



VIETNAM REAL ESTATE

Q1 2016

MARKET INSIGHTS

Presented by:

Marc Townsend, Managing Director, CBRE Vietnam

Hanoi, 7th April, 2016



NEW LEADERSHIP, DROUGHT AND CHINA

Bloomberg Markets Tech Pursuits Politics Opinion Businessweek

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

by [John Boudreau](#) [Nguyen Dieu Tu Uyen](#)
[svwriter](#) [ndt_uyen](#)

April 5, 2016 – 4:15 AM ICT



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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. PHOTO: HOANG DINH NAM/AFP/GETTY IMAGES

By [JAMES HOOKWAY](#)
April 4, 2016 7:53 p.m. ET

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Le Méridien Saigon
Ho Chi Minh City

최대 50% 할인 혜택

2016 SOUTH EAST ASIA HEADWINDS

Singapore New Home Sales Post Worst Start to Year Since 2009

By Peter Drazoski

February 16, 2016 9:48 AM EST



Singapore's home market is expected for a weak quarter, sending the island's housing market to 17 years, as tighter mortgage credit cooled demand. [Bloomberg Businessweek](#)



Philippines Cuts 2016 Growth Goal as Asia Braces for Volatility

February 16, 2016



Hong Kong Land Price Plunges Nearly 70% in Government Tender

February 15, 2016

BloombergBusiness

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

ENAL, 7 JAN 2016 - UPDATED 09:53, 7 JAN 2016 - BY ANTHONY BOND



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

by Jethro Mullen @CNMoney

March 7, 2016 10:09 AM ET



Coup politics in Thailand

Twentieth time lucky?

2016 VIETNAM HEADWINDS

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

Sa Pa snowfall damages farms, attracts tourists

Last update 14:00 | 18/12/2013

Rare snowfall causes 10 billion VND losses for Lao Cai



Vietnam hit by worst drought in 90 years

AFP
UPDATED: 03/02/2016 07:54:00+7



Việt Nam News



Transport costs soar after
Đồng Nai bridge collapse

HCMCITY -- The collapse of the Ghinê bridge that shut down the North-South highway left businesses struggling with a big surge in transport costs.

The bridge, spanning the Đồng Nai River, collapsed on March 20, when it was hit by a heavy rainstorm, causing it to sink between the two sections.

In addition to the hanker occupant firms, manufacturers and goods distributors are also at higher risk of rising deadlines with their business partners.

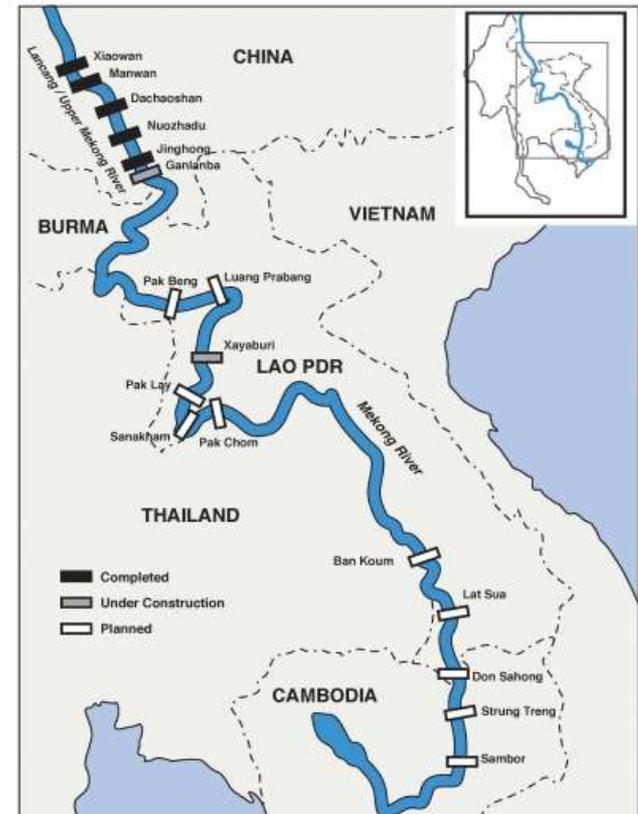
Passengers from HCM City now have to reach the Biên Hòa Station in Đồng Nai Province by road before they can catch a northbound train.



GLOBAL RISK INSIGHTS
Know Your World

Climate change, dams and risk on the Mekong

by Nicolas Jenny · February 29, 2016



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

Share Author alerts Print Clip Comments

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



Vietnam has first chairwoman of parliament

Nguyen Thi Kim Ngan, who was deputy chairperson of the National Assembly, won 95 percent of votes

THANHNHIEUNHIEU.COM



Vietnam Stocks Seen Reaching 2008 High on Economy, Earnings

March 15, 2016

Frontier Funds to Pour Money Into Vietnam Shares on Growth

Updated on February 29, 2016

BloombergBusiness

CBRE

Gatecrashers

By running for parliament, political outsiders challenge one-party rule

Mar 19th 2016 | HANOI | From the print edition

The Economist



VIETNAM ECONOMY

2016 starts on a mediocre note

Q1 2016



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



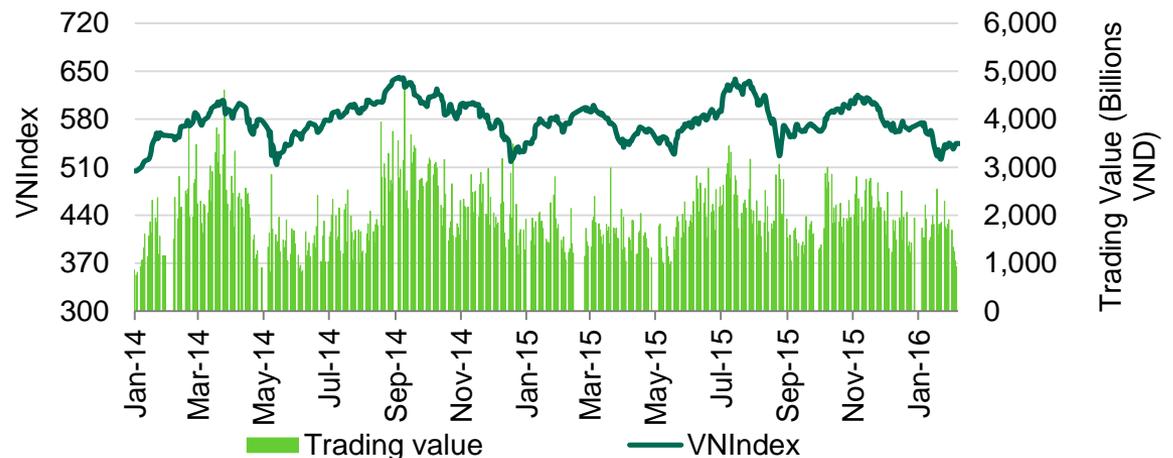
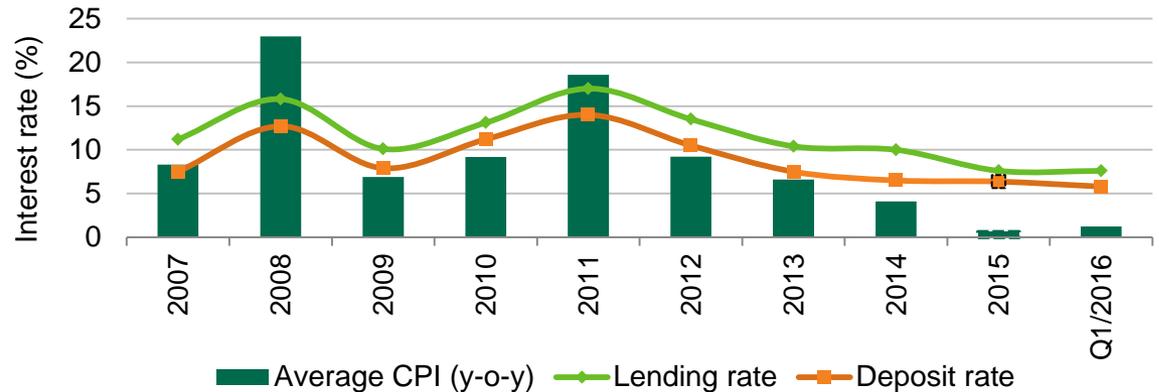
FX Reserves up to
US\$40bn and stable
US\$/VND



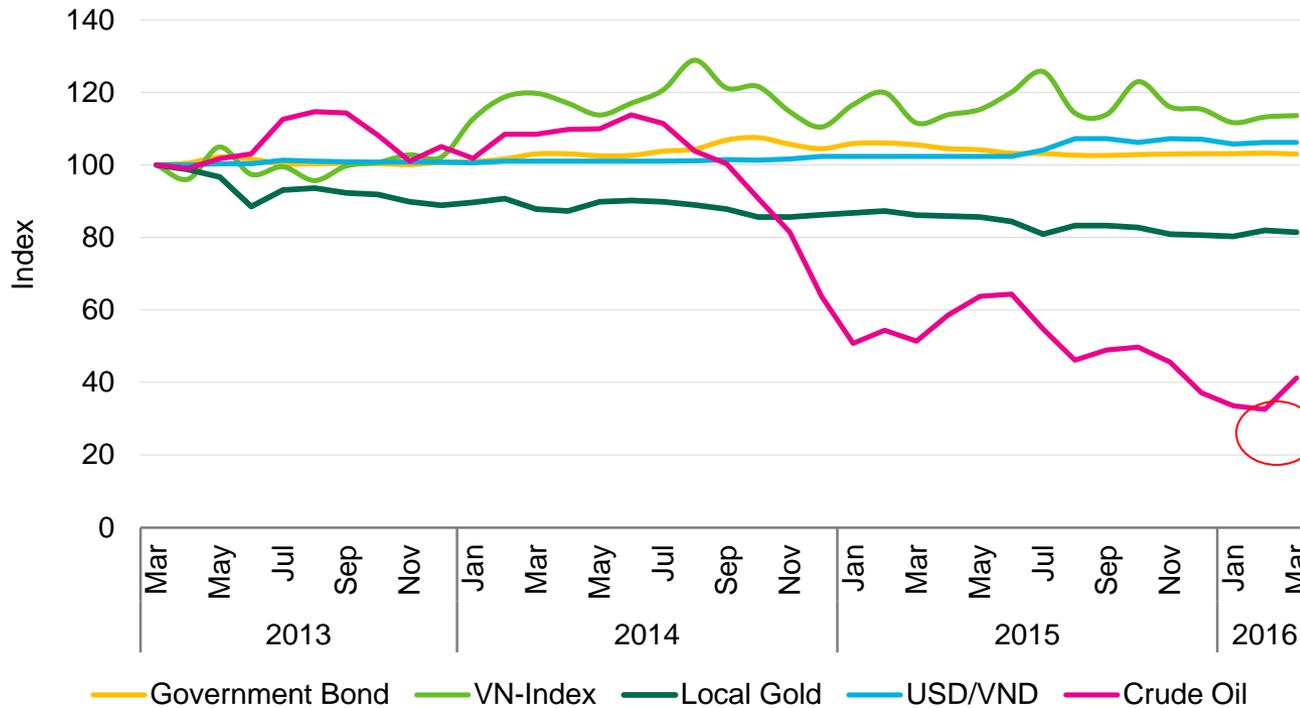
Retail Sales up 8.9%
(in real terms)



Petro price hike 5%
y-o-y



VIETNAM ECONOMY



Global Crude Oil
Mar 2015: 47.82
Feb-2016: 30.32
Mar 2016: 38.33



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

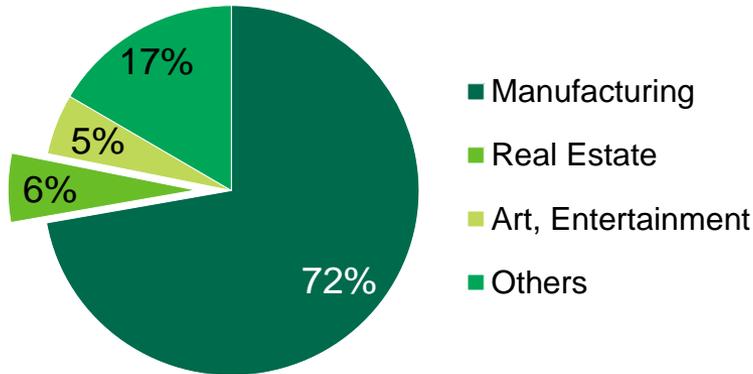


Asian Development Bank

FDI IN THE NEWS

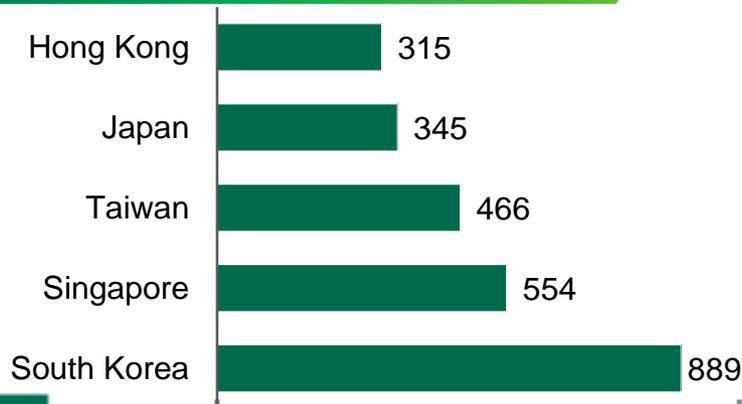
FDIs continue to grow into Real Estate

Vietnam, Registered FDI, Q1 2016



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

Top FDI Investors, USD million, Q1 2016



Major FDI Deals, Q1 2016

1. Samsung to build a **USD300 million** data center in the Manor Central Park, Hanoi.
2. A Taiwanese investor invested **USD220 million** to Tien Giang Province for Paper Manufacturing Company.
3. Berjaya Corp. invest **USD210.58 million** (JV) to open a lottery project.
4. A Korean investor invested **USD171.4 million**, for IP infrastructure and shoes wear manufacturing company in Can Tho Province.
5. Samsung SDI Vietnam increased capital of **USD117.6 million**.
6. Zincox Resources Public Limited Company invested **USD115million** 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



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



Source: Vnexpress.net, Cafef, REIC, CBRE Vietnam, retrieved March, 2016.

DASHBOARD – PRODUCED MONTHLY

ECONOMIC INDICATORS	2Y	1Y	6M	3M	1M	Current
CPI (%) y-o-y	4.6	0.9	0.7	0.6	1.0	1.3
Trade balance (US\$, bil)	(0.3)	(1.4)	(0.2)	(0.6)	0.1	(0.1)
Retail & services Turnover (VND, tril)	233.1	195.9	270.6	294.7	288.0	275.4

Source: GSO, April 1, 2016

REAL ESTATE INDEX	2Y	1Y	6M	3M	1M	Current
Real Estate Holding & Development Listed Companies	58.70	46.40	44.20	45.80	44.63	46.47
Real Estate Services Listed Companies	59.96	56.9	40.3	47.5	35.1	34.07

Source: Stockbiz, April 1, 2016

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

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

NEW LAUNCHES	2Y	1Y	6M	3M	1M	Current
HCMC New launches (unit)	43,233	30,621	9,815	1,553	3,784	3,404
HN New launches (unit)	30,753	18,809	7,529	1,257	2,459	2,115

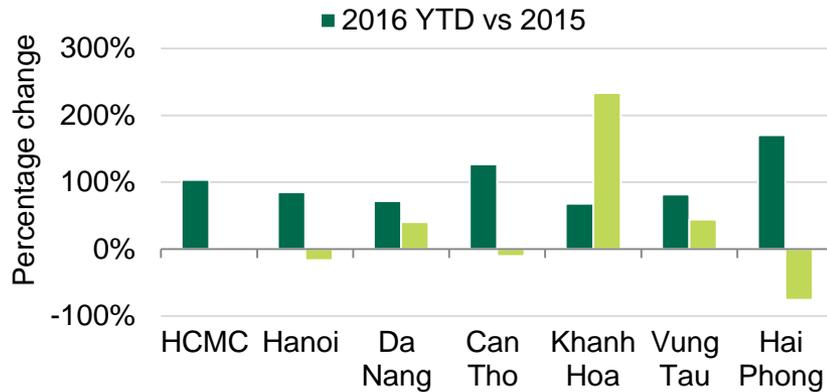
Source: CBRE, April 1, 2016

(*) 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

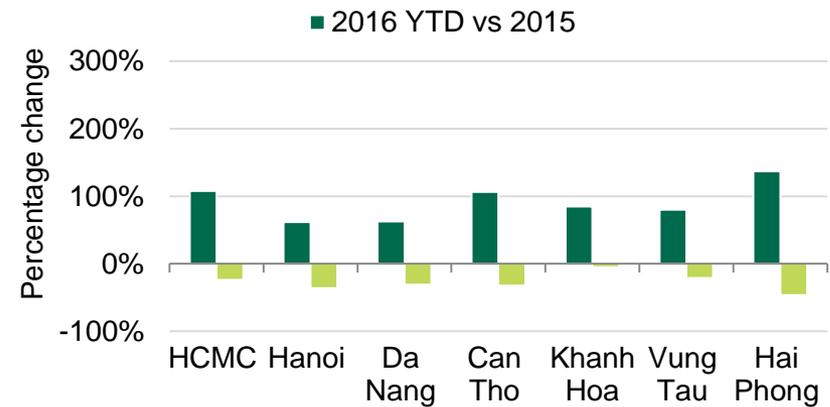


Projects Under Construction	HCMC	Hanoi	Da Nang	Can Tho	Nha Trang	Vung Tau	Hai Phong
Office	115	96	16	21	4	14	17
Retail	68	40	13	4	4	11	5
Hospitality and SA	22	13	10	3	8	7	1
Residential	189	60	12	5	3	12	6
Total	394	208	51	33	19	44	29

Source: www.bciasia.com; CBRE Vietnam, April 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	195	188	47	30	7	31	35
Retail	112	86	30	5	12	16	9
Hospitality and SA	33	21	18	3	24	13	5
Residential	287	156	32	10	13	16	10
Total	626	454	127	48	54	77	60

Source: 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, 16/03/2016



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)



VIETNAM MARKETPLASH 21 MARCH 2016



Potential implications of applying the proposed Amended Circular 36

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, 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% and the 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.



