

Media Release

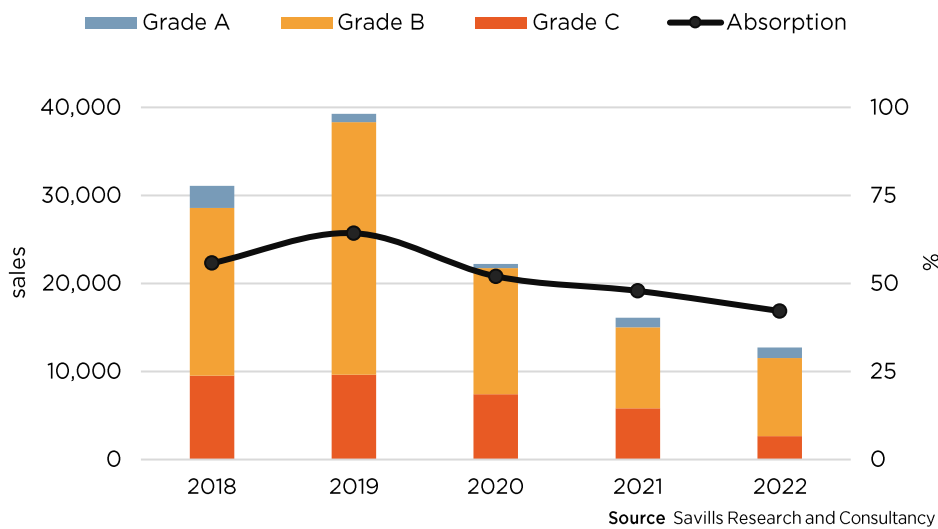
H2/2022



The future,
are we there yet?

APARTMENT

Performance



“Most developers are still pursuing new investment opportunities. Amended laws are expected to give the housing market room to grow.”

Do Thu Hang
Senior Director,
Advisory Services,
Savills Ha Noi



KEY FINDINGS

Fewest Launches Since 2015

Primary supply of 20,333 units in Q4/2022 dropped by -3% QoQ and -6% YoY. There were no new projects, and all the new supply came from the next phases of six existing projects.

In 2022, new supply was the lowest for eight years at 12,637 units. Grade B had 83%, followed by Grade A with 9%.

Soft Quarterly Performance

There were 2,890 sales, decreasing by -20% QoQ and -30% YoY. Grade B had 76% of sales. New supply was 28% absorbed.

The average primary asking price of VND 47 million/m² net sellable area (NSA) was stable QoQ and improved by 15% YoY.

Widening Price Gap

Since 2018, average primary prices have increased by 11% pa, while secondary prices increased by 5% pa.

Average primary prices were 42% higher than secondary prices (increasing from 14% in 2018). The gap between primary and secondary prices was highest in Grade A projects (52%), followed by Grade B (27%) and Grade C (25%).

Mega Projects

Since launching in late 2018 and early 2019, Vinhomes Ocean Park and Vinhomes Smart City accounted for 45% of new supply and 33% of sales, reflecting continued demand for outlying areas.

Reduced Handover Volume

In 2022, 10,100 apartments were handed over in Ha Noi. Hung Yen and Bac Ninh handed over a combined 4,500 apartments.

From 2020 to 2024F, handovers will decrease by -36% pa. This will drive demand to the secondary market and boost the confidence of investors.

