

Asian 'tiger primed

Mention Cambodia and many things may spring to mind. Most likely, property investment is not one of them. Even tourism may not factor into the thinking. Yet both are high on the agenda as Cambodia works to distance itself from the shackles of its tragic past.

How does a nation recover from decades of civil war, genocide, political unrest and economic devastation? A compelling natural attraction helps and, in Cambodia's case, there is its undeveloped coastline. Add to the mix tropical rainforests and beautiful old colonial cities and the result is a new "must-see" destination in Asia.

Of course, Cambodia's tourism was hit, like other destinations in Asia, by severe acute respiratory syndrome in 2003 and the more recent global financial crisis. By mid-2009, local media were hailing a rebound, reporting a 10 per cent jump in tourist arrivals.

Cambodia had also caught the eye of property developers who began injecting new life into the capital, Phnom Penh, and cherry-picking the coastline for luxury resort developments. Property watchers soon got wind, and Cambodia has become one of Asia's best emerging property investment markets. One report even had Cambodian realty as the "tiger primed and ready to pounce".

While David Simister, the chairman of CB Richard Ellis Thailand and Cambodia, sees this as somewhat of an overstatement, he does agree Cambodia is hot.

"Cambodia is a young and aggressive economy, and yes it is growing. But it's coming off a low base," Simister says. "We are quite big fans of the potential."

He says when it comes to attracting foreign investment, Cambodia "has looked at what other countries are doing in terms of tenure and tax incentives, and wants to beat them hands down". Unlike in some markets, it is straight-forward for foreigners to buy property.

Simister notes that the new wave of quality villas in Phnom Penh are prime, achieving "better prices than Bangkok" in some cases. But he sees the real opportunity for overseas

Rising from the ruins of war, Cambodia is becoming



A French colonial apartment in Phnom Penh offers a glimpse of what Cambodia

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THAILAND AND CAMBODIA

investors in Cambodia's coastal resorts, particularly the pristine island of Koh Rong.

The Koh Rong archipelago, 30 minutes by boat from Cambodia's main coastal town of Sihanoukville, is being pitched as the "next Asian Riviera", following the success of Phuket, Koh Samui and Bali.

The Royal Group has a 99-year lease to develop Koh Rong, the largest private island in the region. Last year, it appointed CB Richard Ellis as the adviser and sole agent for developing international tourism and real estate on the island.

Covering 78 square kilometres, Koh Rong is about a third of the size of Koh Samui, with a local population of about 1,500 living in small fishing villages. The island remains virtually untouched, with its

and ready to pounce'

ng a hot real estate investment market, writes **Peta Tomlinson**



Asia's property sector has in store for foreigners planning to put their money in the market.

COLONIAL SPLENDOUR

Fancy owning a top-notch
Phnom Penh duplex apartment?

Properties in Phnom Penh's French Quarter range from US\$75,000, which buys "a cute one-bed duplex apartment with river views", up to US\$175,000 for a luxury penthouse of three bedrooms and 250 square metres of living space.

Offered by Claire Brown Realty, and developed by Brocon Group, these properties are in colonial buildings from the 1930s and 40s, and are being sold renovated and furnished. They come with rental guarantees and management is included.

Claire Brown is also fundraising for a project in the heart of Phnom Penh - a classic, iconic building which will be redeveloped, retaining all original features including the bourgeois façade, into a lifestyle destination designed around al fresco cafes and restaurants, high-end retail units, and residential and commercial property.

Peta Tomlinson

28 white-sand beaches stretching up to six kilometres and crystal-clear water comparable to the Maldives.

"The Koh Rong story is similar to that of Samui and Phuket 20 to 30 years ago," Simister says. "It is one of the last undiscovered paradises in Southeast Asia."

The building of a new international airport at Sihanoukville is set to kick-start development opportunities, putting Hong Kong investors within a 2½-hour flight. "It's closer than Thailand, is centrally located, and is in a tropical area with white sand, good seafood and cheap cost of living," Simister says. "Infrastructure in Cambodia is lagging behind, but it is coming along."

To date only chartered flights and private jets arrive at the airport, but

flights from Phnom Penh and Siem Reap are expected to begin in the near future, with speculation that regional airlines are also considering scheduled flights this year.

He adds that lessons learned from elsewhere in the region will give development projects a green edge, positioning Koh Rong as "Asia's first environmentally planned island".

Here, at least, it seems to be a case of "build and they will come". Song Saa Island Resort, the first international-quality resort in the Koh Rong archipelago, was a sell-out soon after its pre-Christmas launch.

CB Richard Ellis chose to launch the project in Phuket. More than 60 per cent of the offering, comprising 14 luxury villas, went within the week of launch, and the rest soon

after a global mix of investors from Hong Kong, Norway, France, Australia, Japan and Britain. Apart from the aesthetic attractions, buyers were also drawn by the low-cost entry-level price.

Though he has got nothing to offer investors right now, Simister believes it is a case of "watch this space" for buyers eyeing Cambodia. He believes Song Saa will put the Cambodian coastline on the map and that its eco-development model will be replicated on a larger scale in future projects on Koh Rong.

Claire Brown of Claire Brown Realty, a property specialist, agrees that Cambodia "is now fully awake and raring to go". Economically, she sees the country as "a genuine phoenix rising", citing gross domestic product growth of over 10

per cent year on year between 2004 and 2007, and even in 2008, a challenging year for all, GDP growth was still a healthy 7 per cent.

Brown feels Phnom Penh in particular represents an exciting alternative to investing in other regional capitals. Pricing in the city is coming from a low base, offering potential for future profit. She sees Phnom Penh's French Quarter real estate as having the best opportunity for growth. "Just a few years ago, [buying] property in Cambodia would have been thought of as highly speculative," she says. "These days, with a stable, democratic government, an influx of multinational firms, tourism steeply on the rise and a shortage of high-end property in the capital, it's a rare paradise for early-bird investors."