Vietnam Investment Outlook

DealFlow

Navigating the Next Growth Cycle

By DealFlow.sg

2026

Contents

Executive Summary

"Southeast Asia is shifting toward structurally driven growth anchored in long-term fundamentals.
Within the region, Vietnam stands out for manufacturing-led expansion, rising domestic demand, and sustained appeal for long-term investment."

By 2026, Southeast Asia's growth is increasingly supported by structural drivers such as supply chain diversification, resilient domestic demand, and deeper regional integration. Manufacturing and industrial infrastructure continue to benefit from supply chain relocation. Consumer sectors gain from rising incomes and urbanization, while the digital economy and logistics emerge as key growth enablers supported by e-commerce and digital payments.

Vietnam remains a standout growth market, supported by manufacturing exports, expanding domestic consumption, and improving infrastructure. Policy reforms and global supply chain integration sustain investor confidence, positioning Vietnam as a core destination for long-term investment and M&A.¨

REGIONAL MACRO SNAPSHOT

ASEAN represents a structurally important growth bloc within the Asia–Pacific, supported by a large domestic market and broad-based economic participation. These structural factors continue to underpin long-term expansion and cross-border investment activity.

Southeast Asia has emerged as a major growth engine within the Asia–Pacific region. The region maintains average GDP growth above 5% and supports an economic base of nearly 700 million people. Domestic consumption represents around 60% of GDP, indicating that internal demand plays a central role in sustaining expansion. At the same time, private enterprises and SMEs contribute close to half of total output, pointing to a broad participation of market-driven activity across the region.

Between 2010 and 2025, ASEAN's aggregate GDP follows a clear upward trajectory, with only short-lived disruptions. Economic weight remains concentrated in a few large markets, while smaller economies contribute incremental growth. This combination produces scale alongside fragmentation, a structure that continues to support investment inflows, cross-border expansion, and consolidation strategies across key sectors.

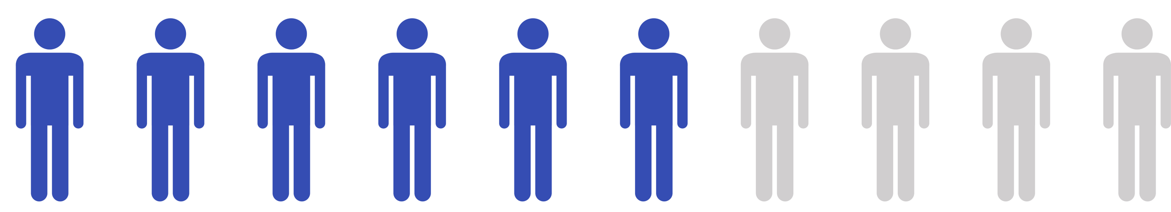
Average GDP growth (East Asia & Pacific)

5%+

The third most populous region in the world, after South Asia and East Asia.

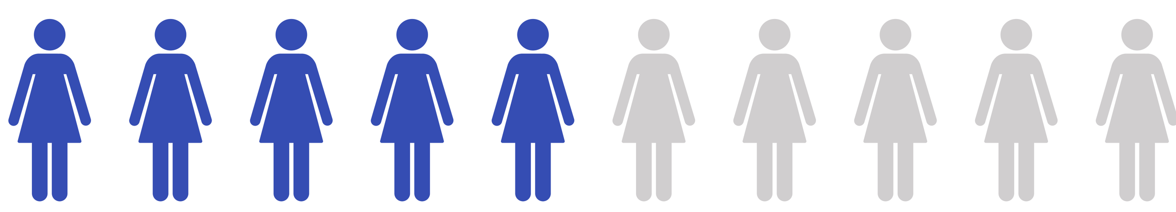
700 million population

60%



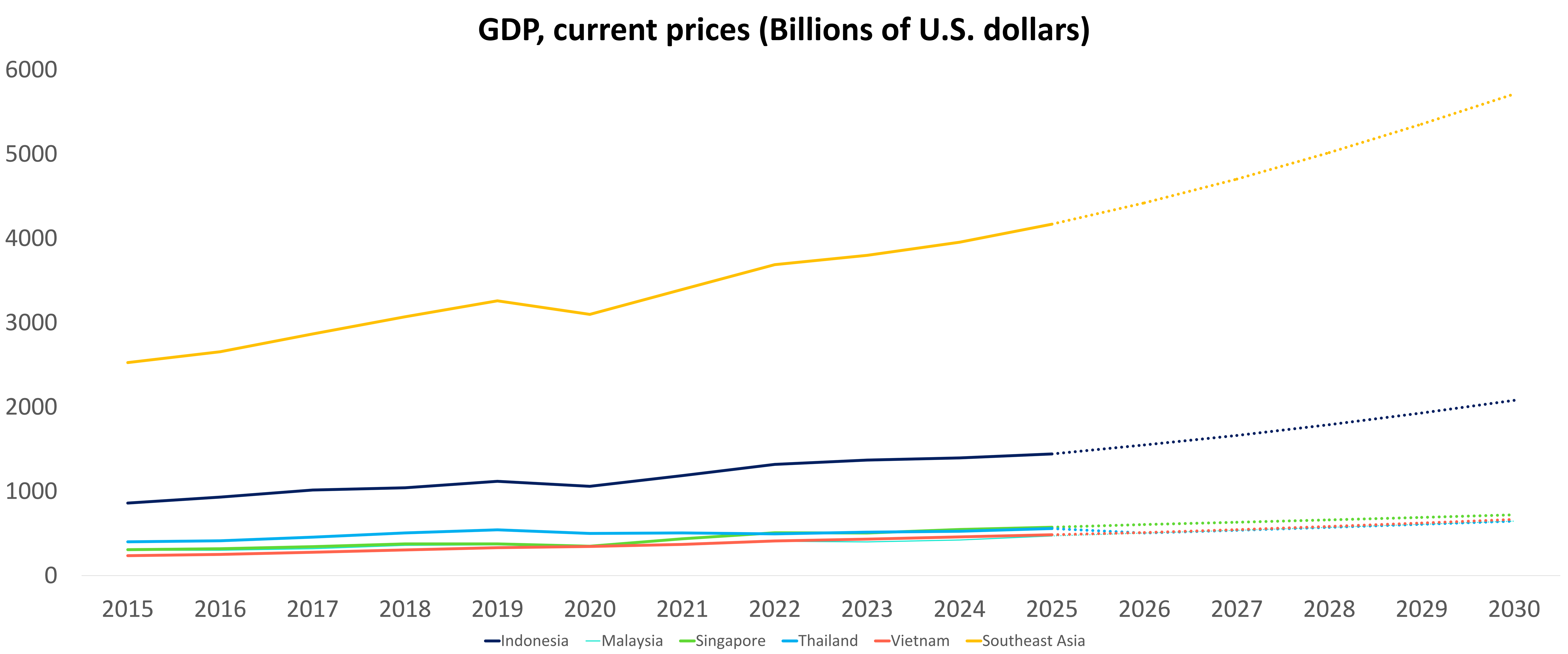
Share of GDP driven by domestic consumption (ASEAN average)

