

CBRE FORUM

2020

VIETNAM

HANOI | 08 JULY, 2020

CBRE



CBRE FORUM

2020

VIETNAM

CONTENTS

- 01. HOTEL SECTOR
- 02. OFFICE SECTOR
- 03. RETAIL SECTOR
- 04. CONDOMINIUM SECTOR



HOTEL SECTOR



COVID-19 IMPACT ON TOURISM & HOTEL MARKET

▼ 98.6% y-o-y

Drop of International
Visitors in Q2 2020

~62%

Recovery Rate of Number
of Flights in June

▼ 53.2% y-o-y

Drop of Vietnam's Tourism
Revenue in H1 2020

~95%

Domestic and international
travel agents suspended
operation in H1 2020

Source: GSO, CBRE Research, Q2 2020.



VIETNAM'S BORDERS REMAIN CLOSED TO FOREIGN VISITORS

International arrivals almost non-existent in Q2

International Tourist Arrivals (ITA), H1 2020

HCMC

1.3 Mil

▼
70%

Hanoi

0.70 Mil

▼
68.4%

Da Nang

0.60 Mil

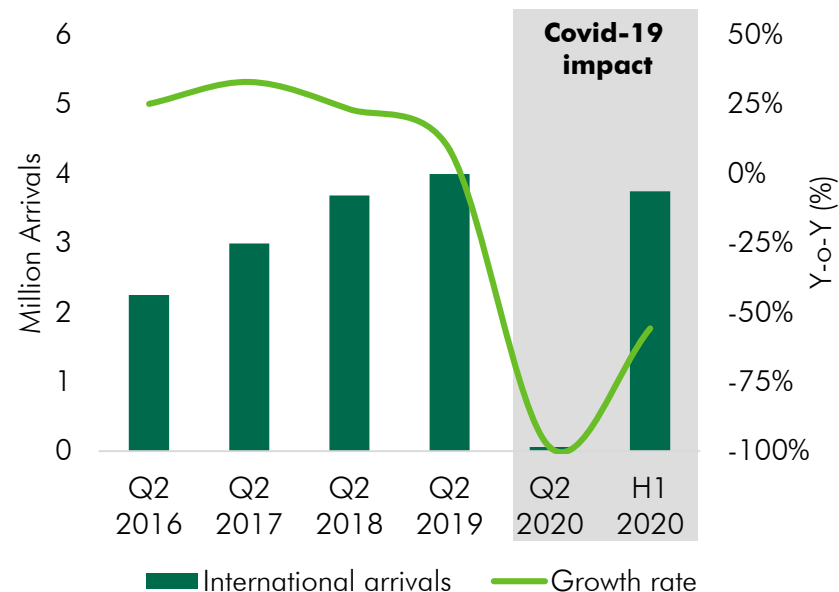
▼
66.1%

Nha Trang

0.42 Mil

▼
75.7%

International Tourist Arrivals (ITA) to Vietnam



Source: Various Departments of Tourism, CBRE Research, Q2 2020

SOME SIGNS OF RECOVERY

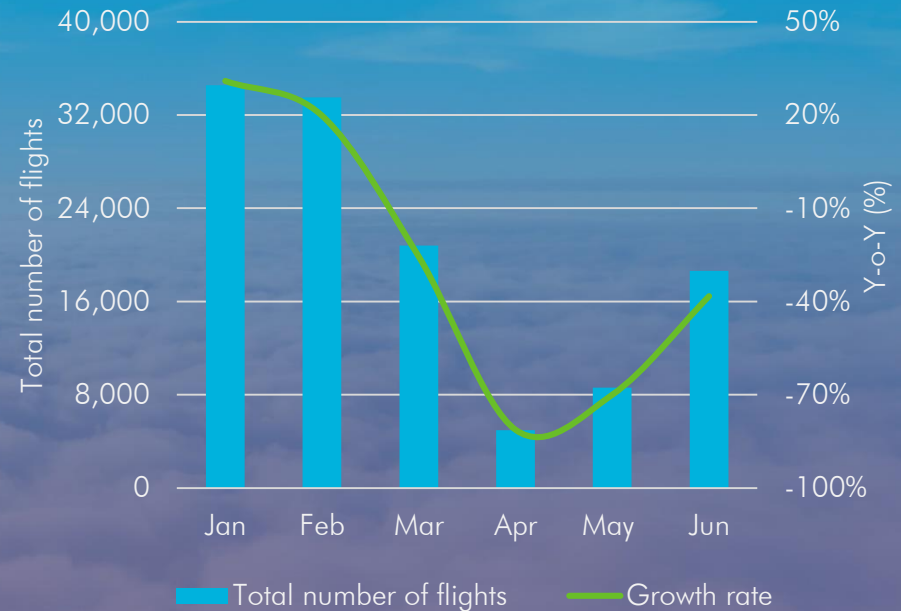


VIETNAM AVIATION INDUSTRY SHOWED SIGNS OF REVIVAL

Airlines focus on domestic market while cross-border flights still suspended



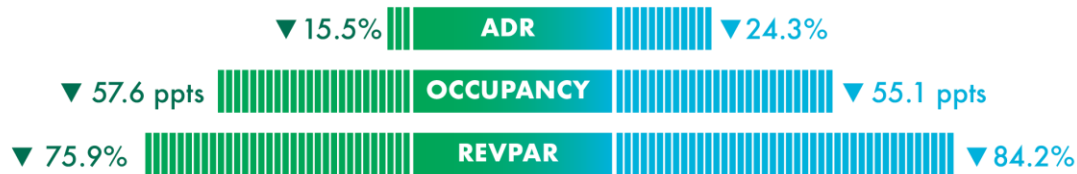
Total number of flights, January - June 2020



Source: Civil Aviation Authority of Vietnam, CBRE Research, Q2 2020.

4-5 STAR HOTEL UPDATE Q2.2020

HANOI VS. HCMC



▼ 92.9%

INTERNATIONAL
ARRIVALS

▼ 100%

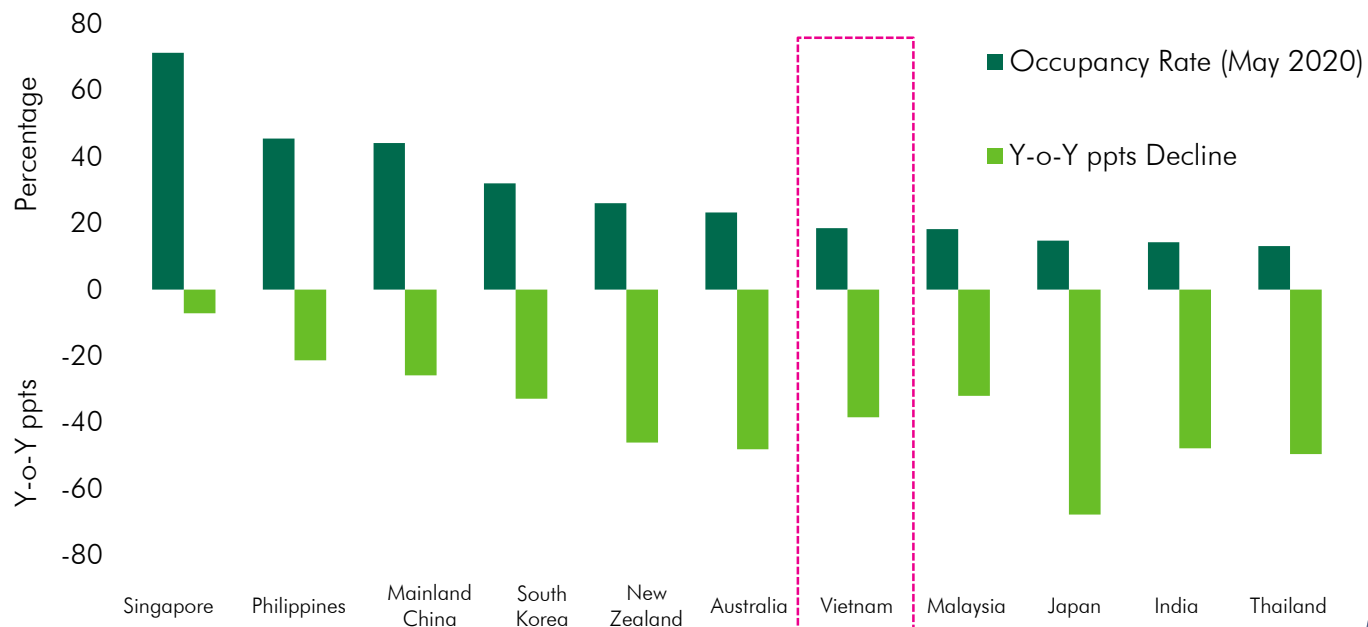


▼ *Compared to Q2 2019

Source: STR, CBRE Research, Q2 2020

IN APAC, OCCUPANCY RATES OF MOST MARKETS STILL BELOW 30%

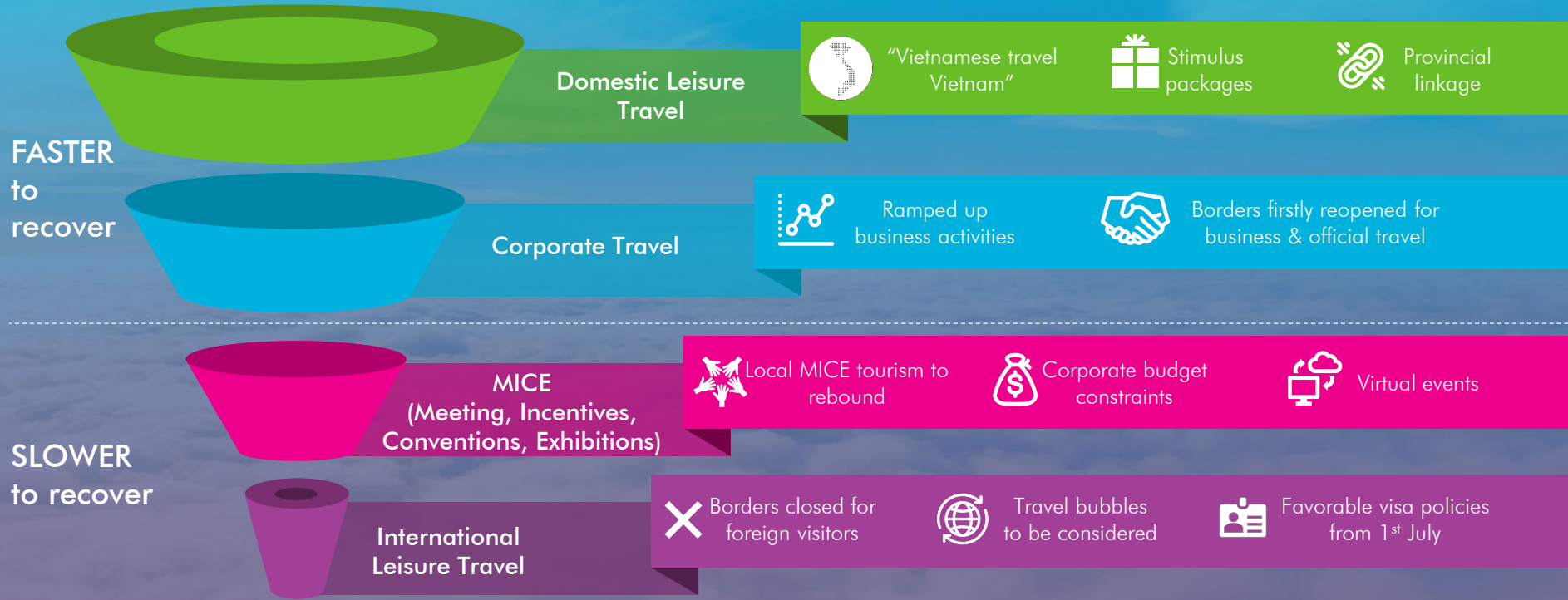
Hotel Occupancy Comparison, May 2020



Source: STR, CBRE Research, Q2 2020.

