CBRE

Residential Market: While new supply remained modest, previously suspended projects reentered the market, and the absorption of existing inventory improved.

▲ +6.82	▲ +6.85%	▲ +6.12%	▲ +12.45%
VIETNAM GDP	HCMC GRDP	HANOI GRDP	VN-INDEX

Note: Arrows indicate y-o-y change.

HOT TOPICS

- **Office:** In Q3 2024, two new Grade B buildings were completed, with one building in the CBD receiving a LEED Gold certificate. The robust supply from 2023 continues to impact the performance of Grade A properties across the city. The citywide vacancy rate for Grade A offices has decreased slightly by 1.4 percentage points q-o-q, averaging 19.4%, yet it remains high compared to the past three years.
- **Retail**: Parc Mall in District 8 was open, adding 34,000 sqm new supply to the HCMC retail market. In 9M 2024, newly leased retail space was recorded at 100,000 sqm, the highest in the past 3 years.
- **Condominium:** Q3 2024 marked the official dates that the three revised Housing Law, Real Estate Business Law, and Land Law became effective. While new supply remained modest, previously suspended projects reentered the market, and the absorption of existing inventory improved. Selling prices saw an increase in both primary and secondary markets.
- **Industrial land:** In Q3, the Southern market absorbed over 85 hectares of industrial land. The occupancy rate remains stable at 89%. Manufacturers are increasingly expanding to regions such as Long An and Ba Ria-Vung Tau, drawn by the ample supply of industrial land and more competitive rental rates. While electronics investments dominate in the North, the South experiences a diverse demand across industries.
- **RBW/RBF**: The RBW/RBF sectors have shown significant improvement compared to the first half of 2024. The occupancy rate for RBW rose by 4% from the previous quarter, reaching 65%, while RBF saw a 7% increase, bringing their occupancy rate to 88%.

Vietnam Economic Overview

- GDP growth rate in Q3 2024 stood at 7.40%, and for the first 9 months of 2024, it reached 6.82%, indicating a positive growth trajectory. The primary growth driver is the Industry & Construction sector, which expanded by 8.19% y-o-y. Vietnam is targeting a GDP growth rate of nearly 7% in 2024.
- Total registered FDI in Q3 2024 was US$24.8 billion, reflecting an 11.6% y-o-y increase. Singapore emerged as the top investor in Vietnam during Q3, contributing 29.7% of the total investment. China followed closely at 13%, trailed by South Korea, Hong Kong, and Japan.
- Vietnam's total trade turnover reached US$578.5 billion in Q3 2024, up by 16.3% y-o-y. The export sector grew by 15.4%, while imports saw a significant increase of 17.3%. The country achieved a trade surplus of US$20.7 billion, with the US being the largest export market and China the largest import market.
- The CPI rose by 3.88% y-o-y in Q3 2024, with 10 out of the 11 main groups of consumer goods experiencing price hikes.
- Total retail sales of consumer goods and services in Vietnam reached VND4,703.4 trillion in Q3 2024, marking an 8.8% y-o-y increase. The Tourism & Travel sector generated VND45.6 trillion, demonstrating a substantial growth of 16.7% y-o-y.
- In Q3 2024, the total number of international arrivals surpassed 12.7 million visitors, showcasing a 43% y-o-y increase. The cumulative number of international visitors in the first 9 months of 2024 exceeded the total for the entire year of 2023, reaching 12.6 million arrivals.

Office

The strong supply of 2023 continues to pressure the performance of Grade A citywide

In Q3 2024, HCMC office market welcomed two new Grade B buildings: ThaiSquare The Merit in District 1 and CMC Creative Space B in the Tan Thuan Export Processing Zone, District 7. Notably, Thaisquare The Merit is an office building with LEED Gold certification. Thanks to these two new supplies, the total net leaseable area of office in HCMC has surpassed 1.7 million sqm.

