

Residential New Supply to Reach a 5-years' High in Hanoi

▲ +7.09%

VIETNAM GDP

▲ +7.17%

HCMC GRDP

▲ +6.52%

HANOI GRDP

▲ +12.10%

VN-INDEX

Note: Arrows indicate y-o-y change.

HOT TOPICS

- **Office:** Grade A leasing demand was subdued as big corporations prepare for movements in 2025, while Grade B performance remains positive. Rental rates of both segments showed stability while vacancy rate recorded in both grades showed slight improvement
- **Retail:** The growth rate of rental prices in 2024 remained positive. Hanoi witnessed an upward trend in rental rates in the CBDs, with the average rental rate reaching \$172.7/sqm/month, up 16.2% y-o-y, the vacancy rates in the CBDs remained low at only 1.7%. In the non-CBD areas, the average vacancy rate stands at 10.5% with rental prices showing an increase of 10.1% y-o-y.
- **Residential:** In 2024, new condominium supply in Hanoi tripled that of 2023, exceeding 30,900 units—the highest annual launch since 2020. Strong absorption amid such abundant supply reflects positive purchasing power and high demand for housing. This trend is expected to continue over the next 2-3 years, supporting stable primary selling price growth projected at an average of 6-8% per year.
- **Industrial:** In 2024, the industrial real estate sector has continued to be a bright spot within the overall real estate market. The strong commitment to expanding production by global manufacturers, evidenced by FDI disbursement hitting a historical record high of US\$25bn, has been a catalyst for the strong market performance in 2024.

Vietnam Economic Overview

- GDP growth rate in 2024 reached 7.09%, indicating a positive growth trajectory. The primary growth driver is the Industry & Construction sector, which expanded by 8.24% y-o-y.
- Total registered FDI in 2024 was US\$38.3 billion, a -3% y-o-y decrease. Singapore emerged as the top investor in Vietnam in 2024, contributing 26.7% of the total investment. South Korea followed closely at 18.4%, trailed by China, Hong Kong, and Japan.
- Vietnam's total trade turnover reached US\$786.3 billion in Q4 2024, up by 15.1% y-o-y. The export sector grew by 14.3%, while imports saw a significant increase of 16.3%. The country achieved a trade surplus of US\$24.8 billion, with the US being the largest export market and China the largest import market.
- The CPI rose by 3.63% y-o-y in Q4 2024, well controlled below the target by the government.
- Total retail sales of consumer goods and services in Vietnam reached VND6,391 trillion in Q4 2024, marking an 9.0% y-o-y increase, remaining stable compared to the previous year.
- In Q4 2024, the total number of international arrivals surpassed 17.6 million visitors, showcasing a 40% y-o-y increase, bounced back to near pre-Covid level.

Office

Grade A leasing demand was subdued as big corporations prepare for movements in 2025, while Grade B performance remains positive

In terms of supply, Hanoi office market did not welcome any new supply from both segments. The total office space available in Hanoi amounted to 1.82 million square meters of NLA. In which, Grade A projects made up 39% of the total office space while Grade B made up 61%.

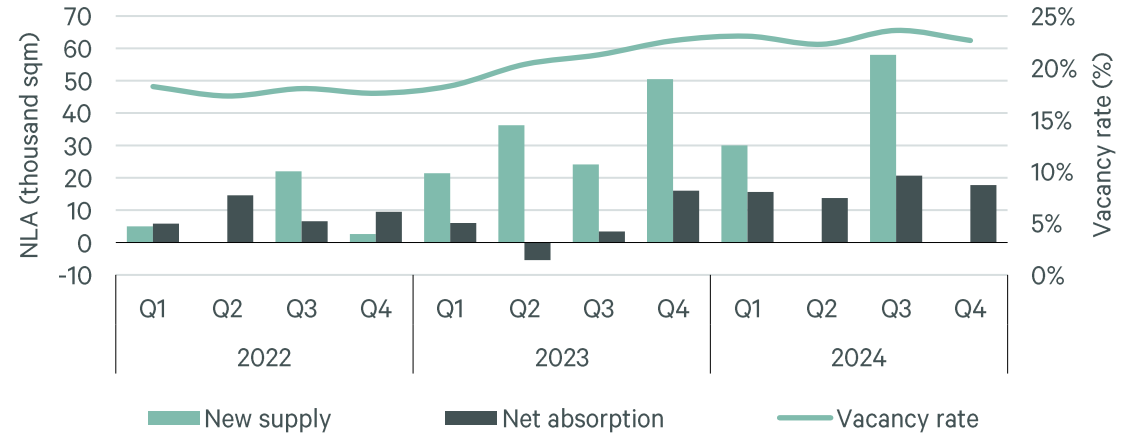
Regarding rental rates, rental rates of both segments showed stability. Grade A recorded the average rental rates of US\$26.9/sqm/month, increasing by 1.7% y-o-y. Grade B rental rates reached US\$14.7/sqm/month, a 0.9% increase y-o-y.

