

## Supply Trends

There are 53 buildings of all grades from 'A' to 'C', including approximately 3,030 serviced apartments for lease in HCMC. The number of units in this quarter increased by 3 per cent quarter-on-quarter and by 13 per cent year-on-year.

Districts 1 and 3 have the biggest market share with 61 per cent of the total supply.

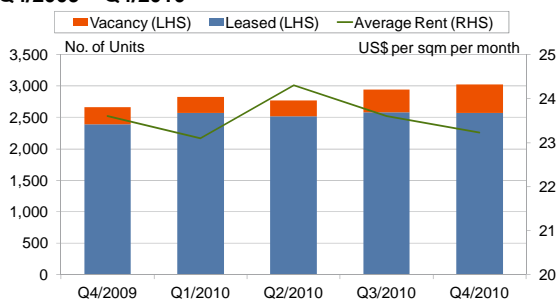
### Market Performance by Grade, Q4/2010

Grade	Approx. Supply (Unit)	Occupancy (%)	Avg. Rent* (US\$/sqm/mth)
Grade A	660	90	29
Grade B	1,590	82	24
Grade C	780	87	15

Source: Savills Research & Consultancy

\* Estimated average rent inclusive of service charge, exclusive of VAT, on a net area basis.

### Performance of Serviced Apartments (All Types), Q4/2009 – Q4/2010



Source: Savills Research & Consultancy

Overall performance continued its downward trend with occupancy at 85 per cent (down 3 per cent quarter-on-quarter) and rent at US\$23 per sqm per month (down 2 per cent quarter-on-quarter).

Grade 'A' had the most stable performance in 2010 with occupancy recorded at approximately 90 per cent. Grade 'B' achieved occupancy of 82 per cent, a decrease of 10 per cent year-on-year.

The average rental rate of all grades decreased slightly quarter-on-quarter.

## Demand Trends

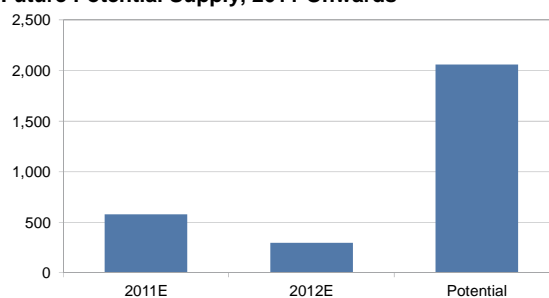
Although competition from private houses and fully furnished apartments with housekeeping and security services is increasing, serviced apartments with professional services and management remain the preferred accommodation.

The target market is mostly expatriates and the number is expected to increase with FDI inflow. Total FDI, newly registered and supplemented capital to HCMC in 2010 showed an increase of 76 per cent year-on-year at approximately US\$2.1 billion, and it is hoped to increase further in coming years. This will help HCMC welcome more expatriates and create increased demand for serviced apartments in the future.

District 2, with the advantages of a river view and modern facilities, is a favourite among Western tenants; while District 7, with good infrastructure and many mixed-use areas, is becoming a community of Asian tenants and has potential for future development.

## Outlook

### Future Potential Supply, 2011 Onwards



Source: Savills Research & Consultancy

Currently, 16 projects with approximately 3,000 units are expected to open across all districts from 2011 to 2013.

Eight projects are under construction and two are in the finishing stage and expected to come online in Q1/2011 with a total of 70 units.

The main future supply will be concentrated in Tan Binh district (45 per cent), District 7 (23 per cent) and District 1 (20 per cent).

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