

What's Happening in Cambodia Market & Valuation

Vol. 65 - August 2023 -

Construction & Real Estate Sector Show Signs of Recovery in H1 2023

2023 年上半期、カンボジアの建設部門と不動産部門は引き続き好調な回復をみせている。首都プノンペン住宅価格上昇率は 6.9% でトップに立ち、他の州でも 5.3% と注目すべき上昇をみせている。

Learnt from: Construction and Property (1st August, 2023)

Real Estate Market Declines in 2023 Present Unique Opportunity for Buyers

不動産市場が憂慮すべき下落を見せた年、カンボジアでは市場価値を下回る価格での不動産購入が可能となっており、不動産市場への投資を検討している人々は、例外的な機会が提供されるという極めて有利な立場にあるといえる。

Learnt from: Construction and Property (1st August, 2023)

Shifts in Cambodia's Property Landscape: Condos Take Lead as Housing Market Adjusts in H1 2023

カンボジア国立銀行によると、2023 年上半期、フラットハウス、シングルヴィラ、ツインヴィラの販売は 64.7% 減少したが、コンドミニアム市場は 12.9% の増加で急成長した。

Learnt from: Construction and Property (7th August, 2023)

Cambodia prospects amidst oversupply and global shifts

カンボジア不動産は、デベロッパーが短期的利益を優先していることから、住宅が売れ残っていく供給過剰の問題に直面している。カンボジア不動産市場は過去 10 年間、力強い成長軌道を歩んできたが、2023 年には、世界経済の変化、中国需要の減少、プロジェクトの供給過剰といった課題に直面することになる。

Learnt from: Construction and Property (8th August, 2023)

Toyota to produce auto wire harness in Poipet

日本の世界的企業、豊田通商株式会社は、自動車用ワイヤーハーネスの生産工場建設を計画している。総投資額約 3,670 万ドルの組立工場、今年中に完了する予定だ。

Learnt from: Khmer Times News (9th August, 2023)

Construction & Real Estate Sector Show Signs of Recovery in H1 2023

In the first half of 2023, a positive recovery reiterate through Cambodia's construction and real estate sectors. A surge in the import of construction materials and equipment, registering a 0.4% increase, amounting to approximately US\$911 million compared to the previous year, signifies an industry back on the rise. According to the National Bank of Cambodia, despite the ebb and flow of global economic currents, Cambodia showcased steadfast growth, propelled by the robust tourism sector, continued flourishing in agriculture, and noteworthy signs of resurgence within the construction realm. The housing landscape mirrors this upward trajectory, as attested by the report. The housing price index for the period spanning January to June 2023 showcases a commendable 6.4% year-on-year augmentation. The capital city, Phnom Penh, takes the lead with an impressive 6.9% rise in housing prices, while other provinces experience a noteworthy 5.3% elevation. The unfolding narrative of Cambodia's construction and real estate sectors holds a promising chapter, emblematic of resilience and adaptability, echoing the nation's commitment to sustained progress.

Learnt from: Construction and Property (1st August, 2023)

Real Estate Market Declines in 2023 Present Unique Opportuney for Buyers

In a year where the real estate market witnessed a concerning decrease, buyers in Cambodia find themselves in a uniquely advantageous position, as properties are being offered at prices below market value, presenting an exceptional opportunity for those looking to invest in the property market. It is said thatthe current real estate market heavily favours buyers, granting them increased bargaining power and the ability to acquire properties at significant discounts of 20% to 30% below market rates. The market dynamics of 2023 have significantly tilted in favour of buyers, and it is witnessed as a prime time for investors to seize these exceptional below-market value properties. Notably, real estate projects have seen a

substantial reduction across various sectors, with a lack of new office developments and only a few residential projects introduced. However, properties situated along prominent boulevards such as Norodom Boulevard and Monivong Avenue continue to experience high demand, driven by their strategic locations. In the condo market, buyers are enjoying more flexible payment conditions and improved agreement terms, with some able to secure units without paying the full price or opting for instalment payments of 10% or 20%. Despite approximately 54,000 units available, only a limited number have been sold, providing buyers with ample choices and unparalleled investment opportunities. As the real estate landscape continues to evolve in 2023, investors and homebuyers can take advantage of the buyer's market, making well-informed decisions that align with their investment goals and aspirations.

