

## Vietnam Residential Real Estate

Industry Real Estate  
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### Market transactions to strengthen in Q4 2024 and 2025

**New project preparations and launches have ramped up in 2024 YTD:** The housing market in Vietnam bottomed out in 2023 and has since shown a gradual recovery in primary transactions, beginning in Q3 2023 and continuing throughout 2024 YTD, with the condo segment in Hanoi leading the recovery. The rise in preparation activities for new project launches, along with ongoing improvement in homebuyer confidence in 2024 YTD, reaffirms our expectation for growth in primary property transactions in 2024F vs 2023.

**We project market transactions to strengthen in Q4 2024 and 2025,** led by our expectations for: (1) sustained demand for real living purposes, particularly targeting mid-end condo projects; (2) a return of investment buyers to select landed property products; (3) growth in new primary supply driven by more project launches and smoother legal procedures; and (4) improving homebuyer confidence, driven by the continuous recovery of the overall property market, a stable mortgage rate outlook, and the acceleration of key infrastructure development. We believe that homebuyers will continue to favor projects (i) from proven developers with a track record of pink book handovers and after-sales services, (ii) that have clear legal status, and (iii) are strategically located and well-connected with amenities and infrastructure development.

**We expect the net average selling prices (ASPs) for primary condo and landed properties to continue rising in 2025F, with single-digit growth.** We have observed that developers continue to focus on the mid-end and high-end segments, offering high-quality handover standards amid limited new supply and potentially higher development costs.

**Presales outlook for our coverage:** We forecast the aggregate presales of KDH, NLG, DXG, and HDC to increase by 9%/125%/21% YoY in 2024/25/26F following declines of 14%/38% in 2022/23, respectively. We forecast VHM's presales to remain stable in 2024/25F, before increasing by 8% in 2026F, following 62% growth in 2022 and a 32% decline in 2023. The top picks among our residential coverage are KDH and NLG.

Figure 1: Vietcap real estate stock coverage: Ratings and summary valuations

Code	Rating	Market Cap USD mn	State O'ship %	Foreign Limit %	Foreign Avail USD mn	ADTV 30D USD mn	Share Price VND ps	Target Price VND ps	Target Price Updated	Upside %	Dividend Yield %	12M TSR %
NLG	BUY	599	0%	50%	7	3	38,900	48,700	08/22/24	25%	2%	27%
KDH	BUY	1,346	0%	50%	170	5	33,650	41,400	08/22/24	23%	0%	23%
DXS	O-PF	134	0%	50%	43	0	5,800	7,100	08/22/24	22%	0%	22%
VRE	O-PF	1,650	0%	49%	452	6	18,150	20,100	08/15/24	11%	0%	11%
HDC	O-PF	193	0%	49%	88	3	27,050	29,400	08/30/24	9%	0%	9%
VIC	M-PF	6,257	0%	48%	2,469	6	42,050	44,600	08/15/24	6%	0%	6%
DXG	M-PF	468	0%	50%	145	10	16,250	17,000	08/22/24	5%	0%	5%
VHM	O-PF	7,638	0%	50%	2,764	25	43,850	43,900	08/15/24	0%	0%	0%

Code	Share price VND ps	EPS g 2023 %	EPS g 2024F %	EPS g 2025F %	P/E LTM x	P/E 2024F x	P/E 2025F x	P/B LQ x	P/B 2024F x	P/B 2025F x	ROE 2024F %	Net D/E LQ %
NLG	38,900	-17%	5%	21%	51.9	31.1	25.7	1.6	1.5	1.5	5%	31%
KDH	33,650	-36%	21%	6%	52.0	36.6	34.6	2.4	1.9	1.8	6%	33%
DXS	5,800	N.M.	N.M.	100%	N.M.	21.3	10.7	0.6	0.6	0.5	3%	19%
VRE	18,150	59%	-5%	5%	9.2	9.9	9.4	1.0	1.0	0.9	10%	7%
HDC	27,050	-65%	74%	36%	34.3	19.8	14.6	2.2	2.0	1.8	11%	66%
VIC	42,050	-76%	24%	26%	41.9	60.2	47.7	1.2	1.3	1.3	2%	117%
DXG	16,250	-20%	-1%	69%	61.4	60.0	35.5	1.1	1.1	1.0	2%	25%
VHM	43,850	16%	-11%	27%	8.1	6.4	5.1	1.0	0.9	0.8	16%	24%

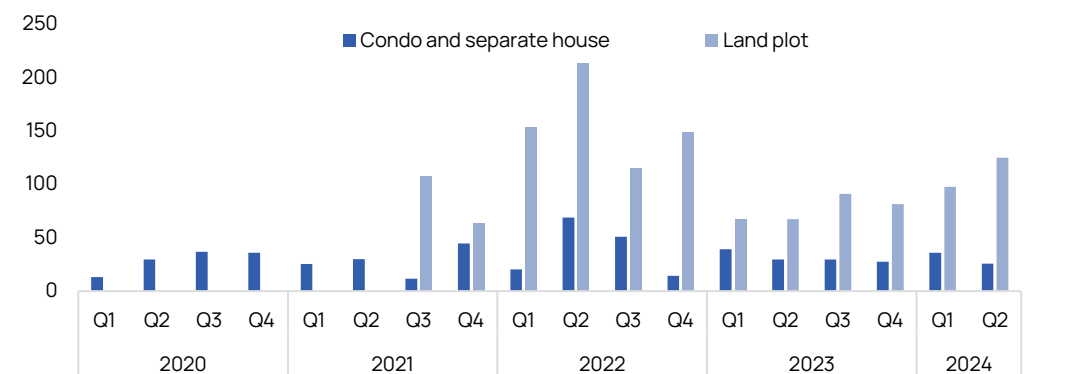
Source: Company data, Vietcap forecast. Note: Share prices as of October 24, 2024

## 2024 YTD Recap: New project preparations and launches have ramped up

The housing market in Vietnam bottomed out in 2023 and has since shown a gradual resurgence in primary transactions, starting from Q3 2023 until throughout 2024 YTD, with the condo segment in Hanoi leading the recovery. Key factors driving the recovery include 1) improving homebuyer confidence, 2) active property brokerage activities and new project launches, and 3) a cooling interest rate environment from H1 2023's peak.

