



Source: Phu My Hung Corporation 2003

Fig 1: "Saigon South is an urban vision for Vietnam in the new millennium" (advertising text in brochure of PMH Corporation)

The development of Saigon South New Urban Area A sign of an increasing internalization and polarization in Vietnamese society

Michael Waibel

Vietnam's admission to the WTO, expected for 2005, will mark the completion of an almost two decades-long period of transition from a centralised state planning system to a market-orientated economy. However, the economic boom triggered by the Renovation Policy has not affected all regions in Vietnam equally: The Viet Nam Living Standards Surveys conducted in 1992-1993 and in 1997-1998, as well as the 2002 Vietnam Household Living Standards Survey clearly proved that spatial disparities have increased in the course of transition. The biggest transition beneficiary is

Vietnam's largest urban agglomeration, Ho Chi Minh City. This metropolis represents the most important target region for flows of foreign direct investment (FDI) and displays by far the highest per capita incomes in the country (see Table 1). Ho Chi Minh City is Vietnam's most outstanding motor of innovation, growth and modernization. This first future megacity of Vietnam (GURBY & HUONG 2002: 18) is not only the most economically developed, but also the most internationalized urban landscape of Vietnam. At the same time, nowhere else in Vietnam can such a distinctive

degree of polarization as well as fragmentation of urban society be found. The city extension project 'Saigon South', 'the largest international standard master-planned city in Asia' (FRANCEY 2003), is a good example illustrating this process. Following the new rules of market economy, this scheme is being implemented as a public-private partnership by the Taiwanese-Vietnamese Joint Venture Company Phu My Hung Corporation.

