



HOSPITALITY CONSULTING

Sihanoukville

Tourism & Property Market Update

January 2020

How a coastal village transformed into a megacity has developers asking what will come next?

Online gaming ban becomes key market disruptor

“Sihanoukville was originally a peaceful coastal village set in the southwest of Cambodia. In the past, it attracted mostly Western tourists and was once a weekend getaway destination for locals. However, starting in 2017 the dramatic inflow of Chinese investment driven by the Belt and Road Initiative has changed the seaside town completely.

Prior to 2016, only limited domestic and charter flights served Sihanoukville airport. The emerging market has drawn attention from various segments especially the gambling sector and brought hundreds of thousands of Mainland Chinese workers and investors to the city. As of YTD October 2019, the city’s main getaway Sihanoukville International Airport hosted 602,755 passenger arrivals, which is a 266% y-o-y growth compared to the same period in 2018. Land values, rents and condominiums sales prices have skyrocketed during a three-year period due to the surging demand and massive development of the city.



Source: Ministry of Tourism Cambodia and C9 Hotelworks Market Research

Without a doubt, the Cambodian ban of online gambling, driven by the Chinese government has hit the tourism and real estate sector hard. Yet, ongoing construction of public infrastructure and development of Sihanoukville Special Economic Zone (SSEZ) will likely contribute to stabilizing development in the medium to long term.”

Bill Barnett, Managing Director, C9 Hotelworks

Trends

- As of YTD Oct 2019, Cambodia’s top three geographic source markets account for 58% of the total inbound arrivals, which are Mainland China, Vietnam, and Thailand.
- Currently, the Sihanoukville airport has direct connectivity to four countries, serving 27 destinations and 22 cities in Mainland China.
- There are 3,296 hotel keys in Sihanoukville at present, ranging from midscale up to the upper upscale tier. These properties tend to have large room stock that caters to groups.

Forward Outlook

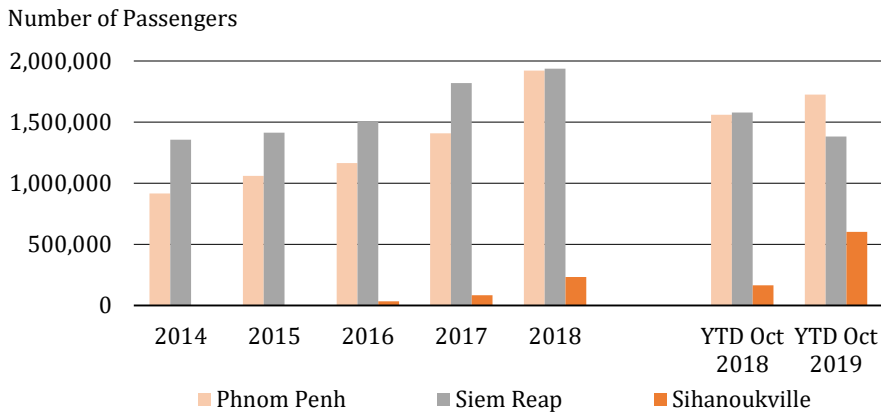
- Sihanoukville International Airport is undergoing an extension of the runway to serve larger aircraft. Completion of the project is expected to be this year.
- Mainland China is the largest target market for real estate investment, market-wide sales prices average USD1,900 per square meter.
- Despite the challenged online gambling sector, future growth is expected to be diversified in various segments with a focus on the industrial industry together with a rebound in tourism.

TOURISM

Demand Indicators

As of YTD October 2019, passenger arrivals through the three main Cambodia airports totaled 3,711,335, representing a 12% y-o-y increase compared to the same period of the previous year.

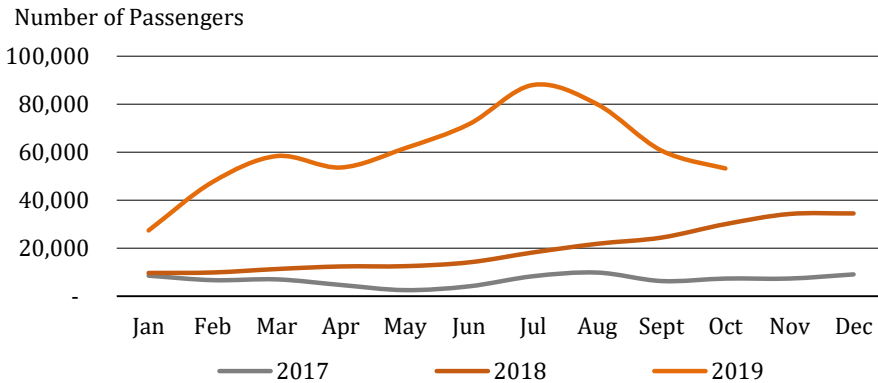
Major Cambodia Airports Passenger Arrivals



Source: Ministry of Tourism Cambodia and C9 Hotelworks Market Research

Sihanoukville recorded the highest CAGR (92%) among the three airports between 2016 to 2018

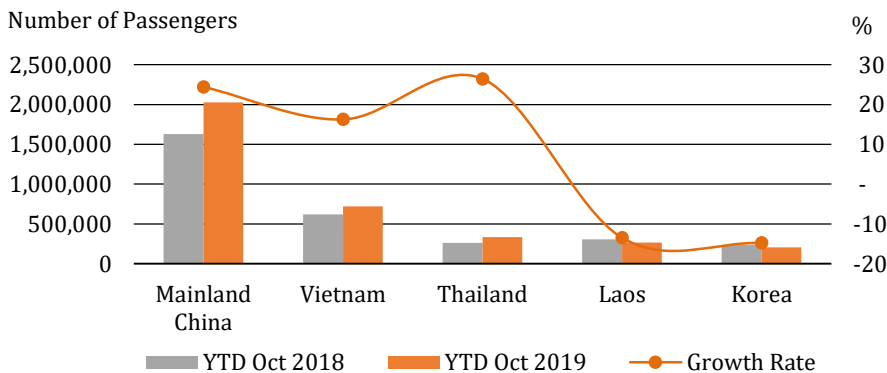
Sihanoukville International Airport Monthly Arrivals



