

SPECIAL REPORT: PROPERTY MATTERS

Cambodia offers fun in the sun

Developers from around the world are investing in the country's unspoiled coast, betting that tourists can't be far behind, writes Peta Tomlinson

Think of golden sand, glorious beaches and luxury retreats in Asia, and Cambodia might not immediately spring to mind. However, Cambodia is ascending as a tourist destination, especially its coastal areas.

A record 90,000 international tourists visited Cambodia Bay beaches last year – an annual increase of 7.5 per cent – and that could as much as double this year.

In May, the region's profile was further elevated internationally when Cambodia Bay was officially welcomed to a list of the Most Beautiful Bays in the World (www.world-bays.com). Prime Minister Hun Sen described his kingdom's admission to the exclusive, 32-member club as "a great opportunity for accelerated development of Cambodia's bays and coastal areas".

Developers have already cottoned on to this hitherto untapped potential.

"We have observed rapid progress in urbanisation, including the construction of hotels, guesthouses, restaurants,

entertainment centres and resorts in the coastal areas," Hun Sen said. "All these private investments have quickly expanded in all these coastal-area provinces."

International realtor CB Richard Ellis (CBRE), which has had a full-service office in Cambodia for four years, says increasing tourist visits to the coast have paved the way for developers to build various facilities and accommodation.

"Much of the country's coastline remains undeveloped," says David Simister, chairman of CBRE Thailand. "However, this is slowly changing. The coastal property market remains at its infancy, with a

limited number of developments that have launched to market, and many projects in the pipeline and planning phase."

While welcoming tourism's potential to underpin economic growth and reduce poverty, Hun Sen also appealed to developers not to destroy the environment along the 450km coastline.

The Royal Group of Cambodia's plan to transform the pristine island of Koh Rong into Asia's first environmentally planned resort is in line with that thinking. MAP Architects of Hong Kong, which helped create the vision for Koh Rong, billed as "the next Asian Riviera", says the concept "sets an exciting new benchmark for tourism worldwide".

Simister, whose CBRE is the sole agent for developing the island, agrees that Koh Rong is one of the key coastal projects that is set to transform Cambodia's coastal tourism. "It's the next big opportunity in a world where quality tourism development options are shrinking," he says.

With a five-year development timeline for the first phase and ultimate completion in 25 years, it is



The view from the deck of a beach house on the private island of Song Saa, in Koh Rong.

The interior of one of the Song Saa beach houses.

also one of the most far-sighted of visions in global hospitality. Construction of infrastructure has begun on the island, including the main road network and an airstrip. This is due for completion later this year and will service the Koh Rong Archipelago area.

Investors have been quick to snap up one of the first opportunities available. Song Saa Private Island, located in the Koh Rong Archipelago and developed by Brocon Investment, is the first

luxury private-island resort to be attempted in the country. Due for completion at the end of November, Song Saa comprises 27 over-water, beach and jungle villas, and a range of 5-star facilities, including an over-water restaurant and lounge, a spa and meditation centre, a private beach, water-sports facilities and more.

Simister says the completion of Song Saa represents a significant leap forward for Cambodia's coastal tourism. "It will place Cambodia on

the map as an emerging beach destination." Despite the infancy of the resort-property market in Cambodia, Song Saa successfully sold out the first phase of its villas last year within two months. The final phase was launched in Hong Kong in April, where prices "are moving in line with developed properties and properties in other key coastal locations", Simister says.

The Song Saa project has attracted a global mix of investors from Hong Kong, Japan, Norway,

Britain and France. Simister says new laws make it easier for foreigners to buy. And being only two hours by air from Hong Kong, it's an easy commute.

"Cambodia has one of the friendliest investment climates for offshore investors."

"Foreigners are allowed to own freehold condominiums located on upper floors of a building – this is relatively new legislation passed in 2010. Like most other Southeast Asian countries, foreigners are unable to own land on freehold, but it is legal and straightforward to set up a Cambodian land-owning company. Alternatively, foreign land ownership in Cambodia is offered on 99-year leases, the best leasehold tenure available in the region."

"This year, we have also seen major foreign investors like Hongkong Land entering the market, where they have recently purchased residential properties and development sites in Phnom Penh."

The remaining over-water and beach villas at Song Saa Private Island are priced from HK\$4.6 million, with an 8 per cent guaranteed yield for 5 years.

8%

is the guaranteed yield for beach villas at Song Saa Private Island, in Cambodia. The homes are priced from HK\$4.6 million