



## Sector quarterly report: Real estate sector Q3/2022

Equity Analyst

Phi Cong Linh

linhpc@gtjas.com.vn- ext 704

30 Nov 2022

## Sector is facing crisis

## Key Highlight

- Launched and sold units in Hanoi market were better compared to last year figure due to strict Covid-19 measure last year (+5% YoY and +22% YoY). Not many developers bring in new supply to the market and presale shrink significantly from the last quarter.
- In HCMC, supply added total of 2,851 units in Q3, down -80% QoQ and up 49% YoY. Sold unit faced similar upward, with more than 6,726 units, +325% YoY and down -36% QoQ.
- The credit growth of real estate sector was at 16% ytd, higher than total credit growth at 11% ytd.
- Credit to the sector has been limited to avoid asset bubble.

## Comment

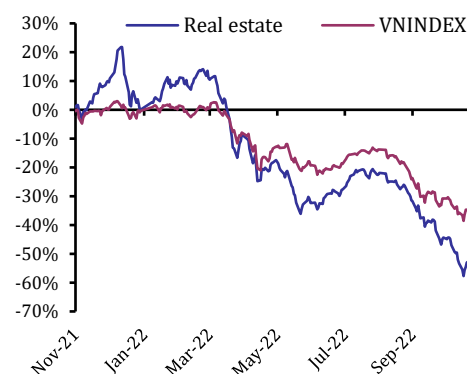
- Per our view, the pessimism and risk off attitude will continue and be more serious next year due to interest rate continue to hike; land price continue to collapse; developer who need cash will liquidate their asset and inventory; investor and home buyer will be reluctant to hold their asset due to higher interest expenses when interest grace period end; global economy come into recession, affect the income.
- We remain Neutral for residential property sector.

Rating:

Neutral

Maintained

## Major stocks performance



Change in Share Price	1 M	3 M	1 Y
Abs. %	-1.4%	-28.3%	-42.1%
VNI index	+2.1%	-17.9%	-28%

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)
Q3 2022	13.67%	11.6	11%	3%	6%	2.73	12.4	14.4	5	10.8

Ticker	P/E	P/B	Mkt cap (VND)	ROA (%)	ROE (%)
AGG	10.8	1.6	3,787,077,310,500.0	2.8	16.0
HPX	15.8	1.0	3,437,104,965,300.0	2.2	6.4
KDH	12.5	1.4	15,985,308,888,500.0	7.8	11.9
VHM	6.3	1.5	199,212,312,576,000.0	11.2	25.2
NLG	11.7	1.0	8,872,254,930,000.0	3.4	9.7
NVL	16.1	1.2	46,016,077,892,400.0	1.3	7.9
PDR	4.6	1.2	9,973,946,352,150.0	9.5	29.6
SCR	12.8	0.4	2,006,005,199,250.0	1.4	3.0
VPI	20.8	3.8	12,753,379,815,900.0	5.8	19.7
Average	12.4	1.4	33,560,385,325,555.6	5.0	14.4

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	3,624	-40%	3,640	-22%
HCMC	6,726	-36%	2,851	-80%

Source: CBRE, Guotai Junan Vietnam

## SALES UPDATE

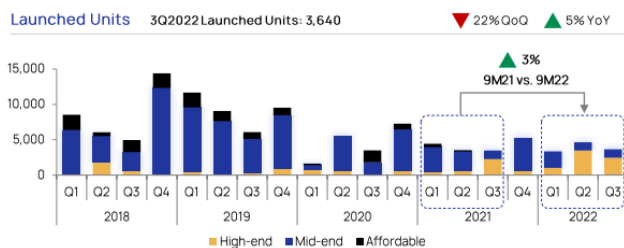
**Hanoi and HCMC market in Q3 2022.** Launched and sold units in Hanoi market were better compared to last year figure due to strict Covid-19 measure last year (+5% YoY and +22% YoY). Not many developers bring in new supply to the market and presale shrink significantly from last quarter.

