2021

CBRE RESEARCH

HCMC REAL ESTATE MARKET OUTLOOK

RESTART THE UNEVEN RECOVERY

VIETNAM

cbre.com/shorturl

CBRE

ASIA PACIFIC REAL ESTATE
MARKET OUTLOOK 2021 | VIETNAM

CONTENT

RESTART THE UNEVEN RECOVERY

ASIA PACIFIC REAL ESTATE
MARKET OUTLOOK 2021 | VIETNAM

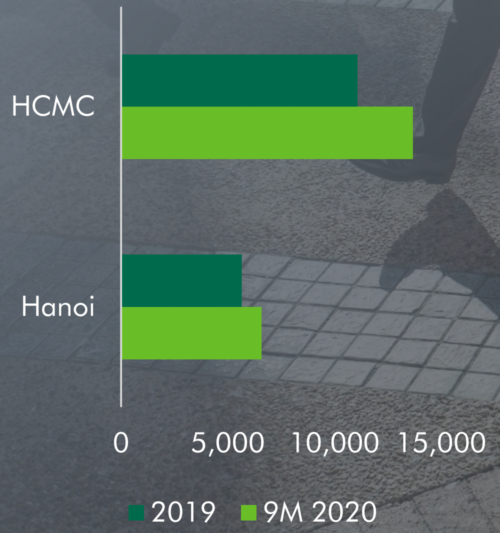
HCMC OFFICE

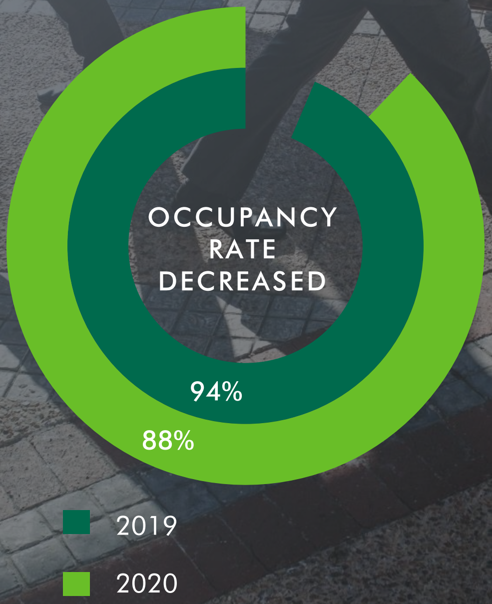
REGAIN

CBRE

A YEAR TO LOOK BACK

NUMBER OF BANKRUPTED ENTERPRISES





MORE BENEFITS FOR OCCUPIERS

Source: CBRE Vietnam Research, Q4 2020. GSO.

SIGNIFICANT DIFFERENCE IN PERFORMANCE BETWEEN GRADE A AND B SEGMENTS

HCMC OFFICE: MARKET SNAPSHOT 2020

	GRADE A	GRADE B
TOTAL SUPPLY NLA (sqm)	**475,253 sqm NLA** 18 projects	**947,233 sqm NLA** 68 projects
ASKING RENT* US$/sqm/month	**US$42.8** ▼ **5.3%** y-o-y ▼ **3.6%** q-o-q	**US$25.3** ▲ **2.4%** y-o-y ▲ **0.2%** q-o-q
VACANCY RATE (%)	**18.1%** ▲ **9.0** ppts y-o-y ▲ **6.6** ppts q-o-q	**9.1%** ▲ **4.1** ppts y-o-y ▲ **3.0** ppts q-o-q

3

NEW COMPLETIONS

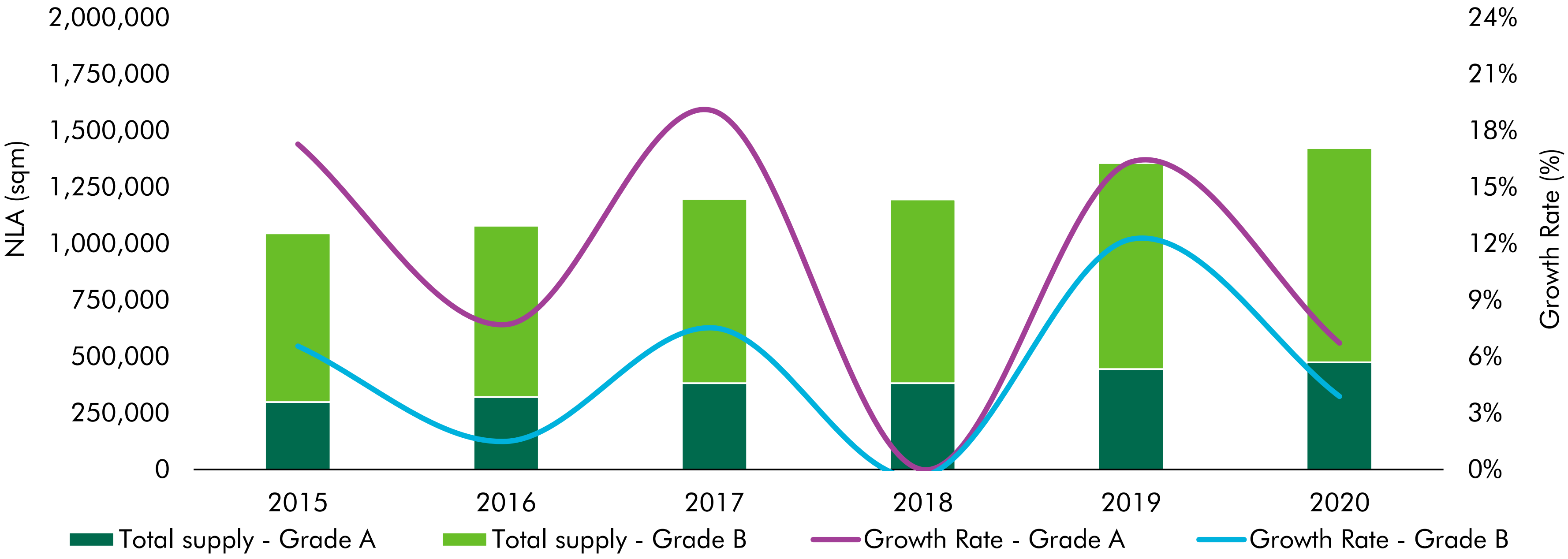
In 2020: 65,372 sqm
1 Decentralized Grade A
2 Grade B

▼ ***31%*** *compared to 3-year average*

Source: CBRE Vietnam Research, Q4 2020.
Note: Asking rent is quoted on NLA, excluding VAT & Service charges.

NEW SUPPLY IN 2020: NEW COMPLETIONS INTRODUCED DURING A YEAR OF DIFFICULTIES

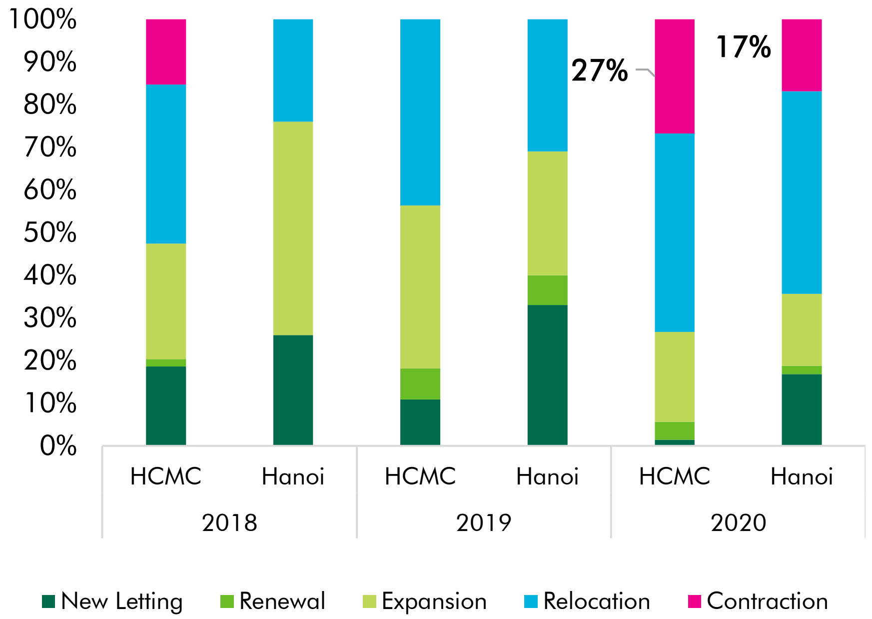
HCMC Office, Total Supply by Grade



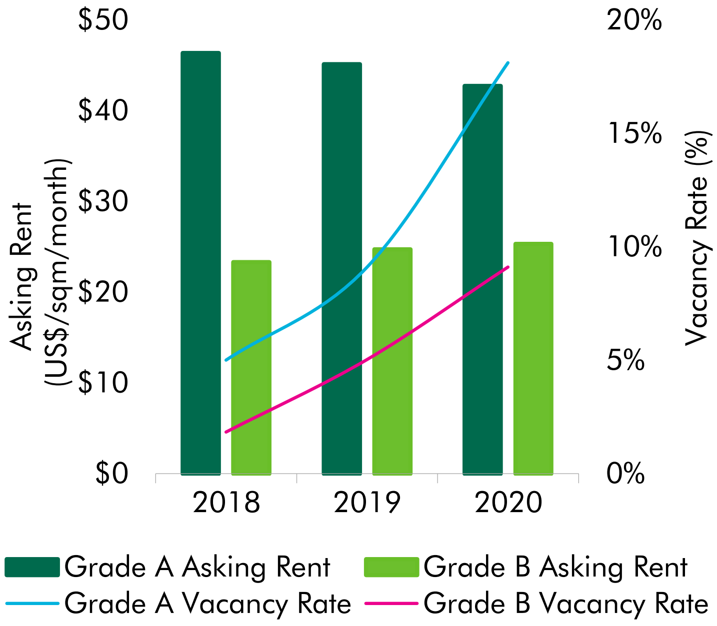
Source: CBRE Vietnam Research, Q4 2020.

CONTRACTIONS GREW SHARPLY AS OCCUPIERS LOOK TO STREAMLINE COST

Vietnam Office, Tenants by Leasing Purpose*, Major Transactions Collected and Closed by CBRE 2018 - 2020



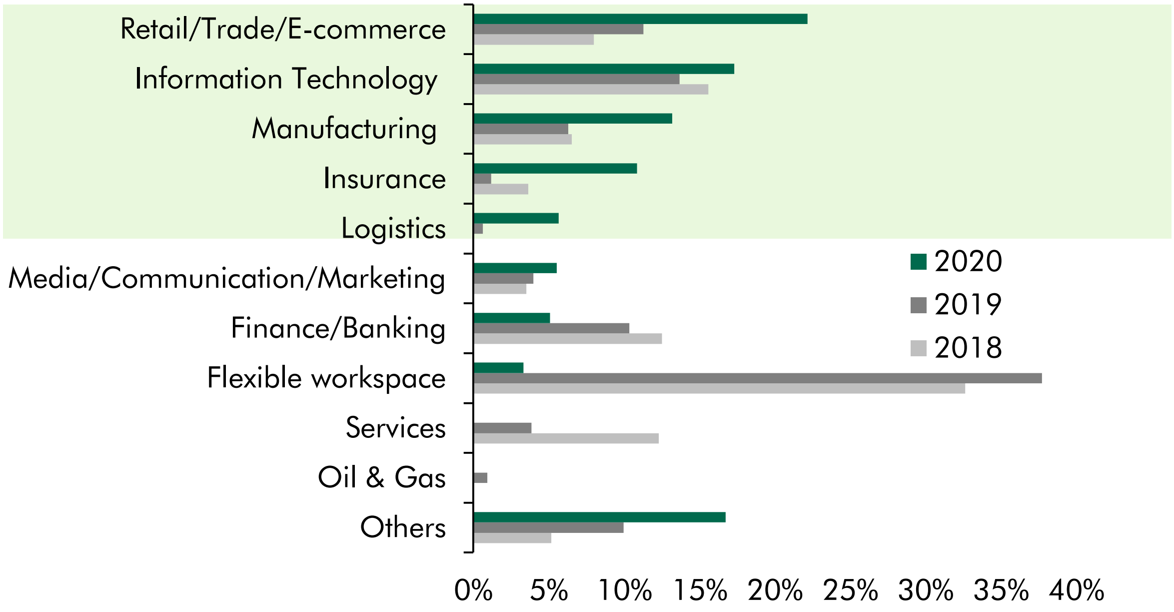
HCMC Office, Performance, 2018 - 2020



Source: CBRE Vietnam Research, Q4 2020.
(*): The statistics are based on the total number of transactions

MAJOR SHARE-UP OF INDUSTRY GROWTH TRENDS AS A RESULT OF COVID-19

HCMC Office, Tenants by Industry, Major Transactions Collected and Closed by CBRE 2018 - 2020



Source: CBRE Vietnam Research, Q4 2020.
(*): The statistics are based on the total NLA.

Growing sectors

Retail/E-Commerce :
2019 – 2020: 11 ppts
2018 – 2020: 14 ppts

Insurance:
2019 – 2020: 10 ppts
2018 – 2020: 7 ppts

Shrinking sectors

Flexible workspace:
2019 – 2020: -34 ppts
2018 – 2020: -29 ppts

Finance/Banking:
2019 – 2020: -5 ppts
2018 – 2020: -7 ppts

WHAT TENANTS ARE LOOKING FOR?

High quality management services

Modern specifications, including large floor plates

Strong location, with good access to existing and future public transportation

Green building technology, with built-in design to save energy and water

A good range of value-added amenities, such as coffee shop, flexible workspace, gym, convention hall

Competitive financial incentives, such as longer rent free and fit-out periods

PARADIGM SHIFT IN OCCUPIER WORKPLACE STRATEGY TOWARDS FLEXIBILITY

How will organization's workplace model change as a result of COVID-19?

38%

Will adapt a hybrid model with both remote and office-based work

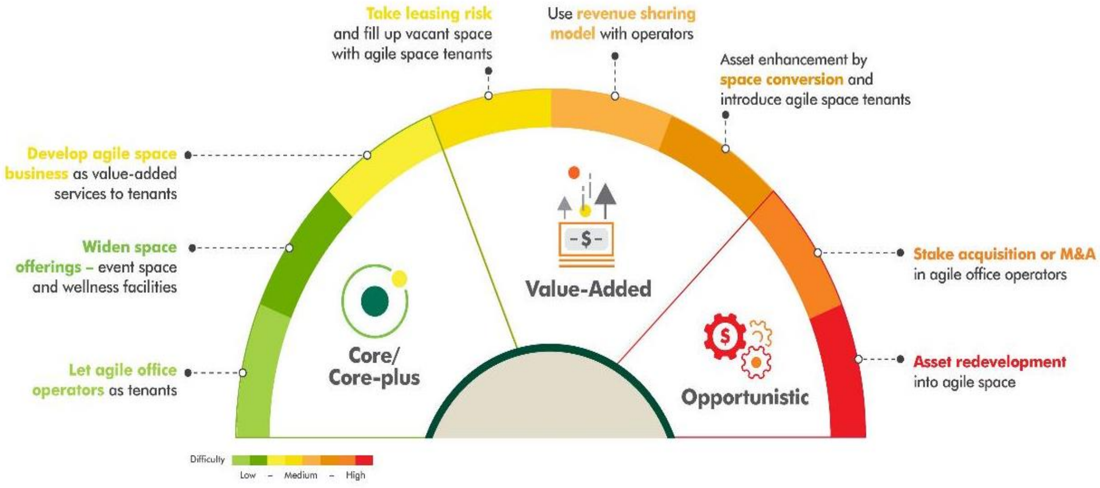
27%

Will reduce staff density in workplace

Source: "Emerging Trends in Real Estate Asia Pacific 2021 Survey", PWC.

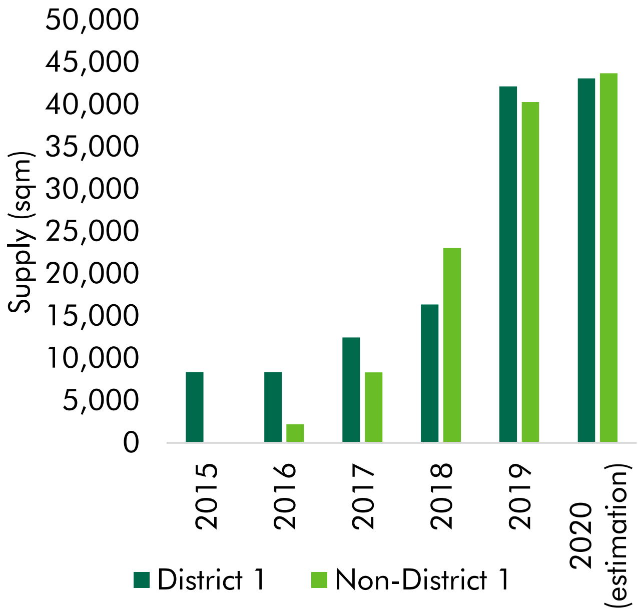
HIGH PREFERENCE ON FLEXIBLE WORKSPACE FROM OCCUPIERS RAISED NEW BUSINESS DEVELOPMENT

Different Approaches Of Landlords To Adopt Flexible Workspace Into Their Buildings



Source: 2020 Global Occupier Sentiment Survey, CBRE Research, September 2020.

