

HANOI REAL ESTATE
MARKET INSIGHTS

Q3 2020

Wednesday, October 7, 2020

CBRE

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HANOI OFFICE MARKET

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HANOI OFFICE: MARKET SNAPSHOT Q3 2020

GRADE A

GRADE B



**TOTAL
SUPPLY**
NLA (sqm)

530,000 sqm NLA

21 projects ▲ **21.2%** q-o-q



**ASKING
RENT***

US\$/sqm/month

US\$26.7 ▲ **1.3%** y-o-y

▲ **2.2%** q-o-q



**VACANCY
RATE (%)**

24.1% ▲ **16.2** pts y-o-y

▲ **16.5** pts q-o-q

940,930 sqm NLA

70 projects

US\$13.8 ▼ **-3.0%** y-o-y

▼ **-2.7%** q-o-q

11.5% ▲ **2.4** pts y-o-y

▲ **0.5** pts q-o-q

**01 NEW
SUPPLY**

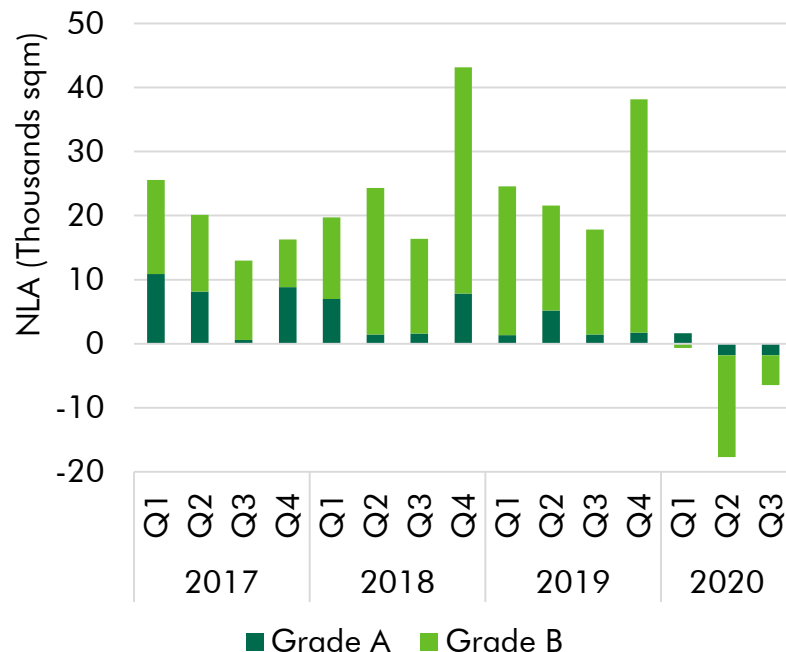
~93,000 sqm NLA

Source: CBRE Vietnam Research & Consulting, Q3 2020.

(*) Note: Asking rent is quoted on NLA, excluding VAT & Service charges.

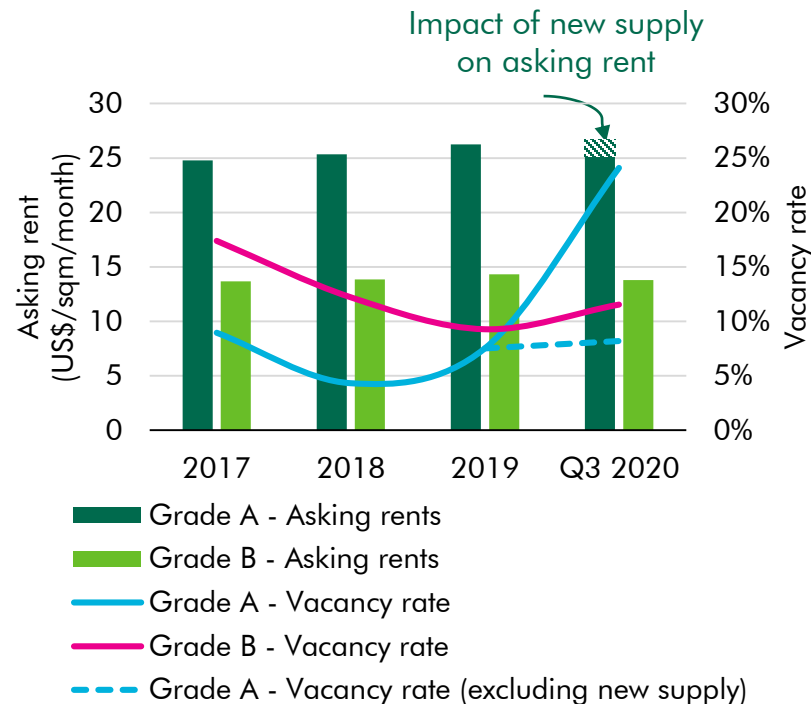
CONTINUED IMPACT FROM SECOND RESURGENCE OF COVID-19

Hanoi Office, Net Absorption, Q3 2020



Source: CBRE Vietnam Research & Consulting, Q3 2020.

Hanoi Office, Market Performance, Q3 2020





LANDLORDS' RESPONSE TO IMPACTS OF COVID-19

Tenants' request and consideration

Request for rental
reduction

Request for deferral
payment

Consider to partially
surrender and/or
move to flexible
workspace

Financial support from the landlords

New
tenants

Decrease asking
rent

Exemption during
fit-out and interest-
free period

Existing
tenants

Short-term rent
reduction

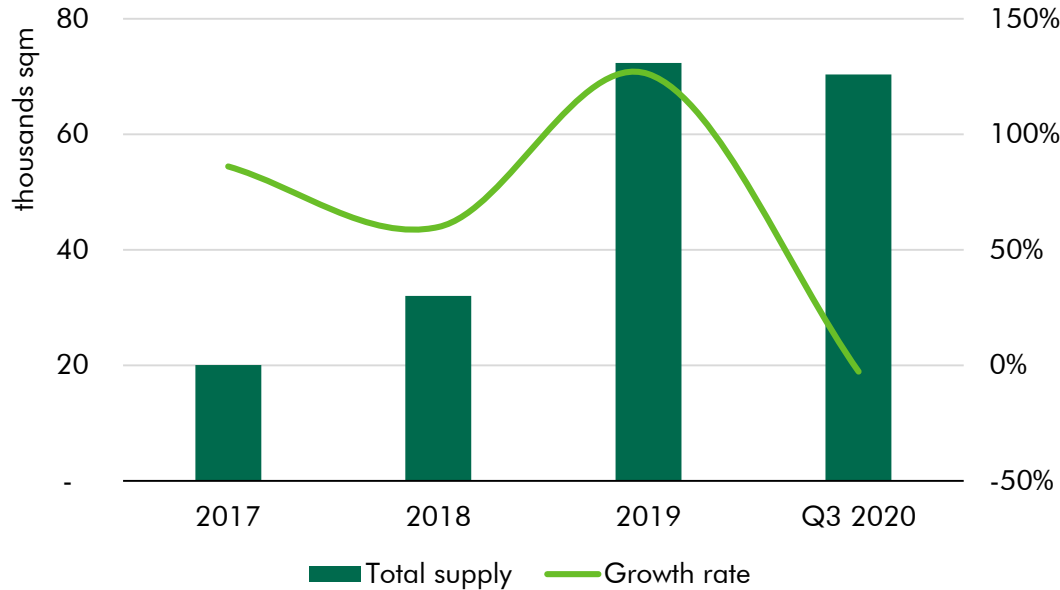
Allow payment
deferral

Reduce
escalation rate
when renewal

Source: CBRE Vietnam Research & Consulting, Q3 2020.

FLEXIBLE WORKSPACE - SLOWER EXPANSION AND FOCUS ON EXISTING VENUES

Hanoi Flexible Workspace, Supply & Expansion Rate



Major flexible workspace providers reported a healthy occupancy rate of **over 70%**

Source: CBRE Vietnam Research & Consulting, Q3 2020.

