

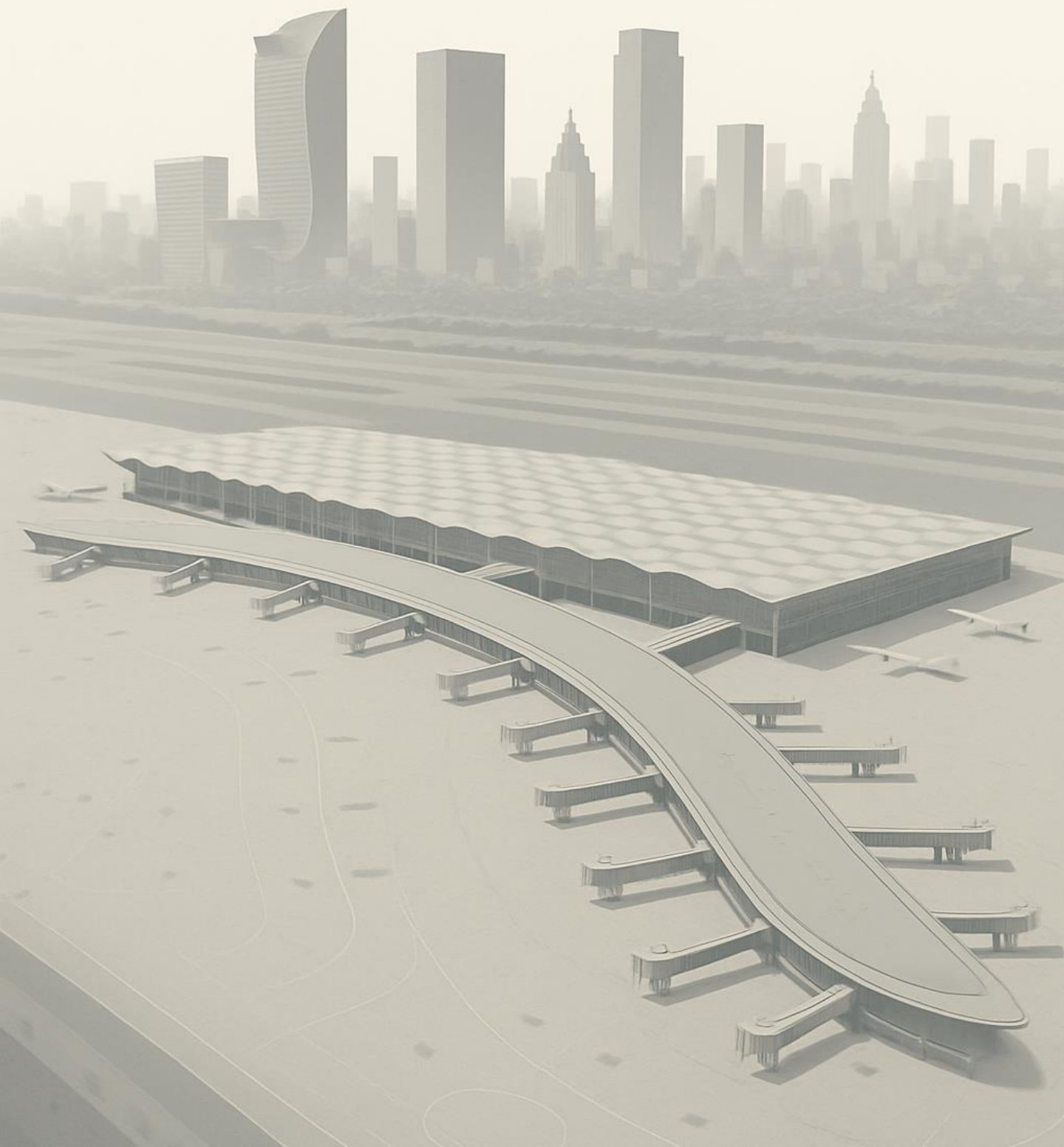
Cambodia

Real Estate Highlights

H1 2025

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

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Cambodia

Economic Snapshot

H1 2025

- ▶ The World Bank has revised its 2025 GDP growth forecast to approximately 4.0%, down from 5.5%. This downgrade is attributed to weakening external demand, uncertainty in trade policies, and an increase in non-performing loans (NPLs)—7.9% for banks and 9% for microfinance, alongside corrections in the real estate sector.

Recent Economic Performance

Economic activity during H1 2025 remained relatively robust but uneven, primarily driven by growth in the garment, travel goods, and footwear sectors, as well as expansion in non-garment manufacturing and services, particularly in the travel and tourism sector.

Total goods exports, especially GTF goods to the U.S. and EU markets, remained strong but showed signs of moderation, growing by 11.6% year-on-year (y/y) in the first quarter of 2025.

Cambodia's exports to the United States increased to over \$4 billion between January and May 2025, representing a 27% rise compared to the same period last year. However, goods exports will be affected by changes in global trade policy, creating additional challenges. Following US President Donald Trump's announcement in April, the US imposed a 49% tariff on Cambodia, which was renegotiated down to 36% in July. Negotiations are ongoing.

In light of concerns over a potential economic downturn, the Cambodian Government is reassessing its strategies. Shortly after the April announcement, the Trump administration initiated a 90-day tariff pause for all countries except China. This adjustment temporarily stabilised export demand and alleviated immediate economic concerns for Cambodian businesses.

Despite facing trade challenges, over the first five months of 2025, the Council for the Development of Cambodia (CDC) approved a total of US\$4.2 billion worth of approvals across 290 projects. This figure represented a remarkable year-over-year increase of 90%. While there was a notable increase in the value of approved Foreign Direct Investment (FDI) projects, the approved domestic investment value declined significantly, shrinking by 96.7% y/y to reach only US\$23 million during the first quarter of 2025.

Phnom Penh, which had experienced a construction and real estate boom before the pandemic, was the worst hit. The decline in property construction, which has been crucial for credit demand, private investment, and economic growth, continues to impact overall economic activity in the capital.

In March 2025, inflation increased to 3.7 per cent year-over-year, mainly due to rising food prices. Although rice prices remained stable, average prices for meat, fish, fruits, and vegetables went up, leading to an acceleration in the food component of the consumer price index. This is expected to increase due to the closure of the Cambodia-Thailand border amid rising tensions, with many products sold in Cambodia being imported from Thailand, most notably dairy products. Foreign tourist spending increased, but is still well below 2019 levels. In the first quarter of 2025, international arrivals reached 1.8 million, a 16.1% increase from the previous year, returning to pre-pandemic levels overall.

However, when excluding business visa holders and trans-frontier workers, the number of leisure tourists is only 1.3 million, down from 1.5 million in 2019. This suggests that, although overall international travel has rebounded, the tourism segment has not yet returned to its pre-pandemic levels. Furthermore, it was reported that tourist arrivals declined by as much as 30% in June when the Cambodia-Thailand border was closed.

Economic Outlook

Despite a notable surge in investment activity in the first five months of 2025, the current global landscape presents significant challenges, leading to increased uncertainty.

Globally, Trump's tariffs could affect key trading nations in North America, Europe, and Asia. These policies may accelerate the localisation of supply chains in the U.S., creating strategic challenges for exporters who heavily rely on the American market, including Cambodia.

Adding to the uncertainty, the ongoing discussions between Thailand and Cambodia have posed challenges for businesses operating in both countries, particularly those involved in Cambodian-Thai trade, which have disrupted supply chains and created market uncertainty.

The above notwithstanding, the revised growth forecast of 4.0% in 2025 still represents strong growth, and the external challenges have opened up medium and long-term opportunities for both the public and private sectors.

Economic Indicators

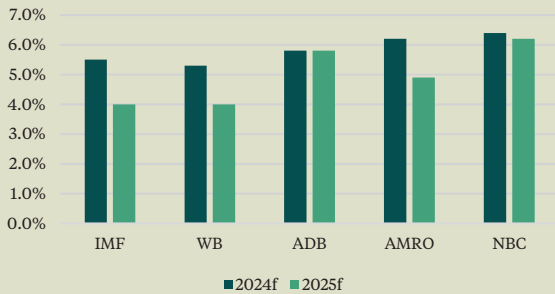
H1 2025



GDP Growth
4.0% (2025f)
WB Revised forecast

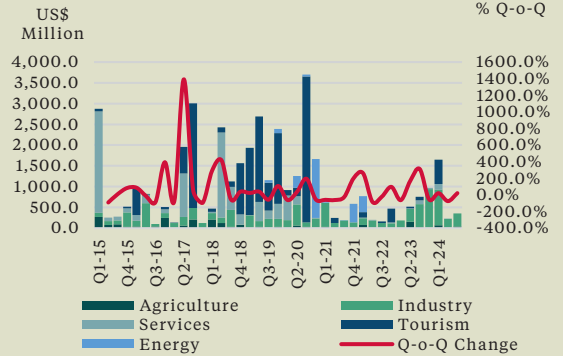
Faced with global and domestic headwinds, Cambodia's real growth is projected to decelerate to 4.0 per cent in 2025 and 4.5 per cent in 2026. Thus, the global economic outlook has weakened amid changes in trade policy, resulting in lower growth forecasts and a decline in investor sentiment.

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



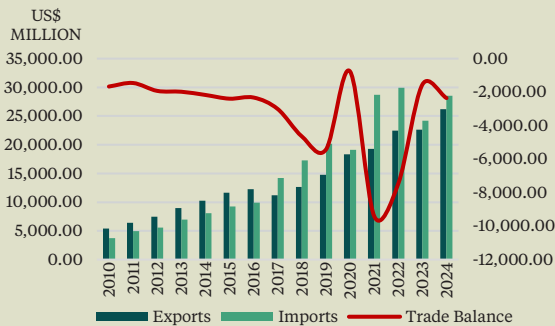
Source: IMF, WB, ADB, AMRO, NBC

Figure 2: FDI Inflow by Key Indicators



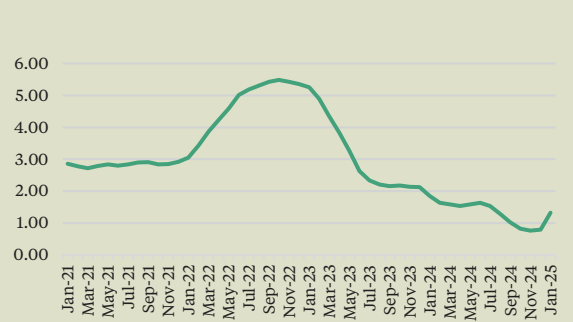
Source: National Bank of Cambodia

Figure 3: International Trade Balance in Goods (in US\$ million)



Source: General Department of Customs and Excise of Cambodia

Figure 4: Moving Average Consumer Price Index and Inflation Rate (Year-on-Year Change)



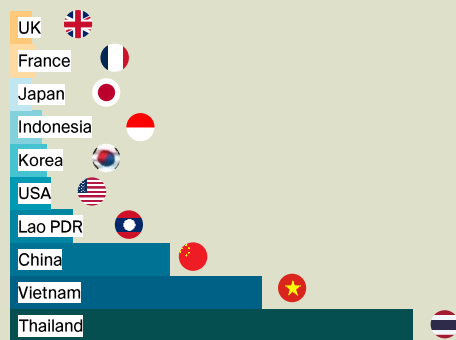
Source: National Bank of Cambodia

Figure 5: The Cumulative Capital Value of Newly Approved Construction Projects between Pre-2010 to Q1 2025



Source: Ministry of Land Management, Urban Planning and Construction

Figure 6: Top Tourist Generating Countries (2024)



Source: Ministry of Tourism

Phnom Penh Office Sector

► Phnom Penh’s office sector experienced steady growth amid increased supply and changing market dynamics.

SUPPLY & DEMAND

In the first half of 2025, the Phnom Penh office sector demonstrated steady growth, with the total existing supply reaching approximately 1,015,380 square metres (sq m). This marked a year-on-year increase of 5%, reflecting a positive trend in the market and indicating sustained demand for office space in the region.

A significant majority of the existing office supply consisted of centrally-owned buildings, which accounted for 73% of the total market. In contrast, strata-title units represented a smaller segment, comprising the remaining 27% of the market. This distribution highlights the continued dominance of centrally owned properties in shaping the current office landscape.

In terms of grading, as of H1 2025, Grade B office spaces made up almost half of the market, accounting for 49% of the total supply.

