

INVESTMENT REPORT

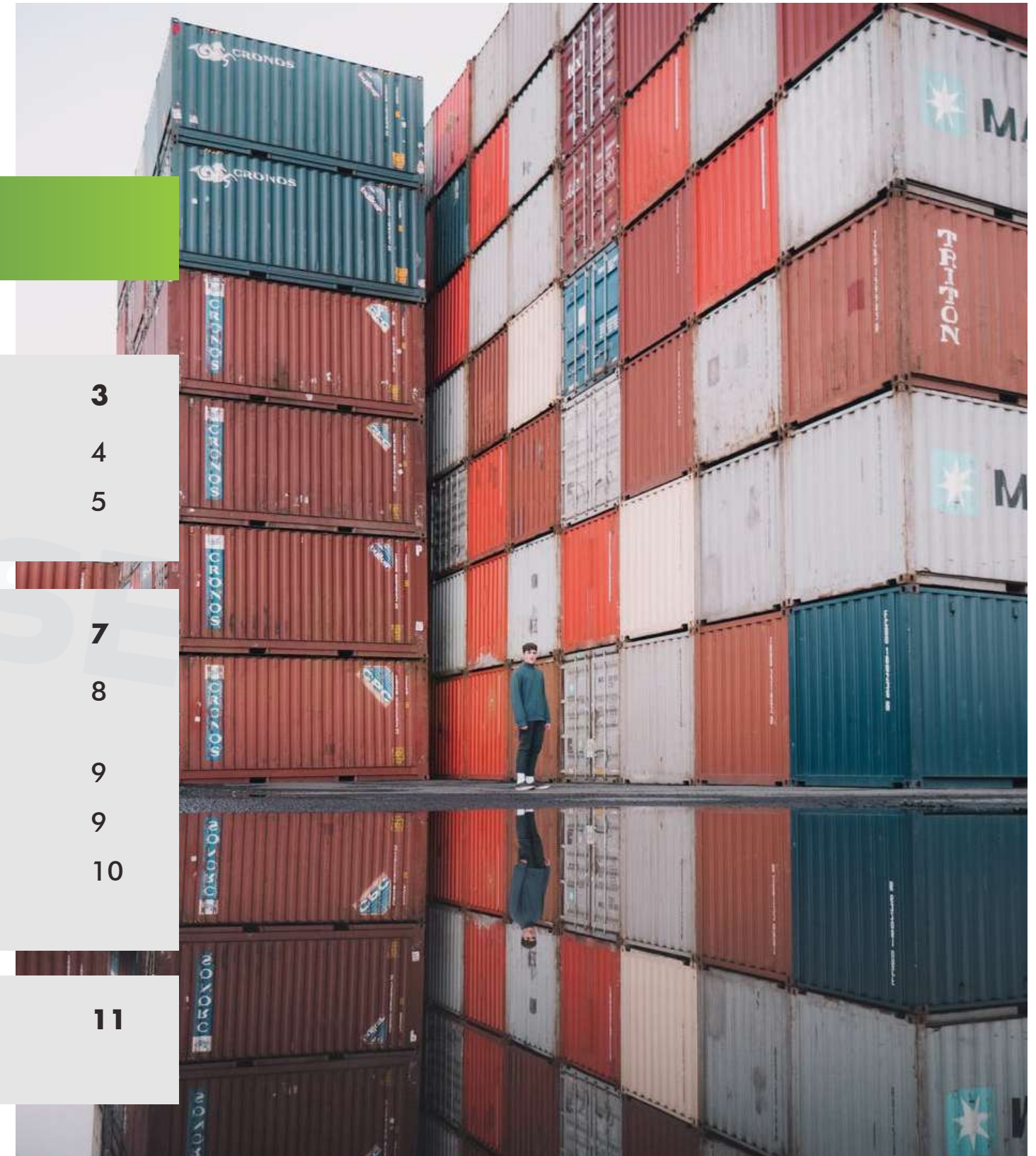
# VIETNAM'S LOGISTICS INDUSTRY

IN THE FIRST 7 MONTHS OF 2021



# Table of Content

<b>I. CURRENT STATUS OF LOGISTICS INDUSTRY IN VIETNAM</b>	<b>3</b>
1.1/ Domestic transport activities	4
1.2/ Port and border gate operations and international transport	5
<b>II. INVESTMENT OF WAREHOUSE AND LOGISTICS PROJECTS IN VIETNAM</b>	<b>7</b>
2.1/ Warehousing project for logistics has been licensed in the first 7 months of 2021	8
2.2/ Warehouse rental price	9
2.3/ Some typical projects	9
2.4/ Difficulties and advantages in the process of investing in logistics projects in Vietnam	10
<b>III. POTENTIAL FOR INVESTMENT AND DEVELOPMENT OF LOGISTICS PROJECTS IN VIETNAM'S PROVINCES AND CITIES</b>	<b>11</b>





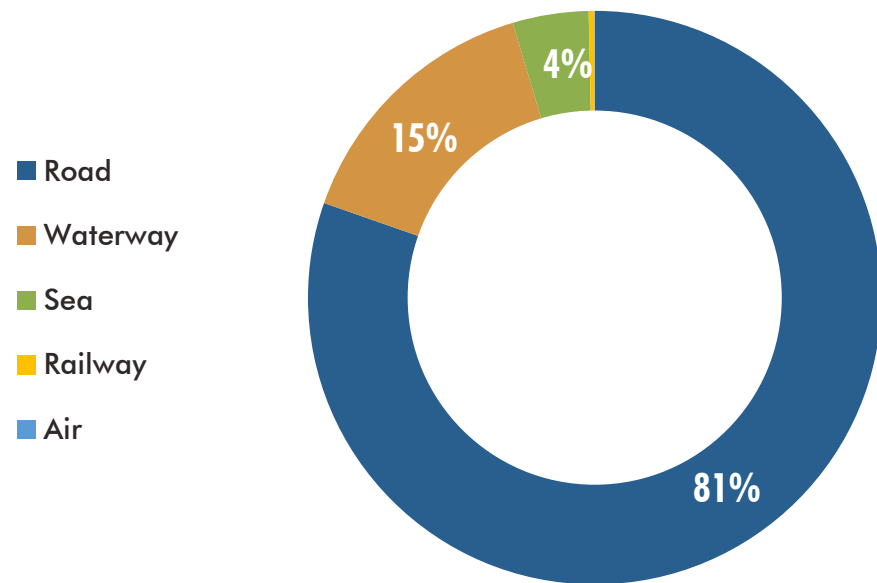
# CURRENT STATUS OF LOGISTICS INDUSTRY IN VIETNAM

# 1.1/ DOMESTIC LOGISTICS ACTIVITIES

(Volume of goods transported by transport routes, current status, prospects)

Transport is the most important link in the operation logistics action. Transportation costs make up the main part in logistics costs, ranging from 1/3 to 2/3 total logistics costs of enterprises. When classifying by type of transportation, Transport can be divided into many forms. In which, road is the most popular form of transport the most, accounting for 81% of the volume of goods transport. Followed by inland waterways (15%) and by sea (4%). Transport via rail and air with no block. The amount is quite modest, accounting for only 0.3% and 0.02% of the total volume of goods transported in 2020 respectively