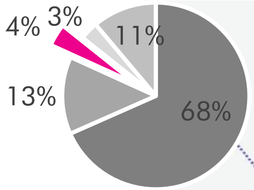
More Flexible Workspaces Headed Out To Non-District 1 Areas



Source: CBRE APAC, Vietnam Research, Q4 2020.

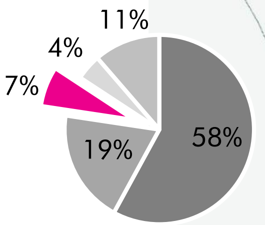
INFRASTRUCTURE PIPELINE TO LIFT UP OFFICE MARKET

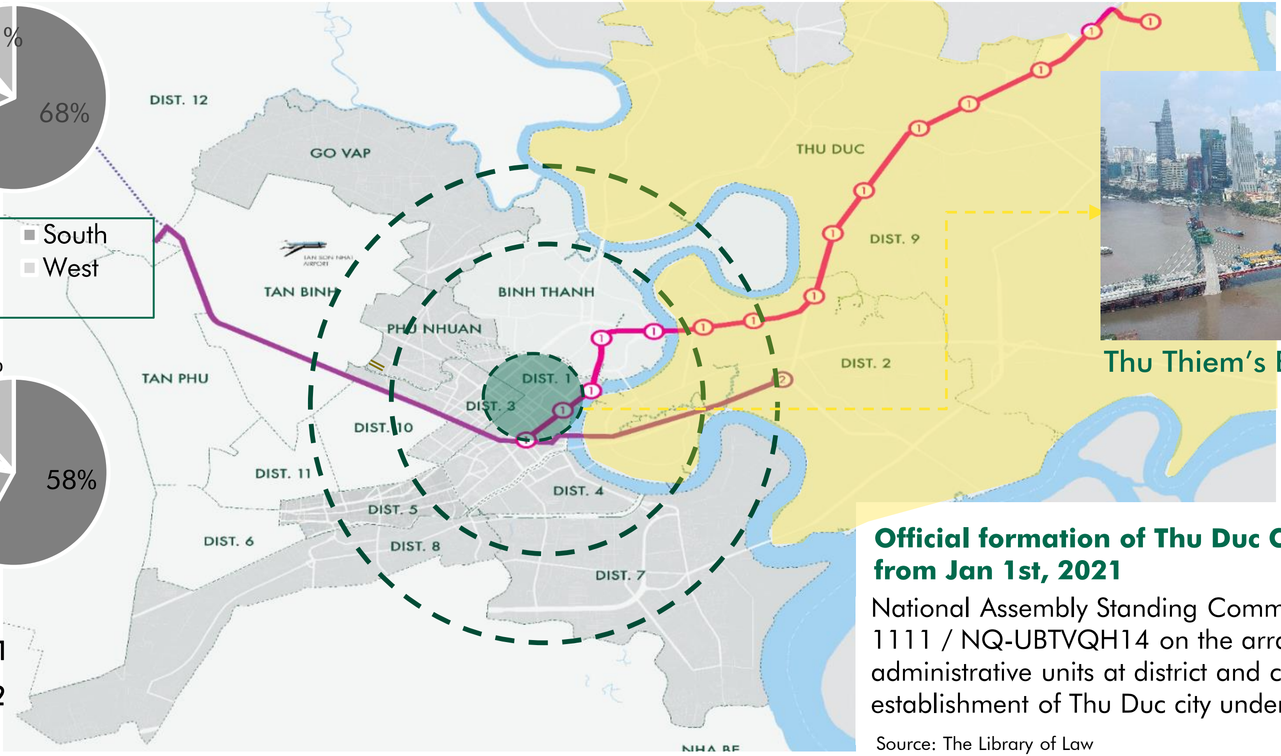
2015



■ Central ■ South
■ East ■ West
■ North

2025





Thu Duc City

Metroline no. 1

Metroline no. 2

Thu Thiem's Bridge No. 2

Official formation of Thu Duc City, to take effect from Jan 1st, 2021

National Assembly Standing Committee issued Resolution 1111 / NQ-UBTVQH14 on the arrangement of administrative units at district and commune levels and the establishment of Thu Duc city under Ho Chi Minh City

Source: The Library of Law

Source: CBRE Vietnam Research, Q4 2020.

FUTURE OFFICE SUPPLY

2021: > 60,000 sqm NLA

Worc@Q2,
District 2
NLA: ~5,000 sqm

AP Tower,
Binh Thanh
NLA: ~10,000 sqm

PL Tower,
District 4
NLA: ~6,000 sqm

Pearl 5 Tower
District 3
NLA: 10,944 sqm

The Graces
District 7
NLA: 8,295 sqm

Saigon First House,
District 3
NLA: 15,348 sqm

Cobi Tower
District 7
NLA: 27,127 sqm

2022 and onwards: >110,000 sqm NLA

Under-construction

Under-planning

Spirit of Saigon
District 1
40,000 sqm for office

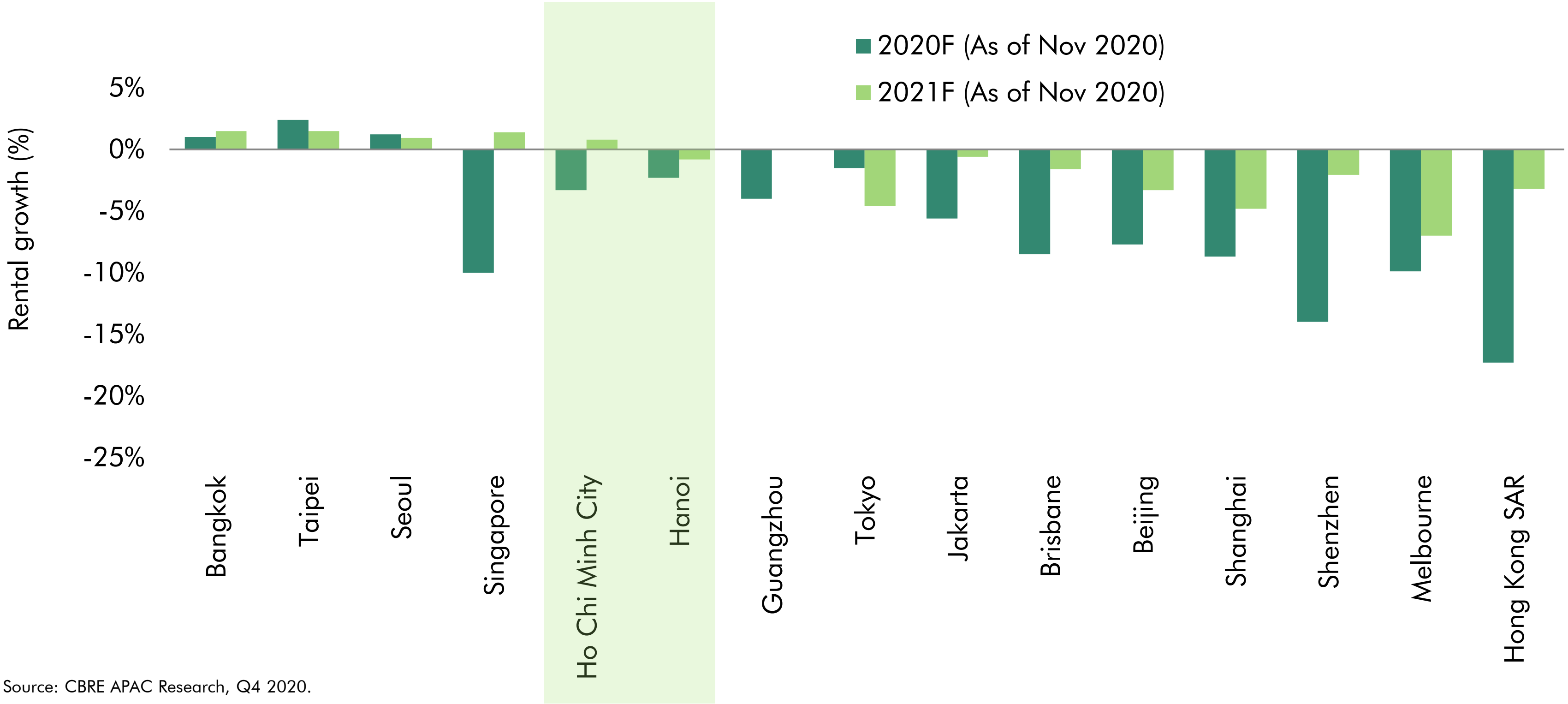
Etown 6
Tan Binh
NLA: ~40,000 sqm

Techcombank Tower
District 1
GFA: ~30,000 sqm

SCID
District 1
GFA: ~6,000 sqm

MARKET OUTLOOK: VIETNAM IS AMONG THE LEAST AFFECTED MARKETS

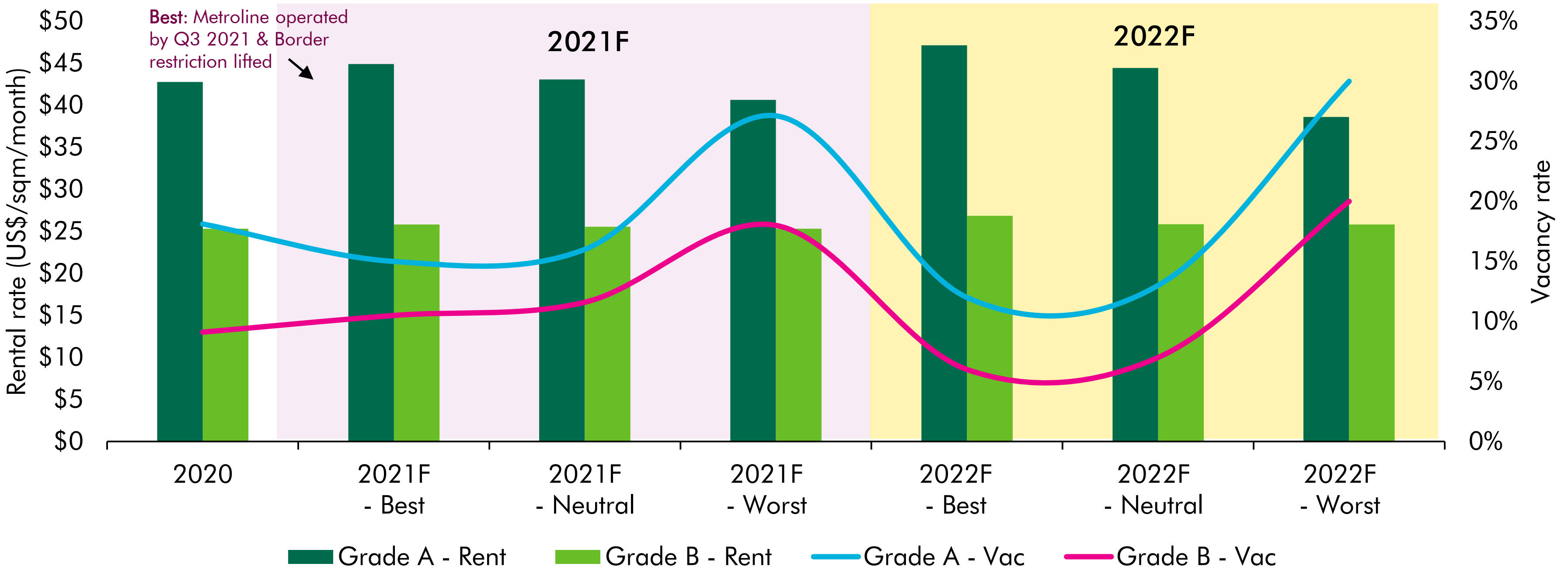
APAC Office, Grade A Rental Forecast



Source: CBRE APAC Research, Q4 2020.

MARKET OUTLOOK

HCMC Office, Performance Forecast



Source: CBRE Vietnam Research, Q4 2020.

Note: * **Best:** Metroline operated by Q3 2021 & Border restriction lifted
* **Neutral:** Nothing significant happens, metroline is operated on time (Q4 2021), border restriction is not fully lifted
* **Worst:** Delay of everything

2021 THE REGAIN OF OFFICE MARKET

CONTINUED EXPANSION FOR LESS AFFECTED INDUSTRIES

INCREASED WORKPLACE FLEXIBILITY & REDUCED DENSITY

STABILIZATION OF RENTAL RATES

DECENTRALIZATION

ASIA PACIFIC REAL ESTATE
MARKET OUTLOOK 2021 | VIETNAM

HCMC RETAIL

RESHAPE

CBRE

A YEAR TO LOOK BACK

Vietnam Mobility Index

RETAIL & RECREATION

-16%

compared to baseline

GROCERY & PHARMACY

+9%

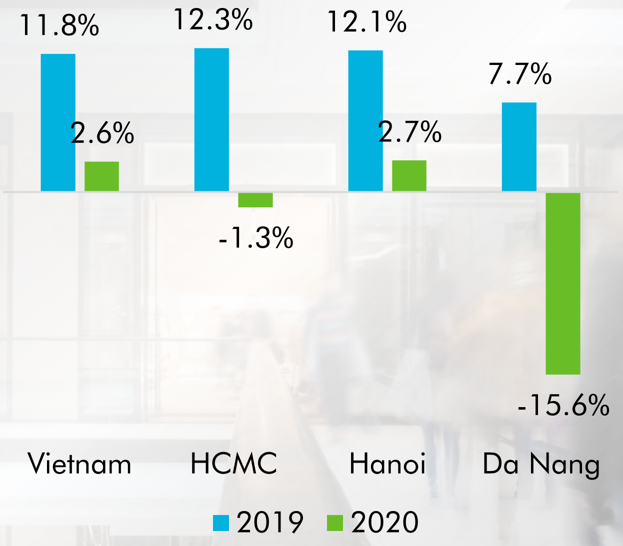
compared to baseline

PARKS

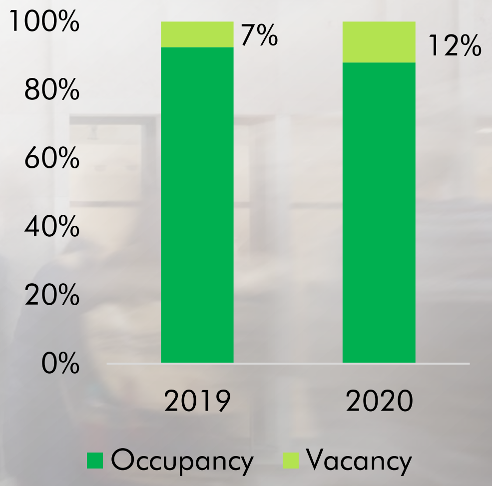
-17%

compared to baseline

Total Sales and Services Turnover (y-o-y change)



Vacancy Rate Increases



CBD: *down 0.5 ppt*

Non-CBD: *up 5.1 ppts*

Source: CBRE Vietnam Research, Q4 2020. GSO, Google Mobility index. The baseline is the median value, for the corresponding day of the week, during the 5-week period Jan 3–Feb 6, 2020

INSIGNIFICANT CHANGES IN NEW SUPPLY AND PERFORMANCE

HCMC RETAIL: MARKET SNAPSHOT 2020

	CBD	Non-CBD
TOTAL SUPPLY NLA (sqm)	**106,853 sqm NLA** 12 projects & podiums	**942,575 sqm NLA** 47 projects & podiums
ASKING RENT* US$/sqm/month	**US$135.4** ► *Stable y-o-y* ► *Stable q-o-q*	**US$35.8** ▼ ***3.8%*** *y-o-y* ▼ ***3.9%*** *q-o-q*
VACANCY RATE (%)	**1.12%** ▼ ***0.5*** *ppts y-o-y* ▼ ***0.5*** *ppts q-o-q*	**13.2%** ▲ ***5.1*** *ppts y-o-y* ▼ ***0.6*** *ppts q-o-q*

