

# Cambodia

# Real Estate Highlights



H2 2024 Edition

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

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# Economic Snapshot

► In 2024, Cambodia’s economy continued to expand, primarily driven by strong external demand that revitalised its exports. While various sectors demonstrated differing levels of performance, the overall resilience of the economy highlights its potential for future growth and opportunity.



LY HAKIM,  
ASSOCIATE DIRECTOR,  
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*“Cambodia’s economic growth in 2024 has expanded at a pace similar to last year; however, the construction and real estate sectors are undergoing a correction.”*

### Recent Economic Performance

The International Monetary Fund (IMF) forecasted that Cambodia’s economy would grow by 5.5% in 2024, an increase of 0.5 percentage points over 2023, supported by a robust rebound in exports and tourism arrivals surpassing pre-pandemic numbers.

Cambodia’s exported products, valued at \$23.93 billion in the first 11 months of 2024, represented a 16.8 per cent increase from \$20.50 billion during the same period last year. Key sectors contributing to this growth included garments, footwear, bicycles and agricultural products such as rice, rubber and bananas. The United States remained Cambodia’s largest export market, with \$9 billion in trade, followed by Vietnam’s \$3.2 billion and China’s \$1.6 billion.

Cambodia’s tourist international tourist arrivals were projected to reach 6.7 million, surpassing pre-pandemic levels and significantly boosting the travel industry.

The border countries Thailand and Vietnam remained the top source of international arrivals, with over 1.9 million and 1.2 million tourists, respectively.

Between January to December, Cambodia experienced a 54.5 per cent increase in Chinese tourists, totalling 769,775 arrivals, making them the third largest source of tourists.

In 2024, the value of approved projects under the Qualified Investment Project (QIP) scheme increased to US\$2.44 billion, up 89.4 per cent from US\$1.28 billion in 2023. Foreign direct investment (FDI) projects reached US\$1.13 billion, a 24.3 per cent increase, while domestic investment surged to US\$1.31 billion, up 244.4 per cent.

Inflation has been declining since it peaked at 7.8 per cent in June 2022, which was the highest level in 13 years, primarily due to global food and oil price shocks. In September 2024, Cambodia’s Consumer Price Index (CPI) showed a decrease, falling to 0.8 per cent, compared to 3.8 per cent in the same month of 2023.

Excessive investment in the property sector has led to continual corrections in the housing market. This has caused a decline in the approved permit value for real estate development projects. In the first eight months of 2024, approved property development projects totalled US\$3.3 billion—

a 29.1 per cent decrease compared with 2023, mainly due to reduced residential investment.

According to the World Bank report, credit sharply decelerated as housing development activity stalled. Credit growth fell to 3.4% year-on-year in August 2024, the lowest in 14 years, down from 7.7% in August 2023.

### Economic Outlook

According to World Bank forecasts, this year’s economic growth is expected to reach 5.3 per cent, up from 5.0 per cent in 2023, primarily driven by tourism, services and goods exports.

Over the short term, Cambodia’s real GDP growth is set for a positive shift, projected to reach an impressive 5.5 per cent in 2025 and 2026, signalling a promising economic outlook.

Despite ongoing improvements, the economy faces risks, such as weaker-than-expected global demand due to rising debt, high borrowing costs and an unexpected slowdown in China. Considering the global economic landscape, including Trump’s presidential return, Cambodia could present both challenges and potential opportunities in 2025.

# Economic Indicators

## H2 2024



**Size**  
**181,035 Km<sup>2</sup>**

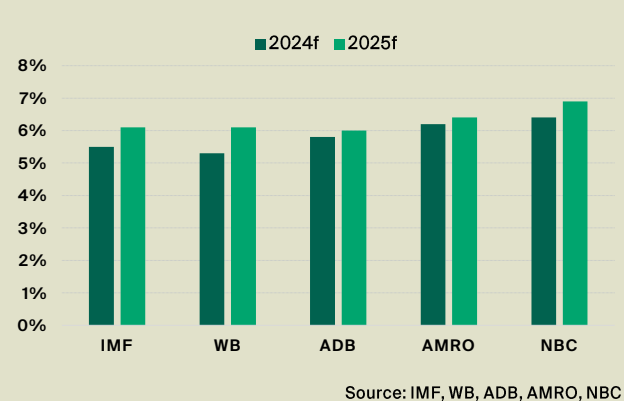


**Population**  
**15.6m**  
(2019 Census)

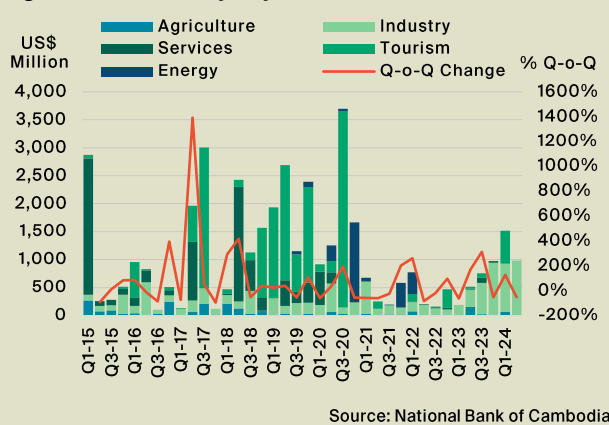


**GDP Growth**  
**5.5% (2024f)**  
**IMF forecast**

**Figure 1: Gross Domestic Growth Forecast between 2024 and 2025f**



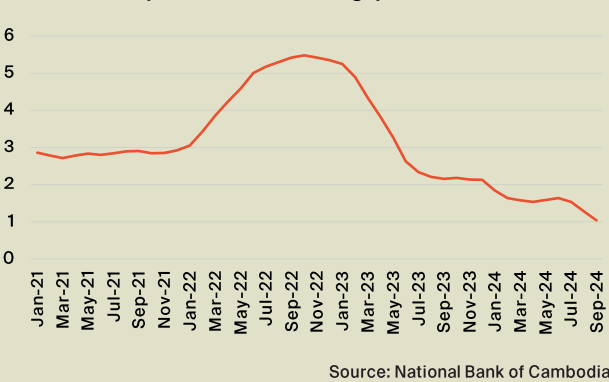
**Figure 4: FDI Inflow by Key Indicators**



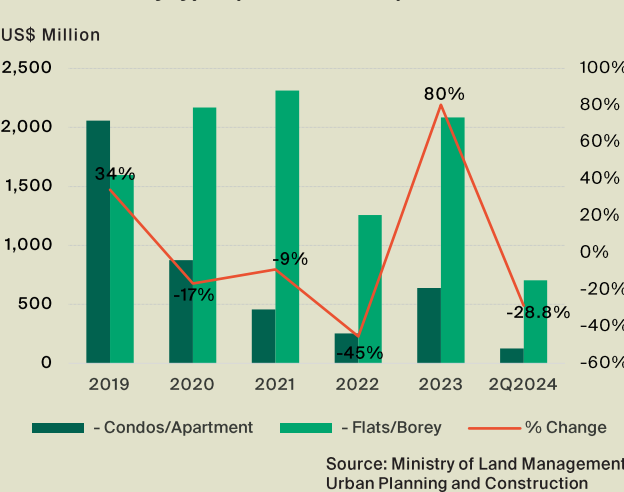
**Figure 2: Trade Balance, (US\$ million)**



**Figure 5: Moving Average Consumer Price Index and Inflation Rate (Year-on-Year Change)**



**Figure 3: Capital Value of Approved Residential Construction by types (2019 - 2Q 2024)**



**Figure 6: Top Tourist Generating Countries (2024)**



# Office Sector

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► The slight increase in new supply prompted landlords to focus on retaining existing tenants whilst offering attractive incentives to attract new tenants, boosting occupancy rates. Despite ongoing challenges, the net take-up rate improved during H2 2024 and the overall average Phnom Penh occupancy rate increased by two percentage points y-o-y.

**SUPPLY & DEMAND**  
As of H2 2024, supply growth for the office sector decelerated significantly with an increment of 5.5% from H2 2023; three projects added 51,441 square metres of Net Lettable Area (NLA) to the existing supply.

New office completions slowed in 2024. Over the past two years, annual supply growth was recorded at 5.9% in 2023 and 5.5% in 2024, marking the lowest figures of the last decade.

