

Retail Snapshot Q4 2016

Hanoi, Vietnam

HANOI RETAIL

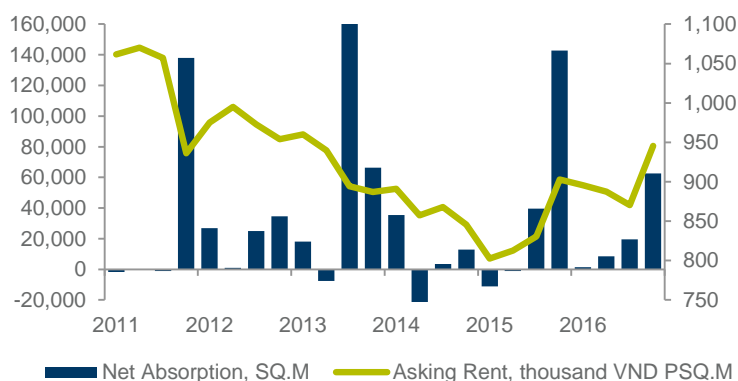
Economic Indicators

	2015	2016	12-Month Forecast
GDP Growth (%)	6.68	6.21	▼
CPI (%)	0.63	2.66	▲
Inward FDI (billion US\$)	22.76	24.37	▲

Market Indicators

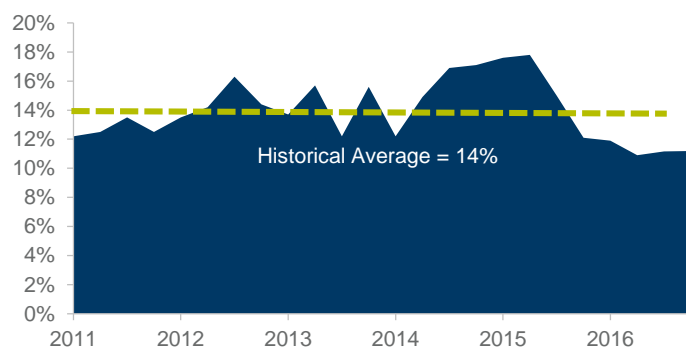
	Q4 15	Q4 16	12-Month Forecast
Overall Vacancy (%)	12.1%	11.2%	▼
Net Absorption (sq.m)	142,660	62,630	▼
Overall Average Asking Rent (VND/sq.m/month)	903,000	945,000	▲

Net Absorption/Asking Rent



(*) Average rent on the ground level is used as a benchmark to represent the rent of each retail center. All rents include Service charge and exclude VAT

Overall Vacancy



Economy

Despite difficulties in agricultural production caused by natural disasters and falling industrial growth, as well as certain impacts from the unstable global economy and politics, Vietnam's GDP for 2016 was still recorded an acceptable growth at around 6.2%; while inflation was still well under control at 2.66%. Vietnam also recorded trade surplus of around \$2.6 billion, an improvement over the trade deficit of around \$3.5 billion in 2015.

Total inward FDI into Vietnam (both newly registered and adjusted capital) reached US\$24.37 billion, up 7.1% y-o-y; implemented FDI was estimated to have reached US\$15.8 billion, up 9% y-o-y. The manufacturing and processing industry attracted the largest shares to comprise 64.6% of registered capital, followed by real estate with 10.1%. Korea was the leading investor, contributing 36.3% of total new investment.

Market Overview

Three new shopping centres were delivered, adding nearly 76,000 sq.m to the market, whilst one department store was closed down in this quarter. Currently, total supply recorded at nearly 979,000 sq.m, an increase by 8% q-o-q and 11% y-o-y. Non-CBD districts accounted for over 98% of total stock.

Market performance remained stable on quarter, with overall occupancy rate stood at 89%, up moderately 1 percentage point (ppt) on year, mainly due to outstanding performance of new projects. All of the retail outlets in the CBD were fully occupied. Meanwhile, non-CBD areas recorded average occupancy at 89%.

Average asking rent increased remarkably by 9% q-o-q and 5% y-o-y, standing at VND945,000 per square meter per month (/sq.m./mo) (equivalent to US\$41.5/sq.m/month), mainly due to higher rents quoted by new projects. Average rent of the CBD was recorded at VND2,701,000/sq.m (US\$118.7/sq.m/month), which was nearly triple that of the non-CBD.

Outlook

In 2017, 12 new retail outlets are expected to be completed, providing over 158,000 sq.m. of retail space to the market. All of them are located in non-CBD areas, especially in Cau Giay, Thanh Xuan and Ha Dong Districts. Most of these projects are combined in residential complexes with main functions to serve as internal amenities.

With favorable demographic features, opening of the retail market according to WTO commitments attracted giant foreign retailers to Vietnam, causing fiercer competition in the market.

MARKETBEAT

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SUBMARKET	TOTAL BLDGS	INVENTORY (SQ.M)	VACANT AREA (SQ.M)	OVERALL VACANCY RATE	CURRENT NET ABSORPTION (SQ.M)	UNDER CONSTRUCTION (SQ.M)	AVERAGE ASKING RENT (VND/SQ.M/MONTH)*
Department Store	1	18,000	0	0%	(13,700)	0	1,593,000
Shopping Center	28	916,010	107,600	11.7%	76,030	121,830	928,000
Retail Podium	24	44,740	1,900	4.2%	300	158,950	1,031,000
HANOI TOTALS	53	978,750	109,500	11.2%	62,630	280,780	945,000

SUMMARY BY LOCATION	TOTAL BLDGS	INVENTORY (SQ.M)	VACANCY RATE	CURRENT NET ABSORPTION (SQ.M)	YTD NET ABSORPTION (SQ.M)	AVERAGE ASKING RENT (VND/sq.m/month)
CBD	13	24,090	0%	0	1,060	2,701,000
Non - CBD	40	951,510	10.4%	62,630	91,060	901,000
TOTAL	53	975,600	10.1%	62,630	92,120	950,000

Significant projects under construction Q4 2016

PROPERTY	LOCATION	SQ.M	STATUS	COMPLETION DATE
Hanoi Center Point	Non-CBD	15,040	Fitting out	2017
Machinco	Non-CBD	24,000	Under construction	2017
Discovery Complex	Non-CBD	21,950	Under construction	2017
FLC Twin Tower	Non-CBD	18,750	Under construction	2017

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