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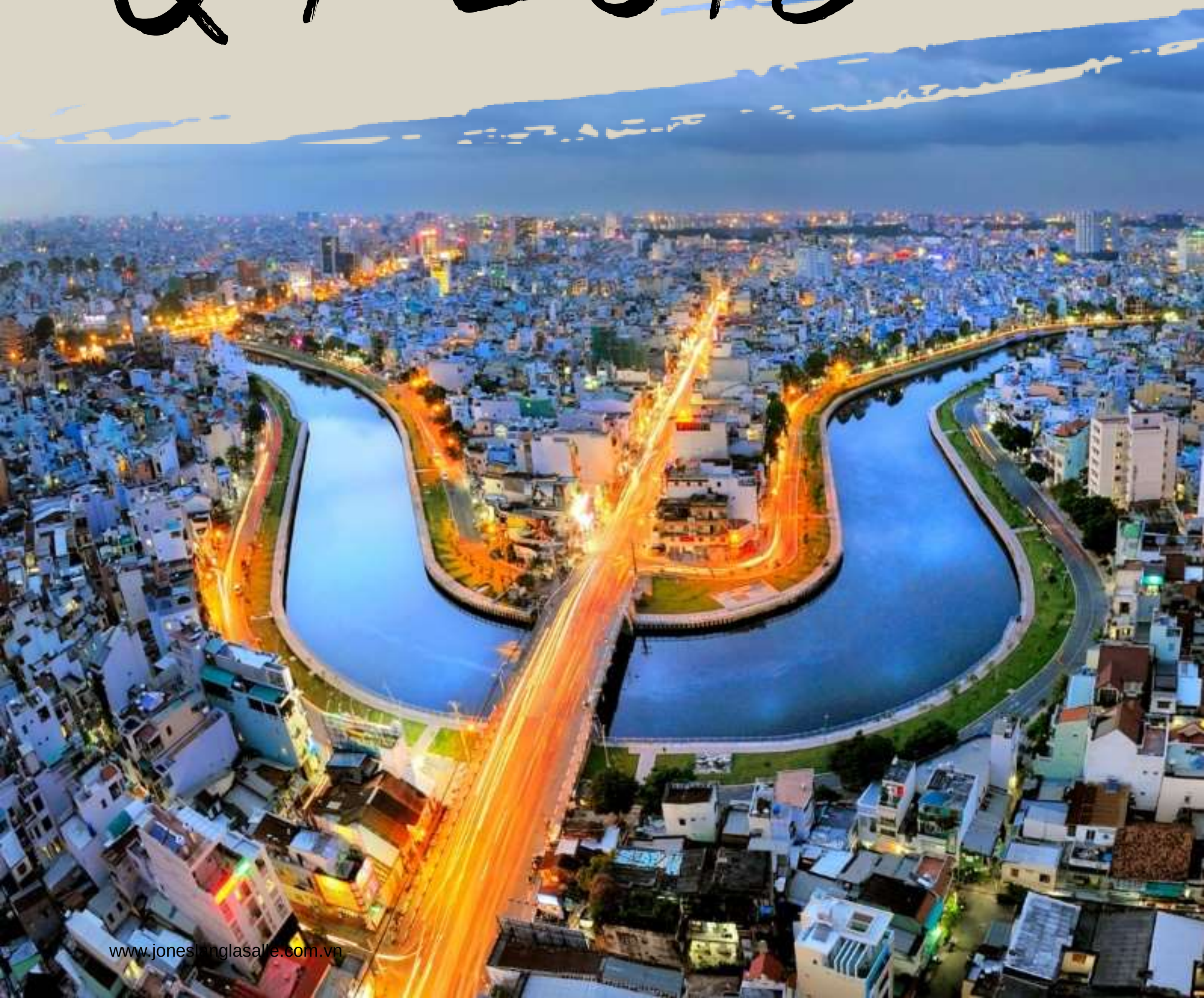
Research Report
January 2019

Vietnam Property Market Brief

Q4 2018



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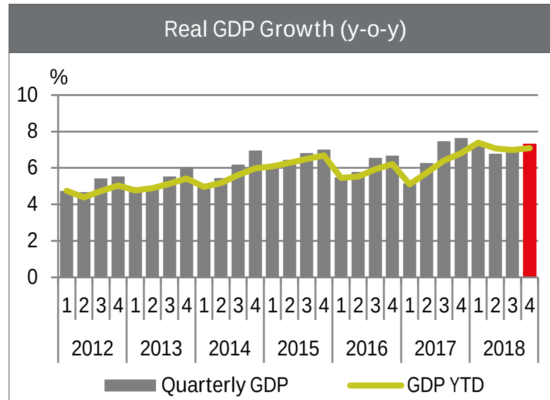
- Strong demand
- Price grew more considerably

VIETNAM ECONOMY

Vietnam's economy achieved massive growth: Vietnam's GDP growth in 2018 reach 7.08%, y-o-y, an eleven-year record which surpassed the target of 6.7%. In particular, in 4Q18, the GDP obtained the growth of 7.31%, lower than the 4Q17 level yet still higher than the growth in the fourth quarter in the periods of 2011 to 2016. Specifically, the industrial and construction sectors augmented significantly at 8.8% for the whole year of 2018. The service sector and the agro-forestry-fisheries sector followed with increases of 7.03% and 3.76%, respectively. According to the General Statistics Office, this outcome demonstrated the effectiveness of an industry restructuring orientation and other solutions of the government to improve the economy's growth. It is forecasted that Vietnam's economy will be influenced by many unpredicted aspects of international economic developments, especially a trade war. However, the recent joined FTA-CPTPP and upcoming EVFTA are expected to boost Vietnam's economy, leading the target for economy growth in 2019 to be set at 6.6% to 6.8%.

