

INVESTMENT REPORT

VIET NAM'S LOGISTICS INDUSTRY

Q1/2022



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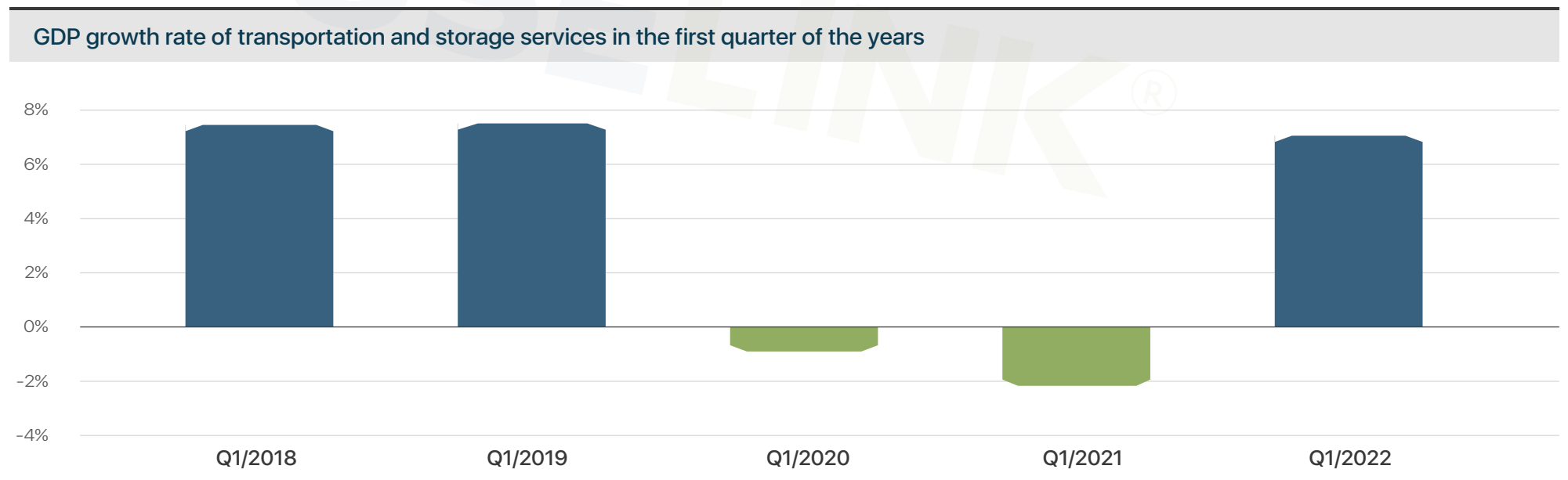
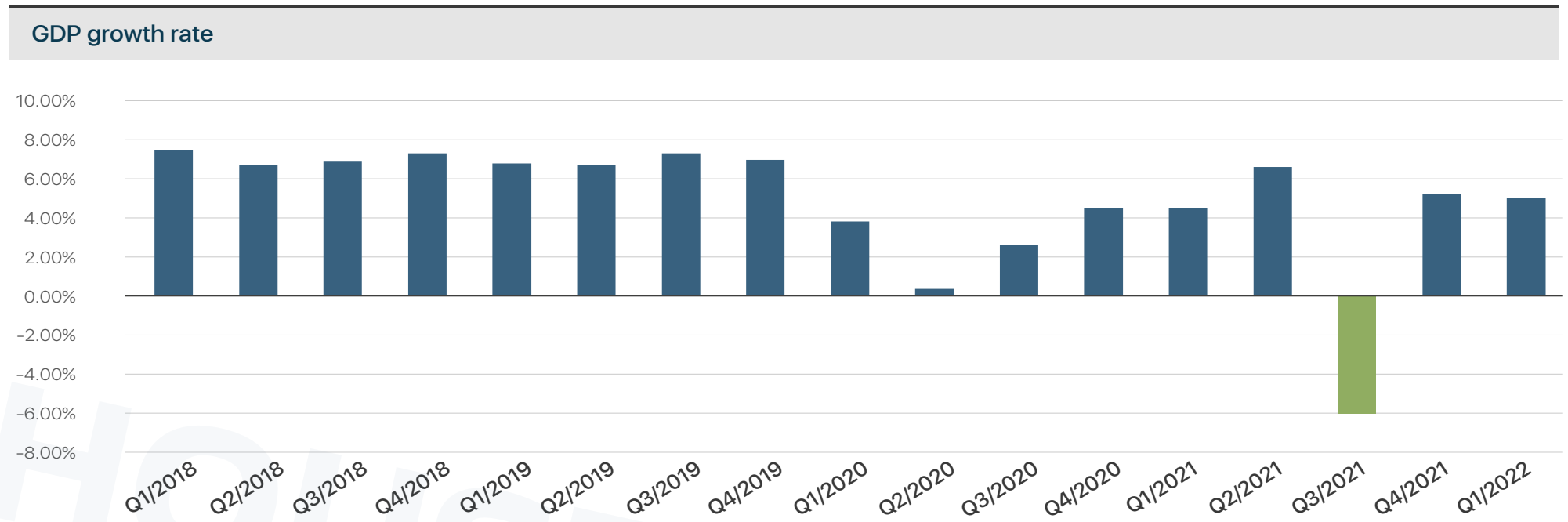
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I. VIETNAM SOCIAL-ECONOMIC SITUATION IN Q1/2022

1.1/ GDP

After a tumultuous 2021 due to Covid-19 epidemic, the economy continued to have positive growth in the first 3 months of 2022. GDP in Q1 is estimated to increase by 5.03% compared to the same period in 2021. This GDP growth rate is higher than the rate of Q1/2021 (4.72%) and Q2/2020 (3.66%) but lower than the rate of Q1/2019 (6.85%). In which, transportation and storage services achieve positive growth for the first time and even equal to Q1/2018 (7%), only lower than Q1/2019 (8%) while Q1/2020 and Q1/2021 had negative growth. This is a good sign for the economy in general and logistics in particular, which has gradually recovered after a period of severe influence by the epidemic.

