



Sector quarterly report: Real estate sector Q2/2021

Equity research team

(+84)24 3573 0073

research@gtjas.com.vn

30 May 2022

The market is still distressed

Rating:

Neutral

Maintained

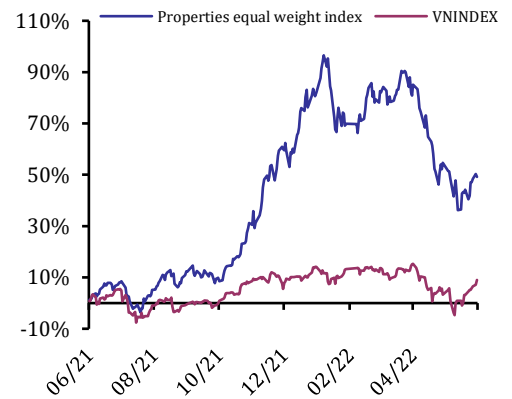
Key Highlight

- Launched units unit in Hanoi market were worse compared to last year figure but sold unit improved (-20% YoY and +15% YoY). Not many developers bring in new supply to the market although absorption rate is good.
- In HCMC, there are only 884 units were launched in Q1, down 87% QoQ and 48% YoY. Sold unit faced similar hit, with only than 1,247 units, -55% YoY and -78% QoQ. This reflected very tight supply in HCMC.
- The credit growth of real estate sector was at 2% ytd, lower than total credit growth at 5% ytd.
- Credit to the sector has been limited to avoid asset bubble

Comment

- Property market has been distressed phase since presale across the segments was reduced significantly. We are still observing the market to see whether the recovery come back. Government lifts off the restriction, however presale still lower than last year, supply remained tight.
- We remain Neutral for residential property sector.

Major stocks performance



Change in Share Price	1 M	3 M	1 Y
Abs. %	55%	78%	49%
VNI index	-8.6%	-13.8%	37%

Source: Bloomberg, Guotai Junan Vietnam

	GDP Growth (%yoy)	Outstanding credit (Tril VND)	Credit growth (% Ytd)	M2 growth ($\Delta\%$)	Refinancing rate (%)	Average inflation (% yoy)	P/E sector (x)	ROE sector (%)	ROA sector (%)	P/E Vnindex (x)
Q1 2022	5.03	11.067	5%	3.4	4.0	1.92	24	16	6	13
Ticker	P/E	P/B	Mkt cap (VND)	ROA (%)	ROE (%)					
AGG	10	2	4,412,671,202,500	3.4	20.7					
HPX	38	2	7,969,216,822,200	2.4	6.4					
KDH	22	2	27,035,503,751,450	8.4	12.7					
VHM	8	2	300,886,793,420,800	17.2	34.5					
NLG	25	2	18,457,708,626,600	3.3	8.7					
NVL	36	2	151,887,835,825,600	2.0	11.1					
PDR	19	2	36,067,401,960,300	9.7	30.0					
SCR	24	2	4,964,127,905,650	2.0	4.4					
VPI	33	2	13,485,986,514,000	4.1	13.9					
Average	24	2	62,796,360,669,900	6	16					

Source: Fiinpro, Guotai Junan Vietnam

Sold and Launch of the quarter

Table-1: Sold and Launch of the quarter, condo

	Sold (unit)	QoQ (%)	Launched (unit)	QoQ (%)
Hanoi	4,800	+15%	3,500	-39%
HCMC	1,247	-78%	884	-48%

