

WHAT MAKES



# VIETNAM DIFFERENT

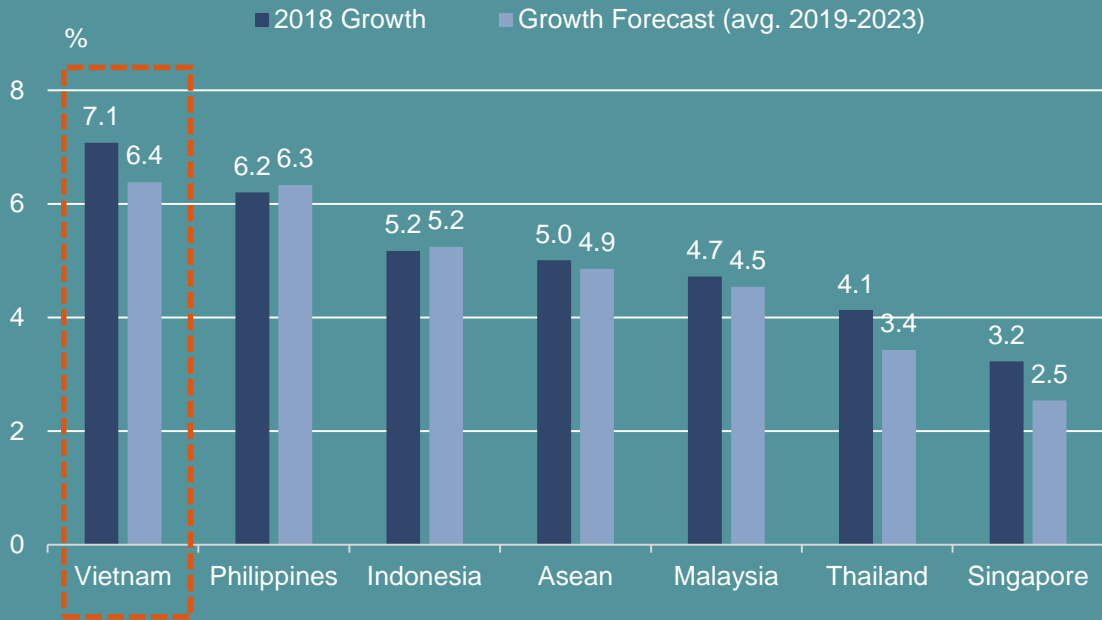
IN THE RACE TO SECURE  
INVESTMENT  
CAPITAL?

May, 2019



# REGIONAL OVERVIEW

## GDP growth

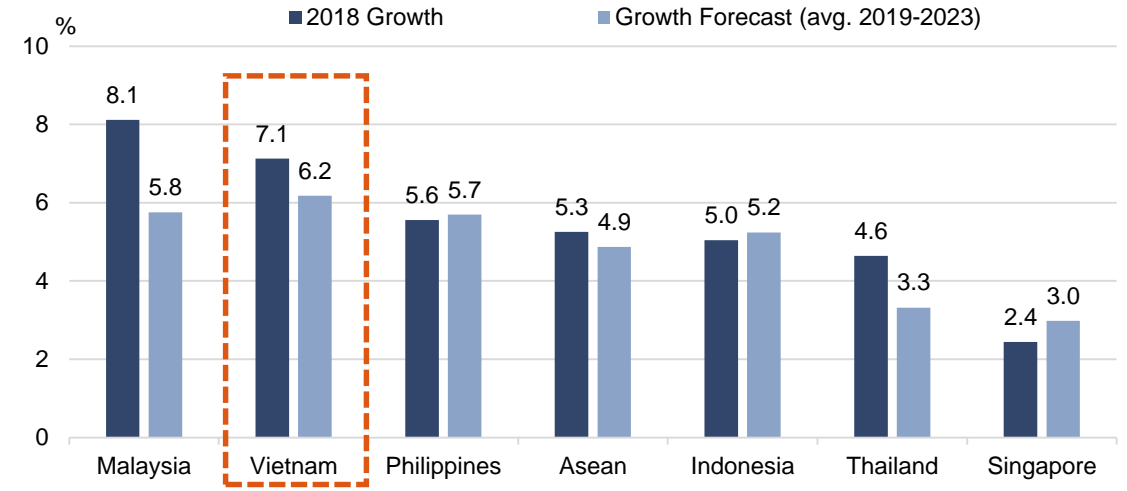


Source FocusEconomics, Apr 2019

- Vietnam is set to have strongest economic growth in Asean
- Strong growth is projected in investment and private consumption