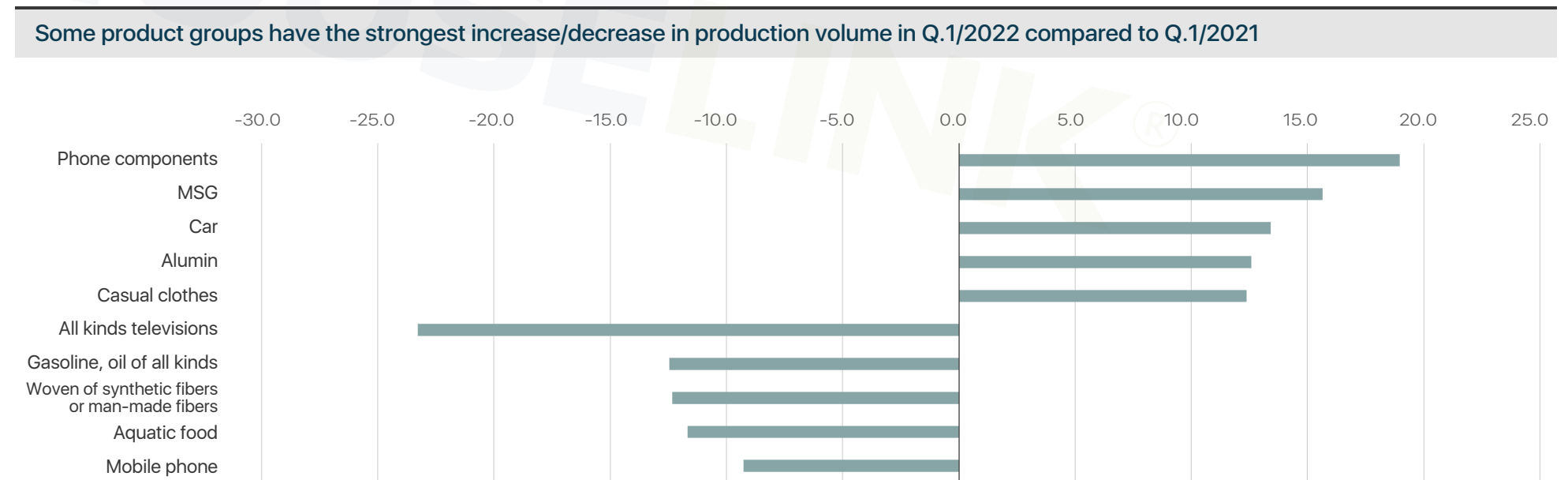
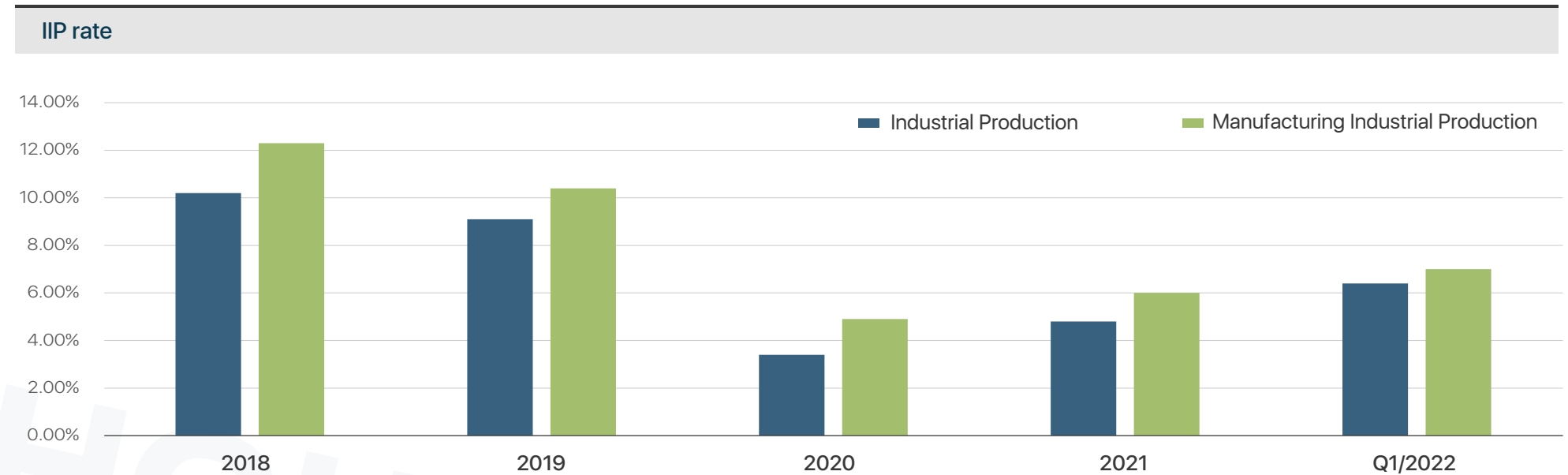


Source: TCKT, HOUSELINK

1.2/ INDUSTRIAL PRODUCTION

2022 marks the first year that Vietnam has almost completely returned to normal life with epidemic. Most industries are getting back to the normal operation process, especially industrial production. Factories are almost stepping up production activities. The IIP rate recorded in Q1/2022 achieved an increase of 6.4% for industrial production in general and 7% for the manufacturing industry in particular compared to the same period in 2021.

Some products recorded the highest increase in production output in Q1/2022 such as: phone components, MSG, automobiles, alumin, casual clothes, etc. In which, phone components are the products with the highest growth rate (19%). Besides, there are still a number of products with reduced production output compared to Q1/2021: television, gasoline, textile or mobile phone. Especially, television production dropped the most among all product groups (-23%).

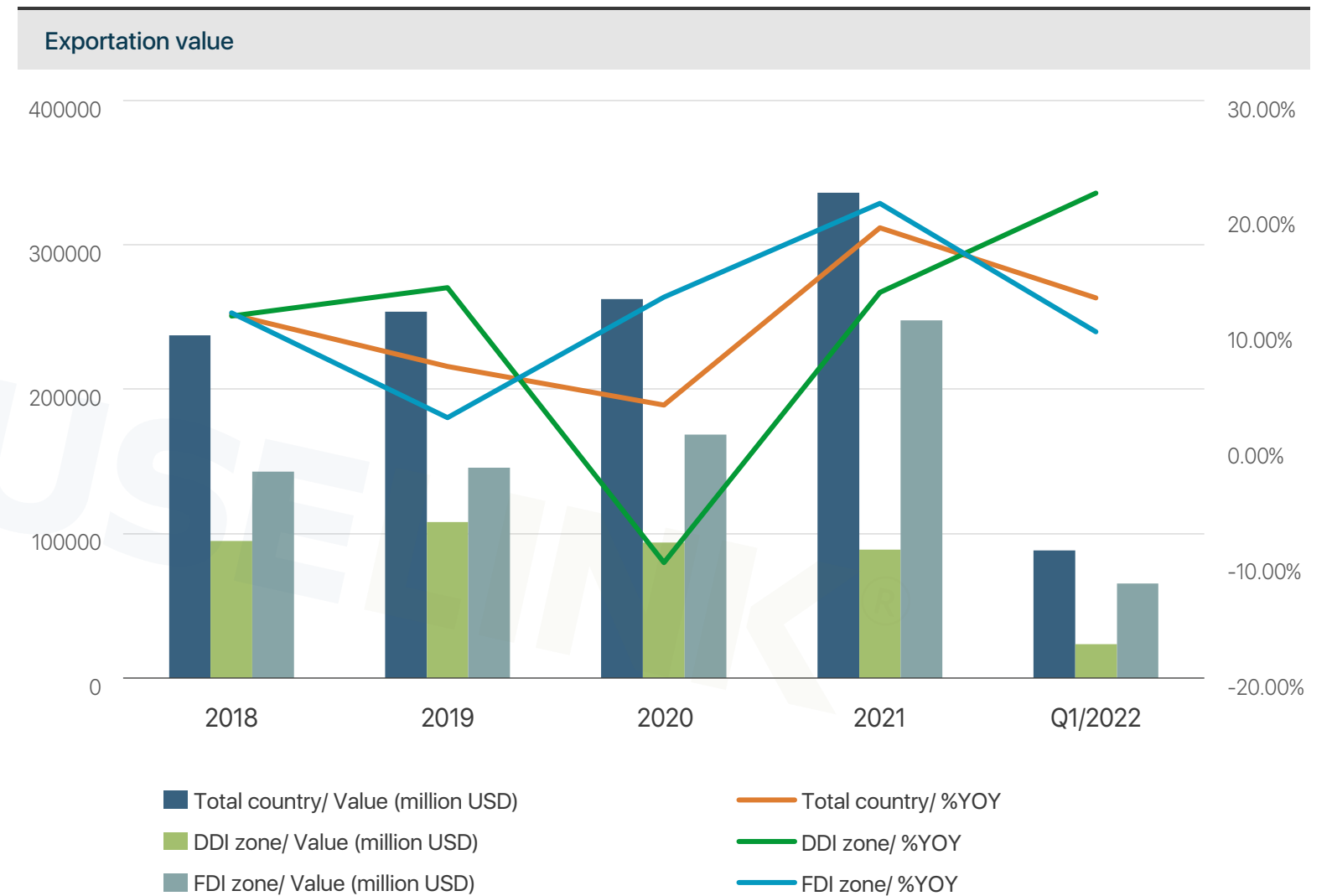


Source: TCKT, HOUSELINK

1.3/ IMPORT - EXPORT

In Q1/2022, the balance of trade is estimated to have a trade surplus of 809 million USD. In which, the foreign sector continued to have a trade surplus of 6.97 billion USD while the domestic sector had a trade deficit of 6.16 billion USD. Exports in Q1/2022 are estimated to increase by 12.9% and imports by 15.9% over the same period in 2021. The export and import of Vietnam in the first 3 months of the year recorded a double-digit growth rate, which is an extremely strong driving force promoting the development of the logistics industry.

