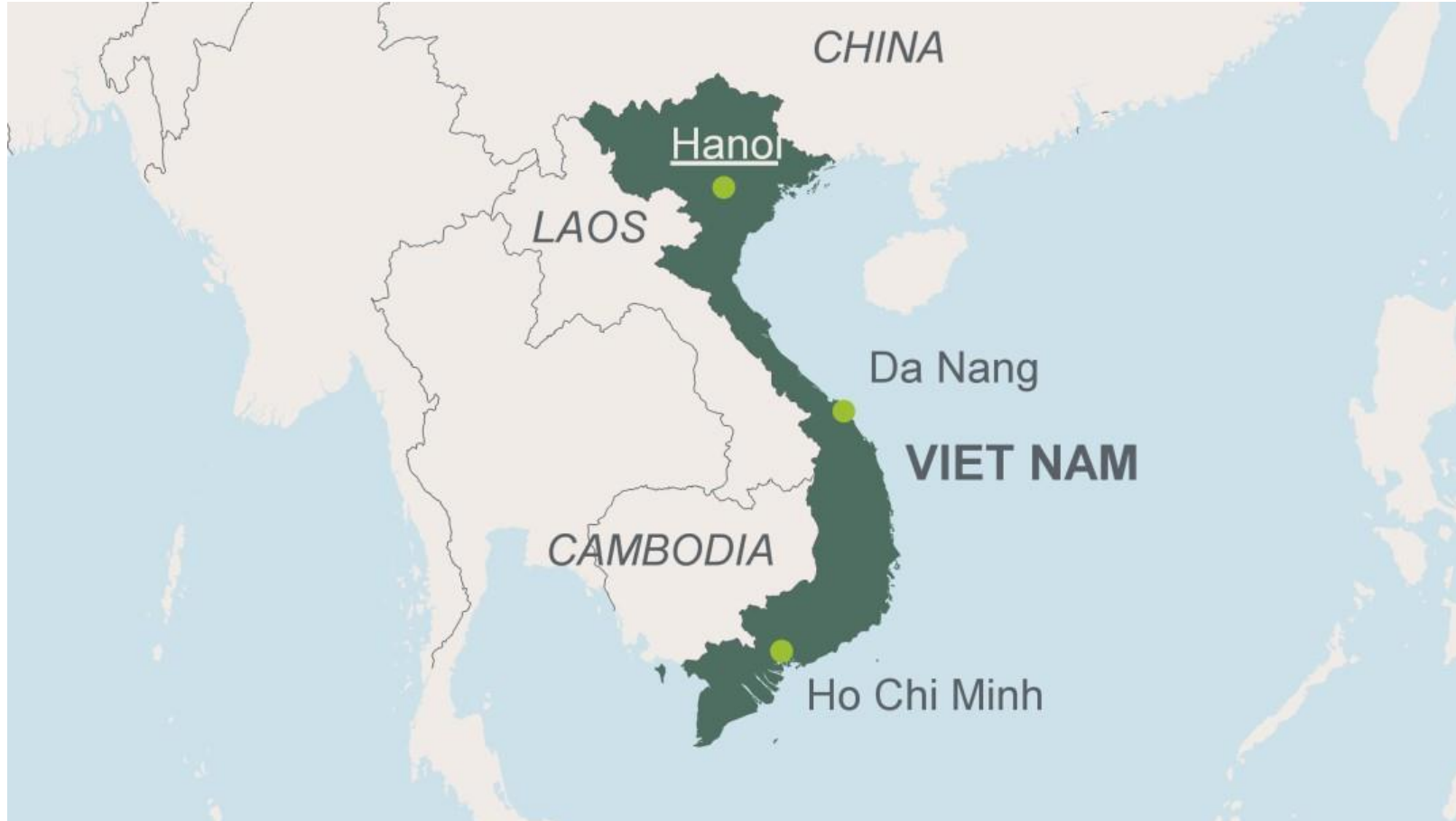


# Vietnam's Economy Report

## 46<sup>th</sup> ACF Council Meeting

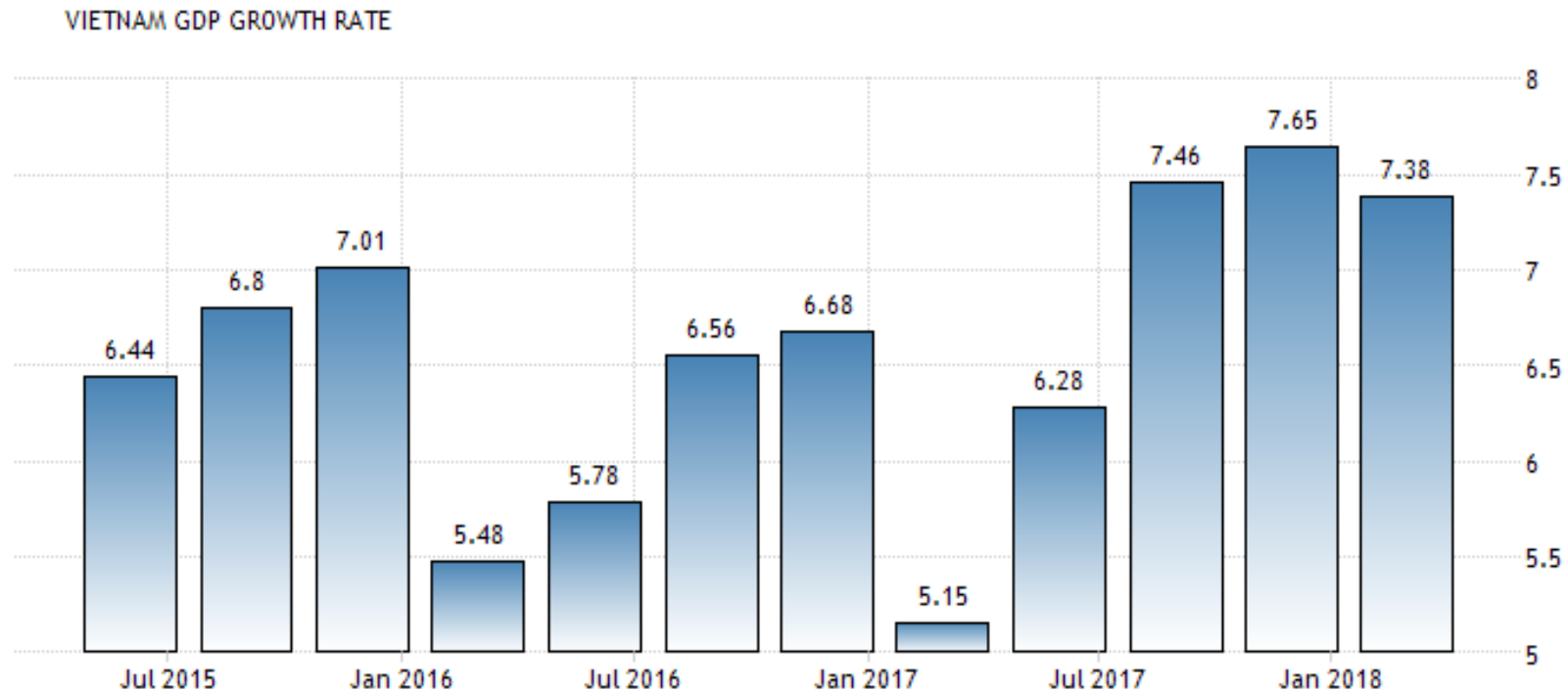
### Thailand, September 7<sup>th</sup> 2018