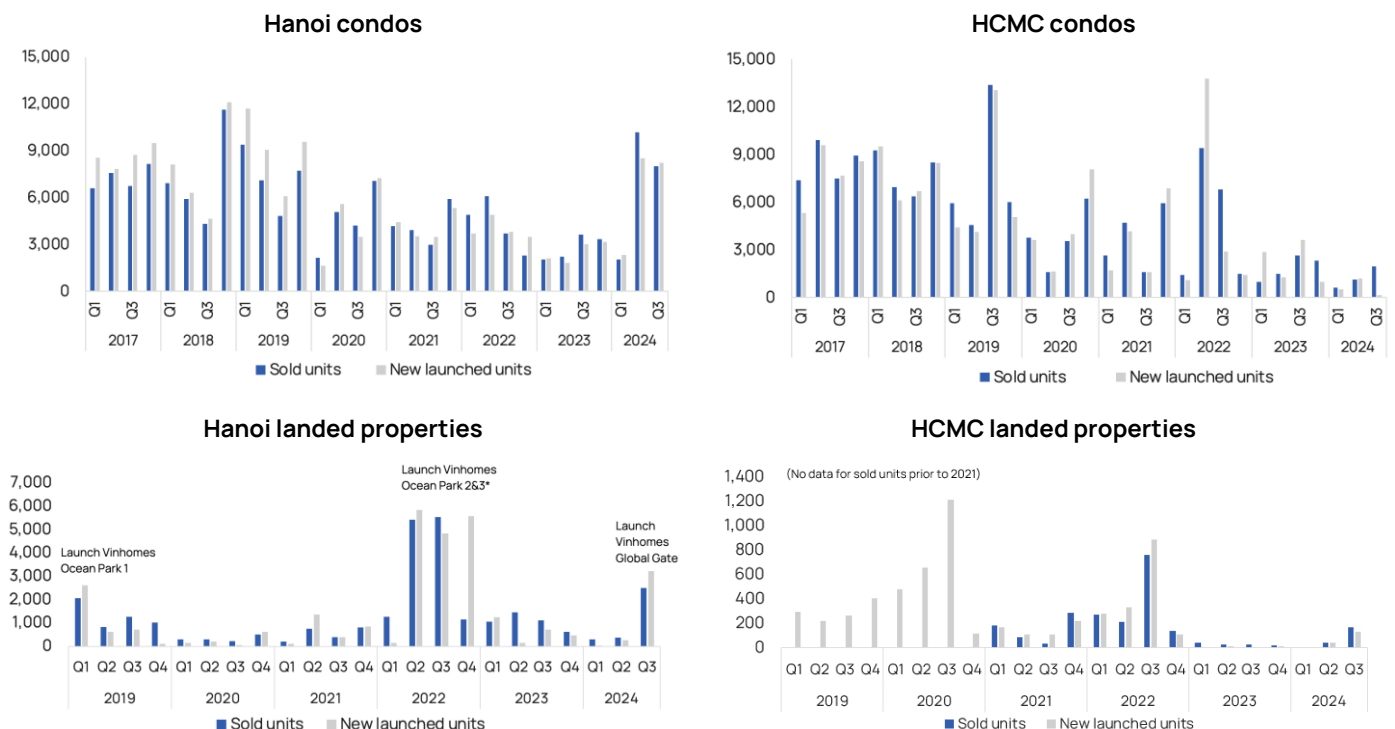
The increase in preparation activities for new project launches and improving homebuyer confidence YTD reaffirm our expectation for growth in primary property transactions in 2024F vs 2023. We expect gradual recovery to continue with more launches from new projects entering the market (reiterating our view as stated in our [Vietnam Strategy 2024 Report](#)).

**Figure 2: Number of transactions nationwide ('000 units)**



Source: Ministry of Construction, Vietcap compilation. Note: No available land plot data prior to 2020.

**Figure 3: Transaction volumes in the primary markets of Hanoi and HCMC (units)**



Source: CBRE, Vietcap. Note: (\*) CBRE classified Vinhomes Ocean Park 2 & 3 projects (in Van Giang - Hung Yen) to Hanoi.

**Hanoi dominated primary condo transactions and new supply in 9M 2024.** Based on our estimates from charts of CBRE's data, total primary condo transactions in Hanoi and HCMC combined were ~23,900 units in 9M 2024 (+84% YoY and 28% higher than full-year 2023), while combined new launched condo units were ~20,900 (+42% YoY and 11% higher than full-year 2023). Hanoi accounted for 85% and 91% of the total primary condo transactions and new supply in the two cities during 9M 2024, respectively.

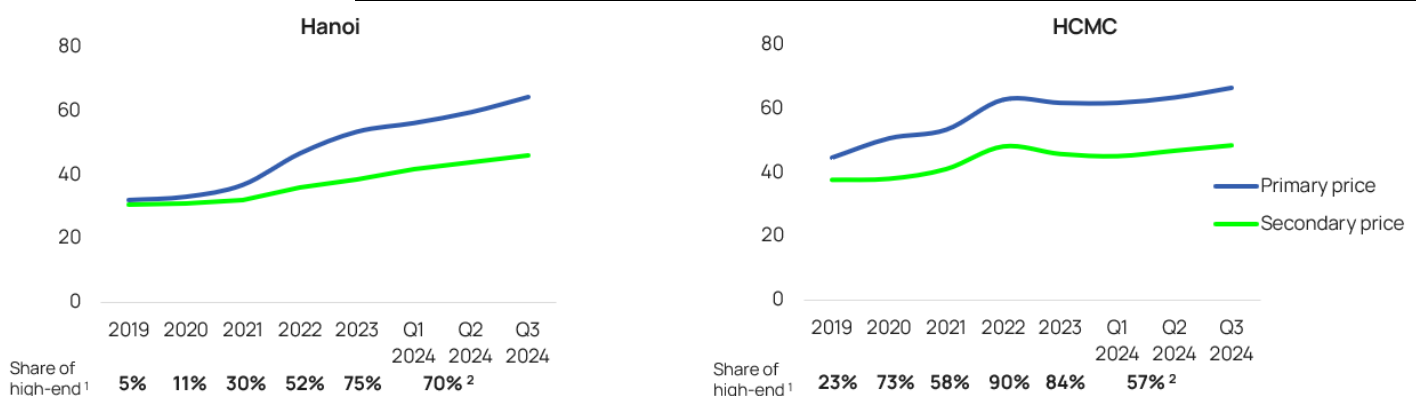
The launch of VHM's Vinhomes Global Gate significantly boosted Hanoi's landed property market in Q3 2024. In September 2024, VHM held a kick-off event for the low-rise component in Vinhomes Global Gate (formerly known as the Co Loa project; a total of 4,100 low-rise and 12,600 high-rise units). According to CBRE, around 2,500 low-rise units were sold in Hanoi's landed property segment in Q3 2024 (+7x QoQ and +124% YoY), with nearly 80% of the sales coming from Vinhomes Global Gate project. This figure is higher than the quarterly average number of primary low-rise units sold in Hanoi during 2023-H1 2024 (~820 units/quarter) and is only surpassed by the performance in Q2 and Q3 2022 (~5,500 units/quarter) when VHM first launched Ocean Park 2 and 3 (Hung Yen Province, bordering Hanoi) over the past five years.

We attribute the stronger performance by Hanoi compared to HCMC to two main factors: (1) limited supply in HCMC resulting from prolonged delays in project approvals, and (2) market sentiment. We have observed that Hanoi's real estate market is more concentrated, with VHM holding a dominant position, while the HCMC market is more fragmented, with sentiment affected by issues surrounding NVL, a major developer in southern Vietnam.

**The average prices of primary condos in Hanoi and HCMC have continued increasing, driven by the higher price positioning of new supply.** Based on our estimates from CBRE's data, the average primary condo prices in Hanoi/HCMC recorded CAGRs of 16% and 9% during the period from 2019 to Q3 2024, respectively. In Q3 2024, Hanoi's average primary condo price was only 3% lower than HCMC's, narrowing from a 27% gap in 2019.

