

Media Release

H2/2022

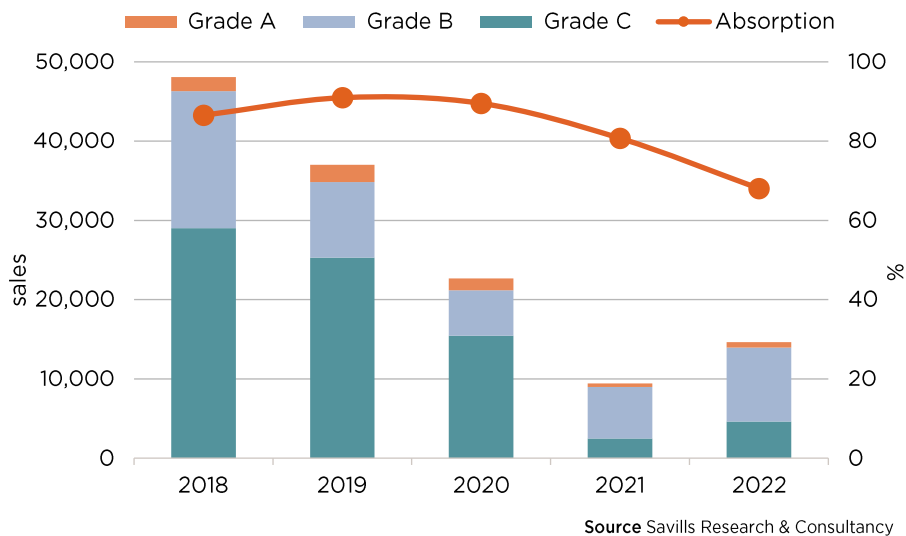


The future,
are we there yet?



APARTMENT

Performance



The near term will be interesting, with supply skewing away from affordable apartments, pushing demand to nearby locations.

*Troy Griffiths,
Deputy Managing Director*



KEY FINDINGS

Market Constraints

Primary stock of approximately 21,000 units rose 84% year-on-year (YoY). New supply accounted for 86%; of which, 80% launched in H1/2022.

In Q4/2022, primary supply of 8,000 units increased by 20% quarter-on-quarter (QoQ) and 2% YoY; inventory accounted for 80%, and new supply fell by -22% QoQ and -72% YoY.

Developers have struggled to secure funding and face complex legal procedures, while inflation and rising interest rates have weighed negatively on buyer sentiment.

Slow Sales

There were 14,600 sales in 2022, increasing 55% YoY. Absorption of 69% was the lowest in five years. The average selling price reached VND 107 million/m² NSA, improving by 43% YoY.

In Q4/2022, the average selling price reached VND 125 million/m² NSA, stable QoQ but rising 71% YoY. Units between VND 2 and 5 billion had 68% of sales, and there were no units below VND 2 billion. High primary prices limited buyers, with approximately 55% of stock costing VND 5 billion to over VND 10 billion/ unit.

Transparency Valued Over Discounts

To raise capital from predevelopment sales, developers applied discounts of up to 40% of the unit price. To counterbalance the limited credit room and lending rate hikes, developers offered long payment terms of up to three years. Approximately 30% of the sales in Q4/2022 were part of these programs.

Although incentives supported sales, buyers prioritized legal transparency and clear construction status over discounts. Approximately 80% of Q4/2022 sales came from projects that were under construction or approaching handover.

