



Research | July 2021

# Market recovery faces the **fourth COVID-19** wave headwind.

## Vietnam Property Market Brief

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## IMPORTANT NOTES

Since the beginning of 2021, JLL Research applies a new grading system and methodology for processing market data to better reflect the market situation. This might subsequently result in some changes in historical data.



# VIETNAM'S ECONOMIC BACKDROP

Vietnam continues to record a positive GDP growth in 2Q21: Vietnam's GDP expanded 6.61% y-o-y in 2Q21, and this made the 1H21 GDP's growth rate at 5.64% y-o-y, higher than the last year growth rate of 1.82%, yet lower than the rate of 7.05% in 2019 and 6.77% in 2018. While the manufacturing sector accelerated at 8.36% y-o-y, the services sector and agriculture, forestry and fishery industries grew at 3.3% and 3.2% y-o-y, respectively.

The growth rate of 5.64% in 1H21 is lower than the target of 7.11%, stated in Resolution No. 01/NQ-CP, owing to Covid-19 outbreak in some localities. The country is facing many challenges and hence posed several restrictions to pursue the dual goal: "disease prevention and economic development".

Although the growth prospect remains upbeat, according to the Ministry of Planning and Investment, to achieve the set target, the first half of the year must be above 7%. It is deemed challenging given the spread of the Covid-19 Delta variant and limited vaccine supply.

Although social distancing was imposed to fight the pandemic, total retail sales and goods continued to recover. In contrast, tourism continued to trend down as the number of foreign visitors coming to Vietnam plummeted: The total retail sales of consumer goods and services reached VND 2,463.8 trillion, up 4.9% y-o-y in 1H21. Simultaneously, passenger transportation continued to face difficulties, with 1,813.5 million passengers, down by 0.7% y-o-y, while international tourists to Vietnam were estimated at 88,200 arrivals, down 97.6% y-o-y.

Figure 1: Real GDP Growth (y-o-y)

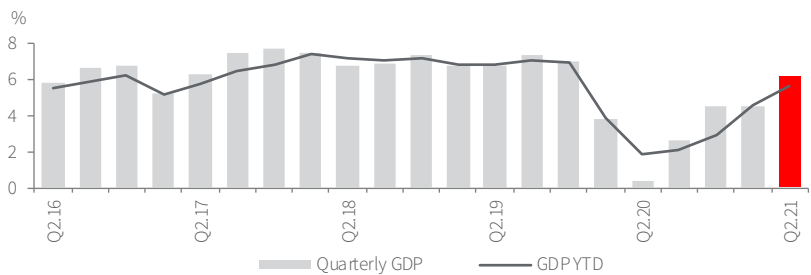
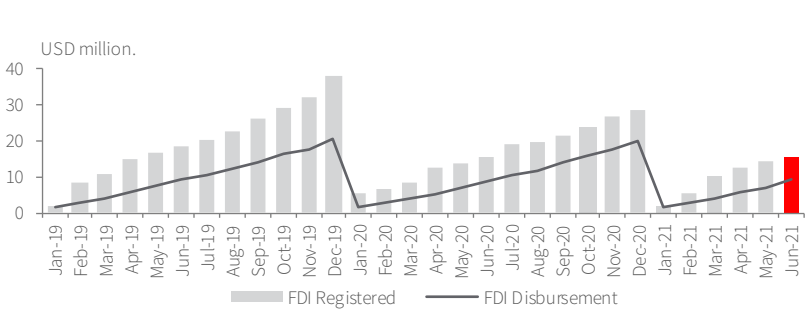


Figure 2: Retail Sales Growth (YTD) vs. International Arrivals Growth (y-o-y)



Figure 3: FDI (year-to-date)



Source: General Statistics Office

Foreign Direct Investment (FDI) capital decreased slightly compared to the same period in 2020: FDI capital reached USD 15.3 billion in the first six months of 2021, equivalent to 97.4% compared to the same period in 2020. Despite a decrease in total, FDI disbursement in 1H21 reached USD 9.24 billion, up 6.8% over the same period last year.

Among 18 industries attracting FDI funds in 1H21, the processing and manufacturing industry topped with USD 6.98 billion, accounting for 45.7%

of the total registered capital. It is followed by the utilities industry, with an investment of USD 5.34 billion, constituting 35% of the total registered capital. Real estate business and science and technology activities are also among the most attractive industries for FDI investment. Regarding FDI partners, Singapore has been the largest investor in 1H21, with a total of USD 5.6 billion, accounting for 36.9% of the total registered FDI capital. It is followed by Japanese and Korean investors.

# VIETNAM'S ECONOMIC BACKDROP

**CPI slightly increased** The average Consumer Price Index (CPI) in 2Q21 increased by 2.67% y-o-y, and the average CPI in 1H21 increased by 1.47% compared to the same period in 2020.

CPI increased mainly due to three reasons: (i) the domestic gasoline price increased by 17.01%, boosting the overall CPI by 0.61 percentage points, (ii) education increased by 4.47% due to the implementation of Decree 86/2015/ND-CP dated October 2, 2015, on increasing tuition fees for the 2020-2021 school year; and (iii) the price of construction materials in 1H21 increased by 5.03% y-o-y due to the increase in the price of cement, iron, steel and sand in line with the price of input material, contributing to the CPI increase by 0.1 percentage point.

On the other hand, there are a number of reasons softening the CPI growth in 1H21, including: domestic travelling was restricted due to the impacts of the pandemic; and the price of food items in 1H21 decreased by 0.39% y-o-y.

**Trade balance changed from trade surplus in 1Q21 to trade deficit in 2Q21:** Despite the fourth wave of Covid-19, import and export turnover was estimated at USD 316.73 billion, up 32.2% y-o-y. The export value reached USD 157.63 billion, up 28.4% y-o-y, while the import value reached USD 159.1 billion, growing 36.1% y-o-y.

The first half of 2021 is estimated to have a trade deficit of USD 1.47 billion. Regarding the export market, the US is the largest export partner with a turnover of USD 44.9 billion, up 42.6% y-o-y, followed by China, EU, ASEAN, Korea, and Japan. Regarding import partners, China is Vietnam's largest import market with a turnover of USD 53.4 billion, up 53% y-o-y, followed by the Korean market with USD 25.2 billion, up 21.1% and the ASEAN market with USD 20.9 billion, up 47.7%.

**Newly registered enterprises in 1H21 increased in both quantity and registered capital:** 67,100 newly registered enterprises with a total registered capital of VND 942.6 trillion and a total of 484,300 employees were newly registered, an increase of 8.1% y-o-y in terms of the number of enterprises. The registered capital also increased by 34.3%, while the number of employees decreased by 4.5% y-o-y. The average registered capital of a newly established enterprise in 6 months reached VND 14.1 billion, up

24.2% y-o-y. However, the number of enterprises suspending operations also increased by 24.9% y-o-y.

In the latest survey, 31.8% of manufacturing enterprises indicated that business performance was negatively hit in 2Q21. At the same time, only 39.2% were confident that the trend would be better in the latter part of the year, which is much lower than 85.1% recorded in the previous quarter.

