



**VIETNAM HOSPITALITY MARKET,
INVESTMENT AND REGULATORY
OVERVIEW IN 2026**

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Over the past decade, Vietnam has progressively emerged as one of Southeast Asia's most dynamic hospitality markets. Strong macroeconomic fundamentals, sustained growth in international arrivals, expanding domestic tourism, and increasing infrastructure investment have combined to position the country as a credible long-term destination for hotel development and investment.

Several international advisory firms regularly publish market updates and sector-focused reports covering performance indicators, pipeline dynamics and selected transactional activity. These publications provide valuable snapshots of individual markets or asset classes. However, they are often segmented by geography, focused primarily on operational metrics, or structured around brokerage-driven market commentary.

The objective of this report is different.

This document seeks to provide a broader and more integrated perspective of the Vietnamese hospitality landscape, combining macroeconomic context, regulatory and investment frameworks, foreign direct investment dynamics, market structure, transaction profiles, capital market trends, and asset-level considerations. Rather than presenting isolated performance data, the report aims to connect the institutional, financial and operational dimensions that shape hotel investment outcomes in Vietnam.

It is specifically designed for international investors and stakeholders who may not be fully familiar with Vietnam's legal environment, ownership structures, transaction mechanics, or market specificities. By consolidating information typically dispersed across regulatory texts, market studies, press releases and industry publications, the report intends to facilitate a more informed understanding of:

- how hotel assets are structured and transacted;
- how domestic and foreign investors operate within the current regulatory framework;
- how capital flows, FDI patterns and corporate groups influence the sector;
- how individual destinations differ in terms of scale, positioning and risk profile.

In this sense, the report positions itself not as a brokerage document nor as a short-term market update, but as a structured analytical framework intended to support strategic decision-making.

It is important, however, to acknowledge the inherent limitations of available data in Vietnam. Transaction values are not always publicly disclosed, ownership structures may involve layered corporate vehicles, and reporting standards can vary across sources. Performance data may differ depending on sample size and methodology, and certain regulatory interpretations remain subject to practical implementation at provincial level.

Accordingly, this report has been prepared on the basis of publicly accessible information, industry publications, corporate disclosures and regulatory texts available at the time of writing. While every effort has been made to ensure consistency and analytical rigor, the findings should be understood within the context of data transparency constraints typical of emerging markets.

The ambition of this foreword is therefore simple: to clarify the intent of the report. It does not aim to replace specialized advisory work, nor to replicate existing market commentary. Instead, it seeks to provide a structured, comprehensive and pedagogical foundation from which international investors can approach Vietnam's hospitality sector with a clearer understanding of its opportunities, constraints and structural dynamics.

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VIETNAM - COUNTRY OVERVIEW



VIETNAM - COUNTRY OVERVIEW

1.0 GEOGRAPHIC POSITION AND REGIONAL CONTEXT

Vietnam is a Southeast Asian country strategically located between China and mainland Southeast Asia, with more than 3,200 km of coastline along major Asian maritime trade routes. This geography underpins an export-oriented economy and a strong logistics and tourism base, while also placing Vietnam at the centre of geopolitical tensions in the South China Sea. Despite ongoing maritime disputes, particularly with China, Vietnam pursues a pragmatic diplomatic approach focused on stability, sovereignty and economic integration, while maintaining constructive relations with both China and the United States.

2.0 CLIMATE AND SEASONALITY

Vietnam is characterised by three distinct climatic zones. The North, centred on Hanoi and the Red River Delta, experiences cooler winters and a rainy season mainly between spring and summer. The Central region is more volatile, with a later rainy season and higher exposure to typhoons toward the end of the year. The South, including Ho Chi Minh City and the Mekong Delta, has a tropical climate with a clear dry season from roughly November to April and a rainy season from May to November. These regional differences materially affect tourism flows, agricultural output and construction cycles.

3.0 POPULATION AND SOCIETY

Vietnam has a population exceeding 100 million, making it one of the largest domestic markets in Southeast Asia. The median age is approximately 32–33 years, supporting labour availability and domestic consumption, although fertility rates have declined steadily and are now close to replacement level. The population is ethnically diverse, with 54 officially recognised ethnic groups, although the Kinh/Viet majority dominates demographically. Vietnamese is the official language, English is increasingly used in business, and Buddhism and Catholicism remain the most influential religions culturally and historically.



VIETNAM - COUNTRY OVERVIEW

4.0 POLITICAL SYSTEM, GOVERNANCE AND ECONOMIC CENTRES

Vietnam is a socialist republic governed by a single political party, the Communist Party of Vietnam, in place since the era of Ho Chi Minh. This system provides strong institutional continuity and policy stability but limits political pluralism and freedom of expression. The State retains a central role in defining long-term development priorities, coordinating industrial policy and steering strategic sectors of the economy.

5.0 POLITICAL AND ECONOMIC CENTRES

Vietnam operates under a clear dual-city model. Hanoi is the political, institutional and banking centre, hosting the central government, regulators, the State Bank of Vietnam and the headquarters of major domestic banks. Ho Chi Minh City, formerly Saigon, is the economic and financial hub, concentrating private enterprises, investment flows, real estate development, consumption and professional services. In practice, Hanoi sets policy and regulation, while Ho Chi Minh City drives execution and private-sector growth.

6.0 HISTORICAL BACKGROUND AND ECONOMIC OPENING

Vietnam's modern history has been shaped by French colonisation, the Vietnam War involving the United States, and later regional conflicts linked to Cambodia and tensions with China. This legacy has reinforced a strong focus on sovereignty, resilience and strategic autonomy. The key economic turning point came with the Đổi Mới reforms launched in 1986, which initiated a gradual shift toward a market-oriented economy while preserving a strong role for the State. Integration into ASEAN and the normalisation of relations with the United States in the 1990s accelerated Vietnam's integration into global trade and investment networks.



VIETNAM - COUNTRY OVERVIEW

7.0 PRODUCTION BASE AND EXPORTS

Vietnam has developed into a major regional production and export hub, supported by an abundant and historically low-cost labour force, particularly in textile and garment manufacturing, and by rapid expansion in manufacturing sectors such as electronics and industrial assembly. Agriculture remains strategically important, with Vietnam ranking among the world's leading exporters of rice and coffee. This mix has positioned the country as a key link in global value chains, with increasing emphasis on higher value-added activities.

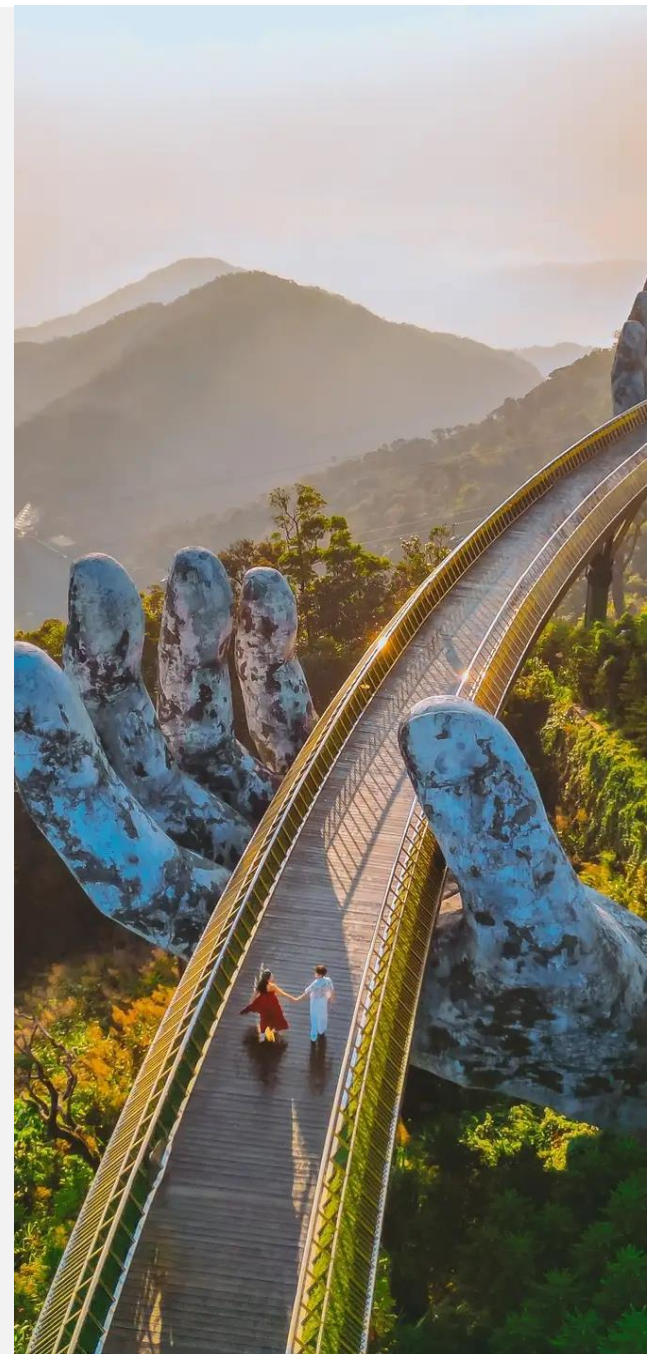
8.0 ECONOMIC STRUCTURE, INCOME LEVELS AND KEY CORPORATES

Vietnam's GDP is mainly driven by services, followed by industry and construction, while agriculture plays a smaller but still strategic role, notably through rice and coffee exports. Tourism is a growing contributor, supported by the coastline and major urban centres. Over the past 20 years, income per capita has risen rapidly, allowing Vietnam to overtake Cambodia and Laos and narrow the gap with Thailand, although it remains well below China, South Korea and Japan. The speed of income convergence has been faster than the regional average.

This structure is supported by a limited number of systemically important groups. PetroVietnam generates revenues equivalent to around 8–10 percent of GDP in high-price environments. Viettel contributes an estimated 3–4 percent of GDP through telecommunications and technology. Vingroup represents roughly 2–3 percent of GDP across real estate, services and manufacturing. Vietcombank is central to financial intermediation, with assets exceeding 20 percent of GDP, while Hoa Phat Group contributes around 1–2 percent of GDP through steel and industrial materials.

Overall positioning:

- Vietnam stands out as one of the fastest-growing economies in Southeast Asia, combining political stability, a large domestic market and deep integration into global trade. Its balanced foreign policy toward China and the United States, together with sustained income convergence and structural upgrading, provides the essential context for the macroeconomic and microeconomic analysis that follows.





01

VIETNAM'S MACRO-ECONOMIC OUTLOOK



01 VIETNAM'S MACRO-ECONOMIC OUTLOOK

A. CONTEXT AND ASEAN POSITIONING

1.0 WHERE VIETNAM STANDS IN ASEAN

Vietnam is positioned as a high-growth, export- and FDI-driven economy, distinct from most ASEAN peers. Compared to Thailand, Indonesia, Malaysia and the Philippines, Vietnam combines strong growth momentum, moderate inflation, and relatively low public debt, at the cost of higher exposure to global trade and capital cycles.

For a foreign investor, Vietnam should be viewed less as a consumption-led emerging market and more as a manufacturing and supply-chain platform integrated into global trade, with macro performance closely tied to exports, FDI and infrastructure execution.

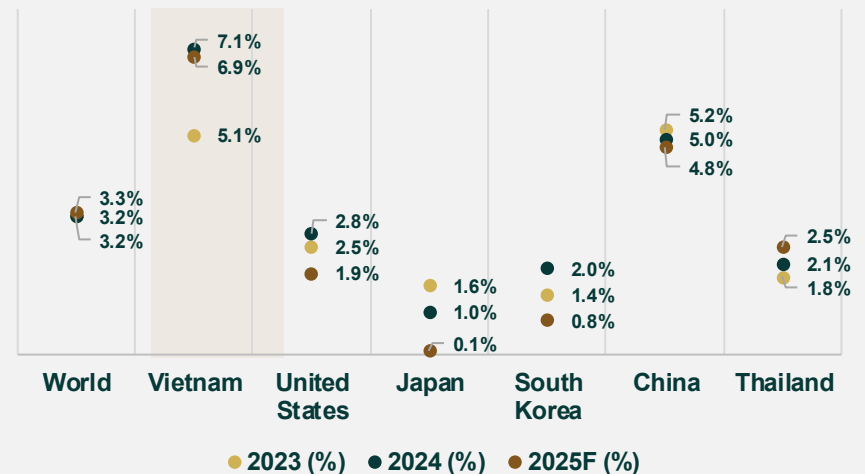
2.0 GROWTH PROFILE: STRUCTURALLY ABOVE PEERS, BUT CYCLE-SENSITIVE

Vietnam remains one of the fastest-growing economies in Southeast Asia:

- GDP growth rebounded from 2.6% (2021) to 8.5% (2022), moderated to 5.0% (2023), and accelerated again to ~7.0% (2024) and ~8.0% (2025e).
- Over 2025–2027, the World Bank projects average growth of ~6.4%, above Thailand (~2%), Indonesia (~5%), Malaysia (~4–5%) and the Philippines (~5–6%).

