

## **Residential Real Estate Market In Vietnam - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)**

Market Report | 2023-01-23 | 150 pages | Mordor Intelligence

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### **Report description:**

Residential real estate in Vietnam is expected to witness a CAGR of more than 15% in the forecast period. The impact of COVID-19 and other factors slowed down the real estate market activity in most provinces and cities across Vietnam. The approval of a few projects and supply scarcity was common in the nation. In the first half of 2020, the residential real estate market was almost paralyzed by social distancing to fight the pandemic. Projects got halted, and the real estate exchange was temporarily closed.

#### Key Highlights

The Vietnamese population in 2021 was 98.2 million and is expected to reach 120 million by 2050. The country is experiencing rapid demographic and social change, which is anticipated to support the effective demand for the residential real estate industry in the coming years.

Vietnam, across various sectors, including construction and real estate, is rising with great potential among the Southeast Asian economies and is expected to continue its stellar growth in the coming years. The outlook for the Vietnamese residential real estate market is buoyant, mainly due to continued strong economic growth, rapid urbanization growth, and the construction of several mega projects in major cities such as Ho Chi Minh and Hanoi.

The rising internet penetration and increase in disposable income by the middle-class youth population in Vietnam have surged the demand and sales proportion of residential real estate through online channels. This quick surge in individual wealth has made property affordable for many Vietnamese people, contributing to an increase in new developments and property prices.

The residential market's focus has shifted from the high-end to the mid-value segments as urbanization has created an ongoing demand for housing in large urban centers. Furthermore, the country is now widely seen as the luxury real estate market hotspot, with a growing economy coupled with laws that have made it easier for foreigners to purchase property.

The government is also supporting affordable housing for the low-income group, which is anticipated to promote the residential real estate business in the nation. In the second quarter of 2021, the Ministry of Construction reported that Ho Chi Minh City

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currently had two affordable apartment projects, the East Gate project, and the Tecco Town project. The Tecco Town project in Binh Tan District costs about VND 24 million (~USD 1,050) per sq mt, and the East Gate in Thu Duc City costs about VND 27 million (~USD 1,180) per sq mt.

## Vietnam Residential Real Estate Market Trends

### Rising Government Initiatives and Social Housing Development Policies

The National Assembly and the Government of Vietnam propagated many policies and mechanisms to develop social housing to support disadvantaged and low-income people in urban and rural areas. The Vietnamese government's key initiatives include the housing law and other official directives to provide support and incentive for the development and management of social housing. It also has openness for investment by foreign individuals and organizations in social housing development.

HCMC council implemented projects to increase the sources of pure land in urban and suburban areas and retrieved about 200 hectares (initially in 2008) of the site from the inner city to the suburban. The expansion of the availability of clean land is likely to increase the radius of social housing from the central area.

The Establishment of the 2021-2030 comprehensive social housing policy in Vietnam project, under non-refundable aid from the Korean International Cooperation Agency (KOICA), is aimed at completing the regulatory framework for the affordable housing segment, high in demand in the lower-middle-income country.

According to the Ministry of Construction, about 250 affordable housing projects adding 5.4 million sq mt for the low-income group in urban areas and workers at industrial parks have been completed, delivering around 104,000 apartments.

### Rapid Urbanization is Supplementing Housing Demand

The extensive development of cities, attracting more population movement from small towns to large cities, increased the demand for residential products. The annual urban population rise was 2.5% in 2021 (World Bank, 2021), coupled with the upsurge in the migration of the population from rural to urban areas. It will likely propel the demand for residential or housing products and the market during the forecast period.

According to the General Statistics Office of Vietnam, the annual flow of migrants from rural to urban was around 38.05% in 2021, expected to encourage the industrial growth and development of the construction and real estate sector across Vietnam.

## Vietnam Residential Real Estate Market Competitor Analysis

The Vietnamese residential real estate market is fragmented due to many local and global players' presence. Vietnam residential real estate includes:

- Pure Vietnamese capital-based local companies.
- Foreign investment funds from foreign companies.
- Joint venture firms.

Various proptech startups and traditional real estate firms aim to leverage technology to improve their operations and competitive

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edge by providing practical solutions. It enhances home buying, selling, renting, and living experiences in Vietnam.

Key players in the residential real estate market include Novaland Group, Dat Xanh Group, FLC Group, Hung Thinh Real Estate Business Investment Corporation, and Nam Long Investment Corporation.

Additional Benefits:

The market estimate (ME) sheet in Excel format

3 months of analyst support

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