

# Office for lease



## Ho Chi Minh City, Vietnam

## Q1/2010

### Supply Trends

Q1 2010 evidenced one new Grade B and seven new Grade C buildings. Total supply in the office market in Q1 2010 increased by 5% compared to Q4 2009. HCMC has a total of 138 office buildings of all grades with total leaseable area of around 838,000 square metres.

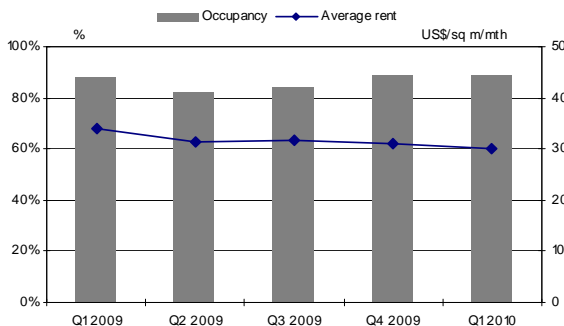
District 1 accounts for the majority of the market share (54%). Tan Binh District accounts for only 17%, ranked second after District 1.

Grade	No. of Building	Approx. Supply (sq m)	Occupancy (%)	Average rent (US\$/sq m /month)
Grade A	6	100,000	88%	61
Grade B	32	384,000	90%	29
Grade C	100	354,000	87%	22
<b>Total</b>	<b>138</b>	<b>838,000</b>	<b>89%</b>	<b>30</b>

Source: Savills Research & Consultancy, Q1 2010

\* Rents, in US\$, are based on quoted rents and package net, inclusive of service charge but exclusive of VAT (10%), payable monthly.

### Performance of HCMC office market (all grades), Q1 2009 – Q1 2010



Source: Savills Research & Consultancy, Q1 2010

The average rent for all grades and districts was recorded at US\$30 per square metre, a 3% q-o-q decrease compared to Q4 2009 and an 11% y-o-y decrease. The average occupancy for all grades and districts achieved 89% and remained stable compared to Q4 2009 even in light of some 42,000 square metres of space entering the market this quarter.

### Demand Trends

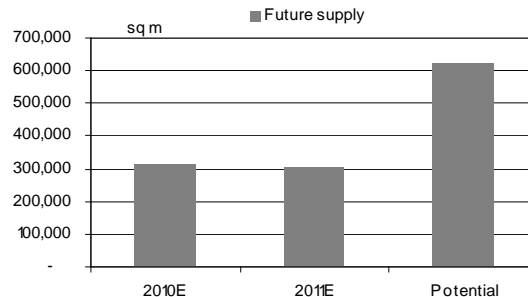
Demand for office space in HCMC's market remained relatively high. The total leased area in HCMC in Q1 2010 increased by about 39,400 square metres compared to Q4 2009.

The majority of office transactions occurred for small space generally below 100 square metres. Grade B still holds a strong preference for both new entrants and existing tenants in HCMC.

New foreign investment in HCMC has improved. In the first two months, thirty-five FDI projects were licensed with a total capital of US\$325 million. Meanwhile, real estate accounted for nearly 60% of this total committed capital.

### Outlook

#### Potential future supply on gross area, 2010 onwards



Source: Savills Research & Consultancy, Q1 2010

In Q2 2010, there is likely to be a strong supply evidenced with an expected eleven new office buildings to be put into operation with a total gross area of around 98,000 square metres.

By the end of 2010, future supply may represent 25% of the total future supply, an additional 315,000 square metres of gross area. Fifty percent of new supply in 2010 will come from three notable projects - Vincom Tower, Bitexco Financial Tower and A&B Tower.

Future supply: District 1 is expected to still maintain the strongest position in the market with nearly 55% of the future supply. Notably, District 7 will become a new hub of business since it will contribute new supply of around 250,000 square metres, which accounts for 20% future supply and ranks second.

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# Retail

## Ho Chi Minh City, Vietnam

Q1/2010

### Supply Trends

Q1 2010 no new stock was recorded. At present, there are six department stores, 17 shopping centres, six retail podiums, 60 supermarkets and three wholesale markets in the city with a total area of approximately 493,000 square metres. The HCMC retail market is still extremely small compared with the market in comparable regional cities.

The Central Business District (CBD) is still the most desirable area for retail developers and retailers, although suburban areas are becoming increasingly attractive.

### Market Performance of HCMC Retail Market, Q1 2010

Retail type	Occupancy (%)	Average rent (US\$/sq m/month)
Shopping centres	94%	77
Department stores	99%	109
Retail podiums	92%	82

Source: Savills Research & Consultancy, Q1 2010

Occupancy rate this quarter for the whole of the retail market was at 95%, a slight decrease of 1% compared to Q4 2009. Average rents in Q1 2010 remain stable compared to the last quarter, at about US\$85 per square metre per month.

