Navigating Through Uncertainties

▲ +6.93%
VIETNAM GDP

▲ +7.51%
HCMC GRDP

▲ +7.35%
HANOI GRDP

▲ +4.00%
VN-INDEX

Note: Arrows indicate y-o-y change.

HOT TOPICS

- **Office:** Grade A offices continued to experience improvement in vacancy rate, decreased by 0.9 ppts y-o-y, at 16.9%, mainly driven by the trend of tenants opting for high-quality buildings in District 1 and Thu Duc City.
- **Retail**: The Centre Mall in District 6 opened with 15,000 sqm NLA and a 75% occupancy rate. Net absorption decreased by 61.6% to 6,322 sqm; the average market vacancy rate increased marginally by 0.2 ppts q-o-q.
- **Residential:** The new launches in HCMC remained modest with 408 new launched units (high-rise and low-rise). For condominium, primary prices continued to increase by 0.6%, while secondary prices increased by 4% q-o-q.
- **Industrial land:** The Southern Vietnam industrial land market maintained a stable occupancy rate of 89%. The average asking rent for industrial land in Tier 1 Southern markets (excluding HCMC) reached US$170/sqm/remaining lease terms, exhibiting a modest quarterly increase of 2% and a y-o-y growth of 4%.
- **RBW/RBF**: The ready-built warehouse and factory markets recorded positive performance, with occupancy rates reaching 72% and 89% as of Q1 2025. This represents year-on-year increases of 14 percentage points for warehouses and 3 percentage points for factories.

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.

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Office

Vacancy showed improvement but remained in double digits

There was no new supply in the first three months of 2025. In the first three months of 2025, Grade A offices continued to experience improvement in vacancy rate, decreased by 0.9 percentage points over the same period of last year, at 16.9%, mainly driven by the trend of tenants opting for high-quality buildings in District 1 and Thu Duc City.

In contrast, due to the competitive supply, Grade B offices vacancy rate in the first quarter of 2025 was 12.1%, witnessed an increase by 0.5 ppts q-o-q and 2.7 ppts y-o-y, respectively.

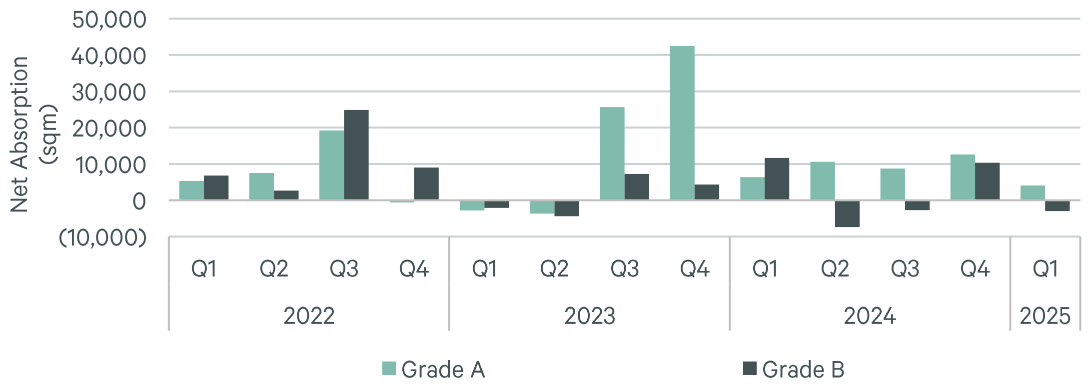
HCMC expects to welcome a total of approximately 76,000 sqm NLA in Q2/2025 from one Grade B building and one Grade A building, which will sustain the market's supply pressure.

Relocation purposes accounted for the major demands in the first quarter of 2025. IT sector continued to lead the market

Based on the Asia Pacific Occupier Survey of CBRE research published in 2024, lower rents and enhanced amenities and services are two primary factors influencing tenants' relocation decisions. In the first quarter of 2025, relocation purposes accounted for 50% of the total major transactions in HCMC, with moves to high-quality buildings making up a substantial portion at 60%.

