

Sound of hammering returns

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HCM CITY — The construction industry has begun showing signs of revival after spending nearly a year in the doldrums, with building-material sales showing a marked rise.

Late last year sales dropped by almost 50 per cent from the same period in 2007 though prices fell sharply. The situation was even gloomier in the early part of this year.

Independent analysts said sales of construction materials fell because a series of construction projects ground to a halt due, in turn, to the high prices of the materials and rising lending rates and the sluggishness in the property market.

But the market has seen an upturn in recent times, they said.

Ha Tien Cement Company No.1 said that in the first weeks of April it sold more than 7,000 tonnes a day. Though this was only 80 percent of the sales in the same period last year, it was still much higher than the volumes sold a few months ago.

Pham Chi Cuong, chairman of the Viet Nam Steel Association, said construction-steel sales in April were around 360,000 tonnes, equal to the volume in the same month last year, and 2.4 per cent higher than in January.

Many brick and tile companies in the southern provinces of Binh Duong, Dong Nai, and Ba Ria-Vung Tau also reported a pickup in sales.

Nguyen Tri Tien, who subcontracts for the Civil Engineering Construction Joint Stock Company, said: "Construction costs now are 30 to 40 per cent lower than last year's peak rates."

Lower prices and cheaper bank loans have encouraged many companies and individuals to resume stalled construction projects and consider new ones, putting the construction industry on the road to recovery, some experts said.

Others said the Government's stimulus policies and the slight recovery in the economy and the real estate market have also contributed to reviving both the building-materials and construction markets.

In HCM City, for instance, developers are going ahead with a series of projects like River Garden, Preche, XI Riverview, Hoang Anh Riverview, H2, Orient, Sunrise City, New Saigon, Riverside Residences, and Splendor.

The Hoa Binh Real Estate Trading and Construction Company has signed construction contracts worth VND1 trillion (US\$56.17 million) to be executed in the first and second quarters of this year, according to Le Viet Hai, its chairman.

Cotec Construction Joint Stock Company (Coteccons) has signed contracts worth VND400 billion and Toan Thinh Phat Construction and Architecture Investment Company, VND300 billion.

Hai said though the construction market was showing signs of recovery, developers should be cautious since the Vietnamese and global economies were not stable yet.

Le Thanh Cong, vice chairman of the HCM City Construction Entrepreneurs Association, warned that the opportunities arising from the recovery of the construction industry would not be shared equally by all industry players.

In other words, opportunities would only come to enterprises that have the ability to adapt themselves to the toughest situations, he explained. —VNS

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