1 RE-OPENING

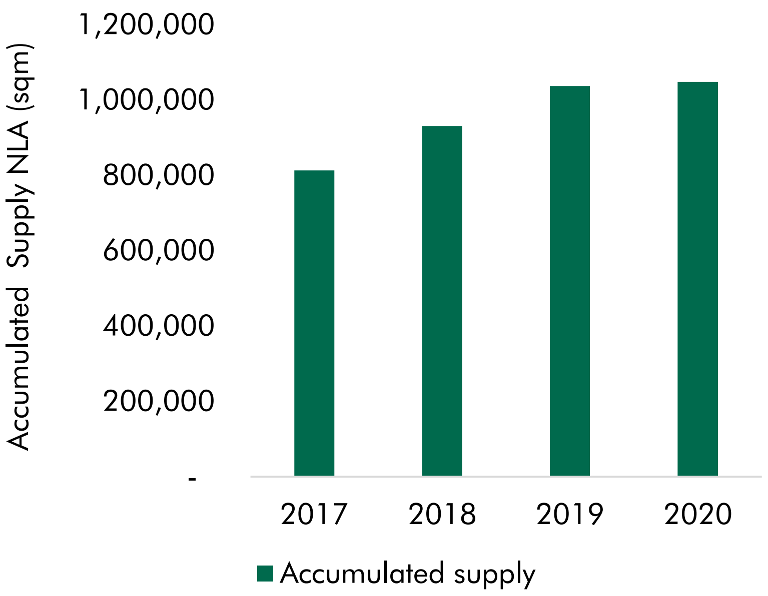
New supply in 2020:
11,300 sqm

▼ ***90%*** *average of past three years*

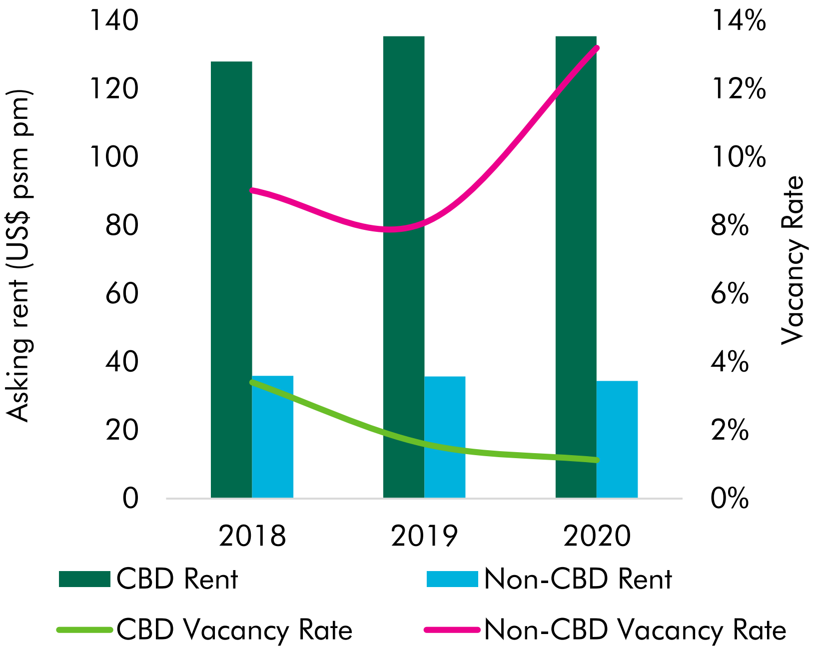
Source: CBRE Vietnam Research, Q4 2020.
Note: Asking rent is quoted on NLA, excluding VAT & Service charges for Ground Floor and First floor.

INSIGNIFICANT CHANGES IN NEW SUPPLY AND PERFORMANCE

HCMC Retail, Accumulated Supply



HCMC Retail, Performance by Year

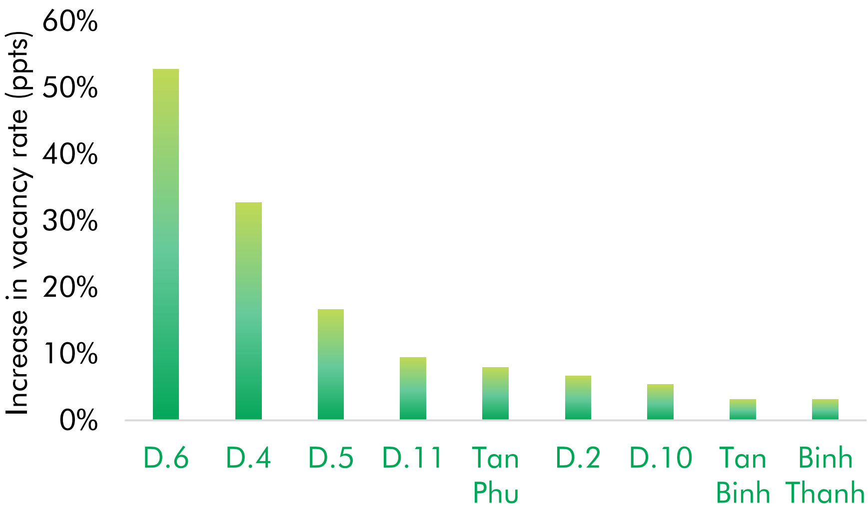


Source: CBRE Vietnam Research, Q4 2020.
Note: Asking rent is quoted on NLA, excluding VAT & Service charges for Ground Floor and First floor.

CHANGE IN VACANCY RATE BY DISTRICT (2020 VS. 2019)

1. LOW POPULATION DENSITY
2. LOW PURCHASING POWER
3. LOW QUALITY RETAIL SPACE
4. WEAK POSITIONING / TRADE MIX

MOST IMPACTED DISTRICTS



Source: CBRE Vietnam Research, Q4 2020

Vacancy rate recorded for all Shopping centre, Department store and a few notable retail podiums at the districts.

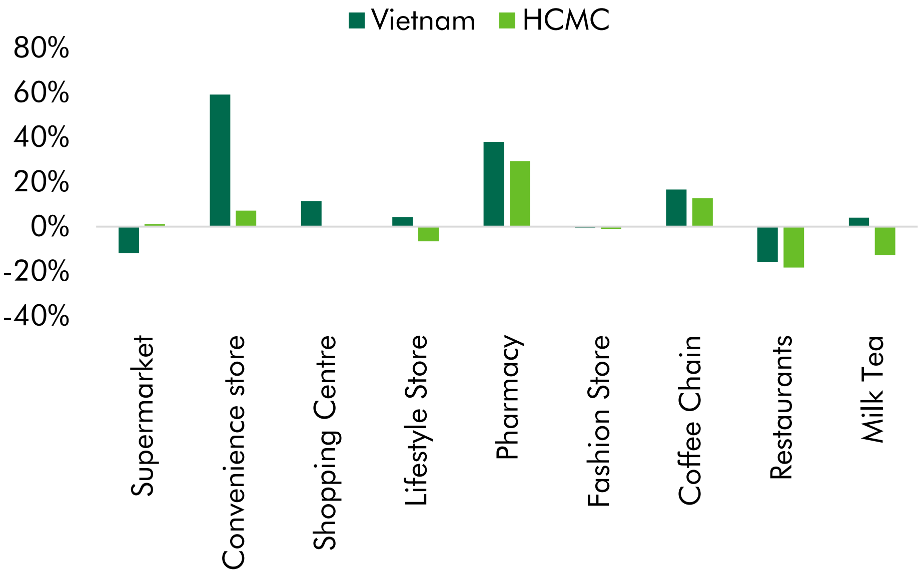
DECREASE IN NUMBER OF NEW ENTRANTS

	2019	2020 – New Entrants	2021 Expected
F&B	HaiDiLao HotPot 海底捞火锅, Grand jeté, PABLO, SALADSTOP!, Chili's, PLAY dim sum, GREYHOUND CAFÉ, mr bean, DIM YAT TONG 點一湯, MELLOWER COFFEE, THE COFFEE CLUB	MOS BURGER, Conservo, Café Amazon, YOSHINOYA	From South East Asia
Fashion & Accessories	MISSGUIDED, DECATHLON, DELAMIBRANDS, COTTON:ON, COLORBOX, TOMMY JEANS, MLB, UNIQLO, BLANCPAIN, fitflop, CC-OO CC DOUBLE O, BLOOM, Cath Kidston	DW Daniel Wellington, A BATHING APE, MUJI 無印良品, sandro, maje PARIS, Balabala, iDEAL OF SWEDEN	Mid-end Multi platforms
Others	INGLOT, CU, SM ENTERTAINMENT, watsons, ARIZE, JAJU	Edelkochen, Jeep, Matsumoto KiYoshi 薬, sociolla	Awaits vaccine

Source: CBRE Vietnam Research, Q4 2020.

STRONG EXPANSION OF EXISTING TENANTS

Change in Number of Stores by Categories (y-o-y)



Source: QandME Retail Store Status, 2020.

HEALTH CARE

Vietnam's biggest pharmacy to double stores to 1,000 by 2021

Source: Nikkei Asian Review, Nov. 2020

GENERAL

South Korean convenience store chain launches franchise in Vietnam

To aim 2,500 stores nationwide in 10 years

Source: Retail News Asia, 2020

Highland **Phuc Long** **Starbucks**

Waynes Coffee, Coffee Bean and Tea Leaf…

STRONG TENANTS TAKE ADVANTAGE OF THE SITUATION TO EXPAND

Who are strong tenants

What they ask

Good location, good quality retail space

Rent negotiation

Free fit out period up to 3 months

CAPEX support

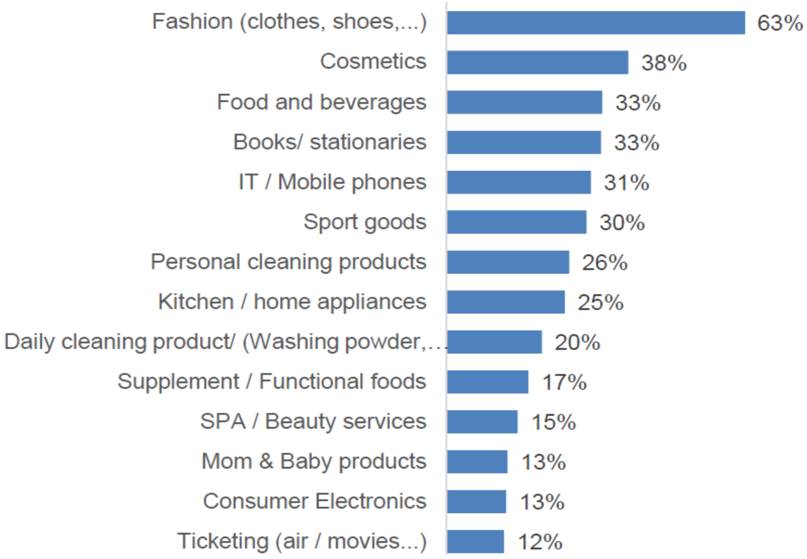
Special leasing terms

Source: CBRE APAC Research, Asia Pacific Retail Flash Survey conducted Sept 21 to Oct 20, 2020.

"Vietnam's E-commerce Market To Reach $13.1 Bn In 2020: Study "

(up 30.3% y-o-y)

Source: Entrepreneur.com, Dec 2020



Source: QandME Vietnam EC Market, 2020.

87% (*)

believe consumers focus on
sustainability and wellness
will reshape shopping behaviour

61% (*)

expect a significant increase in consumers'
Spending on experience

Source: CBRE APAC Research.
*Answers from 120 APAC industry leaders, CBRE survey, 2020

FASHION IS AMONGST THE STRONGEST EXPANDING SECTORS IN 2021

Nike to Open 30 Stores in 2021, Continue Investing in Customer Outreach and Supply Chain

Source: RetailTouchPoint, Nov. 2020

Louis Vuitton, Christian Dior join Hanoi luxury market

Source: Vietnamnet, Nov. 2020

Asia will lead spending recovery, Uniqlo CEO Yanai says

Source: NikkeiAsia, Dec. 2020

China and Southeast Asia will drive consumer spending: Taiwan and Vietnam, which have controlled the coronavirus, are enjoying firm spending while Malaysia, Indonesia and the Philippines are stagnant

Demand for large flagship stores from luxury and fast fashion retailers continue to increase even they pivot to e-commerce

RESIDENTIAL PRODUCTS EXPAND TO SATELLITE MARKETS, SO DOES RETAIL

Vietnam's first Cafe Amazon was launched at Central Retail's BigC Go! Shopping centre in Ben Tre province

Source: Vietnam Insider, Dec. 2020

Central Retail of Thailand to build large trade center in Ben Cat

Source: Binh Duong News, Nov. 2020

Japanese developer Tokyu to develop a shopping mall in Binh Duong

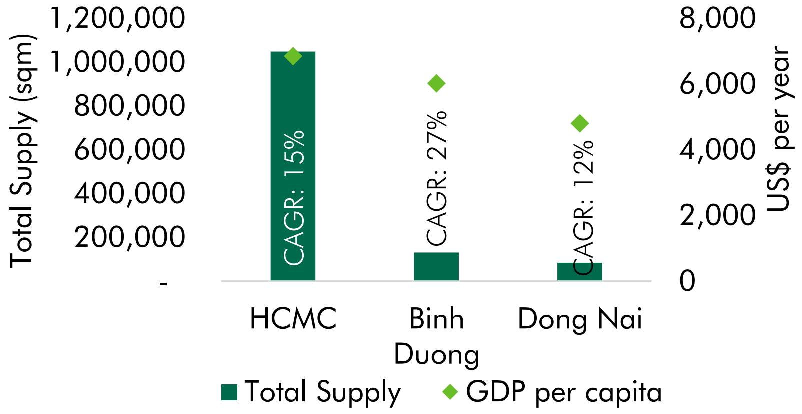
Featuring an outlet of major Japanese retailer AEON

Source: Vietstock, Dec. 2020

First Pedro, Charles & Keith, Beauty Box… stores @ Aeon Mall Canary Binh Duong

Watsons opened store @ Sense City Can Tho

Supply Comparison by Province



Source: CBRE Vietnam Research, CAGR is change on supply for the period of 2010-2020, Google Images

THE FUTURE OF RETAIL PROPERTY: HOW TO INCREASE RETAIL ASSET RESILIENCE

MARKET OUTLOOK: PIPELINE WILL PICK UP IN CBD AND THE EAST

Over total **550,000 sqm** *in the pipeline*

2021
(57,900 sqm)

Union Square
NLA: 27,900 sqm
Under renovation

Socar Mall
30,000 sqm
District 2

2022 -2025
(>420,000 sqm)

Elite Mall
42,000 sqm
District 8

Vincom Grand Park
48,000 sqm
District 9

Central Premium Mall
24,000 sqm
District 8

Onehub Saigon
70,000 sqm
District 9

CBD

Alpha Mall

Spirit of Saigon

Centennial Mall

Tax Plaza

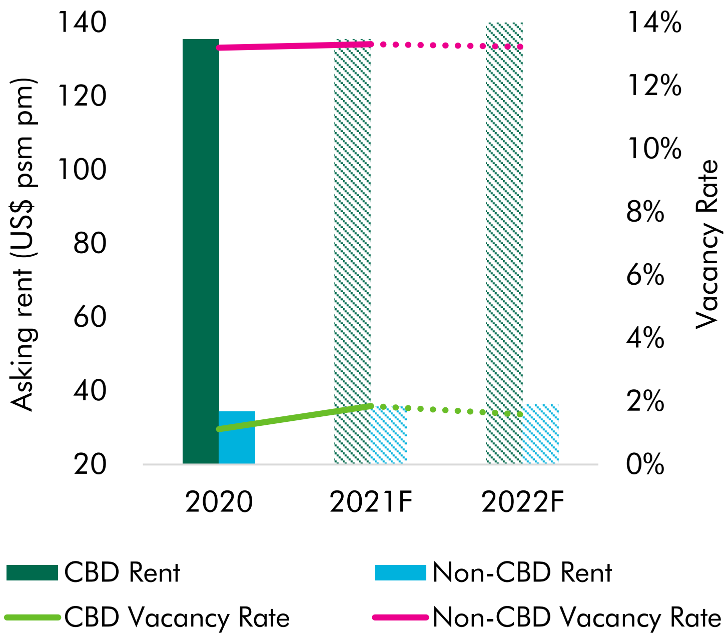
Thu Thiem New Urban Area
Lotte
Empire City
Sonkimland
Dai Quang Minh

Subway and Under-ground mall

Source: CBRE Vietnam Research, Q4 2020. Internet Images.