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.



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

Dream of VND30 Trillion Housing Credit Package Vanished

Posted: Tuesday, March 22, 2016



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

Developer: VinGroup

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



2007 Fever at The Vista An Phu, District 2



DREAM HOME PALACE

Developer: Nha Mo

Scale: 978 condo units

Sales Event: Saturday, Jan 16, 2016

RESIDENTIAL

Hanoi Developments Along Ring Road No.3



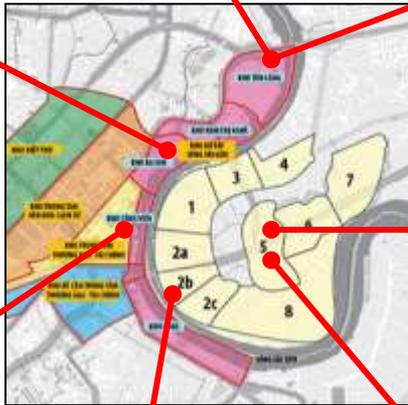
RESIDENTIAL

Saigon River Today

BASON



TAN CANG



THU THIEM



Source: CBRE, www.reic.info, <http://khudothisala.vn/>, taken/retrieved in March 2016.

CONDOMINIUM

Q1 2016 still a positive start

HANOI

4,138 units
launched
-18% y-o-y



Launches

~34%
-9 pts y-o-y



Net absorption*

4,048 units
sold
-5% y-o-y



Sales

High-end
+4% - +7%
y-o-y

Marketwide
0%
Y-o-y



Asking price
(Primary)

HCMC

7,708 units
launched
+38% y-o-y



Launches

26%
+1 pts y-o-y



Net absorption*

9,090 units
sold
+25% y-o-y



Sales

High-end
+8%
y-o-y

Marketwide
+5.2%
y-o-y



Asking price
(Primary)

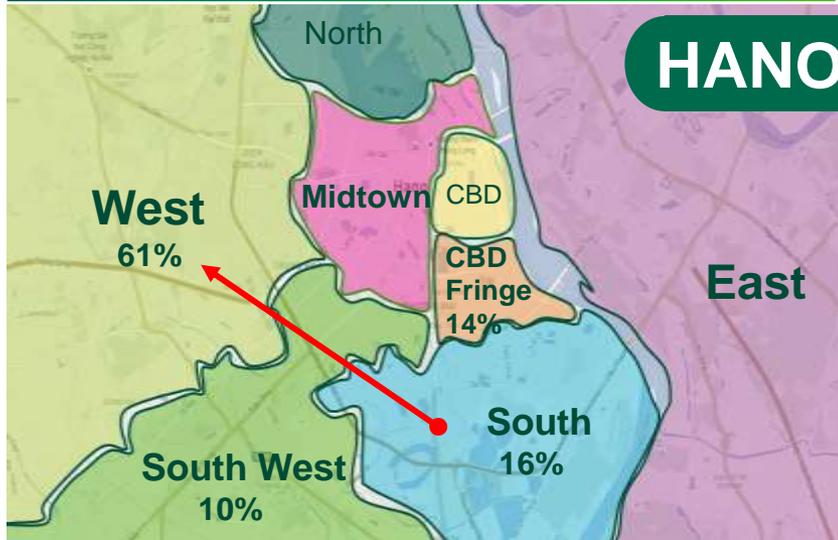
(* Net absorption = Total units sold in primary market in the review period / (newly launched units in the review period + unsold units in the previous period)

CONDOMINIUM

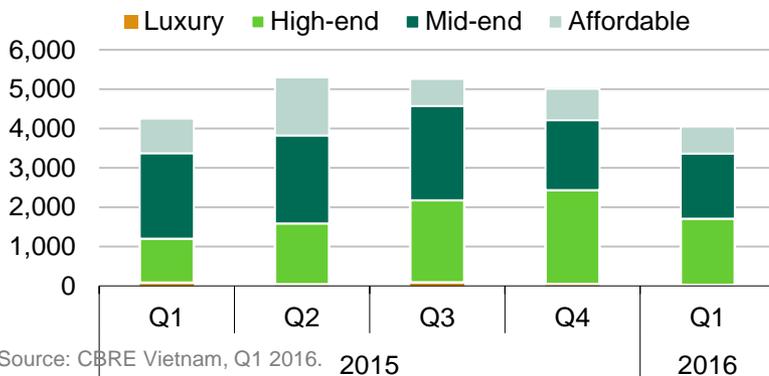
Hot Spots

Clusters of Total Launched Supply in Q1 2016

HANOI



Sold Units



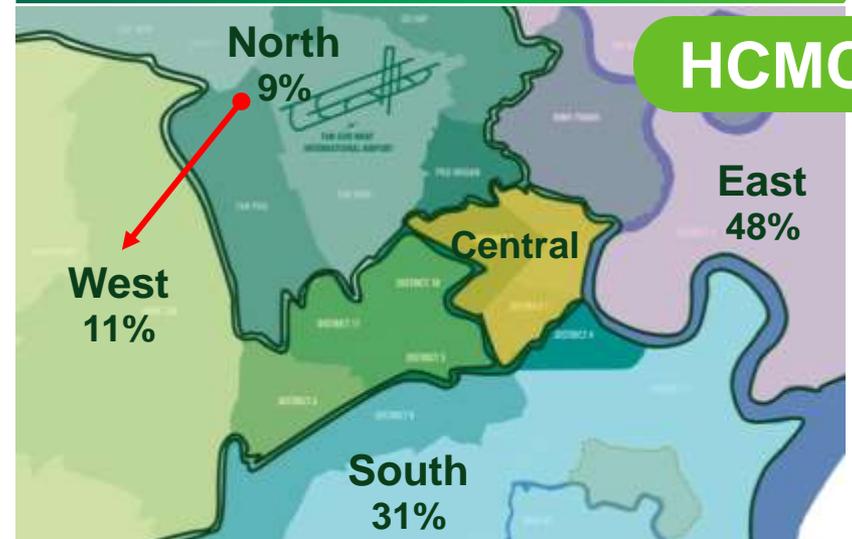
Source: CBRE Vietnam, Q1 2016. 2015

2016

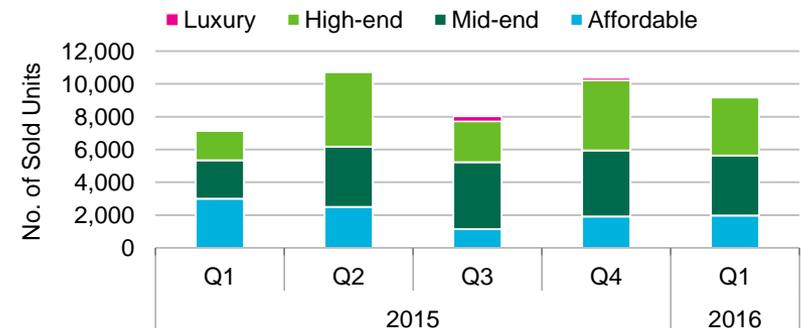


Clusters of Total Launched Supply in Q1 2016

HCMC



Sold Units

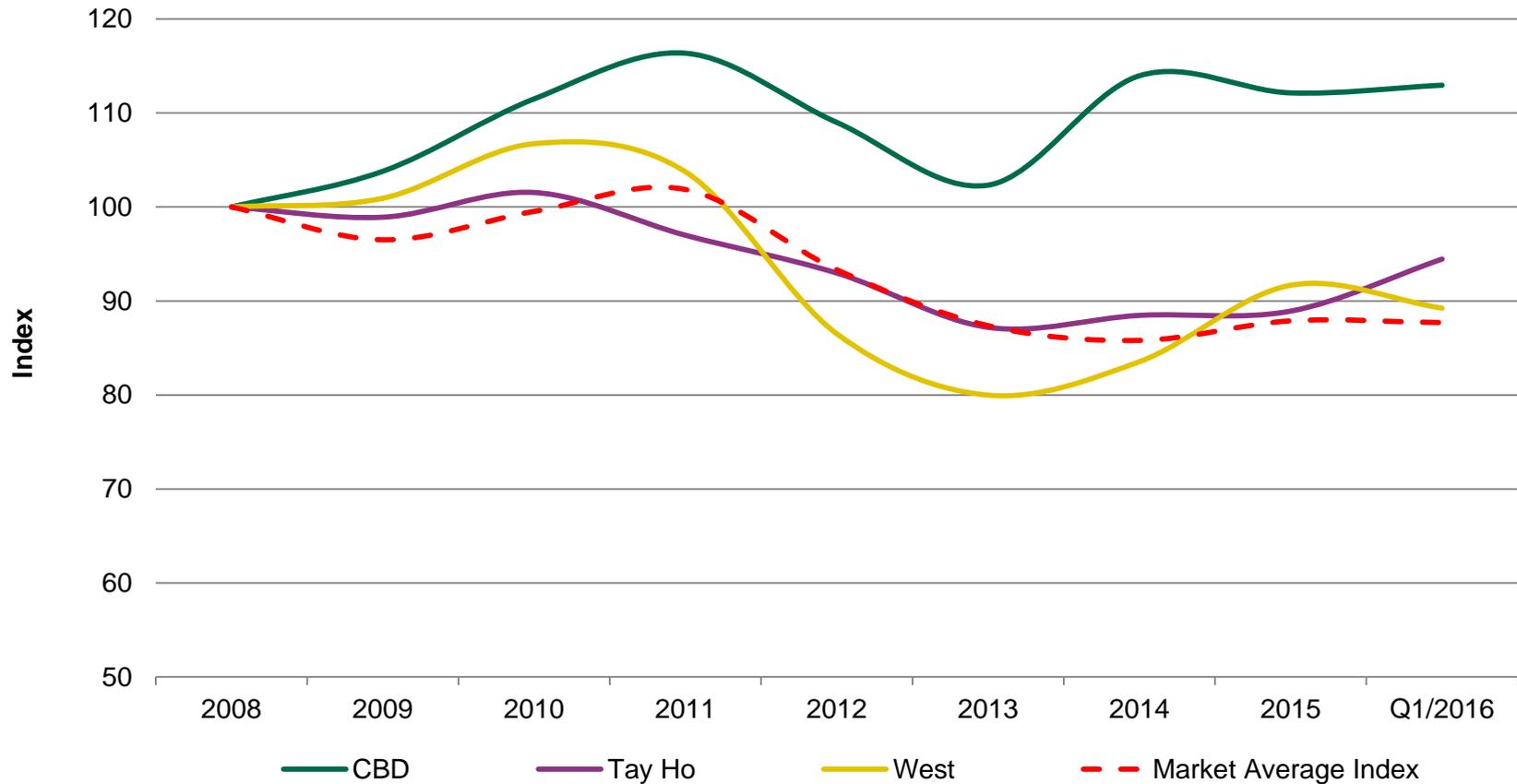


Source: CBRE Vietnam, Q1 2016.

CONDOMINIUM

Historical Selling Prices - Hanoi

Hanoi Historical Price – Luxury Condominiums Price Index



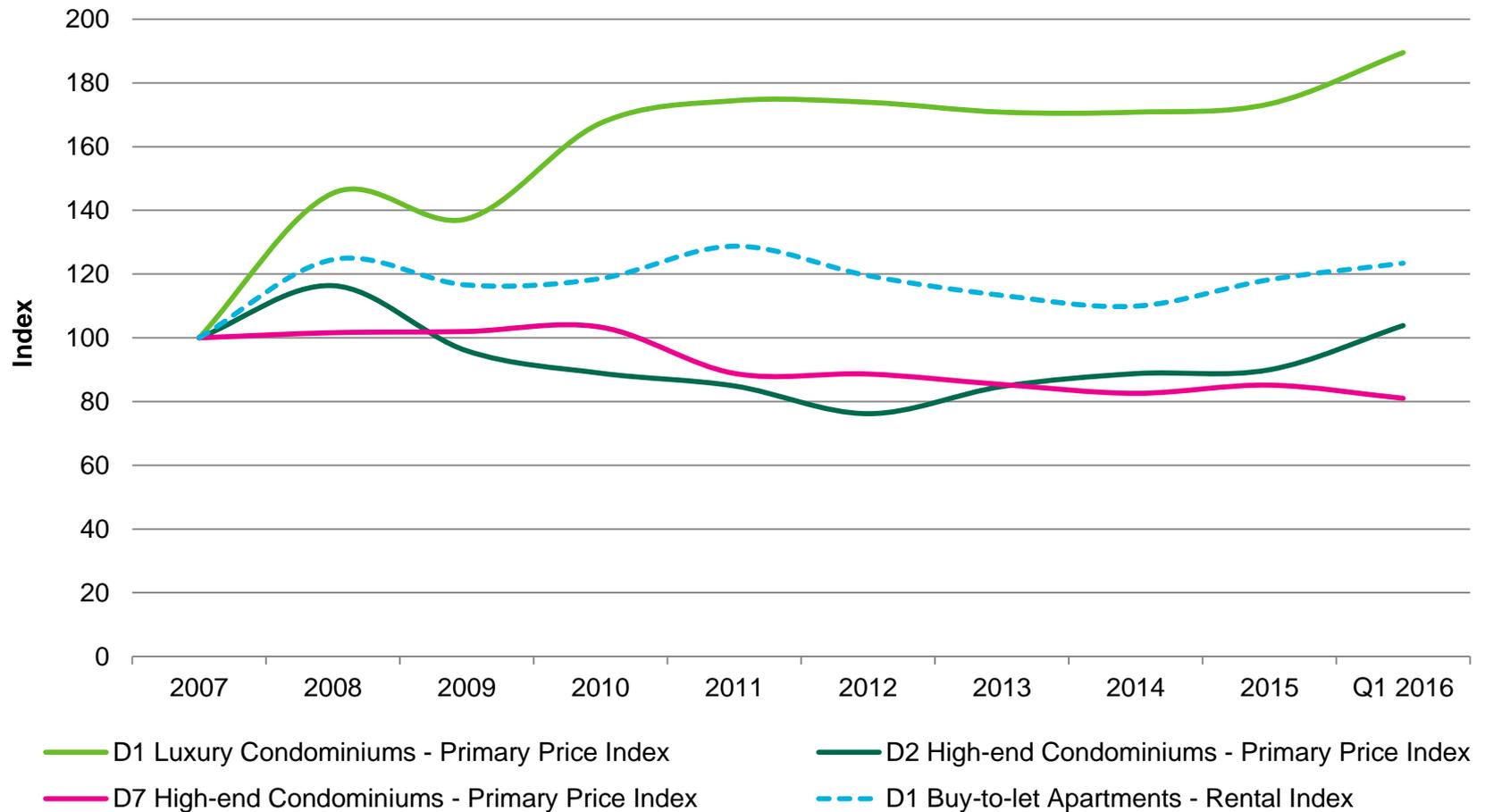
Source: CBRE Vietnam, Q1 2016.