50%



Share of GDP contributed by private sector / SMEs

Source: IMF, Britanncia, The GlobalEconomy

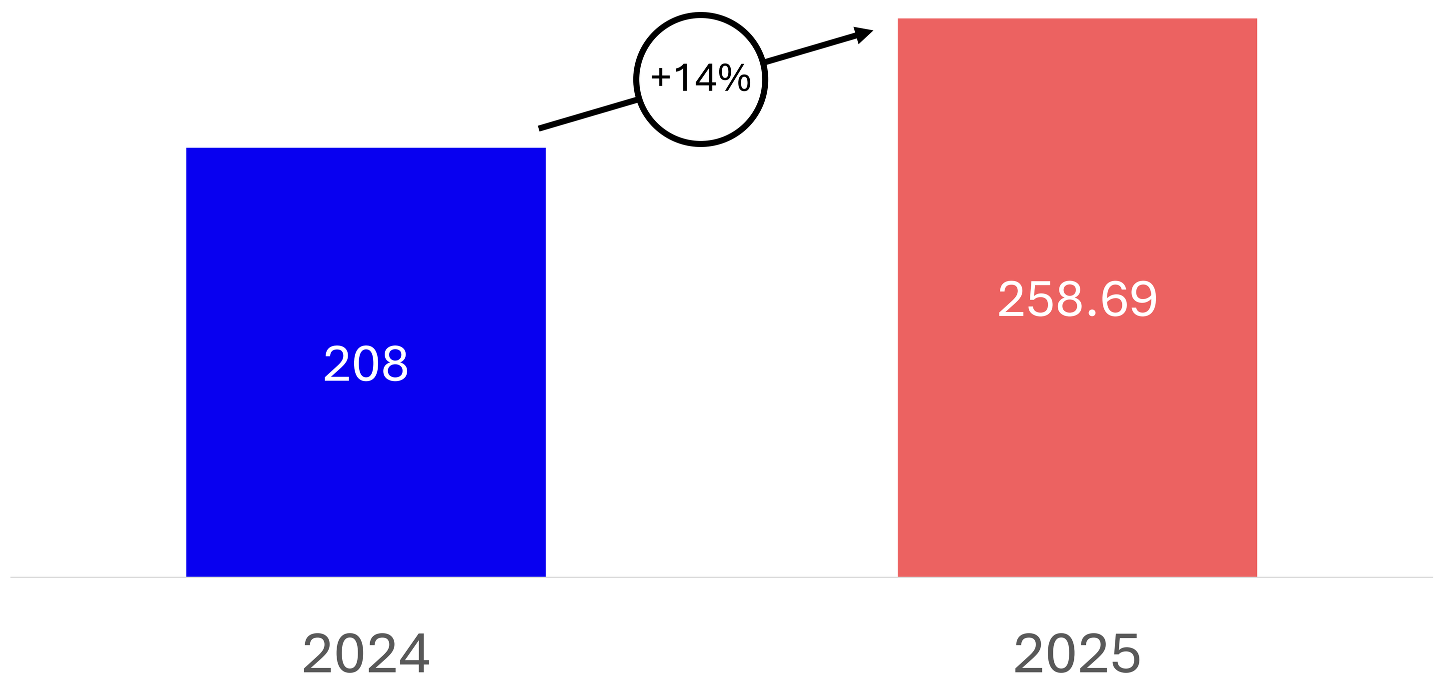


Source: Data World Bank

FDI TRENDS

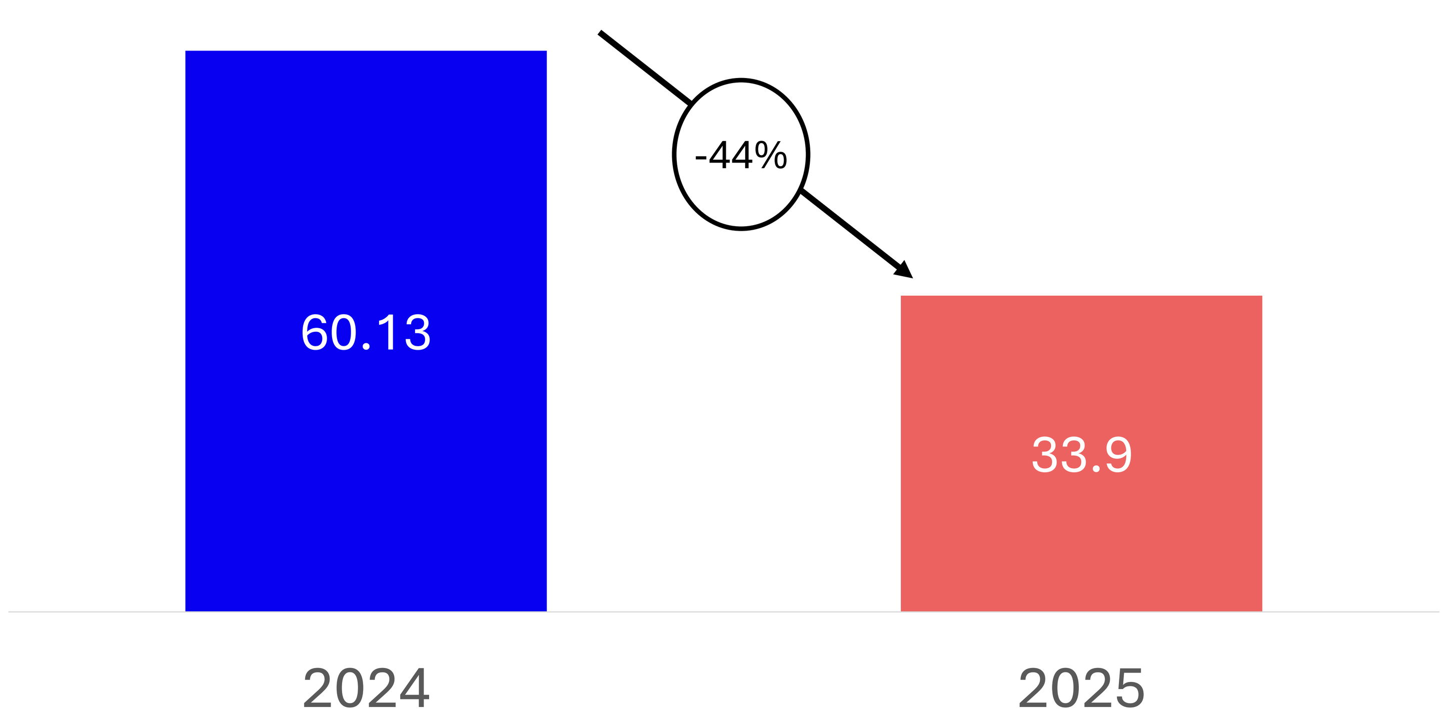
FDI flows in ASEAN stabilized in 2025 as investment momentum improved. Singapore led inflows, with Thailand, Indonesia and Vietnam following on manufacturing growth and market scale.

FDI Inflows (Billion USD)



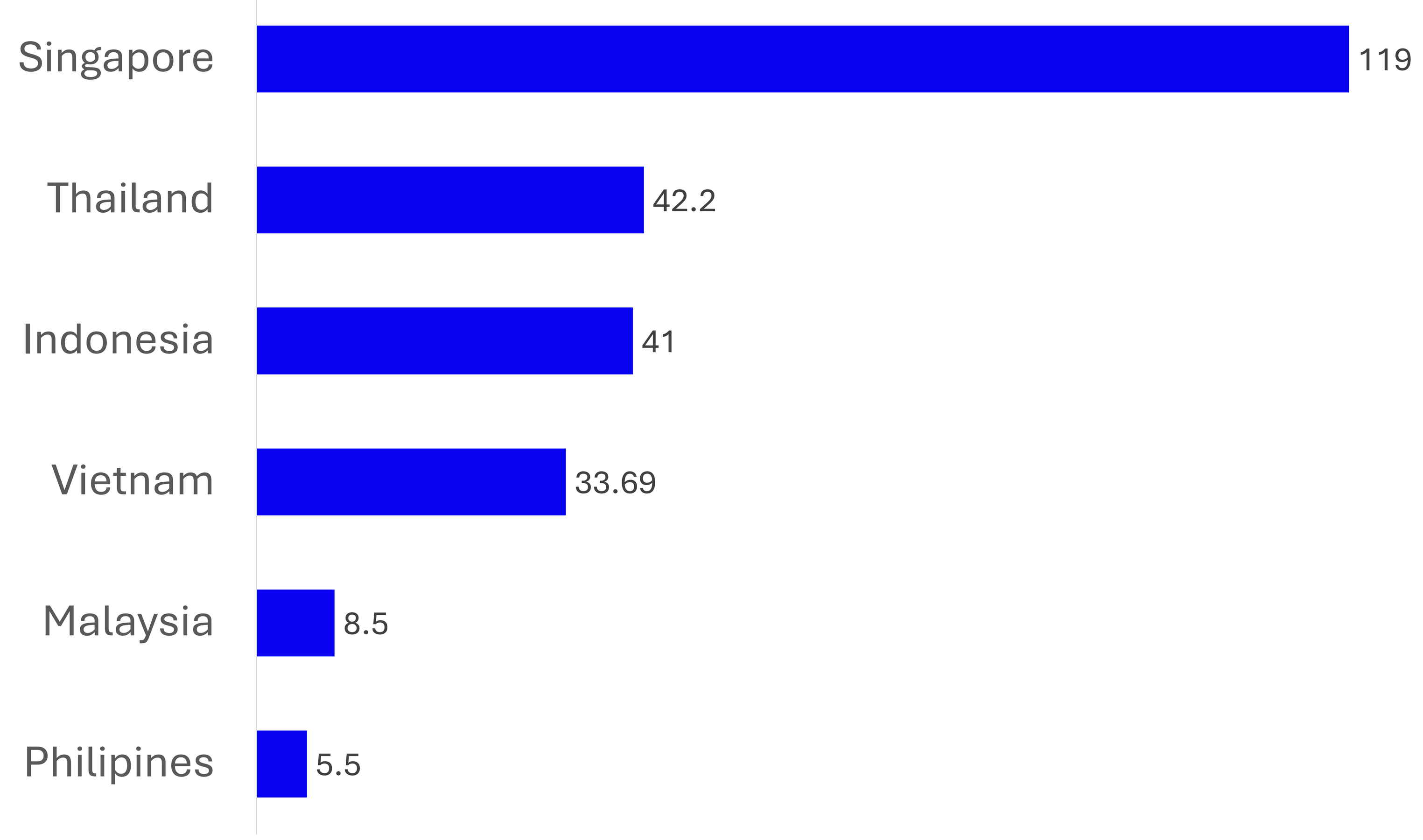
FDI inflows into ASEAN rebounded in 2024, increasing year-on-year despite global investment weakness, reinforcing the region's position as a leading destination among developing economies.

Average Transaction Size (million USD)



Average transaction size in ASEAN declined sharply in 2025, reflecting smaller deal tickets, cautious investor behavior, tighter financing conditions, and a shift toward selective, mid-sized transactions.

FDI Inflow Per Country in 2025 (Billion USD)
(Up to 11/2025)

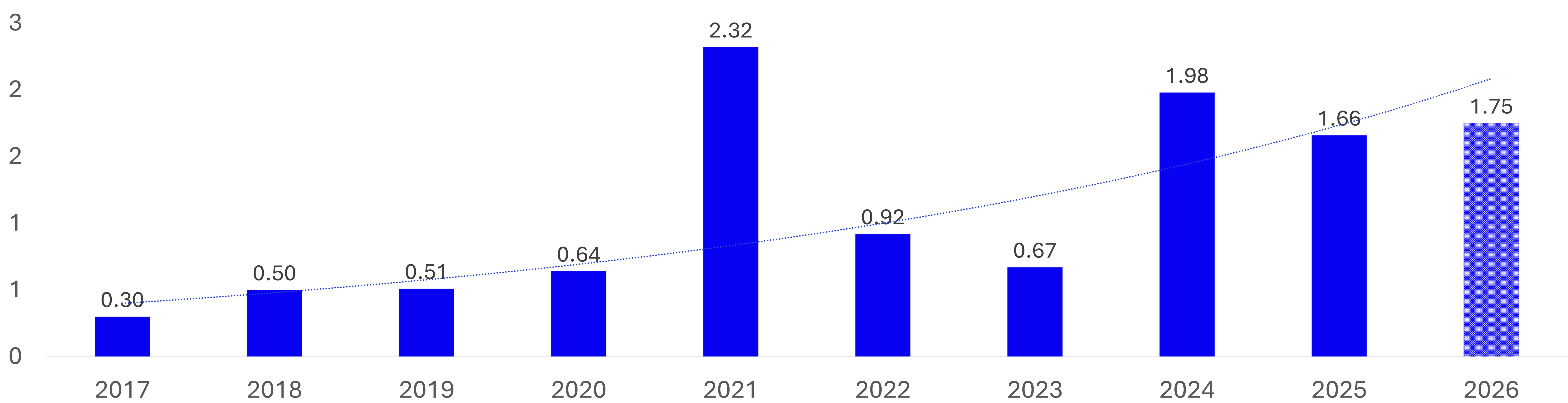


FDI inflows across ASEAN in 2025 remained unevenly distributed, with Singapore capturing a dominant share, followed by Thailand, Indonesia and Vietnam, while Malaysia and the Philippines recorded more moderate inflows.

