

Navigating Through Uncertainties

▲ +6.93%

VIETNAM GDP

▲ +7.50%

HCMC GRDP

▲ +7.35%

HANOI GRDP

▲ +4.00%

VN-INDEX

Note: Arrows indicate y-o-y change.

HOT TOPICS

- **Office:** The Hanoi office market demonstrated growth in Q1 2025 with rising rents and strong absorption
- **Retail:** Hanoi's retail market demonstrated stability in Q1/2025, with a modest increase in supply following the opening of AEON Xuan Thuy Shopping Mall (18,000 sqm NLA). The average vacancy rate across the market decreased slightly by 0.8 ppts compared to Q4/2024, reaching 9.4%.
- **Residential:** Q1 2025 saw the largest supply of condominiums launched in Hanoi for the first quarter in the past four years. Additionally, the volume of landed property launches in Q1 was the highest ever recorded for a first quarter in the city. On-going strong supply has driven the strong upward trend in condominium prices seems to slow down.
- **Industrial:** The industrial real estate market in Vietnam maintained positive activity in the first quarter of 2025, with favorable developments in manufacturing and FDI attraction. According to the General Statistics Office, the industrial production index in Q1/2025 increased by 2.24% compared to the same period last year. The total newly registered FDI capital in the quarter reached nearly US\$ 11 billion, marking an impressive growth of 34% compared to Q1/2024 and 29% of the entire year 2024.

Vietnam Economic Overview

- GDP growth rate in Q1 2025 reached 6.93%, indicating a positive growth trajectory. The primary growth driver in Q1 2025 is Service sector, which expanded by 7.70% y-o-y.
- Total registered FDI in Q1 2025 was US\$10.98 billion, a significant increase of +34.7% y-o-y. Singapore emerged as the top investor in Vietnam in Q1 2025, contributing 30.5% of the total investment. China followed closely at 28.5%, trailed by Taiwan, Japan, and Hong Kong.
- Vietnam's total trade turnover reached US\$202.5 billion in Q1 2025, up by 13.7% y-o-y. The export sector grew by 10.6%, while imports saw a significant increase of 17.0%. The country achieved a trade surplus of US\$3.16 billion, with the US being the largest export market and China the largest import market.
- The CPI rose by 3.22% y-o-y in Q1 2025, well controlled below the target by the government.
- Total retail sales of consumer goods and services in Vietnam reached VND1,708.3 trillion in Q1 2025, marking an 9.9% y-o-y increase, higher than the 8.2% growth recorded in the same period of Q1 2024.
- In Q1 2025, the total number of international arrivals surpassed 6 million visitors, showcasing a 29.6% y-o-y increase.

Office

The Hanoi office market demonstrated growth in Q1 2025 with rising rents and strong absorption

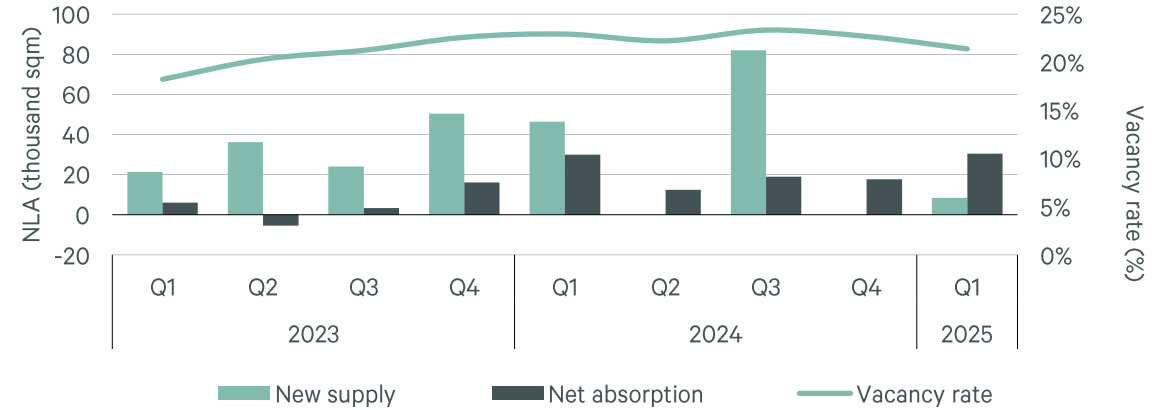
Regarding supply, the Hanoi office market welcomed one new Grade B project in Q1/2025, providing 8,429 sqm of NLA to the market, bringing the total office space for lease to 1.86 million sqm of NLA. For the remainder of the year, the market is expected to welcome additional new office projects concentrated in the Midtown and the West, adding approximately 63,000 sqm of NLA, creating positive momentum for market development.

