

Read Vietnam Trend

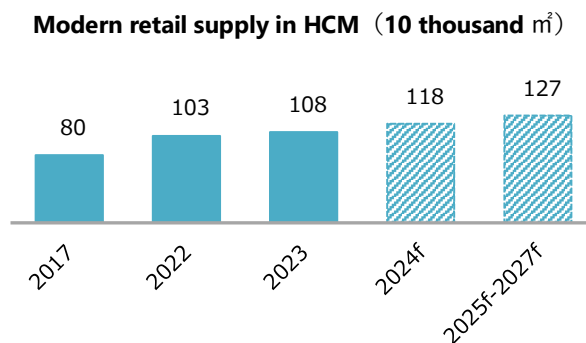
The trend of Vietnam's retail sector, viewed through the lens of rental property

In 2023 and early 2024, continuation of economic difficulties and reduced purchasing power have impacted many retail businesses. Street front rental properties and modern retail supply both experienced lower occupancy rate than pre-2019 levels, taking example of Hanoi and Ho Chi Minh City (HCM). However, many signs of recovery have been observed.

For street front rental properties, as reported by Lao Động newspaper on February 29, 2024, in Hanoi, numerous streets in central districts such as Ba Đình, Thanh Xuân, and Đống Đa are seeing closures and urgent lease signs. Mr. Nguyễn Quốc Khánh, Vice President of the Vietnam Association of Realtors (VARs), notes that while there is demand, many potential tenants are in a waiting state, hoping for more affordable premises. The retail space market in Hanoi might start to recover in the second quarter of 2024, yet is only expected to reach about 80% of its pre-2019 levels. However, contrary to the scene of mass leasing signs, several prime business locations in the Hoan Kiem district, such as Trang Tien, Tran Hung Dao, Ba Trieu, and Ly Thuong Kiet streets, continue to attract numerous brands. Specifically, areas in Hoan Kiem have recently welcomed and expanded stores of luxury to high-end brands, including Louis Vuitton, Dior, Berluti¹.

For modern retail supply, in HCM during 2023, the occupancy rate remained relatively stable quarterly at

90% and saw a 1.9 percentage point increase compared to the previous year, thanks to good occupancy rates in newly launched projects². The year 2023 witnessed notable progress in the retail sector in HCM, with various new projects and projects aimed at revitalizing existing shopping destinations³. The future modern retail supply in HCM is expected to continue to increase, with an average annual growth rate of more than 4% during the 2022-2027 period.



Source : [Cushman & Wakefield](#) (2022)

Examples of modern retail projects in Ho Chi Minh in 2023

Date	Events
12/2023	Thiso Mall Truong Chinh - Phan Huy Ich opened and operated the ground floor, the remaining 3 floors are expected to operate in the first half of 2024
12/2023	Pandora - BigC Truong Chinh was renovated and repositioned as Go! Truong Chinh
8/2023	Hung Vuong Plaza's reopening

Source : [Cushman & Wakefield](#) (2023)

The trend of new brands entering Vietnam and expanding scale is still strong in 2023. Many chose shopping malls to set up their stores such as Uniqlo, H&M, Miniso

According to Savills, in economic difficulties consumers are forced to tighten their spending,

¹ Lao Dong 「[Compete for multi-billion USD site in central Hanoi](#)」 (3/2024)

² Cushman & Wakefield 「[Market situation in Ho Chi Minh](#)」 (2023)

³ Cushman & Wakefield 「[Market situation in Ho Chi Minh](#)」 (2023)

people tend to increase spending on essential goods sector while reducing expenditure on social services. Currently, brands in this sector have also been implementing expansion plans. Specifically, Central Retail—a Thai retailer—has announced plans to invest an additional 20,000 billion VND in the Vietnamese retail market over the next five years, aiming to increase their outlets from 40 provinces and cities currently to 55 nationwide with about 600 stores. Another foreign retail company, Aeon Group, is also planning to build more mega stores in Hanoi. This company aims to develop 20 shopping centers in Vietnam by 2025, and 100 AEON MaxValu Supermarkets in Hanoi by 2025. Meanwhile, WinCommerce plans to open an additional 1,000 stores, and Saigon Coop aims to be the number one in the supermarket retail segment.

With advantage of a more than 100 million people market and a growing number of middle-class and above people, Vietnam is still a good destination for high quality products and services despite economic difficulties in recent years. It is important for brands to investigate the market to start entering or to reconsider their existence in Vietnam.

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