



# INDUSTRIAL MARKET OVERVIEW

Prepared by  
**David Jackson**

May 2020



[illegible]

Population : 97 million

70% of the population under 35 years old

## World Bank: Vietnam experiencing Rapid social and demographic change

## Decree Law in practice

2<sup>nd</sup> fastest growth in H.N.W.I in the world

Movement from agricultural to light industrial manufacturing

Total No. Industrial Parks : 364

Size : 81,200 hectares

Land Prices :Hanoi :150-200 USD / sqm / term

HCMC :150-250 USD / sqm / term

### Land Rental Rates:

Hanoi : 4-6.5 USD / sqm / month

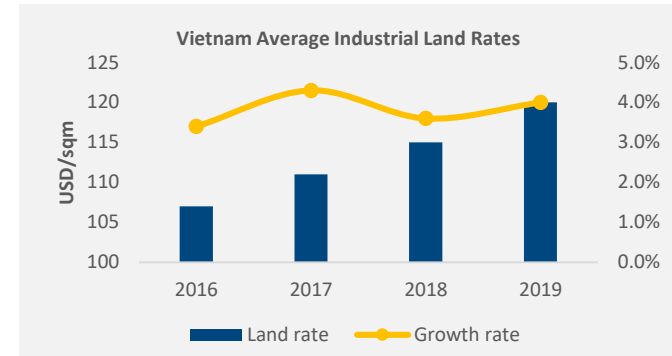
HCMC : 4.5-8 USD / sqm / month

# Industrial Market Overview

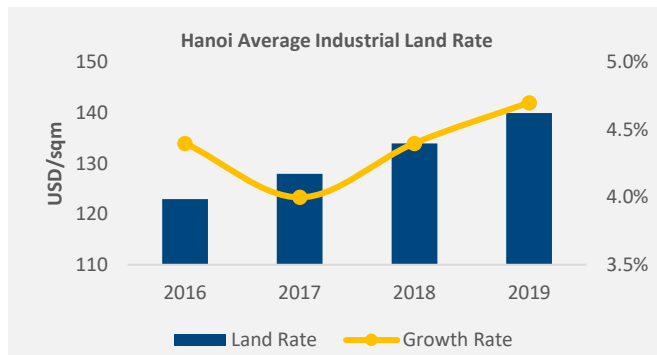
## Overall Stock – Total and new supply of Natural land (\*) for Industrial



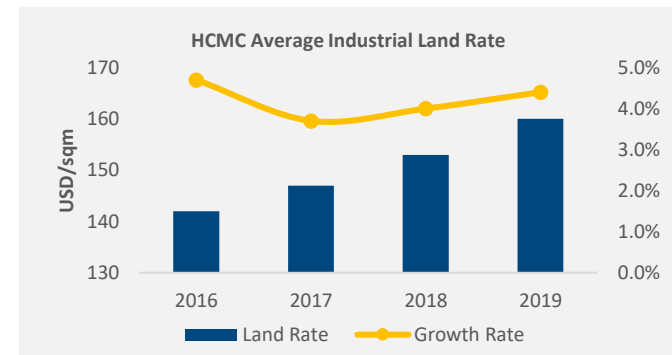
- During the trade war between the US and China since 2018, demand for industrial land increased.



- Land rate increase significantly during the start of the trade war because of higher demand from foreign company.

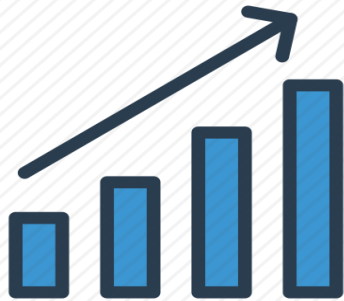


- After having a slump in 2017, the Industrial market in Hanoi recorded a fast recovery in later years



- Same as Hanoi, HCMC market also recorded a slump in 2017 and recover quickly.