Maline Office Park, Hattha Tower and KLK Tower brought 51,441 sq m of NLA to the existing stock and pushed the cumulative Phnom Penh office supply to 1,015,380 sq m of NLA, representing a y-o-y increase of 5.5% over the second half of 2023.

The existing supply of office space in Phnom Penh was divided as follows: 73% centrally owned and 27% stratified offices.

Phnom Penh's Grade A office stock rose to 234,483 sq m NLA in H2 2024, an increase of 42% from the last three years ending H2 2021. In the existing supply of centrally-owned and stratified offices, 47% is Grade B, 29% is Grade C and 24% is Grade A.

The majority of office buildings continued to be located within the Central Business District (CBD). In the second half of 2024, the CBD continued to hold a dominant market share, with its ratio compared to Suburban at 80:20.

Stalled office projects that have been delayed or wholly cancelled will allow existing stock to be absorbed into the market.

Knight Frank forecasted a similar figure during H1 2024, with an additional 541,717 sq m NLA of office stock expected to come online by 2028, leading to a total cumulative office supply of approximately 1,529,098 sq m of NLA, if projects complete as scheduled.

51,441 sq m

Three office buildings, namely Maline Office Park, Hattha Tower and KLK Tower, were completed during the second half of 2024 and contributed 51,441 sq m of net lettable area (NLA) to the existing supply.

1,015,380 sq m

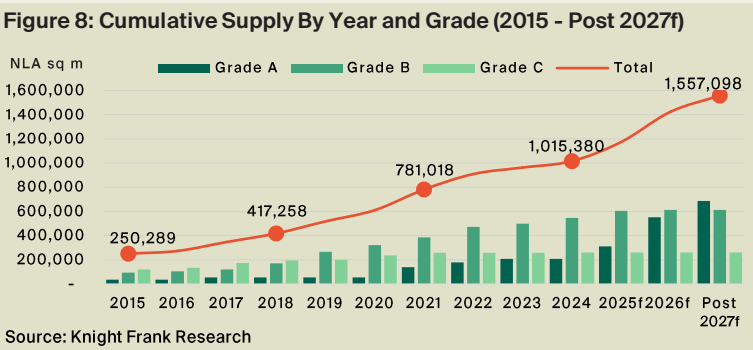
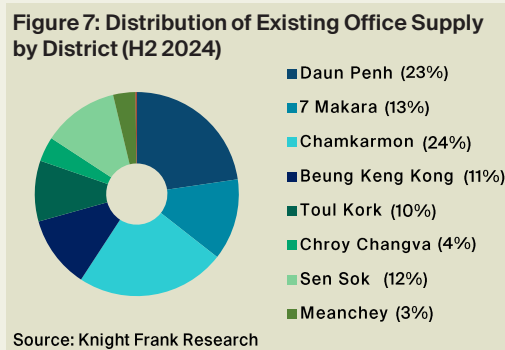
As of H2 2024, the cumulative supply of Phnom Penh's overall office space stood at 1,015,380 sq m of net lettable area (NLA), a y-o-y increase of 5.5% over the second half of 2023.

1,557,098 sq m

Over the next three years, the supply is projected to increase to 1,557,098 sq m of net lettable area (NLA), representing a 53% increase from the existing stock.

61.4% occupancy

With a growth in net take up and the deceleration of new supply during H2 2024, the overall average occupancy rate increased by two percentage points to 61.4% compared with the corresponding period in 2023



Grade-A spaces will dominate total supply by 2028 with upcoming office towers setting new standards with a focus on common spaces, amenities, modern designs and prime city centre locations.

Between 2025 and 2028, if projects stay on schedule, 88% of new office space will be Grade A, placing pressure on older Grade A buildings, while 12% will be Grade B. Notably, there are no plans for Grade C office projects in Phnom Penh.

In terms of future supply, an additional 158,406 sq m of NLA is expected to be delivered to the office stock in 2025.

249,626 sq m of NLA will be delivered in 2026 and the remaining 133,686 sq m of NLA will be online in by 2028, adding 541,717 sq m to the existing supply.

Several commercial banks have significantly contributed to the office sector during the past few years by constructing their HQ buildings, including Sathapana Tower, Wing Tower and the recently completed Hattha Tower.

J-Trust Bank and FTB are progressing well in their construction, with anticipated handover dates set for 2025 and 2026, respectively. This

timeline showcases the commitment to timely delivery and readiness for growth in the office sector with anticipated handover dates set for 2025 and 2026, respectively. This timeline showcases the commitment to timely delivery and readiness for growth in the office sector.

The overall occupancy rate indicated signs of improvement during H2 2024, but rental rates recorded a decline compared to the previous year, suggesting that the market remains heavily price sensitive.

During the fourth quarter of 2024, the overall occupancy rate for office spaces—comprising centrally owned and strata title offices—was 61.4%. This marks a two-percentage point increase compared to the previous year.

PRICES & RENTAL

Although advertised rents remained stable, the actual transacted rents continued on a downward trend. This reflects a strategic approach to attract and retain tenants in the current market.

The new office supply rose moderately in the second half of 2024, but the average rent fell. Grade A offices ranged from US\$15 to US\$25 per square metre per month, Grade B from US\$10 to US\$17 and Grade C started from US\$6 (excluding service charges and taxes).

OUTLOOK

In contrast to the residential sector, which is expected to continue to face challenges during 2025, the office market is poised for stabilisation in the upcoming year.

As the domestic economy continues to expand in 2025, the year ahead is showing positive signs for commercial real estate in terms of net take up. Flexible negotiation terms will be crucial for landlords to retain occupancy. However, as a result, rental rates for office space will remain under pressure, leading to more room for negotiation in a tenant favourable market.

Cambodia's GDP is expected to grow by 6.0% in 2025 according to the ADB. Regionally, Cambodia will continue to benefit from an influx of foreign investment and many new companies entered the market during 2024, requiring office space to set up HQ operations in the Kingdom. This trend is expected to continue into 2025.

Despite the above, ongoing global macroeconomic and geopolitical headwinds remain a constant threat to both local and global economic growth, directly and indirectly impacting the real estate sector in Cambodia.

Furthermore, with several stalled projects expected to resume in 2025, higher vacancy rates are expected over the medium term as new supply is absorbed into the market.

Figure 9: Supply and Demand of Office Space (2010 – Post 2027f)

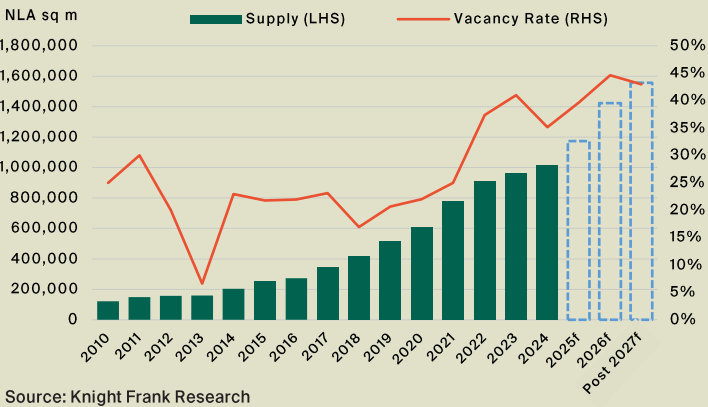
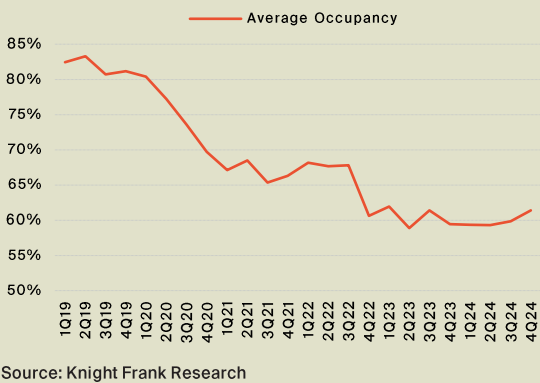


Figure 10: Average Occupancy Rate by Quarter (1Q2019 - 4Q2024)





# Retail Sector

During H2 2024, the retail sector in Phnom Penh continued to encounter significant challenges, prompting landlords to adapt by offering greater flexibility with their vacant spaces and strategically diversifying their tenant mix.

