

Co-host:



Colorbond Steel

Partner:



Industrial & Logistics Sector in Vietnam:

# RESILIENCE DURING UNCERTAINTIES

19<sup>th</sup> August 2021



# RESILIENCE DURING UNCERTAINTIES

1. MARKET HIGHLIGHTS
2. NEGATIVE IMPACTS
3. MARKET RESPONSES
4. WELL-PREPARED FOR THE UNCERTAINTIES



# ABOUT KCN VIETNAM

TOTAL LAND BANK

**250**HA

FUTURE PIPELINE

**300**HA



## OUR PORTFOLIO

### Northern region

- 1 Tan Hung - Bac Giang  
Phase 1 - 50 HA  
Phase 2 - 100 HA
- 2 An Phat - Hai Duong  
8.9 HA
- 3 Deep C - Hai Phong  
Plot 1 - 12.6 HA  
Plot 2 - 10.6 HA

### Southern region

- 4 Ho Nai - Dong Nai  
Phase 1 - 16.3 HA  
Expansion - 30 HA
- 5 Nhon Trach - Dong Nai  
6.96 HA
- 6 Phu An Thanh - Long An  
13.4 HA

KCN Vietnam was established to meet the increasing demand for premium industrial properties for lease. As a local developer, KCN Vietnam aims to provide professionally designed, built and managed developments for the industrial sector, thereby contributing to the country's attractiveness for FDI.

With its strong connection with local authorities both at central and provincial levels, KCN Vietnam's experienced management team is able to accompany foreign investors in their investment administrative process in Vietnam.

Our long-term vision is to capitalize on the growth of the supply chain sector in Vietnam and thrive to meet increasing market demands.

Let KCN Vietnam be your Local to Global Connector.

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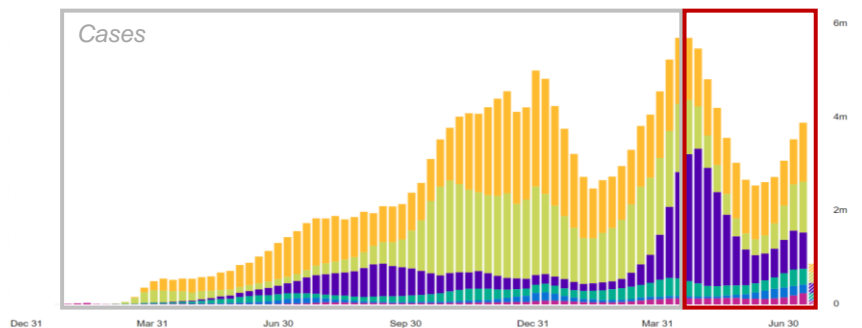
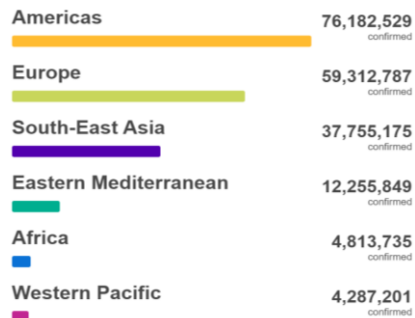
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# 1. MARKET HIGHLIGHTS | COVID-19

