



HOSPITALITY CONSULTING

Phnom Penh

Hotel Market Update

April 2020

As city development booms, hotels face mounting challenge to diversify guest segmentation

Nearly 7,000 new hotel keys for upscale and above tiers

“As the capital of the country, Phnom Penh is the business and economic hub of Cambodia. Last year, Phnom Penh International Airport recorded over 2 million passenger arrivals, which surpassed Siem Reap for the first time since 2010.

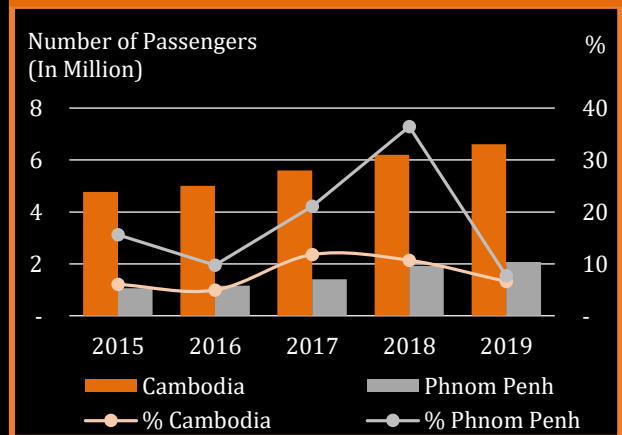
Unlike Siem Reap, hotels in Phnom Penh are mainly focused on the business segment. Expansion of the tourism sector remains challenging with limited direct flights, strained infrastructure and lack of diversity of tourism offerings. The ongoing COVID-19 crisis has strongly impacted the market. However, recovery is anticipated to have an accelerated pace among SEA countries as Mainland China is the dominant market feeder and strategic in the country’s cooperation with the Belt and Road initiative.

Currently, hotels affiliated with international brands are in short supply. However, there are ten branded properties expected to enter the market by 2022.

Trends

- Accommodation establishments in Phnom Penh total 836 properties with 29,469 keys. Hotels account for 66% of the total supply as per latest available data.
- Average length of stay for FITs is 5.5 days with an average expenditure of USD487 per traveler. This metric is primarily business travelers while the leisure ALOS is 1.5 days.
- Top five geographic source markets are China (52%), Malaysia (6%), USA (5%), Japan (4%) and Thailand (4%).

Airport Arrivals - Cambodia vs. Phnom Penh



Source: Ministry of Tourism Cambodia and C9 Hotelworks Market Research

In general, the hospitality sector in Phnom Penh is at its early stage of development. The increasing exposure of global hotel operators, expansion of the country’s economy and improving infrastructure will help the city to shape its destination awareness and improve its appeal in the longer term.”

Bill Barnett, Managing Director, C9 Hotelworks

Forward Outlook

- A new gateway airport is planned in Kandal Province to the southwest of Phnom Penh. It will cover 700 hectares and has a total budget of USD1.5 billion.
- The Phnom Penh-Sihanoukville expressway is one of the key projects in the China sponsored BRI with a total budget of USD2 billion, and scheduled completion in 2023.
- There are 15 pipeline hotels currently under development with 7,849 keys, inclusive of 13 with hotel brand affiliations.

TOURISM

Demand Indicators

Last year, passenger arrivals at Phnom Penh International Airport totaled 2,071,907, representing an 8% increase compared to the previous year.

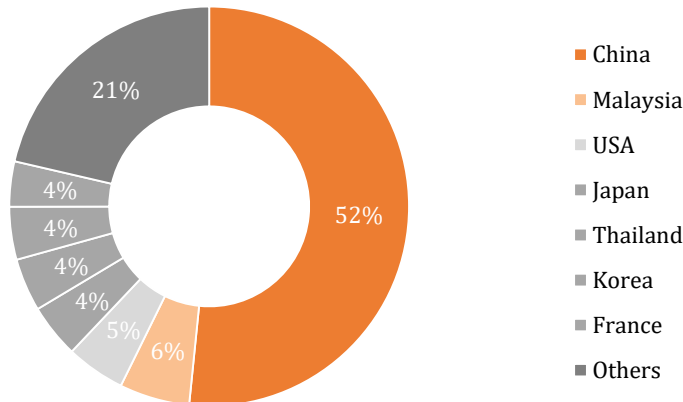
Phnom Penh International Airport Passenger Arrivals



Source: Ministry of Tourism Cambodia and C9 Hotelworks Market Research

Passenger arrivals recorded double-digit growth rates from 2012 to 2018, with a CAGR of 18%

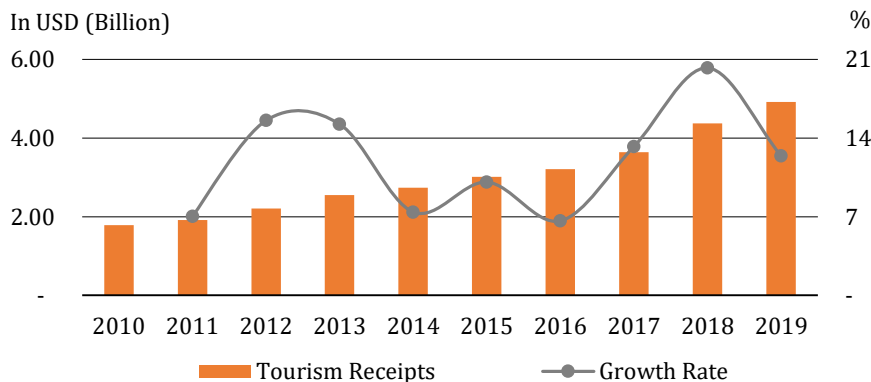
Key International Geographic Source Markets – Phnom Penh



