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Vietnam Real Estate & Mortgage - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2020 - 2029

Market Report | 2024-02-17 | 120 pages | Mordor Intelligence

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Report description:

The Vietnam Real Estate & Mortgage Market size is estimated at USD 47.59 billion in 2024, and is expected to reach USD 87.46 billion by 2029, growing at a CAGR of greater than 12.94% during the forecast period (2024-2029).

The COVID-19 pandemic significantly impacted the real estate and mortgage market in Vietnam. The real estate market somewhat stagnated even before the COVID-19 outbreak. In the last two years, the situation turned worse. Due to the pandemic, enterprises were under severe stress to keep their business running. Meanwhile, the government identified public investment as a key solution to boost growth. A better infrastructure system, therefore, could also be welcoming news for the real estate market for further development over the coming years.

In commercial real estate, the hospitality sector in Vietnam is experiencing high growth. The domestic hospitality market is expected to recover strongly with the gradual resumption of domestic and international tourism. In 2021, 32 hotels with 11,993 rooms were launched. A further 27 schemes and 18,303 keys were completed in 2022, while 26 hotels with 6,859 keys have been earmarked for 2023, and 38 projects and 14,360 rooms are already on the books for 2024 and beyond.

In the residential segment, the government is supporting affordable housing for the low-income group, which is anticipated to promote the residential real estate business in the nation. The Tecco Town project in Binh Tan District costs about VND 24 million (USD 1,050) per square meter, and the East Gate in Thu Duc City costs about VND 27 million (USD 1,180) per square meter.

In the office segment, the banking/insurance, manufacturing, and IT sectors are expected to drive demand, with co-working spaces showing particularly notable growth.

In the retail segment, many new retail brands are setting up stores or looking to set up stores in Vietnam, introducing new concepts to the local market to attract visitors and develop commercial sector activities.

Another key factor to support the market includes the new legal mechanisms, including recent regulations to issue land use rights certificates for condotel and the Ministry of Natural Resources and Environment (MARD) easing regulations for the sale of land plots in suburban areas of Hanoi and Ho Chi Minh City.

Growth in urbanization and population in Vietnam over the coming years is expected to drive the residential and commercial sectors in the country, which, in turn, is expected to propel the demand for real estate over the coming years.

Vietnam Real Estate & Mortgage Market Trends

Increased Population and Urbanization

Vietnam is currently experiencing one of the most intensive urban transitions in the world. Its urban population doubled over the last thirty years. Vietnam's urbanization rate will be at least 45% by 2025 and over 50% by 2030 under an action program adopted by the Government. The Government recently issued Resolution No. 148/NQ-CP on the action program to realize Politburo's Resolution No. 06-NQ/TW dated January 24, 2022, on urban planning, construction, management, and development by 2030 with a vision towards 2045.

The extensive development of cities, attracting more population movement from small towns to large cities, has boosted the demand for residential products. Vietnam's 2023 population is estimated at 98,8 million people at mid-year and is expected to reach 120 million by 2050.

According to the latest UN projections, half of Vietnam's population will be urban by 2039, and that figure will reach 60% by 2050. The average floor area per capita in urban areas will reach at least 28 square meters by 2025 and 32 square meters by 2030.

According to the IMF's October 2021 forecast, Vietnam's gross domestic product (GDP) growth is projected to grow significantly from USD 343.1 billion in 2020 to USD 630.5 billion by 2026.

The country is experiencing rapid demographic and social changes, which are anticipated to support the effective demand for the residential real estate industry over the coming years.

Increase in commercial development

Vietnam's commercial real estate market is expected to record a CAGR of 14.89% over the forecast period. Vietnam is now one of the fastest-growing e-commerce markets in Southeast Asia. Amid the COVID pandemic, more and more consumers opted to shop online, boosting demand for cold storage warehousing for food and other essential goods.

E-commerce needs storage space three times larger than traditional logistics activities. As per industry sources, both domestic and foreign investors have targeted healthcare logistics, as they will need more refrigerated warehouses to meet the rising demand for temperature-sensitive products like food, medicine, and COVID-19 vaccines. In the retail sector, Ho Chi Minh City is expected to have over 200,000 sq. m. of new retail spaces by 2023, both in CBD and non-CBD areas. Categories such as F&B and health & beauty will continue to expand on retail podiums.

Vietnam's industrial property market has performed well and is expected to grow. While Samsung Electronics has a massive factory covering 67,088 sq. m. in Ho Chi Minh City, Apple Inc. has plans for further expansion in the country. As Vietnam is set to become the new manufacturing hub in Asia, the industrial property market has outperformed other commercial property sectors.

Vietnam Real Estate & Mortgage Industry Overview

The Vietnamese real estate market needs to be more cohesive due to the presence of many local and global players. Vietnam real estate includes pure Vietnamese capital-based local companies and foreign investment funds from foreign companies and joint venture firms.

Various proptech startups and traditional real estate firms are aiming to leverage technology to improve their operations and competitive edge by providing effective solutions to enhance home buying, selling, renting, and living experiences in Vietnam.

In hospitality real estate, there is a need for developers in Vietnam to diversify the market by paying attention to the non-traditional market and bringing in professionals to manage their property. There is a growing demand for quality office and retail stock in centralized places, with the Hanoi CBD in focus. The strength of the manufacturing and tourism sector will keep demand buoyant for retail, office, and industrial units.

Key players in the residential real estate market are 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

Table of Contents:

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