

Serviced Apartment Snapshot Q4 2016

Ho Chi Minh City, Vietnam



HO CHI MINH SERVICED APARTMENT

Economic Indicators

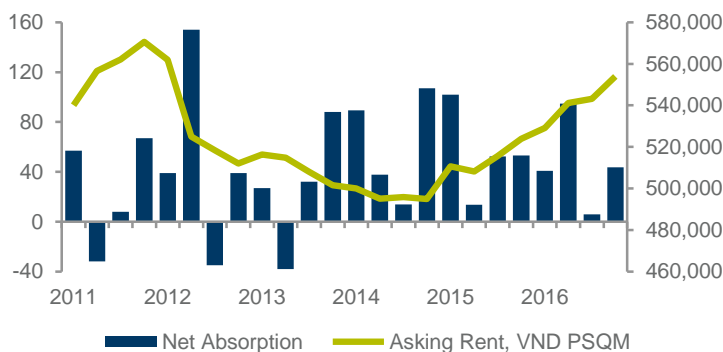
	2015	2016	12-Month Forecast
GDP Growth (%)	6.68	6.21	▼
CPI (%)	0.63	2.66	▲
Inward FDI (billion US\$)	22.76	24.37	▲

Market Indicators

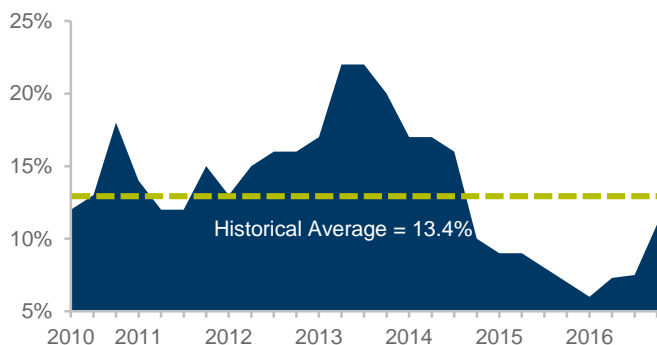
	Q4 15	Q4 16	12-Month Forecast
Grade A Vacancy	7.3%	7.8%	▲
Grade A Average Rent	VND663k	VND688k	▲
Grade B Vacancy	8.6%	12.0%	▲
Grade B Average Rent	VND482k	VND514k	▲

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

The remaining 130 units from a Grade B project were completed this quarter. Currently, the market comprises over 760 units from eight Grade A buildings and nearly 2,560 units from 24 Grade B buildings, up 4% q-o-q and 10% y-o-y. Those in District 1 make up approximately 40% of the total supply.

Grade A continued to see gradual improvement with average occupancy rising on quarterly basis, up 6 percentage points (ppt), to 92%. In contrast, average occupancy of Grade B down by 5 ppts on quarter and 3 ppts on year, to 88% largely due to the seasonal fluctuation in short-term leases as well as the low occupancy rate recorded at the new project.

Average rents of both grades experienced increases on both a quarterly and yearly basis, mostly due to the higher rent offered at new projects. Grade A rose by 4% y-o-y, to VND688,000 per square meter per month* (/sq.m./mo.), equivalent to US\$30/sq.m./mo., while that of Grade B up over 3% q-o-q and 7% y-o-y, stood at VND514,000/sq.m./mo. (US\$23/sq.m./mo.).

District 1 have traditionally outperformed due to its prime location, accessibility and full range of facilities, with a high occupancy rate of 93%, approximately 8 ppts higher than the non-CBD area, despite the average rent being 30% higher than in the non-CBD area, at VND639,000/sq.m./mo, equivalent to US\$28.1/sq.m./mo*,

Outlook

Around 500 units from four projects are expected to be completed by 2017, of which nearly 70% will be in District 1. The CBD continues to be the preferred location of developers. However due to limited land available for new development, future stock is expected to shift east and southwards where there a well-developed infrastructure exists. Prospects within the sector is expected to remain promising with the Government committed to make Vietnam an investment destination.

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

MARKETBEAT

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SUMMARY BY CLASS	TOTAL BLDGS	TOTAL UNITS (UNITS)	VACANCY RATE	CURRENT NET ABSORPTION (UNITS)	YTD NET ABSORPTION (UNITS)	AVERAGE ASKING RENT OVERALL*	AVERAGE ASKING RENT DIRECT*
Class A	8	760	7.8%	43	67	VND687,700	VND687,700
Class B	24	2,560	12.0%	1	118	VND514,100	VND514,100

* 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
Ascott Waterfront Saigon	222	District 1	M.I.K Corporation	2017
New Pearl Residence	120	District 3	Sunny World	2017
Saigon Plaza	119	District 1	Quoc Cuong Group	2017
Marie Curie Hotel & Suites	45	District 3	Areco Realty Co.,Ltd	2017
Citadines Regency Saigon	200	District 3	The Ascott Ltd	2018

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