

## RESIDENTIAL PROPERTY: ADAPTIVE RECOVERY

- 2024 real estate sector's outlook appears more favorable, buoyed by several supportive macroeconomic factors, though challenges remain.
- Capital restructuring, M&A activity, and a focus on suburban real estate are anticipated to be the industry's key trends in 2024.
- We favor **KDH** and **DXG** for the market's recovery phase, while **NLG**, **TCH**, and **VHM** also warrant attention.

### Macroeconomic factors are supporting the industry's recovery, though challenges persist

We believe the real estate sector's outlook will be more positive, driven by several factors: (1) interest rates have reached attractive levels to stimulate market development, (2) the refinement of the legal framework will help foster sustainable market growth, (3) strong growth in land-related tax revenues is an indicator of supply recovery, and (4) there is an additional recovery impetus from remittance capital inflows. However, challenges remain, such as (1) the vacation property segment remains severely depressed, (2) bond repayment pressures are still a concern, and (3) access to bank financing is still difficult.

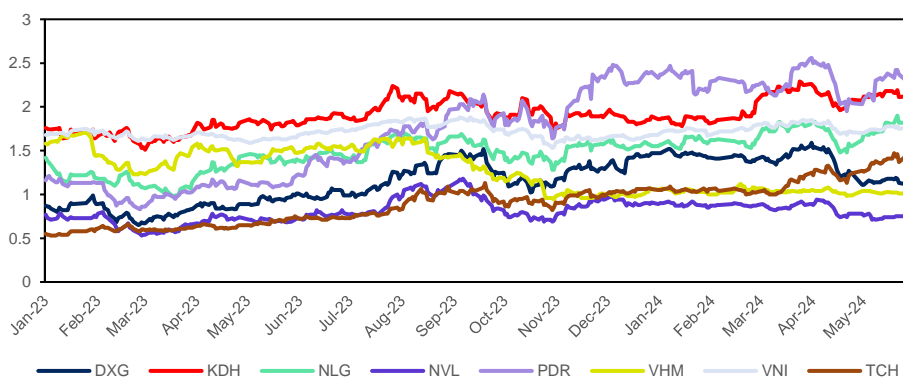
### In the North, the trend of shifting away from Hanoi's city center increasingly becomes clear, with the focus shifting to the eastern and western regions of the city, as well as the surrounding areas.

The trend of the supply shifting towards the eastern and western areas of Hanoi is becoming more pronounced, as land availability in the central areas has diminished significantly, and the supply in these regions is expected to account for around 85% of Hanoi's total. Moreover, infrastructure development could facilitate the recovery in the suburban areas like Hung Yen and Hai Phong, where land prices in the city center have become less accessible. We assess that the recovery highlight will come from the suburban areas, and after the apartment segment shows clear signs of improvement, the adjacent and villa segments are expected to gain traction in the latter half of 2024.

### The high-end segment will continue to dominate the supply in Ho Chi Minh City, while the mid-range segment will become more prevalent in the surrounding provinces

With the scarcity of land in the city center, the inevitable trend will be the relocation of real estate developments towards the eastern and southern areas of the city, as well as the neighboring provinces, to align with the upcoming major infrastructure projects such as the Ho Chi Minh City - Long Thanh - Dau Giay Expressway, the Long Thanh International Airport, and the ring road networks. The urban supply, in our view, will focus on the premium segment as the project development costs are expected to rise in the future, while the mid-range segment will be more suitable for the neighboring provinces like Binh Duong, Vung Tau, and Long An.

Figure 1: P/B of VNI and real estate stocks



Source: FiiproX, MBS Research

### Research Manager

**Nguyễn Tiến Dũng**

Dung1.NguyenTien@mbs.com.vn

### Research Analysts

**Nguyễn Minh Trí**

Tri1.NguyenMinh@mbs.com.vn

**Lê Hải Thành**

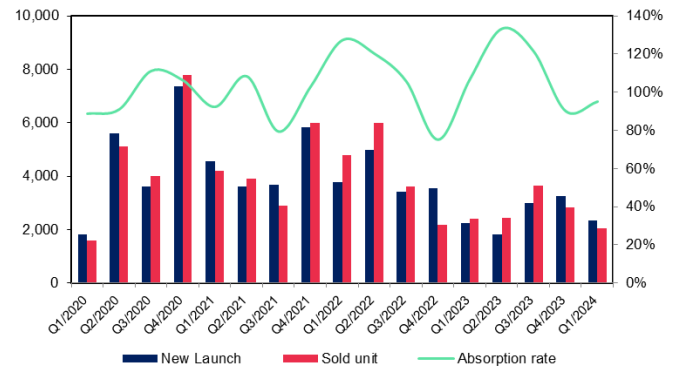
Thanh.Lehai@mbs.com.vn

## 1Q24: Some positive signs are beginning to emerge

### Hanoi Real Estate Market

**In 1Q2024, the apartment supply decreased by 11% yoy, the supply mainly comes from the western region**

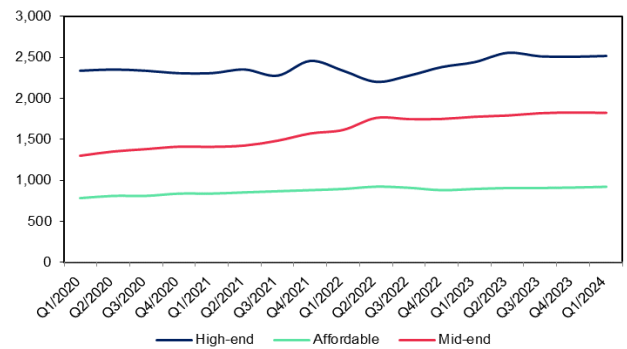
The total apartment supply in Q1 was over 2,340 units, mainly concentrated in newly opened subdivisions of Smart City projects such as Imperia and Lumiere. Driven by continued high demand, the absorption rate increased slightly to 90% (compared to 87% in 4Q2023). Due to the shortage of land in the central area, the apartment supply in Hanoi is expected to be concentrated in the Western and Eastern urban areas in 2024.



Source: CBRE, MBS Research

**The average primary apartment price increased by 12% yoy**

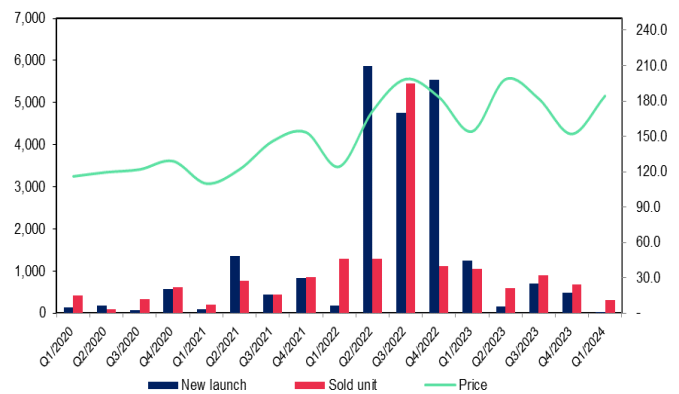
The high-end segment witnessed the strongest increase of 12% to USD 2,560/sqm due to strong price increases of new projects caused by supply shortages. Moreover, the contribution of high-end products reached the highest level ever (about 85%), leading to a strong increase in the average selling price YoY.



Source: CBRE, MBS Research

**The supply of low-rise products declined by 98% YoY as investors maintained a cautious sentiment amidst a market environment that has not shown significant improvement.**

The low-rise product segment has not yet shown signs of improvement, with supply in the quarter reaching only 30 units (-98% YoY), coming from a single phase of the Park City project (in Ha Dong). Meanwhile, selling prices have continued to maintain a high level, reaching VND 185 million/sq.m (+10% YoY) against a backdrop of limited supply and persistent strong demand. Investors have been maintaining a cautious sentiment in launching new low-rise projects, as the market has not yet shown clear signs of recovery, and absorption rates in the higher-priced segments remain low.

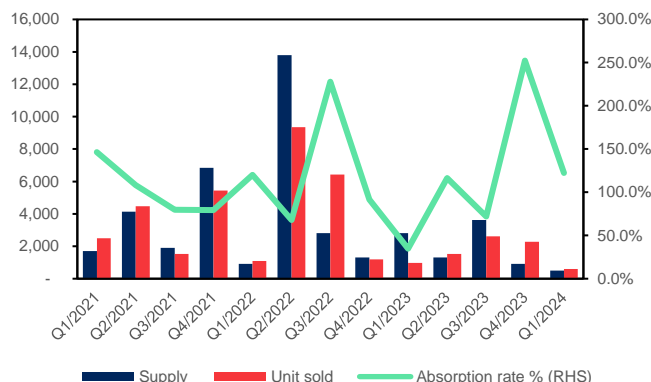


Source: CBRE, MBS Research

## HCMC Real Estate Market

### Apartment supply decreased in Q1, absorption rate remains high

According to CBRE, the apartment supply reached about 500 units (-82% yoy), with the main source coming from the next phases of projects that were opened for sale in 2023 and continuing to focus on the Eastern part of the city and the mid-range and high-end segments. Despite the significant decrease in supply compared to the same period, the absorption rate still reached 122.2%, higher than the average absorption rate of 116.9% in the past 3 years, showing that the demand for housing is still very high.



Source: CBRE, MBS Research

### Average primary apartment prices increased by 5% yoy

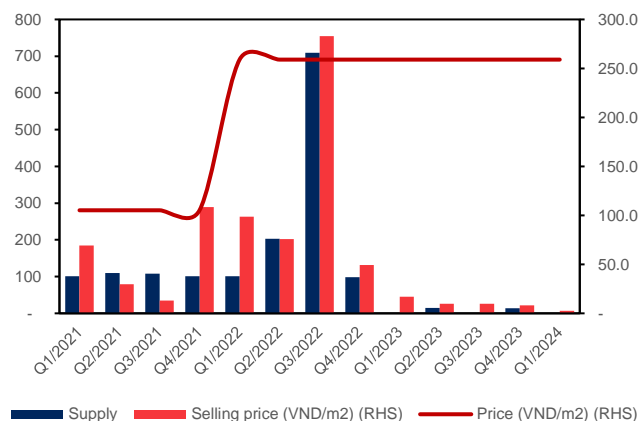
The average primary apartment price in 1Q24 reached 61 million VND/sqm (+0% QoQ, -3% YoY). The high price is due to a shortage of supply and high existing demand, causing newly opened projects to have prices 3-4% higher than existing projects. Furthermore, the contribution of high-end projects has increased significantly in the past two years, from 90% of the total new condominium supply in 2022 to 100% of the total new condominium supply in 1Q24.



