

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

### **Vol. 13 - May 2019 –**

#### **Real Estate Growth to ease: NBC**

カンボジア国立銀行(NBC)は、国内すべてのタイプのコンドミニアム、商業施設、オフィスについて 2019 年末までの供給が急増すると予想されていることから、それら不動産セクターの成長は減速していくとの予測を公表した。

*Learnt From: Khmer Times (26<sup>th</sup> April, 2019)*

#### **Phnom Penh land tax prices increase**

経済財政省は、課税目的で公表している一平米当たり土地価格指標について、本年 7 月から平均で約 30%以上上昇させる(対現在公表価格比)と発表した。

*Learnt From: The Phnom Penh Post (2<sup>nd</sup> May, 2019)*

#### **Land registration nationwide to be completed in 2021**

国土整備・都市化・建設省は、土地登録期限を全国レベルで 2021 年と定めた。登録対象には先住民保有の土地登録を含むものとされる。なお、全国合計約 700 万筆のうち、520 万筆(約 74%)が 2019 年までに完了している。

*Learnt From: Construction & Property (6<sup>th</sup> May, 2019)*

#### **Hotel Sector to expand in Luxury Segment**

より高額でよりクオリティの高い宿泊施設が全国的に急増してきているが、とりわけプノンペンのそうしたセグメントのホテル・マーケットに対するポテンシャルの高さが顕著だ。

*Learnt From: Khmer Times (23<sup>rd</sup> May, 2019)*

#### **Competition rises in Phnom Penh's retail property market**

プノンペンの商業不動産セクターは、約 30 万㎡の新規のコミュニティ・モールやショッピング・センターを始め、e-commerce の成長期待などから、より競争が激しくなっている。

*Learnt From: Construction & Property (21<sup>st</sup> May, 2019)*

#### **Chinese push up Sihanoukville property prices**

シアヌークヴィルでは、中国系投資家や観光客増加の影響で、建設プロジェクトの増加と共に、不動産売買件数、価格が引き続き上昇している。

*Learnt From: The Phnom Penh Post (2<sup>3rd</sup> May, 2019)*

### **Real Estate Growth to ease: NBC**

The National Bank of Cambodia (NBC) expects growth in the local real estate sector, particularly condominium, retail and office space, to slow down in upcoming months as supply increases. According to Financial Stability Review (FSR), NBC presented a mixed outlook for the sector, with the potential for supply to outstrip demand if external and domestic demand weaken. The report also pointed out delays in several construction projects within the condominium, retail, and office segments during 2018's last quarter. This pending supply is expected to hit the market during the first half of 2019, along with the scheduled delivery of other projects. By the end of 2019, the supply of condominium units in all segments, retail space, and office space is expected to surge. In CBRE Office Market Update Q1 2019, \$1.8 billion is invested in the construction sector by the end of the first quarter, indicating a healthy start to the year. Residential, particularly condominiums, is the most dynamic sector and it saw an increase of 7.7 percent with the recent addition of finished condominium projects. In the landed property sector, there is a high portion of demand coming from the local community. In the future, it is expected a rise in demand for affordable condominiums from the local community while the mid-range to high-end condominiums will continue to be driven by the international community.

*Learnt From: Khmer Times (26<sup>th</sup> April, 2019)*

### **Phnom Penh land tax prices increase**



*Aerial view of Phnom Penh's Tonle Bassac commune*

According to Ministry of Economy and Finance announcement, the government has adjusted Phnom Penh's land prices for a new registration tax base that is set to commence in July. The ministerial announcement outlined the new registration tax

base for ownership transfer and property rights on March 22. With the change, average prices are set to increase more than 30 per cent per sqm on current prices. Daun Penh, Chamkarmon, Prampi Makara and Tuol Kork will see the greatest changes in prices. Land located on either side of main roads – such as Monivong Boulevard, Norodom Boulevard and Sihanouk Boulevard – will rise from the current \$1,500 per sqm to \$4,500 while the price of land along roads parallel to the main streets is set to increase from \$1,000 to \$2,500 per sqm. The price of land nearby Central Market, Sorya Center Point, Olympic Market, some parts of Norodom Boulevard, Kampuchea Krom Boulevard, Russian Federation Boulevard and Charles de Gaulle Boulevard will increase from \$1,000 per sqm to \$4,000. Some land located along certain roads such as Kampuchea Krom Boulevard, Mao Tse Toung Boulevard, Trasak Pha'em Street, Sisowath Quay, Nehru Boulevard, Russian Federation Boulevard has risen to \$3,500 per sqm and land in some sections of Monivong Boulevard, Oknha Tep Phan Street, Russian Federation Boulevard is now worth \$3,000. According to Cambodian Valuers and Estate Agents Association president, the updated prices are about 70 to 80 per cent of current actual market. The lowest land price for registration tax base in the capital was \$500 per sqm – available in four districts.

