CBRE

Residential Demand Normalizes in a Higher-Rate Environment, While Industrial Real Estate Benefits from the Global AI Investment Wave

▲ +8.18%	▲ +8.55%	▲ +8.22%	▲ +35.17%
VIETNAM GDP	HCMC GRDP	HANOI GRDP	VN-INDEX

Note: Arrows indicate y-o-y change.

HOT TOPICS

- **Office:** Rents soften; vacancy rises as Tay Ho Tay supply wave begins.
- **Retail**: New retail supply sustained market momentum.
- **Residential:**. By Q2 2026, the absorption rate of Hanoi's condominium market showed signs of stalling. Total sales volume in Q2 2026 exceeded 5,800 condo units, equivalent to 68% of the total new supply launched during the period. This rate is on par with Q1 2026 but significantly lower than the 2024–2025 period, when absorption frequently exceeded 90%, occasionally even surpassing new supply. Furthermore, for the first time since late 2022, the secondary market recorded a downward price adjustment. Looking ahead to H2 2026, the primary market is expected to maintain a strong launch pipeline. However, pricing and liquidity trends in subsequent quarters will largely depend on interest rate movements and the recovery of homebuyer sentiment.
- **Industrial:** For the industrial land segment, total land absorption in Tier-1 provinces and cities reached a remarkable 217 ha in Q2 2026, the highest level since Q1 2024, indicating a clear recovery trend. The main driver was expansion activity by major electronics and semiconductor manufacturers focusing on high-value products, particularly amid rising demand fueled by the AI wave.

VIETNAM ECONOMIC OVERVIEW

- GDP growth rate for 6M 2026 recorded at 8.18% y-o-y, which was the highest growth rate ever recorded for 6M within the period 2011-2026 (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$ 34.65 billion in 6M/2026, an increase of 61% compared to the same period last year.
- Vietnam's total export turnover reached reached US$ 266.52 billion, up by 21% y-o-y. On the other hand, total import turnover of the country recorded approximately US$ 283.17 billion, leading to a trade deficit to be US$ 16.65 billion in 6M 2026.
- Vietnam's consumer price index (CPI) rose by 4.38% y-o-y in 6M 2026, mainly driven by rising fuel costs and import prices.
- Vietnam's total retail sales of goods and services reached VND 3,889.5 trillion, up by 12.9% y-o-y.
- During the period, the total number of international arrivals recorded approximately 12.3 million visitors, which represents a 14.9% 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.

Office

Rents soften; vacancy rises as Tay Ho Tay supply wave begins

In Q2 2026, the Hanoi office market marked a notable milestone as two new Grade A projects – Oriental Square and IFC Hanoi – officially commenced operations, marking the establishment of office supply in the Tay Ho Tay (Starlake) area, an emerging development zone within West Hanoi. These two projects contributed over 73,000 sqm NLA, bringing the city's total office stock to 1.96 million sqm NLA. Net absorption in H1 2026 reached over 37,000 sqm, indicating that office leasing demand in Hanoi remained stable.

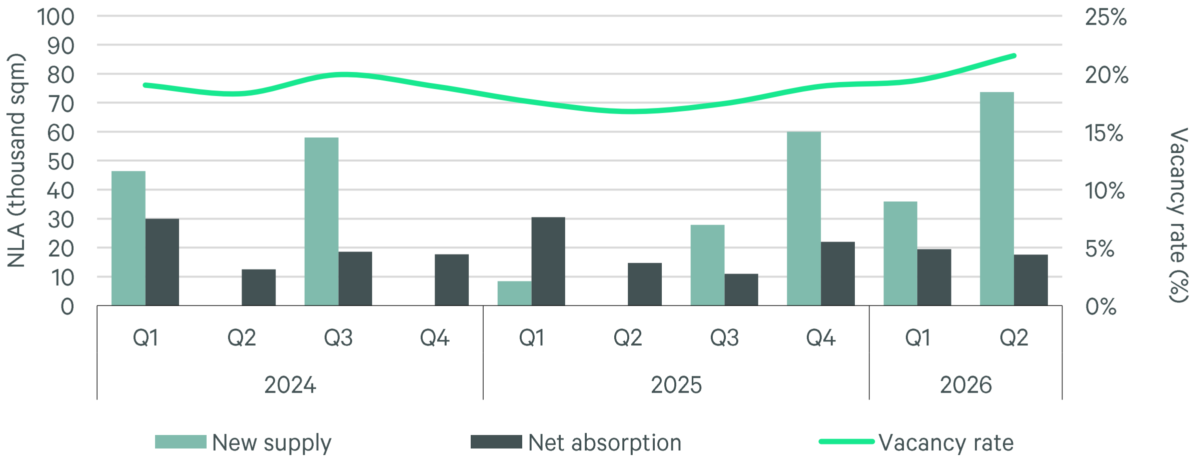
On the rental side, average asking rents for Grade A projects declined, reaching US$29.5/sqm/month, down 1.2% q-o-q and 1.6% y-o-y. This trend was mainly driven by the competitive asking rent strategies adopted by the two new projects to accelerate occupancy during their initial operating phase. For Grade B, average rents stood at US$14.8/sq /month, unchanged q-o-q and down 0.7% y-o-y.