FUTURE SUPPLY EXPANDS TO NEW LOCATIONS

Q4 2020

>50,000 sqm NLA

TRADITIONAL OFFICE HUBS



BRG Tower,
Hoan Kiem
NLA: 5,000 sqm



Thai Building,
Cau Giay
NLA: 24,000 sqm



HUD Tower,
Thanh Xuan
NLA: 48,000 sqm



BRG Grand Plaza,
Dong Da
NLA: 26,000 sqm

2021

>220,000 sqm NLA

NEW AREAS



Century Tower,
Hai Ba Trung
NLA: 22,000 sqm



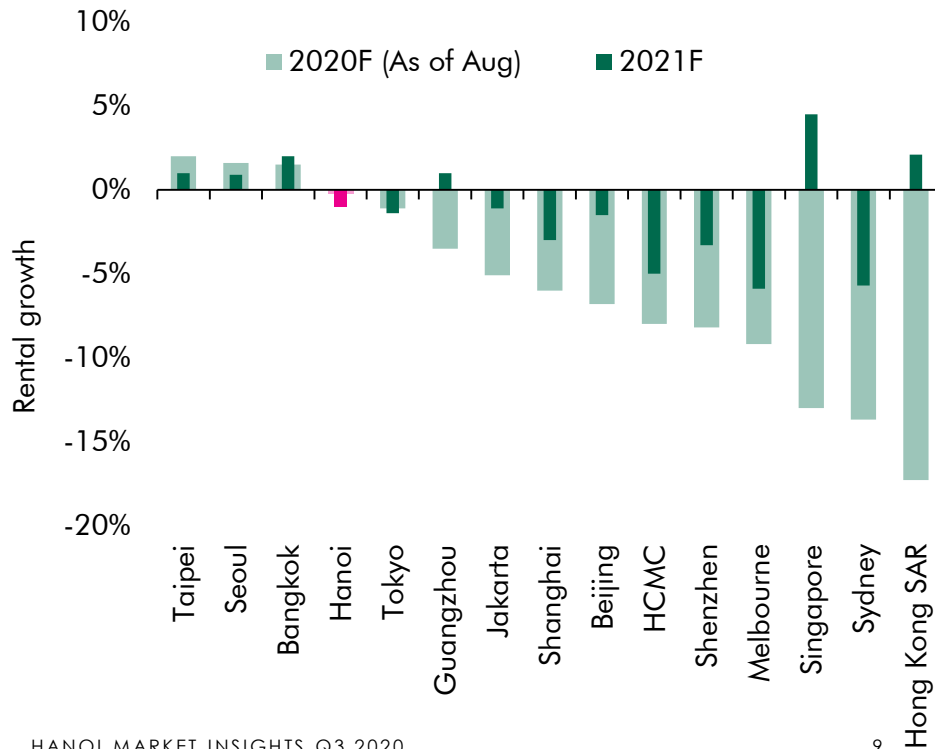
Ocean Park Tower,
Gia Lam
NLA: 115,000 sqm



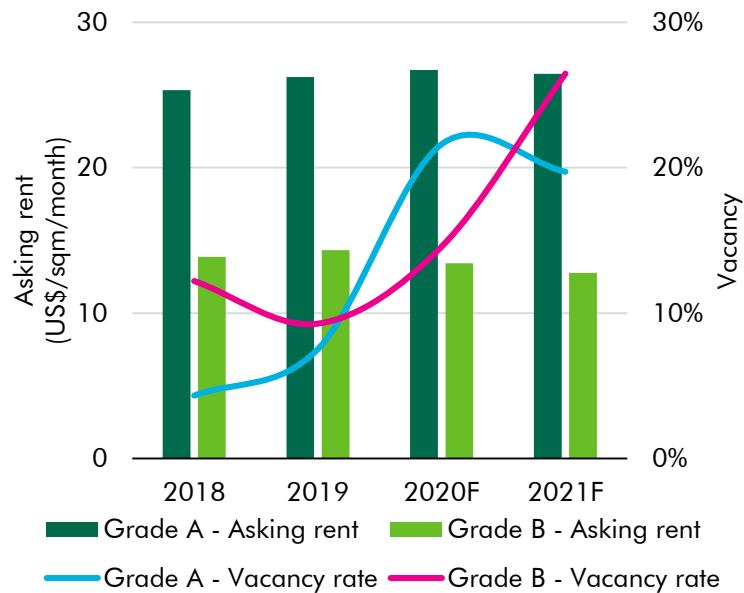
The Valley Smart Building,
Nam Tu Liem
NLA: 39,500 sqm

RENTAL RATE CORRECTION IS EXPECTED TO CONTINUE IN 2021F

APAC Office, Grade A Rental Forecast, 2020F – 2021F



Hanoi Office, Performance Forecast, 2020F – 2021F



Source: CBRE Vietnam Research & Consulting, Q3 2020.



HANOI RETAIL MARKET

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HANOI RETAIL: MARKET SNAPSHOT Q3 2020

CBD



**TOTAL
SUPPLY**
NLA (sqm)

~**52,000** sqm NLA
12 projects



**ASKING
RENT***

US\$/sqm/month

US\$98.62 ▲ **0.54%** y-o-y
▼ **0.13%** q-o-q



**VACANCY
RATE**

(%)

11.05% ▲ **9.71** pts y-o-y
▲ **10.33** pts q-o-q

Non-CBD

~**950,000** sqm NLA
41 projects

US\$24.53 ▼ **1.5%** y-o-y
▼ **0.78%** q-o-q

11.15% ▲ **2.93** pts y-o-y
▲ **1.37** pts q-o-q

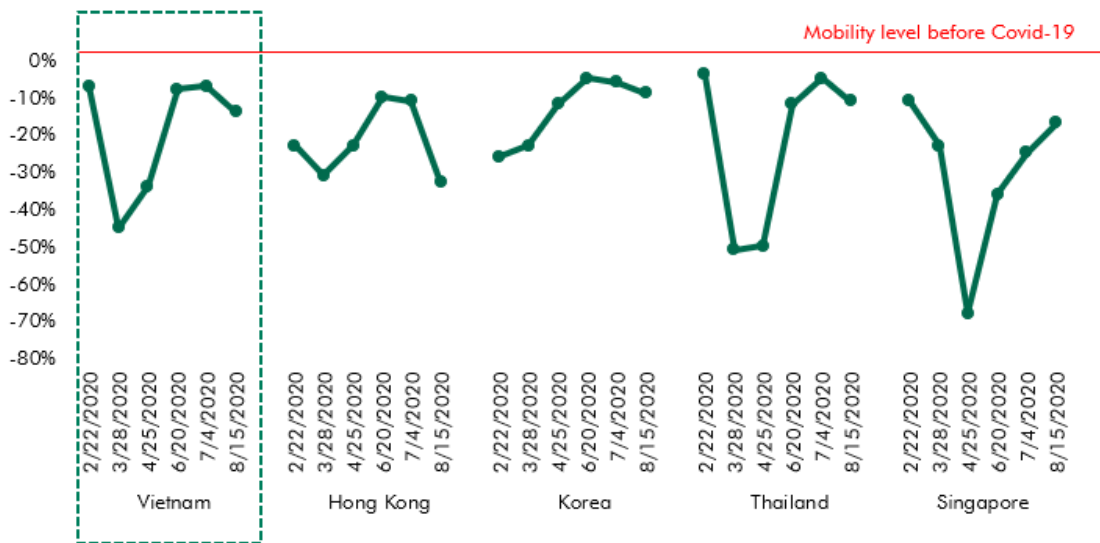
**NO NEW
SUPPLY**

Source: CBRE Vietnam Research & Consulting, Q3 2020.
Note: Asking rent is quoted on NLA, excluding VAT & Service charges for Ground Floor and First floor.

HANOI RETAIL MARKET OVERVIEW 9 MONTHS OF 2020

Potentials to recover

An optimistic growth in visits to retail space



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 Vietnam Research & consulting, 30 September 2020.



HANOI RETAIL MARKET OVERVIEW 9 MONTHS OF 2020

Potentials to recover

New openings despite the pandemic

Uniqlo will have 3 outlets by the end 2020

Q1 : Vincom Pham Ngoc Thach

Q3 : Vincom Center Metropolis

Q4 : Aeon Mall Long Bien



Source: VnExpress

MLB opened 2 outlets in 2020

Q2: Trang Tien

Q3 : Vincom Center Ba Trieu



Source: Vincom.com

Coming soon

Kielh's @ Vincom Center Ba Trieu

Levi's @ Trang Tien Plaza

Nars @ Trang Tien St.



