

Study of economic variables, regional factors influencing Vietnam's real estate market

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A detailed analysis of Vietnam's real estate market aimed to identify the factors that contribute to the formation of real estate bubbles. [The study](#), published in the *International Journal of Economics and Business Research* covered the period from 2011 to 2021 and focused on various

economic variables and regional factors influencing property prices and the overall stability of the real estate market.

Le Phuong Lan of the Foreign Trade University and Nguyen Quynh Anh of Tien Phong Bank both in Hanoi, Vietnam, point out that in the wake of the COVID-19 pandemic, which itself revealed vulnerabilities in Vietnam's real estate sector, the new work shows that proactive measures are needed to mitigate against financial risks in this sector and to attempt to avoid unsustainable increases in [property prices](#).

The researchers looked at macroeconomic indicators, such as [economic growth](#), inflation, lending [interest rates](#), money supply, credit growth, migration rates, and provincial competitiveness. They then used their findings to develop a predictive model that would hopefully allow them to spot any patterns as the real estate market evolves.

Critically, economic growth seems to be the real driver for activity across the real estate sector, The team points out that fluctuations in the growth rate of Vietnam's Gross Domestic Product (GDP), is linked to changes in the overall demand for property and investment in property. Conversely, inflationary pressures and variations in lending interest rates, because they affect borrowing costs, are another important factor that influences buying and selling behavior in the [real estate market](#).

Unfortunately, the team also showed that liquidity within the financial system in general has a major effect on real estate speculation. The greater the money supply and credit growth, the greater the property price inflation. The team found some regional disparities where migration rates and provincial competitiveness affected movement in the real estate sector in specific geographic areas.

Their conclusion is that measures to enhance transparency and regulatory oversight should be put in place to improve the way in which market

participants garner information and to protect them and the sector from at least some of the common risks. They add that prudent monetary policy and effective macroeconomic management could also be used to maintain stability and confidence in the real estate sector and the broader financial system.

More information: Ronny Prabowo et al, The effects of municipal ownership on auditor size and auditor-client distance, *International Journal of Economics and Business Research* (2024). [DOI: 10.1504/IJEBR.2024.138079](https://doi.org/10.1504/IJEBR.2024.138079)

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