Meanwhile, the Grade C and Grade A categories accounted for 28% and 23% of the market, respectively. This distribution highlights the diverse range of office space options available, catering to various business needs and preferences.

In addition, a substantial majority of office spaces, approximately 80%, were located in the city centre, reflecting its dominant position in the market. The suburban districts accounted for the remaining 20% of the total office supply, indicating a notable disparity in distribution with limited demand for non-core offices.

As illustrated in Figure 7, the districts of Chamkarmon and Daun Penh contributed the majority of the office supply, accounting for 24% and 23% of the total available space, respectively. 7 Makara District accounted for 13%, while Sen Sok and Boeung Keng Kong contributed 12% and 11%, respectively. This was followed by Toul Kork (10%) whilst the remaining 8% was distributed across the districts of Chroy Changvar, Meanchey, and Russey Keo.

1,015,380 sq m

The total existing supply increased to 1,015,380 during H1 2025, representing a year-on-year increase of 5%.

49% Grade B

Grade B office space made up almost half of the market, representing 49% of the total.

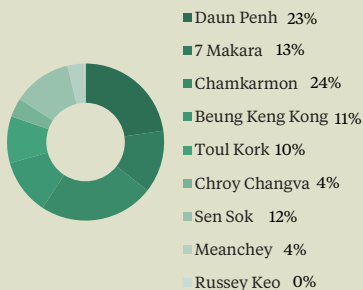
1,557,098 sq m

If all future supply completes as scheduled, the cumulative Phnom Penh supply will reach 1,557,098 sq m by 2028, an increase of 53%.



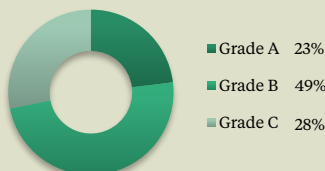
Image: SK Tower

Figure 7: Distribution of Existing Office Supply by District



Source: Knight Frank Research

Figure 8: Phnom Penh Office Supply by Grade



Source: Knight Frank Research

In the coming years, Phnom Penh is projected to undergo a substantial expansion in its office space. As of H1 2025, the future supply pipeline was recorded at 541,717 sq m.

A significant portion of the upcoming supply will consist of Grade A office space, which is estimated to make up 88% of the total future supply. Grade B office space will make up the remaining 12% of this supply. There were no Grade C office buildings in the future supply.

55% of the future supply will comprise centrally owned offices, with the remaining 45% of the supply being stratified office project.

The upcoming office spaces are primarily focused in the city centre, capturing 94% of the total future supply. Only 6% of the future office space will be located in suburban areas, underscoring a clear trend that city centre office buildings continue to outperform their non-core counterparts.

Most of the upcoming office supply will be located in Chamkarmon District, which accounts for 32% of the total. Daun Penh District and 7 Makara District follow closely, contributing 25% and 23% respectively. Smaller submarkets include Boeung Keng Kang District, Toul Kork District, and Meanchey District, adding 7%, 7%, and 3% respectively. The remaining 3% is located in Chbar Ampov District and Sen Sok District, rounding out the future supply landscape in Phnom Penh.

The cumulative office supply in Phnom Penh has shown consistent growth. If all projects in the development pipeline complete as scheduled, the cumulative Phnom Penh supply will increase to 1,557,098 sq m, reflecting a 53% over the current supply. This steady expansion is largely driven by continued development in core districts.

PRICES & RENTAL

The Prime office market in Phnom Penh has undergone notable change recently. As of the first half of 2025, the vacancy rate in this sector climbed to 26%, reflecting an increase of eight percentage points compared to 2024. This shift indicates evolving dynamics in the market, possibly driven by changing demand trends and economic factors influencing occupancy rates. While the occupancy of the overall office sector was recorded at 60%.

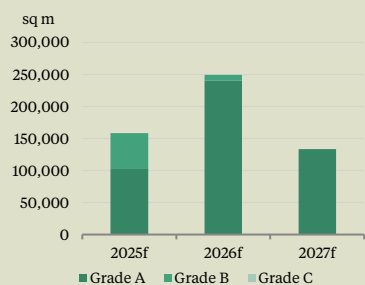
Despite the downward pressure on occupancy rates, Prime office rents remained stable during H1 2025. As of the second quarter of 2025, the average prime net effective rent stands firm at US\$21 per square metre per month. This consistent pricing suggests that rents are stabilising, having declined by 16% since the outbreak of Covid-19 in 2020.

OUTLOOK

The future of the office sector in Phnom Penh presents a mixed outlook. While the cumulative supply of office space has seen modest growth due to cautious new developments, the vacancy rate has risen by 8% from last year, highlighting an increasing supply-demand imbalance that needs attention. External factors will significantly impact the office market. Recent tariff policies and border disputes may disrupt trade and investment, affecting business sentiment and demand for office space. Economic trends, both globally and domestically, will also be critical. A slowdown in growth could reduce corporate spending and lead businesses to adopt more flexible working arrangements, prompting a reevaluation of their office needs.

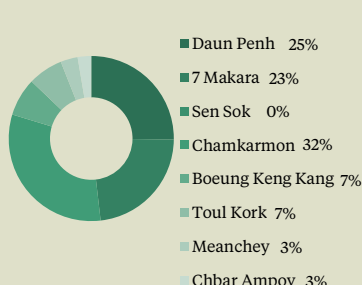
While the short-term outlook for the Phnom Penh office sector is challenged by rising vacancy rates, the long-term prospects will be shaped by broader economic conditions and external factors. Stakeholders will need to remain adaptive and responsive to these changes to navigate the evolving landscape successfully. Moving forward, a focus on flexibility, innovative office solutions, and strategic location will be vital for businesses seeking to thrive in this dynamic environment. Office amenities will also play a critical role moving forward, with newer developments including health & wellness spaces and sports/gym facilities into the offering as unique selling points to differentiate from the competition.

Figure 9: Future Supply by Grade and Year of Completion



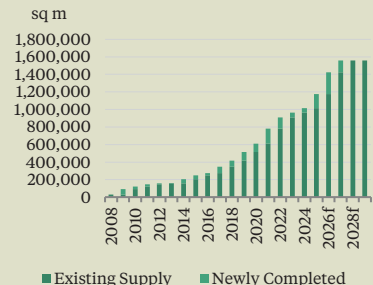
Source: Knight Frank Research

Figure 10: Distribution of Future Office Supply by District



Source: Knight Frank Research

Figure 11: Cumulative Supply of Office Space (2008 - Post-2028f)



Source: Knight Frank Research

Phnom Penh Retail Sector

- Take-up of retail space remained weak during H2 2025, with occupancy dropping from approximately 67% in H1 2024 to around 62% in H1 2025. This decline indicates an increasing challenge in the market, driven by changing consumer behaviors and a short-term oversupply that is affecting demand in this sector.

SUPPLY & DEMAND

Cambodia’s economy experienced a slowdown during the second quarter of the year, affecting the retail sector with a decline in consumer spending and sales. With a current oversupply of retail space in Phnom Penh, only one project was added to the existing supply during H1 2025.

Booyong Town, the only additional retail offering, contributed 21,500 sq m of NLA, to the existing supply. Booyong Town, a mixed-use project that combines four condominium towers with a three-storey retail podium, officially opened after a several-year pause due to the redesign of the retail space

In the first half of 2025, the retail supply was recorded at 873,201 sq m of NLA. This represented an increase of only 1% YoY if compared to the same period last year. The retail space per capita remained unchanged at 0.35 sq m during H1 2025, based on the Phnom Penh population of 2.5 million (as of 2023).

Among the existing supply, the majority consists of Prime grade buildings (63%), while Secondary retail space accounts for 37% of the total supply.

The retail space distribution is currently 61% in Suburban areas and 39% in the City Centre districts. This ratio distribution has changed significantly since the introduction of Aeon Mall Meanchey and Chip Mong Mega Mall 271 within the Suburban Meanchey District.

Location-wise, the retail space is predominantly concentrated within Sen Sok District (31%) and Meanchey District (23%). These two districts are primarily attributed to the larger shopping centres, including Aeon Sen Sok Mall, Chip Mong Sen Sok Mall, Chip Mong Mega Mall 271, and Aeon Mall Meanchey. This is followed by Chamkarmon (16%) and 7 Makara (10%). The remaining 20% of retail space is spread across Daun Penh, Boeung Keng Kang, Toul Kork, Russey Keo, Porsenchey, Chbar Ampov, and Chroy Chongvar districts.

873,201 sq m

As of the end of H1 2025, the retail supply in Phnom Penh reached 873,201 sqm of NLA, indicating a minimal growth at 1% increase compared to H1 2024.

0.35 sq m per capita

The retail space per capita remained unchanged at 0.35 sq m.

1,147,955 sq m

Over the next three to four years, the total retail space supply will reach 1,147,955 sq m of NLA, assuming all monitored projects are completed as scheduled. This equates to a 31% increase over the current supply.

62.2% occupancy

The retail occupancy rate in Phnom Penh continued to decline during the first half of 2025, representing a 4.8 percentage point decrease compared to the same period in 2024.

Figure 12: Cumulative Supply of Retail Space (2010 - Post-2028f)



Source: Knight Frank Research



Image: U-Mall, Chamkarmon, Phnom Penh

Within the future pipeline, the incoming supply is expected to be rolled over into subsequent years given current market dynamics. The future supply was recorded at 274,754 sq m of NLA to be completed between H2 2025 and post-2028.

The incoming retail supply in Phnom Penh is projected to grow at a compounded annual growth rate (CAGR) of 10% between 2025 and 2027. With the addition of 274,754 sq m of net leasable area (NLA), the total cumulative supply is expected to reach 1,147,955 sq m of NLA if all monitored projects are completed on schedule. With Phnom Penh's population anticipated to increase to 2.6 million by 2026, the retail space per capita is expected to reach 0.43 sq m by 2027.

In terms of demand for retail space, we continue to see a slowdown in the entry of new international brands, in part due to global economic challenges affecting consumer spending.

Food and Beverage (F&B) outlets continued to dominate the tenant mix in Phnom Penh's shopping centres, reflecting strong consumer demand for dining experiences and remaining resilient amid shifting retail trends.

Anchor retailers in shopping centres, such as supermarkets, cinemas, entertainment venues, and fashion outlets, continue to show resilience, remaining active, and no major closures occurred despite the slowdown in market activity.

The retail vacancy rate in Phnom Penh continued to rise during the first half of 2025, despite landlords adapting flexible spaces to maintain occupancy levels.

The overall vacancy rate increased to 37.8%, representing a 4.8 percentage point rise compared to the same period in 2024.

These vacancy rates are indicative of the demand and supply dynamics for brand movements, with most brand exits located in Secondary shopping centres that have low foot traffic.

PRICES & RENTAL

The average quoted rent for Phnom Penh retail space has decreased slightly due to heightened competition among landlords, as well as a reduction in leasing activity.

Retail rental rates vary by location and quality, with higher prices in prime areas of the Central Business District (CBD). The top high-traffic locations are Aeon Mall Phnom Penh, Aeon Mall Sen Sok, and the open-air spaces in community malls.

During H1 2025, Prime retail space had average quoted rents of US\$18 to US\$26 per square meter per month of NLA, while secondary-grade retail spaces ranged between US\$9 and US\$20 per square meter per month of NLA.

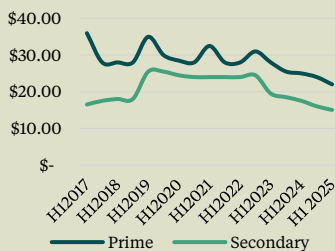
OUTLOOK

Retail supply in the development pipeline is expected to be delayed further, given the current market, which should see occupancy rates rise over the short term.

The influx of new retail space in Phnom Penh is expected to moderate over the short term as developers opt to defer completion of new retail malls. This is primarily due to the current oversupply situation, where new developments are outpacing actual demand. Many malls continue to face high vacancy rates as consumer foot traffic has not yet returned to pre-pandemic levels. In the short term, landlords are encouraged to diversify their tenant mixes and offer flexible leasing options—such as lower base rents plus sales-based components—to attract new tenants. As the retail industry continues to evolve, districts that offer substantial population and job growth, driven by a mix of young families and infrastructure improvements, will drive long-term retail demand.