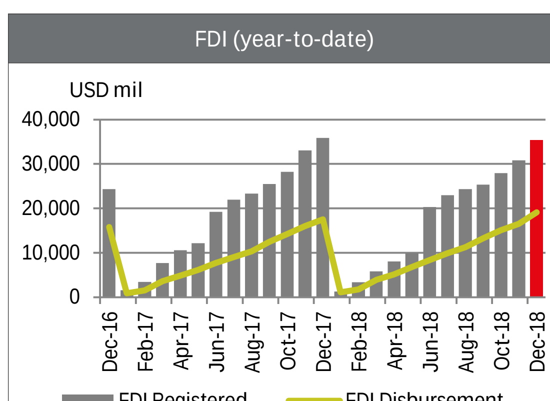
Retail turnover and international arrivals enlarged: In 2018, the total retail sales of consumer goods and services achieved a considerable growth of 11.7%, compared with last year. According to the Vietnam National Administration of Tourism, the total number of international tourist arrivals in 2018 exceeded 15.5 million visitors, an increase of 19.9%, y-o-y. Visitors from Asia still contributed the biggest proportion, of which China and South Korea remained the largest markets, with a total of nearly 8.5 million arrivals.

Vietnam's FDI disbursement reached new level: In 2018, Vietnam recorded a total pledged FDI of USD 35.46 billion, equivalent to 98.8% of the 2017 level. In addition, the FDI disbursement, documented at USD 19.1 billion, increased 9.1%, y-o-y. Foreign investors registered in 18 investment industries, the leading sector still being processing and manufacturing, which obtained USD 16.58 billion and equivalent to 46.7% of total capital. The real estate and retail sectors stayed in the second and third positions with USD 6.6 billion and USD 3.67 billion, respectively. In 2018, there were 112 investing nations in Vietnam. Japan took the lead by investing USD 8.59 billion, accounting for 24.2%, Korea came next with USD 7.2 billion and Singapore ranked third with USD 5 billion. Hanoi lured the lion's share of FDI with USD 7.5 billion USD, or 21.2% of the total capital pledged for the country, followed by HCMC (17%) and Hai Phong (8.7%). Notable 2018 projects included the Smart City in Hanoi by Sumitomo Corporation (Japanese) with total investments of USD 4.14 billion, the polypropylene manufacture plant by Hyosung Corporation (Korea) of USD 1.2 billion in BR-VT and the additional investment of USD 501 million and USD 500 million in Hai Phong by LG Innitek and LG Display (Korea), respectively.



Source: General Statistics Office; JLL Research

Source: General Statistics Office; JLL Research

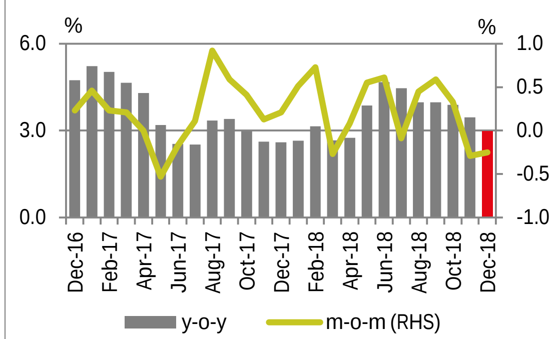


Source: Foreign Investment Agency; JLL Research

VIETNAM ECONOMY

CPI in 2018 is under control: Vietnam's 2018 CPI attained 3.5%, achieving the target of keeping that year's inflation under 4.0%. In 4Q18, Vietnam's CPI augmented 0.6% against 3Q18 and increased 3.4%, y-o-y, of which education and transportation took the hikes amongst 11 surveyed groups of products and services with an increase of 6.5% and 5.1% y-o-y, respectively. The index of housing and construction materials rose by 2.1%, y-o-y, on average whilst the telecom services still observed a downturn of 0.83% compared to the same period in 2017, which barely helped to stabilise the overall CPI. The coming year of 2019 is considered an important milestone for the five year development plan of 2016 to 2020. Therefore, the CPI for 2019 is carefully set at 4.0% - the highest rate since 2014 - based on the inflation situation in 2018. As a result, the management of pricing needs to proceed cautiously and proactively have more redundant solutions.

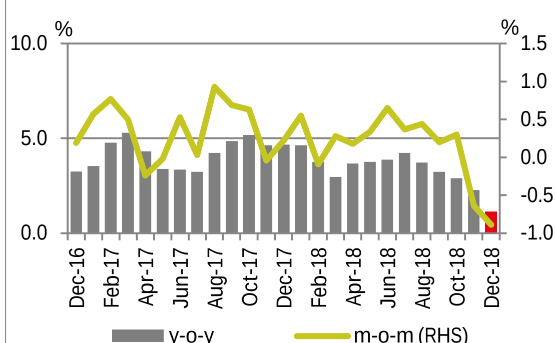
CPI – Overall



Source: General Statistics Office; JLL Research

Big achievement in import and export: The estimated export revenue in 2018 significantly reached USD 244 billion, a robust growth of 13.8%, whereas the import value hit USD 238 billion, up 11.5% compared to last year, according to the General Department of Vietnam Custom. Additionally, Vietnam's trade surplus reached USD 7.21 billion for 2018, USD 5.1 billion higher than the USD 2.11 billion recorded in 2017. The United States and the EU remained the two largest export markets of Vietnam with USD 47.5 billion (a robust increase of 14.2%, y-o-y) and USD 42.5 billion (up 11%, y-o-y). Phones and devices, electronic appliances, garment and textile products continued leading the key export products. Meanwhile, China and South Korea, as the key import countries, recorded a total import value at USD 65.8 billion for gas and oil, garment, machinery for China and USD 47.9 billion for electronic equipment, computers, mobiles and other devices, respectively for Korea.

