

Residential property: A new cycle begins

- We believe a new cycle has begun following 3 key pillars: low interest rate – improving infrastructure – completion of legal framework.
- We believe the capital may return in the South due to owning more attractive factors while the heat may persist in the North with expected new high apartment supply in 2025F.
- We prefer KDH, DXG, and NLG for their strong financial stability and legally clear projects, which are expected to achieve high absorption rates.

The new residential property cycle will begin

Compared to the previous residential property cycle, three key pillars serve as critical drivers for ushering in a new phase for the residential property market: 1) Interest rates have reached a low level following a period of sustained high rates, 2) the focus on enhancing infrastructure mitigates congestion in city centers and establishes stronger connections between peripheral provinces, suburban areas, and the city center, and 3) the implementation of amended property laws has resolved bottlenecks in the current real estate market.

The heat may persist in the North with the apartment price surpassing that in HCMC for such a long time

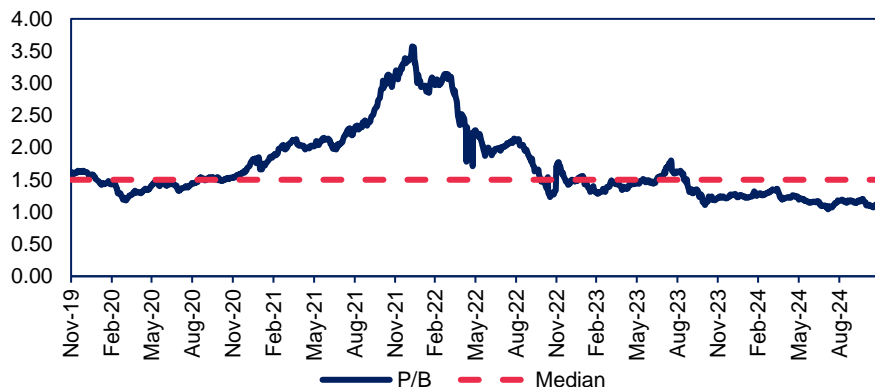
In Hanoi, the apartment supply in 2025F is forecasted to reach 30,100 units, achieving the 5-year record high, mainly focus on the high-end projects. The apartment price in Hanoi has surpassed that in HCMC for the first time, indicating the maintained heat in this market. The low-rise supply in 2025F will reach 7,800 units (-8.2% yoy) due to the high base of supply in 2024F.

The capital may return in the South due to owning more attractive factors

With apartment prices relatively lower than those in Hanoi, the residential market in HCMC and the Southern region is expected to attract increased capital. Newly launched apartment and low-rise projects are anticipated to be primarily concentrated in the Eastern area of HCMC. The supply in HCMC in 2025F is expected to reach 9,500 newly launched units (+90% yoy), mainly from the next phases of developed projects. The low-rise new supply in HCMC is expected to hit 1,100 units (+100% YoY), primarily coming from newly developed projects.

We prefer KDH, DXG and NLG based on the following criteria: 1) strong financial stability; 2) legally clear projects, which are expected to achieve high absorption rates and 3) these projects developed in HCMC and satellite provinces that are anticipated to attract more capital. Downside risks include 1) A slower-than-expected market cycle, 2) continued limitations in supply.

Figure 1: Valuation of Residential Property Index is below 5-year median



Sources: FiinproX, MBS Research

Analyst

Le Hai Thanh

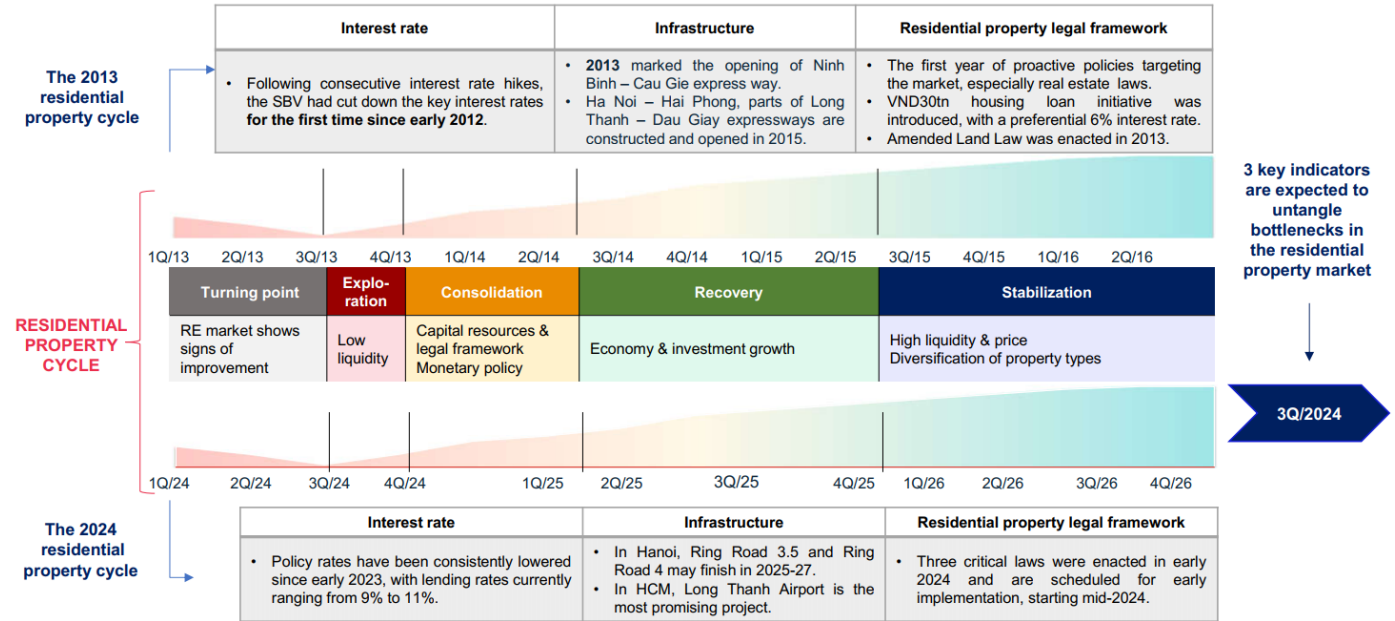
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We believe a new cycle has begun following 3 key pillars: low interest rate – improving infrastructure – changing legal framework

Figure 2: Comparison of 2013 residential property cycle and the upcoming cycle



Sources: Batdongsan.com.vn, MBS Research

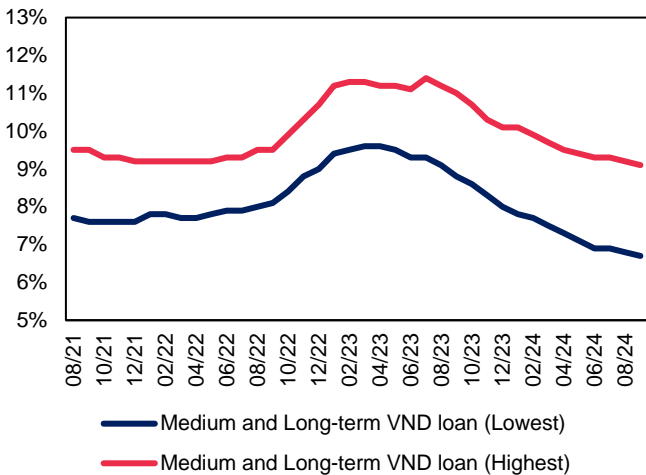
We anticipate that there will be an upcoming residential property cycle, simulated by 3 main drivers that also set a foundation for the previous cycle: 1) Interest rates have reached a low level following a period of sustained high rates, 2) the focus on enhancing infrastructure mitigates congestion in city centers and establishes stronger connections between peripheral provinces, suburban areas, and the city center, and 3) the implementation of amended property laws has resolved bottlenecks in the current real estate market.