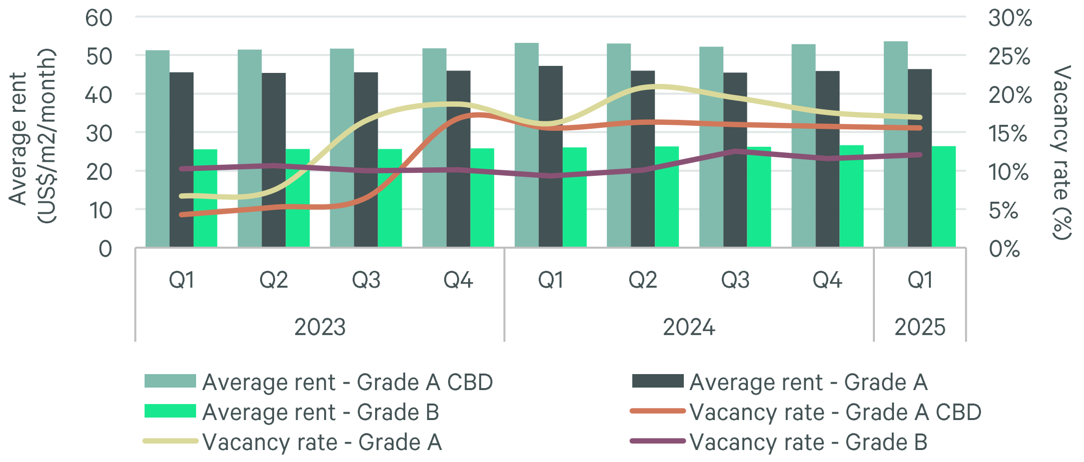
The Information Technology sector continued to lead the market in both transaction volume and area in Q1/2025, representing 25% and 31%, respectively. Following closely were the Finance/Banking/Insurance and Manufacturing sectors, accounting for 16% and 14% of this quarter's recorded transaction area.

FIGURE 1: Net absorption, Office, HCMC



Source: CBRE Research & Consulting, Q1 2025

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



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

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Retail

Positive occupancy rates were observed at most shopping malls but some malls in non-CBD area faced increased vacancy

In Q1 2025, the retail market in HCMC welcomed a new shopping mall in District 6, Centre Mall, situated on Vo Van Kiet Street, offering nearly 15,000 sqm of net leasable area. Upon its opening, Centre Mall reported an approximate 75% occupancy rate.

However, other shopping malls in non-CBD areas faced increased vacancy. The HCMC Business Association (HUBA) recently released its Q1 2025 report, highlighting numerous challenges in business operations that have weakened consumer confidence. Consequently, CBRE noted stores in F&B, Fashion, Healthcare & Beauty, and Entertainment closed during the quarter. This led to a 61.6% q-o-q decrease in net absorption in HCMC to 6,322 sqm.

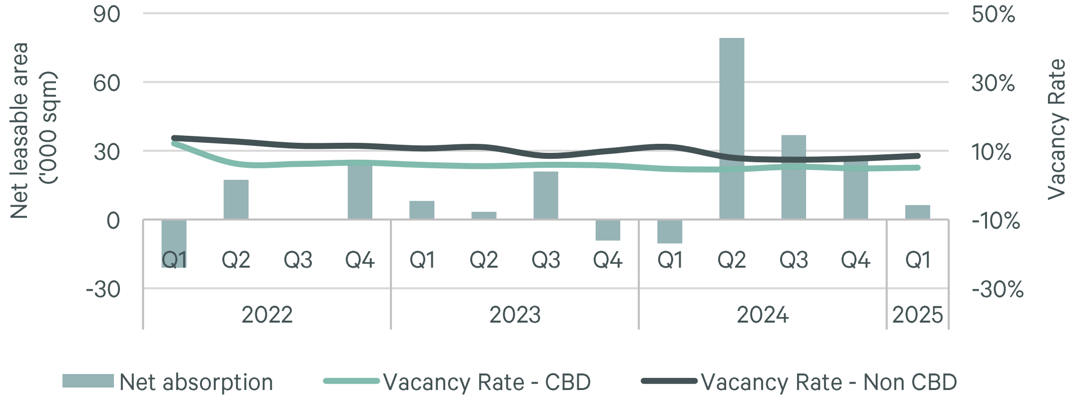
The retail market average vacancy rate slightly increased from 6.9% at the end of 2024 to 7.1% in Q1 2025, with the CBD area at 5% and the non-CBD area at 8.5%, marking increases of 0.21% and 0.7%, respectively.

The affordable and mid-range segments would continue to lead the market this year

The average asking rent in the CBD area was at nearly US$280/sqm/month, up 15.4% y-o-y, but unchanged from the previous quarter. The average asking rent in the non-CBD area decreased by 1.4% q-o-q and 1.2% y-o-y, recorded at US$52.6/sqm/month.

