

# Media Release

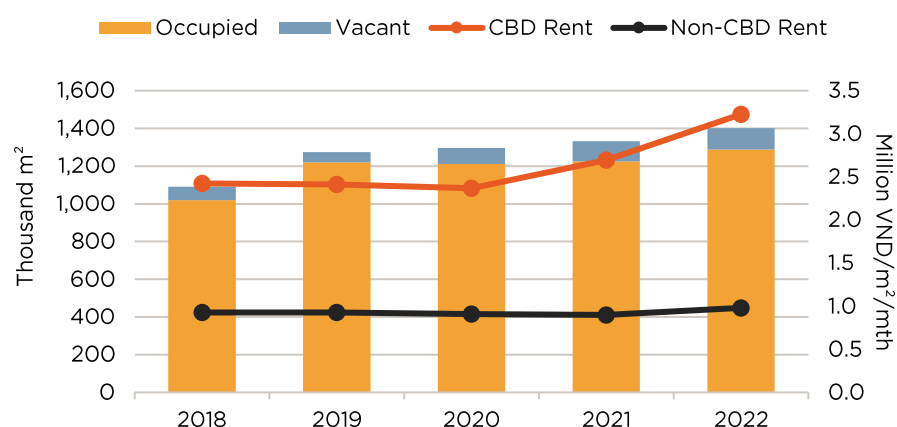
## H2/2022



The future,  
are we there yet?

# RETAIL

## Performance



Source: Savills Research and Consultancy

“ Viet Nam has attracted many new fashion and cosmetics brands from China, Hong Kong, Singapore, South Korea, Japan, and Indonesia. This will boost retail presence in 2023.”

Hoang Nguyet Minh  
Senior Director, Commercial  
Leasing, Savills Ha Noi



## KEY FINDINGS

### Stock is Flat

Stock growth has averaged 4% per annum (pa) for the past five years, however, with no additions, stock of 1.7 million m<sup>2</sup> net leasable area (NLA) was stable quarter-on-quarter (QoQ) and increased 4% year-on-year (YoY).

### Strong Performance

At VND 1,013,000/m<sup>2</sup>/month gross, ground floor rent increased by 4% QoQ and 10% YoY. Since 2018, gross ground floor CBD rent has increased by 7% pa, but by 1% in the non-CBD.

In 2022, take-up of 63,200 m<sup>2</sup> NLA climbed 364% YoY. Retail podiums had 62%, shopping centres had 29%, and department stores had 9%.

### Adapting

Landlords are renovating outdated properties to improve competitiveness. Shopping centres and retail podiums like Indochina Plaza, Bamboo Airways Tower are being refurbished to deliver new layouts.

### Luxury Demand Exceeds Supply

Luxury retail space is concentrated in the CBD. Stores range from 50 m<sup>2</sup> NLA to 1,000 m<sup>2</sup> NLA, averaging 260 m<sup>2</sup> NLA.

Future supply includes Four Seasons, The Grand Ha Noi, and Fairmont Hotel. Luxury brands are expected to enter, several as FIEs. Currently, there is insufficient luxury retail space available to meet the demand from international retailers.

### Metro Opening

In 2022, 8.2 million passengers used the Cat Linh - Ha Dong 2A line, 15% more than the target patronage.

The average rent of projects close to metro stations surged by 2% QoQ and 16% YoY. The market average was 1% QoQ and 5% YoY. The Nhon - Ha Noi Station route is 75% complete. The elevated portion should become operational in 2023; the entire route should be fully operational by 2027.

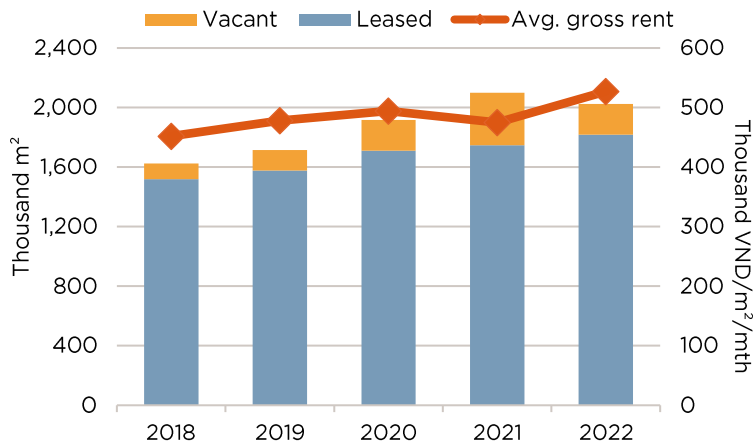
### Outlook

In 2023, 212,400 m<sup>2</sup> NLA will come from 15 projects, including Lotte Mall, The Linc @ Park City, and Lancaster Luminaire.

