The Vietnam Investment Guide

Q2 2025	Unlocking strategic opportunities in Vietnam	knightfrank.com/research

Unlocking Opportunity –
Vietnam attracts more than USD 30 billion in foreign direct investment every year.

CONTENTS

INTRODUCTION

WHY VIETNAM?

Positioned in the heart of Southeast Asia, Vietnam is a crucial link between China's manufacturing belt and ASEAN's fast growing consumer markets. Twenty free trade agreements open doors to more than sixty markets, giving investors access to a customer base of almost two billion people.

Operating costs remain the lowest in the region, with the statutory minimum wage at USD 197 per month, and industrial land rents sitting well below those in neighbouring Thailand, Malaysia and coastal China.

Infrastructure is improving rapidly. Over the past five years, more than one thousand km of expressways have opened, and deep-sea terminals in Hai Phong and Cai Mep are already receiving the world's largest vessels. Long Thanh International Airport, designed for one hundred million passengers a year, is currently under construction outside HCMC. These projects shorten transit times and reduce logistics costs for exporters.

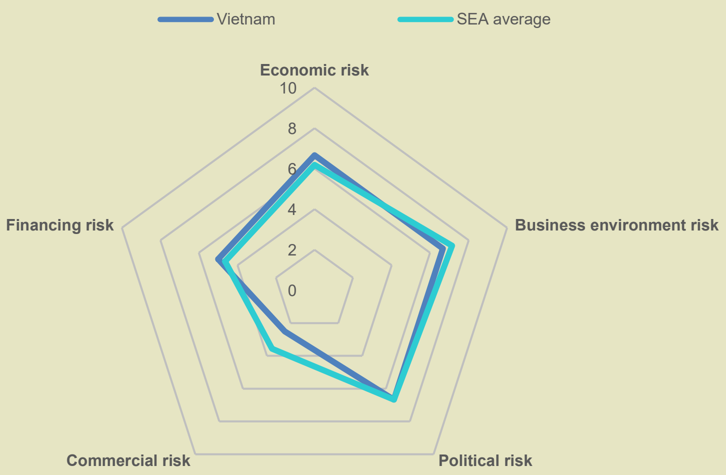
Vietnam's macroeconomic record is equally compelling. Over the past 20 years, real GDP has expanded by an average of 6% a year, placing the country among the world's fastest growing economies. Annual FDI has exceeded USD 30 billion since 2019, thanks to transparent investment laws, generous tax incentives and a stable political climate. A rapidly growing middle class, forecast to reach half the population by 2030, reinforces investor confidence and supports long term domestic demand.

PRESTIGE NAMES

The country is also moving up the value chain. High tech manufacturers now account for more than half of merchandise exports, compared with eight per cent in 2010. Global electronics leaders, such as Samsung, LG Display and Hon Hai Precision, produce smartphones, televisions and printed circuit boards for the world's largest brands.

International developers from Singapore, Japan, Taiwan and South Korea have committed billions of US dollars to industrial parks, logistics centres and mixed use urban districts, underscoring the widespread confidence in Vietnam's growth story.

Figure 1: Country Risk Report



Risk is rated on a scale from 1 (lowest risk) to 10 (highest risk). Vietnam was evaluated across five categories: economic, business environment, political, commercial and financial. The country performed slightly above the Southeast Asia (SEA) average in both business environment and commercial risk.

According to Allianz, Vietnam's overall risk rating is B2, indicating medium risk.

Source: Allianz, Knight Frank Research, Q1 2025

Vietnam in Numbers	
Population (2024)	101.1 million
Nominal GDP (2024)	USD 476.3 billion
GDP per capita (2024)	USD 4,700
CPI inflation (2024)	3.6%
Unemployment rate (2024)	2.2%
Commercial real-estate investment (2024)	USD 3.7 billion
10-year gov. bond yield (Apr 25)	3.1%
Coastline length	3,260 km (top-27 globally)
Land area	331,690 km² (18th in Asia)
Largest Vietnamese firms	Vingroup, Viettel, PVN, Techcombank, Vinamilk

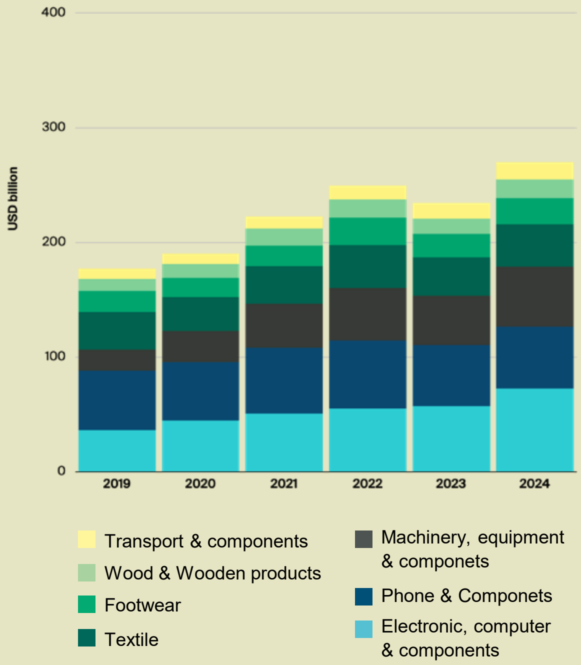
Source: IMF, WEO, General Statistics Office, Trading Economics, Knight Frank Research

I – VIETNAM AT A GLANCE

Figure 2: Strategic Location

Vietnam plays a prominent role in the global export roadmap, with diversified export products.

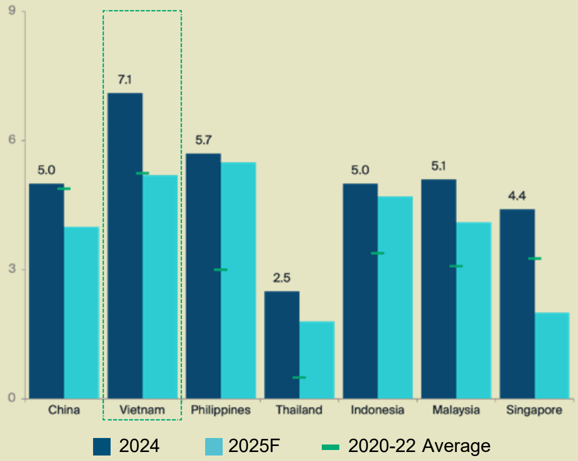
Figure 3: Total Revenue of Key Export Goods in Vietnam



Source: General Statistics Office, Knight Frank Research

Vietnam's thriving economy saw an impressive 7% GDP growth in 2024, with resilient growth expected to continue at 7% per annum until 2030.

Figure 4: GDP Growth Rate



Vietnam's abundant labour force and competitive labour costs position it as a leading manufacturing destination in Southeast Asia, with labour productivity gradually improving in recent years.

Table 1: Labour Force Assesment

Country	GDP per hour worked (*)	Minimum Wage (USD/mth)	Labour Force (mn)
Vietnam	**12.4** | 5.3% y-o-y	**197**	**57.1**
Thailand	18.5 | 3.3% y-o-y	302	40.6
Indonesia	15.7 | 3.8% y-o-y	126	143.1
Philippines	12.1 | 4.7% y-o-y	190	50.9
Malaysia	30.4 | 2.6% y-o-y	337	18.3
Singapore	96.9 | 1.1% y-o-y	~5,000	3.7

(*) (GDP constant 2021 international $ at PPP) in 2025

Source: National wage commissions, IMF, United Nations, International Labour Organisation, World Bank

Table 2: Real Estate Assessment

Tier – 1 Province	Population	PCI Rankings 2024 vs. 2022	Infrastructure Developments	Most Active Sectors in 2024
Hanoi	8.72 m	24 vs. 22	• Metro Line 2A • Ring Road 4 • Noi Bai–Lao Cai upgrades	• Office • Apartment • Industrial • Hotel
Hai Duong	2.65 m	14 vs. 32	• Haiphong–Hanoi–Thai Nguyen spur • East-West axis road project	• Industrial
Hung Yen	1.32 m	10 vs. 14	• Ring Road 4 segment • Connecting route between Hanoi-Haiphong Expressway & Cau Gie-Ninh Binh Expressway	• Apartment • Landed Property • Industrial
Bac Ninh	1.63 m	N/A vs. 7	• Ring Road 4 • Gia Binh International Airport	• Industrial
Hai Phong	2.41 m	1 vs. 3	• Lach Huyen port phase II • Haiphong–Quang Ninh expressway	• Industrial
Ho Chi Minh	9.45 m	29 vs. 27	• Metro Line 1 • Ring Road 3 • Thu Thiem 2 bridge	• Office • Apartment • Industrial • Hotel
Binh Duong	2.77 m	N/A vs. 36	• Bac Tan Uyen–Phu Giao–Bau Bang expressway	• Apartment • Industrial
Dong Nai	3.26 m	N/A vs. 29	• Long Thanh Intl Airport USD 16 bn • Bien Hoa–Vung Tau expressway	• Apartment • Landed Property • Industrial
Long An	1.80 m	3 vs. 10	• Ben Luc–Long Thanh expressway • Vam Co River port cluster	• Apartment • Landed Property • Industrial

The Provincial Competitiveness Index (PCI), published annually by Vietnam Chamber of Commerce and Industry (VCCI), evaluates the quality of economic governance to promote business development. The index is based on ten factors: Market Entry Costs, Land Access and Stability in Land Use, Transparency, Time Costs, Informal Charges, Fair Competition, Proactivity of Local Government, Business Support, Labor Training, Legal and Orderly Institutions. The 2024 survey incorporated feedback from nearly 11,000 domestic and foreign enterprises. With the recent mergers of certain provinces and cities (see page 18), the index will be updated accordingly in future editions.
Note:
Annual PCI Report 2024 includes only the top 30 leading provinces
Active real estate sectors are assessed via new supply and market performance recorded during the year.

