

RETAIL PULSE

PHNOM PENH RETAIL ESTATE MARKET OVERVIEW Q1, 2021

ISSUE 3 MAY 2021



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RETAIL INVENTORY

Phnom Penh's total retail inventory (sq.m) as of Q1, 2021



RETAIL ESATE DELIVERIES

New retail inventory (sq.m) in Phnom Penh for Q1, 2021 by retail format.



RETAIL INVENTORY PIEPLINE

Retail Inventory (sq.m) under construction as of Q1, 2021 forecasted to end of 2021.



RETAIL VACANCY

Retail vacancy (sq.m) in Phnom Penh as of Q1, 2021.

ABOUT THIS ISSUE

The ongoing **coronavirus** pandemic in **Cambodia** has hit **retail centres** hard. **Lockdown** measures and temporary closures of non-essential **retailers** have led to a dramatic decline in overall **retail sales**. Despite persistent challenges related to the pandemic, **developers**, **landlords** and **mall operators** have been making headway in reaching **construction** and **opening** deadlines of **retail centres**.

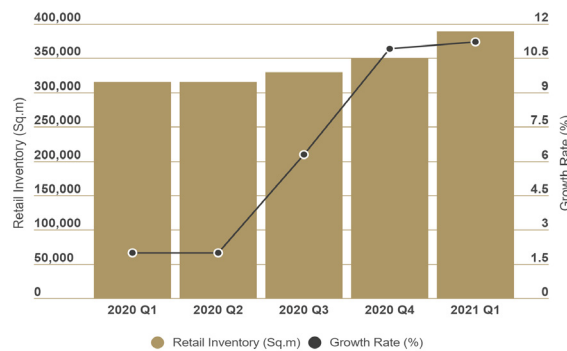
In this issue of "Retail Pulse" by **Grow Retail Asia**, we provide an overview on the state of **Phnom Penh's retail real estate** market as of **Q1, 2021** in the light of the **COVID-19** Pandemic.

RETAIL INVENTORY

Despite new challenges pursued by the ongoing pandemic, **Phnom Penh** has experienced a **11.26%** increase in **retail supply** from **Q4, 2020** to **Q1, 2021**, outperforming quarterly **retail supply** growth rates recorded in **2020**. **Phnom Penh's** existing **retail supply** currently stands at **388,686 sq.m** as of **Q1, 2020**.

Source: Grow Retail Asia (2021 Q1)

PHNOM PENH RETAIL INVENTORY (2020 Q1 – 2021 Q1)



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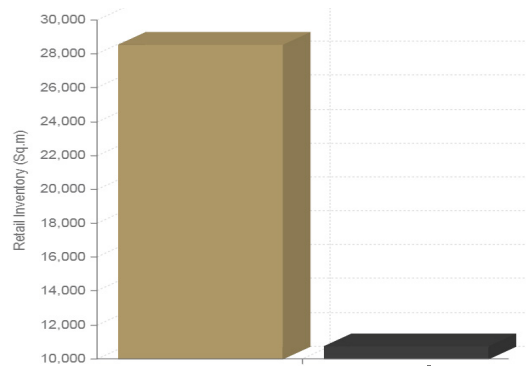
RETAIL ESTATE DELIVERIES

Q1, 2021 has been an active quarter with the delivery of **6 new retail centres** in **Phnom Penh**. From these new deliveries, **2 retail podiums**, namely **Train Square** and **HCN Mall** became operational in Q1. In addition to these new deliveries, **The Green Community Mall**, **View Park**, **Boeung Snor Food Village** and **E-Port** consisted of the **4 community malls** delivered in Q1, 2020.

Retail centre deliveries for Q1, 2021 have added **39,338 sq.m** of new retail supply towards **Phnom Penh's** total existing retail supply. Both **Train Square** and **HCN Mall** jointly contributed **10,770 sq.m** towards Q1's new retail supply. An additional **28,568 sq.m** of retail supply was injected by **The Green Community Mall**, **View Park**, **Boeung Snor Food Village** and **E-Port**.

RETAIL CENTER	SUBMARKET	RETAIL FORMAT
Train Square	East	Retail Podium
HCN Mall	West	Retail Podium
The Green	North, West	Community Mall
View Park	Central	Community Mall
Boeung Snor	South, East	Community Mall
E-Port	West	Community Mall

RETAIL SUPPLY FROM RETAIL CENTRE DELIVERIES (Q1,2021) BY RETAIL FORMAT



28,568 square meters
Of new retail supply from community malls

73%

23%

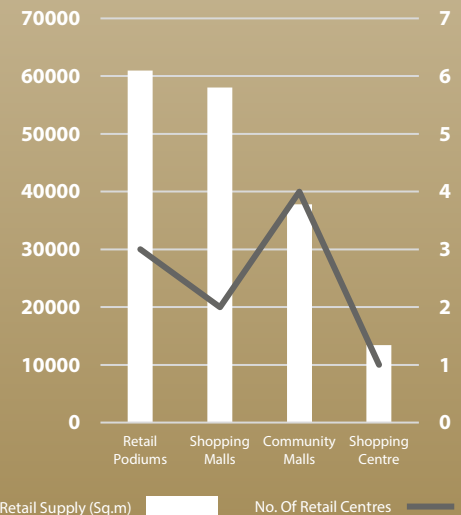
10,770 square meters
Of new retail supply from retail podiums

