

MARKET INTELLIGENCE REPORT

on

VIETNAM'S COMMERCIAL REAL ESTATE DEVELOPMENT SECTOR

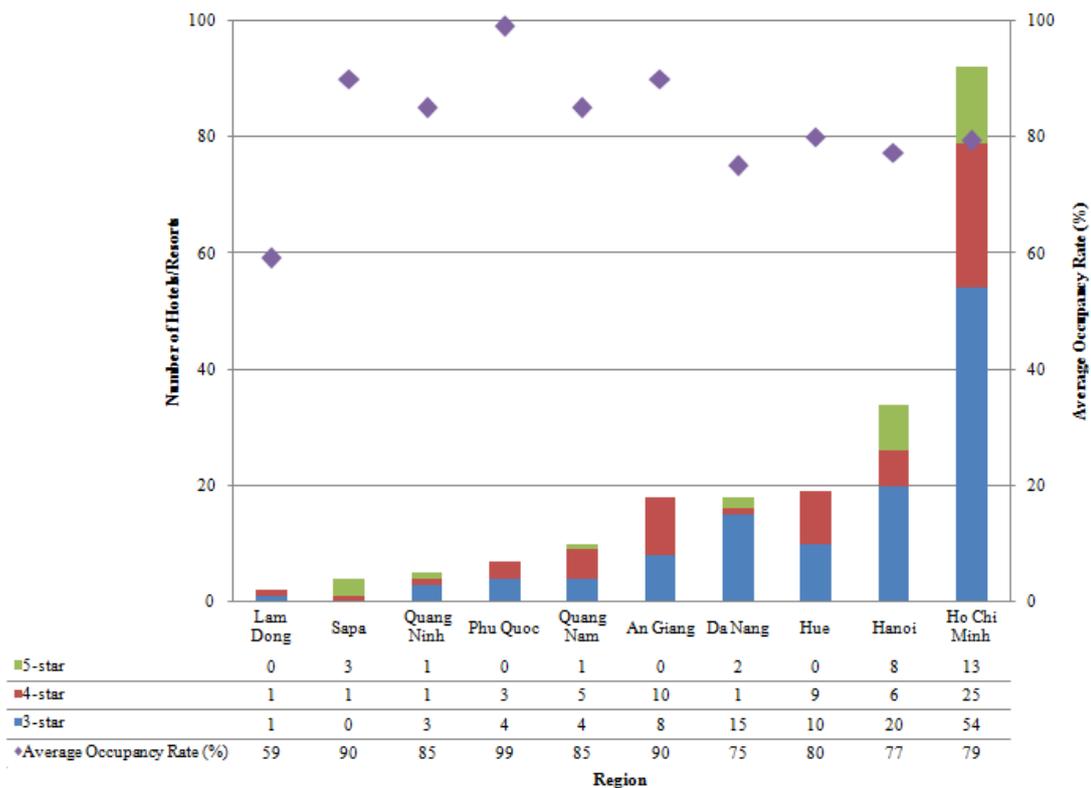
MARKET OVERVIEW

Demand

Vietnam is seen as a geographically strategic location with over 2,500km of coastline in the heart of Asia. There have been more luxury properties exploiting beach¹ and cultural locations. The trend in new-build projects is towards mixed-use complexes. However, the market is suffering from a critical shortage of supply in the large cities as developers turn their attention to resort locations such as Da Nang, Phu Quoc, Halong Bay (Quang Ninh), Hue, and Nha Trang.

Demand for hotel room in Vietnam is outstripping the available supply and the average occupancy is remaining high. Some of hotels have average occupancy rate of 95 percent such as Caravelle, Furama, Horison, Majestic, and Sofitel. However, while Ho Chi Minh City and Hanoi have plenty of quality hotels, smaller towns and provinces still lack of good quality accommodation and a poor transport network². (See Figure 1.)

