

Residential Real Estate Sector - Q1/2025 Update

Project development to accelerate on supportive policy backdrop, primarily bank-financed

In Q1/2025, the residential property sector experienced a notable recovery in both housing supply and absorption rates. This contributed to a marked improvement in profitability and reduced leverage among the top 30 listed developers by revenue under our coverage. However, operating cash flow (CFO) remained negative, underscoring the sector’s key credit weakness.

Looking ahead, we expect continued government policy support to further stabilize and strengthen real estate market conditions throughout 2025. This is likely to translate into higher contracted sales proceeds, which should drive a rebound in CFO and enhance debt coverage metrics in the second half of the year. Access to funding will remain stable, enabling developers to better manage liquidity risks.

● Improved
 ● Stable
 ● Deteriorated

Indicator Trend

Key Highlights

 Policy measures	●	<p>Supportive policies to accelerate project development</p> <ul style="list-style-type: none"> Licensing and approval processes improved in Q1/2025, evidenced by a 37% year-on-year (YoY) increase in newly licensed projects. Decree 76/2025/ND-CP, effective 1 April 2025, addressed legal bottlenecks for 64 projects by clarifying land use fee calculation guidelines. This will benefit developers such as NVL, Sovico, and Eurowindow. Decree 75/2025/ND-CP, also effective 1 April 2025, enables authorities to grant investment policy approvals to eligible commercial housing projects situated on non-residential land. This facilitates land use conversion, construction, and commercialization processes for relevant projects.
 Market condition	●	<p>Strong demand sustained; supply expanding in emerging administrative centers</p> <ul style="list-style-type: none"> In Q1/2025, new housing supply in Hanoi and Ho Chi Minh City increased by 51% YoY, driven primarily by high-end developments. The absorption rate in both cities rose to 108% in Q1/2025, up from 95% in Q4/2024. Our covered developers, such as VHM and NLG, reported YoY contracted sales growth of 116% and 120%, respectively. Following recent provincial mergers, developers are increasingly targeting new administrative centers to capitalize on improved market sentiment and rising property values. Several large-scale projects are planned in these areas, including Alluvia City (198 ha), Vinhomes Green City (197 ha), and Bac Giang Dream City (121 ha).
 Financing condition	●	<p>Funding access to broaden steadily, led by bank lending</p> <ul style="list-style-type: none"> Outstanding real estate business loans rose by 34% YoY in Q1/2025 (2024: 24%), as developers accelerated project execution following legal approvals. Mortgage growth remained stable at 12% YoY in Q1/2025. Real estate bond issuance remained subdued during the quarter. However, we expect issuance activity to pick up in 2H2025 to support land bank expansion, particularly as new provincial authorities are established following recent administrative mergers.
 Financial strength	●	<p>Leverage strengthens on profitability gains; CFO remains weak as large developers increase debt for capital expenditures</p> <ul style="list-style-type: none"> The leverage profile of the top 30 listed developers by revenue under our coverage improved notably in Q1/2025, with the sector’s average Debt/EBITDA ratio declining to 3.0x from 4.2x in Q1/2024. This was driven by a 45% YoY increase in EBITDA, which outpaced total debt growth of 16.2%. The rise in debt was primarily concentrated among large developers such as VHM, DXG, and KDH, who are actively financing capital expenditures for residential projects in major urban centers. In contrast, developers focused on hospitality and speculative segments continued to lag in project execution. Despite improved sales performance, CFO remained negative – a persistent credit weakness for the sector. However, the deficit narrowed to VND-2 trillion in Q1/2025 (Q1/2024: VND-12 trillion), supported by stronger sales proceeds. In particular, total customer advance balances increased by 3% in Q1/2025.