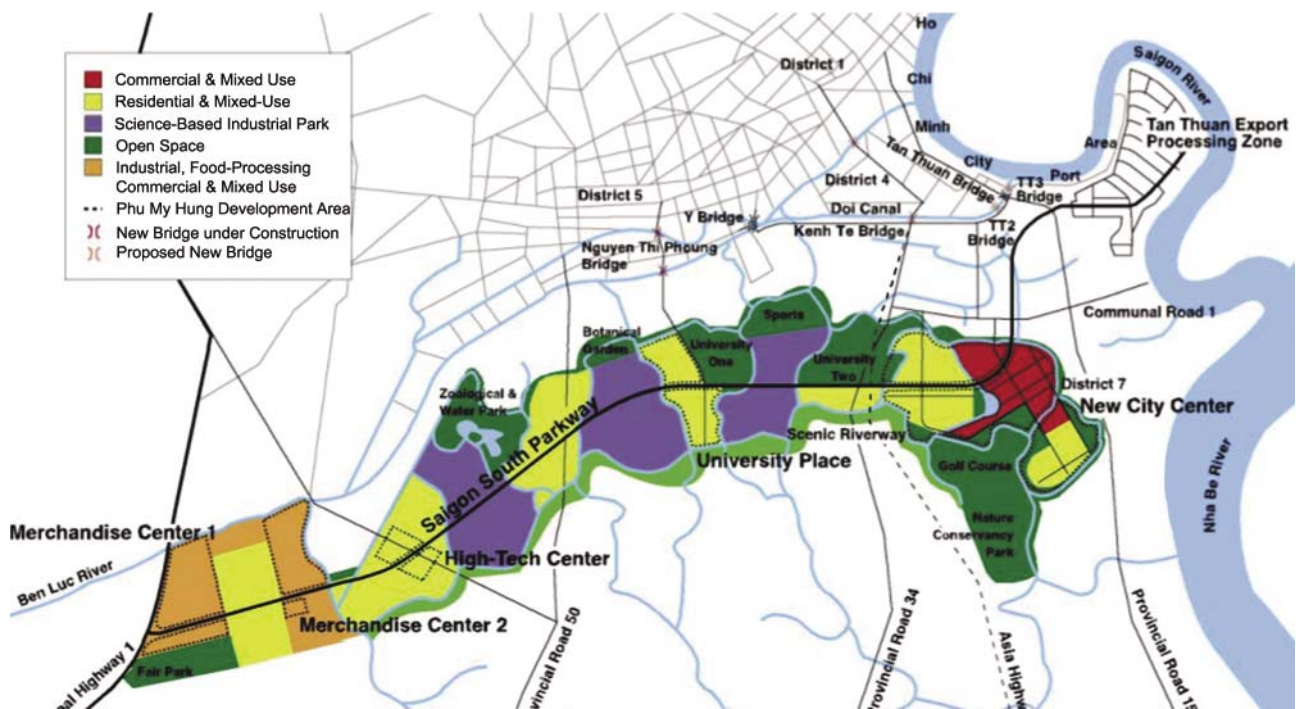
Actors

The most important actor of the Saigon South Project is Phu My Hung Corporation (PMH), a joint venture company between the Taiwanese corporation Central Trading & Development Group (CT&D) (contributing 70 % legal capital) and the Vietnamese Tan Thuan Industrial Promotion Corporation (IPC) (contributing 30 % legal capital). The IPC is under the control of the Peoples' Committee of Ho Chi Minh City. Obviously, most of the capital brought in by IPC into PMH was in form of real estate. PMH had already been awarded the development contract for Saigon South in May 1993. The most likely reason why PMH got the contract is because another daughter company of CT&D, the Tan Thuan Corporation (TTC), had successfully started to develop Vietnam's first Export Processing Zone (EPZ), Tan Thuan, licensed in 1991. Not surprisingly, another daughter company of CT&D was licensed in 1993 to build the first fully foreign-owned power plant in Vietnam. Today, this power plant provides power to Tan Thuan EPZ, Saigon South and the recently established Hiep Phuoc Industrial Park. The excess capacity is passed on to

Table 1: Ho Chi Minh City at a Glance

Area (in % of Vietnam)	2095 km ² (0,6%)
Population (in % of Vietnam)	5,479,000 (6,8%)
living in urban districts	4,623,200
living in rural districts	855,800
No. of districts	22
No. of urban districts	17
No. of rural districts	5
Export Processing Zones / Industrial Zones	2 / 10
Implemented FDI-Capital (till 2/2004)	5.67 Bill. US\$
(in % of Vietnam)	23,0%
Gross Domestic Product of HCM 2003	7.08 Bill. US\$
Growth Rate of GDP 2003	11,2%
GDP/ Capita 2003	1,682 US\$
(in % of Vietnam)	365%
Contribution of HCMC to the GDP of Vietnam (2002)	17.8%
Unemployment Rate	6.52%
Birth Rate	1.67%
Literacy Rate	98.4%

Sources: GENERAL STATISTICAL OFFICE 200; www.dpi.hochiminhcity.gov.vn (last accessed: 5/21/2004); www.itp.hochiminhcity.gov.vn (last accessed: 5/21/2004); Vietnam Economic Times, Issue 121, March 2004



Source: Phu My Hung Corporation 2003

Fig 2: Masterplan of Saigon South

the national grid and currently satisfies about 45% of Ho Chi Minh City's electricity demand (FRANCEY 2003). Altogether, the CT&D group has invested over 700 million US\$ in the three inter-linked projects mentioned above.

Overview of Saigon South

Saigon South is a mixed residential and commercial urban development covering 3,300 hectares of former wetlands just 4 km south of the central District No. 1 of Ho Chi Minh City (see Fig 2). The projected population of Saigon South for the year 2020 ranges between 500,000 and 1,000,000 people. As of January 2004, however, only approximately 1,400 villas and apartments had been completed, of which around 80 per cent have been sold so far. The development of Saigon South is to run parallel to the existing core of Ho Chi Minh City. Located to

the East of the new urban area, the 440-hectare New City Center is the first zone being developed. Within this area residential and commercial quarters are blended with educational centers (e.g., the first completely foreign-owned university in Vietnam, the Australian RMIT International University, currently under construction) and health facilities (e.g. the Franco-Vietnamese Hospital, see Fig. 4)¹. The most important traffic axis, and the first completed project, is the so-called Saigon South Parkway, a 17.8 km long road connecting this area with National Highway No. 1 to the west as well as with Tan Thuan EPZ and the port area to the northeast (Fig 4). Just for the construction of this Parkway, ten new bridges had to be built (Fig 4). As a matter of course, leisure facilities like tennis courts or a golf driving range also form part of the concept. Thus, al-

most no element of "the universal toolbox of post-modern urbanity" of any new town² world-wide is missing (GOTSCH & PETEREK 2003: 5).

Symbol of VN's global integration

Conceptually, the new Saigon South urban area is also very similar to those erected in the 1990s, e.g., in the metropolitan regions of Greater Seoul, Jakarta, Kuala Lumpur or Bangkok, and represents modern as well as internationally standardized town planning (NGUYEN 2003: 15). The Phu My Hung Corporation proudly advertises the fact that the Saigon South Master Plan, drawn up by the world-renowned Skidmore, Owings & Merrill (SOM) Planning Bureau, has won several awards including the Progressive Architecture Citation in 1995 and the American Institute of Architects (AIA) Honor Award for Urban Design



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Fig 3: Plan of a residential quarter within the New City Center of Saigon South



Fig 4: Elements of the universal toolbox of post-modern urbanity of any new town world-wide, as found in Saigon South

in 1997. The Saigon South City as well as - among others - the only foreign-invested housing project currently licensed in Hanoi, the \$2.1 billion Ciputra Hanoi International City Project (managed by an Indonesian-Vietnamese joint venture company) are thus visual proof of Vietnam's ambition to increase its integration into a economically and culturally globalizing world. The visible outcome is an internationally standardised, consumer-oriented architecture (GOTSCH & PETEREK 2003: 1). Strangely, there seems to be no current empirical data on the target groups' aspirations and preferences towards this kind of uniform architecture and the coherent new urban area concepts.

