

SOUTH-VIETNAM PROPERTY REPORT



Vietnam property market has always been updated in terms of product diversification and legal framework that open to foreign investors and entrepreneurs. In our Southern Vietnam, property market is well developed and welcomed prominent developers from Singapore, Hong Kong, etc., and construction partners from England, Taiwan, Thailand, etc. Therefore, the quality is international standardized with global contribution towards the market potentials. During 2021-2030, Ho Chi Minh City and Hanoi City are two major investment destinations of Vietnam cash flow distribution and distribution to enhance the completion of infrastructure. Hence, the commercial transportation, logistics and trading prosperously develop across regions, especially in Ho Chi Minh City and its satellite cities namely Thu Duc City (Western Saigon).

Thu Duc City including District 2, District 9 and Thu Duc District is officially gross formulated to become a strategic satellite city of Ho Chi Minh City. Regarding economic contribution, Thu Duc City makes up **30%** to Ho Chi Minh's RGDP, provides more than 50.000 residences to inhabit whereas more than 20.000 professions and upper-skilled officers to work in Saigon Hi-Tech Zone Parks that located in

the heart of Thu Duc City. This benefits the logistics and stimulates economic development flow. Together with the estimated operation of Long Thanh international airport in 2025, commercial real estate will incrementally increase along ways that head to this airport. The infrastructure such as highways, subways, avenues are proving the effort of every unit responsible and being on right timing of completion and handover.

Before navigating towards the detailed information about each property our group visited on 22nd February 2023, I would walk through proprietary legal framework fundamentals for foreigners and some of the suggest on the purchasing process.

LEGAL FRAMEWORK FOR FOREIGN INVESTORS

Honestly, foreign investors have wider selection and selling procedures besides limited property categories. In terms of local market, Vietnamese sellers could only negotiate and propose the property to another Vietnamese buyers or investors when foreign investors or businesses could transfer the contract to both foreigners and Vietnamese buyers. It becomes the key factor for entrepreneurs to invest in Vietnam assets when the law first published in 2014.

The most common contract for international businesses that legally have branch and own a property here (Article 159, Housing Law 2014), is **Long-term Lease (LTL)** which has the duration of 50 years starts counting onwards since the official announcement for legal usage of the land or project. This piece of information is publicly cited in the contract when signing. To commercial real estate, most foreign investors prefer this contract thanks to the lower price compared to the



Sales and Purchase Agreement (SPA) depending on the project and developer.

The second type of contract is SPA as mentioned, the duration is also 50 years, differing from LTL, SPA starts counting onwards since the agreement is legally established. Standing unbiased literacy, LTL and SPA is decided upon the entrepreneur's long-term plan and each of them favors in different taxation advantages. In Vietnam contract regulations, LTL terms and conditions vary not too much from SPA also help entrepreneurs to benefit from less taxation burden compared to SPA. Noticeably, SPA is limited around 30% quota for foreigners in one project, usually residential project, while LTL would provide wider selection. Both these contracts apply to residential and some specific categories of commercial real estate such as project shophouse. Furtherly discussed, commercial land, warehouse or factory would only be able to under lease contract for 70-year-duration.

In a nutshell, there are several notes for our group as a foreign business:

- (1) Business has an official and operating branch in Vietnam would be legally recognized and allowed to have house ownership in Vietnam.
- (2) Upon the current housing law, it would be more beneficial for our group to have one Vietnamese person as company local representative to conduct and receive most of the law privilege that compiled for Vietnamese citizens.

PROPERTY TOUR 22/02/2023 SUMMARY AND SUGGESTIONS

1. DETACHED HOUSE

Address: 131 Nguyen Cu Trinh Street, Nguyen Cu Trinh Ward, District 1, HCMC.



PROPERTY INFORMATION	
Land area	40 sqm/ 12 坪
Usage area	224,6 sqm/ 67,38 坪
Legal statement	Pink book
Built since	2008 - 2009
Structure	1 ground floor, 5 floating floors, 1 tum
Status	12 rooms, 8 toilets
Facility	City Center District Well-developed and diverse range of services Convenient connection between districts 30 minutes away from Tan Son Nhat airport
Selling price	32 billion VND/ 1.3 million USD (EXR: USD/VND: 24.000)

Notes: This property is (freehold) owned by Vietnamese landlord, so Vietnamese representative should be signing the transfer contract. And as so, our group would also own this property under the name of representative with freehold pink book accordingly to Housing Law.

