



NALVietnam
COMMERCIAL REAL ESTATE SERVICES, WORLDWIDE

HO CHI MINH CITY
FLEXIBLE OFFICE SPACE

H2/2024

DECEMBER 2024

PREFACE

- The shift towards flexible working spaces as an alternative workplace model continues.
 - With the economy recovery and more startups entering the markets in 2024, HCMC's premium flexible office solutions are in high demand.
 - Flexible offices are popular due to their prime locations and vibrant business communities.
 - Factors driving this demand: Economic growth, the rise of startups, and a stronger presence of small and medium enterprises (SMEs), all contribute to the appeal of flexible office spaces.
- This report provides an overview of current market dynamics, trends, and future prospects, giving insights to those looking to take advantage of the opportunities in HCMC's flexible office market.



FLEXIBLE OFFICE MARKET

As of H2/2024, there are over 160 flexible office centers located in HCMC. In this report, the flexible office space market includes Serviced Office, Dedicated Office, Co-working Space/Hot Desk and Virtual Office.

Serviced offices provide private, enclosed office spaces which are designed and provided with basic services such as reception, AC, cleaning, maintenance, free drinking water, meeting room, security service, thus creating a relatively formal and professional environment.

The lease terms of these offices usually range from six months to a year. The tenants are offered limited customization and provided with few networking events.


Coworking spaces, including dedicated desk and hot desk, on the other hand, emphasize flexibility with short-term memberships and promote a sense of community through their open-plan design with shared desks and common areas. They provide shared resources, basic services, and they frequently hold workshops / events to encourage networking.

Virtual office is a service that provides an office building address for rent, facilitating easy business registration, especially for companies that are not yet able or do not need to rent a formal or long-term office space.

Startups and freelancers tend to favor coworking spaces. However, well-known SMEs, which prioritize privacy over flexibility, prefer serviced offices. Due to their larger office leasing budgets, large corporations—the main tenants of Grade A and B office buildings—tend to place a higher value on privacy and the prestigious location which these buildings provide.



Table 1 Flexible office space types

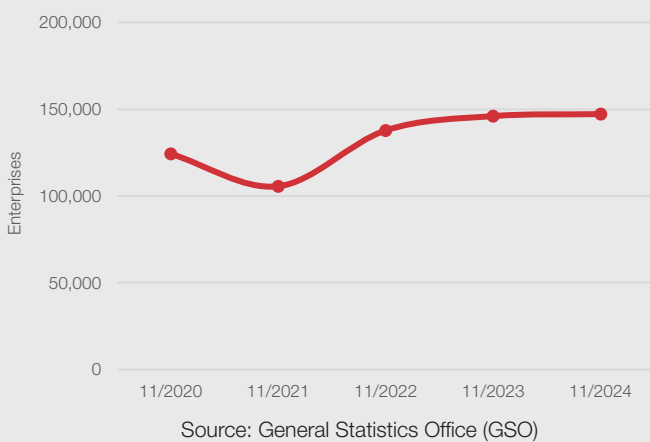
No.	Type of flexible office	Characteristics	Rent terms	Examples
1	Serviced Office	<ul style="list-style-type: none"> - Private Office - Limited Customization - Shared Facilities and Services 	Monthly/ Yearly	
2	Dedicated Desk	<ul style="list-style-type: none"> - Shared facilities - Open/closed plan depending on needs 	Daily/ Monthly	
3	Hot Desk	<ul style="list-style-type: none"> - On demand - For more informal use - Most flexible 	From Hourly	
4	Virtual Office	<ul style="list-style-type: none"> - Registered Business Address - Telephone Answering & Call Handling 	Monthly/ Yearly	