Source: CBRE, Guotai Junan Vietnam

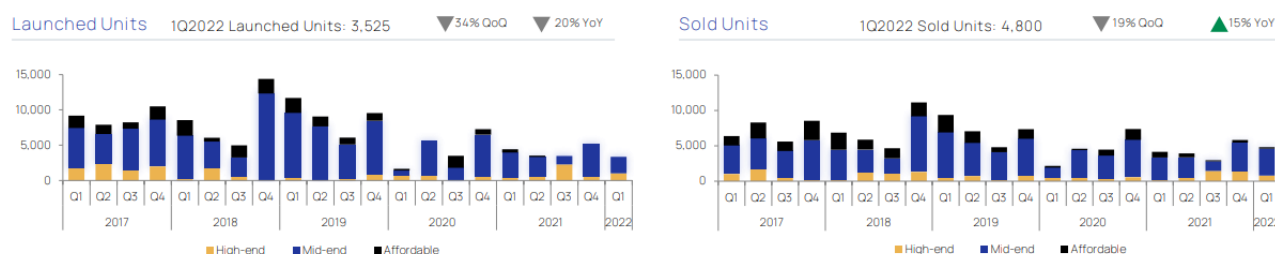
SALES UPDATE

Hanoi and HCMC market in Q1 2022. Launched units in Hanoi market were worse compared to last year figure but sold unit improved (-20% YoY and +15% YoY). Not many developers bring in new supply to the market although absorption rate is good.

In HCMC, there are only 884 units were launched in Q1, down 87% QoQ and 48% YoY. Sold unit faced similar hit, with only than 1,247 units, -55% YoY and -78% QoQ. This reflected very tight supply in HCMC.

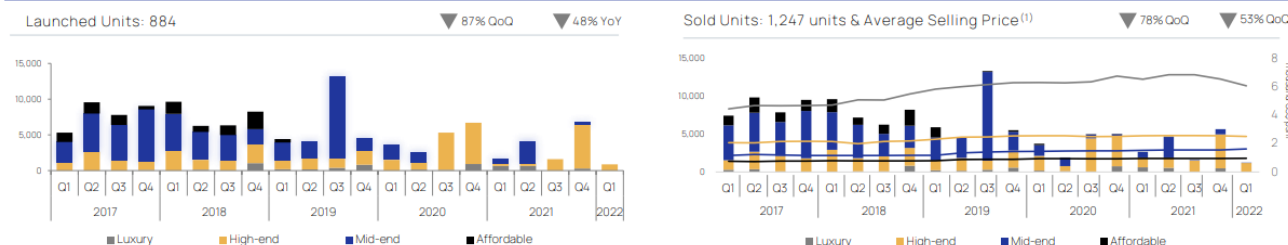
Average price across all segments have been remaining flat from Q4 2021.

Hanoi – Healthy Take-Up Rate and Limited Supply Led Higher Price



HCMC – Cautious Start and Product Scarcity across Segments

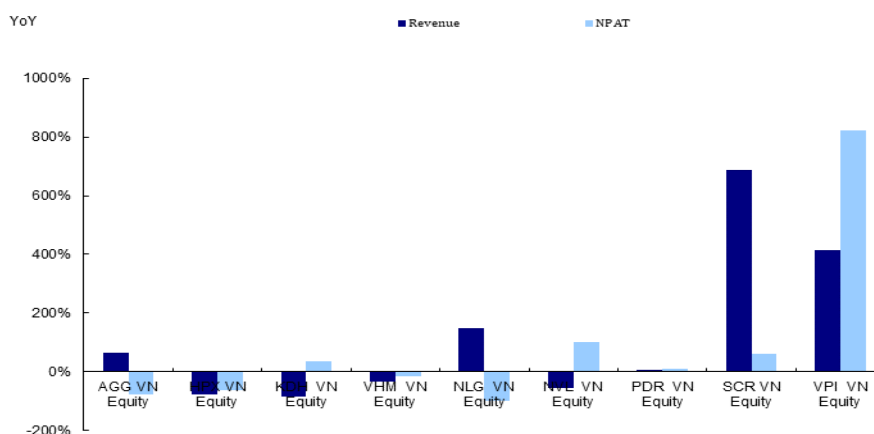
Condominium – Sold units continue to exceed new launches



Source: CBRE, Vinhomes, Guotai Junan (Vietnam)

