



**CBRE**

*Vietnam 2023*



TWO DECADES OF  
**URBAN DEVELOPMENT**



# Foreword

Vietnam's economy has experienced remarkable growth over the past 20 years. The real estate market has been a major beneficiary, with the country's urban environment having undergone a significant transformation. This has spurred the development of iconic skylines in Hanoi and Ho Chi Minh City; supported increasing professionalism and expertise among developers; led to more sophisticated and wealthier homebuyers; prompted an evolution in locational preferences; and underpinned the establishment of a comprehensive legal framework covering the real estate sector.

As CBRE celebrates its 20th anniversary in Vietnam, this special report reflects on the trends and developments we have observed within the residential property market during this period. The report also looks to the future and identifies key challenges and opportunities we expect to emerge in the Vietnam residential property market over the coming two decades.

## CHAPTER 1 2003 – 2008

The period from 2003 to 2008 marked an era of "Emerging and Growing" in Vietnam's residential development. The expansion of Hanoi's boundaries, the presence of the first generation of foreign developers, and the shift of the legal framework towards a more market-oriented approach were key highlights of this period, leading to a bull market from 2007 to 2008.

## CHAPTER 3 2014 – 2023

In the recent decade, the residential market embarked on a "Roller Coaster Ride." The market experienced a boom with the launch of mega townships between 2015 and 2019, fueled by strong economic growth, diverse financing sources for buyers, and active participation of foreign buyers. However, the market has subsequently faced negative impacts from COVID-19, licensing issues, and funding challenges for select developers. These factors have resulted in modest levels of new supply in both the Hanoi and HCMC markets and have driven selling prices to reach new highs.

## CHAPTER 5 THE COMING DECADES

The Vietnam residential market is "heading towards the next market revolution" in the coming decades. Supported by strong economic fundamentals and high urbanization rates, the demand for developer-built homes is expected to remain robust. As the infrastructure system undergoes upgrades, locational preferences are projected to shift towards new areas. Additionally, as the market progresses towards a more modern stage of development, there will be further upgrades and adjustments in commuting and residential living.



# EXECUTIVE SUMMARY

## CHAPTER 2 2009 – 2013

After a substantial growth period from 2007 to 2008, the market entered a phase of "Property Market Correction." Due to the impact of the Global Financial Crisis, there was a decrease in both new supply and selling prices. However, on a positive note, various significant infrastructure projects and iconic buildings were initiated and completed during this period. Additionally, the development of brokerage companies acted as catalysts for more robust growth in the subsequent period.

## CHAPTER 4 DEVELOPMENT OF LEGAL FRAMEWORK

Alongside the development of the market, the legal framework governing real estate activities has continuously undergone review and adjustments to address challenges and foster sustainable market growth. Over the past two decades, the Government has closely overseen real estate markets and made great efforts to implement measures aimed at reducing risks and ensuring the market develops in a healthy manner.

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CHAPTER

01

2003 - 2008



2003 - 2008

# Emerging & Growing

The years from 2003 to 2008 marked an era of transformation for residential development in Vietnam, with the period witnessing the introduction of new urban townships in Hanoi and Ho Chi Minh City as well as the arrival of foreign developers, igniting an era of modern living. In 2008, Hanoi expanded its geographical boundaries as authorities initiated residential development in the west, mainly in Ha Tay province and parts of Vinh Phuc and Hoa Binh province. At the same time, HCMC saw the robust development of Phu My Hung Township, which came to be known as the "Gate of South Saigon", a development that not only catalysed residential expansion towards the southern parts of HCMC but also played a pivotal role in fueling the growth of the entire southern area.



## 01 The 1986 reforms and new regulatory framework

Vietnam's shift from a centrally planned to a market-oriented economy was instrumental in fostering growth, alleviating poverty, and enabling the advancement of property transactions. A new framework was formed to regulate the growing residential market.

## 02 The bull market from 2007 to 2008

Vietnam's residential market witnessed a surge in sales prices.

## 03 Hanoi's expansion in 2008

The expansion of Hanoi's boundaries drove residential development from inner districts to sub-urban areas of the city.

## 04 The emergence of foreign developers and new urban townships

The introduction of new urban townships developed by foreign companies in the two key cities of Vietnam was a key milestone in the history of the residential market.

# Modern Residential Supply Begins to Grow

## 1993 - 1994

The 1993 Land Law revolutionized Vietnam's real estate market by introducing the "red book" as an official document to recognize land use rights (LURs). This significantly facilitated transactions, as before 1993, transfers relied on written notes, which often lacked transparency. Real estate emerged as a dominant asset class and the primary investment option alongside gold.

## 1995 - 1999

To curb the real estate bubble, the government issued Decree No. 87-CP/1994, which set a price framework for land across Vietnam and helped to bring land values and compensation costs closer to a more realistic and stable value. In 1998, Vietnam witnessed the launch of its first foreign-invested townships, Phu My Hung in HCMC, followed by Ciputra in Hanoi.

## 2000 - 2003

Despite the 1997 Asian financial crisis, Vietnam's stable economy attracted significant foreign investment. The HCMC Stock Exchange traded the first time in July 2000, with the VN-Index peaking at 572 points within six months. Speculation and a lack of information on property prices fuelled a market boom from 2000 to 2003. The government implemented specific measures to control the market, including the 2003 Land Law and Decree 181/2004 prohibiting the transfer of the LURs in the form of selling house foundations while houses have not yet been constructed.

108,000

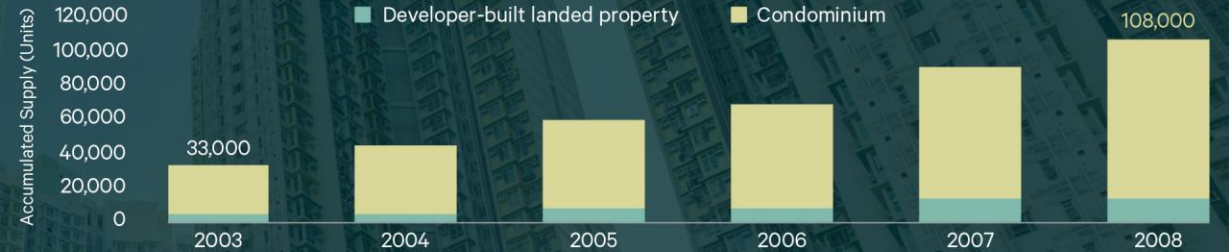
Accumulated residential units in Hanoi and HCMC by 2008.

~60%

Share of state-owned enterprises in total launched residential supply of Hanoi and HCMC until 2008

S.O.E.

State-owned enterprises were major developers of residential supply



2003  
Land Law

2005  
Housing Law  
The appearance of private-owned real estate developers.  
The government's first international bond issuance.

2006  
Law on Real Estate Business

Vietnam joined WTO  
Ciputra township - the first FDI real estate project in Hanoi, welcomed its first residents.

Vietnam's GDP per capita exceeded US\$ 1,000/person.

Source: CBRE Research, November 2023.

# The Bull Market in 2007 - 2008

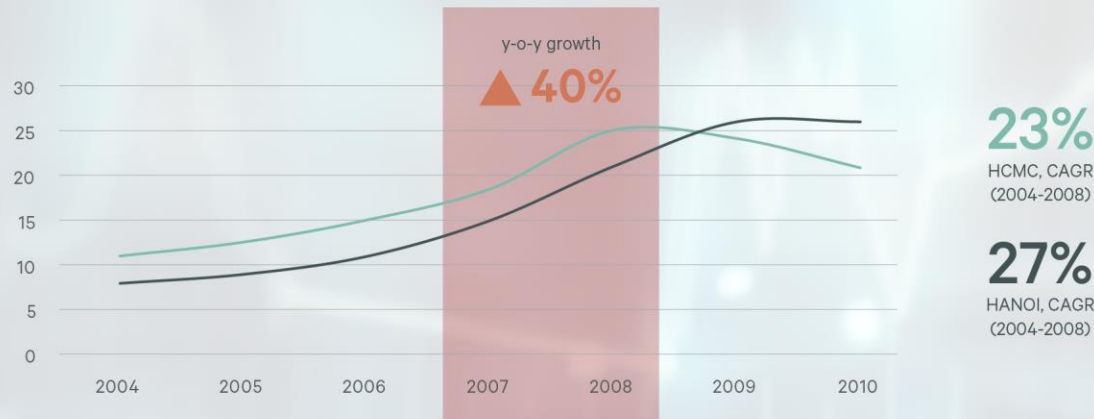
VIETNAM'S GDP PER CAPITA AND FDI NET INFLOW



Vietnam's entry to the World Trade Organisation (WTO) in January 2007 reaped the country substantial benefits in its first years of membership. Reduced trade barriers and an improved sovereign credit rating attracted significant foreign investment, resulting in a surge of 179% in Foreign Direct Investment (FDI) from US\$ 2.4 billion in 2006 to US\$ 6.7 billion in 2007. The flourishing Vietnamese stock market during this period created newfound wealth, much of which found its way into the property market and drove up asset prices.



CONDOMINIUM, AVERAGE SELLING PRICES IN THE SECONDARY MARKET, HANOI AND HCMC (VND MILLION PER SQ.M.)



At the height of the bull market run in 2007, Vietnam's credit growth reached 53.9%, with significant increases in real estate, stocks, and consumer credit. Prices often doubled or tripled in a matter of months in what was a highly speculative period. In Hanoi and HCMC, secondary prices of condominiums surged by approximately 40% between 2007 and 2008. Properties in the My Dinh area of Hanoi experienced price increases of 1.5x to 2x over the same period. In HCMC, prices in Phu My Hung township rose by over 20% within a short time span, with prices per sq.m. in projects such as Saigon Pearl and Cantavil logging increases of 30% to 70% in early 2008 compared to the end of 2007.

Vietnam was once again experiencing the same scenario as in previous cycles. Rapid price increases, eased credit policies and a massive influx of capital created an unprecedented bubble, which eventually burst in Q2 2008.



Source: World Bank, CBRE Research, 2023



**Before:** Swampy area of Nha Be District, HCMC | *Image: VnExpress*



**After:** Phu My Hung township & Nguyen Van Linh boulevard in HCMC | *Image: Phu My Hung*

# The Introduction of New Urban Townships

Prior to the period 2003-2008, planned townships featuring houses and high-rise condominiums were new to Vietnam, with limited supply available. However, the period 2003-2008 began to witness more developments of townships in Hanoi and HCMC, with Ciputra and Phu My Hung among the pioneering examples of foreign-invested townships.

**Phu My Hung** New Urban Area in HCMC, developed through a partnership between Tan Thuan Industrial Development – IPC (Vietnam) and Central Trading & Development (Taiwan), was Vietnam's first FDI real estate project. The launch of Phu My Hung township, coupled with the completion of Nguyen Van Linh Boulevard, transformed District 7 and the broader southern area from the wasteland and swamp into HCMC's new development hub.

**Ciputra**, a collaboration between UDIC (Vietnam) and Ciputra Group (Indonesia), has maintained its position as Hanoi's most prominent township in scale.

