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# Research of the market of housing for rent in Hanoi City

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## ABSTRACT

Housing for rent is the trend of choice for many subjects living in Hanoi city. This article analyzes the concept and characteristics of the market of housing for rent. The current situation of the market of housing for rent is analyzed according to three contents: (i) supply of housing for rent, (ii) demand of housing for rent and (iii) price and quality of housing for rent. The basis for analyzing the current situation is aggregated data on the real estate market in Hanoi city. On that basis, the authors propose some solutions to increase the efficiency of the market of housing for rent in Hanoi.

## KEYWORDS

Real estate market, housing, for rent, Hanoi city



## 1. Background

In the Government's policy system to develop the real estate market and aim to increase the proportion of people with housing, the market of housing for rent is an important component of any housing policy (WB, 2013). Because, in all countries around the world, there is always a segment of the population that: (i) cannot afford to buy a house or is not eligible for a loan with a mortgage; (ii) for groups of migrant workers or workers who need to move between the localities, with short-term housing needs (including foreigners), (iii) Students, and (iv) A segment of the population actively chooses to rent a house instead of buying a house (even if they can afford to buy a house). The need for housing for rent is common among many population groups in all countries around the world regardless of the socio-economic conditions in that country. Developing the market of housing for rent is therefore necessary, a solution to help people who are financially ineligible to use a house when they do not have enough money to pay the full value and meet the short-term needs of the people.

Before 2008, the housing policies of most countries focused on home ownership issues WB, (2013). Since 2008, when the mortgage crisis hit, it revealed the inherent challenges in promoting home ownership for all; Meanwhile, the demand for housing for rent increased significantly. The development of the housing rental market depends on factors such as: (i) the country's favorable environment (real estate laws, tax policies), (ii) the ability to mobilize the financial resources from the investors and sponsors, (iii) People's views on renting/buying a house. Thus, housing for rent may have an advantage in the societies undergoing rapid structural changes and employment localization, as in many transition countries (Brzeski, Dübel, and Hamilton 2006).

Although the housing for rent is necessary in almost every country, cultural norms and tax regulations often push it into the informal sector. To create an environment that encourages the market of housing for rent, the governments and regulatory agencies need to address a range of issues including the assessment of the rental sector, legal frameworks and contracts, taxes and subsidies. According to World Bank (2015), affordable housing will be a tool to help Vietnam achieve its goal of improving labor productivity and widespread growth in the urban areas. The research issues that the study focuses on are also one of the great pressures from the reality of population size, population density and migration trends that are currently being posed in the process of socio-economic development of Vietnam.

Soaring home prices and low inventory have put homeownership out of reach for many would-be buyers. The gap between house prices and average income of people is also increasing. Savills, (2023) said that Hanoi was striving to have an average income per capita in 2023 of 150 million VND per person per year (average income growth is 6% per year compared to 2019). Meanwhile, apartment price growth from 2019 to the first half of 2023 is 13% a year. Thus, housing price growth is more than twice the average income of Hanoi residents.

Therefore, developing the market of housing for rent is a solution to solve housing challenges in Hanoi related to the real estate bubble, decline in household income, and the need for independent living of the youth generation and labor/resident mobility (Phuong., D. T. V., & Thuan., D. M., 2022). The market of housing for rent is an important part of the current housing market, contributing to meeting the needs of many different target groups. The development of the market of housing for rent is also considered from the perspective of housing rights. The housing right is understood as the right to live in a safe, peaceful place worthy of human dignity (UB Habitat, 2014). The "market of housing

for rent" within the scope of this article does not include office rental, does not include other real estate markets (such as ground land, industrial land...).

## **2. Theoretical basis of the market of housing for rent**

### **2.1. Concept and classification**

#### *Concept*

"Housing" can be understood as a place of human residence, a place for people to recreate their labor power to survive and develop (Binh., P. V., 2013). In Vietnam, the concept of housing is stipulated in the Housing Law in 2014 "Housing is a work built for the purpose of living and serving the daily needs of households, individuals." (National Assembly, 2014). According to this concept, determining what is housing depends on its intended use, not on the actual use.

According to the Land Law in 2013, real estate is immovable assets including: Land; Houses and works attached to land, including assets attached to those houses and works; Other assets attached to land (National Assembly, 2013). This concept is the basis for determining the scope of "housing for rent". "Housing for rent" means houses, works attached to land, including assets attached to those houses/works and assets attached to land. In view of that, "housing for rent" is defined here as property owned by someone other than the resident or by a legal entity for which the resident pays periodic rent to the owner. This agreement between the landlord and tenant can be made formally through a lease or informally.