**SUPPLY & DEMAND**  
In H2 2024, no significant large-scale retail developments entered the supply; only one project was added, namely Riverlight, comprising mainly F&B stores.

With the nominal growth in retail space during H2 2024, the retail sector saw no significant changes due to the delayed completion of larger anticipated projects.

In H2 2024, Phnom Penh’s retail supply was recorded at 870,520 sq m of net leasable area, distributed across 60 retail malls.

Riverlight was the only retail project to open during the second half of 2024, adding approximately 5,880 square metres of net lettable area. The project is in Koh Norea, an emerging riverfront satellite city developed by OCIC. This area boasts scenic waterfront views of the Mekong River and features newly constructed infrastructure, making it an appealing destination.

The majority of the retail space in our monitored basket is located in suburban districts, accounting for 61%. This is primarily due to the presence of Aeon 2, Aeon 3 and Chip Mong Mega Mall 271. In comparison, the City Centre (CBD) holds 39% of the retail space, mainly consisting of small-scale neighbourhood centres.

There were no new retail completions during H2 2024. Sen Sok had the highest share of the supply at 28%, followed closely by Meanchey at 23%. Chamkarmon accounted for 16%, 7 Makara represented 10% and Daun Penh comprised 8%. The remaining supply was distributed among Toul Kork, Bueng Keng Kang, Chbar Ampov, Chroy Chongvar, Russey Keo and Porsenchey.

As of H2 2024, retail space per capita for Phnom Penh was estimated at 0.35 sq m per person, with approximately 2.5 million population in Phnom Penh.

After a decade-long boom, the retail landscape in Phnom Penh has become increasingly challenging. With retail space per capita increasing from 0.06 sqm in 2017 to 0.35 sqm in 2024,

870,520 sq m

As of the end of H2 2024, the retail supply in Phnom Penh reached 870,520 sqm of NLA, indicating a 3% increase compared to H2 2023.

0.35 sq m per capita

The retail space per capita was recorded at 0.35 sq m.

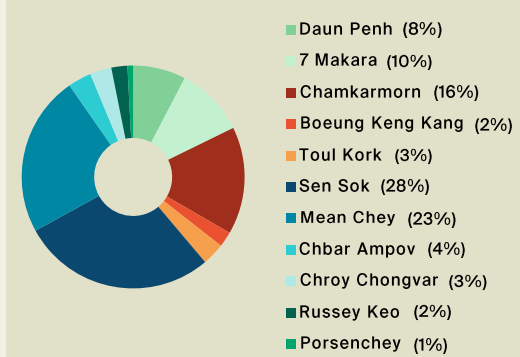
1,151,159 sq m

Over the next three years, the total retail space supply will reach 1,151,159 sq m of NLA, assuming all monitored projects are completed as scheduled. This equates to a 32% increase over the current supply.

64.5% occupancy

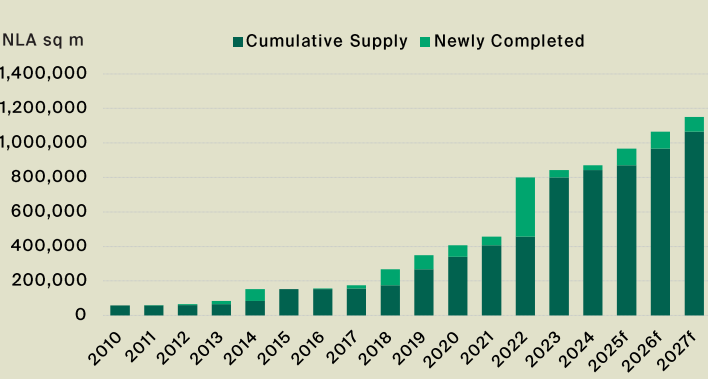
Despite efforts by retail landlords to increase flexibility in their spaces, the overall occupancy rate has fallen to 64.5%, down 3.5 percentage points from the second half of 2023.

Figure 11: Distribution of Existing Retail Space by District (H2 2024)



Source: Knight Frank Research

Figure 12: Cumulative Supply of Retail Space (2010 - 2027f)



Source: Knight Frank Research

combined with a significant reduction in consumer spending, the retail sector continues to grapple with the evolving landscape.

If all projects complete as scheduled, the retail space is estimated to reach approximately 1.2 million sqm of NLA by 2027. Thus, the retail space per capita will increase to 0.43 sq m per person at the end of 2027.

In view of the of the above, the upcoming supply is mainly led by small-scale community malls to complement residential housing development.

The majority of the existing supply is dominated by purpose-built shopping malls, comprising 67%, community malls at 20%, retail podiums at 9% and cash & carry wholesale and strata retail at 2% each.

Regarding demand for retail space, we continue to see new international retailers enter the market. Food, beverage and entertainment retailers play a crucial role in shaping the Phnom Penh retail market and continue to dominate the retail spaces.

Figure 13: General Purpose Existing Retail Developments (H2 2024)

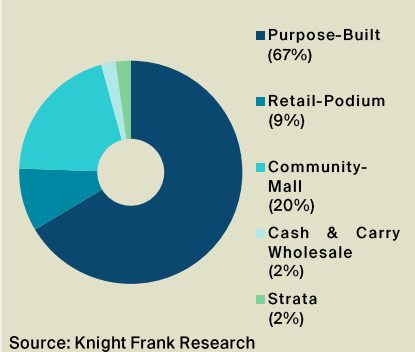
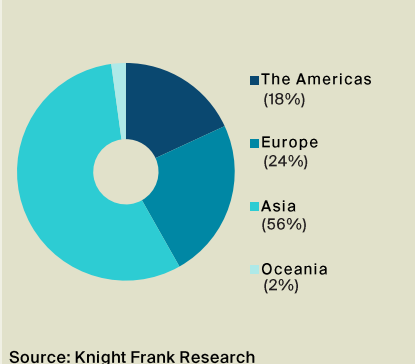


Figure 14: International Retailers by Region of Origin (H2 2024)



This trend is poised for substantial growth in the medium term as Cambodia's socio-demographics improve. Consequently, the Kingdom is emerging as a good opportunity for major F&B retail brands.

To maintain and drive occupancy, landlords are offering more flexibility and are diversifying their tenant mix.

The average occupancy rate fell to 64.5%, marking a decline of 3.5 percentage points compared with the corresponding period in 2023.

PRICES & RENTAL

H2 2024, retail rents in both the Suburban and City Centre areas declined due to the lower occupancy rates and reduced consumer spending.

In the second half of 2024, average rents in prime shopping centres ranged from US\$18.00 to US\$28.00 per square metre per month of net leasable area (NLA), while rents in secondary-grade retail malls varied between US\$10.00 and US\$22.00 per square metre per month of NLA.

This figure reflected a decrease of between 5% and 12% annually, indicating that landlords are adjusting to retain existing tenants and offering significant incentives to attract new tenants.

OUTLOOK

Despite the recent recovery in tourism and a positive trend in the overall economy, the retail sector in Phnom Penh continues to face significant challenges.

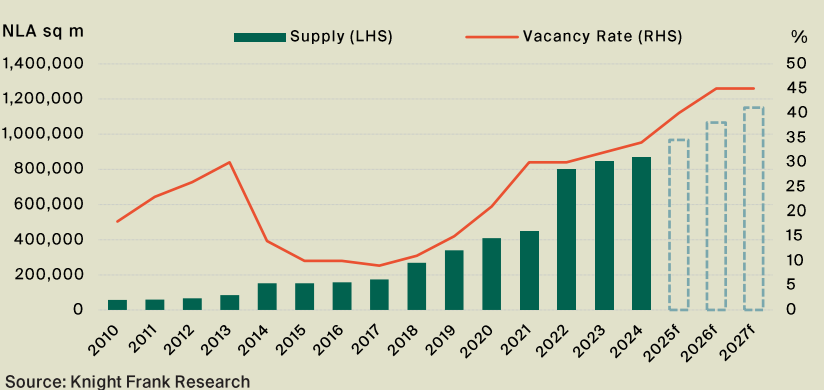
In the short term, the retail sector is poised to face recovery challenges, mainly due to the retail oversupply glut, as well as the global macroeconomic outlook weighing down on consumer sentiment.

