Real Estate Markets in the Philippines & Vietnam, 2023-2024

Dr. SOPON PORNCHOKCHAI
PhD D. FIABCI MRICS

PRESIDENT
THAI APPRAISAL & ESTATE AGENTS FOUNDATION

What are the trends and prospects of the real estate markets in the Philippines and Vietnam? How do the experts in these countries assess the current situation and the future outlook? These are some of the questions that this article will try to answer, based on the results of a survey conducted by Dr. Sopon Pornchokchai, a leading valuation expert from Thailand. The article will present the findings of the survey and analyze the implications for the real estate markets and economy in the year 2023 and 2024.

THE SURVEYS

Dr. Sopon Pornchokchai was he was invited by the Philippine Federation of Real Estate Service Professionals Inc (PFRESPI) to teach valuation in Cebu during June 28 to 29, 2023 and to its expo during June 30 to July 1, 2023. He conducted this survey from those participants who are experts in real estate, mostly real estate appraisers, brokers and consultants. The number of respondents was 55 from 350 participants.

In addition, he was invited by the Vietnam Real Estate Brokers Association to its annual gala dinner in Hanoi on June 24, 2023. He conducted another survey of participants at that event who are experts in real estate, mostly real estate brokers and consultants. The number of respondents was 32 from 350 participants.

FINDINGS IN THE PHILIPPINES

In the case of the Philippines, findings on economy and real estate markets as well as other related issues are very interesting with the nature of booming period there.

Table 1: Rating Economy and Real Estate Markets (Scale 1-10)

Items	2023	2024
Economy of Vietnam	6.9	7.8
Real Estate Markets	7.3	8.1

Valuers and brokers in the Philippines viewed that the country's economy in 2023 as quite good (assessed at 6.9 out of 10). The economy in 2024 was rated even better at 7.8. Therefore, the future economy of the Philippines was at a high hope. Likewise, real estate markets were assessed to even be better. It was assessed at 7.3 out of 10 in 2023 and could be 8.1 in 2024. Real estate markets in the Philippines may boom in the near future.

Table 2: Growth Sectors of Real Estate in 2023

Sectors	Percentage
Low-rise housing	29.0%
Commercial properties	18.8%
Industrial properties	14.5%
Agricultural/Farms	8.7%
Condominiums	5.8%
Social housing	4.3%
Land	2.9%
Office spaces	2.9%
Resort properties	2.9%
Retirement estates	2.9%
Others	7.2%
Total	100

Low-rise housing particularly detached houses and barrack style row houses were among the most popular in the Philippines as a whole (29%). Commercial properties particularly shopping centres were the second in the priority with 18.8% of popularity. There were industrial properties in the third priority. Others were agricultural/farms, condominiums, social housing, land, office spaces, resort properties, retirement estates and the like.

Table 3: Largest Developers in the Philippines

Companies	Percentage
Ayala Land	17%
SM Prime Holdings	15%
Megaworld	10%
DMCI Homes	9%
Cebu Landmasters	6%
Camella	4%
Filinvest	4%
Robinsons Land	4%
Vista land	4%
Casanova Realty	3%
CITYLAND	3%
Rockwell Land	3%
San Miguel Group	3%
Sta. Lucia Land	3%
Others	11%

Ayala Land, SM Prime Holdings, Megaworld and DMCI Homes were among largest developers in the Philippines with 17% 15% 10% and 9% respectively. They have been leading companies for decades and held their market positions because of their strong brands. Other leading national developers were Cebu Landmasters, Camella, Filinvest, Robinsons Land, Vista land, Casanova Realty, CITYLAND, Rockwell Land, San Miguel Group, Sta. Lucia Land and the like.

Table 4: Cities with the Largest Amount of Real Estate Developments

Cities	Percentage
Makati	12%
Cebu	11%
Davao	9%
Cavite	6%
Taguig	5%
Cagayan De Oro	4%
Batangas	4%
BGC	4%
Laguna	4%
New Clark City	4%
Quezon city	4%
Iloilo	3%
Pampanga	3%
Tagaytay	3%
Bacolod City	2%
Baguio	2%
Boracay	2%
Bulacan	2%
General Santos City	2%
Greater Metro Manila	2%
Puerto Princesa	2%
Rizal	2%
Tarlac	2%
Others	6%

Makati is the largest city and most attractive city in the Philippines for investment. Cebu was the second in the priority. However, since this questionnaire was conducted in Cebu, there may be some bias. Davao, the Philippines second largest city was the third in this priority. Actually, Cavite and Taguig were "bed cities" of Makati. This implied that Metro Manila (including Quezon City, New Clark City) was really a primary city of the Philippines.