During this quarter in the Hanoi market, the net absorption area exceeded 17,000 sqm, totaling the net absorption area of 67,811 sqm recorded in the year of 2024. The vacancy rate of both grades showed slight improvement. The vacancy rate of Grade A projects reached 33.5%, a decrease of 0.01 ppts q-o-q and an increase of 0.02 ppts y-o-y. On the other hand, the vacancy rate of Grade B projects recorded positivity thanks to favorable rental policies of projects in this segment. The vacancy rate of Grade B reached 15.7%, a decrease of 0.01 ppts q-o-q and 0.02 ppts y-o-y.

In terms of demand in Hanoi market, the year of 2024 recorded the percentage of relocation purpose to be the largest proportion of total significant transactions recorded by CBRE, which is 75%. This signals the ongoing trends of “flight-to-quality”, in which enterprises relocate to newer buildings with better specifications. Regarding the tenant industry, the Finance/Banking/Insurance and Information Technology sectors continued their positions as major tenant groups, accounting for as much as 38% and 24% of total transactions in 2024.

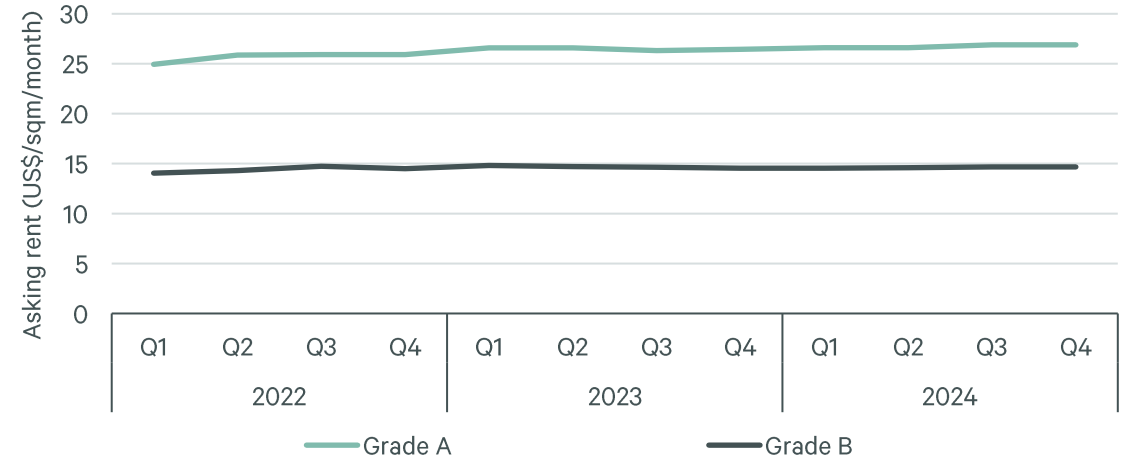
Grade B office buildings continue to show stability in its performance with flexible rental policies. Regarding the leasing demand of Grade A, the segment is expected to be more active in the year 2025, as enterprises begin to respond to the “flight – to – quality” trend.

FIGURE 1: Market Performance, Office, Hanoi



Source: CBRE Research, Q4 2024

FIGURE 2: Asking Rent, Office, Hanoi



Source: CBRE Research, Q4 2024

Asking rent is exclusive of service charge and VAT.