Source: CBRE, MBS Research

### Land property prices remain high due to limited new supply

The downturn in the real estate market cycle has negatively impacted demand for high-end segments such as townhouses and villas. However, the primary selling price of low-rise real estate in Ho Chi Minh City is still maintained at a high level due to limited supply. The primary selling price remains at 259 million VND/sqm (+0% QoQ, -3% YoY) as 1Q24 did not record any new land property supply during the period. The provisions on restricting land division and sale in type I, II, and III urban areas stipulated in the Law on Real Estate Trading (amended) will prolong the limited supply situation, making it difficult for liquidity recovery to this segment soon.

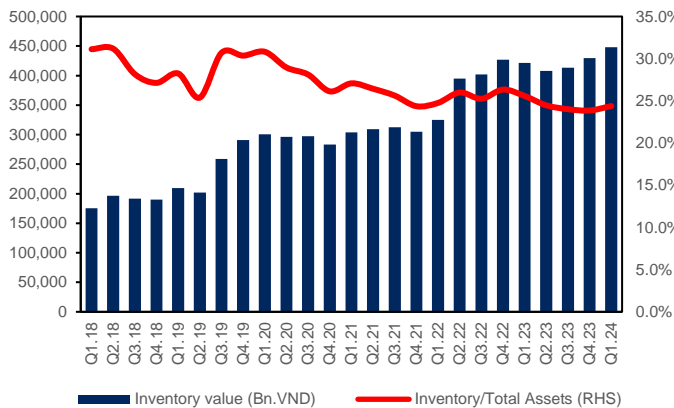


Source: CBRE, MBS Research

### The supply has recovered, albeit modestly

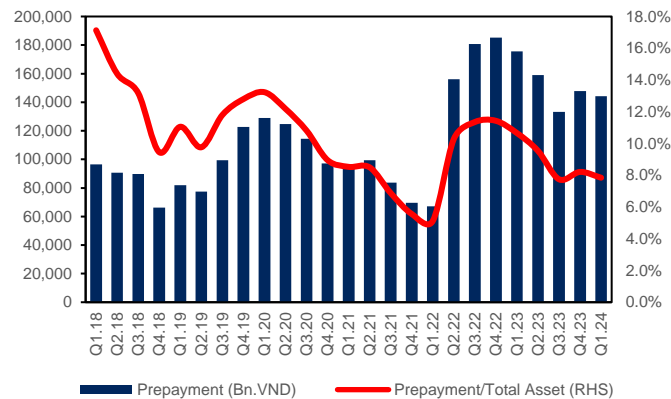
The ratio of inventory to total asset has started to bottom out and increased to 24.4% compared to 23.9% at the beginning of the year. The slight increase in the value of inventory at the end of 1Q24 compared to the beginning of the year shows that the implementation of real estate projects has recovered, albeit modestly, mainly from subsequent phases of existing projects and projects with clear legal status. Moreover, our estimated pre-paid buyer value reached VND 144,146 billion (-17.9% YoY), and is trending downwards from its peak in 4Q22, indicating that the overall sales situation has not yet changed significantly.

**Figure 2: The inventory-to-total assets ratio stood at 24.4% at the end of 1Q24, showing insignificant increase from the beginning of the year**



Source: Fiinpro, MBS Research

**Figure 3: Customer prepayment-to-total asset ratio decreased to 7.8% at the end of 1Q24**



Source: FiinPro, MBS Research

In both Hanoi and Ho Chi Minh City, real estate supply remains constrained due to several key factors:

- Prolonged project approval processes due to complexities in determining land use fees, compensation, and site clearance.
- Intensified inspections by local authorities following some developers' legal violations, resulting in slower planning approvals.
- City-level adjustments to master plans, leading to temporary project suspensions for reconfiguration.
- Weakened financial health of real estate enterprises and sluggish sales, restricting their access to capital.

Despite the supply shortage, certain new project launches have seen strong absorption rates, indicating sustained real demand, particularly for mid-range products. Moreover, policies such as interest/fee waivers and improved payment discounts have contributed to enhanced liquidity in the market over the recent period.

**Figure 4: New project launches in 2023 that have achieved high absorption rates**

Project	Location	Sales status and absorption rate	Sales policy
Glory Heights (KĐT Vinhomes Grand Park)	Long Binh Ward, District 9, Thu Duc City Scale: 3,000 apartments	Launched in 3Q23. Average price: 3.5 billion VND/unit. Absorption rate: 80%	Bank loan support up to 70% of the apartment value. Interest rate support for the first 7 years in the range of 6%-8% per year. Could receive the apartment when finished paying 30%.
Akari City	Vo Van Kiet Street, An Lac Ward, Binh Tan District, Ho Chi Minh City Scale: 1,700 apartments	Launched in Q3. Average price: 3 billion VND/unit. Absorption rate: 70%.	Bank loan support up to 75% of the apartment value. Grace period for interest and principal for 2 years and interest rate support of 8% for the next 18 months.
Privia	An Duong Vuong Street, An Lac Ward, Binh Tan District, Ho Chi Minh City Scale: 1,050 apartments	Launched in mid-Q4. Average price: 3.5 billion VND/unit. Absorption rate: 90%.	Bank loan support up to 80% of the apartment value. Grace period for interest and principal for 2 years. Could receive the apartment after making a 30% deposit.
Bcons Polaris	Le Trong Tan Street, An Binh Ward, Di An City, Binh Duong Province Scale: 522 apartments	Launched since the beginning of Q3. Average price: 1.8 billion VND/unit. Absorption rate: 70%.	Bank loan support up to 80% of the apartment value. Grace period for interest and principal for 2 years. Interest rate around 7%-10% per year.
Mizuki Park	Nguyen Van Linh Street, Binh Hung Ward, Binh Chanh District, Ho Chi Minh City Scale: 350 apartments	Launched in Q3. Average price: 2.8 billion VND/unit. Absorption rate: 70%.	Bank loan support up to 65% of the apartment value. Grace period for interest and principal for 2 years and interest rate support of 6% per year for the next 2 years. Could receive the apartment after making a 30% deposit.

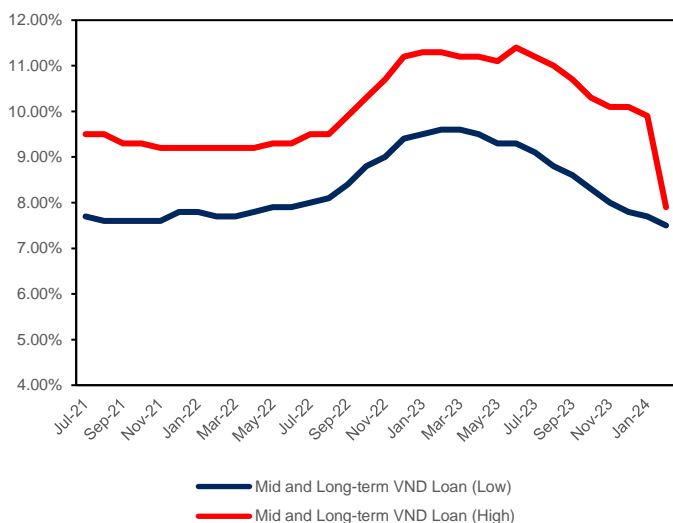
Source: MBS Research

## Macroeconomic factors are supporting the real estate sector's recovery in 2024.

### Interest rates have reached attractive levels for market growth.

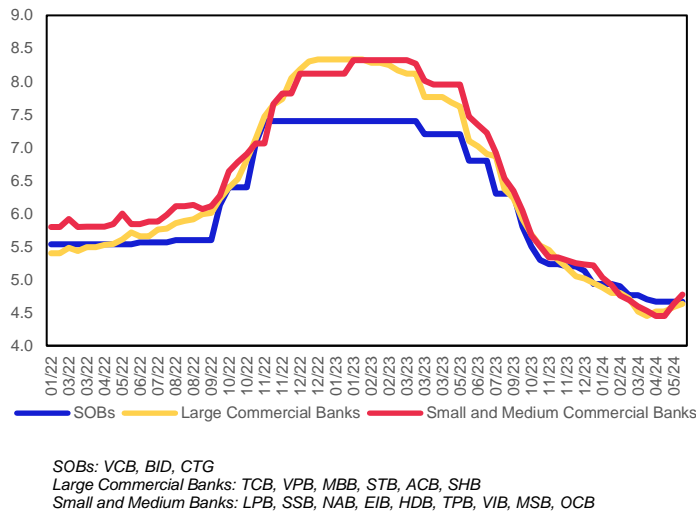
Since the beginning of 2023, the State Bank of Vietnam has reduced its key interest rates 4 times, with the current refinancing rate now at 4.5% (lower than the levels during the Covid period in 2020). As a result, medium to long-term lending rates are currently hovering around 7.5% - 7.9% (down from 9.3% - 11.4% in mid-2023).

**Figure 5: Medium and long-term lending interest rates will remain low (Unit: %/year)**



Source: Fiinpro, MBS Research

**Figure 6: 12-month deposit interest rates of bank groups (Unit: %/year)**



SOBs: VCB, BID, CTG  
 Large Commercial Banks: TCB, VPB, MBB, STB, ACB, SHB  
 Small and Medium Banks: LPB, SSB, NAB, EIB, HDB, TPB, VIB, MSB, OCB

Source: Fiinpro, MBS Research

The rise in exchange rates has created tight liquidity pressures in the system. Market interest rates are showing signs of gradual increase in order to attract liquidity, which may exert mild upward pressure on lending rates going forward. However, we believe that even if interest rates rise in the near term, this would not have significant negative implications for the real estate market, as a moderate increase in lending rates would encourage capital inflows into real estate, given expectations that interest rates have bottomed out and investors' sentiment to capitalize on relatively favorable borrowing costs to invest in property.

### Improvements to the legal framework will help the market develop in a sustainable manner, driving growth in both supply and demand.

