

Cambodia

Real Estate Highlights

H2 2025

Knight Frank's half-year review of market trends in the Cambodia real estate sector

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ECONOMIC SNAPSHOT OF CAMBODIA

GDP Growth

4.8% ▼



Overview

In the second half of 2025, Cambodia's economic growth is expected to slow due to external pressures and domestic vulnerabilities. While exports, and improvements in the industrial sector mainly drove the economic recovery, uncertainties related to trade policies and geopolitical tensions, especially with Thailand, could constrained external demand.

Additionally, tighter credit conditions, which have slowed down construction activity, have weighed down on economic growth. Therefore, maintaining financial stability and advancing with structural reforms will be crucial for a balanced recovery in 2026.

According to the IMF, Cambodia's GDP growth is forecasted to slow to 4.8%, down from 6.0% a year earlier in 2025 indicating moderating economic growth due to both domestic and external macroeconomic and geopolitical factors.

International Trade Balance

Despite the risks, Cambodia's trade and supply chains are expected to grow more slowly. As of December 2025, the combined exports and imports total reached USD 64.02 billion, marking a significant increase of USD 10 billion from 2024, which represents a robust 15% growth. The main exports, particularly garments, apparel, footwear, and travel goods, played an important role in supporting the Cambodian economy. However, Cambodia continued to diversify its trade, with increases in exports of manufactured goods (electrical machinery, vehicles, machinery, etc), and agricultural products.

On the import side, Cambodia showed strong growth, surging 17.7% in the first ten months of 2025 and 26.9% YoY, largely attributable to the 0% customs tax on goods from the US.

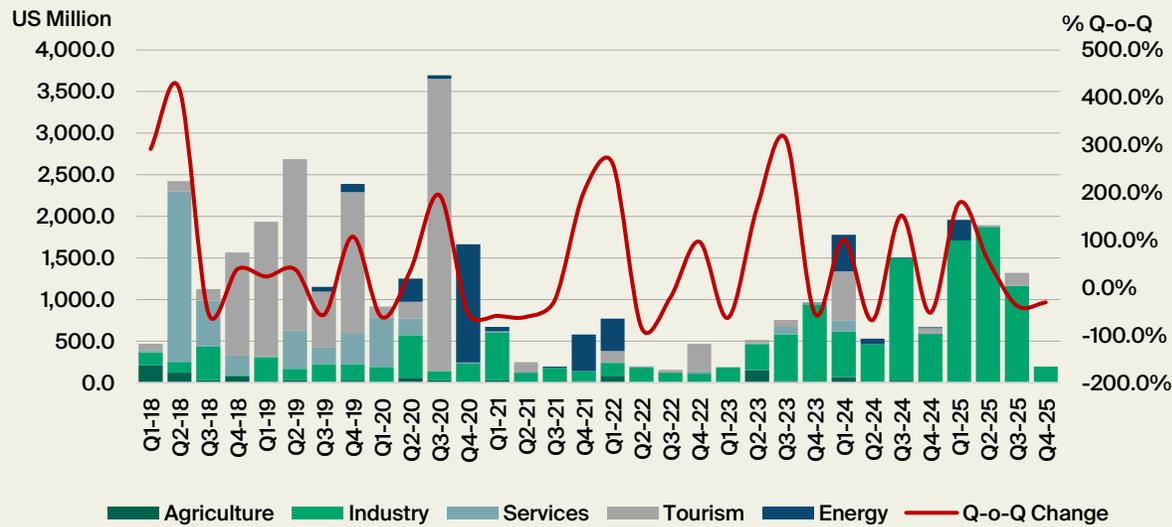
The import expansion mainly included mechanical appliances and machinery, which steadily increased since July in the second half of 2025, nearly doubling in October with a 84.5% increase and rising 55.2% over the first ten months of 2025 in tandem with the introduction of the 0% tax on US goods in August 2025.

Inflation

Inflation is expected to rise moderately to 2.52% by 2025, driven by supply-side factors such as higher food and fuel prices affecting consumer

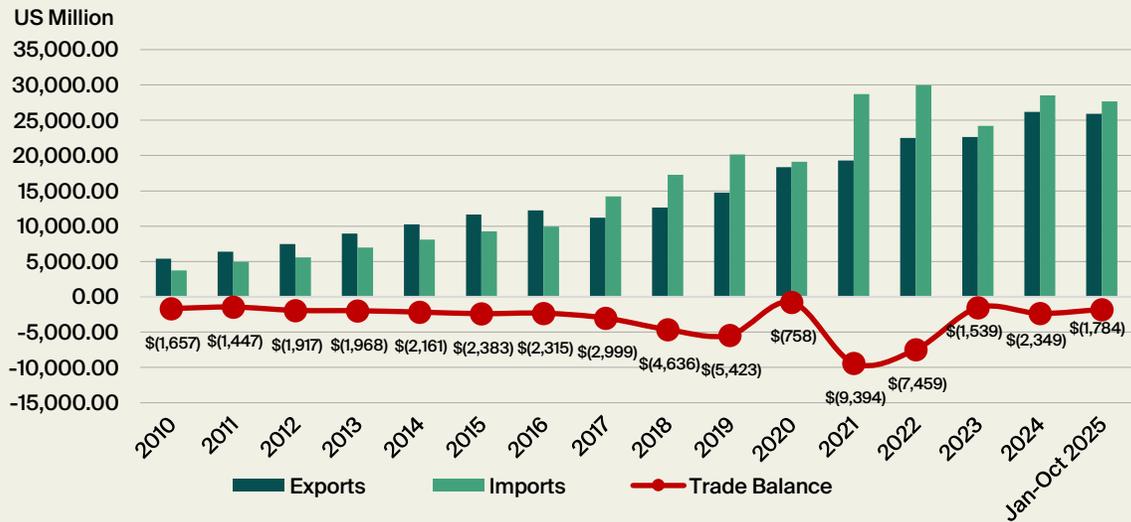
ECONOMIC SNAPSHOT OF CAMBODIA

Figure 3: FDI Inflow by Sector (2018 - 2025)



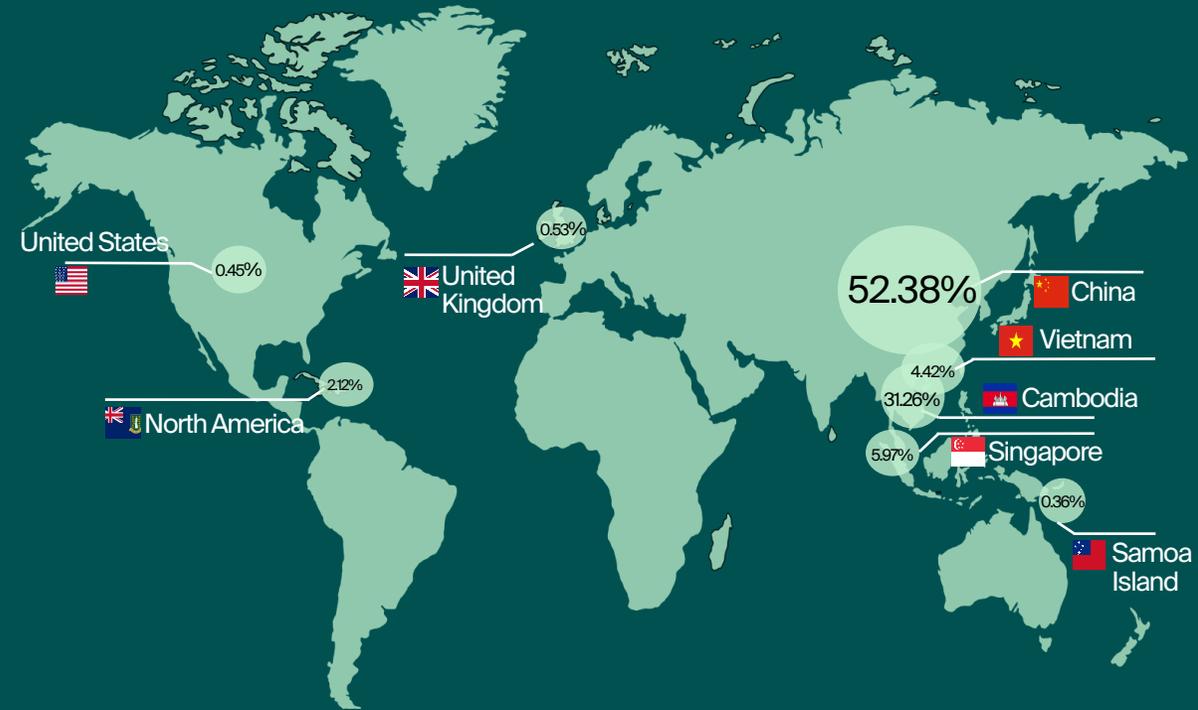
Source: Council for the Development of Cambodia (CDC)

Figure 4: International Trade Balance



Source: General Department of Customs and Excise of Cambodia

Origin Countries of Newly Approved Investment



WHAT ARE THE MOST POPULAR INVESTMENTS?

Capital Value
By sector (billion US dollar)

INDUSTRIAL
US\$5.5 bn



INFRASTRUCTURE
US\$3.1 bn



AGRICULTURE &
AGRI - INDUSTRY
US\$0.4 bn



TOURISM
US\$0.1bn



PHNOM PENH OFFICE SECTOR

Supply & Demand

As of the second half of 2025, the Phnom Penh office supply experienced a slight increase. The existing supply reached 1,040,255 square metre (sq m) of Net Lettable Area (NLA), reflecting a 2% year-on-year growth.

