

Vacant houses are demolished in Hanoi's central downtown area, May 6. The city's ambitious "100-Year Master Plan" aims to transform the capital into a multi-centered metropolitan region, part of Vietnam's goal of achieving developed-nation status by 2045. (Photo by Ken Kobayashi)

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Remaking Hanoi: Vietnam bets on colossal capital renewal to drive growth

$2.5tn 'Master Plan' to address population boom comes with demolitions, relocations

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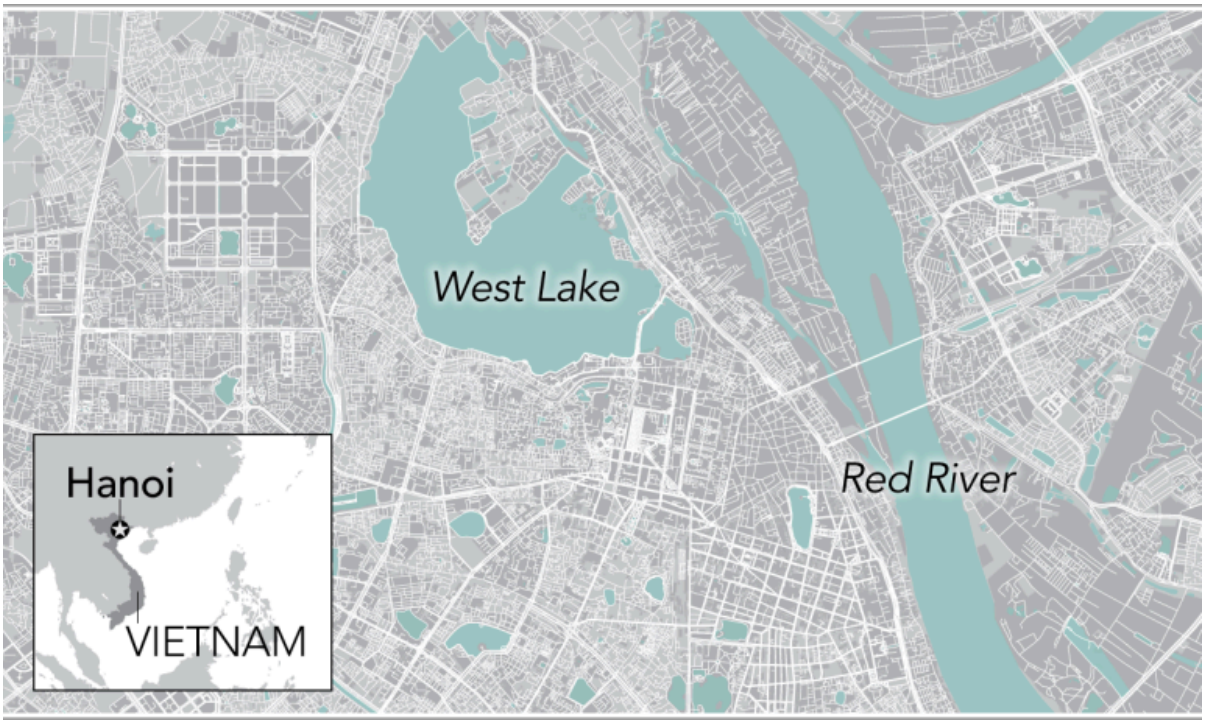
HANOI -- After more than five decades with the giant Red River as a constant, quiet neighbor, Hanoi resident Bui Minh Phuong is bracing for her life to be upended.

She is one of a growing number of Hanoians living in uncertainty as mass relocations loom. The Vietnamese capital has embarked on one of the most ambitious urban transformations in its history -- a multi-decade, $2.5 trillion renewal designed to sustain rapid economic growth over the coming decades as the national government targets developed-nation status by 2045.

From Beijing to Mumbai and Tokyo to Indonesia's new capital Nusantara, huge city redevelopments have proliferated across Asia, but Hanoi's plan is as striking as any. Making space for a population set to double in that period means big change for many in a city that was already home to nearly nine million people in 2024.