Hanoi Retail

The growth rate of rental rates in 2024 remained at a positive level

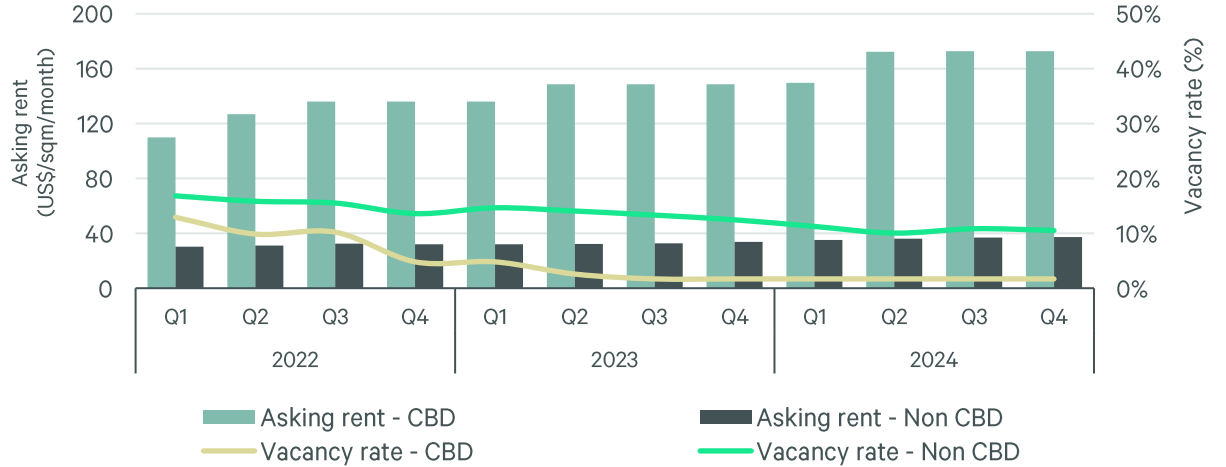
Looking back at 2024, the Hanoi retail market welcomed 24,581 sqm of new net leasable area from two shopping malls: The Linc Park City in Ha Dong district and The Diamond Plaza in Thanh Xuan district. This resulted in nearly 52,000 sqm of net absorption, and a decrease in the average vacancy from 12.0% to 10.1% in Hanoi. Meanwhile, the HCMC retail market added 117,000 sqm of new net leasable area from four shopping malls: Central Premium and Parc Mall in District 8, Vincom Megamall Grandpark in District 9, and Vincom 3/2 in District 10. All opened with nearly 100% occupancy. This led to the highest net absorption recorded since 2017 in HCMC, with 132,000 sqm and a drop in average vacancy from 9% to 7%.

Generally, the available space in CBDs is still very limited in both cities, supporting rental growth in these areas as high as 10-11% CAGR. CBD malls account for only 4% of the total supply in Hanoi and 12% in HCMC. The average rents in CBDs reached nearly US\$173 per square meter per month in Hanoi and nearly US\$280 in HCMC, marking a 16.2% and 15.4% increase compared to the previous year, respectively. Non-CBD rents in both cities recorded an annual increase of 10.1% at US\$37.3/sqm/month and 4% at US\$53/sqm/month in Hanoi and HCMC, respectively.

According to Euromonitor, non-grocery sales in Vietnam are expected to increase with a CAGR of 12.6% from 2010 to 2027F. Vietnam’s consumer expenditure per household index is also expected to increase by 38% from 2024 to 2028F, ranking highest in Southeast Asia, Philippines and Indonesia follow Vietnam in this regard.