SHOPHOUSES STILL AFFECTED BY COVID-19

Different responses by landlords

Some landlords continue with support policies



Mặt bằng bán lẻ cho thuê nổi dài đã giảm tốc

Source: vnexpress, 13 July 2020

Some landlords leave the shophouse vacant

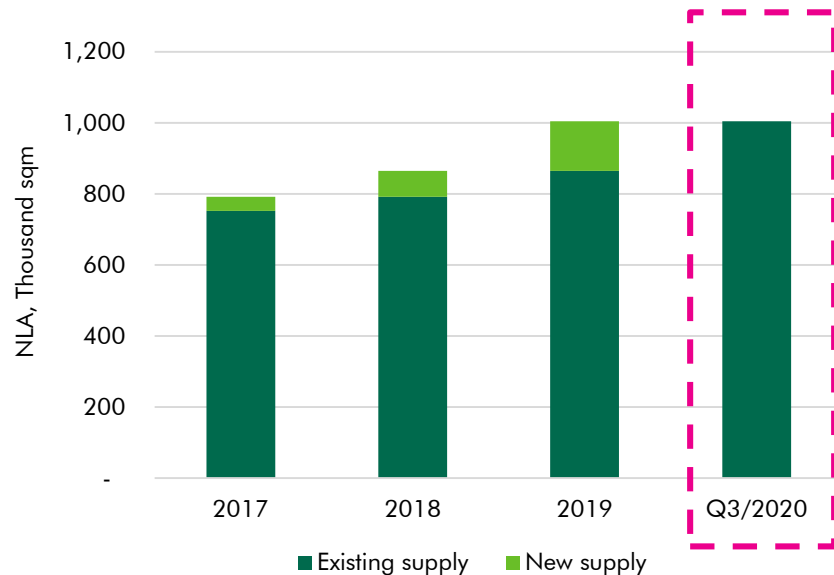


Không chấp nhận bị ép giá, nhiều chủ nhà bỏ trống mặt bằng cho thuê

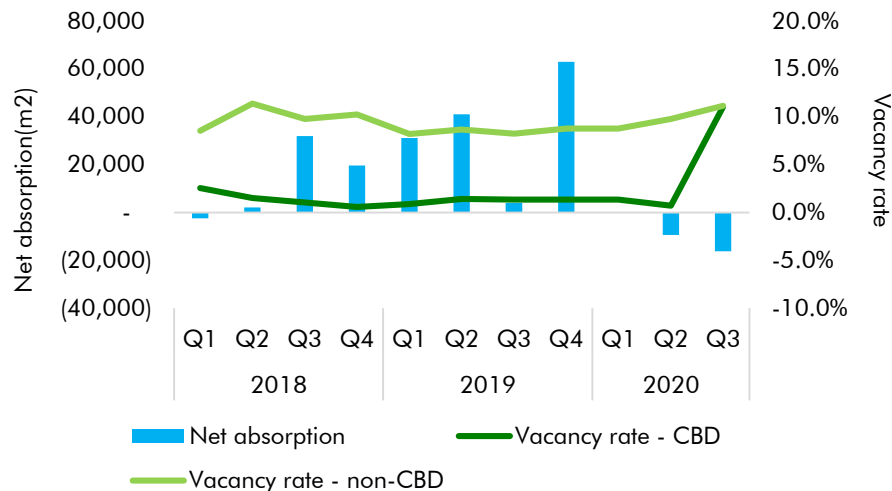
Source: cafesf, 13 September 2020

INCREASE IN VACANCY RATES DESPITE NO NEW SUPPLY IN 9M 2020

Hanoi Retail, Market Supply, Q3 2020



Hanoi Retail, Market Performance, Q3 2020



Source: CBRE Vietnam Research & Consulting, Q3 2020.

FUTURE PROJECTS – MORE FOCUS ON NON-CBD AREA

Over total **350,000 sqm** in the pipeline

2020



FLC Twin Towers (1)
NLA: 14,358 sqm



**Vincom Mega Mall
Ocean Park (2)**
NLA: 39,518 sqm

2021



**Vinhomes Mega Mall
Smart City (3)**
NLA : 49,000 sqm



Hinode City (4)
NLA : 10,000 sqm



ParkCity (5)
NLA: 11,740m2

2022-2023

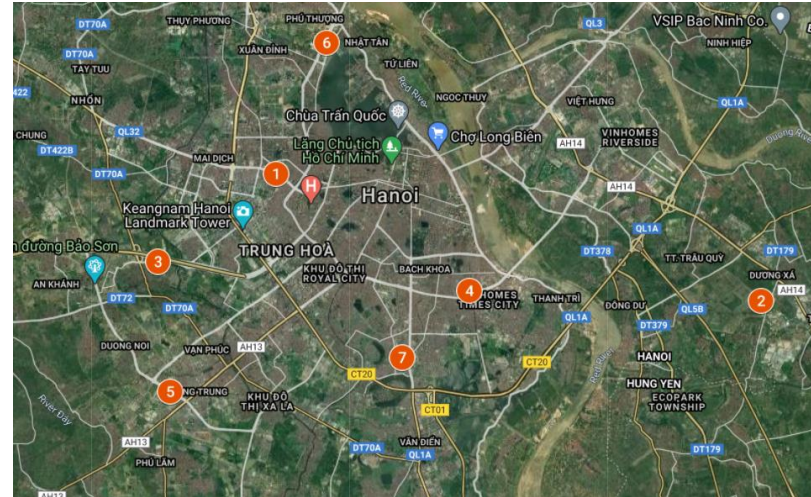


Lotte Mall (6)
NLA : 71,978 sqm



**Aeon Mall
Giap Bat (7)**
NLA : 84,000 sqm

Mapping of future projects

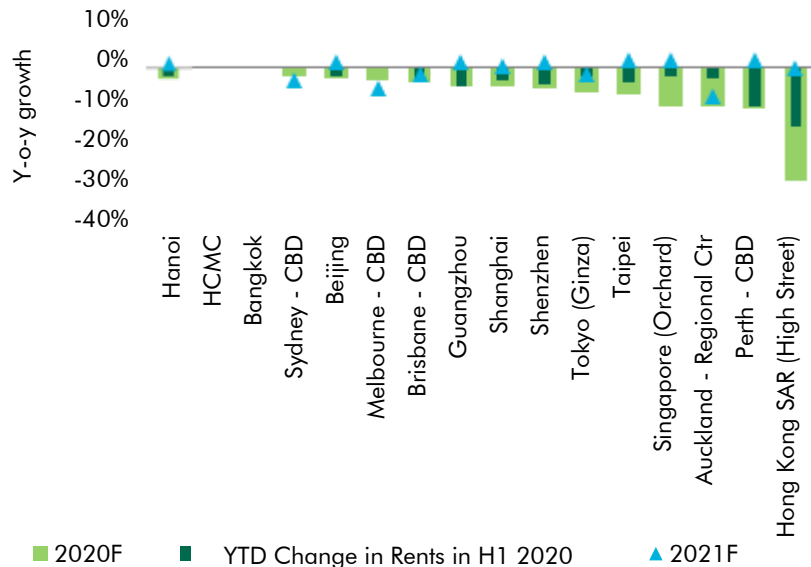


Source: CBRE Research, Internet Images.

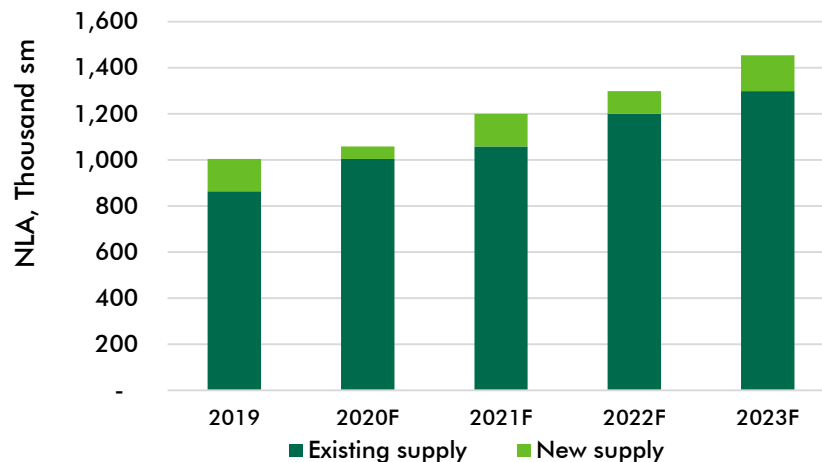
HANOI MARKET INSIGHTS Q3.2020

MARKET OUTLOOK

APAC Retail, Rent Forecast



Hanoi Retail, Market Supply



Remarks: All markets track the performance of prime high streets except Mainland China, Singapore and Pacific. Mainland China tier I cities, and HCMC track the performance of G/F prime shopping centres, Singapore tracks the performance of prime floor units of shopping centres while New Zealand tracks regional shopping centres. Rents in Hanoi is forecasted in Q3 2020, excluded the effects of new supply
Source: CBRE Research, August 2020.

