



SPONSORED UPDATE: VIETNAM



### MARKET FOR SALES OF RESIDENTIAL HOUSES IN VIETNAM

Investors who propose to invest in developing residential houses for sale in Vietnam should worry first about the potential market.

Potential investors should be clear about the question: to whom can residential house developers sell their completed residential houses?

Under the laws of Vietnam, residential house developers may only sell their products to individuals and organizations which are permitted by law to purchase and own residential houses in Vietnam. Individuals and organizations permitted by the laws of Vietnam to purchase and own residential houses are divided into four categories as follows:

#### **Vietnamese individuals and organizations.**

This category includes (i) individuals whose nationality is Vietnamese and who are residing in Vietnam; and (ii) organizations without foreign owned capital. This category is the main market for sales of residential houses in Vietnam since it is not subject to any restriction.

#### **Vietnamese individuals residing overseas.**

This category includes individuals who reside outside of Vietnam but (i) their nationality is Vietnamese; or (ii) their nationality is not Vietnamese but their origin is Vietnamese. In fact, the number of Vietnamese individuals residing overseas who successfully purchase and own residential houses in Vietnam is very small because of many sub-conditions that must be satisfied.

**Foreign individuals.** This category includes non-Vietnamese individuals who (i) invest in Vietnam; or (ii) are hired by enterprises operating in Vietnam to hold managerial positions in such enterprises; or (iii) have contributed to Vietnam's development; or (iv) work in Vietnam with a university or higher equivalent qualification; or (v) marry Vietnamese citizens. Due to sub-conditions, the number of foreign individuals who successfully purchase and own residential houses in Vietnam is very small, too.

**Foreign organizations.** Under the existing laws of Vietnam, the only type of foreign organizations which are permitted to purchase

and own residential houses in Vietnam are enterprises with foreign owned capital which operate in Vietnam and are in need of residential houses for their staff. Just like the situation of Vietnamese individuals residing overseas and foreign individuals, almost no foreign organizations satisfy all sub-conditions for the successful purchase and ownership of residential houses in Vietnam.

In conclusion, it can be seen that residential house developers in Vietnam should consider Vietnamese individuals and organizations as their main customers. Although the sales of residential houses to Vietnamese individuals residing overseas, foreign individuals and organizations are generally permitted by the laws of Vietnam, such sales are still not practical in Vietnam.



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