

Residential Real Estate Sector – Q2/2025 Update

Social housing supply to improve, leverage to ease with slower debt growth

In Q2/2025, the social housing segment saw major supportive regulatory reforms to streamline legal procedures and boost new supply. Following targeted policy support, project execution accelerated throughout the quarter. Funding access remained robust as real estate bond issuance recovered to supplement strong bank loan growth. Developers' leverage stabilized but operating cash flow (CFO) recovered unevenly.

Looking ahead, we expect the social housing supply expansion and lower financing costs will improve homebuyers' housing affordability in major cities. In 2H2025, the listed developers' leverage will gradually improve as debt growth slows and sales proceeds and profit recognition increase from stronger handovers.

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● Improved ● Stable ● Deteriorated
 Indicator Trend

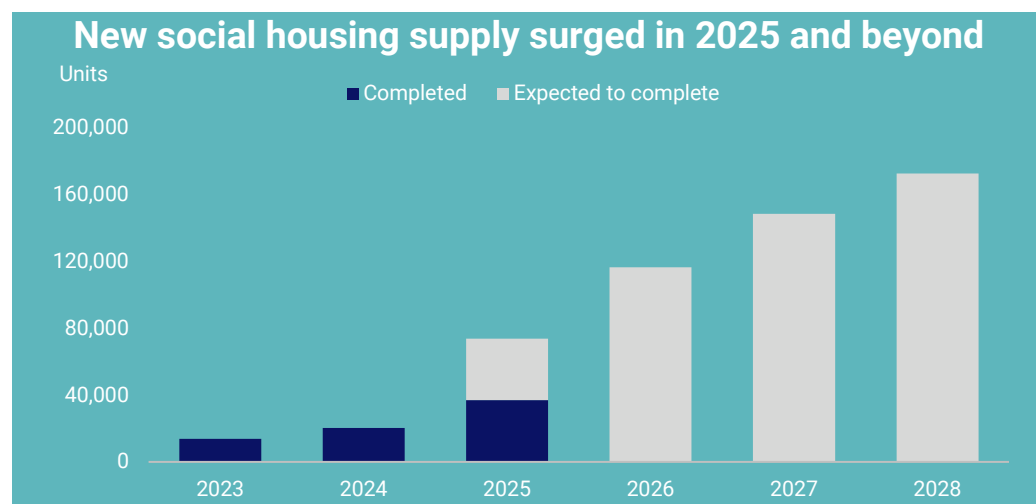
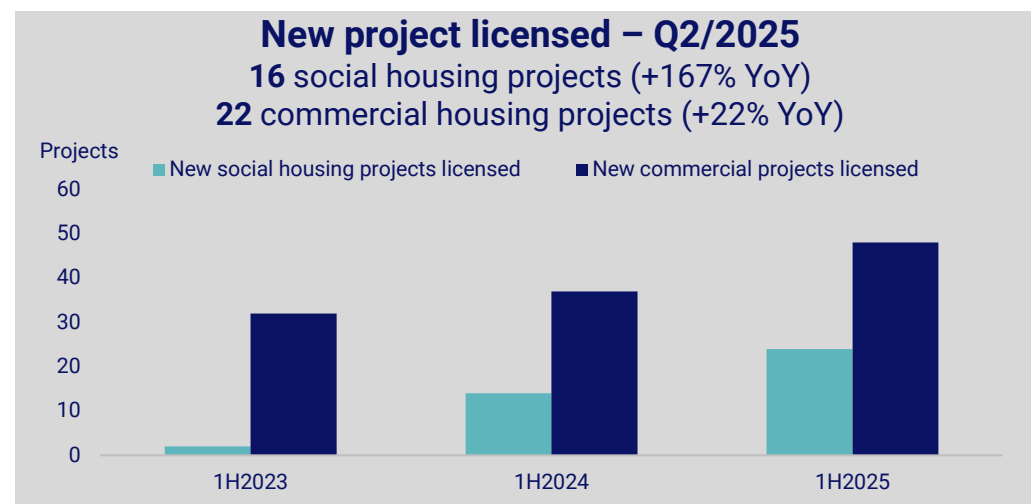
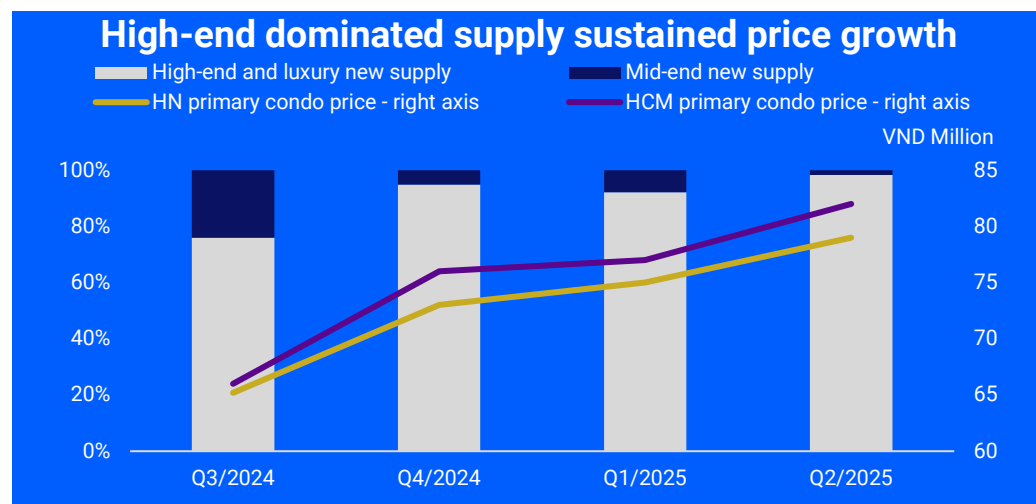
Key Highlights

