

CHAMKARMON MARKET REVIEW 2015

DESPITE SOME SLOWDOWN, SOUTHERN, EASTERN FRINGES OF THE DISTRICT ON THE RISE

MARKET SUMMARY

A recent increase of approved development projects, especially residential and commercial complexes such as townhouses and condominiums, has pushed the prices of land throughout the Capital to rise markedly by 10% y-o-y, reaching US\$2,000 to US\$3,500 per sqm on sub-streets and US\$4,000 to US\$6,000 per sqm on major streets in the prime commercial district of Phnom Penh's Chamkarmon.

In the first half of 2015, about 20 condominium projects most of which are concentrated in Chamkarmon district were launched and kicked off the construction and offered off-plan sales to both local and international buyers.

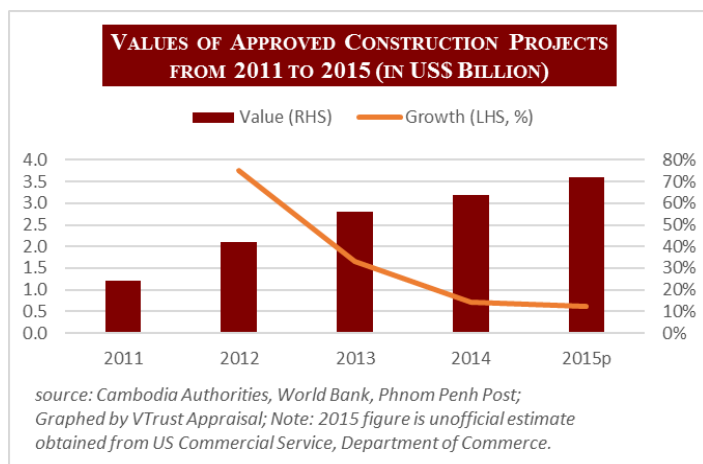


Figure 1: Values of Approved Construction Projects from 2011 to 2015 (in US\$ Billion)

From 2011 to 2014, the average value of the total construction projects each year was about US\$2.2 billion. A number of construction projects worth of US\$3.2 billion last year were approved by the ministry and estimated to reach US\$3.6 billion in 2015. The projects included residential and commercial buildings, condominiums, apartments, boreys, industrial sites, warehouses, educational buildings, hotels, guesthouses, petrol stations and sport field projects.

PROPERTY MARKET PERFORMANCE - CHAMKARMON

Property demand in Chamkarmon district, especially in the

most robust commercial areas such as Boeng Keng Kang, Tuol Tumpung, Tuol Svay Prey, and Oulampik, remained strong and grew steadily within these few years, as maintained by the continuous growth of commercial activities, better infrastructure, and numerous available amenities.

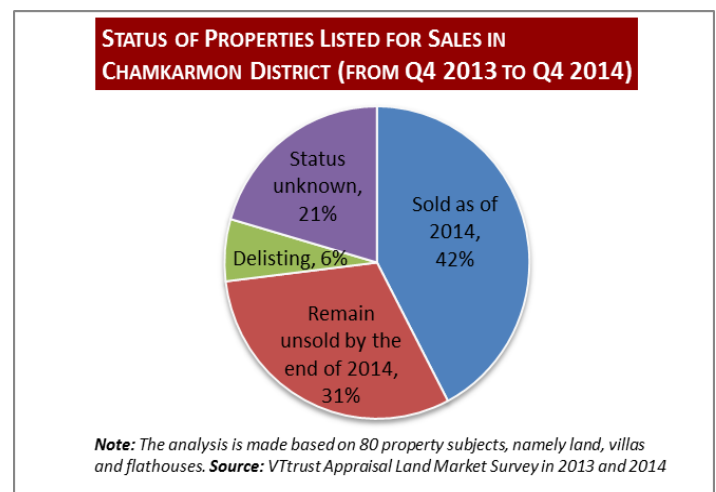


Figure 2: Chamkarmon's Property Market Performance from Q4 2013 to Q4 2014.

Out of the property listings from the fourth quarter of 2013 to the fourth quarter of 2014, the survey indicated that 42% of the listings were successfully sold, while 31% of them remained unsold in the same period. Status of another 21% of the listings were unknown.

PROPERTY LIQUIDITY BY LOCATIONS

Despite a relatively strong demand on property market in Chamkarmon district, the listings normally took about 6 months to achieve sales. With a stronger demand than any other areas within this commercial district, Boeng Keng Kang communes had an average marketing time of 5.4 months, followed by Tuol Svay Prey communes, which would averagely take 5.8 months for the listed properties to be sold. Tuol Tumpung communes, which did not make much difference, would averagely take about 6 months of marketing time.

