

# HCMC Office Market Highlights

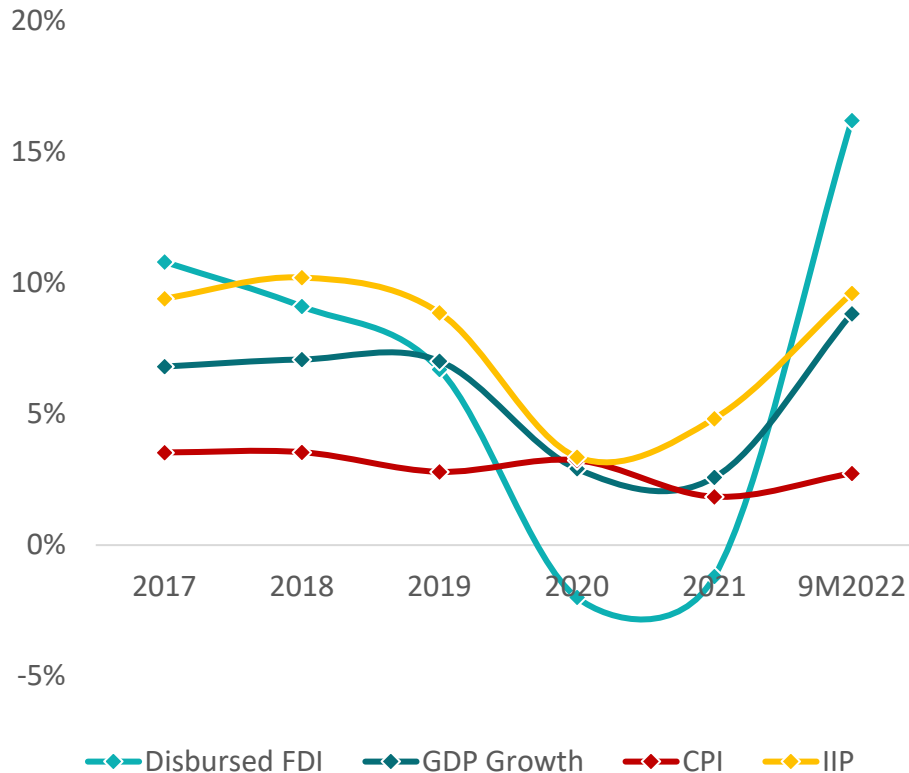
Q3 2022

# Vietnam Macroeconomics



Vietnam's economy posted an increase in GDP, disbursed FDI, and IIP amidst stable CPI and inflation rate. Disbursed FDI for 9M 2022 rocketed to 16.2%, compared to the challenging pandemic year of 2021. That said, Q3 2022 saw a q-o-q decrease in disbursed FDI due to an unstable geopolitical environment.

GDP, FDI, CPI, and IIP Growth



**Q3 2022 GDP at US\$101.4 Billion**

↑  
**2.2% q-o-q**

↑  
**18.2% y-o-y**

↑  
**5.3% by 2022F (World Bank)**  
**6.5% by 2022F (ADB)**  
**7.0% by 2022F (IMF)**

**Q3 2022 Disbursed FDI at US\$5.3 Billion out of US\$4.6 Billion Total Registered FDI**

↓  
**-14.5% q-o-q**

↑  
**31.2% y-o-y**

↑  
  
**Top FDI contributors**

↑  
**Q3 2022 Index of Industrial Production (IIP) at 11.9% y-o-y**

↑  
**Q3 2022 Consumer Price Index (CPI) at 3.3% y-o-y; (2022F projection 4.0% by Central Bank)**

↑  
**9M 2022 Inflation rose by 1.9% y-o-y**

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GDP growth is measured at Current Price.

Source: Knight Frank Vietnam Research, GSO, World Bank, ADB, IMF

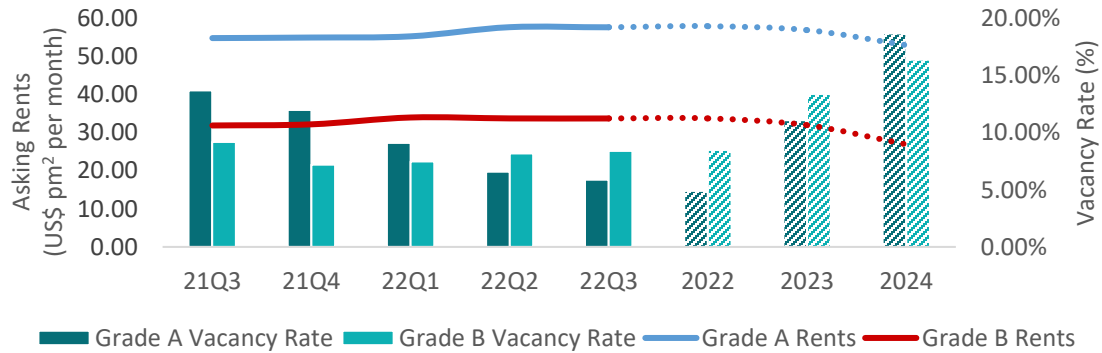
Updated as at 30<sup>th</sup> September 2022

# HCMC Office Market Performance



Grade A rents are expected to peak at US\$58 pm<sup>2</sup> per month before stabilising at US\$57 pm<sup>2</sup> per month and holding throughout 2023, then dropping in 2024 as new supply starts to consistently come to the market. Grade B rents are expected to fall to US\$27 pm<sup>2</sup> per month in 2024 amidst increasing vacancy rates for both grades.

