

INSIGHT ALERT

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VIETNAM'S FDI AND M&A OUTLOOK UNDER THE 2024 LAND LAW

Since the Land Law 2024 (Law No. 31/2024/QH15) took effect on 1 August 2024, it has reshaped Vietnam's legal framework for land allocation, lease, and capital contribution by land use rights. In our experience, these provisions are no longer just theoretical reforms: they have already influenced how investors structure FDI and M&A transactions involving land, particularly in industrial real estate and energy projects where land use rights are the key asset.

One significant innovation lies in Article 127(2), which allows the State to allocate or lease land without auction or tender in certain cases, such as where land under State management must be recovered and reallocated to investors implementing projects. In practice, this mechanism has proven attractive to investors pursuing time-sensitive projects, as it reduces the risk of procedural delays that previously hindered implementation.

Equally important, the Land Law 2024 clarifies and consolidates the regime for Vietnamese enterprises to contribute land use rights as capital when cooperating with foreign investors, as set out in Article 41(1)(đ) and Article 42. Under the old framework, the inconsistent application of this mechanism across provinces posed material risks to cross-border M&A. Over the past months, we have observed that deal structures involving land use rights can now proceed with greater legal certainty.

The market has already reflected these changes. According to the Ministry of Planning and Investment, by August 2025, registered FDI (new and additional) reached approximately USD 26.14 billion, up 27.3% year-on-year.¹ UNCTAD's World Investment Report 2025 continues to rank Vietnam among the world's top 20 FDI host economies.² Meanwhile, occupancy rates in Vietnam's industrial zones remain

¹ Ministry of Planning and Investment – FDI report, August 2025.

² UNCTAD, World Investment Report 2025.

high: around 80% in the North, 89% in the South, with some provinces such as Bac Ninh exceeding 83%.³

Challenges remain during this transitional period. While the Land Law 2024 is already in effect, its implementation is still evolving. Key decrees have been promulgated, such as Decree 102/2024/ND-CP on detailed implementation and Decree 88/2024/ND-CP on compensation, support and resettlement, but application may differ across provinces, and further guidance is expected in the coming months. As a result, investors may still encounter inconsistencies in determining which projects qualify for non-auction allocation and in methods of land valuation.

From our practical experience, investors should take early measures to mitigate these risks. Protective clauses should be negotiated in land lease agreements to safeguard against regulatory uncertainty. Comprehensive legal due diligence on land use rights is essential prior to any acquisition or capital contribution. In addition, preparing bilingual documentation and engaging early with local authorities can enhance transparency and alignment with evolving practices.

The Land Law 2024 has demonstrated that it is not only a legislative milestone but is also becoming a practical legal instrument shaping FDI and M&A strategies in Vietnam. Structuring transactions with contractual flexibility, embedded risk-mitigation mechanisms, and proactive regulatory engagement will be decisive in enabling investors to capture opportunities while maintaining legal and commercial security in the Vietnamese market.

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³ CBRE via VietnamPlus (18 Sept 2025) and VIR (21 Aug 2025).

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If you wish to discuss any of these issues further, please contact us.



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