SPOTLIGHT
*Savills Research*

# Land Use Planning

savills



# INTRODUCTION

## LAND USE PLANNING

Land use planning is essential to making informed decisions on future development. There are vast numbers of abandoned and failed developments that result from poor property economics or a 'planning only' approach. Simply allocating red or green colours to indicate land use on a master plan is futile.

Effective land use planning delivers sustainable economic performance, minimises risks and maximises profitability. Savills maintains the highest quality market data and national inventories and is best placed to quantify all property market influences.

We deliver an objective and quantifiable outcome to guide future developments by combining advanced property economics, demographics and applied finance. Our reports include an assessment of the highest and best use, land use parameters, phasing, staging, and value engineering to deliver optimised land use strategies.

With this robust and informed view, then successful master planning can be undertaken.

Please browse our offer, we look forward to helping you maximise your real estate outcomes.


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# LAND USE PLANNING SCOPE

Risk is minimised and planning is optimised when all variables are quantified. Efficient planning ensures sustainable and viable land uses that are progressed suitably for the whole development to benefit. Land use planning minimises the risk of failure and creates greater opportunities to generate profit.

You will receive a traditional long-form report with five parts, including Market Study, Land Study, Strategic Development Recommendations, Financial Optimisation, and Conclusion.

The long-form report can be condensed with our high-tech tools, including GapMaps, Power BI, Estate Master, SPM/STM.

## PART 1 – MARKET STUDY

ECONOMIC OVERVIEW | TARGET LOCATION

- Viet Nam economic overview (YoY and QoQ variance).
- Relative indicators against ASEAN and regional peers.
- Target province ranked against Viet Nam.

Overview: Population, GDP and GDP growth, Inflation, Currency, FDI, Remittances, Trade balance, Retail Sales, Tourism.

Asset Class Specific: Sector-specific market insights inform current and future influences on commercial, hospitality, residential, and industrial demand. Markers can include but are not limited to Consumer Behaviour, E-commerce Analysis, Government Spending, Workforce Analysis, Urbanisation, Affordability, Housing Plans, Class and Household Composition, and Provincial Competitive Index.

Infrastructure: Existing and proposed infrastructure development; map and timeline of existing and future infrastructure delivery.

Legal: Overview of recent and proposed regulations, policies and drafts and their likely impact on real estate.

Optional Analysis: MCE (multi-criteria evaluation) for a relative provincial ranking. Effective high-level screening quickly highlights relative advantages or disadvantages. Criteria weighted according to industry bias, participant motives, stock or tailored variables.

# LAND USE PLANNING SCOPE

## ASSET CLASS MARKET RESEARCH

To understand how or if the market will support a proposed development, awareness of current and future conditions is imperative.

Commercial and residential market research delivers QoQ and YoY analysis on stock and performance (price/sales/absorption) by location, type, and grade. Macroeconomic and demographic factors with the greatest impact on performance are explored, such as GDP, FDI, demographics, population density, affordability, and tenure. To assess future competition, influences or opportunities, an informed forecast details future supply by year and location. The forecast looks ahead three years with reasonable integrity to typology and beyond with a general view.

## CASE STUDIES

The report identifies five case studies comparable to the proposed development to create comprehensive recommendations on land use, products, composition, target buyers, pricing, sales and strategies, and facilities.

The refined case study analysis highlights the viability of individual development aspects, components that promote or hinder performance, and how characteristics such as location, positioning, timing, products, promotions, and facilities influence performance outcomes.

Case studies present development overviews, buyer/tenant profiles, and critical success factors across commercial, hospitality, and residential developments. The comparison explores development components, including product type, size, and mix; expected price/occupancy/absorption; buyer profiles; launching and phasing; facilities; rental pool or guaranteed returns analysis; and payment schedules and policies.

## PART 2 – LAND USE STUDY

### LAND USE PLANNING

Strategic models to capture key elements influencing future land use patterns and to quantify potential supply/demand gaps. Future events (policy, infrastructure, catalysts) are included in the development timeline to capture scenario analysis.

SPM (Spatial Population Model): Multivariate forecasting model of changes in population by province/district/development. Forecasts housing demand and supply/demand gaps to understand opportunities.

RCM (Retail Catchment Model): Assesses demography, location and disposable income to define retail catchment and demand.

STM (Strategic Tourism Model): Multivariate forecasting model based on tourism growth by province/district/region; forecasts demand for hotel/ resort/ serviced resorts.

