

RESEARCH



CAMBODIA REAL ESTATE HIGHLIGHTS

1ST HALF 2016

ECONOMIC SNAPSHOT

COMMERCIAL SECTOR

RESIDENTIAL SECTOR

ECONOMIC SNAPSHOT

Despite growth in the construction sector forecast to moderate, the Cambodian economy remains robust with the Kingdom set to outperform Southeast Asia.

With the rapid pace of development in the Kingdom's capital evident for all to see, epitomised by the slew of buildings enshrouded by green netting dotted around the city, it was inevitable that growth in the construction sector would begin to ease, with the market needing a period of consolidation to mitigate the risk of oversupply.

The Ministry of Economy and Finance has forecast that construction growth will moderate to 15.0% in 2016 (down from 19.0% in 2015) and 10.0% by 2020, further supporting the need for diversification of the Cambodian economy.

According to the World Bank, downside risk to economic growth has been exacerbated by the strength of the dollar, weaker commodity prices and moderating growth in the tourism sector, highlighting the need for a more proactive approach to addressing economic policy with a clear long term strategy. An example of which would

be participating in the Trans-Pacific Partnership trade agreement which is likely to provide greater short term benefit than being a member of the ASEAN Economic Community.

The above notwithstanding, the Asian Development Bank has forecast GDP growth for Cambodia at 7.0% in 2016 and 7.1% in 2017, outperforming Southeast Asia by approximately 2.5 percentage points (figure 1).

Robust growth is expected to continue, driven largely by garment and footwear manufacturing, construction and services, but there is a growing need to improve the quality and productivity of the labour force for Cambodia to sustain GDP growth at current levels.

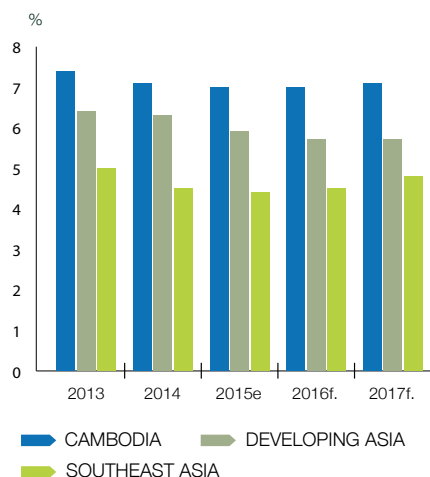
With continued economic expansion and moderate levels of inflation (figure 2), monthly disposable incomes will continue to increase, underpinning growth in domestic consumption making for a more stable economic environment over the long term.



ROSS WHEBLE
Country Manager

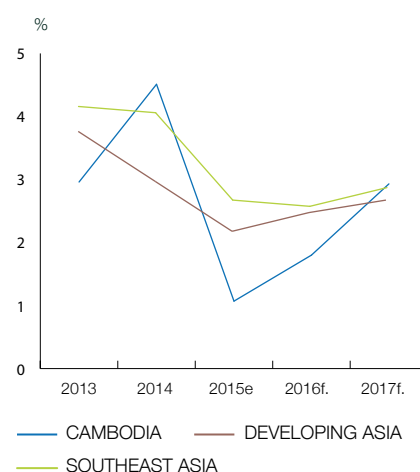
“With continued economic expansion and moderate levels of inflation, monthly disposable incomes will continue to increase.”

FIGURE 1
ANNUAL GDP GROWTH
(2013 - 2017f)



Source: Asian Development Bank

FIGURE 2
ANNUAL CPI GROWTH
(2013 - 2017f)



Source: Asian Development Bank

KEY FINDINGS

The completion of three office buildings during the first half of 2016 added a total of 12,581 sq m to Phnom Penh's office supply.

A shift in preference shows more companies choosing to relocate and expand in Grade A and Grade B office buildings.

Grade A and Grade B buildings are expected to make up the majority of the office supply by 2020 with a combined incoming supply of 181,757 sq m in the development pipeline.

Average occupancy across all office grades was 80.7%, with Grade B and Grade C offices commanding occupancies above 85.0%.

PHNOM PENH OFFICE SECTOR

An increasing number of companies look to Grade A and Grade B offices as Grade C office buildings struggle to keep up with improving industry standards.

Supply and Demand

Grade A and Grade B offices are expected to make up approximately 80.0% of the office space supply by 2020

The first half of 2016 saw a slight increase in Phnom Penh's office space supply with the completion of three office buildings ranging from 3,500 to 5,000 sq m in net lettable area (NLA).

The Maybank Building, Emerald Tower and the Premier Office Building, located on Norodom Blvd and Mao Tse Tong Blvd, which are two of the city's main axes, added a combined total of 12,581 sq m of NLA to the office space supply.