VOLUME OF CARGO BY MODE OF TRANSPORT 2020



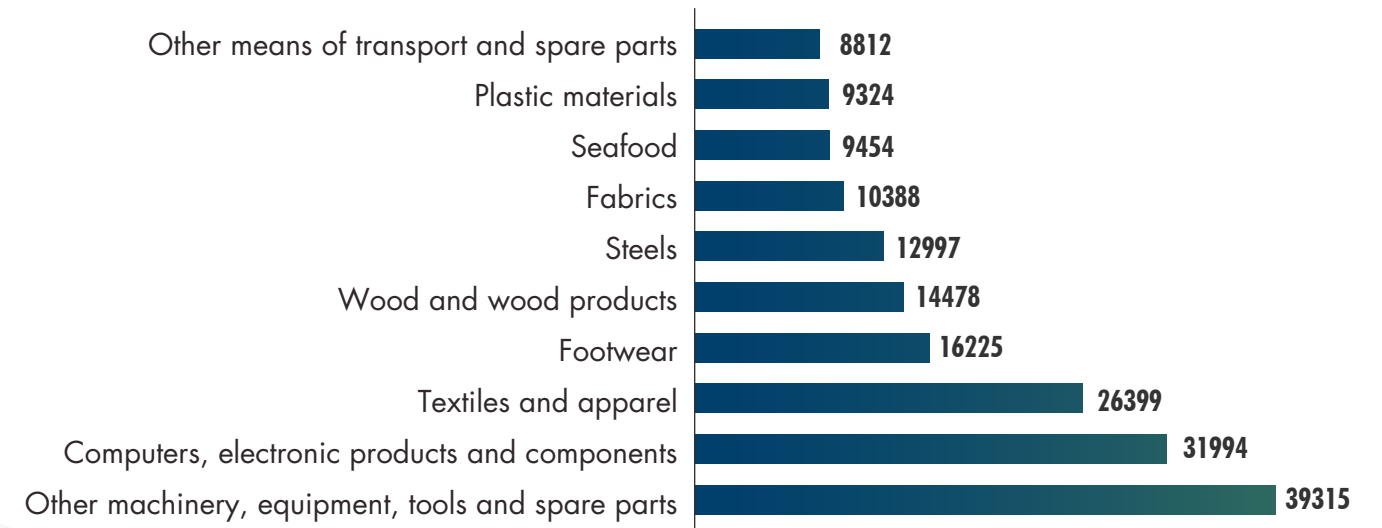
Source: GSO, HOUSELINK



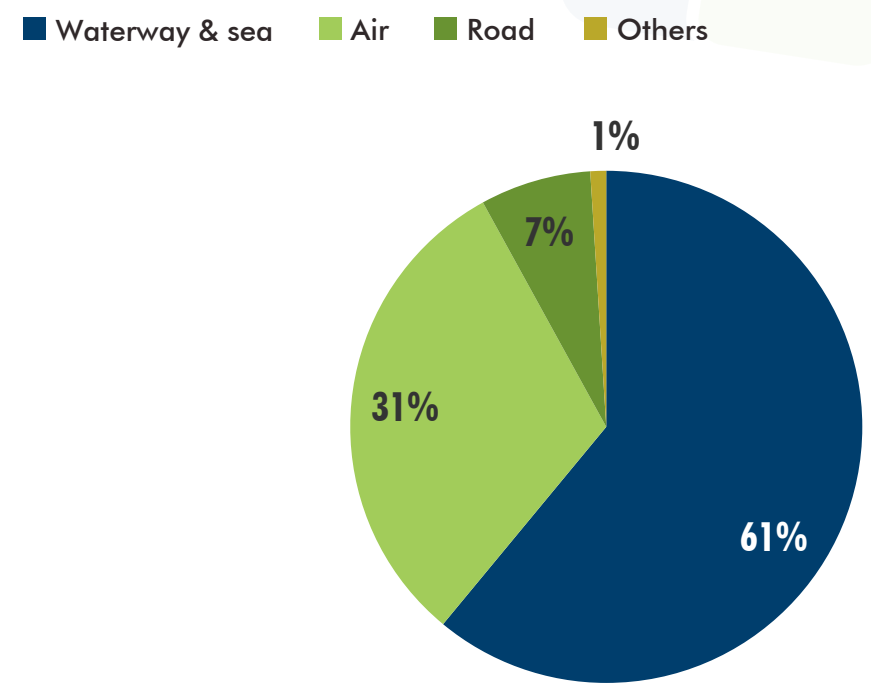
# 1.2/ PORT AND BORDER GATE OPERATIONS AND INTERNATIONAL LOGISTICS

Mode of transport by sea, through seaports is still the main mode of international freight transport in Vietnam. Accordingly, 61% of the value of imported and exported goods is carried out via sea transport. Although the volume of goods transported by air accounts for a very small market share in the total volume of goods transported, the value of goods imported and exported by air is only behind sea transport, accounting for 31% in 2020.