The arrival of new Grade A supply pushed the segment's average vacancy rate up significantly, by 6.9 ppts q-o-q and 8.4 ppts y-o-y, reaching 28.3%. In contrast, Grade B vacancy improved slightly q-o-q, down 0.9 ppt, though it remained up 2.5 ppts y-o-y, reaching 17.5%.

In H1 2026, the market recorded some positive signals, with expansion transactions accounting for 39% of total major transactions, led by the Information Technology and Banking, Financial Services & Insurance sectors. Nevertheless, cautious sentiment amid global uncertainties led many occupiers to extend decision-making timelines compared to previous periods.

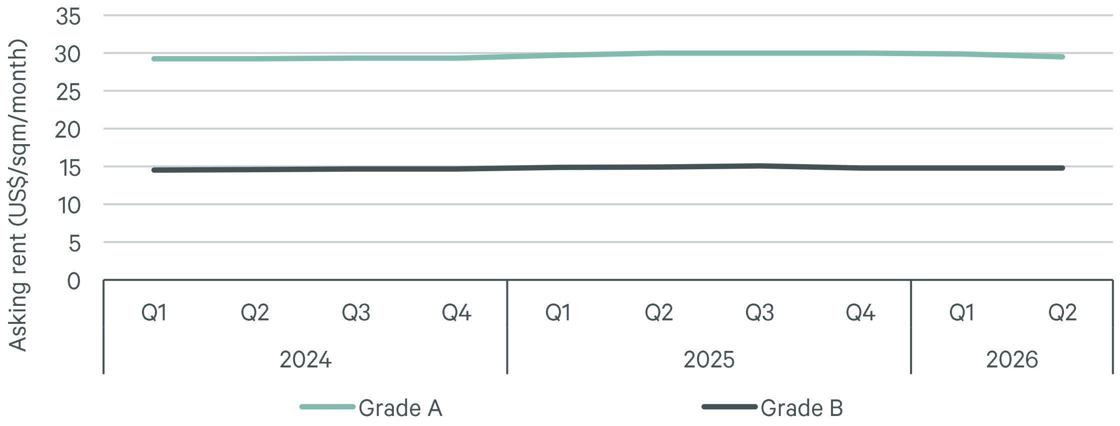
From H2 2026 through 2028, the market is expected to receive an additional approximately 207,000 sqm NLA of Grade A office supply, concentrated primarily in the Tay Ho Tay area. This wave of new supply is expected to exert pressure on market-wide vacancy rates, compelling landlords to compete more comprehensively — not only on pricing but also on building quality. Criteria such as Green certifications, smart building systems, and amenity offerings are becoming an increasingly decisive factor in tenants' leasing and lease renewal decisions. Landlords who proactively upgrade these elements will hold a clear competitive advantage in attracting and retaining quality tenants.

FIGURE 1: Market Performance, Office, Hanoi



Source: CBRE Research, Q2 2026

FIGURE 2: Asking Rent, Office, Hanoi



Source: CBRE Research, Q2 2026
Asking rent is exclusive of service charge and VAT.

