Strong economic expansion during Q1 helped sustain development momentum despite inflationary pressure

▲ +7.83%	▲ +8.27%	▲ +7.87%	▲ +28.13%
VIETNAM GDP	HCMC GRDP	HANOI GRDP	VN-INDEX

Note: Arrows indicate y-o-y change.

HOT TOPICS

- **Office:** Office market welcomed new grade A projects.
- **Retail**: New retail supply sustained market momentum in Q1 2026
- **Residential:**. Since Q3 2025, Hanoi's average condo primary price (excluding Van Giang townships) has consistently remained above the VND 100 million/sqm threshold. Including Van Giang, the market-wide apartment average reached VND 84 million/sqm, reflecting increases of nearly 8% q-o-q and 13% y-o-y, a notable increase amidst ample new supply. On the other hand, annual secondary price growth has moderated from its 26% peak in Q3 2025. This shift stems from the remaining high price levels testing affordability limits, alongside rising interest rates exerting liquidity pressure on owners ending their principal grace periods, mainly within under-construction projects, necessitating lower asking prices to stimulate transactions.
- **Industrial:** Industrial land absorption in Tier-1 provinces and cities surpassed 130 ha in Q1 2026, up 15%–72% from the previous three quarters, signaling a notable rebound. This improvement indicates a recovery in manufacturing expansion demand in Vietnam after disruptions from U.S. tariff policy announcements in April 2025, while ready-built facilities continued to perform positively.

VIETNAM ECONOMIC OVERVIEW

- GDP growth rate for Q1 2026 recorded at 7.83% y-o-y, which was the highest growth rate ever recorded for Q1 within the period 2016-2025 (except for the post-Covid period in 2022).
- The total registered foreign direct investment (FDI) in Vietnam (including newly registered capital, adjusted and contributed capital to buy shares and buy contributed capital) reached US$ 15.2 billion in Q1 2026, an increase of 42.9% compared to the same period last year.
- Vietnam's total export turnover reached US$ 122.93 billion, up by 19.1% y-o-y. On the other hand, total import turnover of the country recorded approximately US$ 126.57 billion, leading to a trade deficit to be US$ 3.64 billion in Q1 2026.
- Vietnam's consumer price index (CPI) rose by 3.51% y-o-y in Q1 2026, mainly driven by rising fuel costs and import prices.
- Vietnam's total retail sales of goods and services reached VND 1,902.8 trillion, up by 10.9% y-o-y.
- During the quarter, the total number of international arrivals recorded approximately 6.76 million visitors, which represents a 12.4% increase y-o-y. This marks the highest number ever recorded in Vietnam's tourism sector, underscoring the strong recovery and growing appeal of Vietnam as a global travel destination.

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Office

Office market welcomed new grade A projects

In Q1 2026, the Hanoi office market welcomed two Grade A projects, including The Office at Tien Bo Plaza (Midtown) and The Marc 88 (West). These projects contributed over 35,000 sq m NLA, bringing the city's total leasable office stock to approximately 1.89 million sqm NLA. Net absorption in Q1 2026 reached over 19,000 sqm, reflecting stable leasing demand across the market.

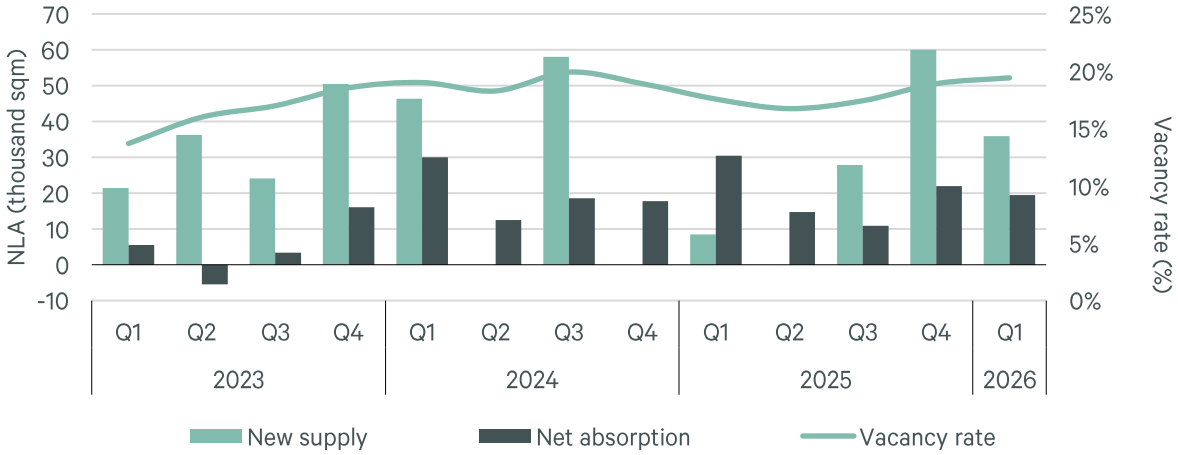
On the rental side, average asking rents for existing Grade A projects remained stable at US$29.9/sqm/month, down 0.4% q-o-q and up 0.6% y-o-y. The mild quarterly decline reflects competitive pressure from new supply entering the market, while the positive annual growth indicates that Grade A rent fundamentals remain intact. For Grade B, average rents stood at US$14.8/sqm/month, unchanged q-o-q and down 0.5% y-o-y.