Figure 1. Vietnam's Regional Hotel Parameters and Average Occupancy Rate in 2007



Source: Euromonitor International (10 February 2009) and Grant Thornton (22 August 2008)

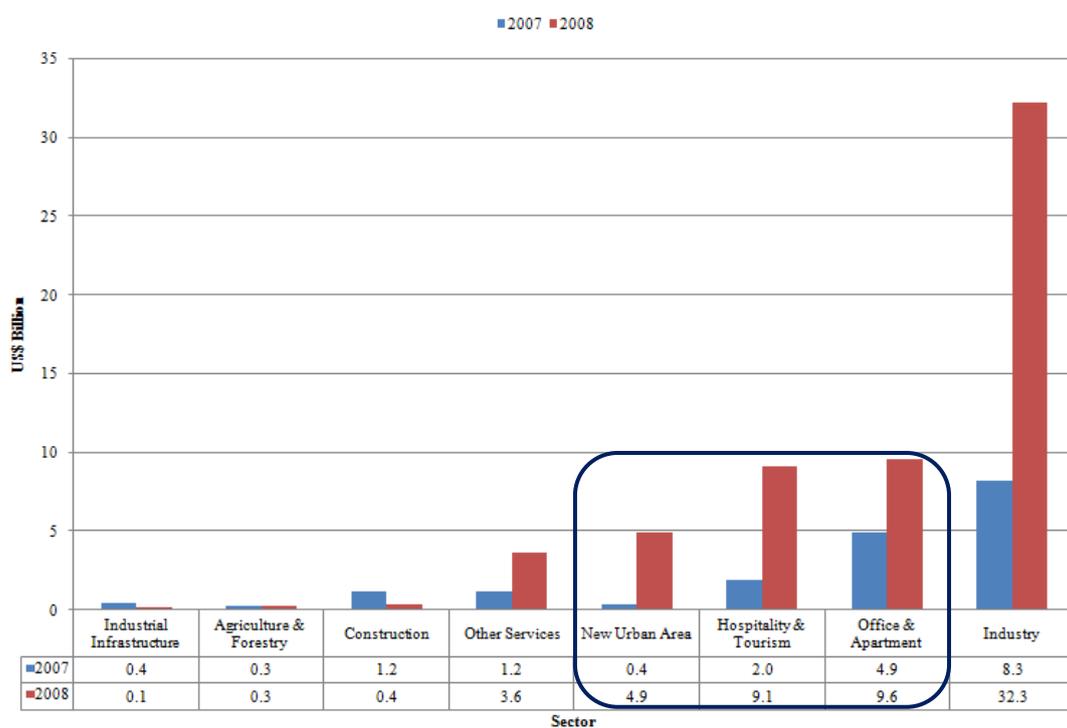
¹ (Euromonitor International, 2009)

² (Euromonitor International, 2007)

Investment

Vietnam has also become one of the most potential destination in the region for international real estate investors. Local private developers, state-owned enterprises and multinational all over the world – Korea, Malaysia, Japan, Singapore, Hong Kong, the UK, and the US – have broken ground to develop hotels, resorts, casinos, and other tourism facilities³. Foreign direct investment (FDI) into Vietnam’s real estate area of year 2006 – 2008 have increased and accounted for 82 percent of the whole period of 1988 – 2008. In 2007, 48 new foreign investment projects in hospitality and tourism sector were registered with a total capital of US\$2 billion. In 2008, 26 new foreign invested hospitality and tourism projects were licensed with a total capital of just over US\$9 billion, making up 15 percent of overall foreign investment capital registered in Vietnam. (See Figure 2.)

Figure 2. Breakdown of FDI into Vietnam in 2007 and 2008



Source: Vietnam Foreign Investment Agency (29 January 2009)

The industry’s capital inflows have been led by:

- International hotel groups such as InterContinental and Accor, etc.
- Large-scale investors like IFA Hotels and Resorts, and Kingdom Hotel Investment, as well as construction and investment groups from Japan and Korea, etc.
- International backed investment funds located in Vietnam including VinaCapital and Indochina Capital, etc.

In real estate sector, there are some obstacles⁴ which affect both local and foreign investors:

- The limited land which is available, particular in urban areas, has resulted in costly and time-consuming land clearance procedures by developers.

³ (Blackwell Media, 2008)

⁴ (EU Economic and Commercial Counsellors, 2008)

- The lack of adequate transportation infrastructure systematically slows down the implementation of projects.
- The lack of capital has also been identified as an issue particularly affecting domestic developers.

