

## **What's Happening in Cambodia Market & Valuation**

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### **Cambodia real estate market in 2023 to slightly recover along with lingering risks**

地元の専門家は、カンボジアの不動産市場は、2023年にやや改善すると予測している。ただし、3年間に及ぶCOVID-19危機と現在進行中のロシア-ウクライナ戦争がもたらしている経済危機の影響から、直面するリスクは予想以上に長引いている。

*Learnt from: Construction and Property (28<sup>th</sup> January, 2023)*

### **48 companies investing in 200k ha of concessional land in Kratie**

Kratie Provinceでは、現在、経済的な優遇措置を受けられる198,970ヘクタールの及ぶ面積で48の企業が投資しているが、さらに10社以上の企業などが工場進出を計画している。

*Learnt from: Khmer Times (31<sup>st</sup> January, 2023)*

### **Sihanoukville throws open fresh opportunities for real estate sector**

沿岸都市シアヌークビルは、人口を現在の30万人から100万人にまで拡大させる新規マスタープランを策定して、不動産セクターに対して新しい機会を提供している。マスタープランは、シアヌーク州のプリエを近代的な多目的特別経済圏に多目的に近代的な経済圏に発展させることを目指している。

*Learnt from: Khmer Times (10<sup>th</sup> February, 2023)*

### **Can you own land in natural protected areas?**

自然保護地域とは、環境省が管轄する法律の規定や同省が新たに登録した地域で、土地、水、ビーチ、海など政府の保有する地域のことを指す。自然保護地域は8種類に分類されており、私有が認められているのは、環境省が、コミュニティエリア内で承認した土地権原がある場合のみ同エリア内での土地所有が可能だ。し

*Learnt from: Khmer Times (21<sup>st</sup> February, 2023)*

### **Government converts 150,000 ha to be protected in Koh Kong**

政府は、Koh Kong州で農業省が管轄していた8つの自然保護地域から150,000ヘクタール以上の土地を取得し、環境省管轄の保護地域に転換した。なお、その内50,000ヘクタールhaが人々に与えられた。

*Learnt from: Construction Property (23<sup>rd</sup> February, 2023)*

### **Cambodia real estate market in 2023 to slightly recover along with lingering risks**

Local experts have projected that the Cambodian real estate market in 2023 will improve slightly, while still facing lingering risks that will last longer than expected. In 2008, during the financial crisis, the Cambodian real estate market plummeted. However, after the crisis, the market took only four years to recover to the pre-crisis level and stabilize. Due to currently facing the economic crisis, combined with the spillover effects from the 3-years COVID-19 crisis and ongoing Russia-Ukraine war, this is a far larger scale than the 2008 financial crisis. Therefore, the market is to recover, it is estimated that it will take more than 4 years in a condition that the crisis ends. However, the crisis is still ongoing and no one knows when it will end. The main driver of the recovery is overall economic growth, which will also have a positive impact on the real estate sector. Cambodia's most important hope is the inflow of foreign investment, especially from China after the country's reopening. The stagnant real estate in Sihanoukville is also an opportunity for far-sighted investment. The government is working on solving the problem with a mega plan to turn this city into a multipurpose industrial zone. Thus, in near future, there will have high potential.

*Learnt from: Construction Property (28<sup>th</sup> January, 2023)*

### **48 companies investing in 200k ha of concessional land in Kratie**

Kratie province has currently 48 companies investing in 198,970 hectares of economic land concessions, while more than 10 companies and enterprises are operating and planning to set up new factories in the province. 86,374 hectares of land in Kratie is used for rubber plantation, 73,989 hectares for cassava, 64,917 hectares for cashews, 3,455 hectares for yellow bananas, 6,000 hectares for sugarcane, 1,651 hectares for teak, and 681 hectares for fruit trees. Six companies and enterprises are operating the above business, while seven have signed investment planning contracts. The seven companies include a construction

material company, an investment promotion agency company, IT agency, a vehicle manufacturing company, a luxury marble processing company, a rubber processing company, and an aluminium processing company. Kratie province currently has a special economic zone with an investment area of 817 hectares in Snuol district, which has factories, enterprises, and residential buildings.

