




Central
Vietnam Realty

H1
2023

DANANG REAL ESTATE REPORT



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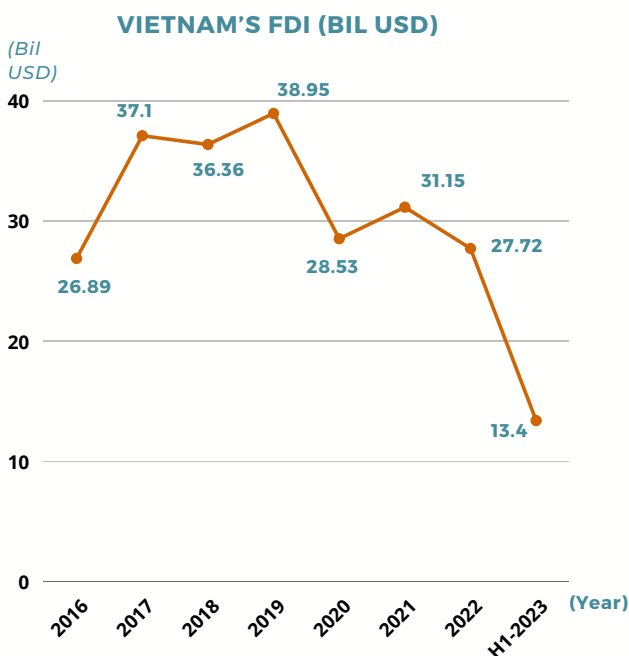


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01. VIETNAM'S MACRO BACKDROP

Vietnam's GDP Growth :

Vietnam's economy experienced strong growth, with GDP expanding by approximately 4.14% in Q2/2023 and 3.72% in the first half of 2023. The country faced challenges such as decreased demand in export markets causing many manufacturing firms to scale down production, increased interest rates, and tourist entry restrictions leaving international arrivals at approximately 65% of 2019. Despite these challenges, Vietnam's positive economic outlook remains intact, benefiting from the global economic recovery and its efforts to attract foreign investments.



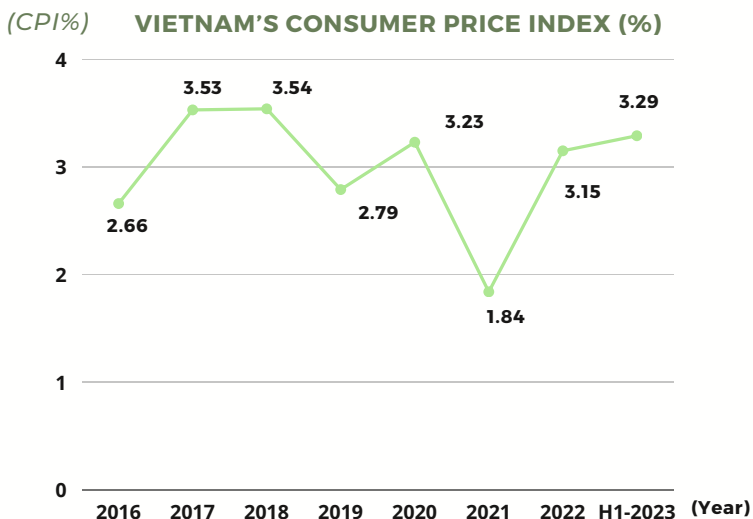
Vietnam's FDI Slows :

During the first half of 2023, Vietnam attracted USD 13.4 billion of Foreign Direct Investment (FDI), an approximate 4.3% decrease y-o-y. The sluggish global recovery and future uncertainties (global inflation, war in Ukraine, forecasted recessions) have rippled into investor confidence and slowed FDI in Vietnam.

That being said, Vietnam continued to attract significant Foreign Direct Investment (FDI) inflows, mainly due to the government's proactive measures to improve the business climate, establish new Free Trade Zones, and develop special economic zones. Additionally, Vietnam's efforts to reduce administrative and procedural barriers to create a conducive environment for foreign businesses further contributed to the influx of FDI.