EXPECTED REBOUND OF VARIOUS SEGMENTS

Domestic travellers led the tourism industry's recovery



Source: CBRE Research, Q2 2020.

NEW TOURISM TRENDS SET TO EMERGE



PRE COVID-19

Socializing
Preference for wellness & hygiene
Globalisation
Business Seasonality

AMID COVID-19



Distancing
Priority to wellness & hygiene
Localism
Disease/Crisis Seasonality



WELLNESS TRAVEL/ECOTOURISM

Good health & well-being
are among top priorities



SHORT-HAUL HOLIDAYS

Drive-to destinations with
shorter days are preferred



STAYCATION TREND

Attractive package deals
with late check-outs,
F&B/spa credits,
complimentary pick-up
service



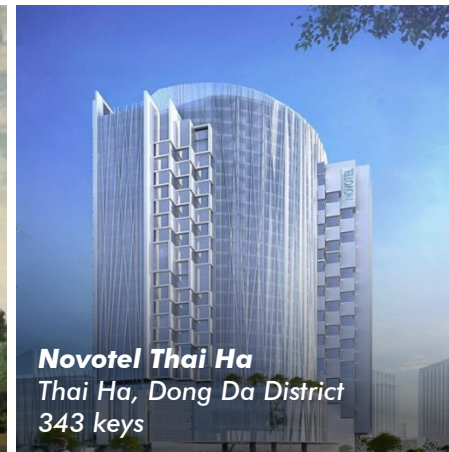
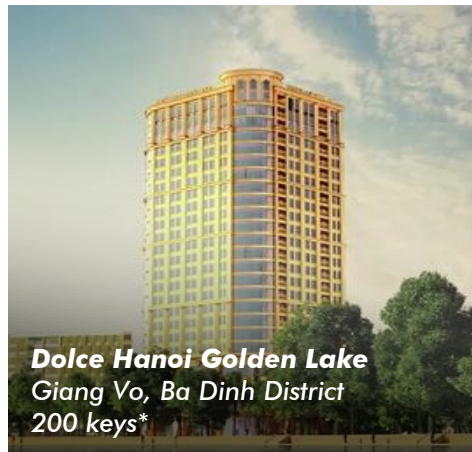
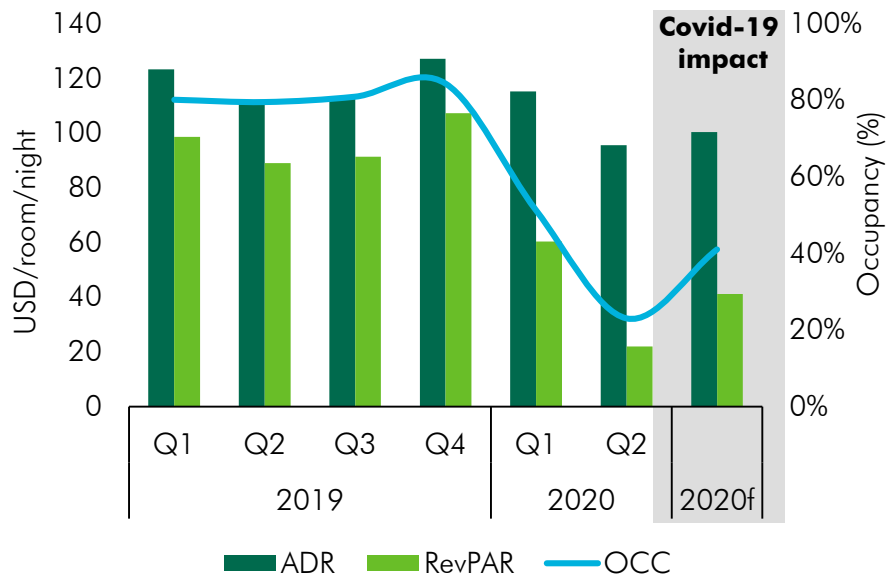
"FREE AND EASY" TOURS

These tours feature
flexibility regarding
budget and schedule



HANOI HOTEL OUTLOOK

Hanoi Hotel, Performance Forecast 2020F



Source: STR, CBRE Research, Q2 2020.

*estimated



HOTEL - ROADMAP TO RECOVERY



01

DOMESTIC FOCUS

MARKETING & PR ACTIVITIES TO FOCUS ON DOMESTIC SEGMENT

02

BOOSTING DEMAND

DISCOUNT PROGRAMS, ALLIANCES WITH AIRLINES & TRAVEL AGENTS

03

'CLEAN & SAFE'

REVISE HYGIENE AND CLEANLINESS STANDARDS

04

PLAN FOR THE RETURN OF INT'L GUESTS

PARTNER WITH STAKEHOLDERS IN MARKETS LIKELY TO RESUME TRAVEL TO VIETNAM SOON



OFFICE SECTOR

HANOI OFFICE MARKET IN Q2 2020

 0% q-o-q

No new supply

 0.4 ppts q-o-qGrade A vacancy rate
increased 1.7 ppts q-o-qGrade B vacancy rate
increased 10-15 pptsVacancy rate is expected to
increase in 2H 2020

HANOI OFFICE – MARKET SNAPSHOT Q2 2020

GRADE A



SUPPLY

NLA (sqm)

434,767 sqm NLA

20 projects



RENT*

US\$26.2

▼ **0.9%** y-o-y

▼ **0.2%** q-o-q

US\$/sqm/month



VACANCY

7.6%

▼ **0.7** ppt y-o-y

▲ **0.4** ppt q-o-q

(%)

**NO NEW
PROJECT**

GRADE B



SUPPLY

NLA (sqm)

947,306 sqm NLA

73 projects



RENT*

US\$14.2

▼ **0.4%** y-o-y

▼ **0.9%** q-o-q

US\$/sqm/month



VACANCY

11.0%

▲ **0.4** ppt y-o-y

▲ **1.7** ppt q-o-q

(%)

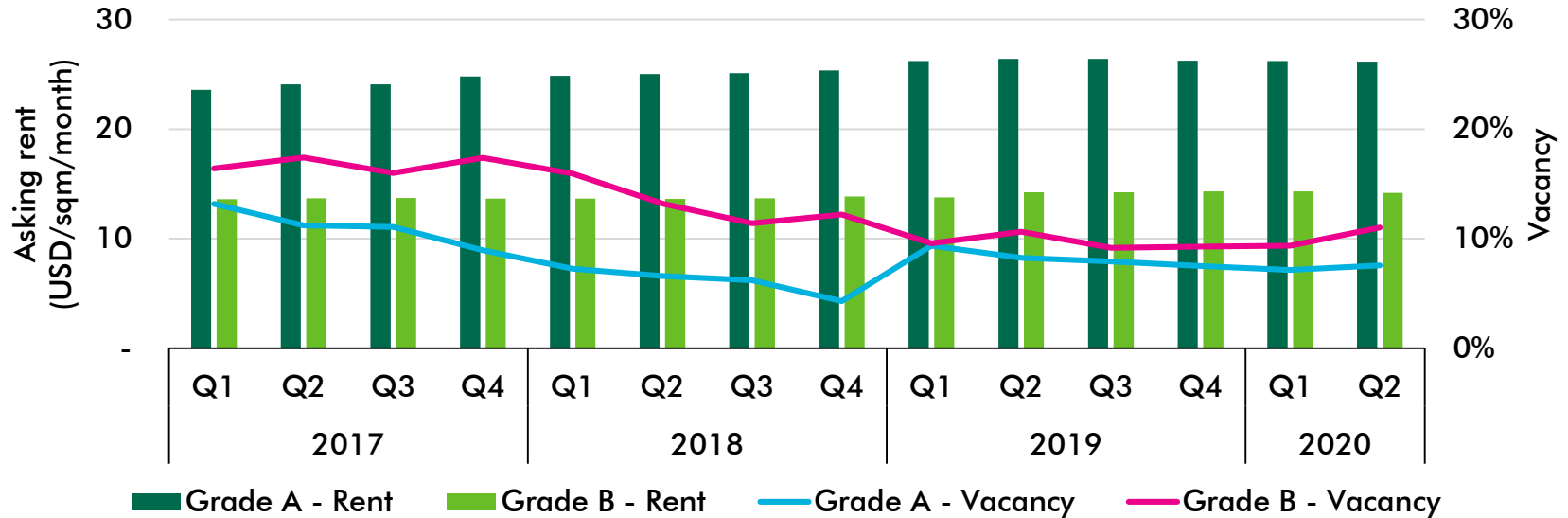
*Asking rent is quoted on Net Leasable Area, excluding VAT and service charge

Source: CBRE Research, Q2 2020.

MARKET PERFORMANCE

Increase in vacancy across all grades

Hanoi office market, Asking rent and Vacancy rate, Q2 2020

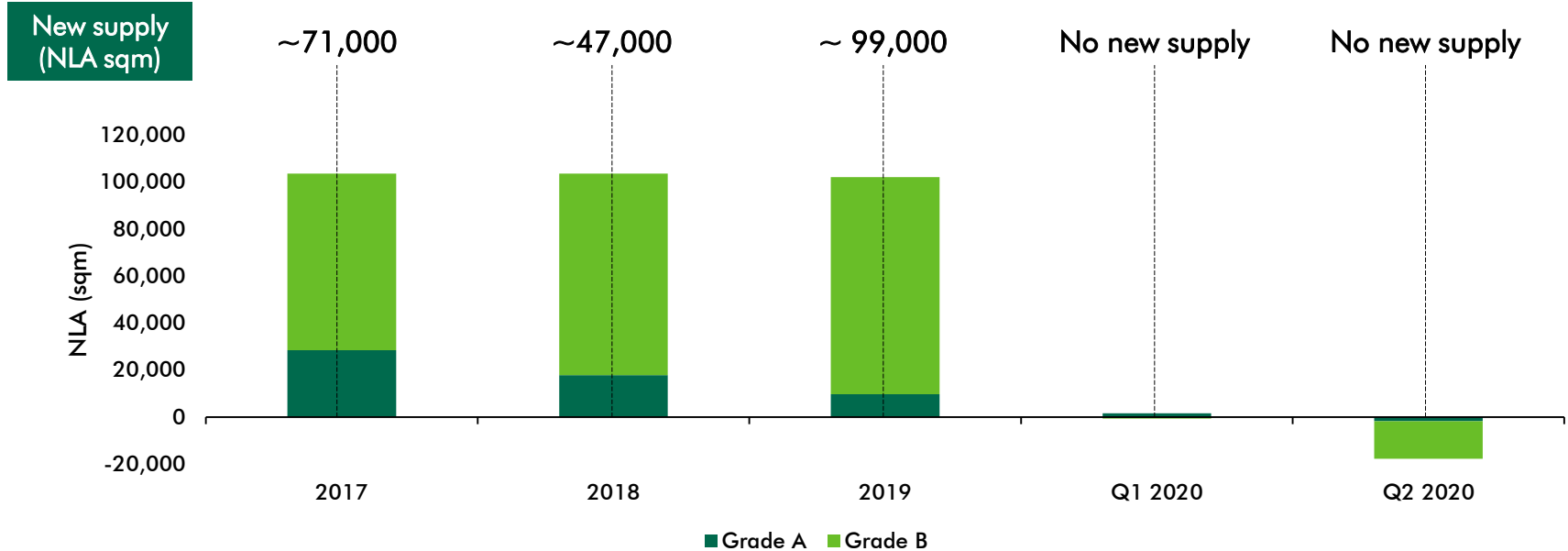


* Asking rent is quoted on Net Leasable Area, excluding VAT and service charge

Source: CBRE Research, Q2 2020.

