

VIETNAM INDUSTRIAL REAL ESTATE REPORT 2021

INDUSTRIAL INFRASTRUCTURE – CURRENT STATUS
AND POTENTIALS FOR DEVELOPMENT



TABLE OF CONTENTS

I SOCIOECONOMIC STATUS – AN OVERVIEW OF THE WORLD 3

The Covid-19 pandemic is complicated because many new variants keep appearing, countries have stepped up vaccination campaigns against the epidemic 4

The global economic growth recovers but at a slow pace, international investment bottoms out in 2021 but will improve in 2022 5

II VIETNAM SOCIOECONOMY OVERVIEW 8

Serious Covid-19 outbreak in 2021 10

The Vietnam economy maintains the growth rate thanks to the strategy "Living with Covid" 10

III INDUSTRIAL REAL ESTATE – DEVELOPMENT STATUS 14

Planning and occupancy rate in all types of industrial real estate until December 2021 15

Land for rent and industrial real estate products 16

Vietnam aims to strengthen clean technology, a number of industrial parks have been selected as pilot projects (ecological industrial zones) 22

New industrial zones in 2021 24

IV CURRENT SITUATION OF NEW LEVEL FDI PROJECTS IN INDUSTRIAL PARK IN 2021 27

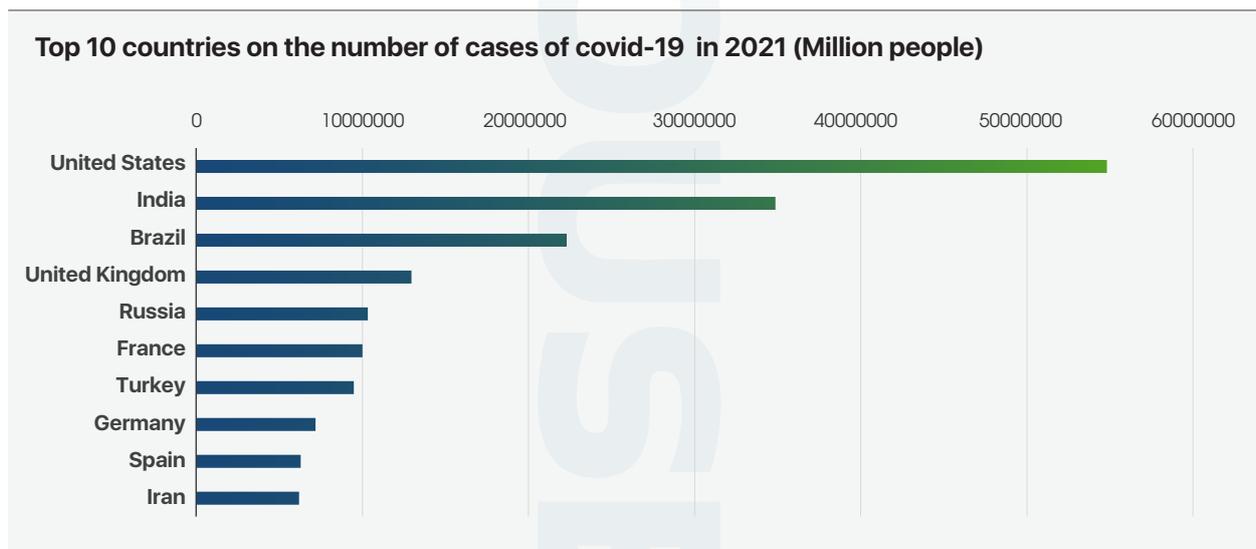


I. SOCIOECONOMIC STATUS – AN OVERVIEW OF THE WORLD



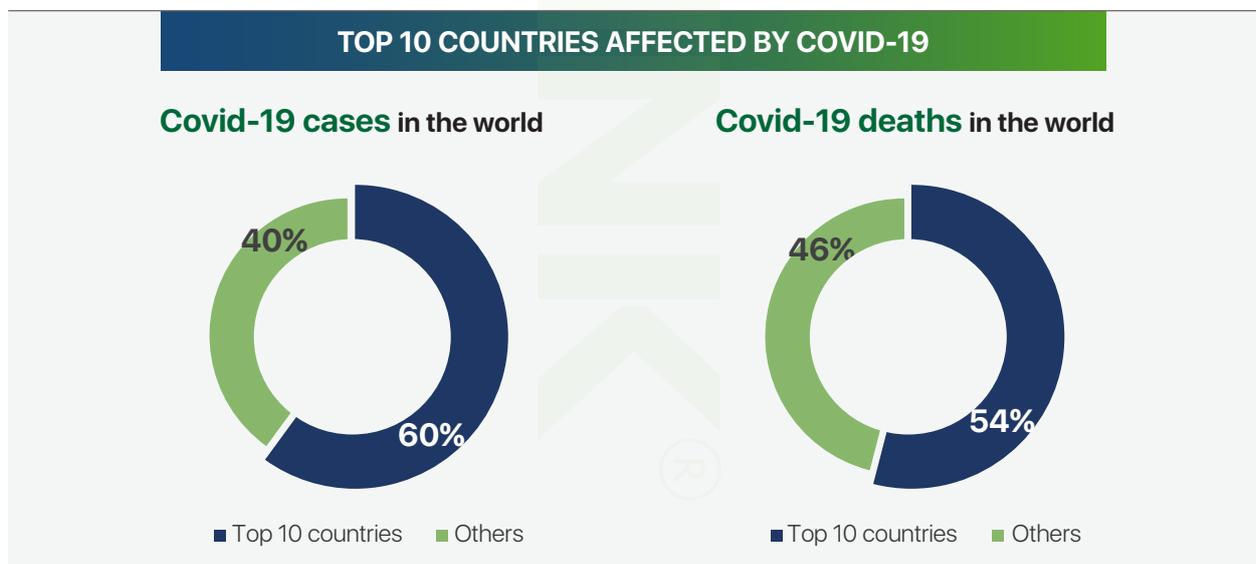
1/ THE COVID-19 PANDEMIC IS COMPLICATED BECAUSE MANY NEW VARIANTS KEEP APPEARING, COUNTRIES HAVE STEPPED UP VACCINATION CAMPAIGNS AGAINST THE EPIDEMIC

In 2021, there were approximately 288.7 million COVID-19 cases, with more than 5.4 million deaths because of the pandemic. Besides, in 2021, more than 9 billion people worldwide have been vaccinated according to Ourworldindata's statistics. Many experts believe that the above statistics do not accurately reflect the true number of people infected and died due to the pandemic.



Source: Ourworldindata

The top 10 countries of highest number of cases and deaths in the world account for approximately 65% of the total number of infections and deaths worldwide. Besides the United States and India, several European and Middle East countries have also been hardest hit by the pandemic.

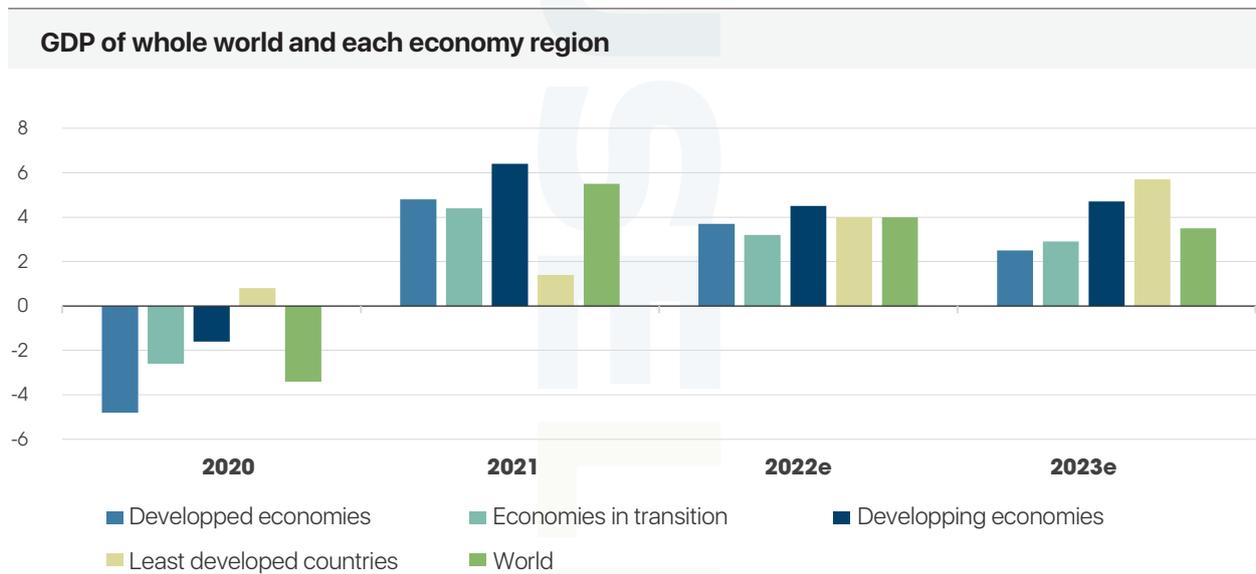


Source: Ourworldindata, HOUSELINK

2/ THE GLOBAL ECONOMIC GROWTH RECOVERS BUT AT A SLOW PACE, INTERNATIONAL INVESTMENT BOTTOMS OUT IN 2021 BUT WILL IMPROVE IN 2022

a. The world's economies have recovered, but not evenly across economic regions

Besides the vaccination program to create herd immunity to help fight the Covid-19 epidemic, major economies in the world such as the US, China and the EU have all simultaneously launched economic stimulus packages. These two programs have helped the economies of major countries recover quickly and strongly, thereby promoting and leading the global economy. In 2021, the world reached very fast GDP recovery of most of the world's economies after negative growth in 2020. The highest GDP growth in 2021 belongs to the group of countries with developing economies, including the strong recovery of China, India, Southeast Asia, Latin American countries and the Caribbean. However, Japan recorded a rather low GDP growth compared to the general average (2.2%).



