

Apartment for sale

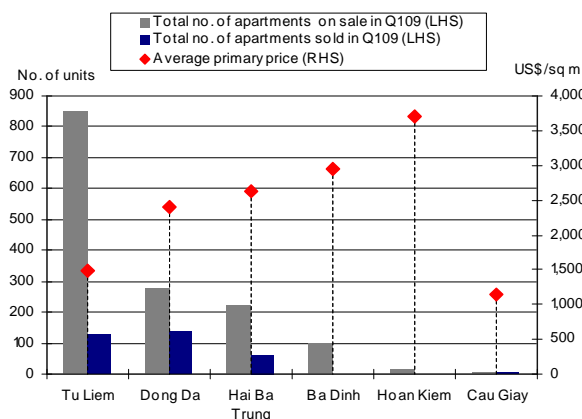
Ha Noi, Vietnam

Q1/2009

Supply Trends

Total number of apartments available for sale from selling projects in Q1 2009 was about 1,467 units. The majority of that stock in Tu Liem, Dong Da and Hai Ba Trung districts, came mainly from Keangnam Hanoi Landmark Tower, Vincom Park Place, Sky City Tower and Golden Westlake, CT1-Co Nhue NUA (New Urban Area) and CT2A-Nghia Do NUA, see Figure 1.

Figure 1: Performance of Apartments for Sale (All Types), in Q1 2009



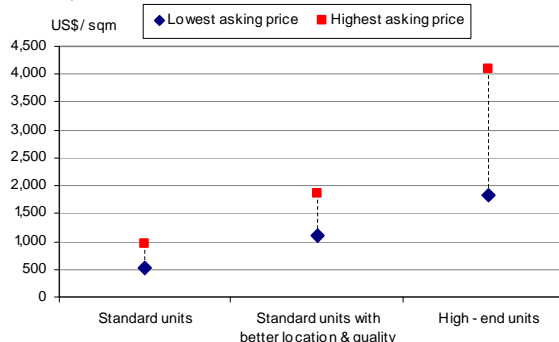
Source: Savills Research & Consultancy, Q1 2009

In the primary market, the sale status of selling projects in Q1 2009 was slow except Vincom Park Place. More than 330 units were sold in Q1 2009, which accounted for about 23% of the total current supply. Overall average primary prices reduced against Q4 2008.

In the secondary market, the overall asking prices of the secondary market decreased from 2% to 7.5% against Q4 2008.

In both the primary and the secondary market, transactions seem to remain slow, speculative investors have exited the market, and prices are falling, unchanged or exhibiting slower growth rates. Asking prices currently range between approximately US\$510 – US\$4,100, depending on type of apartment units, excluding all sales promotion tactics such as discount/ rebate, see Figure 2.

Figure 2: Asking prices in both primary and secondary market, Q1 2009



Source: Savills Research & Consultancy, Q1 2009

Demand Trends

Demand for housing would remain high for the mid-term. Ha Noi has shown the lowest average housing space per capita (7-7.5 sq m per person) while Ho Chi Minh City has around 12 sq m per person, according to recent study by the Ministry of Construction. However, volume of demand meeting supply in Q1 2009 remained limited. Demand for medium-end and affordable housing in Ha Noi might be a feature of the market for the medium term.

Outlook

Despite difficult domestic economic conditions foreseen in the short term, the fundamentals for residential property demand in Ha Noi should persist. Limited supply in the apartment for sale sector may not be adequately addressed over the medium-term, owing to the present market. Delays and cancellations in implementing projects may happen accordingly, and supply forecasts should require downward revision.

The majority of apartment supply in the future is predicted to be medium-end products in Ha Noi's suburbs and New Urban Areas. Primary and secondary asking prices for good quality projects in the city centre might increase, mainly due to the shortage of supply in this area. Noteworthy high-end projects include Mipec Tower and Indochina Plaza Hanoi, both of which are expected to launch to the market in 2009.

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Office for Lease

Ha Noi, Vietnam

Q1/2009

Supply trends

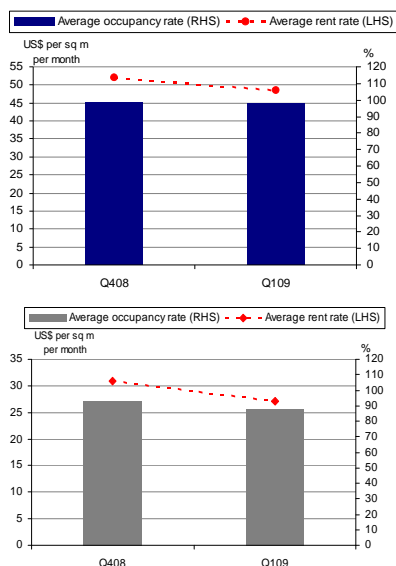
The aggregate supply of office space in Ha Noi in Q1 2009 stood at 394,000 sq m, contributed by 57 Grade A and B office buildings. The release of one Grade B office building, namely CDC located in Hai Ba Trung District, added nearly 8,000 sq m of office space, approximately 2% increase to the total stock.