## SITUATION BY WHO REGION

GLOBAL



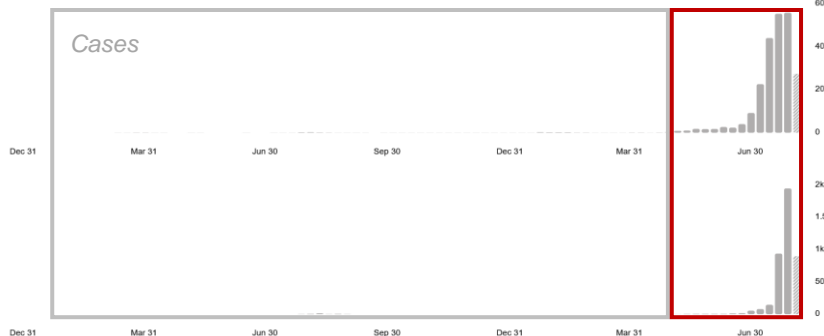
## VIETNAM SITUATION

LOCAL

VIETNAM PERFECTLY  
CONTROL THE 1<sup>ST</sup>  
WAVE OF COVID-19  
WITH IMPRESSIVE  
**GDP 5.65% IN 1H 2021**

**283,696**  
confirmed cases

**6,141**  
deaths



In Viet Nam, from **3 January 2020** to 6:28pm CEST, **17 August 2021**, there have been 283.696 confirmed cases of COVID-19 with 6.141 deaths, reported to WHO. As of 5 August 2021, a total of 8.061.116 vaccine doses have been administered.

Source: World Health Organization

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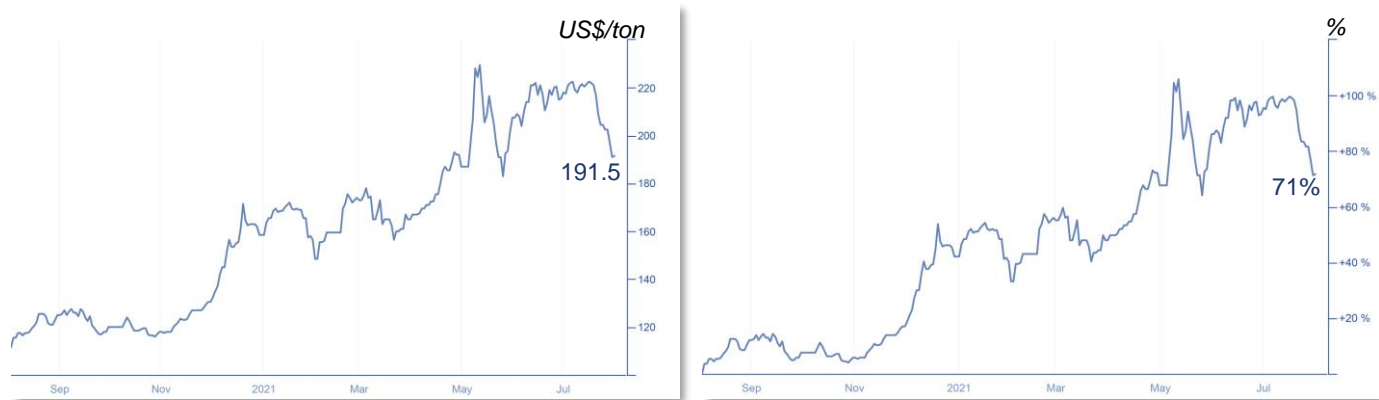


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# 1. MARKET HIGHLIGHTS I CONSTRUCTION COST

## IRON ORE PRICES (from July 2020 to July 2021)



Iron ore price jumped to  
**US\$191.5/ ton**

**▲ 71%**

(compared to July 2020)

Source: [tradingeconomics.com/commodity/iron-ore](https://tradingeconomics.com/commodity/iron-ore)

## PRICE RATE IN VIETNAM

	Jan 20	Jan 21	Mar 21	Jun 21
Steel bar	US\$393/ton	US\$590/ton ▲ 50%	US\$650/ton ▲ 10%	US\$754/ton ▲ 15%
HRC (Hot rolled coil)	US\$418/ton	US\$636/ton ▲ 52%	US\$700/ton ▲ 10%	US\$761/ton ▲ 8.7%

Source: VCBS research 2021 and updated average selling price of key suppliers (Hoa Phat, Viet Y, Viet Duc, Viet My, Viet Nhat, Viet Uc, Vina-Kyoei, type: CB240 – HRC, CB300-steel bar)

According to VCBS research Q1-2021, high demand of construction steel after Covid-19 pandemic, global public investment stimulation for 2021 and the shortage of production due to the shutdown of many manufactures, have boosted the construction price.