Source: VIS Rating

This publication does not announce a credit rating action

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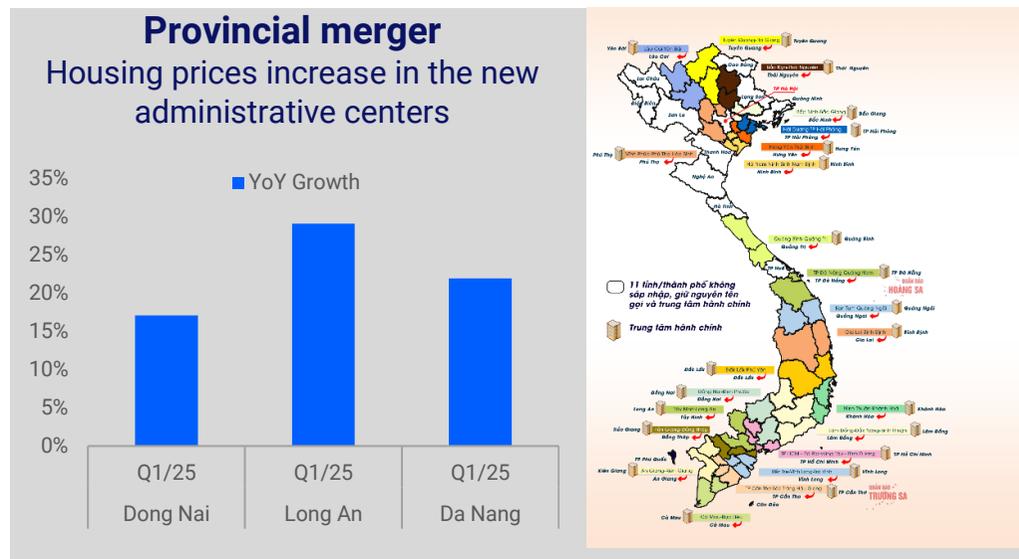
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Supportive policies to accelerate project development; supply expanding in emerging administrative centers

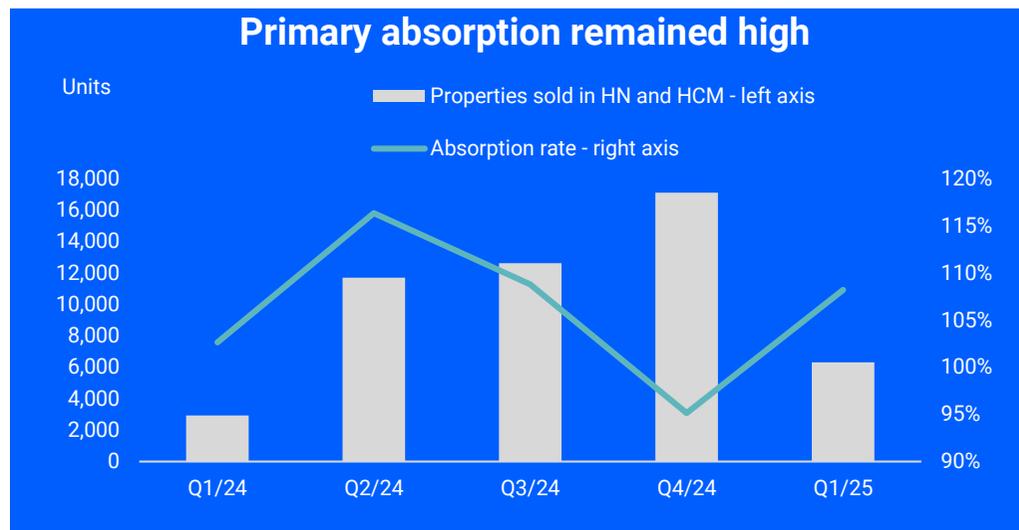
Exhibit 2: Government policy support to further stabilize and strengthen real estate market conditions throughout 2025



Key projects commercialized in Q1/2025

Name	Developer	Location	Total area
Vinhomes Global Gate	VHM	Ha Noi	385 ha (4,147 units)
Vinhomes Wonder City	VHM	Ha Noi	133 ha (2,356 units)
The Gio Riverside	AGG	Binh Duong	76 low-rise and 2,905 condos
Waterpoint	NLG	Long An	355 ha
The Prive	DXG	HCM	3,175 condos
Hoang Huy Green River	TCH	Hai Phong	~ 810 low-rise and 441 social houses

