# HCMC REAL ESTATE MARKET INSIGHTS

Q3 2020

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Tuesday, October 6, 2020



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- 1. OFFICE MARKET
- 2. RETAIL MARKET
- 3. CONDOMINIUM MARKET
- 4. INDUSTRIAL REAL ESTATE MARKET

CBRE

# HCMC OFFICE MARKET

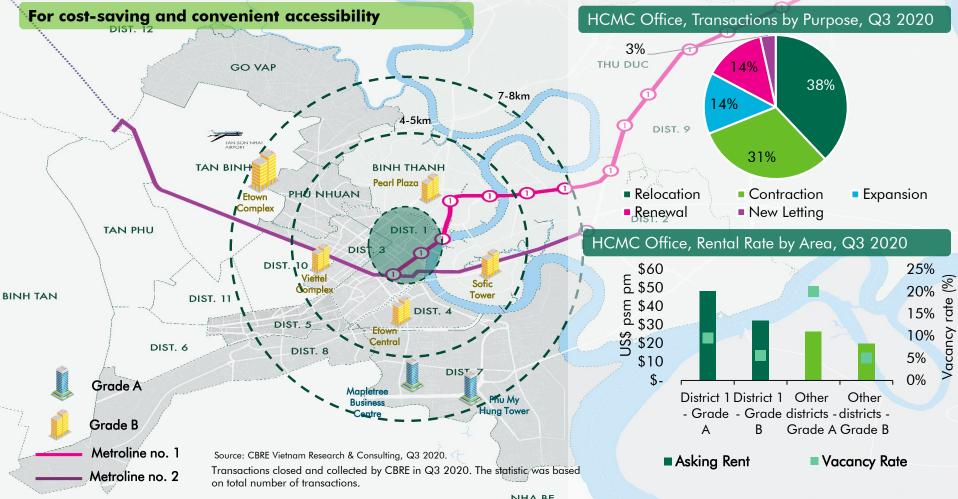
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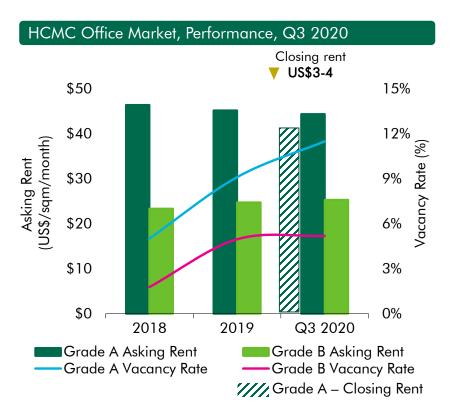


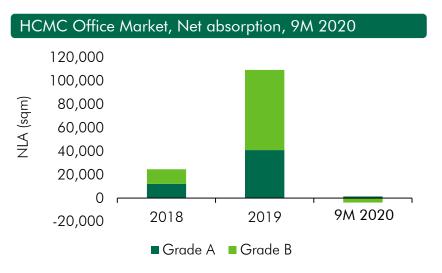
Source: CBRE Vietnam Research & Consulting, Q3 2020. Note: Asking rent is quoted on NLA, excluding VAT & Service charges.

### TECH FIRMS & E-COMMERCE COMPANIES PREFERRED DECENTRALISED OPTIONS



### CONTINUED RENTAL CORRECTION AFTER SECOND RESURGENCE OF COVID-19





### Negative net absorption in 9M 2020 as tenants contracted spaces

Source: CBRE Vietnam Research & Consulting, Q3 2020.