The Secondary area will have nine projects, and the CBD, the West area, and the Others area, two each. Shopping centres will have 70% and retail podiums will have 30%.

# OFFICE

## Performance



Source: Savills Research and Consultancy



**Enterprises are increasingly conscious of legal and sustainability requirements, resulting in lengthy approval processes.**

Hoang Nguyet Minh  
Senior Director, Commercial  
Leasing, Savills Ha Noi



## KEY FINDINGS

### Supply

In 2022, stock of 2.15 million m<sup>2</sup> NLA from 189 projects increased by 1% QoQ after Epic Tower in Cau Giay District entered with 22,800 m<sup>2</sup>.

Since 2018, Grade B stock increased by 6% per annum and Grades A and C by 2% pa each. Grade B had 49% or over 1 million m<sup>2</sup>. The West has the greatest stock with 870,000 m<sup>2</sup>. Cau Giay District is the preeminent district with 625,000 m<sup>2</sup>.

### Rent and Occupancy Improve

Grade A had the highest rent of VND 852,000/m<sup>2</sup>/month, increasing by 4% QoQ and 11% YoY due to increases at Charmvit Building and PVI Tower. Grade B rent increased by 6% QoQ and Grade C by 7% QoQ due to major increases at several projects.

Occupancy increased by 1 ppt QoQ and 7 ppts YoY. Grade C had the greatest occupancy at 96% and Grade A had the largest take-up of 54,979m<sup>2</sup>.

### Trends

This year, bank, finance, and insurance (FIRE) tenants relocated from the CBD to the Secondary area. Tenants enjoy high-quality buildings and competitive prices in the Secondary area. Buildings with green certificates and high technical specifications are popular. By 2025, at least seven office projects in Ha Noi will receive green certificates, bringing supply to 276,000 m<sup>2</sup>.

Enterprises are increasingly conscious of ESG requirements. Workplaces must now speak to health, flexibility, and sustainability as well as productivity and collaboration.

### Outlook

By the end of 2023, five new projects are expected with 93,700 m<sup>2</sup>. Lancaster Luminaire, BRG Grand Plaza and Green Diamond are expected in Q1/2023. Grade A will have 98% of future supply.

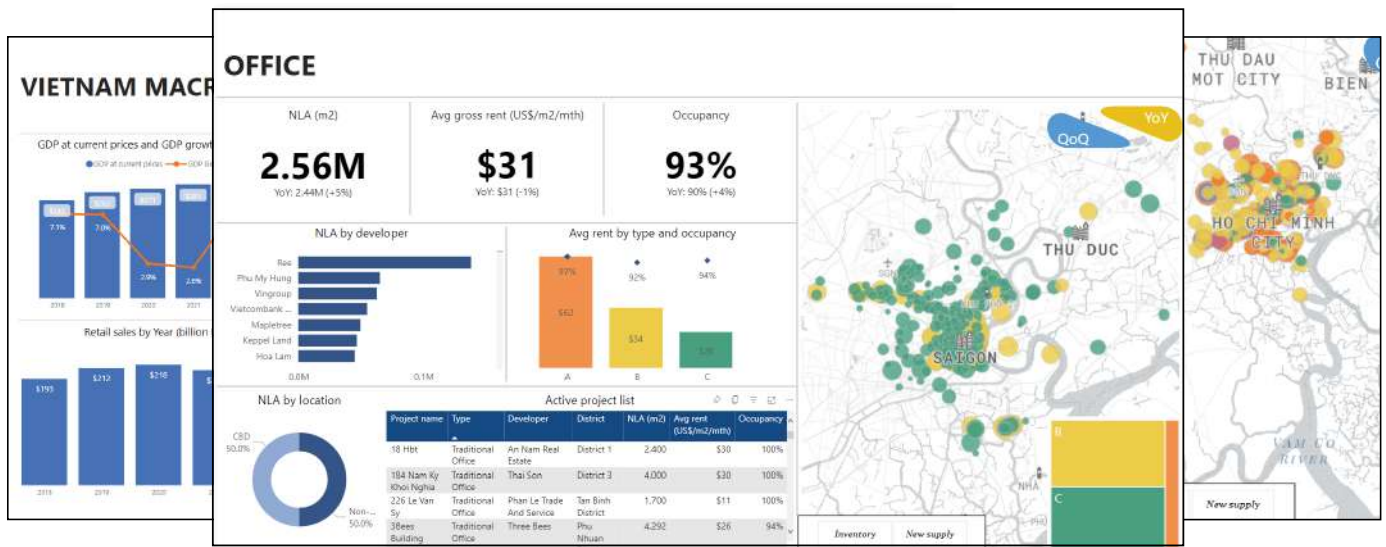
Between 2024 and 2025, 324,000 m<sup>2</sup> from 11 projects are expected. The West will provide 234,000 m<sup>2</sup>, mostly from Starlake. The new launch of Samsung's R&D centre in 2022 is expected to lead a FDI wave into Ha Noi, which will boost office demand.