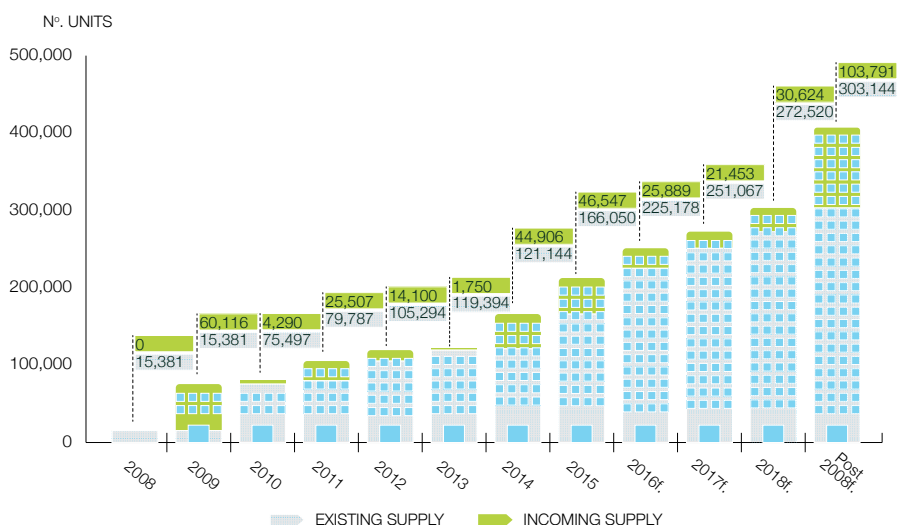
As we move into the second half of 2016, an additional 25,889 sq m of NLA is scheduled to enter the market upon completion of Exchange Square in Daun Penh, City Tower Asia on Mao Tse Tong Boulevard, and Aura Condominium, on Street 63.

Existing office space supply as at H1 2016 was recorded at 225,178* sq m, representing a 5.9% increase compared with H2 2015. As seen in (figure 3), the future supply is expected to increase by 80.7% reaching 406,935 sq m within the next three to four years.

While the market is still dominated by supply of Grade C buildings, there has been a notable shift in developer and tenant preference towards Grade A and Grade B offices with many Grade C buildings no longer meeting the market's demands.

FIGURE 3

CUMULATIVE SUPPLY OF OFFICE SPACE IN PHNOM PENH (2008 – POST 2018f)



Source: Knight Frank Research

* Note: Office buildings with less than 5-storeys were removed from the basket, reducing the office supply by 71,851 sq m of NLA.

The majority of the incoming office supply will be Grade A (137,526 sq m out of 181,757 sq m of total incoming supply), a third of which comprise units in stratified office buildings. Grade B office space comprise 24.3% of the incoming supply, 43.7% of which is stratified office space.

By 2020, we can expect the Grade A and Grade B offices to make up the majority of the supply upon completion of large purpose-built developments such as Exchange Square, Olympia City, The Gateway, Diamond Twin Tower, and the East Commercial Centre.

Net absorption increased by 57% in H1 2016 compared with the same period in 2015

Overall occupancy showed a marginal decline QoQ from 80.9% in Q1 2016 to 80.5% in Q2 2016.

Grade B and Grade C office building occupancies were recorded at 88.0% and 88.1% respectively, while Grade A office occupancy approached 50.0% in Q2 2016.

An additional 8,985 sq m of NLA was taken-up in H1 2016, representing an increase of 56.9% in net absorption when compared with the same period in 2015. This was largely attributable to recent building completions.

Prices and Rental

Grade A office units in stratified buildings offered at prices as high as US\$4,900 psm

Asking rental prices ranged from US\$9.0 per sq m up to US\$38.0 per sq m and, although advertised rates have remained stable, more building owners are willing to negotiate rental prices.

The average rental price across all office grades was recorded at US\$18.7 per sq m per month as at H1 2016, a breakdown by district is available in (figure 4).

Average rental prices between Q1 2016 and Q2 2016 decreased by US\$0.10.

Stratified office units are selling for prices ranging from US\$2,100 per sq m for Grade B units to as high as US\$4,900 per sq m for Grade A units.

Office Sector Outlook

The supply of office buildings continues to increase at a steady pace, which has led to consolidating occupancies and rental prices. Purpose-built offices are registering occupancies of 80.0% and above with the exception of Vattanac Tower, largely due to the scale of the development.

The main movements registered during the first half of 2016 were in newly completed office buildings as multinational organisations began to show preference for space in more modern office buildings in prime areas.

Offices in prime locations and those just outside of the CBD will continue to attract high profile tenants such as banks, airlines, insurance companies, NGOs, and other multinational companies that are looking to expand and are willing to pay more premium rental prices for better quality office space.

Interest in higher grade buildings will increase further given that poorly maintained Grade C buildings that have long dominated the office market supply are increasingly becoming a less

attractive option for companies looking for a more professional and presentable office environment.

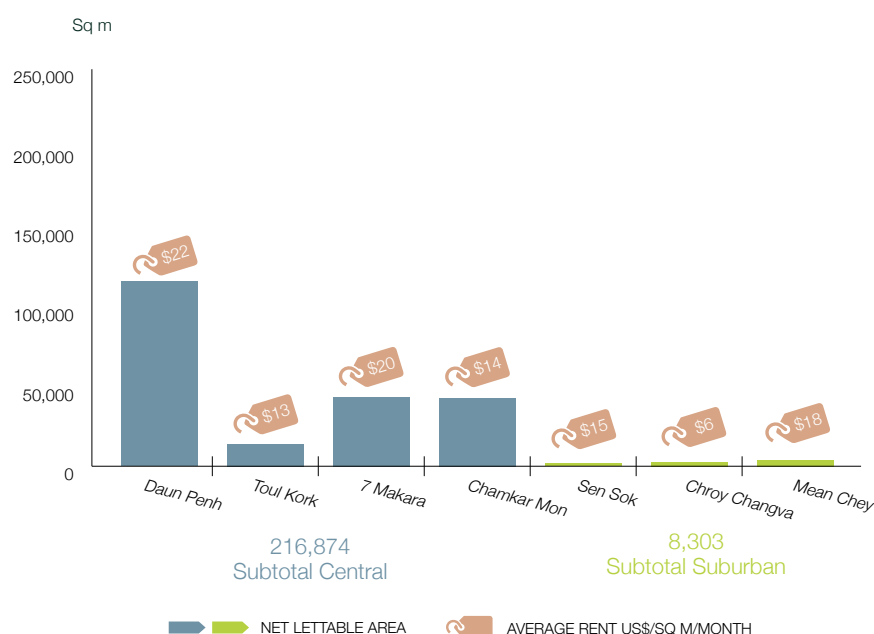
In the short-term, we can expect to see Grade A and Grade B occupancies continue to increase steadily as landlords are more willing to negotiate rental prices and as more foreign companies express interest in expanding their operations in Cambodia.

