

Vietnam Residential Real Estate Market

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Vietnam Real Estate Market Outlook to 2025: Ken Research

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The report titled “Vietnam Real Estate Market Outlook to 2025 – By Office Real Estate Market (Grade A, Grade B and Grade C); By Retail Real Estate Market (Retail Podiums, District Centers and Shopping Centers); By Residential Real Estate Market (Apartment, Villas, Condominiums and Others) and By Hotel Real Estate Market (3 Star, 4 Star, 5 Star and Other Hotels)” provides a comprehensive analysis of the real estate space within Vietnam. The report covers various aspects including introduction of the Vietnamese real estate market, macroeconomic overview, Vietnam and regional office market coverage (including current and future supply, demand, gap analysis, rental and occupancy rate), Vietnam and regional retail market coverage (including current and future supply, demand, gap analysis, rental and occupancy rate), Vietnam and regional residential market coverage (including current & future supply, demand, gap analysis, rental and occupancy rate for apartments, condominiums, villas and townhouses), Vietnam and regional hotel market coverage (including number of hotels and keys, ADR, RevPAR and Occupancy rate); and Vietnam and regional serviced apartment coverage (including current and future supply, demand, gap analysis, rental and occupancy rate), snapshots for Vietnam industrial and co-working market, major growth drivers, trends and developments, issues and challenges, regulatory landscape and competitive landscape (covering competition stage, market players and competing parameters) of the Vietnam real estate market. The report concludes with future outlook and projections and analyst recommendations highlight the major opportunities and cautions in the real estate space of Vietnam.

Vietnam Real Estate Market Overview

The period of 2013-2016 was marked by a steady stream of supply be it office spaces, retail spaces or residential properties, owing to increasing GDP and FDI into Vietnam. As the demand started slowing down, the government enforced a major regulatory change to the real estate law in Vietnam, with a new regulation named the “Housing Law”, which allowed for foreign nationals to be able to own, rent and lease property if they had a stamped entry pass port and were not individuals entitled to preferential treatment or diplomatic immunity. As a result, it reduced the demand-supply gap. From 2017 and onwards, the total

number of international players in each respective sub market increased. Newer segments such as condotels, housing societies, co-working spaces, smart and green buildings emerged. As the per capita GDP rose, the spending power of the people also rose thereby, resulting in rising rental rates and property prices and the market becoming more competitive. Young couples, IT & Finance Companies, high comfort tourism became the upcoming target markets for various real estate sub sectors.

Vietnam Office Real Estate Market

Vietnam's office market is a thriving real estate market, with both domestic and foreign brands for instance, Vincom group or the Deutsches Haus respectively, offering office spaces in categories such as Grade A, Grade B and Grade C offices. Boasting an average occupancy rate of 91.2% in 2018, Vietnam shows strong potential in terms of demand and increasing rental rates reflect that landlords are also benefitting in the market. Vietnam's GDP in 2018 amounted to USD 244.9 billion and GDP per capita amounted to USD 2,563.8, in 2018, indicating greater ability to own and rent luxury and Grade A office properties. These factors point towards the scope and profitability of the office market in Vietnam in the near future.

Vietnam Retail Real Estate Market

According to the global consumer confidence survey, Vietnam's consumer confidence index totaled to 122 points in the year 2018, Vietnam placed fourth in the list of the most optimistic countries in the world with respect to consumer spending. In accordance with the Statista database, the total retail sales of goods were evaluated at USD 190.0 billion in 2018. As of 2017, Vietnam had a large number of its working professionals in the age group of 15-64 years, approximately 57.0% of its population. This highlights the variability and scope of the demographic which will engage in retail purchasing in Vietnam, with the food & beverage and fashion sectors gaining special focus. These statistics highlight the scope of the retail sales in Vietnam; correspondingly, the retail real estate supply (GLA) in Vietnam has also increased, growing at a CAGR of 12.4% from 2013-2018.

Vietnam Residential Real Estate Market

Vietnam's residential real estate market has been under the eye of investors since 2015, when the real estate housing law was enacted. Since then, Vietnam has witnessed a dearth of foreign investors, coming mostly from China or Korea, who further invest in residential real estate in hope of stronger returns over the years. Vietnam's residential market supply has been growing at a CAGR of 16.5 % in units from 2013-2018 when the market showcased signs of recovery. With rising population and increased investments, the country's residential market is expected to rise in terms of high potential among the other Asia-Pacific countries.

Vietnam Hotel Real Estate Market

Vietnam has become a tourist hotspot in recent years, with the number of international tourists growing at a CAGR of 15.4% from 2013-2018. With Business destinations such as Ho Chi Minh City and Hanoi and upcoming Tourist Destinations such as Da Nang, Vietnam's Hotel industry is sure to witness a boom in future. The market is not only driven by foreign tourism but also by domestic travel. Both local and foreign tourism drive the demand for hotel rooms. As the disposable income continues to increase, domestic travelers seek better and more luxurious hotels. Additionally, foreign visitors, might be price sensitive, but still seek higher-end hotels when visiting Vietnam, whether for leisure or meeting-incentives-conference-exhibition (MICE) purposes.

Snapshot on Vietnam Serviced Apartments Real Estate Market

The serviced apartment business has witnessed innovation, to allow for improvement in the Long Stay

hotel model to include short and medium term tourists. As “home stay” concept expands, due to platforms such as Airbnb, travelers are now open to the concept of serviced apartment, condotels and apart-hotels, which are gaining more popularity. The serviced apartment CAGR from 2013-2018 was 6.6% indicating the potential growth of the industry in the market.

Snapshot Vietnam Co-Working Real Estate Market

The co-working space in Vietnam has become a lucrative business model in Vietnam in recent years, with supply expected to grow at a massive CAGR of 23.0% from 2018-2025; the co-working business in Vietnam has come under spotlight by global brands and the market is becoming competitive. Service innovations and new revenue streams contained within one property. In the coming years the number of domestic and global providers is only expected to increase, as brands for instance, Toong and WeWork have already entered Vietnam

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