Vietnam M&A Market Overview and 2025 Outlook

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Grant Thornton

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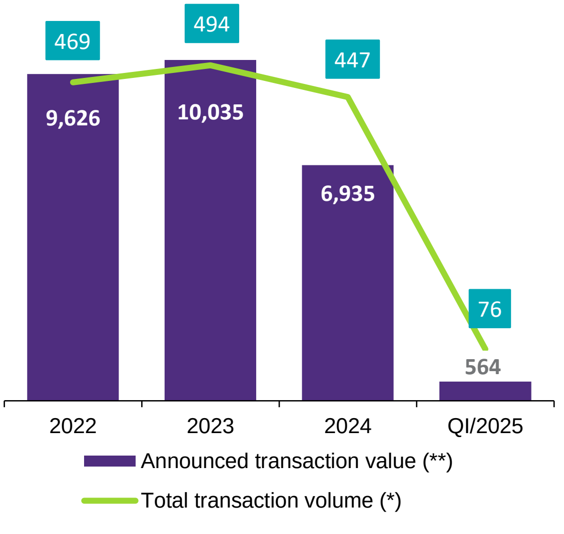
In 2024, Vietnam's M&A market recorded 447 transactions with a total disclosed value of approximately USD6.93 billion. Compared to the previous year, both the volume and value of deals experienced a decline, with the number of transactions (*) dropping by 9.5%, while deal value (**) saw a sharper decrease of 30.9%.

The average deal size fell from USD52.3 million in 2023 to USD41.5 million in 2024. Notably, this trend has extended to the first Quarter of 2025, with the average deal size plunging further to just USD23.5 million.

The number of large-scale deals above USD100 million shows a slight drop compared to 2023. The Industrials, Financial services, and Real estate sectors led in terms of large-scale transactions, with the Industrials sector reporting five deals exceeding USD100 million, followed by Financial services and Real estate, each with four and three large-scale deals, respectively.

Total value and number of M&A transactions

Unit: *USD million*



Quick statistics

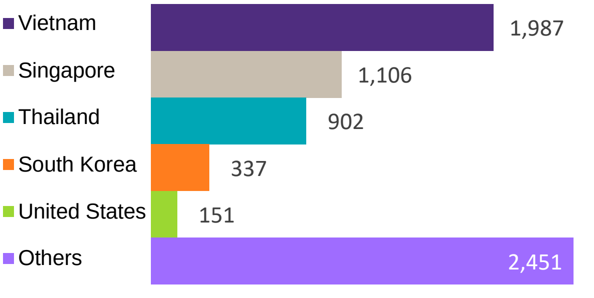
USD million	2022	2023	2024	QI/2025
Average deal size **	48.5	52.3	41.5	23.5
Transaction volume **	143	192	232	24
Count of large-scale deals > 100 million USD	14	17	14	1

(*) Including transactions with disclosed and undisclosed values
(**) Including transactions with disclosed value only

Source: Capital IQ, Grant Thornton analysis

Vietnam M&A Market in 2024 - Top 5 Countries (Buyers) by Transaction Value

Unit: USD million



Source: Capital IQ, Grant Thornton analysis

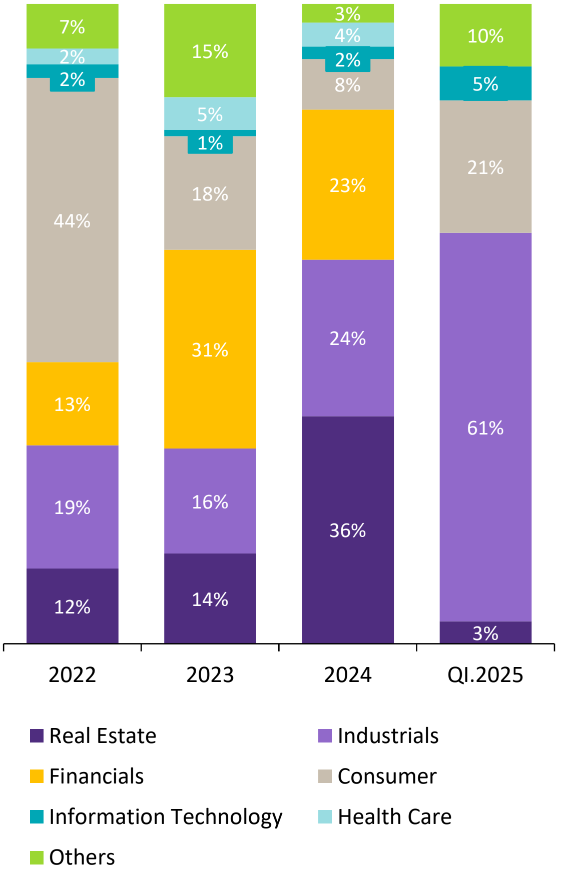
In 2024, the Vietnam M&A market witnessed the proactive participation of domestic investors, with announced transaction value from this group accounting for 29% of the market's total deal value. This marked a significant increase from 16% in 2023 and 20% in 2022, highlighting the growing confidence and capability of local players in executing large-scale transactions.

