

Solid market performance, continuous improvement in infrastructures and transparent legal framework set to unleash new opportunities in 2025



Note: Arrows indicate y-o-y change.

HOT TOPICS

- **Office:** In HCMC, the leasing demand for Grade A outpaced Grade B, with 38,000 sqm leased compared to only 14,613 sqm in Grade B throughout 2024. Together with the improved net absorption, the vacancy rate of Grade A decreased by 1.23 ppts in 2023 to 17.6% in 2024, while Grade B's vacancy is stayed at 11.3%. Transactions were mainly expansions from IT, Financial Services, and Manufacturing industries.
- **Retail:** HCMC retail market welcomed 117,000 sqm of new net leasable area from four shopping malls: newly opened in 2024. 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%.
- **Condominiums:** While HCMC continued to face limited new supply with 5,050 units in 2024, new residential supply in Hanoi increased significantly with nearly 38,000 new launched units this year. The absorption of new projects reached over 70%. Primary selling prices increased by nearly 24% y-o-y.
- **Industrial land:** The Southern market has experienced the annual net absorption of 265 hectares, reflecting a 52% decrease compared to 2023. This decline has been attributed to the limited availability of industrial land in major markets. The average rent of industrial parks in the South reached US\$175/sqm/remaining term, up by 1.4% y-o-y.
- **RBW/RBF:** The RBW/RBF sectors have shown strong growth in 2024. RBF recorded the highest net absorption in the last three years; while RBW in the South saw net absorption double.

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

Vacancy declined but remained in the double digits

Over the course of 2024, the office market in both Hanoi and HCMC witnessed an improvement in total net absorption and slightly higher than the average net absorption recorded in the last five years. In HCMC, the leasing demand for Grade A outpaced Grade B, with 38,000 sqm leased compared to only 14,613 sqm in Grade B.

During 2023-2024, the total new supply in the HCMC office market hit its peak with over 185,000 sqm new leasable area in Grade A. Consequently, Grade A vacancy reached 18.8% by the year-end of 2023. Together with the improved net absorption, the vacancy rate of Grade A in HCMC decreased to 17.6% as of the end of 2024, while grade B's vacancy is stayed at 11.3%.

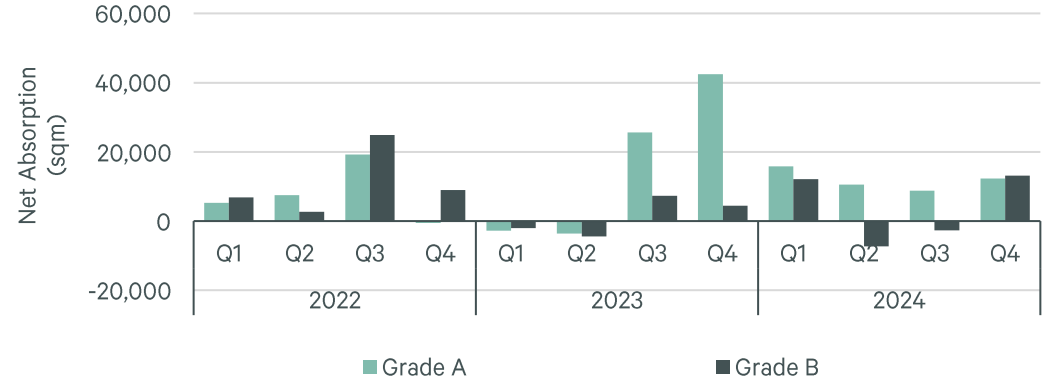
HCMC CBD's recorded 3.7% y-o-y rental growth, driven by new buildings'

Rental rates in HCMC and Hanoi are trending upwards at 1-2% annually citywide. Notably, the rental rate for Grade A in the CBD of HCMC in 2024 increased by 3.7% y-o-y, the highest rate among all grades. This increase was driven by new buildings gradually filling up. It is notable that all new Grade A buildings completed since 2019 are green certified, such as Green Mark and LEED. Thanks to their high quality, they have successfully attracted reputable companies leasing areas of up to 1,000-2,000 sqm, or even nearly 10,000 sqm.