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



28%

19%

Buy-to-gain Investors



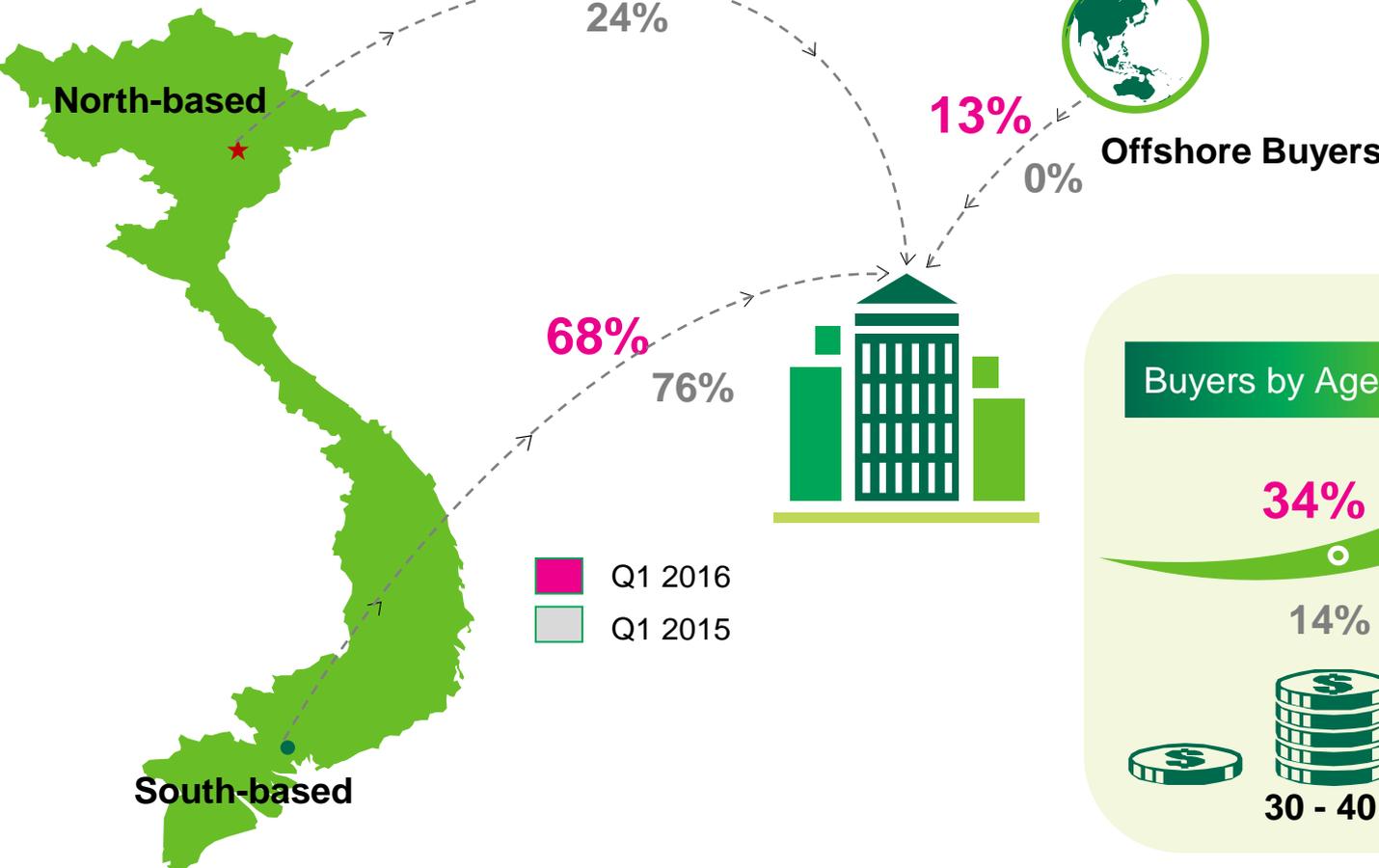
54%

19%

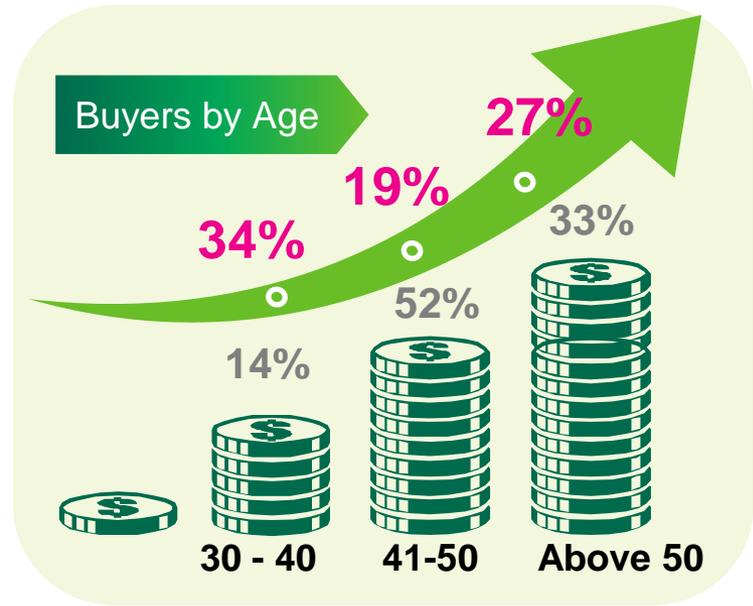
CONDOMINIUM

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

Buyers by Origin



Buyers by Age

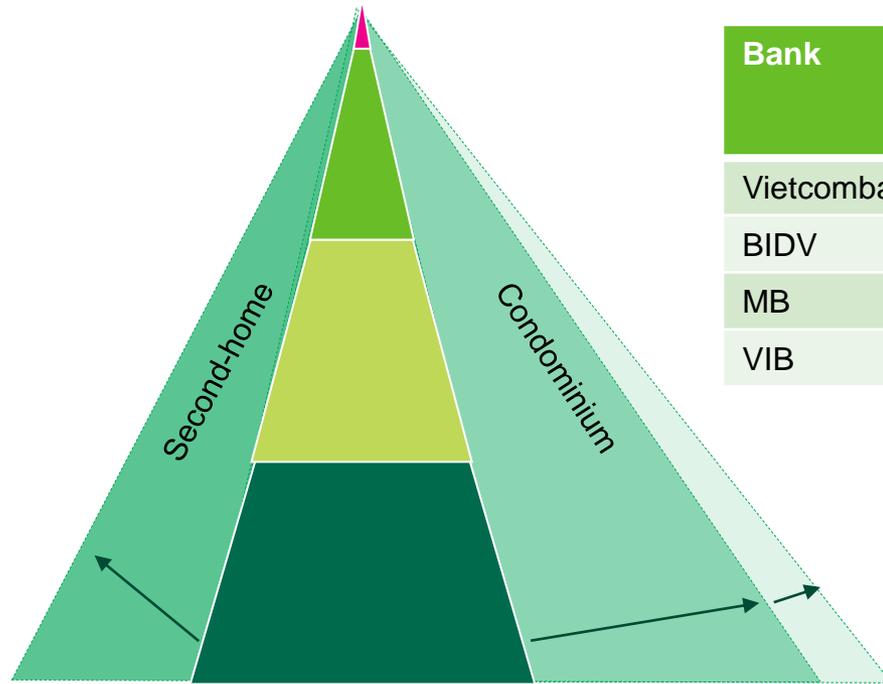


* The analysis above is based on CBRE Vietnam's residential closed deals and should not be used as a marketwise benchmark.
Source: CBRE Vietnam, Q1 2016.

RESIDENTIAL AFFORDABILITY PYRAMID

Home loan offered by commercial banks

Bank	Interest rate(*)	Maximum loan (**)	Max. payment term (years)
Vietcombank	7%	70%	15
BIDV	7%	Up to 100%	20
MB	8%	90%***	15
VIB	8.5%	80%	20



2007 - 2012

2012 - 2015

2016 onward

Guaranteed Yield

Foreign Housing Ownership

Cash & Gold

Mortgage & Home Loan

Source: Retrieved on thebank.vn. April 4, 2016

* 1st year Interest rate

**As percentage of asset value

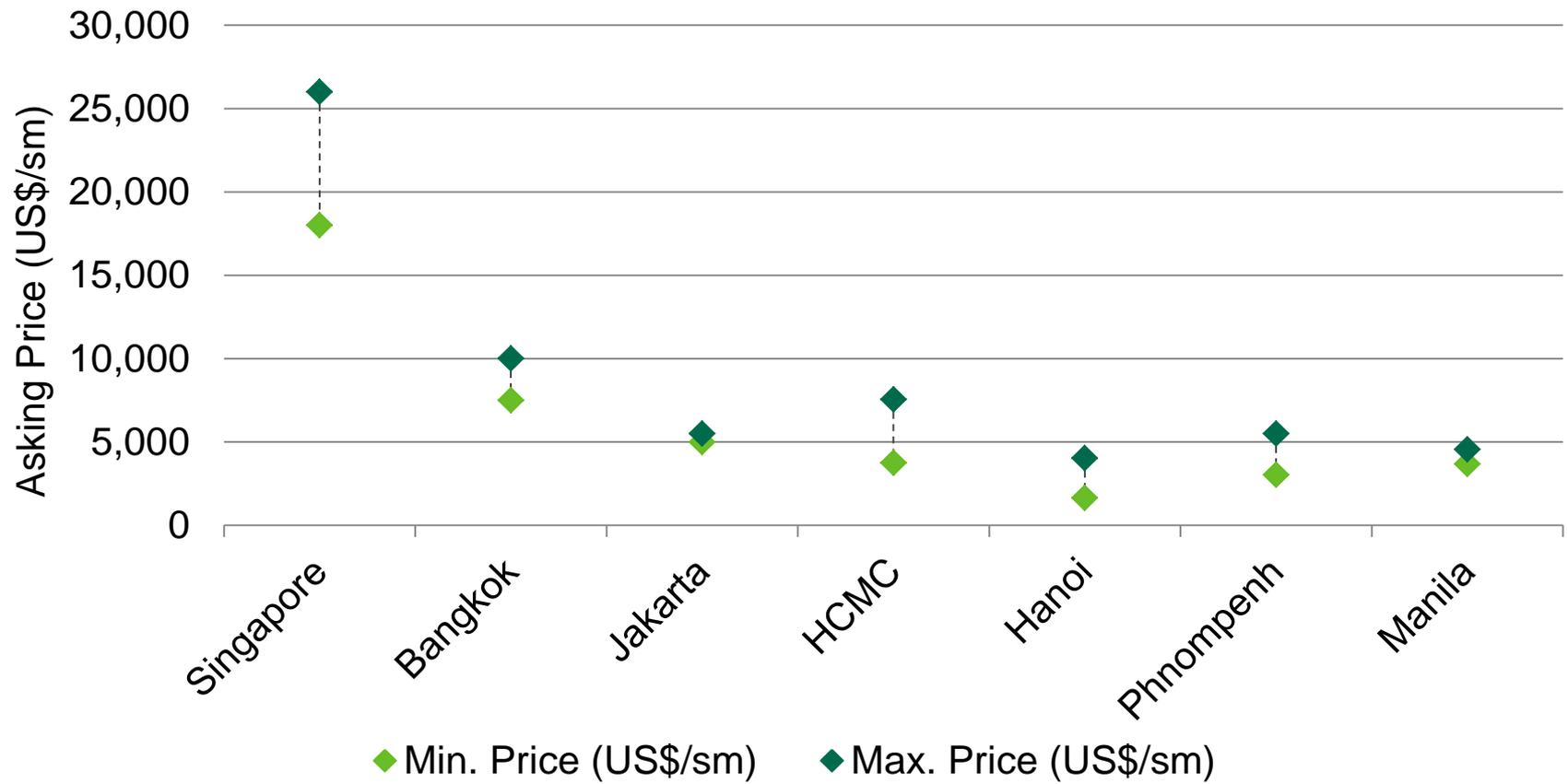
*** As percentage of borrowing demand

Source: CBRE Vietnam, Q1 2016.

CBD LUXURY CONDOMINIUMS IN THE REGION

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

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

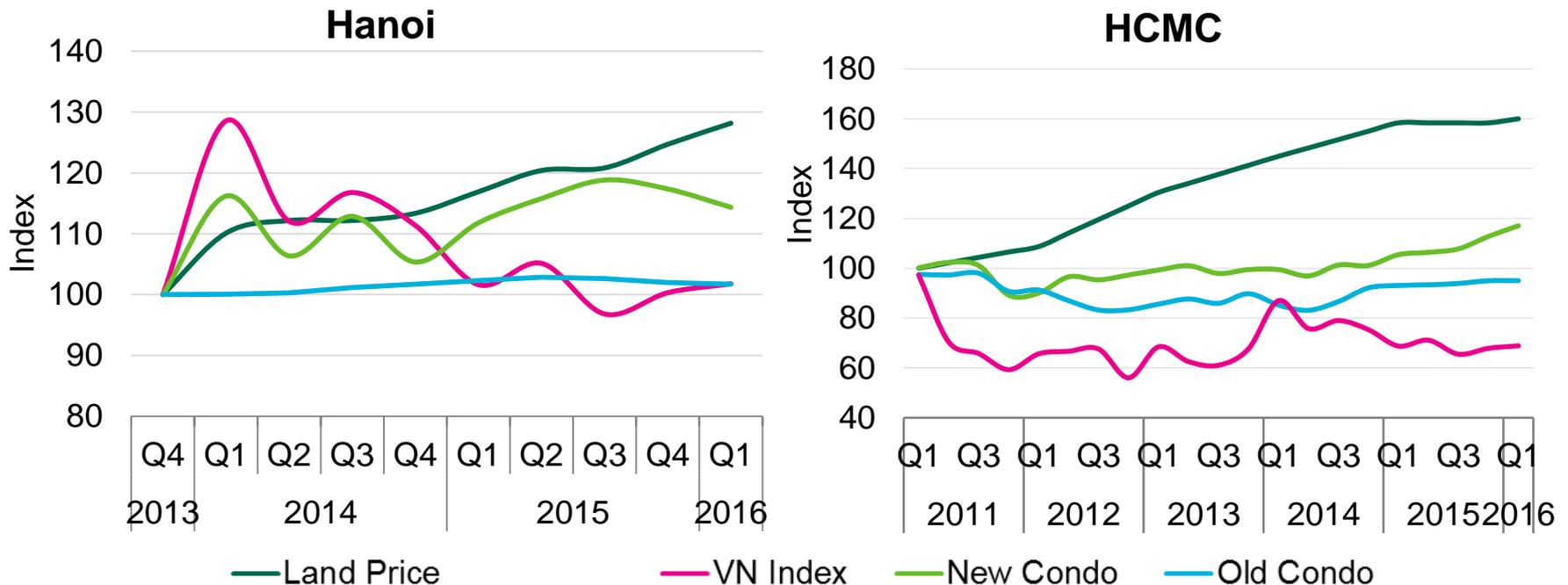
Industrial-scale: 300 – 5,000 Sales
Venue: Hotel Ballroom



REAL ESTATE INVESTMENT CHANNELS

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

HOSPITALITY

Airline industry gets active – more flights, more tourists

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



New Vietstar Airlines awaits air transport business license

Vietstar Airlines waits for government approval



Vietnam's privately-owned airline went IPO



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

Emirates to start service to Yangon and Hanoi



Rising flight demand to shortage of pilots

The number of visitors to Vietnam continues to soar

A golden opportunity for Vietnam's budding aviators



The female pilots of Vietnam



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?



Vietnam inaugurates world's longest 3-rope cable car system



Will tourism be entertainment-driven?

Vietnam's Very Own Disneyland Is Coming To Ha Long Bay



Hilton's third hotel opens in 2018



Thang Loi Hotel to become Hilton Hanoi Westlake

Updated: Wednesday, Dec 16, 2013 09:34 PM



Hyatt and Thaicorp to build US\$165 million hotel in Hanoi

Hyatt and Thaicorp to build US\$165 million hotel in Hanoi

Hyatt and Thaicorp to build US\$165 million hotel in Hanoi



The signing ceremony between Hyatt and Thaicorp on the signing of the US\$165 million hotel in Hanoi, Vietnam, on February 15.



SECOND HOME MARKET

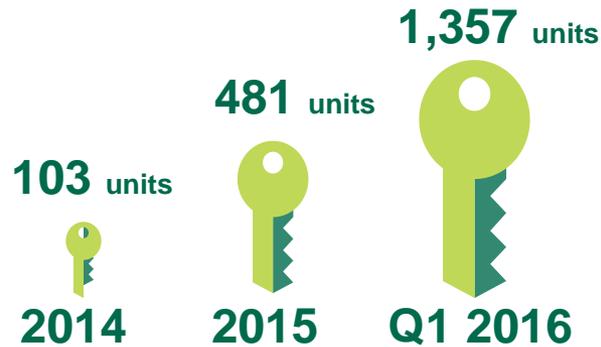
Significant Increase in Second Home Villas and Condos Sales

Phu Quoc



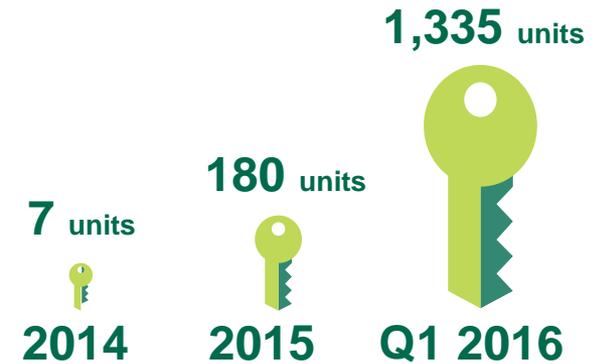
Source: CBRE Vietnam.

Nha Trang



Source: CBRE Vietnam.

Da Nang



Source: CBRE Vietnam.



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.



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.