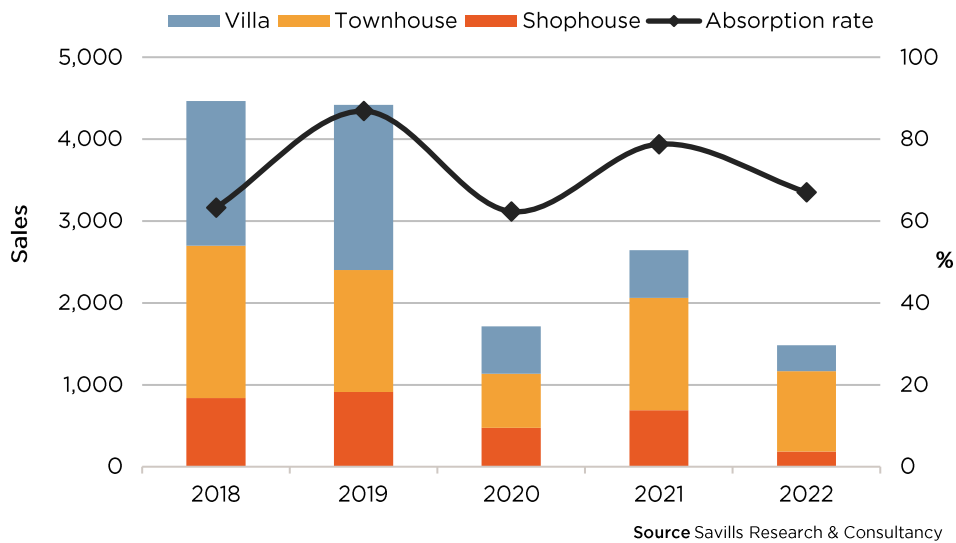
Outlook

In 2023, 19 new launches and the next phases of two projects will add 15,800 units. Grade B will have 79%; Hoang Mai, Nam Tu Liem, and Gia Lam will deliver 57%.

Developers want residential land in satellite provinces, which increasingly meet Ha Noi's housing demands. Hung Yen and Bac Ninh will provide approximately 103,900 units from 2023 to 2025 onward. Improving infrastructure, more affordable products and diverse facilities are key success factors.

VILLA & TOWNHOUSE

Performance



“Supportive policies that minimise obstacles and promote easy development of infrastructure will drive recovery in 2023.”

Matthew Powell
Director, Savills Ha Noi



KEY FINDINGS

Supply Drop

The first phase of a new project and the next phase of an existing project delivered 45 dwellings, decreasing by -91% QoQ and -82% YoY. Primary stock was the lowest in five years at 926 dwellings from 15 projects, decreasing by -22% QoQ and -18% YoY.

Lowest Sales in Years

Restricted lending and adverse real estate news suppressed buyer confidence. In the final quarter, there were 196 sales, decreasing by -34% QoQ and -52% YoY. Townhouses remained the most popular with 85% of sales. Quarterly absorption of 21% fell by -4 pts QoQ and -15 pts YoY. New launches were 51% absorbed.

In 2022, there were 1,485 sales, the lowest since 2015. Sales dropped by -44% YoY, and absorption of 67% decreased by -12 pts YoY.

Price Slow

Some developers adjusted their prices; primary villa prices in Q4/2022 dropped by -6% QoQ to VND 130 million/m² LA, townhouses by -1% QoQ to VND 172 million/m² LA, and shophouses decreased by -10% to VND 189 million/m² LA.

In the secondary market, 2022 had the most significant price increase by year, driven by urban districts with limited land banks amid high buyer confidence in the first half. However, in Q4/2022, villas and townhouses had the first secondary price decrease since 2019, and shophouse prices decreased since Q3/2022.

Outlook

In 2023, nearly 1,600 dwellings from 15 projects are expected. Hoai Duc will provide 20% of future supply, followed by Thanh Tri with 16%, and Long Bien with 15%.

New infrastructure will boost the housing market. Once completed, Ring Roads 3.5 and 4 will support the development of more than 80 projects spanning 2,900 ha in surrounding districts such as Hoai Duc, Me Linh, Ha Dong, Dan Phuong, and Thuong Tin.