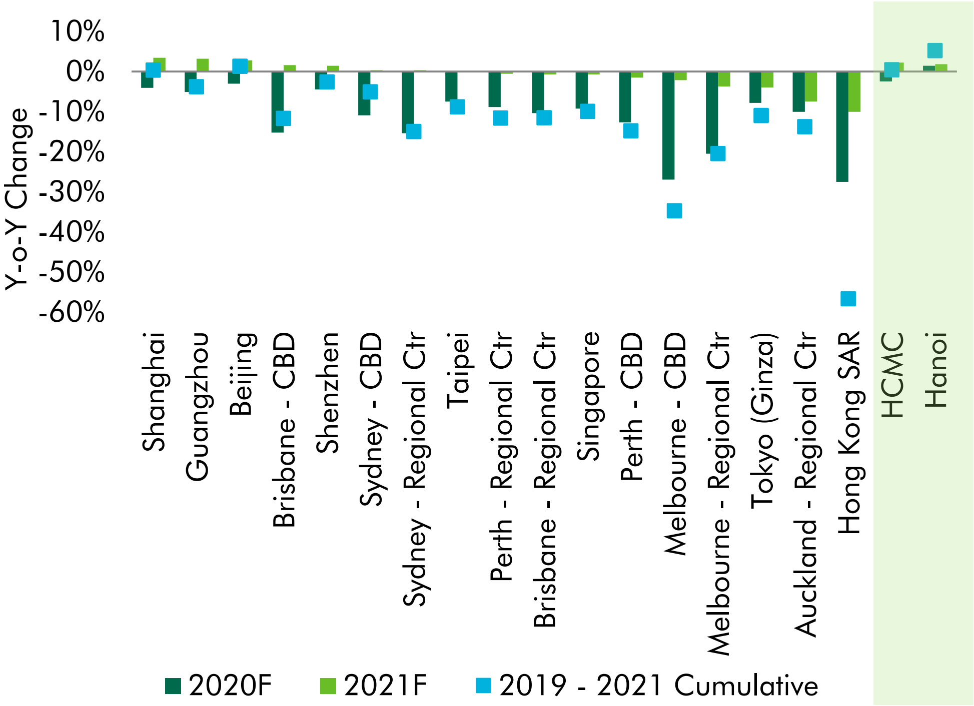
LIMITED NEW SUPPLY KEEPS VACANCY FROM SURGING

HCMC Retail, Performance Forecast



Source: CBRE Vietnam Research, Q4 2020.

APAC Retail, Performance Forecast



MARKET WILL PICK UP NOTABLY IN H2 2021

Consumer Confidence:
- Improving gradually then picking up when vaccines show effect

Retail Space Demand
- New concept/format
- Physical stores need to **evolve into experience**

Tenants:
- Rise of Automobiles, Luxury, Home Furnishing & Decor
- Looking for opportunities in 2nd – tier cities

Landlords
- Transforming to regional centres to offer one-stop experience
- Mixed use developments help drive spending

ASIA PACIFIC REAL ESTATE
MARKET OUTLOOK 2021 | VIETNAM

VIETNAM INDUSTRIAL

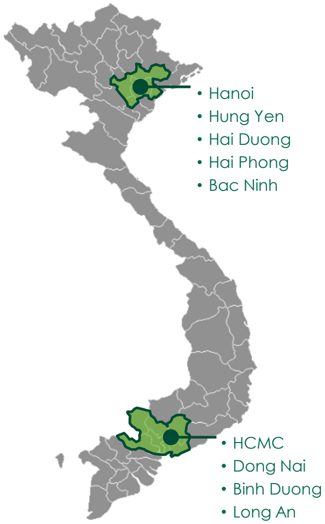
RESILIENCE

CBRE

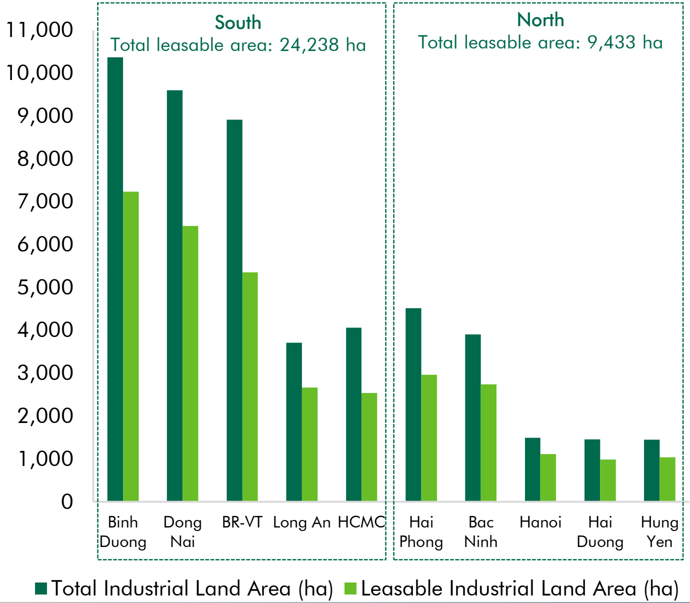
2020 UPBEAT INDUSTRIAL PROPERTY MARKET

- High Occupancy Rate of Industrial Parks
- Surge of Logistic Property Demand
- Strong Asking Rent Escalation
- Limited Industrial Land Supply in Prime Locations
- Manufacturing Relocation is Key Demand Driver
- New Players Have Joined The Market

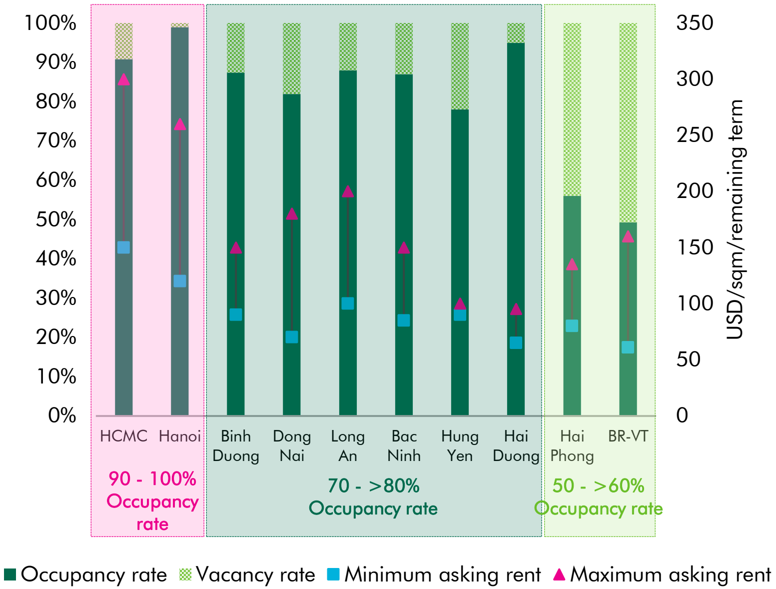
MARKET SNAPSHOT - INDUSTRIAL LAND



SUPPLY



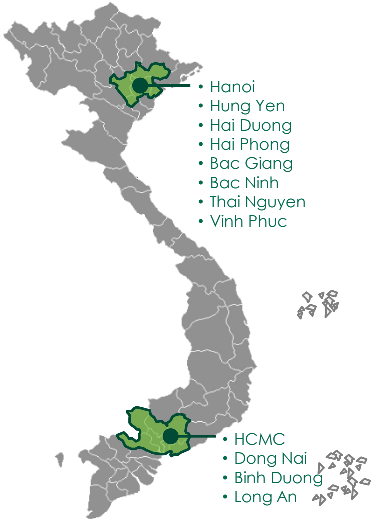
PERFORMANCE



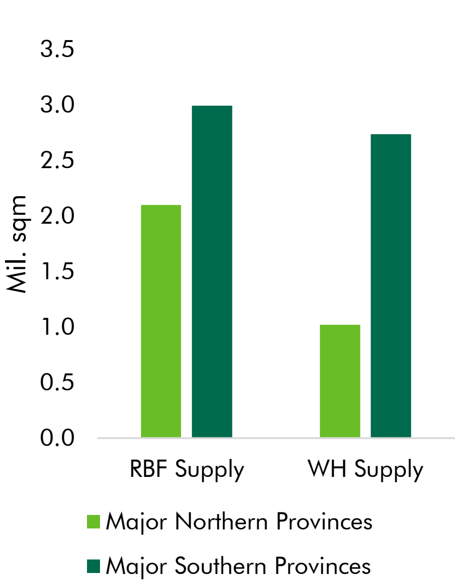
Significant gap of supply and rental rate between the major industrial regions

Source: CBRE Vietnam Research, Q4 2020.
Note: Asking rent is exclusive of VAT and Management/Service charge. The asking industrial land rent is quoted on remaining lease term of industrial parks. Normally, the remaining lease term is from 30 – 45 years.

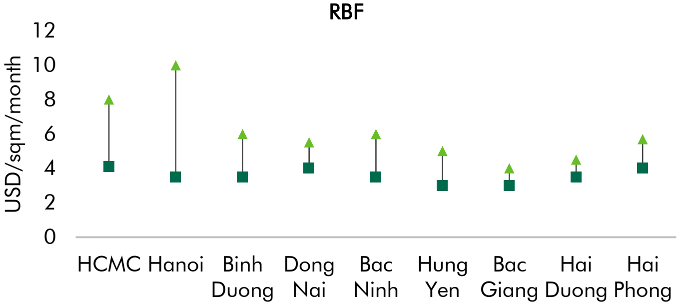
MARKET SNAPSHOT - READY-BUILT FACTORY AND WAREHOUSE

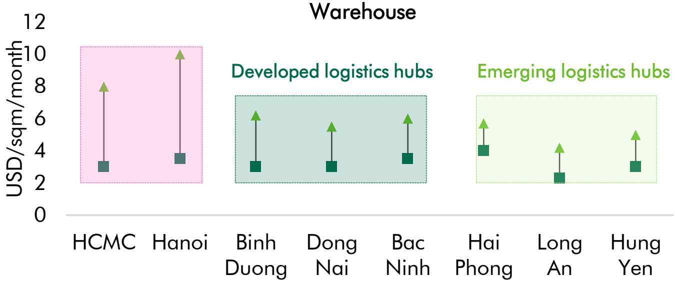


SUPPLY



ASKING RENT





Ready-built Factory

Stable asking rent

Warehouse

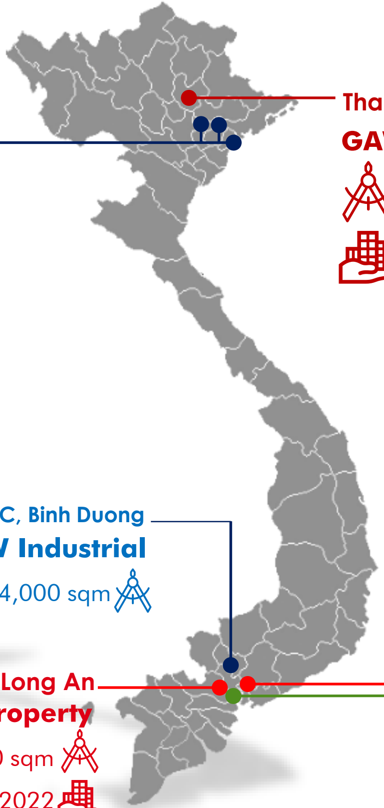
Up 5%-10% y-o-y in selected new projects

Source: CBRE Vietnam Research, Q4 2020.
Note: Northern RBF supply is calculated for Bac Ninh, Hai Duong, Hai Phong, Thai Nguyen, Vinh Phuc, Hung Yen, Bac Giang.
Northern WH supply is calculated for Bac Ninh, Hanoi, Hai Duong, Hai Phong, Hung Yen.
Southern RBF and WH supply is calculated for HCMC, Binh Duong, Dong Nai, Long An. Asking rent is exclusive of VAT and Management/Service charge

New supply increases significantly in major industrial regions

ABUNDANT NEW SUPPLY OF HIGH-QUALITY RBF & WH IN MAJOR INDUSTRIAL REGIONS

Hai Phong
Hai Duong
Bac Ninh
BW Industrial
>132,000
2020 & 2021



Thai Nguyen
GAW NP Industrial
80,000 sqm
2020 & 2021

Dong Nai
KTG & Boustead Industrial
>48,200 sqm
2021

HCMC, Binh Duong
BW Industrial
2020 244,000 sqm

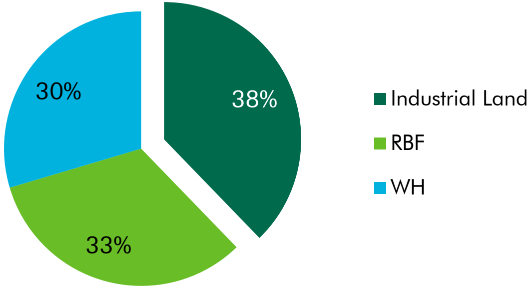
Long An
JD Property
52,390 sqm
2022

Long An
Long Hau Corporation
>19,800 sqm
2020

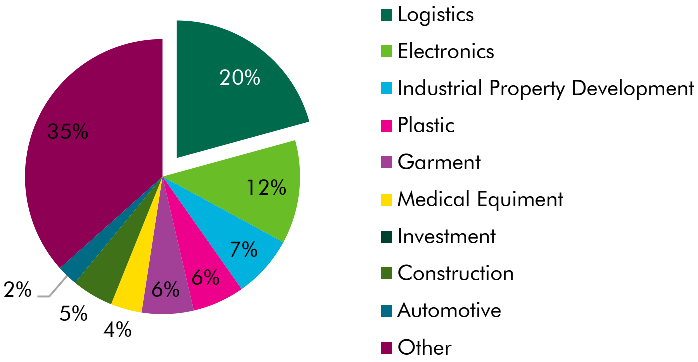
Source: CBRE Vietnam Research, Q4 2020.
Image source: GAW NP Industrial, BW Industrial, KTG Industrial, JD Properties, Vnexpress, Long Hau Corp.

LOGISTICS INDUSTRY DOMINATES DEMAND

Industrial land is the most sought-after product, especially for logistics property development.



One fifth of leasing enquiries belongs to logistics companies



Source: CBRE Vietnam Research, Q4 2020.
Note: The statistic is based on industrial property enquiries received by CBRE Vietnam in 2020.

Animal feed and Furniture are two of the biggest beneficiaries from FTAs.

Vietnam+

Cargill announces 28-million-USD animal nutrition plant in Dong Nai

Cargill on December 9 announced plans to expand its business in Vietnam with a 28 million USD investment in a new animal nutrition plant in Dong Nai province on the occasion of its 25th year of operation in Vietnam.

VNA - Thursday, December 10, 2020 20:39

Wood sector confident of achieving export target of 13 billion USD

The Ministry of Agriculture and Rural Development's General Department of Forestry is confident of reaching the export target for timber and wooden products of 13 billion USD for the whole year 2020.

VNA - Monday, November 30, 2020 09:48

VIR Vietnam Investment Review

EVFTA a boon for the wood industry

10:45 | 21/02/2020

The EU-Vietnam Free Trade Agreement (EVFTA) is anticipated to usher in big opportunities for the local wood processing sector, with Vietnam's wood export value to the EU possibly touching $1 billion in the first year after the deal takes effect.

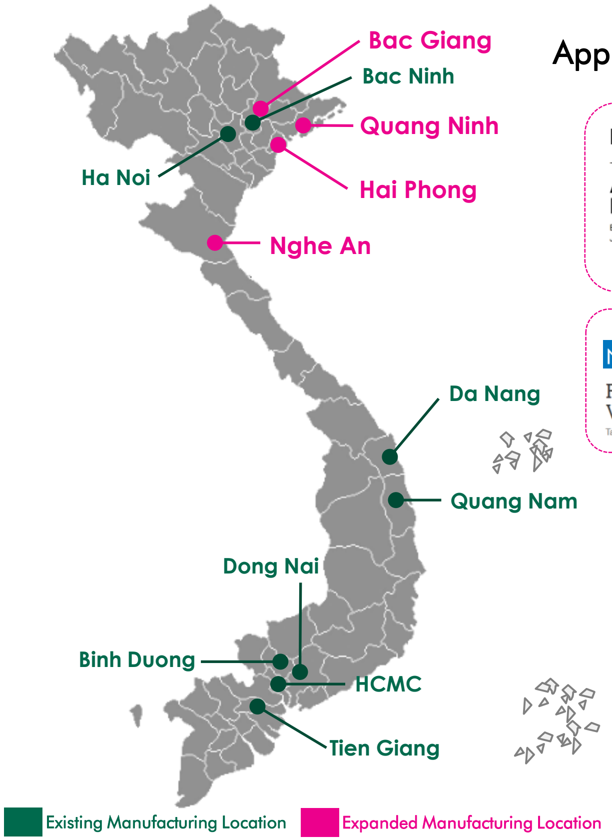
THỜI ĐẠI
VIETNAM TIMES
The Vietnam Union of Friendship Organizations

Vietnam to become sixth largest furniture exporter to the UK

Tarah Nguyen
thuyhang.vietnamtimes@gmail.com
December 21, 2020 | 17:07

The UK has been the third-largest trade partner of Vietnam in Europe after Germany and the Netherlands in recent years. Vietnam mainly exports garments and textiles, footwear, wood, and wooden furniture. Vietnam has emerged as the sixth largest wooden furniture exporter to the UK, according to the Ministry of Industry and Trade.