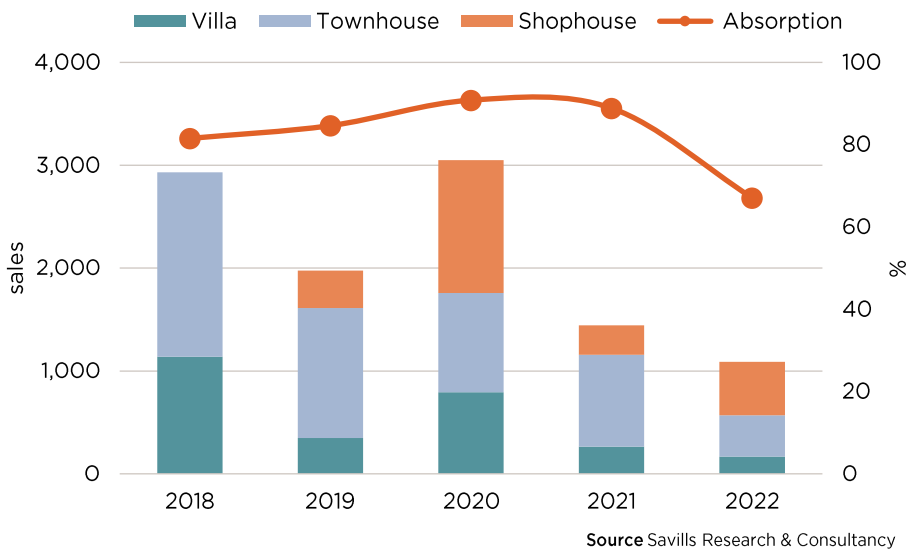
Outlook

Developers delayed the launch of approximately 5,000 apartments until 2023. Given that credit restrictions continue to rise and there is increased scrutiny of real estate companies, developers may have difficulty in raising capital in the near term. In 2023 future supply is estimated at 8,000 units, -60% less than 2022.

In the long term, residential demand will remain high because of positive net migration, growing population, and high urbanisation. By 2025, future supply is expected to reach 103,800 units; Thu Duc City will have 53%.

VILLA/TOWNHOUSE

Performance



With limited supply available in HCMC proper then demand has naturally spilled to neighbouring provinces, that will benefit from the multiple infrastructure projects underway.

*Troy Griffiths,
Deputy Managing Director*



KEY FINDINGS

Greater Proportion of Expensive Supply

In 2022, ready-built primary supply reached over 1,600 dwellings, growing 2% YoY. The proportion of products over VND 30 billion rose from 7% in 2018 to 50% in 2022, while affordable products under VND 10 billion declined from 50% in 2018 to 20% in 2022.

In Q4/2022, primary supply of 680 dwellings fell by -16% QoQ but increased by 72% YoY. New supply decreased -59% QoQ to 246 dwellings and had 36% of primary supply. Nearly half of the new dwellings cost more than VND 30 billion and were in Districts 2 and 9.

Soft Performance

There were just over 1,000 sales in 2022, decreasing by -25% YoY. The decline resulted from limited primary supply, strict credit policies and the lack of affordable products.

Q4/2022 sales fell by -70% QoQ and -48% YoY to 112, the lowest in five years. Absorption was only 16% and dropped by -31 pts QoQ and -38 pts YoY. Inventory had 54% of Q4/2022 sales and had quarterly absorption of 14%.

Centimillionaire Growth

Viet Nam has one of the fastest economies in the world. As such, its middle and wealthy classes are growing significantly. The rise in wealthy buyers is driving demand for high-quality real estate products. Products above VND 30 billion had 3% of sales in 2018 and 46% in 2022. In the next decade, Viet Nam is expected to have the fastest growing market of centimillionaires, which suggests demand for luxury and branded real estate will continue to rise.

Outlook

By 2023, the market expects 1,200 new ready-built products. Supply is limited as developers face difficulties in raising capital and completing legal procedures. Noticeable projects include the next phases of The 9 Stellars, The Global City, and Senturia An Phu. All are under construction and have clear legal standing.

