

HO CHI MINH OFFICE

Economic Indicators

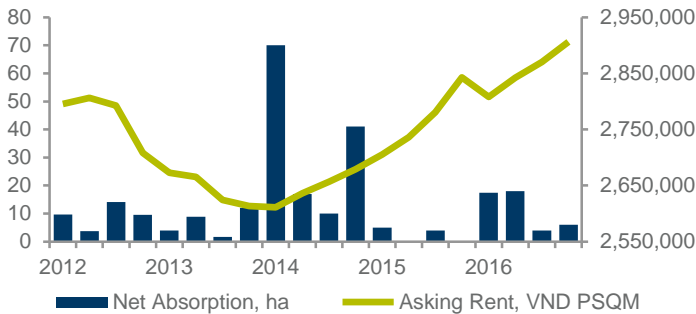
	2015	2016	12-Month Forecast
GDP Growth (%)	6.68	6.21	▼
CPI (%)	0.63	2.66	▲
Inward FDI (billion US\$)	22.76	24.37	▲

Market Indicators

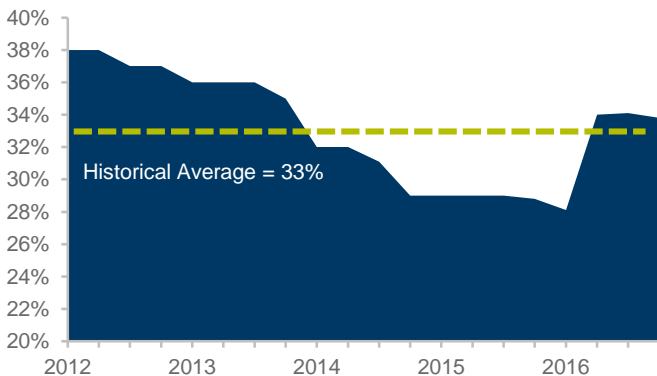
	Q4 15	Q4 16	12-Month Forecast
Overall Vacancy	28.8%	33.8%	■
Net Absorption	0 ha	6 ha	▲
Under Construction	404 ha	404 ha	■
Overall Average Asking Rent (/sqm/term)	VND2,793k	VND2,906k	▲

Net Absorption/Asking Rent

4Q TRAILING AVERAGE



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

No new industrial park (IP) was recorded in this quarter. Currently, there are 19 operating IPs covering a total area of nearly 3,940 hectares. The leasable area is estimated to be about 63% of the total land area. Average LUR remaining period is approximately 35 years.

The average rent increased on both a quarterly and yearly basic whilst the occupancy remained stable on quarter but dropped by 5 percentage points (ppts) on year, stood at 66%, mostly due to the low occupancy at new project. The average rent rose by over 1% q-o-q and 3% y-o-y, at around VND2,906,000 per square meter per term (/sq.m./term) (equivalent to US\$130/sq.m./term), mainly due to the high rent of the new IP. This rent was around two times higher than that in the neighboring provinces, such as Binh Duong and Dong Nai.

Ready-Built Factory rents for areas of about 2,000 - 3,000 sq.m ranged from VND57,000 - 114,000/sq.m./month (US\$2.5 – 5.0/sq.m./month).

* ALL RENTS ARE ASKING, EXCLUDING VAT

Outlook

The total increase in industrial land in HCMC up to 2030 is projected at approximately 2,100 hectares, up some 67% from the current stock. However, the majority of future projects are still in the clearance and compensation stage; construction progress is expected to be protracted.

Stable economic conditions, favorable government policies towards investment and integration as well as competitive labor costs are great advantages helping the country to maintain high levels of investment from foreign manufacturers. Demand for industrial land is still expected to be on the rise, and this segment will remain a compelling investment.

MARKETBEAT

Industrial Snapshot Q4 2016

Ho Chi Minh City, Vietnam



SUBMARKET	TOTAL IPs	INVENTORY (HA)	YTD LEASING ACTIVITY (HA)	OVERALL VACANCY RATE	UNDER CNSTR (HA)	NET RENT (VND/SQM/TERM)
District 2	1	72	72	0%	0	VND2,276,000
District 7	1	195	193	1%	0	VND5,917,000
District 12	1	22	22	0%	0	VND2,267,000
Binh Tan District	2	321	321	0%	0	VND5,074,000
Tan Phu District	2	92	92	0%	0	VND4,552,000
Thu Duc District	3	110	110	0%	0	VND4,012,000
Nha Be District	2	506	318	37%	0	VND2,349,000
Binh Chanh District	3	421	110	73%	231	VND2,600,000
Cu Chi District	4	753	404	46%	173	VND1,649,000
TOTAL	19	2,493	1,641	34%	404	VND2,906,000

*Rental rates reflect asking \$psqm/term

Significant projects Q4 2016

PROPERTY	HECTARE	DISTRICT	STATUS
Le Minh Xuan – Phase 3	231	Binh Chanh	Under Construction
Tay Bac Cu Chi – Phase 2	173	Cu Chi	Under Construction
Hiep Phuoc – Phase 3	1,000	Nha Be	Clearance & Compensation
Vinh Loc 1 – Phase 3	200	Binh Chanh	Clearance & Compensation

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