NEGATIVE ABSORPTION

Hanoi office market, Net Absorption rate, Q2 2020

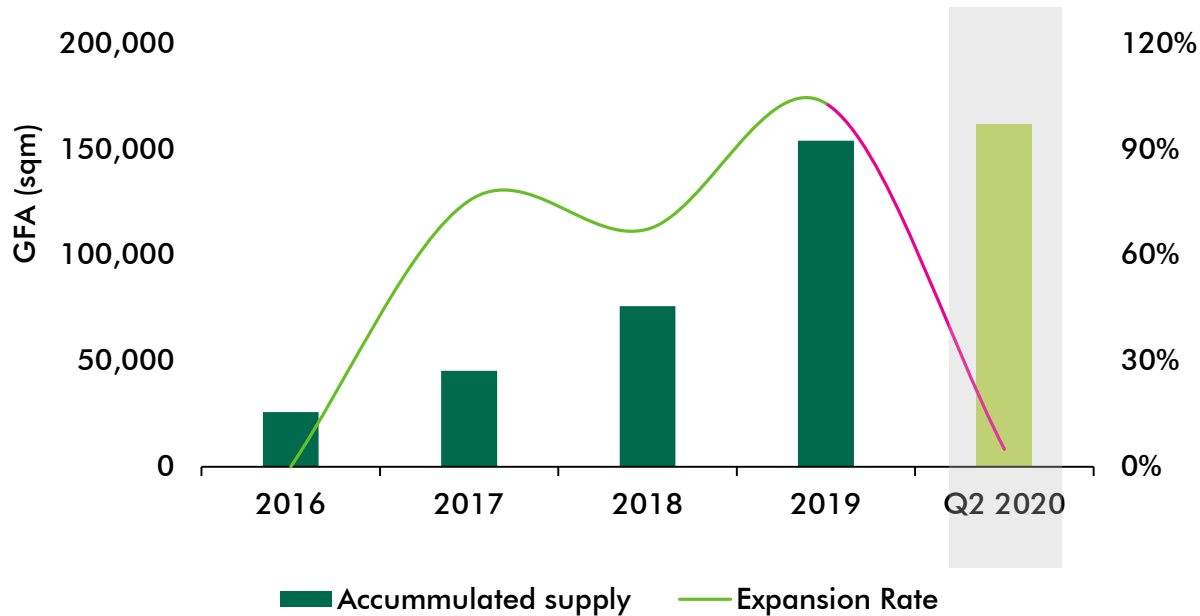


Source: CBRE Research, Q2 2020.

FLEXIBLE WORKSPACE WAS AFFECTED BY COVID-19

Freezing expansion

Vietnam Flexible workspace, Total supply, Q2 2020

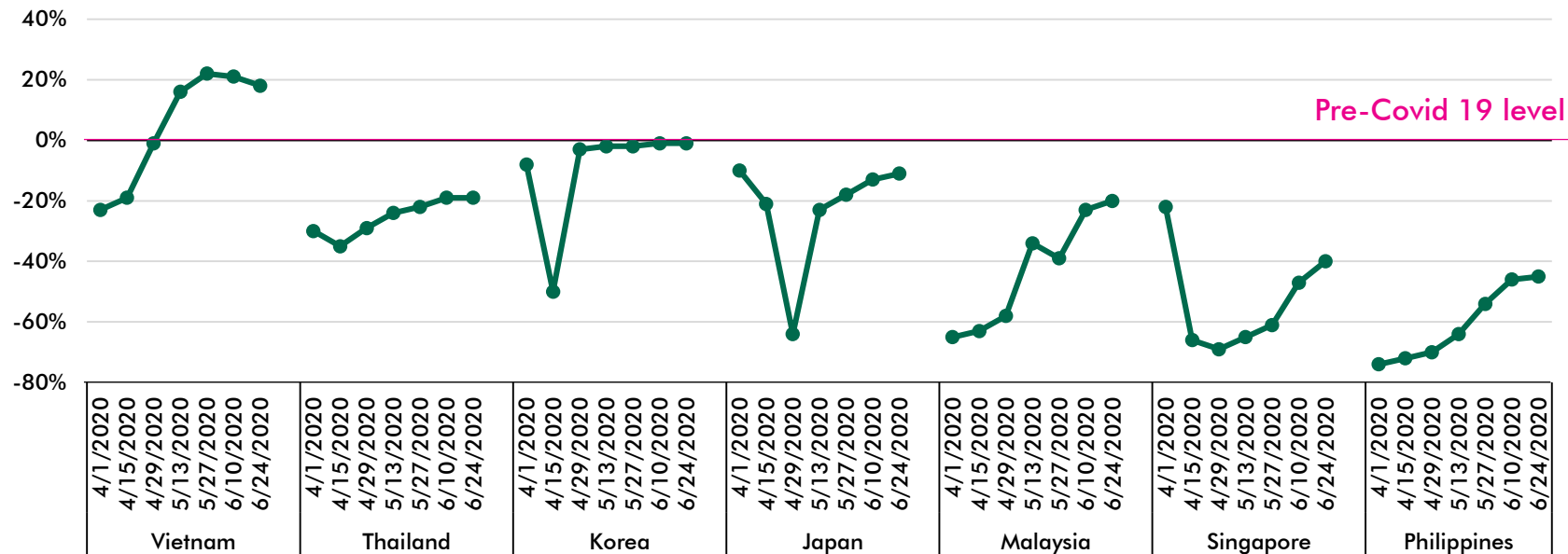


Despite the freezing expansion, major flexible workspace players in Hanoi still have positive occupancy of around **60% - 70%** as of Q2 2020

Source: CBRE Research, Q2 2020.

VIETNAM'S SUCCESS IN CONTROLLING THE OUTBREAK

APAC office, Google mobility index, Q2 2020

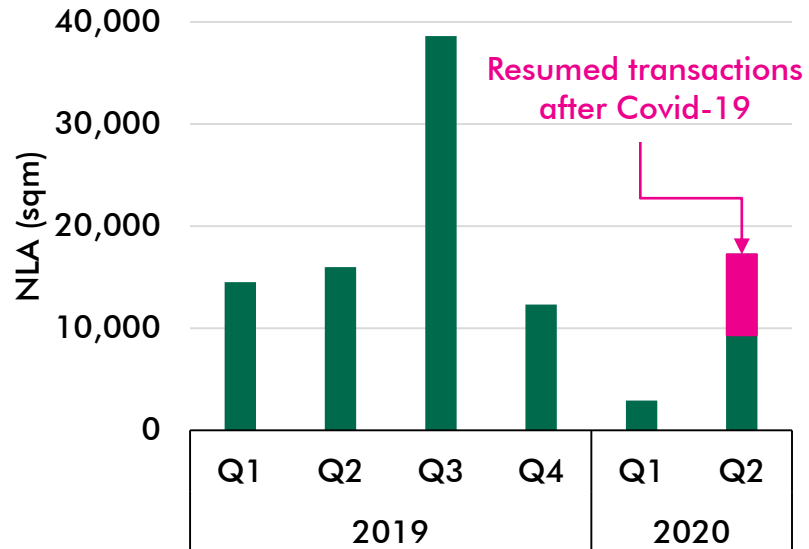


Note: Google's mobility index extracted from Google's COVID 19 Community Mobility Reports. The reference day would shift one day behind if it is a national holiday. The baseline for prior outbreak is the median value for the corresponding day of the week during the 5 week period Jan 3 Feb 6, 2020.

Source: Google, CBRE Research, 03 July 2020.

EARLY SIGNS OF RECOVERY

Major leasing transactions, recorded by CBRE

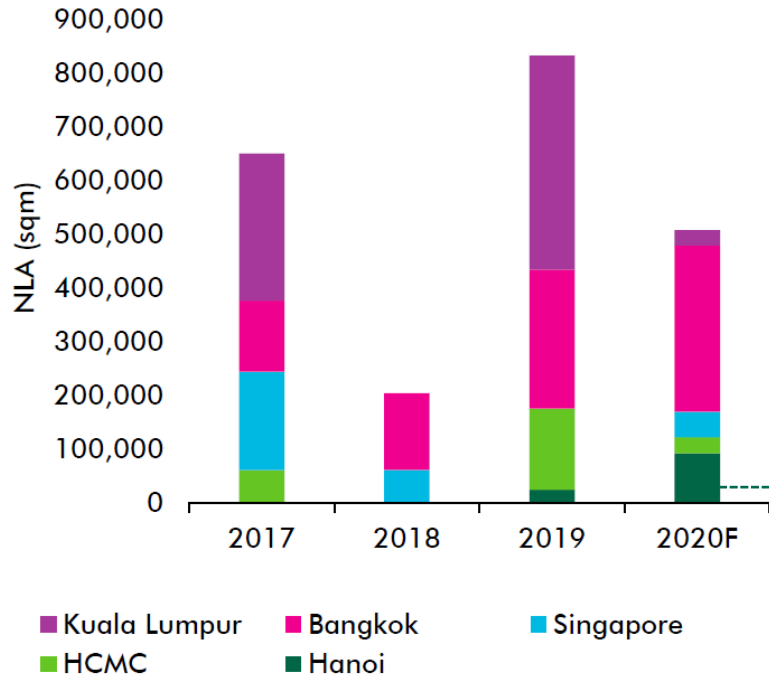


BIDV Tower, retrieved 30 Jun 2020

Source: CBRE Research, Q2 2020.

