



Ho Chi Minh – Hanoi – Danang

RETAIL

QUARTER 1 2020



ECONOMIC OVERVIEW

GDP

In the first quarter of 2020, the GDP of Vietnam is estimated to increase by 3.82% over the same period last year. This is the lowest growth rate of the first quarter of the years in the period of 2011-2020, the reason is due to the negative impact of COVID-19 has on all socio-economic fields.

CPI

Compared to the same period last year, the average CPI of Vietnam increased by 5.5%. There are numerous reasons for this, first is the demand for many types of goods during the Lunar New Year increased compared to the same period last year. Second is the vegetable price skyrocketed since Vietnam can no longer import vegetable from China due to COVID-19. In addition to the causes of CPI 5.5% increase in the first quarter of 2020, there are several factors that contribute slow down CPI such as the oil price being adjusted 5 times and the need for travelling decreased significantly. Also, the inflation rate is increased by 2.95% compared to the same period last year.

FDI

In the first quarter of 2020, the total of Vietnam's capital investment reached 15.4 billion USD, increased by 2.2% compared to the same period last year, the lowest increased rate in the period 2016-2020. Total foreign investment in Vietnam as of March 20, 2020 reached nearly 8.6 billion USD, down 20.9% over the same period last year

Retail sale

For the first time since 2016, rate of total retail sales of consumer goods and services decreased, by 0.8% in March compared to the last month. In the first quarter of 2020, the increase rate is only at 4.7%. The negative effects of the Covid-19 epidemic impact consumer psychology, decreasing the consumer demand.

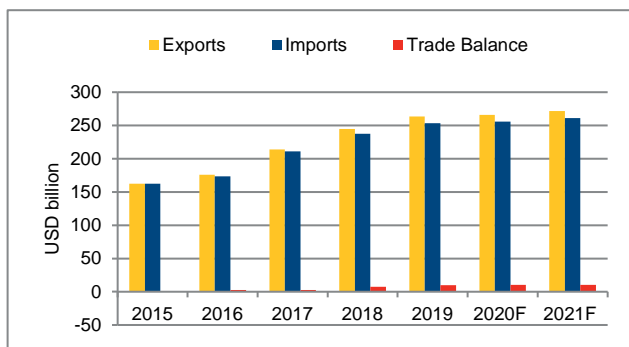
International arrival

There are only 3.7 million international visitors arrived in Vietnam in the first three month of 2020, an 18.1% decrease compared to the same period last year. The sharpest decrease rate was concentrated in major markets such as China, South Korea and the US.

Trade balance

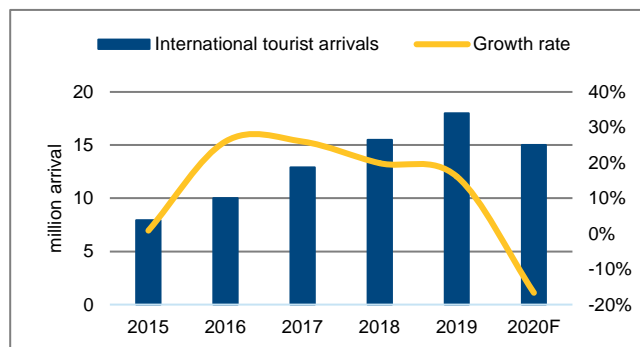
Total import and export turnover in March is estimated at 115.34 billion USD, down 0.7% over the same period last year. The total export turnover is recorded at 59.08 billion USD, went up by 0.5%. On the other hand, the total import turnover is 56.26 billion USD, decreased by 1.9%.

Figure 1: Vietnam Export-Import, 2010-2020F



Source: Colliers International

Figure 2: Vietnam International Arrivals, 2010-2020F



Source: Colliers International

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Performance

In the first half of the first quarter, some retail centers started reducing the rental rate by 10-15%. Towards the end of the quarter, many developers decided to reduce to 20-40% for shopping centers in remote areas, and 50% for some specific tenants.