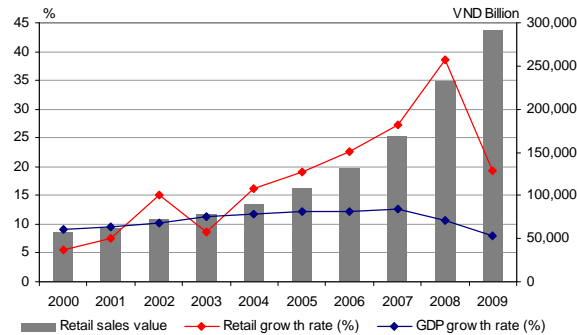
### Demand Trends

The purchasing power in the HCMC market has remained strong for several years. In the first two months of 2010 retail sales in HCMC increased near 35% compared with the same period last year. Savills expects higher increases in retail growth when the economy recovers.

Recent consumer patterns in Viet Nam indicate there is strong interest in luxury brands, international franchises and domestic goods of high quality.

Demand for luxury retail space in the CBD continues to grow.

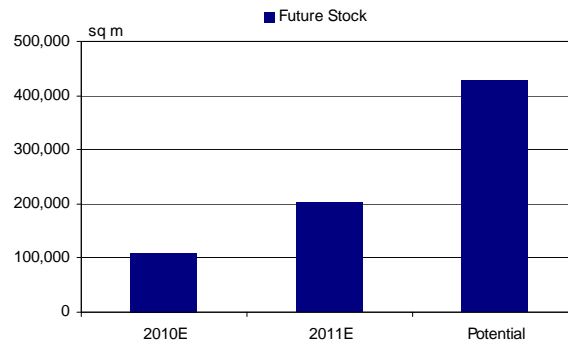
### GDP growth rate, retail sales value and retail growth rate in HCMC by year



Source: HCMC Statistics Office, Q1 2010

### Outlook

#### Potential Future Supply, 2010 onwards



Source: Savills Research & Consultancy, Q1 2010

In 2010, about 100,000 square metres of new supply is expected to enter the market. 2012 onward will be years to observe for the retail sector as more than 400,000 square metres of new supply will enter the market as there are major projects due to be completed.

Savills expects that the HCMC retail market will expand further in suburban districts. Notably District 7 is expected to record more than 30% of the new supply in the next few years.

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# Hotel

## Ho Chi Minh City, Vietnam

## Q1/2010

### Supply Trends

The hotel supply remains unchanged from the previous quarter. No new 4-star or 5-star hotels entered the market this quarter. The total number of three to five-star hotel rooms in HCMC is about 8,800. Savills recorded thirteen 5-star hotels accounting for approximately 4,100 rooms, eight 4-star hotels with 1,300 rooms, and thirty-nine 3-star hotels with 3,400 rooms. District 1, being the city's prime location, has the largest number of hotel rooms accounting for about 70% of the 3 to 5-star hotel supply.

The occupancy performance of 3 to 5-star hotels increased from 65% in Q4 2009 to 72% in Q1 2010 due to the high season. The average room rate for all grades achieved US\$90 per room per night.

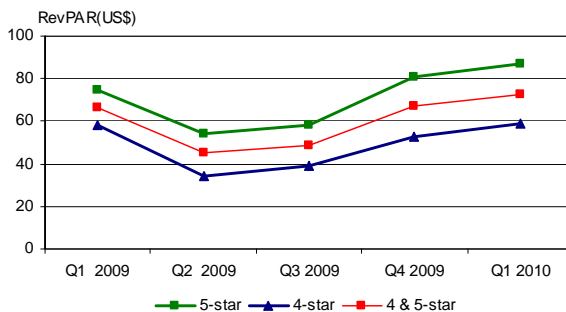
### Performance of HCMC hotel market (3 to 5-star) in Q1 2010

Grades	No. of Hotels	Approximate No. of Rooms	Average Occupancy (%)	Average Room Rate* (US\$/room/night)
5-star	13	4,100	70	124
4-star	8	1,300	71	83
3-star	39	3,400	75	51

Source: Savills Research & Consultancy, Q1 2010

\* Estimated average achievable room rate inclusive of service charge and breakfast but exclusive of VAT.

### Revenue per available room (RevPAR), Q1 2009 – Q1 2010



Source: Savills Research & Consultancy, Q1 2010

Q1 2010, the average RevPAR for 4 & 5-star hotels was recorded at around US\$73, an increase of nearly 10% compared to Q4 2009.