FUTURE PIPELINE

APAC, New Grade A completion in 2020F

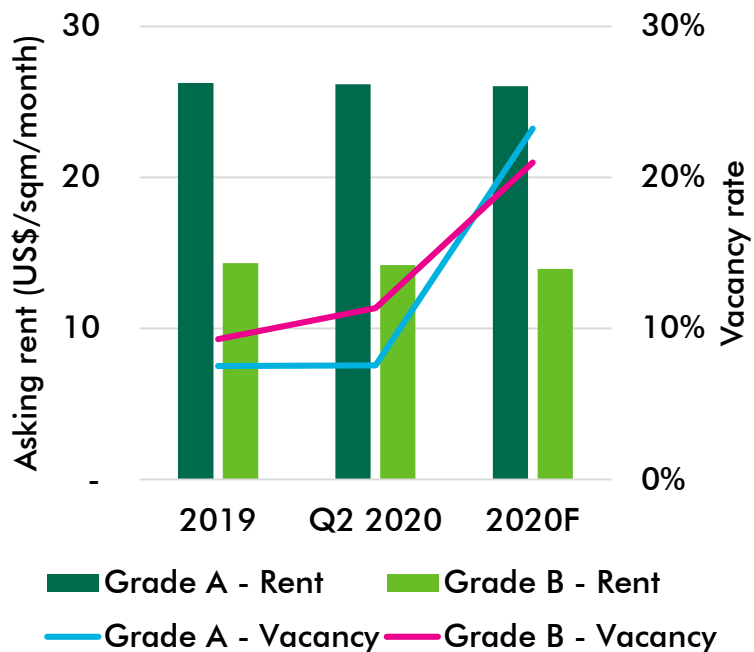


Capital Place
Q3 2020
~93,000 sqm

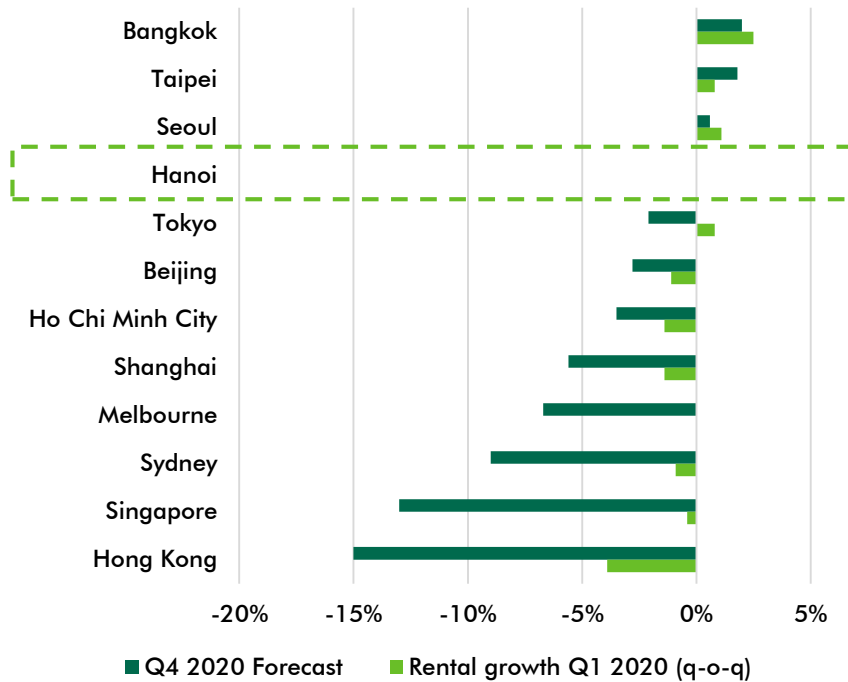
Source: CBRE Research, Q2 2020.

MARKET OUTLOOK

Hanoi office market, Performance Outlook 2020F



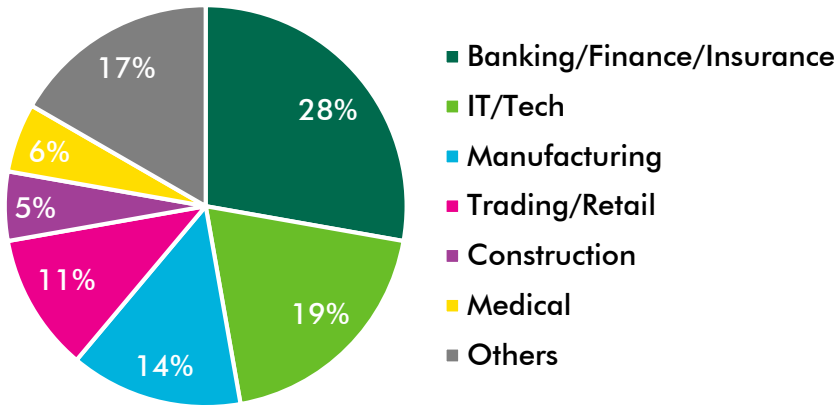
APAC office market, rental outlook 2020F



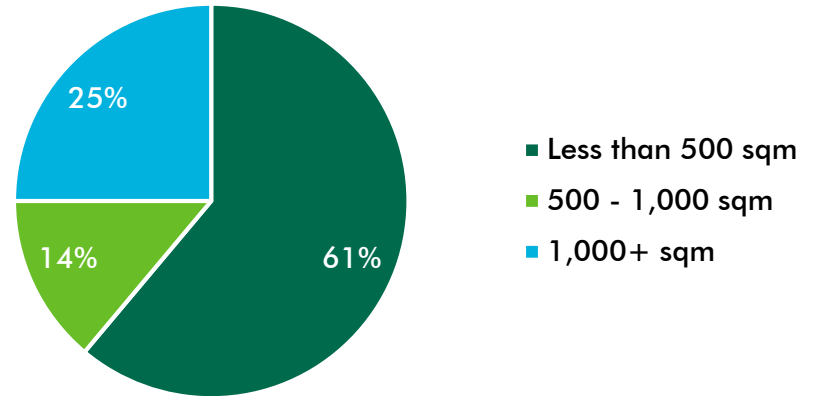
FUTURE DEMAND AND PREFERENCES

Hanoi, Inquiry and Site inspection by CBRE, Q2 2020

By industry



By size



Source: CBRE Research, Q2 2020.

WHERE WILL THE NEW CBD BE?

Hanoi's upcoming office hubs



Starlake



Hanoi Smart City



Lotte Mall Hanoi



Vinhomes Ocean Park



Vinhomes Smart city

Metro line No.

1

2

3

4

5

6

7

8

MIDTOWN

CBD

WEST

OFFICE – ROADMAP TO RECOVERY

OCCUPIERS: GO AGILE

Workplace Strategy

LANDLORDS: BE FLEXIBLE

- More flexible leasing term and incentives
- Amortise capex over lease term

04

DEVELOPERS: GO GREEN

With more MNCs coming to Hanoi, LEEDs/Green features will have more weight in creating long-term value

02

03

FLEXI SPACE: BE PRUDENT AND ENTERPRISE FOCUS

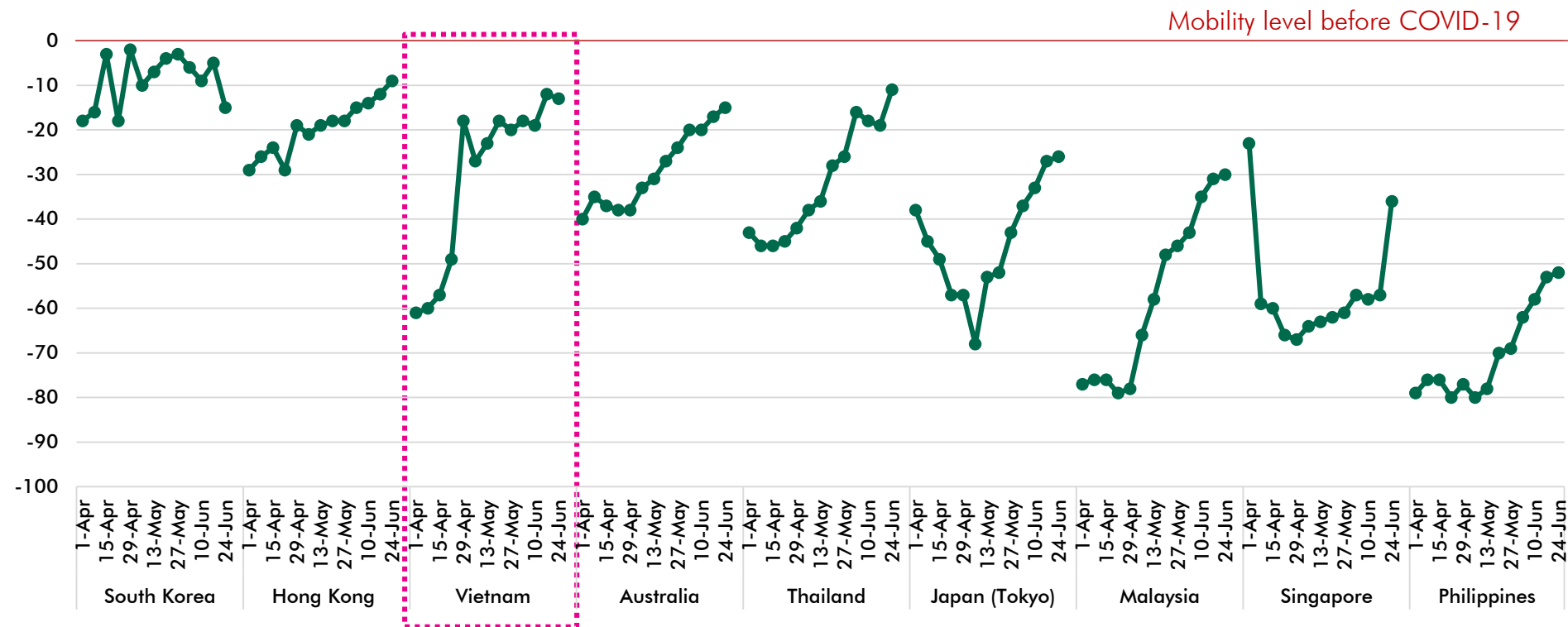
- Flexible workspace operators should be more cautious in expansion
- More focus should be put on enterprise market as this type of tenant will have less financial risk

01



RETAIL SECTOR

FOOTFALL TO SHOPPING MALLS RECOVERS (GOOGLE MOBILITY INDEX)



Note: Google's mobility index extracted from Google's COVID 19 Community Mobility Reports. The reference day would shift one day behind if it is a national holiday. The baseline for prior outbreak is the median value for the corresponding day of the week during the 5 week period Jan 3 Feb 6, 2020.

Source: Google, CBRE Research, 03 July 2020.

SHOPHOUSE HAS YET TO SHOW SIGN OF RECOVERY

Làn sóng trả mặt bằng: Hết thời nhà phố chỉ cần dán giấy là có khách thuê!

DÀN TRÌ

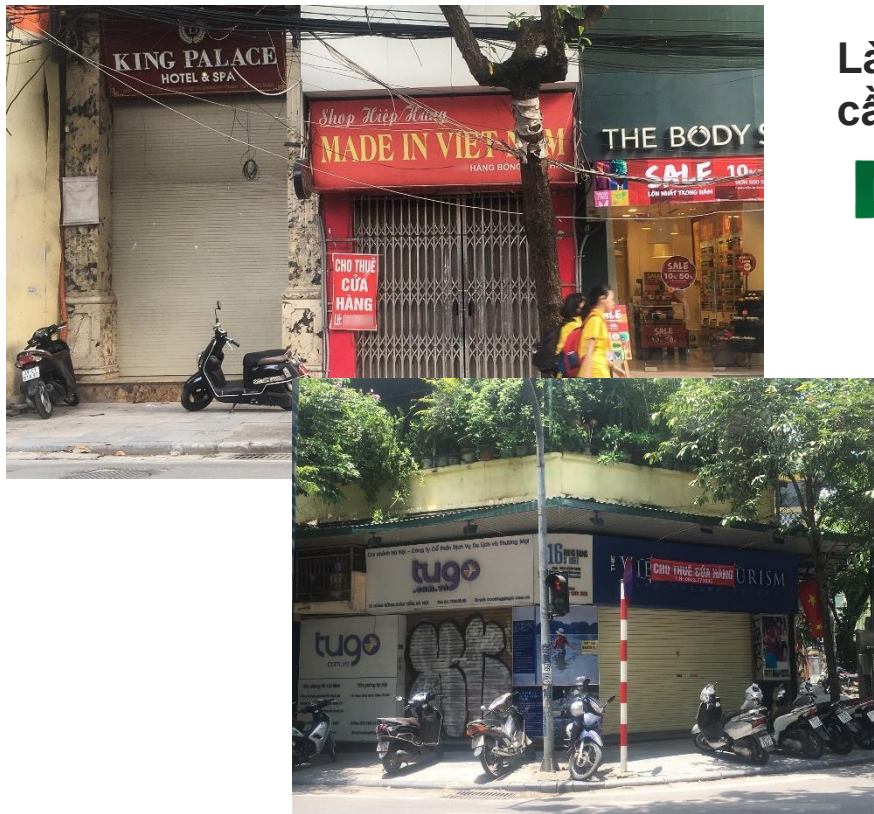
Nhiều hàng quán Hà Nội "cửa đóng then cài", chật vật tìm hướng mở cửa lại