MANUFACTURING RELOCATION IS A KEY DEMAND DRIVER



Apple's vendors in Vietnam: Supply Chain Restructuring

Manufacturing Relocation

Bloomberg

Technology

Apple Partner Pegatron to Set Up Production in Vietnam

By Debby Wu

January 21, 2020, 9:13 AM GMT+7 Updated on January 21, 2020, 11:58 AM GMT+7

REUTERS

Exclusive: Foxconn to shift some Apple production to Vietnam to minimise China risk

By Yimou Lee

Local Expansion

NIKKEI Asia

Foxconn to expand production in Vietnam with $270m investment

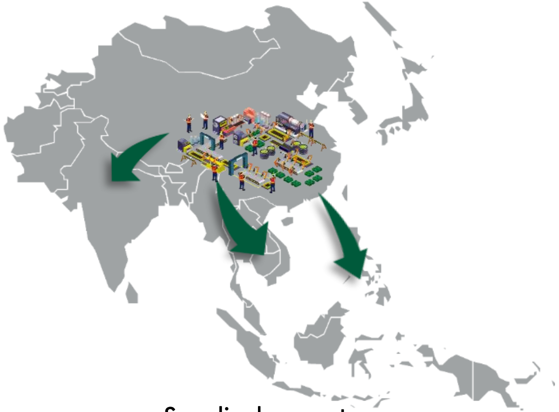
Taiwan company, seeking bases outside China, aims to take advantage of RCEP pact

vietnamnet GLOBAL

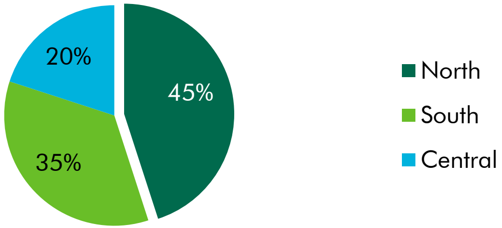
AirPods maker in Vietnam speeds up production with massive recruitment

Luxshare ICT announced they are still hiring 300 workers per day from June 18 to 20 for production expansion in North Vietnam.

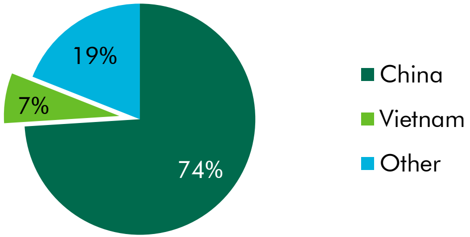
China+1 Strategy



Manufacturing location of suppliers in Vietnam



Supplier by country



Source: Supplier List, Apple Supplier Responsibility 2019.

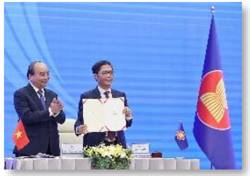
LOCAL MANUFACTURING EXPANSION TO ACCOMMODATE BUSINESS GROWTH

FTAs are the strong boost of local manufacturing expansion.

UKVFTA

December 2020

Vietnam & UK



RCEP

November 2020

ASEAN+

EVFTA

June 2019

Vietnam & EU

August 2020

Automotive

Electronics

Agriculture & Garment

Logistics

bizhub
Mitsubishi Motors seeks opportunity to build its second factory in Binh Dinh
Monday, Jan 08, 2020 15:16

vietnamnet GLOBAL
Ford Vietnam announces US$82 million expansion of Hai Duong assembly facility
14/01/2020 16:58 GMT+7

VnExpress INTERNATIONAL
Auto companies seek to expand Vietnam production
By Dat Nguyen January 19, 2020 | 11:23 am GMT+7

VIR Vietnam Investment Review
LG Electronics to build additional R&D centre in Vietnam

NHIP CAU DAU TU
Intel eyes investment expansion in Vietnam

CAFEF
Sau 2 năm, Samsung kết nạp thêm 7 nhà cung ứng cấp một, 13 nhà cung ứng cấp hai vào chuỗi cung ứng tại Việt Nam
07-01-2021 - 10:33 AM | Kinh tế vĩ mô - Đầu tư

Việt Nam News
Samsung Việt Nam continues its support to local suppliers
Update: December, 19/2020 - 06:32

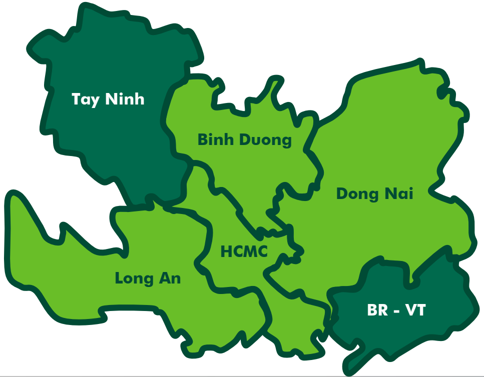
HANOI TIMES
INDUSTRY DEC 05, 2020 / 10:40
Vietnam textile industry to benefit from FTAs
Hai Yen - Khac Kien

vietnamnet GLOBAL
EVFTA helps advance domestic agriculture
Despite also including barriers and regulations, the EU-Vietnam Free Trade Agreement will benefit Vietnamese agriculture, with businesses supporting farmers to cash in on new opportunities from the deal.

VIR Vietnam Investment Review
EVFTA widens horizon for logistics expansion
The forthcoming official entry of the EU-Vietnam Free Trade Agreement and the EU-Vietnam Investment Protection Agreem ent is set to offer a new horizon of development to Vietnam's logistics industry.

NEW PLAYERS IN THE MARKET

Tier-1 industrial cities and provinces are key focused areas.



Industrial Park

VNEXPRESS INTERNATIONAL

Vingroup intensifies industrial estate focus

By Minh Son June 3, 2020 | 05:45 pm GMT+7

VIR Vietnam Investment Review

Vingroup to launch two industrial parks in 2021

12:19 | 13/11/2020

VCCI Uniting Entrepreneurs

Construction giant Coteccons turns gaze to industrial real estate

Thu, 24 Dec 2020 16:01:00 | Print | Email Share:

Việt Nam News THE NATIONAL ENGLISH LANGUAGE DAILY

VNIP

Construction of giant industrial park begins in Long An Province

Update: May, 18/2020 - 17:40

Logistics Property

Deal street Asia

LOGOS eyes raising $1.2b for logistics ventures in Vietnam, South Korea

By Nguyen Thi Bich Ngoc

August 8, 2020

NIKKEI Asia

Warehousing giant GLP launches $1.5bn joint venture in Vietnam

Singapore company bets on COVID success story as trade moves from China

LIEN HOANG, Nikkei staff writer

October 16, 2020 19:42 JST

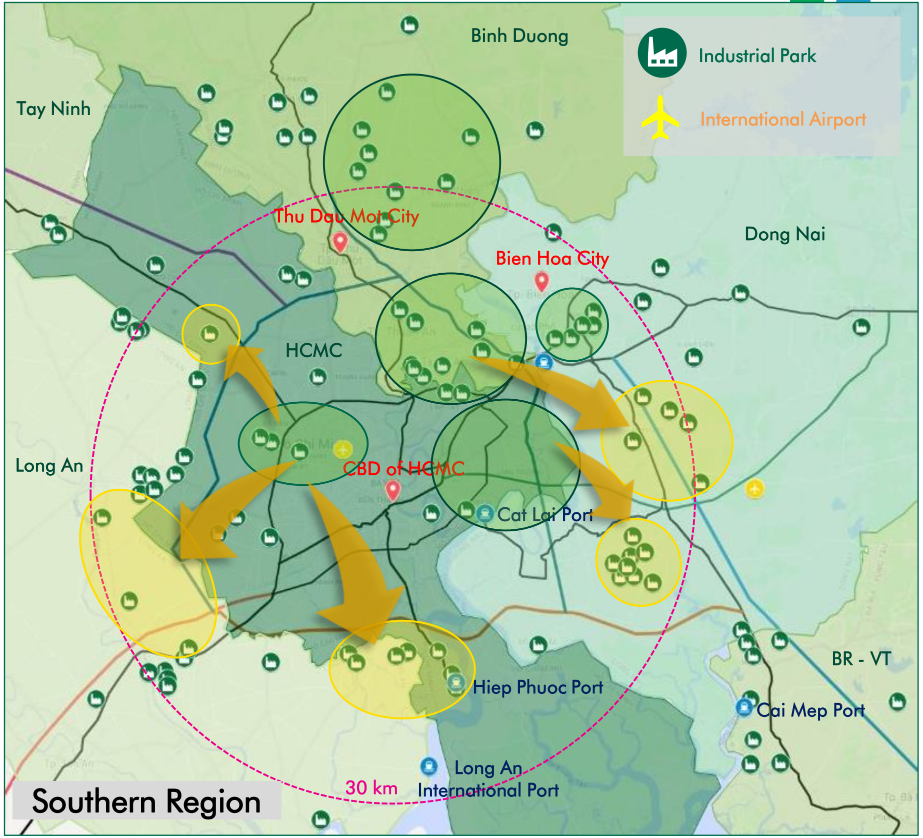
VIR Vietnam Investment Review

Mirae Asset-Naver fund invests $37 million in warehouse in Vietnam

15:04 | 07/10/2020

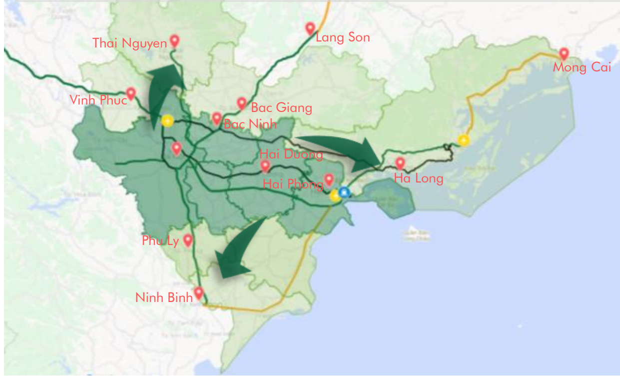
OUTLOOK

ESTABLISHING NEW LOGISTICS HUBS IN MAJOR INDUSTRIAL REGIONS

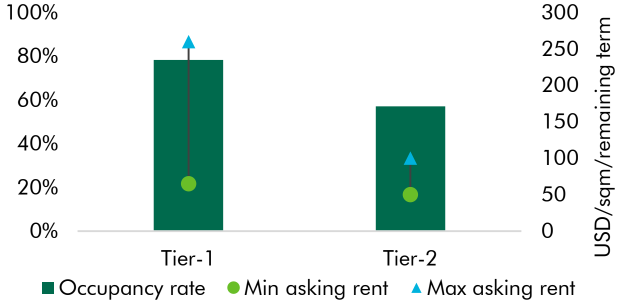


INVESTMENT INTO INFRASTRUCTURE DRIVES DEMAND IN NEW LOCATION

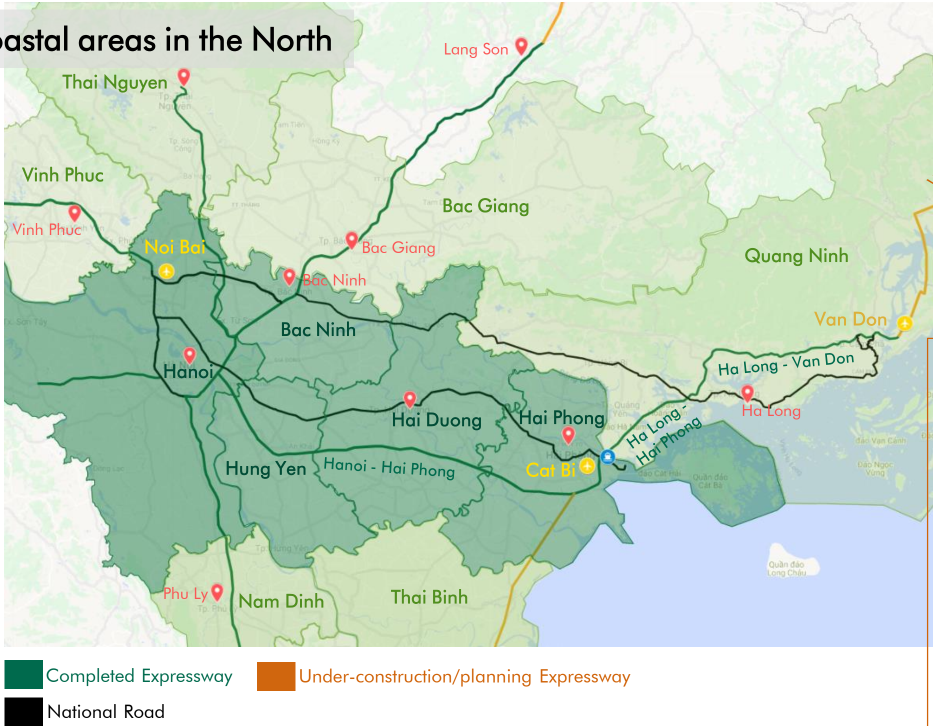
Expansion of expressway to border and coastal areas in the North



Performance of IPs in Tier-1 & Tier-2 region



Source: CBRE Vietnam Research, Q4 2020.
Image source: Zing News.

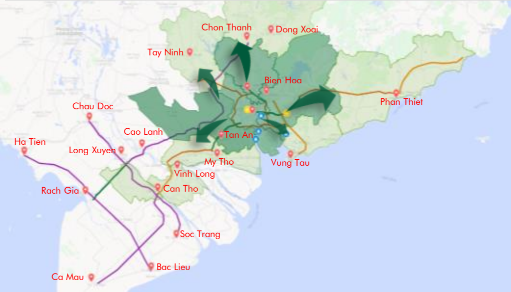


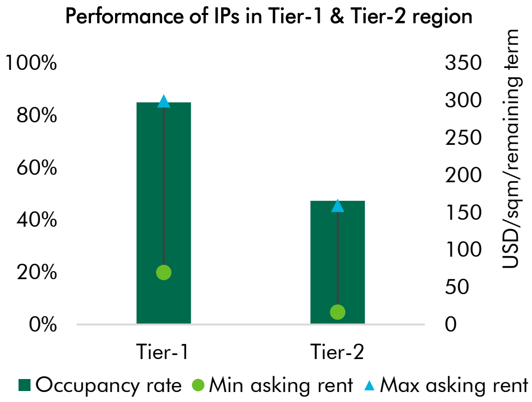
Tier-1: Hanoi, Bac Ninh, Hai Duong, Hung Yen, Hai Phong
Tier-2: Vinh Phuc, Nam Dinh, Bac Giang, Quang Ninh

Construction of Van Don - Mong Cai Expressway is expected to complete in 2021.

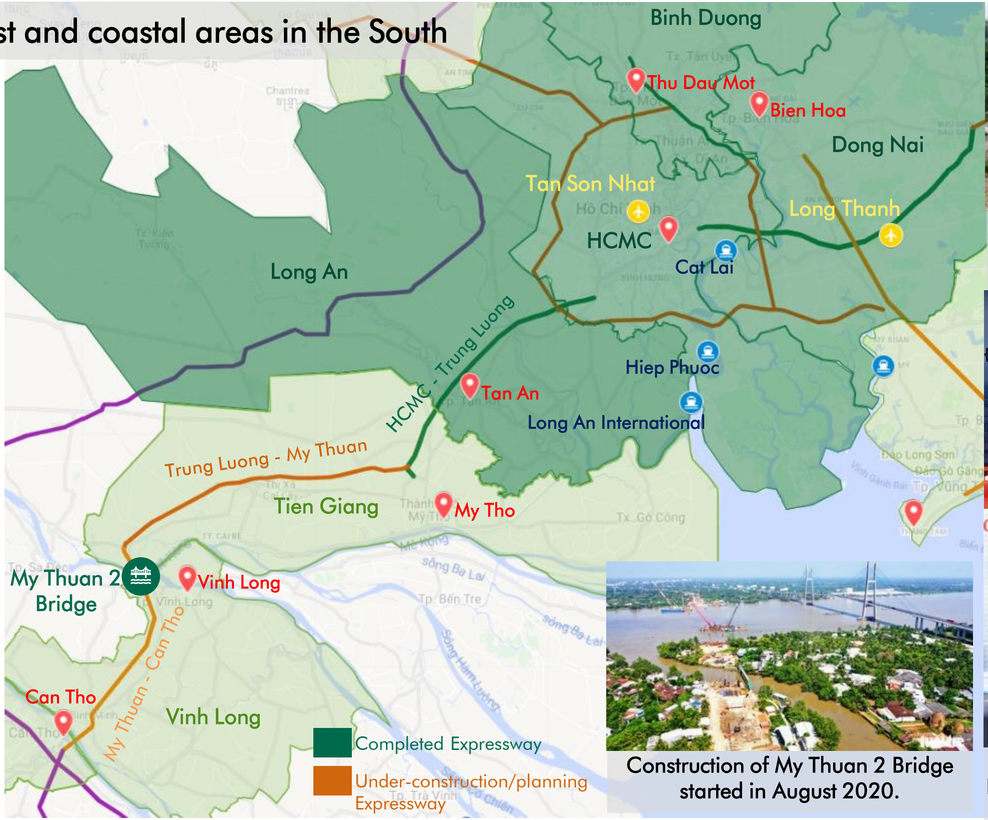
INVESTMENT INTO INFRASTRUCTURE DRIVES DEMAND IN NEW LOCATION

Expansion of expressway to the west and coastal areas in the South





Source: CBRE Vietnam Research, Q4 2020.
Image source: Vnexpress, Tuoitre.