Investor reading: Vietnam sits at the top end of ASEAN growth, but unlike Indonesia or the Philippines, this growth is less domestically insulated and more dependent on external demand.

Revision of GDP growth forecast of selected countries (2023 – 2025F)*



*2025F: actual figures for the first nine months, then a projection

Sources: World Bank (2025) Vietnam Economic Update; OECD Economic Outlook (2025); PWC Market Research & Economy Study (2025)

01 VIETNAM'S MACRO-ECONOMIC OUTLOOK

3.0 EXTERNAL SECTOR: STRENGTH AND VULNERABILITY

Vietnam's growth model remains fundamentally export-led:

- Total exports increased from USD ~260bn (9M'23) to ~USD 349bn (9M'25), driven by electronics, machinery, computers and mobile components.
- Exports to the US account for roughly 26% of GDP, while domestic value-added absorbed by US final demand represents ~10% of GDP (World Bank).

This export concentration has supported rapid growth and industrial upgrading but creates structural sensitivity to global trade cycles, geopolitics and US demand.

Relative to peers:

- Vietnam and Thailand run current account surpluses.
- The Philippines runs a structural deficit.
- Indonesia is more commodity-buffered, reducing trade volatility.

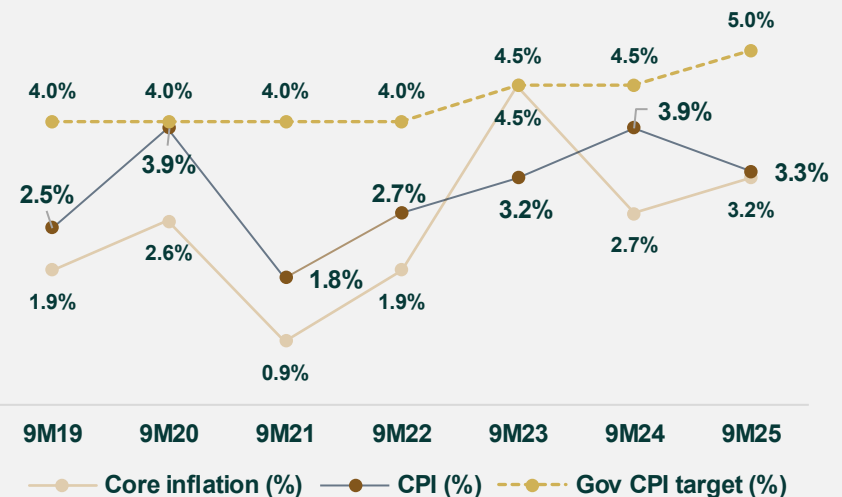
4.0 DOMESTIC DEMAND & SERVICES: RECOVERING, NOT DOMINANT

Domestic demand is improving but remains a secondary growth driver.

- Retail sales increased from USD 150bn (9M'23) to USD 157bn (9M'25), implying moderate real growth.
- Tourism and related services rebounded more strongly, with revenues rising from USD 20.8bn to USD 24.0bn over the same period.
- Accommodation and catering recorded double-digit growth in 2024–2025.

Compared to Thailand or the Philippines, where consumption plays a larger stabilising role, Vietnam's domestic demand does not yet fully offset export volatility.

Vietnam Core Inflation Rate* (2019F-2025F)**



*Core inflation is an indicator which represents long-term change in price, after excluding temporary change of CPI. Core inflation excludes change of CPI of food and foodstuff; energy and such items managed by the state as healthcare and education.

**2025F: actual figures for the first nine months, then a projection

Sources: World Bank (2025) Vietnam Economic Update; OECD Economic Outlook (2025); IMF World Economic Outlook Database; General Statistics Office of Vietnam (2023–2025 releases); PWC Market Research & Economy Study (2025)

01 VIETNAM'S MACRO-ECONOMIC OUTLOOK

5.0 INFLATION, POLICY AND MACRO STABILITY

Inflation remains contained and predictable:

- CPI averaged ~3–4% between 2021 and 2025.
- Core inflation normalised to ~3.2–3.5% by 2024–2025.
- Inflation remains below the SBV target range (4.5–5.0%), allowing relatively accommodative policy.

Price pressures are sector-specific, concentrated in housing, utilities and transport, rather than economy-wide overheating.

Relative positioning:

- Vietnam's inflation is higher than Thailand's ultra-low inflation, but lower and more stable than several EM peers.
- Monetary credibility compares favourably within ASEAN.

6.0 FISCAL POSITION & BUFFERS: A RELATIVE STRENGTH

Vietnam stands out for its low public debt and fiscal headroom:

- Public and publicly guaranteed debt: ~34% of GDP (2025), projected to decline toward ~32% by 2027 (World Bank, OECD).
- This compares with ~65–70% in Thailand and Malaysia, and ~60%+ in the Philippines.

7.0 INVESTMENT & FDI: CORE GROWTH ENGINE

FDI remains a central pillar of the Vietnamese economy:

- FDI disbursements: ~USD 26.2bn in the 12 months to June 2025 (~5.5% of GDP).
- Commitments are concentrated in: Manufacturing (~50%) & Real estate & infrastructure (~20%)
- Public investment plans for 2025 amount to ~VND 830 trillion (~USD 32bn, ~7% of GDP), focused on transport and energy.



01 VIETNAM'S MACRO-ECONOMIC OUTLOOK

B. MSCI VIETNAM - OVERVIEW

The MSCI Vietnam Index tracks the largest and most liquid listed companies in Vietnam and serves as a market-based indicator of how investors price the country's macroeconomic outlook. Unlike GDP or headline growth figures, it reflects expectations on liquidity, credit conditions and capital flows.

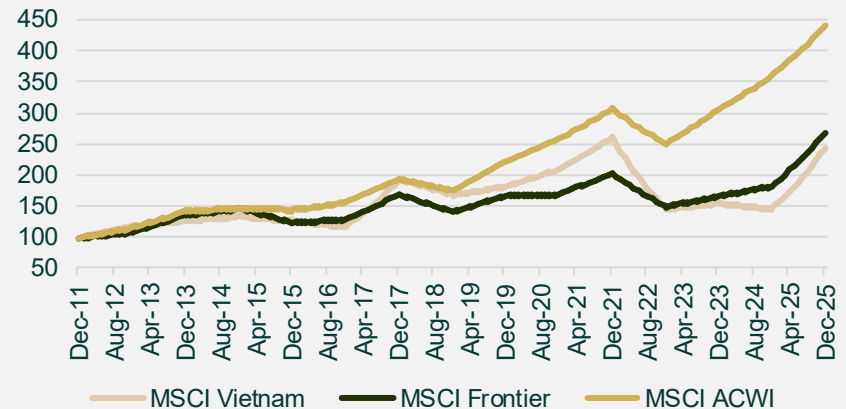
The cumulative performance profile (USD, net returns) confirms Vietnam's long-term growth story but also highlights its structural volatility. Since 2011, MSCI Vietnam has generated positive returns, yet significantly underperformed MSCI ACWI in cumulative terms. This divergence illustrates that strong economic growth does not automatically translate into sustained equity compounding.

Performance is highly cyclical. The index outperforms during global risk-on phases and domestic credit expansions, but corrects sharply during tightening cycles, as observed in 2018–2019 and again in 2022. As a result, MSCI Vietnam behaves as a high-beta market, amplifying both macro-optimism and downside shocks.

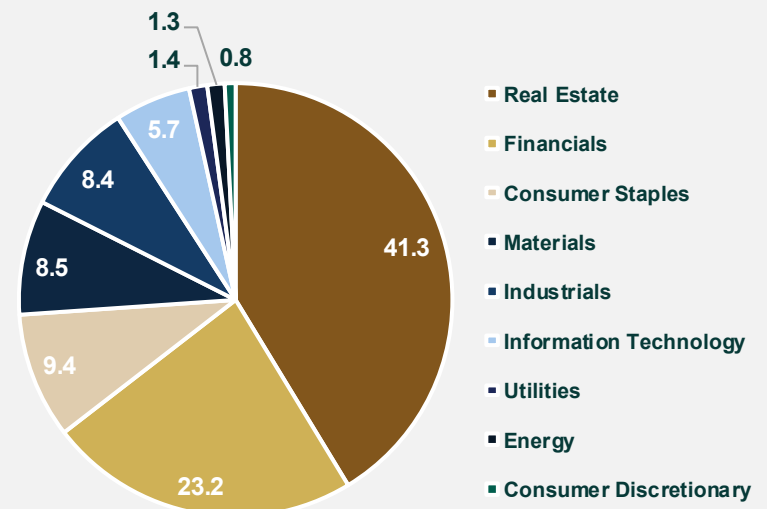
Sector composition explains much of this behaviour. Real estate represents approximately 41% of the index in 2025, while financials account for a further 23%. Combined, more than 60% of index performance is directly linked to property development and credit intermediation. This creates a structural sensitivity to interest rates, regulatory shifts and balance-sheet constraints rather than to broad-based consumption or export growth.

Index concentration further reinforces this dynamic. The top 10 constituents represent over 60% of total index weight and are dominated by large real estate developers and banks. As a result, macro-outcomes priced by MSCI Vietnam are driven by a limited number of corporates, making the index particularly exposed to sector-specific stress rather than diversified economic fundamentals.

Cumulative Index Performance – Net Returns (\$)



Sector Weights in 2025 (%)



The image is a composite of two photographs. The top photograph shows a range of misty, blue-toned mountains under a bright sky with scattered clouds. The bottom photograph shows a close-up view of terraced rice fields with young green rice seedlings planted in rows. A dark green horizontal band is overlaid across the middle of the image, containing the title text.

02

**VIETNAM'S HOSPITALITY POSITIONING IN
SOUTH-EAST ASIA**

02 VIETNAM'S HOSPITALITY POSITIONING IN SOUTH-EAST ASIA

Vietnam's hospitality market sits in an intermediate stage of development within South-East Asia: structurally more advanced than Cambodia and Laos, yet less mature than Thailand which is effectively 15 years ahead in terms of depth, institutionalisation and global brand penetration.

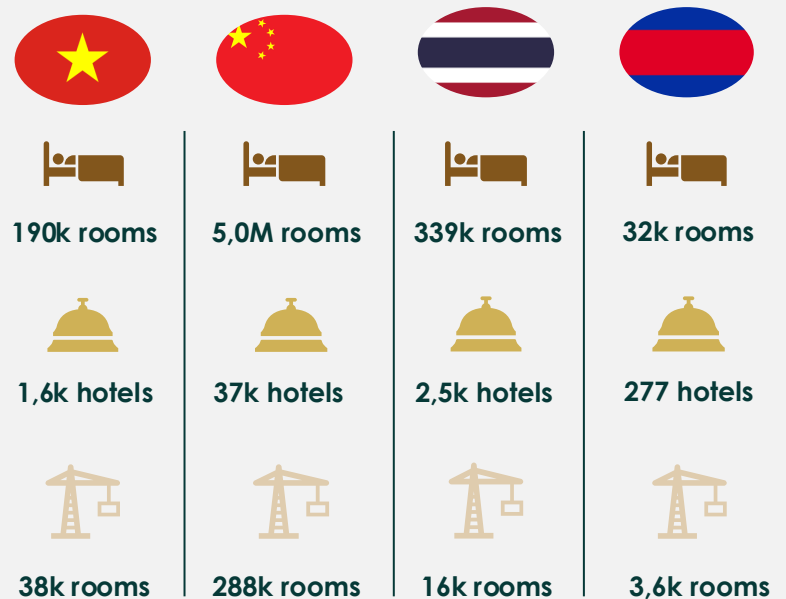
With approximately 190,000 rooms across ~1,600 hotels, Vietnam's market remains significantly smaller than Thailand (c. 330,000 rooms) and marginal compared to China's 4.9 million rooms. However, scale alone does not capture positioning. Vietnam's growth trajectory, supply pipeline and demand diversification indicate a market transitioning from fragmented domestic ownership toward gradual professionalisation.

