

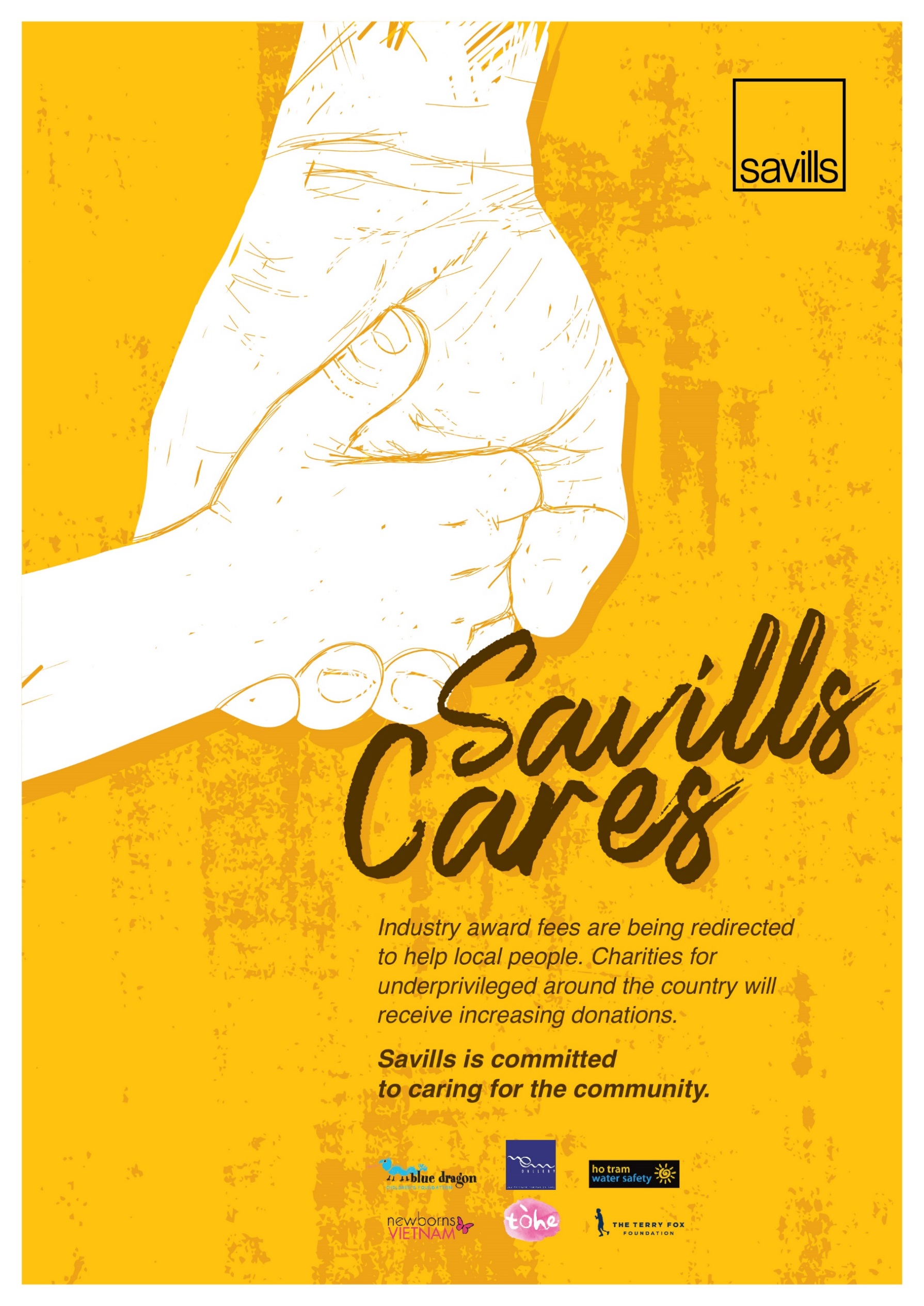
GDP growth achieved 7.4% in Q1/2018, the highest in Q1 for the last 10 years. The main driver was the industry and construction sector, followed by services. Inflation was well-controlled with CPI increasing by 2.8% year on year (YoY).

