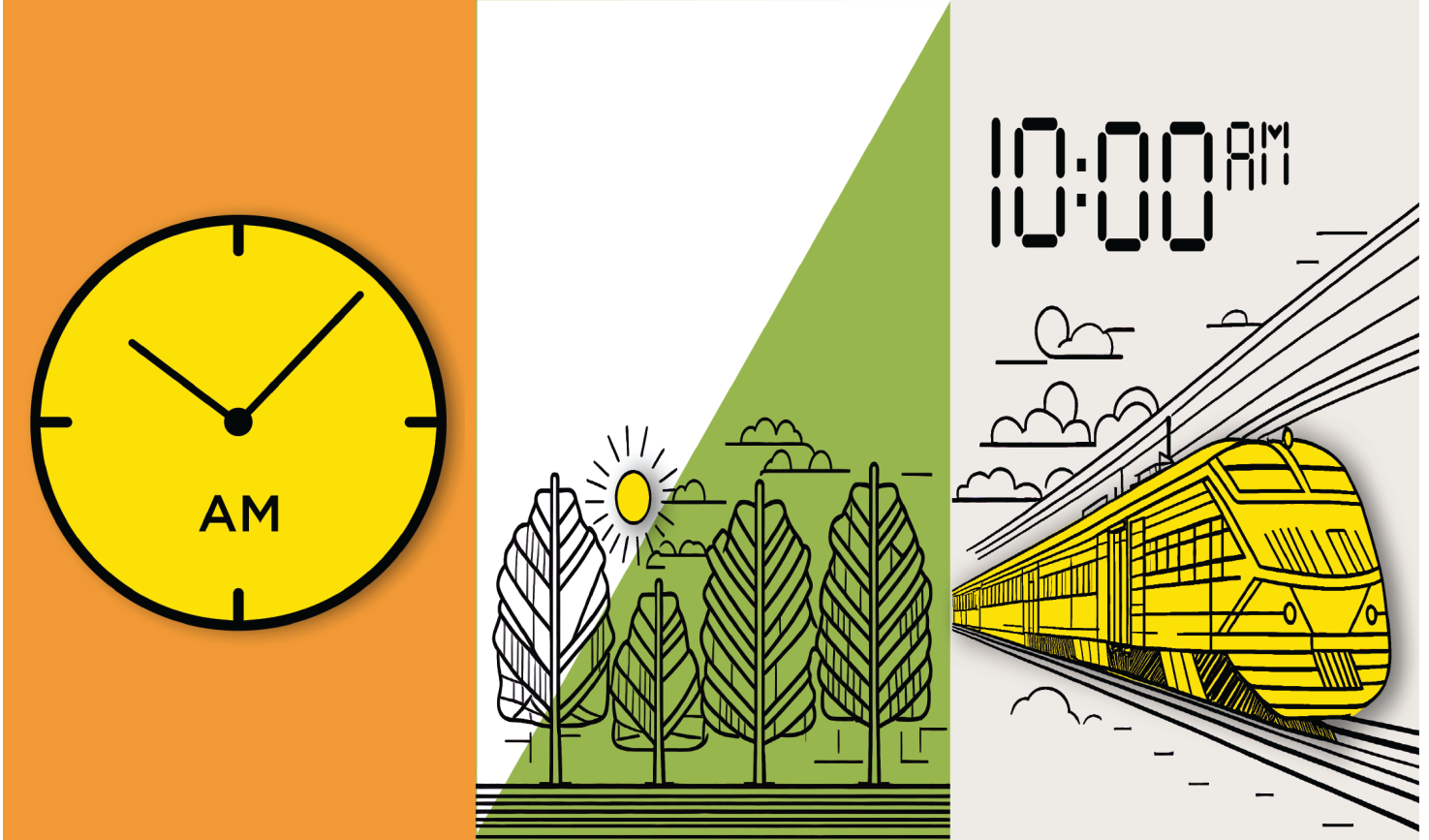


Ho Chi Minh City
Market Brief
Q4/2023



NATIONAL MACRO INDICATORS

GDP
GROWTH RATE

5.1 % ▼ 3.0 ppts YoY

RETAIL SALES
GOODS & SERVICES

259 Billion
US\$ ▲ 7% YoY

CREDIT
GROWTH

13.7 % ▼ 0.5 ppt YoY

TRADE
SURPLUS

28 Billion
US\$ ▲ 133% YoY

INTERNATIONAL
VISTORS

12.6 Million
Arrivals ▲ 240% YoY

TOTAL
REGISTERED FDI

37 Billion
US\$ ▲ 32% YoY

CPI

3.3 % ▲ 0.1 ppt YoY

NEW STOCK
ACCOUNT 2023

396 thousand ▼ 85% YoY

NEWLY ESTABLISHED
BUSINESSES

218 thousand ▲ 4,5% YoY

In 2023, gross domestic product (GDP) growth was 5.1%, decreasing by 3 ppts YoY. CPI of 3.3% was lower than the target of 4.5%.

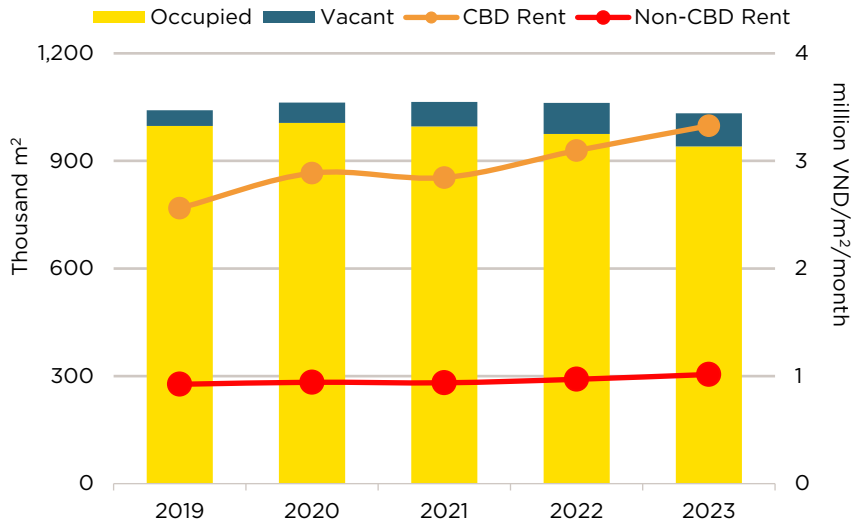
Retail sales of goods and services recovered with an estimated revenue of US\$259 billion, increasing by 7% YoY. Exports remained solid with a US\$28 billion trade surplus, the highest in five years, increasing by 133% YoY.

Total registered FDI of US\$37 billion increased by 32% YoY, and disbursed FDI increased by 4% YoY to US\$23 billion, the highest in five years.

Tourism recovered with 12.6 million international arrivals since January, increasing by 240% YoY, far exceeding the target of 8 million visitors.

RETAIL

Performance



“*The domestic economy continues to perform well, albeit at a slowing rate. Consumer confidence is picking up again, that is the key for the next cycle.*”

Cao Thi Thanh Huong,
Senior Research Manager, Savills HCMC

KEY FINDINGS

Stable Stock

In Q4/2023, stock reached 1.5 million m² net leasable area (NLA), stable quarter-on-quarter (QoQ) but declining by 1% year-on-year (YoY). The opening of Thiso Mall Truong Chinh - Phan Huy Ich and the relaunch of Hung Vuong Plaza and Pandora offset the temporary closure of Vincom Plaza 3/2 for renovation.

By 2026, future supply will be 219,000 m² NLA across 13 projects. Nine projects with 154,000 m² NLA are expected in 2024.