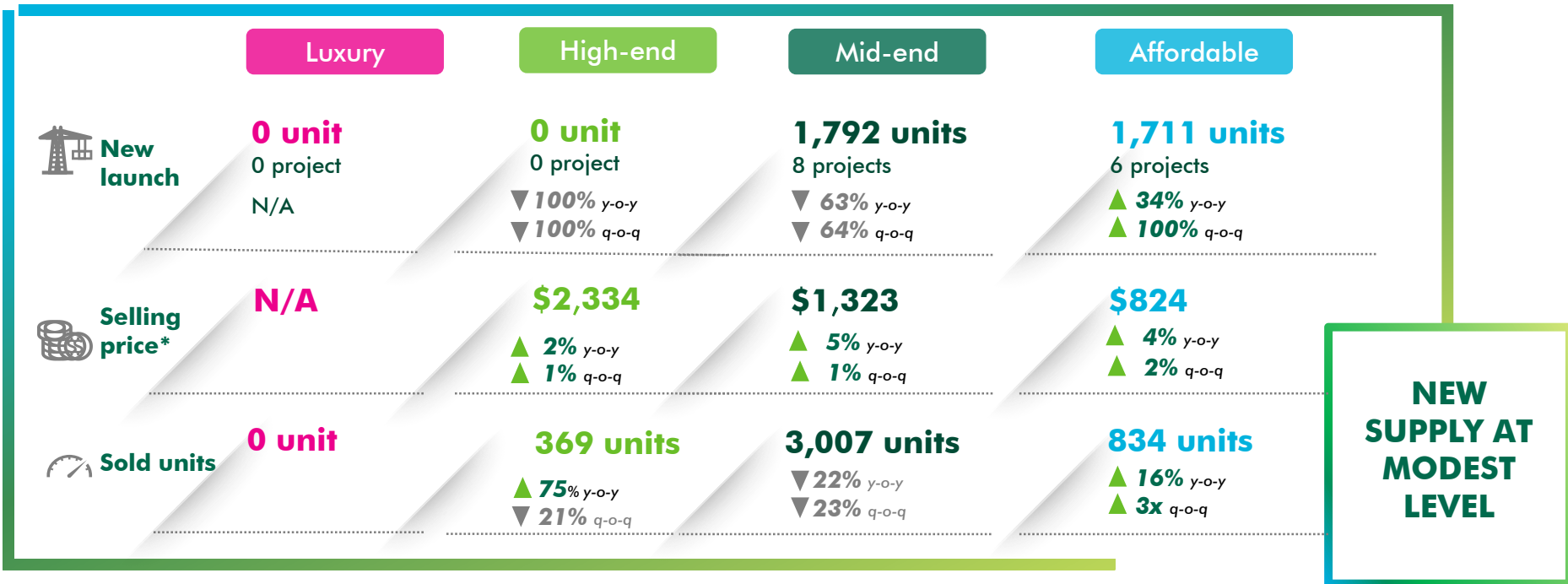


HANOI CONDOMINIUM MARKET

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HANOI CONDOMINIUM: MARKET SNAPSHOT IN Q3 2020

New launch: 3,503 units from 14 projects
Sold units: 4,210 units



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

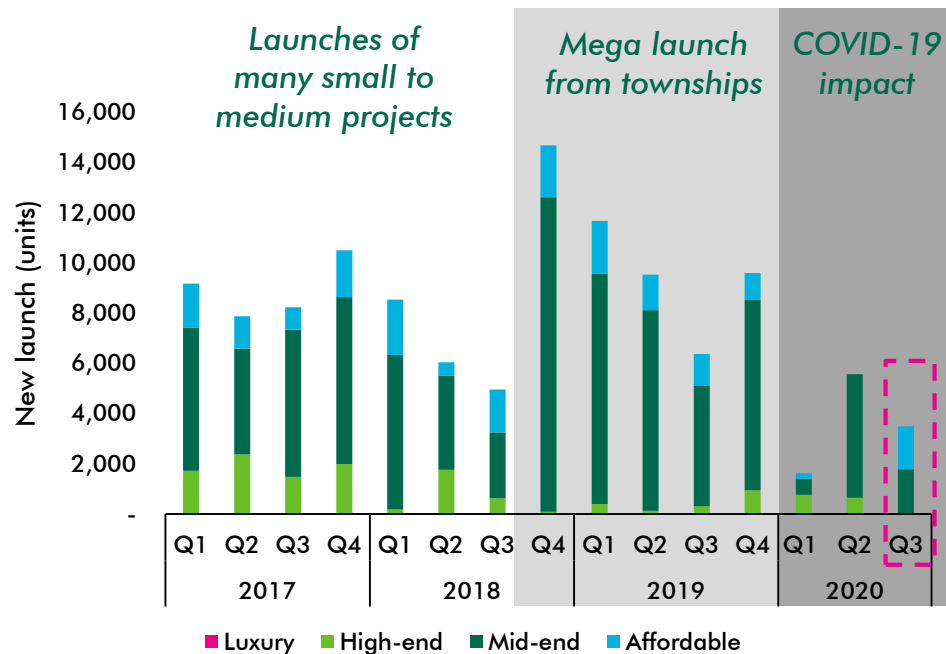
Source: CBRE Vietnam Research & Consulting, Q3 2020.

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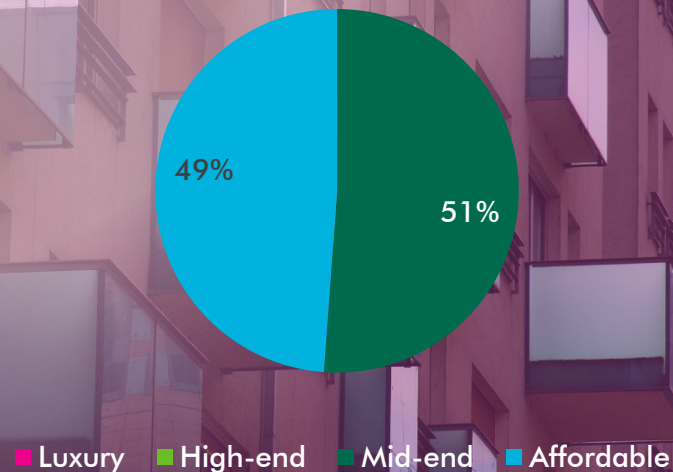
HANOI CONDOMINIUM Q3 2020:

No new launch from high-end and luxury segments

Hanoi Condominium, New launch supply, Q3 2020



New launch (Q3 2020):
3,503 units (▼45% y-o-y)

