

Media Release

H2/2022

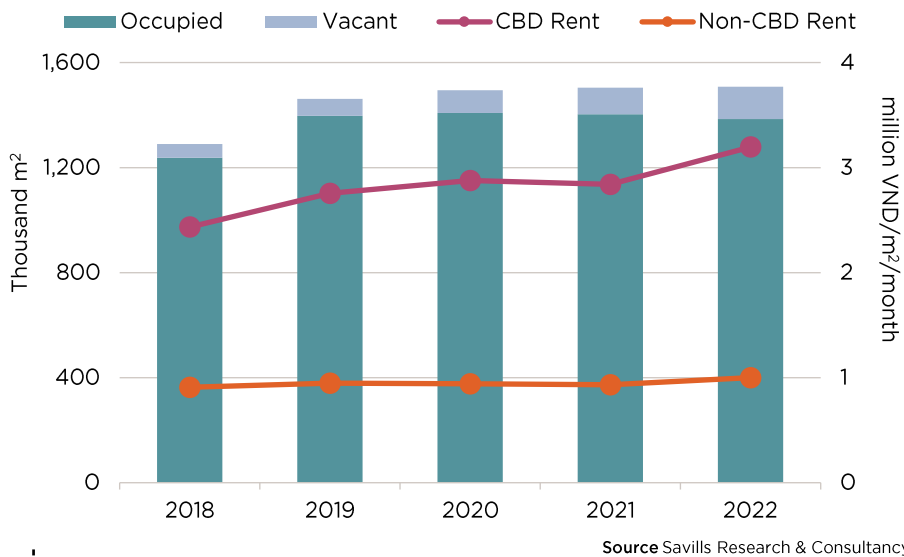


**The future,
are we there yet?**



RETAIL

Performance



Despite quarterly soft take-up, there is strong domestic consumption, that is attracting interest.

Cao Thi Thanh Huong,
Research Manager, Savills HCMC



KEY FINDINGS

Stable Supply

In 2022, stock of over 1.5 million m² net leasable area (NLA) was stable YoY.

Delayed construction and limited demand during the pandemic slowed supply growth. Emart 2 in Go Vap and the remaining levels of Thiso Mall in Thu Thiem rescheduled their further launch until 2023.

Falling Occupancy

Occupancy fell by -2 ppts YoY with early terminations in the non-CBD. Upper levels, older projects and developments outside the main retail districts struggled.

Fashion brands had 24% of the vacated space, F&B tenants had 22%, and entertainment and education tenants had 20%.

Landlord Confidence

Approximately 40% of projects had rent increases in 2022. Gross ground floor rent increased by 10% YoY to VND 1,250,000/m²/month.

Large projects like Giga Mall, AEON Mall Binh Tan, and Van Hanh Mall received many requests, however, vacant space was small with low footfall. Therefore, landlords put tenants on waiting lists until suitable areas became available.

Positive Demand

HCMC retail sales reached VND 626 trillion, increasing 21% YoY. Retail sales of F&B increased by 7% YoY.

Consumers are more health-conscious with increased interest in outdoor activities, and sports brands. Enquiries from international and local healthcare, sports and fitness tenants have increased.

Outlook

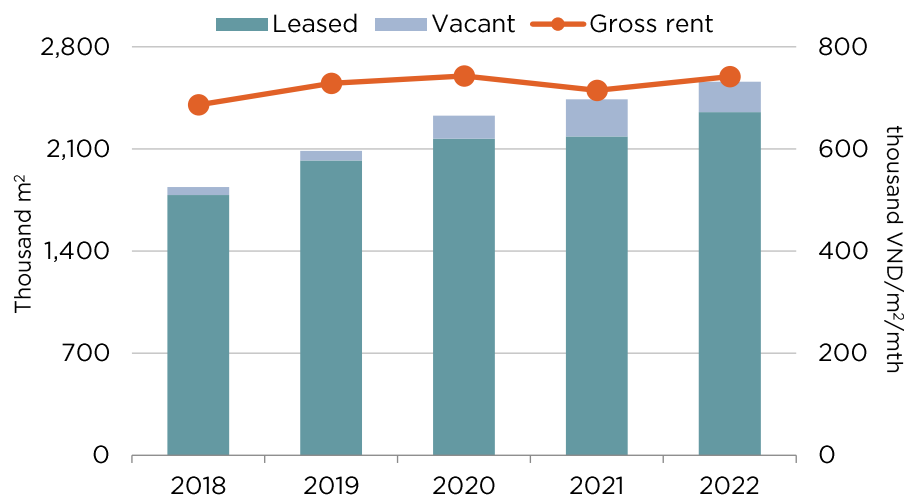
Several landlords plan on renovating and changing their tenant mix in 2023. Vivo City, Pandora City and Lotte Mart Phu Tho plan to refurbish.

In 2023, new supply from 16 projects will total 193,000 m² NLA. District 8 will welcome two shopping centres of 27,000 m² NLA each.

By 2025, 23 projects will provide over 286,000 m² NLA. Approximately 86% will come from the non-CBD.