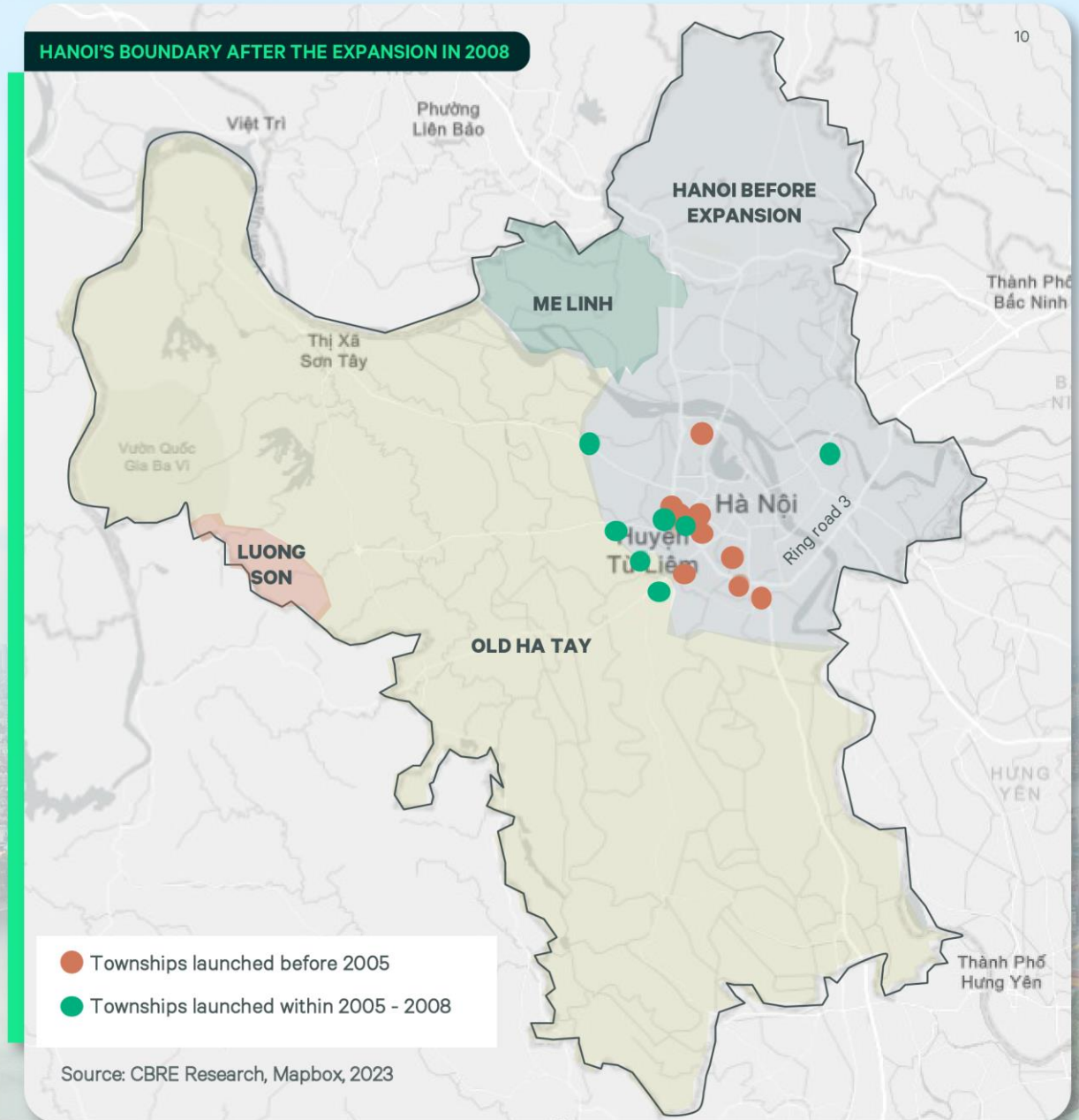
**These township** joint ventures introduced the concept of a "gated community" featuring a residential area enclosed by physical barriers, such as walls, fences, or security gates, which enhance residents' quality of life through providing a secure and well-maintained living environment.

# The Expansion of Hanoi in 2008

	Before 2008	2008	2022
Total land area (sq.km.)	922	3,345	3,360
Total population (million)	3.4	6.2	8.4

The year 2008 was a significant milestone in the history of Hanoi as it marked the expansion of the city's geographical boundaries to the entire Ha Tay province, Me Linh (a district of Vinh Phuc province) and four communes of Hoa Binh province (Dong Xuan, Tien Xuan, Yen Binh and Yen Trung).

Prior to 2005, the development of townships in Hanoi was mostly confined to the inner districts of the west and south, with a particular emphasis on the south of Tu Liem (now Nam Tu Liem district), Cau Giay, and Hoang Mai district along Ring Road 3. The landscape began to shift in 2005, just before Hanoi's official expansion, with the emergence of township projects in more distant areas, including Ha Dong and Hoai Duc (formerly part of Ha Tay). This trend gained additional momentum following the city's expansion in 2008, with the launch of larger-scale, higher-positioned townships across the city.



CHAPTER  
02

2009 - 2013



2009 - 2013

# Market Correction

The years from 2009-2013 saw Vietnam grapple with the aftermath of the Global Economic Crisis (GFC) and the bursting of its residential market bubble. This market correction was a consequence of an overheated stock market, high inflation, and the absence of a robust legal framework for both developers and buyers. It also marked an unavoidable market adjustment that would serve as the foundation for a new growth phase starting in 2014.

01

### Correction after a period of significant growth

Vietnam's residential market experienced repercussions from the GFC, leading to a decrease in new supply and decline in selling prices.

02

### Increase in public investment in Hanoi and HCMC

In response to the market correction, the government boosted investment across many economic sectors.

03

### The completion of iconic high-rise buildings

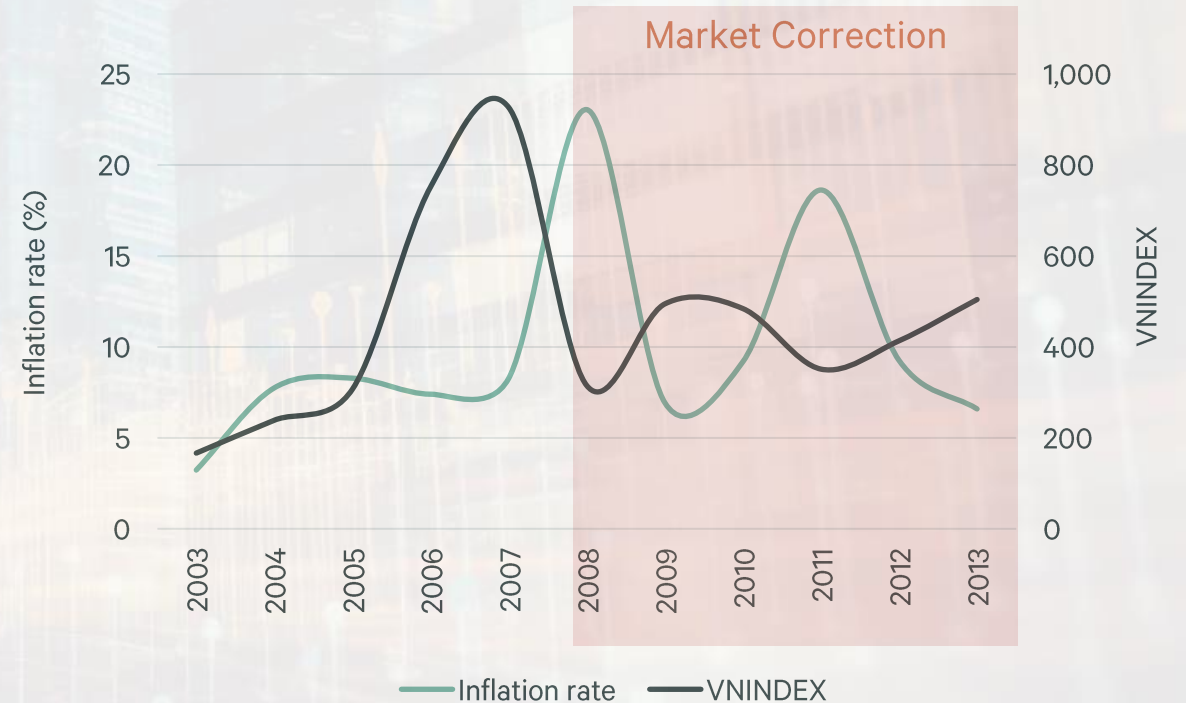
The country welcomed its first landmark tower and luxury projects in both key cities.

04

### The emergence of brokerage companies

Brokerage companies enter the market.

Vietnam's Stock Market Volatility, 2003 - 2013



Source: Vietnam Statistical Office, 2023

# Growth in New Supply Loses Momentum 2009 - 2013

## CORRECTION AFTER SIGNIFICANT GROWTH

The impact of the GFC finally hit Vietnam's economy in 2009. A year previously, average primary condominium sales prices in Hanoi and HCMC peaked at VND 23 million per sq.m. Prices subsequently began to drop at a rate of 2% p.a., bottoming out at VND 20 million per sq.m. in 2013.

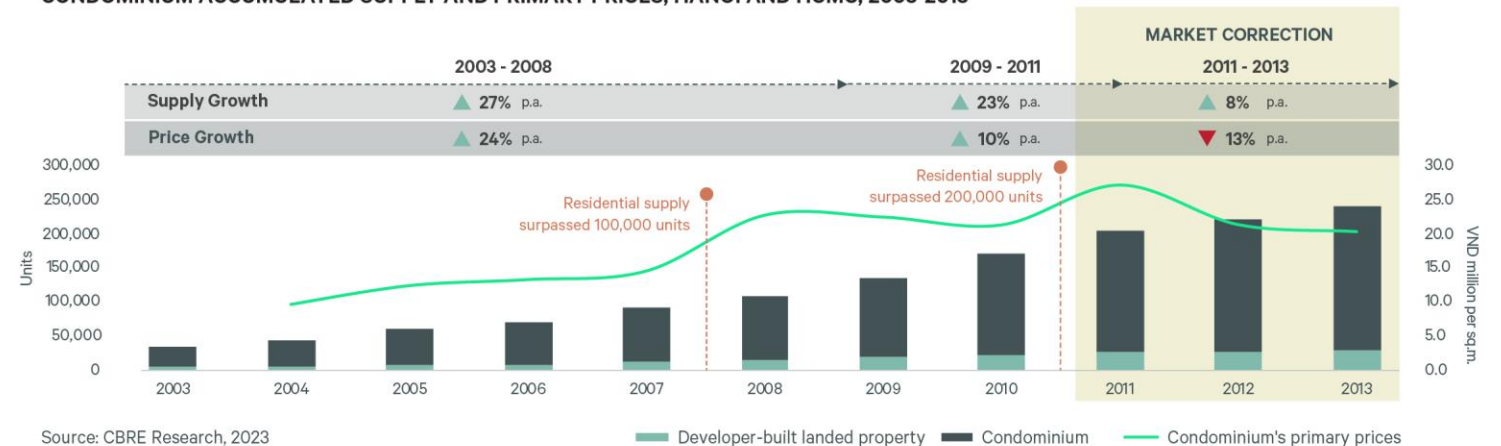
Developers responded to the slowdown by tightening the supply pipeline. In terms of condominium market, after peaking at over 31,000 units launched per year during 2010-2011, Hanoi and HCMC saw the addition of just around 13,000 condominiums in 2012, the lowest level in the period from 2008 - 2023. Buyers were hesitant to buy due to heightened market uncertainty, while developers adopted a conservative approach to new projects, leading to delayed or small-sized launches.

For landed properties, new supply from 2008 - 2013 was also relatively low, with average new stock of no more than 300 units in HCMC, the bulk of which were concentrated in District 7 and District 9. In Hanoi, new supply grew significantly during 2009 - 2012, with new launches topping 1,000 units per annum, before dropping to only 320 units in 2013. During this period, private enterprises began to assume a more prominent role in residential development, with Vinhomes, Muong Thanh and Nam Cuong Group taking the lead.



Image: Adobe stock

CONDOMINIUM ACCUMULATED SUPPLY AND PRIMARY PRICES, HANOI AND HCMC, 2003-2013

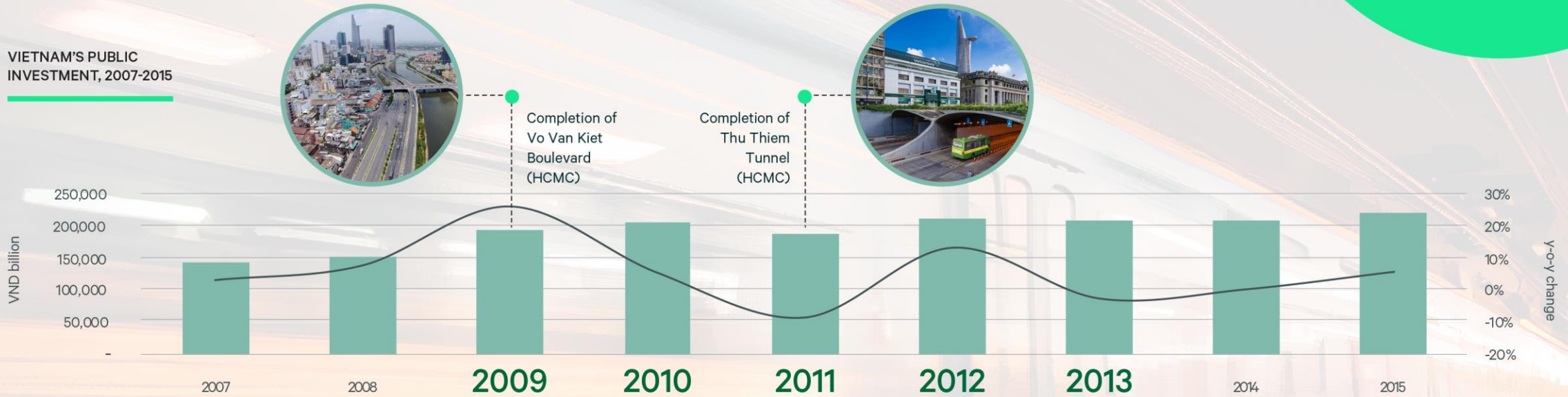


Source: CBRE Research, 2023

# Silver Lining: Increased Public Investment in Major Cities

During the downturn, the government made a concerted effort to encourage the disbursement of public funds, resulting in a 25% increase in public investment in 2009. The 2009-2013 period consequently saw the completion of several major new infrastructure projects. These initiatives improved connectivity across Hanoi and HCMC as well as enhancing the development potential of the country's residential real estate market.