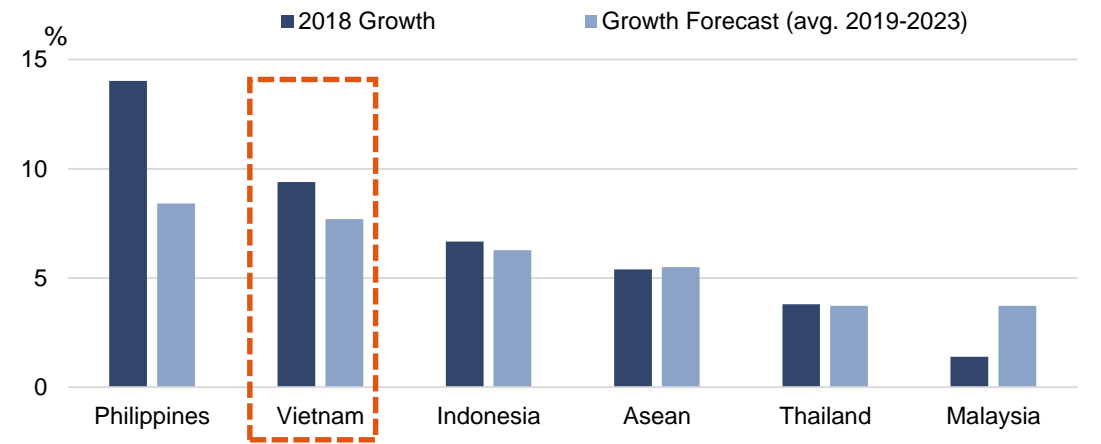


## Private consumption



Source FocusEconomics, Apr 2019

## Investment

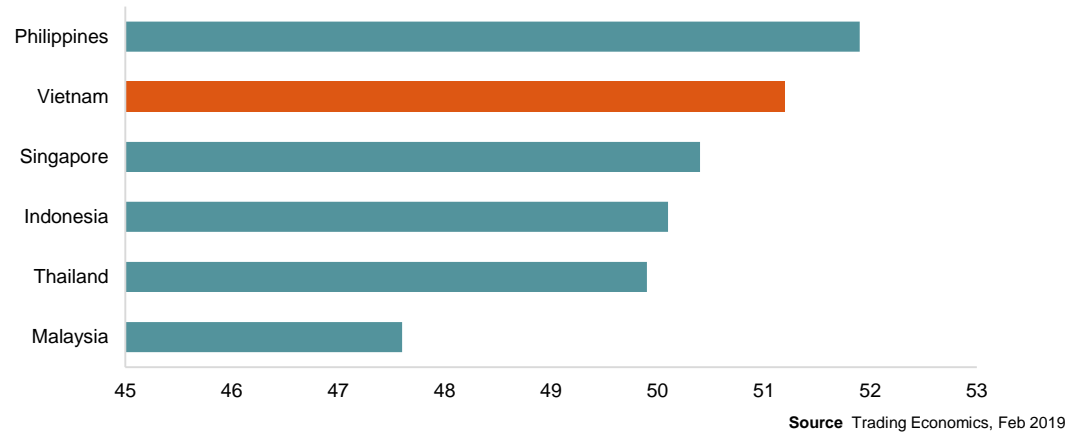


Source FocusEconomics, Apr 2019

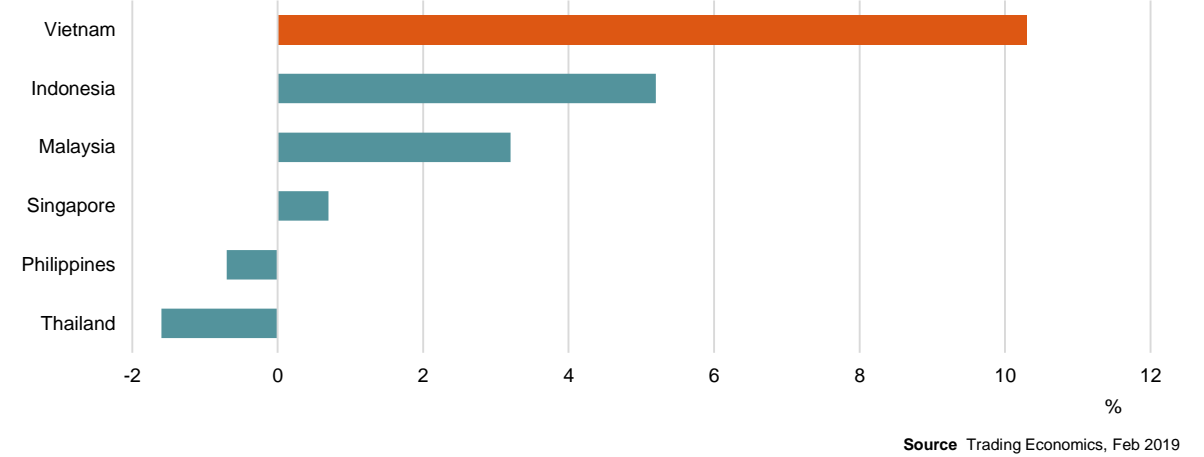
# REGIONAL OVERVIEW



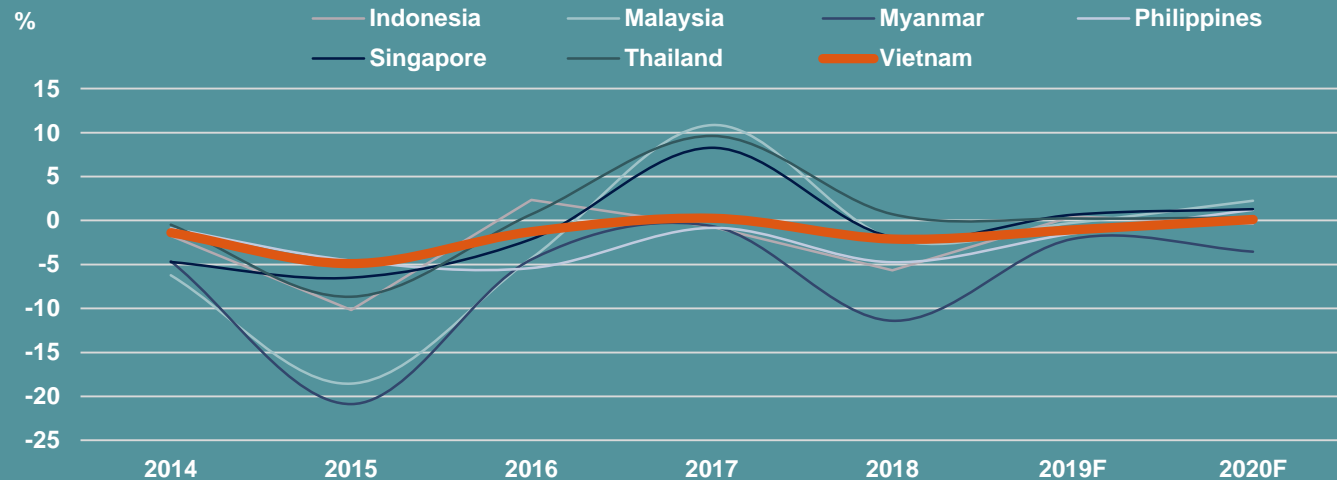
## Manufacturing PMI



## Industrial Production



## Forex



- Vietnam Dong is the most stable currency in the region
- Industrial production and PMI outperformed peer group
- Vietnam has become one of the key manufacturing hubs in the region

# VIETNAM MACRO, Q1/2019



GDP  
GROWTH RATE



**6.8** %

↓ 0.6 PPT

CPI



**2.6** %

N/A

FDI



**5.2 / 4.1**

↑ 31% / ↑ 6% BILLION \$

TRADE  
SURPLUS



**0.5** BILLION \$

N/A

FOREIGN  
VISITORS



**4.5** MILLION

↑ 7%

CREDIT  
GROWTH



**2** %

↓ 0.2 PPT

RETAIL SALES



**52** BILLION \$

↑ 9%

MORTGAGE  
RATE



**11** %

Stable

What makes Vietnam different  
in the race to secure investment capital?



# OFFICE



# OFFICE



## Supply

> **1.8** million m<sup>2</sup>  
**3%** YoY

## Performance

Occupancy

**98** %  
**Stable** QoQ  
**1ppt** YoY

Gross rent (US\$/m<sup>2</sup>/mth)

**31**  
**2%** QoQ  
**8%** YoY

**Grade A**

**\$59**

**2%** QoQ & **13%** YoY

**Grade B**

**\$32**

**2%** QoQ & **8%** YoY

**Grade C**

**\$20**

**2%** QoQ & **4%** YoY

## Outlook

**~363,000** m<sup>2</sup>



What makes Vietnam different  
in the race to secure investment capital?