Figure 4: CPI – Overall

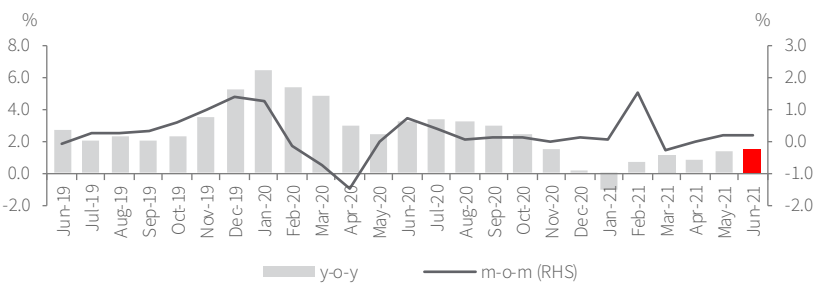


Figure 5: CPI – Housing & Construction Materials

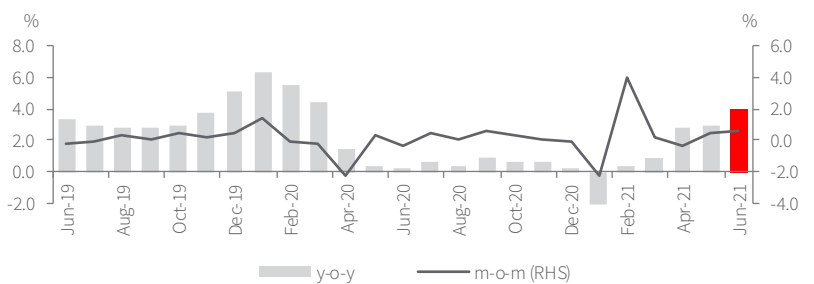
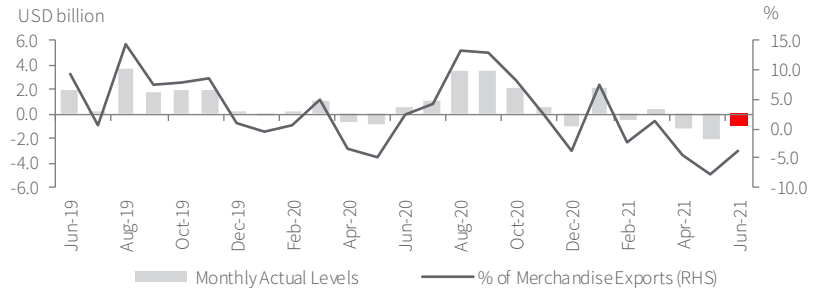


Figure 6: Merchandise Trade Balance



Source: General Statistics Office, General Department of Vietnam Customs

Rental Value<sup>[1]</sup>

**USD 30.6**

per sqm per month,  
net on NLA



Rental Growth y-o-y

**-1.0%**



Stage in Rental Cycle

**Stable**



## No new supply

In 2Q21, the market recorded no new supply in all grades. Two Grade B office buildings, including The Grace in District 7 and Pearl 5 in District 3, delayed the grand opening date to 3Q21 due to the impact of the fourth outbreak in the last month of 2Q21.

## Large leases in new buildings continue to drive net absorption

Net absorption of Grade A & B offices in 2Q21 was over 5,000 m2. The majority of transactions in the quarter occurred in new buildings with lots of vacant space thanks to landlords offering attractive rental concession policies and dominated by the tenants in the technology, real estate, finance and advertising industries. The market has hardly recorded new set-up transactions, with the majority of transactions focusing on relocation and expansion.

Despite a positive net absorption, 2Q21 witnessed 23 out of 65 Grade B buildings experience a decrease in net absorption, with an average of one building increasing vacancy by 400 sqm in this quarter. The lingering pandemic has greatly affected the customers in this segment. JLL believes that early terminations, reduction in occupied areas or relocation to tighten budget will become popular trends in the near term.

## Rents remain resilient

In 2Q21, the average rent of Grade A & B offices was recorded at USD 30.6/m2/month, stable q-o-q and down slightly y-o-y. Rents have remained resilient in most buildings across all segments as landlords still maintained sufficient occupancy rates. However, in the context of shrinking demand, newly completed buildings are still under pressure to fill vacancies, and therefore, continue to offer many attractive rental policies and flexible negotiation terms to attract new tenants.

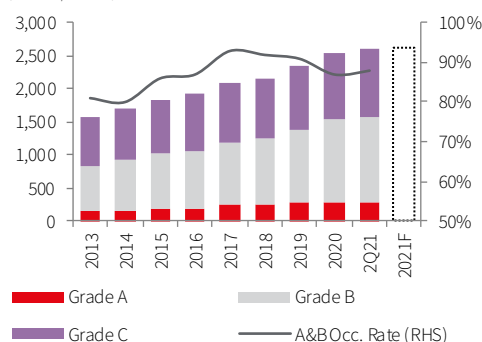
## Outlook: Rent is stable despite lower demand expected

Very limited new supply is expected in 2H21. Only two Grade B buildings will be completed and add nearly 20,000 sqm office space to the market. Grade A market will remain tight since no new additions are expected and all existing buildings posted low vacancy.

Demand is expected to continue shirking due to the pandemic in HCMC. However, this is expected to be offset by a limited new supply situation and most existing buildings recording high occupancy rates. Therefore, the rental price is expected to be stable until the end of 2021, at USD 47/m2/month and USD 26/m2/month for Grade A and Grade B segments, respectively.

Figure 7: Office Total Stocks

(\*000 sqm NLA)



Note:

[1] Rents refer to average net rent of the Grade A and B office markets, excluding VAT and service charges.

Source: JLL Research

Figure 8: Office Average Rents

(USD/sqm/month)



## Rental Value<sup>[1]</sup>

**USD 37.5**

per sqm per month,  
net on NLA



## Rental Growth y-o-y

**+0.3%**



## Stage in Rental Cycle

**Stable**



### NOTES:

As the market develops, we regularly review and update our classification and grading system as well as the methodology to ensure the relevance and focus of our research on the actual market situation.

Since 1Q21, in this report:

- **Supply indicators** to cover malls classified as Community Centre, Regional Shopping Centres and Super Regional Centre.
- **Performance indicators** to cover prime retail properties only (a subset of supply basket above). This is one of the most highly sought-after property types on the market.

Subsequently this revision might result in some changes in historical data.

Please refer to Terminology for detailed definitions of all above new terms.

## New supply continues to push back the opening plan

All HCMC's retail centres have to shut down in June 2021 due to the social distance policy. Despite completing construction, some shopping centres have delayed their scheduled openings until the end of this year.

## Limit leased transactions

The fourth outbreak in the final month of 2Q21, coupled with strict social distance policies, has limited new retail lease transactions. Therefore, the vacancy rate in the City Central and City Fringe areas has remained relatively stable at 2.9% and 4.1%, respectively.<sup>[2]</sup>

While most landlords have yet to announce their tenant structure plans due to the uncertainty of the pandemic, tenants are also adopting a "wait-and-see" strategy. The market's bright spot in 2Q21 is the opening of a 3,000-square-meter Decathlon – a French sporting goods retailer – at Vincom Megamall Thao Dien in April end.

## Landlord offered rental concessions for 1-month social distance

Similar to the first outbreak situation in 2Q20, most landlords offered rental concessions such as rent discount or rent deferment, during the period of social distancing in June. As a result, the actual average rental rate of key shopping malls fell by 8.3% q-o-q, at USD70.4/sqm/month in the CBD and USD 31.7/sqm/month in the City Centre and City Fringe, respectively.

## Outlook: Market to face downward pressure

The outlook for the HCMC retail market is heavily reliant on the results of the pandemic control. Mall openings are only meaningful if it is accompanied by a strong footfall, which is an expected result of the pandemic's complete containment. Otherwise, malls' challenges will persist.

