

HANOI INDUSTRIAL MARKETBEAT

DECEMBER 2017



0.8%

RENT GROWTH
(YoY)

20.6%

VACANCY RATE
(Q4 2017)

2,311 HA

PLANNED AND UNDER
CONSTRUCTION

HIGHLIGHTS

Sustained economic growth

Impressive economic growth in the third quarter of 2017 continued for a year-end result of 6.7%, while inflation was well controlled at less than 5.0%. In the first 11 months of the year, more than 116,000 new enterprises were established – a 14.1% year-on-year (YoY) increase. Foreign direct investment totaled US\$33.1 billion, up 53.4% YoY.

Steadily improved performance

The addition of 2.6 hectares (ha) from an existing industrial park (IP) raised total industrial stock in Hanoi to more than 1,293 ha, up 0.2% YoY. Administrative reforms, an improved business environment and a special mechanism for industrial development helped Hanoi to attract more investment projects, resulting in better performance for IPs.. The overall vacancy rate for the fourth quarter of 2017 fell to 20.6%, down 4.6 percentage points YoY. Most of the space available for lease was in Hoa Lac Hi-tech Park, Quang Minh I, Phu Nghia and HANSSIP.

Average rents trending higher

Average asking rents were still trending upwards, reaching VND2,600,000 per square meter per term (/sq.m./term) (US\$114.5/sq.m./term) in the fourth quarter of 2017, up 0.8% YoY due to rising rents for existing IPs and a reduced quantity of vacant land. With some uncertainty around the completion of new projects, rents for the limited outstanding stock are expected to steadily rise.

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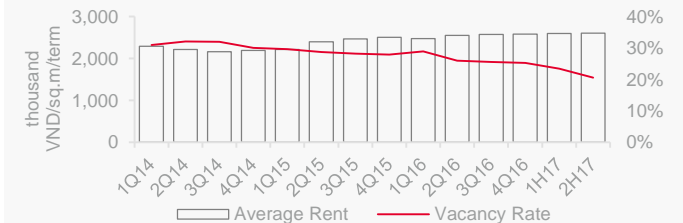
DATA
INTO
ACTION

ECONOMIC INDICATORS

	11M 16	11M 17	12-Month Forecast
Inflation (CPI)	2.47%	3.61%	▲
FDI (bil. US\$)	18.10	33.10	▲
Trade balance (bil. US\$)	2.84	2.80	▲

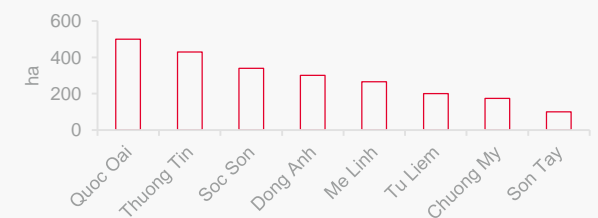
Source: General Statistics Office

AVERAGE RENTS & VACANCY RATE



Source: Cushman & Wakefield Vietnam – Research & Consultancy

SUPPLY PIPELINE UP TO 2020



Source: Cushman & Wakefield Vietnam – Research & Consultancy

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SUBMARKET	INVENTORY (HA)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (HA)	AVERAGE EFFECTIVE RENT		
				VND/SQ.M/ TERM	US\$/SQ.M/ TERM	EUR/SQ.M/ TERM
Thach That – Quoc Oai	518	44.9%	500	VND1,807,000	US\$79.57	€67.63
Me Linh	240	4.2%	266	VND3,179,000	US\$140.00	€119.00
Dong Anh	206	0.0%	300	VND2,725,000	US\$120.00	€102.00
Soc Son	117	7.9%	340	VND3,299,000	US\$145.27	€123.48
Chuong My	111	13.6%	175	VND2,839,000	US\$125.00	€106.25
Gia Lam	78	0.0%	0	VND3,861,000	US\$170.00	€144.50
Tu Liem	24	0.0%	200	VND4,248,000	US\$187.05	€158.99
HANOI TOTAL	1,293	20.6%	1,781	VND2,600,000	US\$114.51	€97.33

[^]All rents are inclusive of SC but exclusive of VAT
US\$/VND = 22,710; US\$/EUR = 0,850 as at 8 December 2017

SIGNIFICANT FUTURE PROJECTS

PROPERTY	SUBMARKET	MAJOR TENANT	HA	COMPLETION DATE
Soc Son Clean IP	Soc Son	N/A	340	2020
Dong Anh IP	Dong Anh	N/A	300	2020
Quang Minh II IP	Me Linh	N/A	266	2020
Phung Hiep IP	Chuong My	N/A	175	2020
Thanh My Xuan Son IP	Son Tay	N/A	100	2020