Market performance

Average rent in Q1 2009 suffered a significant q-o-q decline of 11% or nearly US\$4 per sq m per month. Districts located in the CBD attained higher levels of rent and occupancy than the districts in the secondary and suburban areas. The average occupancy rate in Q1 2009 continued to decrease to approximately 91%, down 3% against Q4 2008 and down approximately 8% compared with the same period last year.

The decline rate of Grade B was recorded as steeper than that of Grade A, as can be seen in figure 1 below.

Figure 1a & 1b: Grade A & B market performance, Q408 and Q109



Source: Savills Research and Consultancy, Q1 2009

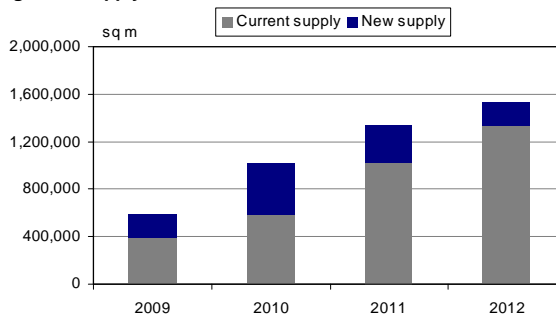
Demand trends

The downturn in both the domestic economy and global markets has had a discernible impact on demand for office space. Office tenants became progressively more price conscious in 2008. The number of leasing inquiries for office space actually began to decrease q-o-q in 2008 and remained particularly sluggish in the first quarter of 2009.

Outlook

More than 1.1 million sq m of additional office space is projected to enter the market by the end of 2012. Of this amount, over 190,000 sq m is scheduled for completion by the end of 2009. Though project delays probably affect forecasts, 2010 should bring in the bulk of new supply over the medium-term with more than 400,000 sq m of office space.

Figure 2: Supply forecast, 2009 - 2012



Source: Savills Research and Consultancy, Q1 2009

Future office demand from the corporate sector may slow as many companies enter a period of retrenchment, primarily owing to a negative global outlook. Given the economic difficulties that Viet Nam is facing, both local and foreign enterprises is likely to continue to exercise more caution about setting up new offices or expansion plans until some of the volatility settles in the market. Overall demand for new office space of all grades, especially large spaces, therefore, is down throughout 2009 and potentially lagging into 2010.

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Retail

Ha Noi, Vietnam

Q1/2009

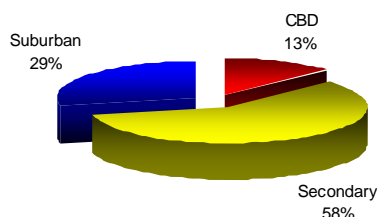
Supply Trends

In this report, Savills classifies the four modern main groups of retail as 1) Shopping centre/ shopping mall, Department Store and Hypermarket, 2) Supermarket (with area of 300 sq m or more), 3) Wholesale centre, and 4) Retail podium. These types make up the total supply of retail space of about 330,000 sq m in Ha Noi.

For street-front store, which is a traditional retail type and very popular in the Ha Noi market, Savills made a study in Hang Bong Street. In this street with 0.93 km in length, there are 277 street-front stores with the total area of about 7,000 sq m.

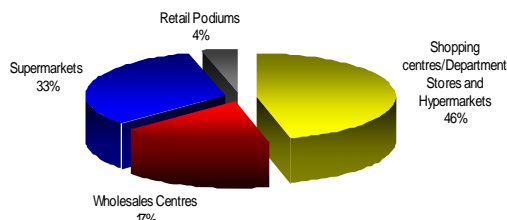
In Q1 2009, there were four new supermarkets opened namely Daiso Japan (Giang Vo Street, 500 sq m), Hapromart Duc Giang (1,000 sq m), Media Mart (Nguyen Chi Thanh Street, 1,000 sq m), and Aquamart (Nguyen Van Cu Street, 750 sq m).

Market share of retail area by location



Source: Savills Research & Consultancy, Q1 2009

Market share of retail area by type



Source: Savills Research & Consultancy, Q1 2009

Average rental rate is about the same as in Q4 2008. For shopping centre/department store/hypermarket, the average

occupancy rate was 100%, 85%, and 100%, and the average rental rate was US\$55-US\$80, US\$30-US\$70, and US\$7-US\$17 in the CBD, Secondary, and Suburban areas, respectively.

