



What's Happening in Cambodia Market & Valuation

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Will real estate be the third economic pillar to fall?

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Learnt from: Khmer Times (17th April, 2020)

Warehouse market may see more interest during COVID-19

During the time being, it highlights the need for a sustainable way of maintaining a healthy supply chain of essential products and warehouses are starting to accommodate an increasing number of food, medical, and other essential supplies at larger quantities to meet the sharp turn to new and greatly increased demand.

Learnt from: Khmer Times (17th April, 2020)

COVID-19 heightens competition for office tenants in Phnom Penh

While the growing supply of office spaces has stymied the growth of rental quotations, the outbreak of COVID-19 has certainly tipped the market over the threshold, according to the latest report released by CBRE earlier in April 2020.

Learnt from: Khmer Times (22nd April, 2020)

Expert: medical tourism industry still has untapped potential for investors

Experts view major medical center development project in Cambodia as a high potential sector for economic growth, a good opportunity for investors to invest as there are only few major projects in this sector in Cambodia.

Learnt from: Construction & Property (23rd April, 2020)

More than 50,000 hectares in two sanctuaries registered as state land

Royal government decided to register 50,000 hectares of state's land in two sanctuaries – Peam Krasaop Wildlife Sanctuary in Koh Kong and Phnum Prech Wildlife Sanctuary in Mondul Kirri with the main purpose of this State Land Registration is to provide a clear "The Certificate of Ownership Over Immovable Property" for both wildlife sanctuaries.

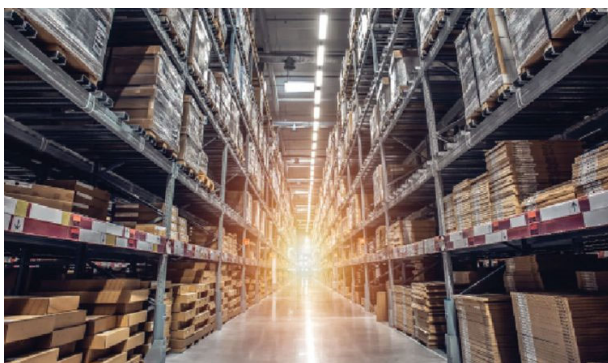
Learnt from: Construction & Property (24th April, 2020)

Will real estate be the third economic pillar to fall?

Over the past three months, COVID-19 has caused serious economic hardship for both the world and Cambodian economic outlook. In real estate sector, Transactions have dropped dramatically from January until March for all property segmentations and that includes leasing, land prices, condominiums and the retail sector. The closure of borders has also driven away as potential investors holding off on making decisions until the future looks more certain. During Q1 2020, the market continues to see a downward correction of sale prices as the mid-range sale price weakened by 1.4 percent and the high-end sector adjusted downwards by just 0.5 percent. Meanwhile, the affordable segment witnessed a further uplift of 0.3 percent, leading average sale prices in this segment to \$1,549 per square metre. Throughout Q1, rental values stood relatively stable at approximately \$14.2 per square meter for high-end and \$11.8 per square metre for mid-range supply, a q-o-q downward adjustment of 0.4 percent and 0.6 percent respectively. The impact of the COVID-19 pandemic on the confidence of the condominium sector appears to be at an early stage. The effects could begin to be felt more acutely later in Q2 2020 if the unease around the outbreak persists, construction delays become unavoidable or developer's debt burdens become unsustainable.

Learnt from: Khmer Times (17th April, 2020)