In the medium term, Cambodia is likely to attract more foreign investors with multiple bilateral trade negotiations under way and its open policy on foreign investment, which will ultimately benefit the office sector.

In addition, Cambodia can expect to see a spike of 25.0% in its working-age population by 2030 according to the UN, which can be expected to boost demand for office space in the long-run.

However, the government would need to invest on improving labour through various reforms, which includes putting a greater emphasis on education in order to increase labour productivity, or it could lose its labour-cost advantage.

FIGURE 4
EXISTING SUPPLY OF OFFICE SPACE AND AVERAGE RENTAL PRICES BY DISTRICT IN PHNOM PENH (2008 – H1 2016)



Source: Knight Frank Research

KEY FINDINGS

Supply of existing retail space in Q2 2016 was recorded at 134,153 sq m, distributed across 10 retail malls.

Additional 76,200 sq m of retail space is expected to enter the market by Q4 2016.

Rental prices remain relatively flat with no new additions to the retail supply since the opening of Vattanac Tower's retail podium.

A handful of F&B brands from the US enter Cambodia, as the development of organised retail infrastructure continues.

PHNOM PENH RETAIL SECTOR

The expansion of major international brands into Phnom Penh and steady turnover of retail mall tenants signal a market that is adapting to constantly evolving consumer taste and preferences.

Supply and Demand

Two retail developments are expected to add 76,200 sq m of prime net lettable area to the retail sector by the end of 2016

With no new additions since the completion of Vattanac Tower's retail podium in the second half of 2014, existing retail space supply remains at 134,153 sq m.

As Parkson City Centre and Exchange Square near completion, an additional prime retail space of 76,200 sq m is expected to enter the market by the end of 2016.

As shown in (figure 5), if all projects reach completion on schedule, the retail

space supply will increase to 414,492 sq m, which is equivalent to a 209.0% increase in supply by 2020.

Prime retail space occupancy remains high at 95.8%, with Aeon commanding full occupancy as tenants continue to vie for vacant units.

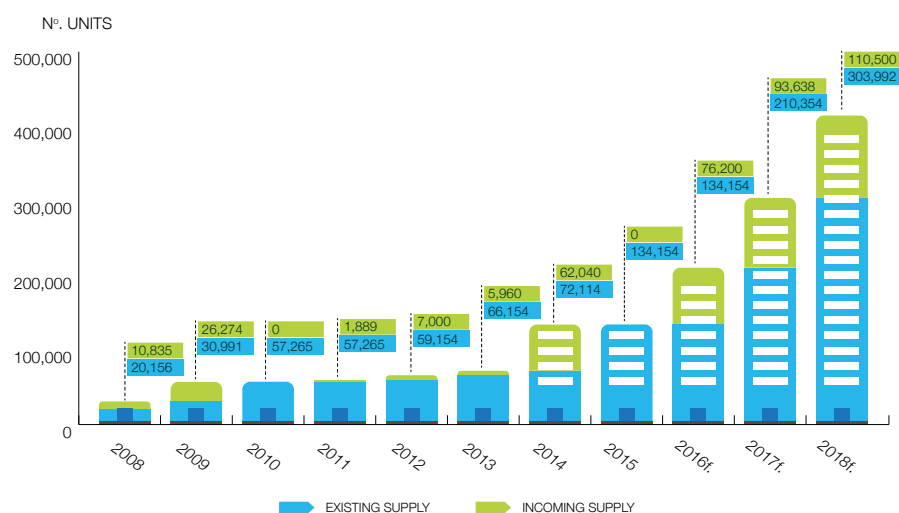
With no new retail openings in the market until the end of 2016, retail malls across all grades continue to enjoy high occupancies.

Tenant turnovers continue albeit at a slower pace, with most high-end brands being replaced by a more affordable selection. Aeon also announced the commencement of their second mall's construction, which will be located near Camko City.

Canada Group's decision to renovate and reposition Sorya Mall to Sorya

FIGURE 5

CUMULATIVE SUPPLY OF RETAIL SPACE IN PHNOM PENH (2008 – 2018f)



Source: Knight Frank Research

Center Point, which will involve creating zones, a better tenant mix, and improved facilities, will contribute positively to the retail sector by allowing older generation malls to remain relevant while providing retailers with more affordable options.

Popular F&B brands from the US such as Krispy Kreme, Carl's Junior and Cold Stone Creamery expanded their operations into the Kingdom within the first 6 months of 2016. Meanwhile, Starbucks has successfully opened a second branch at Aeon Mall less than 6 months since it opened its first store at the Phnom Penh International Airport.

Prices and Rental

Retail space rental prices remain flat but may experience a minor decrease as additional space comes online in H2 2016

Prime retail space rental prices have remained flat and continue to command average rental prices from US\$32.0 to US\$70.0 per sq m per month.

