

PROSPECTS ON HOUSING CONSTRUCTION INDUSTRY IN URBAN AREAS OF VIETNAM

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INTRODUCTION

Vietnam is one of the big countries in Asia, having 320,000 Km² of land and its population is 80 million, of which 18 million (about 23%) living in urban area. Suffering from a century of colonialism and war, also a long period of state subsidy economy system, the development of the country was held back. Since the introduction of "Doi Moi" or renovation policy and adoption of market - oriented policy in 1986, the climate for economy development has been improved and the economy of Vietnam has been strongly developed over the past decade. Growth in the economy of Vietnam in 1990's recorded more than 7 % per year and 6.8 % in 2001 ranking second in Asia and only after China. The infrastructure of the country has also been improved markedly, such as road and transportation system, telecommunication system, power supply system etc. The investment and trading opportunities in Vietnam are good attracting many foreign investments, especially after the signing of trade agreement with United State of America last year. The living condition of the people have also been improved, especially in urban area, average income per capita is 700 - 900 USD in 2 big cities of the country.

HOUSING SITUATION

Suffered from long period of the 30 years of war, housing situation, especially in urban area was very bad. After the unification of the country in 1975, Vietnamese government have launched a huge program on housing development in order to supply housing to urban people. On that time many apartment building (4-5 storey) what called state house, have been built and rented out to the people at very low rent with budget subsidy of the government. The average floor area of state apartment is only 20 - 40 sqm. with 1 - 2 rooms. From the beginning 1990's the Government adopted the market - oriented economy and stop subsidies the budget for housing, the housing supply have been done by real-estate companies or built by the people themselves. According to the data provided by Ministry of Construction, nowadays Vietnam has 500 million sqm of housing, of which 81 million sqm. of urban housing. But the housing per capita still very low. Due to the population explosion by both naturally and immigration in urban area, the housing per capita in urban area is only 6 square metre per person in 1999, very low compare with other countries in the region. According to the new estimation, in Hanoi there are 30% of its population living in the houses with less than 4 sqm. per person and more than 300,000 people living in the houses with less than 2 sqm. per

person. In HochiMinh City, the biggest city of Vietnam, the housing situation is the same as Hanoi. The housing quality is also very bad, about half of housing quantity have been built before 1960's and more than 50% of the house need to be prepared and 10% of them have to be demolished.

The situation of infrastructure system in urban area is also poor, shortage of electricity, water supply, drainage and sewage are very common. Social infrastructure such as school, hospital, parks is in the same condition.

housing development program

Improving housing condition of the people in urban area is the one of urgent duties of Vietnamese Government. To have average of 8 square metre per person by year 2010, every year Vietnam has to develop 10 millions square metre of housing in urban area.

Each Municipal Authorities of the Cities has its own Local Housing Development Program, especially Ha noi and HochiMinh City. Hanoi Municipal Authorities has planned to develop 65 residential projects, provide 25 million sqm. of housing in 10 years, from year 2000 to 2010, 60% of this amount are high rise apartments. HochiMinh City also plans to develop 55 million sqm. of housing in next 10 years.

Housing type in urban area is also changing time by time. Before year 1986, the Government provide fund for housing construction, so many housing are apartments with 4-5 storey buildings. After 1986 the Government started to share the land to households for them to build houses by themselves, so housing construction on that time are only in type of street houses. Few year before, for saving the land, the Government urged Housing developers to develop more high rise apartments.

HOUSING POLICY

Before year 1986 housing construction was subsidized by the Government. >From the beginning 1990's the Government adopted the market - oriented economy and stop subsidies the budget for housing, then housing are being supplied by State Sector, Private Sector or by Individual households. The current System of Housing Provision in Vietnamese Urban Area is as follows:

- Occupants are:
 - + Purchaser: paying in bulk, or in instalments up to 10 years;
 - + Tenants;
 - + and Owner builders.
- Developers are:
 - + State Corporations: Corporations under ministries; Corporation under local governments. This Sector shares 30 - 35 % of housing supply.
 - + Private companies: Joint - stock companies, private companies (domestic or foreign) and joint-venture companies. This Sector shares 5% of housing supply.

+ Individual households share 60 - 65% of housing supply.

- Financial Resources:

+ State Corporations' own capital.

+ State budget, very small and only for outside border infrastructures.

+ Local Government budget (Housing Fund).

+ Savings and other individual financial resources, make up more than 70%.

Besides of above Housing Provision System, the local governments also have the program to develop housing by their own fund for low income or poor people with low cost housing.

Vietnamese Government is also encourage foreigners to participate in housing development, both for foreigners to rent or to sell to Vietnamese people. Currently, Vietnamese Government issued the decree allowing Vietnamese expatriate and foreigners to buy house in Vietnam.

CONSTRUCTION COST

- Size of housing unit: Nowadays the normal size of apartments unit provide by Vietnamese developers is about 60 sqm 3 rooms (2 bed rooms, 1 toilet).

- Construction cost: 200 USD/1sqm

Thank you very much for attention.