Source: VCCI, Knight Frank Research

Northern Key Economic Region (NKER):
Hanoi, Hai Phong, Bac Ninh, Hung Yen, Hai Duong, Quang Ninh, Vinh Phuc

Central Key Economic Region (CKER):
Hue, Da Nang, Quang Nam, Quang Ngai, Binh Dinh

Southern Key Economic Region (SKER):
Ho Chi Minh City, Dong Nai, Binh Duong, Long An, Ba Ria – Vung Tau, Tay Ninh, Binh Phuoc, Tien Giang

THREE KEY ECONOMIC REGIONS

As major economic hubs, HCMC and Hanoi strengthen their position as the bright spots for several multinational corporations, supported by a steadily growing immigrant workforce.
This trend has paved the way for the development of a wide range of property types in both cities. In addition, due to strong infrastructure upgrades and relatively competitive costs, neighboring provinces in both NKER and SKER have benefited from positive spillover effects, as shown by increasing foreign direct investment (FDI) inflows in recent years.
Meanwhile, Central Vietnam is entering a new phase of development, particularly for the hospitality sector, driven by its land bank, attractive land prices and strong tourism potential. Da Nang, the centre of CKER, is expected to grow rapidly thanks to its orientation as one of the two financial centres of Vietnam, while the local area has also attracted many high-tech companies, notably the projects of FPT Corporation and Intech Electronics.

Figure 5: Key Economic Hubs

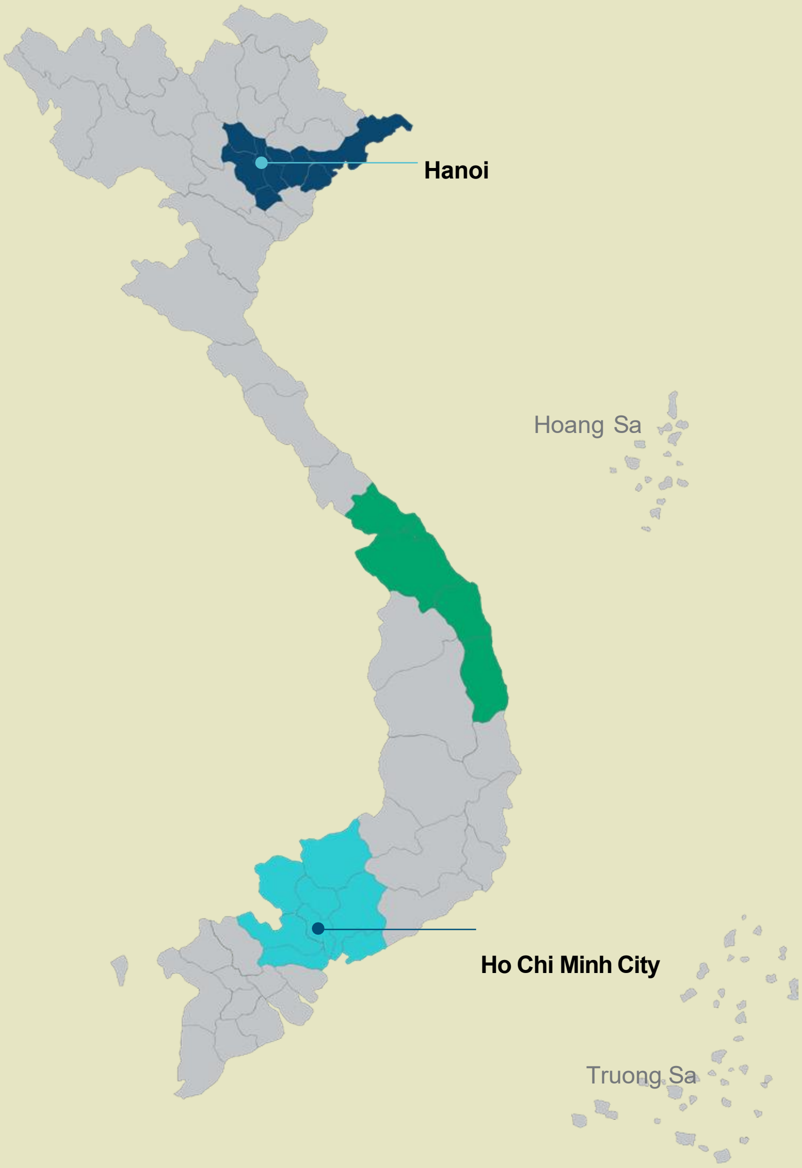
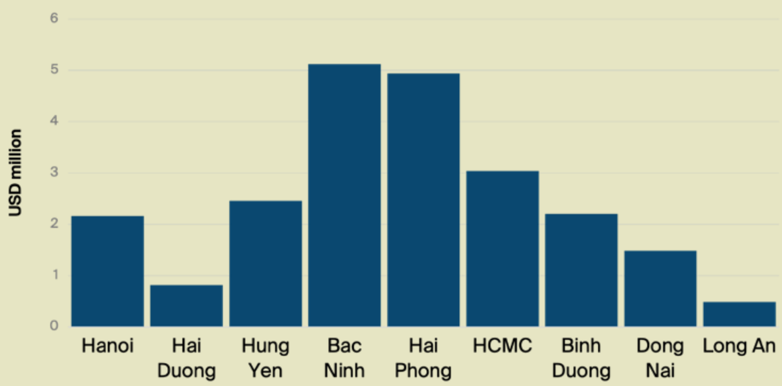


Figure 6: FDI by provinces/cities (Tier-1) as of 2024



(*) Total registered FDI includes new registrations, capital adjustments & share purchases.

Source: Department of Planning and Investment, Knight Frank Research

UNDERSTANDING VIETNAM'S APARTMENT LANDSCAPE

Since 2015, more than 12,000 foreign buyers have purchased apartments in Vietnam, with the majority concentrated in Ho Chi Minh City and Hanoi. These buyers, attracted by promising rental yield and capital gains, have access to a wide range of options from local to international apartment developers. In contrast, transactions by foreign buyers involving villas, townhouses, and shophouses remain limited, due to the unclear legal framework and high investment value required.

MARKET SEGMENTS AND BUYER TRENDS

Vietnam's apartment market has experienced sustained growth over the past two decades, particularly in densely populated urban areas such as HCMC and Hanoi.

These cities are the sector's important apartment market, currently providing a cumulative supply of 700,000 units since 1995 across a broad spectrum from affordable to upper high-end segments. This figure highlights a significant gap when compared to the combined population of over 20 million in both cities. Limited transparent land availability and ongoing legal complexities have contributed to a supply shortage in both major cities.

Due to the rising population coupled with limited supply, apart- ments have become highly favoured over the years, with positive average absorption rates of around 80% at launching events, driving up current market primary asking prices to USD 3,000-4,000 per sq m. The lack of new developments and increasing selling prices in HCMC and Hanoi have driven the apartment market toward satellite regions to address supply shortages and affordability. Northern developers and buyers have shifted to Hung Yen, Bac Ninh, Ha Nam, while those in the South have expanded into Binh Duong, Dong Nai, Long An, and BR-VT.

KEY PLAYERS

Foreign buyer procedure: Foreigners are treated similarly to Vietnamese citizens when purchasing apartments if they hold a valid passport or are legally enter Vietnam.

(Refer to Fig.5.1 below for detailed procedures)

OWNERSHIP

Vietnamese citizens are entitled to indefinite apartment ownership without limitation, whereas foreigners are allowed to purchase units within commercial housing projects only, with the ownership period is 50 years, renewable once for a period not exceeding 50 years if required. *(Article 20, Housing Law 2023)*

The quota of units available to foreign buyers is capped at 30% of the total number within any apartment project. Additionally, foreigners are prohibited from owning properties in areas related to national defence & security.

REFERENCE RENTAL YIELDS AND CAPITAL GAINS

Due to their earlier market maturity and higher property prices compared to neighboring areas, core cities such as Hanoi and HCMC achieved an average rental yield of 3-3.5%, while more affordable satellite areas such as Binh Duong experienced higher yields, staying around 4-4.5%. Furthermore, capital gain rates in major urban areas displayed strong potential, averaging 10–15% per year, while neighbouring areas recorded rates of 8–12% annually.

DIVESTMENT

Foreign individuals are permitted to resell their apartments in Vietnam to Vietnamese citizens, overseas Vietnamese, or eligible foreign entities and individuals. For foreign resales buyers, ownership is limited to the remaining duration of the original term.

RELATED TAXES & FUNDING (BANK SUPPORT)

When purchasing units from developers and resale owners, buyers are required to pay three major fees: VAT, registration and maintenance (Refer to page 8 for detailed market practice). Foreign buyers are eligible to meet essential financial criteria and can qualify for loan support, with a loan-to-value (LTV) ratio ranging from 50-70%.