The above concept is "housing for rent" in general, some researchers define it as "private housing for rent" or "commercial housing for rent". To clarify the scope of research, the article presents the concept of "Social housing for rent". "Social housing for rent" is defined as rental accommodation in which the rent is set at below market rates to accommodate those considered disadvantaged, such as low-income earners, the elderly, people with disabilities and migrants. Within the scope of this article, the authors generally evaluate the housing for rent without distinguishing (in terms of statistics) the difference between commercial housing for rent and social housing for rent. That means that the price mentioned in this article is the market price, not excluding the rental price of social housing with the Government's specific subsidy policy for low-income groups in social housing.

The market of housing for rent is an integral part of the real estate market, which includes all relationships and economic mechanisms related to the production and exchange of housing products and economic relationships formed on the basis of the economic laws of commodity production, the law of value, the law of supply and demand, and the law of competition. The market of housing for rent reflects the relationship between economic entities, that is, the relationship between the landlord and the tenant and factors related to supply and demand, financial capacity in performing the payment functions relating to that relationship. The two subjects in this relationship are "Tenant" who are those who rent or lease housing from the landlord and "Owner" which includes individuals and organizations that own the property they rent or lease to the tenants. According to Article 129 of the Housing Law in 2014, "The landlord and the tenant may agree on the rental term, rental price and form of periodic or one-time rental payment; In case the State has regulations on housing rental prices, the parties must comply with those regulations" (National Assembly, 2014). The content of the agreement between the tenant and the landlord to rent a basic house must include: rental area, rental term, rental price, rental payment method; Attached constraints/conditions related to assets in the house, and dispute resolution issues, if any. The landlord and tenant have their legal rights and interests protected by the State during the process of lease.

With the above viewpoint, along with the reality in Vietnam according to the results of the Population Census in 2019, it shows that only 2.8% of migrants live in rented/borrowed houses from the State while up to 40.2% live in private rented/borrowed houses (GSO, 2019); The market of housing for rent is approached from a market perspective through analyzing the relationship between supply and demand and price rules (The research team does not approach from the perspective of developing the housing for rent as part of the social security policy). Specifically, three contents of the market of housing for rent are as follows: (i) Supply of housing for rent, (ii) Demand for housing for rent and (iii) Price and quality of housing for rent (Joint Center for Housing Studies of Harvard University, 2022). The area is limited compared to population growth, so in the long run land prices tend to increase. And also, the demand for housing for rent increases, reducing the vacancy rate and increasing rent.

### *Classification of the market of housing for rent*

The market of housing for rent is a market of housing rental transactions. These activities must comply with the law and take place within a certain space and time. The market of housing for rent can be classified and approached according to many different criteria (Joint Center for Housing Studies of Harvard University, 2022)

In terms of type of real estate for rent, the market of housing for rent includes: (i) the market of apartment for rent and (ii) the market of housing for rent attached to land.

Based on the form of contract, the housing rental market can be divided into: (i) first-time rental market, (ii) sublease market

In terms of supply entities, the market of housing for rent includes: (i) Formal market of housing for rent: Formal housing for rent can be products of construction companies, contractors or employers in the private sector, small landowners, individuals who build their own small apartments or add a few rooms to increase their income. In addition, the housing for rent can also be built by the state, in the form of public housing or social housing for rent, with or without subsidies. (ii) Informal market of housing for rent: Housing for rent can also be created informally by the landowners, individual households residing in slums, slum owners and other land grabbers. They build and rent out rooms, houses or plots of land of different sizes. The families who are allocated housing through social housing programs can also move and sublet their homes for additional income (UNESCAP-UN-HABITAT, 2005).

In terms of participants in the market of housing for rent, including housing for rent for students, housing for low-income earners, young couples, and foreigners...

Based on the reason for using housing for rent, it can be divided into two groups: (i) people who actively choose to live in rented housing and (ii) people who do not have housing, so have to rent. High-income households have increasingly turned to the rental market in recent years. And with the growing number of furnished apartments for rent in desirable locations, some higher-income households simply prefer to rent. Construction of apartments and houses for rent is concentrated mainly in core districts of large urban areas. However, now the increasing availability of rental options outside the city center, especially single-family homes, providing more space for families is also driving up the number households rent the houses in the suburbs.