Another notable trend is the growth of the IT sector, leading and contributing 30% of leasing areas, followed by the finance/banking/insurance sector. Vietnam has gradually evolved as a hub for tech innovation and agility thanks to its dynamic economies and young, educated workforce.

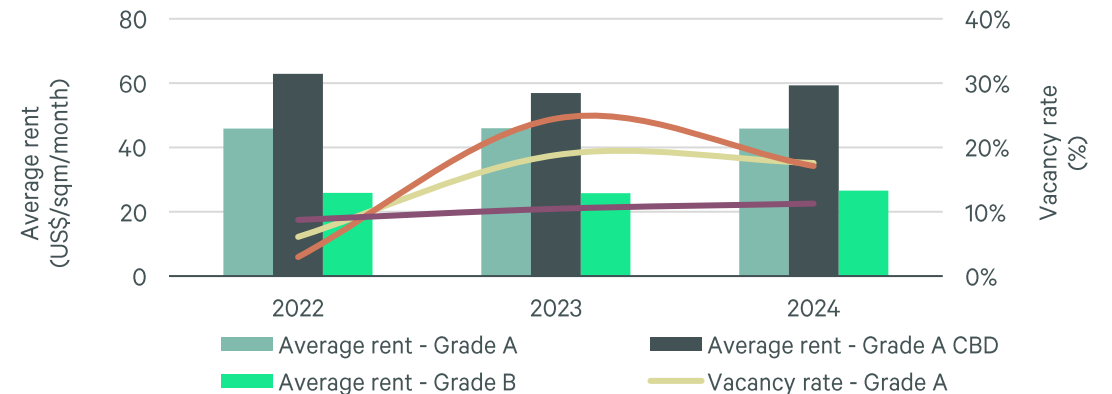
Looking forward to the next three years, although the future supply in HCMC is expected to be over 300,000 sqm, the pipeline is not yet solid as most of these projects are in the planning stage. Vacancy rates are forecasted to gradually decrease, dropping to nearly below 10% in HCMC.

FIGURE 1: Net absorption, Office, HCMC



Source: CBRE Research & Consulting, Q4 2024

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



Asking rent is exclusive of service charge and VAT.

Source: CBRE Research & Consulting, Q4 2024

Retail

HCMC recorded the highest net absorption since 2017

In 2024, the HCMC retail market welcomed 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%.

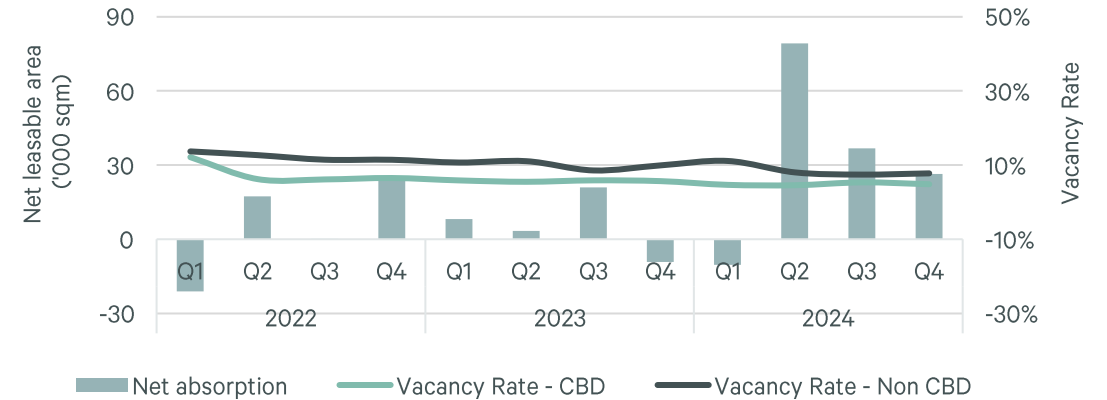
Limited prime retail space supports rental growth in CBD

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

This year, CBRE recorded a surge in the number of transactions driven by expansion activities from the F&B sector, accounting for 45% of the total number of transactions, followed by Fashion & Accessories. Along with the strong expansion of existing brands, domestic and foreign brands are steadily expanding in the major districts, leading to fierce competition for prime locations amid a shortage of quality properties. CBRE also observes a trend of Chinese brands are seeking opportunities to expand overseas, with Vietnam being one of the potential markets for expanding their store networks.

