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**IMPORTANT NOTES**

Since the beginning of 2019, JLL Research applies a new grading system and methodology for processing market data to better reflect the market situation. Subsequently, this might result in some changes in historical prices and rents as well as in stock figures.

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VIETNAM’S ECONOMIC BACKDROP

Growth of Vietnam’s economy stayed strong: Amid the prevailing global "high uncertainty" and growth slowing down, Vietnam’s economy still achieved stable growth with 6.8% in 1H19. As of 2Q19, the GDP growth reached 6.7%, slightly lower than the 2Q18 rate yet still higher than the growth of the second quarter during the 2011-17 period. According to the General Statistics Office, the abnormal movements of the livestock industry driven by African swine fever virus kept spreading widely, causing huge difficulties. Within the general growth, the industrial and construction sectors increased at 9.1% – the leading rate among the sectors. The service sector and the agro-forestry-fisheries sector kept their momentum with upsurges of 6.9% and 2.2%, respectively. The year-end growth target of 6.6%-6.9% in 2019 is feasible thanks to manufacturing and processing sector potentials, as it does not increase as fast as 2018, but still maintains a relatively high level.

Robust retail turnover and international arrivals: As of 1H19, the total retail sales of consumer goods and services hit a considerable growth of 11.5% compared to the previous year. When it comes to the total number of international tourist arrivals, Vietnam still remained as a favourable tourism destination with 8.48 million visitors for the 1H19, an increase of 7.5% y-o-y, according to the Vietnam National Administration of Tourism. Visitors from Asia still accounted for the biggest proportion, of which China, South Korea and Japan took the lead among the nationals coming to Vietnam.

Vietnam’s FDI demonstrated new growth: The total FDI pledged to the country was nearly USD 18.47 billion in 1H19, equivalent to 90.8% of the level recorded the same period last year. Specifically, there were 1,723 newly registered projects worth USD 7.41 billion, increasing 62.8% y-o-y. FDI disbursement was recorded at USD 9.1 billion, an increase of nearly 8% y-o-y. Among the 19 investment industries, processing and manufacturing remained the most attractive sector, recording USD 13.15 billion, equivalent to 71.2% of the total capital. Real estate activity and the wholesale, retail trade sectors followed at second and third with USD 1.32 billion and USD 1.05 billion, respectively. Hong Kong took the lead among 95 countries investing in Vietnam in 1H19, with a total of USD 5.3 billion, accounting for 28.7% of the FDI. This was followed by South Korea with USD 2.73 billion and China with USD 2.2 billion.
VIETNAM’S ECONOMIC BACKDROP

**CPI remained stable:** Vietnam’s average CPI increased approximately 3% in 2Q19 and 3% for 1H19 against the same period last year, which is the lowest six-month average increase in the last three years and still under the government's control. The price for the first six months of 2019 climbed mainly owing to: (1) Demand for food and foodstuff increased 5.4%, of which pork meat increased by 14.9%; (2) The price of construction materials increased by 2.0%; (3) Stationary price for 2019-2020 increased by 2.6% and (4) The price of electricity increased by 5.8% compared to the same period in 2018. Keeping the pace at a stable rate, it is still possible for the CPI to increase for the remaining two quarters of 2019 to achieve the National Assembly’s target at roughly 4%.

**Vietnam’s total import-export turnover reached new record:** With USD 245.48 billion, total import-export turnover of Vietnam reached the highest level of six months ever. Although the trade balance is still in deficit, Vietnam only recorded a trade deficit of USD 34 million in 1H19, showing that the trade balance is gradually equalising. The United States and the EU stayed as the two largest export markets of Vietnam, contributing USD 27.5 billion and USD 20.6 billion, respectively. The key export products comprised phones and devices, electronic appliances, garments and textile products. Meanwhile, China and South Korea remained the key importers with total imports of USD 36.8 billion and USD 22.9 billion, respectively, corresponding to metals, garments, machinery, electronic equipment, computers and mobiles.

In 2Q19, the estimated export revenues reached USD 63.86 billion, a significant increase of 9.3%, whereas the import value hit USD 65.31 billion, up 12.9% compared to same period last year.