### MORE NEW PROJECTS IN DECENTRALISED AREAS

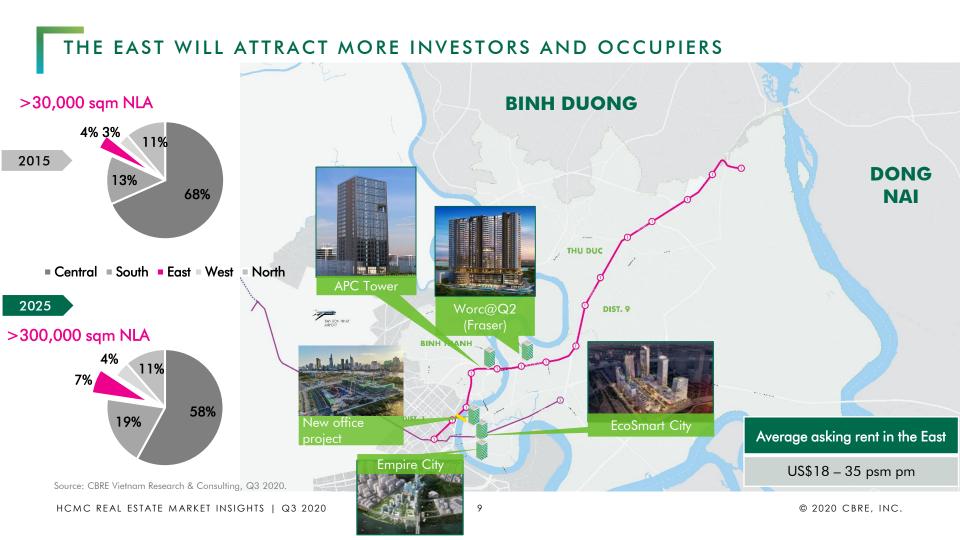


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# **THU THIEM BRIDGE NO.2** HAS BEEN HEADING TO COMPLETION STAGE

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### WHAT HAVE LANDLORDS DONE TO GAIN COMPETITIVE ADVANTAGES?

### Financial support from the landlords



deficiencies, therefore, to redesign and improve services

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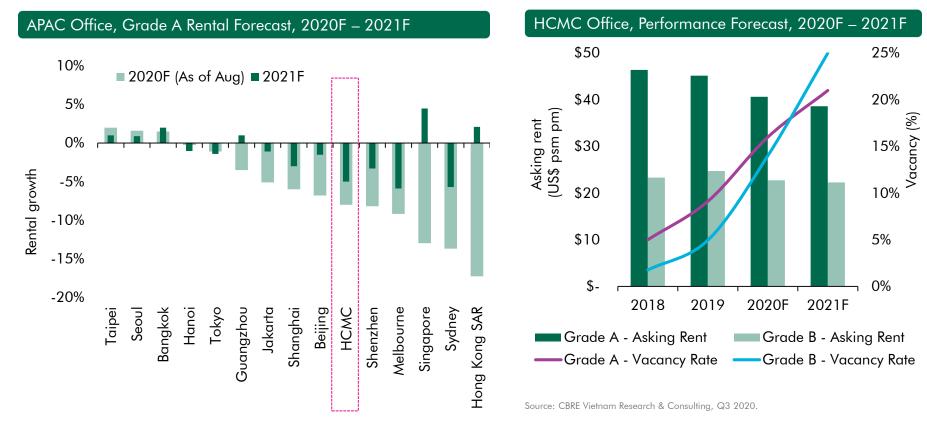
#### Landlords refurbished properties to improve asset value



Source: CBRE Vietnam Research & Consulting, Q3 2020.

Note: The photos above do not reflect the technical upgrading parts.

### RENTAL RATE IS EXPECTED TO SLIGHTLY RECOVER IN 2021F



### DECENTRALISATION

More options for tenants to save costs

01

02

### REVIEW LEASE AGREEMENT

More flexible leasing terms and incentives



# KEY TRENDS IN 2020F AND ONWARDS

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CBRE HCMC MARKET INS

# HCMC RETAIL MARKET

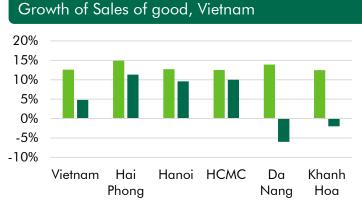


### FOOT TRAFFIC RECOVERY



"Mid-Autumn Festival @ Van Hanh Mall" Source: Van Hanh Mall Fb

### REVIVAL NOT ONLY SEEN AT CAPITAL CITIES



■ 9M 2019 ■ 9M 2020

Source: GSO, September 2020



Parkson Le Thanh Ton re-opened 1<sup>st</sup> floor with MUJI as anchor tenant (July 2020)

Uniqlo to launch 2<sup>nd</sup> store in Hanoi (Vincom Metropolis, 2,000 sqm) (Sept 2020)

Watson opened 400 sqm store at Vincom Center Dong Khoi

MLB opened at Vincom Center Ba Trieu

1<sup>st</sup> McDonald's in Binh Duong at Aeon Canary Binh Duong

Elly Showroom at Vincom Plaza Ninh Thuan



Coming NARS store on Trang Tien St., Hanoi



### COMING

 Kielh's @ Vincom Centre Ba Trieu
 Levi's @ Trang Tien Plaza

Về chúng tôi

Giải phái

- Uniqlo @ Aeon Mall in Long Bien District
- Uniqlo @ Van Hanh Mall

Guardian mở rộng thị trường ra Đà Nẵng – Bước tiến mới sau 8 năm thâm nhập Việt Nam