Improved Q4 Performance

In Q4/2023, occupancy of 92% improved by 1 ppt QoQ and was stable YoY. Limited supply and stable demand supported high occupancy.

Ground floor rent rose by 3% QoQ and 5% YoY to VND 1.3 million/m²/month with improvements in the CBD and non-CBD. Annual price escalation policies and the elimination of low rent at Vincom Plaza 3/2 drove the rise. Approximately 80% of projects had stable rent in 2023.

Deals

Positive economic performance and the expanding middle class drive retail demand. In 2023, retail sales of goods and services (RSGS) in HCMC increased by 6% YoY, reaching US\$50 billion. Retail sales had a 59% share, improving by 8% YoY, but at a slower rate than the national average of 12%. HCMC had decreases in transportation (7%), fuel materials excluding refined petroleum oil (4%), and wood and construction materials (2%).

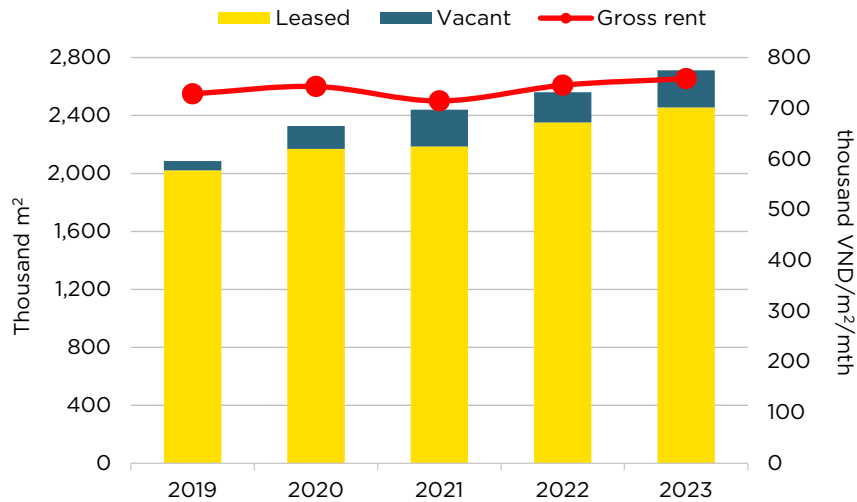
According to Savills Deals Survey of 41 key retail projects, Fashion and F&B tenants continued to dominate with a 57% share of the leased area with deals averaging 257 m² NLA.

Outlook

Next year, the value of national retail sales is forecast to increase by 8% in the context of a low CPI target of less than 3.5%, according to the Ministry of Finance. To support purchasing power, a 2% VAT reduction policy remains effective until June 2024.

OFFICE

Performance



“**HCMC offices stand resilient with new leases to FIRE, ICT, and Distribution tenants. Stock is also steadily expanding.**”

Giang Huynh,

Head of Research & S22M, Savills HCMC

KEY FINDINGS

Continuous Supply Growth

In 2023, Grade A drove supply growth and had a 68% YoY increase with three new projects and the renovation and upgrade of three Grade B projects to Grade A.

In Q4/2023, stock rose by 3% QoQ and 6% YoY to 2.7 million m² NLA. New supply comprised VPBank Saigon Tower, a Grade A project spanning 35,000 m² NLA, and four small Grade C projects totalling 14,000 m² NLA.

Resilient Performance

In Q4/2023, rent increased by 1% QoQ and 5% YoY to VND 779,000/m²/month; high occupancy of 89% dipped by 1 ppt QoQ and 4 ppts YoY.

Quarterly take-up was 38,000 m² NLA and came from new Grade A and C projects. Grade A had a 66% share of take-up from Banking and ICT tenants; Grade C had a 19% share with new contracts from Distribution tenants.

Deals

According to Savills deal survey in 2023, larger space enquiries had a 74% share of the leased area.