# Contents

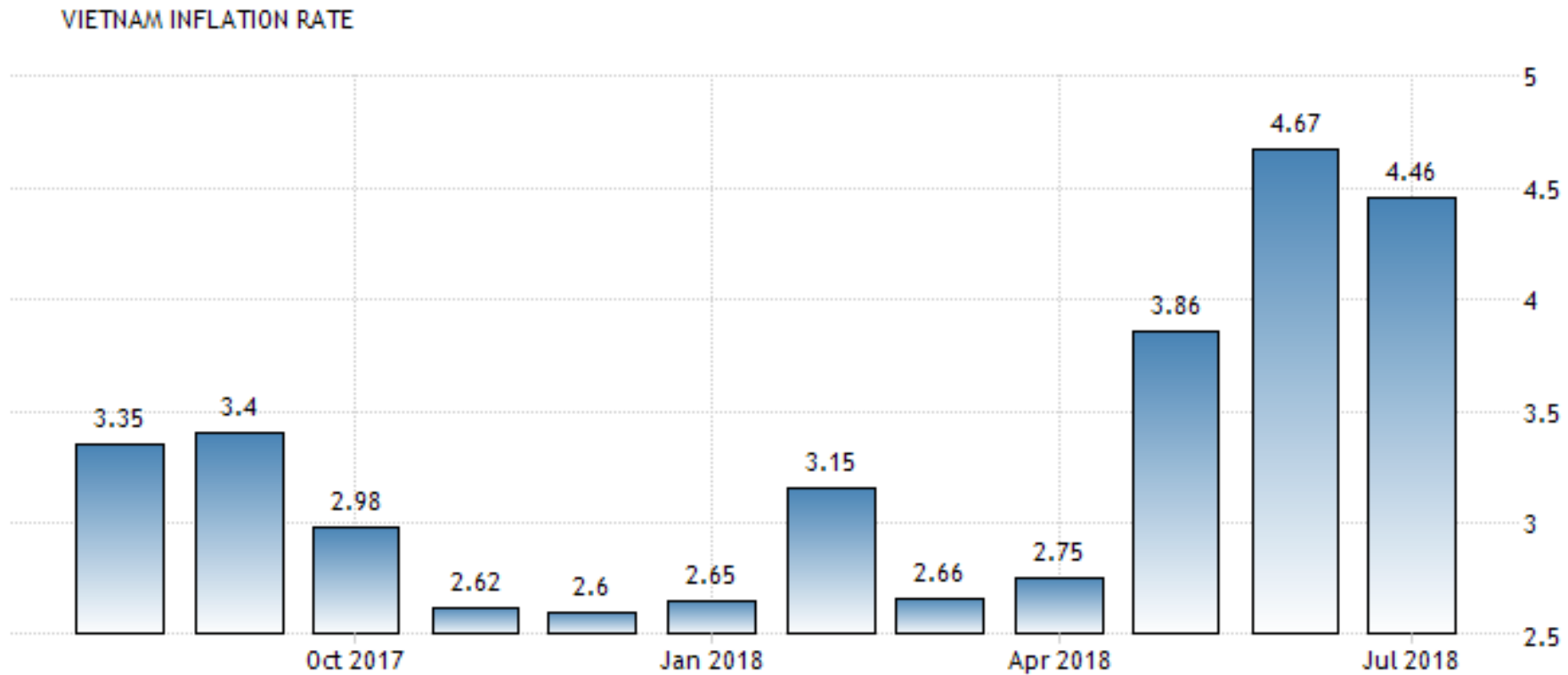
- Overview of Vietnam's Economy
- Housing supply sales and forecast in Ho Chi Minh city and Hanoi.
- Construction materials cost, Labors.
- Government regulator and changed in policies on Foreigners
- Ongoing Mega-projects and finished projects

# Vietnam GDP growth 2018



SOURCE: [TRADINGECONOMICS.COM](https://tradingeconomics.com) | GENERAL STATISTICS OFFICE OF VIETNAM

# Vietnam Inflation rate of 2018



SOURCE: [TRADINGECONOMICS.COM](https://tradingeconomics.com) | GENERAL STATISTICS OFFICE OF VIETNAM

# Inflation rate in Vietnam

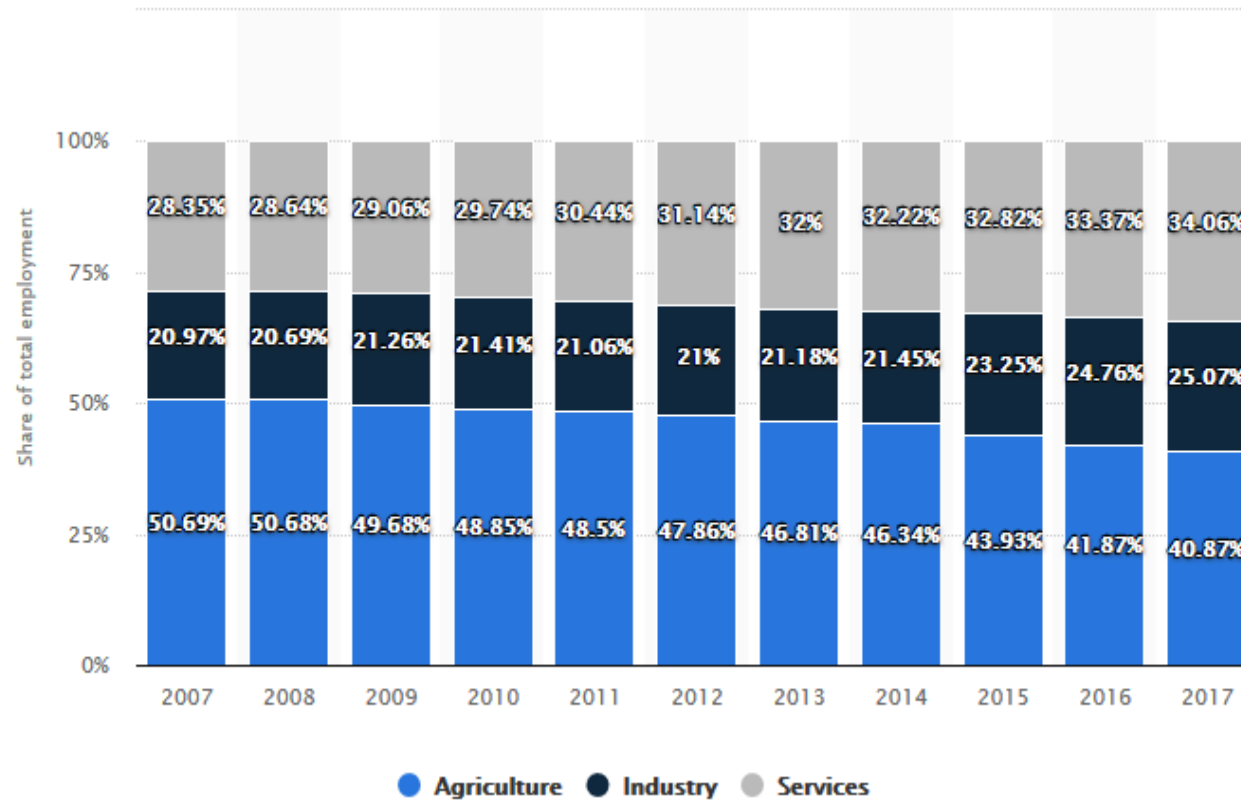
Inflation rate in July 2018 is 4.46%.