VIETNAM'S PUBLIC INVESTMENT, 2007-2015



Source: VnExpress, CafeF, CBRE Research 2023



Completion of Vinh Tuy 1 Bridge (Hanoi)



Kick-off Metro Line (Hanoi)



Kick-off Metro Line (HCMC)

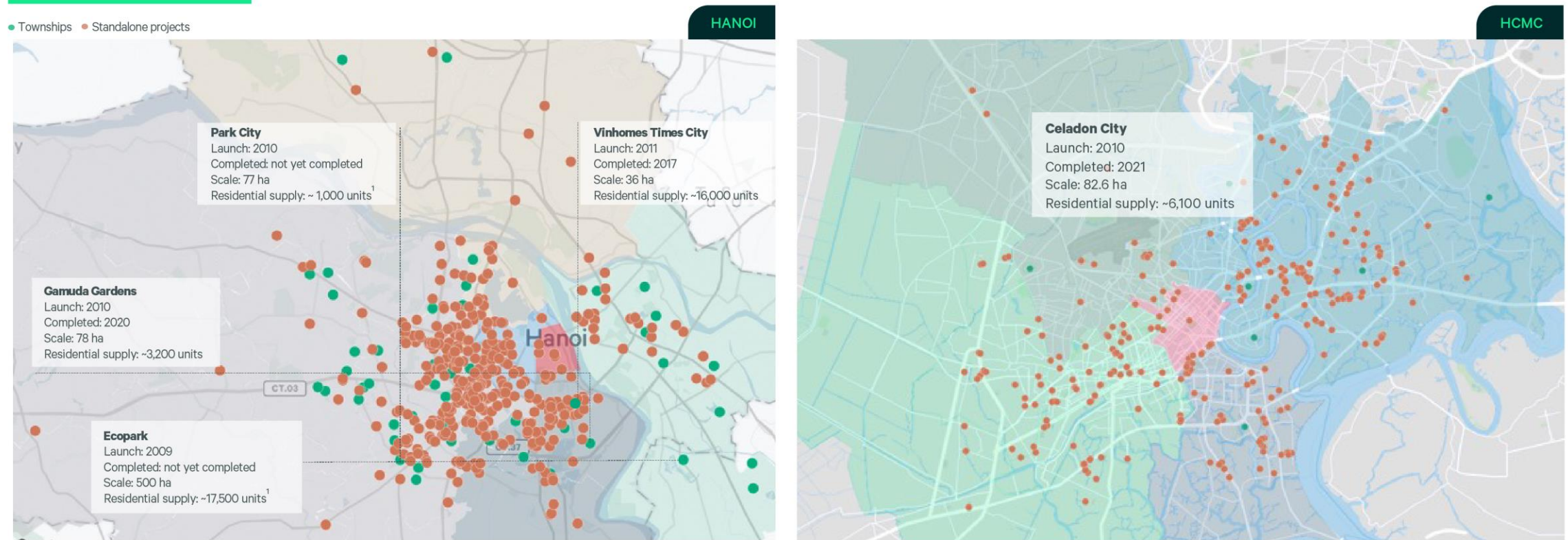


Basic completion of Ring Road 3 (Hanoi)

# The Boom in Integrated Townships

Major infrastructure improvements in suburban areas of Hanoi and HCMC facilitated the development of major new township projects during this period, including Ecopark, Gamuda Gardens, Vinhomes Riverside, Vinhomes Times City and Celadon City. These townships provided evidence for the viability of the township model for Vietnam’s residential market, showing that projects with attractive living environments and diverse amenities could attract residents despite being located some distance from CBDs. At the same time, the emergence of one-stop shopping centres such as Crescent Mall, Aeon Mall, Vincom Megamall Royal City and Vincom Megamall Times City helped boost housing demand in these township areas.

## TOWNSHIP DEVELOPMENTS IN THE TWO KEY CITIES OF VIETNAM, PARTICULARLY IN HANOI

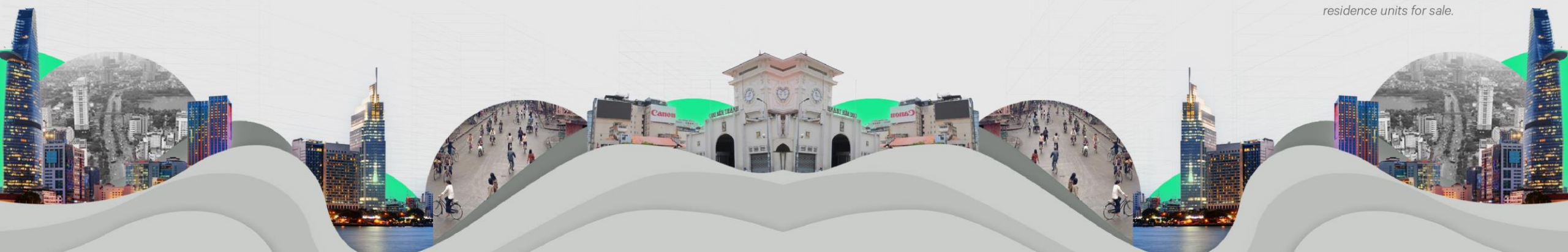


Source: CBRE Research, Mapbox, 2023. Note: (1) Number of units launched to date; The maps display all existing residential projects launched as of the reporting date. The boxes represent major townships that were launched between 2009 and 2013.



# LANDMARK TOWERS REDEFINE CITY SKYLINES

*Note: Upcoming landmark tower. In 2021, The Grand Hanoi and Grand Marina Saigon launched its branded residence units for sale.*

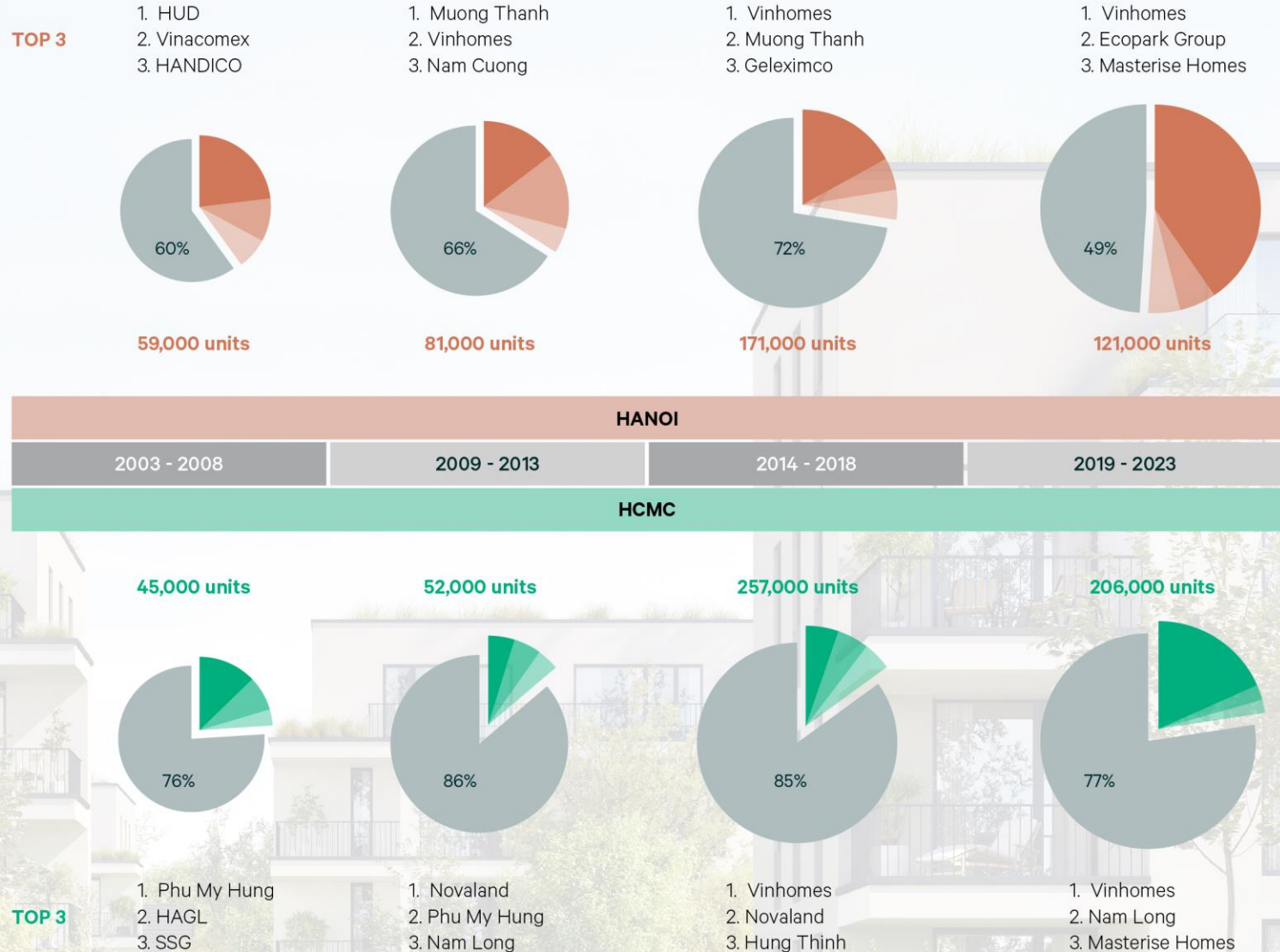


# The Rise of Privately-owned Developers

## MARKET SHARE BY DEVELOPERS\*

Note: \*Number of units launched by developers over total new residential launch in Hanoi and HCMC within each period

Source: CBRE Research, 2023



# The Evolution of Brokerage Companies

The growth of Vietnam's residential property market led to the rapid development of brokerage services for the primary and secondary markets. A key phenomenon during this period was the emergence of local independent real estate brokerage firms such as Dat Xanh, Cenland, and DKRA, which joined a market that had previously been dominated by developers' in-house sales consultants. Vietnam Ministry of Construction data show that more than 1,000 real estate brokerage companies were established in 2013 alone. By 2023, the number of real estate brokerage companies had risen by 400%.

Professional real estate brokers play a crucial role in assisting small and new developers in Vietnam maximise profits. These brokers act as consultants and project appraisers for buyers, helping them identify suitable properties while safeguarding their rights and interests. The presence of real estate brokers is essential for maintaining market transparency due to their pivotal intermediary role. All brokerage firms provide real estate services, encompassing marketing and distribution. Leading brokerage firms typically establish long-term partnerships with major developers, becoming their exclusive agencies.



2007

Midnight queue up for hot properties in District 2, HCMC



2016

Banners of newly launched project in Hanoi



2023

Sales events in Hanoi & HCMC



2023

Luxury sales gallery in HCMC

CHAPTER

03

2014 - 2023



2014 - 2023

# A Roller Coaster Ride



Characterised by a supply boom from 2015 – 2019 and a decade-low supply shortage in 2023, the most recent 10-year period featured some of the most volatile years in the history of Vietnam's real estate market, albeit on the back of persisting strong fundamental housing demand.

## 01 Supply peak

The year from 2015 – 2018 saw a boom in condominium supply in both Hanoi and HCMC, with around 60,000 new units launched in both cities yearly.

## 02 Foreign buyers enter the market

2015 saw the introduction of a new law permitting foreigners to purchase residential apartments, helping to diversify the buyer landscape.

## 03 Licensing issues

Towards the end of the period, several bottlenecks in project licensing constrained the development of supply in both Vietnam's key cities.

## 04 Residential prices set new highs

At the end of the period, limited new supply and a rise in new stock in the high-end and luxury segments pushed up primary prices to a new peak.

# Supply and Prices accelerate

The period from 2014 – 2019 saw rapid expansion in new residential supply in both Hanoi and HCMC. Despite recent declines in new supply due to the impact of COVID-19 and licensing issues, the market reached a remarkable milestone of over 700,000 units in 2021, more than doubling 2014’s level of 300,000 units. Major large-scale projects launched during this period included Vinhomes Ocean Park 1,2,3 with total scale of 50,000 units in Hanoi, Vinhomes Central Park with over 10,000 units, and Vinhomes Grand Park with more than 40,000 units, all located in HCMC.