Towards the end of 2023, the Government officially passed the Housing Law 2023 and the Real Estate Business Law 2023. At the 5th extraordinary session, the National Assembly formally approved the Land Law 2024, and most recently, the Government has agreed to the proposal for these laws to take effect from 01/07/24 instead of 01/01/25 as initially approved at the earlier session. The proposal is currently awaiting final approval by the National Assembly.

*Regarding the 2023 Real Estate Business Law, in our assessment, the new regulations focus on restricting the widespread practice of capital mobilization and project development that has led to the wasteful utilization of social resources by financially weak real estate developers with unclear legal status. The new provisions also aim to strengthen the confidence of real estate buyers*

and increase market transparency (Article 6, Article 61). However, the novel aspects of the law are expected to create a supply shortage, particularly for land-based products (Article 5), in the short term, and will impose stricter financial health requirements on developers to fulfill their financial obligations to the state, while limiting their previous forms of customer capital mobilization.

Figure 7: The new aspects of the Real Estate Business Law 2023 and their Impact.

No.	Term	Scope of Regulation	Highlight	Possible impacts
1	10, 15, 41	Economic organizations with foreign investment.	Removing the term "foreign-invested enterprise" as per the 2014 Real Estate Business Law, and using the standardized term "economic organization with foreign investment" instead.	Economic organizations with less than 50% foreign capital can undertake real estate business procedures like domestic investors, while those with over 50% foreign capital are still subject to the restrictions applicable to foreign-invested entities (more limited in real estate business compared to domestic investors).
2	23	Deposits for future residential properties and construction projects.	Project developers are now only permitted to collect deposits from customers of up to 5% of the sale or lease price for residential properties and construction projects, and only once the properties/projects meet the commercialization conditions stipulated by this Law. Any deposit agreements must clearly specify the sale or lease price.	This seeks to avoid the rampant capital mobilization and project development that has distorted supply and demand dynamics, thereby limiting risks for home buyers.  It also means that developers will be required to have ample self-raised capital to undertake projects, making it challenging for enterprises with weak financial positions.
3	24	The conditions for commercializing future residential properties and construction projects.	Developers are now mandated to fulfill their financial obligations regarding the land use rights associated with residential properties and construction projects before offering them for commercial sale.	The conditions for commercializing future residential properties and construction projects have been tightened. This means that enterprises must now meet certain financial capacity requirements, and can no longer rely on leveraging customer prepayments as a primary funding source.
4	25	This reduces the upfront payment amount for future installment-based home purchases.	Payments for the purchase of residential properties and future construction projects are to be made in multiple installments, with the initial payment not exceeding 30% of the contract value, including any deposit (currently, the initial payment is capped at 30% of the contract value).  The payment ratio for future installment-based home purchases is reduced to 50%, down from the current 70%.	This helps alleviate the payment burden for future homebuyers under installment purchase arrangements.
5	6	Publicly disclosing information about real estate properties prior to their commercialization.	Real estate enterprises must publicly disclose full, truthful and accurate information about their real estate properties prior to their commercialization on the housing and real estate market information system, as well as the enterprise's website (if available).	This contributes to making the market more transparent, protecting the rights of home buyers, and strengthening their confidence.
6	61	Real estate brokerage	To engage in real estate brokerage, one must possess a professional practice certificate and be employed by a real estate exchange service enterprise or a real estate brokerage service enterprise	Increasing the management and oversight of brokerage activities to enhance transparency and fairness in the market.  We believe that brokerage enterprises meeting the requisite conditions with a professional brokerage team, such as DXS, will benefit from a more equitable competitive environment.
7	5	Tightening the conditions for land subdivision and plot sales.	Transfers of land use rights to individuals for self-construction of housing or land subdivision and plot sales are prohibited in special-class, grade I, II and III urban areas, as well as in cases where land use rights are auctioned for residential development projects, as stipulated in the Land Law.	Land subdivision and plot sales generally help provide liquidity to the market, but also significantly impact the urban landscape and can create speculative land price bubbles. Restricting land subdivision and plot sales will limit the supply of real estate in urban areas, keeping land prices at high levels and making them difficult to adjust downwards. This regulation will significantly impact enterprises with a high proportion of land plots in their product portfolios, as the requirement to build low-rise housing will affect their finances due to the need for larger investment capital compared to trading in land plots alone.

Source: MBS Research.

Regarding the Housing Law 2023, we observe that the key changes focus on promoting the supply of Social housing, ensuring social security, strengthening buyer confidence, contributing to improved liquidity, and revitalizing the real estate market.

Figure 8: The new aspects of the Housing Law 2023 and their Impact.

No.	Term	Scope of Regulation	Highlights	Possible impacts
1	8	Vietnamese nationals residing overseas.	Vietnamese nationals residing overseas are permitted to enter Vietnam and own residential properties with the associated land use rights, in accordance with the provisions of land use laws.	The new regulations are designed to facilitate investment by the Vietnamese diaspora in the domestic real estate market, thereby generating new sources of housing demand. This is also expected to minimize disputes that had previously arisen due to overseas Vietnamese having to rely on domestic representatives to hold property on their behalf.
2	76, 83, 85	Regulations on the implementation of social housing.	<ul style="list-style-type: none"> <li>Expanding the eligibility for social housing purchases. In addition to low-income individuals, students may now also qualify.</li> <li>More detailed regulations on integrating social housing construction into commercial real estate projects. Developers can allocate a portion of the project site or land previously invested in infrastructure to develop social housing units. Alternatively, they can pay an amount equivalent to the land value to build the social housing off-site. These provisions grant developers greater flexibility.</li> <li>Incentives for social housing developers: Exemption from land use fees and land rental for the entire social housing project.</li> <li>Profit margins for social housing projects. Developers are entitled to a 10% profit cap, with the ability to separately account for profits from the 20% commercial component within the social housing project.</li> </ul>	Expanding the eligibility for social housing support policies will contribute to heightened demand in this market segment. This provides developers greater flexibility in project implementation. The new regulations help boost the overall profitability of social housing projects (compared to Decree 188/2013/ND-CP, which capped developer profits at 10% for the entire social housing project, including both the social housing and commercial components).
3	58	There is no stipulation regarding the time-limited ownership of condominiums.	The regulations only stipulate the duration of condominium usage that meets the genuine needs of owners. Upon expiration of the usage period or when the condominium becomes dilapidated and poses collapse risks, thereby compromising user safety, the usufruct value will be depleted while the freehold land ownership persists. In such cases, the owners will be compensated financially or provided with resettlement arrangements.	This helps bolster the confidence of homebuyers, enabling the continued maintenance and expansion of the residential real estate transaction market.

Source: MBS Research.

Regarding the 2024 Land Law, the novel aspects focus on provisions that facilitate the land acquisition and clearance process, and limit disputes while enhancing transparency during implementation. From the perspective of real estate developers, the accelerated land clearance process will also translate to a shortened project development timeline. Conversely, the determination of land prices based on "market principles" will lead to an increase in land acquisition costs compared to the previous period, as land prices are updated more closely to market levels, resulting in higher project development costs and, consequently, higher output prices. The application of the "market principles" for land pricing still requires additional guidance and implementation from the relevant authorities. Unresolved issues in the pricing process, such as land origin, are yet to be fully addressed by the changes in this law.

Figure 9: The new aspects of the Land Law 2024 and their impacts

No.	Term	Scope of Regulation	Highlights	Possible impacts
1	124	The law allows for direct land allocation without the requirement of public auction or tender procedures.	The revised regulations outline specific cases where land can be allocated directly, without auction or bidding processes. These include land for social housing, worker	The revisions are expected to significantly mitigate land-related disputes and grievances.

			dormitories, as well as residential land granted to teachers and healthcare personnel serving in border and island communes facing difficult conditions.	Moreover, they are anticipated to streamline the timelines and costs associated with land access and project development.
2	159	The law mandates the publication of an annual land price framework.	The revisions abolish the government's five-year land price framework, and instead mandate the formulation of an annual land price schedule.	The annual land price schedule will be utilized for compensation and site clearance purposes. Since this schedule is expected to be more closely aligned with evolving market conditions, it is anticipated to render the site clearance process more equitable and expeditious.  However, this development also implies that the site clearance costs borne by enterprises will likely increase as a result.
3	158	The law provides detailed guidance on the methodologies for land valuation tied to specific cases.	The revised law mandates that land valuation must adhere to "market-based principles". It also provides detailed regulations outlining four specific land pricing methodologies - including the surplus, income, comparative, and adjustment coefficient approaches - along with the precise circumstances for their application.	The new regulations are expected to provide a more robust framework for land valuation, helping to streamline the process in project implementation.  However, these provisions will likely require more detailed guidance and a period of practical application before their full benefits can be realized. Additionally, the law does not address outstanding issues related to determining land origin for the purposes of land use fee calculations.
4	4	Vietnamese citizens residing overseas who maintain Vietnamese nationality are covered under the provisions.	Vietnamese citizens residing abroad who maintain their Vietnamese citizenship are afforded the same full land-related rights as Vietnamese citizens living domestically.	The revised regulations aim to facilitate investment by the Vietnamese diaspora in the domestic real estate market, generating new demand. This will also help minimize disputes that previously arose from overseas Vietnamese having to rely on domestic parties to hold property on their behalf.
5	79	The law mandates compensation and resettlement support when the state acquires land.	The law specifies 32 distinct cases where land can be reclaimed for the purpose of socioeconomic development in the national and public interest.	Reduce the prevalence of indiscriminate, opaque land reclamations, limiting disputes and litigation, and facilitating the land acquisition and clearance process.  The Land Law now stipulates that land may only be reclaimed for large-scale, comprehensively-infrastructure-equipped commercial housing projects. For smaller projects that do not meet the criteria for urban development land acquisition, investors must proactively negotiate with landowners.
6	122, 127	The law mandates compensation and resettlement support when the state acquires land	For commercial projects, investors may only receive land use rights for the project itself, without any residential land.  In cases where land users possess land use rights but do not have residential land, they are not permitted to change the land use purpose to implement commercial housing projects, even if the land has been zoned and approved for such projects in urban plans.  Investors are also prohibited from acquiring land use rights of the aforementioned categories to carry out housing development projects.	Currently, the majority of land zoned for commercial housing development is classified as 'other land', not residential land. However, this land has been designated for housing and urban expansion projects. This has resulted in numerous stalled projects, as developers are restricted from proceeding without access to residential land.  We believe this new regulation will lead to a short-term supply shortage in the real estate market, as investors will lack sufficient time to participate in land use rights auctions and secure project land. Consequently, firms with existing clean land reserves and proper legal conditions to develop Commercial projects are expected to maintain a lead in the market in the near future.
7	190	The law addresses regulations governing land reclamation from the sea.	The law stipulates that the allocation of maritime zones for land reclamation activities shall be conducted concurrently with the assignment or leasing of land to implement investment projects.	The provisions aim to establish a robust legal framework that will encourage and unlock progress for ongoing projects.  The concurrent allocation of maritime zones and land parcels will help streamline project timelines and enable businesses to more accurately forecast land use fees and assess investment viability.
8	81	The law empowers authorities to reclaim projects delayed in their implementation.	The law stipulates the specific cases where land can be reclaimed due to violations of land use regulations.	The provisions aim to accelerate the reclamation of stalled projects, preventing land banking and project hoarding to manipulate prices, while reallocating resources to capable investors - measures that will help cleanse the real estate market.