During H2 2025, there were a few new office completions that entered the market, enhancing the total Net Lettable Area (NLA) by approximately 24,875 sq m. These developments included a Grade A office building and a Grade B office building, strategically located in the central business district of Boeung Keng Kang and the satellite city of Chroy Changva, respectively. Among these new offices, one is designated for strata-title ownership, while the other two are centrally owned, further diversifying the office landscape in these key urban areas.

In Phnom Penh's office market, there are two main ownership structures, centrally-owned and strata-title. Currently, centrally-owned properties dominate the market, comprising 72% of the total. In contrast, strata-title ownership accounts for the remaining 28%. This distribution reflects a diverse range of office structures across all grades within the market.

Knight Frank has categorised the office market into three distinct classifications: Grade A, Grade B, and Grade C. Notably, Grade B dominates the market, making up 49% of the total office supply.

1.04 million sq m

The existing supply reached approximately 1,040,255 sq m of NLA, a 2% y-o-y growth.

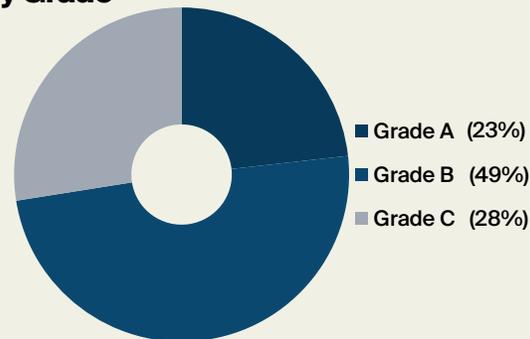
24,875 sq m

During H2 2025, there were a few new completions entering the market.

746,680 sq m

The future supply in the development pipeline is recorded at 746,680 sq m, a 38% increase from 2024.

Figure 5: Phnom Penh Office Supply by Grade



Source: Knight Frank Research

PHNOM PENH OFFICE SECTOR

Meanwhile, Grade C and Grade A represent 28% and 23%, respectively. These classifications can be found throughout both the City Centre and the Suburban areas of Phnom Penh.

The majority of office spaces in Phnom Penh are concentrated in the City Centre, which accounts for a significant 80% of the total supply. In contrast, the Suburban areas contribute only 20% to the overall office inventory. This clear dominance of the City Centre underscores its importance as the primary hub for business and commercial activities in the region.

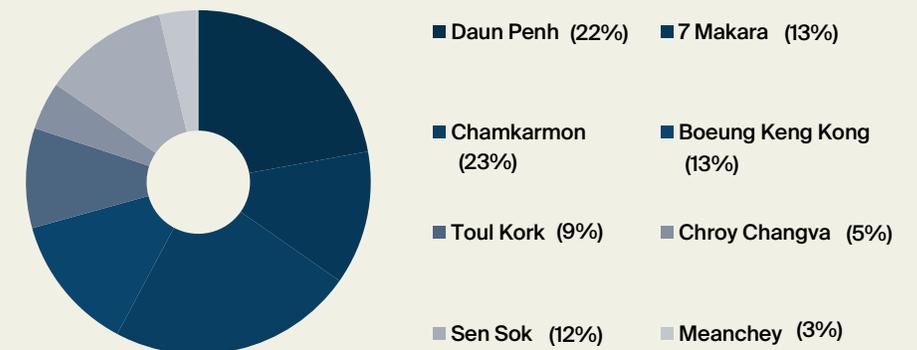
In the City Centre, Chamkarmon district leads in office supply, accounting for 23% of the total stock. Close behind is Daun Penh, which holds 22%. Both Boeung Keng Kang and 7 Makara contribute 13% to the overall supply, while Sen Sok represents 12%.

The remaining office spaces are distributed among Toul Kork with 9%, Chroy Changva at 5%, and both Meanchey and Russey Keo, each comprising 3% of the supply.

In the future supply, the office market in Phnom Penh is set to expand significantly, with the development pipeline recorded at 746,680 sq m, a 38% increase from 2024. A notable aspect of this growth is the predominance of Centrally-owned office spaces, which will account for 69% of the upcoming supply. In contrast, Strata-title offices are expected to make up the remaining 31%. Both types of ownership will encompass a diverse range of office classifications, ensuring a variety of options for tenants in the market.

In the Phnom Penh City Centre, upcoming office projects are predominantly Grade A, which will represent a significant 78% of the total future supply.

Figure 6: Distribution of Existing Office Supply by District



Source: Knight Frank Research

PHNOM PENH OFFICE SECTOR

Looking at the breakdown by project grade, Grade B developments account for 18% of the total supply, while Grade C projects contribute 5%. These developments are strategically distributed across various districts, aligning with their classification types and the prime locations within the market.

The central business district is set to dominate the future supply landscape, accounting for 77% of the upcoming projects. In contrast, only 23% will be situated in Suburban areas. Within the City Centre, Chamkarmon is expected to lead the way, contributing 26% of the future supply, followed closely by Daun Penh at 25%. Chbar Ampov and 7 Makara will also play significant roles, providing 18% and 17%, respectively. Toul Kork will contribute a smaller share of 6%.

Additionally, we can expect 4% from Meanchey and Boeung Keng Kang, while Sen Sok will bring in a modest 1%. These future developments will significantly enhance the existing.

If all projects complete as scheduled, the Phnom Penh office supply will increase to 1,786,935 sq m, representing a 72% increase over the existing supply. This increase results from the rollover projects that haven't been completed as scheduled.

Prices & Rental

As of the second half of 2025, the office market saw a decline in occupancy rates. Overall, the occupancy stood at 58.7%, reflecting a 2.7% decrease from the previous year. The prime office segment also faced challenges, with an occupancy rate of 76%, down 5% compared to 2024.

PHNOM PENH OFFICE SECTOR

In view of increasing vacancy rates, office rents recorded a modest decline during H2 2025. For Grade A office space, the average rent has decreased from \$30 to \$25 per sq m per month. Grade B office rentals are now priced between \$10 and \$25 per sq m per month, while Grade C offices are available for up to \$10 per square metre per month.

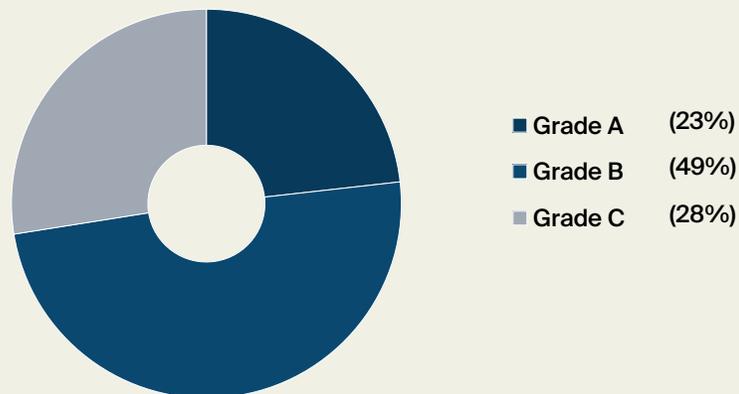
Outlook

The short-term outlook for Cambodia's office sector faces significant challenges, an oversupply scenario primarily stemming from delayed project completions and falling occupancy rates, which have now dropped below 60%. Additionally, geopolitical tensions, especially regarding the Cambodia-Thailand border, have led to a revised GDP projection of just 4.8% for 2026. This backdrop creates a cautious environment for potential investors, highlighting the need for strategic planning in the current market landscape.

Conversely, the medium to long-term outlook appears promising. The approval of CDC projects, combined with a robust influx of foreign direct investment (FDI), signals significant growth potential. This favorable environment suggests that both multinational corporations and regional businesses are poised to expand their operations.

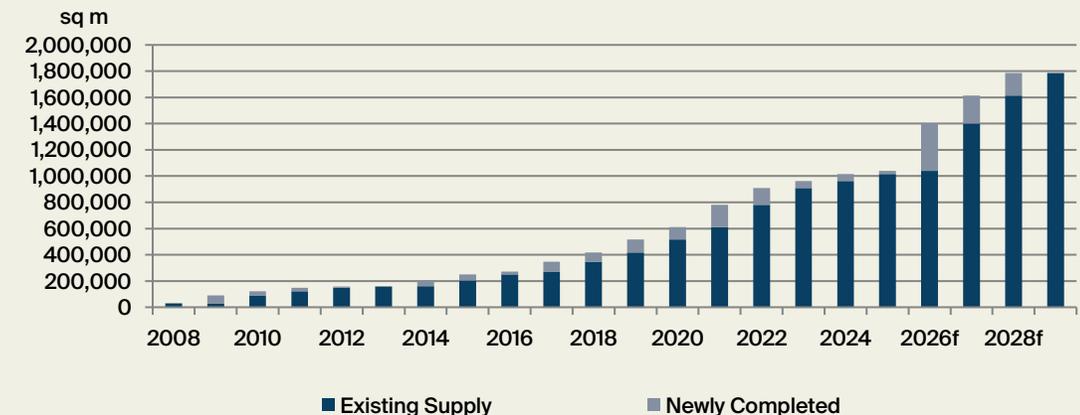
While the recovery process may be gradual and inconsistent, it is largely driven by demand. It's essential for those involved in this sector to approach the landscape with strategic foresight, carefully considering geopolitical uncertainties and potential policy changes that could influence operations. By staying proactive and adaptable, opportunities can still be found even in a challenging environment.

Figure 7: Existing Phnom Penh Office Supply by Grade



Source: Knight Frank Research

Figure 8: Cumulative Supply of Office Space (2008 - Post 2029f)



Source: Knight Frank Research

PHNOM PENH RETAIL SECTOR

Overview

Phnom Penh's retail sector is undergoing a period of adjustment following several years of rapid mall development. A sizeable existing supply, combined with a slowdown in new project completions, has led to elevated vacancy levels and continued pressure on rental rates.

