



## Sector quarterly report: Real estate sector Q2/2022

Equity Analyst

Phi Cong Linh

linhpc@gtjas.com.vn - ext 704

22 Aug 2022

## Difficulty ahead

## Key Highlight

- Launched units unit in Hanoi market were better compared to last year figure and sold unit improved (+32% YoY and +54% YoY). Not many developers bring in new supply to the market although absorption rate is good.
- In HCMC, there are significant supply added in Q2, which add total of 15,528 units, mostly in Thu Duc city, up +1,656% QoQ and 170% YoY. Sold unit faced similar upward, with more than 11,259 units, +140% YoY and +802% QoQ.
- The credit growth of real estate sector was at 14% ytd, higher than total credit growth at 9.3% ytd.
- Credit to the sector has been limited to avoid asset bubble.

## Comment

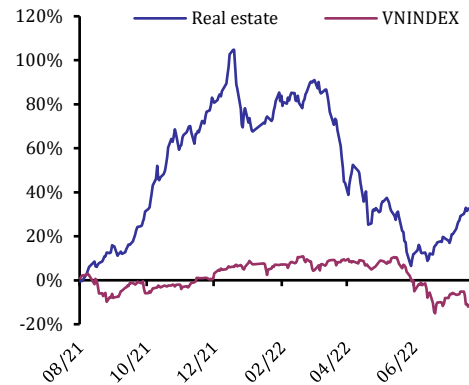
- The property market is facing strong headwind as the monetary tightening start to take place. Poor bond issuing result in the first half impact strongly on the cashflow of developer, which in turn threaten on the completion of projects and banking non-performing loan.
- We remain Neutral for residential property sector.

Rating:

Neutral

Maintained

## Major stocks performance



Change in Share Price	1 M	3 M	1 Y
Abs. %	-13%	-35.4%	4.58%
VNI index	-18.5%	-37.9%	8.33%

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)
Q2 2022	7.72	11.4	9.35%	9.97	4.0	2.44	27	15	5	11
Ticker	P/E	P/B	Mkt cap (VND)	ROA (%)	ROE (%)					
AGG	11.2	1.7	4,099,874,256,500	2.8	16.0					
HPX	51.0	1.7	8,030,050,538,400	1.7	4.7					
KDH	22.4	1.7	28,135,577,303,750	8.2	13.0					
VHM	9.5	1.7	265,616,416,768,000	11.0	25.8					
NLG	21.8	1.7	16,389,832,556,400	3.4	9.7					
NVL	50.3	1.7	162,031,189,527,900	1.6	9.0					
PDR	18.6	1.7	38,888,316,080,100	9.7	30.9					
SCR	34.7	1.7	4,561,135,972,350	1.3	2.7					
VPI	24.6	1.7	14,651,985,348,000	5.7	19.7					
Average	27.1	1.7	60,267,153,150,156	5	15					

Source: 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	6,030	+26%	4,640	+32%
HCMC	11,259	+802%	15,528	+1,656%

Source: CBRE, Guotai Junan Vietnam

SALES UPDATE

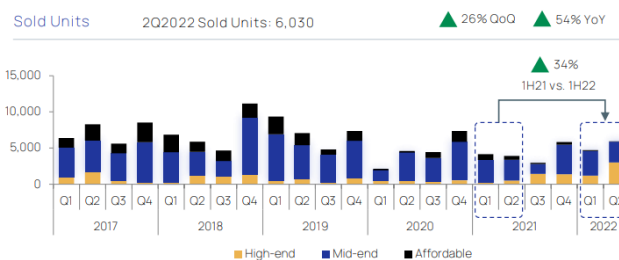
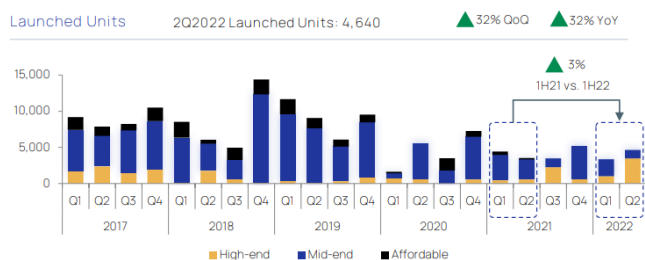
**Hanoi and HCMC market in Q2 2022.** Launched units unit in Hanoi market were better compared to last year figure and sold unit improved (+32% YoY and +54% YoY). Not many developers bring in new supply to the market although absorption rate is good.