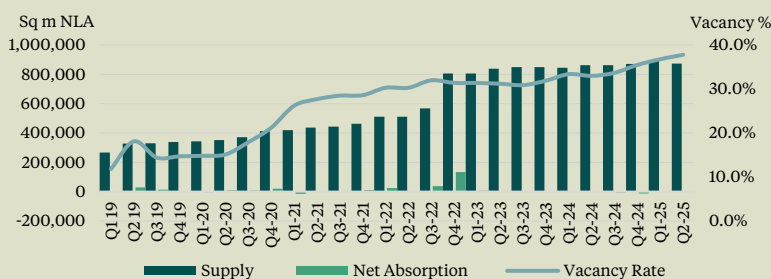
Cambodia's economic growth faces uncertainty due to the global geopolitical environment. Current conflicts, such as the Israel-Iran conflict, heightened trade tensions, and the Cambodia-Thailand border conflict, are contributing to increased volatility in international markets which directly impacts Cambodia's retail sector. The above notwithstanding, with Cambodia's favourable demographic and increasing disposable incomes, the long-term outlook remains positive.

Figure 13: Average Rent of Retail Space by Grade (\$/PSM/Month)



Source: Knight Frank Research

Figure 14: Performance of the Phnom Penh Retail Sector Q1 2019 – Q2 2025



Source: Knight Frank Research

Phnom Penh Hotel Sector

- ▶ In 2024, international arrivals reached about 6.7 million, exceeding pre-Covid numbers. Despite a 6.2% year-over-year growth in early 2025, visitor arrivals are expected to decline in the latter half due to the Cambodia-Thailand border closure, affecting occupancy and room rates.

SUPPLY & DEMAND

In the first half of 2025, Phnom Penh’s hotel accommodation expanded to approximately 16,372 rooms, representing a 6% increase from 2024. This growth was driven by the entry of one internationally-branded hotel and a new domestic brand under Morgan Group.

The completion of these hotels, categorised as Luxury & Upper Upscale (5-star) and Upscale & Upper Midscale (4-star), added approximately 400 rooms to the market.

The Wyndham Grand Phnom Penh Capital, a Luxury & Upper Upscale hotel, is situated in the central business district (CBD) and is part of Wyndham Hotels & Resorts, one of the largest hotel franchisors globally.

The Merton Holiday Inn, an Upscale and Upper Midscale hotel within Tower 1 of Morgan EnMaison, by the Morgan Group, is located on the bank of the Mekong River, in Chroy Changvar District.

The Wyndham Grand is a City Centre hotel, whilst the Merton Holiday Inn is located within a Suburban district. The City Centre captures 83% of the hotel market, while the Suburban districts accounted for just 17% of Phnom Penh’s hotel supply.

Knight Frank has classified the market into three distinct categories: Luxury & Upper Upscale (5-star), Upscale & Upper Midscale (4-star), and Midscale & Economy (3-star). The Midscale and Economy segment continued to dominate the market, accounting for 43% of the total supply. Meanwhile, the Upscale and Upper Midscale category represented 32% of the market share, while the Luxury and Upper Upscale segment comprised 26%.

Phnom Penh boasts a diverse range of hotels throughout the city, with the CBD standing out as the primary hub for accommodations. The distribution of hotels across various districts is illustrated in Figure 15. Daun Penh District has the highest concentration of hotels, accounting for 39% of the total hotel market. This was followed by Chamkarmon and Boeung Keng Kang districts, which hold 22% and 11% of the market share, respectively.

400 rooms

400 rooms were added to the Phnom Penh supply, across the Upscale & Upper Upscale and Luxury & Upper Upscale segments.

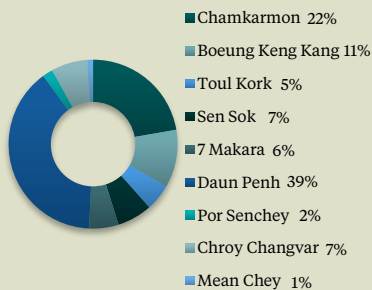
6% increase

The hotel sector has expanded to nearly 16,400 rooms during H1 2025, reflecting a 6% increase from the previous year, 2024.

19,483 rooms

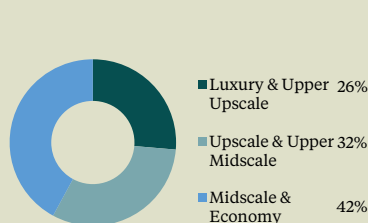
Hotel supply is set to increase to approximately 19,483 rooms by 2028, representing a 19% increase over the existing supply

Figure 15: Distribution of Existing Hotel Supply by District



Source: Knight Frank Research

Figure 16: Distribution of Existing Hotels by Classification



Source: Knight Frank Research

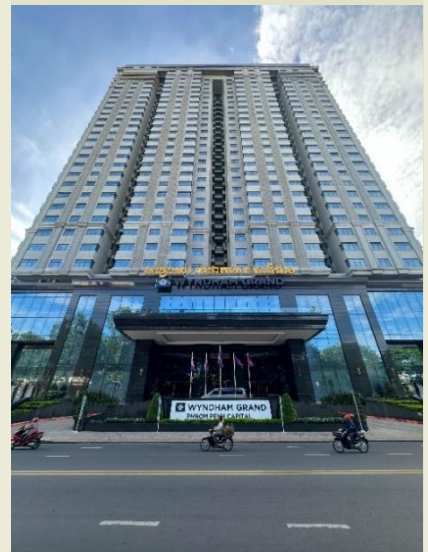


Image: Wyndham Grand Phnom Penh Capital

Other notable locations included Chroy Changvar and Sen Sok districts, each contributing 7%, while 7 Makara and Toul Kork districts represented 6% and 5%, respectively. The remaining 3% of hotel supply is found in Por Senchey and Mean Chey districts.

In terms of future supply, 3,111 new hotel rooms were recorded in the development pipeline. This growth in the hotel market will predominantly feature Luxury and Upper Upscale accommodations, which will constitute 63% of the total new stock. Meanwhile, Midscale and Economy options will represent 20%, and Upscale and Upper Midscale properties will account for 17%.

An overwhelming 95% of the future hotel supply is concentrated in City Centre districts, while Suburban hotels account for only 5%, highlighting the nascent stage of development of Phnom Penh’s hospitality sector.

Among all districts, Daun Penh is projected to account for 38% of the future hotel supply, making it the leading area for hotel development. Following Daun Penh, Boeung Keng Kang and Chamkarmon districts are expected to contribute 28% and 16% of the total hotel supply, respectively. Meanwhile, 7 Makara is anticipated to hold 12% of the future supply, while the Sen Sok district is forecasted to have a modest share of just 5%.

This distribution highlights the varying growth patterns and emerging opportunities within hotel segments. The anticipated future supply is set to drive significant market expansion.

Alongside the existing stock, these additions are expected to elevate the cumulative supply to approximately 19,483 rooms, reflecting a 19% over the existing supply.

OCCUPANCY & AVERAGE ROOM RATE

As of January 2025, the occupancy rate of the Luxury & Upper Upscale hotel market increased to 42.0%, up from 38.6% in 2024, reflecting growth in international tourist arrivals. Whilst occupancy increased, the average daily rate (ADR) compressed. The ADR of the Luxury & Upper Upscale segment averaged approximately \$160, which is lower than \$162 in 2024 and \$169 in 2023.

This stabilisation in ADR despite rising occupancy suggests a competitive market where hotels may be striving to attract a broader range of guests. Additionally, with an increase in supply, it will be interesting to observe how properties adjust their pricing strategies moving forward. Investing in luxury amenities and personalised experiences can boost guest satisfaction and future revenues.

OUTLOOK

The positive market momentum from the second half of 2024 continued into Q1 2025, fostering optimism. However, this was quickly dampened by Trump's tariff announcement and the Cambodia-Thailand border conflict, which led to the border's closure.

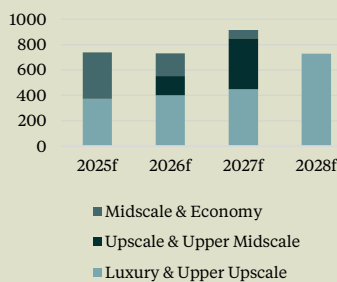
Many of these tourist arrivals enter Cambodia to visit casino hotels along the land borders: the core markets of Phnom Penh and Siem Reap continue to face challenges with occupancy.

Whilst international arrivals recorded positive growth during the first five months of 2025, the closure of the Cambodia-Thailand border and ongoing tensions will weigh down on the sector during the second half of the year.

Despite the above, new hotel developments in the Upscale, Upper Midscale, and Luxury segments will further enhance Phnom Penh’s accommodation offering, catering to a diverse range of travellers.

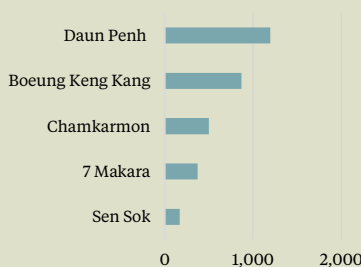
Additionally, the Cambodian government's commitment to improving infrastructure, highlighted by the new international airports in Siem Reap and soon-to-open Techo International Airport Phnom Penh, will boost accessibility and attract more direct flights, driving demand for rooms over the medium and long-term.

Figure 17: Future Supply by Year and Classification



Source: Knight Frank Research

Figure 18: Future Supply by Location and Classification



Source: Knight Frank Research

Figure 19: Cumulative Supply of Hotel Rooms (2010 - Post-2028f)



Source: Knight Frank Research

Phnom Penh Serviced Apartment Sector

- The serviced apartment sector remained stable during H1 2025 despite the increase in supply and external headwinds. However, the second half of the year is expected to be more challenging.

SUPPLY & DEMAND

During H1 2025, the supply of serviced apartments in Phnom Penh reached approximately 8,975 units. This marked an increase of 7% compared to 2024. This upward trend indicates a rising demand for flexible living spaces in the city, reflecting the ongoing urban development and economic activity in the region.

This growth was primarily driven by the recent completion of two High-end serviced apartments in prime areas of Phnom Penh. The Wyndham Grand Phnom Penh Capital, located in Daun Penh District, and the Grand Mansion in Boueng Keng Kang District added 565 units to the serviced apartment sector, designed for longer-stay guests.

The recent completions highlight the market's preference for serviced apartments in prime areas, due to their closeness to business hubs, great accessibility,

diverse dining and entertainment, and the appeal of established neighbourhoods that enhance residents' quality of life.

As of the first half of 2025, approximately 93% of serviced apartments were situated in the City Centre districts, while only 7% were located outside this core area. This concentration underscores the importance of location in attracting residents to serviced living spaces.

Among all the districts, Boueng Keng Kang maintained its position as the most in-demand district, popular among the expatriate community, accounting for approximately 30% of the total serviced apartments market. Following closely were Daun Penh and Chamkarmon, accounting for about 25% and 20%, respectively. Other districts, such as Toul Kork, 7 Makara, and Chroy Changvar, contributed 10%, 8%, and 4% of the market share, respectively. Sen Sok and Meanchey districts made up the remaining 3%.

8,975 units

The Phnom Penh market has experienced notable growth, reaching approximately 8,975 units.

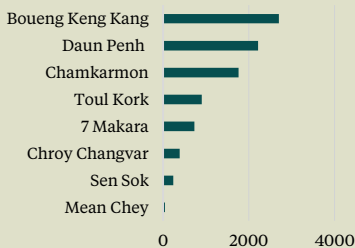
53% of Market

In Phnom Penh, approximately 53% of the market consists of Business-class apartments.

30% in BKK

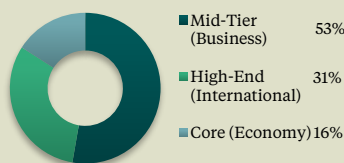
Boueng Keng Kang leads the serviced apartment market with about 30% of supply, followed by Daun Penh at 25% and Chamkarmon at 20%.

Figure 20: Serviced Apartments Distribution by Geographical Location



Source: Knight Frank Research

Figure 21: Serviced Apartments by Grade



Source: Knight Frank Research



Image: Grand Mansion

Understanding these percentages helps highlight the most competitive areas within the serviced apartment market.

In terms of the classes, Knight Frank has classified serviced apartments into three distinct categories: International, Business, and Economy. In Phnom Penh, approximately 53% of the market consists of Business-class apartments, indicating a strong demand for this segment. International class serviced apartments contributed 31% of the market, while the Economy class accounted for the remaining 16% of the total supply. This distribution highlights the varying preferences of residents and travellers, emphasising the importance of understanding market dynamics in the serviced apartment sector.