Financial result of some major developers

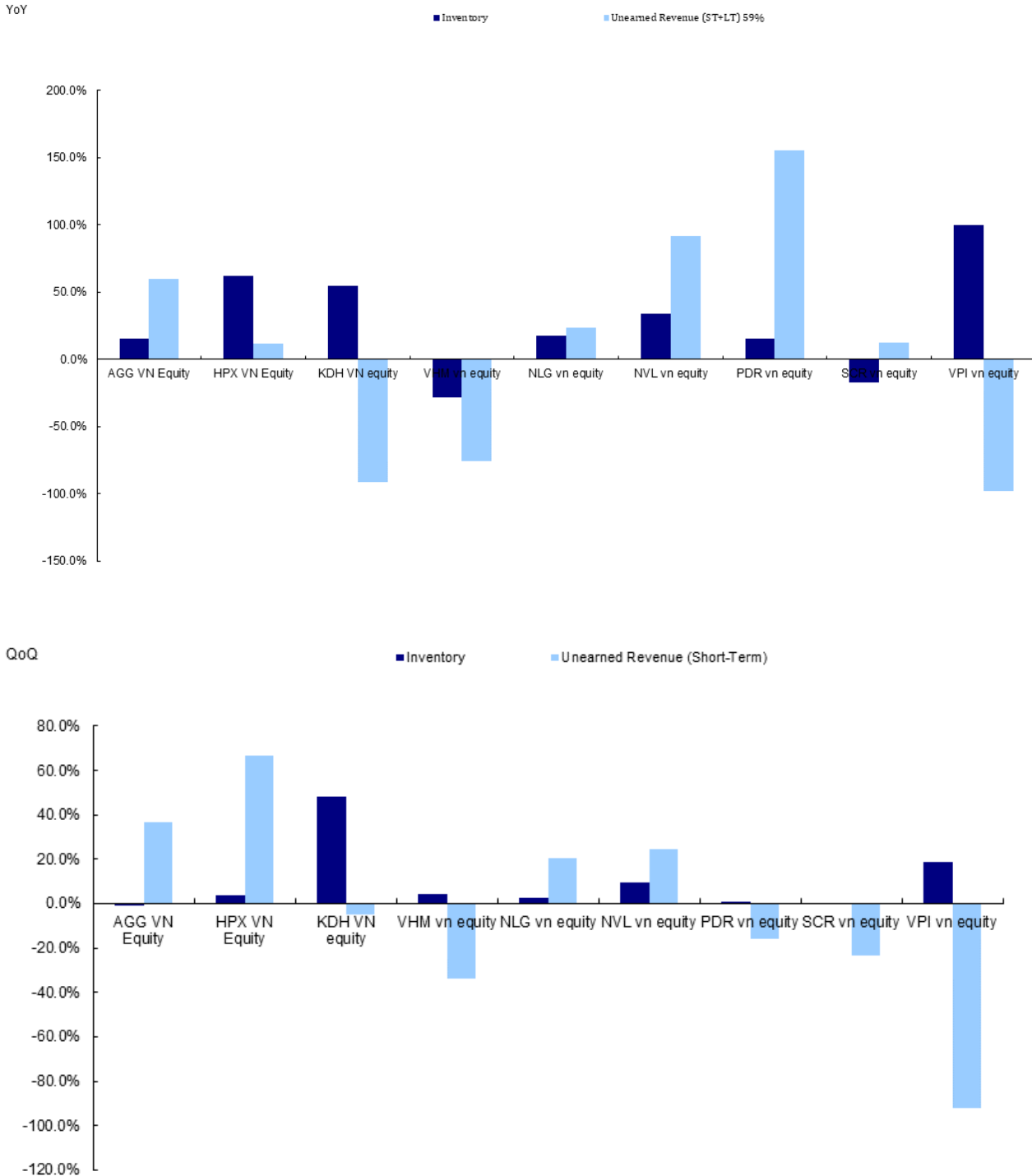
Chart-1: Revenue and NPAT



Source: Fiiopro, Guotai Junan (Vietnam)

In Q1 2022, most of large property developers record negative growth in revenue YoY. SCR grew 686% YoY, while VHM revenue reduce -31% YoY. This is due to sale was hit from early 2021 and low presale in 2021, which deliver in Q1 2022. Similarly, NPAT of most companies in the list record negative growth except VPI, SCR, NVL recorded +823% YoY, +62%, 101% respectively.