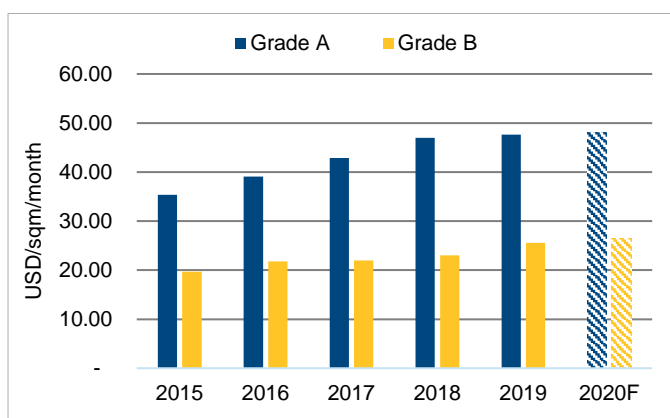
Different from 2019's forecast, the sudden appearance of the Covid-19 epidemic in mid-January made Q1 2020 record a sharp decline in actual rents, with an average as 54 USD / sqm. Occupancy rate also recorded a increase of ...% compared to the same period last year because some brands decided to close stores in their chains.

Supply

Terra Royal on Nam Ky Khoi Nghia street and Akuruhi Tower on Tran Quang Khai Street both with 3 floors of retail space which have been put into operation, providing more 20,000 sqm retail area.

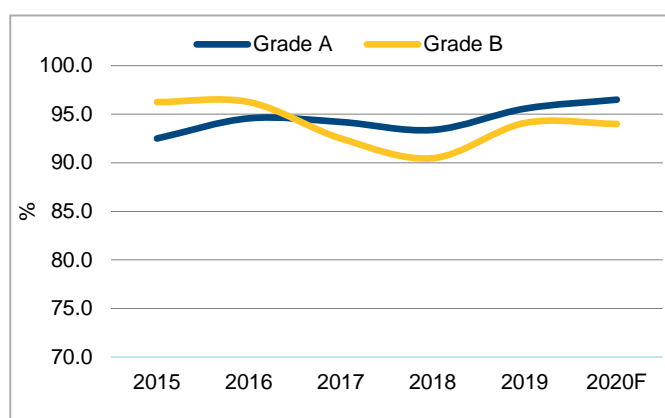
As planned, there will be several retail centers launched in 2020 but due to the influence of Covid-19, the opening plans were suspended.

Figure 3: HCMC Retail, Average Asking Rent & Occupancy



Source: Colliers International

Figure 4: HCMC Retail, Occupancy rate



Source: Colliers International

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Demand

2019 has been a successful year for the market, in which it is highlighted by the entry of new foreign brands such as Uniqlo, Decathlon and the expansion of market share of fashion and cosmetic brands, F&B has been in Vietnam for a long time.

This development is expected to strongly continue in 2020 but due to the sudden impact of the Covid-19 epidemic on the global economy, it has slowed down foreign brands' plans to invest into new markets. Domestic brands also suffer from the same situation, causing them to suspend business activities at the end of the first quarter. As a result, retail space leasing transactions are temporarily frozen.

Outlook

It is expected that in 2020, more than 200,000 sqm of retail space from 5 new retail centers will be added to the total supply of HCMC in case all are built on schedule.

Based on the current situation, business activities will likely begin to balance again after epidemic is under controlled and promise a bustling retail market afterwards.

Table 1: Ho Chi Minh City – Retail, Future Supply

Name of Project	District	NLA (sqm)	Expected Completion Year
Socar Sala	2	60,000	Q2 2019
Elite Mall	8	42,000	2020
Central Mall West Saigon	9	39,000	2020
Sense City East Saigon	9	50,000	2020
Vincom Megamall Grand Park	9	45,000	2020

Source: Colliers International

Comment on impact of Covid-19: Although no decision has been made on social isolation in the first quarter, most of the F&B, beauty and entertainment services were halted, which directly affected not only their revenue but also the amount of visitors to the retail centers where they rent. While the asking rent did not change much, the actual fee was reduced to support tenants.