Retail

New retail supply sustained market momentum

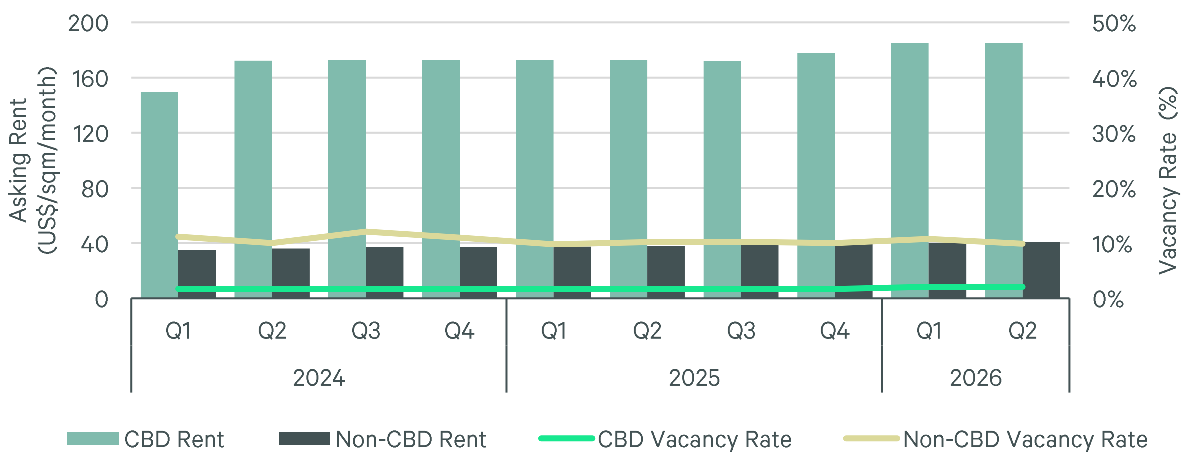
In the first 6 months of 2026, the Hanoi retail market welcomed approximately 51,000 sqm NLA of new supply from prominent projects such as Hanoi Centre and ROX Tower Goldmark City, bringing the total supply to roughly 1.25 million sqm NLA. The total net absorption for the quarter exceeded 48,000 sqm, indicating sustained demand for new developments. The average market-wide vacancy rate settled at 9,5%, representing a slight decrease of 0.9 ppts q-o-q and 0.3 ppts y-o-y. The vacancy rate in central area remained low at 2.1% while the vacancy rate in non-CBD areas slightly decreased to 9.9%.

Regarding rental performance, the CBD recorded an average ground floor-asking rent of USD 185.2/sqm/month, representing a 7.2% increase y-o-y. Meanwhile, non-CBD areas also maintained positive growth momentum, with average rents reaching USD 41.1/sqm/month, up 2.2% q-o-q and 7.9% y-o-y. Notably, the Dong Da - Ba Dinh cluster reached USD 68.5/sqm/month, marking a slight increase of 2.7% y-o-y. Simultaneously, the West area stood at USD 35.8/sqm/month, rising 3.2% 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 inflation and exchange rate pressures may still impact purchasing power and retailers' operating costs.

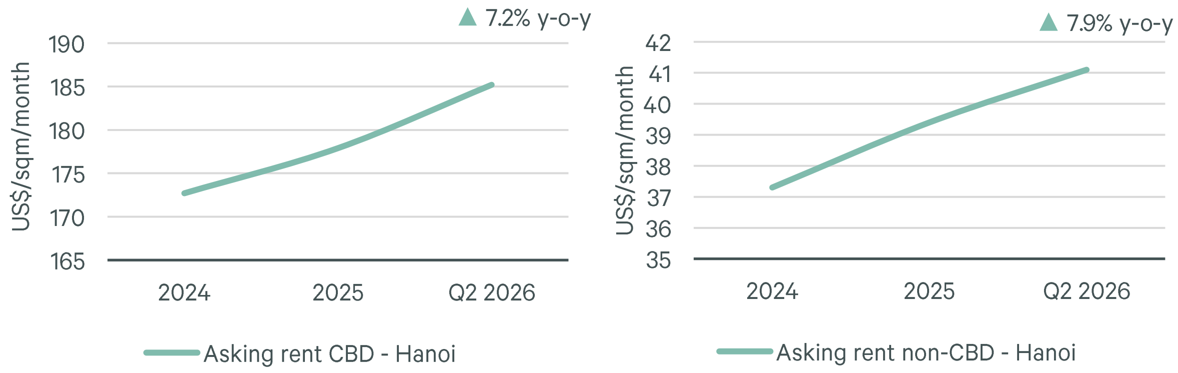
In terms of leasing trends, Food & Beverage (F&B), Fashion, and Entertainment continue to play a leading role due to their adaptability to younger demographics. Furthermore, the retail real estate market is witnessing a strategic shift from traditional space leasing to the creation of sustainable experiential 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., Q2 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., Q2 2026. Asking rent is for the ground floor, exclusive of VAT and service charge

