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RESEARCH DIVISION

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LONG THANH INTERNATIONAL AIRPORT – A PRIMARY TURNING POINT FOR THE SOUTHERN IPs MARKET

- Vietnam is increasingly recognized as a stable investment environment with substantial potential to attract FDI. This is becoming more apparent as escalating trade tensions between the US and China accelerate the relocation of many companies, driving faster shifts in global supply chains.
- According to PHS, we maintain our optimistic outlook for the 4th FDI wave in Vietnam, predominantly driven by investments in the manufacturing and assembly sectors for electronic devices and machinery.
- The development of Long Thanh International Airport is expected to be a significant turning point for the IPs market in the southern region.
- We prioritize companies with existing land banks in strategic locations, competitive advantages over new supply, a stable tenant base, and the potential to benefit from the upcoming FDI wave. Prominent companies include BCM, VGC, IDC, SZC, and SIP.

The prospect for the 4th FDI wave in Vietnam

Vietnam has experienced 03 waves of FDI over the past 35 years since opening its economy. During this period, the manufacturing sector has undergone significant transformation. Vietnam's position on the global commercial stage has strengthened, and we are observing increasing signs of a forthcoming 4th wave of FDI, which is poised to surge based on the following factors:

- Vietnam's strategic location serves as a gateway to the global economy, bolstered by 16 FTAs with major trading partners. Additionally, escalating trade tensions between the US and China are accelerating the relocation of many global companies, further enhancing Vietnam's attractiveness.
- Vietnam's geopolitical position is strengthening. Despite global economic uncertainties, cumulative FDI disbursement into Vietnam recorded double-digit growth from 2020 to 2023 compared to the 2016 to 2019 period, highlighting the country's appeal to foreign investors.
- Logistics capabilities, previously a barrier for manufacturing industries, are seeing significant and synchronized improvements due to government efforts, optimizing the supply chains of FDI enterprises
- The electronics manufacturing ecosystem of major corporations is continuously being expanded in Vietnam, laying the groundwork for further attracting remaining satellite businesses within the extended.

According to PHS, Vietnam is progressively becoming a manufacturing and processing hub for electronic devices within the global supply chain. This sector is expected to be the key driver of FDI in the upcoming wave.