



Central
Vietnam Realty

H2
2023

DANANG

REAL ESTATE REPORT



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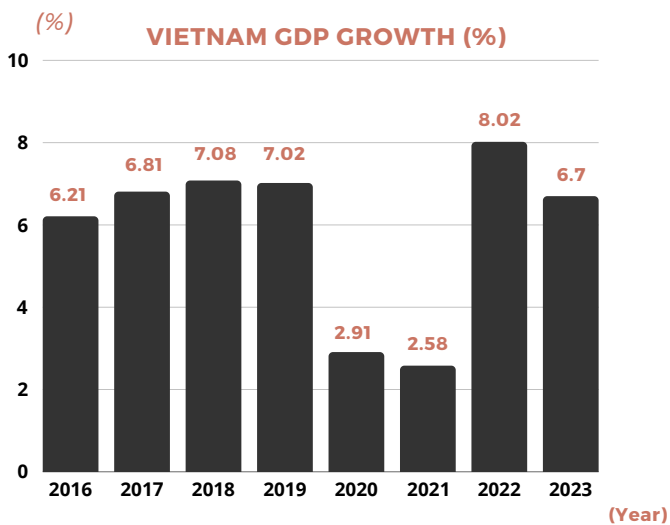
Current Market Overview

Vietnam's MACRO BACKDROP

Vietnam's GDP Growth :

Vietnam's GDP continued to grow over 2023, though missed targets due to a slower global economy. The GDP grew progressively throughout 2023 ending in a **6.7%** growth rate in Q4/2023. This leads to a targeted GDP growth rate of **6-6.5%** for 2024.

Major economic drivers contributing to slower GDP growth in 2023 include slowed manufacturing and export demand, increased interest rates limited capital availability, and lower consumer spending. Manufacturing fell **4%** in 2023 with the United States remaining Vietnam's largest export partner.



FDI Reinvanized:

Vietnam achieved a total **\$36.6 billion** in FDI over the course of 2023, representing a **32.1% increase** y-o-y.

Despite a slowed global economy, Vietnam continued to attract foreign investors across all segments, with large investments in energy and hi-tech manufacturing. The manufacturing sector alone receives **\$23.5 billion in FDI**, boasting a nearly **40% increase** y-o-y.

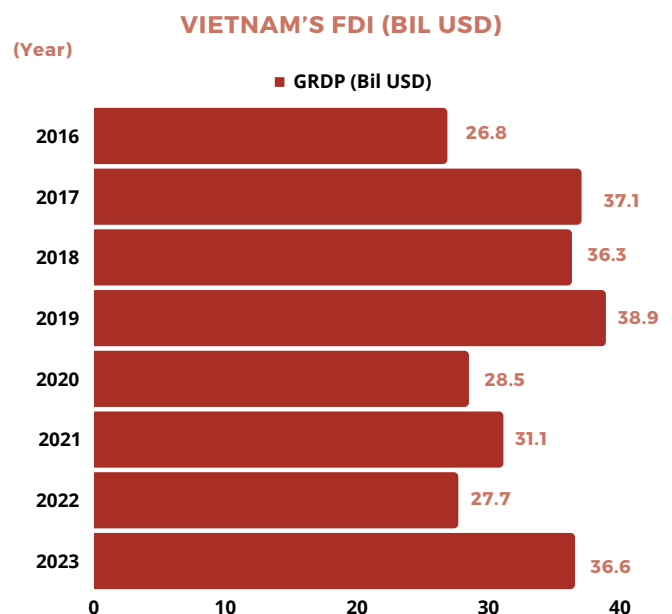
Major milestones in 2023 included a new strategic partnership between the United States and Vietnam focusing on increased cooperation in the semiconductor and natural resource industries, as well as cementing US supply chains in Vietnam.

Investment in Vietnam via share purchase and capital contributions of existing companies also reached **USD \$8.5 billion** in value, showing a **65% increase** y-o-y.

