

HO CHI MINH CITY RETAIL MARKETBEAT

DECEMBER 2017



-1.1%

**RENTAL GROWTH
(YoY)**

8.7%

**VACANCY RATE
(Q4 2017)**

106,100 sq.m

**NEW COMPLETIONS
(YTD)**

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 improving performance

Two new supermarkets were completed in the fourth quarter of 2017; while one retail outlet has converted its retail space to office for lease and the other two were closed, causing total stock to reduce by 0.9% on quarter. Over the year, stock increased by 4.9% to more than 1.17 million square meters (sq.m.) across 148 outlets.

The occupancy rate improved slightly by 2.1 percentage points (ppts) on quarter but a decrease of 1.5 ppts on year to 91.3%. The expansion of some fast fashion giants such as Zara and H&M recently indicating the potential of fast fashion market to be the fastest growing segment in the coming years and creating positive movements for the city's retail market.

Rents trend downwards

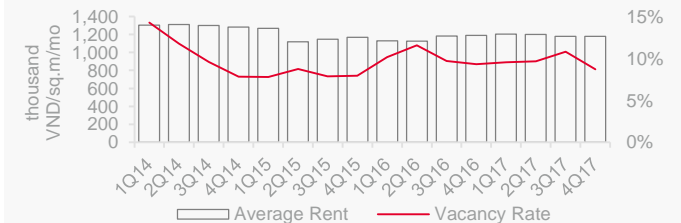
The overall rental rate has witnessed a downward trend by 4.8% p.a during the past three years, as the result of the decentralization of the new supply recently. The average rent in Q4 2017 remained stable on quarter but fell moderately 1.1% YoY to around VND1.18 million per sq.m. per month, equivalent to US\$51.8/sq.m/month. The CBD recorded the highest rate at VND2.41 million/sq.m/month (US\$106/sq.m/month), which was nearly triple that of other districts and double the market average.

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	▲

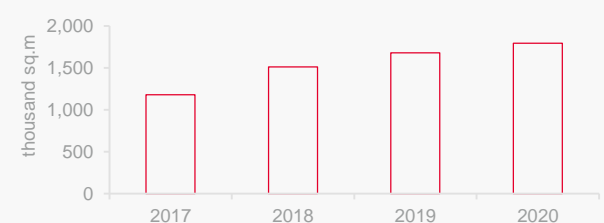
Source: General Statistics Office

AVERAGE RENT & VACANCY RATE



Source: Cushman & Wakefield Vietnam – Research & Consultancy

SUPPLY PIPELINE



Source: Cushman & Wakefield Vietnam – Research & Consultancy

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SUBMARKET	INVENTORY (SQ.M)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (SQ.M)	AVERAGE ASKING RENT		
				VND/SQ.M/MO	US\$/SQ.M/MO	EUR/SQ.M/MO
CBD	141,100	2.4%	92,900	VND2,407,000	US\$105.9	€90.0
CBD Fringe	88,900	15.1%	112,900	VND2,052,000	US\$90.37	€76.82
East	277,200	15.8%	296,600	VND807,000	US\$35.5	€30.2
South	154,900	11.7%	105,500	VND884,000	US\$38.9	€33.1
North	320,000	4.9%	158,700	VND780,000	US\$34.3	€29.2
West	190,700	4.7%	305,200	VND743,000	US\$32.7	€27.8
HO CHI MINH CITY TOTAL	1,172,800	8.7%	1,071,800	VND1,176,000	US\$51.8	€44.0
Department Store	110,100	7.4%	N/A	VND1,655,000	US\$72.9	€62.0
Shopping Center	614,400	7.2%	N/A	VND1,007,000	US\$44.3	€37.7
Retail Podium	60,500	27.7%	N/A	VND844,000	US\$37.2	€31.6
Bazaar	26,100	4.5%	N/A	VND3,923,000	US\$172.7	€144.4
Supermarket	295,700	N/A	N/A	N/A	N/A	N/A
Wholesale	66,000	N/A	N/A	N/A	N/A	N/A

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

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ.M	COMPLETION DATE
Crescent Mall – Phase 2	Non - CBD	N/A	18,000	2018
Van Hanh Mall	Non - CBD	N/A	68,000	2018
Elite Mall	Non – CBD	N/A	60,000	2020