Outlook for H2/2023 :

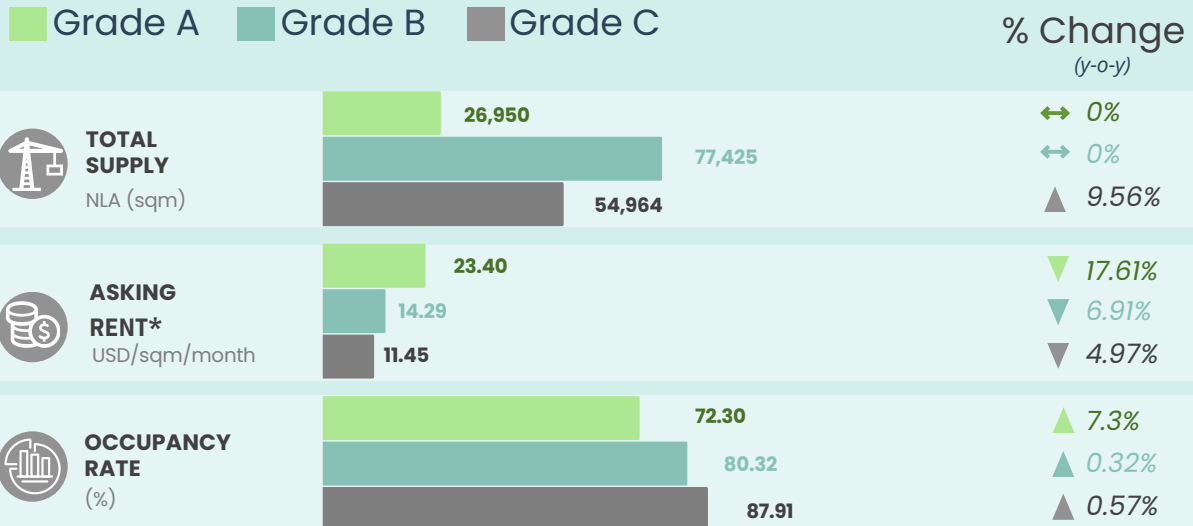
Some institutions are decreasing Vietnam's expected GDP growth for 2023 from 6.5% to 6% due to the performance in H1/2023. Primary concerns are expected slowed global recovery causing decreased demand for Vietnam produced goods, increased monetary tightening by global leaders, reduced confidence in local capital and bond markets with corporate fraud leading to new legislation in H1/2023. Positive indicators for Vietnam in H2/2023 include opening of trade and tourism with China, increasing domestic consumption, new tax cuts and consistently decreasing interest rates, as well as increased public investment activity and the deployment of capital outside of banking deposit accounts.



02. OFFICE | EXISTING

Supply, Average Asking Rent and Occupancy Rate

H1 2023



Da Nang saw the inauguration of only **2** new **Grade C** offices towers in H1/2023 including **Nexus Tower** and **Tan Cuong Tower** adding approximately **4,800 sqm** to the NLA (Net Leasable Area) to Da Nang's total supply or approximately a **3.1%** increase from 2022.

Market pricing slumped in H1/2023 across all office grades with Grade A showing the largest decrease with average **Grade A** office rental rates decreasing to approximately **USD \$23.4** per square meter, a **17.61%** decrease from 2022. Grade B and Grade C remained more resilient with **6.91%** and **4.97%** decreases in average pricing.



Overall, Da Nang office rental occupancy has remained strong at approximately **79%** across all segments given lower pricing and minimal new supply. The strongest segment is continually Grade C office space with the highest total supply and occupancy rate of **~85%**. Grade A and Grade B office space showed **7.3%** and **0.32%** increases in occupancy rates over H1/2023, but overall still fall short of Grade C average occupancy.

