

Savills Property Price Index (SPPI)

May 2017

Residential Index

In Q1/2017, the Residential Index was 106.6, decreasing less than 1 point (pt) quarter-on-quarter (QoQ) and year-on-year (YoY). The average selling price of VND27.4 million/m² was due to decreased secondary prices in some projects under pressure of increasing supply.

The overall primary absorption rate of approximately 27%, was down -4 percentage points (ppts) QoQ and -8 ppts YoY due to large supply. There were approximately 6,460 primary sales this quarter, decreasing -2% QoQ but increasing 15% YoY.

Near term stable performance is expected with more multi-function products. Focus will be on the affordable housing segment, mainly in large-scale projects in districts Ha Dong, Hoang Mai, Tu Liem and Thanh Xuan.

Office Index

In Q1/2017, the Office Index was at 87, up 1 point QoQ and 3 points YoY. The QoQ improvement was from a 1% QoQ rent increase. Occupancy was up 2 ppts YoY and average rents up 2% YoY.

CBD occupancy was 97%, stable QoQ but up 1 ppt YoY. Average rent was up 1% QoQ and 2% YoY, due to limited stock and high demand. The CBD index rose 1 point QoQ and 3 points YoY.

In the non-CBD index an increase in occupancy was the main reason for the 1 ppt QoQ and 3 ppts YoY gains.

In Q1/2017, total office take-up was 4,400 m², down -65% QoQ and -83% YoY due to limited vacancy. According to Savills' office forecasting model, the prime office market is still in the lessor's favour with rent forecast to increase 7% in 2017. However, performance will be negatively affected by the entrance of two large-scale projects in mid 2017.

FIGURE 1 Residential QoQ Index



Note: Base Index in Q1 2009 = 100
Source: Savills Research & Consultancy

FIGURE 2 Office QoQ Index



Note: Base index in Q1/2009 = 100
Source: Savills Research & Consultancy

Savills Research team

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Savills plc.

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