

RISK LEVEL OF VIET NAM REAL ESTATE INDUSTRY UNDER FINANCIAL LEVERAGE DURING AND AFTER THE GLOBAL CRISIS 2007-2009

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Abstract

After the financial crisis 2007-2009, this paper evaluates the impacts of external financing on market risk for the listed firms in the Viet nam real estate industry. First, by using quantitative and analytical methods to estimate asset and equity beta of total 45 listed companies in Viet Nam real estate industry with a proper traditional model, we found out that the beta values, in general, for many institutions are acceptable. Second, under 3 different scenarios of changing leverage (in 2011 financial reports, 30% up and 20% down), we recognized that the risk level, measured by equity and asset beta mean, decreases (0,348) when leverage increases to 30% and it increases (0,385) if leverage decreases down to 20%. Third, by changing leverage in 3 scenarios, we recognized the dispersion of risk level, measured by equity beta var, increases if the leverage increases to 30%. And the asset beta var value is quite small, showing leverage efficiency. Finally, this paper provides some outcomes that could provide companies and government more evidence in establishing their policies in governance.

KEYWORDS : *equity beta, financial structure, financial crisis, risk, external financing, real estate industry*