IMPORT-EXPORT TURNOVER (The first 3 months in 2022)



Source: GSO, TCHQ, HOUSELINK

II. CURRENT STATUS OF LOGISTICS INDUSTRY IN VIETNAM



2.1/ LOGISTICS INFRASTRUCTURE

ROAD INFRASTRUCTURE



Current status of expressway and national highway

Region	Expressway length (Km)	National highway length (km)
Northern midlands and mountains	392	7256
Red River Delta	468	2133
Northern Central and Central Coast	193	8366
Highlands	19	3059
Southeast	51	855
Mekong River Delta	40	2652

Targets to 2030 of road infrastructure

Road type	Targets to 2030
Expressway	Have 5000 km of expressways
National highway	<ul style="list-style-type: none"> - Have 32.000 km planned length with 174 national highways - Upgrade and renovating about 4.700 km of national highways - Connect road to HCMC - Continue to invest in coastal construction
Beltway	<ul style="list-style-type: none"> - Beltway No 4 and No 5 in Hanoi - Beltway No 3 and No 4 in HCMC

Source: DRVN

RAILWAY INFRASTRUCTURE



Current status of railway infrastructure

Number of lines

7

Length (km)

3143

Number of stations

277

Types of gauges:

- 1000mm: 85%
- 1435mm: 6%
- Dual gauge of the above 2 gauges: 9%

Targets to 2030 of railway infrastructure

Number of lines

16

Length (km)

5505

Feature project:

North-South high-speed railway

Source: DSVN

SEAPORTS INFRASTRUCTURE



Current status of seaport system

	Number of ports	Number of quays	Number of general quays, containers	Specialized harbor	Length (Km)
Group 1	68	127	72	55	19.7
Group 2	20	58	27	31	11
Group 3	25	55	30	25	10
Group 4	29	61	30	31	10
Group 5	107	218	91	127	37
Group 6	37	69	37	32	8
Total	286	588	287	301	95.7

Targets to 2030 of seaports development

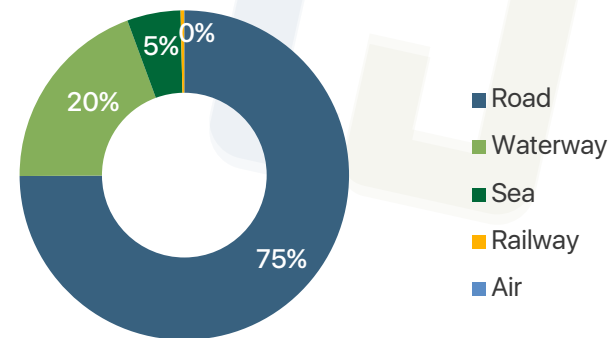
	Group 1	Group 2	Group 3	Special group
Number	15	6	13	2

Source: VINAMARINE

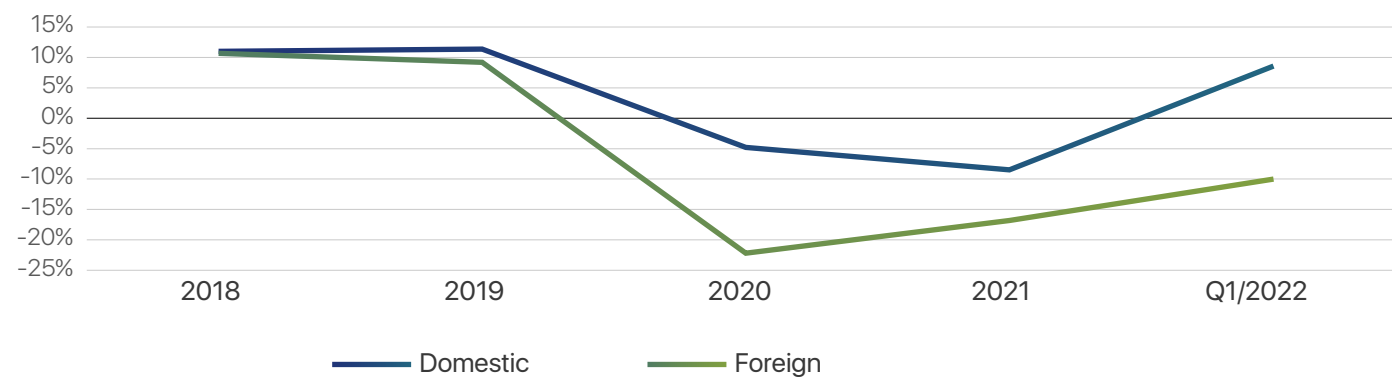
2.2/ LOGISTICS ACTIVITIES

Goods are carried out mostly via road transport (accounting for 75% of the total volume of goods transported). Because the structure of goods transport is mainly in the country, waterway is also a type of transport that accounts for a large market share, followed by sea, rail and air. Through our observations based on statistics from the General Statistics Office (GSO), the growth of freight transport in the domestic market has achieved positive growth after two years of negative growth due to the Covid-19 epidemic. Foreign freight still has negative growth but is gradually recovering.