Unlike Thailand, where institutional capital, REIT structures and branded operators are deeply embedded, Vietnam's hotel stock remains predominantly owned by private local developers and family groups. Branded penetration is estimated at 42% of total supply, meaning that most assets are still independent or locally managed.

From a structural perspective, Vietnam benefits from 3 reinforcing dynamics:

- Sustained international tourism recovery and diversification of source markets
- Rapid expansion of domestic middle-class travel demand
- Continued foreign direct investment inflows supporting corporate and long-stay segments

At the same time, the market remains less institutionalised than Thailand. Transaction depth is limited, ownership remains concentrated among private groups, and professional asset management capabilities are uneven. This places Vietnam at an earlier stage of the hospitality investment cycle. Strategically, Vietnam can therefore be characterised as a growth-stage hospitality market with structural upside, positioned between the emerging profile of Cambodia and the mature institutional environment of Thailand. For investors, this implies higher operational complexity but stronger value-creation potential through branding, repositioning and professional management.



Hotel Performances in 2025

	ADR	%change	Occ%	%change	RevPAR	%change
Vietnam	94,15€	4,9%	58,7%	13,4%	55,27€	18,9%
Thailand	121,35€	2,7%	67,4%	-3,8%	81,79€	-1,2%
Cambodia	96,06€	8,4%	42,2%	2,0%	40,54€	10,6%
China	50,47€	-0,5%	63,5%	-2,9%	32,04€	-3,3%

03

VIETNAM'S HOSPITALITY MARKET



03 VIETNAM'S HOSPITALITY MARKET

A. VIETNAM'S DEMAND

1.0 DOMESTICALLY DRIVEN DEMAND MARKET

Vietnam's tourism demand has structurally returned to pre-pandemic scale and is now operating within a rebalanced but resilient dual-engine model combining a dominant domestic base with a regionally concentrated international segment.

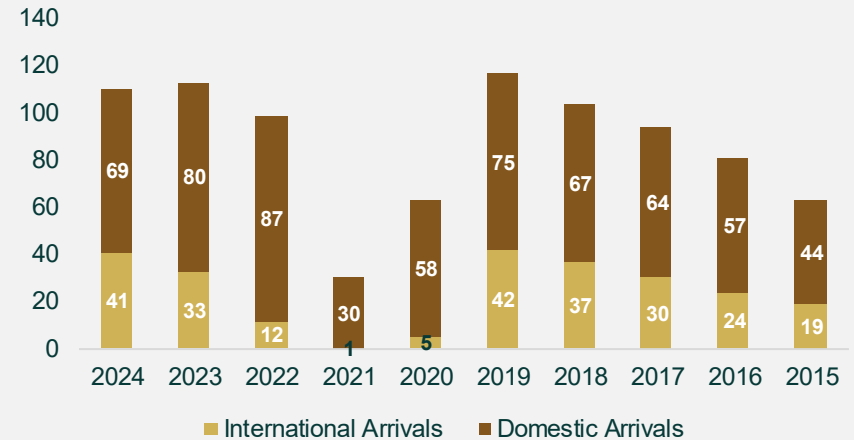
In 2024, Vietnam recorded approximately 110 million total airport arrivals, including 41 million international and 69 million domestic passengers. Compared to 2019 (41.8 million international and 74.6 million domestic), international volumes are now close to full normalization, while domestic traffic remains structurally strong. Overall, the system has effectively returned to pre-pandemic scale.

Domestic demand remains the structural backbone of Vietnam's tourism economy. In both 2019 and 2024, domestic volumes materially exceeded international arrivals, confirming that the hospitality sector is fundamentally driven by internal consumption rather than external tourism alone.

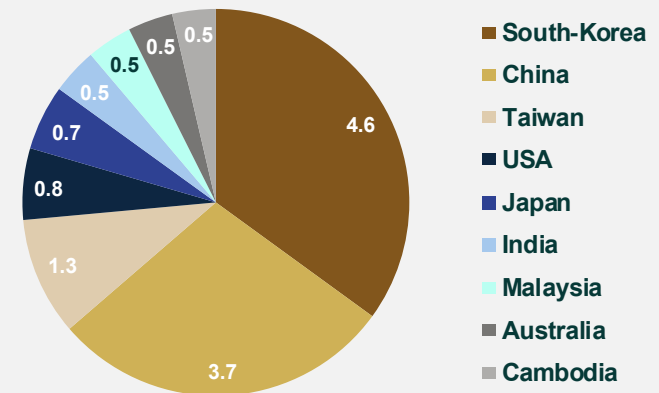
Spending patterns reinforce this structural asymmetry. Domestic tourism expenditure reached approximately 434.7 trillion VND in 2024, representing a 20% increase compared to 2019. International visitor spending reached 203.7 trillion VND but remains approximately 26% below its 2019 level. Domestic demand has therefore fully surpassed its pre-pandemic benchmark, while inbound yield recovery still presents upside potential. The composition of inbound demand remains highly concentrated in Northeast Asia. South Korea (4.6 million), China (3.7 million) and Taiwan (1.3 million) dominate the structure, with the United States (0.8 million) and Japan (0.7 million) forming a secondary tier.

The top three markets account for more than half of total arrivals, reinforcing strong regional integration but also structural exposure to Asian outbound cycles.

Vietnam Airport Arrivals – Domestic & International (2016–2024, millions)



Top Nationalities Visiting Vietnam in 2024 (in millions)



03 VIETNAM'S HOSPITALITY MARKET

A. VIETNAM'S DEMAND

Vietnam's competitive positioning remains solid but not yet dominant at a regional level. Its destination brand strength remains below leading Asian destinations such as Japan and South Korea, suggesting further headroom in international premiumization and long-haul market penetration.

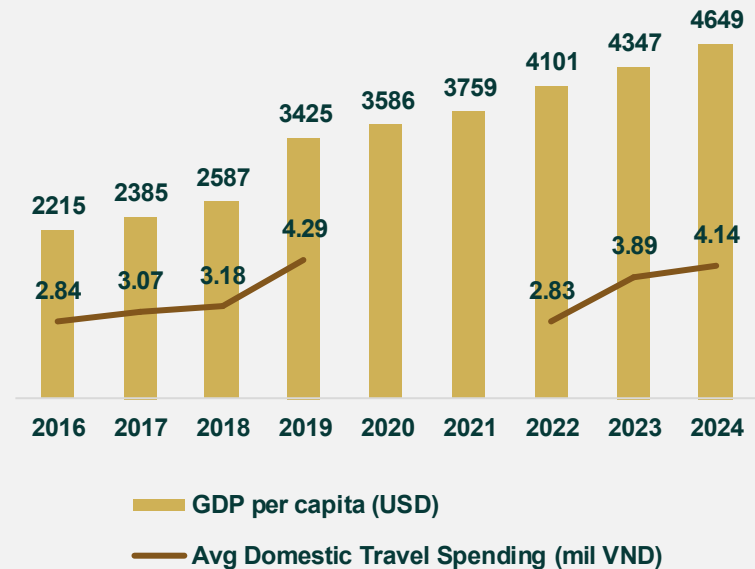
Macroeconomic fundamentals provide support for continued domestic demand expansion. GDP per capita has doubled over the past decade, reaching 4,649\$ in 2024, while economic growth remained robust at 6.4% in the first half of 2024. The alignment between income growth and travel expenditure confirms that rising purchasing power is directly translating into higher hospitality absorption capacity.

Seasonality remains geographically differentiated with northern destinations peak during October–April, central coastal markets concentrate in the June–August summer window, and southern markets demonstrate more dynamics with a December–April uplift. Tet and summer holidays remain the two primary domestic demand accelerators.

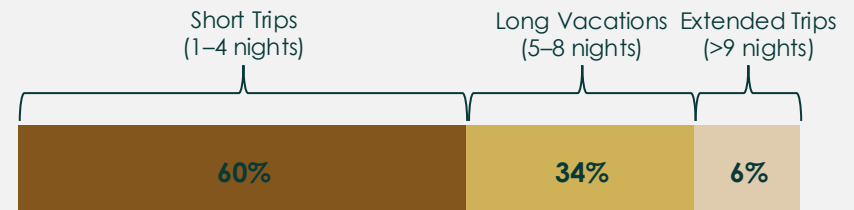
Trip structure further reinforces operational dynamics. 60% of domestic trips are short breaks of 1-4 nights, creating high-frequency visitation patterns and strong weekend compression effects in leisure markets. During Tet 2025, the average domestic trip length reached 4,2 nights, while outbound trips averaged 5,3 nights. Planned Tet budgets increased by 58% year-on-year, with outbound travel spending approximately three times higher than domestic budgets, reflecting widening income stratification and aspirational consumption behaviour.

Vietnam's tourism demand has recovered but remains below 2019 levels in total arrivals. The market is characterized by a structurally dominant domestic base and a highly concentrated Northeast Asian inbound segment. Domestic spending has surpassed its pre-pandemic benchmark, while international expenditure and volumes have not yet fully normalized. Overall, Vietnam's hospitality demand is anchored by internal consumption dynamics and short-haul regional flows.

GDP per capita & Domestic Travel spending



Vietnamese Length of trips



03 VIETNAM'S HOSPITALITY MARKET

A. VIETNAM'S DEMAND

2.0 TET 2025: THE PEAK OF DOMESTIC DEMAND CYCLE

Tet constitutes the single most critical demand window for Vietnam's tourism sector, structurally driven by extended public holidays and family-led travel. In 2025, 94% of Vietnamese express travel intention during the period, with 68% favouring domestic destinations, confirming the dominant role of internal demand despite strong outbound appetite.

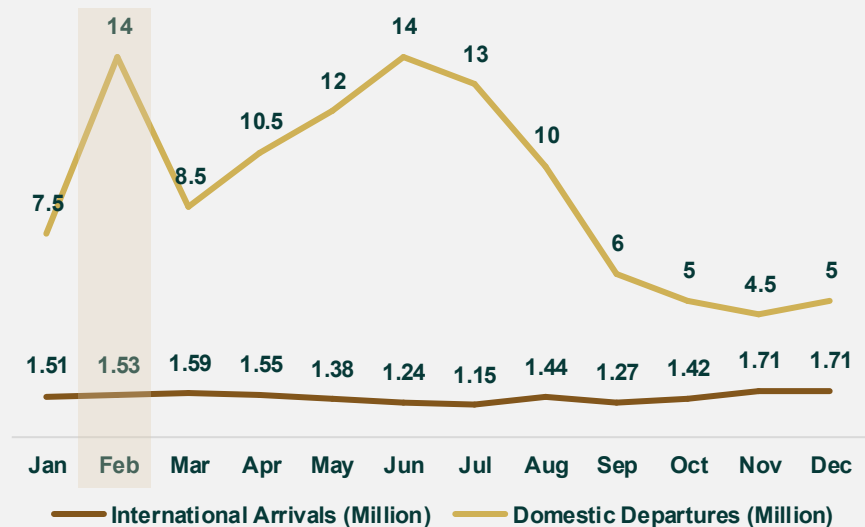
Destination choice is highly rationalized. Safety (64%), iconic attractions (61%) and affordability (60%) are the three primary decision drivers. The most favoured domestic destinations are Da Nang, Ha Giang, Ha Noi, Khanh Hoa and Lam Dong combine accessibility, recognizability and experiential value, aligning with family-oriented travel patterns.

Tet trips are predominantly short-to-medium stays, averaging 4.2 nights domestically. Spending intensity rises materially during the holiday: the average domestic trip budget reaches approximately VND 13.9 million, contributing to a total average trip budget above VND 21.3 million, representing a 58% increase versus the previous year. While outbound trips command significantly higher budgets (VND 36.9 million on average), domestic travel remains the volume anchor of the period.