OFFICE

Performance



Source Savills Research & Consultancy



Robust leasing reflected healthy demand. Growing ESG commitments will drive green and sustainable initiatives.

*Vo Thi Khanh Trang,
Associate Director of Research,
Savills HCMC*



KEY FINDINGS

Decentralised Supply

In 2022, stock reached 2.6 million m² NLA, increasing 5% YoY. New stock of 27,800 m² came from five projects in the non-CBD (94%) and one CBD project (6%). Limited CBD land bank is pushing development to decentralized locations.

By 2025, 412,000 m² NLA from 18 projects will enter. Future Grade A supply will relieve pressure on the currently scarce stock. The METT and The Hallmark in Thu Thiem will deliver 85,000 m² NLA of Grade A offices in 2023.

Sustainability is Key

Developers are increasingly conscious of future-proofing properties and are starting to deliver green products. While occupier awareness remains low, this will likely change rapidly as ESG becomes fundamental to business.

In 2022, green offices delivered 20% of the leasable stock. Future projects are racing to obtain green certificates to satisfy ESG commitments, which will support a supply increase.

By 2025, there will be an additional 103,900 m² NLA of green offices from The METT and The Hallmark in 2023 and The Nexus in 2025.

Resilient Performance

In Q4/2022, rent of VND 741,000/m²/month increased by 2% QoQ and 4% YoY; occupancy of 93% was stable QoQ and increased 3 ppts YoY.

Grade A rent improved by 3% QoQ and 7% YoY due to high demand but only 3% vacancy; Grade B rent rose by 2% QoQ and 3% YoY after improvements at several existing projects.

Positive Demand

Demand was robust this year, with take-up of 186,700 m². Savills survey of 249 deals in 2022 highlighted that relocation for expansion took 46% of the leased area and newly established offices accounted for 36%. Tenants who relocated but did not expand had 14%.

FIRE tenants continued to lead deals with 32% of the leased area but took smaller offices than last year. ICT tenants had 14% of the leased area, increasing 1 ppt YoY. Although manufacturing tenants took less leased area, the size of the deals increased by 44% YoY to 360 m².

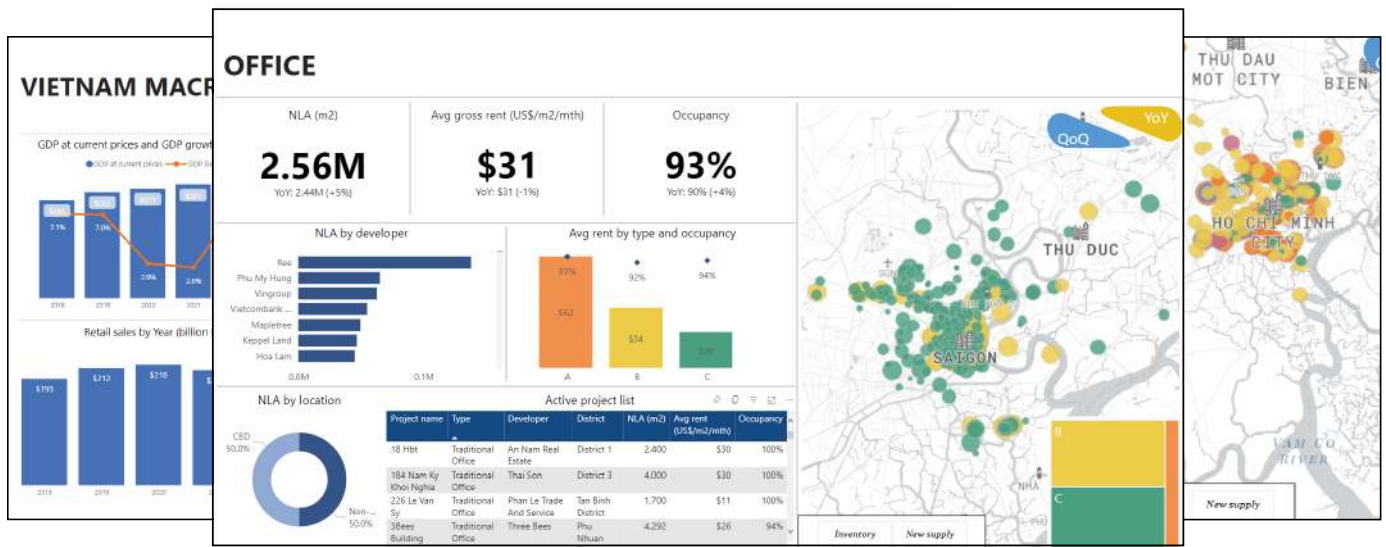
In 2022, HCMC had GDP growth of 9% YoY, and FDI of US\$3.9 billion increased by 5% YoY. The 44,369 newly registered enterprises increased by 44% YoY; commercial and service industries had 73%. Positive economic and FDI growth will spur office demand.

Thank you for your interest in our report.

Do you need more visual data?

S22M, our new service line, delivers interactive charts, maps, and visual displays of these insights and metrics that you can interact with, query, and select quickly the data you need to inform your strategy.