SECOND HOME MARKET

The Metamorphosis of Phu Quoc



Vinpearl Resort



Vinpearl Safari

Grand World



Novotel Hotel



Sunset Sanato



InterContinental Hotel



202 licences awarded as of 2015



25 projects under-construction



54 projects in the pipeline

Source: Kien Giang Planning Department and BCI Asia

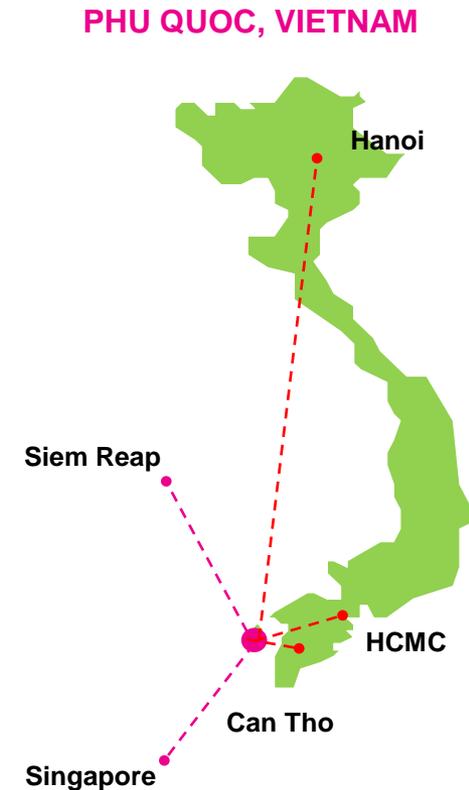
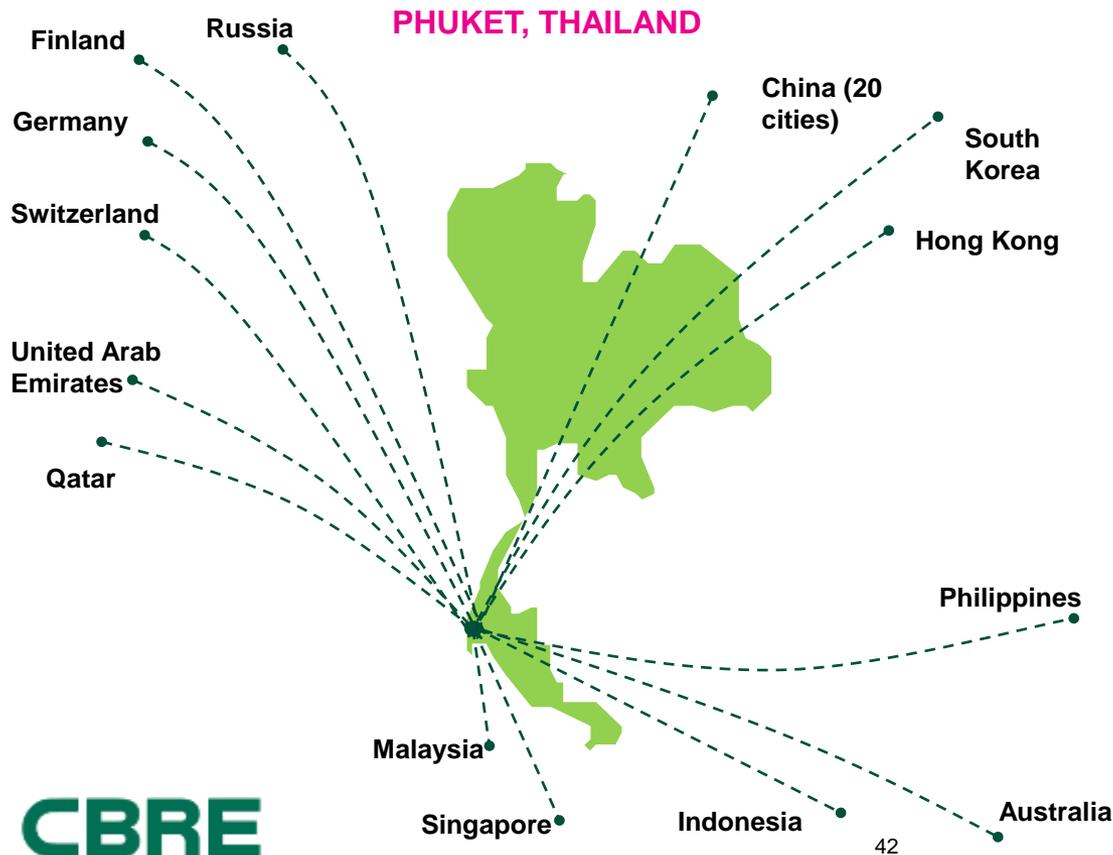


JW Marriott Hotel

HOSPITALITY

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

	International Destination	Local Destination	Flight per day
Phuket	32 cities	6 cities	227
Phu Quoc	2 cities	3 cities	18





OFFICE

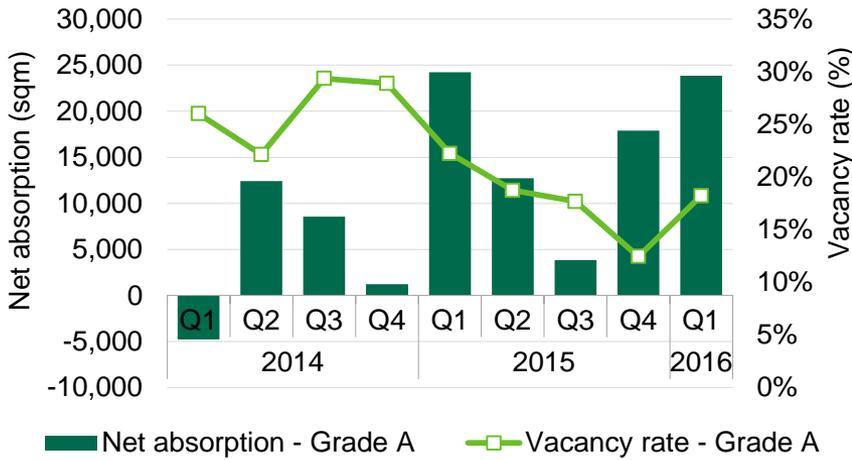
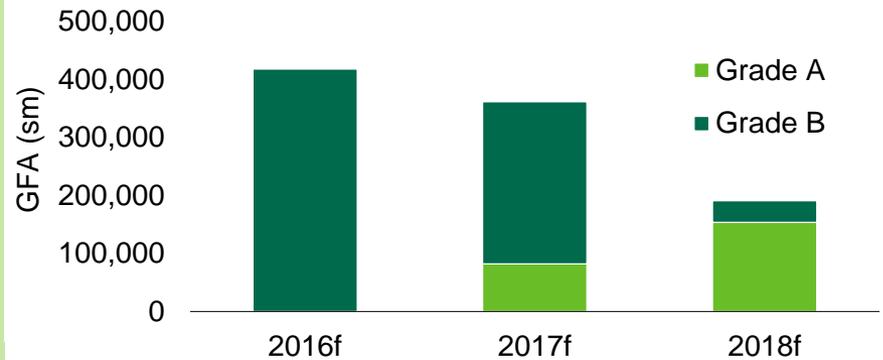
OFFICE

Hanoi Q1 2016 Performance

Grade A Net Absorption (Q1 2016)



Hanoi Future Office Supply



Average Rental (US\$/month/sm)



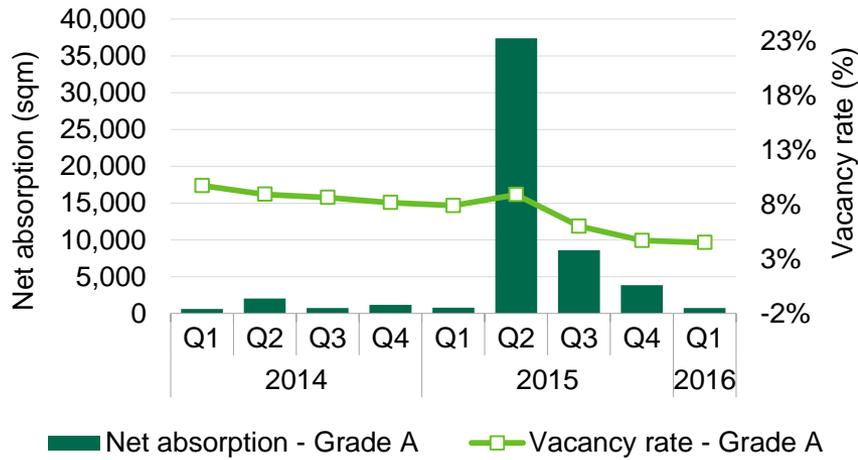
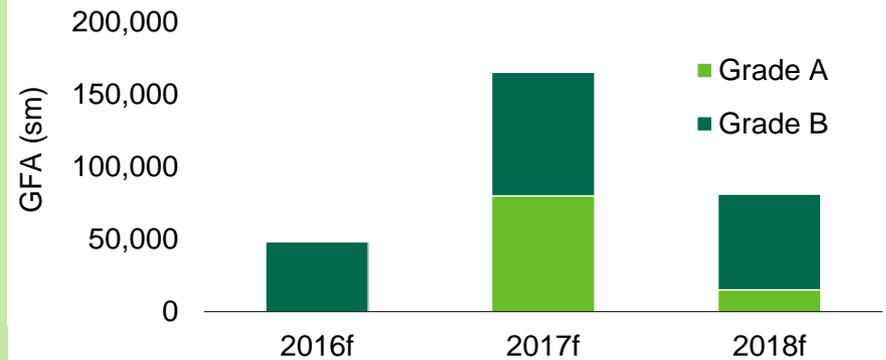
OFFICE

HCMC Q1 2016 Performance

Grade A Net Absorption (Q1 2016)



HCMC Future Office Supply



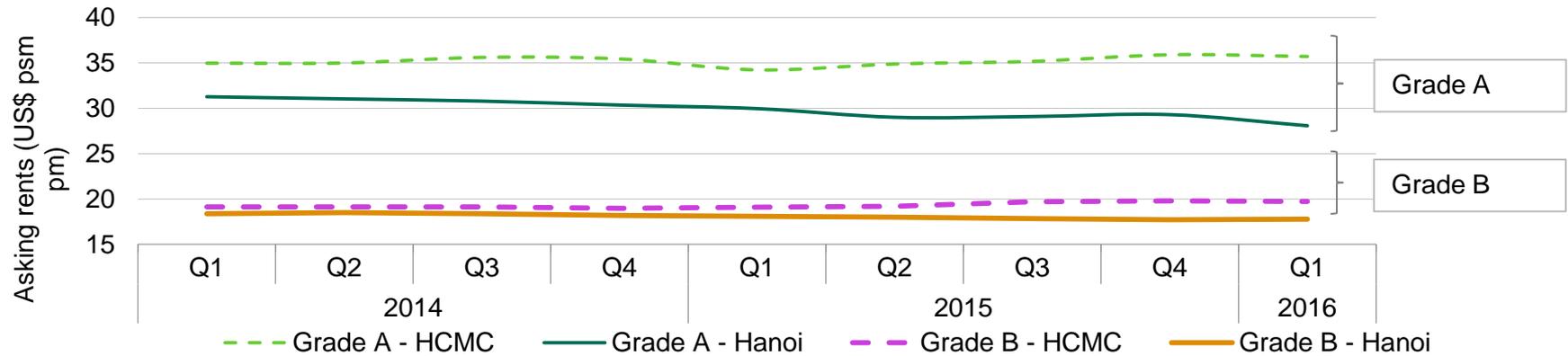
Average Rental (US\$/month/sm)



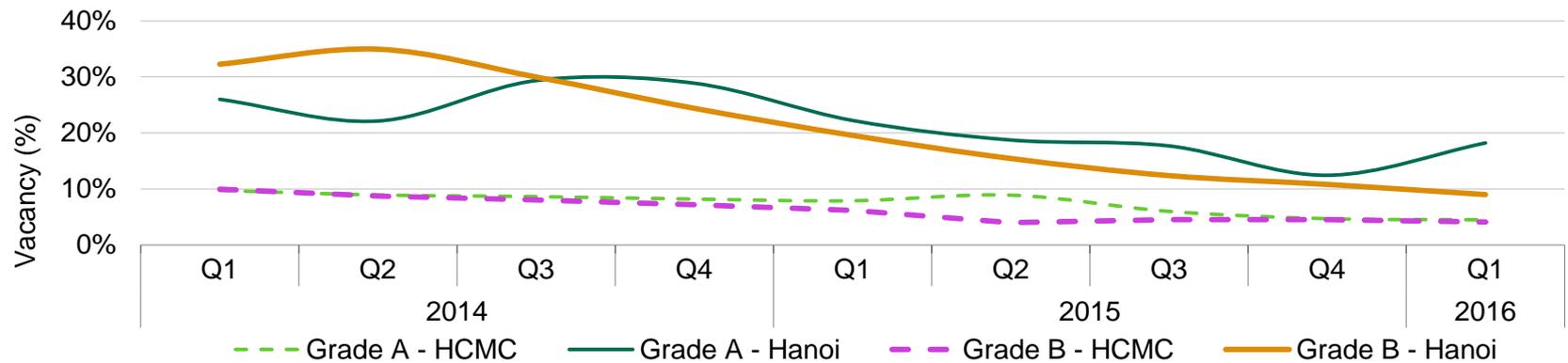
OFFICE

Market performance – Hanoi vs. HCMC

Average asking rentals (US\$ psm pm)



Vacancy (%)



Source: CBRE Vietnam, Q1 2016



OFFICE SUPPLY

Hanoi - Accelerating supply

Hanoi 2016

2017

2018



Grade B

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



Grade B

HANDICO TOWER
South Tu Liem
GFA: 29,040 sm



Grade B

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



Grade A

VIETINBANK TOWER
Tay Ho Dist.
GFA: 100,000 sm



Grade B

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



Grade B

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

OFFICE SUPPLY

HCMC - Accelerating supply

2016

2017



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



Grade B

HQC ROYAL TOWER
Q2 2016

Dist. 7
GFA: 26,726 sm



Decentralised Grade A

MAPLE TREE BUSINESS CENTRE
Q4 2016

Dist. 7
GFA: 30,000 sm



Grade A

DEUTSCHES HAUS
Aug 2017

Dist. 1
GFA: 38,621 sm



Grade A

SAIGON CENTRE (P2)
Q2 2017

Dist. 1
GFA: 40,000 sm



Grade B

ETOWN CENTRE
Q3 2017

Dist. 4
GFA: 67,760 sm

2017 (cont.)



Grade B

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

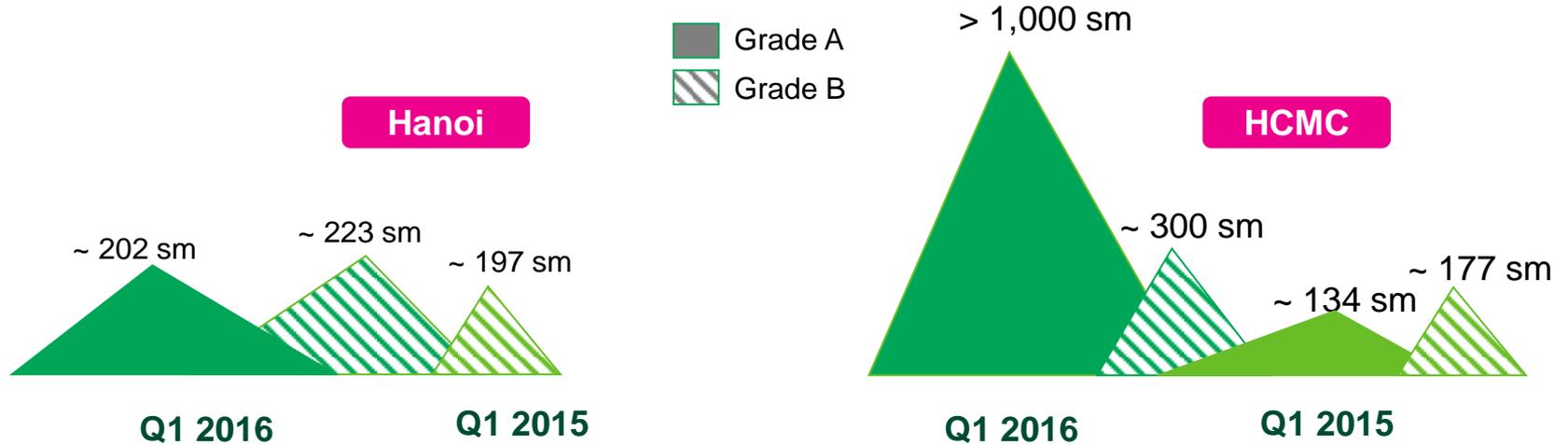


Construction status (as of Mar 2016)

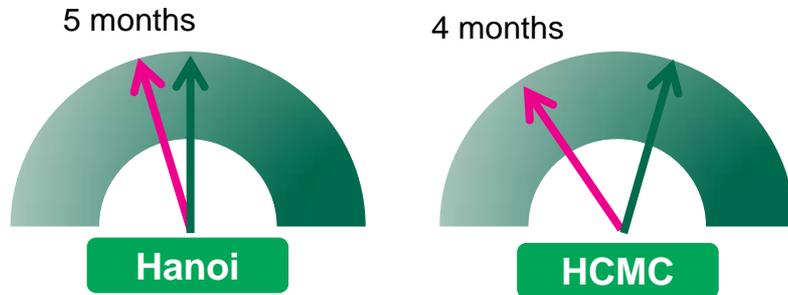
OFFICE

Larger Deals – Higher Speeds

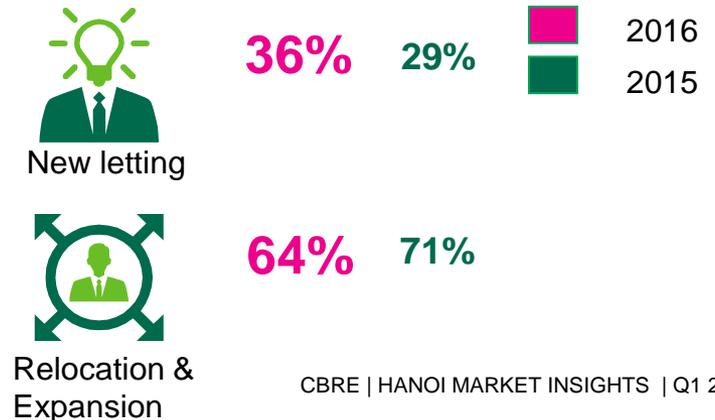
Average size per deal (sm) – Grade A & B