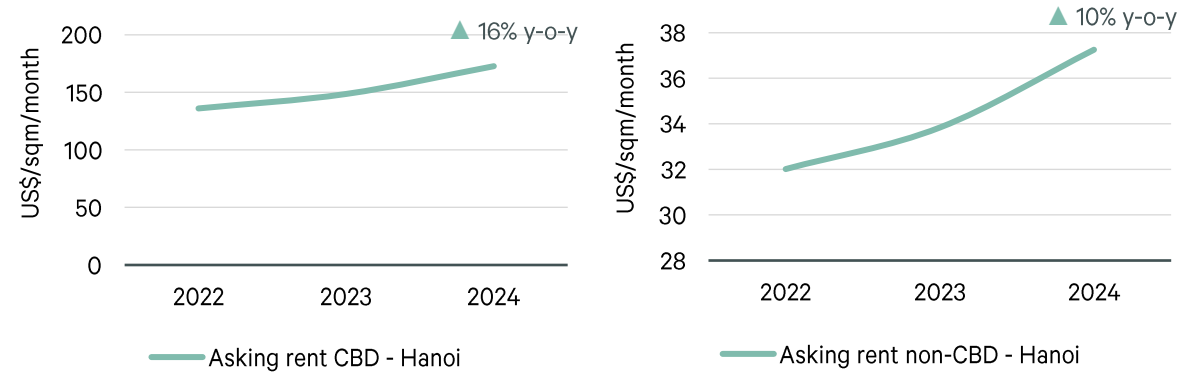
According to Ms. Thanh Pham, Associate Director of CBRE Vietnam: 'Domestic and foreign brands are steadily expanding in the major districts, leading to fierce competition for prime locations amid a shortage of quality properties.' Ms. Mai Vo, Head of Retail Services at CBRE Vietnam, adds: 'Despite lower sales of luxury brands in various markets, Vietnam continues to attract strong interest from a few niche brands that are targeting openings in 2025-2026. Despite the current subdued mood in retail sales in China and APAC in general, a significant number of Chinese brands are seeking opportunities to expand overseas, with Vietnam being one of the potential markets for expanding their store networks. Thus, both landlords and tenants should make proper decisions to secure locations and be aware of and plan at least 12 to 18 months ahead before the store opening date due to the long lead time required in securing the right location.'

FIGURE 3: Market Performance, Hanoi Retail



Source: CBRE Research., Q4 2024. Asking rent is for the ground floor, exclusive of VAT and service charge

FIGURE 4: Average Ground Floor Asking Rent, Hanoi Retail



Source: CBRE Research., Q4 2024. Asking rent is for the ground floor, exclusive of VAT and service charge

Condominium

New supply in 2024 tripled that of 2023

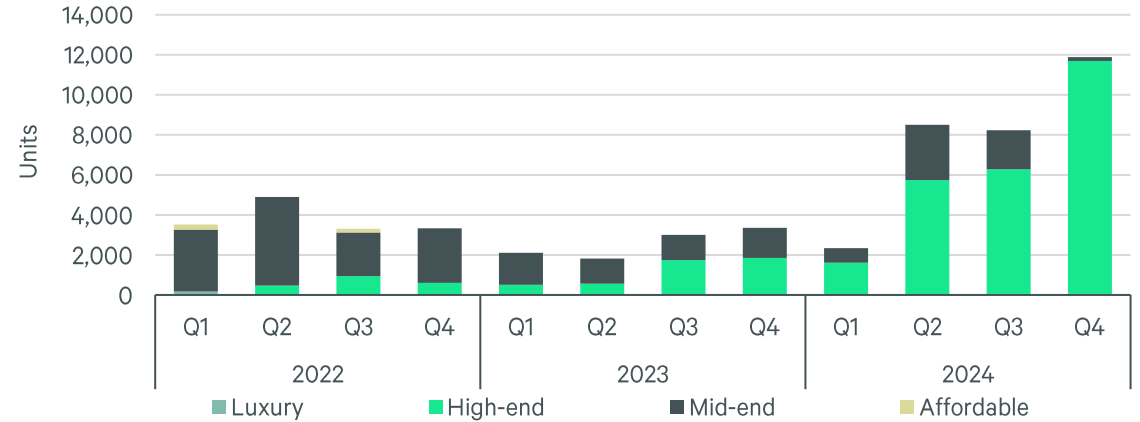
New condominium supply in Hanoi in 2024 tripled the new supply in 2023 and exceeded 30,900 new launched units. This was the highest annual new launch recorded since 2020 in Hanoi.

Regarding the selling price, at the end of Q4 2024, the average primary selling prices of condominium in Hanoi averaged at US\$ 2,854 per sqm NSA (excluding VAT, maintenance fee and discounts). Within this year, the primary selling price of condominium in Hanoi witnessed a sharp increase, up by 36% y-o-y and 12% q-o-q. This was the highest increase ever recorded in the past 8 years in Hanoi’s condominium market. The majority of the new supply in Q4/2024 came from high-end projects with complete legal status and developed in mega townships in Nam Tu Liem and Gia Lam districts, where residents have already moved in. This has resulted in an increase in primary selling prices as well as sales rates exceeding 70% among launched projects. In particular areas far from the city center such as Dong Anh and Van Giang (in Hung Yen province bordering Hanoi) recorded an increase in high-end supply, driven by the development of mega townships. Apart from high-end supply, Hanoi market this quarter also recorded a new mid-end project located in the suburbs of Hanoi (Thach That) with positive sales rate, thereby contributing to addressing the supply shortage that has persisted in this segment over recent years.