Nevertheless, established destination malls such as AEON and Chip Mong Mega Mall continue to draw strong footfall and remain key anchors of the city's retail landscape.

Supply & Demand

As of 4Q 2025, the total existing retail space in Phnom Penh was estimated at 875,464 sq m. The retail sector continued to face macroeconomic headwinds in the second half of the year, which reduced consumer confidence and retail sales. As a result, Phnom Penh's retail market remained in an oversupply scenario, leading to few new retail completions during the year.

Phnom Penh saw the handover of JS Tower in H2 2025, adding 2,263 sq m of NLA to the existing supply. As a prominent mixed-use commercial development in the heart of BKK1 along Monivong Boulevard, JS Tower is set to further strengthen the district's reputation as a business and lifestyle hub. Developed by JS Property International Co., Ltd., this project is positioned to serve retail, office, hospitality, and leisure demand in a prime central location, marking a notable addition to the city's commercial landscape.

875,464 sq m

The existing retail supply rose to 875,464 sq m NLA in the second half of 2025, a 0.6% increase compared to the same period in 2024.

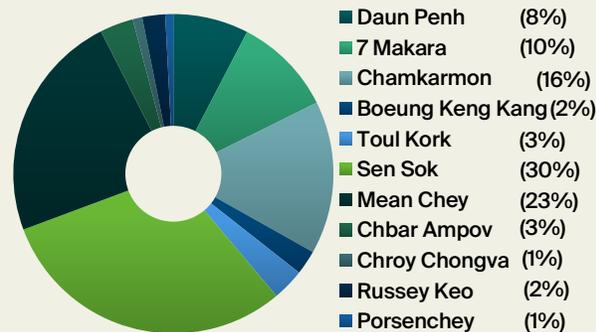
2,263 sq m

Only one new development was completed during H2 2025, JS Tower added 2,263 sq m of NLA to the existing supply.

61.8 %

The overall occupancy rate continued to decline, from approximately 64.5% in H2 2024 to around 61.8% in H2 2025, resulting in a vacancy rate of 38.2% and a 2.7 percentage-point year-on-year increase.

Figure 9: Distribution of Existing Retail Space by District



Source: Knight Frank Research

PHNOM PENH RETAIL SECTOR

At the same time, the majority of existing retail stock remains concentrated in Suburban districts (61%), reflecting a shift driven by the development of large-scale projects. The remaining 39% is located within City Centre districts. By district, Sen Sok (30%) and Meanchey (23%) account for more than half of the total supply, followed by Chamkarmon (16%) and 7 Makara (10%).

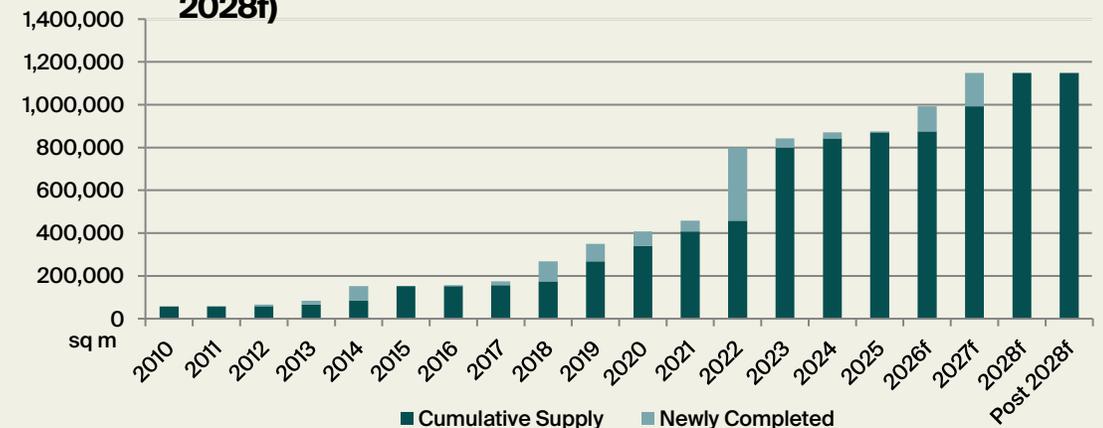
Prime-grade assets continue to dominate the market, comprising 63% of total stock, while secondary retail accounts for the remaining 37%.

Looking ahead, the future pipeline totals approximately 272,491 sq m of NLA, scheduled between 2026 and post-2028. An increasing portion of this pipeline is likely to be postponed due to current market conditions and leasing issues.

Should all monitored projects be delivered as planned, the total cumulative supply would reach approximately 1,147,955 sq m of NLA, equating to a 31% increase over the current supply. This would raise retail space per capita from 0.37 sq m to an estimated 0.43 sq m by 2028, assuming Phnom Penh's population reaches 2.6 million.

Despite this pipeline, near-term additions are expected to remain limited. Developers have become increasingly cautious amid persistently high vacancy rates, subdued leasing activity, and weaker consumer sentiment. Many upcoming projects are now being deferred, downsized, or reconfigured, with retail components reduced in favour of alternative uses such as office, hospitality, or residential.

Figure 10: Cumulative Supply of Retail Space (2010 - Post 2028f)



Source: Knight Frank Research

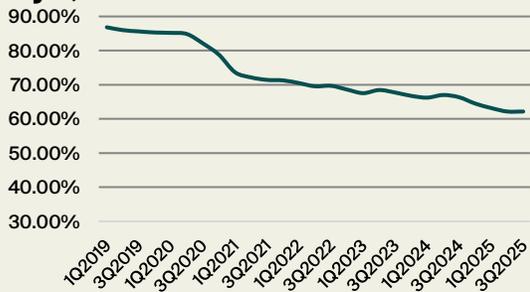
PHNOM PENH RETAIL SECTOR

Notwithstanding the headline pipeline figures, a proportion of this future supply is expected to be rolled over into subsequent years, as developers respond to persistent oversupply, elevated vacancy rates, and subdued leasing activity. In the near term, the influx of new retail space is therefore expected to be moderate, providing some relief to the market.

Demand for retail space in Phnom Penh remained subdued through H2 2025, reflecting softer consumer spending, cautious business expansion, and the continued impact of a short-term supply overhang. Retail take-up remained weak, with limited new leasing activity observed across most submarkets, particularly within secondary shopping centres.

As a result, the overall occupancy rate continued to trend downward, declining from approximately 64.5% in H2 2024 to around 61.8% by H2 2025, equivalent to a vacancy rate of 38.2%, representing a 2.7 percentage point increase year-on-year.

Figure 11: Occupancy by Quarter



Source: Knight Frank Research

Notably, a few anchor tenants recorded closures or downsizing during H2 2025, marking a shift from earlier periods of relative resilience. These exits were primarily linked to the Cambodia–Thailand border conflict and the associated boycott of Thai products, adversely affecting the trading performance of certain retailers. Thai-affiliated brands and operators were disproportionately impacted, leading to store closures or temporary withdrawals from selected shopping centres.

From a tenant mix perspective, Food and Beverage (F&B) operators remained the most active segment, supported by continued consumer demand for dining and social experiences. However, F&B leasing activity was insufficient to fully offset the loss of space resulting from anchor and large-format tenant exits.

Prices & Rental

Retail rental performance in Phnom Penh remained under sustained pressure through H2 2025, reflecting weak leasing demand, elevated vacancy levels, and intensified competition among landlords. While headline rental declines have been relatively modest, effective rents have softened more materially, driven by increased incentives and flexible leasing structures.

Average quoted rents edged lower during H2 2025 as landlords prioritised occupancy retention over rental growth.

PHNOM PENH RETAIL SECTOR

Prime retail space recorded average quoted rents of approximately US\$21 per sq m per month (NLA), whilst Secondary retail space average around US\$13.5 per sq m per month (NLA).

Outlook

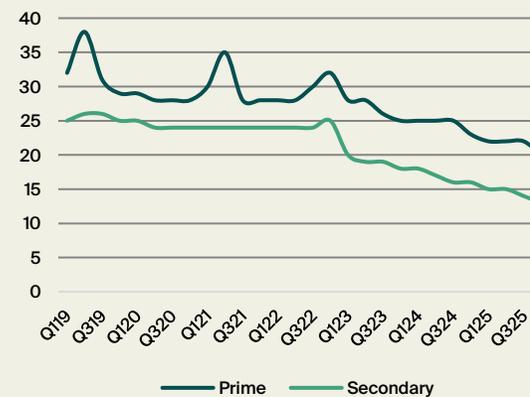
The slowdown in new retail completions is expected to provide short-term relief to occupancy levels, particularly within prime malls that continue to capture the bulk of tenant demand. However, the structural oversupply created over the past development cycle will take time to absorb, and meaningful improvements in vacancy are likely to be gradual rather than immediate.

External risks, however, remain present. Global geopolitical tensions, trade disruptions, and regional uncertainties including the Cambodia–

Thailand border situation—continue to weigh on consumer confidence and discretionary spending. That said, Phnom Penh’s favourable demographics, urban population growth, and rising disposable incomes provide a constructive foundation for long-term retail demand.

Over the medium to long term, well-located, experience-driven retail assets in districts benefiting from population growth, infrastructure upgrades, and employment expansion are expected to remain resilient. In contrast, secondary malls with weak positioning and limited differentiation are likely to face prolonged leasing challenges unless repositioned or repurposed.