## TOP 10 GOODS WITH THE HIGHEST EXPORT-IMPORT VALUE VIA SEA TRANSPORT 2020 (MILLION USD)

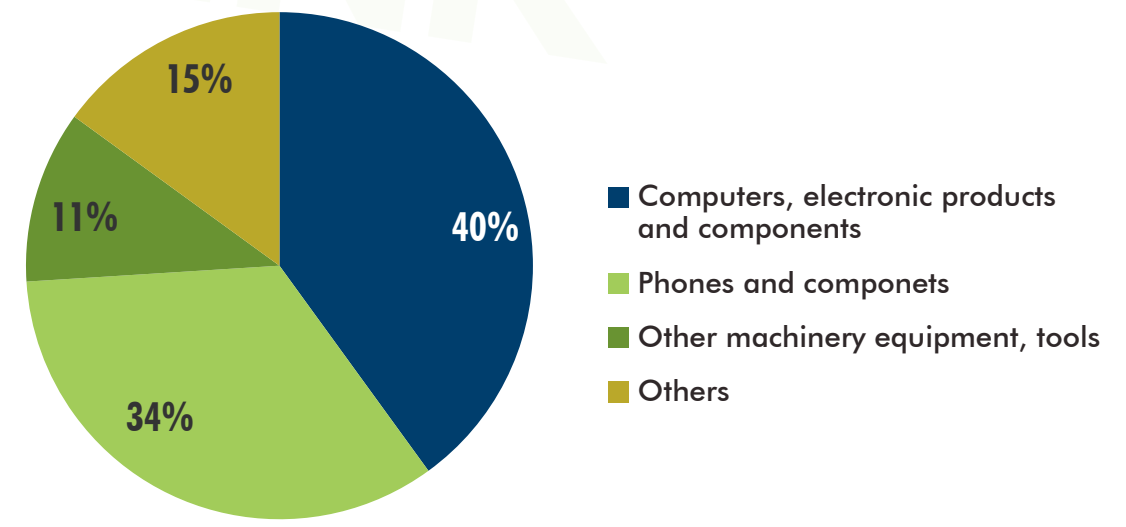


## VALUE OF EXPORT-IMPORT GOODS, BY MODE OF TRANSPORT 2020



Source: General Department of Customs, HOUSELINK

## VALUE OF EXPORT-IMPORT GOODS BY AIR TRANSPORT 2020



Source: General Department of Customs, HOUSELINK

# Railway lines and seaports, Vietnam



Source: Maritime Gateway



Source: VIR



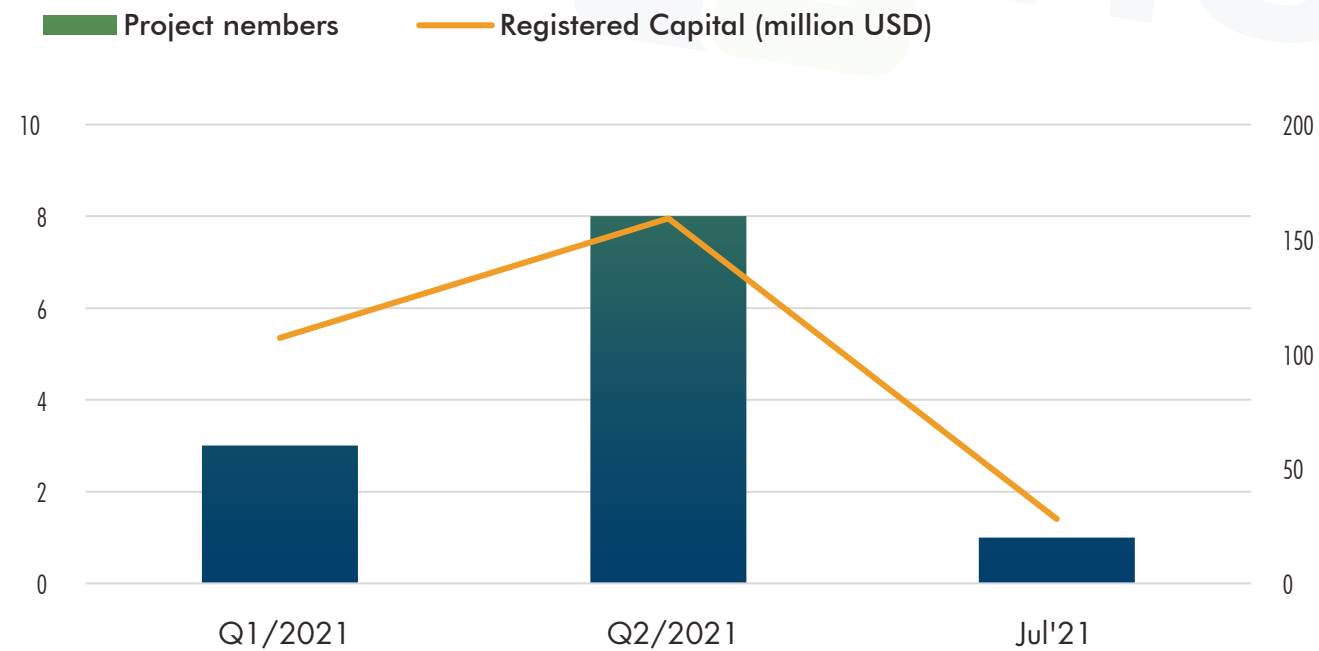
# INVESTMENT OF WAREHOUSE AND LOGISTICS PROJECTS IN VIETNAM

## 2.1/ WAREHOUSING PROJECT FOR LOGISTICS HAS BEEN LICENSED IN THE FIRST 7 MONTHS OF 2021

In the first 7 months of 2021, the warehouse project for logistics which has been licensed increased strongest in Q2 with 08 projects and about 159 million USD of registered capital. In Q1 the numbers were much more modest. Due to the severe outbreak of covid-19 in Vietnam since April, the number of newly registered projects in July remained low with only 01 registered project.

The warehousing projects for logistics from January to July 2021 located evenly in the North and in the South of Vietnam. In which, the registered capital poured into the North is slightly higher than in the South. The markets in the North and in the South are still attractive regions for investors when they select the investment location in Vietnam.