With shorter marketing time for listed properties to be sold, property market in the areas are with higher liquidity than those in the areas with longer marketing time, better

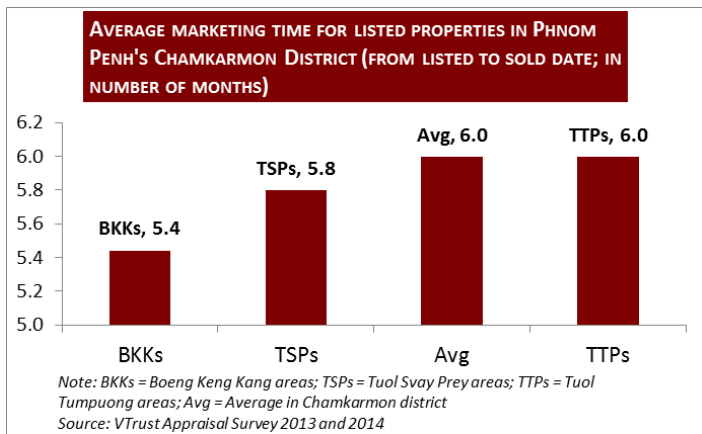


Figure 3: Average Marketing Time for Properties in Chamkarmon District

explained by an example that Boeng Keng Kang communes had more transactions than did any other areas in the district during 2013 and 2014.

The high liquidity of the property market in Boeng Keng Kang communes is translated into a high demand on land for mixed use purposes, as mainly pushed by high-rise residential and commercial developments such as apartments and office centers. Examples of the major finished developments are De-Castle Royal, Sun City, Silver Town, Hamptons Apartment, Embassy Palace, and Windser Mansion, to name a few.



Figure 5: Indicative Concentration of Apartment Buildings in Chamkarmon District

Also driven by the growing commercial establishments and the influx of expats who lived and worked there, many other related establishments such as restaurants, foreign language schools, clinical centers, mini-retail marts, and numerous amenities existed in the areas to offer convenience and ease

Analysis of the Discount Rate of Transacted Properties (Reduction from 'Listed' Price to 'Sold' Price)

Areas	Avg.	Max Discount	Q1 (25%)	Median	Q3 (75%)	Min Discount	Std. Dev.	Obs.
General	-4%	-12%	-6%	-3%	-2%	0%	3	25
TTPs	-4%							
BKKs	-3%							
TSPs	-2%							

Note 1: Avg. = average; Q1 = 1st quartile (25%); Q3 = 3rd quartile (75%); Std. Dev. = standard deviation; Obs. = number of studied subjects

Figure 4: Discount Rate of Transacted Properties

of access for people working or living there. Thanks to the increase of commercial activities, the areas pulled people from many different areas of the Capital to commute for work and conduct business-related activities during the day.

PROPERTY MARKET DISCOUNT

Average discount for property market in Chamkarmon district was 3.7%. In Boeng Keng Kang communes, though with shorter average marketing time than the average market rate, the average discount rate was 3%, while in Tuol Svay Prey areas the properties were sold out with only 2% of the average discount. Bargained more than those of the other two areas, the listed prices of properties in Tuol Tumpuung communes were relatively higher than the asking prices.

In other words, a low market discount rate, such as ones in Tuol Svay Prey and Boeng Keng Kang communes, means buyers are willing to buy the properties, thus reflecting a high property liquidity and aggressive demand in those areas.

LAND PRICES – CHAMKARMON DISTRICT, PHNOM PENH

As maintained by the steady demand for commercial and residential buildings, Chamkarmon district experienced 10% of land price average increase y-o-y from the fourth quarter of 2013 to that of 2014.

Maintaining a relatively high growth of the prices, the three Boeng Keng Kang communes still remained the top hot property zones, while Tonle Bassac quickly absorbed high-rise residential and commercial developments causing the prices of land to float on the horizon.

Seemingly saturated in Boeng Keng Kang Muoy (BKK1), some of the investors started to shift their interest into other relative and neighboring communes at which the prices of property were cheaper, driving the average land prices in Boeng Keng Kang Pir (BKK2) to increase up to US\$2,800 per sqm in the first half of 2015, up from US\$2,100 in the second half of 2013, or 17% per year.

While land prices in Boeng Keng Kang Bei (BKK3) grew up from US\$2,000 per sqm in the mentioned period of 2013 to US\$2,550 in the mentioned period of 2015, or 14% per year, those in Boeng Trabaek also grew by 14% per year, reaching US\$2,300 per sqm in the mentioned period of 2015, up from US\$1,810 per sqm in the mentioned period of 2013.

With the recent shifting interest into new hot zones, land prices also grew by 12%, 13%, and 14% per year in Tuol Tumpuung Muoy (TTP1), Tuol Tumpuung Pir (TTP2), and Boeng Trabek, respectively, due to the recent trend of high-rise residential and commercial developments in the areas. The most notable developments are many mid-rise apartments that concentrate mostly in TTP1, followed by TTP2 and then Boeng Trabaek.