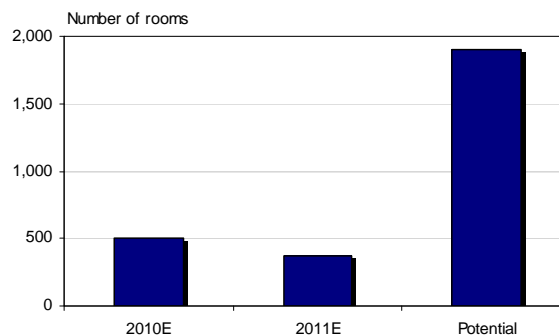
### Demand Trends

This quarter the number of international visitors to Viet Nam reached near 1.35 million arrivals, an increase of 36.2% year on year. In 2009, Viet Nam saw a significant increase of 19% in the number of domestic travellers compared to 2008, according to statistics of VNAT. Domestic visitors are expected to reach approximately 28 million persons in 2010 and long-term growth in this sector can be expected.

Business visitors increased notably by 47% compared to the same period last year according to General Statistics Office of Viet Nam. The number of business visitors to Viet Nam has generally shown consistent growth since 2002, except in Q2 2008 as a result of effects of the global economic crisis.

### Outlook

#### Potential Future Supply, 2010 onwards



Source: Savills Research & Consultancy, Q1 2010

Future projects: it is expected that more than 2,800 hotel rooms from 3 to 5-star will gradually enter the market in the next few years.

Future supply of hotel rooms is still concentrated in District 1 accounting for 77% of the total future supply. Once the infrastructure in HCMC is fully developed, hotels will continue to develop in the surrounding districts such as District 2, District 7, Tan Binh, Phu Nhuan, etc. High quality 4 and 5 star hotels are expected to be developed in Phu My Hung and Thu Thiem. Adding up the future potential supply, the HCMC hotel market is still considered small when compared with the market in comparable regional cities.

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# Apartment for Sale

## Ho Chi Minh City, Vietnam

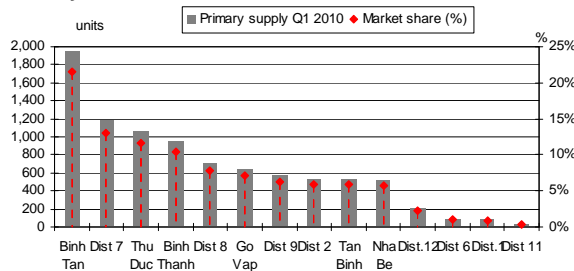
## Q1/2010

### Supply Trends

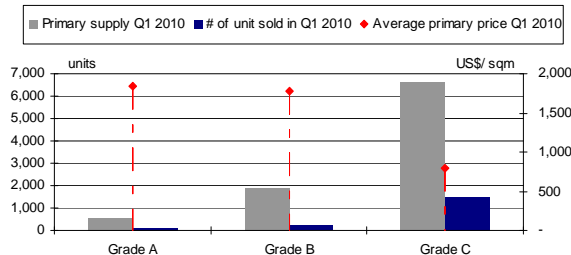
There were approximately 9,000 apartments available for sale in the HCMC primary market in Q1 2010, a slight decrease of about 6% compared to Q4 2009.

Q1 2010, eleven new projects with about 2,900 apartments were launched in the primary market.

#### Primary market in Q1 2010



Source: Savills Research & Consultancy, Q1 2010



Source: Savills Research & Consultancy, Q1 2010

Primary supply: Binh Tan, District 7 and Thu Duc District are the top three districts for primary supply with market shares in this segment of 23%, 13% and 12% respectively.

Secondary supply: There are approximately 47,000 apartments in HCMC's secondary market, which is an increase of 7% compared with Q4 2009. District 7, Binh Thanh District and District 2 remained the top three districts in the secondary market by number of units with a market share of 25%, 11% and 10% respectively.

### Demand Trends

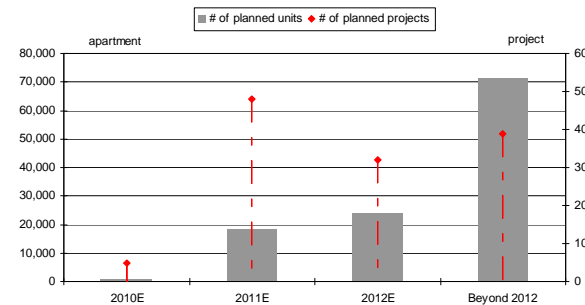
The average price of the whole market this quarter was about US\$980 per square metre, which changed slightly when compared to US\$963 in Q4 2009. Due mainly to the dominance of more affordable Grade C apartments accounting for 73% of the total primary supply.