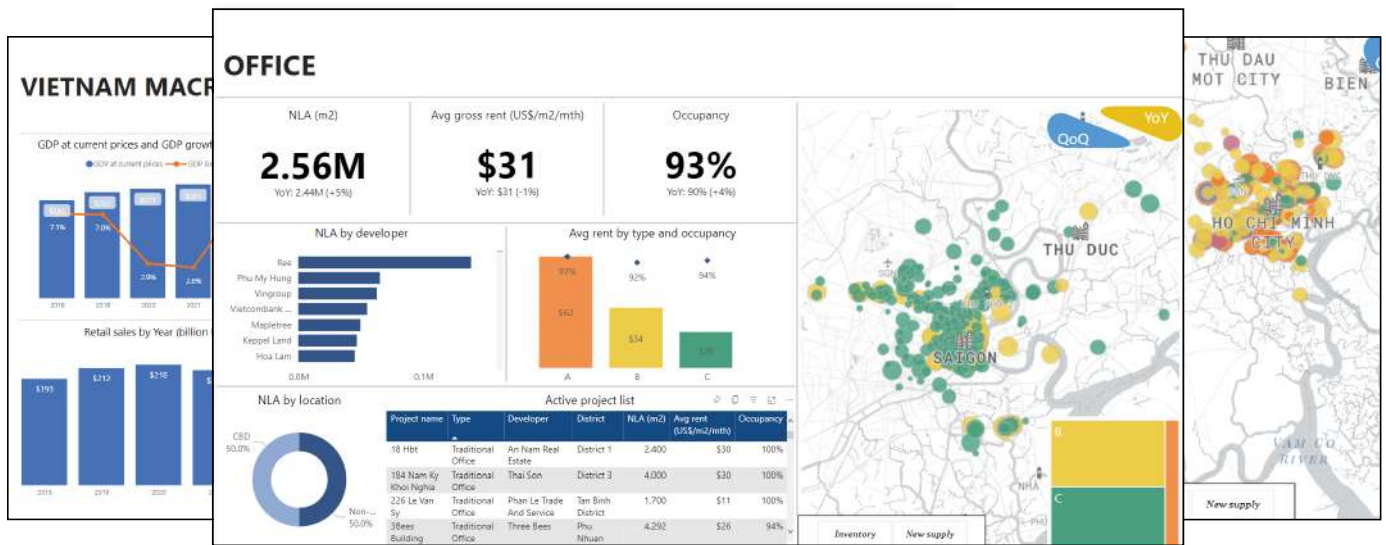
By 2025, future supply is expected to reach over 5,500 dwellings. Thu Duc City, Binh Chanh and Binh Tan will provide nearly 70%. Housing development with connection to public transport links like Metro lines will be prioritised, especially in Thu Duc City, Binh Tan, District 7 and District 12 according to Housing Development Program for 2021 to 2030.

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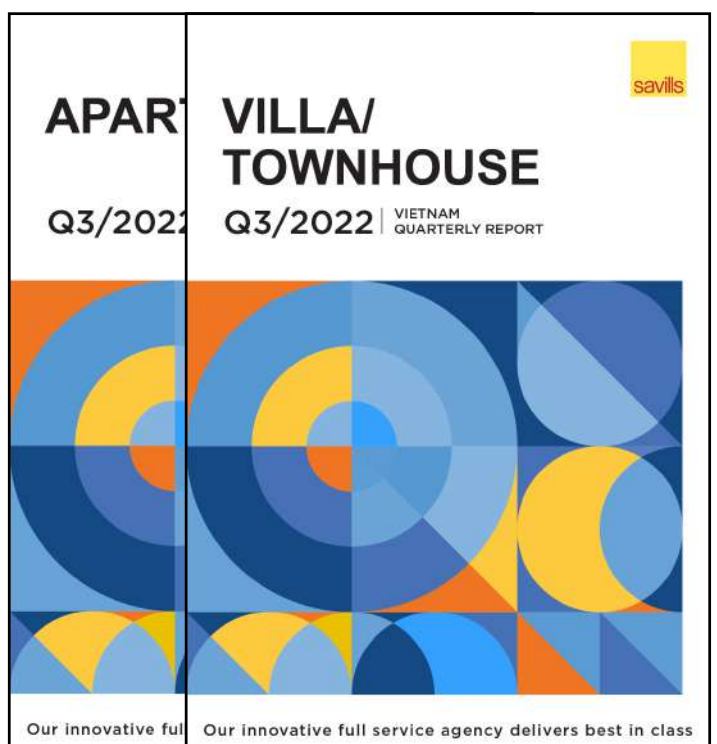


