

*Market still quiet in
all sectors*



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Cover Picture: A part of District 1 as viewed from Diamond Plaza, Ho Chi Minh City.

HCMC RESIDENTIAL

Supply and Demand

Supply / Demand Indicator	Apartments	Villas / Townhouses ^[1]
Completed Supply (units)	55,000	3,500
Uncompleted Supply (units) ^[2]	23,000	200
Unsold Inventory (%) ^[3]	27.7%	10.7%

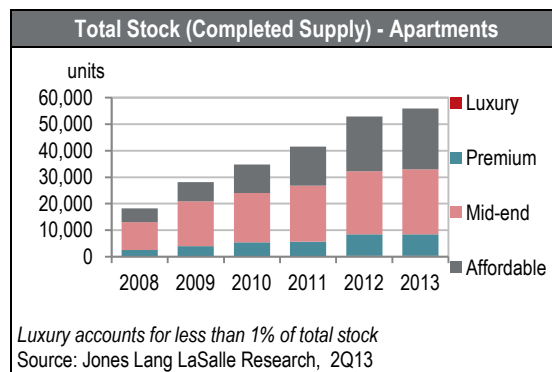
^[1] Excludes land plot projects. ^[2] Excludes planned projects not launched for sale yet. Includes fully sold projects. ^[3] The percentage of ^[2] that remains unsold at quarter-end.
Source: Jones Lang LaSalle Research, 2Q13

- Supply falls in both main sectors**

- Apartments: New launches, mostly from re-launching projects rather than brand new ones, equaled 60% of the figure for 1Q13.
- Villas / Townhouses: Launches remained at zero for the third quarter.

- Demand drops from last quarter's good rates**

- Apartments: Take-up rate saw a 35% q-o-q fall to around 1,100 units. District 7 and District 2 were the best performers.
- Villas / Townhouses: Sales fell to a five-year low after seeing record growth over 1Q13. High-priced projects continued to struggle.



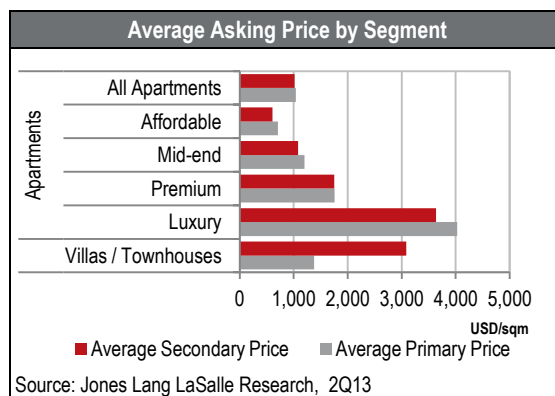
Asset Performance

Market Segment	Asking Price – Primary Market		Asking Price – Secondary Market	
	Q-o-Q	Y-o-Y	Q-o-Q	Y-o-Y
Apartments	▼ -1.1%	▼ -3.2%	▼ -1.2%	▼ -6.8%
Villas / Townhouses	▼ -3.1%	▼ -6.8%	▼ -1.1%	▼ -8.8%

Note: Q-o-Q and Y-o-Y changes are adjusted to remove effects from supply additions / removals (i.e. changes are on a like-for-like basis).
Source: Jones Lang LaSalle Research, 2Q13

- Prices decline further across all markets**

- Primary market:
 - Apartments: Overall prices dropped; however, marked increases were recorded in some areas.
 - Villas / Townhouses: Prices were noticeably lower. The key driver was a 36% q-o-q fall in one reasonably-priced property in District 9.
- Secondary market:
 - Apartments: Prices continued the downtrend. Some districts experienced declines of more than 25% q-o-q.
 - Villas / Townhouses: Prices decreased but more slowly than in 1Q13. Distressed assets remained much in the market.



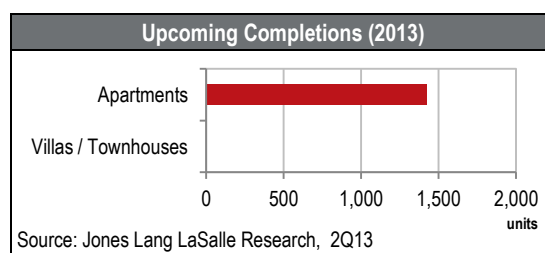
Outlook

- New supply to be mostly from low-priced segments**

- Many apartment properties with good construction progress are expected to come on stream in the second half of 2013.
- No Villa / Townhouse projects may be completed until end-2013 but a substantial amount of new launches are awaited.