Source: MBS Research.



Recently, the government has also passed several Decrees and Laws aimed at supporting the credit and bond markets, and easing liquidity pressures for businesses. These policies have focused on deferring the financial obligations of real estate enterprises, enabling developers to restructure their debt repayment schedules during the broader market downturn. The revised Credit Institution Law will provide commercial banks additional tools to address non-performing loans, and unlock cash flow for real estate companies.

Figure 10: Decrees and Circulars supporting the real estate market.

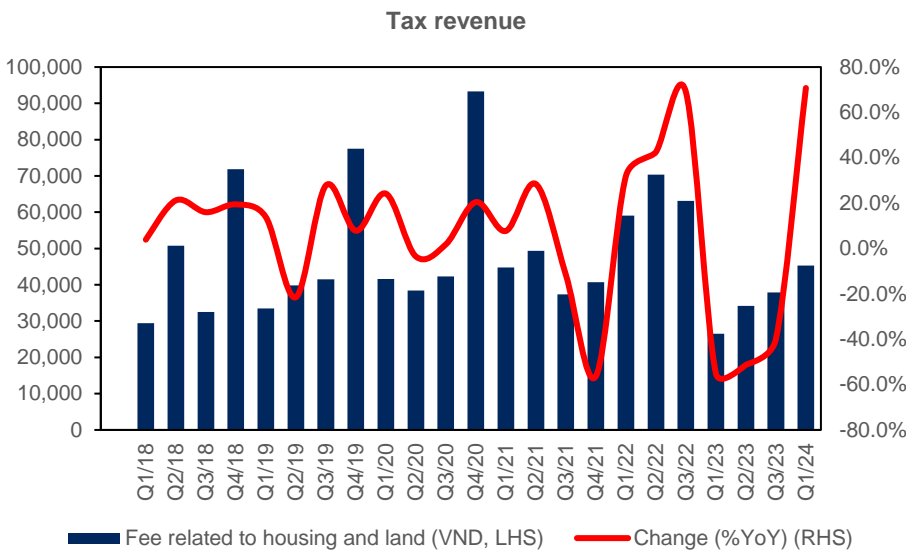
STT	Promulgation policy	Effective date	Highlights	Impact assessment
1	Decree 08/2023/NĐ - CP	05/03/2023	<ul style="list-style-type: none"> <li>- Enabling legal mechanisms to extend bond principal repayment by up to 2 years.</li> <li>- Allowing issuers to repay debt obligations with alternative assets.</li> <li>- Temporarily suspending certain regulations defining professional investors and bond issuance timelines.</li> </ul>	<ul style="list-style-type: none"> <li>- Providing support for debt repayment plans for enterprises facing liquidity challenges.</li> <li>- Establishing legal mechanisms and timelines to enable enterprises to restructure their debt obligations.</li> <li>- Relaxing certain regulations to facilitate continued bond issuances.</li> </ul>
2	Resolution 33/NQ - CP	11/03/2023	<ul style="list-style-type: none"> <li>- Calling for the issuance of amending Decrees to the Land Law and Investment Law.</li> <li>- Requiring the Ministry of Construction, working in coordination with the State Bank of Vietnam, to roll out a 120 trillion VND credit package for social housing projects.</li> </ul>	<ul style="list-style-type: none"> <li>- Facilitating the resolution of legal bottlenecks impacting project developments.</li> <li>- Focusing efforts on the development of social housing projects.</li> </ul>
3	Decree 10/2023/NĐ - CP	20/05/2023	<ul style="list-style-type: none"> <li>- Issuing land-use right certificates for resort real estate products.</li> <li>- Resolving bottlenecks in land allocation and leasing when selecting investors through a competitive bidding process.</li> </ul>	<ul style="list-style-type: none"> <li>- Establish a legal framework for tourism-related real estate.</li> <li>- Define land allocation and leasing mechanisms in cases where there is a sole qualified project investor.</li> </ul>
4	Circular 02/2023/TT - NHNN	23/04/2023	<ul style="list-style-type: none"> <li>- Allowing the restructuring of loan principal and interest repayment schedules, but not exceeding 12 months beyond the original maturity date.</li> <li>- Maintaining the existing loan classification for debts subject to repayment term extensions, while requiring supplementary loan loss provisioning as per regulations.</li> </ul>	<ul style="list-style-type: none"> <li>- Enable enterprises to fulfill their loan principal and interest payments amid the frozen real estate market conditions.</li> <li>- Allow enterprises to access additional financing at reasonable interest rates.</li> </ul>
5	Law on Credit Institutions (Amended).	01/01/2025	<p>Credit institutions are now authorized to transfer partial or full ownership of real estate project assets used as collateral in order to recover outstanding debts.</p>	<ul style="list-style-type: none"> <li>- Provide banks with additional solutions to address large-scale projects that are encumbered by legal bottlenecks, thereby helping to unblock cash flows for real estate enterprises and reduce non-performing loans for banks.</li> </ul>

Source: MBS Research.

### The robust growth in land-related tax revenues signals a recovery in supply.

After declining to a multi-year low of VND 26,515 billion (-55.1% YoY) in Q1/23 amid the real estate market's liquidity challenges, tax revenues from housing and land have been steadily recovering over the subsequent quarters, reaching VND 45,277 billion (+70.8% YoY), indicating a resurgence in financial obligations to the state. Tax revenues from land comprise primarily of land use fees (80-85%) and land/water surface lease payments (10%-15%). We believe this represents an early indicator of an impending recovery in real estate supply.

Figure 11: Tax revenue related to housing and land have increased in Q1/24.

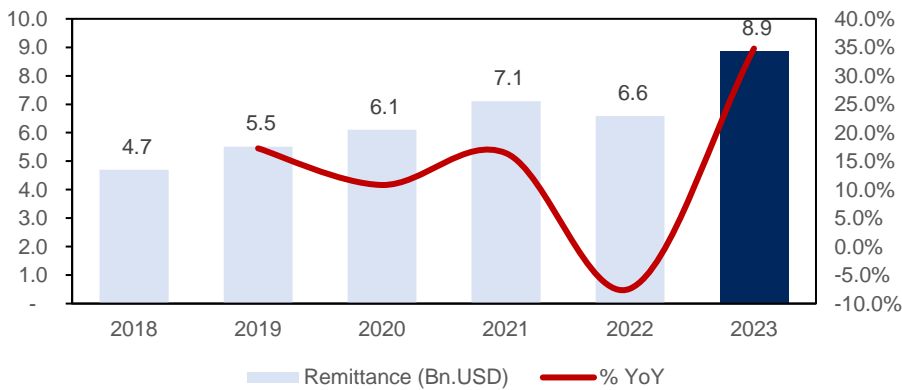


Source: State Budget Data, MBS Research

**An additional driver of recovery is the influx of remittance inflows.**

Notably, the latest amendment to the law recognizes the legal rights and obligations of overseas Vietnamese who still hold Vietnamese citizenship. This will allow Vietnamese nationals residing abroad to directly hold real estate titles, helping resolve the litigation issues that previously arose when they had to rely on family members or acquaintances to hold property on their behalf, leading to potential asset misappropriation.

Figure 12: Remittances inflows to HCMC saw record high in 2023



Source: SBV – HCMC Branch, MBS Research

As shown in the chart, remittance inflows to Ho Chi Minh City reached a 6-year high of around \$8.9 billion (+35.0% YoY) in 2023. With the new real estate laws now in place, we believe remittance flows will continue to grow robustly, providing fresh demand stimulus for the domestic market.

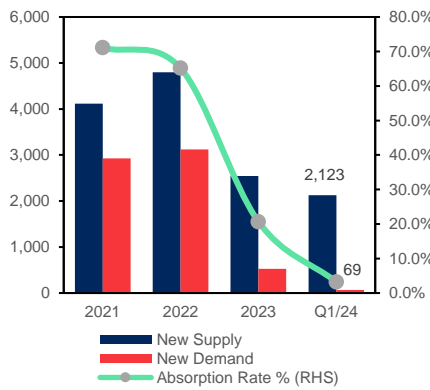
## However, Real Estate companies still face a multitude of challenges

### The Resort Real Estate segment remains profoundly subdued

Overall, the resort real estate market (including resort villas, resort shophouses, and condotels) continues to suffer from an acute liquidity shortage, stemming from lingering legal complications as well as the consequences of overheated development in prior cycles.

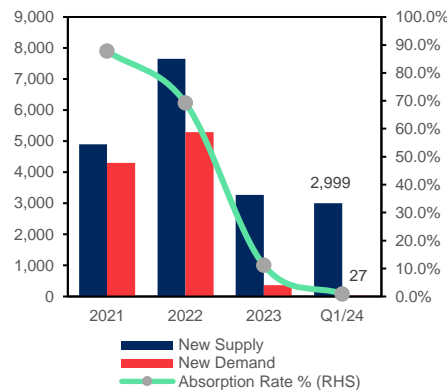
The supply of resort real estate is primarily concentrated in the Central and Southern regions, accounting for 80%-90% of the nationwide inventory. A multitude of projects have had to suspend development due to legal complications, leading to a marked increase in unsold stock, while the flow of new supply has continuously dwindled. Demand for the resort real estate segment is at its lowest point in a decade, with absorption rates of 3.3% for resort villas/townhouses and 0.9% for resort shophouses. Primary sales prices have remained flat, as developers have persistently rolled out profit/revenue sharing commitments, interest rate subsidies, and debt moratoriums, yet liquidity has yet to see meaningful improvement.