Table 2: HCMC Retail, Notable Properties

No	Name of Project/Building	Address	Location	Completion Year	NLA (sqm)	ARR (USD/sqm /month)	Occupancy Rate (%)
1	Sheraton Saigon	88 Dong Khoi	District 1	2003	750	125.0	100%
2	The Manor 1	91 Nguyen Huu Canh	Binh Thanh	2006	2,000	22.0	100%
3	Opera View	Lam Son Square	District 1	2006	1,260	54.0	100%
4	Caravelle Hotel	19 Lam Son Square	District 1	2007	150	105.0	100%
5	New World Hotel	76 Le Lai Street	District 1	2009	1,000	92.0	100%
6	Hotel Continental Sai Gon	132-134 Dong Khoi	District 1	2009	200	90.0	100%
8	mPlaza Saigon	35 Le Duan	District 1	2009	6,830	60.0	98%
9	The Garden Mall	190 Hong Bang	District 5	2017	24,000	35.0	85%
10	The Manor 2	91 Nguyen Huu Canh	Binh Thanh	2011	2,500	22.0	100%
11	The Oxygen Mall	An Phu Ward	District 2	2011	5,000	30.0	90%
12	Rex Arcade	141 Nguyen Hue	District 1	2011	2,000	130.0	100%
13	ICON 68 @ BFT	45 Ngo Duc Ke	District 1	2011	8,000	90.0	95%
14	Saigon Airport Plaza	1 Bach Dang, Ward 2	Tan Binh	2013	7,623	22.0	92%
15	Imperia An Phu	An Phu Ward	District 2	2013	2,940	15.0	100%
16	President Place	93 Nguyen Du	District 1	2013	800	42.0	98%
17	Times Square	22-36 Nguyen Hue	District 1	2013	9,000	300.0	100%
18	Sunrise City - phase 1	23-25-27 Nguyen Huu Tho	District 7	2014	3,500	35.0	100%
19	Terra Royal	278 Nam Ky Khoi Nghia	District 3	2020	TBC	TBC	TBC
Retail Podium							
1	Diamond Plaza	34 Le Duan	District 1	1999	9,000	166.0	100%
2	Parkson Saigontourist Plaza	35 Le Thanh Ton Street	District 1	2002	17,000	90.0	98%
3	RomeA	117 Nguyen Dinh Chieu	District 3	2017	12,000	80.0	80%
Department Store							
1	Vincom Center Landmark 81	772 Dien Bien Phu	Binh Thanh	2018	50,000	100.0	100%
2	Vincom Mega Mall Thao Dien	161 Ha Noi Highway	District 2	2015	90,000	68.0	98%
3	Saigon Center	35 Nam Ky Khoi Nghia	District 1	1996	55,000	180.0	99%
4	Zen Plaza	54-56 Nguyen Trai	District 1	2001	11,528	40.0	100%
6	Lotte Mart Saigon South	469 Nguyen Huu Tho	District 7	2008	24,000	40.0	99%
7	Vincom Center Dong Khoi	72 Le Thanh Ton	District 1	2010	45,000	150.0	93%
8	Vincom Plaza 3/2	3C Ba Thang Hai	District 10	2010	25,000	42.0	95%
9	Lotte Mart Phu Tho	968 Ba Thang Hai	District 11	2010	24,500	40.0	99%
10	Crescent Mall	101 Ton Dat Tien	District 7	2011	45,000	44.0	100%
11	Satra Pham Hung	C6/27 Pham Hung	District 8	2011	11,528	19.0	87%
12	Van Hanh Mall	11 Su Van Hanh	District 10	2018	55,000	45.0	90%
13	GigaMall	242 Pham Van Dong	Thu Duc	2019	110,000	30.0	95%
15	Crescent Mall Phase 2	101 Ton Dat Tien	District 7	2019	18,000	48.0	78%
Shopping Centre							

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Performance

In the first quarter of 2020, ... USD /sqm/month is the average retail rental rate in Hanoi, a sharp decrease compared to the price ... USD/sqm/month of Q4, 2019. Some projects have applied 20 - 30% discount to commercial floor rent to help tenants overcome difficulties caused by Covid-19 epidemic.

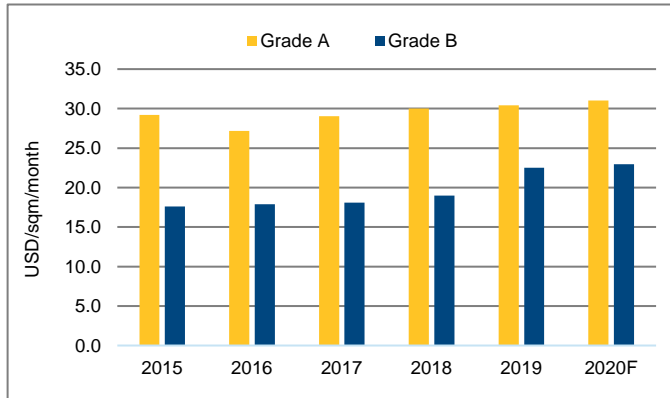
Towards the end of the first quarter, the flow of visitors to the retail centers is gradually downed due to the temporary closure of a few brands. Although many brands decreased or had no revenue, occupancy rate of Hanoi retail market did not record a significant reduction, still at over ...0%.