Gap analysis informs optimised land use. Informed assumptions on land use ratio, category, average unit size, level efficiency, construction ratio etc. are used to forecast absorption.

### PHASING

The gap analysis and initial development concept are tested and inform investment, phasing and zoning planning. Sustainable development is ensured because only viable land uses at feasible volumes are recommended.

### RELATIVE RETURNS

Relative returns assess the performance of different land uses with the same development scale. A sample envelope is theoretically ‘developed’ and inputs like selling prices and construction costs are measured. The performance of different land use options is then compared to determine the most viable use.

### FUTURE GROWTH / ESCALATIONS/ CAPTURING CATALYSTS

Based on strategic demand models, including the identification of current and future supply/demand, Savills identifies the annual change of occupancy/absorption for each component. Land value increases due to infrastructure or catalysts can also be incorporated.

# LAND USE PLANNING SCOPE

## PART 3 – STRATEGIC DEVELOPMENT RECOMMENDATIONS

Effective land use planning delivers sustainable economic performance, minimises risks and maximises profitability. The informed recommendations consider the results of the market and land use studies and highlight components that will ensure the greatest success and those that could pose the greatest risk.

Recommendations:

- Demographic & catchment analysis.
- Basic construction parameters: Area/levels/size/ product proportion.
- Expected performance: Rate/rent/price; occupancy/absorption.
- Payment schedule.
- Launching time and absorption rate.
- Price and payment schedule, mortgages, sales policies.
- Amenities, services, and public facilities.
- Type/Grade/Category allocation.
- Existing and future competition,
- Align project parameters with the target markets.
- Initial sales plan and policies.
- Handover condition.
- Regulations for local and foreigner buyers.

# LAND USE PLANNING SCOPE

## PART 4 – FINANCIAL OPTIMISATION

Financial indicators support Savills recommendations.

Methodology: Discounted Cash Flow
Discounted cash flow (DCF) analysis is a financial modelling technique that makes assumptions on prospective income and expenses. Assumptions pertain to the quantity, quality, variability, timing, and duration of inflows and outflows that are discounted to present value. The methodology makes informed assumptions on Development Costs, Revenues & Capital Structure.

Cash Flow Analysis and Financial Indicators

A detailed cash flow analysis considers all development costs and revenues. The following indicators are provided:

- Internal rate of return (IRR) of the project.
- Net present value (NPV).
- Net profit.
- Internal rate of return (IRR) of equity and different positions.
- Payback period.
- Profit margin.

Scenario Analysis

The modelling of multiple scenarios that account for longer term views. Blue sky and black swan events or possible large variations in key variables are considered.

Market rents/prices are analysed to identify the rates/selling prices required to break-even. This analysis informs the financial efficiency of the project.

## PART 5 – CONCLUSION

A logical and objective conclusion summarises the recommendations supported by the market and land studies and the financial optimisation.

Ultimately, the objective is to detail the financial efficiency of various development scenarios to determine the most feasible option. The recommendations ensure a robust and informed view, which facilitates successful master planning.

# CASE STUDIES



## LUXURY RESORT COMPLEX

A mixed-use resort in Nghi Loc District, Nghe An Province. The 52.5-ha project comprises hotels, coastal villas, condotels, and entertainment facilities.

To deliver a comprehensive understanding of the market, comparable Vietnamese and international case studies were assessed.

By analysing catalysts that influence tourism, the report forecast future demand for each product category.

Savills delivered optimised financials and strategic development recommendations, including land use planning, phasing, product mix, target customers, and performance outlook.



## MODERN ECOLOGICAL URBAN PROJECT

A 74.8-ha project in Vientiane, Laos, with a residential component, parks, international schools, squares, pools, and commercial aspects like a shopping mall. Savills delivered market research on residential and commercial sectors, including villa/ townhouse, apartment, office, hotel, retail, and entertainment.

The highest and best use recommendations were informed by case studies and consumer analysis and the performance outlook for each component. This considered phasing, potential future events, and financial analysis.

Comprehensive market analysis informed development theme, quality, and land use. The report highlighted the most profitable and sustainable development options for phasing, development strategy, and price.

# CASE STUDIES



## MIXED-USE URBAN COMPLEX

A 24-ha mixed-use residential and commercial project with a social housing component in Pho Yen District, Thai Nguyen Province. Savills conducted market research on villas and townhouses, apartments, social housing, retail, and offices in Thai Nguyen. This included an overview of the local macroeconomic landscape.

By comparing the project to a competitive set, Savills assessed its competitive advantages and potential weaknesses. This identified areas that could be detrimental to profitability and components that should be prioritised to ensure success.

