

# Real estate market assessment report (Revised)

**Development of land value capture and private  
investment options**

**Submitted to: The World Bank**

August 2019

CRISIL Risk & Infrastructure Solutions Ltd. and  
CBRE (Vietnam) Co. Ltd. | Research & Consulting Services

## Abbreviations

<b>ADR</b>	Average Daily Rate
<b>A&amp;P</b>	Advertising and Promotional Spend
<b>CADIF</b>	Can Tho Development Investment Fund
<b>CAGR</b>	Compounded Annual Growth Rate
<b>CBD</b>	Central Business District
<b>CEPIZA</b>	City Export Processing and Industrial Zones Authority
<b>CTUDRP</b>	Can Tho Urban Development and Resilience Project
<b>DWT</b>	Deadweight Tonnage
<b>FAR</b>	Floor Area Ratio
<b>F&amp;B</b>	Food and Beverages
<b>FDI</b>	Foreign Direct Investment
<b>GDP</b>	Gross Domestic Product
<b>GFA</b>	Gross Floor Area
<b>GRDP</b>	Gross Regional Domestic Product
<b>HCMC</b>	Ho Chi Minh City
<b>IPI</b>	Industrial Production Index
<b>KVIP</b>	Korea-Vietnam Incubator Park
<b>LVC</b>	Land Value Capture
<b>MOU</b>	Memorandum of Understanding
<b>NLA</b>	Net Leased Area
<b>NUA</b>	New Urban Area
<b>OCC</b>	Occupancy Rate
<b>RevPAR</b>	Revenue per Available Room
<b>SECO</b>	Swiss State Secretariat for Economic Affairs
<b>UK</b>	United Kingdom
<b>USD</b>	United States Dollars
<b>VAT</b>	Value Added Tax
<b>VND</b>	Vietnamese Dong
<b>Y-O-Y</b>	Year-on-year

# Contents

<b>1. Executive summary</b> .....	<b>9</b>
1.1 Introduction .....	9
1.2 About Can Tho .....	9
1.3 Key messages .....	9
<b>2. Introduction</b> .....	<b>14</b>
2.1 Background .....	14
2.2 About the report .....	15
<b>3. City Profile</b> .....	<b>16</b>
3.1 Location .....	16
3.2 Administrative divisions .....	17
3.3 Topography .....	18
3.4 Population .....	19
3.5 Connectivity .....	20
3.6 Spatial development .....	22
3.7 City level land use analysis .....	23
3.8 Zoning regulations – city level .....	27
3.9 Land use along project corridors .....	29
3.10 Zoning regulations along the project corridors .....	37
3.11 Major infrastructure projects .....	38
<b>4. Demographic and macroeconomic assessment for Can Tho</b> .....	<b>41</b>
4.1 Total population .....	41
4.2 District-wise population .....	42
4.3 Urbanisation .....	43
4.4 Natural growth rate .....	44
4.5 Fertility rate .....	45
4.6 Migration .....	45
4.7 Labor force .....	47
4.8 Gross regional domestic product .....	49
4.9 Income levels .....	58
4.10 Trade .....	61
4.11 Foreign direct investment .....	62
4.12 Competitiveness .....	64
4.13 Summary of observations .....	64
<b>5. Real estate market assessment</b> .....	<b>67</b>

# Infrastructure Advisory

5.1	Can Tho real estate products overview.....	67
5.2	Residential market .....	68
5.3	Four and five star hotel market .....	74
5.4	Office market .....	75
5.5	Real estate finance .....	76
5.6	Summary of observations.....	76
<b>6.</b>	<b>Annexures.....</b>	<b>78</b>
6.1	Annexure 1: Land use in Ninh Kieu, Cai Rang and Binh Thuy districts.....	78
6.2	Annexure 2: List of industrial parks in Can Tho.....	83
6.3	Annexure 3: Landed property market details.....	85
6.4	Annexure 4: Condominium market details .....	87
6.5	Annexure 5: Four and five star hotel market details .....	89
6.6	Annexure 6: Office market details.....	91
6.7	Annexure 7: Retail market in Can Tho.....	93

## List of tables

Table 3-1: District-wise population growth .....	19
Table 3-2: Can Tho land use, 2010 .....	24
Table 3-3: Can Tho City - current land use vs. planned land use .....	27
Table 3-4: Land use along the Can Tho embankment, 2010.....	33
Table 3-5: Current vs. planned land use along Can Tho embankment .....	34
Table 3-6: Land use along the CMT8-PH918 connecting route, 2010 .....	34
Table 3-7: Current vs. planned land use along CMT8-PH918 route .....	35
Table 3-8: Land use along Tran Hoang Na street, 2010 .....	35
Table 3-9: Current vs. planned land use along Tran Hoang Na Street .....	36
Table 3-10 A comparison between building heights (zoning regulations vs on-ground development) .....	37
Table 4-1: Trend in total population (in '000s) - a comparison .....	41
Table 4-2: Can Tho district-wise trend in population .....	42
Table 4-3: Can Tho - natural growth rate.....	44
Table 4-4: Total fertility rates - a comparison.....	45
Table 4-5: Labor Force & WPR - a comparison .....	47
Table 4-6: Profile of non-economically active population in Can Tho.....	48
Table 4-7: Trend in student population by province - a comparison (2008-17) .....	49
Table 4-8: Trend in provincial GRDP (in VND billion) - a comparison.....	50
Table 4-9: Trend in per capita GRDP (in VND million) .....	50
Table 4-10 Industrial parks – Can Tho.....	52
Table 4-11: Snapshot comparison of Can Tho and Long An industrial profile.....	54
Table 4-12: Can Tho's monthly average income per capita at current prices by income quintile (in thousand VND) .....	59
Table 4-13 Registered FDI by economic activities (2015-17, in USD million) (Accumulation of effective projects as of December 31, 2017) .....	63
Table 4-14: Foreign direct investment projects licensed in 2017 by province (accumulation of projects having effect as of 31/12/2017).....	63
Table 4-15: Trend in PCI rankings.....	64
Table 5-1: Area of housing floors constructed by provinces, 2010-16 (in sq. m).....	68
Table 5-2: Can Tho share of self-built properties in total housing area constructed .....	69
Table 5-3 Landed property market snapshot, Can Tho .....	70
Table 5-4 Market snapshot, condominium, Can Tho.....	71
Table 5-5: Sample data on price trends in Can Tho.....	72
Table 5-6 Can Tho's top-tier hotel market summary .....	74

# Infrastructure Advisory

Table 6-1: Land use in Ninh Kieu district, 2010.....	78
Table 6-2: Land use in Cai Rang district, 2010 .....	79
Table 6-3: Land use in Binh Thuy district, 2010.....	79
Table 6-4: Current vs. planned land use for Ninh Kieu district.....	80
Table 6-5: Current vs. planned land use for Cai Rang district .....	81
Table 6-6: Current vs. planned land use for Binh Thuy district .....	81
Table 6-7 List of existing landed projects, Can Tho .....	85
Table 6-8 Future supply, land plot, Can Tho.....	86
Table 6-9 Current supply of condominiums in Can Tho .....	88
Table 6-10 Future supply of condominium in Can Tho.....	88
Table 6-11 Can Tho's 4-5-star hotel market supply by location.....	90
Table 6-12 List of existing supply of office space in Can Tho.....	92
Table 6-13 Map of existing supply in the retail market in Can Tho .....	95
Table 6-14: Snapshot of Can Tho retail supply .....	95

## List of figures

Figure 2.1: Five stages of the assignment .....	14
Figure 3.1: Can Tho location .....	16
Figure 3.2: Can Tho's location in the Mekong Delta Region .....	17
Figure 3.3 Can Tho map showing district boundaries .....	18
Figure 3.4: Topography of Can Tho City, 2014 .....	18
Figure 3.5: Population density per sq. km.....	20
Figure 3.6: Map of key national roads in Can Tho.....	21
Figure 3.7: Map of key streets in Ninh Kieu district .....	21
Figure 3.8: Map of key ports and bridges in Can Tho.....	22
Figure 3.9: Can Tho spatial development .....	23
Figure 3.10: Can Tho land use map, 2010.....	25
Figure 3.11: Proposed land use for Can Tho City, 2020 .....	26
Figure 3.12: Building density regulations for Can Tho City.....	28
Figure 3.13: Building height and FAR regulations for Can Tho City.....	29
Figure 3.14: Land use along project corridors, 2010 .....	30
Figure 3.15: Planned land use along project corridors, 2020 .....	31
Figure 3.16 Development nodes along the project corridors .....	32
Figure -17 Building density and height regulations.....	37
Figure 3.18: Western North-South Highway .....	39
Figure 3.19: HCMC - Can Tho Railway (Proposed) .....	39
Figure 3.20: Map identifying future transport projects in the city.....	40
Figure 4.1: Can Tho - total population .....	41
Figure 4.2: Urbanisation rate in Can Tho .....	43
Figure 4.3: Urbanisation rate - a comparison.....	44
Figure 4.4: Average natural growth rate, 2008-17 - a comparison.....	45
Figure 4.5: Net migration in Can Tho.....	46
Figure 4.6: Average net migration rate (2008-16) - a comparison .....	46
Figure 4.7: Can Tho labor force (in thousands).....	47
Figure 4.8: Can Tho - trend in sector-wise labor force distribution (2010-16).....	48
Figure 4.9: Can Tho GRDP at 2010 constant prices .....	49
Figure 4.10: Can Tho GRDP by Sector .....	51
Figure 4.11: GRDP structure 2017 - a provincial comparison.....	51
Figure 4.12: Share of economic activities in GRDP at 2010 constant prices (2015-17).....	52

Figure 4.13: Industrial profile of Mekong Delta Region.....	54
Figure 4.14: Tourist footfalls in Can Tho.....	57
Figure 4.15: Composition of tourist accommodation rooms in Can Tho (2010-16).....	58
Figure 4.16: Trend in Can Tho monthly average income per capita .....	58
Figure 4.17: Monthly average income per capita, 2016 - a comparison.....	59
Figure 4.18: Trend in composition of Can Tho per capita monthly average income.....	60
Figure 4.19: Composition of monthly average income - a comparison .....	60
Figure 4.20: Provincial trade balance 2017 - a comparison.....	61
Figure 4.21 Can Tho - Export proportion by product type (2012-16).....	61
Figure 4.22 Can Tho's main goods for exports (2012-16) .....	62
Figure 4.23: Can Tho FDI Capital (2009-17).....	62
Figure 5.1: Map of real estate products in Can Tho .....	68
Figure 5.2 Accumulated existing supply by year, land plot, Can Tho.....	69
Figure 5.3 Existing supply by year of condominiums in Can Tho.....	71
Figure 5.4: Land prices along WB funded project corridors.....	73
Figure 5.5: Residential land price of major cities in Vietnam, 2018 (in USD/sq. m).....	74
Figure 5.6 Trend in office space supply in Can Tho.....	75
Figure 6.1: Land use in Ninh Kieu, Cai Rang and Binh Thuy districts, 2010 .....	78
Figure 6.2: Planned land use for Ninh Kieu, Cai Rang and Binh Thuy districts, 2020 .....	80
Figure 6.3 Map of existing landed projects, Can Tho .....	85
Figure 6.4 Average secondary prices of land plots, Can Tho .....	87
Figure 6.5 Average secondary price, Can Tho.....	87
Figure 6.6 Condominium market, map of current and future supply .....	88
Figure 6.7 Performance of condominium projects in Can Tho.....	89
Figure 6.8 Can Tho's top-tier hotel market supply, by location .....	90
Figure 6.9 Can Tho's top-tier hotel market, room rate, occupancy rate and revenue per available room (RevPAR).....	91
Figure 6.10 Map of existing supply of office space.....	91
Figure 6.11 Asking rent for offices in Can Tho.....	93
Figure 6.12 Vacancy rate in offices in Can Tho .....	93
Figure 6.13: Trend in markets, supermarkets & commercial centers in Can Tho (2009-17).....	94
Figure 6.14 Trend of supply in the retail market in Can Tho.....	94



# 1. Executive summary

## 1.1 Introduction

This report aims to understand the development trends in Can Tho by analysing Can Tho's demographic and macroeconomic trends, and the performance of its real estate market. The report first takes into consideration the local development pattern by assessing the land-use and transportation network and analyses what triggers led to the city's development. This is followed by an analysis of Can Tho's development indicators, which have been compared with that of the overall country and also of other comparable cities. This has been done in order to understand the city's growth potential in the near future. And finally, the city's real estate market has been assessed in order to understand supply trends, market buoyancy and potential for future growth. This report will form the basis for evaluating the menu of land value capture tools that can be applied in Can Tho, given its demographic, economic and real estate situation.

## 1.2 About Can Tho

Located in the south of Vietnam, Can Tho is the largest city in the Mekong Delta region and the country's fourth largest city. The city is one of five tier-1 cities in Vietnam, and comes under the direct control of the central government. With a population of 1.27 million persons in 2017, the city covers an area of 1,409 sq. km and is composed of nine districts – five of which are urban, and four rural. With a population density of 9,024 persons per sq. km, Ninh Kieu is the densest district in the city. Compared to this, the combined average density of the urban districts in Can Tho is 1,881 persons per sq. km. and the city's average density is 877 persons per sq. km.

With three ports, one international airport and four major national roads running through the city, Can Tho is connected by road, waterways and air transportation. However, given limited flight connectivity, the most preferred way of accessing the province is currently by road.

On the whole, an analysis of historical satellite imagery of the city over a period of time (1984-2018) reveals that spatial development has been slow. Most of the development in the city is concentrated in the three districts of Ninh Kieu, Binh Thuy and Cai Rang. Given Can Tho's unique river way of life, spatial development was also observed along the Hau river. Industrial development was also observed along the Hau river (due to ease of logistics) in three main clusters – Thot Not in the north, O Mon in the center and Cai Rang in the south.

The major land use in the city in 2010 was agricultural (88%) and shall continue to be so as per the 2020 land use plan (81%). Most of the land use conversion is expected to take place in the districts of Ninh Kieu, Cai Rang and Binh Thuy in the form of conversion from agricultural to either residential use (mixed use) or infrastructure / administrative / non-business use.

## 1.3 Key messages

A review of the demographic and macroeconomic trends in Can Tho in conjunction with an understanding of national trends and trends in other comparable cities followed by its real estate market assessment brings out the following key messages.

### 1.3.1 Can Tho has relatively weak demographics

Over an eight year period (2008 to 2016), among the provinces compared with, on an average, Can Tho was the only city to have experienced negative net migration. During the same period, provinces such as Binh Duong have experienced extremely high positive net migration rates of 45.9%, followed by HCMC at 11.3% and Da Nang at 10.2%.

A declining birth rate and higher death rate on account of an ageing population has resulted in a declining natural growth rate in Can Tho which has reduced from 10.7% in 2008, to 6% in 2017.

Inter-provincial comparison reveals that Can Tho's labor force has grown at a much slower rate compared to the national average and other tier-1 cities and comparable provinces. In the period between 2008 and 2017, Can Tho's labour force grew at a CAGR of 0.7%, against a national average of 1.4%. The labour force in provinces such as Binh Duong and Da Nang grew at CAGRs of 4.7% and 2.9% for the same period. Even Ha Noi and HCMC experienced higher CAGRs in labour force, at 1.3% and 1.5% respectively.

### **1.3.2 It is observed that there is an under-utilization of construction densities proposed in the master plan 2020**

As per 2010 land use maps, almost 88% of land in Can Tho was under agricultural use, followed by 7.5% for residential use (which includes commercial use). As per the land use plan for 2020, majority of the land i.e. 80% is still reserved for agricultural purposes, while land for residential use is set to increase from 7.5% (2010) to 11.5%. This conversion is mainly observed in the districts of Ninh Kieu, Cai Rang and Binh Thuy. Specifically along the project corridors, a significant increase in the residential land has been proposed (27.5% to 50% along the embankment, 14.6% to 36.1% along CMT8-PR918 route, and 9.9% to 81.3% along Tran Hoang Na Street). This indicates that the master plan envisions significant commercial and residential development along the project corridors.

Similarly, when the zoning regulations were assessed, it is observed that maximum permissible building heights (18 to 36 storeys) and floor area ratios (9 to 14.5) were permitted in the Ninh Kieu - Binh Thuy traditional urban areas. However, when compared with the on-ground situation, it was found that the development was much lower than what was permitted as per the regulations. Against the proposed building heights of upto 36 storeys along the project corridors, the actual development observed was only upto 10 storeys. Out of the 11 nodes considered for analysis along the project corridors, only 3 nodes (incidentally all three along the embankment) exhibited utilization of density and building height which was closer to that permitted in the regulations. Development was observed mostly along the embankment and its influence zone.

Thus, in the immediate future, there may not be any requirement of increasing the land under residential use or for providing higher building densities along the project corridors. Moreover, since the commercial real estate market in the city is not showing momentum, it is unlikely that Can Tho will experience denser development throughout the Ninh Kieu district as proposed in the zoning regulations. The only intervention the government may make is to allow for higher densities in the influence area of the embankment and enabling cluster development in this area with properly planned infrastructure. In rest of the city however, with relatively cheaper real estate prices, abundant availability of land in city limits, and people's preference for landed properties, Can Tho is likely to experience low-rise, dispersed development expanding southward and northward from the city centre.

### **1.3.3 Can Tho lacks the economic momentum and scale as compared to other competing cities**

At VND 56,928 billion, Can Tho's GRDP amounts to a fraction of other main cities' GRDP, 7% of HCMC's, 8% of Ha Noi's and about one-third of Binh Duong and Bac Ninh's. Despite a smaller base, Can Tho's GRDP grew at a CAGR of 8.7% between 2014 and 2017, much slower than Bac Ninh (14.3%), Hai Phong (11.8%) and Ha Noi (12.2%).

Though accumulated registered FDI capital in Can Tho has been increasing over the years, it is negligible when compared with other tier-1 cities. Total accumulated registered FDI capital in Can Tho in 2017 was USD644 million versus USD43,879 million in HCMC, USD30,339 million in Binh Duong, USD27,638 million in HCMC and USD16,178 in Bac Ninh.

### **1.3.4 Can Tho's economic activities revolve around the primary sector**

Can Tho's economy has transitioned from an agrarian-based economy to one that is dominated by the service sector – both in terms of output and workforce. Yet, the share of agriculture in Can Tho's economy (9%) is still significantly higher than that in other major provinces such as HCMC (1%) and Ha Noi (2%).

In terms of economic activity, manufacturing takes the lead (26%), however the output from this activity is dominated by the manufacture of food products and this share has been increasing over the years (72% of total manufacturing output in 2017). The city's trade data also suggests an overdependence on exports of agricultural and fishery products (73.4% of all exports) such as rice, shrimp and frozen fish. Both of these data points indicate the nascent stage of the manufacturing sector in the city. Can Tho's economy is yet to transition to manufacturing higher-value goods.

Besides lack of scale, the nature of economic activities in the city is at lower-end of the spectrum in terms of value.

### **1.3.1 Can Tho does not emerge as a very attractive industrial zone as compared with other provinces such as Long An**

The supply of land in Can Tho's industrial zones and parks is far higher than current demand. The average occupancy rate in Can Tho is at 62% as compared to 82% in Long An. Long An has also been able to attract 4 times the investment in Can Tho.

Ever since Can Tho became a centrally administered city in 2004, it ceased to be an investment promotion zone. The city only offers incentives for some specific industries/sectors. Against this the Long An industrial zone offers much larger incentives as some parts of it are investment promotion zone and it also has an economic zone.

Long An is situated next to Ho Chi Minh City which is the major education hub in Southern Vietnam. Long An also has proximity to other traditional industrial areas like Dong Nai and Binh Duong. These factors enable easy access to skilled labour. Due to these reasons, Long An has been evolving as a vibrant industrial area.

Can Tho has seen large investments in food processing industry indicating primary nature of manufacturing sector. City is yet to transition to high value industries. On whole, Can Tho does not emerge as a very attractive industrial zone if compared with Long An.

While some large investment proposals are in the pipeline, such as investment by Taekwang Shoe Factory and investment by Kim Long Nam Joint Stock Company for an automobile assembly unit, it is unlikely that it will surpass the industrial growth that is happening in the provinces like Long An. Can Tho needs to create a policy environment that will attract high value industries which can induce larger economic growth of the city.

### **1.3.2 Incomes are rising, but remain significantly lower compared to peer provinces**

Can Tho's monthly average income per capita has increased from VND 1.54 million in 2010 to VND 3.36 million in 2016. While the city's income levels have risen, it continues to remain significantly lower than those of other tier-1 cities. Can Tho's per capita income is on an average 40% lower when compared to other cities.

In terms of composition of monthly average income, salaries and wages constituted 38% of the total while agricultural income constituted 13% of the total. A comparison of the composition of average income per capita in other major provinces revealed that incomes in Can Tho still show a relatively higher dependence on agricultural income. In fact for cities such as Da Nang, Binh Duong and HCMC, share of agricultural income in total monthly average income was 2%, 7% and 1% respectively.

### **1.3.3 Can Tho needs to improve its competitiveness to make it a more attractive investment destination**

Can Tho had been granted the status of being a centrally administered city in 2004. But this status has not had any material impact on its economic fortunes. Can Tho as per the 2017 Provincial Competitiveness Index (PCI), ranked 10<sup>th</sup> among 63 provinces in Vietnam. Provinces like Da Nang, Dong Thap and Quang Ninh have consistently managed to emerge among the top 5 ranks over the years. Can Tho's rank on the other hand, has fluctuated, having reached its highest rank so far (9<sup>th</sup> position) in 2013. So far, Can Tho has not yet managed to reach the top 5 position in the country's competitiveness ranking.

With the exception of the year 2013, HCMC has fared better than Can Tho in the rankings. Ha Noi on the other hand has had low rankings, though its position has improved over the years, moving from 33 in 2013 to 13 in 2017. Regardless of the rankings, HCMC and Ha Noi, being the two largest cities in the country, continue to be the most attractive investment destinations in Vietnam.

A deeper analysis of each of the ten parameters used to calculate competitiveness revealed that Can Tho has significantly improved in terms of transparency, business support services, labor training, and law and order. Areas requiring improvement, where Can Tho fared poorer over time included informal charges, policy bias and proactive leadership.

### **1.3.4 Can Tho requires a structural change to build economic momentum**

Can Tho suffers from weak demographics and has no near term triggers to change the economic growth profile and trajectory. Can Tho is steadily facing negative migration rates and the current economic activities lack in scale and quality to boost economic growth and sustain a high growth rates in population.

The economic growth engines in Vietnam are the two large cities of Hanoi and HCMC. The other economic growth drivers are the two cities of Bac Ninh and Binh Duong which are benefiting from the spillover growth of Hanoi and HCMC respectively. Da Nang does not have geographical locational advantages like Bac Ninh and Binh Duong but makes it up from being ranked first in the Provincial Competitiveness Index for four consecutive years 2013-2016 and ranked 2<sup>nd</sup> in 2017. Da Nang has reported a registered FDI capital of USD4.675 billion against that in Can Tho at USD644 million. Can Tho on the other hand has a geographical disadvantage and not ranked high enough on PCI. Can Tho in 2017 was ranked 10<sup>th</sup> and the highest it has ranked has been 9<sup>th</sup> in 2013.

Can Tho requires a fresh wave of investment in economic activities which will lead to faster economic growth and rising population growth. Can Tho needs a credible economic development strategy which will dictate the requirements in infrastructure investments. On the whole, the macroeconomic and demographic data for the city seems to suggest that Can Tho could potentially be witnessing a slow growth period.

### **1.3.5 Real estate sector mirrors both the economic situation and absence of demographic pressure on land**

The supply of housing floor area constructed in Can Tho peaked in 2010 at 2.267 million sq. m. As per the latest data available, in 2016, the housing supply was 1.73 million sq. m. This is about 24% lower than the peak reached six years earlier. The other cities in Vietnam have also experienced a high supply level followed by a small dip but have recovered and gone past their previous peak values in 2016 or are near their peak values. Can Tho lacks the absorptive capacity in the absence of strong economic growth and investments.

Most of the land in Can Tho is under agricultural use (88% in 2010), and this is set to continue as per the 2020 land use plan (81%). Given this large availability of land, and Can Tho citizens' traditional property buying habits, land plots dominate, and will continue to remain so in the residential market in the near future.

The share of self-built properties in total housing floor area constructed was almost 91% in 2016. This demonstrates that most of the housing demand in the city comes from local buyers who mostly buy land for living accommodation. Given that population growth is muted, housing demand is unlikely to see rapid growth in the near future.

Further, given the city's lack-luster economic performance in comparison to peer cities, even its office and hospitality market have shown a slowdown. Average four star and five star hotels room yields reported in the fourth quarter of 2018 are USD 63 per night while the tariffs range from USD140 to USD 220 per night. Even the office market only has Grade C standard real estate and the average rentals have been declining about 4% every year since 2010. The supply of office space has been sporadic with several intervening years of no supply. Even with lower levels of supply and declining rentals, the office space still has resulted in the vacancy rate of Can Tho office market at 22% in 2018.

The average residential land prices in Can Tho were found much lower than those in HCMC and Ha Noi. The lowest band of prices in Can Tho was at USD 244 per sq. m. which was two times lower than the lowest price band in HCMC and 3.3 times lower than the lowest price band of Ha Noi. Similarly, the highest price band in Can Tho was ~USD 4,650 per sq. m. which was one-third and one-half of the highest price band in HCMC and Ha Noi respectively. The price escalation in Can Tho is mainly seen in newly developing areas such as Cai Rang and Kuong Islet. But in the city centre, the escalation has been very moderate. The price escalation in newly developing areas is on the account of change in land use and better infrastructure. With the abundance of land supply in the city, the price trends are unlikely to move upwards.

Vietnam may have experienced a booming year on account of land fever in 2018, but Can Tho did not experience any heightened activity. Can Tho real estate market is fundamentally weak. The abundance of land in the city coupled with unattractiveness of the city's economy have resulted in lack of demand pressure for the real estate. In an already muted real estate market, tightening of credit scheme may further impact sales.

All these factors have created a situation where there is insufficient demand pressure on land, thereby leading to a real estate market that lacks buoyancy.

## 2. Introduction

### 2.1 Background

The World Bank funded Can Tho Urban Development and Resilience Project (CTUDRP) is designed to increase the city's physical, financial and social resilience to adverse hydro-meteorological events, by financing infrastructure to protect the urban core from flooding, and guiding the development on higher land.

The project will support the construction of an embankment along the river Can Tho and also the improvement of local tidal management and drainage systems. It will also help enhance intra-city connectivity and encourage new urban development in the less flood-prone area of Cai Rang, on the opposite bank of the Can Tho River.

The total investment planned is USD 322 million with the World Bank funding of USD 250 million, Swiss State Secretariat for Economic Affairs (SECO) funding of USD 10 million and the city government funding USD 62 million towards the project.

It is estimated that the public investment will create increased land and property values, thus giving rise to opportunities for the government to capture some of this incremental value and recover some of the incurred / future costs.

Accordingly, the objectives of this assignment on the development of land value capture and private investment options, are:

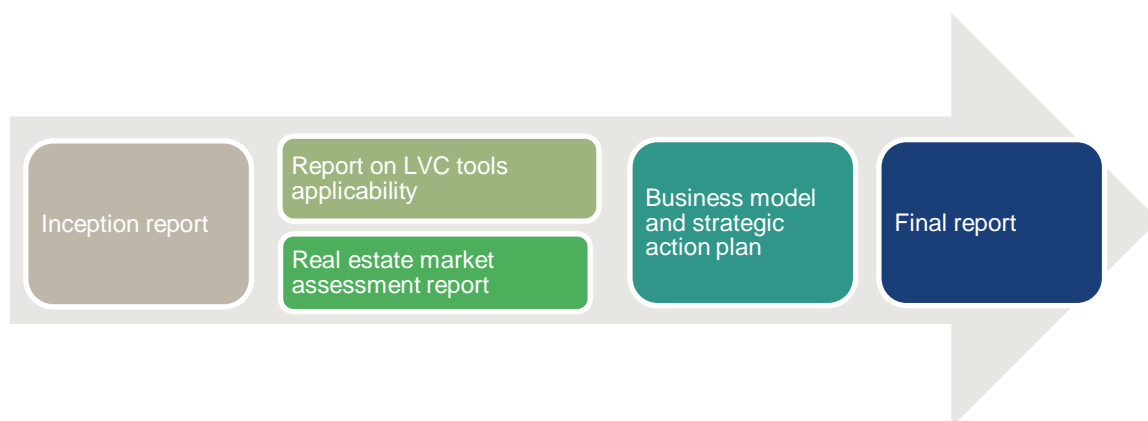
- To study the legal and regulatory environment for land value capture in Can Tho
- To study the real estate market trends in Can Tho and, in particular, the urban core area
- To develop a menu of options for land development and sale
- To develop context-driven business model for the implementation of land value capture strategies

The core idea is to define strategies to leverage the value of publicly owned land (and associated structures) and facilitate the creation of additional value from new development.

The outputs of the assignment will be targeted at the World Bank task team of CTUDRP and the city government. The outputs will also be used for the City Resilience Program at the global level.

The assignment has the following five stages:

**Figure 2.1: Five stages of the assignment**



The inception report provided an overview of all the stages of the assignment, presented preliminary understanding of the legal and institutional framework, and also identified the data requirements for the assignment.

This report which is the second deliverable of the assignment is the real estate market assessment report. It provides an overview of macro-economic trends in Can Tho along with a detailed assessment of the real estate market in the city. This lays ground for applicability of land value capture strategy by assessing the potential growth of real estate market.

The third deliverable is the report on LVC tools applicability. It includes a detailed documentation of the regulatory framework for land value capture in Vietnam, along with the best practice case studies from both Vietnam and other countries in regards to land value capture strategies. It presents analytical inputs with regard to how the Can Tho city government can augment the land based revenue sources by reforming the current processes and also what new land value capture tools can be introduced in both the short and long term.

The fourth deliverable i.e. the business model and strategic action plan, shall present the business model for the identified revenue sources. It will demonstrate the revenue potential from the sources considering their applicability in the project influence area. Further, it shall present some options for potential catalytic development in the project influence area, based on which inputs to the zoning exercise in the project influence area shall also be recommended.

The final report will provide the land value capture strategy for the Can Tho City consisting of all the findings from the assignment and all inputs received from the city and World Bank.

## **2.2 About the report**

The report aims to understand the development trends in Can Tho by analysing Can Tho's demographic trends, macroeconomic trends and the performance of its real estate market. While doing this, Can Tho's development indicators have been compared with that of the overall country and also of other comparable cities. This helps in understanding the potential for the city to grow in the near future. The report also takes into consideration the local development pattern by assessing the land-use and transportation network and analyses what triggers led to the city's development.

The second chapter of the report provides a snapshot of the city's development profile. The objective of this chapter is to understand the current situation of the overall development of the city.

The third chapter presents detailed assessment of the demographic and macroeconomic trends of Can Tho. The demographic and macroeconomic situation are the main drivers of a city's land market. The chapter provides an idea of the future growth scenario of Can Tho.

The fourth chapter presents the real estate market assessment giving details of demand and supply for various real estate product types, the price trends and the real estate future outlook.

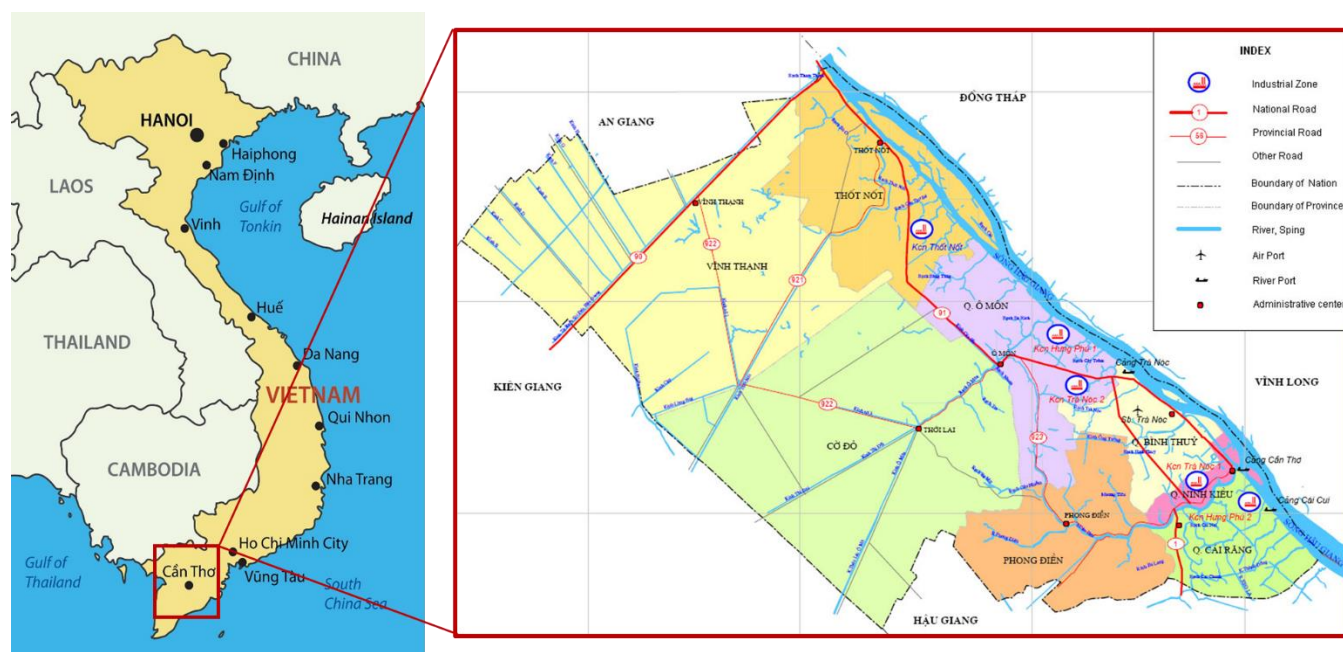
## 3. City Profile

This section of the report provides the development context of Can Tho city considering the location, connectivity, population, and also the land use details along with the development pattern.

### 3.1 Location

Located in the south of Vietnam, Can Tho is the largest city in the Mekong Delta region and the country's fourth largest city.

**Figure 3.1: Can Tho location<sup>1</sup>**



Lying at the heart of the Mekong Delta region, Can Tho is one of 13 provinces that make up this region. Can Tho is bordered by An Giang in the north, Soc Trang in the south, Kien Giang and Bac Lieu in the west, and the Hau river on the east.

<sup>1</sup> Source: Ngo, Hieu & Pathirana, Assela & Zevenbergen, Chris & Ranasinghe, Roshanka. (2018). An Effective Modelling Approach to Support Probabilistic Flood Forecasting in Coastal Cities—Case Study: Can Tho, Mekong Delta, Vietnam. *Journal of Marine Science and Engineering*, 6. 55. 10.3390/jmse6020055



**Figure 3.2: Can Tho's location in the Mekong Delta Region**



Source: [https://www.researchgate.net/figure/The-study-area-the-Mekong-Delta-and-its-13-Vietnamese-provinces-in-southern-Vietnam\\_fig1\\_236029131](https://www.researchgate.net/figure/The-study-area-the-Mekong-Delta-and-its-13-Vietnamese-provinces-in-southern-Vietnam_fig1_236029131)

The city is 34 km from Vinh Long province, 62 km from Long Xuyen city and 117 km from Chau Doc city, both of which are located in An Giang province. It is 63 km from Soc Trang province, 104 km from My Tho City (Tien Giang province), 116 km from Rach Gia City (Kien Giang province), 179 km from Ca Mau City and 169 km from Ho Chi Minh City.

### **3.2 Administrative divisions**

The city is one of five tier-1 cities in Vietnam, and comes under the direct control of the central government. It became tier-1 city in 2004. Thus the city People's Committee has the powers of Provincial People's Committee.

The city covers an area of 1,409 sq. km and is composed of nine districts. There are five urban districts and four rural districts. The five urban districts cover an area of 419 sq. km and are – Ninh Kieu, Cai Rang, Binh Thuy, O Mon and Thot Not. The rural districts cover an area of 990 sq. km. and are – Co Do, Phong Dien, Thoi Lai, and Vinh Thanh.

The urban districts are further subdivided into 44 wards (phuong), while the rural districts are subdivided into 5 towns (thi tran) and 36 communes (xa).

Each district is administered by the District People's Committee.