Regarding rental prices, rents for both grades increased slightly as some office buildings in the Midtown and the West recorded good occupancy rates. Specifically, Grade A rental rates reached US\$29.7/sqm/month, an increase of 1.3% q-o-q and 1.6% y-o-y. Similarly, Grade B rental rates reached US\$15.0/sqm/month, up 1.6% compared to the previous quarter and 2.5% compared to the same period last year.

Net absorption in the Hanoi market in Q1/2025 reached over 30,000 sqm, equivalent to approximately 30% of the total absorption for the entire year of 2024. The average vacancy rate for Grade A decreased by 2.3 ppts compared to the previous quarter and increased by 2.1 ppts compared to the same period last year, reaching 22.1%. Similarly, the vacancy rate for Grade B projects reached 15.1%, down 0.8 ppts q-o-q and down 3.4 ppts y-o-y.

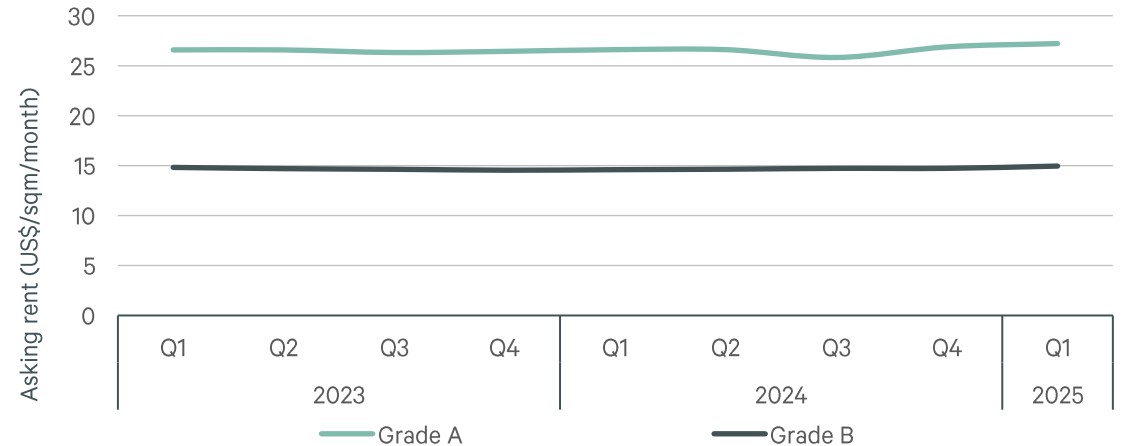
Regarding demand, office relocation and new letting transactions accounted for a large proportion, respectively reaching 50% and 36% of the total major transactions recorded by CBRE in Hanoi in Q1/2025, indicating that “flight-to-quality” movement remains a priority for many office tenants in Hanoi. In terms of tenant industries, Manufacturing and Finance/Banking/Insurance led office leasing demand in Hanoi, accounting for 45% and 33% of the total transaction area this quarter, respectively.

FIGURE 1: Market Performance, Office, Hanoi



Source: CBRE Research, Q1 2025

FIGURE 2: Asking Rent, Office, Hanoi



Source: CBRE Research, Q1 2025
Asking rent is exclusive of service charge and VAT.