ACCUMULATED RESIDENTIAL SUPPLY AND PRIMARY PRICES, HANOI AND HCMC, 2012 – 9M 2023



Source: CBRE Research, 2023

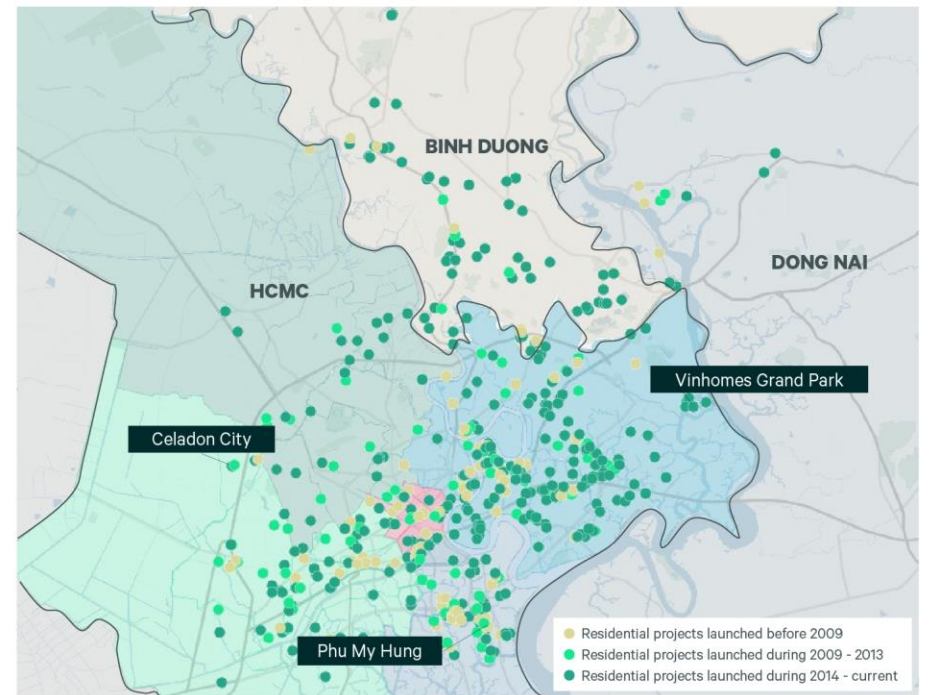
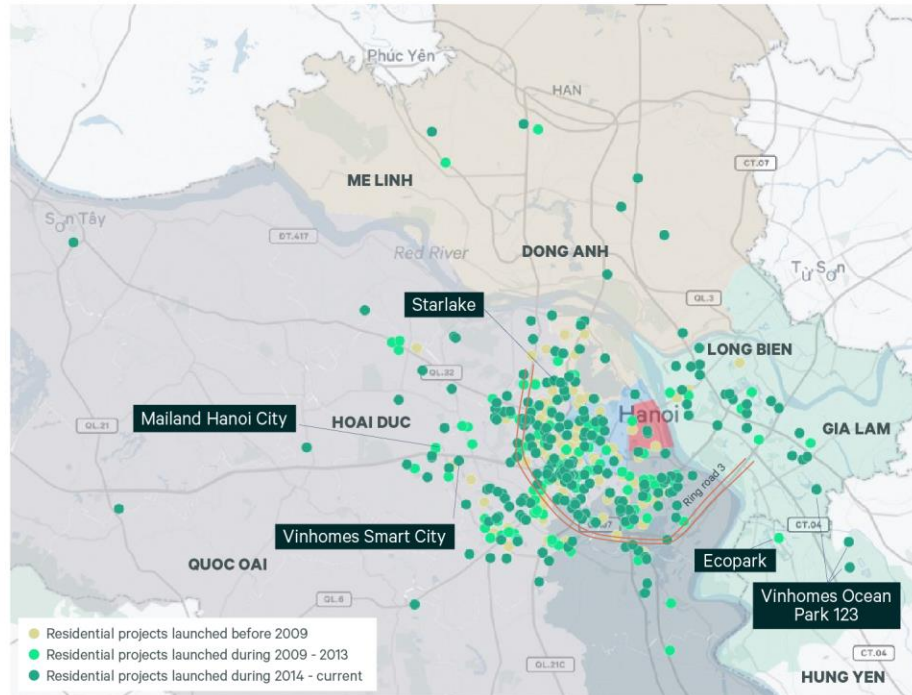
# Mega Townships Expand Towards the Suburbs



Rapid urbanisation; shrinking land availability in prime urban areas; and the shift to hybrid working caused by the COVID-19 pandemic has spurred demand for the expansion of public transit systems serving less congested districts. Along with infrastructure improvements in suburban areas and towards satellite provinces such as Hung Yen (adjacent to Hanoi) and Binh Duong (adjacent to HCMC), the residential landscape developed accordingly. With development beginning to take place in locations some distance from major cities, masterplanned all-in-one townships emerged as the preferred format for homebuyers.

Over the past 20 years, residential supply in Hanoi has undergone a rapid evolution. Initially concentrated in the inner districts along Ring Road 3, the focus has gradually shifted towards more distant locations. Several major mega townships have been introduced in suburban areas of Hanoi, resulting in the emergence of new residential clusters in these regions.

Phu My Hung (District 7), Celadon City (Tan Phu District) and Vinhomes Grand Park (Thu Duc City) were three typical township projects developed around 15-25km away from HCMC's CBD. These projects nevertheless attracted high occupancy rates thanks to improved infrastructure connections and their full-service offering.



# New Infrastructure Connects the East to the CBD

Following the development of public transit infrastructure from 2009 – 2013, the years from 2014 – 2023 saw the completion of several major new infrastructure projects in the two major cities. In HCMC, the Metro Line No.1 is expected to go into operation by July 2024, almost two years after Ba Son Bridge (formerly known as Thu Thiem 2 Bridge) came online at the end of 2022. Hanoi has witnessed the addition of projects such as the Dong Tru Bridge, the Nhat Tan Bridge and the Cat Linh – Ha Dong Metro line 2A, together with the commencement of construction of major ring roads 2, 3 and 4. These major infrastructure projects have had a significant impact on Vietnam’s real estate landscape, fuelling the expansion of residential development towards the eastern areas of both HCMC and Hanoi.

DEVELOPMENT TIMELINE OF KEY INFRASTRUCTURE IN HANOI & NEARBY RESIDENTIAL PROJECTS



DEVELOPMENT TIMELINE OF KEY INFRASTRUCTURE IN HCMC & NEARBY RESIDENTIAL PROJECTS



Source: Public news, CBRE Research, 2023

# The West Emerged as the New CBD of Hanoi

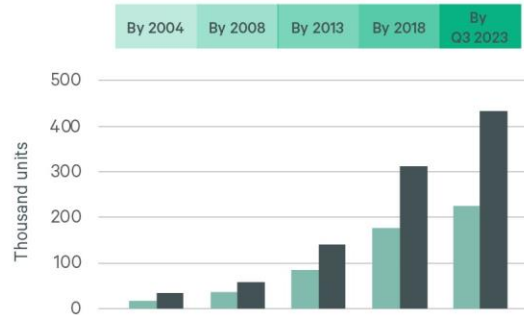
Following Hanoi's expansion in 2008, the West area, particularly the center of the West covering the districts of Cau Giay, Nam Tu Liem and Bac Tu Liem, has rapidly emerged as a thriving hub for residential and commercial real estate development, backed by ample land bank and strong development of infrastructure system, including ring roads and metro lines. Today, the West is often referred to as Hanoi's new CBD. In addition, Hanoi's plans to relocate the government agencies to the West by 2025 and to establish two satellite cities, one of which is situated in the West (the city of Hoa Lac), are expected to further foster the already robust growth of real estate development in the West.

## RESIDENTIAL SUPPLY

As at Q3 2023:

**WEST** 224K units  
▲ 14% p.a. (2004 - 2023)

**HANOI** 432K units  
▲ 14% p.a. (2004-2023)

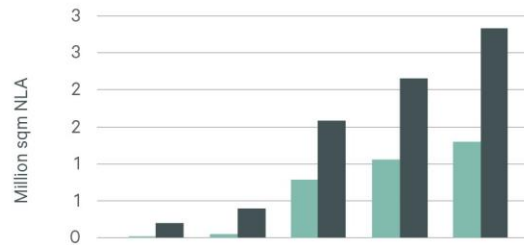


## OFFICE & RETAIL SUPPLY

As at Q3 2023:

**WEST** 1.3M sqm NLA  
▲ 25% p.a. (2004 - 2023)

**HANOI** 2.8M sqm NLA  
▲ 14% p.a. (2004 - 2023)



Source: CBRE Research

## NOTABLE RESIDENTIAL & COMMERCIAL PROJECTS ALONG RING ROAD 3 & METRO LINES

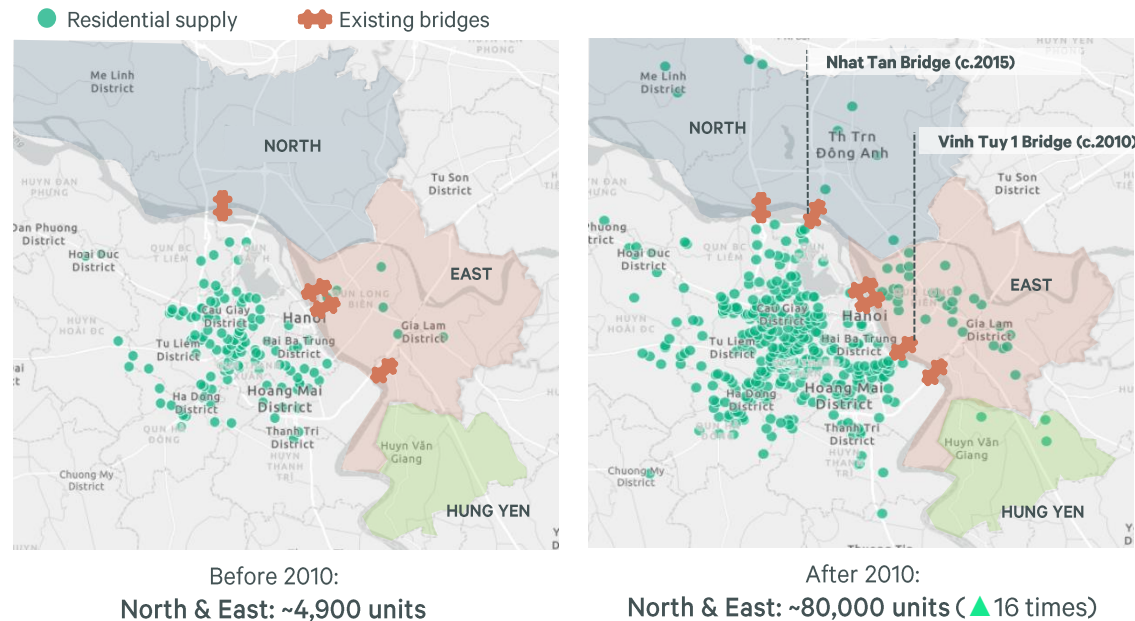


# Case Study

## HANOI: NEW BRIDGES OVER THE RED RIVER SHIFT URBAN DEVELOPMENT TOWARDS EASTERN AND NORTHERN HANOI

Hanoi's eastern areas have not traditionally been a popular choice among local homebuyers owing to their location across the Red River, which somewhat impedes access to the city centre. Prior to 2010, there were just six bridges, most of which were many years old, connecting the north and east of Hanoi to the city centre. However, the opening of Vinh Tuy bridge in 2010 improved access to major townships in the east from the city centre, with infrastructure set to be enhanced even further with the addition of ten new bridges across the river in the coming years.

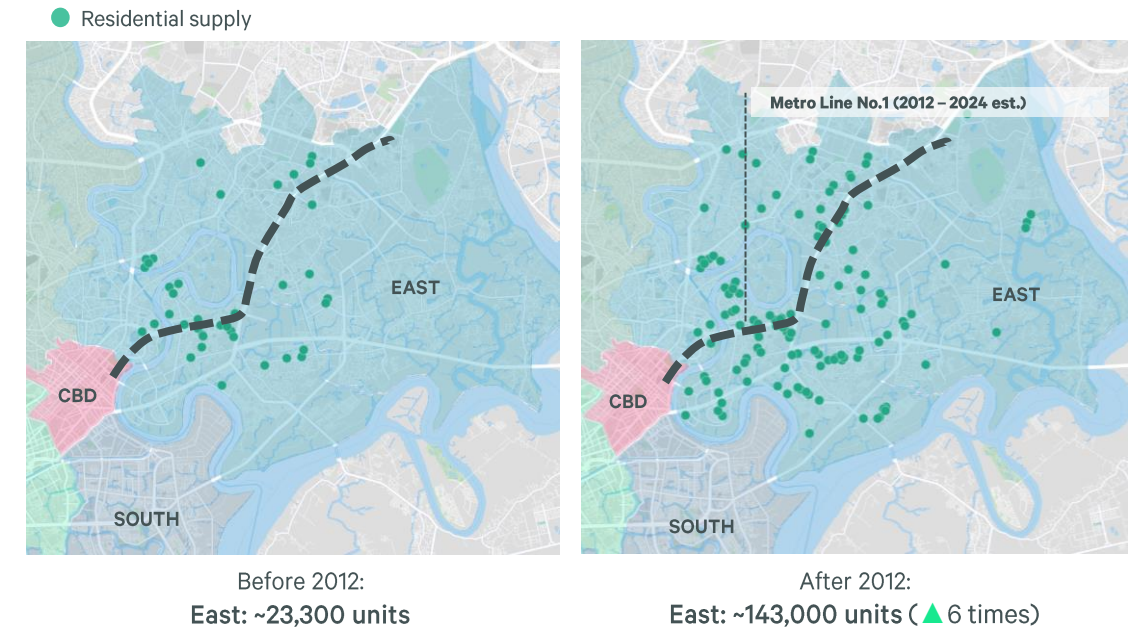
### GROWTH IN RESIDENTIAL SUPPLY IN THE EAST<sup>1</sup> AND NORTH OF HANOI SINCE CONSTRUCTION OF NEW BRIDGES



## HCMC: METRO-LINE NO.1 FACILITATES EXPANSION OF RESIDENTIAL LANDSCAPE TO EAST HCMC

Starting in 2012, the construction of Metro Line No. 1 facilitated residential development along its route and boosted the willingness of HCMC's population to settle far from the CBD. This spurred the development of a housing market in east HCMC, leading to rapid growth in both the number of new projects and sales prices in Thu Duc City.