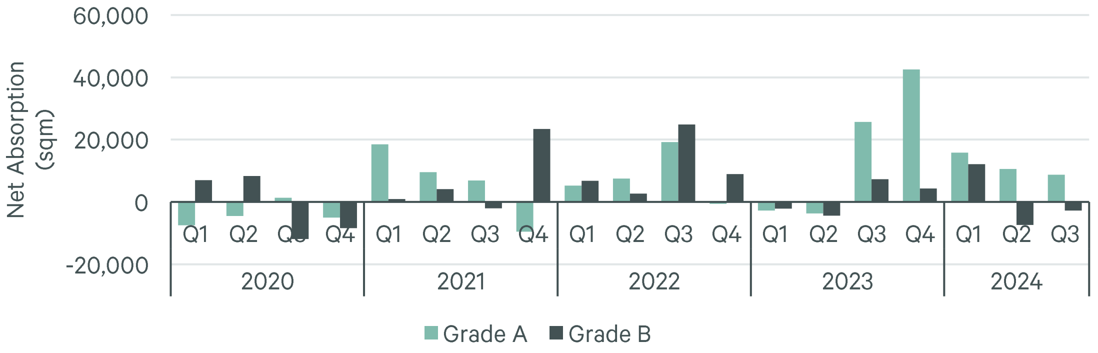
Since 2023, HCMC has added over 215,000 sqm of Grade A NLA and 46,000 sqm of Grade B NLA. It can be observed that in the last two years, new office buildings have had better standards in terms of floor area (larger floor area than 1,000sqm) and building technical conditions. Most new Grade A buildings completed have achieved green certification, including The Nexus, Riverfront Financial Centre, The Mett, The Hallmark, Etown 6. These buildings have achieved an occupancy rate of over 50% within 06 months. Tenants now have more diverse options with better incentives than in previous periods. Specifically, the average rent for Grade A offices in Ho Chi Minh City has halted, recording an average of USD 45.5/sqm/month, down 1.1% q-o-q and essentially unchanged y-o-y. Competition from new supply has forced older Grade A buildings to adjust rent prices.

Improved net absorption from buildings with favorable rental policies in the initial launch stage

New Grade A buildings like The Nexus in District 1 and the two new office buildings, The Mett and The Hallmark in Thu Thiem, have all been leasing well. The vacancy rate for Grade A office citywide has slightly decreased by 1.4 ppts q-o-q, averaging at 19.4%, but remains high compared to the last three years. For Grade B, the rent adjustment is lower, decreasing by 0.4% q-o-q but still up 2.3% y-o-y, reaching USD 26.2/sqm/month. The vacancy rate for Grade B offices rose from 10.1% in Q2 2024 to 12.5% in Q3 2024 due to the addition of two new supplies, with an average pre-leasing rate below 10%.

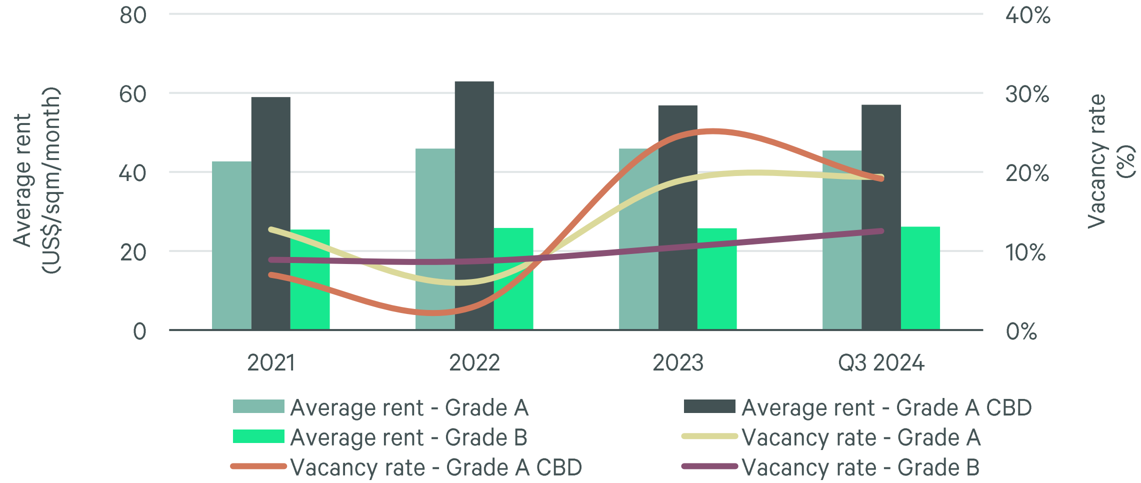
In Q3, large transactions primarily came from Grade A buildings, while Grade B saw relatively small area shifts, mainly transactions of 100-300 sqm. The Manufacturing, Services, and Information Technology sectors accounted for nearly 70% of the total area of large transactions, according to CBRE statistics.

