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The Guide to What's Happening in Vietnam



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FEATURES

WHAT THE FUTURE HOLDS FOR SAIGON

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As Saigon's rapid development transforms the urban landscape, life in the southern hub will change for both locals and expats alike. Michael Tatarski, Dana Filek-Gibson and Ruben Luong take a look at what the future holds for Saigon and its residents. Photos by Vinh Dao.

This time last year, there were still motorbikes zipping through the roundabout in front of the Rex Hotel. I knew that General Tran Nguyen Han, the man astride a horse opposite Ben Thanh Market, would soon be gone, nor did the residents of Ham Nghi expect to find their street so transformed for Tet this year. A lot of change in a short time.

This has always been the way of Saigon, as well as most urban centres in developing nations. However, in the last few months, the city's growth has sped up exponentially; in the last six months alone, the outer districts seem to be sprouting buildings of their own volition. But are these rapid changes leading to a better home for Saigon's residents or worse?

While the city still has a long way to go, it's on the right track, according to ECA International, a global company which assists multinational corporations in ensuring efficiency and cost-effectiveness in their efforts abroad. Over 400 locations across the globe, ECA International analyses factors such as climate, housing and utility infrastructure, personal safety, air quality and availability of health services to determine which cities are suited to expat living.

For the past several years, Saigon has managed to land among the top 50 Asian locations, coming in at 32nd on a company's most recent survey. Though Vietnam's southern hub has slid back a few spots since 2012, when it clocked in at 21, Lee Quane, ECA International's regional director for Asia, believes this has more to do with the growth of competing cities than any decline in Saigon's quality of living.

"HCMC's improvements have been numerous," he explains via email. "There has been a significant increase in leisure and recreation options in the city combined with quality and availability of goods and services, which has improved the attractiveness of the city. Also, improved infrastructure in the immediate vicinity of the city has made it a much more attractive location for residents."

However as the city continues to grow, Quane also points out that Saigon will be tasked with a new set of challenges in expanding to make room for more industry and foreign investment projects.

"The largest challenge faced by these locations in terms of their quality of living and attractiveness is how to manage with the rapid increases in population that are taking place in them," says Quane. "These improvements have been tempered by increasing levels of air pollution, traffic challenges and strains on infrastructure, such as heat, that accompany urban development in developing economies. HCMC's growth in the next 10 years will continue to depend on its ability to attract investment."

Moving on up

For most – if not, all – expats, work opportunities play a crucial role in their decision to settle in Vietnam. As many of Saigon's job openings aren't readily found online or abroad, there is no question that employment opportunities abound in the southern hub for both experienced expats and those fresh out of school. In the past, a portion of these opportunities may have been a result of the local work force lacking certain skills, however as Vietnamese workers earn higher qualifications, gain experience and upgrade their skill sets, expat options will begin to open up at least in certain industries.

For Neil Martin, director of Fly Up Technical, an executive search firm which specialises in the fields of construction, engineering, property, infrastructure and manufacturing, the decline is already apparent, at least in his area of expertise. A Vietnam resident since 1997, Martin, who has an extensive background in construction, has seen how this change accelerate over the past few years.

"Generally, in the construction industry, what we've found is that the skill level of Vietnamese nationals has improved considerably, displacing many of the expats who were previously invited to come to Vietnam with their skill set," he says. "It's been slowly going on since I've been here and the last five years it's been more noticeable."

Leila El Assry, a consultant at Robert Walters Vietnam who specialises in supply chain, logistics and procurement, has noticed a similar trend. El Assry, who grew up in Morocco, sees a strong parallel between her home country and Vietnam, where young, dynamic workers are eager to advance their careers but sometimes hit a glass ceiling of sorts, as senior positions in foreign companies are often held by expats. However, in some companies are beginning to break from this practice by investing more fully in the local workforce.

“For all the heads of supply chain for most big companies, you can see a lot of foreigners,” she says, “But in more, their replacements are made by local people.”

While this doesn't necessarily bode well for expat residents seeking corporate jobs, El Assry notes that this is a positive step for Vietnam.

“It's a very good sign for the country because you have more and more people getting qualified specifically in procurement,” she explains. “Not going just for general education, now you have more and more people specialising in procurement for instance...but even for supply chain or finance.”

Martin, too, agrees that this growth means good things for the future of Vietnam in general and, more specifically, for Saigon.

“I actually think it's great,” he says. “It's marvelous the way things are going. It's really nice watching people. People that I used to manage on construction sites are now directors and also in senior management positions in construction companies and development companies.”

With local employees finding a niche in their respective industries and foreign companies willing to put greater responsibility in the hands of Vietnamese staff, the unique knowledge expats once brought to the table is now more widely available. Moving forward, this will mean a change in the level of opportunity available to Saigon expat residents.

“I think it's going to be maybe more difficult for foreigners to settle here,” El Assry says, “Especially in [supply chain, logistics and procurement] kind of jobs.”

