

## What's Happening in Cambodia Market & Valuation

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### US retailer Walmart malls expanding business in Cambodia

米国の有名な小売企業ウォルマートが、カンボジアでの事業拡大を目指している。同社はカンボジアでの事業を拡大し、ビジネスと投資パートナーシップを強化していく方針だ。

*Learnt from: Construction-Property (6<sup>th</sup> January, 2023)*

### Mid-range & affordable housing still in high demand in 2023

ミッドレンジで手頃な価格の住宅は、3 万戸といわれる需要に対して供給が追い付かず、2023 年も引き続き需要の最大セグメントだ。特にプノンペンでは、実際の需要に比較してこのタイプの住宅供給が限られており、2023 年は中価格で手頃な価格のこうした住宅の需要が引き続き大きいと予想されている。

*Learnt from: Khmer Times (13<sup>th</sup> January, 2023)*

### Accor to launch Cambodia's first Ibis Budget hotel in Q1 2023

著名ホテルグループのアコーは、2023 年第 1 四半期に、カンボジア初の Ibis バジエット ホテル、Ibis バジエット プノンペン リバーサイドをオープンする。同ホテルのロケーションは、プノンペンのカーンチャムカルモン、サンカッタトンレバサックだ。

*Learnt from: Construction-Property (14<sup>th</sup> January, 2023)*

### Average land prices in Phnom Penh to increase by only 5% in 2023

PropNex Cambodia 社は、2023 年のプノンペンにおける地価の平均上昇率は、5%程度の低さになる予想している。主として来る国政選挙への懸念によるものだとのこと。

*Learnt from: Construction-Property (14<sup>th</sup> January, 2023)*

### Fearless projections of Real Estate Market Trend in 2023

2023 年のカンボジアの不動産市場は依然弱含みで、期待されたような回復は難しそうだ。COVID-19 危機による低迷が予想より長引いていることや、ロシアとウクライナの戦争、世界的な景気後退が、影響している。なお、この記事の本文では、2023 年の不動産市場に及ぼす主要トレンドの概要について述べられている。

*Learnt from: Construction-Property (21<sup>st</sup> January, 2023)*

### **US retailer Walmart malls expanding business in Cambodia**

Walmart, a well-known retail company in the United States, is looking to expand its business in Cambodia. Walmart intends to expand its business and cooperate to strengthen business and investment partnerships in Cambodia, and create jobs for Cambodians, especially women, to promote economic growth and reduce poverty. In the past, US retail giant Walmart has always supported Cambodia by increasing orders for a wide range of products from Cambodia.

*Learnt from: Construction- Property (6<sup>th</sup> January, 2023)*

### **Mid-range & affordable housing still in high demand in 2023**

Mid-range and affordable housing will continue to have the highest demand in 2023 as the supply is still far below the demand of 30,000 units per year. In 2023, the demand for medium-priced and affordable housing will continue to be high due to the limited supply of this type of house compared to the actual demand, especially in Phnom Penh. So far, most of the demand is the mid-range homes worth less than US\$100,000. The demand for housing per year is around 30,000 units as the number of people low to middle-class people are increasing. House with a price range of US\$80,000 to \$200,000 range is the most popular one. The study has found that the current household size of Cambodians is between only 3 to 4 people, thus the small size of the house is enough, but rather adding more green space to the project. According to the annual report of CBRE Cambodia released on 11 January 2022, medium and affordable residences accounted for 92% of the total market supply, up from 91% in 2019.

*Learnt from: Construction-Property (13<sup>th</sup> January, 2023)*

### **Accor to launch Cambodia's first Ibis Budget hotel in Q1 2023**

Renowned hotel group Accor will open the first Ibis Budget hotel in Cambodia, Ibis Budget Phnom Penh Riverside, in the first quarter of 2023. Accor is also one of the leading international operators in

Cambodia with five hotels under its Sofitel, Raffles, Tribe, and ibis Styles brands in Siem Reap and Phnom Penh, as well as a pipeline of four committed projects across the country. Ibis budget Phnom Penh Riverside Hotel is located in Sangkat Tonle Bassac, Khan Chamkarmon, Phnom Penh. It has 305 rooms, including a restaurant, grab-and-go breakfast, car park, and multipurpose meeting rooms. Ibis Hotel is one of the world's largest brands of economy-class hotels, with more than 635 branches worldwide in 20 countries.

