

**Vietnam Property Developers: CIGARR Framework Update**
**20 February 2025**
**Yuanta Vietnam Residential Property Universe**

Coverage stock	Yuanta rating	Current price (VND)	Target price (VND)	Up (down) side
VHM	BUY	39,100	58,400	49%
KDH	BUY	34,200	43,300	27%
NLG	Hold-UPF	32,550	37,800	16%
DXG	BUY	15,300	19,300	26%

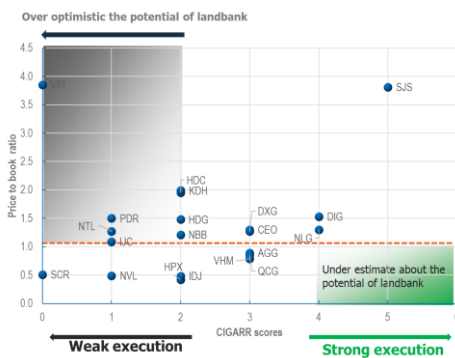
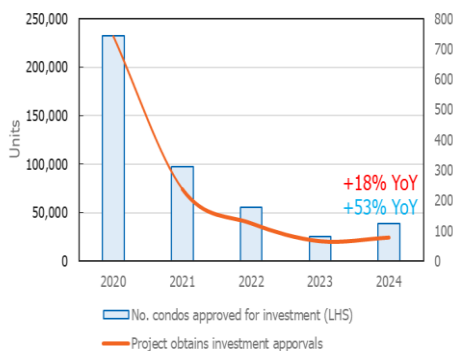
*Source: Bloomberg, Yuanta Vietnam (Feb 19)*
**What's new?**

- CIGARR framework indicates signs of recovery but also lingering challenges.
- Supply is clearly improving in tier-1 city outskirts and neighboring provinces.
- The transformation of bureaucratic processes and enhanced legal framework have yielded tangible results.

**Our view**

- An upcycle is coming in 2H25 supported by administrative reforms and economic growth.
- The legal reforms are gradually streamlining administrative processes, paving the way for a supply rebound starting this year.
- We continue to favor high-quality developers with strong balance sheets and visible project launch pipelines. Top pick: KDH.

Our proprietary CIGARR analytical framework of the Top-20 listed residential developers screens for six measures of financial strength and operational excellence. Intended as a quarterly snapshot of business trends at the major property developers, we believe the value of this approach extends to its ability to identify developers that are demonstrating improvements in fundamental quality and may have been overlooked by the market—and that may be poised for share price outperformance.

**Current P/B vs. 4Q24 CIGARR scores**

*Source: Bloomberg, Yuanta Vietnam*
**Administrative reforms are gaining momentum**

*Source: Yuanta Vietnam*
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## A Convergence of Growth Catalysts in 2025

Our CIGARR framework indicates signs of recovery amid the lingering challenges. Specifically, capital efficiency has started to rebound and liquidity positions have strengthened, signaling a more stable financial outlook. This is positive, but most developers continue to face pressure on gross margins and weak earnings. Most are also maintaining cautious expansion strategies amid the ongoing market and administrative uncertainties.

Property market recovery shows promise, with six key drivers that collectively increase our confidence in a real estate upcycle starting in 2H25.

**1) Administrative reforms are gaining momentum.** Reduced bureaucratic bottlenecks and enhanced legal framework have yielded tangible results in FY24: Project investment approvals increased 18% YoY to 79 projects, encompassing 38,300 units (+53% YoY). Sales permit issuance grew 4% to 204 projects, adding 53,200 market-ready units (+1% YoY). Since August 1, the authorities have accelerated the release of provincial master plans and implementation plans, demonstrating improved regulatory clarity.

**2) Mortgage rates have stabilized at low levels,** with mortgage teaser rates at 6.2–7.5%. Even a possible +0.5–1.0ppt increase is unlikely to substantially impact property sentiment.

**3) Supply is clearly improving with multiple key projects are on track for 2025 launch,** primarily in Tier-1 city outskirts and neighboring provinces.

**4) Rising mortgage demand** signals strengthening homebuyer confidence.

**5) Substantial foreign direct investment** in real estate continues.

**6) Positive demographic trends** persist, supporting real housing demand.

We prefer quality developers with strong balance sheets & visible project launch pipelines. Our top pick is **KDH** ([BUY](#)). We are positive on **VHM** ([BUY](#)) on a standalone basis but recognize the Group-related headwinds. We have **DXG** on a [speculative BUY](#) rating and are starting to see value in **NLG** ([HOLD-UPF](#)).

**ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.**

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# A Look Back & 2025 Trends

## CIGARR Framework: Insights from the 4Q 2024 Results of the Top-20 Developers

Historical execution ability metrics:

- **Capital efficiency shows encouraging signs after bottoming out:** The group's arithmetical average trailing 12-month ROIC reached 6.53%, a modest increase of 0.11 ppt QoQ; +0.45ppt YoY. The chart indicates a slight upward trend following its lowest point in 3Q23.

The arithmetical average weights each of the 20 developers in our group equally, which would not be the case if we look at aggregate ROIC due VHM's vast scale.

However, the 4Q24 ROIC figures among each of the top-20 developers were a mixed bag, with 12 of the group posting increased ROIC and eight reporting decreased ROIC.

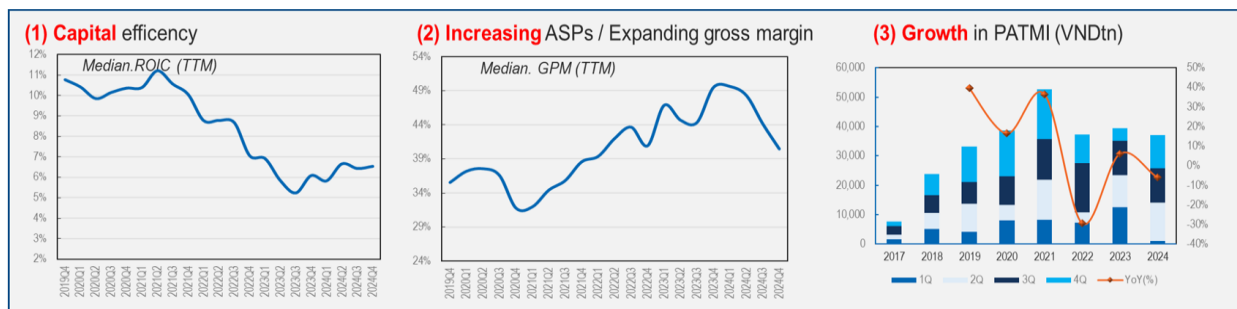
- **Gross margin faced continued pressure:** The trailing 12-month gross margin experienced a notable decline of 4.1 ppt QoQ in 4Q24, marking the third consecutive quarterly decrease from its peak of 49.6% in 1Q24.