### HCMC CONDOMINIUM, SUPPLY IN THE EAST BEFORE AND AFTER THE START OF CONSTRUCTION OF METRO LINE NO. 1



Source: CBRE Research, Mapbox, 2023. Note: (1) Supply in the East of Hanoi include three major townships in Hung Yen (province bordering Hanoi): Ecopark, Vinhomes Ocean Park 2 & 3

# Fundraising to Remain Crucial as Developers Plan Major New Projects



## INCREASING NUMBER OF LISTED COMPANIES

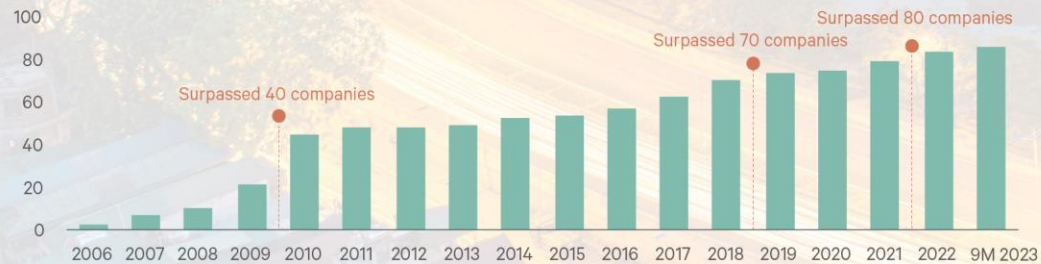
Vietnam's increasingly strong macro-economic performance and consistently stable political environment has continued to boost the country's appeal as a destination for foreign investors. Amid growing interest from overseas buyers, the years from 2016 witnessed waves of local real estate companies list on the Vietnam Stock Index.

2018 marked the IPO of Vinhomes JSC on Vietnam's stock market, following its share issues worth ~US\$ 1.35 billion. The success of Vinhomes JSC's IPO has underlined the growth potential available for Vietnam's real estate companies in the capital market, paving the way for further IPOs in the coming years.

Despite international equity offerings being an effective financing channel, it is challenging for many real estate companies in Vietnam to meet strict listing requirements. In 2022, Vietnam's stock market recorded just eight successful IPOs across all sectors, the lowest number in Southeast Asia.

## NUMBER OF LISTED REAL ESTATE COMPANIES, 2006 – 9M 2023

(No. of listed companies)



Source: HOSE, HNX, Upcom, CBRE Research, 2023

## RECENT CORPORATE BOND REFORMS PUT A BRAKE ON NEW BOND ISSUANCES

In addition to bank loans, corporate bonds emerged as an important long-term financing tool for Vietnamese real estate companies. Since 2019, real estate firms have been the country's leading source of corporate bond issuance. However, recent years have seen a downward trend in the practice, mainly because of several incidences of bond issuance fraud in 2022. Other factors behind falling bond issuance include growing risk of debt maturity resulting from lengthy construction delays to many projects across the country.

Nevertheless, as traditional sources of capital become more challenging to obtain, CBRE expects the coming years to see Vietnam's real estate developers make greater use of alternative financing sources such as IPOs and capital fund raising.

## VIETNAM'S CORPORATE BOND ISSUANCE VALUE BY YEAR, 2019 – 9M 2023

(VND trillion)



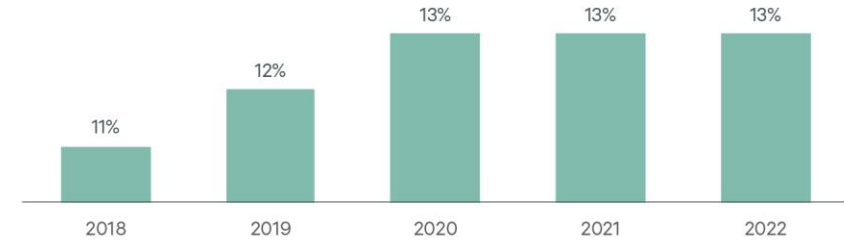
Source: Vietnam Bond Market Association (VBMA), CBRE Research, 2023

# Financing Sources For Home Buyers

Prior to the tightening of credit policies and increase in interest rates in H2 2022, homebuyers in Vietnam enjoyed easy access to mortgages. However, there has been a loosening of conditions since H2 2023.

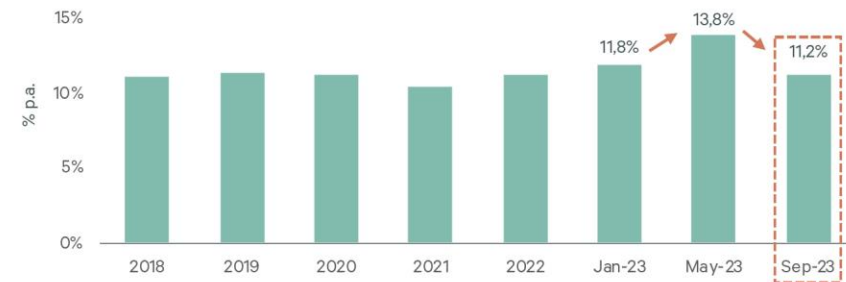
Over the past decade, the stability of lending rates in Vietnam has led to the increased popularity of mortgages among homebuyers. As property prices continue to rise, mortgages have become essential for homebuyers, enabling them to access properties and making homeownership more affordable for a broader segment of the population. Recent years have seen several developers co-operate with commercial banks to offer favourable interest rate support programmes to stimulate market demand. During 2020 - 2021, the number of buyers taking out mortgages saw a significant increase as borrowers sought to capitalise on lower interest rates, despite the negative impacts of the COVID-19 pandemic. Since H2 2022, Vietnam's residential sector has faced multiple challenges, ranging from a credit crunch to interest rate hikes. As a result, the mortgage market has experienced a deceleration in growth, presenting challenges for homebuyers as they face greater difficulty in utilising financial leverage to fulfill their housing needs. However, with interest rates appearing to have stabilised, there could be a recovery in mortgage demand in the near future. In addition, current mortgage levels in Vietnam, which account for 13% of the country's GDP, are significantly lower compared to developed countries such as Japan or Singapore. This suggests that there is ample room for future growth in the mortgage market.

VIETNAM'S MORTGAGE AS % OF GDP, 2018 - 2022



Source: Euromonitor, 2023

HOME MORTGAGE FLOATING INTEREST RATE, 2018 - SEP 2023



Source: Commercial banks September 2023, CBRE Research, 2023



CHAPTER

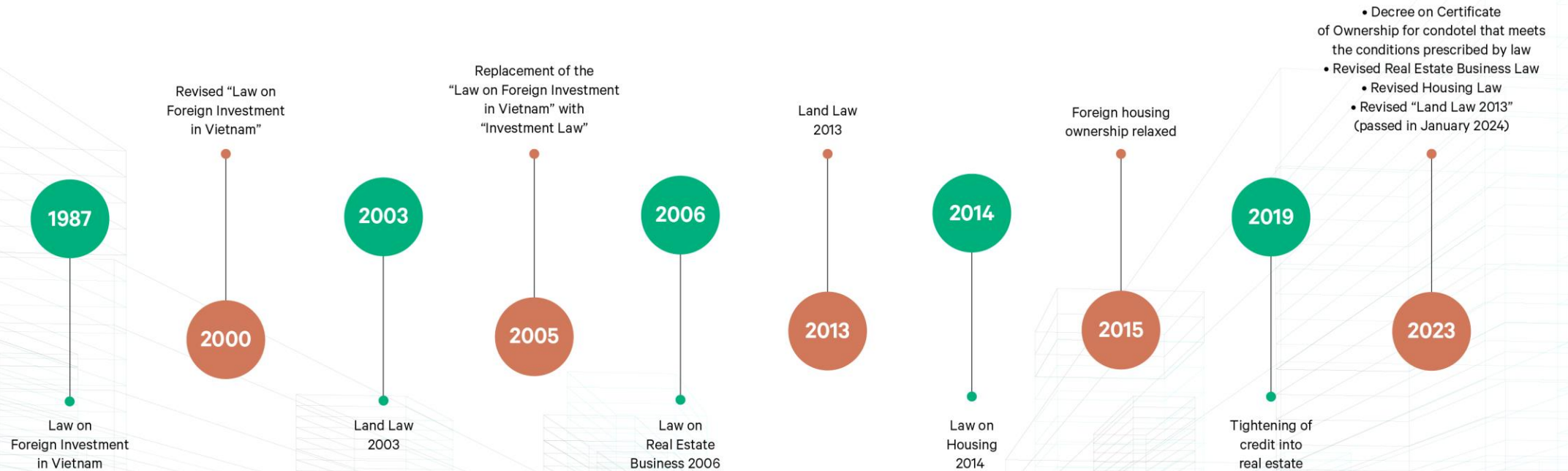
04

# DEVELOPMENT OF **LEGAL FRAMEWORK**



# Legal Framework: Ongoing adjustments to major laws governing the real estate market in Vietnam

As Vietnam's real estate market continues to develop, the legal framework governing real estate business activity has undergone continuous review and adjustment to address challenges and foster sustainable market growth. The Vietnamese government has made substantial efforts in recent years to mitigate risks, bridge the supply-demand gap, and stimulate the real estate sector by implementing credit policies, adjusting interest rates, and introducing mechanisms to develop diverse types of properties that cater to end users' needs.



# Major Laws Impact on the Residential market

VIETNAM'S RESIDENTIAL PRICE INDEX AND THE INTRODUCTION OF CERTAIN POLICIES (INDEX INDICATES %Y-O-Y CHANGE)



Source: CBRE Research, 2023



# Modification of Legal Framework to Improve Access to Vietnam Real Estate for Foreign Buyers

Starting in 2015, the government began removing barriers to foreigners' acquisition of real estate. Housing Law 2014, which came into effect in 2015, permitted any foreigner allowed to enter Vietnam to purchase residential properties in the country. While there remains no limit on the number of individual units a foreigner can buy in Vietnam, there is a cap on the percentage of foreign ownership in an individual project. This is set at a maximum of 30% per residential building or no more than 250 landed properties in an administrative unit. Leasehold tenures are set at 50 years and are extendable subject to applicable law, but cannot exceed an additional 49 years or be converted to freehold tenure should the foreign owner have a Vietnamese spouse.

Since the relaxation of restrictions on foreign property ownership, buyers from Asian countries including China, Hong Kong, Korea and Taiwan have emerged as the biggest investors in Vietnamese residential property. Reasons for this include their proximity to Vietnam; the pre-existing presence in Vietnam of large real estate developers from these markets; and Vietnam's potential for price growth relative to their home market, all which have experienced periods of rapid price appreciation.

Buy and hold for capital appreciation remains the most popular strategy for foreigners purchasing residential real estate in Vietnam. Some buyers may opt to let properties as a temporary option while they wait for sales prices to climb. Very few non-Vietnamese – mainly long-term residents – purchase residential real estate for self-use.

In terms of product type, foreign buyers have displayed strong demand for condominiums, especially units in high-end developments in big cities such as HCMC and Hanoi. Well-located and affordable condominiums with potential for strong price growth have also been the subject of interest from foreign investors.