**Strong surge in the number of newly registered enterprises:** In 1H19, roughly 67,000 enterprises were newly established. The registered capital hit a new level at VND 12.8 billion per newly established enterprise, up 27.7%. During 1H19, there were 4,000 new businesses registered in the real estate sector, growing 22.2% y-o-y and accounting for 6% of the total newly registered enterprises. Additionally, there were 21,800 enterprises that stopped operations and were waiting for dissolution procedures. Of these, 11,000 enterprises had their business registration certificates revoked under the 2018 data standardisation programme to eliminate businesses that have been established but no longer operate.

There were 38,500 enterprises newly established in 2Q19, up 2.0% in terms of the number of companies and 30.8% in terms of the registered capital in the same period in 2018.
**Continuous strong demand**

Despite a notable new supply entering the market, the occupancy rate in 2Q19 just recorded a slight decrease of 98 bps q-o-q and 67 bps y-o-y to 95.5%. This implied that demand on the market was strong and sufficient enough to absorb new supply.

**Supply increased**

In 2Q19, the HCMC office market welcomed 42,754 sqm of new supply from seven Grade B&C buildings, bringing the total HCMC office stock to 2,231,000 sqm (including Grade A, B and C).

While the non-CBD sub-market has continuously recorded new supply since end-2018, the supply of Grade A and Grade B in the CBD remained restricted with no new supply recorded in seven consecutive quarters. Deutsches Haus Ho Chi Minh City is the newest building in the CBD, completed in 4Q17.

**Rents kept rising**

Grade A and Grade B average rents continued to rise in 2Q19, to USD 28.5 per sqm per month, up 2.5% q-o-q and 5.2% y-o-y.

After a period of steady growth, Grade A rent in 2Q19 rose at a slower pace, at 1.2% q-o-q. Meanwhile, the average rent of Grade B sharply increased by 3.5% y-o-y, mainly driven by the acceleration in CBD rents.

**Outlook**

In 2H19, the market is expected to welcome a wave of new completions, which may result in a decrease in overall occupancy rate. Flexible space is expanding, concentrating in citywide office clusters.

In the short term, demand is set to pick up on the back of positive economic prospects. However, the prevailing global economic uncertainty may compress office demand. Besides, the enriched new supply coming on stream in the next three years will put some pressure on the performance of the existing supply. Accordingly, developers should be flexible in leasing strategy to capitalise on the market.

Green and sustainable office concepts are making way to becoming an inevitable trend of future completions.
F&B and entertainment continued to lead the demand

Overall leasing demand was stable in 2Q19. A number of malls, after upgrading and repositioning, have recorded significant improvement in their performance. International brands in the beauty and healthcare, sports fashion and chains of coffee shop sectors continued to increase market share.

In light of fierce market competition, some shopping malls have consistently put a focus on the F&B and entertainment sectors in an effort to enhance their popularity and increase foot traffic.

A significant change in supply

In 2Q19, new supply continued to come on stream in the form of two new shopping centres, namely AEON Mall Celadon Phase II in Tan Phu and TNL Plaza in District 4. Completion of AEON Mall Celadon Tan Phu Phase II with 41,900 sqm pushed the total scale of AEON Mall Tan Phu to 84,000 sqm, and making it the largest shopping centre in the city. TNL Plaza is the first retail supply recorded in District 4 with 11,179 sqm of space for lease.

In a continuation of what has been a pervasive trend over the past couple of years, the market share of the department store concept has steadily decreased over the period. In 2Q19, one landlord planned to close down its department store in Tan Binh and another department store in the CBD, Parkson Le Thanh Ton, was temporarily closed for renovation and brand restructuring and is planned to re-open in 3Q19.

A slight decrease in average rent, driven by increasing stock in non-CBD

In 2Q19, the strongly expanding proportion of non-CBD stock led to a slight decrease on yearly basis in the average rent to USD 45.7 per sqm per month, up 0.7% q-o-q and down 1.8% y-o-y. On a project basis, rents remained stable in 2Q19.

Outlook

In 2H19, the HCMC retail market is predicted to welcome an additional 210,400 sqm of retail space from five new completions in the non-CBD area. Besides the domination of F&B, entertainment and fashion, demand for retail spaces from the healthcare, education and showroom sectors increasingly plays an important role in supporting the performance of shopping centres across the market.
Primary Price \(^{[1]}\)

**USD 2,009**

per sqm NFA

Price Growth y-o-y

**21.6%**

---

**Demand remains healthy**

Amid the supply slowdown, more than 4,300 units were sold in 2Q19, the same as the 1Q19 level. Consequently, good sales rates were recorded across all segments. Mid-end projects with a launching price of USD 1,200-USD 2,000 per sqm were the top performers.

