



ASEAN CONSTRUCTORS FEDERATION

51ST ACF COUNCIL MEETING

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VIETNAM REPORT



VIETNAM ASSOCIATION OF CONSTRUCTION CONTRACTORS

Content



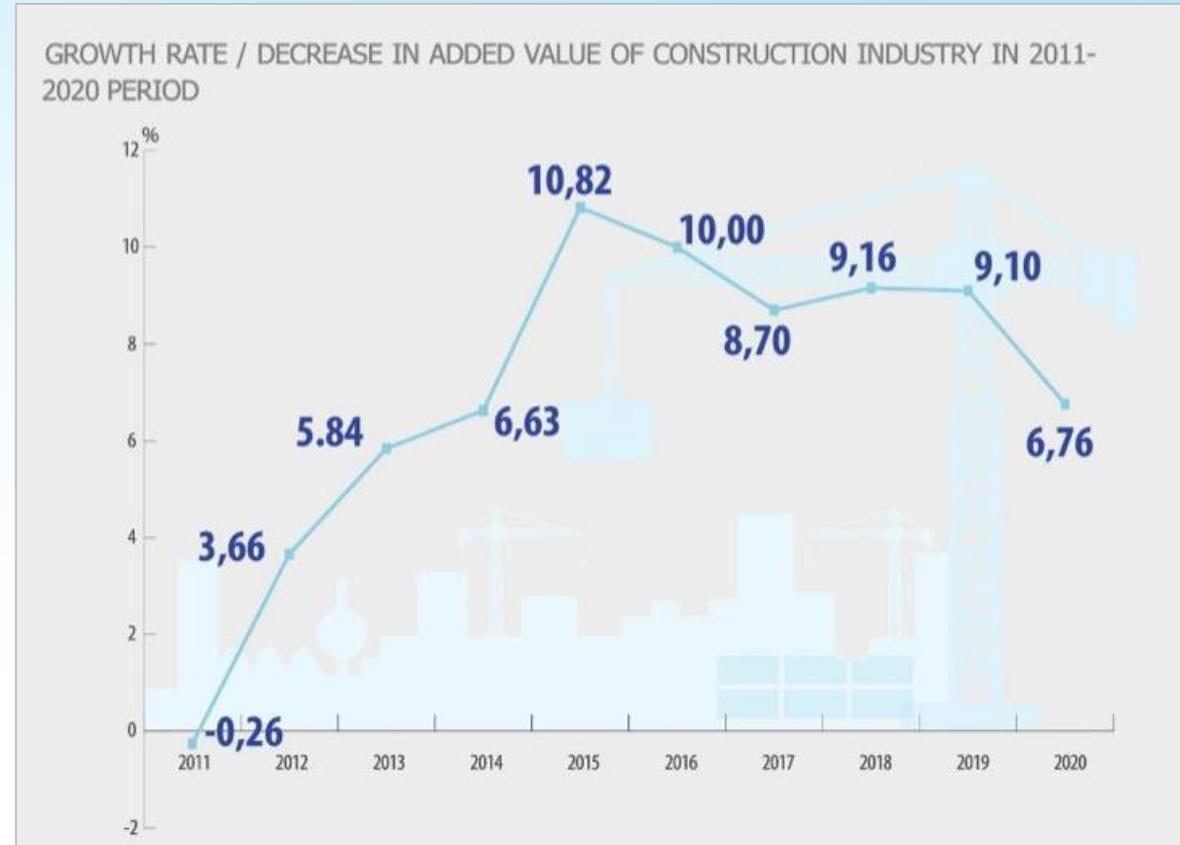
1. Market Overview
2. Labour Wages *(detailed report attached)*
3. Major Building Materials Prices *(detailed report attached)*
4. Policy Recommendations
5. Market Outlook

1. MARKET OVERVIEW

Vietnam's construction industry has entered the "maturity" stage since 2016. However, during the "mature" stage, the construction industry faces two major shocks:

- (1) The "slowdown" of the real estate market - the supply of the industry in 2019;
- (2) The COVID-19 pandemic in 2020.

According to the General Statistics Office, in 2020, the construction industry increased by 6.76%, a significant decrease compared to the growth rate in 2015-2019, contributing 0.5 percentage points to the growth rate of the total added value of the whole economy.