FIGURE 1: Net absorption, Office, HCMC



Source: CBRE Research & Consulting, Q3 2024

FIGURE 2: Asking rent and Vacancy rate, Office, HCMC



Asking rent is exclusive of service charge and VAT.
Source: CBRE Research & Consulting, Q3 2024

Retail

For three consecutive years from 2020 to 2022, HCMC did not have any new shopping mall supply completed. Moving into 2024, the market is gradually becoming more vibrant with four new shopping malls opening, including two new Vincom shopping malls that started operations in the second quarter, Parc Mall (34,000 sqm, District 8) which just opened in the third quarter, and Central Premium Mall (30,000 sqm, District 8) expected to be completed in the fourth quarter. The scale of the retail market in Ho Chi Minh City as of the third quarter is recorded to reach nearly 1.2 million sqm.

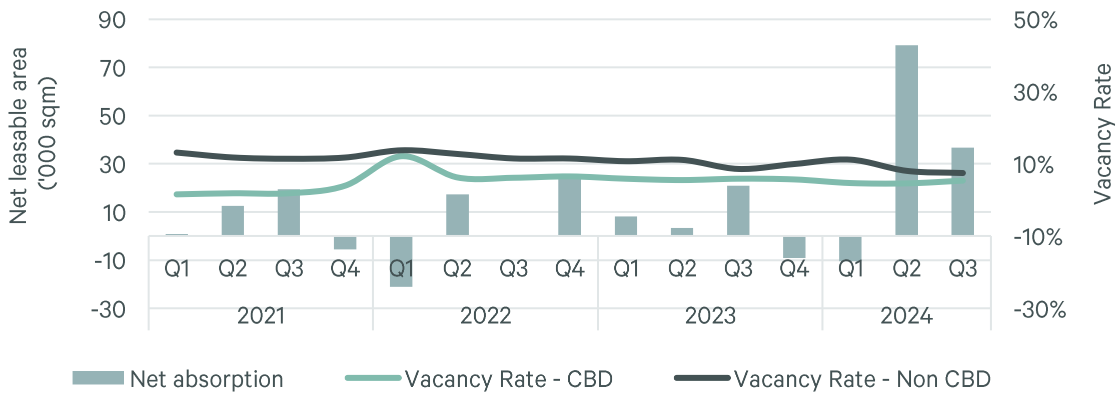
Retailers Rebuild Confidence, Expand Operations

Along with the opening of new shopping malls is the presence of new brands, the expansion of retail space, and the improvement of the average occupancy rate, increasing from 93% to 94%. In the first 9 months of 2024, newly leased retail space was recorded at 100,000 sqm, the highest in the past 3 years. According to CBRE's statistics on the total number of transactions in the market over the past three years, the market has mainly seen expansion from F&B (accounting for up to 35%), followed by Fashion & Accessories (33%). The Lifestyle sector ranks third with 13% and is also gradually rising, with the leasing area of each store increasingly larger, possibly up to 1,000 sqm. The new shopping malls are almost 100% occupied, leading to the average vacancy rate across the entire market, both in central and noncentral areas, being approximately equal, at only 5-6%.

The asking rent in the CBD area has remained almost unchanged due to the lack of available space for lease, with the ground floor and first floor averaging US$274.1/sqm. The average asking rent in non-CBD areas is recorded at US$53.3/sqm, a decrease of 0.9% q-o-q because the new shopping malls are located in suburban districts, offering lower rental rates than the

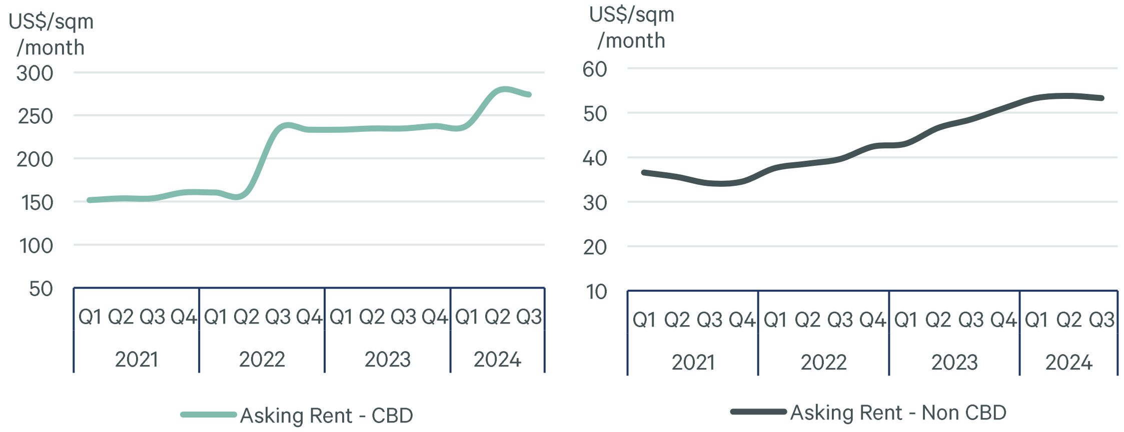
The asking rent in Ho Chi Minh City has seen a significant increase in recent years, and shopping malls in prime locations continue to be highly sought after by many tenants, including both new brands entering the market and existing brands. It can be seen that after a long period of quietness and the impact of the COVID-19 pandemic, brands have gradually regained confidence and become bolder in expanding their store chains.