Speed (month) - Grade A & B

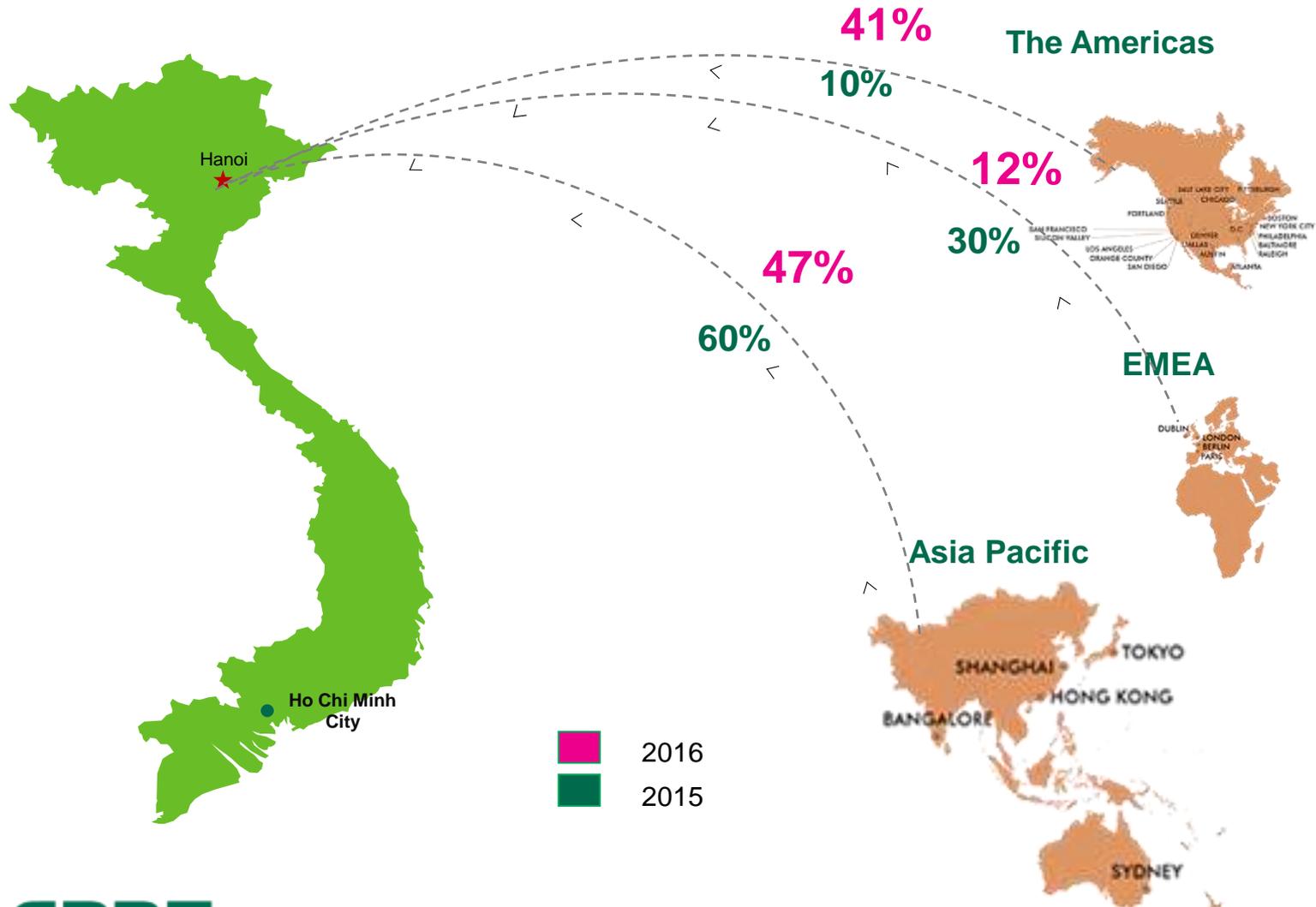


Tenant by purpose



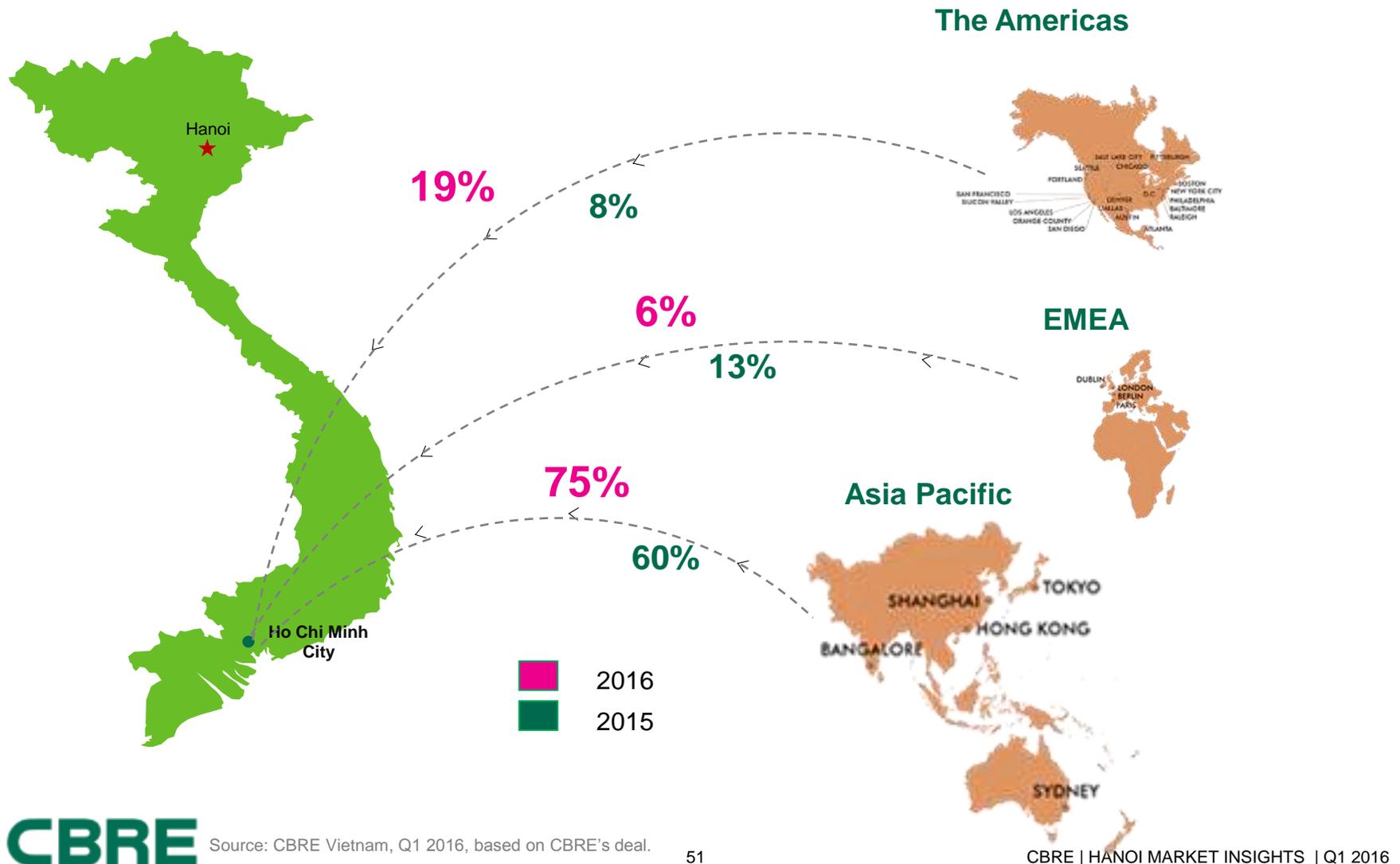
OFFICE

Tenant Nationality by Source – Hanoi



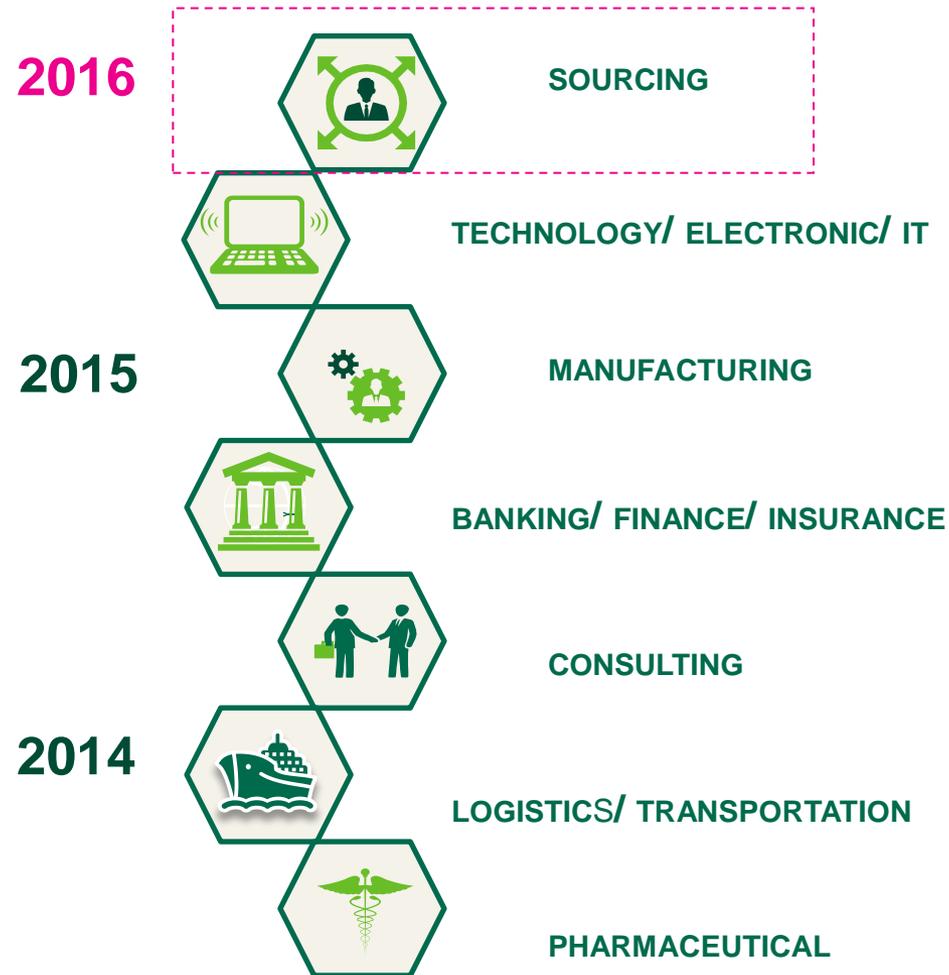
OFFICE

Tenant Nationality by Source – HCMC



OFFICE

Most Active Industries In The Market



2016



Growing sourcing sector:

- Occupying more spaces
- Renew longer lease term

New entrant: GAP, Walmart Sourcing

GAP

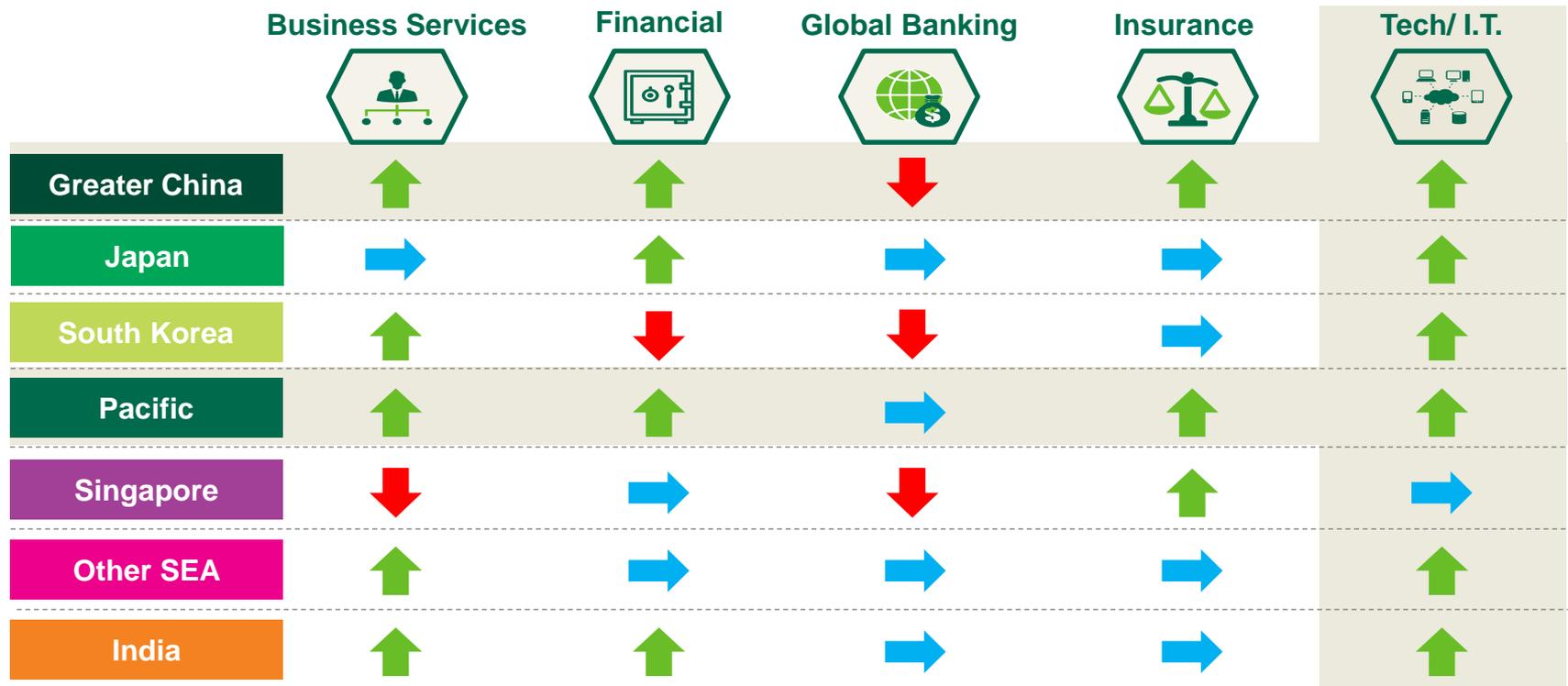
Walmart



OFFICE

APAC Office Leasing Demand

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



Source: CBRE Research, January 2016.

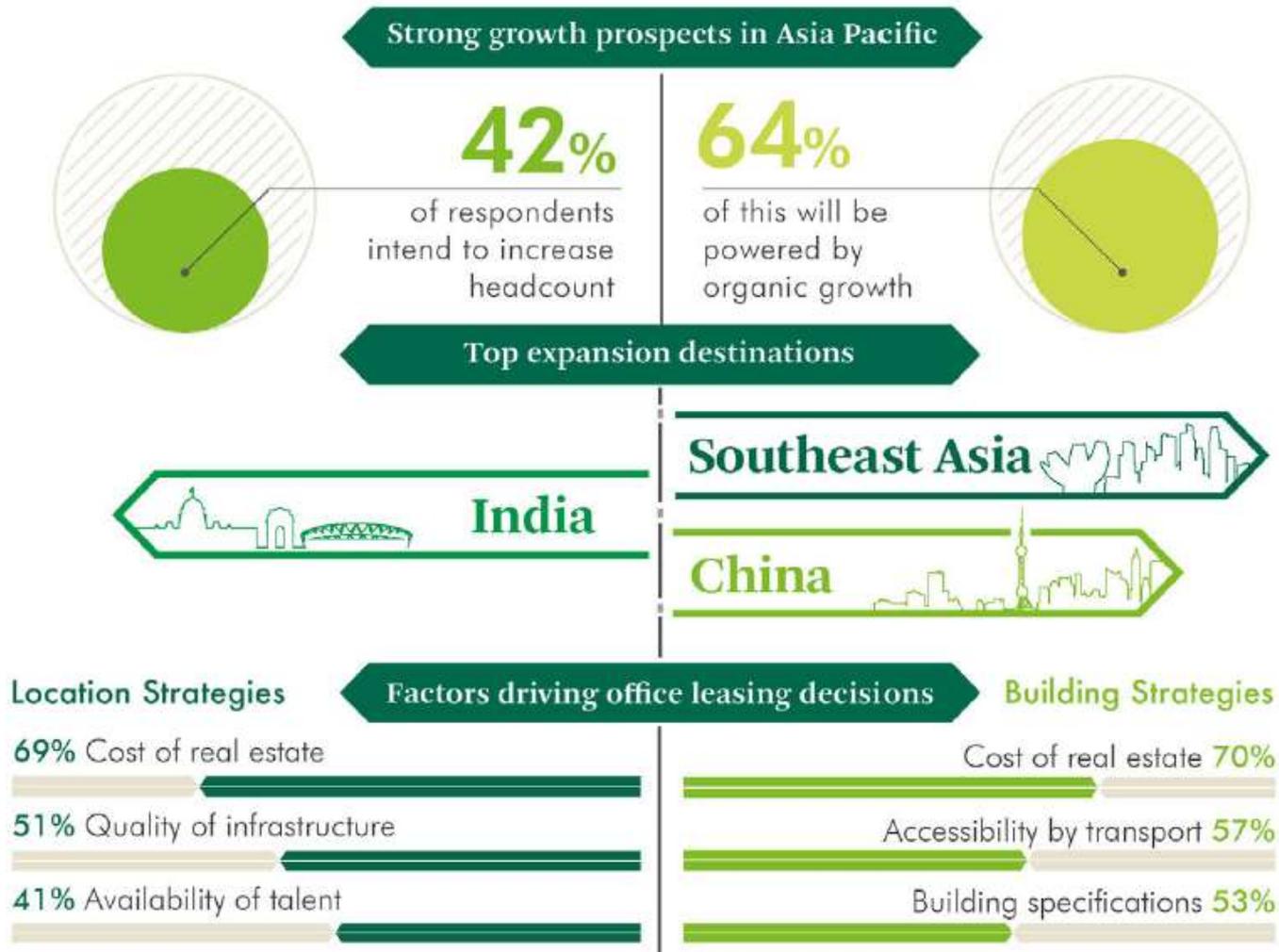
 Increasing Demand
  Decreasing Demand
  Stable Demand



Note: Business Services sector includes but not limiting to legal firms, professional consulting and advisory firms, accounting firms and outsourcing management etc.