Source: Mediaz.vn, June 2020

**Brief & Credential** 

#### Pharmacity cán mốc 400 cửa hàng, "toan tính" mở 600 cửa hàng trong năm nay

Source: Baodautu, 17 July 2020



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

### CATEGORIES ON TRENDS: EXPERIENTIAL CONSUMPTION



### LUXUTIOUS accessories good performance



Luxury goods sale increased by 15% in 8M 2020

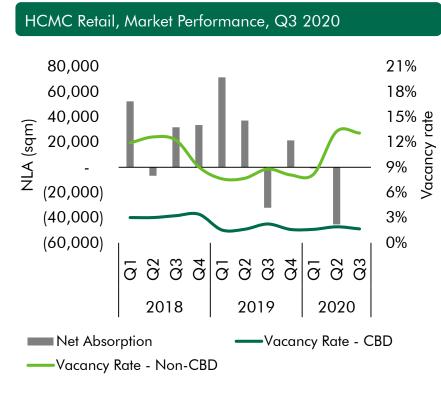
Source: DanViet, 29 Sept 9 2020.



## OCCUPANCY RATES START TO SEE IMPROVEMENT AMIDST LIMITED NEW SUPPLY

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### OCCUPANCY RATES START TO SEE IMPROVEMENT



Some landlords continued rent support policies during 2<sup>nd</sup> wave of COVID-19 at shopping centres:

- ✓ 50% off on Service Charge
- ✓ 10%-30% off on Base rent, depends on categories
- ✓ Free rent during mandatory close-up

### Projects of good location/quality quickly have their vacant spaces leased

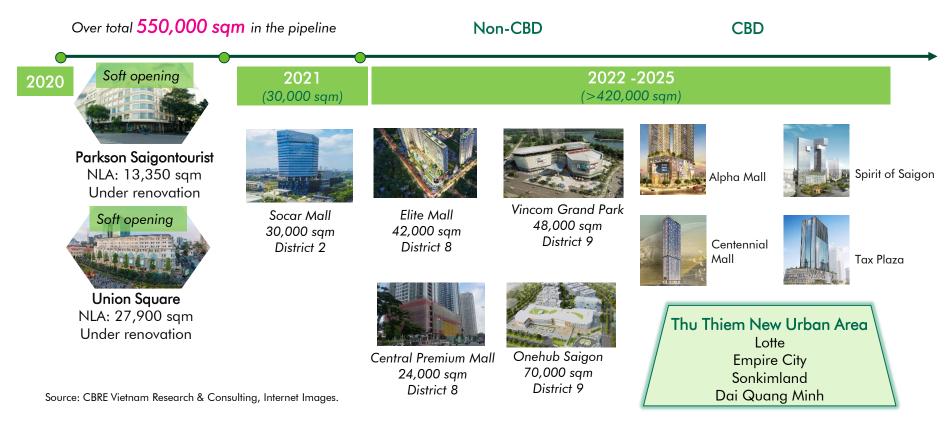


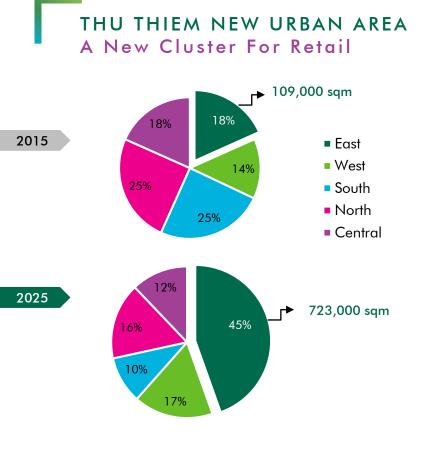
@ Saigon Centre & @ Vincom Centre Dong Khoi



