

# REPORT

## Hotel Markets H1-2024: Phnom Penh, SHV, Siem Reap Cambodia



# Table of Contents

<b>I. OVERVIEW OF THE ECONOMY .....</b>	<b>4</b>
<b>II. OVERVIEW OF HOSPITALITY SECTOR .....</b>	<b>5</b>
<i>Tourism Designated Areas .....</i>	5
<i>Government Tourism Plan.....</i>	6
<i>The Industry Outlook.....</i>	6
<b>III. OVERVIEW OF HOTEL MARKET .....</b>	<b>7</b>
DEMAND AND SUPPLY DYNAMICS .....	7
<i>Foreign Tourist Arrivals .....</i>	7
<i>Purpose of Visit.....</i>	9
<i>Hotel Room Supply .....</i>	9
<i>Hotel Occupancy.....</i>	10
<i>Average Length of Stay .....</i>	10
<i>Foreign Tourist Destinations .....</i>	11
MARKET CHARACTERISTICS .....	11
<i>Customer preferences .....</i>	11
<i>Trends in the market .....</i>	11
<i>Local special circumstances.....</i>	11
MARKET CHALLENGES .....	12
<b>PART I. HOTEL MARKET SURVEY - PHNOM PENH .....</b>	<b>13</b>
<i>Overview.....</i>	13
SURVEY ANALYSIS.....	15
<i>Survey Sample Distribution .....</i>	15
<i>Hotel Key Distribution.....</i>	15
<i>Average Key Size.....</i>	15
<i>Average Daily Rate .....</i>	16
<i>Occupancy Rate.....</i>	16
<b>PART II. HOTEL MARKET SURVEY - SIEM REAP .....</b>	<b>17</b>
<i>Overview.....</i>	17
SURVEY ANALYSIS.....	19
<i>Survey Sample Distribution .....</i>	19
<i>Hotel Key Distribution by Grade .....</i>	19
<i>Average Key Size.....</i>	19
<i>Average Daily Rate .....</i>	20
<i>Occupancy Rate.....</i>	20
<b>PART III. HOTEL MARKET SURVEY - SHV .....</b>	<b>21</b>
<i>Overview.....</i>	21
SURVEY ANALYSIS.....	23
<i>Survey Sample Distribution .....</i>	23
<i>Hotel Key Distribution by Grade .....</i>	23



<i>Average Key Size</i> .....	23
<i>Average Daily Rate</i> .....	24
<i>Occupancy Rate</i> .....	24

**IV. HOTEL MARKET OUTLOOK..... 25**

<i>Projected Market Revenues and Growth</i> .....	25
<i>ARPU Projections</i> .....	26
<i>Sale Channel</i> .....	27
<i>Users and Penetration Rate</i> .....	27
<i>Pro-Business Public Policies</i> .....	29

## List of Figures

Figure 1: Tourists Arrivals in Cambodia .....	8
Figure 2: Fairfield by Marriot by Chip Mong Group in Phnom Penh:.....	13
Figure 3: Population Projection - Phnom Penh & Cambodia .....	14
Figure 4: Hotel Sokha - Siem Reap City.....	17
Figure 5: Foreign Direct Investment .....	30
Figure 6: Minimum Wage - Cambodia .....	30

## List of Tables

Table 1: Summary Hotel Survey – Phnom Penh .....	32
Table 2: Summary Hotel Survey – Siem Reap – H12024 .....	32
Table 3: Summary Hotel Survey – Sihanoukville – H12024.....	33

## Report Credit and Contact Information

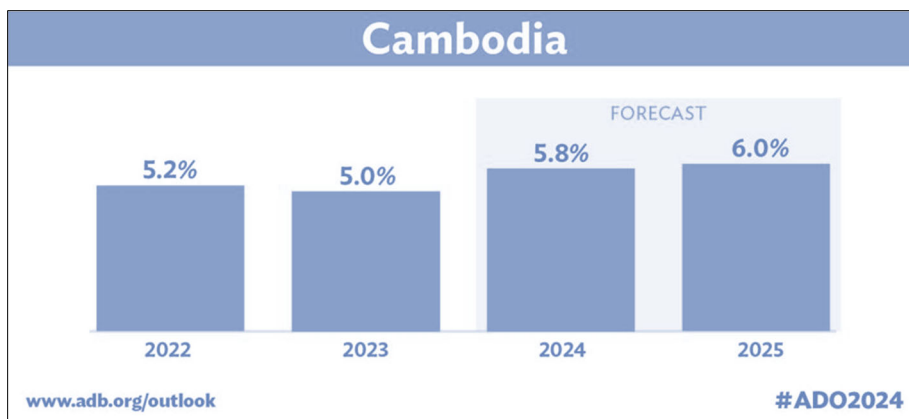
List of Contributors.....	34
---------------------------	----

## I. OVERVIEW OF THE ECONOMY

According to a report by the World Bank, Cambodia's economy is projected to experience a strong recovery in 2024, driven by increased manufacturing exports, growth in the tourism industry and agriculture sector. The report indicates that the country's economic recovery gained momentum in 2022 and 2023, with a real growth rate of 5.2% and 5% respectively. The revival of services, particularly in trade, travel, and hospitality, has played a significant role in bringing Cambodia's economy back to pre-COVID-19 levels. Additionally, the hosting of the Southeast Asian Games and ASEAN Para Games has resulted in an acceleration of foreign arrivals. The stabilization of global oil and food prices has further contributed to the nation's economic revival by easing domestic prices.

Cambodia's economy is forecast to grow at 5.8% in 2024 and 6.0% in 2025, fueled by a further rebound in tourism and strong manufacturing prospects, according to the latest edition of the Asian Development Bank's (ADB) flagship economic report.

The report forecasts continuing economic expansion in 2024–2025, supported by stronger export-oriented manufacturing. It also expects inflation, which averaged 2.1% in 2023 mainly on falling global energy prices, to remain low at around 2.0% over the next 2 years.



## II. OVERVIEW OF HOSPITALITY SECTOR

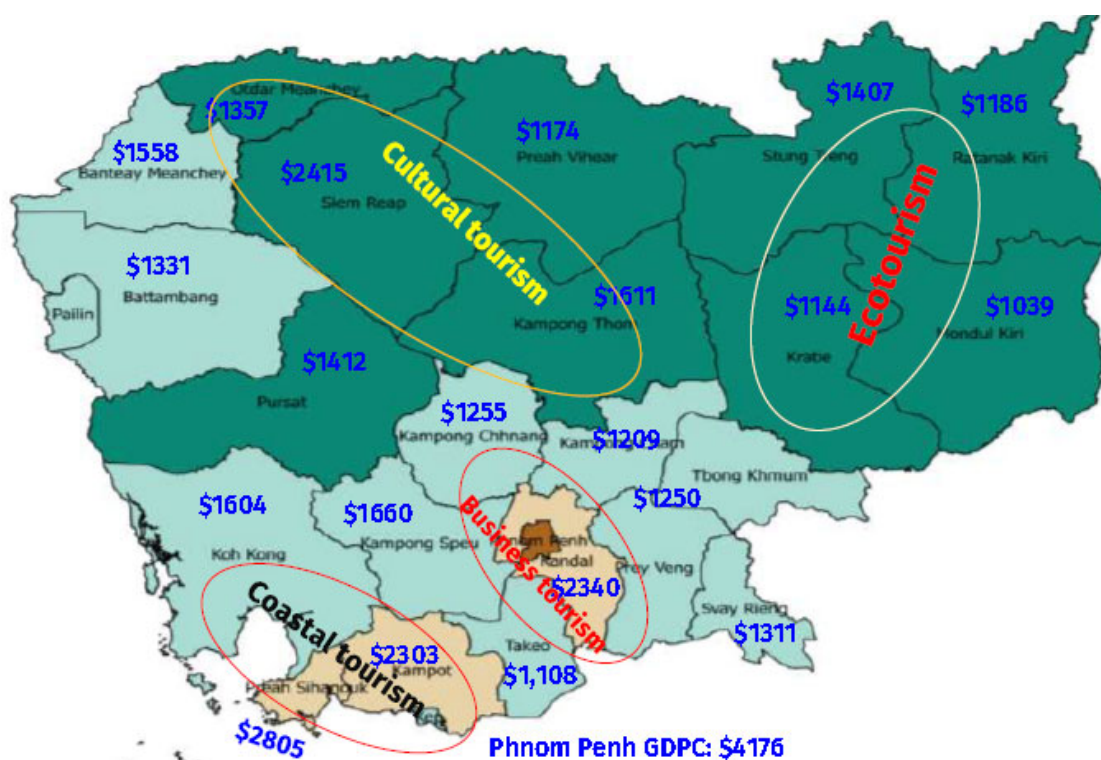
The Travel & Tourism market in Cambodia has been experiencing significant growth in the years before Covid-19, attracting a large number of international visitors to explore its rich culture and natural beauty. According to data from the Ministry of Tourism in Cambodia, the number of international tourist arrivals has been steadily increasing over the past decade, with a record 6.2 million tourists visiting the country in 2018. However, the hospitality industry has been hard hit by the Covid-19 pandemic and other world events such as war between Russia and Ukraine, regional tension of the economic superpowers and so on.

In recent years, the industry has seen a rebound, showing significant growth, driven by a recovering tourism industry and increased foreign tourist arrivals in the country.

Contributing significantly to the country's GDP, the industry is one of the strategic pillars of the economic development, providing employment opportunities for thousands of Cambodians. With continued government support and investment in the tourism sector, the industry is expected to continue growing in the coming years.

Cambodia's unique blend of history, culture, and natural beauty sets it apart as a top travel destination in Southeast Asia. The country's iconic Angkor Wat temple complex, vibrant markets, and warm hospitality of the locals contribute to its appeal among international tourists. Additionally, Cambodia's affordable prices and improving infrastructure make it an attractive option for budget-conscious travelers looking for a memorable experience.

### Tourism Designated Areas



Source: ACLEDA Bank Investor Presentation – 20 November 2023

## Government Tourism Plan

In early 2020, before the pandemic hits, the government has set an ambitious target to attract 25 million foreign tourists by 2030, representing a 12.8% annual growth from 2019. In order to achieve the goal, the relevant ministries have set out the development phases of the tourism industry as follows:

- **Phase 1 (2021-2022): Resilience & Restart.** Setup 'new normal' standard and revival. Implemented 'Tourism Safety Measures' to ensure health and safety of the tourism sector.
- **Phase 2 (2022-2023): Recovery.** Post Covid-19 recovery plan and crisis impact minimization. Set up financial incentives to provide support for tourism industry and encourage innovation within the sector, and:
  - Setup a supported system to enhance productivity and vocational skill levels within tourism sector.
  - Branding exercise to promote Cambodia including 'Cambodia: Beyond the Temples' and 'Cambodia: Kingdom of Wonders'.
  - Promote 'Cambodia: Sports Tourism Destination', through SEA Game 2023.
  - Strengthen public-private partnerships and international cooperation.
  - Improve airline-connectivity.
- **Phase 3 (2024-2025): Relaunch.** Welcome the new future of tourism. Focus on sustainability and smart technologies.
  - Promote long-haul market.
  - Diversify tourism product.
  - Strengthen governance with better crisis management.