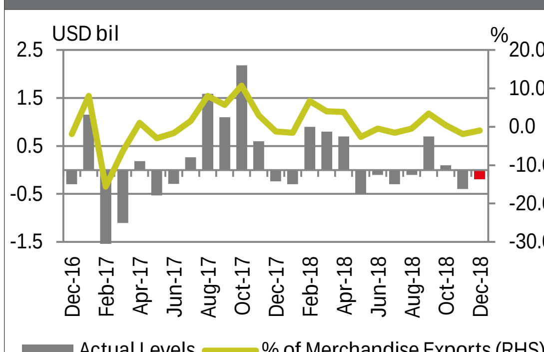
CPI – Housing & Construction Materials



Source: General Statistics Office; JLL Research

Robust increase in number of newly registered enterprises: In 2018, a total of newly established enterprises was recorded at 131,275, up 3.5% concerning the number of enterprises and 14.1% regarding the registered capital compared to 2017. The registered capital for each newly established enterprises averaged at VND 24.3 billion per enterprise, up significantly 138.9%, y-o-y. As of end 2018, the number of new businesses in the real estate sector reached more than 7,100 enterprises, accounting for 5.4% of the total registered enterprises and which rose 40.0%, y-o-y. The enterprises that temporarily ceased their operations recorded at 90,651 by the end of 2018, grew 49.7%. This figure comprised 63,525 enterprises temporarily suspended operation without registering or waiting for dissolution, increasing at an extreme rate of 63.4% compared to 2017.

Merchandise Trade Balance



Source: General Department of Vietnam Custom, JLL Research

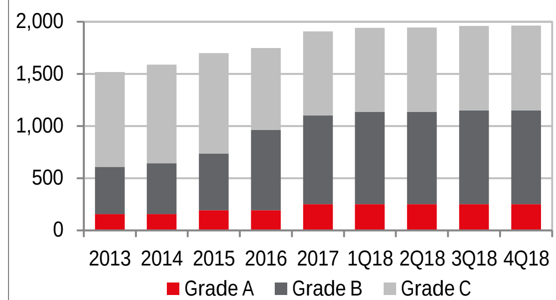
HCMC OFFICE

Supply and Demand	Grade A	Grade B	Grade C	Total
Total Stock (sqm NFA)	249,209	900,558	818,234	1,968,000
Occupancy Rate (%)	94.4%	96.5%	96.7%	96.4%
Q-o-Q Change (bps)	▲73	▲1		

Source: JLL Research

SUPPLY SLIGHTLY INCREASED

- In 4Q18, Grade A and Grade B stock remained stable as no new supply entered into the market. Meanwhile, Grade C welcomed two new buildings in Binh Thanh District.
- The market in 2018 welcomed totally 60,269 sqm of new supply from two Grade B and four Grade C buildings, making the city total stock to 1,968,000 sqm.



Source: JLL Research

HEALTHY DEMAND

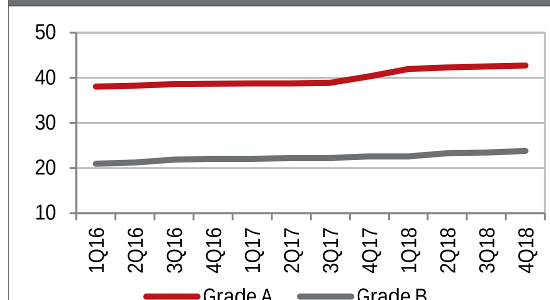
- Healthy demand continued to push the overall market occupancy rate up to more than 96% as of end 2018.
- Technology, IT companies and flexible space operators remained to show the signal of expansion, while tenants in services, financial and manufacturer continued to dominate leasing demand in the market.

Asset Performance	Grade A	Grade B	Grade C	Total
Average Gross Rent (USD/sqm/month) [1] [2]	50.4	29.1	18.8	28.4
Average Net Rent (USD/sqm/month)	42.7	23.8	15.8	23.6
Q-o-Q Change (%) [2]	▲ 0.3	▲0.9		

Source: JLL Research

RENT FOLLOWED MODERATE UPWARD TREND

- Positive demand and constraint on supply have continued to drive up office rent in 4Q18.
- Average rent in overall market was recorded at USD23.6 per sqm per month, up 4% y-o-y. Throughout 2018, non-CBD sub-market recorded a strong rental growth of 7% y-o-y, thanks to the low base in rent in this sub-market. This growth nearly doubled the CBD sub-market level of 3.9% y-o-y as the currently high average rent in CBD has left limited room for further growth in this sub-area.