Rental prices for secondary space vary from US\$10.0 to US\$22.0 per sq m per month for anchor tenants and US\$22.0 to US\$250.0 per sq m per month for non-anchor tenants, with the highest prices corresponding to the smallest units.

Some older generation malls that have been forced to reduce their rental prices following the opening of Aeon Mall are now choosing to renovate their existing structures to compete with the growing incoming supply.

With an effectively implemented repositioning strategy, they could potentially see their rental prices return to pre-Aeon Mall levels by attracting bigger international brands that were not present in their previous retail mix.

Retail Sector Outlook

The influx of international brands is a sign that investors see potential in Cambodia's economy and its retail industry.

It also shows that the industry is keeping up with the consumer's evolving tastes and increasing appreciation of international brands.

This is largely due to a brand-conscious middle-income population that is steadily rising as Cambodia joins the lower-middle income country bracket.

Having reached a GDP per capita of US\$1,225.0, Cambodia has officially achieved lower-middle income status, defined by the World Bank as having a GDP per capita between US\$1,045.0 to US\$12,736.0. The government aims to achieve a GDP per capita of US\$1,579.0 by 2018.

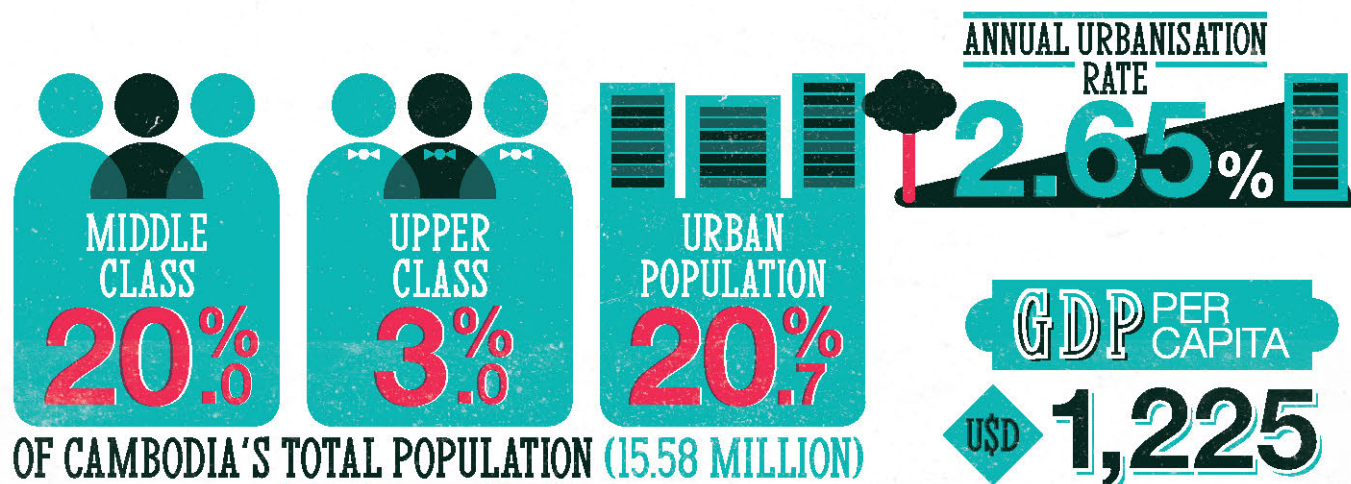
From a retailer's perspective the choice of prime retail space remains limited, which is why brands still opt to locate themselves in Boeung Keng Kang, where villas that are ideal for standalone commercial units are still available.

Despite the retail sector's evolution, only 4.4% of businesses within the Wholesale, Retail Trade and Repair of Motor Vehicles occupy space in modern shopping malls as seen in (figure 6).

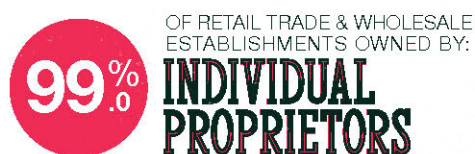
This trend is expected to change as the retail sector becomes more modern and organised. Occupancies and rental prices are expected to face downward pressure as more supply enters the market especially in 2017.

However, Naga 2, Parkson City Centre and Exchange Square, which will add an aggregate supply of 92,905 sq m by 2017, are expected to secure the majority of tenants from their own following of brands, which could slightly offset the impact of the additional supply on occupancy and rental prices.

◆ RETAIL SECTOR IN CAMBODIA QUICK FACTS ◆



WHOLESALE & RETAIL TRADE*



Sources: IMF, WEO 2015, The World Bank, National Institute of Statistics in Cambodia

*Retail Trade, Wholesale Establishments; Repair of Motor Vehicles and Motorcycles were placed in the same category in the Cambodia Inter-censal Economic Survey 2014 by the National Institute of Statistics. The survey excludes street businesses.

KEY FINDINGS

259 keys were added to the hotel supply upon completion of four small-scale hotels.

Rosewood Hotel is expected to provide an additional 175 keys by the end of the year.

More international branded five star hotels are eyeing Phnom Penh with Marriott being the latest to express interest in bringing one of their brands to the capital.

Despite Cambodia's growing tourism industry, five star hotels are unable to reach their desired occupancies and continue to face stiff competition coming from the constantly growing and rapidly evolving boutique hotel segment.

PHNOM PENH HOTEL SECTOR

With 3 global five star hotel operators expressing interest in expanding into Phnom Penh, the landscape is slowly changing in a sector historically dominated by small-scale boutique hotels and guest house accommodation.