## The Industry Outlook

According to Statista, the industry will perform well in the coming years as highlighted below:

- Cambodia's Travel & Tourism market is projected to achieve a revenue of US\$286.40m by 2024, with an anticipated annual growth rate (CAGR 2024-2028) of 7.68%.
- Consequently, the market volume is expected to reach US\$385.00m by 2028.
- In Cambodia, the largest market is the Package Holidays market, which is expected to have a revenue of US\$116.70m by 2024.
- The number of users in Package Holidays is projected to amount to 1.26 million users by 2028, with a user penetration of 11.2% in 2024 and an expected increase to 12.9% by 2028.
- The average revenue per user (ARPU) is anticipated to be US\$148.80.
- By 2028, 73% of the total revenue in the Travel & Tourism market is expected to come from online sales.
- Cambodia's Travel & Tourism industry is experiencing growth due to the country's rich cultural heritage and increasing air connectivity.

### III. OVERVIEW OF HOTEL MARKET

A part of hospitality, Cambodia's hotel markets were hard hit by the Covid-19 pandemic and other world events such as war between Russia and Ukraine, regional tension of the economic superpowers and so on.

However, the markets have shown steady growth after the pandemic, with an increase in the number of hotels and rooms available to visitors, driven by the country's growing tourism industry, attracting both leisure and business travelers. The influx of international tourists has also contributed to the development of upscale hotels and resorts in key tourist destinations such as Siem Reap, Phnom Penh, and Sihanoukville.

At the same time, though, the hotel market in Cambodia has faced challenges, such as competition from neighboring countries like Thailand and Vietnam, as well as issues with infrastructure and human resource development. However, government initiatives to improve infrastructure, promote sustainable tourism, and enhance hotel standards have helped to address these challenges and create a more conducive environment for hotel development.

#### Demand and Supply Dynamics

##### Foreign Tourist Arrivals

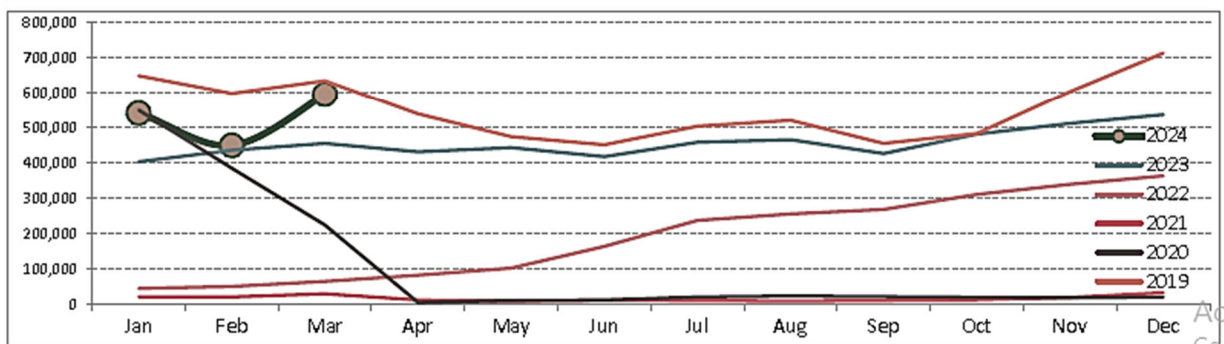
The foreign tourist arrivals to Cambodia have been on a steady increase from 2010 with a compounded annual growth rate of 11.4% p.a. up till 2019, of which the growth streak was interrupted by the emergence of Covid-19 pandemic. The tourists' arrivals dropped by an astonishing 80% in 2020 and another 85% in 2021.

According to a figure from Tourism Ministry, Cambodia's international tourist arrivals have been steadily recovering since the Covid-19 pandemic's onset, reaching 2.28 million and 5.5 million in 2022 and 2023 respectively. For the first quarter of 2024, the number of internal arrivals has totaled 1.6 million, as China's easing of its zero-COVID strategy presents a significant opportunity for the country (**Figure 1**). The partial recovery of the travel and tourism sector has led to increased demand for affordable and mid-range hotel accommodation. In addition, domestic tourists also continue to support occupancy rates through more travelling and so on. As the tourism sector and domestic economic activity continue to recover, the hospitality sector is expected to improve further.

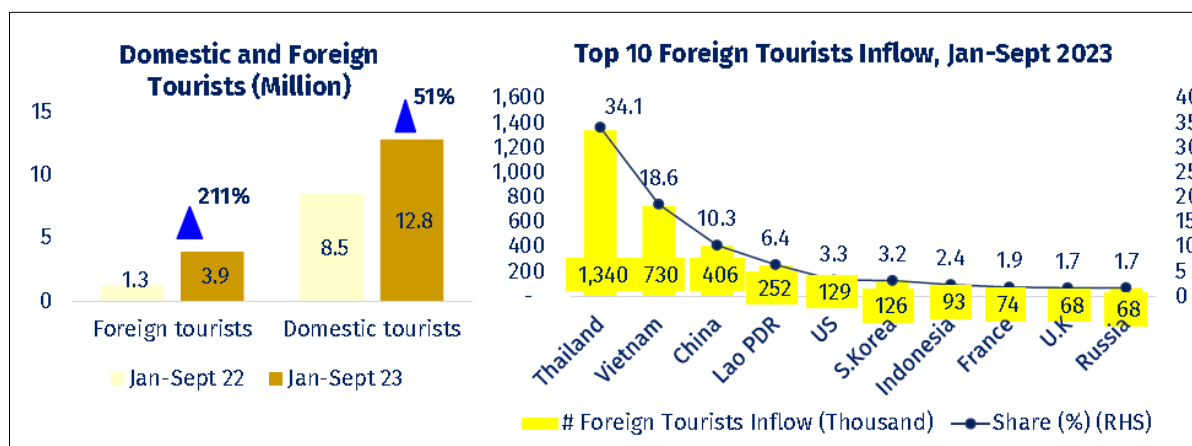


Figure 1: Tourists Arrivals in Cambodia

International Tourist Arrivals to Cambodia											
Months	2019	2020	2021	2022	2023	2024	Change (%)				
							20/19	21/20	22/21	24*/19	
<b>Q1</b>	<b>1,877,853</b>	<b>1,155,226</b>	<b>70,901</b>	<b>159,546</b>	<b>1,291,539</b>	<b>1,582,677</b>	<b>-93.9</b>	<b>125.0</b>	<b>709.5</b>	<b>-15.7</b>	<b>22.5</b>
Jan	647,206	547,963	20,567	44,910	402,943	540,023	-96.2	118.4	797.2	-16.6	34.0
Feb	597,483	383,863	20,580	50,411	434,503	448,551	-94.6	145.0	761.9	-24.9	3.2
Mar	633,164	223,400	29,754	64,225	454,093	594,103	-86.7	115.9	607.0	-6.2	30.8
<b>Q2</b>	<b>1,460,621</b>	<b>27,600</b>	<b>31,659</b>	<b>347,216</b>	<b>1,288,393</b>	<b>0</b>	<b>14.7</b>	<b>996.7</b>	<b>271.1</b>		
Apr	537,656	4,841	11,938	81,939	430,129		146.6	586.4	424.9		
May	472,952	10,475	8,757	101,979	442,114		-16.4	1064.5	333.5		
Jun	450,013	12,284	10,964	163,298	416,150		-10.7	1389.4	154.8		
<b>Q3</b>	<b>1,475,832</b>	<b>64,854</b>	<b>29,114</b>	<b>759,010</b>	<b>1,346,950</b>	<b>0</b>	<b>-55.1</b>	<b>2507.0</b>	<b>77.5</b>		
Jul	502,421	20,689	9,984	236,697	457,412		-51.7	2270.8	93.2		
Aug	519,502	23,028	9,163	254,813	464,637		-60.2	2680.9	82.3		
Sep	453,909	21,137	9,967	267,500	424,901		-52.8	2583.9	58.8		
<b>Q4</b>	<b>1,796,286</b>	<b>58,463</b>	<b>64,821</b>	<b>1,010,854</b>	<b>1,526,349</b>	<b>0</b>	<b>10.9</b>	<b>1459.5</b>	<b>51.0</b>		
Oct	481,782	20,210	12,759	310,182	480,330		-36.9	2331.1	54.9		
Nov	602,042	18,184	18,933	338,101	510,231		4.1	1685.8	50.9		
Dec	712,462	20,069	33,129	362,571	535,788		65.1	994.4	47.8		
<b>Total</b>	<b>6,610,592</b>	<b>1,306,143</b>	<b>196,495</b>	<b>2,276,626</b>	<b>5,453,231</b>	<b>1,582,677</b>	<b>-85.0</b>	<b>1058.6</b>	<b>139.5</b>	<b>-15.7</b>	<b>22.5</b>

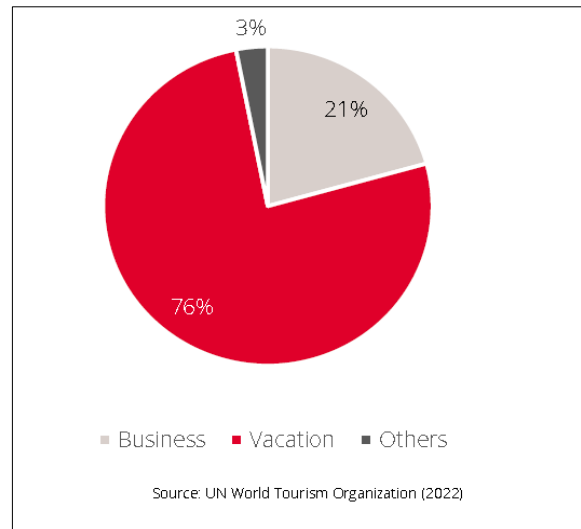


Source: Tourism Statistics Department, MOT.



