



LEADING AIRPORTS



LEADING PORTS



MAIN DISTRIBUTION CENTERS



LEADING MANUFACTURING CENTERS



POIPET



PHNOM PENH



BAVET



SHANOUKVILLE



CAMBODIA

RISK PROFILE



BEAUROCRATIC INEFFICIENCY



EVERYTHING BUT ARMS AGREEMENT WITHDRAWAL

Source: CBRE Research, 2020

EDUCATION LEVEL AGE GROUP (15-64)



PRIMARY SCHOOL ENROLLMENT

107%



TERTIARY EDUCATION ENROLMENT

13.13%



PRIMARY SCHOOL COMPLETION RATE

88%

Source: UNESCO

WORKFORCE



TOTAL

10.41M



MALE

5.05M

48.5%



FEMALE

5.36M

51.5%

Source: CSES 2017

AVERAGE WAGES (PER ANNUM)



MANUFACTURING

USD 2,280

(KHR 9.3 million)

Source: Ministry of Labor, 2019

INDUSTRIAL UTILITIES COSTS (USD)



ELECTRICITY

(PER KILOWATT HOUR)

0.15 – 0.16



WATER

(PER CUBIC METER)

0.23 – 0.36



GASOLINE

(PER LITER)

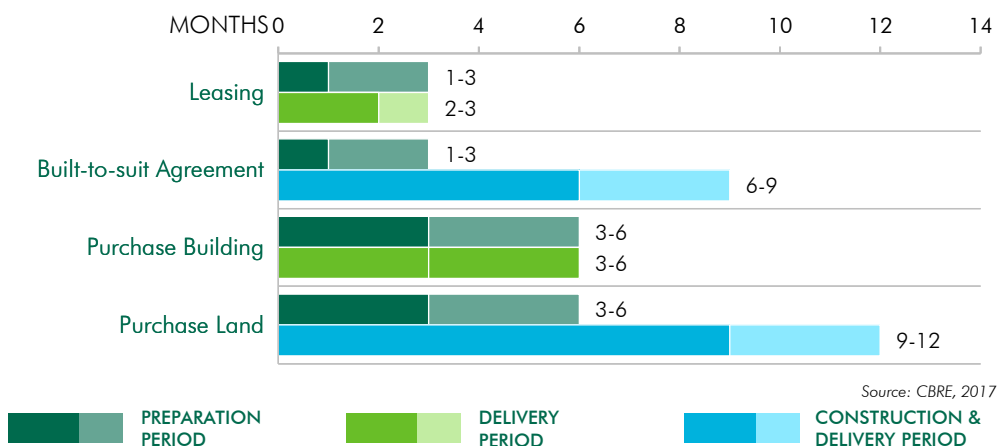
0.96

*Note: Exchange rate 4,000KHR to USD1

Source: EDC, 2019/ PPWSA, 2018 / CBRE Cambodia 2019

CAMBODIA

OCCUPANCY OPTIONS AND TIMELINES



Note: Purchase Building refers to buying an existing factory / warehouse; Purchase Land refers to buying land and developing own factory / warehouse.

NATIONAL STATISTICS

CAMBODIA	2018	2019(F)	2020(F)
Total Population (millions)	16.3	16.4	16.7
GDP Growth (real, y-o-y)	7.3%	7.1%	-1.6%*
Export Growth (real, y-o-y)	8%	5%	7%
Industrial Production Index (2005 = 100)	298.7	264.7	283
Fixed Asset Investment (real, y-o-y)	11%	8%	7%
FDI (inward, US\$ millions)	2,530	2,725	2,926
Unemployment Rate (ILO definition)	2.8%	2.8%	2.8%

Source: Oxford Economics, 2019 *Source: The IMF

TO LEASE

Terminology	Tenancy agreement.
Transparency	Deal details are limited to what each party is willing to disclose.
Lease Registration	Not required, unless term exceeds 15 years.
Term	Typically 3-5 years.
Termination or Break	The landlord may terminate the agreement forthwith if the tenant does not pay the rent within 30 days from receipt of notice from the rent is due and remains unpaid. Or if the tenant terminates before the mandate of the agreement, the landlord will not return the security deposit.
Option to Renew	Options to renew rent to be mutually agreed between the two parties. Renewal terms to be mutually agreed 90 days before lease expiry.
Rental Incentive	Rare.
Right to sub-let	Only when there is prior written approval from lessor.