In HCMC, supply added total of 2,851 units in Q3, down -80% QoQ and up 49% YoY. Sold unit faced similar upward, with more than 6,726 units, +325% YoY and down -36% QoQ.

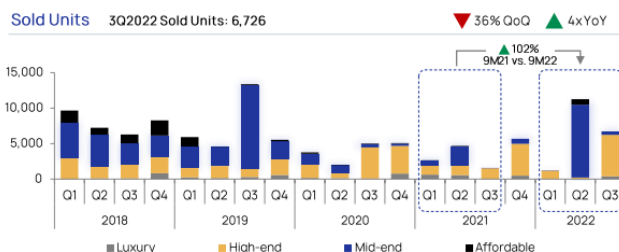
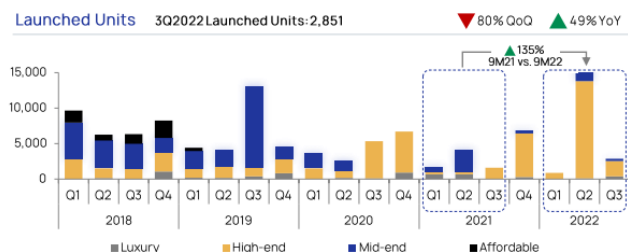
Average price in HCMC of the high-end segment up 2%-5% YoY, up 2%-9% QoQ while the mid- end segment rises 5% QoQ and +11% YoY.

Average price in HN of high-end segment up 1% YoY, up 7% QoQ while mid end segments down -3% QoQ and up +13% YoY.

## Hanoi – High Absorption Rate Amidst Limited New Supply



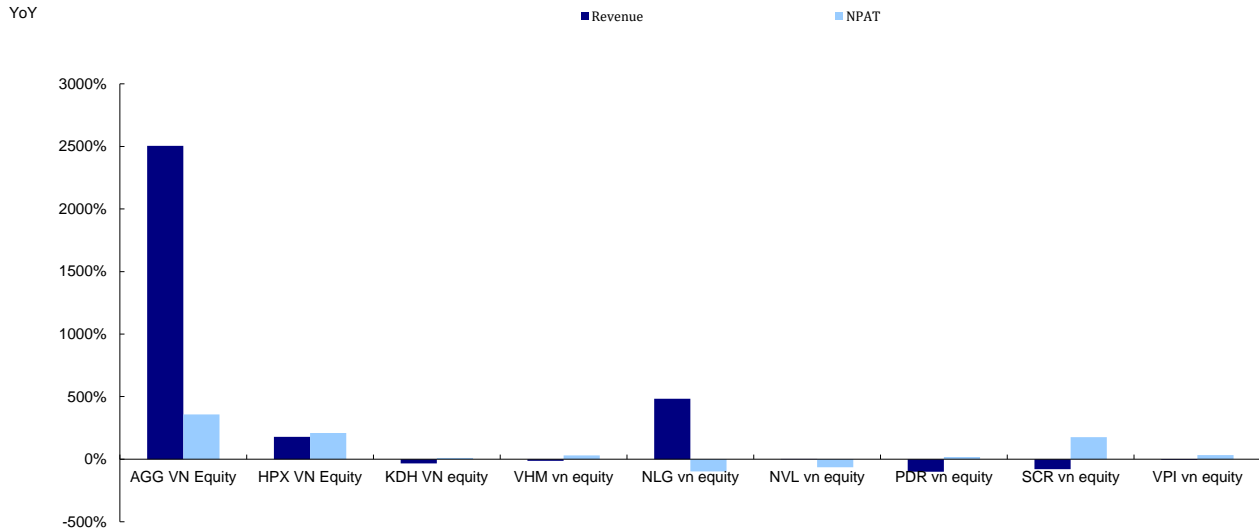
## HCMC – Limited New Supply with Selling Prices Reaching Record Levels



Source: CBRE, Vinhomes, Guotai Junan (Vietnam)