Volume of cargo by mode of transport Q1/2022

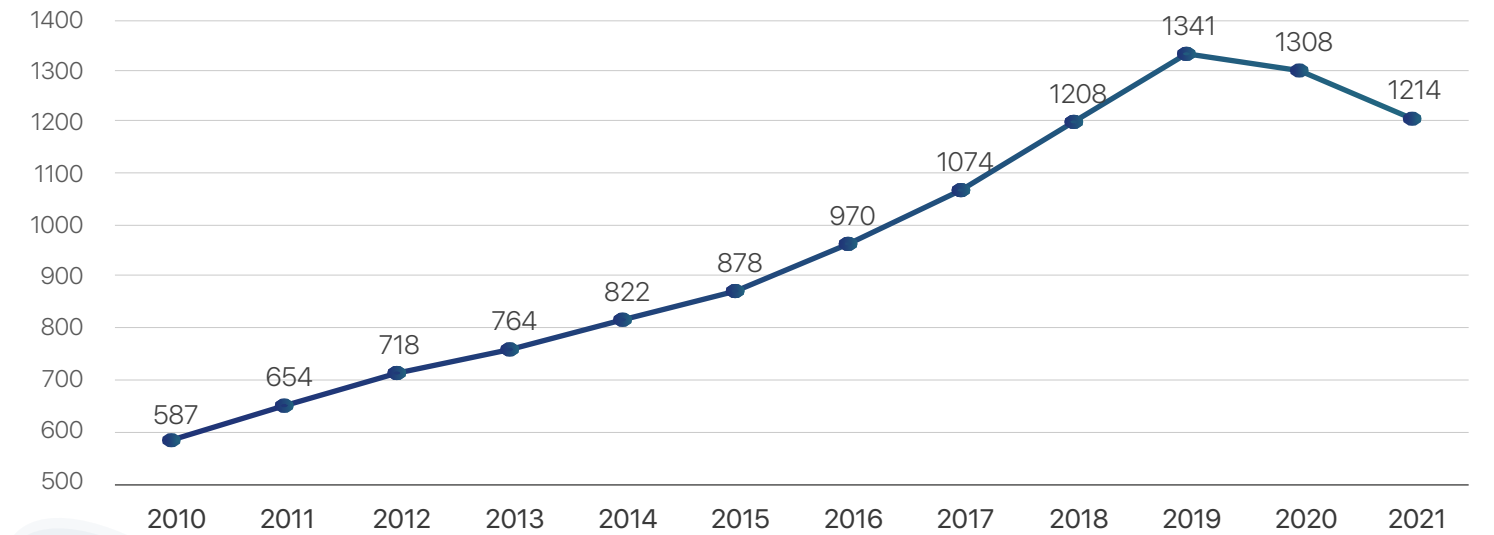


Freight transport growth by market share

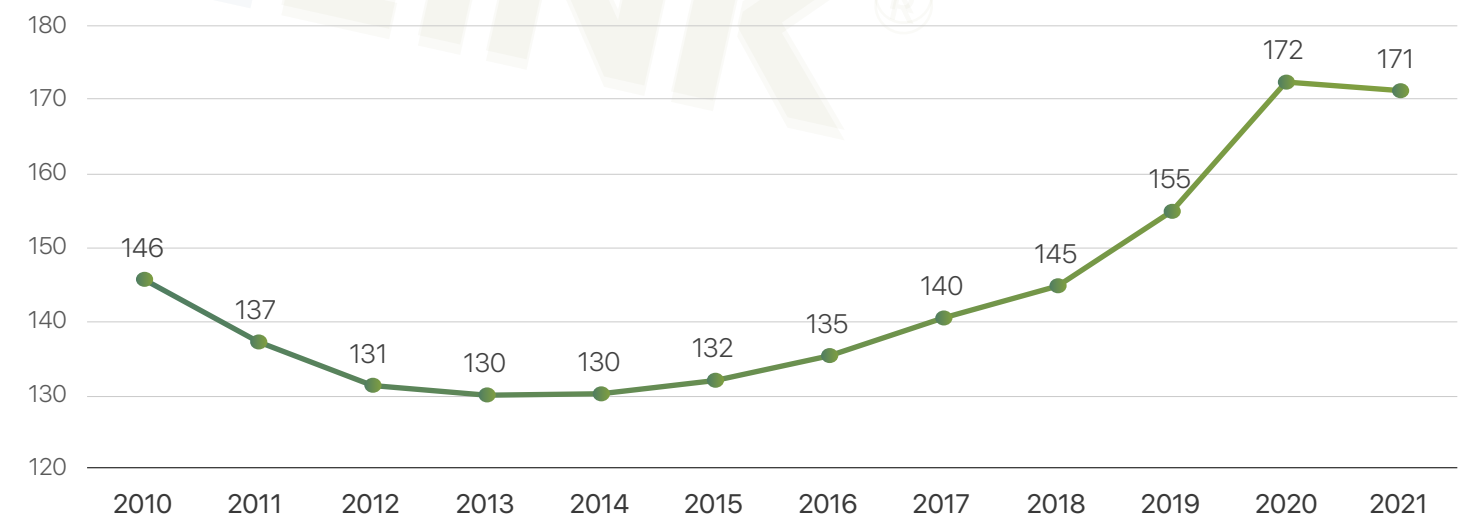


Source: GSO, HOUSELINK

Volume of cargo transported by road (Millions ton)

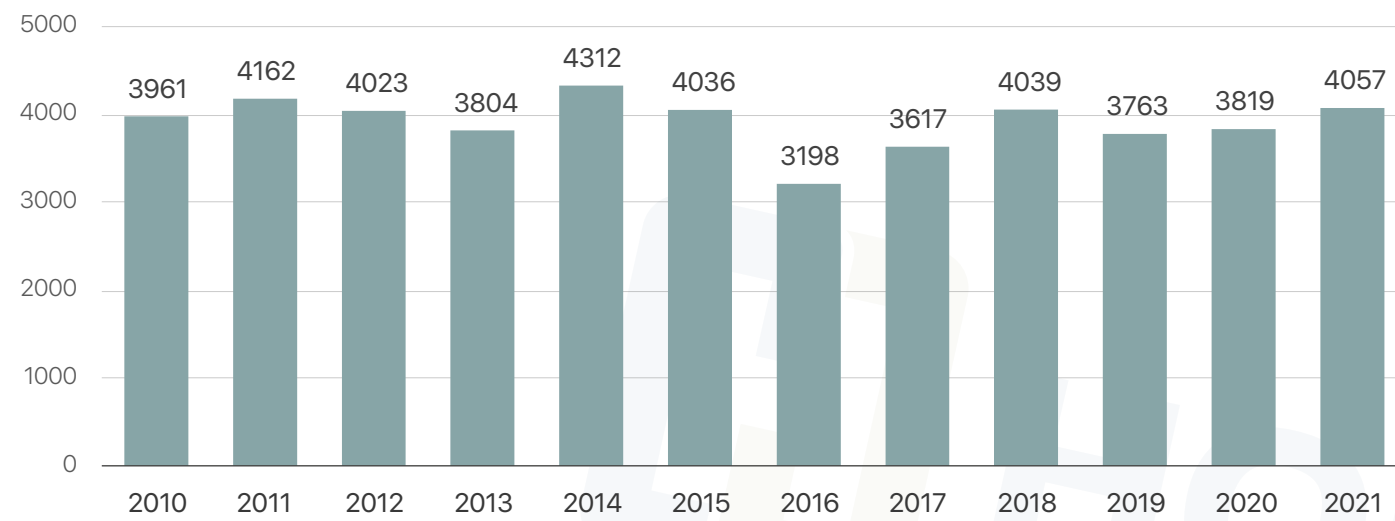


Volume of freight circulating by sea (Billions ton.km)

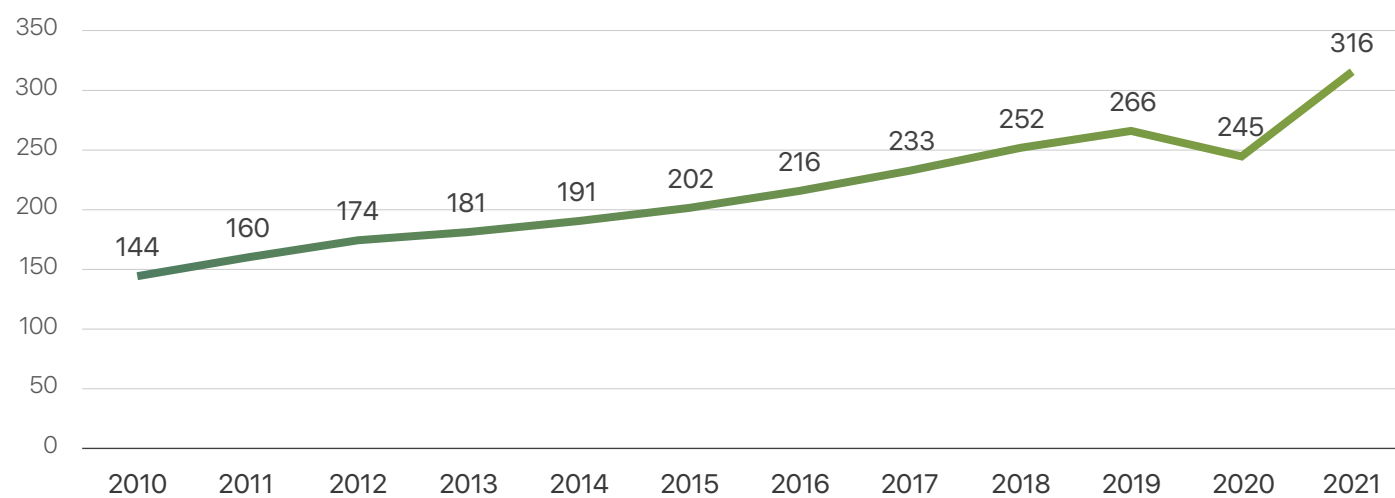


Source: GSO, HOUSELINK

Volume of cargo circulating by railway (Millions ton.km)