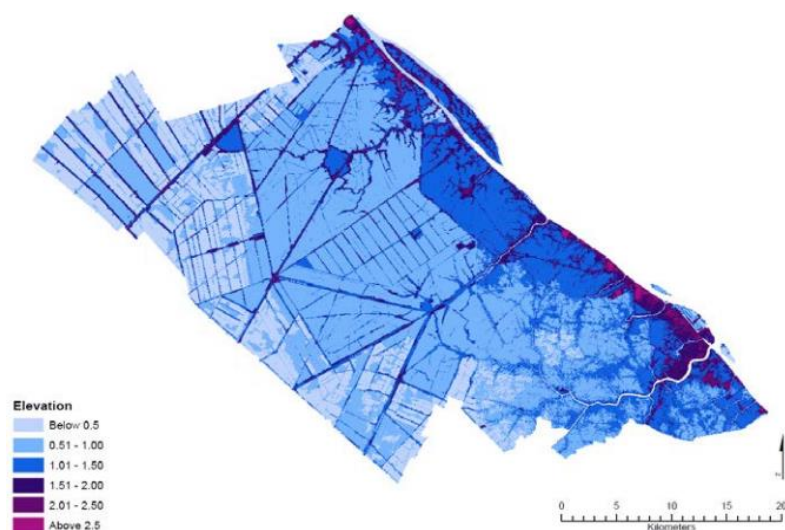
Figure 3.3 Can Tho map showing district boundaries



## 3.3 Topography

The city of Can Tho which lies on a fertile land mass of Mekong Delta has a relatively flat terrain with an average height of 1-2 m for sloping land along the bank of along the bank of the Hau River; the land gets lower from the Can Tho River towards the inner fields i.e. from the north east to the south west.

Figure 3.4: Topography of Can Tho City, 2014



Source: *Can Tho, Vietnam: Enhancing Urban Resilience. June 2014*

In addition, the city also has natural features such as dunes and islets like Con Au, Con Khuong, Con Son and Tan Loc. Broadly, the terrain can be classified into three types: highland along the river bank, lowland in the mid-west or the inner field, and islets in the river and off the coast.

### 3.4 Population

Can Tho's total population as of 2017 was 1,272,822 persons. A majority of Can Tho's population (20.9%) resides in Ninh Kieu district. However, population growth has been highest in Binh Thuy and Cai Rang districts at 1.4% CAGR. The table given below provides district-wise trends of population growth.

**Table 3-1: District-wise population growth<sup>2</sup>**

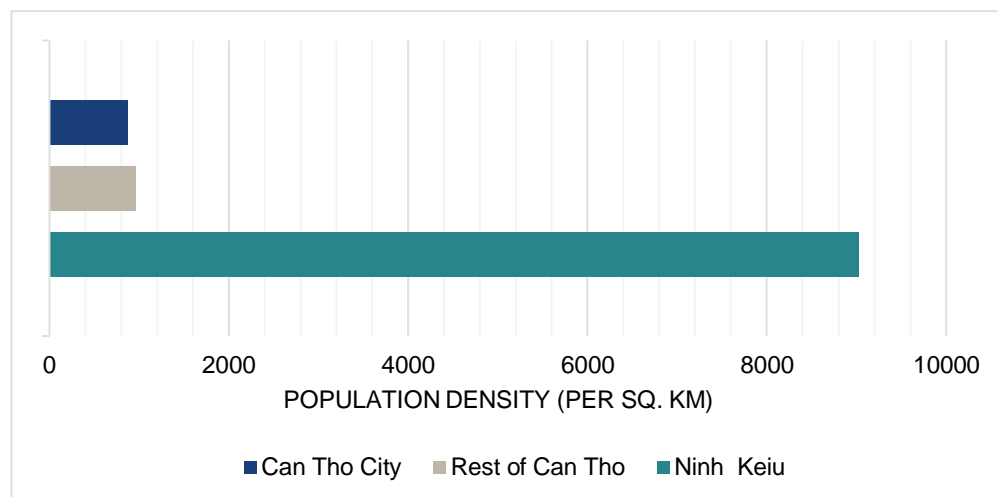
District	2010	2013	2014	2015	2016	CAGR
<b>Urban districts</b>						
<b>Ninh Kieu</b>	246,743	255,728	258,218	260,833	263,786	1.1%
Percentage of total population	21%	21%	22%	22%	22%	
<b>O Mon</b>	131,465	134,630	135,971	137,317	138,670	0.9%
Percentage of total population	11%	11%	11%	11%	12%	
<b>Binh Thuy</b>	113,289	119,158	120,576	121,721	123,059	1.4%
Percentage of total population	9%	10%	10%	10%	10%	
<b>Cai Rang</b>	87,423	91,000	91,927	93,733	95,268	1.4%
Percentage of total population	7%	8%	8%	8%	8%	
<b>Thot Not</b>	160,558	164,940	166,639	168,022	169,638	0.9%
Percentage of total population	13%	14%	14%	14%	14%	
<b>Sub-total - urban districts</b>	739,478	765,456	773,331	781,626	790,421	1.1%
Percentage of total population	62%	64%	64%	65%	66%	
<b>Rural districts</b>						
<b>Vinh Thanh</b>	113,470	116,110	116,511	116,851	117,375	0.6%
Percentage of total population	9%	10%	10%	10%	10%	
<b>Co Do</b>	124,818	126,069	126,427	126,549	126,946	0.3%
Percentage of total population	10%	11%	11%	11%	11%	
<b>Phong Dien</b>	100,166	101,120	101,630	101,965	102,654	0.4%
Percentage of total population	8%	8%	8%	8%	9%	
<b>Thoi Lai</b>	121,885	123,505	124,370	124,818	125,170	0.4%
Percentage of total population	10%	10%	10%	10%	10%	
<b>Sub-total – rural districts</b>	460,339	466,804	468,938	470,183	472,145	0.4%
Percentage of total population	38%	39%	39%	39%	39%	
<b>Can Tho</b>	<b>1,199,817</b>	<b>1,232,260</b>	<b>1,242,269</b>	<b>1,251,809</b>	<b>1,262,566</b>	<b>0.9%</b>

Source: Can Tho City Statistical Year Book 2016, CRIS Analysis

Ninh Kieu district is also the densest in the city, with a population density of 9024 persons per sq. km. Compared to this, the combined average density of the urban districts in Can Tho is 1,881 persons per sq. km. and the city's average density is 877 persons per sq. km.

<sup>2</sup> Source: Can Tho City Statistical yearbook 2016

Figure 3.5: Population density per sq. km



Source: Can Tho City Statistical Year Book 2016, CRIS Analysis

## 3.5 Connectivity

The province is connected by road, waterways and air transportation. The most preferred way of accessing the province is currently by road.

### 3.5.1 Roads

National road no.1A is the arterial road connecting Can Tho City with HCMC and other provinces in the region. This road is expected to be upgraded up to 80 meters width.

National Road No.91 has a total length of 30 km, and links Can Tho Port, Can Tho Airport and Tra Noc Technological Zone with Ninh Kieu district.

National Road No.91B links National Road no.91 with Ninh Kieu and Cai Rang District. This is the major road for heavy trucks and coaches to go through Can Tho city.

National Road No. 91C passes through Cai Rang district and connects Can Tho city with the Hau Giang Province.

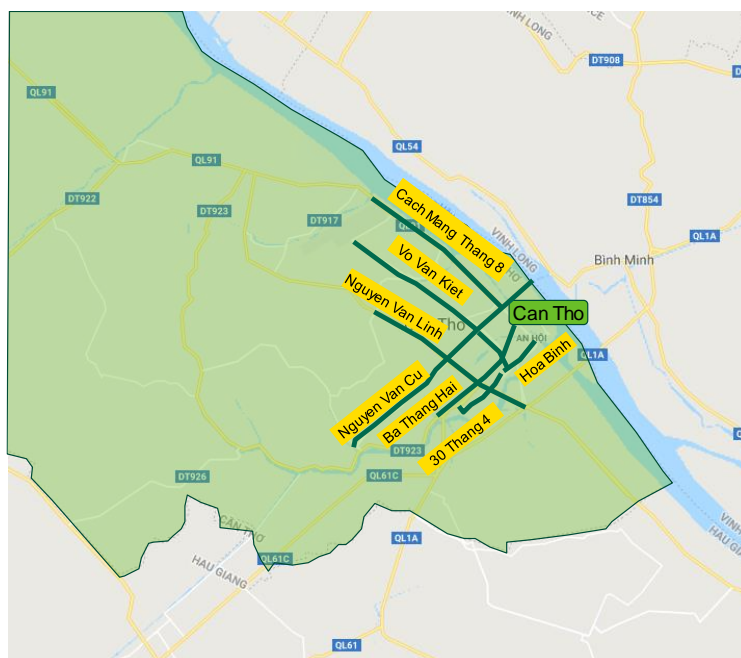
The internal streets follow a grid pattern with three vertical axes which run parallel to the Hau river and two horizontal axes running perpendicular to the Hau river.

**Figure 3.6: Map of key national roads in Can Tho**



Source: CBRE Vietnam

**Figure 3.7: Map of key streets in Ninh Kieu district**



Source: CBRE Vietnam

### 3.5.2 Waterways

The inland waterway system of Can Tho is mainly on the Hau river, which is the main branch of the Mekong river.

The three main ports in Can Tho are:

1. Can Tho International port which is capable receiving ships of 10,000DWT.

2. Cai Cui Port which is capable of receiving ships of up to 20,000DWT with loading capacity of 4.2 million tons of commodity per year.
3. Tra Noc Port which is capable of receiving ships of 5,000DWT

**Figure 3.8: Map of key ports and bridges in Can Tho**



Source: CBRE Vietnam

### 3.5.3 Airport

Formerly known as the Tra Noc airport, the Can Tho International Airport has been operational since 2011 after upgradation. This airport is reportedly operating under capacity, serving only about 20% of estimated passenger capacity<sup>3</sup>. There are domestic flights to Da Nang, Hanoi, Phu Quoc and Con Dao. In terms of international connectivity, the airport currently only has charter flights to Taiwan and Thailand.

## 3.6 Spatial development

To understand the development trend in Can Tho, satellite imagery of the city was analysed from 1984 onwards. It shows that Can Tho is predominantly under agricultural use. It was only post 1990, that Can Tho city center started forming in Ninh Kieu district. From 1998 to 2008, development in Ninh Kieu district got denser and from 2004 onwards, there were signs of development along the banks of the Hau river, in Binh Thuy district, north of Ninh Kieu,.

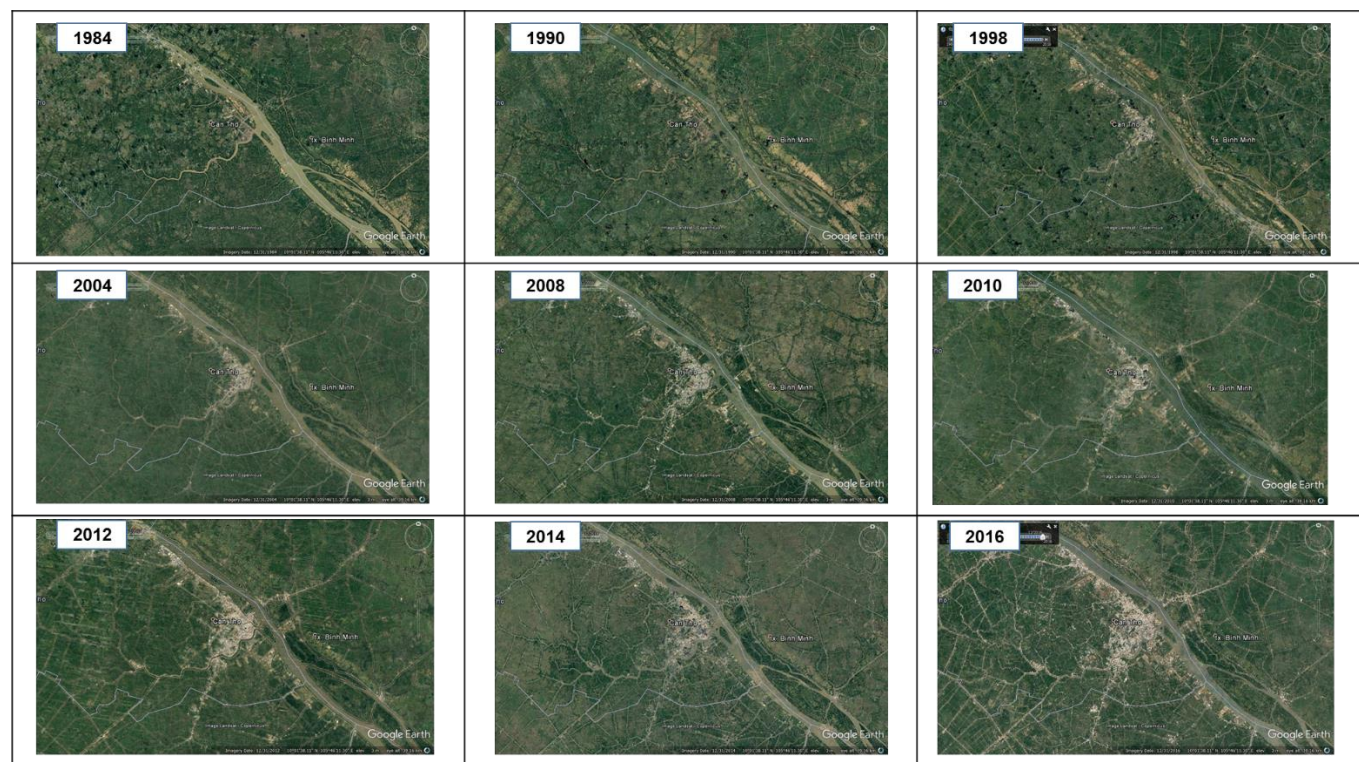
From 2006 until 2016, development in Can Tho's city center, and along the banks of the Hau river continued to densify and it also expanded towards south-west direction along the Can Tho river. From 2008, some development started in Cai Rang district.

Development is seen to have been guided by the Hau river and Can Tho river rather than the road network. Development is denser near to the river and thins out as one moves away from it. The density of development also seems to depend on proximity to Ninh Kieu district.

<sup>3</sup> <https://e.vnexpress.net/news/business/industries/vietnam-warned-it-is-planning-one-airport-too-many-3816096.html>; accessed in February 2019

On the whole, over a 22 year period (1984-2016), barring the development of Can Tho's city center, and industrial development along parts of the Hau river, the city's spatial development has been slow and limited.

**Figure 3.9: Can Tho spatial development**



Source: Google Earth Pro

### 3.7 City level land use analysis

The data used for this analysis is from the 'Land Use Planning Map – Can Tho City 2020'. This map displays the actual land use in 2010 and the planned land use for 2020 of Can Tho City.

Based on the source maps, the land use analysis<sup>4</sup> at the city level<sup>5</sup> has been carried out. The map presents the land use in 8 major categories. These are:

- Residential
- Industrial
- Infrastructure / administrative / non-business
- Agricultural – rice only
- Agricultural – perennial crops
- Security / national defence
- Cemetery

<sup>4</sup> A major limitation of the source maps was that the data was provided in graphical format only, with no supporting numerical tables. Further, data on different land use purposes were drawn on the same layer. This combined with the use of text labels (annotations) on the same color shapes and the large number of these shapes made the separation of the shapes into different layers a challenging task. Nonetheless, care was taken to ensure a reasonable level of accuracy when refining these maps.

<sup>5</sup> Please refer Annexures 1 and 2 for detailed land use analysis in Ninh Kieu, Cai Rang and Binh Thuy districts, and along the project corridors.

- Waste dumps / treatment plants

### 3.7.1 City level - current land use (2010)

As per 2010 land use maps, almost 1,117.21 sq. km, or roughly 88%, of the land in Can Tho was under agricultural use – dominated by rice cultivation (72.6%), followed by perennial crops (15.5%). About 95.40 sq. km or 7.5% of the land was under residential use. The area under residential use also includes commercial development. Only 0.5% of total land area in the city i.e. 5.83 sq. km. was under industrial use in 2010. The land used for infrastructure, administrative and non-business purposes amounted to 36.7 sq. km or 2.9% of total land area.

**Table 3-2: Can Tho land use, 2010**

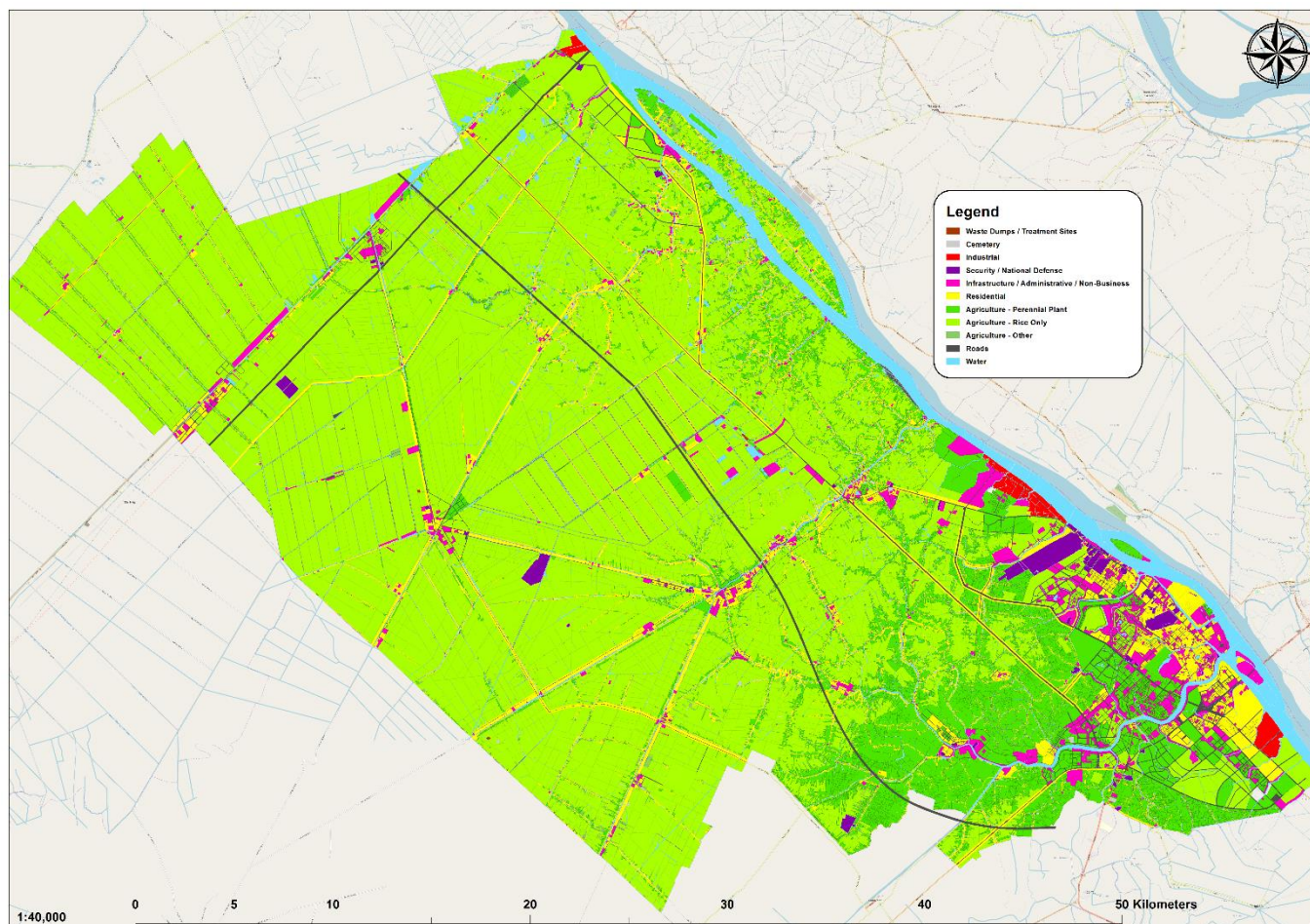
Land Use	Area <sup>6</sup> , 2010 (in sq. m)	Percentage Composition
Cemetery	2,400,293	0.2%
Industrial	5,832,139	0.5%
Infrastructure / Administrative / Non-business	36,703,736	2.9%
Agricultural - perennial crops	196,425,379	15.5%
Residential	95,399,166	7.5%
Agricultural - rice only	920,783,752	72.6%
Security / National defence	10,367,155	0.8%
Waste dumps / treatment plants	210,458	0.0%
<b>Total</b>	<b>1,268,122,078</b>	<b>100%</b>

Source: CRIS analysis

<sup>6</sup> Land use areas may not exactly match the city's total area due to errors in geo-referencing in the source maps.



**Figure 3.10: Can Tho land use map, 2010**



Source: CRIS analysis

As can be observed from the map above, most of the land area in Can Tho is used for agricultural purpose.

Can Tho City can be classified as a monocentric city because it is characterized by only one major commercial area, which is the CBD in Ninh Kieu. Most commercial and trading activities in the city are located along the coast or adjacent to the downstream waterway. The CBD is conveniently accessible by other neighbouring districts via major transport ways such as the National Road – 91, 91B and 91C, Vo Van Kiet Road, and Nguyen Van Cu Extension Road.

The residential land use (most likely mixed use) can be found in the center of the city, mainly in Ninh Kieu, Cai Rang and Binh Thuy districts. Some amount of residential development can also be found radiating along major transport corridors across the city.

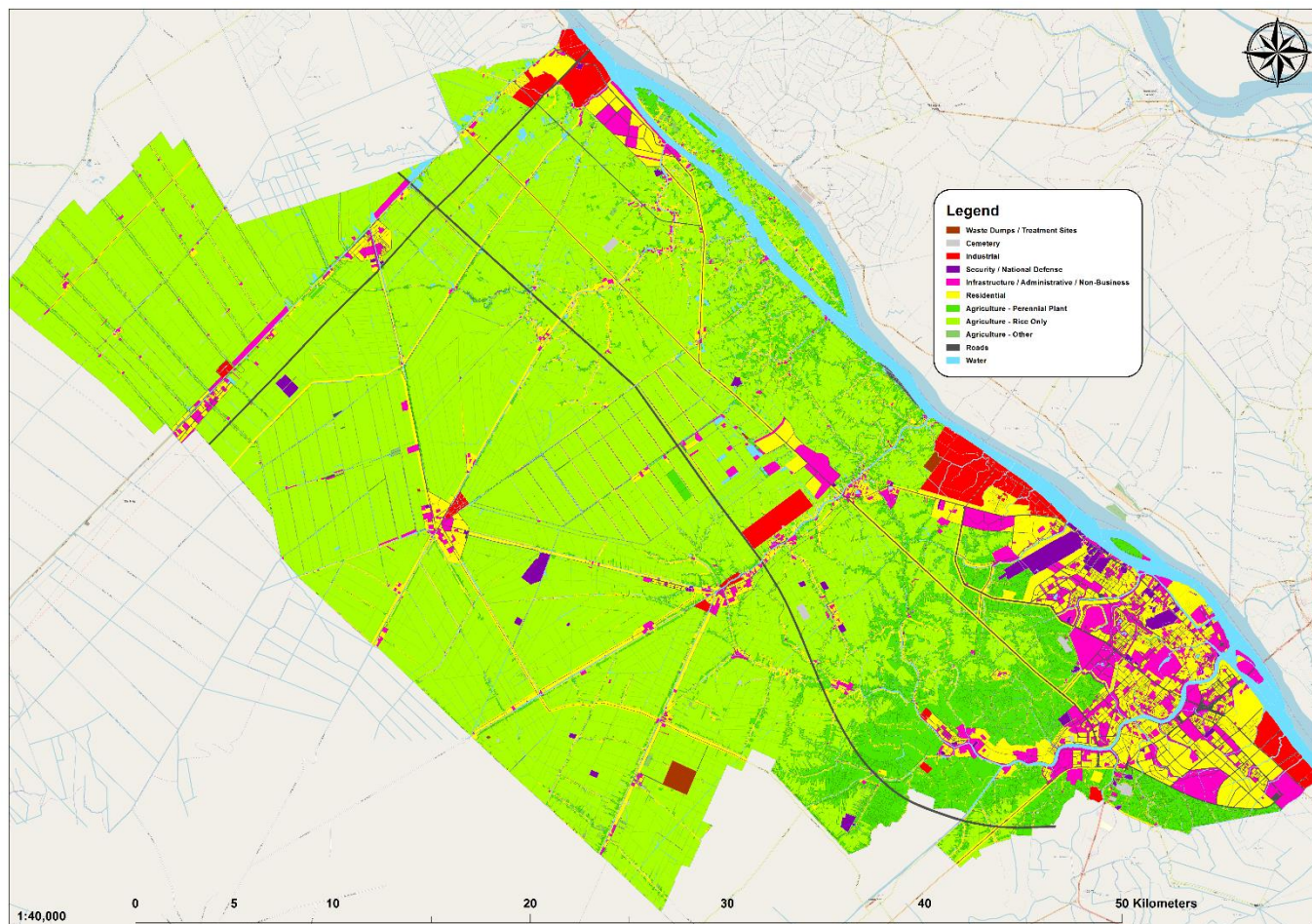
The industrial zone is dispersed along the coast and is in close proximity to the CBD due to ease of accessibility and logistics. Industrial land use may be observed in three major clusters - the north of Thot Not District, the center of O Mon District and the south of Cai Rang District. All industrial clusters have a notable characteristic in terms of location. They are located in riverfront areas bordering the Hau river. The river plays an important role in goods shipping and transportation of the city because it is the main water route to the Eastern Sea.

The land used for infrastructure, administrative and non-business purposes is concentrated in Ninh Kieu, Cai Rang, Binh Thuy, along the Can Tho river, along road QL80 and parts of DT922.

## 3.7.2 City level - planned land use (2020)

As per the proposed land use plan for 2020, majority of the land i.e. ~80% is still reserved for agricultural purposes – land use for rice cultivation being 68.5% followed by perennial plants at 12.2%.

**Figure 3.11: Proposed land use for Can Tho City, 2020**



Source: CRIS analysis

The land for residential use is set to increase in Can Tho from 95.40 sq. km to 143.12 sq. km; its proportion to total land area increasing from 7.5% in 2010 to a proposed 11.5% in 2020. This means 50% increase in the residential land supply from the 2010 levels. The additional area reserved for residential land can be seen in Ninh Kieu, Cai Rang, Binh Thuy and Thot Not. Most of this proposed residential land is concentrated in Cai Rang district.

The land for industrial purposes however is proposed to be expanded by an additional 24 sq. km taking the total land dedicated for industrial use to 30.15 sq. km or 2.4% of Can Tho's total area. The existing industrial zones in Thot Not, O Mon and Cai Rang districts are proposed to be expanded through the conversion of agricultural land. Additionally, a new industrial area is proposed in Co Do district, close to O Mon.

The land used for infrastructure, administrative and non-business purposes increased from 36.7 sq. km to 53.93 sq. km in the proposed land use plan for Can Tho, its percentage composition increasing from 2.9% to 4.3% of total land area in the city. A significant amount of existing agricultural land is expected to be converted for infrastructure / administrative / non-business use, particularly in Cai Rang and Ninh Kieu districts, and to a certain extent in Phong Dien district as well.

Between 2010 and the proposed 2020 land use, there is no significant change in land reserved for cemeteries, security / national defence and waste dumps / treatment plants. However, the 2020 master plan clearly identifies two sites for waste dump / treatment plants – one in O Mon district adjacent to the industrial area, and the other in the midst of agricultural land in Co Do district.

**Table 3-3: Can Tho City - current land use vs. planned land use**

Land Use	Area in 2010 (In sq. m.)	Planned area in 2020 (In sq. m.)	Percentage composition of area in 2010	Percentage composition of planned area (2020)
Cemetery	2,400,293	3,647,676	0.2%	0.3%
Industrial	5,832,139	30,147,192	0.5%	2.4%
Infrastructure / Administrative / Non-business	36,703,736	53,931,573	2.9%	4.3%
Agricultural - perennial crops	196,425,379	154,000,789	15.5%	12.2%
Residential	95,399,166	143,121,676	7.5%	11.3%
Agricultural - rice only	920,783,752	865,798,058	72.6%	68.5%
Security / National defence	10,367,155	11,602,622	0.8%	0.9%
Waste dumps / treatment plants	210,458	2,481,070	0.0%	0.2%
<b>Total</b>	<b>1,26,81,22,078</b>	<b>1,264,730,656</b>	<b>100.0%</b>	<b>100.0%</b>

Source: CRIS analysis

## 3.8 Zoning regulations – city level

The Amended Construction Master Plan of Can Tho City to 2030 was analysed in order to understand the applicable zoning regulations for building density, building height, and land use factor (or floor area ratio).

### 3.8.1 Building density

As per the Vietnam Building Code on Regional and Urban Planning and Rural (QCXDVN 01: 2008/BXD), building density is calculated as the total area covered by a building as a percentage of total area of the land lot. Thus, building density is similar to what is commonly known as ‘ground coverage’.

As per the Amended Construction Master Plan of Can Tho City to 2030, high building density of 80% is permitted in the center of urban areas, areas adjacent to major traffic routes and also at the other nodes such as O-Mon new urban zone, That Not industrial zone and Tra Noc industrial zone.

Medium building density of 40 – 60% is permitted in administrative / professional centers, industrial zones, and new housing areas surrounding central urban areas.

Low building density of less than 40% is permitted in tourist zones, low density housing land outside central urban areas.

Very low building density ranging from 5% to 15% is applicable for recreational areas, gardens, parks, and parks within housing areas.

Figure 3.12: Building density regulations for Can Tho City



Source: Translated from Amended Construction Master Plan for Can Tho City to 2030

### 3.8.2 Building height and floor area ratio

As per the Amended Construction Master Plan of Can Tho City to 2030, maximum building heights and floor area ratio (FAR) is permitted in the center of the Ninh Kieu-Binh Thuy traditional urban areas. Zoning regulations permit building heights ranging from 18 to 36 storeys, and FAR ranging from 9 to 14.5.

Highest building densities are proposed along the important roads in Ninh Kieu district, and also at the O'Mon new urban zone, and Tra Noc industrial zone.

Building heights ranging from 10 to 18 storeys, with FAR of 7 to 9, is permitted in areas such as the north of Ninh Kieu – Binh Thuy traditional urban area, the center of industrial urban areas in Cai Rang and Tra Noc, and Thot Not industrial zone and O'Mon new urban zone.

Administrative centers, professional centers, public buildings, existing housing areas, and high density housing land are permitted building heights of 5 to 9 storeys and FAR ranging from 3.5 to 5.5.

For localities outside the centers of urban areas such as industrial zones, low density housing land, and ecological tourist zones, etc., the permissible building height must be less than 5 storeys and FAR less than 3.

**Figure 3.13: Building height and FAR regulations for Can Tho City**



Source: Translated from Amended Construction Master Plan for Can Tho City to 2030

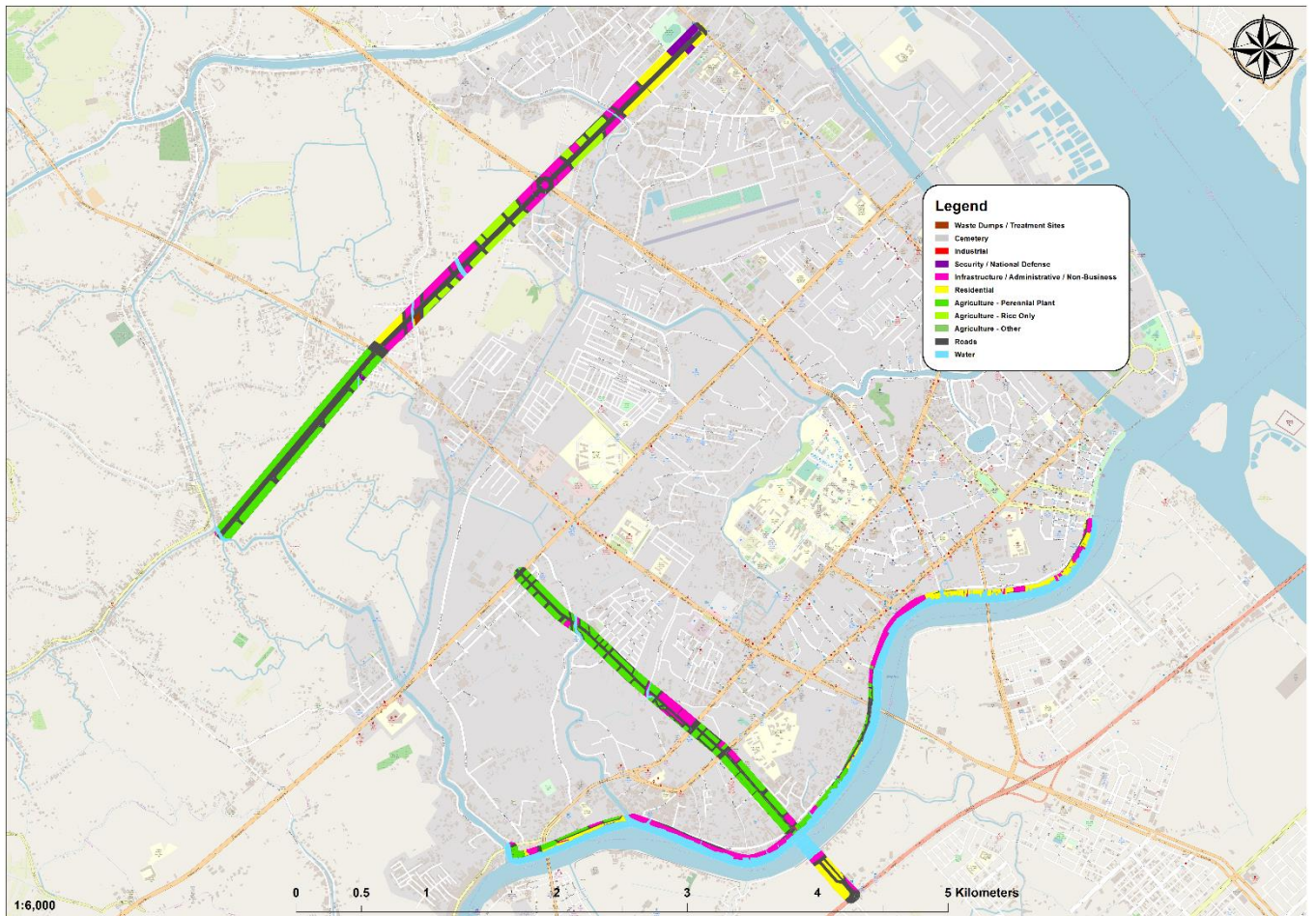
### 3.9 Land use along project corridors

For each of the sub-projects (Can Tho embankment, CMT8-PH918 connecting route, Tran Hoang Na street), a buffer zone of 50 meters along the project corridors was set as the affected area and considered for analysis.