FIGURE 3: Market performance, Retail, HCMC



Source: CBRE Research & Consulting, Q3 2024

FIGURE 4: Asking rent, Retail, HCMC



Note: Asking rent is calculated for Ground Floor and First Floor, excluding VAT and Service charge.
Source: CBRE Research & Consulting, Q3 2024

Condominium

Muted New Supply but Improved Absorption in Q3 2024

n Q3 2024, the residential market in HCMC saw the launch of fewer than 130 new condominium units, primarily from subsequent selling phases of existing projects situated in fringe areas. Despite the limited new launches, a notable aspect of the HCMC market in Q3 was the reintroduction of nearly 300 condominium units for sale from projects that had been inactive in terms of sales for the past 1-2 years, particularly in Thu Duc City and District 7. Additionally, approximately 2,700 condominium units entered the booking stage, with expectations of official launches in the upcoming quarters.

Most existing condominium projects with unsold inventory experienced positive sales rates in Q3, with a total of around 2,000 successful transactions during the quarter, nearly double the number from Q2 2024. Developers continued to implement various sales strategies, including discounts based on payment terms, diversified payment schedules, mortgage interest support, rental guarantees, and more. Conversely, some projects in the booking phase with anticipated high selling prices prompted buyers to explore nearby projects offering comparable product quality but at lower prices and promising earlier handover.

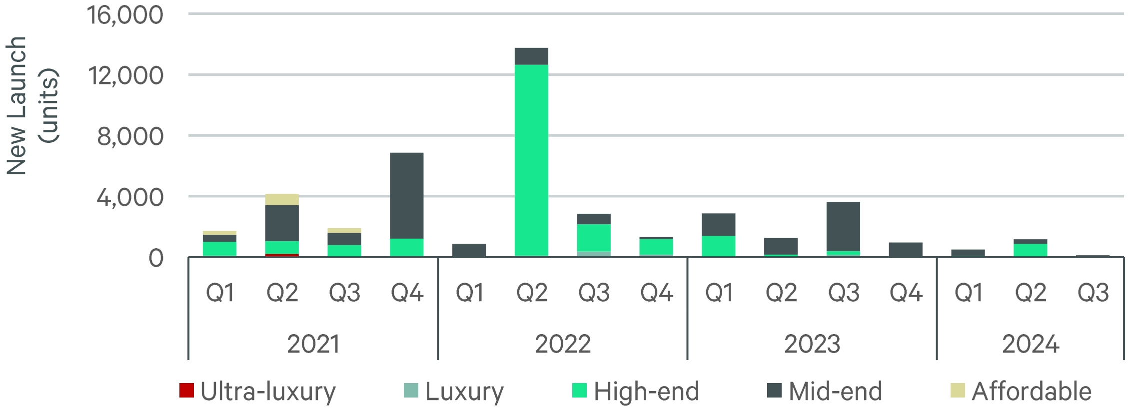
By Q3 2024, the primary selling price of condominiums in HCMC had reached VND 66 million per square meter, marking a 4% increase q-o-q and an 8% increase y-o-y. This rise was primarily driven by older projects adjusting their prices upwards in their latest phases, such as D-Homme in District 6, D-Aqua in District 8, and Lavida Plus in District 7, which increased their primary prices by 10% to 30% compared to previous phases.

The secondary condominium market in HCMC exhibited slight growth in Q3, with prices increasing by 3% quarter-on-quarter and 5% year-on-year, averaging VND 48 million per square meter. Price increases were observed across all segments of the secondary market in this quarter.