In HCMC, there are significant supply added in Q2, which add total of 15,528 units, mostly in Thu Duc city, up +1,656% QoQ and 170% YoY. Sold unit faced similar upward, with more than 11,259 units, +140% YoY and +802% QoQ.

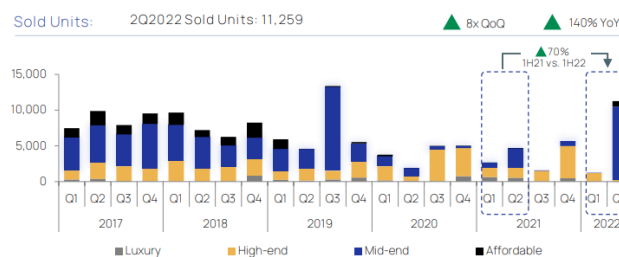
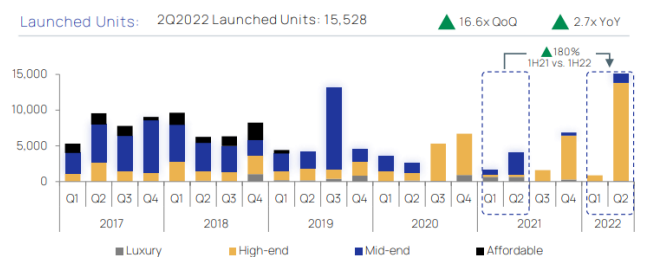
Average price in HCMC of high-end segment down +1% YoY, up +2% QoQ while mid end segments rise +2% QoQ and +7% YoY.

Average price in HN of high-end segment down -9% YoY, down -6% QoQ while mid end segments rise +7% QoQ and +22% YoY.

Hanoi – Sold Units Exceeded New Supply Driven By Robust Demand



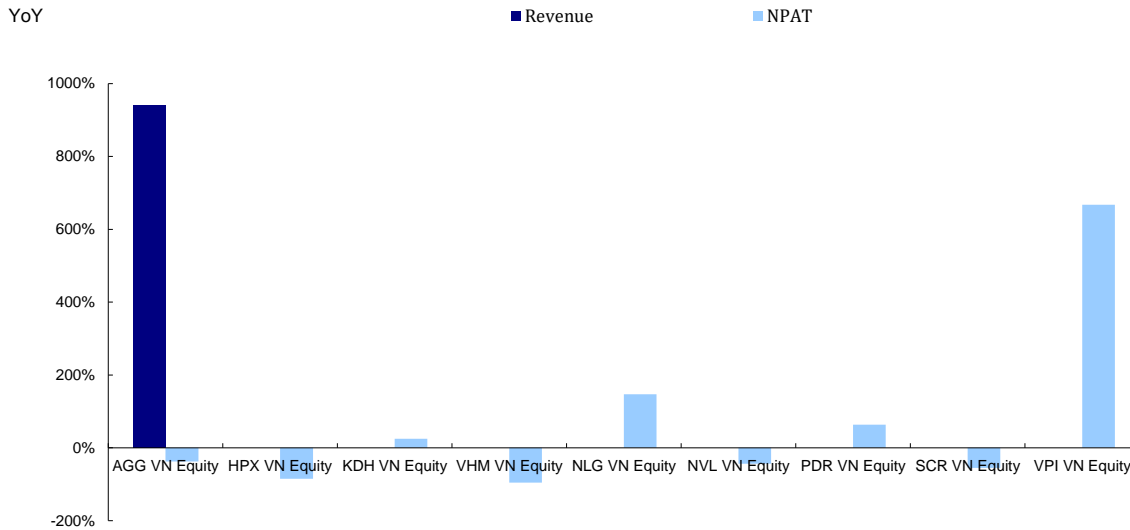
HCMC – Strong Absorption Amidst Temporary Increase In Supply