Source: Grow Retail Asia (2021 Q1)

RETAIL INVENTORY PIPELINE

Retail estate development activity in **Phnom Penh** remains near record levels, with **10 retail centres** expected to be delivered by end 2021. Derived from these anticipated retail centres, future retail supply in **Phnom Penh** amounts to **170,245 sq.m** scheduled for delivery in 2021. Assuming that retail estate projects are able to meet their completion deadlines, a total of **558,931 sq.m** of retail space is expected to handover in **Phnom Penh** by end 2021.

FUTURE RETAIL SUPPLY BY RETAIL FORMAT AND NO. OF RETAIL CENTRES (END YEAR 2021)



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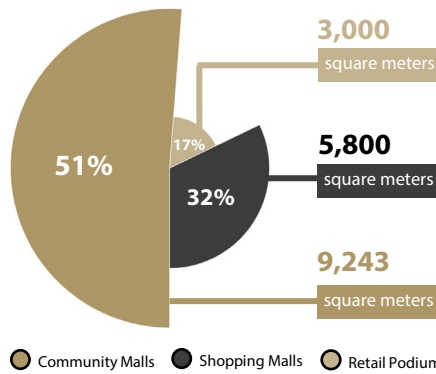
RETAIL VACANCY

The **Phnom Penh** retail market ended the first quarter of **2021** with a **vacancy rate** of **12%**, as the pace of store closures mounted. The retail market posted a loss of nearly **18,043 sq.m** of **occupancy** during **Q1, 2021**.

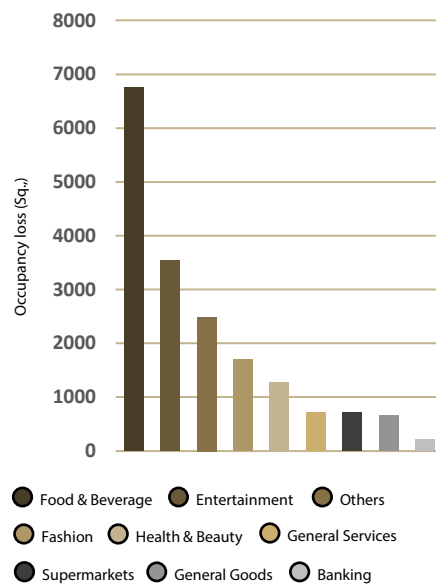
Community malls bore the brunt of the pandemic's wrath recording a loss of **9,243 sq.m** of **occupancy** during **Q1, 2021**. In conjunction, **shopping malls** accounted for **5,800 sq.m** of **occupancy** loss in the first quarter of 2021. This was followed with additional occupancy loss of **3,000 sq.m** coming from **retail podiums** in **Q1, 2021**.

For many **Food & Beverage** retailers, the first quarter of 2021 was a continuous uphill battle, with **6,754 sq.m** of recorded **occupancy** loss deriving from this retail category. The combination of government-mandated closures of non-essential business in **Q1, 2021** boosted challenges faced by many **entertainment** retailers, with **3,540 sq.m** of vacant **entertainment** space. **Fashion** retailers contributed to **1,704 sq.m** of **occupancy** loss in **Q1, 2021** followed by **health & beauty** retailers who accounted for **1,266 sq.m** of **occupancy** loss. An additional **660 sq.m** of **occupancy** loss was contributed by **general goods** retailers. With **supermarkets, service** and **banking** operators classified as essential businesses amid this pandemic, these operators boosted the lowest levels of **occupancy** loss, accounting for **709 sq.m, 714 sq.m** and **206 sq.m** respectively, in the first quarter of **2021**. The remaining **2,490 sq.m** of **occupancy** loss in **Q1, 2021** was recorded from other retail classifications.

OCCUPANCY LOSS BY RETAIL FORMATS (Q1,2021)



OCCUPANCY LOSS BY RETAIL CATEGORIES (Q1,2021)



Source: Grow Retail Asia (2021 Q1)

THE OUTLOOK

We believe 2021 will be dominated in the next couple of month to around Q2, 2021 by a lockdown or tier controls. This will be followed by a gradual dismantling of restrictions, enabling all stores to reopen.

However, under the current conditions it is hard to confidently make any projections regarding Phnom Penh retail market in the short term, but performance will obviously vary for different properties and categories of occupiers in the sector.

The reality is that we are actually on a different trajectory to a "new norm". Flexibility and affordability are the 2 keywords for retail occupiers and by, extension, the two challenges for retail landlords. In practical terms, this will mean shorter leases and a push towards turnover rents, but both will require proactive collaboration and both sides have to play ball is this is to provide a workable and sustainable solution.