Interest rates have reached attractive levels

Since the beginning of 2023, the SBV has reduced its key interest rates 4 times, with the current refinancing rate now at 4.5% (lower than that in the Covid period in 2020). As a result, medium to long-term lending rates are currently hovering around 6.7% - 9.1% (down from 9.3% - 11.4% in mid-2023).

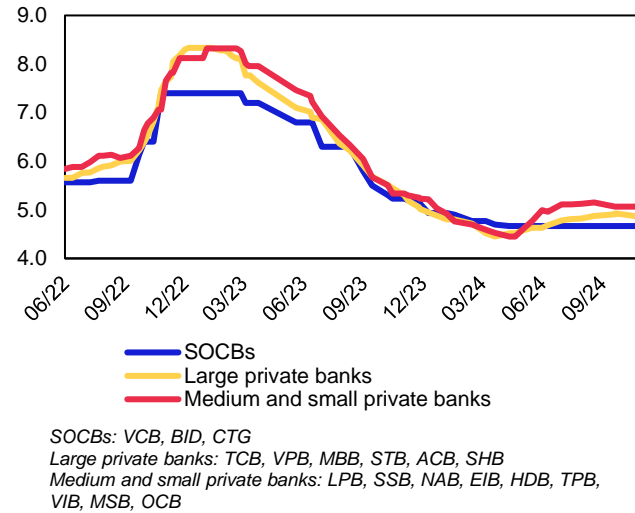
The rise in exchange rates has created tight liquidity pressures in the system. Deposit interest rates are showing signs of gradual increase in order to attract liquidity (increasing from 0.1%-0.7%/year in the first half of Nov/2024), which may exert mild upward pressure on lending rates going forward. However, we believe that even if interest rates rise in the near term, this would not have significant negative implications for the residential property market, as a moderate increase in lending rates would encourage capital inflows into residential property, given expectations that interest rates have bottomed out and investors' sentiment to capitalize on relatively favorable borrowing costs to invest.

Figure 3: Medium and long-term lending interest rates will remain low (%/year)



Sources: Banks, MBS Research

Figure 4: 12-month deposit interest rates of bank groups (%/year)



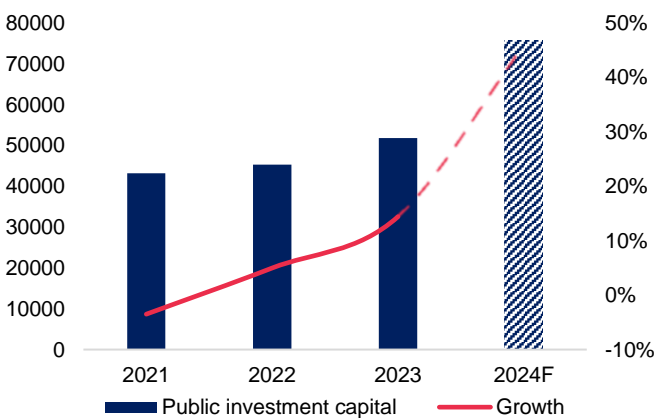
Sources: Banks, MBS Research

Infrastructure plays a crucial part, especially to suburban area

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.

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 residential property developments in Southern provinces like Vung Tau, Dong Nai, Binh Duong, and Binh Phuoc.

Figure 5: Public Investment Disbursement of Hanoi



Sources: GSO, MBS Research

Figure 6: Notable infrastructure investment projects in the Southern region

Projects	Total Inv. (VND bn)	Commence-ment date	Completion date
HCMC - Mộc Bài (Tây Ninh) Expressway	20100	05/25	12/27
HCMC - Chợ Thành (Bình Phước) Expressway	1940	2023	2027
HCMC - Long Thành - Dầu Giây Expressway	2350	09/23	2025
HCMC - Trung Lương Expressway access roads expansion	1037	2023	2025
National route 13 expansion (Bình Phước - Bình Triệu Bridge Crossroads)	13851	2025	2027

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

Changing legal framework leads to trade-off between resolving the source of land bottlenecks (land valuation, land auction) and anticipated cost increasing throughout the entire real estate development process

Figure 7: Key changes of legal regulation in residential property development

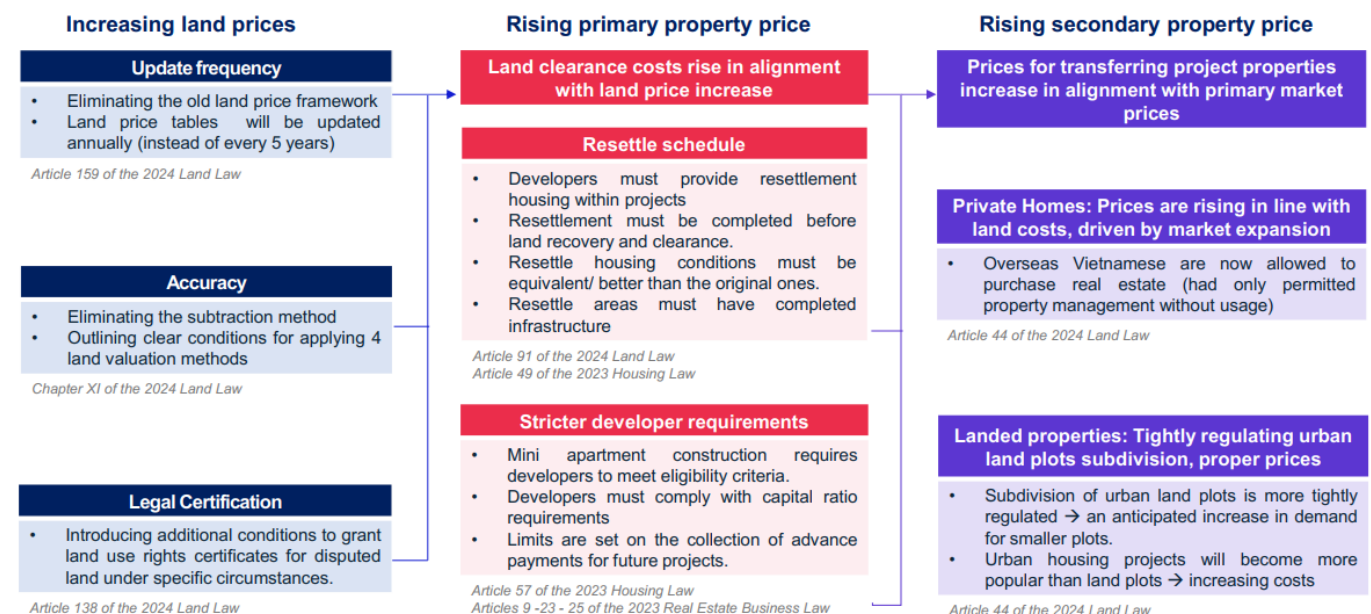
PREPARATION	
Source of land/Land auction	Specific regulations on cases of land allocation through auction or not, which will accelerate legal procedure for developers (<i>Article 124-126 of the 2024 Land Law</i>) In Nov/2024, Resolution on piloting the implementation of commercial housing projects through agreements on receiving land use rights or having land use rights has passed, which will allow agricultural and non-agricultural land to be transferred for commercial housing projects.
Land valuation	Eliminate old land price framework. Add more land valuation methods to keep land price close to the market price. (<i>Article 102, 158,159 of the 2024 Land Law</i>)
Financial requirements for developers	<ul style="list-style-type: none"> Ensure the credit debt ratio and bond debt ratio For projects <20ha: Shareholders' equity ≥20% of total capital For projects ≥20ha: equity ≥15% of total capital Ensure the ability to raise capital to develop the project (<i>Article 9 of the 2023 Real Estate Business Law</i>)
DEVELOPMENT	
Project information	Before launching sales, the investor must disclose complete, truthful, and accurate information (<i>Article 6 of the 2023 Real Estate Business Law</i>)
Project development progress	Supplementary tax payments for projects that fail to utilize land or experience delays in the implementation timeline. (<i>Article 153 of the 2024 Land Law</i>)
LAUNCHING SALES	
Deposit collection regulations	The collected deposit should not exceed 5% of selling prices. (<i>Article 23 of the 2023 Real Estate Business Law</i>)
Payment progress	<ul style="list-style-type: none"> First payment ≤30%, including previous collected deposit (currently: ≤ 30%) For lease-purchase agreements, the total payment for subsequent installments shall not exceed 50% (currently: ≤70%). (<i>Article 25 of the 2023 Real Estate Business Law</i>)
Contracts	The authorization of another party to sign the sales, transfer, or lease-purchase contract is not allowed. (<i>Article 17 of the 2023 Real Estate Business Law</i>)