Source: CBRE, Vinhomes, Guotai Junan (Vietnam)

## Financial result of some major developers

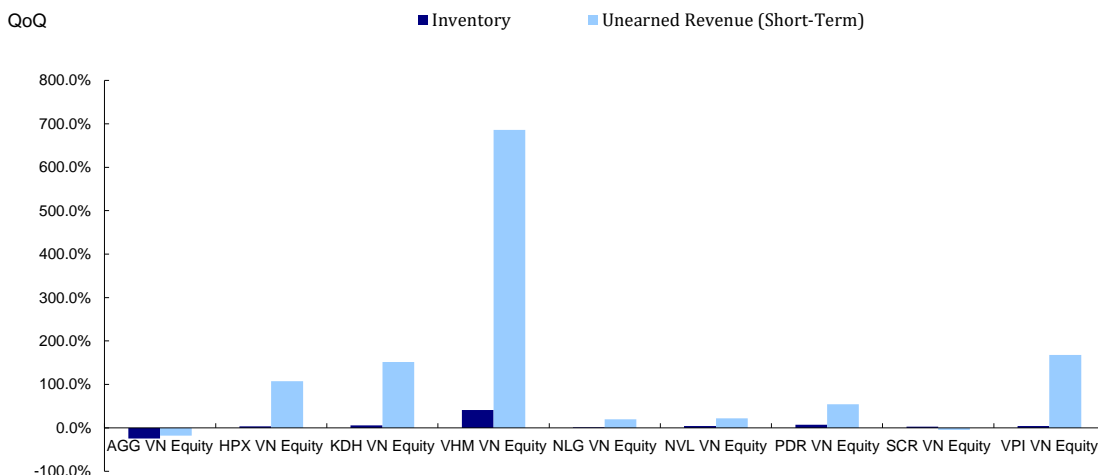
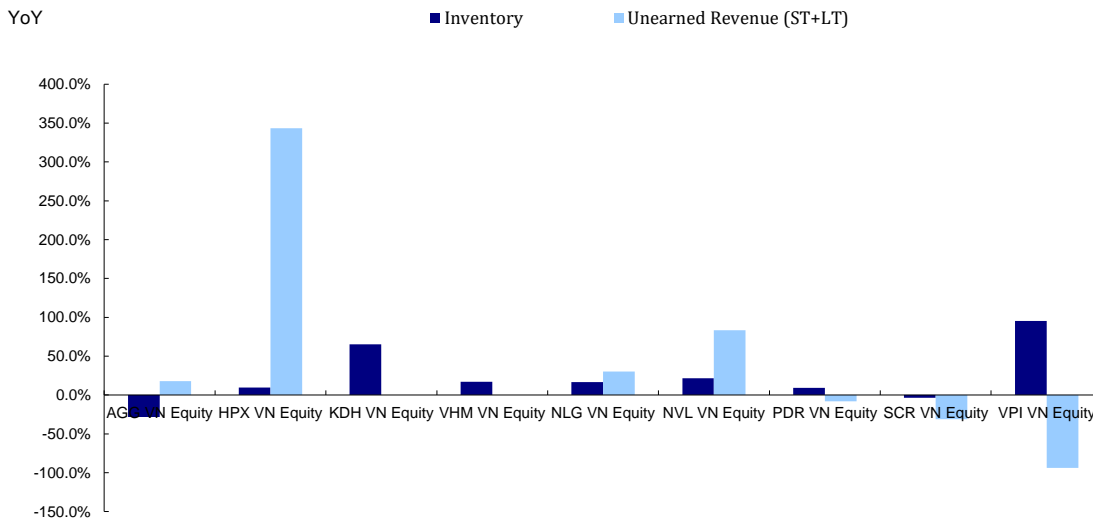
**Chart-1: Revenue and NPAT**



