

Cambodia's Urban System

Urbanisation, Growth Patterns and Challenges

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1 Urbanisation in Cambodia

A driving force for growth and poverty reduction



Great catch-up: Cambodia's unprecedented urban acceleration

The urban population shares 1975-2015 were the lowest in SEA, but later Cambodia has experienced one of the fastest urban growth rates



Demographic Shift

A turning point, approximately 41% of the total population dwelling in cities, while Phnom Penh serving as a dominant city



2050 Forecast

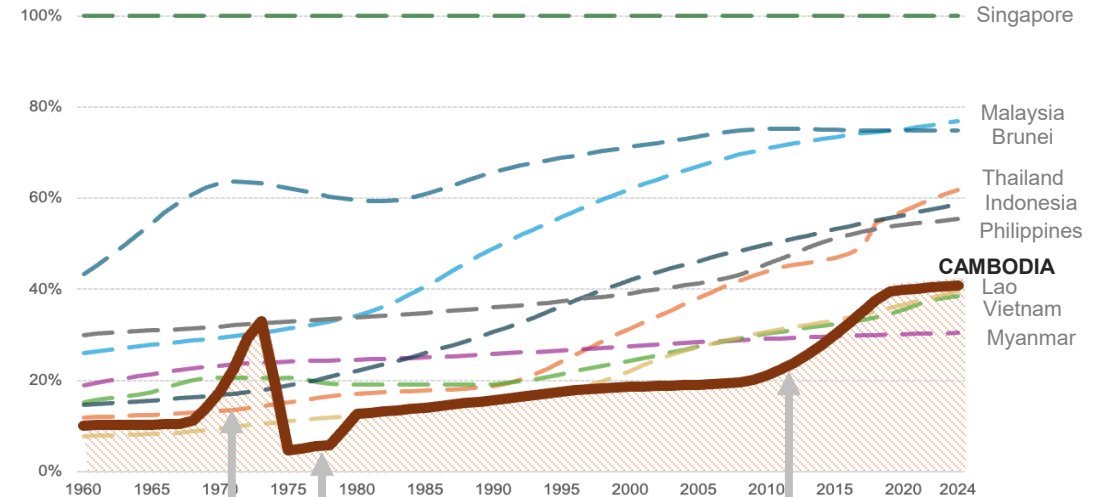
Urban population projected to reach 9.6 million by 2050; the growth may extend beyond the capital and major cities to smaller cities



Sprawling Urban Expansion

Built-up areas more than doubling in size in the past decades, expanding from 419.3 km² in 2000 to 920.1 km² in 2025

Urbanisation Level of SEA Countries 1960-2024



Forced Deurbanisation Phase

Residents in Phnom Penh were forcibly displaced to rural regions

Forced Urbanisation Phase

The mass destruction of rural areas due to the Vietnam-US war forced millions of Cambodians to migrate to urban areas

Redevelopment Phase

Rural-urban migration was a major key driver in this recovery phase. The influx of youth moved to urban centres. FDI in manufacturing, real estate and infrastructure was a source of economic growth.

PHNOM PENH, a primate city

2.28 million

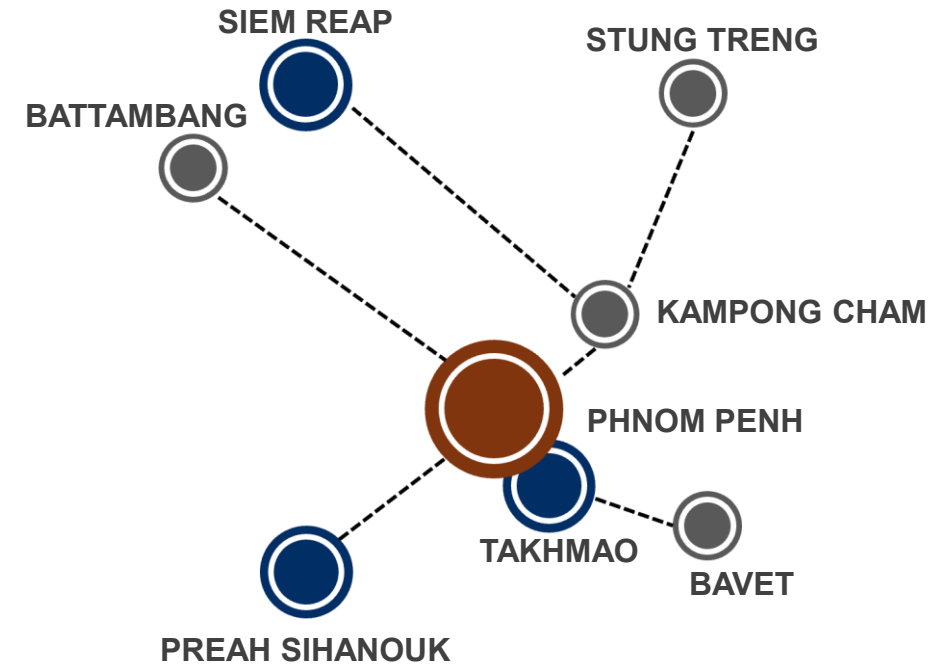
Nearly 40% of the urban population residing in the capital, the largest and fastest-growing urban centre in Cambodia