- Resilience might not come until next year**

- The market may remain hard but sales of existing projects with good prices and of high quality are expected to stabilize.
- Pricing corrections will continue.



HCMC OFFICE

Supply and Demand

Supply / Demand Indicator	Grade A	Grade B	Grade C	Suburban	Total
Total Stock (sqm)	221,000	329,000	464,000	462,000	1,475,000
Occupancy Rate (%)	79.5	93.3	91.1	87.6	88.7
Q-o-Q Change (bps)	▼ -1	▼ -71	▲ 26	▲ 149	▲ 48

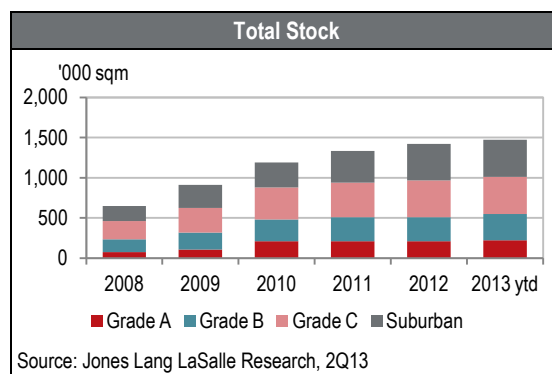
Source: Jones Lang LaSalle Research, 2Q13

- **Supply increases slowly in 2Q13**

- Two new office buildings completed during the quarter, increasing total stock slightly by around 1.9% q-o-q.
- Nearly two-thirds of all office properties are located in District 1 and District 3.

- **Demand continues to keep on track**

- Net absorption reached over 34,000 sqm, mostly from pre-commitment for space in the Grade B and Grade C sectors.
- The Grade A office market remained subdued in 2Q13.



Asset Performance

Key Performance Indicator	Grade A	Grade B	Grade C	Suburban	Total
Average Gross Rent (USD/sqm/mth)	43.7	28.9	19.0	16.8	24.8
Average Net Rent (USD/sqm/mth)	36.4	23.1	16.4	13.0	20.2
Q-o-Q Change (%)	◀▶ 0.0	▼ -0.8	▼ -1.3	▼ -0.2	▼ -0.6

Note: Q-o-Q and Y-o-Y changes are adjusted to remove effects from supply additions / removals (i.e. changes are on a like-for-like basis).

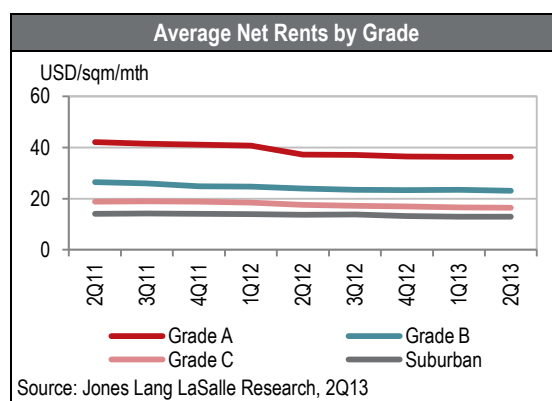
Source: Jones Lang LaSalle Research, 2Q13

- **Average rents decline**

- Net rents dropped just 0.6% q-o-q in 2Q13 to USD 20.2 per sqm per month.
- The decrease in rents was seen in all office segments except Grade A buildings.

- **The investment market becomes active**

- Some investment deals for office space, mainly related to small buildings, were recorded in 2Q13.



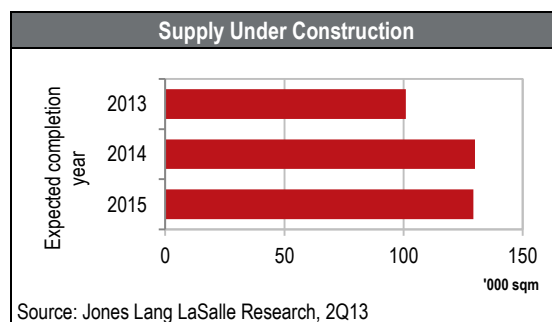
Outlook

- **Supply continues to increase over the short term**

- Total new supply of over 100,000 sqm might come on stream during the second half of 2013.
- Demand for office space is likely to remain moderate over the short term.