Investors started to shift their investment from high-end apartments to villas/town houses to enjoy a better capital gain, given the same investment amount. Meanwhile, owner-occupiers tend to look for high-quality supply on the secondary market due to limited new supply on the primary market.

**Limited new supply**

Official launches\(^{[2]}\) reached more than 4,100 units, the lowest level since the market bounced back in 2014, due to the continued prolonged construction approval process experienced recently.

The government’s tight control of new developments has forced the supply trend towards a more sustainable mode. Accordingly, only projects having approval regarding land use rights and construction permits are able to be sold off-plan.

**Prices increase strongly to a new high**

The average price level stood at USD 2,009 per sqm, up 21.6% y-o-y. Meanwhile, the high-end price escalated 52.9% y-o-y, to USD 4,569 per sqm. The reason is mainly the entrance of some new luxury projects in the CBD with exceptionally high prices due to the limited land bank in this area.

On a project basis, the primary price grew by 6.0% y-o-y on average, with good improvement recorded across the board. The overall market growth was 21.6% y-o-y, thanks to the entrance of projects with higher-level prices.

**Outlook**

Because of the government’s tight control relating to granting land use rights and construction licences, pipeline supply is expected to decrease significantly. As the prevailing delay in the approval procedure is expected to continue, the projected supply pipeline in 2H19 is subject to greater uncertainty and varies between 18,000 and 28,000 units, the actual number heavily depends on the launching process of the large-scale Vinhomes Grand Park project.

Demand remains high. Price growth is mostly positive, especially Affordable and Mid-end projects.
Ready-built Landed property (RBL) Market

Primary Price \(^{[1]}\)

\[
\text{USD 4,034} \quad \text{per sqm land}
\]

Price Growth y-o-y

18.7%

Stage in Price Cycle

Strong Growth

\[\text{Figure 13: RBL Total Launches} \quad ^{[2]}\]

\[\text{(1,000 units)}\]

\[\text{Figure 14: Average Primary Prices} \quad ^{[3]}\]

\[\text{(USD/sqm land)}\]

**Strong demand for affordable RBL products**

Buyers were in high competition for the purchase of a good RBL product due to limited supply. Sales totalled 772 units in 2Q19, 22.0% higher than new launches recorded in the quarter. The ratio between the number of bookings available stock was up to 3:1 for town house and shophouse products at a price range of USD 170,000–USD 250,000 per unit.

Demand remained high, stemming from both owner-occupiers and buy-to-let investors.

**Most new supply comes from subsequent phases of existing projects**

New launches totalled 632 units, mainly from the following phases of Simcity, Van Phuc City and the City Land Park Hill projects. Most new supply targeted town house and shophouse products, while the stock of new villas was limited.

Similar to the apartment market, limited new supply in the RBL property market was mainly attributed to the deferred procedure in granting developers the necessary legal documents to launch projects as planned.

**Price continued to escalate**

The primary price in 2Q19 escalated to USD 4,198 per sqm of land, up 18.7% y-o-y. This high growth rate mostly came from the record high prices in the new supply of town house and shophouse product types located in established residential areas.

The average primary price for villas was recorded at USD 3,729 per sqm of land, remaining stable q-o-q on a project basis. The Villa chain-linked price growth recorded a good rate of 17.0% y-o-y.

**Outlook**

Similar to the apartment market, the projected number of launches during the year varies widely due to the unpredictable timeline relating to legal procedures. New launches of RBL property are expected to reach 2,200-3,300 units in 2019, 29.0% lower compared to the forecast number in 1Q19.

Given the strong sentiment, most existing projects are expected to improve their prices, especially for Low to Mid-end RBL projects.

\[^{[1]}\] Prices exclude VAT and sinking fund. Price per sqm land = total unit value / size of the land plot on which the property is built.

\[^{[2]}\] Official launch figures. Projects are considered as officially launched when the Sale Purchase Agreements are signed, typically upon infrastructure completion.

\[^{[3]}\] Sales rates are updated by year end only.

Source: JLL Research
Increasing demand, a result of robust growth in the manufacturing sector

Across the top five leading industrial markets in SKEZ, the average occupancy rate achieved a healthy rate at 81% in 2Q19, driven by HCMC, Binh Duong and Dong Nai provinces.