Breakneck economic growth in recent decades has transformed economic wellbeing for many in an urban setting that housed just 400,000 residents when France formally pulled out of northern Vietnam in 1954. But Hanoi is still characterized by narrow alleys and tightly packed housing in many areas, a number of which are now bursting at the seams.

Phuong, preferring to use a pseudonym for reasons of privacy, is worried about the future. The 52-year-old domestic services worker has spent her entire life in a riverside neighborhood just a kilometer from the city center and now lives with her husband and teenage daughter in a 16-square-meter studio apartment in a crumbling building. The sleeping area, kitchen and storage space are compressed into a single room, and a 1.5-sq.-meter bathroom allows barely enough space to stand.



"This area is extremely convenient -- close to hospitals, schools, markets and downtown. My neighbors are also like my relatives," Phuong told Nikkei Asia. "But the apartment is too small. I do want to leave but I will likely have to take out some loans to afford the new place. And if it's too far, our current jobs may not make sense any more."

She added: "My friends who have gone through relocation tell me everything will be fine -- that the State will not leave people without a roof over our heads. That helps me feel less stressed. It's also the only way I can cope right now."

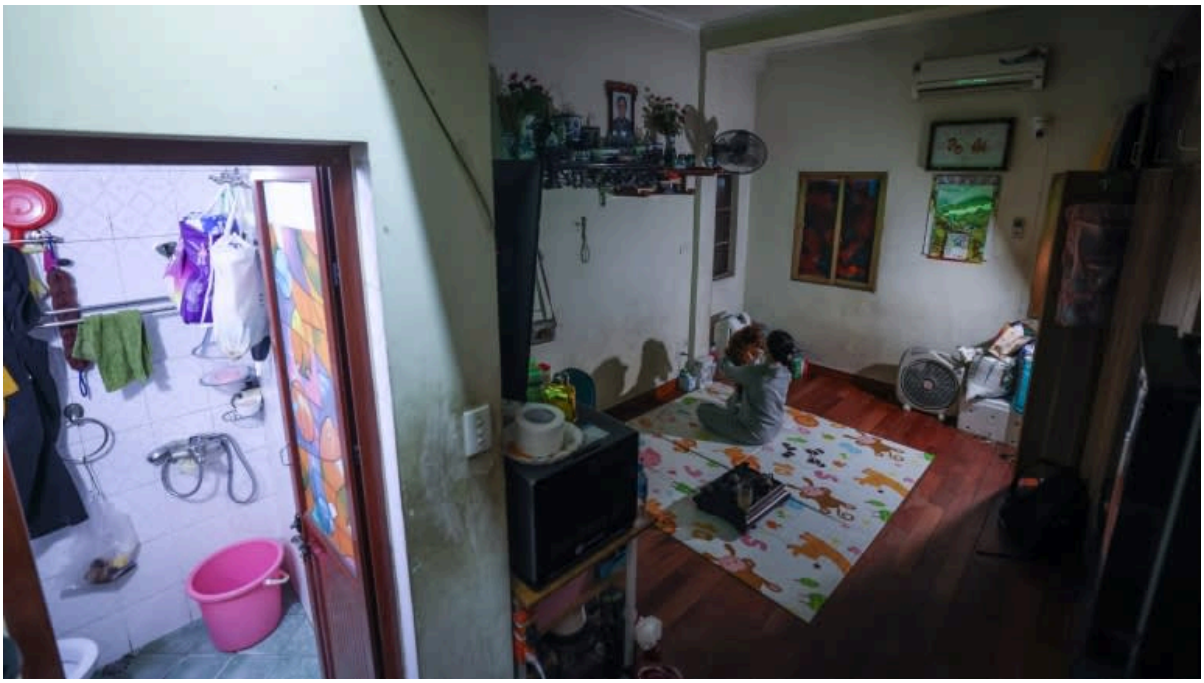
Her neighborhood is part of a broader $32 billion initiative to redevelop roughly 80 kilometers of banks along the wide Red River into green spaces, residential zones and tourism corridors, while strengthening flood controls. The river, which takes its name from silt that gives it a reddish hue, is being repositioned as the central axis of the city's future growth known as the Red River Scenic Boulevard, in a project still being finalized that covers an area roughly the size of central Paris.