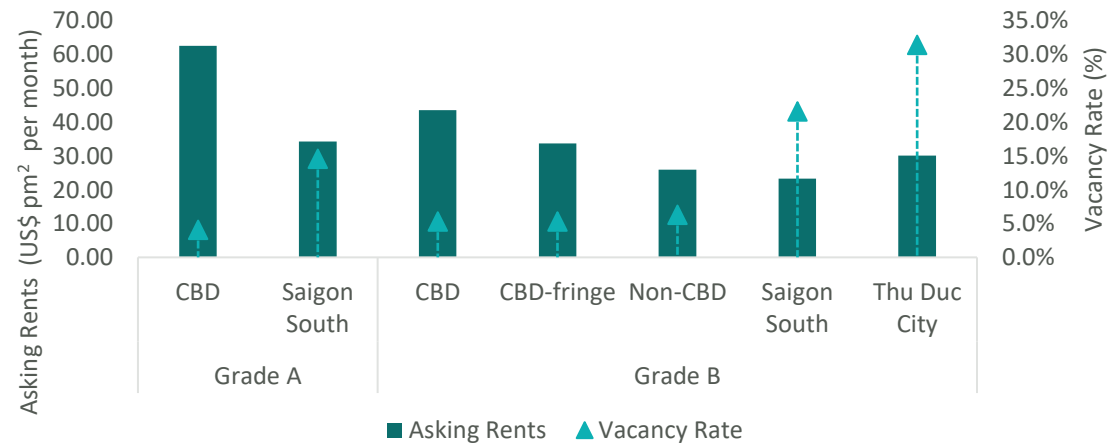
Rents and Vacancy by Grade



**Grade A Rents**  
**US\$57.68** ↑ **0.1%** q-o-q  
 ↑ **5.2%** y-o-y  
 ↑ **US\$58.0** pm<sup>2</sup> by year end

**Grade A Vacancy**  
**5.9%** ↓ **-0.7ppts** q-o-q  
 ↓ **-7.8ppts** y-o-y  
 ↓ **4.9%** by year end

Rents and Vacancy by Sub-market



**Grade B Rents**  
**US\$33.78** → **0.0%** q-o-q  
 ↑ **5.8%** y-o-y  
 → **US\$33.8** pm<sup>2</sup> by year end

**Grade B Vacancy**  
**8.4%** ↑ **0.2ppts** q-o-q  
 ↑ **0.6ppts** y-o-y  
 ↑ **8.5%** by year end

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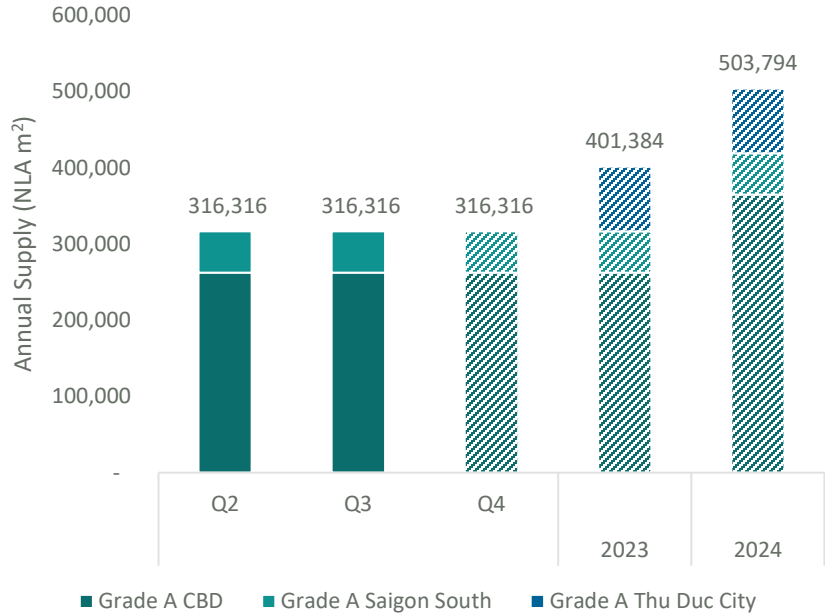
Rents are inclusive of Service Charge but exclusive of VAT