Looking ahead to the future supply, the number of serviced apartments in Phnom Penh is set to grow by 1,579 units. This expansion will offer more options for both short-term and long-term guests, catering to diverse needs in the hospitality market. Notably, 56% of these units will be situated in the City Centre, while the remaining 44% will be located in Suburban areas, offering a balanced choice for different preferences.

Most of the future supply is located in the districts of Sen Sok and Chamkarmon, accounting for approximately 35% and 34%, respectively. Additional future supply will be in Chbar Ampov (9%), Boeung Keng Kang (8%), and Toul Kork (8%), while Daun Penh contains the remaining 6%. This distribution highlights the concentration of resources in these key districts, which could play a crucial role in future planning and development.

By the end of 2028, the total number of serviced apartment units is expected to reach approximately 10,554, representing an 18% increase over the existing supply.

OCCUPANCY RATE & RENTAL

The pricing structure across the different market segmentations varies significantly. Typically, International class units are priced at around US\$20 per square metre per month, while Business spaces are set at roughly US\$13 per square metre per month, and Economy spaces tend to be about US\$7 per square metre per month.

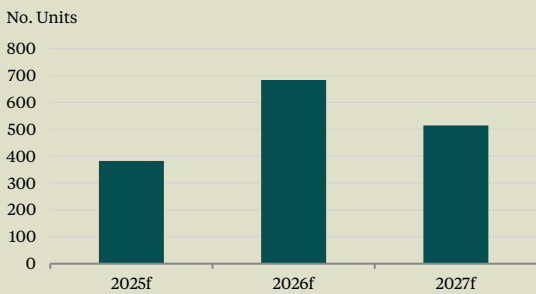
In the serviced apartment industry, the average occupancy rate has remained steady at approximately 54%. This reflects a consistent level of interest in these accommodations, yet it also highlights the persistent challenges the sector faces in attracting more guests.

OUTLOOK

In the near term, strong government policies aimed at attracting foreign investment and improving business infrastructure are fostering a stable economic environment. This stability is particularly beneficial for the serviced apartment market, which is experiencing increased demand from expatriates and business travellers. While there may be some challenges due to ongoing discussions about trade policies, the overall economic outlook remains positive, supporting growth in this sector.

Whilst there will be short-term volatility given the ongoing Cambodia-Thailand border tensions, looking ahead, the serviced apartment sector is expected to thrive as Cambodia continues to develop its infrastructure and urban areas. The government's focus on economic diversification will likely lead to a sustained influx of international businesses and tourists, further fueling demand for flexible living spaces. As the economy continues to evolve, serviced apartments will increasingly cater to professionals seeking long-term stays and modern amenities, enhancing their appeal.

Figure 22: Future Supply of Serviced Apartments by Year



Source: Knight Frank Research

Figure 23: Cumulative Supply of Serviced Apartments (2009 - Post-2028f)



Source: Knight Frank Research

Phnom Penh Condominium Sector

- The positive momentum recorded in the condominium sector during H2 2024 continued into the first half of the year, with improving sales rates to both foreign and domestic buyers. However, the market is expected to moderate in H2 2025 given the ongoing Cambodia-Thailand conflict.

SUPPLY & DEMAND

The condominium market maintained positive momentum in Q1 2025, with increasing sales rates of newly launched projects. However, market disruptions during Q2 2025 weighed down on investor sentiment due to the Cambodia-Thailand border tension.

The existing supply of condominiums reached 61,564 units in H1 2025, following the completion of four additional projects: La Vista (Building B), City View Residence, WorldBridge Sport Village Condo (all buildings) and East Sen Sok Condo.

In H2 2024, the sales rate of newly launched condominiums hit 29%, the highest sales rate since 2019. However, this rate declined to 16% in H1 2025, albeit the lower rate was largely due to an increase in the number of condo launched, particularly in the Core segment.

The number of units sold during H1 2025 was the highest since 2020. This trend indicated that developers in the Core segment have become increasingly optimistic about the recent peak in local demand, as well as the future demand.

Since 2024, the purchasing trend showed a shift from speculation to genuine demand. This shift emphasised local transactions over reliance on foreign purchases. It is important to note that this change was not solely due to pricing, but real demand has also been further supported by developers' improved understanding and strategies, including favourable payment terms. These terms often featured down payments as low as 10-20% and financing options of 36-48 months at zero interest, with the final payoff due on completion. As a result, local buyers have become more actively engaged in the market than ever before.

In H1 2025, Dangkao District achieved a significant milestone by introducing 1,860 newly launched condominium units.

61,564 units

Completions from four projects pushed the total supply from 57,772 (H2 2024) to 61,564 units (H1 2025).

7,110 units

By the end of 2025, the total supply of existing condominiums is anticipated to reach 68,674 units after the completion of 7,110 units.

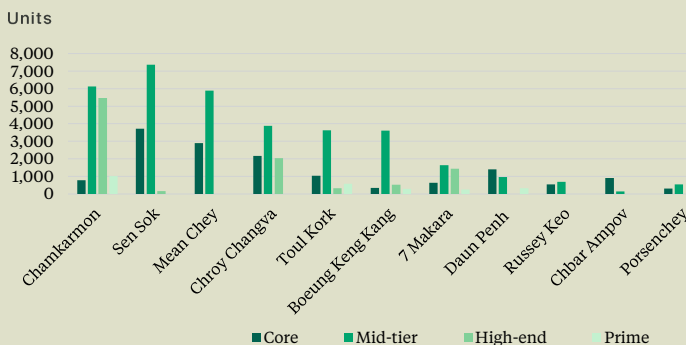
Segments

The Mid-tier and Core segments remained the dominant categories in the market, representing 56% and 24% of the total supply, followed by High-end (16%) and Prime (4%).

Outlook

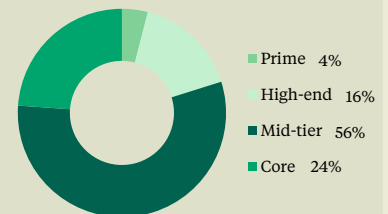
Starting in 2025, condos will become a viable option for Cambodian buyers alongside landed housing, thanks to government infrastructure developments that support long-term market growth.

Figure 24: Existing Supply by Location and Segment



Source: Knight Frank Research

Figure 25: Existing Supply by Classification



Source: Knight Frank Research

The Arakawa Residence 2 and Piphup Thmey Kour Srov Condo are significantly aligned with and supported by government affordable housing policies and ongoing major public infrastructure developments south of Phnom Penh. In addition to these two Core-segment projects, several Core and Mid-tier projects were launched in Meanchey, Chamkarmon and Sen Sok Districts. These include HNH Central, L Tower Monivong and Piphup Thmey Sen Sok Condo (phases 1 & 2), along with Kingston Royale Condo. The six new projects led to a total of 4,338 newly launched units, more than three times the number from the previous period.

Overall, the sales rate of total available units for the Core segment has significantly improved since Q2 2024.

However, the other segments have shown either minimal or stagnant recovery, ranking as the Mid-tier, High-end and Prime segments, respectively.

Chamkarmon, Sen Sok and Mean Chey, accounted for the majority of the future supply, with Core projects located in outside City Centre locations. Dangkao District recorded its first project launches, with 1,860 units recorded within the future supply pipeline, all within the Core segment, with completion anticipated by 2027.

This significant expansion will elevate Dangkao's position from the lowest rank to sixth place in the list of planned additional supply for the future. Along with new infrastructure developments, including the upcoming Techo International Airport south of Phnom Penh, which is set to officially begin operations in Q3 2025, both the supply side and anticipated job creation will drive this market.

PRICES

The stronger demand and greater supply both in the Core market have pushed the overall launched sales price per sqm down to US\$515/sqm, the lowest level ever experienced, nearly three times lower than the average level (US\$1,476/sqm).

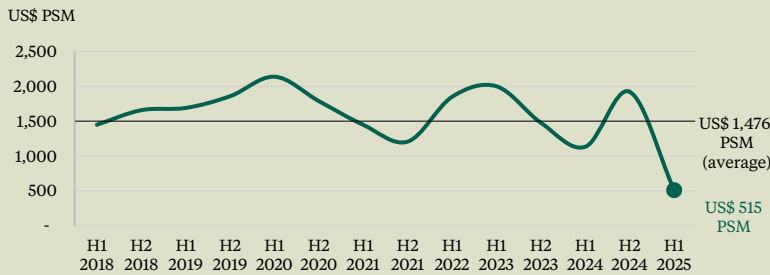
OUTLOOK

There is an increasing shift in the market from a reliance on foreign buyers to growing domestic demand, in line with more affordable pricing and the wider market correction.

The stabilisation of market rents has also underpinned capital values and given investor confidence in rental yields.

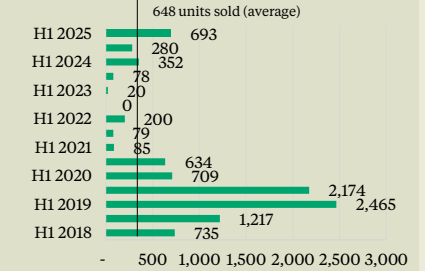
However, whilst the medium to long-term outlook is positive, short-term external volatility is expected to weigh down on the market during the second half of 2025.

Figure 26: H-o-H Trend in Developers' Newly Launched Sales Price Per Sqm (H1 2018 - H1 2025)



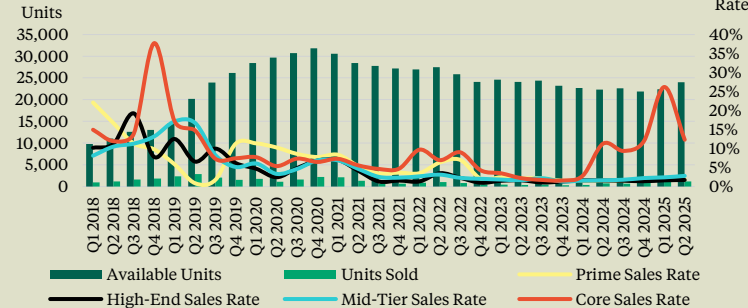
Source: Knight Frank Research

Figure 27: Newly Launched Units Sold H-o-H (H1 2018 - H1 2025)



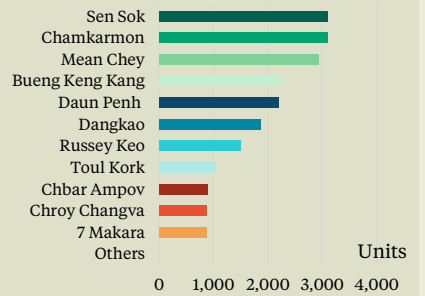
Source: Knight Frank Research

Figure 28: Total Available Units and Sales Rate by Segment Q-o-Q (Q1 2018 - Q2 2025)



Source: Knight Frank Research

Figure 29: Future Upcoming Supply by District (2025f - Post-2028f)



Source: Knight Frank Research

Phnom Penh Landed Housing Sector

- ▶ The landed housing market continued to maintain its weak overall sales performance, below 5% of total stock, even with fewer projects being launched. Location and accessibility, coupled with attractive financing terms for buyers, remained key to driving sales during this period.

SUPPLY & DEMAND

Despite the continued weak performance of the housing sector, 1,530 units were launched during H1 2025, mainly being additional phases of established housing projects. Five out of seven projects were categorised as Mid-tier developments. The projects were Borey Vimean Phnom Penh Palace, Borey Mekong City (Villa Queens in phase 2), Borey The Sok San Town 50M, Borey Peng Huoth Phum Morokot, Borey Chip Mong Grand Landmark 271, Norea Square (Townhouse) and Borey Peng Huoth Eco Sunrise (Villa Rozana Modern).

Meanchey and Chbar Ampov districts continue to grow in popularity for residential development, fuelled by the current connectivity and upcoming infrastructure in the south of the city, which continues to drive demand for housing in these locations, particularly with the new

Techo International Airport is being constructed to the south of the city.

In the first half of 2025, Sen Sok, Dangkao and Kamboul continued to be the three leading districts in terms of existing supply, reflecting their strong market positions. Looking ahead, Meanchey, Dangkao and Prek Pnov are well-positioned to welcome significant increases in additional supply, indicating promising opportunities for development and growth in these areas, due to the expected completion of construction.