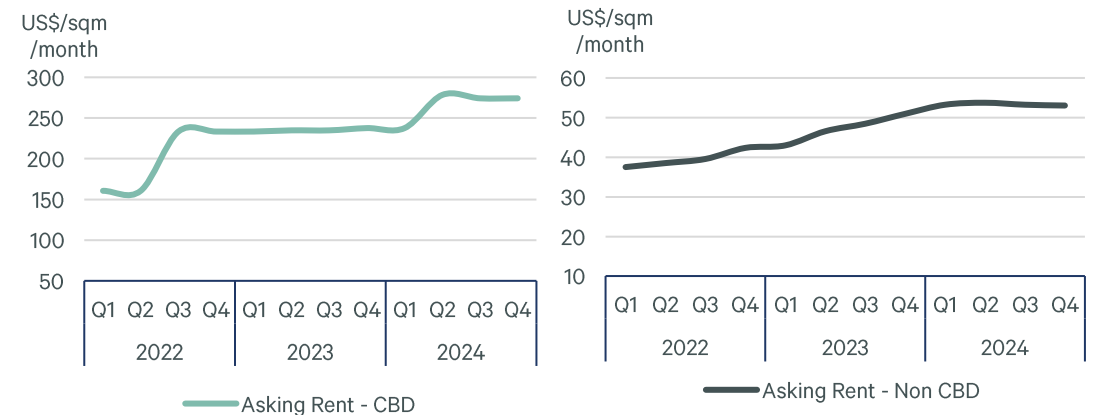
According to Euromonitor, non-grocery sales in Vietnam are expected to increase with a CAGR of 12.6% from 2010 to 2027F. Vietnam’s consumer expenditure per household index is also expected to increase by 38% from 2024 to 2028F, ranking highest in Southeast Asia, Philippines and Indonesia follow Vietnam in this regard. There are promising opportunities ahead for the Vietnam retail market, yet the key lies in determining the right approach to engage with consumers. Customers nowadays are tired of copycat malls. Landlords need to ensure that their malls are upgraded and renovated to reflect their unique positioning and offerings.

FIGURE 3: Market performance, Retail, HCMC



Source: CBRE Research & Consulting, Q4 2024

FIGURE 4: Asking rent, Retail, HCMC



Asking rent is calculated for the Ground Floor and First Floor, excluding VAT and service charge.

Source: CBRE Research & Consulting, Q4 2024

Condominium

New supply increased sharply in Q4 but still the lowest since 2013

New condominium supply in HCMC in 2024 reached the lowest level ever recorded since 2013, with only 5,050 new launched units this year. However, during Q4 2024, the number of new supply in HCMC was already up by 26 times compared to Q3 2024.

In HCMC, condominium primary prices averaged at VND 76 million per sqm NSA (excluding VAT, maintenance fee and discounts) in Q4 2024, up by nearly 24% y-o-y. This significant increase was driven by the fact that over 70% of the new supply came from high-end and luxury projects launched this year. Meanwhile, the following launches of existing projects saw primary prices increase by 10% to 40% compared to earlier launches. Despite setting a high asking price, developers also offered various attractive sales policies such as extended payments of up to 5 years, or discounts from 5% to 16% for standard payments, etc. As a result, new projects launched in Q4 2024 witnessed a positive absorption rate of around 70% out of total launched supply.