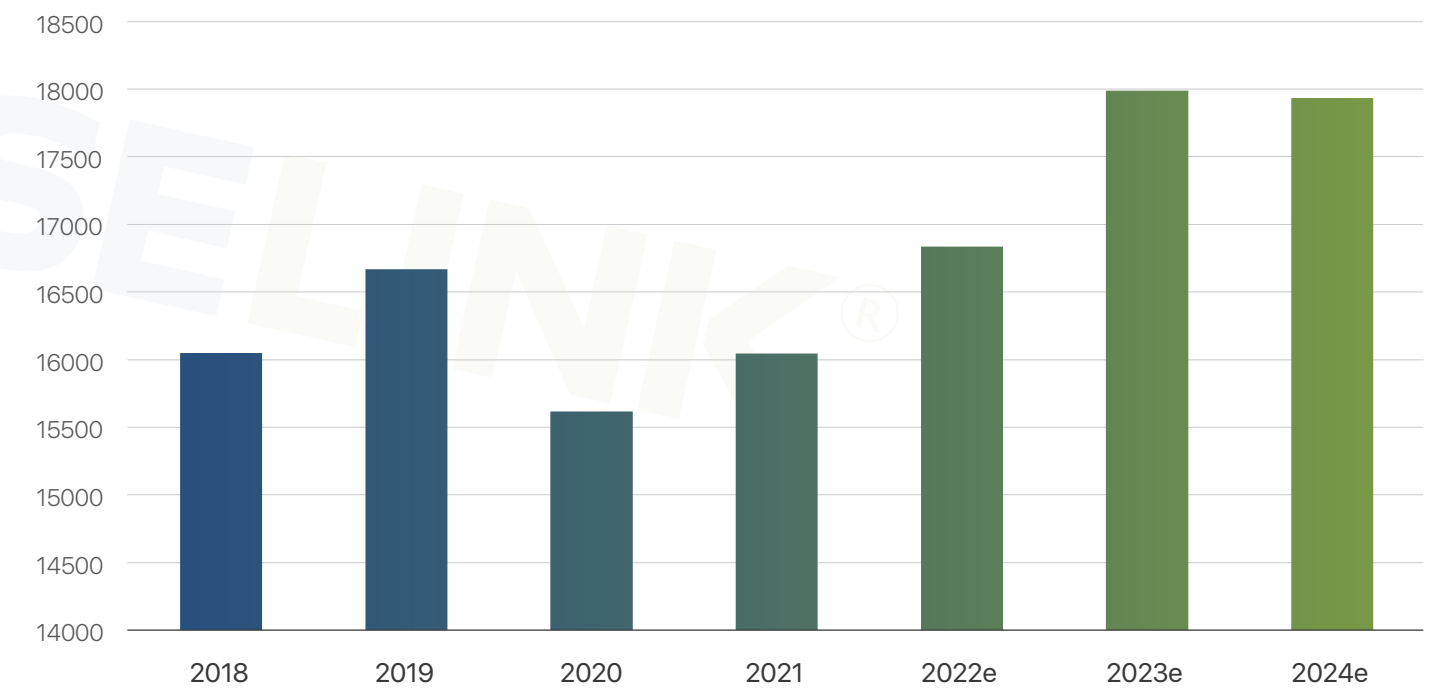
Volume off cargo transported by waterway (Million ton)



Source: GSO, HOUSELINK

Revenue from warehousing and support activities for transportation in Vietnam has grown quite well, reaching more than 16 billion USD in 2021. The next years are expected to grow from 5%-7%. Especially in 2021, Vietnam ranked in the top 10 logistics indexes of emerging markets (ranked 8th). This shows that the efforts of the Government and the whole people to deal with the epidemic have brought a bright result for logistics and warehousing activities. Combined with production capacity, competitive labor cost, convenient supply network and the improvement of high-technology, this will help Vietnam's logistics industry continue to develop strengths in coming years.

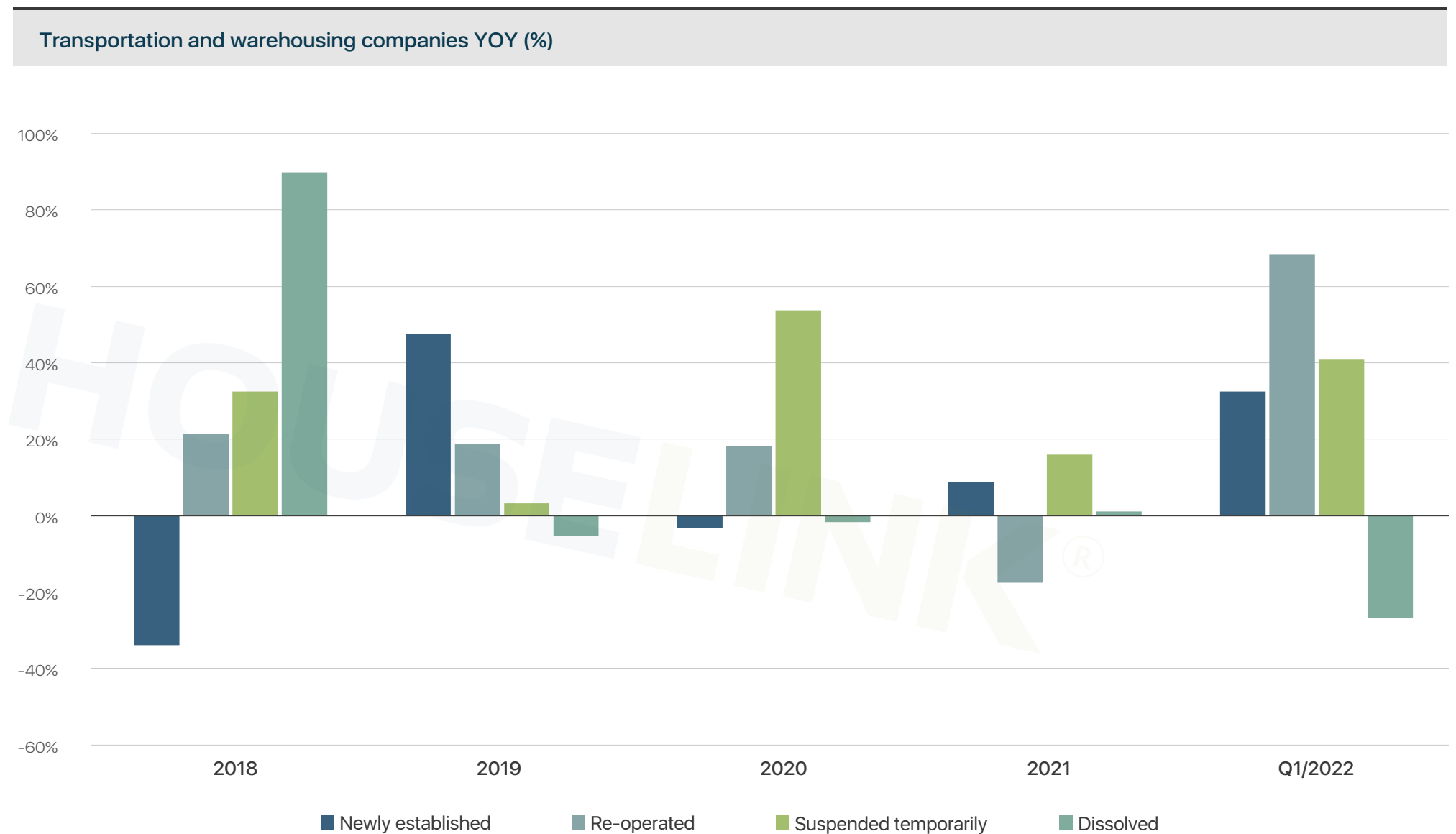
Revenue of warehousing and support activities for transportation in Vietnam (Million USD)



Source: Statista, HOUSELINK

2.3/ DEVELOPMENT SITUATION OF LOGISTICS SERVICE PROVIDERS IN VIETNAM

The development situation of logistics service providers in Vietnam has improved significantly in Q1/2022 when the rate of newly established and re-operated enterprises increased. Although the rate of temporarily suspended enterprises has not decreased too much, the rate of dissolved enterprises has decreased significantly, showing a brighter picture for the operation of logistics enterprises in Vietnam in 2022.