LAO ĐỘNG

Đất 'kim cương' Hà Nội giảm giá vẫn không có người thuê

CAFE F

www.cafe.f.vn



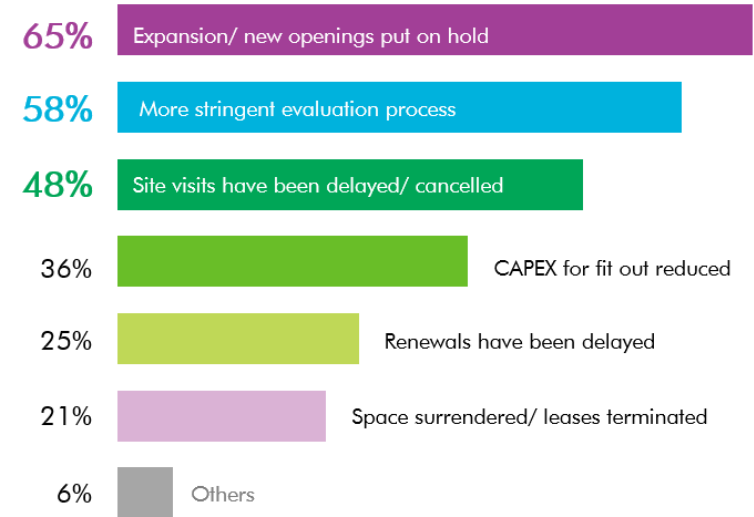
Source: CBRE Research, Retrieved from Internet, 03 July 2020

IS COVID-19 A HAS BEEN OR A NEW NORMAL?

Top Three Impacts

	Retailers with headquarters based in Asia Pacific	Retailers with headquarters based outside Asia Pacific
1	Expansion on hold 65%	More stringent evaluation process 69%
2	More stringent evaluation process 54%	Expansion on hold 67%
3	Site visits delayed / cancelled 50%	CAPEX for fit out reduced 43%

How have your real estate leasing decisions been impacted? [select all that apply]



Data as of 21 May 2020, n to Q4 = 179

Source: CBRE Research, Asia Pacific Retail Flash Survey conducted Apr 28 to May 21, 2020

Note: Quarterly sales revenue quoted at current exchanges rates.

Source: Company's financial announcement, Capital IQ, CBRE Research, 27 May 2020.

2020: A PAUSE IN THE INFLUX OF INTERNATIONAL TENANTS

Opening 2020 in Hanoi



Uniqlo 1st store
@ Vincom Pham Ngoc Thach
Image source: tuoitre.vn



Hadilao 1st store
@ Vincom Pham Ngoc Thach
Image source: vietnambiz.vn

<first store>

TIFFANY & CO.

<potential>

MUJI
無印良品

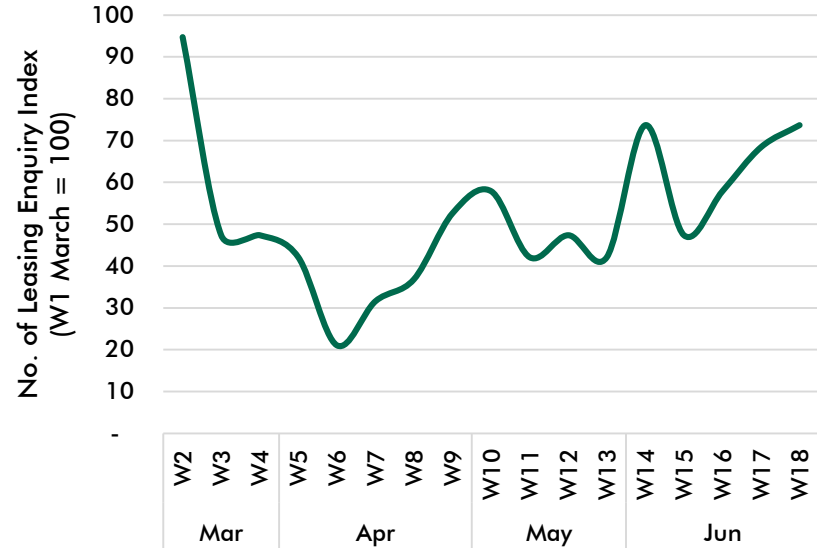
okaïdi
OBAIBI

ANYTIME
FITNESS

美洋鍋
Beauty in The Pot

Matsumoto Kiyoshi
松本清

Retail Leasing Enquiries Index, CBRE Vietnam

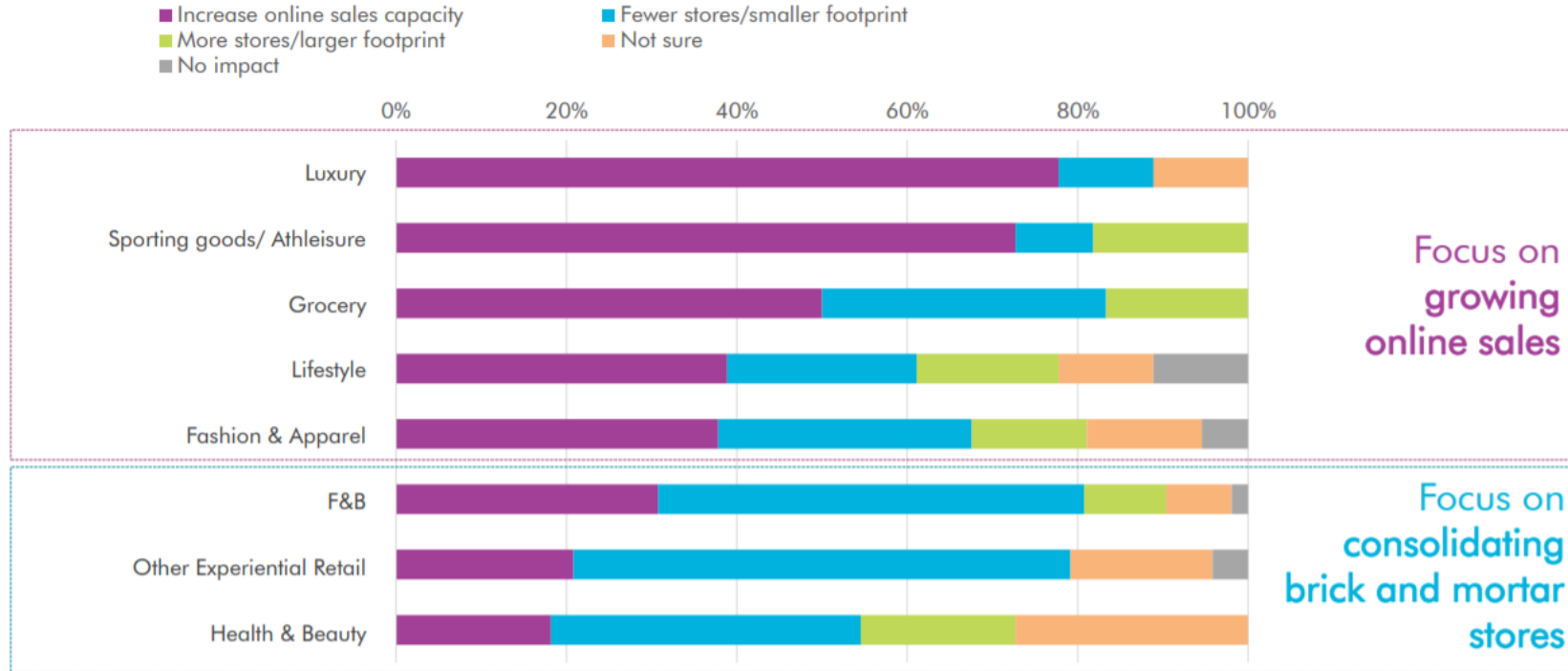


Note: Leasing enquiries collected by CBRE Vietnam in Hanoi & HCMC between March and June 2020.

Source: CBRE Research, Q2 2020.

APAC RETAILER SURVEY: DIFFERENT STRATEGY ACROSS SECTORS

About 38% of retailers will focus on increase online sales capacity while similar amount will reduce physical footprint. But it is not all negative, about 11% expect to tap on the current weakness to add more stores within the year.



Data as of 21 May 2020, N = 178

Source: CBRE Research, May 2020

DUE TO COVID-19, RETAILERS SERIOUS ABOUT MOVING ONLINE

Alibaba and Tencent cash in on Southeast Asia e-payments boom
Report shows Chinese groups' proxy war by funding local players is accelerating



Source: Nikkei Asian Review, June 26

Tiki, Sendo inform authorities of merger plan

By Anh Minh, Vien Thong June 6, 2020 | 01:35 pm GMT+7



Source: VnExpress, June 6

Vietnam is ready to supercharge its e-commerce market



maisononline.vn
THIỆN ĐƯỜNG
THỜI TRANG HÀNG HIỆU

#MaisonOnlineNow



The Vietnamese government has unveiled a national e-commerce development plan for Vietnam, which will see the sector growing by 25% each year to reach US\$35 billion in sales within the next five years.

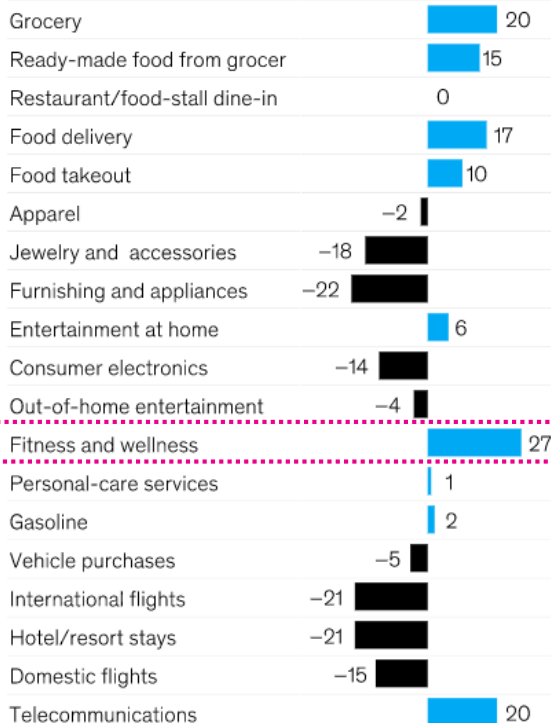
Source: TechWireAsia, June 17

LIVING THE NEW NORMAL: CONSUMER BEHAVIOUR RESHAPED HEALTH & WELLBEING BECOME THE FORE

Vietnamese Consumer (*)

COVID-19 spending,
% shift

Anticipated post-
COVID-19 vs before²



COVID-19 IMPACTS ON VIETNAMESE CONSUMERS



Four out of five Vietnamese respondents say that they are focused on exercising and healthy eating

81%



40% of respondents listed the availability of an online store or mobile app as a primary factor for switching to a new grocery store



Vietnamese reveal that they are being very careful about how they spend their money, even as the country begins to reopen its economy.

67%

(*) Question: "For each of the following product/service options, how do you expect your spending per month to change after the COVID-19 outbreak compared with before the COVID-19 outbreak?" Figures may not sum to 100%, because of rounding.

Source: McKinsey & Company, vir.com.vn. Survey was done on 600 respondents in Vietnam, in May 2020.