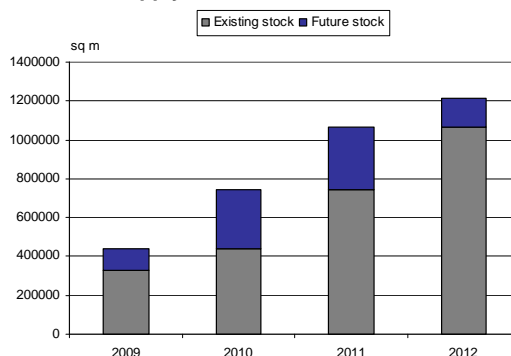
The rental rate of a typical street-front store in Hang Bong Street with the area of 16 sq m is almost US\$100 per sq m per month.

Demand Trends

Fundamental factors for the retail sector appear good. Due to the economic crisis, CPI is on a downward trend, an 11.5% decrease in March 2009 as compared to March 2008; however, retail growth is still up, a 21.9% increase in Q1 2009. This demonstrates strong consuming demand and consumers are more price-sensitive. We expect a higher increase in retail growth when the economy recovers.

Outlook

Stock and New Supply, 2009 - 2012



Source: Savills Research & Consultancy, Q1 2009

There is a shortage of supply of developed retail space in Ha Noi until 2010. However, due to the economic slowdown, Savills expects that rents likely depend on location, staying flat in prime locations that are excellent for retail, decreasing in other locations.

It is estimated that approximately 733,000 sq m of planned retail development could be launched by 2011 to solve the shortage of supply.

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Hotel

Ha Noi, Vietnam

Q1/2009

Supply Trends

In Q1 2009 no new hotel entered the market. After more than two quarters of renovation, Movenpick hotel (previously Gouman – 4-star hotel) reopened on 27 March 2009 as a 5-star boutique hotel. As of Q1 2009, Ha Noi had ten 5-star hotels accounting for 2,983 rooms and five 4-star hotels with 981 rooms.

Hotel performance in Q1 2009

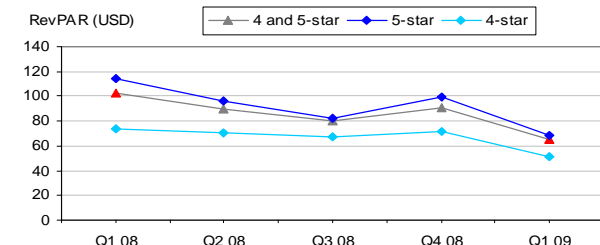
Rating	No. of Hotels	No. of Rooms	Average Room Rate (US\$)*	Average Occupancy Rate	RevPAR** (US\$)
5-star	10	2,983	133	51%	68
4-star	5	981	84	61%	51
Total/Average	15	3,964	121	54%	65

Source: Savills Research & Consultancy, Q1 2009

(*) Estimated average room rates are exclusive of 5% service charge and 10% VAT.

(**) RevPAR: Revenue per Available Room.

Revenue per available room



Source: Savills Research & Consultancy, Q1 2009

The decline of RevPAR has been significant in Q1 2009, lower than in Q4 2008, due to the current low occupancy, which is a result of the volatility in the domestic and global economy. RevPAR of 4 & 5-star hotels in Q1 2009 is at US\$64.9, a decrease of 31% compared to Q4 2008.

Demand Trends

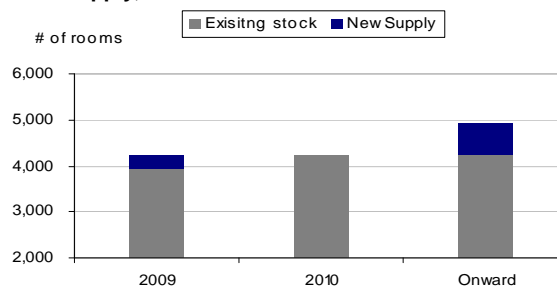
The total number of international visitors to Viet Nam in Q1 2009 reached 992,200 arrivals, down by 16.1% compared to the same period of last year. International visitors by purpose of tourism and business represented a decrease of 3% and 4%, respectively, particularly from Asian countries like China, Korea, Thailand and Japan. However, visitors for the purpose

of visiting relatives tend to augment (up by 7% compared to Q4 2008), such as from the United States, Australia, Canada and France.