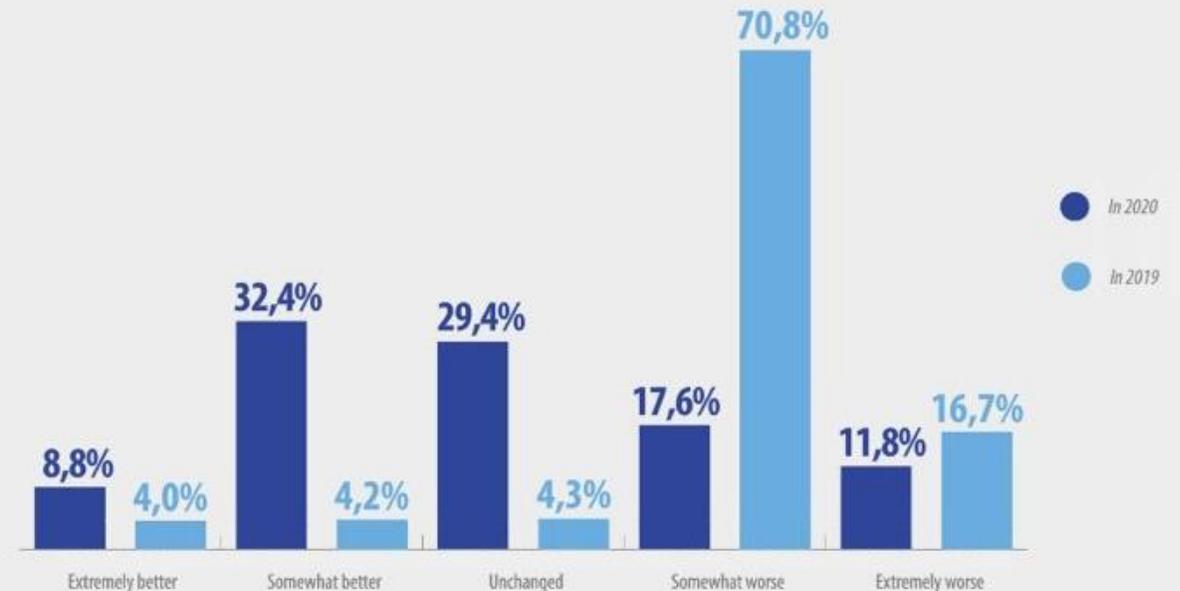


1. MARKET OVERVIEW

In assessing the business environment in 2020, **41.2% surveyed said the situation was better than the previous year**, a significant increase from the previous year.

Fluctuations in raw material prices continue to be one of the top difficulties for **66.7% of the construction**, and **71.4% of the construction material enterprises**. While **58.3% of enterprises** were significantly affected by natural disasters and weather.

EVALUATION OF THE INVESTMENT AND BUSINESS ENVIRONMENT OF THE CBM INDUSTRY IN THE PAST YEAR



Source: Vietnam Report, Survey of CBM enterprises in February 2020 and February 2021

2. LABOUR WAGES

How much money does a person working in Construction / Building / Installation make in Vietnam?

A person working in **Construction / Building / Installation** in **Vietnam** typically earns around **122,000,000 VND** per year. Salaries range from **52,300,000 VND** (lowest average) to **354,000,000 VND** (highest average, actual maximum salary is higher).

Please refer to the full report accompanying this presentation for details.

These are the figures for the greater HCMC area. For other provinces in Vietnam, please allow for a $\pm 15\%$ variation.

3. MAJOR BUILDING MATERIALS PRICES

Steel:

(May 2021) Steel prices have risen by 40-50 percent since the end of 2020, according to the Vietnam Steel Association (VSA), which forecast prices to continue rising until the end of the third quarter.

Cement:

(April 2021) Average prices dropped 6.7 per cent YoY to US\$36.40/t. A drop in average cement and clinker prices in China led to a decline in Vietnamese prices from US\$40/t to US\$32-33/t since late 2020.

Sand:

Construction sand is becoming scarce in the Mekong Delta, a major supplier, and buyers wanting large quantities have to wait for a month and often pay more than the originally quoted price.

Prices in 2Q2021:

Steel	18,850 - 19,200 VND/kg	0.81 - 0.83 USD
Cement	79,000 - 110,000 VND/50kg bag	3.41 - 4.74 USD
Concrete	1,200,000 - 1,940,000 VND/m3	51.72 - 83.62 USD
Cement brick	~10,000 VND/brick	0.43 USD
Glass	98,000 VND/m2 for 5mm 195,000 VND/m2 for 10mm	4.22 USD 8.41 USD
Sand	320,000 - 370,000 VND/m3	13.79 - 15.95 USD

**These are the figures for the greater HCMC area. For other provinces in Vietnam, please allow for a ±10% variation.*

4. POLICY RECOMMENDATIONS

Real estate, constructions, and building material (RECBM) activities are the fields most affected by laws. The legal overlap has created a great obstacle to the development of business in the industry recently. The survey of Vietnam Report has identified **top 5 policy recommendations that enterprises in the industry expect:**