Figure 7: Key Indicators

1. Project's Milestone, Payment Terms, and Purchasing Procedure

Booking
- Advance amount (**USD2,000–4,000**)
- Select apartments and pay the advance amount for those

~ 90-180 days

Deposit (SPC) – - → Secondary transaction after this milestone
- 5%
- Pay the deposit amount (5%), sign deposit agreement or sale & purchase contract

30%
- Common practice: Sign the Sale and Purchase Contract/Agreement upon payment of up to 30%

~730 days

Depending on projects, many payment terms are applied during this period to support buyers' cash flow and ensure total payment not exceeding **50%** (or **70%** for local developer) before handover for **foreign** developers

Handover
- 95%
- Receive purchased units upon paying 95% of the unit value

~ 180-365 days

After 50 days from handover date, secondary transaction is temporarily suspended until obtaining LURC (or Pink Book, regulated in Article 17, Real Estate Business Law 2023)

LURC (Pink Book)
- 100%
- Receive ownership certificates (LURC/Pink book) and pay additional fees such as registration, administration, etc

2. Resales agency fee

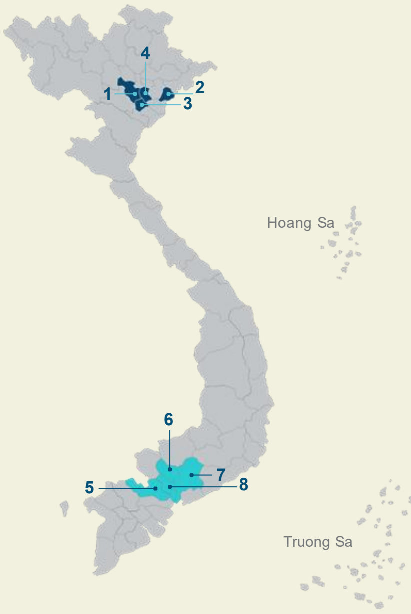
1%
of transacted value

3. Mortgage rate & Packages

Loan-to-value ratio: **50-70%**	**2-year** grace period	**0%** interest rate within grace period	**0%** prepayment penalty fee

Note: After the grace period, interest rates will be applied according to market rates, currently ranging from 5-7% per years, depending on the commercial bank.

4. Location & Selling price



1. Hanoi
- **Average price:** USD 3,083/sqm
- **Unit size:** 45-100 sqm
- **Typical quantum:** USD130k–310k/unit

2. Hai Phong
- **Average price:** ~USD 1,700/sqm
- **Unit size:** 30-100 sqm
- **Typical quantum:** USD 50k–170k/unit

3. Ha Nam
- **Average price:** USD 1,400/sqm
- **Unit size:** 30-60 sqm
- **Typical quantum:** USD 40k–100k/unit

4. Hung Yen
- **Average price:** ~USD 2,400/sqm
- **Unit size:** 30-85 sqm
- **Typical quantum:** USD 70k–200k/unit

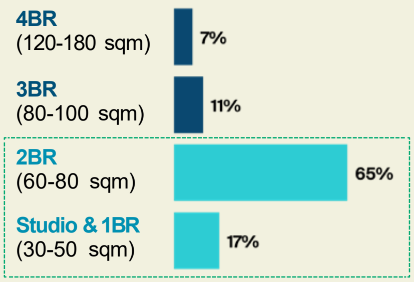
5. Long An
- **Average price:** USD 1,100/sqm
- **Unit size:** 45-75 sqm
- **Typical quantum:** USD 50k–80k/unit

6. Binh Duong
- **Average price:** ~ USD 1,500/sqm
- **Unit size:** 30-100 sqm
- **Typical quantum:** USD 50k–150k/unit

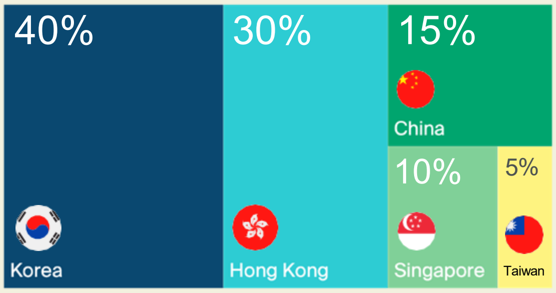
7. Dong Nai
- **Average price:** USD 1,400/sqm
- **Unit size:** 45-85 sqm
- **Typical quantum:** USD 60k–120k/unit

8. Ho Chi Minh City
- **Average price:** USD 3,648/sqm
- **Unit size:** 45-100 sqm
- **Typical quantum:** USD 160k–360k/unit

5. Preferred products



6. Top buying nations



Note: The selling prices above are average primary prices by region, based on NSA sqm and excluding VAT. The figures illustrated above in shapes are summarised from KF's observations in the 2020-2025 period. | Exchange rate: 1 USD to VND = 25,000

Table 3: Apartment Market Practice

Apartment Market Practice		
General market practice		
Net Saleable/Floor Area (NSA/NFA)	Refer to the actual usable floor area of an apartment, including interior space (living, kitchen, bathrooms, bedrooms, balconies) and excluding common space (walls, columns)	
Gross Floor Area (GFA)	Refers to the total built area of an apartment, including both interior space (living, kitchen, bathrooms, bedrooms) and common space (walls, columns)	
Sales Permit Certificate (SPC)	The basic condition for a project to start its launch to the market, requires the project's LURC, investment legal docs, minutes on inspection and approval of work item (basement only), and bank guarantee docs, etc	
Land Use Right Certificate (LURC)	Refers to "Pink Book" – a legal document certifying the individual's right to use a specific apartment	
Ownership	Freehold for Vietnamese and 50 years for foreigners	
Market type	**Primary market** (Developers to first buyers)	**Secondary market** (Owners to buyers)
Selling Price	The primary price refers to the initial price of newly launched units set by developers and directly sold to first buyers	The secondary price refers to the resale one of units owned or occupied by buyers (not developers)
Typical Handover	Basic handover: tiled floors, finished painting walls, emulsion paint ceilings, wooden doors, kitchen cabinet, bathroom appliances & fittings, air conditioner, water heater, electrical system (switches, sockets)	Basic handover or fully finished handover, depending on each owner.
Typical Payment Terms	**Lasting around 2-2.5 years and normally divided into four milestones:** • 1st payment - Deposit: 5% of unit price Developers are allowed to collect 5% only until they SPC for their projects. In case these projects obtain available SPC before launching, the first payment can not exceed 30% of the unit price, including the deposit amount • Further payments before handover: 70% or 50% of the unit price for local and foreign developers. Developers can modify more payment terms to support the buyer's cash flow, but not exceeding 70% or 50% before handover • Handover payment: 95% of the unit price. Developers are not permitted to collect more than 95% without LURC • LURC payment: 100% of the unit price upon obtaining LURC and transferring ownership to buyers	**Depending on transaction types:** • After SPC: following the payment terms of the primary market in line with construction progress • After LURC (Pink book): full transacted unit price at once
Bank Support	LTV ratio: 50%-70% of the unit price, disbursed only when projects get SPC	After SPC: following the primary market, with an LTV ratio of 50%-70% of the initial unit price After LURC (Pink book): mortgage loan, with LTV ratio of 50%-70% of the transacted unit price
Transaction Fees	**Buyer:** • VAT: 10% of unit price • Maintenance fee: 2% of unit price • LURC (Pink book): 0.5% of unit price **Developer:** • Corporate income tax: 20% of total sales revenue Other administrative fees depend on agreements between the developer and buyers	**Buyer:** • VAT: 0% of transacted price • Maintenance fee: 0% • LURC (Pink book): 0.5% of the transacted price **Owners:** • Personal income tax: 2% of the transacted price Other administrative fees depend on agreements between owners and buyers

UNDERSTANDING VIETNAM'S OFFICE LANDSCAPE

As major socio-economic hubs, Hanoi and Ho Chi Minh City (HCMC) serve as the country's key hotspots for new office development. The increasing demand for offices, in line with the FDI influx into Vietnam has boosted market performance in these two cities.

MARKET SEGMENTS AND TENANT TRENDS

Total Grade A and Grade B office supply in Hanoi and HCMC has reached 3.7 million sqm. Grade A supply accounts for 27% of total current stock, primarily located in District 1 and the Thu Thiem New Urban Area in HCMC, as well as in the Midtown and West areas in Hanoi.

Over the past two years, the majority of new supply in these big cities came from green-certified office buildings, marking a significant developmental milestone for Vietnam's office market.

In recent years, both the Hanoi and HCMC office-for-lease markets have witnessed a substantial trend of "flight-to-quality". This is demonstrated by the positive absorption in new, high-quality offices. Additionally, IT/Technology and Finance/Banking/Insurance are market drivers, with many large-scale transactions up to 10,000 sqm.

KEY PLAYERS

As a dynamic office market, HCMC has attracted a diverse mix of notable domestic and international developers, who account for 69% and 31% of the total office stock, respectively.

Meanwhile, local developers remain the key driving force for the development of the Hanoi office market, accounting for more than 80% of the total supply across the city.

RECENT REFERENCE OFFICE YIELD

Location	Transacted Yield	Time
HCMC	7.0 - 7.5%	2024
HCMC, Hanoi	7.0 – 7.5%	2023
HCMC	7.0 – 8.0%	2021

Source: Knight Frank Vietnam

OWNERSHIP

Office building ownership in Vietnam can be structured in various ways. These include arrangements for foreign investors through either long-term leasehold arrangements or acquisition via Vietnamese entities. Current laws and regulations also permit foreign investors to own the structures and buildings on the leased land. These frameworks provide additional investment opportunities that further bolster the Vietnam office market.

DIVESTMENT

Both domestic and foreign investors are active participants in Vietnam's commercial office M&A landscape, particularly in the major business hubs such as HCMC and Hanoi. Divestment activity is typically driven by portfolio optimization, financial restructuring, or current market opportunities. This can occur through different methods, including direct sales, public auctions, and joint ventures.

Regarding office tenants, even though they do not have ownership rights to the property, it is generally permissible for them to sublet or assign their lease to another party, sell or transfer their business operations, or terminate their lease in accordance with the terms and conditions of the lease agreement. Additionally, while not commonly used, the long-term lease contract form (Strata Title) offers tenants greater flexibility in managing the leased premises, particularly if real estate business operations are allowed under the terms of their business license.