 Policy measures	●	Significant policy reforms in Q2/2025 will accelerate social housing development <ul style="list-style-type: none"> In Q2/2025, licensing and approval processes remained strong, particularly in the social housing segment, as newly licensed social housing projects jumped 167% year-on-year (YoY). Resolution 201/2025/QH15 governed the establishment of Vietnam's National Housing Fund to invest in technical and social infrastructure and finance the construction of social housing projects, especially in the affordable rentals segment. Decree 192/2025/ND-CP allows authorities to approve investment policies and appoint investors for social housing projects without requiring a bidding process. This streamlines legal procedures and accelerates project timelines, benefiting developers with large social housing pipelines such as VHM, VGC, BCM, NLG, and HDC.
 Market condition	●	High-end dominated supply sustained price growth, but the social housing surge will gradually improve housing accessibility <ul style="list-style-type: none"> In Hanoi and Ho Chi Minh (HCMC), average primary price continued to increase by 30% YoY in Q2/2025, driven by a commercial housing new supply mix including over 80% of high-end and luxury projects. The absorption rate declined to 91% (2024: 106%) as homebuyers grew more cautious. Social housing completion surges in 2025, reaching 74,000 units (7M2025: 37,000), tripling 2024 total. Looking ahead, social housing completions are planned to grow 20% annually from 2026 to 2030. Strengthened supply and improved connectivity to satellite cities will improve housing accessibility of low- to mid-income buyers in major cities.
 Financing condition	●	Real estate bond issuance recovered to complement strong bank loans growth <ul style="list-style-type: none"> Real estate business loans grew 33% YoY in Q2/2025 (2024:24%), supported by SBV's higher credit growth limit and vigorous project developments in the sector. In 8M2025, real estate bond issuance also increased by 35.6% YoY, driven by hospitality developers. We expect issuance activity to remain strong, driven by large real estate groups' demand for refinancing and land bank expansion. Access to low-cost financing for social housing is improving, with SBV's June 2025 directives offering 1–2% interest discounts for buyers under 35 and a 6.4% lending rate for developers, well below prevailing market levels.
 Financial strength	●	Leverage stabilizes as developers are less reliant on debt to finance business growth, while CFO improves unevenly <ul style="list-style-type: none"> Leverage, indicated by Debt/EBITDA, remained stable at 3.2x (Q1/2025: 3.1x). SJS and KDH recorded the highest debt growth to finance the resumption of their long-time delayed projects. CFO recovers unevenly as some large developers (VHM, NLG) show improvements due to robust customer advances and deposits from business partners. However, most of the other peers continue showing weak CFO. Overall, listed developers are less reliant on debt financing to grow their business – a credit positive. In Q2/2025, listed developers recorded asset growth outpacing debt growth for the first time in six quarters, driven by more diversified funding sources. In 2H2025, we expect the developers' leverage will gradually improve as debt growth slows, and sales proceeds and profit recognition increase from stronger handovers.

