

What's Happening in Cambodia Market & Valuation

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ADB projects Cambodia's economic growth at 5.3% in 2022, and 6.5% in 2023

アジア開発銀行（ADB）は、輸出の増加と外国直接投資の増加により、カンボジア経済の成長率を2022年5.3%、2023年6.5%と予測した。

Learnt from: Construction Property (6th April, 2022)

Condo market remains stagnant with no new launches expected for 2022

2022年第1四半期におけるカンボジアのコンドミニアム市場は依然停滞したままだ。新規プロジェクトは見られず、ハイエンド・ユニットは価格下落が続いている。

Learnt from: Construction Property (7th April, 2022)

Retail in Q1 2022: Footfall achieves pre-COVID levels, more brands enter local market

2022年第1四半期の小売部門の業績は、社会経済活動が再開されて以降、COVID以前のベースラインを超えて大幅に上向いた。こうしたプラスの回復には、2022年第1四半期の新規44ブランドの参入が貢献しており、そのうちの6社は、H&M、OVS、Wilsonartなどの国際的ブランドだ。

Learnt from: Construction Property (8th April, 2022)

Non-SEZ investment value at US 2 billion in first two months of 2022, over 230% rise y-o-y

経済特区(SEZ)以外で2022年始めの2か月間に登録された投資プロジェクト数は35。総投資額は約20億米ドルだった。

Learnt from: Construction Property (14th April, 2022)

Eyes back on Phnom Penh's property market

政府が国民に対して提供する低金利の銀行ローン政策により、カンボジアの住宅市場、特にプノンペンは、予想をはるかに上回り、住宅価格は今後5年間で最大20%上昇すると予想されている。

Learnt from: Construction-Property (19th April, 2022)

GDT: Register unused land before end of 2023 to get three tax incentives

経済財務省租税総局は、未利用土地の所有者に対し、2023年までに納税義務登録するよう求めている。登録された場合には、最後の利用年次の課税義務を除き、それ以前の過去については納税を免除するというインセンティブが付与される。

Learnt from: Construction Property (21st April, 2022)

ADB projects Cambodia's economic growth at 5.3% in 2022, and 6.5% in 2023

The Cambodia economy is projected to grow by 5.3% in 2022 and 6.5% in 2023, driven by the increase in exports and inflow of foreign direct investment, according to the Asia Development Bank (ADB). Among all, the hospitality sector will see a decent recovery in 2022 but is expected to grow significantly in 2023 thanks to SEA Games and the National Election. The industrial manufacturing sector will grow at 8.1% and 9.1% while service sector at 4.8% and 5.8% in 2022 and 2023 respectively. This growth is due to the high demand for Cambodian products from abroad and the recovery of the tourism sector. Lastly, the ADB also suggested that boosting trade and tourism alone would not be enough for Cambodia's sustainable growth. Cambodia needs to diversify its industries by focusing more on light manufacturing such as bikes, electronic equipment spare parts, and electric wire, rather than just garments, footwear and travel goods.

Learnt from: Construction Property (6th April, 2022)

Condo market remains stagnant with no new launches expected for 2022

In the first quarter of 2022, the condo market in Cambodia has remained stagnant, with no new projects launched, while the price of high-end unit types continues to fall, according to CBRE Cambodia's Q1 report. With this stagnation, CBRE Cambodia has observed three new norms emerging in the market. First, buyers have more power and options than ever before, and tend to look for better value. Discounts encourage buyers to go for the best location, higher grade, and larger unit size. Second, most buyers will turn to invest in completed move-in ready projects rather than new ones to reduce the risk of unfinished construction. Third, the market begins to question if 2022 would really witness zero new launches as oversupply issues remain with the market trying to absorb the old stock. According to the report, the three projects were completed in Q1, including Picasso City Garden in Boeung Keng Kang. The Peninsular

Private Residences in Chroy Changva and M Residence in Boeung Keng Kang. In terms of sale price, high-end condominium fell 41% compared to the previous quarter. However, affordable unit types rose 1.6% as some local people began to the condo market. By the end of 2022, the total supply of condominium is projected to be nearly 50,000 units and will increase to nearly 70,000 units by the end of 2023.