The challenge facing Vietnam's second-largest city is compounded by its rapid growth: Its population has surged in recent decades, straining infrastructure and contributing to worsening traffic congestion, rising housing costs and increasing pressure on public services.

To the south, Ho Chi Minh City, with a population of 14 million, is going through its own waves of development.

Hanoi will need to relocate a yet-to-be confirmed number of citizens to make way for a sweeping expansion of infrastructure, including bridges, metro lines, roads, parks and highways as what Hanoi city authorities, with the backing of the national government, have dubbed the "Hanoi 100-Year Master Plan." Authorities have denied recent media reports that as many as 860,000 people may be relocated.

Work has already begun as the plan targets average annual gross domestic product growth in the capital of at least 11%. Across Hanoi, demolition crews are clearing land for parks, bridges, transport hubs and wider roads. Underground drainage systems are being upgraded to reduce chronic flooding.

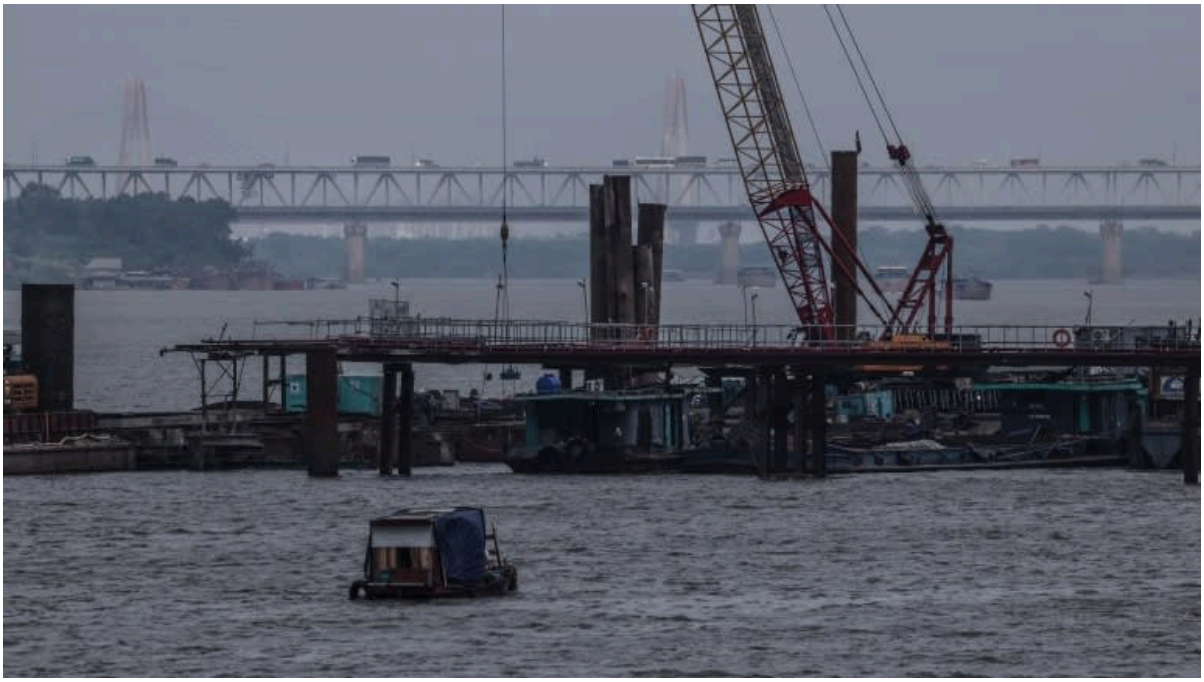


Phuong says the 16-square-meter apartment she shares with her husband and daughter near the Red River is too small, but not knowing where relocation will take her family is weighing on her. (Photo by Ken Kobayashi)

Authorities estimate total investment needs of about 64.840 quadrillion dong ($2.5 trillion) over the next two decades. They have said funding will involve "the private sector and broader social resources playing the leading role, alongside public investment in essential infrastructure and social welfare."