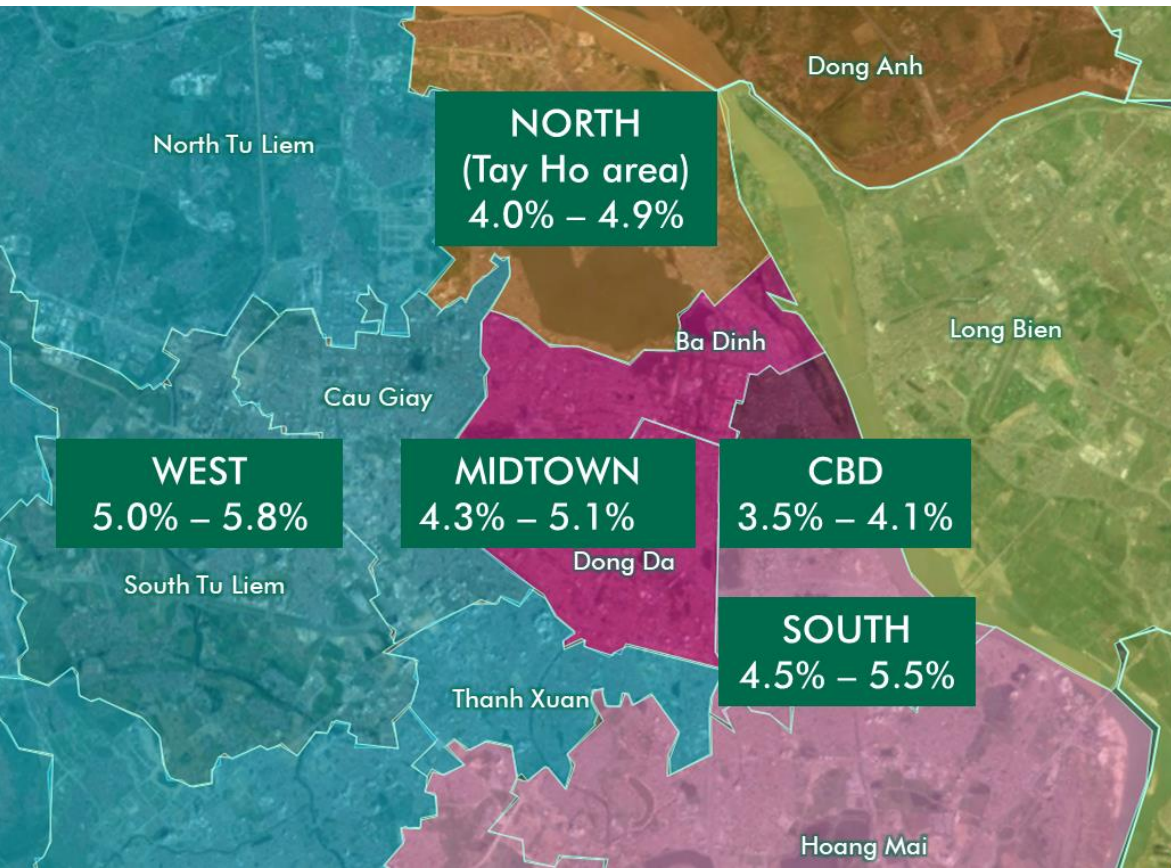


Supply condensed into
Mid-end and affordable segments

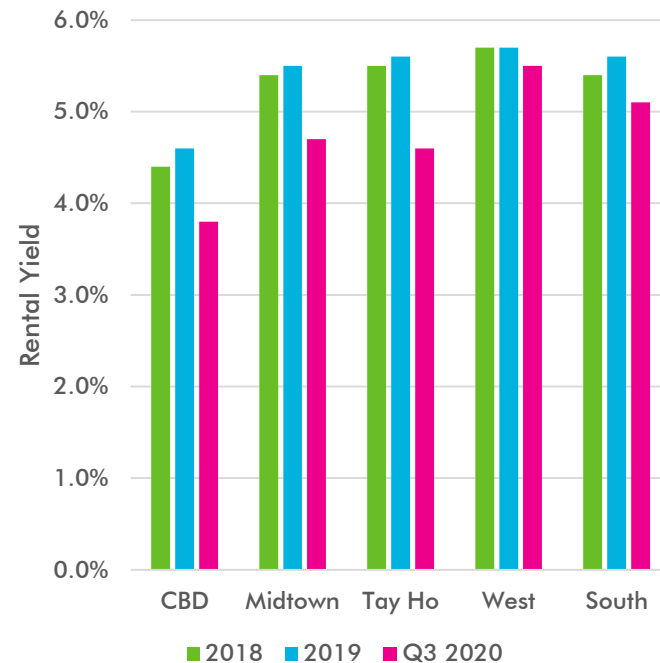
Source: CBRE Vietnam Research & Consulting, Q3 2020.

IMPACTS OF COVID-19 ON RENTAL MARKET

Rental yields compressed in traditional expat hubs



Hanoi Rental Yields by cluster, Q3 2020



Source: CBRE Vietnam Research & Consulting, Q3 2020.
Selected projects only © 2020 CBRE, INC.

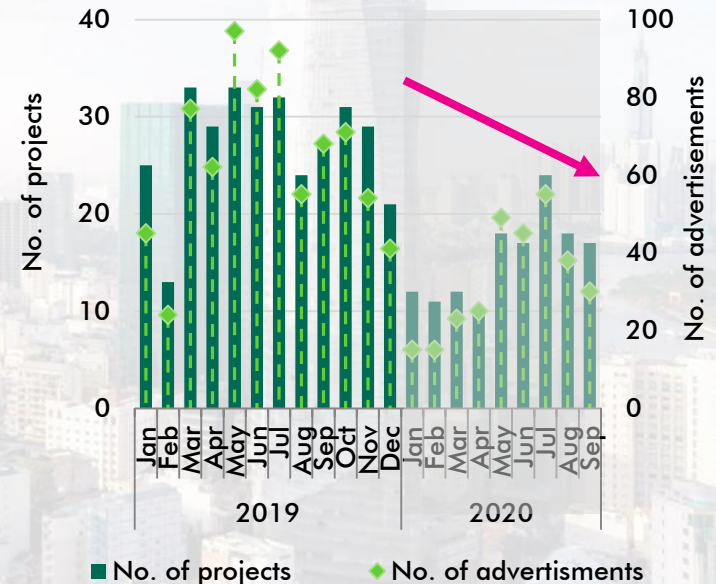
HANOI CONDOMINIUM: SOLD UNITS

Sold units exceeded new supply amid lower supply volume

Hanoi Condominium, Sold units, Q3 2020



Projects Advertised by Month, Hanoi



Source: CBRE Vietnam Research & Consulting, Q3 2020.

HANOI CONDOMINIUM: PRIMARY PRICE

Average primary pricing declines due to stronger new supply from affordable segment

Hanoi Condominium, Average Primary Price, Q3 2020



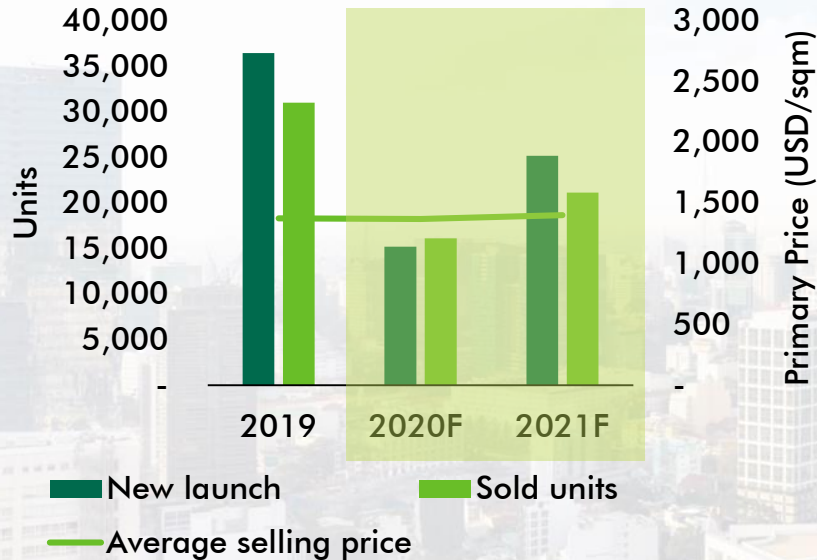
(*) Selling price: US\$ psm (excluding VAT and quoted on NSA)

Source: CBRE Vietnam Research & Consulting, Q3 2020.

HANOI MARKET INSIGHTS Q3.2020

HANOI CONDOMINIUM: FORECAST

Hanoi Condominium Market, Forecast



The Nine Tower
~350 units



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

Q4 2020 - 2021



Project at Gamuda City
~2,000 units



Lancaster Luminaire
~126 units

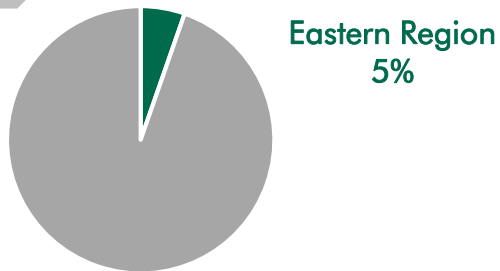
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Note: number of units are total units of the projects,
Number of new launch may be lesser