Source: UN DESA; HOUSELINK

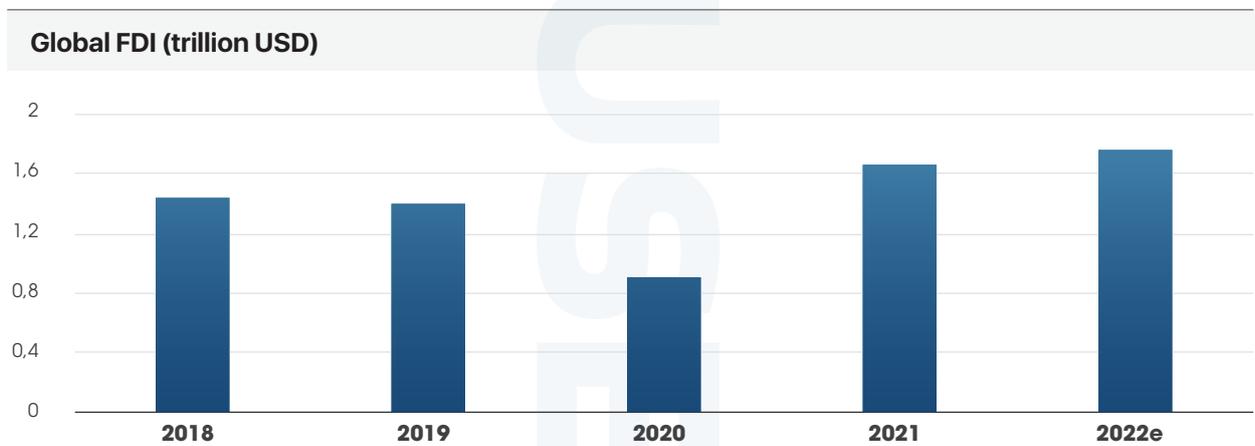
The world's economy in 2021 achieved GDP growth of 5.5% (nearly equal to the forecast of the world economic organizations in the middle of the year). The global economic recovery after a year of the outbreak of the Covid-19 pandemic is considered fragile in the context that new waves of new variants are still raising in most countries. Labor market imbalances, supply constraints and rising inflation have impacted the near-term global growth. The world economy is forecasted to be grown by about 4% in 2022 and 3.5% in 2023. But a divergence in growth can be seen across the economic regions, especially developing economies are struggling to recover from waves of Covid-19 variants in recent years.

However, this recovery is highly dependent on the speed of vaccination program which countries deploy to against COVID-19 for people. The longer this process takes, the higher the risk that COVID-19 remains a global threat, especially when new variants appeared.

b. Global foreign direct investment (FDI) flows record a strong recovery in 2021

One of the reasons for the strong recovery of global GDP in 2021 is the increasing foreign investment (FDI). According to UN data, global FDI in 2021 is especially high (77%) compared to 2020. From 929 billion USD to 1,650 billion USD in the past year. This number is even larger than the total global FDI source achieved in 2019 of more than 1.390 billion USD.

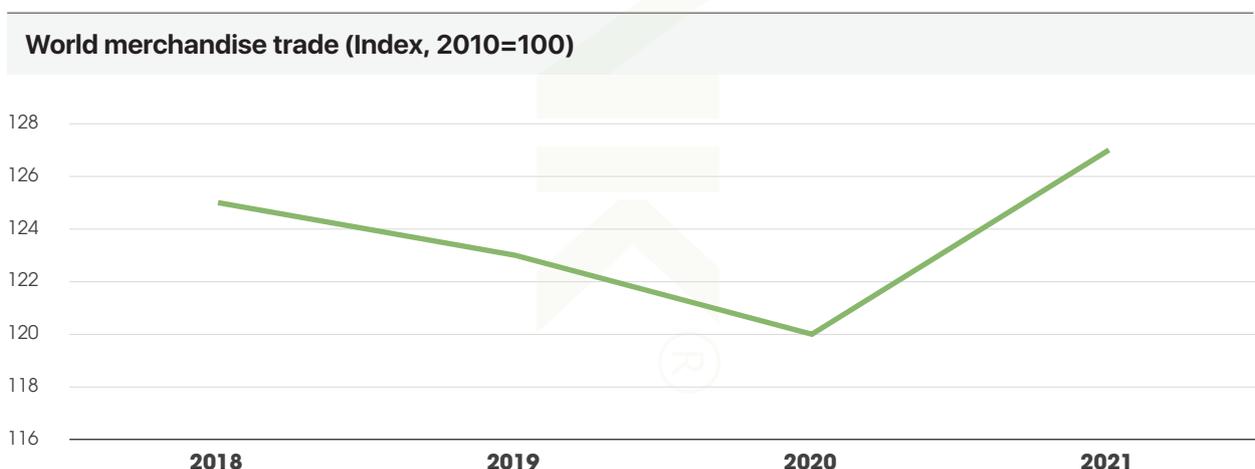
Global FDI in 2022 is unlikely to repeat the growth rate of 2021. The growth figure in 2022 is forecasted to be only modest (6%). The causes can be mentioned as the potential crisis of the Covid-19 epidemic, the labor supply source continues to be blocked, the global supply chain is in crisis due to the movement of high energy prices associated with high energy prices and inflationary pressure.



Source: UN DESA, HOUSELINK

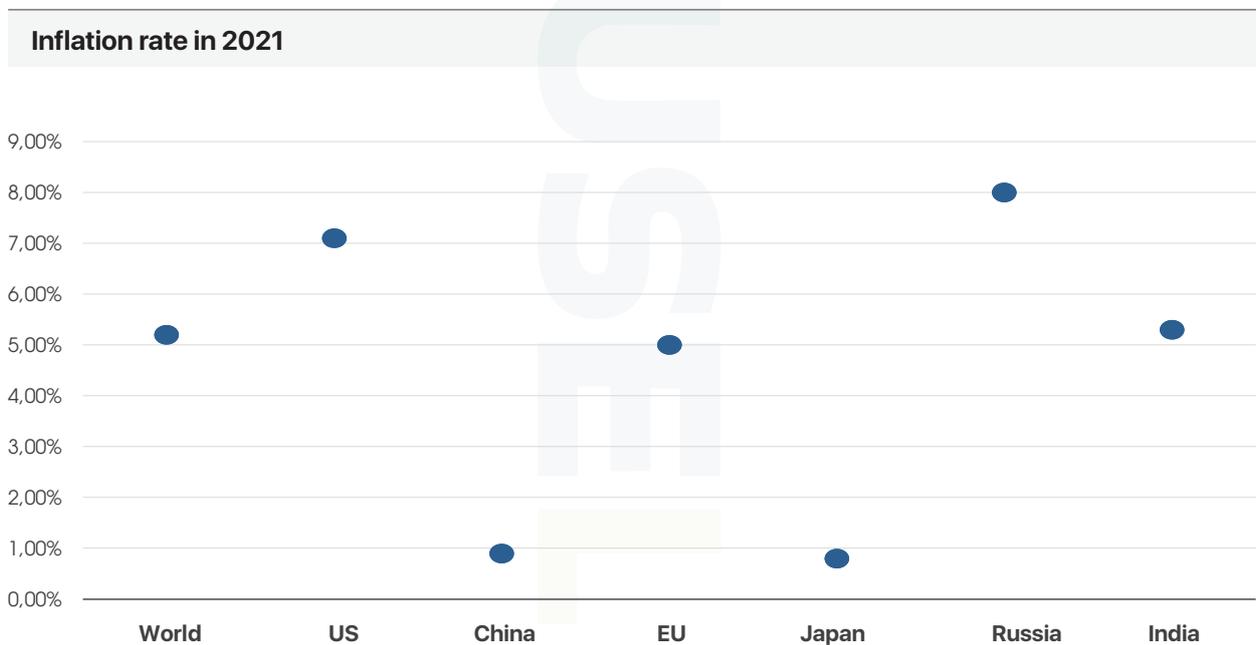
c. Commodity trade increased sharply in 2021

Commodity trade in 2021 increased stronger than expected, even surpassing the volume before the pandemic. The demand for pandemic-related goods such as medical supplies, medicines, and electronic equipment exploded in 2021, leading to outstanding commodity growth in the past year.



Source: UN DESA, HOUSELINK

The Covid-19 pandemic has had a huge impact on the global economy. In which the epidemic in the US and Europe is becoming more and more complicated, while many developing countries are facing difficulties in financial resources due to having to spend too much in the past two years of the epidemic, and the medical conditions are still not so developed. The inflation in the US and Europe is quite high in 2021. In which, inflation in the US was recorded at 7.1% and in Europe at 5%, the highest in the past 25 years. High inflation in these two major economic regions of the world will affect the monetary and financial policies of many other countries around the world. The continuous increase in fuel prices in the past year, which is expected to continue to increase in 2022 due to political conflicts between Russia and Ukraine, will also partly cause world inflation to continue to increase.



Source: HOUSELINK recorded from many sources



New CC Construction Consultants Co., Ltd.

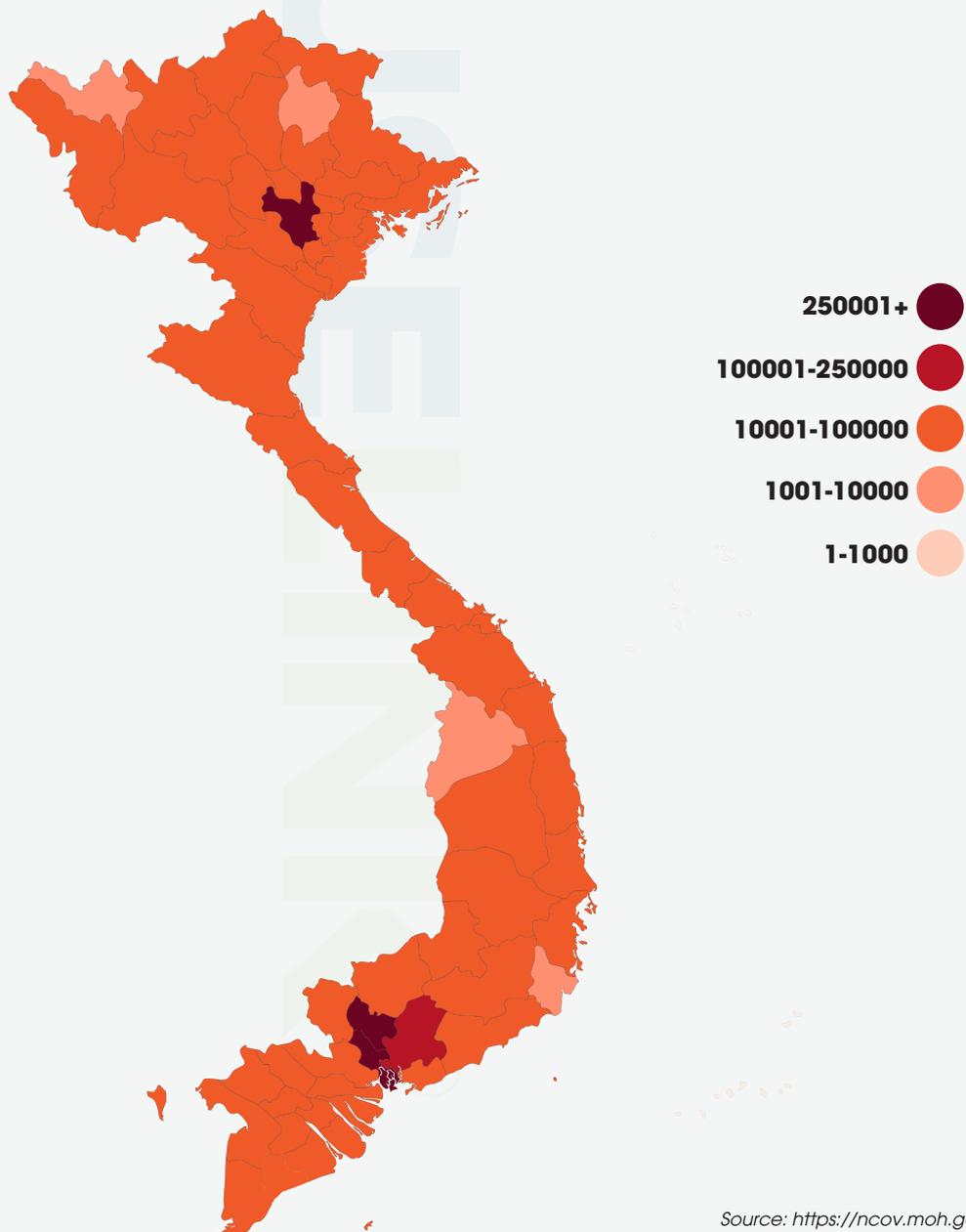
II. VIETNAM SOCIOECONOMY OVERVIEW



1/ SERIOUS COVID-19 OUTBREAK IN 2021

In Vietnam, the total number of Covid-19 cases by the end of 2021 is about 4 million cases. More than 40,000 deaths were recorded. Cases increased rapidly, especially in the southern provinces during Q.2 and Q.3. Currently in the capital Hanoi, the epidemic situation from the beginning of July to now has progressed faster with the number of cases increasing, especially community infections. In all provinces and cities, most of the social distancing policy have been lifted, the Government proceed the policy of "New normal", living with the Covid epidemic by increasing vaccination rates at almost age levels. Especially at the age of over 18, most of the major cities and provinces recorded vaccination coverage of approximately 100%, such as in Ho Chi Minh, Hanoi, Quang Ninh, Da Nang, Hai Phong, and Binh Duong. etc

