

RETAIL INSIGHTS

EDITION 1 NOVEMBER 2020

2020 Retail Real Estate Market Overview



EDITION 1 OCTOBER-2020



Welcome to The Mall Company's 1st Monthly Newsletter "Retail Insights". Every month we shall share research on the retail sector in Cambodia. In **Edition 1** we share the latest information on the existing supply and development pipeline of modern retail in Phnom Penh:

01»

The Number of Modern Retail Properties in PP:

1. Completed Retail Properties;
2. Under Development Retail Properties;
3. Retail Properties at the Planning Stage.

04»

The breakdown of modern retail properties according to their modern retail classifications (number of projects in each classification as of Q3, 2020).

02»

The Net Leasable Area (NLA) contributions of:

1. Completed Retail Properties;
2. Under Development Retail Properties;
3. Retail Properties at the Planning Stage.

05»

The Breakdown of modern retail properties according to their modern retail classifications (Net Leasable Area (NLA) in each classification as of Q3, 2020).

03»

Growth of Retail Supply Timeline 2014 - 2025:

Growth of Net Leasable Area (NLA) measured from 2014 Projected to 2025.

06»

The Breakdown of modern retail properties according to their modern retail classifications (Net Leasable Area (NLA) in each classification projected to 2025).

INTRODUCTION TO RETAIL INSIGHTS



The Mall Company (TMC) is **proud to launch** and **welcome you** to the **first Edition** of 'Retail Insights'. **Retail Insights** focuses on key themes and topics influencing Cambodia's fast evolving retail landscape.

Since 2017, The Mall Company has been collating **retail data** from a wide variety of sources as well as conducting our own retail tenant surveys. Previously this research was only available to our clients including retail investors, landlords and developers. However as Covid-19 continues to adversely impact the retail sector, we are proud to launch **Retail Insights** and **share our research** with the market.

It is **The Mall Company's** hope that through sharing 'Retail Insights', retailers and landlords will gain deeper insights into the retail sector and that such knowledge will aid decision making and be of overall benefit to the growth and success of the retail sector.

FOR MORE INFORMATION ON TMC'S RETAIL SERVICES:

Leasing, Mall Management, Design Consultancy, Research



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THE MALL COMPANY

NUMBER OF RETAIL PROPERTIES

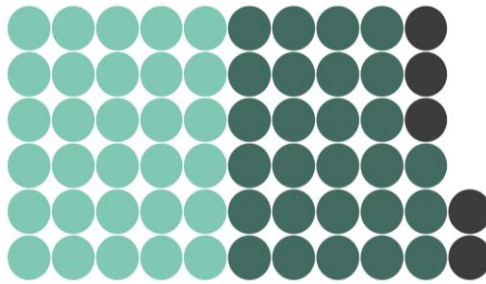
01»

Within Phnom Penh as of Q3, 2020 there are:

- 30 completed open modern retail properties;
- 27 modern retail properties under development;
- 5 modern retail properties being planned (beginning construction within 6-12 months).
- 62 modern retail properties expected by 2025

* TMC Research tracks the number of modern retail properties. Modern retail properties exclude wet and dry markets, repurposed retail property and shop house retail.

Figure 1: Number of Retail Properties in Phnom Penh: 2020-2025



Source: TMC, Research Dept.

Supply Pipeline Projected to 2025

48% of modern retail properties are complete and open.

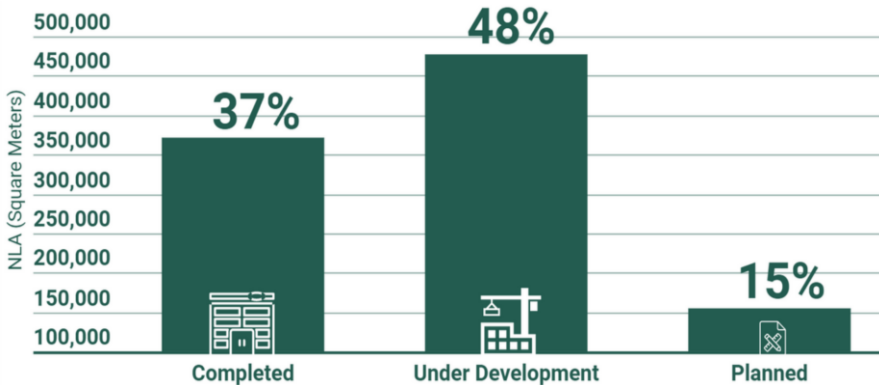
44% of modern retail properties are under development.