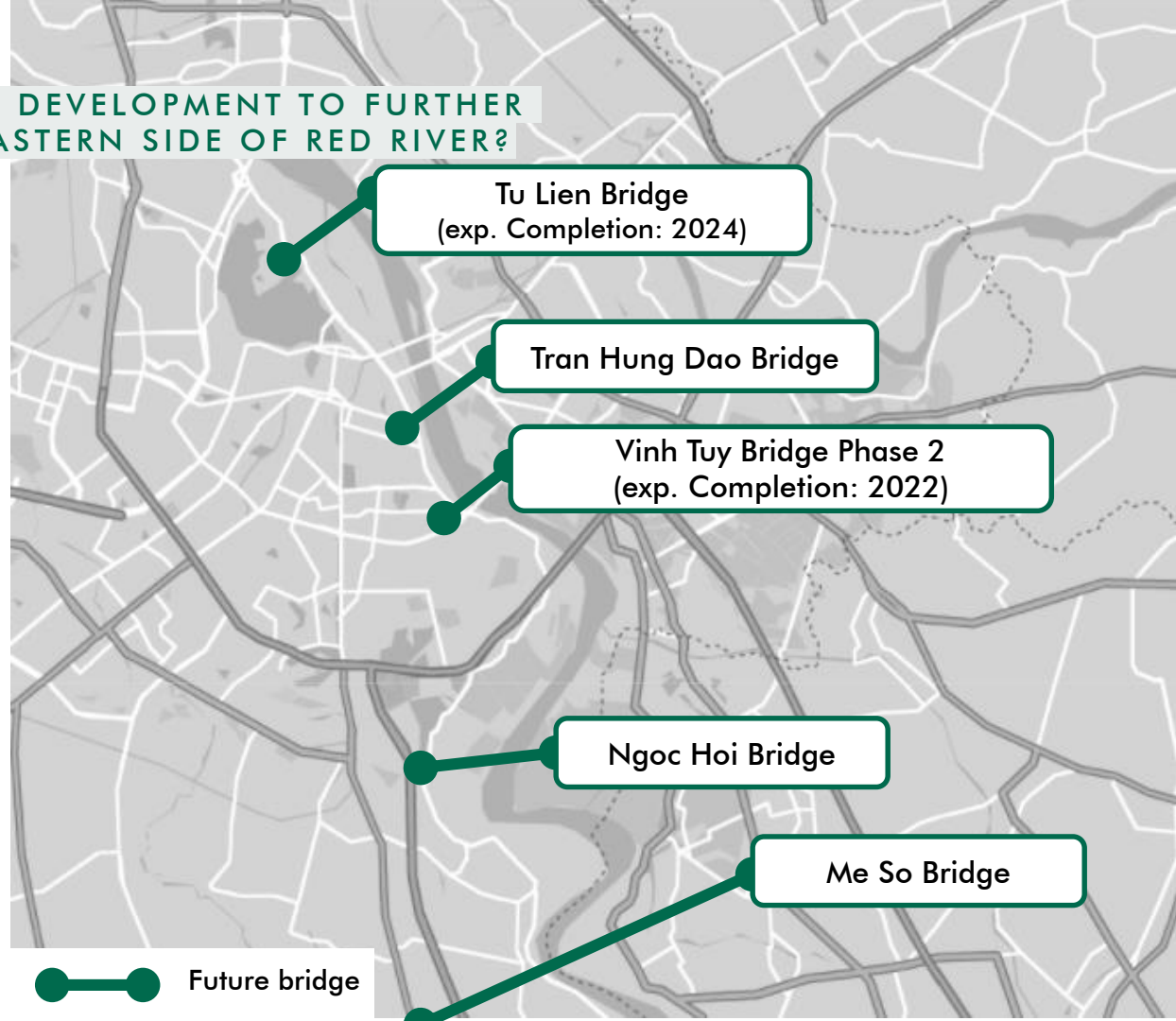
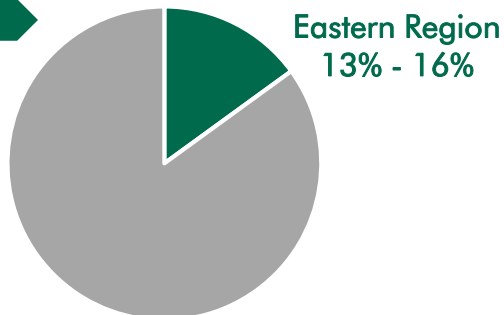
EXPECTED INFRASTRUCTURE DEVELOPMENT TO FURTHER BOOST DEVELOPMENT IN EASTERN SIDE OF RED RIVER?

Accumulated launch of districts in the Eastern side of Red River (*)

2015



2025F



Source: CBRE Vietnam Research & Consulting, Q3 2020.

(*) Includes Long Bien, Gia Lam, Dong Anh districts and Ecopark

POST COVID-19: WAITING FOR LAUNCHES OF PROJECTS AT GOOD LOCATIONS

Site @ Lo Duc Str.
(Hai Ba Trung
Dist.)

Vinhomes Gallery
(Ba Dinh Dist.)

Vinhomes Galaxy
(Thanh Xuan Dist.)

Grandeur Palace
Pham Hung
(Nam Tu Liem Dist.)

Site @ Lac Long Quan
(Tay Ho Dist.)

Site @ Cau Giay Dist.
(Cau Giay Dist.)

Residential projects @
Starlake
(Tay Ho Dist.)



HANOI LANDED PROPERTY MARKET

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MARKET SNAPSHOT 9 MONTHS 2020

NEW SUPPLY

326 units

In which: Q3.2020 : 45 units



92 % y-o-y

4
projects



Units

SECONDARY PRICE

Villa

\$4,432



1.69% q-o-q

2.0% y-o-y

Terrace

\$4,884



6.7 % q-o-q

7.2% y-o-y



US\$/sq.m.

SOLD UNITS

570 units

In which: Q3.2020 : 135 units



85 % y-o-y



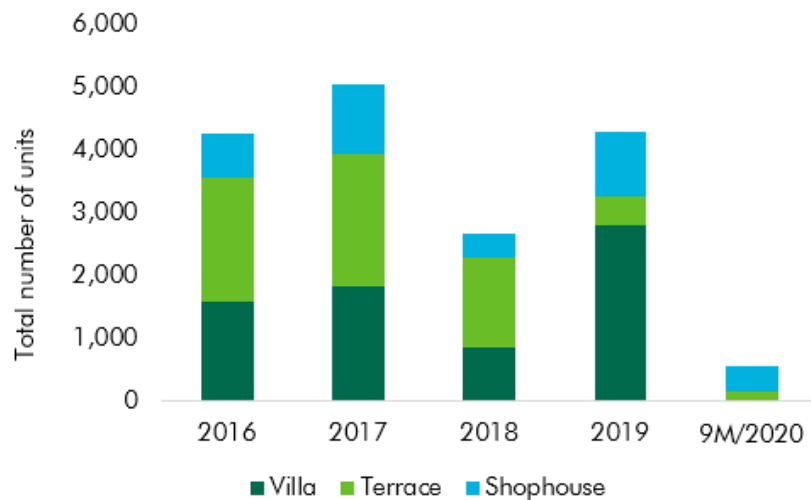
Units

Price is average, inclusive of construction costs and exclusive of VAT.

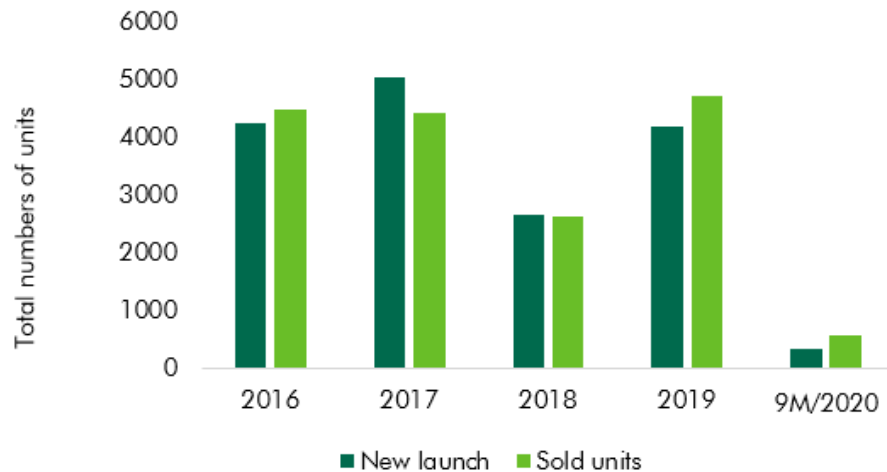
Source: CBRE Vietnam Research & Consulting, Q3 2020.