The market research and competitor analysis informed phasing and land use recommendations for strategic planning and financial optimisation.

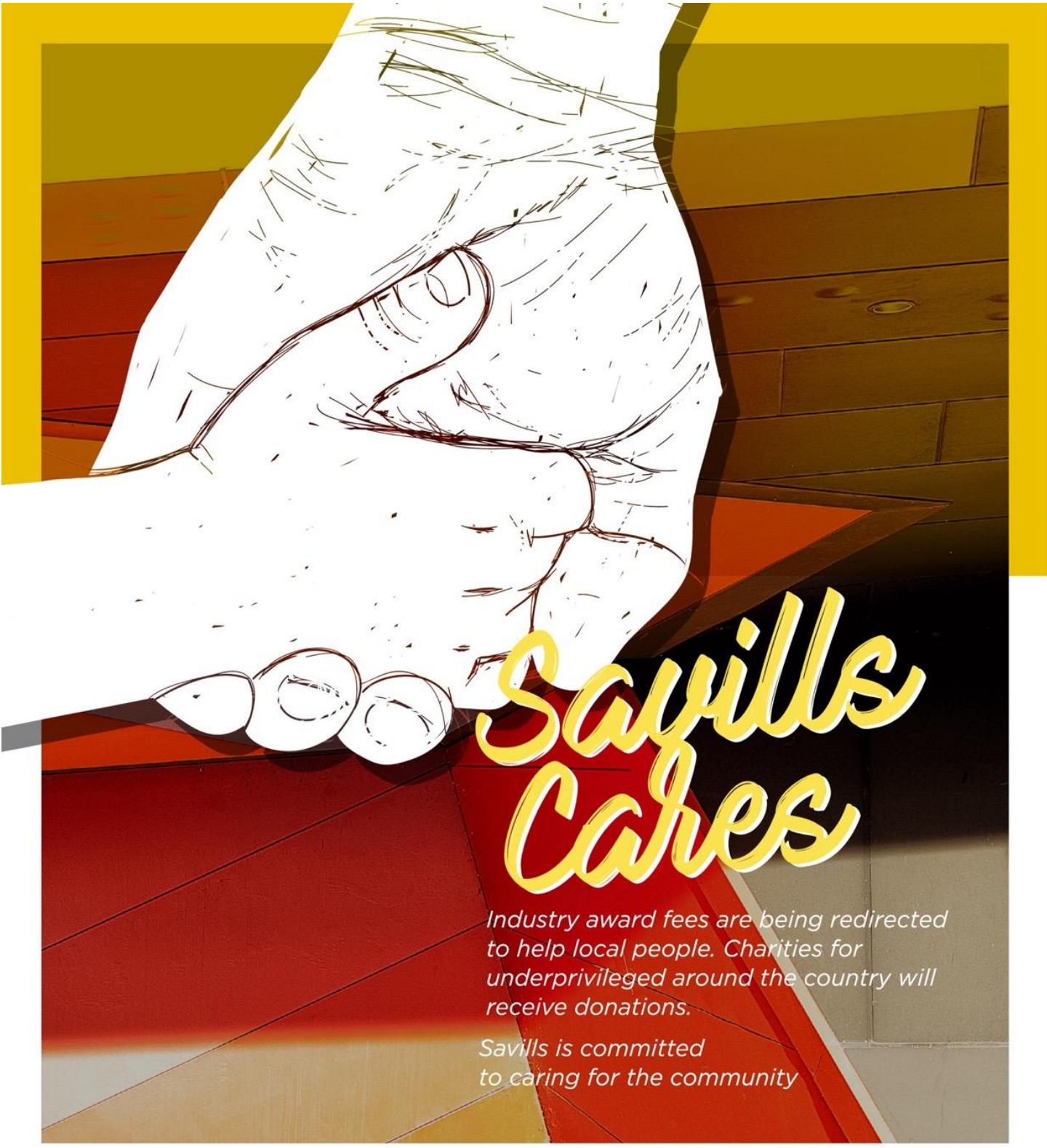


## MEGACITY

A 246-ha residential and commercial complex in Yen Phong District, Bac Ninh Province. An economic, villa/townhouse, apartment, retail, hotel, and serviced apartment market study provided a provincial overview and identified demand potential.

The current and future demographic and demand insights informed supply/demand gaps, which were used to create phasing and selling strategies and development timing recommendations.

Property economics, demographics and applied finance facilitated comprehensive recommendations for amenity development.

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