In the secondary market, the selling prices of condominium in Hanoi has been catching up with HCMC’s level, reaching an average of US\$ 1,909 per sqm NSA (excluding VAT and fees). In Hanoi, the increase in secondary selling prices maintained a more stable growth compared to the beginning of the year, up by 5% q-o-q. Compared to the same period last year, the price level already increased by more than 26%, which was the highest y-o-y growth so far.

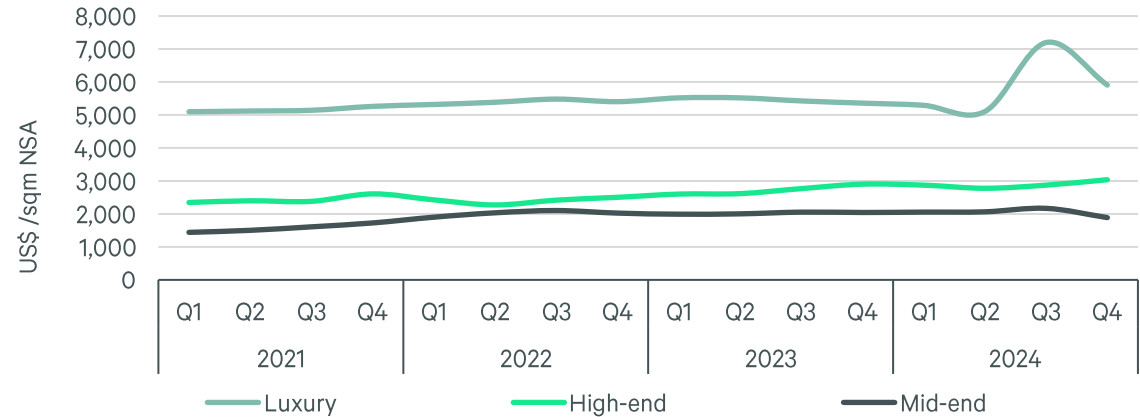
In 2025, new condominium supply in Hanoi is expected to remain strong, reaching around 31,000 new units, surpassing the figure recorded in 2024. New supply is mainly concentrated in the high-end segment, with an increase in the luxury supply as well. In addition, new condominium supply in Hanoi is also projected to expand to the southern areas (Hoang Mai district), the east (Long Bien district) and the west (Dan Phuong district). The abundant new supply in Hanoi will contribute to maintaining a stable growth in the primary selling prices, which is projected to increase by an average of 6-8% per year.

FIGURE 5: New supply, Condominium , Hanoi



Source: CBRE Research, Q4 2024

FIGURE 6: Average primary prices, Condominium, Hanoi



Source: CBRE Research, Q4 2024. Prices before VAT and maintenance fee

Villa & Townhouse

Hanoi remains a bright spot in terms of townhouse/villa supply in 2024

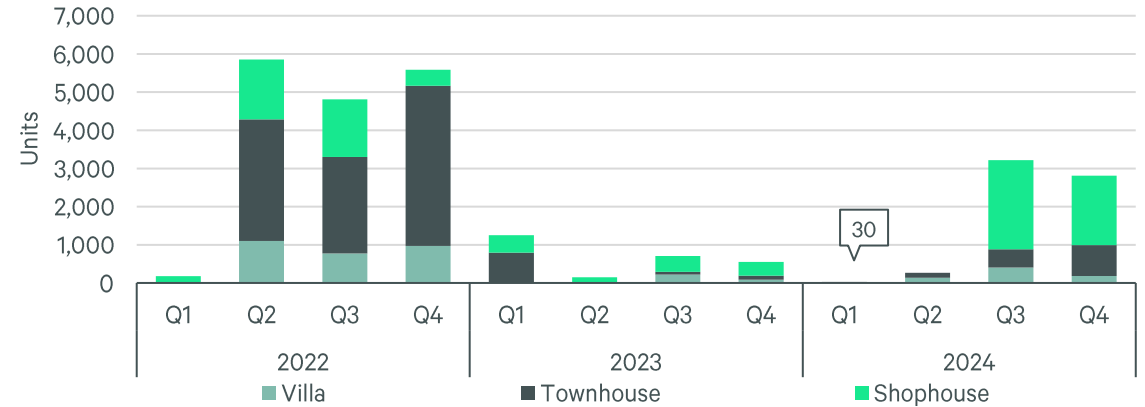
The new supply of landed property in Hanoi in the last quarter of 2024 remained strong with a total of over 2,800 units launched. Total new supply in 2024 reached over 6,300 new units launched coming from subsequent launches of existing townships in Dong Anh and Ha Dong. Compared to last year, the new supply has doubled in 2024.