For residents like Phuong, the transition is personal-and unsettling.

"Two years ago, there were rumors our building would be cleared for a road ... Last year, it was said to be part of the Red River Scenic Boulevard. This January, authorities banned new construction and renovations in our area. That's when we knew it was real," she said.

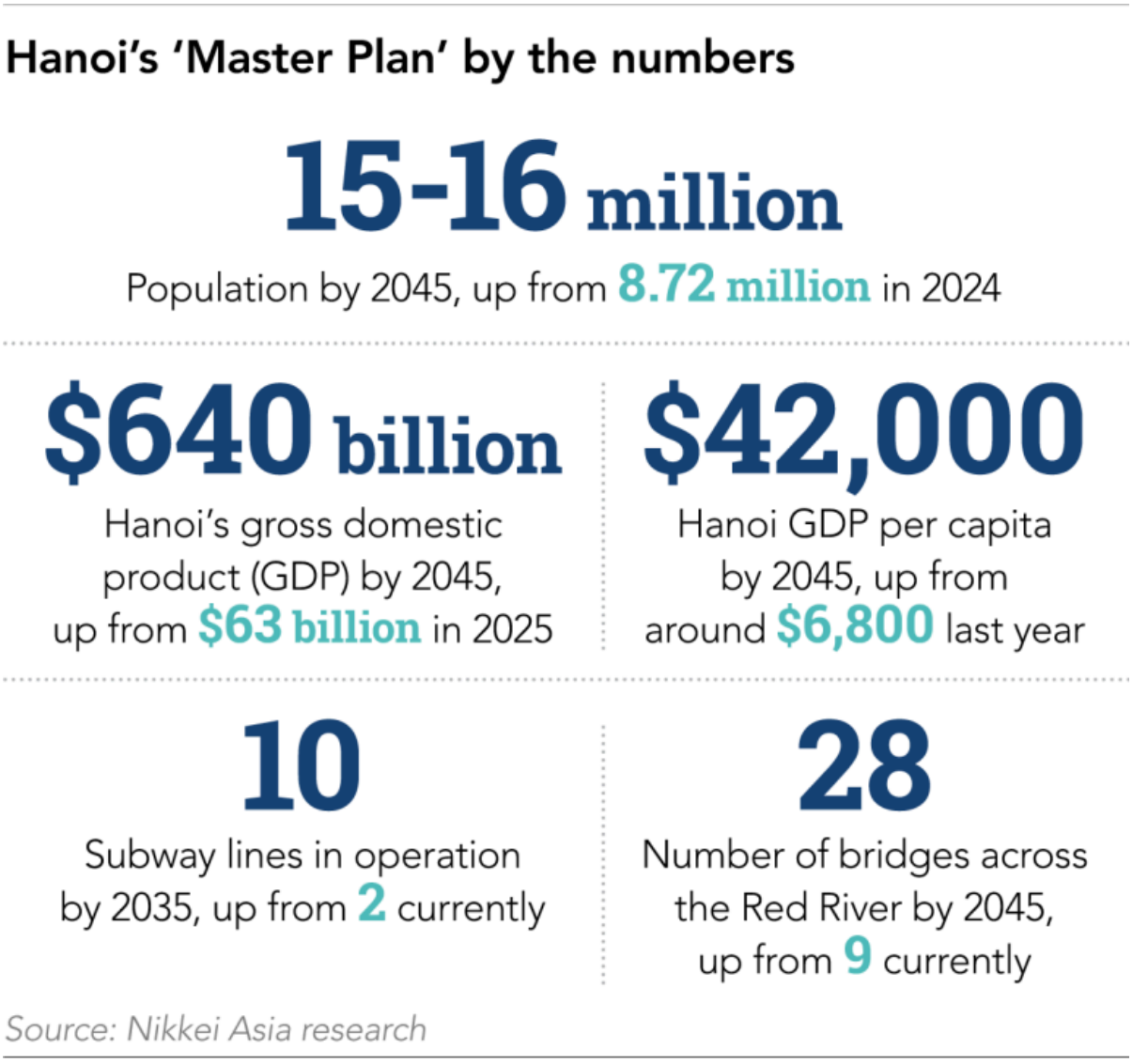


A new bridge under construction across the Red River in Hanoi is pictured on May 6. (Photo by Ken Kobayashi)

More broadly, the city is adding seven new bridges spanning the Red River, with several already due to be completed by 2027. A network of 14 urban rail and metro lines -- with an estimated combined length of 613 kilometers -- is also in the plan, forming the backbone of a transition from a motorbike-dominated city to a public transit-oriented one.