Despite maintaining stable quoted prices, revenue in recent quarters was predominantly driven by high-rise unit deliveries. The sector's profitability was also squeezed by elevated selling costs, particularly from sales promotion programs implemented during the earlier market downturn.

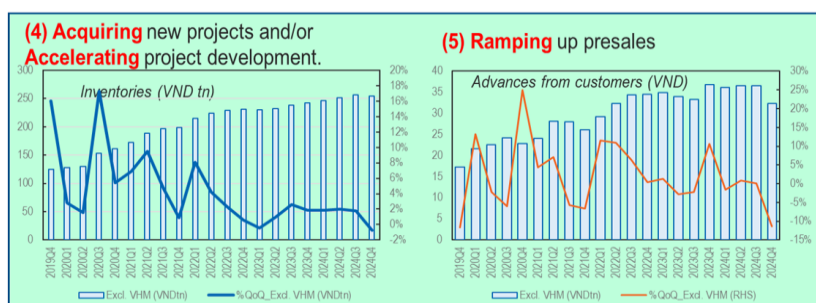
- **PATMI growth turned negative:** 2024 PATMI came in at VND 37.1 trillion, declining -6% YoY, with VHM's contribution dominating at 84% of the industry's total. Ex-VHM, 2024 sector PATMI was down -5% YoY.

Fig 1: CIGARR Framework: 4Q24 Update

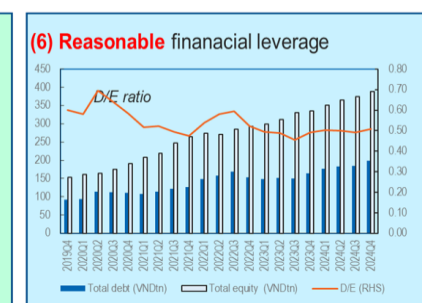
### ► Historical execution ability metrics



### ► Future earnings potential metrics



### ► Liquidity measures



Source: Yuanta Vietnam

## Future earnings potential metrics

- 4Q2024 saw inventories decrease -4% QoQ while revenue jumped 36% QoQ, indicating that developers delivered units faster than they prepared new projects for launch during the quarter.

This is further evidenced by the -8% QoQ decline in customer advances, reflecting limited new project launches throughout 2023-2024.

- Cautious expansion strategies:** Most developers have persistently focused on existing landbank development, with no significant M&A activity reported in the past 3-5 years.

VHM stands out as abnormal, with its persistently active landbank expansion via new project acquisitions for future launches.

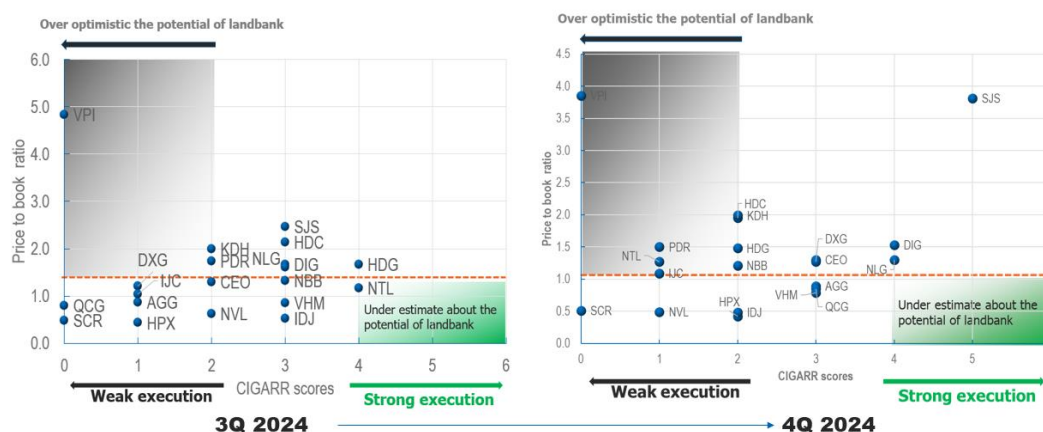
- Supply has primarily improved in the outskirts of Tier-1 cities and neighboring provinces.** Our analysis of inventory among the top-20 developers supports the indication by several companies that key projects are on track for launch in 2025 after completing the critical administrative steps. These administrative milestones include -

- **Paying LUR fees** (e.g., Can Tho - NLG, DXH Riverside - DXG, and four PDR projects: Bac Ha Thanh, Ngo May, Phuoc Hai, Han Riverside).
- **Smooth administrative progress:** Vinhomes -- Ha Long Xanh (Quang Ninh), Phuoc Vinh Tay (Long An), Duong Kinh Kien Thuy (Hai Phong), and Vinhomes Wonder Park (Hanoi), AGG - The Gio (Binh Duong).
- **Construction advancement pending sales permits:** Two KDH projects in Thu Duc City's Binh Trung Dong Ward.

**Liquidity metric: no new risks identified.** Most of the developers in our group maintain a reasonable level of financial leverage, and their overall liquidity positions have improved after successful rounds of equity issuance.

**Valuation vs. CIGARR scores:** As illustrated below, based on our 4Q24 screen results, none of the top-20 developers are classified as having “underestimated landbank potential” (i.e., the green area) in 4Q24.

Fig 2: Current P/B vs. CIGARR scores



Note: CIGARR score does not by itself imply that the stock is a “Buy” or “Sell” as the investment decision must necessarily factor in the share price. However, the CIGARR framework provides us with a useful reference on the overall sector trends as well as allowing us to disaggregate the (rare) diamonds from the (plentiful) lumps of coal.

Source: Yuanta Vietnam

## 2025 Outlook: Six Pillars of a Stronger Market

### 1. Gradual improvement in administrative processes.

- **Two key positive factors have created a strong foundation for a market recovery.** Although they are admittedly difficult to quantify, we believe that the following factors have begun to yield tangible positive results: (1) the ongoing transformation of bureaucratic approval processes, and (2) the more effective legal framework for real estate development and financing.

The bullets below are examples of such tangible results:

- **Ministry of Construction data reveals encouraging trends in administrative approvals in 2024.** The number of projects securing investment approvals reached 79 (+18% YoY) in FY24, encompassing 38.3k units (+53% YoY).

Meanwhile, 204 projects obtained sales permits, reflecting +4% YoY growth and adding 53.2k units (+1% YoY) to the market as ready-for-sale.

