

Low Cost Houses In Vietnam A Shrewd Investment Move

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International real estate analysts are touting Vietnam as an investment property hotspot in 2009. Since the changes in real estate law came into effect on January 1, 2009, foreigners are allowed to purchase property in Vietnam with the ownership duration of 50 years.

2009 also saw Vietnam introduce a new property buying and taxation regime whereby all real estate firms must now carry out transactions of purchasing, selling and leasing real estate through real estate trading exchanges, expected to help improve transparency in the local property market next year. A number of major developers including The Saigon Real Estate Corporation and Nam Long Real Estate Company and real estate companies have recently opened exchanges to facilitate smooth real estate transactions of their product.

With the introduction of the new Personal Income Tax Law on January 1, owners of more than one house will have to pay a two percent tax on each house they sell or pay a 25 percent tax on the remaining money after they have bought a new house, with proceeds of the sale of a property for which all fees have been paid. The final quarter of 2008 saw a rush to complete property transactions just prior to the new taxation regime coming into effect which results in higher taxes.

Residents in Ho Chi Minh City will have to pay higher land use taxes, with city land valuations for 2009 having increased by at least 10 percent from last year. HCM City ranks as the strongest development market in Asia Pacific in The Emerging Trends in Real Estate - Asia Pacific 2009 report released in December by US based Urban Land Institute and PricewaterhouseCoopers, which provides an outlook on Asian Pacific real estate investment and development and property trends within the region.

The survey had an overall positive real estate market assessment for HCM City which ranks 2nd overall for development prospects after Bangalore and above Mumbai. Ho Chi Minh City is named as being the top Asia Pacific city in which to buy hotel space and invest in commercial office space. The market for property in all sectors in Ho Chi Minh city continues to garner immense interest from property developers and investors as one of the most promising markets for apartment rental investments.

With the lack of credit the key obstacle going into 2009, a number of new housing projects will be delayed resulting in a limited supply of stock. Analysts believe however there is good profit potential through low cost investments in small houses, which while they may bring in limited profit, investors will benefit from a hot real estate leasing market generating revenue whilst waiting for opportunities to arise. Investors are moving money away from ineffectual investments in stocks and gold into property with a view to building back up losses made in 2008.

Asia whilst it has by no means escaped the effects of the global financial crisis is in a better position than Europe and the US to weather the current fiscal storm with less exposure to debts and greater liquidity in its markets making an investment here an overall better proposition.

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