*Learnt From: The Phnom Penh Post (2<sup>nd</sup> May, 2019)*

### **Land registration nationwide to be completed in 2021**

The Ministry of Land Management, Urban Planning and Construction has set 2021 as the deadline to complete land registration nationwide including indigenous land registration. Around 5.2 million land parcels were registered nationwide, accounting for 74% of the total 7 million land parcels by April 2019, according to a press statement from the Ministry of Land Management, Urban Planning and Construction. 4.6 million land parcels were registered in a systematic manner, 600,000 land parcels were registered in a sporadic manner and communal land for 24 indigenous communities, equal to 648 land parcels were registered of the total land registration achieved. Related to land disputes, the ministry received

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10,078 cases of complaints; of which 8,062 cases were completely resolved and the other 2,016 cases are currently being resolved. The Cambodian government through the Ministry of Land Management, Urban Planning, and Construction, has made efforts to develop appropriate legal standards and to set out an action plan to accelerate nationwide land registration and land dispute resolution mechanism for the people.

*Learnt From: Construction & Property (6<sup>th</sup> May, 2019)*

### **Hotel Sector to expand in Luxury Segment**

Cambodia's main tourist demographic in past decades was young Western backpackers travelling on a budget. Now a new level of accommodation for people with larger budgets and higher level of luxury is sweeping across the nation. According to data from the Ministry of Tourism, Cambodia welcomed over six million international tourists mostly from China in 2018. Lumiere Hotel, which has been operating in the capital since 2017, is one of the establishments offering accommodations in this higher price point between \$100 and \$150 a night including amenities of rooftop jacuzzi, pool and meeting rooms. According to industry experts, Phnom Penh has the most potential for this expansion into higher segments of the market despite Siem Reap's status as the tourist capital of Cambodia. In addition to holiday tourists, Phnom Penh draws business travelers, short-term NGO workers, domestic tourists and many other key demographics. Hotel sector in Phnom Penh is still more affordable than comparable rooms in other Southeast Asian countries yet human capital, skills training, education and technology in the hospitality sector still need to boost. The market is changing and as options diversify with the rise of rental apps, guesthouses, hotels and resorts, it is expected the competition to get stiffer in the future.

*Learnt From: Khmer Times (23<sup>rd</sup> May, 2019)*

### **Competition rises in Phnom Penh's retail property market**

Competition is increasing in Phnom Penh's retail property sector. New community malls and shopping centres are Phnom Penh Megamall (formerly Parkson Mall), The Bridge, Downtown 93, Noro Mall and Olympia Plaza Mall and these

developments add up to total retail spaces of approximately 300,000 square meters. Currently in Cambodia, e-commerce forms only a small percentage of total retail sales but it is expected to grow since e-commerce boom in Southeast Asia especially in Indonesia and Philippines. In this case, it can lead to reduction in the number of retails in the market and the threat in Phnom Penh is from the increase in supply. There are so much supply mainly in large-scale shopping centres and community malls under construction due for completion by 2023. there are also new retail developments being planned and competition is going to be fierce but with the new environment, it will be big changes for retail landlords. While rent in the retail market has remained broadly static in the past five years, the new supply in Phnom Penh mean that downward adjustments on rent are likely to happen.

*Learnt From: Construction & Property (21<sup>st</sup> May, 2019)*

### **Chinese push up Sihanoukville property prices**



*Construction in Sihanoukville*

The presence of Chinese investors and tourists in Sihanoukville continued to push real estate transactions and increase prices in the city, with major construction activities underway. Prices have increased more than 10 per cent compared to the end of last year. Currently, land prices in the city centre are around \$4,500 per sqm, while they are less than \$1,000 in suburban areas. In Sihanoukville, rental prices remain steady with Apartment rent in a commercial area between \$5,000 and \$8,000 per month. Because of the influx of Chinese investors, the speed of economic growth and the Phnom Penh-Sihanoukville Expressway project, the sector is expected continue to grow.

*Learnt From: The Phnom Penh Post (2<sup>3rd</sup> May, 2019)*