HOSPITALITY/TOURISM-RELATED PROJECTS

Vietnam is estimate to have approximately 70 new hotels⁵ in coming years, as following instances:

Hyatt Regency Danang Resort and Spa

Managed by: *Hyatt Group*

Financed by: Indochina Capital (US\$100 million)

Lead designer: RMJM Singapore Pte Ltd

Interior designed by: Australia-based Diana Simpson Designs

Landscape developed by: US-based Site Concepts International

Resort's restaurant designed by: Singapore-based Studio Daminato

Located in: Danang city

Expected completion: early 2010

Featuring: 226-room resort, 30 two-storey oceanfront villas



InterContinental Danang Resort

Operated by: *InterContinental Hotels Group (IHG)*

Developed by: Terra JSC

Located: on Son Tra Peninsula, Danang city

Site area: 10ha of coastal land

Expected completion: 2010

Features: 200 rooms

Sunrise City

Developed by: *Nova Homes*

Project managed by: France-based Bachy Soletanche

Located in: District 7, Ho Chi Minh city

Expected completion: 2010

Featuring: 1,800 residential apartments, retail, commercial and office spaces



Hanoi Plaza Hotel

Developed by: *Charmvit Corp*

Capital invested: US\$80 million



⁵ (Brill, 2008)

Located at: Tran Duy Hung street, Cau Giay district, Hanoi

Expected completion: 2010

Featuring: 564-room hotel, retail and office spaces

Viceroy China Beach Resort

Managed by: **Koh Hotel Group**

Developed by: Indochina Land

Financed by: Secured Capital Japan

Interiors designed by: Kelly Wearstler

Architecture & landscaping directed by: Jean-Michel Gathy of Denniston International

Located in: Danang city

Expected completion: 2010

Featuring: 120 guest rooms & suites, and 50 villas

Orix Plaza (in Viglacera Tower Complex)

Developed by: Vietnamese-based Viglacera Corp, Japan-based Orix Group, and Singapore-based UOL Group Ltd

Total investment capital: US\$235 million

Located in: Thanh Xuan and Tu Liem district, Hanoi

Expected completion: 2010

Featuring: 24-storey 5-star hotel, 30-storey office building, shopping center etc.



Pullman Hotels

Developed by: **Accor Group**

- **Pullman Sapa Resort**

Designed by: 5G Studio

Located in: the heart of Sapa town, Lao Cai

Expected completion: early 2010

Featuring: 150 rooms, views of mountains, villa-style accommodation, use of wood, stone, and bronze metals

- **Pullman Lao Cai**

Located in: Lao Cai province

Expected completion: early 2011

Featuring: 200 rooms

- **Pullman Vung Tau**

Located in: Ba Ria Vung Tau province

Expected Completion: early 2010

Featuring: 360 rooms, 2,000 people convention center



InterContinental Hanoi Landmark

Developed by: **InterContinental Hotels Group**



Located: in the center of West Hanoi
 Expected completion: early 2011
 Features: 383 rooms & suites, 300 serviced residences

MGM Grand Ho Tram (Vietnam Casino City):

Owned and financed by: Asian Coast Development Ltd
 Operated by: *MGM Mirage & Fontainebleau Resorts*
 Architectural planned & designed by: Paul Steelman Design Group
 Golf course designed by: Greg Norman
 Project managed by: Rider Levett Bucknall
 Capital invested: US\$1.4 billion for phase 1 (US\$4 billion in total)



Located: in Ba Ria Vung Tau province
 Expected completion: 2011 (phase 1: late 2009)
 Featuring: 1,200 hotel rooms, 7,200sqm Las Vegas-style casino, 10 restaurants, 8-acre swimming pool, 200-acre golf course

Vien Dong Meridian Complex

Developed by: Trung Nam Group
 Financed by: Vien Dong Meridian JSC (US\$180 million)
 Designed by: Korea-based Mooyung Architecture & Engineering Co
 Located in Danang city
 Expected completion: 2011
 Featuring: hotel, commercial and offices



Sheraton Hoi An Resort & Spa

Operated by: *Starwood Hotels and Resorts Worldwide Inc.*
 Financed by: VinaCapital
 Project and construction managed by: HBP Asia
 Located in: Hoi An, Quang Nam province
 Expected completion: 2011
 Featuring: 242 guest rooms and suites, and 3 meeting spaces