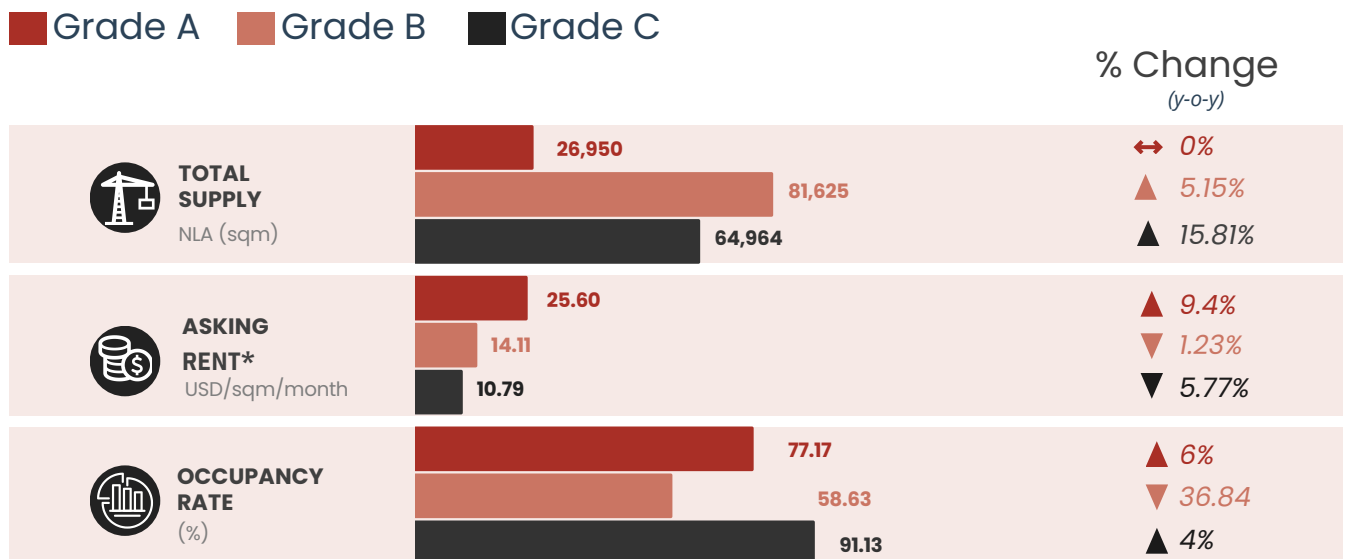
Outlook for 2024:

GDP growth is expected to increase in 2024 as the manufacturing and export sectors show signs of rebounding in the last quarter of 2023. Friendshoring and the desire of US/EU companies to diversify supply chains and certificates of origin outside of China will continue to support VN's manufacturing and export sectors.

Amendments to the **Real Estate Law in Vietnam** with a focus on removing bottlenecks, increasing professionalism and transparency, coupled with expected stable interest rates and USD-VND exchange rate in 2024 should also help to revitalize the real estate market. Stable interest rates and currency exchange rates will likely also grow consumer spending in 2024.



Supply, Average Asking Rent and Occupancy Rate H2 2023



H2/2023 saw the completion of **4 office projects** in the Grade B and Grade C segments - APEC Tower, Tran Van Tru Office Complex, and Nguyen Khoa Tower, Rinwa Tower respectively for a total additional supply of **9,900 square meters** to Da Nang's total NLA (net leasable area).

Grade A offices showed signs of pricing increase to the tune of **9.4%** increasing to **USD 25.60** per square meter. While Grade B and C both marginally decreased in pricing by 1.23% and 5.77% respectively compared to H1/2023. Occupancy followed similarly in H2/2023 with overall grade A office occupancy increasing to **77%**.

An increase in supply in Grade B towers with slow absorption brought down occupancy in the Grade B category to roughly **60%**, with the older more reputable buildings maintaining stronger occupancies. Grade C occupancy increased by **4%** to over **90% total occupancy**, likely due to the most flexible pricing for tenants as H2/2023 showed the greatest price decrease in this segment.