For the project corridors, land use was analysed for three different timelines:

- **Land use in 2010:** sourced from 2010 land use data shared by the Can Tho City government

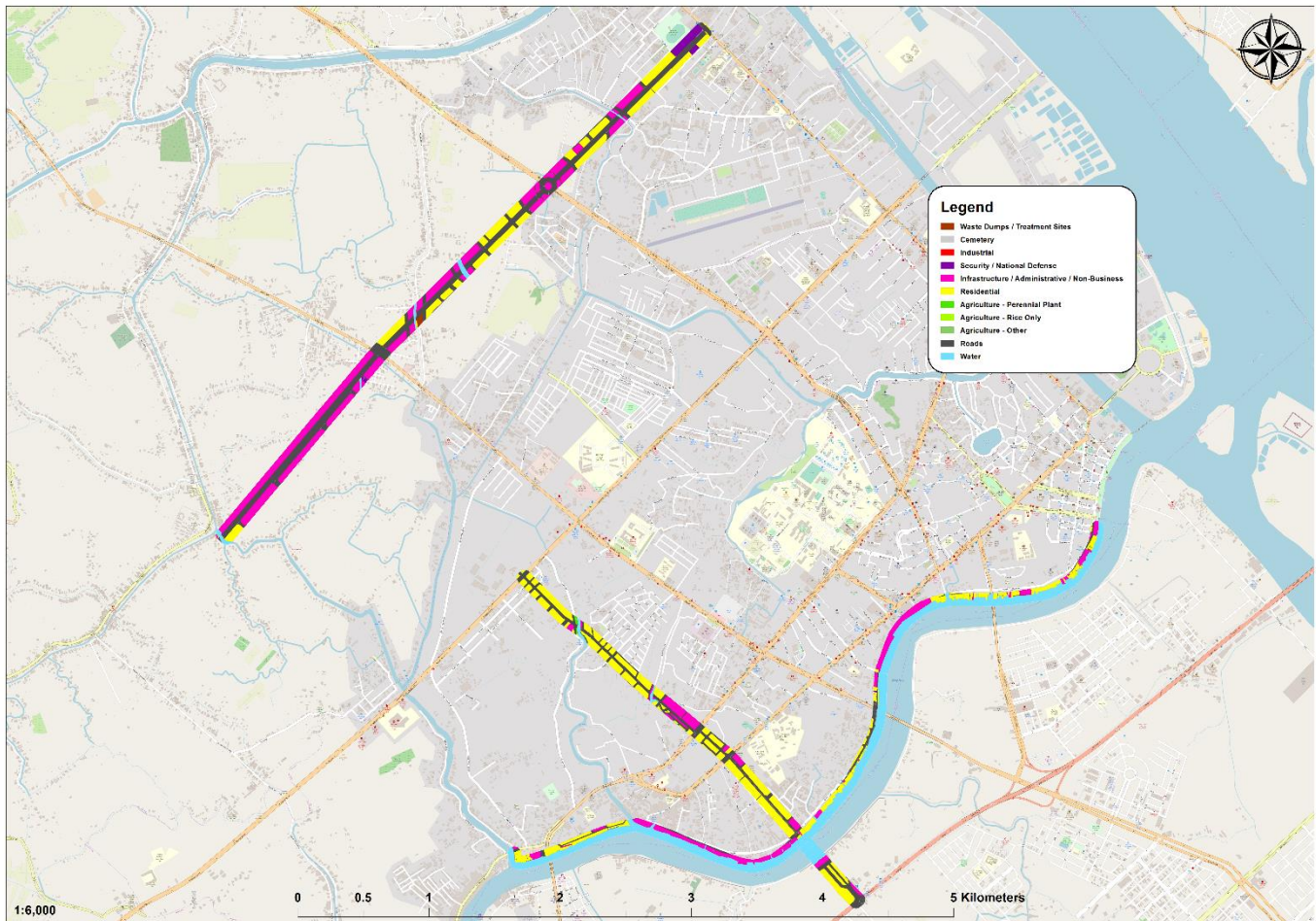
Figure 3.14: Land use along project corridors, 2010



Source: CRIS analysis

- **Proposed land use for 2020:** sourced from the 'Land Use Planning Map – Can Tho City 2020'

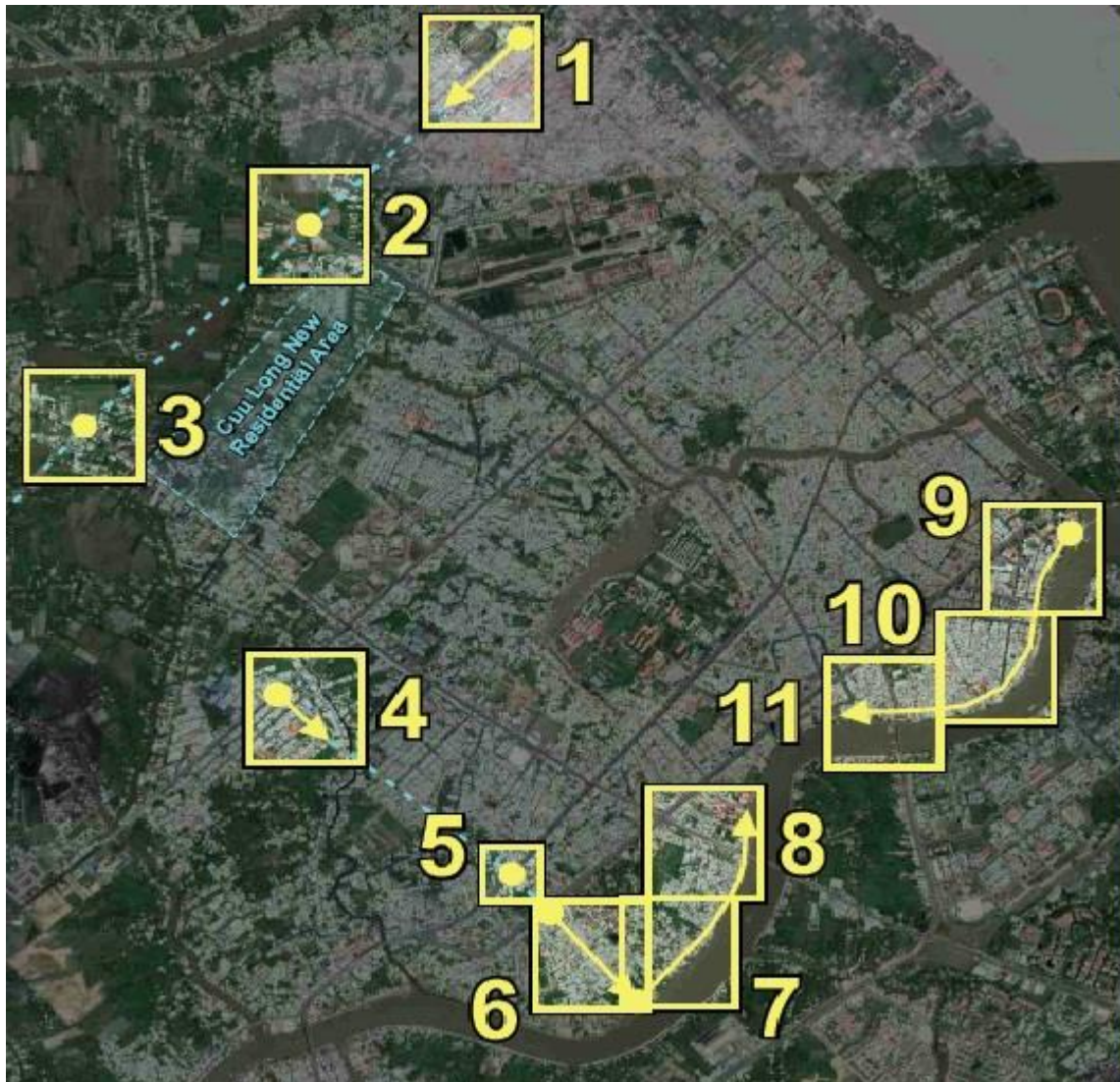
**Figure 3.15: Planned land use along project corridors, 2020**



Source: CRIS analysis

- **Current land use analysis 2019:** As data on current land use was not readily available, eleven key nodes and stretches were selected along the three project corridors. Detailed site visits along with extensive photo-documentation was carried out at these 11 nodes, in order to build a granular picture of the existing land use in these areas. Observations on type of development, land use, and approximate height and ground coverage of buildings, were recorded. A detailed photo-documentation based analysis of the current land use analysis (2019) for the project corridors has been submitted as Volume II of this report.

Figure 3.16 Development nodes along the project corridors



Source: CRIS analysis

Out of the 11 nodes identified, node number 1, 6, 9 and 10 were observed to have developed more as compared to others. Node 1 and node 6 have seen some small scaled commercial development. At the node 9 and 10, several tourist facilities such as hotels, restaurants, cafes are seen to have developed.

## 3.9.1 Land use along the Can Tho embankment

### 3.9.1.1 Land use in 2010

As per the current land use maps prepared in 2010, the major land use along the Can Tho embankment project is for infrastructure / administrative / non-business purposes, admeasuring 53,043 sq. m, making up almost half of the land along the corridor. This is followed by land used for residential (including commercial) purposes (27.5%) and cultivation of perennial crops (22.4%).



**Table 3-4: Land use along the Can Tho embankment, 2010**

Land Use	Area, 2010 (in sq. m)	Percentage Composition
Cemetery	-	0.0%
Industrial	-	0.0%
Infrastructure / Administrative / Non-business	95,949	49.8%
Agriculture - perennial crops	43,162	22.4%
Residential	53,043	27.5%
Agricultural - rice only	-	0.0%
Security / National defence	382	0.2%
Waste dumps / treatment plants	-	0.0%
<b>Total</b>	<b>192,535</b>	<b>100.0%</b>

Source: CRIS analysis

### 3.9.1.2 Current land use, 2019

Five sections of the eleven nodes selected for analysis, were located along the embankment (refer map and detailed photo-documentation of nodes 7, 8, 9, 10 and 11 in Volume II of this report).

- **Node 7 - Can Tho embankment along Tam Vu street near Tran Hoang Na street:** On the whole, there have been no major changes that have taken place along Tam Vu street from its intersection with Tran Hoang Na to Hung Loi Bridge. There have been a few new small household businesses that have opened up recently, but the number is negligible. There were no signs of site clearance or construction activity along this stretch. Interaction with residents here revealed that there has not been any new development here in the last 3-5 years.
- **Node 8 – Can Tho embankment along Tam Vu street near Tran Ngoc Que street:** Most of the land along this part of Tam Vu street (on the riverside) has been cleared out, and most of the buildings here have been demolished. Site clearance for the construction of the embankment has almost been completed on this part of the street. However, buildings and businesses located on the other side are operating normally, without any effect.
- **Node 9 – Can Tho embankment along Hai Ba Trung street:** The embankment along this part (Ninh Kieu Quay) has been completed. This area has a concentration of commercial and tourist activity. Almost all the buildings along this stretch have been converted to shophouses – offering food, beverage and retail options to visitors. Some tourist shuttle services (boats, yachts, city-tour cars, etc.) have their stations along the embankment. Several hotels, restaurants and cafes have been set up to serve the tourists that visit the city.
- **Node 10 – Can Tho embankment along Nguyen Thi Minh Khai street Point 1:** The acquisition of land along this stretch is reported to be completed, however since construction has not yet commenced, the buildings here are still in use, and businesses are still operational. A few new businesses have been set up, some of which are medium-sized to serve the flow of tourist population (e.g. West Hotel, 10 storeys). This is a traditional market area with two big market places. Building heights are low with most building heights ranging from 1 to 2 storeys.
- **Node 11 - Can Tho embankment along Nguyen Thi Minh Khai street Point 2:** The acquisition of land along this part has been completed, however since construction has not yet commenced, the buildings here are still in use, and businesses are still operational. Only a few businesses have been set up, however these establishments are mostly temporary small-scale household businesses serving local residents around the area. Building heights are low with most building ranging from 1 to 2 storeys, and the neighbourhood has not witnessed any significant changes.

### 3.9.1.3 Planned land use, 2020

As per the master plan for 2020, all the agricultural land along the embankment project is expected to be converted for residential (mixed) use, taking the share of residential area as a percentage of total area along embankment from 27.5% in 2010 to 50% in 2020.

**Table 3-5: Current vs. planned land use along Can Tho embankment**

Land Use	Percentage composition of area in 2010	Percentage composition of planned area (2020)
Cemetery	0.0%	0.0%
Industrial	0.0%	0.0%
Infrastructure / Administrative / Non-business	49.8%	49.8%
Agriculture - perennial crops	22.4%	0.0%
Residential	27.5%	50.0%
Agricultural - rice only	0.0%	0.0%
Security / National defence	0.2%	0.2%
Waste dumps / treatment plants	0.0%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

Source: CRIS analysis

### 3.9.2 Land use along CMT8-PH918 connecting route

#### 3.9.2.1 Land use in 2010

At 54.7% and admeasuring an area of 245,956 sq. m, the major land use along the CMT8-PH918 connecting route is for agricultural purposes. While 25.1% of the land along this route is used for infrastructure / administrative / non-business purposes, 14.6% is used for residential purposes. In addition to this, about 5% of the land along this corridor is occupied for security / national defence purposes.

**Table 3-6: Land use along the CMT8-PH918 connecting route, 2010**

Land Use	Area, 2010 (in sq. m)	Percentage Composition
Cemetery	-	0.0%
Industrial	-	0.0%
Infrastructure / Administrative / Non-business	112,739	25.1%
Agriculture - perennial crops	157,674	35.1%
Residential	65,448	14.6%
Agricultural - rice only	88,282	19.6%
Security / National defence	22,405	5.0%
Waste dumps / treatment plants	2,957	0.7%
<b>Total</b>	<b>449,505</b>	<b>100.0%</b>

Source: CRIS analysis

#### 3.9.2.2 Current land use, 2019

Three of the eleven nodes selected for analysis, were located along the CMT8-PH918 connecting route (refer map and detailed photo-documentation of nodes 1, 2 and 3 in Volume II of this report).

- **Node 1 – CMT8-PH918 connecting route intersection with CMT8 Street:** Construction activity for the new route has commenced and is in progress. A few small businesses such as small coffee shops, internet cafes and mechanic shops / garages have been set up near the existing street. However, level of development and economic activity in the area appears to be relatively low. Building heights here too are very low, ranging from 1 to 3 storeys for most buildings. This used to be army land and served as a residential area for the families of military personnel, however it is now open for civilians as well. All the old houses on the proposed route have been demolished or set off for site clearance.
- **Node 2 – CMT8-PH918 connecting route intersection with Vo Van Kiet Street:** Construction activity for this route has already begun and is ongoing. Only a few businesses were observed near the existing street – a coffee shop and a wood work shop. No housing units were observed in this area. Most of the paddy fields on the new route have been acquired, and some are currently in the stage of earthwork and site preparation.
- **Node 3 – CMT8-PH918 connecting route intersection with Nguyen Van Linh Street:** Construction activity for the new road is yet to commence in this area, and most business activity in this area has not seem much change in the last 3-5 years. The few businesses observed in this area were two small coffee shops and an iron door workshop. Building heights were all one storey high.

### 3.9.2.3 Planned land use, 2020

As per the master plan for 2020, the lion's share of land along this corridor i.e. 58.2%, is expected to be used for the development of infrastructure / administrative / non-business activities. The enhancement of land under this category is expected to come from the conversion of the entire portion of agricultural land within 50 meters on either side of this corridor. Residential land is also expected to increase from 14.6% in 2010 to 36.1% of total area in 2020.

**Table 3-7: Current vs. planned land use along CMT8-PH918 route**

Land Use	Percentage composition of area in 2010	Percentage composition of planned area (2020)
Cemetery	0.0%	0.0%
Industrial	0.0%	0.0%
Infrastructure / Administrative / Non-business	25.1%	58.2%
Agriculture - perennial crops	35.1%	0.0%
Residential	14.6%	36.1%
Agricultural - rice only	19.6%	0.0%
Security / National defence	5.0%	5.0%
Waste dumps / treatment plants	0.7%	0.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

Source: CRIS analysis

## 3.9.3 Land use along Tran Hoang Na street

### 3.9.3.1 Land use in 2010

At 72.4% of the total area along this project corridor, the major land use along the Tran Hoang Na street project is for agricultural purposes. This is followed by land for infrastructure / administrative / non-business purposes at 17.8% and residential land at 9.9%.

**Table 3-8: Land use along Tran Hoang Na street, 2010**

Land Use	Area, 2010 (in sq. m)	Percentage Composition
Cemetery	-	0.0%

Land Use	Area, 2010 (in sq. m)	Percentage Composition
Industrial	-	0.0%
Infrastructure / Administrative / Non-business	45,392	17.8%
Agriculture - perennial crops	184,681	72.4%
Residential	25,142	9.9%
Agricultural - rice only	-	0.0%
Security / National defence	-	0.0%
Waste dumps / treatment plants	-	0.0%
<b>Total</b>	<b>255,215</b>	<b>100.0%</b>

Source: CRIS analysis

### 3.9.3.2 Current land use, 2019

Three of the eleven nodes selected for analysis, were located along the CMT8-PH918 connecting route (refer map and detailed photo-documentation of nodes 4, 5 and 6 in Volume II of this report).

- Node 4 – Tran Hoang Na Street extension intersection with Nguyen Van Cu Street:** The construction of this segment of the extension street has commenced. Several new businesses have been opened along this corridor such as cafes, eateries, small motels, and small shophouses. This node is expected to experience growth over the next couple of years. This segment of the extension is connected to an existing street in the residential area. Building heights range from 1 storey to 4 storeys.
- Node 5 - Tran Hoang Na Street extension intersection with 3 Thang 2 Street:** There have been no major changes in the morphology of this urban area. Some new businesses have replaced older ones. Most of the businesses in this area include auto spare parts shops, steel bar depot, etc.
- Node 6 - Tran Hoang Na Street extension intersection with 30 Thang 4 Street:** The streetscape along the original Tran Hoang Street is experiencing signs of changes, with quite a few new businesses being set up here. Most development here is low rise ranging from 1 to 3 storeys. This node is also expected to experience growth over the years.

### 3.9.3.3 Planned land use, 2020

As per the master plan, almost all the agricultural land is expected to be converted for residential development, taking the share of residential land along this project corridor from 9.9% in 2010 to 81.3% in 2020. Land use for development of infrastructure / administrative / non-business activities is expected to remain more or less the same.

**Table 3-9: Current vs. planned land use along Tran Hoang Na Street**

Land Use	Percentage composition of area in 2010	Percentage composition of planned area (2020)
Cemetery	0.0%	0.0%
Industrial	0.0%	0.0%
Infrastructure / Administrative / Non-business	17.8%	17.7%
Agriculture - perennial crops	72.4%	1.0%
Residential	9.9%	81.3%
Agricultural - rice only	0.0%	0.0%
Security / National defence	0.0%	0.0%
Waste dumps / treatment plants	0.0%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

Source: CRIS analysis

As per the land use master plan 2020, the land-use along the project corridors is proposed to be converted largely from agricultural use to residential use.

- Along the embankment, the residential landuse is proposed to increase from 27.5% to 50%
- Along the CMT8-PR918 road, the residential landuse is proposed to increase from 14.6% to 36.1%
- Along the Tran Hoang Na street, the residential landuse is proposed to increase from 9.9% to 81.3%

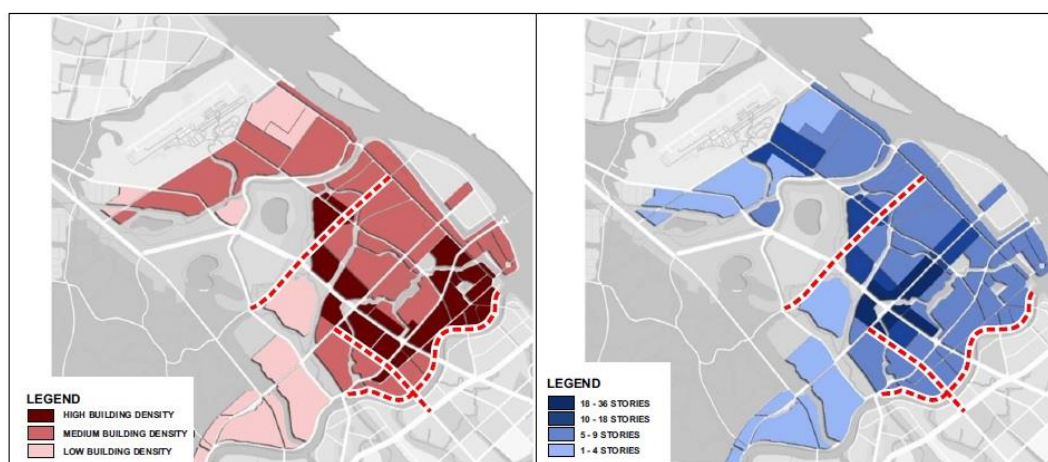
This indicates that master plan envisioned significant commercial and residential development along the project corridors.

### 3.10 Zoning regulations along the project corridors

When the zoning regulations were assessed it was observed that high building density has been proposed along the embankment, along the Nguyen Van Linh Street and on north side of CMT8-PR918 road in parts. Height regulations proposed were highest along the Nguyen Van Cu Street, along some parts of Nguyen Van Linh Street and along some parts of CMT8-PR918 road. Along the remaining parts of the project corridors, moderate level of height regulations have been proposed.

Overall most of the area in Ninh Kieu district is proposed to have building storeys of five or more and medium or high building density.

**Figure -17 Building density and height regulations**



Source: Construction master plan

However, when compared with the on-ground situation, it was found that the development was much lower than what was permitted as per the regulations. The table below elaborates this more.

**Table 3-10 A comparison between building heights (zoning regulations vs on-ground development)**

Name of project corridor	Building height permitted in zoning regulations	Actual building heights observed on selected nodes
CMT8-PH918 connecting route	1 – 4 storeys 5 – 9 storeys 10 – 18 storeys	1 – 3 storeys

Name of project corridor	Building height permitted in zoning regulations	Actual building heights observed on selected nodes
Tran Hoang Na Street	5 – 9 storeys 10 to 18 storeys 18 – 36 storeys	1 – 4 storeys
Can Tho Embankment	5 – 9 storeys	1 – 10 storeys

Of these, only at the node no. 6, 9 and 10, utilization of density and building height was closer to that permitted in the regulations. Thus development is observed mostly along the embankment and its influence zone. In the other areas, development is happening at much slower pace than what is proposed in the master plan. Thus in immediate future, there may not be any requirement of increasing the land under residential use or of providing higher building densities along the project corridors.

Also since the commercial real estate market in Can Tho is not showing momentum, it is unlikely that city will experience denser development throughout the Ninh Kieu district as proposed in the zoning regulations. The only intervention government may make is to allow for higher densities in the influence area of embankment and enabling cluster development in this area with properly planned infrastructure.

In rest of the city however, with relatively cheaper real estate prices, abundant availability of land in city limits (only 7.5% land is under residential use), and people's preference for landed properties, Can Tho is likely to experience low-rise, dispersed development expanding southward and northward from the city centre.

## 3.11 Major infrastructure projects

Can Tho has benefited from the construction of the My Thuan bridge in 2000 and subsequently, the Can Tho bridge in 2010. These two bridges have been instrumental in improving access to the city and the region and cutting travel times. Prior to the construction of these bridges, visitors to the city would need to take ferries across the Tien river and the Hau river.

### 3.11.1 Regional transport projects

Some key infrastructure projects expected to materialize in the region include the HCMC-Can Tho highway, the Western North-South highway and the HCMC-Can Tho railway.

The HCMC-Can Tho highway project is already in progress. It is planned to be a six lane highway having a total length of 136.6 km. The first section of 61.9 km from HCMC to Trung Luong was completed in 2010. The second section from Trung Luong to My Thuan having a length of 51.1 km has been under construction since 2015, and is expected to be completed in 2020. Work on the last section of 23.6 km from My Thuan to Can Tho is expected to commence in 2019. This highway will be a key road linking HCMC and Can Tho, and is expected to significantly cut travel time between the cities.

The Western North-South Highway is planned to be a four lane highway having a total length of 133 km. The highway is to be an upgrade from the existing national roads and will link My An in Dong Thap province to Rach Soi in Kien Giang province. The highway will pass through Can Tho's Vinh Thanh district.

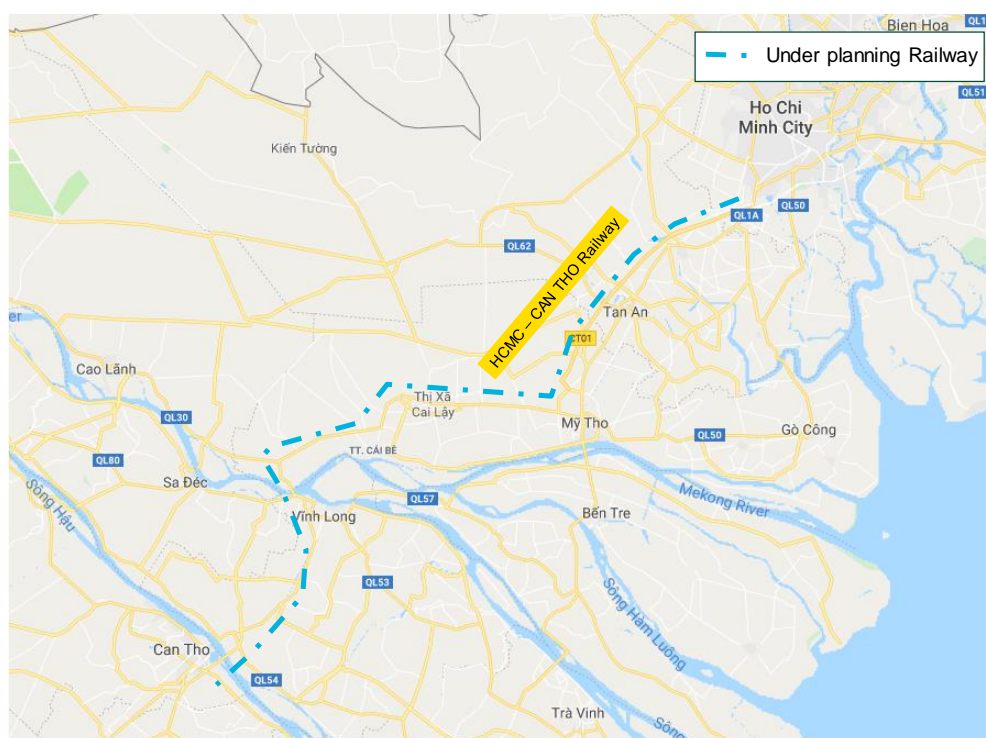
**Figure 3.18: Western North-South Highway**



Source: CBRE Vietnam

The HCMC Can Tho railway line is planned to be a 173.6 km railway line with 14 stations, connecting HCMC and Can Tho. The project is in the planning stage and work is expected to commence this year (2019). The railway line, once operational, will cut travel time between HCMC and Can Tho.

**Figure 3.19: HCMC - Can Tho Railway (Proposed)**



Source: CBRE Vietnam

## 3.11.2 Local infrastructure projects

The key local transport projects include the Quang Trung 2 Bridge, the Tran Hoang Na Bridge and street expansion, the Can Tho embankment, the connecting route between CMT8 and PH918 street, and upgradation of street no. 923.

**Figure 3.20: Map identifying future transport projects in the city**



The Quang Trung Bridge and the Tran Hoang Na bridge projects will improve the connection between Ninh Kieu district and Cai Rang district which are the two main production and service districts in Can Tho.

The connection street linking National road 91 with the 918 street will enhance access to Can Tho CBD via CMT8 Street, Vo Van Kiet street and Nguyen Van Linh Street. This is the link between two key national roads in Can Tho which is National road no.91 and National road no.91B. The National road no. 91 is preferred by heavy vehicles as it runs along the Hau River which houses all the major ports of Can Tho. The National road no.91B connects Ninh Kieu district with Cai Rang. The vehicles that need to travel from the east to the west side of the city will use this road to access Can Tho International Airport, Tra Noc and Can Tho ports on the Hau River.

With the understanding of city's overall development pattern, the next chapter provides the demographic and macroeconomic trends for Can Tho along with a comparison with national and other comparable cities' where relevant and comparable data was available.



## 4. Demographic and macroeconomic assessment for Can Tho

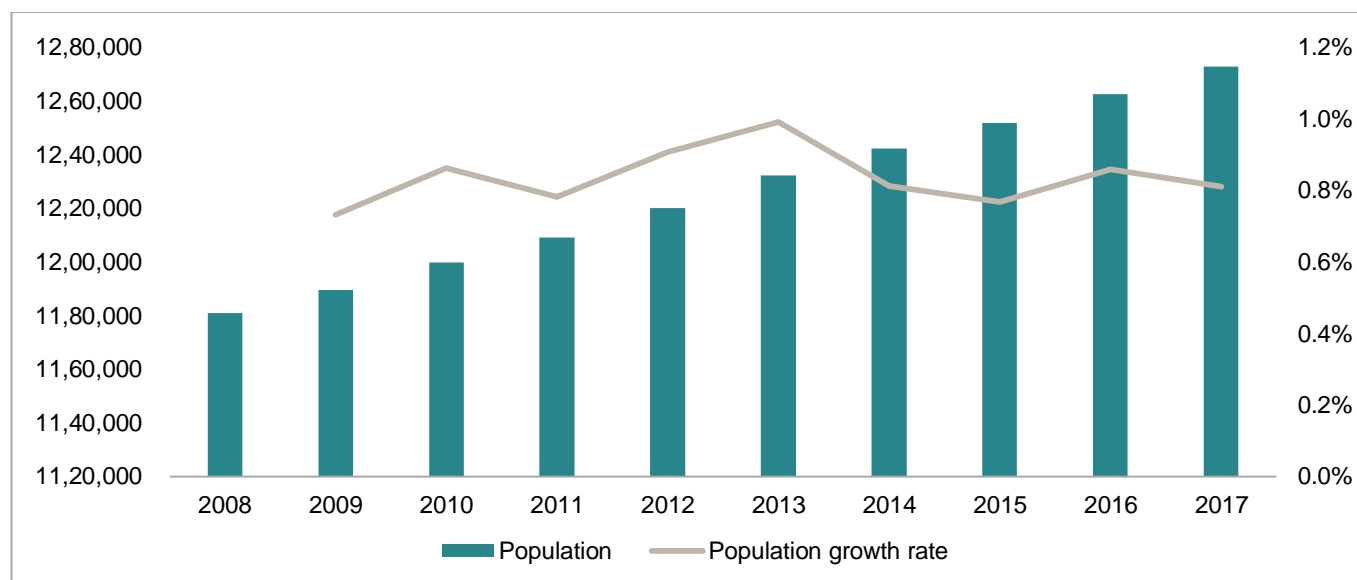
This chapter provides an overview of the demographic and macroeconomic trends of Can Tho city vis-à-vis Vietnam and a select few comparable cities. The economic performance and the population growth trends are good indicators for the demand of land and built-up space. A comparison with other tier-1 cities will indicate whether Can Tho has been an under or outperformer in terms of economic vibrancy.

Given Can Tho city's tier-1 status, it has been compared with other tier-1 cities i.e. Ha Noi, Hai Phong, Da Nang and Ho Chi Minh City, wherever data for the same was available. In addition to the tier-1 cities, Bac Ninh (near Ha Noi) and Binh Duong (near HCMC) were also considered for comparison given the population size and industrial development in these provinces.

### 4.1 Total population

Can Tho's total population as of 2017 was 1,272,822 persons. Between 2008 and 2017, Can Tho's population has grown at a CAGR of 0.8%.

**Figure 4.1: Can Tho - total population**



Source: Can Tho Statistics Yearbook

In the period between 2008 and 2017, Can Tho's population growth rate was amongst the slowest when compared to other tier 1 cities, as well as other peer cities such as Bach Ninh and Binh Duong. Can Tho's population grew at a CAGR of 0.8% during this period, while the national average was 1.1%, and cities such as Binh Duong and Da Nang registered a CAGR of 4.4% and 2.3% respectively.

**Table 4-1: Trend in total population (in '000s) - a comparison**

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	CAGR
<b>VIETNAM</b>	85,119	86,025	86,947	87,860	88,809	89,760	90,729	91,710	92,692	93,672	1.1%
<b>Ha Noi</b>	6,382	6,472	6,634	6,761	6,865	6,977	7,096	7,203	7,311	7,420	1.7%
<b>Bac Ninh</b>	1,018	1,027	1,044	1,063	1,086	1,108	1,131	1,155	1,179	1,215	2.0%

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	CAGR
<b>Hai Phong</b>	1,824	1,840	1,858	1,880	1,904	1,925	1,946	1,963	1,981	1,998	1.0%
<b>Da Nang</b>	869	895	923	946	966	987	1,008	1,027	1,045	1,064	2.3%
<b>Binh Duong</b>	1,403	1,513	1,591	1,659	1,731	1,803	1,874	1,930	1,996	2,071	4.4%
<b>Ho Chi Minh city</b>	6,946	7,196	7,347	7,498	7,660	7,820	7,982	8,128	8,287	8,445	2.2%
<b>Can Tho</b>	1,181	1,189	1,198	1,208	1,218	1,229	1,238	1,248	1,263	1,273	0.8%

Source: GSO, Vietnam

## 4.2 District-wise population

Can Tho has 9 districts – five urban and four rural. All 5 urban districts i.e. Ninh Kieu, O Mon, Binh Thuy, Cai Rang and Thot Not, have 100% urban population. While Ninh Kieu is the most populous and most densely populated district, Binh Thuy and Cai Rang have exhibited the highest population growth rates over a six year period (2010-16).

**Table 4-2: Can Tho district-wise trend in population**

District	2010	2013	2014	2015	2016	CAGR
<b>Ninh Kieu</b>	<b>2,46,743</b>	<b>2,55,728</b>	<b>2,58,218</b>	<b>2,60,833</b>	<b>2,63,786</b>	<b>1.1%</b>
Urban	100%	100%	100%	100%	100%	
Rural	-	-	-	-	-	
<b>O Mon</b>	<b>1,31,465</b>	<b>1,34,630</b>	<b>1,35,971</b>	<b>1,37,317</b>	<b>1,38,670</b>	<b>0.9%</b>
Urban	100%	100%	100%	100%	100%	
Rural	-	-	-	-	-	
<b>Binh Thuy</b>	<b>1,13,289</b>	<b>1,19,158</b>	<b>1,20,576</b>	<b>1,21,721</b>	<b>1,23,059</b>	<b>1.4%</b>
Urban	100%	100%	100%	100%	100%	
Rural	-	-	-	-	-	
<b>Cai Rang</b>	<b>87,423</b>	<b>91,000</b>	<b>91,927</b>	<b>93,733</b>	<b>95,268</b>	<b>1.4%</b>
Urban	100%	100%	100%	100%	100%	
Rural	-	-	-	-	-	
<b>Thot Not</b>	<b>1,60,558</b>	<b>1,64,940</b>	<b>1,66,639</b>	<b>1,68,022</b>	<b>1,69,638</b>	<b>0.9%</b>
Urban	100%	100%	100%	100%	100%	
Rural	-	-	-	-	-	
<b>Vinh Thanh</b>	<b>1,13,470</b>	<b>1,16,110</b>	<b>1,16,511</b>	<b>1,16,851</b>	<b>1,17,375</b>	<b>0.6%</b>
Urban	15.2%	15.8%	15.8%	15.8%	15.8%	
Rural	84.8%	84.2%	84.2%	84.2%	84.2%	
<b>Co Do</b>	<b>1,24,818</b>	<b>1,26,069</b>	<b>1,26,427</b>	<b>1,26,549</b>	<b>1,26,946</b>	<b>0.3%</b>
Urban	10.4%	10.5%	10.5%	10.5%	10.5%	
Rural	89.6%	89.5%	89.5%	89.5%	89.5%	
<b>Phong Dien</b>	<b>1,00,166</b>	<b>1,01,120</b>	<b>1,01,630</b>	<b>1,01,965</b>	<b>1,02,654</b>	<b>0.4%</b>
Urban	10.7%	10.9%	10.9%	10.9%	10.9%	
Rural	89.3%	89.1%	89.1%	89.1%	89.1%	
<b>Thoi Lai</b>	<b>1,21,885</b>	<b>1,23,505</b>	<b>1,24,370</b>	<b>1,24,818</b>	<b>1,25,170</b>	<b>0.4%</b>

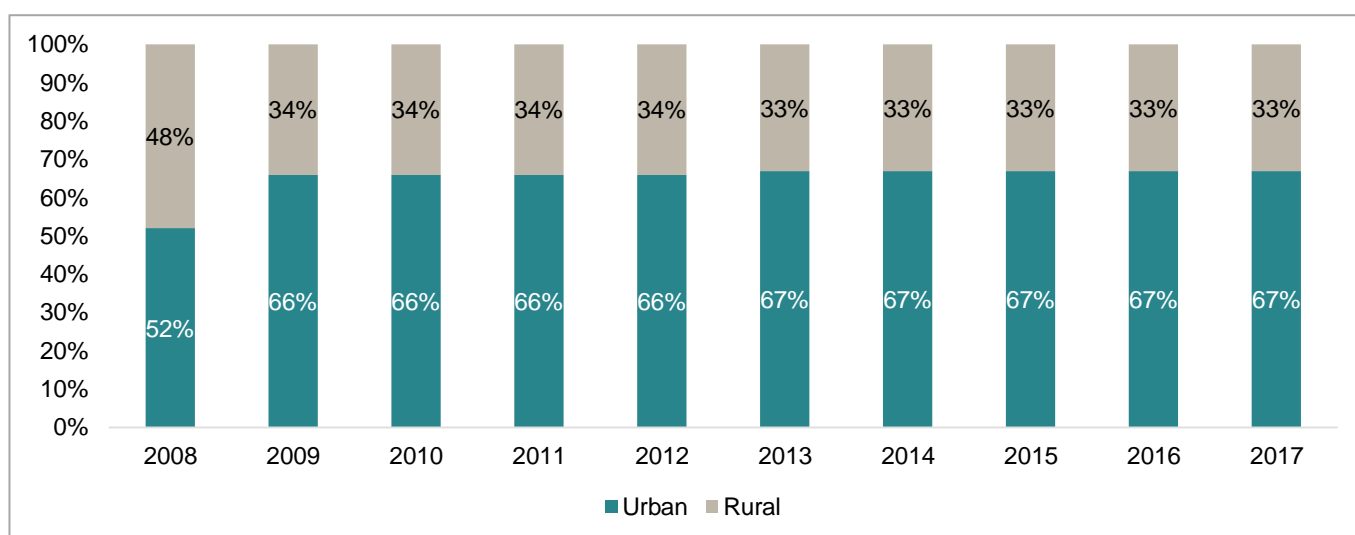
District	2010	2013	2014	2015	2016	CAGR
Urban	8.7%	8.8%	8.8%	8.8%	8.9%	
Rural	91.3%	91.2%	91.2%	91.2%	91.1%	
<b>Can Tho City</b>	<b>11,99,817</b>	<b>12,32,260</b>	<b>12,42,269</b>	<b>12,51,809</b>	<b>12,62,566</b>	0.9%

Source: Can Tho Statistics Yearbook 2016

### 4.3 Urbanisation

Can Tho's urbanisation rate increased from 52% in 2008 to 66% in 2009. Since then, Can Tho's urbanisation rate has stabilized at ~67%. This could be mostly attributed to possibly certain areas being reclassified from rural to urban area.