Being the first established industrial areas in Vietnam, Binh Duong and Dong Nai are still the most desired destinations for new manufacturers set-up, thanks to their sound foundation for manufacturing development, including synchronised infrastructure system and well-established administrative procedures supporting enterprises’ operation.

Sufficient supply to serve an increasing demand

As of 2Q19, the South registered a total leasable land area of 25,060 ha, 2.5 times higher than the Northern level. As the existing land bank is highly occupied, a notable supply, coming from either subsequent phases of existing IPs and/or new ones, are set to come to the market to capitalise on the increasing demand.

Land price kept accelerating at a fast pace

Strong demand supported by the escalating trade war drove the average land price in 2Q19 to a new level of USD 95 per sqm per lease term, an increase of 15.8% y-o-y. This notable growth is contributed mostly by Long An, which recorded the highest growth as another favourable destination besides Binh Duong and Dong Nai. HCMC, one of the two biggest economies nationwide, still topped the market with an average price at USD 162 per sqm per lease term.

RBF rent ranged from USD 3.5 - 5.0 per sqm per month for a minimum lease term of 3-5 years. This rent level increased slightly compared to the previous update time, a result of healthy demand.

Outlook

An additional 18,290 ha of land is oriented for industrial development in the Southern area, mostly in Long An, Binh Duong and Dong Nai provinces.

As US-China trade tensions will likely escalate, the trend of manufacturing shifting away from China to the South East Asia region will continue to benefit the whole region, including Vietnam. Further, Vietnam’s continuous expansion of trade networks, with the European Union – Vietnam Free Trade Agreement (EVFTA) newly signed at end-June 2019 being the latest, also expectedly bolsters the attractiveness of Vietnam’s industrial market, generating further demand for industrial property in the country.

Figure 15: Total Stock and Occupancy Rate

<table>
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<tr>
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<th>Total Leasable Area (ha)</th>
<th>Occupancy Rate (%)</th>
</tr>
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<tbody>
<tr>
<td>Binh Duong</td>
<td>8,000</td>
<td>85%</td>
</tr>
<tr>
<td>Dong Nai</td>
<td>6,000</td>
<td>80%</td>
</tr>
<tr>
<td>BR - VT</td>
<td>4,000</td>
<td>75%</td>
</tr>
<tr>
<td>Long An</td>
<td>2,000</td>
<td>70%</td>
</tr>
<tr>
<td>HCMC</td>
<td>1,000</td>
<td>65%</td>
</tr>
</tbody>
</table>

Figure 16: Average Land and Factory Rents

<table>
<thead>
<tr>
<th></th>
<th>Land Price (USD/sqm/term)</th>
<th>Factory Rent (USD/sqm/month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Binh Duong</td>
<td>162</td>
<td>4.5</td>
</tr>
<tr>
<td>Dong Nai</td>
<td>150</td>
<td>4.0</td>
</tr>
<tr>
<td>BR - VT</td>
<td>140</td>
<td>3.5</td>
</tr>
<tr>
<td>Long An</td>
<td>120</td>
<td>3.0</td>
</tr>
<tr>
<td>HCMC</td>
<td>100</td>
<td>2.5</td>
</tr>
</tbody>
</table>
Demand stayed healthy

The occupancy rate of the Hanoi office market fell slightly to 92.3% due to new opening buildings entering the market. During 2019, 21,500 sqm of office space was newly absorbed, with nearly two-thirds credited to Grade B office square.

Leasing activity was mainly involved in Grade B buildings, especially those in the outer parts of the city, owing to insufficient supply in the CBD area. One of the most notable deals was recorded in Truong Thinh Building in Cau Giay, an outskirt district, with 1,100 sqm taken up by a single tenant.

New supply entered the market

A new Grade A building in the CBD, Thai Holding Tower in Hoan Kiem (25,000 sqm), came on stream in 2Q19, the first Grade A building to complete since 2016 in the Hanoi office market.

Additionally, following two quarters with no new supply, the Grade B segment recorded 30,600 sqm newly added to the basket, the majority located in the non-CBD area. At end-2Q19, the total supply of Hanoi office space stood at approximately 1,986,000 sqm, with Grade B contributing up to 60% of the total stock.