In contrast, the foreign-led deals experienced a substantial decline in value, falling from USD8,917 million in the previous year to USD4,947 million in 2024, representing a 45% drop. This was primarily driven by the volatile macroeconomic conditions, geopolitical tensions, and subdued global growth post-COVID-19.

In particular for the international private equity investors, the prolonged high-interest rate policy of the U.S. Federal Reserve (FED) has increased the cost of capital. As a result, this investor group has become more cautious, opting to redirect capital flows toward safer assets such as gold and U.S. government bonds.

Real Estate at the forefront of 2024 M&A market, Industrial and Financial sectors hold appeal

M&A Deals Value by Sector Distribution



Source: Capital IQ, Grant Thornton analysis

The sharp increase in the Real estate proportion in the 2024 Vietnam M&A market, reaching 36% of the total deal value (**), is an early sign of resilience after a sluggish period during 2022–2023. This also reflects a rebound in demand for residential property and the shortage due to few new developments over the last 2-3 years.

Some of the standout deals were the acquisition of SDI Trading Development and Investment LLC for USD 1.54 billion by a consortium of domestic investors (including NP Business Investment JSC, Emerald Business Investment and Development JSC, Falcon Investment and Development Co., Ltd., and Thien Phuc Investment and Development Co., Ltd.); and Becamex IDC's divestment of a residential project in Binh Duong Province to Sycamore Limited, valued at USD 553 million.