On the vacancy side, as the market welcomed new Grade A supply in Q1, the average vacancy rate for this segment increased 3.3 ppts q-o-q but still declined 0.7 ppts y-o-y, reaching 21.4%. Meanwhile, Grade B vacancy decreased 1.0 ppt q-o-q and increased 3.3 ppts y-o-y, reaching 18.4%.

Leasing demand in Hanoi in Q1 2026 showed positive signals, with expansion transactions accounting for 58% of total major transactions recorded by CBRE, led by the Banking, Financial Services & Insurance and Information Technology sectors. Nevertheless, occupiers maintained a cautious stance amid global uncertainties, resulting in longer decision-making timelines compared to previous cycles.

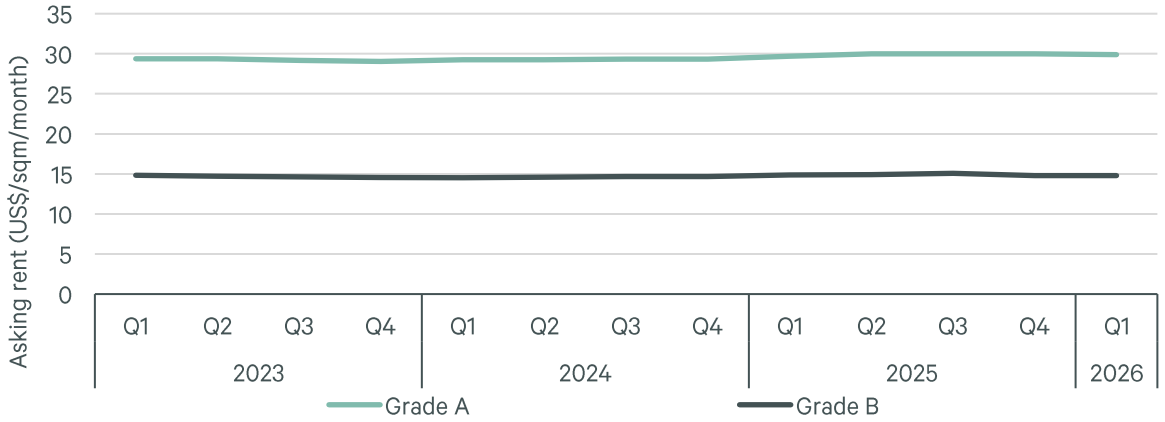
Over the 2026–2028 period, the Hanoi office market is expected to receive an additional approximately 270,000 sqm NLA of Grade A supply, concentrated primarily in the Tay Ho Tay area within the West. This substantial pipeline will exert pressure on vacancy rates and compel landlords to adjust their competitive strategies comprehensively — not only on rents but also on building quality. In practice, criteria such as Green certifications, smart building systems, and amenity offerings are playing an increasingly critical role in tenants' leasing and lease renewal decisions. In this context, landlords who proactively invest in these elements will hold a clear advantage in attracting and retaining high-quality tenants.

FIGURE 1: Market Performance, Office, Hanoi



Source: CBRE Research, Q1 2026

FIGURE 2: Asking Rent, Office, Hanoi



Source: CBRE Research, Q1 2026
Asking rent is exclusive of service charge and VAT.

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Retail

New retail supply sustained market momentum

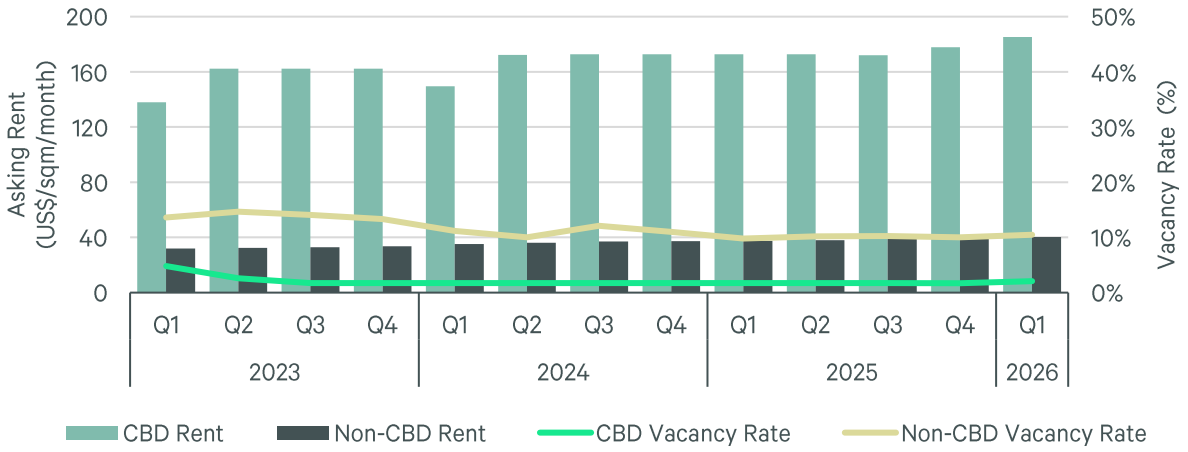
In Q1 2026, the Hanoi retail market welcomed approximately 51,000 sqm NLA of new supply from prominent projects such as Hanoi Centre and ROX Tower Goldmark City, bringing the total supply to roughly 1.25 million sqm NLA. The total net absorption for the quarter exceeded 40,000 sqm, indicating sustained demand for new developments. The average market-wide vacancy rate settled at 10.1%, representing a slight increase of 0.4 ppts q-o-q and 0.7 ppts y-o-y. While the vacancy rate in central area remained low at 2.1%, the vacancy rate in non-CBD areas slightly increased to 10.5%.