Hanoi Retail

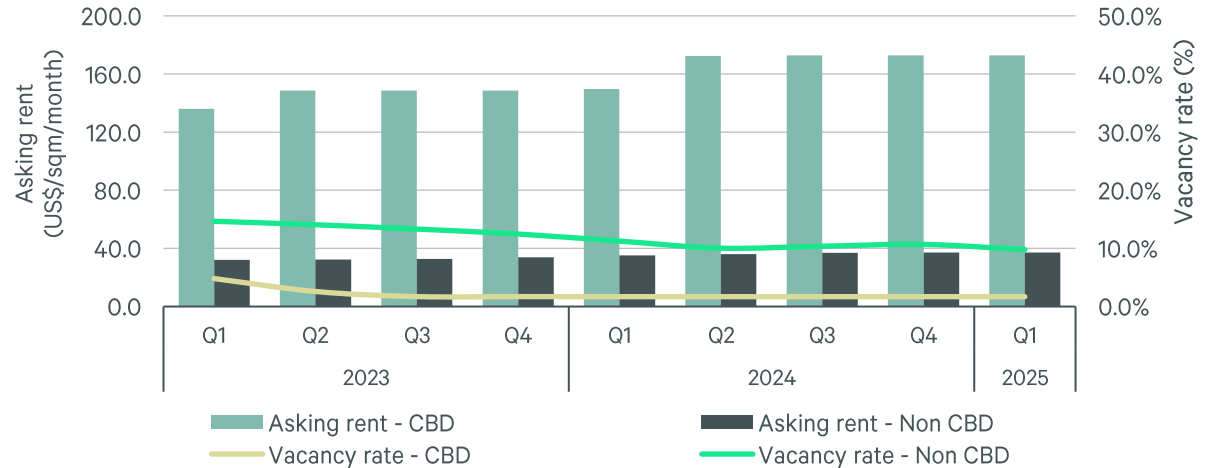
Hanoi's retail market demonstrated stability in Q1 2025

Hanoi's retail market demonstrated stability in Q1/2025, with a modest increase in supply following the opening of AEON Xuan Thuy Shopping Mall (18,000 sqm NLA). The growth of the trade and service sector was driven by increased domestic consumption during the Lunar New Year holiday and a robust recovery in international tourist arrivals. The average vacancy rate across the market decreased slightly by 0.8 ppts compared to Q4/2024, reaching 9.4%. The Hanoi market is projected to welcome two major new supply sources in Q2 and Q3 2025, including Vincom Megamall Ocean City (60,000 sqm NLA) and Hanoi Centre (43,000 sqm NLA). This significant increase in supply may create greater competition, while also providing opportunities for retailers to seek space suitable for their scale and strategies.

In terms of market activity, Hanoi's market recorded 24,760 sqm of net absorption in Q1/2025, significantly higher than the 3,537 sqm absorbed in Q4/2024. Transactions recorded by CBRE in Q1/2025 mainly originated from the F&B, Lifestyle (*), and Entertainment sectors. This trend reflects an evolving consumer preference for personalized experiences and services, including unique culinary and entertainment options, and engaging shopping experiences. While the asking rent in the CBD area remained unchanged compared to Q4/2024, this area nonetheless experienced a year-on-year growth of 15.4%, reaching USD 173/sqm/month. Meanwhile, asking rent in the non-CBD areas also saw a year-on-year increase of 5.4%, reaching USD 37.1/sqm/month. The vacancy rate in the CBD area remained stable compared to the previous quarter due to a lack of newly recorded transactions, holding at a low rate of 1.7%. Conversely, the vacancy rate in the non-CBD areas decreased slightly from 10.7% in Q4/2024 to 9.8% in Q1/2025, indicating stronger absorption in this areas.

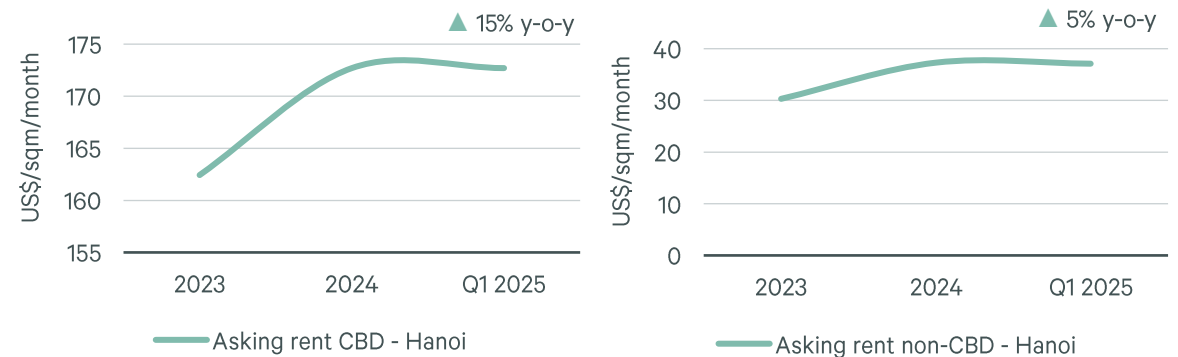
Hanoi's convenience store market witnessed increased competition with the entry of GS25 (with its first six stores in Hanoi). The anticipated entry of 7-Eleven in the near future is expected to significantly reshape this segment, offering consumers greater choice. Another notable trend is the continued expansion of Chinese brands in the Vietnamese market. Since 2023, several brands such as OH! Some, KKV, Semir, and Cotti Coffee have established a presence and are planning to expand their store networks in Hanoi, Ho Chi Minh City, and Vietnam in general. While the expansion of Chinese brands brings diversity to the retail market, it also presents certain challenges related to penetration, rapid expansion, and long-term sustainability. Retailers need to carefully assess their suitability to local consumer tastes, purchasing power, as well as their competitiveness and long-term viability.