FIRE tenants showed a preference for high-quality projects in decentralised areas. ICT and Distribution tenants prioritised competitive rents. New establishment had a 15% share of the leased area. Foreign tenants had a 74% share of establishment deals and preferred Grade A and B projects. Establishing domestic tenants selected Grade C projects and had a 26% share of establishment deals.

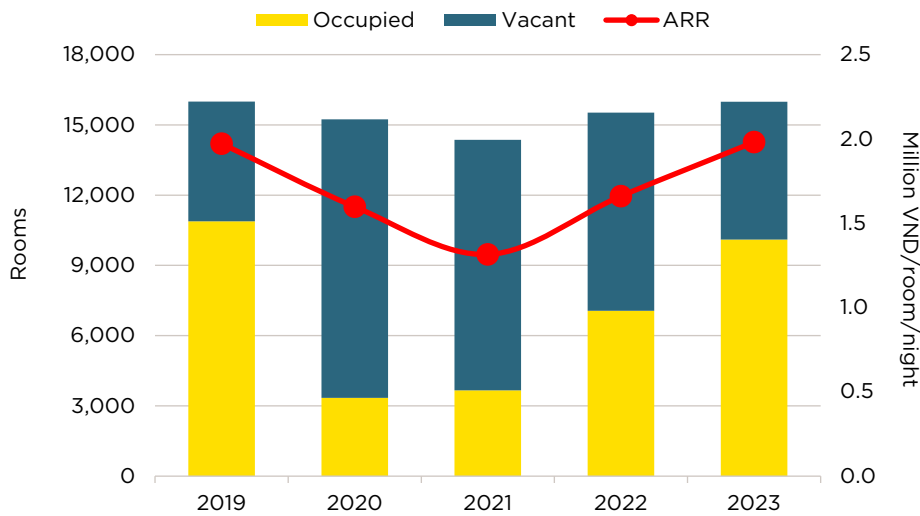
Outlook

In 2024, ten projects with 142,000 m² NLA will enter. Based on forecast employment, FIRE, ICT, and Distribution will continue to expand in 2024. The forecast employment demand will keep office occupancy in check.

By 2026, approximately 70% of Grade A and B future supply will have green certifications such as Green Mark and LEED. Considering the pipeline and economic outlook, rent is forecast to decrease by 1% per annum from 2024 to 2026.

HOTEL

Performance



2024 holds promise for a rebound driven by returning Asian visitors. Pre-pandemic performance levels are on the horizon, fuelled by the growth of key source markets.

Cao Thi Thanh Huong,
Senior Research Manager – Savills HCMC



KEY FINDINGS

Stock Expansion

Five projects received three-star ratings in Q4/2023, driving stock up by 2% QoQ. Stock reached 15,991 rooms from 114 hotels, growing by 3% YoY, and returning to the 2019 level. Two international four-star projects entered in 2023, Ramada Encore Saigon By Wyndham (70 rooms) and Sotetsu Grand Fresa Saigon (125 rooms).

Only four hotels with 800 rooms are confirmed by 2026, however, several planned projects are unconfirmed. Hilton Saigon (five-star) will enter in Q1/2024.

Solid Gains

The fourth quarter is the high season in HCMC with holidays, business, and trade-related activities. In Q4/2023, occupancy was 67%, improving by 9 ppts QoQ and 5 ppts YoY. The average room rate (ARR) grew by 7% QoQ and 12% YoY, reaching VND 2.0 million/room/night.

Performance improved in 2023. Occupancy reached 63%, increasing by 18 ppts YoY but trailing 5 ppts behind 2019 as international guests are yet to fully recover.

Five-star had the greatest improvements; occupancy grew by 20 ppts YoY to 61%, and ARR soared by 14% YoY to VND 2.9 million/room/night.

Positive Improvement

HCMC solidified its status as Viet Nam's premier destination in 2023, welcoming 40 million visitors; 13% were international. There were 5 million international visitors to HCMC, increasing by 44% YoY and representing 40% of Viet Nam's total international visitors. However, this is still only 58% of 2019 levels.