HANOI RETAIL: MARKET SNAPSHOT H1 2020

CBD



SUPPLY

NLA (sqm)

54,517 sqm NLA
2 Shopping malls &
10 Shopping podiums



ASKING RENT (*)

US\$/sqm/month

US\$ 98.1

▲ **2.5%** y-o-y

► **0.0%** q-o-q



VACANCY RATE

(%)

0.72%

▼ **0.7 ppt** y-o-y

► **0.0 ppt** q-o-q

**NO
NEW
SUPPLY**

Non-CBD



SUPPLY

NLA (sqm)

949,964 sqm NLA
32 projects



ASKING RENT (*)

US\$/sqm/month

US\$ 24.7

▼ **0.7%** y-o-y

▼ **0.5%** q-o-q



VACANCY RATE

(%)

9.78%

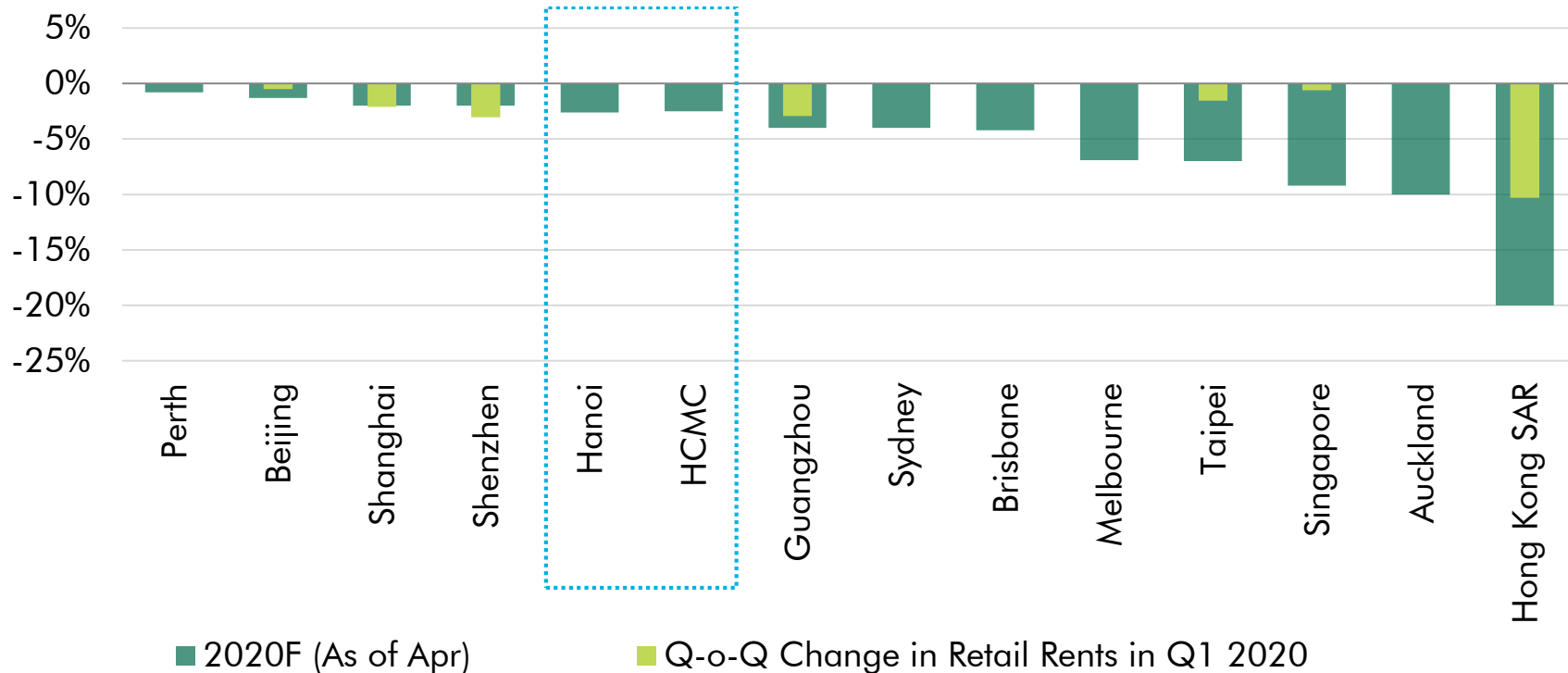
▲ **1.1 ppt** y-o-y

▲ **1.6 ppt** q-o-q

Note: Asking Rent is average of Ground Floor and First floor, excluding of Service Charge and 10% VAT.
Source: CBRE Research, Q2 2020.

OUTLOOK: RENTS ARE WEAK ACROSS THE REGION THOUGH VIETNAM SET FOR OPTIMISTIC RECOVERY

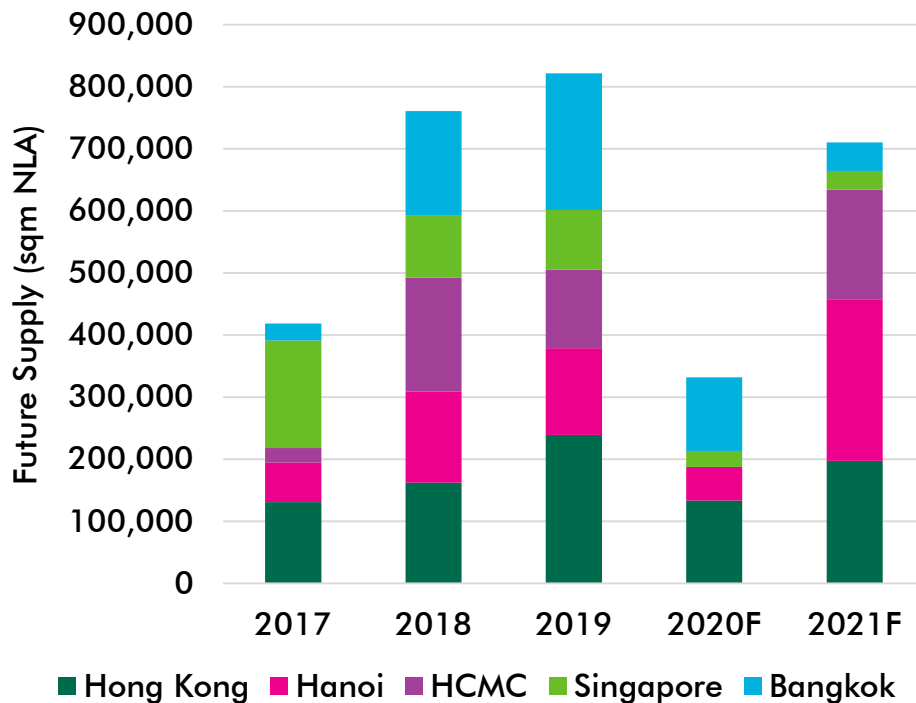
Rental Outlook, Regional Comparison



Source: CBRE Research, Data as of Apr 2020. For Hanoi and HCMC, data is updated till Jul 2020.

FUTURE SUPPLY AWAITS DEMAND RECOVERY

Future Supply 2020F – 2021F



NEW SUPPLY 2020F, HANOI RETAIL



**Vincom Megamall
Ocean Park**
Gia Lam
NLA: ~39,500 sqm



FLC Twin Towers
Cau Gay
NLA: ~14,000 sqm

Source: CBRE Research, Data as of Apr 2020. For Hanoi and HCMC, data is updated till Jul 2020.

RETAILERS

COST-CUTTING, LANDLORD
COMMUNICATION

LANDLORDS



Promotions/Sales to encourage sales

- Systemwide long-term solution
- Technology to boost sales by improving stores' connectivity and efficiency
- Sustainability/smart building





CONDOMINIUM SECTOR



DESPITE PICKING UP IN Q2, SALES AND NEW LAUNCH DROPPED SIGNIFICANTLY IN H1 2020

Q2 2020:

▲ 2.4x q-o-q

Increase of New
Launch Supply in
Hanoi in Q2 2020

▲ 1.4x q-o-q

Increase of Sold Units
in Hanoi in Q2 2020

51%

Average Sold Rate in
Newly Launched
Projects in Q2 2020

▲ 1% q-o-q

Average selling price
in Hanoi in Q2 2020

Source: CBRE Research, Q2 2020.

▼ 65% y-o-y

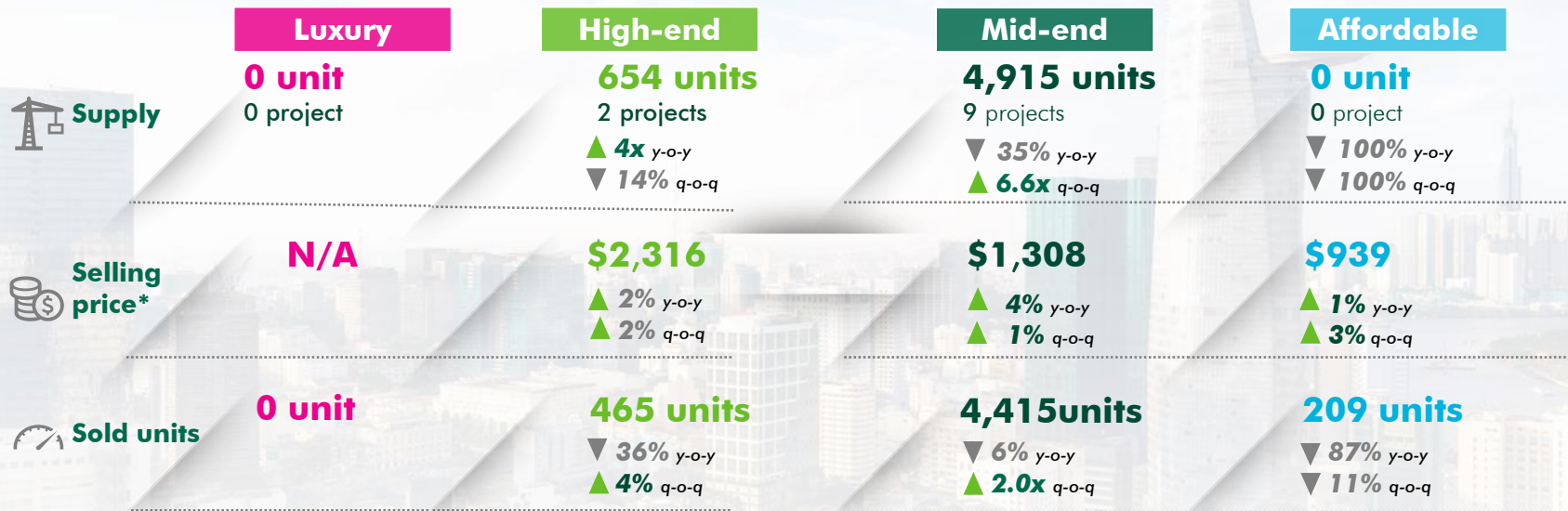
Drop of New Launch
Supply in Hanoi in
H1 2020

▼ 56% y-o-y

Drop of Sold Units in
Hanoi in H1 2020

HANOI CONDOMINIUM: MARKET SNAPSHOT IN Q2 2020

Sales activities started to recover after nationwide isolation



(*) Selling price: US\$ psm (excluding VAT and quoted on NSA)
Source: CBRE Research, Q2 2020.