Over 3,000

foreign buyers recorded from 2015 to Q3 2023<sup>1</sup>

9 in 10

foreign buyers are condominium buyers<sup>2</sup>

60%

are buy-to-gain investors<sup>2</sup>

75%

coming from Asian developed countries<sup>2</sup>



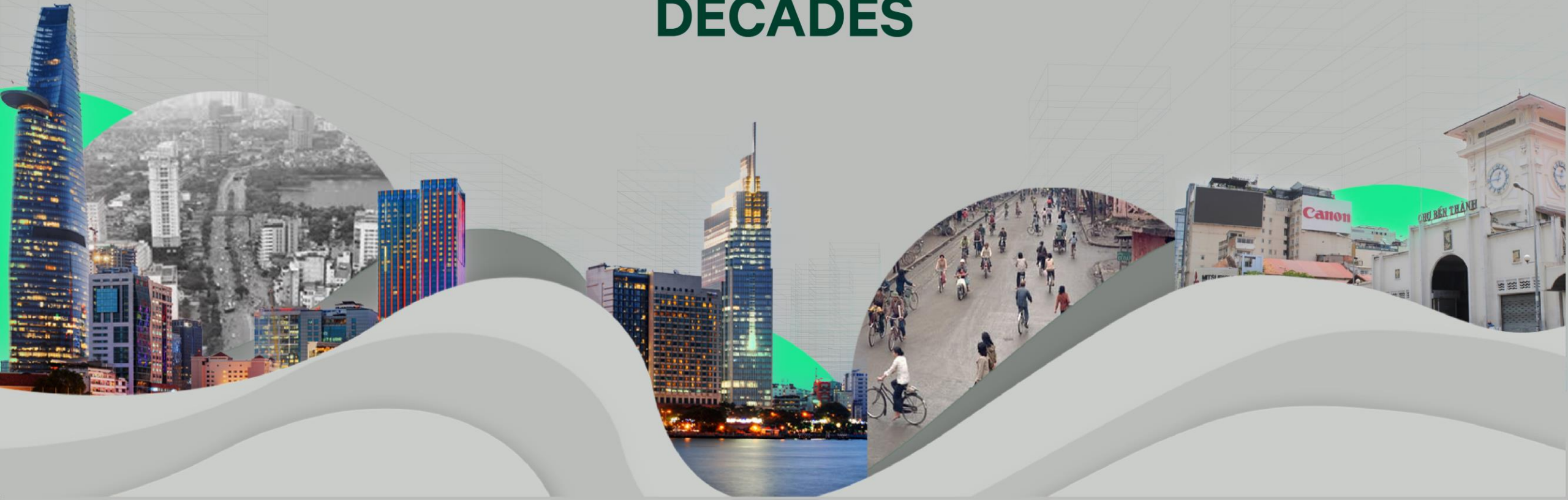
(1) From Vietnam's Ministry of Construction;

(2) From CBRE's records on successful transactions (including both sales and long-term lease transactions) from 2017 – Oct 2023

CHAPTER

05

THE COMING  
**DECADES**



# The Next Evolution

Underpinned by solid economic fundamentals and concrete housing demand, Vietnam's residential market is ideally poised to advance to a more mature stage of development. Key factors supporting market growth and shaping development trends in the coming years include.



## 01 Robust demand for developer-built homes amidst strong economic growth and high urbanisation rates

Rapid urbanisation and rising incomes will support sustainable demand for developer-built homes

## 02 Development shifting to new locations

Limited land availability in city centres and improving infrastructure will trigger the expansion of residential development to new locations

## 03 Commuter trends influencing property design and format

Rising usership of public transportation will spur the construction of more Transit-Oriented Developments (TODs) attached to key infrastructure projects while also pushing up the prices of residential projects near metro stations. Growing rates of car ownership will require more and higher quality parking facilities

## 04 The future residential living

The market is poised to undergo an evolution in terms of types and features of residential accommodation, driven by diverse demand and buyers' shifting preferences

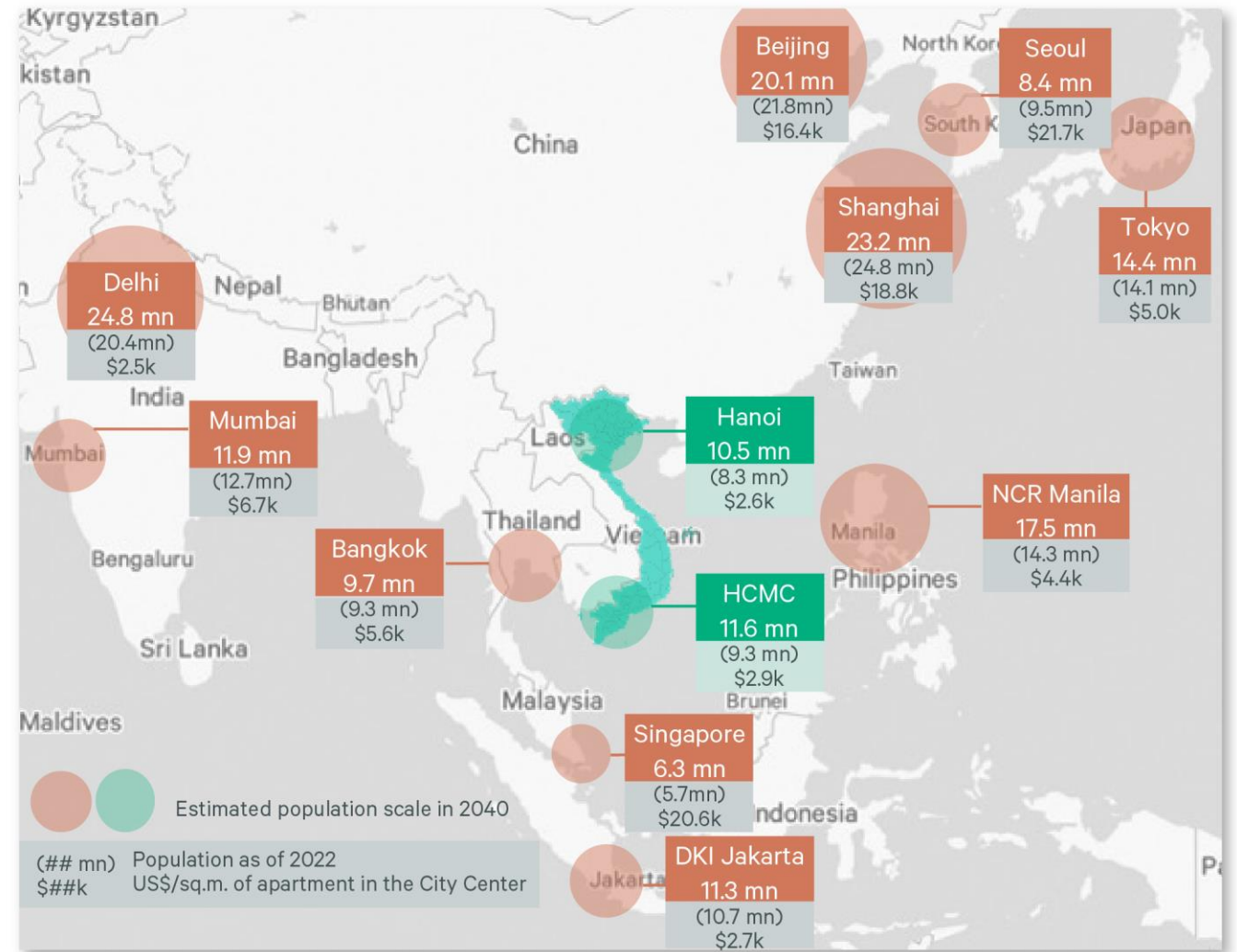
# Supportive Demographics will Underpin Market Growth

The steady increase in Vietnam's population has been a key factor supporting the growth of the country's residential market. Hanoi and HCMC are projected see their populations grow by 1.2% per annum in the years from 2021 to 2040. By the end of this period, the populations of each of these two cities will exceed those in the likes of Bangkok and Seoul, eventually matching the scale of megacities such as Jakarta. Compared to other cities in the region, Hanoi and HCMC boast competitively priced residential properties, underlining their potential for market growth.

Simultaneously, the country continues to rapidly urbanise. Oxford Economics project that Vietnam's urban population will account for 51% of its total population by 2040, a significant increase from the current 38%. This indicates a swift transformation towards urban living and highlights the growing importance of urban areas in Vietnam's demographic landscape.

This combination of population growth, urbanisation, and competitive residential prices in Hanoi and HCMC will provide a strong foundation for the long-term growth and expansion of the residential market in these cities and across the whole country.

## CITIES POPULATION VS HOME PRICES



Source: Oxford Economics, Numbeo, CBRE Research, Mapbox, 2023

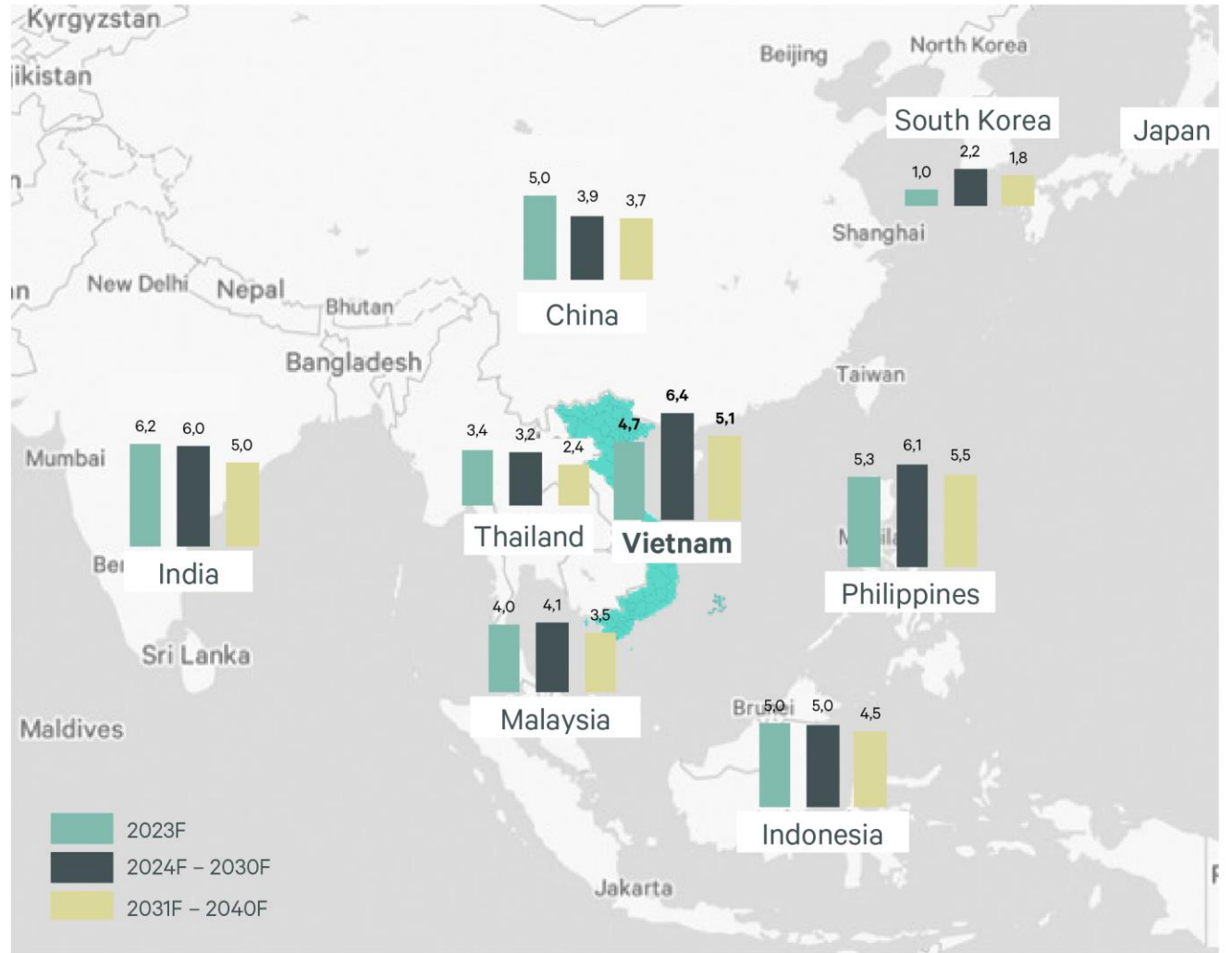


# Growing Affluence to Drive Demand for Developer-built Homes

Vietnam is forecasted to remain among the fastest growing economies in Asia Pacific. Euromonitor data show Vietnam's GDP is projected to grow by 6-6.7% per annum from 2024 - 2030, while sustaining growth of 5-5.5% per annum from 2031 - 2040. The government's masterplan aims for Vietnam to become an upper-middle income country by 2030 and a developed country by 2050. Sustainable economic growth will boost the spending power of consumers and homebuyers, having a positive knock-on effect on the growth of the residential market, especially for developer-built homes over the next 15-20 years.



## FORECASTED GDP GROWTH (%) OF VIETNAM AND MAJOR COUNTRIES IN APAC



Source: Euromonitor, November 2023, Mapbox, 2023. For 2024F - 2030F and 2031F - 2040F, the figures presented are average for the whole period

## Locational Preferences will continue to shift to the outer metropolitan areas...

### Metro lines:

In the next 20 years, Hanoi expects to have at least four metro lines in operation. The new lines are expected to boost the connectivity from **Hoa Lac area, Bac Tu Liem district** to the existing city center.