## Financial result of some major developers

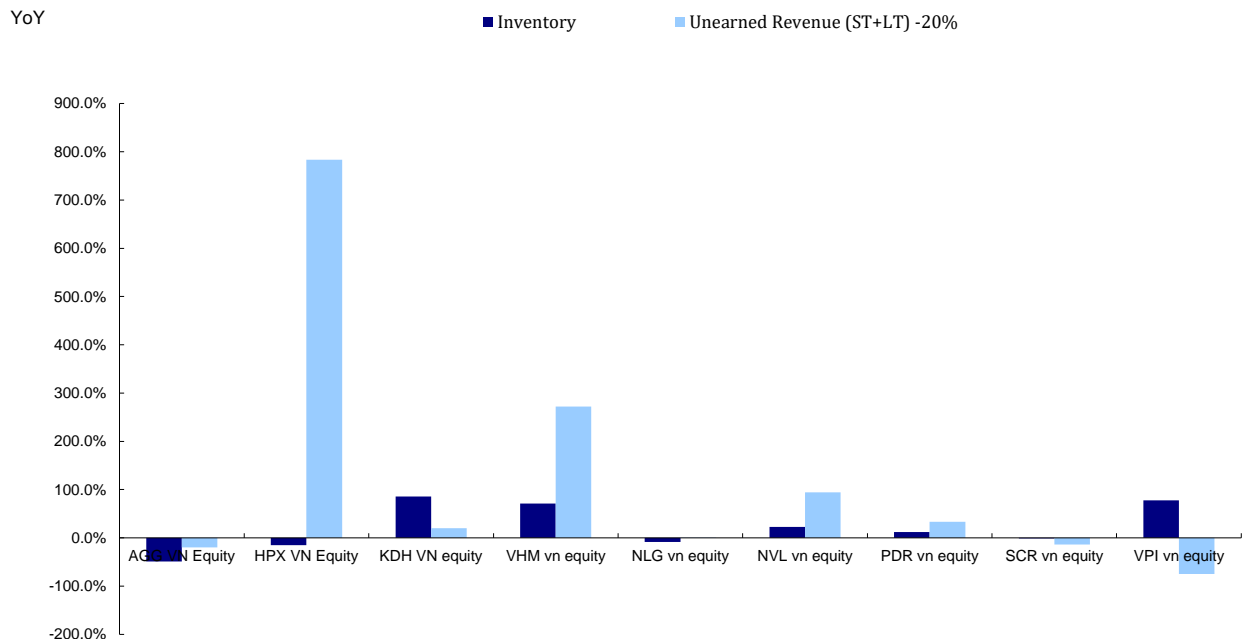
**Chart-1: Revenue and NPAT**

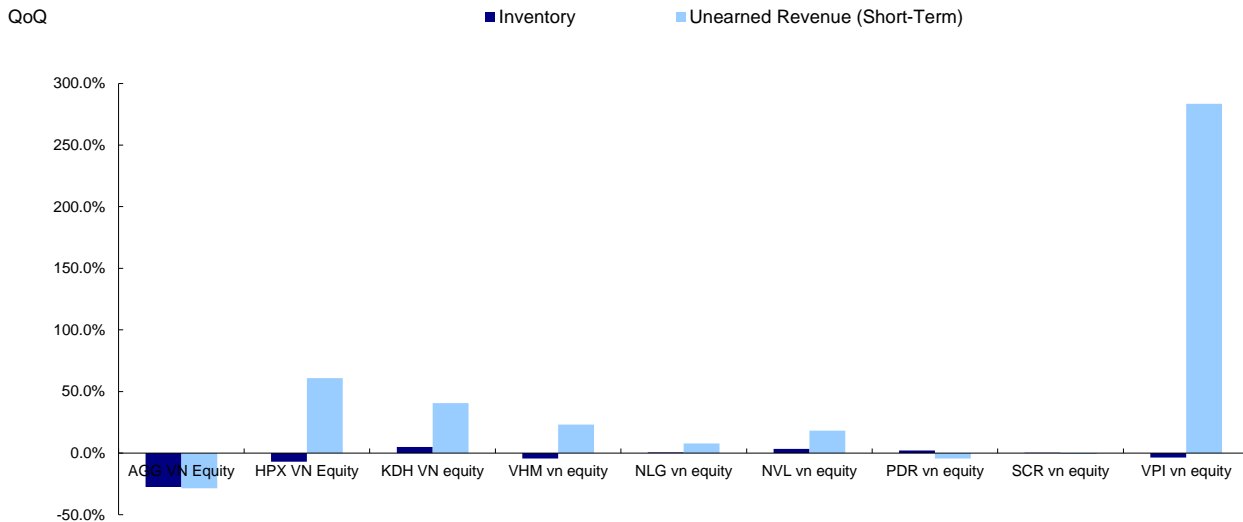


Source: Fiinpro, Guotai Junan (Vietnam)

In Q3 2022, most large property developers record negative growth in revenue YoY. AGG grew 2,505% YoY, while VHM revenue reduced -14% YoY. The latter is due to the plummeted sales from early 2021 due to Covid, leading to low handover units in Q3 2022. Similarly, NPAT of most companies in the sector record growth except NLG, NVL recorded -97% YoY, -65% YoY respectively.