Vietnam Covid-19 map

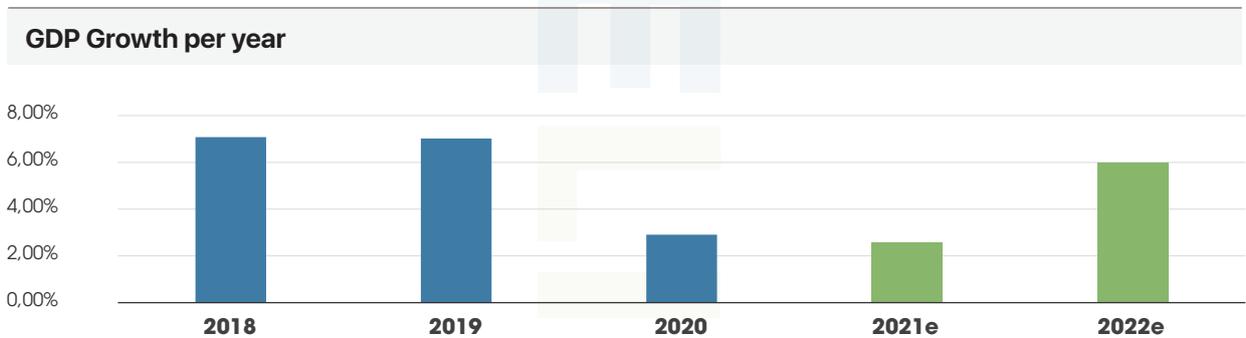


2/ THE VIETNAM ECONOMY MAINTAINS THE GROWTH RATE THANKS TO THE STRATEGY "LIVING WITH COVID"

a. GDP growth in 2021 is slightly lower than in 2020

The Covid-19 epidemic has greatly affected major economies in the world since it appeared in 2020. And Vietnam's economy has not escaped this influence of the pandemic. Before the outbreak of the epidemic, in 2018 and 2019 Vietnam's GDP continuously recorded a good growth rate (7.08% and 7.02% accordingly). In 2020, although the economy also was affected by the Covid-19 epidemic, Vietnam's GDP still recorded a positive growth rate (2.91 percent), which is a remarkable achievement and effort of the whole country. Vietnam's economy in 2021 started with the steadfastness thanks to increased demand from developed countries, the Government deploys to accelerate disbursement of public investment and stimulate investment and attract more domestic as well as foreign investment. The economy reached very good GDP growth in the second quarter of 2021 (6.61%).

However, the emergence of the 4th wave of Covid-19 starting from the end of April has taken a heavy toll on the country's economy, causing serious damage to all economic sectors. Especially, in the third quarter of 2021, when the number of infections in many provinces and cities increased rapidly, the social distancing policy was applied in most major provinces and cities, Vietnam's GDP in the third quarter of 2021 decreased 6.17% compared to same period of 2020, this is the lowest quarterly growth rate ever recorded from 2018 so far. In 2021, Vietnam's GDP increased by 2.58% - the lowest growth rate since 2018.



Source: GSO, HOUSELINK

b. Foreign Direct Investment (FDI)

The total value of foreign direct investment into Vietnam in the 12 months of 2021 reached 31.15 billion USD, increased 9.2% over the same period last year. In which, the value of newly registered capital and adjusted capital increased sharply compared to the same period last year, reaching USD 15.25 billion (up 4.1%) and USD 9.01 billion (increased 40.5%).

Continuing the trend from the beginning of 2021, the number of newly granted projects decreased by about 31.1% over the same period last year, but the total value of newly registered capital increased by more than 4.1%. If in the period of Q1 and Q2, although the number of newly granted projects decreased significantly, the newly registered capital increased sharply (> 16% compared to same period of last year), then in the 12 months, the value of newly granted capital increased only 4.1%. This shows that the trend of foreign investors who have registered to invest in large-scale projects still occurs from the beginning of the year to the end of 2021, but due to the complicated development of the Covid-19 epidemic in the third quarter of 2021 so by the end of the year, large-scale projects tend to increase but not as much as before.



Source: GSO, HOUSELINK compiled

c. Trade surplus in 2021

The complicated evolution of the Covid-19 epidemic in Vietnam and around the world, leading to a disruption in the supply chain, continued to negatively affect the import and export activities, however, in the last months of 2021 with the vaccination campaign, loosening distancing measures, production has improved compared to the third quarter of 2021. Accordingly, the value of exportation for the whole year reached 336.25 billion USD (increased 19% over the same period last year), the value of importation reached 332.25 billion USD (up 26.5% over the same period last year). Vietnam has an estimated trade surplus of 4 billion USD in 2021.

It should be further noted that the trade balance of FDI enterprises reached a surplus of USD 29.36 billion (surplus), but the trade balance of domestic enterprises had a deficit of 25.36 billion USD (trade deficit). FDI enterprises still contribute more export value than domestic ones.

IMPORT AND EXPORT OF GOODS 2021

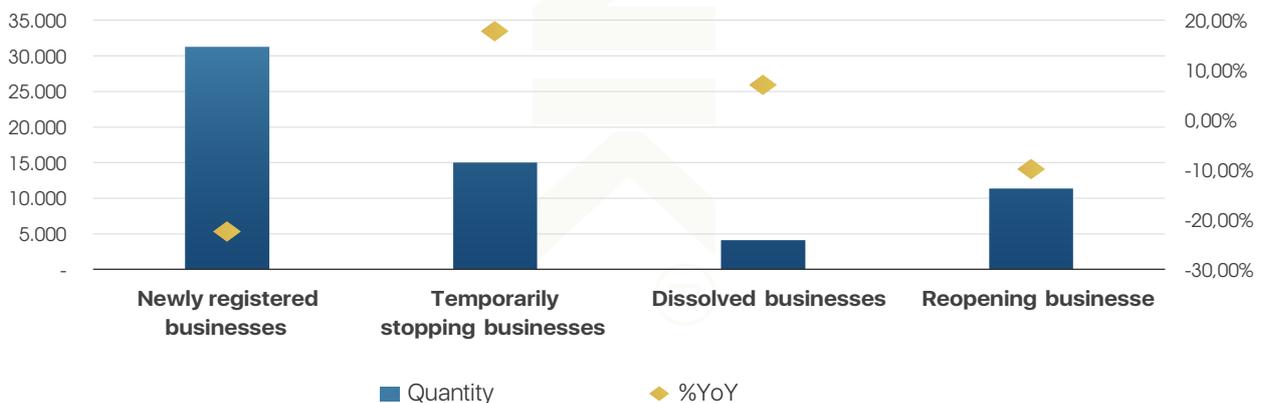


Source: GSO, HOUSELINK

d. Number of enterprises in industry and construction sectors

The decrease in the number of FDI projects combined with the difficult situation in the implementation of construction projects, the high price of construction materials, was heavily affected by the epidemic with the social distancing policy, especially in Vietnam. The time of Q.3/2021 has caused many enterprises in the field of Industry and construction to be dissolved or temporarily stopped operating. The number of businesses dissolved and suspended in 2021 increased by 18% and 7% respectively compared to 2020). While the number of newly established businesses decreased by 22.4% over the same period last year and the number of businesses returning to operation also decreased by nearly 10%. In 2022, with the policy of "Adapting safely to the epidemic" - both safely fighting the epidemic, developing the economy and promoting production and business, combined with increasing public investment to promote the economy and to attract foreign investment, the operation of enterprises is expected to be better than in 2021, but businesses still need to develop a clear operating and financial plan to prevent the Inflation which may be increased further and raw material prices remained high.

Number of enterprises in Industry and construction sector in 2021

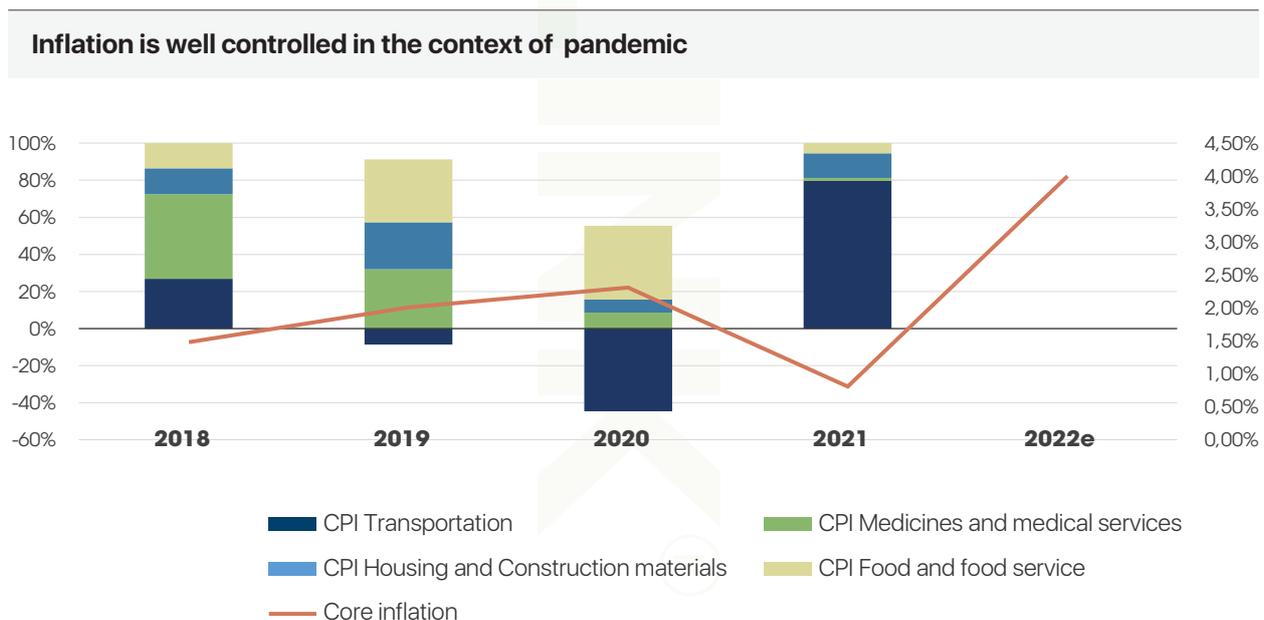


Source: GSO, HOUSELINK

e. Inflation is well controlled in 2021

Inflation is well controlled despite the negative impacts from the Covid-19 pandemic. As expected, in 2021, inflation is forecasted to remain at a low level (<4%) according to the Government's target despite the high prices of energy and raw materials. Specifically, due to increased prices of crude oil and raw materials, the price index of the Transportation sector increased by 10.52% compared to 2020. Although construction materials and especially steel prices increased during the first period of 2021, but the price index of Housing and construction materials only increased by 1.76% over the same period in 2020. In 2021, CPI increased by 1.84% average compared to the previous year, the lowest increase since 2016. Basic inflation only increased by 0.81% compared to 2020, this is the lowest inflation rate since 2018 until now. The Government's policy to support and reduce prices/fees for essential services such as electricity and water for those affected by the pandemic also helps to curb inflation in 2021, combined with the health of the people affected by the pandemic. Consumption demand decreased compared to the strong outbreak of the 4th Covid-19 wave.