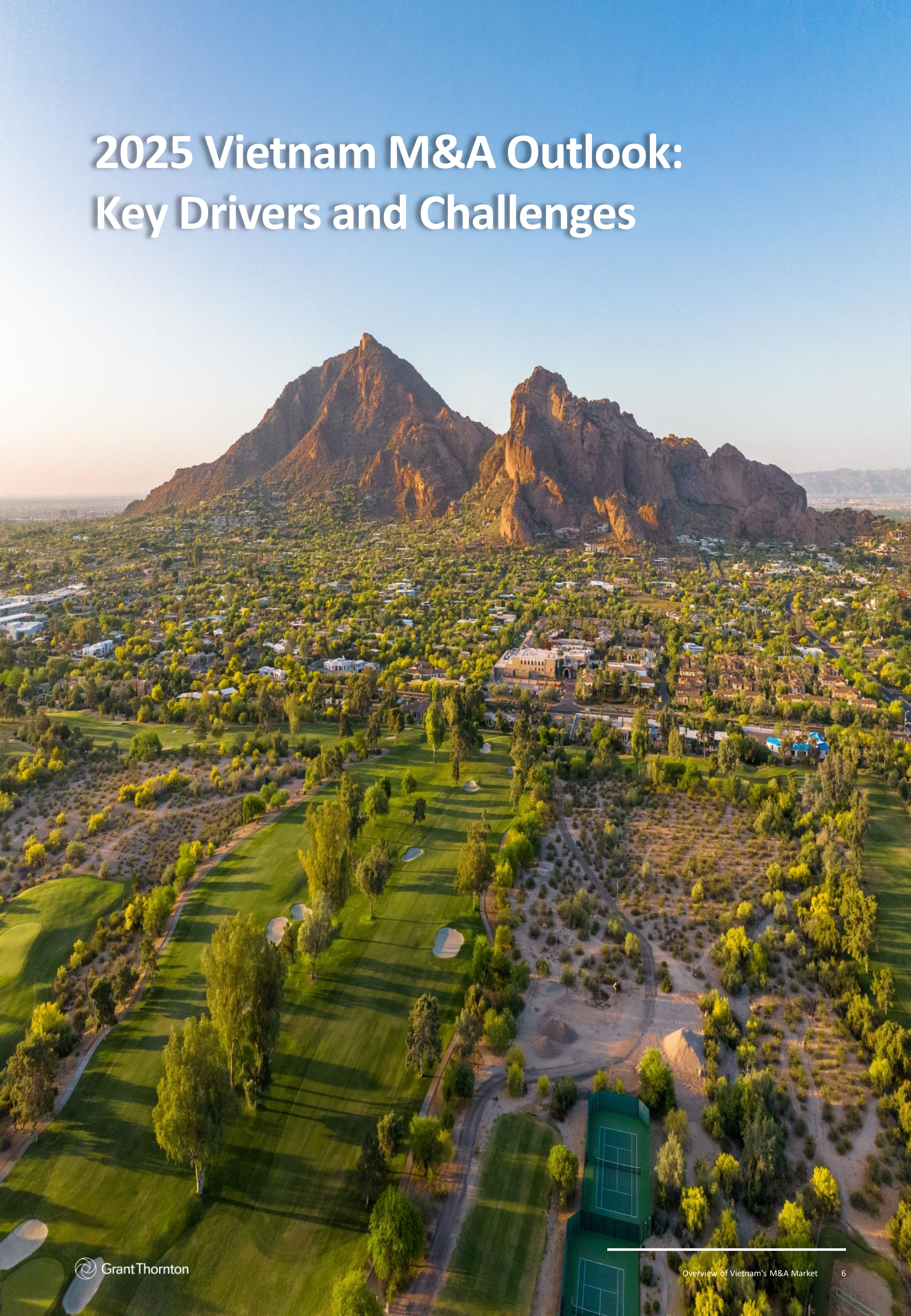
Industrial continued to affirm its pivotal role in Vietnam's M&A landscape, accounting for 24% of the total deal value (**) in 2024. This sector attracted strong interest from domestic and Singaporean investors. Local investors led in deal volume with 25 transactions, while Singapore-based investors contributed four significant deals throughout the year. A standout deal was Foxconn Singapore's investment of USD383 million into Foxconn Circuit Precision (Vietnam).

The Financial sector remained in the top three industries attracting investors in the 2024 M&A market, though dropped from the 1st position in 2023 with the USD1.46 billion mega deal between Sumitomo and VPBank. A notable transaction in 2024 was the USD852 million deal between SCB and Home Credit Vietnam. The persistence of large transactions indicating investor's confidence in the long-term growth potential of the Vietnam Financial sector, especially amid the high demand for consumer credit and financial services.

The Consumer sector continuesed its downward trend, with the number of transactions dropping from 78 to 58 and the deal value plummeting from USD1,781 million to just USD548 million during the 2023 – 2024 period. One of the main reasons for this trend is the absence of large-scale transactions, due in part to the relative under performance of the sector.. If in 2023, the sector saw a notable deal from Masan Group valued at USD751 million, there was no similar scale transactions occurred in 2024. However, there were 27 deals carried out by domestic investors in 2024 in this sector, gaining the second ranking in terms of transaction volume, which indicate that despite the lack of large deals, the sector still held a certain level of interest, especially for domestic businesses seeking opportunities to expand their operations in the local market. We also observed a breakthrough in Q1 2025 with the startup Techcoop successfully raised USD70 million in a Series A round from a group of investors led by TNB Aura (Singapore) and Ascend Vietnam Ventures.

The Technology sector represents a relatively small proportion of total transaction value, ranging from 1% and 2% only. This is primarily due to the fact that majority of transactions in this sector are of small value, under USD10 million, with the absence of investment opportunities in unicorn startups such as VNG, VNPay, Momo, and Sky Mavis, as in prior years.