Given this challenge, we anticipate increasing vacancy rates alongside minimal movement within shopping malls. However, this scenario presents a significant opportunity for landlords to innovate by diversifying their tenant mix and strategically repositioning their retail malls, whilst new retailers can take advantage of competitive rents.

The retail sector is shifting to e-commerce due to changing consumer habits, which will impact physical retail footfalls. Landlords must adapt by offering lower base rents plus a percentage of sales, aligning with global trends affecting developers' returns.

As Cambodia's economy continues to recover, the GDP growth for 2025 is projected to be between 5.5% and 6.3%, leading Cambodia to increase disposable income and consumer spending power. Over the medium to long term, the retail landscape in Phnom Penh is likely to flourish, featuring a rise in international brands and ongoing expansions.

Figure 15: Phnom Penh Supply and Demand of Retail Space (2010 - 2027f)





# Hotel Sector

► A new addition to the Luxury segment, the five-star Shangri-la hotel, made its grand debut and another is set to follow in early 2025. With tourist arrivals now surpassing 2019 numbers, hotel operators are looking to the future potential of the Cambodian tourism sector.

## SUPPLY & DEMAND

Several newly operated hotels increased the Phnom Penh hotel supply by 7% y-o-y.

In the second half of 2024, several new hotels opened in Phnom Penh, offering a diverse range of accommodation from 3-star to 5-star. Most of these hotels are centrally located in the city.

The Shangri-La, situated in Chamkarmon District, features 303 luxurious 5-star rooms to welcome guests. Nearby, in the Sangkat Chaktomok area of the Daun Penh District, the 4-star Caravan Hotel by EHM also opened, offering 94 rooms.

In addition to these, WH Hotel and Mahasakor Inn opened their doors in the Chamkarmon and Daun Penh Districts, respectively. WH Hotel provides 52 rooms as a 3-star hotel, while Mahasakor Inn offers 92 rooms, also categorised as a 3-star hotel.

The recent additions have raised the total hotel supply in Phnom Penh to 15,972 keys, reflecting a 7% increase from last year. Notably, a substantial portion of this hotel supply is located in the city centre, which accounts for 83% of the total rooms available.

The Phnom Penh hotel supply consists of 43% Midscale and Economy, 32% Upscale and Upper Midscale and 25% Luxury and Upper Upscale.

In the city centre, most hotels are located in the Daun Penh District, which accounted for 38% of the total supply. This was followed closely by Chamkarmon District at 23% and the Boeung Keng Kang District at 11%. The remaining hotel supply is distributed as follows: Chroy Changvar District at 7%, Sen Sok District also at 7%, 7 Makara District at 6%, Toul Kork District at 5%, Por Senchey District at 2% and Mean Chey District at 1%.

As we look towards the future, the luxury market in Phnom Penh is experiencing significant growth, with more international brands entering the Kingdom.

Several new-to-market global hotel brands have signed agreements with developers to open flagship hotels in Phnom Penh that will contribute toward Cambodia’s accommodation offerings.

Looking at the future supply, the majority (58%) will be Luxury and

## 5-star opening

The Shangri-La soft-opened its 303 key, 5-star hotel to welcome guests in Q4 2024.

## 7% increase

The existing supply reached approximately 16,000 rooms as at the end of H2 2024, a 7% increase from last year.

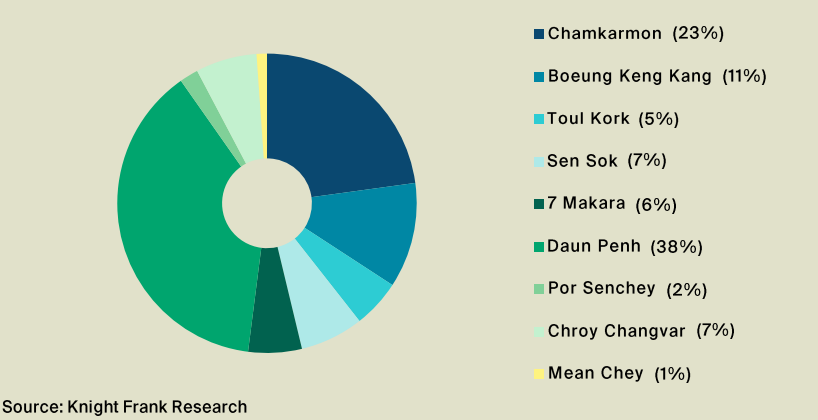
## 58% of future supply will be high-end

The future supply in Phnom Penh comprises 58% Luxury and Upper Upscale hotels.

## 19,300 rooms

The future supply of hotels in Phnom Penh will reach 19,300 rooms by 2028; a 2% increase since 2023

Figure 16: Existing Supply by District (H2 2024)



Upper Upscale. Midscale and Economy hotels will contribute 22% of the total, while Upscale and Upper Midscale hotels will account for 20%. This diversified hotel supply is indicative of the growing tourism sector in the city.

In line with the significant rise in the number of Luxury and Upper Upscale hotels, Wyndham Hotels & Resorts, one of the world's largest hotel franchisors, is set to open its 312 key hotel in 2025.

This new addition is expected to enhance the hospitality landscape of Phnom Penh and cater to the growing demand for premium accommodations in the region.

A significant portion of future hotel developments will be concentrated in Daun Penh District, accounting for 45% of the total supply. Boeung Keng Kang District will follow with 26%. Additionally, Chamkarmon District is expected to have 13% of the hotel supply, while the 7 Makara District and Sen Sok District will represent 11% and 5%, respectively. This strategic distribution of hotel developments highlights the growing demand for accommodations in these areas.

With newly operated hotels and the incoming international

brands, the accumulative hotel supply in Phnom Penh will increase to approximately 19,300 rooms, a y-o-y increase of 2 percentage points. This growth indicates a strong demand for accommodation in the city, driven by increasing tourism and business activity.

OCCUPANCY & AVERAGE ROOM RATE

According to the Ministry of Tourism, the average hotel occupancy rate increased to 77.8% during 2024, although this does not reflect the market research conducted by Knight Frank. Average room rates started from US\$125 for Luxury and Upper Upscale segments, between US\$60 and US\$125 for Upscale and Upper Midscale segments and from \$20 for Midscale and Economy segments.

OUTLOOK

Cambodia welcomed around 6.7 million international tourists in 2024, surpassing pre-pandemic levels.

With the completion of the new Siem Reap International Airport alongside several Government initiatives to drive tourism, international tourist arrivals finally surpassed pre-pandemic numbers.

Government initiatives included lowering the cost of e-Visas, conducting marketing campaigns and investing in tourism infrastructure.

Cambodia launched a marketing campaigns "The Smile of Cambodia" in Siem Reap province and "Celebrating Cambodia" in Phnom Penh. The government has also invested in infrastructure development that improved connectivity within Cambodia and has opened up eco-tourism opportunities.

This positive trend in tourism is expected to continue both short-term and long-term as the government remains dedicated to further enhancing the visitor experience. With ongoing investments and strategic initiatives, Cambodia aims to position itself as a leading destination in the region, fostering not only economic growth through tourism but also cultural exchange and global connectivity.

Distribution of Existing Hotel by Classifications	
Classification	% Distribution
Luxury & Upper Upscale	25%
Upscale & Upper Midscale	32%
Midscale & Economy	43%



# Serviced Apartment Sector

► The tourism rebound combined with the increasing number of expatriates returning to Phnom Penh for job postings, ignited an uptick in demand for serviced apartments.

### SUPPLY & DEMAND

As of the second half of 2024, the Phnom Penh serviced apartment sector experienced growth as both tourists and newly-posted expatriates.

The Grace Residence highlighted this demand as larger 3-bedroom units were quickly rented by C-level executives.

The Grace Residence is located in Daun Penh District, an area known for its historical significance, providing convenient access to various amenities and attractions as well as the capital’s central business district.

The recent additions took the total existing supply of serviced apartments to 8,400 units as at the end of H2 2024, reflecting a 2% year-on-year growth. Most of these units (92%) were located in the City Centre districts of Phnom Penh. This growing inventory reflects the rising demand for quality accommodation in the capital.

Knight Frank has standardised the categorisation of serviced apartments into three tiers: International, Business and Economy Classes. Currently, 56% of the supply falls under the Business Class, while 27% was classified as International Class and 17% as Economy Class.