Condominium

Secondary prices undergo downward correction amid high interest rates

The first half of 2026 recorded a total of 16,600 condominium units launched in Hanoi, marking the highest first-half supply volume since 2020. Notably, a significant shift was observed in the segment mix. This represents the second consecutive quarter where the market registered no new supply priced below VND 60 million/sqm (exclusive of VAT, maintenance fees, and discounts).

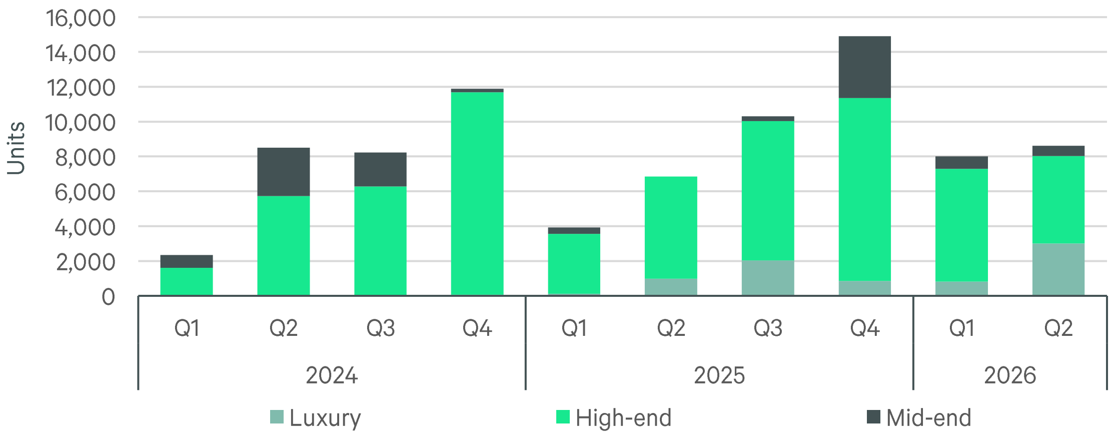
By Q2 2026, the absorption rate of Hanoi's condominium market showed signs of stalling. Total sales volume in Q2 2026 exceeded 5,800 units, equivalent to 68% of the total new supply launched during the period. This rate is on par with Q1 26 but significantly lower than the 2024–2025 period, when absorption frequently exceeded 90%, occasionally even surpassing new supply. Pressure from elevated interest rates continues to be a key factor driving buyer behavior: instead of making rapid decisions as they did in the previous low-interest-rate environment, buyers now tend to exercise greater caution, carefully evaluating cash flows and market timing, particularly for products that require substantial financial leverage.

Hanoi's condominium prices in Q2 recorded different trends between the primary and secondary markets. In the primary market, the citywide average selling price reached approximately VND 95 million/sqm (exclusive of VAT, maintenance fees, and discounts), up by 12% q-o-q and 21% y-o-y. Compared to Q1, a significant proportion of Q2 new supply was concentrated within core urban areas, driving the primary price to a high level this quarter.

In the secondary market, Hanoi's average condominium price reached VND 60 million/sqm at the end of Q2 2026, down by nearly 3% q-o-q. This marks the first time the secondary market has recorded a price decline since late 2022. The year-on-year growth rate also contracted significantly to 13%, nearly half of the 24–26% peak observed during the 2024–2025 period. Following a phase of overheating, the Hanoi condominium market has begun to adjust amid high interest rates and a strong primary supply.