Sources: Batdongsan.com.vn, MBS Research

Escalated prices across various sectors

Rising land costs and numerous new regulations are exerting pressure on both primary and secondary markets.

Figure 8: Key changes in 3 property laws



Sources: Batdongsan.com.vn, MBS Research

The average primary and secondary price will witness a single-digit growth in 2025F-2026F

The average primary prices in Hanoi and Ho Chi Minh City are projected to experience double-digit growth in 2024, driven by a combination of supply shortages and sustained high demand. Subsequently, these prices are expected to witness a more moderate single-digit growth during the period from 2025 to 2026 as supply constraints ease in the coming years.

Figure 9: Condominium average price in Hanoi

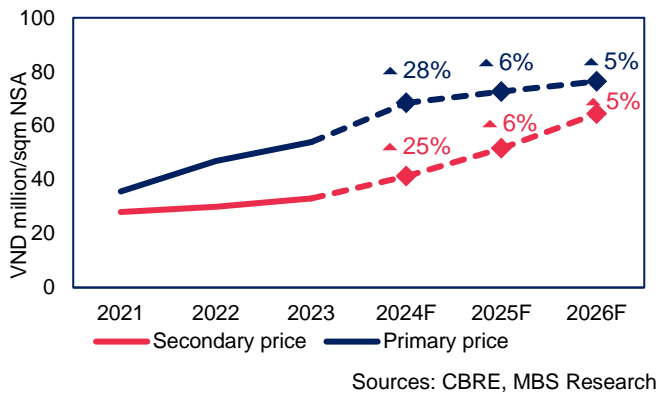


Figure 10: Condominium average price in HCMC

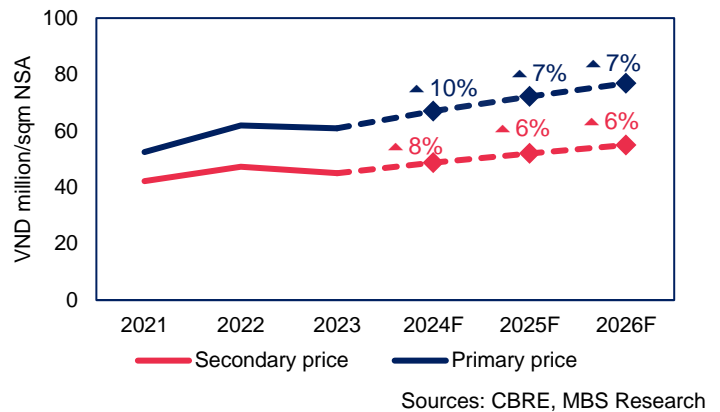


Figure 11: Low-rise average price in Hanoi

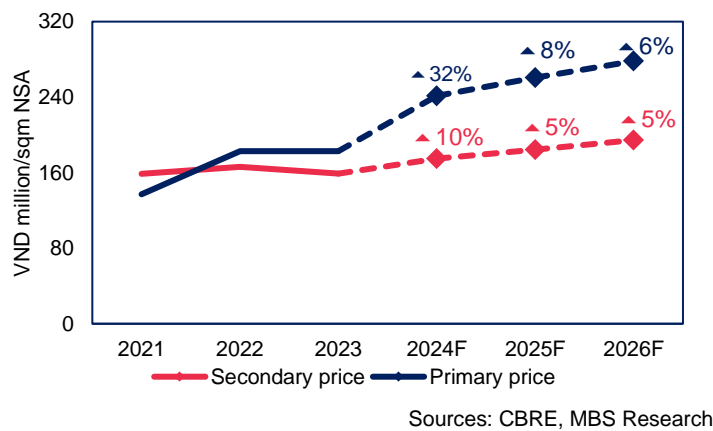
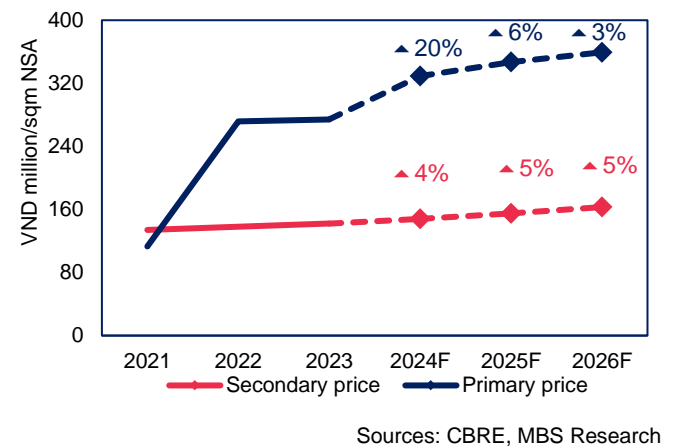