- **Implementation planning has exhibited significant acceleration.** Since August 1 of last year, 16 provinces and cities have issued implementation plans, compared to just seven in Jan–July 2024.

Notably, in the first two months of 2025 alone, 18 provinces and cities have already released their implementation plans, signaling strong momentum in planning and regulatory clarity.

### 2. Supply is clearly improving with multiple key projects on track for launch in 2025, primarily in Tier-1 city outskirts and neighboring provinces:

### 3. Mortgage rates are stabilizing at low levels, with promotional mortgage rates of 6.2–7.5% for terms of 12–36 months.

### 4. Rising mortgage demand highlights the resilience of homebuyer sentiment.

Homebuyer loans increased +5.2% YoY in 2024, following the modest +1.0% full-year increase in 2023. Clearly, the 2024 growth figure does not suggest a credit-driven boom, but the recovery from the previous year highlights the resilience of demand among homebuyers seeking mortgages.

### 5. FDI flows into property are likewise exhibiting strong momentum.

- **FDI flows into property are likewise exhibiting strong momentum.** Registered FDI in FY24 was all time high at USD38.2 billion (+4% YoY), most of which was for manufacturing.
- However, FY24 registered FDI for real estate reached USD6.3 billion (up by an impressive +35% YoY).
- As such, foreign investor confidence in Vietnam real estate appears to be relatively strong. This represents a key difference from the market's previous downcycle of 2008–13 and points toward a more rapid recovery this time, in our view

### 6. Demographic profile: Vietnam is in the final phase of its “golden population” period, with about a decade remaining before the growing number of dependents (children & elderly) begins to place a significant burden on the workforce.

# 4Q24 Framework: Inhaling Deeply

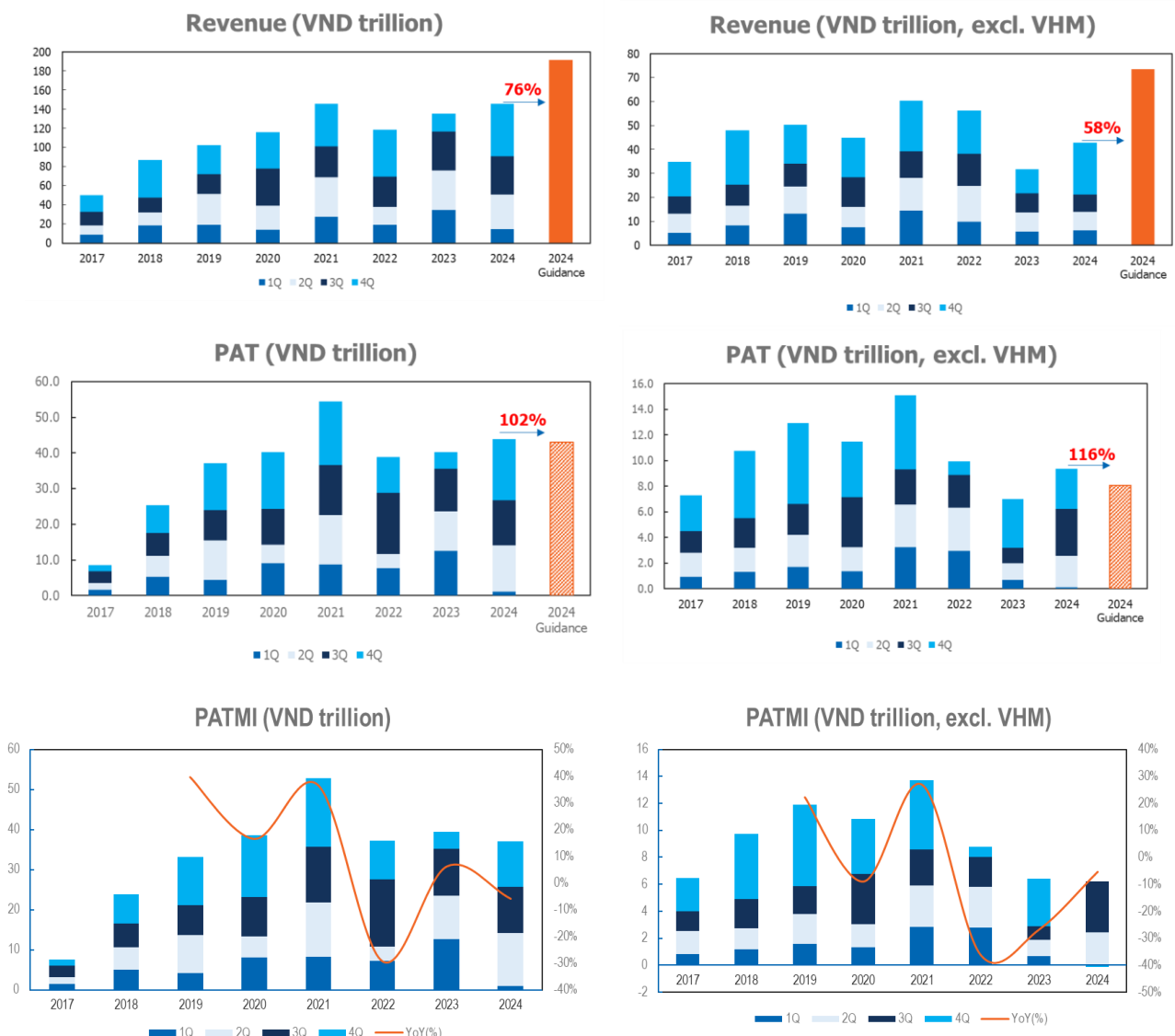
## Historical execution metrics

2024 industry aggregate earnings improved... Total revenue of the Top-20 developers reached VND146 trillion in 2024, an increase of +8% YoY; while PAT was VND 44 trillion, up +9% YoY. These figures represent just 76% of total revenue guidance but 102% of the group's aggregate earnings target for 2024.

... but after stripping out minority interest, earnings attributable to shareholders softened further. FY24 PATMI reached VND37 trillion, down -6% YoY, as majority interest accounted for only 84% of total FY24 PAT, a decline of 14ppt YoY.

This trend has been driven by (1) increased collaboration with foreign partners, a strategy adopted by NLG and KDH that should continue in 2025F; (2) a shift toward generating profits from non-core businesses, which is clear at developers such as DXG and NVL; and (3) delivering a greater proportion of earnings from projects with higher minority ownership than previously, as seen with VHM.