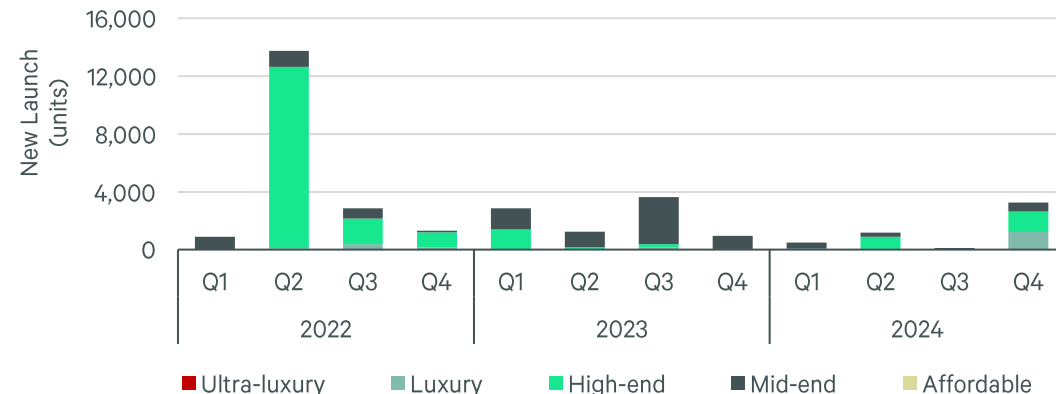
In this quarter, the secondary selling price of condominium in HCMC continued to increase slightly, up by 1% q-o-q. The official operation of the Metro Line No. 1 from the end of December 2024 has led to projects along the metro line, typically in District 2 (old) and District 9 (old) of Thu Duc City, recording secondary selling price increases of 2%-3% q-o-q and nearly 15% y-o-y on average.

2025 expects more than 9,000 new condominium units

HCMC is expected to have more than 9,000 new condominium units launched in 2025, nearly doubled compared to 2024 but only slightly increased compared to 2023. The high-end and above segment will continue to lead new supply in 2025. Therefore, primary selling prices are forecasted to continue to grow at around 8%-10%/year.

Under the context that primary selling prices in HCMC remain high and exceed the buying budget of the majority of home buyers, nearby markets to HCMC such as Binh Duong, Dong Nai and Long An, typically in those areas with established connections, will receive more and more attention from home buyers.

FIGURE 5: New supply, Condominium, HCMC



Source: CBRE Research & Consulting, Q4 2024

FIGURE 6: Average primary price, Condominium, HCMC



Source: CBRE Research & Consulting, Q4 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, maintenance fee, discounts and quoted on NSA), this index tracks all projects available for sales during the review quarter, including both first-time launched projects and next phases of existing projects.

Villa & Townhouse

New supply in 2024 improved compared to 2023 but only 10%-20% compared to the peak period (2016-2022)

After a year of limited new supply in 2023, new landed property supply launched in 2024 reached over 230 units, nearly an eightfold increase compared to the previous year. In contrast to Hanoi market, new landed property supply in HCMC over the past two years has not come from large-scale urban projects anymore, resulting in the new supply for 2024 being only 10%-20% of the levels seen from 2016 to 2022.