Haidilao >1,000 sqm @ Parkson Hung Vuong Haidilao @ Nowzone

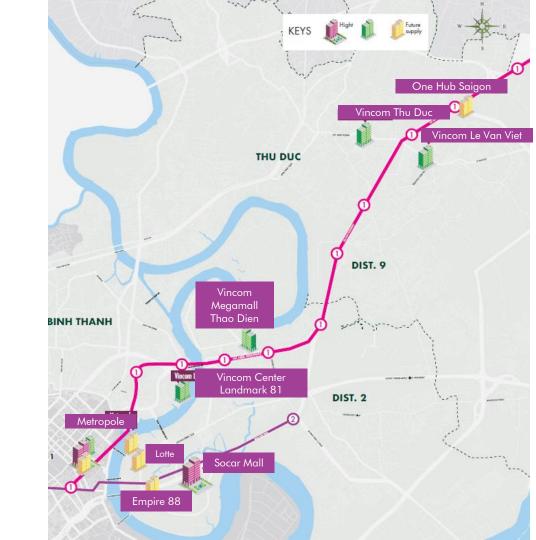
### FUTURE PIPELINES CONTINUE TO BE PUSHED FURTHER



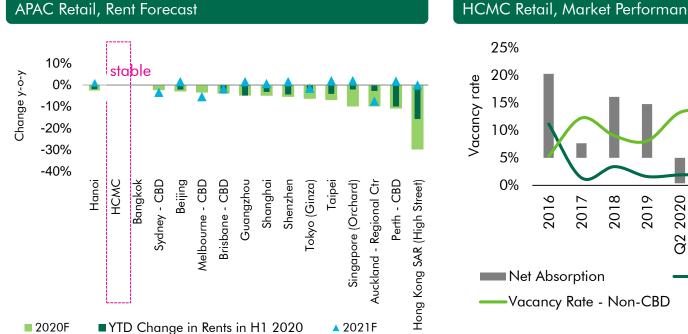


Source: CBRE Vietnam Research & Consulting, Q3 2020.

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### MARKET OUTLOOK: A SLOW RECOVERY UNDERWAY



HCMC Retail, Market Performance Outlook

Remarks: All markets track the performance of prime high streets except Mainland China, Singapore and Pacific. Mainland China tier I cities, Hanoi 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.

Source: CBRE Vietnam Research & Consulting, August 2020.

Source: CBRE Vietnam Research & Consulting, Q3 2020.

Net Absorption (sqm)

200,000

150,000

100,000

50,000

-50,000

2020F

2021F

Vacancy rate - CBD

22

### Experiential consumption/ online shopping

Long-term effect on consumer behaviours

### Gradual recovery

Improvement in occupancy rate Expansion of chain retailers Continued interest from foreign brands

01

# New retail

clusters

03

Developments to the East and impacts of Metro Line

# KEY TRENDS IN 2020F AND ONWARDS

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02

# HCACCONDOMINIUM MARKET



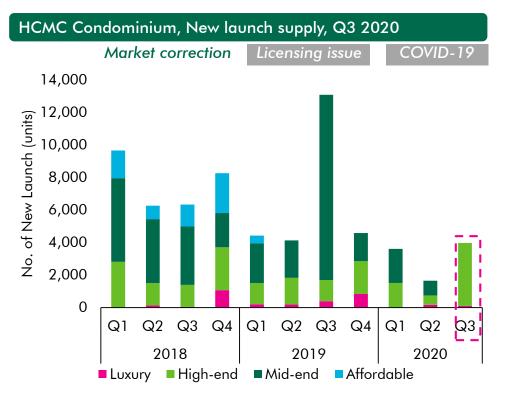
### HCMC CONDOMINIUM: MARKET SNAPSHOT Q3 2020

### New launch supply: 3,964 units from 4 projects Sold units: 3,552 units

	Luxury	High-end	Mid-end	Affordable	
New laund supply	ch 101 units 1 project ▼ 74% y-o-y ▼ 38% y-o-y	3,863 units 3 projects ▲ 1.9x y-o-y ▲ 5.6x q-o-q	0 unit 0 project ▼ 100% y-o-y ▼ 100% q-o-q	<b>0 unit</b> 0 project No new project in th four quarter	ne last
Selling Sprice*	\$6,371 psm 3% y-o-y Stable q-o-q	\$2,518 psm 1% y-o-y Stable q-o-q	\$1,499 psm 7% y-o-y 1% q-o-q	\$935 psm ▲ 4% y-o-y Stable q-o-q	
Sold units	79 units ▼ 74% y-o-y ▼ 26% q-o-q	3,178 units 1.6x y-o-y 5.6x q-o-q	237 units ▼ 98% y-o-y ▼ 75% q-o-q	37 units ▼ 52% y-o-y ▲ 57% q-o-q	LIMITED SUPPLY