## 2.2. Characteristics of the market of housing for rent

The market of housing for rent is a part of the real estate market. Therefore, the market of housing for rent first of all has some characteristics of the real estate market in general. These are works attached to land so they are fixed in location, which means that the rental market in different areas in different localities is different. This characteristic shows that analyzing and comparing market of housing for rents between localities makes it difficult to compare rental prices. We also cannot adjust the prices by moving goods (housing for rent) from one place to another. Land is limited in area, so basically the supply of housing for rent is also limited.

The market of housing for rent is influenced by, and reacts to, local political and economic conditions and policy frameworks, and can vary widely between municipalities (UN-Habitat, 2014). Currently, the housing for rent has become an indispensable part of housing market systems, especially in big cities like Hanoi. The market of housing for rent has a close relationship with the housing market and other markets, especially the financial and monetary, credit policy market.

The market of housing for rent is complex, involving many entities: tenants, landlords, brokers, investors, local authorities, management and supervision agencies... Landlords, tenants and Investors develop and exploit the housing for rent in many creative and flexible ways to satisfy diverse needs as well as maximize asset value.

The business of housing for rent has many potential risks, the capital recovery process is long, and there are no sanctions to protect the investors when tenants are unable to pay or deliberately delay or fail to pay the rent.

The demand for housing for rent is increasing and is consistent with the characteristics of large cities, but the supply of housing for rent is lacking. The city's characteristics are formed and developed from the central core area and old inner-city districts, then gradually spread to suburban areas, so housing development also tends to concentrate at high density in central areas, then gradually reduce to developed inner city districts and suburban districts to take advantage of available infrastructure. Accordingly, a part of the population moved to the outer districts to improve living conditions, many individual houses with front facades are converted to build office buildings, shopping centers or for renting business shops because the location advantage creates high profitability.

## 3. Research methods

### *Data collection method*

The authors used the document research method to systematize the theoretical basis of housing for rent; characteristics of the market of housing for rent; The content of analyzing and evaluating the market of housing for rent includes: supply - demand and price of housing for rent.

This article reviews the theories and research on housing and housing for rent; Overview of other related research on social housing development, the trend of migration from rural areas to big cities putting pressure on housing issues, and the trend of housing for rent. The article specifically studies each content of the market of housing for rent: (i) supply of housing for rent, (ii) demand of housing for rent and (iii) price of housing for rent in the world and in Vietnam. The researches related to this are selected by the author team from databases such as Scopus, the World Bank's online

library, specialized journals, and a research sample of 23 articles from 2013 to 2023. The main observations are analyzed by the topic and analyzed through synthesis and narrative methods.

To study the current situation of the market of housing for rent in Hanoi, the research team focuses on reviewing the following contents: Current status of supply of housing for rent, current status of demand of housing for rent, current status of price of housing for rent, and current status of population, population density, immigration trends in Hanoi; Trends in choosing housing/housing for rent of people in Hanoi.

To evaluate the current situation, the article collects data on the market of housing for rent. The data in the article is collected from the books, domestic and foreign scientific magazines, and from aggregated data of the Vietnam Real Estate Association; report of the General Statistics Office of Vietnam; Statistical Yearbook; Current legal documents on housing rental activities. From the collected data, the authors synthesize and select the information relevant to the research content and use a combination of descriptive statistical methods to clarify the current situation. Along with that, the synthetic analysis method is used to analyze and compare legal regulations, results, and limitations on the market of housing for rent in Hanoi city.

#### *Data processing method*

Collected data is compiled, calculated, and reflected in the tables. From there, the research team evaluates and analyzes the data using comparative and analytical methods. The data used for comparison are the housing sales market, population statistics, housing needs of the population, monthly income and spending per capita, household spending in Hanoi. From there, the research team proposes the solutions to increase the efficiency of the market of housing for rent in Hanoi.

#### **4. Current status of the market of housing for rent in Hanoi**

The Housing Law in 2014 creates a framework for reform of the housing sector. One of the focuses is to support people's self-built housing and the proactive participation of the private sector, solving the problem of shortage of rental housing at reasonable prices as well as meeting the high needs of low-income population, especially industrial park workers in large urban areas (WB, 2015).

