

New Japan-based Okura Nikko Hotel



Hotel Nikko in Kanazawa's Honmachi district in Japan

Japanese company Okura Nikko Hotel Management Co Ltd will open their first Nikko Phnom Penh Hotel in the capital by 2022. The hotel will be located in the 23-storey Japan Trade Centre (JTC) building, which is still under construction and build on 3,374sqm plot of land along Street 430 in Chamkarmon district's Tuol Tompoung II commune, with an investment capital of \$65 million. The hotel will offer 201 guest rooms on floors 14 to 22 of the building. The aim of creating the hotel is to act as a bridge between two countries and imbue it with our signature hospitality, rooted in Japanese culture and it is also part of the company plan to expand its portfolio to 100 properties, mainly in Asia by 2020. According to the Ministry of Tourism, Cambodia received a total of 4.8 million foreign tourists in the first 10 months of 2018, of which 158,439 were Japanese, down one per cent compared to the same period last year.

Learnt from: The Phnom Penh Post (24th December, 2018)

Construction sector sees 20% fall

According to the Ministry of Land Management, Urban Planning and Construction's 2018 annual report, the Kingdom's construction sector has seen a 20 percent fall in capital investment in 2018 compared to 2017. A total of 2,867 projects were approved this year valued at more than \$5.22 billion, down 18.66 per-cent compared to \$6.42 billion last year. Despite the decrease in capital investment, the ministry collected more than \$97.6 million in revenue, an increase from \$93 million last year. The revenue collected are comprised of approximately \$11.5 million in cadastral services, \$4.05 million in construction service fees, \$70,000

in revenue from enterprise and factory site rental and \$81.9 million in property transfer taxes. According to Century 21 Mekong Co Ltd CEO, the fall of 2018 was due to large projects approved in 2017 which are currently under construction and are set to take two to three years. Although investment capital in the construction sector declined in 2018, insiders remain optimistic that investment capital will increase next year.

Learnt from: The Phnom Penh Post (25th December, 2018)

Property Price Growth Slows

According to a second-half 2018 Key Real Estate Co Ltd report, real estate prices in the Kingdom's major cities only saw small increases last year, though land prices in coastal provinces saw a sharp increase. Land prices in Siem Reap town which is already well-developed, ranged from \$100 to \$5,500 per sqm, an increase of around five to 10 per cent compared to 2017. Phnom Penh and Siem Reap town is similar because both places have already been developed. Preah Sihanouk province saw much larger increases in comparison due to its lower base level development and the influx of Chinese investors and tourists. Despite the lower increases, the provincial sector remains healthy.

Learnt from: The Phnom Penh Post (3rd January, 2018)

Options for Investing in Properties

Most of the condominium units in Cambodia are offered on freehold basis though different types of projects are offered only on leasehold. The rent of the land is paid up front, but the building remains under the ownership of the developer, or they transfer the ownership of the building to the owner at the end of the lease period. Foreigners in Cambodia can own properties on the first floor or higher, or up to 70% of buildings which have strata title. Alternatively, if these foreigners are partnered in a Cambodian legal entity, they can own up to 49% of the private property which means any type of property can be owned foreigners partner with local. For foreigner individuals looking to buy a property which is restricted by freehold, the option is to lease a property. Leases could be granted for up to 50

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years in accordance with the Land Law and renewable clause can be put in the agreement for longer term. Because of the available option of long-term leases, this makes leasing similar to a freehold property but only for a limited time.

Learnt from: Construction & Property (11th January, 2018)

Royal Field Development Tower begins construction

Royal Field Development tower is a \$150 million multi-purpose tower, a joint-venture between Royal Field Development Company Limited which is a subsidiary of Chip Mong Group and US' Marriott International Inc. Marriott is an international standard hotel that was established nearly 90 years ago and has been operating a host of hotels in over 110 countries worldwide. The construction starts on January 14 and is set to open in 2022. The tower is currently unnamed 45-storey tower which includes three-star hotel Fairfield by Marriott Phnom Penh and it is located on Russian Boulevard. The first five storeys of the tower will host offices and cinemas, while floors 15 to 45 will serve as the hotel Fairfield by Marriott Phnom Penh. According to Vice President of Marriott International Inc, Fairfield by Marriott Phnom Penh will focus on middle-class clients and it will help fill the gap in mid-price accommodation in Cambodia.