Recently Completed:



APEC Tower

Grade B
NLA : 2,400 sqm



Tran Van Tru Office Complex

Grade B
NLA : 1800 sqm



Nguyen Khoa Tower

Grade C
NLA : 4,000 sqm



Rinwa Building

Grade C
NLA : 1,720 sqm

Future Supply:

Da Nang eagerly awaits the operation of 2 major office projects - **Software Park No 2** and **Sky Tower** - which have shown delays throughout H2/2023 and did not reach the operational stage. There is optimism for Software Park No 2 coming into summer 2024.



The One Tower

Grade: A
NLA : 15,000 sqm
Completion: 2024



Sky Tower

Grade: A
NLA : 8,000 sqm
Completion: Q4/2023



Viettel Tower

Grade: A
NLA : TBC
Completion: 2024



Soft Park Phase II

Grade: A
NLA : 71,000 sqm
Completion: Q2/2024

The One Tower began construction in H2/2023 and marks the first officetel in Da Nang, a product type that is gaining popularity throughout Vietnam. Viettel Building has not shown any signs of progress throughout 2023.

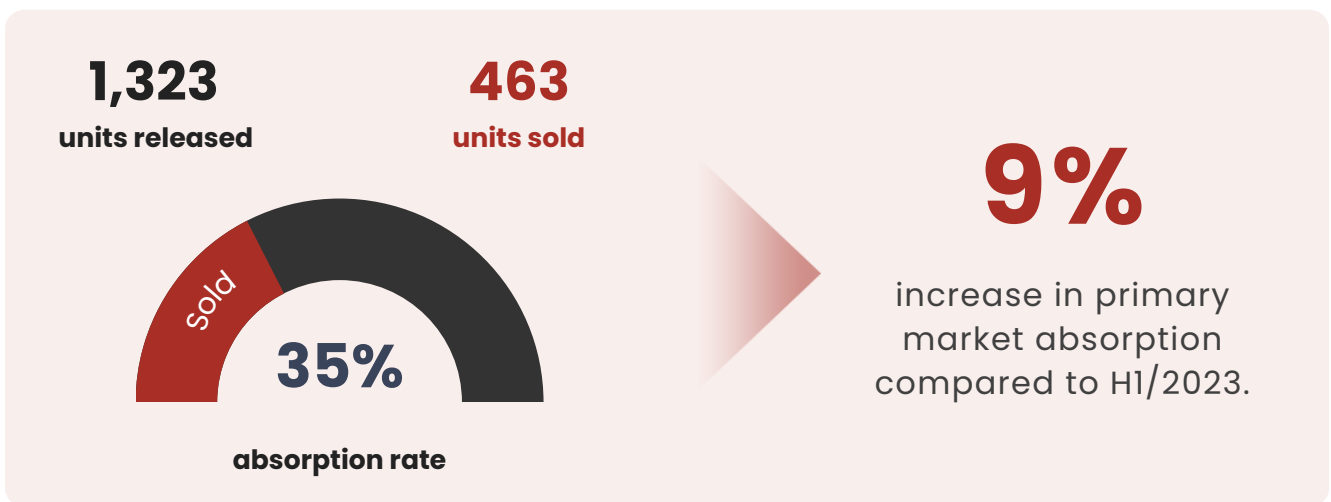
Residential Condos

MARKET OVERVIEW

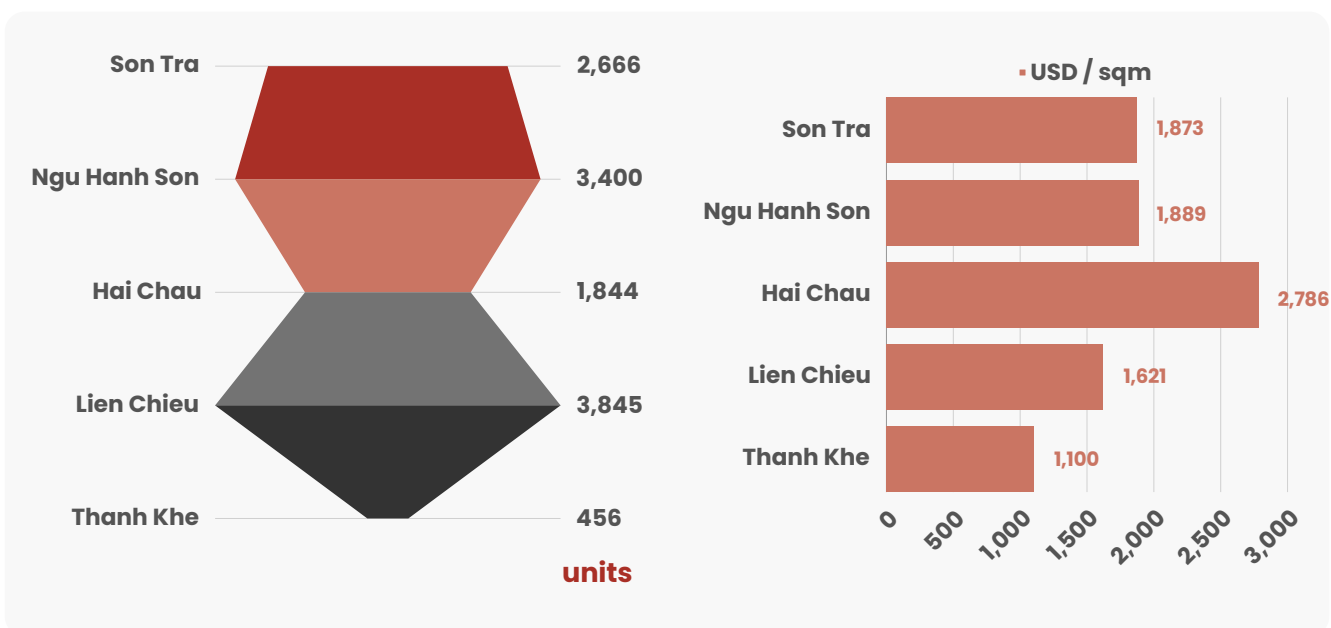