## • Trends



- Average rental rates increased **10%** .
- Occupancy rate remain stably high **85%** in average.
- **40%** Ips are full filled **100%**

Recent Trends

International companies moved factories, warehouses and production chains to Vietnam

**Panasonic**



**SHARP**

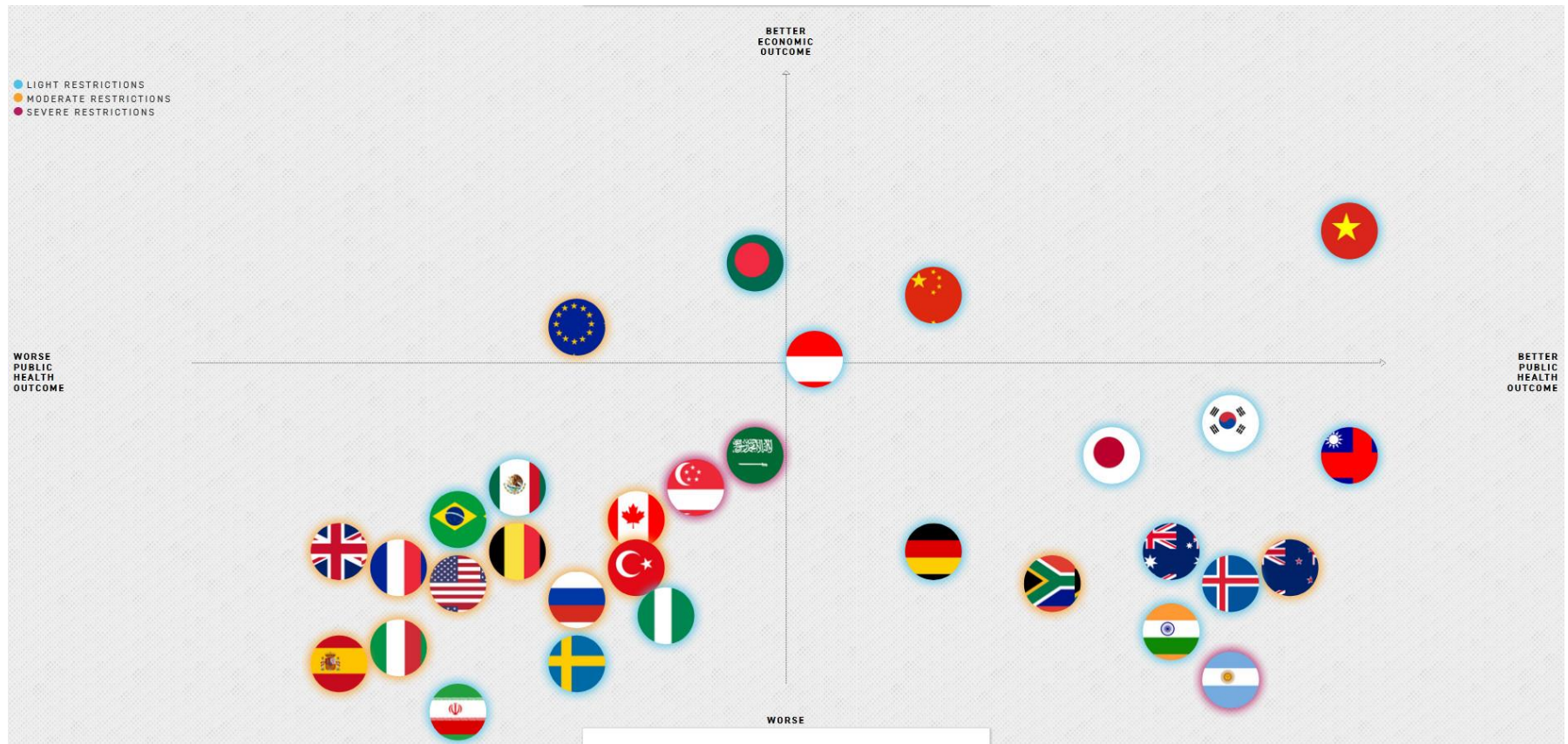
**Google**

## • Trends

<ul style="list-style-type: none"><li>• <b>E-COMMERCE TREND</b></li></ul>	<ul style="list-style-type: none"><li>• The participation of more e-commerce companies such as Shopee or Amazon is on their process to join Vietnamese market, the e-commerce logistic service will develop strongly in the next following year that even can compare to Malaysia, Thailand or even China, India.</li></ul>
<ul style="list-style-type: none"><li>• <b>EVFTA &amp; TRADE WAR INFLUENCES</b></li></ul>	<ul style="list-style-type: none"><li>• More international companies been considering as well as shifting their factories, warehouses and production chains to Vietnam.</li></ul>
<ul style="list-style-type: none"><li>• <b>OUTSOURCING LOGISTICS FUNCTIONS TO THIRD-PARTY LOGISTICS SERVICE PROVIDERS (3PL)</b></li></ul>	<ul style="list-style-type: none"><li>• The worldwide trend of globalization has led many companies to outsource their logistics functions to third party logistics companies, thus helping them concentrate more on their core competencies and hence generate higher revenues.</li></ul>
<ul style="list-style-type: none"><li>• <b>RISING MERGES AND ACQUISITIONS IN VIETNAM</b></li></ul>	<ul style="list-style-type: none"><li>• The government is streamlining the mergers and acquisitions (M&amp;A) process to encourage investment in new sectors of the economy thereby giving foreign investors a pre-existing access to consumers, locations, and distribution channels.</li></ul>