Warehouse market may see more interest during COVID-19



Warehouse

On April 9, 2020, the government announced a national restriction on movement throughout Cambodia. During the time being, it highlights the need for a sustainable way of maintaining a healthy supply chain of essential products if a full quarantine, especially for an indefinite amount of time, is ever enacted in the Kingdom. The temporary shutdown of non-essential businesses in affected countries has caused supply pipelines to clog as non-essential products such as apparels and electronics which normally see fast turnover – have ground to a halt and are moved back to storage. At the same time, warehouses are starting to accommodate an increasing number of food, medical, and other essential supplies at larger quantities to meet the sharp turn to new and greatly increased demand. Though it is not just any type of warehouse that may see an increase in use during the pandemic. Temperature-controlled warehouses and cold storages may be of particular significance for food storage if consumers, especially in big cities like Phnom Penh, are to resort to ordering groceries online. Other warehouses, specifically capable of maintaining the sanitation of medical gear and other supplies will also be of special significance in the Kingdom's fight against the coronavirus. Packing warehouses will be of equal importance as adequately storing essential products is only half the battle. Properly packaging and efficiently distributing basic consumer goods will give Cambodians a sense of security and normalcy even during a pandemic. The Cambodian government, however, has assured the public that the Kingdom has enough resources in terms of food and medical essentials to combat the spread of COVID-19.

Learnt from: Khmer Times (17th April, 2020)

COVID-19 heightens competition for office tenants in Phnom Penh

Office spaces in the Kingdom are concentrated in Phnom Penh, particularly in the districts of Daun Penh, Chamkarmon, Boeng Keng Kang (BKK), and 7 Makara. During this time in 2019, the growing supply of office spaces available kept rental quotations at a flatline due to the increasing supply; a supply expected to swell from 400,000

sqm to over 1 million sqm post-2021. While the growing supply of office spaces has stymied the growth of rental quotations, the outbreak of COVID-19 has certainly tipped the market over the threshold, according to the latest report released by CBRE earlier in April 2020. The already-hard-to-fill office spaces have become even harder to fill as fears of the contagion negatively affect the confidence of many businesses. Consequently, a growing number of companies in the Kingdom have opted for a work-from-home scheme as a compromise approach to keep business running while limiting the risk to their workforce. Prior to the outbreak of COVID-19, work-from-home schemes have been on the fringes of work setups, but it is likely to become more mainstream the longer the pandemic persists – a creeping challenge to office developers throughout the world. Rent growth is correlated with job growth across global office markets. The office market will likely not see either one in the short-term, at least. COVID-19 has shifted the work setup paradigm, and if office developers are to compete within the shrinking market for tenants, adjustments to conventional lease terms will have to be made.

Learnt from: Khmer Times (22nd April, 2020)

Expert: medical tourism industry still has untapped potential for for investors



medical tourism industry still has untapped potential

Experts view major medical center development project in Cambodia as a high potential sector for economic growth in Cambodia. Most of the Cambodians are fighting to access hospitals in for example in Bangkok and some projects are developed close to hospital in order to accommodate all foreigners coming from

Cambodia. There are a few investors with big plans and they are expected for increasing trusts for Cambodians, not only for facilities in the country but also bringing in oversee patients for treatment in Cambodia. There are three major projects that providing health and medical care with world-class standard, includes; The Prestige Hospital, a Singaporean standard hospital worth US\$7 million opened on 30 March 2020. The Sunrise Japan Hospital Phnom Penh is a Japanese standard hospital with an investment of US \$ 35 million, officially opened in September 2016. The last major private hospital, the Royal Phnom Penh Hospital, worth \$ 50 million, completed in 2014. According to a report by Sun Rise Hospital, there are 210,000 Cambodians that go abroad for health and medical every year, for example, Vietnam (78%), Thailand (19%) and Singapore (3%).

Learnt from: Construction & Property (23rd April, 2020)

More than 50,000 hectares in two sanctuaries registered as state land



State Land

Royal government decided to register 50,000 hectares of state’s land in two sanctuaries – Peam Krasaop Wildlife Sanctuary in Koh Kong and Phnum Prech Wildlife Sanctuary in Mundol Kirri. The main purpose of this State Land Registration is to provide a clear “The Certificate of Ownership Over Immovable Property” for both wildlife sanctuaries, to reduce and eliminate the case of land grabbing, to enforce legal measures which will also contribute to strengthening the effectiveness of management of protected areas. According to the MoE’s press release, dated April 16, 2020, Cambodia currently has 57 natural protected are

and 3 three biodiversity conservation corridors covering over 7.2 million hectares.

Learnt from: Construction & Property (24th April, 2020)