However, that's not to say that foreign jobs will dry up altogether, simply that the areas in which foreign expats might be required have shrunk. The city's mammoth English-teaching centres, for instance – many of which have specialised on employing native English speakers – are unlikely to disappear any time soon. In the more amorphous industries of the digital world, too, opportunities still exist for both locals and expats alike, but with things changing so quickly, it's tough to say exactly what the workforce of 2025 will look like.

“It's actually quite difficult to comment on [the future],” says Martin. “I just couldn't. I could never really predict what was going to happen now.”

Easing Transit Tribulations

Last month saw the continued construction of the city's first metro line and the beginning of the second round of public consultations, promoting not only initial anticipation but general curiosity of how this new form of mass transit might affect the livability of Saigon.

According to Michael Waibel, an urban planner and co-author of the book HCM Mega City, which focuses city's recent urban development, the metro will be especially useful for expats in Thao Dien and Anh Khar

“The line from District 2 across the Saigon River is a very good connection and will find wide acceptance,” says. “It is a direct connection to the city centre from an area where many expats are living. To do the distance, motorbike is cumbersome and by car it takes a long time. So public transportation has a time advantage and will be more convenient.”

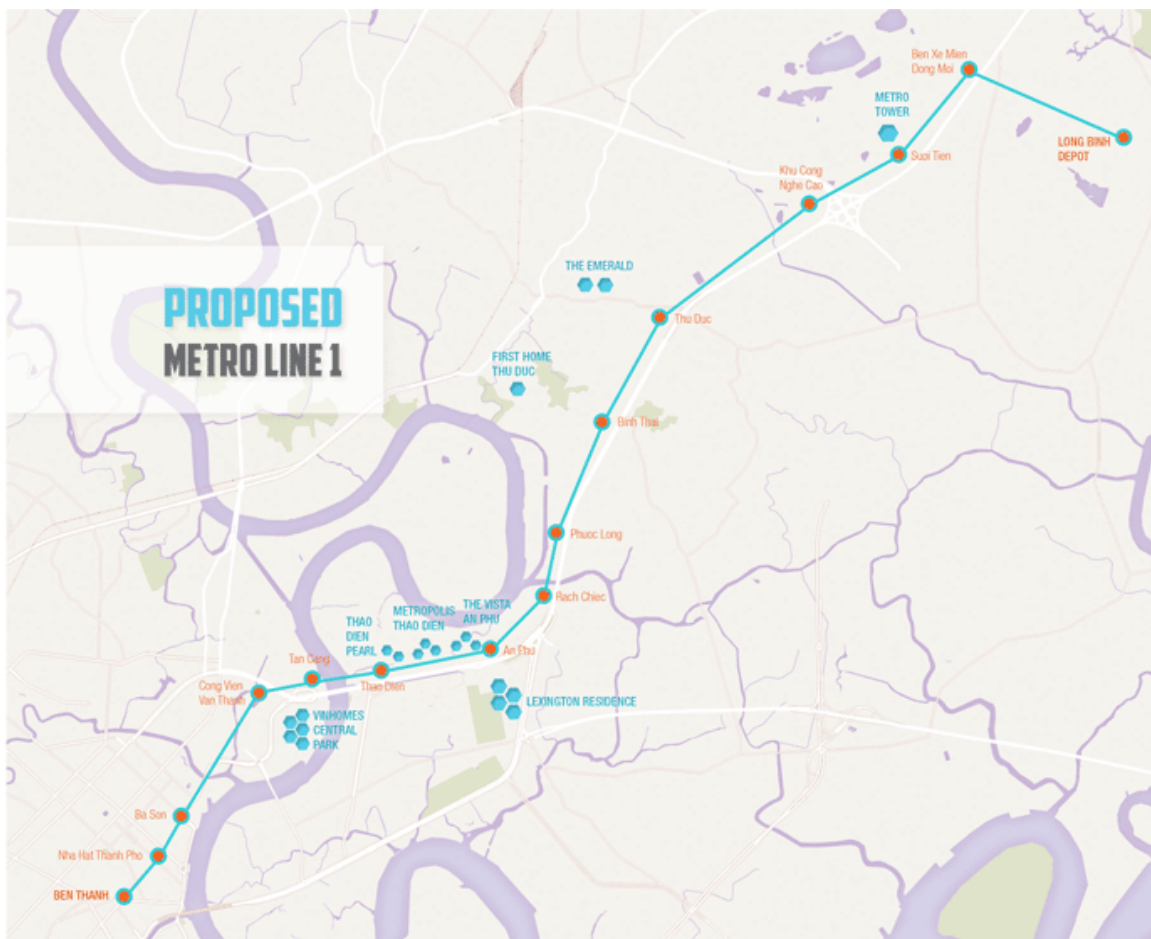
Matthias Altenhein, managing director of a local public transport organisation in Germany, who visited Saigon last month to learn about the metro, emphasises the importance of managing the image of public transport. To Altenhein, it is necessary for Saigon to promote its public transport before too many living in the area start to buy cars by preference.