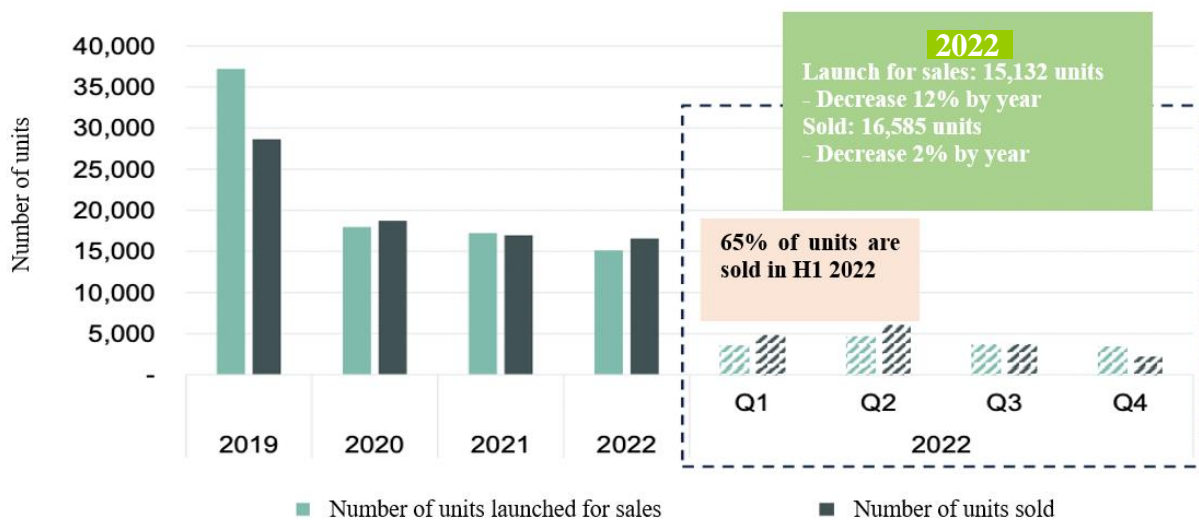
##### *(i) Supply of housing for rent in Hanoi*

In the period of 2010-2022, Vietnam's economy faces many difficulties due to the impact of the Covid-19 pandemic. For supply of housing for rent, 2022 recorded obstacles from record high auction levels in Thu Thiem (January 2022). This result will be canceled in August 2022. Fraud cases of large domestic real estate companies such as Tan Hoang Minh, Van Thinh Phat were investigated for fraudulent bond issuance, and FLC was investigated for allegations of stock market manipulation with huge impacts on the market (CBRE, 2022). Rapid urbanization causing a lack of land supply is a major obstacle to the ability to build affordable housing. Vietnam's land tax rate is currently low, contributing to speculation and increasingly high land prices.

The current general housing supply mainly depends on self-built housing solutions. About 80% of housing products are provided by small-scale real estate investment enterprises, small construction contractors and households themselves. Population growth and the formation of new families are the main causes of the housing shortage. This increase is mainly due to the predicted urban population growth rate of 3.03% per year and the reduction in urban household size of 1.09% per year (WB, 2015).