- **Rental downtrend is expected to remain in the remainder of 2013**

- Moderate demand might keep rents declining over the next few quarters.
- Rents are expected to recover from late 2014 in line with an improvement in demand for office space.



HCMC RETAIL

Supply and Demand

Supply / Demand Indicator	Investment Grade		Non-Investment Grade	
	CBD	Non-CBD	Total	
Total Stock (sqm)	175,000	269,000	444,000	421,000
Occupancy Rate (%)	95.3	89.2	91.6	N.A.
Q-o-Q Change (bps)	▲ 151	▲ 35	▲ 81	N.A.

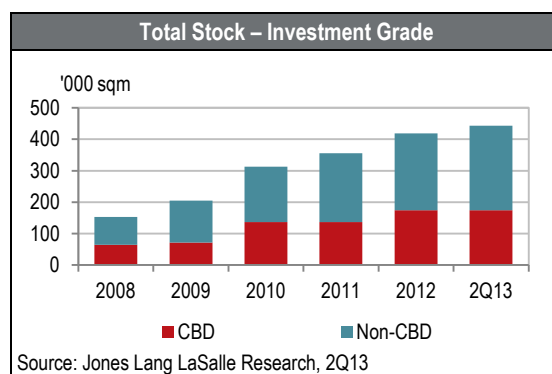
Source: Jones Lang LaSalle Research, 2Q13

- **Supply remains unchanged**

- No completions were recorded, keeping total retail stock unchanged.
- Overall, construction activity continued to be slow.

- **Demand remains subdued**

- Total net absorption of the Investment Grade retail market reached just over 3,500 sqm.
- The current weak financial market, which has lowered purchasing power, was the main reason behind the subdued demand.



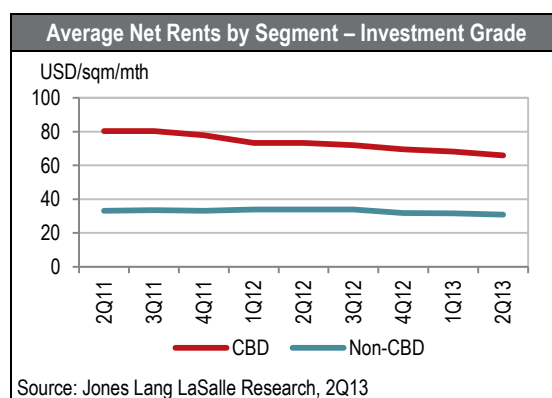
Asset Performance

Key Performance Indicator – Investment Grade	CBD	Non-CBD	Overall
Average Gross Rent (USD/sqm/mth)	72.2	39.5	52.4
Average Net Rent (USD/sqm/mth)	65.9	30.8	45.3
Q-o-Q Change (%)	▼ -3.4	▼ -2.4	▼ -3.0

Note: Q-o-Q and Y-o-Y changes are adjusted to remove effects from supply additions / removals (i.e. changes are on a like-for-like basis).
Source: Jones Lang LaSalle Research, 2Q13

- **Rental downtrend remains**

- Average Investment Grade rents in HCMC continued to decrease slightly by 3.0% q-o-q in 2Q13.
- Vingroup sold Vincom Center A to the Vietnam Infrastructure and Property Development Group, at a transaction price of VND 9,823 billion (USD 470 million).



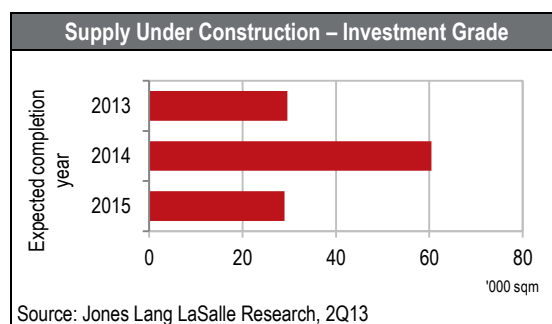
Outlook

- **Supply is expected to increase slightly in the short term**

- The total stock of Investment Grade space could increase by around 29,000 sqm over the second half of 2013.
- Overall retail demand might continue to be moderate over the short term.

- **Rents are likely to maintain the downtrend over the next few quarters**

- Weak demand might result in average rents continuing to decrease in the second half of 2013.
- However, over the long term, the Vietnam market may still attract great interest from large retail corporations, thanks to background factors such as the young population, high population density and purchasing power.