LOW SUPPLY VOLUME UNDER THE EFFECT OF COVID-19

Hanoi Landed Property, New Supply



Hanoi Landed Property, Sold Units

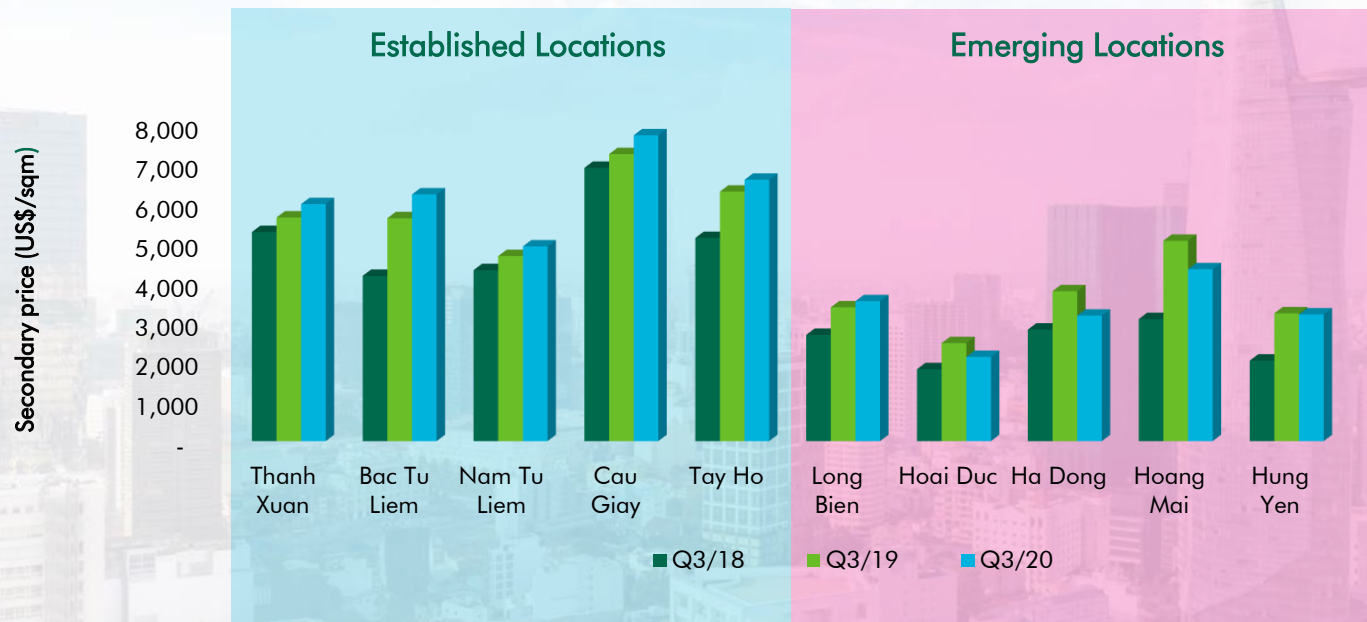


Source: CBRE Vietnam Research & Consulting, Q3 2020.

STRONGER PRICE GROWTH RECORDED AT MORE ESTABLISHED LOCATIONS

Thanks to upgraded infrastructure at selected locations

Villa Secondary Price by District (US\$/sqm of land)

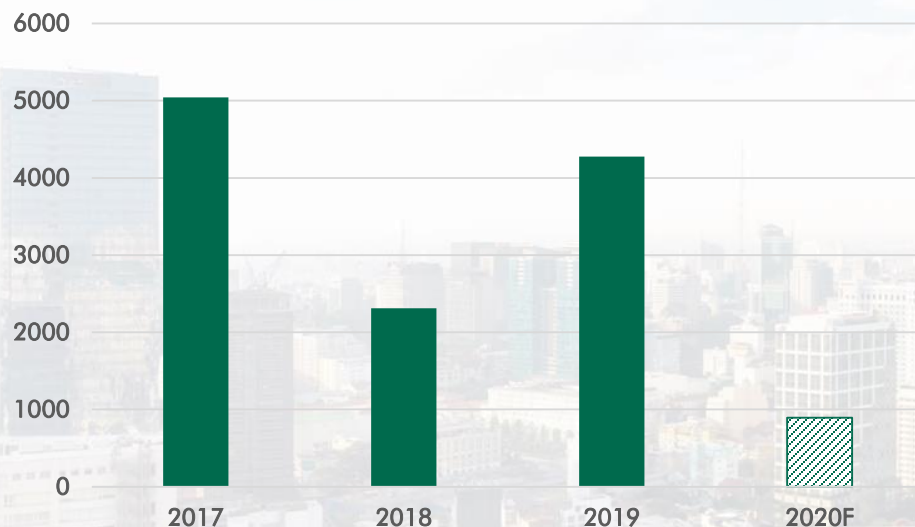


Price is calculated on US\$ psm land. Price includes construction costs, excludes VAT.

Source: CBRE Vietnam Research & Consulting, Q3 2020.

MARKET OUTLOOK

Hanoi Landed Property, Future Supply, 2020F



Pipeline is calculated based only on known future projects.

Source: CBRE Vietnam Research & Consulting, Q3 2020.

HANOI MARKET INSIGHTS Q3.2020

New projects after 2020F



Him Lam Van Phuc – Ha Dong

- Scale: 70.93 ha
- Total units : 222 terrace
- Expected time: Q4/2020



Miprec Rubik 360 – Cầu Giấy

- Scale : 4,1 ha
- Total units : 9 villas
- Expected time: 2021



Vinhomes Wonder Park – Dan Phuong

- Scale: more than 133 ha
- Expected time: 2021

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NORTHERN INDUSTRIAL MARKET

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NORTHERN INDUSTRIAL: MARKET SNAPSHOT Q3 2020



SUPPLY

Industrial land

~13,800 ha
(Land for lease:
~9,600 ha)

Ready-built factory and warehouse

2,076,524 sqm



ASKING RENTS

US\$120 – 260/sqm/
term

US\$3.5 – 6
/sqm/month

**LIMITED
AVAILABLE
STOCK**



OCCUPANCY

≈79%

≈97%

Source: CBRE Vietnam Research & Consulting, Q3 2020.

Note: Asking rents are quoted based on remaining term of the project (normally between 30 - 45 years), excluding VAT and management fee.

Northern industrial market includes Hanoi, Bac Ninh, Hai Duong, Hung Yen, Hai Phong



TRADE TENSION AND THE COVID-19 PANDEMIC ACCELERATE MANUFACTURING RELOCATION

CHINA

- Increasing labor cost
- Unexpected events
- Tighten legal framework



VIETNAM



Significant
improved
infrastructure

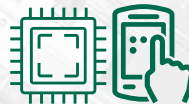


FTAs & Investment
incentive

NOTABLE INDUSTRIES



LOGISTICS



ELECTRIC,
ELECTRONIC



AUTOMOTIVE



SUPPORTING
INDUSTRY

FOREIGN INVESTORS, DEVELOPERS AND TENANTS ENTER THE MARKET VIA M&A, SALE AND LEASE BACK DEALS

VIR Vietnam Investment Review

LOGOS announces \$350 million portfolio in Vietnam market

14:25 | 19/08/2020

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NIKKEI ASIAN REVIEW

Panasonic to move appliance production from Thailand to Vietnam

Factory near Bangkok will be shuttered in cost-cutting effort

KANA WATANABE, Nikkei staff writer

May 21, 2020 00:06 JST Updated on May 21, 2020 03:48 JST

VIETNAM INSIDER

Apple partner to invest US\$1 billion for a manufacturing complex in Vietnam

September 21, 2020

THỜI ĐẠI VIETNAM TIMES

The Vietnam Union of Friendship Organizations

15 Japanese enterprises funded to shift production from China to Vietnam

12:07 | 20/07/2020 Lyan Vu

HANOI TIMES

NEWS JUL 24, 2020 / 17:29

Vietnam gov't to offer extraordinary incentives for high-impact FDI projects

Nguyen Tung



bizhub

Mitsubishi Motors seeks opportunity to build its second factory in Binh Dinh



Monday, Jun 08, 2020 15:26

VN EXPRESS INTERNATIONAL

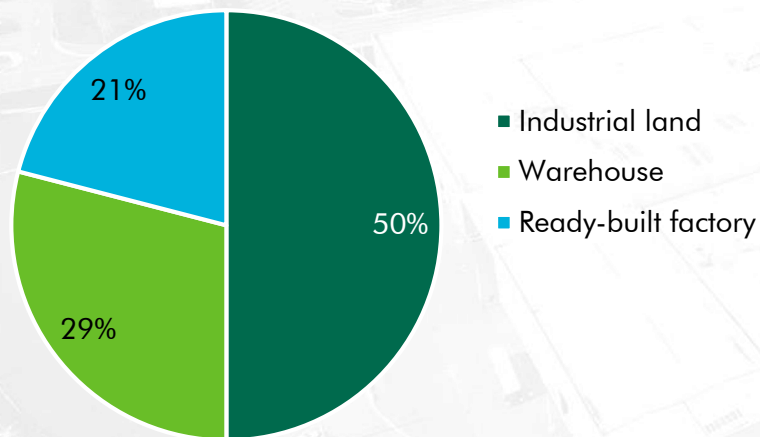
'Assembled in Vietnam' AirPods Pro cases signal shift from China