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

### HIGH-END SUPPLY DOMINATED



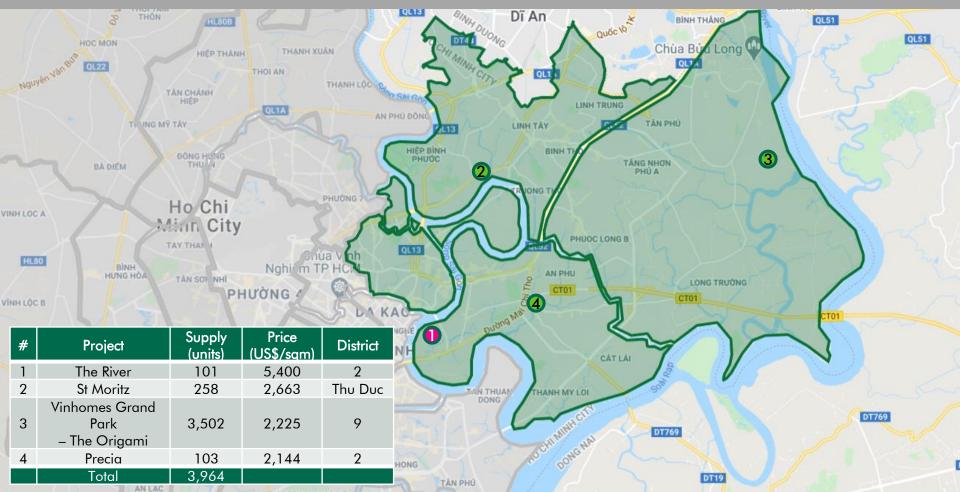
Source: CBRE Vietnam Research & Consulting, Q3 2020.

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### **MAP OF NEW LAUNCHED SUPPLY BY DISTRICT – Q3 2020**



All in The East !!!

### NEW LAUNCH SUPPLY EXPANDED TO NEIGHBOUR PROVINCES

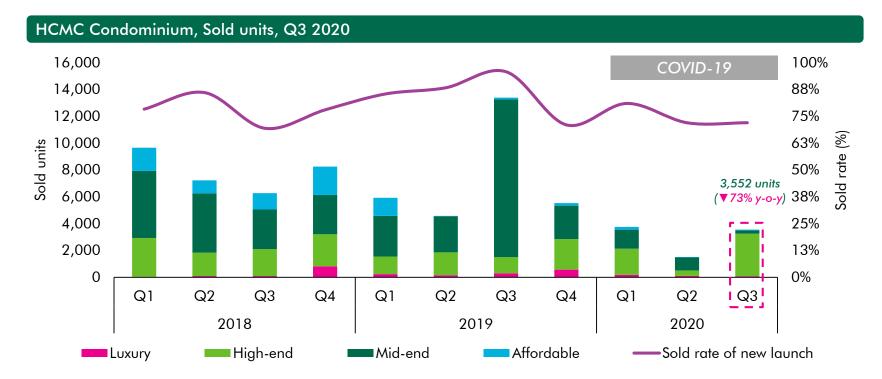


НСМС 8	& Binh Duong Co	ondominiur	n, 9M 2020
	НСМС	B	inh Duong
<b>1</b>	<b>9,214 unit</b> s 17 projects		89 units
es	\$1,963 psm ▲ 6% y-o-y		<b>276</b> psm 1% y-o-y
171	8,890 units	s 8,0	09 units
	НСМС	Bi	nh Duong
32	3 <mark>%</mark> % 65%		100%
Luxur	y ∎High-end	■ Mid-end	Affordable

Source: CBRE Vietnam Research & Consulting, Q3 2020.