SPACE MEASUREMENT

Units	GFA, square meters.
Definitions	Gross Floor Area (GFA) is the internal area including columns.
Efficiency	95%

OCCUPANCY COSTS

Average Rental	<p>Rent is usually paid on a GFA basis in US Dollars (US\$) and is charged per square meter per month.</p> <p>Ready built warehouse/factory: US\$2.5 - US\$5 per sq.m per month</p> <p>Built to suit warehouse/factory: US\$1.8 – US\$5 per sq.m per month</p> <p>Average industrial land: US\$0.5 – US\$1 per sq.m</p>
Service Charges/ Management Fees	<p>Service charge and maintenance fee are excluded from the net rental amount (no service charge is applied to standalone warehouses).</p> <p>Ready built warehouses/factories for lease within Special Economic Zones (SEZs) typically carry a service or maintenance charge of between US\$0.03 and US\$0.07/sq.m (based on land size).</p>
Taxes	10% VAT of monthly rent and service charges.
Utilities	Utility charges are paid according to the meter. Typically paid by the tenant.
Fit-Out	Units can be provided as a bare shell with fitted internal office and restroom areas, purpose built as per the tenants requirements.
Restoration	Tenant required to make good at the end of the lease restoring the space to hand over condition.
Security Deposits and Guarantees	3-12 months rent, paid in cash, non interest bearing, repaid at lease termination. Guarantees not usually accepted.
Car Parking	Provided within the compound, included in the rent.
Truck Parking	Included in the rent.
Other Occupancy Costs	Building insurance is typically paid by the tenant.

TRANSACTION COSTS

Agency Fees	One month rent for lease term of 3-5 years, typically payable by the Landlord. (Tenant representation fees paid by tenant.)
Legal Fees	Each party bears their own legal fees.
Other Transaction Costs	N/A

PURCHASE AND SALES

Land Tenure	Freehold for Cambodian nationals and majority Cambodian-owned companies. Leasehold of 20-50 years or 50+50 years. Leasehold commonly applied at Special Economic Zones (SEZs).
Market Practice	Cambodian nationals and majority-Cambodian owned companies can own freehold land. Foreign land ownership is limited to 49% share with the remaining 51% share owned by a Cambodian entity. Foreign companies can occupy land on a leasehold basis within SEZs.
Terminology	Sale & Purchase Agreement (SPA).
Completion of Sale	3-6 months from signing of sale and purchase agreement to transfer of title; 3 months for transfer registration.
Construction Permit Approval	3 - 6 months to secure building permits.
Average Cost	Within SEZs, land is usually offered on the basis of a long leasehold for a term of 50 years renewable with prices quoted at between US\$20 and US\$110 per square meter. Construction costs are reported at between US\$90 and US\$200 per square meter dependent upon location, size and the quality of building.
Agency Fee	3% - 5% of the transaction value, paid by the seller (buyer representatives fees payable by the purchaser).
Typical LTV	Typically between 60% and 70%.
Borrowing Rate	6 - 12%
Mode of payment	Cheque or bank transfer.
Transaction Costs	4% transfer tax based on assessed value or value in SPA, payable by the purchaser (but in practice payable by the vendor).
Holding Cost	0.1% annual property tax of 80% of assessed property value over 100 million KHR (US\$25,000), payable by owner.
Exit Costs	N/A