As illustrated in figure 18, Boueng Keng Kang District had the highest supply at approximately 31%, followed by Chamkarmon District and Daun Penh District, which accounted for 21% and 20%, respectively. The other districts include Toul Kork at 11%, 7 Makara at 9% and Chroy Changvar at 4%. The remaining districts are Sen Sok and Mean Chey, representing 3% and 1%, respectively.

In terms of future supply, the serviced apartment sector continued to attract international brands with The Ascott Group leading the way. Future projects include Citadines Vue Aston and Somerset Diamond Bay Gardens.

Notably, the projected future supply is expected to be approximately 1,800

92% in CBD

92% of the existing supply is located in the City Centre districts of Phnom Penh.

56% as business

56% of the existing supply falls under the Business Class category.

1,800 units

The future supply is estimated at approximately 1,800 units.

22% growth

The supply of serviced apartment is projected to reach 10,259 units, indicating a 22% growth by 2027.

Figure 18: Serviced Apartments by Grade (H2 2024)

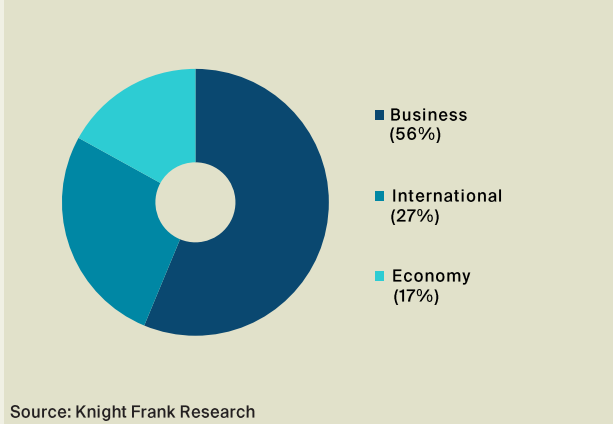
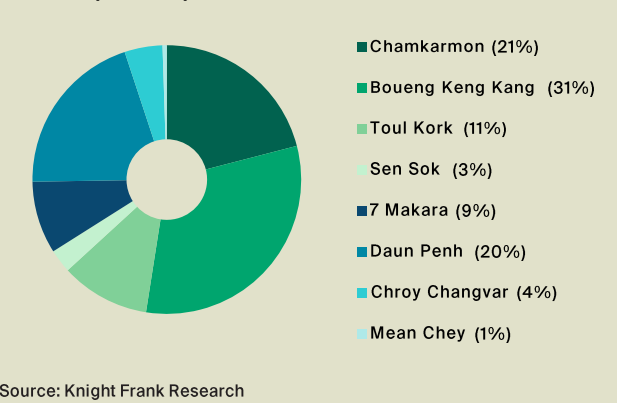


Figure 19: Serviced Apartment Distribution by Geographical Location (H2 2024)





units, with most of this supply located in the City Centre districts, which will account for 69% of the total future supply. Similar to the existing supply, Business class units make up 56% of the total supply, while International class units represent 27% and Economy units represent 17%.

In terms of geography, the future supply will predominantly be located in Daun Penh District, accounting for 33% of the total. This will be followed by the Sen Sok and Chamkarmon districts, representing 23% and 22% of the future supply, respectively. The remaining supply will be distributed among Chbar Ampov District at 8% and Beoung Keng Kang District at 7%, whilst Toul Kork District will account for 7% of the future supply.

Both the existing and future supply are contributing to an accumulative total of approximately 10,259 serviced apartment units, indicating a 22% growth by 2027. This significant growth is driven by factors such as rising tourism, business travel and a preference for flexible living arrangements among professionals and expatriates.

OCCUPANCY RATE & RENTAL

Unit rates remained stable during H2 2024; the average rate for International class serviced apartments was recorded at US\$20 per square metre per month, Business class units at

US\$13 per square metre per month, whilst rate for Economy class units was recorded at US\$7 per square metre per month.

Whilst there was an increase in demand for serviced apartments during H2 2024, the average overall occupancy rate remained low, at 54%, in part attributable to the growing supply of condominiums with landlords now offering house keeping services to attract tenants.

Despite increasing demand, the incoming supply of both serviced apartments and condominiums is expected to keep both occupancy and rental rates at lower rates during the short and medium-term.

OUTLOOK

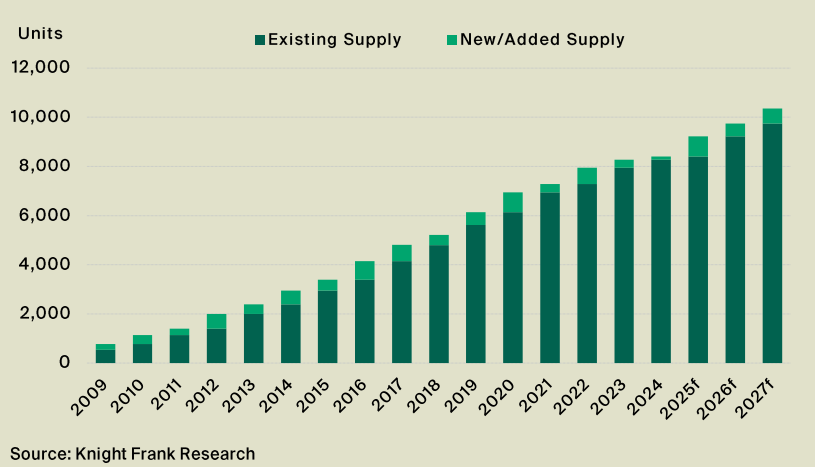
2024 international tourist arrivals finally surpassed pre-Covid levels, attracting 6.7 million international arrivals, driving demand for both hotels and serviced apartments. In an effort to increase the average length of stay of tourists, the government and key stakeholders are collaborating to increase the number of tourism offerings, organise various festivals and events as well as introducing initiatives such as pedestrianising Phnom Penh’s popular riverside area during weekends. With serviced apartments typically appealing to longer stay guests and

families, this may drive demand over the medium to long-term. Additionally, with expatriates being a main source of demand for serviced apartments, the entrance of several international companies setting up headquarters in Phnom Penh is a positive sign for the sector.

Cambodia is an emerging market in the region, creating opportunities for investment which continues to attract foreign direct investment (FDI) as special economic zones (SEZs) expand across the nation. These developments are drawing international investors and professionals to Cambodia, thereby increasing the demand for serviced apartments.

As the market continues to evolve, investors and developers should focus on enhancing the quality of services and amenities offered in these apartments to meet the changing needs of residents. By adapting to market trends and maintaining a strong value proposition, the serviced apartment sector is well-positioned for sustained success in the coming years.

Figure 20: Cumulative Supply of Serviced Apartments (2009 - 2027f)



# Condominium Sector

► The improving sales performance in the Mid-tier and Core segments, along with accelerated construction starts, are indicating early stages of a rebound in the condominium market, albeit at considerably lower prices than pre-Covid levels.

**SUPPLY & DEMAND**  
In H2 2024, the improving sales performance in the Core and Mid-tier segments, alongside the increasing number of project launches indicated improving confidence in the condominium sector in prime central locations.

A total of 4,606 new units were completed in H2 2024, compared with 3,118 units in H1 2024. However, many projects due for completion by 2024 did not complete as anticipated, rolling over into 2025. Despite the delayed completion, construction progress gathered pace in line with increasing sales performance and many international investors returning to the market.

The 4,606 newly completed units were contributed by five notable projects: Royal Platinum, Wealth Mansion, Anata Residence, Seven Residence and The Pinnacle Residence. 75% of these completed units were Mid-tier and Core, while 25% were High-end.

Chamkarmon continued to dominate market share, increasing from 20% in H1 2024 to 22.0% in H2 2024, while Sen Sok dipped from 20% to 19%. Mean Chey slightly declined from 16% to 15%, whereas Chroy Changvar and Toul Kork both rose from 9% to 10%, while Boeung Keng Kang fell slightly from 9% to 8%. This was followed by 7 Makara (7%). The remaining supply was spread across Russey Keo, Chbar Ampov, Porsenchey. Whilst Chamkarmon continued to dominate market share, Chroy Changvar saw notable growth as several new projects were completed in 2024, while other districts remained relatively stable or experienced slight declines.