Domestic brands continue struggling amid the linger pandemic situation due to financial pressure, while revenue depends mainly on domestic demand. Meanwhile, foreign brands, although they can continue with a long-term strategy, will limit or delay expansion plans in the short term. This will lead to a delay in the opening plans of new retail centres in 2021, including Socar Mall and other neighbourhood shopping centres in the podium of mixed projects if they can not meet required occupancy rates.

For existing shopping centres, some landlords are planning to restructure the tenant/ floor plan to create a new face for the malls when reopening. Meanwhile, with regard to Covid-19, if the pandemic is not effectively contained, actual rent is expected to remain stable or decrease, as rental concessions may continue to support tenants.

Figure 9: Retail Total Stocks

(\*000 sqm NLA)

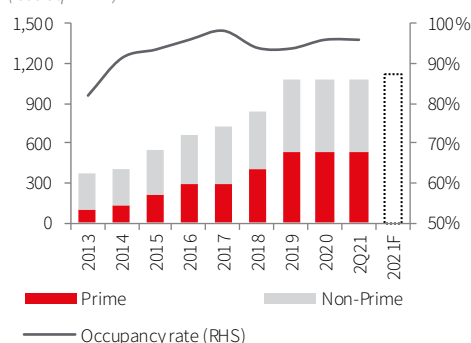
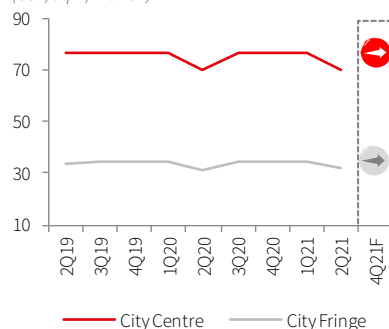


Figure 10: Retail Average Prime Rents<sup>[2]</sup>

(USD/sqm/month)



Note:

[1] Prime rents refer to average net effective rent of Prime Mall across the city, excluding VAT and service charges. Please refer to terminology for definition of Prime Malls

[2] City Centre refers to District 1. City Fringe refers to the rest of the city.

Source: JLL Research

# HCMC | Apartment for Sale Market

Primary Price<sup>[1]</sup>

**USD 2,570**

per sqm NFA



Price Growth y-o-y

**-0.3%**



Stage in Price Cycle

**Growth slowing**



## Pending new launch events due to the fresh outbreak

The fourth outbreak in June 2021 has delayed launch events and hedged new project entries. Despite an increase of 55% q-o-q and 58% y-o-y, new official launches<sup>[2]</sup> of 6,046 units in 2Q21 was still fewer than earlier plans. New launches mainly came from the next phases of large projects, including Vinhomes Grand Park in District 9 and Pi City in District 12. Grand Marina in District 1 had the top attention among newly launched projects in this quarter. With 243 initial dwelling units in the first phase, it was the first to enter the ultra-luxury segment in HCMC officially.

## Internal amenities attracted owner-occupier

Despite the pandemic escalation, market demand in 2Q21 still positively increased by 6,745 sold units, up 72% y-o-y.

Strong sales come from large-scale projects located in suburban districts with full internal facilities attracting mostly owner-occupiers. District 9 and District 12 led the demand with more than 1,677 and 711 take-up units in 2Q21, thanks to the outstanding development quality of integrated township projects in those districts.

## Initial entrance of ultra-luxury segment boosted average high-end prices

The high-end market in 2Q21 welcomed the first launch of the ultra-luxury project, driving primary price in the high-end market to grow at USD 4,905 per sqm, up 5.7% q-o-q and 8.3% y-o-y. In the meantime, the average primary price reduced 0.3% y-o-y due to the domination of mid-end projects with lower-than-average prices in the basket. However, the selling price continued to increase on the project base, at around 4-5% y-o-y. The cost escalation of construction material also contributed to this upward trend.

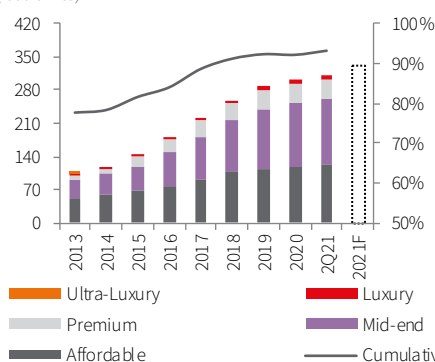
To maintain buyer power, developers offered a new sale strategy and relaxed payment policy. The most highlighted campaign allowed buyers to borrow up to 100% of the house value and free borrowing interest up to 20 months<sup>[3]</sup>.

## Outlook: New challenges for real estate market

Since the fourth wave of Covid-19 strongly impacted HCMC, it also affected new supply as sale events were postponed due to social restrictions. The increased demand for working from home during the pandemic has begun to shape the future trend for home workspace.

In the context of an uncertain economy, increasing investment toward real estate will cause apartment prices to continuously grow according to market sentiment, thereby potentially pushing up the average market selling price to a new level.

Figure 11: Apartment Total Launches<sup>[2]</sup>  
(\*000 units)



Note:

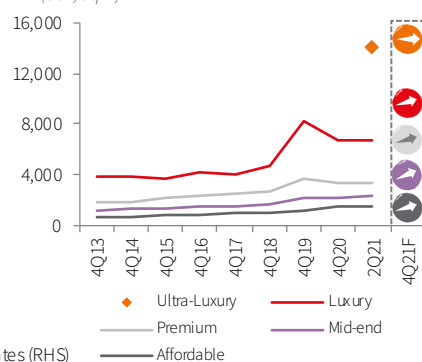
[1] Prices exclude VAT and sinking fund/maintenance fee.

[2] Official launch: Projects are considered as officially launched when the Sale Purchase Agreements are signed, typically upon foundation completion.

[3] The loan approved by owner's collateral and other conditions.

Source: JLL Research

Figure 12: Average Primary Prices  
(USD/sqm)



# Greater HCMC<sup>[1]</sup> Ready-built Landed Property (RBL)

Primary Price<sup>[2]</sup>

**USD 2,849**

per sqm land



Price Growth y-o-y

**+15.9%**



Stage in Price Cycle

**Rising**



## Supply remains dynamic in the satellite provinces of HCMC

The new launch<sup>[3]</sup> of the Greater HCMC area reached 1,843 units in 2Q21. New supply in HCMC remained limited, with only 173 units, mainly coming from small-scale townhouse projects in Tan Phu and District 12. Dong Nai province recorded the highest new launch with 50.3% of the basket with 927 units, far exceeding the second place of BR-VT with 504 units. However, most of the launches took place before the fourth outbreak in Greater HCMC which led to many launching events postponed.

## Stable demand, but slowing down at quarter end due to pandemic

The total take-up of Greater HCMC reached 1,781 units, slightly decreasing at 8.8% q-o-q. In tandem with limited supply, HCMC recorded only 183 units sold, decreasing 41.2% q-o-q. Similarly, Binh Duong and Long An recorded low sales at over 100 units for each province. Meanwhile, the sales volume primarily came from large-scale integrated projects in Dong Nai and BR-VT (865 and 500 units, respectively). However, it is noted that most of the sales happened during April and early May. The fourth outbreak partly reduced the number of transactions at the end of 2Q21 because launch sales events and project visits were hindered.

## Prices increasing, together with attractive sales programmes

In 2Q21, the RBL average primary price in Greater HCMC was recorded at USD 2,849 per sqm land. The whole market continued to register a strong price growth of 15.9% y-o-y and 7.9% q-o-q. This high increase was mainly driven by large-scale integrated projects in Thu Duc City, Dong Nai and Long An, and projects located in highly urbanised areas in Binh Duong.

In response to Covid-19, many developers turned to online methods to market their products. They introduced attractive sale offers to attract customers, such as extending payment schedules, zero interest purchase for an extended period and valuable gifts.