Singapore's lead reflects its role as a regional financial and holding hub, channeling capital into Southeast Asia. Thailand, Indonesia and Vietnam benefited from scale, manufacturing expansion, and supply-chain relocation. Lower inflows in other markets were influenced by smaller deal sizes, sector concentration, and more selective investor deployment amid tighter global financial conditions.

M&A Transaction Value in ASEAN (billion USD)

Source: Trading Economics, Statista



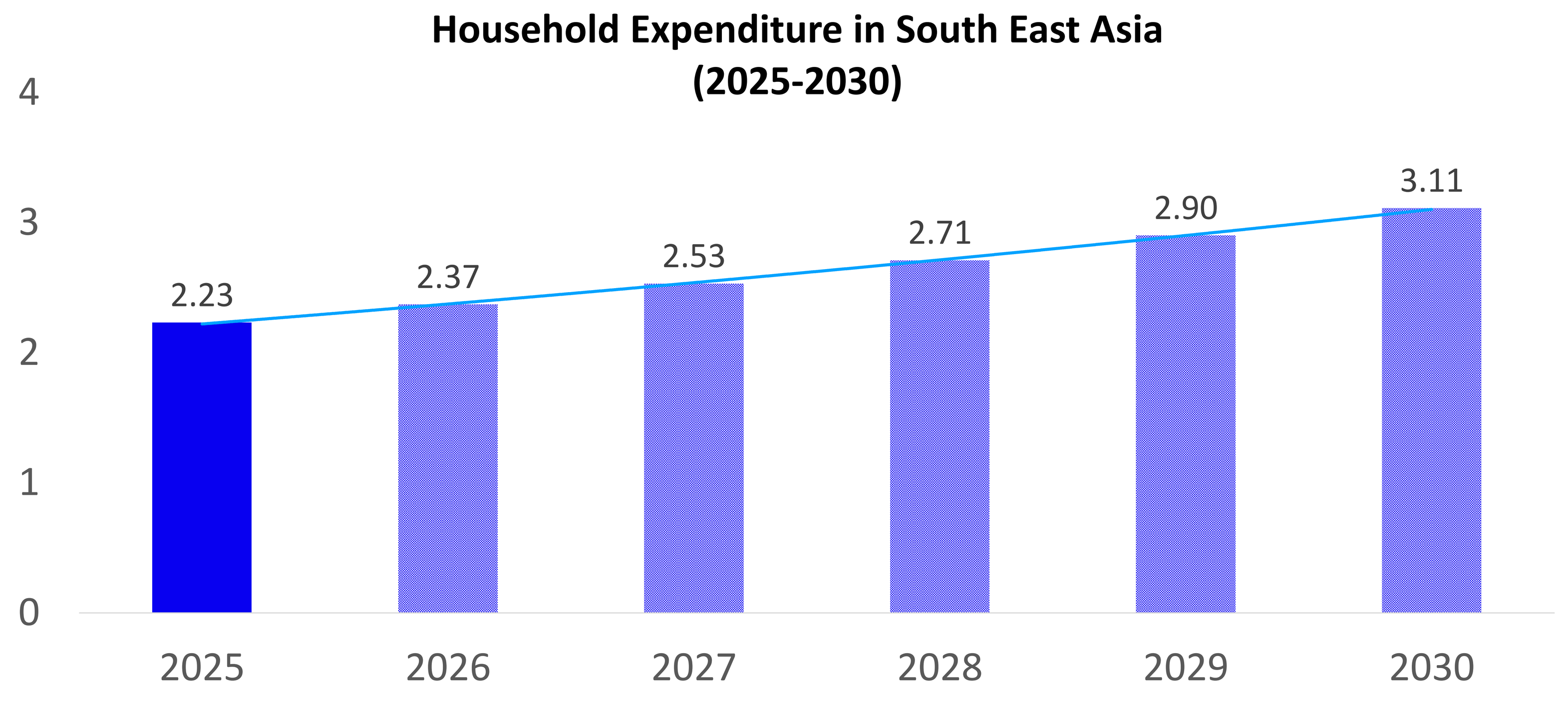
KEY DRIVERS

Supply chain relocation is reinforcing ASEAN's position as a key production hub. Meanwhile, consumer growth continues to underpin long-term economic expansion.

1. Supply chain relocation:

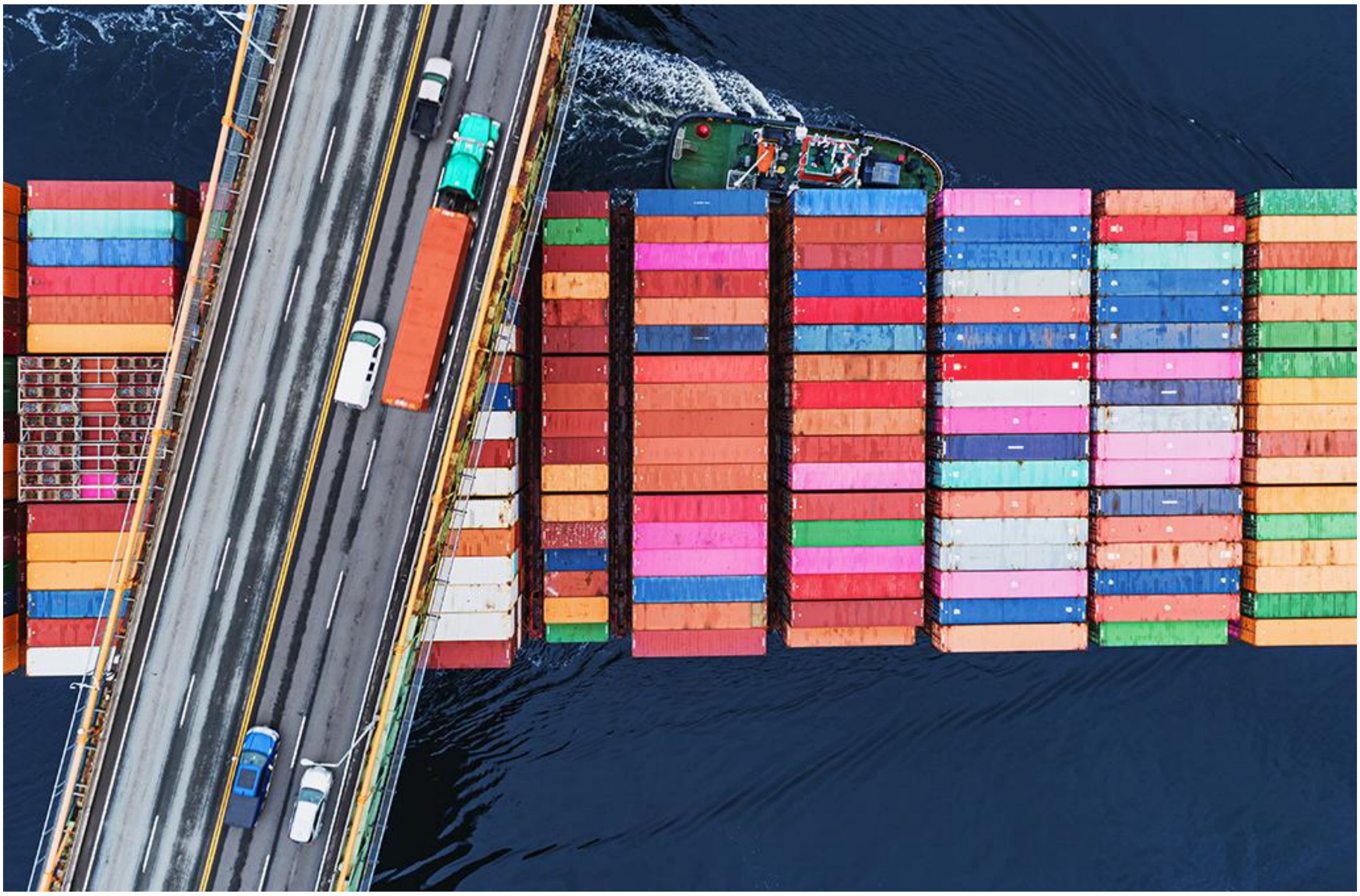
Supply chain relocation continues to be one of ASEAN's most powerful growth drivers. The region's strategic position between the Pacific and Indian Oceans, combined with proximity to China and access to critical shipping lanes like the Strait of Malacca, makes ASEAN a natural hub for firms diversifying production. ASEAN's large, young, and growing population of over 660 million further strengthens its appeal—not only as a production base but also as a major consumption market. These structural advantages reinforce ASEAN's role as a center of gravity for regional supply chains, supporting long-term growth resilience even amid global trade uncertainty.

2. Consumer growth



Source: Statista

Household spending in Southeast Asia is projected to increase consistently through 2030, supported by rising incomes and ongoing urbanization. Strong domestic consumption is expected to remain a key growth driver, underpinning demand across retail, services, and other consumer-facing industries.



