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Savills Research | **Ha Noi, Vietnam**

Serviced Apartments

Q2/2011

Supply

Current stock totals 2,500 units from 43 buildings. One new project entered the market: Crowne Plaza in Tu Liem district with 135 high-end serviced apartments, significantly increasing the total stock by 9% QoQ.

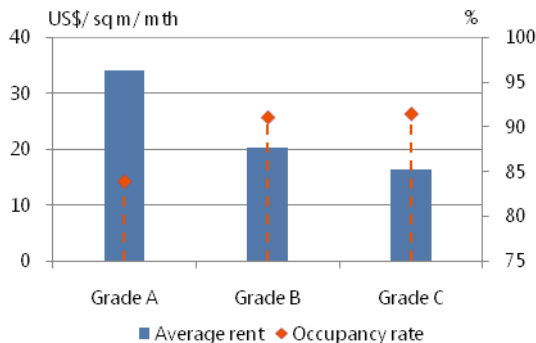
Ha Noi Club in Tay Ho district added two new units to the total stock, while the Yin Yang building in Ba Dinh district also finished renovating and put its 10 units back into service.

Market Performance

The average occupancy rate of the overall market including Crowne Plaza decreased -2.4 points to 87% QoQ, which is the lowest level in the last five quarters. However, if this new project were excluded, the occupancy rate would increase 1.6 points to 91 percent.

The average rent of the total market decreased slightly by -0.5% QoQ excluding the Crowne Plaza project, while increasing 0.7% QoQ if this project was included.

Market performance by grade



Source: Savills Research and Consultancy

* The average rent was based on long-term contract, includes service charges but excludes VAT

Grade A occupancy decreased -6% QoQ, while Grade B increased slightly by 1% and Grade C increased by 2.7% compared with Q1/2011

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The average rent of Grade A increased slightly by 2% QoQ, however, Grade B decreased -6% compared with the previous quarter. This was partially due to the sharp decrease in the average rent of one project in Ba Dinh district by -10.8 percent. The average rent of Grade C was unchanged compared with last quarter.

Demand

The increase in the number of FDI projects in Ha Noi in H1/2011 by approximately 37% YoY may draw more foreign experts and skilled labourers to the city, thus increasing demand for serviced apartments.

Ha Noi's expansion towards the west along with future Grade A office projects in this area may also create demand for this sector.

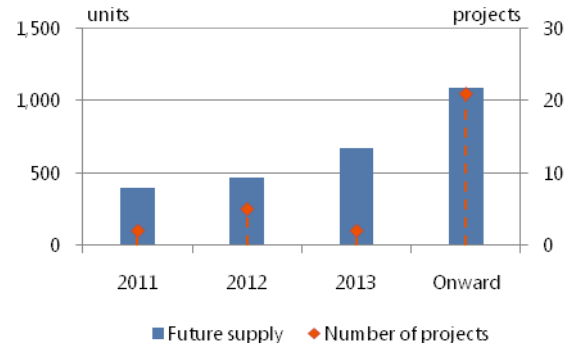
Outlook

The market will receive 30 future projects, of which 12 will provide approximately 2,600 serviced apartments.

Future stock is thriving in the west of Ha Noi with Tu Liem district to become the largest supplier, providing more than 1,000 units from six projects.

In Q3/2011, Keangnam Ha Noi Landmark plans to launch its 378 serviced apartments, which will significantly increase the total stock of Tu Liem district by 280 percent.

Estimated future supply



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