Fig 3: Quarterly earnings for the top-20 listed developers



Source: Company data, Yuanta Vietnam

Also, 13 of the top-20 developers failed to achieve their 2024 earnings guidance. This includes the industry leader, VHM, which missed PAT guidance by an admittedly immaterial -1%. However, the aggregate sector PAT +2% beat vs. total guidance was boosted by outperformance (vs. low targets) at DXG, NLG, NTL, and NVL.

Fig 4: Top-20 developers, FY24 results summary

Sales					PAT				
Ticker	2024	YoY (%)	2024 Guidance	Completion Rate (%)	Ticker	2024	YoY (%)	2024 Guidance	Completion Rate (%)
AGG	1,913	-51%	1,600	120%	AGG	261	-43%	250	104%
CEO	1,308	-6%	2,100	62%	CEO	166	28%	150	111%
DIG	1,545	48%	2,300	67%	DIG	102	-38%	760	13%
DXG	4,737	28%	3,900	121%	DXG	454	194%	226	201%
HDC	556	-16%	1,658	34%	HDC	66	-50%	424	16%
HDG	2,786	-2%	2,896	96%	HDG	766	-16%	972	79%
HPX	1,616	101%	2,800	58%	HPX	65	-16%	105	62%
IDJ	687	-22%	857	80%	IDJ	86	-28%	104	83%
IJC	1,052	-31%	2,206	48%	IJC	355	-10%	511	70%
KDH	3,295	57%	3,900	84%	KDH	803	10%	790	102%
NBB	67	-77%	640	10%	NBB	1	-88%	18	6%
NLG	7,196	126%	6,657	108%	NLG	1,382	73%	821	168%
NTL	903	-1%	750	120%	NTL	357	-3%	256	139%
NVL	9,042	90%	32,587	28%	NVL	3,321	184%	1,079	308%
PDR	2,017	225%	2,982	68%	PDR	523	-23%	880	59%
QCG	729	69%	1,300	56%	QCG	72	426%	80	90%
SCR	800	116%	705	113%	SCR	9	-39%	13	73%
SJS	645	48%	858	75%	SJS	265	43%	280	95%
VHM	102,889	-1%	120,000	86%	VHM	34,597	4%	35,000	99%
VPI	1,896	-2%	2,775	68%	VPI	308	-35%	350	88%

Source: Company data, Yuanta Vietnam

**Capital efficiency back on a positive trend after bottoming out:** The sector's trailing 12-month ROIC reached 6.53%, showing a modest-but-encouraging increase of +0.11ppt QoQ and +0.45ppt YoY. As illustrated in Fig. 5, industry ROIC indicates a slight upward trend following its lowest point in 3Q23.

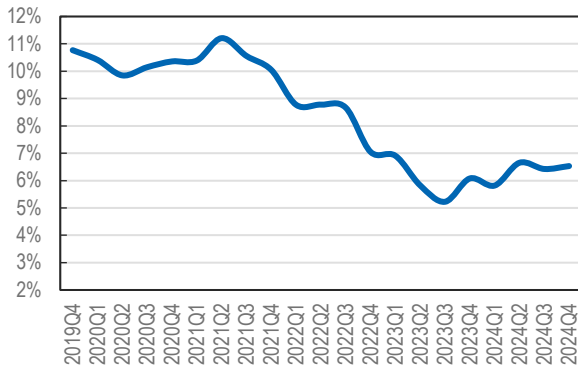
4Q24 results of the top-20 developers were mixed - 12 of the group saw ROIC increase QoQ while 8 posted decreases QoQ.

**Gross margin remains under pressure:** Trailing 12-month gross margin of the group declined by -4.1ppt QoQ in 4Q24, marking the third consecutive quarterly decrease from its peak of 49.6% in 1Q24. We attribute the decline in gross margin to two factors.

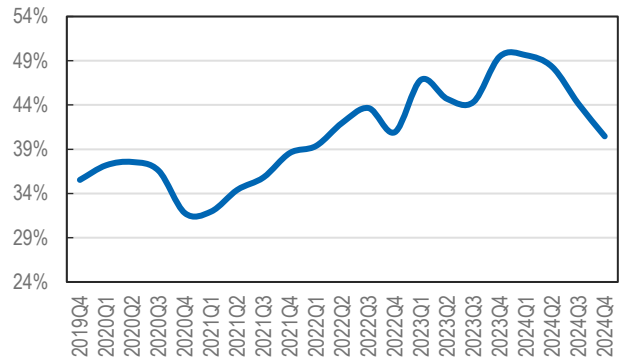
1) Despite stable quoted prices, revenue in recent quarters was predominantly driven by deliveries of high-rise units, which typically entail lower margin than other products.

2) Perhaps more concerning, the sector's profitability has been squeezed by elevated selling costs, particularly from sales promotion programs implemented during the earlier market downturn.

**Fig 5: Industry: Trailing 12-month ROIC**



**Fig 6: Industry: Trailing 12-month Gross Margin**

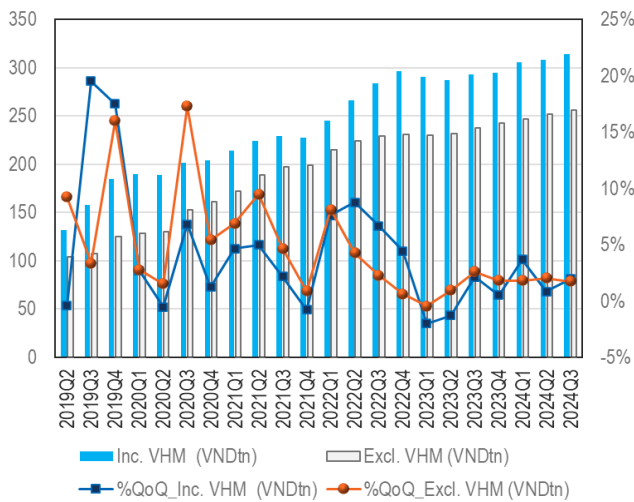


Source: Company data, Yuanta Vietnam

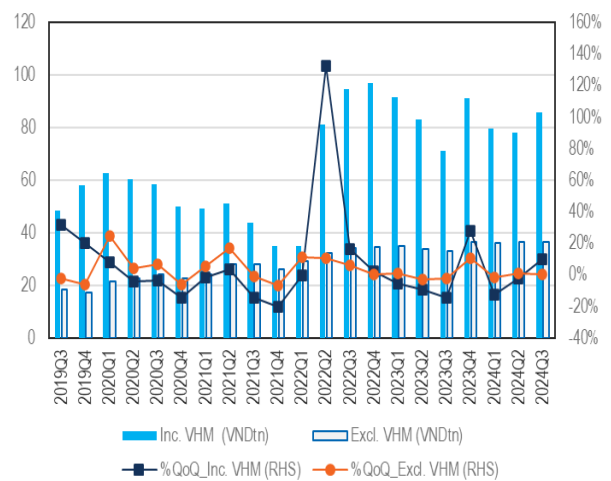
**Future earnings potential metrics indicate a gradual supply rebound in 2025**

4Q2024 saw inventories decrease by -4% QoQ while revenue jumped +36% QoQ. This indicates that developers are delivering units faster than they are preparing new projects for launch.

