands.

Chinese travelers spurring Vietnam's economy

Updated: 2015-09-29 07:49

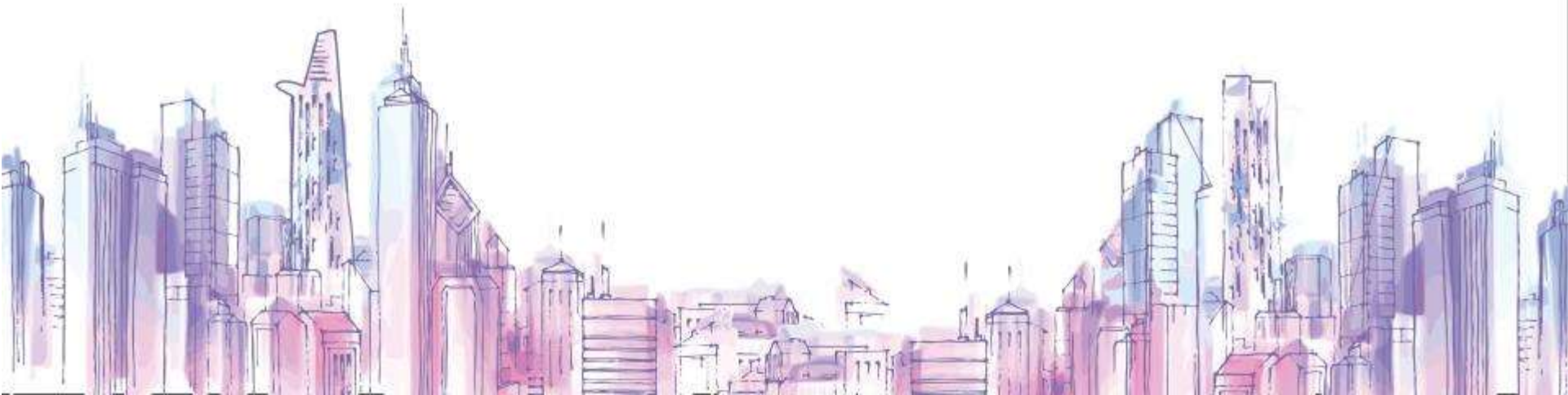
(2/4/1)

Comments 0 Print Mail Large Medium Small





# INVESTMENT





# INVESTMENT

## Kumho Asiana Plaza vs. Asia Square Tower 1

CBRE SALES COMPS KUMHO ASIANA (HCMC) & ASIA SQUARE TOWER (SINGAPORE)

June 2016

### KUMHO ASIANA COMPLEX – HCMC, VIETNAM



Kumho Asiana Plaza is a premium mixed-use at 1, HCMC. The complex includes a 21-story 33 tower, a five-star hotel with 305 guest rooms, or room luxury apartment tower.

#### KUMHO TRANSACTION DETAILS

Sale Price

Transaction Date

Purchaser

Vendor

"This is Mapleside's largest acquisition involving producing property in Vietnam. It is in line with a strategy to invest in strong-yielding assets to fund and earnings."

How Yuen Khong, Mapleside Group CEO

© 2016 CBRE Research

CBRE SALES COMPS KUMHO ASIANA (HCMC) & ASIA SQUARE TOWER (SINGAPORE)

June 2016

### ASIA SQUARE TOWER 1 - SINGAPORE



Asia Square is a premium office asset located in Singapore's Marina Bay business and financial district. Tower 1 is a 43-story tower of approximately 1.25 million sq ft (~116,000sqm).

#### ASIA SQUARE TRANSACTION DETAILS

Sale Price

Transaction Date

Purchaser

Vendor

"The sale to Qatar Investment Authority, a sovereign wealth fund, is Singapore's largest office transaction. It is also the largest single-tower real estate deal in Asia-Pacific, according to BlackRock, the world's largest asset manager."