Source: GSO, HOUSELINK

2.4/ SOME TYPICAL PROJECTS



Project Name [MAPLETREE LOGISTICS](#)
Investment type FDI
Project type Logistics
Project scale 27,664 m2
Location VSIP II Industrial Park, Binh Duong, Viet Nam
Developer/Investor Mapletree
Contractor [ATAD Steel Structure Corporation](#)
Contact +84 28 3926 0666
sales@atad.vn



Project Name [UNILEVER LOGISTICS CENTER](#)
Investment type FDI
Project type Industrial Project - Distribution Center (FMCG)
Project scale 58,990 m2 (2 phases)
Location VSIP 1, Binh Duong, Vietnam
Developer/Investor Unilever Vietnam International Co., Ltd.
P.E.B Contractor [PEB Steel Buildings Co., Ltd.](#)
Contact Truong Vi Cuong
tvc@pebsteel.com.vn



Project Name [TECS LOGISTICS](#)
Investment type FDI
Project type Other
Project scale 10,500 m2
Location HCM City, Vietnam
Developer/Investor Tan Son Nhat Delivery Service Co, LTD
Contractor [ATAD Steel Structure Corporation](#)
Contact +84 28 3926 0666
sales@atad.vn



Project Name [SEHC STORAGE SAMSUNG](#)
Investment type FDI
Project type Industrial Project - Warehouse
Project scale 40,000 m2
Location Saigon Hi-Tech Park Training Center, HCMC, Vietnam
Developer/Investor Samsung Engineering Co., Ltd.
P.E.B Contractor [PEB Steel Buildings Co., Ltd.](#)
Contact Truong Vi Cuong
tvc@pebsteel.com.vn

III. NEW FDI PROJECTS IN THE LOGISTICS INDUSTRY IN THE FIRST 3 MONTHS OF 2022

In this content, we mainly analyze the data of new FDI projects with a total investment capital of 2 million USD or more (equivalent to about 46 billion VND) in the logistics and warehousing industry and in real-estate business activities in industrial park across the country in the first 3 months in 2022. The projects have been checked and verified by HOUSELINK.



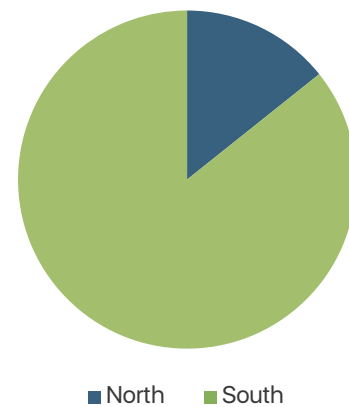
3.1/ NEW FDI PROJECTS INVESTED MAINLY IN THE SOUTH

According to the data of newly issued FDI projects in the first 3 months of 2022, logistics projects are mainly located in the South with 86% of the projects concentrated in this area. Logistics projects in the Northern region at the time of Q1/2022 have a decrease compared to the same period in 2021 (only equal to 25% of Q1/2021 in terms of both number and scale of projects). Meanwhile in the South in the first quarter of this year, the number of projects increased slightly over the same period and the total spending of logistics projects also increased by 48% over the same period of last year. In the first 3 months, the southern provinces are still the localities that attract many logistics projects after the Covid-19 epidemic has been basically controlled and production - daily activities come into new normal.

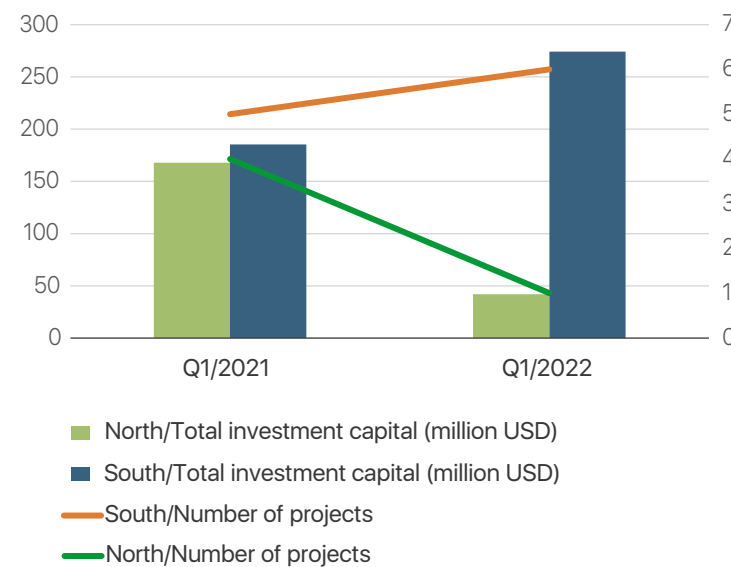
3.2/ FDI CAPITAL FROM CHINA ACCOUNTS FOR A LARGE PROPORTION OF CAPITAL STRUCTURE

The structure of FDI capital of logistics projects invested in Vietnam in the first three months of the year has changed significantly compared to the same period in 2021. At the time of Q1/2021, the structure of FDI capital of logistics projects was very diverse. Capital comes from many countries such as the Netherlands, Korea, the United States, Japan, Singapore, China, etc., in which capital from Singapore accounted for the largest proportion (50% of the total capital). In the first quarter of this year, the basic capital structure came from China (more than 79% of total investment capital), followed by FDI capital from Singapore (19%) and Korea accounted for a small proportion (2%). Chinese enterprises are starting to pay more attention to logistics services, which are forecasted to be very developed in Vietnam in 2022 and the following years.

Logistics project distribution (by number of projects)

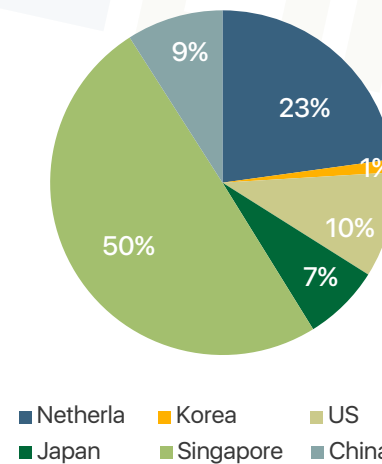


Logistics projects QoQ by region

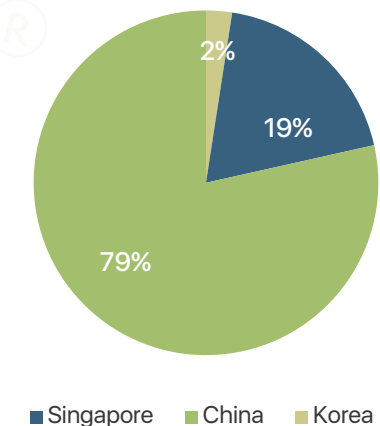


Source: HOUSELINK

FDI capital invested in logistics projects Q1/2021 (by total investment capital)



FDI capital invested in logistics projects Q1/2022 (by total investment capital)



Source: HOUSELINK

3.3/ SOUTHERN PROVINCES AND CITIES RECORDED AN OUTSTANDING INCREASE IN LAND AREA FROM NEW FDI PROJECTS IN THE LOGISTICS AND WAREHOUSING INDUSTRY

After 3 months of Q1, Binh Duong is the province with the largest increase in factory and warehouse land area in the country according to newly issued FDI project data. Next is Bac Ninh. The rest of the provinces are in the southern region. It can be seen that the development of FDI projects in the logistics and warehousing industry in the South has shown that the interest of foreign investors in this area is gradually returning to the growth trend.