# HCMC Office Market Supply

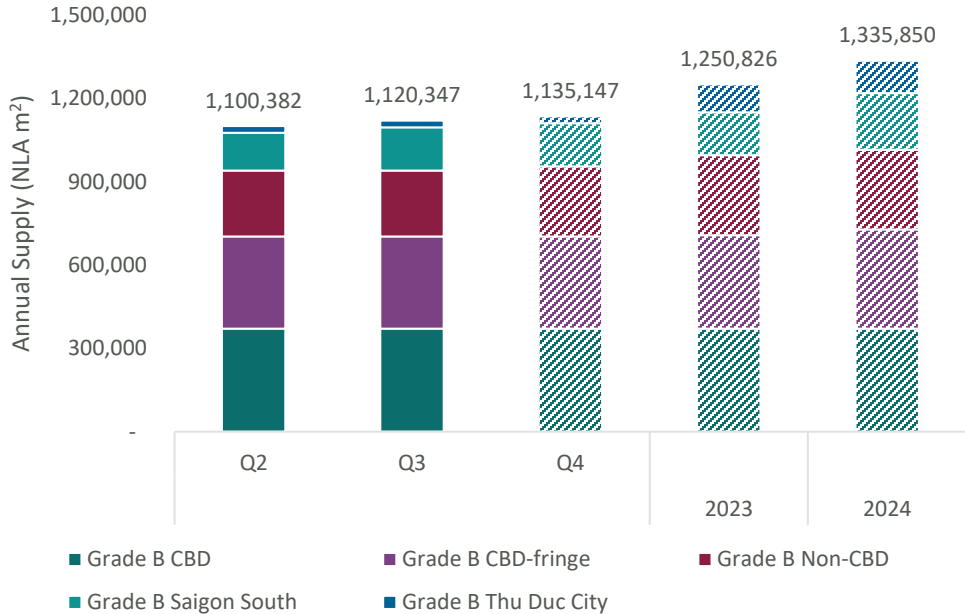


One new Grade B project came online this quarter, with more Grade B supply in the Non-CBD sub-market expected next quarter. From 2023, Thu Duc City is expected to welcome significant supply for both grades, whereas from 2024 a massive Grade A supply in CBD is expected to come online.

**Total Grade A Supply**



**Total Grade B Supply**



- CBD consists of the area within District 1 surrounded by Cach Mang Thang Tam street, Ham Nghi street, Ton Duc Thang street, and Nguyen Thi Minh Khai street.
- CBD-fringe consists of the remaining area of District 1, 3, 4, 5, and Binh Thanh District.
- Non-CBD consists of District 6, 8, 10, 11, 12, Tan Binh District, Phu Nhuan District, Tan Phu District, Nha Be District, Binh Chanh District, Can Gio District.
- Saigon South consists of District 7.
- Thu Duc City consists of District 2, 9, and Thu Duc District.
- Supply is listed as NLA m².

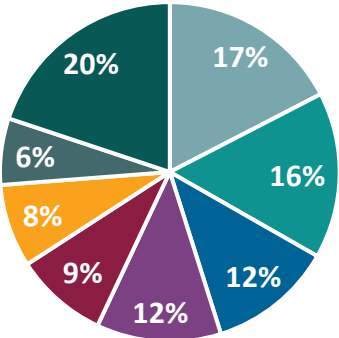
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# HCMC Office Market Demand



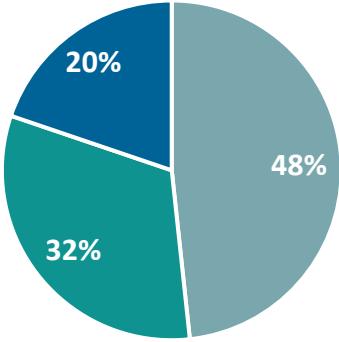
Major transactions for this quarter are well spread out among different industries with relocation needs remaining the dominant leasing purpose and leasing sizes starting from 1,000 m<sup>2</sup> and above.

Major Transactions by Industry



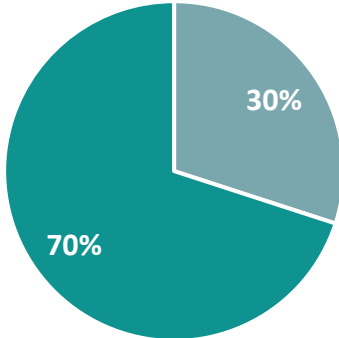
- F&B
- Electronics
- Co-working Space
- Professional Services
- IT
- Logistics
- Oil & Gas
- Others

Major Transactions by Leasing Purpose



- Relocation
- Acquisition
- Renewal

Major Transactions by Leasing Size



- 500 - 1,000
- 1,000 - 2,000

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# Thank you

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