## Purpose of Visit

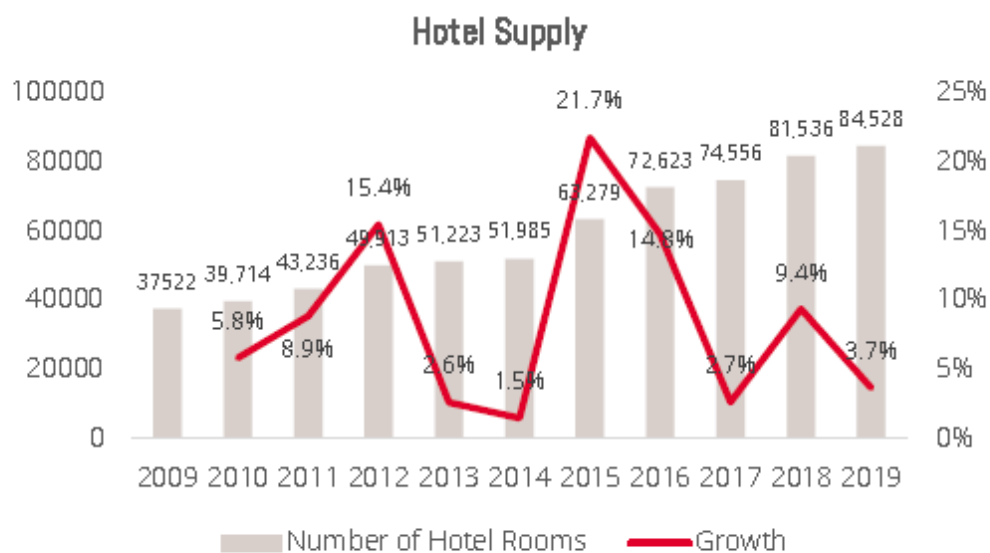
Leisure tourists increase from 2.3 million to 5 million during 2010-2019, a growth of 9% p.a. While leisure tourist still made up 76% of the total visitors to Cambodia, business visitors are the main driver of growth for the Cambodian tourism industry. Business tourist increased by 29% p.a. in the same period, growing from 140,000 to 1.4 million. China is the main source of business tourist for Cambodia, with Chinese business travelers making up 76% of total business travelers to the kingdom. This is followed by Thailand and Vietnam, which contributed 3.2% and 3.0% respectively.



## Hotel Room Supply

According to Garde international, the Compound Annual Growth Rate from 2010 -2019 is 8.8%p.a.

In order to achieve the 25 million arrivals goal planned by the Tourism Ministry in 2030, the Tourism projected that the kingdom will need 146 ,000 hotel rooms by 2028, representing an increase of 74 % or 62,000 rooms from2019.

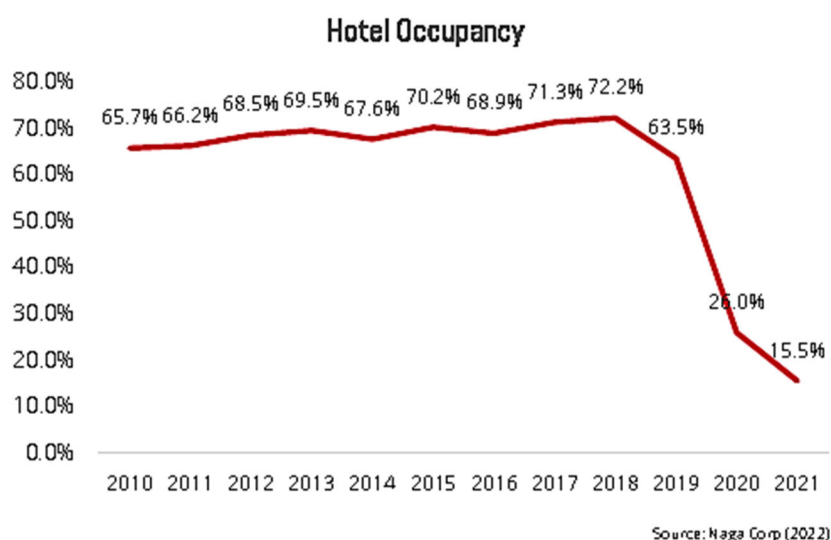


Source: UN World Tourism Organization (2022)

## Hotel Occupancy

Hotel occupancy in Cambodia hovers around 65-70% in the last decade with a minor drop in 2019 potentially due to the sudden increase in hotel room supply in 2018.

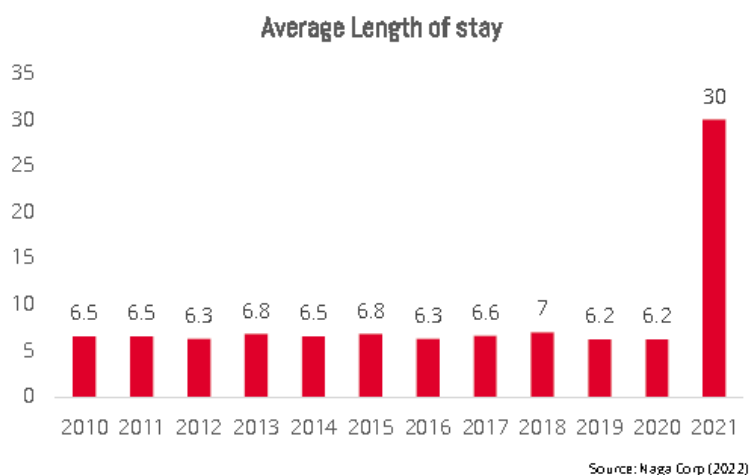
When international border was closed in 2020 and 2021, hotel occupancy dipped to 25% and 15% respectively. There is no updated data on hotel occupancy in 2022, but Cambodia has adopted a very proactive approach by eliminating quarantine requirement entirely and was one of the earliest countries to do so in the region.



## Average Length of Stay

Like spending per capita, length of stay in Cambodia has remained largest constant at around 6-7 days per visit. 2021 was a special case with average length of stay skyrocketed to 30 days, we believed that it is due to Covid19 restrictions thereby increasing the length of stay.

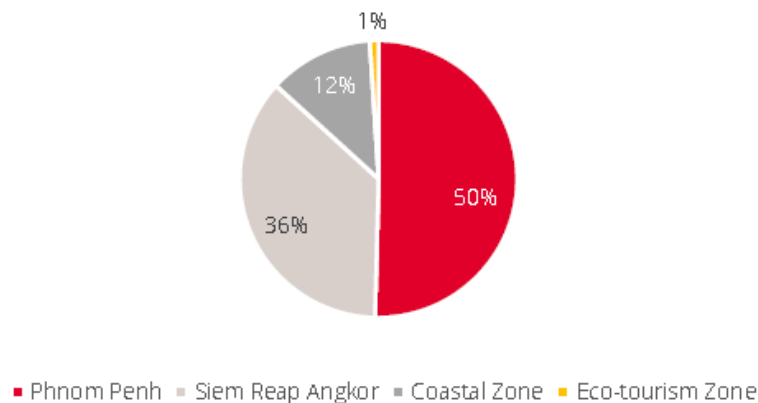
In the last 10 years, hotel room demand was primarily driven by the increase in tourists instead of increase in length of stay per tourist.



## Foreign Tourist Destinations

Phnom Penh being the capital of the kingdom accounted for 50% of the total tourist arrivals to Cambodia. This is followed by Siem Reap, the second largest city in Cambodia as well as the home to Angkor Wat, a world-famous tourist destination.

Foreign Tourist Arrivals by Region (Jan'19)



Source: Hoga Corp (2022)

## Market Characteristics

### Customer preferences

Travelers in Cambodia are increasingly looking for unique and authentic experiences, leading to a rise in demand for boutique hotels and eco-friendly accommodations. Visitors are also placing a higher value on convenience and personalized services, prompting hotels to enhance their customer service offerings and digital capabilities to cater to these preferences.

### Trends in the market

One notable trend in the Cambodian hotel market is the increasing investment in luxury and upscale hotel developments, particularly in popular tourist destinations such as sihanoukville, Siem Reap and Phnom Penh. This trend is driven by the growing number of high-end travelers seeking luxury accommodations and premium amenities during their stay in the country. Additionally, the rise of digital platforms and online booking services has revolutionized the way hotels in Cambodia market their properties and attract guests, leading to a more competitive landscape in the industry.

### Local special circumstances

Cambodia's rich cultural heritage and diverse natural landscapes make it a unique destination for travelers, influencing the design and offerings of hotels in the country. Many hotels in Cambodia

incorporate traditional Khmer architecture and design elements, providing guests with an authentic cultural experience. Furthermore, the country's focus on sustainable tourism has led to the emergence of eco-friendly hotels and resorts that prioritize environmental conservation and community engagement.

## Market Challenges

Along with the development of tourism industry, hotel market is experiencing major changes and challenges as long as global turbulences continue. The sector is heavily reliant on international tourism arrivals. Here are some key market developments of the retail space:

### *1. Global turbulences*

Geopolitical tensions and financial instability in China are impacting the local markets. The long-term effects of rising inflation, interest rates, and reduced consumer spending make the sector worse.

### *2. Post Covid-12 recovery*

The foreign tourist arrivals to Cambodia has been on a steady increase from 2010 with a compounded annual growth rate of 11.4% p.a. up till 2019, of which the growth streak was interrupted by the emergence of Covid-19 pandemic. The tourists' arrivals dropped by an astonishing 80% in 2020 and another 85% in 2021.

### *3. Occupancy rates*

The issue of the decline of tourism arrivals is further highlighted by dropping occupancy rates of the hotel market across the major destinations in the country. Additionally, the intense competition among landlords to attract tenants has resulted in downward pressure on daily rates. Landlords are forced to offer lower daily prices to manage the occupancy rates.

### *4. Illegal Gambling*

A growing concern is the illegal online gambling even though the government is working very hard to tackle the issue. Illegal online gambling sites may be linked to criminal activities and organizations involved in money laundering, fraud, and other illegal activities. Illegal online gambling can have a negative impact on society as a whole, leading to increased crime rates, a decrease in public trust, and decreased economic growth. In addition, the illegal nature of these sites can undermine the efforts of governments to regulate and control the gambling industry.

### *5. Lack of Infrastructure and diversification*

Finally, another challenge is the lack of adequate infrastructure to support the hotel industry. This includes limited flight connections, insufficient connectivity and telecommunications infrastructure. Also the tourism destinations need to be diversified, in addition to the mainstream cultural destination involving mainly temples visits. These infrastructure deficiencies can deter potential tourists from entering Cambodia or shorten their stay of their visits in Cambodia.

## PART I. HOTEL MARKET SURVEY - PHNOM PENH



*Figure 2: Fairfield by Marriot by Chip Mong Group in Phnom Penh:*

### Overview

Phnom Penh is the capital and largest city of Cambodia, located in the southeastern part of the country. As of 2020, its population was estimated to be around 2.5 million people. The city has experienced significant population growth over the past few decades, partly due to rural-urban migration and partly due to natural population increase.

The city covers an area of approximately 678.46 square kilometers (262 square miles), divided into 14 districts (a.k.a. Khan in Cambodian language), with central districts known as (1) Daun Penh, (2) Chamkar Mon, (3) Beoung Keng Kang, (4) Prampei Makara, (5) Tuol Kork and the non-central districts including (6) Sen Sok, (7) Por Senchey, (8) Ruessei Keo, (9) Chroy Changvar, (10) Chbar Ampov, (11) Mean Chey, (12) Dangkao, (13) Kambol, (14) Prek Pnov.