Provinces and cities attract investment projects in Logistics industry in Q1/2022 (according to additional land area)



Source: HOUSELINK

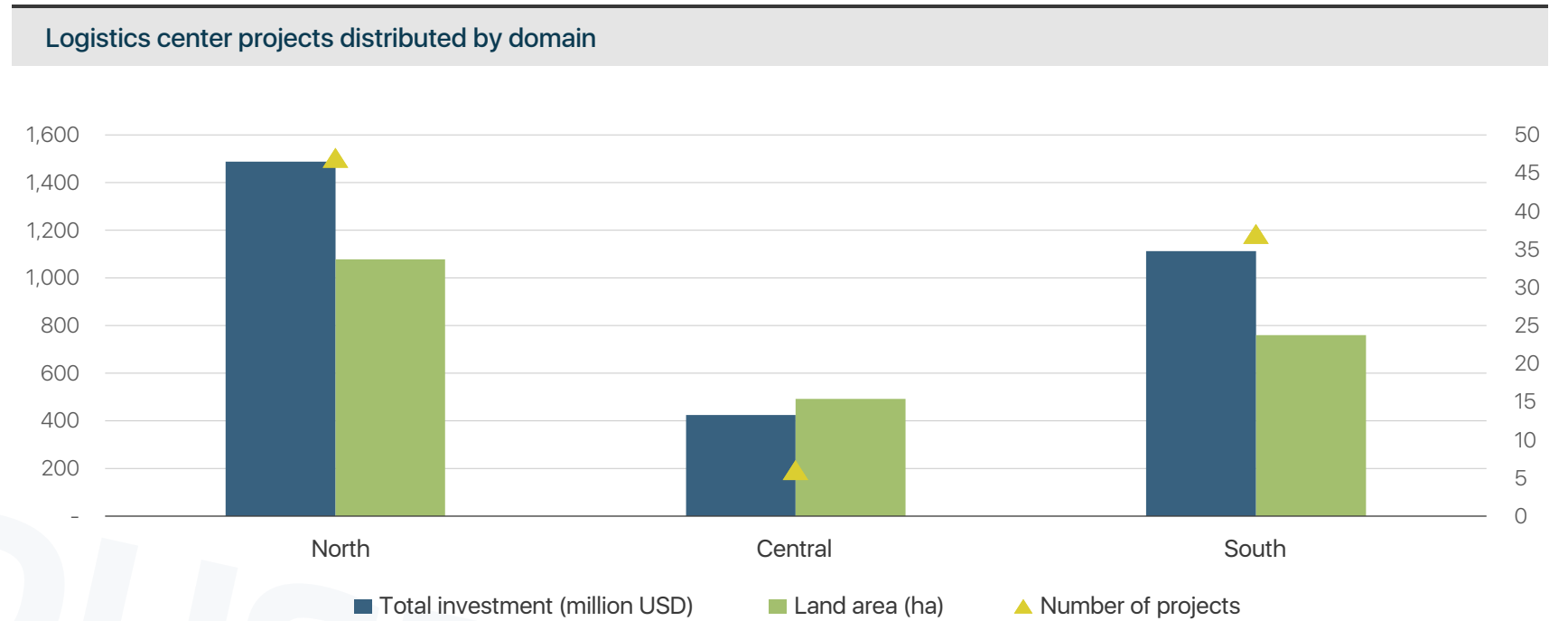
IV. POTENTIAL FOR DEVELOPMENT OF LOGISTICS PROJECTS IN VIETNAM

Based on data on industrial projects with a total investment capital of 2 million USD or more (equivalent to 46 billion VND) in the form of foreign direct investment (FDI) and domestic direct investment (DDI) on the HOUSELINK platform in the field of factories and warehouses; we synthesize, analyze data and make reports on projects that are under construction and are in the process of preparation (project preparation, design, contractor selection).

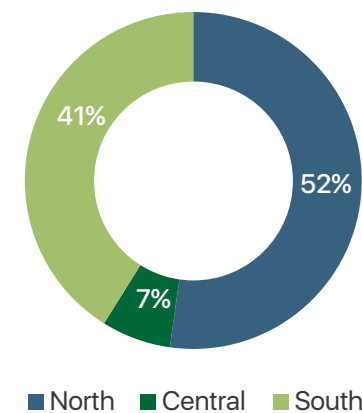


4.1/ UNDER PREPARATION LOGISTICS PROJECTS ARE CONCENTRATED IN THE NORTH

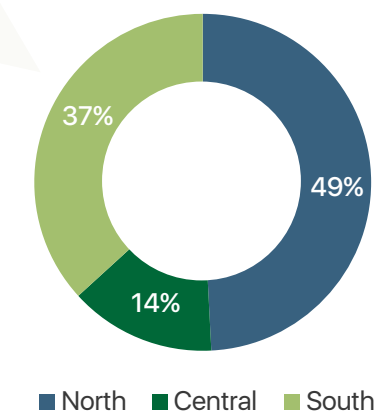
According to HOUSELINK's data, logistics projects are concentrated in the North when it accounts for 52% of the total number of under preparation logistics projects. The average scale of projects in the North is also slightly higher than in the South. 41% of total logistics projects are in the pre-construction phase, concentrated in the South. In the past year, due to the complicated progress of the Covid-19 epidemic in the southern provinces for 3-4 months, it also greatly affected the number of planned projects in this area. However, according to our observations, due to the convenient location for trading, many provinces and cities have a large number of manufacturing factories and are particularly vibrant economic regions. Logistic projects in the South region, in our opinion, will tend to increase significantly in the near future. In the Central region, logistics projects are still very few, accounting for only about 7%. But the average scale of these logistics projects is higher than that of the North and South regions, and in terms of land area, it is insignificantly worse. Land fund in the industrial parks in the Central region still has plenty of room, which is favorable for the implementation of large logistics projects.



Proportion of Logistics center projects (by number of projects)