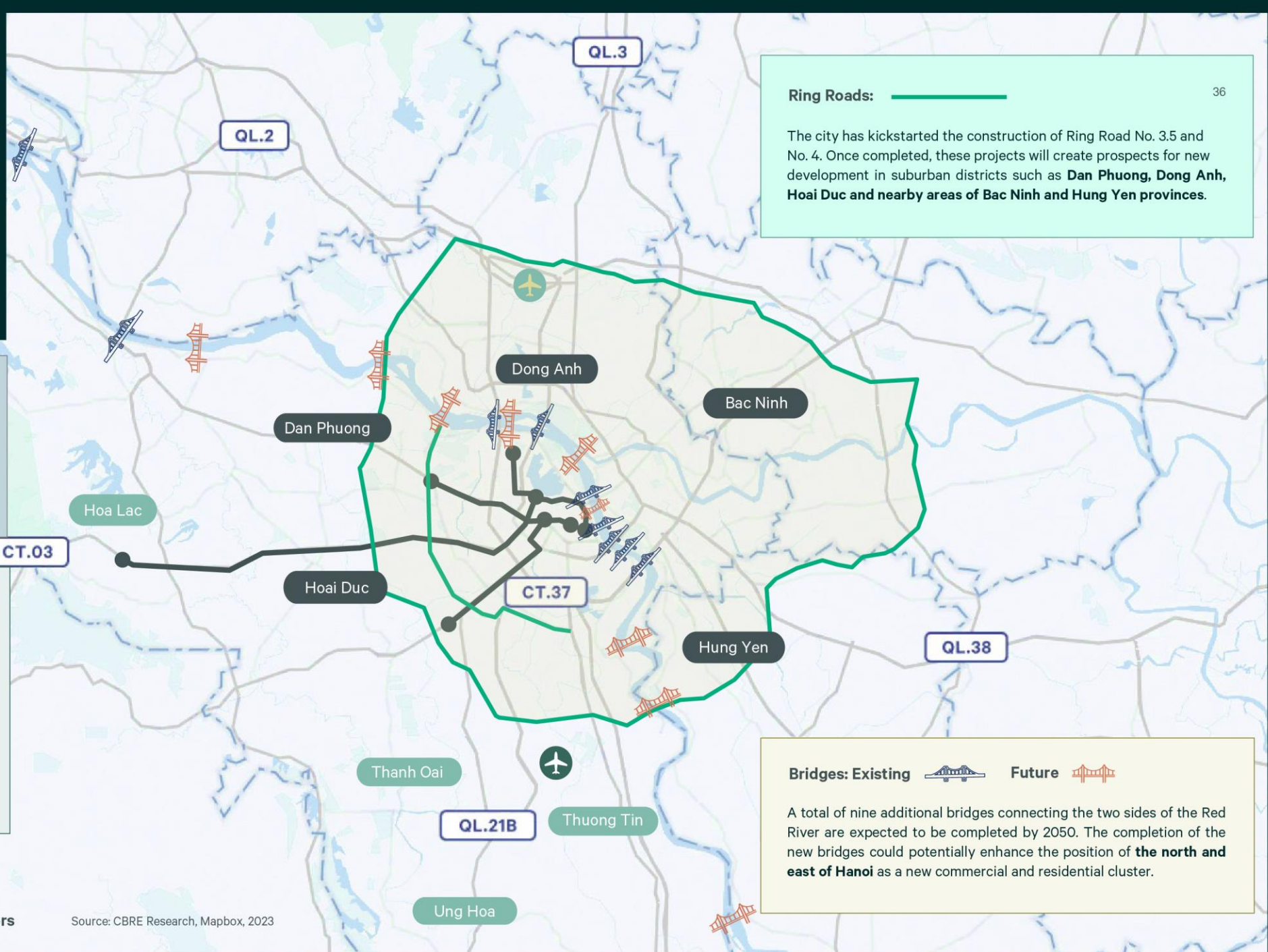
### International Airports:

Existing  Future (indicative location) 

Hanoi is currently planning another international airport to complement existing Noi Bai International Airport. The new airport is expected to be located in a suburban district in the **south of the City**. This will boost the industrial market as well as housing in these locations.

# Future residential hubs

# Future emerging residential clusters



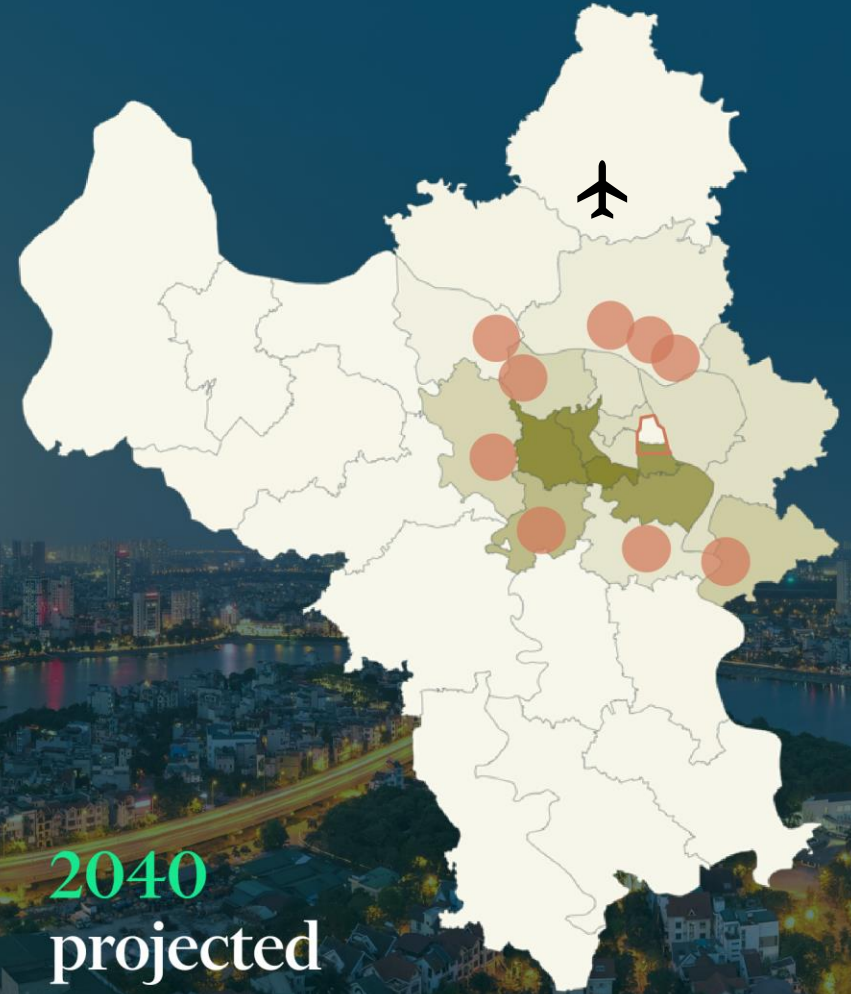
**Ring Roads:** \_\_\_\_\_ 36

The city has kickstarted the construction of Ring Road No. 3.5 and No. 4. Once completed, these projects will create prospects for new development in suburban districts such as **Dan Phuong, Dong Anh, Hoai Duc and nearby areas of Bac Ninh and Hung Yen provinces.**

**Bridges: Existing**  **Future** 

A total of nine additional bridges connecting the two sides of the Red River are expected to be completed by 2050. The completion of the new bridges could potentially enhance the position of **the north and east of Hanoi** as a new commercial and residential cluster.

# Hanoi 2023



Residential Supply Density

High: 2,999 - 3,121 units/km<sup>2</sup>  
Low: 0

Expected locations of future townships and residential hubs

City center

Note: The maps include Van Giang, a district located on the border of Hanoi in Hung Yen province, which provides residential townships to cater to the housing needs of Hanoi.

Source: CBRE Research, Mapbox, 2023.

# 2040 projected

# ... as well as for HCMC

### Metro lines: ●—●

In the next 20 years, HCMC expects to have at least three metro lines in operation. The new lines are expected to boost the connectivity from **Thu Duc City, Hoc Mon** and **Binh Chanh districts** to the CBD.

### International Airports:

Existing ✈️ Future (indicative location) ✈️

Long Thanh International Airport is currently under construction in Dong Nai. The airport is expected to attract a significant number of businesses and workers, leading to further development of residential areas to the **east of HCMC** and **Dong Nai** province.

# Future residential hubs

# Future emerging residential clusters

### Bridges: Existing

Bridge: 🌉

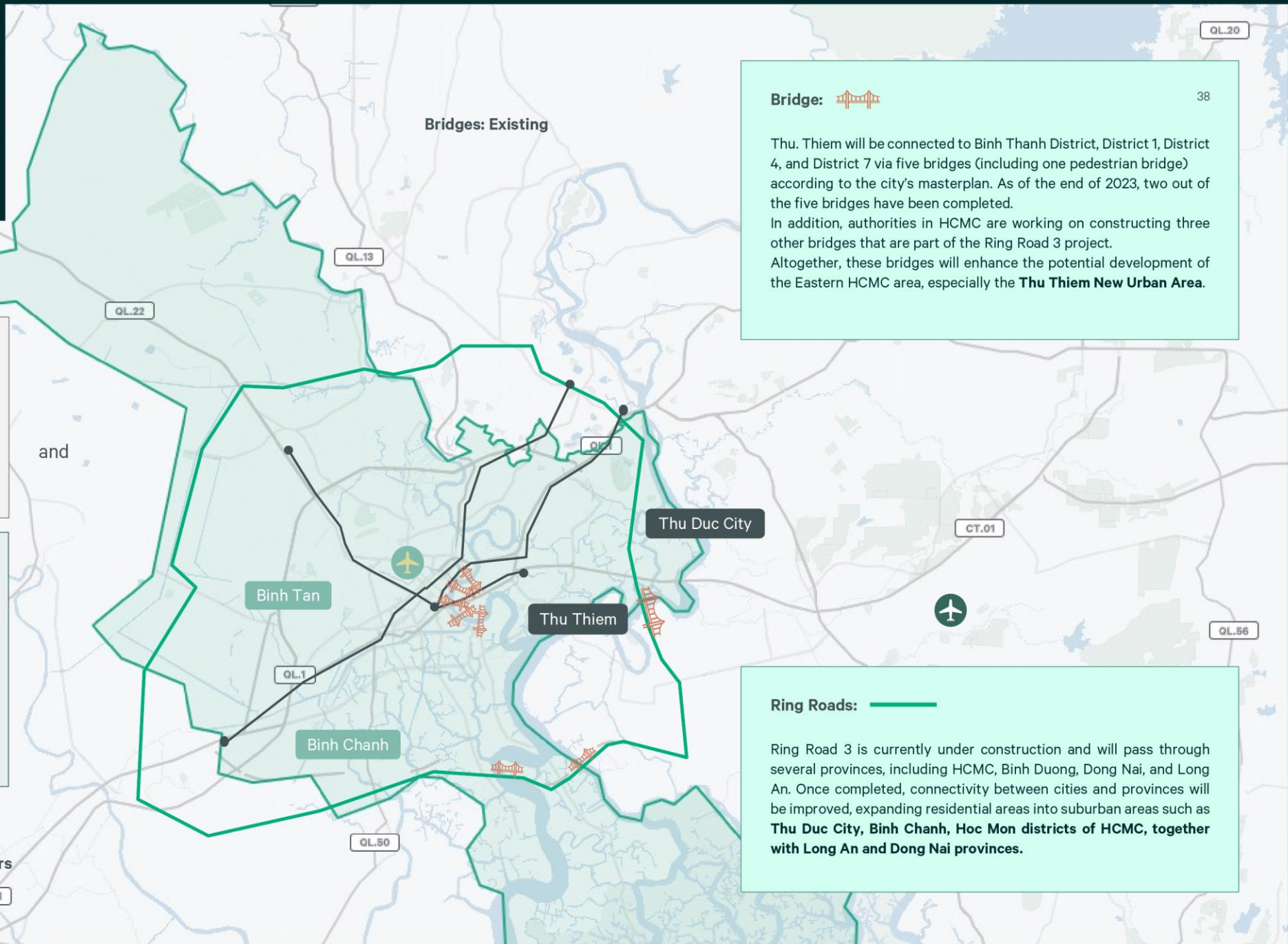
Thu. Thiem will be connected to Binh Thanh District, District 1, District 4, and District 7 via five bridges (including one pedestrian bridge) according to the city's masterplan. As of the end of 2023, two out of the five bridges have been completed.

In addition, authorities in HCMC are working on constructing three other bridges that are part of the Ring Road 3 project.

Altogether, these bridges will enhance the potential development of the Eastern HCMC area, especially the **Thu Thiem New Urban Area**.

