

Vietnam Residential Real Estate Development Under Pressure

Preserving project value and financing capacity before liquidity removes choice



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EXECUTIVE LEAD | WHY NOW

Preserve choice before liquidity removes it

Vietnam's residential property market sends conflicting signals. More projects are becoming marketable, yet transactions and cash conversion remain under pressure. Credit and bond funding continue to expand, so a shift in financing sources does not by itself establish a crisis. [1, 5, 9]

For owners, boards and CFOs, the relevant test is whether legally usable project cash and achievable funding can cover completion costs and obligations when due. A developer can lose this capacity even while the wider market recovers. Equally, an expanding developer may use bonds productively without entering distress.

Management should therefore assess liquidity across the group, each legal entity and each material project; test economic value and execution feasibility together; and make portfolio and financing decisions converge. Early action matters because delayed collections and approaching maturities can reduce negotiating freedom before accounting profit reveals the problem.

MANAGEMENT PREMISE

Preserve net enterprise value by funding viable projects, releasing genuinely deployable cash and reducing exposures that consume scarce capital without sufficient return.

Understand	Market signals, project cash conversion and capital constraints
Decide	Financing quality and executable portfolio choices
Execute	An adaptable action agenda and recovery measures

1. Market Recovery Is Not Developer Recovery

By Q3 2026, the market still combined substantial supply with weak cash conversion. A government report on 13 October recorded approximately 92,000 real estate transactions, equivalent to 92 per cent of the previous quarter. This broad measure includes land plots and is not a proxy for residential developer sales. [9]

Developer-reported inventory reached approximately 51,950 units or plots across 27 of 34 provinces and cities. It excludes unsold secondary-market property and capital tied up in unfinished projects. The wider reporting coverage also prevents a like-for-like growth calculation against the Q2 inventory figure. [9]

The Q2 residential breakdown illustrates the distinction: apartment and individual-house transactions totalled 26,567, or 77.1 per cent of the year-earlier level, while 131 commercial housing projects became eligible for future-housing sales, or 170.1 per cent of the year-earlier level. More marketable projects do not ensure timely collections. [1]

Demand must be financeable for the specific product and price when the project needs cash. Interest in housing alone cannot fund construction.

On 13 October 2026, Standing Deputy Prime Minister Phạm Gia Túc suggested exploring purchases of completed, unsold commercial housing for rental use, subject to efficiency, planning and legal requirements. He also stressed product mix, location, infrastructure and affordability. [8]

This policy proposal is not an approved purchase programme or a committed buyer.

Developers should test rental and disposal options, while excluding prospective public purchases from committed liquidity forecasts until eligibility, price, funding, approvals and payment timing are established.

This analysis concerns residential developers and mixed-use developers with material residential exposure. Their management task is to preserve deployable liquidity, financing capacity and strategic choice until market recovery becomes cash recovery. Crisis here is a management concept, not a statutory insolvency test.

2. The Real Transmission Mechanism Is Project Cash Conversion

Residential development consumes capital before the complete economic return is realised. Land, legal preparation, design, infrastructure, construction, financing and selling activities all require resources over an extended period.

The project must reach the necessary legal status. Construction must reach relevant milestones. The product must fit market demand and affordability. Sales must convert into contractual collections. And cash received must be legally and economically usable for the purpose management intends.

Vietnam's current Real Estate Business Law reinforces the importance of this sequence. Deposits for future housing are limited, subsequent payments are regulated and linked to construction progress, and developers are required to use amounts collected from buyers or lease-purchasers for the agreed purpose associated with the relevant project or property.^[2]

A project may collect cash without that cash being freely available to solve a liquidity problem elsewhere in the group.

Additional restrictions may arise from project-level financing, security packages, controlled accounts, lender covenants or contractual obligations. These must be established for the actual company rather than presumed.

Liquidity analysis therefore has to operate on three levels: Group level - what resources and obligations exist across the enterprise? Legal-entity level - which company owns the cash and which liabilities legally sit against it? Project level - which collections, financing structures, security packages and expenditure commitments relate to the specific development?

The mechanism is summarised in Figure 1. The decisive transition is not from lower sales directly to corporate crisis, but from disrupted project cash conversion to constrained deployable liquidity and ultimately to declining capital-allocation freedom.