# Vietnam Covid Action – The Shining Light

Ahead of the world

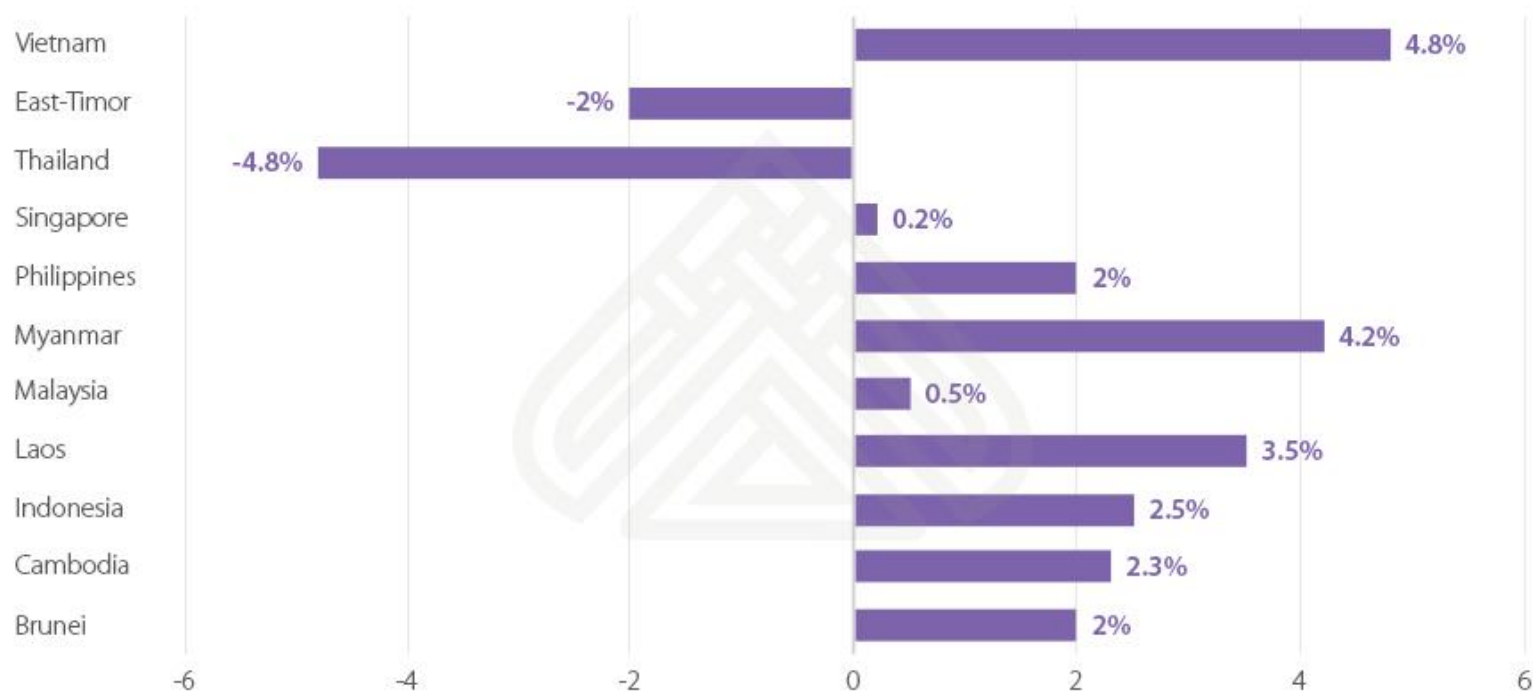




# General Economic Trend Vietnam

## Fastest growing economy in