Real Estate Industry updates – change is afoot

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- In the recently circulated Politburo draft resolution, which sets out key solutions to achieve the double-digit growth target, land was highlighted as one of the key economic drivers. We expect a land law revision in 2026.
- Deposit rates have recently increased further, signaling a potential pass-through into even higher mortgage rates, which could continue to soften demand this year. In response, some developers, including VHM, have introduced a supportive interest scheme for home buyers.
- The market is entering a near-term cooling phase with rising supply, weaker demand, and margin pressure, but longer-term recovery is supported by regulatory reforms and attractive valuations.

Land law is expected to be revised

In the recently circulated Politburo draft resolution, which sets out key solutions to achieve the double-digit target growth, land was highlighted as one of the key economic drivers, with major reforms aimed at unlocking supply. On this basis, several regulatory developments expected in 2026 could reshape the outlook of the sector, including a possible revision of the Land Law, tentatively (targeted for completion within the year), the finalization of the revised land use masterplan by around 2Q26, and efforts to address legal constraints for projects under audit or investigation by approximately 3Q26. In addition, a potential reactivation of PPP models may help broaden land acquisition channels, particularly for larger developers.

Mortgage rates continue to elevate

Deposit rates have recently increased further, with the highest rates reaching close to 9%, signaling a potential pass-through into even higher mortgage rates, which could continue to soften demand this year. Mortgage pricing varies across banks, with state-owned banks generally offering higher rates of up to 13.9% fixed for two years, while private and foreign banks remain more competitive (at 8–10%). In response to the elevated mortgage rate environment, some developers, including Vinhomes, have introduced incentive schemes to help offset higher financing costs

Looking across the valley

We characterize the upcoming period as a transition toward **increased supply** met by **softening demand** due to high borrowing costs. Consequently, we anticipate a "cooling off" period for prices in both the primary and secondary markets. Higher supply also means increased competition for developers. Furthermore, in the short term, margin pressure is likely to build as construction costs increase, driven by higher material prices alongside elevated fuel costs.

Over the longer-term however, the implementation of the potential updates in legal frameworks mentioned above could be a significant positive catalyst for the revival of the sector. Most developers trade cheaply with large discounts to RNAV vs. 3-yr avg. We recommend accumulating on weakness, with preference for NLG, KDH, TCH.

		Price	Rating		TP (VND)		Up/(down)	P/E (x)		P/B (x)		Div. yield (%)	
	Ticker	(VND)	New	Old	New	Chg (%)	side (%)	2026F	2027F	2026F	2027F	2026F	2027F
Dat Xanh Group JSC	DXG	13,050	Add	-	18,400	-	41.0	50.1	5.93	1.04	0.89	-	-
Khang Dien House	KDH	24,000	Buy	-	37,000	-	54.2	31.4	13.4	1.40	1.28	0	0
Nam Long Investment Corp	NLG	26,400	Buy	-	39,700	-	50.4	17.1	13.3	0.97	0.92	1.89	1.89
Novaland Group	NVL	12,550	Add	-	14,000	-	11.6	68.2	23.6	0.76	0.74	-	-
Phat Dat Real Estate	PDR	14,500	Hold	-	18,500	-	27.6	9.20	112	1.05	1.04	0	0
Hoang Huy Investment F. Servi	TCH	14,950	Buy	-	18,000	-	20.4	5.13	3.73	0.68	0.56	0	0
Vinhomes	VHM	98,000	Hold	-	123,300	-	25.8	11.0	10.9	1.47	1.29	-	0

Share prices as of 23 March 2026.
Source: Companies, FactSet, HSC Research

Looking across the valley

A recent draft Poliburo resolution highlights land as a key economic driver, with a potential Land Law revision expected in 2026. Meanwhile, rising deposit rates are likely feeding into higher mortgage rates, continuing to put pressure on demand in short-term, prompting developers such as VHM to introduce buyer support schemes. We view that market might be entering a near-term “cooling phase” with higher supply, softer demand, and margin pressure, though longer-term prospects remain supported by regulatory reforms and attractive valuations. Our top picks are NLG, KDH and TCH.

Legal & Regulatory Framework update

The Politburo’s draft resolution targeting double-digit growth emphasizes unlocking land resources as a primary economic lever. Key takeaways from the draft:

- **Land Law Reform:** A comprehensive revision of the Land Law is slated for completion in **2026**.

  Following the spirit of Resolution 68, we anticipate several positive changes in the Revised Land Law 2026 that will help untied project approval bottlenecks, determining LUR fee following a reasonable level that are attractive enough for corporates (we expect Land Use Fees may not escalate as aggressively as initially feared under the Land Law 2024). This could preserve profit margins for developers and stimulate new supply.

- **Land use Planning:** Complete the review and approval of adjusted **Land Use Planning** by end of 2Q26.

- **Audit Clearance:** The government aims to resolve legal hurdles for projects currently under inspection/audit by **3Q26**. This is expected to restart stalled projects and inject much-needed inventory into the market.

- **Revival of PPP Models:** Public-Private Partnerships (PPP), which had largely stagnated, are expected to expand again. This will diversify land bank acquisition strategies, particularly benefitting large-scale developers with strong construction capabilities and established institutional relationships.

Interest Rates & Financing Trends

We are observing a tightening credit environment as deposit rates continue their upward trend:

- **Rising Funding Costs:** Deposit rates continued to increase, with **NCB** reaching nearly **9%**, **Cake by VPB** at **8.8%**, and **VPB** offering **8%** (6-month tenor) for VIP clients.