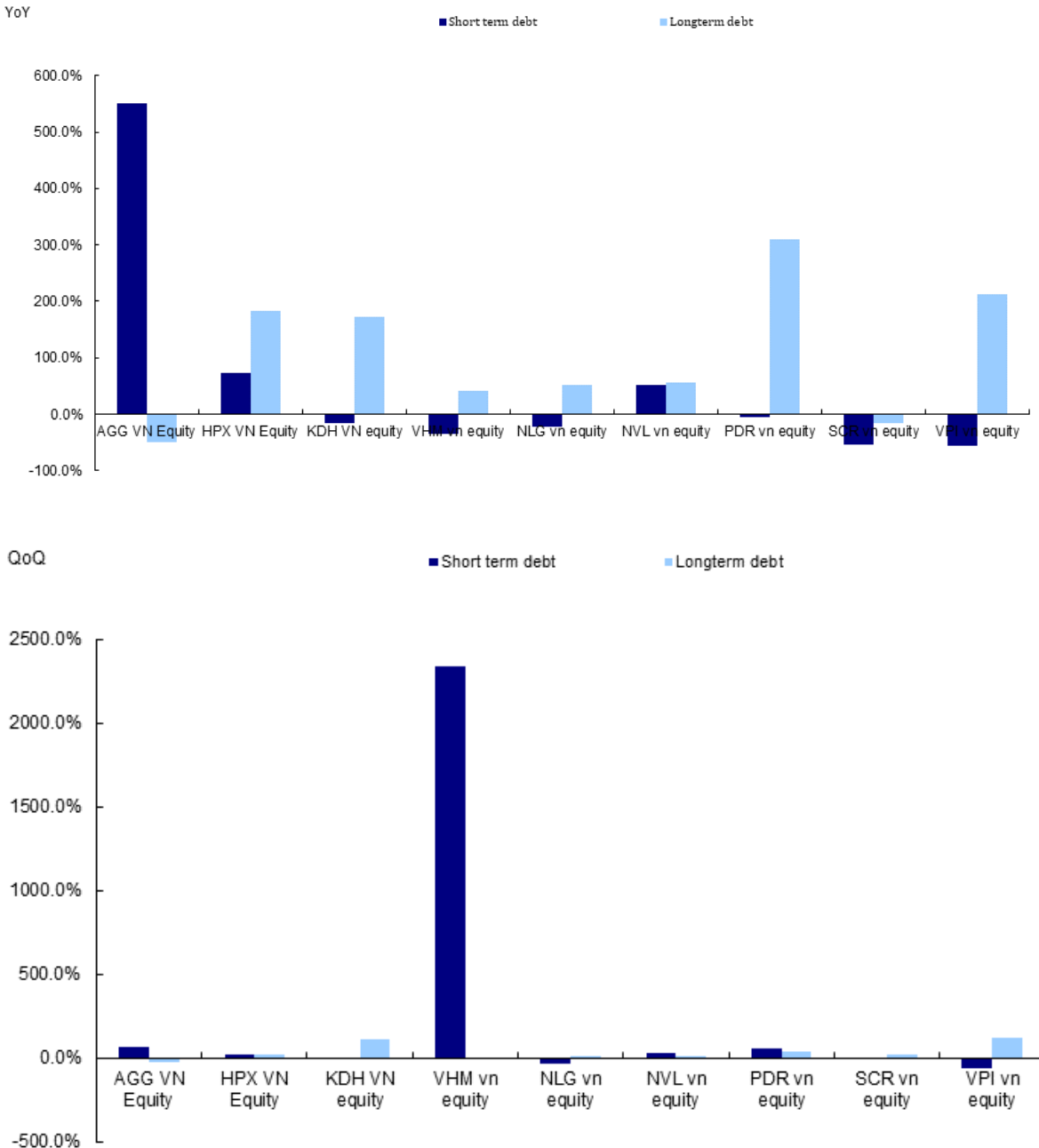
Chart-2: Inventory and customer prepayment



Source: Fiinpro, Guotai Junan (Vietnam)

The inventory grew strongly for AGG, VPI, KDH and HPX for YoY. However, these figures still increase QoQ. PDR, AGG, NLG have increased customer prepayment due to sale increased during the year. VHM recorded reduction in inventory, their presale and customer prepayment which reflects no new supply except the small number in current 3 mega projects.