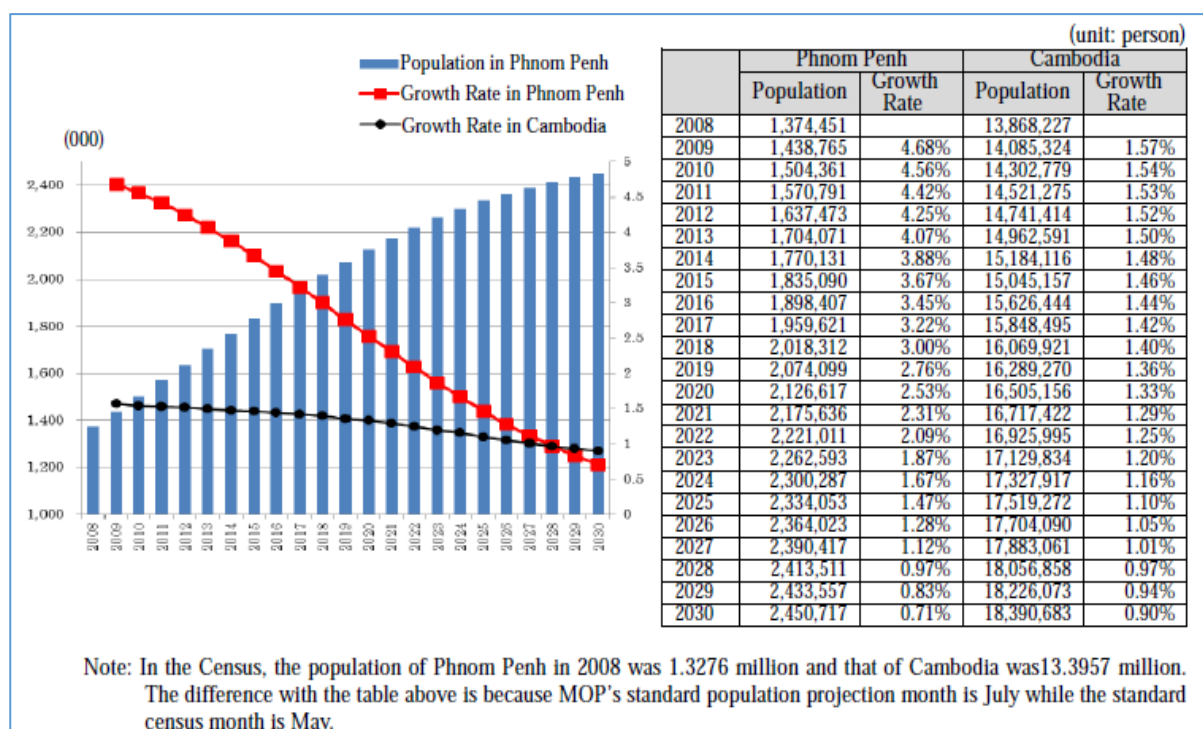
## Population

The population growth of Phnom Penh has been quite rapid, with the city's population nearly doubling in the last 20 years. This growth can be attributed to various factors, including economic opportunities, infrastructure development, and the desire for better education and healthcare services. The surge in population has resulted in rapid urbanization, with new residential and commercial areas being established to accommodate the increasing number of residents.

One significant aspect of Phnom Penh's population growth is the growing number of foreigners residing in the city. With the growth of the tourism and hospitality industry, along with increasing foreign investment and job opportunities, Phnom Penh has attracted a significant number of expatriates from around the world. Many foreigners come to the city for work, business opportunities, or to experience the rich cultural heritage and natural beauty that Cambodia offers. The presence of the foreigners has influenced the city's real estate market, hospitality sector, and overall urban development.

Phnom Penh's population has expanded rapidly in recent years due to both natural growth and rural-urban migration. Cambodia's population will increase at a rate of between 0.9% and 1.57% from 2008 to 2030 with its population reaching 18.39 million, or an increase of almost 4.5 million (**Figure 3**).

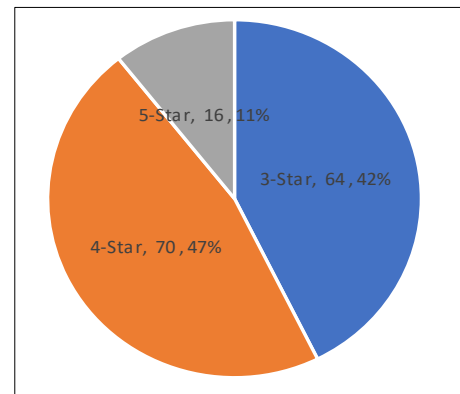
**Figure 3: Population Projection - Phnom Penh & Cambodia**



## Survey Analysis

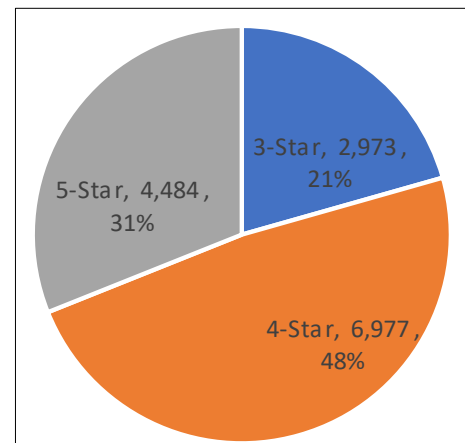
### Survey Sample Distribution

Our survey has covered 150 sample hotels across Phnom Penh, the Capital City, including those hotels rated as 3-star, 4-star, and 5-star, with 4-star hotels representing the most number of our survey at 47%, followed by 3-star and 5-star at 42% and 11%, respectively.



### Hotel Key Distribution

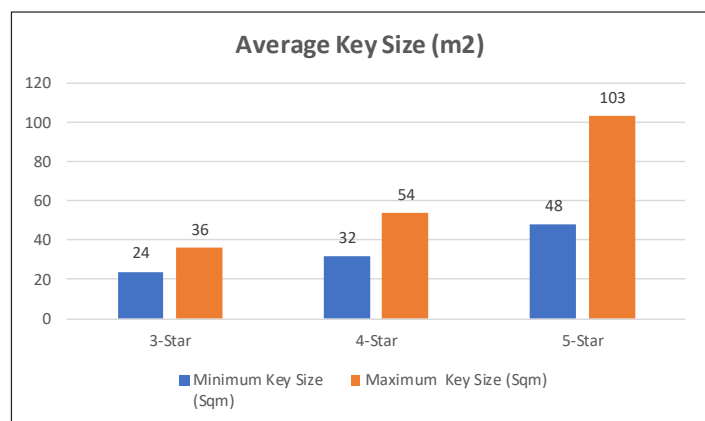
Of the total surveyed hotels, 4-star hotels represent 48%, or 6,977 keys, of all hotel keys that we have surveyed, followed by 5-star hotels with total keys of 4,484, equal to 31% of total surveyed hotel in Phnom Penh. The 3-star hotels account for the smallest component in our survey.



### Average Key Size

The keys in 3-star hotels mostly are one-bedroom, with room size ranging from 24m<sup>2</sup> to 36m<sup>2</sup>, while the 5-star accommodate most of the 2 bedrooms ranging from 48m<sup>2</sup> to 103m<sup>2</sup> in sizes.

The diverse range of room sizes indicates a strategic segmentation in Phnom Penh's hospitality market, catering to different traveler budgets and small or large groups.

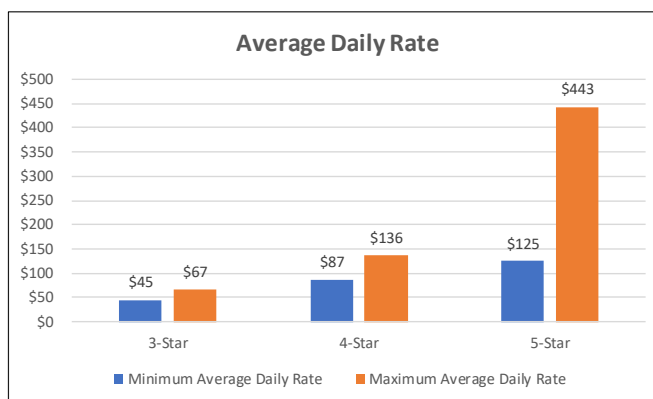




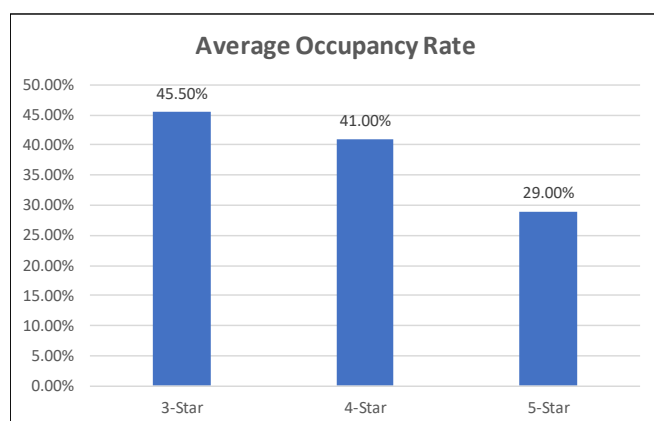
## Average Daily Rate

The chart indicates the ranges of average daily rates during the H1- 2024 period for the 3 categories of star ratings. While the daily rates of the 3-star range from US\$45 to US\$67, the 5-stars range from US\$125 to US\$443.

The diverse range of daily rates indicates a strategic segmentation in Phnom Penh’s hospitality market, catering to different traveler budgets and preferences.



The varied daily rates offered by hotels across all categories, particularly with a notable rebound in the 3-star sector, indicate a market that is working towards equilibrium. Despite premium pricing in the high-end segment, the more competitive rates of 3-star accommodations appear to be meeting the needs of budget-conscious travelers. The wide range of prices reflects a deliberate segmentation in Phnom Penh's hospitality market to cater to various traveler budgets and preferences.



Occupancy Rate

Like other economic sectors, the hotel market continues to have an overall occupancy rate below the levels observed before the Covid-19 pandemic, with an average of 60% in 2019 compared to 89% in 2018. The issue of Covid-19 is further highlighted by dropping occupancy rates.

Based on our sample survey, as of H1 2024, Phnom Penh saw very low occupancy rate of hotels at 45.5 percent on average across the 3 star-rating categories. 3-star hotels are accommodating the most travelers, mainly due to the budget-friendly rates and the more competitive pricing of 3-star accommodations that is capturing the growing demand of cost-conscious travelers. Second highest occupancy is the 4-star segment, enjoying around 41%, while the 5-star segment performed poorly at only 29%.

Collectively, these indicators suggest that the hospitality industry is currently adjusting to changing dynamics. The gradual increase in hotel availability, alongside stable pricing and a renewed interest from tourists, indicates a sector that is recovering and ready for consistent

growth. The delicate equilibrium between supply and demand is crucial as Phnom Penh strives to establish itself as a resilient and appealing destination for both local and international visitors.

## PART II. HOTEL MARKET SURVEY - SIEM REAP



*Figure 4: Hotel Sokha - Siem Reap City*

### Overview

Siem Reap is the second-largest city of Cambodia, as well as the capital and largest city of Siem Reap Province in northwestern Cambodia.