FIGURE 3: Market Performance, Hanoi Retail



Source: CBRE Research, Q1 2025. 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, Q1 2025. Asking rent is for the ground floor, exclusive of VAT and service charge

Note: (*) including Home Furnishings and Décor, Personal Care products, Cultural and Artistic products, Health products and services, Pet products and services, etc.)

Condominium

Strong upward trend in condominium prices seems to slow down

In Q1 2025, the Hanoi condominium market recorded a total new supply of nearly 3,920 units. While this figure is relatively modest compared to the average quarterly sales of 8,000 to 9,000 units over the previous three quarters, it marks an increase of nearly 70% compared to the same period last year. Notably, this is the largest supply of condominium launched in the first quarter of a year recorded in Hanoi in the past four years, since 2022.

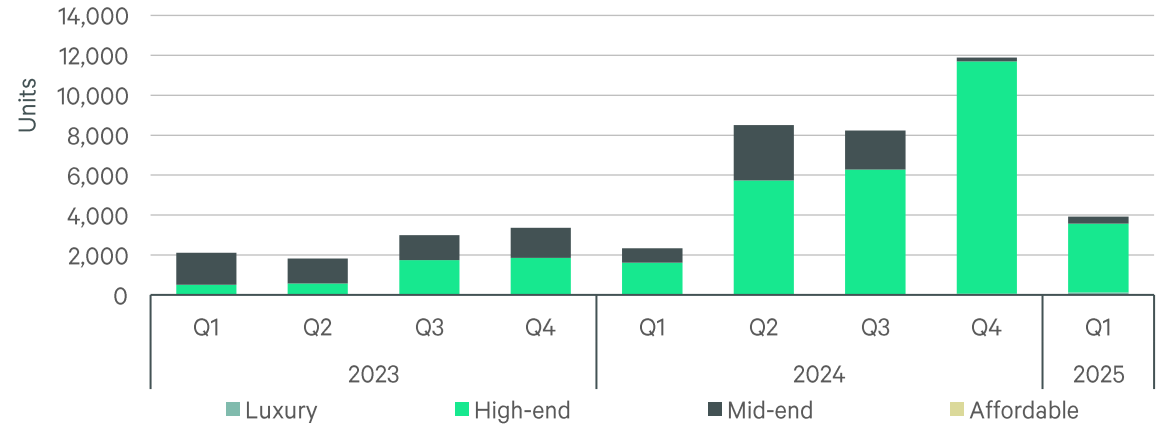
The liquidity of Hanoi condominium market in the first quarter of 2025 remained stable. The total number of condominium units sold during the quarter reached nearly 3,950 units, down by 63% q-o-q but up by 72% y-o-y. Besides the seasonal factor of the Tet holiday in Q1, the continuous launches of large-scale new supply in recent quarters has also put pressure on total transaction volume, as the market needs time to absorb the significant number of condominiums launched recently.

After a period of rapid growth since the beginning of 2024, the strong upward trend in condominium prices in Hanoi seems to slow down in Q1 2025. In the primary market, the average selling price reached slightly over US\$ 2,920/sqm (excluding VAT, maintenance fees, and any discounts or incentives). While this price is 28% higher compared to the same period last year, it is only an increase of over 2% from the previous quarter, marking the lowest quarterly price increase since Q2 2023.

In the secondary market, the increase in selling price has also continued to slow down in this quarter. At the end of Q1 2025, the average secondary selling price of condominium projects in Hanoi reached US\$ 1,950/sqm (excluding VAT and maintenance fees). Compared to the same period last year, this price has increased by 15%.