© 2016 CBRE Research

© 2016 CBRE Inc. | 2

## BUSINESS

Sovereign wealth fund Qatar Investment Authority buys Asia Square Tower 1 for record \$3.4b



CBRE SALES COMPS KUMHO ASIANA (HCMC)

June 2016

### Side by Side Comparison – Kumho Asiana

	Kumho Asiana
Location	Daniel L. Hall
Completion Date	
Net Leasable Area (sqm)	
Use	Office, Hotel, Serviced apt, Retail
Occupancy (avg)	95%
Rentable area (sqm)	
Office (per sqm per year)	
Hotel (per sqm per year)	
Serviced Apt (per sqm per year)	
Retail (per sqm per night)	
Estimated NCF	
Transaction Date	
Transaction Price	
Yield	

(1) Adjusted from reported transaction price of over US\$3,000,000,000

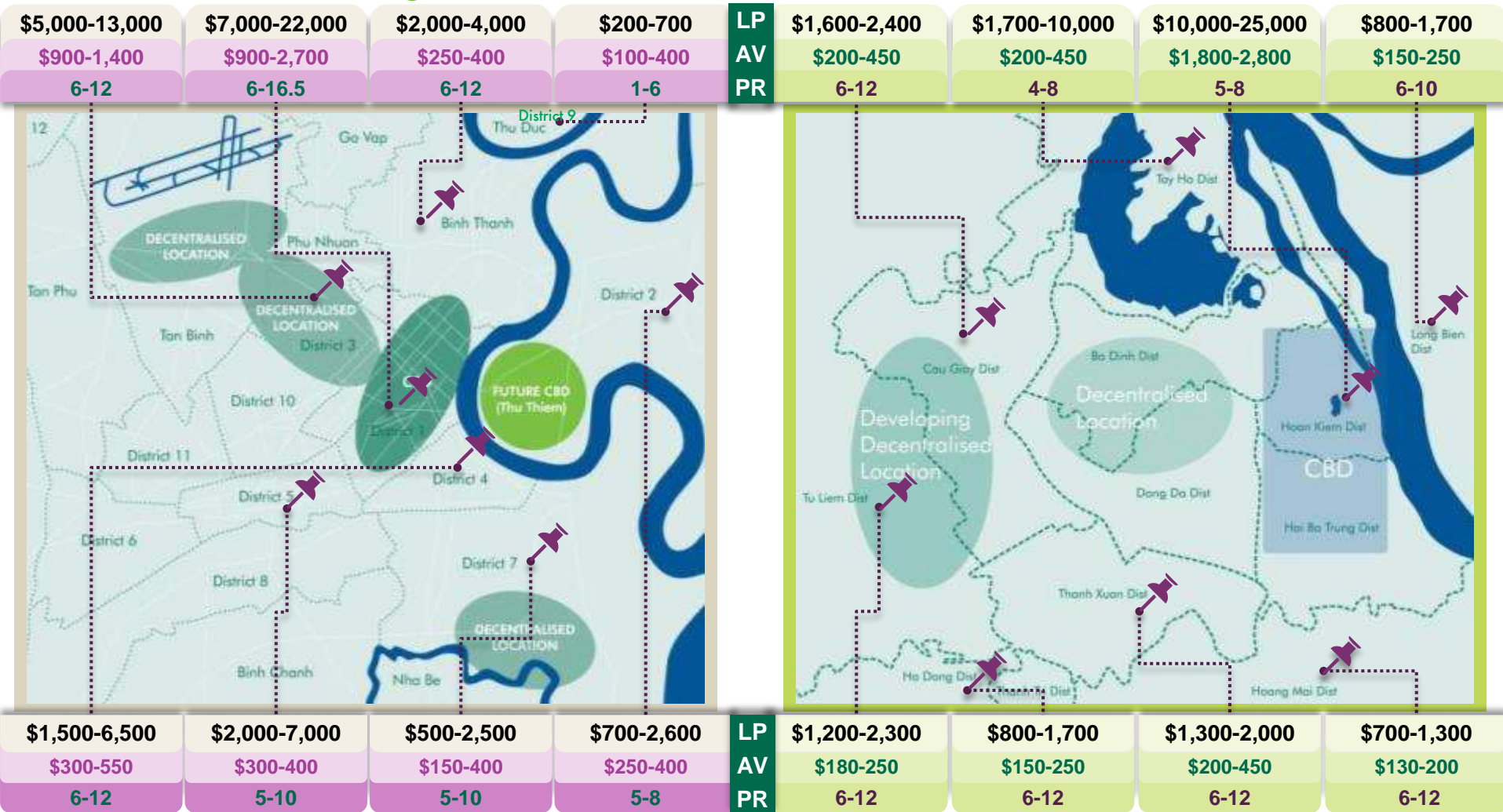
(2) Netting yield

#### Kumho's Specifications

Kumho Asiana Complex	GFA (sqm)	NLA (sqm)	No. of floors	Rentable Area (Per sqm per month)	Average Occ. Rate	Estimated NCF
Serviced Apt	39,839	38,059	300			
Hotel/Residential/Office	26,430	12,763	306			
Kumho Asiana Plaza Office	31,592	23,248				
Kumho Lot	6,830	5,040				
Total (net of basement)	104,691	79,110				
Basement	40,890					

# INVESTMENT

## Land Price in Big Cities



LP: Land price US\$/sqm  
 AV: Accumulation value US\$/sqm GFA  
 PR: Plot ratio

Source: CBRE Vietnam, Q2 2016.

District 2 excludes Thu Thiem.

District 9 includes Phuoc Long and Phu Huu only.


Hanoi CBD Districts include Dong Da, Ba Dinh and Hai Ba Trung.

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 FOREIGN INVESTMENT DEALS IN Q2 2016