Table 5: Target Countries to Buy Properties Abroad

Country	Percentage
USA	13.4%
Singapore	12.2%
Canada	11.0%
Japan	11.0%
Australia	8.5%
Thailand	8.5%
UAE	6.1%
New Zealand	4.9%
Cambodia	3.7%
Portugal	2.4%
Switzerland	2.4%
United Kingdom	2.4%
Vietnam	2.4%
Burma	1.2%
Finland	1.2%
Germany	1.2%
Hong Kong	1.2%
Indonesia	1.2%
Malaysia	1.2%
South Korea	1.2%
Spain	1.2%
Sweden	1.2%
Total	100.0%

Amazingly, USA was the number one country where Philippines want to buy a house or property (13.4%). The second in the priority was Singapore (12.2%). Canada and Japan were the third and fourth respectively. Then Australia, Thailand and UAE. It was believed that many people from the Philippines like to invest abroad if there was an opportunity.

FINDINGS IN VIETNAM

The following are the findings from the survey in Vietnam on economy and real estate markets as well as other related opinions as follows:

Table 6: Rating Economy and Real Estate Markets

	2023	2024
Economy of Vietnam	5.9	7.6
Real Estate Markets	5.2	7.0

Experts saw that currently the economy of 5.9 out of 10. This implied that it was moderate. However, they believed in 2024 the economy would be recovered to be 7.6 out of 10. In terms of real estate markets, they were rated lower than the economy, i.e. 5.2 out of 10. Likewise, real estate markets could be recovered in 2024. At present, there is some oversupply. There is not much speculative buying of condominiums due to rigorous corruption suppression campaign by the government. Property buyers may be required to declare the original sources of money.

Table 7: Growth Sectors of Real Estate in 2023

Sectors	Percentage
Industrial properties	23%
Resort properties	18%
Affordable housing	16%
Land subdivision	11%
Condominium for sale	7%
Agricultural properties	5%
Commercial properties	5%
Others	16%
Total	100%

It was found that industrial properties were the first in priority. As we know industrial developments are growing in Vietnam. Vietnam attracts a lot of foreign direct investment. In addition, many factories moved from Thailand to Vietnam. Resort developments were the second in priority. Vietnam has many resort cities along the coastal line of the country. The third in the priority was affordable housing particularly for lower-middle income group.

Considering major players in real estate developments in Vietnam, majar developers were Central Group (Thailand), Khang Đien Group, Masterise Homes, Nam Long, Novaland, Sun group, Taseco Land, Thang Loi Group and Vinhomes. Since there were only 32 respondents, no ranking of the developers was conducted with statistical confidence. However, the above were the prominent names in the markets.

Table 8: Cities with the Largest Amount of Real Estate Developments

Cities	Percentage
HCMC	21%
Hà Noi	19%
Đà Nang	14%
Nha Trang	7%
Hai Phong	6%
Khánh Hoà	5%
Quang Ninh	5%
Đà Lat	4%
Phú Quoc	4%
Vũng Tàu	4%
Bình duong	2%
Kiên Giang	2%
Ninh Thuan	2%
Phan Thiet	2%
Phú Yên	2%
Total	100%

HCMC, Hanoi and Danang were among three largest cities. HCMC was considered an economic stronghold; whereas, Hanoi is the administrative centre like Shanghai and Beijing of China. Danang was both an industrial and recreational centres. There are many industrial developments there. Danang was also the centre to travel to other resort destination located nearby.

Table 9: Target Countries to Buy Properties Abroad

Country	Percentage
USA	21%
Australia	17%
Singapore	12%
Canada	10%
France	10%
United Kingdom	8%
Netherlands	7%
Thailand	6%
Lao	2%
Malaysia	2%
Malta	2%
South Korea	2%
Total	100%

Amazingly, USA is the number one country where Vietnamese want to buy a house or property (21%). The second in the priority was Australia (17%). Historically, there were many Vietnamese refugees settling in both the USA and Australia. The third in the priority was Singapore. Actually, Vietnamese also had relatives in Canada and France (both 10%). There were those expecting to buy a house in Thailand as well (6%).

CONCLUDING REMARKS

In sum, the Philippines is growing rapidly and should be a good destination for investment in a variety of properties. Population of the country is still growing with higher purchasing power. In Vietnam, it is still considered a country of growth with high hope because of industrial and tourism developments. The current situation of slow growth is expected to be temporary.

It can be observed that Both countries have a very strong purchasing power. Their number of population is also very high (over 100 million). The labor forces are pretty young. The number of senior citizens are also very low. Both countries also attract a lot of foreign direct investment which would make the countries prosperous for years resulting in booming real estate markets in the future indeed.

ABOUT THE AUTHOR

Dr.Sopon Pornchokchai

He is the President of the Thai Appraisal & Estate Agents Foundation as well as Presidnt of the FIABCI-Thai. FIABCI is the world's largest real estate federation. He is a valuer by profession. He graduated with a PhD from the Asian Institute of Technology. He had further studies in housing from Katholieke Universiteit Leuven, Belgium and in Appraisal from LRTI-Lincoln Institute of Land Policy. He is a member of the Royal Institution of Chartered Surveyors as well.

Downfall in the Valuation of BYJU'S

NIRMALA SONI
FCA, IBBI. REGD. VALUER (SFA)

SOCIAL AUDITOR, VISITING FACULTY,
CAREER COUNSELOR, STARTUP MENTOR.