Figure 12: Quarterly Average Rent of Retail Space by Grade (NLA, USD sq m/month)



Source: Knight Frank Research

Figure 13: Performance of Phnom Penh Retail Sector



Source: Knight Frank Research

PHNOM PENH HOTEL SECTOR

Supply & Demand

During the second half of 2025, the hotel sector recorded a modest increase in room supply, reaching approximately 16,653 rooms—this represents a year-on-year growth of 4%. This upward trend included the completion of several new hotels during H2 2025, which contributed roughly 300 additional rooms to the market. The steady growth in room supply indicates a recovering tourism sector and reflects a growing demand for accommodations. This increase in inventory is essential for meeting the needs of travellers and enhancing the competitive landscape of the hospitality industry.

The newly added hotels were predominantly within the Midscale & Economy and Upscale & Upper Midscale categories, strategically located in both the City Centre and Suburban areas. This strategic positioning aims to cater to a diverse range of clientele, from budget-conscious travelers to those seeking more upscale amenities. The focus on these categories suggests a market response to evolving consumer preferences and a shift towards more accessible options for various demographics. By placing new properties in both central and Suburban locations, developers are ensuring that they can meet the demands of both leisure and business travelers looking for convenience and comfort.

The current hotel supply comprises three key segments: Luxury & Upper Upscale (5-star), Upscale & Upper Midscale (4-star), and Midscale & Economy (3-star).

16,653 rooms

The hotel sector has seen a 4% year-on-year growth in room supply, reaching approximately 16,653 rooms.

4,035 rooms

The hotel supply pipeline is projected to increase to 4,035 rooms.

20,688 rooms

The cumulative hotel supply of approximately 20,688 rooms reflects a significant 7% increase from 2024.

Figure 14: Distribution of Existing Hotels by Classification



Source: Knight Frank Research

PHNOM PENH HOTEL SECTOR

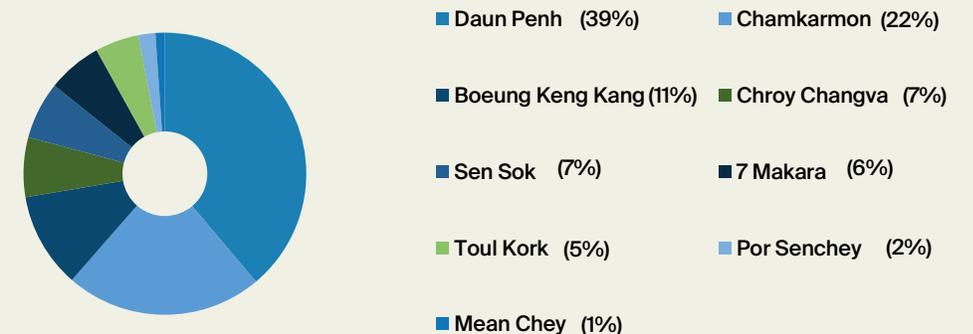
Notably, the Midscale & Economy segment leads the existing supply, accounting for 42% of the total, demonstrating high demand in this category. The Upscale & Upper Midscale segment follows closely at 32%, showcasing a strong market for those seeking a balance between affordability and quality. Meanwhile, the Luxury & Upper Upscale segment makes up 26% of the overall supply, indicating that while the luxury market is significant, there is a greater focus on mid-scale options that provide good value. This classification reveals insights into market segmentation and guiding future investment strategies.

Geographically, the majority of hotels, with 84% of the supply, are situated in the vibrant city centre, with the remaining 16% located in Suburban areas. This concentration in the City Centre is indicative of the area's attractiveness to tourists and business travelers alike, who value proximity to key attractions and amenities.

In the City Centre, the Daun Penh district is the most significant area, accounting for 39% of the hotel supply. Following closely is Chamkarmon at 23%, while other notable districts such as Boeung Keng Kang and Chroy Changva contribute 11% and 7%, respectively. The remaining supply is distributed among districts like Sen Sok (7%), 7 Makara (6%), Toul Kork (5%), and Por Senchey & Meanchey (3%), reflecting a diverse and well-distributed hotel landscape that caters to varying guest needs.

Looking ahead, the hotel supply pipeline is projected to increase to 4,035 rooms. This growth is driven by new hotels opening in the Midscale & Economy and Upscale & Upper Midscale categories within City Centre and Suburbs of Phnom Penh City.

Figure 15: Existing Supply Distribution by District



Source: Knight Frank Research

PHNOM PENH HOTEL SECTOR

In Phnom Penh, Luxury & Upper Upscale hotels dominate future supply, accounting for 48%, while Midscale & Economy hotels represent 32%, and Upscale & Upper Midscale hotels comprise 20% of the future supply. This distribution of future hotels highlights a growing trend towards premium offerings in the market, signaling that the city is becoming a more attractive destination for high-end tourism. Significantly, 92% of this future supply is planned for the City Centre, with only 8% in Suburban locations, showcasing the ongoing prioritisation of urban developments that provide easy access to cultural and business hubs.

Delving into the city's distribution, the district of Chamkarmon is set to see the most significant growth, contributing 34% of the future supply. This rise points to a strategic focus on enhancing this area as a central hospitality destination, followed closely by Daun Penh at 28% and Boeung Keng Kang at 22%. Additional future supply will emerge in districts such as 7 Makara (9%), Sen Sok (4%), and Por Senchey (3%), which are likely to witness a blend of urban development and enhancements in local infrastructure.

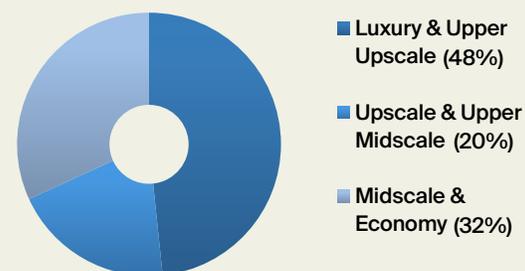
These upcoming hotels are projected to welcome guests by 2029, contributing to a cumulative hotel supply of approximately 20,688 rooms, reflecting a 7% increase from 2024. Such an increase in capacity is not only crucial for

accommodating more visitors but also serves as a stimulus for the local economy. The arrival of new hotels is likely to create job opportunities and stimulate ancillary services ranging from dining to entertainment.

Occupancy & Average Room Rate

During H2 2025, Cambodia recorded a notable decline in international arrivals, largely due to the recent border conflict with Thailand that led to a border closure. From January to December, the country welcomed 5.57 million international visitors, reflecting a 16.8% decrease compared to 2024. Consequently, hotel occupancy rates dropped to around 75%, down from the 77.8% reported the previous year. In the Luxury and Upper Upscale segments, the average daily room rate (ADR) ranged between US\$160 and US\$169.

Figure 16: Distribution of Future Hotels by Classification



Source: Knight Frank Research

PHNOM PENH HOTEL SECTOR

Outlook

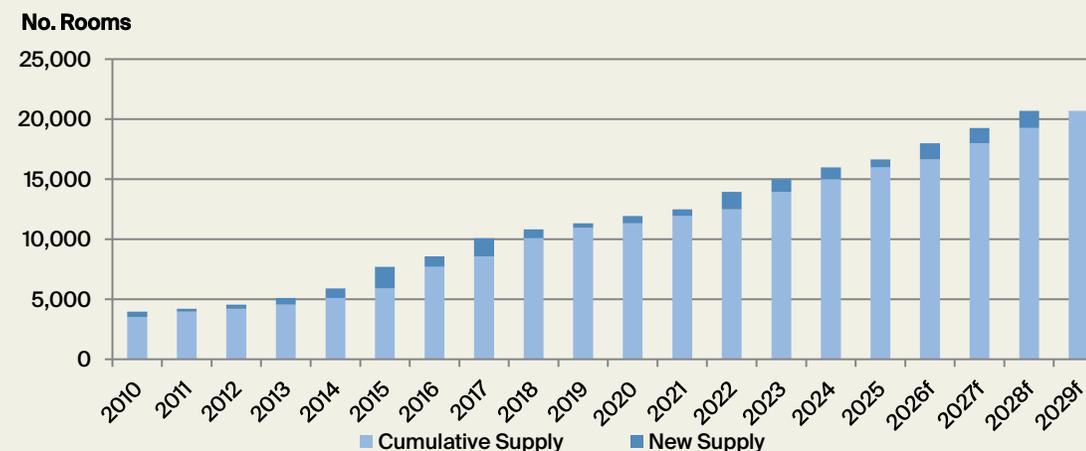
The hotel sector is poised for continued growth, with increasing supply in both existing and future developments, especially within the thriving city centre of Phnom Penh. This dynamic expansion is indicative of a broader trend toward modernisation and investment in hospitality infrastructure, which promises to enhance the visitor experience while contributing positively to the economy.

Nonetheless, we must acknowledge the current challenges posed by a decline in tourist numbers, primarily due to the recent border conflicts with Thailand and the prevailing geopolitical uncertainties in the region. These factors have contributed to a slowdown in international arrivals, especially noticeable in late 2025 and carrying into our short-term outlook for 2026.

Looking ahead, the medium- to long-term prospects for the hotel sector in Cambodia remain optimistic. The recent inauguration of Techo International Airport (KTI) in 2025 marks a significant milestone, as it will facilitate direct flights from ASEAN countries, Southeast Asia, and the Middle East. This strategic move not only diversifies the international visitor base but also positions Cambodia as a more competitive player in the global tourism market.

Navigating through these challenges, the adaptations and innovations within the sector will enhance resilience and attractiveness to tourists. The future of Cambodia's hotel industry looks promising, with expectations for significant transformations in the coming years.