JW Marriot Danang Beach Resort:

Developed by: *Marriot International*
 Financed by: VinaCapital Danang Resort Ltd (US\$130 million)
 Site area: 260ha
 Located: at central coast between Danang & Hoi An
 Golf course designed by: Greg Norman
 Expected completion: 2011
 Features: 271-room resort, residential villas and a



Dunes golf course

Savico Plaza Long Bien

Developed by: *Savico*
 Located at: Nguyen Van Linh street, Long Bien district, Hanoi
 Expected completion: 2011
 Featuring: hotel and shopping center



Holiday Inn Hotel

Developed by: *InterContinental Hotels Group*
 Financed by: Military Bank Land (MBL)
 Located: at Chua Boc street, Dong Da district, Hanoi
 Expected completion: 2012
 Features: 300 rooms, up-market retail and commercial center.



Tan Tao Sky (ITA Galleria)

Developed by: *ITA Group*
 Located in: Binh Thanh district, Ho Chi Minh city
 Designed by: Morris Architects Group
 Expected completion: 2012
 Featuring: 82-story luxury high-rise, office building and shopping plus 6 basements



Laguna Hue Tourism Area – in the pipeline

Developed by: *Banyan Tree Indochina Hospitality Fund, L.P.*
 Financed by: Banyan Tree Holdings Ltd, Indochina Fund, and Feeder Fund
 Raised investment capital: US\$268 million
 Site area: 300ha
 Located in: Cu Du hamlet, Loc Vinh commune, Phu Loc Dist. in the Chan May – Lang Co economic zone, Thua Thien Hue province
 Expected completion: 2014
 Featuring: 7 resorts with 2,000 rooms, an 18-hole golf course, conference hall, and retail outlets



Sea Gull Island (Ecotourism Area) – in the pipeline

Developed by: *ITA Group*
 Site area: 200ha
 Located in: Kien Giang province
 Expected completion: 2015
 Featuring: hotel and resort, villas, restaurants and bars



Gamuda Yen So – under planning stage

Developed by: Malaysia-based **Gamuda Land** and Vietnamese state-owned Mechanical Engineering Services

Construction estimated: US\$1 billion

Site area: 327ha

Located in: Yen So ward, Hoang Mai district, Hanoi

Expected completion: 2015

Featuring: 5-star hotel, convention center offices, recreational club, community amenities



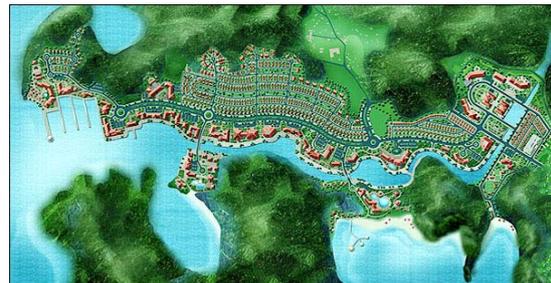
Cat Ba Community Resort – in the pipeline

Developed by: Vinaconex Investment and Tourism Development JSC (**Vinaconex ITC**)

Site area: 304ha

Capital invested: US\$600 million

Featuring: yacht harbor, seaside resort, hotel, conference center



Saigon-Mekong e.City – in the pipeline

Developed by: **ITA Group**

Site area: 2,500ha

Located in: Long An province

Expected completion: 2018

Featuring: 54-hole golf course, cultural & ecotourism areas, restaurants & bars etc.



ITA Paradise – in the pipeline

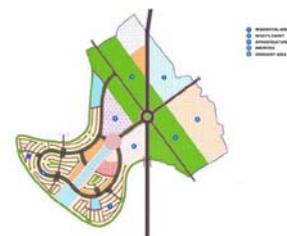
Developed by: **ITA Group**

Site area: 712ha

Located in: Long An province

Expected completion: 2018

Featuring: city hall, hotel, theatre, hospital, school, department store, sport complex



Vina Universal Paradise – in the pipeline

Developed by: **ITA Group**

Located in: Quang Ngai province

Featuring: film studio, golf course, resort, villas etc.