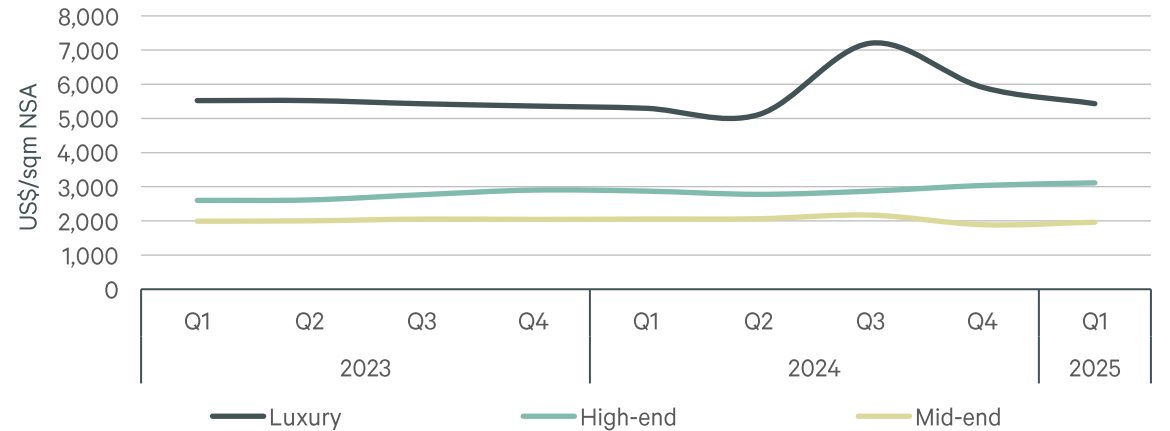
Looking ahead, Hanoi residential market is projected to witness the launch of approximately 31,700 condominium units in 2025. Absorption rates are expected to remain stable, amid the ongoing strong new supply.

FIGURE 5: New supply, Condominium, Hanoi



Source: CBRE Research, Q1 2025

FIGURE 6: Average primary prices, Condominium, Hanoi



Source: CBRE Research, Q1 2025. Prices before VAT and maintenance fee

Villa & Townhouse

Upward trend in secondary selling price of landed property continued

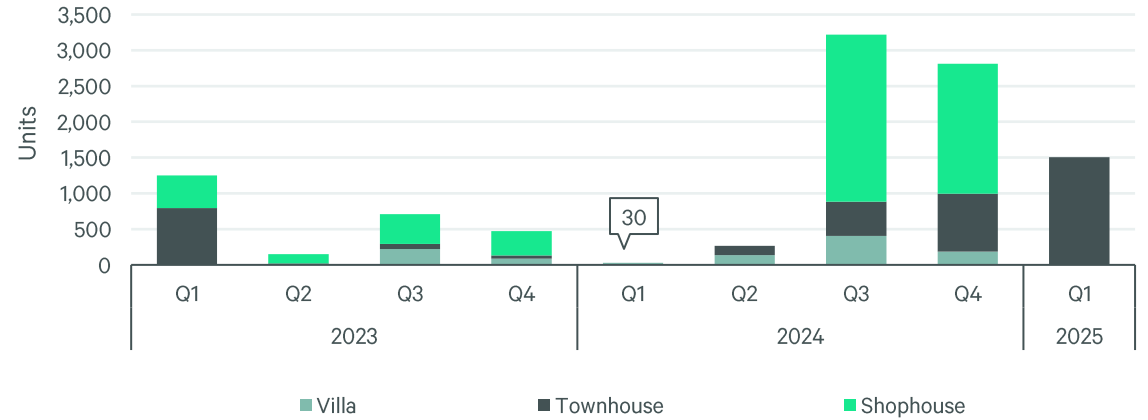
In Q1 2025, the supply of newly launched landed property in Hanoi remained relatively stable, with over 1,500 units launched from a major township in Dan Phuong. Due to the disruption from the Lunar New Year holiday, new supply this quarter saw a decrease of 46% from the previous quarter. However, it is still one of the highest first-quarter launch of landed property recorded to date in Hanoi.

The absorption rate of the landed property market in Hanoi remained stable and exceeded the amount of new supply this quarter. The total number of units sold during this period reached over 1,800 units, mainly concentrated in large townships with significant launches in Dong Anh, Dan Phuong, and Van Giang (in Hung Yen province adjacent to Hanoi).