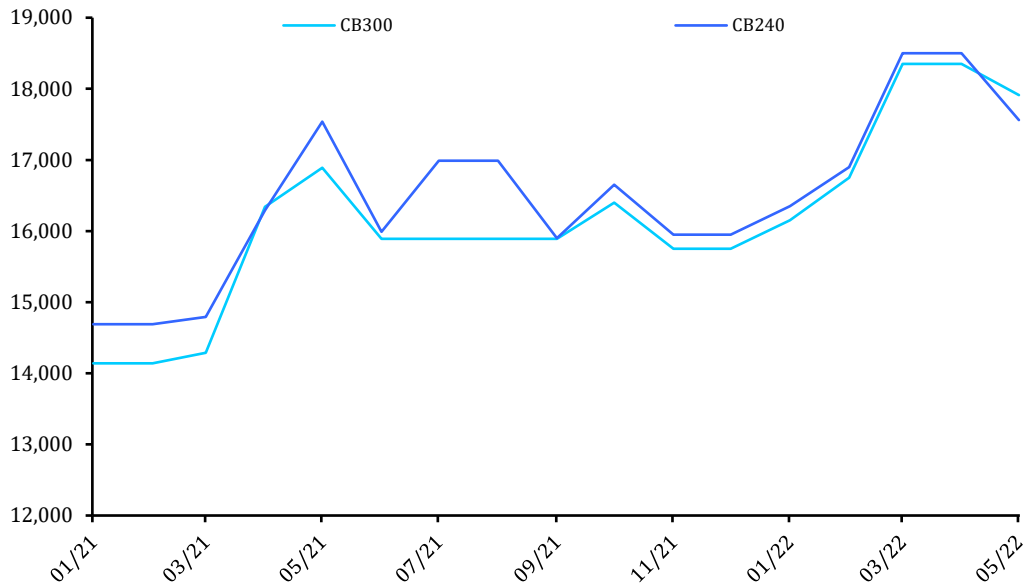
Chart-3: Debt



Source: Fiiipro, Guotai Junan (Vietnam)

Compared to last year, most of companies carry larger debt balance with total debt grew 43% than last year. **Construction cost.** Steel price and other construction materials such as concrete, stone, sand etc. have increased significantly since early 2021. In Q1, steel price raised significantly due to war in Ukraine. Steel price raised hit the construction cost, and then public investment from government and private contractor would be restrained from the high-cost pressure.