Supply

After the opening of Aeon Mall Ha Dong in Q42019, retail market has not recorded any new supply. Seeing the impact of Covid-19, numbers of developers stopped expanding their retail centers to carefully review and make changes in their future plans.

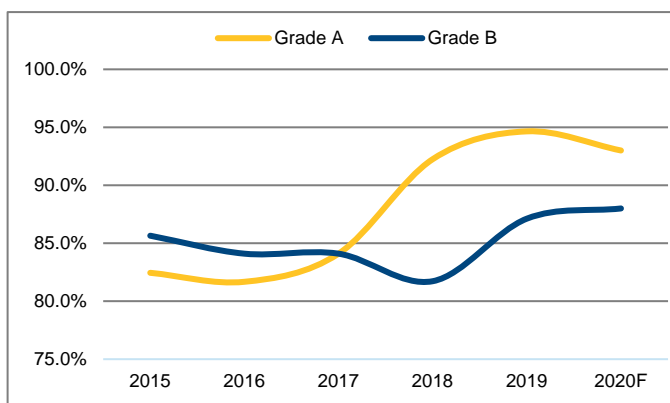
It is predicted that before the Covid-19 epidemic occurs, new retail centers will come into operation in the second half of 2020. Therefore, it is likely that there will be a delay in the plan because the epidemic is still complicated in the North.

Figure 5: Hanoi, Office, Average Asking Rent



Source: Colliers International

Figure 6: Hanoi, Office, Average Occupancy Rate



Source: Colliers International

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Demand

Before the outbreak of Covid-19, Hanoi welcomed Uniqlo; brand from Japan to open its first store in February at Vincom Pham Ngoc Thach.

After announcing the decision to temporarily suspend the entertainment activities, some shopping malls have been temporarily closed. Although tenants are seriously affected in revenue, there has not been a case of return site in retail centers because they decided to close several stores in the chain at street shop.

Additionally, during the second half of Q12020, retail market occurred quietly because the expansion plans of domestics and foreign brands got paused.

Outlook

Hanoi is expected to have more than 100,000 sqm of new retail supply by the end of the year in case the developers speed up the construction progress.

Although heavily influenced by the Covid-19, a group of retailers still able to access customers through online shopping, somewhat sustained during this time to be ready to return after the epidemic is under control.

Table 3: Hanoi – Retail, Future Supply

Property	District	GFA (sqm)	Expected Completion year
Lotte Ciputra Mall	Tay Ho	200,000	4Q2020
Sunshine Center	Nam Tu Liem	22,102	TBC

Source: Colliers International

Comment on impact of Covid-19: While the southern provinces/cities have not been much affected, Hanoi and some neighboring provinces clearly recognize negative impacts on business activities of many economic industries. Numerous retail enterprises temporarily closed to reduce infection in social. Leasing transactions are also delayed or suspended to observe the situation.

The asking rents have decreased slightly to attract tenants. In addition, rental rates for some groups of tenants are reduced by 10-30% for the purpose of financial support.