Siem Reap has French-colonial and Chinese-style architecture in the Old French Quarter and around the Old Market. In and around the city there are museums, traditional Apsara dance performances, a Cambodian cultural village, souvenir and handicraft shops, silk farms, rice paddies in the countryside, fishing villages and a bird sanctuary near Tonlé Sap, and a cosmopolitan drinking and dining scene. Siem Reap city, home to the famous Angkor Wat temples, was named the ASEAN City of Culture for the period 2021–2022 at the 9th Meeting of the ASEAN Ministers Responsible for Culture and Arts (AMCA) organized on Oct 22, 2020.



### Economy

Tourism is a very important aspect of the economy of Siem Reap: it was estimated in 2010 that over 50% of jobs in the town were related to the tourism industry. The city has seen a massive

increase in tourist arrivals in the decades since the end of the Khmer Rouge era, and businesses centered on tourism have flourished due to the tourism boom. Visitor numbers were negligible in the mid-1990s, but by 2004, over half a million foreign visitors had arrived in Siem Reap Province that year, approximately 50% of all foreign tourists in Cambodia. By 2012, tourist numbers had reached over two million.

### *Tourist Attractions*

There are many tourist attractions in Siem Reap. The prominent ones are Angkor Wat complex and Angkor Thom.

Angkor Wat (Wat temple) is the central feature of the Angkor UNESCO World Heritage Site, containing the remains of the Khmer civilization. Angkor Wat's rising series of five towers culminates in an impressive central tower that symbolizes the mythical Mount Meru. Thousands of feet of wall space are covered with carvings depicting scenes from Hindu mythology. The most important are the carved bas-reliefs of the Hindu narratives.

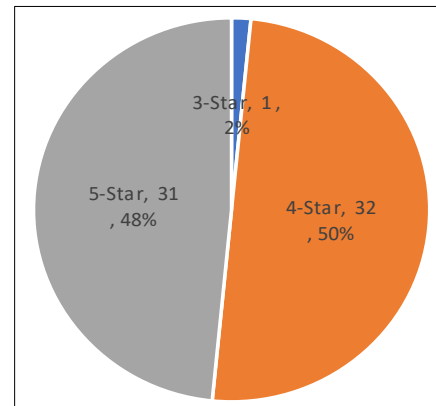
Other thousands of significant temples scatter within the Angkor Archaeological Park, including Ta Prohm, Preah Khan, Banteay Kdei, Phnom Bakheng, Ta Keo, Ta Som, East Mebon, Pre Rup, and Neak Pean. These temples may be visited along the grand circuit or the small circuit routes. Other sites are the Roluos group of temples located to the east of Siem Reap.

Other tourist destinations include Cultural Museum, War Museum Cambodia, National Museum, Traditional Markets, Cultural Village, Phnom Kulen, Floating villages and Tonlé Sap Lake, the largest freshwater lake in Southeast Asia.

## Survey Analysis

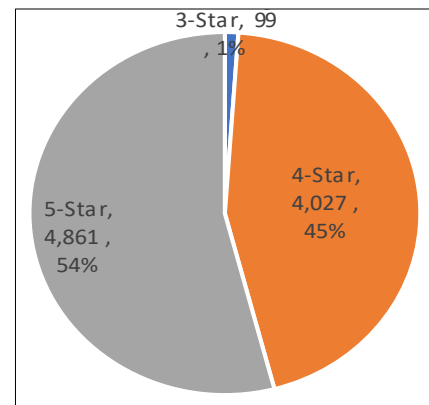
### Survey Sample Distribution

64 hotels have been included in our survey in Siem Reap city. Of this number, only one 3-star hotel is included. This is because most of small hotels are vacant and our team manage to get one 3-star still operating. The 4-star hotels account for 50% of the surveyed samples, while the 5-star represent 48%. As a well-known destination for foreign tourists, Siem Reap hotels are the icon of high-class, premium hospitality services in Cambodia.



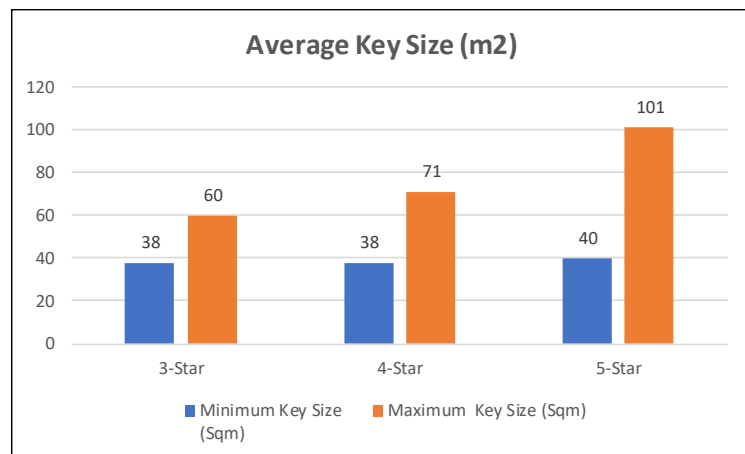
### Hotel Key Distribution by Grade

5-star hotels account for the largest components of our sample in terms of number of keys, at 54% or 4,861 keys. The 3-star only has 1% of total key, while the 4-star accounts for 45% of the total keys. Again, as a renowned destination for foreign tourists, Siem Reap hotels are equipped as mostly 4-star and 5-star hotels standard.



### Average Key Size

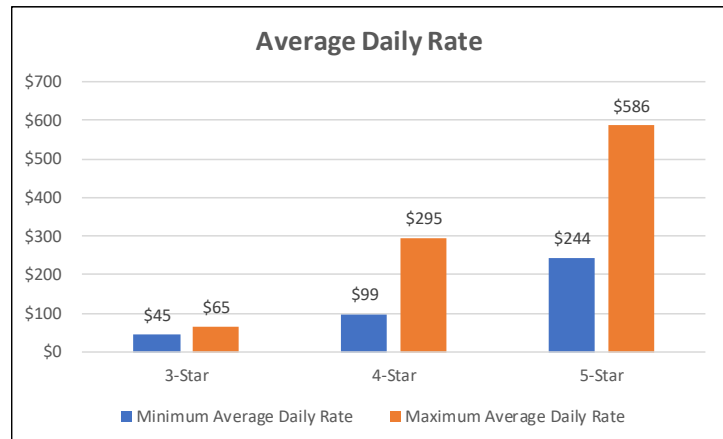
As the standard, the 5-star hotels consist of large-sized rooms for various choices from one-bed to 3 bed or king sizes and from minimum size of 40m<sup>2</sup> up to 101m<sup>2</sup> king size. While the key sizes are designed to cater to different needs of travelers, the 4-stars are budget friendly size from 38m<sup>2</sup> up to 71m<sup>2</sup>.



## Average Daily Rate

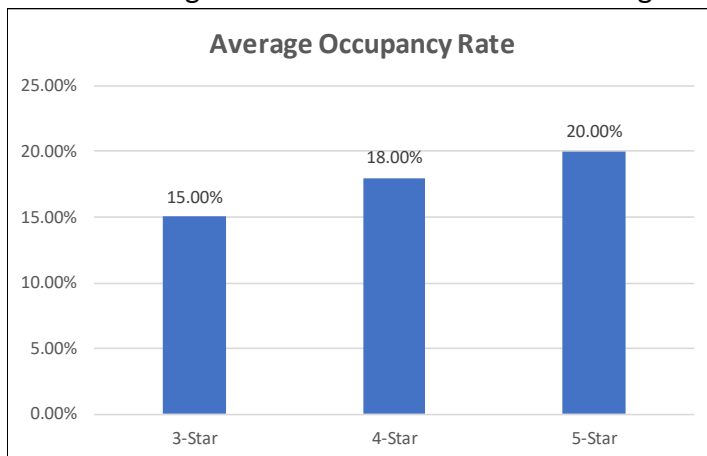
Quotes of daily rates in Siem Reap are the highest compared to other big cities of Cambodia, mainly due to the high-class grading and better facilities than others in the country to cater to high-end international tourists.

ADR for the 3-star hotels ranges from the minimum of US\$45 up to the maximum of US\$65. The 5-star start from US\$244 ADR to US\$586.



## Occupancy Rate

Still recovering from the fall of the tourism during the Covid-19 pandemic



and other turbulences, Siem Reap hotels performance is still at dismay.

Based on our sample survey, as of H1 2024, Siem Reap saw very low occupancy rate of hotels at below 20% on average across all hotel star categories. Arguably, for Siem Reap, the 5-star hotels are performing just better than the 4-star and the 3-star, at 20%, 18% and 15%, respectively.

Collectively, these indicators suggest that the hospitality industry in Siem Reap is still struggling and waiting for both domestic and foreign tourist arrivals to rescue. However, the gradual increase in hotel occupancy rate, alongside stable pricing and a renewed interest from tourists, indicates a sector that is recovering and ready for consistent growth. The delicate equilibrium between supply and demand is crucial as Siem Reap strives to establish itself as a resilient and appealing destination for both local and international visitors.

## PART III. HOTEL MARKET SURVEY - SHV



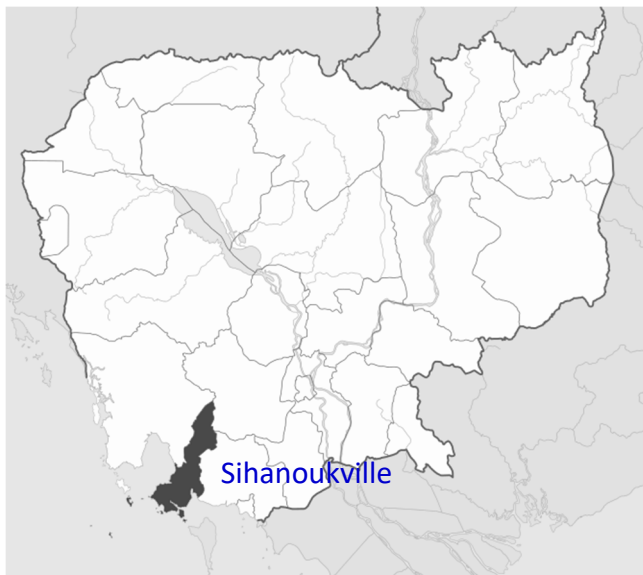
*Independence Hotel – a 5-star hotel in Sihanoukville Built since the 1950s*

### Overview

Sihanoukville, also known as Kampong Saom, is a coastal city in Cambodia and the capital of Preah Sihanouk Province, at the tip of an elevated peninsula in the country's south-west on the Gulf of Thailand. The city has a string of beaches along its entire coastline and coastal marshlands bordering Ream National Park in the east. A number of thinly inhabited islands, under Sihanoukville's administration are near the city.

### Topography

Sihanoukville town is at the tip of the rolling hills of a peninsula on the Gulf of Thailand. To its northwest and at its center it rises up to 15 metres (49 ft) above sea level, whereas the land gently and steadily flattens towards extended coastal plains, marshlands and beaches in the south and southeast.