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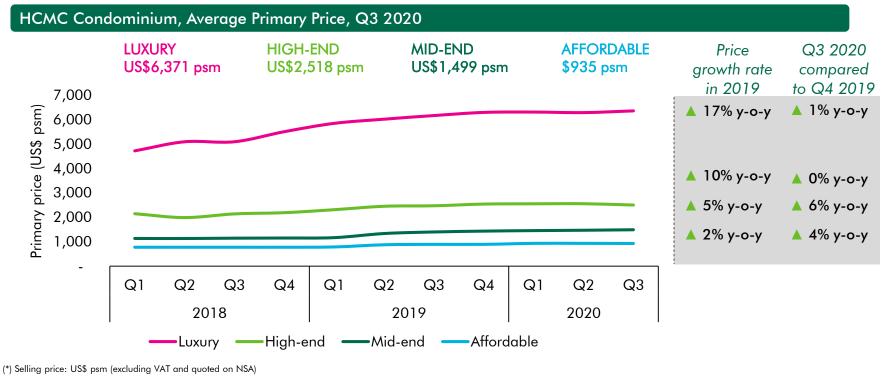
### LOWER ABSORPTION RATE AMID HIGH SELLING PRICES AND COVID-19



Source: CBRE Vietnam Research & Consulting, Q3 2020.

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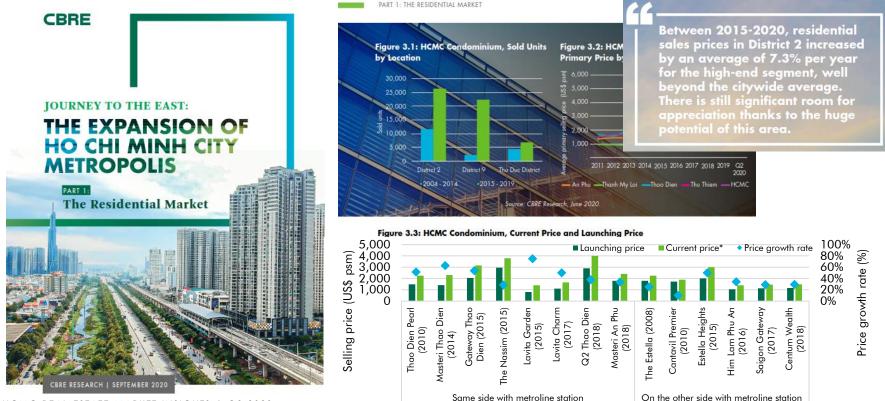
### PRICES CONTINUES TO INCREASE DUE TO LIMITED SUPPLY



Source: CBRE Vietnam Research & Consulting, Q3 2020.

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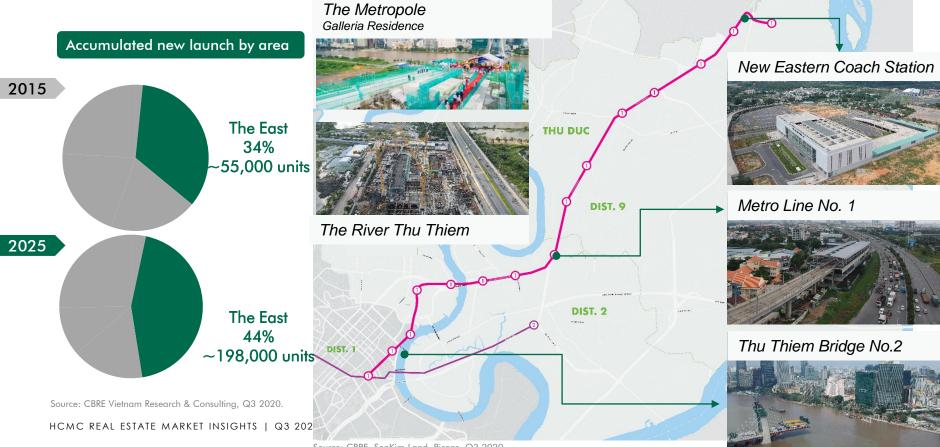
### CBRE SPECIAL REPORT JOURNEY TO THE EAST: THE EXPANSION OF HCMC METROPOLIS



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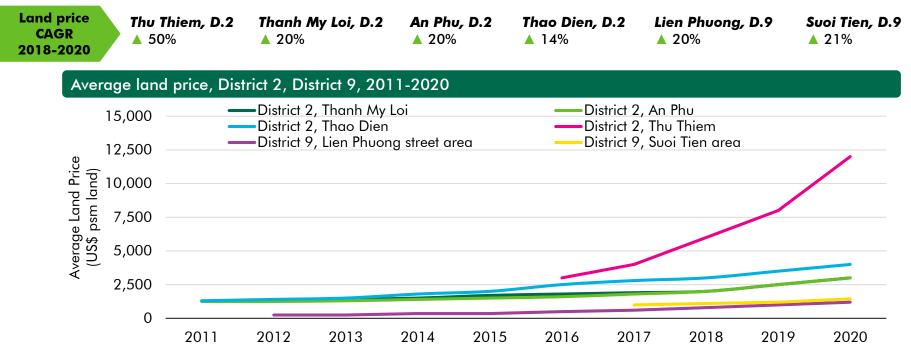
\* Secondary asking price, Q2 2020. Years indicate time of launching.