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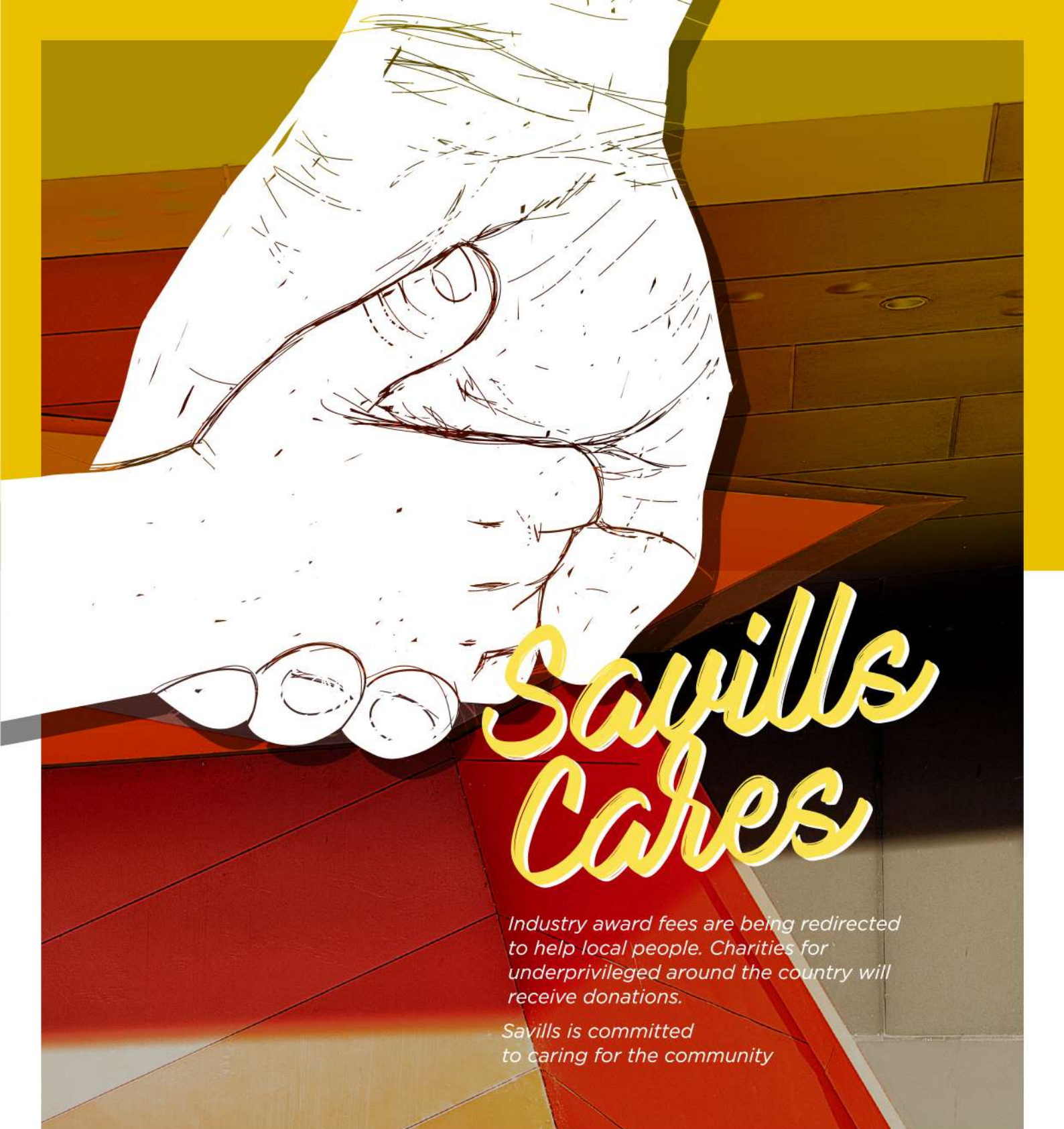
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