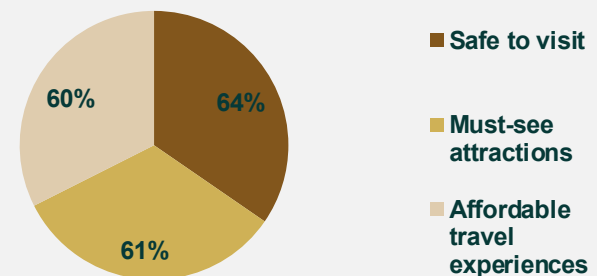
Monthly performance data confirms strong seasonal concentration, with domestic departures peaking at 14 million in February and June, illustrating the magnitude of Tet and summer compression effects. Despite high participation rates, booking patterns remain relatively flexible, with a significant share of travellers finalizing plans less than two months in advance.

Overall, Tet domestic demand is characterized by high travel participation, short-stay intensity, elevated seasonal spending, price-value sensitivity and strong preference for safe, iconic and accessible destinations—making it a structurally predictable and high-impact performance window for the hospitality sector.

International Arrivals & Domestic Departures in million (2024)



Key Criteria for Vietnamese Travelers in Choosing a Destination (2024)



03 VIETNAM'S HOSPITALITY MARKET

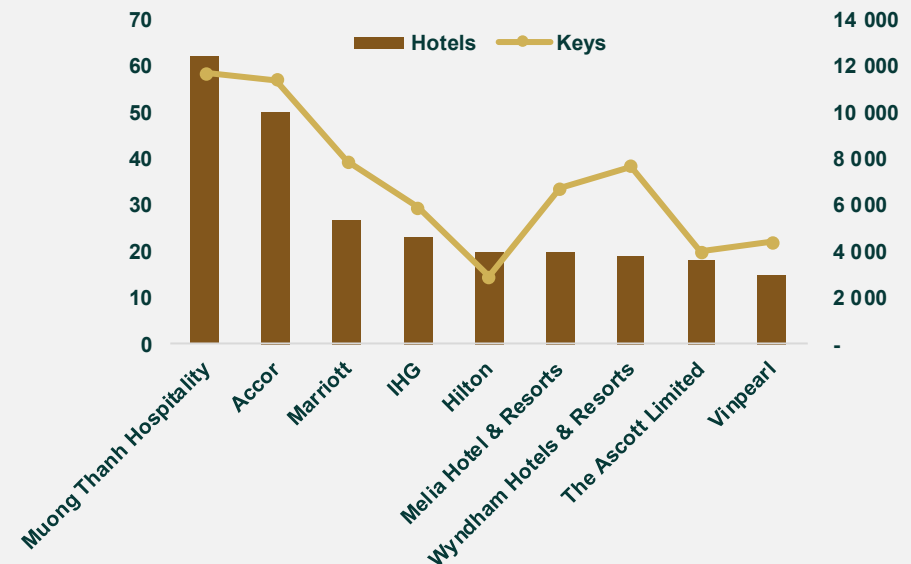
B. VIETNAM'S SUPPLY

Vietnam's hotel market reached approximately 1,613 properties and 190,000 rooms in 2025, confirming the country's transition into a scaled and structurally diversified hospitality platform. Supply is increasingly concentrated in the upper-midscale and upscale segments, reflecting progressive market maturation and deeper brand penetration.

- Upper-midscale represents the largest share of properties with 406 hotels (25.2%) and 43,858 rooms (23.1%), followed by midscale at 279 hotels (17.3%) and 19,628 rooms (10.3%).
- Economy accounts for 334 hotels (20.7%) but only 15,997 rooms (8.4%), illustrating the smaller average asset size at the lower end.
- Upscale and upper-upscale together represent more than 43% of total room inventory, with 40,601 upscale rooms (21.4%) and 41,597 upper-upscale rooms (21.9%), confirming the structural tilt toward institutional-grade product.
- Luxury is a material pillar of the market, with 190 properties and 28,319 rooms (14.9% of total keys), indicating a sizable high-end base rather than a niche segment.

Average hotel size clearly illustrates this segmentation. Economy assets average ~48 rooms, midscale ~70 rooms and upper-midscale ~108 rooms, confirming a base of smaller, domestically oriented properties. In contrast, upscale hotels average ~188 rooms and upper-upscale ~221 rooms, reflecting larger, brand-aligned developments. Luxury is structurally composed of large-scale resort assets, materially higher in key count than other categories.

Leading Hotel Groups in Vietnam by Number of Properties and Rooms (2025)



Vietnam Hospitality Supply by Category (2025)

Categories	Properties	%	Rooms	%
Economy	334	20,7%	15,997	8,4%
Upscale	216	13,4%	40,601	21,4%
Midscale	279	17,3%	19,628	10,3%
Upper-midscale	406	25,2%	43,858	23,1%
Upper-Upscale	188	11,7%	41,597	21,9%
Luxury	190	11,8%	28,319	14,9%
Total	1,613	100,0%	190,000	100,0%

03 VIETNAM'S HOSPITALITY MARKET

B. VIETNAM'S SUPPLY

Regionally, supply is heavily concentrated in the North & Central regions, which account for 134,994 rooms across 1,126 properties, compared to 55,432 rooms across 487 properties in the South. Roughly 70%+ of national inventory is therefore located in the North & Central corridor, driven by Hanoi, Ha Long, Da Nang and coastal resort destinations, while the South remains anchored by Ho Chi Minh City.

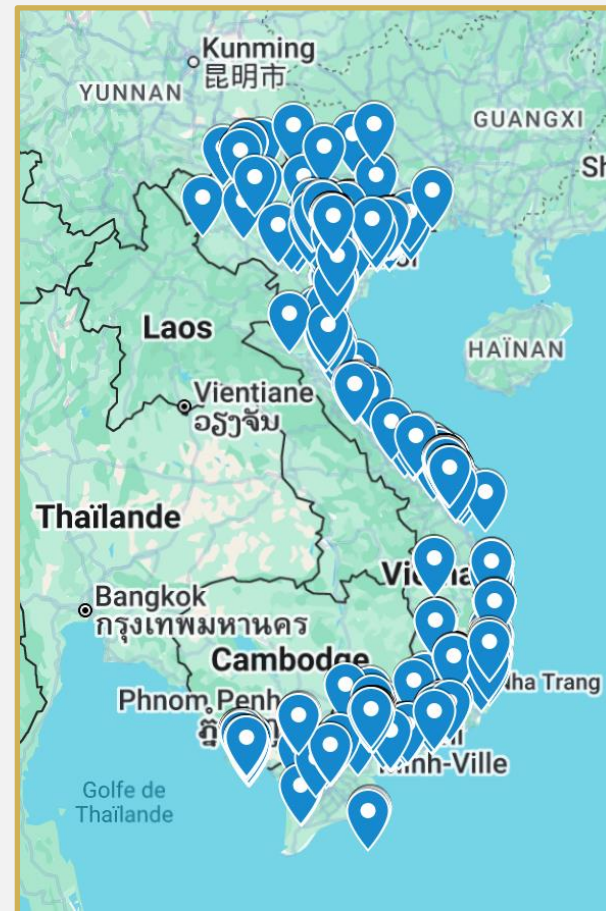
Pipeline dynamics reinforce this regional imbalance. The North & Central region holds a pipeline of approximately 136,398 rooms, compared to 55,634 rooms in the South, indicating that future expansion will continue to favour resort-led and mixed-use developments outside Ho Chi Minh City, with significant incremental capacity concentrated along the central coastline and key leisure destinations.

Brand penetration continues to accelerate. Domestic operator Muong Thanh leads by property count, while international groups such as Accor, Marriott, IHG and Hilton are building scale in keys, consistent with a market shifting toward professional management and standardized product.

Strategic partnerships are accelerating institutionalization at scale. Hilton's expanded agreement with Sun Group adds five hotels (~1,800 rooms), introducing brands such as Conrad, LXR and DoubleTree and reinforcing its footprint in Quang Ninh, Da Nang and Phu Quoc; Vietnam is already Hilton's third-largest Southeast Asian market with 21 operating properties. Marriott has similarly secured a multi-asset deal with Masterise Group covering four hotels and a branded residence (~1,900 keys), including The Ritz-Carlton Saigon, a Can Gio eco-resort complex and a 494-key Hanoi Marriott. Together, these platform-level agreements confirm a clear shift toward large, branded, mixed-use and resort-led development.

Overall, Vietnam's hotel supply is characterized by scale expansion, strong North & Central concentration, a pronounced tilt toward upper-midscale and upscale inventory and accelerating international brand penetration supported by structured developer alliances.

Vietnam's Hospitality Supply in 2025



03 VIETNAM'S HOSPITALITY MARKET

C. VIETNAM'S OPERATIONAL PERFORMANCES

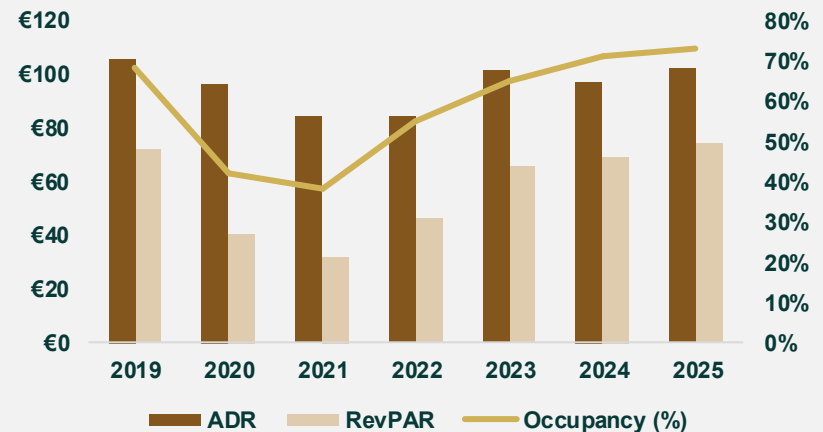
Vietnam's hotel sector has moved from cyclical disruption to structural normalization, with market metrics now broadly back to pre-pandemic levels. Between 2019 and 2025, ADR decreased from €105 to €102, equivalent to a c.3.2% decline over the period (-0.5% CAGR), while occupancy increased from 68% to 73%, confirming a resilient demand base and stronger volume absorption than in 2019. As a result, RevPAR increased from €72 in 2019 to €74 in 2025, implying a c.3.5% uplift over the period (+0.6% CAGR). Overall, the market's recovery has been driven primarily by occupancy normalization and tighter yield management, with ADR remaining slightly below its 2019 benchmark rather than reflecting broad-based rate inflation.

Performance differentials between branded and non-branded assets remain structurally significant. Internationally branded hotels deliver 15–20% higher ADR and RevPAR versus local operators, supported by stronger distribution systems, global loyalty platforms and standardized operating procedures. Branded assets typically achieve GOP margins in the 28–32% range, compared to approximately 20% for owner-operated properties, implying an 8–12 percentage point margin differential. This operational leverage translates directly into asset value creation and institutional attractiveness.

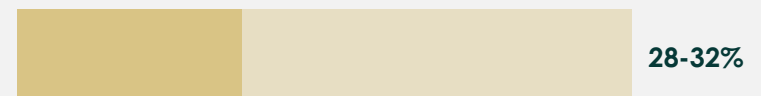
Resort-led markets (60% of Vietnam total supply) continue to exhibit stronger rate growth and occupancy recovery versus purely corporate-driven destinations, reflecting the structural dominance of domestic leisure demand combined with progressive international return. At the same time, inflationary pressures and rising operating costs continue to weigh on margins, reinforcing the importance of professional asset management and strong international brand recognition to attract diverse customer segments and nationalities.

Overall, Vietnam's hotel performance profile reflects a market that has completed its recovery cycle and entered a phase of stabilized growth, supported by improving occupancy, disciplined rate management and expanding operational efficiency gaps between branded and non-branded assets.