As the real estate sector continued to experience a pricing correction, new launches during H2 2024 were strategically focused mainly on the Core segment. The new launches included projects such as Time Square 8 in Toul Tumpong and Picasso 2 (Picasso Sky Gemme) in BKK1. These launches reflected growing market confidence.

4,606 units

Five new condominium projects were completed during H2 2024, adding 4,606 units to the existing supply.

57,772 units

H2 2024 recorded a total existing condominium supply of 57,772 units across 132 projects.

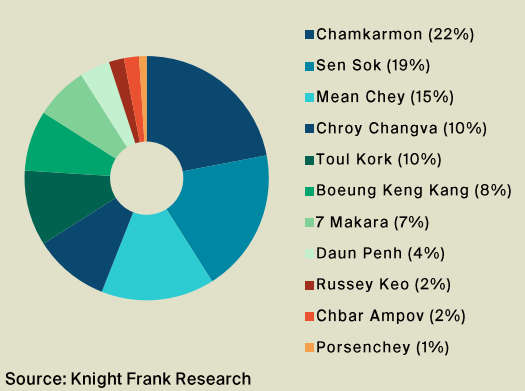
## Categories

The Mid-tier and Core segments remained the dominant categories in the market, representing 58% and 22% of the total supply, followed by High-end (16%) and Prime (4%).

## Outlook

The stabilisation of Cambodia's home loan interest rates at an average of 8%, coupled with the recent drops in U.S. interest rates, signals a favourable outlook for the condominium sector. An increasing number of Cambodian buyers are investing in Mid-tier and Core condominiums, with domestic demand needed for long-term sustainability of the sector.

Figure 21: Distribution of Existing Condominium Supply by District (H2 2024)



Source: Knight Frank Research

Figure 22: Cumulative Supply (2009 - Post 2027f)



Source: Knight Frank Research

Unit completions in H1 2025 are projected to add approximately 6,090 units. Notable projects nearing completion, included LIXIN CEO Center, Vue Aston, City View, Urban Village (H Building) and a few others, reflecting a steady increase in unit completions relative to H2 2024.

In H2 2024, the launch sales rate (the first quarter after launching) reached 29%, the highest since H1 2019, when it was 30%. Two factors drove this positive performance. On the supply side, reputable and mature developers were able to tap into the domestic market more effectively. On the demand side, domestic buyers showed increased confidence in the sector and were attracted to the competitive pricing and strategic locations offered by developers in the Core segment. Buyer confidence, affordability and desirable locations played a crucial role in driving demand, reflected the significant improvement in first quarter sales.

Reputable High-end developers have solidified their market position and achieved strong sales rates by going beyond simply positioning their projects in prime locations and providing a high GRR. Their key strategy also lies in diversifying the range of facilities offered, which significantly enhances the appeal and value of their properties. Beyond traditional amenities like swimming pools and gyms, they are increasingly incorporating more unique and creative features such as running tracks, libraries, indoor golf, rock climbing walls, indoor games and more.

Furthermore, certain High-end condominium projects have introduced distinctive value additions to strengthen their market positioning. In addition to retail spaces, these developments feature branded names and hotel affiliations, ranging from existing brands like Picasso, Somerset, Oakwood and Shangri-La (attached to Picasso, Skylar, One Park and The Peak projects, respectively) to

upcoming brands like Wyndham, Mercure, Radisson and Vignette Collection (attached to LIXIN CEO Tower, The Flora Suites, The Pinnacle Residence and Odom projects, respectively). This kind of strategic approach not only elevates the appeal of these properties but also reinforces their premium pricing in prime locations, ensuring long-term value for projects and residents while securing their competitive edge in the current and future market.

Despite developers employing various tactics such as significant price reductions, traditional flash sales discounts, extended down payment instalments, guaranteed rental returns (GRR), flexible financing options, diverse unique unit offerings and even mirroring competitors' pricing and launch strategies, the core drivers of sales success remain reputable developers, strategic locations and clear market positioning. It is also crucial to recognise that the key factors driving effective market positioning include fair pricing, strategic site selection, a clear target customer focus and thoughtfully designed properties.

### PRICES & RENTAL

Both condominium sales and rental performance have shown signs of growth amidst the ongoing market correction. Developers who have maintained their properties well have been better positioned to protect unit prices from significant depreciation and have effectively leveraged both sold and unsold units in the rental market. While the recovery in condominium

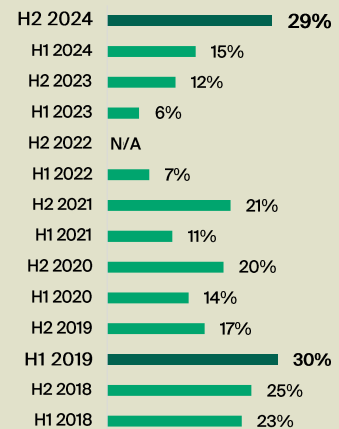
sales, particularly in the Mid-tier and Core segments, is underway, the rental market has outpaced sales recovery, responding to improving demand driven by shifting living preferences and the growing number of young couples. Rental prices have consistently stabilised with minimal fluctuations over the past year.

### OUTLOOK

Cambodia's home loan interest rate has stabilised at an average of 8%. Given the recent decline in U.S. interest rates, there is no expectation of future rate increases affecting Cambodia's interest rates, which presents a favourable outlook for property investment.

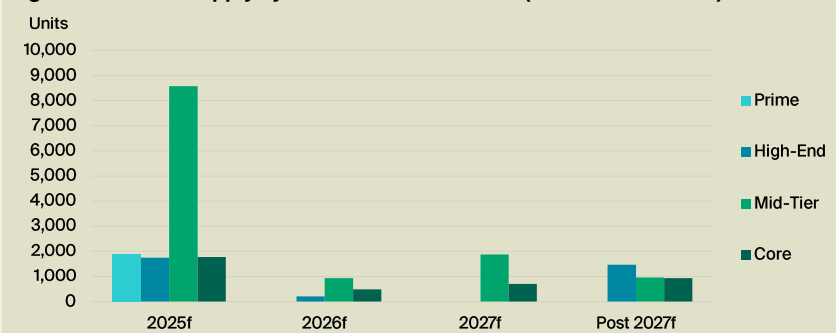
Chamkarmon District, along with the Mid-tier and Core segments and domestic buyers, will continue to lead and influence the market. Following Chamkarmon District, Mean Chey District and Chroy Changvar District are projected to rank among the top three key contributors to the future supply pipeline.

**Figure 24: Phnom Penh Condominium Launch Sales Rate (H2 2017 – H2 2024)**



Source: Knight Frank Research

**Figure 23: Future Supply by Year and Classification (2025f – Post 2027f)**



Source: Knight Frank Research



# Landed Housing Sector

Despite the widespread slowdown in landed housing construction, certain developers continued to make notable progress with several developers enhancing their projects by integrating a stronger sense of community and incorporating well-being themes into their existing nature-inspired infrastructure.

### SUPPLY & DEMAND

With the completion of many projects now going block by block rather than phase by phase, 2,063 units were added to the market across 10 existing projects, bringing the total supply of landed housing in Phnom Penh to 93,573 units across 314 projects as of H2 2024. This reflected a 2.3% HoH increase compared to H1 2024 and an 8.2% YoY increase from H2 2023.

In H2 2024, Sen Sok led in supply share at 20%, followed by Dangkao at 17% and Kamboul at 11%. Chroy Changvar, Chbar Ampov and Russey Keo each accounted for 10%, while Mean Chey contributed 9%. Por Senchey and Prek Pnov had lower shares at 6% and 4%, respectively. Chamkarmon and Daun Penh reported minimal shares at 1% and 2%, while Toul Kork, 7 Makara and Boeung Keng Kang collectively accounted for 2%.

The market segments demonstrated notable shifts highlighting the evolving market. The Mid-tier segment experienced the most growth, increasing its market share to 58% (54,869 units), up from 57% (52,582 units) in H1 2024. This growth can be attributed to a rising demand for Mid-tier housing options. Conversely, the High-end segment maintained its stable position at 9% of the market, reflecting a neutral change. The Core segment, however, declined slightly to 32% from 33%.

These trends underline the market's focus on balancing affordability with quality amidst Phnom Penh's

expanding housing supply.