In response to Nikkei Asia questions, the Hanoi Department of Planning and Architecture, in charge of coordinating the redevelopment, said, "The Hanoi Capital City Master Plan with a 100-year vision is not just a simple technical document, but a comprehensive strategy to transform the city dramatically in the new era."

Previously, urban development projects in Vietnam were not synchronized with infrastructure systems, leading to congestion. But this time, the city is adopting an infrastructure-led planning approach, identifying ring roads, radial roads, urban rail, and key projects first, then developing surrounding urban areas, the department said.



Yet land clearance remains one of the sensitive and complex aspects of the transformation.

In the densely populated city, relocating residents has long been fraught with delays, disputes and public resistance. Compensation schemes vary widely, including cash payments, land swaps, apartment allocations, or subsidized access to social housing.

Recent reforms appear to have accelerated the process since Vietnam's leader To Lam took his position as the general secretary of the ruling Communist Party in 2024, picking up more speed since top officials were appointed by the National Assembly in April. In key areas, demolitions that once took decades are now happening within months, supported by strong political backing and streamlined administrative procedures.



A street in Hanoi filled with motorbikes, which dominate the city's transport. The 100-Year Master Plan aims to change the transportation landscape with a raft of new metro rail lines. (Photo by Ken Kobayashi)

In some cases, negotiations have led to outcomes acceptable to residents.

"At first, we were offered about 30 million dong per square meter," said one Hanoi resident whose family recently relocated. "After several rounds of negotiations over a year, the offer rose to more than 90 million dong per square meter, plus access to discounted social housing. We agreed immediately," the resident said, speaking on condition of anonymity citing privacy concerns.

But not all responses have been positive.

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In the high-end West Lake area, where a road expansion project is under way, some residents protested relocation orders, even placing signs on their homes declaring their unwillingness to move. As of the time of publication, those houses had been cleared for a road expansion.

Online, posts about relocation with images of knocked-down houses often draw thousands of reactions, reflecting a mix of anxiety, nostalgia and reluctant acceptance. Many residents acknowledge the need for modernization, even as they struggle with the emotional and financial cost of leaving long-established communities.

The Department of Planning and Architecture said it is building a planning database and information system based on a Geographic Information System (GIS) platform, expected to be operational by the end of 2026.



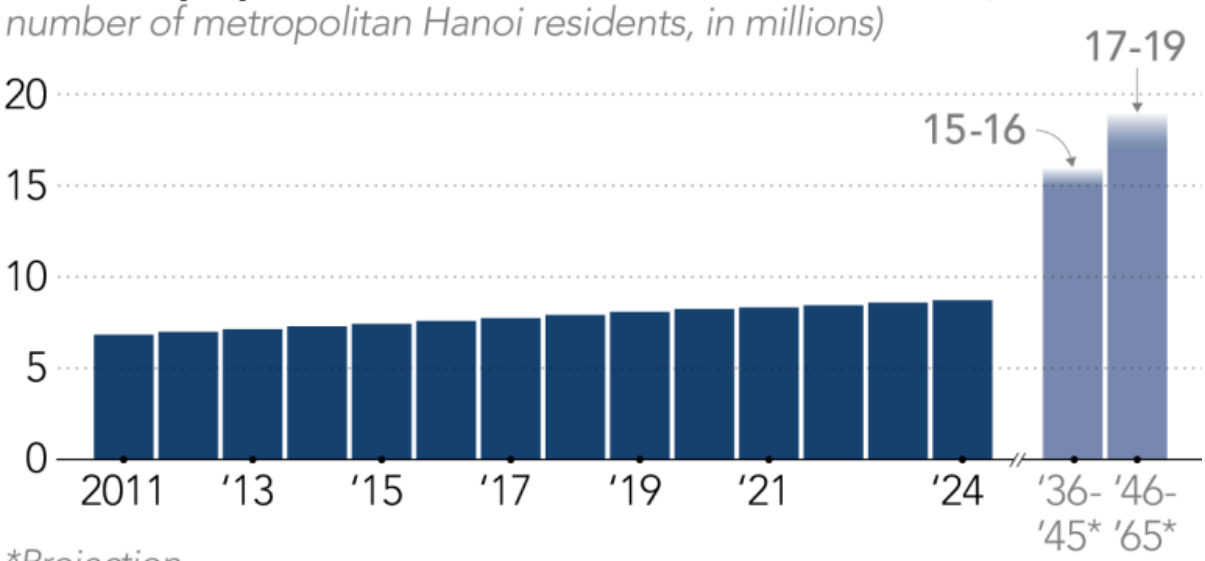
A new road is under construction after houses were cleared in the high-end West Lake area of Hanoi, May 6. (Photo by Ken Kobayashi)