**Figure 13: Resort Villa Supply, New Demand, and Absorption Rates**



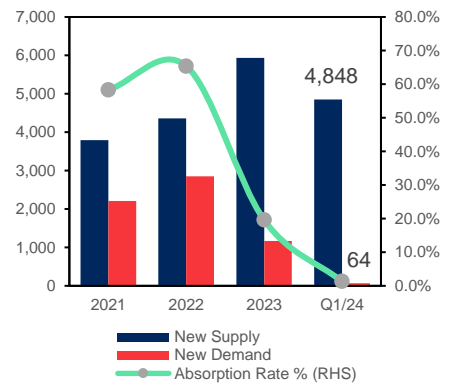
Source: DKRA, MBS Research

**Figure 14: Resort Shophouse Supply, New Demand, and Absorption Rates**



Source: DKRA, MBS Research

**Figure 15: Condotel Supply, New Demand, and Absorption Rates**



Source: DKRA, MBS Research

For the condotel market, the supply continues to be predominantly sourced from the existing inventory of older projects (accounting for over 98%), primarily due to ongoing legal issues. According to DKRA, overall market demand has recorded the lowest level in the past 5 years, with an absorption rate of only 1.3%, equivalent to a 35% year-over-year decline in sales volume. We believe this segment will remain depressed for an extended period, given the excessive development in recent years, as well as the fact that many projects are failing to continue delivering profits, with low operational efficiency, and investor confidence has been severely eroded.

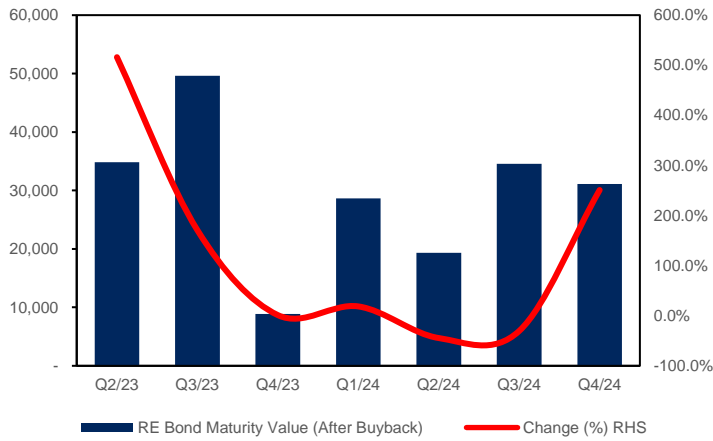
### Bond maturity pressures remain a concern

While the government has provided the aforementioned directives to resolve the issues, the debt repayment obligations for bonds in 2024 are still substantial. We estimate the value of real estate bonds maturing (after buybacks) in Q2/24 and the full year 2024 to be 19,328 billion VND (-44.5% YoY) and 113,654 billion VND (-3.3% YoY), respectively.

The total value of bond buybacks as of the end of May 2024 reached 12,225 billion VND (+5.8% YoY), helping to reduce the amount of corporate bonds maturing in 2024 by 9.7% compared to before the buybacks.

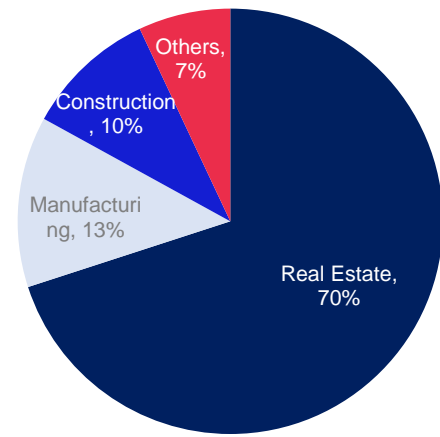
Currently, the total value of corporate bonds with delayed payment obligations in April is estimated at around 193.6 trillion VND, accounting for nearly 19% of the total outstanding corporate bond debt in the market, with the real estate sector continuing to account for the largest share, around 70% of the delayed payment value

**Figure 16:** The maturing bond obligations of real estate companies will be concentrated in Q3/24



Source: HNX, MBS Research

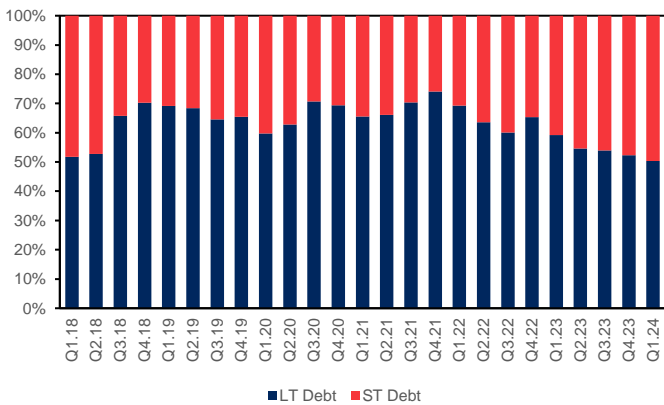
**Figure 17:** The real estate sector continues to account for the largest share of delayed payments (~70% of the total delayed payment value).



Source: HNX, Fiiipro, MBS Research

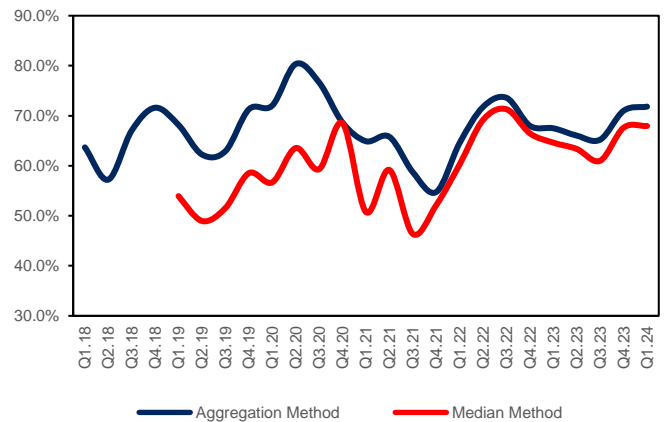
The outstanding loan balance as of the end of Q1/24 increased by 5.7% compared to the start of the year. The debt structure has shifted towards short-term debt as the market conditions have been less favorable, causing some investors to temporarily delay the implementation of long-term projects, thereby reducing capital needs. However, the total debt-to-equity ratio at the end of Q1/24 reached 0.63x, a significant increase compared to the end of 2021, indicating signs of balance sheet expansion

**Figure 18:** Short-term debt to total debt and long-term debt to total debt



Source: Fiiipro, MBS Research

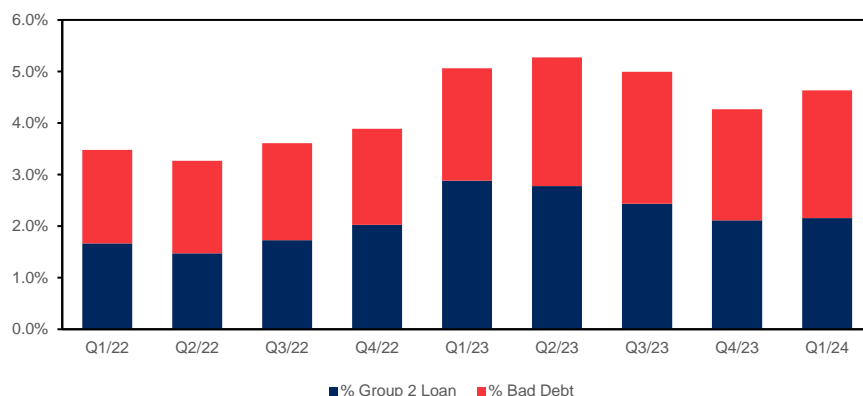
**Figure 19:** Total debt to equity ratio



Source: Fiiipro, MBS Research

## Access to bank financing remains challenging

Figure 20: The non-performing loan ratio at banks shows signs of increasing



\*Note: Excludes NVB's non-performing loans due to its outlier NPL ratio.

Source: Companies' FS, MBS Research

Amid the snow storm, investors are unable to open new project sales to maintain cash flow, leading to debt repayment difficulties. The NPL ratio of banks has risen to 2.5% (compared to around 2.2% at the beginning of the year). In the face of rising non-performing loans, banks have become more cautious in loan disbursements, creating challenges for real estate companies to access capital. We believe that the most critical condition for banks to disburse loans is the legal status and sales execution capabilities of projects, which can in turn generate cash flow for debt repayment. As a result, companies with clean land banks and healthy financials will continue to lead the market, while the rest will continue to face difficulties.

## Real estate development trend in 2024

**We believe that real estate capital restructuring and M&A activities will be vibrant in the remainder of 2024**

We believe that capital raising via issuance will be one of the highlights for real estate companies in the remainder of 2024, as they aim to restructure debt, fulfill land-related financial obligations to the government, and cope with rising project development costs.

Figure 21: New Issuance in the upcoming time

Company	Issuance method	Additional capital	Expected timeline
NOVALAND Group Corp (NVL)	The company is offering 1.17 billion shares to its existing shareholders through a rights issue.	The company's charter capital may increase from 19,501 bn.VND to over 31,200 bn.VND.	Q2/24 to Q4/24
Khang Dien House Trading and Investment Jsc (KDH)	The company plans to issue 110.09 million shares through a private placement to 20 professional securities investors at a price of 27,250 VND per share, raising 3,000 billion VND, with the issuance expected to be carried out in 2024.	The company's charter capital may increase from 7,993.1 bn.VND to over 9,094 bn.VND.	The issuance is expected to take place in 2024, with the exact date to be determined by the Board of Directors after receiving approval from the State Securities Commission.
Development Investment Construction Jsc (DIG)	The company is offering a rights issue to existing shareholders at a ratio of 1,000:327.94, corresponding to 200 million shares at a price of 15,000 VND per share. Additionally, the company plans to issue up to 150 million shares through a private placement to professional securities investors, with the minimum offer price set at 20,000 VND per share.	The company's charter capital may increase from 6,099 bn.VND to over 9,599 bn.VND.	For the rights issue, it is expected to take place in 2024. As for the private placement, it is anticipated to occur between 2024 and 2025.