Source: VIS Rating

High-end dominated supply sustained price growth, significant policy reforms in Q2/2025 will accelerate social housing development

Exhibit 2: The social housing completion surge will gradually improve housing accessibility in major cities



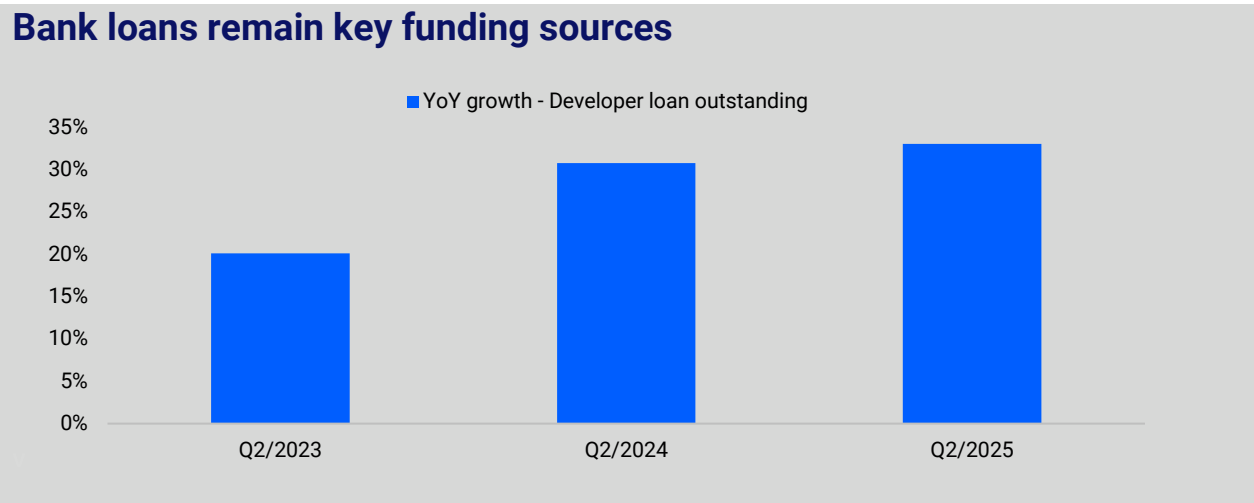
Source: Ministry of Construction, CBRE, DKRA, Decision 444/QĐ-TTg, Company data, VIS Rating,

Social housing pipelines			
Developer	Location	Expected handover	Project
VHM	Thanh Hoa	Q4/2025	Happy Home Thanh Hoa
	Hai Phong	Q3/2026	Happy Home Trang Cat
	Khanh Hoa	Q4/2026	Happy Home Cam Ranh
VGC	Ha Noi	Q4/2026	CT3 KDT Kim Chung, NOXH Tien Duong 1
NLG	Can Tho	Q4/2026	EhomeS Can Tho
BCM (A stable)	Binh Duong	Before 2030	Zone 5 Dinh Hoa
		Before 2030	Zone 6 Viet Sing

Real estate bond issuance recovered to supplement strong bank loans growth

Exhibit 3: Financing conditions will remain stable to support project development and debt refinancing