*- For the apartment segment*

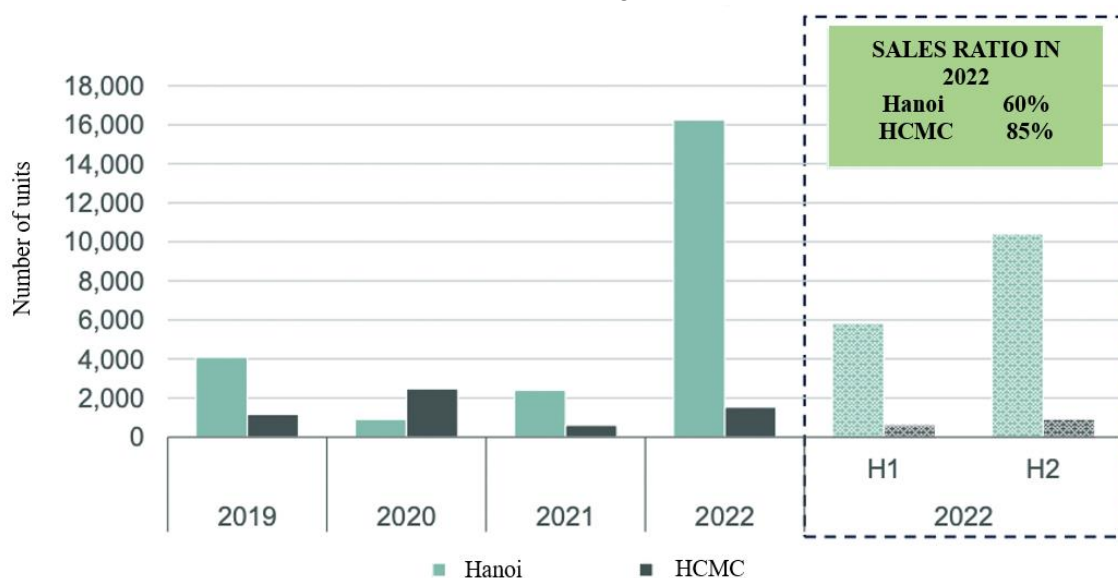


**Figure 1. Number of newly launched and sold apartments in the period of 2019-2022 in Hanoi**

Source: CBRE Research, 2022

*- For houses attached to land:*

Abundant new supply in Hanoi comes from urban area projects. In 2022, new supply of real estate attached to land in Hanoi will record a record high (CBRE, 2022).



**Figure 2. Number of housing units attached to new land for sale in Hanoi (compared to Ho Chi Minh City) in the period of 2019-2022**

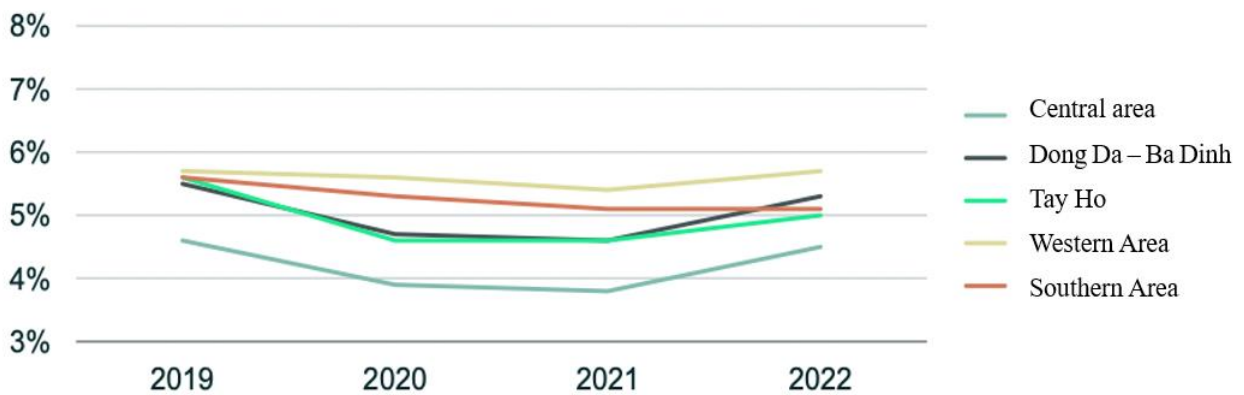
Source: CBRE, 2022

The increase in housing transactions attached to land and the stabilization of apartment transactions in Hanoi in 2022 directly affect the assessment of the housing rental situation. Because, according to purchase purpose, in 2020-2022, 49% of customers bought to rent out, 37% invested to wait for price increase, only 14% of customers bought to live in (CBRE, 2022). The investors who

own a number of rental properties have a very clear purpose, such as: to get money for their children's education, or money to spend on goods when they retire, travel... Some professional investors have a very methodical investment mindset and will build a chain of apartments in many projects in the hope of bringing in high and stable monthly cash flow. In addition, 37% of investors who buy houses to wait for price increases also rent them out while the expected price has not yet been sold.

This situation, along with the recovery trend of the housing sales market in both apartment and land-attached housing segments, is the factor influencing the increase in supply for the market of housing for rent in Hanoi. The market of housing for rent is heating up in some segments, including apartments and townhouses. According to CBRE research, (2022), in terms of inventory, in Hanoi in 2022, the inventory of apartments is 28,700 units, the inventory of houses attached to land is 9,300 units. In terms of proportion, inventory in the high-end and luxury housing segments accounts for 24%, the mid-end segment is 70%, and the affordable segment is 6%. Thus, inventory is concentrated in the mid-end segment, this number is 32% higher than inventory in the same segment in Ho Chi Minh City.

The products that are suitable for real housing needs, have good long-term liquidity and high rental demand still record good absorption rates. The investors prioritize buying houses in central locations, which are easier to rent and have higher rental prices. These are locations with real value and cash flow from real estate operations and development. Due to the impact of two years of Covid and general difficulties of the economy, the Bank's policy of tightening credit for real estate, sales slowed down in the second half of 2022. Because of the housingsales market stagnated, so the market of housing for rent has shown signs of recovery from the beginning of 2021 until now.