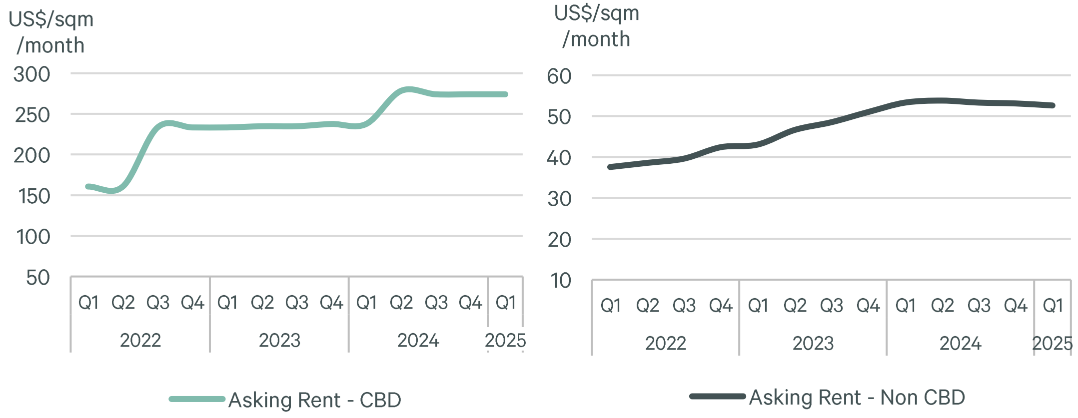
Landlords are continuing to refine their tenant mix to focus on categories like F&B, Fashion & Accessories, Lifestyle, and Entertainment. This trend is expected to persist in 2025, catering to consumers of all age groups. With forthcoming macroeconomic fluctuations, the Vietnamese consumer market will encounter more challenges. The affordable and mid-range segments will remain pivotal in the retail industry this year.

FIGURE 3: Market performance, Retail, HCMC



Source: CBRE Research & Consulting, Q1 2025

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, Q1 2025

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Condominium

Limited new supply at high primary selling prices

New condominium supply in HCMC in Q1 2025 continued to stay modest and remained at the lowest level of quarterly new launch ever recorded since 2008, with only 350 new launched units per quarter. The number of new supplies in this quarter decreased by 36% y-o-y and equivalent to only 11% of new supply in Q4 2024. At the same time, primary prices of new launches in this quarter were no less than VND 60 million/sqm, with projects of over VND 290 million/sqm and even VND 500 million/sqm located in the city center, leading to the average primary selling price of condominium in HCMC increase to the level of VND 77 million/sqm in Q1 2025.

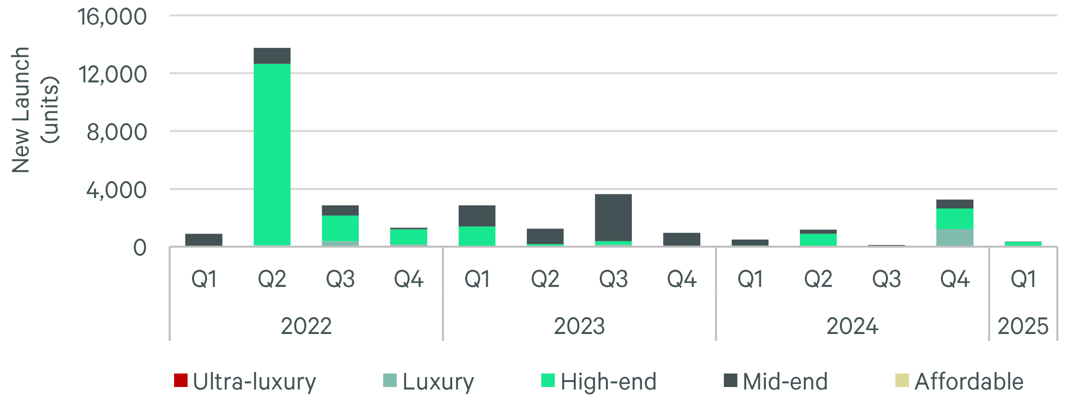
The average absorption rate of new supply in Q1 also slowed down, reaching 60% of new supply (In the same period last year, this rate was 80%, with new supply launched at an average prices of VND 55-80 million/sqm). In this quarter, the secondary selling price of condominium in HCMC continued to increase, up by 4% q-o-q and 13% y-o-y. The growth momentum in the primary price market has contributed to the consistent growth of secondary asking prices in recent quarters.