HANOI RESIDENTIAL

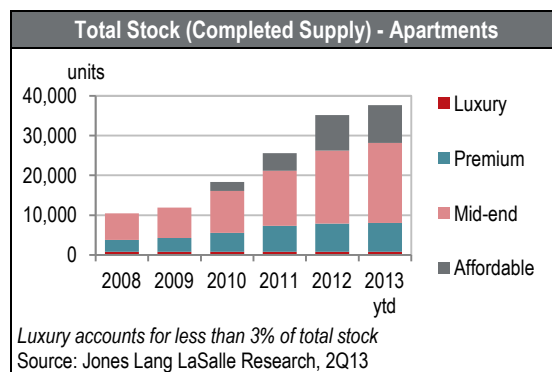
Supply and Demand

Supply / Demand Indicator	Apartments
Completed Supply (units)	38,000
Uncompleted Supply (units) ^[1]	27,000
Unsold Inventory (%) ^[2]	21.1%

^[1] Excludes planned projects not launched for sale yet. Includes fully sold projects. ^[2] The percentage of ^[1] that remains unsold at quarter-end.

Source: Jones Lang LaSalle Research, 2Q13

- **Construction improves slightly but launches fall**
 - New supply was limited at around 450 units in 2Q13, nearly four times lower than the figure for 1Q13. Most came from subsequent launches.
 - Newly completed units in 2Q13 nearly tripled against 1Q13, to around 1,850, of which 70% had been sold in 2011 or earlier.
- **Demand remains led by low-priced projects**
 - Sales stood at around 1,200 units in 2Q13, down 25% q-o-q. The key driver was apartments priced between USD 720 and USD 1,150 per sqm.
 - Higher-end projects continued to struggle, with poor take-up rates.



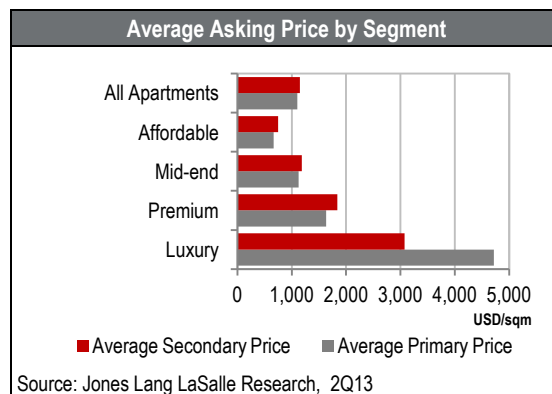
Asset Performance

Market Segment	Primary Market		Secondary Market	
	Q-o-Q	Y-o-Y	Q-o-Q	Y-o-Y
Apartments	▼ -3.6%	▼ -12.5%	▼ -2.6%	▼ -16.5%

Note: Q-o-Q and Y-o-Y changes are adjusted to remove effects from supply additions / removals (i.e. changes are on a like-for-like basis).

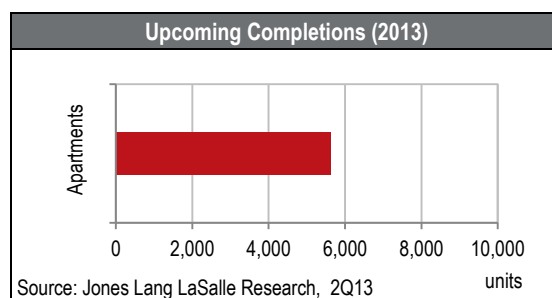
Source: Jones Lang LaSalle Research, 2Q13

- **Prices decline further, but at a slower pace**
 - Primary market
 - Prices experienced the seventh consecutive quarter of decreases, with all segments hitting new lows.
 - The proportion of projects having their unit prices held or increased grew encouragingly, from under 30% in 1Q13 to over 60% in 2Q13.
 - Secondary market
 - Prices were reduced across all markets, and sharply so in the Gia Lam, Long Bien and Tay Ho districts.
 - However, rates of reduction slowed in all segments.



Outlook

- **The market to remain centered around low-end segments in 2H13**
 - About 5,500 apartments are expected to complete up to end-2013, over 95% of which will be from the Affordable and Mid-end segments.
 - There may be a fair number of new launches, especially from affordably priced projects, following recent moves by the government.
- **The remainder of 2013 will still be a good time to purchase homes**
 - Further price declines and continued sales efforts will likely continue.
 - Middle-income buyers for own occupation will remain the prime target.