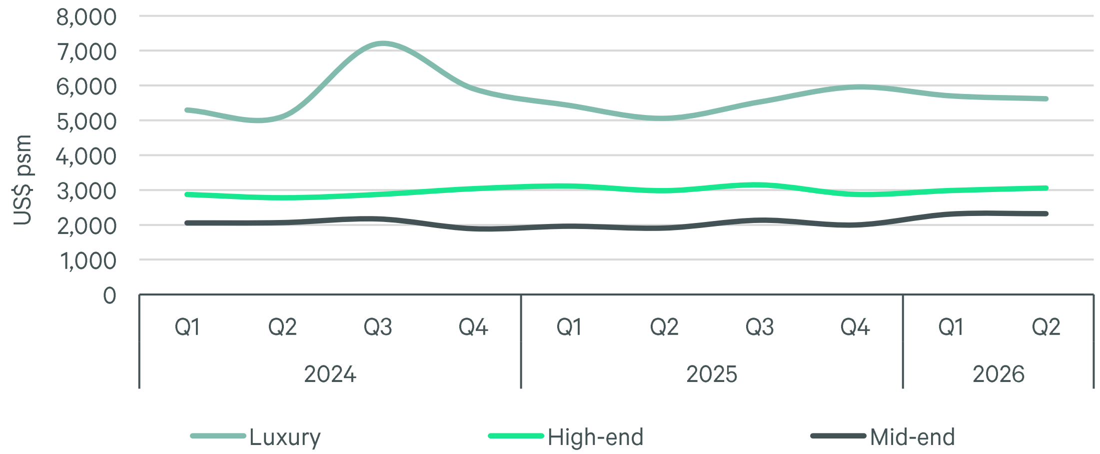
Looking ahead to H2 2026, the primary market is expected to maintain a strong launch pipeline. Total new supply for the full year of 2026 could reach nearly 39,000 units, surpassing the 2019 peak of over 37,000 units. Such scale of condominium launches in Hanoi is anticipated to impose stricter demands on developers regarding pricing strategies, segment positioning, and financial support policies, amid intensifying competition and a highly cautious homebuyer approach. Meanwhile, future pricing and liquidity trajectories will remain highly contingent upon interest rate movements and the improvement in homebuyer sentiment.

FIGURE 5: New supply, Condominium , Hanoi



Source: CBRE Research, Q2 2026

FIGURE 6: Average primary prices, Condominium, Hanoi



Source: CBRE Research, Q2 2026. Prices before VAT, maintenance fee and discounts

Villa & Townhouse

New supply focus on mega townships in suburban areas

Hanoi's landed property market recorded nearly 2,100 newly launched units in the first half of 2026, down 17% y-o-y. Among which, there are over 1,110 low-rise units launched in Q2 2026 alone.

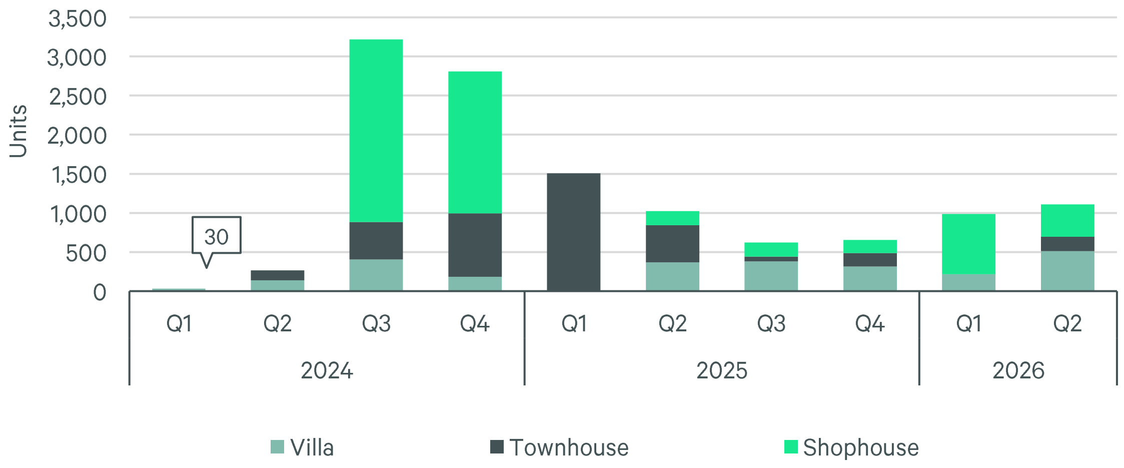
A key highlight of this quarter's supply mix was that nearly 80% of the newly launched units came from mega-townships in Van Giang, Hung Yen (province adjacent to Hanoi). This clearly demonstrates that the development momentum of Hanoi's low-rise segment is closely tied to the expansion direction of large-scale urban areas in Hanoi's neighboring areas. The remaining supply in this quarter was distributed across core and near-center areas, mainly featuring shophouse products.