Transformed from a city ravaged by conflicts and instability to a centre of rapid growth and economic development

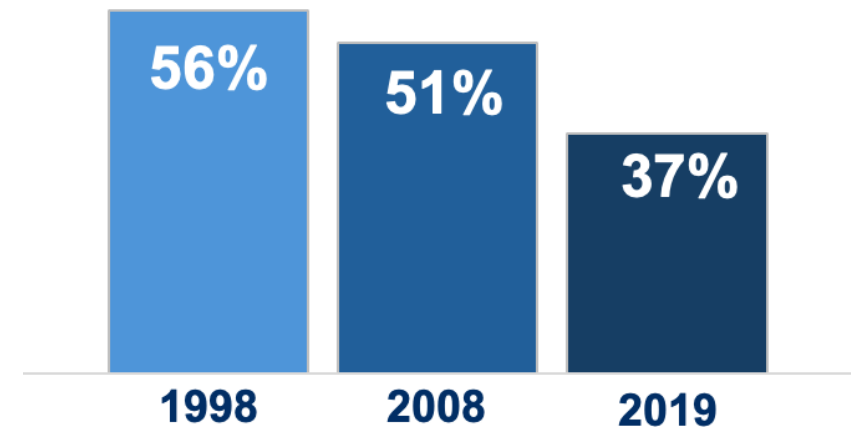
Dominating Cambodia's urban system, a hub of multi-functions and a gateway to the regional and global economy

Increasingly sprawling urban landscape, outpacing infrastructure and service delivery networks

Facing urban issues: flash flood, pollution and traffic congestion



Share of Urban Population Living in Phnom Penh



Source: National Population Census, NIS

Driving Forces of Urbanisation

Natural Population Growth

Natural growth is also a significant driver. Even though the total fertility rates have slightly declined, the urban population still increase since more births than deaths.

Rural-Urban Migration

Attraction of cities is luring youth to leave rural areas for employment and education opportunities, better infrastructure and services, and an exciting urban lifestyle.

Reclassification of Urban

The reclassification of urban areas was undertaken in 2020, based on economic and demographic aspects and statutory administration aspects.

FDI Flows

Urbanisation in Cambodia is driven by FDI, which has fuelled economic growth and generated employment opportunities, yet its geographical distribution is highly uneven.

2 Urban Growth Patterns

Internal arrangements of Cambodia's primary and secondary cities are characterised by

Densification

Occurring in existing built-up areas or business districts to **increase the intensity** of residential, commercial or other urban uses