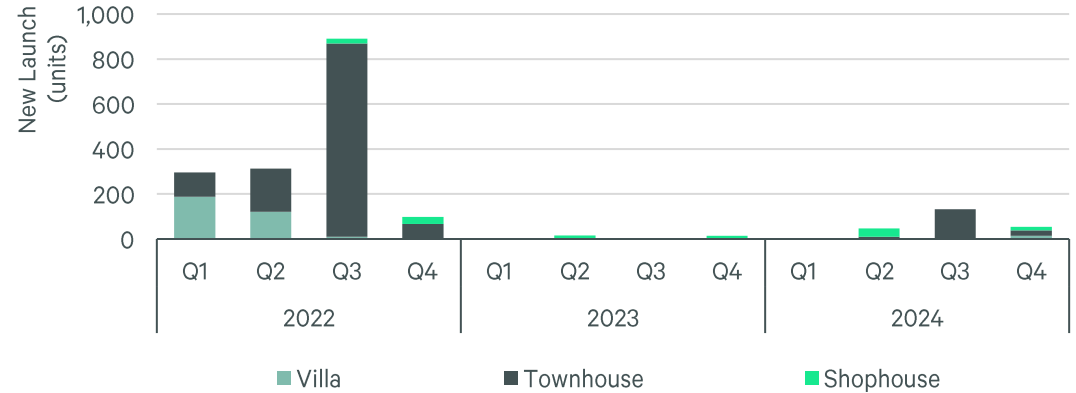
The largest new supply this year comes from a new project in the Western area (Binh Chanh District), which launched over 130 units at the beginning of Q3. Other new projects are on a smaller scale, typically around 10-50 units per launching phase. With sustained high housing demand, the sales rate of newly launched projects this year reached nearly 80% out of total launched units.

The primary selling prices of landed property products in HCMC reached VND 310 million per sqm land (excluding VAT, maintenance fee and discounts) in Q4 2024, a 13% y-o-y increase.

New supply in the next 3 years will come from suburban townships

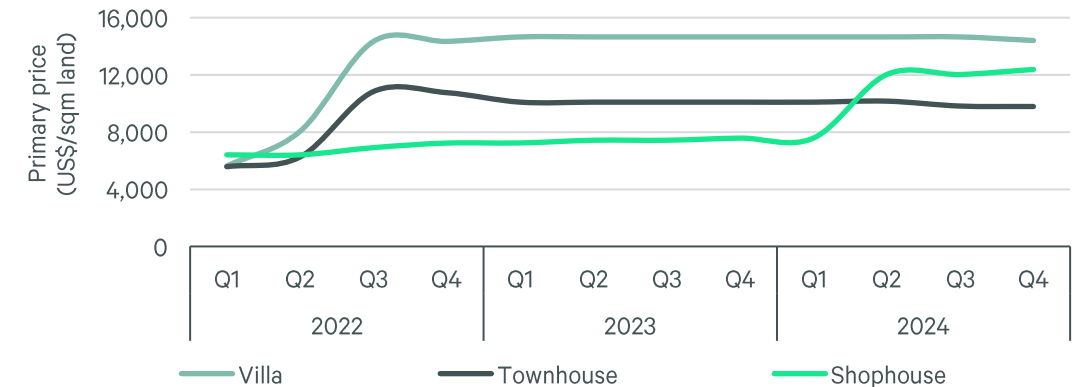
New supply in the city is expected to reach around 2,000 units in 2025, eight times higher than that of 2024. In the coming years, new landed property supply in HCMC will continue to improve thanks to new township projects introduced in the Eastern and Southern areas. These new projects are of diverse scales from >10 ha to >300 ha, with some projects of up to 900 ha and nearly 3,000 ha, providing tens of thousands of ready-built landed property products to the HCMC's market.

FIGURE 7: New supply, Landed property, HCMC



Source: CBRE Research & Consulting, Q4 2024

FIGURE 8: Average primary price, Landed property, HCMC



Source: CBRE Research & Consulting, Q4 2024

Average Primary Price: US\$ psm (excluding VAT, maintenance fee, discounts and quoted on land area), this index tracks all projects available for sales during the review quarter, including both first-time launched projects end next phases of existing projects.

Southern Industrial Market

Industrial Land: Steady Occupancy Rates with Notable Transactions in Ba Ria-Vung Tau and Long An

In 2024, the industrial real estate sector has continued to be a bright spot within the overall real estate market. Throughout the year, major global manufacturers such as Samsung, LG, Foxconn, Hyosung, and Nestle announced expansion plans and kicked off various projects across different regions in Vietnam.