Discover now >



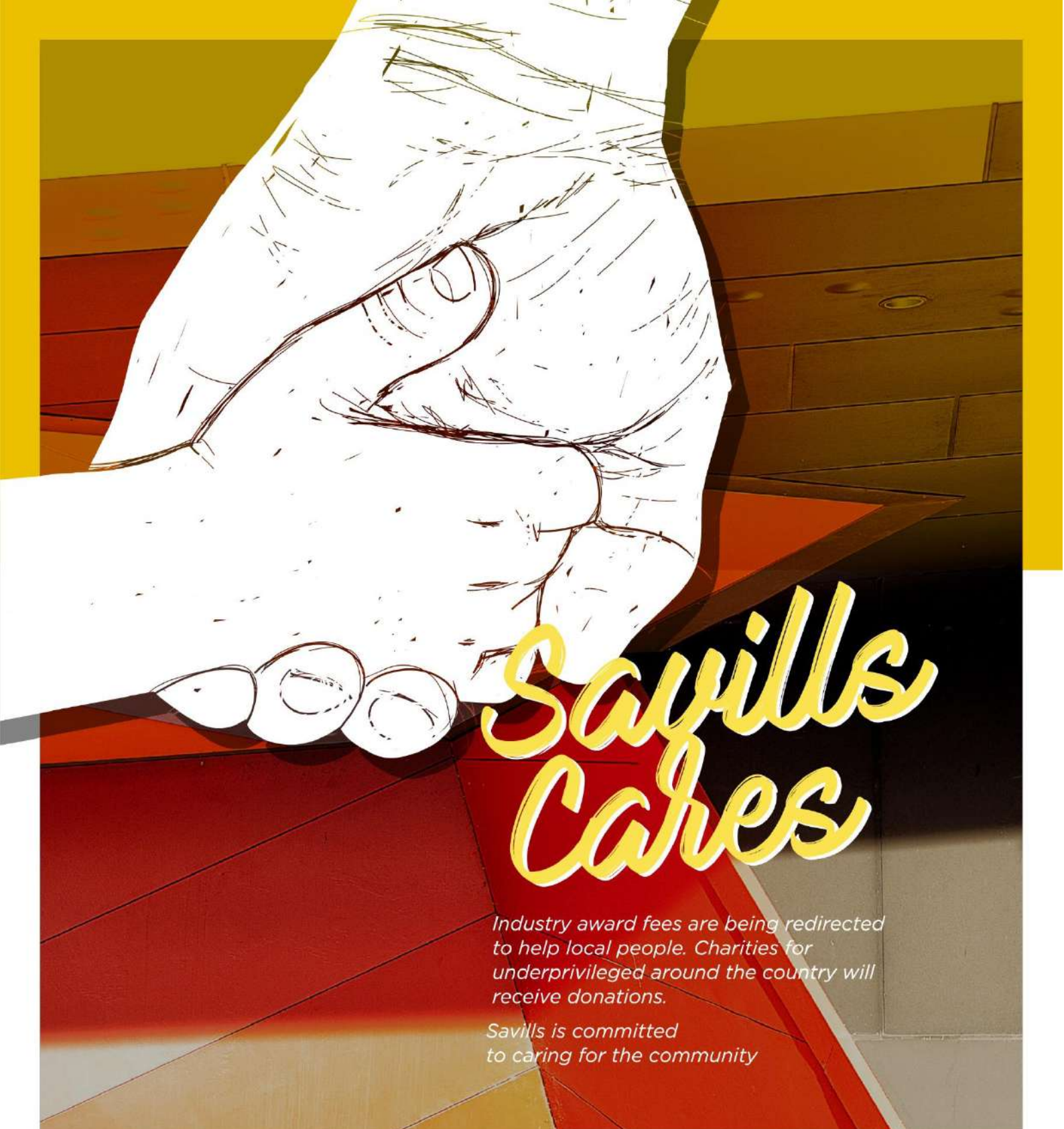
Or do you need deeper insights?

Our paid subscribers receive comprehensive reports across 30+ pages detailing:

- Supply
- Performance
- Demand Analysis
- Outlook
- SWOT

Contact us for a quote >





Savills Cares

Industry award fees are being redirected to help local people. Charities for underprivileged around the country will receive donations.

Savills is committed to caring for the community



savills

Troy Griffiths
Deputy Managing Director

+84 (0) 933 276 663
tgriffiths@savills.com.vn

Vo Thi Khanh Trang
Associate Director of Research

+84 (0) 906 948 580
vthikhanhtrang@savills.com.vn

Savills plc: Savills is a leading global real estate service provider listed on the London Stock Exchange. The company established in 1855, has a rich heritage with unrivalled growth. It is a company that leads rather than follows, and now has over 700 offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East.

This report is for general informative purposes only. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent. Whilst every effort has been made to ensure its accuracy, Savills accepts no liability whatsoever for any direct or consequential loss arising from its use. The content is strictly copyright and reproduction of the whole or part of it in any form is prohibited without written permission from Savills Research.