*Learnt from: Khmer Times (31<sup>th</sup> January, 2023)*

### **Sihanoukville throws open fresh opportunities for real estate sector**

Coastal city Sihanoukville is throwing open new opportunities for the real estate sector as its population will go up to one million from the current 300,000 with the implementation of the new master plan. The master plan, being prepared with the support of China's Urban Planning Design Institute of Shenzhen (UPDIS), aims to develop Preah Sihanouk province into a multi-purpose modern special economic zone. The real estate prices were declining in Cambodia for some time and the metrics pointed to a recession for the real estate market in the last three years. Prime condo prices dropped 28 percent from the first half of 2020 to the second half of 2022 and prime office rent went down by 14 percent and prime retail rent by 17 percent during the same period. The interest rates are on the rise and expected to increase further with Federal Reserve rate hikes and the number of mortgage applications has dropped substantially in 2022. Inflation is on the rise biting into household income and since 2019 non-performing mortgage loans have more than doubled. Approved Construction Investment has declined significantly and what is being approved is mostly residential construction leading to more supply. Over the past three years prices across the market came down, making the property more accessible for Cambodian buyers and a larger pool of international investors. The market is seeing increased interest in the first part of 2023, prices are much closer to being realistic. It is certainly a buyers' market now as there are plenty of good deals, while providing the estimate that 41,000

condominiums were completed in Cambodia and another 34,000 more will get completed in the next five years. The borem market remained very strong and there will be 500 completed projects in Cambodia by 2025. The general consensus was, buying property in Cambodia remains a good investment with healthy returns, but buyers should be looking for developers with a track record of completed properties.

*Learnt from: Khmer Times (10<sup>th</sup> February, 2023)*

### **Can you own land in natural protected areas?**

Natural Protected Areas refer to areas of public property territory of the government such as land, water, beaches and seas within areas controlled by the provisions of the law or newly created areas within the jurisdiction of the Ministry of Environment. The natural protected area has been divided into 8 types: 1. National Park, 2. Wildlife Sanctuary, 3. Landscape protected area, 4. Multiple use area, 5. Ramsar area, 6. Biosphere reserve, 7. Natural cultural area and 8. National Sea Park. All of these 8 kinds are divided into 4 management areas as below:

1. **Core area:** An area of high value for the conservation of endangered, threatened, and ecologically fragile animal and plant species.
2. **Conservation area:** A management area adjacent to a core area of value for the conservation of natural resources, ecosystems, slopes, and natural landscapes.
3. **Sustainable use area:** A management area with high economic value, serving the national economic development, conservation of protected areas directly, and contributing to improving the livelihoods of local communities and indigenous peoples.
4. **Community area:** It is a management area that serves the socio-economic development of communities and indigenous peoples who live by farming and plantations.

People can only own and enjoy the land in community areas by the land titles approved by the Ministry of Environment ahead. The competent authorities have inscribed on the hard title to certify the ownership (Collective Ownership or Community Ownership). According to Land Law, in the community area, people have the same right and protection as private owners but do not have the right to dispose of any collective ownership that is State public property to any person or group. The state can also allow the development and investment in sustainable use areas at the request of the Ministry of Environment, after consulting with the relevant ministries and institutions. many projects, especially in coastal and island tourism, in protected areas where the state allows private companies to invest. On the other hand, the Ministry of Environment has the right to hand over any part of the sustainable use area to local communities and indigenous peoples living in or adjacent to protected areas to organize them as community-protected areas. The community must deal with an agreement with the Administration for the Protection and Conservation of Nature, and this agreement is valid for no more than 15 years. Local communities and indigenous peoples have no right to cut down or clear forest land in protected area communities which has entered into an agreement with the Natural Protection and Conservation Administration of the Ministry of Environment, and turned it into agricultural land or privately owned or sold, exchanged, leased, mortgaged, given, distributed or transfer the management area of the community protected area to any natural person or legal entity. Thus, the disposing of any state public property which is contrary to the laws in force, that person or group may face legal action or penalties as provided in the Criminal Code. Cambodia now has 57 natural protected areas and three diversified conservation corridors (The Northern, Northeastern, and Cardamom Mountain areas) covering a total of approximately more than 7.2 million hectares, or 41% of land nationwide.

*Learnt from: Khmer Times (21<sup>th</sup> February, 2023)*

### **Government converts 150,000 ha to be protected in Koh Kong**

The government has taken over 150,000 hectares of land from eight natural protected areas and from the Ministry of Agriculture in Koh Kong province and converted it to protected land, as 50,000 ha has been given to people in the province. In addition to the above-protected land from the Ministry of Environment's protection area, there is also more than 25,000 ha of protected land from the Ministry of Agriculture, bringing the total reserve land to more than 150,000 ha. Among all, the Provincial Administration has set aside 37,000 ha in REDD + Carbon Credit project. so far, of the total reserve land, the provincial administration has issued more than 50,000 ha to people and still remaining 90,000 ha in hand. The land cutting off this time was different from the other campaign as the land was simply changed from state land controlled by the Ministry of Environment and Ministry of Agriculture to state land under the control of Koh Kong Provincial Administration to facilitate the distribution to people in the province.

*Learnt from: Construction Property (23<sup>th</sup> February, 2023)*