Outlook

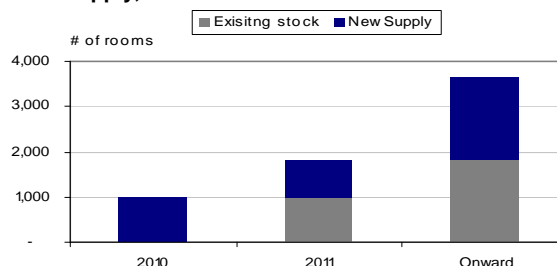
Savills estimates that a total of 1,600 new four-star and five-star hotel rooms will enter the market by the year 2010, and nearly 1,000 of these rooms expect to be in the Tu Liem District in the western suburbs of Ha Noi.

Future supply, central districts



Source: Savills Research & Consultancy, Q1 2009

Future supply, suburban areas



Source: Savills Research & Consultancy, Q1 2009

Current economic difficulties have had a negative impact on the financial capacity of many developers, which may lead to project delays and possibly some cancellations in all sectors.

The unemployment rate is increasing, salaries are lower due to difficulties in the local and global economy, so the budgets for holiday travel and leisure activities of Vietnamese as well as foreigners could be impacted.

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Serviced Apartment

Ha Noi, Vietnam

Q1/2009

Supply Trends

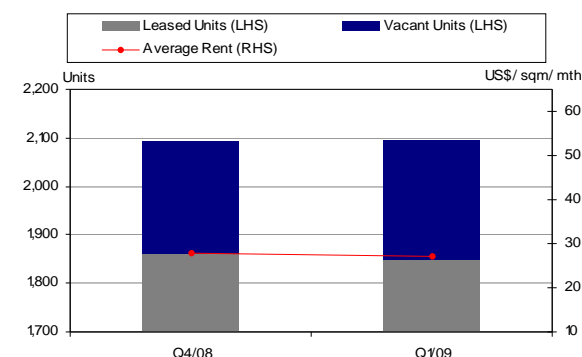
In Q1 2009, no new supply came on line. One Grade-B building converted some large-size units into smaller ones that resulted in a small change to the total supply. Total supply as of Q1 2009 was 2,097 units totalling about 207,300 sq m from 41 typical serviced apartment buildings. The total number of apartments was almost unchanged against Q4 2008.

Grades	No. of Buildings	Supply (Unit)	Occupancy (%)	Avg Achievable Monthly Rent* (US\$/sq m)
A	11	1,081	85	34.3
B	17	819	92	21.7
C	13	197	89	16.7
Total/Average	41	2,097	88	21.7

Source: Savills Research & Consultancy, Q1 2009

* Estimated average achievable rent and service charge, exclusive of VAT, on a net area basis.

Performance of Serviced Apartments (All Types)



Source: Savills Research & Consultancy, Q1 2009

In Q1 2009, the market has shown a downward trend across all grades. The overall occupancy rate in Q1 2009 decreased by 1% to 88% q-o-q. Rent by sq m in Q1 2009 fell by 2.8% against Q4 2008.

Demand Trends

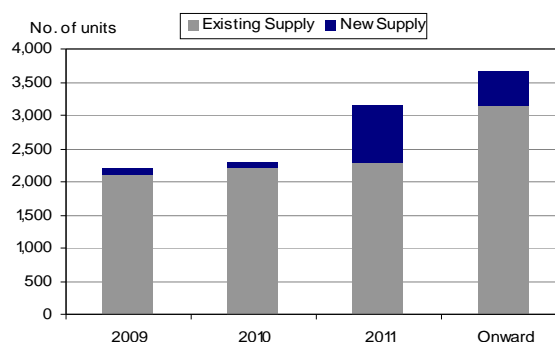
Demand for apartments of more than US\$3,000 per unit per month in Q1 2009 showed a decreasing sign. Besides, demand for 3-bedroom types reduced by 3% against Q4 2008. Meanwhile, demand for studio, 1-bedroom and 2-bedroom

types in this quarter increased by 8%, 4% and 4% respectively based on the studied number of apartments.

Due to the dip in economic growth in 2008, business planning for foreign enterprises in Viet Nam has become challenging. Worsening global business conditions are probably prompting changes to this target market's budget outlays for accommodation in operation bases overseas.

Outlook

Stock and New Supply



Source: Savills Research & Consultancy, Q1 2009

Supply in the CBD is likely to remain restricted for several years as there are no new major projects planned and hesitancy on the part of the city authorities to approve CBD projects, so as to encourage development in the New Urban Areas. City centre locations are therefore likely to maintain tight supply and higher rents. The majority of future supply tends to be developing much in the west and north west of Ha Noi.

With future income streams becoming less predictable for international companies, fewer may be willing to rent high-end serviced apartments for staff. The coming year might see foreign companies exploring more affordable housing and communications solutions, such as owning apartments and even resorting to video conferencing.

Construction of the Nhat Tan Bridge began recently and is due to be completed by 2012. Once this project is put into operation, residential and commercial developments along two sides of Red River may develop faster.

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