### Islands

All the islands listed below fall under administration of Sihanoukville's Mittakpheap District. Sihanoukville has naturally consisted of many islands such Koh Rong, Koh Rong Sanloem,

Koh Kaong Kang/Thass (Mangrove Island), Koh Koun (Child Island), Koh Tuich (Small Island), Koh Puos (Snake Island), Koh Dek Koul, Koh Bong Po-oun (Siblings Islands), Koh Song Saa (Lovers Islands).

The majority of these islands are either in the process of or have been assigned for extensive tourism.

### *Economy*

Sihanoukville was established as an international marine gateway and as a result the local economy is largely defined by its deep water port and the nearby oil terminal. The Phnom Penh–Sihanoukville transport corridor is the premier national trade route, accounting for about 75 percent of Cambodia's trade traffic.

Other sizable economic sectors of the city are fisheries, aqua-culture, and frozen shrimp processing, the garment industry, food production, and processing, the constantly growing tourism industry with a noticeably developed service branch and the associated real estate market.

The Sihanoukville Special Economic Zone (SSEZ) is an overseas economic and trade cooperation zone which was designed to promote favorable market conditions. It began with a focus on manufacturing consumer goods with the goal of transitioning to producing machinery, photovoltaic materials, and chemicals. A sizable industrial center, exclusively composed of Chinese companies, has been developed since 2010.

### *Demographics*

The 2008 census of Cambodia counted 89,846 inhabitants of Sihanoukville and approximately 66,700 in its urban center.

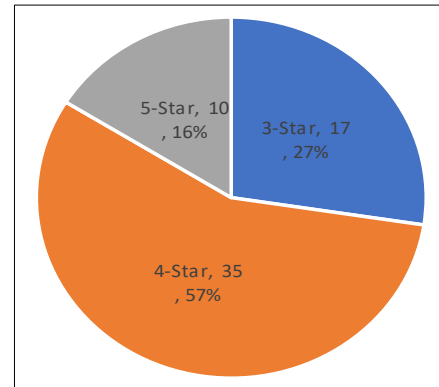
In addition to Khmer, ethnic groups like Vietnamese, Chinese, Cham, Thai, Korean, French, British, Europeans, Australians and Americans live in the urban area. Krong Preah Sihanouk has a relative high Human Development Index (HDI) of 0.750, compared to the national average HDI of 0.523.

The city's ethnic make up has changed with nearly 80,000 mainland Chinese workers, developers and investors accounting for 90% of the city's expat population as of 2019. Mandarin signage is increasingly replacing Khmer and English signage in the city. Sihanoukville is one of the major cities on China's One Belt One Road Initiative.

## Survey Analysis

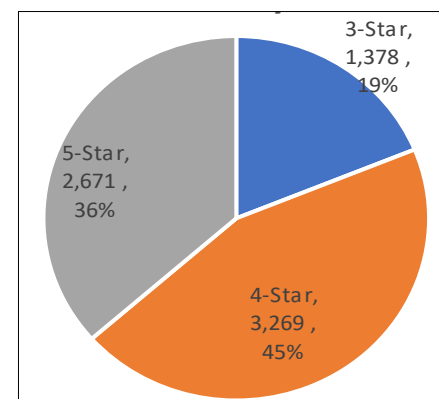
### Survey Sample Distribution

A total of 62 hotels with 3 star-ratings categories have been surveyed. 3-star hotels selected account for 27%, or 17 hotels, of the total, while the 4-star ones represent the largest components in our survey at 57% or 35 hotels. 35 hotels, or 16%, of our survey are 5-star rated hotels. The numbers are presented in the chart on the right-hand side.



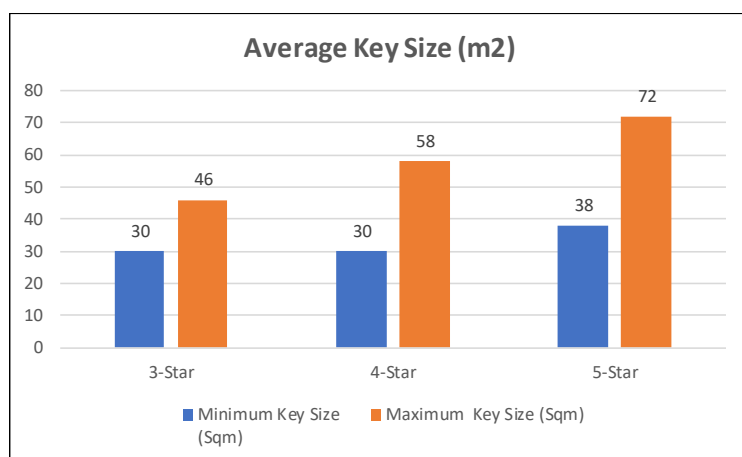
### Hotel Key Distribution by Grade

In terms of the number of keys of our surveyed hotels, 4-star hotel keys account for the largest chunk at 45%, or 3,269 keys, followed by 5-star hotels taking 36% or 2,671 keys of all hotel keys surveyed. Again, the numbers are presented in the chart on the right-hand side.



### Average Key Size

Our survey interviews have revealed varied key sizes of the star-rated hotels. The smallest sizes are located in the 3-star hotels with sizes ranging from the smallest 30m<sup>2</sup> up to 46m<sup>2</sup>. The largest key sizes are from the 5-star hotels accommodating from one- to three-bed room sizes.

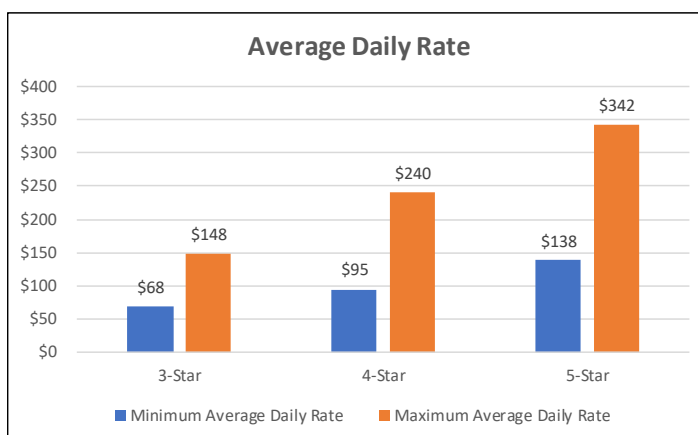


The different room sizes will cater to different needs of travelers having small or big groups.

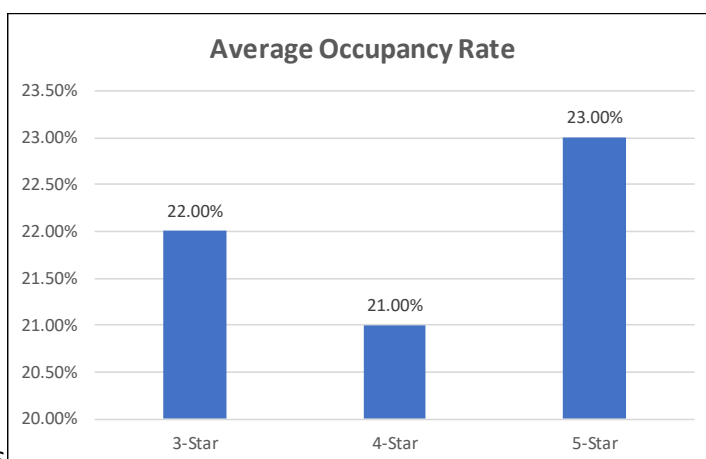


## Average Daily Rate

Our survey lists the ADR across all star categories of hotels. The 3-star hotels accommodation rates range from a minimum of US\$68 up to the maximum of US\$148. Likewise, the 4-stars list the rates ranging from the min. US\$95 to max. US\$240. The high-end rates for 5-star hotels start from US\$138 to US\$342.



## Occupancy Rate



Before 2019, Sihanoukville tourism was booming due to the influx of foreign tourists and business establishment, especially Chinese nationals and investors in the location. Shortly after, the covid-19 pandemic has wrecked this costal city the hardest among other tourist destinations. The city was knowingly spread with illegal gambling by Chinese nationals.

As a result of our survey, the hotel market in the city continues to have an overall occupancy rate with an average of only 22% as at the end of the H1-2024. The issue of Covid-19 is further highlighted by dropping occupancy rates. This occupancy rate compares poorly to our other two surveyed locations described above.

Arguably, among the star categories, 5-star hotels are enjoying highest occupancy rate at 23%, compared the second highest 3-star accommodations at 22%.

## IV. HOTEL MARKET OUTLOOK

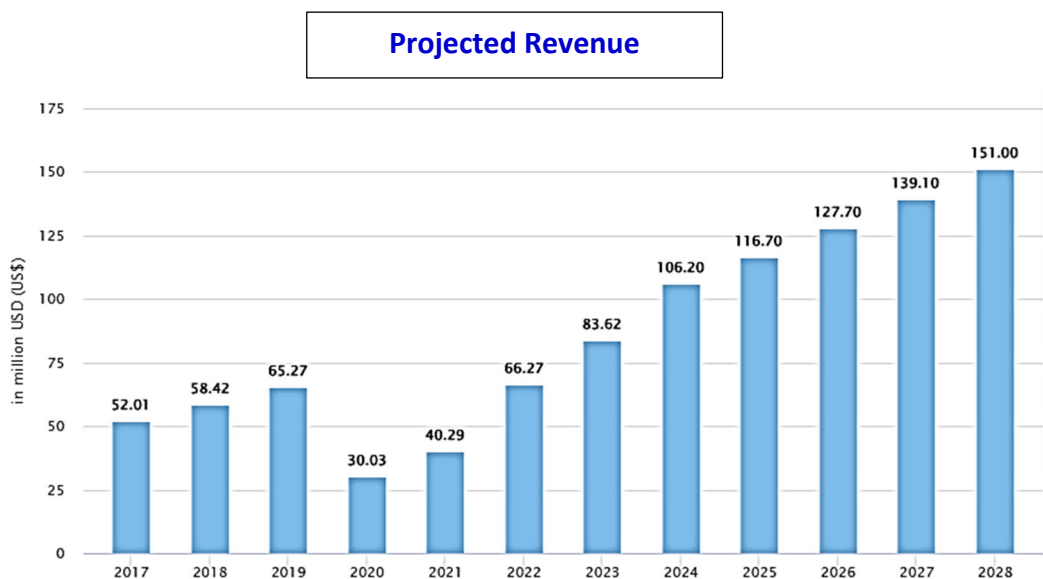
Overall, the hotel market in Cambodia is poised for continued growth, with increased interest from international hotel brands and a growing demand for high-quality accommodation options. As the country continues to develop its tourism industry and improve infrastructure, the hotel market is expected to attract more investments and provide opportunities for further expansion and development in the future.