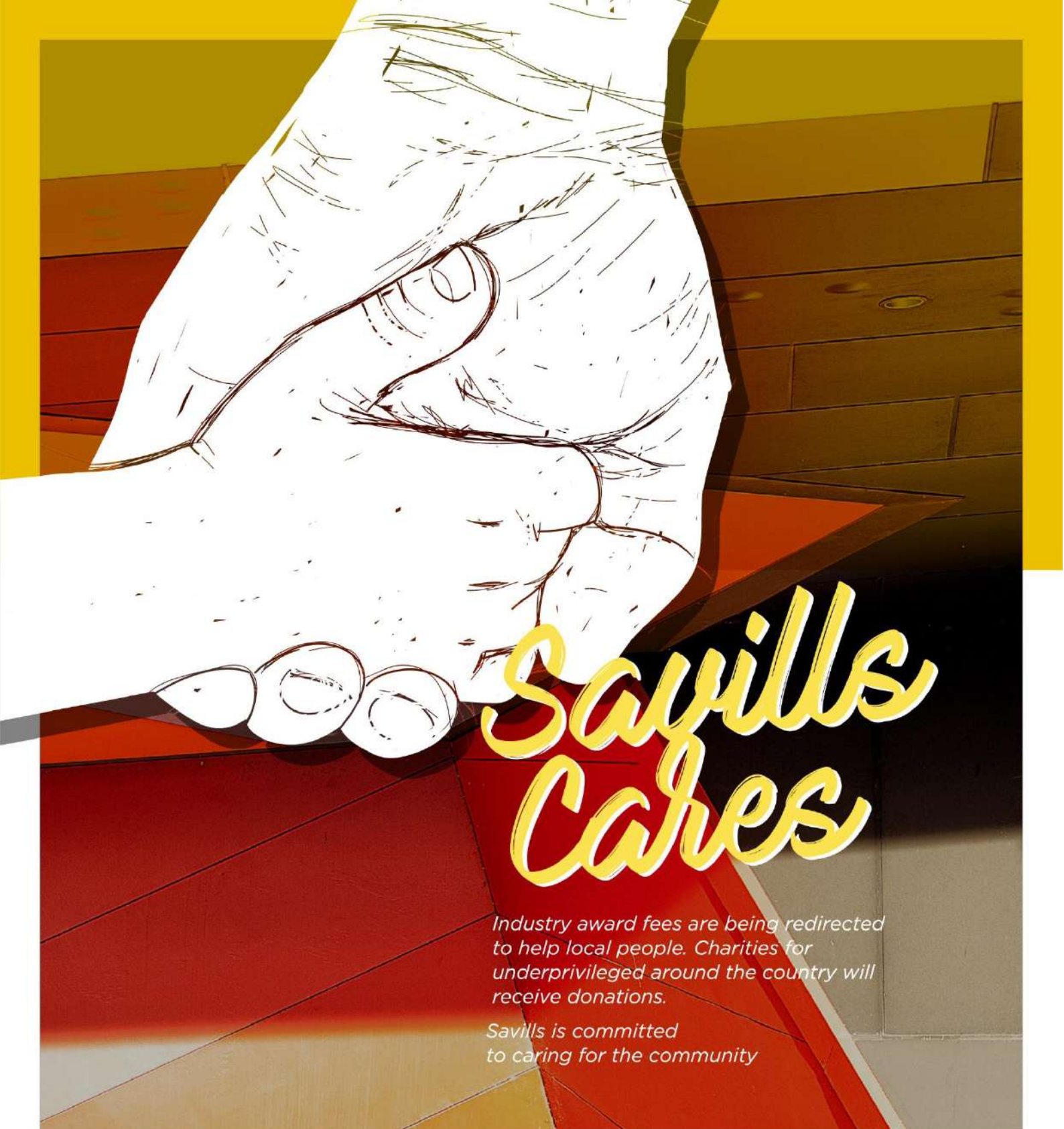
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