**Figure 3. Rate of housing for rent by area in Hanoi**

*Source: CBRE, 2022*

Five areas in Hanoi including: Central Area, Dong Da - Ba Dinh Area, Tay Ho Area, Western and Southern areas of the city all recorded improved rental rates across the market. Particularly in the western area of Hanoi, the formation of residential clusters along with the flourishing development of commercial projects in this area is turning this place into the new center of Hanoi.

On the contrary, new supply is limited because the housing for rent is often concentrated in a number of residential areas near industrial parks, schools, and specific economic zones (for example, Nam Tu Liem area - Hanoi has a large concentration of employees who are Korean citizens coming to work for a limited time in Vietnam). Indeed, the apartments for rent make up less than 20% of all housing in nearly one-third of the nation's census tracts (GSO, 2019). The supply of low-cost



apartments is also limited by legal barriers and the increase in construction costs (including material and labor costs).

### *(ii) Demand for housing for rent in Hanoi*

In Vietnam, Hanoi is the second most populous locality in the country (8.4 million people by the end of 2022) and has the second highest population density among 63 provinces and centrally run cities (2,398 people/km<sup>2</sup>), 8.2 times higher than the national population density (GSO, 2023). A part of Hanoi residents rent to meet the working needs due to traffic pressure and the need for their children to study due to the shortage of schools as well as the difference in educational quality between schools. In addition, the migrants from rural to urban areas account for about 20-30% of the total population in urban areas like Hanoi and 94% of them work in the informal sector, which is also a factor in increasing housing demand (CARE, 2016).

In Hanoi, house and apartment prices have increased 3-5 times compared to 10 years ago. On average, to own an affordable apartment, the workers have to pay from 1.2 to 1.4 billion VND. Meanwhile, the State Bank of Vietnam continues to tighten credit for real estate. Limited access to housing finance is a major obstacle in improving people's affordability (Cuong., L. K et al, 2021). Housing price developments in big cities in particular and Vietnam in general are beginning to exceed people's purchasing ability. Therefore, the demand for housing for rent in Hanoi is very large (Van., L. H., & Viet., P. D., 2017). The housing for rent may only be partial solutions to current urban housing problems, but it is an important housing option — especially for poor urban residents, and where people are not ready to ready or unable to buy or build their own house (UN-Habitat, 2014).

For most young households just starting their careers, renting a house brings many benefits such as flexibility, relatively low input costs, and very low maintenance and repair costs during use. Therefore, the average age of renters is 42 years old, significantly younger than renters (average age 57).

According to the World Bank, (2015), the demand for rental housing is still high and continues to increase in urban areas. Vietnam is more urbanized; The younger population is more mobile in finding educational and job opportunities, the number of students and immigrant workers is increasing, and the number of people reaching marriage age is the reason for the increased demand of housing for rent. The 2019 census data shows that on average, Hanoi's population is expected to increase by about 200,000 people each year, equivalent to a large district, most of these people rent the houses, creating the high demand for housing rental in Hanoi. With that trend, the problem with the supply of housing for rent is sufficient supply at a reasonable price (Ministry of Planning and Investment, 2016).

Another subject who needs to rent housing in Hanoi is foreign workers. Also as of 2019, Vietnam has nearly 120,000 foreign workers working and this number is growing on average 17%/year (GSO, 2019). The foreigners who rent the houses often choose the apartment segment instead of houses attached to land. In addition, they choose to focus on new apartment complexes with guaranteed security, existing resident communities with criteria for educational level and integration of many amenities such as supermarkets, hospitals, swimming pools, gyms, restaurants, parking spaces... With those criteria, the foreigners are willing to pay higher rental costs; Wherever there are foreigners renting, the rental price will be higher.

### ***(iii) Price and quality of housing for rent***

The sales prices in the primary market increased due to the increased proportion of high-end products. Meanwhile, the secondary market has shown signs of slowing down from the end of 2022 until now. The difficulties in the housing market are a factor driving the market of housing for rent (CBRE, 2022). The price of housing for rent has many differences according to each customer segment. The average apartment rental price in Hanoi is about 10 million VND/month, the average rental price increased by 4.5% over the same period in 2021. With the high-end apartment segment (usually for foreigners), there is the prices range from 20 million VND/month to 40 million VND/month. The prices are often accompanied by geographical location (in the center or in the suburbs), traffic conditions (whether there are frequent traffic jams in the area), accompanying amenities... Therefore, the study mentions the price reasonable from the WB's perspective, (2015).