# SERVICED APARTMENT



# SERVICED APARTMENT



## Supply

**>5,800**  
units

**1%** QoQ

**15%** YoY

## Performance

Occupancy **83%** **0 ppt** QoQ  
**(1) ppts** YoY

Avg Gross rent (US\$/m<sup>2</sup>/mth)

**Grade A**

**\$34**

**0%** QoQ & **(1)%** YoY

**Grade B**

**\$28**

**1%** QoQ & **5%** YoY

**Grade C**

**\$16**

**(1)%** QoQ & **(4)%** YoY

## Outlook

**>1,600** units

2018

9M/ 2019

2020

2021

2022



What makes Vietnam different  
in the race to secure investment capital?



# APARTMENT



# APARTMENT



## Supply

Primary

**>12,600**  
units

**(31%)** QoQ   **(55)%** YoY

New: 10 new launches & 10 next phases

## Performance

Absorption

**55%**

(5)ppts QoQ | 7ppts YoY

**Grade A**

**(48%)** QoQ  
**77%** YoY

Sales (Units)

**>6,900**

(37%) QoQ | (49%) YoY

**Grade B**

**(34%)** QoQ  
**(50%)** YoY

**Grade C**

**(38%)** QoQ  
**(52%)** YoY

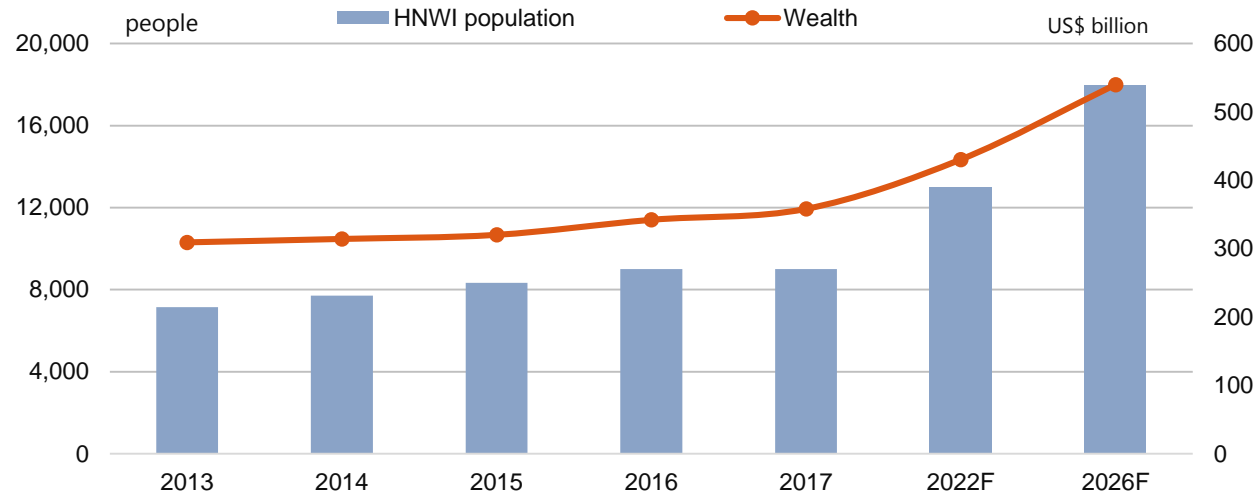
## OUTLOOK

**~163,000** units



# BOOMING HNWI'S

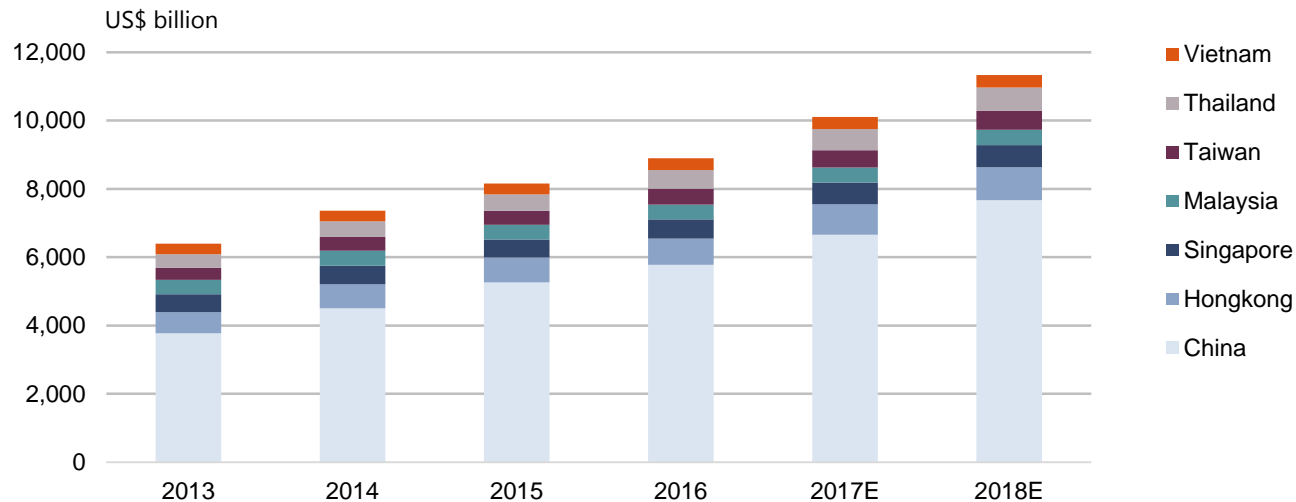
## Vietnam US\$ millionaires



Source: Global Wealthy Report 2017, Credit Suisse

- Vietnam's booming HNWI's and rising middle class deliver strong potential for high-end property
- Asian HNWI's also enjoyed the phenomenal growth of population and wealth
- Due to foreigner ownership policy, Vietnam has attracted investment from affluent Asian citizens.

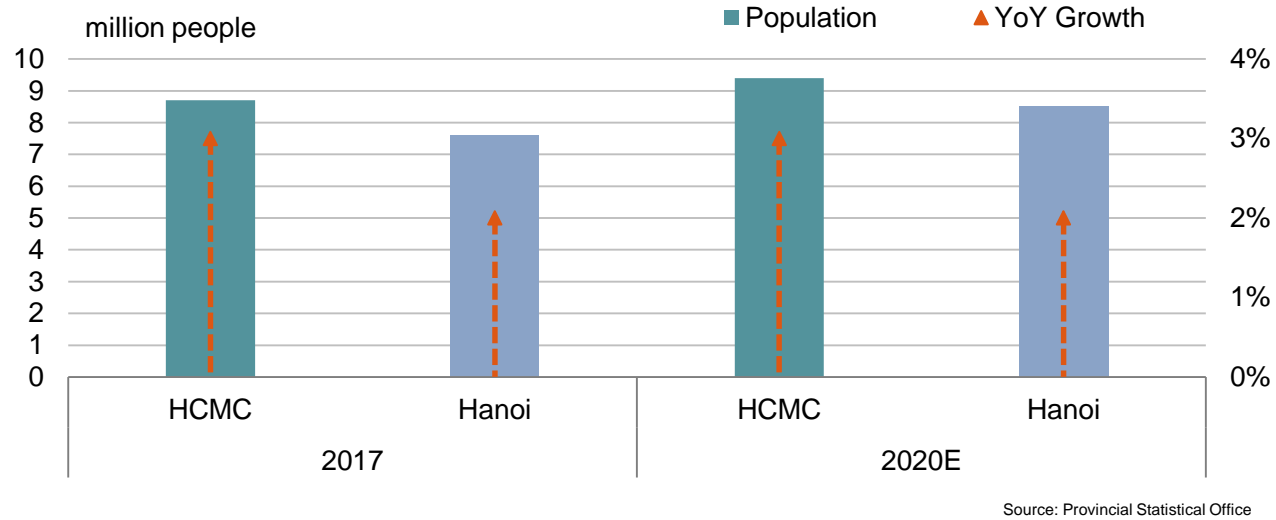
## Asian HNWI's wealth growth



Source: Capgemini Asia-Pacific Wealth Report 2017; Credit Suisse Global Wealth Report 2017

