

Vietnam Residential



Viet Nam’s elderly - Solutions for an ageing population

AGEING POPULATIONS - A GLOBAL PHENOMENA

While relatively youthful compared to many developed world cities, with increasing life expectancy and decreasing fertility and mortality rates, Viet Nam is still faced with an ageing population. Since 2011, the country has been in an ageing phase and the population age composition has gradually shifted and along with many other countries,

the population will be super-aged (where people over the age of 65 account for more than 20% of the population) by 2050.

According to the United Nations, people over 65 will represent one in six, or 1.5 billion, people by 2050, and many cities around the world are rapidly becoming super-aged while cities in Japan, Germany, Italy, and France are already super-aged. Joining them soon will be cities in Russia,

Spain, Poland, and the USA. In Asia, China will have 71 super-aged cities by 2035 and Japan will have 14.

In the context of an ageing world, there is an increasing need to provide suitable solutions for the elderly, such as housing with care services. This sector offers investors the opportunity to explore a growing but still underdeveloped market.

THE COMPOSITION OF VIET NAM’S AGEING POPULATION

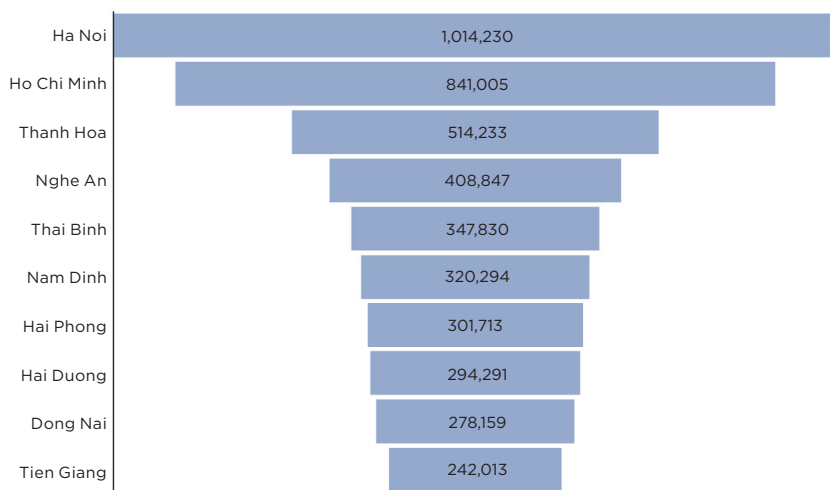
In 2019, people over 60 accounted for 11% of Viet Nam’s population, increasing from 8.6% in 2009. Most of Viet Nam’s elderly population, or those over the age of 60, live in the northern provinces. Seven of the ten provinces with the largest over-60 populations are in the North. Ha Noi has over 1,000,000 over-60s; Thanh Hoa has more than 514,000; Nghe An over 408,000, and Thai Binh has 347,830. Southern provinces such as Ho Chi Minh and Dong Nai have 841,005 and 278,159 over-60s, respectively.

Like many countries, Vietnam is also experiencing a feminisation of ageing, when the population of elderly women exceeds men. The extent of the feminisation of ageing in Viet Nam has been the highest amongst ASEAN countries for many years, and until 2035 is expected to be second only to Cambodia. In both countries, this is due to women having a longer life expectancy, and the large number of young male casualties during the conflicts of the 1970s. Currently, women account for 58% of over-60s.

Rural/urban dynamics are important as the majority, or 67%, of over-60s live in rural areas. This number jumps exponentially for those aged 85+, as more than 73% of this cohort live in rural areas.

