

HO CHI MINH CITY INDUSTRIAL MARKETBEAT

DECEMBER 2017

2.3%

RENT GROWTH
(YoY)

29.2%

VACANCY RATE
(Q4 2017)

1,380 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.

Stable supply enables improved performance

Total industrial stock remained stable on both a quarterly and yearly basis, with a total leasable area of 2,480 hectares (ha) from 19 operating industrial parks. Steady improvement in market performance has been recorded, with occupancy rate increased modestly 1 percentage point q-o-q and 5 ppts. YoY, achieving 70.8%. Many solutions to remove obstacles for IP investors to enhance competitiveness recently such as site clearance speeding up processes, improve labor productivity and skill, capital support for infrastructure development; "one-stop, on-the-spot" implementation, etc.; The city is now focusing on attracting high added-value, less labor-intensive industries, and applying new technologies.

Rents increase marginally

The average asking rent for industrial parks (IPs) increased nearly 2.3% YoY to VND3,027,000 per square meter per term (/sq.m./term), equivalent to US\$133.3/sq.m./term. Rental increases in existing IPs, coupled with increased currency exchange, resulted in 4.1% growth per annum over the last three years.

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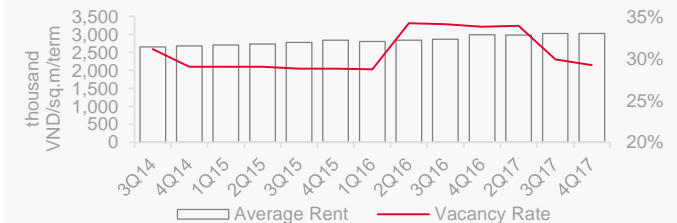
DATA
INTO
ACTION

ECONOMIC INDICATORS

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

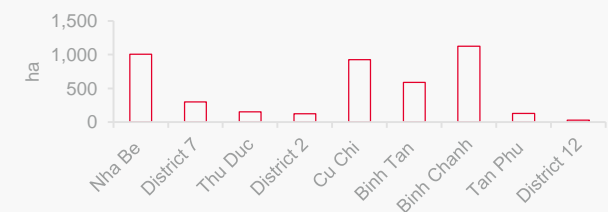
Source: General Statistics Office

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 RENT		
				VND/SQM/TERM	US\$/SQM/TERM	EUR/SQM/TERM
District 7	195	3%	0	VND5,905,000	US\$260	€221
Nha Be District	506	32%	500	VND2,599,000	US\$114	€97
Thu Duc District	110	0%	0	VND4,003,000	US\$176	€150
District 2	72	0%	0	VND2,271,000	US\$100	€85
Binh Tan District	321	0%	0	VND5,063,000	US\$223	€190
Tan Phu District	92	0%	0	VND4,542,000	US\$200	€170
Binh Chanh District	409	57%	704	VND2,594,000	US\$114	€97
District 12	22	0%	0	VND2,262,000	US\$100	€85
Cu Chi District	753	43%	173	VND1,704,000	US\$75	€64
HO CHI MINH CITY TOTAL	2,480	29%	1,377	VND3,027,000	US\$133	€113

*^All rents are inclusive of SC but exclusive of VAT
US\$/VND = 22,710; US\$/EUR = 0.850 as at 08 Dec 2017*

SIGNIFICANT FUTURE PROJECTS

PROPERTY	SUBMARKET	HECTARES	STATUS	EXPECTED COMPLETION
Le Minh Xuan – Phase 3	Binh Chanh	231	Under Construction	2020
Tay Bac Cu Chi – Phase 2	Cu Chi	173	Under Construction	2020
Hiep Phuoc – Phase 3	Nha Be	500	Clearance & Compensation	2020
Vinh Loc 1 – Phase 3	Binh Chanh	200	Clearance & Compensation	2020

**DATA
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ACTION**

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