Source: NAI Vietnam

DEMAND OVERVIEW

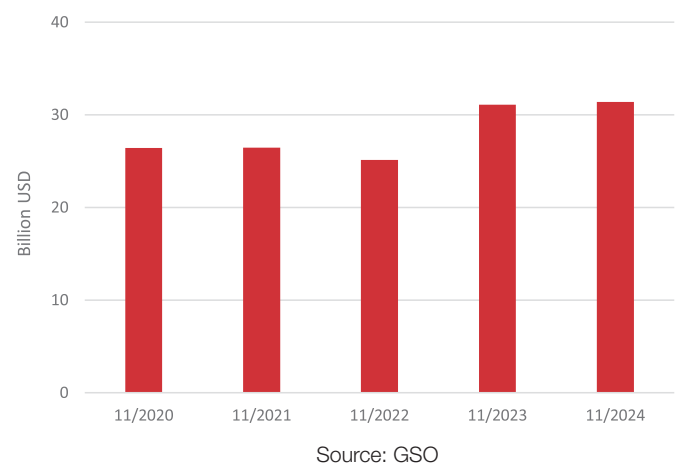
By the end of 11/2024, Vietnam recorded over 147,200 newly established businesses, an increase by 0.8% year-over-year (y-o-y), with newly registered capital of approximately US\$ 58 billion. The country attracted substantial foreign direct investment (FDI), with registered capital for foreign projects reaching US\$ 31.4 billion as of 11/2024 (increased by 1% y-o-y).

Figure 1 Newly established enterprises in HCMC from 2020 to 11/2024



All in all, this leads to a demand for small, flexible office spaces. Foreign companies establishing their footholds in the Vietnamese market often require suitable spaces for small or representative offices, typically for teams of fewer than five members. As SMEs expand, they might then consider transitioning to traditional offices, making it advantageous to have a flexible office unit located within the same traditional office building.

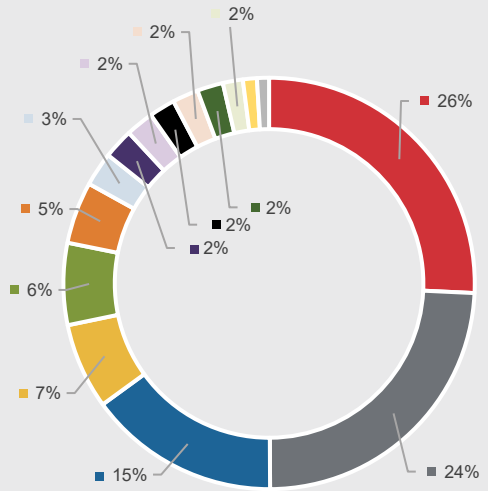
Figure 2 Total FDI to Vietnam from 2020 to 11/2024



TENANT ANALYSIS

Flexible spaces attract a wide range of users, mostly from IT & Technology, Professional/Consultancy Services companies, these two types accounted for roughly 50% of the tenants in the flexible office market. The type of users is diverse, with the “Other” category accounting for 15%.

Figure 3 Tenant distribution in flexible office space, HCMC (H2/2024)



- IT & Technology
- Professional/Consultancy Services
- Other
- Investment & Venture Capital
- Education
- Media & Advertising
- Trading company
- Food - Agriculture
- Retail
- F&B
- Real Estate
- Medical
- Manufacturing
- Design
- Construction

Source: NAI Vietnam





SUPPLY BY DISTRICTS

As of 2024, HCMC has more than 166,000 sqm of flexible working space in total. The CBD, District 1 alone makes up about half of the total supply, thanks to its central location and high demand for premium office space. Districts 2 and 3 follow, with District 2 having more space but fewer centers compared to District 3. This is partly due to greater demand than other areas thanks to their proximity to the CBD.

District 1 and District 4 own larger centers, demonstrated by their total leasable area being significantly higher compared to the number of centers. The "Other" category represents various districts with minor contributions to the overall supply, such as District 12 or Binh Chanh District.