In H2 2024, developers adopted a more targeted approach, focusing on completing block-by-block rather than the traditional phase-by-phase construction. This approach prioritised the timely delivery of purchased units. Despite challenging market conditions, a total of 2,063 units were completed, primarily consisting of shophouses and terraced houses, with a smaller proportion being semi-detached and detached houses.

Notable developments contributing to these construction progress and ongoing completion included Mekong City (Phase 1), The Prestige Shophouse in Orkide The Botanic City, Dragon Land 598, Prince One Tropica Residence, Golden Park The Natural (Phase 1), B&V Mansion in OCIC Chroy Changvar, Samraong Village (Phase 1), Lay Kong Emerald Residence, Phnom Penh Thmey Radiant Park and a few others. These projects demonstrated resilience by maintaining construction momentum, with some prioritising the completion of sold units and others focusing on desirable unsold units.

2,063 units

An additional 2,063 units from 10 existing developments were added to the current supply in H2 2024.

93,573 units

As of H2 2024, the existing supply reached 93,573 units across 314 developments, representing a growth of 2.3% compared to H1 2024 and 8.2% compared to H2 2023.

### Market Segments

Mid-tier units accounted for 58% of existing supply, followed by Core (32%) and High-end units (9%).

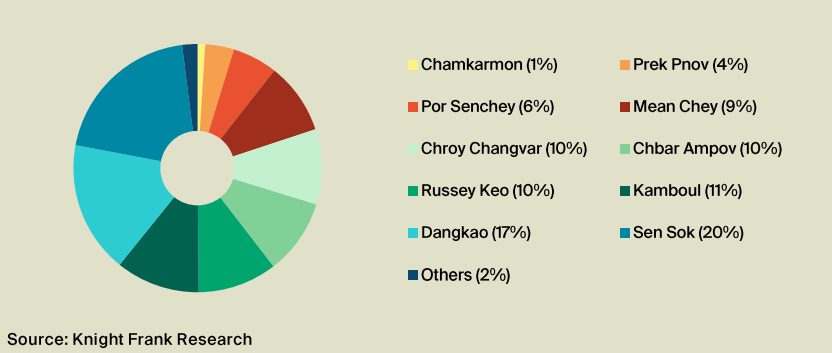
1,120 units

An additional 1,120 landed housing units are expected to enter the market by 2025.

### Outlook

The current slowdown and delay in construction and a shift from speculative investments to real demand are signaling developers to adopt strategic pricing, financing option and review unit allocation.

Figure 25: Existing Landed Housing Supply by District (H2 2024)



Despite the generally low sales rate across all landed housing developments, a few High-end developers remained confident in launching three new projects during H2 2024. Notably, the reputable developer Peng Huoth introduced its new High-end projects, Eco Poli 2 and The Star Natural (Phase 2), contributing at least 260 units to the market. Additionally, ThaanJaya Properties launched Borey Chulassa, featuring High-end villa types. Both developers strategically positioned their High-end units within thoughtfully designed infrastructure, seamlessly incorporating community and nature-inspired themes.

In late 2024, the government announced the implementation of property transfer tax exemptions to enhance accessibility to homeownership. These exemptions will apply to properties priced below USD70,000 and to first-time homebuyers acquiring properties valued up to USD210,000, to be in effect until the end of 2025. The primary goal of these measures is to reduce the financial burden associated with purchasing a home while stimulating the real estate market. By supporting both buyers and developers, this initiative aims to contribute positively to the broader economy.

By 2025 and 2026, the completion of landed housing supply in Phnom Penh is projected to add approximately 1,120 and 930 units, respectively, one of the lowest

construction completion during the past decade, reflecting the slowdown in in the market and low sales rates. In the longer term, from 2026 onward, an estimated 7,600 units are projected to enter the market. Of these, 88% will cater to the Mid-tier and Core segments, while 12% will target the High-end segment. Notably, next year, developments such as WorldBridge Sport Village, Prince One Tropica Residence, Golden Park The Natural (Phase 1), Mekong City (Phase 1), Norea Square (shophouses) in Norea City and Meanchey Residence will primarily contribute to the supply pipeline in 2025.

PRICES

Between H1 2024 and H2 2024, property prices tended to stabilise, with secondary market prices generally being lower than those in the primary market. Meanwhile, the rental market in H2 2024 continued to show signs of stabilisation, mainly driven by living needs and employment-related demand within high-density locations.

Despite generally low sales across landed housing developments, units priced at USD 200,000 or below continued to attract the highest level of inquiries and showed improved sales performance compared to previous years. This trend is likely driven by the affordability sought by Mid-tier and Core buyers.

Amidst low sales performance in Cambodia's landed housing market, certain developers introduced more competitive financing options in H2 2024 to boost sales. These included a

5% down payment and an interest-free payment schedule extending up to 36 months.

MARKET OUTLOOK

Despite the current slowdown and delay in construction progress for landed housing, purchasing trends have shifted from speculative investments to real demand. This shift is prompting developers to adopt more strategic approaches to pricing, financing options and the allocation of their unit types.

Additionally, developers are expected to incorporate even more community-focused and nature-inspired themes into their projects.

With Cambodia's home loan interest rate averaging 8%, no anticipated increase in US interest rates, developers adopting more targeted market strategies and the continued government tax exemptions, there are positive signs, however, the majority of the existing supply is priced significantly what most Cambodian buyers can afford and it will take some time for the market to recover.

Figure 27: Future Supply Growth (2025f – Post 2027f)

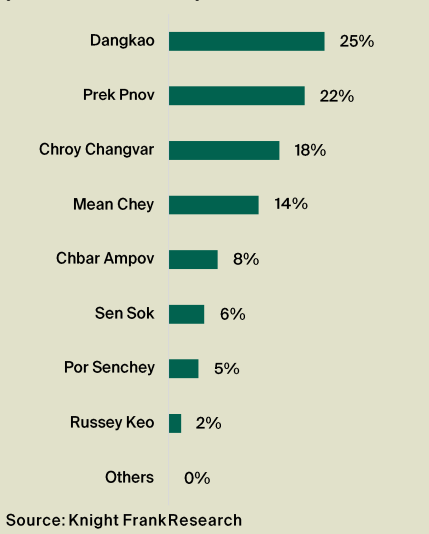
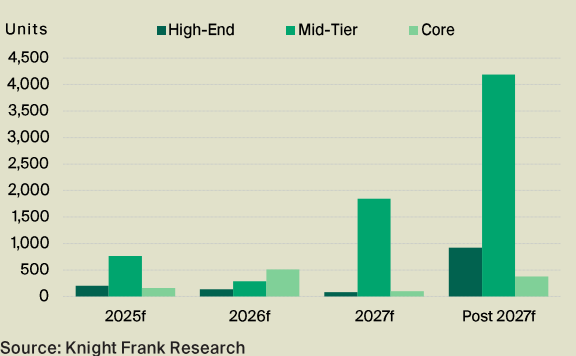


Figure 26: Cumulative Supply of Land Housing Units (2009 - Post 2027f)



Figure 28: Future Supply by Year and Classification (2025f - Post 2027f)



# Industrial Sector

► Cambodia’s industrial sector was a standout performer and as of H2 2024, the country attracted fixed-asset investment amounting to US\$6.9 billion, representing a 40% increase compared to 2023, according to data released by the Council for the Development of Cambodia (CDC).

**SUPPLY & DEMAND**  
Special Economic Zones (SEZs) in Phnom Penh and surrounding areas continued to attract significant FDI during 2024. Phnom Penh and Kandal province are key hubs for industrial activities, boasting a robust presence of SEZs and industrial parks.

As of H2 2024, four Special Economic Zones (SEZs) were operating in Phnom Penh and Kandal province, contributing an aggregated 705 hectares, namely Royal Phnom Penh SEZ (357 hectares), Kerry Worldbridge SEZ (63 hectares), Sovannaphum SEZ (205 hectares) and Goldfame Park Shun SEZ (80 hectares).

Phnom Penh Special Economic Zone has positioned itself as the leading SEZ development in Phnom Penh, - with a land area of 357 hectares. It serves as a dynamic hub for economic activity, featuring

120 diverse factories spanning the garment and non-garment manufacturing sectors.

The last development in Phnom Penh was the Kerry WorldBridge Special Economic Zone, a joint venture between Kerry Logistics and WorldBridge International, Developed on a land area of 63 hectares. However, recently, they have only been operating the duty-free logistics Worldbridge SME cluster.