Based on the Statista, the outlook for the hotel market is rosy after the normalization of the global turbulences. The market performance is projected and highlighted as follows:

- Cambodia is expected to witness a significant growth in the Hotels market, with a projected revenue of US\$106.20m by 2024.
- This growth is expected to continue with an annual growth rate (CAGR 2024-2028) of 9.20%, leading to a projected market volume of US\$151.00m by 2028.
- It is expected that the number of users in this market will reach 1.19m users by 2028.
- The user penetration rate is expected to increase from 5.6% in 2024 to 6.7% in 2028.
- The average revenue per user (ARPU) is expected to be US\$110.70.
- Moreover, it is projected that 83% of the total revenue in this market will be generated through online sales by 2028.
- Cambodia's hotel market is rapidly expanding, with a focus on luxury properties in Siem Reap, Sihanoukville and Phnom Penh.

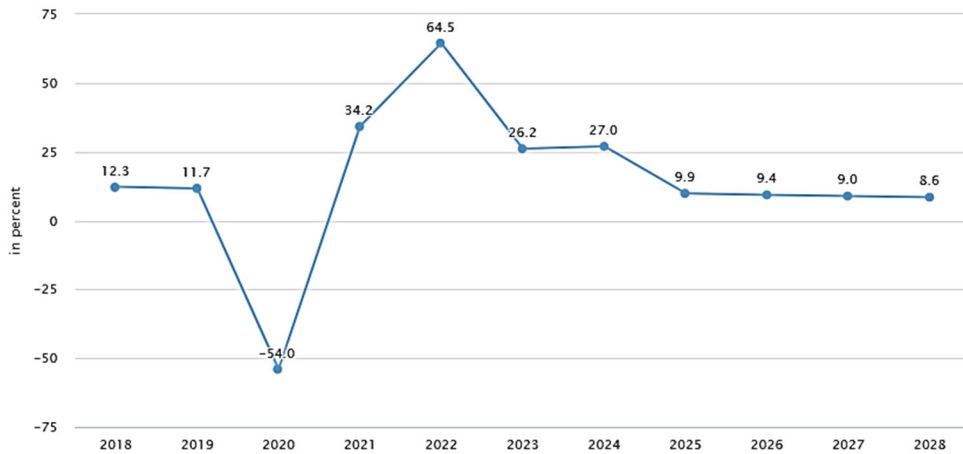
### Projected Market Revenues and Growth

The Hotels in Cambodia market is forecast to exhibit strong growth by 2024, with robust expansion in value terms anticipated over the next five years to be driven by the inbound travelers and a booming local economy. According to industry estimates from STATISTA, the revenue of the hotel industry of the country is expected to reach up to US\$106.20m by 2024. This is indeed great news that reflects upon the increasing popularity of Cambodia as a favorable tourist destination.



Moreover, the compounded annual growth rate (CAGR) of all three markets will amount to 9.20% within the period from 2024 till 2028. Such an increase will enhance the volume of the market up to a tremendous US\$151.00m by 2028. In this respect, it is feasible to define positive tendencies in the market under discussion since Cambodia’s hospitality sector demonstrates its increasing attractiveness for local citizens as well as foreigners.

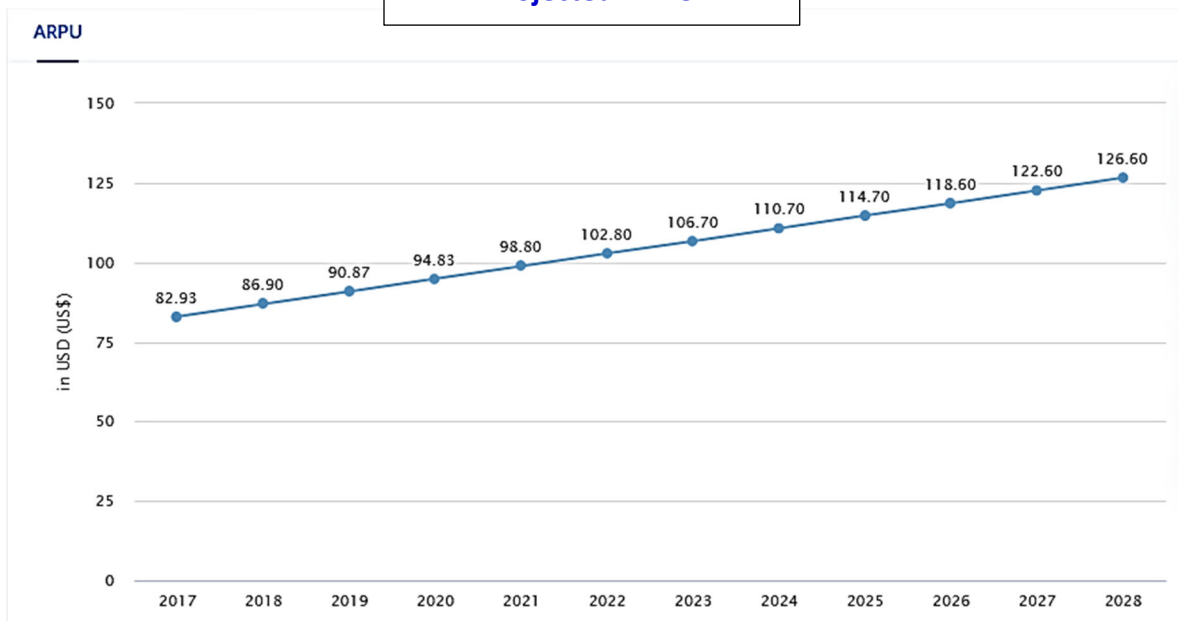
### Projected Revenue Growth



### ARPU Projections

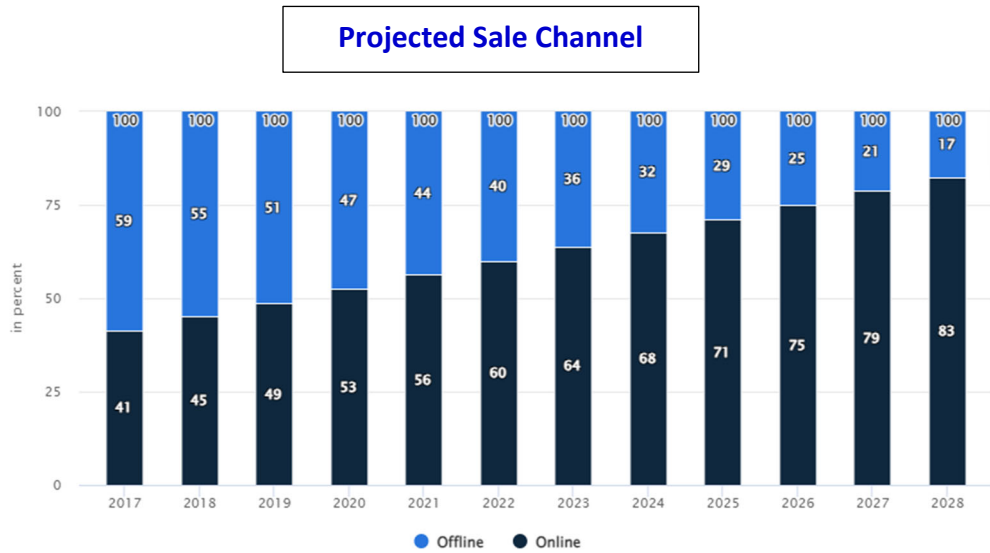
The forecasted average revenue per user (ARPU) of US\$110.70 is outstanding. The Cambodia hotels are not only able to draw in large numbers but are also able to convert all the consumers into spending consumers, a factor that has made the industry generate the revenues noted above.

### Projected ARPU



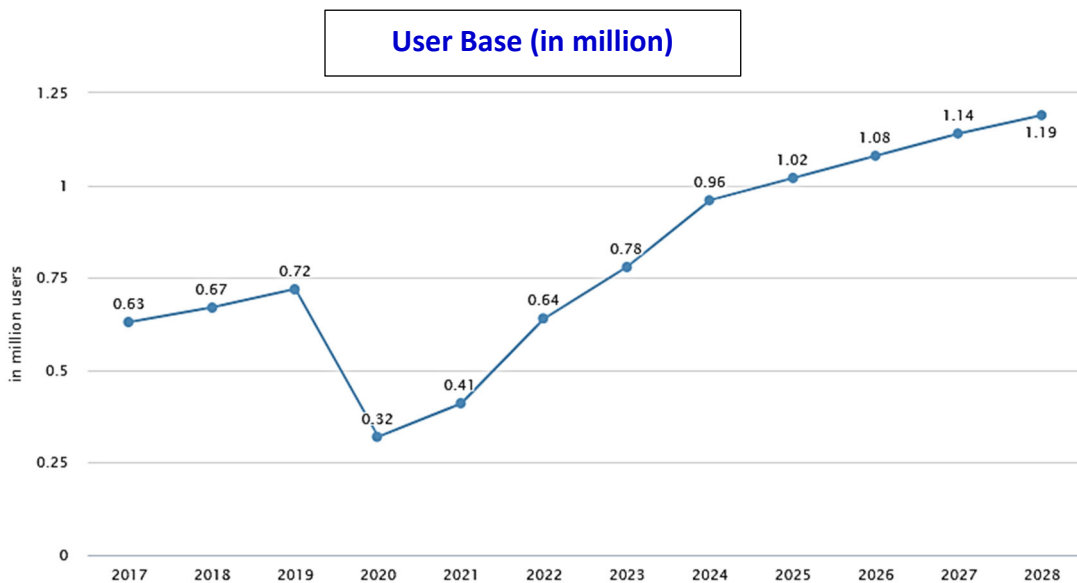
## Sale Channel

By sale channel, the online sales are gaining quite substantial popularity in the Cambodia Hotels market by contributing 83% to the total revenue expected from the online channel in 2028. The above-mentioned shift is being promoted by the numerous developments in the travel and tourism as well as hotel industries and the planned systematizing of new procedures, will create an awareness of convenience and time-saving features offered for online booking.



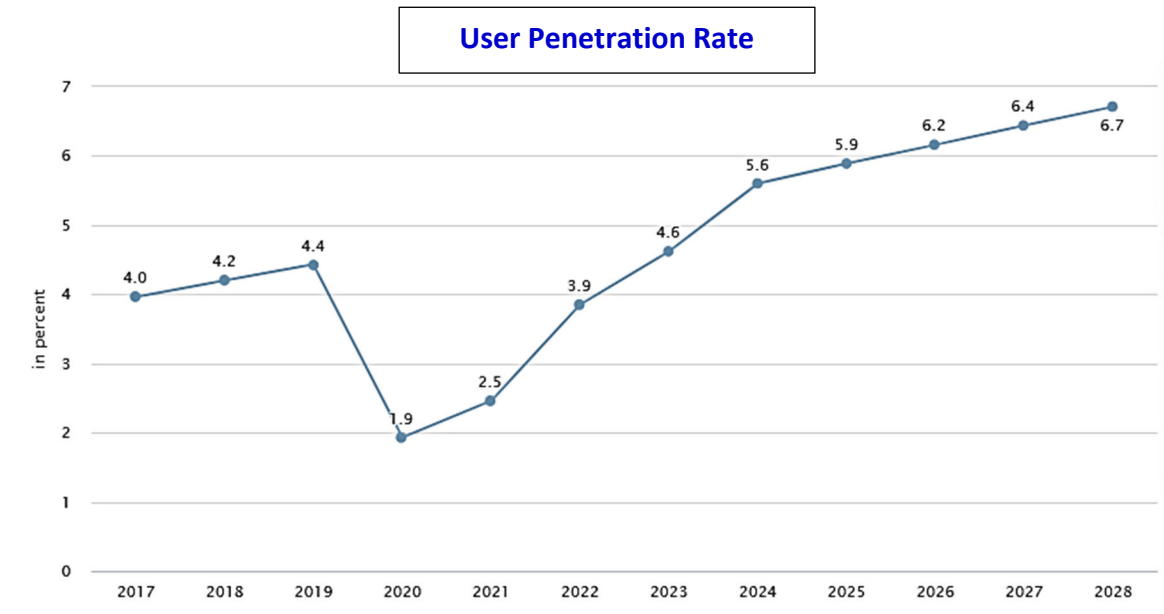
## Users and Penetration Rate

Cambodia’s hotel market is estimated to see user numbers grow to 1.11 million by 2027. In terms of user penetration, the forecast is 4.6 percent in 2023 and 6.3 percent by 2027. \$106.70 is the expected average revenue per user (ARPU). The hotel market is also expected to generate 76 percent of its total revenue through online sales by 2027. Globally, the maximum revenue will be generated in the United States with \$106,100 million in 2023.