2025 expects less than 9,000 new condominium units

HCMC is expected to have less than 9,000 new condominium units launched in 2025, nearly the level of new launches in 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. Together with the proposed plan to merge provinces to HCMC, new supply and selling prices in nearby provinces are expected to have ample room for growth.

FIGURE 5: New supply, Condominium, HCMC



Source: CBRE Research & Consulting, Q1 2025.

FIGURE 6: Average primary price, Condominium, HCMC

Source: CBRE Research & Consulting, Q1 2025. 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 end next phases of existing projects.

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Villa & Townhouse

Continuous new supply in the latest 4 quarters

In Q1 2025, CBRE recorded 58 new landed property units launched in HCMC, coming from 1 project in its next launching phase, up 9% q-o-q. Despite limited supply compared to the previous period (2022 backwards), new supply in Q1 2025 has remained relatively stable in the latest 4 quarters.

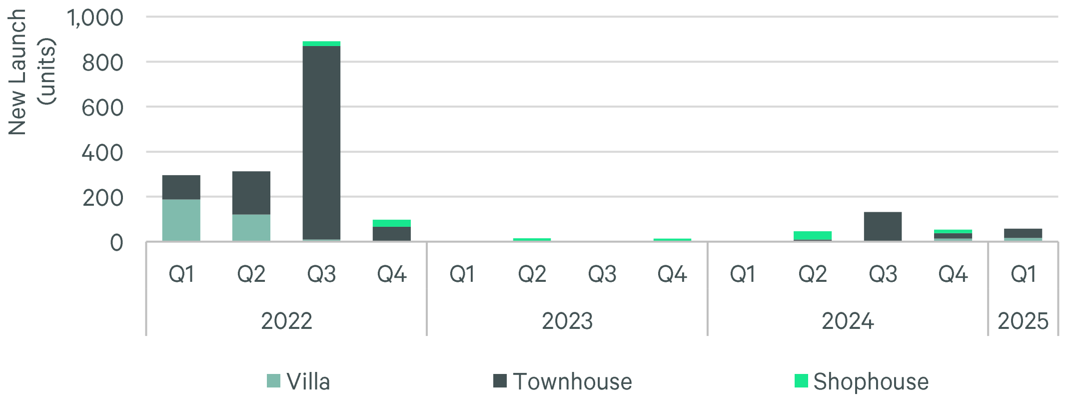
Contrary to low level of new landed property supply in the core area of HCMC in recent 2 years, the fringe areas have recorded many pre-launch activities and an active number of booking transactions in Q1 2025. Particularly, in Long An province, there have been several projects attracting investors' attention such as a project in Ben Luc district in the booking stage and another 200ha township project has just held a groundbreaking ceremony, expected to be launched this year. These are all large-scale projects developed by prestigious developers from the North, contributing to creating a "wave" for the west of HCMC in the first few months of the year.

The average primary selling price of landed property products in HCMC remained around VND 305 million/sqm land, down 1.3% q-o-q due to new supply coming from existing project launched last year, located 20km from the city center and the surrounding area has not yet developed. Meanwhile, in the secondary market, the secondary asking prices continued to record an increase of 7% q-o-q and 8% y-o-y on average.

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

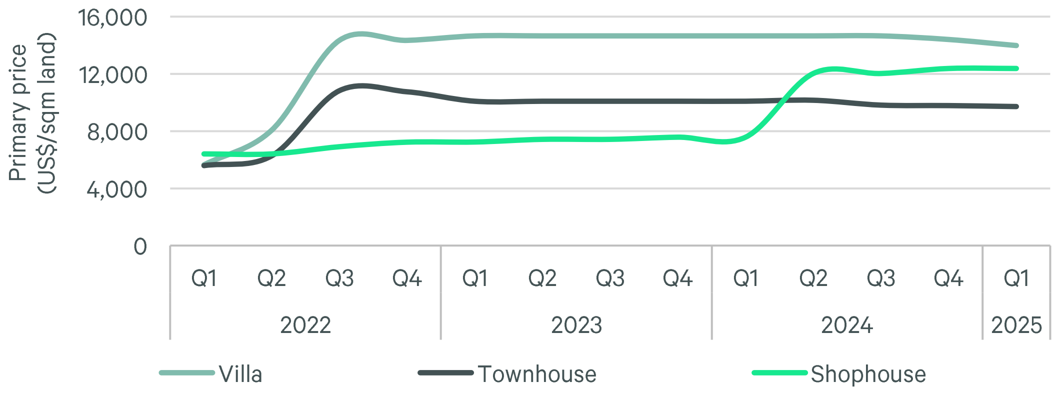
New supply in the city is expected to reach around 1,000 units in 2025, four times higher than that of 2024. In the coming years, new landed property supply in HCMC will continue to improve thanks to new township projects introduced in the Eastern and Southern areas. These new projects are of diverse 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, Q1 2025

FIGURE 8: Average primary price, Landed property, HCMC



Source: CBRE Research & Consulting, Q1 2025
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.