For the quality of housing for rent, most of the current affordable housing for rent is informal and does not meet standards. The housing for rent is traded informally, often through oral contracts, without documents. The current housing situation for the workers and low-income earners is poor quality private boarding houses in surrounding villages. These boarding houses all have problems with area, safety and hygiene conditions (Ministry of Planning and Investment, 2016). The houses are often small in size, in poor conditions and lack basic amenities such as clean water, electricity and sanitary facilities. In addition, the houses are often overcrowded, the tenants are not safe and do not have household registration to be able to access other benefits when necessary. In the report on Vietnam Urban Policy conducted by OECD, in addition to increasing the formal housing supply, attention should be paid to directly solving the problem of poor quality of the informal housing market (OECD, 2018).

In Hanoi, the profit from apartment rental in 2022 is 4.4%, 1.7 times the rental rate of townhouses. Particularly in the western area of Hanoi, rental profits range from 5% to 6% Savills, (2023). Increased demand of housing for rent pushes apartment rental prices to an average increase of 1 - 3 million VND/apartment/month, equivalent to about 10 - 30% compared to the early period of 2022. Along with that, the demand for renting apartments and motels has topped the market with the number of searches increasing by 112% and 38% (PropertyGuru, 2023)

## **5. Some suggestions**

### ***Firstly, forecasting market of housing for rent trends***

The demand for housing and housing for rent continues to increase: The urban population rate is currently about 40% and will increase to about 45% by 2030, requiring an increase of about 70 million m<sup>2</sup> of urban housing each year (Vietnam association of realtors, 2022). The national housing development strategy for the period of 2021-2030, with a vision towards 2040, sets a number of basic goals: housing development, renovation and repair reaches 1.032 billion m<sup>2</sup>, equivalent to 11.9 million houses. By 2025, the average housing area per capita nationwide will reach about 27 m<sup>2</sup> floor/person, and by 2030, the average housing area per capita nationwide will reach about 30 m<sup>2</sup> floor/person. Increase the proportion of structure of housing for rent, diversify and promote the development of commercial housing at reasonable prices to meet people's needs. From the national housing development strategy, Hanoi has based on the targets in the City Housing Development Program for the period of 2021-2030 to determine housing development goals for the period of 2021 - 2025 (People's Committee of Hanoi city, 2023). These goals are very specific, for example, "*The rate of social housing for rent must reach the minimum according to Central regulations, housing for rent to buy must reach a minimum of 10% of the social housing area in the project according to the Hanoi*

*city housing development program for the period of 2021-2030 as approved"; "In projects for investing construction of commercial housing, urban areas ensure that the ratio of housing for rent is at least 5% and housing for rent to buy is at least 5% of the total apartment floor area in the project"*

### ***Secondly, Solutions to perfect the legal framework***

Draft regulations related to tax collection on houses that are not used for living, rented or unoccupied will be a factor affecting the market of housing for rent. The government also needs to ensure that the rights of landlords and tenants are balanced and that the laws and processes for dealing with evictions are fair to both parties.

To establish a suitable rental price with guaranteed quality, the Government needs to encourage through mechanisms and policies all economic sectors to invest in housing construction, especially for social housing. The city allocates the budget capital to develop social housing for rent and rent to buy; Thereby increasing the proportion of rental housing in the low-cost housing segment to address the large housing needs of low-income groups in urban areas. The development of diverse forms of payment such as renting, renting to buy, and purchasing; Prioritize and encourage economic sectors to invest; Development of rental housing and social housing is necessary to ensure supply and meet people's needs.

In order for solutions from the Hanoi city government to be close to market reality, it is necessary to assess the demand of housing for rent, which should include the following aspects:

- Compare household characteristics (age, occupation, income, family type and size) and housing conditions (location, building type, size and basic equipment) of tenants and owners
- Discover tenants' reasons for renting, analyze obstacles in accessing credit
- Evaluate the balance between supply and demand (market rent, vacancy rate...)
- Monitor changes in market rental prices
- Compare rental returns and risks with alternative investments (after and before tax) by market segment.
- Other issues such as conflict assessment and conflict resolution process between tenants and landlords.

Key data for the baseline assessment are available from censuses and housing surveys, supplemented by a number of questions for the tenants.

