

Hanoi sees office rental price in Ba Dinh and Dong Da soar

 In Q3/2014, Hanoi recorded a new Grade A office building being put into operation which is Lotte Centre, Hanoi in Ba Dinh district, providing over 36,000 square metre office area to the market.

Overall, the average asking rents continued to fall slightly, reaching \$21.7 per square metre per month.

The average asking price for Grade A building recorded a fall of 1.3 percent from the previous quarter, to \$29.9 per square metre per month.

Similarly, the Grade B building also witnessed the decline of 1.6 percent from the previous quarter, to \$17.5 per square metre per month.

Compared to the same period last year, both Grade A and Grade B offices recorded significant decrease, at 4.9 percent and 5.9 percent respectively.

Notably, the Grade A office rents in the area of Dong Da, Ba Dinh witnessed a strong growth of 12.8 percent from the previous quarter thanks to the market participation of Lotte Centre Hanoi with the asking rent of \$39 per square metre per month.

Meanwhile, the asking rents in other areas for both classes recorded the decline from 0.4 percent to 6.7 percent.

The CBRE Vietnam record shows that as of the end of this quarter, the average vacancy rate of the Grade A was 35.1 percent while that of Grade B was 27.1 percent.

CBRE says that the decline in the Grade A occupancy rate was due to the increased supply from Lotte centre Hanoi with large area for lease.

Conversely, the growth in occupancy and the net lettable (rental) area (NLA) of Grade B buildings stemmed from the fact that large organisations have started to lease there.

The main reasons for this are the reasonable rental price and incentives which have encouraged residents to move from villa-style offices in professionally managed office buildings.

Besides, tenants also pay more attention to buildings in the area of Dong Da, Ba Dinh and the west of the capital city with lower asking rents. The preferred office area is about 200-300 square meters.

CBRE predicts that in Q4/2014, the office market will not have any office building participating in the market.

Lotte Centre Hanoi promises to make the areas of Dong Da, Ba Dinh becomes the second central area of the city. Large agencies, organisations which are already available in the building will attract more companies and organisations to this area.

The CBRE representative stresses that it is time to upgrade old office buildings in terms of

infrastructure and appropriate services to compete with new buildings, especially in the western region.

In the segment of 3-5 star hotels, the market has shown signs of significant improvement. Though the past two quarters is the low season for the hotel segment, the market had some development in August.

Compared to June, though the rents reduced slightly, but the average revenue per room (RevPar) increased thanks to the improved occupancy.

In this quarter, Hanoi welcomed 492,560 international visitors, up 14.4 percent year-on-year. Most international visitors came to Hanoi for the travelling purpose, which accounted for 80.4 percent, up 16.4 percent year-on-year.

Business visitors accounted for 16.3 percent, increasing 20.4 percent year-on-year.

The large five-star hotel project of Lotte was officially launched with 318 rooms, making the total supply to increase 3.3 percent quarter-on-quarter and 11.8 percent year-on-year.

According to information from CBRE representative, in order to improve the transit's ability, like many other South East Asean nations, Vietnam is expanding its network of airports and builds new international trans-shipment in order to meet the increasing demand of international passengers.

At the third meeting on expansion of Southeast Asian airports organised in August 2014, a number of expansion projects in Vietnam were announced.

The construction of T2 at Noi Bai international airport is scheduled for completion at the end of this year and is likely to welcome 10-15 million passengers each year from now till 2020.

After 2020, the government decides to continue developing two additional T3 and T4 to increase the capacity to 50 million passengers per year.