02. OFFICE | RECENTLY COMPLETED & FUTURE SUPPLY

Recently Completed:



TAN CUONG TOWER
GRADE: C
NLA : 4795 sqm



BACH DAT BUILDING
GRADE: B
NLA : 3500 sqm



NEXUS BUILDING
GRADE: C
NLA : 2000 sqm



HANVICO BUILDING
GRADE: C
NLA : 3680 sqm

Future Supply:



THE ONE TOWER
GRADE: A
NLA : 15,000 sqm
2024



SKY TOWER
GRADE: A
NLA : 8000 sqm
Q4/2023



VIETTEL BUILDING
GRADE: A
NLA : TBC
2024



SOFTWARE PARK NO 2
GRADE B
NLA : 71,000 sqm
Q2/2024

Looking forward to **H2/2023 and 2024**, Da Nang will welcome an additional

MINIMUM
90,000+
sqm of office space

with the majority of the addition coming in the **Grade B** segment with the expected operation of

Da Nang Software Park 2.

The **Grade A** segment will add an additional

minimum of
23,000
sqm

with the introduction of **3 projects** -

The One Da Nang
Da Nang Sky Tower,
and Viettel Building.

03. INDUSTRIAL | EXISTING

DURING THE FIRST HALF OF 2023

Da Nang Industrial

Zones attracted

77 projects

WITH

USD 27.6 MILLION

INVESTMENT CAPITAL

“64 of these projects were FDI projects accounting for USD 27.3 million (99% of total HI investment)”

As total investment capital in H1/2023 is



~80%

compared to H1/2022, Da Nang began with the onset of several infrastructure projects including Lien Chieu Seaport, examined potential Free Trade Zones within Da Nang to reduce taxes and administrative barricades, and hosted several investment summits with focus towards welcome and educating target markets.

To date, Da Nang Industrial parks (including Da Nang Hi-Tech and Da Nang Information Technology Park) have attracted

516
PROJECTS



of which 291 are domestic projects with a total investment capital of 1.37 billion USD and 125 are FDI projects with an investment capital of USD 1.8 billion (approximately 46.5% of total foreign direct investment in Da Nang).

AVERAGE INDUSTRIAL LAND PRICE & RBF RENT BY DISTRICT

H1 2023

	Industrial Land (ha)	Available Land (ha)	Occupancy Rate	Land Price (USD/sqm/term)	RBF Rent (USD/sqm/month)
SON TRA	50.1	0	100%	80	3-4
LIEN CHIEU	815.75	85.8	90%	110	2.8-3.6
CAM LE	120	0	100%	90	2.5-3.5
HOA VANG	743.3	435.1	41.0%	60	2.2 - 3.9

INDUSTRIAL PRICE LIST BY PROJECT

Industrial Zone Name	Price (USD/sqm)	Until Year	Total Areas (ha)
Expanded Hoa Khanh	115	2054	132.6
Da Nang Hitech Park	59	2082	1,129
Da Nang IT Park	50	2063	50
Lien Chieu IZ	110	2046	289.35
An Don	150-200	2043	50
Hoa Cam	120-150	2053	261
Danang Fisheries Service	80-100	2052	50

03. INDUSTRIAL | FUTURE

A continuing trend of **China-plus-One manufacturers** has brought a frenzy of RBF / RBW development to Vietnam over the last few years. Though the majority of the RBF / RBW investment has been focused in **Northern and Southern Vietnam** in areas like **Binh Duong Bac Ninh, Hai Phong**, there are several upcoming RBF / RBW developments poised for the Central Region in H1/2022.

Future Ready-Built Factory (RBF) Stock in Central Area

Location	Project	GLA (sqm)	RBF Rent (USD/sqm/month)	Expected Handover
VSIP Nghe An	BW Industrial	88.445	4.2	Phase 1 Operational
Danang IT Park	SaigonTel RBF	150	4.5	Q3/2023
VSIP Quang Ngai	Sembcorp RBF	35.5	TBC	Q3/2023
Danang IT Park	Long Hau RBF (Phase 2)	8.36	4	Q1/2024

As local authorities strive to implement Da Nang's expected new industrial zones including **Hoa Cam Phase 2, Hoa Ninh IZ, and Hoa Nhon IZ** with an outlook of 2025- 2030, the Da Nang Greater Region hosts new supply in several IZs. The majority of new IZ investments are coming in Chan May, Hue and Chu Lai, Quang Nam economic zones. These new zones are approximately 1.5 and 1 hour away from Da Nang and offer land pricing **30-50%** more affordable than Da Nang, more affordable labor, and added tax incentives for investors.