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

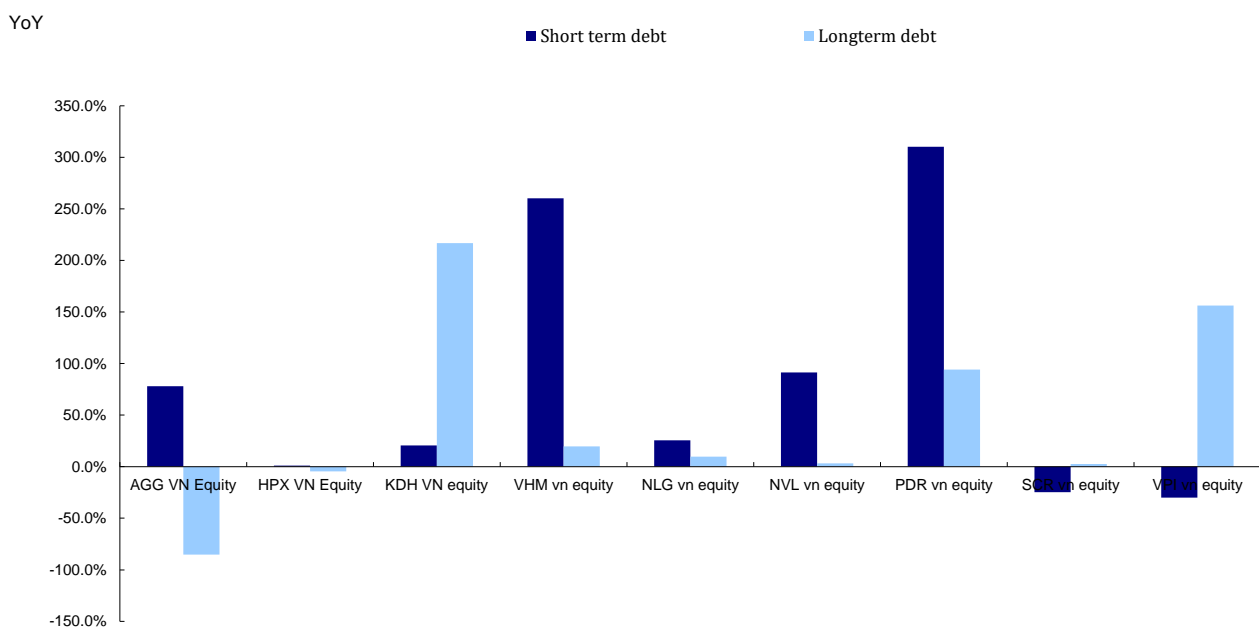


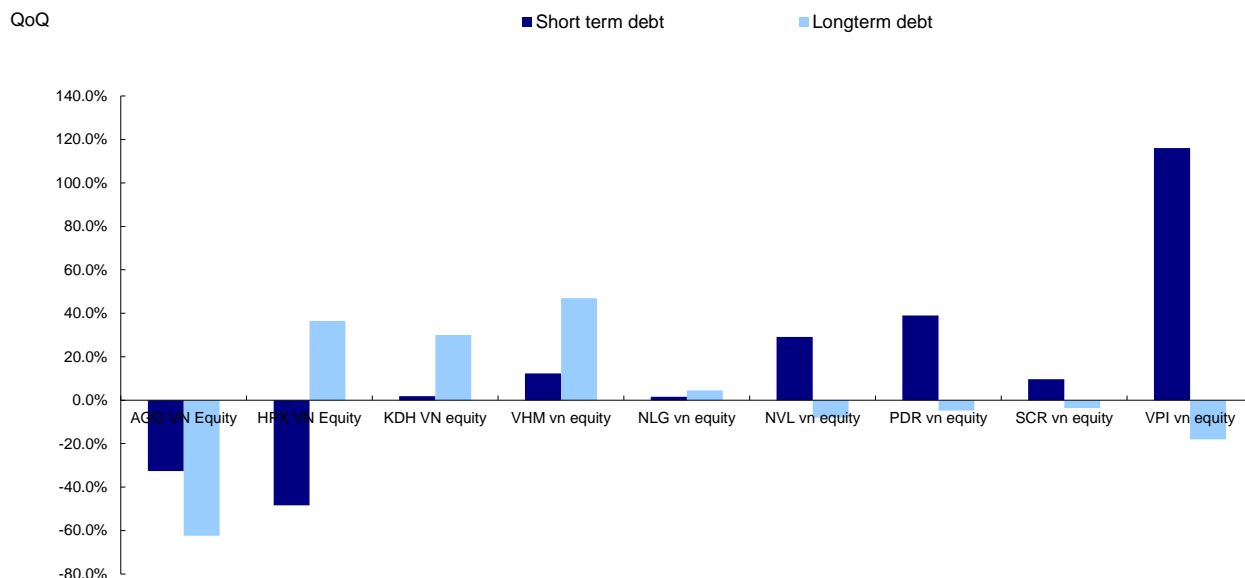


Source: Fiinpro, Guotai Junan (Vietnam)

The inventory has not changed from last quarter, except AGG down -27% QoQ. This reflects the slowdown in new project launching. Meanwhile, VPI, NVL KDH, VHM and HPX recorded growth in unearned revenue, HPX up + 61% QoQ, KDH up +41% QoQ, VPI up +284% QoQ. Compared to the last year figure, inventory of developers reaches higher.