In terms of market share segments, the Mid-tier segment increased from 58% to 60%. Meanwhile, the High-end segment decreased from 9% to 8% and the Core segment remained steady at 32% compared to the previous period.

In the first half of 2025, only 1,148 units were completed, a significant decrease from the 2,063 units finished in the second half of 2024, marking a 44%

1,148 units

Were added to the existing supply in H1 2025 across seven projects. .

1,530 units

launched during H1 2025. Five out of seven projects were classified as Mid-tier units.

94,721 units

representing the current existing supply in H1 2025, a 1% increase H-o-H.

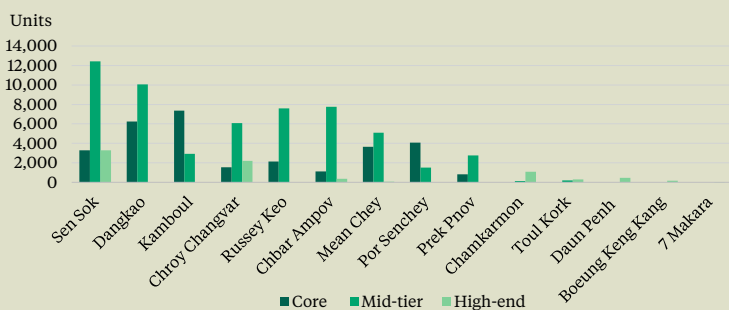
Segments

Mid-tier accounted for 60%, followed by 32% in the Core and 8% in the High-end segments.

Outlook

Growing government infrastructure developments and demand for Mid-tier and Core segments' buyers will continue to play a key role in driving the landed housing market.

Figure 30: Existing Supply by Location and Segment



Source: Knight Frank Research



Image: Borey Mekong City along National Road 6

drop in completions. Nevertheless, overall sales for the available units remained below 5%. This low but consistent sales rate was influenced by factors such as infrastructure within or around a project, location, pricing and attractive payment options. In densely populated areas, shophouses that serve both commercial and residential purposes were in high demand, particularly along main and sub-main roads. These shophouses are essential for meeting the retail needs of residents in other nearby housing projects, and many of them have performed well.

In H1 2025, the Cambodian government continued to support the real estate sector with extended tax exemptions and incentives, creating an attractive investment climate. The stamp duty exemption for first-time homebuyers is now up to US\$210,000, intended to reduce entry barriers and boost demand.

Furthermore, the policy extended relief to those acquiring additional properties, allowing a deduction of USD 70,000 from the stamp duty base for second or subsequent residential purchases from registered developers. The postponement of capital gain tax until December 31, 2025 and a property tax amnesty until June 2025 offered additional financial relief with lump-sum tax payment deferrals for developers (12 - 36 months) further intended to improve cash flow and reduce upfront costs.

PRICES

Generally, average asking prices for Core, Mid-tier and High-end segments remained steady with little fluctuation, favouring a buyer’s market.

Developers continued to offer down payments as low as 10% with zero interest for instalment plans of up to 48 months before payoff.

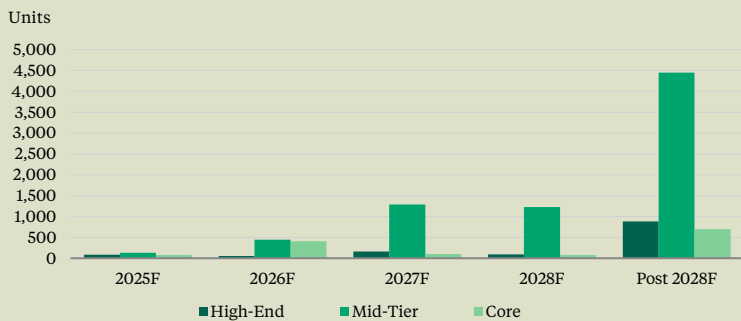
Developers continued to offer down payments as low as 10% with zero interest for instalment plans of up to 48 months before payoff.

MARKET OUTLOOK

The short and medium-term outlook for the housing market remains challenging, with an overhang of overpriced properties that developers will struggle to sell in the immediate term without a repricing strategy.

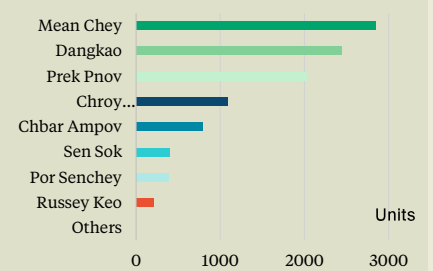
However, there is a gap in the market for Core projects, as well as affordable housing development, but more support is needed from the government.

Figure 31: Future Supply by Year and Classification (2025f - Post-2028f)



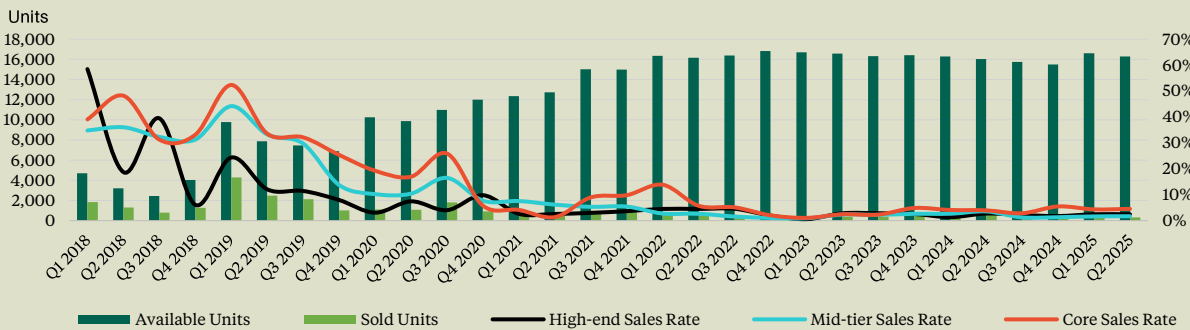
Source: Knight Frank Research

Figure 32: Future Upcoming Supply by District (2025f - Post-2028f)



Source: Knight Frank Research

Figure 31: Total Available Units and Sales Rate by Segment Q-o-Q (Q1 2018 - Q2 2025)



Source: Knight Frank Research

Phnom Penh Industrial Sector

H1 2025

- ▶ Cambodia is focusing on economic diversification, with the industrial sector playing a crucial role in national growth. In 2025, it is projected to contribute about 34% of the country's GDP. The sector is shifting from low-end garment production to higher-value industries like electronics, automotive components, and light manufacturing.

SUPPLY & DEMAND

Between January and May 2025, the Council for the Development of Cambodia (CDC) approved 290 new investment projects, totalling about \$4.2 billion. These projects could create 200,000 jobs, marking a significant increase in investments and capital compared to the same period in 2024.

In the first five months of 2025, 121 out of 290 newly approved projects—approximately 42%—were established in Special Economic Zones (SEZs). This trend highlights investors' strong preference for SEZs, which offer favourable tax regimes, customs facilitation, and strategic locations near key borders and infrastructure.

By the end of Q1 2025, Knight Frank Research indicated that the Royal Government of Cambodia has approved 60 Special Economic Zones (SEZs) via sub-decree.

Currently, 28 SEZs are operational, while 32 are still under construction or not yet started.

As would be expected, the majority of industrial estates and large-scale manufacturing operations are located outside of the capital, where there is cheaper land, better access to transportation and closer proximity to the borders with Thailand and Vietnam.

The majority of the operational SEZs are located in Bavet town, Svay Rieng Province.

As of H1 2025, the overall supply of Special Economic Zones in Phnom Penh was recorded at 642 hectares across three operating SEZs in Phnom Penh and Kandal province.

There is only one operational SEZ in Phnom Penh, covering 357 hectares with 115 companies. This is the Royal Group Phnom Penh SEZ.

Kandal Province and Kampong Speu Province are strategically located and host several industrial zones.

642 hectares

The overall supply of Special Economic Zones has reached 642 hectares across three operating SEZs in Phnom Penh and Kandal provinces as of H1 2025.

290 new projects

The number of approved investments was recorded at 290 projects as of January to May 2025, 86% of the approved investments have been directed towards the industrial sector

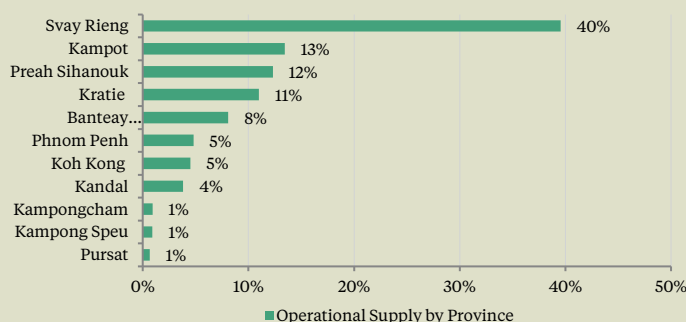
100% Sold

Kandal Special Economic Zone (KSEZ), a newly approved SEZ developed by Royal Group, had fully sold out, which is entirely reserved by Royal Group partners

49% to 19% Trump tariff

Cambodia's tariff rate is now 19%, reduced from 49% in April. The country will avoid a potential tariff increase of up to 49% from the United States after successfully negotiating countervailing duties.

Figure 32: Operational Supply of SEZs by Province



Source: CDC, Knight Frank Research



Image: Kandal Special Economic Zone, Kandal Province

Notable examples include the Goldfame Pak Shun Special Economic Zone, Sovannaphum Special Economic Zone, Royal Group Kandal Special Economic Zone, Y Seven Industrial Park, 7NG Industrial Zone, Le Urban Eco Park, and Chia Ho Industrial Park.

For the first five months of 2025 (January –May), the CDC approved 290 new investment projects. Out of 86% of the approved investments have been directed towards the industrial sector, primarily driven by the thriving garment factories. These factories, bustling with activity, are the backbone of this growth, highlighting the sector's vital role in the economy.

Across 290 approvals by location, Phnom Penh ranked third at 12% in terms of the number of approvals and remained the country's central economic hub, while Kampong Spue remained the most concentrated area for newly approved investments during first five months of 2025 at 25%, followed by Svay Rieng (23%), Koh Kong (10%), Takeo (9%), Preah Sihanouk (8%), Kandal (7%), Kampong Chnang (3%) and the remaining were within Thbong Kmom, Kampong Cham, Kampot and Pursat.

Recent CDC statistics indicate that China is the largest source of foreign investment in the Kingdom, accounting for 62% of the total. This is followed by Cambodia at 23%, Singapore at 10%, and other sources, including Vietnam, the Republic of Korea, the UK, and the US. This diverse landscape of investment highlights

the Kingdom's appeal to a variety of global partners.

The notable investment was from BYD, breaking ground on a vehicle assembly plant in the Sihanoukville Special Economic Zone in Cambodia. The \$32 million facility will start production in November 2025 and will have an initial capacity of 10,000 vehicles per year. It will assemble vehicles from imported components as a Completely Knocked Down (CKD) facility.

OCCUPANCY RATES & PRICES

As of H1 2025, factory rental prices within Phnom Penh remained stable, ranging between USD 2.00 and USD 4.50 per square meter per month over the gross lettable area. While the lease premiums for vacant industrial land in Special Economic Zones (SEZs) have remained stable (for the 50-year lease), ranging from US\$80 to US\$120 per square meter for the land area.

Special Economic Zone (SEZ) land in Cambodia presents a unique investment landscape, balancing distinct advantages with potential drawbacks. While often more affordable and focused towards industrial development, offering access to export markets and on-site government support. Among the three operational SEZs in Phnom Penh and Kandal province, there are approximately 120 factories.

As of H1 2025, Phnom Penh's SEZs had a fully leased occupancy rate. Royal Group Phnom Penh SEZ targets a diverse range of tenants,

with a strong focus on sectors such as automotive, electronics, garments, food and beverage and packaging. The Royal Group Phnom Penh Special Economic Zone (PPSEZ) is expanding by adding 115 hectares in Kandal Province, now known as the Kandal Special Economic Zone (KSEZ). This zone is fully reserved for partners, with no public availability; therefore, land sale take up rates for SEZs in Phnom Penh and Kandal province range from 30% to 100%.

OUTLOOK

Trump's tariffs and the Cambodia-Thailand dispute significantly impact Cambodia's real estate sector, especially in industrial, commercial, and tourism sectors.