Regarding rental performance, the CBD recorded an average ground floor-asking rent of USD 185.2/sqm/month, representing a 7.2% increase. Meanwhile, non-CBD areas also maintained positive growth momentum, with average rents reaching USD 40.4/sqm/month, up 2.5% q-o-q and 9% y-o-y. Notably, the Dong Da - Ba Dinh cluster reached USD 69.7/sqm/month, marking an 8.5% y-o-y increase-the highest growth rate recorded in the past three years. Simultaneously, the West area stood at USD 35.8/sqm/month, rising 3.5% y-o-y and continuing its steady development pace. This trend highlights the increasing significance of emerging retail clusters outside the primary city core.

For the 2026–2028 period, the market is projected to receive approximately 150,000 sqm of additional retail supply, primarily concentrated in the Dong Da – Ba Dinh area, as well as the West. Notable upcoming projects include Westlake Square Hanoi (53,000 sqm GFA), and Thiso Mall (52,000 sqm GFA). While shopping mall rents are expected to rise moderately in line with positive economic prospects, macro-factors such as fuel prices and inflation pressures may still impact purchasing power and retailers' operating costs.

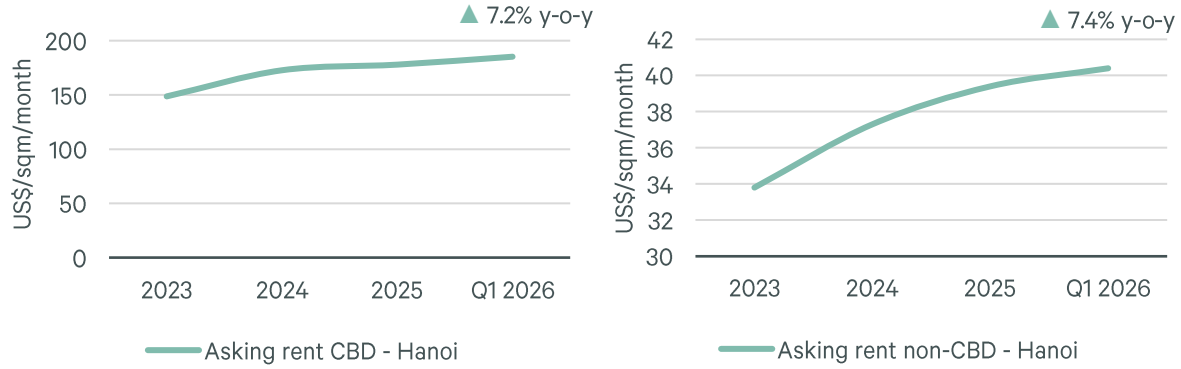
In terms of leasing trends, Food & Beverage (F&B), Fashion, and Entertainment continue to play a leading role due to their adaptability to younger demographics. Furthermore, the retail real estate market is witnessing a strategic shift from traditional space leasing to the creation of sustainable experiential destinations. Developers are increasingly prioritizing the optimization of their tenant-mix by expanding the proportion of service and entertainment components. Great emphasis is also being placed on integrating interactive and artistic spaces to enhance the customers' experience, thereby driving footfall and increasing repeat visitation rates

FIGURE 3: Market Performance, Hanoi Retail



Source: CBRE Research, Q1 2026. Asking rent is for the ground floor, exclusive of VAT and service charge

FIGURE 4: Average Ground Floor Asking Rent, Hanoi Retail



Source: CBRE Research, Q1 2026. Asking rent is for the ground floor, exclusive of VAT and service charge

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Condominium

Market adjustment amidst ample new supply

Hanoi recorded 8,010 new condo units launched in Q1 2026, marking the highest Q1 volume since 2021 and a two-fold increase compared to the same period in 2025. This supply level represents a 46% q-o-q decrease, as Q4 typically serves as the peak period for year-end sales launches by developers.

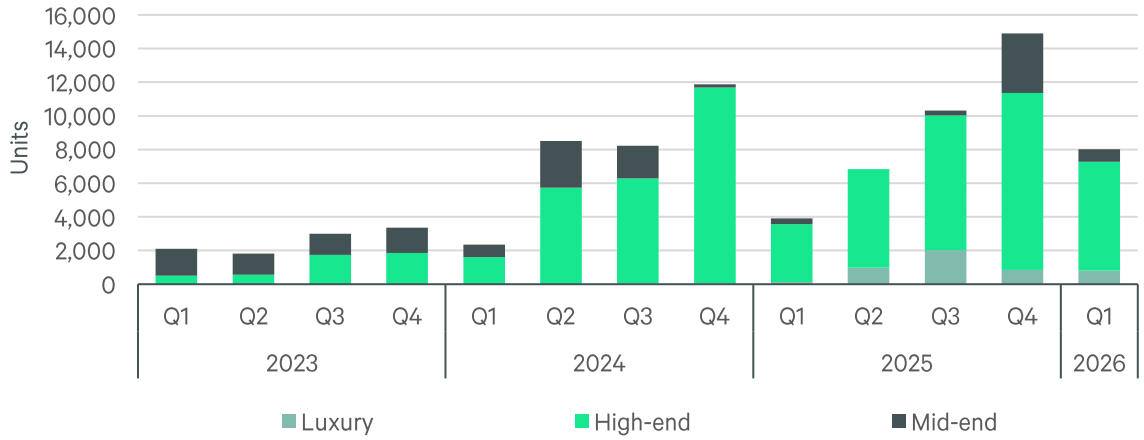
Hanoi's total condo sales volume reached 5,382 units in Q1 2026, representing a 60% q-o-q decline due to Tet disruptions but a 33% y-o-y increase. Recent upward interest rate fluctuations have constrained financial accessibility for a segment of buyers, as reflected in a moderated average absorption rate of 50% for new launches, which was down from 70% in preceding quarters. To bolster demand, developers have introduced financial incentive schemes, including long-term interest rate caps and extended principal grace periods, to support assist buyers in managing initial cash flow pressures.