### Chart-3: Debt



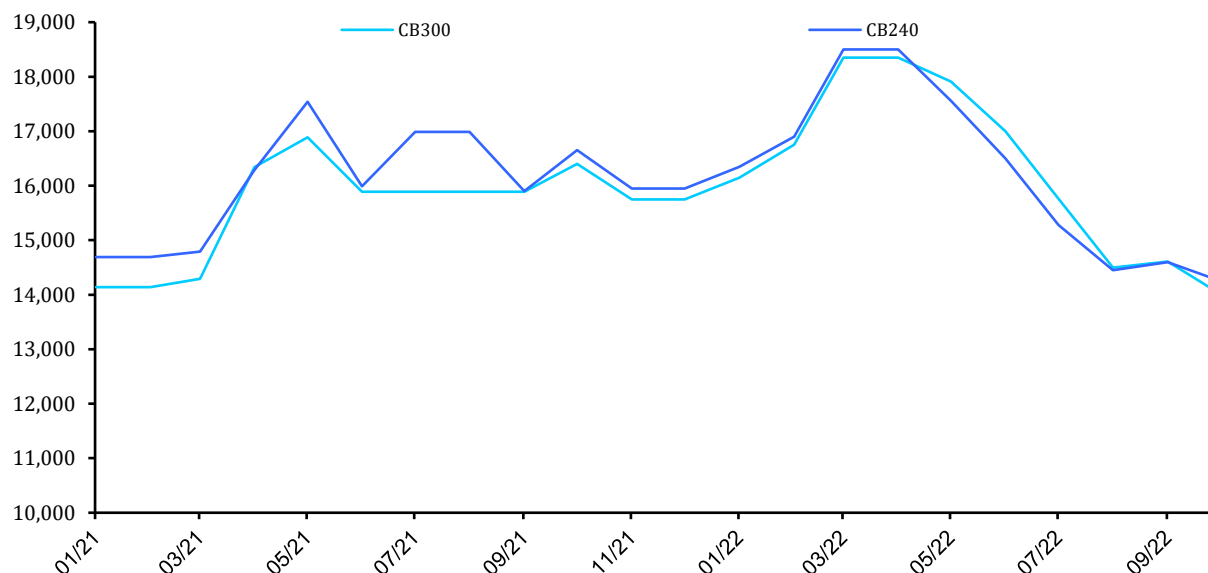


Source: Fiinpro, Guotai Junan (Vietnam)

Compared to the last year, most companies carry a larger debt balance with total debt grew +413%. VHM, PDR and VPI record large short-term debt growth compared to the previous quarter during the time of property industry tumor and the economy is thirsty for credit.