		PHNOM PENH'S LAND PRICES BASED ON STATISTICAL ANALYSIS			PHNOM PENH'S LAND PRICES CLASSIFIED BY MAJOR AND SUB STREETS (FIRST HALF OF 2015)							
		2nd Half of 2013	2013-2015	1st Half of 2015			Main Streets (1st Half of 2015)			Sub-Streets (1st Half of 2015)		
		Avg	Change % (y-o-y)	Avg	Min	Max	Avg	On-street	Corner	Avg	On-street	Corner
Postal Code	Chamkarmon District		10%									
12304	Boeng Keng Kang Bei	\$2,000	14%	\$2,550	\$2,000	\$4,800	\$3,950	\$3,100	\$4,800	\$2,000	\$1,500	\$2,500
12302	Boeng Keng Kang Muoy	\$3,300	15%	\$4,300	\$2,500	\$6,000	\$4,800	\$4,800	\$6,000	\$3,500	\$3,000	\$4,500
12303	Boeng Keng Kang Pir	\$2,100	17%	\$2,800	\$2,260	\$5,500	\$4,300	\$4,000	\$5,500	\$2,500	\$2,000	\$3,000
12305	Boeng Trabaek	\$1,810	14%	\$2,300	\$1,560	\$3,800	\$3,150	\$2,800	\$3,800	\$2,250	\$2,000	\$2,500
12312	Oulampik	\$2,680	2%	\$2,800	\$1,120	\$4,900	\$3,900	\$3,500	\$4,900	\$2,250	\$1,500	\$3,000
12307	Phsar Daeum Thkov	\$1,750	5%	\$1,940	\$1,100	\$4,080	\$3,050	\$2,500	\$4,080	\$1,750	\$1,100	\$2,500
12301	Tonle Bassac	\$1,900	17%	\$2,550	\$1,750	\$5,000	\$3,700	\$3,500	\$5,000	\$2,300	\$1,750	\$3,000
12306	Tumnob Tuek	\$2,620	2%	\$2,750	\$1,280	\$3,900	\$3,150	\$2,500	\$3,900	\$1,580	\$1,300	\$1,850
12308	Tuol Svay Prey Muoy	\$2,780	1%	\$2,850	\$1,600	\$4,500	\$3,800	\$3,500	\$4,500	\$2,750	\$2,500	\$3,000
12309	Tuol Svay Prey Pir	\$2,800	1%	\$2,880	\$1,620	\$4,550	\$3,850	\$3,500	\$4,550	\$2,700	\$2,500	\$3,000
12310	Tuol Tumpung Muoy	\$1,850	12%	\$2,300	\$1,170	\$4,500	\$4,250	\$3,500	\$4,500	\$2,250	\$1,500	\$3,000
12311	Tuol Tumpung Pir	\$2,100	13%	\$2,640	\$1,650	\$4,500	\$3,750	\$3,000	\$4,500	\$1,750	\$1,500	\$2,000

Note: Avg = average; Min = minimum; Max = maximum

Source: VTrust Appraisal

Figure 6: Land Prices in first half of 2015 by Commune in Chamkarmon District

PROPERTY OUTLOOK – CHAMKARMON DISTRICT

There is still a positive outlook for hot commercial zone in BKK1, where existing establishments already witnessed a robust growth and will continue to do so until at least the next two years. Yet, with the continual growth of land prices in the prime commercial areas, many options are now available for cheaper prices in the relative and neighboring communes such as BKK2, BKK3, TTP1, TTP2, Tonle Bassac, and Boeng Trabaek.

The recent trend of apartment and other commercial developments shifting from Boeng Keng Kang communes to the eastern area, namely Tonle Bassac, and the northeastern areas, namely Tuol Tumpuon communes, is potentially a sign that the areas will become the next prime residential and commercial zones after Boeng Keng Kang.

The most notably growing area is Tonle Bassac, as bolstered by the recent influx of large-scale and high-rise developments in recent years, especially early 2015. Such developments are AEON Mall, Rose Condominium and housing complex, and a number of condo and housing projects both in and nearby Diamond Island.

Factors leading to the growing trend of the areas are their relatively good infrastructure, easy access to ministries and related departments, embassies, major shopping centers, schools, and many other necessary amenities, ideal for mid to high-end local population and expats. Another factor is that the property market value there is still comparatively lower●

No.	Major Finished Projects	Type	Location
1	Tokyo Inn	5-star Hotel	Tonle Bassac
2	Bali Scenery	Condominium	Tonle Bassac
3	AOEN Mall	Shopping Mall	Tonle Bassac
4	La Seine	Shophouse	Tonle Bassac
5	Elite Complex	Townhouse	Tonle Bassac
6	Rose Condominium and Townhouse Complex	Condominium	Tonle Bassac
Newly Announced and Under Construction			
1	The Bridge	Condominium	Tonle Bassac
2	D.I. Rivera	Condominium	Tonle Bassac
3	Casa Meridian	Condominium	Tonle Bassac
4	Diamond One	Condominium	Tonle Bassac
5	Bali Scenery (partical)	Condominium	Tonle Bassac
6	The Peak Residence	Condominium	Tonle Bassac
7	SunCity Bassac	Condominium	Tonle Bassac

Source: VTrust Appraisal

Figure 7: List of some development projects based in Tonle Bassac, Chamkarmon District.

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