RELATED TAXES

According to Law No. 48/2024/QH15 and Decree No. 180/2024/ND – CP, regarding office leasing activities across Vietnam, the value-added tax (VAT) is applied at a rate of 10%, applicable to both domestic and foreign companies. The common corporate income tax rate (CIT) for eligible entities is set at 20%, in accordance with Law No.32/2013/QH13.

Figure 8: Office Occupier Costs

Lease Term 3 - 5 years	**Average Office Space** 6-10 sqm NLA/staff	**Average Agency Fee** 1-month gross rent	**Incentives** Rent-free fit-out period
Electricity Cost USD 0.1 – 0.2 per kWh	**Water Cost** USD 0.9–1.2 per m^3	**Minimum Wage** USD 197 (Region I)	**Fit Out Cost** USD 400–1,200 sqm

Source: Knight Frank Vietnam

Figure 9: Occupier Procedure for Office

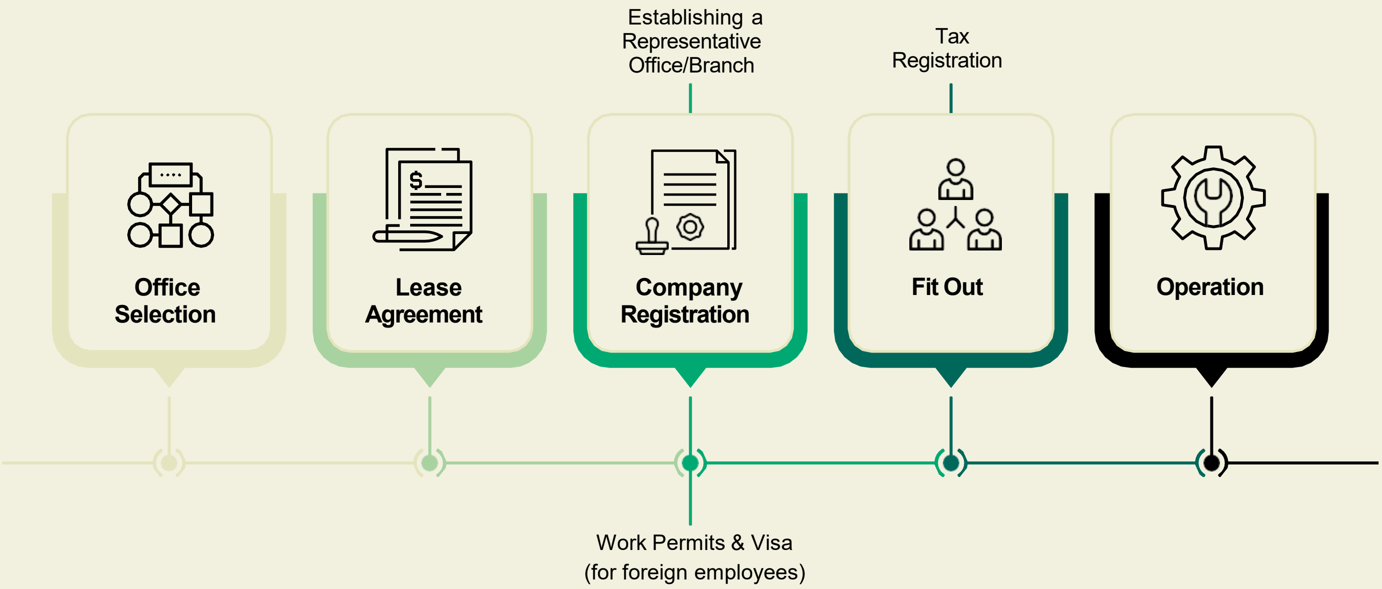
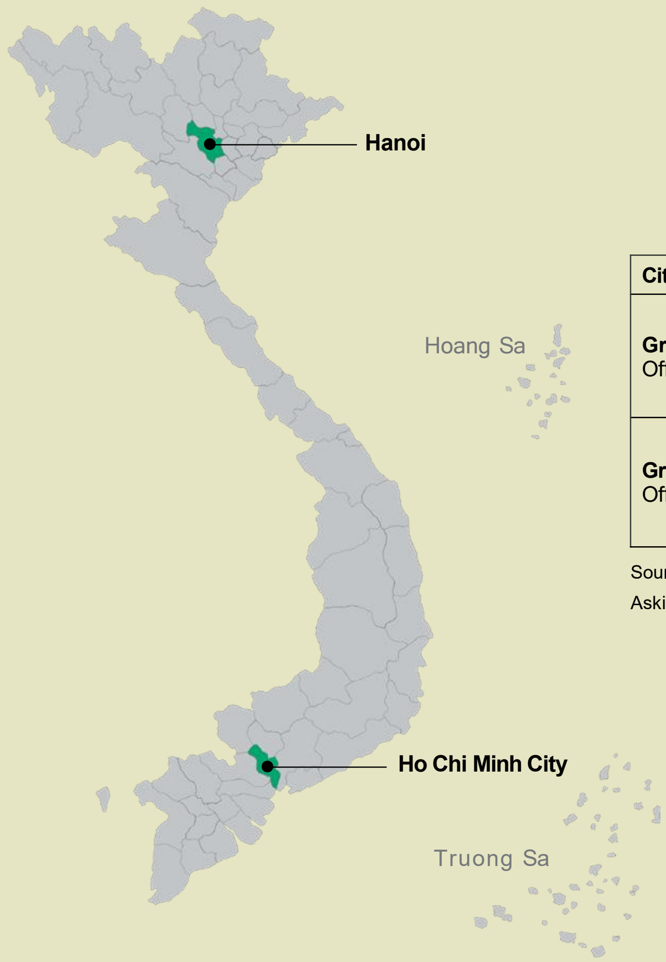


Figure 10: Vietnam Office Market Performance



City	Hanoi	Ho Chi Minh City
Grade A Office	• **Asking Rent:** $36/sqm/month • **Occupancy:** 80%	• **Asking Rent:** $59/sqm/month • **Occupancy:** 91%
Grade B Office	• **Asking Rent:** $19.5/sqm/month • **Occupancy:** 84%	• **Asking Rent:** $33/sqm/month • **Occupancy:** 88%

Source: Knight Frank Research

Asking rents are inclusive of service charges and exclusive of VAT.

Table 4: Office Market Practice

Office Market Practice	
Base rentals	Landlord's quoted rent is normally based on net leasable area, although GFA is sometimes quoted. Typically expressed as a rate per sq m per month, exclusive of service charge and VAT
Net Leasable Area (NLA)	The leasable area is calculated based on net area, which excludes columns, void space (if applicable), common corridors, common pantry, toilets, lift lobbies and AHU room.
Gross Floor Area (GFA)	Gross Floor Area includes all areas within the external walls of each floor level and the whole thickness of the external walls. In general, mechanical and electrical service rooms, refuse chambers and rooms, water tanks, car parking floors and all lifts and staircases passing through these floors are excluded from the Gross Floor Area calculation.
Typical lease terms	Standard lease terms typically range from 3-5 years for regular tenants, commonly 3+2+2 years, extending to 6-10 years for larger space commitments or anchor tenants. Shorter terms of 1-2 years are common for serviced offices and business centres
Terms of payment	Quarterly
Typical security deposit	Standard security deposits are set at three months' gross rent for local companies, while multinational corporations with strong financial standing may negotiate two months' gross rent. Both bank guarantees and cash deposits are generally acceptable forms of security
Tenant Statutory Rights for Renewal	Can be accommodated as an Option to Renew, subject to prior written notice to the Lessor and Lessor's approval. The Renewal Notice should be exercised by the Lessee from 3-6 months prior to the expiry date of the original lease term.
Basis of rental increases or Rental review	Annual rental escalation typically ranges from 4-6% on a step-up basis. For longer-term leases exceeding five years, market review clauses may be incorporated at specific intervals
Service Charge	The amount chargeable by the building owner to cover; air-conditioning, ventilation, lighting and security to common areas during normal business hours; cleaning, pest control, exterior window and wall cleaning; 24-hour backup generator; fully decorated lift lobbies and common corridors; lobby, escalator and elevator services, maintenance of plant and building equipment, management and administration of the building and landscaping in common areas; government compliance costs without limitation taxes, duties or assessments or other fees payable to a governmental authority, including any land tax (but not those which are the responsibility of the Lessee or assessed against or charged directly to the Lessee).
Tenant Improvements (fit-out)	Tenant is responsible for the fitting cost
Fit-out period	Rent-free fit-out periods typically range from 1-3 months for standard spaces, with longer periods negotiable for larger areas. All fit-out work requires the prior submission and approval of detailed drawings.
Building Signage Costs	Tenant is responsible for paying for the fee, including design, production and installation. It may sometimes be included in the rental payment subject to negotiations and bargaining power.
Operating Hours	Standard building operations run Monday to Friday, 8:00-18:00. Extended hours usage incurs additional air-conditioning charges; however, 24/7 access is available upon prior arrangement.
Utilities	Tenants establish direct accounts with utility providers, with separate metering for electricity and water consumption. Air-conditioning or chilled water charges may be billed either through the building management or directly from providers.
Value Added Tax (VAT)	Means value added tax levied or imposed by the relevant governmental authority from time to time (or any similar or replacement tax). Currently, the rate is 10%.

UNDERSTANDING VIETNAM'S INDUSTRIAL LANDSCAPE

Vietnam has emerged as an attractive investment destination in the APAC region, supported by proactive infrastructure improvements, a skilled labour force and competitive cost advantages. The strong recovery in import-export demand and robust growth in the electronics industry are key driving forces behind Vietnam's ready-built property market.