Table 4: Hanoi – Office, Notable Properties

No	Name of Project / Building	Address	Location	Completion Year	NLA (sqm)	ARR (USD/sqm/month)	Occupancy Rate
1	Central Building	31 Hai Ba Trung	Hoan Kiem	1995	550	75.0	100%
2	Hanoi Tower	49 Hai Ba Trung	Hoan Kiem	1997	2,515	55.0	100%
3	63 Ly Thai To Building	63 Ly Thai To	Hoan Kiem	1998	650	170.0	95%
4	ICC Building	71 Nguyen Chi Thanh	Dong Da	2006	2,900	16.0	100%
5	Pacific Place	83b Ly Thuong Kiet	Hoan Kiem	2007	2,300	67.0	100%
6	Opera Business Center	6b Trang Tien	Hoan Kiem	2007	370	120.0	100%
7	Asia Tower	6 Pho Nha Tho	Hoan Kiem	2008	300	107.0	100%
8	Sentinel Place	41A Ly Thai To	Hoan Kiem	2010	700	45.0	100%
9	Sky City Tower	88 Lang Ha	Dong Da	2010	5,400	65.0	100%
10	The Lancaster Hanoi	20 Nui Truc	Ba Dinh	2013	3,123	37.0	93%
11	Madarin Garden Residential	1 Hoang Minh Giam	Cau Giay	2013	11,000	25.0	98%
12	Golden Place	Me Tri	Tu Liem	2015	19,500	30.0	100%
13	Handico Tower	Me Tri, Pham Hung	Tu Liem	2015	1,500	33.0	100%
14	Hong Kong Tower	243A La Thanh	Dong Da	2018	4,500	24.0	90%
Retail Podium							
1	Vincom Center Ba Trieu - Tower A&B	191 Ba Trieu	Hai Ba Trung	2004	17,700	150.0	80%
2	Vincom Center Ba Trieu - Tower C	191 Ba Trieu	Hai Ba Trung	2004	10,974	130.0	99%
4	Syrena	51B Xuan Dieu	Tay Ho	2008	4,153	33.0	99%
5	Trang Tien Plaza	24 Hai Ba Trung	Hoan Kiem	2008	12,000	160.0	70%
6	Savico MegaMall	7-9 Nguyen Van Linh	Long Bien	2011	43,500	34.0	96%
7	Vincom Center Long Bien	KDT Vincom	Long Bien	2012	29,000	25.0	83%
8	Indochina Plaza Hanoi	241 Xuan Thuy	Cau Giay	2012	17,000	30.0	71%
9	Vincom Mega Mall - Royal City	72A Nguyen Trai	Thanh Xuan	2013	181,317	35.0	70%
10	Vincom Mega Mall - Times City	458 Minh Khai	Hai Ba Trung	2014	83,950	32.0	93%
11	Aeon Mall Long Bien	2 Co Linh	Long Bien	2015	72,000	20.0	100%
12	Vincom Nguyen Chi Thanh	54A Nguyen Chi Thanh	Dong Da	2015	65,328	65.0	98%
13	Vincom Center Pham Ngoc Thach	2 Pham Ngoc Thach	Dong Da	2016	20,250	60.0	99%
14	Artemis	3 Le Trong Tan	Thanh Xuan	2017	27,000	60.0	86%
15	Vincom Center Metropolis	29 Lieu Giai	Ba Dinh	2018	38,000	38.0	95%
16	Sun Plaza Ancora	3 Luong Yen	Hai Ba Trung	2019	27,253	86.0	89%
17	Vincom Center Tran Duy Hung	119 Tran Duy Hung	Dong Da	2019	45,000	50.0	90%
18	Aeon Mall Ha Dong	Hoang Van Thu	Ha Dong	2019	74,000	18.0	87%
Shopping Centre							
1	The Garden (Bitexco)	Me Tri	Tu Liem	2007	24,063	40.0	100%
2	Ho Guom Plaza	Ha Dong	Ha Dong	2013	23,380	25.0	95%
3	Lotte Department Store	54 Lieu Giai	Ba Dinh	2014	21,480	50.0	100%
Department Store							

DANANG

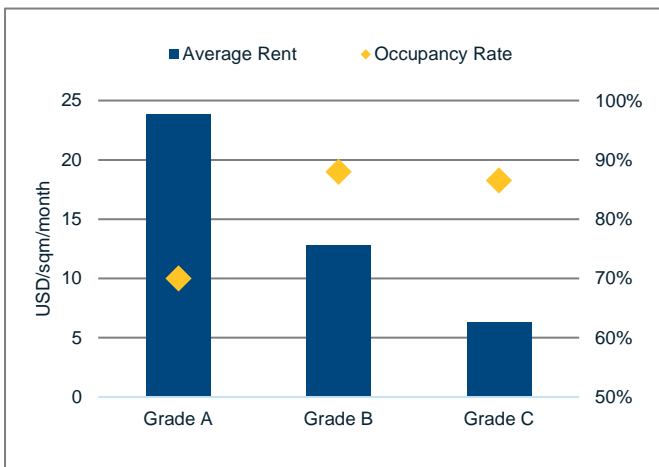
Performance

First quarter of 2020 reported the average rent of retail market in Da Nang of \$17.40/sqm/month in USD. Due to the global pandemic and the restriction given by the government, many malls and retail stores have to close. As the result, occupancy rate has been reduced by 16%, unlike the previous quarter where the percentage of occupancy was reported to be increased. Moreover, there was no addition supply, retail market performance will continue to decline at least until the next quarter due to the economic downturn.