In Hanoi's inner-city and surrounding districts such as Gia Lam and Dong Anh (excluding projects within Van Giang integrated townships, Hung Yen), average primary condo prices reached VND 102 million/sqm, remaining stable q-o-q but surging by 29% y-o-y. This figure even surpasses HCMC, where average prices were recorded at VND 91 million/sqm during the same period. If projects in Van Giang are included, the market-wide average for condos in Greater Hanoi stood at VND 84 million/sqm, reflecting increases of nearly 8% q-o-q and 13% y-o-y, a notable growth rate considering the strong new supply.

In the secondary market, Hanoi's average condo price held steady at VND 62 million/sqm, almost unchanged q-o-q. A pricing adjustment trend has been evident since late Q4 2025, characterized by a visible deceleration in both the number of projects recording price increases and the magnitude of those increases. By Q1 2026, more than half of the surveyed secondary projects reported either flat or declining asking prices on a quarterly basis.

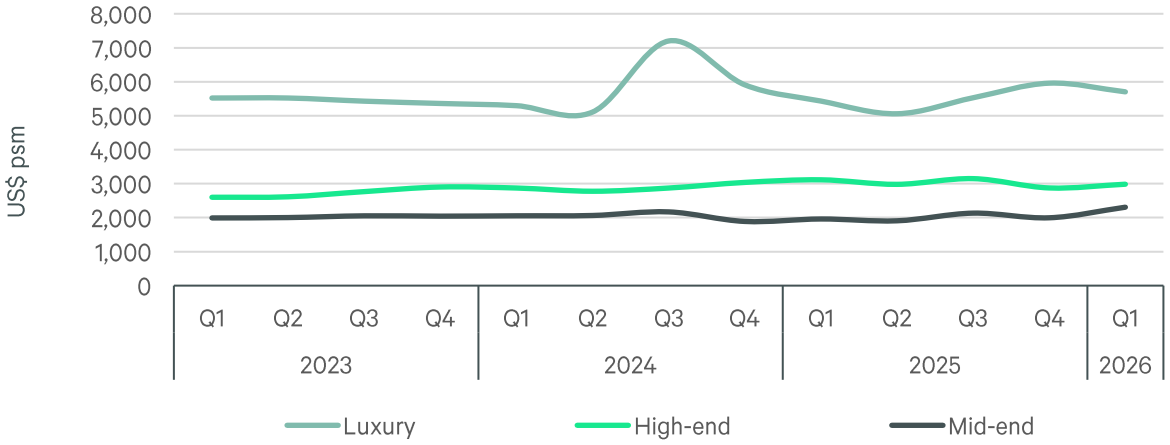
Regarding the 2026 full-year outlook, Hanoi's total condo supply is projected at approximately 36,000 units, on par with 2025 levels. Among which, over 35% is expected to come from large-scale integrated townships in Van Giang (Hung Yen).

FIGURE 5: New supply, Condominium , Hanoi



Source: CBRE Research, Q1 2026

FIGURE 6: Average primary prices, Condominium, Hanoi



Source: CBRE Research, Q1 2026. Prices before VAT, maintenance fee and discounts

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Villa & Townhouse

New supply focus

Hanoi landed property market recorded 986 new units launched in Q1 2026, representing a 51% q-o-q increase but a 34% y-o-y decrease. Excluding two projects in the inner-city districts of Long Bien and Dong Da, new supply this quarter remained mainly concentrated in suburban areas, including Thuong Tin, Dan Phuong, and Gia Lam.

Absorption this quarter remained stable amidst prevailing market caution. Total landed property sales in Hanoi reached 947 units in Q1 2026, representing a 15% q-o-q increase but a 48% y-o-y decrease.

Hanoi's average primary landed property price reached VND 231 million/sqm of land this quarter (inclusive of construction costs; exclusive of VAT, maintenance fees, and before discounts), representing a 24% q-o-q surge and a 2% y-o-y uptick. This movement was propelled by two key drivers: (1) a higher proportion of new inventory with elevated price points compared to the preceding quarter; and (2) upward price revisions for existing stock by developers, coupled with remaining inventory being concentrated in specialized products such as corner units or prime locations with high commercial value.

