

Residential Real Estate Sector – 2H2026 Outlook

Weak demand and tightened bank funding elevate credit risk, bond financing accelerates

Policy support strengthened in 1H2026 through accelerated social housing approvals and emerging rental housing initiatives. However, residential demand weakened amid elevated mortgage rates and rising supply, resulting in lower presales, weaker transactions, and softer prices. Financing conditions deteriorated as bank lending and equity issuance remained subdued, increasing developers' reliance on higher-cost bond funding. Despite strong earnings from project handovers, leverage rose to its highest level since 2022 and operating cash flow remained weak across most developers. We expect sector credit quality to weaken in 2H2026 as soft demand constrains presales and cash collections, particularly for smaller developers and those with legally delayed projects.

● Improved
 ● Stable
 ● Deteriorated

Indicator Trend

Key Highlights



Policy measures



Recent policy measures prioritize housing affordability and accessibility through support for affordable and rental housing development and control of land costs

- Social housing development continued to accelerate in 1H2026, supported by fast-track approval mechanisms, with newly licensed projects rising 433% YoY (2025: +235% YoY).
- In 1H2026, Vietnam reoriented housing policy toward the rental segment, emphasizing the development of affordable rental housing and greater private-sector participation. Key initiatives included incentives for build-to-rent projects, exemptions from land-use fees, infrastructure support, and the integration of dedicated rental housing allocations into urban planning frameworks.
- The government is also studying measures to reduce input costs for residential developers, including reviewing land fee calculation mechanisms and further streamlining approval processes to accelerate project execution.



Market condition



Residential demand weakened in Q2/2026, constrained by elevated mortgage rates and excess supply

- Supply significantly increased across the country, driven by multiple mega-project developments in satellite areas of Hanoi (HN), Danang and Ho Chi Minh City (HCMC). In 1H2026, new condo supply in HN and HCMC increased 33% YoY (2025: 48% YoY).
- However, demand substantially weakened in 1H2026 as elevated financing costs weighed on homebuyer sentiment. The share of newly launched condos sold in HN and HCMC fell to 73% in Q2/2026 (2025: 95%), while the weaker resale market was reflected in a 36% YoY decline in nationwide residential transactions, as average mortgage rates rose to 14-16% in 2026.
- In Q2/2026, housing prices underwent widespread corrections in the secondary market while stabilizing in the primary market, with condo prices in core areas of both HN and HCMC rising by only 1% QoQ.



Financing condition



Funding access has weakened with slower bank credit and limited equity issuance, pushing developers toward costlier bond funding

- The growth of bank credit to the real estate sector slowed to 8.3% in 1H2026 (1H2025: 15%), as regulators continue to limit excessive residential bank lending.
- Equity funding remained limited in 1H2026, with total issuance falling 86% YoY to around VND 350 billion (~3% of 2025's full-year equity raising). According to AGM plans, several mid-scale developers will raise new equity in 2H2026 to repay defaulted bonds (Novaland) and finance project development (PDR, HPX).
- Bond issuance reached VND 149.5 trillion in 9M2026 (+126% YoY), concentrated in a few large developer groups including Vingroup and Masterise. Notably, average initial coupons rose to about 11.4% (+110 bps YoY). Looking ahead, we expect real estate bond issuance to remain strong, driven by refinancing needs for VND 167 trillion of bonds maturing in Q4/2026-2027 and increasing Capex demand for mega-project development.



Financial strength



Profitability reached highest level in 1H2026; however, credit profiles will likely weaken in 2H2026, driven by higher leverage and persistently weak operating cash flow

- Listed developers reported strong profitability in 1H2026, driven by extensive handovers of projects launched in 2024-2025. Revenue and EBITDA rose by 89% YoY and 100% YoY, reaching the highest levels since 2022.
- Leverage, as measured by the average Debt/Equity ratio, rose significantly to 74% in 1H2026 from the 2022-2025 average of 54%. The increase mainly stemmed from Vinhomes (VHM) and Khang Dien (KDH) funding their extensive project development.
- Excluding VHM, operating cash flow of most listed developers remained negative in 1H2026. We view that this persistent weakness will intensify from 2H2026 onward, as weak demand will constrain presales and slow cash collections from homebuyers.
- Looking ahead, the overall credit profile of the sector will likely deteriorate, with real estate firms operating in the secondary market and developers with legally stalled projects most exposed to liquidity risk. Large developers will have more refinancing buffers, underpinned by their feasible handover pipelines and well-established banking relationships.