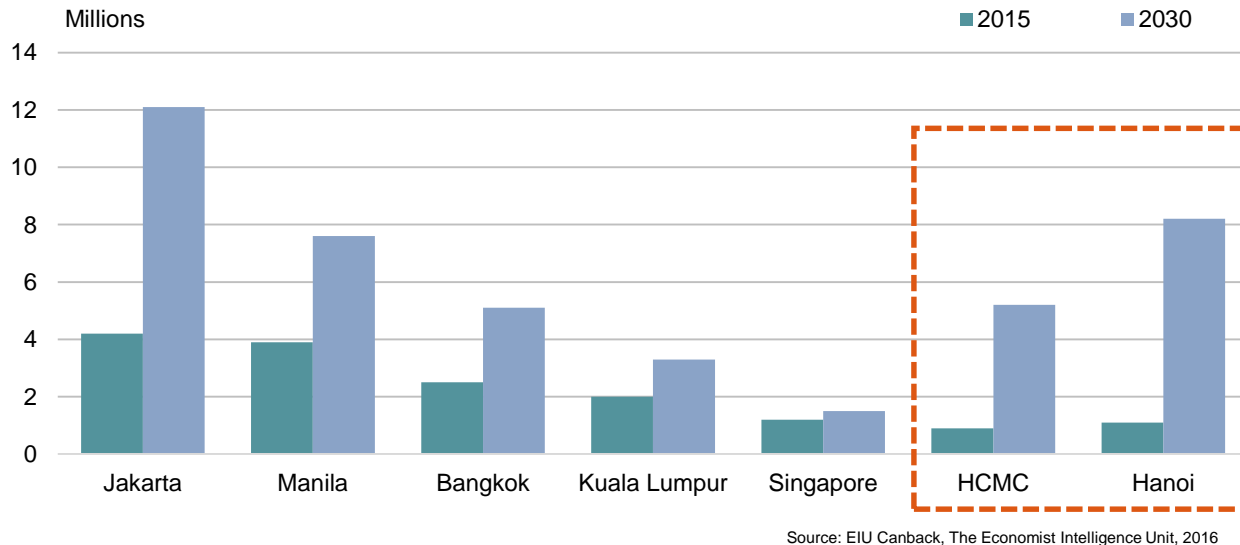
# NATIONAL HUBS

## HCMC & Hanoi population growth



- As the economic hubs of Vietnam, HCMC and Hanoi drive national fiscal growth as well as real estate performance.
- The two cities accounted for 17% of total inhabitants, whilst urbanisation rates are the highest in ASEAN countries.
- Strong population growth, as well as rising middle class created strong upscale residential demand.