Figure 17: Cumulative Supply of Hotel Rooms (2010-2029f)



Source: Knight Frank Research

PHNOM PENH SERVICED APARTMENT SECTOR

Supply & Demand

As we moved into the second half of 2025, the serviced apartment sector saw a noteworthy expansion, bringing the total existing supply to about 9,096 units. This marks an 8% increase over the previous year.

The growth observed in the last two quarters of 2025 was significantly driven by the Business Class category. This category of serviced apartments contributed 121 new units to the market.

Knight Frank categorises serviced apartments into three distinct classes, International Class, Business Class and Economy Class. In Phnom Penh, the serviced apartments sector is primarily dominated by Business Class units, which comprise 53% of the total existing supply.

9,096 units

The serviced apartment sector increased to 9,096 units, an 8% growth from 2024.

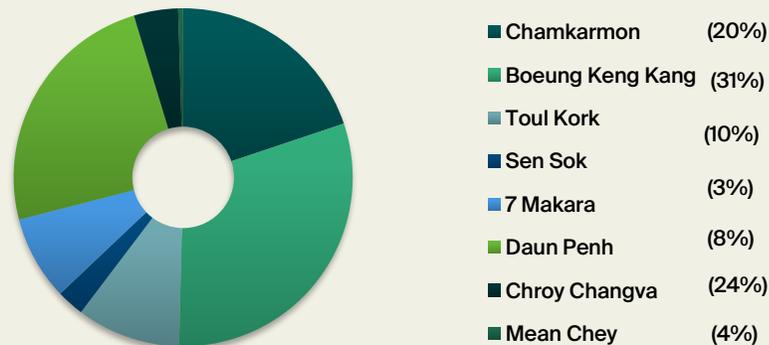
53%

Business Class units comprise 53% of the total existing supply.

10,882 units

The cumulative total is expected to rise to approximately 10,882 units by 2028, a 6% increase from 2024.

Figure 18: Serviced Apartment distribution by Geographical Location



Source: Knight Frank Research

PHNOM PENH SERVICED APARTMENT SECTOR

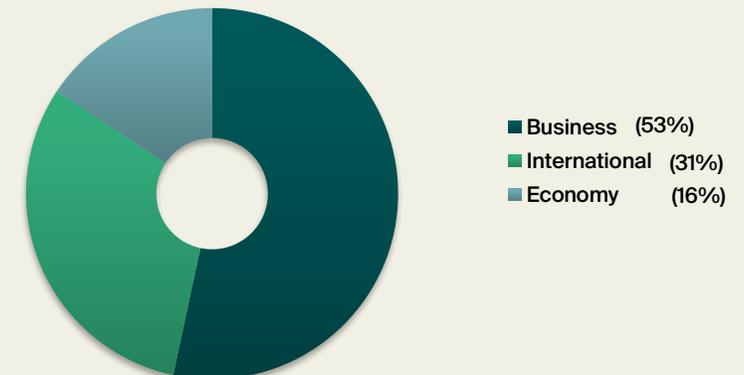
Following closely are the International Class apartments at 31%, and the Economy Class, making up 16%.

Geographically, the majority of serviced apartment units are strategically located in the city centre, making up 93% of the total existing supply. In contrast, only 7% of the supply is situated in Suburban areas, emphasising the focus on urban living. The district of Boeung Keng Kang stands out as the leading serviced apartment district, accounting for 31% of the overall supply. This is followed by Daun Penh and Chamkarmon, holding 24% and 20% respectively. Other notable districts include Toul Kork with 10%, 7 Makara at 8%, and Chroy Changvar at 4%. The remaining supply is distributed among the districts of Sen Sok and Meanchey, which together comprise a modest 3%.

Looking forward, the future supply of serviced apartments is estimated to be around 1,786 units, reflecting a slight decline of 3% from the previous year. Notably, the International Class is projected to dominate this future supply, representing 60% of the total units. Meanwhile, the Economy and Business class account for 21% and 19%, respectively. The strongest preference is for City Centre locations with 61% of the future supply expected to be built there, compared to just 39% in Suburban areas.

In terms of district distribution for the upcoming serviced apartments, the district of Sen Sok is anticipated to lead with 31% of the future supply, followed by Chamkarmon at 27%. The district of Daun Penh is expected to contribute 15%, while the district of Boeung Keng Kang will provide 12% of the future supply. The remaining future units will be dispersed across the district of Chbar Ampov and Toul Kork, accounting for 8% and 7%, respectively.

Figure 19: Serviced Apartments by Grade



Source: Knight Frank Research

PHNOM PENH SERVICED APARTMENT SECTOR

By integrating the upcoming serviced apartments into the existing supply, it is anticipated that the cumulative total will rise to approximately 10,882 units by 2028, 6% increase from 2024. This growth is indicative of a resilient market responding to the evolving demands of urban living.

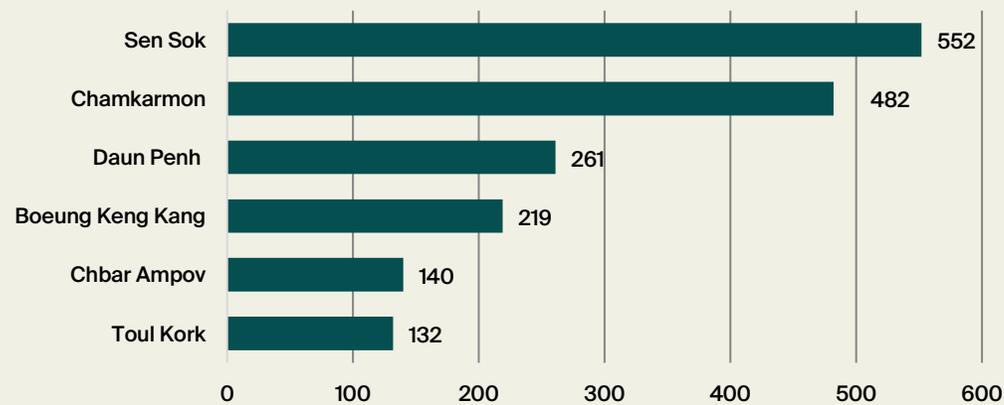
Occupancy Rate & Rental

During the second half of 2025, the serviced apartment sector was operating in a challenging economic environment. The occupancy rate within the International Class of serviced apartments was recorded at approximately 39%. This high-end segment of the market commands an average rental price of around US\$18 per square metre per month.

By unit type, a one-bedroom serviced apartment averages a monthly rent of US\$1,000. Two-bedroom and three-bedroom units were priced at approximately US\$1,500 and US\$2,100 per month, respectively. These figures underscore not only the appeal of serviced apartments as flexible living solutions but also the premiums that can be achieved for internationally-branded, fully managed serviced apartments.

Despite the current hurdles, the data points to promising trends that highlight potential for future growth. As consumer preferences shift and the market adjusts, serviced apartments could capitalise on emerging opportunities, making them an attractive option for both investors and residents alike.

Figure 20: Future Supply by District



Source: Knight Frank Research

PHNOM PENH SERVICED APARTMENT SECTOR

Outlook

The serviced apartment sector in Phnom Penh is showing promising signs of moderate growth, primarily targeting the Business Class segment. The focus remains on the city centre, particularly the vibrant district of Boeung Keng Kang, which is becoming increasingly desirable for both expatriates and locals.

This sector has seen significant demand driven by expatriates, thanks in large part to Phnom Penh's urbanization and multicultural environment. The rise in Foreign Direct Investment (FDI) and government initiatives aimed at promoting tourism have further supported developments in infrastructure, making the city more attractive for international professionals.

However, it's important to acknowledge the short- to medium-term challenges posed by recent border conflicts with Thailand, which have temporarily impacted land travel and, consequently, international tourist arrivals. Nonetheless, with continued infrastructure investment as a key catalyst, the serviced apartment sector will rebound and thrive in the long-term outlook.

Despite certain obstacles, the future remains bright for serviced apartments in Phnom Penh, as they adapt to the evolving needs of the market and leverage the city's unique appeal.

Figure 21: Cumulative Supply of Serviced Apartments (2010 - 2029f)



Source: Knight Frank Research

PHNOM PENH CONDOMINIUM SECTOR

Overview

In 2025, Phnom Penh's condominium market underwent a correction, with prices, supply, and product types adjusting after several years of rapid development. Developers are becoming more cautious and consolidating their projects, shifting away from speculative high-end condos and toward practical, affordable units that match the income levels of local Cambodian buyers.

Supply & Demand

The end of 2025 saw the completion of two condominiums (1,770 units); Vue Aston (895 units) and La Vista One River View (875 units). This leading to the existing condominium supply increased to 63,334 units in H2 2025, reflecting an increase of 9.6% if compared to the second half of 2024.

Despite this increase, construction activity remains selective, with developers prioritising project completion over new large-scale launches.

Although the Core segment still accounts for the majority of transactions, demand remains restrained due to geopolitical uncertainty, weaker external demand, and reduced speculative interest. Compared to previous cycles, buyers are more price-sensitive and focused on value, affordability, and payment flexibility.

63,334 units

The existing condominium supply rose to 63,334 units in the second half of 2025, a 9.6% increase compared to the same period in 2024.

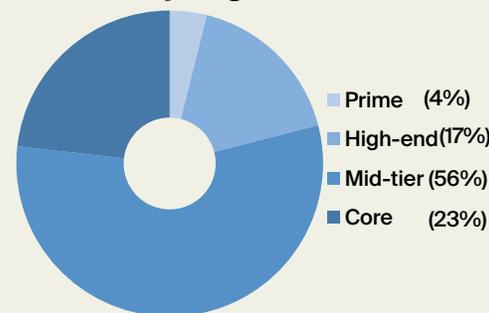
1,770 units

Two new developments, Vue Aston and La Vista One, handed over to buyers in the second half of 2025. Both are prestigious projects offering river views.