Total Current Supply :



Primary Market Absorption H2/2023:



Unit Supply by District :



Residential Condos

PRIMARY MARKET

Primary Market Current Supply H2/2023:

Project Name	No. of Units	Launched Units	Average Pricing (USD / sqm)	Units Sold	Absorption Rate
The Sang Residences	298	96	1,990	48	50%
Shizen Nami	487	-	2,200	-	-
The Ori Garden	3,358	270	1,041	215	79.63%
FPT Plaza 2	700	200	1,210	195	97.50%
The 6Nature	486	66	2,200	0	0.0%
The Filmore	206	41	5,100	5	12%
Sun Panoma	650	650	2,800	455	70%



Grade B and Grade C condo projects reaching much higher absorption rates while the Grade A luxury condo market remains stagnant recording **0-12%** absorption rates in H2/2023.

Projects selling less than **USD \$1,500** per square meter were able to offload **80%+** of their stock in H2/2023, This shows a strong incentive for affordable housing in Da Nang.

Primary Market Takeaways :



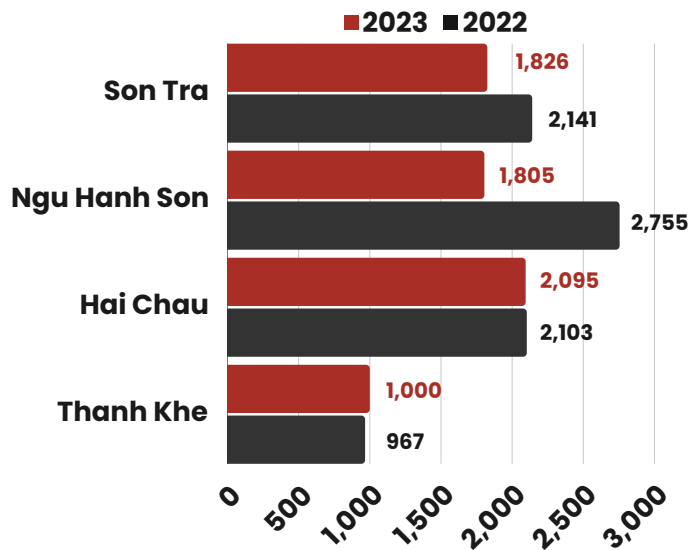
The primary market showed the first signs of positive momentum in H2/2023 with better overall absorption than in H1/2023.

