

# Serviced Apartment Snapshot

## Q4 2016

Hanoi, Vietnam



### HANOI SERVICED APARTMENT

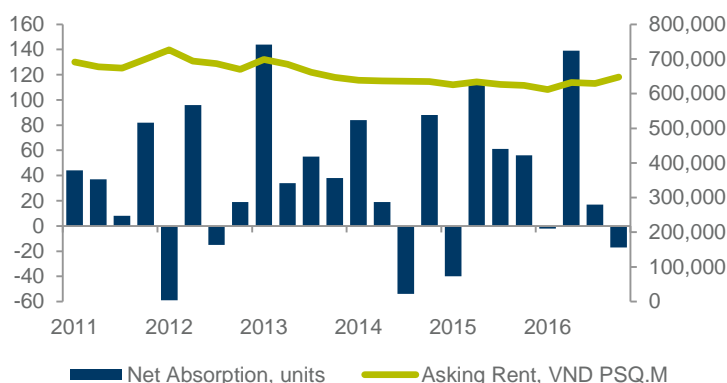
#### Economic Indicators

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

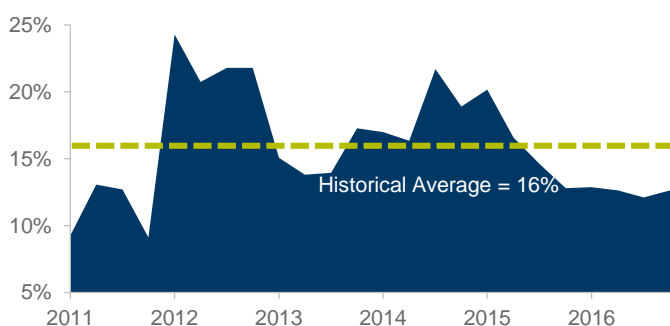
#### Market Indicators

	Q4 15	Q4 16	12-Month Forecast
Grade A Vacancy	13.6%	12.5%	▲
Grade A Average Rent	VND696k	VND742k	▲
Grade B Vacancy	11.5%	12.9%	▼
Grade B Average Rent	VND482k	VND479k	—

#### Net Absorption/Asking Rent



#### Overall Vacancy



\* ALL RENTS ARE ASKING RENTS, WITH SERVICE CHARGE INCLUDED AND VAT EXCLUDED

### 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

**No new projects were completed in Q4 2016.** Currently, there are 13 Grade A and 18 Grade B projects, supplying nearly 2,100 units and 1,170 units respectively to the market. Secondary area accounts for 60% of total stock, followed by Western districts with 31%, leaving 9% in the CBD.

**Both grades maintained stable performance** with average occupancy of Grade A was recorded at 88%, stable q-o-q and up 1 percentage point (ppt) y-o-y. Whereas, that of Grade B was slightly down 1 ppt on both a quarterly and yearly basis, to 87%. Hoan Kiem, Ba Dinh and Tay Ho Districts remained favored locations with occupancy rate at around 90%, approximately 10 - 20 ppts higher than the other areas.

**Average rents of both grades experienced increases on both a quarterly and yearly basis.** Grade A rose by 3% q-o-q and 7% y-o-y, to VND742,000 per square meter per month\* (/sq.m./mo.), equivalent to US\$32.6/sq.m./mo., while that of Grade B up 2% q-o-q and remained stable y-o-y, stood at VND479,000/sq.m./mo., equivalent to around US\$21.1/sq.m./mo. The Western region recorded the highest average rent, at VND724,000/sq.m./mo., equivalent to around US\$31.8/sq.m./mo which were higher than market average by 12% due to high concentration of Grade A.

### Outlook

In the next two years, approximately 1,000 units from six new projects will be completed, nearly half of which will be concentrated in the Western region. Besides, competition also comes from mid to high-end buy-to-let apartments which are usually offered at much lower rents. Prospects within the sector is expected to remain promising with the Government committed to make Vietnam an investment destination.

MARKETBEAT

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SUMMARY BY GRADE	TOTAL BLDGS	TOTAL UNITS	VACANCY RATE	CURRENT NET ABSORPTION (units)	YTD NET ABSORPTION (units)	AVERAGE ASKING RENT OVERALL*	AVERAGE ASKING RENT DIRECT*
Grade A	13	2,087	12.5%	(3)	154	VND742,000	VND742,000
Grade B	18	1,167	12.9%	(14)	(17)	VND479,000	VND479,000

\* All Rents are asking rents, with service charge included and VAT excluded

## Significant Projects Under Construction Q4 2016

PROPERTY	EST. NUMBER OF UNITS	LOCATION	DEVELOPER	EXPECTED COMPLETION DATE
Somerset West Point	200	Tay Ho	Golden Villa Ltd. Co.	2017
Somerset West Central Hanoi	252	Cau Giay	Handico Thuy Duong JSC	2018

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