Bank loans remain key funding sources



Announced funding plans in Q2/2025

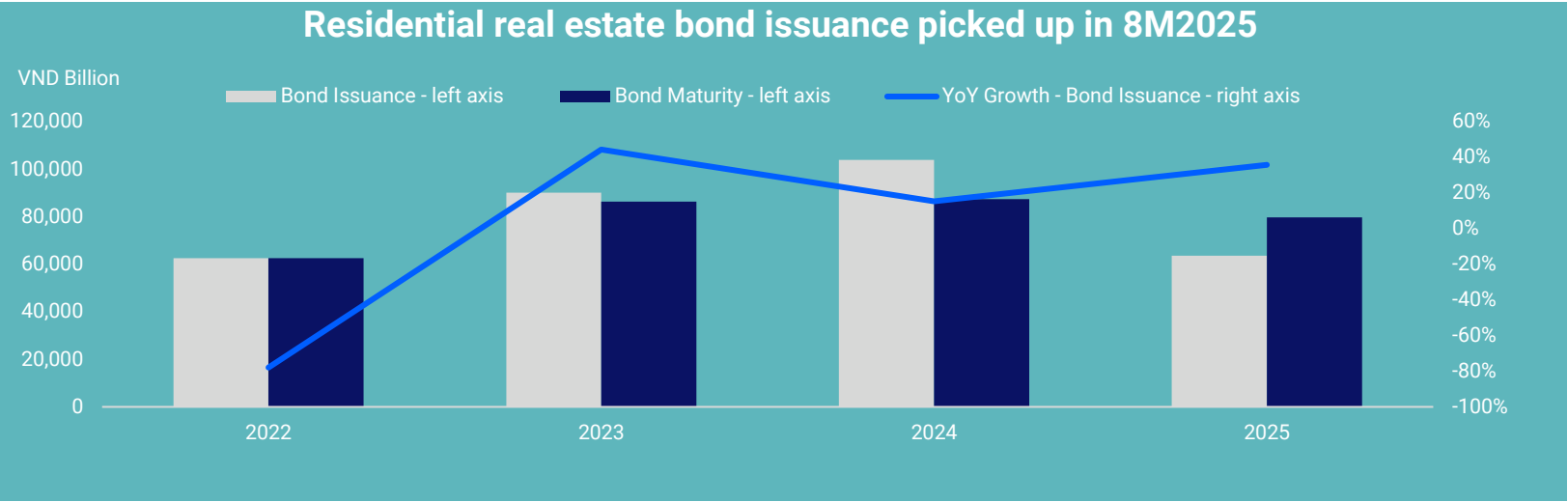
Developer	Chanel	Amount (VND billion)	Status*
HDC	Bond	500	In progress
DXG	Equity	1,739	In progress
DIG	Equity	1,800	In progress
TIG	Equity	1,936	In progress
NHA	Equity	162	In progress
TCH	Equity	2,000	In progress
PDR	Equity	726	In progress
THANH VINH REALTY JSC	Bond	1,400	Issued
VHM	Bond	15,000	Issued
VAN HUONG INVESTOCO	Bond	3,714	Issued
PHU QUOC TOURISM DEVELOPMENT AND INVESTMENT JSC	Bond	2,400	Issued