Figure 12: Low-rise average price in HCMC



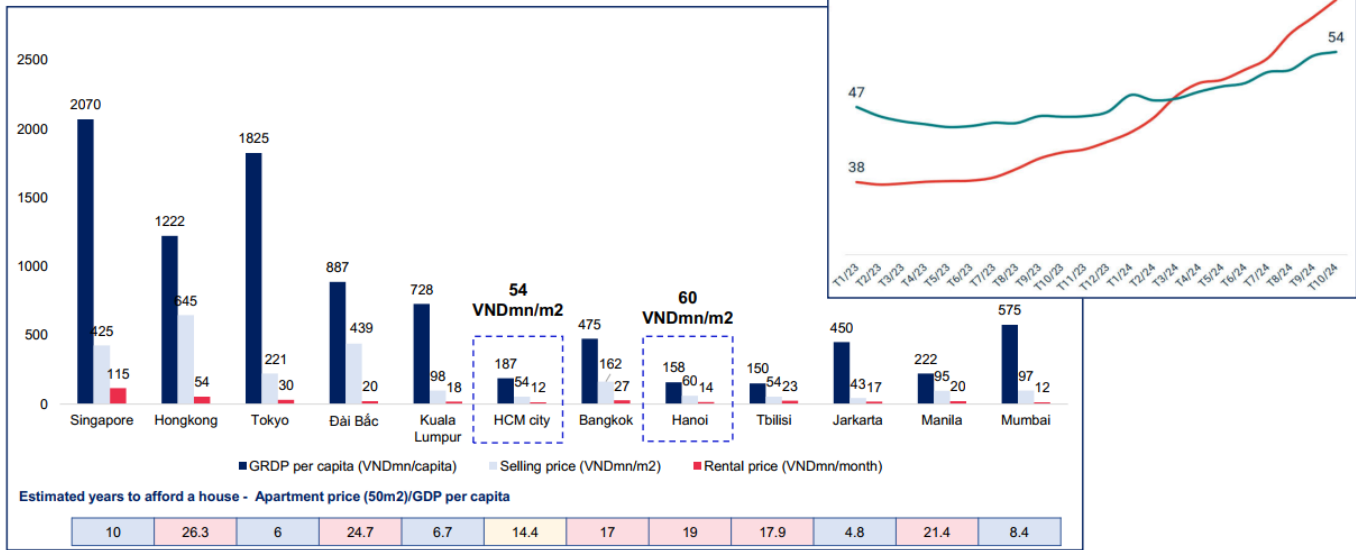
Real estate capital may return in the South

Apartment selling and rental rates in HCM city currently lower than in Hanoi, and are globally average

Apartment prices in HCMC has lower prices than that in Hanoi, while citizens in HCMC have higher GRDP per capita, reaching 187 VNDmn/capita (compared to 158 VNDmn/capita in Hanoi). As a result, investors can afford a house in HCMC in fewer years than in Hanoi, so this residential property market may attract more capital in the next few years.

Figure 13: Economics metrics and housing selling price in several major cities

• Selling-rental prices correlate with economic factors in several major cities

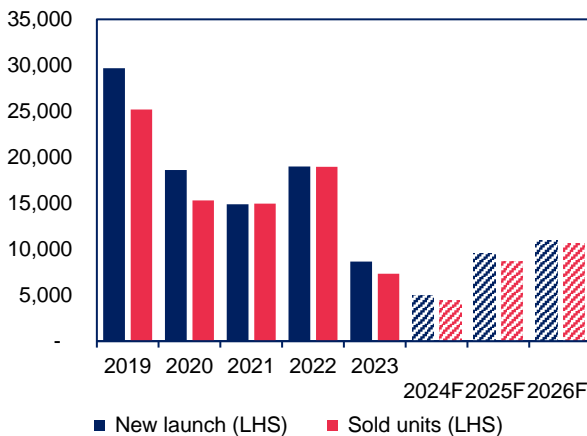


Sources: Worldbank, Worldometer, Batdongsan.com.vn, Global Property Guide, MBS Research

The supply of apartments is coming from the Eastern and Western regions as land in the city center becomes scarce

According to CBRE, the supply in Ho Chi Minh City in 2025F is expected to reach 9,500 newly launched units (+90% yoy). New projects in HCM City will mainly focus on the high-end segment, with the launch of developments such as Lotte Eco Smart City, The Global City (next phases), Vinhomes Grand Park and East Valley. As land in the inner of the city districts becomes increasingly scarce, new supply tends to concentrate in areas like the Eastern and Western regions, especially in Thu Duc city, 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 14: Apartment supply in HCM



Sources: CBRE, MBS Research

Figure 15: Apartment projects launched for sale in HCMC and Southern region in 2025

Project	Location	Developer	Scale	Segment	Expected selling price
Lotte Eco Smart City	Thu Duc	Lotte Group	1,200 apartments	High-end	>VND 250 mn
Vinhomes Grand Park	Thu Duc	Vinhomes Jsc	733 apartments	High-end	VND 70-90 mn
The Global City (next phase)	Thu Duc	Masterise Homes	~9,400 apartments	High-end	n/a
East Valley	Thu Duc	Refico	3,200 apartments	High-end	VND 95 – 135 mn
Eaton Park Phase 2	Thu Duc	Gamuda Land	400 apartments	High-end	VND 150 mn
Mizuki Park	Binh Chanh	Nam Long	450 apartments	Middle-end	VND 55mn
Elysian	District 9	Gamuda Land	700 apartments	Middle-end	VND 65 – 70mn
Gem Riverside (DXH)	Thu Duc	Dat Xanh	6.7ha with 3,175 apartments	High-end	VND 90mn
The Emerald 68	Binh Duong	Le Phong Corporation jsc	~700 apartments	High-end	n/a

Sources: batdongsan.com.vn, MBS Research

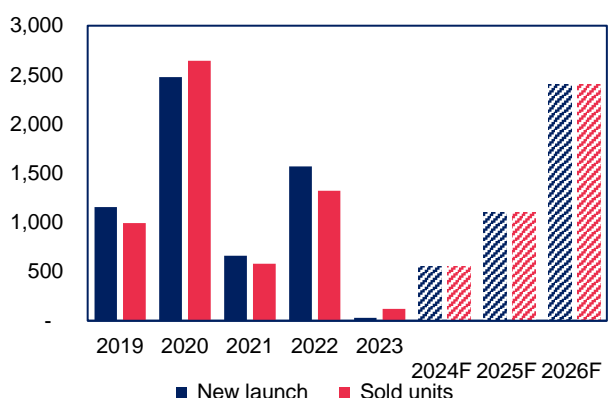
The low-rise supply is concentrated in the Eastern regions of Ho Chi Minh City

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. Residential properties in satellite cities like Dong Nai and Binh Duong will also benefit from these projects, with larger supply available.

For 2025F, the low-rise new supply in HCMC is expected to hit 1,100 units (+100% YoY), primarily coming from newly developed projects, developed by reputable developers, with clear legal status. Newly launched projects will be focused mainly on the high-end segment.

