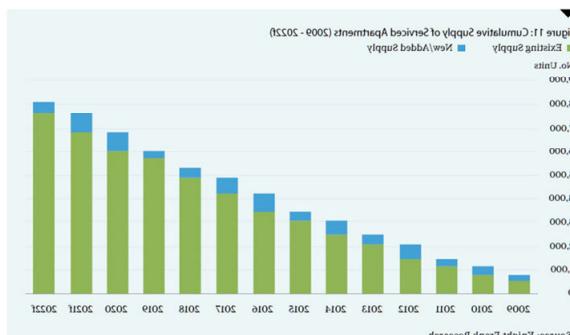


Increased supply and decreased demand for serviced apartments



Phnom Penh's serviced apartments experienced a surge in supply during the second half of 2020, although because of COVID-19 and the resulting drop-off in incoming expatriates, the demand for those units decreased. According to a report published by real estate agency Knight Frank analyzing Cambodian real estate during the second half of 2020, 273 mid-tier apartment units in five new buildings were completed, bringing the total supply of serviced apartment units to 6,850 at the end of last year. The five new apartment buildings offering additional units were the SOHO Residence, LH Residence, Vira Apartment, Provence Apartment and Trulip Apartment. The new units are situated in Boeung Keng Kang District (53 percent) and Chamkarmon District (47 percent). Of the serviced apartment total units in the capital, 58 percent were labelled as mid-tier, 22 percent as high-tier and 20 percent as affordable. Most of the units are located in Boeung Keng Kang district (36 percent), followed by Chamkarmon (18 percent), Daun Penh (16 percent), Toul Kork (10 percent), 7 Makara (10 percent), Chroy Chongva (6 percent), Sen Sok (3 percent) and Mean Chey (1 percent). 1,236 more serviced apartment units will be completed during the next two years if they remain on schedule. Rental prices at serviced apartment units did not drop dramatically because of landlords offering discounts to entice longer-term tenants. Occupancy rates, however, plummeted to 59 percent, a year-on-year drop of 20 percent. The 59 percent occupancy rate was the lowest ever recorded by Knight Frank since it started analyzing the sector in 2008. According to the Knight Frank report, hotel operators took a bite out of the

market by offering deals for long-term stays to combat the massive decrease in tourist arrivals caused by the pandemic.

Learnt from: Khmer Times (7th April, 2021)

Land prices in Kampot fall by half



Kampot province, famed for its tourist resorts, has suffered a decline in land prices of as much as 50 percent because of the pandemic, after a sharp rise at the start of 2020, according to branch manager of KW Kampot Real Estate. In the past, the land price in some areas adjacent to the city or suburbs of Kampot was about \$100 per square meter but now, because of COVID-19, prices have dropped to \$40, \$50, \$60 per square meter. Prices in the city had fallen to 60 to 70 percent of their former highs. There were no buyers at the former market price and cash-flow problems were suffered by many. Most land buyers tended to want to build gas stations, warehouses or housing projects. At the same time, according to Key real estate company, in the second half of 2020, land prices in Siem Reap province were down when compared with Phnom Penh and Sihanoukville because of the decline in tourism, particularly from abroad. Preah Sihanouk province witnessed land prices falling by an average of 7.2 percent, with some seeing drops as much as 16.7 percent. The fall was not attributable just to COVID-19 but also to the government's crackdown on online gambling in 2019. Battambang province, which the government wants to be a core economic zone by 2030, has potential for business and has many houses and much land for sale but few buyers. Land prices in the economic zone is slightly down and remote areas saw a sharp drop compared with 2019.

Learnt from: Khmer Times (13th April, 2021)

Supply of Landed Property and Condo by Districts in Phnom Penh

By the end of 2020, the number of landed properties in Phnom Penh had increased to over 186,000 units while the number of condominiums had skyrocketed to over 109,000 units, according to research data from Z1 Data Co., LTD (Cambodia). The same data also shows that comparing 2018 to the end of 2020, the number of landed properties, known as boreys in Cambodia, rose by 21%, while the number of units jumped more than 78%. Of the total supply, more than 84% of the landed houses were sold while only 50% of condo supply was sold, leading to an imbalance of demand and supply. The same research also summarized the supply situation in each district as of the end of 2020:

Toul Kork: 39 condominium projects in total or equivalent to 9,141 units. There are only about 2,000 landed property units in this district.

Russey Keo: Total of 17,279 landed property units, of which over 94% have been sold. There are a total of 25 condo projects or equal to 4,219 units, and only 41% were sold.

Sen Sok: This district has the highest number of condo projects, up to 100 projects or equivalent to 15% of the total condo supply in Phnom Penh, while the selling rate is about 43%. Meanwhile, there are about 25,867 landed property units, of which more than 90% have been sold.

Chroy Changvar: There are 10,403 landed property units or equal to 6% of the total supply of Phnom Penh. Meanwhile, the district has a total of 50 buildings or 11,564 units.