In 2022, consumer demand increases again, especially during the Lunar New Year, oil prices and raw material prices continue to increase, so the inflation forecast in early 2022 will be higher. However, the speed of recovery of domestic demand for shopping and consumption will not be able to recover quickly in the context that the number of covid-19 cases has been increasing in recent times in provinces and cities, according to medical experts. At the fastest rate, it must be after 6 months that the epidemic situation can have positive progress, through which the demand will be basically restored. Therefore, in the first half of 2022, it will be difficult for the inflation index to spike. This caused the opposite reaction, that is, it is difficult for the economy to recover positively in the first half of next year. Inflation forecast in 2022 will still be controlled at <4% as the plan of the Government.



Source: TCTK, HOUSELINK



III.

INDUSTRIAL REAL ESTATE – DEVELOPMENT STATUS

In this section, we will group industrial parks nationwide based on the geographical distance from the Industrial Park to the center of the nearest big cities. Based on that, we classify Industrial Parks into groups as follows:

Group 1: <30km from the big city center

Group 2: 30km – 70km from the big city center

Group 3: >70km from big city center

The major cities of each region are identified as:

North: Hanoi, Hai Phong

Central: Da Nang

South: Ho Chi Minh City



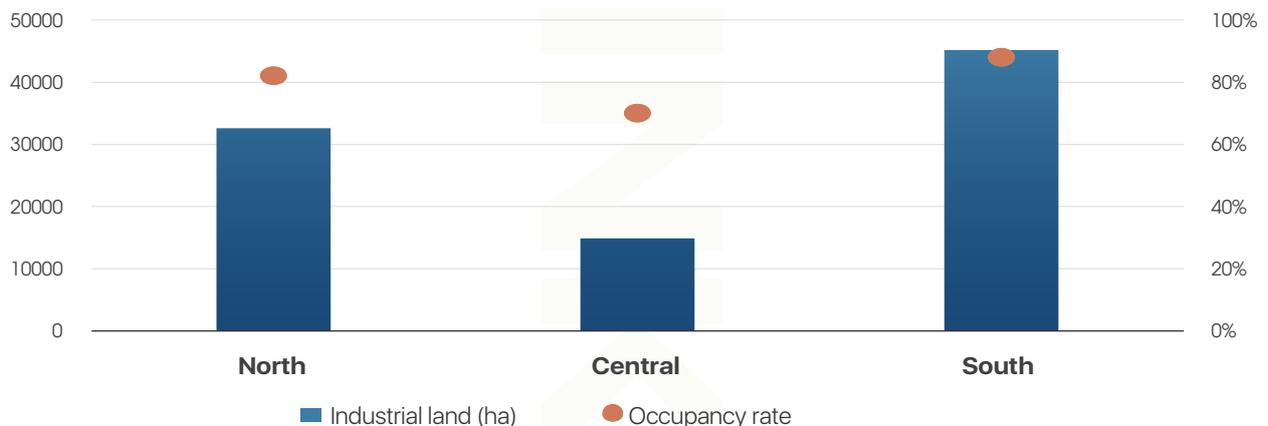
1/ PLANNING AND OCCUPANCY RATE IN ALL TYPES OF INDUSTRIAL REAL ESTATE HIFUNTIL DECEMBER 2021

a. Industrial Park (IP)

After conducting a survey on the development status of industrial parks nationwide in 2021, we summarize and analyze the development of industrial parks and export processing zones by geographical region, including: North, Central, South. In which, the expanded industrial park is counted by us as a separate industrial park, separate from the existing industrial park. Nationwide, a total of 366 Industrial Parks⁽¹⁾ have been put into operation with a total planning area of 92,686 hectares. Through the survey of 355 industrial parks, the average occupancy rate⁽²⁾ of industrial parks reached 81%. However, if divided by regions, the occupancy rate of the Industrial Parks of the southern provinces is slightly higher than that of the North and Central regions. In which, this rate in the Central region is the lowest. Specifically, in 19 southern provinces and cities, the area of industrial land is more than 45,000 hectares and the occupancy rate of industrial zones in the South reaches the highest average value in the region, with more than 88% of the total area. industrial land has been filled.

Meanwhile, industrial land area and occupancy rate of Industrial Parks in the North are only slightly lower with more than 82% of the more than 32,000 hectares of industrial land occupied and this figure in the Northern region. Central is just over 70% on nearly 15,000 hectares of industrial land, the lowest in the three regions.

Industrial land area and occupancy rate of IPs per region

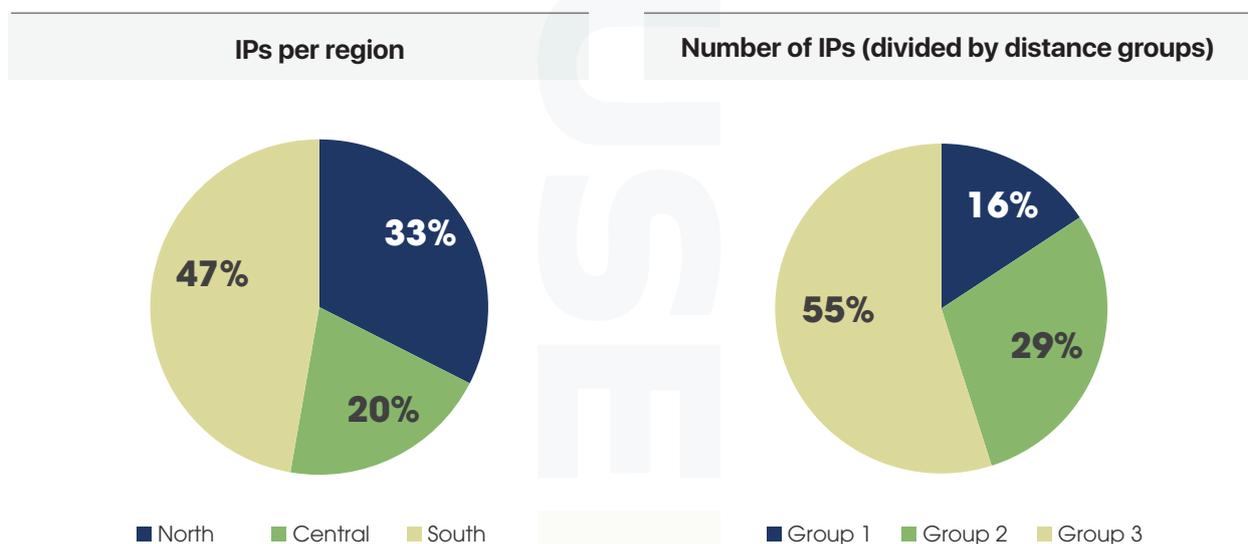


Source: HOUSELINK

(1) Extensions of Industrial Parks are considered as a separate Industrial Park from the existing Industrial Park

(2) Average occupancy rate is calculated by averaging the occupancy rates of surveyed industrial zones.

Industrial zones in the South account for 47% of the total number of IPs in the country, this figure is 33% in the North and only 20% in the Central region. When grouping by distance to big cities, we found that 55% of IPs are more than 70km from the city center, 29% of IPs are from 30-70km from the center of big cities and only 16% Industrial zones are less than 30km from the center of big cities. Industrial zones are concentrated mainly in provinces and cities far from big cities (Hanoi, Hai Phong, Da Nang, Ho Chi Minh) because the land fund in these areas is still abundant. Meanwhile, the vicinity of big cities is now gradually running out of land to build industrial zones. In the future, the Government is also planning and projects to improve and upgrade traffic as well as infrastructure in these provinces to develop and attract more investment in group 3 industrial zones.



Source: HOUSELINK

2/ LAND FOR RENT AND INDUSTRIAL REAL ESTATE PRODUCTS

a. Types of industrial real estate

Currently in Vietnam, mainly land for lease and ready-built factories are the two main types of industrial real estate. Industrial zones are also gradually diversifying into more industrial real estate products such as houses for experts, housing for workers, and living and dining areas, but not much. The type of ready-built factory has also emerged in recent years when the demand for renting factories is increasing. For the whole country, only 49% of industrial zones have ready-built factory products, and 51% of industrial zones currently do not have this type of industrial real estate. In which, the South has the highest concentration of industrial zones with ready-built factories (61% of IPs have ready-built factories), followed by the North (69% of IPs have ready-built factories, but the number is still less than in the South).) and the Central region currently very few IPs deploy this type of real estate because in the Central region, currently mainly investors in agriculture and energy, the demand for renting factories is not much.

Current status of ready-built plants and industrial land supply (by IP's numbers)



Source: HOUSELINK

Provinces have vacant land



Source: HOUSELINK

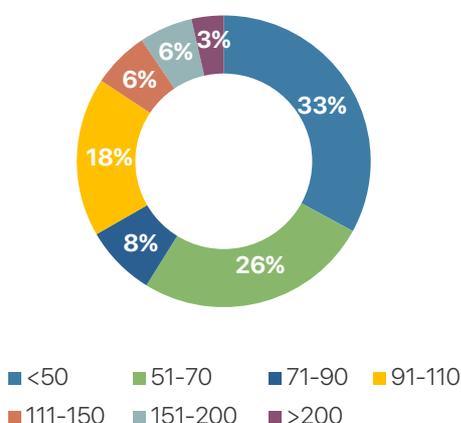
b. Land for rent's price in Industrial Parks

Industrial land for lease is the most popular and oldest developed form of industrial real estate in Industrial Parks in Vietnam. Based on a survey of 255 active industrial parks, we found that 33% of industrial land funds are leased for less than 50 USD/m²/lease period, followed by 26% of industrial parks with land for rent prices from 51-70 USD/m²/lease period. Particularly, 18% of IPs have land rents from 91-110 USD/m²/lease period. In particular, in 2021, there have appeared a number of industrial zones with land rental prices > 200 USD/m²/lease cycle, mainly in the South, although it only accounts for 3%, but it also shows that the land rental price has increased especially in the South region in the past year.