Propose the Government to authorize the City to adjust the planning of industrial parks and export processing zones to supplement land funds to build social housing for rent (permanent and temporary housing) according to the provisions of Decree No. 35/2022/ND-CP dated May 28, 2022 of the Government on management of industrial parks and economic zones, the Government, (2022). In Hanoi's socio-economic development plan, it is necessary to include the content of housing for rent based on an overall assessment of supply, demand and price of housing for rent to serve as a practical basis for planning of housing for rent in the city; Inventory the fund of housing for rent including both formal and informal lease agreements, occupied and vacant housing for rent... to be able to plan and come up with appropriate regulatory solutions.

### ***Thirdly, solutions to ensure the supply of housing for rent***

To ensure the supply of housing for rent, it is necessary to research and forecast real estate development trends in Hanoi. The urban area projects continue to account for the majority of new supply in Hanoi. In particular, single projects are 7 projects with about 2,000 apartments, urban areas have 8 new projects, equivalent to 21,000 apartments. In the west of Hanoi's West Lake, supply will explode in the near future. The State is approving all agencies and ministries in the Western region.

The US Embassy complex invested 1.2 billion USD and began construction in April 2023. In the future, representative offices of units related to the US will be formed and will focus heavily on this area. The formation of residential clusters along with the development of commercial projects in the West Lake area is turning this place into the new center of Hanoi. New leased area by 2024 is forecast to be 72,000 m<sup>2</sup> of retail leasing area (CBRE, 2022). With business groups such as service apartments, Airbnb... renting by the hour, by the day..., the Western region is also a new source of housing for rent.

For other areas, Hanoi needs greater efforts to increase flexibility to allow (legal, financial, technical) frameworks to encourage the supply of new housing for rent, support the development of new housing providing competitive public, publicly owned, not-for-profit and private social housing for rent. The solutions such as funding; housing for rent provider certification can be used as a solution to increase the supply of affordable housing for rent.

With social housing, continue to diversify investment methods to build social housing for low-income people and diversify rental methods. Social housing construction mainly uses budget capital to invest in the construction of state-owned social housing for rent; create clean land funds in suburban areas along public transportation axes and key transportation routes such as ring roads to implement social housing projects. The city auctions land use rights according to regulations so that the investors can use socialized capital to build social housing for rent, manage and exploit according to regulations.

#### ***Fourthly, Solutions for demand of housing for rent***

For the demand, the market of residential real estate for rent in the coming time will record a popularization trend. In 2023, the casualization trend will continue as more and more people shift to working from home. The reason for people is that it is difficult to access bank loans to invest in real estate. Therefore, the investors need to prepare for the wave of interest rate reduction and real estate credit expansion by the banks. These factors create opportunities for the real estate market to recover.

To ensure the rights of tenants, support information on rental documents; certify landlords and apply long-term financial support measures for housing for rent; Ensure the market information is made public is necessary.

#### ***Fifthly, Solutions for the price and quality of housing for rent***

Reducing supply and demand pressure by improving infrastructure systems, especially transportation, to move population away from large city centers is a basic solution for the prices of housing for rent. Relatively high and growing urban density has exacerbated the problem of supply and demand off housing for rent. As a result, Hanoi's urban area is fragmented and does not operate in an integrated manner in terms of facilities and socio-economic issues. The market solution for increasing urban land area to increase supply in the real estate market is to relocate low-value industrial facilities and universities out of big cities, which shall be implemented under the correct route. From there, narrow the gap between housing prices and people's income.

The solutions should focus on improving substandard housing for rent, improving the legality of the housing for rent sector as well as demand-side solutions to improve affordability. The quality of affordable housing for rent also needs to be conducted by conducting a comprehensive census of the housing situation of low- and middle-income households. To develop affordable housing for rent, the management agencies can consider choosing reputable investors to build housing for rent on public

land (industrial parks, export processing zones...) or allowing the enterprises to invested in developing housing for rent in the form of motel rooms.

## 6. Conclusion

*The housing for rent is an important market and tends to increase in the context of scarce land funds and the gap between housing prices and people's income is increasingly widening. This study has analyzed the market of housing for rent in Hanoi according to three basic market contents including: supply - demand - price and quality of housing for rent. Current legal regulations governing housing for rent relationships, population trends, migration and development of industrial parks and urban areas in Hanoi are studied to serve as a basis for assessment of the current situation and proposing solutions. In the period of 2020-2022, in Hanoi, the trend of people renting houses and the choice of buying houses to rent by retail investors is recorded. The article has made an assessment through data on buying/selling houses and renting houses in the entire Hanoi market. Future research can focus more on each aspect of market supply and demand; or focus more detailed research on each smaller segment, for example housing for rent in the apartment segment; or according to the tenant; according to the reason for renting a house...*

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