Cambodia initially faced a potentially devastating 49% tariff from the US. However, Cambodia will avoid a potential tariff increase of up to 49 per cent from the United States after successfully negotiating countervailing duties. Cambodia's rate is now 19%, one of the lowest in the region, which bodes well for the manufacturing and logistics sector.

However, the dispute between Cambodia and Thailand has disrupted crucial overland trade routes, resulting in logistical bottlenecks and heightened uncertainty. This situation requires the sector to diversify trade corridors quickly, improve port and warehouse capacity, and adapt to changing regional dynamics. The medium and long-term prospects for the sector remain bullish.

Figure 33: Origin Countries of Newly Approved Factories / Investments in Jan - May 2025

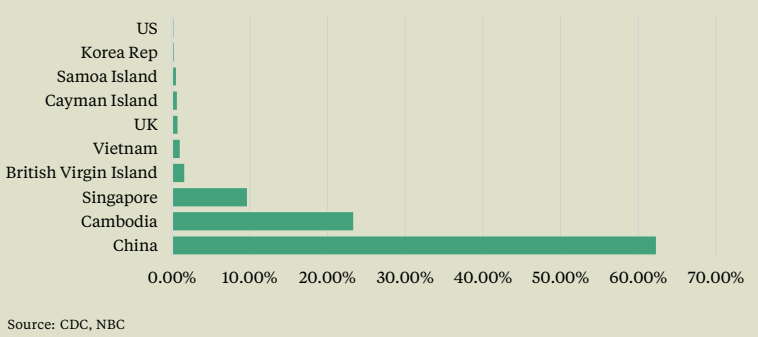
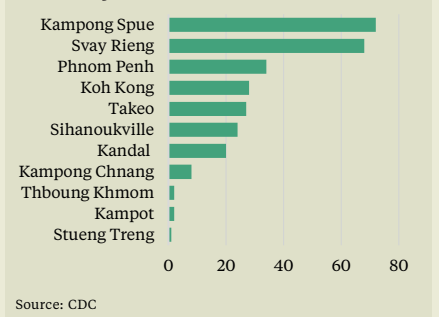


Figure 34: Number of Newly Approved Factories / Investments by Province in Jan- May 2025



Siem Reap H1 2025 Overview

- Siem Reap’s tourism recovery witnessed in 2024 continued into the first half of 2025, with Siem Reap Airport welcoming 0.341 million international tourists, an 8.9% increase compared with H1 2024. In Q2 2025, arrivals declined year-on-year due to the closure of the Cambodia-Thailand border and ongoing tensions, likely affecting the second half of 2025. Although arrivals have exceeded pre-Covid levels, tourism receipts remain significantly below 2019 figures.

The growth momentum in tourist arrivals recorded during 2024 continued into H1 2025, benefiting the broader Siem Reap economy. According to the Cambodian Ministry of Tourism, the number of international tourists arriving at Siem Reap International Airport during H1 2025 increased by 8.9%, totalling 341,167 tourists.

Additionally, there was a significant rise of 66.7% in domestic tourism, to 2,325,335 tourists. However, it’s important to note that negative growth was recorded during Q2 2025 after the closure of the Cambodia-Thailand land border.

During H1 2025, 50.4% of international tourist arrivals to Cambodia came by air, with the remaining 549.6% arriving via land and waterways. As most visitors travelled from overland from Thailand, the border closure between Cambodia and Thailand poses a temporary challenge

to the ongoing recovery of Siem Reap’s economy and tourism sector.

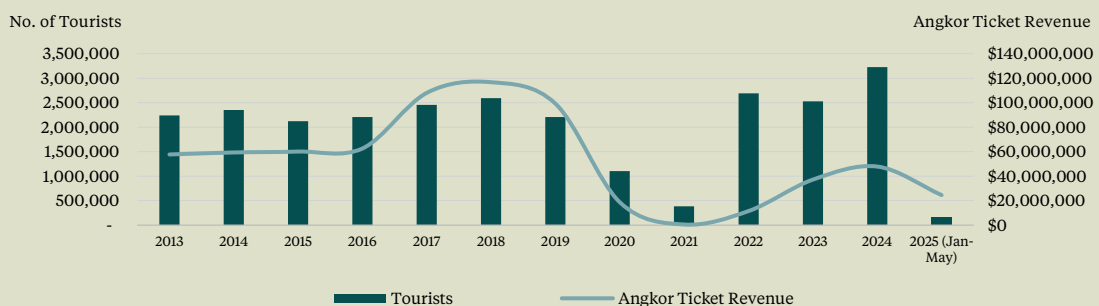
However, in the long run, we should expect to see an increase in air travel due to the upcoming new Techo International Airport as well as the existing Siem Reap’s airport (Siem Reap-Angkor International Airport). The Cambodian government actively promoted the province by organising and implementing impactful events and initiatives.

These included the largest cultural celebration, Angkor Sankranta 2025, to promote the national Khmer New Year and the Green Season Campaign aimed at attracting more international visitors during the traditional low tourist season from April to October.

Additionally, the Cambodia-China Tourism Year 2025 initiative was implemented to increase the number of Chinese tourists and investments, and the implementation of e-Visa discounts was intended to make travel to Cambodia more convenient and affordable for foreign visitors.

Tourists to Angkor Archaeological Park was showing signs of a rebound, with ticket sales from January to May 2025 reaching 527,577 tourists. This represented an 11.7% increase compared to the same period in the previous year. Additionally, the revenue generated during this time totalled US\$24.57 million, marking a 10.6% increase over the previous year’s figures, sourced primarily from China, the United States, the United Kingdom, Australia, France and Japan. However, the growth in visitors is expected to contract during H2 2025 given the ongoing border conflict with Thailand. The GDP breakdown for Siem Reap in 2025 indicated that 69.1% of the economy was from services, 28.4% from agriculture, and 2.5% from handicrafts, according to reports by H.E. Mr. Ngoung Sengkak, Vice Governor of Siem Reap Province. To ensure long-term economic sustainability, it is crucial for the province to continue diversifying its GDP for sustained growth.

Figure 35: Tourist Arrivals in Siem Reap Province and Angkor Ticket Revenue 2013 – 2025 (Jan-May)



Source: Cambodian Ministry of Tourism, Angkor Enterprise

Siem Reap Hotel Sector

- The increase in foreign tourist arrivals, along with domestic demand, temporarily boosted occupancy rates in Siem Reap, particularly in the Midscale & Economy and Upscale & Upper Midscale segments. However, hotel occupancy rates and ADRs are expected to trend downward in the second half of the year due to the closure of the Cambodia-Thailand border.

SUPPLY & DEMAND

SUPPLY & DEMAND

At the end of H1 2025, Siem Reap's hotel supply, encompassing all segments from Economy to Luxury, was recorded at 9,584 rooms. Most of this supply was concentrated in Svay Dangkm (51%) and Sla Kram (29%), with the remaining 20% distributed across Srangae, Sala Kamreuk and Chreav.

In terms of market segmentation, supply was dominated by Upscale & Upper Midscale hotels at 65% of market share. This was followed by Luxury & Upper Upscale hotels (23%) and Midscale & Economy hotels (12%). Since the end of 2023, 24% of the hotel supply, mainly from the Midscale and Luxury segments, have either closed permanently or temporarily.

During the first half of the year, the recovery of foreign tourist arrivals and domestic demand in the tourism sector boosted the overall occupancy rate in Cambodia to 77.8%.

However, this was led mainly by budget travel with a much lower spend per day. Additionally, many of these arrivals come overland from Thailand; hotel occupancy rates will face downward pressure in H2 2025 with the border closure. To regain high-value international tourists, the Cambodian Government needs to play a more active role in promoting Siem Reap and Cambodia as a leading regional tourist destination, with a PR campaign to be rolled out globally. There is also a need for the development of more tourist attractions to encourage tourists to visit Cambodia whilst increasing the average length of stay. Progress has been made at existing tourist attractions. During H1 2025, the Cambodian government implemented a new Angkor Archaeological Park sales ticketing system, including digital self-service kiosks, a mobile app, and online portals, to offer tourists more convenient ticket purchasing options.

Additionally, e-Visa discounts were introduced in January 2025, aimed at budget-friendly travellers, offering up to a 16% cost reduction.

OUTLOOK

Given the current market and the oversupply in Siem Reap's hotel sector, there are limited hotels in the development pipeline, with just a few projects underway. For instance, Angsana Siem Reap to be launched under Banyan Tree Holdings Limited, featuring 158 rooms in collaboration with DARA Hotels, is slated to open in H2 2025. This will be followed by PARKROYAL Siem Reap's 131 rooms, located along Sivutha Blvd, expected in 2027. While Rosewood Siem Reap is also anticipated but remains unconfirmed. These upcoming properties are all targeting the luxury market segment.

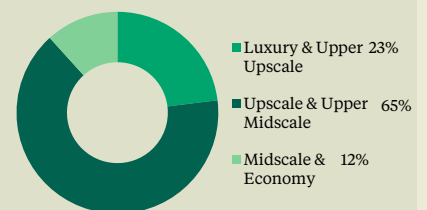
The recent border closure between Thailand and Cambodia will likely have an immediate but partial impact. However, Cambodia's upcoming Techo International Airport, as well as the current Siem Reap-Angkor International Airport, are poised to become key aviation hubs, offering convenient flight connections that will bolster the nation's tourism and hotel sectors, including those in Siem Reap, by sourcing high-value tourist arrivals.

Figure 36: Cumulative Supply of Hotel Rooms (2006 - Post-2028f)



Source: Knight Frank Research

Figure 37: Distribution of Existing Hotel Supply by Classification



Source: Knight Frank Research

Siem Reap Residential Sector

- ▶ Whilst Siem Reap’s residential market in H1 2025 showcased landed housing developments and modern Borey developments, the market faced slow absorption rates for units further from the city centre. Condominiums, despite a smaller inventory, significantly outperformed landed housing sales, driven by their suitability for the city’s residential rental needs and investments.

SUPPLY & DEMAND

In H1 2025, Siem Reap supplied a total of 3,849 landed housing units across 27 projects, priced from US\$430 to US\$1,700 per square meter of gross floor area.

Of these, 40% were classified as Core units and 60% were Mid-tier. Most units (65%) were located in Svay Dangkum and Chreav, while the remaining 35% were in Prasat Bakong, Sala Kamruek and Srangae. An additional 1,709 units are expected to enter the market from the latter half of 2025 through Post 2028, mainly in Chreav, Srangae and Svay Dangkum.

For condominiums, the supply totalled 589 units across four projects (ST Premier Residence, Rose Apple, The Sky Park and Angkor Grace), with 94% being Mid-tier and 6% Core class. Moving forward, the supply of condominiums is expected to

remain unchanged with no developments in the future supply pipeline. Condominiums in Siem Reap were priced between US\$1,100 to US\$2,700 per square meter, with gross rental yields of 6% to 7%.

Landed houses in Siem Reap have evolved from traditional homes along roads to more modern gated Borey developments, featuring well-maintained gardens and modern designs for residents. Notable examples include Bakong Village in Prasat Bakong District, which emphasises community building and green spaces, tyhe new phases of Borey Tourism in Chreav, Borey Angkor Sereymongkol in Srangae and Borey Relax Angkor in Prasat Bakong also including garden infrastructure in their designs.

On the demand side, the sales performance of landed housing developments located more than 10 km from Siem Reap city centre recorded minimal sales during H1 2025.

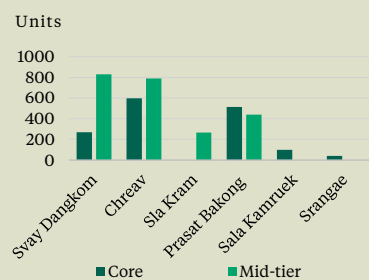
In contrast, developments within a 10km radius of the city centre performed better, particularly the new phases of existing developments that featured solid infrastructure and community gardens.

To date, there have been no High-end condominiums or landed housing developments launched in Siem Reap.

Mid-tier landed housing project land lots, once launched, continued to be significantly vacant and available. In contrast, condominium sales outperformed landed housing developments due to the nature of the rental needs in Siem Reap city centre.