HANOI OFFICE

Supply and Demand

Supply / Demand Indicator	Grade A	Grade B	Grade C	Total
Total Stock (sqm)	327,000	710,000	252,000	1,289,000
Occupancy Rate (%)	71.1	78.2	87.8	78.3
Q-o-Q Change (bps)	▲ 10	▼ -30	▼ -10	▼ -10

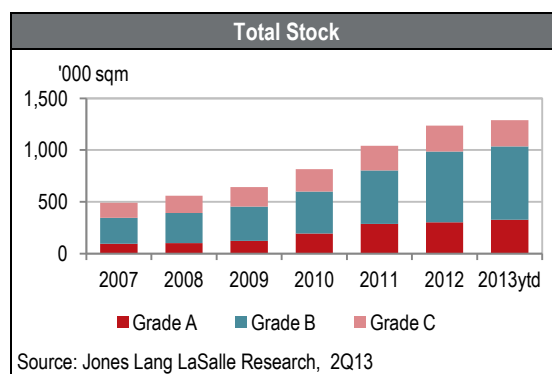
Source: Jones Lang LaSalle Research, 2Q13

- **Grade B supply receives two new office buildings**

- Two new office buildings completed in the quarter, adding more than 25,000 sqm of office space to the Hanoi market.
- Good construction progress was achieved at the second highest building in Hanoi's office market, Lotte Center Hanoi, a Grade A building that is expected to come on stream in 2Q14.

- **Demand decreases and occupancy rate declines slightly**

- Market-wide net absorption in almost all office buildings decreased, except for the two newly completed buildings.
- The new supply resulted in the occupancy rate of the Hanoi office market reaching 78.3% in 2Q13, a slight decline compared with 1Q13.



Asset Performance

Key Performance Indicator	Grade A	Grade B	Grade C	Total
Average Gross Rent (USD/sqm/mth)	32.6	20.4	15.2	22.5
Average Net Rent (USD/sqm/mth)	26.5	15.7	11.0	17.5
Q-o-Q Change (%)	▼ -1.4	▼ -5.0	▼ -3.2	▼ -3.7

Note: Q-o-Q and Y-o-Y changes are adjusted to remove effects from supply additions / removals (i.e. changes are on a like-for-like basis).

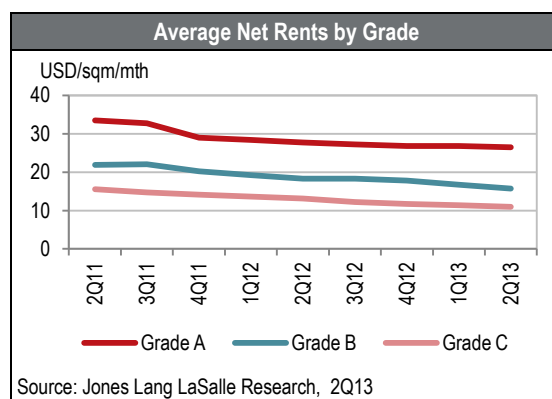
Source: Jones Lang LaSalle Research, 2Q13

- **Rents continue to fall in recent quarters**

- Net average rents were USD 17.5 per month per sqm in 2Q13, a decline of 3.7% q-o-q.
- Reasonable rents in new buildings put pressure on the landlords of existing buildings to lower rents to retain tenants and fill vacant space.

- **A Grade A investment transaction is recorded**

- Sentinel Place now belongs to Ocean Group, after the group purchased stock of Viet Bac JSC – the previous owner of the building.



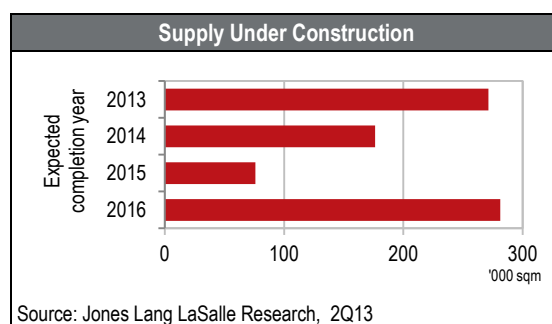
Outlook

- **Supply is expected to exceed demand in the next several years**

- The expected supply is likely to increase with 270,000 sqm of new office space in the second half of 2013.
- Demand for office space is not expected to recover, and vacant office space is forecast to rise continuously.