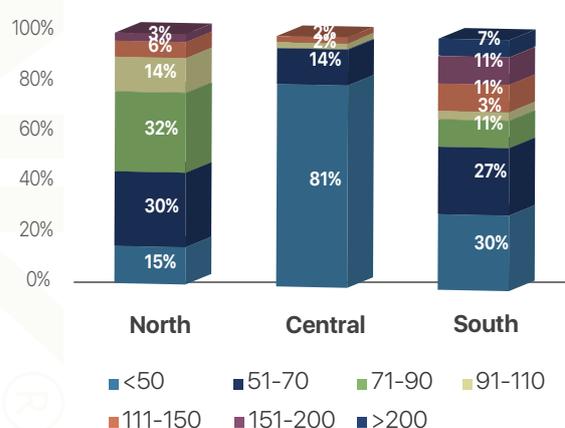
Land for lease, especially in the central region and in other localities, does not have many advantages in terms of location, ground and facilities, and has not attracted many investors. care. Offering attractive rental rates, along with incentives when renting and using land, helps attract investors to participate, contribute to local development and create jobs for employees.

If divided by region, in the Northern market, the land rental product of Industrial Parks fluctuates in the price range of 71-90 USD/m²/lease period and 51-70 USD/m²/lease cycle is key. While in the Central region, 81% of industrial real estate for rent has a price range of < 50 USD/m²/lease period. And in the South, 30% of IPs have rental prices > 50 USD/m²/lease period, mainly in industrial zones in provinces far from the center of Ho Chi Minh City, 27% of IPs have rents from 51-70 USD/m²/lease period. And especially, there are 8% of IPs with rental price > 200 USD/m²/lease period. Through this preliminary study, it can be seen that the land products for lease of industrial parks in the southern provinces and cities, the number of IPs with rental prices at > 110 USD/m²/lease period is more than that of the industrial zones. With the North and the Central region, the rental price range is also very diverse. And in the provinces in the central region that are not really attractive to investors, this situation has persisted for many years. Therefore, these localities need to analyze more closely the factors that are considered as weaknesses of the Industrial Parks in the area, and at the same time study more closely the strengths and highlights of the area in accordance with different types of industrial zones. What kind of industrial park to attract the right potential investors, instead of competing on product prices like at the moment.

Land rental price ranges in IPs (USD)



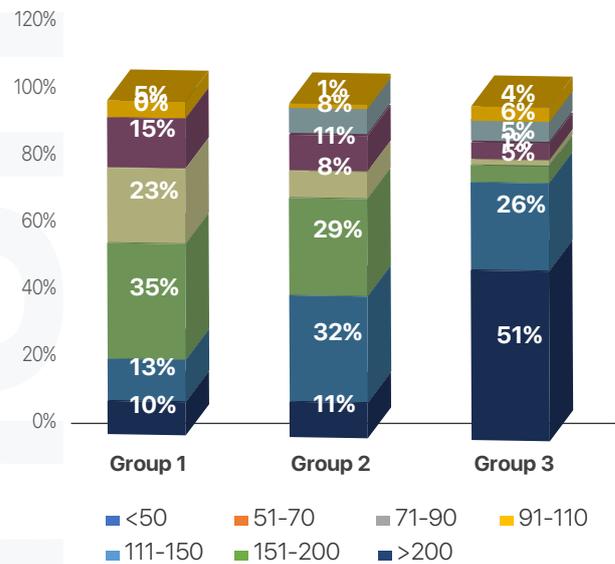
Land rental price ranges per region(USD)



Source: HOUSELINK

If classified by distance group to big cities, group 1 mainly ranges in rent at 71-90 USD/m²/lease period and 91-110 USD/m²/lease period, respectively 35% and 23%. Industrial zones with high price range > 110 USD/m²/lease period also account for about 20%. For group 2 IPs, mainly industrial zones, the price is 51-70 USD/m²/lease period (32%), followed by the price range of 71-90 USD/m²/lease period (29%). Industrial zones with rental rates > 110 USD/m²/lease period also account for 20%. But in particular, IPs with rents > 200 USD/m²/lease period account for only 1% compared with 3% in group 1. Group 3 is far from the city center, so the rent is also at a softer level, with more 50% of IPs have rental rates < 50 USD/m²/lease period. 26% of Group 3 IPs have rents at 51-70 USD/m²/lease period. Industrial zones in group 1, due to the advantages of geographical location and infrastructure, have higher rents than the other two groups. However, the IPs in group 2 still have quite good rental rates.

Land rental price ranges (by distance groups)



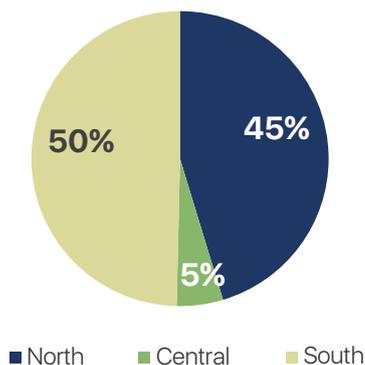
Source: HOUSELINK

c. Ready-built factory s prices

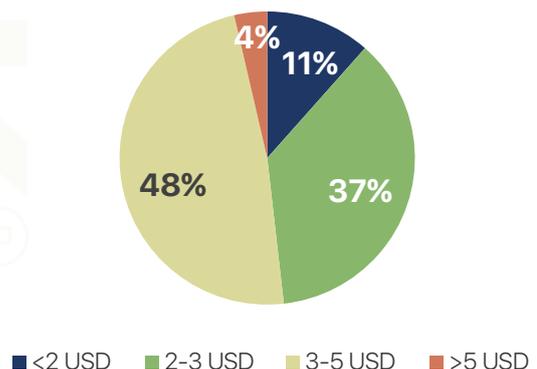
The type of ready-built factory with space for lease is currently concentrated mainly in the southern region with 50% of industrial zones having ready-built factories concentrated here, an increase of 25% compared to 2020. And in the area. The northern region followed closely with 45% of industrial zones having ready-built factories. This type in the Central region is hardly developed, only 5% of industrial zones with ready-built factories are concentrated in the Central region. Accompanying this trend of factory relocation, the ready-built factory market will also gradually develop in the future.

Currently, the rental price of the pre-built theater/storage area fluctuates mainly in two price ranges from 2-3 USD/m²/month (48%) and 3-5 USD/m²/month (37%). This cost is at an average level, not too large for investors wishing to rent a factory in the Hi-Tech Park. Accompanying the trend of industrial park construction, which provides a variety of products from leased land, ready-built factories, housing for workers and experts, and other utilities, it will contribute to attracting more investors to invest in this type of product.

IPs which have ready-built plant and warehouse (by number of IPs)



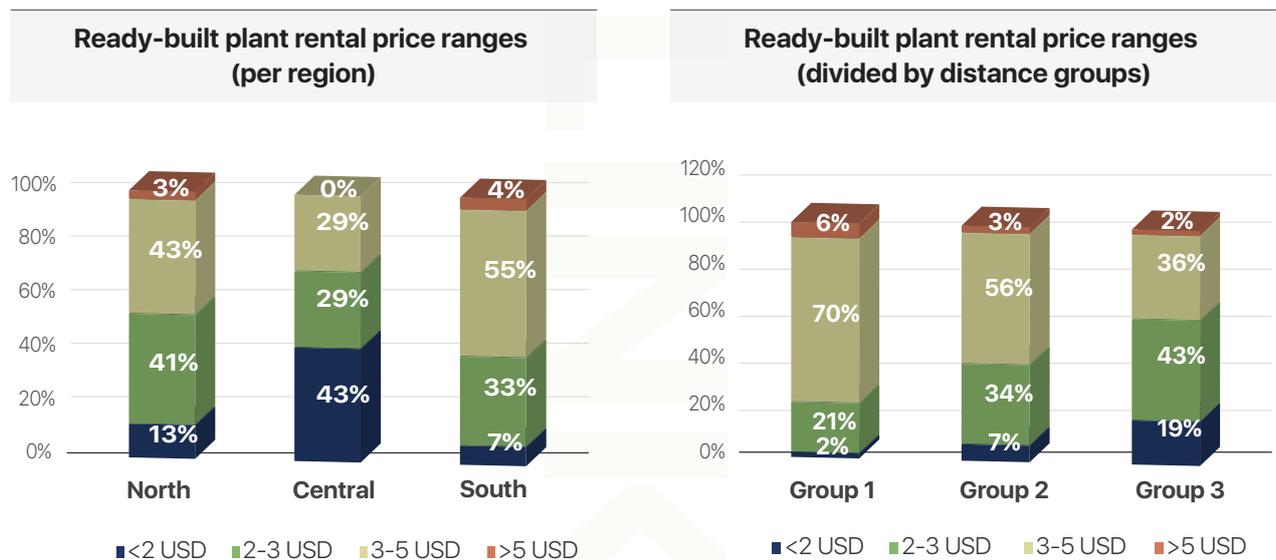
Ready-built plants rental price range



Source: HOUSELINK

In the North, there are mainly ready-built factories with rental prices from 2-3 USD/m²/month (43%) and 3-5 USD/m²/month (41%). And in the South this figure is 33% and 55% respectively. Meanwhile in the Central region, the rental price of ready-built factories is mainly cheap (< 2 USD/m²/month) (accounting for 43%), 29% of ready-built factories are priced from 2-3 USD/m²/month and 3-5 USD/m²/month, no factory has rental price >5 USD/m²/month. From the analysis, it can be seen that the rental price of ready-built factories in the South is somewhat higher than in the North and Central region, and the proportion of factories with rents >5USD/m²/month is also higher.

When grouping IPs according to their distances to the centers of big cities, we find that the IPs in group 1 have mainly a rental price of 3-5 USD/m²/month (accounting for 70%), followed by is about 2-3 USD/m²/month with 21%. Ready-built factories with prices >5 USD/m²/month and <2 USD/m²/month account for a small percentage. Along with that, in group 2, the same division is maintained as group 1 when 56% of ready-built factories have a rental price of 3-5 USD/m²/month, this figure is 34% for the price range 2-3 USD/m²/month, the remaining two price ranges also account for a very small percentage. And in group 3, the largest proportion is the rental price range of 2-3 USD/m²/month with 43%, 36% belong to the price range of 3-5 USD/m²/month. Especially, the rental price range < 2 USD/m²/month accounted for 19%, the highest among 3 groups of industrial zones. We believe that the rental price range of ready-built factories in the three groups of industrial zones does not have any significant difference, the rent in all three groups still remains at the average level, with no significant difference. much between prices. However, it can be seen that the IPs located near the city centers still have slightly higher rents than the other two groups of industrial zones.