As the number of visitors to the kingdom increases by the day, proceeds in the hotel sector in Cambodia are poised for heady profits as this trend promises a constantly flooding flow of customers therein translating into increased earnings thereby powerfully contributing towards the overall growth of the sector.

Further, user penetration is expected to surge to 6.7% in the year 2028, increasing from the level of 5.6% in the year 2024 among the population. These developments indicate a growing market for hotel staying in Cambodia within its citizens, establishing thereby the greater worth of the hotel segment to the overall tourism market of the nation.



## Pro-Business Public Policies

The government of Cambodia has also been actively promoting the development of the tourism industry, investing in infrastructure and promoting the country as a tourist destination. This has helped to attract more international visitors and boost the hotel industry in the country.

Furthermore, the government of Cambodia is taking steps to promote foreign direct investment and entice new businesses to establish a presence in the country, despite the aforementioned challenges. They have recently passed laws and regulations to encourage investment and have entered into several free trade agreements and economic partnerships with neighboring countries, which could attract significant investment and drive demand for hotel markets. Although the short to medium-term outlook may be volatile, the underlying economic conditions are favorable for Cambodia to benefit from the continued growth of the ASEAN economic bloc in the medium to long term. Also contributing to the prospect of the sector, is that the incoming government is expected to be very pro-business and would look to increase and diversify foreign investment.

The Cambodian government has been actively promoting business-friendly policies and initiatives to attract investment and stimulate economic growth. These initiatives include the establishment of special economic zones, tax incentives, and reducing bureaucratic hurdles for businesses operating in the hospitality industry.

### *Underlying macroeconomic factors:*

The Hotels market in Cambodia is also influenced by macroeconomic factors such as government policies, infrastructure development, and international tourism trends. The government's efforts to promote tourism and improve infrastructure have contributed to the growth of the hospitality sector in the country. Additionally, the increasing number of international arrivals and rising disposable incomes in key source markets have boosted demand for hotel accommodations in Cambodia, driving further expansion and investment in the market.

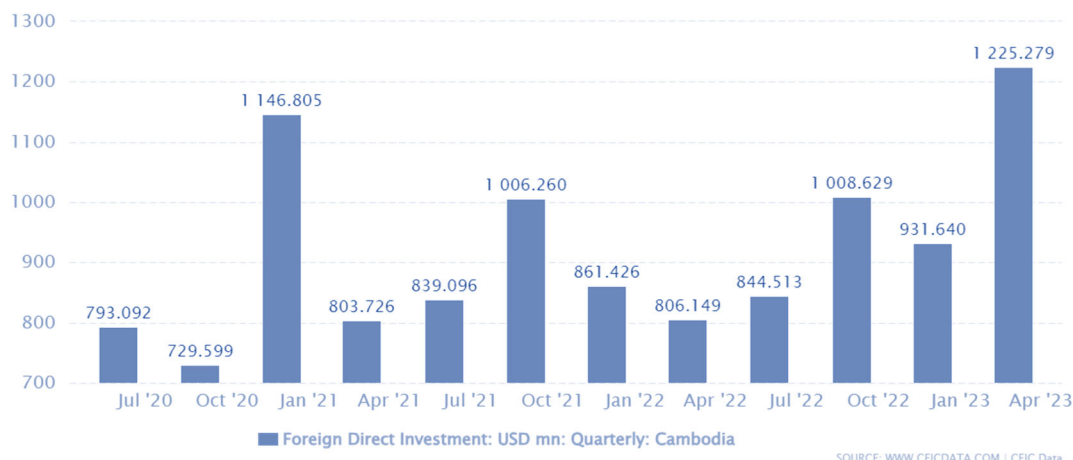
### *Favorable Demographics*

With a growing population, rising middle-income class and high economic growth in Cambodia, the hotel industry will experience greater demand in the medium and long term. These people are active local tourists that will boost the hospitality and accommodations market in the future. The favorable demographics of Cambodia, characterized by a young and tech-savvy population with increasing disposable incomes, ensure the long-term success of the hotel industry.

### *Foreign Investment*

Cambodia attracted foreign direct investment of \$4.68 billion in 2022, a 7.5% increase from the previous year 2021. Major foreign investors in the country last year were from China, Japan, the Cayman Islands, Thailand, and Singapore, with investment projects focused on agriculture and agro-industry sectors, manufacturing, tourism, and infrastructure. Despite reduced foreign investor appetite for investing in property development projects, increasing foreign investment in other sectors is expected to positively impact the condo market, particularly as improved infrastructure attracts more international visitors.

**Figure 5: Foreign Direct Investment**



**Minimum Wage**

Minimum Wages in Cambodia averaged 155.45 USD/Month from 2012 until 2023, reaching an all times high of 200.00 USD/Month in 2023 and a record low of 61.00 USD/Month in 2012 (Figure). Based on new agreement between the Worker Union and the factory owners association, the minimum wage will increase to US\$204 per month starting from Year 2024.

**Figure 6: Minimum Wage - Cambodia**



**Infrastructure development**

Cambodia has witnessed significant infrastructure developments in recent years, including improved roads, transportation systems, and the expansion of the airport. These developments make the city more accessible and convenient for businesses, further driving demand for hotel accommodation.

A large number of infrastructure projects have been launched in a short period of time, injecting new vitality into Cambodia's development. The large infrastructure projects ranges from new international airports, expressways, roads and bridges, canal projects, and so on.



Overall, Cambodia has made significant progress in infrastructure construction in 2023, laying a solid foundation for the country's development. There will continue to be many key projects coming online.



## LIST OF TABLES

*Table 1: Summary Hotel Survey – Phnom Penh*

### Survey Analysis - Hotel Market - Phnom Penh

Survey Period: H1-2024

Hotel Grade	Hotel Survey		Total Keys (Room)		Average Occupancy Rate	Minimum Average Daily Rate	Maximum Average Daily Rate	Minimum Key Size (Sqm)	Maximum Key Size (Sqm)
	No.	%	No.	%					
3-Star	64	43%	2,973	21%	45.50%	\$45	\$67	24	36
4-Star	70	47%	6,977	48%	41.00%	\$87	\$136	32	54
5-Star	16	11%	4,484	31%	29.00%	\$125	\$443	48	103
<b>Total</b>	<b>150</b>	<b>100%</b>	<b>14,434</b>	<b>100%</b>	<b>38.50%</b>	<b>\$86</b>	<b>\$215</b>	<b>35</b>	<b>64</b>

*Table 2: Summary Hotel Survey – Siem Reap – H12024*

### Survey Analysis - Hotel Market - Siem Reap

Survey Period: H1-2024

Hotel Grade	Hotel Survey		Total Keys (Room)		Average Occupancy Rate	Minimum Average Daily Rate	Maximum Average Daily Rate	Minimum Key Size (Sqm)	Maximum Key Size (Sqm)
	No.	%	No.	%					
3-Star	1	2%	99	1%	15.00%	\$45	\$65	38	60
4-Star	32	50%	4,027	45%	18.00%	\$99	\$295	38	71
5-Star	31	48%	4,861	54%	20.00%	\$244	\$586	40	101
<b>Total</b>	<b>64</b>	<b>100%</b>	<b>8,987</b>	<b>100%</b>	<b>17.67%</b>	<b>\$129</b>	<b>\$315</b>	<b>39</b>	<b>77</b>

*Table 3: Summary Hotel Survey – Sihanoukville – H12024*

**Survey Analysis - Hotel Market - Sihanoukville**

Survey Period: H1-2024

Hotel Grade	Hotel Survey		Total Keys (Room)		Average Occupancy Rate	Minimum Average Daily Rate	Maximum Average Daily Rate	Minimum Key Size (Sqm)	Maximum Key Size (Sqm)
	No.	%	No.	%					
<b>3-Star</b>	17	27%	1,378	19%	22.00%	\$68	\$148	30	46
<b>4-Star</b>	35	56%	3,269	45%	21.00%	\$95	\$240	30	58
<b>5-Star</b>	10	16%	2,671	36%	23.00%	\$138	\$342	38	72
<b>Total</b>	<b>62</b>	<b>100%</b>	<b>7,318</b>	<b>100%</b>	<b>22.00%</b>	<b>\$100</b>	<b>\$243</b>	<b>33</b>	<b>59</b>

## Report Credit and Contact Information

### Contributors

**Mr. Sim Hoychhoung**

*Research Project Manager*

Phone: (+855) 12 83 84 70

Email: [sim@jvcambodia.com](mailto:sim@jvcambodia.com)

LinkedIn: [Hoy-Chhoung Sim](#)

**Mr. Nim Ra**

*Senior Property Researcher*

Phone: (+855) 87594400

**Japan Valuers (Cambodia) Co., Ltd**

Website: [www.jvcambodia.com](http://www.jvcambodia.com)

#10, Unit 4FB-B, Street 109, Sangkat Mittapheap,

Khan 7 Makara, Phnom Penh, Cambodia

Tel: (+855) 12 83 84 70

---

For inquiries regarding this market report or business inquiries related to valuation services in Japan or ASEAN countries, please contact Japan Valuers Co., Ltd. International Department:

**Mr. Takashi Nakazawa, CRE, FRICS**

HQ Head of International Relations | Executive Manager in Asia

Phone: +81(0)70 7773 1125 (same on WhatsApp)

Email: [takashi.nakazawa@japanvaluers.com](mailto:takashi.nakazawa@japanvaluers.com)

**Ms. Tingar**

Phone: +81(0)70 8821 3698

Email: [tingar.thazinoo@japanvaluers.com](mailto:tingar.thazinoo@japanvaluers.com)

**Japan Valuers Co., Ltd.**

Website: [www.japanvaluers.com/en](http://www.japanvaluers.com/en)