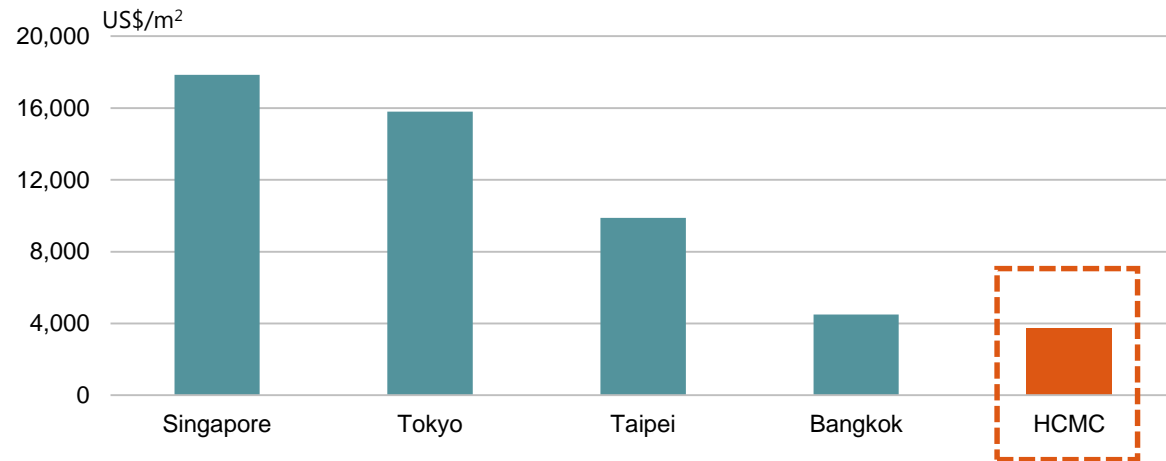
## Rising Middle Class



# HCMC PRESTIGE MARKET



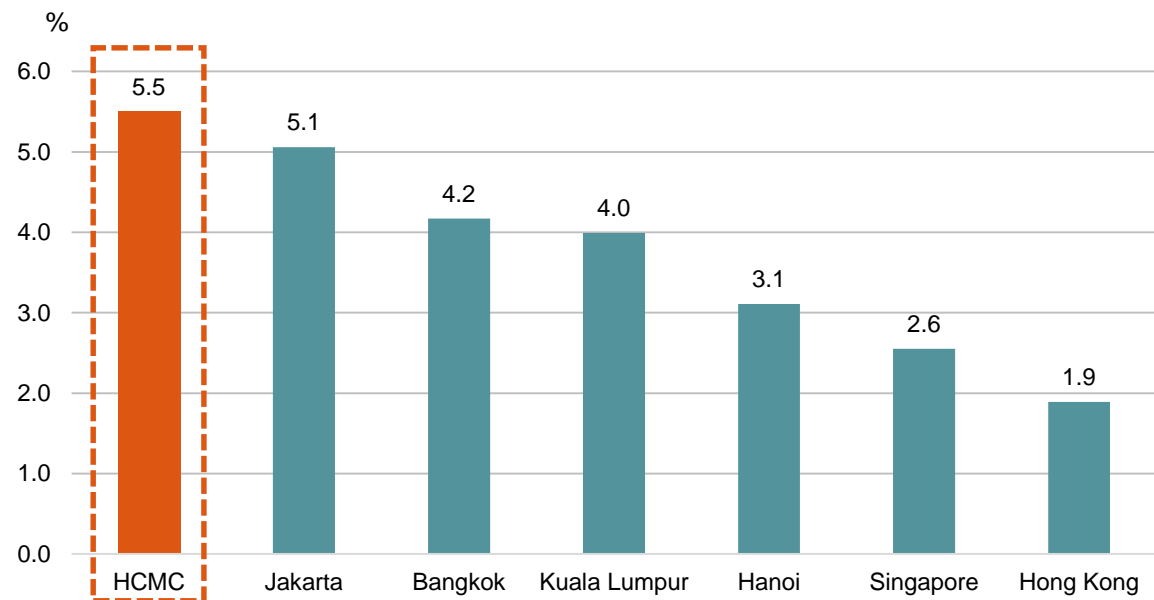
Avg. High-end US\$, 2018



Source: Savills Research & Consultancy

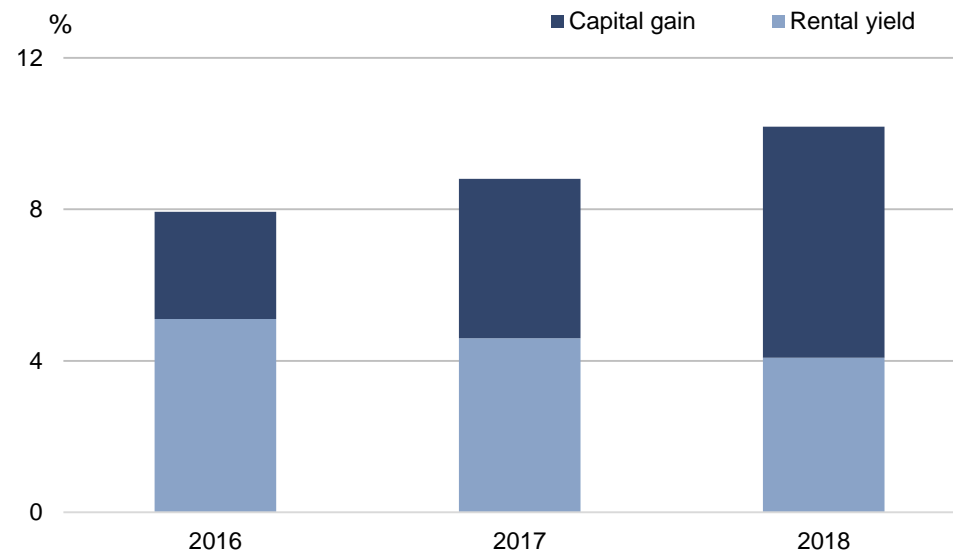
- Competitive regional price, attracting Asian HNWI's
- Amongst highest rental yield in the region
- Prestige investment: High and increasing total returns
  - Strong capital gain
  - Healthy rental yield

Rental yield



Source: Numbeo, 2018

Total Returns



Source: Savills Research & Consultancy

# TIMELINE OF GRADE A PROJECTS



Estella  
**\$ 1,800**



Gateway  
**\$ 2,100**



City Garden  
(Crescent)  
**\$ 2,500**



Empire City  
(Phase 1)  
**\$ 2,700**



Empire City  
(Phase 2)  
**\$ 3,500 - \$ 4,000**



Empire City  
(Phase 3)  
**\$ 5,500 - \$ 6,000**



Metropole  
**\$ 5,500 - \$ 6,000**



# HOUSING DEVELOPMENT PLAN UNTIL 2020

## CBD UNTIL 2020

Renovation

Replacement of old projects before 1975

No new high-rise buildings until 2020

Source: Housing Development Program 2016 – 2025 (July 2018) by HCMC People's Committee



