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EXECUTIVE INSIGHT
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Vietnam Industrial Parks: Leased Land Is Not Yet a Working Business

Decide when to expand and when to make existing capacity earn.



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INSIDE THIS EXECUTIVE INSIGHT

From signed hectares to an operating business

EXECUTIVE PREMISE

An industrial park creates durable value when tenants can start, pay and keep operating on infrastructure the operator can afford to deliver. A signed lease is one milestone in that process. Expansion should compete for capital against completing and improving the parks already committed.

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EXECUTIVE LEAD | WHY NOW

The next hectare must earn its place

Should the next unit of capital open new land or improve the park already built?

Vietnam's industrial investment creates a credible growth opportunity for park operators. It also requires them to commit money before tenants begin production. Land preparation, access roads and utility capacity can absorb cash while leasing teams are still converting interest into contracts. Even a signed contract can precede handover, final collections and recurring service demand by years. An operator can therefore report commercial progress while its financing requirement continues to rise.

The governing decision is where the next unit of capital creates the strongest remaining value: a new phase, the completion of an existing commitment, or improvements that help present tenants operate and expand. That decision needs a common view of readiness, tenant milestones, cash timing and service economics. Occupancy alone cannot provide it. Expansion remains attractive where demand is credible, delivery dependencies are controlled and financing can absorb a slower start. Where these conditions fail, adding hectares compounds an unfinished operating obligation.

The National Statistics Office estimates disbursed FDI of USD 24.08 billion in the first ten months of 2026, up 13.1% year on year. This is evidence of national investment activity, not proof of demand for any particular plot. Registered investment, disbursement and industrial land leasing measure different events. They must not be combined into a single absorption forecast. [1]

The timing gap is visible in current transactions. IDICO announced a land sublease agreement for Zhongce Rubber's 34.42-hectare project in November 2026. The company described a planned first production phase in July 2028. The announcement does not disclose the park operator's collection schedule or prove a funding shortfall. It does show why a signed hectare and an operating hectare are different management facts. [2]

MANAGEMENT IMPLICATION

Make the next investment conditional on the park's remaining delivery obligations and cash requirements, not on the leasing headline alone.

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CAUSAL ANALYSIS

One park runs on several clocks

Which milestone releases cash, and which milestone creates another obligation?

The commercial clock begins with qualified interest and moves through reservation, binding agreement and enforceable payment milestones. The delivery clock follows usable land, site access, approvals and contracted utility capacity. The operating clock starts when tenants commission facilities and consume services. The financing clock follows payments to contractors, debt maturities and the availability of committed funds. Their sequence determines the funding gap.

Customer deposits may finance part of development, subject to the contract and applicable restrictions. They also create obligations. Money received against a plot does not become freely distributable merely because it appears in the bank account. The operator must still fund the promised handover and service capability. Recognised revenue follows the applicable accounting treatment; it cannot substitute for a project cash schedule.

A delay can transmit across all four clocks. A late connection postpones commissioning; service consumption arrives later; remaining construction costs and interest continue. Tenant payments may also move where the contract links them to handover. Where payments do not move, the delivery obligation still remains. The exposure depends on the actual agreement, available remedies and the tenant's capacity to perform.

The correct response starts with a plot-level reconciliation. Record the contracted area and payment dates beside the land's legal and physical status, utility prerequisites, handover commitments and tenant commissioning plan. Separate evidence from assumptions. A memorandum of understanding, investment certificate, executed lease, completed factory and operating production line are distinct milestones. None should silently inherit the certainty of the next.

Shared infrastructure complicates the calculation. A treatment plant or substation may serve several phases and cannot always be built in proportion to the first tenant's demand. Allocate capacity and cost transparently, but retain the whole cash payment in the funding plan. An accounting allocation across future phases does not postpone a contractor's invoice.

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READINESS AND TENANT QUALITY

Sell a deliverable operating location

Can the intended tenant actually operate here on the promised terms?

A park's practical product is a location where the target manufacturer can operate. Land availability is essential, but so are the connections, environmental capacity, access, labour catchment and service arrangements relevant to that manufacturer. A high advertised occupancy rate says little about whether the remaining plots fit the customers now in the pipeline. Always disclose its denominator: total park area, leasable industrial land or the currently developed phase.