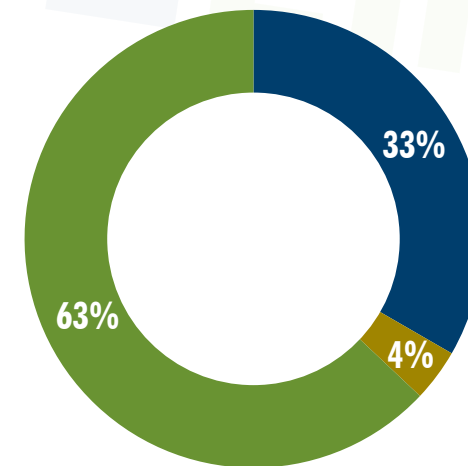
LOGISTICS (WAREHOUSE) PROJECTS IN 7 MONTHS OF 2021



Source: HOUSELINK

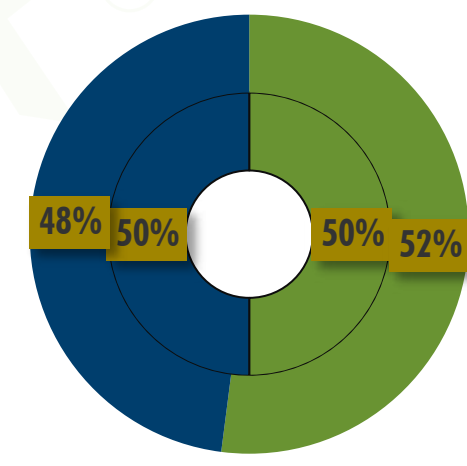
TRANSPORTATION/WAREHOUSING PROJECT NUMBERS PER REGION

■ North ■ Central ■ South



ALLOCATED PROJECT NUMBERS AND REGISTERED CAPITAL PER REGION

■ North ■ South



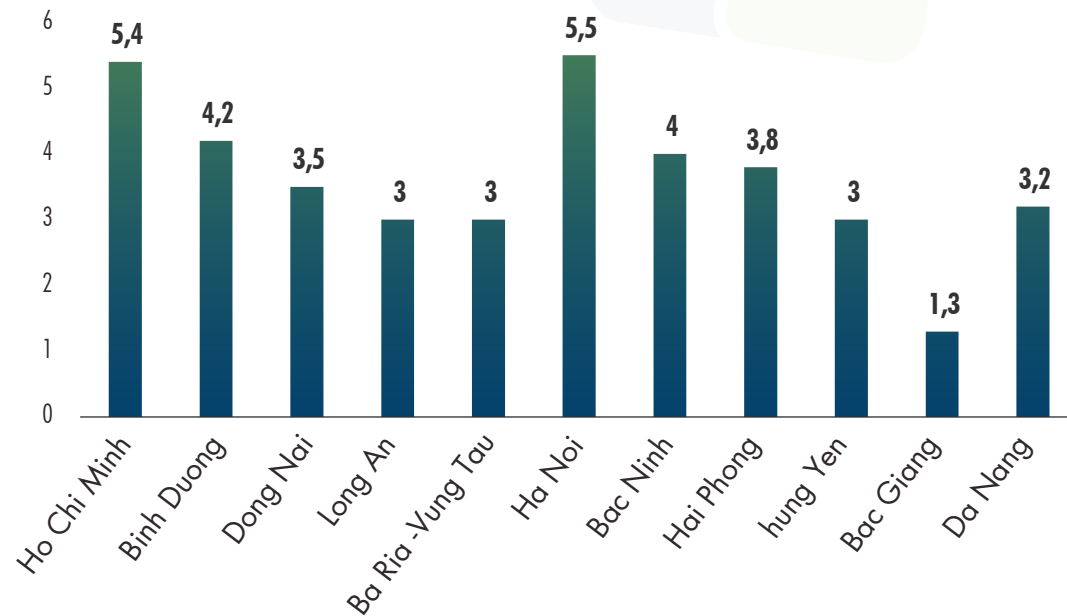
Small circle: project numbers  
Big circle: registered capital

Source: HOUSELINK

## 2.2/ WAREHOUSE RENTAL PRICE

Warehouse rental price in localities with the most developed warehousing business (Hanoi, Ho Chi Minh, Binh Duong, Bac Ninh) have the highest rental prices. This only happens for the market in the early stages of development, when the demand exceeds the existing supply capacity. That means that the warehouse rental market still has a lot of potential for development in the future.

**WAREHOUSE RENTAL PRICE IN SOME PROVINCES (USD/M2/MONTH), EXCLUDING VALUE-ADDED SERVICE**



Source: HOUSELINK

## 2.3/ SOME TYPICAL PROJECTS

The warehousing projects for logistics from January to July 2021 located evenly in the North and in the South of Vietnam. In which, the registered capital poured into the North is slightly higher than in the South. The markets in the North and in the South are still attractive regions for investors when they select the investment location in Vietnam.