Supply and Demand

By 2020, a total of 9,475 keys will be available in the market, representing a 40.5% increase in supply

Cambodia's tourism industry, which is largely driven by visitors from its neighbouring countries such as Thailand, Lao PDR and Vietnam, has seen constant year-on-year growth since 2004.

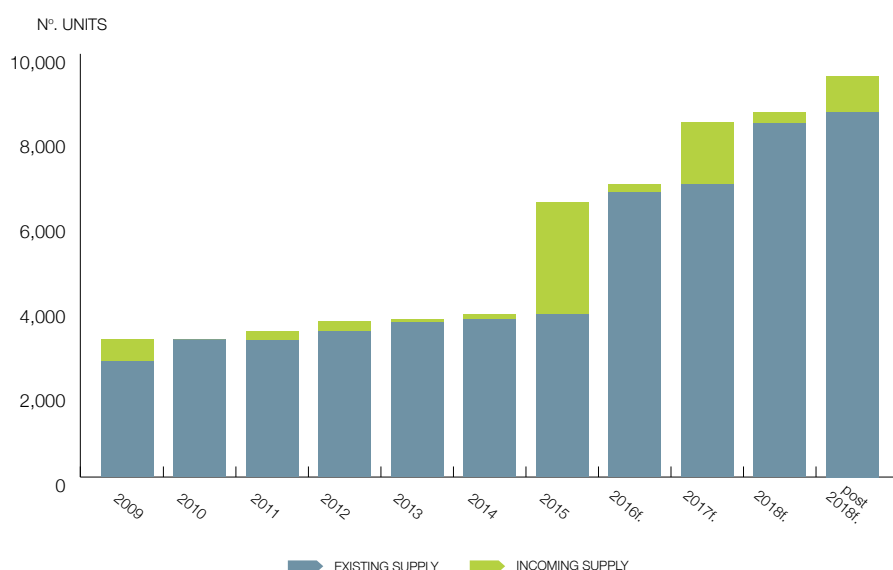
In 2015, a total of 4.8 million international visitors arrived in Cambodia, an increase of 6.1% YoY.

Leisure tourists comprised 59.9% of the total number of international visitors to Cambodia, 14.9% attended MICE events or were on official mission, 10.9% visited Cambodia for business, 10.8% came for unspecified reasons and 4.0% visited family and friends, according to statistics released by the Ministry of Tourism.

Despite this steady stream of visitors, the demand for large hotels has been low with the majority of tourists choosing to stay in boutique hotels, which explains the small number of international five star hotels in the capital.

FIGURE 7

CUMULATIVE SUPPLY OF HOTEL ROOMS IN PHNOM PENH IN PHNOM PENH (2009 – POST 2018f)



Source: Knight Frank Research

However, this trend is slowly beginning to change as more international hotel operators are expressing their intention to enter Cambodia.

The first 6 months of 2016 saw an addition of 4 small-scale projects comprising 259 keys. Another 175 keys are expected to come online upon completion of the 14-storey five star Rosewood Hotel on the top floors of Vattanac Capital.

Current existing supply of hotels with 50 rooms and above was recorded at 6,743 keys distributed across 52 hotels, with a large proportion of hotels located in Chamkarmon and Daun Penh districts.

Provided that all projects in the development pipeline complete on schedule, an additional 2,732 hotel rooms will enter the market by 2019 as seen in (figure 7).

Okura Prestige and Shangri-La have signed an MOU with large Singaporean mixed-use developments The Bay and The Peak, adding to the growing list of internationally branded five star hotels planning to enter Cambodia.

Marriott International, which will open Courtyard by Marriott in Siem Reap by 2017, has also recently expressed interest in bringing one of their brands to Phnom Penh, though official plans have yet to be announced.

Occupancy rates and room rates

Limited domestic demand and a diluted foreign market for five star hotels

Due to competition from the ever expanding boutique hotel sector, occupancy rates have generally remained around 50.0% for five-star hotels.

This is also partly due to limited domestic demand for five star

accommodation, affecting both occupancy rates and average daily rates (ADR), with up to 95.0% of hotel guests in five star hotels being foreigners.

Hotel sector outlook

As one of the fastest emerging economies in Asia, Cambodia is gaining more exposure within the international community, especially after Angkor Wat, the Kingdom's main attraction, was awarded the "World's Best Tourism Destination" in 2016 by the European Council on Tourism and Trade.

Better connectivity to international destinations and improvements to infrastructure linking Sihanoukville, Siem Reap and Phnom Penh will increase accessibility to the capital from various destinations, which might encourage visitors to explore the capital instead of simply treating it as a stopover.

Completion of internationally branded hotels currently in the development pipeline will also help establish Cambodia as an international destination, and increase its ability to compete regionally.

The opening of luxury five star hotels tends to attract tourists from within their network of loyal clientele, which will help establish Phnom Penh as an upcoming tourist destination.

However, the Ministry of Tourism will have to play a more active role

by promoting Cambodia and all of its major cities, which would involve working with the private sector to find ways to increase tourist activities in Phnom Penh.

In the short to medium-term, leisure tourism is expected to continue to make up most of the demand within the hotel sector.

In the long-run however, business tourists are expected to form a larger part of the demand with upcoming events such as the World Economic Forum scheduled to be held in Phnom Penh in 2017, and as more international companies express greater interest in Cambodia.

KEY FINDINGS

Existing supply of serviced apartments currently being monitored was recorded at 4,017 units as at Q2 2016.

