

What's Happening in Cambodia Market & Valuation

Vol. 71 - February 2024 -

Cambodia Property Outlook 2024

世界や地域的な不確実性が依然として投資家にのしかかっているが、特にカンボジアの首都では建設が続いている。課題は依然継続しているものの、プノンペンでは10を超えるコンドミニウムプロジェクトの完成が予想されており、こうしたコンドミニウムプロジェクトは拡大する郊外全体に広がってきている。

Learnt from: Khmer Times (31th January, 2024)

Is 2024 a Good Time to Buy Property in Cambodia?

カンボジアの不動産市場は進化しており、2024 年もそれは継続すると予測されている。一方、カンボジア投資には特有の課題と機会が存在し、意思決定においては、経済状況、住宅価格と賃料水準、インフレの不動産市場への影響を考慮する必要がある。

Learnt from: IPS Cambodia (12th February, 2024)

Real estate momentum slow at 0.5 percent growth in 2023

不動産の伸びは前年比わずかだが改善した。しかし、成長の勢いは依然として鈍い。2022 年の不動産セクターの成長率 0.2% に対し、2023 年は若干上回る 0.5% に留まっている。一方、主要都市では人口の大幅、増加に伴って住宅・商業用不動産の需要が増加していると報告されている。

Learnt from: Khmer Times (27th February, 2024)

Cambodia's Commercial Real Estate Market

カンボジアの不動産市場はダイナミックに進化と変化を経験しており、地域や不動産の種類にもよるが、不動産価格は一般的に安定している。プノンペンは、商業施設や高級住宅地への投資が旺盛だ。

Learnt from: Khmer Times (28th February, 2024)

Cambodia Property Outlook 2024



Although there is a wait-and-see attitude from first-time buyers looking for the right development, investment groups could be taking advantage of some of the opportunities with certain sectors of the property market hoping to buy up stock at lower prices. The global and regional uncertainties still weigh on investors, and construction carries on, especially in Cambodia's capital. The back end of 2023 saw a few large sites hold their topping out and launch ceremonies, with at least three condo developments (when completed) due to be among the tallest buildings in Phnom Penh. The ongoing Chinese economic challenges have continued and will impact Cambodia and could limit Chinese buyers in the region, while long-term effects from the pandemic such as inflation still persist. However, there is great property stock and the change of government in 2023 has offered confidence for the longer term.

Positive Cambodian Property News in 2024

- The predictions from the ASEAN+3 region- which encompasses the 10 bloc SEA members and China, Japan, and South Korea are expected to continue to have good economic growth in 2024. The Macroeconomic Research Office (AMRO) has projected a growth forecast of 4.5 percent, indicating Cambodia's growth to be 6.2 percent.
- Singaporean multinational hospitality group, Banyan Tree Holdings Limited will launch a hotel and resort project in Cambodia in 2024 called "Angsana Siem

Reap" and will offer 158 rooms, suites, and villas (expected to be in Q3 2024).

- Novotel will also open the doors to its first Cambodian property in Q1 2023 at the Novotel Sihanoukville Holiday Resort.

In 2024, more than ten condominium projects are expected to be completed in Phnom Penh, with the locations of these condo projects spread across the expanding city. Developed properties include Le Conde BKK1, Diamond Bay Gardens, Prince Happiness Plaza, RealHope and One 70. In addition to the ongoing hotel, condo and other projects, 2024 should see the introduction of new rules and regulations for the construction industry in Cambodia. Professionals within the local industry have been requesting standardised building codes to be implemented. The ministerial working group has been rumoured to be adopting the Eurocode as a basis to follow- establishing a building code for the sector is expected to be quickly adopted but if adhered to will bring the Cambodian building codes and construction practices in line with international standards.

Learnt from: Khmer Times (31st January, 2024)

Is 2024 a Good Time to Buy Property in Cambodia?



Cambodia's real estate market has been evolving and is expected to continue in 2024. Investing in Cambodia would possess specific challenges and opportunities, for which some factors should be considered.

Economic Condition in Cambodia

Current State- Cambodia has shown stable economic growth in the past few years. It is hugely affected by factors like the increase in

manufacturing, agriculture, construction, and tourism. Such economic growth in Cambodia has affected urban areas like Phnom Penh, Sihanoukville, and Siem Reap. The government policies have greatly influenced the positive trajectory of economic conditions in Cambodia.

Forecast- Rapid urbanization and foreign investments will drive more investments and lead to growth in Cambodia's economic conditions. Considering the current market situation, the financial condition will improve in the coming times and will see a positive trend. The growth in economic conditions will drive interest in the increase in foreign investment in Cambodia. This will lead to an increase in property values, too.

Housing & Rental Prices in Cambodia

Current State- In the past few years, the housing prices in Cambodia have increased. Various factors have contributed to the increase in foreign investment, urban development, and economic growth. The price of housing has seen an appreciation in areas like Siem Reap, Sihanoukville, and Phnom Penh. However, prices across urban and rural real estate houses have also significantly differed.

Forecast- The economic and demographic factors will contribute towards an upward trend in housing prices. Agricultural growth, tourism, and manufacturing increase will also increase housing prices. If Cambodia maintains its current economic trajectory, it can be expected to go above in the future. However, different factors will contribute differently across different regions.

Condition of Real Estate Market in Cambodia

The real estate market of Cambodia, especially in the residential sector, is growing rapidly. It is contributing to the economy of the country.