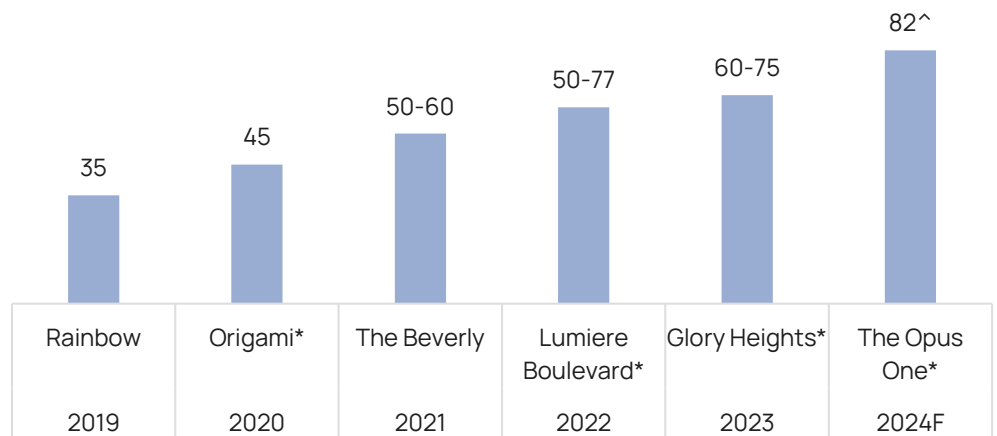
We have observed that the upward trend in prices is largely due to new supply in 9M 2024, primarily coming from the next-phase launches of VHM's existing large-scale projects in Hanoi and HCMC. These newer phases benefit from developed comprehensive amenities, high-quality furniture, and better locations compared to the earlier phases. For example, at Vinhomes Grand Park (HCMC; 271 ha), the starting primary price for the latest phase, The Opus One (expected to launch in Q4 2024), is VND82mn per sqm (USD3,300 per sqm). This compares to the first phase, Rainbow, launched in 2019 at approximately VND35mn per sqm (USD1,400 per sqm), representing a CAGR of ~19%.

**Figure 4: Primary and secondary condo prices in Hanoi and HCMC (VND mn/sqm)**



Source: CBRE, Vietcap. Note: (\*) Average primary prices of launched units, excluding VAT and quoted on NSA; (1) Share of high-end segment in total new primary supply within each given period; (2) Data for H1 2024; data for Q3 2024 not disclosed. CBRE condo classification applied from Q1 2024: Luxury: over VND120mn/sqm (USD4,700); High-end: VND60mn to VND120mn/sqm (USD2,400-4,700); Mid-end: VND35mn to VND60mn/sqm (USD1,400-2,400); Affordable: below VND35mn/sqm (USD1,400).

**Figure 5: Primary condo prices at first launch of phases in Vinhomes Grand Park (HCMC)**



Source: Vietcap compilation of condo prices (VND/m²) through our survey with brokers. Note: VHM first launched retail sales at Vinhomes Grand Park (HCMC) in 2019 with Rainbow phase; (\*) launched by sub-developers (VHM's bulk sales buyers); (^) starting price, not officially launched yet. We have observed that these newer phases benefit from developed comprehensive amenities, high-quality furniture, and better locations compared to the earlier phases.

**Preparations for project launches nationwide are ramping up as end-2024 approaches.** Prior to the Lunar New Year, several developers started preparation activities for upcoming projects, mainly in groundbreaking. Since late Q1 2024, a growing number of projects have been introduced to the market via sales introduction events, and later started official presales launches. According to DXS-FERI, in 9M 2024, there were 23 groundbreaking, 45 introduction/kick-off, and 45 sales launch events, with Q3 2024 recording the highest number of active kick-off events at 22 projects.

The YTD significant new presales launches included VHM's Vinhomes Royal Island in Hai Phong in March and Vinhomes Global Gate in Hanoi in September, followed by launches from foreign developers like CapitaLand with Lumi Hanoi (inside Vinhomes Smart City) and Sycamore in Binh Duong, marking its first project outside of Hanoi or HCMC, as well as Gamuda Land's Eaton Park and The Meadow in HCMC.

**Figure 6: Notable new project launches in 2024 YTD**

Project	Developer	Location	Total units	Launch time	Launched units	Absorption rate at end-Q3 2024
Vinhomes Royal Island	VHM	Hai Phong	8,300 low-rise units	March 2024	~3,100 low-rise units	90% presold at end-Q2 2024
Vinhomes Global Gate	VHM	Hanoi	4,100 low-rise and 12,600 high-rise units	September 2024	2,600 low-rise units	> 50% presold
The Privia	KDH	HCMC	~1,040 condo units	November 2023	~1,040 units	~100% presold
Eaton Park	Gamuda Land	HCMC	~2,000 condo units	May 2024	P1: 800 units P2: Expected 640 units	P1: 99% sold P2: ~660 reservations
The Meadow	Gamuda Land	HCMC	212 low-rise units	August 2024	> 130 units	> 90%
Lumi Hanoi	CapitaLand	Hanoi	~4,000 condo units	April 2024	~4,000 units	~99% presold
Sycamore	CapitaLand	Binh Duong	~460 low-rise and ~3,300 condo units	June 2024	368 low-rise units Expected 774 condos	~300 presold low-rise units* ~2,000 bookings for condo as of October 2024
Lumiere Springbay	Masterise	Hung Yen	~1,800 condo units	September 2024	~1,000 units	~ 50%

Source: CBRE, company information, Vietcap. (\*) Vietcap compilation from sales agents on first launch date.

**Figure 7: Active groundbreaking, introduction, launch events for new projects in 9M 2024**



Source: Dat Xanh Services Economic - Financial - Real Estate Research Institute (DXS-FERI), media sources, Vietcap compilation

Figure 8: Vietcap's summary of 9M 2024 market performance comments from select real estate agents

	CBRE	Savills	Batdongsan.com.vn	DXS - FERI
9M 2024 performance	<p>The Hanoi market experienced robust recovery in primary new supply in both the condo and landed property segments in 9M 2024, fueled by (i) launches of condo phases inside Vinhomes Smart City and Ocean Park 1 (by VHM's bulk sales buyers) throughout the period, and (ii) the low-rise supply from VHM's new project Global Gate in Q3 2024.</p> <p>The new primary supply in HCMC continued to be limited, but there was further improvement in primary condo transactions in Q3 2024.</p> <p>Additionally, both primary and secondary condo prices in Hanoi rapidly caught up with those in HCMC.</p>	<p>In Hanoi, a surge in new condo supply drove transactions in 9M 2024. Additionally, limited new condo supply and fewer project launches in HCMC led to slower performance.</p> <p>The average primary condo price in Hanoi surpassed that in HCMC in Q3 2024. The increase in primary prices in Hanoi also contributed to the rise in secondary prices for older condo projects in the quarter.</p>	<p>Batdongsan.com.vn's nationwide interest index showed continued QoQ improvement in the condo segment in Q3 2024, while other segments did not experience significant changes QoQ. As of Q3 2024, the interest for condos has surpassed the Q1 2022 level, while the interest for landed houses was stable and the other segments remained below the Q1 2022 levels (see Figure 13).</p> <p>New market supply improved in 9M 2024; despite high prices, the absorption rate remained solid.</p>	<p>In 9M 2024, there were 23 groundbreaking, 45 introduction/kick-off, and 45 sales launch events. Q3 2024 recorded the highest number of active kick-off events, totaling 22 projects.</p> <p>New nationwide supply in 9M 2024 was ~37,000 units, led by the north with a 58% share.</p> <p>The nationwide absorption rate (of total accumulated primary supply) continued to improve slightly in Q3 2024 to ~32-37% vs ~30-35% in H1 2024 and vs ~20-28% in 2023.</p>
Condos	<p><b>Q3 2024:</b></p> <ul style="list-style-type: none"> <li>Hanoi primary: ~8,000 sold units (-21% QoQ; +120% YoY)</li> <li>HCMC primary: ~2,000 sold units (+1.1x vs H1 2024; -26% YoY)</li> </ul> <p><b>9M 2024:</b></p> <ul style="list-style-type: none"> <li>Hanoi primary: ~20,200 sold units, +1.8x vs 2023</li> <li>HCMC primary: ~3,700 sold units (-28% YoY; equivalent to 50% of 2023)</li> </ul>	<p><b>Q3 2024:</b></p> <ul style="list-style-type: none"> <li>Hanoi primary: ~6,800 sold units (+35% QoQ; +3x YoY)</li> <li>HCMC primary: ~1,900 sold units (-17% QoQ; -4% YoY)</li> </ul> <p><b>9M 2024:</b></p> <ul style="list-style-type: none"> <li>Hanoi primary: ~17,200 sold units, +1.7x vs 2023</li> <li>HCMC primary: ~5,300 sold units (+68% YoY; equivalent to 86% of 2023)</li> </ul>	<p>The condo segment continued to experience rising selling prices. This indicates that despite improvements in the new supply of condos, the high selling prices have remained, and are still being absorbed, by the market.</p>	<p>Hanoi's primary market saw strong growth in supply-demand and price; the price range in each condo segment in Hanoi remains lower than that of HCMC.</p> <p><b>Q3 2024:</b></p> <ul style="list-style-type: none"> <li>Hanoi primary: ~7,000 supply (+4.7x YoY); absorption ~75-80%</li> <li>HCMC primary: ~900 supply (-78% YoY); absorption ~50-55%</li> </ul>
Landed properties	<p><b>Q3 2024:</b></p> <ul style="list-style-type: none"> <li>Hanoi primary: ~2,500 sold units (+7x QoQ; +124% YoY)</li> <li>HCMC primary: ~170 sold units (+4x QoQ; +6x YoY)</li> </ul> <p><b>9M 2024:</b></p> <ul style="list-style-type: none"> <li>Hanoi primary: ~3,200 sold units (-13% YoY; equivalent to 74% of 2023)</li> <li>HCMC primary: ~200 sold units, +1.7x vs 2023</li> </ul>	<p><b>Q3 2024:</b></p> <ul style="list-style-type: none"> <li>Hanoi primary: 326 sold units (both +3x QoQ and YoY; Savills did not count Vinhomes Global Gate)</li> <li>HCMC primary: 173 sold units (+140% QoQ and +170% YoY)</li> </ul> <p><b>9M 2024:</b></p> <ul style="list-style-type: none"> <li>Hanoi primary: 622 sold units (+2x YoY; +1.7x vs 2023)</li> <li>HCMC primary: 357 sold units (+61% YoY; equivalent to 70% of 2023)</li> </ul>	<p>Landed houses and land plots in the north observed strong price growth of 30% and 10% in 9M 2024, respectively; while prices in the south were flat or slightly increased.</p> <p>The recent sharp increase in auction land prices in certain outskirts areas of Hanoi is considered unsustainable.</p>	<p>Townhouses, villas, and land plots: prices were largely stable QoQ in Q3 2024.</p>