Approximately 1,800 apartments were absorbed in Q1 2010. This was a decrease of 48% compared to the previous quarter.

Overall, the average secondary price, in VND, in Q1 2010 remained unchanged compared to Q4 2009 but based on the new exchange rate of VND 19,000/ US\$, the average price of apartments in the secondary market decreased slightly in nearly all of the surveyed districts.

### Outlook

#### Expected future supply in the HCMC market by completion year



Source: Savills Research & Consultancy, Q1 2010

It is estimated that about 43,100 apartments, which are in planning now, will complete construction in the next few years.

Twenty-six future supply projects with an estimated 6,900 apartments are expected to launch sale phases by the end of 2010.

District 7 is expected to provide the largest new supply, accounting for 25% future supply.

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# Serviced Apartment

## Ho Chi Minh City, Vietnam

## Q1/2010

### Supply Trends

Q1 2010, one Grade B serviced apartment building, the Crescent Residence 1 in District 7, was completed, providing 167 new serviced apartments.

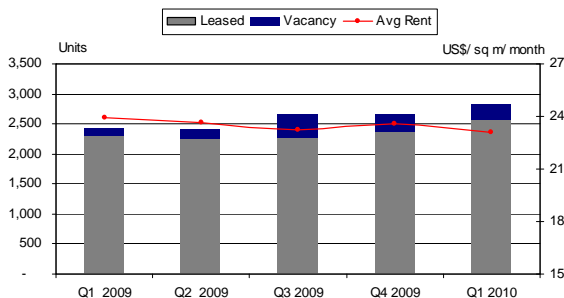
In total, there are 49 buildings of all grades, providing about 2,800 serviced apartments in HCMC. Near half of those are two-bedroom units and are mainly disbursed in District 1, District 3 and District 7 account for about 80% of the total units.

Grade	No. of Buildings	Approx. Supply (Unit)	Occupancy	Avg. Rent* (US\$/sq m/mth)
Grade A	7	658	88%	29
Grade B	12	1,394	92%	23
Grade C	30	770	93%	16

Source: Savills Research & Consultancy, Q1 2010

\* Estimated average rent inclusive of service charge, exclusive of VAT, on a net area basis.

### Performance of Serviced apartments (all types), Q1 2009 – Q1 2010



Source: Savills Research & Consultancy, Q1 2010

Overall average rent in Q1 2010 decreased slightly by 2% q-o-q. Overall occupancy performance recovered in Q1 2010 due to much improvement in occupancy of Grade A.

Higher occupancy for Grade A is due to the quick take-up of Intercontinental Asiana Saigon since it began operating in Q3 2009. Grade A average rent was at US\$29 per square metre, a 2% increase q-o-q and a decrease of 0.7% y-o-y.

Crescent Residence 1 achieved a lower rental rate as it is located far from the city centre. This reduced the average

rent for Grade B by 5.8% q-o-q and 7.7% y-o-y achieving US\$23 per square metre.

### Demand Trends

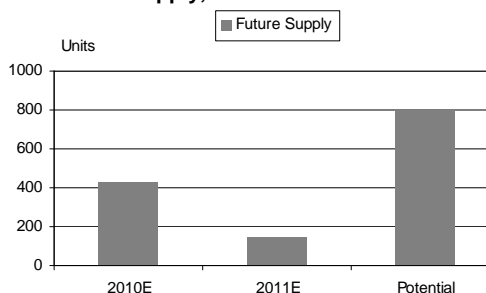
Q1 2010, Savills recorded an increase in demand quarter on quarter. Accordingly, there was an 8% increase in units being leased in all grades this quarter.

Tenants of serviced apartments mainly come from Asian countries. Others come from UK, Australia and America. For instance, Japanese tenants are the largest leasing group at Intercontinental Asiana Saigon followed by Vietnamese tenants. Although the number of Vietnamese tenants is limited, it continues to increase. Wealthy Vietnamese business people are showing interest in serviced apartments to highlight their wealth or status in society.

The majority of tenants appear to prefer serviced apartments in District 1 and District 3 as they are the central districts of the city. However, there is an increasing interest for serviced apartments in District 7, and in the Phu My Hung Area in particular, since this area has developed into a new modern community with a variety of facilities.

### Outlook

#### Future Potential Supply, 2010 onwards



Source: Savills Research & Consultancy, Q1 2010

Approximately 1,400 units are expected to come online in the next few years. Currently, six of thirteen planned projects are under construction; these six projects include about 500 units.

The main portion of future supply will be located in the Central Business District (District 1) with around 500 units accounting for 37% and District 7 with about 280 units accounting for about 20 percent.

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