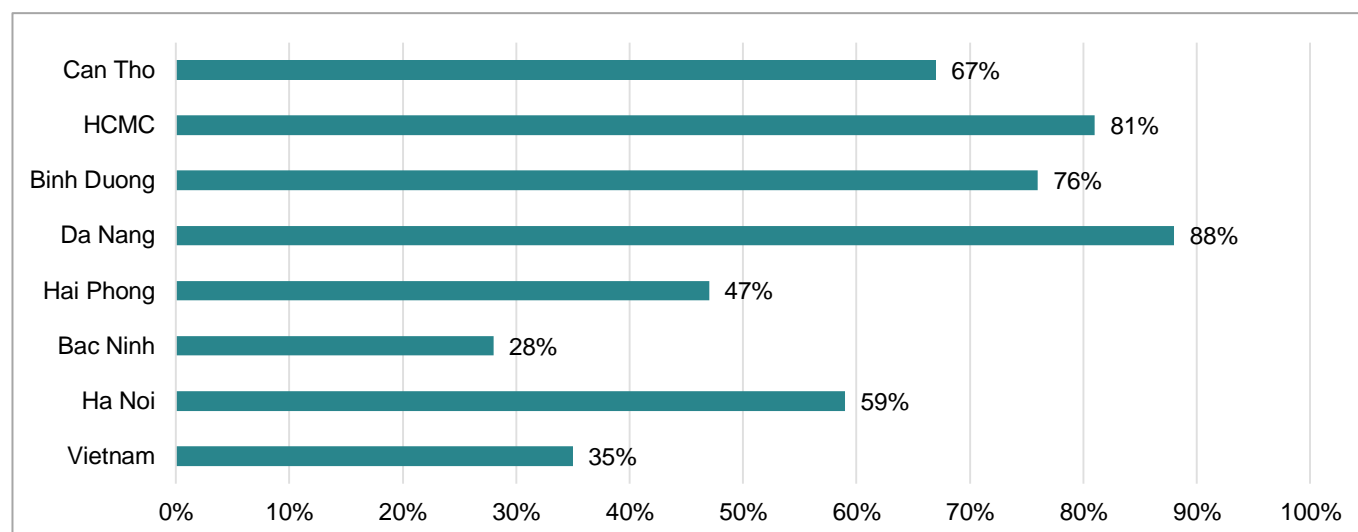
Figure 4.2: Urbanisation rate in Can Tho



Source: GSO Vietnam

Can Tho's urbanisation rate (67%) is far higher than Vietnam's which is at 35%. A city-wise comparison reveals that the cities of Binh Duong, Ho Chi Minh and Da Nang have exceptionally high rates of urbanisation, which far surpass the national average, and Can Tho's rate as well.

**Figure 4.3: Urbanisation rate - a comparison**



Source: GSO Vietnam

## 4.4 Natural growth rate

The natural growth rate (i.e. crude birth rate minus crude death rate) in Can Tho has declined from 10.7% in 2008, to 6% in 2017. While the crude birth rate in Can Tho has fluctuated over the years, the crude death rate has been increasing. This trend in the data seems to suggest that Can Tho has a growing ageing population<sup>7</sup>.

**Table 4-3: Can Tho - natural growth rate**

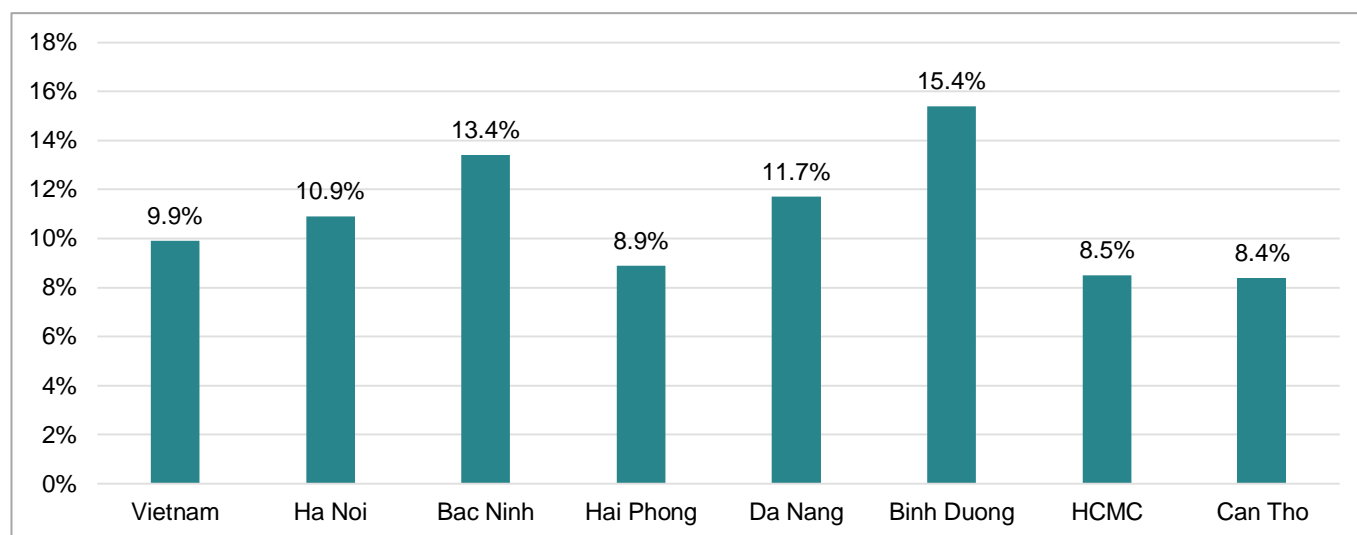
Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Crude Birth Rate</b>	15.4	15.9	14.6	14.1	13.9	15.7	16.2	14.3	15.6	12.3
<b>Crude Death Rate</b>	4.7	6.7	6.7	5.9	6.8	6.6	6.7	7.3	6.1	6.3
<b>Natural Growth Rate (in percentage)</b>	10.7	9.2	7.9	8.2	7.1	9.1	9.5	7.0	9.5	6.0

Source: GSO Vietnam

A comparison with the national average and with other cities' average reveals that Can Tho had the lowest average natural growth rate over a nine year period (2008-17). While the average natural growth rate for Vietnam was 9.9%, for cities like Bac Ninh and Binh Duong, the growth rate were 13.4% and 15.4% respectively. Can Tho's declining population growth rate can be partly attributed to the downward trend of natural growth rate.

<sup>7</sup> This needs to be corroborated with trend in age-wise cohorts, the data for which is not available.

**Figure 4.4: Average natural growth rate, 2008-17 - a comparison**



Source: GSO Vietnam

## 4.5 Fertility rate

Fertility rate is defined as the number of child-births per woman. Fertility rates in Can Tho have fluctuated between highs and lows, exhibiting no clear trend of either growth or decline. Can Tho’s fertility rate in 2008 was 1.75 and stands at 1.64 as per 2017 estimates.

At the national level, fertility rates have remained more or less stable, showing negligible variation – fluctuating between 1.99 and 2.1 between 2008 and 2017. An inter-provincial comparison reveals that cities of southern part of the country namely HCMC, Binh Duong and Can Tho have had lower fertility rates, while cities in the northern region have relatively higher fertility rates.

Can Tho’s relatively low fertility rates indicate that natural growth of the total population may be limited. This is further corroborated by the data on declining natural growth rates presented in the previous section.

**Table 4-4: Total fertility rates - a comparison**

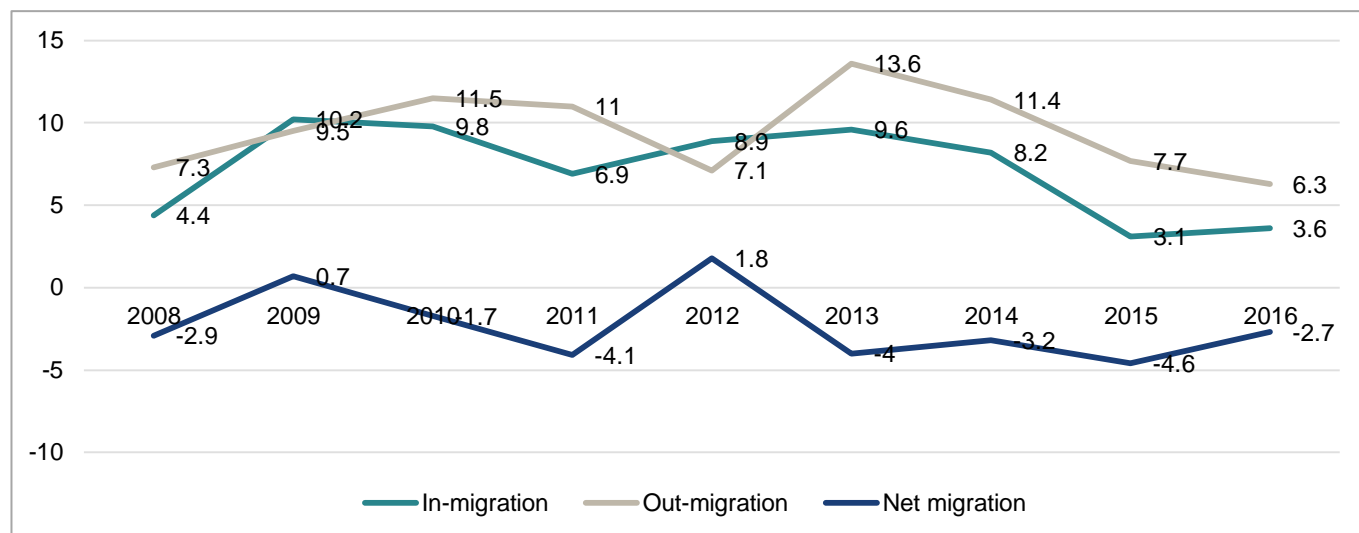
Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	Prel. 2017
<b>Vietnam</b>	2.08	2.03	2.00	1.99	2.05	2.10	2.09	2.10	2.09	2.04
<b>Ha Noi</b>	2.06	2.08	2.00	2.02	2.06	2.03	2.18	2.04	2.06	2.00
<b>Bac Ninh</b>	2.29	2.32	2.26	2.23	2.71	2.29	2.72	2.72	2.63	2.67
<b>Hai Phong</b>	1.95	2.16	1.98	2.00	2.37	2.03	2.35	2.02	2.11	1.99
<b>Da Nang</b>	1.92	2.14	2.16	1.99	2.18	2.32	2.03	2.13	2.24	1.81
<b>Binh Duong</b>	1.85	1.70	1.72	1.76	1.70	1.78	1.44	1.59	1.61	1.90
<b>HCMC</b>	1.63	1.45	1.45	1.30	1.33	1.68	1.39	1.45	1.24	1.36
<b>Can Tho</b>	1.75	1.72	1.62	1.62	1.58	1.81	1.89	1.88	2.01	1.64

Source: GSO Vietnam

## 4.6 Migration

Net-migration is the difference between in-migration and out-migration. With the exception of the years 2009 and 2012, Can Tho has consistently experienced negative net migration i.e. out-migration exceeds in-migration.

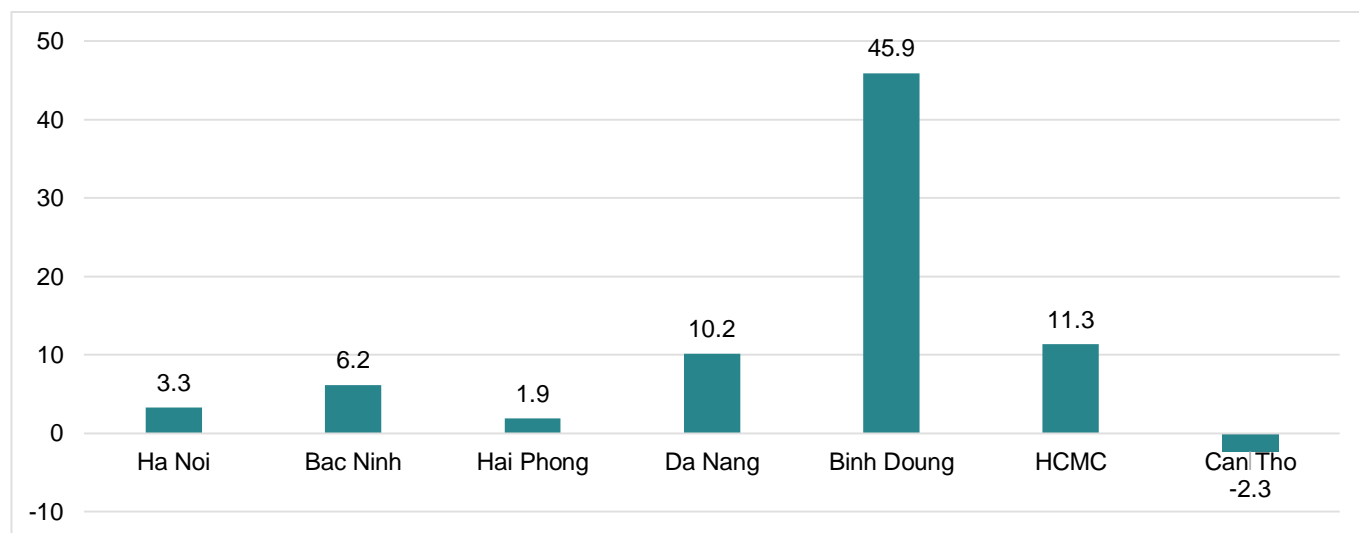
**Figure 4.5: Net migration in Can Tho**



Source: GSO Vietnam

Over an eight year period (2008 to 2016), among the provinces compared with, on an average, Can Tho was the only city to have experienced negative net migration. During the same period, provinces such as Binh Duong have experienced extremely high positive net migration rates of 45.9%, followed by HCMC at 11.3% and Da Nang at 10.2%.

**Figure 4.6: Average net migration rate (2008-16) - a comparison**



Source: GSO Vietnam

Given Can Tho's proximity to HCMC, and to a certain extent Binh Duong (with its high concentration of industrial parks<sup>8</sup>), there seems to be a large migration from Can Tho to these places. Negative net migration reflects city's unattractiveness as a center for employment and businesses.

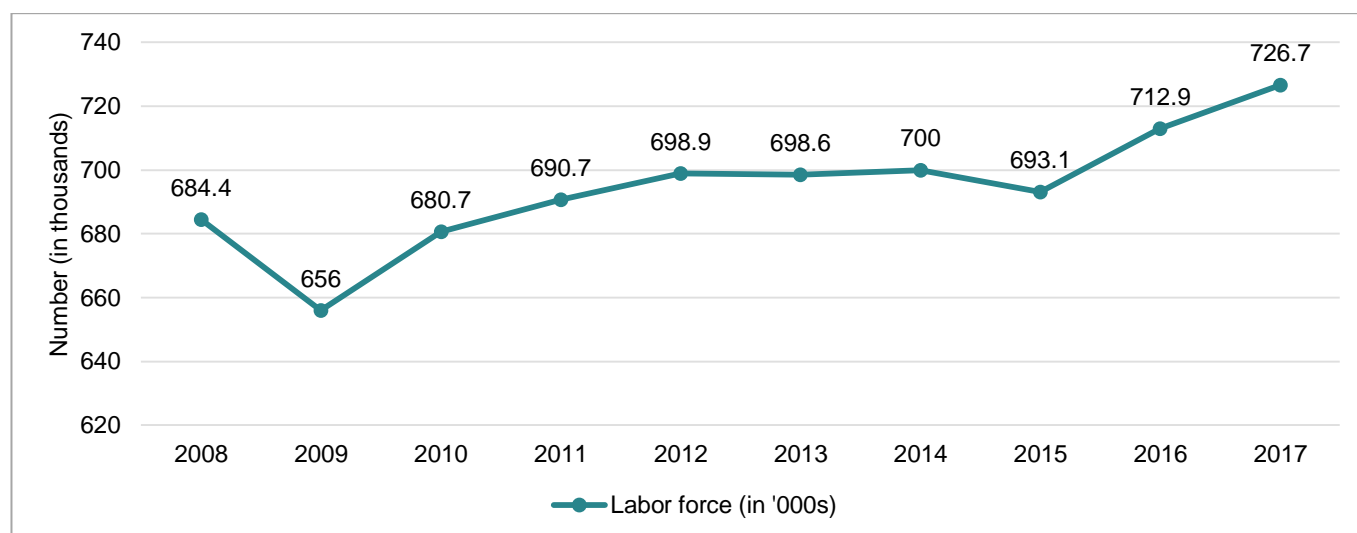
<sup>8</sup> 26 industrial parks covering a range of sectors ([www.binhduong.gov.in](http://www.binhduong.gov.in))

## 4.7 Labor force

Labor force is equivalent to working age population (at 15 years age and above), and includes both employed as well as unemployed persons in that age category. Workforce participation rate has been considered as employed population as a percentage of labor force.

As of 2017, Can Tho's labor force stood at approximately 726,700 persons i.e. 57% of its total population. The city's labor force has conservatively grown over a nine year period at a CAGR of 0.7%, barring 2009, when the labor force dropped from 684,400 persons to 656,000 persons.

**Figure 4.7: Can Tho labor force (in thousands)**



Source: GSO Vietnam

Inter-provincial comparison reveals that Can Tho's labor force has grown at a much slower rate compared to the national average and other tier-1 cities and comparable provinces. In the period between 2008 and 2017, Can Tho's labour force grew at a CAGR of 0.7%, against a national average of 1.4%. The labour force in provinces such as Binh Duong and Da Nang grew at CAGRs of 4.7% and 2.9% for the same period. Even Ha Noi and HCMC experienced higher CAGRs in labour force, at 1.3% and 1.5% respectively.

In terms of workforce participate rate (WPR), Can Tho fared better than HCMC (51.2%) and Ha Noi (50.3%), and however, the city's WPR was lower than the national average of 57.4%.

**Table 4-5: Labor Force & WPR - a comparison**

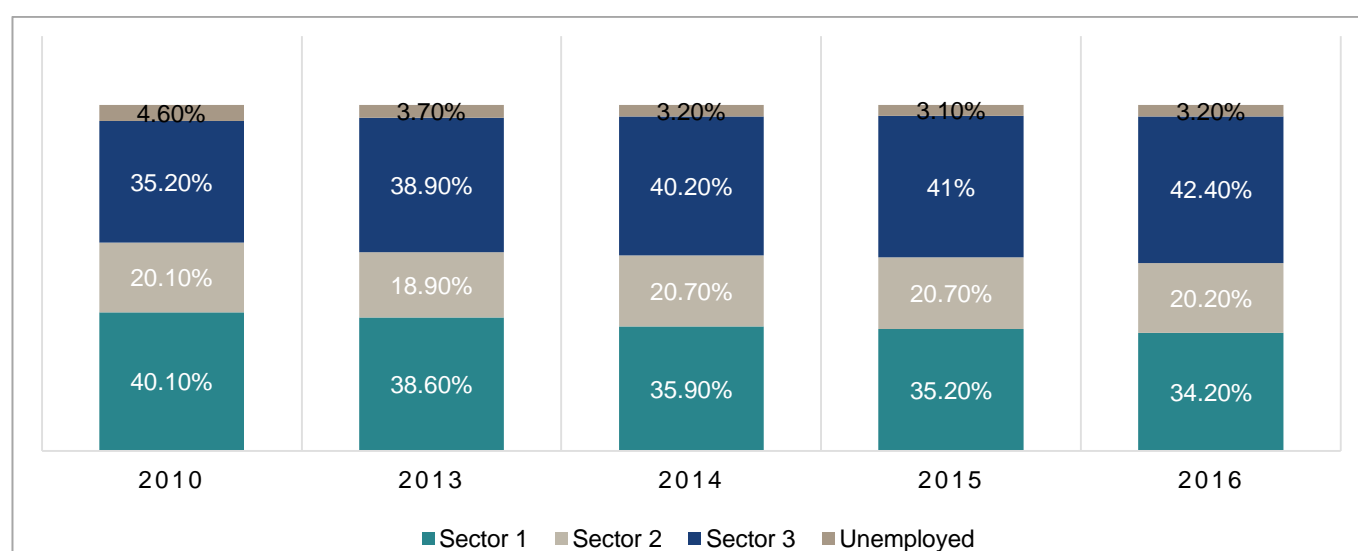
Country / Province	CAGR of Labor Force (2008-17)	Workforce Participation Rate (2017)
Vietnam	1.4%	57.4%
Ha Noi	1.3%	50.3%
Bac Ninh	1.8%	56.6%
Hai Phong	1.3%	55.0%
Da Nang	2.9%	52.1%
Binh Duong	4.7%	62.3%
Ho Chi Minh City	1.5%	51.2%
Can Tho	0.7%	54.8%

Source: GSO Vietnam

As of 2016, majority of Can Tho's workforce i.e. 42.4%, was engaged in sector 3<sup>9</sup> (tertiary sector), particularly in trade, hotels and restaurants sub-sector (60.8%). This was followed by sector 1<sup>10</sup> (primary sector) at 34.2% and the sector 2<sup>11</sup> (secondary sector) at 20.2%. While the primary sector was dominated by agriculture and forestry (96%), the largest employer in the secondary sector was manufacturing (62.6%) followed by construction (34.4%).

A trend analysis of workforce distribution by sector from 2010 to 2016 reveals a gradual dip in workforce employed in the primary sector (Sector 1) — from 40.1% to 34.2%, and a corresponding increase in workforce engaged in the tertiary sector (Sector 3) — from 35.2% to 42.4%. Workforce engaged in the secondary sector (Sector 2) has remained more or less stable, hovering at more or less ~20%. On the unemployment front, Can Tho has witnessed a steady drop in its unemployment rate, which has gone from 4.6% in 2010 to 3.2% in 2016. In fact, the number of unemployed persons has also reduced in absolute numbers, declining from 28,262 in 2010 to 23,298 in 2016.

**Figure 4.8: Can Tho - trend in sector-wise labor force distribution (2010-16)**



Source: Can Tho Statistics Yearbook

An analysis of Can Tho's economically inactive population reveals that the city's pupil<sup>12</sup> population is declining. Can Tho's pupil population has reduced from 73,060 in 2010 to 65,679 in 2016.

**Table 4-6: Profile of non-economically active population in Can Tho**

Year	2010	2013	2014	2015	2016
<b>TOTAL POPULATION</b>	11,99,817	12,32,260	12,42,269	12,51,809	12,62,566
<b>Economically inactive population</b>	1,91,554	1,88,986	2,26,768	2,28,509	2,32,962
<b>As a % of total population</b>	16%	15%	18%	18%	18%
<b>No. of pupils</b>	73,060	75,899	69,578	68,200	65,679

Source: Can Tho Statistics Yearbook

At 588,446 and 462,552, Ha Noi and Ho Chi Minh City respectively had the highest concentration of student<sup>13</sup> population in the country in 2017. Can Tho's student population in 2017 was 80,157, which was less than one-fifth

<sup>9</sup> Sector 3 – composed of trade, hotels & restaurants; transport, storage & communication; and others

<sup>10</sup> Sector 1 – composed of agriculture, forestry; and fishery

<sup>11</sup> Sector 2 – composed of mining; manufacturing; electricity & water supply; construction

<sup>12</sup> Pupils refer to the persons enrolled in primary school, lower secondary and upper secondary schools in the city

<sup>13</sup> Students refer to the persons enrolled in colleges, university and professional schools in the city



of the number of students in HCMC for the same year. Though Can Tho city's student population has seen a gradual increase between 2008 and 2017, HCMC and Ha Noi continue to be the major education hubs of the country.

**Table 4-7: Trend in student population by province - a comparison (2008-17)**

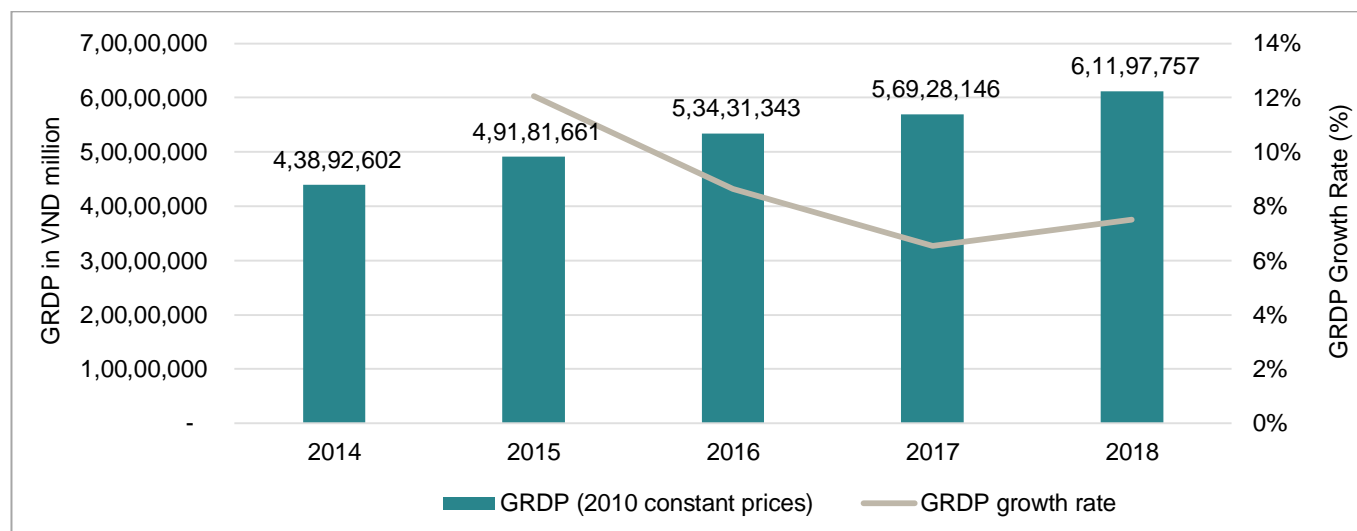
Year/ City	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Ha Noi	529,211	541,671	668,227	690,276	674,112	638,234	753,068	660,963	610,872	588,446
Bac Ninh	11,676	14,530	18,121	17,268	15,793	13,634	18,638	13,315	5,638	7,166
Hai Phong	51,070	53,857	57,217	56,015	52,919	50,451	46,256	39,686	36,475	32,458
Da Nang	82,229	90,889	1,06,918	1,13,062	1,19,075	1,10,936	1,21,244	97,075	74,935	77,492
Binh Duong	13,409	15,529	17,786	20,138	20,317	25,557	30,015	26,868	26,264	26,016
HCMC	405,609	434,302	535,951	551,330	551,277	519,516	583,133	550,120	458,392	462,552
Can Tho	57,411	53,766	61,647	63,225	64,111	62,229	91,140	91,914	82,134	80,157

Source: GSO, Vietnam

## 4.8 Gross regional domestic product

As of 2018, Can Tho's gross regional domestic product (GRDP) at 2010 constant prices was equivalent to VND 61,198 billion. The city's GRDP has steadily grown from 2014 onwards, demonstrating the most robust annual growth rate of 12.1% in 2015. Subsequent to 2015, the GRDP growth rate has reduced. On the whole, in the period between 2014 and 2018, Can Tho's GRDP has grown at a CAGR of 8.7%.

**Figure 4.9: Can Tho GRDP at 2010 constant prices**



Source: Can Tho Statistics Yearbook

A comparison with other major cities/provinces reveals that Can Tho's GRDP is the lowest. Understandably, HCMC followed by Ha Noi form the two largest economies in Vietnam, with GRDPs of VND 842,376 billion and VND 709,516 billion respectively. Even the GRDPs of provinces like Binh Duong, Bac Ninh and Hai Phong are more than double, and some even triple the size of Can Tho's GRDP.

In terms of growth rate of GRDP, Bac Ninh, Hai Phong and Ha Noi demonstrated the highest growth rates between 2014 and 2017, with their GRDPs growing at a CAGR of 14.3%, 11.8% and 12.2% respectively. Can Tho's GRDP grew at a CAGR of 8.7%, similar to that of HCMC, Da Nang and Binh Duong.

**Table 4-8: Trend in provincial GRDP (in VND billion) - a comparison**

Year	2014	2015	2016	2017	CAGR
<b>HCMC</b>	6,68,574	7,20,178	7,78,158	8,42,376	8.0%
<b>Ha Noi</b>	5,02,967	5,45,241	5,99,178	7,09,516	12.2%
<b>Da Nang</b>	53,247	57,885	62,950	67,376	8.2%
<b>Binh Duong</b>	1,38,110	1,49,606	1,62,415	1,77,269	8.7%
<b>Bac Ninh</b>	1,12,430	1,27,072	1,37,773	1,67,764	14.3%
<b>Hai Phong</b>	95,200	1,05,000	1,16,600	1,33,060	11.8%
<b>Can Tho</b>	43,893	49,181	53,431	56,928	8.7%

Source: Various cities' statistics office

Even in terms of per capita GRDP, Can Tho was the least. Can Tho's per capita GRDP in 2017 was VND 45 million. Highest per capita GRDP was found in Bac Ninh at VND 130 million followed by HCMC as VND 100 million.

**Table 4-9: Trend in per capita GRDP (in VND million)**

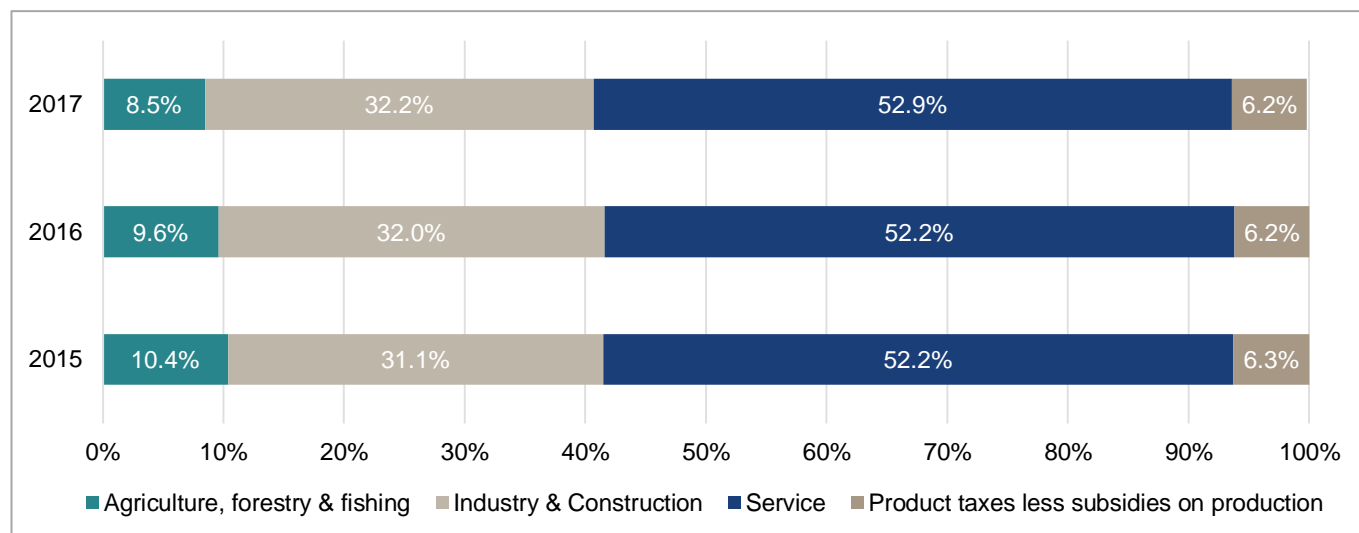
Year	2014	2015	2016	2017
<b>HCMC</b>	84	89	94	100
<b>Ha Noi</b>	71	76	82	96
<b>Da Nang</b>	53	56	60	63
<b>Binh Duong</b>	74	78	81	86
<b>Bac Ninh</b>	99	110	117	138
<b>Hai Phong</b>	49	53	59	67
<b>Can Tho</b>	35	39	42	45

Source: CRIS analysis

## 4.8.1 GRDP by economic sector

In terms of sector, the share of agriculture, forestry and fishing in the city's total GRDP has reduced from 10.4% in 2015 to 8.5% in 2017. While the share of industry and construction has remained more or less stable at ~32%, the share of the service sector in the GRDP dominates at nearly 53%.

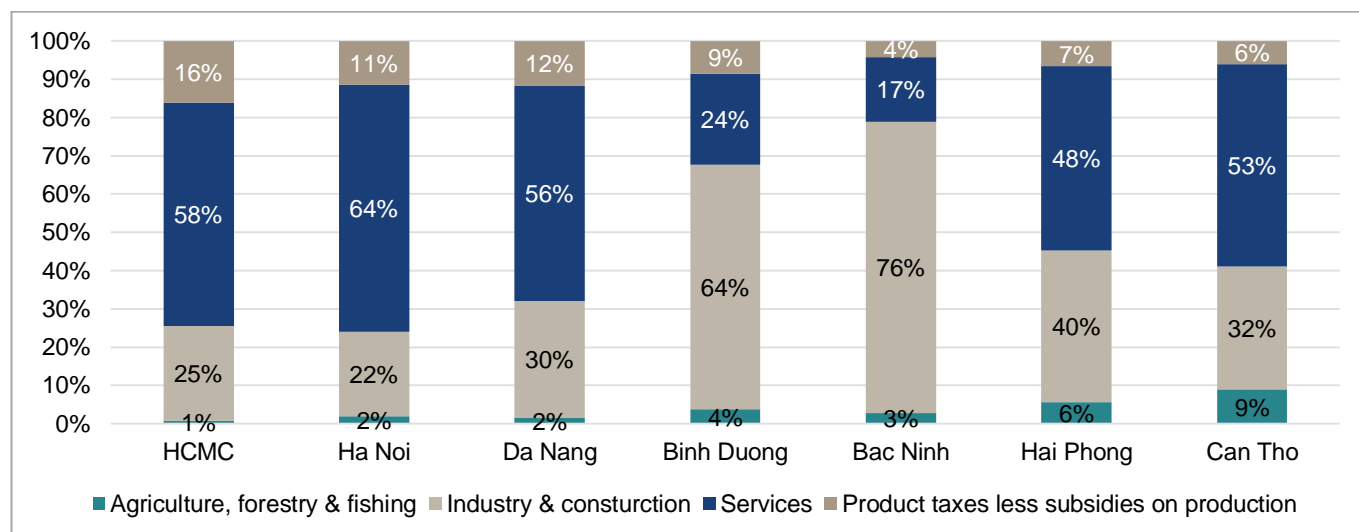
**Figure 4.10: Can Tho GRDP by Sector**



Source: Can Tho Statistics Yearbook

A comparison among provinces indicates that the share of agriculture, forestry and fishing in GRDP is the highest for Can Tho at ~9%. For cities like Binh Duong and Bac Ninh, industry and construction clearly dominated the GRDP composition at 64% and 76% respectively.