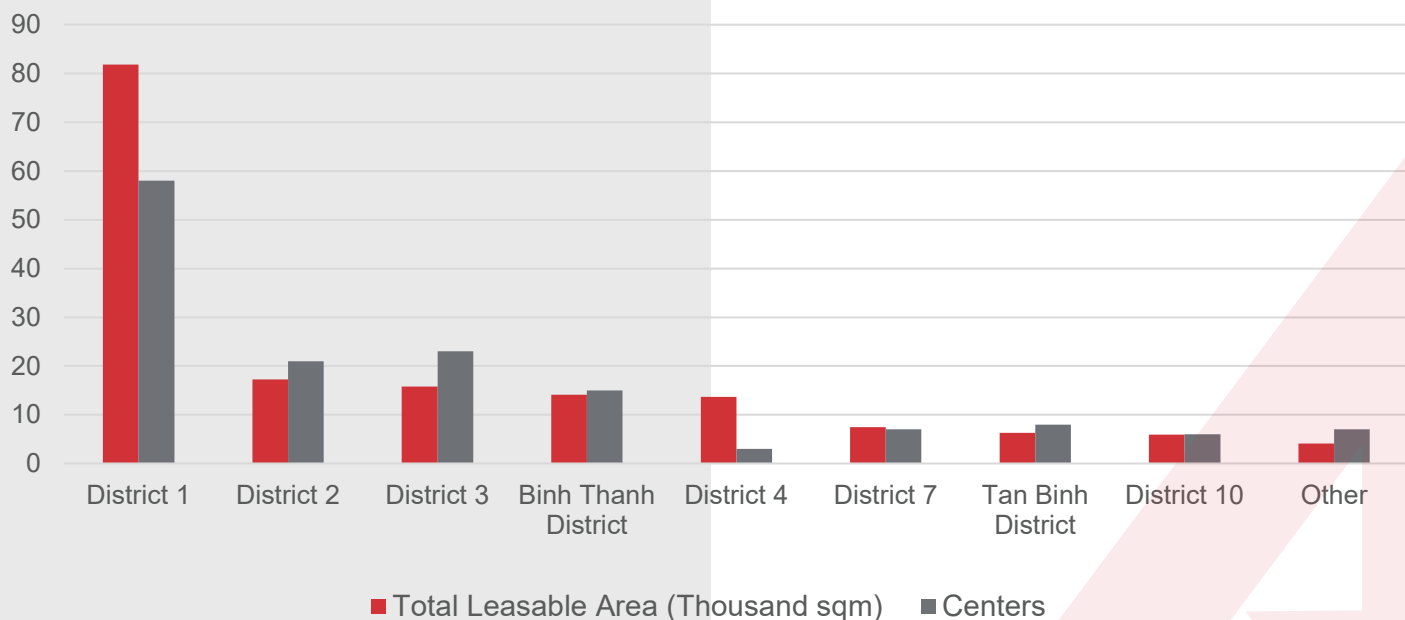
SUPPLY TREND

At the moment, flexible office service providers prioritize serviced offices, as these are easier to manage and operate, offer more stable income compared to Co-working business models.

Currently, the market is more focused on serviced offices, especially mid to high-end space, since they have private spaces, high-quality furniture, and good sound insulation. Customers will also prefer flexible office rentals with large common areas and premium facility management services.

While District 1 remains the leader due to its prime location, neighboring districts show potential for future growth in the flexible workspace market. In 2025, new mid-high-end supply is expected in the non-CBD area.

Figure 4: Supply of flexible working space by districts, by areas and number of buildings/centers (H2/2024)



Source: NAI Vietnam

FLEXIBLE OFFICE PROVIDERS

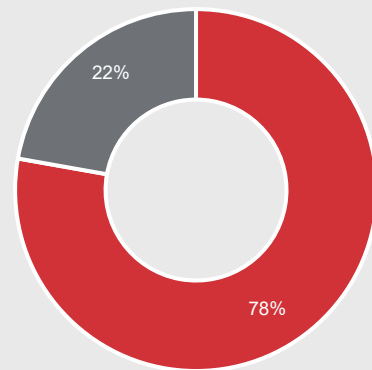
As of 2024, there are about more than 80 flexible office space providers in HCMC. This indicates a diverse market with both local and international brands offering flexible workspace solutions in HCMC. Currently, local brands dominate the flexible office space market of HCMC, occupying 78% of the total space. This significant majority indicates a strong presence and preference for local brands in the city. In contrast, international brands represent nearly a quarter of the flexible office space.

The dominance of local brands likely due to the more competitive price and the fact that local brands are more suitable for SMEs and start-up

companies with mid or low budgets requirements, which account for the larger portion of customers. The mix of well-known international brands (such as WeWork, The Executive Center, and Regus) sharing the market with local brands (including CirCO, UPGen, Toong, Dreamplex, and W Business Center) points out the competitive nature of the flexible workings space market in the city.

Besides from the traditional office floor lease and sublease or revenue sharing, some traditional office buildings also have their own flexible office providers, taking advantage of available facilities and human resources, thereby offering more competitive prices.