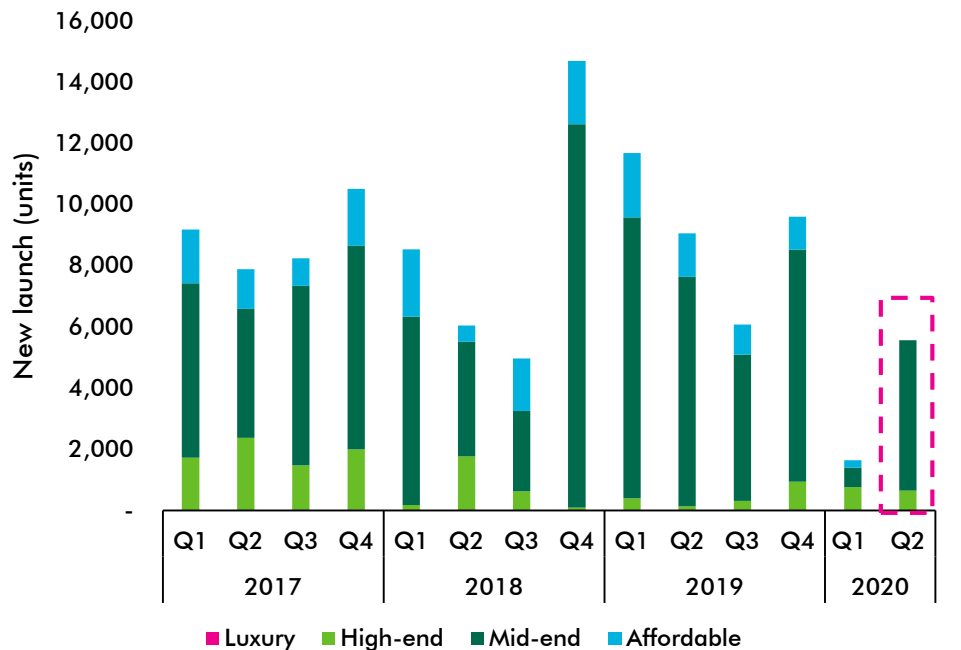
LUXURY:
HIGH END:
MID END:
AFFORDABLE:

US\$4,000 psm
US\$2,000 – 4,000 psm
US\$1,000 – 2,000 psm
< US\$1,000 psm

HANOI CONDOMINIUM: NEW LAUNCH SUPPLY

Condensing into mid-end segment

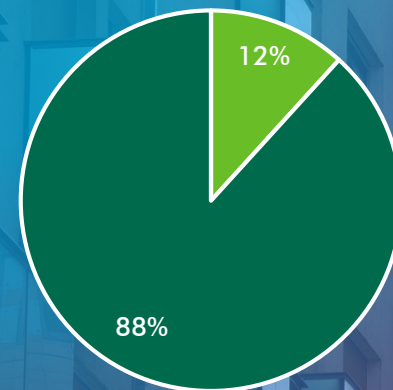
Hanoi Condominium, New launch supply, Q2 2020



Source: CBRE Research.

5,569 units

(▼ 39% y-o-y)



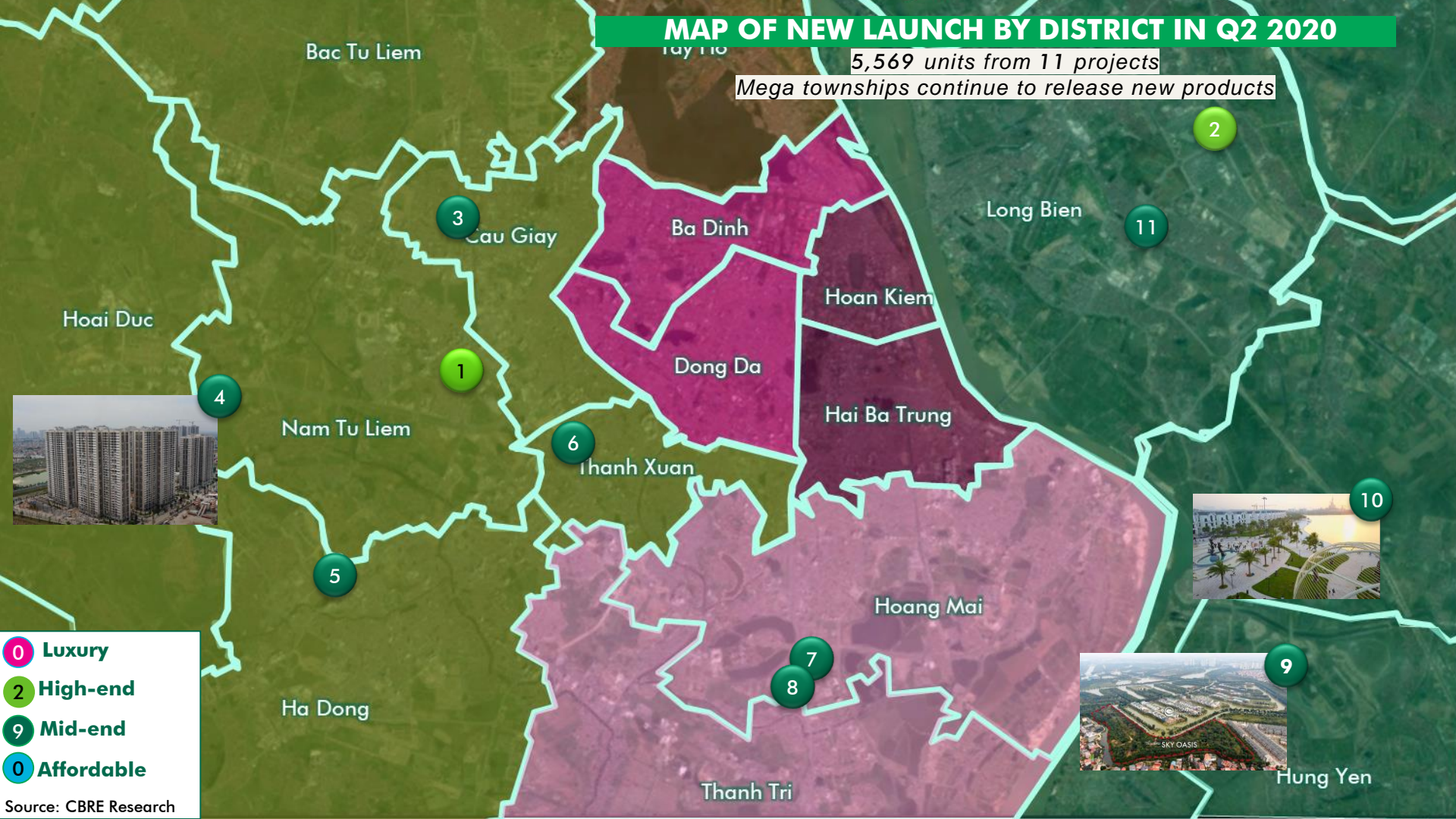
■ Luxury ■ High-end ■ Mid-end ■ Affordable

Mid-end projects
dominated the market

MAP OF NEW LAUNCH BY DISTRICT IN Q2 2020

5,569 units from 11 projects

Mega townships continue to release new products

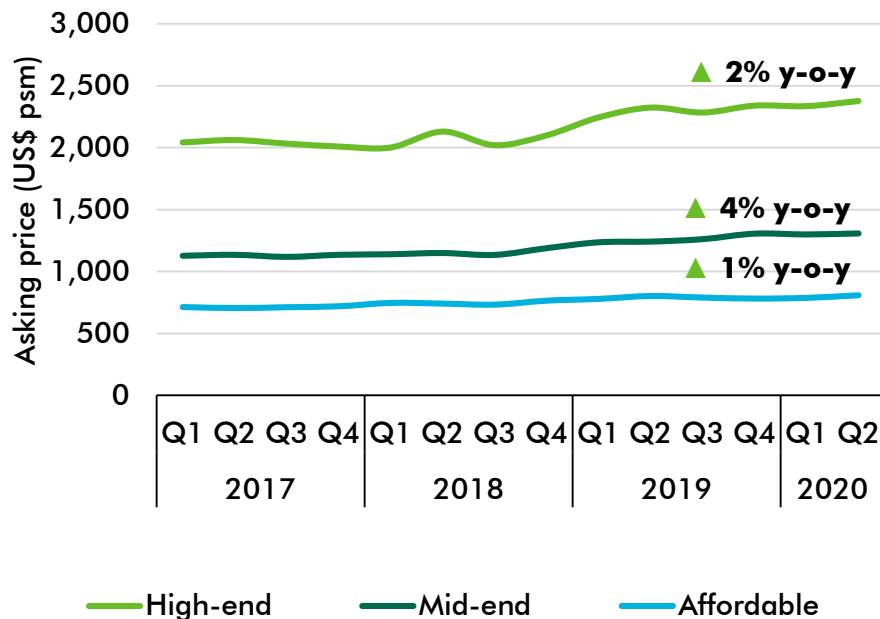


- 0 Luxury
- 2 High-end
- 9 Mid-end
- 0 Affordable

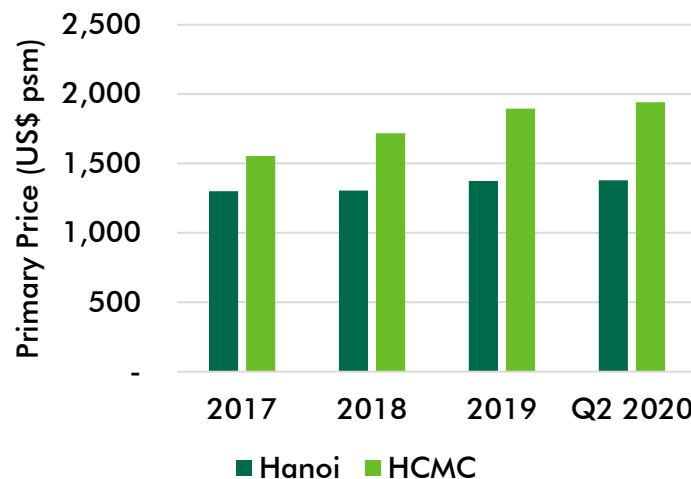
HANOI CONDOMINIUM: PRIMARY PRICE

Price escalation of township projects leading to the strongest y-o-y growth of mid-end among segments