VIET TA Developer Stress Transmission

How market and project pressure reaches corporate decision capacity

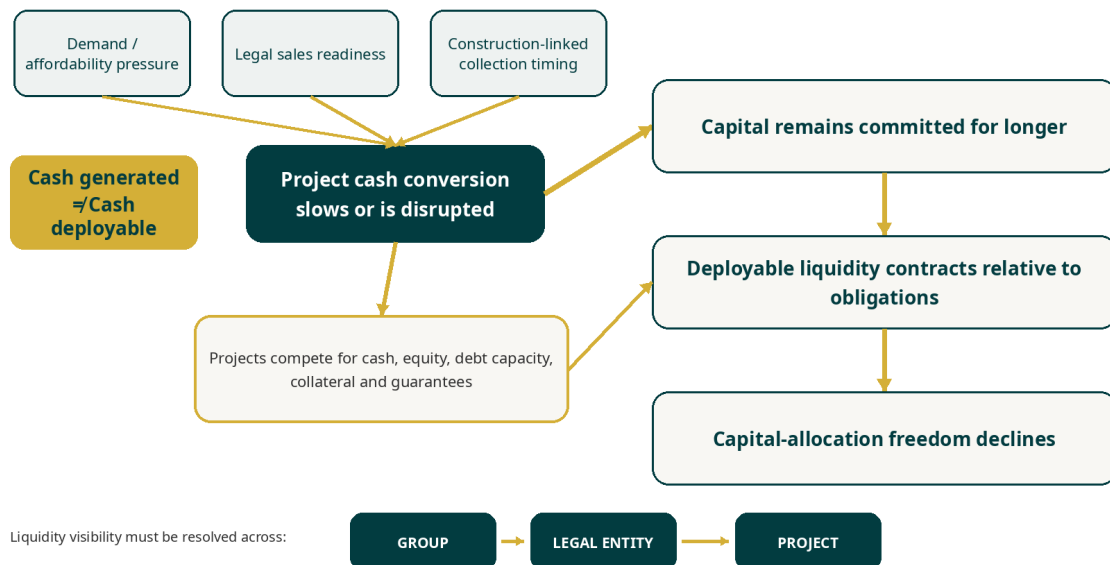


Figure 1. VIET TA synthesis; conditional mechanism, not a measured sector outcome.
AI-generated diagram for explanatory purposes.

The management implication is that liquidity cannot be assessed from consolidated cash alone. Management needs to know where cash sits, what obligations attach to it and where it can actually be deployed.

3. Capital Scarcity Is More Than a Cash Problem

Projects compete for more than cash. They also compete for equity, debt capacity, collateral, guarantees and management capacity.

Under the Real Estate Business Law currently in force, a developer conducting business through a real estate project must maintain equity of at least 20 per cent of total project investment where the project's land-use area is below 20 hectares and at least 15 per cent where it is 20 hectares or more. A developer undertaking multiple projects must have sufficient equity to satisfy the requirement for each project. ^[2]

Article 5 of Decree 96/2024 sets project-financing constraints. Where bank loans or corporate bonds finance an approved real estate project, bank debt, bond debt and the required equity may not together exceed 100 per cent of total project investment. Bank and bond debt is additionally capped at four times enterprise equity for projects below 20 hectares and 5.67 times enterprise equity for projects of 20 hectares or more. [3]

These limits require an important qualification: debt that arose before Nghị định 96 took effect on 1 August 2024 is subject to transitional treatment. The regulation does not simply retroactively apply the new ratios to that existing debt, although further financing is constrained where legacy debt already exceeds the current limits. [3]

Capital committed to one development can reduce the ability to support another. Security granted for one financing can affect later monetisation. Guarantees and cross-obligations can transmit stress between entities.

A restructuring therefore requires an Entity-Project Capital and Liability Map covering equity, debt, bonds, security, guarantees, intercompany exposure, remaining completion funding and material contractual commitments.

4. Financing Pressure Is Selective, Not Universal

Capital remains available, but access and terms differ by borrower, issuer and project. Growing bond issuance may complement bank funding for viable expansion; it cannot alone reveal whether banks are unwilling to lend or borrowers prefer another funding structure.