MARKET SEGMENTS AND TENANT TRENDS

As of 2024, the total supply of Vietnam's ready-built property market reached over 15 million sqm, equivalent to a 2018-2024 CAGR of 15% per annum. Of which, modern supply recorded robust growth, accounting for 48% of total warehouse stock. This has enhanced the Vietnam industrial landscape with high-standard and flexible products. Since the US-China Trade War and the Covid-19 pandemic, Vietnam has witnessed a significant shift in investment from Chinese small and medium-sized enterprises (SMES), particularly in the electronics sector. In 2024, 40% of total major transaction value recorded for ready-built factory/warehouse came from electronics, followed by equipment and 3PLs.

KEY PLAYERS

With huge land bank advantages, local developers, such as Kinh Bac City, Sonadezi, TTC Dang Huynh and KCN, remain dominant in terms of market share, equivalent to 56% of the total existing supply. However, due to the great potential of Vietnam's industrial zones, many foreign developers have extended their portfolios to Vietnam through the acquisition of many development sites, spanning from north to south. Some notable developers include BWID, SLP, Mapletree, Frasers, and Cainiao and new brands in recent times, such as Mitsubishi and WHA.

RECENT REFERENCE LOGISTICS YIELD

Location	Transacted Yield	Time
Hung Yen	7.3 – 7.8%	2024
Binh Duong	7.3 – 7.8%	2023
Bac Ninh	7.3 – 7.8%	2022

Source: Knight Frank Vietnam

OWNERSHIP

Ownership of a ready-built industrial property project in Vietnam typically involves a long-term leasehold agreement, in which the developer leases the land from local government or a private landowner and owns the entire buildings and structures. Upon expiration of the lease term, the ownership of the buildings and structures may revert to the landowner unless otherwise agreed upon. However, investors may sub-lease or purchase long-term leasehold rights to a portion of, or the entire project, subject to the lease agreement and relevant laws and regulations in Vietnam.

DIVESTMENT

For the ready-built factory/warehouse market in Vietnam, subleasing is considered a more common practice than property assignment. This option allows tenants to flexibly adjust the space requirement in line with their business performance, without terminating the original lease. Especially in the face of macro-economic uncertainties, some manufacturers choose to lease part or the entire property to a subtenant to maximize the business efficiency. Additionally, developers are seeking divestment opportunities by selling properties with high expected yields; however, the market needs to narrow the expectation gap between buyers and sellers for transactions to take place.

RELATED TAXES

According to Law No. 48/2024/QH15 and Decree No. 180/2024/ND –CP, the current value-added tax (VAT) applicable to factory/warehouse leasing activities in Vietnam is 10%. For the majority of industrial zones in Vietnam, enterprises are subject to a corporate income tax (CIT) of 20% during the first 10 years of operation. This includes 2-year tax exemption and 50%-tax reduction for the next 4 years. Especially for high-tech, and supporting industries, the government offers a preferential tax rate of 10% for the first 15 years of operation, including four-year tax exemption and a 50%-tax discount for the following nine years.

Figure 11: Ready-built Factory/Warehouse Occupier Costs

- **Lease Term**
  3 - 5 years
- **Common Unit Size**
  1,000 – 10,000 sqm
- **Average Agency Fee**
  1-month gross rent
- **Incentives**
  Rent-free, fit-out period & tax incentives
- **Electricity Cost**
  USD 0.04–0.1 per kWh
- **Water Cost**
  USD 0.5–0.9 per m^3
- **Minimum Wage**
  USD 157 (Region IV)
  USD 197 (Region I)
- **Corporate Income Tax (CIT)**
  20%

Source: Knight Frank Vietnam

Figure 12: Occupier Procedure for Ready-built Factory/Warehouse

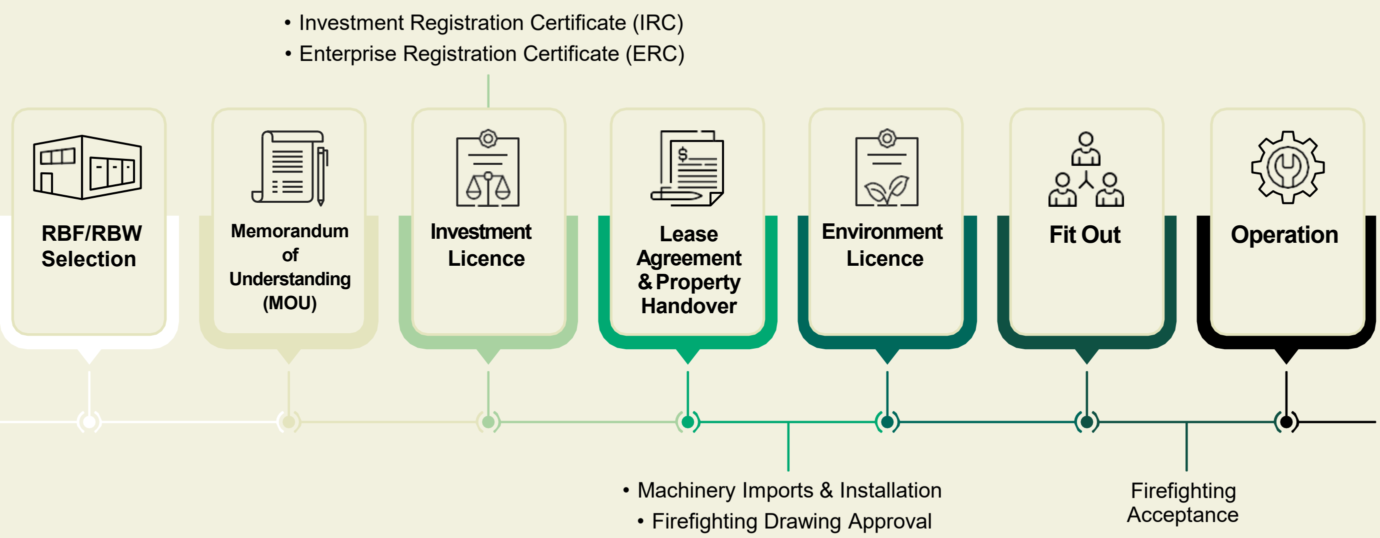
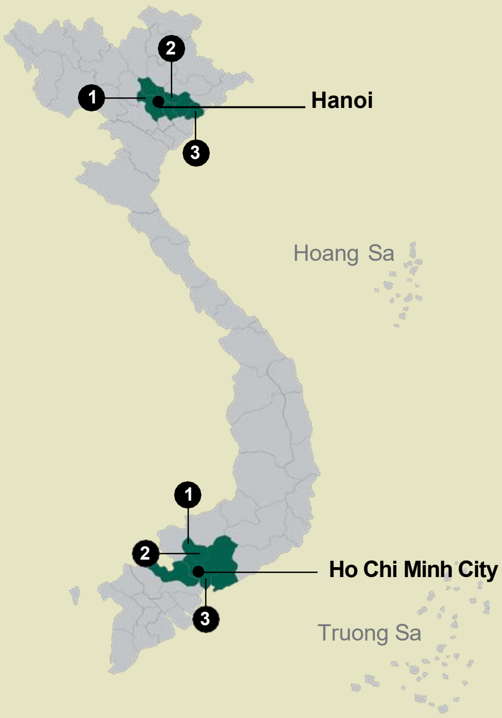


Figure 13: Vietnam Industrial Market Performance



City	Tier-1 city/provinces in the North (Hanoi)	Tier-1 city/provinces in the South (HCMC)
1. Industrial Land	• **Asking Rent:** $108-149/sqm/term • **Occupancy:** 77%	• **Asking Rent:** $131-260/sqm/month • **Occupancy:** 91%
2. Ready-built Factory (RBF)	• **Asking Rent:** $4.5-6.5/sqm/month • **Occupancy:** 91%	• **Asking Rent:** $3.6-6/sqm/month • **Occupancy:** 88%
3. Ready-built Warehouse (RBW)	• **Asking Rent:** $4-5.7/sqm/month • **Occupancy:** 83%	• **Asking Rent:** $3.2-5.3/sqm/month • **Occupancy:** 83%

Source: Knight Frank Research

- Asking rents are exclusive of service charges and VAT.
- RBF/RBW stands for ready-built factory/ready-built warehouse.
- Tier-1 city/provinces in the North includes Hanoi, Hung Yen, Hai Phong, Bac Ninh and Hai Duong.
- Tier-1 city/provinces in the South includes HCMC, Binh Duong, Dong Nai, Long An and Ba Ria – Vung Tau.