In 2023, HCMC accommodation revenue rose by 60% YoY to VND 12 trillion. The figure surpassed the 2019 record by 6% despite softer occupancy, reflecting a shift in the proportion of leased rooms. Five-star leased rooms had a 45% share, increasing by 5 ppts compared to 2019, and three-star had a 27% share, decreasing by 5 ppts.

HCMC's tourism revenue in 2023 was the highest in five years, growing by 22% YoY and soaring by 25% compared to 2019, reaching VND 160 trillion.

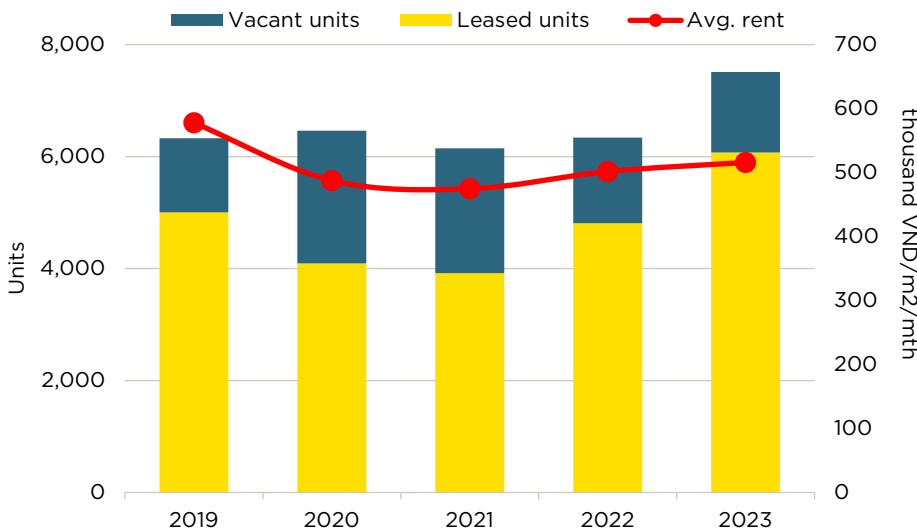
Prospects

In 2024, HCMC's Department of Tourism aims for 6 million international visitors and 38 million domestic visitors. Tourism revenue is forecast at VND 190 trillion.

The completion of the new passenger terminal T3 at Tan Son Nhat International Airport, slated for Q2/2025, will address the current overload and accommodate the rising visitor volumes.

SERVICED APARTMENT

Performance



The SA sector has demonstrated resilience with continued growth prospects.

*Neil MacGregor,
Managing Director, Savills Viet Nam*



KEY FINDINGS

Stock Growth

Stock has grown to 8,200 units by the end of 2023, driven by Grade B and C increases. 27 new projects provided 840 units; 85% are studios and one-bedroom units from Grade C projects.

The pipeline is limited; nine projects with 600 units are expected by 2025. Of these, five projects with 260 units are expected to relaunch in 2024 after renovation.

Q4 Performance Slipped

Since 2019, occupancy has declined by 1 ppt pa and rent has decreased by 3% pa. Given the sector's reliance on foreign tenants and corporate occupiers, performance was slammed during the pandemic.

Occupancy of 82% improved by 6 ppts YoY and rent of VND 516,000/m²/month climbed by 3% YoY. However, occupancy was 2 ppts lower than in 2019 and rent was 11% less.

In Q4/2023, occupancy was stable QoQ but eased by 2 ppts YoY to 81%. Rent was VND 510,000/m²/month, decreasing by 2% QoQ and 1% YoY, mostly due to affordable Grade C projects entering.

Rent across all grades increased YoY with healthy demand. Grade C had the highest YoY rent increase of 8%, followed by Grade B at 5% and Grade A at 3%.