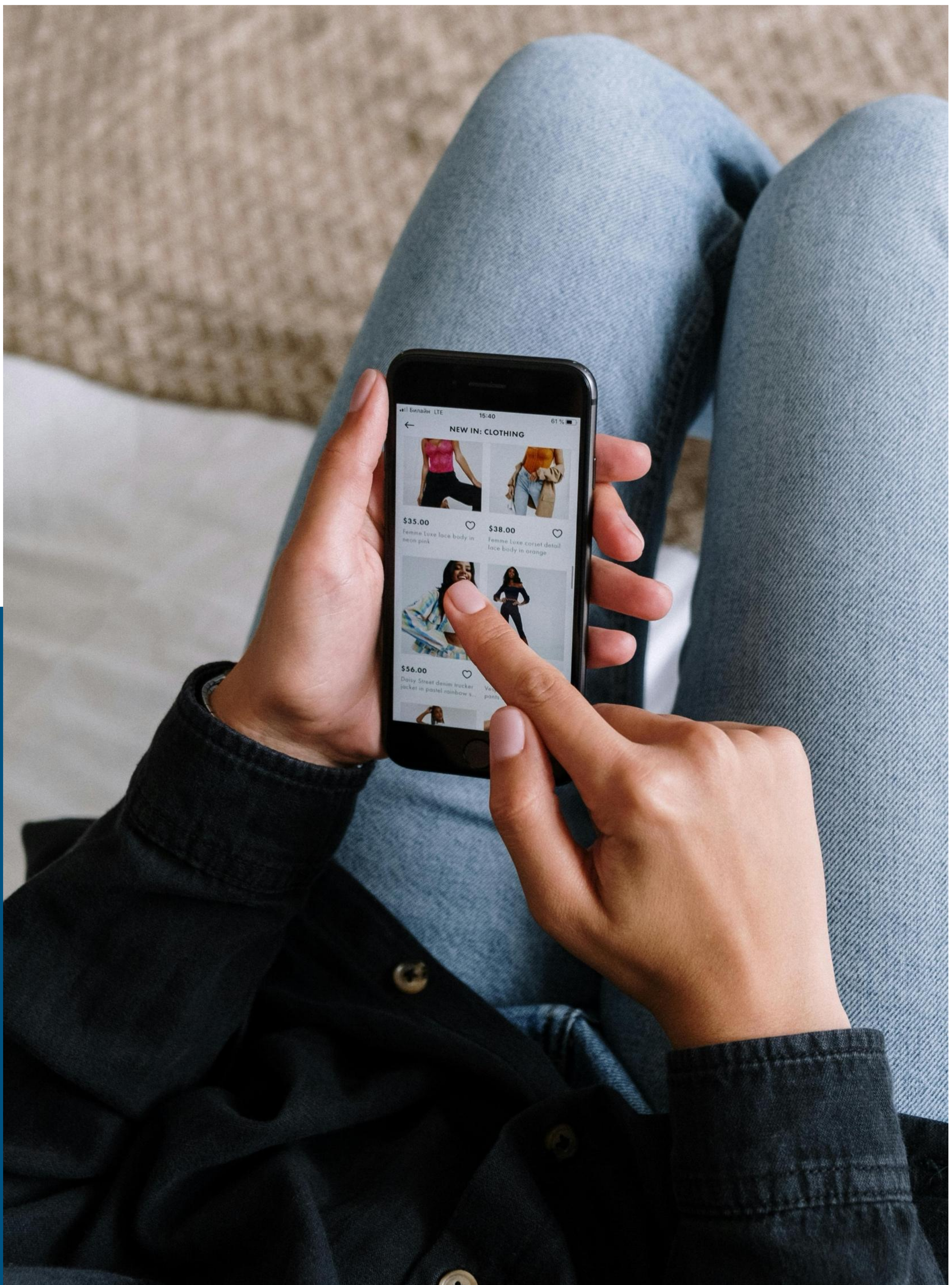
KEY DRIVERS

Digitalization is emerging as a core driver of ASEAN's economic transformation. This shift is supported by strong investment flows and rapid user adoption, which continue to scale the region's digital economy.

3. Digitalization

Digitalization is accelerating across ASEAN, reshaping how businesses operate, scale, and engage consumers.

The rapid adoption of digital platforms, data-driven decision-making, and cashless payments is improving efficiency, lowering transaction costs, and expanding market reach. As digital infrastructure and user penetration deepen, technology is becoming a core enabler of productivity, innovation, and long-term economic transformation across the region.



$120B+

in private digital investment (2016–2025)
Strong capital inflows supported platform scaling and ecosystem development across ASEAN.

200M+

new internet users added (2016-2025)
Rapid connectivity expansion continues to broaden the region's digital consumer base.

7.4X

GMV growth over the decade
E-commerce, mobility, and digital services drove sustained transaction growth.

11.2X

revenue expansion
Monetization improved as platforms moved beyond pure user acquisition.

Sources: eMarketer; SEA-6 internet penetration: World Bank; ASEAN-4 internet penetration and population data: Bain analysis; Google, Temasek, and Bain e-Economy SEA 2016–2024.

ASEAN COUNTRIES HIGHLIGHTS

ASEAN is positioning itself as a stable, diversified, and opportunity-rich region for medium-term growth and investment in 2026.

1. Vietnam: 5.6% Real GDP Growth Outlook

Vietnam maintains a solid growth outlook, supported by manufacturing expansion and strong FDI inflows. Its role as a regional production hub continues to attract investors, while liquidity constraints, FX volatility, and administrative complexity remain key risks.

2. Indonesia: 4.9% Real GDP Growth Outlook

Indonesia offers steady growth driven by its large domestic market and resource base. Investment appeal is supported by scale and commodities exposure, while policy shifts and commodity price volatility remain key considerations for investors.

3. Philippines: 5.7% Real GDP Growth Outlook

Philippines benefits from a young workforce and a strong BPO sector supporting services-led growth. Investor interest is underpinned by demographics, while infrastructure gaps and inflationary pressures remain key risks to monitor.

4. Singapore: 1.8% Real GDP Growth Outlook

Singapore remains a leading financial and regional headquarters hub, offering regulatory stability and deep capital markets. Growth is more moderate, with performance closely linked to global economic cycles and external demand conditions.

5. Thailand: 1.6% Real GDP Growth Outlook

Thailand's economy is supported by its manufacturing base and tourism recovery. Investment prospects are influenced by political uncertainty, an ageing population, and demand-side risks that may weigh on medium-term growth momentum.

6. Malaysia: 4.5% Real GDP Growth Outlook

Malaysia offers a balanced growth outlook, supported by its semiconductor ecosystem and rising data center investments. Investor interest is tempered by exposure to technology cycles, energy prices, and elevated debt levels.

Source: IMF

Vietnam's FDI Landscape

Despite an 8.2% dip in total capital, project volume surged 21.7% in 2025, driven by China's supply chain expansion. Manufacturing remains the bedrock (59.9%), while Singapore 4.3 billion USD and Sweden 1.0 billion USD anchor high-value capital inflows.

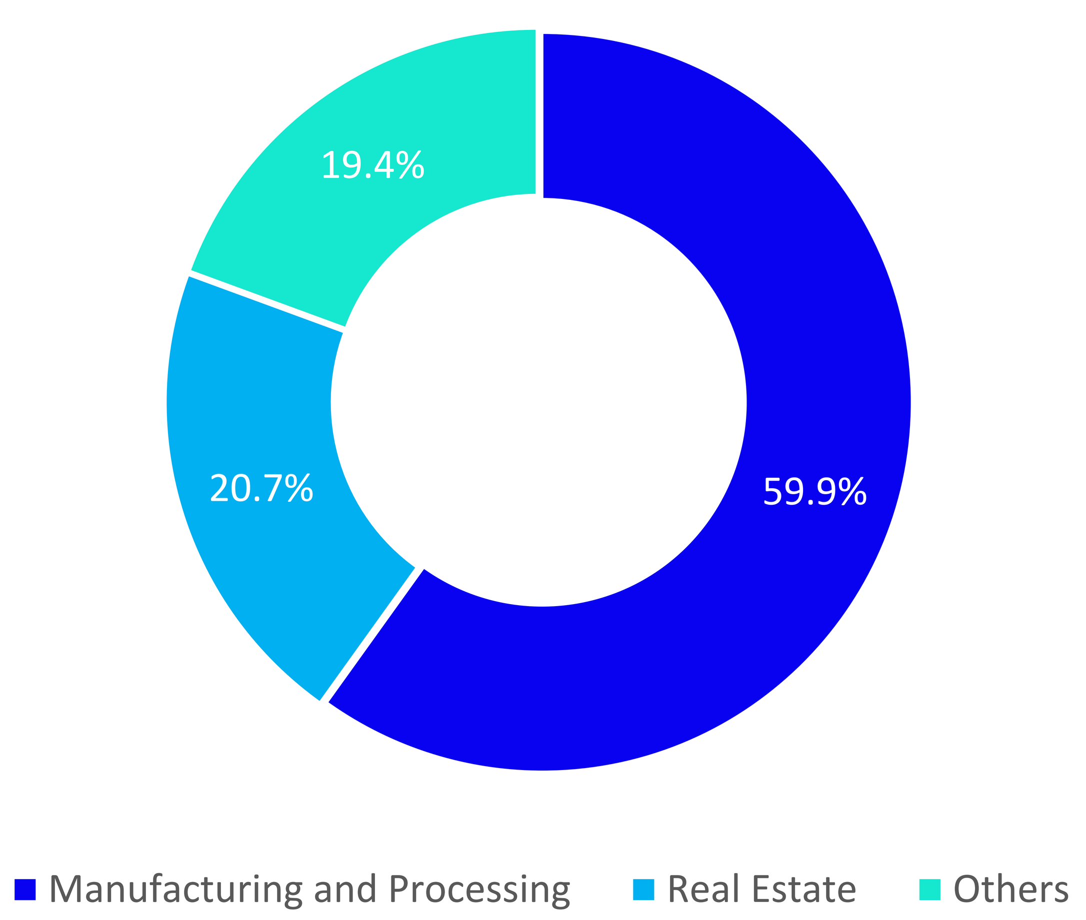
Overview of FDI into Vietnam

The investment landscape for 11M 2025 is defined by high-velocity market entry. Despite an 8.2% contraction in registered capital (to 16.0 billion USD), project volume spiked 21.7% (to 3,695). This inverse correlation reflects a healthy deepening of the supply chain ecosystem, as smaller-ticket investments (auxiliary/SMEs) effectively offset the temporary lull in large-cap allocations.

Sectoral Composition

Investment flows remained heavily concentrated in two core verticals. Manufacturing successfully defended its dominance as the economic bedrock, attracting 16.52 billion USD (59.9% of total capital). Simultaneously, Real Estate cemented its status as the critical secondary pillar, capturing 5.72 billion USD (20.7%) , driven by sustained foreign appetite for industrial assets and commercial development.

FDI By Sector as of 11 Months 2025 (in million USD)



Source: GSO, 2025

FDI by Counterpart

Singapore retained its status as the primary capital anchor, leading inflows with 4.29 billion USD, cementing its role as the financial gateway. However, China drove the velocity of market entry dominating project volume with 1,149 new registrations—more than double that of Singapore. Notably, Sweden emerged as a strategic outlier, securing a top-5 capital position (1.0 billion USD) via just four "mega-projects," signaling targeted high-value entry by European investors.

