

Vietnam to allow foreigners to buy property

Vietnam has passed a law allowing certain categories of foreigners to buy apartments beginning in 2009, the first time the Communist country has allowed non-citizens to own real estate, the government website announced Friday.

The country's National Assembly approved the new law Thursday, with 88 percent of deputies voting for it.

Foreigners eligible under the law can only buy apartments in developments approved for foreign residency, not houses or land. Ownership will be for a term of 50 years, by which time the foreign owners must sell or transfer the property.

Real estate developers said the law was likely to give a much needed boost to Vietnam's property markets, which have softened recently after explosive growth in 2007.

'It could have a 20 to 30 percent impact in terms of rising prices,' said William Badger of Leonidas Management, a subsidiary of the Tung Shing Group. 'You're talking about people with money in hand, so we would imagine that a lot of people will want to buy.'

'Similar laws have been passed in China, Thailand and Malaysia,' said Misha Chellam, assistant to the chairman of Hanoi-based developer Vietnam Land. 'Each time in those countries when a law like this was passed, it significantly boosted demand.'

Those eligible to buy apartments include foreign firms purchasing housing for staff, and four categories of individuals.

These include foreigners working at Vietnamese firms, foreigners married to Vietnamese, foreigners with special skills needed by Vietnam's economy, and foreigners who have been awarded medals or other honours by the government.

It was not immediately clear how much the new law would differ from current law allowing foreigners to obtain 50-year leases on property in Vietnam.

Normally in Vietnam, new laws are followed by decrees and circulars clarifying how the law will be implemented, and developers expect that the move from lease to ownership will grant foreigners additional security.

(© IANS / India eNews)