Source: Companies' market reports, Vietcap compilation. Please note that statistics results may vary between agencies due to differences in sample databases and/or methodologies (please see the Appendix on Page 15).



Figure 9: Vietcap's summary of 2024-2025 outlook comments from select real estate agents

	CBRE	Savills	Batdongsan.com.vn	DXS – FERI (for Q4 2024 outlook)	Vietcap's view * (for 2024 outlook)
Transactions	<p>For 2024, new primary condo supply in Hanoi is forecasted to triple YoY, while HCMC new supply is forecasted to remain constrained and lower YoY, as a significant portion of future large-scale supply has been postponed for sale until 2025.</p> <p>In 2025-26F, Hanoi's future condo supply is expected to be stable vs 2024F at an average of ~30,000 units p.a. (+2x vs the average 2021-23 period), while HCMC's average new supply in 2025-26F is projected to double in 2024F to around 10,200 units p.a. (27% lower than the average 2021-23 period).</p>	<p>In 2024, new condo supply in Hanoi and HCMC is expected to primarily occur in Q4:</p> <ul style="list-style-type: none"> <li>- Hanoi: 9,700 units (~80% of 9M 2024), mainly from next-phase launches of large-scale projects.</li> <li>- HCMC: 6,700 units (+2.6x vs 9M 2024), including notable projects Vinhomes Grand Park – The Opus One and The Forest Gem.</li> </ul> <p>By 2027, total future condo supply in Hanoi will be ~110,000 units, compared to over 50,000 units forecasted for HCMC.</p>	<p>Turnaround signals are expected to occur in Q2-Q4 2024 (unchanged vs its report in December 2023) with four following phases: (i) initial recovery (Q3-Q4 2024; product indicator: condo), accumulation (Q4 2024-Q1 2025; separate houses and townhouses), acceleration (Q2-Q4 2025; land plots and villas), and stability (starting from 2026; other segments).</p>	<p>Nationwide new supply in Q4 2024 is forecasted at ~11,600 units coming from 50 phases/new projects. Condos will continue to lead the new supply with 80%.</p> <p>New supply in the south is expected to increase 1.8x QoQ to ~6,500 units in Q4 2024.</p>	<p>We expect gradual improvement in primary property transactions in 2024 with supply from new projects expected to enter the market later in the year.</p> <p>We expect that the primary housing market in 2024 will welcome more new supply from foreign developers, supported by recent M&amp;A.</p>
Demand	<p>Positive purchasing power, combined with high-quality projects developed by experienced developers, will serve as the foundation for more robust market growth in the next 1-2 years.</p>	<p>While the real estate market has numerous challenges, particularly rising sale prices, buyers still view condos as a safe choice that offers long-term value. The main factors contributing to the appeal of this type of real estate are rental potential, high liquidity, and stability in property value, even amid economic fluctuations.</p>	<p>While property prices remain high, the anticipated catalysts for the sector include income growth, supply improvement, urban decentralization, and infrastructure development.</p>	<p>Absorption rate is expected to slightly increase to ~35-40%.</p> <p>Mortgage rates are expected to remain low, and the implementation of new laws will enhance purchasing power.</p> <p>The market is entering its most dynamic phase at the end of the year, coinciding with an expected improvement in supply, offering customers more choices.</p>	<p>Solid real demand (i.e., purchases of homes for living/rental purposes) will lead the gradual recovery and support 2024F presales for mid-end projects.</p>
Prices	<p>Condo prices are unlikely to decrease. E.g.: Some older projects planned for resale are aiming to set prices up to 30% higher than those from 2-5 years ago. Developers have invested significant time and resources to restart projects, and even after overcoming obstacles, many projects differ considerably from their previous iterations, leading them to seek a higher price point.</p>	<p>Not mentioned.</p>	<p>New legal frameworks will lead to price increases across various types of real estate in both primary and secondary markets. Factors contributing to this rise include more frequent land price table updates, stricter legal requirements, and higher land clearance costs.</p>	<p>Primary prices: expected to increase 5-10% YoY; with key markets like Hanoi/HCMC and surrounding areas seeing increases of 10-20% YoY, mainly in the condo segment.</p> <p>Secondary prices: expected to increase 10-15% YoY.</p>	<p>Primary price: net ASPs for mid-end condos and landed properties in the primary market will increase at single-digit growth rates in 2024.</p>

Source: Companies' market reports, Vietcap compilation. Please note that statistics results may vary between agencies due to differences in sample databases and/or methodologies (please see Appendix on Page 15). (\*) Reiterating our view as stated in our Vietnam Strategy 2024 Report.

## 2025 Outlook: Solid real living demand and a selective return of investment buyers to fuel transaction growth

We expect growth in primary property transactions in 2025F vs 2024, led by our expectations for:

- i. Sustained demand for real living purposes (i.e., owner-occupier or buy-to-rent) targeting mid-end condo projects.
- ii. The return of investment buyers (i.e., long-term investment for asset storing) towards selective landed property products (i.e., townhouses/villas and land plot projects with well-planned infrastructure and amenities) following a period of weak sentiment in 2023-2024.
- iii. Growth in new primary supply as we expect there to be a higher number of new project launches and the resumption of previously halted projects to enter the market, supported by smoother legal procedures following the implementation of the Amended Land Law and rising developer confidence in project launch times.
- iv. Improving homebuyer confidence, which is also driven by the continuous recovery of the overall property market, a stable mortgage rate environment, and the acceleration of key infrastructure development.