Southeast Asia

### Prediction of GDP Growth Rate in 2020 of Southeast Asia



Source: Asia Development Bank

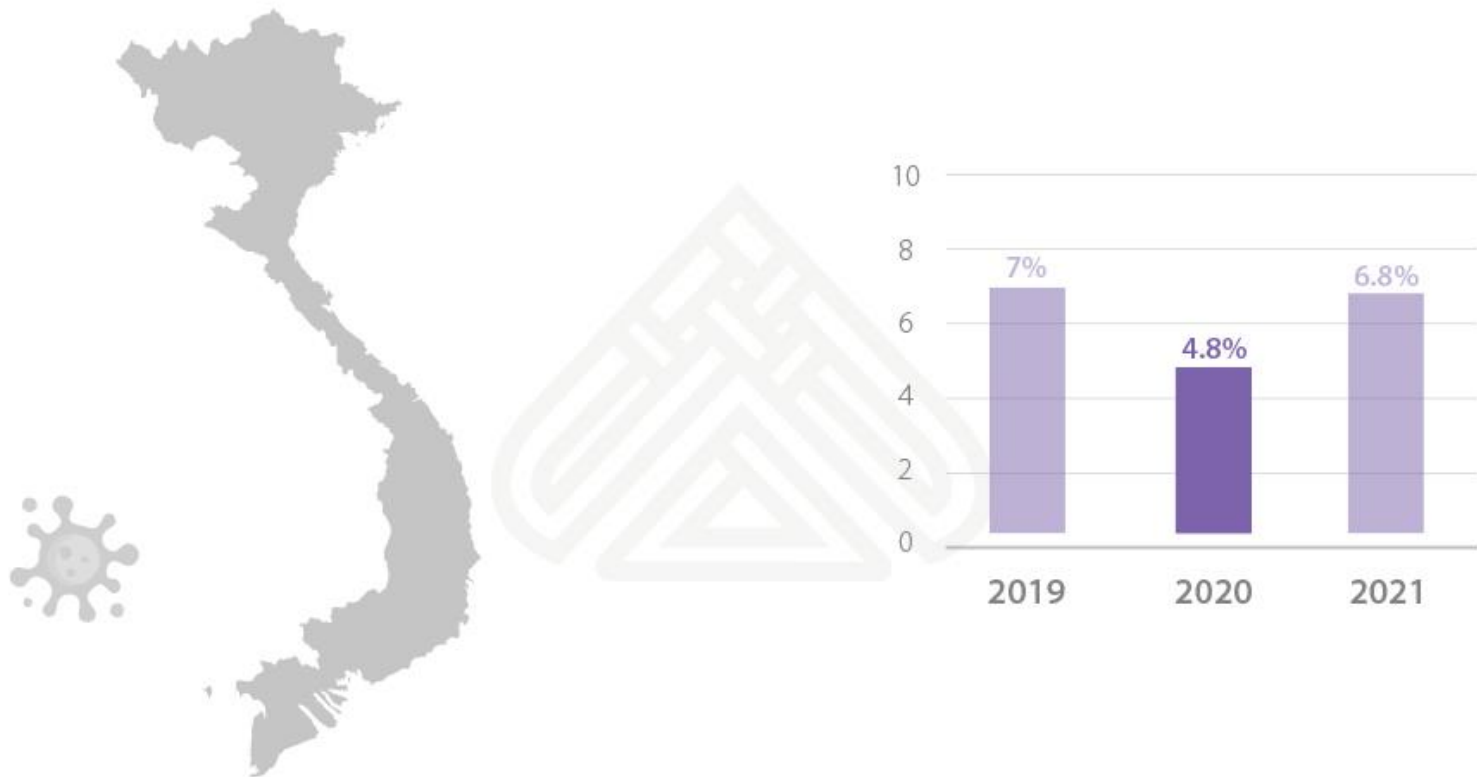
Graphic © Asia Briefing Ltd.