"This is the biggest breakthrough yet, allowing citizens to access planning information anytime, anywhere, and to search online through mobile applications and the online planning portal," it told Nikkei Asia.

"Information will be regularly updated by state management agencies to ensure accuracy. The full publication of information on a digital platform also aims to prevent the exploitation of information shortages to manipulate and destabilize the lives of people in areas where planning is being implemented."

The 100-Year Master Plan is by no means the first attempt at redeveloping Hanoi, but it differs from predecessors in seeking to fundamentally reshape the city's structure.

Hanoi's population boom *(Estimated annual average number of metropolitan Hanoi residents, in millions)*



**Projection*
Source: Vietnam's National Statistics Office, Hanoi 100-Year Master Plan

Rather than a single dense urban core, Hanoi will evolve into a multi-centered metropolitan region, integrated with the six nearby provinces of Thai Nguyen, Bac Ninh, Hung Yen, Hai Phong, Ninh Binh and Phu Tho. Development will shift toward a polycentric model, supported by transit-oriented corridors and expanded regional connectivity.

"Since 1954, Hanoi has had nine rounds of master plan approval. Yet this time is the most ground-breaking," said Dao Ngoc Nghiem, a veteran urban planner involved in multiple iterations of Hanoi's development strategies.

"Previously, we had a limited number of central axes and satellite towns. Now, we are moving toward a multi-pole, multi-center system with layered infrastructure -- underground, above ground and even aerial," said Nghiem, a former director of the Hanoi Department of Planning and Architecture.



Equipment sits at a construction site building defenses in Hanoi against chronic flooding, May 6. (Photo by Ken Kobayashi)

The plan also reflects growing concerns about climate change and land constraints, but Nghiem said there is a need to balance development with preservation. Greater Hanoi has more than 6,000 tangible and 3,000 intangible cultural heritage sites, as well as over 1,300 traditional craft villages -- assets that should be integrated rather than displaced, he said.

"Hanoi has more than 1,000 years of history. We cannot apply foreign models mechanically," Nghiem said. "We must adapt them carefully to our own context."

Still, international expertise has played a significant role. Countries including Japan, South Korea, the United States and China have contributed to various planning initiatives, particularly around the Red River and satellite urban areas, Nghiem said. Lessons from cities such as Seoul and regions along the Danube in Europe have informed Hanoi's approach.



Tourists sit in cafes and watch a train pass along Train Street in central Hanoi, May 5. (Photo by Ken Kobayashi)

Yet major challenges remain -- particularly in implementation.

"The biggest constraint is human resources," Nghiem said. "We also need phased development plans that match our financial capacity and technical capabilities. That is still a significant challenge."

From a real-estate perspective, the infrastructure push could be transformative.