Positive Take-Up

Expats returning and growing FDI will drive serviced apartment development.

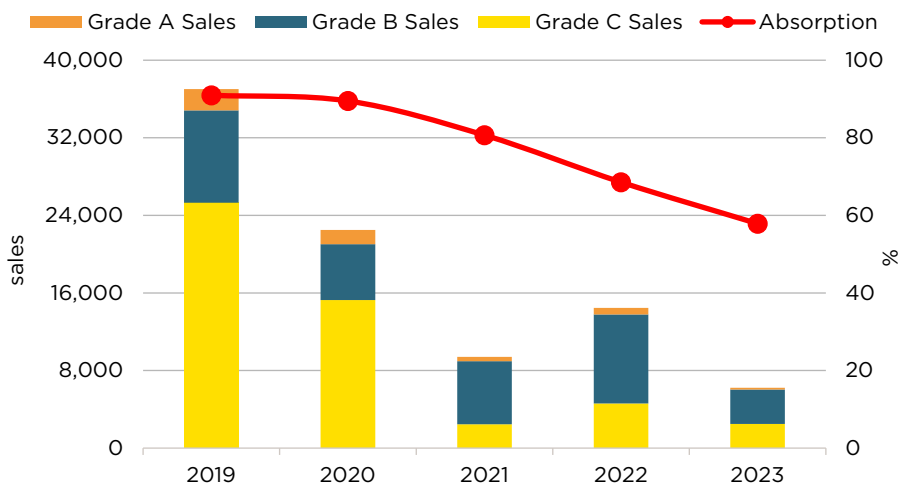
In 2023, take-up was positive at 504 units. Grade C had the largest take-up of 320 units, including 95 units in District 1 and 88 in Binh Thanh.

HCMC is an attractive FDI destination. In 2023, HCMC's total FDI capital of US\$5.9 billion increased by 49% YoY and was the highest in Viet Nam. Newly registered FDI reached US\$598 million from 1,202 new projects. Asian countries, like Singapore and Japan, maintained their dominance. Singapore had the largest total FDI capital with a 36% share, followed by Japan with a 22% share, and Canada had a 9% share.

According to the Ministry of Labour, War Invalids, and Social Affairs, HCMC had 16,215 foreign workers in 2023, the highest in Viet Nam and 92% higher than Ha Noi (second position). With ongoing economic recovery and the return of foreign expats, the accommodation demand expects steady prospects.

APARTMENT

Performance



“Short-term challenges will remain with limited new supply and high prices. With improving consumer confidence and in the absence of alternative channels, then residential will rebound.”

Troy Griffiths,
Deputy Managing Director,
Savills Viet Nam



KEY FINDINGS

Lowest Annual Supply in Ten Years

Primary stock reached 10,700 units in 2023, the lowest in ten years.

In Q4/2023, primary stock of 7,600 units was stable QoQ but dropped by 5% YoY. New supply had a 37% share of primary stock. The new project, The Privia and the next phase at Vinhomes Grand Park – The Glory Heights had an 88% share of new supply. There were no new Grade A units.

New Supply Performed Well

Sales have decreased by 7% pa for the last ten years. Limited stock and strained affordability resulted in only 6,200 sales in 2023.

Sales peaked in Q4/2023 at 3,000, increasing by 52% QoQ and 120% YoY. Absorption improved by 14 ppts QoQ and 23 ppts YoY to 40%. New supply had a 78% share of sales and was 84% absorbed; these properties had a clear legal status before launching, long payment schedules, bank support, and accessible prices of VND 2-5 billion/unit. If excluding new supply, market sentiment remained weak with only 670 sales, representing absorption of 14%.

Primary prices returned to the 2020 level at VND 69 million/m² NSA, decreasing by 36% QoQ and 45% YoY after several expensive projects put stock on hold. Grade A absorption rose by 22 ppts QoQ and

11 ppts YoY to 26%, the highest Grade A quarterly absorption in two years.