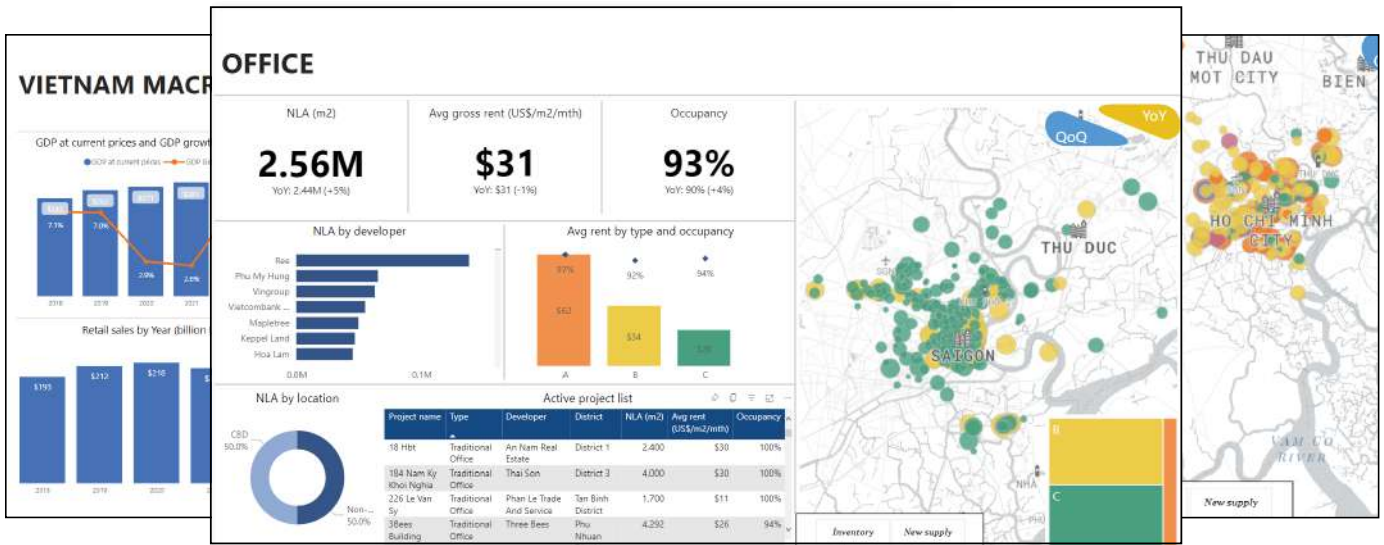
Ha Noi will need more high-quality projects with reasonable prices as the city's existing inventories are expensive and could be unattractive to buyers, especially as the city is facing competition from neighbouring provinces such as Bac Ninh and Hung Yen.

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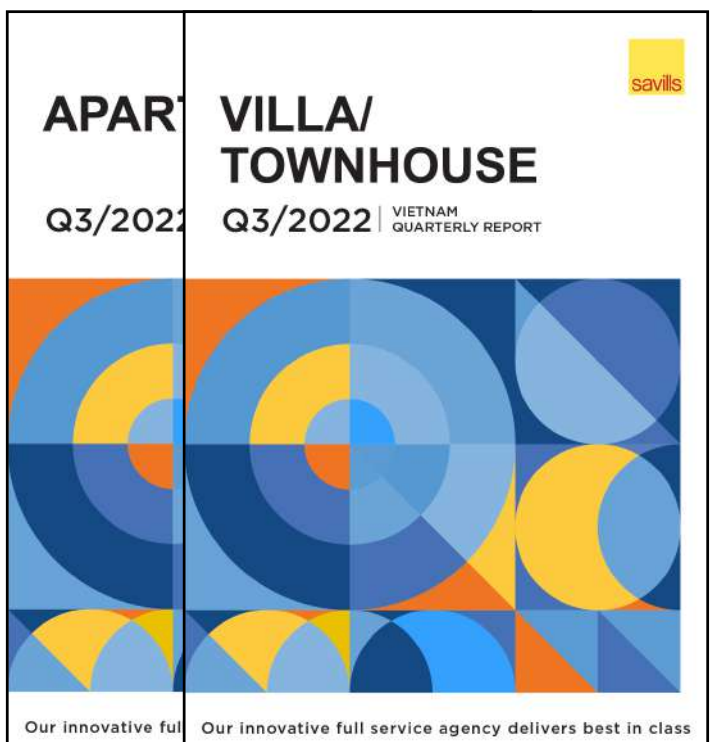