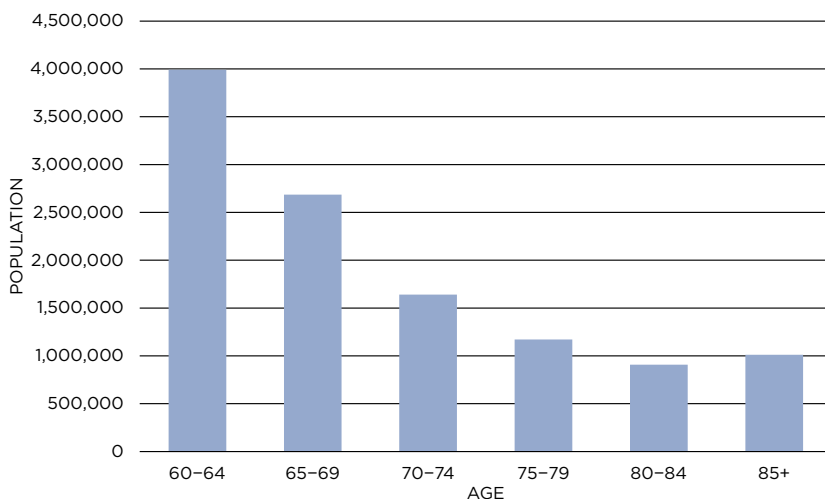
According to Viet Nam’s General Statistics Office, the number of elderly people living alone or with just their spouse increased from 18.3% in 2009 to 27.8% in 2019. Several factors are driving this, but Viet Nam’s rural/urban migration rates play a role. For example, Nghe An, Thai Binh, and Nam Dinh provinces are mostly rural and have some of the largest elderly populations in the country. They also have high levels of migration. Nghe An has a net migration rate of -30%, Nam Dinh -38%, and Thai Binh has a rate of -27%, where the number of people leaving the provinces exceeds those arriving.

GRAPH 1: Viet Nam’s Population over 60 by Province, 2019



Source General Statistics Office of Viet Nam

GRAPH 2: Viet Nam’s Total Population over 60 by Age Group, 2019



Source General Statistics Office of Viet Nam

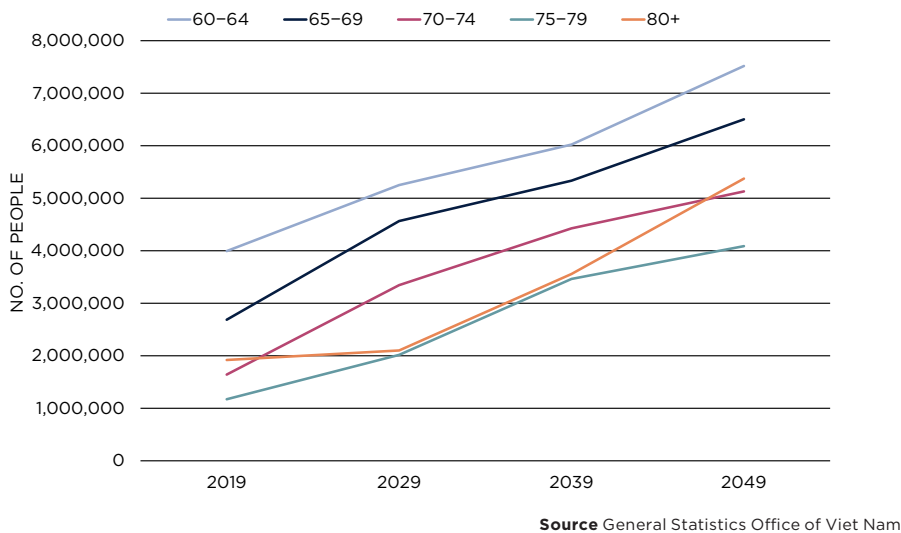
Some care home residents say they prefer living in elderly accommodation because their children have left to work in other provinces.