**Construction cost.** Steel price and other construction materials such as concrete, stone, sand etc. have increased significantly since early 2021. Thereafter from Q2 2022 to Q3 2022, steel price downed significantly due to large inventory and weak demand.

Chart-4: Steel price

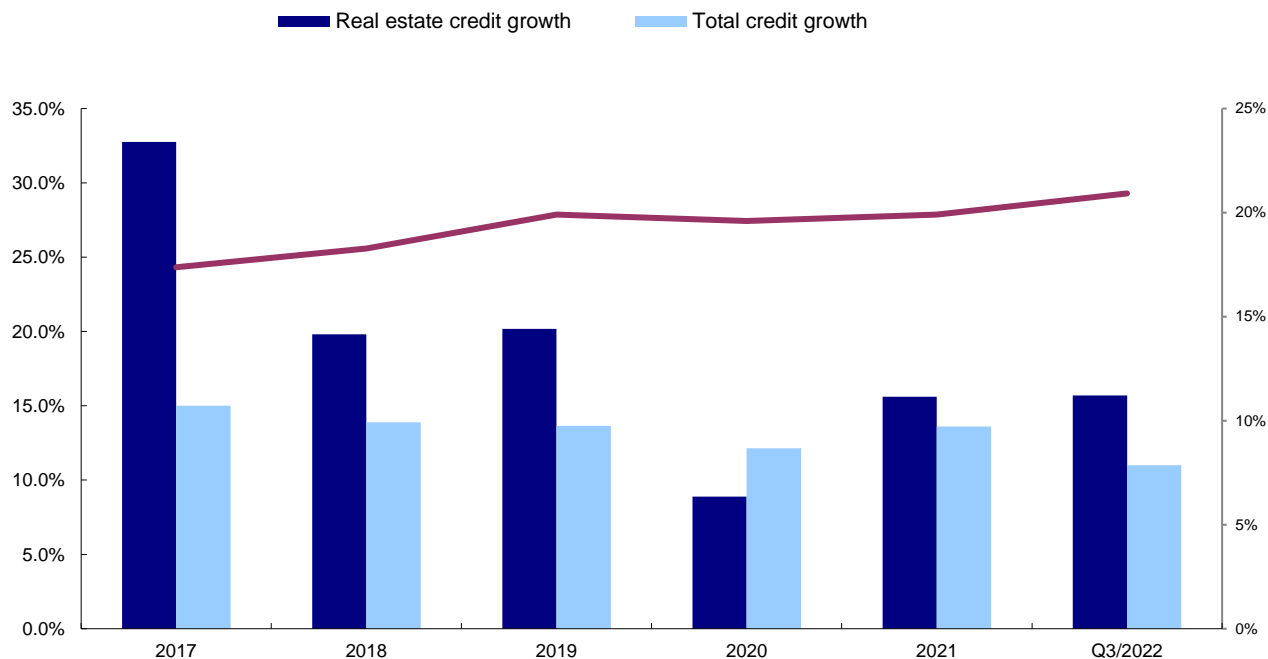


Source: Fiinpro, Guotai Junan (Vietnam)