Around 3,000 New Condominium Units to be Launched in Q4

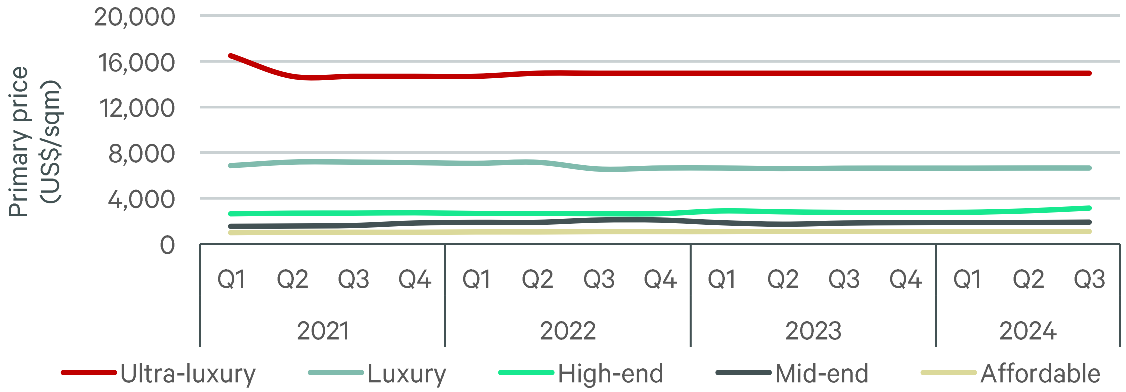
Around 3,000 new condominium units are anticipated to be launched in the last three months of 2024, equivalent to approximately 5,000 new units launched in the whole year. Compared to last year, lower new supply in 2024 is expected as most large-scale future supply is expected to reschedule the launching time to 2025. Towards the next year, the HCMC market is expected to welcome nearly 10,000 new condominium units, nearly double that of 2024.

FIGURE 5: New supply, Condominium, HCMC



Source: CBRE Research & Consulting, Q3 2024

FIGURE 6: Average primary price, Condominium, HCMC



Source: CBRE Research & Consulting, Q3 2024. Since Q1 2024, following the market movements, CBRE applied a new condominium ranking criteria (referring to Terminology page).
Average Primary Price: US$ psm (excluding VAT and quoted on NSA), this index tracks all projects available for sales during the review quarter, regardless of being launched during the quarter or previously.

Villa & Townhouse

One New Launch in Binh Chanh District

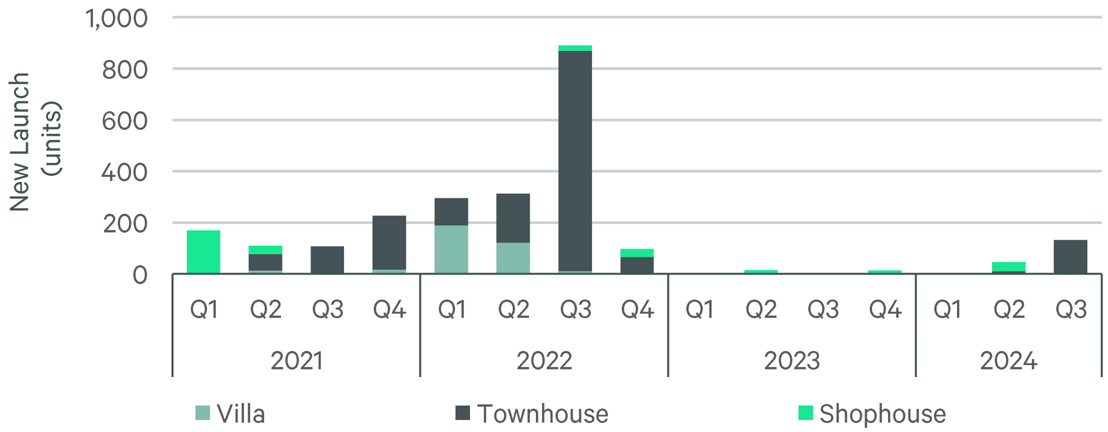
During Q3 2024, the townhouse/villa market in HCMC recorded more than 130 newly launched townhouse units from one project in Binh Chanh district, which is more than 1-hour away from the city center and primary price at VND90 million/sqm land *(excluding VAT and maintenance fee)*. With this new supply located far from the city center, the average primary selling price in the market decreased slightly by 1% q-o-q, at over VND300 million/sqm land in Q3. The average selling price in the secondary market remained over VND140 million/sqm land in this quarter.