Source: VIS Rating

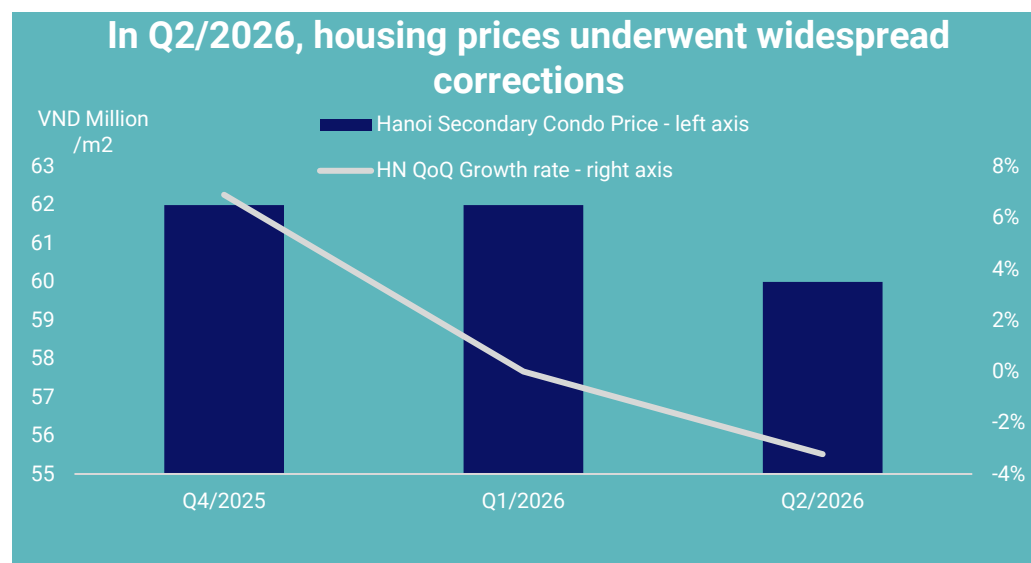
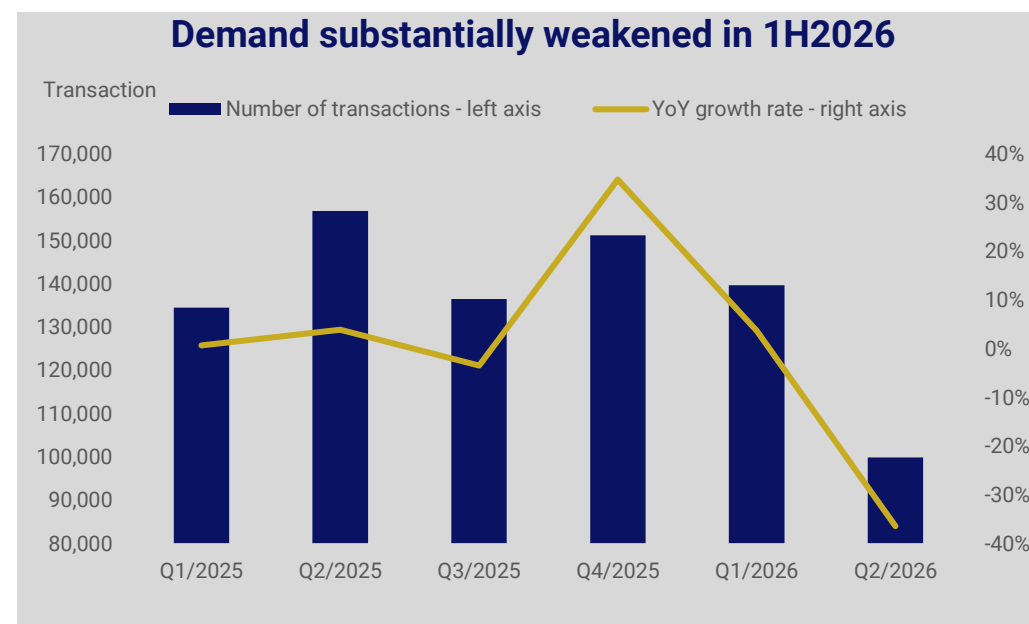
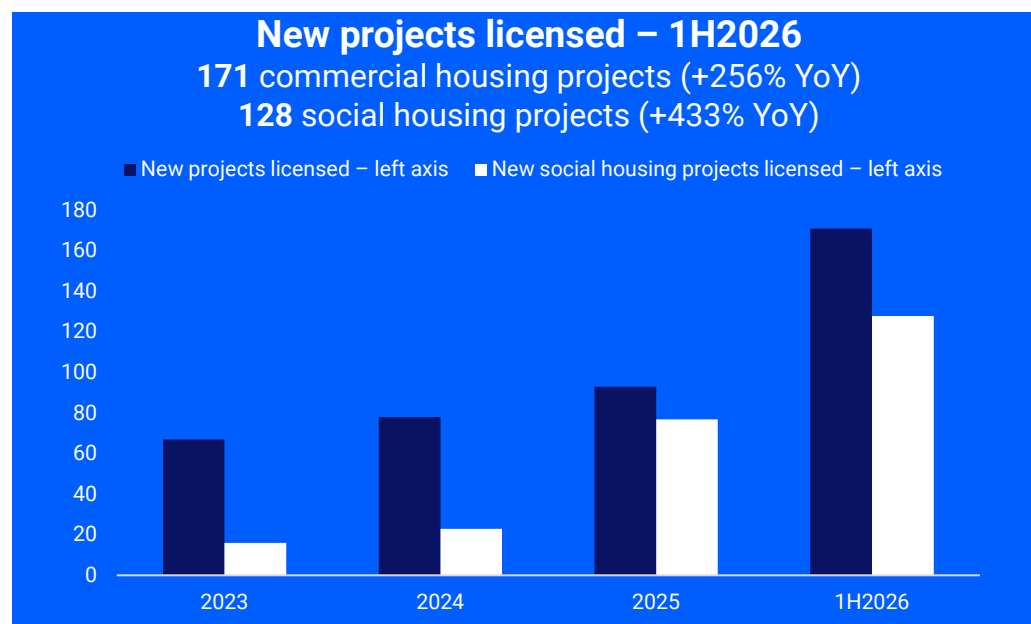
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Residential demand weakened in Q2/2026, constrained by elevated mortgage rates and excess supply

