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Industrial real estate market holds strong

Vietnam remains a key hub amid global uncertainties

HO CHI MINH CITY: Industry experts have forecast that Vietnam's industrial real estate market will continue its positive trend over the next 12 to 24 months, with solid support from high-quality foreign direct investment (FDI), regional production shifts, and significant nationwide infrastructure projects currently underway.

In the first six months of the year, the industrial real estate sector in Vietnam saw robust growth driven by a substantial influx of FDI.

Total registered FDI in the country reached US$34.7bil in the first half of 2026 (1H26), marking a remarkable 61% year-on-year (y-o-y) increase.

Of this total, the manufacturing and processing sector made up 62% of newly registered FDI, amounting to US$10.8bil.

Despite global geopolitical uncertainties and shifting international trade policies, Vietnam remains a pivotal manufacturing and logistics hub in the region.

This consistent positioning underscores the demand for industrial land, ready-built factories, and modern logistics facilities in key manufacturing centres.

A report by market analyst JLL stated that by the end of 2026, Vietnam is anticipated to witness a significant new supply in the industrial real estate market.

This includes approximately 1,900ha of industrial land, nearly 700,000 sq m of ready-built warehouses, and one million sq m of ready-built factories in vital markets in the north and south regions.

Despite an increase in supply, rental rates are forecast to sustain a stable growth trajectory due to continuous demand.

Projections indicate that the demand for industrial land, ready-built factories, and modern logistics assets will remain robust.

Looking ahead, green industrial parks, data centres (DCs), modern logistics facilities, and projects catering to high-tech industries are expected to emerge as new growth drivers.

Will Tran, head of office, industrial and logistics leasing at JLL Vietnam, highlighted the increasing significance of environmental, social and governance (ESG) criteria in investment and leasing decisions.

"ESG criteria are becoming a crucial factor in investment and leasing decisions. Companies in the electronics, high-tech, DC, and logistics sectors are increasingly prioritising projects that are energy-efficient, integrate renewable energy, and support carbon reduction goals.

"This trend is expected to drive the development of green industrial parks, modern factories, and next-generation logistics assets in the coming years," he said.

"Although Vietnam is no longer positioned as a low-cost manufacturing destination, the country still maintains competitive advantages in its strategic location and attractive investment policies.

"More importantly, Vietnam is actively enhancing the capacity and productivity of its workforce through training and skills development programmes, aiming to position itself as a destination for advanced, high-value-added manufacturing industries," he noted.

Steady momentum: An aerial view of an industrial zone where new factories are sprouting in Haiphong, Vietnam. JLL reports that the total supply of industrial land in key northern and southern markets reached nearly 41,000ha in 1H26. — The New York Times

Continuing to meet long-term demand, JLL reported that the total supply of industrial land in key northern and southern markets in 1H26 reached nearly 41,000ha, showing a slight 1% y-o-y increase.

The supply of ready-built factories and warehouses reached approximately 10.4 million sq m and 8.6 million sq m, respectively, demonstrating strong y-o-y growth.

Significant new projects like KTG Industrial An Phuoc 2, Kizuna Eco2IP, Vietnam Phuc Dien, and SLP Park Tien Du have contributed to leasing activity, with substantial areas of industrial land and ready-built factories and warehouses transacted in 1H26.

In the southern market, CBRE data for 1H26 revealed a recovery in the industrial real estate sector. Noteworthy developments included a strategic shift in FDI inflows towards core technologies in Ho Chi Minh City, exemplified by investments in artificial intelligence and digital infrastructure within Saigon Hi-Tech Park.

Total industrial land net absorption reached 124ha, representing a robust 125% y-o-y increase. The Southern Tier 1 hubs of Bình Duong and Dong Nai captured 83% of this total absorbed area, with demand primarily fuelled by the electronics and logistics sectors.

In the ready-built warehouse and ready-built factory segment, Southern Tier 1 markets recorded approximately 0.47 million sq m of net leasable area in new supply during 1H26. This met with a healthy net absorption of over 0.37 million sq m.

Thanh Pham, director of research and consulting in Ho Chi Minh City, said: "The year of 2026 is projected to witness a high volume of new industrial real estate supply, particularly in the ready-built factory segment.

"This is driven by its capacity to offer flexibility in leasable areas and lease terms, whilst optimising capital expenditure and shortening the time-to-market for tenants."

"This trend also reflects the strategy of industrial park developers to diversify their product portfolios, thereby enhancing their appeal to a broader tenant base.

"Against the backdrop of mounting supply, ready-built factory asking rents are projected to experience modest growth of 2% to 3% per annum as a result of competitive pricing pressures," he added.

"Looking ahead, long-term strategic growth catalysts will be led by the progress of key transport infrastructure projects and the planned establishment of Free Trade Zones.

"These flagship infrastructure initiatives are anticipated to reshape the industrial landscape across emerging key clusters, most notably the vicinity of Long Thanh International Airport and the economic corridors along Ring Road 3 and Ring Road 4." — Viet Nam News/ANN