The other two developments were in Kandal province, including the Sovannaphum Special Economic Zone, developed on a site land area of 204.5 hectares along National Road 1 in Kandal Province.

Other operational industrial estates, Canadia Industrial Park, Vattanac Industrial Park, Samrong Thom SEZ, Chhun Hong Industrial Park, Y Seven II, Grand Twin, Le Urban Eco Park, MSQM Park and Su Zhou Industrial Park delivered in around 422 hectares to existing supply in Phnom Penh and Kandal Province.

## 705 hectare

The overall supply of Special Economic was recorded at 705 hectares within four operating SEZs in Phnom Penh and Kandal province as of H2 2024.

## 414 projects

The number of approved investments in Cambodia was recorded at 414 projects during 2024, indicating an increase of 52% compared to 2023. Meanwhile, investment capital of FDI increased by 40% Y-o-Y at US\$6,900 million in 2024 from US\$ 4,920 million in 2023.

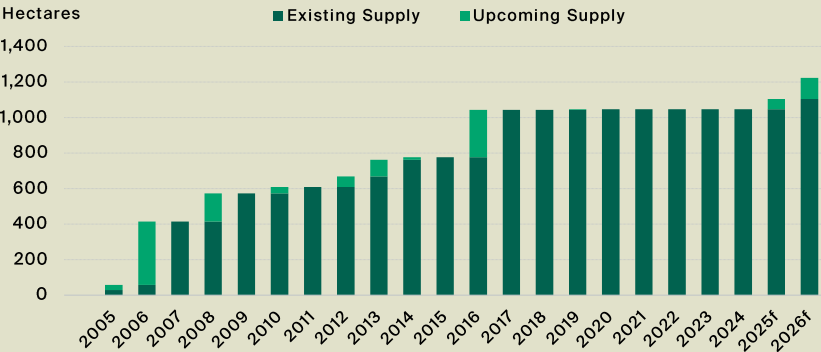
## US\$7.4 billion

Cambodia’s International trade in goods indicated a deficit of US\$ 7.4 billion during 2022.

## 8.6% growth

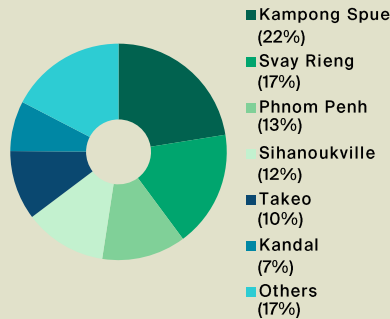
According to the World Bank estimation, Cambodia’s industry is expected to grow by 8.6 per cent in 2025, supported by better trends of global demand and higher confidence of investors.

Figure 29: Supply of Cambodia SEZs & Industrial Parks (2005-2026f) (by land area in hectares)



Source: CDC, Knight Frank Research

Figure 30: Number of Newly Approved Factories / Investments by Province in 2024



Source: CDC



Royal Special Economic Zone II was announced, comprising 120 hectares of development land and it will be recorded in future monitoring in infrastructure development and legal processing. The WBID SME Cluster will also be distributed over approximately 6 hectares in Kandal Province. If all monitoring industrial estates are completed as scheduled, the supply of industrial estates will jump to 1,223 hectares in the next three years.

With the economy showing signs of an upward trajectory, mainly within the industrial and logistics sector, foreign direct investment (FDI) to Cambodia increased by 40% in 2024 compared to 2023.

According to the CDC, the CDC approved 414 investments in 2024, representing a 54% increase compared to 2023. The total investment capital reached \$6.9 billion, an increase of \$1.97 billion, or 40%.

Among these approved projects, a significant portion was concentrated in the industrial sector, which accounted for 69% of the total. This focus on industrial investment highlights a strategic emphasis on enhancing infrastructure, boosting manufacturing capabilities and promoting economic growth in critical areas. The increase reflects favourable market conditions and the potential for job creation and innovation within the industrial realm.

Across 414 approvals in 2024 by location, Phnom Penh ranked third at 13% in terms of the number of approvals and remained the country's central economic hub, while Kampong Spue is the most concentrated area for newly approved investments during 2024 at 22%, followed by Svay Rieng (17%), Preah Sihanouk (12%), Takeo (10%), Svay Rieng (3%), Takeo (3%), Kampong Cham (3%) and the remaining 1% are located in Kratie.

The notable movement is that a Japanese Toyota assembly plant is slated to start operations in the Phnom Penh Special Economic Zone as the latest major foreign company to invest in the country.

With Toyota's established reputation for quality and innovation, the

investment reflects the growing appeal of Cambodia as a destination for international companies seeking to expand their presence in Southeast Asia.

OCCUPANCY RATES & PRICES

Despite the global market headwind, Cambodia's industrial land price and leasehold rents have remained relatively unchanged, a testament to the strength of the manufacturing sector.

Industrial estates in Phnom Penh have performed strongly, with the take up rate of land recorded at 62%, Kandal Province was recorded at 43%. Meanwhile, the average factory rental ranged between US\$2.5 and US\$3.5 per sqm in Phnom Penh and US\$2 and US\$3.5 per sqm in Kandal province. The price premium for long-term leasehold land was between US\$80 and US\$120 per sqm within a leasing period of 50 years.

Royal Group made a significant move in the industrial sector by acquiring a 45.09% stake in Phnom Penh SEZ. This strategic investment positions Royal Group as the company's largest shareholder, a status it has held since late 2021. With this acquisition, Royal Group is solidifying its influence and leadership in the industry, enhancing its commitment to fostering growth within the region's economic landscape.

OUTLOOK

Despite rising domestic and global inflationary pressure, the industrial and logistics industry remained the key driver for Cambodia's economy.

In the short to medium-term, the improvement in Cambodia's industrial sector is expected to continue into 2025, supported by the surge in manufacturing exports.

According to estimations provided by the World Bank, Cambodia's industrial sector is expected to experience significant growth of 8.6 per cent during 2025.

This anticipated growth is attributed to positive trends in global demand, which are likely to enhance export opportunities and stimulate local production. As the international market recovers and expands, Cambodian industries could benefit from increased investment and innovation, leading to a stronger economic outlook for the country.

Figure 31: Export Statistics by Top 5 Countries (Jan 2024 - Nov 2024)

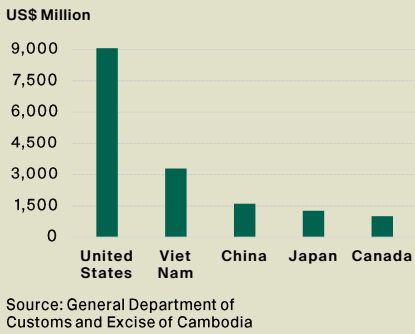
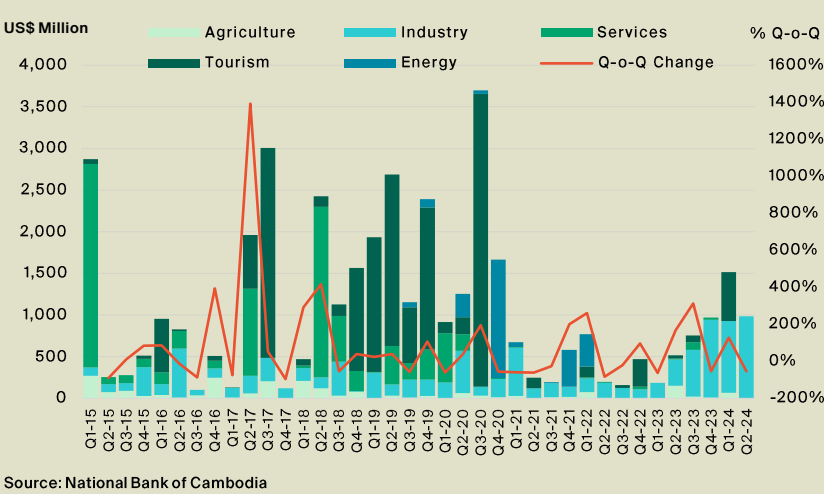


Figure 32: FDI Inflow by Key Indicators



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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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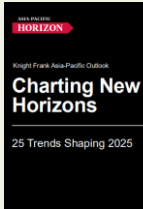


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Prime Phnom Penh Development Land Index



Relocating to Cambodia



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