Softer Returns

According to Savills survey in 2023 of 30 Grade A and B projects, rental yields were stable YoY at 4.8% but capital growth dropped by 1.9 ppts YoY to 2.9% pa. Therefore, the total returns on an apartment in 2023 fell by 1.7 ppts YoY. Although total returns have softened for five years, they remain above deposit interest rates. This shows apartments remain a profitable investment channel. In the short term, rental yields are expected to rise as the scarcity of new launches restrains units being handed over and deposit interest rates will remain low.

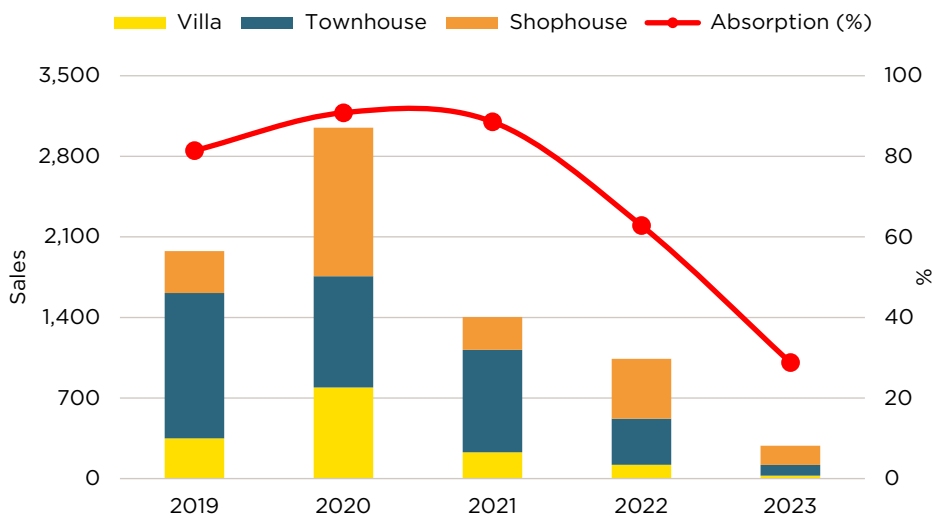
Outlook

By 2024, new supply will increase fourfold compared to 2023. Grade B will have a 44% share from notable projects such as Vinhomes Grand Park – The Opus One, Eaton Park, and The Aurora. Grade A will have a 37% share with the introduction of high-rise products at The Global City. Grade C will only have a 19% share.

By 2026, 40,800 units are anticipated from 116 projects.

VILLA/TOWNHOUSE

Performance



“Supply challenges pressured the market, evident in very little activity and softer performance.”

Giang Huynh,

Head of Research & S22M,
Savills HCMC



KEY FINDINGS

Constrained Supply

Primary stock was small and comprised mainly of expensive inventory as new launches were delayed until 2024 onward. In 2023, primary stock had a 40% YoY decline to 993 dwellings, the lowest since 2019. Products over VND 30 billion had a 73% share of primary stock.

In Q4/2023, primary stock of 771 dwellings increased by 1% QoQ and 10% YoY. New supply of 27 shophouses came from The Sholi Binh Tan.

Resistant Market

Performance continued to weaken with the lowest sales and absorption in five years due to global economic difficulties, limited new supply, lack of affordable products, and weak demand.

2023 absorption fell by 34 pts to 29% and sales of 286 dwellings decreased by 73% YoY. Q4/2023 sales were equal to Q3/2023 at 64 but decreased by 24% YoY. Quarterly absorption of 8% was stable QoQ and dropped by 4 pts YoY. Shophouse sales increased by 24% QoQ and 364% YoY and had an 80% share of quarterly sales. With limited affordable stock, high-priced dwellings continued to dominate sales. Sales exceeding VND 30 billion had a 67% share of total sales.