- **Rents continue to decrease**

- Oversupply may result in a decline in expected rents.
- Competition from new Grade B and good Grade C buildings is expected to lead to lower rents in the Grade A office sector.



HANOI RETAIL

Supply and Demand

Supply / Demand Indicator	Investment Grade		Total	Non-Investment Grade
	CBD	Non-CBD		
Total Stock (sqm)	23,000	286,000	309,000	175,000
Occupancy Rate (%)	82.4	83.1	83.0	N.A.
Q-o-Q Change (bps)	▲ 880	▼ -580	▼ -490	N.A.

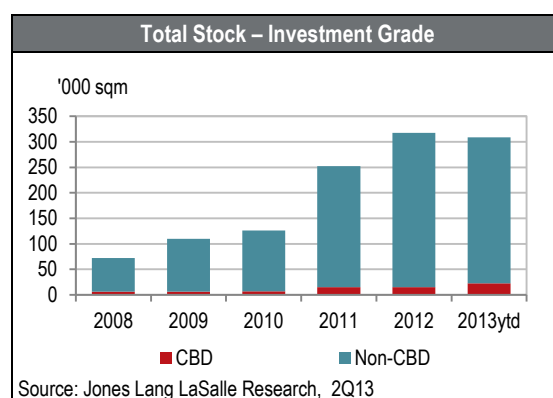
Source: Jones Lang LaSalle Research, 2Q13

- **Supply for Investment Grade increases slightly**

- Total Investment Grade stock was 309,000sqm, an increase of 1.9% q-o-q. Although the market received 14,000 sqm of retail space from Trang Tien Plaza, Hang Da Galleria was closed temporarily for upgrading.
- Trang Tien Plaza entered the market after two years of renovation. The plaza is viewed as a luxury shopping mall.

- **Demand declines sharply**

- Demand for retail space decreased significantly in both the CBD and non-CBD areas. A lot of tenants returned their space due to the difficult economy.
- However, Trang Tien Plaza still achieved a high occupancy rate when it came on stream.



Asset Performance

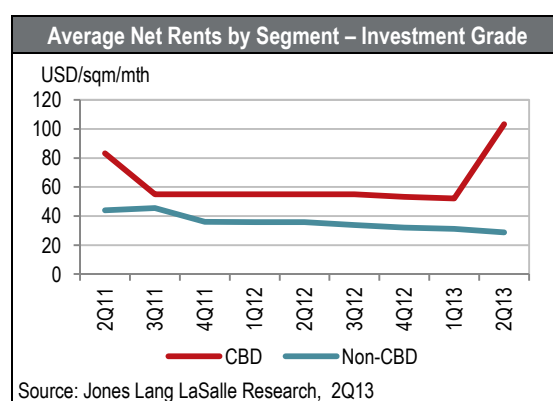
Key Performance Indicator – Investment Grade	CBD	Non-CBD	Overall
Average Gross Rent (USD/sqm/mth)	111.2	34.0	39.7
Average Net Rent (USD/sqm/mth)	103.4	28.8	34.3
Q-o-Q Change (%)	▼ -13.6	▼ -7.4	▼ -7.8

Note: Q-o-Q and Y-o-Y changes are adjusted to remove effects from supply additions / removals (i.e. changes are on a like-for-like basis).

Source: Jones Lang LaSalle Research, 2Q13

- **Rents continue to decrease in both the CBD and non-CBD areas**

- Although the asking rent of Trang Tien Plaza was high, the average net effective rents of Investment Grade properties fell by 13.6% q-o-q.
- A decline in occupancy rates resulted in landlords continuing to lower asking rents or offer several attractive promotions for tenants.



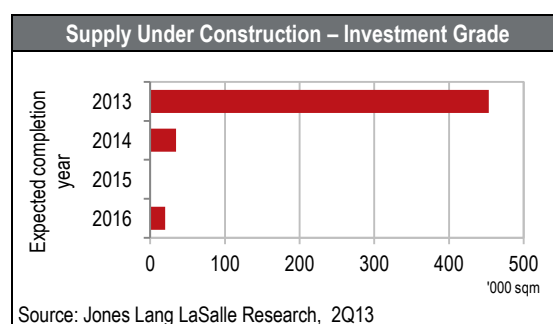
Outlook

- **Supply increases significantly in the second half of 2013**

- Royal City is expected to open in late July 2013, adding more than 230,000 sqm of retail space to the Hanoi market.
- Demand will not show signs of recovery over the next two years due to the difficult economic situation.