Regarding the outlook, Hanoi's landed property market is projected to welcome approximately 6,000 new launches in 2026, with growth momentum expected to persist in subsequent years, driven by supply from future integrated townships. The expanding footprint of major developers, including prominent foreign players with extensive urban development expertise is set to not only elevate product standards but also reposition price benchmarks across surrounding vicinities. Meanwhile, secondary market dynamics will continue to hinge on three primary pillars: interest rate trends, the progress of key connectivity infrastructure, and the completion pace of synchronized amenities within developing urban zones.

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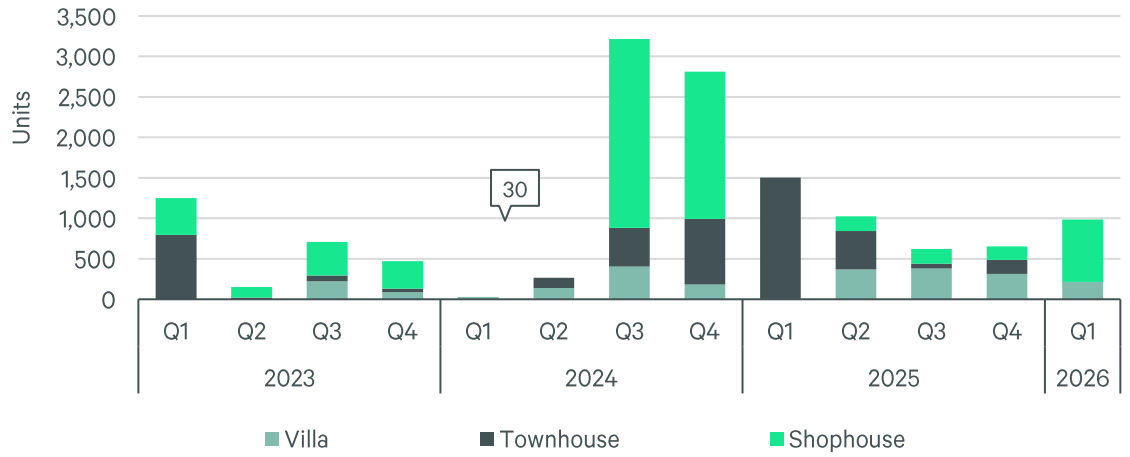
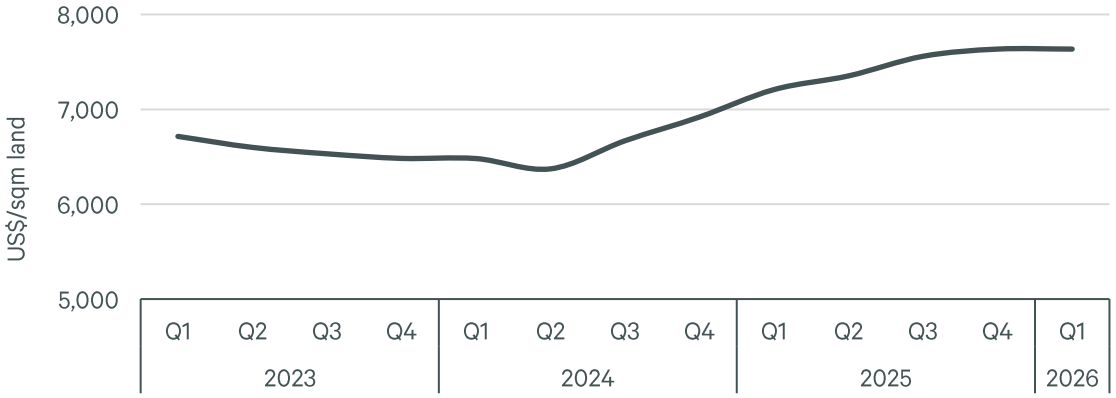
FIGURE 7: New Launch vs Sold Unit, Hanoi Landed Property



Source: CBRE Research., Q1 2026.

FIGURE 8: Average Secondary price, Hanoi Landed Property



Source: CBRE Research., Q1 2026. Prices include construction cost, before VAT, maintenance fee and discounts

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Northern Industrial

Industrial land performance has begun to recover

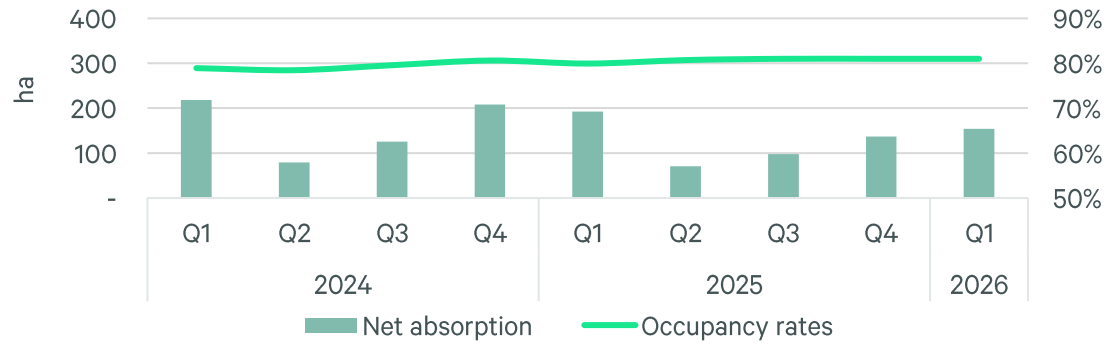
In Northern Vietnam, within the ready-built warehouse and factory (RBW and RBF) segment, Tier-1 markets recorded more than 160,000 sqm of completed warehouse/factory space in Q1 2026. This figure was significantly lower than the new supply delivered over the previous four quarters, which had consistently ranged between 220,000–260,000 sqm per quarter. With new supply moderating, occupancy rates improved across both ready-built warehouse and factory segments. The occupancy rate for RBF rose to 86.4%, up 0.7 ppts q-o-q, while RBW achieved an occupancy rate of 80.2%, an increase of 4.8 ppts from the previous quarter. Total net absorption reached 250,000 sqm, exceeding the volume of newly completed supply during the quarter. Regarding rental rates, average asking rents in tier-1 provinces remained stable q-o-q, at approximately US$4.9/sqm/month for RBW and US$5.1/sqm/month for RBF, representing y-o-y increases of 5.4% and 2.7%, respectively. In terms of demand, electronics manufacturers continued to be the dominant tenant group in the Northern Vietnam.