Key factors that influence inflation in Vietnam

- Rising food prices
- Rising medical costs
- Rising education and public services
- Rising price of construction materials

# Vietnam's Economy

## Employment distributions across sectors



- Agriculture still the key factor in Vietnam's Economy, but try to transition to Service Economy.
- Service is improving due to joining major councils.

# Currency Exchange

## USD to VND Chart

[Learn More](#)

13 Aug 2017 00:00 UTC - 13 Aug 2018 07:28 UTC **USD/VND** close: **23255.61617** low: **22635.58886** high: **23331.42722**



USD - US Dollar



VND - Vietnamese Dong



# Target basic economy

- GDP growth 6.81% in 2017. first quarter of 2018 was 7.38%
- Increasing export turnover of goods 8-10%.
- Trade deficit ration is less than 3%.
- Consumer Price Index (CPI) increases 3.29% first half of 2018 compared to same period of 2017.
- Unemployment rate: less than 4% as reported in Dec 2017, unemployment was 3.18%.
- Health and Insurance Coverage reached 81.7% national population.

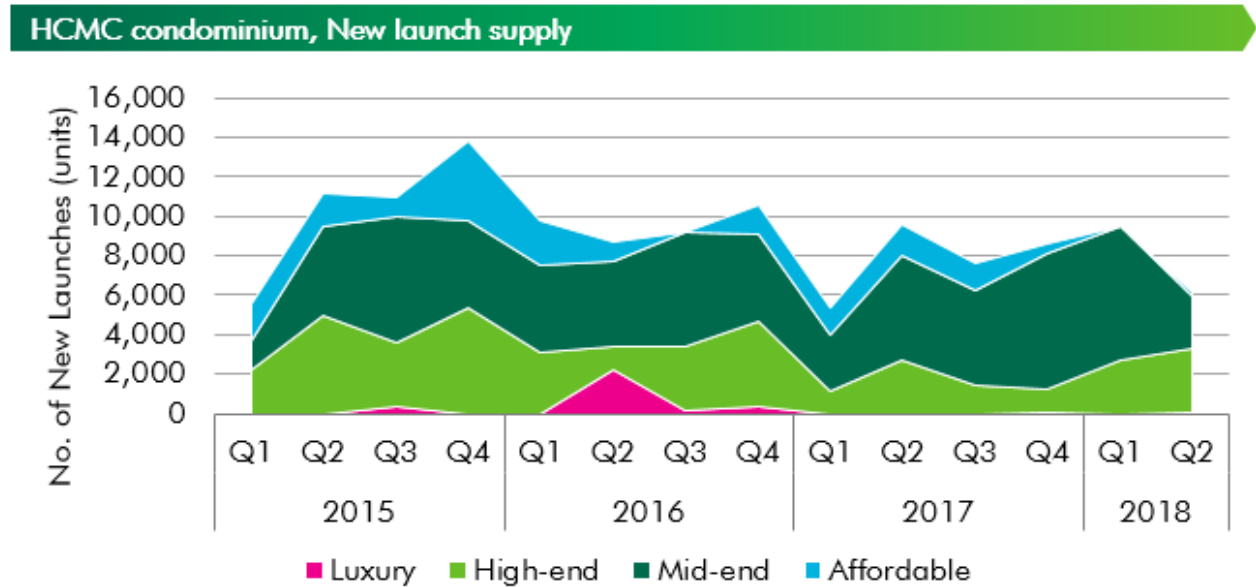


# Overview of construction industry

- In 2017, Vietnam Construction industry growth 8.7% (12.8 billion US dollars)
- In 2017, urbanization rate is 37.5% increases 0.9% y-o-y.
- Floor area per person increases 0.6 sqm from 2016 reached 23.4 sqm per person.