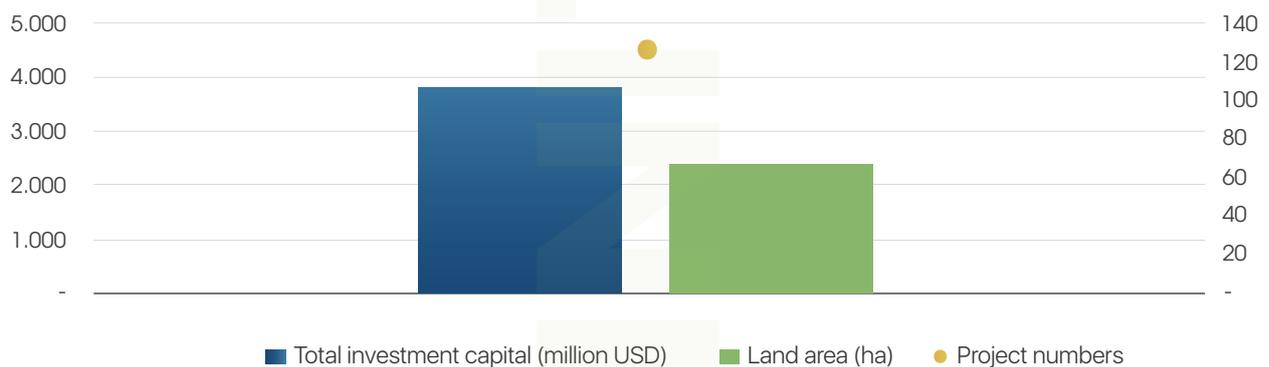


Source: HOUSELINK

Ready-built factories are very attractive and have an increasing scale in terms of investment capital, but they are still mainly in favor of projects with a factory scale that is not too large and not too complicated as well as requires the construction into a high tech industry. For high-tech ready-built factories, there is an increasing trend in recent times due to the support policy of the State of Vietnam, creating momentum for the development of high-tech industrial parks. However, this ratio is still not much and the fact that the hi-tech zones in Vietnam are not yet fully developed, therefore, have not yet attracted too many investors to participate. Mainly in Vietnam at present, it still focuses mainly on heavy industries, with little high technology requirements, leading to this type of real estate has not grown too fast. But with the increasing demand of investors as well as the focus on the quality of factories of industrial park investors today, it will also contribute to increasing more choices for investors when referring to the industrial zone market in Vietnam.

For ready-built factories or warehouses for rent, it is also a type developed by many investors in current industrial zones. Especially in the North and the South, two regions where most of the country's industrial zones are concentrated, the type of warehouse and logistics warehouse for lease is one of the six most developed industries in 2021 in terms of total investment. On a national scale, according to the data compiled and verified by HOUSELINK, we believe that in the future, there will be more than 2 thousand hectares of factory land, logistics warehouses formed with a total investment of more than 3 billion USD. It can be seen that in the future, ready-built factories and warehouses for rent will be a particularly developed type of industrial real estate.

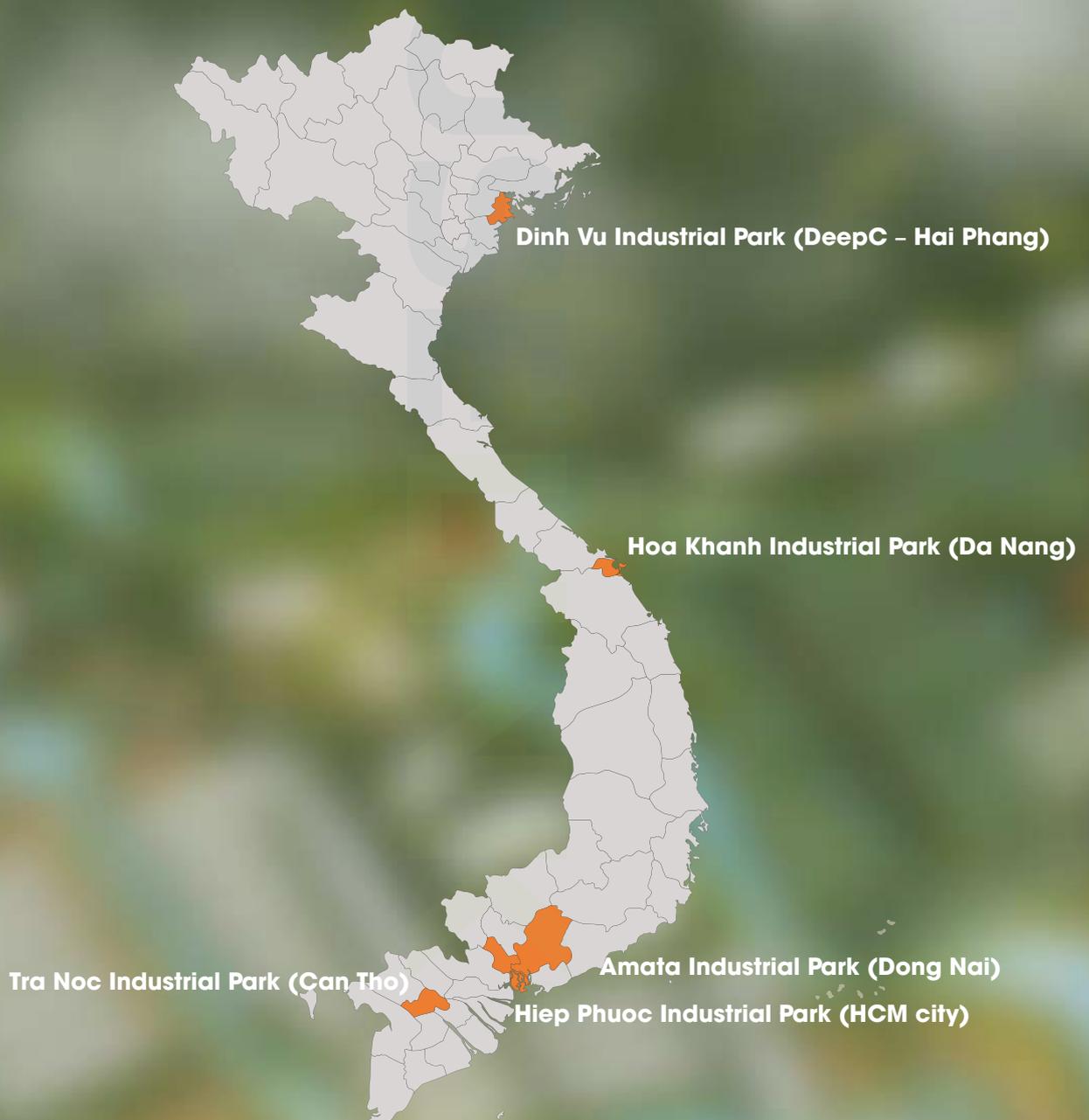
Supply of ready-built plant and logistic warehouse in the future

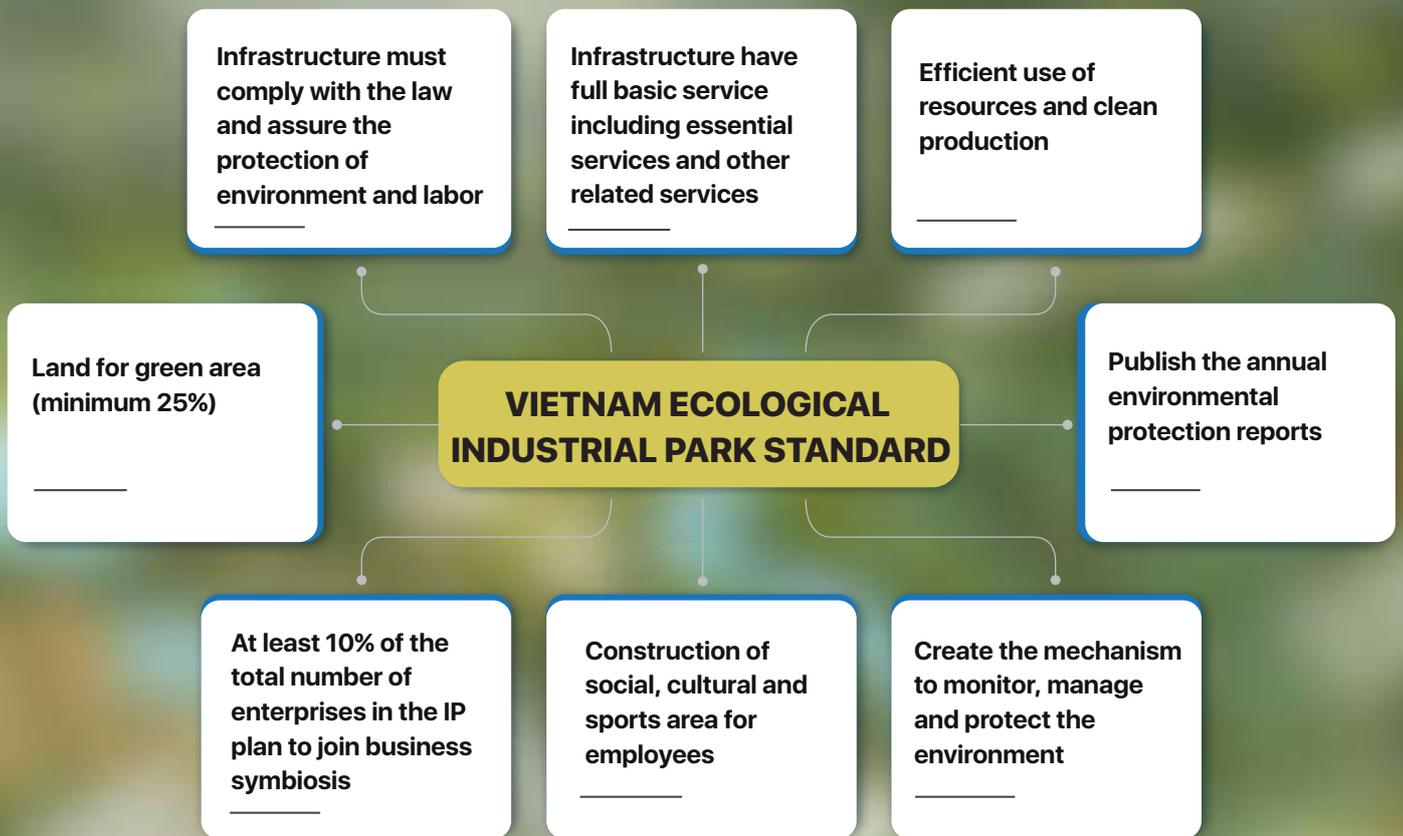


Source: HOUSELINK

3/ VIETNAM AIMS TO STRENGTHEN CLEAN TECHNOLOGY, A NUMBER OF INDUSTRIAL PARKS HAVE BEEN SELECTED AS PILOT PROJECTS (ECOLOGICAL INDUSTRIAL ZONES)

In order to implement the "National Strategy on Green Growth for the 2021-2030 period, with a vision to 2050", as well as Vietnam's commitment to the implementation of the Union's 2030 Sustainable Development Goals. United Nations and net zero emissions by 2050, the Government of Vietnam and agencies have been making efforts to implement Eco-Industrial Park models in Vietnam. Currently, there are 05 industrial zones in Hai Phong, Da Nang, Dong Nai, Ho Chi Minh City and Can Tho were selected as pilot industrial zones in a 36-month project funded by Swiss ODA and Vietnamese counterpart funds.