\$676 per sq m

The average selling price for new launches in the second half of 2025 was US\$676 per sq m of net saleable area.

Figure 22: Existing Condominium Supply Distribution by Segment



Source: Knight Frank Research

PHNOM PENH CONDOMINIUM SECTOR

Nine condominium projects were launched in 2025, with development largely focused on affordable, low- to mid-range condominium units offering practical designs and basic facilities to meet domestic demand.

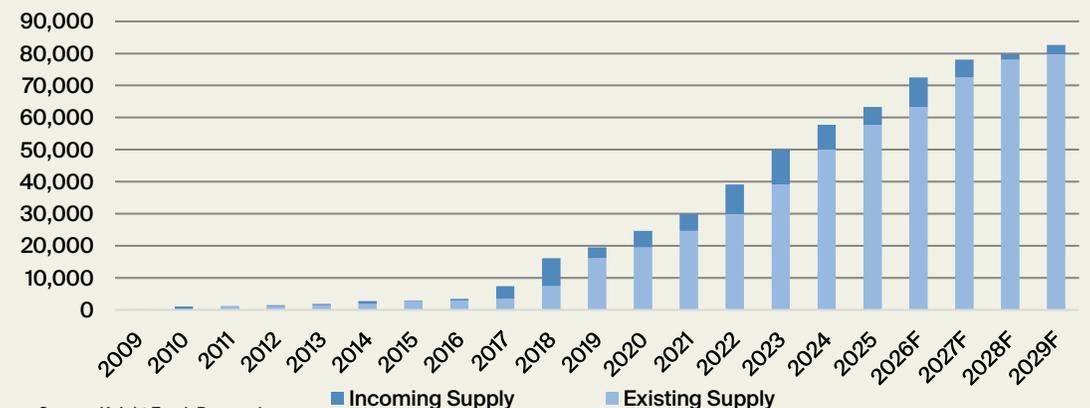
Piphup Thmey Condominium launched two new affordable projects in Phnom Penh (Piphup Thmey Condo Chamkardong and Piphup Thmey Condo Meanchey (combined approximately 1,500 units), aligning with broader market trends in H2 2025 as developers increasingly target local end-users amid low market activity and heightened affordability concerns.

Looking ahead, the Core segment is expected to surpass the High-end segment in terms of future supply, reflecting a continued shift toward more affordable offerings. Nevertheless, Mid-tier units will remain the largest segment at 55%, with Core units representing 25%, High-end 15%, and Prime units 5% of total supply.

Location wise, Chamkarmon remains the district with highest concentration of Condominiums within existing supply, the latest incoming new entries spread across various districts have reduced its overall share to 21%, followed by Sen Sok (18%), Chroy Changva (14%), Meanchey (14%), Toul Kork (9%) and Boeung Keng Kang (9%). The remaining districts Daun Penh, Chbar Ampov, Russey Keo, Porsenchey and all recorded less than 6% share each.

Chamkarmon, Sen Sok, and Meanchey districts continue to account for a significant share of future supply, while Core-segment projects in peripheral locations dominate the pipeline. Dangkor district, in particular, remains a key growth area, having recorded a substantial number of Core-segment launches within the future supply pipeline, with project completions largely anticipated beyond 2027 and 2028.

Figure 23: Cumulative Supply by 2009 – 2029F (Units)



Source: Knight Frank Research

PHNOM PENH CONDOMINIUM SECTOR

Overall sales performance within the Core segment has shown gradual improvement compared to 2024, supported by competitive pricing and flexible payment schemes. However, recovery across other segments remains limited, with the Mid-tier, High-end, and Prime segments continuing to experience stagnant absorption in H2 2025.

Inevitably, heightened geopolitical uncertainty and weaker external demand have weighed on sales performance in both the High-end and Mid-tier condominium segments. Ongoing Cambodia-Thailand border tensions have adversely affected investor sentiment, particularly among foreign and speculative buyers, leading to a moderation in transaction activity. As a result, the average sales rate of monitored projects declined to approximately 3%-4%, the lowest in recent decades.

Prices

In H2 2025, condominium prices remained under pressure as increased Core-segment supply and weak demand conditions continue to weigh on market performance. Average launched prices in the Core market have stabilised at historically low levels, significantly below the long-term market average, as developers prioritise affordability to stimulate sales.

However, the average selling price of new launches as advertised by developers during the second half of 2025 was recorded at US\$676 per sq m over the net saleable area; reflecting a clear market correction toward more affordable pricing levels. This downward adjustment indicates developers' growing recognition of local purchasing power constraints and the need to align pricing with Cambodian household income levels better, amid weaker external demand and cautious investment sentiment.

Figure 24: Sales Rate of Total Units Available and Monitored by Quarter (Q1 2017 - Q4 2025)



Source: Knight Frank Research

PHNOM PENH CONDOMINIUM SECTOR

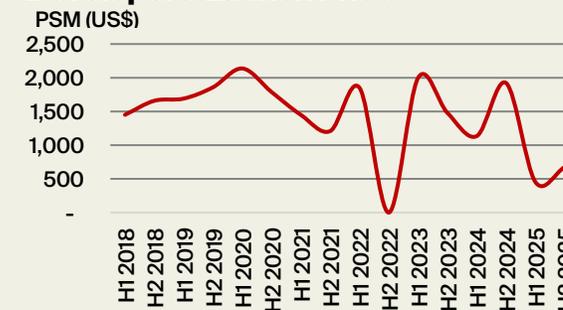
The trend is evidenced by the launch of two Piphup Thmey condominium projects, which were positioned at more accessible price points to stimulate end-user demand and improve absorption in a price-sensitive market.

Outlook

As the condominium market continues to be influenced by external demand and investor participation, the overall magnitude of impact remains uncertain and will largely depend on the duration and intensity of Cambodia-Thailand border tensions. Heightened geopolitical risk has led many buyers and investors to adopt a wait-and-see approach toward both investment and owner-occupied purchases, amid concerns over broader economic and market stability.

Overall, the condominium sector remains in a low-activity phase, with near-term performance expected to stay muted until regional stability improves and global demand conditions show clearer signs of recovery.

Figure 25: H-o-H Trend in Developers' Launch Price

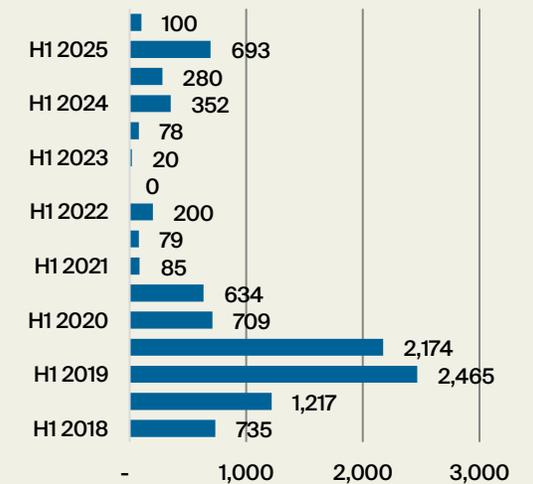


Source: Knight Frank Research

The current market adjustment is temporarily lowering prices, slowing sales, and delaying new projects. Developers and buyers are cautious. This correction is needed to improve affordability, boost transparency, and match supply to real demand, especially for local end-users. Developers are delaying launches, resizing units, offering flexible payments, and focusing on practical, cost-efficient designs.

Recovery will be gradual, driven by urbanization, infrastructure, and job growth. Cambodia's middle class will continue to expand. Improved mortgages and renewed confidence should boost absorption and reduce excess inventory. The condo sector will stabilise, becoming more resilient, income-aligned, and less reliant on speculative foreign investment.

Figure 26: H-o-H Launched Unit Sales



Source: Knight Frank Research

PHNOM PENH LANDED HOUSING SECTOR

Overview

The landed housing market in Phnom Penh during the second half of 2025 remained stable yet cautious, bolstered by domestic demand for the affordable strategies implemented by developers.

Market activity was increasingly focused on affordable and mid-range developments, while also expanding into Suburban Phnom Penh. This growth is driven by improvements in connectivity and residential overflow from central Phnom Penh.

Supply & Demand

During the last two quarters of 2025, the supply of landed housing has been continuously controlled and selective. The existing supply totalled 95,051 units a slight increase of 1.5% compared to the same period in 2024. The majority of the available supply consists of expansions from existing projects. Notable examples include Borey Peng Huoth The Star Mera, which targets the mid-tier market to meet realistic demand, and Norea Square Phase 3, the only high-end project set for the second half of 2025. Additionally, new projects such as Borey HN Urban Villa, Borey Reach, and Borey The Project AEK are also aimed at the core and mid-tier segments, contributing a total of 446 units in H2 2026.

As mentioned, many new projects are shifting towards the southern part of the city, including Meanchey, Chbar Ampov, and Prek Pnov. This trend is driven by recent infrastructure

95,051 units

The existing landed housing supply rose to 95,051 units in the second half of 2025, a 1.5% increase compared to the same period in 2024.

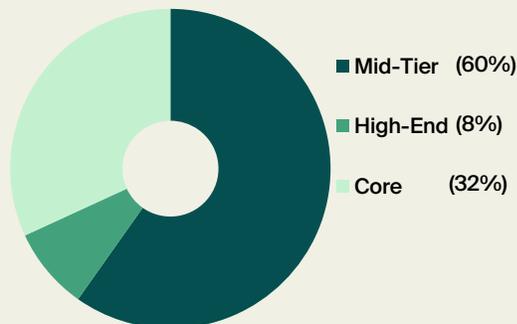
446 units

Five new developments were expanded and launched in the second half of 2025. Four out of five are in Core and Mid-tiers segments.