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# 1. MARKET HIGHLIGHTS | CONSTRUCTION COST – INDUSTRIAL REAL ESTATE



Industrial structure (standard factory, warehouse) are made up of **50% - 60%** steel, rebar and sheet metal.

Special structure can require up to **70%**



▲ **CONSTRUCTION COST**



- Delay/ postpone construction



- Adjustment on rental expectation



- Impact on financial return  
(Investors, Developers and End-users)



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## 2. MARKET IMPACTS | CONSTRUCTION COST – INDUSTRIAL REAL ESTATE

**CONSTRUCTION COSTS** CONTINUES TO INCREASE, CAUSING A LOT OF **DELAYS** IN CONSTRUCTION

### SUPPLY CHAIN HIT HARD



Labor force insufficient



Overload domestic demand



Alternative production

### IMPACTS ON



End-users



Import & export



Manufacturers

#### **VIR** Vietnam Investment Review

**Vietnam's construction market forecast to lure more foreign investors**

More foreign participation is forecast in Vietnam's construction market over the coming years, buoyed by the gradual opening of the Vietnamese economy to foreign investors and the Government's emphasis on infrastructure development.



August 30, 2020 |

Source: VNA

[Link](#)



**Biggest HCMC employer misses work by 33,000 employees in Covid-19 impact**

Covid-19 related problems have forced more than 33,000 workers of Taiwanese-invested footwear maker Pouyuen Vietnam to temporarily stop working.



Tue, 13 Jul 2021

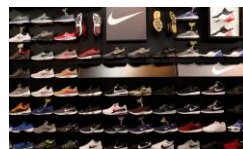
By: Le Tuyet/VnExpress

[Link](#)



**Nike supplier halts production at three Vietnam plants due to Covid-19**

Changshin Vietnam, a South Korean shoemaker, became the second major Nike supplier to suspend production in Vietnam as it shut three of its factories near HCMC on Thursday due to a coronavirus outbreak.



By Reuters July 16, 2021 [Link](#)



**HCMC port stops receiving bulk cargo amid container pileup**

HCMC's Cat Lai Terminal will not accept certain cargoes until August 16 since containers have piled up and there is little space left, its operator said.



By Anh Tu August 2, 2021 | [Link](#)