A further 1,330 units will be added to the serviced apartment sector supply by 2018.

50.0% of existing serviced apartments are located in Chamkarmon, which continues to be a popular area for residential development.

Rental prices have begun to show downward movement, which is largely due to the completion of a few small-scale serviced apartments and condominiums.

PHNOM PENH SERVICED APARTMENT SECTOR

Serviced apartments that are located in prime areas continue to perform well commanding occupancies of above 80.0%.

Supply and Demand

Nearly 65.0% of the serviced apartments being monitored are high-end

Although most existing serviced apartments are locally owned and managed, there is increasing interest coming from foreign companies to develop serviced apartments managed by international serviced apartment operators.

There are currently a total of 4,017 serviced apartment units in Phnom Penh that are being monitored, with 1,730 units expected to complete by 2018 (figure 8), representing a 43.1%

increase in supply of residential units that are solely for rent.

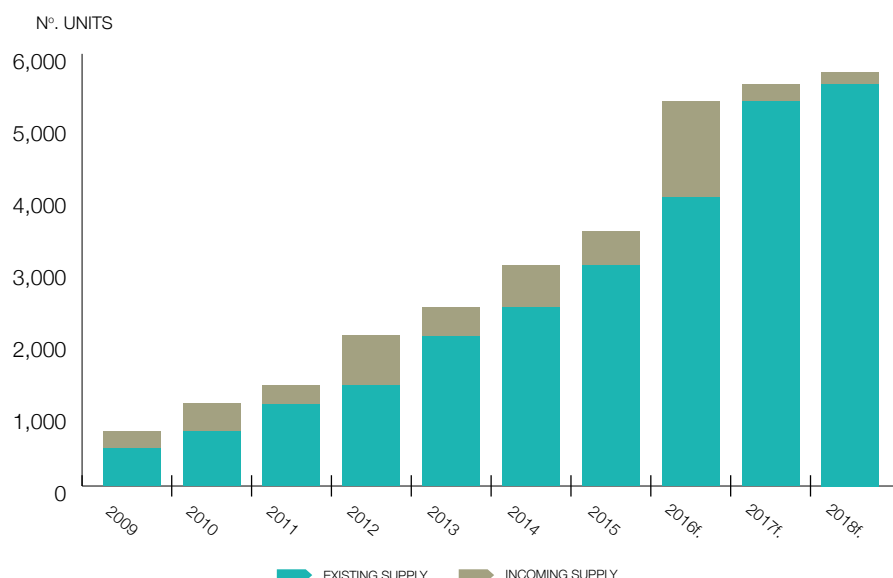
Half of completed serviced apartments are located in the district of Chamkarmon, followed by Daun Penh at 17.0% while Chroy Changva and Toul Kork comprise an aggregate of 20.0% of the total supply (figure 9).

Nearly 60.0% of the properties monitored are categorised as high-end and 35.0% are mid-tier units.

While there are more mid-tier projects scattered throughout the city, high-end projects tend to be larger in scale, going up to as high as 195 units and therefore contribute more units to the total supply.

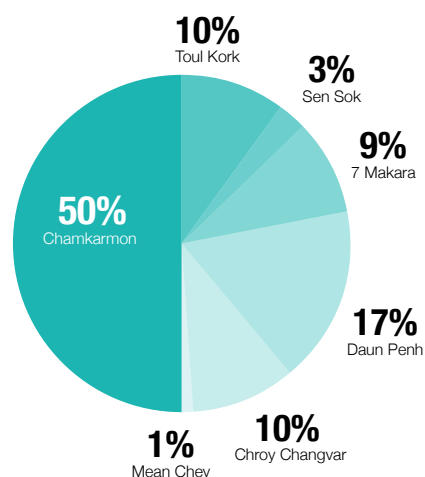
FIGURE 8

CUMULATIVE SUPPLY OF SERVICED APARTMENT UNITS IN PHNOM PENH (2009 – 2018f)



Source: Knight Frank Research

FIGURE 9
EXISTING SUPPLY OF SERVICED
APARTMENTS BY DISTRICT



Source: Knight Frank Research

Prices and Rental

Rental prices show minor decrease as additional residential units for rent being to trickle in.

As at H1 2016, rental prices in monitored developments ranged from US\$1,315 per month to above US\$4,000 per month in high-end developments, while mid-tier rental prices ranged from US\$667 to US\$1,300 per month for 1-bedroom to 3-bedroom units, with the higher rates generally applying to centrally located apartments.

Asking rental prices for high-end developments in Q2 2016 showed a 7.2% decrease, when compared to the same period in 2015. When compared with Q1 2016, asking prices in mid-tier projects showed the greatest decrease at 10.0%.

Declining prices and developers' increasing flexibility during negotiations could be due to increasing competition brought about by a steady stream of additional serviced apartment and condominiums slowly entering the market.

Occupancy

The serviced apartment sector continues to rely on the expatriate population

Overall occupancy across serviced apartment categories was recorded at 69.6% as at the end of Q2 2016, an increase of 3.5% compared to Q2 2015 but a decrease of 6.4% when compared to Q1 2016.

High-end buildings registered occupancies of 60.0% on average, while mid-tier and mass-market apartments commanded occupancies of 78.0% and 86.6%, respectively, (figure 10) shows a breakdown of occupancies by district with Chamkarmon registering the highest occupancy.

Expatriates working in Phnom Penh continue to be the main market for serviced apartments with the majority of Cambodians opting to live in landed developments.