Figure 14: Estimated Timeline for Industrial Developments in Vietnam

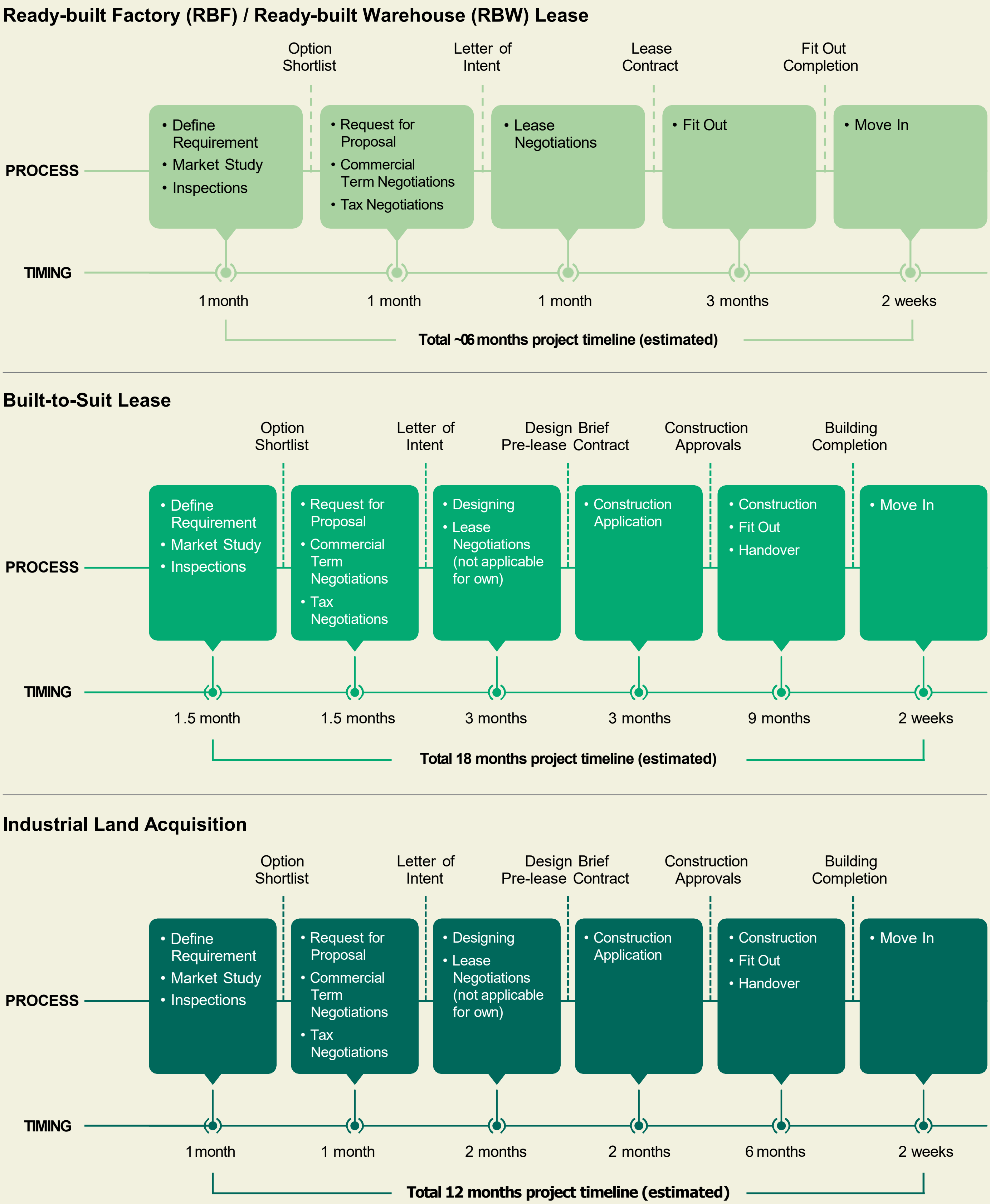


Table 5: Ready-built Factory/Warehouse Market Practice

RBF/RBW Market Practice	
Base rentals	The landlord's quoted rent is usually based on the net leasable area, although GFA is sometimes quoted. Typically expressed as a rate per sq m per month, exclusive of service charge and VAT
Net Leasable Area (NLA)	The leasable area is calculated based on net area, which excludes common areas such as stairwells, elevators, corridors, toilets, and share facilities including and limited by internal roads and drainage networks surrounding the property.
Gross Floor Area (GFA)	Gross Floor Area of a ready-built factory or warehouse refers to the total floor area of the building, including production areas, storage areas, office spaces, common areas (such as stairwells, corridors, toilets, etc), and structural elements (such as columns, walls, etc).
Typical lease terms	Standard lease terms typically range from 3 to 5 years for regular tenants, commonly 3+1+1 years, and extend to 6-10 years for larger space commitments or anchor tenants. Built-to-suit facilities have a minimum lease term of 10 years
Terms of payment	Quarterly in advance
Termination or Break	Landlords and tenants can both terminate early. Notice periods range from 2-6 months. The deposit forfeit or refund due to early termination is subject to the landlord and tenant's arrangements. However, the landlord typically does not allow early termination, and tenants must pay the rent for the whole leasing term.
Typical security deposit	Standard security deposits are set at 2-3 months' net rent. For built-to-suit, the deposit amount is typically 6-12 months' rent.
Tenant Statutory Rights for Renewal	Can be accommodated as an Option to Renew, subject to prior written notice to the Lessor and Lessor's approval. The Renewal Notice shall be exercised by the Lessee from 3-6 months prior to the expiry date of the original lease term.
Basis of rental increases or Rental review	Annual rental escalation for RBF/RBW by a fixed rate, ranging from 3-5% per annum. For BTS, it may follow the inflation rate or the Consumer Price Index (CPI).
Rental incentive	Upon negotiation. Normally 1-2 months of free rent during the fit-out period for a 5-year lease term or beyond.
Right to sublet	The occupier must have the right to sublet in their business licence and will need approval from the landlord.
Service Charge	The amount chargeable by the building owner to cover; air-conditioning, ventilation, lighting and security to common areas during normal business hours; cleaning, pest control, exterior window and wall cleaning; 24-hour backup generator; fully decorated lift lobbies and common corridors; lobby, escalator and elevator services, maintenance of plant and building equipment, management and administration of the building and landscaping in common areas; government compliance costs without limitation, taxes, duties or assessments or other fees payable to a governmental authority, including any land tax (but not those which are the responsibility of the Lessee or assessed against or charged directly to the Lessee).
Tenant Improvements (fit-out)	Tenant is responsible for the fitting cost
Fit-out period	Fit-out periods typically range from 2-3 months for standard spaces, with longer periods negotiable for larger areas. All fit-out works require prior submission and approval of detailed drawings.
Operating Hours	Standard operations run Monday to Friday, 8:00-17:00; however, 24/7 access is available upon request. In case of working out of the prescribed time frame, it is necessary to have a specific agreement with the landlord/property manager to ensure the safety of workers as well as machinery and equipment.
Utilities	Tenants establish direct accounts with utility providers, with separate metering for electricity and water consumption. Air-conditioning or chilled water charges may be billed either through the building management or directly from providers.
Value Added Tax (VAT)	Means value added tax levied or imposed by the relevant governmental authority from time to time (or any similar or replacement tax). Currently, the rate is 10%.

V. DEVELOPER CORNER

Over the past decade, the commercial, industrial and hospitality segments have remained key investment sectors in Vietnam, accounting for 22.5%, 11%, and 9.3% of total investment, respectively.

Market yields have tracked regional volatility- post pandemic & geopolitical headwinds specifically- with Vietnam, and the real estate market retaining its competitive advantage over comparable emerging markets. Steps taken by the state since 2015 have positively impacted the investing landscape, with significant changes to the regulatory framework to support the private sector and attract foreign capital. Most recent updates regarding Land Law and Real Estate Business Law are projected to greatly affect the market, minimize indirect investment costs, enhance market transparency, increasing asset liquidity and facilitate larger inflows of capital.

The period from 2019 to 2024 witnessed significant developments in Vietnam's real estate M&A market, with clear regional differentiation. HCMC maintained its leading position in total M&A transaction value, reflecting strong investor confidence in the city's long-term prospects. This optimism is driven by its large population, rapid urbanization, and consistently growing demand for housing and commercial space.

Meanwhile, tier-2 provinces in the Northern region such as Vinh Phuc, Thai Binh, and Quang Ninh, are emerging as attractive investment destinations, thanks to substantial improvements in transportation infrastructure. In contrast, the Central region continues to attract a modest level of investment, primarily due to its relatively small market size and limited inter-regional infrastructure connectivity.

LAND OWNERSHIP

The updates to real estate laws over the past ten years have improved access to land for both local and foreign developers to access and use land in Vietnam for economic benefit. Under the constitution, land in Vietnam is owned collectively by the people, with the State acting as an administrator on their behalf. Title is granted in the primary market (greenfield) in various forms to both foreign and domestic parties, who can acquire Land Use Rights (LUR) allowing them to process, use and dispose of their land within a given legal framework.

LURs are granted for a maximum term of 50-70 years, with the possibility of extension. Enterprises that own land are required to pay land use tax (or land use fee) to Vietnam's government via upfront or annual payments, depending on the real estate development sector, as regulated in "Article 120, Land Law 2024".

MARKET ENTRY STRATEGIES

To capitalize on potential investment opportunities and ensure business sustainability, developers should adopt a strategic and regionally informed approach, with project by project considerations being paramount. Direct investment into the primary market, acquiring land from the state with limited licensing and planning approvals in place can be a challenge. Investing into development projects or acquiring yielding asset by either M&A or JV at various stages of approval- and price point- is in general the preferred way to put capital to work.