**Figure 4.11: GRDP structure 2017 - a provincial comparison**

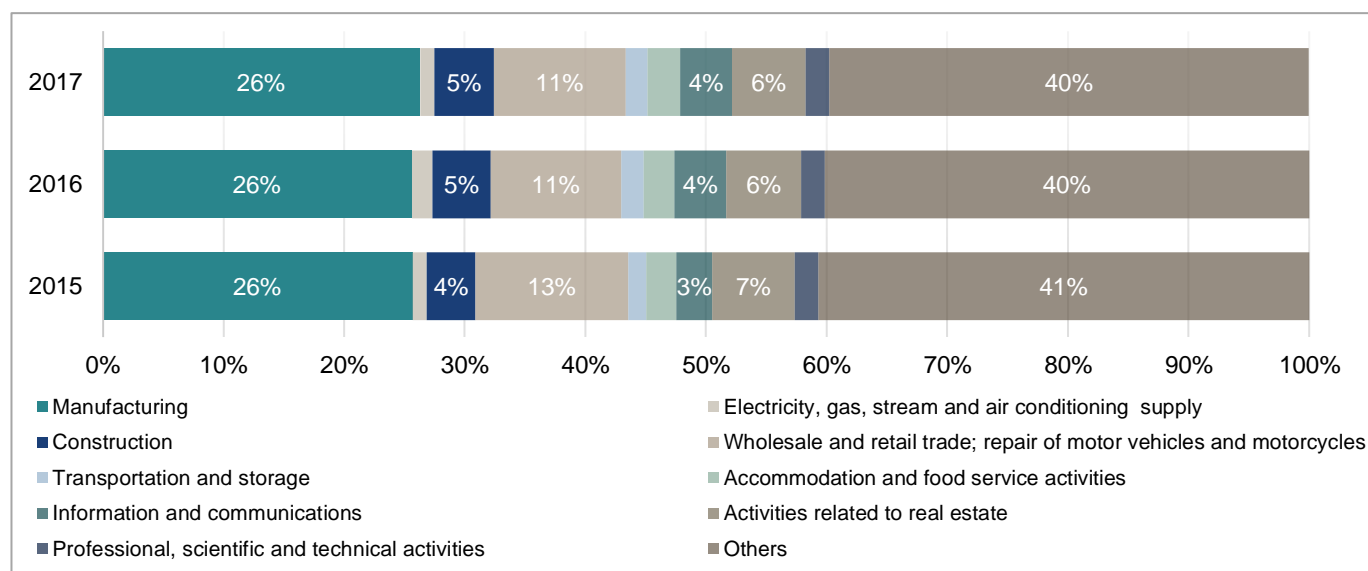


Source: Various cities' statistics office

### 4.8.2 GRDP by economic activity

In terms of economic activity, manufacturing dominates at nearly 26% of Can Tho's GRDP in 2017. This was followed by wholesale and retail trade, and repair of motor vehicles and motorcycles which constituted ~11% of the city's GRDP. The city's economy has witnessed a rise in construction, and information and communications sectors. The share of information and communications rose from 2.98% in 2015 to 4.32% in 2017 and that of construction, from 4% to ~5%. Manufacturing retained its top position in contributing to Can Tho's economy, but the growth rate slowed down in the review period.

**Figure 4.12: Share of economic activities in GRDP at 2010 constant prices (2015-17)**



However, a closer look at manufacturing, revealed that the bulk of manufacturing activity output is dominated by manufacture of food products (72% of total manufacturing output in 2017) followed by manufacture of chemical products (7.2% of total manufacturing output in 2017) and manufacture of pharmaceuticals (7.6% of total manufacturing output in 2017). In fact, the share of manufacture of food products of the total manufacturing output in Can Tho has increased from 65% in 2010 to 72% in 2016, while the share of manufacture of chemicals has reduced from 9.3% in 2010 to 7.2% in 2016; and that of pharmaceutical products has reduced from 8.4% in 2010 to 7.6%.

This clearly indicates that though manufacturing is a dominant economic activity in Can Tho, the nature of manufacturing is still at a very primary stage, dominated by manufacture of food products which may be more agro and fisheries-based.

## 4.8.3 Industrial production

### 4.8.3.1 Profile and performance

Currently, there are eight industrial parks in Can Tho city, out of which six parks are active. Total land area under the six active parks is 873.04 ha. Out of this area, about 663.44 ha is available for lease. Rents typically range from USD 40 – 60 per sq. m for a 26 year lease, USD 85 – 110 per sq. m for a 36 year lease, and USD 100 – 140 per sq. m for a 50 year lease. Occupancy rates for some parks are very low such as 2.3% in Hung Phu 1 (Zone A), and 22.7% in Hung Phu 1 (Zone B). However, in the older industrial parks which were established around 1995 such as Tra Noc 1 and Tra Noc 2, occupancy rates are far higher at 99.9% and 90.9% respectively.

**Table 4-10 Industrial parks – Can Tho**

No.	Industrial Park	Total land area (ha)	Toal industrial land area for leasing (ha)	Total leased industrial land area (ha)	Occupancy rate
1	Tra Noc 1	131	107	107	99.9%
2	Tra Noc 2	158	132	120	90.9%
3	Thot Not	121	87	57	65.9%

4	Hung Phu 1	262	178	23	12.9%
	Zone A	121	86	2	2.3%
	Zone B	141	923	21	22.7%
5	Hung Phu 2A	134	94	40	42.9%
6	Hung Phu 2B	67	65	62	95.4%
7	Total	873	663	410	62%

Source: Data from CEPIZA

On the whole, supply of land in Can Tho's industrial zones and parks was found to be far higher than current demand for the same. While the older industrial parks such as Tra Noc 1 and 2 enjoy high occupancy rates, others such as Hung Phu 1 have low occupancy rates.

As of July 2019, there are 33,827 people employed across the industrial parks in Can Tho (Can Tho CEPIZA). Out of this, 11,676 people work in foreign invested companies. The main industries found in these industrial parks include seafood processing and trading (cover catching, cultivation and processing of aquatic products), shoe manufacturing, logistics, construction and to some extent oil and gas trade. Details of each of Can Tho's industrial parks have been provided in Annexure 2.

Ever since Can Tho became a centrally administered city in 2004, it ceased to be an investment promotion zone<sup>14</sup> (interview with Can Tho CEPIZA). The city only offers incentives for some specific industries/sectors. Sectors eligible for interest rate support for investment projects include tourism, public transportation by bus, industrial infrastructure development, traditional wet market development and rural living quality improvement, and post-harvest fruit preservation. The level of interest rate support depends on the location and scale of the investment project. In addition to this, space rent support is offered to small and mid-scale industries located in the industrial parks in the form of a 20% discount on rental fee (not including infrastructure fee).

Other major challenges for Can Tho in terms of industrial development include a road transportation network to the key southern economic corridor (HCMC, Bing Duong, Dong Nai, Ba Ria –Vung Tau) that needs improvement, and labour costs that are relatively higher when compared to neighbouring provinces.

#### 4.8.3.2 Management model

Based on the interview conducted with Can Tho CEPIZA, investors/developers of industrial parks initially sign a raw land leasing contract with the city government for the land area on which they intend to develop the industrial parks. The land area has to be dedicated for industrial development in accordance with the city's master plan. After signing this lease contract, the developers commence development of the industrial parks and all the related infrastructure. Land in these industrial parks is then sub-leased to various tenants. The developers are responsible for managing the industrial parks themselves, and regularly report to CEPIZA about performance and operation of the industrial parks.

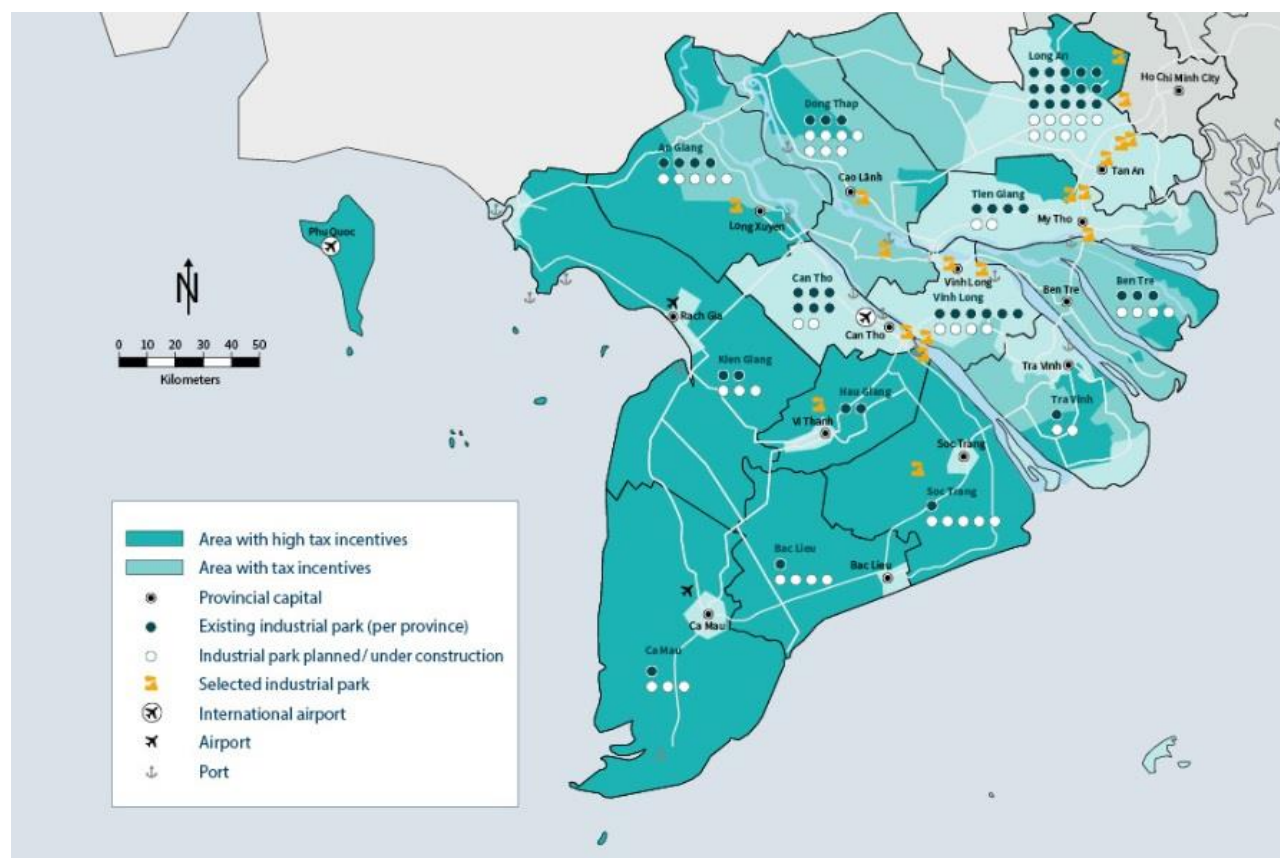
#### 4.8.3.3 Comparative analysis with Long An Province

To better understand Can Tho's position with respect to industrial production against the neighbouring provinces, a comparative analysis of Can Tho versus Long An was undertaken.

<sup>14</sup> As per Decree 118/2015/NĐ-CP dated 12<sup>th</sup> November 2015, investment promotion zones refer to geographical areas with difficult socio-economic conditions or geographical areas with exceptionally difficult socio-economic conditions (mostly remote and mountainous districts of cities / provinces). Investment projects in these areas will be offered incentives such as tax deduction, land rent, etc.

Among all the provinces in the Mekong Delta Region, Long An had the most number of active industrial parks, indicating that it is one of the more attractive and preferred provinces for industrial investment in the region (refer Figure 4.13).

**Figure 4.13: Industrial profile of Mekong Delta Region**



Source: [http://www.invest-mekong-delta.com/map\\_Industrial-Parks-and-Investment-Incentives.html](http://www.invest-mekong-delta.com/map_Industrial-Parks-and-Investment-Incentives.html)

The province has a total of 16 active industrial parks, and another 5 parks in the planning / construction phase. The total land area for industrial zones in Long An is 6301.96 ha, out of which 3862.89 ha is the land area occupied by active industrial parks. In addition to its proximity to HCMC, Binh Duong and Dong Nai which are the traditional industrial and logistics hubs of southern Vietnam, specific areas of Long An still fall under the list of investment promotion zones, thereby providing greater tax incentives to industries. These tax incentives include tax deduction on corporate tax, personal income tax, import/export tax, and VAT, and are offered to investors in the industrial zones of Long An as well as specific districts in the province. In addition to this, investors also receive support in the form of discounted land rent and land use fees.

Main sectors of investment in Long An include plastics, clothing, construction material, food processing, beverages, fertilizers and animal feed products. Industrial parks rental rates range from USD 40 – 210 per sq. m.

**Table 4-11: Snapshot comparison of Can Tho and Long An industrial profile**

Parameter	Can Tho	Long An
Total land in industrial zones	2267 ha	6301.96 ha

Parameter	Can Tho	Long An
Land occupied by active industrial parks	873.04 ha	3862.89 ha
No. of active industrial parks	6	16
Average occupancy rate	62%	82.18%
Lease rent	USD 40 – 140 per sq. m	USD 40 – 210 per sq. m
Type of industries	Food products, seafood processing and trading, agricultural products, livestock feed, fertilizers, shoe manufacturing, construction material	Plastics, clothing, construction material, food processing, beverages, fertilizers, animal feed products
Tax incentives	Can Tho was an erstwhile investment promotion zone, and no longer enjoys this status	Some districts of Long An still fall under the investment promotion zones of the government. (Reference: Decree 118/2015/NĐ-CP dated 12th November 2015, Decree 29/2008/NĐ-CP dated 14th March 2008)  Long An also has an economic zone declared which provides incentives to investors in accordance with Circular No. 109/2014/TT-BTC.
No. of investment projects (Q2 2019)	Total no. of investment projects in industrial parks: 243 - 218 domestic-investment projects - 24 FDI projects - 1 ODA project	Total no. of investment projects in industrial parks: 1416 - 772 domestic investment projects - 644 FDI projects
Investment details (2018)	- Capital value of foreign investment projects: USD 377.52 million - Capital value of domestic investment projects: USD 1.32 billion - Capital value of ODA project: USD 21.13 million	- Capital value of foreign investment projects: USD 3.85 billion - Capital value of domestic investment projects: USD 3.40 billion - Capital value of border economic zone projects: USD 75 million

Source: Socio-Economic Report 2018 of Long An Province, People's Committee of Long An Province; Report on the performance of industrial zones in Can Tho City 2018, CEPIZA; interview with Can Tho CEPIZA

The key observations are:

- Long An's active industrial parks occupied 3,862 Ha, 4 times the land under active industrial parks of Can Tho at 873 Ha.
- Number of industrial parks are also far higher in Long An (16) than those in Can Tho (6).
- In spite of such large supply of land in Long An, it enjoys much higher occupancy rates than Can Tho.
- Average occupancy rate in Long An is 82% and that in Ca Tho is 62%.
- Long An has also been able to attract 4 times the investment in Can Tho. The FDI in Long An (USD 3850 million) is 10 times more than FDI in Can Tho (USD 377 million) and the domestic capital in Long An (USD 3400 million) is 2.5 times the domestic capital in Can Tho (USD1320 million).
- Number of industrial projects in Long An are 1416 nearly 6 times more than number of projects in Can Tho (243).
- Long An is also able to generate higher rent. The average rent in Can Tho ranges from USD 40 to 140 per sq. m., while that in Long An ranges from USD 40 to 210 per sq.m.

Due to the proximity to Ho Chi Minh City, and easy availability of skilled labour, Long An has been able to attract much larger investment than Can Tho. Long An also enjoys advantages of greater tax incentives for industries.

#### 4.8.3.4 Outlook

On the whole, supply of land in Can Tho's industrial zones and parks is far higher than current demand for the same. While the older industrial parks such as Tra Noc 1 and 2 enjoy high occupancy rates, others such as Hung Phu 1 have low occupancy rates and are yet to see some uptake. In fact, in the case of Hung Phu 1 (Zone B), the former investor lacked financial resources and the capacity to develop the rest of the industrial park (IP), forcing Can Tho City to recall the license for the remaining phases of the IP, and calling for fresh investments for these phases of the park. Distance from HCMC and the fact that Can Tho is no longer an investment promotion zone, may have also dampened industrial potential in the province.

While there is some promise of industrial investment in the form of the Tae Kwang shoe factory that has leased almost all of Hung Phu 2B, this development will be carried out over 3 phases. Currently, phase 1 has gone into operation and is estimated to employ ~6000 people. Phase 2 and 3 are yet to be developed, however once these phases are completed and commence operations, employment generation in the area is projected to improve.

In addition to this, talks are on for the setting up of an automobile assembling unit in Hung Phu 1 (Zone B) by Kim Long Nam Joint Stock Company. The unit is expected to have an annual production capacity of 12,000 units, including buses and mini-buses that meet Euro5 gas emission standards<sup>15</sup>. This proposal is still in the planning stage, and may take some time to materialize.

On the whole, while Can Tho may see some investment in the future, it is unlikely that it will surpass the industrial growth that is happening in the provinces like Long An. Long An has such inherent advantages of proximity to Ho Chi Minh City and easy availability of labour which Can Tho does not have. Can Tho needs to create a policy environment that will enable sustained industrial growth for a long period if it needs to grow into a vibrant economic center in Vietnam.

#### 4.8.4 Tourism

Despite being in the heart of the Mekong and boasting a rich network of waterways, Can Tho is yet to realize its full tourist potential. The limited number of tourist attractions combined with limited number of international flights to Can Tho, has impaired the growth of the tourist sector in the province.

An examination of tourist footfalls in the city over the years was not encouraging. Over an eleven year period i.e. between 2005 and 2016, the increase in number of domestic and foreign tourists visiting the city has remained modest. The number of domestic tourists visiting Can Tho has increased from 22,000 to 60,000 persons, growing at

---

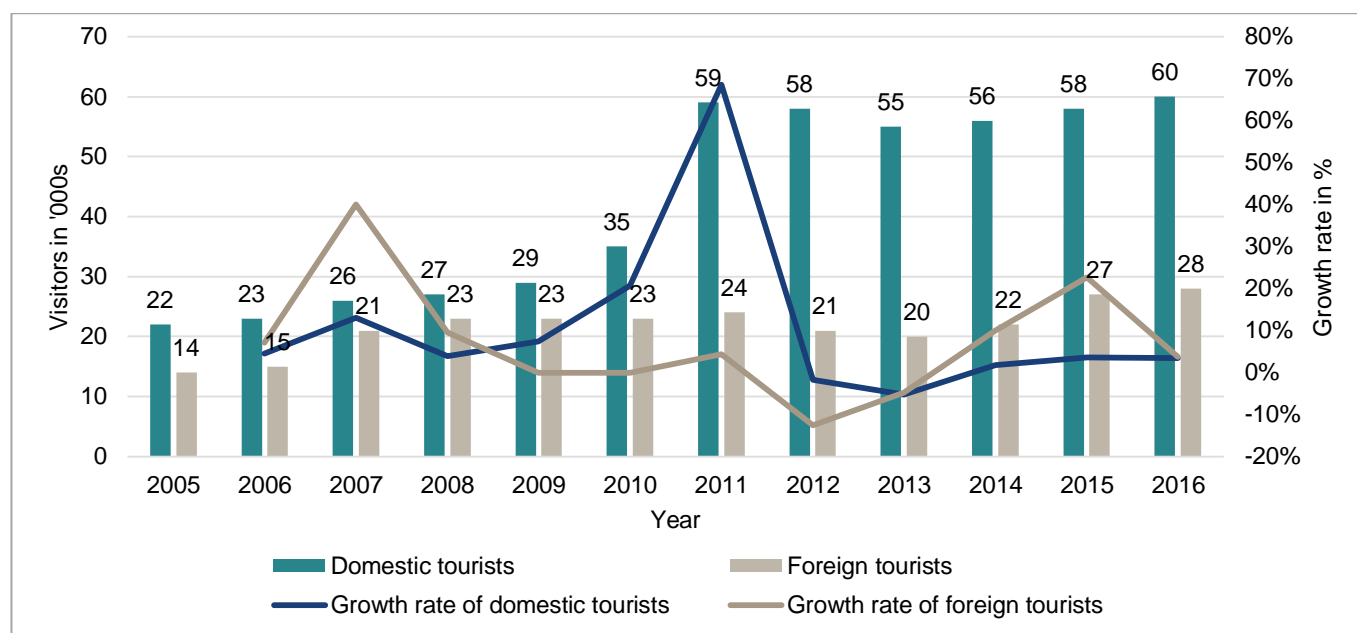
<sup>15</sup> <https://www.vir.com.vn/can-tho-in-target-of-global-investment-69121.html> accessed on 18th July 2019



a moderate CAGR of 10%; while foreign tourists increased from 14,000 to 28,000 during the same period, at an even lower CAGR of 7%.

It is pertinent to note that the number of domestic tourists visiting the city surged in 2011, however, since then, this number has stagnated, showing almost no growth.

**Figure 4.14: Tourist footfalls in Can Tho**



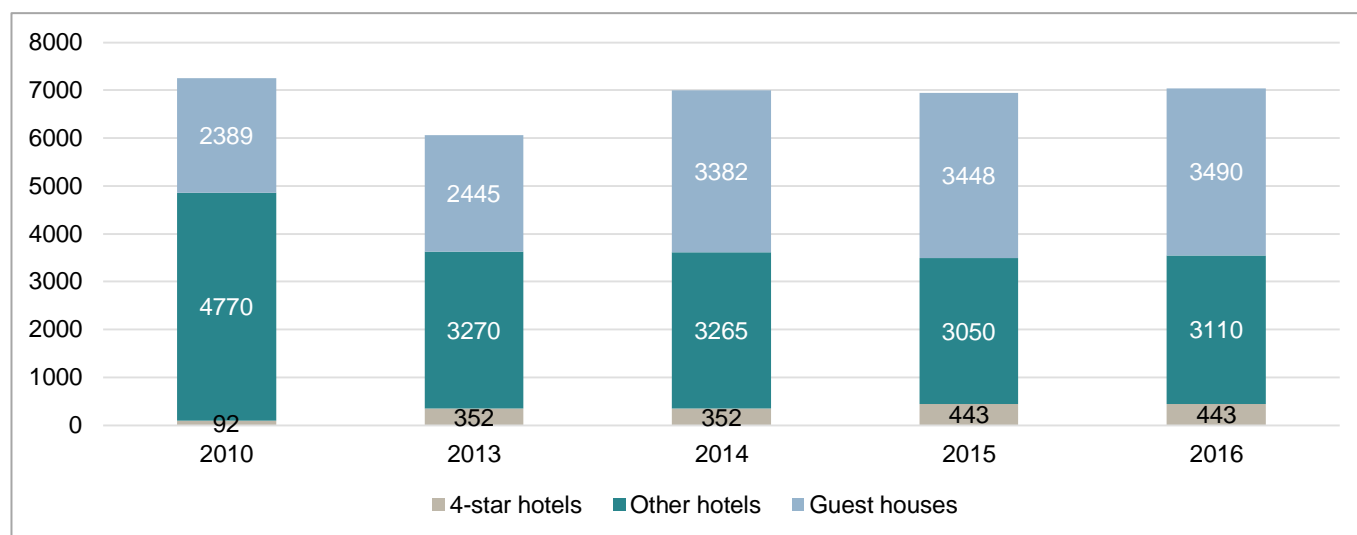
Source: Can Tho Statistical yearbook 2016

In terms of accommodation capacity for tourists, trends in the number of hotel rooms by type were examined. Until 2016, Can Tho had no 5-star hotels. Though the proportion of 4-star hotel rooms has grown over the years, its contribution to total number of hotel and guest rooms for tourists is negligible (6% in 2016).

The bulk of Can Tho's tourist accommodation is made up by rooms in other hotels and guest houses at 44% and 50% respectively. It is important to note that until 2013, rooms in other hotels made up the lion's share of rooms for tourist accommodation in the city (66% in 2010 and 54% in 2013); however this trend has changed post 2013, with number of rooms in other hotels sharply declining (44% in 2016). As of 2016, guest houses have the most number of rooms (50%) catering to visitors in the city.

On the whole, the number of rooms for tourist accommodation has fallen over the years, from 7251 in 2010, to 7043 in 2016.

**Figure 4.15: Composition of tourist accommodation rooms in Can Tho (2010-16)**

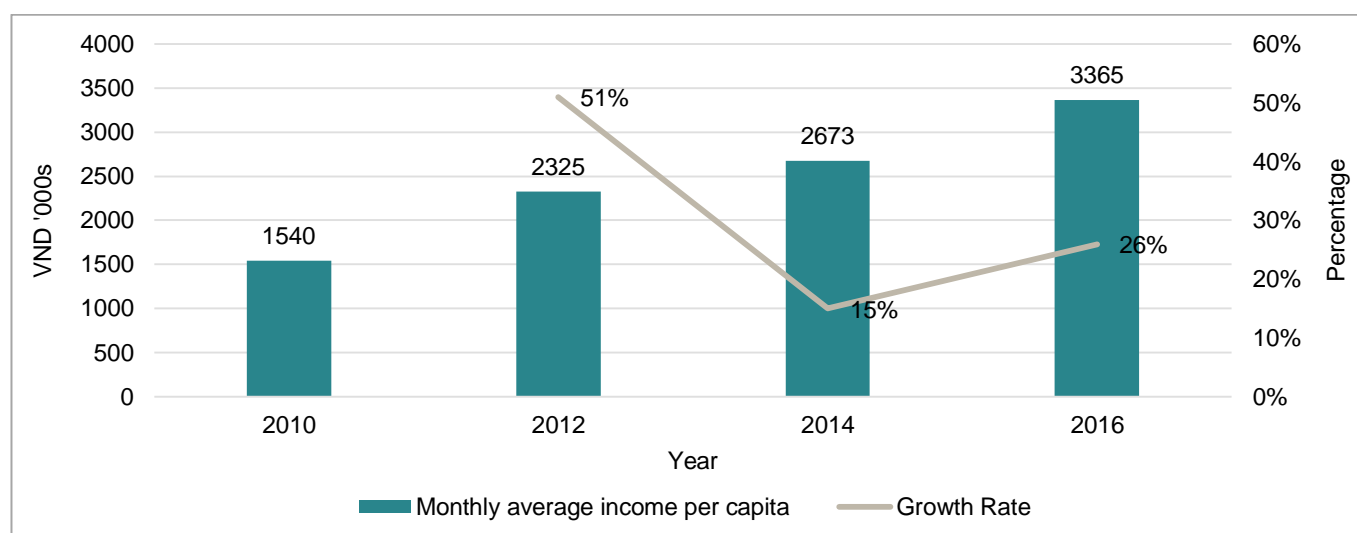


Source: Can Tho Statistical yearbook 2016

## 4.9 Income levels

Between 2010 and 2016, Can Tho's monthly average income per capita has grown at a CAGR of 13.9%, increasing from VND 1.54 million in 2010 to VND 3.36 million in 2016. Though this is a positive sign, the growth rate in Can Tho's income levels is lower than the national CAGR of 14.3%.

**Figure 4.16: Trend in Can Tho monthly average income per capita**



Source: Can Tho Statistics Yearbook 2016

In terms of income distribution, 80% of Can Tho's population had a monthly average income ranging from VND 1.17 million to VND 3.38 million, while 20% constituting the higher-income group had average monthly incomes of VND 7.9 million.

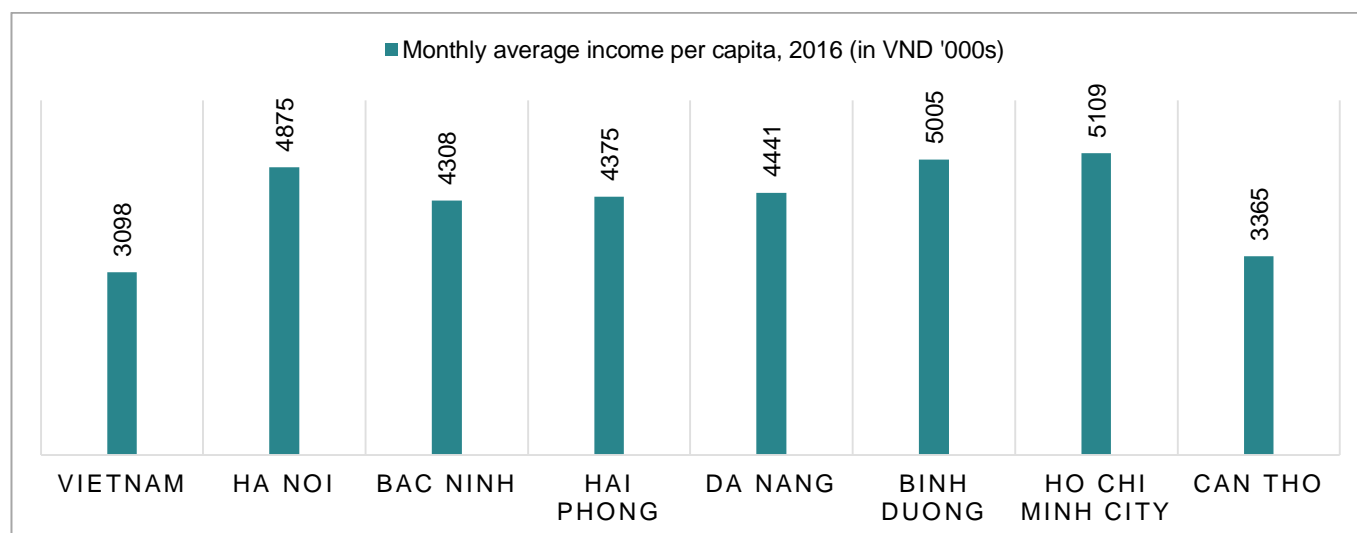
**Table 4-12: Can Tho's monthly average income per capita at current prices by income quintile (in thousand VND)**

Year	Quintile 1	Quintile 2	Quintile 3	Quintile 4	Quintile 5
2010	516	894	1220	1624	3437
2012	767	1298	1793	2481	5264
2014	924	1557	2109	2825	5939
2016	1176	1903	2500	3382	7917

Source: GSO Vietnam

A provincial level comparison reveals that HCMC had the highest monthly average income levels of VND 5.1 million, followed closely by Binh Duong at VND 5 million and Ha Noi at VND 4.8 million. Among all the provinces considered for comparison, Can Tho had the lowest monthly average income per capita.

**Figure 4.17: Monthly average income per capita, 2016 - a comparison**

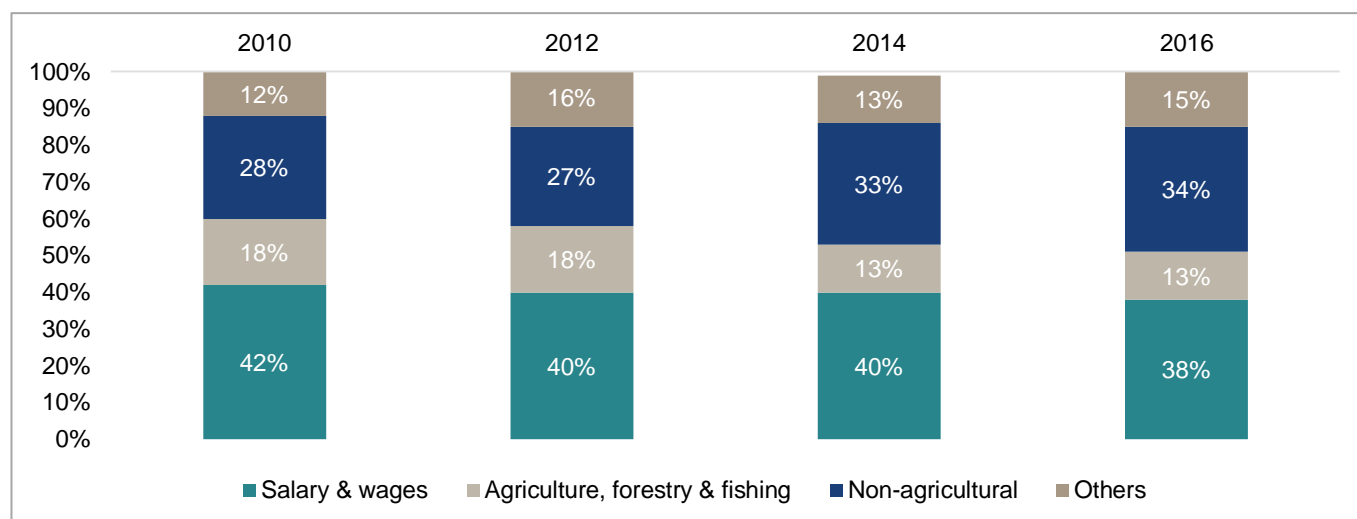


Source: GSO Vietnam

In 2016, in terms of composition of monthly income, salaries and wages constituted 38% of the monthly average income in Can Tho, followed by income from agriculture, forestry and fishing at 13% and non-agricultural income at 34%.

Can Tho has an average monthly per capita income of VND 3,365 million while its peer cities is on an average have about 40% higher per capita incomes. The Can Tho economy has a lower value addition given the higher share of the primary sector and lower end of the manufacturing sector (agro and fisheries) dominating.

**Figure 4.18: Trend in composition of Can Tho per capita monthly average income**



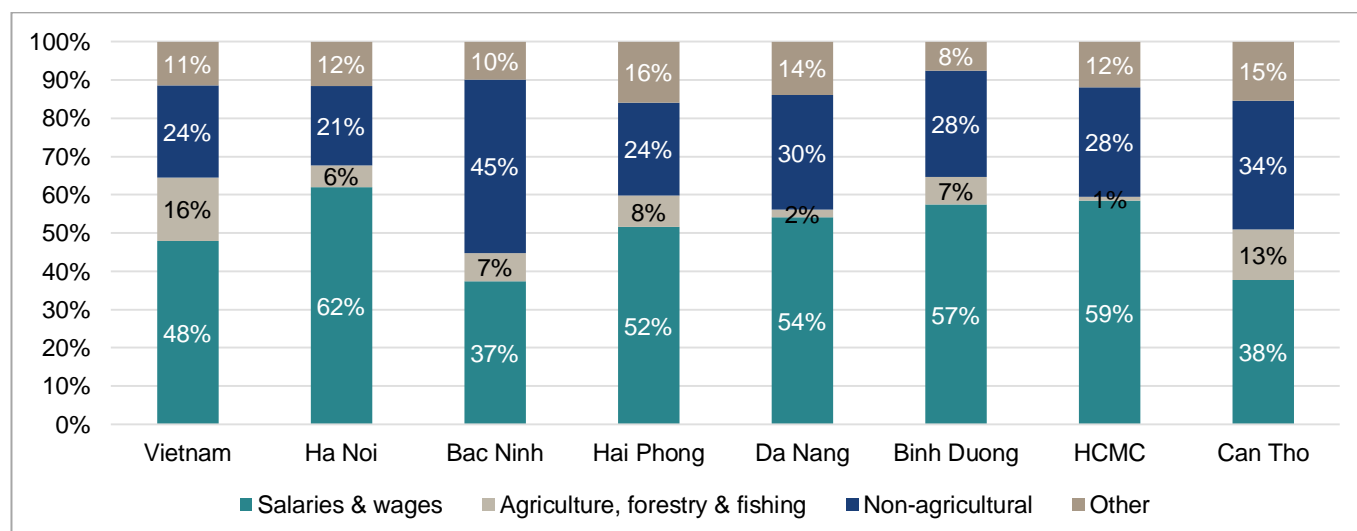
Source: Can Tho Statistics Yearbook 2016

With the exception of Bac Ninh, Can Tho had the lowest share of salaries and wages (38%) out of total monthly average income. At the national level, salaries and wages constituted 48% of total monthly average income. For cities such as Ha Noi and HCMC, percentage contribution of salaries and wages to total monthly average income was as high as 62% and 59% respectively.

At 13%, the percentage contribution of agriculture, forestry and fishing to monthly average income in Can Tho was the highest, by a huge margin, among the major provinces. For the other provinces considered for comparison, contribution of agricultural income to monthly average income ranged from 1% to 8% at the maximum. This demonstrates that though Can Tho's economy is shifting to a more tertiary based economy, a large proportion of people still continue to be employed in agricultural activities.

Essentially, while income has consistently been improving in Can Tho, income levels continue to remain the lowest among comparable provinces. Though a large part of incomes originate from salaries and wages, this percentage share is declining. Moreover, relative to the provinces Can Tho has been compared with, Can Tho has the highest percentage share of agriculture, forestry and fishery as part of the city's monthly average income.