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Southern Industrial Market

Industrial Land: Stable performance in Q1 2025

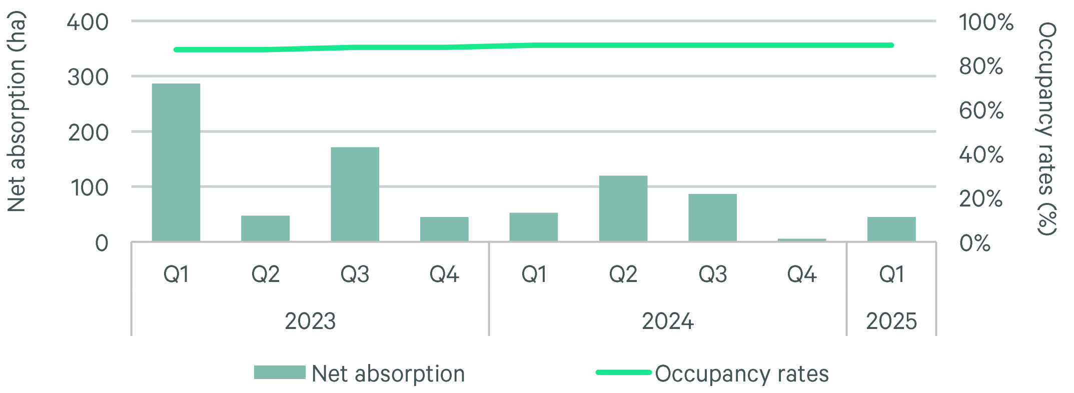
As of Q1 2025, Southern Vietnam industrial land market maintained a stable occupancy rate of 89%. In addition, the average asking rent for industrial land in Tier 1 Southern markets (excluding HCMC, which had 100% occupancy and no available land offering for lease from industrial park developer at the report time) reached US$170/sqm/remaining lease terms, exhibiting a modest quarterly increase of 2% and a year-on-year growth of 4%.

RBF/RBW Performance: Positive growth driven by recored leasing transactions in Long An and Binh Duong

The ready-built warehouse and factory markets also recorded positive performance, with occupancy rates reaching 72% and 89% as of Q1 2025. This represents year-on-year increases of 14 percentage points for warehouses and 3 percentage points for factories. Ready-built factory rental rates remained stable at US$5.0-5.1/sqm/month, while warehouse rental rates experienced a significant y-o-y increase of 7.6% and a quarterly rise of 2.6%, reaching US$4.8 /sqm/month.

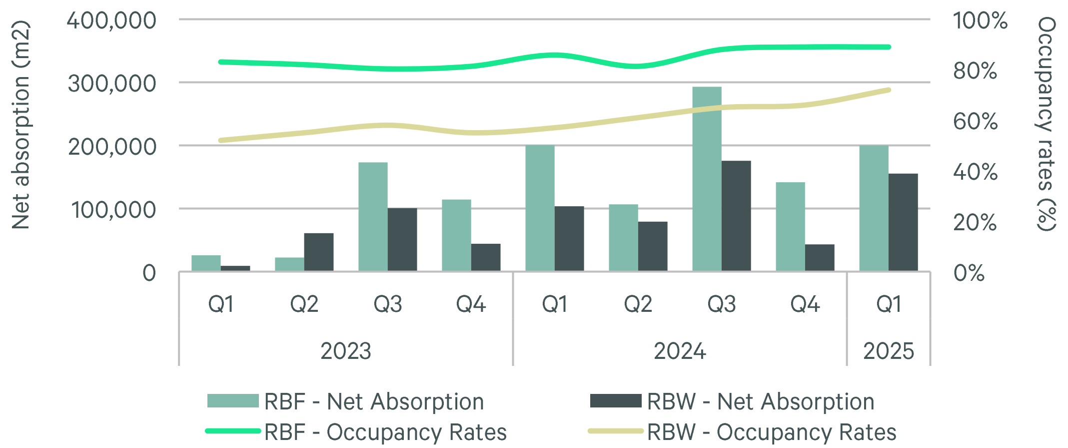
Over the past three years, the leasing transactions for industrial land and ready-built factories and warehouses in the Southern Vietnam market have been predominantly driven by a diverse spectrum of sectors, including transportation, logistics, construction materials manufacturing, electronic components, food production, wooden furniture production, e-commerce, and retail.

