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# Experts fear potential real estate bubble in Vietnam

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Recent reports of land fevers have raised concerns over the possibility of a real estate bubble in Vietnam similar to the historic one in 2008.

Eight out of 10 signs of a real estate bubble have been identified in the Vietnamese market, said Tran Kim Chung, deputy director of the Central Institute for Economic Management (CIEM) at a conference last week.

They are increased numbers of transactions, new constructions, areas under development, participants in the market; rising prices; and presence of projects that are bigger in terms of scale, value and funding.

The real estate market in Vietnam has seen a rush for land from late last year in Ho Chi Minh City and neighboring areas. Land in Dong Nai Province, northeast of Ho Chi Minh City, costs from VND72-90 million per square meter (\$3,150-\$3,980), which is nearly equal to some urban areas in HCMC.

Local residents and real estate agents said the price doubled last year's, and has climbed a further 30-50 percent so far this year.

Land prices have also increased rapidly in three areas which are poised to become Vietnam's special economic zones (SEZs) with promising benefits for investors. These areas include Phu Quoc Island in the far south, Bac Van Phong in central Khanh Hoa province and Van Don in the northern Quang Ninh province.

On Phu Quoc Island, land prices in April were 10 times higher than in February, according to local investors. A square meter of land on the island can now fetch from VND20-60 million (\$875 to \$2,625), the Vietnam Real Estate Agency (VREA) said.

The two remaining signs that would nail down a real estate bubble are a hike in public investment and housing capital, Chung said. But since these factors are currently actually counteracting market overheating, the worst is yet to come.

Echoing Chung, chairman of Vietnam Real Estate Brokerage Association (VREBA) Nguyen Manh Ha said that the land fever in the first few months of the year, if not contained, will result in a land bubble.

Some experts, however, beg to differ.

The real estate market is actually stable and recovering, said Nguyen Van Dinh, vice chairman of VREBA adding that the current land fever is the result of short-term speculative trading that's pushing up the price, which has destabilized the market.

Amidst the land fever, Vietnam's central bank has recently ordered lenders to tighten control over investment loans intended for the stock and real estate markets, warning of bad debt risks.

Authorities of the three areas earmarked to be SEZs need to take control of the land market and prevent speculators from creating instability, Vietnam's Prime Minister Nguyen Xuan Phuc said last month.

Source:

<https://e.vnexpress.net/news/business/experts-fear-potential-real-estate-bubble-in-vietnam-3753024.html>



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