Source: JLL Research

OUTLOOK

- The market to welcome a new wave of supply in 2019
  - 2019 is expected to be another active year for the HCMC office market when a large volume of new supply enters the market coupled with the robust growth of flexible space to provide various diversified options for tenants. In 2019, Grade A sub-market expect to welcome one new building (the Lim Tower 3), eight Grade B buildings and a notable number of Grade C buildings.
- Rents continue to trend up
  - The commitment in FTAs-CPTPP is expected to boost Vietnam's economic prospects, resulting in a positive demand in office market. Accordingly, despite of new completions, healthy demand and better quality in new buildings will support the upward trend in rents.
  - Technology firms, co-working operators and manufacturers will continue to be significant contributors in net absorption in the next two years.

Indicator	Outlook by end-2019	
	Grade A	Grade B
Supply	↑	↑
Occupancy rate	↓	↓
Rental rate	↗	↗

Source: JLL Research

[1]: Gross rent includes service charges/management fees but exclusive of VAT.
[2]: Average gross rent, q-o-q and y-o-y changes are adjusted to remove the effects of supply additions / removals (i.e. changes are on a like-for-like basis).
[3]: Flexible space represents a variety of work spaces used by occupiers to increase their portfolio flexibility through short to medium-term leases.

HCMC RETAIL

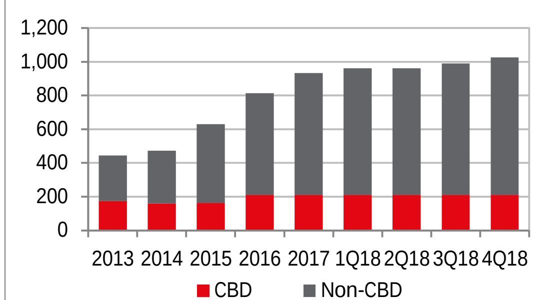
Supply and Demand	SC/DS[1]	Bazaar	Supermarket/Hypermarket	Convenience Store
Total Stock (sqm)	1,026,706	39,850	496,500	285,300
Occupancy Rate (%)	89.7	91.0	N/A	N/A
Q-o-Q Change (bps)	▲34	◀▶ 0.0	N/A	N/A

Source: JLL Research

NON-CBD WELCOMED NEW COMPLETION

- Estella Place shopping mall was put into operation. The project, adding more than 37,000 sqm GFA to HCMC retail market, is the second largest shopping mall in District 2 after Vincom Megamall. Accordingly, total HCMC retail stock increased to 1,026,706sqm GFA. In 2018, the market added up totally 138,648sqm GFA of new supply from three large shopping centres namely Van Hanh Mall, Vincom Center Landmark 81 and Estella Place. Beside, this year recorded the withdrawn of three department stores namely Parkson Flemington, Parkson Cantavil and RomeA.

Total Stock (sqm)



Source: JLL Research

DEMAND REMAINED POSITIVE

- In spite of the entrance of new supply and two more shopping malls under restructuring, overall occupancy rate increased 34bps q-o-q, showing positive demand in the market. Estella Place recorded good occupancy rates at about 85% at opening time, thanks to good project concept and reputation of developer.
- F&B and entertainment tenants continued to show good performance and remained the most active group of tenants in the city.

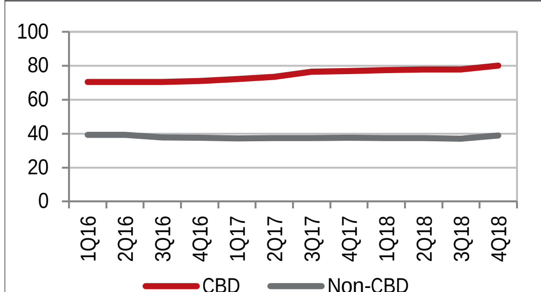
Asset Performance	SC/DS		Bazaar
	CBD	Non-CBD	
Average Gross Rent (USD/sqm/month) [2]	78.3	39.0	150
Q-o-Q Change (%) [3]	▲0.4	▲1.1	◀▶ 0.0

Source: JLL Research

RENTS INCREASED

- The overall market rent was at around USD47.6 per sqm per month, increased by 0.9% q-o-q and 2.8% y-o-y. In both CBD and non-CBD, several shopping malls restructured their layout and reviewed rents to higher for new tenants, resulting to an increase in average rents in both sub-markets.

Average Gross Rents (USD/sqm/month)



Source: JLL Research

OUTLOOK

- Enrichment in future supply
  - 2019 is expected to witness a sizeable amount of new supply coming on stream, approximately 394,000sqm GFA from twelve projects locating in non-CBD area. Therein, ten out of twelve retail projects are retail podium in mixed-use projects.
  - Tenants who require large space such as flexible space, clinic, education, entertainment, etc. continue to fill up vacant space in upper floors of retail centres which usually attract less foot traffic versus the lower floors.
- Non-**CBD's** performance will be improved
  - Foreign retailers are expected to expand their penetration on CBD sub-market. Centres in non-CBD with continuously improving infrastructure, amenities and new concepts are likely to perform better.

Indicator	Outlook by end-2018	
	CBD	Non-CBD
Supply	↔	↑
Occupancy Rate	↑	↓
Rent	↔	↔

Source: JLL Research

[1]: Shopping centre/Department store
[2]: Gross rent includes service charges/management fees but exclusive of VAT.
[3]: Average gross rent, q-o-q and y-o-y changes are adjusted to remove the effects of supply additions/removals (i.e. changes are on a like-for-like basis).