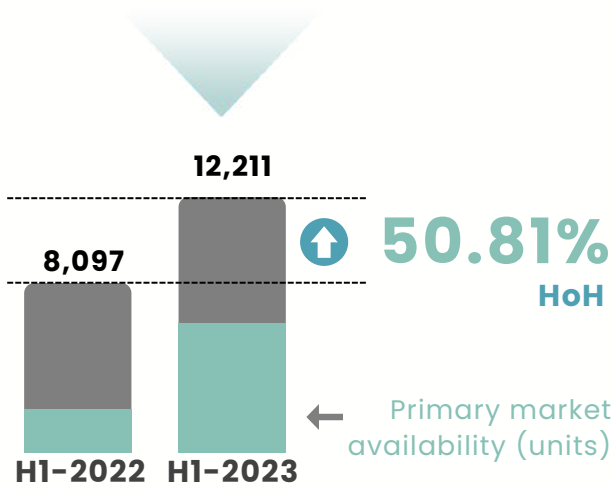
DANANG GREATER AREA

New IZ	Location	Total Areas (ha)
Tam Anh IZ (by An An Hoa)	Chu Lai EZ	435.8
Tam Anh 1	Chu Lai EZ	167.05
Phong Dien A	Chan May EZ	143.42
Phong Dien B	Chan May EZ	147.17
Phong Dien C	Chan May EZ	126.05
Phong Dien (by Viglacera)	Chan May EZ	284

03. RESIDENTIAL CONDO | MARKET OVERVIEW

Total Current Supply :

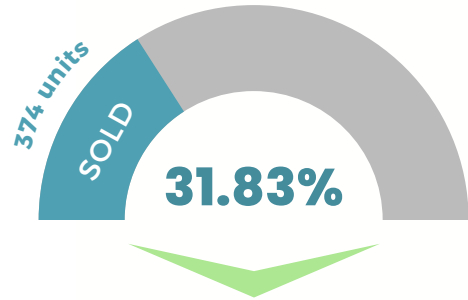
12,211 units



7
ACTIVE PROJECTS

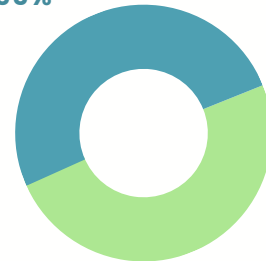
Selling on the primary market

ON SALE PRIMARY (1175 UNITS)