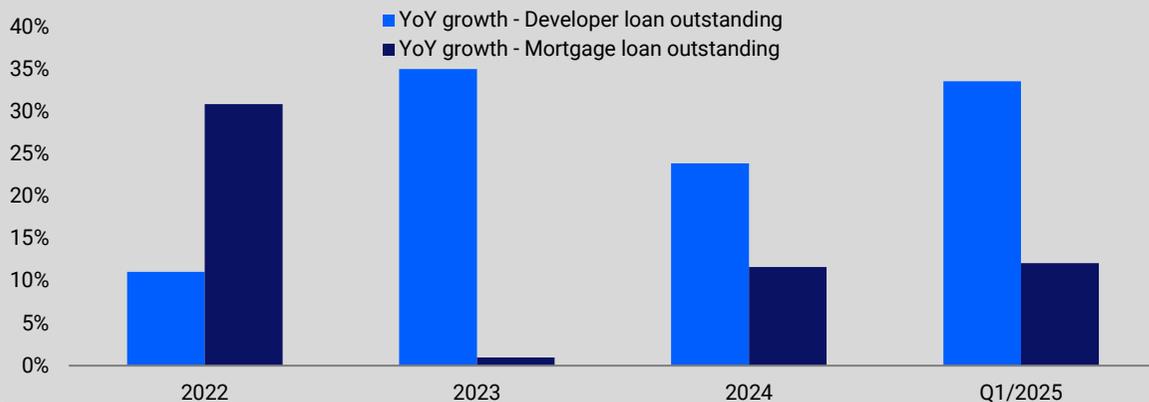
Source: Ministry of Construction, CBRE, DKRA, Người Lao Động Newspaper, Company data, VIS Rating



Funding access to broaden steadily, led by bank lending

Exhibit 3: Developers will continue to enjoy good access to new financing from bank loans and the corporate bond market

Bank loans remain key funding sources



Announced funding plans

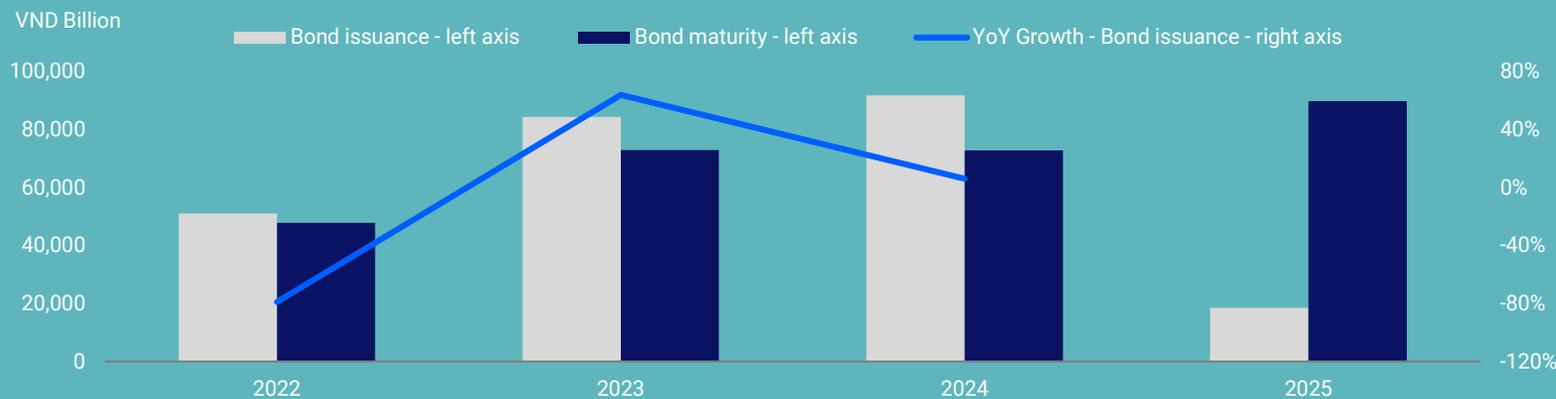
Developer	Chanel	Amount (VND billion)	Status*
VINGROUP JSC	Bond	17,000	In progress
HDC	Bond	1,000	In progress
NVL	Swap	N/A	In progress
NLG	Equity	2,502	In progress
C.D.C	Equity	242	In progress
AGG	Equity	406	In progress
TCO REAL ESTATE BUSINESS AND CONSULTANCY JSC	Bond	3,000	Issued
OLECO - NQ ,LTD	Bond	490	Issued
VINGROUP JSC	Bond	13,000	Issued
VPI	Bond	190	Issued
VAN HUONG INVESTOCO	Bond	1,914	Issued