Rents maintained upward trend

Thanks to stable demand, paired with limited supply, Grade A office space enjoyed the highest upswing with a growth of 4.1% q-o-q and 5.7% y-o-y. However, the rent contraction in the Grade B segment of 2.8%, a result of lower-than-average rent in new buildings in non-CBD, that offset the increase in Grade A segment and kept the overall market rent unchanged on yearly basis.

In the CBD area, owing to limited supply, average rent in the sub-area recorded significant improvement of 3.9% q-o-q and 3.5% y-o-y.

Outlook

For 2H19, the office market is expecting more completions, all located in non-CBD districts. The buildings are concentrated on Cau Giay and Nam Tu Liem districts, the two rising office clusters of Hanoi. Thus, the average rents in the non-CBD area will remain stable or increase moderately. Meanwhile, the buildings in the CBD may still enjoy a better rise, which in turn continues to help the overall market rents inch up.

The uncertain global economic outlook may impact market sentiment in upcoming period.
Sufficient demand to take-up the new supply

The occupancy rate in 2Q19 grew to 92%, up from 90% recorded in 1Q19. Net absorption of approximately 67,000 sqm was recorded, mostly contributed by malls in non-CBD areas.

Two new Vincom shopping centres opened nearly fully occupied during the first few months of trade, with less than 5% of space in each centre remaining for letting.

Non-CBD districts welcomed new completions

In 2Q19, Vincom opened two new malls in the west of Hanoi: Vincom Center Tran Duy Hung in Cau Giay District with 45,000 sqm and Vincom Plaza Skylake with 13,000 sqm in Nam Tu Liem District. The opening of the two new malls helped to take total retail stock to nearly 1,111,000 sqm, an increase of 5.5% q-o-q and 14.3% y-o-y.

With an increasing number of new openings, non-CBD areas account for 62% of total retail supply. This is opposite to the situation in 2Q14 when supply in CBD areas contributed up to 67%. This trend is expected to continue due to limited developable sites in the City Centre.

Rent continued to rise

The overall market rent was USD 29.3 per sqm per month, increasing 1.6% q-o-q and 2.1% y-o-y. Higher-than-average rent in new completions developed in good catchment areas helped to push the overall market rent upward. While both shopping centres and department stores enjoyed the growth in rent, prime retail space remained relatively stable, since this type of space is quite limited in supply and most of the space has been fully occupied for a long time. Rent in Hoan Kiem District remained unchanged, while rent in the rest of the city climbed up in 2Q19.

Outlook

AEON Mall Ha Dong, the most notable shopping centre, is set to open in 2H19, adding 74,000 sqm to the total Hanoi retail stock. New malls, especially in the outer districts where most future supply is concentrated, will need to prioritise their effort in creating new retail concepts and improving the shopping experience to find tenants to take-up leasable space as well as draw footfall to their malls.

As the market is experiencing an upward trend, rent is expected to continue to rise. In addition, an increase in purchasing power from positive economic prospects will help to strengthen the trend.
**Demand from owner-occupiers remained healthy**

Take-up in 2Q19 was more than 4,660 units, notably lower by 65.3% q-o-q, in tandem with the supply slump. In 2Q19, the slower investor demand became more evident after a period of strong growth. While the demand from owner-occupiers has remained healthy, the widespread trend of increasing interest rate and a stricter loan assessment process among commercial banks have prevented buyers in accessing the mortgages.

Smart home concept was appreciated on the market recently. It is observed that the sales rate of units with smart functions was typically higher than that of traditional types on the same project.

**Fewer new projects launched**

After a period of strong influx of stock, 2Q19 registered only 5,900 units newly added to the market, nearly half the 1Q19 figure. Of that, most came from the subsequent phases of existing projects. This was also the lowest level of new launches since the market rebounded in 2014.

The majority of new launch projects are small scale with less than 500 units per project.

**Primary prices remained flat**

On a project basis, primary prices remained flat or slightly improved after a period of strong growth. Chain-linked growth in prices was recorded at 0.5% q-o-q and 6.9% y-o-y.

Unfavourable market sentiment owing to the tightening loan assessment process has prompted developers to introduce more sales incentives schemes to offload stocks while keeping the price unchanged. Most applied sales strategies that included extended payment periods and discount programmes from 3 – 6% on unit price for early payment.