**Fig 7: Inventories -- Acquiring new projects and/or Accelerating project development**



**Fig 8: Advances from customers - Presales activities**



Source: Company data, Yuanta Vietnam

This inference is further evidenced by the -8% QoQ decline in customer advances, reflecting the limited new project launches throughout 2023-2024.

**Cautious expansion strategy:** Most developers have focused on existing landbank development, with no significant M&A activity reported in the past 3-5 years.

However, VHM is an outlier on this metric, as it has been very actively expanding its landbank through new project acquisitions for future launches.

However, supply is clearly improving with multiple key projects are on track for 2025 launch, primarily in Tier-1 city outskirts and neighboring provinces. Supportive evidence of this expectation includes:

**Supply is clearly improving with multiple key projects on track for 2025 launch.**



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**A gradual improvement in administrative processes.**

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- **LUR fees have been paid** at several projects. 1) Can Tho – NLG, 2) DXH Riverside – DXG, and 3) four PDR projects: Bac Ha Thanh, Ngo May, Phuoc Hai, Han Riverside).
- **Smooth administrative progress** reported by several developers including 1) Vinhomes – Ha Long Xanh (Quang Ninh), Phuoc Vinh Tay (Long An), Duong Kinh Kien Thuy (Hai Phong), and Vinhomes Wonder Park (Hanoi); and 2) AGG – The Gio (Binh Duong).
- **Construction advancement pending sales permits:** Two KDH projects in Binh Trung Dong Ward.

**A more hopeful administrative outlook.** Implementation by local authorities of the four amended laws promulgated in August 2024 (e.g., the Land Law, Housing Law, Real Estate Business Law, and Credit Institution Law) has unsurprisingly been taking time. This is typical of real-world, on-the-ground regulatory implementation in Vietnam, which underlines why the promulgation of these laws five months earlier than initially expected was a key positive.

**Two positive factors underlining a strong foundation for the property sector development are very hard to quantify:** (1) The gradual transformation of bureaucratic inertia, and (2) the improving effectiveness of the legal framework

Specifically, the recent leadership transition in Vietnam has been smooth, with the new central government leadership having consolidated power effectively, in our view. While the anti-corruption campaign continues, our sense is that its implementation has become more measured and pragmatic than before, leading to improved stability in government operations.

The central government has set ambitious goals, including targeting double-digit GDP growth and streamlining the bureaucracy. To achieve these objectives, several expert teams have been established and are reporting directly to the Prime Minister. This has prompted local authorities to become more proactive in accelerating administrative processes than they might have been in the past several years, in our opinion.

These improvements are difficult to quantify, but we think they are already visible in specific projects, such as the administrative processes for NVL's Aqua City and DXG's DXH Riverside projects.

The legal framework has also been enhanced, which we think is exhibited by two key positive trends:

- **Fewer conflicts:** Legal documents now indicate better alignment across different administrative levels. Previously, conflicts could arise where, for example, a project might receive a construction permit that contradicted the provincial master plan. Such inconsistencies have been significantly reduced.
- **Procedural clarity:** The terminology and processes in the relevant laws and sub-laws have been standardized and clarified. This is helping to address the previous issue where ambiguous legal terms led to multiple interpretations by the authorities, and thus confusion regarding implementation.

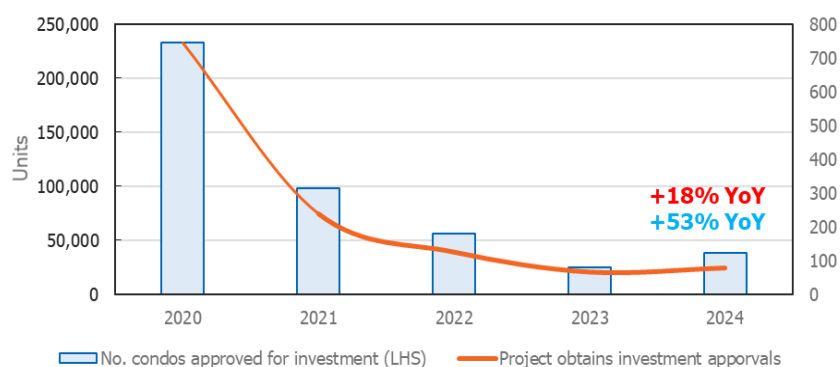
**These factors have yielded tangible results,** in our view. This is perhaps best illustrated by Ministry of Construction data showing encouraging improvements in administrative approvals in 2024.

Specifically, the MOC indicates that the number of projects securing investment approvals reached 79 (+18% YoY) in FY24, encompassing 38.3k units (+53% YoY).



Meanwhile, 204 projects obtained sales permits, reflecting a 4% growth, adding 53.2k units (+1% YoY) to the market as ready-for-sale.

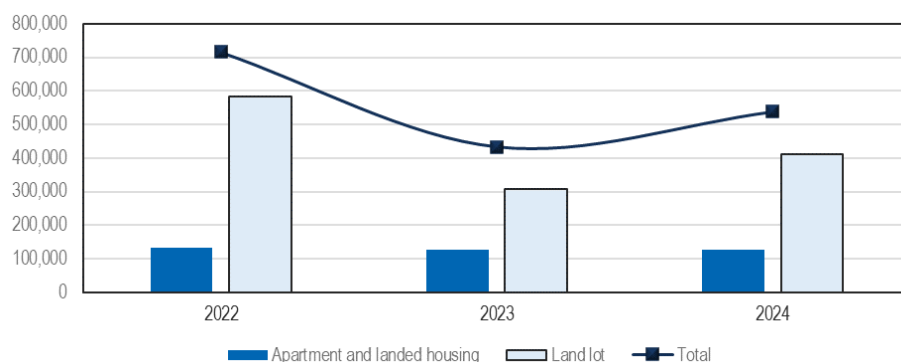
**Fig 9: No. of projects obtaining investment approvals**



Source: MoC, Yuanta Vietnam

Furthermore, market activity is also showing positive momentum, with total transactions up +24% YoY, largely driven by a +34% surge in land lot transactions.