### Ring Roads: —

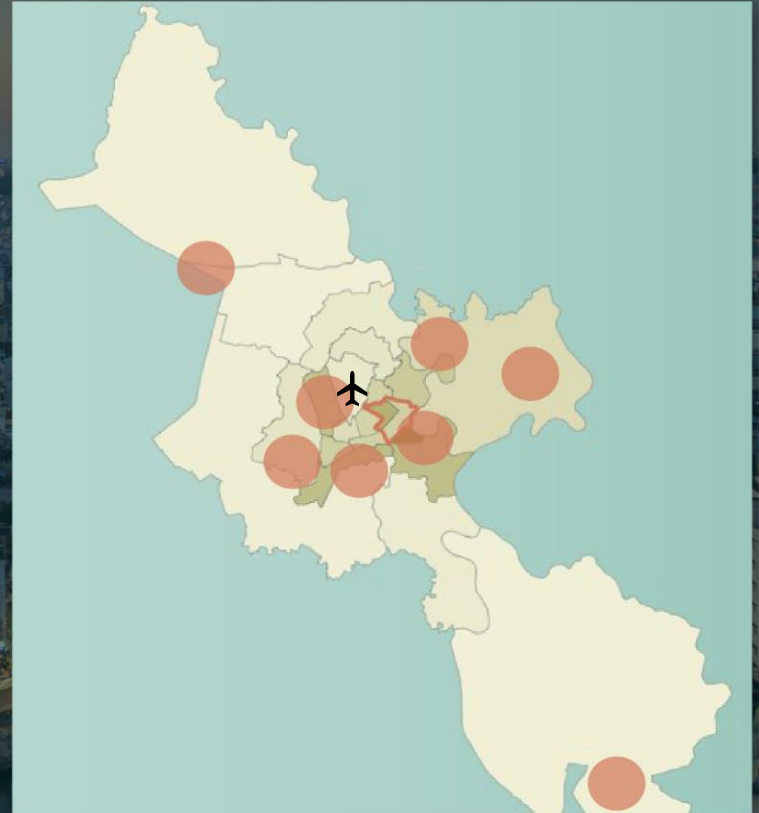
Ring Road 3 is currently under construction and will pass through several provinces, including HCMC, Binh Duong, Dong Nai, and Long An. Once completed, connectivity between cities and provinces will be improved, expanding residential areas into suburban areas such as **Thu Duc City, Binh Chanh, Hoc Mon districts of HCMC, together with Long An and Dong Nai provinces**.



# HCMC 2023



# 2040 projected



Residential Supply Density  
High: Over 3,000 units/km<sup>2</sup>  
Low: Less than 10 units/km<sup>2</sup>

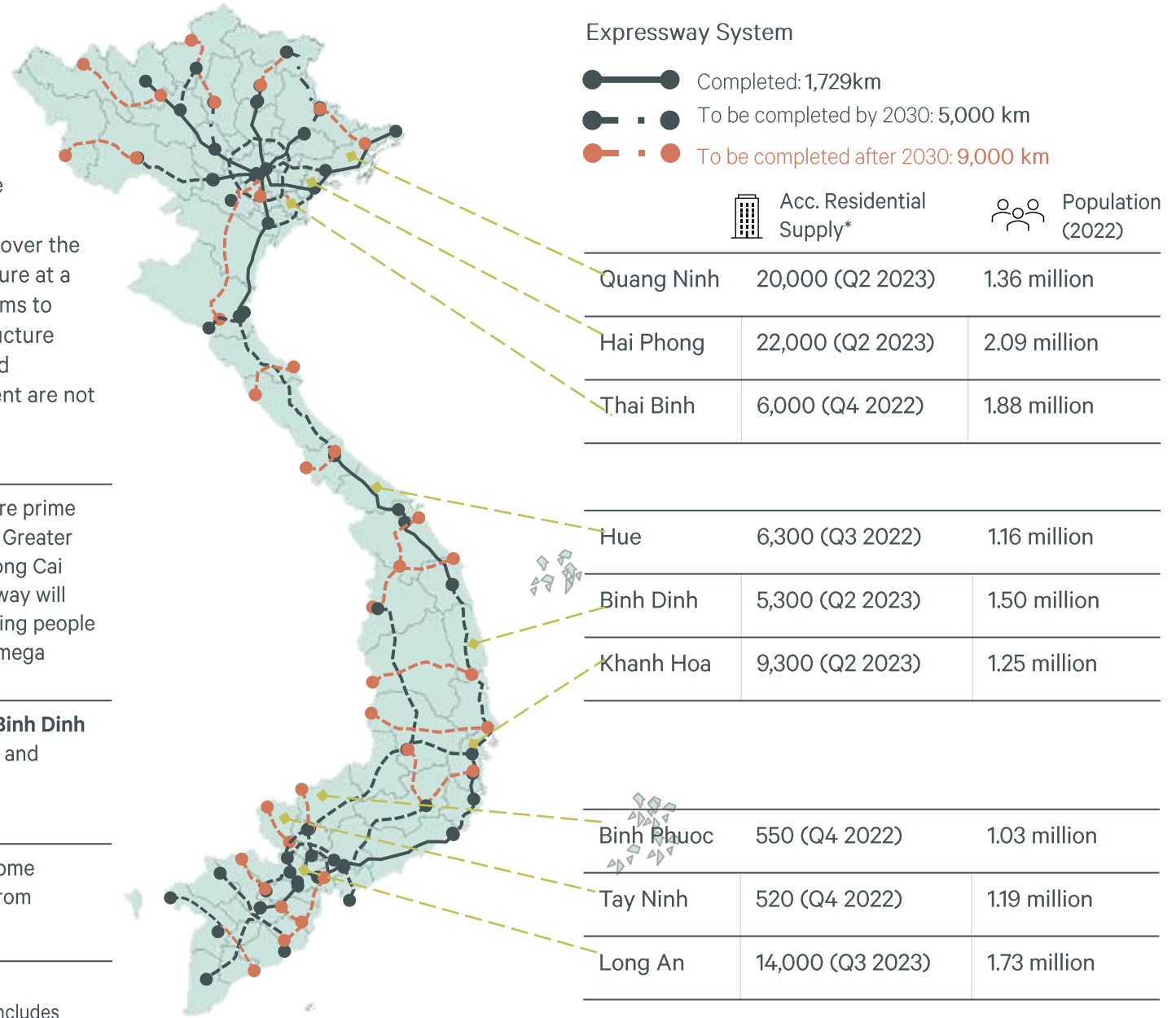
Expected locations of future townships and residential hubs  
City center

Source: CBRE Research, Bing maps, 2023

# Provincial Markets to Witness Steady Growth

Driven by the government’s commitment to upgrading infrastructure, the real estate landscape in Vietnam is undergoing a transformation. According to the G20’s Global Infrastructure Outlook, Vietnam has allocated 6% to 7% of its GDP on infrastructure over the past five years. The G20 forecasts that Vietnam will continue to invest in infrastructure at a rate of 4-6% of GDP annually for the foreseeable future. By 2030, the government aims to complete 5,000 km. of expressways, and by 2050, the goal is to expand the infrastructure system to encompass 9,000 km. of expressways. The improving inter-provincial road networks will spur the development of new cities and ensure growth and development are not confined to just Hanoi and HCMC.

<b>NORTH</b>	The coastal cities of <b>Hai Phong, Quang Ninh</b> and potentially <b>Thai Binh</b> are prime candidates in the north to become major residential markets outside the Greater Hanoi area. The recent completion of Hanoi – Hai Phong – Ha Long – Mong Cai (China’s border) and future expansion of Hai Phong – Thai Binh coastal way will further support industrial market development, creating jobs and attracting people to move to these cities/provinces. This will create opportunities to form mega urban cities.
<b>CENTRAL</b>	For the central area, <b>Nghe An, Thua Thien Hue (TTH), Khanh Hoa</b> and <b>Binh Dinh</b> have potential to become major economies besides Da Nang. Hospitality and industrial developments will be the major economic drivers for these cities/provinces, generating population and residential demand.
<b>SOUTH</b>	<b>Can Tho, Binh Phuoc, Long An, and Tay Ninh</b> have the potential to become emerging residential markets in the south. These provinces will benefit from industrial market development and improving connectivity to HCMC



**Source:** Department For Roads Of Vietnam, Ministry of Transportation, CBRE Research. \* Only includes developer-built projects

# Availability of Public Transportation: Key to Home Purchasing Decisions

The construction of public transit projects and bus routes will play an increasingly prominent role in informing residential market development, especially in suburban areas. With quality of location also defined by access to supporting retail and hospitality amenities, the focus will shift to Transit-Oriented Developments (TODs) alongside major metro and bus stations. Both Hanoi and HCMC are in the progress of developing and implementing special mechanisms for TODs, which will form the basis of the development of new residential and commercial clusters in these cities.

## CASE STUDY: SYDNEY METRO LINE SUBURBS OUTPERFORM SURROUNDING SUBURBS

As the metro and public transportation networks within major metropolises of Hanoi and HCMC are more developed, there will be opportunities for properties nearby metro stations to increase in value.



Source: CBRE Research, REA Group PropTrack, Australian Bureau of Statistics, NSW Government, Google, October 2023

# Case Study: The Hanoi Metro

Despite being at initial stages of developing comprehensive metro systems, both Hanoi and HCMC are making encouraging progress. The increasing number of passengers utilising the recently completed Cat Linh – Ha Dong Metro Line in Hanoi\*, which is Vietnam's first metro line, indicates the potential for this mode of transportation to become an essential form of commuting.

	<b>Metro 2A: Cat Linh Ha Dong (Hanoi), operated since 2021</b>	<b>Bangkok Skytrain – Sukhumvit and Silom, operated since 1999</b>
Length (km)	13.1	>68
No. of passengers per day	22K – 28K/day* (2022 – 8M2023)	Stable period: 750K/day (2019) Early years: 105K/day
No. of passengers per km per day	1.7K – 2.1K (2022 – 8M2023)	Stable period: 11K (2019) Early years: 1.5K


	<b>Upcoming lines in Vietnam</b>	<b>Metro 3: Nhon – Hanoi Station (Hanoi)</b> Length: 12.5km To be completed in 2024 (upper ground) and 2027 (underground)	<b>Metro 1: Ben Thanh – Suoi Tien (HCMC)</b> Length: 19.7km To be completed in 2024
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Image: CBRE Research, 2023

Source: Hanoi metro, Ministry of Transportation, Vnexpress.net

(\*) According to Ministry of Transportation, the number of passengers using Metro Cat Linh Ha Dong in 2022 and 8M 2023 reached 8.2 million and 6.7 million, respectively. Total passengers for the year 2023 is expected to reach 10.6 million

# Lack of Parking Spaces to Remain Major Barrier to Private Car Ownership

PROJECTED % OF HOUSEHOLDS WITH A CAR IN VIETNAM



THE EXISTING QUANTITY OF VEHICLES IN HANOI AND HCMC IS ALREADY PLACING A SIGNIFICANT STRAIN ON PARKING FACILITIES IN PUBLIC AND RESIDENTIAL PROJECTS



6.6 MILLION



1.1 MILLION

HANOI  
2023

- One car parking facility completed after 2017
- Only 10% of current demand for public parking is catered to
- Around 90% of condominium projects have less than one car parking/unit per CBRE's observation (\*)



> 8.0 MILLION



0.9 MILLION

HCMC  
2023

- No public parking basements completed in past 15 years
- Public parking system reached just 20% of the city's masterplan
- Around 80% of condominium projects have less than one car parking/unit per CBRE's observation (\*)

# The Future of Residential Living: Demand set to diversify as country ages

## AGE GROUPS AND EXPECTED ACCOMMODATION TYPES

AGE STRUCTURE

20 - 29

### RENTAL HOUSING, CO-LIVING, FIRST/ENTRY-HOME

Given rapid urbanisation and escalating property prices, demand for rental housing will be robust, particularly in major cities. As a result, rental housing and co-living are forecasted to be popular choices for individuals in their early 20s, while the age range for purchasing first homes in major cities will typically be late 20s to early 30s.

30 - 39

### CONDOMINIUM, ESPECIALLY IN MID-END SEGMENT

Currently, only 12.9% and 8.2% of Hanoi and HCMC residents, respectively, reside in condos. However, these proportions are projected to increase substantially as rapid urbanisation and limited land availability make condominiums the most popular housing type. Mid-end condos are expected to be the preferred housing option for individuals in their 30s.

40 - 49

### LANDED PROPERTY/ HIGH-END AND LUXURY CONDO

In the age range of 40s, homebuyers are anticipated to prioritise spacious properties, convenience and features that enhance health and safety. Consequently, landed properties and high-end condominiums are likely to emerge as popular choices among this age group seeking upscale living options.

50 - 59

### LANDED PROPERTY/ HIGH-END AND LUXURY CONDO/ SECOND HOME PROPERTY

In the age range of 50s, homebuyers are expected to continue to favor space and privacy, over convenience and proximity to city centers. Landed properties and high-end condos will be favored, both for residing and for investment purposes. Second home property can be a consideration.

60 +

### SECOND HOME PROPERTY/ LANDED PROPERTY/ LUXURY CONDO/ SENIOR HOUSING

Projected to increase rapidly by 2040 to account for 22% of the Vietnamese population, this expanding group of those aged 60 and above will drive additional demand for second home properties, landed properties in eco townships and senior housing facilities.

2023	14%	16%	15%	11%	14%
2040E	13%	13%	14%	14%	22%

Source: CBRE's calculation based on projected population scale by Oxford Economics, GSO, 2023

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