Infilled Development

Infilling vacant and underutilised pockets within the urbanised areas

Corridor Growth

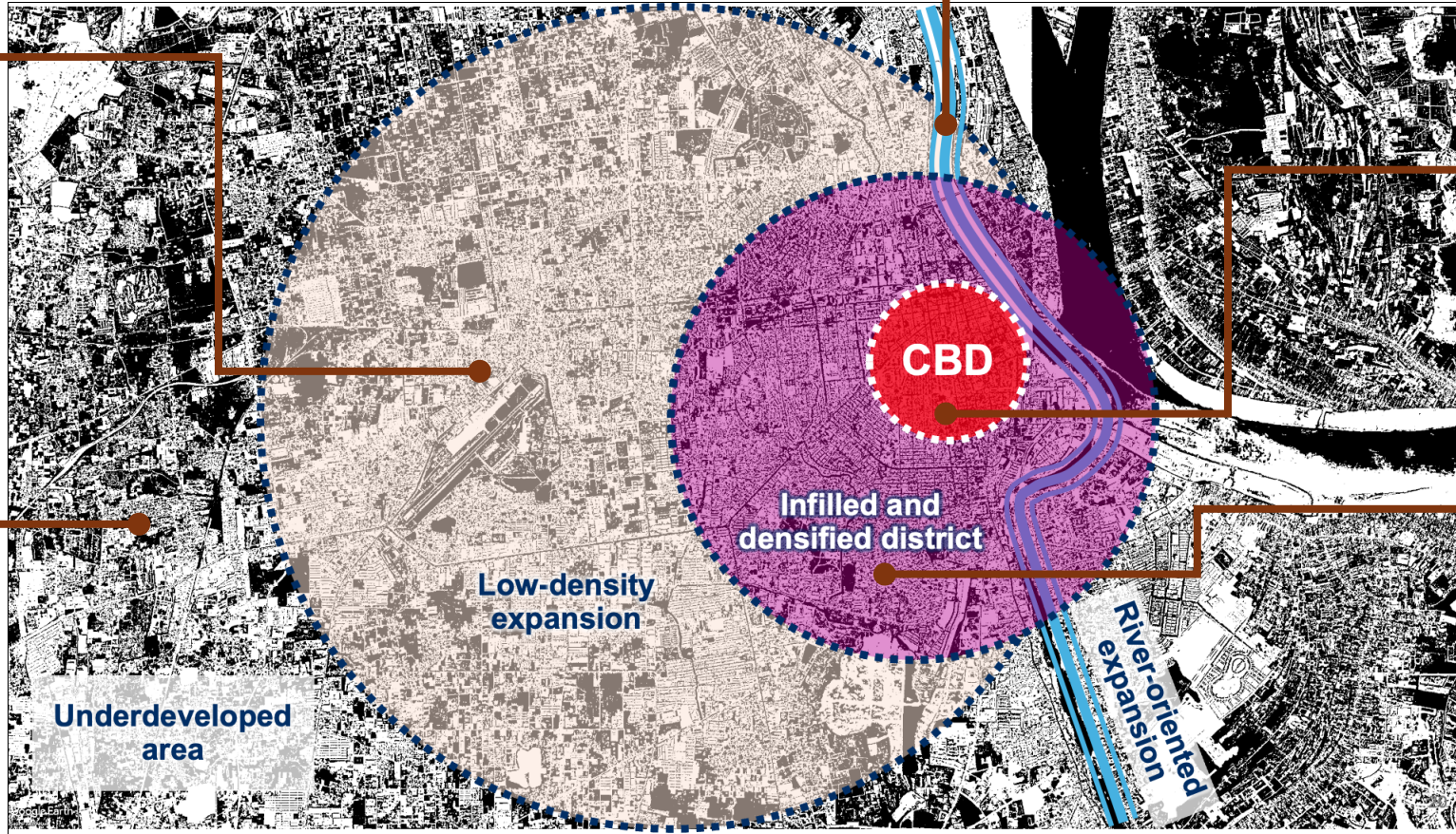
Growing linearly along major transportation routes and natural amenities such as riverside and coastline

Edge Expansion

Transforming greenfield and open land outside the urban centre to residential and industrial uses, primarily driven by expanded road networks

Growth Pattern – PHNOM PENH

A primate city that was planned during French colony
A mix of grid, radial and irregular layout
Expansion radiating outward rapidly



New and mixed-use development – accommodating new residential and industrial buildings, radiating outward from transport nodes and spreading along main roads

Underdeveloped Area – dispersed settlement of detached and semi-detached houses with natural and rural surroundings

Leveraging city vista– luxury tourism facilities, exclusive residential buildings and open spaces for pedestrians and recreation along the riverbank