Vietnam Hotel Performances from 2019 - 2025

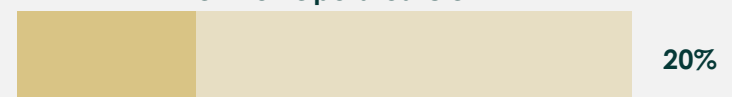


Branded Hotels GOP



Average across international branded properties

Owner-Operated GOP



Lower margins due to operational inefficiencies

04

VIETNAM'S KEY HOSPITALITY MARKETS



04 VIETNAM'S KEY HOSPITALITY MARKETS

A. HANOI: POLITICAL & INSTITUTIONAL CAPITAL

Hanoi is Vietnam's political centre, hosting central government ministries, the National Assembly, foreign embassies and state-owned enterprises such as Viettel and Petrovietnam. It also serves as the gateway to the Northern industrial corridor (Bac Ninh, Hai Phong), which drives corporate travel from manufacturing and export sectors. In parallel, Hanoi remains a major cultural tourism destination, anchored by its historic Old Quarter and proximity to Ha Long Bay.

Demand structure

Demand combines institutional, diplomatic, corporate and cultural leisure segments. International visitors originate primarily from South Korea, Japan, China and Western Europe. Average length of stay is slightly longer than in Ho Chi Minh City (typically 2–4 nights), especially for combined regional itineraries. Seasonality is moderate, with peak periods generally from October to April (cooler climate and international tourism season), while summer months see increased domestic leisure demand.

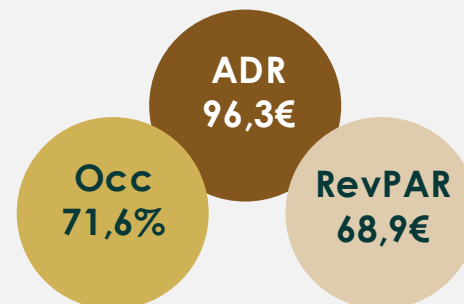
Supply positioning

Hanoi counts approximately 25,000 rooms across 350 properties. Supply is heavily concentrated in upper-midscale, upper-upscale and luxury categories, representing nearly 60% of total room inventory. International brands are strongly represented in central districts such as Hoan Kiem and West Lake, reflecting the city's diplomatic and institutional positioning. Economy hotels remain numerous but fragmented.

Performance

Performance growth is steady and occupancy-led, reflecting normalization of international and corporate flows. ADR remains below Saigon, consistent with slightly lower corporate intensity.

Hanoi Hotel Performances in 2025



Hanoi Hospitality Supply by Category (2025)

Categories	Properties	%	Rooms	%
Economy	99	28,3%	3,498	14,0%
Upscale	29	8,3%	3,811	15,2%
Midscale	61	17,4%	2,793	11,2%
Upper-midscale	98	28,0%	5,596	22,4%
Upper-Upscale	35	10,0%	4,896	19,6%
Luxury	28	8,0%	4,397	17,6%
Total	350	100,0%	24,991	100,0%

04 VIETNAM'S KEY HOSPITALITY MARKETS

B. SAIGON: VIETNAM'S ECONOMIC CORE

Saigon is Vietnam's primary economic engine, accounting for a significant share of national GDP and concentrating the majority of FDI inflows. The city hosts the headquarters or major operations of leading domestic conglomerates (Vingroup, Vietcombank, Techcombank, Hoa Phat), multinational corporations, technology firms and financial institutions. It also serves as Vietnam's principal gateway for international trade and regional corporate headquarters, reinforcing its position as the country's most institutionalised hospitality market.

Demand structure

Demand is structurally corporate and MICE-driven, with business travel forming the backbone of weekday occupancy. Key international source markets include South Korea, Japan, Singapore, the United States and increasingly India. Domestic corporate travel is strong and recurrent. Average length of stay is relatively short (2–3 nights), characteristic of business-led markets. Seasonality is moderate with peak activity typically occurring from November to April.

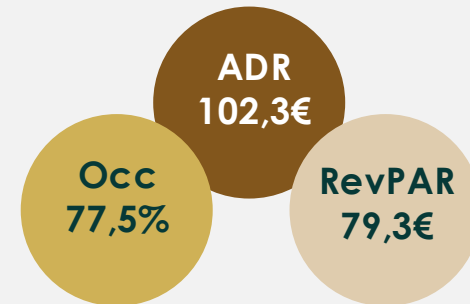
Supply positioning

The market comprises 26,100 rooms across 279 hotels. Inventory is oriented towards midscale and upper-midscale categories, with strong international brand penetration in District 1 and expanding clusters in Thu Thiem and surrounding CBD areas. The luxury segment is entering an expansion phase, illustrated by the Mandarin Oriental currently under construction in District 1 and the announced arrival of a Ritz-Carlton, signalling Saigon's accelerating shift toward ultra-luxury positioning and stronger long-term pricing power

Performance

Saigon leads national performance metrics, combining strong occupancy and rate growth. Pricing power is supported by structural corporate demand and limited recent prime supply additions.

Saigon Hotel Performances in 2025



Saigon Hospitality Supply by Category (2025)

Categories	Properties	%	Rooms	%
Economy	36	12,9%	1,515	5,8%
Upscale	33	11,8%	3,655	14,0%
Midscale	92	33,0%	5,313	20,3%
Upper-midscale	63	22,6%	5,957	22,8%
Upper-Upscale	25	9,0%	5,452	20,9%
Luxury	30	10,8%	4,252	16,3%
Total	279	100,0%	26,144	100,0%

04 VIETNAM'S KEY HOSPITALITY MARKETS

C. DA NANG: HYBRID COASTAL MARKET

Da Nang has developed into Central Vietnam's principal beach destination while retaining secondary economic functions in logistics, light industry and services. Over the past decade, the city has gained international visibility and increasingly attracts remote workers and long-stay lifestyle travellers due to cost competitiveness and quality of life.

Demand structure

The city attracts a diversified mix of corporate, MICE and leisure travellers. Domestic visitors have historically represented most arrivals (around 60% pre-pandemic), while international demand is primarily driven by South Korea, Japan and China, with Korean travellers remaining a key feeder market. Average length of stay is typically 3–4 nights, supported by growing interest from lifestyle travellers and remote workers. Seasonality is pronounced, with domestic peaks from May to August and stronger international flows in spring and early autumn.

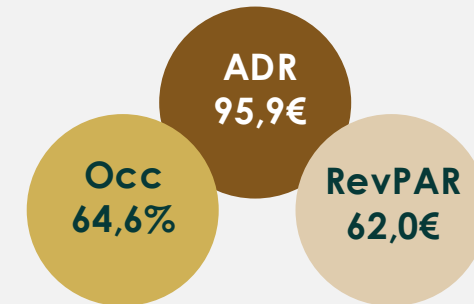
Supply positioning

The market comprises approximately 23,400 rooms across 161 hotels. Inventory is dominated by economy and upper-midscale segments, underscoring Da Nang's positioning as a relatively affordable coastal and MICE destination. Upscale beachfront properties are well represented, while luxury and upper-upscale supply remains comparatively limited. At the same time, Da Nang records one of the largest pipeline in the country, with around 5,000 additional rooms expected in the coming years, signalling sustained developer confidence and continued demand depth.

Performance

Performance remains more volatile than in Vietnam's two primary urban markets due to leisure seasonality. ADR reflects the mid-market orientation of supply, while RevPAR remains highly occupancy-driven. Pricing power is sensitive to international airlift capacity, charter activity and Asian outbound demand, reinforcing the market's cyclical profile despite its growing MICE foundation.

Da Nang Hotel Performances in 2025



Da Nang Hospitality Supply by Category (2025)

Categories	Properties	%	Rooms	%
Economy	49	30,4%	2,489	10,6%
Upscale	23	14,3%	7,857	33,6%
Midscale	14	8,7%	1,045	4,5%
Upper-midscale	36	22,4%	4,641	19,8%
Upper-Upscale	20	12,4%	3,612	15,4%
Luxury	19	11,8%	3,774	16,1%
Total	161	100,0%	23,418	100,0%

04 VIETNAM'S KEY HOSPITALITY MARKETS

D. PHU QUOC: VIETNAM'S HIGH-END LEISURE DESTINATION

Phu Quoc is Vietnam's leading island resort destination, characterised by integrated beachfront resorts and master-planned hospitality developments. The market lacks structural corporate demand and is almost entirely leisure-driven.

Demand structure

Demand is supported by domestic affluent travellers and international markets, particularly South Korea and other Northeast Asian countries. Length of stay is longer than urban markets, typically 3–5 nights. Seasonality is significant, with peak performance during the dry season from December to April. Shoulder and rainy seasons (May–October) can see material occupancy softening.

Supply positioning

Phu Quoc comprises approximately 17,200 rooms, positioning it as one of Vietnam's major resort markets by scale. Phu Quoc is structurally positioned as a premium resort market. Luxury and upper-upscale segments represent 16.8% and 17.8% of total room supply respectively, a materially higher concentration than in Da Nang (11.8% and 12.4%). This underscores a clear strategic differentiation: while Da Nang operates primarily as an upper-midscale to upscale coastal destination with a broad demand base, Phu Quoc is deliberately oriented toward higher-end resort clientele. The island also has the largest development pipeline in the country, with 10,000 additional rooms planned, underscoring strong long-term developer confidence.

Performance

Phu Quoc has the highest ADR among Vietnam's key markets, €5 above Da Nang, underscoring its stronger luxury orientation, however, occupancy remains lower than Da Nang. As a result, RevPAR is marginally below Da Nang (by approximately €3.7), reflecting the fact that while Phu Quoc is almost exclusively leisure-driven, Da Nang benefits from a dual leisure and business profile, allowing it to sustain higher occupancy levels during certain off-peak periods and maintain stronger room night stability throughout the year.

Phu Quoc Hotel Performances in 2025



Phu Quoc Hospitality Supply by Category (2025)

Categories	Properties	%	Rooms	%
Economy	6	5,9%	194	1,1%
Upscale	20	19,8%	3,794	22,1%
Midscale	16	15,8%	1,318	7,7%
Upper-midscale	24	23,8%	4,689	27,3%
Upper-Upscale	18	17,8%	4,988	29,0%
Luxury	17	16,8%	2,208	12,8%
Total	101	100,0%	17,191	100,0%

04 VIETNAM'S KEY HOSPITALITY MARKETS

E. NHA TRANG & CAM RANH

Nha Trang & Cam Ranh form one of Vietnam's most established coastal resort corridors, structurally driven by international leisure and supported by Cam Ranh International Airport. Unlike Da Nang, the market lacks a meaningful corporate or MICE stabiliser, and unlike Phu Quoc, it is less positioned as ultra-premium and more as a large-scale resort destination integrated into regional charter flows.

Demand structure

Demand is heavily international and nationality-concentrated, with South Korea representing a key feeder market, alongside historical exposure to China and Russia. Domestic tourism supports summer peaks, while international flows typically strengthen in Q1 and early spring. Performance is closely tied to airlift capacity, with pronounced seasonality and limited weekday business cushioning.

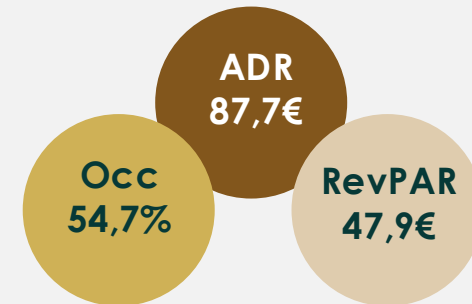
Supply positioning

The corridor comprises 74 properties, with a strong concentration in upper-midscale and upper-upscale categories (each ~21.6% of total properties), and a meaningful luxury presence (~18.9%). Compared to Da Nang, which is more economy and midscale-heavy and benefits from hybrid urban demand, Nha Trang & Cam Ranh are more purely leisure-oriented and structurally resort-driven. However, premium positioning remains below Phu Quoc in terms of overall market perception and pricing power.

Performance

Nha Trang & Cam Ranh record the lowest RevPAR among the key coastal markets. ADR remains below Phu Quoc and Da Nang, reflecting competitive pressure and a less premium positioning. Occupancy is structurally lower than Da Nang, which benefits from its hybrid leisure-business profile, and significantly more volatile than the two primary urban markets. Performance remains highly cyclical and closely linked to international charter capacity and regional outbound travel trends.