AVERAGE ABSORPTION RATE

New primary market
50.65%



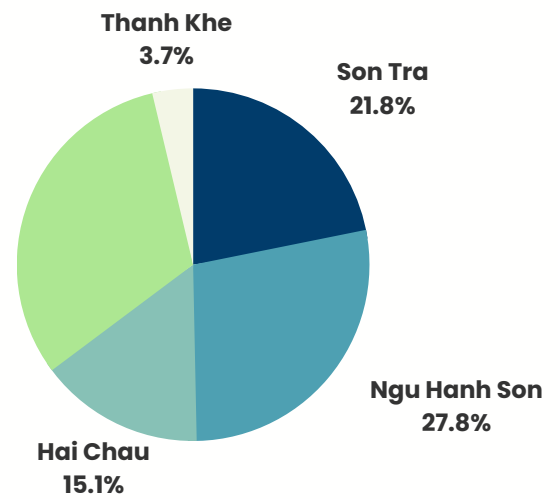
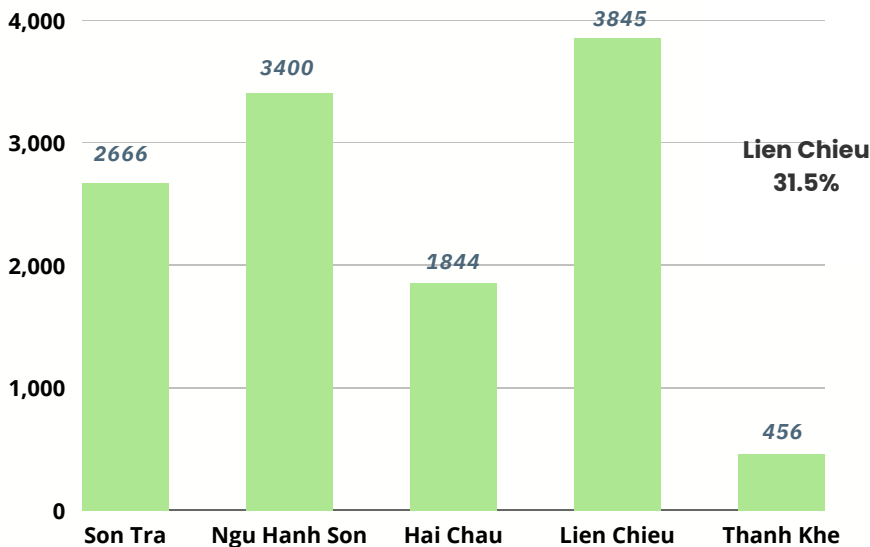
Secondary market
49.35%

MARKET SUPPLY



Total Units






UNITS BY DISTRICT



UNIT % OF TOTAL IN DANANG

03. RESIDENTIAL CONDO | PRIMARY MARKET

**PRIMARY MARKET
CURRENT SUPPLY
H1-2023**

	 No. of Units	 Launched Units	 Average Pricing	 Units Sold	 Absorption Rate
THE SANG RESIDENCES	298 Units	90 Units	1,980 (USD / sqm)	50 Units	0%
SHIZEN NAMI	487 Units	0 Units	\$2,200 (USD / sqm)	0 Units	0%
ORI GARDEN	3358 Units	440 Units	\$1,100 (USD / sqm)	215 Units	48.86%
FPT PLAZA 2	700 Units	400 Units	\$1,200 (USD / sqm)	50 Units	12.50%
6NATURE	486 Units	68 Units	\$2,416 (USD / sqm)	2 Units	2.94%
THE FILMORE	206 Units	486 Units	\$5,000 (USD / sqm)	2 Units	4.26%
SUN PANOMA	650 Units	130 Units	\$3,000 (USD / sqm)	55 Units	42.31%



03. RESIDENTIAL CONDO | SECONDARY MARKET



Hai Chau district showed the highest pricing in the secondary market at **USD \$2,086** per square meter, mainly attributed to the decrease of pricing and lack of interest in beachfront or near beach condotels in Ngu Hanh Son / Son Tra districts. **Ngu Hanh Son** showed the second highest average pricing in the first half of 2023 with **USD \$1,973** per square meter, **decreasing 28% from H1/2022**.

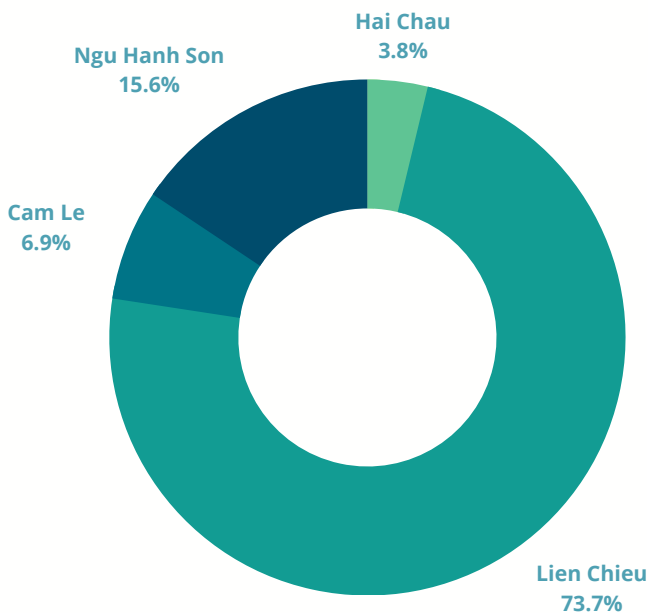
Overall, decreasing prices across all districts of Da Nang reflect the stagnancy of the market and the struggles of the financial and credit systems as investors prefer term deposit accounts to real estate in 2023. Ongoing delays for issuance of pink books in Da Nang for completed projects also likely negatively weigh on secondary market pricing