Source: Fiiipro, Guotai Junan (Vietnam)

In Q2 2022, most of large property developers record negative growth in revenue YoY. AGG grew +940% YoY, while VHM revenue reduce -84% YoY. This is due to sale was hit from early 2021 and low presale in 2021, which deliver in Q2 2022. Similarly, NPAT of most companies in the list record negative growth except VPI, NLG, PDR recorded +667% YoY, +147%, +64% respectively.

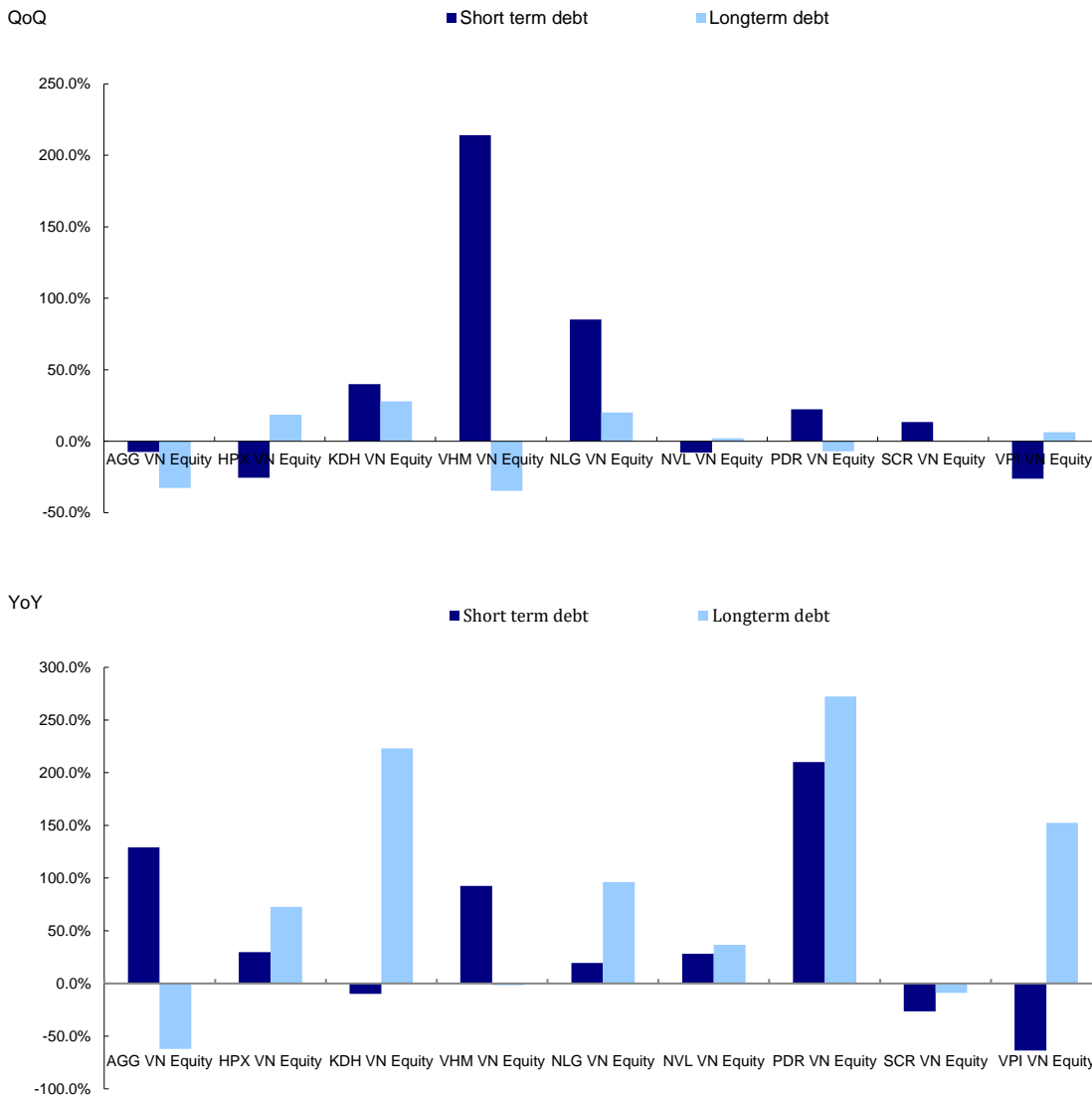
**Chart-2: Inventory and customer prepayment**