Exhibit 2: As a result, transaction volumes declined, while housing prices softened in Q2/2026



Source: Ministry of Construction, CBRE, Company data, VIS Rating

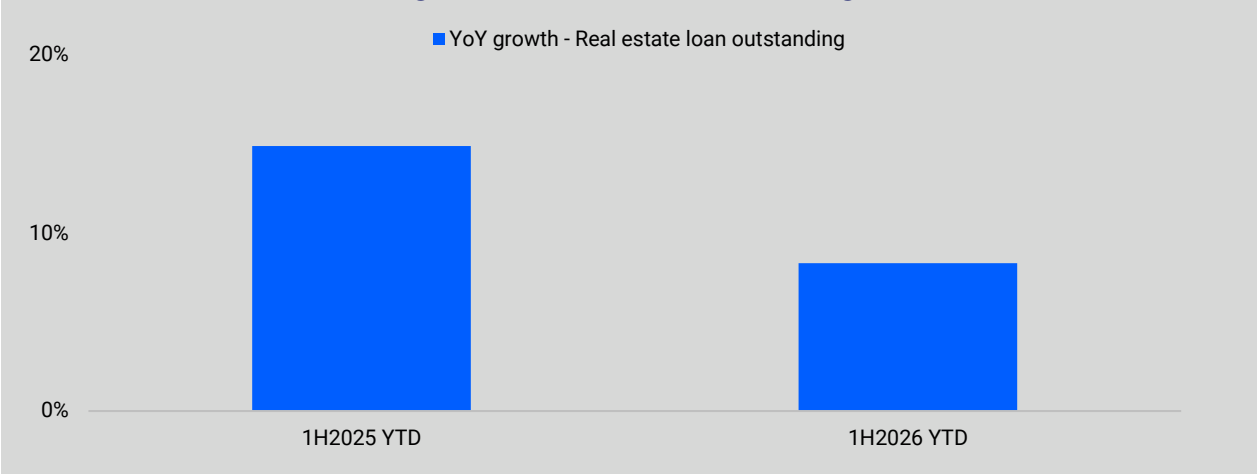
Key projects commercialized in 1H2026

Name	Developer	Location	Total area
Vinhomes Global Gate Ha Long	VHM	Quang Ninh	6,200 ha
Vinhomes Sai Gon Park	VHM	HCMC	1,080 ha
Vinhomes Hai Van Bay	VHM	Da Nang	>500 ha
Hanoi Seasons Garden	Masterise	Hanoi	11 ha
The Magnolia Private Residences	MIK	Hanoi	2.3 ha

Funding access has weakened with slower bank credit and limited equity issuance, pushing developers toward costlier bond funding

Exhibit 3: Looking ahead, we expect real estate bond issuance to remain strong, driven by refinancing needs and increasing Capex demand for mega-project development