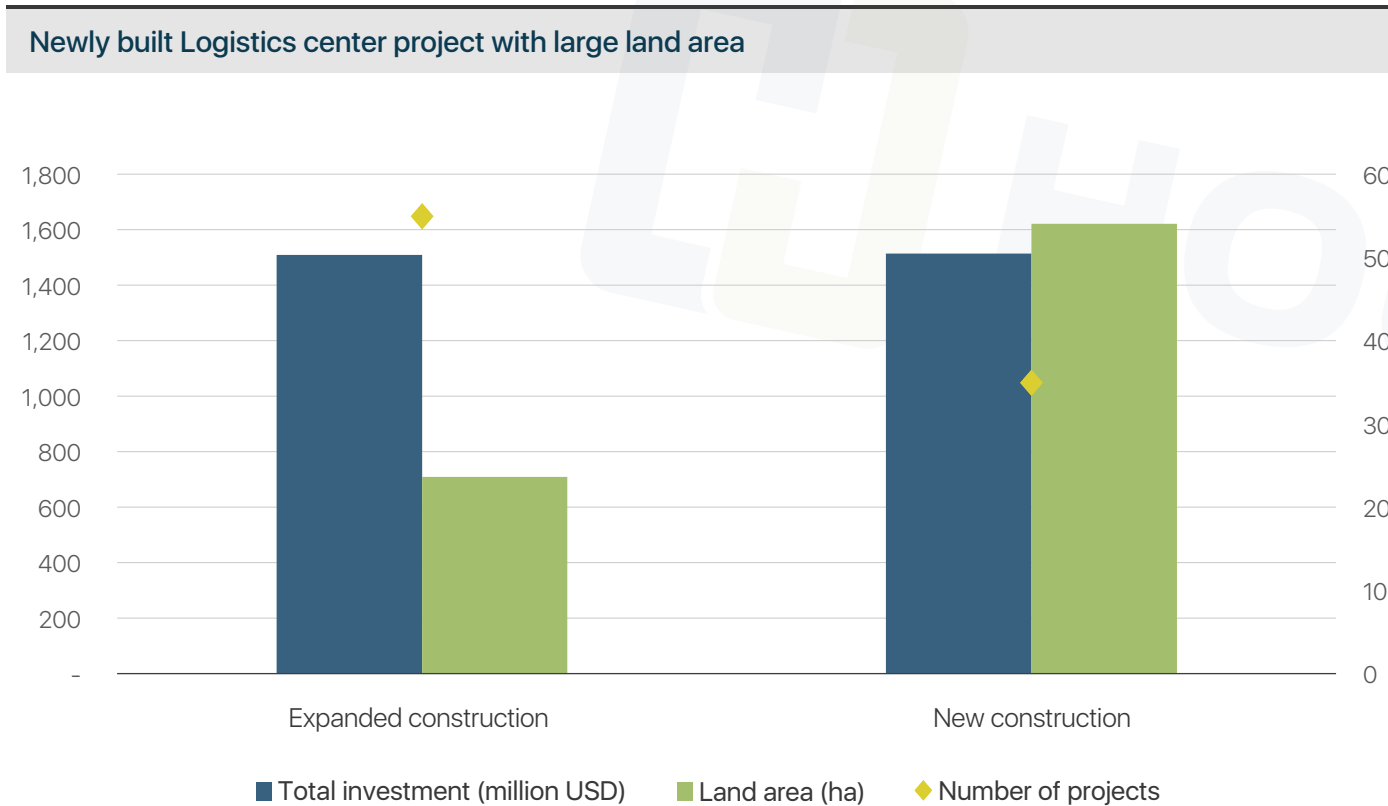
Proportion of Logistics center projects (by total investment)



Source: HOUSELINK

4.2/ NEWLY BUILT LOGISTICS PROJECTS OF LARGE SCALE

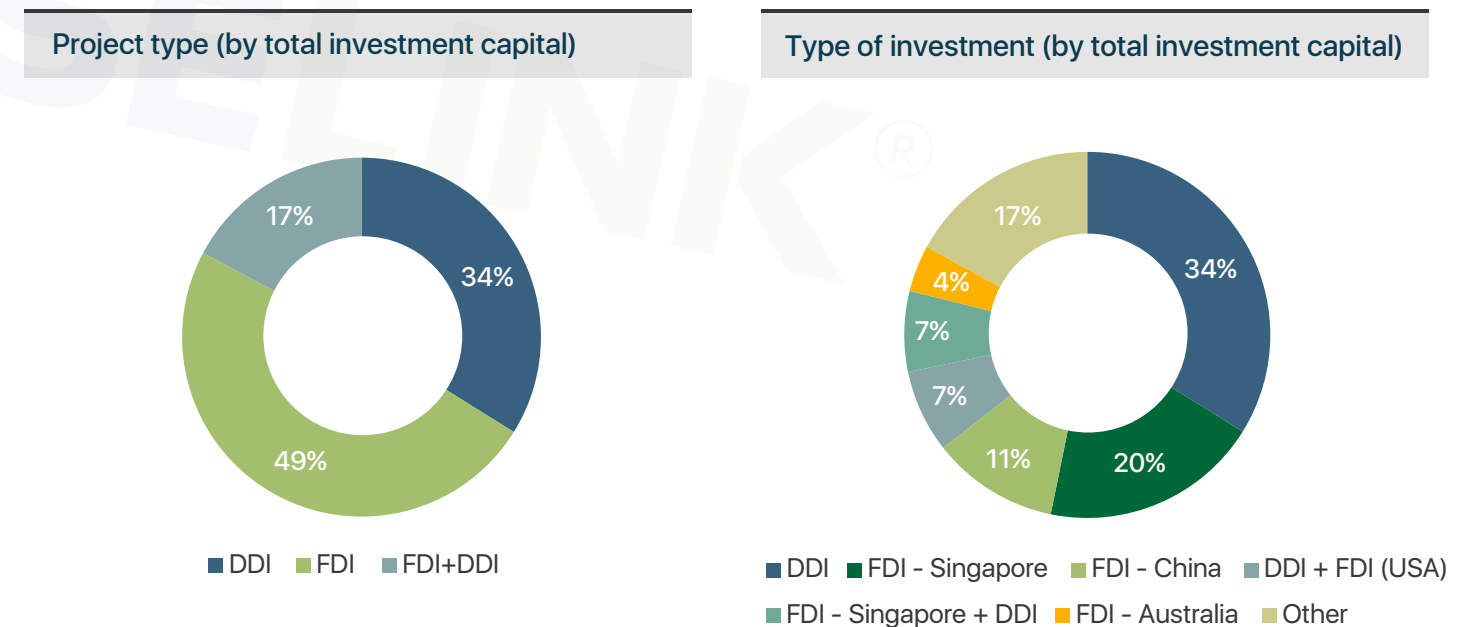
In terms of the number of projects, expansion projects still account for the majority as current businesses continue to expand their scale or build more logistics centers to serve market demand. However, we consider that new construction projects are overwhelming in both project scale and land area. This shows that new investors are paying great attention to investing in large projects in the Vietnamese market.



Source: HOUSELINK

4.3/ FDI PROJECTS ACCOUNT FOR A LARGE PROPORTION OF THE MARKET

Logistics projects invested by FDI capital account for 49% of the total investment capital of logistics projects in the country. DDI projects account for 34% of total investment capital. The remaining 17% of total investment capital comes from FDI and DDI joint venture capital. Foreign investors are accounting for a large proportion in the total investment capital structure of pre-construction logistics projects in Vietnam. Among them, FDI-Singapore capital accounts for the largest proportion with 20% of total investment capital, followed by FDI-China capital. The most prominent can be mentioned the Smart Logistics Center project invested by Western Pacific Joint Stock Company with the cooperation of Mitsubishi Estate Vietnam, which is in the stage of ideation for construction investment with a capital of more than 80 million VND at Yen Phong-IIA Industrial Park, Bac Ninh. This smart warehouse project is forecasted to become a focal project, attracting a lot of attention from international customers and especially opening the development pathway for other types of smart warehouses to be developed more and more in the future.



Source: HOUSELINK

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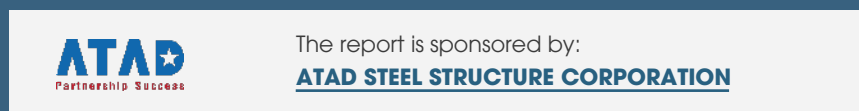
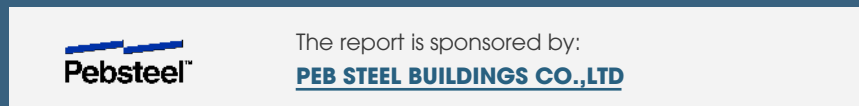
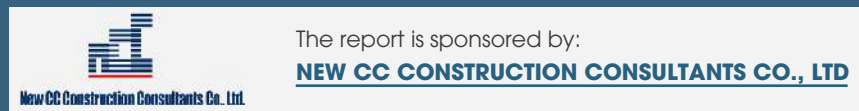
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