

What's Happening in Cambodia Market & Valuation

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IMF forecasts strong economic growth in Cambodia's key sectors for H2 2023

IMFによると、2023年下半期、カンボジア経済は輸出、サービス、観光、非製造業分野の4つの主要セクターについて力強い経済成長が見込まれる。カンボジア経済が勢いを増すにつれ、投資家による自信の信頼の高まりとビジネス環境の好転によって、不動産市場は恩恵を受けることとなります。

Learnt from: Khmer News (12th May, 2023)

Chinese and Russian flocks buying real estate in Thailand, Why not Cambodia?

2022年の当初9か月間、タイには中国とロシアからの投資家流入が報告された。中国人購入者だけで外国人に譲渡された住戸の49%を占め、プーケットについては言えばコンドミニアム市場ロシア人が独占し、外国人所有コンドミニアムの約40%、約8億8,000万バーツ相当に上っていた。その意味で、カンボジアの不動産市場は重要な岐路に立っていると見える。タイの成功は貴重な教訓であり、それを活かすために、カンボジアは潜在的な投資家に安心感と安定感を提供することが求められている。

Learnt from: Construction and Property (16th May, 2023)

New land management law to be ready by next year

カンボジアにおける人口増加による需要の高まりに対応するために起草された土地管理・都市計画新法が、来年までに公布されると期待されている。新しい法律では、住宅地、商業地、工業地、観光地などのさまざまな用途について、一定の制限区域として土地利用が規制されることになる。

Learnt from: Khmer News (24th May, 2023)

New draft law on SEZs finalised

カンボジア開発評議会は、経済特区（SEZ）に関する新しい法案をまとめた。その中では、優遇措置の提供、透明性に確保、公正な競争の促進を図り、カンボジアへの投資誘致を促進していることとしている。

Learnt from: Khmer Times (25th May, 2023)

IMF forecasts strong economic growth in Cambodia's key sectors for H2 2023

According to IMF, the second half of 2023 is set to witness robust economic growth in Cambodia, driven by four key sectors. The projected economic upturn hinges on the global economic situation, particularly the anticipated improvement in Cambodia's major trading partners during the latter half of 2023. This positive shift is expected to stimulate Cambodia's economic recovery through significant growth in four crucial sectors: exports, services, tourism, and non-industrial industries. It is expected that Cambodia is poised to maintain a strong growth rate in 2023 compared to other countries in the region despite the prevailing risks and uncertainties in the global economy. Notably, the World Bank has projected Cambodia's economic growth to rank third among other ASEAN countries, with a forecasted growth rate of 5.2% for 2023. Additionally, the Asian Development Bank (ADB) has recognized Cambodia as the 14th fastest-growing economy, projecting a growth rate of 5.8%. These assessments further validate the country's positive trajectory and its attractive investment opportunities. As Cambodia's economy gains momentum, the real estate market stands to benefit from increased investor confidence and the flourishing business landscape. This presents an opportune moment for both local and foreign investors to explore the potential offered by Cambodia's thriving real estate sector, leveraging the nation's economic growth and stability.

Learnt from: Khmer News (12th May, 2023)

Chinese and Russian flocks buying real estate in Thailand, Why not Cambodia?

Amidst a surge in real estate investments from Chinese and Russian buyers in Thailand, Cambodia's real estate market finds itself at a pivotal juncture, poised to learn valuable lessons from its neighboring country. Thailand's Real Estate Information Centre (REIC) reports an unprecedented influx of Chinese and Russian investors, with Chinese buyers alone accounting for 49% of units transferred to foreigners during the first nine months of 2022, while Russians dominate

the condominium market in Phuket, holding approximately 40% of foreign-owned condominiums valued at THB880 million. As Cambodia navigates the challenges posed by the post-COVID-19 era, it must strategically adopt incentives and bolster trust to attract high-quality, sustainable investors, much like its regional counterparts. The motivations driving Chinese and Russian investors to Thailand extend beyond the pre-existing trend. The uncertainties brought forth by the COVID-19 pandemic, along with geopolitical factors such as the Russian-Ukraine war, have intensified their interest in acquiring property in the country, especially in those major cities such as Bangkok, Phuket, Pattaya, and Chiang Mai. Russia's invasion of Ukraine has shifted Russian investors' focus away from Europe, redirecting their attention to safer havens like Thailand, where property prices are comparatively lower. Before the Russian-Ukraine war, nations like Bulgaria and Germany are the property buying destination for Russians. However, with the invasion, Europe is no longer the top choice. The Middle East, Turkey, and Southeast Asia were the three most sought-after locations for buying property in 2022. A Moscow-based firm "Intermark Real Estate" stated that Southeast Asia contributed to 27% of international deals in 2022, up from 12% in 2021. It is also reported that Thailand, particularly Phuket, has become a sanctuary for Russia citizens seeking refuge and property investment opportunities, Russian buyers, captivated by the allure of beachfront condos, have invested substantial sums exceeding US\$500,000. Chinese buyers, on the other hand, have a slightly different incentive driving their overseas property purchases. Reuters interviews reveal that many Chinese investors view property acquisition as a safety net against future disease outbreaks akin to the COVID-19 pandemic, as well as a means to mitigate economic risks in their home country.