### THE EAST: RECEIVES HIGH INTEREST FROM INVESTORS AND END-USERS



Source: CBRE, SonKim Land, Ricons, Q3 2020.

### THE EAST: LAND PRICE INCREASED SIGNIFICANTLY

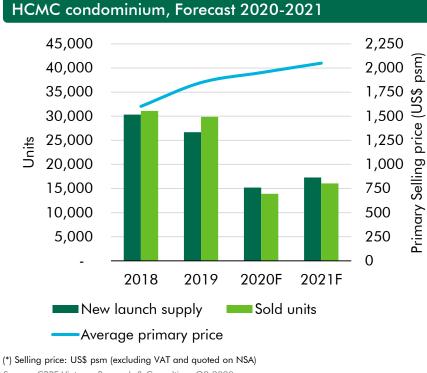


Source: Special report CBRE – Journey to The East: The Expansion of HCMC Metropolis, September 2020.

Please note the land price ranges included in this page have been included as a broad guide only. Readers should not make investment decisions without first doing a detailed study on the subject site and obtaining a formal valuation. 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, land tenure and other restrictions. CBRE Vietnam does not accept any liability under any cause of action including negligence for any loss arising from use of or reliance upon this information.

### HCMC CONDOMINIUM: FORECAST

Primary selling price and sold units are expected to maintain stable amid slow growth in new launch supply



Source: CBRE Vietnam Research & Consulting, Q3 2020.

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### Future projects



Image source: Zingnews.vn, Thanhnien, Celadon City, Mizuki Park

THĚ EAST IS THE KEY DEVELOPMENT DIRECTION

### INNOVATION IN PRODUCT DEVELOPMENT

01

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



DIVERSIFYING LANDBANKS

# KEY TRENDS IN 2020F AND ONWARDS

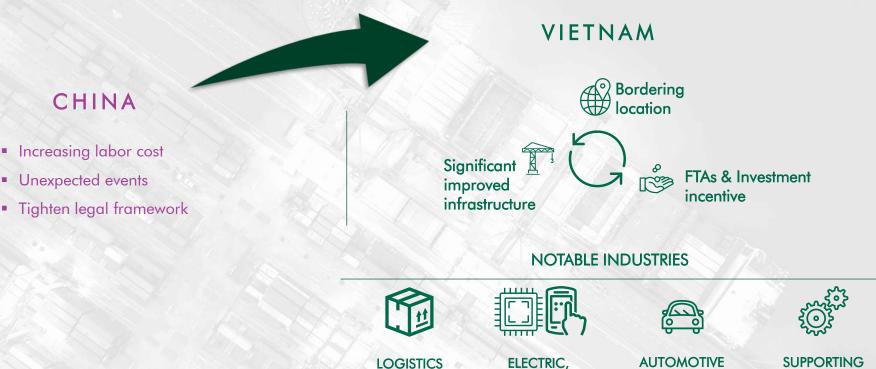
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TONG QUAN THI TRUONG TP

# INDUSTRIAL REAL ESTATE MARKET

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### TRADE TENSION AND THE COVID-19 PANDEMIC ACCELERATE MANUFACTURING RELOCATION



ELECTRONIC

CHINA

Unexpected events

INDUSTRY

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



### OVERVIEW OF INDSUTRIAL PARK IN VIETNAM



#### Key Southern Economic Region

- HCMC
  Dong Nai
- Binh Duong
- Long An
- BR-VT
  Tay Ninh
- Tien Giana
- Binh Phuoc





261 Operating IPs

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Source: Ministry of Planning and Investment, Q2 2020.