Figure 5 Proportion of flexible office space by brand origin in HCMC (H2/2024)



■ Local Brand ■ International Brand

Source: NAI Vietnam

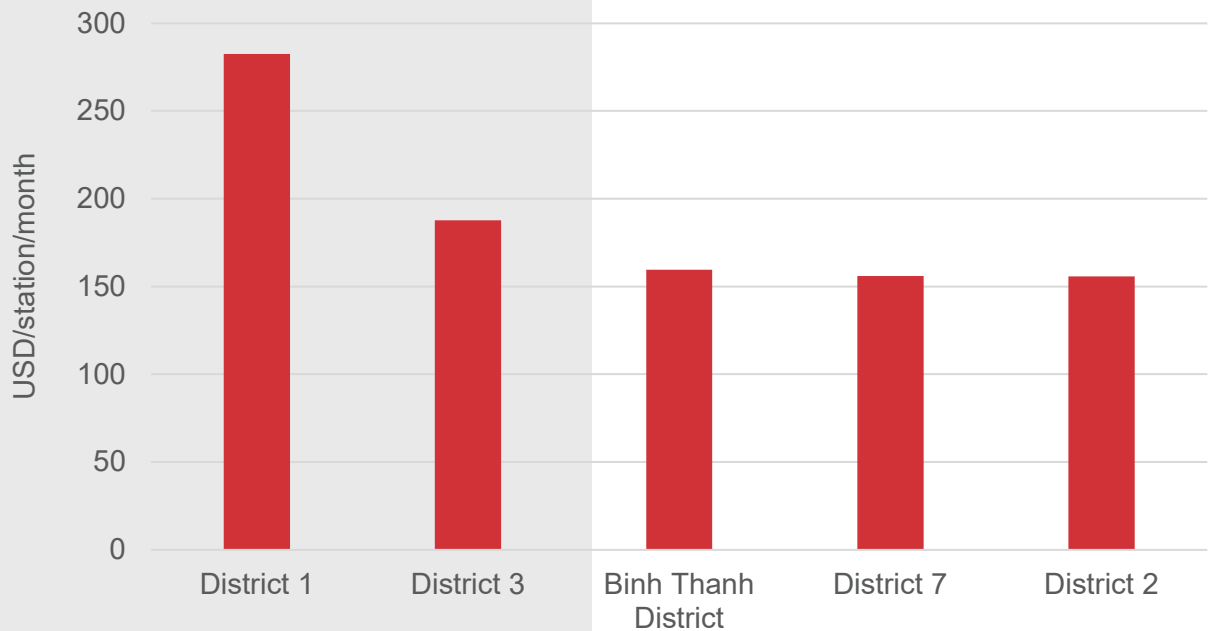


RENTAL RATES

Regarding serviced office rental rates, in H2/2024, District 1 stands out with the highest average rent price, approximately US\$ 282/station/month, the highest price in this district as well as the whole market is more than US\$ 700/station/month. The main reason is that the location of the financial center of District 1 is more attractive, tenants can easily access the neighboring office, administrative and service ecosystem within the district.

District 3 follows with an average rent price of about US\$ 188/station/month, thanks to the advantage of being near the city core. Binh Thanh District (US\$ 160), District 7 (US\$ 156) and District 2 (US\$ 156) show comparable rent prices, suggesting similar levels of desirability and business activity.

Figure 6 Serviced office average rent price in key districts (H1/2024)



Note: All prices are VAT excluded, 1 USD = 25,400 VND

Source: NAI Vietnam



FUTURE OUTLOOK

HCMC offers numerous opportunities for flexible office spaces due to rapid economic development, an attractive business environment, and the rise of SMEs and startups.

It is expected that the sector will still have room for growth in 2025, in the context of the China + 1 strategy, Vietnam continues to be and will remain an attractive destination for investors. The presence of serviced offices

will provide new businesses entering the market more options amid the scarce supply of office buildings in the city center.

Being located in high-quality office buildings near the commercial and financial center will help flexible office service providers attract more tenants. In addition, greener and more well-being workplaces are trending, so future flexible offices might need green and wellness certifications or elements to attract and meet client demands.



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THANK YOU ! CONTACT US

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