What can Cambodia learn from this?

Cambodia's real estate market stands at a critical crossroads, with the opportunity to capitalize on the valuable lessons emerging from Thailand's success in attracting Chinese and Russian investors.

To foster a sense of security and stability among potential investors, Cambodia must embrace incentives beyond price and return on investment, and prime location. Given the time of uncertainty, people need to feel secure and the place they bought their property must provide adequate conditions for them to build their second home. Factors such as quality of life, access to quality education and healthcare, well-defined laws and regulations, visa incentives, a flexible lifestyle, and a vibrant tourism and hospitality sector must take centre stage. By building trust and instilling confidence in investors, Cambodia can position itself as an appealing destination for high-quality, sustainable investments, even in the face of post-pandemic uncertainties. As Cambodia's real estate sector endeavors to recover from the setbacks of the COVID-19 pandemic, it must recognize the need for adaptability and innovation. While neighboring countries such as Thailand and Vietnam prepare themselves for a new era of real estate investment, Cambodia has the potential to carve its own path towards success. By embracing the right mechanisms and fostering an investor-friendly environment, Cambodia can not only weather the challenges but also emerge as a compelling destination for foreign investments, safeguarding its financial stability in the process.

Learnt from: Construction and Property (16th May, 2023)

New land management law to be ready by next year

A new law on Land Management and Urban Planning, drafted to meet the growing demand of the rising population of Cambodia, is expected to be ready for promulgation by next year. The new law will regulate the use of land for different purposes such as residential, commercial, industrial or tourist areas or as certain restricted areas. It is also expected to have a new land use index and will impact future urban planning and land management in several areas, such as technical building regulations. Detailed conditions, policies and procedures of the development in these areas however will be determined by sub-

decrees and Prakas, which will be issued after the promulgation of the law. The draft law intends to increase investors' confidence in the construction sector. It is also expected to contain provisions for more public areas such as parks and sidewalks in cities. It is said that Cambodia's urban population reached six million, or 39.5 percent of the total population by 2019 and it nearly doubled in Phnom Penh from 1.24 million in 2008 to 2.3 million by that time. There are 31 cities in the 25 provinces of Cambodia in addition to the capital city, Phnom Penh.

Learnt from: Khmer Times (24th May, 2023)

New draft law on SEZs finalised



An aerial view of the Sihanoukville Special Economic Zone.

The Council for the Development of Cambodia recently finalised a new draft law on special economic zones (SEZs), aiming to attract investment into the country by providing incentives, enhancing transparency, and promoting fair competition. The economic zone is attracting investment in a range of sectors, including electronics, components, vehicle assembly, solar, and bicycles. This diversification of the economy is a move away from reliance on the footwear and clothing sectors. Investment, especially in SEZs, is expanding and diversifying into many new sectors, including electronics, car components, tire production, furniture, solar bicycles, Christmas decorations, and other products for export to overseas markets, he pointed out. These sectors are promoting the diversification of the economy to become more sustainable and resilient to the crisis, not relying entirely on garments, footwear and travel goods sectors. SEZs were established

throughout the country to provide investors with a “one-stop service for imports and exports” and to facilitate trade. These hubs have also been instrumental in national economic development and are increasingly being linked by key transport routes. Before the pandemic, it was estimated that there were more than 50 SEZs in Cambodia, with a combined workforce of 130,000 people working in more than 450 factories. Most of the companies that invested in the Phnom Penh Special Economic Zone are from Thailand, Vietnam, China, Japan, Belgium, Hong Kong, Malaysia, Singapore, the US and the Philippines.

Learnt from: Khmer Times (25th May, 2023)