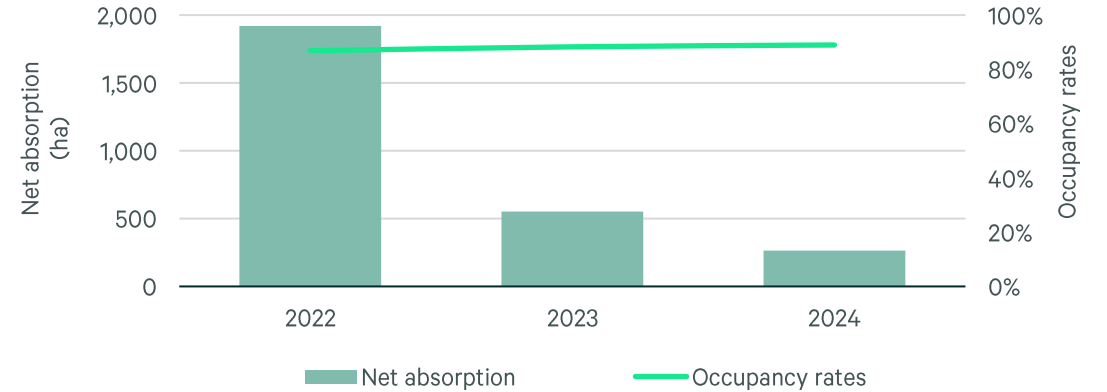
The Southern market has experienced a net absorption of 265 hectares, reflecting a 52% decrease compared to 2023. This decline is attributed to the limited availability of industrial land in major markets. Notably, significant transactions are in Ba Ria-Vung Tau and Long An. By the end of 2024, the average rental rate of industrial parks in the the South reached US\$175/sqm/remaining terms, up by 1.4% y-o-y. The new supply expected in 2025 will come from VSIP 3 IP in Binh Duong, Amata City Long Thanh IP in Dong Nai, and Prodezi IP in Long An.

RBF/RBW: RBF recorded the highest net absorption in the last three years; while RBW saw net absorption double

Occupancy of RBF projects in the South increased by 7.7 ppts y-o-y, reaching 89%. This result is notable, considering that the Southern region welcomed an influx of new supply during the year, with each having around 0.5 million sqm of new stock. – the highest volume of new supply in the past three years In terms of rental rates, It is recorded a 2.0% increase compared to last year, reaching US\$5.0/sqm/month.

For the ready-built warehouse (RBW) segment, the net absorption of RBW in the South doubled the past year’s level, reaching 0.4 million sqm. This surge in leasing activity, driven by logistics and e-commerce companies, has resulted in an annual rental growth of 5.3% in the South. By the end of 2024, rental rates for RBW projects in the region are projected to average US\$4.70/sqm/month.

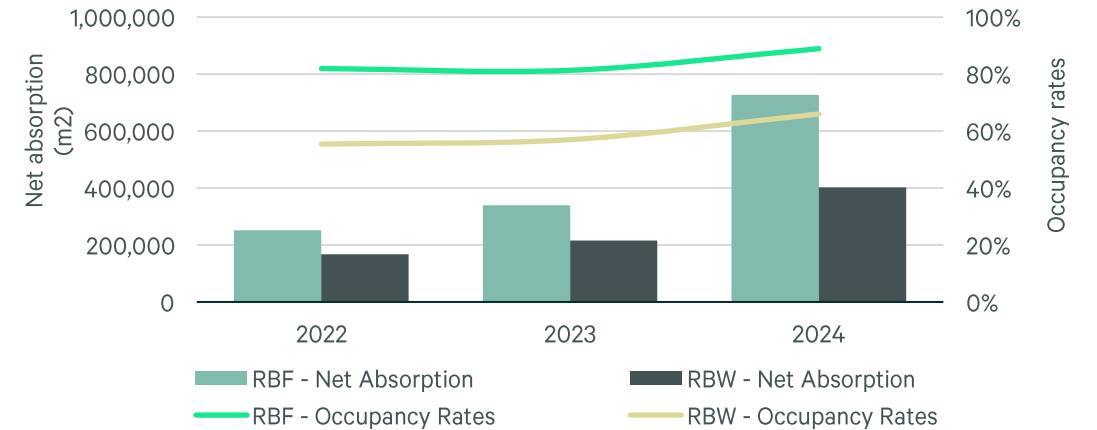
FIGURE 9: Industrial land, Southern region, Tier – 1 provinces