Source: Ministry of Tourism Cambodia and C9 Hotelworks Market Research

After arrivals peaked in July 2019, they dropped month by month due to the online gambling ban

Cambodia Key International Geographic Source Markets



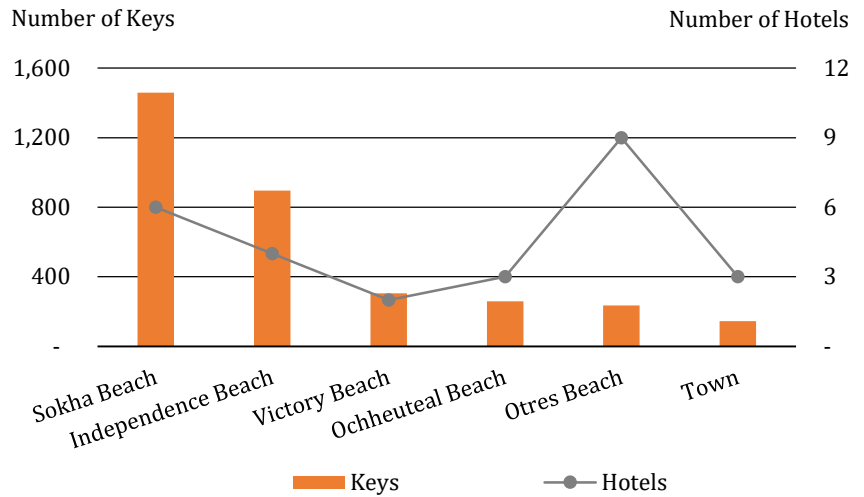
Source: Ministry of Tourism Cambodia and C9 Hotelworks Market Research

Mainland China accounts for 38% of total passenger arrivals as of YTD Oct 2019, posting a CAGR of 43% between 2015 to 2018

HOTEL AND PROPERTY MARKET

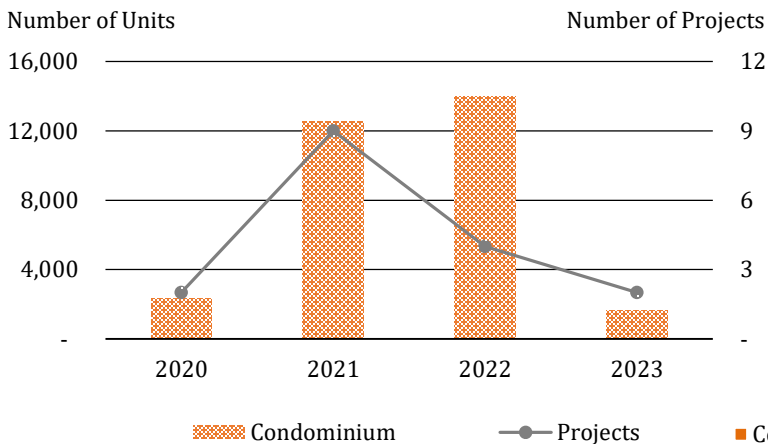
Current Hotel Supply

Sokha Beach has the highest concentration of hotel developments, with a total of 1,458 keys

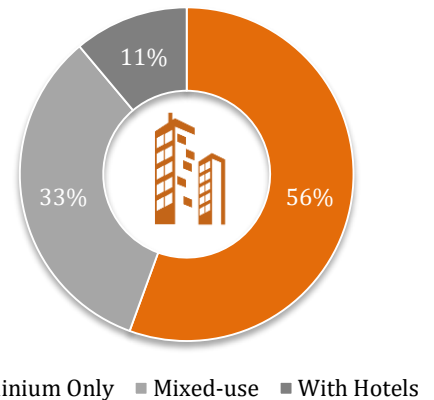


Source: C9 Hotelworks Market Research

Condominium Project Pipeline



Pipeline Development Composition



Source: C9 Hotelworks Market Research

While there is massive construction of buildings in the city, key projects total 18 developments, representing 30,549 condominium units. All upcoming projects include condominiums; with six mixed-use properties also having hotels, shopping malls and office buildings.

Hotel Pipeline

Hotel Name	Location	Keys	Opening Year
Novotel Sihanoukville Holiday Resort	Independence Beach	232	2020
Won Majestic Casino Hotel & Resort Cambodia	Sokha Beach	150	2021
Le Meridian Hotel	Hawaii Beach	388	2022
Prince Tian Xi Wan	Victory Beach	393	2023

Note: Projects only include properties with international brands or key developers

Source: C9 Hotelworks Market Research

About C9 Hotelworks



Bill Barnett
Managing Director

C9 Hotelworks is an internationally recognized consulting firm with extensive experience in the Asia Pacific region. Its core business focus includes:

- **Hotel and Resort Development**
- **Asset Management / Ownership Representation**
- **Project Feasibility and Analysis**

Key competencies include international hotel operator search, selection and contract negotiation, mixed use hotel and residential planning and operation reviews.

A wide range of both institutional and private developers and a comprehensive portfolio of completed projects give C9 the skill set and background to focus on key issues, evaluate complex ones and assist clients in achieving solid results. Based in Phuket, Thailand and led by Managing Director Bill Barnett, who has 30 years of experience in Asia Pacific, the firm is well positioned to serve an increasing demanding marketplace.



HOSPITALITY CONSULTING

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