**Figure 10: Vietcap's views on the 2025F market growth outlook**

Main points	Vietcap's views on the 2025F outlook
Transaction	<ul style="list-style-type: none"> <li>- Growth in primary transactions vs 2024F driven by solid real living demand and a selective return of investment buyers.</li> <li>- Hanoi market transactions to continue outperforming, HCMC and second-tier regions to gradually recover in 2025F.</li> </ul>
Supply	<ul style="list-style-type: none"> <li>- Growth in new primary supply, supported by smoother legal procedures.</li> </ul>
Prices	<ul style="list-style-type: none"> <li>- Primary prices: Net ASPs for condos and landed properties to continue increasing, but the pace of price increases to slow to single-digit growth from the high base levels of 2024.</li> <li>- Secondary prices: Continued price recovery for condos and landed property in Hanoi and HCMC, following the upward trend in the primary market. Resale prices of smaller land plots with land use rights certificates, along with hospitality real estate in second-tier provinces where infrastructure development is advancing, are expected to start recovering by end-2025F.</li> </ul>
Presales in our coverage	<ul style="list-style-type: none"> <li>- Aggregate presales of KDH, NLG, DXG, and HDC in 2025F to increase by 125% vs 2024F, while we forecast VHM's 2025F presales to be flat vs 2024F.</li> <li>- Our 2025-26F presales forecasts are driven by new project launches and/or next-phases of existing project launches.</li> </ul>

Source: Vietcap



## Hanoi market transactions to continue to outperform, HCMC and second-tier regions to gradually recover in 2025F

We believe primary transactions in Hanoi will continue to outperform in 2025F. We anticipate that momentum in Hanoi will be driven by ongoing presales at Global Gate (low-rises and condos), VHM's upcoming large-scale project Wonder Park, and the remaining units from the next-phase condo launches by sub-developers (VHM's bulk sales partners) within the Smart City and Ocean Park projects. Specifically, we expect a surge in primary market transactions for landed properties (townhouses and villas) in Hanoi in Q4 2024F and 2025F supported by new projects Global Gate and Wonder Park, reflecting patterns seen in 2019 and 2022 when VHM introduced low-rise phases in Ocean Park 1, 2, and 3.

We expect improvement in HCMC's primary market, supported by the new projects and next-phase launches of existing projects (i.e., among our coverage, KDH's JV projects, NLG's Mizuki Park, and the resumed launch of DXG's long-awaited Gem Riverside; and from several other developers such as Masterise, CT Group, and BCG).

We anticipate that presales activities in second-tier provinces will resume, supported by (i) improving homebuyer confidence, which is spilling over from key cities like Hanoi and HCMC, and (ii) smoother legal procedures for large-scale projects, such as NLG's Izumi City, where the Government has indicated a commitment to resolving issues.

**Figure 11: Select new project launches/next-phase launches of existing projects in Q4 2024 and 2025**

Project	Developer	Location	Total units (presales %)
<b>Hanoi and HCMC</b>			
Vinhomes Global Gate	VHM	Hanoi	4,100 low-rise (~32%*) and 12,600 condos
Vinhomes Wonder Park	VHM	Hanoi	2,300 low-rise and 600 condos
The Senique (Ocean Park)	Capitaland	Hanoi	2,000 condos
No11	NTL	Hanoi	364 condos
Lumiere Springbay	Masterise	Hung Yen	~1,800 condo units (~28%*)
Emeria and Clarita	KDH & Keppel	HCMC	220 low-rise units and 600 condos
Mizuki Park Phase 3 (CC5 & LK11)	NLG	HCMC	817 condos and 24 low-rise
Gem Riverside	DXG	HCMC	3,200 condos (~10%)
The Opus One – Vinhomes Grand Park	Samty & VHM	HCMC	~2,000 condos
Global City – high rise	Masterise	HCMC	~10,000 condos
King Crown Infinity	BCG	HCMC	780 condos
The Forest Gem	C.T Group	HCMC	62 condos
<b>Second-tier provinces</b>			
Can Tho	NLG	Can Tho	880 low-rise/land plots and 1,590 Ehomes condos (~25%)
Izumi City	NLG	Dong Nai	2,700 low-rise (~10%) and 3,700 condos
Gem Sky World	DXG	Dong Nai	3,900 low-rise units (60%)
Sycamore	Capitaland	Binh Duong	~460 low-rise (~65%) and ~3,300 condos
The Gio Riverside	AGG	Binh Duong	3,000 condos
Thuan An 1&2	PDR	Binh Duong	5,900 condos

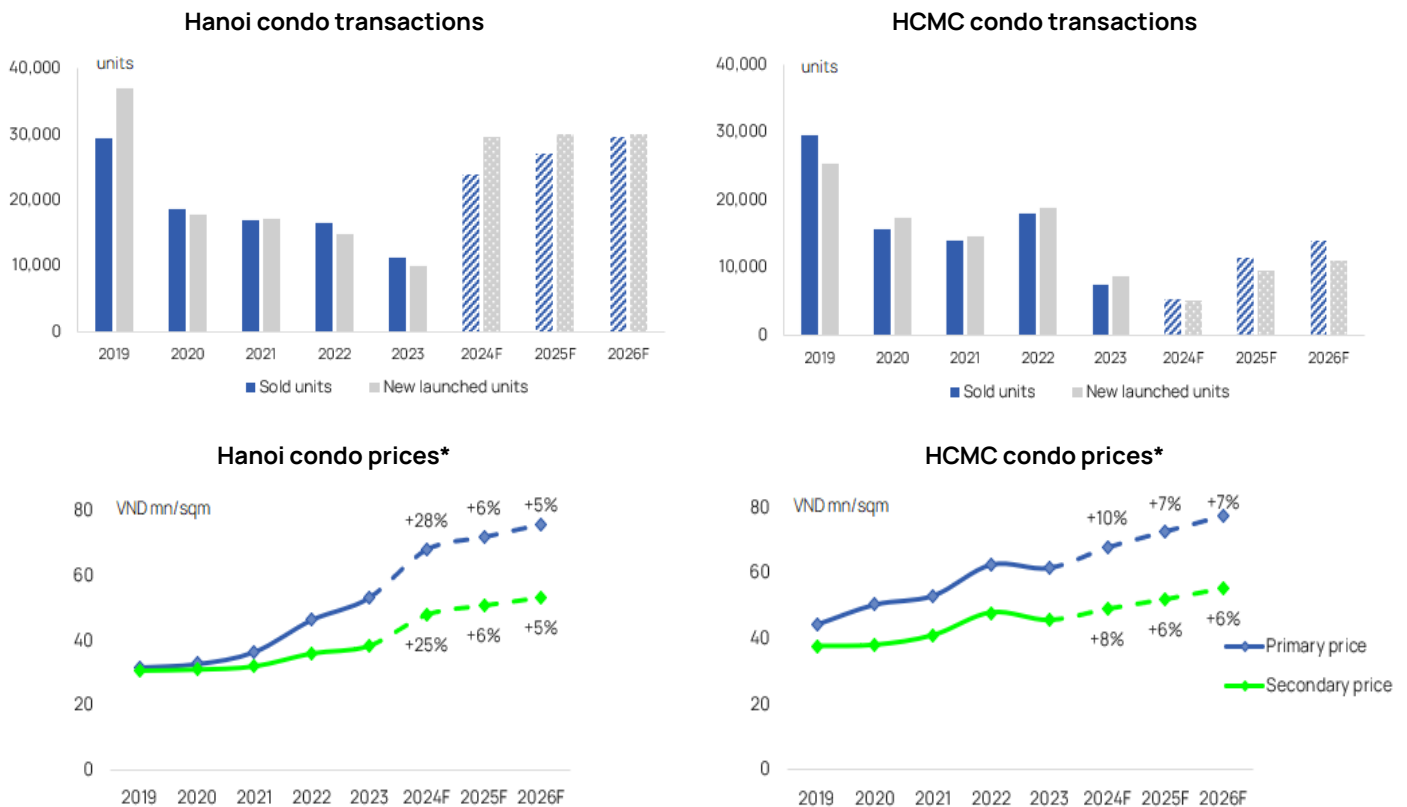
Source: Companies data, CBRE, Vietcap compilation. (\*) % presales as presented in CBRE Q3 2024 report.