<p>Dat Xanh Group JSC (DXG)</p>	<p>The company is offering a rights issue of 150 million shares to existing shareholders at a minimum price of 12,000 VND per share, with a ratio of 24:5.</p> <p>Additionally, the company plans to issue 93.4 million shares through a private placement to professional securities investors at a minimum price of 18,600 VND per share.</p>	<p>If both options are completed, DXG will be able to raise over 3,500 bn.VND, while also increasing its charter capital from more than 7,200 bn.VND to nearly 9,650 bn.VND.</p>	<p>It is expected to take place in 2024 or at a later date as determined by the Board of Directors after receiving approval from the State Securities Commission.</p>
<p>Phat Dat Real Estate Development JSC (PDR)</p>	<p>The company is offering a rights issue of 134.2 million shares to existing shareholders at a price of 10,000 VND per share.</p>	<p>The company's charter capital may increase from 7,388 bn.VND to over 8,730 bn.VND</p>	<p>It is expected to take place in 2024, after receiving approval from the State Securities Commission.</p>

Source: Companies' Reports, MBS Research.

Additionally, we expect M&A activity for real estate projects to also be an important trend in 2024 for the following reasons:

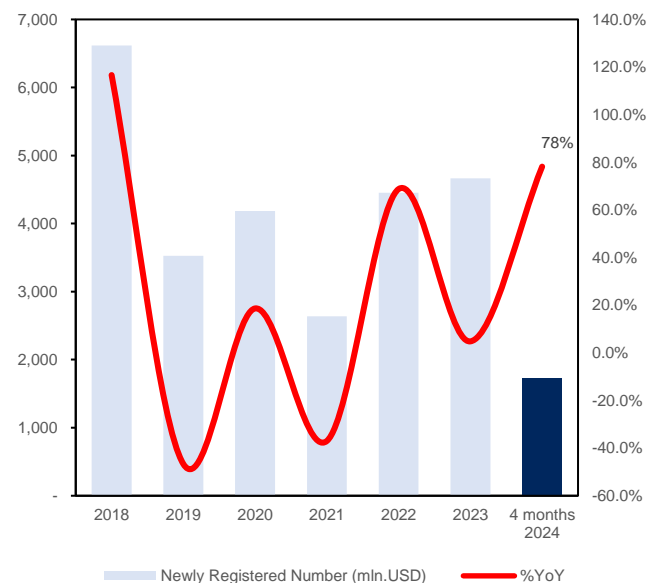
- The financial health of many real estate companies remains weak, and they are unable to access capital, while project development costs will continue to rise as we have analyzed above. Therefore, selling projects to investors with strong financial capabilities and project development expertise is necessary for these companies to maintain operations and grow.
- The CME Fedwatch Tool estimates a 63% probability of the Fed raising interest rates in November. Although interest rates in the U.S. may remain elevated for longer than expected, we believe interest rate volatility has significantly decreased and will make it easier for buyers to arrange financing to execute transactions in the future.
- The targets of M&A transactions will continue to be focused on projects with clear legal status, high quality, and significant development potential, according to our analysis.

Figure 22: M&A highlights in 2023, 2024

Projects	Investor	Partners	Value
The One World urban zone	Kim Oanh Real Estate Corp	Sumitomo Forestry, Kumaga Gumi, NTT	1 Bn.USD
Tâm Lực Housing Complex (3.7 ha, located in Thủ Đức city)	Tâm Lực Real Estate Jsc	Gamuda	315.8 Mln.USD
Emeria (6ha) Clarita (5.8 ha) (Thủ Đức City)	Khang Dien	Keppel Land	150 Mln.USD
24-story Apartment building (District 8, TP.HCM)	Thuận Thành JSC	SkyWorld Development Berhad (Malaysia)	50.4 Mln.USD
New urban zone of the Tân Thành, Bình Dương housing complex (18.9 ha)	Becamex IDC	Capital Land	N/A
Subdivision of Vinhomes Smart City (5.6 ha with 4,000 units)	Ánh Sao Corp	Capital Land	N/A

Source: MBS Research

Figure 23: FDI inflows into real estate have seen a strong increase in the first 4 months of the year.

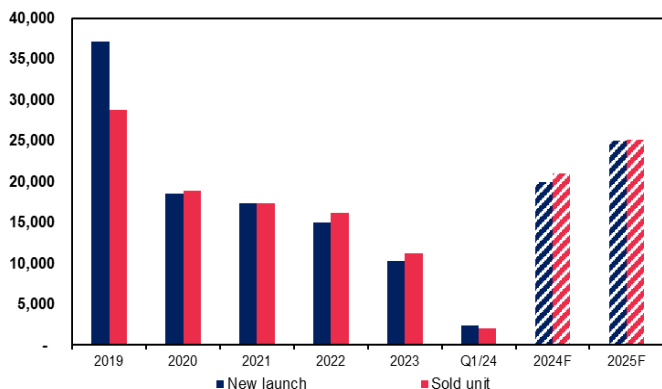


Source: MPI, MBS Research

**In Hanoi, shifting away from the city center has become increasingly evident, with the eastern and western regions emerging as focal points**

*The supply of apartments is coming from the eastern and western regions as land in the city center becomes scarce*

**Figure 24: Apartment supply in HN**



Source: MBS Research

**Figure 25: Apartment projects launched for sale in 2024 in Hanoi and the Northern region**

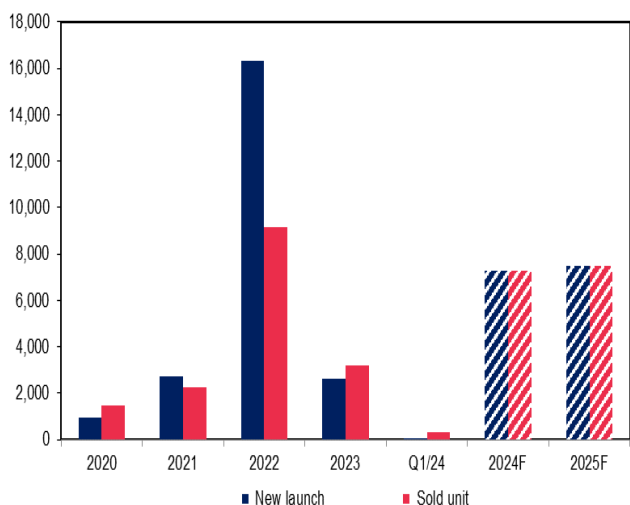
Projects	Scale	Segment, expected selling price
Canopy Residences and Sola Park (Smart City urban zone)	6,000 apartments Investor: Vinhomes and GIC	Segment: High-end Selling price: 50 mln/m <sup>2</sup>
The Lumi Hanoi	2,400 apartments Investor: Capital Land Jsc	Segment: High-end Selling price: 65 mln/m <sup>2</sup>
BRG Lê Văn Lương	662 apartments Investor: BRG Corp	Segment: High-end Selling price: 60 mln/m <sup>2</sup>
Central Residence (Gamuda City)	2,600 apartments Investor: Gamuda Land	Segment: High-end Selling price: 45 mln/m <sup>2</sup>
The Zurich (Ocean Park urban zone)	2,200 apartments Investor: Nhà Từ Liêm JSC	Segment: High-end Selling price: 70 mln/m <sup>2</sup>

Source: MBS Research

Against the backdrop of a sharp decline in central land reserves, the Eastern and Western regions are expected to be the primary contributors to apartment supply in 2024, thanks to the sub-zones within the two large-scale urban developments of Smart City and Ocean Park. Projects such as Canopy and The Lumi, which launched in Q1/24, have achieved absorption rates above 60% and seen price increases of nearly 15% compared to surrounding developments, indicating strong demand amid the current low-interest rate environment. The average selling price currently stands at 55 million VND/sqm (+9% YoY) as products catered towards end-users show signs of recovery, with the contribution of high-end offerings gradually increasing over the past 4 years.

*The supply of townhouses is coming from the Western region and adjacent areas such as Hai Phong City*

**Figure 26: Low-rise supply**



Source: MBS Research

**Figure 27: Low-rise projects in 2024**

Project	Scale	Segment, Expected selling price
Park City urban zone (Hà Đông)	100 townhouses and villas Investor: Vietnam international township development Jsc - VIDC	Segment: High-end Selling price: 150 Mln/m <sup>2</sup>
Dương Nội urban zone (Hà Đông)	150 villas Investor: Nam Cường Corp Jsc	Segment: High-end Selling price: 140 Mln/m <sup>2</sup>
Vinhomes Ocean Park 3	3,500 townhouses and villas Investor: Vinhomes	Segment: High-end Selling price: 100 Mln/m <sup>2</sup>
Hado Charm Villa (Hoài Đức)	100 townhouses and villas Investor: Hà Đô Corp JSC	Segment: Middle-end Selling price: 130 Mln/m <sup>2</sup>
Vinhomes Vũ Yên (Hải Phòng)	800 townhouses and villas Investor: Vinhomes Jsc	Segment: High-end Giá bán 120 Mln/m <sup>2</sup>
Hoàng Huy New City (Hải Phòng)	220 townhouses và 150 social housings Investor: Hoàng Huy Finance Jsc	Segment: High-end Selling price: 85 Mln/m <sup>2</sup>

Source: MBS Research

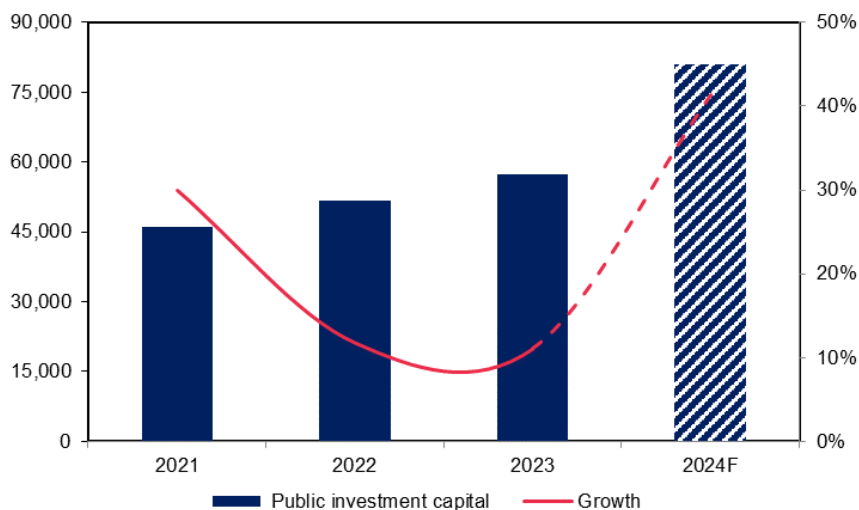
Similar to the apartment segment, the supply of low-rise houses is concentrated in the suburban areas rather than the central urban areas as before. The main contribution comes from the large-scale urban areas in the suburban regions

such as Ocean Park and Vinhomes Vu Yen (accounting for approximately 85% of the supply in Hanoi). The remaining supply comes from smaller projects such as Charm Villa and Park City, which were launched in 2022 and are set to open for sale in Q1/24. Currently, some developers such as Hoang Huy Corporation (TCH) and Ha Do Group (HDG) are planning to launch their low-rise products in the second half of the year. We assess that businesses have become more optimistic compared to the end of 2023, as market demand in certain segments has recovered significantly, and lower interest rates will alleviate the financial burden for homebuyers.