**Figure 4.19: Composition of monthly average income - a comparison**

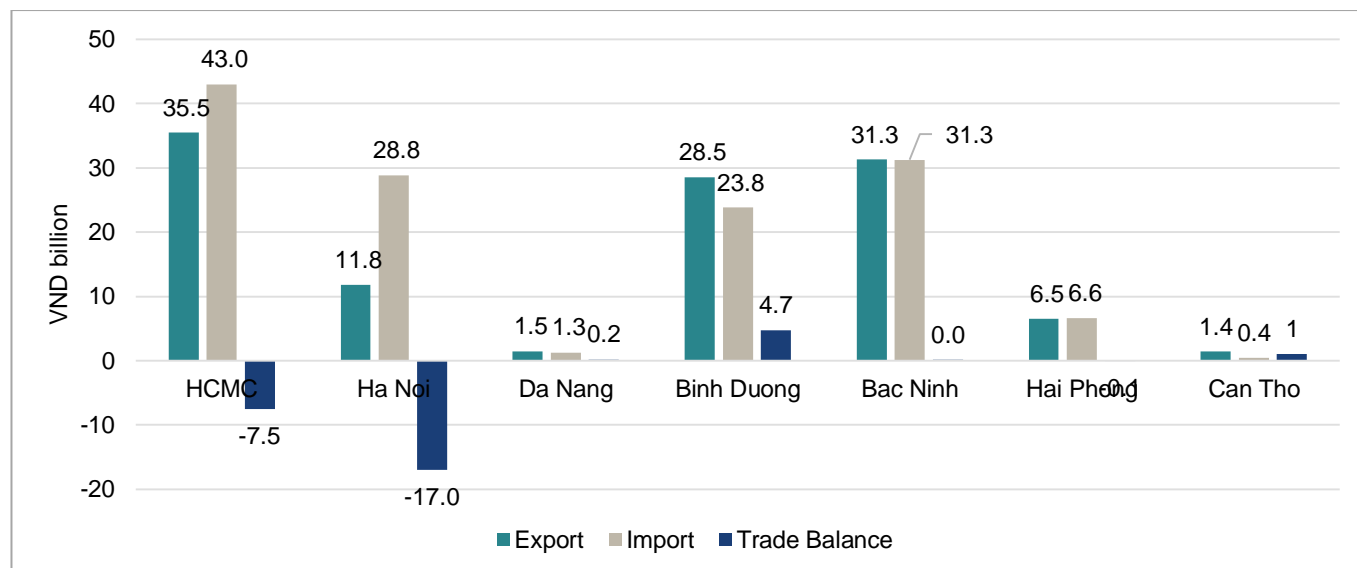


Source: GSO, Vietnam

## 4.10 Trade

In terms of trade, when compared with other provinces, Can Tho's trade figures were negligible and only comparable to that of Da Nang's.

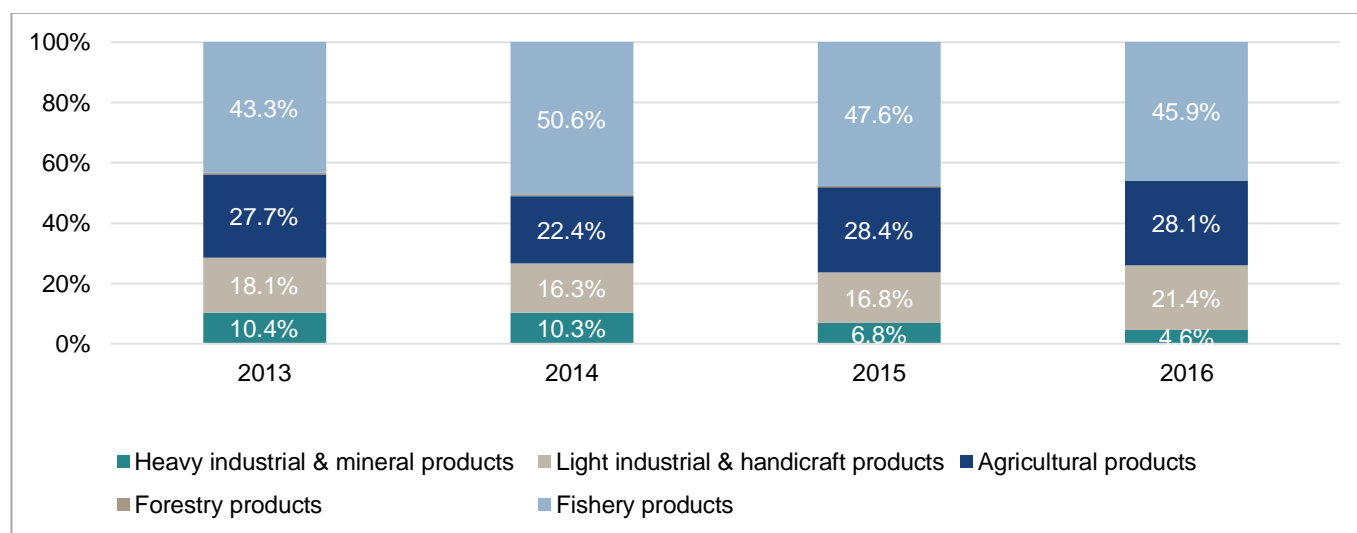
**Figure 4.20: Provincial trade balance 2017 - a comparison**



Source: Various cities' statistics office

It is pertinent to note that Can Tho's exports are dominated by fishery and agricultural products. On an average, fishery and agricultural products accounted for 46.8% and 26.6%, respectively, of Can Tho's total exports. Furthermore, proportion of these products to total exports remained robust through the years. This clearly demonstrates that Can Tho's trade activity is still in its nascent stages, dominated by primary products.

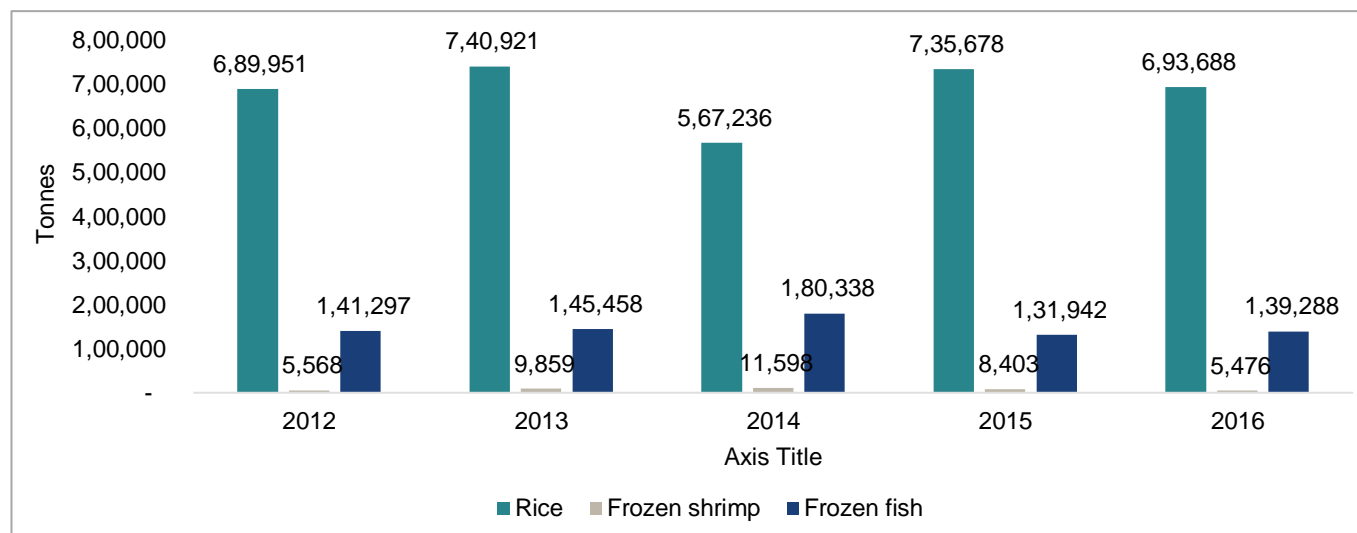
**Figure 4.21 Can Tho - Export proportion by product type (2012-16)**



Source: Can Tho Statistics Office

In fact, a closer assessment of Can Tho's fishery and agriculture exports reveals that this momentum is supported by traditional Vietnamese products such as rice, frozen fish, and shrimp.

**Figure 4.22 Can Tho's main goods for exports (2012-16)**



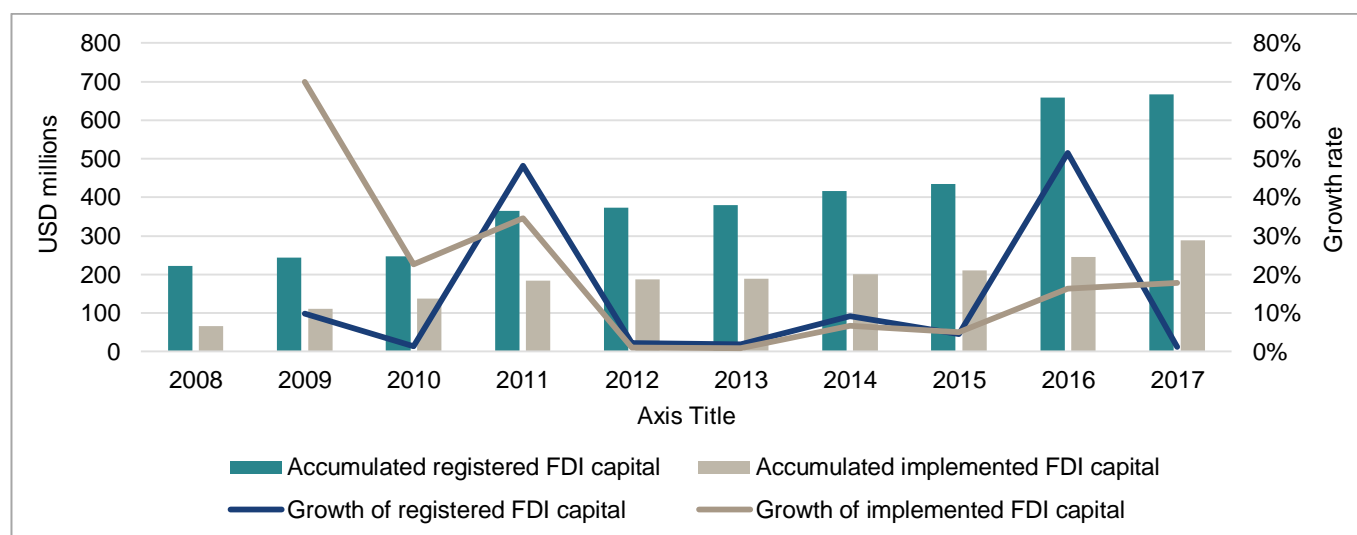
Source: Can Tho Statistics Office

## 4.11 Foreign direct investment

Total registered FDI capital flow into Can Tho increased gradually from 2011 to 2015 before shooting up significantly in 2016. Can Tho attracted a significant amount of (registered) FDI capital in 2016, surging 51.49% or by USD 223.97 million, the highest growth rate since 2009. While the registered FDI capital showed remarkable growth in the review period, the implemented FDI capital remained quite stable and showed only a slight improvement.

Though both registered FDI capital and implemented FDI capital experienced similar growth rates in the period between 2012 and 2015, the gap between the two has significantly widened since 2016. This trend seems to suggest that Can Tho's track record of efficiency of FDI capital disbursement has declined over the years.

**Figure 4.23: Can Tho FDI Capital (2009-17)**



Source: Can Tho Statistics Office

Manufacturing, real estate activities, and water supply, sewerage, waste management and remediation activities have become the most attractive investment sectors for foreign investors since 2015. Total registered FDI capital of these economic activities accounted for 81% of city's total FDI capital.

**Table 4-13 Registered FDI by economic activities (2015-17, in USD million) (Accumulation of effective projects as of December 31, 2017)**

Year	2015	2016	2017
Manufacturing	273	444	447
Wholesale and retail trade, repair of motor vehicles and motorcycles	62	95	98
Real estate activities	22	32	32
Water supply, sewerage, waste management and remediation active	3	53	54
Others	7	20	27
<b>Accumulated FDI licensed capital</b>	<b>367</b>	<b>644</b>	<b>657</b>

Source: Can Tho Statistics Office

A comparison with other tier-1 cities and other provinces reveals that the number of FDI projects and the total registered FDI capital in Can Tho is negligible.

**Table 4-14: Foreign direct investment projects licensed in 2017 by province (accumulation of projects having effect as of 31/12/2017)**

Province	Number of projects	Total registered capital (Mill. USD)
Ha Noi	4500	27,638
Bac Ninh	1138	16,178
Hai Phong	606	15,209
Da Nang	526	4,675
Binh Duong	3305	30,339
Ho Chi Minh City	7333	43,879
Can Tho	76	644

Source: GSO, Vietnam

### **Investments in Can Tho**

Can Tho has recently announced some key industrial investments, some of which are operational and some that are still on the anvil. Some of these have been discussed below.

On November 3<sup>rd</sup>, 2018, Can Tho City People's Committee inaugurated the Vietnam-Japan Friendship Industrial Park with a total land area of 30 ha in phase 1. The Vietnam - Japan Friendship Industrial Park (invested by Can Tho City Investment and Development Fund) is located in Tan Phu ward, Cai Rang district, with the land area of over 30 hectares in phase 1. Currently, transportation infrastructure, water supply, drainage system and lighting system for the industrial park have been invested and completed, ready to meet the demand of building premises for Japanese enterprises.

On September 29<sup>th</sup>, 2016, Taekwang Group held the Groundbreaking Ceremony to build Taekwang Can Tho Semi-Finished Sport Shoe Factory in Hung Phu Industrial Zone 2B, Cai Rang District, Can Tho City. Taekwang Can Tho Shoe Factory is a member of Taekwang Group with 100% foreign investment. The factory is built on a land area of 62 hectares, including ready-built buildings such as production workshops, manufacturing workshops, warehouses and offices. After going into stable operation, Taekwang Can Tho factory is expected generate an annual turnover of over USD 455 million. The factory officially began operations in the first quarter of 2017.

In addition to the co-operation between Can Tho City and the Korean government, a technology incubator has been set up in Can Tho to support the city's high-tech industries. The Korea-Vietnam Incubator Park (KVIP) in Can Tho is a joint venture between the Government of Vietnam and the Government of Korea with a total investment of USD 21.1 million, of which USD 17.7 million was provided by the Government of Korea under a non-

refundable ODA and USD 3.4 million from the Vietnamese government. The 4.5 ha park is located in the Tra Noc 2 Industrial Park. It contains office buildings, laboratories and experimental production facilities. The objective of the project is to support research and development of industries with competitive advantages in Can Tho city in particular and the Mekong Delta in general. The park began operations in November 2015. However, as of November 2017, after 2 years of operation, the park was able to attract only 5 enterprises<sup>16</sup>, though it can accommodate up to 40 industries.

## 4.12 Competitiveness

As per the 2017 Provincial Competitiveness Index (PCI), Can Tho ranked 10 among 63 provinces in Vietnam. Provinces like Da Nang, Dong Thap and Quang Ninh have consistently managed to emerge among the top 5 ranks over the years.

Can Tho's rank on the other hand, has fluctuated, having reached its highest rank so far (9<sup>th</sup> position) in 2013. So far, Can Tho has not yet managed to reach the top 5 position in the country's competitiveness ranking.

With the exception of the year 2013, HCMC has fared better than Can Tho in the rankings. Ha Noi on the other hand has had low rankings, though its position has improved over the years, moving from 33 in 2013 to 13 in 2017. Regardless of the rankings, HCMC and Ha Noi, being the two largest cities in the country, continue to be the most attractive investment destinations in Vietnam.

A deeper analysis of each of the ten parameters used to calculate competitiveness revealed that Can Tho has significantly improved in terms of transparency, business support services, labor training, and law and order. Areas requiring improvement, where Can Tho fared poorer over time included informal charges, policy bias and proactive leadership.

**Table 4-15: Trend in PCI rankings**

Year	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Can Tho Rank	Can Tho Score	HCMC Rank	Ha Noi Rank
2013	Da Nang	Thua Thien-Hue	Kien Giang	Quang Ninh	Dong Thap	9	61.46	10	33
2014	Da Nang	Dong Thap	Lao Cai	HCMC	Quang Ninh	15	59.94	4	26
2015	Da Nang	Dong Thap	Quang Ninh	Vinh Phuc	Lao Cai	14	59.81	6	24
2016	Da Nang	Quang Ninh	Dong Thap	Binh Duong	Lao Cai	11	61.14	8	14
2017	Quang Ninh	Da Nang	Dong Thap	Long An	Ben Tre	10	65.09	8	13

Source: Vietnam PCI Reports (2013-17)

## 4.13 Summary of observations

### 4.13.1 Can Tho has relatively weak demographics

In the period between 2008 and 2017, Can Tho's population growth rate was amongst the slowest when compared to other tier 1 cities, as well as other peer cities such as Bach Ninh and Binh Duong. Can Tho's population grew at a CAGR of 0.8% during this period, while the national average was 1.1%. Cities such as Binh Duong and Da Nang registered a CAGR of 4.4% and 2.3% respectively. The slowdown in population growth is triggered by a declining

<sup>16</sup> <https://english.thesaigontimes.vn/57054/Korea-Vietnam-Incubator-Park-draws-only-five-companies-after-two-years.html>; accessed in February 2019



natural growth rate and a negative net migration rate. Can Tho was the only city which reported a negative net migration rate (-2.3%) while other cities reported positive net migration numbers.

Between the period of 2008 and 2017, Can Tho's labour force grew at a CAGR of 0.7%, going from 684,400 to 726,600. The national labour force grew at 1.4% CAGR during the same period. The labor force in other provinces such as Binh Duong and Da Nang recorded an average CAGR of 4.7% and 2.9% respectively for the same reference period. This low growth in the labor force is symptomatic of the slow growth of Can Tho's economy.

A population growth slowdown, steady trends of negative net migration and very slow pace on increase in labour workforce suggests a very weak demographic profile emerging from a relatively weak economic scenario.

#### **4.13.2 Can Tho's GRDP is significantly small compared to its peers**

At VND 56,928 billion, Can Tho's GRDP amounts to a fraction of other provinces' GRDP (7% of HCMC's, 8% of Ha Noi's, 32% of Binh Duong's and 34% of Bac Ninh's). Can Tho's GRDP grew at a CAGR of 8.7% between 2014 and 2017, much slower than Bac Ninh (14.3%), Hai Phong (11.8%) and Ha Noi (12.2%).

Compared to other major provinces, even per capita GRDP is also the least in Can Tho at VND 45 million in 2017. HCMC's GRDP per capita was VND 100 million while that for Bac Ninh was VND 138 million, Ha Noi's was VND 96 million, and Da Nang's was VND 63 million.

#### **4.13.3 In terms of economic activity, manufacturing dominates, but is of a very primary nature.**

Can Tho's economy has transitioned from an agrarian-based economy to one that is dominated by the service sector – both in terms of output and workforce. In terms of economic activity, manufacturing takes the lead (26%), however the output from this activity is dominated by the manufacture of food products and this share has been increasing over the years (72% of total manufacturing output in 2017). The city's trade data also suggests an overdependence on exports of primary and agricultural and fishery products (73.4% of all exports) such as rice, shrimp and frozen fish. Both of these data points indicate the nascent stage of the manufacturing sector in the city. Can Tho's economy is yet to transition to manufacturing higher-value goods.

#### **4.13.4 Incomes are rising, but remain significantly lower compared to peer provinces.**

Can Tho's monthly average income per capita has increased from VND 1.54 million in 2010 to VND 3.36 million in 2016. While the city's income levels have risen, it continues to remain significantly lower than those of other tier-1 cities. In terms of composition of monthly average income, salaries and wages constituted 38% of the total while agricultural income constituted 13% of the total. A comparison of the composition of average income per capita in other major provinces revealed that incomes in Can Tho still show a relatively higher dependence on agricultural income. In fact for cities such as Da Nang, Binh Duong and HCMC, share of agricultural income in total monthly average income was 2%, 7% and 1% respectively.

#### **4.13.5 Industrial promotion underway, but FDI capital implementation low**

Though the government has been active in promoting the city as an investment destination, some key industrial projects (such as KVIP) have experienced a lukewarm uptake, while others are fairly recent, and results of the same are yet to be seen. Moreover, the average rental rates in Can Tho's industrial parks are almost double that of the rates prevalent in neighbouring provinces in the Mekong Delta Region. In fact, provinces such as Tien Giang and Hau Giang provide the highest tax incentives to industries wishing to set up shop here, offering as high as 15 years tax benefits for the same.

Though accumulated registered FDI capital in Can Tho has been increasing over the years, the efficiency of FDI capital disbursement has remained low (average of 46%). Moreover, FDI in Can Tho is negligible when compared with other tier-1 cities. Total accumulated registered FDI capital in Can Tho in 2017 was USD 643.6 million versus USD 43,879 million in HCMC, USD 30,339 million in Binh Duong, USD 27,638 million in HCMC and USD 16,178 in Bac Ninh.

#### **4.13.6 In conclusion, Can Tho requires a structural change to build economic momentum**

Can Tho suffers from weak demographics and has no near term triggers to change the economic growth profile and trajectory. Can Tho is steadily facing negative migration rates and the current economic activities lack in scale and quality to boost economic growth and sustain a high growth rates in population.

The economic growth engines in Vietnam are the two large cities of Hanoi and HCMC. Other economic growth drivers are the two cities of Bach Ninh and Binh Duong which are benefiting from the spillover growth of Hanoi and HCMC respectively. Da Nang does not have geographical locational advantages like Bach Ninh and Binh Duong but makes it up from being ranked first in the Provincial Competitiveness Index for four consecutive years 2013-2016 and ranked 2<sup>nd</sup> in 2017. Da Nang has reported a registered FDI capital of USD4.675 billion against that in Can Tho at USD644 million. Can Tho on the other hand has a geographical disadvantage and not ranked high enough on PCI. Can Tho in 2017 was ranked 10th and the highest it has ranked has been 9<sup>th</sup> in 2013.

Can Tho requires a fresh wave of investment in economic activities which will lead to faster economic growth and rising population growth. Can Tho needs a credible economic development strategy which will dictate the requirements in infrastructure investments. On the whole, the macroeconomic and demographic data for the city seems to suggest that Can Tho could potentially be witnessing a slow growth period.

## 5. Real estate market assessment

The economic assessment for Can Tho portrays a picture of growth but under-performing on all parameters vis-à-vis other competing cities in Vietnam. The lack of relative buoyancy in economic activity and leaning towards the primary sector including manufacturing industry dominated by food products – fisheries and rice – has muted the growth in demographic indicators and resulted in steady out-migration of the productive population in the city.

The economic activities are at the lower-end of the economic spectrum and as a result the per capita incomes are about lower by 40% on an average compared to other select cities against which Can Tho is benchmarked. This lower purchasing power will limit the buying potential and thus the quality of real estate in Can Tho.

Can Tho's GRDP is fraction of the GDP of HCMC and Hanoi and one third of the other comparable cities like Binh Duong and Bach Ninh. Can Tho suffers not only from the quality of its growth but also lacks the scale in economic activities when compared to the other cities. The lack of economic buoyancy will dampen the real estate demand relatively from outsiders except from those who hail from this region.

This chapter undertakes an assessment of the real estate market on the back of understanding of the economic and demographic situation in Can Tho.

### 5.1 Can Tho real estate products overview

Can Tho's residential market is made up of 3 product types – land plots, ready-built townhouses / villas, and condominium. Amongst these, it is the land plots segment that dominates the market.

Besides this, Can Tho has a small office market, small upscale retail market, and a hotel market that is still at a nascent stage.

Most recent residential projects (land plot and condominium) are located in Cai Rang district, while office space, retail space and hotels are primarily located in Ninh Kieu district.



City	2010	2013	2014	2015	2016
Ho Chi Minh City	54,14,000	28,91,000	36,90,000	51,39,000	76,10,000
Can Tho	22,67,000	13,42,000	14,31,000	15,50,000	17,30,000

Source: GSO Vietnam

It may also be observed that the share of self-built properties in the total housing floor area constructed each year in Can Tho is high, and has mostly grown over the years. In 2016, this share of self-built properties was 91% of total housing floor area constructed in the city, indicating that most of the residential demand in Can Tho originates from local residents, who buy to build houses for living accommodation. On the other hand, the population trend data shows us that the city is experiencing a low growth rate. Thus, this implies that there is insufficient pressure on land in Can Tho's real estate market for prices to significantly appreciate.

**Table 5-2: Can Tho share of self-built properties in total housing area constructed**

Year	2010	2013	2014	2015	2016
Can Tho's share of self-built properties in total housing area constructed	57%	72%	100%	93%	91%

Source: Can Tho statistical yearbook 2016, GSO Vietnam, CRIS analysis

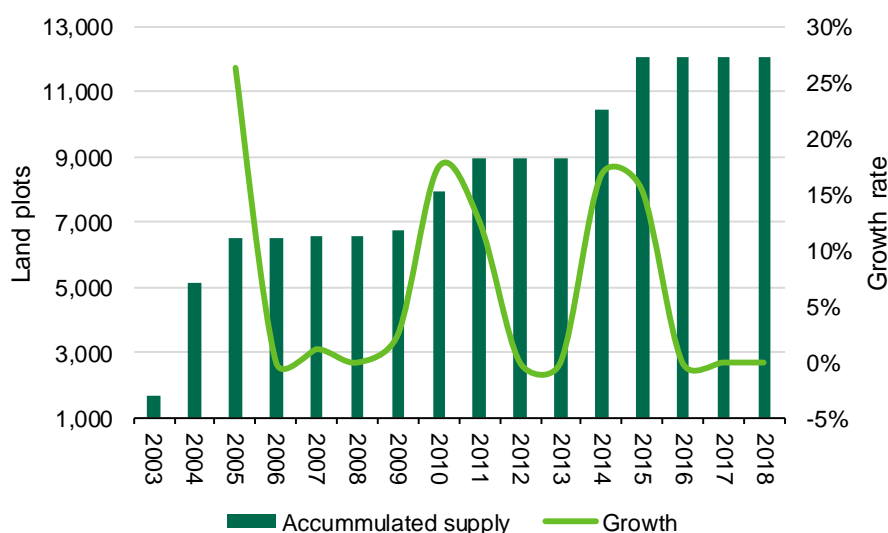
The main buying purpose is long-term living accommodation. Most buyers are local residents and people from surrounding provinces. A small part of buyers seek Can Tho's landed properties for capital investment or alternative living accommodation during holidays and they are mostly come from HCMC. The preferred land plot size ranges from 80 sq. m to 120 sq. m and the most common type of landed building is townhouse. On the whole, the reception to good quality landed projects has been positive, due to limited supply of the same in Can Tho's market.

## 5.2.2 Landed property market

### 5.2.2.1 Market overview

Can Tho's land plot supply recorded noticeable increases in 2004, 2010 and 2015, which was a five-year cycle. However, the supply growth rate has been decreasing. The growth rate in 2004-05 was 26.39% whereas in 2010 and 2015, the supply grew at 17.52% on-year and 15.49% on-year, respectively.

**Figure 5.2 Accumulated existing supply by year, land plot, Can Tho**



Source: CBRE Vietnam.

Since 2015 until now, there has been no new notable addition to the land plot supply in Can Tho's market. Future supply is expected to be launched in 2019 and 2020 but at a much smaller scale in comparison with previous periods (Refer annexure 3 for more detailed information on the landed property market in Can Tho).

Can Tho's market still lacks quality products despite increasing demand from both the primary and secondary buyers. A large proportion of landed property supply comes from projects which have been launched in the last couple of years.

The dominant landed property type is land plots. Ready-built townhouses/ villas make up a small component in complex projects (which comprise both land plots and ready-built townhouses and villas).

**Table 5-3 Landed property market snapshot, Can Tho**

	Ready-built villas/townhouses	Land plots
<b>Supply</b>	254	11,814
<b>Sold rate</b>	100%	100%
<b>Average selling price</b>	906 - 4,891 USD per sq. m land area	338 - 1,363 USD per sq. m land area
<b>Buyers</b>	Government officers, businessmen	Local families and people from other provinces such as HCMC

Source: CBRE Vietnam

### 5.2.2.2 Market outlook

Being a historically land plot dominated market, locals will still take a long time to get used to a shift towards high-end products such as gated compounds and communities. As the market lacks high quality, modernized products, any project that satisfies these criteria may enjoy healthy demand and selling rates. But this demand is limited and runs the risk of over-supply if recent trends are extrapolated into the future.

Even though locals may be hesitant to transition to ready-built products, as the market becomes more sophisticated with buyers from HCMC and other provinces desiring higher levels of market offerings, gated compounds and communities will become the new housing trend, and the market can shift towards a new cycle phase. For this to happen Can Tho requires sustained economic triggers which are absent in the near to medium term.

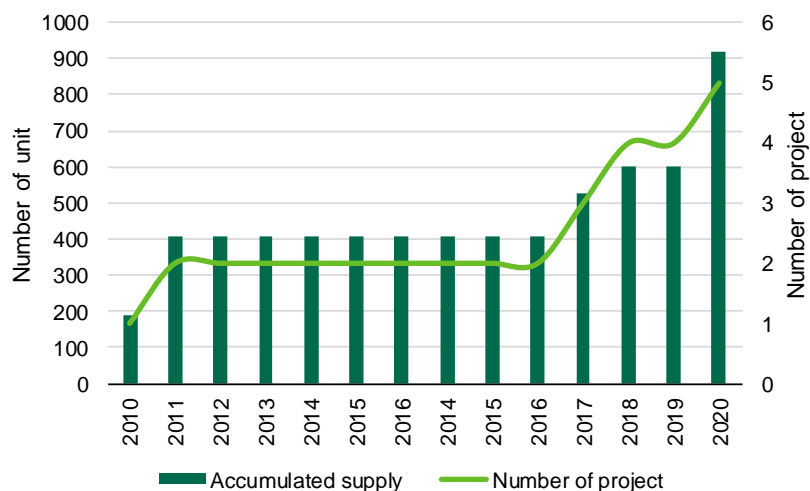
Among major cities in Vietnam and specifically in the southern area, Can Tho's real estate market is still attractive due to its relatively cheap and competitive pricing. The price may continue to be attractive and may not provide immediate capital appreciation in the absence of rapid economic growth and sustained demographic pressure on land.

## 5.2.3 Condominium market

### 5.2.3.1 Market overview

The condominium market emerged only in 2010 with the supply of 190 units followed by another 216 units in 2011. From 2012 to 2016, there was no new supply in the market. The year 2018 saw a supply of 73 units. (Refer Annexure 4 for more detailed information on existing and future supply for the condominium market in Can Tho.)

**Figure 5.3 Existing supply by year of condominiums in Can Tho**



Source: CBRE Vietnam

In terms of pricing, all the projects offer low selling price, from USD 393 per sq. m to USD 726 per sq. m. This price range falls in the affordable category in the HCMC real estate market. The average price for this segment in Can Tho is lower than the average price in HCMC by 67%.

**Table 5-4 Market snapshot, condominium, Can Tho**

	Public condominium	Commercial condominium		Total
		High-rise	Low-rise	
<b>Supply (units)</b>	827	216	383	1,426
<b>Sold rate</b>	100%	100%	96%	-
<b>Selling price</b>	N/A	393	566	-
<b>Target buyers</b>	Government officers, military officers and resettlement residents	Local Can Tho residents, buying to live, including stable-income families and white-collar staff with low budgets		-

Source: CBRE Vietnam

### 5.2.3.2 Market outlook

This product faces high competition from landed property, which is more preferred by local buyers. Locals prefer to buy land and build their own house with individual features. The relatively large availability of developable land in Can Tho also supports landed property products, thus there is insufficient pressure for developing condominium type of housing.

A new project, Milano Plaza, is expected to be launched in 2019 and developed by Hoang Quan Can Tho Co. When completed, this project will contribute an additional 320 units in the high-rise buildings segment. In addition, two more projects are expected to be launched in 2020 and 2021; they will provide 4,270 units in all. This is an ambitious plan and it is unlikely that the Can Tho condominium market will be able to absorb this huge supply given the local buyers' preference for landed property.

## 5.2.4 Residential market price trends

### 5.2.4.1 Local price trends

Due to the absence of historical land price data for Can Tho, interviews were conducted with local salesmen to find out the price trends in the city in recent years.

Land price escalation in Can Tho was found to vary from location to location. Forming part of the CBD, areas along the embankment in Ninh Kieu district, have traditionally had high prices and thus price escalation in these areas has been moderate. However, for newly developing areas such as Khuong islet, and the Hong Loan Residential Area in Cai Rang, the annual price increase has been 13% and 14% respectively. This is because base prices in these areas were very low (significantly lower than average asking prices in residential projects). Moreover, land prices in these areas have appreciated on account of change in land use from agricultural to residential, and due to infrastructure development. For instance, compensation price paid along the CMT8-PH918 route (most likely for agricultural land) was in the range of VND 1 million to 2 million per sq. meter of land area.

**Table 5-5: Sample data on price trends in Can Tho**

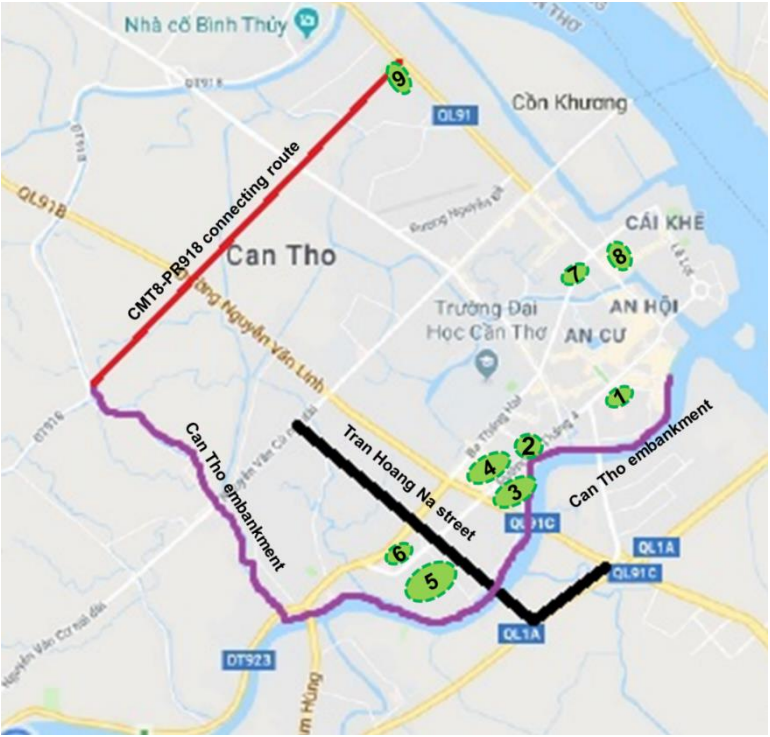
Project Name	District	Asking price in the past	Current asking price	Time period	Annual growth of price per sq. m (%)
		Price per sq. m (VND/sq. m) (*)	Price per sq. m (VND/sq. m)		
<b>Hung Phu I Residential Area</b>	Cai Rang	43,333,333	44,444,444	2017 - 2019	1%
<b>Hung Phu II Residential Area</b>	Cai Rang	29,891,304	31,111,111	2018 - 2019	4%
<b>An Phu NUA - Long Thinh Residential Area</b>	Cai Rang	29,444,444	32,323,232	2018 - 2019	10%
<b>Nam Long Residential Area</b>	Cai Rang	13,547,000	27,094,000	2010 - 2018	8%
<b>Hong Loan Residential Area (along Tran Hoang Na Bridge project)</b>	Cai Rang	13,658,000	17,756,000	2017 - 2019	14%
<b>Khuong Islet</b>	Ninh Kieu	7,500,000	12,149,533	2015 - 2019	13%

Source: CBRE Vietnam

The map in Figure 5.4 below presents the average market prices plotted along the World Bank funded project corridors. Average market prices were calculated based on secondary market prices that were sourced from transactions along the project corridors, wherever available. In several areas, on account of land primarily being agricultural in nature, data on transactions was limited, and in some cases absent.



**Figure 5.4: Land prices along WB funded project corridors**

Land price map along WB funded project corridors	Location Code (on map)	Average Market Price
	1	VND 84,175,084
	2	VND 107,826,048
	3	VND 73,096,276
	4	VND 62,137,110
	5	VND 56,264,992
	6	VND 34,632,035
	7	VND 63,121,440
	8	VND 77,722,960
	9	VND 24,553,571

The data on market prices provided in the figure given above, reveals that market prices are highest in Hoa Binh Boulevard, averaging at VND 107 million. This at the center of the city in Ninh Kieu. Areas in Cai Khe and along 30 Thang 4 street also showed high land prices at VND 77 million and VND 73 million respectively. Areas near the CMT8 corridor (refer location code 9 in figure given above) had relatively lower market prices, averaging at VND 24 million.

#### 5.2.4.2 Comparison with other cities

Residential land prices in Can Tho were relatively much lower than that in HCMC and Ha Noi.