Source: Fiiipro, Guotai Junan (Vietnam)

The inventory grew strongly for VPI YoY and most of developers record low growth in inventory QoQ. This reflects slowdown in new project launching, except Vinhomes Ocean Park 2 – the Empire, which bring 40 trillion VNĐ unearned revenue for VHM.

**Chart-3: Debt**

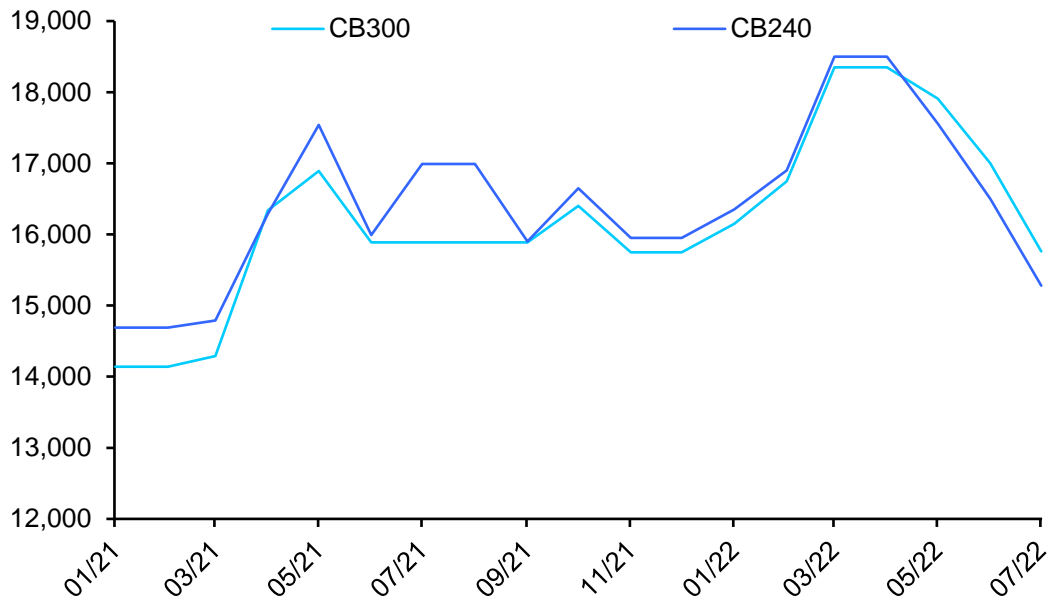


Source: Fiinpro, Guotai Junan (Vietnam)

Compared to last year, most of companies carry larger debt balance with total debt grew +41% than last year. VHM and NLG record large short-term debt growth compared to previous quarter. That’s preparation for current launching project to be constructed.

**Construction cost.** Steel price and other construction materials such as concrete, stone, sand etc. have increased significantly since early 2021. In Q2 2022, steel price downed significantly due to large inventory and weak demand.