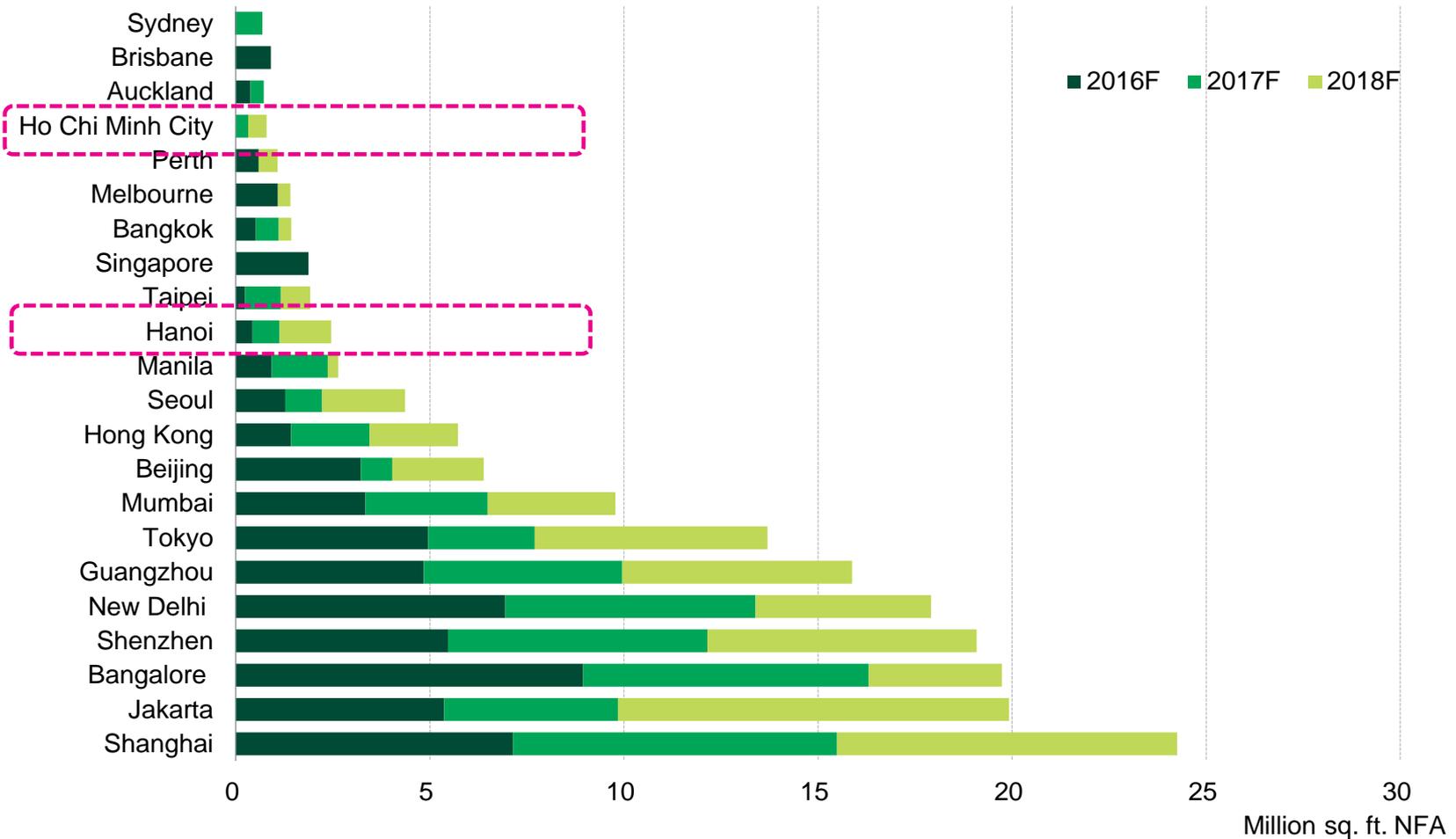
OFFICE

APAC Occupier Survey 2015/16



OFFICE

Development pipeline of Grade A in CBD+



Source: CBRE Research, January 2016.



INDUSTRIAL

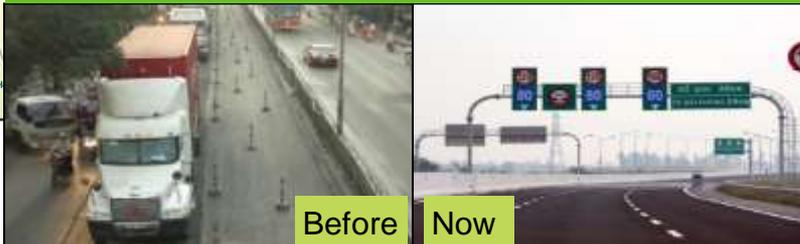
INDUSTRIAL

Infrastructure Improvement and Opportunities in Second-tier Cities

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



Hanoi – Hai Phong Highway



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

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

Việt Nam News



11:40 | 17/03/2016

VIR Vietnam Investment Review

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 Shenzhou International) ▶▶ Dong Nam IP, increased in investment capital from \$140 mil. to \$300 mil. for 45 ha textile campus.

SAMSUNG

 **LG Electronics**

NOKIA
Connecting People



 晶苑集團
CRYSTAL GROUP

 camoplast
solidnet



 Unilever

 **TEXHONG**

 **MARUZEN**



 正隆股份有限公司
CHENG LOONG CORP.

Panasonic
ideas for life

 **KYMCO**

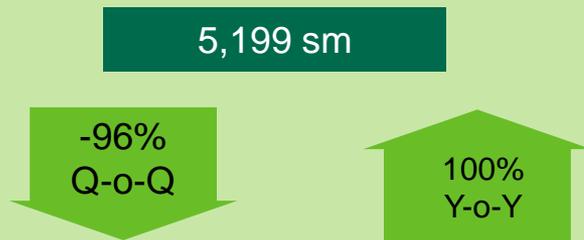


RETAIL

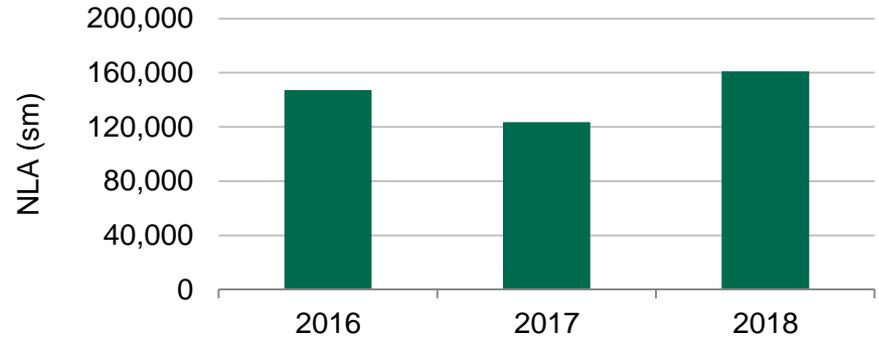
RETAIL

Hanoi Q1/2016 Performance

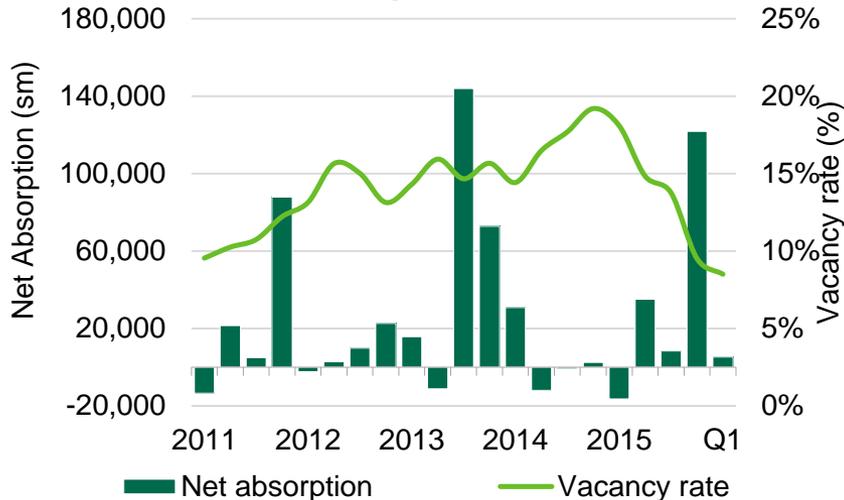
Net Absorption (Q1 2016)



Hanoi Future Retail Supply



Hanoi Retail Net Absorption



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



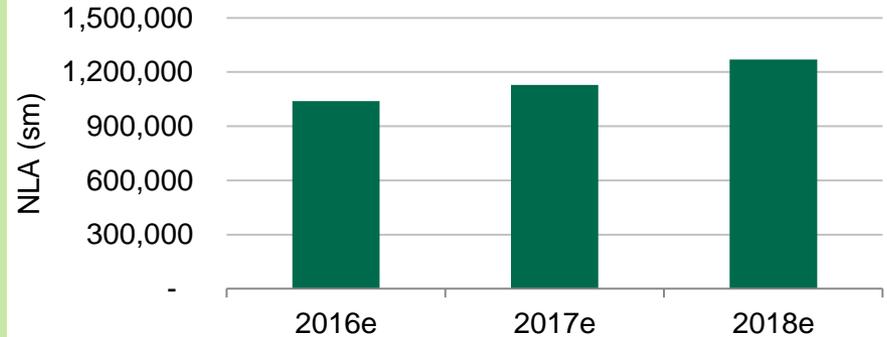
RETAIL

HCMC Q1/2016 Performance

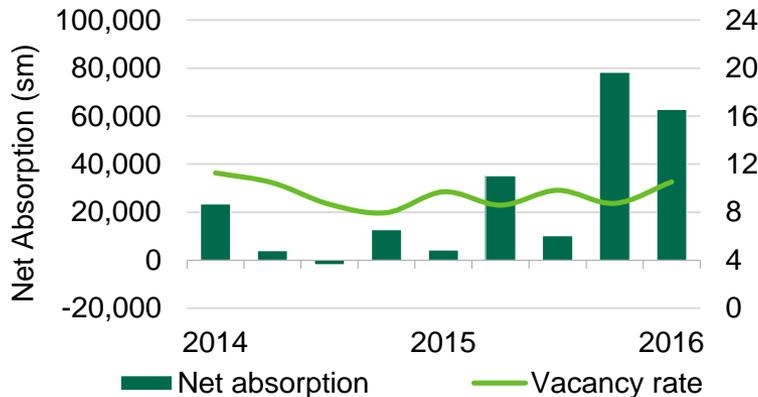
Net Absorption (Q1 2016)



HCMC Future Retail Supply



HCMC Retail Net Absorption



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



RETAIL – SIGNIFICANT SUPPLY IN 5 YEARS – HANOI



Vincom Exchange City

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



Vincom Starbowl

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



Ciputra Hanoi Mall

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



Le Parc by Gamuda

- Location: Hoang Mai Dist., Hanoi
- 20,809 sm GFA
- Opening: End of 2015

RETAIL

New Openings in HCMC

Q1

2016

Later this year ...



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



Union Square (upgrade & re-opening)

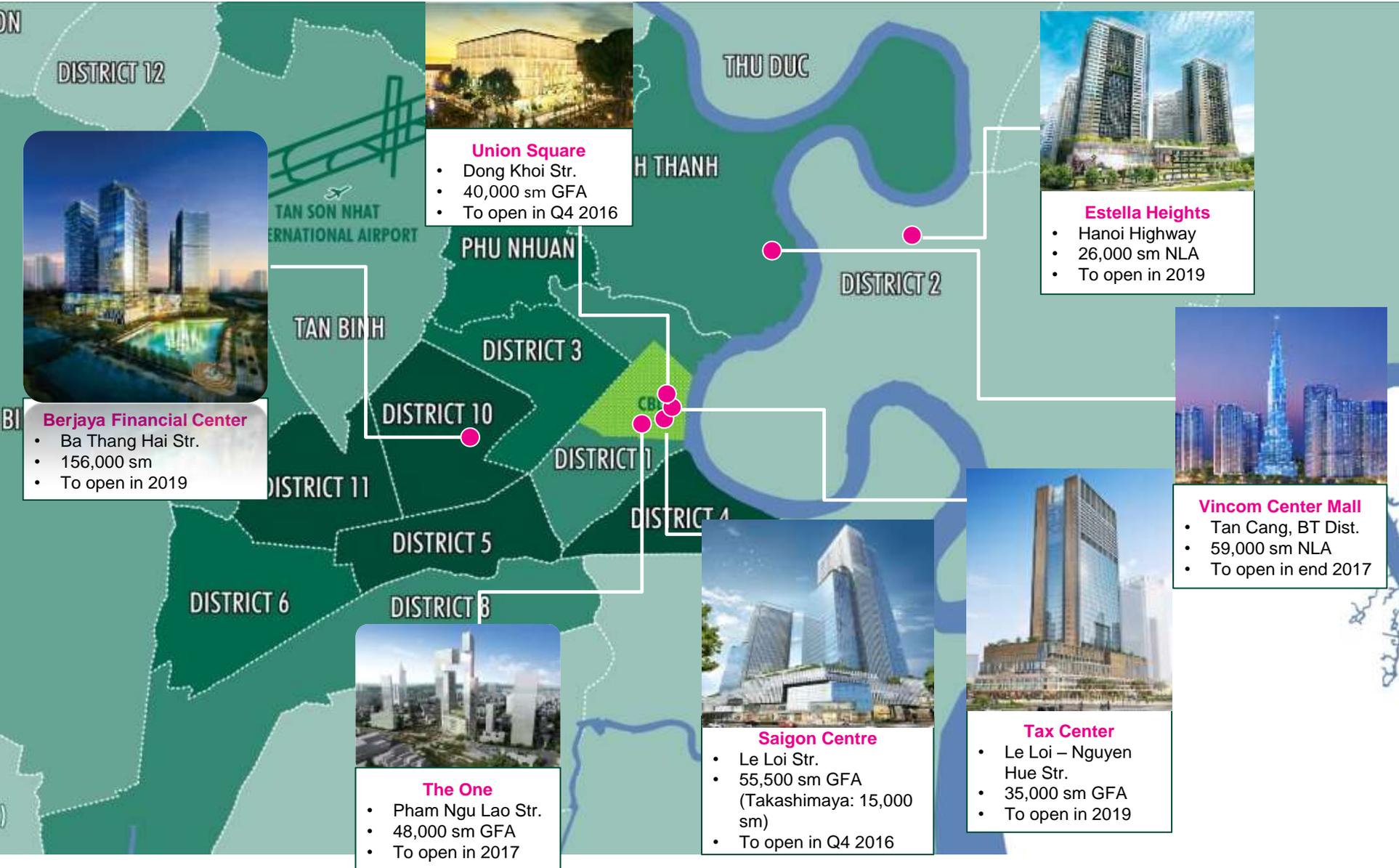
- District 1
- 39,454 sm GFA
- Q4 2016



Saigon Centre Phase 2

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

RETAIL HCMC – SIGNIFICANT SUPPLY IN 5 YEARS



RETAIL

New brands in 2016



BUSINESS



Zara to open first shop in Vietnam

Released at: 16:11, 12/03/2016

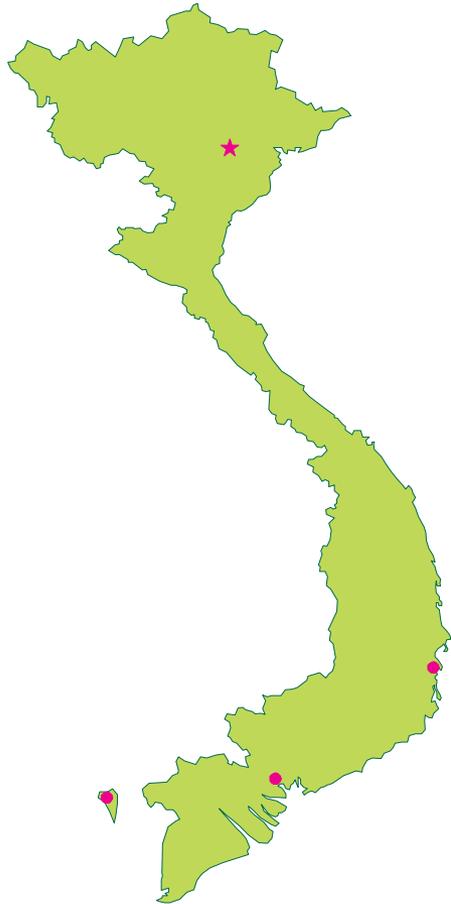


More players likely to come



RETAIL

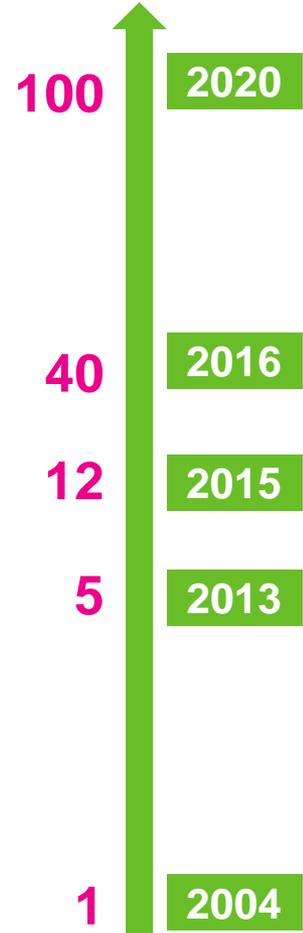
Vingroup buys out other retailers – expansion in 2nd and 3rd tier cities



Vincom Mega Mall

Vincom Plaza

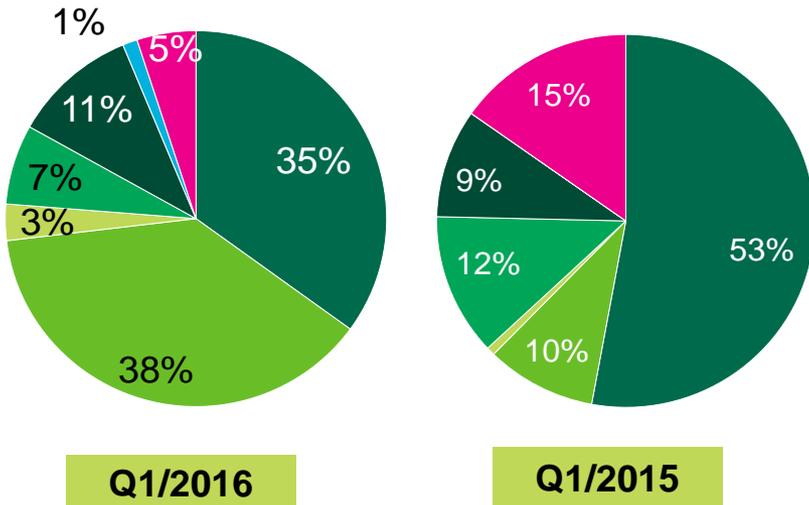
Vincom Center



RETAIL

Expansion and Scale down

CBRE Enquiries



- F&B
- Fashion
- Entertainment
- Supermarket
- Health/ Beauty
- Department Store
- Other

Source: CBRE Vietnam, Q1 2016
Number based on CBRE's enquiries only.