## Outlook: Satellite provinces will remain the spotlight for RBL products

The Covid-19 impact on sale activities, combined with existing legal issues in HCM, will make the total RBL supply for the remaining of 2021 subject to uncertainty, varying from 1,000 – 1,500 units. Meanwhile, the surrounding provinces will record an abundant total supply of about 4,000 units, mainly concentrated in Dong Nai and BR-VT.

With the limited land banks situation in HCMC and the new entrance of high-quality integrated projects in the satellite provinces, the overall primary price of RBL in the Greater HCMC area will keep increasing strongly.

Figure 13: RBL Total Launches<sup>[3]</sup>

(\*000 units)

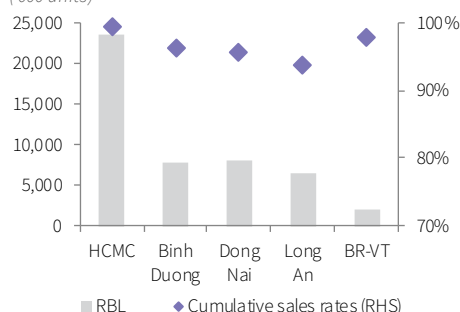
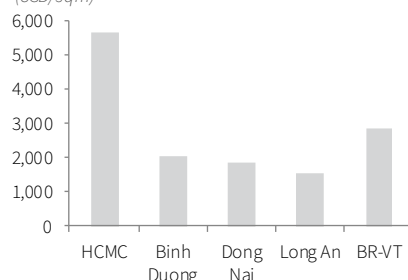


Figure 14: Average Primary Prices

(USD/sqm)



Note:

[1] Greater HCMC area consists of HCMC, Binh Duong, Dong Nai, Ba Ria - Vung Tau and Long An markets.

[2] Prices exclude VAT and sinking fund/maintenance fee. Price per sqm land = total unit value / size of the land plot on which the property is built.

[3] Official launch: Projects are considered as officially launched when the Sale Purchase Agreements are signed, typically upon infrastructure completion.

Source: JLL Research

# Southern<sup>[1]</sup> | Industrial Land and Ready-built Factory (RBF)

Industrial Land Price<sup>[2]</sup>

**USD 113**

per sqm per lease term



Price Growth y-o-y

**+7.1%**



Stage in Price Cycle

**Rising**



RBF Rent<sup>[3]</sup>

**USD 4.5**

per sqm per month,  
net on GFA



Rent Growth y-o-y

**+0.5%**



Stage in Rent Cycle

**Growth slowing**



## New supply of industrial land launched in the Southern market

In 2Q21, the Southern industrial land market recorded new supply from Tran Anh Tan Phu IP in Duc Hoa District, Long An Province invested by Tran Anh Group. This brought the total leasable land area in the South to 25,220 ha, helping Long An province strengthen its position as an emerging investment destination for sustainable industrial development besides the two most-established provinces, Binh Duong and Dong Nai. Meanwhile, affected by the fourth wave of Covid-19, the RBF market not recording any new supply entering the market in the reported quarter, stabilised at 3.2 million square meters.

## Healthy occupancy rate

Thanks to optimistic economic indicators and various unique inherent advantages, the industrial market in Vietnam still holds great potential to attract manufacturers and logistics supply chains. In 2Q21, JLL recorded many completed transactions in BR – VT despite the pandemic. The land lease agreements mainly came from heavy industry manufacturers that needed large land banks. The occupancy rate of IPs and RBF is 85% and 86%, respectively. Newly recorded land transactions during the outbreak show that both investors and tenants have gradually found ways to navigate the pandemic and continue their operations. In contrast, RBF recorded expansion of existing enterprises rather than new ones.

## Land price continued to grow, but RBF rents slow down

Industrial land as a form of long-term investment has always maintained strong price growth over the years. In 2Q21, IP developers in the South set a new average land price peak at USD 113 per sqm per lease term, increasing 7.1% y-o-y. Whilst RBF rents averaged at USD 4.5 per sqm per month for the whole region, increasing only by 0.5% y-o-y due to Covid-19, which greatly impacted rental activities for this type of pre-built real estate.

## Outlook: Completed infrastructure will push rents to keep increasing

Currently, Vietnam is still recognised as a successful country in controlling the epidemic, strengthening investors' confidence in its potential business environment. With a bright vision for the country's manufacturing sector, provincial governments constantly build and improve new infrastructure systems like the Phan Thiet - Dau Giay, Bien Hoa – Vung Tau or Ben Luc – Long Thanh Highways – all located in key markets surrounding HCMC. Southern industrial land prices are predicted to keep growing.

About 940,000 m2 of new RBF space will be launched by 2021-end if the epidemic is controlled and the market recovers.

Figure 15: Industrial land & RBF Total Stock  
(ha) (mil. sqm)

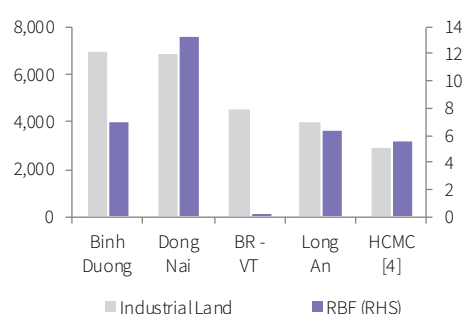
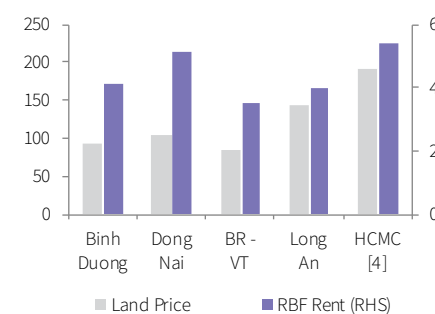


Figure 16: Land Avg. Price & RBF Avg. Rents  
(USD/sqm/lease term) (USD/sqm/month)



Note:

[1] Southern area consists of HCMC, Binh Duong, Dong Nai, Ba Ria – Vung Tau and Long An markets.

[2] Land prices exclude infrastructure maintenance fees, service fees and VAT. Lease term means the remaining land lease term of the project life time.

[3] Rents exclude VAT and service charges.

[4] Saigon High-tech Park and Quang Trung Software Park are not included in the surveyed basket owing to their special characteristics.

Source: JLL Research

Rental Value<sup>[1]</sup>

**USD 18.7**

per sqm per month,  
net on NLA



Rental Growth y-o-y

**+6.5%**



Stage in Rental Cycle

**Stable**



## The fourth wave of Covid-19 postpones new completions

The fourth outbreak in Hanoi has deferred the opening of some projects that had planned to enter the market in 2Q21.

The total vacancy of Grade A & B in 2Q21 was around 210,422 sqm, down by 1.2% q-o-q. Each Grade A and B took up quite a similar composition in the total vacancy rate, accounting for 51% and 49%, respectively, and mainly from new projects coming on stream since 2020.

## Technology companies lead the market demand

Despite the resurgence of the pandemic in May, Hanoi Grade A & B office market still recorded a positive net absorption, resulting in the occupancy rate at 87.8% in 2Q21. In the Grade A segment, the demand was mostly driven by large inquiries (around 500-1000 sqm) coming from technology, e-commerce, construction and chemical companies. One of the most prominent transactions in this quarter is Shopee's office expansion with about 2,000m<sup>2</sup> of floor space at Capital Place. Meanwhile, in the Grade B segment, due to the better rents, many buildings in the West of the city, such as Cau Giay and Dong Da district, have recorded many large transactions from technology companies, mostly for expansion and relocation.