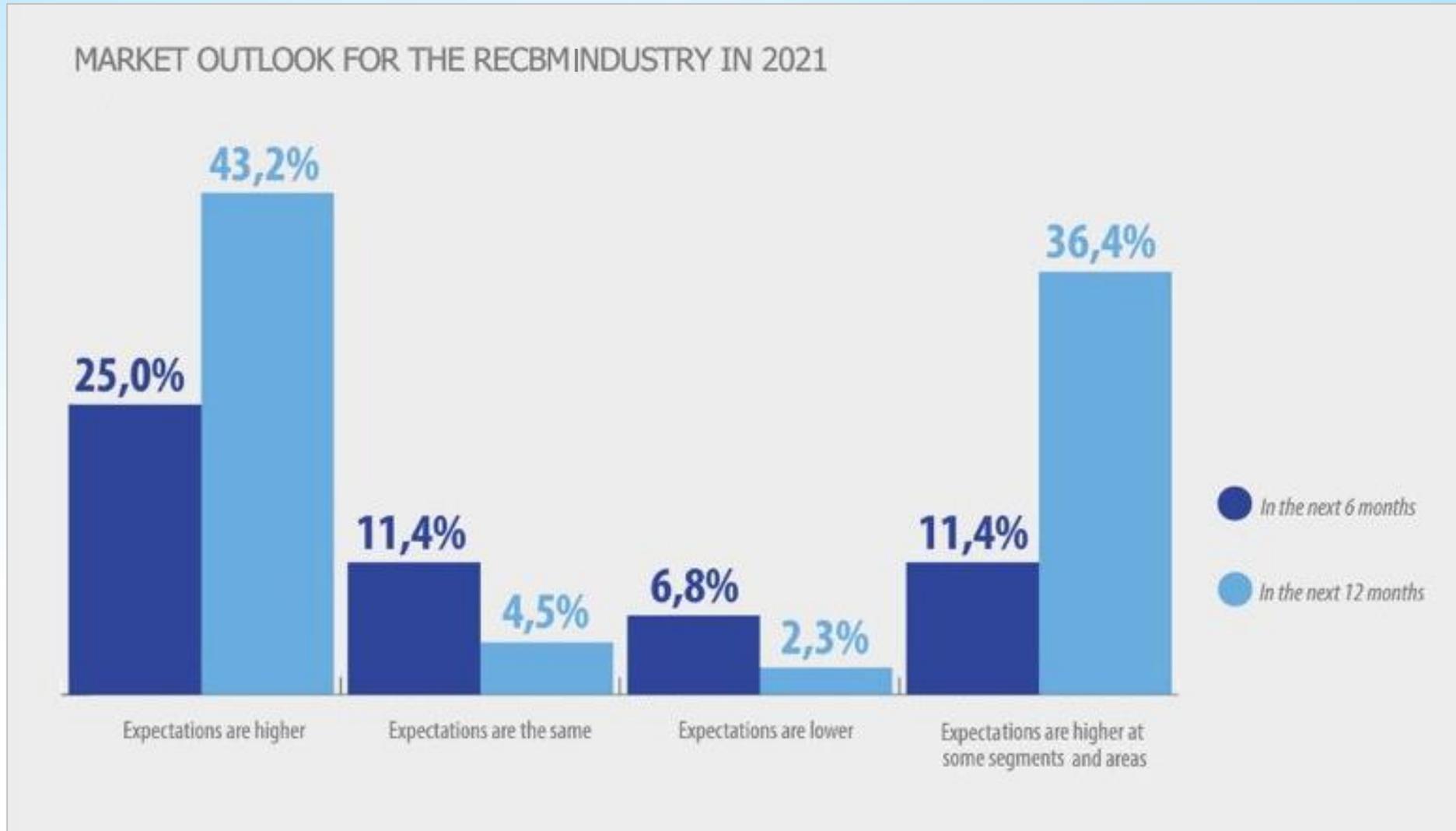
- (1) Improve infrastructure
- (2) Continue to lower credit interest rates and expand credit limits for real estate loans
- (3) Support the connective ecosystems of our RECBM circular economy development
- (4) Strengthen market management in the direction of sustainability
- (5) Complete the legal corridor

5. MARKET OUTLOOK

COVID-19 has changed the way the world works and thereby has a significant impact on the construction sector along with the ecosystem. **The biggest changes include:**

- (1) **An increasing share of larger and “smarter” investors**, with higher requirements on project delivery and scale;
- (2) **Customers are valuing digitally enabled “smart” buildings** (digital applications such as IoT, energy use, efficient operation);
- (3) **Increasing focus on costs**, notably due to affordable housing gap;
- (4) **Higher emphasis** from customers **on sustainability** in the industry today;
- (5) **Skilled labor** is becoming increasingly scarce and expensive;
- (6) **Regulations and building codes are changing and becoming harmonized** within and across countries to enable a standardized construction approach.

5. MARKET OUTLOOK



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Top 5 Factors Creating the Strongest Growth Impetus to the Market in 2021: *(surveyed by Vietnam Report)*

TOP 5 FACTORS CREATING THE STRONGEST IMPETUS FOR THE RECBM MARKET IN 2021



5. MARKET OUTLOOK

The Ministry of Construction stated that by the fourth quarter of 2020, 295 projects, including 125,449 apartments, were licensed.

The tourism and resort projects had 49 projects, with 3,772 tourist apartments and 3,505 tourist villas.

48 office units combined residence were licensed nationwide.

According to the Vietnam Real Estate Brokerage Association, in the second half of 2020, there were 74,500 successfully traded products, equivalent to 50% of successful transactions in 2019.

The spike of COVID-19 in Q3 2021 is bringing again the industry to a sharp slow down and unpredictable consequences.



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THANK YOU