## Hotel and Development Sites Play Key Role

**HCMC**



**Kumho Asiana Plaza**  
Kumho Asiana  
▶▶ Mapletree  
@ TBC.  
**Mixed-use property**

**HCMC**




**Duxton Hotel Saigon**  
Low Keng Huat  
▶▶ New Life RE  
@ US\$ 49.4 mil.  
**Hotel**

**HCMC**




**Novotel Saigon Centre**  
Que Huong Liberty  
▶▶ SGGV Investment  
@ US\$ 46.7 mil.  
**Hotel**

**Hanoi**



**Sedona Suite Hanoi**  
Keppel Land Ltd  
▶▶ BRG Group  
@ US\$ 31.5 mil.  
**Hotel**


**HCMC**



**Tran Hung Dao Site**  
HCMC People's Committee  
▶▶ Dai Tan Phu JV Jimiro  
@ Undisclosed.  
**Development site**



**HCMC**

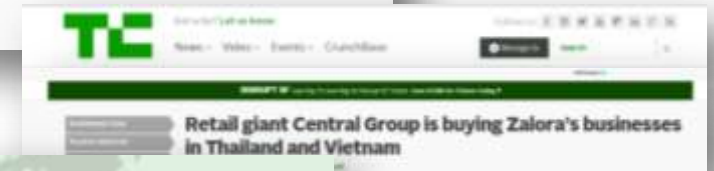


**G Homes Plot**  
An Duong Thao Dien  
▶▶ Frasers Centrepoint  
@ US\$ 22.4 mil.  
**Development site**

**Hanoi**



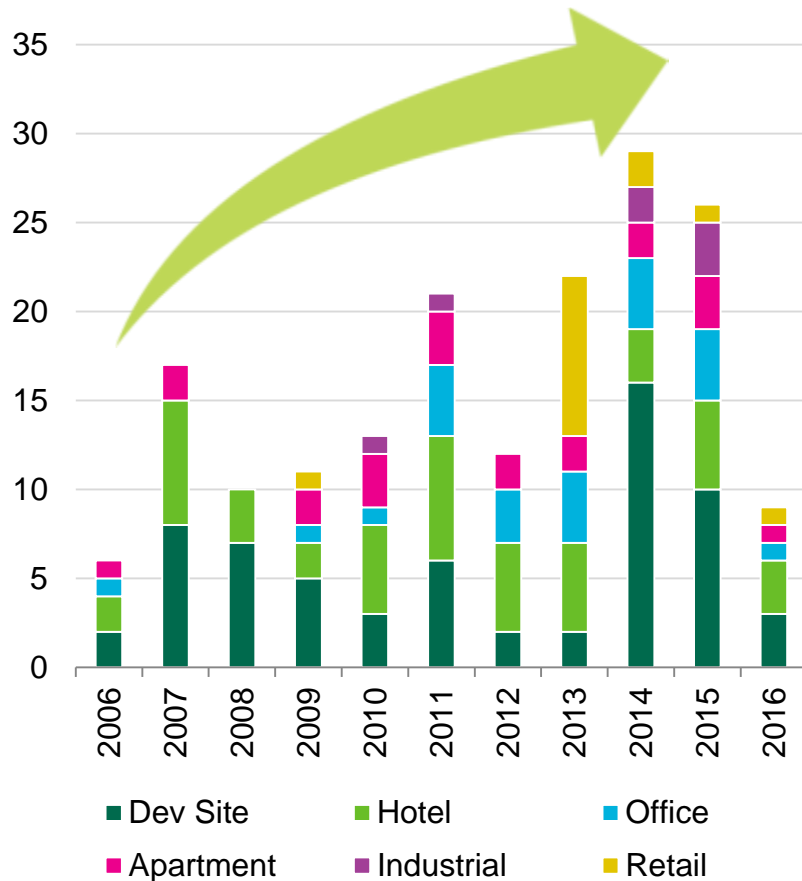
**Pham Hung Site**  
VinaLand Ltd.  