## Rents remain constant across the market

The average net rent of Grade A & B remained stable at USD 18.7/sqm/month, down by 0.23% q-o-q, yet up by 6.5% y-o-y. Particularly, the y-o-y growth of the rental rate was mainly driven by the completion of new Grade A projects. Meanwhile, most existing buildings either kept their asking rents constant or decreased them slightly because the escalation of Covid-19 induced the need to tighten the budget of tenants. In addition, landlords of those buildings with large vacant spaces still offered rental incentives and flexible rental terms to attract new tenants during this challenging period.

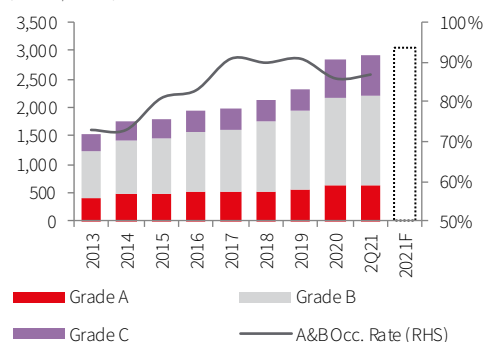
## Outlook: New supply in non-CBD area

In 2H21, the market will welcome around 117,000 sqm NLA from Techno Park Tower in Gia Lam. This is the first project qualified as the Platinum (LEED) level green building in Hanoi. Besides, the completion of Techno Park Tower has set new standards for Hanoi office quality. Techno Park is expected to attract technology tenants, setting a new trend in office demand in which the quality of the project is preferred over the location.

The vacancy rate of Grade A & B will increase due to the huge supply coming from new projects. Therein, the average net rent is expected to stabilise or slightly decrease to push the absorption up in the short and medium term.

Figure 17: Office Total Stocks

(\*000 sqm NLA)



Note:

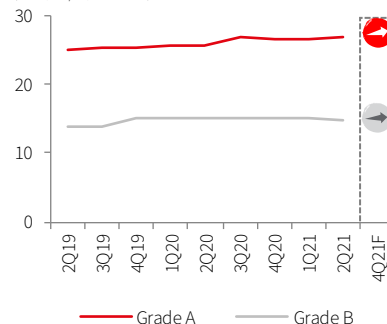
[1] Rents refer to average net rent of the Grade A and B office markets, excluding VAT and service charges.

[2] CBD area consists of Haan Kiem (core CBD), Dong Da, Ba Dinh and Hai Ba Trung. Non-CBD area refers to the rest of the city.

Source: JLL Research

Figure 18: Office Average Rents

(USD/sqm/month)



## Rental Value<sup>[1]</sup>

**USD 32.25**

per sqm per month,  
net on NLA



## Rental Growth y-o-y

**+0.9%**



## Stage in Rental Cycle

**Stable**



### NOTES:

As the market develops, we regularly review and update our classification and grading system as well as the methodology to ensure the relevance and focus of our research on the actual market situation.

Since 1Q21, in this report:

- **Supply indicators** to cover malls classified as Community Centre, Regional Shopping Centre and Super Regional Centre.
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Subsequently, this revision might result in some changes in historical data.

Please refer to Terminology for a detailed definition of all the above new terms.

## No new completions entered the market

Hanoi retail market stayed quiet with no new completion coming on stream. The fourth outbreak, coupled with social distancing measures, led to the delayed opening of some shopping malls. Therefore, the total stock of the Hanoi retail market remained stable in 2Q21, with around 530,000 sqm NLA in Prime Malls, accounting for 62% of the total retail supply of the city.

## Demand shows a slight recovery with the expansion of foreign brands

With the fourth outbreak of Covid-19 resurgence in May, most Prime Malls in Hanoi recorded an occupancy rate above 90%, and the overall vacancy rate stayed stable at 9.4% by the end of 2Q21. The pandemic has limited the extent of new transactions in this quarter to small and medium sizes, mostly in the CBD area. Therein, the occupancy rate of Prime Malls in CBD inched up to 88.4%, up by 0.4% q-o-q. In contrast, non-CBD recorded 90.9% occupied space, slightly down by 0.1% q-o-q due to some brands returning space.

In fact, new transactions in 2Q21 have proven that Hanoi retail market still catches the attention of foreign brands. One of the most notable and worth-mentioning brands is Jaguar Land Rover - a renowned premium automobile that has opened its first experience studio in Trang Tien Plaza, or the Korean fashion brand Hazzys that expanded by setting up a new store in Vincom Ba Trieu.

## Rents inched up in CBD area while remained stable in non-CBD area

The average net rent of Prime Malls in Hanoi was 32.25/sqm/month in 2Q21, slightly inched up in the CBD area but holding flat in non-CBD. Owing to its resilient performance and attracting high-end foreign brands, the rental rate in City Centre climbed up to USD 62.8/sqm/month, equivalent to a growth of 1.1% q-o-q. Meanwhile, the figure for non-CBD stayed constant at USD 28.6/sqm/month due to the lingering impacts of the pandemic. Several landlords have applied for rental concessions to support tenants, normally in F&B and entertainment industries.

## Outlook: The market remains stable

In 2H21, Hanoi retail market will welcome 76,165 sqm NLA with the most prominent project - Vincom Mega Mall Smart City in Nam Tu Liem district. The opening of these new malls, having been continuously delayed due to Covid-19, will mostly rely on pandemic containment in the next six months.

Meanwhile, the rental rate is estimated to hold flat till the year-end, with a projected bounce back from 2022 once the pandemic is expectedly well contained.

Figure 19: Retail Total Stocks

(\*000 sqm NLA)

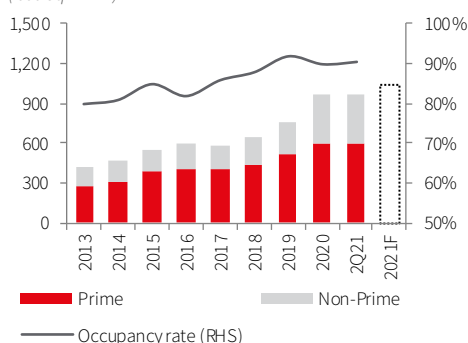
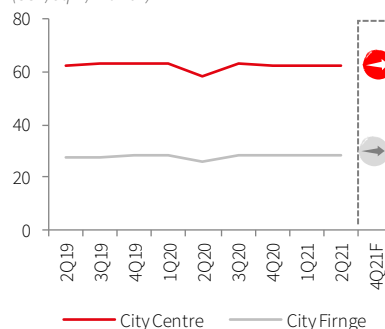


Figure 20: Retail Average Prime Rents<sup>[2]</sup>

(USD/sqm/month)



Note:

[1] Prime rents refer to average net effective rent of Prime Mall across the city, excluding VAT and service charges. Please refer to terminology for definition of Prime Malls.

[2] City Centre refers to Hoan Kiem, a part of Ba Dinh and Hai Ba Trung District. City Fringe refers to the rest of the city.

Source: JLL Research

Primary Price<sup>[1]</sup>

**USD 1,560**

per sqm NFA



Price Growth y-o-y

**+4.7%**



Stage in Price Cycle

**Growth slowing**



## Developers held off new launches amid the fourth wave of the pandemic

The new official supply added 2,067 units to total stock in 2Q21, registering a significant drop of 43.3% q-o-q. With the pandemic resurgence induced public gathering restrictions delaying grand launch events, limited new projects were launched for sale in 2Q21. Instead, developers focused on their existing projects and continuity in offloading the unsold inventory. Notably, The Metroline Sakura Phase in Vinhomes Smart City was the only highlight in the quarter, supplying 703 first-hand units to the market.