# Condominium Supply in Ho Chi Minh city

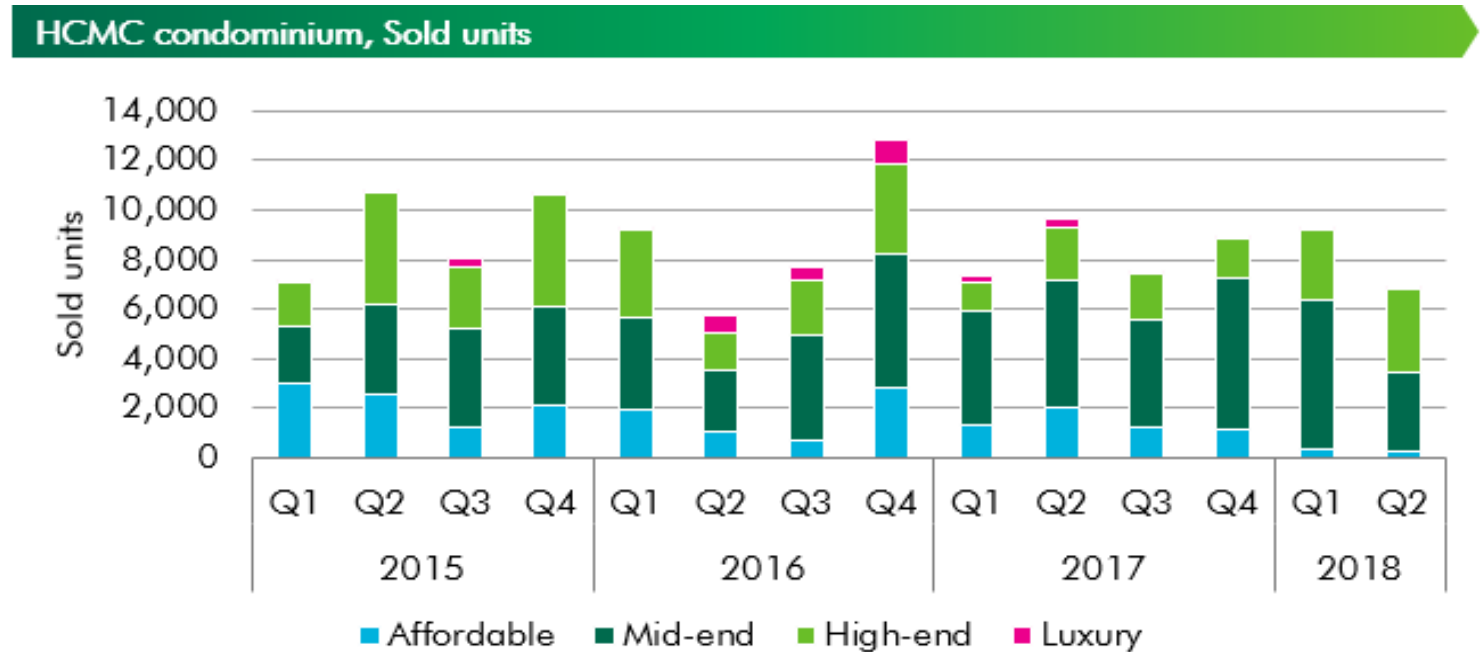
- Supply: 6,109 condominium units.
- Mid-end Segment: Decreased 62% q-o-q, and 52% y-o-y.
- High-end Segment: increased 54% of the market.
- Luxury: One new project with 40 units



Source: CBRE Vietnam, Q2 2018.

# Ho Chi Minh Condominium Sales

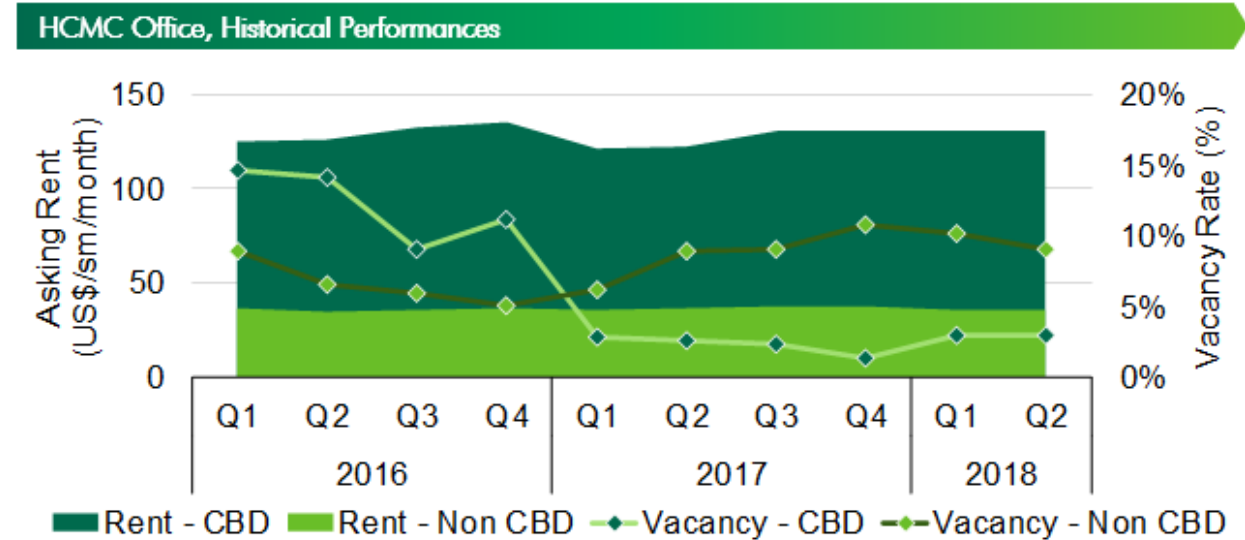
- Sales continued to be positive in Q2 2018
- More than 80% of new launch units having been absorbed.
- In Q2 2018, 6,947 sold units in total, a decrease of 25% q-o-q and decrease of 29% y-o-y.
- In Q2 2018 Average price on the primary market was US\$1,580 psm. Increase of 3% q-o-q. Primary price increases of 3%-5%



Source: CBRE Vietnam, Q2 2018.

# Office Rental Performance

- Asking Rents for Grade A and B increased q-o-q and y-o-y. 7.0% q-o-q and 17.0% y-o-y.
- Asking rent for Grade B, 7.3% growth rate y-o-y.
- Vacancy rate for both Grades were below 5%.

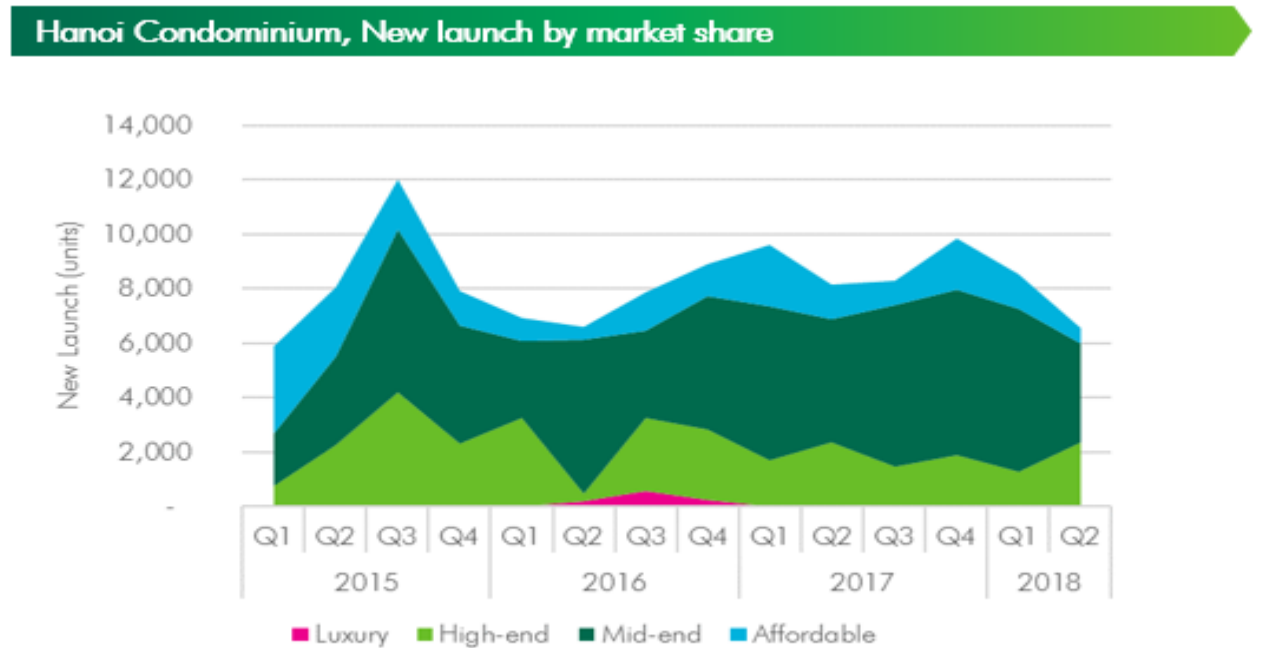


Asking Rents do not include VAT and Service Charge.