The main drivers of this include the government removing obstacles to legal procedures for real estate projects, reduced interest rates, and increased access to credit over the period. We expect this trend to continue into 2024.

Residential Condos

SECONDARY MARKET

Average Pricing by District



Hai Chau district records the highest pricing per square meter in the secondary market in H2/2023 with an average price of **USD 2,095** per square meter or a minor increase of less than 1% h-o-h.

This is mainly due to Vietnamese buyers being more active in the market looking for residences in Da Nang CBD.

Son Tra district showed the second highest pricing per square meter at **USD 1,826**, down 7.5% from H1/2023. Ngu Hanh Son was slightly more resilient with average pricing of **USD 1,842**, down **2%** h-o-h.

Overall, the second half of 2023 showed a flattening at the bottom of the downward pricing movements from COVID with Hai Chau even showing a positive price movement.

We expect this trend to continue and pricing to move upwards in 2024 due to new government regulations in the real estate market, increased investor confidence, and better Vietnam GDP growth.

No.	Projects	District	Launch Date	Total Units	Average Pricing per SQM (USD)
1	Indochina Riverside Tower (IRT)	Hai Chau	Q4/2007	95	\$2,337
2	Da Nang Plaza	Hai Chau	Q1/2008	168	\$1,340
3	Son Tra Ocean View	Son Tra	Q4/2009	356	\$1,300
4	Azura - WTC	Son Tra	Q1/2010	225	\$2,500
5	Harmony Tower	Son Tra	Q1/2011	124	\$1,620
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	\$1,500
10	The Monarchy - Tower A	Son Tra	Q2/2015	141	\$1,300
11	Alphanam Luxury	Son Tra	Q1/2016	232	\$2,400
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	\$2,200
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	\$2,500
19	Hiyori Garden Tower	Son Tra	Q2/2018	306	\$2,300
20	Hoang Anh Gia Lai Lake View Residence	Thanh Khe	Q2/2010	456	\$1,000

Landed Properties

MARKET SUMMARY

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	\$600 - 800
3	Con Dau	Sun Group	Cam Le	June, 2022	16.4	178	\$1,300 - 1,470
4	Sun Riverpolis	Sun Group	Ngu Hanh Son	May, 2022	50	279	\$1,600 - 1,700
5	Dong No Sunneva	Sun Property	Ngu Hanh Son	June, 2022	26	390	\$2,600 - 2,900
6	Regal Pavillion	Dat Xanh Mien Trung	Hai Chau	April 2021	2.5	130	\$3,500 - 4,000
7	Melody City Danang	Phuong Trang Investment JSC (Futaland)	Lien Chieu	-	10.4	432	\$980 - 1,400
8	B Ocean	Phuong Trang Investment JSC (Futaland)	Lien Chieu	August 2023	15	335	\$1,600 - 1,800
9	Sun Comos Residence Da Nang	Sun Group	Ngu Hanh Son	March 2023	3.5	107	\$4,000 - 7,300