8% of modern retail properties are at the advanced planning stage.

NLA MODERN RETAIL SUPPLY 2020-2025

«02

Figure 2: Net Leasable Area (Sq.m) In Phnom Penh – Q3 2020 – 2025 (By Development Phase)



Source: TMC, Research Dept.

- **Completed** modern retail properties supply **370,781 sq.m** of net leasable area (NLA) to the Phnom Penh retail sector.
- An additional **476,768 sq.m (NLA)** of modern retail supply is **under development**.
- **154,900 sq.m** of modern retail supply is currently in the **advanced planning stages** and expected to begin construction within 6 to 12 months.

* The Net Leasable Area (NLA) is the usable area available for tenants to occupy and generally excludes common areas (lobbies, public atriums, toilets) and areas used to accommodate building and property management facilities and services.

NLA PIPELINE 2014 - F2025

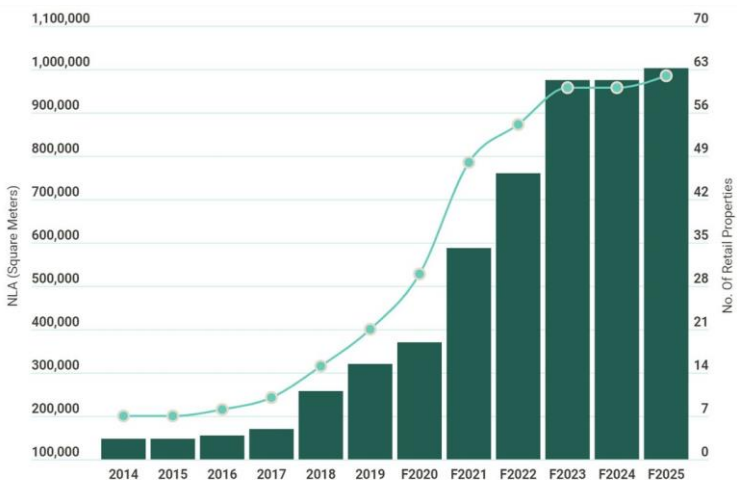
03»

- Within 2020 to date, **9 modern retail properties** have begun operations adding **50,045 sq.m** of net leasable area (NLA) to the supply of completed modern retail space in Phnom Penh.
- **18 modern retail properties** (currently under development) are **expected to complete** within 2021. If all complete on-time, this would add a further **217,092 sq.m** of net leasable area (NLA) to the supply of modern retail space in Phnom Penh **during 2021**.
- TMC Research are currently tracking **14 modern retail properties** that are expected to begin operations between **2022 to 2025** with the potential to deliver an additional **242,226 sq.m** of retail supply (NLA) to the market during this period.

* TMC Data represents the net leasable area (NLA) from committed developments as of Q3, 2020.

* Data may be subject to change based upon any development delays or changes to the 'use' of properties.

Figure 3: Retail Supply Growth by Net Leasable Area (2014 – 2025)



● NLA (Square Meters) ● No. Of Retail Properties Source: TMC, Research Dept.



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NO. OF RETAIL PROPERTIES BY RETAIL CLASSIFICATIONS

04»

Figure 4: No of Completed Retail Properties in Phnom Penh (By Retail Classification)



Source: TMC, Research Dept.

The breakdown of the number of completed modern retail properties by their classification as of Q3, 2020:

- 1. 17 Community Malls
- 2. 5 Shopping Centres (less than 30,000 sq.m indoor malls);
- 3. 4 Retail Podiums;
- 4. 3 Shopping Malls (more than 30,000 sq.m indoor malls);
- 5. 1 Retail Arcade (Naga City-Walk holds the unique position as being the only significant Retail Arcade in Phnom Penh).