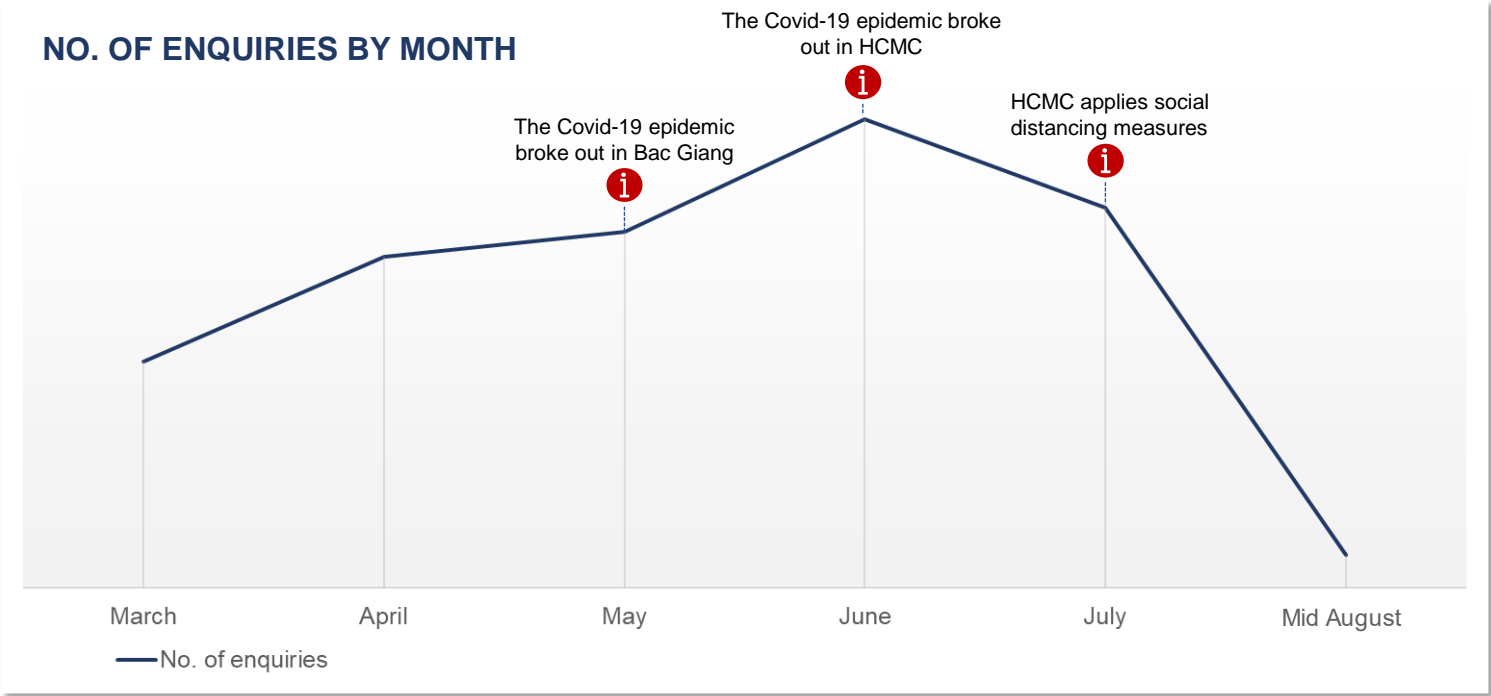
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# 2. MARKET IMPACTS I KCN VIETNAM



Source: KCN Vietnam enquiry data



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# 3. MARKET RESPONSES | PROGRAMS IMPLEMENTED

## VACCINE PRIORITY TO SUPPLY CHAIN



### Factory workers added to Covid vaccine priority list



By **Viet Tuan**  
May 26, 2021  
[Link](#)

## WORK FROM FACTORY STRATEGY



### Vietnam workers sleeping on their factory floor to reduce COVID outbreaks



By ITNews Asia Team  
Jul 8, 2021  
[Link](#)

## TURN HOTEL TO QUARANTINE SITE



Khách sạn tham gia vào danh sách khu cách ly tập trung có thu phí tại TP.HCM tăng lên (BCSVN) - Đại dịch COVID-19 bùng phát lần thứ 4, nguy hiểm và phức tạp hơn các lần trước. Tại TP.HCM buộc ngưng nhiều hoạt động, nhiều khách sạn cũng phải đóng cửa. Tuy nhiên, khách sạn tham gia cung ứng dịch vụ cách ly tập trung có thu phí tăng lên, tập trung nhiều ở quận 1, quận 7 và quận Tân Bình, TP.HCM.



ND  
17/07/2021  
[Link](#)

## VACCINE ROLL-OUT



### 31 million doses of Pfizer-BioNTech vaccine committed for Vietnam this year: health ministry



Viet Tuan / Tui Tre News  
Friday, May 14, 2021  
[Link](#)

## TAX DEFERRED FOR E-COMMERCE



### Timeline extended for e-commerce taxation

Vietnam's tax authorities will give five more months for e-commerce platforms to set up data connectivity and begin sharing online sellers' information from January 2022.