- **Rents are likely to decline in all two areas**

- Oversupply may result in net effective rents continuing to decrease.
- The rent gap between the CBD and non-CBD sub-markets is expected to be large.



Real Estate Glossary

Vietnam Residential Market

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

The estimated amount of new supply (in units) launched for sale during a period.

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.

Market practices: Take-up may comprise units sold via capital contributions or sale and purchase agreements.

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.

Luxury

A *luxury* property meets *all* of 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.

Premium

A *premium* property meets *some* of 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.

Mid-end

A *mid-end* property meets *all* of 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.

Affordable

An *affordable* property meets *some* of 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.

Real Estate Glossary

Vietnam 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 useable 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 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 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.

Suburban

A Suburban property is located in a non-CBD or a non-traditional office zone, regardless of its other physical attributes.

Real Estate Glossary

Vietnam Retail Market

Current supply

The total amount of cumulative *modern* (as opposed to traditional) retail space (in GLA terms) that has been completed at a given time.

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 floor area (GFA)

The total amount of all covered areas including columns, walls, common passageways, lift lobbies, toilets and storage rooms.

Gross leasable area (GLA)

The total amount of leasable floor areas on which rentals and service charges are based, which may include common areas used for foot traffic.

Net rent

The amount of market rent receivable by landlords after deducting outgoings.

Market practices: Net rents in the retail market are usually quoted on a net lettable area (NLA) 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 in the retail market are usually quoted on a NLA 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.

Investment Grade

A type of retail property deemed to be of sufficient quality and/or scale to be of interest to a typical institutional investor. This includes department stores, shopping centres and prime retail space. The criteria for grading retail properties include age profile, ease of accessibility, property management as well as the current and potential scale of product offerings.

Supermarket

In the local context, a “supermarket” refers to any type of stand-alone retail outlet predominantly run by a single chained retailer that sells a variety of grocery and / or non-grocery products. This includes supermarkets and hypermarkets that sell mixed products as well as those that specialize in a product type (such as electronics or furniture). This also includes wholesale / cash & carry stores, whose main target is business customers, but are also accessible by retail consumers. Most supermarkets are considered non-investment grade.

Shopping Centre

In the local context, a “shopping centre” refers to any type of retail property that has a more diverse tenant mix than regular supermarkets. Besides anchored mixed retailers (e.g. department stores and supermarkets), a shopping centre often includes a variety of specialist retailers (e.g. fashion & accessories, food & beverages, consumer electronics and other consumer services). Most major shopping centres are considered investment grade.

Vietnam Property Market Brief is a quarterly publication providing market updates for different real estate sectors in different cities. It is part of the comprehensive research package from Jones Lang LaSalle Research that covers Vietnam along with other major countries in Asia Pacific:

Publication	Geographic Coverage	Product Coverage	Frequency	Contents	Availability
Vietnam Property Market Monitor	Vietnam	All	Quarterly	Real estate headlines & news summary	Publicly available
Vietnam Property Market Brief	Vietnam cities	All	Quarterly	Stock, vacancy, prices, rents	Publicly available
Vietnam Property Market Report	Vietnam cities	All	Quarterly	Stock, vacancy, prices, rents, project-level data, maps	Subscription-based
Asia Pacific Property Digest	Asia Pacific including Vietnam	Investment grade	Quarterly	Stock, vacancy, prices, rents	Publicly available
The Office Index	Asia Pacific including Vietnam	Investment grade	Quarterly	Stock-weighted rental value and capital value indices	Publicly available
The Residential Index	Asia Pacific (Vietnam to be included)	Investment grade	Quarterly	Capital value index	Publicly available
Real Estate Intelligence Service	Asia Pacific including Vietnam	Investment grade	Quarterly	Stock, vacancy, prices, rents, yields, total returns, forecasts	Subscription-based
Real Estate Daily	Asia Pacific including Vietnam	All	Daily	Real estate headlines & news summary	Subscription-based
Real Estate Transparency Index	Global including Vietnam	All	Every two years	Country transparency scores & rankings	Publicly available

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