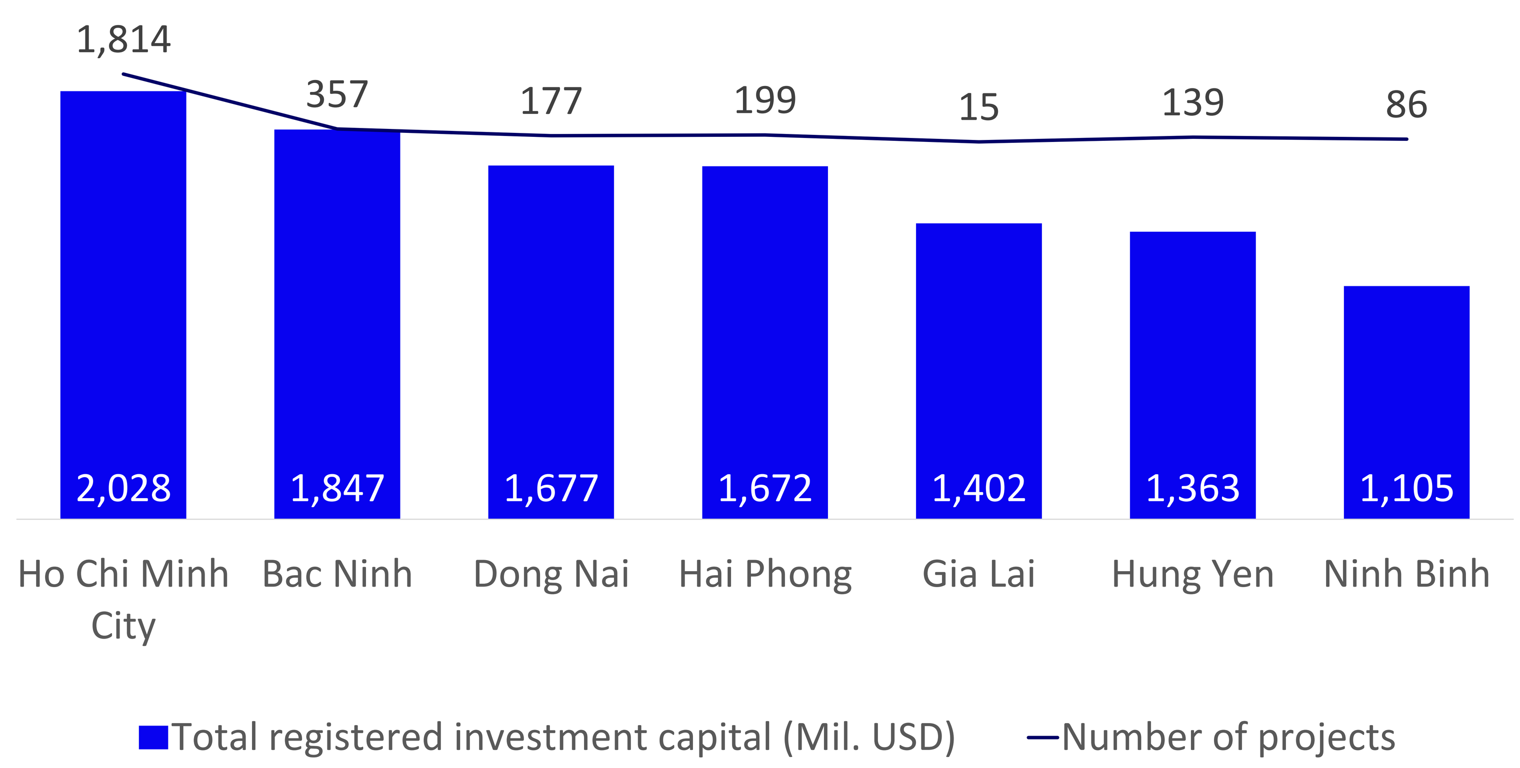
	Number of projects	Total registered capital (11 Months 2025)
	490	4289.4
	1149	3402.2
	433	1660.0
	271	1559.7
	4	1000.3

Source: GSO, 2025

FDI by Location

Ho Chi Minh City leads with 2.0 million USD, followed closely by Binh Duong (1.8 million USD) and Hanoi (1.7 million USD).

FDI By Location as of 11 Months 2025 (in million USD)
Number of New FDI Project and Registered Capital



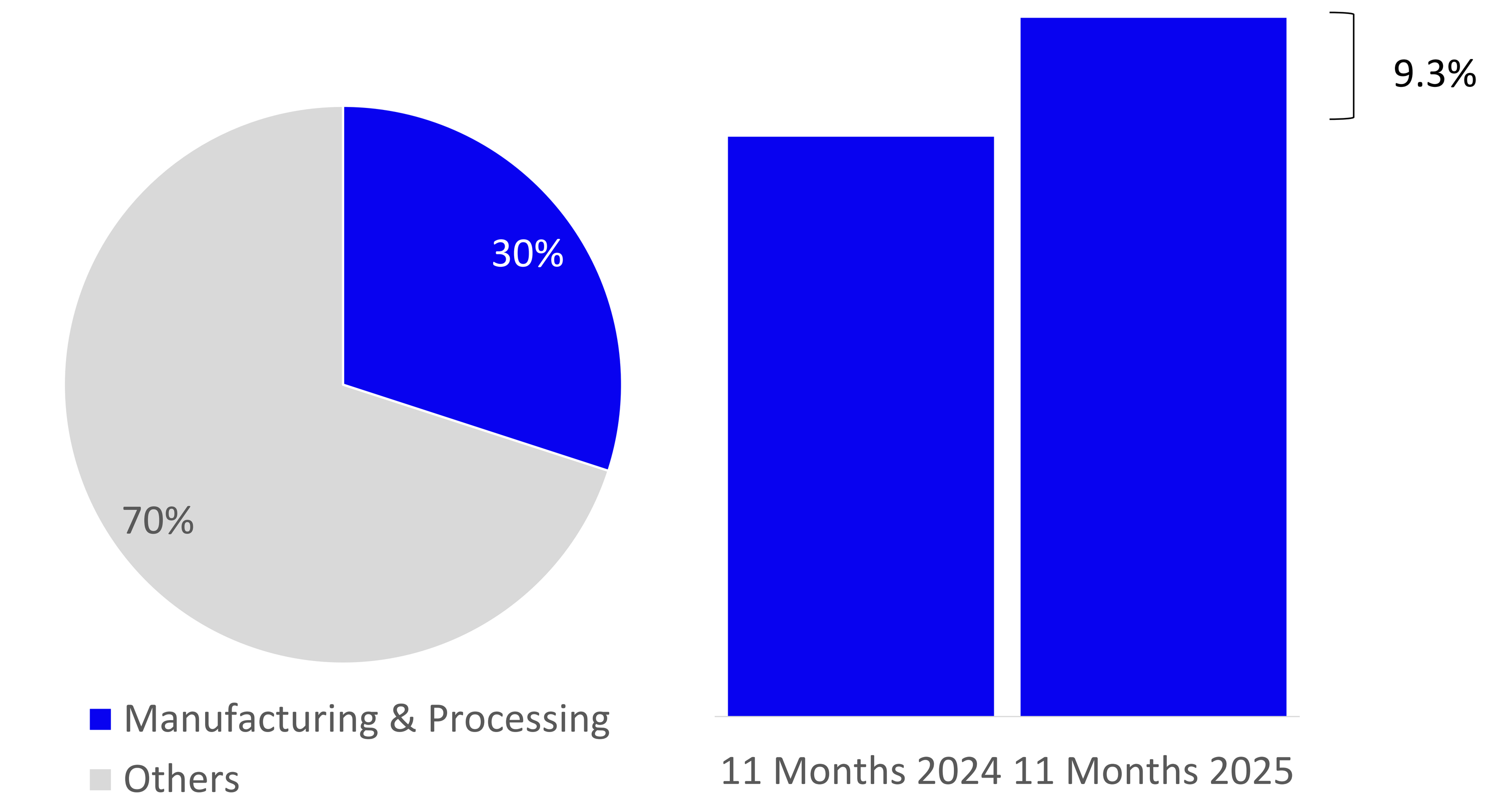
Source: GSO, 2025

Sectoral Performance Highlights (1 of 3)

Strong manufacturing momentum (+9.3%) and cost advantages are tempered by acute labor skill risks. Meanwhile, the Industrial Real Estate sector is being structurally reconfigured by the 2025 Land Law and "China Plus One" maturation.

Manufacturing Overview

Manufacturing Contribution to GDP and 11M 2025 IPP Index's YoY



Source: GSO, 2025

Manufacturing anchored the economy (30% of GDP, Q3 2025) with a 9.3% rise in industrial production (11M). This momentum was driven by improved mining and utilities output, alongside strategic export front-loading to preempt anticipated US tariff adjustments.

Opportunities

Average Monthly Manufacturing Wages (USD) as of 2024

Indonesia	196
Malaysia	803
Singapore	1,309
Thailand	425
Vietnam	**226**

Source: Accilime, 2025

Cost Leadership: With average wages of 226 USD/month (2nd lowest in ASEAN), Vietnam offers a critical hedge against regional operating cost inflation.

GVC Deepening: Bridging the "dual economy" gap by integrating domestic SMEs into global value chains offers investors significant localization and efficiency gains.