New issue
VND 18,594 Billion

5 Issuers

9 Bonds

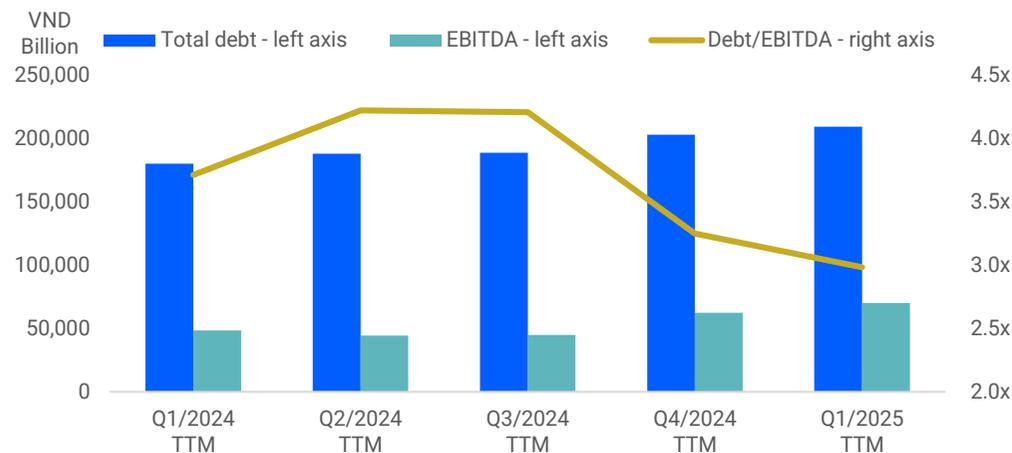
Slow real estate bond issuance in 5M2025



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

Leverage strengthens on profitability gains; CFO remains weak as large developers increase debt for capital expenditures

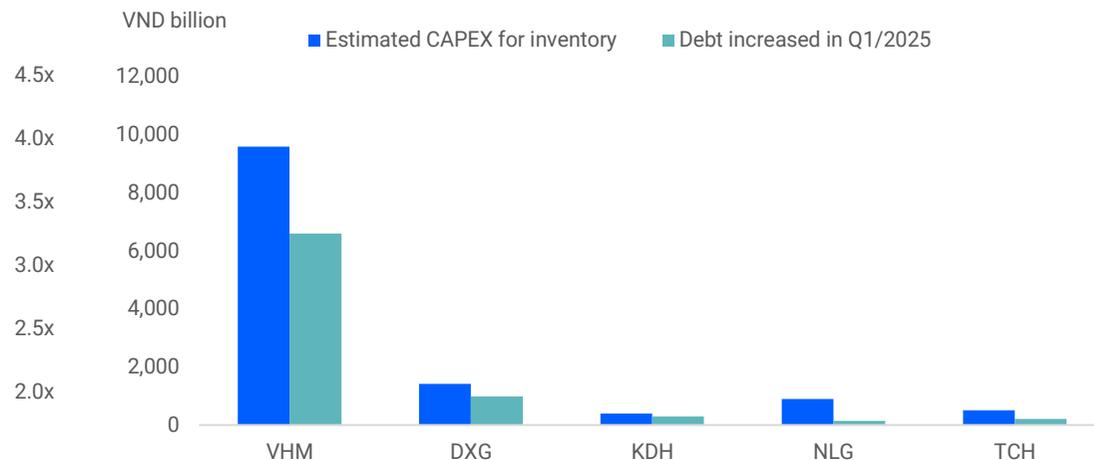
Exhibit 4: Leverage strengthens on profitability gains



