

# Exploring the Perceived Affordable Residential Condominium among Middle-Income Cambodian People in Phnom Penh, Cambodia

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## ABSTRACT

Ongoing economic difficulties, such as stricter credit requirements and low domestic spending, have made the residential real estate market's steady decline worse in Cambodia. In light of this, the fundamental purpose of this study was to determine how middle-income individuals who wish to live in Phnom Penh in the future will be affected by the city's overgrowth in real estate and housing prices, as well as how to make condominiums in the Phnom Penh area accessible through both condominium design and policies. Through the analysis of secondary data and expert interviews at real estate firms, this study employed qualitative approaches. The results showed that although middle-income earnings increased, they did not rise in tandem with the Phnom Penh area's rapidly increasing real estate values. Cambodian middle-income people might eventually be unable to buy condominiums in the Phnom Penh area as a result of this. Additionally, middle-class people find it increasingly difficult to locate reasonably priced condominiums in the Phnom Penh area because developers are discouraged from investing in these kinds of developments due to their inability to make a profit. This study has looked at strategies to help developers provide more reasonably priced condominiums and to make it easier for middle-class people to purchase condominiums in the Bangkok area through a number of support programs. The results showed that the home loan policy, tax reduction, bonus, and construction material cost reduction were among the collection of supportive policies that might be used.

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## INTRODUCTION

The growing incapacity of Cambodia's middle class to own homes poses a societal danger to the nation's development narrative after two decades of astounding economic growth that transformed the country's skylines and opened up new opportunities (Royal Government of Cambodia (RGC), 2023; Archer, 2023; CBRE Cambodia, 2023; World Bank, 2025). Many working families, who are the backbone of the country's economy, are still caught in rental cycles as opulent condos and gated communities proliferate throughout Phnom Penh and regional cities. RGC (2023) continually stated that despite having steady wages, teachers, healthcare

professionals, civil servants, small business owners, and manufacturing supervisors are being priced out of the home market.

The housing market in Cambodia is uneven as a result of the country's explosive real estate growth (Asia Property Awards, 2019; Fauveaud, 2020; IPS Cambodia Real Estate, 2024; Menghoung & Noer, 2025). While a few low-cost housing projects target the poor with subpar units located far from urban centers, high-end complexes priced between \$80,000 and \$250,000 or more primarily serve wealthy Cambodians and foreign purchasers. Families making between \$900 and \$1,200 per month, or the middle 50<sup>th</sup> to 80<sup>th</sup> income percentile, are caught in the middle and account for almost 40% of Cambodia's unmet housing demand (Archer, 2023; CBRE Cambodia, 2023; IPS Cambodia Real Estate, 2024; Menghoung & Noer, 2025; World Bank, 2025). Additionally, the folks who truly power the economy are not served by the existing housing market. Families in the middle class are neither wealthy enough for private buildings nor impoverished enough for public housing (Yeh, 2023; Menghoung & Noer, 2025; World Bank, 2025).

The goal of becoming homeowners is becoming more and more unattainable for these families. Many people pay between \$300 and \$400 a month in rent, which could be enough to pay for a mortgage if there were flexible financing choices and affordable housing (Moeng, 2023; Archer, 2023; CBRE Cambodia, 2023; World Bank, 2025). Many families are forced to live in cramped or shoddy housing far from areas of employment and education because they cannot afford to buy. Their well-being, children's education, and social mobility are all impacted by these lengthy journeys and poor living conditions. On the other hand, affordable homeownership (condominium units) fosters upward mobility and community strength. Homeowners can use their property for small business initiatives or education, spend more in their neighborhoods, and give their kids stable settings.

Supporting middle-class housing is crucial to reaching upper-middle-income status, as nations like Vietnam and the Philippines have previously acknowledged. They have increased access to inexpensive housing while preserving urban inclusion through targeted funding, tax breaks, and mixed-income buildings. A similar strategy is required for Cambodia, which wants to become an upper-middle-income country by 2030. Rethinking the construction and financing of reasonably priced housing is the answer. Cambodia requires high-quality, reasonably priced developments in well-connected places that improve rather than lower the social standing of locals, as opposed to forcing families into remote, inexpensive projects with inadequate infrastructure (Global Property Guide, 2026; World Bank, 2025).