## Homebuyers favour fairly-priced units in township projects

In tandem with limited new supply, homes sale fell by 14.9% q-o-q, bringing the total take-up to 2,726 apartments. Among sales, 44% was generated in suburban district Nam Tu Liem, followed by emerging Gia Lam District with 18% market share. Cau Giay District also drew buyer attention as it occupied a 12% proportion of the sale.

The cumulative sale rate remained high at over 90% for the past five years, showing a solid demand on the market. On a project basis, the performance of properties located in township projects with established developers and a comprehensive range of facilities surpassed those of smaller scale development. Keen interest was observed in smaller units with better affordability.

## Price mostly flat quarter on quarter

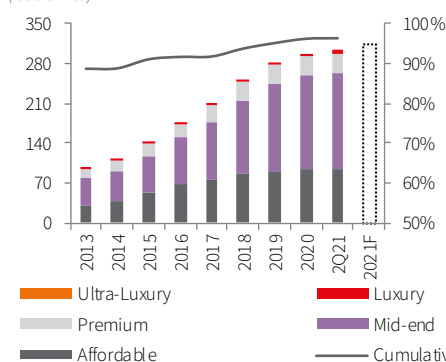
The average primary price largely remained unchanged in 2Q21 at USD 1,560 per sqm. Developers tend to increase the price but offset with steep discounts and lucrative payment schemes rather than lower quotations. Meanwhile, the secondary market also saw 2.2% q-o-q growth, driven by more luxury units entering the secondary basket.

## Outlook: Market is expected to welcome new ultra-luxury grade apartment

Although prolonged legal approval previously in places were more relaxed, the resurgence of COVID-19 cases lately weighed on the pace of new launches. The supply forecast for 2H21 has been reduced to 10,000-15,000 units. However, healthy sales momentum is anticipated to continue this year as dwelling demand remains resilient.

Primary housing prices will likely pick up in 2H21 on the back of the rising cost of construction material and the entrance of ultra-luxury grade apartments. Located in a prime location at Hoan Kiem district, the selling price of this first branded residence is expected to record an all-time high level in the city's high-end properties.

Figure 21: Apartment Total Launches<sup>[2]</sup>  
(\*000 units)



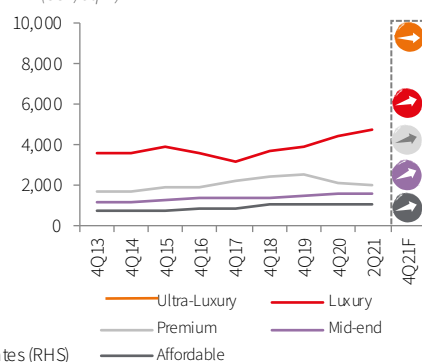
Note:

[1] Prices exclude VAT and sinking fund/maintenance fee.

[2] Official launch: Projects are considered as officially launched when the Sale Purchase Agreements are signed, typically upon foundation completion.

Source: JLL Research

Figure 22: Average Primary Prices  
(USD/sqm)



# Greater Hanoi<sup>[1]</sup> | Ready-built Landed Property (RBL)

Primary Price<sup>[2]</sup>

**USD 4,941**

per sqm land



Price Growth y-o-y

**+28.2%**



Stage in Price Cycle

**Rising**



## Supply dropped under the impact of the pandemic

New official launches<sup>[3]</sup> in the Greater Hanoi area reached 845 units, a drop of 27.1% q-o-q. Large-scale new urban areas in Hanoi such as Vinhomes Ocean Park, Hinode Royal Park and An Lac Green Symphony contributed up to 60.7% of the total new supply. However, under the impact of the fourth outbreak, the total supply of four selected satellite provinces remained minimal with only 151 units from small to medium-sized projects in Bac Ninh and Vinh Phuc provinces. Meanwhile, Hung Yen and Hai Phong recorded no new project launched in this quarter.

## Reduced transactions in line with supply, but sentiment remained strong

The total take-up in Greater Hanoi reached 694 units, pushing the cumulative sale rate of the entire market to 98.7%. Sold units dropped 48.6% q-o-q due to a decrease in new supply, while the inventory was mostly large-sized units that were difficult to attract buyers.

The absorption rate of new launches remained high, reflecting strong market sentiment. In Hanoi, the rate was 67%, with 470 units sold out of 694 new units launched. Demand tended to concentrate in urban areas in Western Hanoi, such as Hoai Duc and Ha Dong, which have been well-invested with infrastructure and facilities. Meanwhile, the four selected satellite provinces recorded an absorption rate of 86%. Notably, despite being the centre of the recent outbreak, Bac Ninh still recorded the highest transaction volume of up to 130 units.

## Primary prices witnessed a strong increase

In 2Q21, the average primary prices in Greater Hanoi were recorded around USD 4,941 per sqm land. The whole Northern area achieved significant price growth, with 28.2% y-o-y and 15.5% q-o-q. In Hanoi, the strongest growth was recorded in the Hoai Duc District (up to 42.8% y-o-y), mainly attributed to the new entrance of the well-invested An Lac Green Symphony project, thus having a higher selling price than the district average. Meanwhile, among the four satellite provinces, the highest price increase was recorded at about 25.3% y-o-y in the Ecopark project (Hung Yen Province), thanks to its sustainable development quality.

## Outlook: There will be an abundant supply of RBLs for the upcoming period

Hanoi market is expected to welcome about 2,000 – 2,500 units to be launched for the remainder of 2021, while the four satellite provinces will provide a total of about 1,000 – 1,500 units.

Given the good market sentiment, the primary price of RBL is expected to continue increasing until the end of 2021. However, these forecasts will highly depend on changing market sentiment in tandem with Covid-19 control.

Figure 23: RBL Total Launches<sup>[3]</sup>  
(\*000 units)

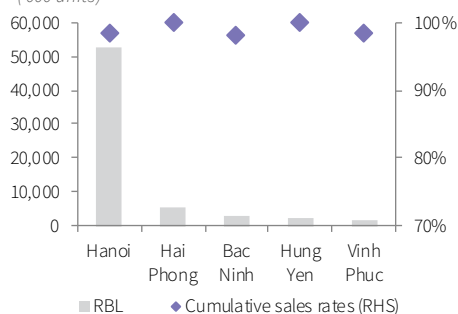
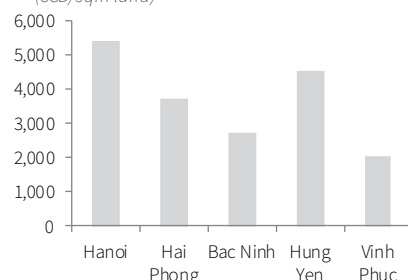


Figure 24: Average Primary Prices  
(USD/sqm land)



Note:

[1] Greater Hanoi area consists of Hanoi, Hai Phong, Bac Ninh, Hung Yen and Vinh Phuc markets.

[2] Prices exclude VAT and sinking fund/maintenance fee. Price per sqm land = total unit value / size of the land plot on which the property is built.

[3] Official launch: Projects are considered as officially launched when the Sale Purchase Agreements are signed, typically upon infrastructure completion.