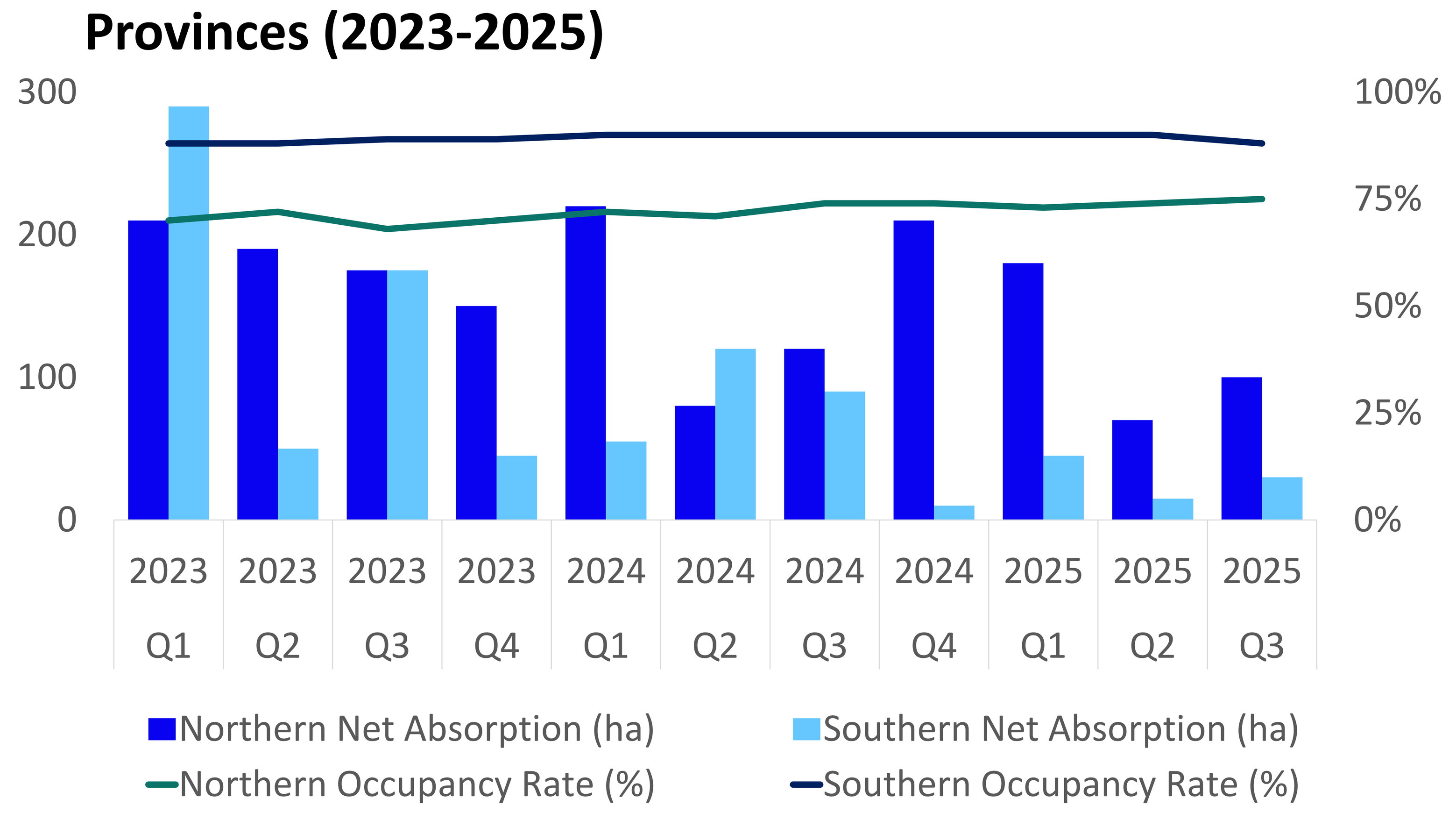
Risk

Vietnam's manufacturing sector confronts a critical "human capital ceiling," where an acute scarcity of qualified technical and managerial talent threatens to bottleneck high-tech expansion. This structural disconnect is exacerbated by an education system lagging behind the demands of Industry 4.0 and AI, creating significant friction for investors attempting to pivot from low-cost assembly to innovation-driven value chains.

Industrial Real Estate Overview

Driven by the maturation of the "China Plus One" strategy, the sector is undergoing a decisive structural reconfiguration. This evolution is underpinned by the enforcement of the 2025 Revised Land Law, which has successfully unlocked capital liquidity by resolving critical land usage ambiguities for foreign investors.

Industrial Land Market: Northern vs. Southern Tier 1 Provinces (2023-2025)



Source: CBRE, 2025

Sectoral Performance Highlights (2 of 3)

Industrial capital is migrating to RBFs and Tier 2 frontiers to bypass regulatory bottlenecks, while the Consumer sector is undergoing a "value upgrade" driven by affluent income growth and digital scaling, despite near-term inflationary caution.

Opportunities

The "Plug-and-Play" Arbitrage (RBF): Demand for Ready-Built Factories (RBF) is accelerating, driven by mid-sized high-tech manufacturers prioritizing speed-to-market.

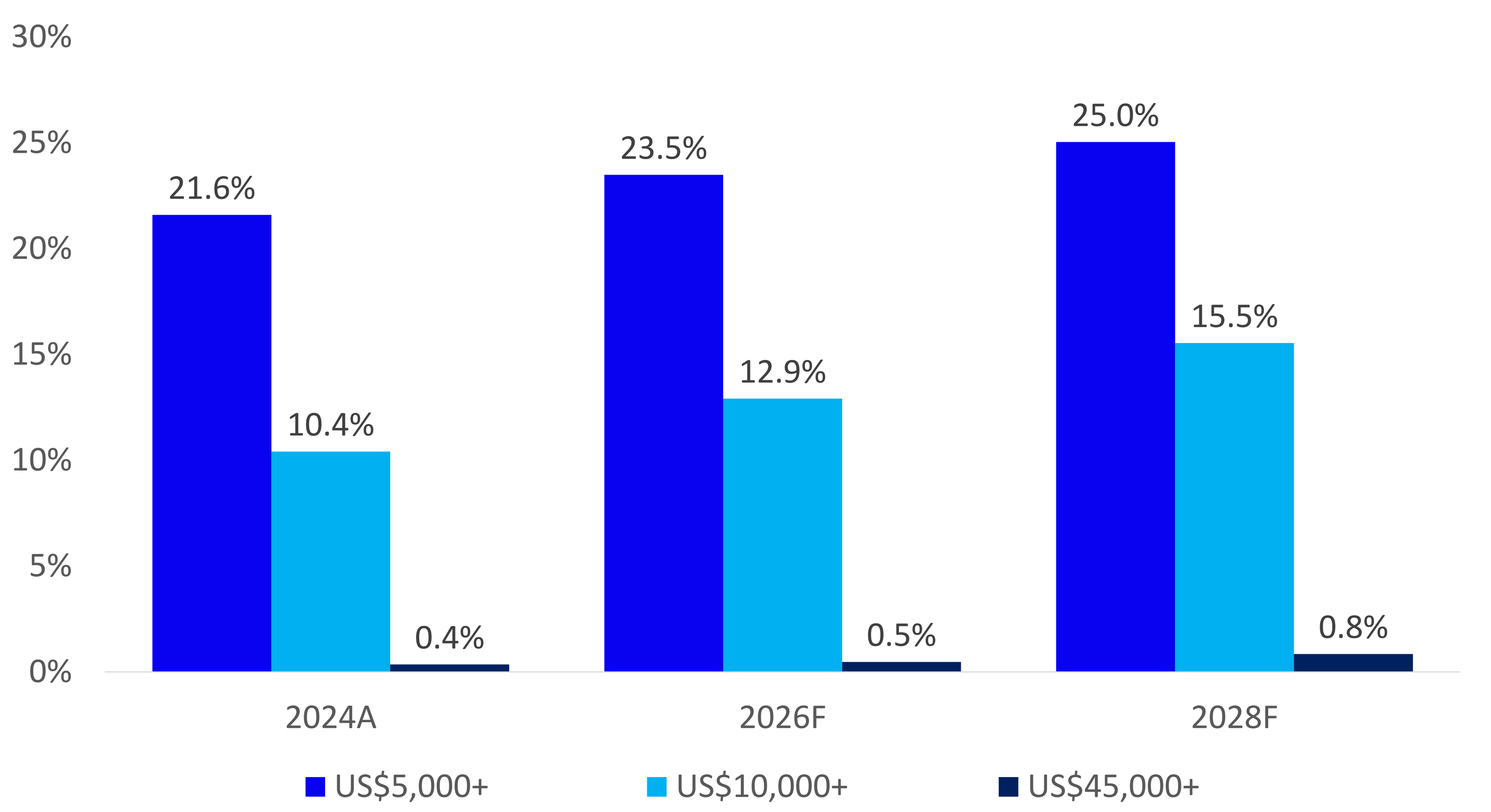
Tier 2 Frontier Expansion: With Tier 1 hubs saturated, capital is pivoting to Dak Lak and Phu Tho. These frontiers offer untapped land reserves and aggressive fiscal incentives that core provinces can no longer match.

Risk

The outlook is tempered by implementation lags in the 2025 Land Law. Delays in finalizing new provincial land price tables are creating administrative bottlenecks, stalling compensation and site clearance for new projects.

Consumer Overview

Households with Disposable Income Range (%)