The government, financial institutions, and private developers must work together to close the housing deficit. It cannot be resolved by market forces alone. To provide middle-income housing at scale, creative financing programs, inclusive urban policies, and public-private partnerships are crucial (RGC, 2023; Archer, 2023; World Bank, 2025; Sok & Soun, 2026). The social cohesiveness that is essential to Cambodia's long-term growth could be threatened if middle-class families' mounting dissatisfaction is not addressed. However, providing working families with an equal opportunity to become homeowners will not only stabilize the economy but also fortify the basis of a sustainable and inclusive Cambodia (Global Property Guide, 2026; Ou et al., 2025; World Bank, 2025).

The researchers of this study have focused on the supply side of middle-class housing within the research scope because the demand side has limitless housing (condominium units) needs, but these needs have been constrained by their affordability. The purposes of this study are outlined in this study that could help developers offer condominiums to middle-class people and facilitate their access to residential properties in the wider Phnom Penh area by: (1) increasing public awareness of the impact that the issue of rising housing costs will have on middle-class residents of inner cities; (2) determining which condominium design is best for an economical condominium; and (3) establishing policies that assist middle-class individuals and developers in addressing the issue of rising housing costs in Phnom Penh.

## METHODS

In order to perform qualitative research, this study analyzed secondary data and conducted expert interviews at real estate firms (Adhikari, 2021). Designers and developers from real estate companies were selected as the experts to consult for this study. In addition, this approach was mostly employed in the initial part of the thesis to examine data from previously published reports, studies, and publications that addressed the topic of growing residential property values (Creswell & Creswell, 2018; Mohammad Ali, 2024). These sources included books and articles that reviewed the literature, historical information about Phnom Penh, the real estate market in the city, and legislation and policies that were relevant to Phnom Penh.

The goal of this study is to find the best area in the Phnom Penh area for middle-class residents. This location has been chosen using predetermined criteria; in this sense, the aforementioned area must have a land price range that is affordable for middle-class residents. This study has established the parameters for interviewing experts from real estate firms regarding size and suitability, the best condominium unit and facility designs that developers can offer to middle-class individuals based on their affordability, and policies that can be implemented to assist developers in offering middle-class residents affordable condominium projects.

Because the researchers use a mixed research approach, the following tools and equipment were used in this thesis: (1) interviews with five experts chosen from real estate firms, including two designers, one business development officer, and one project development manager; and (2) secondary data analysis and archival study on Phnom Penh background data, including statistics on real estate, population, income rates, etc.

An interview method was employed to collect data that helps address research questions or hypotheses and supports or adds to the overall goals of the study (Creswell & Creswell, 2018). Semi-structured interviews were employed in this study's interview portion to discuss condominiums for middle-class families with specialists in the real estate sector. The experts chosen for this thesis were chosen based on their expertise in condominium design and their background in middle-class home design and administration. The observational method was used in the chosen site analysis to collect site data and information about land pricing and accessibility. This data and information collection illustrates why the chosen site data is most suitable and useful for middle-class individuals.

## RESULTS AND DISCUSSION

This study used observational methods and interview techniques to collect and analyze data, which was then organized in this way, in order to establish the most effective approach of providing middle-class people with access to private housing (condominium units) in Phnom Penh.

### *Results of Experts' Interview*

To ascertain the ideal condominium type, location, and level of residential access support policy for middle-class people, the researcher conducted interviews with experts from five real estate companies, including two designers, one business development officer, and one project development manager.

The majority of interviewees (4 out of 5) in the interviews claimed that middle-class households with monthly incomes between \$1,500 and \$2,500 could purchase condominiums near Bangkok. Only one interviewee, however, claimed that middle-class families would struggle to make ends meet because they would have to pay roughly 30% of their income for rent or the house's installment plan, leaving the remaining 70% for other costs like food and groceries, travel, auto payments, and credit card repayment (personal loan).

The aforementioned interview records suggest that the price of condominiums in the Phnom Penh area is rising due to the growing land market value (CBRE Cambodia, 2023; Global Property Guide, 2026; Ou et al., 2025; World Bank, 2025). Furthermore, labor and building materials are becoming much more expensive due to the current economic slowdown and global political upheaval. The findings of the study reported that the cost of condominiums is rising yearly, are in line with the conclusions of this interview.