Saigon Sunbay (Can Gio Tourist City) – in planning stage

Developed by: *Saigon Tourist Holdings Co & Can Gio Tourist City (CTC) Corp*

Site area: 600ha

Located in Long Hoa commune, Can Gio district, HCMC

Capital invested: US\$526 million

Water works and surface leveling completed by: late-2010

Technical infrastructure completed by: mid-2013

Architectural works completed by: mid-2016

Featuring: hotels, resorts, villas, commercial services



Banana Beach Resort – in the pipeline

Developed by: Singapore-based *Cattigara One Ltd*

Capital invested: US\$102 million

Site area: 100ha

Located on: Banana Beach in Chan May – Land Co economic zone, Thua Thien Hue province

Expected completion: 2020



First Vanguard Tourism Complex – in the pipeline

Developed by: Hong Kong-based *First Vanguard Group*

Capital invested: US\$130 million

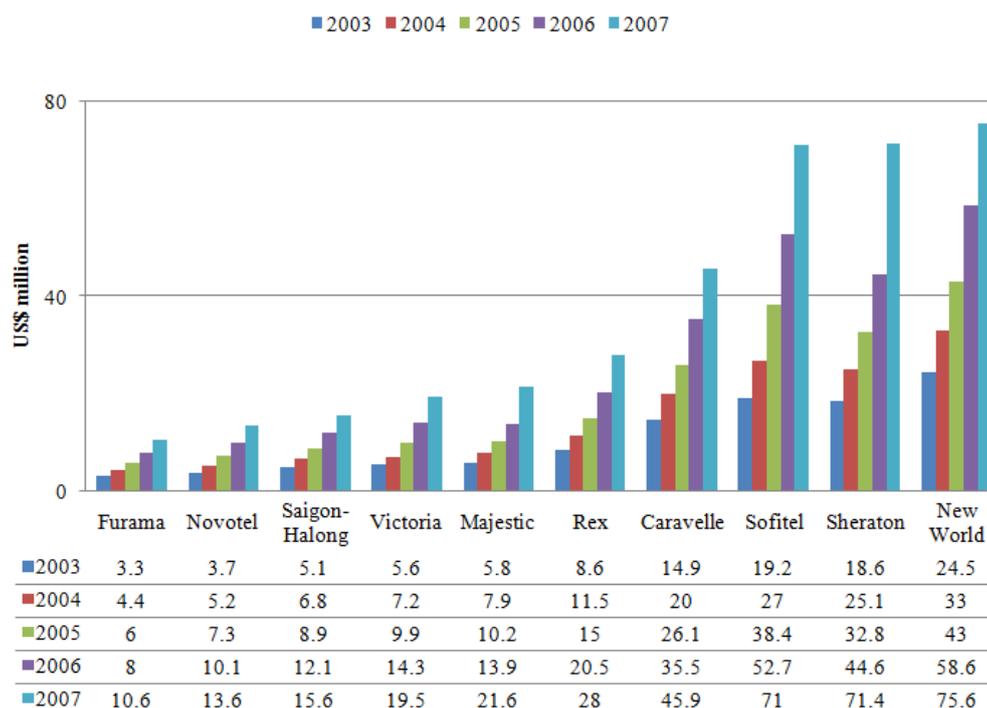
Located in: Cau Hai Lagoon, Thua Thien Hue province

Featuring: multiple hotels/resorts & other recreational facilities

MAJOR LOCAL DEVELOPERS

Saigon Tourist Holding Co is the leading player in the tourism industry and hotel operation is its strength with largest number of outlets nationwide. (<http://www.saigon-tourist.com/>) The company has 56 hotels, 13 resorts and complexes through nine joint ventures with foreign partners. Many of its hotels have been selected as best hotels in Vietnam including Caravelle, New World, Rex and the Majestic. (See Figure 3.)

