

LAND LEASE AND FACTORY RENTAL INDICATOR IN SOUTHERN ECONOMIC ZONES OF VIETNAM (6 months of 2013 PRICE)

Ho Chi Minh City land lease has topped the market with the price ranges from USD55 to USD220. Next is (Dong Nai) with land lease ranges from USD50 to USD120, Long An's varies from USD50-USD120 and Binh Duong's is USD35-USD70. The two provinces in the outer-ring - Binh Phuoc and Binh Thuan - offer relative lower land lease prices to potential investors. They range in price from USD16 to USD35 in Binh Phuoc and USD25-USD40 in Binh Thuan.

Some industrial parks were experiencing some difficulties in completing their infrastructure. Site clearance procedure has affected the construction progress deeply. The lack of proper sewage system has also contributed into the lower land lease values. It is, however, not always sensible to invest purely based on leasing price, as the rankings do not necessarily reflect the type of industries that each industrial park is designed for. Industrial parks tend to target specific tenants and privileges are usually given for businesses in their preferred industries.

So that Owners are ready to deduce 10% -> 30% of lease land price to bolster first investors upon land scale.

Currently, most of investors come from Japan – 72% (VIIPIP source). However, most of Japanese investors are looking for small leasing area with 1,000m² – 3,000m² with priority for Ready Built Factory (RBF) and full accessibility. New investors have not significantly reduced in Binh Duong Province and Dong Nai Province meanwhile strongly fallen in other provinces in Vietnam southern key economic zone. It results in trend of price fall which so many industrial parks are willing discounts from 10% -30% for first investors or large leasing land. It can be seen more clearly as in representative of IP based in HCMC which its prices at around 60-75 USD/m²/whole lease term in 2012 dropped to 55-60 USD/m²/whole lease year, down 8.3% - 20% in 2013. This situation has not been happened even during the crisis in 1997 – 1999 in Asia.

This discount hasn't shown any effects while numbers of investors come to IPs still reduce. Most of investors have just considered their plan of investment as well as mainly searching locations. Contracting, constructing and manufacturing for plant project is very rare during this time. Therefore, we expect the adjustment in macroeconomic policy to encourage FDI for long term