Table 6: Mergers and Acquisitions(M&A) and Joint Venture (JV) Strategies

MERGERS AND ACQUISITIONS (M&A)	JOINT VENTURE (JV)
Pros: New owners have full rights to own or develop the acquired projects	**Pros:** JV partners can leverage their business advantage and understanding of regional real estate expertise when co-developing with leading local developers having a strong historical development
Cons: These sites were previously owned by local developers, and may requiring the new owner to allocate substantial resources to resolve legal complexities and enhance their developments	**Cons:** Differences among business and management cultures between the two entities, possibly resulting in coordination challenges and delays

Figure 15: Investment Volume by Commercial Property Type (2015 – 2024)

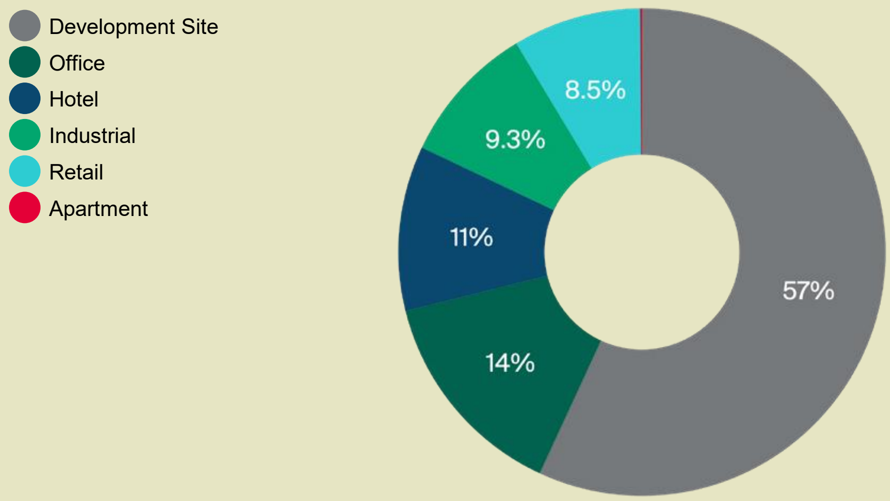
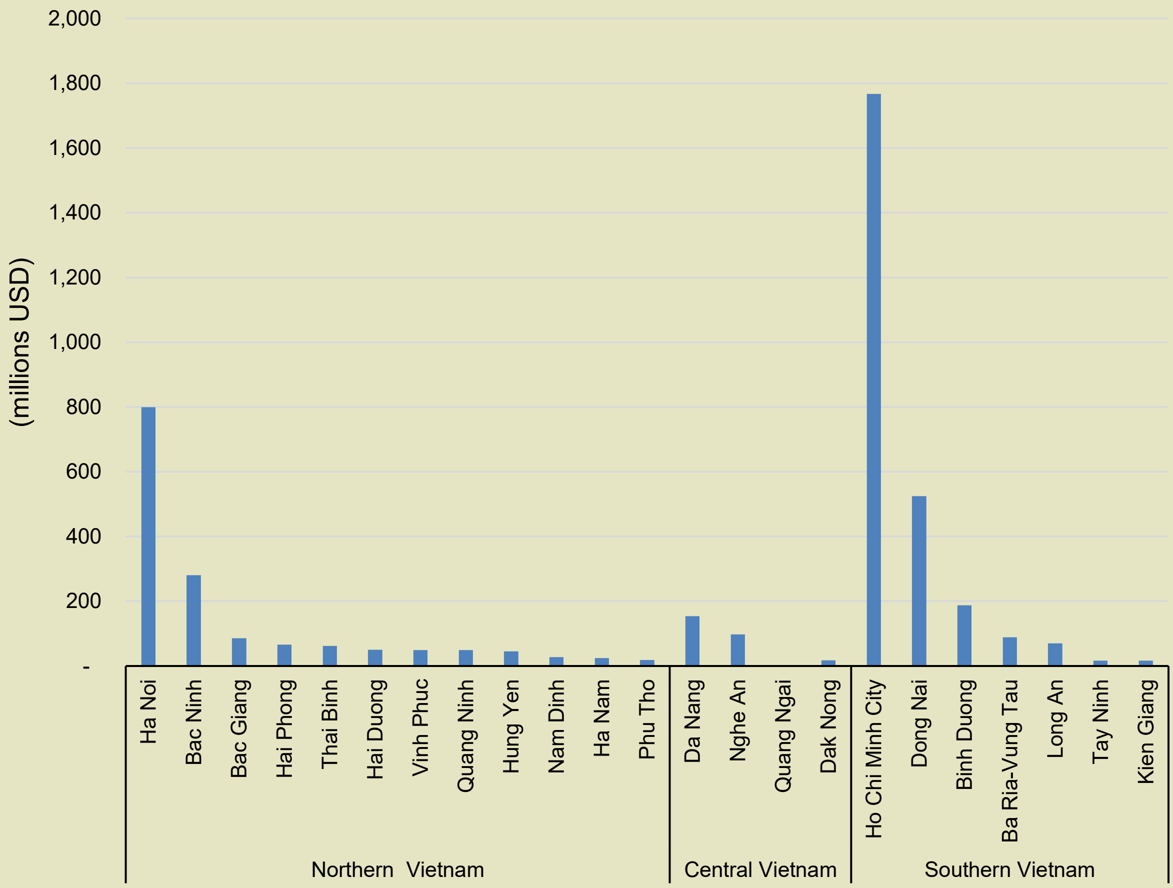


Figure 16: Transaction Volume Across All Sectors By Province (2019 - 2024)



Source: Knight Frank Research

Figure 18: Investment Process Chart for Real Estate Development

Determine Investment Opportunities

Investors are advised to determine sectors that are potential matches for their sustainable funding via:

(**1**) In-depth market research and (**2**) Pre-feasibility study

1. Determine The Type of Business Entity

Investors are advised to determine the type of business entity and prepare the necessary documents & materials for the IRC process. The basic requirements are location, investment scale, business objective, capital, duration and others.

2. Investment Registration Certificate (IRC)

This document proves that investors are permitted to invest in Vietnam. Additionally, this certificate is the first and most crucial licence required to implement an investment project. Without an IRC, investors are unable to initiate the next legal procedures.

3. Enterprise Registration Certificate (ERC)

Investors are required to submit materials and documents to the Department of Finance, thereby obtaining ERC. The requirements are enterprise registration form, company hierarchy, and member/shareholder list, among others.

4. Land Acquisition

To process real estate development, investors are advised to seek appropriate land banks by acquiring, bidding on, or participating in auctions.

5. Land Use Right Certificate (LURC)

After step 4, investors will receive the Land Use Right Certificate (LURC) for the land banks they own. This legal document serves as a crucial foundation that allows developers to execute their projects lawfully and facilitate fundraising.

6. Principal Investment Approval

This document confirms the project's legality and alignment with local planning. It serves as the basis for proceeding with subsequent procedures such as obtaining construction permits, land transfers, and receiving tax and land incentives.

7. 1/500 Master Plan Approval

After receiving project investment approval, this step plays a crucial role in defining the project's structure, infrastructure, and building density. It ensures compliance with legal regulations and local planning, serving as the basis for obtaining construction permits and proceeding with subsequent procedures such as land transfers, infrastructure development, and product sales.

8. Construction Permit

This legal document authorises investors to build up projects, confirming compliance with planning regulations and legal requirements. It is a necessary condition for proceeding with construction, protecting the interests of all parties involved, and ensuring that the project is executed in accordance with the law.

9. Sales Permit

This document enables developers to sell their products, confirming the legality of the sales process, protecting the rights of buyers, and serving as the basis for developers to conduct transactions, raise capital, and proceed with the next steps.

10. Construction Acceptance

Upon completion of construction, developers are required to obtain an acceptance report to confirm that their projects meet required quality and technical standards. This step establishes the legal basis for the official handover to buyers/owners.

11. Handover

This is the confirmation step, ensuring that the project is completed according to the timeline commitment, design, quality, and safety standards. This is the legal basis for transferring ownership rights, protecting buyers' interests, and finalising financial procedures between the developer and buyers, as well as the developer and the government.

12. LURC (Pink Book)

This is the final step during development procedures, confirming the buyer's legal ownership, protecting their interests, and ensuring the legality of project development.

TRENDS TO WATCH

GLOBAL MINIMUM TAX

The Global Minimum Tax, set at a 15% minimum effective tax rate for large multinational companies with annual revenues exceeding €750 million, is expected to raise the effective corporate tax rates for major foreign developers in Vietnam. We look forward to the Draft Decree providing guidance on the implementation of Resolution No. 107/2023/QH15 ("Resolution 107"), which was released for public consultation by Vietnam's Ministry of Finance on November 12, 2024.

NET-ZERO PLAN

As part of Vietnam's commitment to achieving net-zero emissions by 2050, as outlined in COP26, Vietnam aims to reduce its carbon intensity by 30% by 2030. From 2026, although green standards will not be mandatory by law, developers of new Grade A offices in HCMC and Hanoi are pursuing EDGE, LEED or WELL certification to meet tenant and investor demand for green buildings.