▶▶ Vingroup  
@ TBC.  
**Development site**



Source: DealstreetAsia, RCA and other websites, retrieved in June 2016

# INVESTMENT

Number of transactions, Vietnam



Source: RCA, June 2016



Source: RCA, June 2016

## Investment returns attractive

CONVERSION OF UNDERUTILISED OFFICE/RESIDENTIAL/INDUSTRIAL SPACE

	IRR SUB LEASING*	IRR BUYING
HONG KONG	23%	15.2%
SINGAPORE	30.4%	15%
TOKYO	26%	17.4%

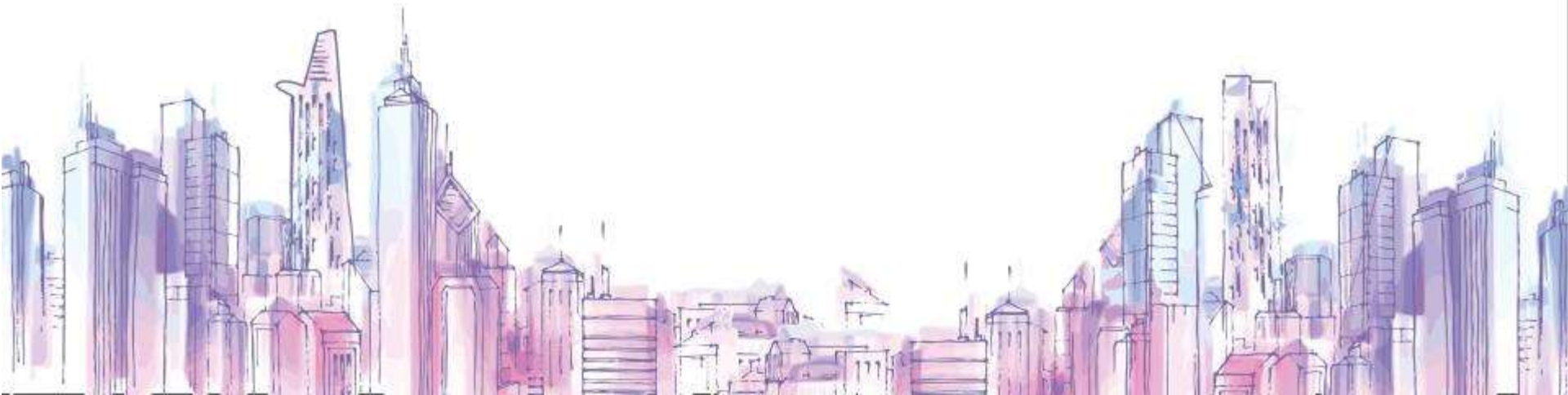
Source: CBRE Estimates, 2015. Assumptions: 90% of average asking rental revenue, 90% stabilized occupancy, 70 year investment period, 4-5% self-storage rental growth/year, 4 years to stabilize occupancy, 30% LTV, 55-70% efficiency.  
 \*Assuming one can lease the same unit over the 10 year period (with 10-15% underlying rental increase per lease-term) & 100% equity.