2025 Vietnam M&A Outlook: Key Drivers and Challenges



Key Drivers for the M&A Market in 2025

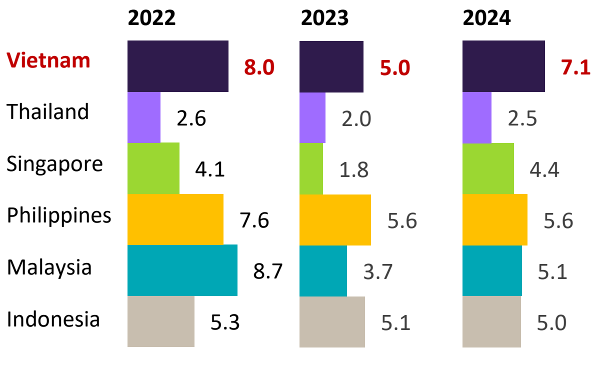
Target GDP Growth of Over 8% in 2025

The National Assembly has approved the 2025 Socio-Economic Development Plan, setting a target of over 8% GDP growth, with the economy projected to reach approximately USD500 billion in size. It also aims for double-digit growth during the 2026–2030 period. At the same time, 12 essential tasks have been outlined to resolve institutional bottlenecks and pave the way for achieving these growth targets.

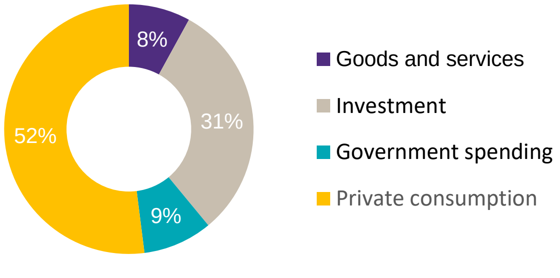
(According to Resolution No. 01/NQ-CP on key tasks and solutions for implementing the 2025 Socio-Economic Development Plan and the state budget estimate, recently issued by the Government)

The State Bank of Vietnam published Directive No. 01/CT-NHNN in 2025 which aimed at using monetary policy measures to maintain macroeconomic stability and control inflation to support economic growth in 2025. The Vietnamese government has demonstrated a strong resolve to fulfill its stated growth targets through coordinated efforts in guidelines, policies, and implementation plans across regulatory bodies.

Vietnam Records Outstanding GDP Growth Among ASEAN-6



GDP by sector 2024



Source: GSO, Grant Thornton analysis

Unlike 2024, when GDP growth of 7.09% was primarily driven by international trade and foreign direct investment (FDI), domestic internal factors are expected to be some of the key drivers of growth in 2025. The first quarter of 2025 recorded a solid growth rate of 6.93%, the highest year-over-year increase for the same period in the past five years.

Strategic Leverage of Public Investment

The Government has planned a 16% increase in public investment spending in 2025 compared to 2024, accompanied by strong directives at the beginning of the year to ensure effective management of disbursement progress and efficiency in key national projects. These include the North-South Expressway, Long Thanh International Airport, Terminal T3 of Tan Son Nhat International Airport, Noi Bai International Airport, and the Nghi Son LNG Power Plant.

Public Investment plan
Unit: Trillion Vietnam Dong

2024	2025
Plan: 752.5 Actual: 73%	Plan: 875 Increase: 16%

Public investment is regarded as a key lever to stimulate private sector investment, creating jobs, and increasing household income, so promoting domestic consumption. At the same time, infrastructure development serves as a long-term engine of socioeconomic growth, reinforcing Vietnam's position on the regional investment map.

2025: The Beginning of a New and Sustainable Growth Cycle for Vietnam's Real Estate Market?

The real estate market is anticipated to profit greatly from public investment, particularly through a series of major infrastructural and urban development projects in Ho Chi Minh City, Hanoi, and surrounding Provinces.

In terms of regulation, the Government has mandated the implementation of various measures to address difficulties and hurdles in launching new real estate projects as well as resolving stalled ones. In parallel, a range of new legislative frameworks such as the Law on Land, Law on Housing, Law on Real Estate Business, Law on Bidding, Law on Credit Institutions, Law on Urban and Rural Planning, Law on Planning, and the Law on Investment, all are being rolled out with the the goal of creating a transparent and favorable environment to foster safe and sustainable market development.

Credit support measures have also been prioritized, including a VND145 trillion credit package for social housing and a target to build 100,000 social housing units by the end of 2025. The State Bank of Vietnam has set a credit growth target of 16% and committed to maintaining low and stable interest rates to support the economy.

With these directives and measures in place, we believe the real estate market has favorable conditions for recovery and growth in 2025.

Key Drivers of the M&A Market in 2025 (cont.)