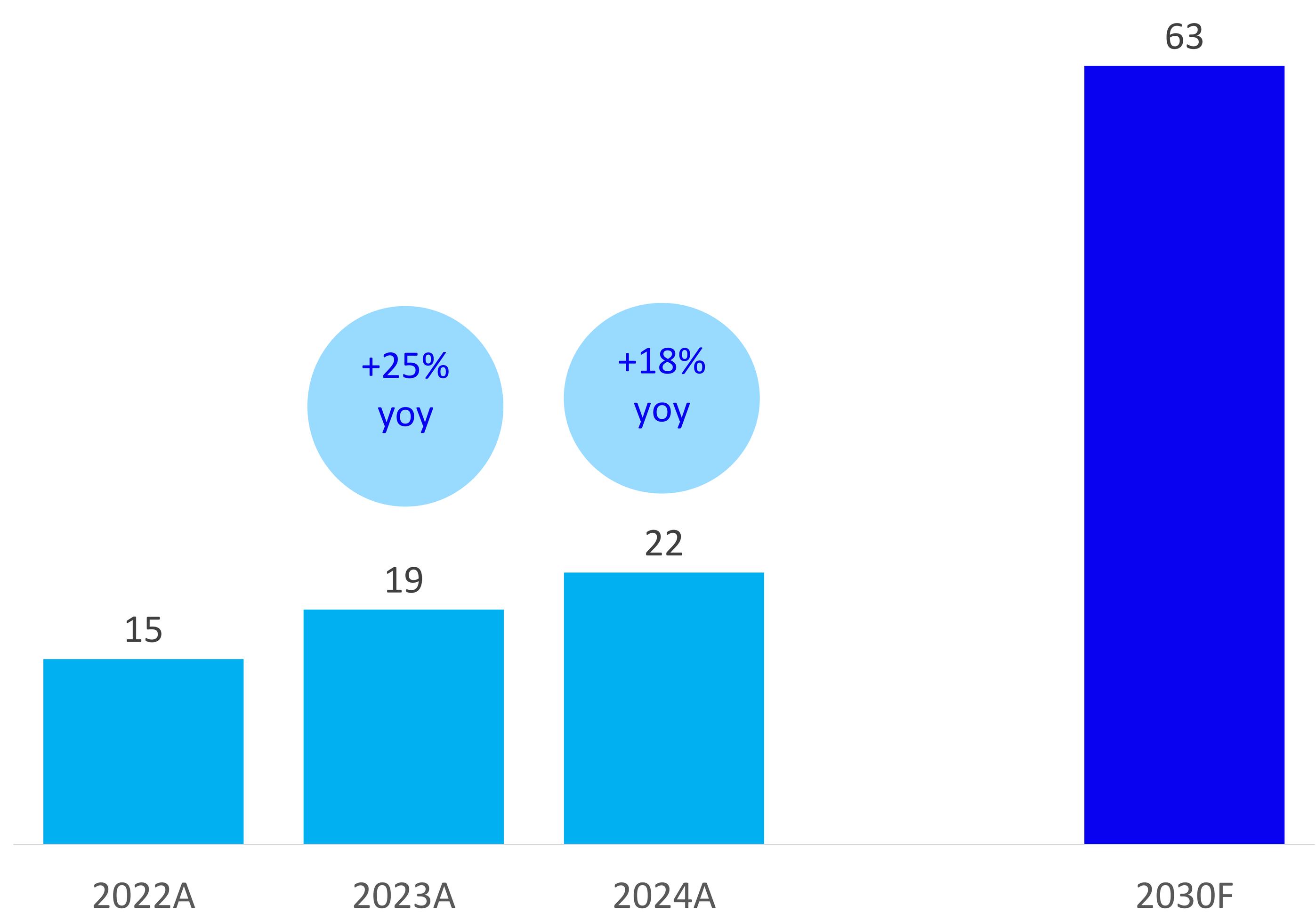


Source: Euromonitor, 2025

Driven by the doubling of affluent households (>45k USD) and a 50% surge in the >10k USD bracket by 2028, the market is aggressively pivoting to premium value. This income shock is the central catalyst for modern retail modernization, supported by a broad base of households (25%) graduating into the >5,000 USD discretionary threshold.

Opportunities

Gross Mechandize value - E-commerce (billion USD)

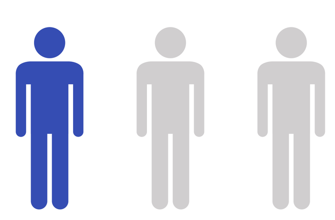


Source: KPMG, 2025

The "Experience" Pivot: Marginal growth has shifted decisively to non-essentials. Supported by +9.3% retail sales and stimulus (Decision 2269), the investment frontier is now the "experience economy" rather than volume-based essentials.

Digital Maturation: The trajectory toward 63 billion USD in e-commerce GMV (2030) creates a critical window for investment in omnichannel infrastructure to serve a digitally maturing consumer base

Risk



Over a third of Vietnamese respondents are financially strained or unable to pay bills (PWC 2025)

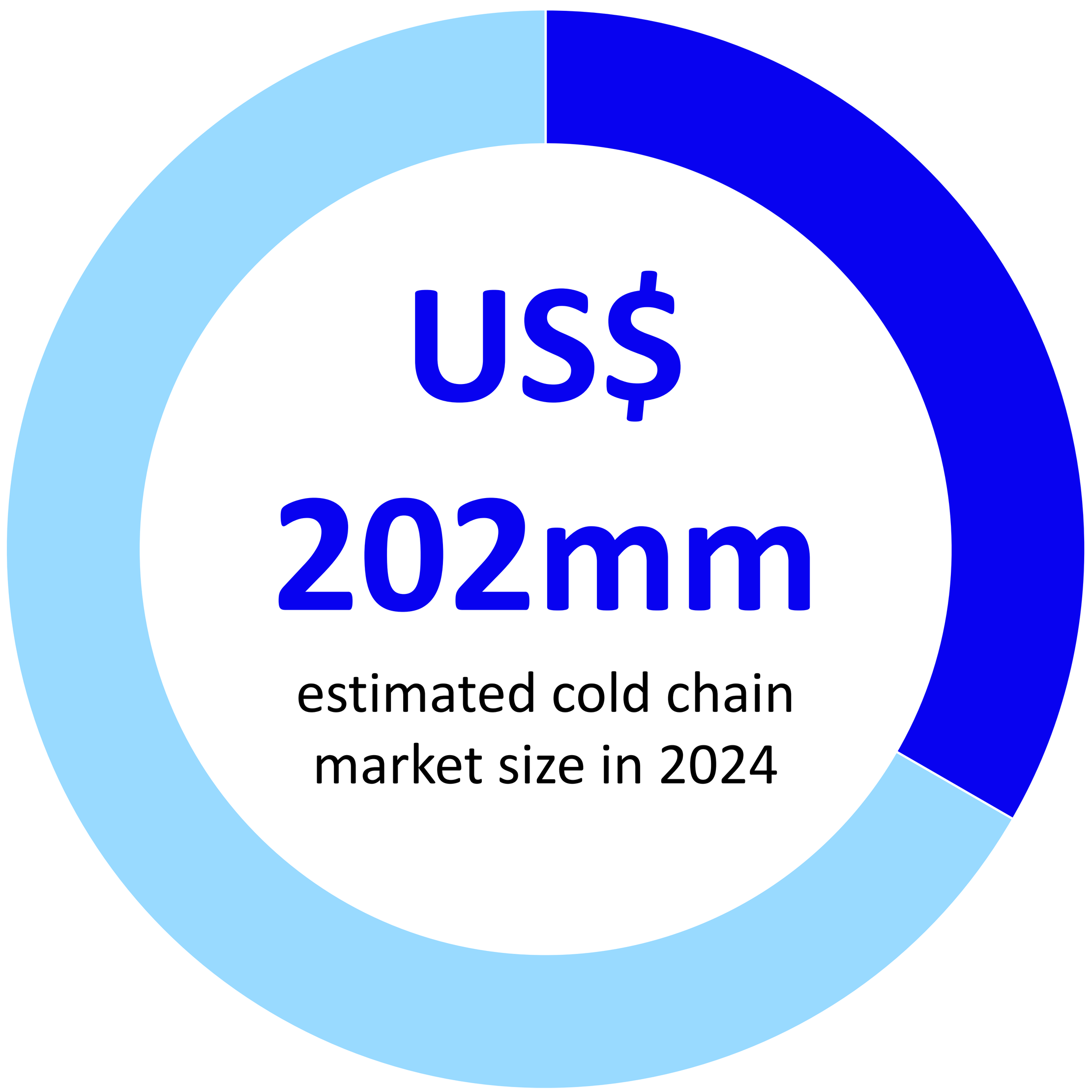
Despite increasing disposable incomes, discretionary spending is lagging. Economic uncertainty has triggered "value optimization" behavior, where consumers trade down or save, creating a disconnect between rising purchasing power and actual ticket size.

Sectoral Performance Highlights (3 of 3)

Strong demand drivers are tempered by severe saturation in general storage. Capital is therefore rotating toward underserved niches: high-tech frozen logistics and urban micro-fulfillment, where structural supply gaps ensure yield resilience.

Logistic & Cold Chain Overview

The sector is projected to expand at a CAGR of 8–13% (through 2028). Expansion is underpinned by the simultaneous growth of import-export flows, F&B franchising, and modern retail penetration. These forces are necessitating integrated end-to-end solutions to replace legacy distributor networks.



Source: C&W

1.9 million

Estimated equipped pallets in 2025

193

Estimated Pallet Spaces Per 10,000 people in 2025

171

Estimated Cold Storage facilities in 2025

2,189

Estimated Cold trucks in 2025

69

Estimated Providers in 2025

Opportunity

Cold Storage Arbitrage: An acute supply deficit in frozen logistics creates a structural yield gap. Investors can capture immediate premiums by deploying capital to bridge critical shortages in modern retail and export infrastructure.

Urban Micro-Fulfillment: The "Instant Delivery" economy is driving demand for tech-enabled micro-hubs. Developers are actively repurposing underutilized urban assets (basements, factories) into high-density sorting centers to solve last-mile efficiency.

Cold Chain High Demand Sector

Seafood

Meat Imports

Retails

Risk

The sector faces severe saturation, with over 80 active players and an abundance of storage capacity driving intense price competition. This structural oversupply is eroding margins, forcing operators into a "race to the bottom" to secure tenancy.

Vietnam M&A Outlook 2026

DealFlow

2026 marks a decisive "Strategic Reset," pivoting from distressed assets to "Clean Deals" enabled by the 2025 Land Law and FTSE upgrade. Capital is now concentrating on sectoral consolidation, green infrastructure, and private credit

Trend Summary

The Vietnam M&A landscape for 2026 is defined by a fundamental "Strategic Reset," moving decisively away from the distressed asset scavenging that characterized the liquidity crisis of 2024-2025.

- **Legal Clarity:** The enforcement of the revised Land Law in 2025 has eliminated legal ambiguity, finally permitting large-scale real estate M&A.
- **Green Infrastructure:** The Direct Power Purchase Agreement (DPPA) mechanism has effectively bypassed the state monopoly, rendering billions in previously "unbankable" green infrastructure deals viable for foreign capital.
- **Market Maturity**: The anticipated FTSE Russell Emerging Market upgrade in September 2026 is compelling domestic conglomerates to sanitize balance sheets.

Consequently, 2026 will be the year of the "Clean Deal," where investors prioritize assets with clear legal and operational status over distressed inventory.

Investor Group Archetypes

Investor Group	Strategic Archetype	Execution Strategy	Primary Targets
	The "Capital Conduit"	**Hard Asset Dominance**: Financial launchpad for Western capital into real estate & infrastructure.	• Industrial Parks • Data Centers • Commercial Real Estate
	The "Friend-Shoring" Specialist	**De-Risking Play:** High-value deals designed to decouple critical supply chains from China.	• Semiconductors • Clean Energy Infrastructure • Deep Tech Services
	The "Ecosystem Builder"	**Vertical Integration:** Securing full value chain (factories, logistics, housing).	• High-Tech Manufacturing • Integrated Logistics • Urban Townships
	The "Supply Chain Aggressor"	**Velocity & Integration:** Rapid ecosystem relocation to bypass US tariffs.	• Electronic Components • Solar Manufacturing • Auto Part

Key Deal Themes

Consolidation

Market leaders in fragmented sectors (Logistics, Healthcare) will aggressively roll up smaller players to achieve scale for IPOs.