Liquidity in Hanoi's landed property market also recorded a slowdown in Q2. Total sales volume reached over 660 units, down 30% q-o-q and 74% y-o-y. Pressure from interest rates is dividing buyer behavior; a segment of buyers is opting to wait, anticipating that mortgage rates will adjust down to a safer threshold that better aligns with their actual household financial capacity.

Regarding price movements, in the primary market, the average selling price for Hanoi's landed property in Q2 2026 reached VND 209 million/sqm of land (exclusive of VAT, maintenance fees, and discounts), down 9% q-o-q and nearly 9% y-o-y. This adjustment mainly reflects the quarter's supply mix, with the majority of newly launched products coming from mega-townships in Van Giang (Hung Yen). In the secondary market, the average price for villas and townhouses in Hanoi stood at approximately VND 195 million/sqm of land at the end of Q2 2026, down 3% q-o-q and a modest 2% increase y-o-y. Amid a high interest rate environment since the beginning of the year, many homeowners tend to temporarily put their listings on hold or adjust their capital gain expectations downward.

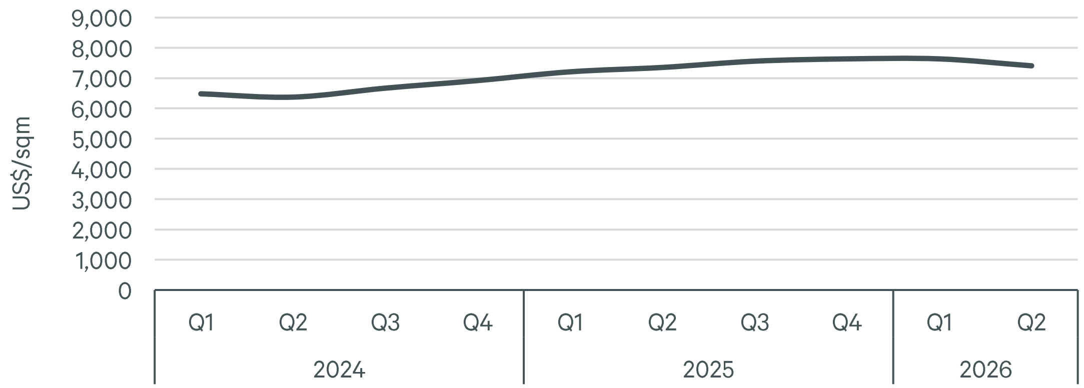
Regarding the outlook, Hanoi's landed property market is projected to welcome approximately 6,000 newly launched units in 2026, with new supply expected to expand robustly in the following years driven by the progress of mega-townships currently under development. The large-scale low-rise supply, elevating product quality, and accelerated investment in connectivity infrastructure are key factors that will likely continue to anchor the primary price level. This is particularly valid in suburban and neighboring areas, where infrastructure enhancements are significantly reducing commuting times to the city center.

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



Source: CBRE Research., Q2 2026.

FIGURE 8: Average Secondary price, Hanoi Landed Property



Source: CBRE Research., Q2 2026. Prices include construction cost, before VAT, maintenance fee and discounts