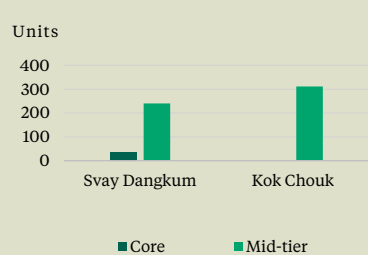
Siem Reap’s residential rental market experienced a moderate recovery in demand for both short and long-term stays, linked to the rebound in tourist arrivals. However, it remained below pre-COVID levels, as Western tourist numbers have not yet fully recovered. While regional visitors from neighbouring ASEAN countries were plentiful, they typically did not seek long-term rentals. This revealed that the type of tourist had an impact on the residential rental market.

Figure 38: Existing Supply of Landed Houses by Location and Segment



Source: Knight Frank Research

Figure 39: Existing Supply of Condominiums by Location and Segment



Source: Knight Frank Research

OUTLOOK

The weak performance of the residential sales market highlights the fact that Siem Reap’s economy is still driven primarily by the tourism sector. With a population of only 250,000, there is minimal demand from the local residents, with many opting to buy land and build their own accommodation.

Until the economy diversifies away from tourism, this trend is likely to continue, with demand being mainly for holiday rental investments.

Siem Reap Retail Sector

- Between 2024 and the first half of 2025, a significant recovery in international and domestic tourist arrivals was observed in Siem Reap. However, the Siem Reap retail sector continued to face challenges, with the majority of tourist arrivals being budget travellers.

SUPPLY & DEMAND

Between 2024 and the first half of 2025, a significant recovery in international and domestic tourist arrivals was observed in Siem Reap. However, the retail supply in Siem Reap has been shrinking, with a reduction of 20,920 square meters in supply over the past couple of years. This reduction was due to underperformance in some retail malls and a growing interest in opening locations along main roads in traditional shophouses.

Several shopping malls, including Angkor Fashion Plaza, Thai Huot Supermarket and Angkor Trade Center, have ceased operations.

In contrast, Angkor Market has recently expanded by opening a second location along Preah Sihanouk Avenue, directly across from the Angkor National Museum, to grab a bigger market share. Others, including The Heritage Walk and

CDF Angkor Duty Free, which are classified as prime retail, and Asia Plaza and Makro Siem Reap, which are classified as secondary retail, are still in operation with a healthy performance.

Retail establishments were primarily situated along main thoroughfares within traditional, renovated shophouses, attracting good foot traffic during weekdays. On the other hand, retail blocks or buildings like The Heritage Walk often saw increased activity during holiday periods, primarily attracting local young families.

Several food and beverage retail brands, The Pizza Company, Swensen's, Dairy Queen, Domino's Pizza, Tummour, KFC, Burger King, Brown Coffee and Temple Coffee & Bakery, have established outlets in Siem Reap in recent years.

Prominent fashion retailers include Pedro, Zando, Gatoni and Brand INT Collection.

OUTLOOK

The recent negative net absorption and consistently low occupancy rates recorded between 2024 and the first half of 2025, along with the lack of new retail space in the development pipeline, highlight the challenges currently face by the retail sector in Siem Reap.

Whilst several purpose-built retail malls have been developed in recent years, the preference is still for high street retail within standalone shophouses, offering consistent foot traffic. While overall retail space has decreased, there is likely growth in targeted local expansions and new businesses that focus on providing intimate customer experiences.

Looking ahead, the city's retail future will likely be influenced by the development of shopping areas near cultural attractions and the transformation of vacant buildings into mixed-use spaces. However, this sector still remains vulnerable due to its reliance on tourism and ongoing operational challenges.

Figure 40: Cumulative Supply of Siem Reap Retail Space (2013 - Post 2028F)

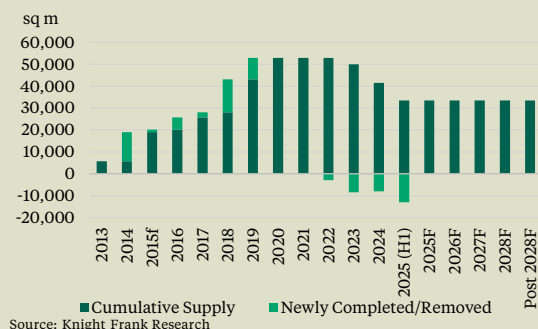
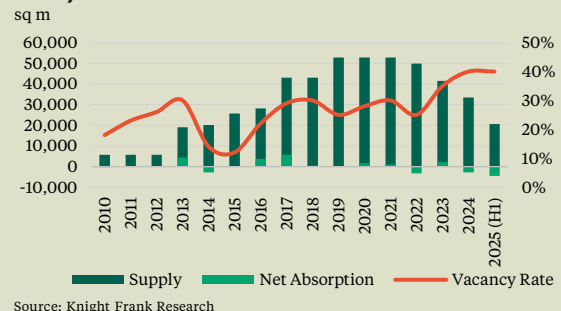


Figure 41: Cumulative Supply and General Performance of Siem Reap Retail Space (2013 - H1 2025)



Sihanoukville

H1 2025 Overview

- ▶ Sihanoukville's real estate sector continued to show signs of a recovery during H1 2025, having experienced a significant correction between 2020 and 2024; however, the outlook remains mixed for the second half of the year, with Trump's tariffs weighing down on investor sentiment.

Sihanoukville, Cambodia's coastal gateway and home to the country's largest and only deep-water port, serves as the centre for trade and logistics. The province remains active in the manufacturing and industrial sectors, as well as a tourism destination.

In the first quarter of 2025, the Sihanoukville Autonomous Port (PAS) – Cambodia's only deep-sea port – reported total revenue of KHR 781,565,000, representing an increase of KHR 17,417,146,000, or 17.9%, compared with the same period in 2024. However, the net profit over the same period was KHR 10,507,864,000, a decrease of KHR 22,787,913,000, or 68.4%, compared to the first quarter of 2024.

The Sihanoukville Autonomous Port inaugurated a new \$40 million container terminal in August 2024.

This terminal will serve as a temporary capacity boost until the larger Phase 1 deep-water terminal is launched, expected in late 2025 or 2026.

With the continued development of new infrastructure, the province is strategically positioning itself as a multi-purpose special economic zone to become Cambodia's central logistics hub. This initiative involves fostering business-friendly policies and incentives and attracting investments to stimulate economic growth.

Various industrial projects were approved in Preah Sihanouk Province, including new solar panel factories, aluminium frame factories, agro-industrial parks, and special economic zones.

Chinese electric vehicle giant BYD is constructing a \$32 million vehicle assembly plant located in the Sihanoukville Special Economic Zone (SSEZ). The facility will occupy an area of 120,000 square meters and will have an annual production capacity of 10,000 cars.

It is expected to commence operations by the end of 2025.

The ISI Special Economic Zone (ISI SEZ), a newly approved development over 800 hectares, was also launched and is the first special economic zone situated next to the Phnom Penh-Sihanoukville Expressway's Prey Nob Rest Area.

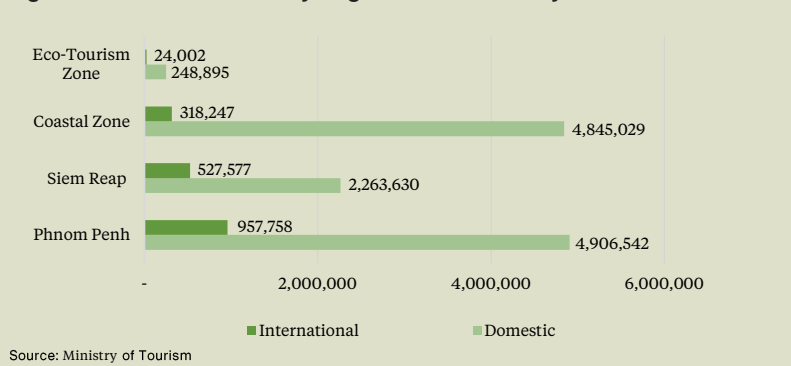
It was also announced that between 2024 and May 2025, 297 projects in Preah Sihanouk Province, worth \$7.03 billion, will receive in principle approvals and tax incentives as part of a beautification initiative for Sihanoukville. The government expects these projects to create over 53,000 new jobs.

In addition to these developments, the tourism sector remains a vital pillar of the local economy, with a particular focus on eco-tourism, island hopping, and marine-based recreation. From January to May, Preah Sihanouk experienced a 4.4% growth in domestic tourists and a 24.2% growth for international tourists, compared to the same period in 2024.

Although there has been overall improvement, many projects that were suspended due to the economic disruptions caused by the pandemic still remain uncertain. Developers continue to face financial challenges, which has led some to withdraw their support for these initiatives.

As a result, the land market has been slow, causing many speculators to exit. Locals are hesitant due to uncertainties about long-term recovery.

Figure 42: Tourist Arrivals by Regions as of Jan-May 2025



Sihanoukville Residential Sector

- The residential sector in Sihanoukville remained subdued during H1 2025, reflecting limited new demand attributed to the smaller local population in the coastal province. Nevertheless, certain beachfront developments continue to attract buyers who are seeking long-term investment opportunities or beachfront living for owner occupation.

The government has made a concerted effort to provide various incentives aimed at boosting investment and development in Sihanoukville. These incentives, part of a special program, are designed to revitalize the city and attract both new and existing businesses, particularly in areas such as stalled building projects.

Despite improvements in principal approvals and tax incentives, the residential market is not yet seeing an uptick in activity, with limited new launches due to low transactions.

In the first half of 2025, only one condominium project was launched in Sihanoukville, called Time Square 10 Ocean View. This new beachfront condominium development is by MegaKim World Corp Ltd., which is part of its project portfolio in Cambodia and has a strong track record. Situated in a prime location on Otres Beach, the project comprises 1,000 units

spread across three towers, with an expected completion date of 2029. Having launched at the beginning of Q2 2025, the project is almost fully sold due to its prime location and competitive pricing.

As of H1 2025, 11,742 units across 21 projects were recorded in the existing supply, representing a 3.1% increase compared with H1 2024.

Of the existing supply, 6,377 units (54%) were High-end, 3,366 units (29%) were Mid-tier, and the remaining 1,999 units (17%) were Core units.

Sihanoukville has faced numerous stalled construction projects, particularly in the hotel and condominium sectors. If all current projects resume over the next five years, the total number of condominiums could reach 31,824 units by 2029, marking a 271% increase from the existing supply.

As of the end of H1 2025, the development of landed housing projects in Sihanoukville remained limited due to a smaller local population.

There were a total of 1,757 landed housing units in Sihanoukville's existing stock, primarily consisting of flathouses.

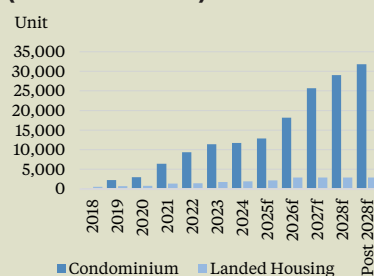
Recent developments have actively promoted their sales activities, including Borey Marina Garden, Lorn City Sarina, ML Sihanoukville, and Lorn City Lotusse. These targeted promotional efforts aim to enhance market visibility and attract local buyers, primarily those in the area. Recent trends indicate that sales of both condominiums and landed housing have experienced a modest decline, reflecting the fluctuations in the real estate market. This trend can be attributed to a decline in interest from Chinese buyers in condominium units, coupled with limited local demand for landed housing units.

Outlook

The residential market in Sihanoukville was slowing even before the Covid-19 outbreak in 2020, subsequent to the announcement of the ban on online gambling in 2018.

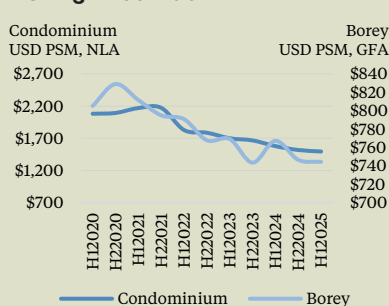
With the main source market for buyers of residential units being from China, demand from this market significantly reduced after the announcement of the ban and has not recovered, and there are hundreds of unfinished buildings in Sihanoukville. However, the residential sector is now slowly recovering, and the success of Times Square 10 underscores this trend. The above notwithstanding, the oversupply in the market and muted demand will impact the number of new residential project launches in the province. Developers will focus on finishing or repurposing existing projects instead of starting new ones. They should also prioritise affordable housing targeted at local Cambodians.