Amid relatively abundant new supply, the absorption rate of the townhouse/villa market in Hanoi remained stable. Total number of units sold in 2024 has exceeded 6,100, which was an increase of over 43% y-o-y.

The price level for townhouses/villas in the last quarter of 2024 has not seen significant fluctuations, with primary sales prices reaching approximately US\$ 8,684 per sqm (excluding VAT and maintenance fee), a 14% increase from last year. In the secondary market, prices saw a stronger increase towards the end of the year, reaching US\$ 6,918 per sqm, which was almost 7% increase compared to the same period last year.

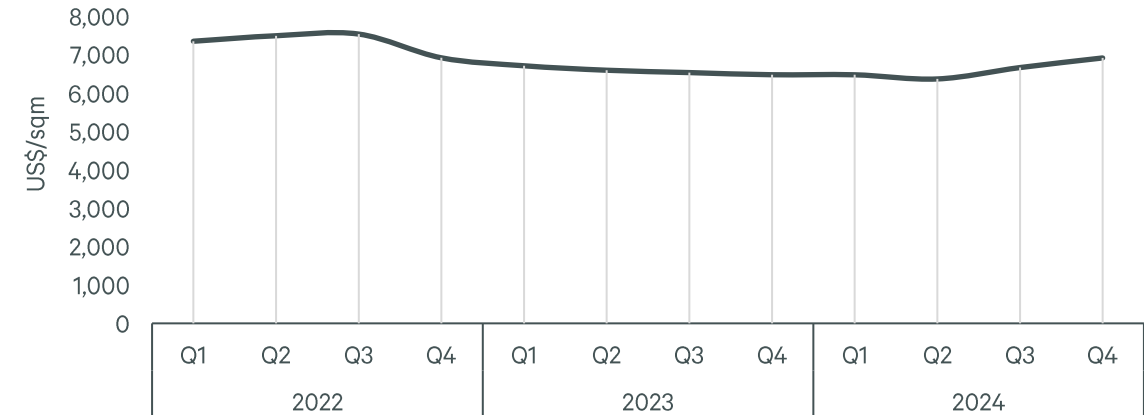
The outlook for the coming years suggests that in Hanoi, alongside the supply from the following launches of existing projects, the market will also see contributions from new townships in Dan Phuong, Long Bien, and Tay Ho over the next 2-3 years. The total new supply of landed property in Hanoi is expected to exceed 7,000 units in 2025.

FIGURE 7: New Launch vs Sold Unit, Hanoi Landed Property



Source: CBRE Research., Q4 2024.

FIGURE 8: Average Secondary price, Hanoi Landed Property



Source: CBRE Research., Q4 2024. Prices include construction cost, before VAT

Northern Industrial

The industrial real estate sector has continued to be a bright spot within the overall real estate market

For industrial land market, the industrial parks in Tier-1 markets in the Northern region recorded an average occupancy rate of 80% by the end of 2024. Net absorption of Northern region reached more than 400ha in 2024 fueled by large-scale transactions in various industries such as electronics, electric vehicles.

For the ready-built factory (RBF) segment, Northern markets recorded the highest net absorption over the past three years. Occupancy of RBF projects in the North reached 88%, up by 1.5 percentage points (ppts) year-over-year (y-o-y). This is notable, considering that the region welcomed an influx of new supply during the year, with around 0.5 million sqm of new stock – the highest volume of new supply in the past three years. In terms of rental rates, average rental rate reached US\$4.9/sqm/month, up by 2.0% y-o-y.