- **Mortgage Pressure:** Compared to the same period last years, mortgage rates across banks have increased by 150-350bps y/y with most banks now offering fixed rates for 2 years at 8.5%-9.5% (in extreme cases up to ~14%). Assuming a 3.5% - 4% margin, floating mortgage rates now range from 10%-14%, a sharp increase from the 8.5% - 10% levels seen a year ago. We expect these higher costs to weigh heavily on homebuyer demand.

  Recent data point to a clear divergence in mortgage pricing. The Big 4 state-owned banks (SOCBs) are at the top end of the market, with rates reaching up to 14%, while private lenders such as TCB and MBB remain more competitive at around 8.5%–9.8%. Foreign banks continue to offer the most attractive terms, with rates of 7.9%–8.5% and extended fixed periods of up to 36 months.

  We understand that SOCBs have broader policy priorities, including a degree of restraint on credit flowing into the real estate sector. As such, the quoted 13.6%–13.9% fixed rates for 24 months may not fully reflect the effective funding cost faced by most homebuyers. While current floating rates of 10%–14% are elevated, we do not view them as prohibitively high to the extent that they would materially suppress demand or trigger widespread defaults. That said, we will continue to monitor interest rate dynamics closely in the periods ahead.

Figure 1: Mortgage rates of some banks in Vietnam

Most banks are offering mortgage rates of up to 8.5%-13.9% fixed for 24 months

Bank	Promotional Rate	Fixed Period	LTV	Max Tenor	Prepayment Fee
Public Bank Vietnam	9.0%/ 9.5%	6/12 months	≤80%	30 years	2% (Y1–3) → waived from Y7
BIDV	8.3%/8.5%/8.8%	6/12/18 months	≤70%	15 years	2% (first 2Y), then 1%
HDBank	7.8%/ 8.5%	12/24 months	≤80%	50 years	3% → 0% (waived from Y4)
Shinhan Bank	8.95%/ 9.6%	12/24 months	≤80%	30 years	2% → waived from Y5
Techcombank	8.5%/ 9%/ 9.5%	6/12/24 months	≤80%	Not specified	2.5% → 1%
Vietcombank	9.6%/9.9%/13.6%/ 13.9%	6/12/18/24 months	≤70% (100% with other collateral)	35 years	2% → waived from Y6

Source: HSC compiles
Data collected in early March

- **Developer Subsidy Schemes:** To counter rising rates, **Vinhomes (VHM)** recently launched a "5-Year No Interest Worries" policy to de-risk purchases:
    - **Fixed Rates:** 3.3% (first 18 months), 5.3% (next 24 months), and 7.8% (following 36 months).
    - **Interest Cap:** For the final two years, the floating rate is capped at **9%.** VHM commits to covering any market excess above this cap.

Launching Updates & Project Pipeline

Developer activity is picking up as "market sounding" and soft launches intensify:

- **VHM:** Market sounding has commenced for the new **Vinhomes Hai Van Bay** and **Vinhomes Green Bay Ha Long**
- **Masterise Homes:** Officially launched **Masteri Cosmo Central**, a high-rise component within The Global City.
- **Mid-Market & Emerging Plays:** Notable activities include **PDR** (Astral City/Lapura), **DXG** (The Prive).

Summary & Outlook:

We characterize the upcoming period as a transition toward **increased supply** met by **softening demand** due to high borrowing costs. Consequently, we anticipate a "cooling off" period for prices in both the primary and secondary markets. Higher supply also means increased competition for developers.

Furthermore, in the short-term, margin pressure is likely to build as construction costs increase, driven by higher material prices alongside elevated fuel costs.

Over the longer-term, however, the implementation of the potential revised Land Law could be supportive. Land costs, one of the most critical inputs, may trend more favorably, while the untying of legal bottlenecks should help unlock supply and provide developers with greater flexibility, even in a more challenging market environment.

From a valuation perspective, most developers are trading at meaningful discounts to RNAV relative to their three-year averages, with several names trading close to book value (Figure 2). We recommend accumulating on weakness, with preference for NLG, KDH, and TCH.

Figure 2: Valuation, developers in coverage

Ticker	Current Price	Market cap	Discount to RNAV	3Y avg. discount	P/E (1Y rolling fwd)	3Y avg. P/E (1Y rolling fwd)	Rolling FW P/B	Average 3 year Rolling FW P/B
	VND	(USDmn)	%	%	xs	xs	xs	xs
VHM	98,000	15,626	28.4%	48.0%	14.6	9.6	1.8	1.4
KDH	24,000	1,088	48.1%	35.3%	29.2	44.3	1.5	2
NLG	26,400	511	53.4%	35.0%	12.9	26.2	1.2	1.6
DXG	13,050	592	57.5%	44.9%	35.4	53.7	1.1	1.3
NVL	12,550	1,142	46.2%	30.9%	17.4	93.7	0.7	0.8
PDR	14,500	575	45.3%	27.8%	47.8	58.3	1.2	1.8
TCH	14,950	517	43.7%	N/a	8.5	N/a	0.8	N/a
Average*			**46.1%**	**37.0%**	**23.7**	**47.6**	**1.2**	**1.5**

Source: Bloomberg, HSC estimate
Closing price 20 March

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Buy: Expected to rise by more than 20% on an absolute basis in the next 12 months
Add: Expected to rise by between 5% and 20% on an absolute basis in the next 12 months
Hold: Expected to rise or decline by less than 5% on an absolute basis in the next 12 months
Reduce: Expected to decline by between 5% and 20% on an absolute basis in the next 12 months
Sell: Expected to decline by more than 20% on an absolute basis in the next 12 months

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