

Vietnam Construction - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The Vietnam Construction Market size is estimated at USD 69.20 billion in 2024, and is expected to reach USD 102.20 billion by 2028, growing at a CAGR of 8.10% during the forecast period (2024-2028).

Key Highlights

Vietnam has risen to prominence as the most recent East Asian growth engine, attracting the attention of international investors. It is in the midst of a transformation. The government's economic reforms transformed the country into one of the world's fastest-growing economies.

Despite the epidemic, the Vietnamese economy continued to demonstrate significant growth patterns, making the country a favorable investment destination for foreigners. In the residential construction market, high-end condos in the city remained in demand despite the pandemic, and there were no signs of a fall in prices.

The growth in the Vietnamese population is driving the demand for new housing units, thereby supporting the growth of the residential construction market in the Southeast Asian market.

Notably, the population is projected to further increase over the next few years in Vietnam. Vietnam's population is equivalent to 1.23% of the total world population.

According to the Ministry of Construction, the urban population proportion is at more than 40% currently and is projected to reach 45% by 2030. As a result of this growth in

proportion, Vietnam will have to add another 70 million square meters of housing every year.

Over the next three to four years, Vietnam is expected to experience a high demand growth for housing units in big cities and industrial zones. This growth in demand will keep assisting the growth of the residential construction segment, as well as the growth of the overall construction market, from the short to medium-term perspective.

With the strong growth of industrial real estate during the pandemic, many new investors decided to enter the market, including domestic developers (Vinhomes, Thanh Cong Group) and foreign developers (JD.com, Fraser, ESR). In addition, investment funds have also participated via investment into potential projects such as Actis, which recently announced an investment into a local industrial park operator.

Vietnam Construction Market Trends

Government plans to develop Infrastructure driving the Construction Market

Vietnam's government adopted the country's road development plan for 2021-2030 in September 2021. By 2030, the plan seeks to create nearly 5,000 kilometers of expressways, up from 3,841 kilometers in 2021. By 2030, Vietnam plans to construct 172 national highway routes with a total length of 29,795 kilometers, up from 5,474 kilometers in 2021. It also intends to construct 3,034 kilometers of coastal roads that will connect 28 cities and provinces. The top building projects in Vietnam that were started in the third quarter of 2022.

Lotte Eco Smart City (USD900m) - On a 7.45ha plot of ground in Ho Chi Minh City, a mixed-use complex will be built as part of the project. Beginning in Q3 2022, construction is scheduled to be finished in Q1 2029. The project is a part of the government's 2002 development strategy for the Thu Thiem district.

Ju Teng Electronic Components and Auto Parts Manufacturing Plant (USD200m) - On 120 ha of land in Nghe An, the proposal calls for the building of an auto parts and electronic component manufacturing facility. Beginning in Q3 2022, construction was anticipated to be completed in Q2 2023. The project seeks to supply the region's rising demand for electronic components.

Deep C 2 Hai Phong Industrial Zone Core5 Hai Phong (USD60m) - In Hai Phong, a 96,000m² ready-built warehouse is being constructed as part of the project. The

construction project began in Q3 2022 and was anticipated to be finished in Q2 2023. The project seeks to give the area cutting-edge logistics facilities.

Investments in Residential Sector

With rapid urbanization and increasing disposable income, the demand for housing units has soared. The government is also playing a crucial role in promoting affordable housing through various initiatives. This has led to a surge in construction activities across both urban and rural areas.

In Q4 2022, the successful transaction volume for condominiums and individual houses was 14,349 transactions (approximately 28% higher than Q3/2022), including 3,821 transactions in the North, 5,968 transactions in the Central region, and 4,560 transactions in the South. Specifically, there were 454 successful transactions in Hanoi and 1,986 successful transactions in Ho Chi Minh City. In Q4 2022, the successful transaction volume for land plots was 149,197 transactions (approximately 130% higher than Q3/2022), including 29,402 transactions in the North, 32,579 transactions in the Central region, and 87,216 successful transactions in the South.

With rising energy costs, homeowners and businesses are looking for ways to reduce their energy consumption. Sustainable buildings, with features like proper insulation, energy-efficient appliances, and smart systems, can significantly lower energy usage and save on utility bills.

The government of Vietnam has also recognized the importance of sustainable construction and has implemented policies to promote it. For example, the Ministry of Construction has issued guidelines for green building certification, encouraging developers to adopt sustainable practices. This has led to an increase in green buildings across the country. According to the Ministry of Construction (MoC), Vietnam's housing demand will surge by 70 million square meters each year, equivalent to 17,500 buildings of 30 floors by 2030.

According to industry sources, the number of green building projects under construction is 381 and is projected to increase to 582 by 2030.

Vietnam Construction Industry Overview

The construction market in Vietnam is fiercely competitive, with big domestic and international businesses. Song Da Corp JSC, Truong Xuan Investment And Construction JSC, COFICO, Hoa Binh Construction Group JSC, and Coteccons Construction JSC are just a few of the key competitors in the sector.

The building business in Vietnam has grown significantly in recent decades. Furthermore, Vietnam's construction capability has advanced significantly, allowing it to handle the building needs of large-scale projects.

In Vietnam, the construction sector is characterized by a considerable quantity of initial investment capital and a reliance on bank financing. Low disbursement rates and project postponement using public investment funding are two factors that have had a substantial impact on construction enterprises' financial status.

To deal with the challenges, many enterprises in the industry have implemented various development strategies, such as maintaining core industries (construction, installation, or building of underground works) while diversifying into real estate, hydropower, and renewable energy.

Additional Benefits:

The market estimate (ME) sheet in Excel format

3 months of analyst support

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