

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

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### **CBRE report spotlights slowdown in commercial real estate sector**

CBREによると、本年第3四半期は国内の商業不動産開発が減速している。リテールやオフィス用物件の供給が減少しており、これまで供給過剰だったかもしれない市場の是正に一役買っているとのことだ。

*Learnt from: Khmer Times (27<sup>th</sup> October, 2023)*

### **Cambodia's Economic Projections for 2023-2024: Rising expectations with ADB cautious view**

ダイナミックな経済環境の中で、今後数年間のカンボジアの成長軌道が、主要金融機関から出されているさまざまな予測を基に精査されている。ADBは当初、2023年のカンボジアの成長率を5.5%と予想していたが、その後5.3%に下方修正した。この調整の背後には、産業セクターの業績が予想を下回っていることがある。

*Learnt from: Construction and Property (1<sup>th</sup> November, 2023)*

### **Six factories set to transform Cambodian industries in four provinces with over US\$32 investment**

カンボジア開発評議会は、6件の工場建設投資プロジェクト申請にゴーサインを出した。カンダル州、コンポンチュナン州、コンポンスプー州、プノンペン州における総額3,236万米ドルの投資だ。この投資により、該当地域内では8,784人の雇用が創出されるとのことだ。

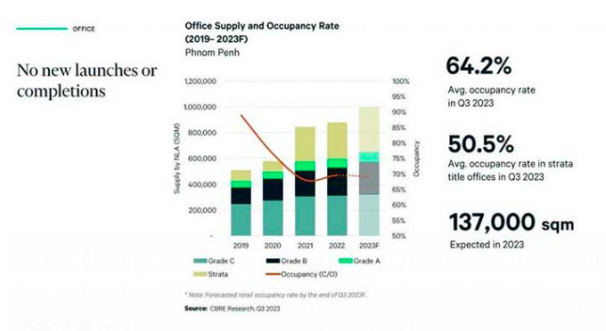
*Learnt from: Construction and Property (22<sup>th</sup> November, 2023)*

### **Cambodia government explores opportunity to open for Foreign Onwherships in landed property**

国土整備・都市化・建設省が、カンボジア住宅開発業協会と協力し、ボレイプロジェクト(土地付き集合住宅)に対する外国人の不動産所有権拡大の可能性についての法的枠組みを審議する目的で、会議を招集した、と報告されている。法的に複雑で潜在的な問題が存在するものの、これはカンボジアに対する海外からの不動産投資機会についての刺激的な一歩だ。

*Learnt from: Conscturction and Property (27<sup>th</sup> November, 2023)*

## **CBRE report spotlights slowdown in commercial real estate sector**



Retail and office supply slowdown is helping the market to adjust to any oversupply that may have existed, says the CBRE report.

According to the Global Commercial Real Estate Services (CBRE), it is observed that commercial real estate development for the third quarter of the current year is slowing down in the Kingdom. The retail and office supply is slowing down that helps the market to adjust to any oversupply that may have existed as rental price rates begin to strengthen. No new launch or completion in the retail sector is seen for Q3 2023. Construction for half of the retail supply planned for 2023 has been delayed due to increased market competition and slow leasing. It seems that more catchup is required in the sector, as occupancy rates and price for retail space have improved since H1. Occupancy rates in the retail sector stand now around 68%. Average rates for retail rents have reduced again in Q3, with rates around \$26 per meter for prime retail areas and malls. Those seeking retail space in community malls should expect average costs below \$20 per meter. Regarding office sector, it is the first time in the last seven years that any new launches or completion is observed this quarter. The pause in completions of new office spaces record in Q3 has allowed the market's occupancy rates to catch up and an average occupancy rate of 64.2 percent across currently available non-strata titled office stock. In terms of strata titled office stock that is occupied, it is recorded at 50.5 percent of total occupancy. Strata-titled offices are business spaces that have individual titles but are located within one commercial complex. Title

holders of the offices collectively own the common areas and share the expenses incurred in its maintenance, paying a levy to do so. In the current economic landscape, landlords have become more willing to reduce prices to increase occupancy in office buildings. Average rental rates as of the close of Q3 2023 were \$26 per square meter for grade A office, \$22 for grade B, and under \$15 for grade C offices.

*Learnt from: Khmer Times (27<sup>th</sup> October, 2023)*

## **Cambodia's Economic Projections for 2023-2024: Rising expectations with ADB' Cautious View**

In a dynamic economic environment, Cambodia's growth trajectory for the coming years is under scrutiny, with varying projections from top financial institutions. The World Bank, the International Monetary Fund (IMF), and the Asian Development Bank (ADB) all offer distinct perspectives on the nation's economic future. Yet an interesting point is, why is the Asian Development Bank (ADB) forecast for the Cambodian economy lower than other forecasts? Earlier this year, the World Bank affirmed its growth forecast for Cambodia, maintaining a consistent projection of 5.5% for 2023 and 6.1% for 2024. This reaffirmation in May 2023 underscores confidence in Cambodia's economic resilience. Earlier this year, the IMF initially projected Cambodia's 2023 growth at 5.5% only to revise it upward of 6.1% for 2024. These adjusted figures signify a positive shift in the nation's economic landscape. However, the ADB, while initially forecasting a 5.5% growth for Cambodia in 2023, later revised its projection downward to 5.3%. The reason behind this adjustment can be attributed to slower-than-expected industrial growth in the first half of the year, highlighting in the industrial sector's performance concerns. Even with a modest 0.3% correction, this adjustment carries substantial weight, emphasizing the importance of a reviving industrial sector for sustainable growth. A deeper analysis of the ADB report reveals adjustments in sub-sector forecasts. Notably, the service sector is expected to outperform, with growth projections