Figure 16: Low-rise supply in HCM



Sources: CBRE, MBS Research

Figure 17: Low-rise supply in HCM city and Southern region in 2025

Project	Location	Developer	Scale	Segment	Expected selling price
The Global City	Thu Duc	Masterise Homes	600 townhouses, 300 villas	High-end	~VND330mn
Foresta (Emeria & Clarita)	Thu Duc	Khang Điền & Keppel Land	200 units	High-end	VND220 - 250 mn
Solina	Binh Chanh	Khang Dien	200 units	High-end	VND 180mn
LA Home An	Long An	Prodezi Long An	100 ha with 3,750 units	Mid-end	n/a
Izumi City (next phase)	Dong Nai	Nam Long	180 units	Mid-end	VND 75mn

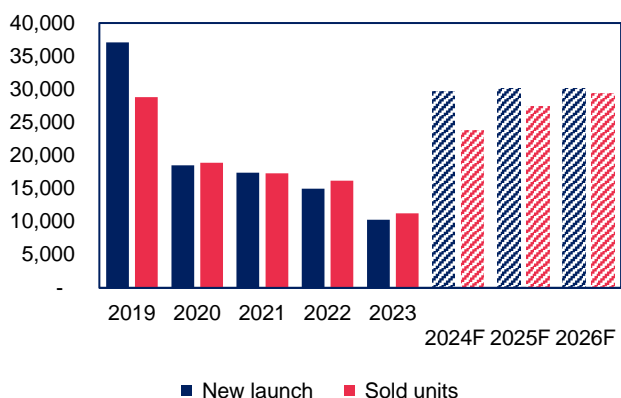
Sources: batdongsan.com.vn, MBS Research

The heat may persist in the North

The supply of apartments is coming from the Eastern and Western regions as land in the city center becomes scarce

According to CBRE, the supply of high-rise residential units in Hanoi is forecasted to reach 30,100 newly launched units in 2025F, representing a slight increase compared to 2024 and setting a new five-year record high. A substantial portion of this anticipated supply is expected to be concentrated in the high-end segment, driven by prominent developers such as Masterise Homes, MIK Group and Mitsubishi & Vinhomes. Meanwhile, data from OMRE indicates that the distribution of new supply by region will be led by the Eastern region (accounting for 48% of the total), followed by the Western region at 29% and the Northern region at 19%.

Figure 18: Apartment supply in Hanoi



Sources: CBRE, MBS Research

Figure 19: Apartment projects launched for sale in Hanoi and Northern region in 2024 - 2026

Project	Location	Developer	Scale	Segment	Expected selling price
Masteri Grand Avenue	Dong Anh	Masterise Homes	1,460 apartments	High-end	VND 100-120 mn
The Matrix One (Phase 2)	Nam Tu Liem	MIK Group	2 apartment blocks	High-end	VND 120-140 mn
Vinhomes Wonder Park	Dan Phuong	Vinhomes	4 apartment blocks	High-end	n/a
Nobel River	Crystal Tay Ho	Sunshine Group	900 apartments	High-end	n/a
Nobel Long Bien	Crystal Long Bien	Sunshine Group	4 apartment blocks	High-end	n/a
The Metropolitan	Gia Lam	Mitsubishi	~1,000 apartments	High-end	n/a
The Senique	Gia Lam	Capital Land	2,150 apartments	High-end	VND 80mn
Masteri Lakeside	Gia Lam	Masterise Homes	2,500 apartments	High-end	VND 80mn

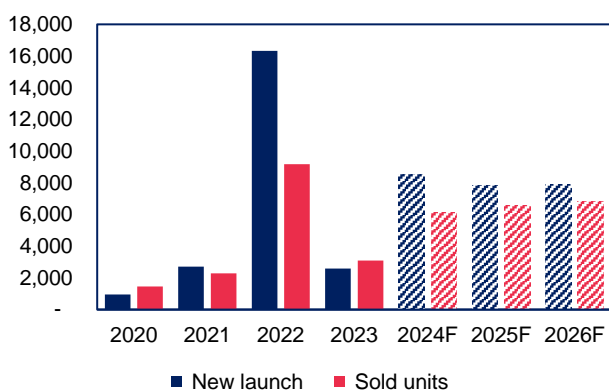
Sources: batdongsan.com.vn, MBS Research

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

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 Vinhomes Ocean Park and Vinhomes Vu Yen.

New launched supply in 2025F is expected to reach 7,800 units (-8.2% YoY), with the main contribution from the high-end segment. The new low-rise supply is mainly from projects of Vinhomes and Sunshine Group in the Western and Eastern Hanoi.

Figure 20: Low-rise supply in Hanoi



Sources: CBRE, MBS Research

Figure 21: Low-rise projects launched for sale in Hanoi and Northern region in 2024 - 2026

Project	Location	Developer	Scale	Segment	Expected selling price
Vinhomes Wonder Park	Dan Phuong	Vinhomes	2,356 dwellings	High-end	n/a
Nobel Long Bien	Place Long Bien	Sunshine Group	172 dwellings	High-end	n/a
Nobel Capital	Tay Ho, Bac Tu Liem	Sunshine Group	~100 dwellings	High-end	VND 500 Mn
Vinhomes Ocean Park 3	Hung Yen	Vinhomes	3,500 dwellings	High-end	VND 100 Mn
Vinhomes Vu Yen	Vu Hai Phong	Vinhomes	2,900 dwellings	High-end	VND 120 Mn
Vinhomes Ha Long Xanh	Ha Quang Ninh	Vinhomes	4,100ha	High-end	n/a

Sources: batdongsan.com.vn, MBS Research

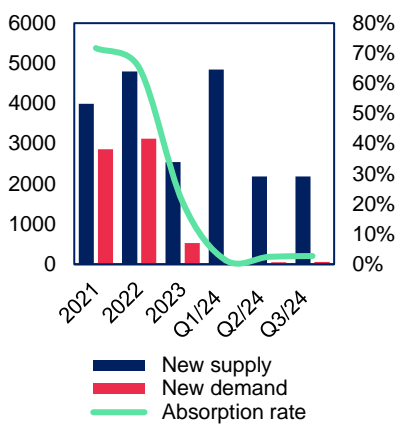
The Hospitality Real Estate segment remains profoundly subdued

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.

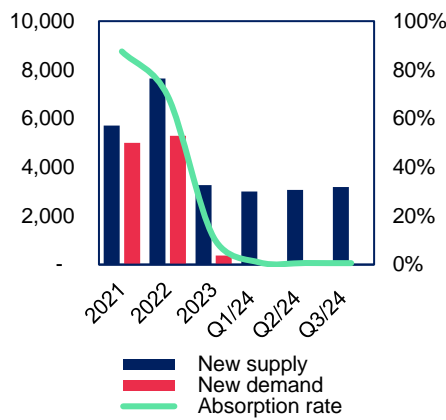
For the condotel market, the supply continues to be predominantly sourced from the existing inventory of older projects (accounting for over 98%), primarily due to ongoing legal issues. According to DKRA, overall market demand has recorded the lowest level in the past 5 years, with an absorption rate of only 1.3%, equivalent to a 35% YoY 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.