Broad real-estate credit reached approximately VND 5.21 quadrillion by the end of August 2026, representing more than 25 per cent of total credit. This measure includes more than lending to developers and cannot establish whether banks have withdrawn from new development projects. [9]

Bond issuance also expanded. VIS Rating reports VND 149.5 trillion of residential real estate bonds issued in the nine-month 2026 period, based on data updated to 25 September unless otherwise stated, up 126 per cent from a year earlier, with issuance concentrated among a few large developers. Average initial coupons reached about 11.4 per cent, 110 basis points above the prior year. About VND 167 trillion of bonds

mature in the final quarter of 2026 and in 2027. These figures describe gross issuance, pricing and maturities; they do not establish the size of an unmet refinancing need. [5]

VIS Rating also reports improved first-half earnings from handovers, rising leverage and negative operating cash flow for most listed developers excluding Vinhomes. This sample does not represent every developer. Outflows can fund viable future deliveries or expose a collections shortfall; the aggregate does not distinguish those cases. [5]

A bond can finance a sound expansion, complete a viable project or replace maturing debt. The financing decision becomes vulnerable when expected collections, available cash and committed funding cannot cover the remaining completion cost and obligations as they fall due. A longer maturity may buy time without repairing the underlying project economics.

Reports published in January 2026 documented delayed bond-interest payments by individual developers. They establish specific historical stress, not the current payment status of those firms or a sector-wide financing failure. [6]

The test is whether funding helps a project generate deployable cash in time, on terms that preserve value.

For each material project, management should reconcile the use of new debt proceeds with the funds still needed for completion, realistically collectible sales, debt maturities and restrictions on moving cash. It should then test whether funding remains available on terms that preserve net enterprise value and strategic choice. A successful issue that demands excessive security or future economics can still weaken the developer.

Before a debt placement, the CFO should prepare auditable financials, project uses of proceeds, realistic collection scenarios, a maturity schedule and security and covenant disclosures. Issuer concentration does not quantify smaller firms' unmet funding needs, and no evidence here proves that capital markets select risk better than banks.

There is also a potential feedback to lenders. If a developer cannot secure completion funding and cash collections fall short, the risk of existing bank loans can rise; tighter lending could then intensify the funding gap. Testing this requires borrower-level refinancing outcomes and project completion needs. The central bank reported that the stock of nonperforming real-estate credit rose 10.5 per cent by the end of June 2026 from the end of 2025. This broad measure does not isolate developer loans or establish that the feedback loop is operating. [4]

5. Portfolio Economics and Feasibility Must Be Solved Together

A rapid fatal-flaw screen should first identify project and land status, material land-related financial obligations, customer commitments, security and release requirements, critical financing restrictions, joint-venture rights, guarantees, contractor obligations and obvious regulatory constraints.

A statutory project transfer requires project-specific legal verification of approval and planning status, land obligations, customer rights, disputes, security release and any conditions for a partial transfer. A commercially attractive sale is not automatically executable. [2]

On 30 October 2026, the National Assembly debated proposed changes to buyer-fund controls and project transfers. These proposals are not current law. Developers should monitor their final terms and effective dates when planning collections or disposals, while testing today's options against the rules currently in force. [10]

The purpose is not to turn management triage into legal due diligence. It is to eliminate false options quickly.

The remaining projects can then be assessed through four economic dimensions:

Cash-Generation Potential: How quickly and reliably can the project generate cash?

Net Deployable Cash Potential: After debt repayment, security release, tax, transaction costs and attached obligations, how much cash would actually become available for redeployment?

Remaining Capital Requirement: How much additional cash, equity, debt capacity, collateral, guarantees and management attention are required to reach the next value-creating milestone?

Economic Value and Enterprise Relevance: Does the project create sufficient risk-adjusted value under current assumptions, and does retaining ownership or control create identifiable enterprise value greater than the opportunity cost of scarce capital?

That leads to three economic classifications:

Protect: Continue allocating capital because the project creates sufficient value relative to competing uses.

Restructure: Preserve the underlying opportunity while changing product, phasing, pricing, financing, ownership, partnership structure or capital intensity.

Exit: Reduce or transfer economic exposure where an executable alternative preserves more net enterprise value than continued ownership.

“Exit” is an economic objective, not one legal transaction form. A statutory project transfer, an interest transfer in a project company, a JV restructuring or another transaction can have different legal, tax and financing consequences.

Stop is not a routine fourth category. Suspension or termination can create customer, contractor, financing, regulatory and reputational consequences and therefore requires a separate consequence assessment.