\$1,547 per sq m

The average selling price for new launches in the second half of 2025 was US\$1,547 per sq m of Gross Floor Area (GFA).

Figure 27: Existing Supply Distribution by Segment



Source: Knight Frank Research

PHNOM PENH LANDED HOUSING SECTOR

improvements, such as the operation of the new Techo International Airport and the expansion of Phnom Penh city.

Despite the expansion toward the southern part, Sen Sok, Dangkao, and Kamboul remained the leading districts for the existing supply. This has been reported as the most in-demand-area for residential units. As for the existing supply market share by segment, the mid-tier segment remains a dominant segment, accounting for 60%, underpinned by the demand of middle-income households. The core segment represents 32%, while the high-end segment remains relatively small at 8%, unchanged from H1 2025, reflecting cautious buyer sentiment, affordability constraints, and limited new supply.

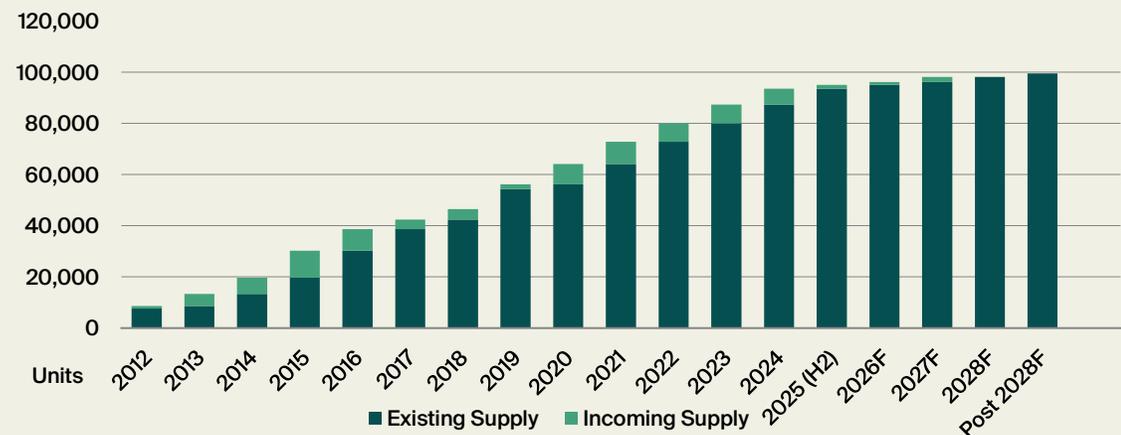
Looking ahead to the future supply until post-2028, the cumulative supply is expected to

increase slowly given the current oversupply scenario and increase in non-performing loans. As anticipated, due to the city's expansion, Mean Chey and Prek Pnov are projected to lead in future supply for project expansion and new project launches from 2026 and beyond, with 2,850 units and 2,025 units, respectively. Meanwhile, Dangkao, the historically leading district, is persisting to follow closely in future supply with 2,807 units.

Pricing

In light of ongoing economic uncertainty, developers are actively offering no down payments, incentives, and flexible payment schemes, including zero interest on installment payments, to stimulate demand and restore market stability. Consequently, the average price in the landed housing sector is projected to remain stable, with a modest upward trend recorded in the second half of 2025,

Figure 28: Cumulative Supply by 2012 - Post 2028F (Units)



Source: Knight Frank Research

PHNOM PENH LANDED HOUSING SECTOR

with the average price of 1,547 per sq m reflecting only slight fluctuations throughout 2025.

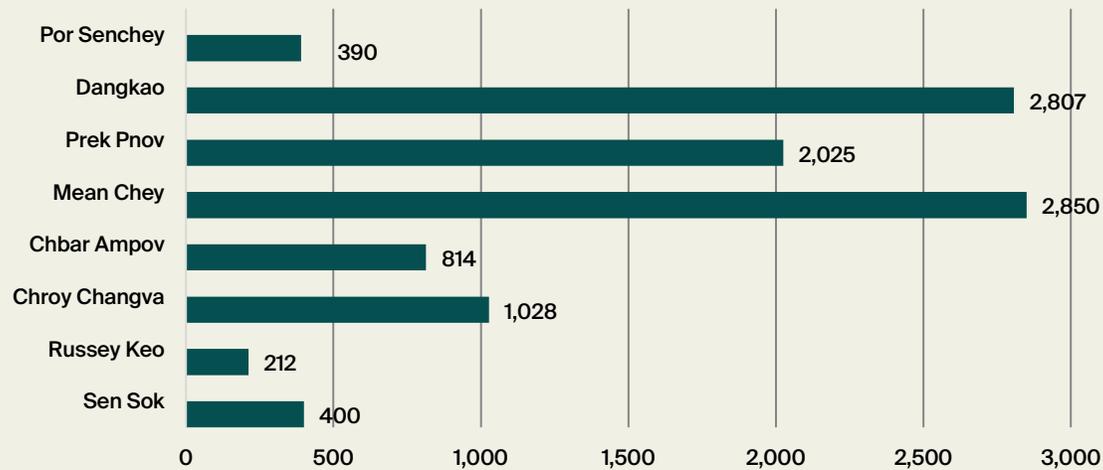
In the short to mid-term, downward pressure on pricing is expected to be limited, as developers have recalibrated their pricing expectations and curtailed new supply. Therefore, the housing pricing environment in the latter half of 2025 exhibited stability, accompanied by selective price increases in projects that are competitively priced and well-located.

Sale Rates

Overall, the sales absorption rates have remained moderate and relatively subdued throughout 2025, staying below historical averages. The average absorption rate in the second half of 2025 was around 2-3%, despite fewer new projects

launches. Sales performance is influenced by factors such as location and accessibility. Well-located projects that offer competitive pricing, incentives, and flexible payment schemes continue to demonstrate consistent sales rates, such as projects located in Sen Sok, Dangkao, and Kamboul districts. In contrast, projects situated in less accessible and oversupplied areas are experiencing slower sales velocity. Although the core segment still accounts for the majority of transactions, developer-led financing incentives are increasingly important for sustaining transaction momentum, particularly for mid-tier projects. However, the overall absorption rate remains modest compared to the total existing supply. The sales velocity is expected to remain subdued due to ongoing cautious buyer sentiment and high overall supply levels.

Figure 29: Future Supply by District (2026F - Post 2028F)



Source: Knight Frank Research

PHNOM PENH LANDED HOUSING SECTOR

The sale rates on the demand side vary across different segments: Core, Mid-Tier, and High-End. Mid-income households primarily drive the demand for Core and Mid-Tier developments. In contrast, the demand for high-end landed housing remains relatively held back, reflecting a conservative market sentiment amid uncertainty regarding economic growth.

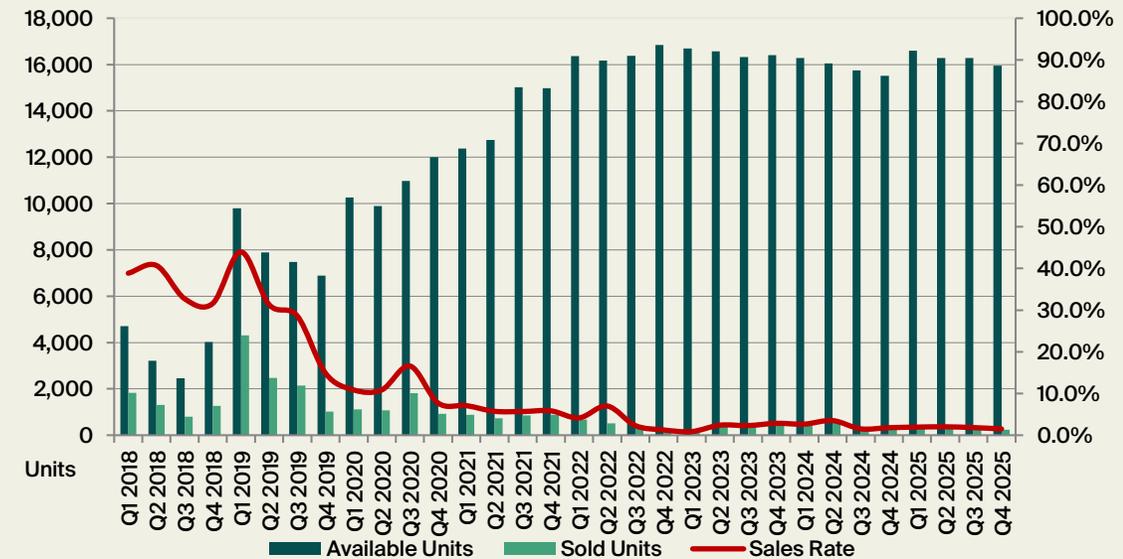
Outlook

The outlook for landed housing is expected to be selective in the short to mid-term. Rapid growth appears unlikely because developers are adopting a cautious approach to new launches, driven by uncertainties related to the economic

fluctuations and geopolitical situations. As a result, the implementation of an affordable housing strategy is expected to continue for a few more years until the economy stabilises.

The Cambodian government is currently supporting the landed housing market by establishing a Technical Working Group through the Ministry of Economy and Finance. This group aims to implement tax exemptions, assess requests for infrastructure support, and accelerate affordable housing projects. The goal is to make housing more accessible for low- and middle-income families, including the development of essential roads and utilities for housing projects, which began in early 2025.