Driving Factors

The Government is focusing on policy adjustment, master planning, and infrastructure development to support real estate. HCMC's public investment capital plan for 2024 is estimated at VND 79 trillion, increasing 15% YoY. Future infrastructure projects such as Ring Roads 3 and 4 and the Ben Luc - Long Thanh Expressway will drive value up in suburban areas.

Affordable Neighbours

In 2024, HCMC plans to launch over 1,400 new dwellings; 65% will cost between VND 20 billion and VND 30 billion. Given HCMC's softened performance and high prices, this could challenge absorption. Demand is likely to shift toward neighbouring provinces. Binh Duong will have 3,400 new dwellings; 90% cost less than VND 10 billion. Dong Nai will have 2,900 new dwellings; 41% cost between VND 5-10 billion and 29% from VND 10-20 billion.

Expected Suburban Supply

By 2026, new supply will reach 5,500 dwellings; 75% will be in suburban districts and the remaining 25% in District 2. Binh Chanh has the greatest future supply at 1,500 dwellings, followed by District 2 with 1,300 dwellings, and Nha Be with 1,000 dwellings.

SAVILLS SERVICE OFFERING

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Product Overview		
Full Written Quarterly Market Report (QMR)	Power BI	GapMaps
<ul style="list-style-type: none"> Detailed metrics on Supply, Performance, and Outlook. Expert analysis. SWOT. Current and future property databases. 7 Sectors (30+ pages each) + appendices. <ul style="list-style-type: none"> Apartment Landed Property Office Retail Hotel Serviced Apartment Industrial 	<ul style="list-style-type: none"> Interactive and drillable dashboards & reports with vivid graphics. Detailed performance metrics (current & future supply, price), demographics, infrastructure, market share, competitors, and catchments. Online access across multiple devices. Insights & market commentary, including rankings. Powerful queries, accurate data, and interactive reporting. Application includes subscriptions, studies, consultancy, analysis, and strategy. 	<ul style="list-style-type: none"> Comprehensive demographic data & layers. Brand competitors & POIs highlighting future competition and factors influencing retail traffic. Custom catchment analysis; customised by mode of transport and distance. Property layers; current and future residential & commercial developments, growth areas, infrastructure, rent, GOC, and trading potential.

Subscription Type	Freemium	Basic QMR (Paid)	Premium QMR (Paid)	Corporate Solution (Paid)
Deliverables	<ul style="list-style-type: none"> Market Brief PDF. Demo Dashboards. 	<ul style="list-style-type: none"> PDF of full written QMR reports. Demo Dashboards. 	<ul style="list-style-type: none"> PDF of full written QMR reports. Online access to Power BI. 	<ul style="list-style-type: none"> PDF of full written QMR reports Corporate Power BI workspace. Power BI corporate training and online support GapMaps data and insights
Coverage	<ul style="list-style-type: none"> Market Brief. Macro Overview. 	7 Sectors	<ul style="list-style-type: none"> 7 sectors + optional module. Immediate access to expert insights and archives. Strategic Analyst/Key Client Contact Census 2009 / 2019 + relevant insights. Infrastructure landscape and timelines. FDI project breakdown by location and industry. 	<ul style="list-style-type: none"> 7 sectors + optional modules. Immediate access to the complete dataset and relevant statistics. Strategic alignment (exclusive). Forecasts. National coverage of macro, census, infrastructure, policy, and provincial planning. Competitor analysis and insights. Multi-Criteria Evaluation (MCE).
Update frequency	Quarterly	Quarterly	Quarterly	Dynamic
Optional modules	None	None	<ul style="list-style-type: none"> Policy Data aggregated on a national level (industrial supply). Land use planning. Housing laws & ownership. 	<ul style="list-style-type: none"> National overview. Competitors actions. Live deal tracking. Target profiling. Rumours and hearsay.



Savills Cares

Industry award fees are being redirected to help local people. Charities for underprivileged around the country will receive donations.

Savills is committed to caring for the community.



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