In terms of pricing, the average primary selling price in Q1 2025 saw a slight increase compared to the previous quarter, reaching over US\$ 8,850/sqm (including construction costs but excluding VAT), up by 2% q-o-q and 13% y-o-y. Meanwhile, the average secondary selling price continued to rise, reaching approximately US\$ 7,195/sqm (including construction costs but excluding VAT), an increase of 4% q-o-q and 12% y-o-y. This marks the highest year-over-year price increase recorded in a quarter since Q3 2022.

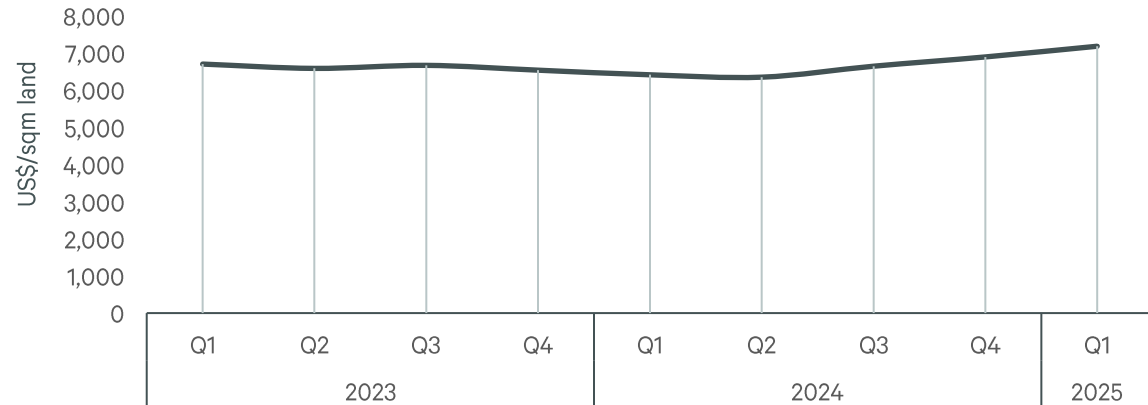
In the remaining quarters of 2025, Hanoi landed property market is expected to witness more development of villas and townhouses in townships located in suburban areas of Hanoi including Dan Phuong, Bac Tu Liem and Van Giang (in Hung Yen bordering Hanoi).

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



Source: CBRE Research, Q1 2025.

FIGURE 8: Average Secondary price, Hanoi Landed Property



Source: CBRE Research, Q1 2025. Prices include construction cost, before VAT

Northern Industrial

Robust Performance in Q1 2025

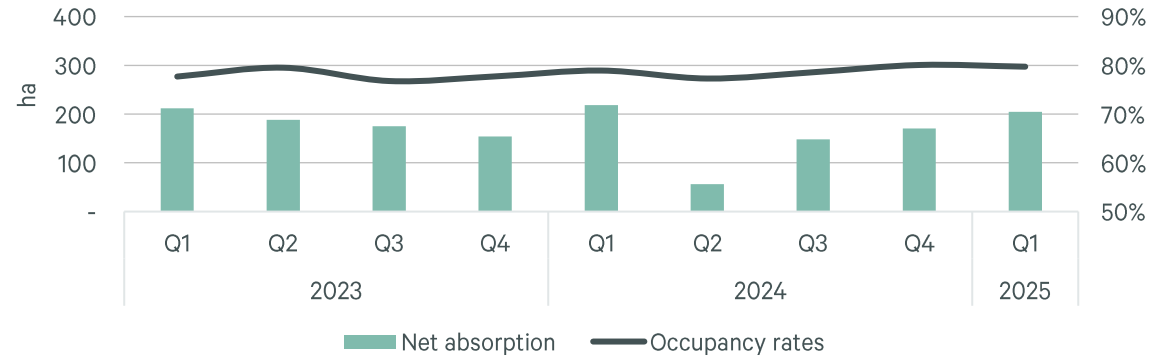
For the industrial land market, the absorption rate of industrial parks in Tier 1 markets in the North reached 200 hectares in the first three months of 2025, with the occupancy rate maintained at 79.7%, an increase of 0.8 percentage points compared to the same period last year. Several projects commenced in the quarter, such as the Lite-On factory in Quang Ninh (electronic components manufacturing, total investment: US\$ 690 million) and the Victory Giant Technology factory in Bac Ninh (printed circuit board manufacturing, total investment: US\$ 540 million). The average rental price in Q1/2025 reached US\$ 139/sqm/ remaining term, an increase of 3.7% compared to the same period last year. The rental price growth is attributed to the rental price adjustments of industrial parks with improved occupancy rates.