	Information
Project Name	: LOGITEM VIETNAM DANANG LOGISTICS CENTER PROJECT
Investment Type	: FDI
Project Type	: Industrial Project- Logistics Warehouse
Project Scale	: 1.8 ha- 1Floor warehouse + 2Floor office Construction area: 11,000 m2
Project Schedule (start/finish)	: Project start time (including planning design phase): 11/10/2018 Project completion time: 12/04/2019
Location	: Expanded Hoa Khanh Industrial Park, Lien Chieu District, Da Nang City
Developer/Investor	: LOGITEM VIETNAM CO.,LTD
GeneralConstructor	: NEW CC CONSTRUCTION CONSULTANTS CO., LTD
Person in charge of the project	: Mr.Le Tran Phuoc Thinh



	Information
Project Name	: LOGITEM TAN DONG HIEP NEW WAREHOUSE PROJECT
Investment Type	: FDI
Project Type	: Logistics Warehouse
Project Scale	: 1.6 ha- 2Floor warehouse + 2Floor office Construction area: 13,600 m2
Project Schedule (start/finish)	: Project start time (including planning design phase): 10/06/2019 Project completion time: 05/03/2020
Location	: Tan Dong Hiep B Industrial Park, Di An town, Binh Duong province
Developer/Investor	: LOGITEM VIETNAM CORP
General Constructor	: NEW CC CONSTRUCTION CONSULTANTS CO., LTD
Person in charge of the project	: Mr.Le Tran Phuoc Thinh

## 2.4/ DIFFICULTIES AND ADVANTAGES IN THE PROCESS OF INVESTING IN LOGISTICS PROJECTS IN VIETNAM



Logistics/Warehouse industry development advantages:

The trend of the Logistics and Warehousing industry is having a positive outlook, with high demand. At the same time, this is also a safe financial investment channel because land prices and rental prices tend to increase; At the same time, construction and warehousing projects are quick and simple to deploy, without having to manage as much labor and complexity as production projects. It can be seen that this is a safe and quick investment direction for foreign capital sources, especially with these projects, the General Contractors can assist investors in finding land funds, completing legal procedures, management as well as implementation from planning, design and construction.

With its domestic and international network, HOUSELINK can fully support member contractors in promoting the output of products such as warehouse and factory rental products.

With the above advantages, the Logistics and Warehousing industry also faces challenges such as:

In the development of land fund for logistics, it is still quite limited, with legal difficulties to apply for logistics purposes, some localities near big cities are not interested in logistics projects because they do not create many jobs, and these projects have lower rent requirements. In addition, it is difficult to accurately determine the supply / demand linkages in each supply chain.

According to the **Mr. Nguyen Ngoc An, director of NEW CC CONSTRUCTION CONSULTANTS CO., LTD** : “Especially, investment projects in cold/frozen warehouses, it is necessary to have users before starting to investment or implement; because cost of cold/frozen warehouse is very high, specific conditions with different needs (temperature for storage of food, fruit, meat, or for medicine, ... have completely different requirements). Therefore, only when investors are users or partners with users, the investment in cold/frozen warehouse will be effective.”



# POTENTIAL FOR INVESTMENT AND DEVELOPMENT OF LOGISTICS PROJECTS IN VIETNAM'S PROVINCES AND CITIES

(Based on criteria: Warehouse area to be formed in the future)

Due to the impact of the Covid-19 epidemic, from April 2020, airlines in Vietnam are allowed to convert passenger planes into cargo planes, serving domestic and international cargo transportation. Thus, among modes of transport, aviation recorded the strongest decline, as it was the hardest hit by travel restrictions between countries in the context of the complicated developments of the Covid-19 epidemic. Miscellaneous: warehouse serving the needs related to import and export, General goods storage facility, Cold storage/cool storage, smart warehouse/distribution center.