PRICING OF SECONDARY MARKET

No.	Projects	District	Launch Date	Total Units	Average Pricing per SQM (USD)
1	Indochina Riverside Tower (IRT)	Hai Chau	Q4/2007	95	\$2,250
2	Da Nang Plaza	Hai Chau	Q1/2008	168	\$1,330
3	Son Tra Ocean View	Son Tra	Q4/2009	356	\$1,300
4	Azura - WTC	Son Tra	Q1/2010	225	\$2,550
5	Harmony Tower	Son Tra	Q1/2011	124	\$1,620
6	Hoang Anh Gia Lai Lake View Residence	Thanh Khe	Q2/2010	456	\$950
7	La Paz	Hai Chau	Q1/2012	88	\$1,420
8	FHome	Hai Chau	Q1/2014	294	\$1,320
9	Blooming Tower (West Block)	Hai Chau	Q2/2009	242	\$1,580
10	The Monarchy - Tower A	Son Tra	Q2/2015	141	\$1,300
11	Alphanam Luxury	Son Tra	Q1/2016	232	\$2,300
12	Ocean Suites Apartment Block A	Ngu Hanh Son	Q4/2009	46	\$2,420
13	Muong Thanh	Ngu Hanh Son	Q1/2016	936	\$900
14	Quang Nguyen Tower	Hai Chau	Q1/2016	56	\$1,340
15	Ocean Suites (Block B)	Ngu Hanh Son	Q3/2016	70	\$2,600
16	Bach Dang Hotel Complex	Hai Chau	Q1/2017	109	\$5,000
17	The Monarchy - Tower B	Son Tra	Q1/2018	796	\$1,360
18	Risemount Apartment Da Nang	Hai Chau	Q2/2018	300	\$2,450
19	Hiyori Garden Tower	Son Tra	Q2/2018	306	\$2,509

04. LAND & LANDED HOMES | PRIMARY MARKET

No.	Projects	Developer	District	Launch Date	Project Area (ha)	Total Land Plots	Average Pricing per SQM (USD)
1	Dragon Smart City Phase 2	Saigon Da Nang Investment Joint Stock Company	Lien Chieu	June, 2022	78	2544	\$1,100
3	Con Dau	Sun Group	Cam Le	June, 2022	10	240	\$1,800
4	Sun Riverpolis	Sun Group	Hoa Quy, Ngu Hanh Son	May, 2022	482.8	271	\$2,150
5	Dong No Sunneva	Sun Property	Ngu Hanh Son	June, 2022	26	335 villas + 55 town house	\$6,300
6	Regal Pavillion	Dat Xanh Mien Trung	Hai Chau	April 2021	2.5	130	\$6,100



PROPORTION OF LAUNCHES PRIMARY MARKET

Pricing of land projects and landed homes has decreased on average

10-20% from H1/2022

with limited transactions over the H1/2023 period. Increased interest rates and illiquid banking term deposits are the largest contributing factors.

Da Nang introduced only one new land / landed home project in H1/2023 as the **Sun Cosmos Residences Da Nang** by Sun Group.

The project adds

107 townhouses +

43 VILLAS to the Da Nang market

This is Sun Group's 4th active project in Da Nang accounting for **88% of total supply** including the actively selling Dong No Sunneva Island, Sun Riverpolish Nam Hoa Xuan, and Con Dau development.





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