<https://www.vietnam-briefing.com/news/vietnams-economy-grow-fastest-southeastasia-despite-covid-19.html/>

# General Economic Trend Vietnam

**Fastest growing economy in Southeast Asia**

GDP Growth Rate of Vietnam 2019-2021



Source: Asia Development Bank

Graphic © Asia Briefing Ltd.

<https://www.vietnam-briefing.com/news/vietnams-economy-grow-fastest-southeastasia-despite-covid-19.html/>



# Industrial Market Trend

**Trending up 20% post-COVID and still reasonable**



Trackable closing rate is 20% post-COVID

Trending up 30% both on leasing and Sale price on offer.

Demand outweigh supply in most cases with land for IP.

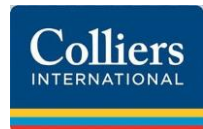
Demand shifting from South to North due to limited land funds and labor supply and partly also price.

Government moving environmental unfriendly industries into farther away locations for obviously reason.

New IPs are also better equipped to handle the environmental unfriendly industries and of *higher standard* like **Deep C**.



**DEEP C**   
DINH VU INDUSTRIAL ZONE



# Industrial Market Trend

**China Plus One**

**Vietnam is the one**

# #1

Deciding where to diversify – Labor Cost, Infrastructure, Country Risk, Market Size, Major customers

Vietnam is even more the natural choice post-COVID?

Vietnam demonstrated to stand out again?



**Bloomberg**

*The New York Times*



---

# Global Supply Chain will change post-COVID

<https://www.weforum.org/agenda/2020/05/this-is-what-global-supply-chains-will-look-like-after-covid-19/>

<https://www.ftjournal.com/article/china-plus-one/>

Deciding where to diversify – Labor Cost, Infrastructure, Country Risk, Market Size, Major customers (Why Vietnam is even more the natural choice post-COVID? What have Vietnam demonstrated to stand out again?)

<https://www.cnbc.com/2020/04/21/supply-chains-will-move-away-from-china-after-coronavirus-mark-mobius.html>

although manufacturers across several industries had begun moving operations out of China before the Covid-19 outbreak, the pandemic was adding “a nationalist spin” to considerations around supply chain restructuring.

Many sectors, such as pharmaceuticals, agriculture and energy, have come under pressure amid the global health crisis, as their reliance on economies like China and limitations on international logistics have weighed on supply chains.

<https://www.dw.com/en/after-coronavirus-dont-write-off-china-as-worlds-factory/a-53258107>

The current disruption is expected [to prompt companies to diversify away from China](#) to countries such as Vietnam, Malaysia and the Philippines as they look to minimize risks and localize their supply chains.

<https://www.bloomberg.com/news/articles/2020-04-08/japan-to-fund-firms-to-shift-production-out-of-china>

Japan has earmarked \$2.2 billion of its record economic stimulus package to help its manufacturers shift production out of China as the coronavirus disrupts supply chains between the major trading partners.

[https://www.koreatimes.co.kr/www/tech/2019/12/693\\_279961.html](https://www.koreatimes.co.kr/www/tech/2019/12/693_279961.html); <https://en.yna.co.kr/view/AEN20180326004000320>

Vietnam emerged as South Korea's third-biggest export market in 2017, trailing only China and the U.S.

Helped by a bilateral free trade agreement (FTA), which came into effect in 2015, South Korean exports to the Southeast Asian economy have been growing rapidly for the past several years.

South Korean products accounted for 8.5 percent of Vietnam's import market in 2007, and the portion hit an all-time high of 22.1 percent in 2017.

# Opportunities