For the industrial land segment, total land absorption in Tier-1 provinces and cities exceeded 130 ha in Q1 2026, representing an increase of 15%–72% compared with the preceding three quarters. The recent improvement in absorption trends suggests a recovery in manufacturing expansion demand in Vietnam, following the period impacted by the U.S. announcement of new tariff policies in April 2025. In Tier-1 markets, average industrial land rental rates reached approximately US$143/sqm for the remaining lease term, up 3.0% y-o-y. Meanwhile, the occupancy rate increased by 0.5 ppts q-o-q but declined 1.4 ppts y-o-y, settling at 79.6%.

Looking ahead to 2026, new supply of industrial real estate products is expected to remain high, though likely lower than in 2025, when new supply in the RBW and RBF segments reached record levels. Alongside more moderate new supply, a stable economic backdrop, ongoing infrastructure improvements, and new investment incentives stemming from the establishment of free trade zones are expected to serve as key catalysts, enabling Vietnam's industrial real estate market to gain stronger growth momentum in the remaining nine months of 2026.

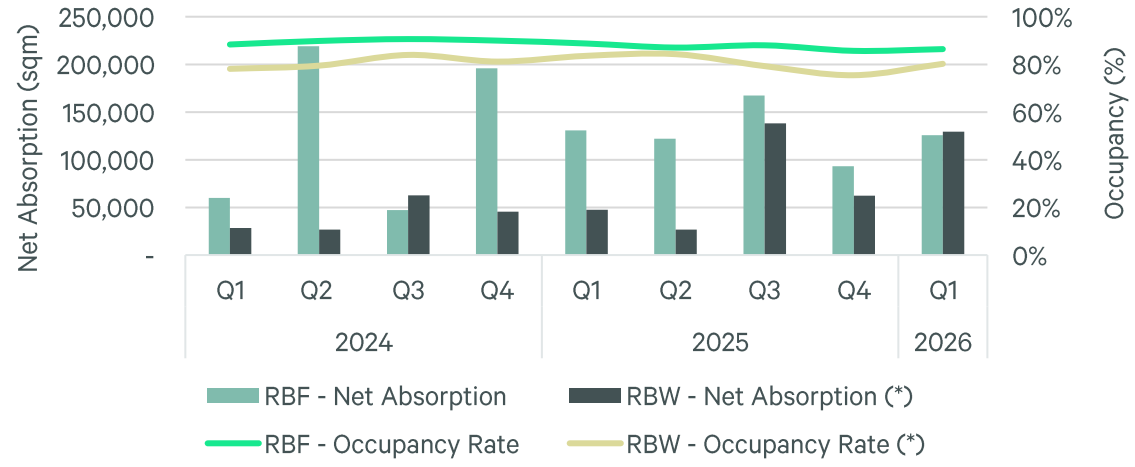
Note: Tier-1 markets include Hanoi, Hai Phong, Hai Duong, Hung Yen and Bac Ninh (based on administrative boundaries prior to July 1, 2025))

FIGURE 9: Industrial Land, Net absorption and Occupancy rates, Northern Tier-1 markets



Source: CBRE Research, Q1 2026

FIGURE 10: Ready-built Warehouse (RBW) and Factory (RBF), Net absorption and Occupancy rates, Northern Tier-1 markets



Source: CBRE Research, Q1 2026. (*) Exclude service warehouse and include absorption from ready-built hybrid projects.