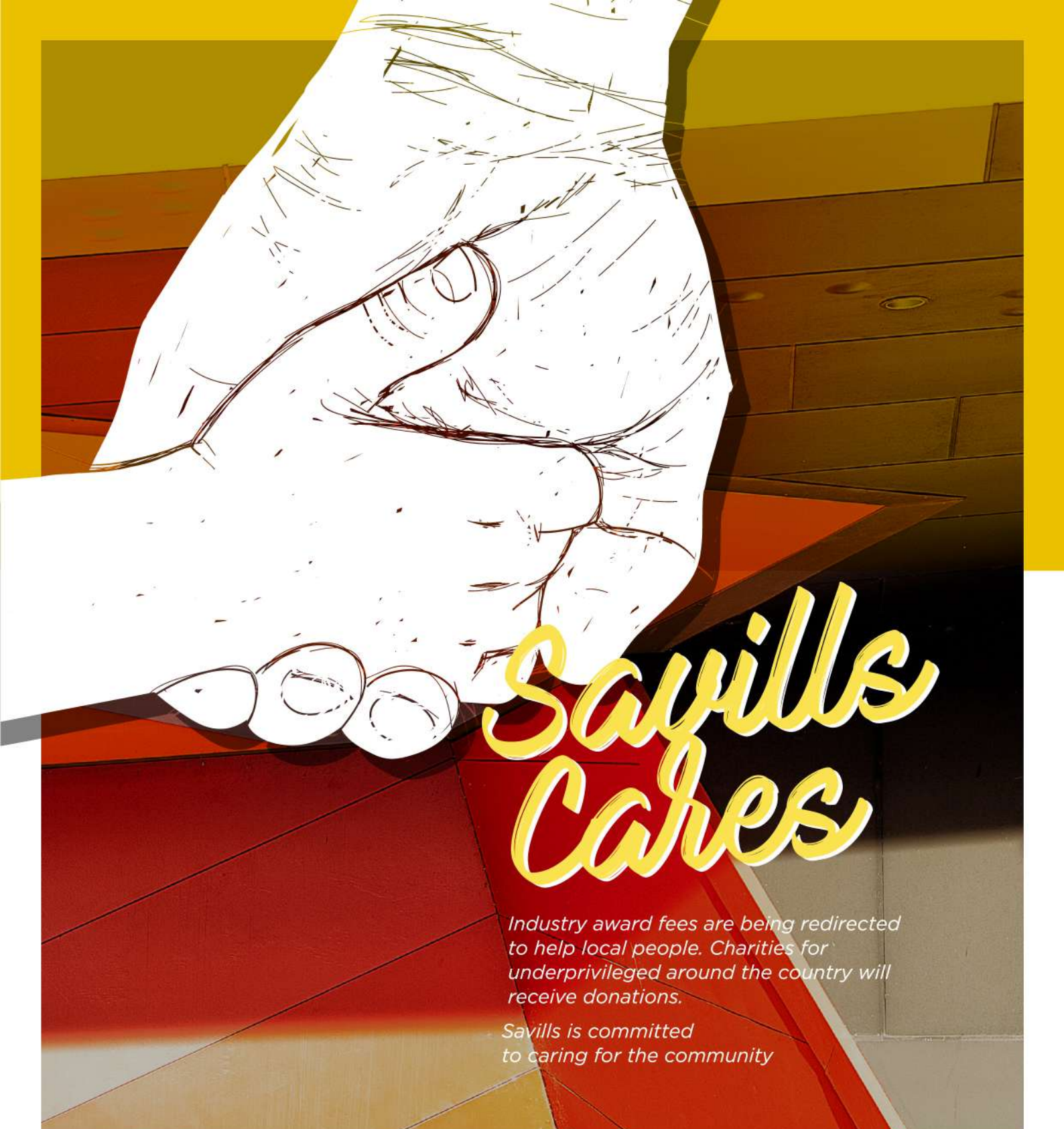
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Savills Cares

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

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