Rank bottlenecks by the tenant milestone they prevent and separate controlled actions from external dependencies. IDICO's 19 November disclosure describes Huu Thanh's wastewater treatment capacity as 14,400 cubic metres per day, with current treatment of about 4,000. Installed capacity and actual use are different management facts. Neither alone proves capacity is available for a particular new tenant: permits, effluent characteristics and committed demand still matter. A future grid upgrade likewise remains a dependency until it can support the promise being made. [5]

Tenant quality also has a cash dimension. Examine the investor's project funding, decision authority and realistic construction programme. Check parent-company connections rather than counting several subsidiaries as independent demand. A group of tenants exposed to the same export customer, technology cycle or market restriction can create correlated postponements even where the legal entities differ.

An anchor tenant can improve the park by supporting common infrastructure and attracting suppliers. The same tenant can concentrate negotiations, utility consumption and collection exposure. Tailored facilities and capacity reservations should therefore be assessed together with enforceable commitments, credit support where appropriate, and the cost of redeploying capacity if the tenant delays. A large project is neither automatically safe nor automatically undesirable.

Environmental and energy capabilities matter when they change tenant access or operating continuity. Count their cost, sequence and contractual responsibilities. An eco-industrial label, solar proposal or future grid upgrade does not prove that a required service is available. Verify project-specific approvals and rights locally before commitment.

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ECONOMIC DECISION TEST

Compare remaining value on equal terms

Does expansion beat completion, service improvement and waiting after the downside is funded?

Evaluate each capital option from today. Compare incremental, after-tax cash flows, remaining capital commitments, lifecycle maintenance and a consistent cost of capital. Exclude sunk expenditure from the choice between future options, but include every unavoidable obligation in the liquidity plan. A project may deserve completion because its remaining value is positive while the original investment still fails to recover its full cost.

A new phase can win when existing capacity is genuinely constrained, a different location serves distinct demand, or time-sensitive customers will otherwise choose another park. Completion can win when a limited investment unlocks contracted plots and collections. Service improvement can win when it removes a measurable operating constraint at lower capital cost. Waiting can win when flexibility is valuable and the cost of delay is manageable. These are competing uses of capital, not a fixed preference for the existing park.

Use a joint downside rather than several isolated sensitivities. Delay tenant commissioning and associated receipts together; allow unfinished infrastructure costs to rise; test a concentrated tenant's postponement; and show the resulting financing requirement. Avoid double-counting the same delay in both revenue and occupancy assumptions. Confirm whether funding is committed to the project entity and remains usable under the stressed conditions.

Operating services can strengthen resilience, but recurring turnover is not recurring free cash. Electricity and water revenue can contain substantial purchased inputs. Treatment and other services require maintenance and replacement. Measure contribution after direct inputs and operating costs, then the cash remaining after required lifecycle spending. Separate affiliated-company earnings from cash the park entity can actually receive.

IDICO reported that electricity, water, industrial park services and BOT operations together represented about 63% of its net revenue in the first nine months of 2026. That mixed group figure supports examining operating income alongside land leasing;

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it is not a park-only margin or a universal target. Becamex's 2025 annual report likewise describes an integrated industrial, urban and service portfolio. Neither disclosure establishes the economics of an individual park. [3, 4]

ILLUSTRATIVE CAPITAL CHOICE

A smaller commitment can unlock more cash

What changes when tenant start-up arrives twelve months later?

Consider two alternatives for the same operator. The figures below are invented management assumptions, expressed in VND billion. They are not market benchmarks, valuations or evidence about a named developer. Receipts mean net cash inflows available for the comparison after direct delivery costs; capital expenditure is shown separately. Financing and tax are excluded solely to keep the arithmetic visible. The final investment case must restore them.

VND billion	Complete existing	Open new phase
Remaining capital paid now	100	180
Net receipt at year 1	90	0
Net receipt at year 2	70	240
Simple two-year net cash	+60	+60
PV less capital at 12%	+36.2	+11.3
Receipts delayed one year	+21.6	−9.2

Illustration only. Present values rounded to VND 0.1 billion; discount rate assumed, not a recommended hurdle.

Both options produce the same undiscounted net cash in the base case. At an illustrative 12% discount rate, completing the existing park yields $90/1.12 + 70/1.12^2 - 100$, or 36.2. The new phase yields $240/1.12^2 - 180$, or 11.3. With all receipts shifted one year later and no other changes, the values become 21.6 and minus 9.2. The delayed case extends to year three; it is not a two-year comparison.