*The development of infrastructure has a positive impact on the absorption rate of the suburban areas*

According to our assessment, the suburban urban areas will benefit from the strong investment in infrastructure. In the 2021-2025 period, Hanoi's total public investment is expected to increase by 36% to 340,153 billion VND compared to the 2016-2020 period. This year's public investment is significantly contributed by key transportation projects such as Ring Road 4 and Ring Road 3.5, aimed at connecting the central area to the Eastern, Western Hanoi and neighboring provinces. We believe that infrastructure development will help enhance the advantages of the large-scale suburban urban areas compared to the central areas, by reducing travel time between different regions.

**Figure 28: Public Investment Disbursement of Hanoi**



Source: MBS Research

With the goal of developing infrastructure to alleviate the burden on the central area, we assess that the trend of shifting away from the central area is becoming more evident in the context of supply shortages within the city centre area. As a result, the suburban urban areas will have an advantage during the next recovery phase of the real estate market, with the benefits of living space and improving service quality

With two core factors coming from increased supply contribution and completed infrastructure, we assess that projects in the suburban areas could become the focal points of the industry's recovery in 2024, as central area selling prices are maintained at high levels. For the recovering segment, after the apartment segment has recovered significantly from the 2023 trough, by the end of 2024 when interest rates are low, demand will be stimulated for high-value low-rise products such as townhouses and villas.



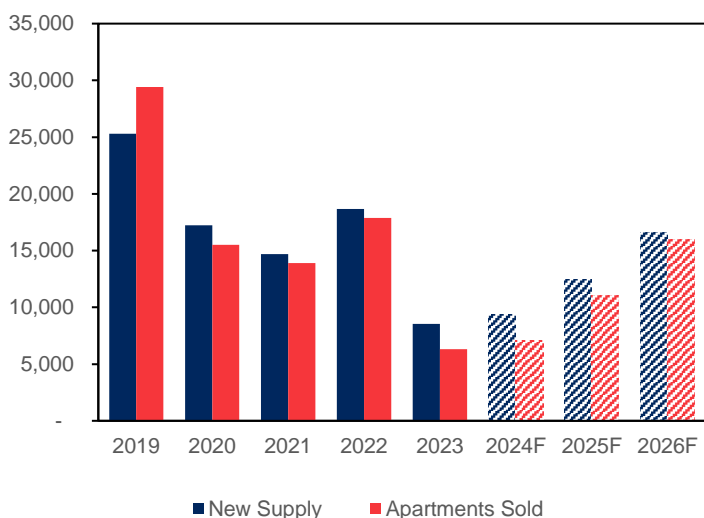
**High-end segment will continue to dominate the supply in HCM City, while mid-range supply will be more prevalent in the surrounding provinces**

*The future apartment supply in Ho Chi Minh City will predominantly come from the high-end segment.*

During the 2017 - first half of 2022 growth period, developers focused on launching high-end projects, leading to a shortage of mid-range supply. Currently, high-end apartments account for over 90% of total supply in Ho Chi Minh City. Mid-range apartments that suit end-user demand will still be the most attractive segment, but we believe supply of these projects in Ho Chi Minh City will be limited due to increasing development costs in the urban core. Most mid-range supply will be in satellite cities like Binh Duong, Long An, and Dong Nai.

According to CBRE's statistics, the new supply in Ho Chi Minh City is expected to be over 8,000 units. With this relatively limited supply, prices are expected to remain at high levels, with primary sales prices potentially increasing by 3% YoY. New projects in HCM City will mainly focus on the high-end segment, with the launch of developments such as Eaton Park and The Global City. As land in the inner city districts becomes increasingly scarce, new supply tends to concentrate in areas like the Eastern and Southern regions, as well as the city's periphery and neighboring provinces, in line with infrastructure development plans. These will be the areas that continue dominating the market going forward.

**Figure 29: Apartment supply in HCM**



Source: CBRE, MBS Research

**Figure 30: Supply in HCM city and Southern region in 2024**

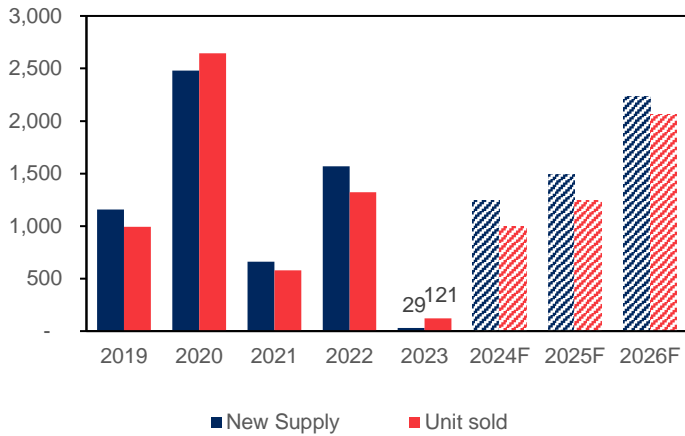
Project	Scale	Segment, Expected selling price
Eaton Park (Thủ Đức city)	3.76 ha with 540 apartments Investor: Gamuda Land	Segment: High-end Selling price: 125 mln/m <sup>2</sup>
The Global City (District 2)	117.4 ha with 8,500 apartments Investor: Materise Homes	Segment: High-end Selling price: 125 mln/m <sup>2</sup>
Lotte Eco Smart City (District 2)	1,000 apartments Investor: Lotte Group	Segment: High-end Selling price: 200-300 mln/m <sup>2</sup>
Zeit river (District 2)	300 apartments Investor: GS E&C	Segment: High-end Selling price: 150 - 200 mln/m <sup>2</sup>
Biên Hòa Universe Complex (Đồng Nai)	1,200 apartments Investor: Hưng Thịnh Corporation	Segment: Middle-end Selling price: 25 mln/m <sup>2</sup>
Sycamore (Binh Dương)	168 apartments Investor: Capitaland	Segment: High-end Selling price: 95 mln/m <sup>2</sup>

Source: batdongsan.com.vn, MBS Research

*The low-rise supply is concentrated in the Eastern and Southern regions of Ho Chi Minh City.*

With the goal of relieving pressure on the inner-city areas, Ho Chi Minh City aims to continue urbanizing into regions with lower population density, such as Thu Duc City and Nha Be District. Low-rise supply during the 2024-2025 period will still be primarily concentrated in Thu Duc City, benefiting from the rapid development of infrastructure projects like the expansion of the Ho Chi Minh City - Long Thanh - Dau Giay Expressway, Long Thanh Airport, Thu Thiem 4 Bridge, and Ring Road 3. Real estate in satellite cities like Dong Nai and Binh Duong will also benefit from these projects, with larger supply available.

**Figure 31: Low-rise supply in HCM**



Source: CBRE, MBS Research

For the remainder of 2024, the supply in Ho Chi Minh City will primarily come from the next phases of existing projects, with new developments accounting for only around one-third of the total, including notable projects like Foresta, The Meadow, and L'Arcade. The majority of future supply will be townhouses priced at over 20 billion VND. Given this segment's more speculative nature rather than being driven by end-user demand, we believe that the recent signs of rising interest rates and the limited supply preventing significant primary price declines will incentivize investors to deploy capital.

*Real estate projects will benefit from the surrounding transportation infrastructure*

In 2024, Ho Chi Minh City will prioritize the implementation of 59 transportation projects with a total budget of 231 trillion VND, equivalent to \$9.4 billion. Robust and coordinated investment in transportation infrastructure will help alleviate the pressure on the inner-city areas. Flagship projects such as the Long Thanh Airport (Dong Nai) and the Bien Hoa - Vung Tau Expressway will create promising prospects for real estate developments in Southern provinces like Vung Tau, Dong Nai, Binh Duong, and Binh Phuoc.

Many enterprises have been proactively securing land banks and developing projects along key expressway corridors and in proximity to future infrastructure. For instance, DXG has the low-rise Gem Sky World project located in Long Thanh province, just a 30-minute drive from the Long Thanh Airport, as well as the highly anticipated Gem Riverside project situated in An Phu ward, District 2, with direct access to the Hanoi Highway and Ho Chi Minh City - Long Thanh - Dau Giay Expressway. Furthermore, KDH's Foresta project is located along Vo Chi Cong Street in Binh Trung Dong ward, Thu Duc City, allowing residents to conveniently access the Ho Chi Minh City - Long Thanh - Dau Giay Expressway and the Dong Van Cong route towards the Cat Lai ferry.