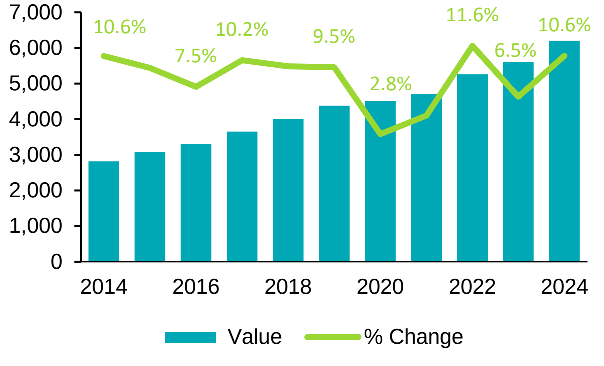
Private Consumption Positioned as the Key Driver of GDP Growth in 2025

Private consumption is estimated to grow at a rate of at least 12% to meet the 2025 GDP growth target.

Private consumption has demonstrated stable and continuous growth, with a compound annual growth rate (CAGR) of 8.29% during the 2014–2024 period. In 2024 alone, private consumption rose by 10.6%, the highest increase since the COVID-19 pandemic and one of the strongest annual growth rates in the past decade.

Private consumption in the period 2014 – 2024

Unit: thousand billion VND



Source: Grant Thornton analysis

If the Government effectively leverages this recovery momentum, combined with supportive policies for domestic consumers, such as maintaining the VAT rate at 8%, keeping inflation under control, and stabilizing the labor market, we believe the target of 12% growth in private consumption for 2025 is achievable. However, it is important to acknowledge the challenges in realizing this goal, which are discussed in greater detail in the section Challenges and Risks to Watch.

Private Equity Investors Poised for a Comeback in 2025

According to the 2025 Private Equity Report conducted by Grant Thornton Vietnam, 45% of respondents indicated that committed capital from limited partners (LPs) is expected to increase by more than 15%. Additionally, 94% of respondents forecast that market valuation multiples will rise in 2025, a significant reversal compared to the 2024 survey, where the majority of investors anticipated a decline in valuation.

This optimism is a positive signal, reflecting investors' confidence in Vietnam's long-term outlook, driven by strong economic growth and Government policies that are fostering a more transparent and attractive investment environment.

Sectors such as Information Technology, Healthcare & Pharmaceuticals, and Education are expected to attract interest from private equity (PE) capital, aligning with global investment trends of this investor group.

Sustaining a sustainable advantage in the investment environment helps Vietnam uphold its FDI appeal

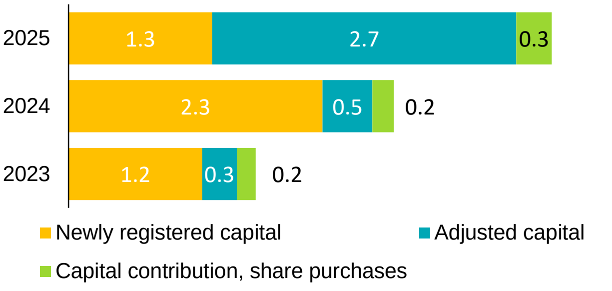
In 2024, Vietnam ranked among the top 15 developing countries attracting the highest levels of foreign direct investment (FDI) globally, with total registered capital reaching USD38.23 billion. Of this, disbursed capital was estimated at USD25.35 billion, contributed through both new and additional investment projects, as well as M&A transactions. These figures represent international investors' positive perceptions of Vietnam's investment climate and economic and social development capacity.

Vietnam's FDI outlook is expected to remain positive in 2025, driven by ongoing reforms and improvements to the regulatory framework and the investment environment, as well as a stable economic and political foundation and exceptional growth potential relative to other countries in the region.

Furthermore, Vietnam is expected to benefit from multinational manufacturers' worldwide supply chain diversification plans, as well as the increasing relocation of supply chains away from China, fueled by ongoing US-China trade tensions.

FDI in January over the years

Unit: billion USD



Source: GSO, Grant Thornton analysis

Industrial Real estates: strong demand fundamentals

Vietnam's industrial real estate industry is well-positioned to capitalize on the increasing inflows of FDI, supported by proactive land bank expansion and government-led infrastructure development initiatives.

On the supply side, the emergence of eco-industrial parks, exemplified by DEEP C in Hai Phong and various VSIP projects across multiple provinces, reflects a notable shift toward sustainable, energy-efficient, and environmentally responsible industrial models.