Construction of My Thuan 2 Bridge started in August 2020.

Experimental operation of Trung Luong - My Thuan Expressway in December 2020.

Construction of My Thuan - Can Tho Expressway & Long Thanh International Airport started in January 2021

IMPROVEMENT OF WAREHOUSE QUALITY INCREASES RENTAL LEVEL

SIGNIFICANT IMPROVEMENT OF WAREHOUSE QUALITY

High-cost storage systems such as Automatic Storage & Retrieval Systems (ASRS) are mainly adopted by large e-commerce companies. Such solutions usually require built-to-suit properties or significant upgrade of large-scale new builds.

Technology will lead to significant advances in warehouse operations and efficiency.

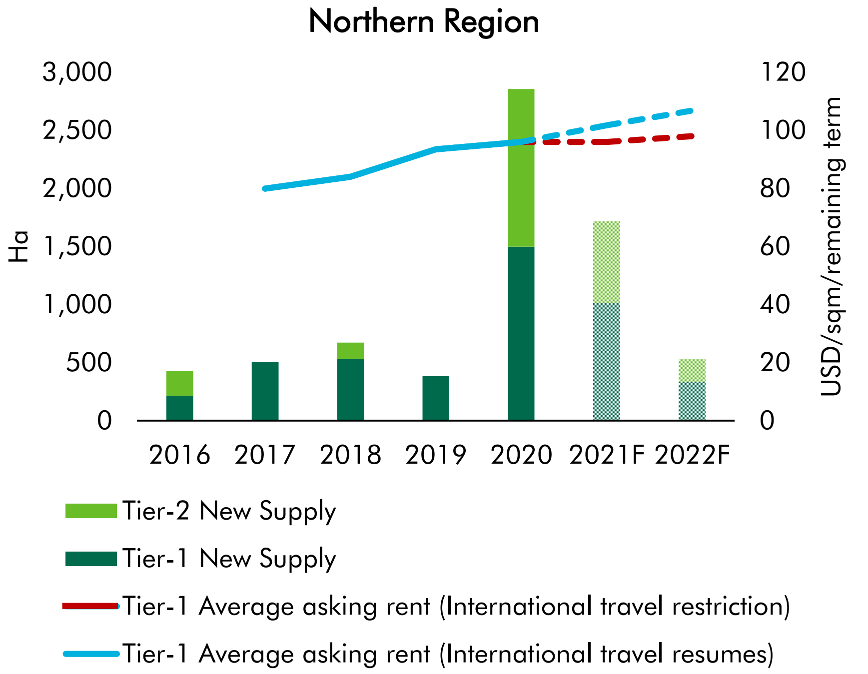
SPECIALIZED FACILITIES FOR ADVANCED DISTRIBUTION NETWORK

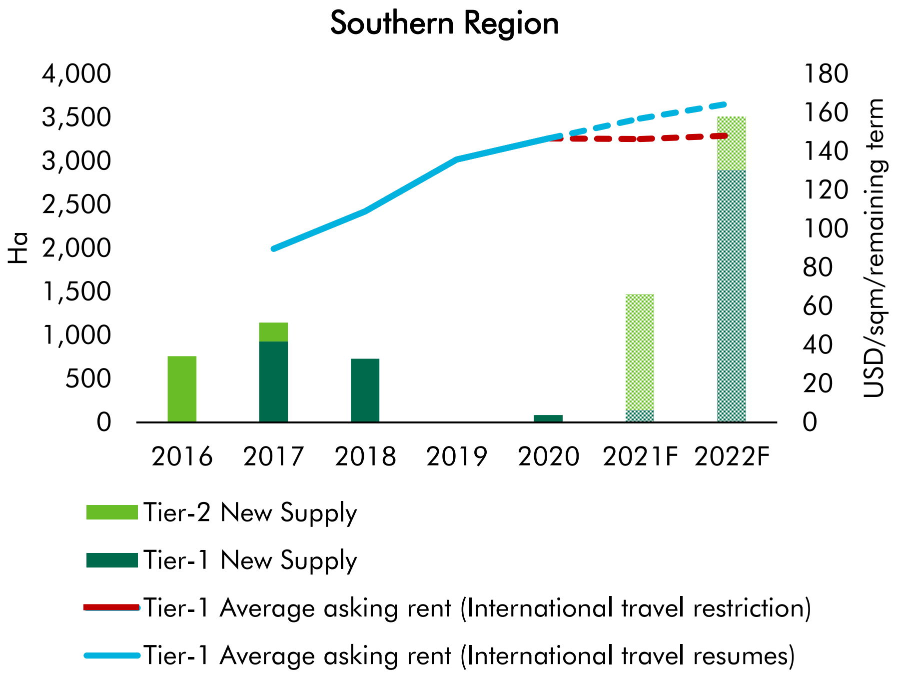
E-commerce drives leasing demand in 2021. Strong leasing demand condensed in in-city fulfillment centers.

Source: CBRE Vietnam Research, Q4 2020.

RESURGE OF INDUSTRIAL PROPERTY DEVELOPMENT

New supply is expected to resurge and balance gap with rapid increasing demand.





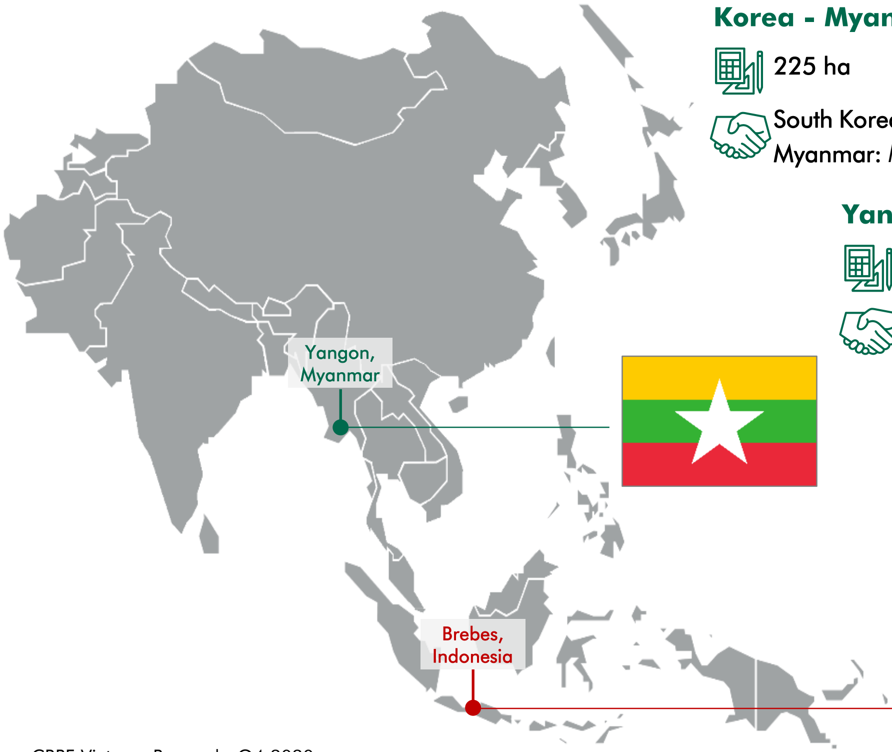
Northern Tier-1: Hanoi, Bac Ninh, Hai Duong, Hung Yen, Hai Phong
Northern Tier-2: Bac Giang, Nam Dinh, Vinh Phuc, Quang Ninh

Southern Tier-1: HCMC, Dong Nai, Binh Duong, Long An
Southern Tier-2: Binh Thuan, BR-VT, Binh Phuoc, Tay Ninh, Tien Giang, Vinh Long

Source: CBRE Vietnam Research, Q4 2020.

INCREASING COMPETITION FROM REGIONAL PEERS

Not only Vietnam but also neighboring countries have rapidly established new industrial parks.



Korea - Myanmar Industrial Complex

225 ha

South Korea: Korea Land and Housing Corp, Global SAE-A
Myanmar: Ministry of Construction

Yangon Amata Smart and Eco City

800 ha

Thailand: Amata Corp
Myanmar: Ministry of Construction

Myanmar Singapore Industrial Park

436 ha

Singapore: Sembcorp
Myanmar: Pahtama Group, Myanmar Agribusiness

Brebes Industrial Park

4,000 ha

Indonesia: PT Wijayakusuma Industrial Estate

Source: CBRE Vietnam Research, Q4 2020.

SIGNIFICANT IMPROVEMENT OF PERFORMANCE OF IPS IN TIER-2 REGIONS

ASKING RENT TO INCREASE MODERATELY IN TIER-1 REGION

WAREHOUSE RENTAL RATE TO ESTABLISHE NEW HIGH LEVEL

NEW SUPPLY IN PRIME LOCATIONS

LOCAL MANUFACTURING EXPANSION & PRODUCTION SHIFTS ARE KEY DEMAND DRIVERS

NEW LOGISTICS HUBS EMERGE IN NON-TRADITIONAL AREAS

HCMC REAL ESTATE
MARKET OUTLOOK 2021 | VIETNAM

HCMC RESIDENTIAL

RESUMPTION

CBRE

A YEAR TO LOOK BACK

DISRUPTED SALES ACTIVITIES

- Limited transactions from foreigners
- Lower supply and sales volume
- Weak rental market
- Lack of Affordable/Mid-end supply
- Investors looking for other channels/markets

BUT SHOWING SIGNS OF RECOVERY

- New launch and sold units improved in Q4
- Suburban/regional market
- Active secondary market
- Higher selling price than market average in suburban districts

LIMITED SUPPLY ESPECIALLY IN MID-END AND AFFORDABLE SEGMENTS

HCMC CONDOMINIUM: MARKET SNAPSHOT 2020

New launch supply: 17,272 units from 21 projects / Sold units: 15,086 units

	Luxury	High-end	Mid-end	Affordable
New launch supply	**1,189 units** 3 projects ▼ *35% y-o-y*	**13,084 units** 10 projects ▲ *109% y-o-y*	**2,999 units** 8 projects ▼ *83% y-o-y*	**0 unit** 0 project *No new project in the last two years*
Selling price*	**$6,898 psm** ▲ *9% y-o-y*	**$2,519 psm** ▼ *1% y-o-y*	**$1,499 psm** ▲ *5% y-o-y*	**$935 psm** ▲ *4% y-o-y*
Sold units	**1,172 units** ▼ *17% y-o-y*	**9,790 units** ▲ *51% y-o-y*	**3,777 units** ▼ *81% y-o-y*	**347 units** ▼ *79% y-o-y*

LIMITED SUPPLY

LUXURY: *>US$4,000 psm* | **HIGH END:** *US$2,000 – 4,000 psm* | **MID END:** *US$1,000 – 2,000 psm* | **AFFORDABLE:** *< US$1,000 psm*

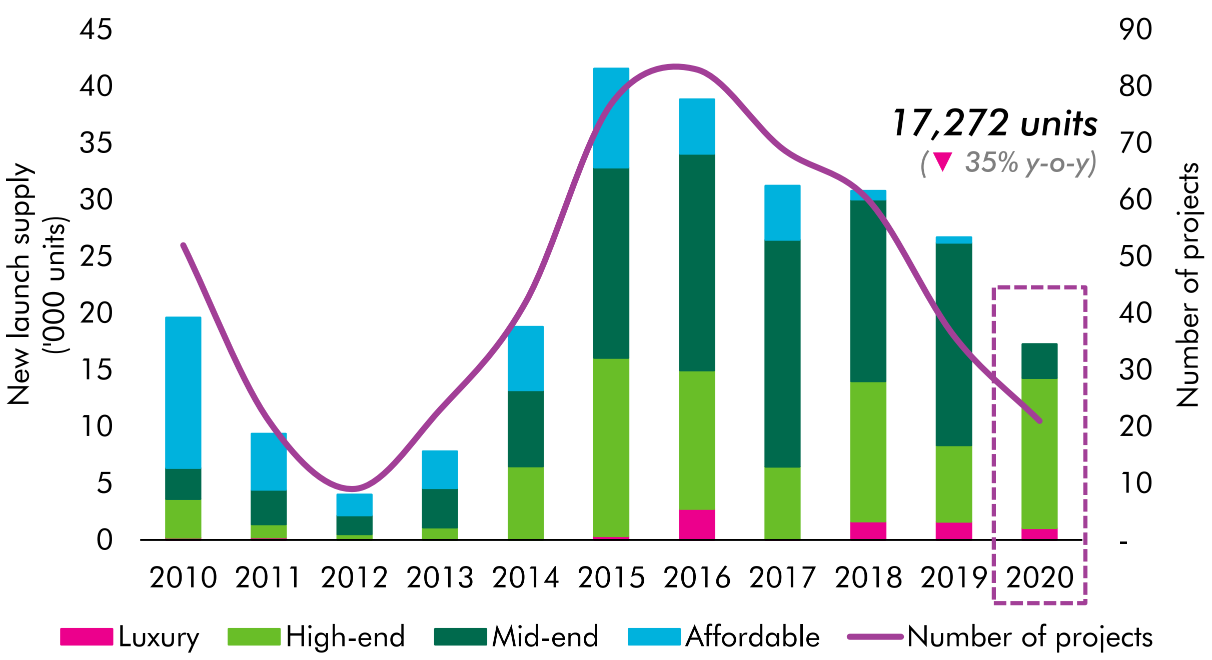
(*) Selling price: US$ psm (excluding VAT and quoted on NSA)

Source: CBRE Vietnam Research, Q4 2020.

Lacking of affordable product

LICENSING ISSUE AND COVID-19 COMPRESSED HCMC MARKET

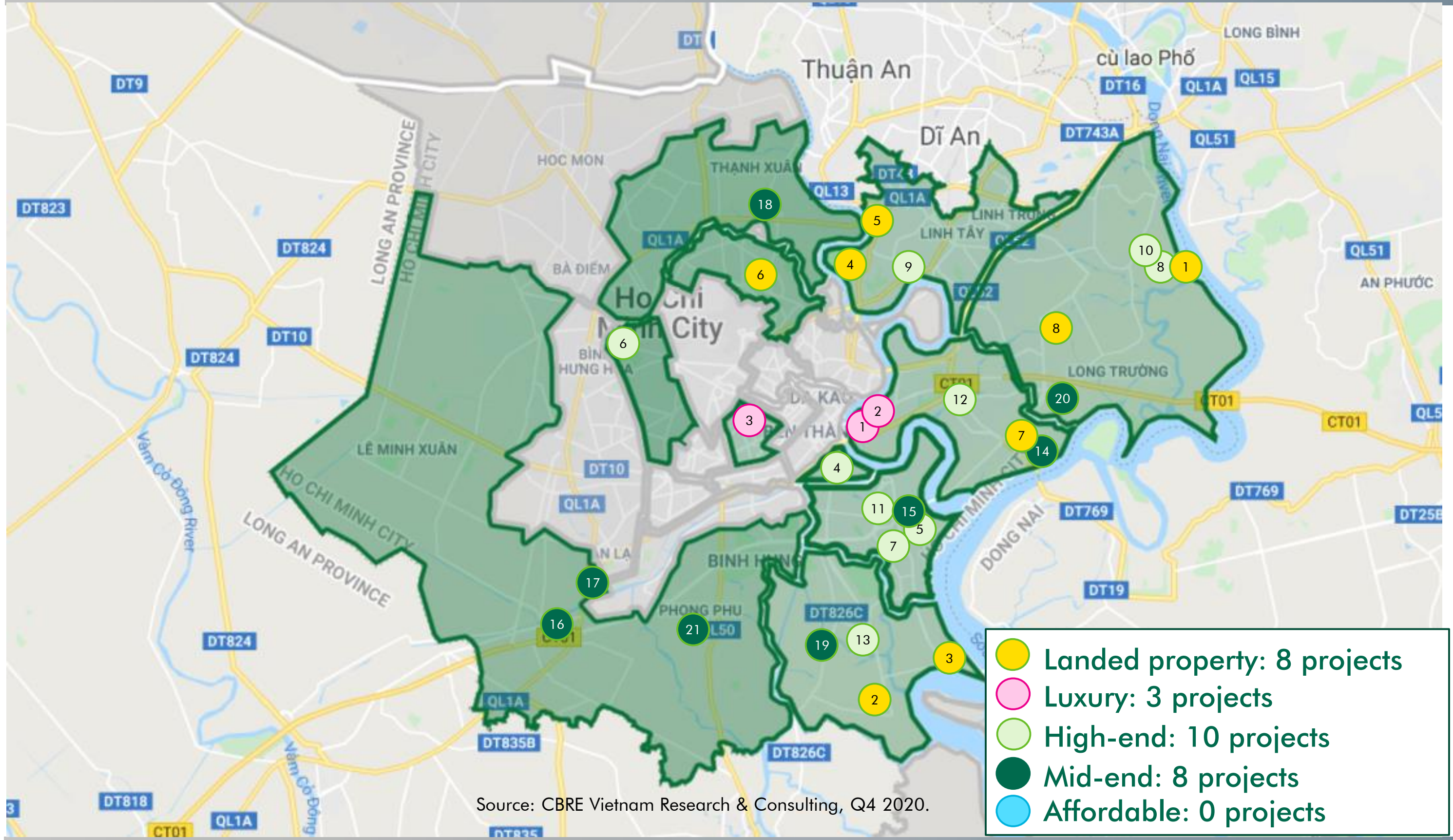
HCMC Condominium, New Launch Supply, 2020



For the first time, there was no new affordable supply

Source: CBRE Vietnam Research, Q4 2020.