The objective is not to preserve every project. It is to preserve the greatest amount of enterprise value with the capital and strategic freedom that remain.

6. Portfolio and Financing Form a Feedback Loop

The intuitive sequence “decide the portfolio, then finance it” is directionally right but operationally incomplete.

Financing conditions affect which portfolio choices are executable.

A sale may look attractive until collateral-release conditions and required debt repayment are known. A joint venture may look capital-efficient until dilution and control rights are quantified. A project management wants to protect may prove impossible to finance on value-preserving terms.

Figure 2 shows the resulting decision architecture. Economic attractiveness and executability are tested together until portfolio choice and capital structure converge.

Portfolio and capital must converge

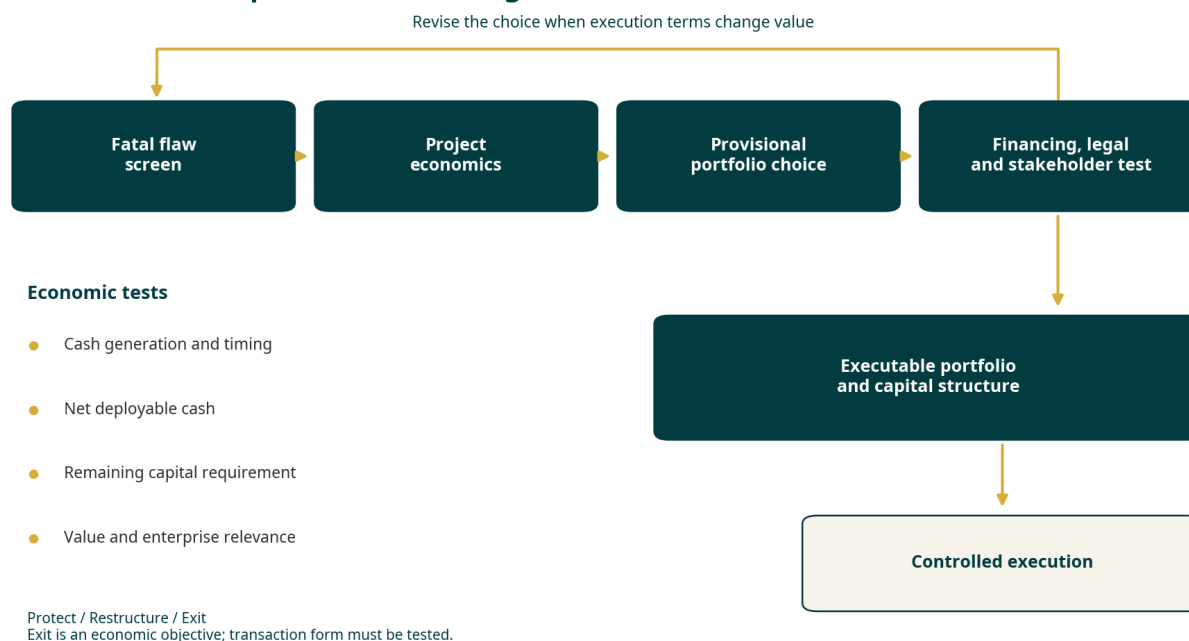


Figure 2. VIET TA application of portfolio economics and financing feasibility.
AI-generated diagram for explanatory purposes.

The purpose of the loop is not procedural elegance. It is to prevent management from approving a portfolio decision that financing, legal or stakeholder reality later makes impossible or value-destructive.

Financing should ultimately support the economically justified portfolio. But financing reality also determines which theoretical portfolio choices genuinely exist.

7. An Adaptable First 90 Days

The following overlapping workstreams are an illustrative planning model, not a fixed deadline or a promise of completion. Start with immediate payment and legal deadlines; accelerate or adjust sequencing to liquidity runway, data quality and counterparties. Governance operates from Day 1.

Days 1-20: Establish the Economic Truth: Build the Group-Entity-Project liquidity view. Identify restricted and deployable cash. Map maturities, security, guarantees, intercompany exposure, contractual commitments and completion requirements. Recalculate project economics using current market, completion and financing assumptions.

Days 1-35: Stabilise Critical Exposures: Where necessary, engage selectively with lenders, bondholders, JV partners, contractors, customers and other relevant stakeholders. Communication should be sequenced according to legal obligations, disclosure requirements where applicable, negotiating position, information sensitivity and the consequences of delay. The objective is not early communication. It is preservation of options.