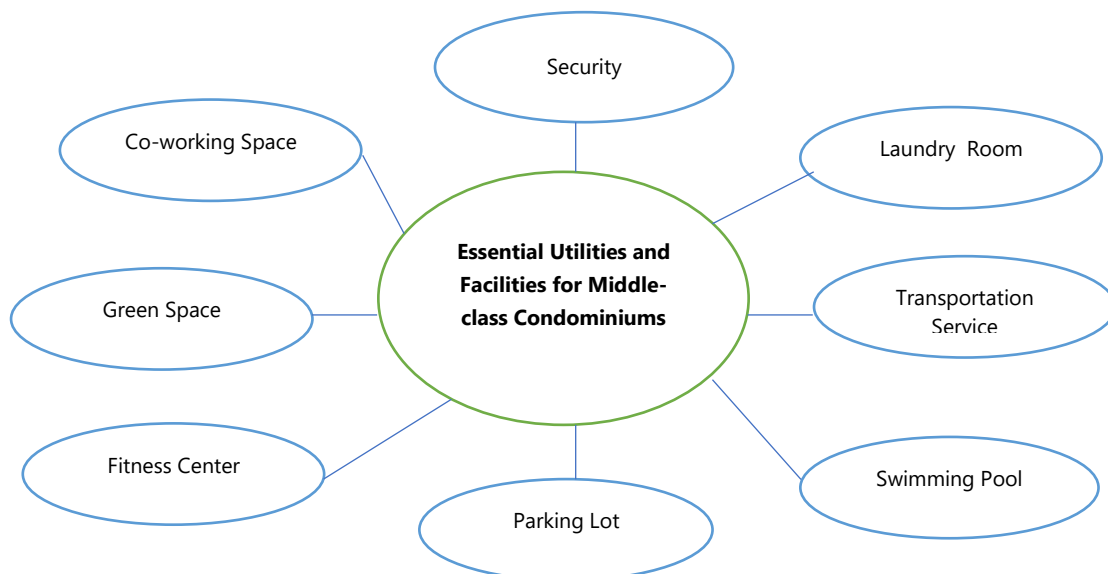
In order to encourage the private sector to build condominiums at affordable prices, Cambodia previously enacted a variety of laws and policies. However, the majority of current assistance laws and programs target low-income people rather than middle-class people, and many laws and policies have since been overturned. This is in line with the research findings revealing that most support policies only focus on low-income people and only offer limited support for middle-class people. Although the majority of organizations have recognized this problem, no one has yet to openly address it or conduct a thorough investigation.

According to the interviewee's record, it is critical to set reasonable prices for condominiums so that middle-class buyers, who comprise a significant portion of the market, can afford them (World Bank, 2025). However, given the increased cost of land, the condominium apartments will be costlier. Developers frequently struggle to set condominium prices that are reasonable for middle-class purchasers due to the high cost of most land in Phnom Penh. According to the respondent's responses, nearly all of the expert-recommended laws and policies focus on lowering taxes and interest rates, two things that require government backing in order to be implemented. Infrastructure development, financial assistance and incentives, and the creation of a supportive legislative and regulatory framework are only a few of the many issues that require government help (Yeh, 2023; Menghoung & Noer, 2025; World Bank, 2025).

Interviewee said that mixed-use condominiums that have rooms for various customer segments are unpopular and ought to be avoided since they may cause disputes between various customer segments due to the coexistence of individuals from various socioeconomic classes. Different lifestyles and spending patterns may produce disagreements about things like travel, fashion, and leisure activities, among other difficulties and concerns that may also emerge. Also, the most used areas of the program are the living room and bedroom, then the kitchen, balcony, bathroom, and so forth.

Ultimately, the fitness center, pool, and co-working area are the most valuable features, according to the interviewees. But only one of them mentioned security, which is an important consideration for condo purchasers. In a similar vein, only one individual mentioned green space, another crucial component that may have an impact on the residents' mental health. According to the respondents' responses, in order to justify the investment, a condominium development project must turn a profit of 15–20% of net profit, or 30–50%.

Based on the results from experts' interview, the study can summarize the essential utilities and facilities for middle-class condominiums as presented in Figure 1.