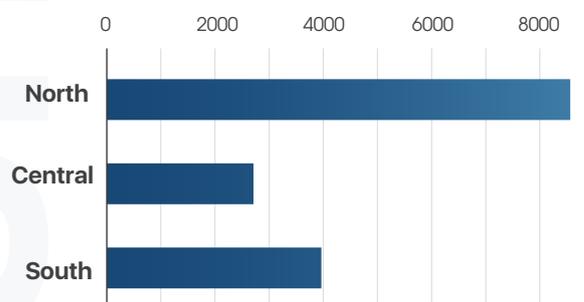
(According to Decree 82/2018/ND-CP on management of industrial parks and economic zones dated May 22, 2018)



4/ NEW INDUSTRIAL ZONES IN 2021

In this section, we focus on analyzing industrial zones with investment policy, investment certificate and planning of 1/2000, 1/500 in 2021 (expanded IP is counted as a new IP). According to HOUSELINK's data, in 2021, about 57 new Industrial Parks will be added nationwide. In which, the Northern region is added 38 zones, the South has 11 industrial zones added to the planning, while this number in the Central region is 8 zones. Both in quantity and in planned area, the new zones in the North account for the majority, showing that the supply in the Northern provinces is very ready to welcome new investment capital in the coming years.

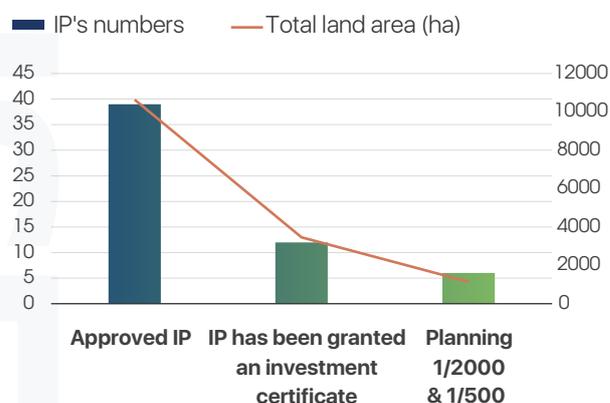
Land are of IPs which are in the plan in 2021 (ha)



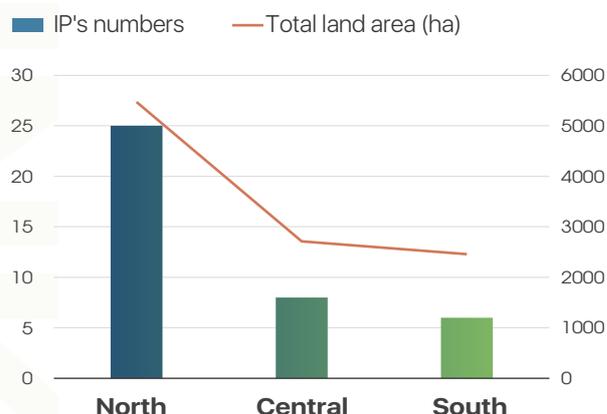
Of these 57 new industrial parks, 39 have been approved for investment policies, 12 have been granted investment certificates, and 6 have been planned for 1/2000 and 1/500.

Among the Industrial Parks approved for investment policy, the majority of Industrial Parks are concentrated in the North with 25 zones. Most of these IPs have a planned area of over 100 hectares, bringing an abundant supply in the northern market in the near future. With 8 new zones approved for investment policy, the Central region hopes to attract more investors who will choose the Central region as the ideal destination. And although in the first 3 quarters of the year, there were almost no new zones in the South, but in the 4th quarter, when the epidemic in the South was gradually controlled and the Government loosened the measures to prevent the epidemic, activities in the South were gradually reduced. Production as well as investment activity in this area has gradually recovered, in 2021, 6 new industrial zones have been approved for investment policy in the South.

Status of new IPs in 2021



New IPs are approved for investment policy



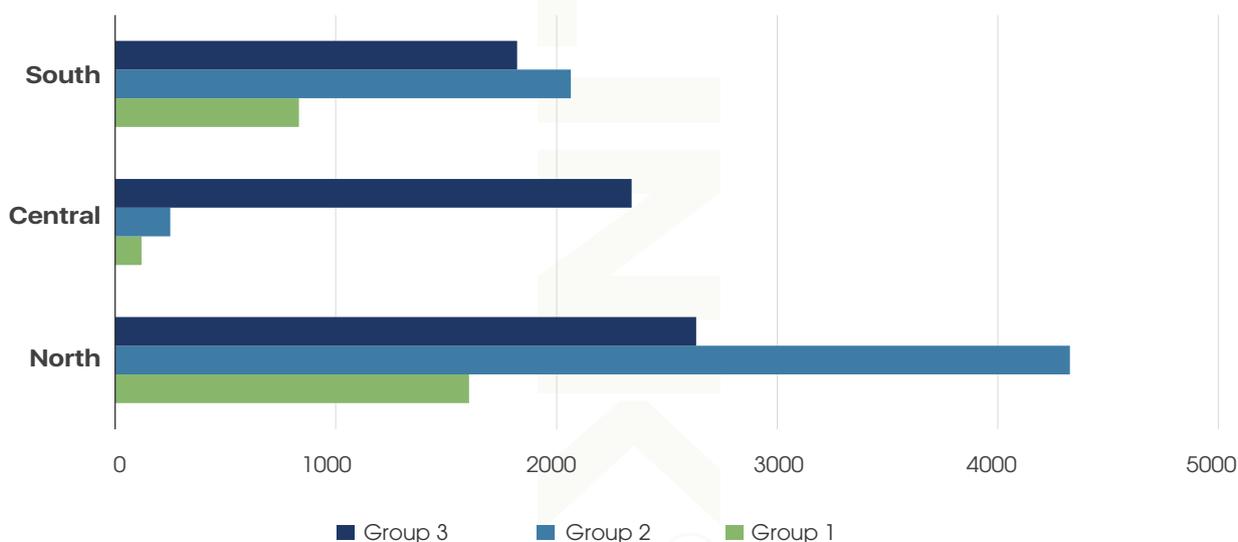
Source: HOUSELINK

With the number of new IPs as the above data shows, at least in the short and medium term, more than 15,000 hectares of finished industrial park land will enter the Industrial Park real estate market – approximately 10% of the public land area existing business.

In addition to the above IPs, the industrial real estate market still has many IPs that have been granted investment policies or investment certificates for a long time, but the implementation of infrastructure construction has encountered many problems due to the clearance stage premises or some other legal factors that have not yet been released to the market. It can be seen that the supply of industrial real estate in the short and medium term is relatively abundant, ready to catch the investment wave in the near future. When dividing Industrial Parks into Groups 1, 2, 3 depending on geographical distance from big cities, it was found that in the North mainly industrial zones of Group 2 were built

(25 zones), the number of Industrial zones in group 1 have only 3 zones in Hai Duong and Hai Phong, and up to 10 zones in group 3 will also be built. The industrial real estate market in the North in the near future promises to bring a lot more diversity in terms of location, as well as increase the supply of industrial real estate, focusing on attracting investors. Meanwhile, in the South, the industrial land area in groups 1 and 2 is not much. Therefore, in the coming time, it will be mainly industrial zones of group 3 with a total planning area of 1,8921 ha. Group 1 also has 02 more industrial parks about to be built, although the planned area is not too significant (325ha), and there are 03 industrial parks in group 2. And in the central region, mainly industrial parks in group 3 was built, in provinces such as Quang Nam, Quang Tri, Thua Thien Hue.

Land area of IPs of each region (by distance groups)



Source: HOUSELINK

PROVINCES AND CITIES ARE ALLOWED TO INVEST IN NEW INDUSTRIAL ZONES IN THE FUTURE IN EACH REGION (ACCORDING TO THE PLANNED LAND AREA).

LAND AREA OF NEW IPS IN THE NORTH (HA)



LAND AREA OF NEW IPS IN THE CENTRAL (HA)



LAND AREA OF NEW IPS IN THE SOUTH (HA)



Source: HOUSELINK

IV. CURRENT SITUATION OF NEW LEVEL FDI PROJECTS IN INDUSTRIAL PARK IN 2021



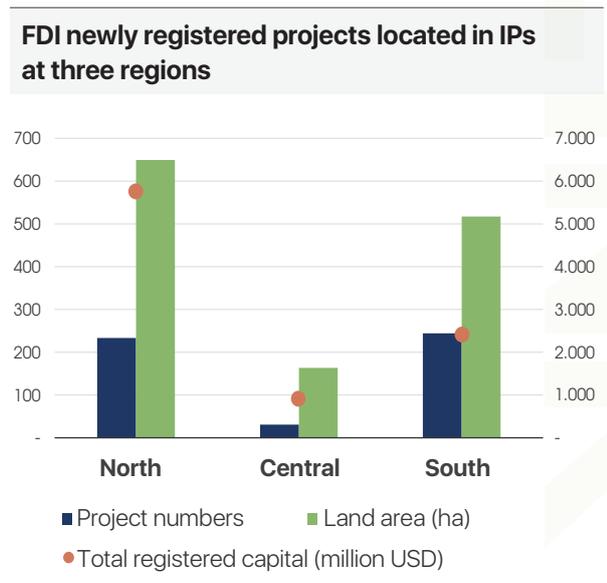
In this content, we focus on analyzing the status of ALL newly licensed FDI projects distributed in Industrial Parks in 2021.

In 2021, there will be more than 500 new FDI projects with factories and headquarters in industrial zones in Vietnam. Industrial zones in the North in the past year were especially prominent, when more than 46% of newly registered FDI projects in the year chose IPs in the North as destinations, especially 63% of newly registered capital as well poured into industrial zones in the North and of more than 1000ha of registered industrial land, 49% is in the North. It can be said that although in 2021 the North of Vietnam will also be heavily affected by the Covid-19 epidemic, but with a quick recovery and effective Covid prevention strategies, industrial zones in the northern provinces had a quick recovery, attracting a lot of attention from investors.