Figure 22: Resort Villa/Townhouse Supply, New Demand, and Absorption Rates



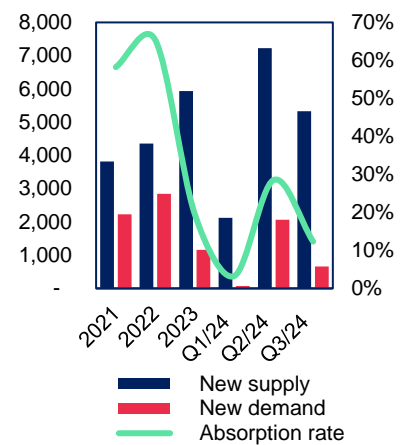
Sources: DRKA, MBS Research

Figure 23: Resort Shophouse Supply, New Demand, and Absorption Rates



Sources: DRKA, MBS Research

Figure 24: Resort Condotel Supply, New Demand, and Absorption Rates



Sources: DRKA, MBS Research

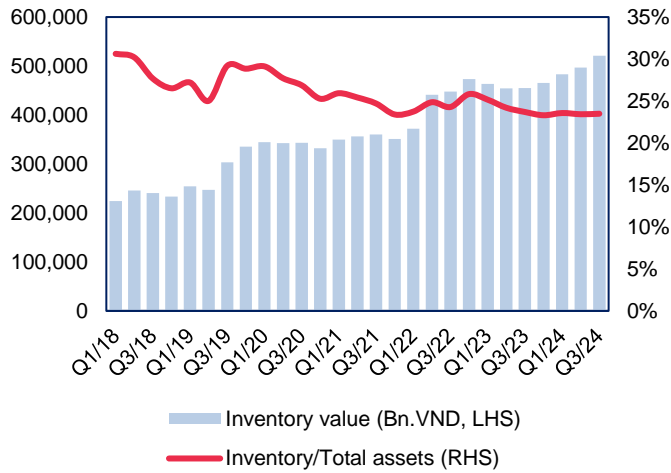
Current picture of real estate enterprises

The supply and sales performance have recovered, albeit modestly

The steady rise in inventory value at the end of 3Q24, following the low point in 2Q23, indicates a gradual recovery in the execution of residential property projects. This recovery is primarily driven by subsequent phases of existing projects and those with clear legal status. The inventory-to-total-assets ratio has been on a downward trend since its peak in 4Q22, stabilizing at 23% after a slight increase in 1Q24.

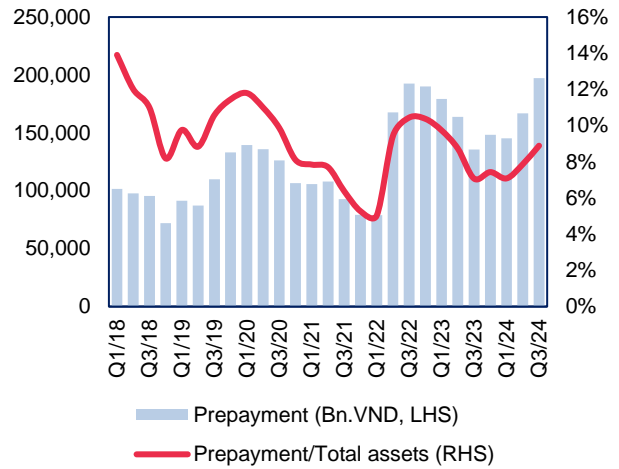
Moreover, the pre-paid buyer value has significantly increased over recent quarters. In 3Q24, prepayment value reached VND 197,348 billion (+45.4% YoY), marking an all-time high and signaling a notable recovery in overall sales performance. Despite increase in overall supply, many newly launched projects have experienced high absorption rates, reflecting 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 25: Total inventory value is increasing but the inventory-to-total assets ratio stood at 23% at the end of 3Q24, falling back to the low base as in Q4/21



Sources: FiinPro, MBS Research

Figure 26: Customer prepayment-to-total asset ratio experienced an increase since 1Q24 to 9% at the end of 3Q24



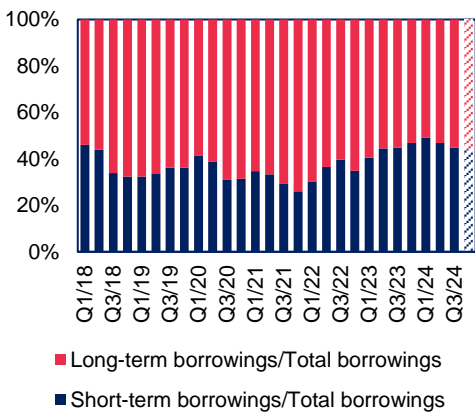
Sources: FiinPro, MBS Research

Leverage is at medium level, the ability to mobilize capital from customer is improving

The total borrowing value of real estate enterprises has shown consistent growth over recent quarters, with a slight dip in 3Q24, amounting to VND 475,731 billion (+4.8% YTD, -1.8% QoQ). The ratio of long-term borrowings to total borrowings hit its lowest point at 51% in 1Q24, but has bounced back to 55% in 3Q24, reflecting efforts to expand their debt capital in anticipation of upcoming real estate projects.

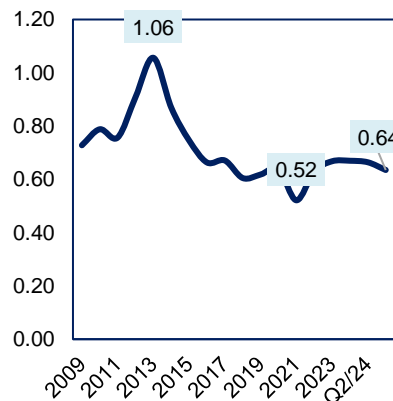
The borrowings-to-equity ratio in 3Q24 has remained consistent with the average observed over the past eight years, suggesting a stable balance between debt and equity financing. Meanwhile, the proportion of total liabilities within total capital has reached a record high of 66%, underscoring an increasingly mobilized capital from customers.

Figure 27: Short-term borrowings/ Total borrowings and long-term borrowings/ Total borrowings



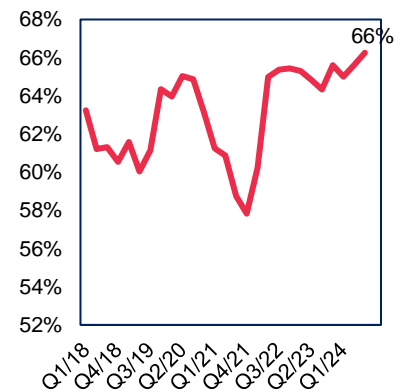
Sources: FiinPro, MBS Research

Figure 28: Total borrowings/Equity



Sources: FiinPro, MBS Research

Figure 29: Total liabilities/ total capital ratio indicates better presales performance



