



# Double boost for foreign spending

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**T**WO major government directives are paving the way to boost foreign investment in Cambodia's construction and real estate sectors, in which South Korea is still the leader.

The Cambodian government has issued a directive to control property developers and is also on the verge of passing a law allowing some residential property ownership for foreigners, both of which could boost foreign investment in the sectors, according to real estate analysts and industry experts.

Developers have tipped a new foreign property law and a sub-decree, allowing foreigners to own up to 70 percent of a condominium complex, as a positive move for the market and would attract new outside investors, despite a mellowing of the proposal from the initial draft.

Approved by the Council of Ministers on July of the year, the sub-decree provides a 70 percent cap on the amount of a housing development a foreigner can own in the Kingdom.

Lao Tip Seiha, director of the construction department of the Ministry of Land Management, Urban Planning and Construction, told the Post that despite the pull back, the foreign co-ownership property law and a sub-decree had been billed as a starting point in encouraging foreign investors to help push development in the real estate market, which he believes cannot rely on local buyers alone.

He said that South Korea developers were still the leading country in construction and real estate investment in Cambodia, with China number two for construction investment.

"Since the foreign co-ownership property law was approved, [the ministry] noted that a lot of Korean investors have got licences to build residential properties such as condos, villas, apartments and also commercial areas.

"Korean investors are still number 1 to invest in the construction and real estate sectors here, building residential and commercial properties for sale and rent," he said.

Sung Bonna, president and CEO of Bonna Realty Group and president of the National Valuers Association of Cambodia, said that the laws regarding the property that a foreigner could own would enable investors to feel confident and comfortable to enter the Kingdom's property market.

"I hope that it is a good sign that will attract foreign investors to come to live and invest in our country in the future," he said.

He said that although the Cambodian real estate market had yet to recover from the fallout of the global economic crisis, there were positive signs for recovery in the Kingdom's urban centres.

The number of real estate transactions was on the rise so far this year, which he believed was a positive sign for the industry.

"Now is a good time to buy and sell real estate in any town in Cambodia," he said, but warned that the sub-decree alone was not enough to attract investors to Cambodia.

Bretton Sciaroni, senior partner of Sciaroni & Associates and legal adviser to the government, said that the sub-decree opened up Cambodia's economy to new opportunities.

"It will help Cambodia in a number of ways, not just to generate more long-term businesses but also to attract new outside investors," he said.

Douglas Clayton, CEO of Leopard Capital, said that the new law was very good for the long term but could not provide a quick fix.

"Most expats here don't earn enough salary or stay here long enough to want to buy a condo. Overseas investors would be looking for a good rental yield on their investment, but the luxury projects that would interest them may be hard to rent out," he said.

Mang Savandara, property manager of the Cambodia Property Ltd Co, agreed that the foreign property co-ownership law had given a boost to foreign investors who felt confident to come to invest in commercial and residential building in Cambodia.

"Our company has received calls from so many foreigners since the law was approved."