Expansion to other developing Asian cities

- CONSOLIDATION OF LARGER PLAYERS
- SMALL NICHE PLAYER ENTRANTS
- REIT FORMATION



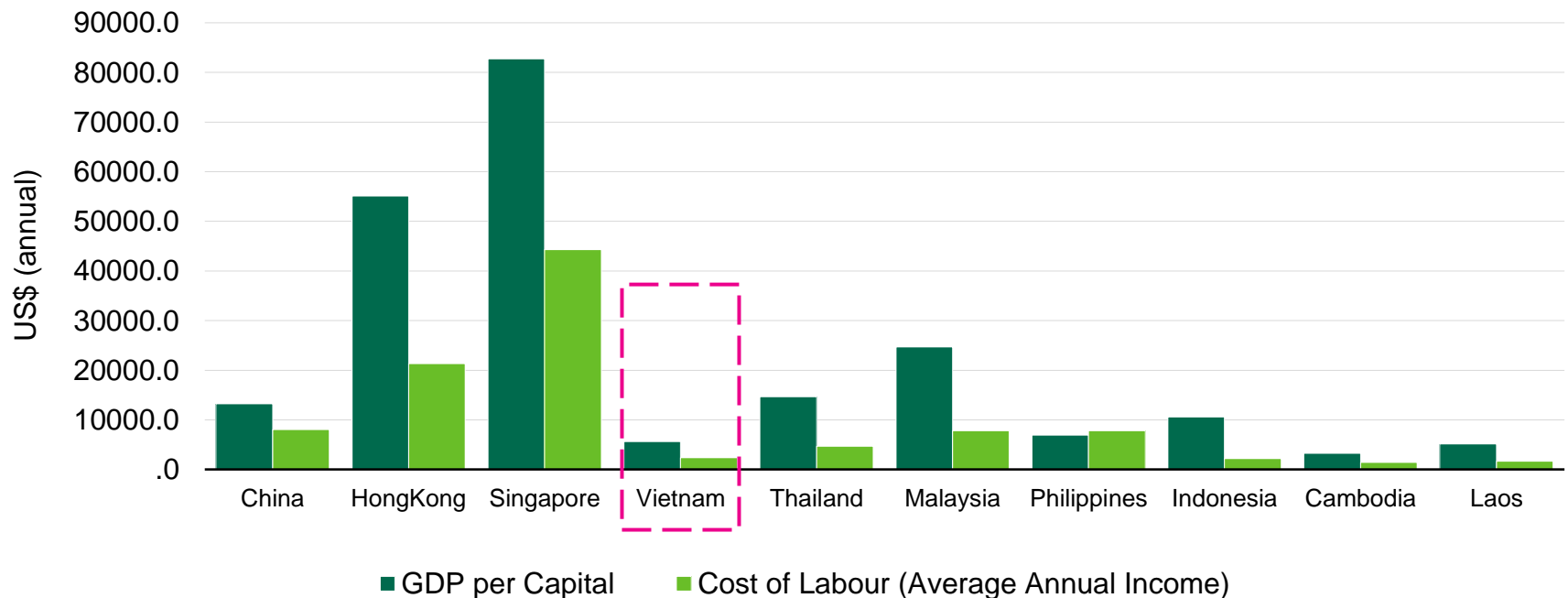
# INDUSTRIAL



# LABOUR OVERVIEW

## Labour Cost by Country

### GDP per Capita vs. Annual Labour Cost



Source: Asiabriefing, World Bank, International Labour Organization, 2015

- Vietnam labour cost seems attractive compared to other regional countries.
- Average costs for factory labor are about \$7 a day in Vietnam and \$9 in Indonesia, far less than the \$28 average in China