Current State- Cambodia's current real estate demand is at an all-time high, especially in the residential sector. Various factors like urbanization, economic growth, and the growth of the middle class contribute to the rise of demand for real

estate in urban areas. Areas like Phnom Penh, Sihanoukville, and Siem Reap have seen an increase in demand. Most buyers looking forward to purchasing residential property in Cambodia considering factors like purpose, budget, and location.

Forecast- The change in age of population and urbanization may affect current real estate demand in the future. As more people move from rural areas to urban areas in search of employment, the need for real estate sectors will increase.

Effect of inflation on Cambodian Real Estate

Inflation is when the prices go up, whether for travel, food, or anything else. As of 2024, the inflation is expected to rise around 3%. Investing in Cambodian real estate during high inflation can bring several advantages.

- There will be a gradual capital appreciation of property prices.
- Since the value of debt goes down due to inflation, mortgage prices will be more affordable.
- Diversifying in real estate during inflation is likely to bring stability.
- Real estate can be a hedge against inflation, which helps preserve overall investment value.

Is 2024 the Best Time to Invest in the Cambodia Real Estate Market?

Considering the positive movement of economic conditions and the real estate market, 2024 may be the best time to invest in Cambodia.

Learnt from: IPS Cambodia (12th February, 2024)

Real estate momentum slow at 0.5 percent growth in 2023



Real estate and construction contribute 10% to Cambodia's GDP. While some of the challenges in 2023 was due to the global economic slowdown, experts believe this situation could improve in 2024.

Real estate growth has marginally improved year-over-year. But the momentum of growth is still slow with 2023 seeing the real estate sector grow 0.5 percent, compared to 0.2 percent in 2022. Real estate and construction contribute about 10 percent to Cambodia's GDP, so it's crucial that this sector gains further momentum. It is reported that with sizeable growth in population, especially in major cities like Phnom Penh and Siem Reap the demand for residential and commercial properties is on the rise. New construction projects are expected to meet the needs of the growing population. Cambodia's population of 17.12 million has a growth of 1.04 percent in 2024. This compares to an annual growth rate of 1.19 percent in the last decade. Urban population growth of 4.58 million in particular grew at 3.07 percent in 2024. This is in comparison to an annual growth rate of 3.29 percent over the last 10 years. With such population growth, Cambodia's real estate market has certainly been gaining global attention. Developers from China, Singapore, Japan, Malaysia, Taiwan have been investing in the country's real estate project. While some of the challenges in 2023 was due to global economic slowdown, this situation could improve in 2024. Cambodia's growth economy has been attracting more foreign investment and high-net-worth individuals, resulting in an increasing demand for upscale properties. But dependence on foreigners and expats from premium segment

real estate space also has its downsides as there has been prolonged global financial tightening; plus a stronger dollar could impact real estate in a heavily dollarised economy like Cambodia. Another outlook for the Cambodian real estate market is the growth in demand for rental properties. Infrastructure development is also set to boost Cambodia's real estate market. With the government's incentive investment in infrastructure projects including roads, bridges, and airports, ease of living could also improve boosting real estate.

Learnt from: Khmer Times (27th February, 2024)

Cambodia's Commercial Real Estate Market



Cambodian Urbanisation

Cambodia's real estate market is experiencing a dynamic and evolving shift, and real estate prices have generally stabilised, depending on the region and property type. Phnom Penh continues to attract investment in commercial and high-end residential properties. The long-term outlook for Cambodia is generally positive, considering the ongoing urbanisation, economic development, and evolving demographic trends. It is reported that Cambodia's real estate market is projected to grow by 1.56 percent from 2024 to 2028, resulting in a market volume of USD\$639.50 billion in 2028.

What are The Current Trends In the Cambodian Commercial Real Estate Market?

The main types of commercial real estate are; office buildings, retail real estate, industrial, factories and warehouses, hotels, as well as commercial land. It is reported that the total

investment capital in real estate and construction projects fell between 2020-2022 with all real estate sub-sectors impacted; residential, industrial, and commercial. Generally, in Phnom Penh, an oversupply scenario across all sectors has been observed and it will take some years for the existing supply to be absorbed in the market. This has placed downward pressure on occupancy rates, rents, and hotel room rates. Cambodia attracted USD\$5.255 billion worth of investment in the first 11 months of 2023. Construction in real estate saw 0.5 percent growth last year- a slight improvement on the 0.2 percent in 2022. Those are low growth numbers but are still heading in a positive trajectory.

Cambodian Urbanisation

The growth in the country's economy has positively influenced the real estate market, with an increased demand for both mid-range and high-end properties due to the middle class's expansion. This effect means there is increased demand for better standard housing and the urban centres continue to be attractive to the younger and generally better educated population. According to the World Bank, Cambodia's urban population is expected to reach 44 percent by 2030. Cambodia saw urban population growth of 3.07 percent in 2024 (4,58 million people), with a 3.29 percent annual growth rate for the past 10 years.

Cambodian Real Estate Sector Challenges

The real estate market in Cambodia is undergoing its biggest challenges in decades and there has been a slowdown in sales of some property types as well as issues in oversupply. There have been compounding factors that have contributed to this- with post- pandemic lag, global economic financial concerns, and geopolitical issues. This has led to falling prices and occupancy rates. On the upside, this represents a great opportunity for buyers and tenants to secure competitive prices for commercial real estate.

Learnt from: Khmer Times (28th February, 2024)