Where is the resort real estate market in Vietnam?

In 2019, Vietnam was voted by Forbes magazine as one of the 14 most attractive destinations in the world thanks to its diverse tourism resources and many world natural heritages. Of which, Vietnam's tourism map this year has also appeared many emerging destinations, attracting much attention from investors as well as global visitors.

According to a report by the Vietnam National Administration of Tourism, the number of international tourists coming to Vietnam in 2018 reached reached the milestone of 15 million, doubling compared to that of 2015. Domestic visitors reached the milestone of 95 million, an increase of nearly 10% over the same period in 2017. The number of accommodations also grew at 10-20% over the years (from 2015-2017).

In addition, the average spending per day of tourists coming from most markets increased, illustrating the growth in both quantity and quality of Vietnam's tourism industry. Survey results from 2014-2017 of the General Department of Tourism published late last year showed that most markets have increased the average spending per day. In which the market increased to 28.5%. In 2017, the average spend per day of overnight guests was 126.3 USD.

The rapid growth of the tourism industry has been strongly influencing the resort real estate market in Vietnam, especially in coastal areas such as Nha Trang, Da Nang, Phan Thiet and Ba Ria - Vung Tau, Phu Quoc or Quang Ninh ... However, after the booming development period, the resort real estate map has noticeable new developments.

The common point of Da Nang, Nha Trang, and Phu Quoc is the transport infrastructure that is one step ahead, given the good investment by the government, taking advantage of the airport, seaports, highways ... Regarding urban infrastructure, while the two regional resort centers, Da Nang and Nha Trang, have a lot of development, Phu Quoc is being paid attention by the State to call for more development investment in order to turn this place into a city. new resort center, competitive with points of Indonesia or Thailand, Philippines ...

“Whirlwind” invests in resort real estate of many domestic and foreign corporations are also heading to Quy Nhon (Binh Dinh), Ke Ga - Hon Lan (Binh Thuan), Long Hai (Ba Ria - Vung Tau), Ninh Thuan. These are newly emerging investment attractions in a very short time but have become the “nesting” of many real estate businesses. In parallel with a series of billion-dollar resort projects, local authorities are calling for investment in many inter-regional transport projects, with a strong focus on some highways and airports.

At the M&A Forum held in Ho Chi Minh City recently, many economists also said that the important factors contributing to the rapid change of this resort real estate map include the improvement of infrastructure of new international routes, incentive policies from the Government and contributions from private investors. It can be said that Vietnam has similar characteristics to Thailand ten years ago and therefore can follow similar development directions.

In addition, more and more domestic and foreign investors are interested in Vietnam's resort real estate market. However, not many transactions have been made recently, especially in the active real estate segment, mainly due to the tight supply and the owners who are holding assets with little demand for divestment.

Another investor also stated that the current demand of foreign corporations is not buying condotel projects, but mainly buying hotels to operate, focusing on tourist attractions such as Hanoi, Ho Chi Minh City, Nha Trang, Da Nang, Quang Ninh, or emerging localities such as Ninh Thuan, Quy Nhon (Binh Dinh), Van Phong (Khanh Hoa), Phu Yen ... due to these areas large land fund , creating added value and high competitive advantage over time.

In addition, a number of foreign investment funds from Europe, Japan, and South Korea are also actively searching for available hotels and coastal residential projects and beautiful locations that can be renovated to develop into a closed resort chain. Accordingly, investors are continuing to promote investment in larger-scale projects, spread across provinces and cities with advantages of sea tourism.

Of which, the products will continue to be marketed in many different forms. New financial instruments will continue to be tested. Hundreds of resort projects were launched, bringing thousands of high-class resort apartments to market. The trend of investors “hunting” the type of coastal villas to buy for rent is increasing sharply with the growth of domestic tourism.

According to Ms. Duong Thuy Dung, Senior Director of CBRE Vietnam, the booming real estate market in Vietnam has been fueled by factors such as improved infrastructure, the number of international and domestic tourists. The country has grown strongly, products are increasingly diverse and of high quality.

“It is also undeniable that resort real estate is becoming an attractive investment channel for both domestic and foreign investors. Fully convergence of these factors makes it easy to be understood why Vietnam's resort real estate market has never run out of heat”, Dung said.

Some comments also said that the current development of a series of large coastal resort real estate projects does not necessarily cause doubts about the consumption capacity The risks also come from legal factors such as the type of condotel, which is unclear and still being debated. Or what is the basis for binding the responsibility between the owner and the manager for the annual rate of return commitment.

However, in the long term, the middle class in Vietnam, when reaching the scale and higher income than the current, will arise the need for a second home. According to forecasts of the World Bank (WB), in Vietnam, an average of 1.5 million people join the middle class each year, expected to reach 33 million by 2022. Therefore, the demand for tourism, resorts and housing will thus increase.

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