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Serviced Apartment

Divergent performance between Grade A and Grade B

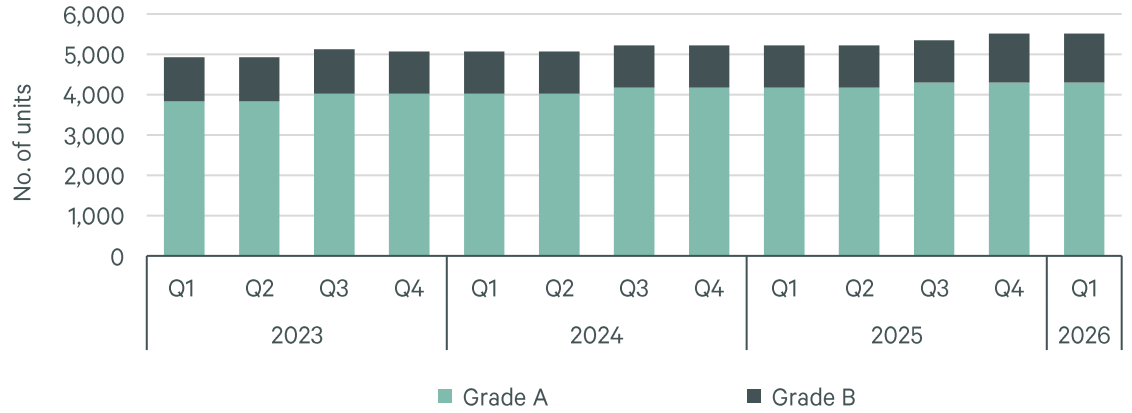
In Q1 2026, Hanoi's serviced apartment sector saw no new supply, leaving the total stock unchanged at 5,512 units. Grade A developments continued to dominate the market, accounting for 78% of the total inventory.

Rental performance diverged across segments during Q1 2026. Grade A rents increased as occupancy levels reached a stable threshold, allowing landlords to firm up their pricing. Specifically, Grade A rents rose by 1.9% q-o-q and 2.0% y-o-y, averaging US$27.5/sqm/month. In contrast, Grade B rents softened as landlords continued to offer aggressive incentives and flexible terms to retain existing tenants and attract new ones in a competitive environment. Grade B rents edged down by 0.5% q-o-q, though they remained up 0.4% y-o-y, at US$18.0/sqm/month. As a whole, the market average rent settled at US$25.2/sqm/month, representing an overall increase of 1.5% q-o-q and 1.1% y-o-y.

Vacancy trends likewise diverged across categories in Q1 2026. Grade A properties continued to show resilience, with the vacancy rate tightening to 15.9% (down 0.3 ppts q-o-q and 2.0 ppts y-o-y) as high-quality space remained in demand. Conversely, Grade B vacancy climbed significantly to 32.4%, representing a sharp increase of 4.2 ppts q-o-q and 7.9 ppts y-o-y. This upward pressure on Grade B vacancy was largely driven by intensifying competition, as tenants increasingly weigh their options against more affordable condominium conversions or upgrade to Grade A projects offering more competitive entry terms. Collectively, the overall market vacancy rate settled at 19.5%, up 0.8 ppts q-o-q.

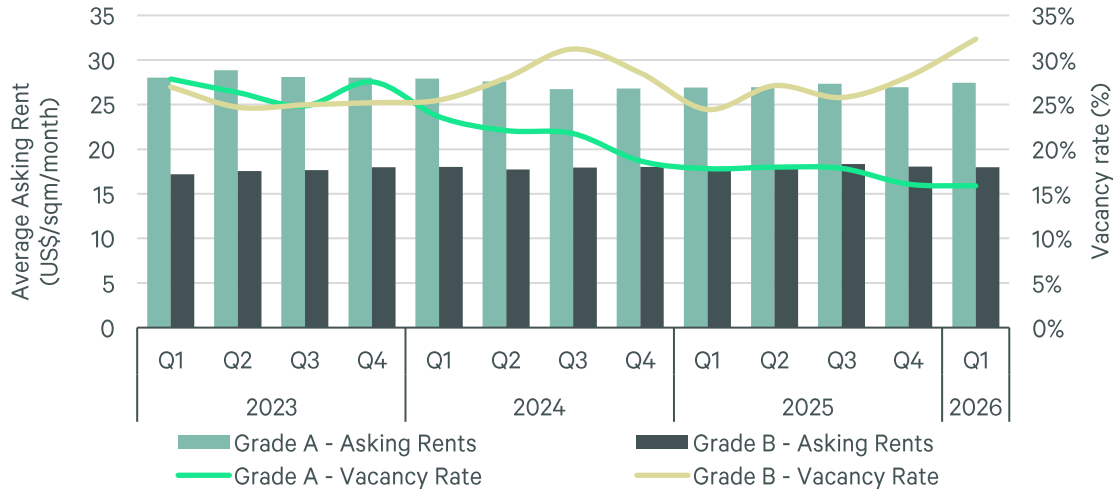
Looking ahead, Hanoi's serviced apartment market is poised for a period of robust expansion. Between now and the end of 2026, the city will welcome several high-profile projects, including the Hyatt Centric Residences in Ba Dinh District, Ascott Tay Ho in Tay Ho District, and the Hanoi Shilla Monogram in the Starlake area. Over the next two years, more than 700 new Grade A units are expected to enter the market, primarily concentrated in high-demand hubs such as Cau Giay, Tay Ho, and Tu Liem districts. The arrival of prestigious international brands signals a shift toward premium product standards.

FIGURE 11: Total supply, Hanoi Serviced Apartment



Source: CBRE Research., Q1 2026

FIGURE 12: Asking price and Vacancy rate, Hanoi Serviced Apartment



Source: CBRE Research., Q1 2026

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Terminology

Grade A, B (Office): Although no formal classification system exists, grades are generally understood as follows:

Grade A Buildings: High-rise buildings, located within the CBD, with column-free floor plates of over 1,000 sq. m., ceiling heights of 2.75 meters, professional management, premium M&E design, lift lobby, and high-efficiency access.

Grade B Buildings: Generally, 75% of Grade A amenities as well as being in the CBD or periphery, with at least seven stories and floor plates of 500-1000 sq. m.