For the ready-built warehouse and factory markets (RBW and RBF), several large-scale projects continued to be launched in the northern region in the first quarter, focusing on the Bac Ninh and Hung Yen markets. With the introduction of new supply, the average occupancy rate in Tier 1 markets in the North reached 83.9% for RBW, a decrease of 0.1 ppt compared to the previous quarter, and 88.6% for RBF, a decrease of 1.4 ppt compared to the previous quarter. In terms of rental rates, the average rental price for RBW in Tier 1 markets reached US\$ 4.7 and 4.9/sqm/month. RBW rental prices increased by 2.3% y-o-y, while RBF rental prices increased by 2.6% y-o-y due to stable market conditions. In terms of demand, the market recorded large factory leasing transactions from electronics and sports equipment manufacturing companies, while logistics companies were the main drivers of demand for ready-built warehouses in the North.

In the long term, positive government reforms to streamline the administrative apparatus and simplify investment procedures, as well as a focus on infrastructure development with numerous planned and ongoing projects such as the Hai Phong – Hanoi – Lao Cai railway project and the North-South expressway projects, will be important foundations for Vietnam to maintain its attractiveness to investors

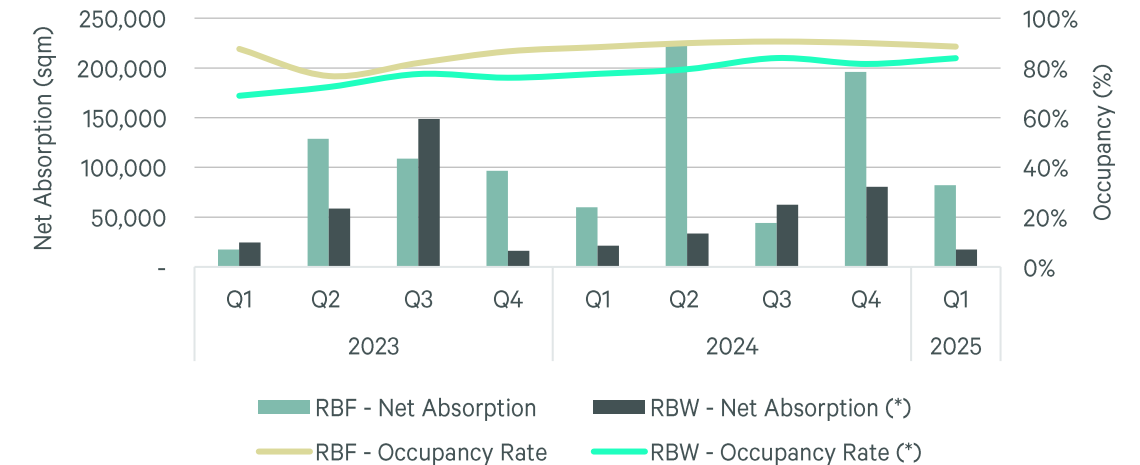
Note: Tier-1 markets include Hanoi, Hai Phong, Hai Duong, Hung Yen and Bac Ninh.

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



Source: CBRE Research., Q1 2025

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



Source: CBRE Research., Q1 2025. (*) Exclude service warehouse and include absorption from ready-built hybrid projects.

Serviced Apartment

Hanoi's serviced apartment market expected to welcome over 2,300 high-end units by year-end 2025

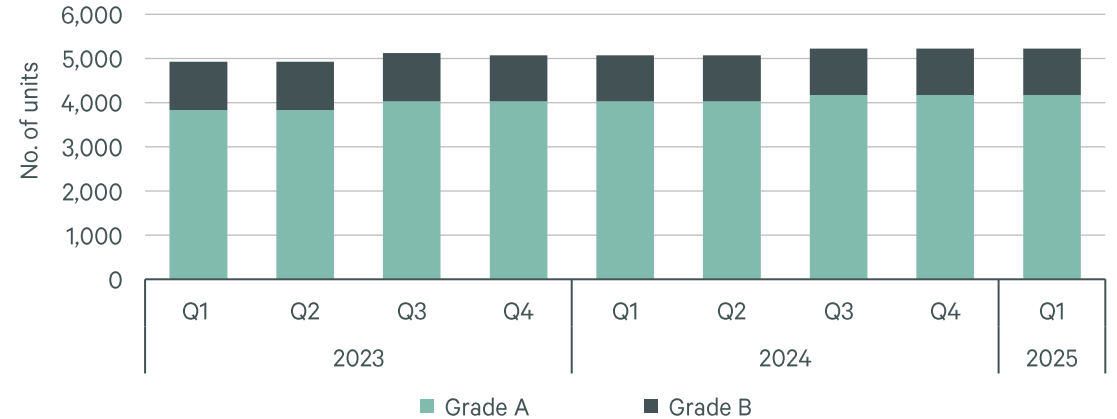
In Q1 2025, the Serviced Apartment market did not welcome any new projects. The total supply of the market reached 5,222 Serviced apartment units. Grade A Serviced Apartments continued to dominate the market, representing 80% of the total supply.