MAP OF NEW LAUNCH SUPPLY



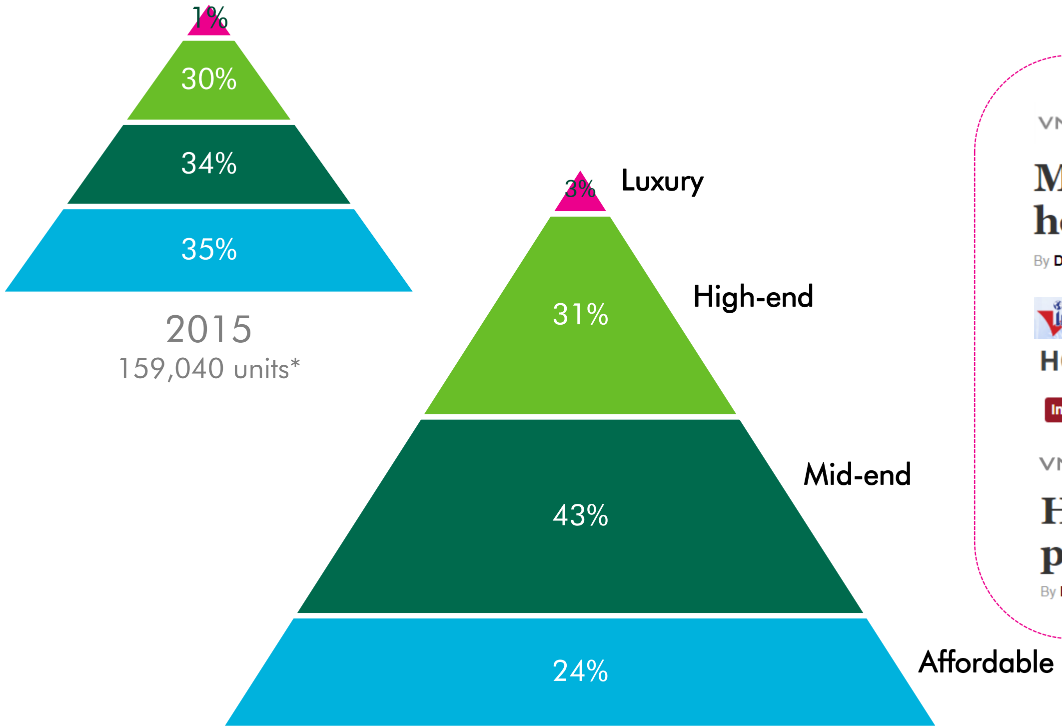
Source: CBRE Vietnam Research & Consulting, Q4 2020.

Landed property:
2,120 units in
8 projects (▼33% y-o-y)

Condominium:
17,272 units in
21 projects (▼42% y-o-y)

The East and the South are two key residential development directions

SHRINKING AFFORDABLE SEGMENT IN HCMC



2020
303,287 units*

Affordable products

VN EXPRESS INTERNATIONAL

Most citizens cannot afford 'affordable housing'

By Dat Nguyen November 1, 2020 | 08:09 am GMT+7

Vietnamnet GLOBAL

HCM City in need of more affordable housing

Interested 0 Chia sẻ | FaceBookTwitter Email Copy Link 09/12/2020 07:40 GMT+7

VN EXPRESS INTERNATIONAL

HCMC affordable housing supply plunges

By Dat Nguyen December 1, 2020 | 01:00 pm GMT+7

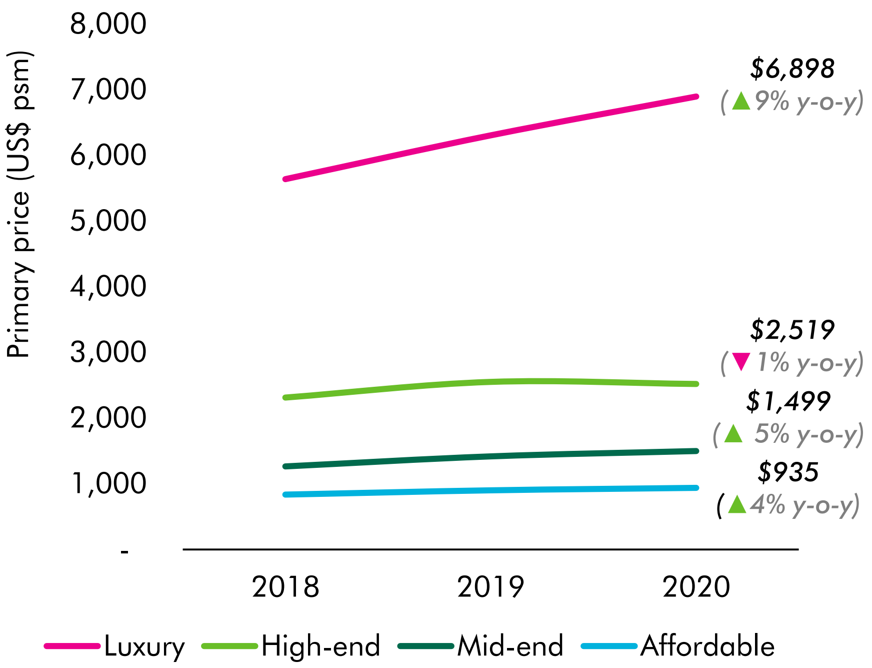
(*) Accumulated supply since 1997
Source: CBRE Vietnam Research, Q4 2020.

LUXURY: *>US$4,000 psm* | **HIGH END:** *US$2,000 – 4,000 psm*
MID END: *US$1,000 – 2,000 psm* | **AFFORDABLE:** *< US$1,000 psm*

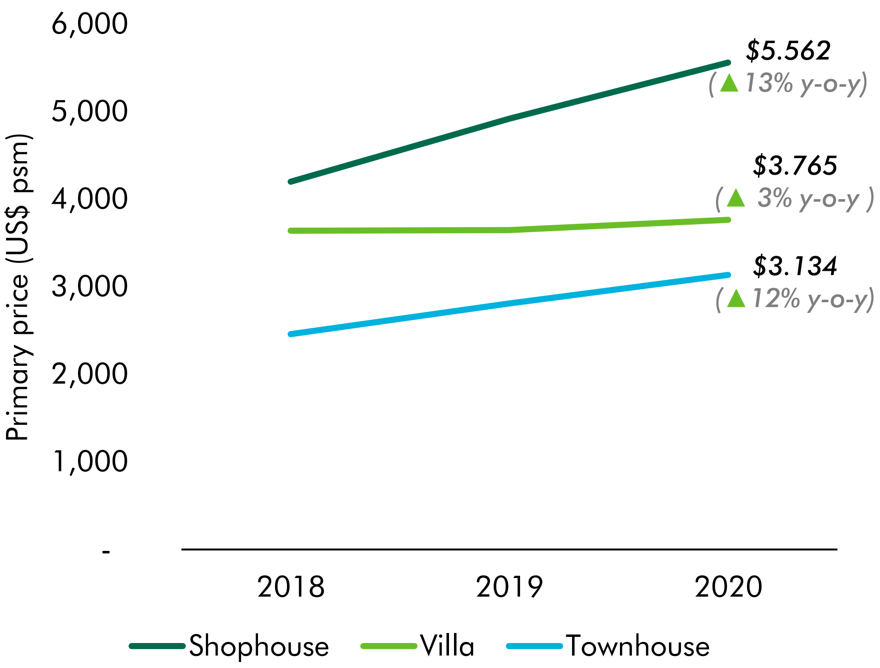
New Records in Pricing Level Across The Market

PRIMARY PRICES INCREASED

HCMC Condominium, Primary Price, 2020

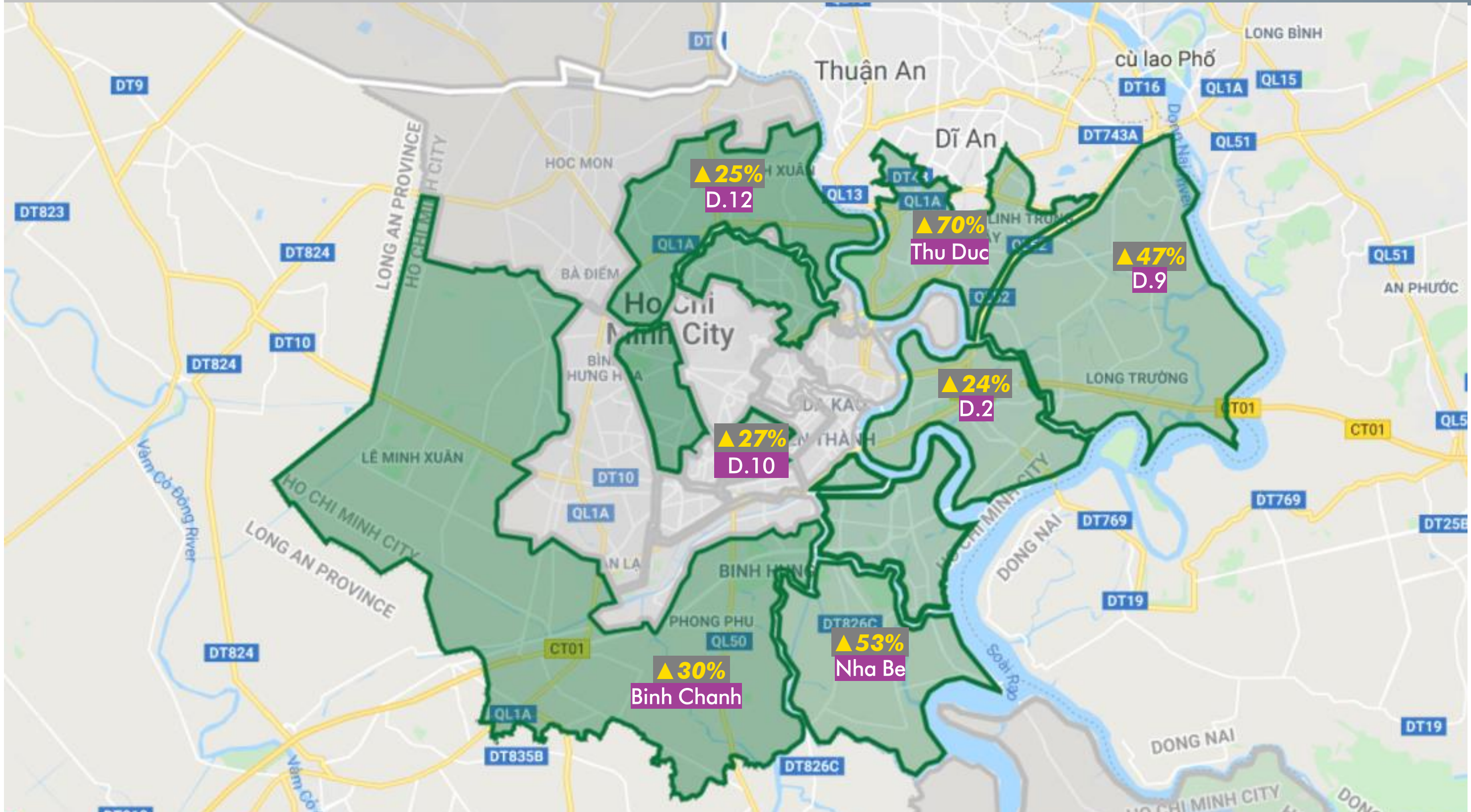


HCMC Landed Property, Primary Price, 2020



Selling price: US$ psm (excluding VAT and quoted on NSA)
Source: CBRE Vietnam Research & Consulting, Q4 2020.

HIGHEST SELLING PRICE FROM INDIVIDUAL PROJECTS BY DISTRICT



(*) Individual project price different to current market level at that location

Nha Be, Thu Duc and District 9 ***recorded highest price growth.***

New projects in these areas quoted higher selling prices by ***47%-70%*** *in comparison with surrounding area.*

MORE ACTIVE SECONDARY MARKET

Thanh My Loi

Launched supply: 10,570 units
Handover supply: 6,401 units
Price growth*: 10%-30%

Thu Thiem

Launched supply: 4,547 units
Handover supply: 2,378 units
Price growth*: 30%-90%

(*): Compared with launching year.
Based on CBRE's secondary transactions.
Selling price: US$ psm (excluding VAT and quoted on NSA)

Source: CBRE Vietnam Research & Consulting, Q4 2020.