Meanwhile, ready-built factory and warehouse (RBF and RBW) segments have doubled supply from 6.6 million sqm in 2018 to over 15.6 million sqm by 2024, led by by institutional developers such as BW, SLP, Frasers, Cainiao, and KCN Vietnam.

Occupancy rates remained robust, averaging above 80% in 2024, underscoring strong demand fundamentals.

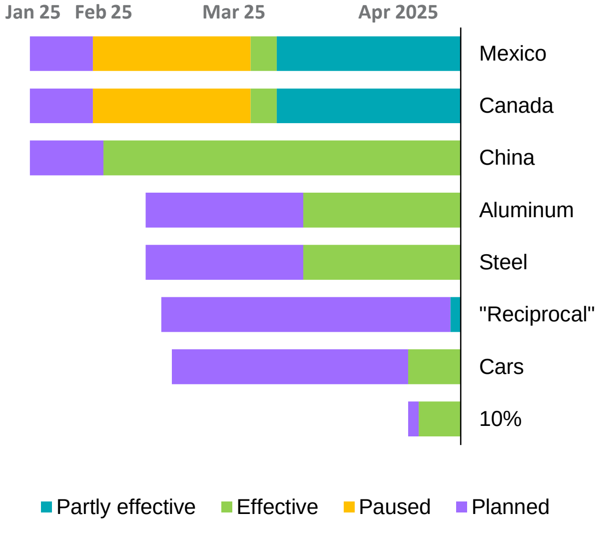
Challenges and Risks to Watch

U.S. "Liberation Day" Tax Strategy: Far-Reaching Impacts on Global Economy and Trade

In February 2025, the United States announced its first executive order raising import tariffs on the majority of goods from Canada, Mexico, and China. On April 2, 2025, the U.S. further unveiled an extended list of retaliatory tariffs targeting over 75 countries, including Vietnam, before subsequently announcing a 90-day delay in implementation. At the same time, a minimum tariff of 10% on all imported goods from all countries (with the exception of China, which faces tariffs of up to 245%) took effect on April 15, 2025.

Global reactions to this move fall into two main groups. The first group led by China, is expected to counter with their own trade and tariff measures against US imports. The second group comprises countries that choose to negotiate, which is the approach of most nations. However, the possibility of retaliatory actions remains if negotiations fail. The world is now facing the significant risk of a global trade war in the recent history.

US Tariff Timeline



Source: The New York Times

Trade tensions are causing widespread macroeconomic and trade repercussions globally, including:

- A downward revision of economic growth forecasts for most major economies, along with a dimmer global growth outlook for 2025.
- Significant volatility in global financial markets driven by concerns over an economic downturn and rising inflation.
- Disruption of the global trade order, raising concerns about the stability and reliability of international trade agreements and sparking a wave of rising protectionism.
- Businesses face challenges in adjusting supply chains and increased operational costs.
- The tax burden increases the cost of living for U.S. citizens and those in retaliating countries, leading to inevitable inflationary pressures...

... the Full Impact on Vietnam's Economy Remains Unclear

Immediately following the announcement of retaliatory tariffs, Vietnam initiated a negotiation process aimed at signing a bilateral trade agreement, raising optimism for a mutually advantageous arrangement and the continued stability of the two countries' supply chains. However, until official agreements are reached, a cautious and wait-and-see approach is expected to dominate the market.

Given Vietnam's reliance on these two countries for trade, trade disputes between the United States and China pose considerable hurdles to the Vietnamese economy. Furthermore, as trade tensions rise, both the United States' and China's monetary policies are likely to change unexpectedly, putting pressure on currency rates, inflation, and the stability of Vietnam's financial markets.

An unpredictable and unstable business environment, coupled with the current unfavorable macroeconomic conditions, poses a major barrier to business planning and investment decisions, particularly for cross-border transactions.

Domestic Challenges to Overcome in the Short Term...

In such global tensions and uncertainty, achieving the GDP growth target of over 8% for 2025 maybe challenging for Vietnam. If Vietnam fails to properly manage these difficulties, it could impact investor sentiment and the ability to attract FDI. Domestic businesses may become more cautious in their decisions regarding production expansion, hiring, and spending.

Additionally, the process of restructuring the Government, although aimed at long-term efficiency, could create temporary challenges for businesses and the investment environment. During this transition period, newly established Authorities may encounter challenges in operations, leading to delays in approval processes, licensing, and administrative procedures.

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