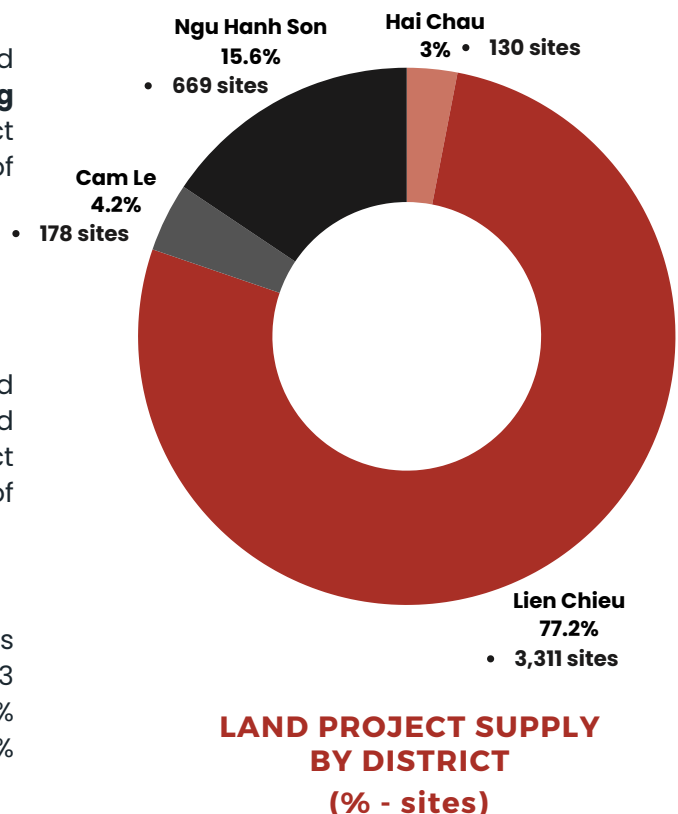
New Launch:

Da Nang introduced only one new land / landed home project in H2/2023 as **B-Ocean Da Nang Urban Area** by Phuong Trang Group. The project adds 15 hectares of residential land of approximately **335 land sites**.

Market Summary:

Demand - Overall performance of the landed property market in Da Nang has slowed dramatically due to lack of confidence in project developers and legal guarantees of issuance of ownership documents for investors.

Supply - Majority of upcoming project launches have been delayed due to low absorption in 2023 and overall price decrease of approximately 20% with some projects showing decreases of 30-40% in H2/2023



Industrial MARKET OVERVIEW

During 2023, **Da Nang Industrial Zones** attracted

18
new projects

at a total value of
USD \$238 million
of investment capital

Total investment into Da Nang Industrial Zones in H2/2023 was up

▲ 4.8% y-o-y from 2022

increasing from **USD 227.1 million** in total capital investment in 2022 to **USD 238 million**, with both domestic and international players being more active over the period

4 of the **18** new projects are

FDI projects accumulating for

USD 136 million

To date, **Da Nang Industrial Zones** have attracted

126
FDI projects

with a **total investment capital** of
USD 2.051 billion
≈ **48.25%**

of total foreign direct investment in Da Nang across all sectors.

Industrial Price List By Project:

Industrial Zone Name	Price (USD/sq m)	Until Year	Total Areas (ha)	Available Areas (ha)	Occupancy Rate	RBF Rent (USD/sqm /month)
Hoa Khanh IZ	115	2054	302	0	100%	3-3.5
Expanded Hoa Khanh IZ	110	2054	108	0	100%	3-3.5
Da Nang Hitech Park	60	2082	330	185	56.2%	3.5-3.9
Lien Chieu IZ	110	2046	206	76.8	37.2%	2.5-3.5
An Don Da Nang IZ	150-200	2043	50	0	100%	3-3.7
Hoa Cam IZ Phase I	120-150	2053	107	14	13.08%	2.5-3.5
Seafood Processing IZ	80-100	2052	50	0	100.00%	2-3

Da Nang Hi-Tech Park continues to attract highly value and highly sophisticated investments throughout the year with **Taiwanese Foxlink** investing **USD 135 million** to build an electronics factory.

To date, the Hi-Tech Park has 28 projects, of which **12** are FDI projects worth a total of **USD 702 million** and **16** domestic projects of **USD 280 million**.



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