New issue
VND 63,605 Billion

18 Issuers

35 Bonds

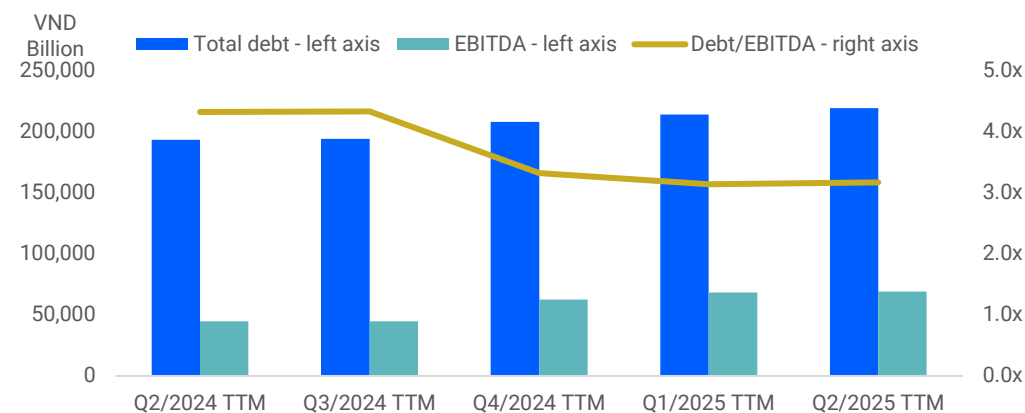
Residential real estate bond issuance picked up in 8M2025



Source: Ministry of Construction, State Bank of Vietnam, Hanoi Stock Exchange (HNX), Company data, VIS Rating

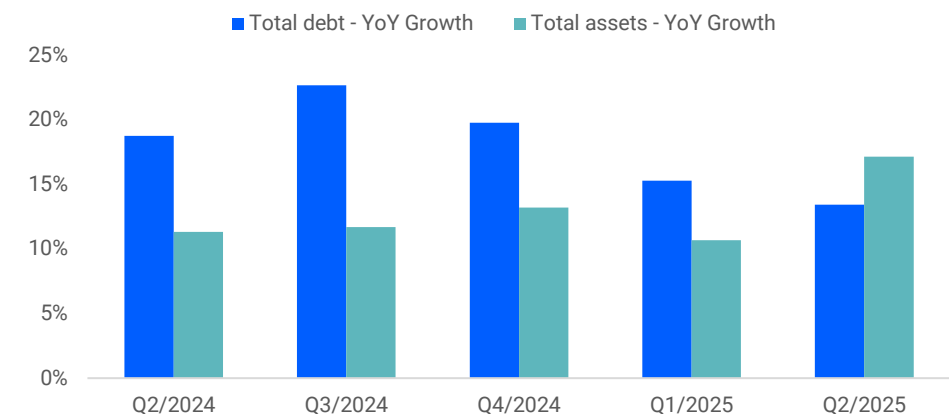
Leverage stabilizes as developers are less reliant on debt to finance business growth, while the CFO improves unevenly

Exhibit 4: Leverage stabilizes, with focus on financing the resumption of long-time delayed projects



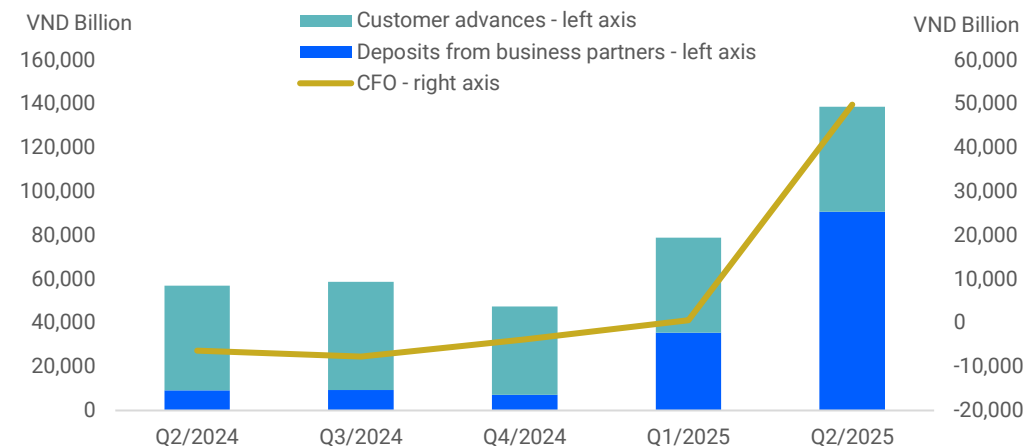
Source: Company data, VIS Rating
Note: Top 30 listed residential developers in terms of revenue; TTM stands for trailing twelve months