# INDUSTRIAL & LOGISTICS MARKET

## Ready-Built Warehouse/Logistics

### SUPPLY

- Continues from established developers e.g. Mapletree, ICD Long Binh, Transimex, Gemadept.
- New Supply from groups such as Sembcorp, Solog, Sankyu and Nippon Express across Vietnam.
- New Supply now in 2nd tier cities such as Hai Duong, Hung Yen, Hai Phong (North) and Long An (South).

mapletree



### DEMAND

- Continues from the traditional manufacturing sectors e.g. electronics, furniture, garment, agricultural commodities, seafood, FMCG.
- EMERGING demand from E-commerce e.g. Lazada.
- Average rental rates are 3.50 US\$/sqm/month + VAT.



# INDUSTRIAL & LOGISTICS MARKET

## Ready-Built Factories

### SUPPLY

- Sizes are getting smaller and flexible to for 'start-ups', SME's and supporting services.
- Previously 1,000 sqm, NOW from 250 - 500 sqm up to 1000m2, on modular units once combined to accommodate for new market requirements.

### DEMAND

- Continues to grow due to electronics e.g. Samsung vendors, Automotive & Motorcycle, Garment and supporting industries, FMCG and F&B.
- RBF rent remains stable given rising demand is matched with increasing supply
- Average rental rates are 3.50 US\$/sqm/month + VAT



**Nestlé**

Good Food, Good Life



Unilever



**SAMSUNG**



# INDUSTRIAL & LOGISTICS MARKET

## New Entry

**THANHNIEN NEWS**

### LG begins construction of \$1.5 bln screen factory in Vietnam

Thanh-Nien News

HAI PHONG, Saturday, May 07, 2016 08:00



an LG Display Việt  
Ceremony of LG Display Vietnam Hai  
06.05.2016

Photo: Vietnam Agency (can Phoi) at a ceremony to start construction of LG Display Group factory in Hai Phong. Photo: VNA

**THANHNIEN NEWS**

### Thai developer Hemaraj plans 2 industrial parks in central Vietnam

Thanh-Nien News

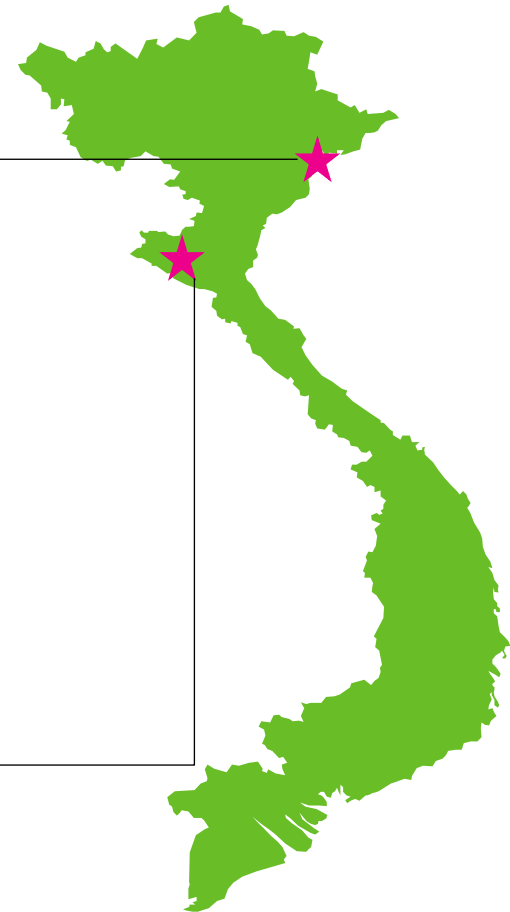
Hanoi, May 07, 2016 10:00



**LỄ KÝ KẾT HỢP TƯỞNG HỢP TƯ**  
LỄ KÝ KẾT HỢP TƯỞNG HỢP TƯ  
LỄ KÝ KẾT HỢP TƯỞNG HỢP TƯ

**KIP HEMARAJ DEVELOPMENT PTE. LTD.**  
**CÔNG TY TNHH TƯỞNG HỢP TƯ**

Officials of Thailand's Hemaraj Pte. Ltd. and Vietnam's state-run construction company Ceres-4 sign an investment agreement on developing industrial parks in the Dong Nam Economic Zone in Nghe An Province on May 4, 2016. Photo credit: Agfa-Ae Province's website.