**Outlook**

The projected supply pipeline for the rest of 2019 is subject to greater uncertainty and varies between 10,000 and 15,000 units. The Affordable and Mid-end sectors, focusing on owner-occupied demand, will remain the key contributors.

Stricter lending regulations regarding high-end projects coupled with a scarcity of prime freehold land bank in the CBD are giving developers pause in launching new luxury developments in the near and medium terms. Resale activity will remain lukewarm as buyers become more cautious and selective due to economic uncertainty.
General Terminology

Chain-linked change
The quarter-on-quarter change in the chain-linked basis illustrates the change in rents or prices in properties that existed in the basket during two consecutive quarters. This is different from the standard spot change series, which is a weighted average of all buildings in the market at that given moment.
The chain-linked change can be used across time to show more accurately the level of rent growth achieved in a stabilised asset that is acquired and held over that time period.

Property Clock
The clock diagram illustrates where JLL estimates the stage of each property market within its individual rent/price cycle as at the end of the review quarter. Markets can move around the clock at different speeds and directions.
The diagram is a convenient method of comparing the relative position of markets in their rent/price cycle. Their position is not necessarily representative of investment or development market prospects. Their position refers to the prevailing rent or price trend and its expected movement in the next quarter.

Figure 23: Vietnam Property Clock, 2Q19

Source: JLL Research
**Terminology**

Office market

**Current supply**
The total amount of cumulative office space (in NFA terms) that has been completed at a given time.

**Future supply**
The total amount of office space slated for completion in the future at a given time.

**Vacant space**
The total amount of available office space that remains to be leased by property owner(s) at a given time. This excludes space available for sub-lease by tenants (i.e. shadow space), space physically empty but already pre-leased or reserved, and space to be available for lease in the future.

**Occupied space**
Current supply less vacant space. “Net absorption” refers to the change in occupied space from quarter to quarter.

**Gross floor area (GFA)**
The total amount of all covered areas including columns, walls, common passageways, lift lobbies and toilets.

**Net floor area (NFA)**
The amount of usable floor areas excluding columns, walls, common passageways, lifts, lobbies and toilets. Net lettable area or net leasable area (NLA) refers to the amount of NFA that is available for lease.

**Net rent**
The amount of market rent receivable by landlords after deducting outgoings.  
*Market practices:* Net rents may be quoted on an NLA or a GFA basis.

**Outgoings**
The estimated costs set aside by landlords for building maintenance that are passed on to tenants in the form of service charges or management fees.  
*Market practices:* Service charges/management fees may or may not be quoted separately from net rents.

**Gross rent**
The total achievable rent to be borne by tenants including service charges/management fees. Gross rents equal net rents plus outgoings.  
*Market practices:* Gross rents may be quoted on an NLA or a GFA basis.

**Capital value**
The market value or probable price of a property at a given time from a valuation point of view.

**Yield**
The percentage return on property investment at a given time from a valuation point of view. It is based on current market rents assuming full occupancy.

**Grade A**
A Grade A property meets all of the factors in a set of criteria regarding its offerings to a typical sophisticated occupier. These criteria are broadly concerned with the property’s overall profile, location, amenities, management standards and technical specifications.

**Grade B**
A Grade B property meets some of the factors in a set of criteria regarding its offerings to a typical sophisticated occupier. These criteria are broadly concerned with the property’s overall profile, location, amenities, management standards and technical specifications.

**Grade C**
A Grade C property meets a set of criteria regarding its offerings to a typical non-sophisticated occupier. These criteria are broadly concerned with the property’s overall profile, location, amenities, management standards and technical specifications.
Terminology

Retail market

**Current supply**
The total amount of cumulative *modern* (as opposed to traditional) retail space (in GFA terms) that has been completed at a given time. This includes department stores, shopping centres and prime retail space.

**Future supply**
The total amount of *modern* retail space slated for completion in the future at a given time.

**Vacant space**
The total amount of available *modern* retail space that remains to be leased by property owner(s) at a given time. This excludes space available for sub-lease by tenants (i.e. shadow space), space physically empty but already pre-leased or reserved, and space to be available for lease in the future.

**Occupied space**
Current supply less vacant space. "Net absorption" refers to the change in occupied space from quarter to quarter.

**Gross leasable area (GLA)**
The total amount of leasable floor areas on which rents and service charges are based, which may include common areas used for foot traffic.