Supply

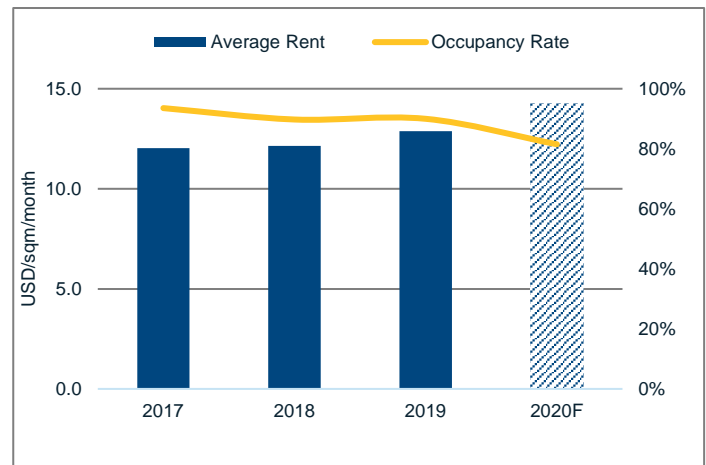
There is no new supply of retail mall in the first quarter of 2020. As the result, the leasable areas remain at more than 100,000sqm. With 94% of retail mall located equally in Hai Chau, Son Tra and Ngu Hanh Son district, and 6% located in Thanh Khue district. Due to the current pandemic, there will be no new supply since most projects are being postponed by the government in order to repulse the spread of Covid-19.

Figure 7: Danang – Retail, Market Performance



Source: Colliers International

Figure 8: Danang – Retail, Market Performance Trend



Source: Colliers International

DANANG

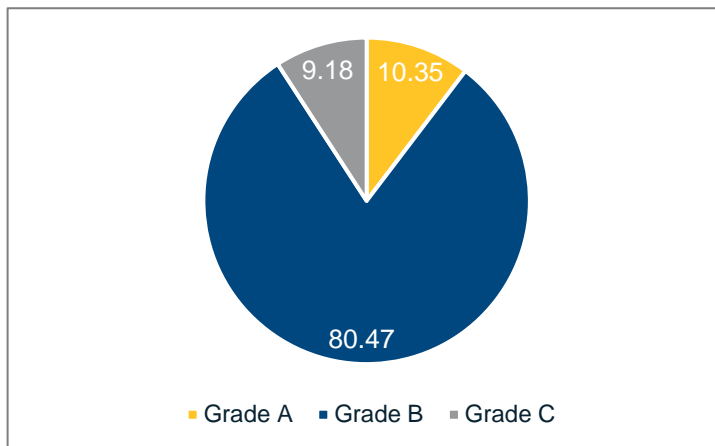
Demand

Da Nang has always been an attractive place to invest. Unfortunately, due to the corona virus pandemic, investors and developers have become more cautious. Therefore, demand in retail in Danag has been decreased significantly. As tourism demand continue to fall since the Lunar New Year, retail industry have also been forced to postpone. As the result, prices continue to drop rapidly but demand still remain low. The average occupancy rate decrease by 30% compared to the last quarter due to limited customers.

Outlook

Due the global pandemic, real estate in Da Nang has been negatively affected. The number of occupancy reduces significantly, malls are closed, landlords having difficultly to find tenants , and demand and supply reduce. Overall, retail industry in Da Nang has been suffered a heavily negative impact due to the Covid-19 virus outbreak. As the result, the industry will continue to shrink at least until the end of the first quarter. However, once the pandemic is controlled, the market should be back to normal, investors from other countries will step in again as Da Nang is prosperous place to invest in.

Table 5: Danang – Retail, Supply by Market



Source: Colliers International

Comment on impact of Covid-19: Because the people are restricted to leaving their houses, the entertainment and food services all recorded a decline in the number of customers. Therefore, many tenants returned the premises because their business situation was not good. New potential tenants are also hesitating because the disease is still complicated.

Table 6: Danang Retail, Notable Properties

No	Name of Project/Building	Address	Location	Completion Year	NLA (sqm)	ARR (*)	Occupancy Rate
1	Indochina Riverside Towers	74 Bach Dang	Hai Chau	2008	5,251	22.5	90%
2	HAGL-Lake View Residences	72 Ham Nghi	Thanh Khe	2012	7,200	12.0	100%
Retail Podium							
1	Parkson Vinh Trung Plaza	253-255-257 Hung Vuong	Hai Chau	2011	8,000	25.0	99%
Department Store							
1	VVmall	8 Vo Nguyen Giap	Ngu Hanh Son	2019	35,000	25.0	80%
2	Da Nang Square	35 Thai Phien	Hai Chau	2011	3,280	6.25	79%
3	Vincom Plaza Ngo Quyen	910A Ngo Quyen	Son Tra	2015	36,800	23.0	100%
4	LOTTE Mart	06 Nai Nam	Hai Chau	2016	19,200	19.0	99%
Shopping Centre							

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