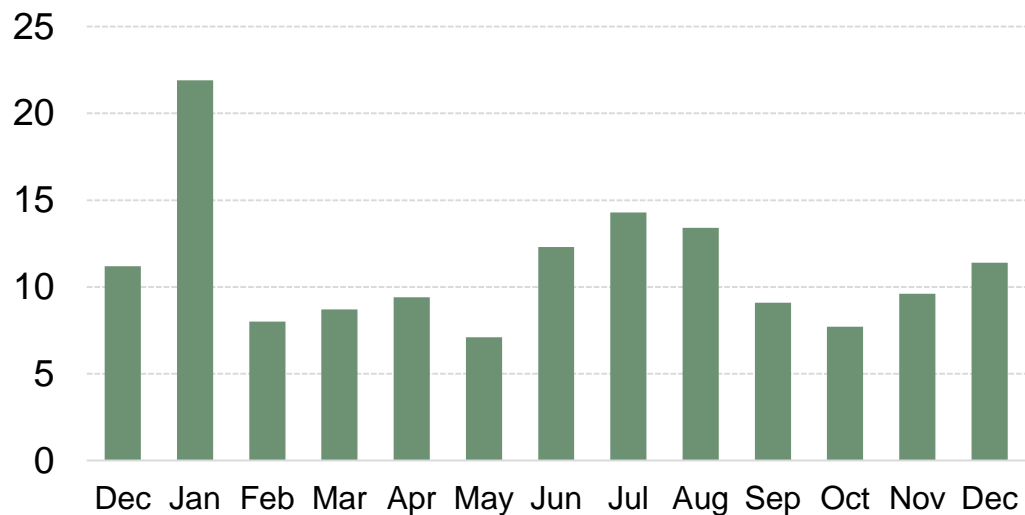
What makes Vietnam different  
in the race to secure investment capital?

# INDUSTRIAL





## Industrial Production

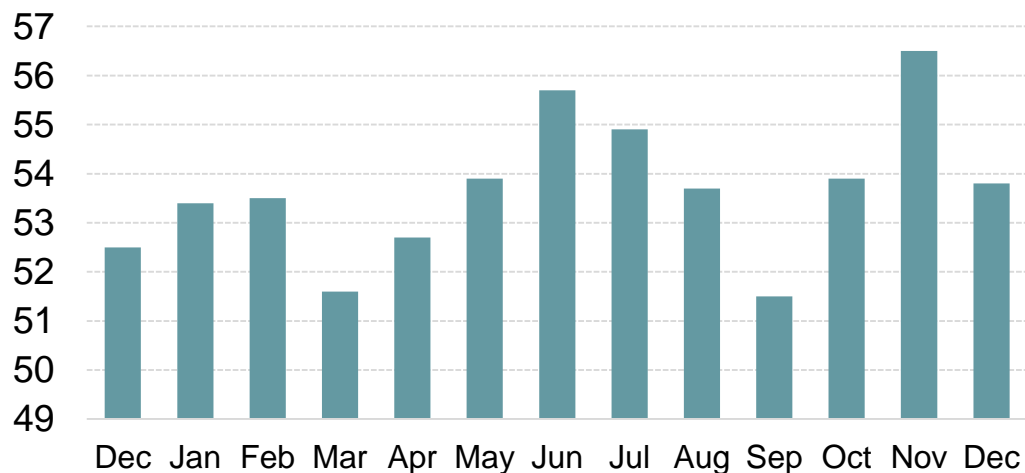


- December IIP rose 11.4% YoY
- Steepest rise in output since August 2018
- Overall IIP rose 10.2% YoY

## Key Industrial Products Growth 2018

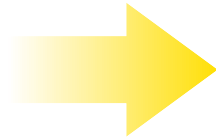
- Mechanics
- Food Processing
- Chemicals, Plastics & Rubber
- Electronics

## Manufacturing PMI

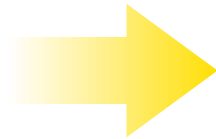


- Dropped to 53.8 in December 2018 from a record high in November
- December: softer rises in output, new orders and new export orders
- Employment: growing 33<sup>rd</sup> consecutive month
- Firms increasing purchasing activity again

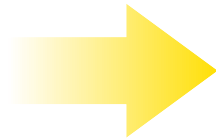
# 2018 INDUSTRIAL TRANSACTION



South Korea's Hyosung Corporation investment 1.201 billion USD in LPG Warehouse Project in Ba Ria-Vung Tau



LG Innotek increased investment capital in its camera module manufacturing operation by 501 million USD in February 2018



LCD Panel Maker adjusted to increase investment capital in it's Hai Phong manufacturing operations by 500 million USD in September 2018

## Other Notable Projects



**Vinfast (Vingroup)**  
Automotive manufacturing complex  
Dinh Vu - Cat Hai Economic Zone **335 ha**



**Vinsmart (Vingroup)**  
Smart phones and electronics complex  
Dinh Vu - Cat Hai Economic Zone  
**\$1.5 billion investment**



savills

# Savills Cares

*Industry award fees are being redirected to help local people. Charities for underprivileged around the country will receive increasing donations.*

**Savills is committed to caring for the community.**



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