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INDUSTRY NEWS UPDATE

Experts seek ways to develop property market

Local experts have described the harmonious settlement of relations between the financial and real estate markets as a key to mitigating threats to the national economy and living conditions of the people.

At a seminar held in Hanoi on December 26, experts painted a bleak picture of the property market during this year, with a decrease in transactions even though prices have dropped by 20-50 percent.

In addition to the effects of the global economic crisis, internal factors such as excessively high land prices, recession of the stock market and, in particular, tightened credit for property projects are considered major causes of the decline of Vietnam's real estate market.

Having noted the importance of capital to restore the market, former Deputy Minister of Natural Resources and Environment Dang Hung Vo pointed out that investors are rushing to pay their bank loans while property prices are on the decrease and few successful transactions are conducted.

Therefore, pundits said in 2009 it is necessary to deal with unpaid loans and adjust property prices to reasonable levels in accordance with Vietnam's socio-economic conditions.

For the long term, they said a tool to manage the real estate market should be designed to make it more open and transparent, and to resist speculation.

According to experts, the government's decision to allocate VND2.5 trillion to build low income housing next year, along with Ho Chi Minh City's support for workers' housing, will help to dissolve a financial standstill in the property market, ensure social security and reduce difficulties for low income earners.

The Vietnam Real Estate Association has just submitted to the government a number of solutions to remove obstacles hindering the development of the property market, including a proposal to permit project owners to receive advance capital from investors in order to handle capital short falls.

In the eyes of foreign experts, the Vietnamese real estate market still holds potential in the medium- and long-term as Vietnam has enjoyed political stability, a large population, a growing flow of foreign investment, rapid urbanization and increasingly improved living conditions of the people.

(Source: SGGP - Voice of the Armed Forces and People - Hanoi, Vietnam, Dated 27th December 2008)