Nha Trang & Cam Ranh Hotel Performances in 2025



Nha Trang & Cam Ranh Hospitality Supply by Category (2025)

Categories	Properties	%	Rooms	%
Economy	10	13,5%	957	4,6%
Upscale	11	14,9%	4,321	20,8%
Midscale	7	9,5%	1,171	5,6%
Upper-midscale	16	21,6%	3,773	18,2%
Upper-Upscale	16	21,6%	7,265	35,0%
Luxury	14	18,9%	3,281	15,8%
Total	74	100,0%	20,768	100,0%



05

VIETNAM INVESTMENT: LEGAL AND REGULATORY FRAMEWORK

05 VIETNAM INVESTMENT: LEGAL AND REGULATORY FRAMEWORK

Vietnam allows foreign investors to own up to 100% of hotel operating companies, but hotel investment must be structured within a State-owned land regime and an approval- and documentation-driven administrative system. For foreign investors, the core question is not access but execution: which transaction route provides the best certainty on land title continuity, licensing continuity, timing, tax leakage, financing bankability, and repatriation (during operations and at exit). This report explains the system in plain language and provides step-by-step transaction playbooks, indicative timelines, and checklists for due diligence and closing.

1.0 HOW THE SYSTEM WORKS FOR FOREIGN INVESTORS

In Vietnam, land is owned by the State. Investors do not buy land freehold. Instead, hotel projects operate on Land Use Rights (LUR) granted for a specific purpose (hotel/commercial service) and a defined duration, typically 50 years (sometimes up to 70). The LUR is evidenced by a Land Use Right Certificate (LURC). In practical terms, a 'hotel acquisition' is almost always an acquisition of a company or a project holding (i) a time-limited right to use land and (ii) a chain of permits and compliance approvals that allow the project to be developed and operated.

Because the land right is time-limited and purpose-specific, the most important investor questions become: How many years remain on the land term? Is the land use purpose consistent with the hotel use? Are the land financial obligations up to date? Are permits complete? And can the investor extract cash (dividends, interest, fees) and exit proceeds under the foreign exchange framework?

2.0 LEGAL ARCHITECTURE

Hotel investment intersects general investment and corporate law, land law, real estate business rules, construction and environmental laws, and sector-specific operational regulations. Hospitality is generally treated as a 'conditional' business line: it is permitted, but the investor must comply with licensing conditions, planning, environmental and safety requirements, and land-use rules. Foreign status typically increases procedural requirements (investment registration, capital account/FX controls, and M&A approvals in certain cases).

3.0 LAND TENURE AND THE LONG-TERM RENEWAL ASPECT

The leasehold character of land drives long-term value. Most internationally branded hotels were developed in the 1990s and early 2000s; therefore, many hotel land terms have not yet reached expiry. This means the market has limited observed precedent on large-scale 'ground lease' renewals for hotels. The legal framework contemplates extension subject to compliance and planning alignment, but renewal is not an automatic entitlement in all circumstances.

05 VIETNAM INVESTMENT: LEGAL AND REGULATORY FRAMEWORK

A cross-sector illustration helps investors understand the underlying principle. In Saigon, an international hospital reportedly suspended operations when an operating right/licence expired and the renewal was not granted, leading to asset/control implications for the operator. Healthcare is strategically sensitive and not directly comparable to hospitality, but it demonstrates that time-bound rights can lapse if not renewed.

- For hotels, authorities may have less incentive or operational capability to ‘run’ assets, but renewal outcomes will still depend on planning priorities, compliance history, and policy at the time of expiry. This is primarily a long-horizon risk (often relevant for 20–30-year investment horizons) rather than a near-term execution barrier for typical 5–10 year holds.

4.0 MAIN INVESTMENT ROUTES IN PRACTICE

Foreign investors usually enter Vietnam hospitality through one of three routes:

- First, acquiring shares in an existing Vietnamese company that owns/operates a hotel (share deal).
- Second, acquiring the hotel asset and transferring the LUR and operating set-up into a buyer entity (asset deal).
- Third, forming a joint venture with a local partner—often a landholding partner—where governance, land contribution, and exit rights are contractualised.

In stabilized hotel acquisitions, share deals are typically the dominant approach because they preserve the land-and-licence ‘wrapper’ around the hotel.

5.0 SHARE DEAL VS ASSET DEAL – THE DETAILED COMPARISON

- A share deal means you acquire equity in the Vietnamese company that already holds the LURC, permits, operating licences, contracts (including the hotel management agreement), employees, and historical liabilities.
- An asset deal means you acquire the building and associated LUR and must legally transfer/re-register the land right and align (or re-issue) the operational licences under the buyer entity.

05 VIETNAM INVESTMENT: LEGAL AND REGULATORY FRAMEWORK

Comparative Table (Regulatory, Tax, Operational Continuity)

TOPIC	SHARE DEAL	ASSET DEAL
Land title mechanics	LUR/LURC stays in the target company; no land re-registration for buyer	Transfer & re-registration of LUR required; title/registration process becomes part of closing
Licensing continuity	Higher continuity (entity unchanged); licences/permits typically remain with target (subject to update/notifications)	Higher disruption risk; licences may need amendment, re-issuance or new filings
Operational continuity (HMA, employees, suppliers)	Generally preserved (subject to change-of-control clauses in HMA/financing)	Often requires contract novation/assignment; higher counterparty consent needs
Regulatory approvals	Often requires M&A approval depending on foreign ownership and land linkage; may require competition review if thresholds met	May require investment approvals depending on structure; land transfer approvals/registration are core
Tax friction (high level)	Typically, no VAT on share transfer; capital gains taxes apply to seller	VAT may apply to asset transfer; capital gains taxes apply; higher transactional tax leakage risk
Liability profile	Buyer inherits historical liabilities (tax, land fees, disputes, compliance)	Cleaner ring-fencing; buyer can limit exposure to asset-specific liabilities
Execution risk concentration	Approval-driven (M&A/competition), plus corporate/contractual consents	Land-registration-driven plus licensing re-alignment and tax clearance
When it is usually used	Stabilized operating hotels; platform investments; JV recapitalisations	Distress, carve-outs, high legacy liability, redevelopment, or when corporate wrapper is problematic

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6.1 SHARE DEAL

In a typical foreign-to-Vietnam share acquisition, the workstream splits into (i) corporate/investment approvals, (ii) land and permitting due diligence, (iii) contract/management agreement consents, (iv) closing mechanics through compliant capital accounts, and (v) post-closing registrations.

Workstream	What is checked / produced	Typical output / decision point
Corporate & ownership	Target ownership chain, charter capital, shareholder rights, share pledges/encumbrances, board approvals	Confirm 'clean' title to shares and ability to transfer control
Land & LURC	Land category, purpose, remaining term, financial obligations, encumbrances, dispute status, zoning consistency	Confirm land is bankable/transferrable and compliant for hotel use
Permits & compliance	Development approvals, construction permits, fire safety approvals, environmental approvals, operating licences	Identify gaps/remediation actions and closing conditions
Material contracts	Hotel management agreement (change-of-control), leases, suppliers, financing, insurance	Consent/waiver plan; termination risk management
Approvals (M&A/competition)	Assess triggers, prepare filings, manage timelines	Closing critical path determined by approvals
Closing & payments	Capital account compliance, tax clearance conditions, escrow/holdbacks if needed	Funds transferred through compliant channels; post-closing filings

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6.2 ASSET DEAL

In an asset acquisition, the critical path is usually the land transfer and registration, plus the alignment of operational licenses and contracts to the buyer entity. Because the buyer must obtain registration of the land transfer, tax clearance and notarization become central closing dependencies.

Workstream	What is checked / produced	Typical output / decision point
Asset & title	Asset scope definition, boundary, building legality, as-built compliance	Confirm asset matches the investment case and is legally recognised
Land transferability	LURC validity, transfer conditions, payment status, restrictions, registration process	Confirm feasibility of transfer and timing
Notarisation & registration	Draft and notaries transfer agreements; submit registration; pay taxes/fees	Registration completed; land right transferred
Licenses & operations	Re-issue/amend operating licenses; align HMA and contracts	Operating continuity ensured post-transfer
Tax & FX	VAT and other taxes; funds movement through compliant accounts	Tax clearance and compliant remittance pathways

7.0 INDICATIVE TIMELINES

Timelines in Vietnam are primarily driven by administrative approvals, completeness of documentation, and land/permit status. The tables below provide indicative ranges for major steps. Actual duration is case-specific and may be shorter or longer depending on province, asset history, and whether approvals are triggered.

05 VIETNAM INVESTMENT: LEGAL AND REGULATORY FRAMEWORK

7.1 SHARE DEAL – INDICATIVE TIMELINE COMPONENTS

Step	Indicative duration (working days unless stated)	What drives duration / risk
Pre-signing DD (legal/technical/tax)	3–8 weeks (calendar)	Availability of documents; complexity; number of entities/assets
M&A approval (if triggered)	4–8 weeks (calendar)	Filing quality; authority workload; project/land sensitivity
Competition review (if thresholds met)	Phase 1 ~30 days; Phase 2 up to 90 days (+ possible extension)	Threshold assessment; authority review; remedies if required
Corporate set-up (if new FIE required)	IRC ~15 working days + ERC 3–5 working days (+ bank/tax set-up 2–6 weeks)	Document legalisation; translations; authority timelines
Contract consents (HMA/financing)	2–6 weeks (parallel)	Negotiation of waivers; franchisor/operator approach
Closing & post-closing filings	1–3 weeks	Tax confirmations; share transfer registration; ERC updates

7.2 ASSET DEAL – INDICATIVE TIMELINE COMPONENTS

Step	Indicative duration	What drives duration / risk
Pre-signing DD (asset/land/permits)	4–10 weeks (calendar)	Land history; LURC status; permit completeness
Notarisation of transfer docs	1–2 weeks	Document readiness; parties' signatories
Land transfer registration	15–20 working days (often longer in practice)	Tax clearance; registration workload; documentary gaps
Licence amendments / re-issuance	2–8 weeks (often parallel)	Regulator requirements; facility scope (F&B, FX agent, etc.)
Closing & operational transition	2–6 weeks	Contract novations; staff transition; operator consents

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8.0 CORPORATE GOVERNANCE

Foreign investors often underestimate governance risk. In Vietnam, the corporate wrapper is not a formality: it is the holder of land rights, permits, licenses, and the contracting party to the operator. In share deals (and many JV structures), value is protected through governance design: reserved matters, voting thresholds, dividend policy, transfer restrictions, and clear exit mechanics. Without a robust governance package, investors may own most economics while lacking the ability to refinance, change operators, dispose of land, or distribute cash efficiently.

8.1 TYPICAL GOVERNANCE CLAUSES

Theme	What investors usually require	Reason
Reserved matters	Land disposal, refinancing, capex plan, operator appointment/termination, related-party transactions	Protects asset and cash generation
Dividend policy	Clear distribution rules; minimum cash reserves; audit timetable	Links operations to repatriation
Deadlock	Escalation + buy-sell / put-call mechanisms	Prevents JV paralysis
Transfer & exit	Drag/tag rights, ROFR/ROFO, IPO/trade sale mechanics	Ensures exit optionality
Information rights	Audit, budget approval, bank account controls	Governance transparency; fraud risk mitigation

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9.0 HOW MONEY LEAVES VIETNAM (OPERATIONS AND EXIT)

Repatriation is often misunderstood. Vietnam generally allows profit repatriation, but it is regulated under foreign exchange rules and is documentation-driven. The key is to set up the correct capital account architecture at entry and maintain clean tax and audit compliance through the holding period.

9.1 OPERATIONAL PHASE – EXTRACTING CASH-FLOW

Operating cash flow typically leaves Vietnam through dividends. Dividends are paid from after-tax profits after financial statements are finalized (often audited), taxes are settled, and distribution is approved under corporate governance. In addition to dividends, institutional structures often use shareholder loans (registered where required) to extract cash via interest and principal repayments. Management or technical service fees may also be used, but these must be consistent with transfer pricing, withholding taxes, and the substance of services.

9.2 EXIT PHASE – EXTRACTING SALE PROCEEDS

At exit, the two primary scenarios are a share sale and an asset sale. A share sale is usually more efficient for foreign investors because it avoids VAT on the sale of the underlying asset and preserves the corporate wrapper holding land and licences. An asset sale can trigger VAT (and other taxes) and often requires a second layer of extraction through dividends once proceeds sit inside the Vietnamese entity. In either scenario, the ability to transfer proceeds offshore depends on clean documentation, tax clearance, and use of compliant banking channels.