Sources: FiinPro, MBS Research

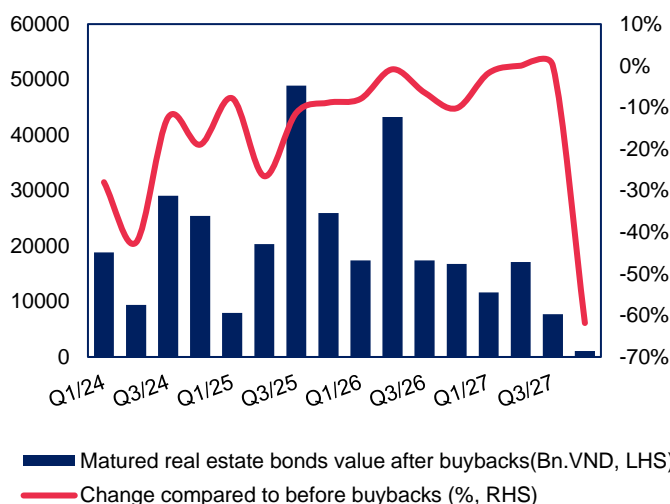
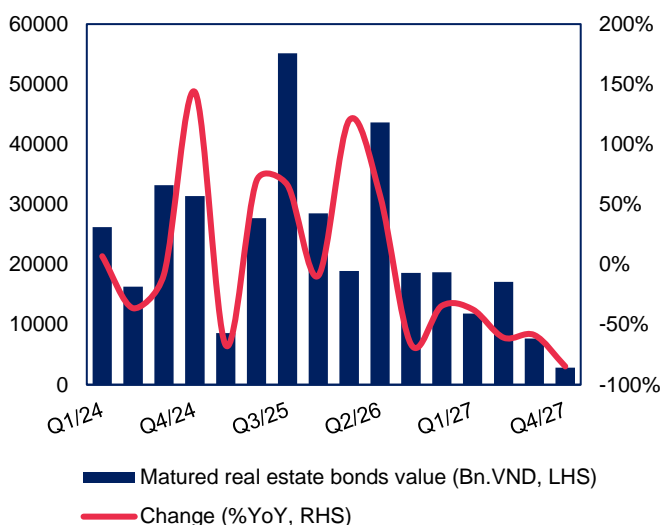
Real estate corporate bond risk is no longer a big concern

Total value of outstanding real estate corporate bonds maturing in 2025-26F after buybacks are VND 103,177/ 94,875 billion, respectively, showing 14%/ 5% reduction compared to before buybacks, which is no longer a big concern.

Insolvency is less likely to occur, as the real estate market gradually becomes more positive. If the cash flow is tight, real estate enterprises only need to set a small product discount to sell products and may avoid default risk. Prepaid from customers are increasing which will improve the enterprises' financial health.

Figure 30: Real estate development companies have bought back VND18,402 bn of corporate bond in 9M24,...

Figure 31: ... helping the maturity of outstanding bonds in 2025-26 decrease by 14% and 5% respectively.



Sources: HNX, MBS Research

Sources: HNX, MBS Research

Activities related to capital restructuring and residential property project M&A are expected to be vibrant in 2025

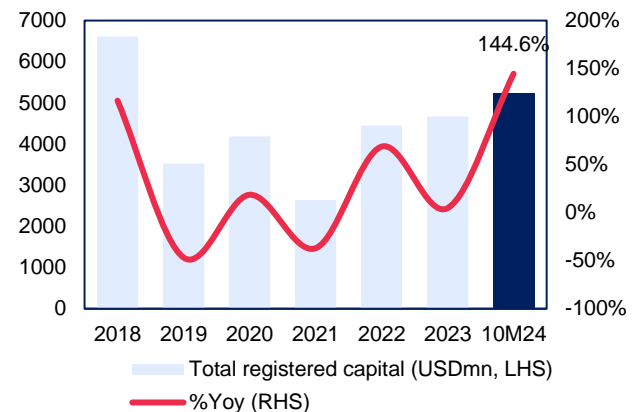
We believe that capital raising via issuance will be one of the highlights for residential property developers in 2025, as they aim to restructure debt, fulfill land-related financial obligations to the government, and cope with rising project development costs.

Additionally, we expect M&A activity for residential property projects to also be an important trend in 2025 for the following reasons: (1) The financial health of many residential property developers remains weak, and they are unable to access capital, while project development costs will continue to rise as we have analyzed above (2) Interest rate volatility has significantly decreased and will make it easier for buyers to arrange financing to execute transactions in the future (3) 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 32: Key tie-up in property sector in 2024

Projects	Investor	Partners	Value
The One World urban zone	Kim Oanh Real Estate Corp	Sumitomo Forestry, Kumaga Gumi, NTT	1 Bn.USD
SDI Investment and Trade Development Company	Vingroup	a group of companies headquartered in Vietnam	982 Mn.USD
Tan Thanh Binh Duong Urban Housing Complex (18.9ha)	Becamex IDC	Sycamore Ltd (CapitaLand)	553 Mn.USD
Tâm Lực Housing Complex (3.7 ha, located in Thủ Đức city)	Tâm Lực Real Estate Jsc	Gamuda Land	315.8 Mn.USD
Paragon Đại Phước (45.5ha)	Nam Long Group	Nishi Nippon Railroad	26 Mn.USD

Sources: MBS Research

Figure 33: FDI inflows into residential properties have seen a strong increase in the first 10 months of the year (+144.6%yoy)


Sources: MPI, MBS Research

Companies raised capital in 2024 and plan to have an issuance in 2025

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 VND 19,501 bn to over VND 31,200 bn.	2025
Khang Dien House Trading and Investment Jsc (KDH)	The company issued 110.09 million shares through a private placement to 19 professional securities investors at a price of 27,250 VND/share, raising over VND 3,000 bn, carried out in 8M2024.	The company's charter capital increased from VND 7,993.1 bn to above VND 9,094 bn.	
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/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/share.	The company's charter capital may increase from VND 6,099 bn to over VND 9,599 bn.	The rights issue and the private placement are expected to take place in 2025.
Dat Xanh Group JSC (DXG)	The company is offering a rights issue of 150 million shares to existing shareholders at a minimum price of 12,000 VND/share, with a ratio of 24:5. 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/share.	DXG will be able to raise over VND 3,500 bn, while also increasing its charter capital from more than VND 7,200 bn to nearly VND 9,650 bn.	It is expected to take place in early 2025.
Phat Dat Real Estate Development JSC (PDR)	The company offered a rights issue of 134.3 million shares to existing shareholders at a price of 10,000 VND/share.	The company's charter capital increased from VND 7,388 bn to over VND 8,730 bn	

Sources: Companies' Reports, MBS Research

Investment strategy

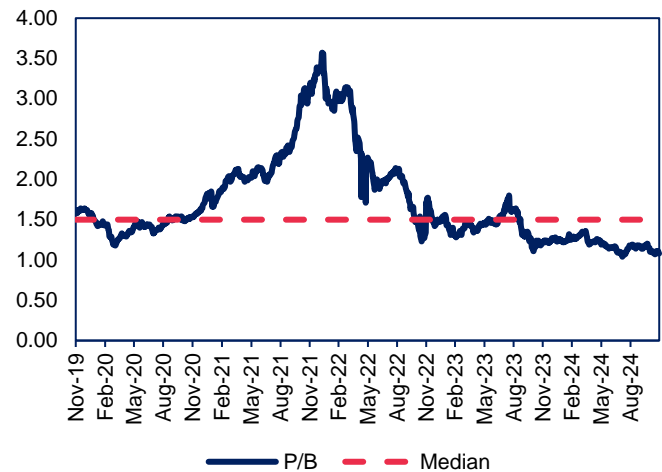
We believe an imminent re-rating is probable in the upcoming period

To date, the Residential Property sector has significantly lagged behind the VN Index, with respective YTD gains of 9.8% and -1.4%. The current P/B of the Residential property group stands at 1.08 times, lower than the 5-year median of 1.50 times.