Net absorption: Net absorption figures represent the net increase in occupied floor space in the period. The figures are determined using the following method:

net absorption = new completions

+ vacancy figures at the beginning of the period

– demolition - vacancy figures at period-end

Rent: Rent is quoted as the average "asking" rent, without accounting for any incentives. Rents are stated in US$ per square meter (per sq. m.) as well as in these terms: Gross or net, inclusive (including management fees and/or property taxes) or exclusive (excluding management fees and property taxes) that are customarily employed in the respective sector.

Rents or average room rates are quoted on the following basis:

Office: Rents, NLA, exclusive of VAT and service charges.

Flexible Workspace: Rents, per person, inclusive of amenities but exclusive of VAT.

Retail: Rents, NLA, exclusive of VAT and service charges.

CBRE's condominium ranking criteria:

Ultra Luxury: projects that have primary prices over US$12,000 per sq.m

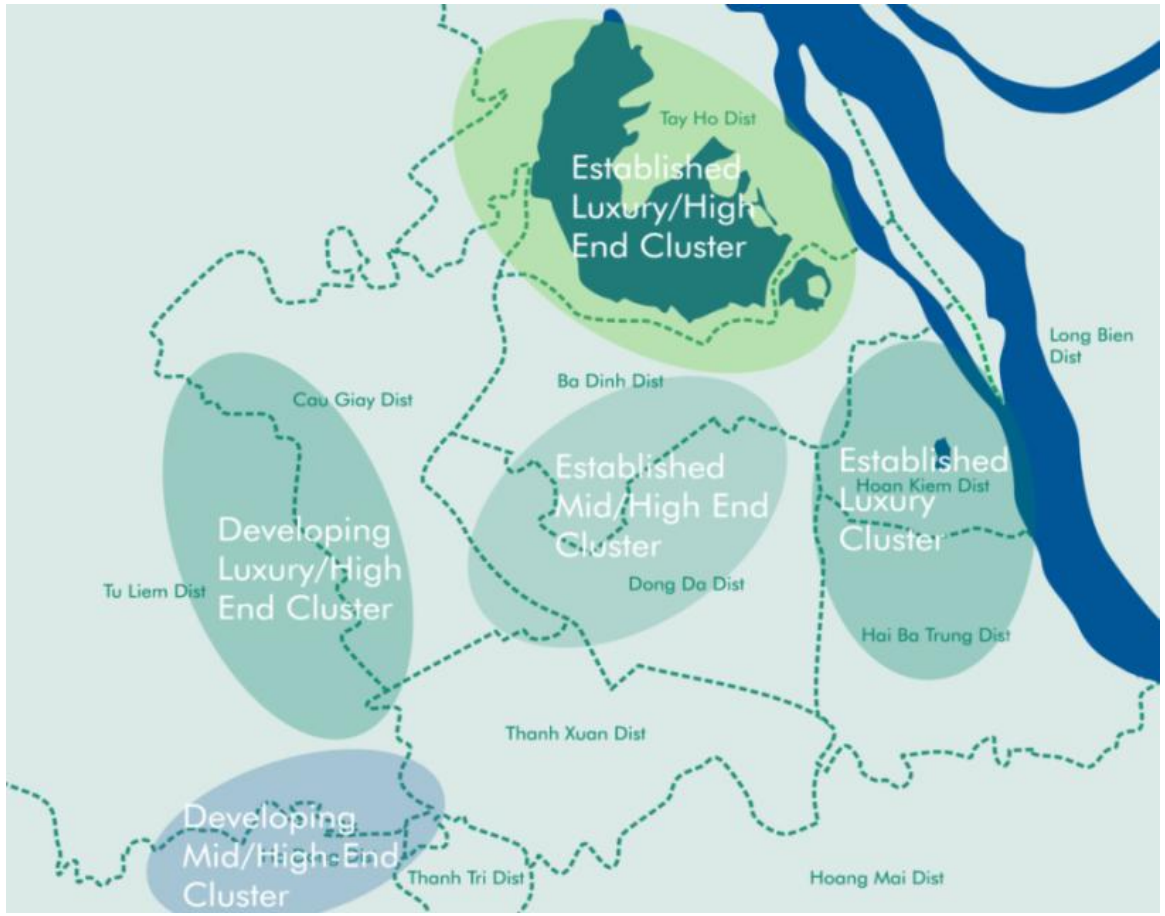
Luxury: projects that have primary prices from US$5,000 per sq.m to US$12,000 per sq.m

High-end: projects that have primary prices from US$2,500 per sq.m to US$5,000 per sq.m

Mid-end: projects that have primary prices from US$1,500 per sq.m to US$2,500 per sq.m

Affordable: projects that have primary prices under US$1,500 per sq.m

Saleable area: The saleable area of a unit is measured up to the center line of the wall separating adjoining units. The full thickness of the walls separating the units from common areas, lift shafts, light wells, staircases, etc., is included.



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Contact

Dung Duong
Executive Director, Research & Consulting
CBRE Vietnam
+84 28 6284 7668
dung.duong@cbre.com

An Nguyen
Senior Director, Research & Consulting
CBRE Hanoi Branch Director
+84 24 3698 8028
an.nguyen@cbre.com

Thanh Pham
Director, Research & Consulting
CBRE Vietnam
+84 28 6284 7668
thanh.pham@cbre.com

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