Source: CBRE Vietnam, Q2 2018.

# Condominium supply in Hanoi

- Supply: 6,534 units (Decreased 20% y-o-y)
- High-end Segment: Increased 37% of total market
- Mid-end Segment: There are no specific statistics, but the supply is decreased.



Source: CBRE Vietnam, Q2 2018

# Sales in Hanoi



Source: CBRE Vietnam, Q2 2018

223 units were sold in the second quarter of the year, a decrease of 62% q-o-q and 85% y-o-y.

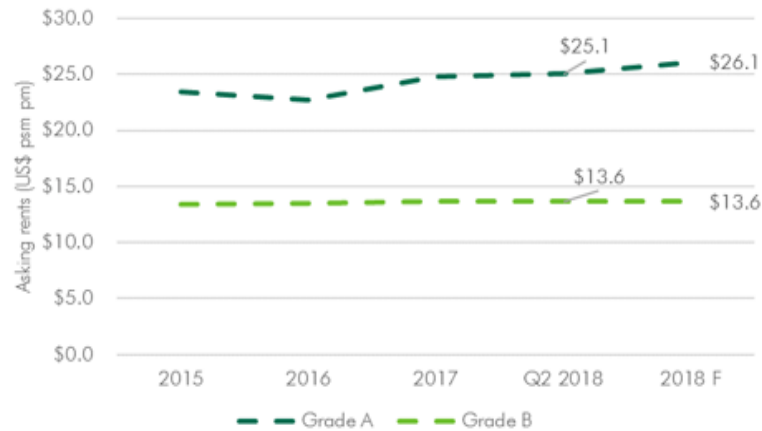
# Price Segment

Net absorption: 24,000 sm, up 23%

CBD: up 0.8%

Non CBD: down 0.3% y-o-y

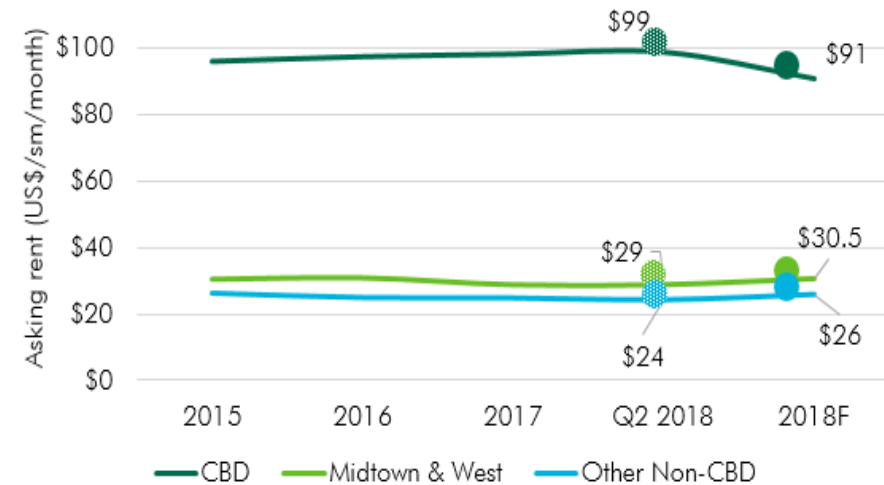
Hanoi Office, Asking rents (Grade A and B) by quarter



Source: CBRE Vietnam, Q2 2018.