Figure 43: Sihanoukville Cumulative Residential Supply (2018 - Post2028f)



Source: Knight Frank Research

Figure 44: Sihanoukville Residential Asking Price Index



Source: Knight Frank Research

Sihanoukville Commercial Sector

- ▶ Continued FDI flow into the manufacturing sector, alongside significant investment in infrastructure, has sparked potential new opportunities for the growth and development of Sihanoukville’s office and retail sectors.

SUPPLY & DEMAND

The commercial landscape in Sihanoukville has shown a notable increase in activity. As we reached the midpoint of 2025, both the office and retail sectors saw significant developments. The office sector recorded new completions during H1 2025, while the retail industry benefitted from a surge in foot traffic, indicating a revitalisation of consumer consumption and economic vibrancy in the area.

As of H1 2025, the existing supply of office space in Sihanoukville totalled approximately 192,390 square metres of net leasable area (NLA), reflecting a consistent trend of growth in the provincial capital. This supply was driven by new office completions, which are enhancing the commercial landscape.

Notably, the majority (81%) of the current office supply was concentrated in Sangkat 3, while the remaining 19% was situated in Sangkat 4. This distribution indicated that the historical city centre dominates the office supply.

In the coming years, the market is expected to expand with an additional 71,309 sq m of office NLA recorded in the development pipeline. This anticipated expansion will increase the total cumulative supply of office space in Sihanoukville to around 263,699 sq m.

In terms of retail space, the existing supply was recorded at 92,718 sq m of NLA, all of which was categorised as secondary grade retail space. The majority (67%) of this supply was concentrated in Sangkat 3, while the remaining 33% was situated in Sangkat 4.

Whilst the vacancy rate for retail spaces in Sihanoukville stands at 28%, suggesting an oversupply, there was a notable increase in retail foot traffic and enquiries from retailers during H1 2025.

Looking ahead, the retail market is expected to expand by an additional 62,933 sq m over the coming years, which will increase the cumulative supply to approximately 155,651 sq m of NLA. This growth is anticipated to accommodate rising consumer demand and enhance shopping experiences in the provincial capital.

OUTLOOK

The growth momentum witnessed during the second half of 2024 continued into Q1 2025, and the medium and long-term prospects for Sihanoukville remain positive, with Sihanoukville being Cambodia’s secondary economic hub.

However, the ongoing border tensions with Thailand in contested areas of Cambodia, as well as the Trump administration’s tariffs imposed on the Kingdom, have created short-term volatility for investors, delaying decisions and impacting economic confidence. Despite concerns over the border dispute, Phnom Penh’s upcoming airport and government efforts to attract FDI have enhanced its appeal as an investment destination.

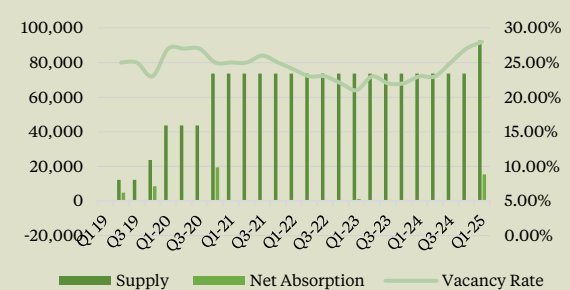
Improved infrastructure could mitigate some risks, creating a more resilient commercial environment that allows businesses to adapt to changing circumstances, and the positioning of the province as a logistics hub will help drive demand for both office and retail space over the medium and long term.

Figure 45: Cumulative Supply of Office Space (2019 - Post-2028f)



Source: Knight Frank Research

Figure 46: Performance of the Sihanoukville Retail Sector



Source: Knight Frank Research

Sihanoukville Hotel Sector

- ▶ The hotel sector in Sihanoukville is experiencing a significant transformation, marked by the arrival of new international brands and increased room capacity, signalling a promising future for tourism and economic growth in the Province.

SUPPLY & DEMAND

The hotel sector in Sihanoukville is undergoing a remarkable transformation. As of the first half of 2025, the existing supply of hotel rooms was recorded at 12,243 keys, largely influenced by the recent entry of several new hotel brands. This growth further improves the accommodation offering for travellers and boosts the local economy by creating jobs and enhancing tourism.

In H1 2025, two international hotel brands entered the market, enhancing its hospitality landscape, including one Upscale and Upper Midscale offering and a Luxury and Upper Upscale hotel. In addition to the Novotel Sihanoukville Holiday Resort, German group Tui Blue confirmed the management of TUI BLUE Sihanoukville, and HMD Asia’s Luxury island resort, Jati Koh Russey . The newly opened Munich Hotel Sihanoukville also entered the existing supply.

Knight Frank categorised the hotel supply into three segments, including

: Midscale & Economy, Upscale & Upper Midscale, and Luxury & Upper Upscale. Midscale & Economy hotels lead the market with 54%, followed by Upscale & Upper Midscale at 38%, and Luxury & Upper Upscale at 8%. This distribution highlights the city’s diverse accommodation options catering to various traveller preferences.

In the city, hotel room distribution is heavily concentrated in Sangkat Boun and Sangkat Bei, which together make up 47% and 44% of total capacity, respectively. Other districts have much smaller shares, with Ream and Sangkat Pir each at 3%, and Koh Rong and Sangkat Mouy combined at 3%. This indicates the dominance of Sangkat Boun and Sangkat Bei in the local hospitality sector.

Over the next few years, approximately 10,084 new hotel rooms are expected to be added to the market. The majority will be in the Upscale and Upper Midscale categories, accounting for 38%, while Luxury and Upper Upscale will contribute 35%. Midscale and Economy hotels will make up the remaining 27%, highlighting a balanced expansion across various hospitality tiers.

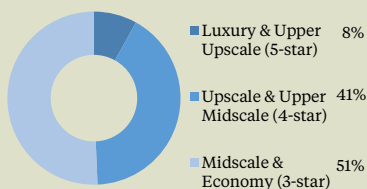
The expansion of hotel accommodations in Sihanoukville will increase the total supply to approximately 22,265 rooms, which will be higher than Phnom Penh. From January to May, Sihanouk International Airport welcomed 21,190 international arrivals, a significant rise from 6,058 in 2024. Additionally, the coastal zone attracted 210,053 foreign tourists, representing a 24% increase from last 2024, which highlights Sihanoukville’s recovery as a tourism destination.

OUTLOOK

The arrival of international hotel brands and recent developments in Sihanoukville signal a recovery in the hospitality sector. However, international tourist arrivals still fall short of 2019 levels, underscoring the ongoing challenges faced by the industry.

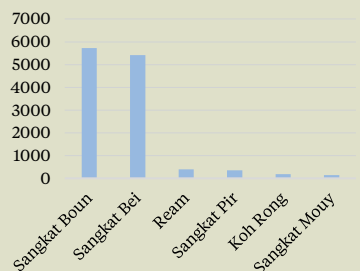
The long-term outlook for the sector remains cautiously optimistic as the Royal Government of Cambodia (RGC) addresses these challenges and continues to develop infrastructure to improve connectivity to the province.

Figure 47: Distribution of Hotels by Classification



Source: Knight Frank Research

Figure 48: Distribution of Hotels by Districts



Source: Knight Frank Research

Figure 49: Cumulative Supply of Hotel Rooms (2008 - Post-2028f)



Source: Knight Frank Research

Sihanoukville Industrial Sector

- The city’s advantageous coastal location provides access to major shipping routes via the Sihanoukville deep seaport, making Sihanoukville an emerging hub for manufacturing and trade in the region. The fact that BYD broke ground on a car assembly plant within the Sihanoukville Special Economic zone after Trump announced a 49% tax tariff on Cambodian goods in April, underscores this fact.

SUPPLY & DEMAND

Despite a cooling in global demand, growth momentum recorded in Cambodia’s industrial and logistics sectors during 2024 continued into early 2025, underpinned by government-led infrastructure and capacity expansion at PAS.

In 2024, container throughput climbed roughly 29%, pushing PAS to handle nearly 1 million TEUs, equivalent to 9.6 million tonnes of cargo. This translated into a 24% rise in revenue and net profit, with earnings totalling over US\$110 million, reinforcing PAS’s critical role in national trade.

In Q1 2025, PAS reported further revenue growth (+17.9%) year-on-year to KHR 114.78 billion (= US \$28.6 million), though net profit declined significantly (-68.4%), pointing to rising costs or other operational challenges early in the year. Assets and equity continued modest growth, while operational ratios remained sound. As Cambodia continues major infrastructure investments, PAS remains the

linchpin of Cambodia’s ambition to become a Southeast Asian logistics and trade hub. On June 16, 2025, the first direct container shipping route from China to Cambodia was launched. The maiden voyage left Taicang Port in Suzhou and arrived at Sihanoukville Autonomous Port, cutting shipping time from 15-20 days to just 9 days. FDI in Sihanoukville had experienced a construction-heavy surge between 2015 and 2019, primarily driven by real estate and casino-related developments. Recently, the coastal province has seen renewed investor interest, with a marked shift from speculative construction toward more diversified, productive, and sustainable sectors, with a focus on industrialisation, logistics, and infrastructure.

By the first half of 2025, approved FDI projects in Sihanoukville showed a distinct shift toward non-garment manufacturing, logistics, renewable energy, and infrastructure. According to the CDC, the total approved FDI into the province for the period January–June 2025 exceeded USD 410 million, representing a 12.4% increase compared to the same period in 2024.

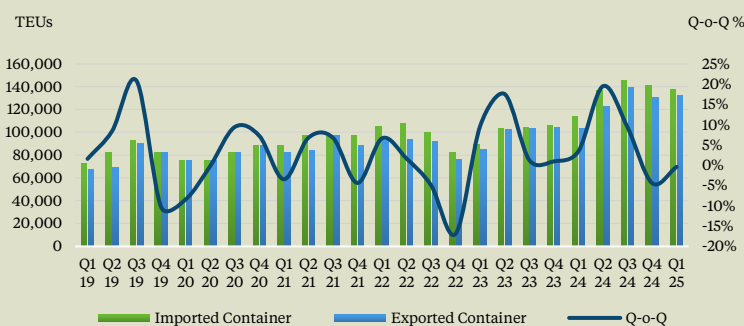
Real estate and gaming now account for less than 20% of total FDI inflow, compared to over 60% in 2019. The Sihanoukville Special Economic Zone (SSEZ) remains Cambodia’s key industrial hub, jointly developed by Chinese and Cambodian partners. In 2025, the SSEZ expanded with Phase 3 development, adding 150 hectares of industrial land, warehouse facilities, and an Innovation & Training Centre. Major new tenants in 2025 include manufacturers of solar panel components, EV battery casings, and electronics packaging.

The ISI Special Economic Zone (ISI SEZ) was launched in January 2025 and is the latest development in Cambodia’s industrial sector. Spanning over 800 hectares, it is located along the Phnom Penh-Sihanoukville expressway for easy access to transportation routes.

OUTLOOK

Sihanoukville will remain focused on its industrial activity in Special Economic Zones (SEZs) and the deep-sea port. The MPSEZ Master Plan offers investors a framework that includes a baseline incentive package, a targeted industrial policy, and various development policies aimed at industries like agro-processing, high-tech manufacturing, logistics, and tourism. Sihanoukville is shifting from a short-term speculation destination to a key hub for industrial logistics, advanced manufacturing, and sustainable tourism. With global investors seeking resilience and diversification, Cambodia’s coastal province is positioned to attract long-term, structured investments.

Figure 50: PAS Container Throughput (Q12019-Q12025)



Source: Sihanoukville Autonomous Port

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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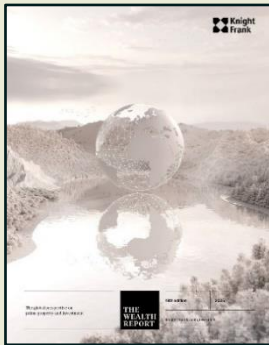
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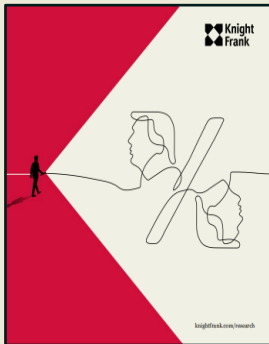
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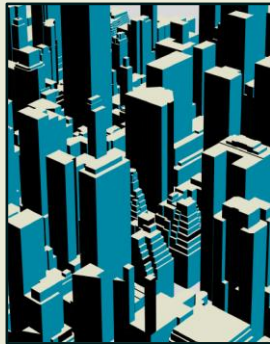
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