Strong export value of US$54billion resulted in a trade surplus of US$1.3 billion. The EU is the largest export market, followed by the USA.

International visitors continued to trend up with 4.2 million arrivals, up 31% YoY.

Total registered FDI was US$5.7billion, with Korea as the largest contributor. Disbursed FDI reached US$3.8billion, up 7% YoY.

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| **RETAIL: SOFT PERFORMANCE IN NON-CBD** | | |
| Total stock was over 1.2 million m2 with 73,000 m2 added from the entry of three new supermarkets and two shopping centers. Three closures and three changed uses withdrew 39,200 m2.  Average gross rent decreased slightly -1% quarter-on-quarter (QoQ). Average occupancy had a slight decrease of -1ppts due to new supply in non-CBD with low rent and occupancy. New fashion brands and international F&B entries replaced unappealing tenants.  Sales focused on F&B, clothes and household appliances. Automated convenience and click-to-brick become popular. E-commerce continuously attracted investment, with Amazons entry announcement a highlight. | | FIGURE 1  Source: Savills Research & Consultancy |
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| **office: STRONG PERFORMANCE** | | |
| Four new projects including one Grade B and three Grade C provided 53,000 m2 to the market. Total stock was over 1.7 million m2, up 4% QoQ and 10% YoY.  Performance remained positive. Average gross rent increased 8% YoY. The surge resulted from major increase of Grade B rent – an alternative to Grade A. Average occupancy was stable at 96 percent.  By 2020, the market is expected to have approximately 440,000 m2 from all grades. In the next two years, no Grade A supply will enter the market. | | FIGURE 2  Source: Savills Research & Consultancy |
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| **SERVICE APARTMENT: large future supply** | | |
| Three new projects and one closure for renovation, increased total stock by 6% QoQ and 16% YoY. Total stock was more than 5,100 units.  New projects had an impact on overall market performance. The average occupancy was down -3ppts QoQ and rent increased slightly 1% QoQ due to low occupancy and high rent from a new project.  Expected large future supply of more than 1,000 units in the last nine months of 2018 will pressure market performance. | | Source: Savills Research & Consultancy  FIGURE 3 |
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| **HOTEL: recovery** | | |
| Stock was up 2% YoY to over 16,500 rooms from 133 projects.  Average occupancy was approximately 74%, up 6ppts YoY. The average room rate (ARR) was US$83/room/night, up 4% YoY due to increases in all segments for the first time in the three years.  In 2018, HCMC set a new target of welcoming 7.5 million international visitors, an increase of 18% YoY. Till 2020, 14 new projects will supply approximately 3,500 rooms. More than 300 rooms from four existing 3 to 4-star hotels are awaiting rating approval. | FIGURE 4  Source: Savills Research & Consultancy | |
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| **APARTMENT: RECORD-bREAKING NEW SUPPLY** | | |
| Over 10,500 units from 13 new projects and the next phases of nine active projects were launched. Primary supply declined -13% QoQ and -32% YoY to 28,600 units.  Soft performance across all grades gave a total of 13,500 sales, decreasing -11% QoQ but increasing strongly 51% YoY. Grade C sales still dominated the market, with 62% of total sales. Absorption at 48% was up 1ppts QoQ and 26ppts YoY.    Till 2020, supply is expected to be more than 122,000 units from 93 projects. District 9 is expected to provide the largest share with 32 percent. Grade C is estimated to have the highest proportion, 61% of future supply. | FIGURE 5  Source: Savills Research & Consultancy | |
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| **VILLA/ TOWNHOUSE: Limited townhouse supply** | | |
| Four new projects and four new phases supplied over 770 dwellings. Primary stock was approximately 1,470 dwellings, down -28% QoQ and -40% YoY.  Transactions were down 36% QoQ but up 39% YoY. Absorption was 61%, down -7 ppts QoQ but increased 26 ppts YoY. New projects accounted for 40% sales.  Primary land plots supplied more than 2,700 plots this quarter. The segment performed strongly with 71% absorption. District 9 led with 35% sales.  From Q2/2018 to 2020, new supply will be approximately 17,000 dwellings/plots. Eastern districts will dominate with 60% market share. | FIGURE 6  Source: Savills Research & Consultancy | |



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**For any other enquiries, please contact:**

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