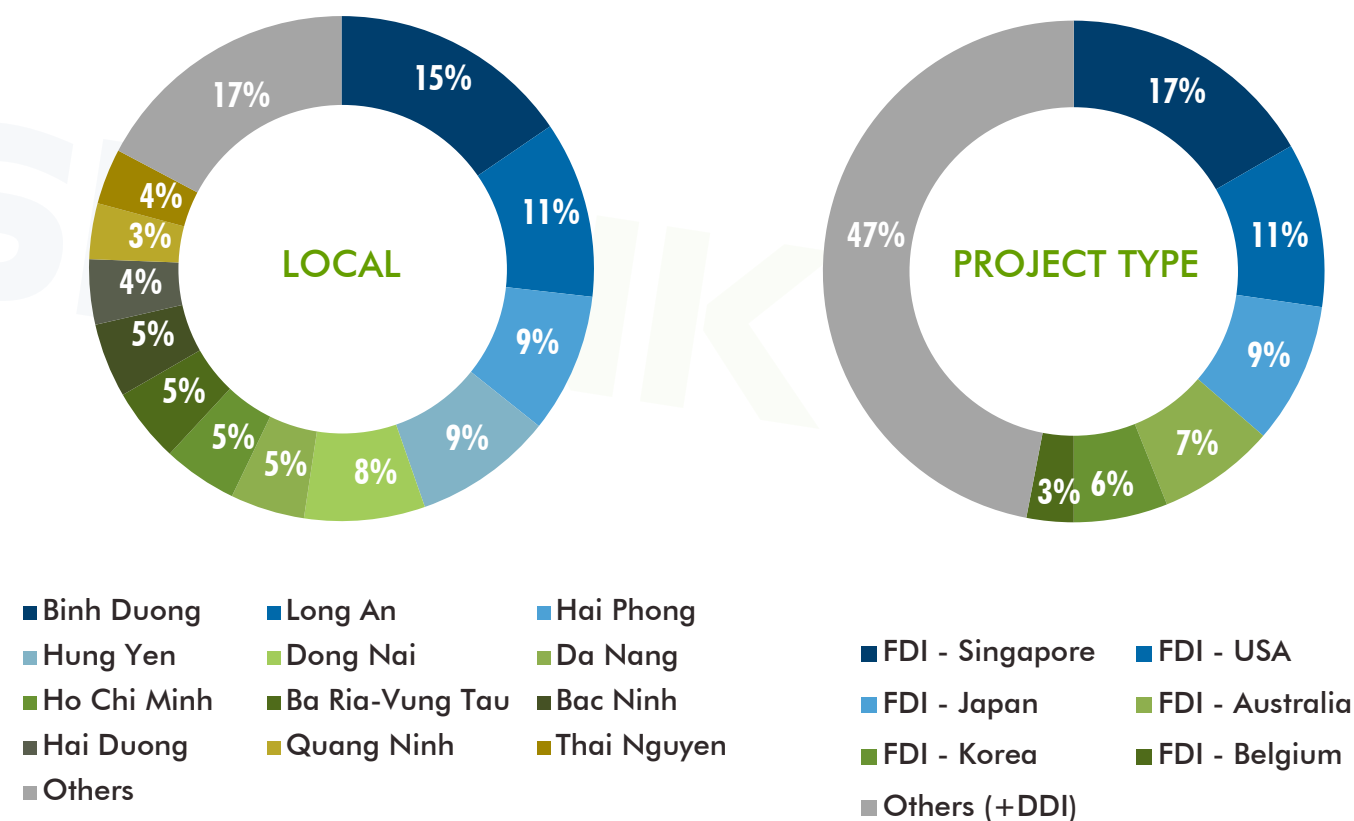
The total number of new projects (warehousing and logistics projects) in the past 7 months of 2021 are still mainly concentrated in the North and South of Vietnam. The land area for logistics located mainly in the North and South (39% and 38% of total logistic land area accordingly). In the Central, most of the logistics land is concentrated in Da Nang and Thanh Hoa.

### CURRENT AND FUTURE LAND AREA (HA)



Source: HOUSELINK

According to HOUSELINK's data, provinces and cities with strong prospects for developing the logistics industry (warehouses) in the near future include Binh Duong, Long An, Hung Yen, Hai Phong, Dong Nai, etc., accounting for more than half of the total projects across the country. Focusing mainly on provinces and cities on the periphery of big cities of the North and South Vietnam. The type of investment listed by HOUSELINK is foreign direct investment (FDI/FDI-DDI), with the highest proportion of capital from Singapore at 47%, followed by the USA, Japan and South Korea which are also sources of capital accounting for a large proportion of logistics industry.



Source: HOUSELINK

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