**Fig 10: No. of property transactions**



Source: MoC, Yuanta Vietnam

**Admittedly, these figures remain far below peak levels** and may not fully convince all investors that a sweeping transformation is underway following last year's legal reforms.

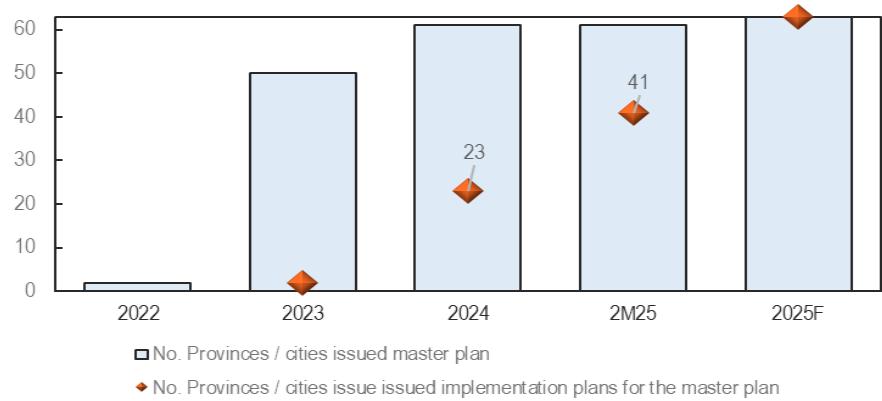
**However, our view is that they represent the meaningful strides** of streamlining the administrative processes for real estate development—an essential foundation for the anticipated property market upcycle in the second half of 2025.

**Provincial master plans serve as the foundational legal framework** that determines the feasibility and development potential of any property project.

Specifically, the plans define critical parameters including land use purpose, construction density, building heights, and infrastructure requirements, all of which directly shape a project's scope and implementation timeline.

In 2023, 48 provinces and cities issued master plans, bringing the total to 50 out of 63 local government jurisdictions. This is a substantial increase from just 2 jurisdictions that had issued master plans as at end-2022. We believe this change, combined with the amended laws that took effect in August 2024, has created a more transparent and efficient administrative process for property developers.

**Fig 11: Provincial master plans pave the way for reduced administrative frictions**



Source: Yuanta Vietnam

Additionally, each master plan’s implementation roadmap provides further clarity on budget allocation, resource distribution, and the responsibilities of relevant agencies and units. It also lays out specific actions, such as identifying transport infrastructure projects for execution and managing land auctions.

Since the legal reforms took effect on August 1, 2024, 16 provinces and cities have issued implementation plans, compared to just 7 in the first seven months of 2024. Notably, in the first two months of 2025 alone, 18 provinces and cities have already released their implementation plans, signaling strong momentum and regulatory clarity.

In our view, these implementation plans offer a clear roadmap for the phased development of each jurisdiction, while also providing property developers with a structured pipeline of potential landbank opportunities through auctions.

**Fig 12: Enhancing clarity: Guidance on the three amended laws**

Real estate business law	Housing law	Land law
<ul style="list-style-type: none"> <li>• Circular 04/2024/TT-BXD providing guidelines on training programs, knowledge enhancement for real estate brokerage practice certificates, and real estate transaction management.</li> <li>• Decree 94/2024/ND-CP providing guidance on Social Housing Law 2023 regarding construction and management of social housing and resettlement housing projects.</li> <li>• Decree 96/2024/ND-CP detailing certain articles of the Social Housing Law 2023.</li> <li>• Circular 49/2024/TT-NHNN amending Circular 11/2022/TT-NHNN on bank guarantees.</li> </ul>	<ul style="list-style-type: none"> <li>• Decree 95/2024/ND-CP providing guidance on Housing Law 2023.</li> <li>• Decree 98/2024/ND-CP providing guidance on Housing Law 2023 regarding renovation and construction of apartment buildings.</li> <li>• Decree 100/2024/ND-CP providing guidance on Housing Law 2023 regarding development and management of social housing.</li> <li>• Circular 05/2024/TT-BXD detailing certain articles of Housing Law 2023.</li> </ul>	<ul style="list-style-type: none"> <li>• Decree 112/2024/ND-CP providing guidance on vacant land.</li> <li>• Decree 104/2024/ND-CP regulations on Land Development Fund.</li> <li>• Decree 103/2024/ND-CP regulations on land use for housing construction.</li> <li>• Decree 102/2024/ND-CP detailing implementation of certain articles of Land Law 2024.</li> <li>• Decree 82/2024/ND-CP regulations on compensation, support, and resettlement when the State acquires land.</li> <li>• Decree 71/2024/ND-CP regulations on land valuation.</li> <li>• Decree 42/2024/ND-CP regulations on coastal land reclamation.</li> </ul>

Source: VARS, Yuanta Vietnam

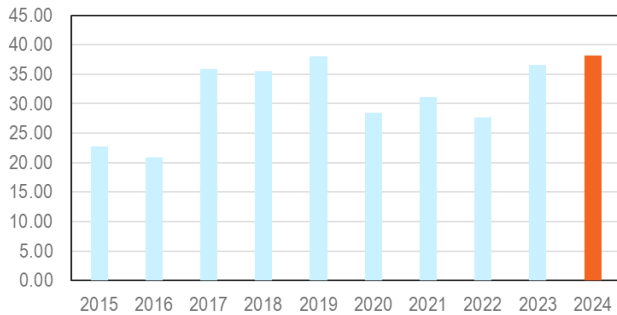
In addition to the amended laws, the authorities have been very actively refining the legal framework by releasing underlying decrees, as illustrated in Fig 12. These detailed rules should provide clearer guidance for streamlining the administrative processes.

**FDI flows into property exhibit continued strong momentum.** Registered FDI in FY24 reached an all-time high of USD38.23 billion (+4% YoY). Most of this was for manufacturing, but registered FDI for the real estate sector specifically reached USD6.31 billion (up by an impressive +35% YoY).

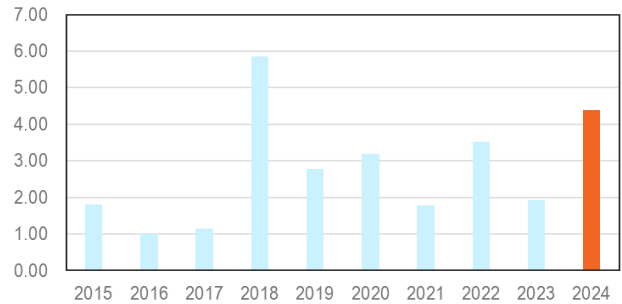
As such, foreign investor confidence in Vietnam property appears to be relatively strong. This represents a key difference from the market’s previous downcycle of 2008–13 -- and points toward a more rapid recovery this time, in our view.