increasing from 7.3% to 8.0% for 2023. On the flip side, the forecast for the industrial sector was downgraded from 5.8% to 4.8%, and the agriculture sector's growth forecast dipped from 1.1% to 0.9%. These variations spotlight the evolution of Cambodia's economy, where a service sector rebound is compensating for challenges in the industrial and agricultural sectors. Looking ahead to 2024, the World Bank and IMF are optimistic, projecting a robust 6.1% growth rate, while the ADB conservatively maintains its forecast at 6.0%. A notable discrepancy in the forecasts is the inflation rate. The IMF anticipates a 2.0% inflation rate for 2023 and 3.0% for 2024, while the ADB predicts higher inflation at 3.0% and 4.0% for the same periods. This divergence underscores the critical role of inflation in the overall economic health. MODerate inflation at around 2% is generally considered conducive to economic growth, whereas 4% represents a concerning rate. These forecast disparities may be attributed to variations in methodology or differing policy assumptions. Nevertheless, the ADB report emphasizes the influence of external and internal factors on Cambodia's economic health. Key contributors to the nation's recovery include a resilient service sector, driven primarily by a strong tourism rebound. In response to these challenges and opportunities, Cambodia should consider policies that mitigate risks and support priority areas. Trade agreements, infrastructure investments, and human resource enhancements, when integrated into a comprehensive macroeconomic framework, are likely to positively impact the country's economic growth. In a constantly evolving economic landscape, these diverse forecasts offer a glimpse into Cambodia's resilience and adaptability, shedding light on the nation's path forward.

*Learnt from: Construction and Property (1<sup>st</sup> November, 2023)*

### **Six factories set to transform Cambodian industries in four provinces with over US\$32 investment**

The Council for the Development of Cambodia (CDC) has greenlit the registration of six visionary

companies. These enterprises are poised to construct state-of-the-art factories, injecting a collective investment of US\$ 32.26 million into the thriving provinces of Kandal, Kampong Chhnang, Kampong Speu, and the bustling capital, Phnom Penh. The investment is promising 8,784 employment opportunities within the region. The factories are as follows:

1. JUSTIN ALLEN (CAMBODIA) GARMENT MANUFACTURING CO.,LTD will invest US\$6.2 million to establish a garment factory located in Kraing Sbov village, Preah Puth commune, Kandal Steung district, Kandal province.
2. KANGFA (CAMBODIA) GARMENT TECHNOLOGY CO., LTD will invest US\$5.6 million to establish a garment factory with an investment location in Chunlat Dai village, Svay commune, Samaki Meanchey district, Kampong Chhnang province.
3. SKY BEST FASHION CO.,LTD will invest US\$5.2 million to establish a garment factory located in Ampil village, Sangkat Kampol, Khan Kampol, Phnom Penh.
4. YF SINOSKY INDUSTRIAL (CAMBODIA) CO.,LTD which will invest US\$5.1 million project to establish a garment and hat factory located in Tonle Kandil village, Samrong TONG commune, Smarong Tong district, Kampong Speu province.
5. SVZ PRINTING & PACKAGING CO.,LTD will invest US\$5.1 million to establish a garment factory with an investment location on National Road 3, ANlong Romeet Khang Lech village, Anlong Romeet commune, Kandal Steung district, Kandal province.

*Learnt from: Construction and Property (22<sup>th</sup> November, 2023)*

### **Cambodia Governemnt explores opportunity to open for Foreign Ownerships in Landed Property**

It is reported that the MInistry of Land Manangement, Urban Planning, and Construction,

in collaboration with the Cambodian Housing Developers Association, convened a high-stakes meeting to deliberate the legal framework surrounding the potential expansion of property ownership rights for foreigners in Borey projects. The central focus of the discussion revolved around the legal feasibility of allowing foreigners to acquire property, including housing and land in Borey projects. Moreover, the participants took the opportunity to review the broader state of Cambodia's construction sector, which presently faces multifaceted challenges. The meeting addressed critical financial aspects, exploring avenues for securing the necessary funding to reinvigorate this pivotal sector, enabling it to recover and thrive. It is reported that the Ministry has been diligently preparing a series of supplementary proposals and policies. This concerted effort to potentially open the property market to foreign investors could mark a significant turning point for the real estate landscape in Cambodia. While this endeavor still faces complexities and potential legal intricacies, it represents an exciting step toward international real estate investment opportunities in the Kingdom.

*Learnt from: Construction and Property (27th November, 2023)*