Source: JLL Research

# Northern<sup>[1]</sup> | Industrial Land and Ready-built Factory (RBF)

Industrial Land Price<sup>[2]</sup>

**USD 107**

per sqm per lease term



Price Growth y-o-y

**+5.9%**



Stage in Price Cycle

**Rising**



RBF Rent<sup>[3]</sup>

**USD 4.5**

per sqm per month,  
net on GFA



Rent Growth y-o-y

**+4.7%**



Stage in Rent Cycle

**Growth slowing**



## New supply entered the market in 2Q21

In 2Q21, Viglacera Yen My developer introduced new IP in Yen My (Hung Yen), lifting a total cumulative leasable land area in the Northern market to roughly 9,700 ha. Viglacera is also planning to kick-off the construction of Thuan Thanh IP in Bac Ninh within 2021.

RBF market also welcomes new supply, mostly in Hai Duong province, raising its total supply of RBF in the Northern market to approximately 1.9-million sqm. Moreover, 2Q21 was also a playground for M&A deals, of which the most notable deal was the acquisition of a 49% stake in KTG Bac Ninh Industrial Development JSC in Yen Phong IP by Boustead for about 6.9 million USD.

## Occupancy rate remained stable despite the spread of new Covid-19 variant

A series of large projects were announced in 4Q20 and 1Q21, such as the expansion of the LG display project or the landing of giants like Foxconn, Pegatron into northern industrial zones. The outbreak of Covid-19 at the end of April slowed down the market in 2Q21 with mainly small-scale projects and no prominent FDI. As a result, the occupancy rate of northern IPs remained at 75%, while RBF saw a decrease in occupancy rate compared to 1Q21 as the market welcomed new supply. Worst affected by the pandemic, the number of SME businesses suspended in 1H21 increased by 22% y-o-y. Of these, the number of suspended enterprises in the manufacturing and processing industry, accounting for 11.9%, also negatively impacted the occupancy rate of RBF.

## Land prices and rents levelled off

The fact that industrial parks in Bac Ninh and Bac Giang had to suspend production due to the impact of the epidemic has restrained the growth rate of industrial land prices. Land price remained unchanged at USD 107/m<sup>2</sup>/lease term in 2Q21, while it was still recording an increase of 5.9% y-o-y, slowing the growth momentum compared to 1Q21. Similarly, RBF also recorded a lower growth rate compared to 1Q21, staying at 4.7% y-o-y.

## Outlook: Many developers are eyeing opportunities in the Northeast region

Although it has not been officially confirmed, the fact that Pegatron is expected to increase investment capital in Vietnam after its first project in Hai Phong, reflecting the upbeat demand for industrial real estate in the future. In addition to the provinces in the Red River Delta, Northeast provinces such as Bac Giang, Quang Ninh, and Thai Nguyen are attracting increasing attention from investors, thanks to the competitive rental prices and the improving infrastructure. Land prices in these areas are projected to continue growing at 8-10% y-o-y. Similarly, the RBF market outlook is also vibrant in the Northeast region, with many new investors entering the market, such as GNP Industrial or Vietnam Industrial Park JSC.

Figure 25: Industrial land & RBF Total Stock

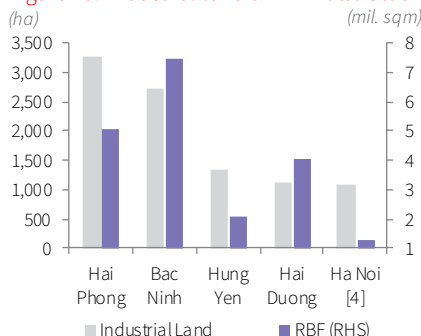
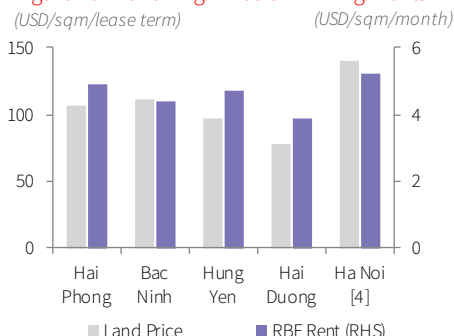


Figure 26: Land Avg. Price & RBF Avg. Rents



Note:

[1] Northern area consists of Hanoi, Hai Phong, Bac Ninh, Hung Yen and Hai Duong markets.

[2] Land prices exclude infrastructure maintenance fees, service fees and VAT. Lease term means the remaining land lease term of the project life time.

[3] Rents exclude VAT and service charges.

[4] Hoa Lac High-tech Park is not included in the surveyed basket owing to their special characteristics.

Source: JLL Research

# Property Clock

## Chain-linked change

The quarter-on-quarter change in the chain-linked basis illustrates the difference 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

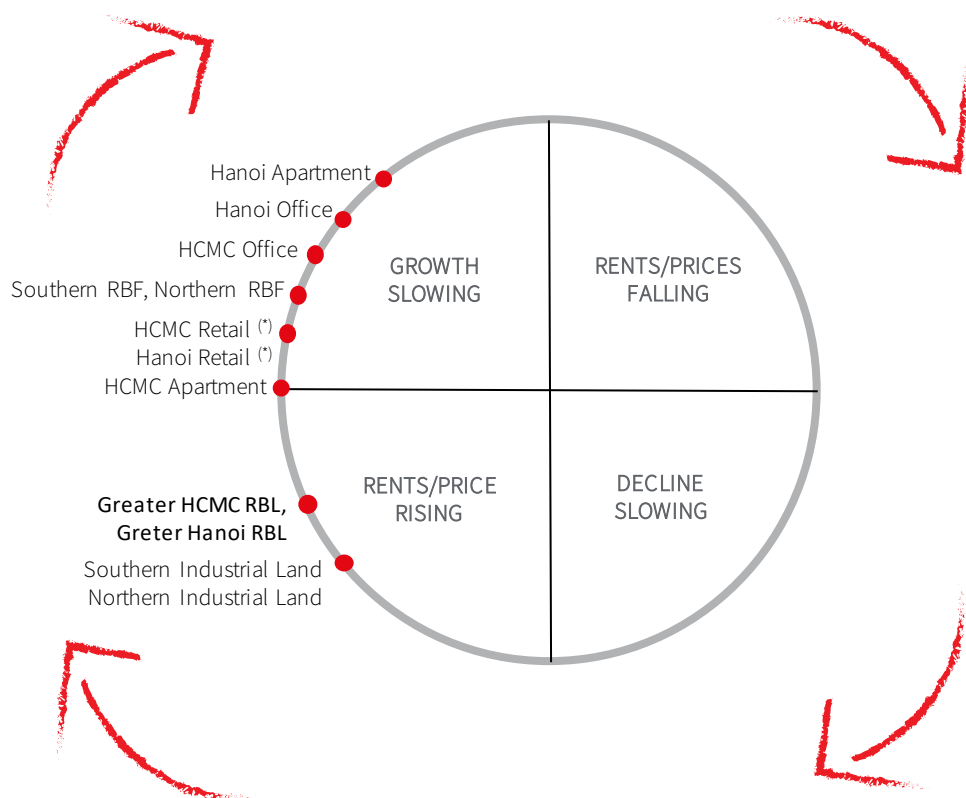
The clock diagram illustrates where JLL estimates the stage of each property market within its individual rent/price cycle at the end of the review quarter. It helps to signify the expected RV/CV movements in the short-term, i.e., in the next one to two quarters.

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 the investment or development market prospects. Their position refers to the prevailing rent or price trend and its expected movement in the next quarter. Generally, it's normal for markets to move from one stage to another; there are a couple of markets that have previously been swinging pretty wildly.