Plan for expansion



Reassessing growth prospect

'Sợ' McDonald's, nhiều cửa hàng thức ăn nhanh đóng cửa



14/09/2013 12

Đóng cửa hàng loạt: Điều gì đang xảy ra với Burger King Việt Nam?



26/01/2016 15:40 GMT+7

RETAIL

Driven by high-street demand



+ Homogeneous Trade Mix



RETAIL

Underground retail

HANOI

Last update 11:35 | 29/03/2016



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

\$377m underground shopping precinct planned for Ho Chi Minh City

Thanh Nien News

HO CHI MINH CITY - Thursday, March 10, 2016 17:27



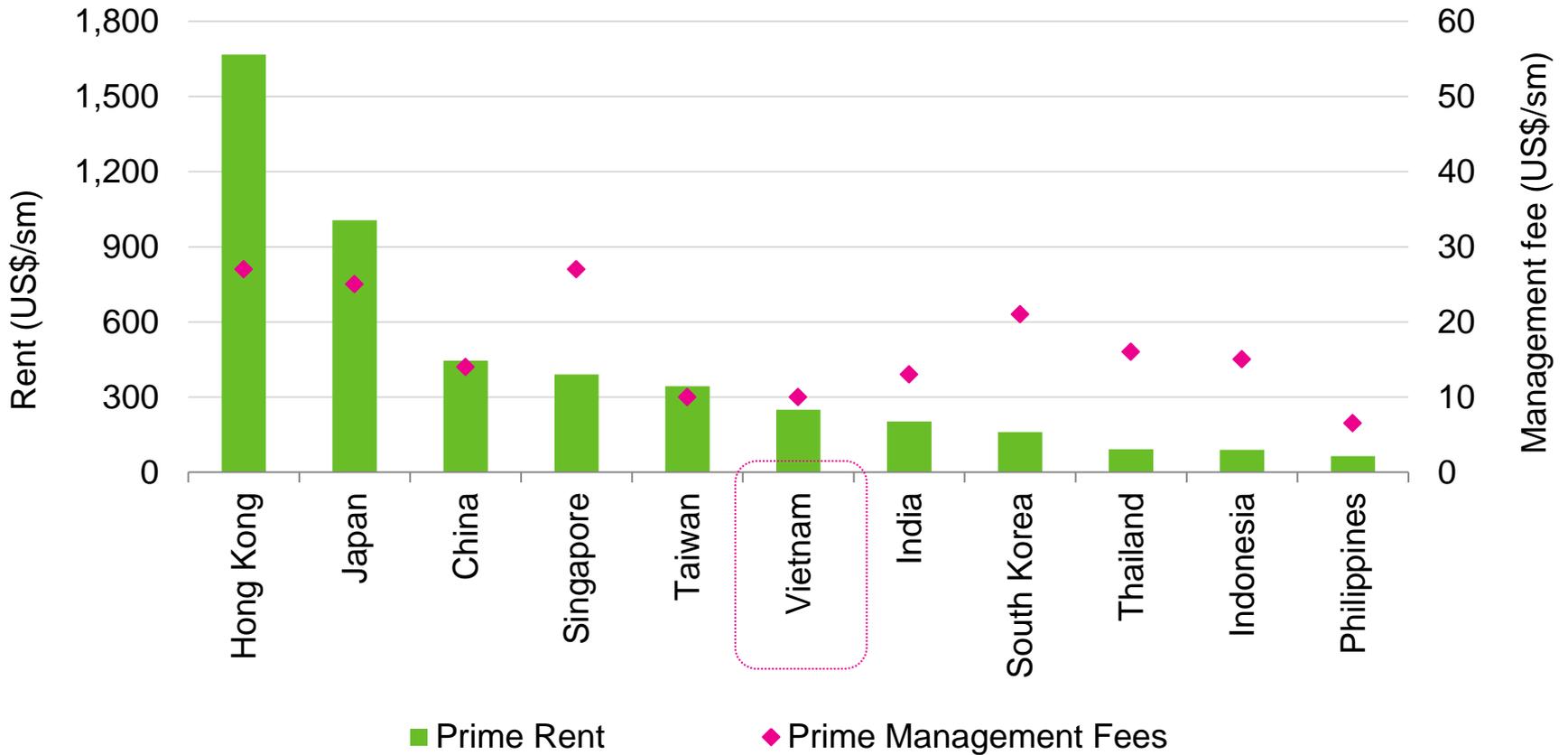
- ✓ Opening in **2024**
- ✓ **45,240** sm underground
- ✓ **21,600** sm walking streets and square

Source: Thanh Nien News, retrieved on Mar 10, 2016

RETAIL

Regional comparison

Occupancy cost (US\$/sm)*

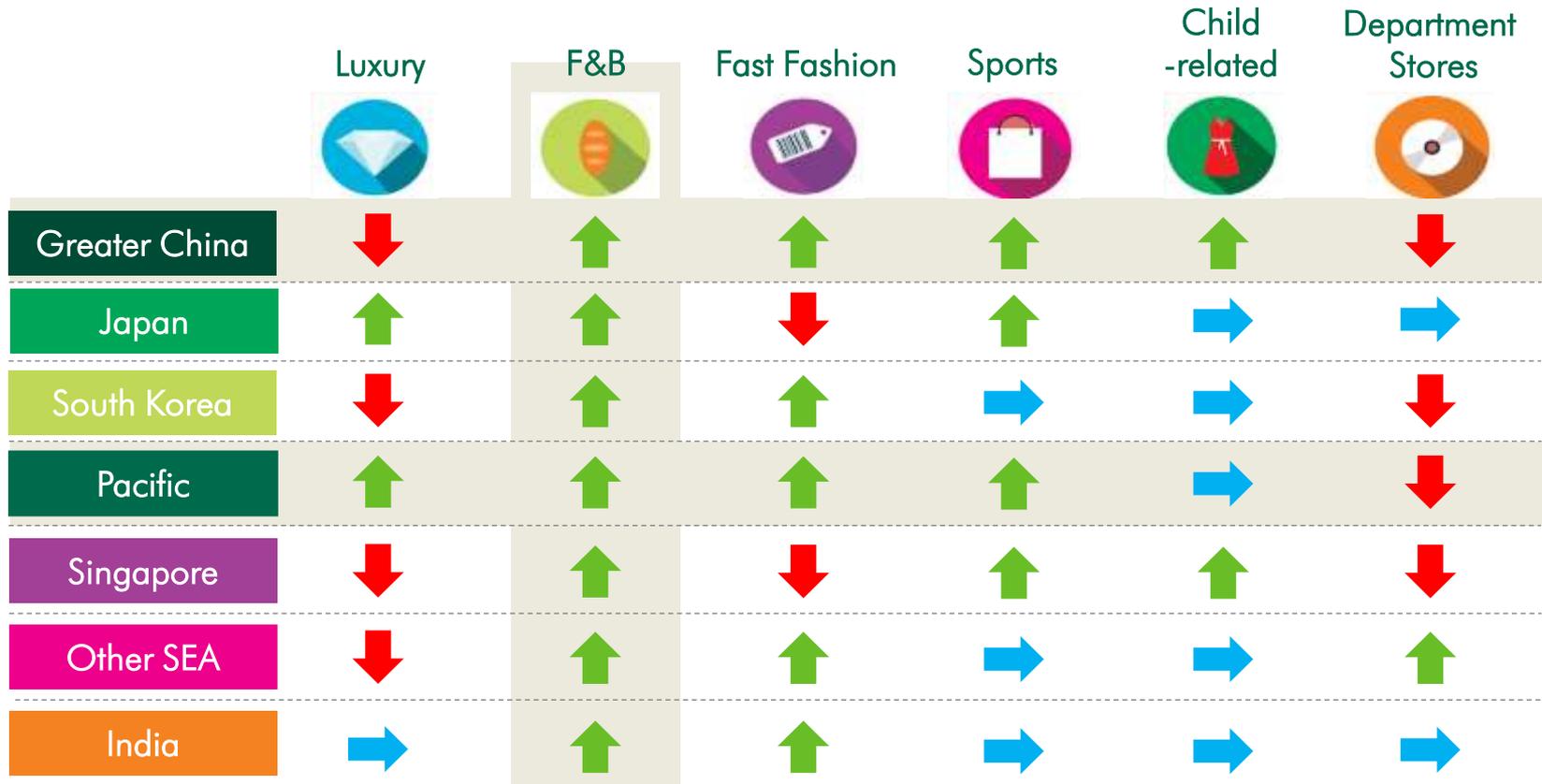


Source: CBRE Research.
Occupancy cost = Rent + Serviced charge

RETAIL

APAC Retail Leasing Demand

Leasing demand still led by F&B retailers

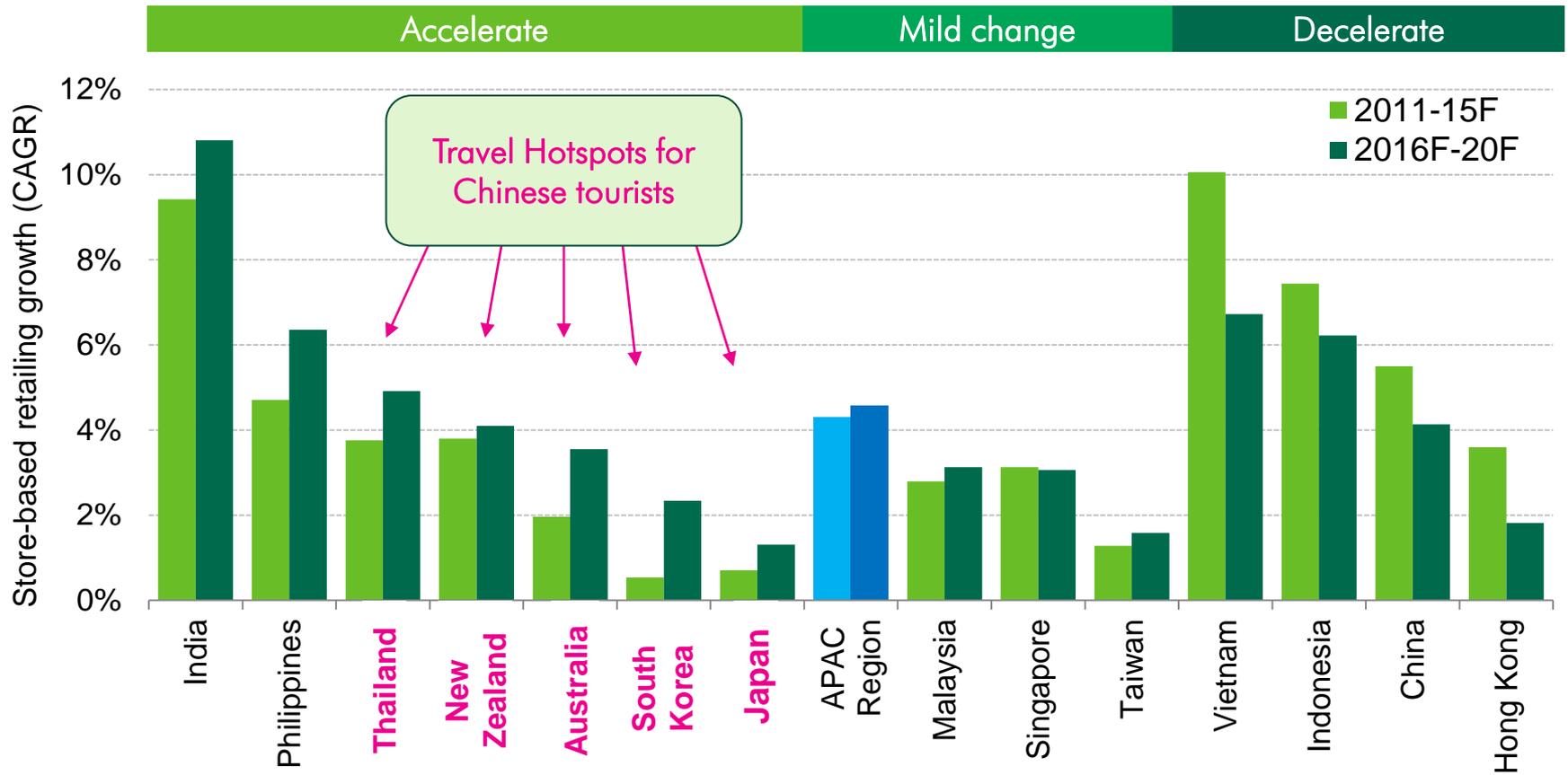


 Increasing Demand
  Decreasing Demand
  Stable Demand

Source: CBRE Research, January 2016.

RETAIL

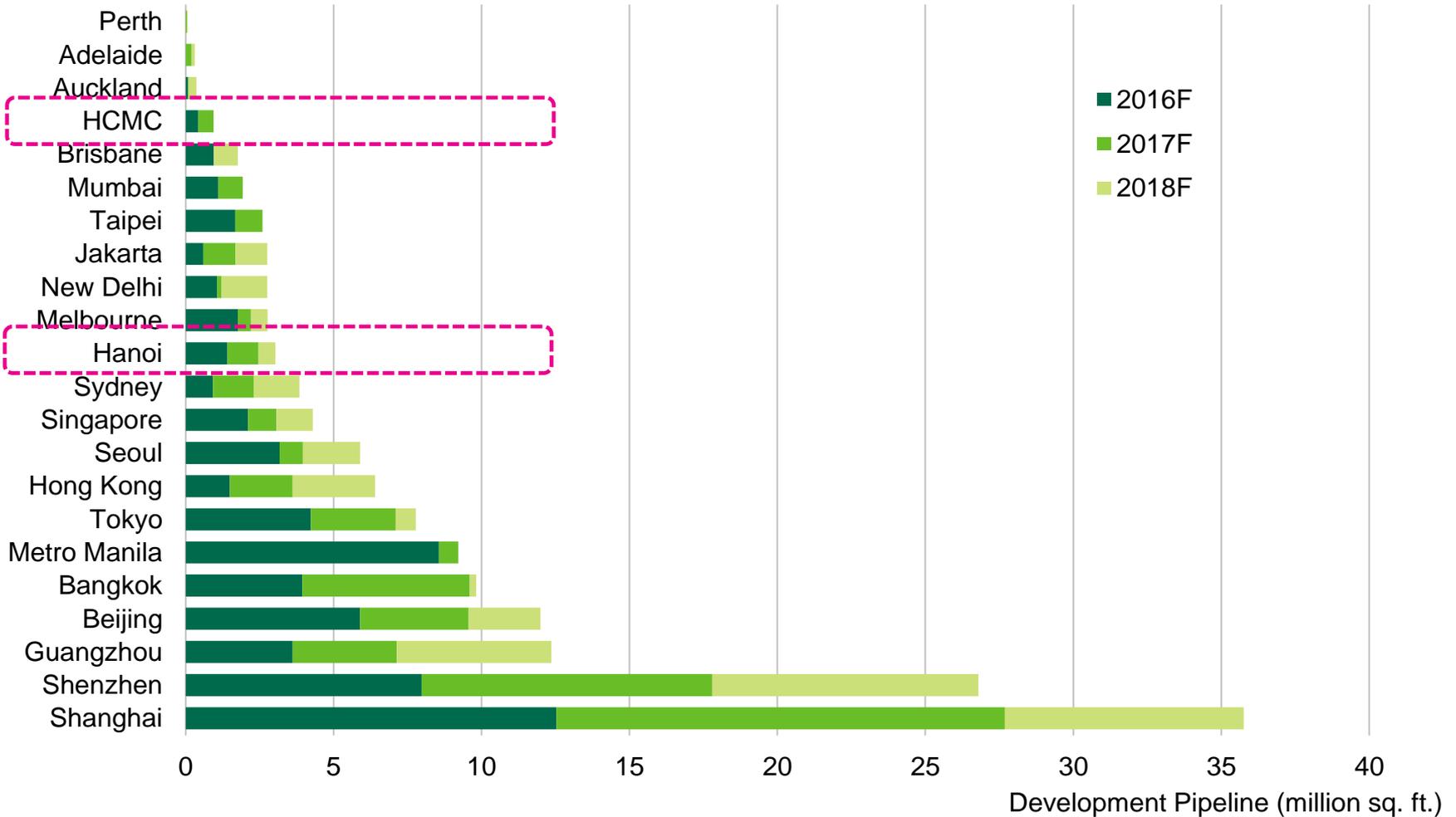
Retail sales continue to grow but performance varies by market



Source: Euromonitor International, NZIER, December 2015.