Thao Dien

Launched supply: 8,693 units
Handover supply: 8,378 units
Price growth*: 30%-60%

An Phu

Launched supply: 9,420 units
Handover supply: 7,644 units
Price growth*: 30%-50%

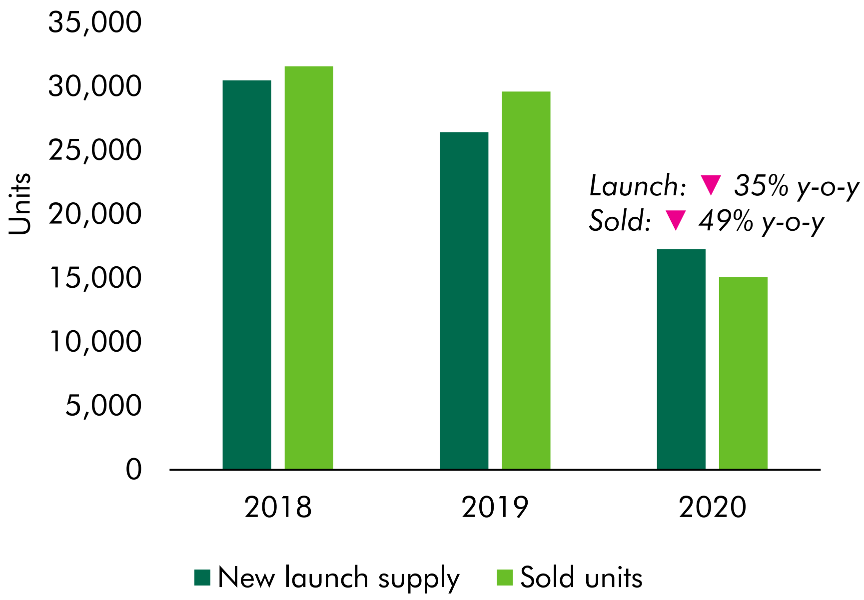
Cat Lai

Launched supply: 3,213 units
Handover supply: 1,687 units
Price growth*: 20%-25%

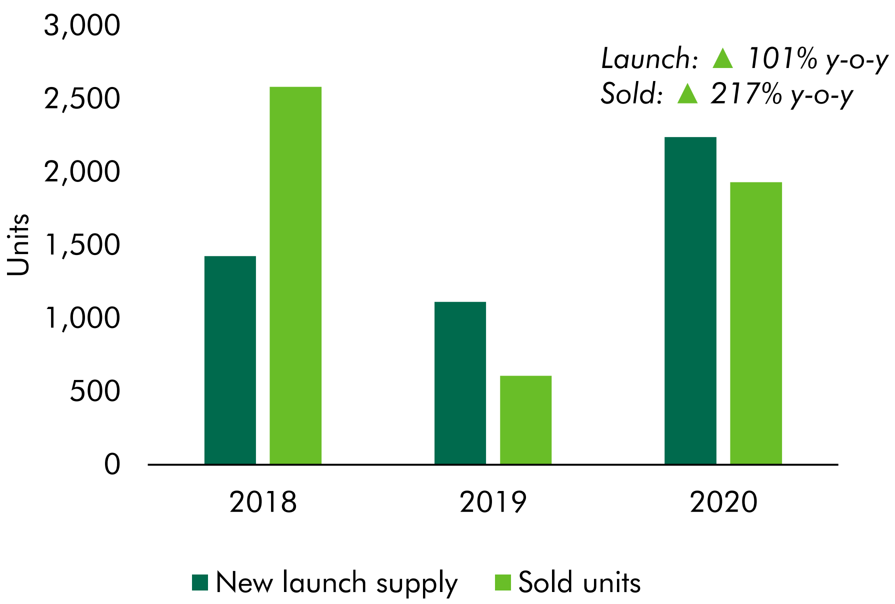
High-end Inventory stacked up

SOCIAL DISTANCING AND TRAVELLING RESTRICTION REDUCED SOLD UNITS

HCMC Condominium, New launch vs. Sold units



HCMC Landed Property, New launch vs. Sold units

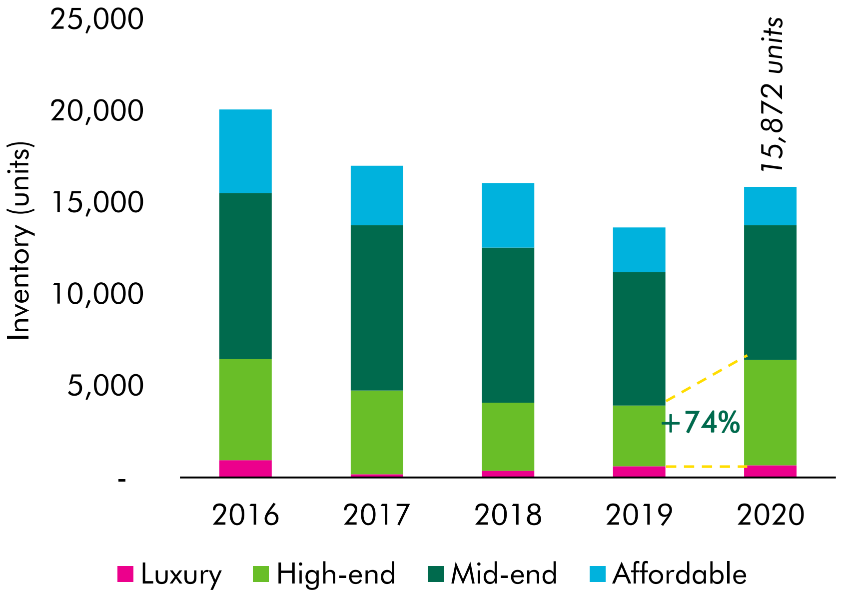


Landed property attracted no shortage of demand from local buyers

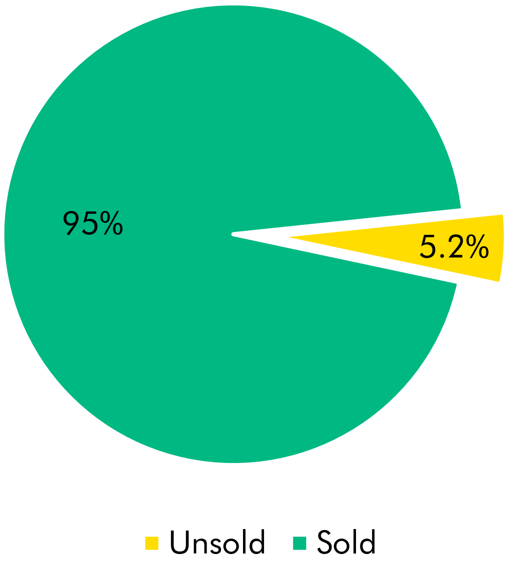
Source: CBRE Vietnam Research, Q4 2020.

INVENTORY STACKED UP IN HIGH-END SEGMENT

HCMC Condominium, Inventory By Year



HCMC Condominium, Inventory in Q4 2020

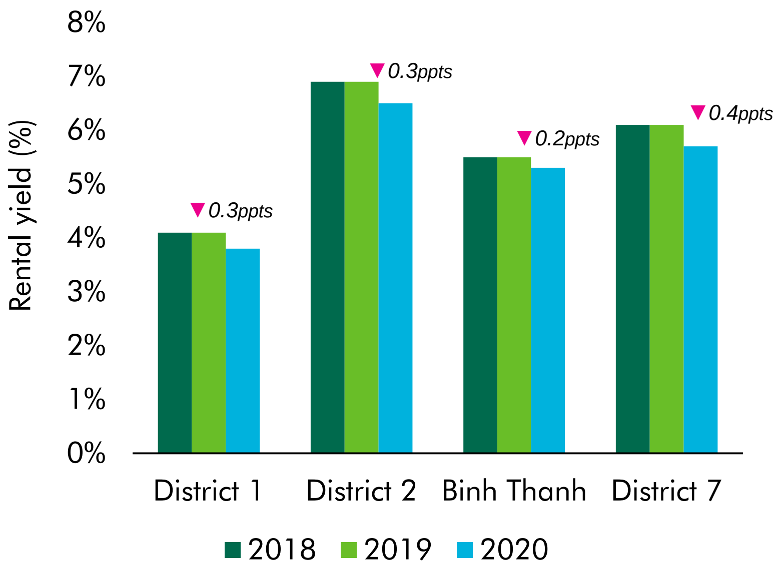


*Total supply: 303,287 units**

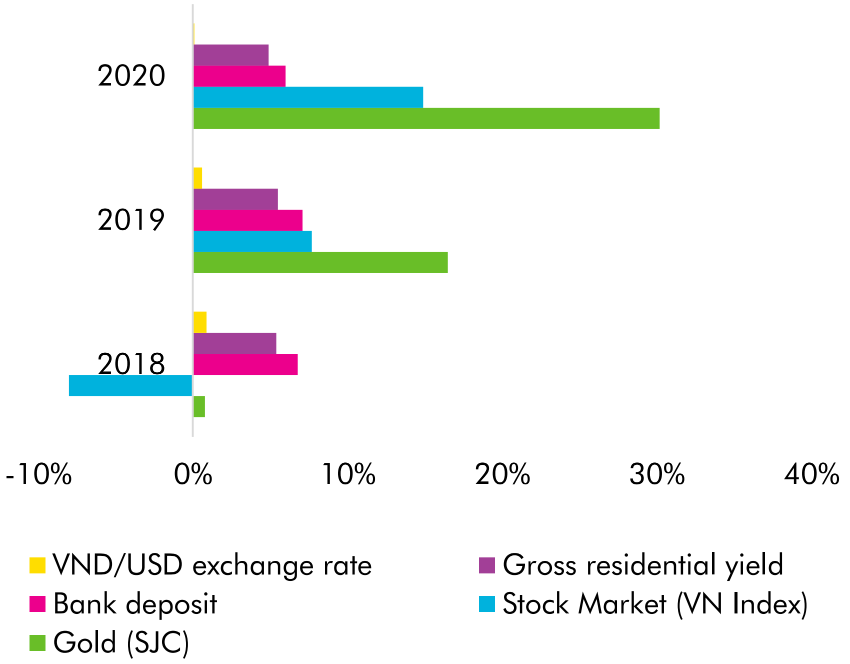
*Accumulated supply since 1997.
Source: CBRE Vietnam Research & Consulting, Q4 2020.

RENTAL YIELDS COMPRESSED IN TRADITIONAL EXPAT HUBS

HCMC Condominium, Rental Yields* by Clusters



Return on Other Investment Channels



- 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 high end projects in D2, Binh Thanh and D7, HCMC. Capital gain not included.

Source: CBRE Vietnam Research; SJC; SBV, Q4 2020

Investors are looking at other markets

EMERGENCE OF PROVINCIAL MARKETS


Hoa Binh


Vinh Phuc


Bac Ninh


Hai Phong


Quang Nam


Phu Yen


Bao Loc


Binh Thuan

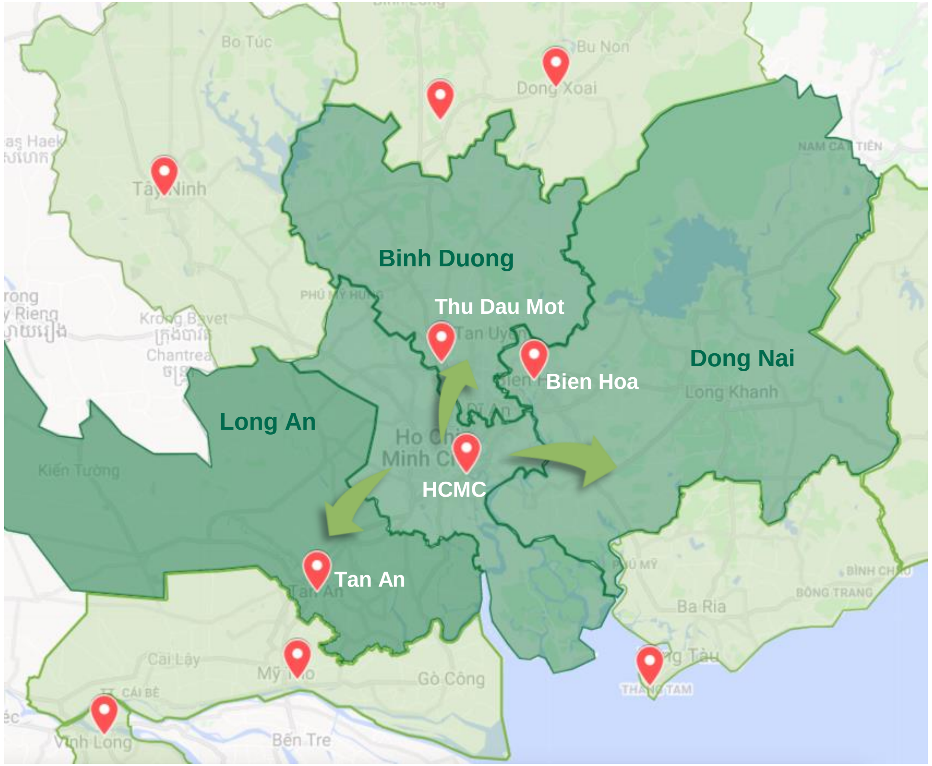

Phu Quoc


Dong Nai

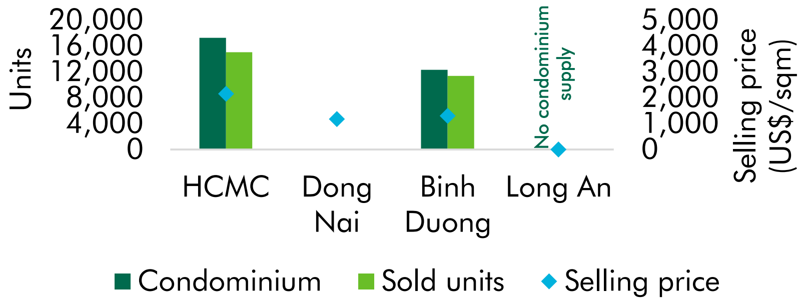

Binh Duong


Long An

EMERGENCE OF PROVINCIAL MARKETS



Condominium, New Launch Supply and Performance



Landed Property, New Launch Supply and Performance

Source: CBRE Vietnam Research & Consulting, Q4 2020.

Image source: Zing

NEW ALLIES IN 2020

NOTABLE NEW JOIN VENTURE AGREEMENTS

NAM LONG – KEPPEL LAND MALL MANAGEMENT
Waterpoint Township

PHAT DAT AND DANH KHOI

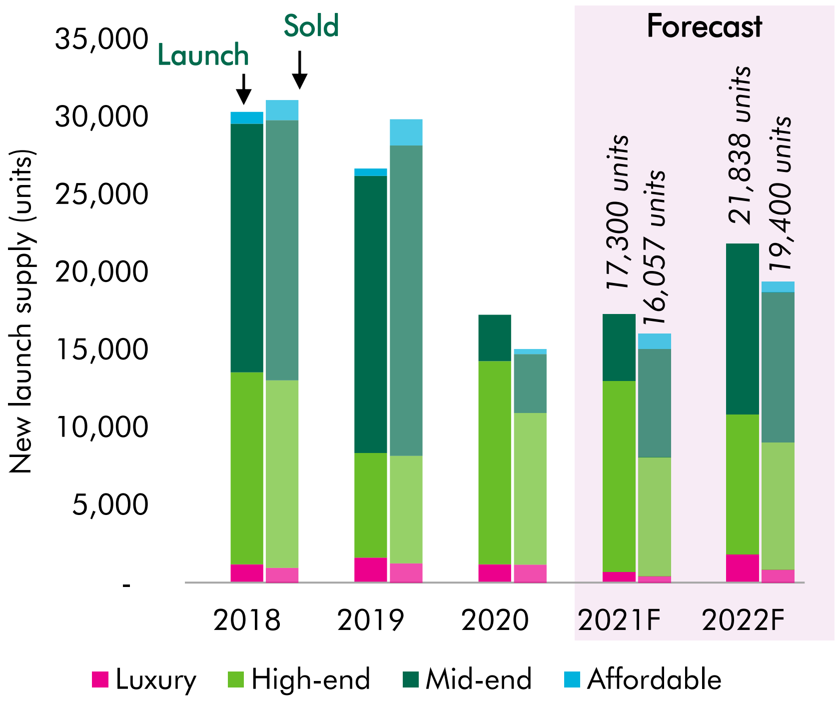
Astral City

PHU LONG – KEPPEL LAND

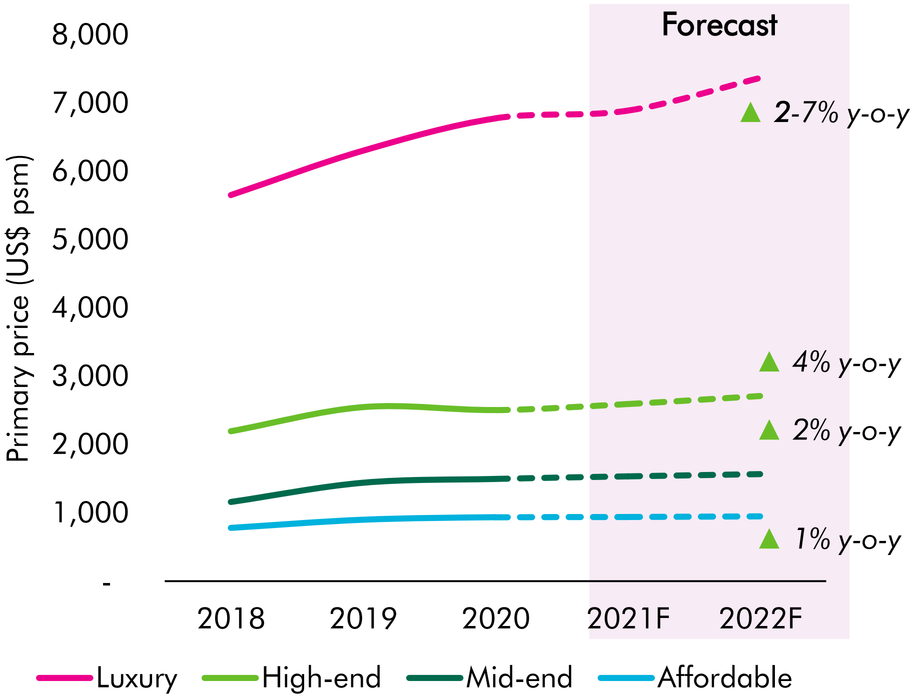
Celesta Rise

MARKET OUTLOOK

HCMC Condominium, Future Supply and Sold Units



HCMC Condominium, Primary Price



Source: CBRE Vietnam Research, Q4 2020.

Improvement in **product quality and new branded residence product,** driven by the growing number of **new join ventures.**

Investors/developers are looking for **new opportunities** in other **provinces**

Vaccine for COVID-19 and **Vaccine for the market**

2021 will be **challenging for buyers,** because of **the continued lack of affordable and mid-end products**

Big data, proptech
to track customers and drive customization. Better services, better positioning, better sale management and asset management

ASIA PACIFIC REAL ESTATE

MARKET OUTLOOK | VIETNAM

THANK YOU

CBRE RESEARCH

To learn more about CBRE Research, or to access additional research reports, please visit the Global Research Gateway at www.cbre.com/research-and-reports

CBRE