The Property Clock is divided into four pies:

- Rents/Prices falling means the values are expected to start falling and the pace of fall is accelerating
- Rents/Prices decline slowing, means the values are expected to still fall, although the pace is slowing down
- Rents/Prices rising, means the values are expected to start rising and the pace of growth is accelerating
- Rents/Prices growth slowing, means the values are expected to still grow but the pace is slowing down

Figure 27: Vietnam Property Clock, 2Q21



(\*) Prime rents of Prime Mall. Please refer to terminology for definition of Prime Malls  
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 at a given time, slated for completion in the future.

---

### Vacant space

The total amount of available office space that remains to be leased by the 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 the 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 area 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 outgoing.

*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 outgoing.

*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.

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### 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 at a given time, slated for completion in the future.

---

### Vacant space

The total amount of available *modern* retail space that remains to be leased by the 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.

---

### Net leasable area (NLA)

The total amount of leasable floor area on which rents and service charges are based, which excludes common areas used for foot traffic.

---

### Net rent

The total achievable rent to be borne by tenants, excluding service charges/management fees and VAT.

*Market practices: Net rents in the retail market are usually quoted on NLA 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 the 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 the other 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 number of cosmetics, fashion and household goods.

---

### Supply Basket

A shopping centre is a landlord-developed and operated commercial project. Most of the tenant stores have dividing walls and frontage. A shopping centre operator can lease anchor space to department stores/entertainment operators/supermarkets and other types of retail requiring large floor space.

Under shopping centre, we classified the retail centres in the hierarchy by function and/or size and by the area served as below:

---

### Regional Shopping Centre

Specialty space of more than 30,000 sqm NLA or 100 stores or specialty stores, anchored by one large department store, and that which attracts more than 10,000 customers per day.

### Super Regional Centre

Similarly defined as regional shopping centre, but comprising more than one department store.

### Community Mall

Range of specialty spaces between 10,000-25,000 sqm NLA, housing 30 to 100 stores which are mostly convenience and shopping stores targeting local residents.

### Neighbourhood Centre

Similar features as community mall but smaller in scale, housing 10 to 30 stores.

---

*While Vietnam Retail market is widely diversified with a variety of product types, including all the types listed above, to stay relevant to our target readers, beginning in 1Q21 this report has been covering Regional Shopping Centre, Super Regional Centre and Community Mall only.*

---

### Performance Basket

To ensure consistency in market performance observations, JLL selected a subset of the Supply Basket (above) to the occupancy rate and Rental basket – the so-called Prime Mall basket. All the demand-related indicators in this report refer to Prime Mall if no further explanation. The definition of Prime Mall is listed in our Performance basket as below:

---

### Prime Grade

Represents high-quality retail space meeting various rigorous criteria, including an excellent location and accessibility, developer reputation, layout and ambience, management quality and tenant mix.

### Non-Prime Grade

Represents retail centres that do not meet our Prime Grade standards in terms of location and accessibility, developer reputation, layout and ambience, management quality, tenant mix or a combination thereof.

---

# Terminology

## Residential market

### **Commercial apartment for sale or Apartment for sale**

Developer-built apartments that are widely available for sale on the market without any restrictions 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**

Developer-built landed properties that are widely available for sale on the market without any restrictions on target buyers, according to the market mechanism, where the products comprise the house(s) on the ground. The developers provide a land plot with the necessary infrastructure and houses built, based on the developer's master plan and design.

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

---

### **Branded residence**

Refers to the residential property available for sale on the market that is incorporated with recognisable hotel-operator brands. Residences are for sale to individual buyers, to be enjoyed for personal use or pooled back into the hotel's rental pool as investment vehicle. It can be either a standalone unit, or part of the mixed-use development featuring a hotel component.

---

### **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.

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### **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.

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### **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 from previous periods.

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

---

### **Total inventory**

The total amount of *unsold* supply that has been launched for sale.

---

### **Cumulative sales rate**

The percentage between cumulative units sold and cumulative units launched up to the specific time.

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### **Primary asking price**

The stock-weighted average asking price in the Primary market.

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### **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.

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### **Chain-link changes**

Q-o-Q and Y-o-Y changes are adjusted to remove the effects of supply additions/removals.

# Terminology

## Residential market (cont.)

### Ultra-Luxury apartment

An *ultra luxury* property meets *all* of a set of criteria regarding its offerings to high net-worth individuals or households in the country and region, usually associates to a premium brand that offers top notch services and prestige and recognition. These criteria are broadly concerned with the property's overall profile, location, facilities, amenities, and management standards. A majority of ultra luxury properties are located in the CBD of the city under review.

*Typical price range:* > USD 10,000 per sqm, excluding VAT and sinking fund

---

### 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 – USD 10,000 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.*

---

**High-end apartment:** including Luxury and Premium segments

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**Low-end apartment:** including mid-end and affordable segments

---

### 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 townhouses.
  - 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
- 

### Townhouse

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 townhouses have plot areas of 60-100 sqm
  - The popular construction area/Gross Floor Area (GFA) is about 150-250 sqm
- 

### Shophouse

A townhouse opening on to the pavement for commercial purposes.

- The construction and design are similar to those of townhouses. The popular construction area/Gross Floor Area (GFA) of shophouses 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 townhouse.
- 

### Integrated project

Refers to a neighbourhood or township development with mixed-use components such as, residential, retail, institution, leisure and more where residents can live, work and play. It comprises multifunctional and interconnected buildings, which focus on the surrounding environment to ensure harmonious 'street-scape' and architecture.

*Market practices: As the Vietnam real estate market is gradually maturing, a sustainable wholesome living environment is an important factor for buyers to consider. Based on our real estate expertise, the suitable size of an integrated development should be in excess of 5ha to ensure commercially viable facilities.*

---

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

# Terminology

## Industrial market

### Operating IPs or Existing IPs

Industrial parks and processing zones that are officially offered for lease at a given time.

---

### Total leasable land area

The total land area for lease according to the master plan of the whole IP regardless of its development status. Total leasable land of an IP at a given time can comprise three types as below:

- Infra-developed land: The leasable land area that the developer has cleared and implemented internal infrastructure (including internal roads, electricity, etc.) and is ready for tenants to occupy.
- Non-infrastructure land: The leasable land area that has been cleared but does not yet have internal infrastructure developed. Non-infrastructure land can still be offered for lease, yet tenants may have to wait awhile (typically 3-6 months) to be able to occupy.
- Uncompensated land: The leasable land area which has not been compensated for at a given time.

*Market practices: The developer usually develops an IP in batches depending on the expected demand from the market, which is typically reflected by the number of enquiries the developer received, not the total leasable land area all at once.*

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### Total leasable warehouse/ready-built RBF area

The total area of leasable warehouse/ready-built RBF at a given time.

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### 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.

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### Occupied space

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

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### 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.*

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### Lease term

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

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### Net rent – Ready-built Factory (RBF)

The amount of market rent applied for leasable ready-built RBF area that is receivable by landlords after deducting outgoings.

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

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### Future supply

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

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### 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.*

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### Central Key Economic Zone (CKEZ)

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

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### 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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### About JLL, International

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Since its establishment in 2006, JLL has grown to be the leading real estate services firm in Vietnam, with over 400 employees. JLL has the largest commercial agency team in Vietnam and is one of the only firms that offers a full-scope of commercial services, including landlord and tenant representation, interior fit-out, space optimization, consultancy, property and facility management services and professional consultancy services including valuation and research. 2019-2020 has been a remarkable year for JLL in Vietnam with all departments reporting unprecedented growth and the Capital Markets department successfully closing a number of high-profile deals. Recently, the total value of transactions consulted by JLL reached over \$250 million and most of the transaction types are property transfer and joint-venture partnerships between Vietnamese and foreign developers.

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