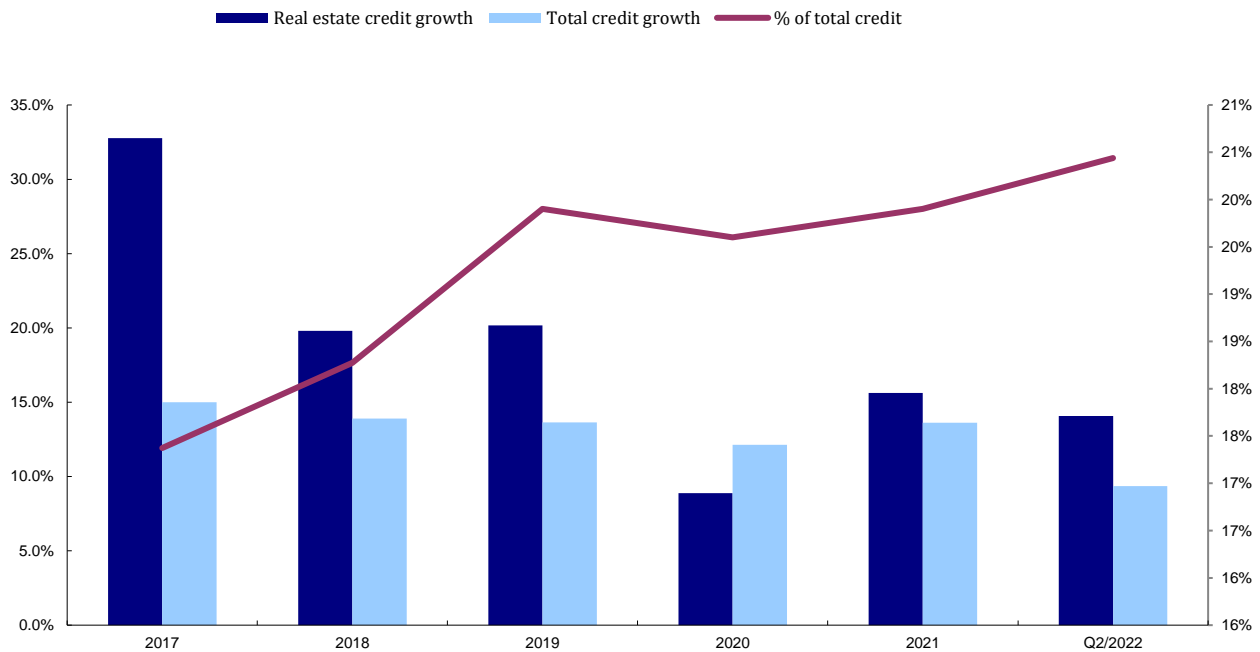
Chart-4: Steel price



Source: Fiinpro, Guotai Junan (Vietnam)

**Real estate credit growth.** The credit poured into real estate market has been hot in FH 2022 at +14% ytd, account for 21% of total credit, much higher than total credit growth at +9.35%. Credit for housing buyer grow much more than total credit at +14.4% YoY. State bank of Vietnam is trying to cool the real estate market to avoid asset bubble in housing price, restrict credit pouring into the property market. Poor bond issuing result in the first half (-12% YoY, but more focus in few large corp).

Chart-5: Credit growth



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



## Conclusion

The property market is facing strong headwind as the monetary tightening start to take place. Poor bond issuing result in the first half impact strongly on the cashflow of developer, which in turn threaten on the completion of projects and banking non-performing loan. As we see that most of financial injection for a particular housing project (developer and buyer) is from the bank (bank loan and mortgage) and bond (which is also mostly financed from the bank), account for 20% of total country credit, and under condition of high housing price, which lead to the risk of selling pressure when interest payment start to eat into the buyer or investor's income. Poor sentiment from the investor which will lead to low demand for housing and again pressure on developer's financial condition. SBV also stated recently about restricted capital into property market, and banking system is already reach to the credit room limit, which they will not prefer to get into long term housing loan. Higher interest will also impact on speculators, which they cannot sell their house when no new money come in. And we see the pressure from inflation, FED policy and exchange rate on interest rate, which would give high probability of lending rate increase in 2nd half and 2023.