Source: VIR  
22/07/2021  
[Link](#)

## TURN FACTORY TO TEMP. HOSPITAL



### TTC IZ bàn giao Nhà xưởng để lập Bệnh viện dã chiến số 01



K.H  
24/07/2021  
[Link](#)

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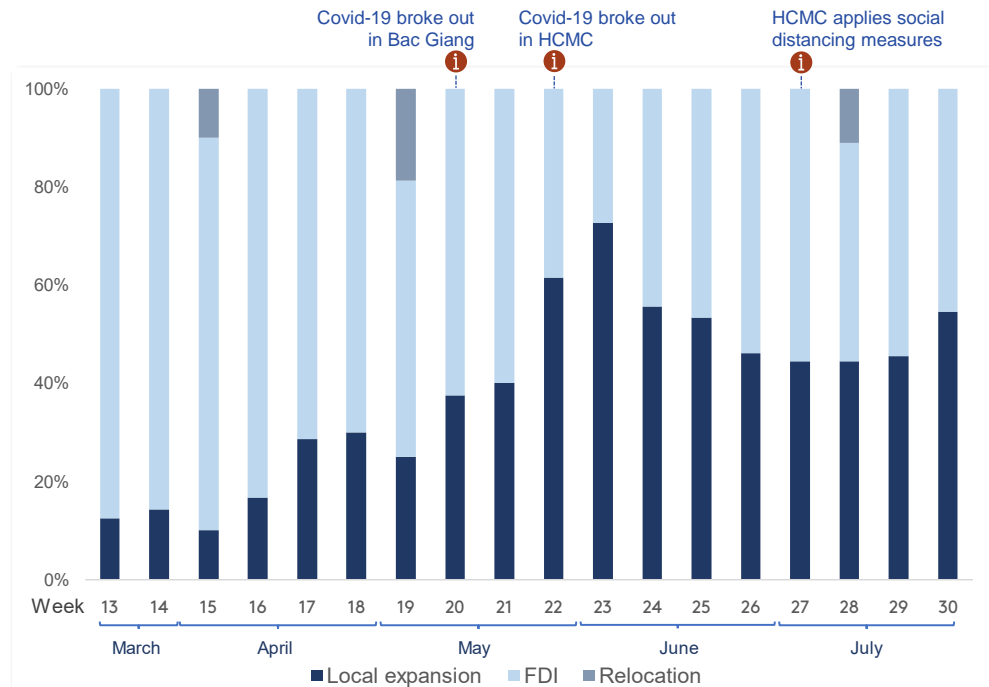


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### 3. MARKET RESPONSES | OPPORTUNITIES FOR LOCAL EXPANSION

#### RATE OF INQUIRIES BY RENTAL PURPOSE



Source: KCN Vietnam enquiry data

#### VIR Vietnam Investment Review

#### FPT Retail posted higher revenue for pharmacy and laptop retail businesses

FPT Retail witnessed improving revenue for its pharmacy and laptop segments due to rising demand for drugs and laptops amidst the spike in COVID-19 infections and social distancing policies.



July 27, 2021 | [Link](#)  
By Thanh Van

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# 4. HOW CAN WE PREPARE FOR UNCERTAINTIES???

## NORTH

Industrial Land Price  
**US\$ 107**  
*per sqm per lease term*

Price Growth y-o-y  
**+5.9%**

Stage in Price Cycle  
**Rising**

RBF Rent  
**US\$ 4.5**  
*per sqm per month  
net on GFA*

Rent Growth y-o-y  
**+4.7%**

## SOUTH

Industrial Land Price  
**US\$ 113**  
*per sqm per lease term*

Price Growth y-o-y  
**+7.1%**

Stage in Price Cycle  
**Rising**

RBF Rent  
**US\$ 4.5**  
*per sqm per month  
net on GFA*

Rent Growth y-o-y  
**+0.5%**



Construct cost

Construction delayed due  
to Covid-19

Disruption due to  
lockdown



Rent increase?

Labor & Welfare → short term

Alternative back-up plans

Expansion plan review?

Planning ahead  
*(short, mid-term plans)*

Crisis management program

Source: JLL Report Q2/2021



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# THANK YOU



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