HCMC RESIDENTIAL

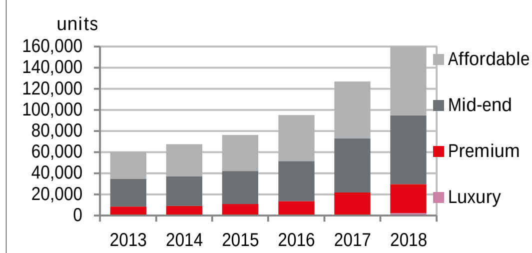
Supply and Demand	Apartment	Villas/Townhouses [1]
Completed Supply (units)	160,000	14,200
Uncompleted Supply (units) [2]	75,000	5,000
Unsold Inventory (%) [3]	2.9	8.5

Source: JLL Research

LIMITED NEW SUPPLY

- Apartments: Official launches[4] reached nearly 8,300 units in 4Q18, of that 99% had soft launches in the two to three previous quarters. Only 70 units from Goldora Plaza project were newly introduced to the market in 4Q18.
- Villas/Townhouses: New launches totalled 118 units, mostly from small scale projects. This is the smallest launching amount ever since 2014, due to lack of large land sites.

Total Stock (Completed Supply) - Apartments



Luxury accounts for less than 1% of total stock
Source: JLL Research

STRONG SALES RATES RECORDED

- Apartments: Take-up was more than 8,800 units, making the total sold in 2018 at 40,032 units, lower 13.8%, y-o-y. The sale rate, however, showed a positive improvement with the record figure of 95.0% by end of the year.
- Villas/Townhouses: Sales totalled 340 units, mostly from existing projects. The demand was strong with the sale rate reach 92% as of end 2018, the all-time high level

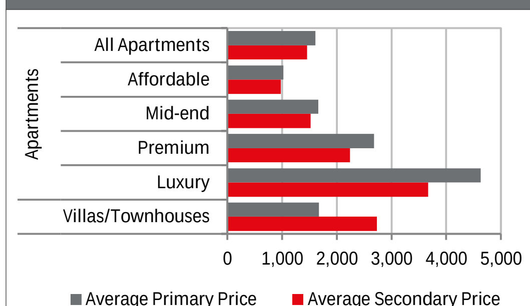
Asset Performance	Primary Market		Secondary Market	
	Q-o-Q [5]	Y-o-Y [5]	Q-o-Q [5]	Y-o-Y [5]
Apartments	▲ 0.03%	▲ 0.9%	▲ 1.6 %	▲ 4.7%
Villas/Townhouses	▲ 1.3%	▲ 14.0%	▲ 3.2%	▲ 10.4%

Source: JLL Research

PRICE ACCELERATED FURTHER

- Primary market
  - Apartments: Chain-link prices were stable q-o-q, especially in high-end segment. The mid-end segment experienced a good market performance with most projects register an increase by 3.0-6.0%, q-o-q.
  - Villas/Townhouses: Prices continued the prevailing uptrend at 14% y-o-y, a good year for the landed property developers.
- Secondary market
  - Apartments: Prices decreased in high-end apartments while lower-price segment maintain the good momentum in 4Q18. The rate of 9-12% is the most common capital gain recorded amongst successful investors in 2018.
  - Villas/Townhouses: Prices improved across the city, at 3.2% q-o-q.

Average Asking Price by Segment (USD/sqm)

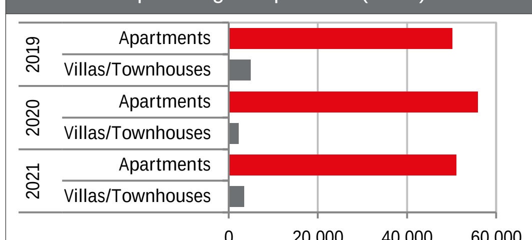


Source: JLL Research

OUTLOOK

- Challenges in new supply in 2019
  - Amid the slowdown in new supply owing to the prolonged approval procedure, more than 45.000 units are set to come on stream as official launches[4] in 2019 - mostly coming from projects having construction approval and soft launches in previous periods.
  - New villas/townhouses supply are expected to reach 4,500 units in 2019.
- Strong demand, in tandem with supply
  - Sales rates are likely to remain at high level, with around 85.0% and 90.0% for apartment and villas/townhouses, respectively.
  - Prices should increase further but at a slower pace in both markets.

Upcoming Completions (units)



Source: JLL Research

[1] Excludes land plot projects [2] Excludes planned projects not launched for sale yet. Includes fully sold projects. [3] The percentage of [2] that remains unsold at quarter-end. [4] Projects are only considered as officially launched when the Sale Purchase Agreements can be signed, typically upon the completion of foundation. [5] Q-o-Q and Y-o-Y changes are adjusted to remove effects from supply additions / removals.

SOUTHERN REGIONAL INDUSTRIAL

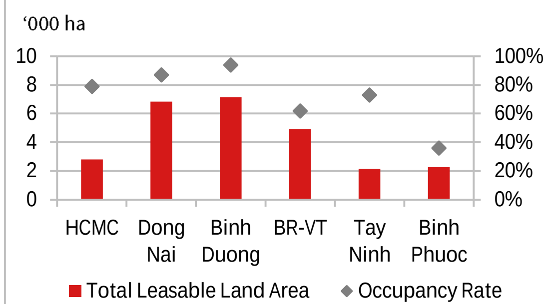
Existing Supply	HCMC	Dong Nai	Binh Duong	BR-VT	Tay Ninh	Binh Phuoc
Total Area (ha)	4,206	9,813	10,774	7,953	2,992	3,298
Total Leasable Land Area (ha)	2,802	6,835	7,144	4,908	2,158	2,272
Occupancy Rate (%)	79%	87%	94%	62%	73%	36%

Source: JLL Research

THE MARKET WITNESSES NEW SUPPLY

- As of end 2018, the Southern industrial market welcomed additional supply from BR-VT and Binh Phuoc to claim the total land area of 39,036 ha, an increase of 5.4% compared to 1H18. With limited land banks, the new supply tends to head to the rim-located provinces of Southern Key Economic Zone rather than focus on the centre provinces.
- Binh Duong and Dong Nai are still considered as the leading regional markets, contributing roughly 56% the total supply. Yet, with supply pipeline and the future highways, namely Bien Hoa-Vung Tau and HCMC-Chon Thanh, BR-VT and Binh Phuoc are expected to become the new destinations for industrial investments besides the existing markets.