The example isolates timing, not a complete investment decision. The new phase requires 80 more upfront before any financing costs, and the delay increases the period over which funding is needed. A full case must include residual land value, later operating income, maintenance, tax, financing constraints and different demand risks.

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Those additions could reverse the ranking. Management should identify which assumption would do so and what evidence supports it.

The lesson is to challenge capital intensity and cash timing together. Identical headline margins or eventual cash surpluses can conceal very different exposure before tenants begin paying and operating.

INTEGRATED ACTION AGENDA

Bind leasing promises to capital decisions

Who can commit the park, and what evidence must come first?

Start with the existing obligation. The CFO and development director should reconcile plot contracts, customer receipts, remaining infrastructure expenditure and funding by legal entity. The operations lead adds capacity limits, maintenance and commissioning readiness. The leasing lead tests the tenant pipeline against decision authority, funding and delivery dates. Resolve differences in one dated commitment register before authorising another phase.

Then select the next enabling investment. For each bottleneck, identify the tenant milestone it unlocks, the responsible party, incremental cash required and evidence of completion. Confirm external utility and access commitments before making dependent promises. Where delay cannot be controlled, price it, sequence around it or preserve an exit rather than hiding it in a general contingency allowance.

The board or authorised investment committee should compare expansion with completion and service options using the same remaining-value and downside-funding tests. Release capital in meaningful packages where the engineering and contracts permit. A stage gate must correspond to a verifiable delivery or demand condition; dividing a legally irrevocable commitment into internal budget lines does not create flexibility.

Give commercial staff a controlled offer envelope. Changes to payment terms, utility guarantees, tenant-specific works or compensation obligations require the relevant financial and technical sign-off before signature. The purpose is a deliverable customer promise. Decision rights should make that promise easier to keep, with explicit escalation when the available offer cannot meet a customer's needs.

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During execution, review the gap between promised and actual milestones at a cadence matched to construction and financing exposure. Track collections, remaining cost, usable capacity, commissioning slippage, tenant-group concentration and service cash contribution. Reopen the capital decision when a material premise changes. The board should set thresholds from the project's economics and financing terms rather than adopt an arbitrary universal occupancy ratio.

The resulting sequence is deliberate: reconcile obligations, remove the constraint with the strongest supported payoff, then commit the next phase when demand and funding justify it. Expansion and improvement can proceed in parallel where the operator has the money, capacity and decision discipline to deliver both.

FINAL TAKEAWAY

Build the business behind the leased land

Can the operator finance and deliver what its leasing success has promised?

Vietnam's investment opportunity can justify substantial industrial park expansion. The operator's advantage comes from converting that opportunity into a location tenants can use, with obligations and cash flows the operator can sustain. That requires more than successful land marketing.

The central discipline is to keep four facts distinct: what customers have committed, what the park can deliver, when tenants can operate and when cash becomes available. Their interaction determines whether the next hectare adds value or enlarges an unfinished commitment.

A well-supported new phase should proceed. A bottleneck that strands existing investment should be removed. An option whose apparent return depends on uncommitted funding or an unverified connection should be redesigned before more capital is exposed. The strongest portfolio is the one whose operating promises are financeable and deliverable.

MANAGEMENT IMPLICATION

Leased land becomes a working business through delivery, tenant operations and cash discipline. Invest in the next constraint that makes that conversion credible.

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SOURCES AND EDITORIAL NOTE

Evidence checked on 22 November 2026. Company announcements are attributed disclosures; plans and targets remain prospective.

[1] National Statistics Office of Vietnam — Report socio-economic performance in October and 10 months of 2026

November 2026 | Section 4 Investment; estimates to 31 October 2026

[2] IDICO — Phu My II Expansion welcomes Zhongce Rubber's USD 500 million project

13 November 2026 | Agreement 12 November; 34.42 hectares; planned first operations July 2028

[3] IDICO — IDICO shares its strategy and growth outlook with investors

11 November 2026 | Integrated industrial ecosystem; first nine months of 2026; mixed revenue categories

[4] Becamex Group — Annual Report 2025

2026 | Assessment of operating results, printed pages 92–95; group portfolio context

[5] IDICO — Tavada Pharma breaks ground at IDICO Huu Thanh Industrial Park

19 November 2026 | Infrastructure section; designed versus currently used wastewater treatment capacity

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