

Feasibility Study Underway for Phnom Penh-Siem Reap Expressway

According to Ministry of Public Works and Transport (MPWT), two Japan private companies are conducting feasibility studies for a Phnom Penh-Siem Reap Expressway with four lanes, on the BOT theme [build-operate-transfer] after signing road construction agreement. From Phnom Penh to Skuon, the government has already upgraded the road to four lanes but Skuon to Siem Reap remains only two lanes. Therefore, the government invites the private sector to invest in the construction of a four lane Phnom Penh-Siem Reap expressway. The government is currently pushing hard for infrastructure development with the country's first expressway on the Phnom Penh-Sihanoukville route set to break ground in the near future.

Learnt from: Construction & Property (29th January, 2019)

Cambodia Real Estate Prices Increasing amid Global Slump



Property prices in Cambodia are still competitive despite a slump in other parts of Asia

Across Asia, a wave of slumping real estate prices has been happening but Cambodia is running in the other direction. One of the top Asia's top performers, Hong Kong, has sliding down real estate prices over the past six months. It is the same with Australia where value of homes in Sydney are experiencing worst fall in decades but it comes after a decade of prosperity. Laos has been feeling minor effects from the current slump across Asia but spirits are still high because of clear progress of the One Belt One Road rail network, directly connecting Yunan, China and Vietiane, Lao capital. Cambodia has the reputation for one of the best places in Asia to invest money lately. Although

there is some speculation about oversupply of property in the top half of the market especially condos. On the other hand, it is expected that first-time buyers and international investors would come in to boost demand for condos and Cambodian prices are still lower than condos in other parts of Asia as in China, Korea, Japan and Singapore.

Learnt from: Khmer Times (30th January, 2019)

Real Estate Credit Risk Remains Low

According to NBC annual report 2018 for financial stability risk assessment, risks associated with this high credit growth in the real sector remain low although the real estate sector continues to consume large amount of credits. Non-performing loans in the construction sector at a rate of 4%, property transactions at 1.7%, and home loans of 0.8%, shows that the risk is still low although the real estate sector growth of about 31%. However, in the context of international experience, the real estate sector comes with high risk due to the changes in the real estate prices, opportunities to exploit, and the size of credit for real estate can pose risks for financial stability if there is not better management in place. In 2018, total credit in Cambodia increased by 18.8% to 99.1 trillion Riel (about US\$24.5 billion). Of the total loan portfolio, construction shared 9.1%, personal home loans 9.8%, and property transactions 7%.

Learnt from: Construction & Property (31st January, 2019)

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, 2019)

Two Types of Mall in Cambodia

Cambodia leading retail firm, Chip Mong Retail (CMR) recently revealed its ambition to capture retail market share by segmenting the market into community malls and urban mall during the company recent press conference. Community malls are facilities that serve the community and the people who live in the vicinity and the tenants will be picked to serve the best for community with their brand and services. According to CBRE Cambodia, the retail sector is to see an increase of stock from community malls as Midtown Mall, Downtown 93, Noro Mall, WB Arena and The Park are entering to market over the coming year adding approximately 228% to the supply. Urban malls like 271 Mega Mall are located in the city and appeal to a larger, more diverse group of people.

Learnt from: Construction & Property (7th February, 2019)

OCIC to Develop Commercial Hub on Kaoh Norea



Kaoh Norea

Overseas Cambodian Investment Corporation (OCIC) which is a renowned Cambodian construction and real estate firm, plans to develop a huge commercial hub in Kaoh Norea. The plan is to turn Kaoh Norea along the lower Mekong River into a mixed-used commercial hub spanning a total area of about 100 hectares and soil and rock will be added for additional land around the island to create more land. When the project goes online, it

will beautify the lower Mekong River and the property along National Road No.1 from Monivong Bridge to Kien Svay and it will have a positive effect on real estate alongside the development zone. OCIC has invested in numerous big projects in Cambodia such as Diamond Island Development City, Olympia City, and most notably the current rapid development of Chroy Changvar Satellite City.

Learnt from: Construction & Property (8th February, 2019)

Condo Supply Increase to almost 120 percent in Phnom Penh

According to CBRE Cambodia forecast report, condominium supply in Phnom Penh will rise by 119.5 per cent by the end of this year, from 14,173 units at the end of last year to 31,112 units. The number of "affordable" condos will grow approximately 100 percent, mid-range condos will increase 78 per cent, while the high-end segment will grow 243 percent. For the market share, the affordable segment will make up 23 per cent with mid-range constituting 43 percent, and high-end condos increasing to 34 percent of the market. At present, the average cost to rent a condominium is between \$10 and \$15 per sqm per month and the cost of purchasing condominiums will average \$1,600 to \$3,100 per sqm. By the end of this year, prices will fall about five per cent due to the high supply according to the report.

Learnt from: The Phnom Penh Post (14th February, 2019)

Phnom Penh's Land Prices Rise led by fast-developing Sen Sok District

Land prices in Phnom Penh continue to grow upward at the beginning of this year. According to Key Real Estate's land price research report, Sen Sok district had the fastest growing land prices of 17.1 per cent followed by Meanchey district (16 per cent), Dangkor district (12.1 per cent), Prek Pnov (10.1 per cent) and Russey Keo district (9.6 per cent). Chbar Ampov district land prices grew 9.3 per cent, Tuol Kork 6.3 per cent, Por Sen Chey 5.5 per cent, Prampi Makara (2.9 per cent), Daun Penh (1.7 per cent) and Chamkarmon (1 per cent) and Chroy

Changvar saw no increase. Due to current large projects such as shopping malls, commercial centres, condominiums, offices and homes, Sen Sok district is evolving into a popular place for residential living and doing business for Cambodians of all income levels. The prices of land in Sen Sok district is expected to continue to increase because of its infrastructure, large roads and vast amounts of vacant land and early this year residential land prices in Sen Sok district cost between \$350 and \$1,400 per sqm, while commercial areas ranged from \$800 to \$2,900. overall review of the status of the capital's land prices shows fast change in both real estate and population and the arrival of major supermarkets will cause larger projects to emerge in the near future.

Learnt from: The Phnom Penh Post (21st February, 2019)

The new 62-storey Royal One Twin Building Project

A ceremony for the building project of \$230 million 62-storey twin was held recently in Phnom Penh. The project named 'Royal One twin Building' is a joint-venture between Royal One, a subsidiary of Kith Meng's The Royal Group, and Sichuan Huashi Group Co Ltd (Huashi Group), a real estate and construction company from China's Sichuan province. The project is built on 4,036sqm and has a total height of 230m. The building will be tallest in the capital and it is scheduled to be completed by 2023. The building is located at the intersection of Russian Federation Boulevard and Monivong Boulevard, at the site of the former Phnom Penh Municipal Traffic police building. The project is a mixed commercial building which will include condominiums, offices, shopping malls, restaurants, hotels, clubs, gymnastics and six subterranean levels of underground parking. Royal One twin building is an attractive project because it is in the best location in Phnom Penh.

Learnt from: The Phnom Penh Post (25th February, 2019)