## Primary price increases to slow to single-digit growth from 2024's high base level

We expect the net ASPs for primary condo and landed properties in Hanoi and HCMC to continue increasing in 2025F as developers continue to focus on the mid-end and high-end segments, offering high-quality handover standards amid limited new supply and potentially higher development costs. However, we expect the pace of price increases to slow to single-digit growth from the high base level in 2024 for the condo segment, driven by the expected introduction of more supply from new projects.

In the secondary market, we have observed that condos and landed properties in several projects in Hanoi and HCMC have recovered in 2024 YTD, following the upward trend in the primary market seen during the year. We anticipate a continued recovery trend of these segments in 2025F. Meanwhile, we expect the resale prices of smaller land plots, along with hospitality real estate in second-tier provinces where infrastructure development is advancing, to begin recovering by the end of 2025F, although prices will likely be more reasonable vs the levels seen in 2020-2021.

**Figure 12: CBRE's forecasts of primary condo market in Hanoi and HCMC in 2024-2026F**



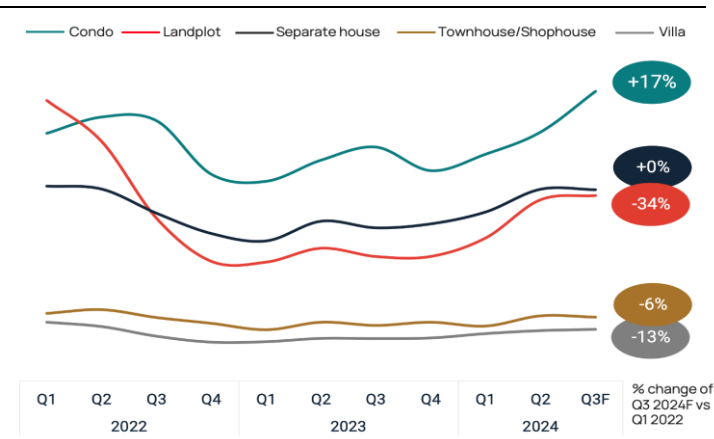
Source: CBRE's historical data and forecast for primary condo transaction, Vietcap compilation. Note: (\*) Average primary prices of launched units, excluding VAT and quoted on NSA.

### Solid real living demand and a selective return of investment buyers in 2025F

For 2025F, we expect the sustained demand for real living purposes (i.e., owner-occupier or buy-to-rent) targeting mid-end condo projects, and the return of investment buyers (i.e., long-term investment for asset storing) towards selective landed property products. We believe that homebuyers will continue to favor projects (i) from proven developers with a track record of pink book handovers and after-sales services, (ii) that have clear legal status, and (iii) are strategically located and well-connected with amenities and infrastructure development. We define three main homebuyer profiles (see Figure 15) in real estate transactions: i) real living demand (owner-occupier and buy-to-rent), ii) investor (asset accumulation), and iii) speculator (buy-to-flip).

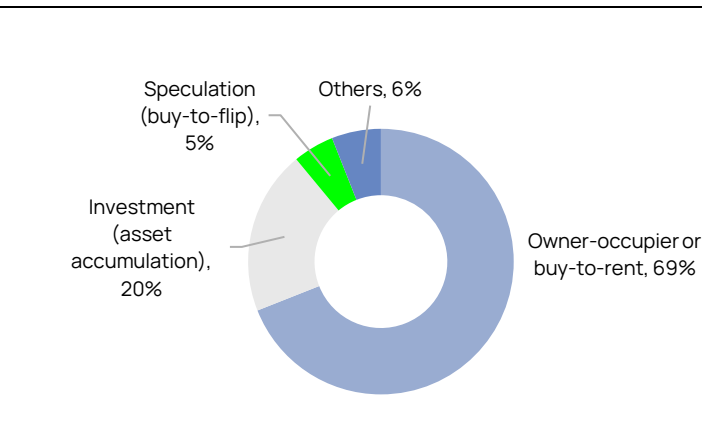
According to DXS-FERI, customers with real living demand accounted for 69% of real estate transactions in H1 2024, while investors and speculators combined accounted for 25%. Meanwhile, the nationwide interest index (per Batdongsan.com.vn) in 9M 2024 showed the strongest improvement in interest for condo products, which cater more to real living needs, followed by low-rise products. However, demand for land plots remained below the levels seen in 2022. In Q3 2024, we observed signs of returning investment sentiment, particularly in low-rise products, notably with the launch of Vinhomes Global Gate in Hanoi.

Figure 13: Batdongsan.com.vn’s national interest index for each property segment from 2022 to Q3 2024



Source: Batdongsan.com.vn as of September 2024, Vietcap. Note: Real estate interest index created by batdongsan.com.vn is based on data collected from user searches.

Figure 14: Homebuyer profile in six select provinces (as of June 2024)\*



Source: Dat Xanh Services Economic - Financial - Real Estate Research Institute (DXS-FERI), Vietcap. Note: (\*) Number of observations: 1,804; locations: Hanoi, HCMC, Binh Duong, Da Nang, Nha Trang, and Can Tho.

Figure 15: Homebuyer profile for each property product

Homebuyer profile	Real demand (owner-occupier or buy-to-rent)	Investors (asset accumulation)	Speculation (buy-to-flip)
Property product	Mid-end condos	High-end condos and townhouses/villas	Land plots or deposit-flipping for initial presale launches of condos
Location	Close to existing urban amenities and good infrastructure	Good infrastructure and connectivity; or to benefit from in-progress infrastructure development plans	To benefit from in-progress infrastructure development plans or urbanization
Legal status	Clear legal status with visible construction progress	Clear legal status and visible construction progress	Have lands use rights certificate for land plots
Developer profile	Track record of project development and after-sales services (including pink book handovers)	Track record of project development and after-sales services (including pink book handovers)	Not focused
Price*	Mid-end condo: VND2.5-4.2bn (USD100-168k) /unit with two bedrooms (2BR); affordable mortgage payment.	High-end condos: above VND4.2bn (USD168k) for a 2BR unit.  Townhouses/villas: varying depending on location and developer profile	Low cost of equity
Holding horizon	Long term	Long term	Short term
2025F outlook (Vietcap’s view)	Sustainable solid demand	Recovering; a return of investment buyers to select landed property products	Slowly recovering; demand for land plots will likely shift to land plot projects from proven developers with clean infrastructure and secured legal status

Source: Vietcap. (\*) We assume the property unit price by multiplying the typical size of a two-bedroom condo (70 NSA sqm) by the ASP/sqm, based on CBRE’s condo segment classification since Q1 2024.

## Anticipated smoother legal procedures following the Amended Land Law to support new primary supply growth

We anticipate that the implementation of the Amended Land Law (effective from August 1, 2024; more details on slides 348-349 in our [Vietnam Mid-year Strategy 2024 Report](#)) will gradually streamline legal procedures and facilitate more new project launches in the primary market in 2025F. We also believe that the pace of legal approvals will depend on specific provinces and project statuses.