Chart-4: Steel price

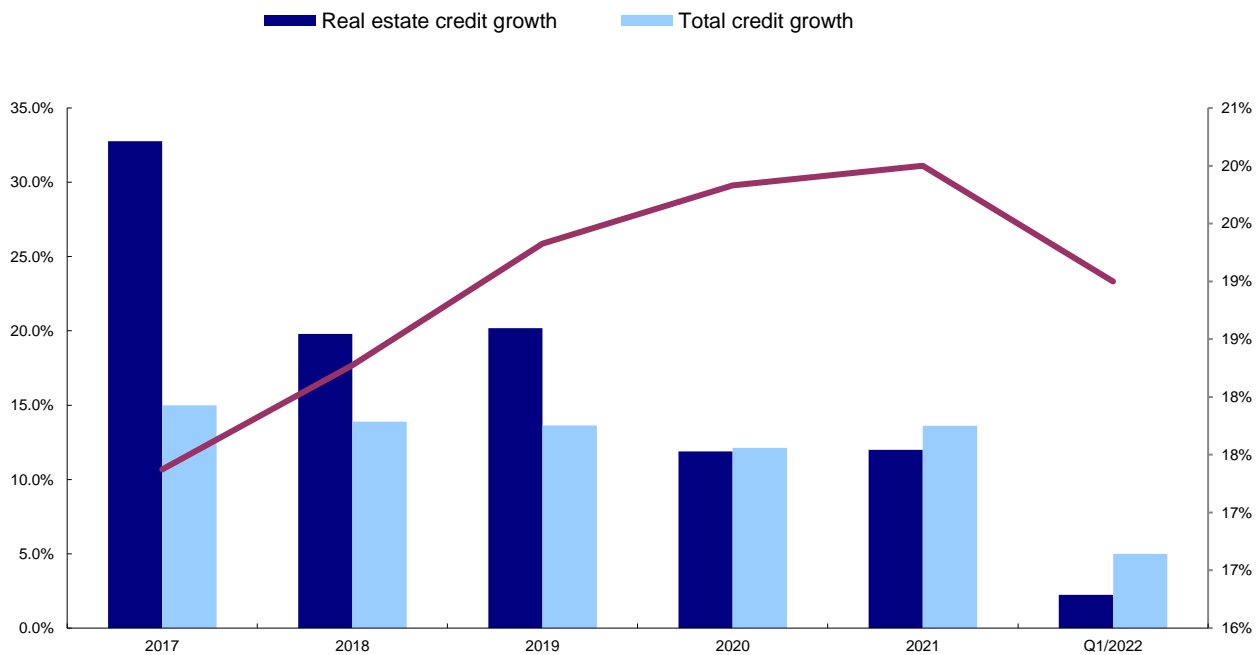


Source: Fiinpro, Guotai Junan (Vietnam)

Real estate credit growth. The credit poured into real estate market has been cooler in Q1 2022 at only 2% ytd, account for 18% of total credit, lower than total credit growth at 5%. State bank of Vietnam is trying to cool the real estate market to avoid asset bubble in housing price.

There was about 28,200 billion VND of bond par was issued by Real estate sector in the first quarter, account for 49% of total issuance in Q1. Average coupon rate of real estate bond was about 9.6%/annually, reduce 1.4 basis point from 2021. Average maturity date was 2.73 years for issuance in Q1.

Chart-6: Credit growth



Source: State bank of Vietnam, Guotai Junan (Vietnam)

Conclusion

- 1) Property market has been distressed phase since presale across the segments was reduced significantly.
- 2) We are still observing the market to see whether the recovery come back. Government lifts off the restriction, however the presale was still low in Q1 2022. Secondary price of landed proper continues to increase in Q1 2022.
- 3) Credit in the sector has been limited to avoid asset bubble.

We remain **Neutral** for residential property sector, stocks in the sector are recommended to watch: **VHM, NLG, KDH, AGG**

APPENDIX

Table-1: Financial summary

Ticker	Rev Q1/2021 (VND Mil)	Rev Q1/2022 (VND Mil)	% YoY	NPAT Q1/2021 (VND Mil)	NPAT Q1/2022 (VND Mil)	% YoY	Short term debt Q1/2021 (VND Mil)	Long term debt Q1/2021 (VND Mil)	Short term debt Q1/2022 (VND Mil)	Long term debt Q1/2022 (VND Mil)	%YoY Total debt
AGG VN EQUITY	342,740	562,618	64%	5,409	1,302	-76%	333,384	2,443,816	2,173,669	1,221,419	22%
HPX VN EQUITY	249,936	55,936	-78%	53,563	19,412	-64%	1,596,353	968,372	2,766,106	2,743,460	115%
KDH VN EQUITY	836,479	142,726	-83%	205,149	278,530	36%	855,444	1,360,085	722,576	3,711,617	100%
VHM VN EQUITY	12,986,441	8,923,490	-31%	5,396,149	4,540,066	-16%	9,365,037	13,730,672	6,114,220	19,352,528	10%
NLG VN EQUITY	235,764	587,408	149%	347,517	630	-100%	1,119,411	1,531,543	878,215	2,341,282	21%
NVL VN EQUITY	4,506,617	1,956,430	-57%	536,827	1,079,020	101%	16,608,633	28,537,305	25,319,358	44,327,663	54%
PDR VN EQUITY	586,112	625,448	7%	251,741	282,054	12%	1,303,672	874,943	1,222,562	3,593,410	121%
SCR VN EQUITY	50,331	395,416	686%	35,010	56,723	62%	1,613,484	1,113,199	757,521	938,353	-38%
VPI VN EQUITY	135,139	696,870	416%	6,968	64,284	823%	1,533,178	1,390,726	670,855	4,337,106	71%