Real estate bank credit growth slowdown amid high interest in 1H2026



Announced funding plans in 9M2026

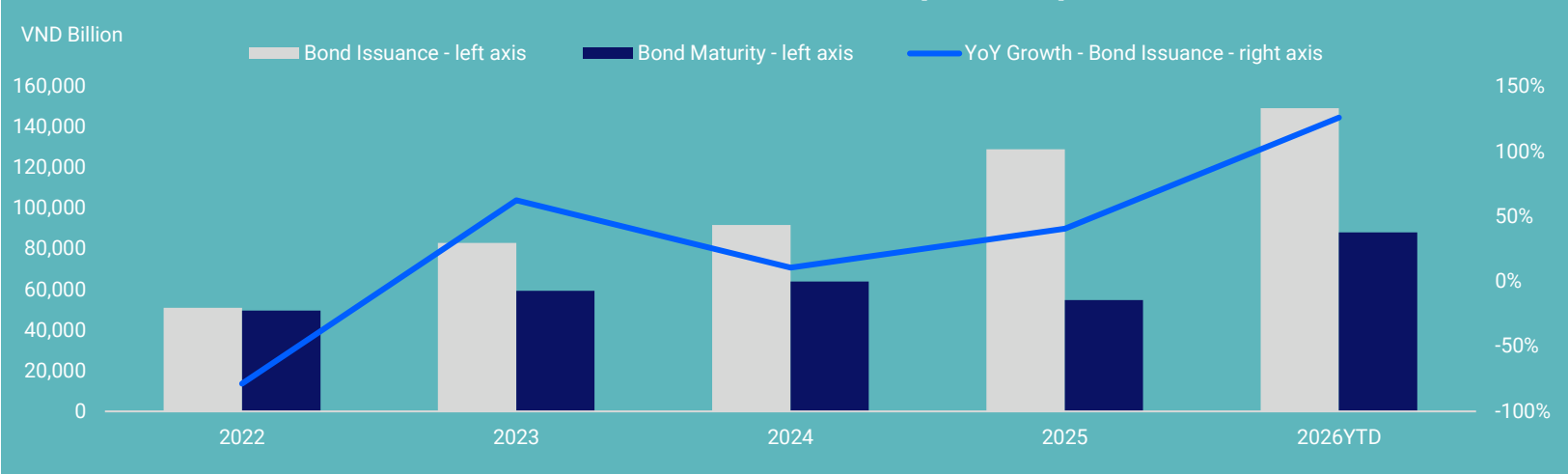
Developer	Chanel	Amount (VND billion)	Status
DIG	Equity	1,800	In progress
HPX	Equity	1,500	In progress
NRC	Equity	1,000	In progress
PDR	Equity	1,996	In progress
NVL	Equity	8,000	In progress
VHM	Bond	31,000	Completed
HUNG LONG REAL ESTATE DEVELOPMENT JSC	Bond	14,000	Completed
HUNG PHAT INVEST HA NOI CO.,LTD	Bond	9,300	Completed

New issue
VND 149,455 Billion

28 Issuers

61 Bonds

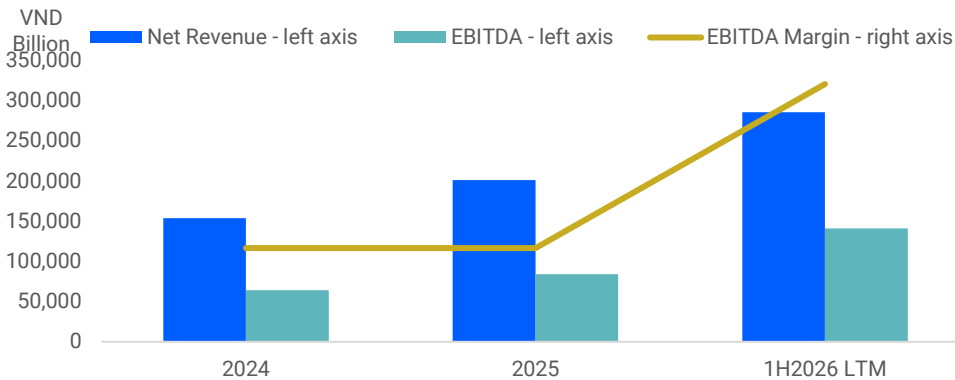
Residential real estate bond issuance picked up in 9M2026