**Figure 32: Low-rise supply in HCM city and Southern region in 2024**

Project	Scale	Segment, Expected selling price
Foresta (District 2)	5.77 ha with 159 villas Investor: Khang Điền and Keppel Land	Segment: High-end Selling price: 250 mln/m <sup>2</sup>
The Meadow (Bình Chánh)	5 ha with 212 townhouses, villas Investor: Gamuda Land	Segment: High-end Selling price: 70 mln/m <sup>2</sup>
L'Arcade (Phú Mỹ Hưng)	0.87 ha with 32 units Investor: Phú Mỹ hưng	Segment: High-end
Waterpoint (Long An)	355 ha Investor: Nam Long group	Segment: Middle-end Selling price: 36-58 mln/m <sup>2</sup>
Symlife Thuận An (Thuận An city, Bình Dương)	660 apartments Investor: Nam Hiệp Thành Company	Segment: Middle-end Selling price: 35 mln/m <sup>2</sup>

Source: batdongsan.com.vn, MBS Research

**Figure 33: Notable infrastructure investment projects in the Southern region.**

Projects	Total Inv. (Bn.VND)	Commence date	Completion
HCMC - Mộc Bài (Tây Ninh) Expressway	20,100	05/25	12/27
HCMC - Chợ Thành (Bình Phước) Expressway	1,940	2023	2027
HCMC - Long Thành - Dầu Giây Expressway	2,350	09/23	2025
HCMC - Trung Lương Expressway access roads expansion	1,037	2023	2025
National route 13 expansion (Bình Phước - Bình Triệu Bridge Crossroads)	13,851	2025	2027
HCM - Mộc Bài (Tây Ninh) Expressway	20,100	05/25	12/27
HCM - Chợ Thành (Bình Phước) Expressway	1,940	2023	2027

Source: HCM City People's Committee, HCMC Department of Transport, MBS Research.

## Real Estate stocks outlook 2024

### Real Estate Companies business result forecast

Figure 34: Companies business result forecast

Bn.VND	KDH			NLG			DXG		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
Revenue	2,088	4,249	4,832	3,181	6,303	5,902	3,725	3,745	4,460
% YoY	-28.3%	103.5%	13.7%	-26.8%	97.6%	-6.1%	-32.4%	0.5%	19.1%
Gross profit	1,587	1,844	2,621	1,562	2,736	2,652	1,710	1,975	2,420
GPM (%)	76.0%	43.4%	54.2%	49.1%	43.4%	44.9%	45.9%	52.7%	54.3%
EBIT	1,220	1,232	1,998	582	1,100	1,074	734	712	712
EBIT margin (%)				18.2%	24.1%	25.0%			
NPAT	743	808	832	484	547	576	172	234	440
% YoY	-30.0%	12.9%	3.0%	-13.2%	7.1%	11.1%	-20.0%	36.2%	88.1%
EPS (VND/share)	840	808	833	1,257	1,178	1,240	281	328	617
BVPS (VND/share)	16,828	17,440	18,273	35,170	31,200	29,900	15,370	15,219	15,836
Net cash/share (VND/share)	4,666	1,786	3,368	1,394	1,130	1,281	451	1,549	573
Debt/Equity	0.4	0.4	0.4	0.4	0.4	0.4	1.1	1	1
Dividend ratio (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ROAE (%)	5.7%	5.2%	4.7%	5.2%	5.5%	6.0%	1.9%	2.3%	4.0%
ROAA (%)	3.0%	3.0%	5.0%	1.7%	2.0%	2.1%	0.7%	0.9%	1.7%

### Stock picks

Figure 35: Real Estate Companies Watchlist

Stock	Recommendation	Target price	Investment Thesis
KDH	ADD	43,000	<p>The Privia project (1,000 apartments) achieved an absorption rate exceeding 85% during the final sales launch in late 2023, which would be the growth driver for net profit in 2024. Net profit is expected to reach 832 billion VND (+3.0% YoY) when the entire project is expected to be handed over in Q4/24.</p> <p>The company maintains a healthy financial structure, with a net debt to total assets ratio of 19.5%, which is significantly lower than the industry average of around 37.3%.</p>
DXG	ADD	25,100	<p>The Land Law 2024, once enacted, is expected to help clarify issues related to land use fee determination. We anticipate the new changes in the law will expedite the legal implementation process for the strategic Gem Riverside project (3,000 high-end apartments).</p> <p>Net profit in 2024 is projected to increase by 36.2% YoY, driven by the continued handover of the Gem Sky World project and the remaining portion of Opal Skyline. Once the Long Thanh Airport is completed, there will be a significant influx of passengers transiting through this area, benefiting surrounding projects, such as the low-rise Gem Sky World development, which is only about a 30-minute drive to the airport.</p> <p>The stock currently has significant upside potential (+46.8%).</p>
NLG	HOLD	45,000	<p>The rollout of mid-tier apartment projects has achieved high absorption rates exceeding 70% amid supply shortages. In 2024, NLG will focus on developing this product segment by launching subsequent phases of the Southgate, Mizuki, and Akari projects, comprising approximately 800 apartments and 200 low-rise units. Pre-sales are expected to reach around 8,700 billion VND (+8% YoY).</p> <p>Net profit is projected to grow 13% YoY to 548 billion VND, driven by the handover of sold units from the Izumi 1A1, Mizuki, and Southgate phases, totaling around 220 townhouses and 500 apartments.</p>

The company maintains a healthy financial structure, with a debt-to-total assets ratio of 30%, which is lower than the industry average of 45%, and it does not face bond debt pressures.

The Hoang Huy Commerce project (4,010 apartments) has successfully sold 90% of its units since late 2022, becoming a key driver of the company's profit growth in 2024. TCH is expected to complete the handover of this entire project in 2024, resulting in a projected 220% YoY increase in net profit.

TCH                      **N/A**                      N/A

Currently, TCH's landbank is poised to benefit significantly as the city of Hai Phong accelerates infrastructure investment. The ongoing Hoang Huy New City Phase 1 project (200 townhouses) is set to capitalize on its location along the extended Do Muoi road, which connects the VSIP industrial zone to the city center. Sales prices are anticipated to rise by 20% due to the benefits of this new thoroughfare.

Furthermore, approximately 90% of TCH's landbank is located in the Thuy Nguyen district, which has been approved for city status by 2025. This will further enhance the value of TCH's landbank as infrastructure development continues to be prioritized in this area.

In Q1/24, VHM recorded underwhelming financial results, with revenue reaching VND 8,200 billion (-72% YoY), 50% of which came from the handover of Ocean Park 1,2, Smart City, and Grand Park projects. Pre-tax profit stood at VND 1,416 billion (-91% YoY).

VHM                      **N/A**                      N/A

VHM is poised to continue developing large-scale urban projects in satellite cities, such as Vinhomes Vu Yen (Thuy Nguyen, Hai Phong) and Vinhomes Co Loa (Dong Anh, Hanoi).

The group owns a vast land bank, accumulated over the years through various means. Prominent projects like Wonder Park and Co Loa have completed site clearance and site preparation, while the Vu Yen project has commenced sales at the end of Q1. Given VHM's strong reputation and robust legal capabilities, we believe the company will continue to be a leading real estate player in the future.

Source: MBS Research forecast

Figure 36: Peer Comparison Table

Company	Ticker	Market price	Target price	Mar Cap	Rec	P/E (x)		P/B (x)		ROA (%)		ROE (%)	
	BB	VND	VND	(Min USD)		2024	2025	2024	2025	2024	2025	2024	2025
Vinhomes Jsc	VHM VN	39,400	N/A	6,750	N/A	7.68	4.7	1.0	0.7	5.3	6.8	13.6	17.0
NOVALAND Group Jsc	NVL VN	14,800	N/A	1,136	N/A	69.6	NA	0.8	NA	0.2	NA	1.1	NA
Khang Dien House Trading and Investment Jsc	KDH VN	37,500	43,000	1,179	Add	55.3	31.4	2.2	1.9	2.4	4.6	4.3	6.8
Hoang Huy Investment Financial Services Jsc	TCH VN	20,000	N/A	526	N/A	16.0	54.4	1.5	NA	5.8	3.3	9.6	4.0
Nam Long Investment Jsc	NLG VN	44,950	45,000	681	Hold	45.3	29.2	1.9	1.8	1.4	2.8	4.2	6.3
Phat Dat RE Development JSC	PDR VN	25,800	N/A	886	N/A	27.6	16.9	2.2	2.0	3.3	8.5	8.0	12.0
Dat Xanh Group	DXG VN	17,050	25,100	484	Add	37.7	35.2	1.2	NA	1.0	1.8	3.0	3.3
<b>Average</b>						<b>37.0</b>	<b>28.6</b>	<b>1.5</b>	<b>1.6</b>	<b>2.8</b>	<b>4.6</b>	<b>6.3</b>	<b>8.2</b>

Source: Bloomberg, MBS Research

## DISCLAIMER

This report has been written and distributed by MBS Research Center, MBS Securities JSC (MBS). It is based on information obtained from sources believed to be reliable, but MBS does not make any representation or warranty, express or implied, as to its accuracy, completeness, timeliness or correctness for any particular purpose. Opinions expressed are subject to change without notice. This research is prepared for general circulation. Any recommendation contained herein does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This report and all of its content belongs to MBS. No part of this report may be copied or reproduced in any form or redistributed in whole or in part, for any purpose without the prior written consent of MBS.

## ABOUT MBS

Founded in May 2000 by the Military Commercial Joint Stock Bank (MB), MB Securities Joint Stock Company (MBS) is one of the first six securities companies in Vietnam. After years of development, MBS has grown into one of the premier brokerage houses in the country. In two consecutive years between 2009 and 2010, MBS leads the brokerage house in terms of market share on both Hanoi Stock Exchange (HNX) and HCMC Stock Exchange (HOSE) and continuously ranked among the Top 5 of market share at both stock exchanges.

Address:

MB Building, 21 Cat Linh, Dong Da Dist., Hanoi

Tel: + 8424 7304 5688 - Fax: +8424 3726 2601

Website: [www.mbs.com.vn](http://www.mbs.com.vn)

## MBS RESEARCH TEAM

### Director, Head of Research

*Hien Tran Thi Khanh*

### Deputy Head of Equity Research

*Dzung Nguyen Tien*

### Macro & Market Strategy

*Hung Ngo Quoc*

*Anh Le Minh*

### Banking – Financial Services

*Luyen Dinh Cong*

*Phuong Do Lan*

*Hao Nguyen Duc*

### Real Estate

*Duc Nguyen Minh*

*Tri Nguyen Minh*

*Thanh Le Hai*

### Consumer - Retail

*Ly Nguyen Quynh*

### Industrials – Energy

*Tung Nguyen Ha Duc*

*Huyen Pham Thi Thanh*