Total stock and Occupancy rate



Source: JLL Research

STRONGER DEMAND

- The average occupancy rate was 72% as at 4Q18, driven by new completions. Nonetheless, the overall occupancy rate still recorded an increase of 200-600 bps q-o-q compared to 2Q18 for each province.
- Ready-built factories achieved an approximate occupancy rate of 88%. A shift of manufacturers departing out of China was observed recently, looking for alternative countries to relocate their factories. This was ignited by the previous China-USA trade war and has brought benefits to Vietnam with an increasing number of enquiries regarding high specification ready-built factories.

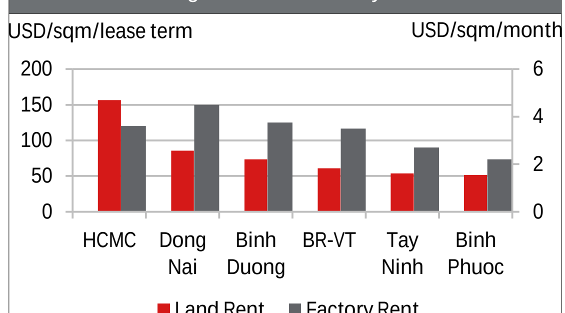
Asset Performance	HCMC	Dong Nai	Binh Duong	BR-VT	Tay Ninh	Binh Phuoc
Land Rent (USD/sqm/term)[1]	156.8	85.5	73.6	60.8	53.6	51.6
Factory Rent (USD/sqm/month)	3.6	4.5	3.8	3.5	2.7	2.2

Source: JLL Research

LAND RENT ACCELERATED, FACTORY RENT SLIGHLY AUGMENTED

- The Southern industrial market hit the average land rent at USD 80 per sqm per lease term, increased significantly at 10.7% compared to 1H18.
- In line with the stronger demand, net land rental in the other provinces rise ranging between USD 4-6 per sqm per lease term. Amongst Southern provinces, HCMC still led the market at a record of USD 156.8 per sqm per lease term.
- There was no significant change in factory rent in 4Q18, with rent hovering between USD 2-5 per sqm per month.

Average land and Factory rents



Source: JLL Research

OUTLOOK

- New supply proposed
  - With roughly 9,793 ha of supply expected to enter the market over the next three years, the Southern industrial market is still a promising destination for industrial investments.
- Huge upcoming demand for industrial properties
  - The recent USA-China trade war has created great potentials for Vietnam to welcome new investments waves. Therefore, occupancy rate and land rent are foreseen to achieve extensive upsurge in 2019.
  - Ready-built warehouse/factory will also witness robust demands with more sophisticated requirements, mostly from SMEs, harmonised with demands for industrial land.

Indicator	Outlook by end-2019	
	Land	Factory
Supply	↗	↑
Occupancy Rate	↑	↑
Rental Rate	↑	↑

Source: JLL Research

[1]: Infrastructure maintenance and service fees (exclusive of VAT) are not usually included in the average rent.

HANOI OFFICE

Supply and Demand	Grade A	Grade B	Grade C	Total
Total Stock (sqm NFA)	529,000	1,134,277	253,084	1,916,361
Occupancy Rate (%)	96.7	89.7	96.0	92.4
Q-o-Q Change (bps)	▲110	▲208	▲6	N/A

Source: JLL Research

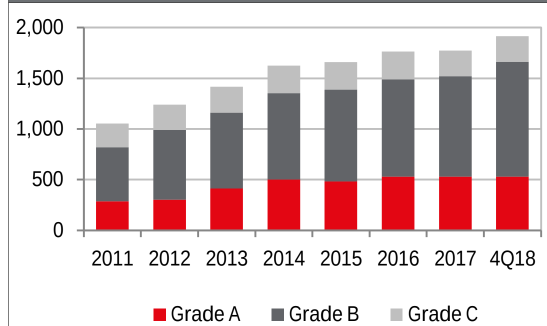
TOTAL STOCK REMAINED STABLE

- No new office projects came on stream in the reviewed quarter, keeping total stock remained unchanged at more than 1,916,361 sqm.
- Hoan Kiem District is the leading district in terms of office supply, followed by Dong Da District.

DEMAND GREW STRONGLY

- The total net absorption was mainly underpinned by recently completed buildings, at nearly 29,900 sqm in 4Q18. Of this, the net take-up of Grade B office accounted for more than 79%, mostly driven by new supply in last quarter.
- Regarding leasing purposes, relocation and expansion office space continued to be the main drivers of office demand. Grade A & Grade B office market saw sizeable deals in recently completed buildings.