**Gross rent**
The total achievable rent to be borne by tenants including service charges/management fees but excluding VAT. Rents are calculated by the average rents of leasable area for single tenants in department stores, shopping centres and prime retail space in HCMC.

*Market practices: Gross rents in the retail market are usually quoted on NFA basis.*

**Shopping centre**
A shopping centre is a property housing commercial multi-branded rental units/stores/establishments and common areas. It is planned, developed and operated. The property is classified in hierarchy by function and/or size and by the area served.

**Department store**
Usually, a multi-level retail property varying in size from one selling a variety of goods to one selling a full range of different lines. A distinctive feature of a department store is that 90% of the space is under a centralised payment system and it stocks a significant amount of cosmetics, fashion and household goods.

**Prime retail space**
Refers to retail space built as part of a mixed-use project. Defined according to the structural/physical qualities of the premises. Location is generally dispersed around the prime area of a city, considered to be retail space built to international standards.
**Commercial apartment for sale or Apartment for sale**
The developer-built apartments that are available for sale widely on the market without any restriction on target buyers according to the market mechanism.

*According to JLL in-house classification, the Vietnam apartment for sale market is categorised as Luxury, Premium, Mid-end and Affordable segments. The detailed classifications are provided on the following page.*

**Ready-built landed property for sale or Ready-built landed property**
The developer-built landed properties that are available for sale widely on the market without any restriction on target buyers according to the market mechanism, where the products comprise the houses on their own grounds. The developers provide a land plot with the necessary infrastructure, and the houses built based on the master plan and the design of the developer.

*As per market practices, there are three types of Ready-built landed property, namely villa, town house and shophouse. The detailed classifications are provided on the following page.*

### Terminology

| **Current supply** | The total amount of supply available for sale, either through the primary market or the secondary market, regardless of construction status. |
| **Future supply** | The total amount of supply to be launched for sale in the future. |
| **Completed supply** | The total amount of supply that has been physically completed and handed over for occupation. Also known as existing supply. |
| **Uncompleted supply** | The total amount of supply that has not been physically completed and handed over for occupation. Includes supply under construction and supply planned for construction. Also known as supply in the pipeline. |
| **Primary market** | That part of the market comprising first-hand supply available for sale from developers. |
| **Secondary market** | That part of the market comprising second-hand supply available for resale from previous buyers. |
| **Launches (Official launches)** | The estimated amount of new supply (in units) officially launched for sale during a period. Projects are only considered as officially launched when the Sale Purchase Agreements are signed, typically upon the completion of foundations for the apartment sector and the completion of internal infrastructure according to the project schedule for Ready-built landed property. |

*Market practices: Many developers choose to launch their projects in phases which may or may not be publicly announced.*

| **Take-up** | The estimated amount of supply (in units) sold during a period. Includes sold units from new supply in the period and supply in previous periods. |
| **Total inventory** | The total amount of uncompleted supply that has been launched for sale. |
| **Primary asking price** | The stock-weighted average asking price in the primary market. |
| **Secondary asking price** | The stock-weighted average asking price in the secondary market. |
| **Non-chain-link changes** | Q-o-Q and Y-o-Y changes include the effect of supply additions/removals. |
| **Chain-link changes** | Q-o-Q and Y-o-Y changes are adjusted to remove the effects of supply additions/removals. |
Terminology

Luxury apartment
A luxury property meets all of the factors in a set of criteria regarding its offerings to a typical local wealthy household. These criteria are broadly concerned with the property’s overall profile, location, facilities, amenities and management standards. A majority of luxury properties are located in or near the CBD of the city under review.
Typical price range: > USD 3,500 per sqm, excluding VAT and sinking fund

Premium apartment
A premium property meets some of the factors in a set of criteria regarding its offerings to a typical local wealthy household. These criteria are broadly concerned with the property’s overall profile, location, facilities, amenities and management standards. A majority of premium properties are located in new urban areas outside the CBD of the city under review.
Typical price range: USD 2,500–USD 3,500 per sqm, excluding VAT and sinking fund

Mid-end apartment
A mid-end property meets all of the factors in a set of criteria regarding its offerings to a typical local middle-class household. These criteria are broadly concerned with the property’s overall profile, location, facilities, amenities and management standards. A majority of mid-end properties are located within the inner districts of the city under review.
Typical price range: USD 1,200 – USD 2,500 per sqm, excluding VAT and sinking fund

Affordable apartment
An affordable property meets some of the factors in a set of criteria regarding its offerings to a typical local middle-class household. These criteria are broadly concerned with the property’s overall profile, location, facilities, amenities and management standards. A majority of affordable properties are located in the outer districts of the city under review.
Typical price range: < USD 1,200 per sqm, excluding VAT and sinking fund

Note: The price ranges provided above should not be understood as the sole and utmost criterion based on which projects are assigned grades.