9.3 REPATRIATION MECHANICS – PRACTICAL INVESTOR CHECKLIST

Stage	What must be true	Typical failure points
Dividends	Audited/approved financials; tax settlement; lawful distributable profits; proper approvals; compliant payment channel	Incomplete audit; outstanding tax; wrong bank account structure; missing resolutions
Interest payments	Loan properly registered (where required); withholding tax handled; FX compliance	Unregistered loans; documentation gaps; TP/WHT issues
Exit proceeds	Tax clearance; compliant payment routes; correct classification of funds (capital vs loan vs fee)	Incorrect classification; bank requests missing documents; late filings

05 VIETNAM INVESTMENT: LEGAL AND REGULATORY FRAMEWORK

10.0 REGULATORY RISK ASSESSMENT

Vietnam's risk profile in hospitality is primarily executional and structural, not a question of basic legality. The most material risks tend to arise from gaps in land documentation, incomplete permit chains, weak governance in JVs, and capital account non-compliance. The mitigation strategy is disciplined due diligence, structured closing conditions, and early planning of approvals and repatriation pathways.

Risk category	Why it matters	How investors typically mitigate
Land compliance	Directly impacts bankability, transferability and enforcement risk	Deep land DD; confirm purpose/term/fees; obtain confirmations; structure holdbacks
Permits/licences	Missing approvals can block operation or expansion; enforcement risk	Compliance gap analysis; remediation plan; CPs to closing; post-closing undertakings
Approvals sequencing	M&A/competition approvals can extend timeline and create uncertainty	Early trigger assessment; pre-filing; staged signing/closing
Corporate governance	JV deadlocks and minority rights can trap cash and block exit	Robust SHA; reserved matters; deadlock clauses; information rights
FX/capital accounts	Wrong set-up can block dividends/interest/exit transfers	Set-up DICA early; register loans; maintain audit and tax discipline

06

VIETNAM FOREIGN DIRECT INVESTMENT
LANDSCAPE



VIETNAM FOREIGN DIRECT INVESTMENT LANDSCAPE

1.0 DEFINITION AND SCOPE OF FDI IN VIETNAM

Foreign Direct Investment remains a structural pillar of Vietnam's economic model. Since the late 1980s, foreign capital has contributed not only to financing industrial expansion but to accelerating institutional reform, industrial upgrading and global integration.

Three complementary metrics are used to assess FDI dynamics:

- Registered FDI (commitments) captures newly licensed projects, capital increases and equity transactions registered with the authorities. It is the most cited figure in official releases and provides a forward-looking view of investor appetite.
- Implemented / disbursed FDI reflects capital spent and injected into the economy. This metric is the best proxy for tangible economic impact and project execution.
- Net FDI inflows (Balance of Payments) is the macroeconomic measure used in international statistics (IMF/World Bank frameworks) and is useful for long-run comparability.

Over time, Vietnam's policy focus has gradually shifted from maximizing registered commitments to prioritizing implementation quality, technological depth and long-term spillover effects.

Vietnam distinguishes between registered capital, implemented (disbursed) capital and net FDI inflows under the Balance of Payments framework. Over the last two decades, all three indicators confirm a clear structural expansion. Net FDI inflows increased from approximately USD 1.9 billion in 2005 to around USD 20 billion in 2024 according to World Bank data. Implemented FDI reached USD 23.18 billion in 2023 and USD 25.35 billion in 2024, with preliminary 2025 figures exceeding USD 27 billion, marking the highest level on record. Total registered FDI in 2024 reached approximately USD 38.23 billion.

This trajectory illustrates that Vietnam is increasingly capable of executing large-scale industrial and infrastructure projects.

Samsung Display to invest \$1.8 bn in building factory in Bac Ninh province (2024)



VIETNAM FOREIGN DIRECT INVESTMENT LANDSCAPE

2.0 HISTORICAL CONTEXT AND STRUCTURAL EVOLUTION OF FDI IN VIETNAM

Vietnam's contemporary FDI trajectory originates in Doi Moi, the reform programme launched in 1986 that transitioned the country from a centrally planned system to a market-oriented socialist framework. The Law on Foreign Investment (1987) institutionalised foreign participation, allowing joint ventures and wholly foreign-owned enterprises under a protected legal regime.

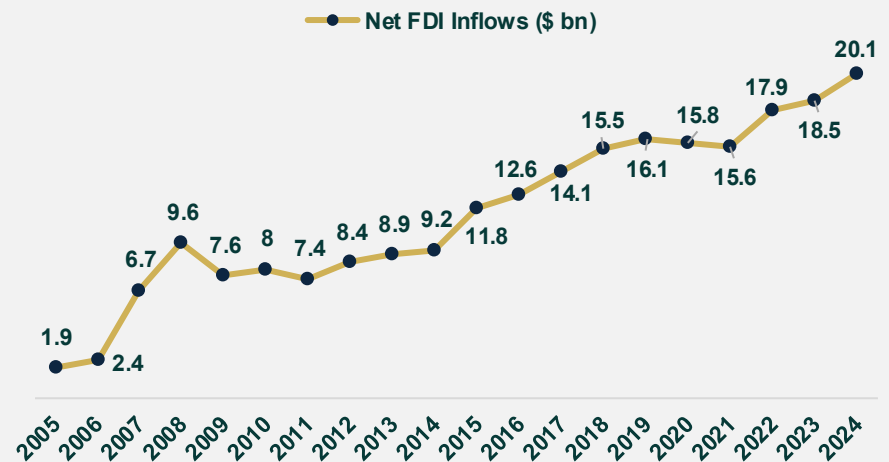
Between 1988 and 1995, Vietnam attracted USD 20.63 billion in FDI commitments. During this early reform phase, tourism and accommodation emerged as unexpectedly dynamic sectors. Tourism-related FDI expanded from USD 7.4 million in 1988 to USD 1.9 billion in 1995, representing up to 30 percent of total FDI in peak years. Average tourism project size increased from USD 1.4 million in 1988 to USD 66.7 million by 1995, reflecting rising investor confidence and capital intensity.

FDI rapidly became macro-economically significant. By the late 1990s, foreign-invested enterprises accounted for 13% of GDP, 27% of non-oil exports and 35% of industrial production. Academic research later characterised foreign-invested enterprises as filling structural gaps left by an underdeveloped domestic private sector, thereby supporting capital formation and accelerating industrial transformation.

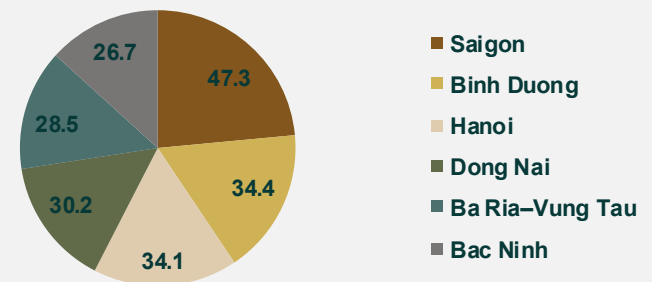
By 2019, cumulative registered FDI reached USD 362.6 billion, with implemented capital amounting to USD 211.78 billion. Foreign-invested enterprises consistently generate more than 70 percent of Vietnam's export turnover and represent roughly 20–25 percent of total annual social investment capital.

Geographic concentration has remained a defining feature of Vietnam's FDI model. Between 1988 and 2003, 19 percent of FDI flowed to Hanoi and 26 percent to Saigon. This clustering logic persists today, with southern and northern industrial corridors absorbing most of the new capital.

Vietnam Net FDI Inflows (2005–2024, \$ Billion)



Cumulative FDI by Major Localities (2023, \$ Billion)



VIETNAM FOREIGN DIRECT INVESTMENT LANDSCAPE

The Covid period reinforced Vietnam's structural resilience. While global flows contracted, implemented FDI remained robust and rebounded to record levels in 2023 and 2024, signalling execution capacity rather than speculative commitment.

Land governance has increasingly emerged as a structural variable shaping capital allocation. Circular 35 (2001) clarified land rent exemptions and land-use rights conditions for foreign-invested enterprises, including multi-year exemptions in priority sectors and disadvantaged regions.

The 2024 Land Law reform introduces market-based valuation mechanisms and removes previous land price frameworks, aiming to enhance transparency and alignment with market conditions. These reforms directly influence capital-intensive sectors such as real estate and hospitality, where land valuation materially impacts feasibility and return profiles.

Taken together, Vietnam's FDI trajectory reflects progressive institutional refinement. The country has moved from openness-driven capital attraction to a selectively managed and structurally embedded investment model.

Hoiana Integrated Resort – USD 4bn FDI by Chow Tai Fook Enterprises, Suncity Group and VinaCapital



VIETNAM FOREIGN DIRECT INVESTMENT LANDSCAPE

3.0 SECTORAL ALLOCATION OF FDI

Vietnam's FDI profile remains heavily concentrated in processing and manufacturing. In 2024, processing and manufacturing attracted approximately USD 25.58 billion, representing about 67 percent of total registered FDI. Real estate ranked second with approximately USD 6.31 billion, equivalent to roughly 16 percent of commitments. Electricity production and distribution accounted for approximately USD 1.4 billion, with the remainder distributed across other sectors.

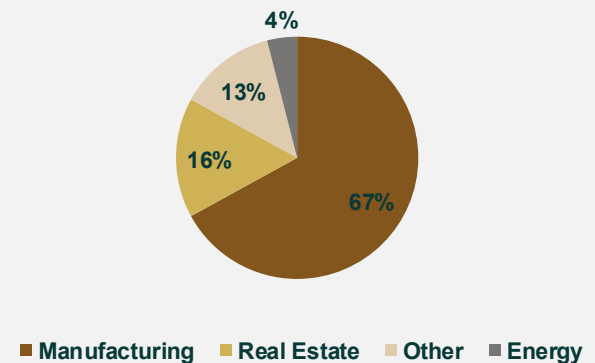
Cumulatively, manufacturing and processing have attracted more than USD 308 billion in registered capital stock, real estate over USD 73 billion, energy and utilities more than USD 41 billion, and accommodation and food services approximately USD 13.8 billion. These figures confirm the structural dominance of industrial production, with real estate serving as infrastructure support and hospitality representing a smaller but strategically relevant segment.

4.0 ORIGIN OF FOREIGN CAPITAL

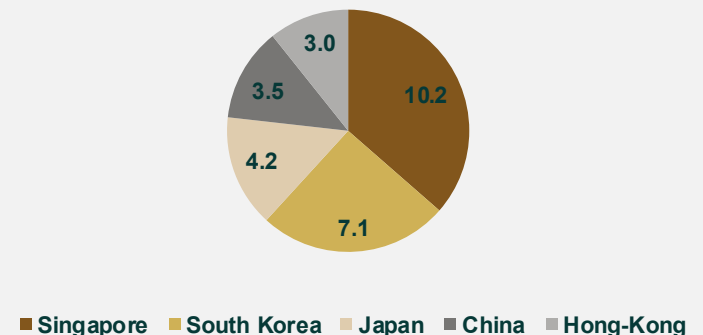
Asian capital dominates Vietnam's FDI landscape. In 2024, Singapore led with approximately USD 10.21 billion in registered capital, followed by South Korea with USD 7.06 billion. China (mainland), Hong Kong (China) and Japan were also among the top contributors. In newly licensed 2025 projects, Singapore accounted for approximately 27.9 percent of total new capital, while mainland China and Hong Kong together represented over 30 percent of registrations.

Historically, by 2003 investors from 64 countries had invested in Vietnam. The persistence of Asian dominance reflects Vietnam's integration into regional production networks and supply chain diversification strategies.

FDI Allocation by Sector – 2024
(Share of Total Registered Capital)



Top Source Countries of FDI – 2024
(\$ Billion)



VIETNAM FOREIGN DIRECT INVESTMENT LANDSCAPE

5.0 REAL ESTATE FDI – STRUCTURAL ROLE

Real estate FDI has exhibited cyclical behaviour but remains structurally significant. After peaking at USD 8 billion in 2008, inflows declined during the global financial crisis before recovering to USD 6.31 billion in 2024. Cumulative registered real estate FDI now exceeds USD 73 billion.