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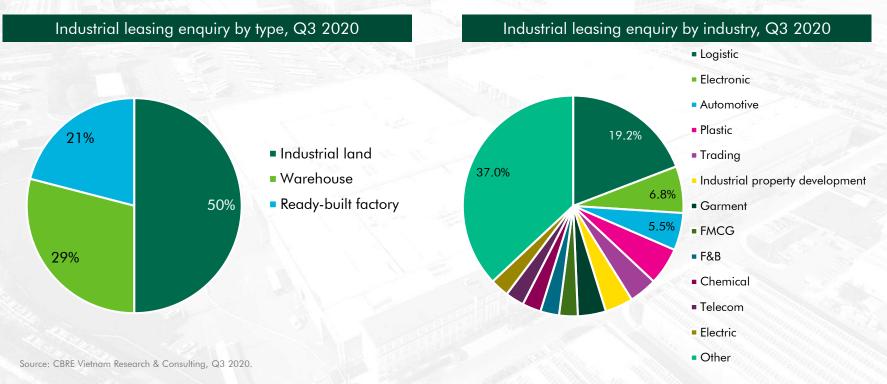
### SOUTHERN INDUSTRIAL LAND: MARKET SNAPSHOT Q3 2020

<b>X</b>		R A				
		нсмс	Dong Nai	Binh Duong	Long An	
E III	Total land area of IPs	4,375 ha	9,665 ha	11,884 ha	3,267 ha	
	Total leasable industrial land area	2,712 ha	6,425 ha	8,283 ha	2,207 ha	Asking land
Æ	Operating IPs	21	31	29	17	rent increases
\$	Asking rent*	with the second s		80 - 150 US\$/sqm		significantly
	Average occupancy rate	≈90.8%	≈81.0%	≈84.4%	≈87.3%	

Source: CBRE Vietnam Research & Consulting, Q3 2020.

Note: Asking industrial land rent is calculated for remaining lease term of project (normally from 30 to 40 years). Asking rent does not include VAT and Management fee.

### INDUSTRIAL LAND IS THE MOST SOUGHT AFTER PROPERTY



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

THE COVID-19 PANDEMIC INCREASES WAREHOUSE DEMAND

Warehouse **Ready-built Factory** Supply of Ready-built factory/warehouse Up 5% - 10% y-o-y in new warehouse projects Stable asking rent ≈2.0 mil sqm South Central 12 2020F 10 USD/sqm/month 25.3% y-o-y Growth of supply 8 6 (2019-2020F) 4 South 2 0 ≈2.7 mil sqm Dong Nai HCMC Da Nang Bac Ninh Binh Duong Long An **BR-VT** Hanoi Quang Nam Quang Ngai 2020F 28.2% y-o-y Growth of supply Source: CBRE Vietnam Research & Consulting, Q3 2020. (2019-2020F)

Note: According to market practice, supply in the northern region includes both leasable area ò ready-built factory and warehouse. Asking rent does not include VAT and Management fee.

North

Hai Duong

Hai Phong

North

Bac Giang

### INDUSTRIAL LAND High Rental Growth Recorded At Some Industrial Parks with Good Locations



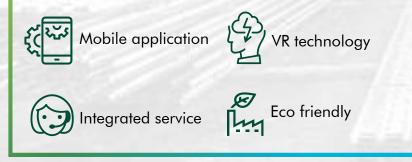
Source: CBRE Vietnam Research & Consulting, Q3 2020.

Note: Asking industrial land rent is calculated for remaining lease term of project (normally from 30 to 40 years). Asking rent does not include VAT and Management fee.

### APPLYING MODERN TECHNOLOGY INTO MANAGEMENT, OPERATION OF FACTORY AND MAXIMIZING LAND USE

窗 Factory 4.0













Maximize land usage efficient Lack of industrial land supply in prime locations

LANS WINS

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Image source: KTG Industrial, Tan Thuan EPZ, TLD Hightech.

### DEVELOPMENT OF HIGH-RISE WAREHOUSE TO MEET DEMAND OF E-COMMERCE COMPANIES







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Limited logistic development land in prime locations



Storage space demand of e-commerce companies increases significantly.





Increasing demand of temperaturecontrolled warehouse.

Image source: BW Industrial, ABA Cooltrans

FOREIGN INVESTORS AND DEVELOPERS IN LOGISTIC INDUSTRY ENTER VIETNAM MARKET

02

MANUFACTURING EXPANSION OF EXISTING TENANTS

Land search activities outside major industrial regions

01

INTERGRATED-SERVICES

# KEY TRENDS IN 2020F AND ONWARDS

E-COMMERCE COMPANIES INCREASE STORAGE SPACE SIGNIFICANTLY

03

04

For more information regarding this presentation please contact: CBRE Vietnam Co., Ud. – Research & Consulting T: +84 28 3824 6125 | E: research.vietnam@cbre.com

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