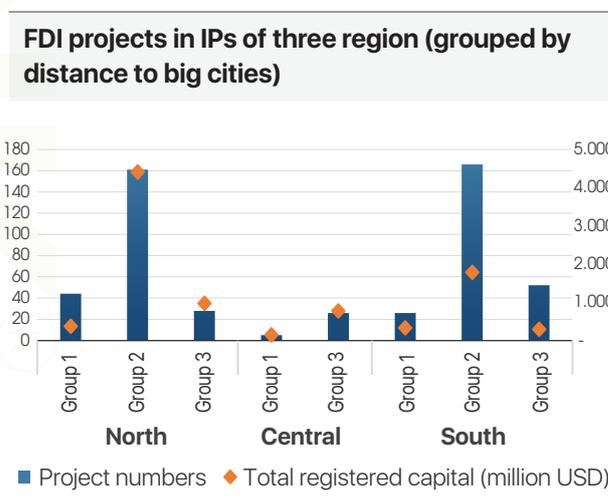
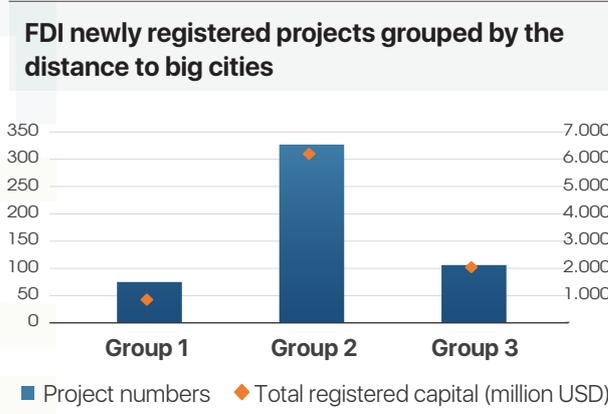
In the South, we recorded the highest number of newly registered FDI projects in the country (48%) but the scale of the projects was not too large (27% of the total value of registered investment capital and 39% of the total investment capital) registered industrial land area). In the Central region, IPs only attract a small number of newly registered FDI projects with nearly 1 billion USD of total registered investment capital.

When grouping IPs by distance to major city centers, we note that mainly new FDI projects choose industrial zones in group 2 (from 30km to 70km from the center of big cities) as their location investment point. While industrial zones in group 1 are gradually being limited by area as well as high rent, group 3 industrial zones have disadvantages in terms of distance and infrastructure, not too far from the city centers. With a large city, complete infrastructure with a system of highways, national highways, and seaports gradually being upgraded, group 2 is clearly showing its strong attraction in attracting industrial projects.

Looking at more details of each region, HOUSELINK data recorded in the North and the South, the IPs in group 2 are still the ideal destination for new FDI projects with a higher number and value of registered capital. compared with other industrial zones. In the Central region, with the distance from the center of Da Nang city, mainly industrial zones belong to group 1 (industrial zones located in Da Nang city) and group 3 (IZs in provinces such as Thanh Hoa, Binh Dinh, Quang Nam,...) to attract more investment.



Source: HOUSELINK



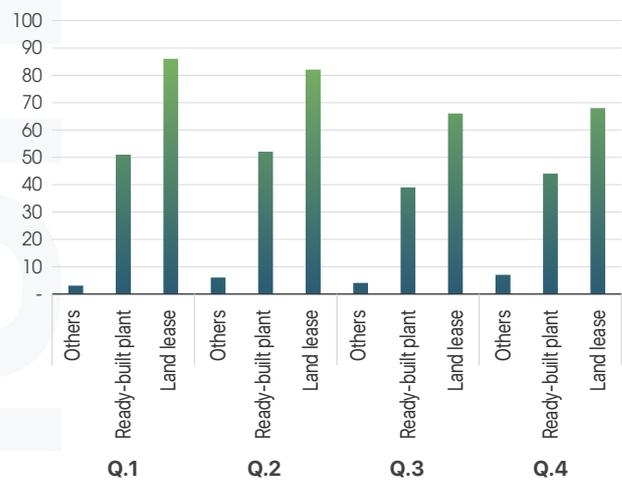
Source: HOUSELINK

Land for rent is still the type of industrial real estate that attracts the most FDI in 2021

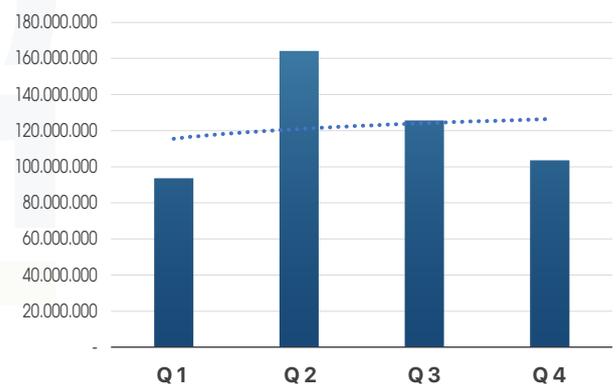
Land for lease in industrial zones is still the most chosen industrial real estate product in 2021 with 59% of projects leasing land for investment. Factory products account for 37%, the rest is small for other types such as office rental or facilities installation projects, ...).

According to our observations, the products of ready-built factories and industrial land leases both decreased sharply in the third quarter of 2021 due to the impact of the Covid-19 epidemic, leading to many consequences for industrial zones throughout the country. However, both of these types increased and recovered again in the fourth quarter. Although the number of projects to rent factories and lease industrial land is not the same as at the beginning of the year, with the Government's campaign "New normal, epidemic prevention goes hand in hand with socio-economic development", along with With IPs and other types of industrial real estate being continuously supplied over the years, we believe that in the future, these products of the IP will still attract a lot of attention from investors. investment, quick recovery and development. Especially in terms of registered investment capital, we note that the rental of ready-built factories in industrial zones tends to increase in the past year, while the rental of industrial land tends to decrease. This shows that investors are paying more and more attention to ready-built factory products, especially during the time when the Covid-19 epidemic is still going on in many places.

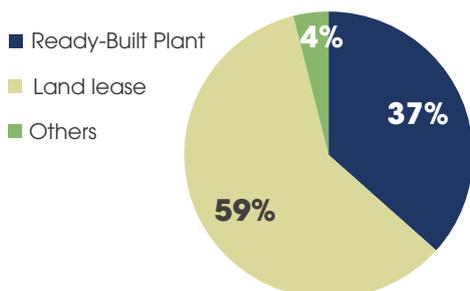
Real Estate Industrial products attract FDI newly registered projects by Quarters in 2021



The trend of renting ready-built plants in 2021 (by total registered capital)

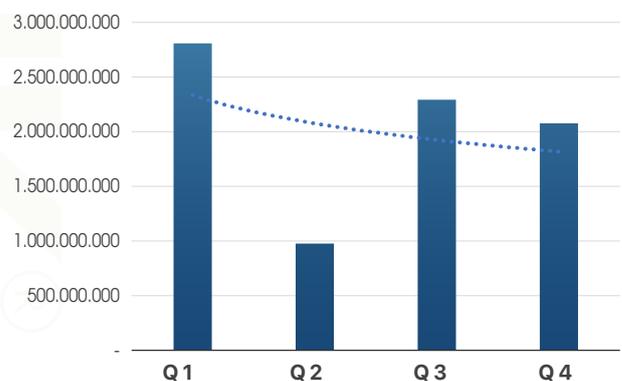


Real-Estate Industrial products (by project numbers of FDI newly registered projects in 2021)



Source: HOUSELINK

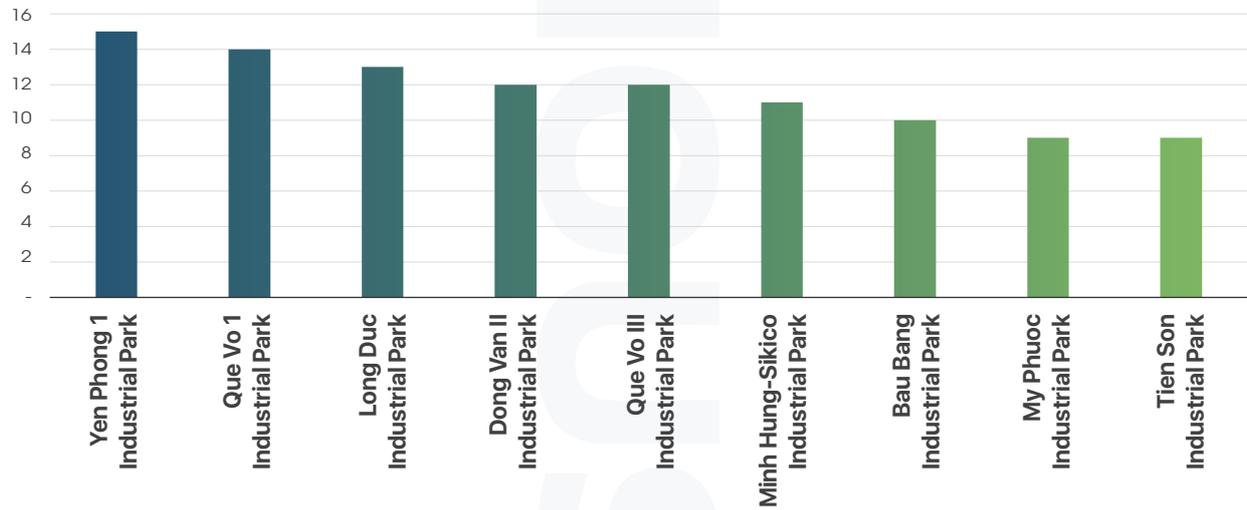
The trend of land lease in 2021 (by total registered capital)



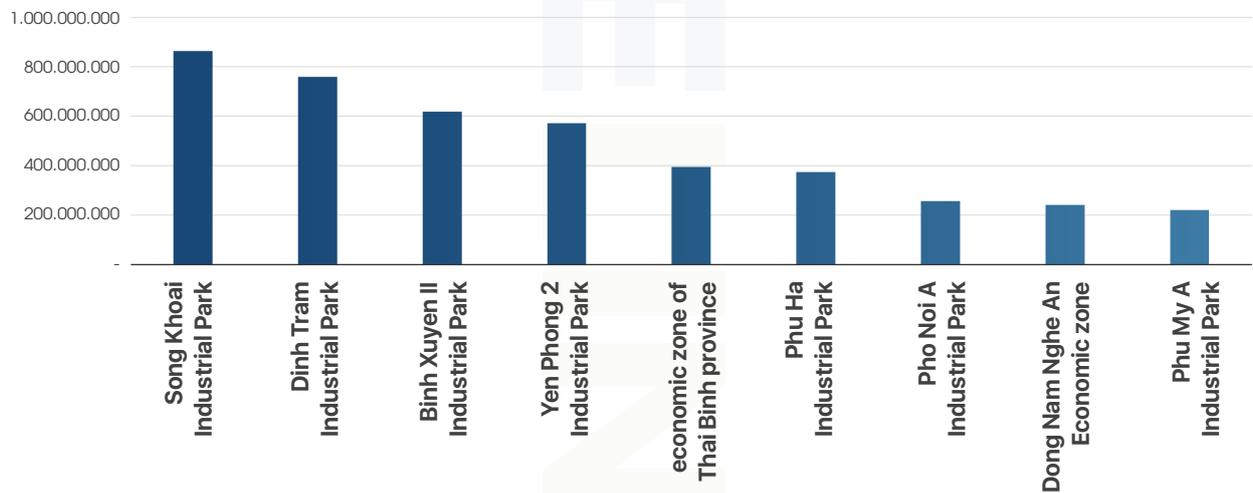
Source: HOUSELINK

SOME INDUSTRIAL ZONES ATTRACT MANY NEW FDI PROJECTS IN 2021

Top 10 IPs attracting newly registered FDI projects (by project numbers)



Top 10 IPs attracting newly registered FDI projects (by total investment capital)



Source: HOUSELINK



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