For the ready-built warehouse (RBW) segment, projects in the North sustained a the solid performance as net absorption level stayed at around 0.2 million sqm – similar to the level of the past two years. By the end of 2024, the rental rates of RBW projects in the North averaged at US\$4.7/sqm/month, up by 2.1% y-o-y.

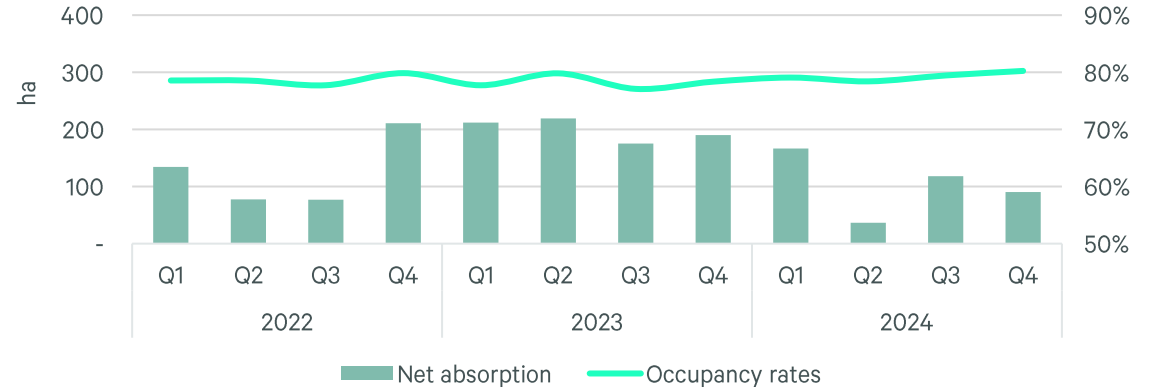
Leasing transactions are primarily led by major developers of ready-built facilities with strong portfolios across different provinces. Major transactions in the North during the year are from logistics, electronics and material sectors.

Market Outlook

In the next three years, industrial land rental rates are projected to increase by 4-8% per year in the North with new projects focusing on Hai Phong and Vinh Phuc. Meanwhile, rental prices for ready-built warehouses and factories are forecasted to experience a modest increase of 0-4% per year over the next three years as new supply is forecasted to be strong.

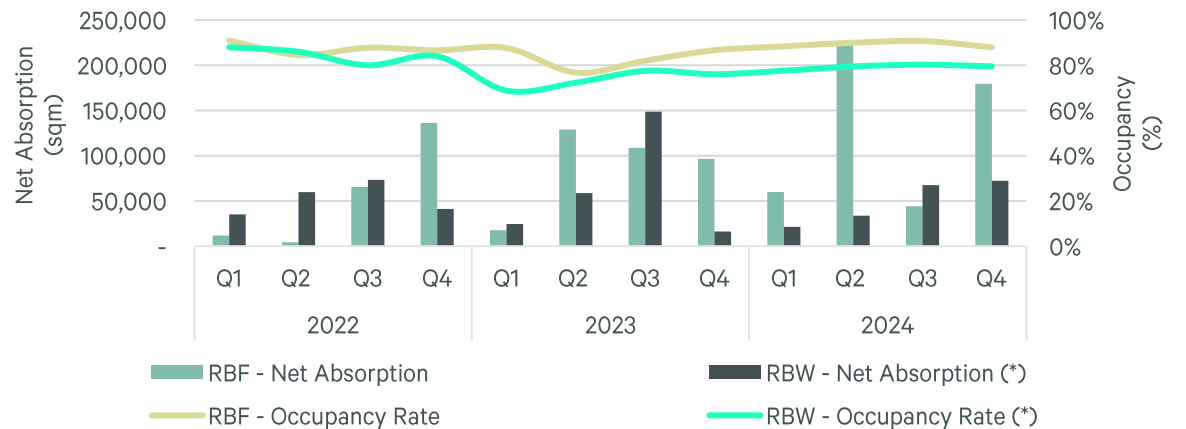
Note: Tier-1 markets include Hanoi, Hai Phong, Hai Duong, Hung Yen and Bac Ninh.