We expect that strong FDI inflows will help to shorten the trough-to-recovery phase of the real estate cycle from the 5-year downcycle of 2008–13 to just 3 years this time (2022–25). This further supports our thesis regarding the property market upcycle to kick off in 2H25.

**Fig 13: Registered total FDI (USD billion)**



**Fig 14: Registered FDI for real estate (USD billion)**



Source: GSO, Yuanta Vietnam

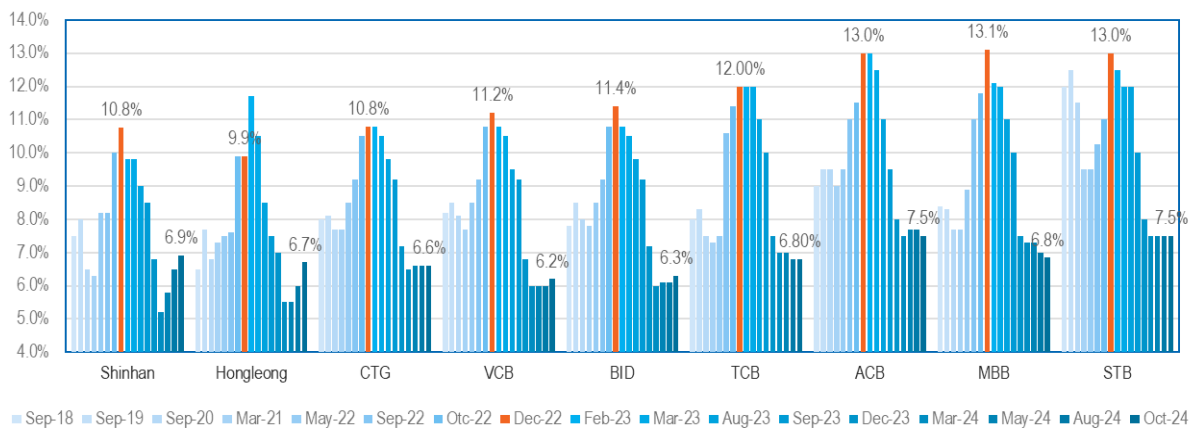
**Foreign capital is an increasingly crucial funding source for the property sector.**

We believe FDI inflows into the property market will continue rising in 2025 and beyond for three main reasons.

1. **Local developers are partnering with foreign developers** to strengthen their balance sheets during the ongoing recessionary phase of the property market.
2. **We believe that numerous deals are poised to be finalized** after prolonged due diligence periods.
3. **Credit for real estate is still constrained.** New regulations compel commercial banks to tighten loan requirements, and the nonbank corporate bond market has struggled to restore investor confidence. With bank lending and debt capital markets constrained, foreign capital has become an increasingly crucial funding source for the property sector.

**Mortgage rates are low vs. history ...** commercial banks are offering promotional mortgage rates of 6.2–7.5% for terms of 12–36 months.

**Fig 15: 12–36 months promotional mortgage rates**



Source: Yuanta Vietnam

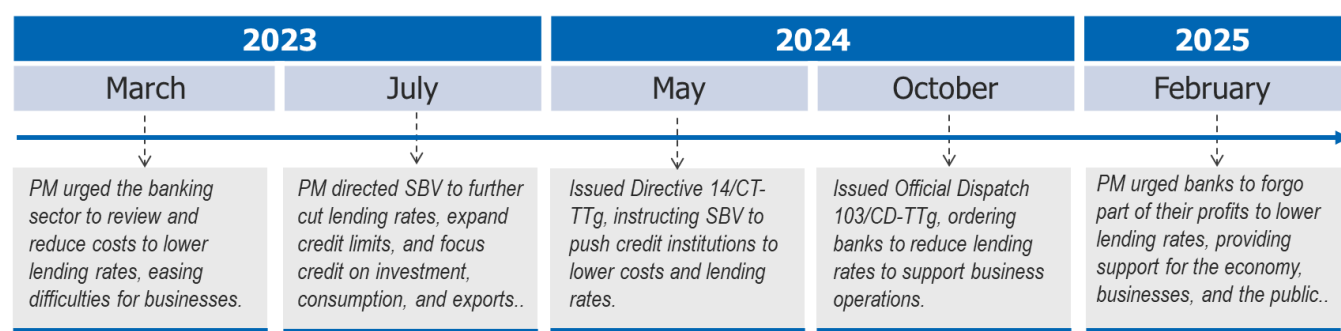
**Mortgage rates are stabilizing at low level.**

... and showing signs of stabilization, though we see the balance of risks as tilted to the upside. Several factors suggest potential upward pressure on rates:

1. **The strengthening US dollar** has led to Vietnamese dong devaluation, which could prompt defensive monetary policy measures.
2. **The government has set an elevated inflation target** of 4.5–5% YoY (+1.1ppt), with an ambitious GDP growth target exceeding 8% YoY (>+1ppt).

However, uncertainty in the above factors could help contain rate increases, including 1) the potential for a contrarian softening of the USD, which would ease pressure on the VND; and (2) direct government intervention through administrative orders may work to stabilize lending rates.

**Fig 16: Recent history abounds with examples of administrative directives for lower lending rates**



Source: Yuanta Vietnam

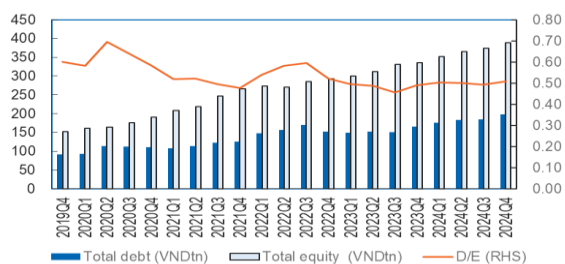
As such, although mortgage rates may rise incrementally going forward, we believe that the risks associated with a shock increase in lending rates are minimal.

Our view is that a mortgage rate increase of +0.5 to +1.0 percentage points, which would raise the 12-month promotional rate from a range of 6.2–7.5% to 7.2–8.5%, would be unlikely to reverse the recovery of real estate market sentiment. This view is backed up by history, as 12-month promotional mortgage rates ranged from 7–9% in the last cyclical recovery phase of the property market (2014–2018).