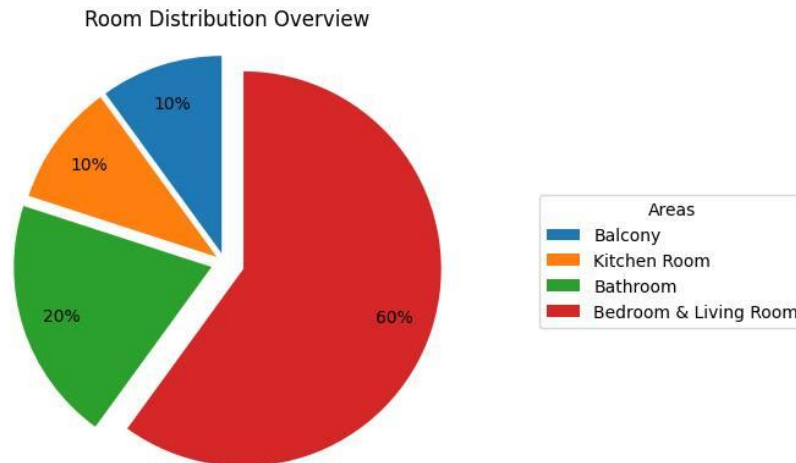
**Figure 1.** Summarizing the Essential Utilities and Facilities for Middle-Income Condominiums

According to the interviewee, these eight amenities are essential utilities and facilities that must be found within a condominium building; nevertheless, it is difficult to include all of these features in a low-rise condominium project with a small site area. This study has created a scenario that could occur by conducting

a study case in a chosen site area in order to describe this issue and determine the best technique to apply amenities and utilities inside of low-rise with limited site area. This study divided the eight essential facilities and utilities into two groups including: (1) indoor utilities and facilities; and (2) outdoor utilities and facilities.

#### *Results of the Best Design for the Unit*

To explain the perfect arrangement for a thirty-square-meter condominium room, the author spoke with a real estate firm expert. This is the suggested program ratio for a 30-square-meter unit.



**Figure 2.** Presenting the Ratio of Each Program

Based on Figure 2 above, the bedroom and living room take up 60% of the space, followed by the bathroom at 20% and the kitchen and balcony at 10% apiece, according to the graphic.

To determine whether this design room ratio is appropriate for living, the author utilized Neufert's Design Guideline (Ernst, 2023) as a standard space criterion that must be fulfilled.

#### *(1) Bedroom and Living Room*

According to Neufert's Design Guidelines, a living room should be 6 square meters, and a bedroom should be 10.5 square meters. This provides a living room and bedroom area of 18 square meters, exceeding the typical Neufert's Design guideline space need, which were referred to experts' optimal design.

#### *(2) Bedroom*

A bathroom should be 4.125 square meters in size based on Neufert's Design Guideline. Nevertheless, professional design has resulted in a bathroom area that is 6 square meters, surpassing the standard need of the guideline.

#### *(3) Kitchen Room*

According to Neufert's Design Guideline, the typical kitchen space required is 2.88 square meters. However, a kitchen room area of 3 square meters has been given, exceeding the standard need, thanks to professional design.

#### *(4) Balcony*

The typical balcony space requirement of Neufert's Design Guideline is 2.5 square meters; however, well-designed spaces can surpass this need by up to 3 square meters.

The well-designed design has satisfied the standard space criteria of Neufert's Design Guideline, making it suitable for occupancy based on a comparison analysis.

#### *Results of Supporting Policy and Framework*

In order to create a useful set of support policies for both developers and middle-class individuals, the author has stimulated our financial condition. The relationship between the minimal return profit required by developers and the reasonable unit price that middle-class individuals may afford by taking out a loan with a 6% interest rate for 20 years will be the subject and scope of this study. Monthly household income cannot be more than \$2,500.

It was shown that the range of unit prices that middle-class people can afford is rooms that can produce a return on investment profit of less than 22% when the financial scenario was simulated. This suggests that it is very challenging to provide a project that is both affordable for middle-class people and generates a profit margin of more than 30%. This is related to the interview's conclusion that it is difficult for developers to provide affordable condominiums because they are not profitable and not worth investing in. Developments of affordable condominiums for middle-class people were shown to be unable to make more money than the developer's targeted minimal profit.

To overcome this issue, this study created two sets of support policies: (1) Developer support policies; and (2) Customer support policies.

#### *(1) Developer Support Policies*

A current practice known as the Floor Area Ratio (FAR) bonus policy permits developers to raise the height and floor area of a building in exchange for the creation of a particular program inside the building, such as public space, affordable housing, public parking near a public transportation hub, water seepage area and rainwater storage, green buildings, and public open space. Developers will benefit from this strategy by earning more money from middle-class condominium complexes. This study will concentrate on programs that offer cheap housing because the condominium for middle-class buildings' restricted land area eliminated most of the programs eligible for the FAR bonus. The FAR bonus will increase the project's land size by creating a space for affordable housing. The expanding area cannot be more than 20% of the project's allotted area for affordable housing, nor can it be more than four times that amount (Global Property Guide, 2026; Menhune & Noer, 2025; World Bank, 2025). In order to calculate an increase in sales units, the author extended the sales area by thirty using the increased sales area from the FAR bonus:  $(\text{Sales area} + ((\text{Affordable housing area} \times 20\%) \times \text{Efficiency rate}))$ . It was shown that the FAR bonus policy could put the case study in a marketable range and increase its return on investment from 21% to 35% after a stimulus.