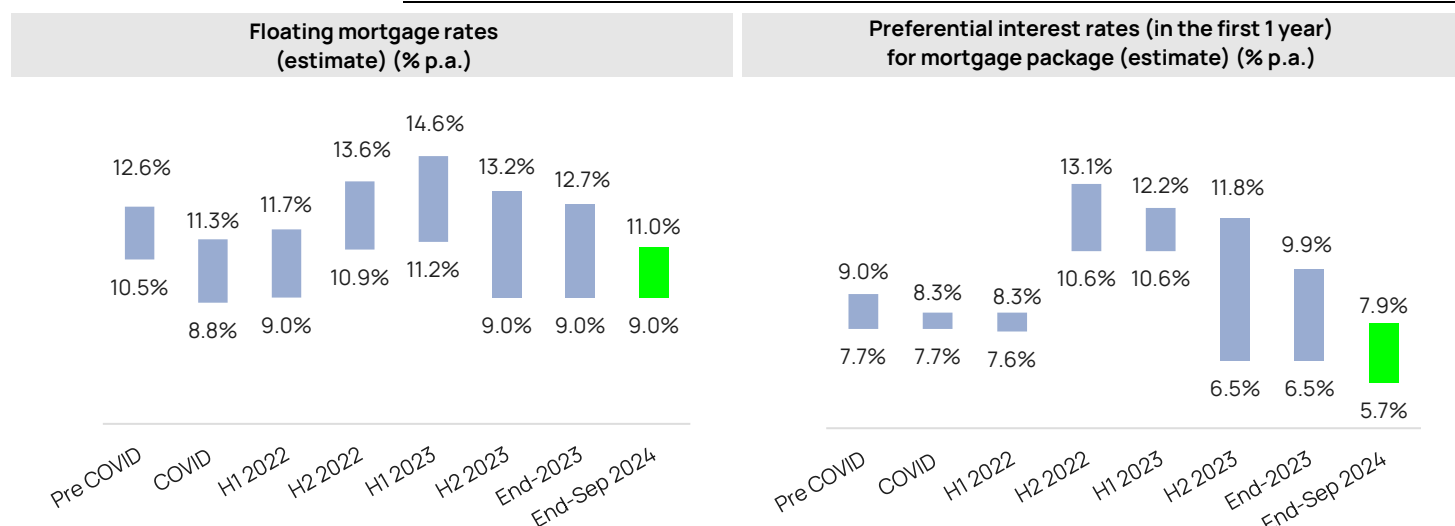
In September 2024, several projects from our covered developers made positive legal progress after prolonged delays: (1) NLG's Can Tho (land plot phase) received land allocation approval in February 2023, and the land use rights fee was paid in September 2024; and (2) DXG's Gem Riverside (condos) received its construction permit in September 2024 following the completion of the additional land use rights fee payment in Q1 2024.

Additionally, since August 2024, several provinces, including HCMC, have issued new land price tables that will be in effect until the end of 2025. These tables will be updated annually from 2026 onwards in accordance with the Amended Land Law. For instance, HCMC's new land price table was issued on October 21, 2024, and will be effective from October 31, 2024, to end-2025.

We have observed that the land price table is more used for the Government's land compensation activities. In addition, in practice, the developers usually negotiate with landowners at the higher price, not completely following the land price table. Nevertheless, we believe that the introduction of a new land price table, closer to the market prices, will help facilitate the land compensation process and streamline legal procedures for projects, particularly at the land use rights fee determination step.

**Mortgage rates to remain favorable:** As mentioned in our [Macro Update](#) dated October 10, 2024, we anticipate one increase in policy rates (of 50 basis points in the discount and refinancing rates and 25 basis points in the deposit cap for terms of up to six months) by the end of 2025F. The expected increase is significantly less severe than the 200 bps hike in the refinancing rate seen in late 2022. We estimate that this change could lead to a marginal rise in floating mortgage rates reaching levels similar to those during the COVID period, given that the current floating rates of several banks remain lower than the COVID-levels at end-Q3 2024, per our observations. We believe that these rates remain attractive, which will continue to bolster homebuyer confidence in 2025F.

**Figure 16: Floating and preferential mortgage rates at select banks**



Source: Vietcap estimates and compilation. Note: Banks under survey include VCB, CTG, TCB, MBB, and VPB.

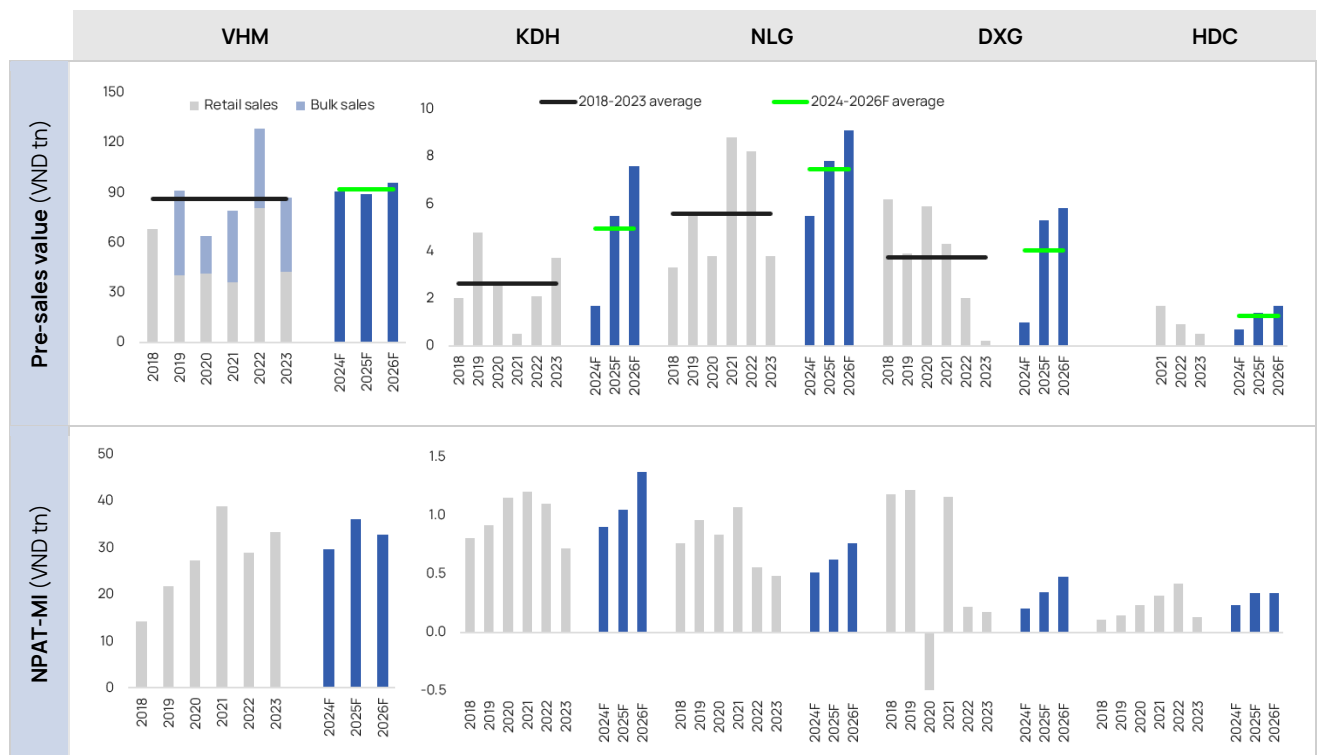
## Presales outlook for our coverage

Among residential developers in our coverage, we forecast the aggregate presales of KDH, NLG, DXG, and HDC to increase by 9%/125%/21% YoY in 2024/25/26F following declines of 14%/38% in 2022/23, respectively. We forecast VHM's presales to remain stable in 2024/25F, before increasing by 8% in 2026F, following 62% growth in 2022 and a 32% decline in 2023.