Source: Ministry of Tourism Cambodia and C9 Hotelworks Market Research
Note: Latest available data as of 2018

Asia is dominated source market with 79% share, with China accounting for 66% within the region

Cambodia Tourism Receipts



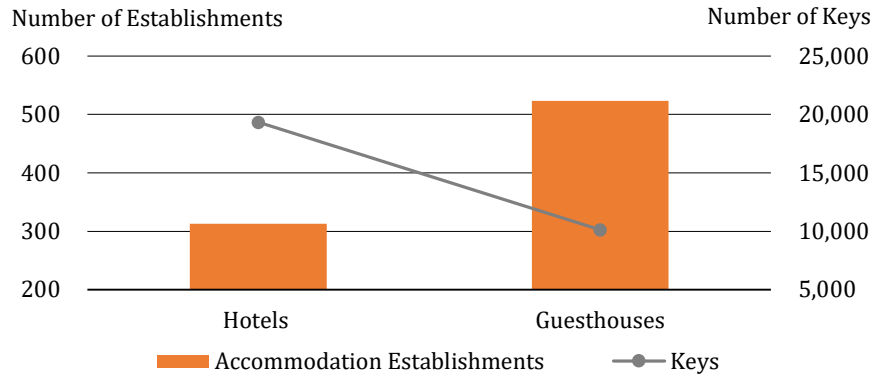
Source: Ministry of Tourism Cambodia and C9 Hotelworks Market Research

Tourism Receipts in Cambodia have grown significantly since 2017 from USD3.6 billion to nearly USD5 billion last year

HOTEL MARKET

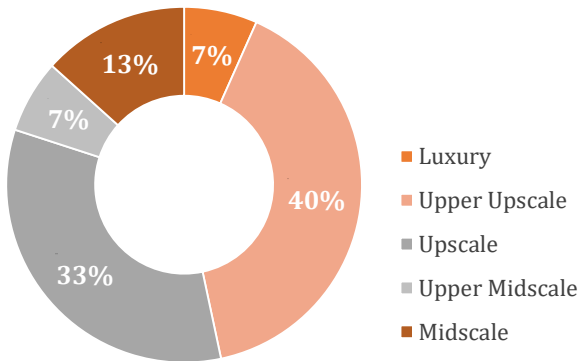
Supply

Phnom Penh has 313 hotels with 19,337 keys and 523 guesthouses

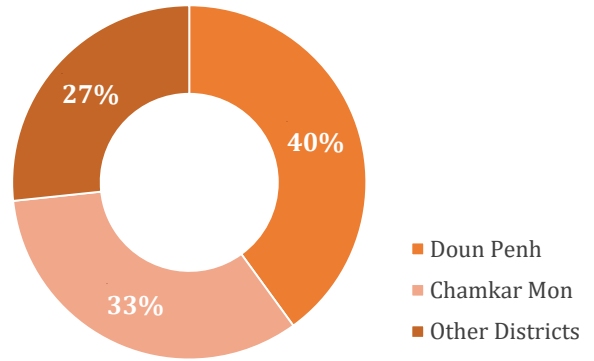


Source: Ministry of Tourism Cambodia C9 Hotelworks Market Research
Note: Latest available data as of 2018

Pipeline Projects by Tier



Pipeline Projects by Location



Source: C9 Hotelworks Market Research

Hotel Pipeline

Project Name	District	Keys	Opening Year
FCC Phnom Penh*	Doun Penh	39	2020
Hyatt Regency Phnom Penh	Doun Penh	248	2020
Hotel Nikko Phnom Penh	Dangkao	201	2020
Oakwood Premier Phnom Penh	Doun Penh	220	2020
Shangri-La Phnom Penh	Chamkar Mon	300	2021
Tribe Phnom Penh	Chamkar Mon	260	2021
Novotel Phnom Penh	Chamkar Mon	253	2021
Citadines Phnom Penh	Doun Penh	300	2021
Hilton Phnom Penh	Prampir Meakkakra	280	2022
The Khom Hotel, Phnom Penh	Doun Penh	130	2022
Oakwood Hotel & Residence	Doun Penh	168	2022
Ibis Styles Phnom Penh	Chamkar Mon	180	2023
Fairfield by Marriott Phnom Penh	Pou Senchey	300	2023
The Okura Prestige Phnom Penh	Ruessei Kaev	250	2023
NagaWorld 3	Chamkar Mon	4,720	2026

Note: *Renovation of an existing hotel

Source: C9 Hotelworks Market Research

Phnom Penh Key Domestic & International Weekly Scheduled Flights By Country



Source: Ministry of Tourism Cambodia C9 Hotelworks Market Research
Note: Weekly flights as of Q4 2019



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