Learnt from: The Phnom Penh Post (15th January, 2018)

Human resources in focus for 2019

As activity in the Kingdom's real estate sector ramps up, customers want more professionalism, better service and faster results. Pushing education is a major priority in the Kingdom and experts have called for a boost to human resources. According to the yearly survey conducted by realestate.com.kh, nearly 40 percent of respondents called for more standardized agent licenses and training. The real estate program at the University of Economics and Finance (UEF) is raising the standards and the school is already admitting the second generation of students to its real estate agency and valuation program. Over the course of 2018, 400 students were trained and prepared for a range of careers in

the real estate industry in which many have been fully certified and have licenses from the Ministry of Economy and Finance. Realestate.com.kh has brought a new enterprise solution to the market which is dubbed real_estate_CRM, customer relationship management system and all-in-one tool for local agents. The system will keep information centralized and it will save agents both time and money. Boosting human resources and growing tech will boost efficiency and productivity and it will play a larger part in the industry.

Learnt from: Khmer Times (16th January, 2018)

Phnom Penh office space grows 1.1%



Office Space in Phnom Penh

According to the latest report issued by real estate agency CBRE Cambodia, the supply of office space in Phnom Penh saw a marginal 1.1 per cent quarter-on-quarter growth in the fourth quarter which increased total office space supply last year to 340,000 sqm. Among the 340,000sqm of total office space supply, Grade A offices occupy 15.6 per cent, Grade B occupy 28 per-cent and the remaining is Grade C. Occupancy rate within the sector remained relatively consistent throughout the quarter, finishing the year at about 85.36 per cent where Grade A offices is around 65 percent, Grade B 90 percent and Grade C 87 percent. Office rental rates remained relatively stable throughout the quarter, with Grade B units witnessing a minor positive adjustment. the fourth quarter of last year also saw a total of eight new condo projects completed, adding around 2,234 units to the condominium sector, increasing total supply by

18.9 per cent. Total investment in construction projects last year was valued at a \$5.2 billion, down from \$6.4 billion in 2017.

Learnt from: The Phnom Penh Post (17th January, 2018)

Phnom Penh Condominium Market to see Changes in 2019



Phnom Penh condominium

According to one of Cambodia's leading real estate firms, the Phnom Penh condominium market is set to see a sharp change in 2019 with supply shifting towards to affordable segment. In a recent market review report on condominiums by CBRE Cambodia, the delay in condominium completion in quarter 4 of 2018 will cause an upward trend in condominium stock within the first and second quarter of 2019 and the supply of affordable condominium will increase to around 7,057 units from the current 3,530 units by the end of 2019. Three years ago, the market focused on mid-end and high-end and the demand for high-end reached its level which most of them are invested in by foreign investors. The trend has shifted from high-end to affordable in 2019 and the market changes from buy-to-let to buy and live in as there are more Khmer buyers. According to Director CBRE Cambodia, prices of affordable condominiums are less than US\$1,600 per square metre while mid-end is around US\$2,500, and high-end is US\$3,300 or more per squares metre.

Learnt from: Construction & Property (17th January, 2018)

Tax relief on one-time payment for stamp duty continues

According to the letter dated 16 January, 2019 obtained by DAP NEWS, the General Department of Taxation (GDT) has agreed to continue granting tax relief for the one-time payment on stamp duty for property ownership transfer of unregistered (no title) and registered (with title) property, while the request of this continuation is still pending a decision from Prime Minister. The decision to extend this one-time payment which will be expired on 31 December, 2019, was made because there still remains a large number of property buyers who are subject to pay multiple stamp duty tax. Stamp duty on property (land, houses, buildings, and other types of construction) is set at a rate of 4% on the transfer of the ownership or possessory right of the property in the form of a sale, gift, share capital contribution.

Learnt from: Construction & Property (21st January, 2018)