**Real estate credit growth.** The credit poured into real estate market has been hot in 9 months 2022 at +16% ytd, account for 21% of total credit, much higher than total credit growth at +11%. 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 Q3 2022 recorded at only VND 60,635 billion, down -50% QoQ, down -70.9% YoY. Of which, the property industry accounts for 13.7% of total

issuance value, equivalent to VND 8,091 billion (down -45.9% QoQ, down 90.9% YoY). Developers having the largest issuance amount are Nova Thao Dien (VND 2,300 billion), Phu Quoc Tourism (VND 2,285 billion) and Fuji Nutri Food (VND 1,000 billion)

**Chart-5: Credit growth**



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

## Conclusion

As we gave warning before, property sector and developer are falling into debt spiral and credit tightening. Many developers were forced to margin call in stock market and must sell their landbank and assets to repay the debt. More seriously, a wave of investors request to buy back the bond before maturity to avoid legal risk (related to the new regulation on bond issuance) pushes issuer to the liquidity crisis. Trust in property developers and bond investing are bad as ever.

Per our view, the pessimism and risk off attitude will continue and be more serious next year due to interest rate continue to hike; land price continue to collapse; developer who need cash will liquidate their asset and inventory; investor and home buyer will be reluctant to hold their asset due to higher interest expenses when interest grace period end; global economy come into recession, affect the income.

We remain **Neutral** for residential property sector. Stocks we recommend to follow are **VHM, NLG, KDH, AGG**.



## APPENDIX

**Table-1: Financial summary**

Ticker	Rev Q3/2021(V ND Mil)	Rev Q3/2022 (VND Mil)	% YoY	NPAT Q3/2021(V ND Mil)	NPAT Q3/2022 (VND Mil)	% YoY	Short term debt Q3/2021 (VND Mil)	Long term debt Q3/2021 (VND Mil)	Short term debt Q3/2022 (VND Mil)	Long term debt Q3/2022 (VND Mil)	%YoY Total debt
AGG VN EQUITY	84,232	2,193,926	2505%	9,201	42,045	357%	761,158	2,101,625	1,355,074	309,530	-42%
HPX VN EQUITY	259,934	725,722	179%	29,987	92,990	210%	1,504,932	3,391,478	1,518,580	3,236,116	-3%
KDH VN EQUITY	1,199,264	802,659	-33%	294,414	327,009	11%	854,516	1,949,411	1,029,967	6,176,166	157%
VHM VN EQUITY	20,679,434	17,804,867	-14%	11,166,795	14,493,845	30%	5,988,258	15,520,443	21,583,456	18,568,972	87%
NLG VN EQUITY	150,941	881,714	484%	288,838	7,906	-97%	1,316,030	2,684,330	1,652,140	2,943,379	15%
NVL VN EQUITY	3,261,895	3,279,318	1%	555,634	196,850	-65%	15,731,188	40,331,089	30,120,392	41,622,298	28%
PDR VN EQUITY	1,267,565	11,115	-99%	607,910	717,750	18%	507,025	1,640,744	2,080,979	3,184,098	145%
SCR VN EQUITY	375,391	78,253	-79%	7,518	20,796	177%	1,251,739	884,461	943,183	907,347	-13%
VPI VN EQUITY	326,996	311,631	-5%	70,529	94,382	34%	1,527,721	1,473,483	1,070,130	3,775,031	61%

Source: the Company, Guotai Junan Vietnam,

### Under development projects of some major developers

**Table-2: Under development projects for Q2 2022**

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 to 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

30 Nov 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