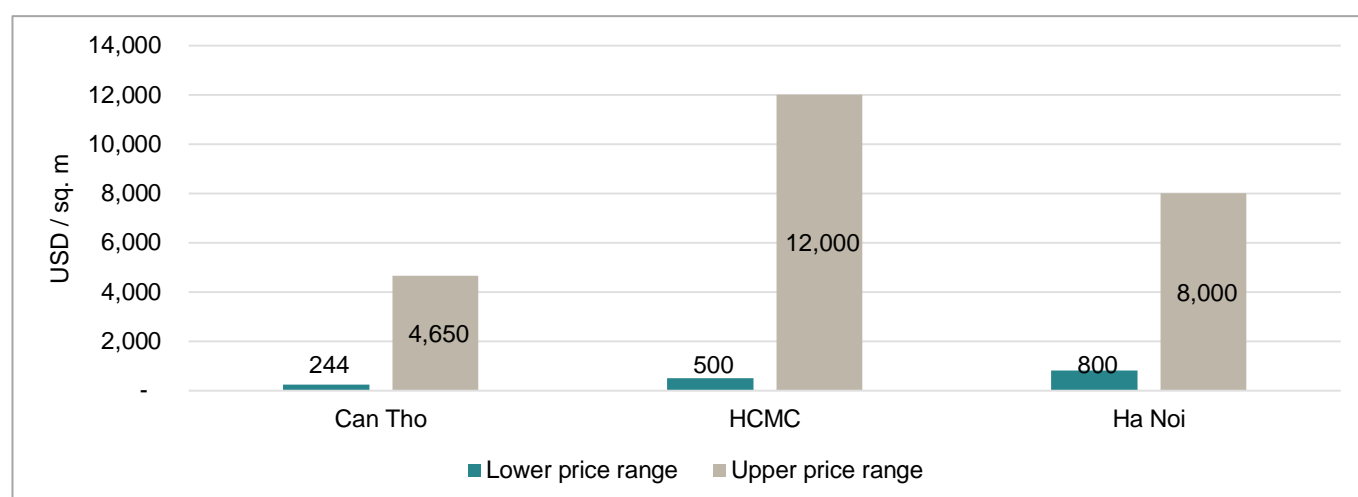
A comparison between HCMC, Ha Noi and Can Tho reveals that HCMC has the highest residential land prices.

Within HCMC, residential land prices in Binh Thanh district were found to be the highest, going up to USD 12,000 per sq. m. Hanoi stands in the second place with USD 8,000 per sq. m of land area recorded in Tay Ho District. In comparison, the highest residential project land price of Ninh Kieu district was approximately one-third of that in Binh Thanh district of HCMC and half of that in Tay Ho district of Hanoi.

The lowest land prices in HCMC and Hanoi were 2.0 and 3.3 times higher than that of Can Tho's. The lowest land price in Hanoi was USD 800 per sq. m whereas the lowest price in Ninh Kieu district of Can Tho city was USD 244 per sq. m of land area.

Even the gap between the highest and lowest land price in Can Tho is significantly lower than that of HCMC and Ha Noi.

**Figure 5.5: Residential land price of major cities in Vietnam, 2018<sup>17</sup> (in USD/sq. m)**



Source: CBRE Vietnam

## 5.3 Four and five star hotel market

### 5.3.1 Market overview

The hotel market in Can Tho is still at an infancy stage compared to other tourist destinations of Vietnam such as HCMC, Hanoi, Da Nang, Nha Trang, Phu Quoc, Phan Thiet, and Ha Long. The market lacks international standard hotels, and is dominated by many small two to three-star hotels, which are all self-managed by the owners. The upscale hotel segment consists of eight projects, supplying 1,163 rooms, 46% of which are four-star rooms. Except for two resort-styled projects (Victoria and Azerai), Can Tho's city hotels' room rates typically range from USD 35 to USD 50 per room per night.

Currently, the market has three five-star hotel projects and five four-star developments, providing a total of 1,163 rooms. From 2010 to 2018, compounded annual growth rate (CAGR) of 4-5 star hotel rooms reached 25%. As of December 2018, no top-tier hotel project is under construction in this city.

**Table 5-6 Can Tho's top-tier hotel market summary**

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018
Number of 4-5 star hotels	2	2	3	4	5	6	7	7	8
% change	-	0%	50%	33%	25%	20%	17%	0%	14%
Number of rooms	200	200	289	460	533	841	1103	1103	1163
% change	-	0%	45%	59%	16%	58%	31%	0%	5%

The future supply of 4-5 star hotels in Can Tho may be limited as the city does not appeal as strongly to hotel developers as other emerging second-tier tourist destinations in Vietnam such as Quy Nhon, Sapa, and Phan Thiet. The average length of stay from 2010 to 2015 was 1.45 days. Both length of stay and number of visitors to Can Tho are relatively lower than other tourist destinations in Vietnam, which can be attributed to Can Tho's lack of tourism products and activities.

Can Tho's inner city hotels' room rates typically range from USD 35 to USD 50 per room per night. For resort-styled hotels like Victoria (four-star) and Azerai (five-star), room rates range from USD 140 to USD 220 per room per night. In the fourth quarter of 2018, five-star hotels had an average room rate of USD 63 per room per night, and average

<sup>17</sup> Can Tho's prices were sourced from the auction data shared by the Land Development Fund Center, Can Tho City

occupancy of 60%. Meanwhile, four-star hotels reported an average room rate of USD 55 per room per night, and average occupancy rate of 63% (Refer Annexure 5 for detailed information on the four and five star hotel market supply and performance). The average room yields were significantly lower than their published tariff indicating that demand is low and market readiness or ability to pay such tariffs may not exist.

### 5.3.2 Market Outlook

The market being small, is already quite competitive for hotels in Can Tho to attract guests. The small number of tourist arrivals will continue to be a key challenge for further development of Can Tho’s hotel market. In addition, limited tourism products and thus limited appeal for international visitors (who tend to go to places such as Da Nang, Nha Trang, Phu Quoc, Sa Pa, and Ha Long instead) have to be addressed. Can Tho City will need to revamp its whole tourism plan and build a tourism network with other cities in the Mekong Delta region, to diversity its tourism offerings and attract more guests.

## 5.4 Office market

### 5.4.1 Market overview

The total supply of the office market in Can Tho is 42,416 sq. m net leased area (NLA) comprising 17 buildings. All office buildings in Can Tho are of Grade C standard with typical floor plate being less than 500 sq. m. (Refer Annexure 6 for detailed information on office supply by location and market performance.)

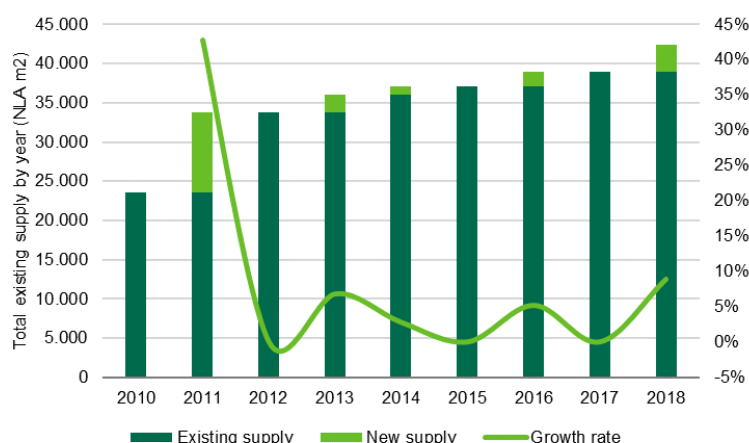
In 2011, an area of 10,103 sq. m NLA from four buildings was added to the office space supply. The office market grew by 43% due to the tide of ‘land fever’ in Can Tho during 2010-2013, leading to high expectations from commercial real estate. The typical leasing floor area of these buildings was small, ranging from 150-465 sq. m. There was no new supply in 2012, 2015 and 2017.

The average rent recorded across the market was USD 8.9/sq. m/month (17 buildings), decreasing about 4% per year since 2010 - when average rents were USD 12.62/sq. m/month (9 buildings).

A falling rental market and intermittent supply has resulted in the vacancy rate of Can Tho office market at 22% in 2018. Despite being the hub of the Mekong Delta Region, Can Tho’s office market has not witnessed any significant change in terms of demand, supply, rental rate or quality of buildings in the past eight years.

Regarding future supply, there have been no new announcements of office buildings to be developed in the near future in Can Tho.

**Figure 5.6 Trend in office space supply in Can Tho**



Source: CBRE Vietnam

## 5.4.2 Market Outlook

There has been no announcement of future supply of office space in the Can Tho area. Compared with the HCMC office market, vacancy rates for both Grade A and Grade B buildings declined sharply despite higher supply. By 2018, the vacancy rate for both Grade A and Grade B buildings was 6% and 2.5% respectively - equivalent to 22,966 sq. m vacant space out of 382,763 sq. m NLA for Grade A buildings and 20,334 sq. m vacant space out of 813,362 sq. m for Grade B buildings. Grade A building vacancy dropped from 24% of total supply of 323,728 sq. m, whereas Grade B building vacancy decreased from 15% of total supply of 480,487 sq. m in 2010.

In terms of supply growth rate and absorption, the Can Tho office market has not experienced any major change in terms of demand, supply or rental rate in the last eight years. Future supply and availability are limited, creating a good premise for existing office buildings to adjust rents to enhance the service provided in existing office buildings.

## 5.5 Real estate finance

After a booming year of land price on account of the land fever in Vietnam and the country's overall high economic growth in 2018, the central government has tightened the credit scheme for real estate market in 2019. Concerns over bad debt arising from the land fever has prompted lenders to increase interest rates for real estate lending. Banks that used to earlier offer loans covering 80-90% of the property value, are now offering loans at no more than 70% of the property value. Even the State Bank of Vietnam allows banks to lend only 40% of short-term mobilization funds for long term loans, as against 60% in the past<sup>18</sup>.

## 5.6 Summary of observations

The supply of housing floor area constructed in Can Tho peaked in 2010 at 2.267 million sq. m. As per the latest data available, in 2016, the housing supply was 1.73 million sq. m. This is about 24% lower than the peak reached six years earlier. The other cities in Vietnam have also experienced a high supply level followed by a small dip but have recovered and gone past their previous peak values in 2016 or and near their peak values. Can Tho thus lacks the real estate absorptive capacity in the absence of strong economic growth and investments. With such low demand, 50% addition in residential land supply may lead to over-supply of land and hence may keep the prices in check.

Most of the land in Can Tho is under agricultural use (88% in 2010), and this is set to continue as per the 2020 land use plan (81%). Given this large availability of land, and Can Tho citizens' traditional property buying habits, land plots dominate, and will continue to dominate the residential market in the near future.

The share of self-built properties in total housing floor area constructed was almost 91% in 2016. This demonstrates that most of the housing demand in the city comes from local buyers who mostly buy land for living accommodation. Given that population growth is muted, housing demand is unlikely to see rapid growth in the near future.

Further, given the city's lack-luster economic performance in comparison to peer cities, even its office and hospitality market have shown a slowdown. Average four star and five star hotels room yields reported in the fourth quarter of 2018 are USD 63 per night while the tariffs range from USD 140 to USD 220 per night. Even the office market only has Grade C standard real estate and the average rentals have been declining about 4% every year since 2010. The supply of office space has been sporadic with several intervening years of no supply. Even with lower levels of supply and declining rentals, the office space still has resulted in the vacancy rate of Can Tho office market at 22% in 2018

Vietnam may have experienced a booming year on account of land fever in 2018, but Can Tho did not experience any heightened activity. Can Tho real estate market is fundamentally weak. Abundance of land in the city coupled with unattractiveness of the city's economy have resulted in lack of demand pressure for the real estate. In an already muted real estate market, tightening of credit scheme may further impact sales.

---

<sup>18</sup> <https://e.vnexpress.net/news/business/banks-tighten-real-estate-loans-amid-land-fever-in-vietnam-3750859.html>

All these factors have created a situation where there is insufficient demand pressure on land, thereby leading to a real estate market that lacks buoyancy.

Can Tho's market is unlikely to exhibit noticeable growth in the immediate future. Though the completion of some major infrastructure projects may improve connectivity to and within the city, what Can Tho really is for some key higher-value industries and investments to materialize. This will enable it to become an engine of employment generation in the region, thereby attracting greater in-migration to the city. Such growth in population combined with higher value economic activity will boost real estate demand, thereby creating a more buoyant market.

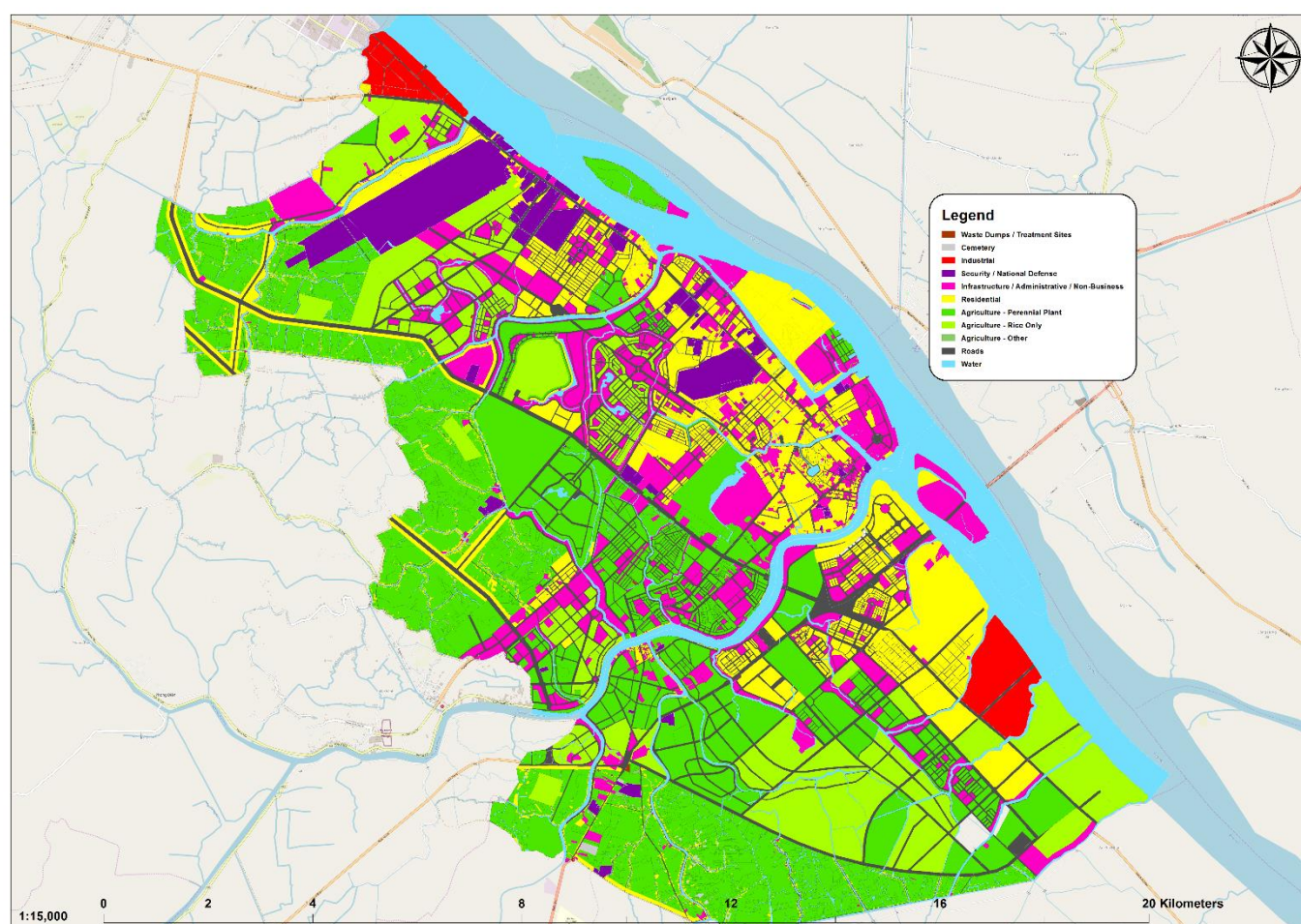
## 6. Annexures

### 6.1 Annexure 1: Land use in Ninh Kieu, Cai Rang and Binh Thuy districts

#### 6.1.1 Land use in 2010

As the three World Bank funded project components are located across the three districts namely Ninh Kieu, Cai Rang and Binh Thuy, the land use of these districts was examined in detail.

**Figure 6.1: Land use in Ninh Kieu, Cai Rang and Binh Thuy districts, 2010**



Source: CRIS analysis

As per the 2010 land use maps, 37.5% of land in Ninh Kieu district was being used for agricultural purposes. This was followed by land for residential purpose (mix of residential and commercial) covering 31% of the district's area. Land for infrastructure / administrative and non-business purposes accounted for 30.1% of the district's land area, followed by land for security / national defence at 1.3%.

**Table 6-1: Land use in Ninh Kieu district, 2010**

Land Use	Area, 2010 (in sq. m)	Percentage Composition
Cemetery	5,106	0.0%
Industrial	-	0.0%

Land Use	Area, 2010 (in sq. m)	Percentage Composition
Infrastructure / Administrative / Non-business	66,15,735	30.1%
Agricultural - perennial crops	73,49,795	33.5%
Residential	68,01,916	31.0%
Agricultural - rice only	8,92,296	4.1%
Security / National defence	2,95,794	1.3%
Waste dumps / treatment plants	4,577	0.0%
<b>Total</b>	<b>2,19,65,219</b>	<b>100.0%</b>

Source: CRIS analysis

In Cai Rang district, 69.6% of the land is agricultural, 17.4% residential, 8.3% for infrastructure / administrative / non-business activities and 4% for industrial purposes.

**Table 6-2: Land use in Cai Rang district, 2010**

Land Use	Area, 2010 (in sq. m)	Percentage Composition
Cemetery	1,07,863	0.2%
Industrial	20,13,176	4.0%
Infrastructure / Administrative / Non-business	42,34,791	8.3%
Agricultural - perennial crops	2,43,59,561	47.8%
Residential	88,63,180	17.4%
Agricultural - rice only	1,10,78,098	21.7%
Security / National defence	2,69,416	0.5%
Waste dumps / treatment plants	8,905	0.0%
<b>Total</b>	<b>5,09,34,989</b>	<b>100.0%</b>

Source: CRIS analysis

In Binh Thuy, approximately 57.2% of the land is agricultural, 15.3% is residential, 12.3% for infrastructure / administrative / non-business activities, 2.4% for industrial purposes (adjacent to the industrial cluster in O Mon to the north of Binh Thuy) and 12.7% for security / national defence.

**Table 6-3: Land use in Binh Thuy district, 2010**

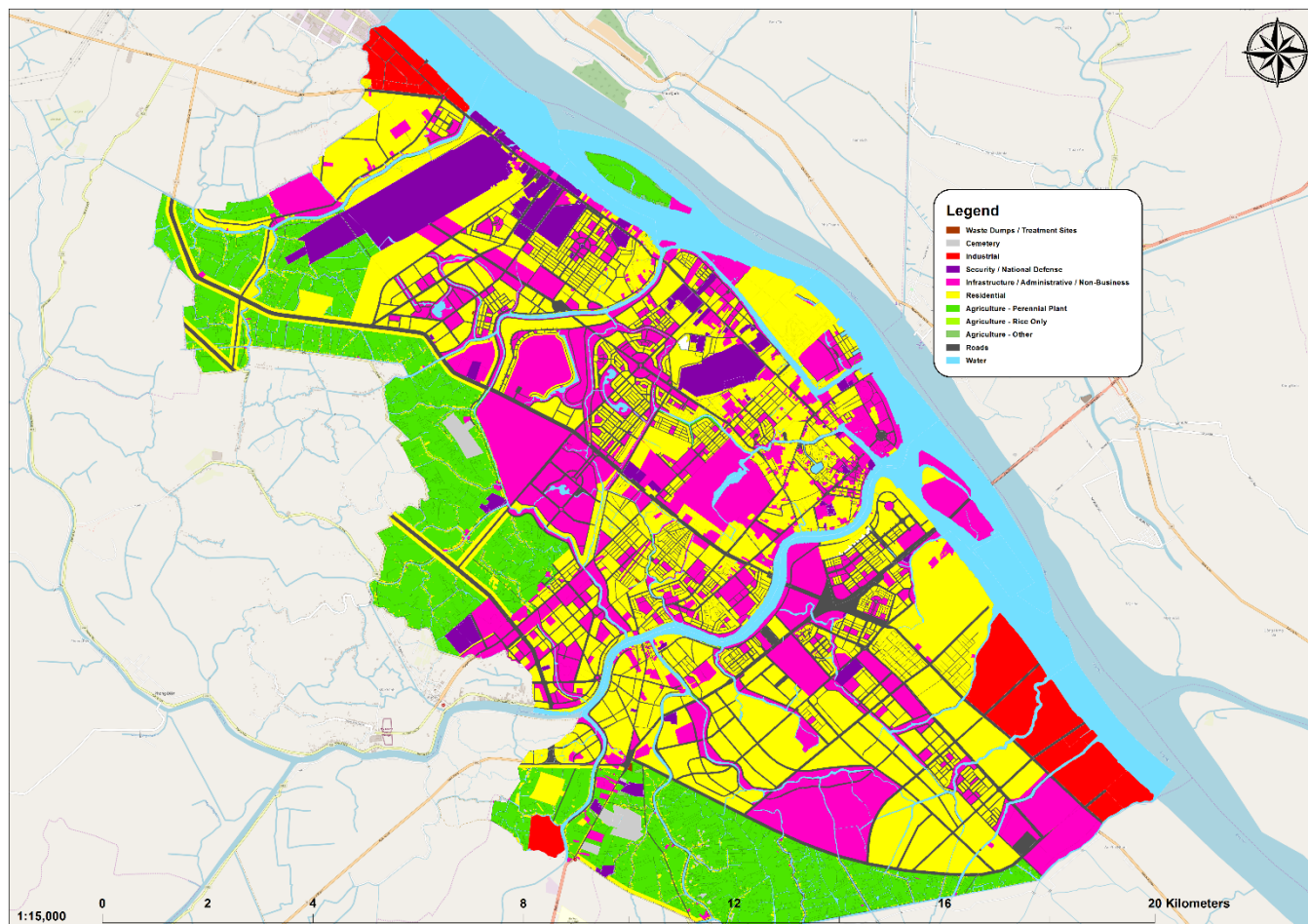
Land Use	Area, 2010 (in sq. m)	Percentage Composition
Cemetery	8,951	0.0%
Industrial	12,91,925	2.4%
Infrastructure / Administrative / Non-business	64,76,556	12.3%
Agricultural - perennial crops	2,17,81,983	41.2%
Residential	80,92,943	15.3%
Agricultural - rice only	84,33,366	16.0%
Security / National defence	67,35,014	12.7%
Waste dumps / treatment plants	14,243	0.0%
<b>Total</b>	<b>5,28,34,982</b>	<b>100.0%</b>

Source: CRIS analysis

## 6.1.2 Planned land use (2020)

When compared with the land use in 2010, significant changes can be observed in the three districts' planned land use for 2020.

**Figure 6.2: Planned land use for Ninh Kieu, Cai Rang and Binh Thuy districts, 2020**



Source: CRIS analysis

As per the 2020 master plan, majority of the agricultural land in Ninh Kieu district is expected to be converted to residential use. Quantum of agricultural land is set to reduce from 37.5% to 0.3%, while land for residential use (including commercial use) is expected to increase from 31% in 2010 to 58.8% in 2020. Land for infrastructure / administrative and non-business purposes is also planned to be enhanced from 30.1% to 38.8% in 2020.

**Table 6-4: Current vs. planned land use for Ninh Kieu district**

Land Use	Percentage composition of area in 2010	Percentage composition of planned area (2020)
Cemetery	0.0%	0.0%
Industrial	0.0%	0.0%
Infrastructure / Administrative / Non-business	30.1%	38.8%
Agriculture - perennial crops	33.5%	0.3%
Residential	31.0%	58.8%
Agricultural - rice only	4.1%	0.0%



Land Use	Percentage composition of area in 2010	Percentage composition of planned area (2020)
Security / National defence	1.3%	2.1%
Waste dumps / treatment plants	0.0%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

Source: CRIS analysis

For Cai Rang too, agricultural land is set to be converted to residential use and for infrastructure / administrative / non-business purposes. The percentage composition of agricultural land can be seen to decrease from 69.6% in 2010 to 22.6% in 2020. On the other hand, residential land is set to increase from 17.4% to 44.2% in 2020, while land reserved for infrastructure / administrative / non-business is set to increase from 8.3% in 2010 to 21.2% in 2020. This could potentially be because of the planned relocation of Can Tho city government's administrative offices to Cai Rang district. However, it remains to be seen if this plan for government offices' relocation will materialise.

Land for industrial purposes is also expected to increase in the district from 4% in 2010 to 10.3% in 2020. This could be on account of the expansion of the southern industrial cluster in Cai Rang.

**Table 6-5: Current vs. planned land use for Cai Rang district**

Land Use	Percentage composition of area in 2010	Percentage composition of planned area (2020)
Cemetery	0.2%	0.9%
Industrial	4.0%	10.3%
Infrastructure / Administrative / Non-business	8.3%	21.2%
Agriculture - perennial crops	47.8%	22.5%
Residential	17.4%	44.2%
Agricultural - rice only	21.7%	0.0%
Security / National defence	0.5%	0.8%
Waste dumps / treatment plants	0.0%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

Source: CRIS analysis

Land for agricultural use is also set to substantially decrease in Binh Thuy district, and possibly get converted for residential and infrastructure / administrative / non-business purposes. Land for agricultural purposes is expected to decrease from 57.2% in 2010 to 30.7% in 2020, while land for residential purpose is expected to increase from 15.3% in 2010 to 32.2% in 2020, and land for infrastructure / administrative / non-business purposes is expected to increase from 12.3% in 2010 to 20.9% in 2020.

**Table 6-6: Current vs. planned land use for Binh Thuy district**

Land Use	Percentage composition of area in 2010	Percentage composition of planned area (2020)
Cemetery	0.0%	0.6%
Industrial	2.4%	2.5%
Infrastructure / Administrative / Non-business	12.3%	20.9%
Agriculture - perennial crops	41.2%	30.7%
Residential	15.3%	32.2%
Agricultural - rice only	16.0%	0.0%
Security / National defence	12.7%	13.1%
Waste dumps / treatment plants	0.0%	0.0%

# Infrastructure Advisory

<b>Land Use</b>	<b>Percentage composition of area in 2010</b>	<b>Percentage composition of planned area (2020)</b>
<b>Total</b>	100.0%	100.0%

Source: CRIS analysis

## 6.2 Annexure 2: List of industrial parks in Can Tho

No.	Industrial park name	Location	Total land area (ha)	Total industrial land for leasing (ha)	Total industrial land leased (ha)	Investor / Developer	Land rental	Infrastructure fee	Scope of investment	Occupancy Rate
1	Thot Not	Thoi Thuan commune, Thot Not district	120.84	87.10	57.40	Thot Not Industrial Park Infrastructure Construction Center; NTSF Seafood JSC	USD 100-140/sq. m (50 year lease)	USD 0.3-0.4/sq. m/year	Mainly aquatic products processing and production of feed meal	65.9%
2	Tra Noc 1	Tra Noc ward, Binh Thuy district	130.8	107.2	107.05	Can Tho Industrial Park Infrastructure Construction Company	USD 40 – 60/sq. m (26 year lease)	USD 0.4/sq. m./year	Non-polluting industries such as food & foodstuff processing; industries of engineering, electrical, electronic, machinery parts and accessories, automotive industry, production of building materials, industry of welding rods.	99.9%
3	Tra Noc 2	Phuoc Thoi ward, O Mon district	157.75	132.08	120.10	Can Tho Industrial Parks Infrastructure Construction Company	USD 40 – 60/sq. m (26 year lease)	USD 0.4/sq. m./year	Non-polluted industries such as food & foodstuff processing, mechanical engineering, electrical and electronic, machinery parts and accessories production, automotive industry, building materials, consumer goods industry, pharmaceutical etc.	90.9%
4	Hung Phu 1	Tan Phu ward, Cai Rang district	262.38	178.26	22.96	Sai Gon – Can Tho Industrial Park JSC; Can Tho Investment and Development Group	USD 85-100 / sq. m/year (36 year lease)	USD 0.5/sq. m/year	Mechanical engineering, electrical and electronic assembly, agro-processing, aquaculture, frozen and canning production of livestock, poultry; production of building materials, pharmaceutical and other processing industries, transportation and import-export services.	12.9%

# Infrastructure Advisory

No.	Industrial park name	Location	Total land area (ha)	Total industrial land for leasing (ha)	Total industrial land leased (ha)	Investor / Developer	Land rental	Infrastructure fee	Scope of investment	Occupancy Rate
5	Hung Phu 2A	Phu Thu ward, Cai Rang district	134	93.8	40.2	BMC Construction Limited Liability Company (Ministry of Industry and Trade)	USD 85-100 / sq. m/year (40 year lease)	USD 0.36/sq. m/year	Mechanical engineering, electrical and electronic assembly, agriculture and aquaculture processing, frozen and canning production of livestock and poultry production of building materials, pharmaceutical production and other processing industries, transportation and import-export services.	42.9%
6	Hung Phu 2B	Phu Thu ward, Cai Rang district	67.27	65	62	Can Tho Tae Kwang Ltd.	USD 60 per sq. m	-	Entire area leased by Tae Kwang shoe factory (Phase 1 completed, Phase 2 and 3 also planned within this park)	95.4%
7	O Mon	Phuoc Thoi ward, O Mon district	317			Hoa Phat Joint Stock Company	-	-	-	NA
8	Northern O Mon	Phuoc Thoi ward, O Mon district	356			Hoa Phat Joint Stock Company	-	-	-	NA

Source: CEPIZA (2019); Can Tho Electronic Information Portal

## 6.3 Annexure 3: Landed property market details

### 6.3.1 Supply by location

Most landed property projects are located in Cai Rang district.

Figure 6.3 Map of existing landed projects, Can Tho



Source: CBRE Vietnam.

Table 6-7 List of existing landed projects, Can Tho

No	Project name	District	Launched year	Status	Total scale (land plots)	Developer	Component	Unit size (sq. m per land plot)
1	Vincom Shophouse Xuan Khanh	Ninh Kieu	2015	Completed	52 ready-built shop-houses	Vingroup	Shop-house	-
2	Hung Phu Residential Area	Cai Rang	2003	Completed	1,653	Can Tho Construction Corporation	Villa, Townhouse	80 – 90 - 100
3	Nam Long Residential Area	Cai Rang	2011	Completed	1,011	Nam Long	Villa, Townhouse	Townhouse: 80 - 90 – 125 Villa: 180 - 200
4	Western Urban Culture Residential Area	Cai Rang	2015	Completed	1,500	Can Tho Construction Corporation	Villa, Townhouse	95 - 120
5	Hong Loan Residential Area	Cai Rang	N/A	Completed	N/A	Hong Loan Construction JSC	Townhouse	85 - 100

No	Project name	District	Launched year	Status	Total scale (land plots)	Developer	Component	Unit size (sq. m per land plot)
6	Van Phong Residential Area	Cai Rang	N/A	Completed	N/A	Van Phong Real Estate Company	Villa, Townhouse	125
7	Dieu Hien Residential Area	Cai Rang	2010	Completed	830	Dieu Hien JSC	Villa, Townhouse	115 - 120
8	Long Thinh Residential Area	Cai Rang	2015	Completed	500	Long Thinh JSC	Villa, Townhouse	90 - 100
9	586 Residential Area	Cai Rang	2004	Completed	3,500	586 JSC	Villa, Townhouse	90 – 100 – 125
10	Thien Loc Residential Area	Cai Rang	2010	Completed	150	Thien Loc Real Estate JSC	Villa, Townhouse	100
11	Mekong Delta University Residential Area	Cai Rang	2014	Completed	1,500	Hoang Quan JSC	Villa, Townhouse	70

Source: CBRE Vietnam.

### 6.3.2 Future supply

Mentioned in the table below are landed property projects that are expected to be launched in the market. The Mekong Delta University Residential Area, an affordable housing project is expected to be launched in the near future. This project is located in Thuong Thanh ward of Cai Rang district and is a part of the Southern Can Tho NUA. The project has been developed in three phases, with the selling period of phase three nearing completion soon.

Planned projects are mostly those projects that are currently going through administrative paperwork (Vinpearl Con Au and Nam Long 3) while 586 Residential Area II has been in the planning stage for a long time.

Vinpearl Con Au is awaiting its masterplan approval for Au Islet, Cai Rang district. The villas are expected to be high-end, with a 36-hole golf range and the Vinpearl Land Theme Park among its amenities.

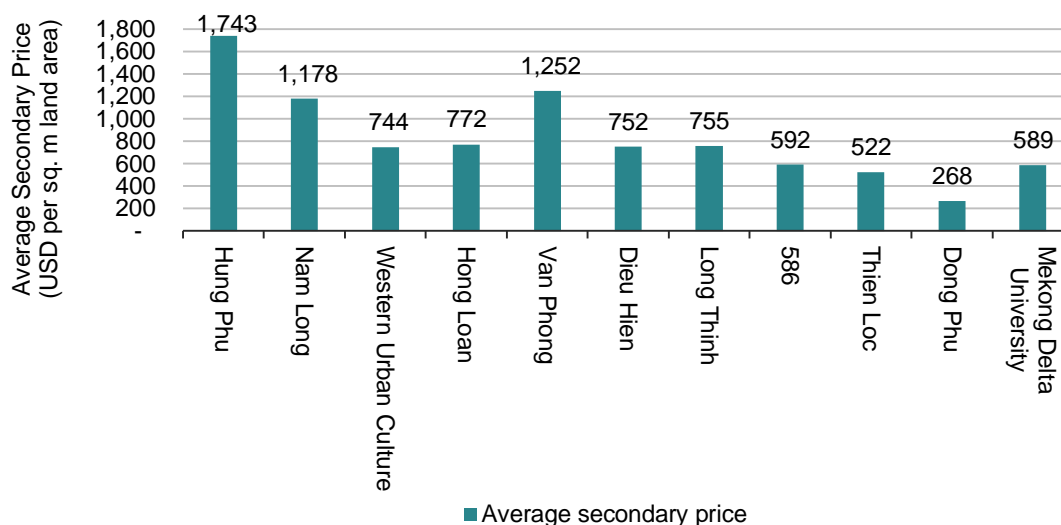
**Table 6-8 Future supply, land plot, Can Tho**

No.	Name	Location	Land area (ha)	Status	Developer
1	Mekong Delta University Residential Area – Phase 4	Cai Rang	10	Pending	Hoang Quan
2	Nam Long 3	Cai Rang	15.2	Under construction	Nam Long
3	586 Residential Area II	Cai Rang	263	Under planning	586
4	Vinpearl Con Au	Cai Rang	24	Under planning	Vingroup
5	Project in Au Islet	Au Islet	N/a	Under planning	Novaland
6	Residential Project in Ninh Kieu District	Ninh Kieu	7.1	Under planning	YK
7	An Binh New Urban Area	Ninh Kieu	Zone 1: 164.3 ha Zone 2: 48.75 ha	Under construction	Hong Phat Construction Investment Joint Stock Company

Source: CBRE Vietnam

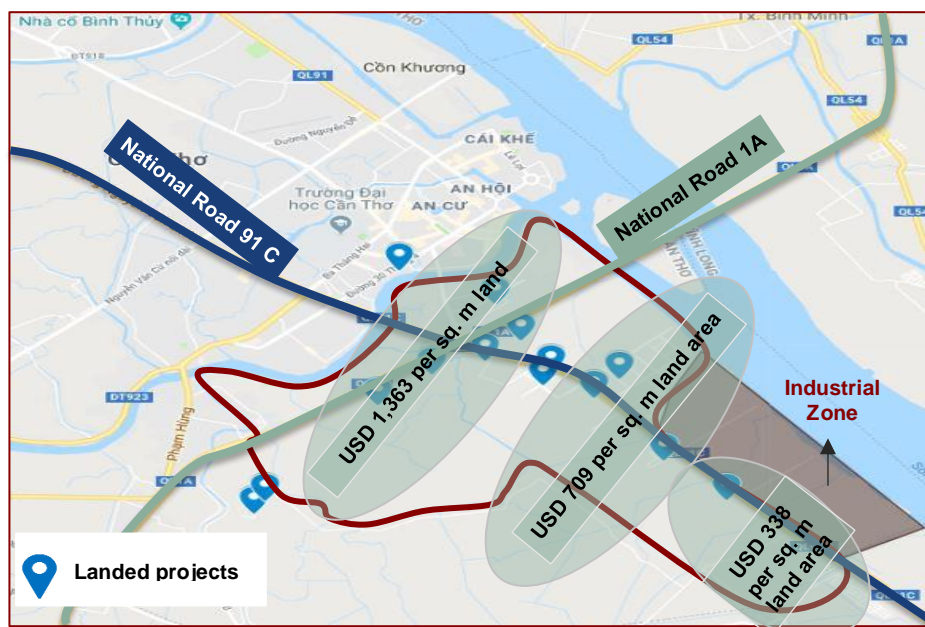
### 6.3.3 Market performance

Figure 6.4 Average secondary prices of land plots, Can Tho



Source: CBRE Vietnam.