Figure 3. Top 10 Hotels' Sales in Vietnam



Source: Euromonitor (10 February 2009)

Local Developer/Investor	Projects	Website
Bitexco	Hotels, residential, commercial construction	www.bitexcoland.com.vn
Viglacera Land	Hotels, new urban, commercial construction	www.viglaceraland.vn
Hoang Anh Gia Lai Corp	Hotels, resorts, commercial construction	www.hagl.com.vn
Life Resorts Management	Hotels and resorts	www.life-resorts.com
ITA Group	New urban city and tourism area	www.itaexpress.com.vn
Nova Homes	Commercial construction	www.novahomes.com.vn
Refico	Hotel, resort, commercial construction	www.refico.com.vn
Vina Land	Hotels, resorts, commercial construction	www.vinacapital.com
Indochina Land	Hotels, resorts, commercial construction	www.indochinacapital.com
Khang Thong	New urban area, commercial construction	www.khangthong.vn
Tan Hung	New urban area, commercial construction	www.hungdiennewtown.com
Coteccons Group	Hotel, resort, commercial construction	www.coteccons.com.vn
Sovico Group	Hotels, resorts, commercial construction	www.sovicogroup.com

MAJOR FOREIGN DEVELOPERS AND INVESTORS

Developer/Investor	Operating Projects	Coming Projects
Accor Group	Sofitel Plaza Saigon Sofitel Plaza Hanoi Sofitel Metropole Hanoi Sofitel Dalat Palace Novotel Dalat Novotel Nha Trang Novotel Phan Thiet Grand Mercure La Veranda Phu Quoc La Residence Hue	Sofitel Hoi An (late-2009) Pullman Sapa (2010) Pullman Vung Tau (2010) Pullman Lao Cai (2011)
Starwood Hotels & Resorts Worldwide	483-room Sheraton Saigon 299-room Sheraton Hanoi 160-room Four Points by Sheraton Halong (Sep 08)	281-room Sheraton Nha Trang (Jun 09) 300-room Sheraton Ha Long Bay (2010) 242-room Sheraton Hoi An (2011)
Electricité et Eaux de Madagascar	Victoria Phan Thiet (Mar 97) Victoria Sapa (Mar 98) Victoria Can Tho (Oct 98) Victoria Chau Doc (Nov 99) Victoria Hoi An (Apr 01)	
Swiss Belhotel International	Hanoi Horison Golden Sand Hoi An Mithrin Ha Long	
Marriot International	336-room Renaissance Riverside Saigon 538-room New World Hotel Saigon	JW Marriot Danang Beach (2011)
Mövenpick Hotels & Resorts	Mövenpick Saigon (2008 – overhauled from Omni Saigon) Mövenpick Hanoi (2009 – overhauled from Guoman Hanoi)	3 more hotels (2010)
InterContinental Hotels Group	5-star InterContinental Hanoi Westlake (Dec 07)	InterContinental Asiana Saigon (late-09) InterContinental Danang (2010) InterContinental Hanoi Landmark (2011) Holiday Inn Hanoi (2012) Crowne Plaza Hanoi Crowne Plaza Danang Crowne Plaza Nha Trang
Six Senses Resorts & Spas	Evason Ana Mandara Nha Trang Evason Ana Mandara Ninh Van Bay Evason Ana Mandara Dalat	Six Senses Latitude Saigon River Ana Mandara Hanoi Evason Hideway Con Dao Evason Ana Mandara Phu Quoc
Hyatt Group	Hyatt Saigon (2007)	Hyatt Regency Danang (2010)
Best Western	101-room 4-star Best Western Pearl River Haiphong (Jun 08)	

Furama Hotels & Resorts	Furama Danang	
MGM Mirage Asian Coast Development Fontainebleau Resorts		MGM Grand Ho Tram/ Vietnam Casino City (2011)
Koh Hotel Group Secured Capital Japan		Viceroy China Beach (2010)
Banyan Tree Holdings Ltd		Laguna Hue (2014)
JAL Hotels		335-room Nikko Saigon (Late 2011)
Charmvit Corp		Hanoi Plaza Hotel (2010)
Orix Group & UOL Group		Orix Plaza Complex (2010)
Gamuda Land		Gamuda Yen So (2015)
Kingdom Hotel Investment Hill International		Raffles Danang Resort and Residences Vegas Hotel & Villas Danang
Mitsui, Mitsubishi, Sumitomo, and Limtec		Dan Kia – Suoi Vang (Dalat) Complex
Winvest LLC Group		Saigon Atlantic Vung Tau
Platinum Dragon Empire		Vung Tau Wonderful World Theme Park

Source: Hotel News Resource 2008

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