In terms of sales performance, the townhouse/villa market in HCMC recorded more than 150 successful transactions in this quarter, mainly from the newly launched project and some existing projects with unsold inventory, most of which located in Thu Duc City and District 7. It should be highlighted that under the context of continued scarcity of new townhouse/villa supply in HCMC, new projects launched during this time that come from a reputable developer, has transparent legal status, clear construction progress and selling prices at only one-third of the average market prices have firm base for reaching an absorption rate of 90% of launched units in just a quarter.

All New Supplies are in the East and the West

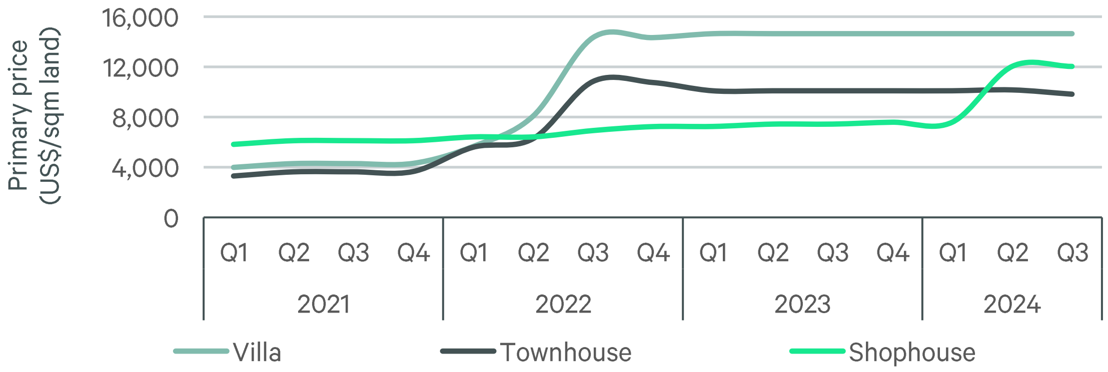
In the last three months of 2024, there are more than 300 landed property units expected to be launched in HCMC, contributing to a total supply of nearly 600 units in full year 2024. Compared to only 40 units launched in 2023, new landed property supply in HCMC this year has increased significantly, mainly coming from new projects in Thu Duc City, Binh Chanh and Binh Tan District, leading to the expected selling prices lower than the average market price.

FIGURE 7: New supply, Landed property, HCMC



Source: CBRE Research & Consulting, Q3 2024

FIGURE 8: Average primary price, Landed property, HCMC



Source: CBRE Research & Consulting, Q3 2024
Average Primary Price: US$ psm (excluding VAT and quoted on land area), this index tracks all projects available for sales during the review quarter, regardless of being launched during the quarter or previously

Southern Industrial Market

Industrial Land: Absorption Surges in Southern Market with Steady Occupancy and Diverse Industry Demand

In Q3, the Southern market recorded over 85 hectares of industrial land absorbed. The occupancy rate remains steady at 89%. Manufacturers tend to expand to areas like Long An and Ba Ria-Vung Tau, where there is greater availability of industrial land and more competitive asking rent. While electronics dominate investments in the North, the South sees diverse industry demand. Notable projects in Q3 2024 include a 50-hectare wind power project in Long An and a Sembcorp infrastructure service project in Binh Duong's VSIP3 industrial park.

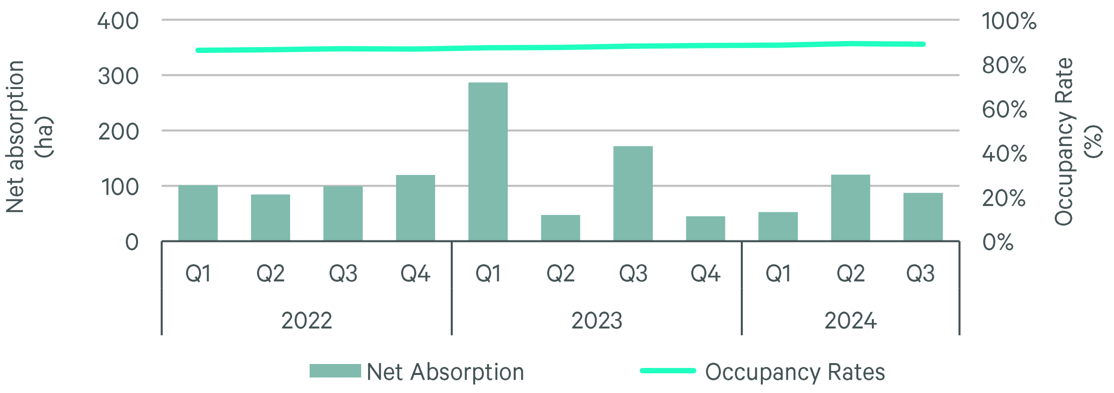
There have been no new industrial parks launched in the Southern Tier 1 provinces and cities since 2023. Industrial land prices in Tier 1 Southern markets experienced a modest increase of 0.3% q-o-q and 1.0% y-o-y, reaching an average of US$174/sqm for the remaining term.