Increasing segregation

Of course, all these new urban housing areas are destinations for the beneficiaries of transition, and thus mainly serve the high- and middle-income groups: The specific target population of Saigon South City is composed of expatriates, Vietnam's Nouveaux Riches, and, of course, the white-collar staff of the surrounding Export Processing Zones (NGUYEN 2003: 15). This new stratum of population is generally mobile, well off, lives an upscale Western life style

and values security and comfort.

As affluent citizens migrate from the old city centre to suburbia, a new division of the city along class lines is rapidly emerging (see Fig 5 & 6). These well-regulated suburbanization processes, which are a quite recent phenomenon in Vietnam, will also have far-reaching consequences for the social geography of the metropolis. In this way, the development of Saigon South is contributing to the increasing process of physical, functional and social segregation within the municipality of Ho Chi Minh City.

Real-estate and speculation boom

The ongoing segregation processes are seriously aggravated by the real-estate and speculation boom currently engulfing Vietnam. Driven by a 7% economic growth, acute housing shortage, strong demand and speculation, property prices in Ho Chi Minh City and Hanoi have increased four- or fivefold in the last years (SON 2003: 14). Prices of land in both cities are now among the highest in the world. In 2003 alone, the property market in Ho Chi Minh City saw a dramatic rise in both occupancy rates and rents (HONG 2004A). At the moment, the cheapest apartments in Saigon South cost approximately 50,000

US\$, including all taxes and fees. Even though PMH is now offering apartments in instalments paid over periods of up to 15 years, the longest payment tenure in Vietnam for apartments, this price is still out of reach for most Vietnamese (HONG 2004B: 19). As most real-estate operators and consultants expect the demand for luxury apartments and office space to remain high for the next two or three years, there seems to be no reason why the property prices should decrease. Furthermore, expectations for the overall future economic welfare of Vietnam are very high and are a driving force of speculation. Besides, investment in property is regarded as a safer method to invest money than deposits at a bank.

As for Saigon South (and all other new urban areas of Vietnam), the property boom is now providing much brighter prospects for high rates of return than before. At the moment, market prices can be twice or three times the real construction costs (BICH 2004: 19) Therefore, the speed of construction within the New City Center has significantly accelerated³.

However, the property boom is increasingly preventing access to the housing markets for low-income groups, who still form the majority of Ho Chi Minh



Fig 5: Apartments of middle classes' dreams



Fig 6: One of the first Gated-Communities in Vietnam

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City's population. For them, there is currently virtually no chance of owning apartments or houses in Saigon South or elsewhere.

A further problem is that the property boom in the high-end accommodation market is absorbing almost all capacities of the existing construction enterprises at the moment. So it must be stated that only few companies in Vietnam are interested in concentrating their efforts on the provision of housing for low-income people (WAIBEL 2003).

Conclusions

According to the World Bank (2003: 2), "the next decade may well be characterized by increasing inequality in Vietnam. The rising integration of Vietnam into the world economy will primarily benefit the economic hubs of the country." It may be expected that not only the gaps between Vietnam's urban and rural areas will increase significantly, but also the gaps within Vietnam's biggest city. You could say that this is the price for giving up overall planning control in exchange for a regionally-selective growth. The conceptual design and implementation of Saigon South is a visual symbol of such a development, driven by neo-liberal market forces and the wish to be part of a globalising international community. This kind of development model will certainly aggravate the already existing intra-urban disparities. It seems more than unlikely that the future residential population of Saigon South will mirror Vietnamese society, as indicated in the advertisement of PMH (see Fig 1).

In any case, there is no obvious alternative to a large, controlled extension of Ho Chi Minh City's urban area. However, it

appears mandatory that the Vietnamese government and local city planning authorities should draw their attention more to the aspirations and the needs of the economically underprivileged population. Furthermore, international institutions and experts may back the Vietnamese side by developing better planning tools for coping with processes of polarisation, poverty, pollution or housing shortages.

Endnotes

¹⁾ Both projects mentioned here, the construction of the Australian RMIT International University as well as the Franco-Vietnamese Hospital, have been financially supported by the Asian Development Bank (ADB) and the International Finance Corporation (IFC).

²⁾ According to GOTSCH & PETEREK (2003: 5), this universal toolbox includes the detached "villa", the residential high-rise apartment block, the university campus, the office tower, the mall, the international schools, the golf driving range, the country club, the entertainment park, the technology park, etc.

³⁾ In contrast, following the Asian regional financial crisis of 1997, only modest progress had been made in Saigon South from 1997-2000 (MARTIN 2001: 37).

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Interview with Mr. ALPHA CHEN, International Marketing Dep. of Phu My Hung Corporation, 1st of October 2003.

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