The tax reduction policy created by this study is one of the most crucial strategies to help and encourage developers to build condominiums for middle-class people. The government would provide developers a 10% decrease in property taxes if at least 30% of the total units are built as affordable housing for middle-class people. Additionally, the present administration reduced the housing transfer fee from 2.00% to 1.00% (with a maximum house price of 3 million Baht) and loosened the 90% loan to value threshold to make it easier for buyers to purchase reasonably priced condominium units.

This study designed a policy to lower construction and material costs in order to encourage and assist developers in developing condominium developments targeted at middle-class people. This program states that developers that construct at least 70% of the total number of units as middle-class affordable housing will receive a 20% government discount on construction and material expenses.

It is evident from the stimulate results that the support strategy will increase the developer's return on investment for the project. The return on investment rate rose from 21% to 42%, indicating that the project was worthwhile to proceed with.

#### *(2) Customer Support Policies*

This study created a housing loan policy that will be managed by a government-affiliated entity that receives financing from the government in order to improve developer profits and enable middle-class people to access more expensive condominium rooms. This organization will act as a guarantor for middle-class people who want to borrow money from other financial organizations. Anyone with a monthly salary of less than \$2,500 will be eligible for loans with low interest rates, beginning at 2.5% for 30 years. After a stimulus, it was decided that a lower interest rate would allow buyers to pay more for condominiums, enabling developers to raise prices while still making a profit at a fair rate.

After performing a simulated analysis of each support policy, it was determined that these policies might be able to help middle-class households in condominium projects with their financial problems, such as high unit costs and low rates of return on investment. Government agencies must take part in order for all support policies to be feasible (National Bank of Cambodia, 2024; Harris, 2022; Global Property Guide, 2026). This is in line with an expert's response from the interview section that the government must take part and play a significant role in addressing this issue. Therefore, the government sector plays a major role in encouraging developers to design and fund middle-class condominium projects and in making condominiums more accessible to middle-class people in Phnom Penh, Cambodia.

## CONCLUSION

Only the provider side is covered in this study; all design choices are made with the supply side in mind because to the limited time available for research and the constant demand on the residence side. The land price in 2022-2025 served as the research basis for this study. Additionally, this study's design criteria are restricted to condominium projects; other kinds of residential projects can have different design results.

Residential prices in Phnom Penh are currently rising too quickly, and this trend is expected to continue. Because of this situation, land and residential property values will keep increasing in the future, making it impossible for middle-class people to acquire a home in the Phnom Penh area. From the supplier's perspective, the best program ratio for condominium rooms is 30 square meters, which comprises 60% living and bedroom space, 20%-bathroom space, 10% kitchen area, and 10% balcony. Co-working spaces, a fitness facility, a swimming pool, parking, a laundry room, green space, security, and transportation services must also be provided by the developer.

Middle-class residents find it challenging to buy condos since middle-class condominium projects don't offer high returns on investment, and developers and investors are hesitant to work on them. To persuade and assist the developer in providing an inexpensive condominium project, the government sector's support measures are crucial. The FAR bonus policy, reduced property taxes, lower building and material costs for projects that offer condominiums at a price that is affordable for middle-class people, and help obtaining low-interest loans from financial institutions for middle-class people are examples of supporting policies.

There are three lists of further studies that could be investigated to address other issues not addressed in this study: (1) this study only looks at the provider side of things due to time constraints. However, an analysis on the residential side of things can be carried out in order to expand the study's scope. This may entail the employment of a number of questionnaires intended to ascertain the ideal condominium design from the perspective of the inhabitants; (2) a specific framework and index, such as the walkability index, green building index, or sustainable building index, can be used to broaden the field of research on a particular topic that is of interest; and (3) to extend the scope of research beyond design and policy areas that could be used to boost developer profit from affordable housing developments, like cutting-edge construction techniques that will reduce labor costs and boost condominium building process efficiency.

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