Days 10-45: Run Triage and Fatal-Flaw Screening: Evaluate project economics and obvious execution constraints in parallel. Create provisional Protect / Restructure / Exit classifications.

Days 30-75: Run the Portfolio-Capital Feedback Loop: Test preliminary portfolio choices against actual security-release requirements, financing terms, JV economics, additional equity needs and other execution constraints. Revise decisions where necessary.

Days 45-90: Launch Structural Execution: Begin approved financing, ownership restructuring, project transfers where feasible, capital injections, rephasing, product or pricing changes and other portfolio actions. Not every transaction must close by Day 90. For each prioritised material option, management should have a defined feasibility status, decision path, accountable owner, approvals and dependencies, deadline and controlled execution track.

From Day 1: Operate One Coordinated Governance System: A group-level restructuring steering body should coordinate the economic response while respecting the lawful governance and contractual rights of each legal entity, SPV and joint venture. It needs a named executive owner, workstream owners, explicit decision rights, a common fact base and escalation procedures. The CFO owns the common cash and funding forecast; project and legal leads establish feasibility; the board or authorised entity approves capital commitments. Escalate when a payment, covenant or completion milestone cannot be covered under a realistic downside scenario.

8. Measure Recovery Through Strategic Capacity

Sales, revenue and accounting profit remain important.

But they are insufficient to determine whether a stressed developer is actually becoming stronger.

Liquidity: deployable liquidity by group, entity and material project; runway; maturity coverage; committed versus discretionary expenditure.

Financing flexibility: covenant headroom; releasable assets; financing capacity; refinancing dependencies; security-release constraints.

Project economics: cash-conversion timing; capital required to reach the next value-creating milestone; return on remaining capital; completion economics; net deployable cash from portfolio actions.

Execution: restructuring milestones achieved; decisions overdue; stakeholder agreements completed; capital redirected; cash actually released versus planned.

The higher-level question is: Is management regaining or losing strategic freedom?

It is visible through more deployable liquidity, greater maturity coverage, more value-preserving financing and monetisation alternatives, fewer unavoidable commitments and a greater ability to allocate capital according to economic value rather than immediate payment pressure.

CONCLUSION

Fund value and preserve strategic choice

Vietnam's residential property market does not need to collapse for an individual developer to lose financial flexibility. The risk develops when delayed project cash conversion, restricted funds and obligations reduce the ability to allocate capital according to value.

The response is to establish one economic fact base, select viable and executable portfolio actions, and negotiate funding against those choices. Measure actual cash released, completion funding secured and obligations covered, rather than treating an issue, sale announcement or maturity extension as recovery. Restructuring succeeds when management regains value-preserving alternatives.

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Evidence and sources

Sources and relevant legal developments were rechecked on 31 October 2026. Each statistic retains its reporting period and scope. Proposed legislation and exploratory policy ideas are not treated as enacted rules or committed funding. Recheck current amendments and project-specific transitional rules before a transaction.

- [1] Government / Ministry of Construction, Q2 2026 real-estate market report: transactions, inventory and commercial-housing supply. [Source](#)
- [2] Law No. 29/2023/QH15, Articles 9, 23, 25 and 40: equity, buyer funds and project transfers. [Source](#)
- [3] Nghị định 96/2024/NĐ-CP: project financing limits and transitional treatment of pre-1 August 2024 debt. [Source](#)
- [4] VnEconomy, real-estate credit and nonperforming balances at end-June 2026. [Source](#)
- [5] VIS Rating, Residential Real Estate Sector - 2H2026 Outlook, 6 October 2026: residential bond issuance, coupons, maturities, profitability, leverage and operating cash flow. [Source](#)
- [6] Viet Nam News / ANN, republished by The Star, 20 January 2026: disclosed delayed bond-interest payments by selected real-estate firms. [Source](#)
- [7] Decree 54/2026/NĐ-CP, effective 9 February 2026, amendments to Decree 96/2024. Official text
- [8] Dân trí, 13 October 2026, proposed purchase of completed, unsold commercial housing for rental use. [Source](#)
- [9] Government, 13 October 2026: Q3 market transactions and developer inventory; real-estate credit at end-August 2026. [Source](#)
- [10] Government, 30 October 2026: National Assembly debate on the draft revised Real Estate Business Law. [Source](#)