We believe that with the Residential property sector currently trading at relatively low valuations and the industry outlook showing more positive signals, the market is likely to seek out leading sectors with compelling narratives, appropriate risk-reward ratios in the near future. We do not rule out the possibility of a re-rating of residential property stocks to bring the group to more reasonable valuations.

Figure 34: Property Index has been lagging compared to VNI (YTD)


Sources: FiinPro, MBS Research

Figure 35: Valuation of Residential Property Index is below 5-year median


Sources: FiinPro, MBS Research

FY24F-26F key financial metrics of stock under our coverage

VND bn	VHM			NLG			DXG			KDH		
	2024	2025	2026	2024	2025	2026	2024	2025	2026	2024	2025	2026
Revenue	85,593	93,193	99,584	5,813	5,798	5,272	3,745	4,460	6,384	3,544.7	5,334.5	5,941.2
% YoY	-17.3%	8.9%	6.9%	82.6%	-0.2%	-9.6%	0.5%	19.1%	54.1%	69.3%	50.5%	11.4%
Gross profit	41,510	38,885	19,518	2,515	2,616	2,456	1,975	2,420	3,309	1,852.8	2,846.0	3,157.2
GPM (%)	40.6%	44.5%	39.0%	43.4%	45.9%	46.9%	52.7%	54.3%	52.1%	52.3%	53.4%	53.1%
EBIT	30,641	35,831	31,081	912	1,074	1,002	562	712	804	1,368.8	2,195.3	2,371.5
EBIT margin (%)	59.4%	63.4%	59.8%	19.1%	18.9%	18.2%	23.5%	24.6%	32.5%	38.6%	41.2%	39.9%
NPAT	35,008	39,023	40,775	471	576	535	234	305	481	943.1	1,057.6	1,339.6
% YoY	4.9%	11.5%	4.5%	-2.7%	22.3%	-7.1%	36.0%	30.3%	57.7%	31.5%	12.1%	26.7%
EPS (VND/share)	8786	9794	10234	1178	1240	1181	228	387	540	933	951	1095
BVPS (VND/share)	49,867	59,621	69,838	31,200	29,900	30,650	15,219	15,836	16,300	16,349	15,740	15,316
Net cash/share (VND/share)	-2651	-1576	19	-1130	-1281	-1265	-1549	-573	-1200	-2253	1381	-129
Debt/Equity	31.8%	26.1%	21.0%	40.0%	40.0%	40.0%	110.0%	110.0%	120.0%	41.0%	58.0%	49.0%
Dividend ratio (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	11.4%	0.0%	0.0%
ROAE (%)	18.5%	17.9%	15.8%	5.5%	6.0%	5.3%	2.3%	4.0%	7.2%	5.5%	5.5%	6.6%
ROAA (%)	7.4%	7.6%	7.5%	2.0%	2.1%	1.9%	0.9%	1.7%	3.2%	3.6%	3.7%	4.3%

We prefer KDH, DXG and NLG

Stock	Rating	Target price (VND/share)	Investment thesis
KDH	ADD	43,000	<ul style="list-style-type: none"> 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 943.1 billion VND (+31.5% YoY) when the entire project is expected to be handed over in 4Q/24 and 2025. In 2025 – 2026, due to lack of low – rise projects in HCM, we forecast Emerica and Clarita would have high absorption rate (over 65%). Moreover, pre – sale expected to accelerate 336% yoy in 2025 thanks to launching Emerica and Clarita with more than 230 low – rise units and NP expected to rise 12.1%. 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%.
DXG	ADD	23,700	<ul style="list-style-type: none"> The catalyst of DXG is about the key project Gem Riverside (3,000 condominiums). We expect under the situation of condo supply shortage in the city center, Gem Riverside could have high absorption rate of 80%. Moreover, we project the selling price could reach more than 90 million VND (fair price as compared with that of other projects in Thu Duc City). Thanks to the contribution of Gem Riverside, the NP in 2026 could reach 481 billion VND (+104% YoY). The pre – sale is forecasted to climb 203% to VND 4,600 billion with the contribution of Gem Riverside. The stock currently has significant upside potential (+36.8%) thanks to revaluation of Gem Riverside.
NLG	ADD	45,000	<ul style="list-style-type: none"> We project NLG is beneficiary of the real estate recovery thanks to the middle – income segment. In 2024, Pre-sales are expected to reach around VND 8,700 billion (+8% YoY) by launching subsequent phases of the Southgate, Mizuki, and Akari projects, comprising approximately 600 apartments and 200 low-rise units. In 2025, Net profit is projected to grow 13% YoY to 548 billion VND, driven by the handover of sold units from the Mizuki and Southgate, totaling around 220 townhouses and 300 apartments because we expect low – rise segment could have positive signs in 2H25. 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 payment pressures.
VHM	ADD	54,700	<ul style="list-style-type: none"> VHM owns large land bank in large cities such as Wonder Park (133 hectares), Royal Island (877 hectares), making favourable conditions for the company's sustainable development. In addition, other mega projects such as IUT (880 hectares), Green Paradise (2,870 hectares) and Apollo City (5,489 hectares) will bring long-term development potential; Robust unbilled sales make a solid foundation for growth in FY24-26F. We forecast, in FY24-26F, net profit to grow 5%/11%/4% yoy, respectively; After the completion of the share buyback, shareholder interests are increased through increased ownership and profit sharing.

Figure 36: Peer comparison

Company	Ticker	Market price	Target price	Mar Cap	RCM	P/E (x)		P/B (x)		ROA (%)		ROE (%)	
		Bloomberg VND	VND	(Mn USD)		2024	2025	2024	2025	2024	2025	2024	2025
Vinhomes Jsc	VHM VN	40,850	54,700	6,600	ADD	4.6	4.2	0.8	0.7	7.4	7.6	18.5	17.9
NOVALAND Group Jsc	NVL VN	10,550	N/A	1,019	Not rated	62.6	NA	0.7	0.8	0.2	NA	-3.8	-6.4
KhaDiHouse Jsc	KDH VN	34,500	44,200	1,151	ADD	42.7	41.4	3.0	2.6	3.0	5.0	5.2	4.7
Hoang Huy Investment Financial Services Jsc	TCH VN	15,700	N/A	515	Not rated	17.6	NA	1.5	NA	5.2	NA	8.6	NA
Nam Long Investment Jsc	NLG VN	38,100	45,000	616	ADD	32.0	30.4	1.2	1.3	2.0	2.1	5.5	6.0
Phat Dat RE Development JSC	PDR VN	21,850	N/A	830	Not rated	36.4	15.6	1.8	1.7	3.3	8.5	5.6	12.0
Dat Xanh Group	DXG VN	17,850	23,700	453	ADD	45.3	41.1	1.1	0.9	0.9	1.7	2.3	4.0
Average						36.2	23.3	1.3	1.6	3.3	4.9	5.9	6.4

Sources: Bloomberg, MBS Research

DISCLAIMER

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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.

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