RBF occupancy rate sustained at a high level, RBW net absorption improved thanks to demand for good storage at year end

In Q3, the ready-built warehouse and factory sectors have shown significant improvement compared to the first half of 2024. The occupancy rate for RBW rose by 4% from the previous quarter, reaching 65%, while RBF saw a 7% increase, bringing their occupancy rate to 88%. In the first nine months of 2024, the primary market in the South leased nearly 357,000 sqm of warehouses and over 700,000 sqm of factories, nearly tripling last year's figures. The demand for ready-built warehouses and factories in the South is driven by manufacturers in high-tech, electronic components, and logistics, alongside the expansion of e-commerce companies.

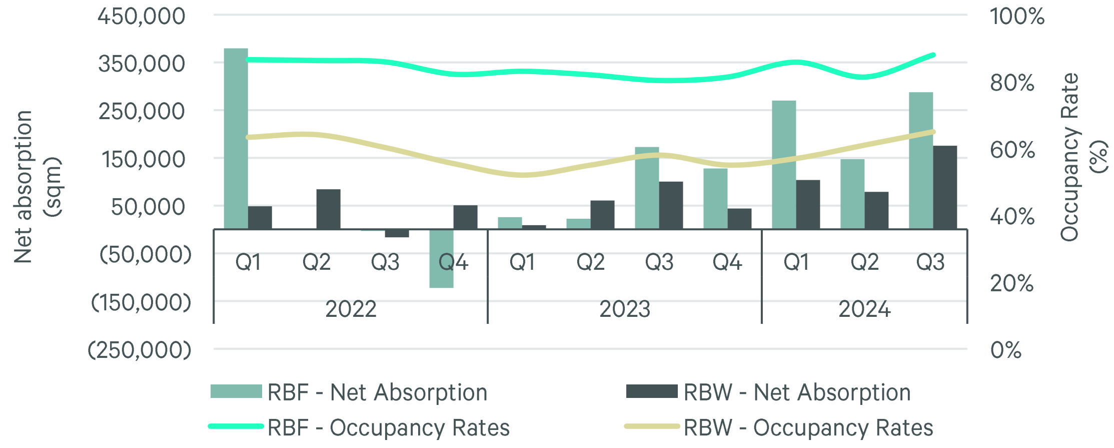
Average rental prices for ready-built warehouses and factories in the Southern market remained stable compared to the previous quarter, at US$4.6 and 4.9/sqm/month, reflecting y-o-y growth rates of 2.7% for warehouses and 0.4% for factories.

FIGURE 9: Industrial land, Southern region, Tier – 1 provinces



Source: CBRE Vietnam Research & Consulting, Q3 2024.
Note: Tier 1 markets include HCMC, Binh Duong, Dong Nai, Long An & BR-VT.

FIGURE 10: Ready-built factory and warehouse (RBF/RBW), Southern region, Tier – 1 provinces



Source: CBRE Vietnam Research & Consulting, Q3 2024.
Note: Tier 1 markets include HCMC, Binh Duong, Dong Nai & Long An.

Terminology

Grade A, B (Office): Although no formal classification system exists, grades are generally understood as follows:

Grade A Buildings: High-rise buildings, located within the CBD, with column-free floor plates of over 1,000 sq. m., ceiling heights of 2.75 meters, professional management, premium M&E design, lift lobby, and high-efficiency access.

Grade B Buildings: Generally, 75% of Grade A amenities as well as being in the CBD or periphery, with at least seven stories and floor plates of 500-1000 sq. m.

Net absorption: Net absorption figures represent the net increase in occupied floor space in the period. The figures are determined using the following method:

net absorption = new completions

+ vacancy figures at the beginning of the period

– demolition - vacancy figures at period-end

Rent: Rent is quoted as the average “asking” rent, without accounting for any incentives. Rents are stated in US$ per square meter (per sq. m.) as well as in these terms: Gross or net, inclusive (including management fees and/or property taxes) or exclusive (excluding management fees and property taxes) that are customarily employed in the respective sector.