Learnt from: Construction-Property (7th April, 2022)

Retail in Q1 2022: Footfall achieves pre-COVID levels, more brands enter local market

The number of footfalls in the retail sector in Q1 2022 has increased significantly passing the pre-COVID baseline after the government announced the reopening of socio-economic activities in November last year. According to the CBRE Cambodia Q1 published on 7, April, the rise of shoppers to the retail venues is a positive sign of Cambodia's retail sector recovery. Given a positive recovery, there were 44 new brand entries in Q1 2022. Six of them are international brands such as H&M, OVS, and Wilsonart, while 38 others are locals. Effective vaccine rollout and boosters are giving customers the confidence to travel and enjoy shopping again. Also, with the increase in tourism, retail is coming back to life. Despite the increase in the footfall, the occupancy rate is only 66.6 % and quoting rent remains under pressure with renting prices of prime high streets and community mall dropping by 6.8% and 1.6 % respectively. Another concern is the increase in supply with 202,000 sqm new supply expected in 2022, bringing the accumulative supply to approximately 800,000 sqm.

Learnt from: Construction Property (8th April, 2022)

Non-SEZ investment value at US 2-billion in first two months of 2022, over 230% rise y-o-y

The number of investment projects based outside special economic zones (SEZ) that were registered with the Council for the Development of Cambodia (CDC) in the first two months of 2022 was recorded at 35 projects with a total investment of value of

approximately US\$ 2 billion. According to a recent Ministry of Economy and Finance report, the project numbers increased by 14 projects compared to the same period last year, while the investment value rose by 236.5%. The licensed investment project created approximately 31,000 new jobs, also an increase of 75.3% year on year.

Learnt from: Construction-Property (14th April, 2022)

Eyes back on Phnom Penh's property market

While many business sectors in Cambodia struggle to keep afloat from the current COVID-19 wave, property buyers are expanding their portfolios. As all businesses reopened and restrictions lifted, more attention has been drawn back to the Cambodian property market as investors demand first or second homes. With the government's policies supporting property purchases in terms of bank loans and lower interest rates for the locals, the residential market in Cambodia- Phnom Penh in particular- has done much better than expected and housing prices are expected to increase up to 20% in the next five years. Another factor is the increased demand from existing residents seeking larger usable areas and outdoor space to facilitate their lifestyles. Housing projects in the suburban areas of Phnom Penh are becoming more attractive. More and more Cambodians are considering a property in the outskirts of the city due to factors such as cheaper prices, larger homes, as well as a greener and peaceful environment. This price growth is one of the positive signs of Phnom Penh's recovery from COVID-19, as lockdown in Cambodia is completely lifted and the country's roadmap has improved the economy- encouraging both local and foreign buyers toward the local property sector. Nowadays, there is more bargaining powers on the buyers' end largely due to the COVID-19 pandemic and depending on the popularity of residential development. New residential properties attached to commercial developments are likely to have high demand, boosted by amenities such as educational institutions, hospitals, retail mall etc. In addition, furniture packages or other discount packages are offered by some developments to attract buyers. This is a good opportunity for local buyers to own

residences, as these additional offerings together with the buyer's knowledge will quicken the decision making process. In the end, there will be recurrent demand from well-to-do local buyers. This is a good time to invest in a resilient market such as Phnom Penh. The market has always positively drawn back to buyers owing to the favourable factors mentioned above that stimulate the buyers' decision making. The main purpose for buying property has always been focused on providing the best accommodation for their children, as well as making a good investment that can be passed down as a family inheritance. As Cambodian buyers are starting to get back on their feet, and slowly rebuilding their buying confidence, more incentives should be therefore introduced to help spur the local property market.

Learnt from: Construction-Property (19th April, 2022)

GDT: Register unused land before end of 2023 to get three tax incentives

The General Department of Taxation (GDT) has called on owners of unused land to register their tax obligations before 2023 to get tax incentives. Tax officials said in the online seminar on 21 April that owners who hold soft titles will get three incentives when coming to register their property for the first time. First, the tax will be collected only for the latest year of occupation by exemption all the previous years before that. For example, if the property has a history of buying and selling many times, the government collects only on the last year of ownership. Second, the owner will get an additional 100 million Riels reduction to the tax base. Third, the government will waive the penalty of all the late payments and others for the first registration. The tax on unused land is an annual tax collected at a rate of 2%.

Learnt from: Construction Property (21st April, 2022)