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



Source: CBRE Vietnam Research & Consulting, Q1 2025.
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, Q1 2025.
Note: Tier 1 markets include HCMC, Binh Duong, Dong Nai & Long An.

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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

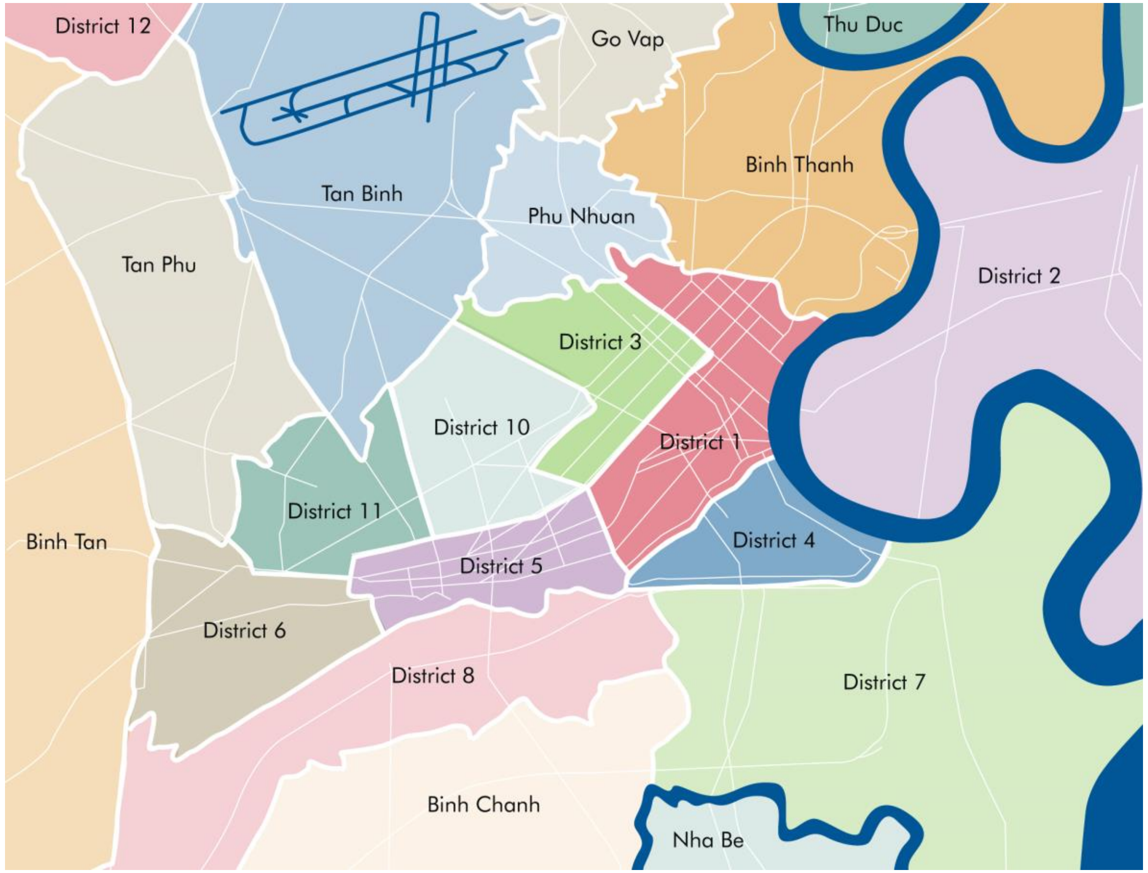
Luxury: projects that have primary prices from US$5,000 per sq.m to US$12,000 per sq.m

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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Contact

Dung Duong
Executive Director, Research & Consulting
CBRE Vietnam
+84 28 6284 7668 ext. 4035
dung.duong@cbre.com

An Nguyen
Senior Director, Research & Consulting
CBRE Hanoi Branch Director
+84 24 6288 6379 ext. 4506
an.nguyen@cbre.com

Thanh Pham
Director, Research & Consulting
CBRE Vietnam
+84 28 6284 7668
thanh.pham@cbre.com

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