Asking rents are quoted excluding VAT and Service Charge

Hanoi Retail, Asking rent of CBD and Non-CBD Q1 2018

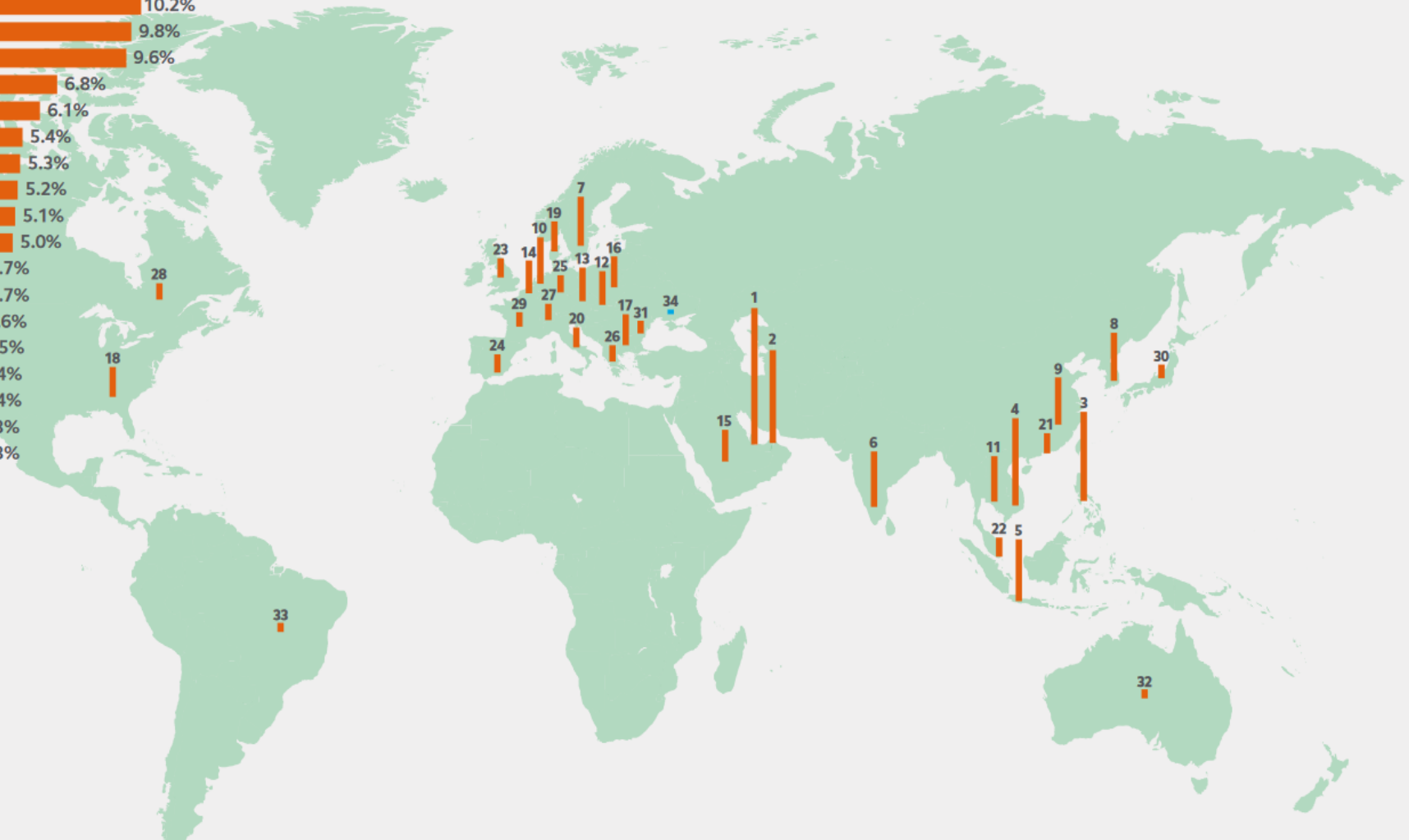
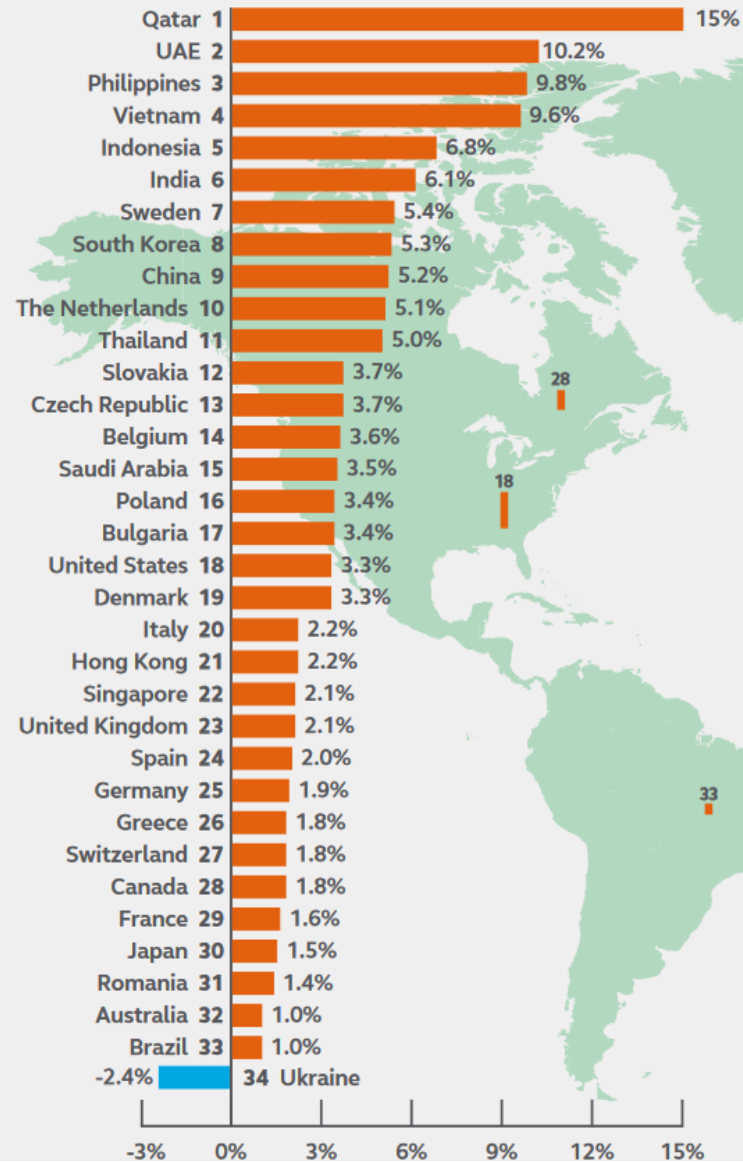


Source: CBRE Vietnam, Q2 2018

\*Asking rents are quoted excluding VAT, including Service Charge

# Landed Property supply forecast

FORECAST CONSTRUCTION INDUSTRY VALUE, REAL GROWTH 2018. % YEAR ON YEAR CHANGE





# Construction Materials Cost

MATERIAL	UNIT	AVERAGE SUPPLY RATE (VND)			
		3Q2016	4Q2016	1Q2017	2Q2017 <sup>p</sup>
Concreting Sand	m <sup>3</sup>	209,091	223,788	232,297	400,256
Stone Aggregate (20mm)	m <sup>3</sup>	224,243	221,212	218,182	218,182
Ordinary Portland Cement (PCB40)	kg	1,523	1,523	1,523	1,523
Reinforced Concrete (Grade 30 MPA)	m <sup>3</sup>	1,109,091	1,109,091	1,109,091	1,109,091
Reinforced Concrete (Grade 40 MPA)	m <sup>3</sup>	1,218,182	1,218,182	1,218,182	1,218,182
High Tensile Steel Bars (10 - 40mm)	kg	13,450	13,450	13,450	13,450
Mild Steel Round Bars (6 - 20mm)	kg	13,180	13,180	13,180	13,180
Structural Steelwork (U-beam, stanchions)	tonne	14,280,000	14,280,000	14,013,000	13,280,000
Timber Sawn Formwork	m <sup>2</sup>	120,000	130,000	140,000	145,000
Clay Bricks (100mm thick wall)	m <sup>2</sup>	204,600	204,600	204,600	204,600