Source: CBRE Vietnam Research & Consulting, Q4 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, Q4 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:

$$\begin{aligned} \text{net absorption} &= \text{new completions} \\ &+ \text{vacancy figures at the beginning of the period} \\ &- \text{demolition - vacancy figures at period-end} \end{aligned}$$

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.

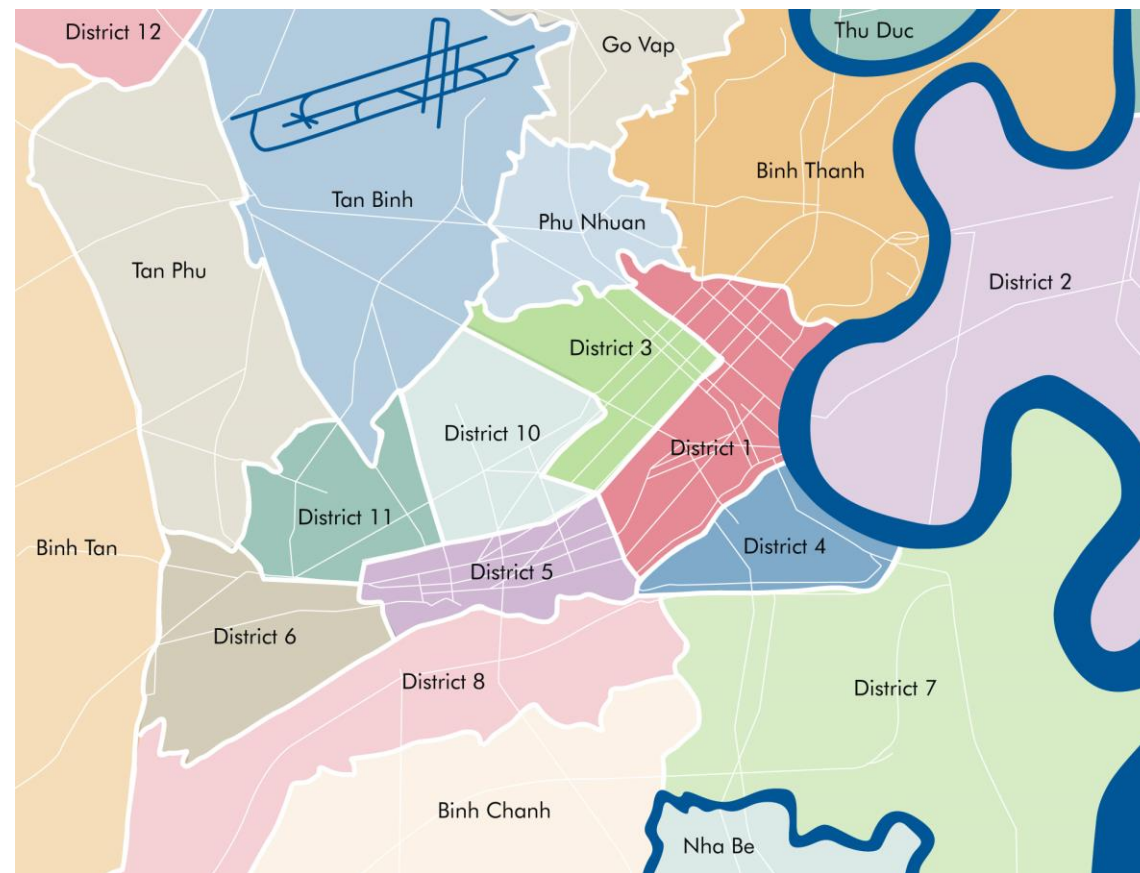
Rents or average room rates are quoted on the following basis:

- 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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