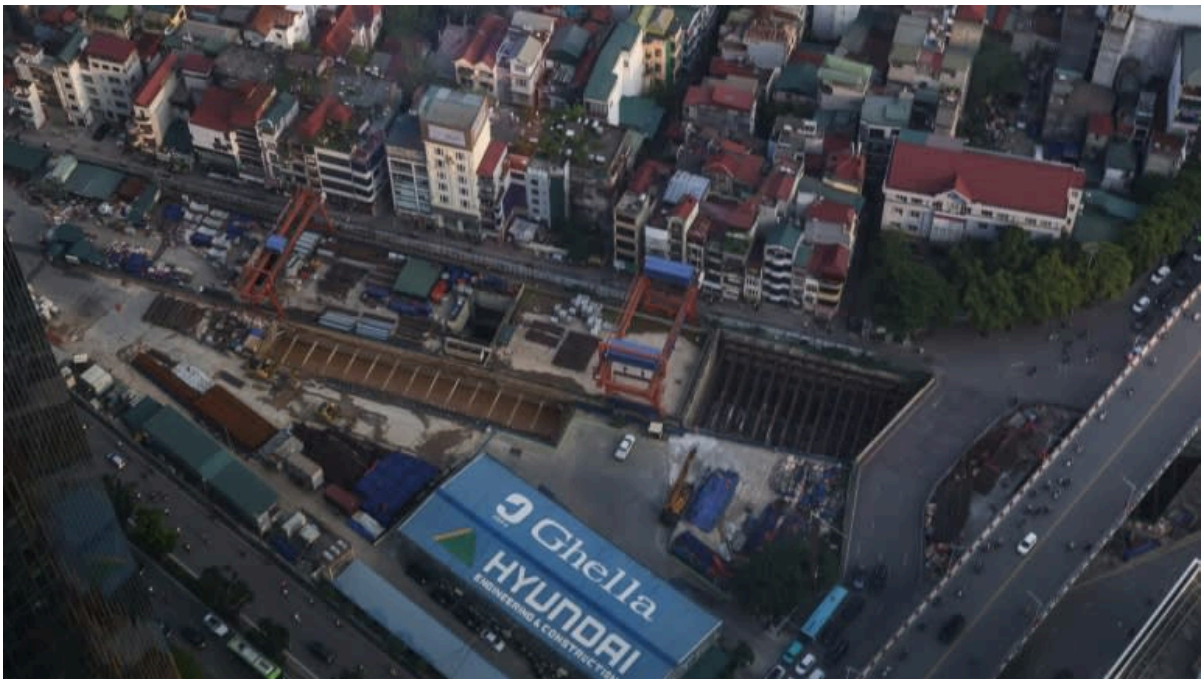


The 100-Year Master Plan is destined to bring big changes to the city's skyline, seen May 5. (Photo by Ken Kobayashi)

Hanoi's planning scope covers the entire city administrative area of approximately 3,359 square kilometers, with construction land projected to expand to around 200,000 hectares (2,000 sq. km) by 2045, which puts the plan at the scale of a full metropolitan restructuring rather than a single urban project, said Matthew Powell, a Hanoi-based director at real-estate brokerage firm Savills.

A relevant international case study is Beijing, Powell said. China's capital has already gone through multiple waves of large-scale population and function relocation, with observers noting the lesson learned from China's earlier mistake -- relocating residents out of the historic core before jobs, administration and top-tier services were ready in the new areas.

Beijing authorities eventually built transport and relocated power and employment prior to moving residents, with strong transport links to the city center and transit-oriented development offering long-term development sustainability.