Figure 6.5 Average secondary price, Can Tho



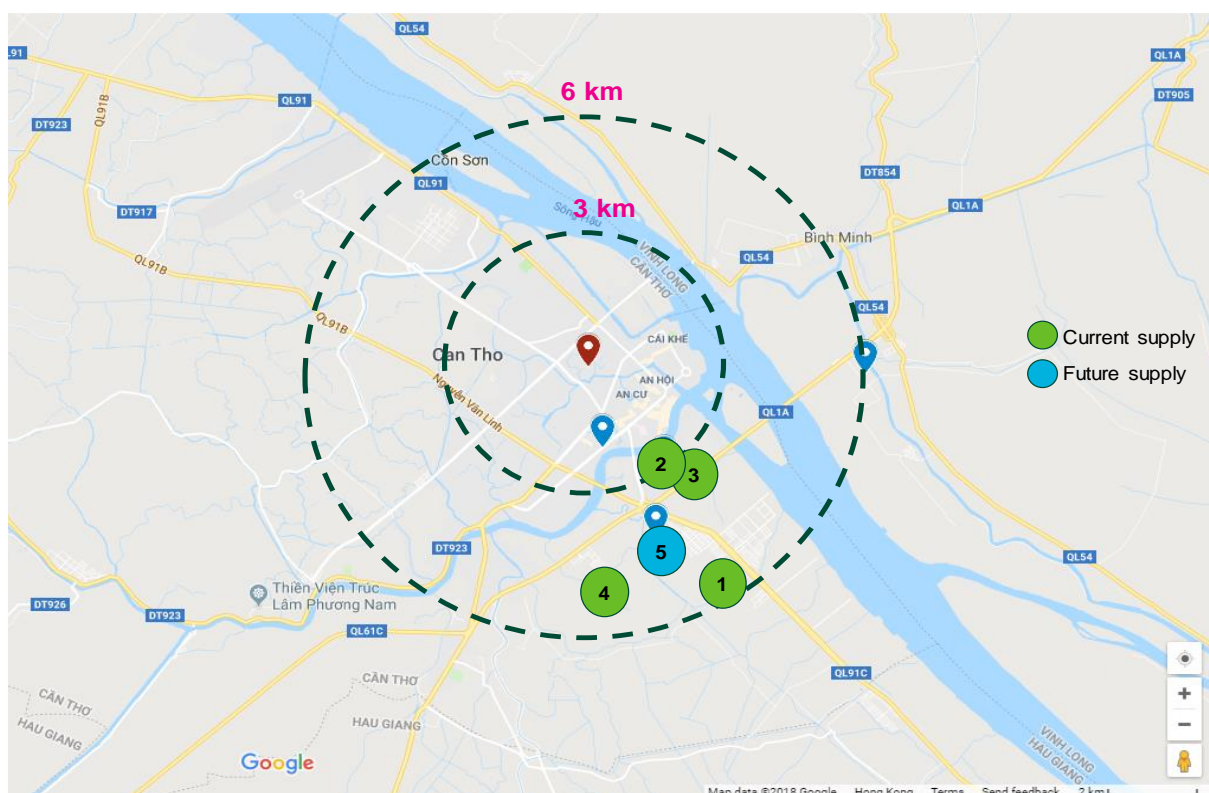
Source: CBRE Vietnam.

## 6.4 Annexure 4: Condominium market details

### 6.4.1 Condominium supply by location

All the commercial condominiums are located in Cai Rang District. Only one project is within a 3 km radius from the center of Ninh Kieu District. The other three projects are located within a 6 km radius and feature low population and housing density.

Figure 6.6 Condominium market, map of current and future supply



Source: CBRE Vietnam.

Table 6-9 Current supply of condominiums in Can Tho

No.	Project	District	Radius	Total supply
1	Tay Nguyen Plaza	Cai Rang	6km	216
2	Hung Phu	Cai Rang	3km	120
3	CADIF	Cai Rang	6km	73
4	Hong Loan	Cai Rang	6km	190
5	Milano Plaza	Cai Rang	6km	320

Source: CBRE Vietnam

## 6.4.2 Future supply

A new project, Milano Plaza, is expected to be launched in 2019 and developed by Hoang Quan Can Tho Co. When completed, this project will contribute an additional 320 units in the high-rise buildings segment. Two projects are under planning, and expected to be launched in 2020 and 2021; they will provide 4,270 units in all. This is an ambitious plan and it is unlikely that the Can Tho condominium market will be able to absorb this huge supply.

Table 6-10 Future supply of condominium in Can Tho

No.	Project	Status	Expected launch year	Supply
1	Milano	Under planning	2019	320
2	Commercial condominium (Material and construction Co.)	Under planning	2020	270



No.	Project	Status	Expected launch year	Supply
3	CIC8	Under planning	2021	4,000

Source: CBRE Vietnam.

### 6.4.3 Market performance

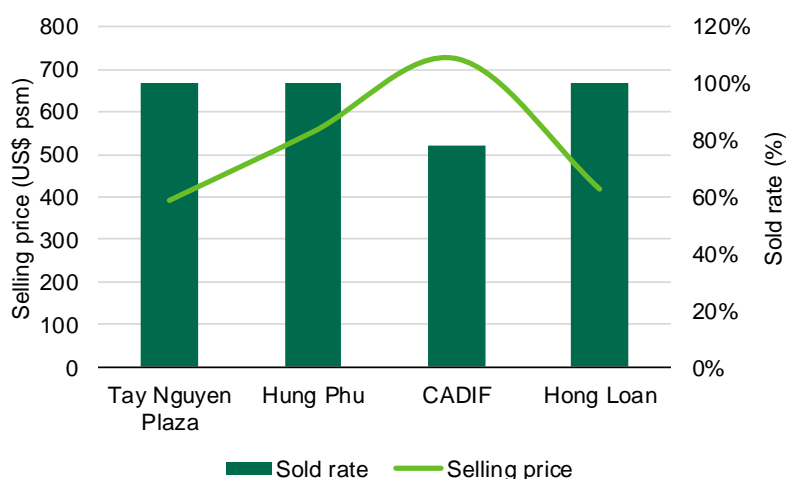
The average selling price is USD 523 per sq. m, which is lower than HCMC's average selling price by 67%. Based on CBRE's condominium ranking criteria<sup>19</sup>, all the projects in Can Tho are in the affordable segment. Selling prices range from USD 393 per sq. m to USD 726 per sq. m.

The highest selling price, USD 726 per sq. m, is commanded by CADIF condominium, which was launched in September 2018. The project was completed before launch, which made it attractive for buyers.

Lowest selling price was recorded in Tay Nguyen Plaza at USD 393 per sq. m. This is an old high-rise condominium, located the farthest from Ninh Kieu.

Can Tho condominium market achieved high selling rates due to limited supply and long selling period.

**Figure 6.7 Performance of condominium projects in Can Tho**



Source: CBRE Vietnam

## 6.5 Annexure 5: Four and five star hotel market details

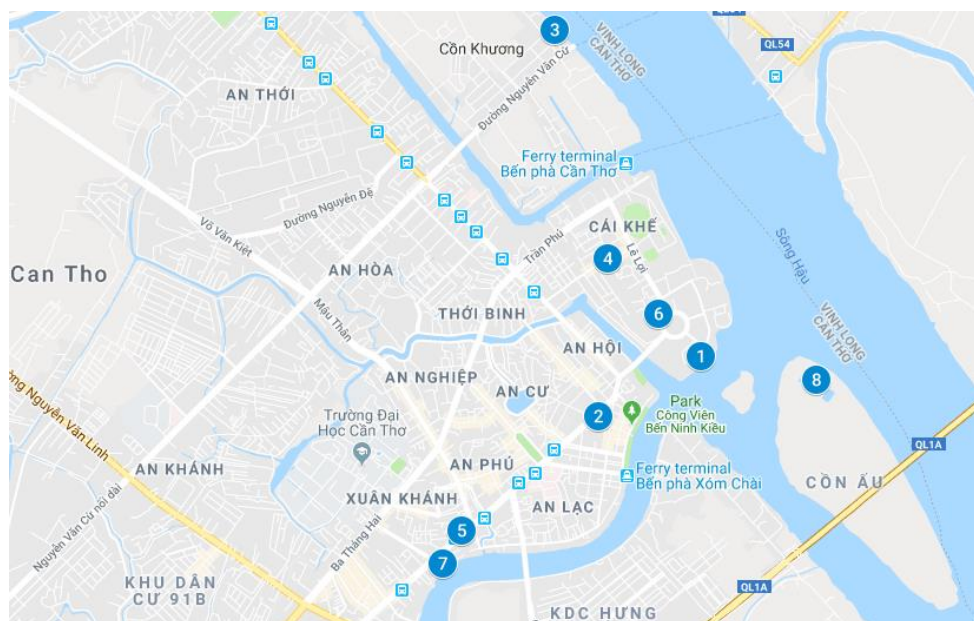
### 6.5.1 Supply by location

Almost all upscale hotels of Can Tho are located in Ninh Kieu District, near Ninh Kieu Pier, which is the tourist zone of Can Tho city. Only one project, Azerai Can Tho Resort, is located in the secluded Con Au, Cai Rang District.

<sup>19</sup> Notes on CBRE condominium ranking criteria:

- *Luxury: Projects with primary prices over USD 3,500 per sq. m*
- *High-end: Projects with primary prices ranging from USD 1,500 per sq. m to USD 3,500 per sq. m*
- *Mid-end: Projects with primary prices ranging from USD 800 per sq. m to USD 1,500 per sq. m*
- *Affordable: Projects with primary prices under USD 800 per sq. m*

**Figure 6.8 Can Tho's top-tier hotel market supply, by location**



**Table 6-11 Can Tho's 4-5-star hotel market supply by location**

No.	Project	District	Ranking	Number of keys
1	Victoria Can Tho Resort	Ninh Kieu	4-star	92
2	Ninh Kieu 2	Ninh Kieu	4-star	108
3	Van Phat Riverside Hotel	Ninh Kieu	4-star	89
4	Dong Ha Fortuneland	Ninh Kieu	4-star	171
5	Iris Hotel Can Tho	Ninh Kieu	4-star	73
6	Muong Thanh Luxury	Ninh Kieu	5-star	308
7	Vinpearl Hotel Can Tho	Ninh Kieu	5-star	262
8	Azerai Can Tho	Cai Rang	5-star	60

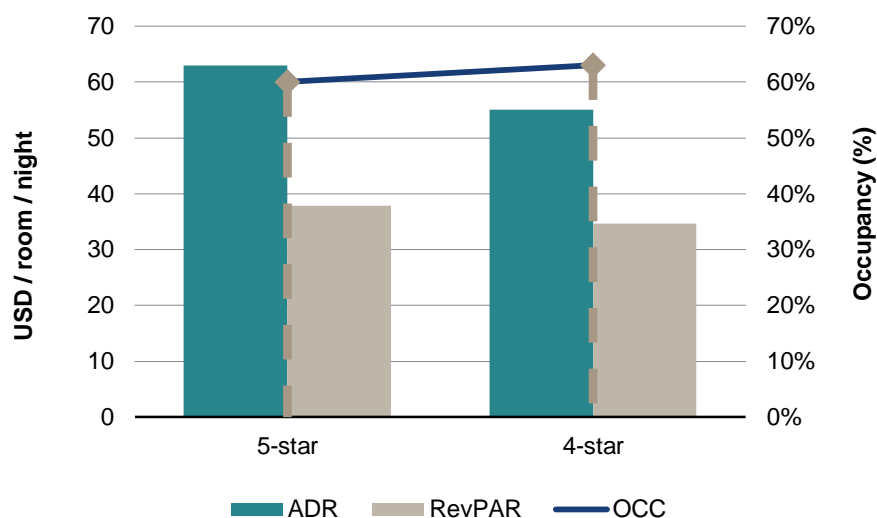
Source: CBRE Vietnam

## 6.5.2 Market performance

Can Tho's inner city hotels' room rates typically range from USD 35 to USD 50 per room per night. For resort-styled hotels like Victoria (four-star) and Azerai (five-star), room rates range from USD 140 to USD 220 per room per night.

In the fourth quarter of 2018, five-star hotels had an average room rate of USD 63 per room per night, and average occupancy of 60%. Meanwhile, four-star hotels reported an average room rate of USD 55 per room per night, and average occupancy rate of 63%.

**Figure 6.9 Can Tho's top-tier hotel market, room rate, occupancy rate and revenue per available room (RevPAR)**



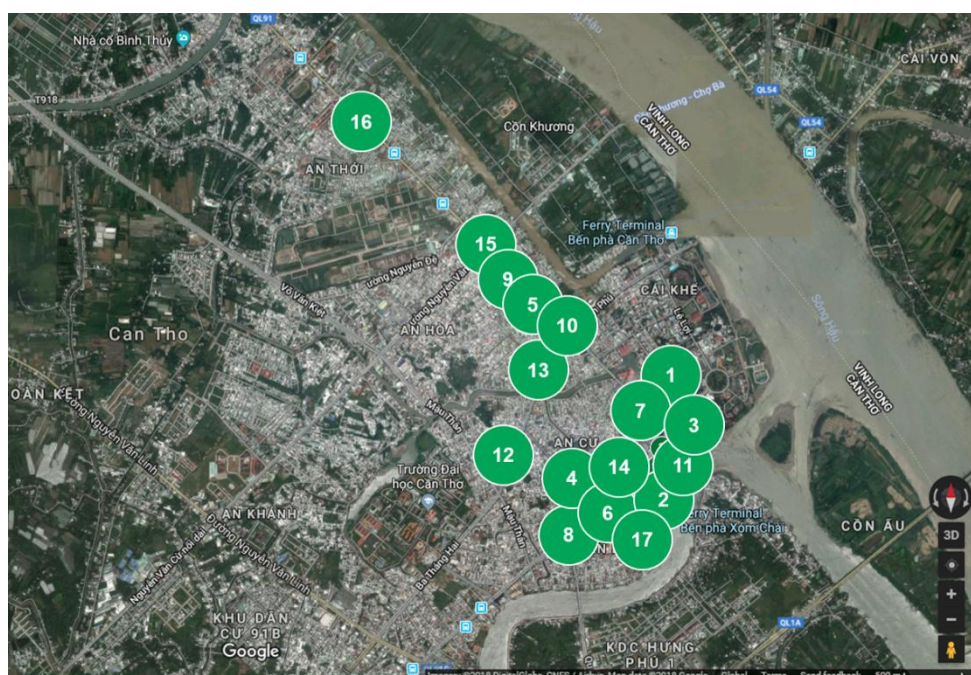
Source: CBRE Vietnam.

## 6.6 Annexure 6: Office market details

### 6.6.1 Supply by location

With the exception of one building, all office buildings are located in the central business district of Can Tho.

**Figure 6.10 Map of existing supply of office space**



Source: CBRE Vietnam

**Table 6-12 List of existing supply of office space in Can Tho**

No.	Project	District	GFA (sq. m)	Total supply (sq. m)
1	Hong Phuc Building	Ninh Kieu	6,000	5,580
2	MB Bank Tower	Ninh Kieu	2,400	1,920
3	VCCI Can Tho Building	Ninh Kieu	1,500	1,200
4	Bao Minh Building	Ninh Kieu	2,750	1,650
5	TSC Building	Ninh Kieu	1,300	1,125
6	STS Building	Ninh Kieu	4,717	3,627
7	Pham Hoang Building	Ninh Kieu	3,912	2,000
8	Techcombank Tower	Ninh Kieu	4,008	2,295
9	Toyota Ninh Kieu Building	Ninh Kieu	17,691	3,465
10	Can Tho Lottery Building	Ninh Kieu	5,523	4,418
11	Eximbank Tower	Ninh Kieu	5,000	3,000
12	PVC Mekong – Nguyen Hieu 1	Ninh Kieu	2,944	2,400
13	Nguyen Hieu 2	Binh Thuy	3,000	2,100
14	Hoa Binh Building	Ninh Kieu	3,504	3,000
15	Pjico Can Tho	Ninh Kieu	2,360	1,888
16	Saigon Giai Phong	Ninh Kieu	5,244	1,748
17	Sacombank Tower	Ninh Kieu	2,000	1000
	<b>Total</b>		<b>73,853</b>	<b>42,416</b>

Source: CBRE Vietnam

## 6.6.2 Future supply

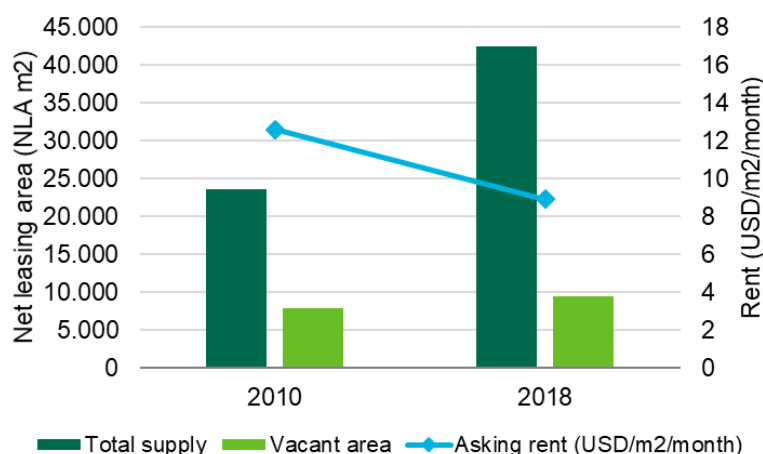
There has been no announcement of future supply of office space in the Can Tho area. Hong Phuc 2, opposite the Hong Phuc building, is the only office building that is in the planning stage. The building was bought by the owner of the Hong Phuc building. It may consist of five floors that is expected to supply ~3,000 sq. m to the market. Currently, the building is deserted and it is uncertain when it will be available for occupation.

Nguyen Kim Plaza, where Nguyen Kim Company is the investor, is planned to be a complex building. The ground-breaking ceremony for this 18-storey high-rise project was held in March 2010 on a land parcel of 1,977.6 sq. m, which was expected to add floor area of ~26,000 sq. m. The plan was to have 6 commercial floors and 12 floors for a hotel and offices for rent. At the end of the third quarter of 2010, the pile foundation was being developed. However, at present, this building has only four storeys, which are used by Nguyen Kim as their electric shopping mall.

Currently, there is almost no future supply planned for offices in Can Tho.

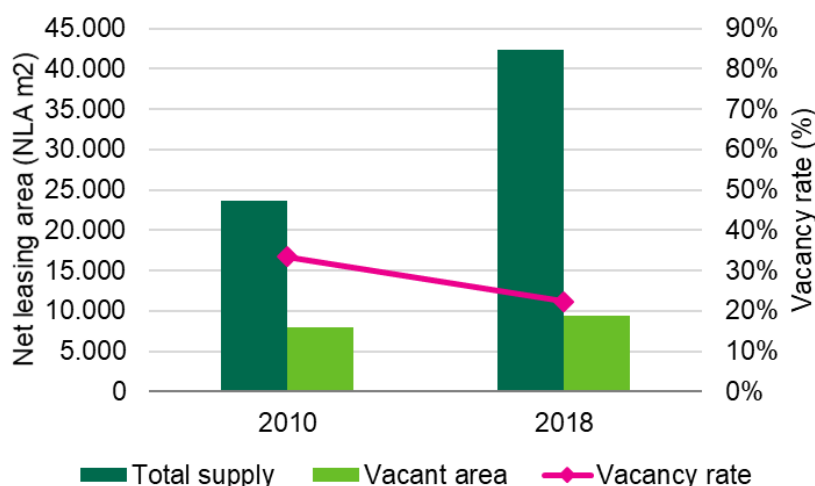
### 6.6.3 Market performance

Figure 6.11 Asking rent for offices in Can Tho



Source: CBRE Vietnam

Figure 6.12 Vacancy rate in offices in Can Tho



Source: CBRE Vietnam

## 6.7 Annexure 7: Retail market in Can Tho

### 6.7.1 Market overview

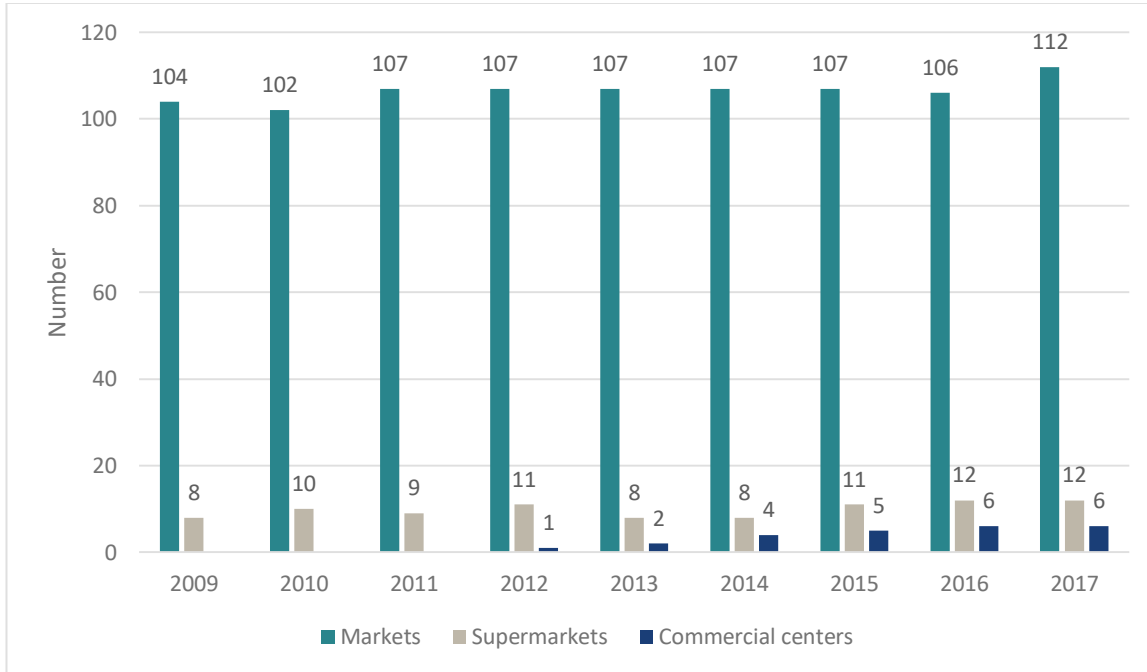
The retail market in Can Tho lacks large-scale and high-quality projects due to insufficient demand. Can Tho residents still prefer to shop in traditional trade outlets such as wet markets and grocery stores.

#### 6.7.1.1 Supply analysis

The Can Tho market currently consists of 112 traditional wet markets, 12 supermarkets, and 6 shopping centres. Over a period of time (2009-17), the number of wet markets has remained robust with minor fluctuations, demonstrating that Can Tho's population still prefers to shop from traditional outlets. The number of supermarkets has shown a slight increase over the years, going from 8 in 2009 to 12 in 2017. The year 2012 witnessed the entry

of the first commercial center in the city. Today, the number of shopping centers in the city stands at a grand total of 6. Detailed analysis of the 5 large shopping centers in Can Tho reveals that there has been no addition to the supply of this segment since 2016.

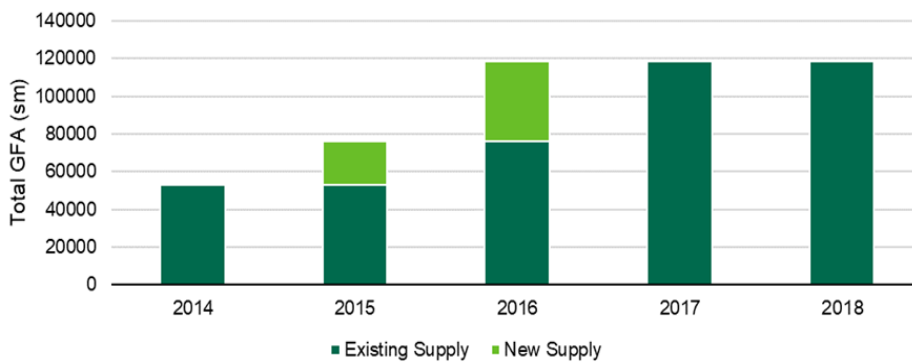
**Figure 6.13: Trend in markets, supermarkets & commercial centers in Can Tho (2009-17)**



Source: GSO Vietnam

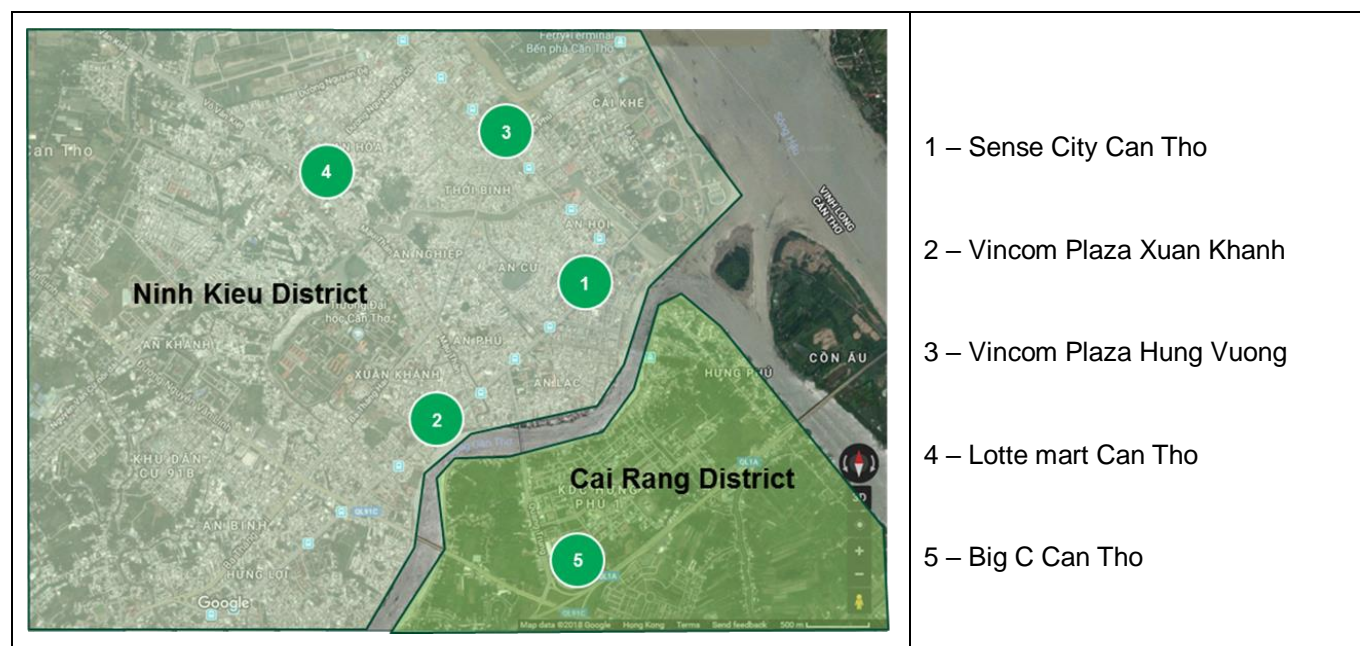
Detailed information of five major retail projects has been collected and analysed. These five projects include: Sense City Can Tho, Vincom Plaza Xuan Khanh, Vincom Plaza Hung Vuong, Lotte Mart Can Tho and Big C Can Tho. Supply is still concentrated in the Ninh Kieu district barring Big C Can Tho, which is located in the Cai Rang district. There has been no major addition to the retail market supply since 2016.

**Figure 6.14 Trend of supply in the retail market in Can Tho**



Source: CBRE Vietnam

**Table 6-13 Map of existing supply in the retail market in Can Tho**



Source: CBRE Vietnam

All five shopping centres in Can Tho have come up in the period between 2014 and 2016. While the two shopping centres run by the Vin Group are targeted at the mid to upper segment of the population, the other three are targeted at middle income households. Average asking rents (all floors) ranges from USD 12 to USD 22 per sq. m., with Vincom Plaza Xuan Khanh commanding the highest price. With the exception of Vincom Plaza Hung Vuong (vacancy rate of 44%), all the shopping centers have low vacancy rates.

**Table 6-14: Snapshot of Can Tho retail supply**

Project	Vincom Plaza Xuan Khanh	Vincom Plaza Hung Vuong	Lotte Mart, Can Tho	Big C Can Tho	Sense City Can Tho
Type	Shopping Center	Shopping mall	Shopping centre	Shopping mall	Shopping mall
Address	209 30/04 street, Ninh Kieu district, Can Tho City	No 36 Phan Dang Luu Street, Ninh Kieu district, Can Tho City	84 Mau Than Street, Ninh Kieu District, Can Tho City	Hung Phu 1 Residential Area, Cai Rang District, Can Tho City	Hoa Binh Avenue, Ninh Kieu District, Can Tho
Developer	Vincom Retail	Vincom Retail	Vincom Retail	Central Group	SCID
Operator	Self-managed	Self-managed	Self-managed	Self-managed	Self-managed
Year of operation	2016	2015	2015	2014	2014
GFA/ NLA	18,000 sq. m/ 13,000 sq. m	24,816 sm/ 14,890 sm	23,000 sq. m./ 14,000 sq. m.	31,000 sq. m./ 15,797 sq. m.	13,191/ 9,006
No. of floors	5 storeys + 1 basement	5 storeys	3 storeys	2 storeys	4 floors
No. of stores	68	60	21	25	60
Categories	Fashion and accessories, F&B, supermarket, entertainment	Fashion and accessories, F&B, supermarket, entertainment	Fashion & accessories, F&B, supermarket, entertainment	Fashion & accessories, F&B, supermarket, entertainment	Fashion & accessories, F&B, supermarket, entertainment

# Infrastructure Advisory

Project	Vincom Plaza Xuan Khanh	Vincom Plaza Hung Vuong	Lotte Mart, Can Tho	Big C Can Tho	Sense City Can Tho
<b>Anchor tenants</b>	Vinmart, CGV Cinema, Vinpro, California Fitness, Playtime, ILA	Vinmart, CGV Cinema, Vinpro, Tini World	Lotte Mart, Lotte Cinema, Fahasa, Vuvuzela, Gogi House, Highlands Cafe, Tiniworld	Big C Hypermarket, Lotte Cinema	Co.opmart Supermarket, CGV Cinema, Highlands cafe, Jump Arena, B.Dubs
<b>Target customers</b>	Mid-end to upper	Mid to upper-end	Mid-end	Mid-end	Mid-end
<b>Average asking rent for ground and first floor (*)</b>	USD 28	USD 26	NA	USD 18	N/A
<b>Average asking rent for all floors (*)</b>	USD 22	USD 18	USD 18	USD 12	N/A
<b>Vacancy rate</b>	5%	44%	1%	14%	2%

(\*) Asking rent is exclusive of rent for anchor tenant



**CBRE (Vietnam) Co. Ltd. Disclaimer**

This report has been prepared in good faith based on CBRE's current views of the commercial real-estate market. Although CBRE believes its views reflect market conditions on the date of this report, they are subject to significant uncertainties and contingencies, many of which are beyond CBRE's control. In addition, many of CBRE's views are opinion and/or projections based on CBRE's subjective analyses of current market circumstances. Other firms may have different opinions, projections and analyses, and actual market conditions in the future may cause CBRE's current views to later be incorrect. CBRE has no obligation to update its views herein if its opinions, projections, analyses or market circumstances later change.

Nothing in this report should be construed as an indicator of the future performance of CBRE's securities or of the performance of any other company's securities. You should not purchase or sell securities – of CBRE or any other company – based on the views herein. CBRE disclaims all liability for securities purchased or sold based on information herein, and by viewing this presentation, you waive all claims against CBRE and the presenter as well as against CBRE's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.

## About CRISIL Limited

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better.

It is India's foremost provider of ratings, data, research, analytics and solutions, with a strong track record of growth, culture of innovation and global footprint.

It has delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers.

It is majority owned by S&P Global Inc, a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

## About CRISIL Infrastructure Advisory

CRISIL Infrastructure Advisory is a leading advisor to regulators and governments, multilateral agencies, investors, and large public and private sector firms. We help shape public policy and enable infrastructure development. Our services span a wide array of infrastructure development activities. Our work in the areas of policy formulation, regulation, design and implementation of public-private partnership (PPP) frameworks and infrastructure financing mechanisms helps create a vibrant ecosystem for infrastructure development. Our services at the project level include bid process management, valuations and due diligence to enable investment decisions. We are known for our core values of independence and analytical rigour combined with deep domain expertise. Our teams have expertise across the complete range of infrastructure sectors - urban development, energy, transport and logistics, natural resources, education, and healthcare. We have a rich understanding of PPP and financing related issues. We operate in India and 22 other emerging economies in Asia, Africa, and the Middle East. CRISIL Infrastructure Advisory is a division of CRISIL Risk and Infrastructure Solutions Limited, a wholly owned subsidiary of CRISIL Limited.

## CRISIL Privacy

CRISIL respects your privacy. We may use your contact information, such as your name, address, and email id to fulfil your request and service your account and to provide you with additional information from CRISIL. For further information on CRISIL's privacy policy please visit [www.crisil.com](http://www.crisil.com).

## CRISIL Disclaimer

This report is prepared by CRISIL Risk and Infrastructure Solutions Limited (CRIS). This report may have been prepared by CRIS at the request of a client of CRIS (client). This report may include or refer to information and materials provided by the client and/or obtained by CRIS from sources that CRIS considers reliable (together, "materials"). In preparing this report, CRIS does not independently validate any such materials and assumes those materials are accurate. CRIS does not guarantee the accuracy, adequacy or completeness of any material contained in or referred to in the report. While CRIS takes reasonable care in preparing the report, CRIS shall not be responsible for any errors or omissions in or for the results obtained from the use of or the decisions made based on, the report. The user takes full responsibility for the use of and the decisions made based on the report. While portions of materials are included in the report, CRIS makes all reasonable attempts to attribute credits to the source of the materials; however, even if a particular source of a material is not so attributed, CRIS stakes no claim to any such material in the form as provided to or made accessible to CRIS. No third party whose material is included or referenced in this report under credit to it, assumes any liability towards the user with respect to such material. Neither CRIS nor its directors, employees and representatives accept any liability with regard to any access, use of or reliance on, the report and that CRIS expressly disclaim all such liability. The Report is (i) not intended to and does not constitute an investment, legal, accounting or tax advice or any solicitation, whatsoever (ii) not an audit, rating or due diligence nor a recommendation of any sort whether to hold, invest in or divest from any securities, instruments or facilities of any kind or otherwise enter into any deal or transaction with the entity to which the Report pertains (iii) not a substitute for the skill, judgment and experience of the client for making any decisions. Any third party brands, names or trademarks contained in the report belong to the relevant third parties. The report contains CRIS' view as at the date of the report based on available material. CRIS does not assume an obligation to update the report where updated materials are available or to notify anyone that an updated report is available. CRIS operates independently of, and does not have access to information obtained by CRISIL Limited's Ratings Division / CRISIL Limited's Research Division (CRISIL), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRIS and not of CRISIL's Ratings Division / Research Division. No part of this Report may be published/reproduced in any form without CRIS's prior written approval. This report may not be reproduced or redistributed or communicated directly or indirectly in any form or published or copied in whole or in part except as authorized by CRIS. Unless CRIS has expressly agreed in writing, this report is not intended for use outside India. By accessing and/or using any part of the report, the user accepts the foregoing disclaimers and exclusion of liability which operates to the benefit. CRISIL or its associates may have other commercial transactions with the company/entity.

Argentina | China | Hong Kong | **India** | Poland | Singapore | UK | USA | UAE

**CRISIL Risk and Infrastructure Solutions Limited** (A subsidiary of CRISIL Limited)

CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai – 400076. India

Phone: + 91 22 3342 3000 | Fax: + 91 22 3342 3001 | [www.crisil.com](http://www.crisil.com)

[in/company/crisil](http://in/company/crisil) [@CRISILLimited](https://twitter.com/CRISILLimited) [f/CRISILLimited](https://facebook.com/CRISILLimited) [/user/CRISILLimited](https://youtube.com/user/CRISILLimited) [Follow us on @lifeatcrisil](https://instagram.com/CRISILLimited)

**CRISIL**  
An S&P Global Company