Dangkor: There are 35,387 landed property units, 77% of which were sold. There are only 196 condo units, and none have been sold.

Kambol: There are 10,809 landed property units and over 78% of which are sold out. This district has no condominium projects.

Por Sen Chey: There are 48,516 landed property units or 26% of the total supply in Phnom Penh, with more than 79% sold out. As for condos, there are about 2,400 units, 50% of which were sold.

Chbar Ampov: There are a total of 16,789 landed property units and 2,532 condominium units.

Chamkarmon: There are 81 condominium projects (28,000 units) or equal to over 26% of the total supply in Phnom Penh. This district has only 1,504 landed property units.

7 Makara: This district has only 310 landed property units, with over 31 condo projects or equivalent to 6,401 units.

Boeung Keng Kang: Condo units in this district account for 6% of the total in Phnom Penh, while the number of landed property units is only 998.

Daun Penh: There are 56 condominiums or equivalent to 4,411 units and 788 units of landed property.

Prek Pnov: There are a total of 4,011 houses, or equal to 2% of the total supply, but over 84% of which are sold.

Learnt from: Construction & Property (22nd April, 2021)

US\$61m five-star hotel & casino in Sihanoukville to open in Q1 2022

Malaysian-based WA Hospitality will open the US\$61-million Won Majestic Casino Hotel & Resort in Sihanoukville in Q1 2022 according to TTG Asia. Located in front of the Sokha Hotel in Sangkat 4, 5-star hotel will have a total of 373 rooms featuring luxury suites and studio rooms, a swimming pool, gym, three restaurants, a guest lounge and a casino. The project was first introduced to Cambodia in 2017 by Won Majestic (Cambodia) Co., Ltd and was later approved by the Council for the Development of Cambodia (CDC) in February last year. According to WA Hospitality Executive Director, hotel will be an upscale, five-star property, with the concept to provide entertainment and excellent personalized service. The property is expected to have 80% occupancy in the first year of operations.

Learnt from: Construction & Property (23rd April, 2021)

Six Types of Property Ownerships in Cambodia

For most people, property ownership might only refer to public or state ownership. However, according to the Land Law and the Civil Code,

ownership of immovable property is divided into six categories. **Private Ownership:** this type is the most common that all legal immovable property owners possess. **Undivided ownership** is a type of ownership on property that has more than one owner. However, the property cannot be subdivided into each unit for each owner, which means all owners hold only one ownership title deed. **Co-ownership (or Strata-Title)** is the property that is owned by more than one owner and the property can be divided into small plots for individual owners, which means each owner has their own title deed. **Collective Ownership (or Community Ownership)** refers to the immovable property owned by the community in which all members of a group share mutual benefits, such as Buddhist temples or indigenous people community lands. According to Articles 20 and 23 of Land Law, this type of property cannot be sold, exchanged, donated or owned by any individual. **State Public Ownership** refers to the immovable property of the state being used for public benefit. Public property includes but is not limited to bridges, roads, parks, public schools, public hospitals, temples, lakes, rivers, seas, forest, and administration buildings, among others. **State Private Ownership** refers to the state land that no longer has public usage. This type of land can be sold, rented out, or transferred, but under limited conditions. In sum, understanding the six types of property ownership will help you avoid fraud and illegal purchasing.

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

How can foreigners buy land in Cambodia?

The 1993 Constitution states that only persons or legal entities of Khmer nationality have the right to own land. However, this law does not prohibit foreigners from investing in land in Cambodia. **Through Khmer National Nominee** method allows the foreigner to buy land by having a Cambodian representative hold the title for you. Thus, to secure the right of the foreigner over the property, both parties must have a contract which can be in form of a mortgage or hypothec agreement, loan agreement, long-term lease agreement, among others. **Through Land Holding Company** method fits most with those who prefer to invest in a large-

scale plot of land. The foreigner can form a landholding company with at least 51% Cambodian shareholders. Again, the foreigner is secured through the shareholder agreement. However, forming a company can be costly, between US\$4,000 to US\$12,000 depending on lawyers. Moreover, owners also must pay taxes such as the 20% per income tax, just like other registered firms registered in Cambodia. **Through Trust Company**, the newly enforced 2019 Trust Law allows foreigners to purchase land in Cambodia. This method is quite similar to a landholding company method but less complicated as the foreigner does not have to deal with forming a company and other expenses such as tax. To protect the foreign, the trust company must be a high-credit firm with property registration with the Ministry of Economy and Finance. Meanwhile, both parties will also have to enter a trust agreement as stated in the Trust Law. By **Becoming Cambodian Citizen**, this is the most secure method. Under the 1996 Cambodian Nationality Law, foreigners who have obtained Cambodian citizenship from the King have the right to purchase land and become owners just like Cambodian citizens.

Learnt from: Construction & Property (28th April, 2020)