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 Q2/2021 (VND Mil)	Rev Q2/2022 (VND Mil)	% YoY	NPAT Q2/2021 (VND Mil)	NPAT Q2/2022 (VND Mil)	% YoY	Short term debt Q2/2021 (VND Mil)	Long term debt Q2/2021 (VND Mil)	Short term debt Q2/2022 (VND Mil)	Long term debt Q2/2022 (VND Mil)	%YoY Total debt
AGG VN EQUITY	260,405	2,709,296	940%	189,984	119,596	-37%	878,298	2,180,821	2,012,149	823,530	-7%
HPX VN EQUITY	494,095	525,177	6%	63,934	9,594	-85%	1,588,902	1,885,264	2,059,440	3,252,568	53%
KDH VN EQUITY	1,111,994	732,500	-34%	266,415	331,832	25%	1,119,273	1,470,693	1,010,688	4,751,727	122%
VHM VN EQUITY	28,015,120	4,529,957	-84%	10,521,243	508,877	-95%	9,977,807	12,884,057	19,207,213	12,653,753	39%
NLG VN EQUITY	400,774	1,240,688	210%	44,715	110,659	147%	1,361,583	1,433,711	1,625,880	2,815,115	59%
NVL VN EQUITY	2,543,646	2,658,159	5%	1,320,537	749,009	-43%	18,185,175	33,117,918	23,332,266	45,234,979	34%
PDR VN EQUITY	537,719	853,377	59%	251,550	412,587	64%	482,950	898,083	1,497,116	3,344,680	251%
SCR VN EQUITY	1,148,556	100,330	-91%	141,341	63,926	-55%	1,171,546	1,033,152	860,060	941,012	-18%
VPI VN EQUITY	177,681	403,509	127%	28,561	219,077	667%	1,363,083	1,825,151	495,541	4,607,129	60%

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 Dai An	Hanoi	N/A	N/A	294 ha	2022-2024
Vinhomes Wonder Park	Hanoi	N/A	2,350 Low rise 2 buildings High rise	133 ha	2022-2024
Vinhomes Dream city	Hung Yen	N/A	44,000	460 ha	2022-2023
NLG	Location	Absorption rate	Units		
Mizuki	HCMC	64%	4,136 units	26.2 ha	2018-2023
Akari	HCMC	47%	5,078 units	8,8 ha	2019-2023
South Gate Water point	Long An	40%	2,174 units	165 ha	2019-2024
Ehomes MRT1	Long An	27%	1,432 units		
South Gate Water point P2	Long An	N/A	13,000 units	190 ha	2022-2026
Nam Long 2	Can Tho	9%	2,348	43 ha	2021-2023
Paragon Dai Phuoc	Dong Nai	N/A	566 units	45 ha	2021-2023
Waterfront (Izumi)	Dong Nai	9%	2,922 units	170 ha	2021-2025
VSIP	Hai Phong	N/A	3,819 units	21 ha	2021-2024
KDH	Location	Absorption rate	Units		
Lovera Vista	HCMC	87%	1,310 units	1.8 ha	
Verosa	HCMC	100%	396 units	8.1 ha	
Clarita	HCMC	N/A	Villas	5.7 ha	Q4/2022
Armenia	HCMC	N/A	180 Villas	4.3 ha	Q3/2022
Binh Tan apartment	HCMC	N/A	1,000 units	1.8 ha	Q4/2022
Binh Chanh project	HCMC	N/A	N/A	16.4 ha	Q2/2023
Le Minh Xuan Ips	HCMC	N/A	N/A	109.9 ha	Q4/2022
Tan Tao	HCMC	N/A	N/A	329 ha	2024
NVL	Location	Absorption rate	Units		
Aqua Phoenix	Dong Nai	88.8%	7,463	286 ha	Q4 2019
Aqua City	Dong Nai	91.8%	2,116	110 ha	Q2 2019
Aqua Riverside	Dong Nai	93.6%	1,685	76.7 ha	Q4 2019
Aqua waterfront	Dong Nai	95.9%	2,701	85 ha	Q1 2020
Aqua Marina City	Dong Nai	86.3%	763	44.7	Q3/2021
Nova Ho Tram	BRVT	59.6%	3,167	193 ha	Q2 2019
Novaworld Phan Thiet	Binh Thuan	68%	18,700	986 ha	Q2 2019
Noval Hills Mui Ne	Binh Thuan	95.6%	620	40 ha	Q4 2018

Source: The Company, Guotai Junan Vietnam,

**COMPANY RATING DEFINITION**

Benchmark: VN – Index.

