

Second home market still has potential for high returns

By Dinh Dung in HCMC

It is fair to say the second home market is still in its infancy but it still offers huge potential for investors.

Unlike other sectors, the second home market is narrowed to well-off people, who have spent hundreds of thousands or millions of dollars on a villa or condominium in tourist areas along the coastline of Vietnam.

Those properties are not just a holiday home for occasional use but also an investment capable of generating annual rent returns for owners.

However, current difficulties including high interest rates and increased real estate investment options have made potential investors feel prudent in selecting property projects to invest in. For that reason, some developers across the country keep on plugging away and launch their properties by trying to highlight their projects' advantages and various initiatives to woo potential buyers.

Among the developers, Hoa Anh Dao Tourist JSC has designed a big promotional program to entice buyers to its complex project named Oceanami Resort & Luxury Home located in Phuoc Hai Town in the southern coastal province of Ba Ria-Vung Tau. Some 1,200 people were invited to the project site earlier this month to see the second sale, in which the developer will offer a yacht worth

VND8.5 billion for one of the lucky buyers.

It seems that the enticement worked its magic as there were around 30 people who made deposits for properties at the launch night, according to Hung Thinh Real Estate Trading and Investment Co.

The multipurpose property project, which covers some 21 hectares and stretching along nearly one kilometer of beach, is designed with a five-star hotel with 200 guest rooms, 28 bungalows, two blocks of five-storey buildings with 100 apartments and some 180 luxury villas. Besides, it has other facilities such as a convention center, restaurant, spa, swimming pool and marina. The project is scheduled for completion by 2012, and the villas are offered from VND7.6 billion per unit.

In another development, Indochina Land, a real estate division of the financial services firm Indochina Capital, last week announced the sale of its Condominiums Tower D - the last phase of residential sales at the Hyatt Regency Danang Resort and Spa project, which is under construction on a 20-hectare site stretching some 650 meters along the beach front, a stone's throw from Marble Mountains in the central coast city of Danang.

The tourism property project comprises of 182 luxury condominiums ranging from 75 square meters, 27 three-bedroom villas and some 200 hotel rooms and suites. Once in

place in 2011, the facilities will be managed by the world leading hotel management Hyatt Hotels & Resorts, a member of Global Hyatt.

Besides condominiums, Indochina Land started marketing villas of the Estates section nestled in the golf course Montgomerie Links Vietnam, not far from the above complex project.

The developer says those villas are offered from US\$500,000 per unit, while condominiums in block D are priced from US\$340,000 per unit. Among the total 182 condominiums, there are some 140 units sold, and 22 among 27 villas also sold.

Lorien Hamilton, associate director of residential sales for Savills Vietnam, said the company conducted a market survey running from 2009 and found that target customers remained wealthy Vietnamese citizens, while foreigners represent a very low percentage of buyers.

Hamilton said the second home market in Danang recorded some 80% of the buyers coming from Hanoi, 13% from HCMC and the remaining 7% from other provinces. The city's accessibility, beaches and weather are among elements prompting buyers to pour their money into properties in the region.

According to Savills, total villa supply in the market is some 450 units supplied by nine projects, and the total apartment for sales supply is some 2,100 units from 11 projects.

Hamilton said tourism continued to fuel the property market in Danang, and landed property remained the preferred choice for investors.

Cotec Housing Development and Investment JSC (Cotecland) also joined the race to attract potential clients to its tourism property project named Blue Sapphire Resort in the southern resort city of Vung Tau.

Cotecland late last week opened a model apartment and invited potential buyers to visit the site stretching some 450 meters of Chi Linh beachfront, on which two blocks of condominiums with 390 units and 36 villas will be developed. Other serviced facilities such as a yacht club, restaurant and spa are also designed in the tourism property project. When in place, the property will be managed by Swiss-Belhotel International. The condominiums are offered from VND22 million per square meter.

Speaking at a news briefing last week, Trinh Xuan Ha, general manager of Cotecland, agreed that the second home market was selective. Moreover, competition in the market has intensified given the increasing supply in the market.

Hamilton of Savills, however, said that the Vietnamese holiday home market was still young, not highly geared, hence well placed to remain stable throughout real estate cycles.

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