The Hanoi serviced apartment market demonstrated signs of stabilization in rental rates alongside meaningful improvements in occupancy during the latest quarter. Grade A properties maintained relatively steady asking rents at US\$26.9/sqm/month, showing a modest 0.5% quarterly increase while still registering a 3.6% y-o-y decline. Meanwhile, Grade B properties averaged US\$17.5/sqm/month, with minimal changes (-0.3% q-o-q and -0.2% y-o-y). The overall market average settled at US\$24.9/sqm/month.

Vacancy rates showed more substantial improvements across both segments. Grade A properties saw vacancy decrease to 17.8%, representing a reduction of 0.9 ppts from the previous quarter and a significant 5.8 ppts y-o-y. The Grade B serviced apartment category demonstrated remarkable quarterly progress, with vacancy rates declining to 24.5% - representing a significant reduction of 4.1 ppts from the previous quarter and a 1.1 ppts improvement year-over-year. This enhanced performance can be attributed to property owners' strategic implementation of rental incentives and promotional packages to attract tenants. When considering all segments together, the overall market vacancy rate has now improved to 19.2%.

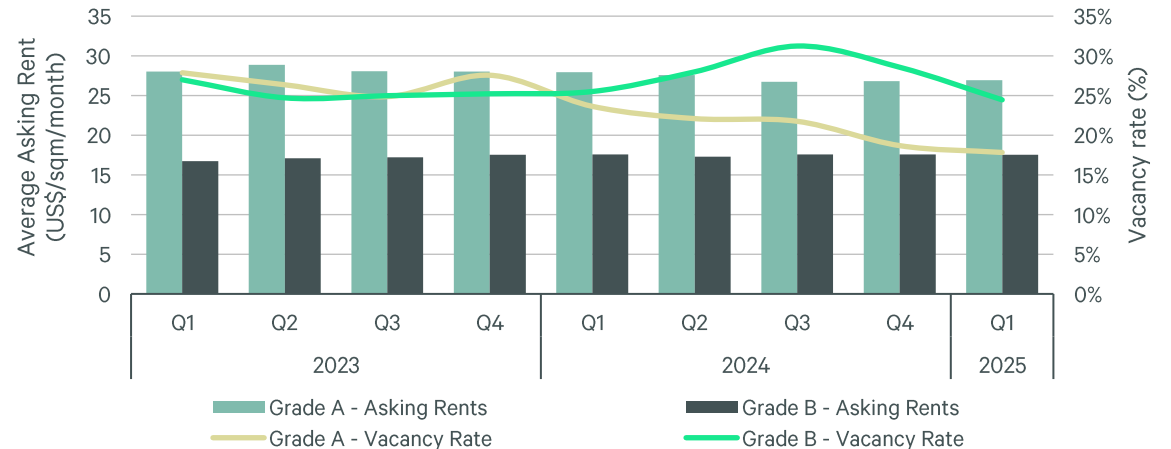
From now until the end of 2025, Hanoi's serviced apartment market is set to welcome over 2,300 new high-end units from Grade A projects concentrated in Tay Ho and Ba Dinh districts. These upcoming developments represent a significant expansion of premium serviced apartment inventory in Hanoi's most sought-after expat and diplomatic areas. Such robust development activity demonstrates the market's continued recovery trajectory. In response to this competitive environment, property owners are increasingly adopting adaptable leasing strategies to secure and retain tenants.

FIGURE 11: Total supply, Hanoi Serviced Apartment, Q1 2025



Source: CBRE Research., Q1 2025

FIGURE 12: Asking price and Vacancy rate, Hanoi Serviced Apartment, Q1 2025



Source: CBRE Research., Q1 2025

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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