Serviced Apartment Sector Outlook

Although the growth of the serviced apartment sector itself has been steady, it is starting to face increasing competition coming from additional condominiums and serviced apartments entering the market.

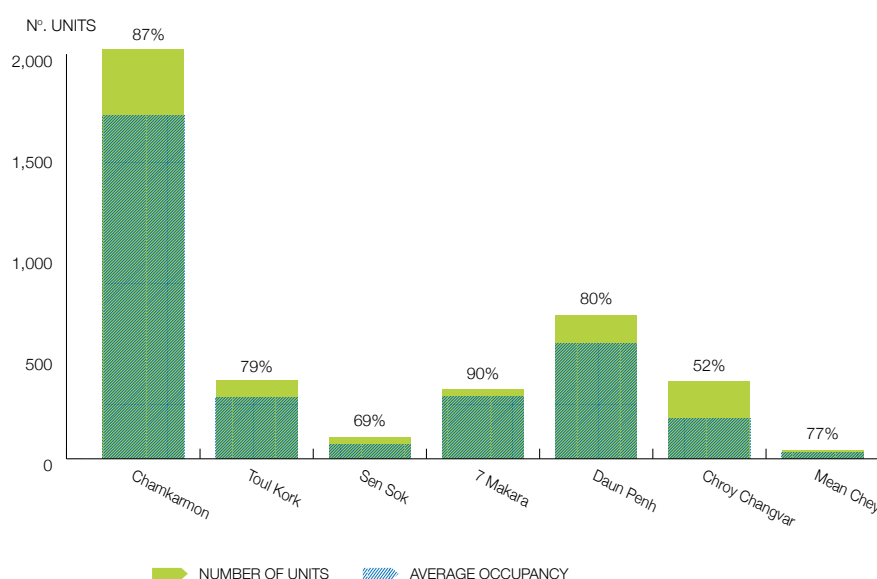
Downward adjustment of rental prices has already begun and incoming supply of condominiums will only continue to apply more pressure, resulting in declining rental prices in the medium to long term.

With more small-scale serviced apartments on their way to completion, an increase in the number of options will allow tenants to relocate to more modern units offering better services in more ideal locations.

Meanwhile, older buildings would have to compete either through lowering their rents or by carrying out renovations and regular maintenance programmes in order to keep up with the newer and more modern supply.

Demand for serviced apartments will continue to rely on the expatriate community, which will hinge largely on Cambodia's ability to attract and retain foreign companies.

FIGURE 10
EXISTING SUPPLY AND AVERAGE OCCUPANCY OF SERVICED APARTMENT
UNITS BY DISTRICT IN PHNOM PENH



Source: Knight Frank Research

KEY FINDINGS

High-end units comprised 72.0% of the incoming condominium supply in Phnom Penh.

Four newly launched projects added 1,661 units to the high-end category offering units ranging from US\$2,500 up to US\$4,900 per sq m

By 2020, 74 projects that are currently being monitored in the pipeline will add 24,533 units to the residential market, increasing the supply by more than sevenfold.

Developers need to win the local market's trust in order to bridge the gap left by a quickly expanding supply of developments and a lagging local demand.

PHNOM PENH CONDOMINIUM SECTOR

Completion of high quality yet more affordable condominium developments, along with closer adherence to international building safety standards could prop up domestic demand by changing the local market's perspective on high-rise living.

Supply and Demand

The first 6 months of 2016 saw the addition of 139 units to the residential market with the completion of The 240, 9 East and Galaxy Residences.

Condominium supply was recorded at 2,979 units, up by 4.9% from 2,840 units as at Q4 2015 (figure 11). By Q4 2016, an additional 3,184 units are expected to enter the market.

If all monitored projects complete on schedule, the condominium sector is forecast to grow by 723.5% with the addition of 24,533 units by 2020.

12 new projects comprising 5,401 units in total have been launched since the beginning of the year, representing a 52.4% increase in the number of units launched compared to the same period in 2015.

Chamkarmon continues to attract residential developers, with almost 50.0% of the incoming supply being built in BKK, Tonle Bassac and Toul Toumpong communes.

Sales within the first quarter of newly launched projects in H1 2016 were recorded at 17.2%, a decrease of 10.6 percentage points compared with H2 2015, and 18.6 percentage points compared to the same period in 2015.

In terms of the number of units sold, 929 units were sold during H1 2016 compared with 1,268 units during H1 2015, representing a decline of 26.7%.

Prices and Rental

Asking rental prices appear stable, although landlords are more willing to negotiate

While prices for previously launched developments remained flat, the average price per sq m of newly launched units have increased by 3.9%, from US\$2,047 in H1 2015 up to US\$2,128 in H1 2016.

