



## Land prices in city's central districts soar



### Seller Info

Name: seng Sengchhorlina  
First Name: seng  
Last Name: Sengchhorlina  
Phone: 0855 Please click to see detail  
Location: Phnom Penh

### Ads details

I want to:

Title: Land prices in city's central districts soar

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Location: Phnom Penh

Description: Real estate agents put big increases in inner-Phnom Penh property values down to factors including political stability, economic growth and a surge in foreign investment

Political stability, economic growth and foreign investment have led to doubled land prices in four of the capital's central districts compared to 2008, when prices bottomed out due to the financial crisis, according to a report.

From the second to the third quarter of 2014 alone, land prices in the districts of Chamkarmon, Daun Penh, Prampi Makara and Tuol Kork went up by 20 per cent in commercial areas and 30 per cent in residential areas, the Bonna Realty Group study found.

In Chamkarmon's Tonle Bassac village, high-end condominiums such as The Bridge and Casa Meridian helped push residential land prices up to \$2,000 to \$2,500 per square metre, while commercial land sold for up to \$4,000 to \$6,000.

Tonle Bassac remains cheaper, however, than Chamkarmon district's Sihanouk Boulevard. On the centrally-located strip of land from Monivong Boulevard to Independence Monument, commercial land is priced at \$8,000 to \$9,000 per square metre, a 10 to 15 per cent increase from the second to the third quarter of 2014. The high prices have scared off some investors from developing land in Chamkarmon, the report noted.

The riverfront's Daun Penh district, on the other hand, had a wider variation in prices, with residential land priced from \$500 to \$4,000 per square metre. The study noted that the district's price range, along with the fact that there are relatively few high-rises, made it a promising area for hotel development.

In Prampi Makara district, the home of high-rises and shopping centres such as Phnom Penh Tower and City Mall, commercial land prices increased between 10 and 15 per cent in the third quarter of 2014. Within the district, prices along street 163 are between \$6,000 and \$8,000 per square metre, but much of the district remains affordable, with residential land starting at \$300 to \$600 per square metre overall.

Finally, prices in Phnom Penh's large northwestern district of Tuol Kork increased at a healthy clip as universities, apartments and banks popped up in the area.

Still, prices in Tuol Kork remain lower than in the more centrally-located Chamkarmon district, with residential land starting at \$1,600 to \$2,000 per square metre and commercial land at \$3,800 to \$4,900.

Hin Socheat, property manager at Bonna Realty Group, said Phnom Penh land prices jumped in 2014 due to a number of factors: better customer knowledge following the financial crisis, renewed political stability, strong economic growth, and an influx of overseas investors into the market as Cambodia prepared for ASEAN economic integration.

"Chamkarmon land prices went highest at \$4,000 to \$5,000 per sqm, but current market prices saw an increase of between \$8,000 to \$9,000 per sqm," he added.

But despite the price increases, Cambodian property remains affordable to investors compared to other ASEAN countries.

A luxury condo in Singapore usually costs around \$20,000 per square metre, but in Phnom Penh the same sells for \$3,000, making it easier to potentially gain a profit in Cambodia.

Nguon Chhayleang, chief executive of Regent Realty, said he agreed with the assessment that land prices in the four districts had doubled since the financial crisis of 2008.

"I think both the Cambodian and foreign investors contributed to this growth," he said, adding that the ratio was about 70 per cent Cambodian and 30 per cent foreign.

However, Chhayleang said he was "still wondering" whether the next six years will see another doubling of land prices. "That depends on the development of the country, political stability and infrastructure development," said Chhayleang, adding that an additional factor was the economic health of large investors such as China.

"We are vulnerable, since some of the biggest [real estate] investments are from China," he said.

"The Chinese economy has a big impact on our economy."

Source: The Phnom Penh Post\_Sat, 3 January 2015