Villa
A large and luxurious country house on its own grounds, generally having a maximum of three floors. The plot ratio is usually less than 70%, with a focus on a green area.
- Most popular villas are located on 200-300 sqm land plots. Some luxury villa plot areas may reach 500-1,000 sqm.
- The popular construction area/Gross Floor Area (GFA) is about 250-350 sqm while the land plot is large. For that reason, all things equal, the selling price per square metre of land is lower than that of town houses.
- Typically, there are two types of villa as shown below:
  - Detached villa: a single villa built on private land
  - Semi-detached villa: a single villa built as one of a pair that shares one common wall; often, each house layout is a mirror image of the other

Town house
A tall, narrow terraced house, generally having three or more floors. The plot ratio is usually more than 70% and is focused on the construction floor area.
- Most popular town houses have plot areas of 60-100 sqm
- The popular construction area/Gross Floor Area (GFA) is about 150-250 sqm

Shophouse
A town house opening on to the pavement for commercial purposes.
- The construction and design are similar to those of town houses. The popular construction area/Gross Floor Area (GFA) of town houses is about 250-400 sqm, with the upper 3-4 floors for living purposes and the ground floor (or middle floor, if applicable) for commercial purposes. It is larger than a town house.
- In one project, all things equal, the selling price per square metre of land is higher compared to town houses because usually, in one project, shophouses have better locations and wider street frontage compared to other landed property units, for commercial purposes.

Note: The product classification provided above should not be understood as the sole and utmost criterion based on which projects are assigned types.
**Terminology**

**Current supply**
The total area of operating industrial parks and processing zones at a given time, including leasable land area, leasable warehouse/ready-built factory area and other types of area for supporting facilities.

**Total leasable land area**
The total prepared land area for lease at a given time.

**Total leasable warehouse/ready-built factory area**
The total area of leasable warehouse/ready-built factory at a given time.

**Vacant space**
The total amount of available industrial land area that remains to be leased to tenants at a given time. This excludes space available for sub-lease by tenants (i.e. shadow space), space physically empty but already pre-leased or reserved, and space to be available for lease in the future.

**Occupied space**
Total leasable area less vacant space. “Net absorption” refers to the change in occupied space from period to period.

**Net rent – land area**
The amount of market rent applied for leasable land area that is receivable by landlords after deducting outgoings.

*Market practices: Net land rent is normally quoted per square metre per lease term.*

**Lease term**
Lease term is the remaining years of the industrial park or the property. In Vietnam, the maximum lease term can be up to 50 years.

**Net rent - warehouse/ready-built factory**
The amount of market rent applied for leasable warehouse/ready-built factory area that is receivable by landlords after deducting outgoings.

*Market practices: Net warehouse rent may be quoted per square metre per month.*

**Future supply**
The total area of future industrial parks and processing zones according to the master plans of provincial authorities.

**North Key Economic Zone (NKEZ)**
North Key Economic Zone is made up of seven cities/provinces, namely Hanoi, Hai Phong, Bac Ninh, Hai Duong, Hung Yen, Vinh Phuc and Quang Ninh.

*In this Property Market Brief, Northern Industrial market refers to Hanoi, Hai Phong, Bac Ninh, Hung Yen and Hai Duong markets only.*

**Central Key Economic Zone (CKEZ)**
Central Key Economic Zone comprises five provinces: Thua Thien Hue, Danang, Quang Nam, Quang Ngai and Binh Dinh provinces.

**South Key Economic Zone (SKEZ)**
South Key Economic Zone is made up of eight cities/provinces, namely HCMC, Binh Duong, Dong Nai, Long An, Ba Ria-Vung Tau, Binh Phuoc, Tay Ninh and Tien Giang.

*In this Property Market Brief, Southern Industrial market refers to HCMC, Binh Duong, Dong Nai, Long An and Ba Ria-Vung Tau markets only.*
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