*Learnt from: Construction-Property (14<sup>th</sup> January, 2023)*

### **Average land prices in Phnom Penh to increase by only 5% in 2023**

The average growth rate of land price in Phnom Penh is expected to be as low as 5% in 2023, mainly due to the concern caused by the upcoming national election, according to the 2023 real estate market forecast report by PropNex Cambodia. The report added that the average land price growth rate in Phnom Penh dropped from 12% to 10% in 2020, 5% in 2021, and 6% in 2022. Despite minimal growth in price, it is said that new trust regulations and relaxation of the economic crisis are expected to increase land transactions.

*Learnt from: Construction-Property (14<sup>th</sup> January, 2023)*

### **Fearless projections of Real Estate Market Trend in 2023**

The Cambodian real estate market in 2023 will continue to be under pressure and will not be able to recover to the rate where everyone wanted, while the slowdown will last even longer than expected, mainly due to the negative spill overs of the COVID-19 crisis, the Russia-Ukraine war, and the global economic downturn. The real estate market situation in 2023 is similar to the city after the big storm. The sky could be clear, but the leftover issues caused by the storm such as flood, trash, and other damages remained, and no one can predict when these lingering issues will end.

This analysis is based on the latest report of CBRE Cambodia entitled Fearless Forecast 2023: Onto A New Cycle.

There are few outlines on key trends that will emerge in the real estate market in 2023.

1) This is the biggest and the best opportunity for 10 years

For those who have high cash flow on hand, this is the best opportunity to buy real estate at a low price for future profit. However, the cash flow must be high enough to wait at least 5 to 10 years. In this circumstance, cash is the oxygen for your business.

2) Buying land is no longer the best option

In 2023, investing in the land known as future development sites might no longer be the best option for everyone like before. Income-producing assets such as houses, buildings, offices or shopping malls that provide regular rental yield have greater appeal. Investing in land now, especially for those with low cash flow could result in cash storage for at least 5 or 10 years before being able to sell the land for profit.

3) No secondary sales market

Secondary sales or the sale of property from an end customer to another end customer is challenging. For instance, if you own a house in a borey and want to sell it to another buyer, it will be very tough to sell or almost not possible as the new borey supply is growing every day. Buyers have more choices, newer house designs, and better payment terms to buy them from the developers. Why would they buy the second-handed house unless the price is much lower than the market price?

4) Speculative real estate FDI to fall

Due to the decrease in foreign investors' inflow, land speculation by local brokers will no longer work. Given so, land values will also fall until a new inflow of foreign investment arrives.

5) Condo prices continue to fall

The lack of foreign investors will also cause condo prices to continue to fall in 2023. Besides, the oversupply is also another factor lowering condo prices further. Most condo developers will delay the construction of the project until they have sold

out to the rate that they had set. In some cases, they might not build the project at all. The possible way out for those who already built the project is to shift the functions of the building to types that produce income.

6) Change of Use

In 2023, players in the market should be flexible. It's time for changes of use, a switch of asset class, and diversification. Other asset classes that deserve attention include self-storage, PBSA, workers' dormitories, international schools, cloud kitchens, vertical farms, cold storage warehousing, data centers, retirement living, and backpacker hostels, among others.

7) Customer-Centric Strategy

Another trend that is emerging in the real estate market in 2023 is that customers will have more power. Thus, project owners need to implement more client-care strategies to keep old clients and also attract new ones. Given the amount of supply, vacancy rate and the slower speed of new business expansions or entrants, it's important for landlords to take care of their clients, especially in areas that their clients care. For example, make sure that the buildings are well-maintained, and the lifts are working well, while also refurbishing the exterior or interior of the buildings as needed to keep the building new, among others.

*Learnt from: Construction-Property (21<sup>st</sup> January, 2023)*