Data Source: Ho Chi Minh City Construction Department

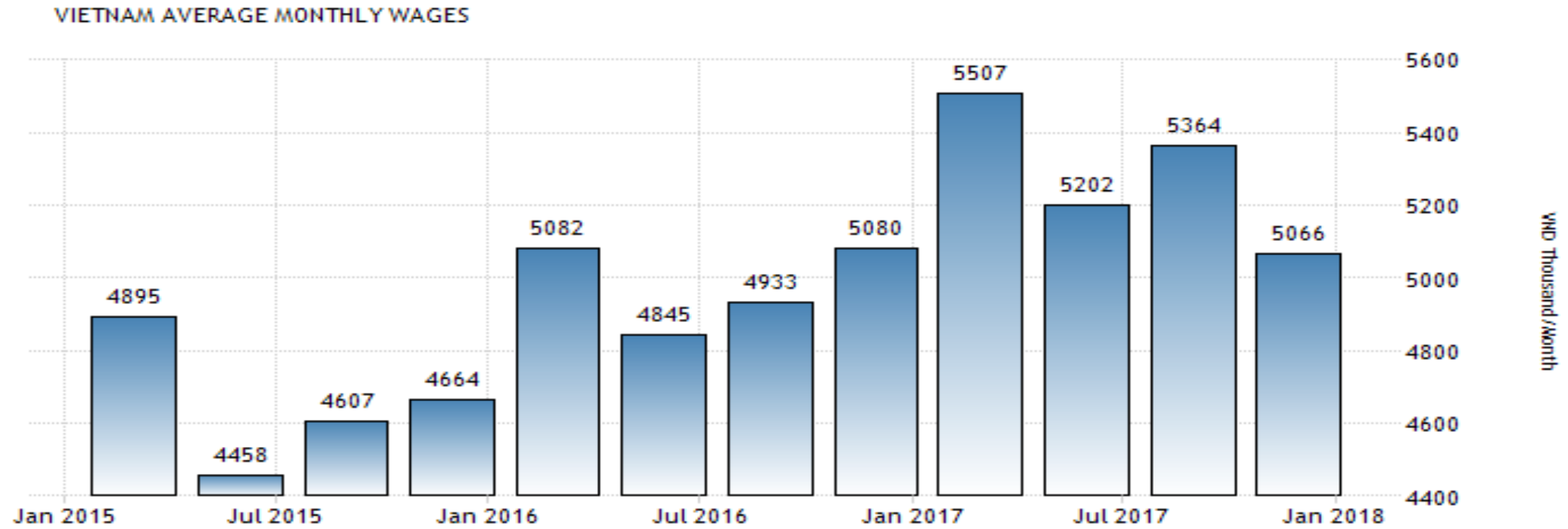
*p: preliminary*

# Construction cost review

	2Q18 Average Grade A Rent (USD psm pa)	Quarterly Change 2Q18 vs 1Q18 (Local Currency)	Yearly Change 2Q18 vs 2Q17 (Local Currency)	2Q18 Average Grade A Capital Value (USD psm)	Quarterly Change 2Q18 vs 1Q18 (Local Currency)	Yearly Change 2Q18 vs 2Q17 (Local Currency)
Hong Kong (Central)	2,036	3.2	6.3	78,538	5.8	18.3
Beijing (CBD)	1,060	3.1	4.2	20,220	5.5	14.1
Tokyo (5 Kus)	838	-0.1	0.9	28,901	-0.1	0.9
Shanghai (CBD)	838	0.5	-1.3	15,630	0.5	1.4
Singapore (CBD)	738	3.1	16.5	20,401	2.9	14.5
Sydney (Sydney CBD)	596	2.0	12.5	15,321	3.3	10.9
Taipei (Xinyi)	526	0.2	2.8	17,532	0.2	2.8
Ho Chi Minh City (CBD)	507	0.8	9.1	5,830	1.9	14.2
Seoul (CBD)	504	-0.2	-0.5	11,330	-0.2	-0.5
Guangzhou (ZJNT)	488	3.1	10.2	11,168	3.1	10.0
Mumbai (SBD BKC)	473	-1.8	-0.5	4,943	-1.9	-0.3
Osaka (2 Kus)	398	3.8	13.4	12,051	3.8	20.2
Auckland (CBD)	357	0.0	0.4	6,338	6.2	8.8
Hanoi (CBD)	285	1.3	5.9	3,203	1.9	10.1
Melbourne (CBD)	278	2.0	12.8	10,508	3.1	12.3
NCR Delhi (SBD)	275	-1.9	-1.1	3,087	-1.9	-1.1
Bangkok (CBA)	250	1.8	7.9	3,876	2.1	9.6
Wellington (CBD)	249	1.4	2.8	3,621	3.1	12.1
Manila (Makati)	235	1.7	4.9	2,685	2.2	6.9
Jakarta (CBD)	229	-3.1	-8.8	2,919	-3.1	-9.4
Perth (CBD)	199	1.0	2.8	6,980	-0.1	-0.8
Brisbane (CBD)	194	1.0	-0.9	6,750	1.2	11.9
Canberra (CBD)	185	1.1	3.9	4,464	2.5	13.9
Bengaluru (SBD)	180	-0.3	4.8	1,762	-0.3	6.2
Chennai (SBD)	139	4.7	10.6	2,197	4.7	10.6
Kuala Lumpur (City Centre)	139	-0.4	3.5	2,096	-0.6	3.3
Adelaide (CBD)	122	1.7	1.9	4,104	1.1	1.2

**Notes:** All rents are net effective. Rents and capital values are on a net lettable area basis and relate to the major submarket in each city psm pa – per square metre per annum

# Average monthly labor



SOURCE: [TRADINGECONOMICS.COM](http://TRADINGECONOMICS.COM) | GENERAL STATISTICS OFFICE OF VIETNAM

# Updated policies for individual foreigners to own a house.

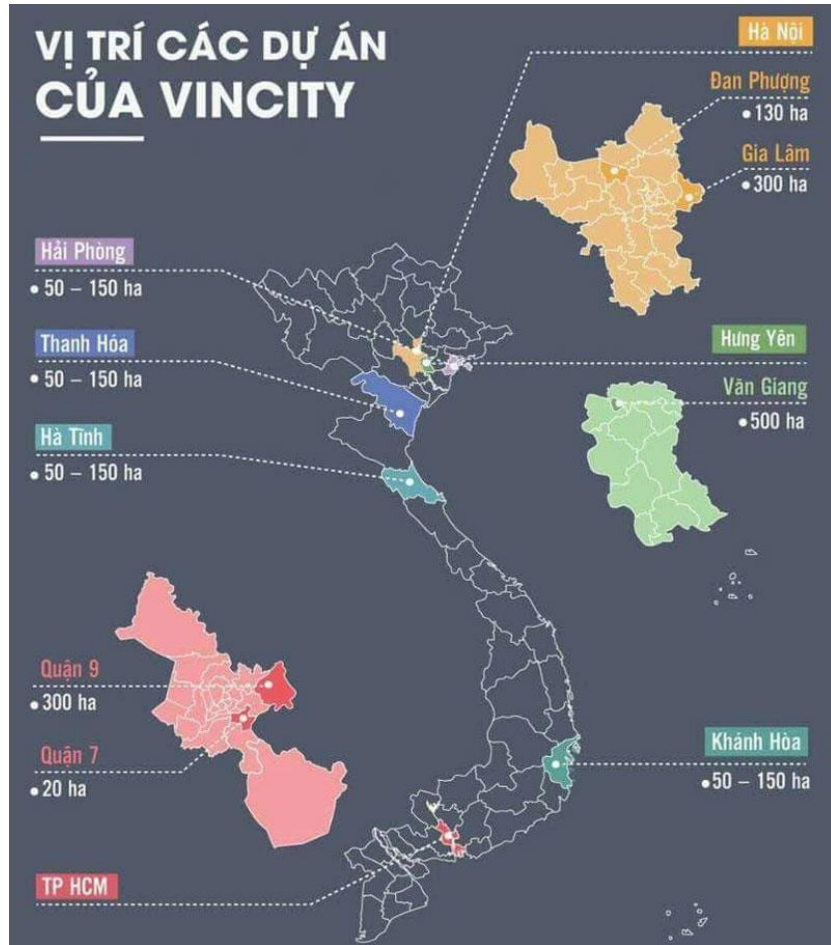
- Foreigners in Vietnam are not allowed to own a land, but they can buy a house.
- Foreigners can sell, donate, inherit, or give houses as gifts.
- Owning a house can be up but not more than 50 years.