Total Stock (‘000 sqm)



Source: JLL Research

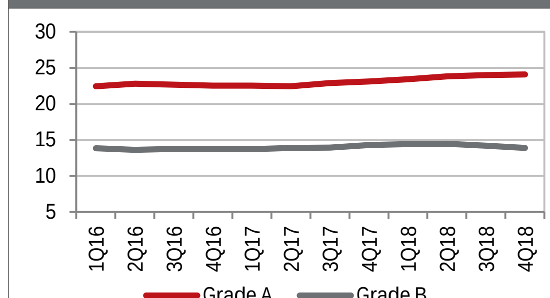
Asset Performance	Grade A	Grade B	Grade C	Total
Average Gross Rent (USD/sqm/month) [1]	30.0	18.2	14.1	21.1
Average Net Rent (USD/sqm/month)	24.1	13.9	14.1	17.9
Q-o-Q Change (%) [2]	▲ 0.1	▼0.1	▼0.4	▲ 0.1

Source: JLL Research

A SLIGHT RISE IN AVERAGE RENT

- The market rent can be regarded as stable, without considerable and discernible fluctuations. The average gross rent of the office market increased slightly 0.1%, mainly resulting in upward trend in Grade A office average rent. On the contrary, the Grade B and Grade C office market observed a decline in rent in 4Q18, by 0.1% and 0.4%, respectively.
- Given buoyant market in Grade A office segment and limited premium supply, some Grade A buildings in CBD area, with high occupancy rate continued to increase the asking rents.

Average Rents (USD/sqm/month)



Source: JLL Research

OUTLOOK

- Continued increasing supply
  - Thai Square is expected to come on stream in 1Q19, adding more than 25,000 sqm to the total stock. By the end of 2019, approximately 153,000 sqm is expected to come on stream.
  - The number of future office supply in the 2020-21 period is likely to rise significantly, with more than 88% from Grade A office supply.
- Demand is expected to increase
  - Demand for premium office space is expected to grow, albeit at a slower pace as new supply will be completed by 1Q19.
  - The average rent is estimated to increase slightly in the next quarter, thanks to healthy demand and positive economic background.

Indicator	Outlook by end 2019	
	Grade A	Grade B
Supply	↑	↑
Occupancy rate	↘	↘
Rental rate	↗	↔

Source: JLL Research

[1]: Gross rent includes service charges/management fees but exclusive of VAT.
[2]: Average gross rent, q-o-q and y-o-y changes are adjusted to remove the effects of supply additions / removals (i.e. changes are on a like-for-like basis).

HANOI RETAIL

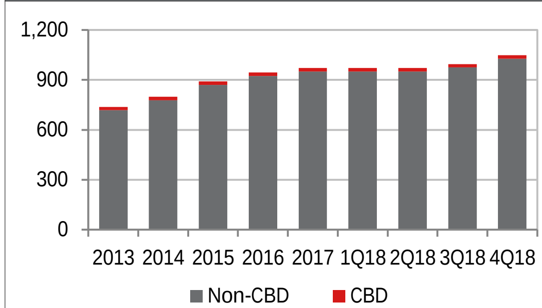
Supply and Demand	SC/DS[1]	Prime Retail Space	Supermarket/Hypermarket	Convenience Store
Total Stock (sqm)	1,039,936	8,000	170,000	76,350
Occupancy Rate (%)	88.1	92.6	N/A	N/A
Q-o-Q Change (bps)	▼31	◀▶0.0	N/A	N/A

Source: JLL Research

2018 ENDED WITH NEW SUPPLY COMING ON STREAM

- The Hanoi retail market ended the year with three shopping centres coming on stream, bringing total stock to approximately 1,039,000 sqm as of end 2018. Opening in late December, Vincom Metropolis Lieu Giai with a total retail space of 30,018 sqm was considered as the most notable new completion in 2018 in Hanoi.
- The number of convenience stores in Hanoi continued to rise as more than 900 sqm has been added to total existing stock, mostly contributed by the US convenience store chain, namely Circle K.

Total Stock ('000 sqm)



Source: JLL Research

DEMAND REMAINED ACTIVE

- During the last quarter of 2018, the retail market demand was boosted by various promotional activities. The total net absorption was recorded at 43,488 sqm, driven by the new supply in the non-CBD sub-market.

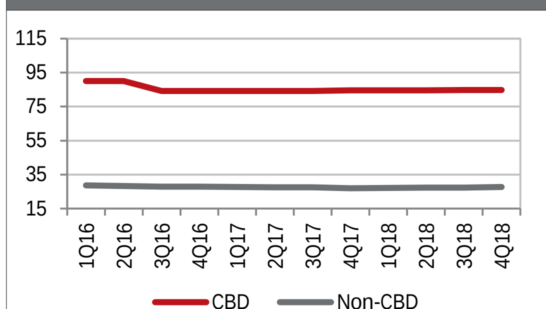
Asset Performance	SC/DS		Prime Retail Space
	CBD	Non-CBD	
Average Gross Rent (USD/sqm/month) [2] [3]	100	27.7	40.7
Q-o-Q Change (%) [3]	◀▶0.0	▲1.5	◀▶0.0

Source: JLL Research

RENT GROWTH CONTINUED

- In CBD area, the average rent of SC/DS remained unchanged at USD 100 per sqm per month while the non-CBD market saw a strong growth in rent by 1.5% q-o-q, due to high rents of recently completed retail projects, namely Vincom Metropolis Lieu Giai, Sun Grand City Thue Khue and The Legend.
- Prime retail market remained stable with the rental rate was recorded at USD 40.7 per sqm per month.