Rents or average room rates are quoted on the following basis:

Office: Rents, NLA, exclusive of VAT and service charges.

Flexible Workspace: Rents, per person, inclusive of amenities but exclusive of VAT.

Retail: Rents, NLA, exclusive of VAT and service charges.

CBRE’s condominium ranking criteria applied since Q1 2024:

Ultra-luxury: projects that have primary prices over US$12,000 per sq.m

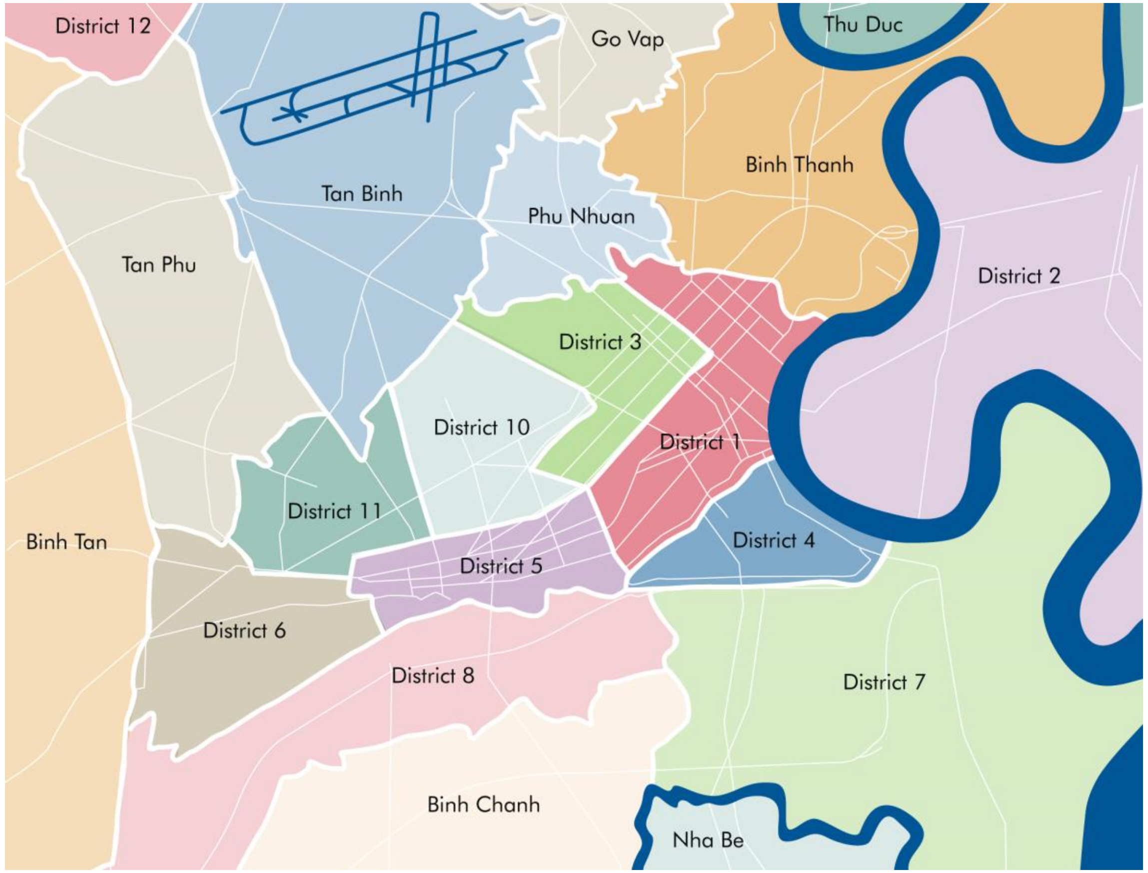
Luxury: projects that have primary prices from US$5,000 per sq.m to US$12,000 per sq.m

High-end: projects that have primary prices from US$2,500 per sq.m to US$5,000 per sq.m

Mid-end: projects that have primary prices from US$1,500 per sq.m to US$2,500 per sq.m

Affordable: projects that have primary prices under US$1,500 per sq.m

Saleable area: The saleable area of a unit is measured up to the center line of the wall separating adjoining units. The full thickness of the walls separating the units from common areas, lift shafts, light wells, staircases, etc., is included.



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