# FINISHED MEGA PROJECT IN 2018

- Landmark 81 the tallest building in Vietnam.
- 14<sup>th</sup> tallest building in the world.
- Leasing Offices, hotels, Restaurants, entertainment area, playground, and shopping mall are located inside and around the building.



## 5. UPCOMING AND ON-GOING MEGA PROJECTS



Project name: Vincity

Size: 200,000 – 300,000 apartments

9 Locations over 5 years

Investor: Vingroup



# UPCOMING MEGA PROJECTS

- Metropole Thu Thiem which is similar to Sydney “darling Harbour”.
- Development details: 1534 apartments and shophouse for sale and ~100.000m2.

office for rent Tenure:

Vietnamese: Freehold

Foreigner: 50 Years Ownership,  
Extending Additional 50 Years

Handover condition: 1, 2, 3 Bedroom: Fully fitted

Premium Collection: Fully fitted

Penthouse: Bare shell

Shop House: Bare shell

Landed House: Bare shell

- According to Metropolethuthiem



# ON-GOING MEGA PROJECT

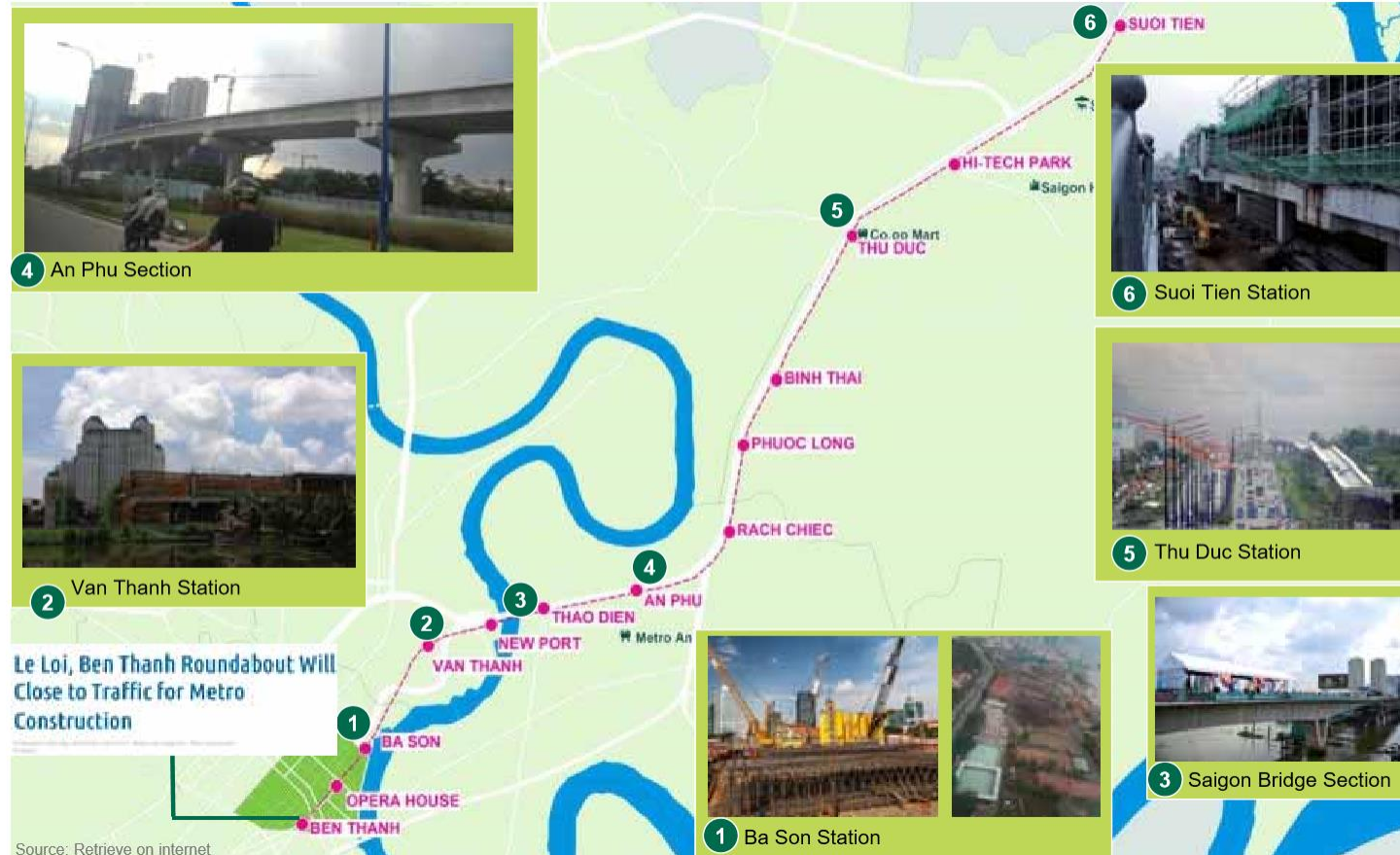
- Estimated completion 2020
- From Ben Thanh to Suoi Tien amusement park.
- Still an on-going project, and meet up with all the deadlines and payments.





## 5. UPCOMING AND ON-GOING MEGA PROJECTS

### Metro Line No. 1



Total distance: 107 Kilometers  
Time of Completion: Year 2020

## 5. UPCOMING AND ON-GOING MEGA PROJECTS

# HANOI INFRASTRUCTURE

## Metro lines: step by step progress

**Line No. 2A - Ha Dong- Cat Linh: 80% completed (Q2/16: 74%). Expected operation: Q3/2017**



Depot on La Khe (Ha Dong)



**Depot on Thanh Xuan 3**



### Depot on Cat Linh

**Line No. 3 – Nhon - Hanoi Railway station: 45% completed. Expected operation: 2020**



Cau Giay Road



### Cau Giay – Pham Hung Intersection



**Depot on Cau Dien Road**

Source: Retrieve on internet, CBRE Vietnam



Thank you for your attention