Average Rents (USD/sqm/month)



Source: JLL Research

OUTLOOK

- Retail construction is rising in CBD-fringe
  - Approximately 198,300 sqm of retail space is likely to open in 2019. Of this more than 29% of total retail supply will come from Cau Giay District and Ha Dong with the presence of Aeon Mall Ha Dong (74,000 sqm), accounting for 37%. All new supply are located in non-CBD area.
- New supply will put pressure on rent
  - As more new supply coming on stream in 2019, the retail market rent is likely to witness an intensified competition. A massive number of new supply will put pressure on Hanoi retail rent in non-CBD sub-market.

Indicator	Outlook by end 2019	
	CBD	Non-CBD
Supply	↔	↑
Occupancy Rate	↗	↘
Rent	↗	↘

Source: JLL Research

[1]: Shopping centre/Department store
[2]: Gross rent includes service charges/management fees but exclusive of VAT.
[3]: Average gross rent, q-o-q and y-o-y changes are adjusted to remove the effects of supply additions/removals (i.e. changes are on a like-for-like basis).

HANOI RESIDENTIAL

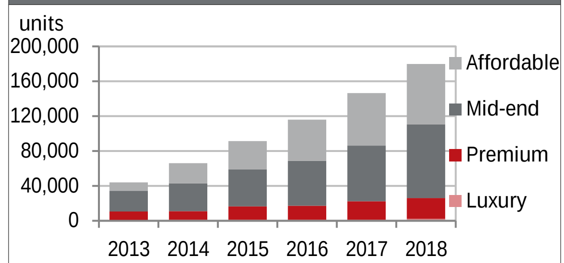
Supply and Demand	Apartment
Completed Supply (units)	180,000
Uncompleted Supply (units) [1]	65,000
Unsold Inventory (%) [2]	16.2

Source: JLL Research

LOW PRICE SECTOR LED THE SUPPLY

- Over 9,200 units were launched in 4Q18, down 16% q-o-q, making the total supply in 2018 at around 37,600 units. Affordable and Mid-end remained the major contributors to new launches with 97% of market share.
- Sub-urban Gia Lam District for the first time recorded the highest new supply with more than 3,400 units launched in 4Q18.

Total Stock (Completed Supply)



Luxury accounts for just above 1% of total stock
Source: JLL Research

STRONG DEMAND

- In 4Q18, take-up totalled 8,252 units, still at high level although witnessed a decrease of 21.8% q-o-q. Mid-end segment accounted for 54% of the total.
- Regarding location, Gia Lam led the sales with 2,050 units, followed by Hai Ba Trung and Hoang Mai Districts with an average of 1,000 units

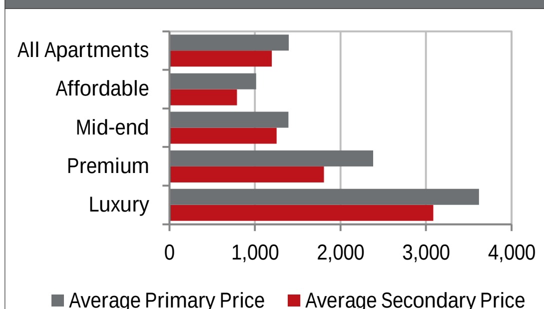
Asset Performance	Primary Market		Secondary Market	
	Q-o-Q [3]	Y-o-Y [3]	Q-o-Q [3]	Y-o-Y [3]
Apartments	▲2.6%	▲5.4%	▼ 0.6%	▼ 2.1%

Source: JLL Research

PRICES GREW MORE CONSIDERABLY

- Primary market
  - The non-chain-link price improved at 1.8% q-o-q in 4Q18, to approximately USD 1,394 per sqm benefited from good construction progress with better integrated facilities by many developments.
  - Affordable segment moved at the fastest pace, with an increase of 3.6% q-o-q and 8.6% y-o-y among the existing supply.
- Secondary market
  - The chain-link price further dropped by 0.6% q-o-q, mostly driven by long-standing projects with deteriorating conditions.
  - The Luxury sub-market witnessed a notable uptrend of 3.5% q-o-q due to limited available stock while resale prices slowed down in all other segments.

Average Asking Price by Segment (USD/sqm)

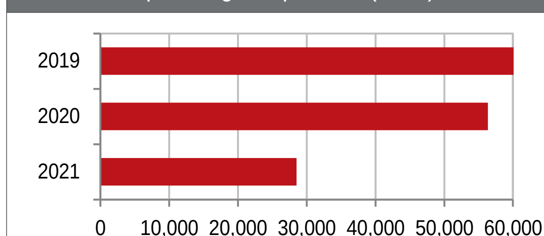


Source: JLL Research

OUTLOOK

- Abundant supply for 2019, focusing on Affordable
  - Market expects to welcome about 48,000 new units by end of 2019. Affordable segment continues to be the most active segment.
  - New launches seem to switch focus to the East region thanks to the recent improvement in infrastructure connecting to the CBD.
- Price uptrend is expected to continue in the coming year
  - More than 60,000 upcoming completed units in 2019 will leverage the average selling price due to it's promising construction quality.
  - Low-end units are expected to have positive sales rate.

Upcoming Completions (units)



Source: JLL Research

[1] Excludes planned projects not launched for sale yet. Includes fully sold projects. [2] The percentage of [1] that remains unsold at quarter-end. [3] Q-o-Q and Y-o-Y changes are adjusted to remove effects from supply additions / removals ("chain-link")

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