Northern Industrial

AI wave drives strong industrial sector performance

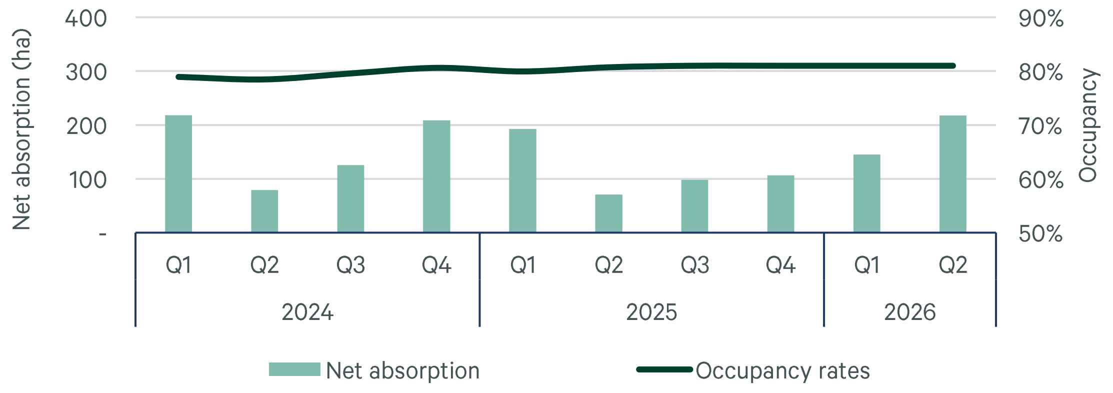
For the ready-built factory (RBF) and warehouse (RBW) segment, the first half of 2026 saw continued introduction of large-scale projects in the Northern region, primarily concentrated in Bac Ninh and Hung Yen. Total new supply reached approximately 0.43 million sqm, with more than three-quarters coming from RBF developments. As new supply continued to enter the market, the average occupancy rate of RBF projects in Q2 2026 in the Northern Tier-1 market stood at 82.7%, down 3.6 ppts q-o-q and 4.2 ppts y-o-y. In contrast, the ready-built warehouse segment showed a more positive trend in the first half of 2026, driven by moderate new supply and solid demand from both logistics' companies and manufacturers. The average occupancy rate reached 85.3%, up 5.1 ppts q-o-q and 1.1 ppts y-o-y. In terms of rental levels, average asking rents of RBW and RBF in the Northern Tier-1 market stood at US$ 4.9/sqm/month and US$ 5.1/sqm/month (excluding VAT), respectively, increasing slightly by 5.4% y-o-y for warehouses and 3.0% y-o-y for factories.

For the industrial land segment, total land absorption in Tier-1 provinces and cities reached a remarkable 217 ha, the highest level since Q1 2024, indicating a clear recovery trend. The main driver was expansion activity by major electronics and semiconductor manufacturers focusing on high-value products, particularly amid rising demand fueled by the AI wave. In the Northern Tier-1 market, average industrial land asking rents reached approximately US$ 143/sqm of remaining lease term (excluding VAT), up 2.9% y-o-y. Meanwhile, occupancy stood at 81.3%, increasing by 1.8 ppts q-o-q and 0.6 ppts y-o-y.

In the second half of 2026 and beyond, Vietnam's industrial real estate market is expected to continue its positive momentum. Transport infrastructure is being significantly improved, while incentive policies are further refined, alongside the development of free trade zones, all of which will help sustain Vietnam's attractiveness to foreign investors.

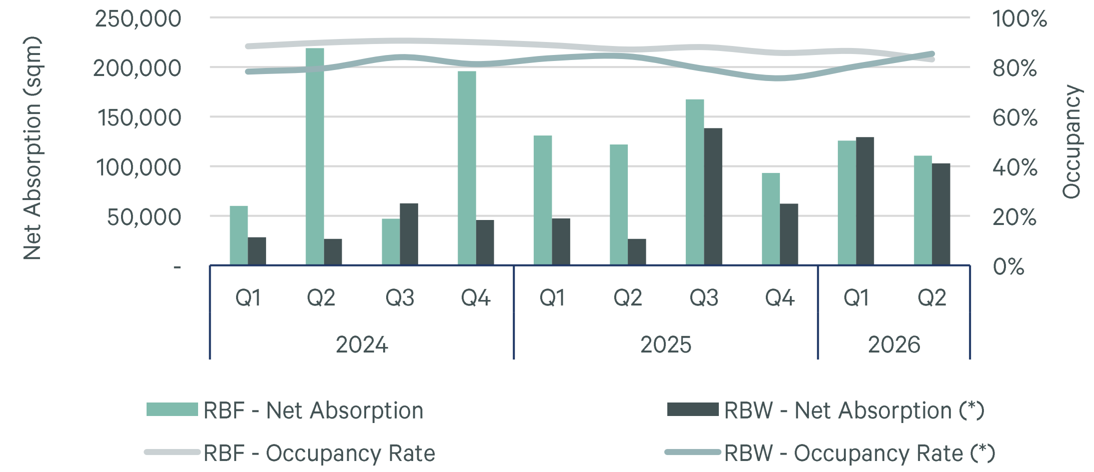
Note: Tier-1 markets include Hanoi, Hai Phong, Hai Duong, Hung Yen and Bac Ninh (based on administrative boundaries prior to July 1, 2025).