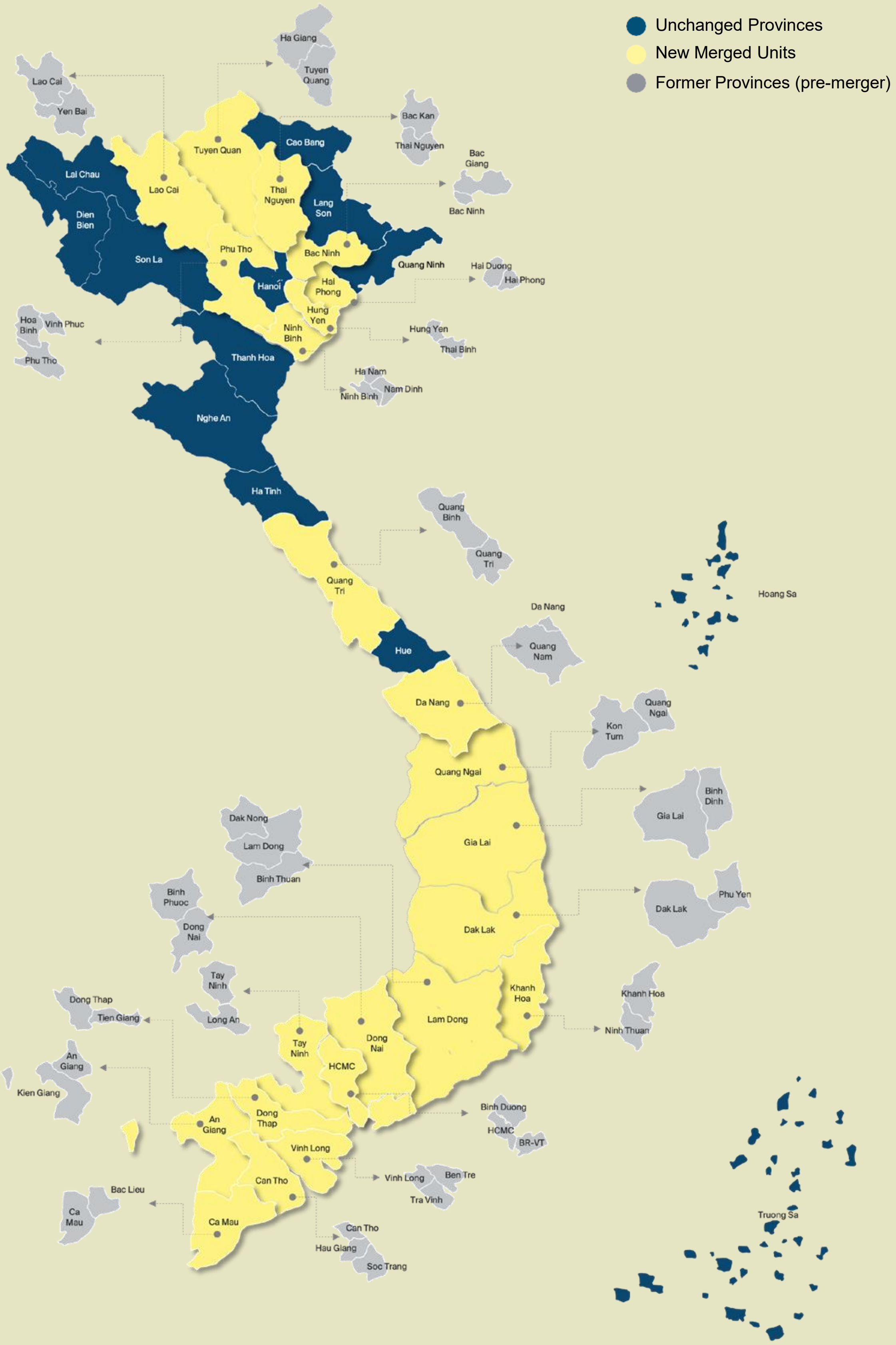
US RECIPROCAL TARIFF ON VIETNAM

Vietnam continues to benefit from the US–China supply-chain shift: redirecting even a fraction of China's vast industrial base is enough to sustain Vietnamese growth. The 46 % reciprocal tariff on Vietnamese exports to the United States has cooled sentiment until bilateral talks, due to conclude in Q2 2025, provide clarity. Meanwhile, investors are channeling funds into prime residential projects for defensive yield and capital upside.

MERGERS OF PROVINCES AND CITIES IN VIETNAM

Resolution 60 consolidates 63 localities into six cities and 28 provinces between 2025 and 2031. Larger jurisdictions should speed one-stop licensing, unlock bigger land banks, and channel infrastructure funds. The first wave merges HCMC with Binh Duong and BR-VT into "Greater HCMC City", while Long An absorbs Tay Ninh. Developers should track new zoning maps and note that some current incentives may sunset within two years of each merger. The consolidation is expected to raise Vietnam's position in the World Bank's Ease of Doing Business ranking once fully implemented.

Figure 19: Vietnam After Mergers of Provinces and Cities



Source: Central Organisation Commission & Ministry of Home Affairs (Vietnam), draft infographic for Resolution 60-NQ/TW, 14 Apr 2025; map redrawn by Knight Frank Research.

VIETNAM NET-ZERO ROADMAP

2024	National GHG inventory published - baseline set
2026	Pilot Emissions- Trading Scheme (ETS) for power & cement
2030	↓ 30 % carbon intensity vs 2020; renewables ≥ 47 % of power mix
2035	100 % new commercial buildings green-certified
2040	Renewables ≥ 70 %; phase- out of new coal power
2050	Economy- wide net-zero emissions target achieved

Source: Vietnam National Climate Change Strategy 2050, updated Oct 2023

POTENTIAL INVESTMENT SECTORS BY PROVINCE/CITIES

Figure 20: Northern map

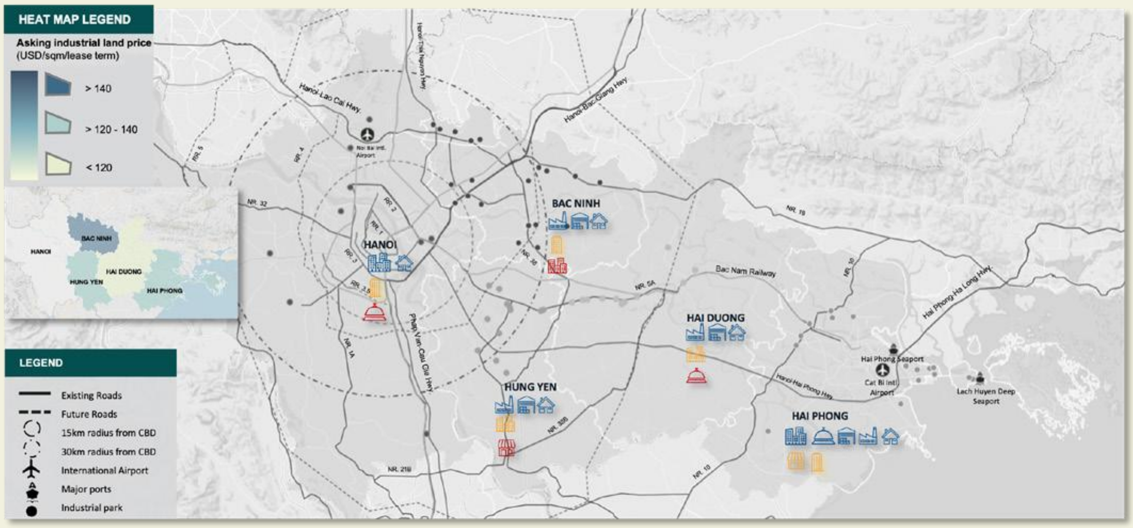
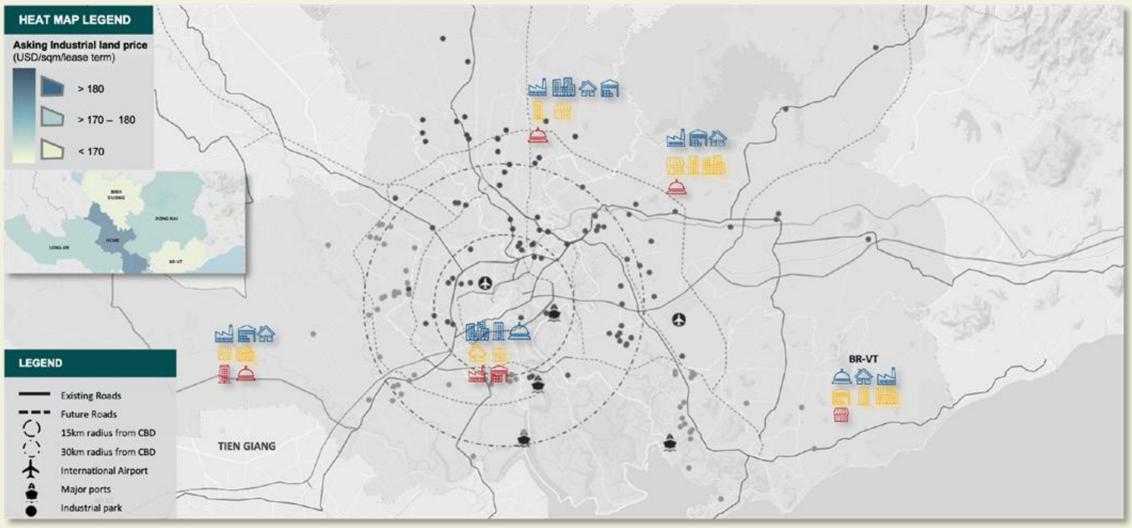


Figure 21: Southern map



Legend:

- **Short-term** (from 1 to 5 years)
- **Mid-term** (from 5 to 10 years)
- **Long-term** (more than 10 years)

Factory
Apartment
Retail
Office
Warehouse
Villa / Townhouse / Shophouse
Hospitality

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

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Knight Frank Vietnam Research provides strategic advice, consultancy services, and market forecasts to a wide range of domestic and international clients, including developers, investors, funding organizations, corporate institutions, and the public sector. All our clients recognize the need for expert, independent guidance tailored to their unique objectives in Vietnam's dynamic property market.

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DEFINITION

Vietnam's apartment market is divided into five segments based on Net Floor Area (NFA) selling price, excluding VAT: Ultra-luxury (> US$10,000/m²), Luxury (> US$4,000/m²), High-end (US$3,000 – 4,000/m²), Mid-end (US$2,000 – 3,000/m²), and Affordable (< US$2,000/m²). All apartment prices are quoted in US dollars per square meter of NFA, excluding VAT.

The absorption rate is the ratio of new sales to the total of new supply plus existing supply at the start of the period. It indicates how quickly newly launched units are taken up by buyers within a given timeframe.

In Ho Chi Minh City, office submarkets are grouped into the CBD (Central Business District), CBD Fringe, Non-CBD, Saigon South, and Thu Duc City. Meanwhile, Hanoi's office submarkets are divided into the CBD, CBD Fringe, The West, The Westlake, and Non-CBD.

All office rents are quoted in US dollars per square meter of Net Leasable Area (NLA) per month, and office supply is also reported in total NLA. This standard ensures consistency and clarity when comparing rental rates and available space across different submarkets.

GLOSSARY OF TERM

Key Definitions	Explanation
NLA	Net Leasable Area
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
CPI	Consumer Price Index
IIP	Index of Industrial Production
CBD	Central Business District

Short-term (from 1 to 5 years)
Mid-term (from 5 to 10 years)
Long-term (more than 10 years)

Knight Frank