Historically, land-use frameworks such as Circular 35 enabled structured access to land through defined rent exemptions and allocation mechanisms. The 2024 Land Law reform, by introducing clearer valuation standards and removing pricing caps, is expected to increase transparency and predictability while potentially raising acquisition costs in prime areas. For institutional investors, land governance now constitutes a core underwriting variable.

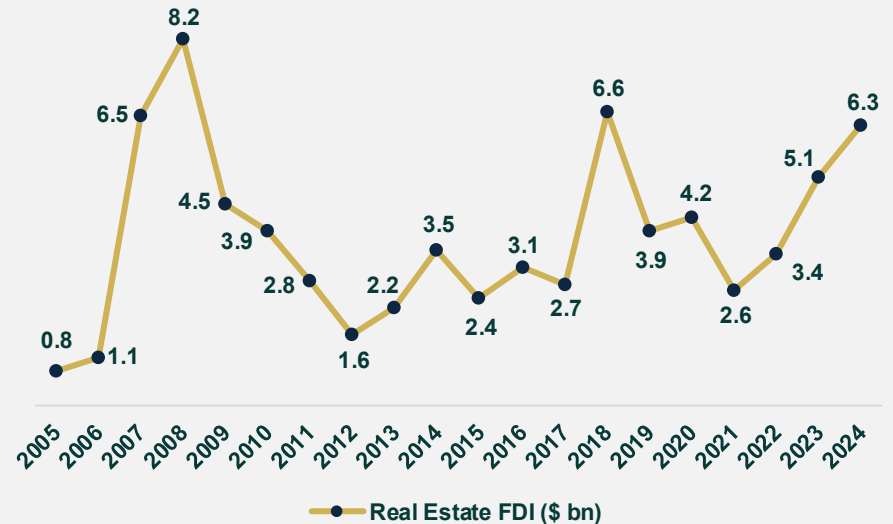
6.0 HOSPITALITY FDI

Hospitality played a disproportionately important role in Vietnam's early FDI wave. Between 1988 and 1997, tourism accounted for approximately 20 percent of pledged FDI. Hotel development represented most tourism FDI during peak years. By 2004, 239 FDI tourism projects had been registered with total capital of USD 6.1 billion, and by 2006, 190 projects accounted for USD 4.64 billion.

Today, accommodation and food services represent approximately USD 13.8 billion in cumulative registered capital. While modest relative to manufacturing, the sector remains strategically relevant due to tourism's contribution to foreign exchange earnings and urban positioning.

Vietnam's FDI model has expanded from USD 7.4 million in tourism FDI in 1988 to USD 38.23 billion in annual registered commitments in 2024, with cumulative registered capital exceeding USD 360 billion and implemented capital surpassing USD 211 billion by 2019. The trajectory illustrates a shift from capital attraction to structural integration. FDI in Vietnam is no longer a reform-era phenomenon; it is embedded in the country's industrial base, land governance framework and global trade positioning.

Vietnam Real Estate FDI Commitments (2005–2024, \$ Billion)



07

HOSPITALITY INVESTMENT OUTLOOK



07 HOSPITALITY INVESTMENT OUTLOOK

1.0 AN EMERGING, RELATIONSHIP – DRIVEN CAPITAL MARKET

Vietnam's hospitality investment market remains structurally emerging. While operating performance in key cities has recovered strongly, the investment market itself lacks the depth and transparency observed in mature jurisdictions.

There is no centralized transaction registry, no systematic disclosure of pricing, and no specialized hospitality investment press providing regular deal coverage. Only nationally or internationally significant assets — typically branded hotels in Hanoi, Saigon or Da Nang — are formally marketed through global brokerage firms such as JLL or CBRE. The majority of smaller or locally owned hotels transact privately, often within domestic investor networks, with no public disclosure of pricing. Observable transactions therefore represent only a fraction of total market activity.

Vietnam should not be viewed as a fully institutionalized trading market, but rather as a growth market with episodic liquidity and limited comparable evidence.

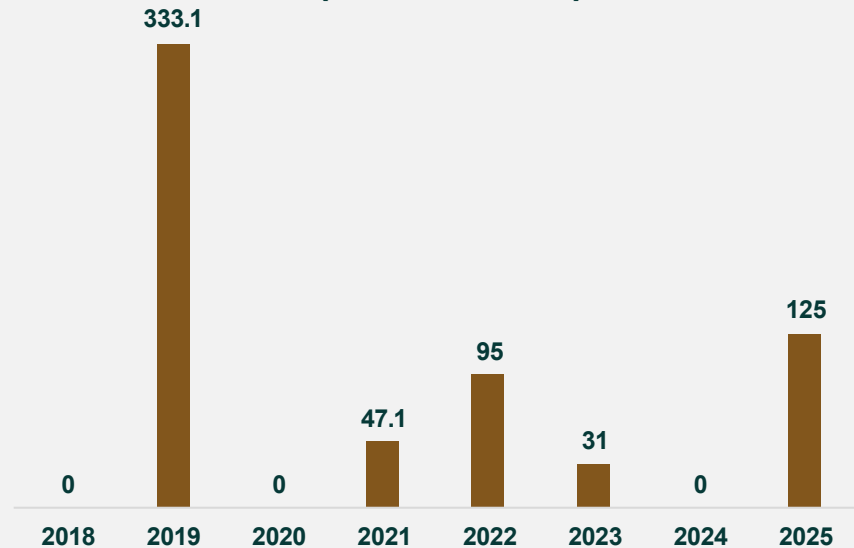
2.0 TRANSACTION VOLUMES – A CYCLICAL & SHALLOW MARKET

JLL's historical transaction tracking illustrates this structural characteristic.

Transaction volumes reached approximately USD 333 million in 2019, prior to the pandemic. Activity then collapsed in 2020. Recovery has been uneven, with USD 47 million recorded in 2021, USD 95 million in 2022, and USD 31 million in 2023. No meaningful volume was recorded in 2024. For 2025, volume is projected at approximately USD 125 million.

This pattern confirms that Vietnam does not yet operate as a continuous trading environment. Transactions occur opportunistically rather than systematically. Liquidity remains thin relative to the total stock of hotel assets. Importantly, these figures reflect only publicly tracked transactions. Actual capital flows are likely higher but remain undisclosed.

Vietnam Hospitality Transaction Volumes
(2018–2025, \$ Billion)



07 HOSPITALITY INVESTMENT OUTLOOK

3.0 TRANSACTION EVIDENCE AND MARKET POSITIONING

The following slide presents the consolidated transaction table extracted from available public sources and advisory tracking.

This table demonstrates that transactions are concentrated in three principal markets: Hanoi, Saigon and Da Nang.

Hanoi shows evidence of trophy and internationally branded asset transactions, with significant price-per-key dispersion depending on positioning and asset profile. Saigon transactions visible in the dataset are primarily midscale and upper-upscale urban hotels; they should not be interpreted as representative of prime five-star CBD valuations. Da Nang exhibits the widest pricing dispersion, reflecting the distinction between urban hotels and beachfront resort assets.

The limited number of observable transactions confirms that Vietnam cannot be benchmarked through simple averages. Pricing is highly asset-specific and driven by brand strength, location quality, tenure structure, and operational track record.

4.0 EBITDA-BASED MARKET EVIDENCE

Recent transaction evidence suggests EBITDA multiples in the range of approximately 10x to 14x, depending on brand strength, location quality, asset positioning and operational performance.

Lower-end multiples are typically associated with independent or secondary-location assets, while premium branded hotels in prime urban or resort locations command higher valuation multiples.

Branded assets with strong historical performance, clear growth trajectories and institutional-grade positioning attract pricing premiums. This aligns with advisory observations from HVS and CBRE, which highlight the importance of brand affiliation and track record in value creation. However, these EBITDA multiples must be interpreted cautiously in Vietnam's context.

First, the sample size of publicly observable transactions remains limited. Second, EBITDA reporting standards may vary between assets. Third, leasehold structure directly impacts valuation duration and therefore multiple sustainability.

In emerging and partially opaque markets, EBITDA multiples are indicative rather than definitive benchmarks.

07 HOSPITALITY INVESTMENT OUTLOOK

5.0 HISTORICAL TRANSACTIONS IN VIETNAM (2019 – 2023)

Date	City	Hotel Name	Keys	Selling Price	\$/Key	Seller	Buyer	Source
Q4 2025	Hai Phong	Hôtel Perle d'Orient Cat Ba - MGallery	126	N/A	N/A	Truong Binh Minh JSC	N/A	JLL
Q4 2025	Saigon	Park Royal Saigon	186	N/A	N/A	UOL Group Limited	N/A	JLL
Sep-2023	Da Nang	Hilton Da Nang	223	\$ 22 600 000	\$ 101 345	Bach Dang Complex Company	First Real Land JSC	CBRE
Jun-2023	Saigon	Ibis Saigon South	140	\$ 12 000 000	\$ 85 714	SHREIT	Ho Tak Pong Matthew	CBRE
Jun-2023	Saigon	Capri by Fraser Saigon	175	\$ 21 000 000	\$ 120 000	SHREIT	Ho Tak Pong Matthew	CBRE
Mar-2023	Hanoi	Dolce by Wyndham Hanoi Golden Lake	342	\$ 250 000 000	\$ 730 994	Hoa Binh Group	N/A	VietnamPlus
Aug-2022	Da Nang	Hyatt Regency Resort & Spa Da Nang	227	\$ 95 000 000	\$ 418 502	Partners Group / Gaw Capital	N/A	CBRE
Aug-2021	Hanoi	Somerset Metropolitan West Hanoi	364	\$ 84 000 000	\$ 230 769	N/A	N/A	HVS
Oct-2019	Hanoi	Somerset West Lake	90	\$ 14 200 000	\$ 157 778	N/A	N/A	HVS
May-2019	Hanoi	InterContinental Hanoi West Lake	318	\$ 167 000 000	\$ 525 157	N/A	N/A	HVS

07 HOSPITALITY INVESTMENT OUTLOOK

6.0 HOTELS CURRENTLY FOR SALE IN 2026

Date	City	Hotel Name	Keys	Selling Price	\$/Key	Seller
2026	Saigon	Le Méridien Saigon	344	\$ 420 000 000	\$ 1 220 930	CTCP Royal Canary
2026	Hoi An	Silk Sense Hoi An River Resort	86	\$ 40 000 000	\$ 465 116	Local family
2026	Phu Yen	Zannier Bãi San Hồ	73	N/A	N/A	Zannier

07 HOSPITALITY INVESTMENT OUTLOOK

7.0 LINKING EBITDA MULTIPLES AND CAP RATES

The 10–14x EBITDA range corresponds broadly to unlevered yields between approximately 7% and 10%, depending on asset risk profile. For example:

- 10x EBITDA implies a 10% yield
- 12x EBITDA implies an 8.3% yield
- 14x EBITDA implies a 7.1% yield

This range aligns closely with the theoretical cap rates reconstructed using macroeconomic fundamentals and leasehold adjustments. Thus, market-observed EBITDA multiples and macro-based yield modelling converge around similar valuation territory for prime assets.

8.0 THEORETICAL PRIME 5-STAR CAP RATE CONSTRUCTION

Given the opacity of direct yield evidence, a structured macro-based approach provides a more robust framework for underwriting. We begin with the risk-free benchmark derived from the macro-economic dataset:

- Vietnam 10-year government bond: ~4.18%
- Inflation: ~3.48%

The 10-year bond yield provides the base risk-free reference at approximately 4.2%.

To this, we add structural risk premiums reflecting Vietnam's emerging status and hospitality-specific risks: Country and regulatory risk premium & Hospitality cyclical premium & Illiquidity and execution risk premium

Combined, these justify an aggregate premium of approximately 5.0%.

This results in an underwriting discount rate close to 9.0%–10.0%. For prudence, a 10.0% discount rate is retained. Assuming long-term stabilized NOI growth of 3.0% — aligned with inflation — and incorporating leasehold tenure:

- Prime Hanoi 5-star (≈35 years remaining): equivalent cap rate ~7.5%–7.8%
- Prime Ho Chi Minh City 5-star (≈35 years remaining): ~7.8%–8.2%

These yields sit within the implied range of the 10–14x EBITDA multiples observed in market evidence, reinforcing internal consistency.

08 CONTACT

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