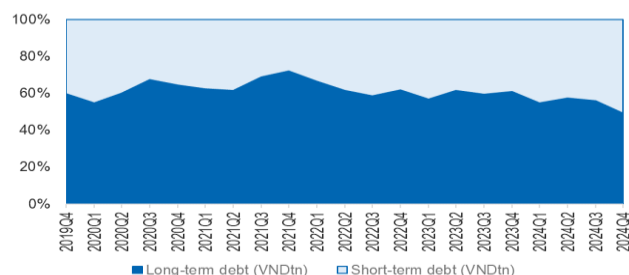
## Liquidity metrics: No new risks identified in 2024

Most of the developers in our group maintain a reasonable level of financial leverage, and their liquidity positions have improved after they successfully raised money from the equity markets.

**Fig 17: Total debt is on the rise, but equity has risen more rapidly over the past several quarters.**



**Fig 18: Short-term borrowing was up in 4Q24.**



### Liquidity situation

4Q2024	Cash coverage of short-term debt	1008%	218%	216%	73%	117%	307%	74%	130%	173%	15%	42%	19%	32%	0%	17%	1%	52%	13%	2%	
	Net debt to equity	-87%	-23%	-2%	5%	6%	13%	19%	22%	27%	49%	21%	34%	39%	43%	56%	62%	70%	80%	119%	241%
	Liability to Asset	20%	22%	27%	47%	48%	59%	33%	57%	50%	45%	34%	46%	52%	53%	48%	52%	51%	54%	78%	76%
Ticker		NTL	CEO	IDJ	NLG	QCG	SJS	KDH	VHM	DIG	HDG	IJC	DXG	AGG	PDR	HPX	SCR	HDC	VPI	NVL	NBB

Source: Company data, Yuanta Vietnam

However, the debt profiles of VHM and NVL have skewed the sector's overall data. Excluding these two companies, the industry's debt position showed improvement. As of the end of 2024, long-term debt (ex-VHM and ex-NVL) accounted for 63% of total debt, reflecting an increase of 1 ppt YoY.

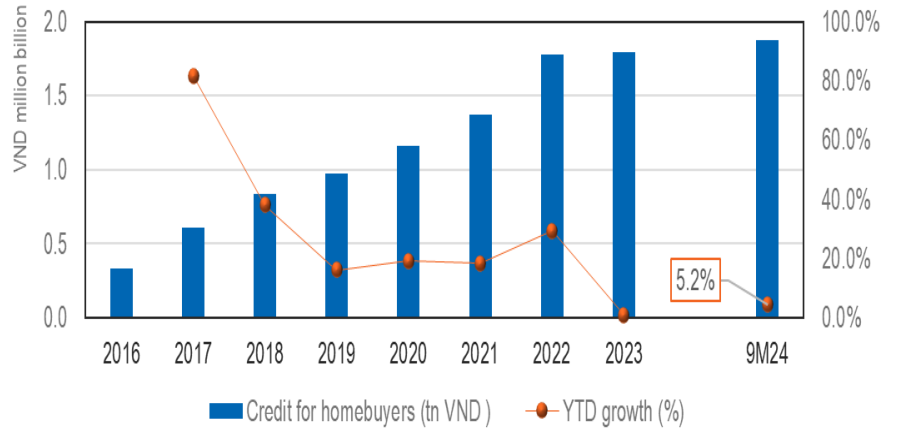
NVL continues to face persistent challenges; however, a positive development is its additional capital raise of VND 3.8 trillion in 2024. For VHM, we expressed our concerned about its short average debt maturity of just 1.95 years in Q4 2024, down from 1.9 years in 3Q24. That said, VHM has maintained its liquidity ratios at reasonable levels, with a Q4 2024 net D/E ratio of 22.3% (+1.1 ppt YoY).

## Rising demand for mortgages highlights the resilience of homebuyer sentiment.

Homebuyer loans increased by +5.2% YTD as of 9M24, following the even more modest +1.0% increase in 2023. This nascent recovery in YoY growth does not suggest a credit-fueled boom, but it highlights the resilience of demand among homebuyers seeking mortgages.

We await an official announcement from the SBV on full-year growth in the real estate sector, but we expect that mortgages increased further in 4Q24 along with overall market transactions.

Fig 19: Recovery in Homebuyer Loan Demand (%)



Source: SBV, Yuanta Vietnam

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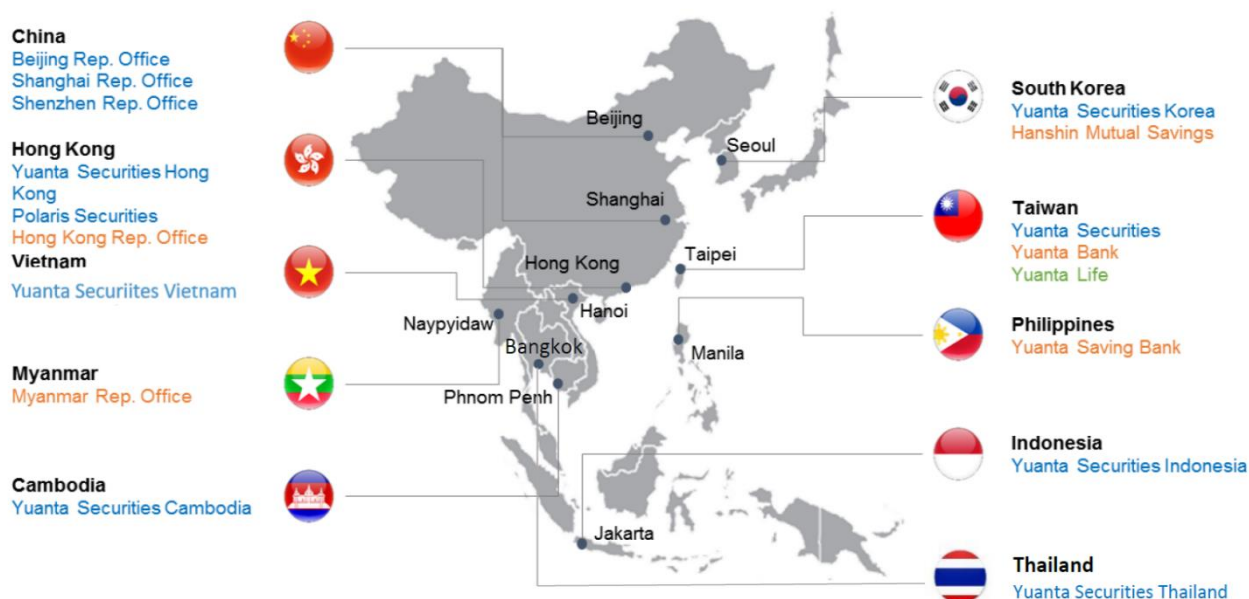
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