Time Horizon: 6 to 18 months

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

**DISCLAIMER**

The views expressed in this report accurately reflect personal views on securities codes or the issuer of the analyst(s) in charge of the preparation of the report. Investors should consider this report as reference and should not consider this report as securities investment consulting content for making decisions on investments and Investors shall be responsible for the investments decisions. Guotai Junan Securities (Vietnam) Corp. may not be responsible for the whole or any damages, or an event(s) considered as damage(s) incurred from or in relation to the act of using all or part of the information or opinions stated in this report.

The analyst(s) responsible for the preparation of this report receive(s) remuneration based upon various factors, including the quality and accuracy of the research, clients' feedbacks, competitive factors and the revenue of the company. Guotai Junan Securities (Vietnam) Corp. and/or its members and/or its General Director and/or its staffs may have positions in any securities mentioned in this report (or in any related investments).

The analyst(s) responsible for the preparation of this report endeavours to prepare the report based on information believed to be reliable at the time of publication. Guotai Junan Securities (Vietnam) Corp. makes no representations, warranties and covenants on the completeness and accuracy of the information. Opinions and estimates expressed in this report represent views of the analyst responsible for the preparation of the report at the date of publication only and shall not be considered as Guotai Junan Securities (Vietnam) Corp.'s views and may be subject to change without notice.

This report is provided, for information providing purposes only, to Investor including institutional investors and individual clients of Guotai Junan Securities (Vietnam) Corp. in Vietnam and overseas in accordance with laws and regulations explicit and related in the country where this report is distributed, and may not constitute an offer or any specified recommendations to buy, sell or holding securities in any jurisdiction. Opinions and recommendations expressed in this report are made without taking differences regarding goals, needs, strategies and specified situations of each and every Investor(s) into consideration. Investors acknowledge that there may be conflicts of interests affecting the objectiveness of this report.

The content of this report, including but not limited to this recommendation shall not be the basis for Investors or any third party to refer to with the aim of requiring Guotai Junan Securities (Vietnam) Corp. and/or the analyst responsible for the preparation of this report to perform any obligations towards Investors or the third party in relation to the investment decisions of Investors and/or the content of this report.

This report may not be copied, reproduced, published or redistributed by any person(s) for any purposes unless upon a written acceptance by a competent representative of Guotai Junan Securities (Vietnam) Corp. Please cite sources when quoting.





## GUOTAI JUNAN VIETNAM RESEARCH & INVESTMENT STRATEGY

### Phí Công Linh

Equity Analyst- Real estate sector

[linhpc@gtjas.com.vn](mailto:linhpc@gtjas.com.vn)

(024) 35.730.073 – ext:704

### Võ Thế Vinh

Head of Research

[vinhvt@gtjas.com.vn](mailto:vinhvt@gtjas.com.vn) - ext:701

22 Aug 2022



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

CONTACT	Hanoi Head Office	HCMC Branch
Advising: (024) 35.730.073	R9-10, 1 <sup>st</sup> Floor, Charmvit Tower, 117 Trần Duy Hưng, Hà Nội	4 <sup>th</sup> 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: <a href="mailto:info@gtjas.com.vn">info@gtjas.com.vn</a> Website: <a href="http://www.gtjai.com.vn">www.gtjai.com.vn</a>	Fax: (024) 35.730.088	Fax: (028) 38.239.696

Real estate sector

Sector Quarterly Report