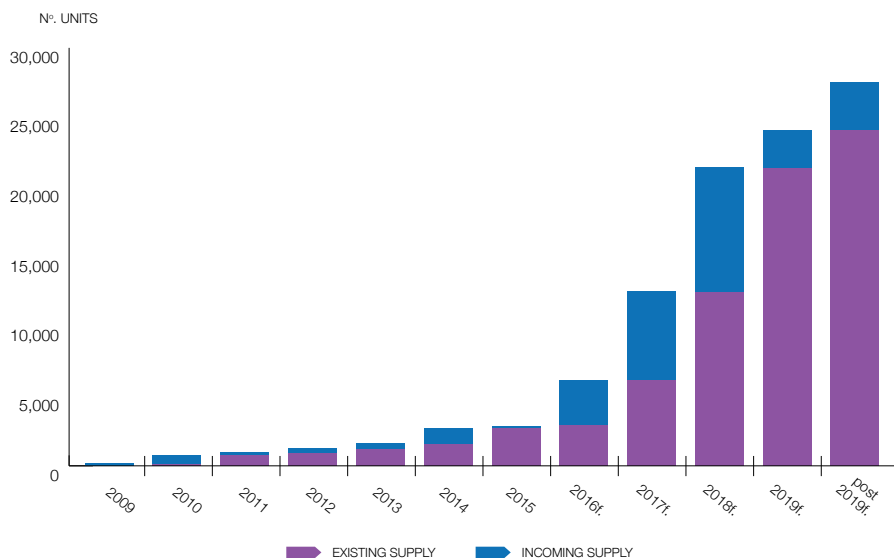
However, a significant decrease of 35.8% QoQ is observed with pricing down to US\$1,823 in Q2 2016 from US\$2,843 in Q1 2016.

In contrast to 2015, where large high-end developments dominated the newly launched supply with projects like The Bay, The Peak, The Mansion House and Skyline, the first half of 2016 on the other hand saw the launch of a few large projects within the mid-tier category, which had a downward impact on the average price per sq m of newly launched projects.

These included Sky Tree, located in Russey Keo district and BO AO City in Meanchey, which launched in Q2 2016. The projects will add 2,994 units priced between US\$850 per sq m to US\$1,400 to the mid-tier residential market by 2020.

Nonetheless, high-end projects continue to be launched offering units priced from US\$2,500 and with some units already surpassing US\$4,100 per sq m.

FIGURE 11
CUMULATIVE SUPPLY OF CONDOMINIUM UNITS IN PHNOM PENH
(2009 – POST 2019f)



Source: Knight Frank Research

1 bedroom units with sizes ranging from 55 to 70 sq m in central locations command rental prices from US\$1,000 to US\$1,800, which is equivalent to US\$9.0 to US\$26.0 per sq m, while those in secondary locations command rental prices from US\$9.0 to US\$11.0 per sq m.

Although asking rental prices appear to be stable, transacted prices may actually be lower due to individual owners' increased willingness to negotiate.

The majority of tenants living in condominium buildings are expatriates, who comprise 80.0% to 100.0% of the tenants in condominium buildings.

Condominium Sector Outlook

Despite concerns of an oversupply in the near future, developers remain hopeful that the local demand in the coming years will fill the gap that is currently present in the market, with supply already beginning to outpace demand.

However, with prices per sq m of some newly launched condominiums already surpassing US\$3,000 and in some cases US\$4,000, only a small fraction of the population has the financial ability to purchase these units.

This is slowly changing with the rise of developments offering units at a lower price.

Because these developments tend to be located outside of the city where land prices are relatively lower, they are able

to offer units at a more affordable price without sacrificing quality.

These developments are likely to fare better than their high-end counterparts at least in the short-term.

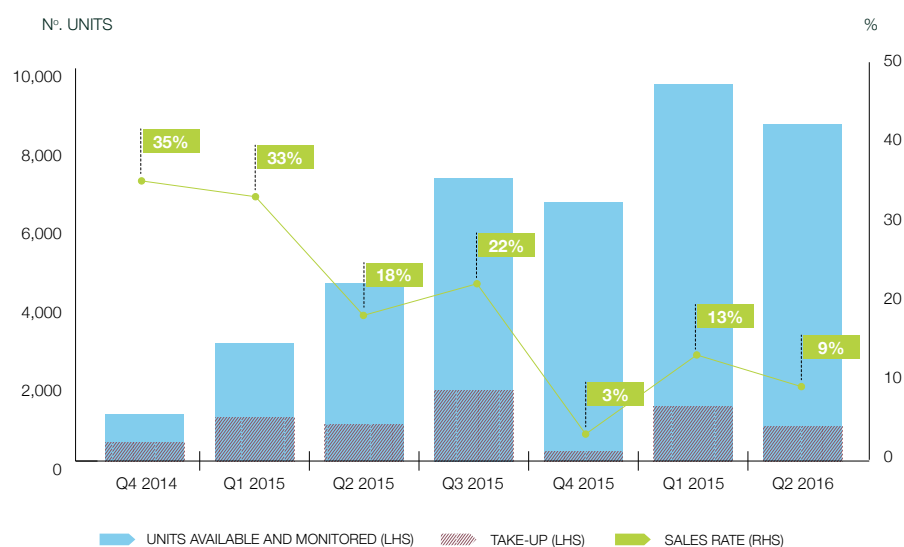
We anticipate local demand to increase as good quality projects begin to take shape with a few already poised to reach completion by the end of the year.

Easier access to financing is also expected to help the sector, with banks starting to provide collateral-free loans to borrowers.

Currently, there is a general distrust of foreign developers among the local population, exacerbated by the costs and risks associated with living in high-rise buildings.

The completion of better quality developments, stricter enforcement of building safety standards and improvements in the city's infrastructure within the coming years is another factor that will boost the local market's confidence.

FIGURE 12
QUARTERLY SALES RATE OF MONITORED AND AVAILABLE CONDOMINIUM UNITS IN PHNOM PENH (Q4 14 – Q2 16)



Source: Knight Frank Research



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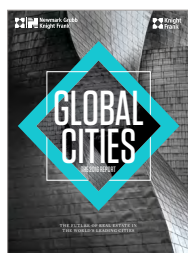
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