Figure 30: Sales Rate of Total Units Available Monitored by Quarter (Q1 2018 - Q4 2025)



Source: Knight Frank Research

PHNOM PENH INDUSTRIAL SECTOR

Overview

The industrial estate sector emerged as the leading real estate segment in Cambodia during H2 2025, supported by strong manufacturing fundamentals, sustained export activity, and continued regional reallocation of the supply chain. Unlike other property sectors facing demand-side constraints, industrial demand remained robust, driving an acceleration in the launch of new industrial estates across Phnom Penh and key logistics corridors.

Supply & Demand

The industrial estate sector continued to lead Cambodia's real estate market during H2 2025, underpinned by strong manufacturing fundamentals, sustained export activity, and ongoing supply-chain diversification across the region. Industrial demand significantly outperformed other property segments, encouraging a notable acceleration in new industrial estate launches throughout 2025.

This momentum is clearly reflected in investment approvals. In 2025, the Council for the Development of Cambodia (CDC) approved approximately 630 investment projects, underscoring robust industrial and manufacturing activity. Of these, 243 projects were approved within Special Economic Zones (SEZs), while 368 projects were located outside SEZs,

630 projects

In 2025, the Council for the Development of Cambodia (CDC) approved approximately 630 investment projects.

US\$10 billion

Across 630 investment projects, the combined capital value was recorded around US\$10 billion,

1,240 hectares

During 2025, three new Special Economic Zones (SEZs) were officially approved in the provinces of Sihanoukville and Kampot. These SEZs combined a total area of 1,240 hectares.

7,442 hectares

The total operational SEZ area nationwide was approximately 7,442 hectares.

PHNOM PENH INDUSTRIAL SECTOR

In 2025, most new supply was concentrated in large-scale industrial parks and Special Economic Zones (SEZs). Several new estates were launched or announced along the Phnom Penh-Sihanoukville Expressway, National Roads 3, 4, and 2, and near New Phnom Penh International Airport, Cambodia-Vietnam border, and deep-sea port connections.

During 2025, three new Special Economic Zones (SEZs) were officially approved in the provinces of Sihanoukville and Kampot. These SEZs—namely the ISI SEZ, East SEZ, and Kampot Funan SEZ—collectively encompass a total area of 1,240 hectares. Nation-wide, the recently approved SEZ increased the cumulative land area to 32,107 hectares.

As of Q4 2025, no new Special Economic Zones (SEZs) had commenced operations, and the total operational SEZ area nationwide was approximately 7,442 hectares.

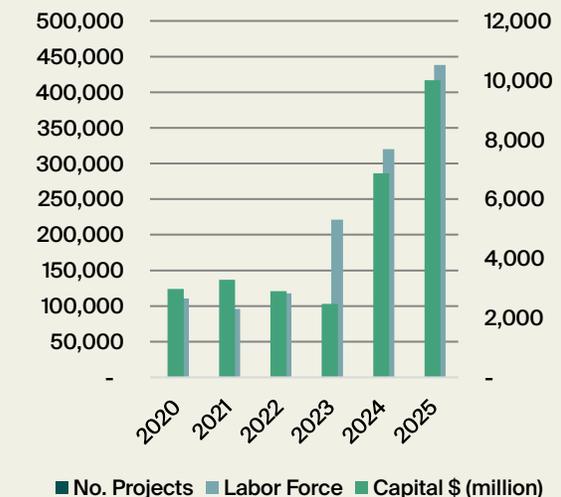
Notably, only one SEZ is currently operational within Phnom Penh; Royal Group Phnom Penh SEZ continued to play a strategic role in meeting occupier demand, benefiting from its scale, integrated infrastructure, and proximity to major transport links. The SEZ hosts a diversified tenant mix, comprising export-oriented manufacturers, light industrial operators, and supporting industries. Key occupier sectors include garments and footwear, light manufacturing, electronics assembly, packaging, and logistics-related activities.

Figure 31: Cumulative Operational SEZs by Land Area (hectares)



Source: CDC / Knight Frank Research

Figure 32: Number of CDC Approval (2020 - 2025)



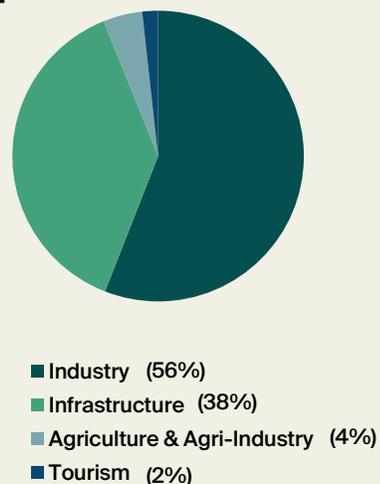
Source: CDC / Knight Frank Research

PHNOM PENH INDUSTRIAL SECTOR

The future expansion of Cambodia's Special Economic Zone (SEZ) supply is increasingly concentrated in provinces surrounding Phnom Penh, with Kandal and Kampong Speu emerging as the primary growth corridors. This trend reflects a combination of land availability constraints within the capital, improving regional infrastructure, and sustained demand from export-oriented manufacturers.

Bavet Town is one of Cambodia's most established Special Economic Zones (SEZs), focused mainly on export-oriented manufacturers connected to Vietnam-linked supply chains. In contrast, SEZs in the Phnom Penh area attract a broader range of industries, including manufacturing, logistics, warehousing, and value-added services.

Figure 33: Capital Value of Newly Approved Projects by Types in 2025



Source: CDC / Knight Frank Research

Occupancy levels at Royal Group Phnom Penh SEZ remained high during H2 2025, reflecting its established position and limited competing supply within Phnom Penh. Leasing activity has been stable, with limited vacancy arising mainly from tenant upgrades or operational consolidation.

Royal Group Phnom Penh SEZ is also a successful SEZ in Cambodia, alongside the Sihanoukville Special Economic Zone (SSEZ), both of which have recorded high occupancy levels, with strong leasing momentum driven by export growth.

Royal Group Phnom Penh SEZ is positioned as a centrally located industrial zone that requires proximity to administrative centres, urban labour pools, and domestic distribution networks. Whilst Sihanoukville Special Economic Zone (SSEZ) is Cambodia's largest and most internationally oriented SEZ, strategically positioned near the country's main deep-sea port.

Prices & Rental

Industrial land prices and rental levels across Cambodia continued to reflect clear locational differentiation during H2 2025, with Phnom Penh commanding the highest pricing due to land scarcity, strong occupier demand, and limited SEZ availability. Within Phnom Penh, industrial land prices reached the highest levels nationwide, typically ranging between US\$100–150 per sq m, based on a 50-year leasehold tenure.

PHNOM PENH INDUSTRIAL SECTOR

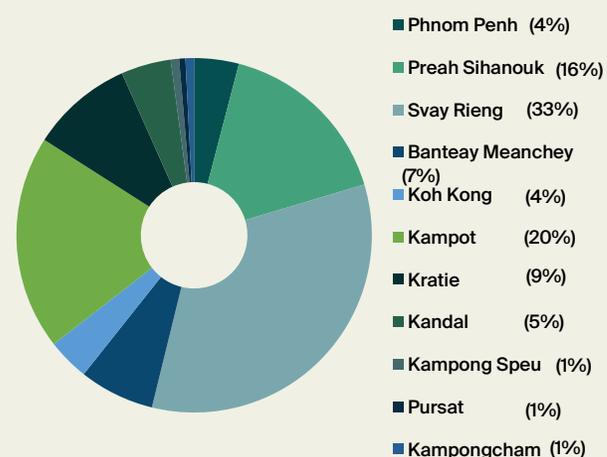
In comparison, industrial land prices in Phnom Penh-adjacent provinces, such as Kandal and Kampong Speu, remained more competitive, benefiting from larger land parcels and expanding SEZ supply.

On the rental front, industrial factory and warehouse rents remained firm during H2 2025, underpinned by resilient demand and limited availability of ready-built facilities. As of Q4 2025, factory rental prices in Phnom Penh remained stable, ranging from USD2.50 to US\$4.50 per sq m per month over the gross lettable area.

Outlook

Looking ahead, SEZ supply growth is expected to remain focused outside Phnom Penh, reinforcing the development of a Greater Phnom Penh industrial and logistics corridor.

Figure 34: Operational Supply by Province



Source: Knight Frank Research

As infrastructure connectivity continues to improve, future SEZs in Kandal and Kampong Speu are likely to capture the majority of new manufacturing and logistics demand, supporting the industrial sector's role as Cambodia's most resilient and growth-oriented property segment.

In the short term, leasing activity is expected to remain robust, supported by manufacturing expansion, logistics growth, and ongoing relocation of production facilities within ASEAN. While the growing pipeline of new industrial estates will increase competition, demand is expected to absorb new supply efficiently, particularly in well-located and well-managed SEZs. Over the medium to long term, continued infrastructure upgrades, improving logistics connectivity, and Cambodia's competitive cost base are expected to further reinforce industrial demand.

Industrial Pricing and Rental

Special Economic Zone	Payable Premium (per m ²) over 50 years lease	Rental (m ² / month)
Phnom Penh- Industrial land in SEZ	US\$100 – US\$150	US\$2.5 – US\$4.5
Preah Sihanouk-Industrial land in SEZ	US\$40 – US\$80	US\$2 – US\$4.5
Svay Rieng-Industrial land in SEZ	US\$25 – US\$50	US\$2 – US\$4
Kandal- Industrial land in SEZ	US\$40 – US\$120	US\$2 – US\$4
Kampong Speu- Industrial land in SEZ	US\$25 – US\$50	US\$2 – US\$4

Source: Knight Frank Research

Contact Us

We like questions.

If you've got one about our research or would like some property advice, **we would love to hear from you.**



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