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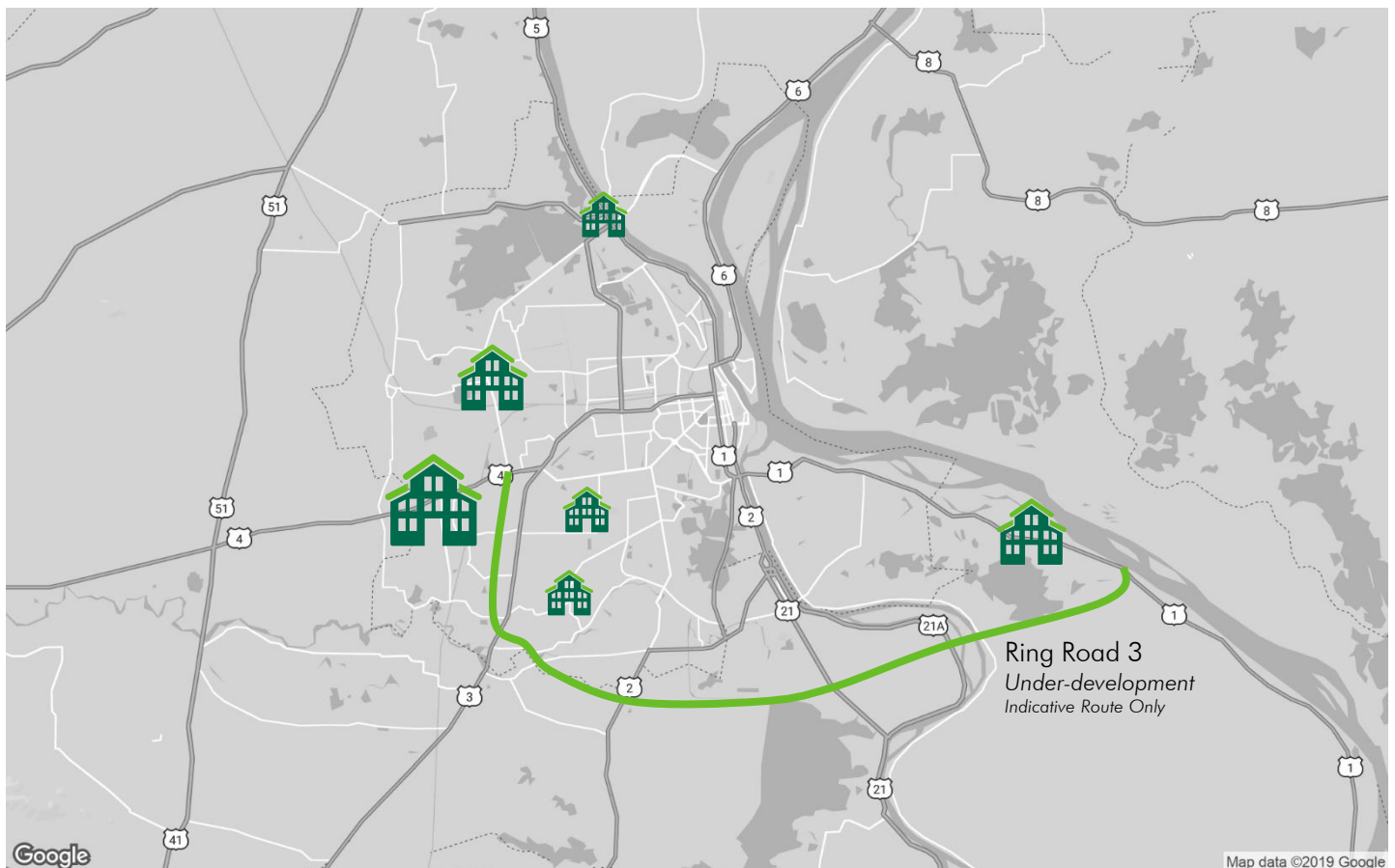
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STANDARD BUILDING SPECIFICATION

Floor loading	Ground/lower floors – 4 tons / sq.m.
Clear height	10 - 12 meters.
Loading/unloading bays	None.
Dock levellers	None.
Column grid	Approx. 6 meters.
Power supply/provision	250-300 Amp.
Lift tonnage capacity	None.
Fire protection & fighting	Fire extinguishers & hose reel systems.

PRIMARY INDUSTRIAL ZONES | PHNOM PENH



Occupancy Glossary

For our occupancy timelines, we define our terms as follows:

Leasing (Existing buildings)

Preparation period: Commencing site selection, short-listing, negotiating terms, signing the lease.

Delivery period: Securing any necessary planning permits and completing the fit-out.

Pre-leasing (Land ready and buildings planned or under construction)

Preparation period: Commencing site selection, short-listing, negotiating terms, signing the lease.

Delivery period: Finalizing the specifications, securing any necessary approvals, construction and handover.

Build-to-Suit (Land to be developed according to specific requirements)

Preparation period: Commencing site selection (typically via a “Request for Proposals”, short-listing, finalizing the design, securing approvals for the project, signing the binding agreement.)

Delivery period: Preparing the land, construction and handover.

Purchasing an Existing Building

Preparation period: Commencing site selection, short-listing, negotiating terms, signing the binding agreement for purchase and payment of the deposit.

Delivery period: Completing legal procedures, paying the final instalment and receiving the land title certificate.

Purchasing Land for Development

Preparation period: Commencing site selection, short-listing, negotiating terms, signing the binding agreement for purchase and payment of the deposit. The purchase may be at auction, land tender private or from government, or via secondhand sale.

Delivery period: Including issuance of land title, finalize design, securing necessary approvals to build, construction period and handover.