Source: the Company, Guotai Junan Vietnam,

Under development projects of some major developers

Table-2: Under development projects

VHM	Location	Absorption rate	Units	Area	Note
Vinhomes Ocean Park	Hanoi	81%	47,300	420 ha	
Vinhomes Smart City	Hanoi	73%	47,000	281 ha	
Vinhomes Grand Park	HCMC	93%	45,500	271 ha	
Vinhomes Galaxy	Hanoi	N/A	N/A	11 ha	2022-2024
Vinhomes Wonder Park	Hanoi	N/A	2,350 Low rise 2 buildings High rise	133 ha	2021-2023
Vinhomes Dream city	Hung Yen	N/A	44,000	460 ha	2021-2023
NLG	Location	Absorption rate	Units	Area	Note
Mizuki	HCMC	59%	4,231 units	26.2 ha	2018-2023
Akari	HCMC	47%	5,228 units	8,8 ha	2019-2023
South Gate Water point	Long An	53%	3,227 units	165 ha	2019-2024
South Gate Water point P2	Long An	N/A	13,000 units	190 ha	2022-2026
Nam Long 2	Can Tho	15%	1,550 landlots	43 ha	2021-2023
Paragon Dai Phuoc	Dong Nai	N/A	587 units	45 ha	2021-2023
Waterfront (Izumi)	Dong Nai	4%	6,350 units	170 ha	2021-2025
VSIP	Hai Phong	N/A	3,096 units	21 ha	2021-2024
KDH	Location	Absorption	Units	Area	Note



		rate			
<i>Lovera Vista</i>	<i>HCMC</i>	<i>87%</i>	<i>1,310 units</i>	<i>1.8 ha</i>	
<i>Verosa</i>	<i>HCMC</i>	<i>100%</i>	<i>396 units</i>	<i>8.1 ha</i>	
<i>Clarita</i>	<i>HCMC</i>	<i>N/A</i>	<i>Villas</i>	<i>5.7 ha</i>	<i>Q4/2022</i>
<i>Armenia</i>	<i>HCMC</i>	<i>N/A</i>	<i>180 Villas</i>	<i>4.3 ha</i>	<i>Q3/2022</i>
<i>Binh Tan apartment</i>	<i>HCMC</i>	<i>N/A</i>	<i>1,000 units</i>	<i>1.8 ha</i>	<i>Q4/2022</i>
<i>Binh Chanh project</i>	<i>HCMC</i>	<i>N/A</i>	<i>N/A</i>	<i>16.4 ha</i>	<i>Q2/2023</i>
<i>Le Minh Xuan Ips</i>	<i>HCMC</i>	<i>N/A</i>	<i>N/A</i>	<i>109.9 ha</i>	<i>Q4/2022</i>
<i>Tan Tao</i>	<i>HCMC</i>	<i>N/A</i>	<i>N/A</i>	<i>329 ha</i>	<i>2024</i>
NVL	Location	Absorption rate	Units		
<i>Aqua Phoenix</i>	<i>Dong Nai</i>	<i>88.8%</i>	<i>7,463</i>	<i>286 ha</i>	<i>Q4 2019</i>
<i>Aqua City</i>	<i>Dong Nai</i>	<i>91.8%</i>	<i>2,116</i>	<i>110 ha</i>	<i>Q2 2019</i>
<i>Aqua Riverside</i>	<i>Dong Nai</i>	<i>93.6%</i>	<i>1,685</i>	<i>76.7 ha</i>	<i>Q4 2019</i>
<i>Aqua waterfront</i>	<i>Dong Nai</i>	<i>95.9%</i>	<i>2,701</i>	<i>85 ha</i>	<i>Q1 2020</i>
<i>Aqua Marina City</i>	<i>Dong Nai</i>	<i>86.3%</i>	<i>763</i>	<i>44.7</i>	<i>Q3/2021</i>
<i>Nova Ho Tram</i>	<i>BRVT</i>	<i>59.6%</i>	<i>3,167</i>	<i>193 ha</i>	<i>Q2 2019</i>
<i>Novaworld Phan Thiet</i>	<i>Binh Thuan</i>	<i>68%</i>	<i>18,700</i>	<i>986 ha</i>	<i>Q2 2019</i>
<i>Noval Hills Mui Ne</i>	<i>Binh Thuan</i>	<i>95.6%</i>	<i>620</i>	<i>40 ha</i>	<i>Q4 2018</i>

Source: The Company, Guotai Junan Vietnam,

COMPANY RATING DEFINITION

Benchmark: VN – Index.