% Breakdown: The Number of Completed Retail Properties by Retail Classification as of Q3 2020



EXISTING NLA BY RETAIL CLASSIFICATION

«05

Here we consider the retail supply contribution for each classification of retail property in terms of NLA (sq.m), in each modern retail classification.

As of Q3 2020, the total existing retail supply in Phnom Penh is **370,781 sq.m (NLA)** and is broken down into retail classifications as below:

- 1. Shopping Malls contribute a supply of **144,400 sq.m (NLA)** of modern retail space in Phnom Penh.
- 2. Community Malls have been the retail class of choice for many developers for the last several years with community malls now contributing **93,697 sq.m (NLA)** of modern retail space in Phnom Penh.
- 3. Shopping Centres contribute **86,500 sq.m.** of NLA
- 4. Retail Podiums contribute **36,984 sq.m.** of NLA
- 5. Retail Arcades contribute **9,200 sq.m.** of NLA

Figure 5: NLA Supply As of 2020 (By Retail Classification)



Source: TMC, Research Dept.



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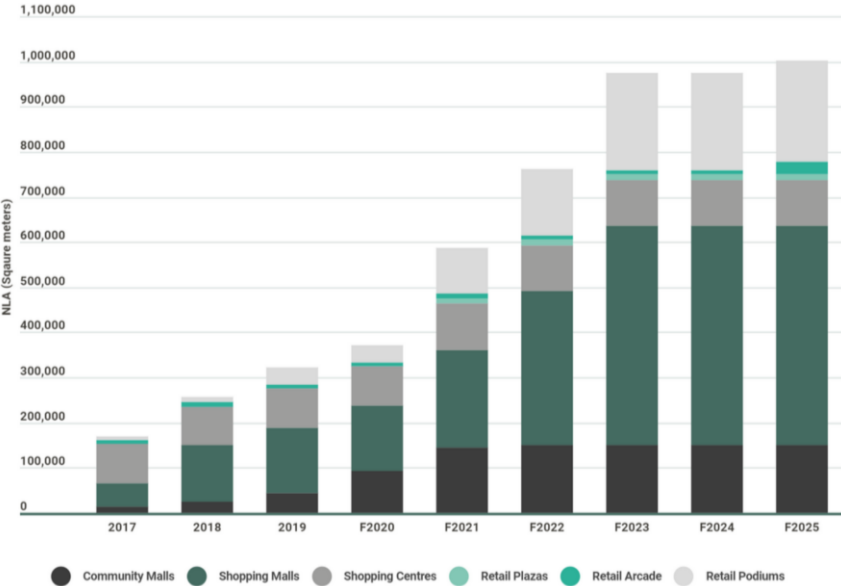


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RETAIL CLASSIFICATION NLA PIPELINE 2017 – 2025



Figure 6: NLA Pipeline (By Retail Classification) 2017 – 2025



Source: TMC, Research Dept.

CONCLUSION: The retail landscape in Phnom Penh and across Cambodia is changing rapidly. The supply of modern retail space in Phnom Penh shall increase from **370,781 sq.m** as of Q3, 2020 to **1,002,449 sq.m** by 2025 (should all retail properties being developed and tracked by TMC Research remain on-time and be completed).

With more available supply for retail tenants to choose from, the retail real estate sector is destined to become more competitive. Additionally, the economic affects of Covid-19 have reduced the size of the retail sector in Cambodia with many retail tenants terminating leases with no intention of ever reopening those brands or stores again, thus reducing the total number of retail tenants (demand) in the market. Now more than ever retail landlords must plan their projects well. In this competitive market, the landlords and developers who understand tenant & visitor requirements and have carefully designed and planned their retail development, will be the ones who succeed.

NLA PIPELINE SNAPSHOT 2017 – 2025

- 19.47%**
Expected annual supply growth rate of Community Mall retail space (NLA) from 2020 to 2023
- 49.89%**
Expected annual supply growth rate of Shopping Mall retail space (NLA) from 2020 to 2023
- 88.95%**
Expected annual supply growth rate of Retail Podium retail space (NLA) from 2020 to 2023

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- Retail Leasing
- Mall Management
- Mall Marketing

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