HOUSING SOLUTIONS FOR THE ELDERLY - SUPPLY

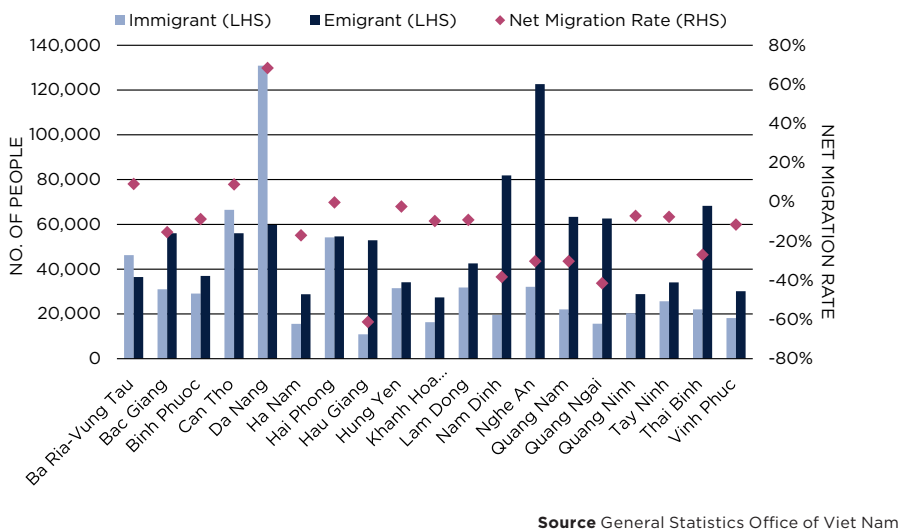
Globally, the market for elderly residential solutions is growing, and well-established markets include the USA, New Zealand, and Australia. Some models include Japan's mandatory long-term care insurance, Kaigo hoken; integrated models that offer services ranging from independent living to skilled nursing; and rental models.

The senior and the medically assisted living sector is well-established globally and provides homes which are safe, professionally managed, and pleasant to live in. This has led to an evolving real estate class akin to specialised 'branded residences.'

GRAPH 3: Viet Nam's Population over 60 by Age Group, 2019 to 2049



GRAPH 4: Migration rates across provinces, 2019



While this market is largely untouched in Viet Nam, there are increasing private offerings, and the government has acknowledged that more needs to be done to support the ageing population. However, like many other Asian countries, Confucian principles guide government solutions, and families shoulder a large amount of responsibility. As the economy booms and nuclear families become more common, however, these previously steadfast familial care obligations are changing.

Out of the country's 63 provinces, only 32 have specialised facilities for the elderly, and the private sector provides very few and expensive offerings. Private nursing homes such as Thien Duc Nursing Home or Lotus Nursing Center charge roughly US\$660 for a single room or US\$835 for a double room, per month. Some facilities, like Tuan Minh Paradise Resort, which is currently under construction, will be a "resort for the elderly" with residential villas, five-star facilities, and an international standard hospital.

As the provision of healthcare services often goes hand in hand with residential solutions for the elderly, understanding how many people over 60 use individual healthcare facilities shows where there are provision gaps. The ratios fare better in the South. Binh Duong with a ratio of 1,647 elderly users per healthcare facility, Can Tho with 1,662, and Ba Ria - Vung Tau with 1,446 users, have some of the best ratios in the country. Some of the more modest performers are Bac Giang with 10,596 users per facility, Nam Dinh with 8,429, and Hai Phong with 6,857. There are gaps to fill throughout the country; Northern Viet Nam can offer attractive investment opportunities.

TABLE 1: Number of Elderly Users per Healthcare Facility

LOCATION	NO OF HEALTHCARE FACILITIES	SIZE OF POPULATION OVER 60	AVERAGE USERS OVER 60 PER FACILITY
Can Tho	89	147,915	1,662
Binh Duong	80	131,752	1,647
Ba Ria - Vung Tau	82	118,588	1,446
Bac Giang	20	211,924	10,596
Nam Dinh	38	320,294	8,429
Hai Phong	44	301,713	6,857
Ho Chi Minh	181	841,005	4,646
Ha Noi	167	1,014,230	6,073

Source Savills Research

OUTLOOK

Despite having entered an ageing phase, the elderly market in Viet Nam is largely underdeveloped. There are multiple levers at work in the aged care equation, not least the growing acceptance of insurance that allows alternative funding models. From an operating perspective, it is presently difficult to find quality medically trained staff but the traditional family model is evolving rapidly, and the next decade will see a raft of changes and these changes will surely present opportunities.



For more information about this report, please contact us

Savills Vietnam

Neil Macgregor
 Managing Director
 +84 28 3823 4754
 nmacgregor@savills.com.vn

Savills Research

Troy Griffiths
 Deputy Managing Director
 Vietnam
 +84 933 276 663
 tgriffiths@savills.com.vn

Vo Thu Khanh Trang
 Head of Research
 HCMC
 +84 906 948 580
 vthikhanhtrang@savills.com.vn

Simon Smith
 Regional Head of Research
 & Consultancy, Asia Pacific
 +852 2842 4573
 ssmith@savills.com.hk