Time Horizon: 6 to 18 months

Rating	Definition
Buy	Relative Performance is greater than 15% Or the Fundamental outlook of the company or sector is favorable
Accumulate	Relative Performance is 5% to 15% Or the Fundamental outlook of the company or sector is favorable
Neutral	Relative Performance is -5% to 5% Or the Fundamental outlook of the company or sector is neutral
Reduce	Relative Performance is -15% to -5% Or the Fundamental outlook of the company or sector is unfavorable
Sell	Relative Performance is lower than - 15% Or the Fundamental outlook of the company or sector is unfavorable

SECTOR RATING DEFINITION

Benchmark: VN – Index

Time Horizon: 6 to 18 months

Rating	Definition
Outperform	Relative Performance is greater than 5% Or the Fundamental outlook of the sector is favorable
Neutral	Relative Performance is -5% to 5% Or the Fundamental outlook of the sector is neutral
Underperform	Relative Performance is lower than -5% Or The Fundamental outlook of the sector is unfavorable

DISCLAIMER

We, the authors, hereby certify that the views expressed in this report accurately reflect our personal views about the subject securities or issuers. We also certify that no part of our compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report. The equity research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues, which include revenues from, among other business units, Institutional Equities and Investment Banking. Guotai Junan (Vietnam) and its officers, directors and employees may have positions in any securities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such securities (or investment). Guotai Junan (Vietnam) may have, within the last three years, served as manager or co-manager of a public offering of securities for, or currently may make a primary market in issues of, any or all of the entities mentioned in this report or may be providing, or have provided within the previous 12 months, significant advice or investment services in relation to the investment concerned or a related investment. This report has been prepared on the basis of information believed to be reliable at the time of publication. Guotai Junan (Vietnam) makes no representation or warranty regarding the completeness and accuracy of such information. Opinions, estimates and projection expressed in this report represent the current views of the author at the date of publication only. They do not necessarily reflect the opinions of Guotai Junan (Vietnam) and are subject to change without notice. This report is provided, for information purposes only, to institutional investors and retail clients of Guotai Junan (Vietnam) in Vietnam and overseas in accordance to relevant laws and regulations explicit to the country where this report is distributed, and does not constitute an offer or solicitation to buy or sell any securities discussed herein in any jurisdiction. Investors must make their investment decisions based upon independent advice subject to their particular financial situation and investment objectives. This report may not be copied, reproduced, published or redistributed by any person for any purpose without the written permission of an authorized representative of Guotai Junan (Vietnam). Please cite sources when quoting.

GUOTAI JUNAN VIETNAM RESEARCH & INVESTMENT STRATEGY

Member	Position	In charge of	Email	Ext.
Võ Thế Vinh	Head of the Department	Research and investment strategy	vinhvt@gtjas.com.vn	701
Đỗ Trung Nguyên	Deputy head of the Department	Investment strategy	nguyendt@gtjas.com.vn	702
Trần Thị Hồng Nhung	Equity Analyst	Banking	nhungtth@gtjas.com.vn	703
Đình Quang Đạt	Senior Equity Analyst	Consumer	datdq@gtjas.com.vn	222
Phí Công Linh	Senior Equity Analyst	Real Estate	linhpc@gtjas.com.vn	704



CHỨNG KHOÁN GUOTAI JUNAN (VIỆT NAM)
GUOTAI JUNAN SECURITIES (VIETNAM)

CONTACT	Hanoi Head Office	HCMC Branch
Advising: (024) 35.730.073	R9-10, 1 st Floor, Charmvit Tower, 117 Trần Duy Hưng, Hà Nội	4 th Floor, No. 2 BIS, Công Trường Quốc Tế, P. 6, Q.3, Tp.HCM
Stock ordering: (024) 35.779.999	Tel: (024) 35.730.073	Tel: (028) 38.239.966
Email: info@gtjas.com.vn Website: www.gtjai.com.vn	Fax: (024) 35.730.088	Fax: (028) 38.239.696