# MARKET OUTLOOK



		SUPPLY		RENT/PRICE		OCC./SALE RATE		DEMAND	
		HCMC	HN	HCMC	HN	HCMC	HN	HCMC	HN
OFFICE	New buildings	>	^	>	v	^	^	^	^
	Mature buildings	>	>	>	>	^	^	^	^
RETAIL	CBD	^	>	^	>	^	>	^	^
	Non-CBD	^	^	>	v	>	>	^	>
CONDOMINIUM	High-end	^	>	>	>	>	>	>	>
	Mid-end	^	^	^	^	>	>	^	^
	Affordable	>	>	>	^	>	>	^	^
HOTEL	5-Star	>	>	^	^	^	^	^	^
INDUSTRIAL	Land	>	>	^	^	^	^	^	^
	Factory/ warehouse	>	>	^	^	^	^	^	^
DEVELOPMENT SITE FOR SALE		>	>	^	^	^	^	^	^



# CBRE FEARLESS FORECAST 2H 2016

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- ✓ The 5Cs – Currency, ~~China~~, Thailand, 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;~~
- ✓ Vietnam gets full Emerging Market status;
- ✓ Impact of Technology
- ✓ Technology in marketing – more spam, more often;
- ✓ Information technology in Building Management – More analysis, better decisions, more control;
- ✓ Sharing of data – Better valuations, more transparency, stronger governance;
- ~~✗ No Brexit.~~

# CBRE'S NEXT EVENTS

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## HOSPITALITY EVENT



**HN:** Thursday, August 25, 2016

**HCMC:** Tuesday, August 23, 2016

## Q3 2016 OUTLOOK



**HN:** Tuesday, October 4, 2016

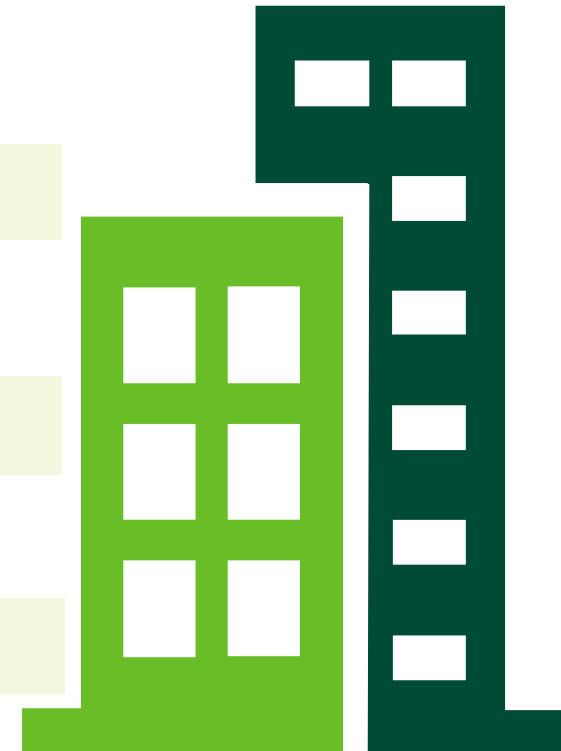
**HCMC:** Thursday, October 6, 2016

## 2017 FORECAST



**HN:** Tuesday, January 10, 2017

**HCMC:** Thursday, January 12, 2017



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Every quarter  
**QUARTERLY REPORT**



Ad-hoc  
**VIEWPOINT & SPECIAL REPORT**



Every week  
**NEWS UPDATE**



Every month  
**DASHBOARD**



Every quarter  
**MARKETVIEW**





At CBRE, we transform real estate into real

# ADVANTAGE.

**CBRE** *Build on Advantage*

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

T +84 4 2220 0220

F +84 4 2220 0210

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

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