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



Source: CBRE Research, Q2 2026.

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



Source: CBRE Research, Q2 2026. (*) Exclude service warehouse and include absorption from ready-built hybrid projects.

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

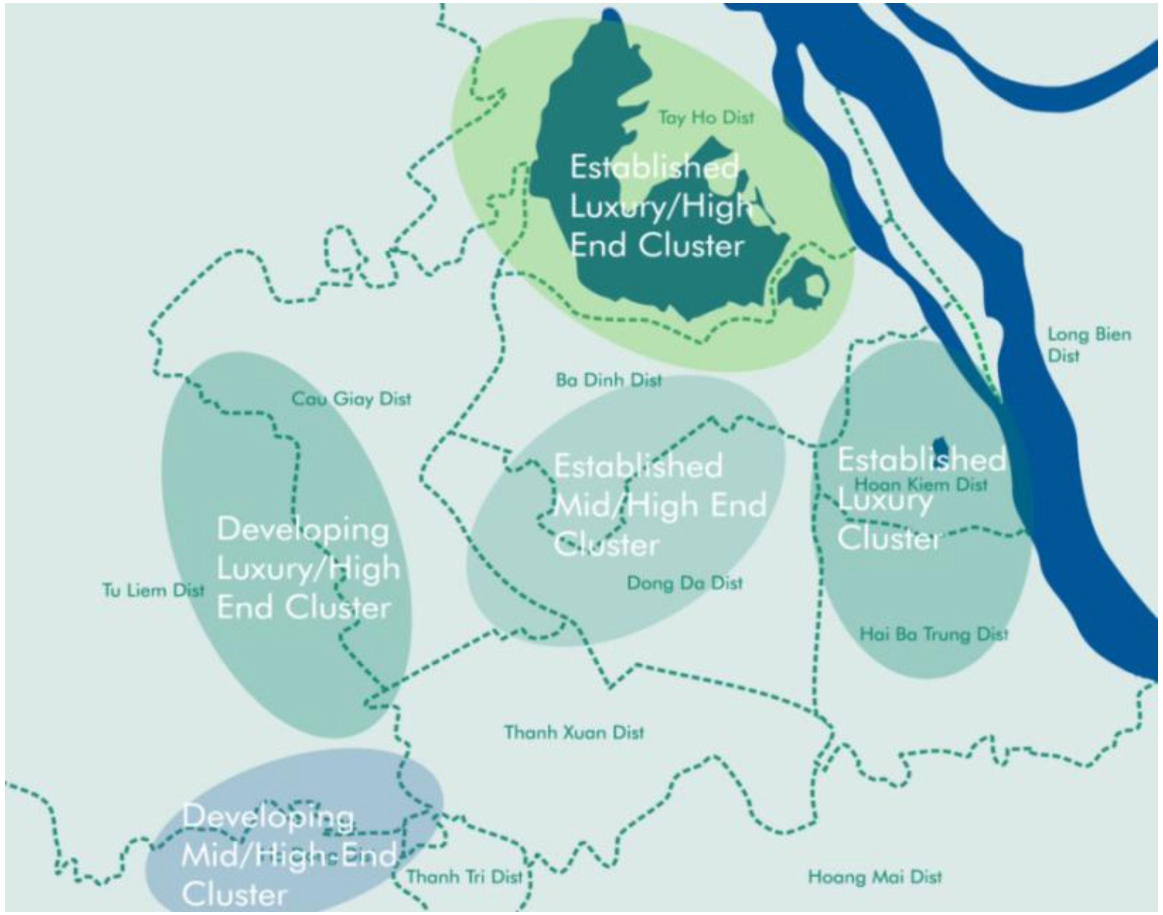
Luxury: projects that have primary prices from US$5,000 per sq.m to US$12,000 per sq.m

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.



Disclaimer:

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