Exhibit 5: Listed developers are less reliant on debt financing to grow their business – a credit positive



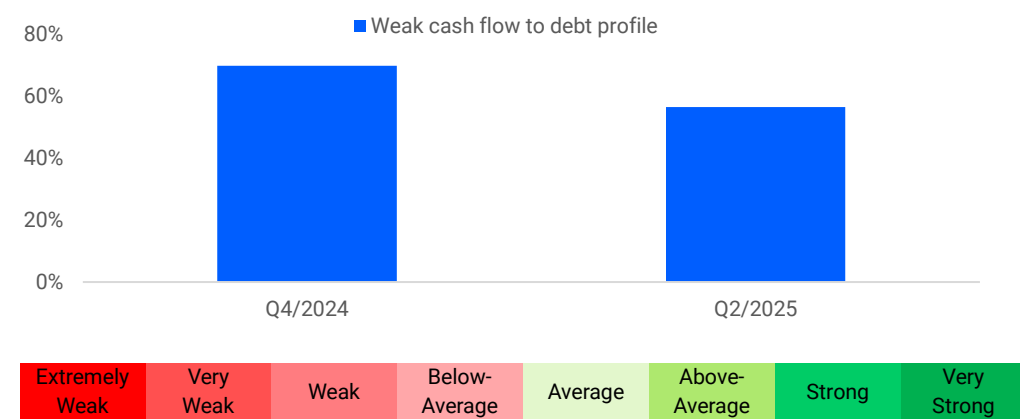
Source: Company data, VIS Rating
Note: Top 30 listed residential developers in terms of revenue

Exhibit 6: CFO of VHM improved significantly due to proceeds from homebuyers and business partners ...



Source: Company data, VIS Rating

Exhibit 7: ... However, most of the other developers continue showing weak CFO



Note: Weak cash flow-to-debt profile is denoted by Weak, Very Weak, and Extremely Weak categories, based on our eight-category assessment scale, as illustrated below.

Source: Company data, VIS Rating
Note: Top 30 listed residential developers in terms of revenue

APPENDIX

The companies included in our analysis are as follows:

	Short name	Full name
1	AGG	An Gia Real Estate Investment and Development Corporation JSC
2	API	Asia - Pacific Investment JSC
3	CCL	Cuu Long Petro Urban Development & Investment Corporation JSC
4	CEO	C.E.O Group JSC
5	CKG	Kien Giang Construction Investment Consultancy Group JSC
6	CSC	COTANA Group JSC
7	D2D	Industrial Urban Development JSC No. 2
8	DIG	Development Investment Construction JSC
9	DXG	Dat Xanh Group JSC
10	HPX	Hai Phat Investment JSC
11	HDC	Ba Ria - Vung Tau House Development JSC
12	HQC	Hoang Quan Consulting-Trading-Service Real Estate Corporation JSC
13	IDJ	IDJ Vietnam Investment JSC
14	ITC	Investment and Trading of Real Estate JSC
15	KDH	Khang Dien House Trading and Investment JSC
16	KOS	KOSY JSC
17	LDG	LDG Investment JSC
18	NBB	NBB Investment Corporation JSC
19	NLG	Nam Long Investment Corporation JSC
20	NRC	Danh Khoi Group JSC
21	NVL	No Va Land Investment Group Corporation JSC
22	NTL	Tu Liem Urban Development JSC
23	PDR	Phat Dat Real Estate Development JSC
24	QCG	Quoc Cuong Gia Lai JSC
25	SCR	Sai Gon Thuong Tin Real Estate JSC
26	SJS	Song Da Urban & Industrial Zone Investment & Development JSC
27	HDG	Ha Do Group JSC
28	TDC	Binh Duong Trade and Development JSC
29	VHM	Vinhomes JSC
30	VPI	Van Phu - Invest Investment JSC

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