FIGURE 9: Industrial Land, Net absorption and Occupancy rates, Northern Tier-1 markets



Source: CBRE Research., Q4 2024

FIGURE 10: Ready-built Warehouse (RBW) and Factory (RBF), Net absorption and Occupancy rates, Northern Tier-1 markets



Source: CBRE Research., Q4 2024. (*) Exclude service warehouse and include absorption from ready-built hybrid projects.

Serviced Apartment

Slight improvement recorded in performance of both Grades in terms of rents and vacancy rate

In Q4 2024, the Serviced Apartment market did not welcome any new projects. The total supply of the market reached 5,222 Serviced apartment units. Grade A Serviced Apartments continued to dominate the market, representing 80% of the total supply.

Regarding the asking rent, both grades experienced a slight increase compared to the previous quarter, indicating a continued trend of recovery towards pre-Covid levels. Grade A rental rates was US\$26.8/sqm/month, reflecting a 0.2% increase q-o-q and a 4.1% decrease y-o-y. In the Grade B segment, the average asking rent was US\$17.6/sqm/month, witnessing a 0.2% increase q-o-q. Overall, the market rent averaged at US\$24.8/sqm/month.

Regarding the vacancy rate, both grades have shown signs of improvement, particularly in prime locations like Tay Ho and Ba Dinh districts. The vacancy rate recorded in Grade A shows a decrease by 2.9 ppts q-o-q and 8.9 ppts y-o-y, reaching 18.7% vacancy rate in this quarter. Grade B also experienced improvement in vacancy rate, reaching 28.6%, indicating a 2.7 ppts decrease q-o-q and a 3.3 ppts increase y-o-y. When considering both grade projects together, the average vacancy rate stood at 20.7%.

Market Outlook

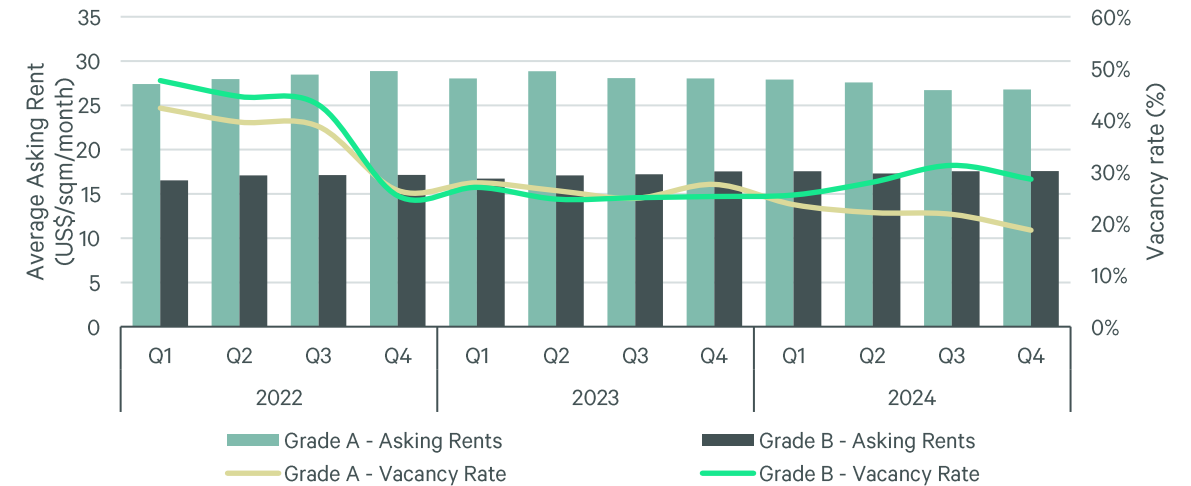
Seven upcoming projects are projected to add over 2,881 units to the market, with the majority of future supply to come from favorable locations such as Ba Dinh, Tay Ho and Tu Liem districts. This influx in the coming years signals ongoing recovery and highlights Hanoi's potential as a hub for high-quality serviced apartments, prompting landlords to implement more flexible rental policies to attract tenants.

FIGURE 11: Total supply, Hanoi Serviced Apartment, Q4 2024



Source: CBRE Research., Q4 2024

FIGURE 12: Asking price and Vacancy rate, Hanoi Serviced Apartment, Q4 2024



Source: CBRE Research., Q4 2024

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:

- 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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