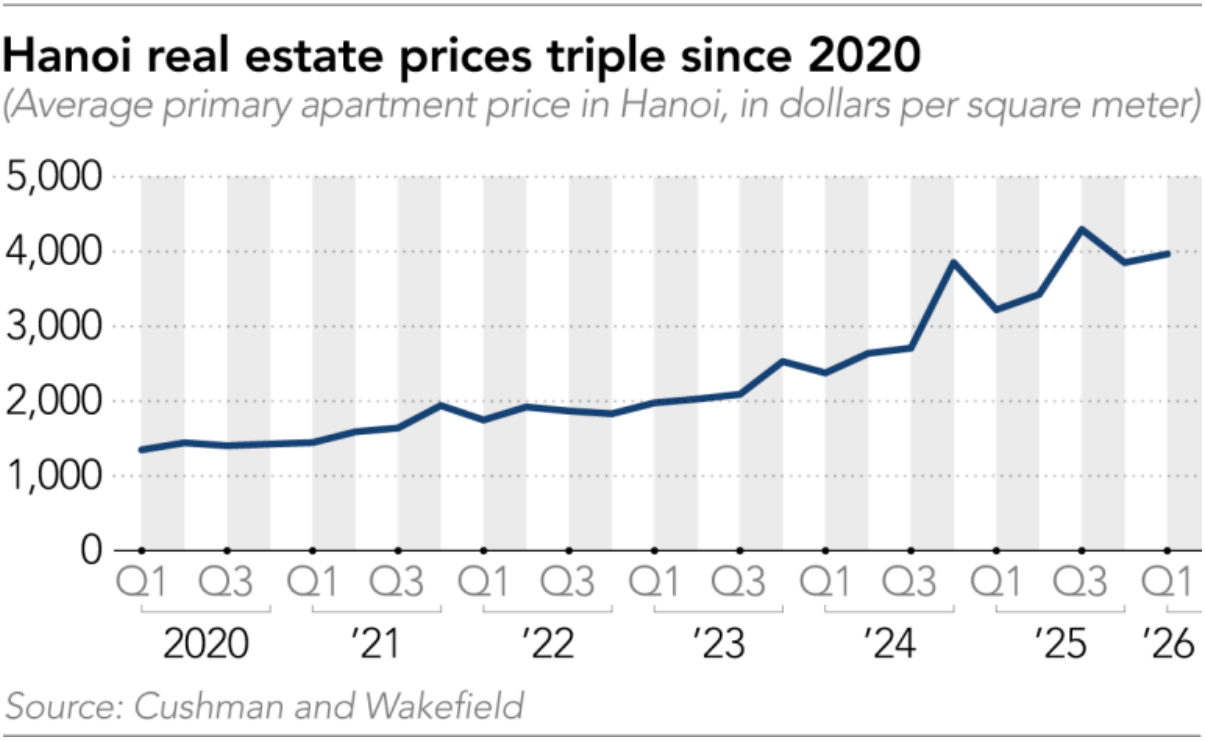


A metro construction site is seen May 5 in Hanoi. Plans call for the city to have 10 subway lines in operation by 2035, up from the current two. (Photo by Ken Kobayashi)

"It's not a question of forcing residents to relocate. It's about getting towards that stage where relocating becomes more desirable," Powell said. "In many cities, people choose to move outward because connectivity improves and quality of life increases."

Powell, who's lived in Vietnam since 2004, added: "When the compensation framework is clear and fair, then land clearance shouldn't stand in the way of key infrastructure projects. For the sake of progress for the city, we have to go ahead and get on with these things. We can't wait for 20 years for each subway line. We'll probably have a different way of getting around in 100 years by the time it's finished."

As transport networks expand, previously distant areas will become more accessible, unlocking new land supply and enabling more diverse housing options. Lower land costs in emerging districts could allow developers to offer more affordable housing, addressing a chronic shortage driven by population growth and urbanization, Powell said.



There is strong underlying demand for housing from end users -- young families and middle-income households -- not just speculators, but housing has been constrained by high land costs and limited affordable supply in central areas, he said.

The average primary apartment price in Hanoi surged to near $4,000 per sq. meter in the first quarter of 2026, from around $1,400 in 2020, data from brokerage firm Cushman & Wakefield showed.

Efforts to digitize property records and improve transparency could also reduce speculation and market distortions, making housing more accessible over time, Powell said.



Riverside district resident Phuong, pictured in the kitchen area of her tiny apartment in Hanoi, May 6, is keen to move, but remains in limbo, wondering what the future may bring. (Photo by Ken Kobayashi)

Ultimately, the success of Hanoi's transformation will depend not just on infrastructure, but also on how the changes are implemented on the ground for residents like Phuong.

For now, she remains in limbo.

"I cannot eat. I have lost sleep for days," she said. "On one hand, I want to move immediately, on the other there is a lack of information, and I worry I cannot afford what comes next."

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