

Residential Real Estate Sector: FY2024 Update

Improving business conditions boosted developer sales and cash flow in 2H, but not enough to offset 1H operating losses

Despite improvements in revenue recognition and cash resources, developers' profitability and operating cash flow (CFO) continued to deteriorate in 2024. However, we view 2025 will be a year of stronger operating performance for developers. New housing supply from extensive project developments since 2H2024, buoyed by robust homebuyer sentiment, will drive sales and enhance the financial performance of developers in 2025¹.

New policies will boost housing supply and demand in 2025 and beyond.

The new Land Law, Housing Law, and Real Estate Business Law, effective since August 2024, along with over 20 guiding circulars and decrees, have accelerated project developments and sales. The number of newly licensed projects rose by 16% year-on-year (YoY) in 2024. In major Hanoi (HN) and Ho Chi Minh (HCMC) markets, new condominium supply increased by 90% YoY, and the absorption rate reached a five-year high of 106%. Looking ahead, new housing supply will continue improving in 2025 while demand will recover unevenly, with further exuberance in the residential segment and lags in the hospitality segment.

Sector net income deteriorated in 2024 due to higher interest expenses and operating losses of developers grappling with legal issues.

Following improving business conditions, our covered developers saw a 183% YoY increase in revenue in Q4/2024, leading to an 8% YoY increase in annual revenue for 2024. But total net income declined by 7% YoY from higher interest expenses as well as operating losses of developers grappling with legal issues, including NRC, NBB, and LDG. Only 10 out of 30 companies met their 2024 profit targets. Large developers such as DXG – the parent company of Ha An (BBB, stable), NLG, and VHM, recorded higher profit margins after successfully completing their key projects, mostly in the low-rise segment. We expect developers' profits to improve in 2025, as stronger sales will drive higher revenue and profit recognition.

Debt serviceability remained weak, indicated by higher leverage and negative CFO.

In 2024, the developers' total debt rose by 20% YoY to VND 208 trillion, primarily to fund project development costs (e.g., VHM, NLG, DXG), and support working capital or refinance maturing debts (e.g., NVL, NBB). This increase in debt led to a 41% YoY rise in interest expenses, diminishing interest coverage, indicated by EBIT/Interest expense, to 5.6x from 8.2x. Average leverage, measured by Debt/EBITDA, rose to 3.3x in 2024 from 2.7x in 2023. CFO remained negative for most developers in 2024, as many developers have increased disbursements to accelerate their project developments after securing legal approvals and plan to launch project sales in 2025 (e.g., VHM, KDH, PDR), while others are still embroiled with bond defaults and project legal roadblocks (e.g., NVL, NBB). We expect the credit metrics to improve in 2025, driven by stronger sales proceeds from homebuyers, led by large developers such as VHM, KDH, DXG, and NLG, with robust sales pipelines in major cities.

Cash resources surged amid improved financing conditions, strengthening developers' liquidity buffer.

The sector's cash resources increased by 46% YoY in 2024, reaching a five-year high, driven by robust investing and financing cash flows. This growth was fueled by broadening funding access through bank loans, and project restructuring activities, including mergers and acquisitions, business cooperation contracts, and equity stake transfers. In 2024, the balance of real estate business loans increased by 32% YoY, the highest level over the last 3 years. Developers also regained new financing access from the domestic corporate bond market following the recent regulatory and legal reforms. In December 2024, real estate bond issuance reached VND 31.2 trillion (+342% YoY), driven by the application of payment guarantees, mostly by banks, in 40% of these new bonds (11M2024: 17%). We expect developers will maintain good access to new financing in 2025.

¹ Refer to our [Sector Outlook - Residential Real Estate Sector: Outlook improving from stronger housing supply and sales; leverage and refinancing difficulties to ease as cash flows return \(20 Jan 2025\)](#)

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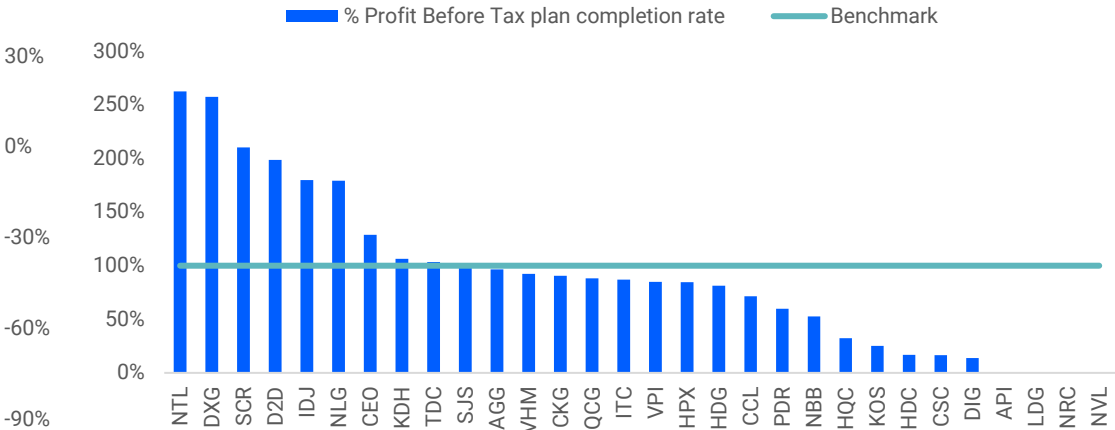
Improving business conditions boosted developer sales and cash flow in 2H, but not enough to offset 1H operating losses

Exhibit 1: New policies will boost housing supply and demand in 2025 and beyond



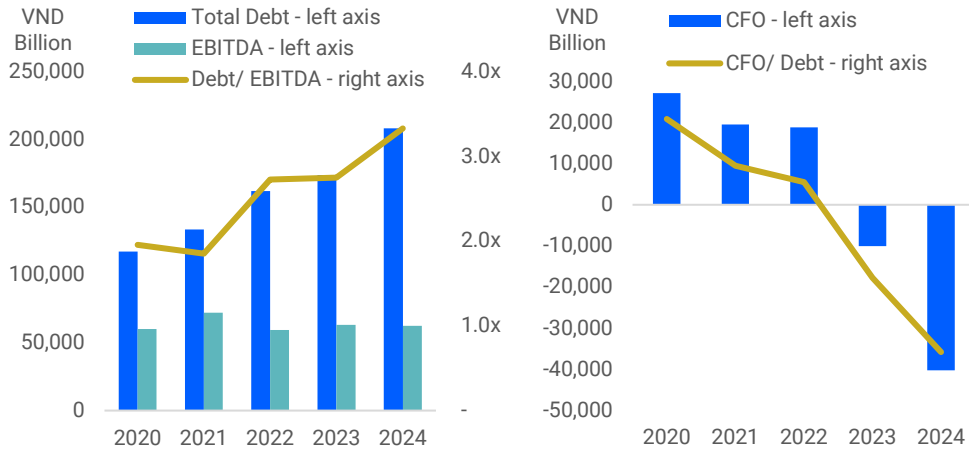
Source: Ministry of Construction, CBRE, VIS Rating
Note: Condo statistics are based on HN and HCMC markets

Exhibit 2: Only 10 out of 30 companies met their 2024 profit targets due to higher interest expenses and operating losses of developers grappling with legal issues



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

Exhibit 3: Debt serviceability remained weak, indicated by higher leverage and negative CFO



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

Exhibit 4: Cash resources surged amid improved financing conditions, strengthening developers' liquidity buffer



Source: Ministry of Construction, HNX, 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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