Our 2025-26F presales forecasts are driven by new project launches and/or next-phases of existing project launches. Expected new project launches include landed property, mid to upper mid-end condos, and land plot products in two key cities Hanoi and HCMC, and second-tier provinces.

- VHM: new projects Wonder Park (Hanoi), International University Township (HCMC), Can Gio (HCMC), Ha Long Xanh (Ha Long), and continued presales of launched projects including Royal Island (Hai Phong) and Global Gate (Hanoi).
- KDH: new projects JV project with Keppel, The Solina, and Tan Tao (all in HCMC).
- NLG: next-phase launches of its current five projects Akari City (HCMC), Mizuki Park (HCMC), Southgate (Long An), Izumi City (Dong Nai), and Can Tho (Can Tho).
- DXG: resumed launches of Gem Sky World (Dong Nai) and Gem Riverside (HCMC).
- HDC: next-phase launches of three current projects The Light City Phase 1, Ngoc Tuoc 2, and West 3/2, and new small-scale projects Ecotown Phu My and East 3/2 (all in Ba Ria-Vung Tau).

**Figure 17: Presales and NPAT-MI of Vietcap's residential stock coverage (VND tn)**

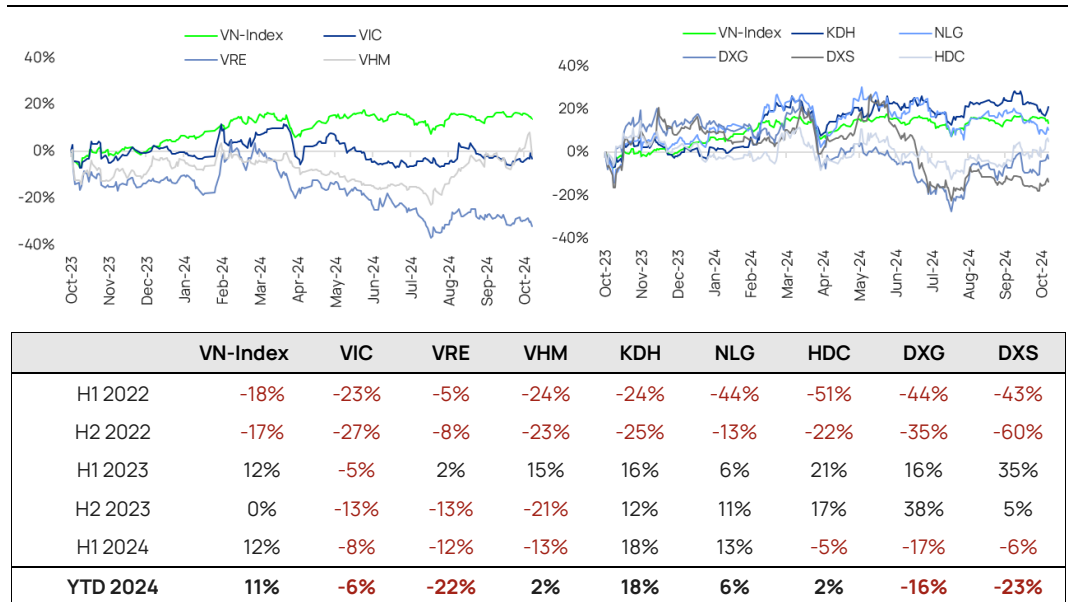


Source: Companies' data, Vietcap estimates and forecasts

## Share price performance

Real estate stock prices followed a generally positive trend in Q1 2024, supported by the approval of the Amended Land Law in January and the Prime Minister's April proposal for an earlier effective date. However, in subsequent quarters, share price performance became more mixed, largely influenced by company-specific news. YTD 2024, KDH outperformed, while NLG's share price lost momentum in October due to its reported Q3 2024 loss. DXG and DXS were negatively affected in July due to bond issues of DXMN (an affiliate of DXG/DXS) and recovered from September as the Gem Riverside project received its construction permit. HDC saw positive sentiment from progress on the Bien Hoa-Vung Tau Expressway project. Additionally, VHM's share price has improved since Q3 2024, supported by positive sentiment around (1) the launch of the Vinhomes Global Gate project and (2) progress on the 370 million treasury share buyback plan (8.5% of current outstanding shares).

**Figure 18: Share price performance of Vietcap's real estate stock coverage**



Source: Company data, Vietcap. Note: Data as of October 24, 2024

## Appendix

We compiled Figures 3, 4, 8, 9, 12, and 13 above to show more detailed real estate market data that is publicly provided by real estate agencies CBRE, Savills, Batdongsan.com.vn, and DXS-FERI.

- CBRE/Savills: These companies offer a range of services related to residential, commercial, hospitality, and industrial real estate in major cities like Hanoi and HCMC. Their research data focuses on the primary condo and landed property (townhouses and villas) markets in HCMC and Hanoi only.
- Batdongsan.com.vn is a real estate marketplace platform; its database is mainly compiled from selling news posted on the platform, user searches, and broker surveys.
- Dat Xanh Services Economic - Financial - Real Estate Research Institute (DXS-FERI): This organization gathers nationwide data in the primary market via collecting from developers and projects with primary supply.

It is important to highlight that housing market data in Vietnam is not uniformly compiled. The mentioned real estate agencies do not clearly state the definition of their samples or any change in samples. We believe each real estate agency may have distinct database samples (subject to projects, scope of study, or timing) and/or methodologies for data collection, which can lead to varying data outcomes or divergent trends within a given period. For instance, i) CBRE reported Vinhomes Global Gate in primary landed property transactions in Hanoi in Q3 2024, while Savills will account for this project in Q4 2024, leading to CBRE showing a stronger improvement in this segment in Hanoi for Q3 2024 (Figure 8); or ii) CBRE's average primary selling price (Figure 4) may be distorted by changes in product mix over time.

We recommend readers to view the agencies' datasets as an overview of the current property market and indicative trends, rather than as precise figures.



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**Stock ratings** are set based on projected total shareholder return (TSR), defined as  $(\text{target price} - \text{current price}) / \text{current price} + \text{dividend yield}$ , and are not related to market performance.

Equity rating key	Definition
<b>BUY</b>	If the projected TSR is 20% or higher
<b>OUTPERFORM</b>	If the projected TSR is between 10% and 20%
<b>MARKET PERFORM</b>	If the projected TSR is between -10% and 10%
<b>UNDERPERFORM</b>	If the projected TSR is between -10% and -20%
<b>SELL</b>	If the projected TSR is -20% or lower
<b>NOT RATED</b>	The company is or may be covered by the Research Department, but no rating or target price is assigned either voluntarily or to comply with applicable regulation and/or firm policies in certain circumstances, including when Vietcap is acting in an advisory capacity in a merger or strategic transaction involving the company.
<b>RATING SUSPENDED; COVERAGE TERMINATED</b>	A rating may be suspended, or coverage terminated, if fundamental information is deemed insufficient to determine a target price or investment rating or due to a reallocation of research resources. Any previous investment rating and target price are no longer in effect.

Unless otherwise specified, these performance parameters are set with a 12-month horizon. Movement in share prices may cause a temporary mismatch between the latest published rating and projected TSR for a stock based on its market price and the latest published target price.

**Target prices** are generally based on the analyst's assessment of the stock's fair value over a 12-month horizon. However, the target price may differ from the analyst's fair value if the analyst believes that the market will not price the stock in line with assessed fair value over the specified time horizon.

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