By Bao Lam, Khuong Nha May 23, 2020 | 07:00 am GMT+7

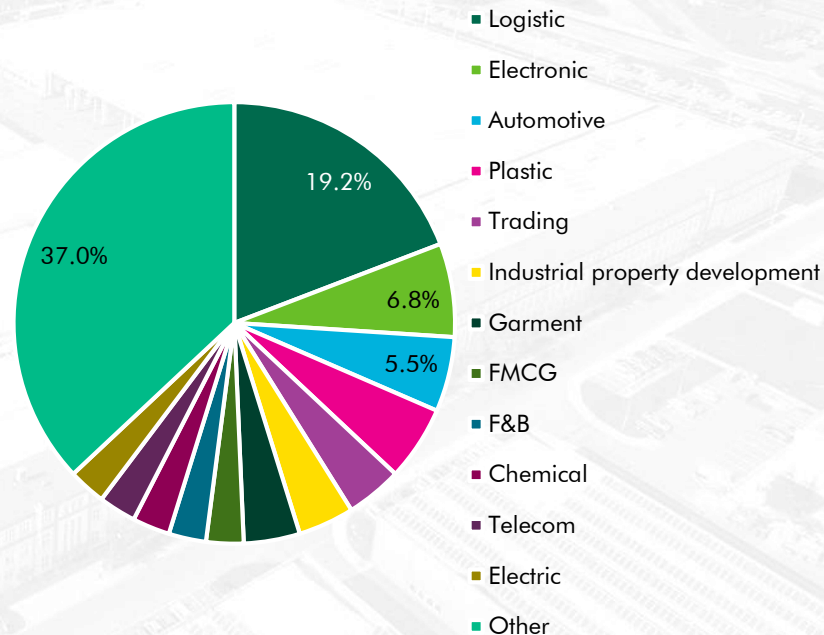


INDUSTRIAL LAND IS THE MOST SOUGHT AFTER PROPERTY

Industrial leasing enquiry by type, Q3 2020



Industrial leasing enquiry by industry, Q3 2020



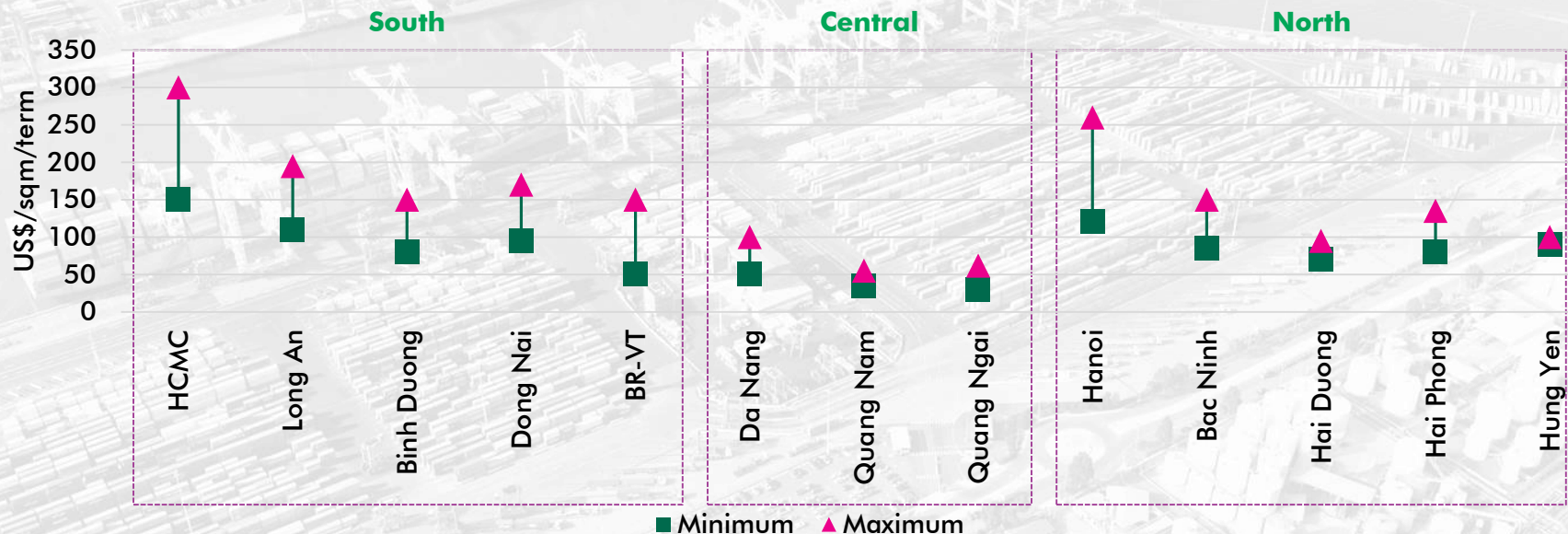
Source: CBRE Vietnam Research & Consulting, Q3 2020.

Note: The provided information is based on industrial leasing enquiries recorded by CBRE from January to August 2020.

STRONG RENTAL GROWTH AT ESTABLISHED INDUSTRIAL LOCATIONS

Industrial land, Asking rents

Asking rents increased by 20%-30% YTD in selected areas with high demand in Bac Ninh, Hai Phong, Hai Duong



Source: CBRE Vietnam Research & Consulting, Q3 2020.

Note: Asking rents are quoted based on remaining term of the project (normally between 30 - 45 years), excluding VAT and management fee.

STABLE ASKING RENTS FOR READY-BUILT FACTORY / WAREHOUSE AMIDST STRONG SUPPLY GROWTH

Supply of ready-built factory / warehouse

North



≈2.1 million sqm

2020



25.3% y-o-y

Supply growth
(2019-2020)

Stable

South



≈2.7 million sqm

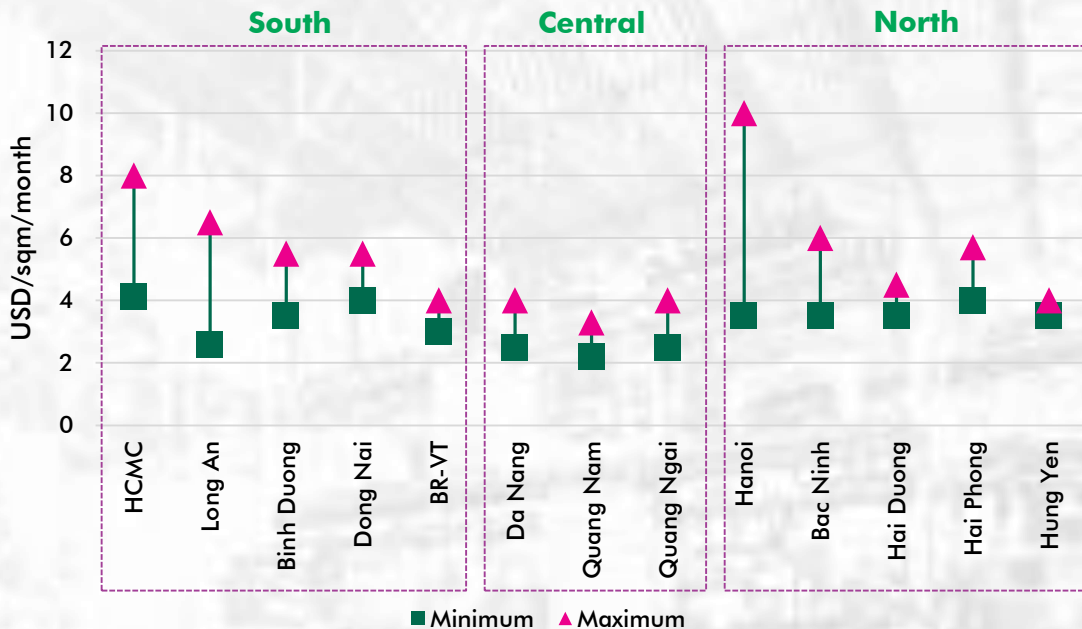
2020



28.2% y-o-y

Supply growth
(2019-2020)

Stable asking rents for ready-built factory / warehouse



Source: CBRE Vietnam Research & Consulting, Q3 2020.

Note: Based on market practice, supply in Northern area include both ready-built factory and warehouse. Asking rents exclude VAT and management fee.

EMERGING TREND: HIGH-RISE WAREHOUSES TO MEET INCREASING DEMAND FROM E-COMMERCE COMPANIES

High-rise warehouse



Limited land bank for logistics development at prime locations



E-commerce companies drive market demand

Climate-control storage



Increasing demand for climate-controlled storage space

FOREIGN INVESTORS AND
DEVELOPERS IN LOGISTIC
INDUSTRY ENTER VIETNAM MARKET

02

MANUFACTURING
EXPANSION OF EXISTING
TENANTS

Land search activities outside major
industrial regions

01

03

E-COMMERCE COMPANIES
INCREASE STORAGE SPACE
SIGNIFICANTLY

04

INTERGRATED-SERVICES
INDUSTRIAL PARKS

KEY TRENDS IN 2020F AND ONWARDS

THANK YOU

For more information regarding this presentation please contact:
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