Regarding the advice and consultation, this property is cheaper to market price and its core value as its location. District 1 is the most demanding market for office rent and façade that serves commercial use, district land and property could make up more than 1 billion VND per sqm/ per 0,3 坪. This could be one of the options with good price, adequate legal contracts and documents.

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2. SHOPHOUSE VICTORIA VILLAGE (DEVELOPER: NOVALAND)

Address: Complex residential and commercial project on Dong Van Cong Street, Thanh My Loi Ward, District 2, HCMC.



PROPERTY INFORMATION

Land area	206 sqm/ 33 坪
Usage area	377,7 sqm/ 113,31坪
Legal statement	Pink book/ Duration of 50 years
Handover	2022
Structure	5 floors
Status	Raw constructed inside, just construction
Facility	Within a complex area Front line with Dong Van Cong with vibrant logistics activities (containers usually move along this way)
Selling price	24 billion VND/ 1 million USD (EXR: USD/VND: 24.000)

Notes: This property is owned by a Vietnamese landlord, so it is unable to transfer the agreement to a foreigner. so Vietnamese representative should be signing the transfer contract. And as so, our group would also own this property under the name of representative with freehold pink book accordingly to Housing Law.

Regarding the advice and consultation, this project is still under construction with limited population surrounding. Developer (NOVALAND) is also under bad financial health.

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3. TOWNHOUSE THE GLOBAL CITY (DEVELOPER: MASTERSIE HOMES)

Address: Complex residential and commercial project on Do Xuan Hop Street, An Phu Ward, Thu Duc City, HCMC.



PROPERTY INFORMATION

Land area	Average 95 sqm/ 28,5 坪 (the largest: 140,9 sqm/ 42,27 坪)
Usage area	Average 346,56 sqm/ 103,968 坪 (the largest: ~560 sqm/ 168 坪)
Legal statement	LTL/Pink Book (upon investor's demand)
Handover	Estimated Quarter 4/ 2025
Structure	4 floors
Status	Raw constructed inside, green-full designed façade (4 types of façades)
Facility	A complex community with built-in hospital, school at every grade 25 minutes away from Tan Son Nhat Airport 30 minutes away from Long Thanh International Airport 15 minutes away from District 1 Adjacent to main roads of transportation and traffic of the city Lien Phuong avenue, which is the major infrastructure of HCMC, lays amid the project. Grade A+ biggest shopping mall ever operated in Vietnam (guaranteed by Fosters and Partners) Commercial attraction: the largest water music performance among Southeast Asia countries.
Selling price	From 42,7 billion VND/ ~1,7 million USD

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Notes: This property is offered as a model of property that first buy from developer without second-seller markup price. The advantage of this property is its location lying between HCMC and Thu Duc City, between transportation connections such as avenues, highways, metro line. This property is a commercial attraction whereas many giants in F&B made their deposit for one slot here already. Moreover, this property is supported by bank mortgage with 0% interest rate to the end of 2023, selling price is also discounted to 9% for specific payment method.

Regarding the advice and consultation, Masterise Homes is a prominent developer with right-timing handover and currently works with international partnership that, yet any developer could be able to invite the corporation.

Masterise Homes partnership could be namely listed: Foster and Partners, WATG, Tange, Tung Feng, Elie Saab, etc. Financial health of Masterise Homes is also in a controllable status. Legal documents are also complete. Hence, under my living and profession experience, The Global City is worth for locating a business here due to (1) thorough infrastructure of Western Saigon; (2) branded international giants' contributions; (3) within a residential area with available customers; (4) two major commercial attractions: the largest shopping mall Grade A built by Foster and Partners and the largest water performance in SEA region and; (5) saving expense from energy sustainable construction of each building and the entire project.

IN CLOSING

To conclude, comparing the market fundamentals, lively and abundant population degree of South and North Vietnam, Ho Chi Minh City would remain more potential with its explosive green-living and organic product usage trend. This report is a brief introduction and summary of the property tour on 22nd February 2023 and some of the basic market current updates. Vietnam is a frontier market and makes every effort to become the next dragon of SEA region, therefore, the Foreign Direct Investment cash inflow records constantly high and that make the market vibrant. Overall, more negotiation and discussion shall happen and it is my pleasure to get along and resolve our business concerns in further reports.