RETAIL

Development pipeline of Grade A in CBD+



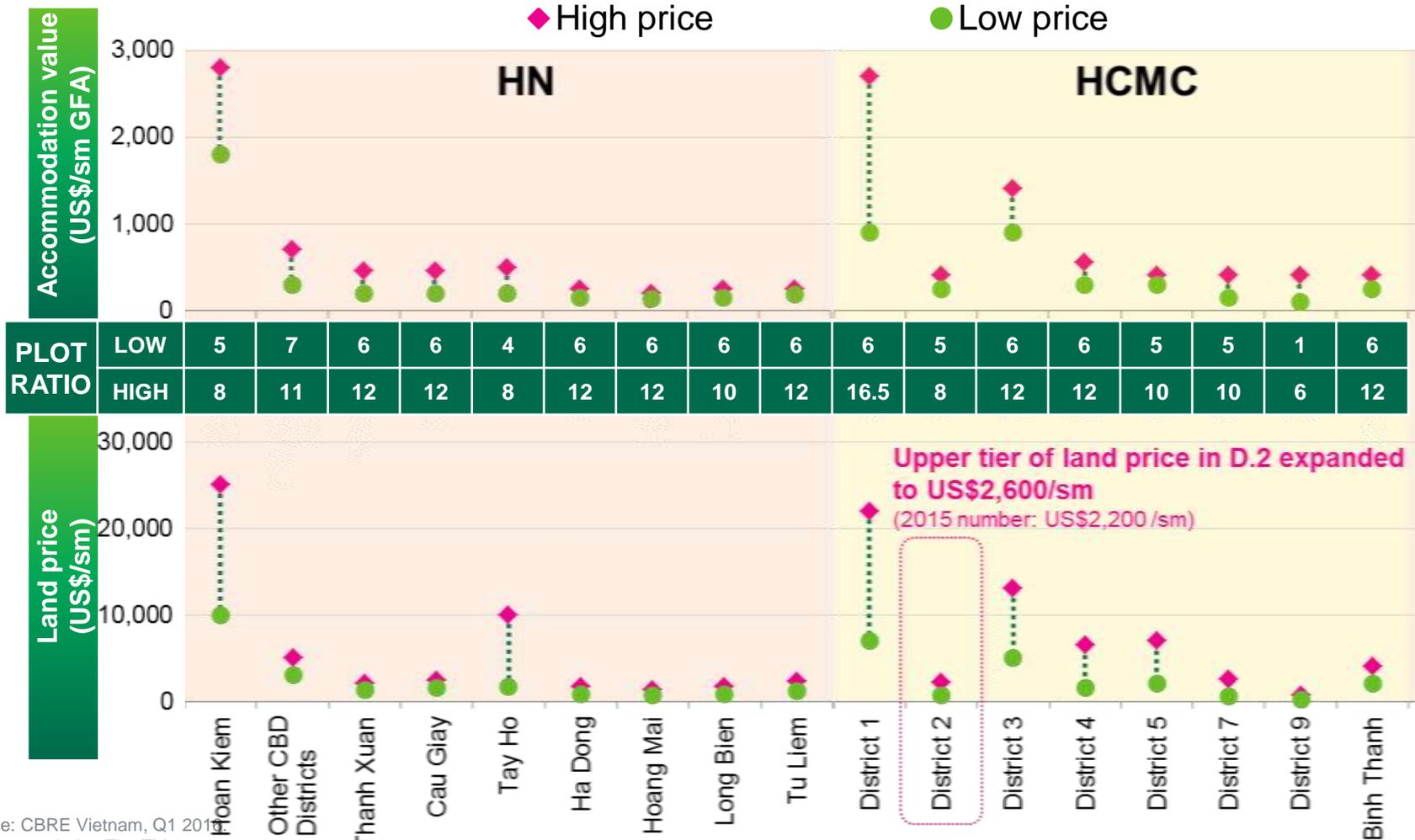
Source: CBRE Research, January 2016.



INVESTMENT

INVESTMENT

Land values in big cities



Source: CBRE Vietnam, Q1 2019
 District 2 excludes Thu Thiem,
 District 9 includes Phuoc Long and Phu Thuan 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 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

Source: DealstreetAsia, RCA Q1 2016

January



Vietnam's Vingroup buys \$22m Sydney CBD site for hotel



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



Last update 14:36 | 17/03/2016

Aeon near to closing the deal to buy Big C Vietnam

VietNamNet Bridge - Bloomberg has quoted a close source as saying that Aeon - the giant retailer from Japan - is approaching an agreement to acquire the Big C Vietnam chain of France's Casino Group.



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



20 “golden sites” were first mentioned on Tuoi Tre News in 2007



HD TOWER (*)

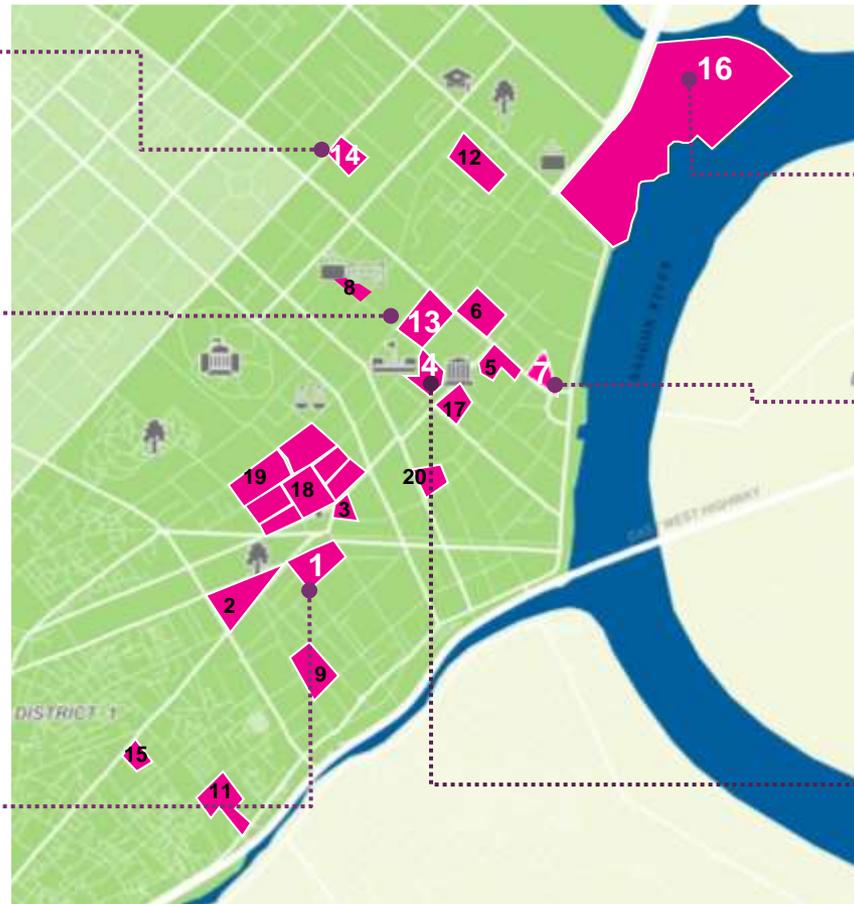
(*) Only a part of the site



VINCOM CENTER DONG KHOI



THE ONE HCMC



Source: CBRE Vietnam.



VINHOMES GOLDEN RIVER



SAIGON MELINH TOWER



UNION SQUARE

CBRE INVESTOR INTENTION SURVEY 2016

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

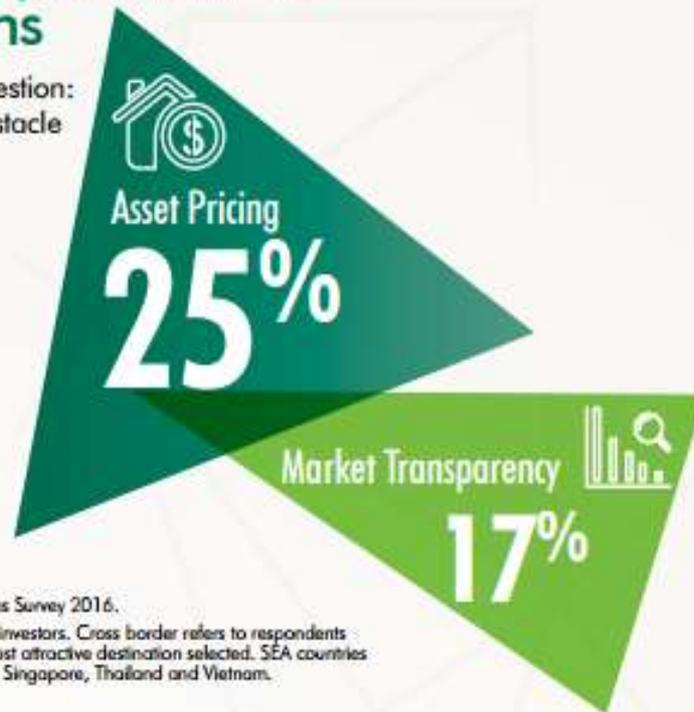


CBRE INVESTOR INTENTION SURVEY 2016

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

▶ Asset pricing and market transparency remain as key concerns

% based on the poll question: "What is the biggest obstacle in acquiring assets?"

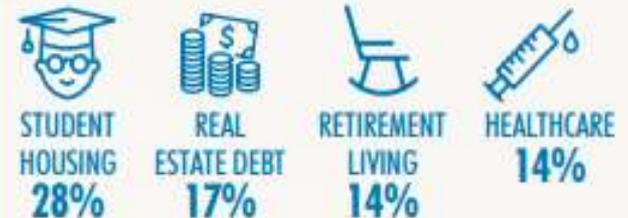


Source: CBRE Asia Pacific Investor Intentions Survey 2016.

* 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.

▶ Alternative Sectors

61% of respondents are actively pursuing alternative sectors

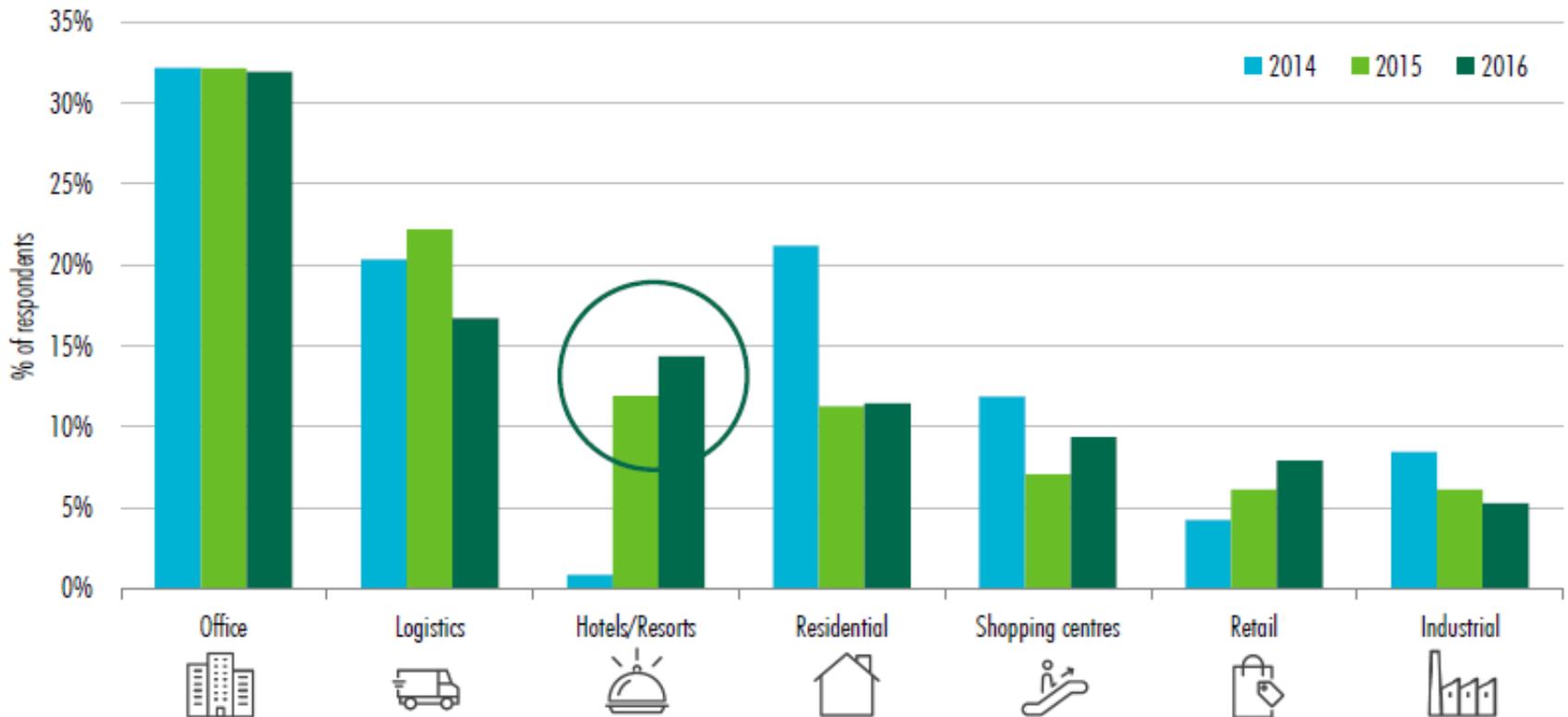


Source: CBRE Asia Pacific Investor Intentions Survey 2016.

CBRE INVESTOR INTENTION SURVEY 2016

Hotels saw a surge in interest

Preferred sector for investment



Source: CBRE Asia Pacific Investor Intentions Survey 2014, 2015 and 2016

MARKET OUTLOOK

		 SUPPLY		 RENT		 OCC. RATE		 DEMAND	
		HCMC	HN	HCMC	HN	HCMC	HN	HCMC	HN
OFFICE	New buildings	➤	⬆	➤	⬇	➤	⬇	⬆	⬆
	Mature buildings	➤	➤	➤	➤	➤	⬆	⬆	⬆
RETAIL	CBD	➤	⬇	⬆	➤	➤	➤	⬆	⬆
	Non-CBD	⬆	➤	➤	⬇	⬇	➤	⬆	➤
CONDOMINIUM	High-end	⬆	➤	⬆	➤	⬆	➤	⬆	➤
	Mid-end	⬆	⬆	⬆	⬆	⬆	➤	⬆	⬆
	Affordable	⬆	➤	⬆	➤	⬆	➤	⬆	⬆
SEVICED APT.	Grade A	⬆	➤	⬆	➤	➤	➤	➤	➤
INDUSTRIAL	Land	➤	➤	➤	➤	➤	➤	⬆	➤
	Factory/ warehouse	➤	➤	➤	➤	➤	➤	⬆	➤
DEVELOPMENT SITE		➤	➤	⬆	⬆	⬆	⬆	⬆	⬆



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.

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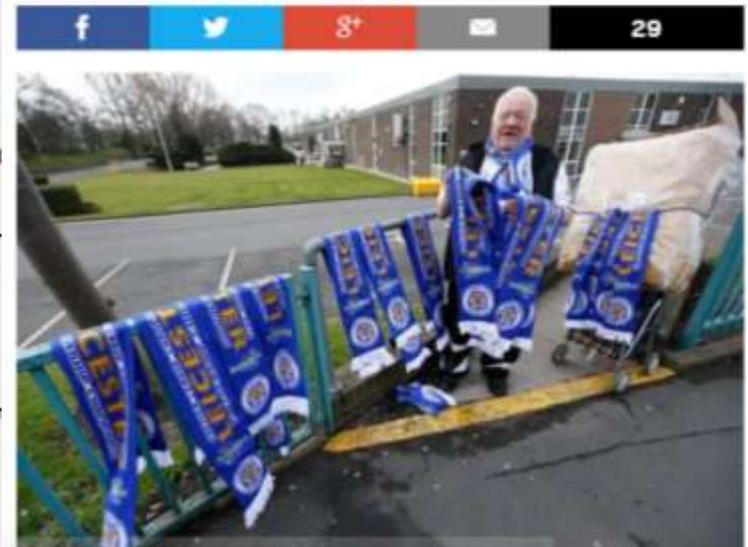
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Chelsea fan selling 'Leicester City Premier League champions' scarves ahead of Southampton match



Tom Oliver for Metro.co.uk Sunday 3 Apr 2016 11:34 am



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IN THE QUESTIONNAIRE**

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