Hanoi Condominium, Average primary price, Q2 2020



Average primary price, Hanoi vs HCMC

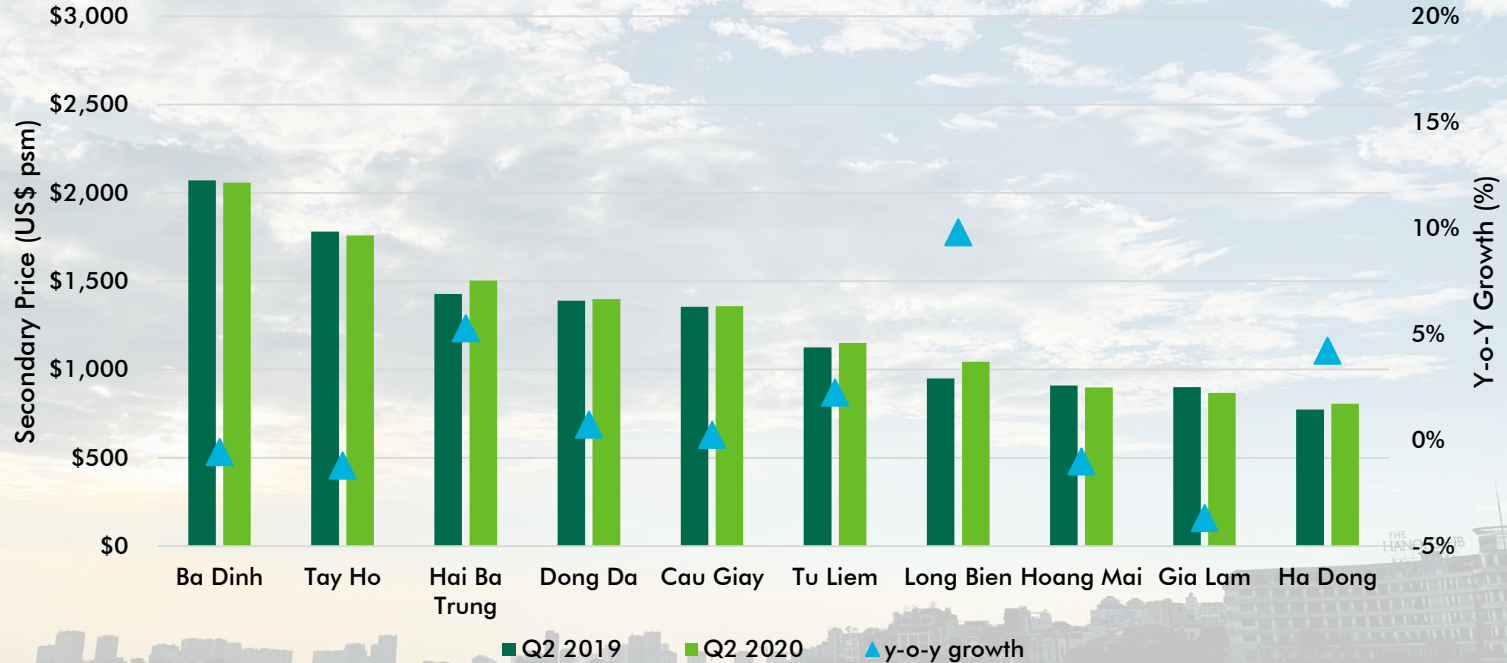


	CAGR (2017 – Q2 2020)
Hanoi	2%
HCMC	9%

(*) Selling price: US\$ psm (excluding VAT and quoted on NSA)
Source: CBRE Research.

HANOI CONDOMINIUM: SECONDARY PRICE

No significant adjustment across most locations



Source: CBRE Research.
Prices are quoted net of taxes.

HANOI CONDOMINIUM: ADJUSTING TO THE NEW NORMAL

1. SALES EVENTS COMING BACK



Source: Images retrieved from the internet
Sales Event of Vinhomes Smart City, Sky Oasis

2. GOING ONLINE



VNEXPRESS 01/07/2020

Vinhomes Online Sales Channel
attracts 500,000 followers

3. GETTING CLOSER TO BUYERS

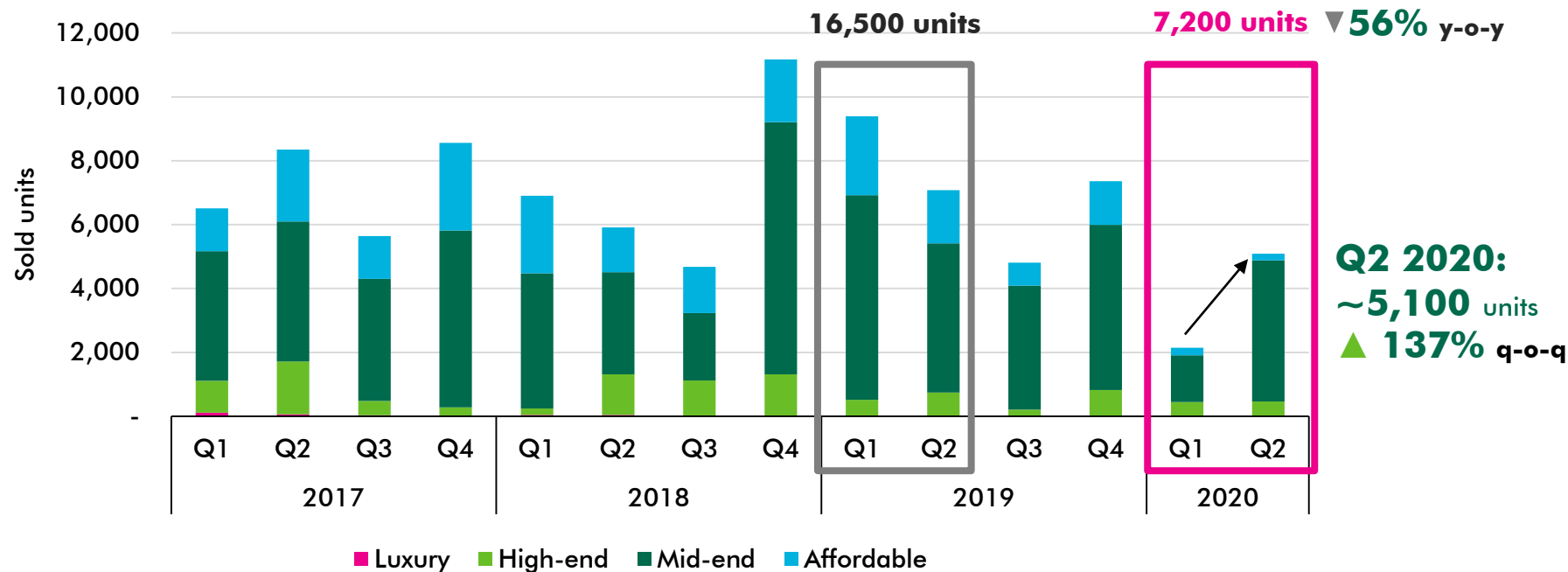


*Gamuda Land to open
Experience Gallery of
Gamuda City
at Hue Street.*

HANOI CONDOMINIUM: SOLD UNITS

Picked up after a quiet Q1

Hanoi Condominium, Sold units, Q2 2020

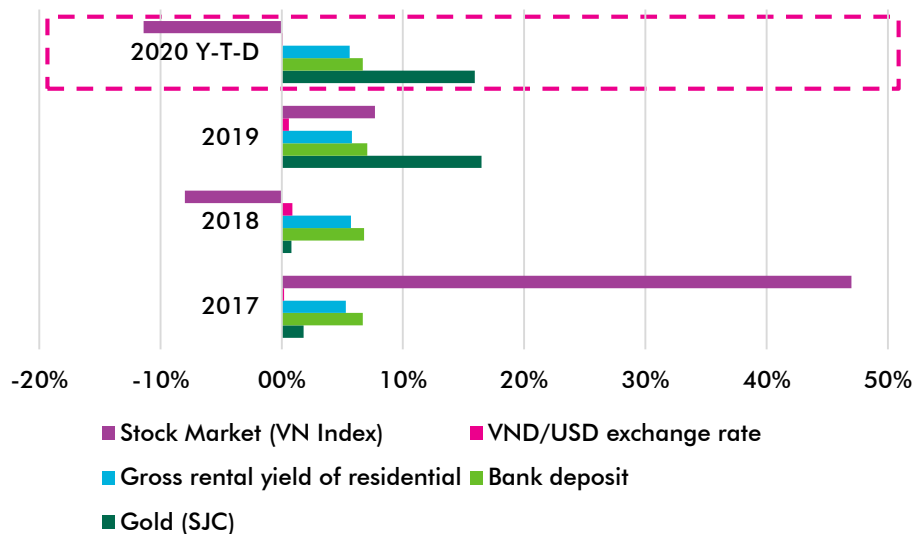


Source: CBRE Research.

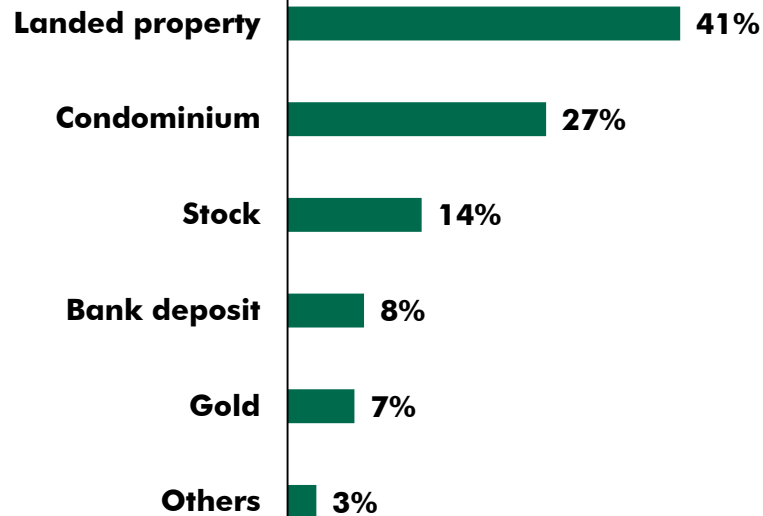
HANOI CONDOMINIUM: COMPARED WITH OTHER INVESTMENT CHANNELS

Gold recorded highest return but real estate is still the most popular channel

Return on Different Assets



CBRE Flash Survey: Preferred Investment Channel



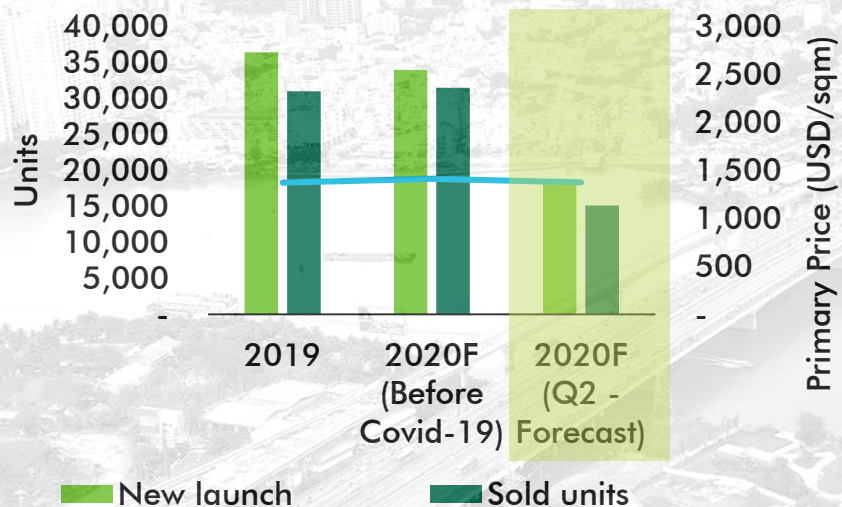
Source: CBRE, Q1 2020.
Sample size: 299 respondents

Source: CBRE; SJC; SBV

- VN Index: y-o-y change, end of period
- Bank savings: 12 month deposit
- SJC gold: y-o-y change of price per tael
- Rental yield: average of selected high-end and upper mid-end projects in West of Hanoi. Capital gain not included.

MARKET OUTLOOK

Hanoi Condominium Market, Forecast for FY2020



COVID-19 contained by Sep 2020

Image: Retrieved from the Internet
Source: CBRE Research, Q2 2020.



Sunshine Empire
~2,200 units



The Matrix One
~1,500 units
(Follow-on launch)

Q4
2020



Project at Gamuda City
~2,000 units



Lancaster Luminaire
~126 units

CONDOMINIUM - ROADMAP TO RECOVERY



SHORT TERM

Focus on Vietnamese buyers

Attractive sale policies
Flexible payment terms

Supporting policies for
Foreign Buyers

Innovation in Product Development

Changes in unit mix, unit size, larger corridor, lifts



LONG TERM



Pricing Strategy

Suitable price growth rate and total unit value



Land bank Development

Diversifying landbanks
Active landbank build-up



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Thank you FOR JOINING US

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