Learnt from: Construction and Property (1 August, 2023)

Shifts in Cambodia's Property Landscape: Condos Take Lead as Housing Market Adjusts in H1 2023

The real estate dynamics in Cambodia are undergoing a significant transformation, with the first half of 2023 revealing intriguing trends. According the National Bank of Cambodia, while sales of flat houses, single villas, and twin villas experienced a decline of 64.7%, the condominium market has surged with a positive 12.9% increase.As traditional housing segments showed a downturn, the condominium market displayed a robust growth trajectory. In the vibrant heart of Phnom Penh, house prices escalated by an impressive 6.9%, while in provinces beyond, the increase stood at 5.3 percent. Notably, the construction sector exhibited resilience during the initial months of 2023. This resurgence is evident in the upswing of construction material imports by 0.4%, amassing a value exceeding US\$900 million. Such figures underscore a sector embracing recovery and rejuvenation. The Ministry of Land Management, Urban Planning, and Construction has played a pivotal role in shaping Cambodia's

property landscape. While the report anticipates a 1.3% augmentation in the cost and area of approved construction projects, the number of projects witnessed a marginal 9% decrease. According to a local real estate firm, in 2022, growth rate scaled to 6%, followed by a continued descent to 10% in the first half of 2023. This marked the first instance of a downturn in growth rate in four decades. As the property market adjusts to novel dynamics, the rise of condos and shifts in traditional housing trends underscore a dynamic era for Cambodia's real estate. The commitment of industry stakeholders, reflected in data and trends, speaks volumes about the sector's adaptability and potential.

Learnt from: Construction and Property (7th August, 2023)

Cambodia prospects amidst oversupply and global shifts



SERC plans to officially authorise REITs this year to boost the real estate and construction sectors.

Real Estate in Cambodia faces an oversupply issue as developers prioritise short-term profits, leading to unsold houses. It is noted that the lack of transparency in the market contributes to this problem. Construction projects often fail to meet consumer standards, offering high-priced units and inadequate parking. Rapid conversion of agricultural land and technical, construction, and market problems exacerbate the supply-demand imbalance. The oversupply is particularly notable in condominiums, commercial buildings, and flat houses, with domestic and foreign demand discrepancies. High profits, pre-COVID prosperity, risk-free bank-backed purchases, and long-term loans have driven oversupply. A lack of regulations

and data hinders assessment and proper development. The Cambodian real estate market has been on a strong growth trajectory for the past decade, but in 2023, it faces challenges due to global economic changes, reduced Chinese demand, and an oversupply of projects. CBRE Cambodia's Mid-Year Review highlights these issues, examining Phnom Penh's commercial and residential real estate sectors in H1 2023. Lawrence Lennon, CBRE's MD, discusses the sector's complexities exacerbated by global slowdown.

Learnt from: Property Guru (8th August, 2023)

Toyota to produce auto wire harness in Poipet



Toyota Tsusho has expanded its investment activities in Cambodia

Japan's global enterprise Toyota Tsusho Corporation (Toyota Tsusho) plans to establish another factory to produce automotive wire harness in Cambodia. Cambodia's highest decision-making body for private and public investments—pointed out that Toyota Tsusho will start the production of automotive wire harness products in the special economic zone in Poipet city of the province. Most recently, the company has expanded its investment activities including the establishment of a new project to produce automotive wire harness products and the production is expected to start in December 2023 at Sanco Poipet Special Economic Zone. The construction of the Phnom Penh assembly plant worth about \$36.7 million of Toyota Tsusho Manufacturing (Cambodia) Co Ltd—Toyota Tsusho's vehicle assemble company located in Royal Group Phnom Penh Special Economic Zone—is expected to be completed this year after CDC approved the project in early September last year.

Cambodia has several automobile assembly plant projects including the Ford Automotive Assembly Plant located in Kroko Special Economic Zone in Sna Ansa in Krokor district of Pursat province. Other automotive assembly plants are located in Phnom Penh, Pursat and special economic zones in Poipet of Banteay Meanchey and Bavet of Svay Rieng province.

Learnt from: Khmer Times News(9th August 2023)