Vietnam’s economy gains as companies flee China in trade war

Vietnam’s CPTPP ratification dominates international headlines

EU pushes for approval of trade agreement with Vietnam

HCMC revokes 180 long delayed projects

No high-rise apartment projects in downtown HCMC until 2020
1Q19 - Vietnam FDI

Vietnam’s FDI by year (USD million)

- **Total registered capital**: $4.12 bil. ▲ 6.2% y-o-y
- **Total disbursement capital**: $10.8 bil. ▲ 86.2% y-o-y

**Top 5 FDI Attracting Sectors in 1Q19**
- Real estate: 77.7%
- Manufacturing: 7.2%
- Scientific and technical activities: 4.6%
- Whole sale and retail trade: 4.4%
- Catering and Accommodation: 2.3%

**Top 5 Countries Investing in Vietnam in terms of registered capital in 1Q19**

- **Hong Kong**
- **Singapore**
- **South Korea**
- **China**
- **Japan**

Source: Ministry of Planning and Investment – Foreign Investment Agency (FIA Vietnam)
Total Supply
2,178,000 sqm NFA

Future supply, end 2019
275,000 sqm NFA

Grade A & B Occupancy Rate
96.4% ↑137bps y-o-y

Grade A & B Rent
27.9 USD/sqm/month ↑5.4% y-o-y
1Q19 HCMC Retail Market

Total Supply
1,120,000 sqm GFA

Future supply, end 2019
335,500 sqm GFA

Occupancy Rate
87.7% ↓ 311bps y-o-y

Average Gross Rent
45.4 USD/sqm/month ↓ 4.01% y-o-y

Note: Average rent and occupancy rate are referring to community centre and uppers.
Total Supply
29,987 ha

Future supply
14,700 ha

Industrial Land Occupancy Rate
86%

Industrial Land Rent
96 USD/sqm/lease term
Accumulative launches

57,334 units

$1,085 USD/sqm

Average Primary Price

+ 4,1 times
Compared to 2005

+ 58.1%
Compared to 4Q05

Luxury Premium Mid-end Affordable

4,1 times Compared to 2005
Accumulative launches
115,027 units

Average Primary Price
1,131 USD/sqm

+ 2.0 times
Compared to 4Q09

+ 4.3%
Compared to 4Q09

5 km
10 km
Accumulative launches
261,003 units
+ 2.27 times
Compared to 4Q14

Future launches, end 2019
30,000 - 45,000 units
+ 79.2%
Compared to 4Q14

Average Primary Price
2,028 USD/sqm
Major Trends
Mid-end and Affordable in Vogue

89% of 2018 new launches coming from Mid-end and Affordable segments

Apartment stock per 1,000 persons

Affordable 49%  
Mid-end 38%

Home price to income ratio for SEA cities
From Nano-unit to accommodate young adults/family...

Market waits for regulations on small apartments
...to Integrated - city to boast a huge community

VINCITY since 2017
~44,000 apartments
2,200 villas/townhouses

CELADON CITY since 2010
> 6,100 apartments

PHU MY HUNG since 1993
~10,000 units
2,000 villas/townhouses
Metro line strongly impacts the real estate development.

>131,746 units launches from 2012 – 2021 in districts alongside Metro Line (43% of total launches during period).

Source: JLL Research
The Robust Growth of E-commerce

**Smartphone Penetration**

% of People Using Smartphone Amongst Mobile Phone Users in Key Cities

<table>
<thead>
<tr>
<th>Year</th>
<th>Vietnam</th>
<th>Singapore</th>
<th>Thailand</th>
<th>Malaysia</th>
<th>Indonesia</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>70%</td>
<td>30%</td>
<td>30%</td>
<td>32%</td>
<td>48%</td>
</tr>
<tr>
<td>2014</td>
<td>48%</td>
<td>52%</td>
<td>68%</td>
<td>22%</td>
<td>68%</td>
</tr>
<tr>
<td>2015</td>
<td>32%</td>
<td>68%</td>
<td>78%</td>
<td>84%</td>
<td>78%</td>
</tr>
<tr>
<td>2016</td>
<td>22%</td>
<td>84%</td>
<td>78%</td>
<td>78%</td>
<td>78%</td>
</tr>
<tr>
<td>2017</td>
<td>16%</td>
<td>84%</td>
<td>78%</td>
<td>78%</td>
<td>84%</td>
</tr>
</tbody>
</table>

Source: Nielsen Vietnam Smartphone Insight Report, 4Q 2017

**Mobile Internet**

The State of LTE

Coverage rate vs. Average speed

<table>
<thead>
<tr>
<th>Country</th>
<th>Coverage rate</th>
<th>Average speed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vietnam</td>
<td>70%</td>
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</tr>
</tbody>
</table>

Source: OpenSignal, JLL Research

**Shopping Behaviors**

- **Number of People Purchasing via E-commerce**
  - Malaysia: 33.29 million
  - Singapore: 35%
  - Indonesia: $1.8 billion
  - Average Annual E-commerce Revenue per User: $55

Source: Statista Digital Market Outlook, E-commerce Industry, extracted from "Digital in 2017: Southeast Asia" Report, Jan 2017 by Wearesocial and Hootsuite
Flexspace and Lifestyle Hotel

**FLEXSPACE**

| wework | Regus | KLOUD | the office space | Up coworking space |

**LIFESTYLE HOTELS**

Social and co-working spaces have become the new trends of lifestyle hotels.

- Millennials often find uniquely designed rooms appealing.

**Millennials**

- Meet new people
- Share experiences
- Digital features
- Design-conscious

- Flexible space in HCMC totaled just ~56,400 sqm as of 4Q18
- Flexible space stock growth CARG of 32% from 2014-2018
- About 31 high profile operators today
- More foreign operators will enter the market. **Wework** announced to open the first centre in HCMC in 4Q18

Lifestyle hotel room

Co-working living space
HCMC Urbanisation

Urban population millions

- HCMC
- Hanoi

Source: World Bank

- 1990: 7.3
- 1995: 10.2
- 2000: 0
- 2005: 2
- 2010: 4
- 2015: 6
- 2020F: 7.3
- 2025F: 10.2
- 2030F: 10.2

Rapid urbanisation puts strain on many aspects of the city

- Ho Chi Minh City to spend $80mn to tackle congestion, inundation at airport
  - Sep. 2016

- Up to 8.5 Million Motorbikes Flood Saigon’s Streets Each Day

- HCM City needs over US$4 bln for flood prevention, wastewater treatment
  - Aug. 2018

- Air pollution at alarming rate in HCM City
  - Jan. 2018
Thank you

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