“If all the people who have motorbikes now are willing to buy a car,” he explains, “the city will only be congested. It's important before the people buy cars to have them use public transport.”

Henning Hilbert, head of the language centre at the Vietnamese German University and Waibel's co-author of Mega City, which will release a second edition early next month, believes this involves not only building a positive attitude and image of the metro but building it in a timely manner now that work has begun.

“If the people think it's a bad system they will not use it, even if it's good,” says Hilbert. “They have to give it a good image and show that it's worth waiting for for some time and then they will use it.”

Waibel remains optimistic. “In general, I think HCMC is already a great place to live,” he says. “It has a high quality of life already and much potential for even a better one. The erection of the metro lines will contribute to this.”



More for your money

Though some prices have risen over the last few years, Saigon continues to enjoy a very reasonable cost of living for expat residents. Compared to Western cities and even larger regional urban centres like Bangkok, Kuala Lumpur and Singapore, life in Vietnam's south remains inexpensive.

"In general, cost of living in Vietnam and Ho Chi Minh is particularly affordable when compared elsewhere in the region, and even within the region," says Neill MacGregor, managing director at Savills Vietnam.

"Rents are relatively low, you can obviously eat and drink cheaply should you choose to [and] taxi prices are very affordable."

Though the costs of some goods and services have increased more dramatically than others over the past few years, MacGregor predicts that with inflation reined in and small devaluations of the local currency helping things stay affordable, there isn't likely to be a huge increase in the city's cost of living between now and 2025.

Part of the reason Saigon's costs won't be skyrocketing any time soon is thanks to an affordable housing market. While food prices may rise and the price of transportation may continue to climb as the city awaits completion of its metro system, one of the most costly expenditures – housing – has remained economical and widely available. As Saigon continues to expand, so, too, will its property market, keeping rents reasonable for city dwellers and creating added value to housing options as the quality of these developments improves.

"I don't see rents going up dramatically because of this consistent new supply," MacGregor explains. "For the most part, the cost of living should remain reasonably affordable and I think people will notice they can get more for their money."

With housing projects in development across town, particularly in areas around the city centre, expat options are set to expand. Already, upcoming additions like the mammoth Vinhomes Central Park, a huge multipurpose development in Binh Thanh District, are making their mark on the city skyline and offering city dwellers a number of perks. Combined with the recent changes in property ownership law, which will allow foreigners to purchase homes and apartments, steady rental fees will keep Saigon's cost of living within reason.

The air we breathe

When it comes to livability, the environment of an urban centre can make all the difference in determining whether spending time in a city is pleasant or difficult. At this stage in Saigon's development, there is uncertainty about the environmental future, but what might we expect in 2025?

Melissa Merryweather, director of Green Consult-Asia, finds good and bad in the direction Saigon is moving. The much-anticipated underground system will undoubtedly bring environmental benefits once completed. Efficient public transportation can help alleviate one of the biggest environmental issues facing the city: vehicle emissions.

"One thing that drives transport emissions up is the amount of congestion," Merryweather says. "You've got traffic which is stuck, creating a lot of stationary places...that are just drowning in petrol fumes."

"Public transportation won't just reduce emissions, it will reduce traffic jams which produce local emissions."

Merryweather also sees great potential for bus transit as a means to reduce emissions in Saigon, a method the city is pursuing. According to *VietnamNet*, the World Bank is helping to fund a program that would develop several Bus Rapid Transit (BRT) lines served by buses running on compressed natural gas by 2018.

"Buses are easy, they're cheap and they're effective," Merryweather says. One of these lines will utilise Vo Thi Ky Street, which is "new, there's less traffic, and yet it connects a fantastic segment of the city."

Michael Sieburg of Solidiance, a firm which works in a number of sectors in Vietnam, including green technology, also sees reason for both concern and hope. One area he worries about is electricity generation.

"Vietnam has traditionally been pretty clean...because there is so much hydropower," he explains. "But they're starting to tap out of that...they need energy, but where are they going to get it from?"

Numerous coal power plants are under construction, but coal is very dirty and likely not a sustainable way to generate power. "There's a lot of talk about nuclear and there are some agreements on the table," Sieburg says, "but is it green?"

Sieburg is, however, upbeat about the future of green space in Saigon. "There are some encouraging signs in the new Nguyen Hue, which is the start of several streets they're planning on making pedestrian-only," he says. Because of the requirements for green space in the new 2's Thu Thiem New Urban Area and Vinhomes Central Park, which are where future development is headed.

Of course, in such a rapidly transforming city it is impossible to guess exactly what Saigon's environment will be like in 2025.

"I know we're going to be surprised constantly by what happens over the next 10 years," Merryweather says. "But there are opportunities...and if people understand what's at stake in changing the environment...then we can have a livable city while making these very dramatic changes."

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