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

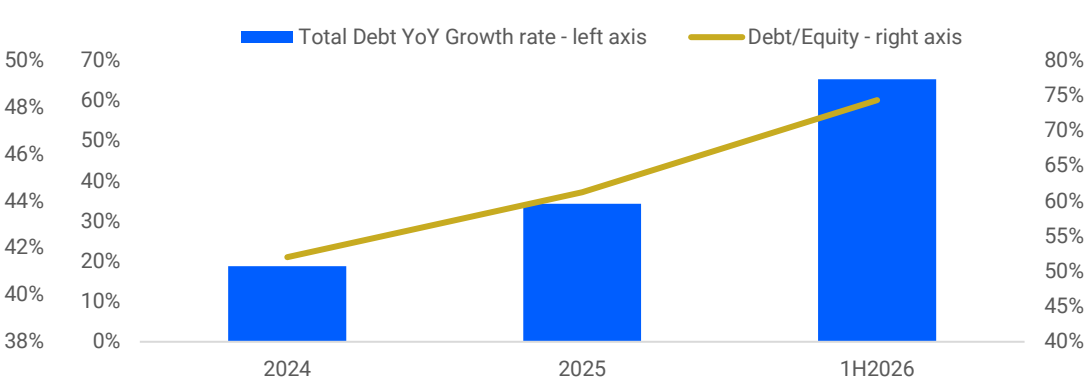
Profitability reached highest level in 1H2026; however, credit profiles will likely weaken in 2H2026, driven by higher leverage and persistently weak operating cash flow

Exhibit 4: Listed developers reported strong profitability in 1H2026, driven by extensive handovers of projects launched in 2024-2025.



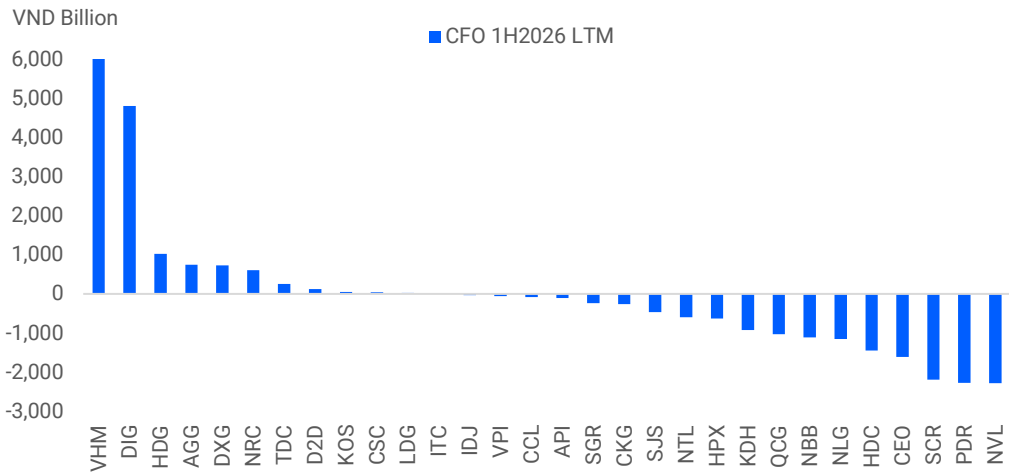
Source: Company data, VIS Rating
Note: Top 30 listed residential developers in terms of revenue; LTM stands for last twelve months

Exhibit 5: Leverage, as measured by the average Debt/Equity ratio, rose significantly to fund project development



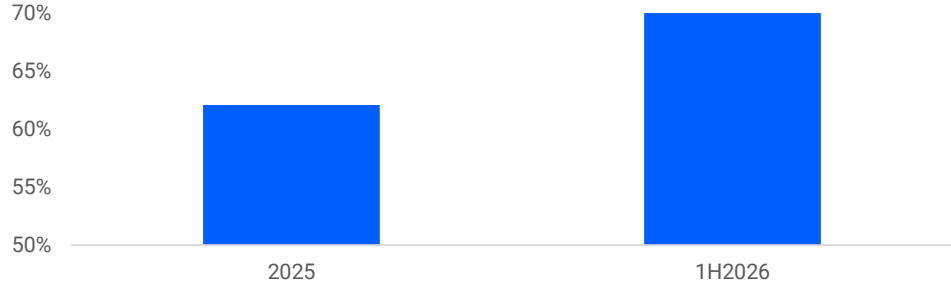
Source: Company data, VIS Rating
Note: Top 30 listed residential developers in terms of revenue

Exhibit 6: Operating cash flow of most listed developers remained negative in 1H2026



Source: Company data, VIS Rating
Note: Top 30 listed residential developers in terms of revenue; LTM stands for last twelve months, VHM's LTM CFO reached VND 90 trillion in 1H2026

Exhibit 7: Proportion of developers with weak cash flow-to-debt profile increased in 1H2026, indicating persistent weakness



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; LTM stands for last twelve months

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	SGR	Saigon Real Estate Group Joint Stock Company
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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