Private Credit

Filling the void of traditional bank lending. Non-bank financing for RE developers and mid-cap corporates offering attractive 12–15% yields.

Recapitalization

Evolution of "distressed" assets into a "second-lifecycle" market. Stalled hospitality/residential assets acquired, cleaned, and relaunched.

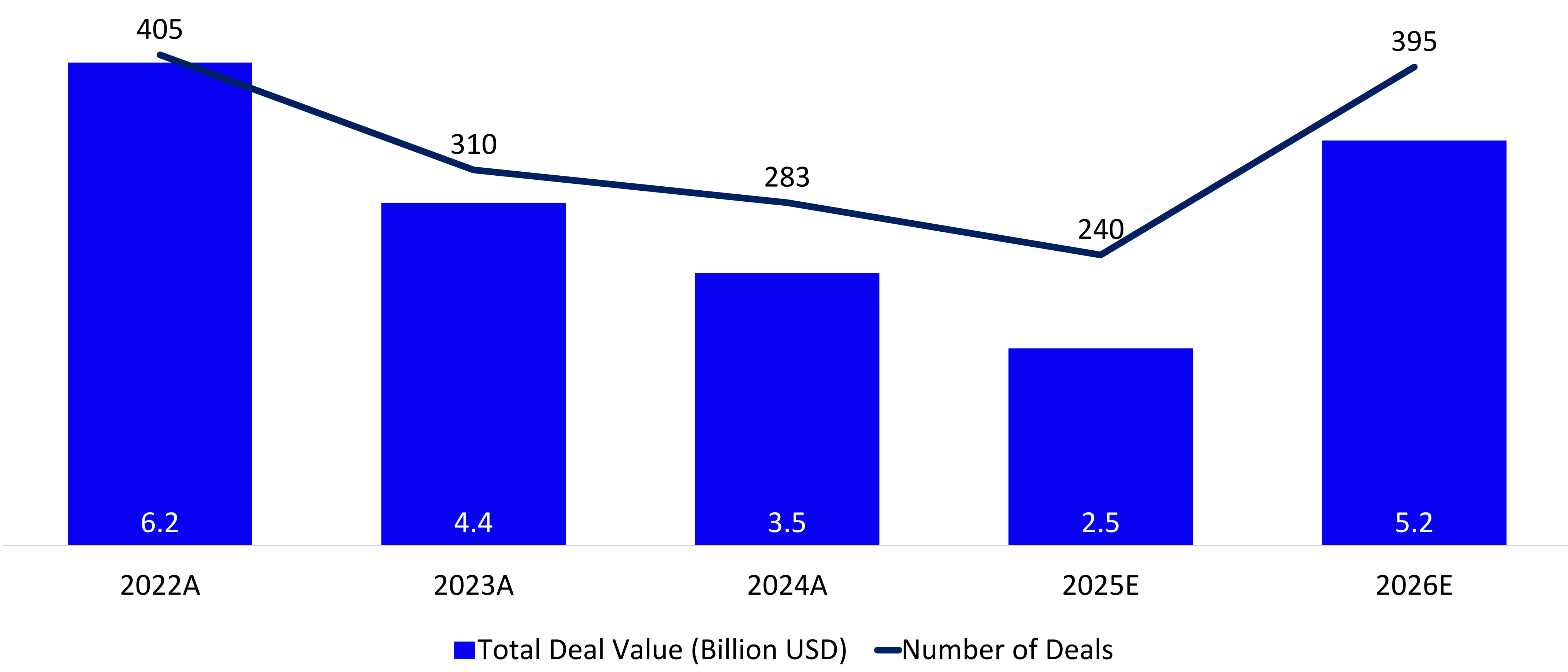
Vietnam M&A Outlook 2026

Unlocked by the Revised Land Law and FTSE upgrade, the market is resetting for a significant rebound in 2026. The focus shifts from volume to value, targeting "Clean Deals" in the Industrial and Energy sectors.

DealFlow's 2026 Projections

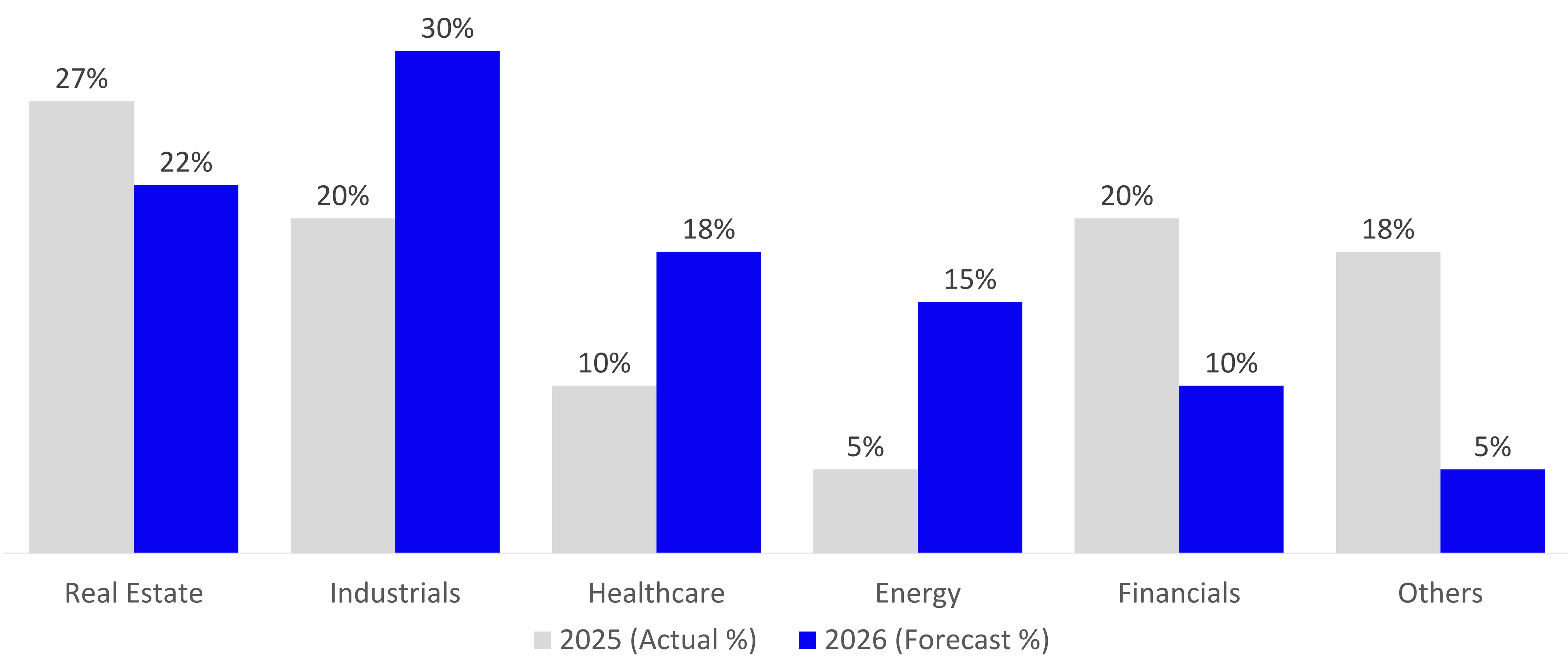
5.2 billion USD

The "Asymmetric" Value Rebound 2026 marks a decisive pivot from "liquidity correction" to "strategic recovery." While deal volume remains moderate (395 deals), total deal value is projected to surge by 108% to 5.2 billion USD.



30%

Capital is aggressively rotating from speculative distress to structural growth. While Real Estate consolidates, Energy (+10%) and Industrial (+10%) have emerged as the primary growth winners for 2026.



We Envision a 2026 Market Defined by "Clean Deals" and Strategic Clarity

The M&A landscape is moving definitively from "distressed scavenging" to "Structural Growth." Unlocked by critical regulatory reforms, 2026 will be defined by a "Strategic Reset"—a flight to quality where investors prioritize legally compliant, scalable assets over cheap valuations. Capital deployment will focus on building robust platforms in a maturing regulatory environment.

- 2025 Revised Land Law
- DPPA mechanism
- FTSE Russell Upgrade

Key Risk & Actionable Recommendation

Amidst regulatory paralysis, the optimal window is H1 2026 – front-running the FTSE upgrade to capture value. Execution must remain defensive (Convertible Bonds, Earn-outs) to immunize capital against administrative delays.

Regulatory Paralysis and External Shocks Threaten Growth

While the revised Land Law and Housing Law have passed, the critical absence of guiding "Decrees" and "Circulars" threatens administrative paralysis. Local officials may delay approvals, potentially precipitating a 30–40% contraction in M&A deal flow.

This is compounded by the risk of a "Trump 2.0" trade shock targeting Vietnam's trade surplus and a residual "Energy Crunch" in Northern industrial hubs that could stall manufacturing FDI.

Regulatory Limbo
Absence of guiding decrees stalling project legality.

Trade Volatility
"Trump 2.0" protectionism & tariff risks.

Infrastructure Gaps
Grid instability and power security risks.

The "Pre-Upgrade" Alpha Strategy

To navigate volatility, we recommend a "Pre-Upgrade" entry strategy, front-loading allocation to H1 2026. This captures asset valuations before the anticipated FTSE Russell upgrade to "Secondary Emerging Market" status triggers passive capital inflows.

Defensive Structuring & Deal Architecture

Capital deployment must be structurally defensive. We advise pivoting deal architecture toward Convertible Bonds to protect downside principal during regulatory delays, converting only upon legal clarity.

For sensitive sectors like real estate, market entry should be executed via Joint Ventures—leveraging local conglomerates for "land bank" access while strictly retaining foreign control over

15–25%
PRICE TIED TO EARN-OUTS
Bridges valuation gaps and aligns EBITDA targets (2026–27).

H1 2026
TARGET ALLOCATION
Front-loading entry before FTSE Russell upgrade.

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