Source: Company data, VIS Rating

Note: Top 30 listed residential developers in terms of revenue; TTM stands for trailing twelve months

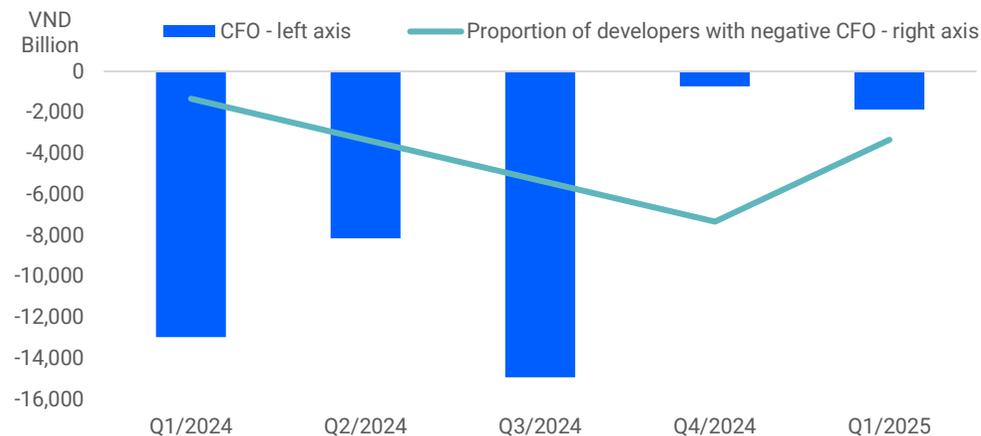
Exhibit 5: Large developers increased debt for capital expenditures of residential projects in major urban centers



Source: Company data, VIS Rating

Note: Estimated CAPEX for inventory = change of inventory between Q1/2025 and Q4/2024 + COGS in Q1/2025

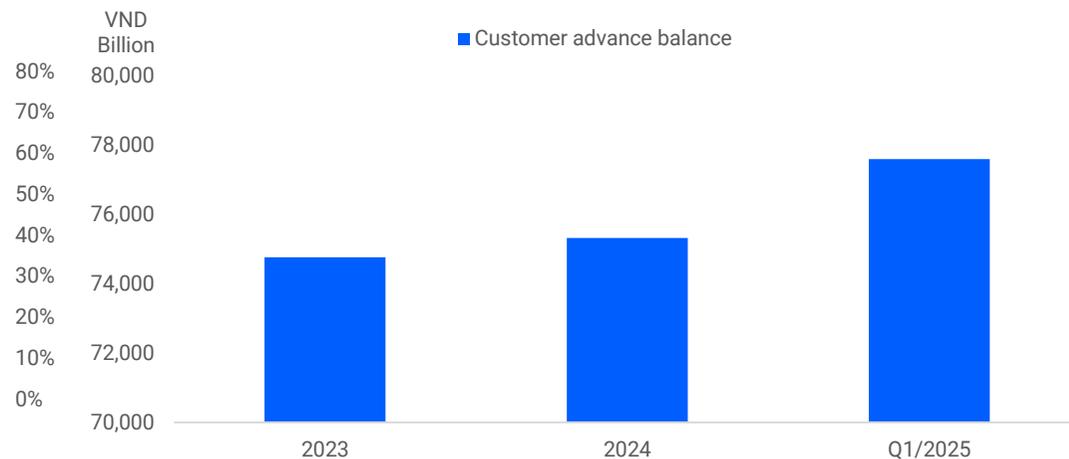
Exhibit 6: Despite improved sales performance, CFO remained negative, a persistent credit weakness of the sector



Source: Company data, VIS Rating

Note: Top 30 listed residential developers in terms of revenue

Exhibit 7: Increasing contracted sales and sales proceeds, reflected by stronger customer advances, will drive higher CFO in the next 12-18 months



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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