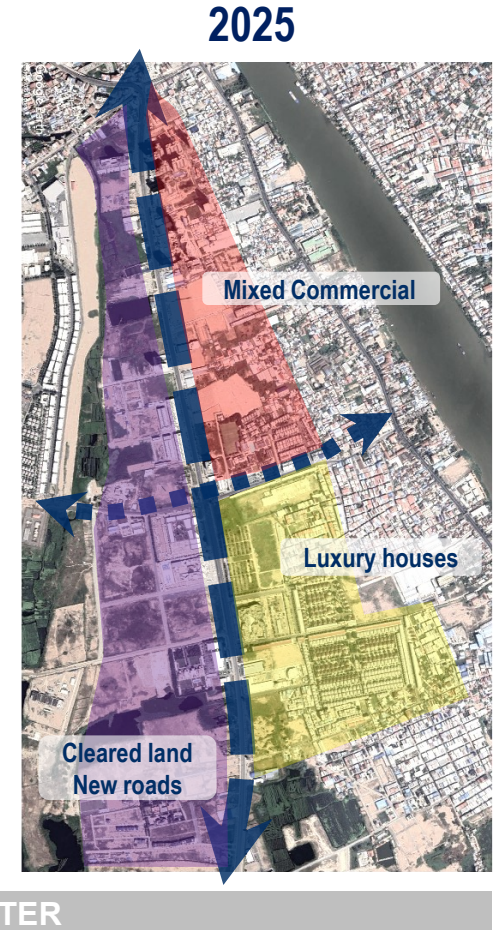
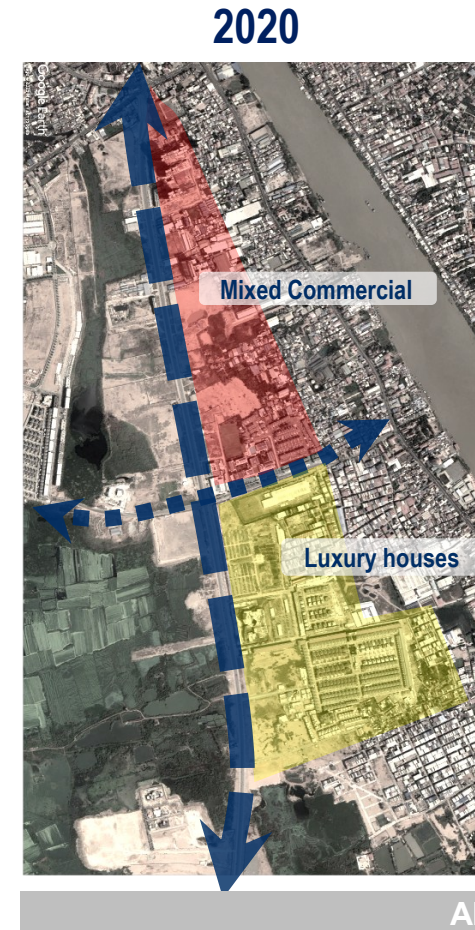
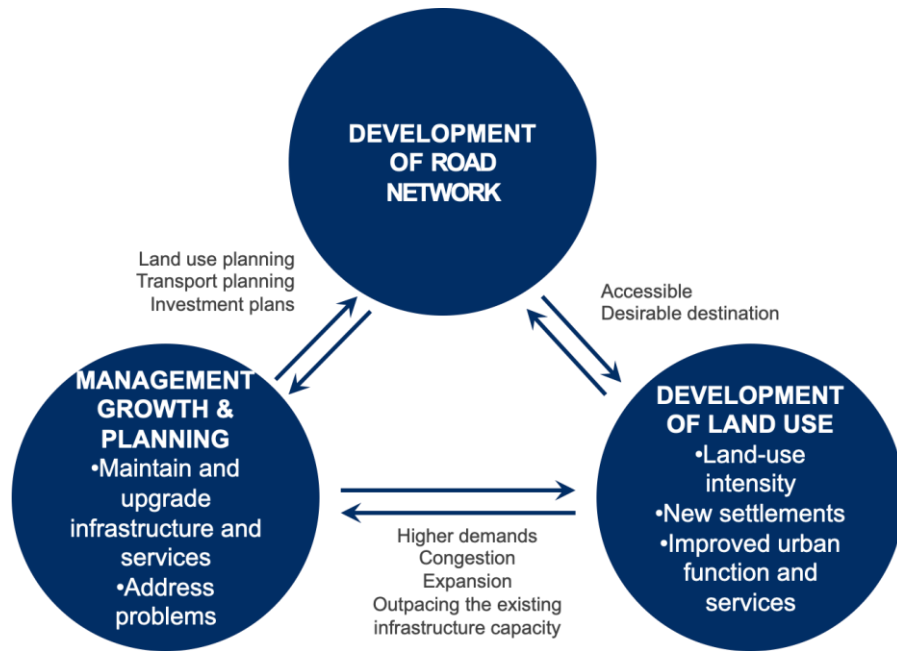
Highest accessibility and land value – tall multifunctional buildings, and shopping, office and hotel concentration

Infill development– increasing the density of existing urban areas. The district consists of row houses, apartments and retail as well as specialised factories

Source: Google image, 2025

Land Use Pattern – Southern PHNOM PENH

Transformation of land use driven by ROAD DEVELOPMENT



Source: Google images

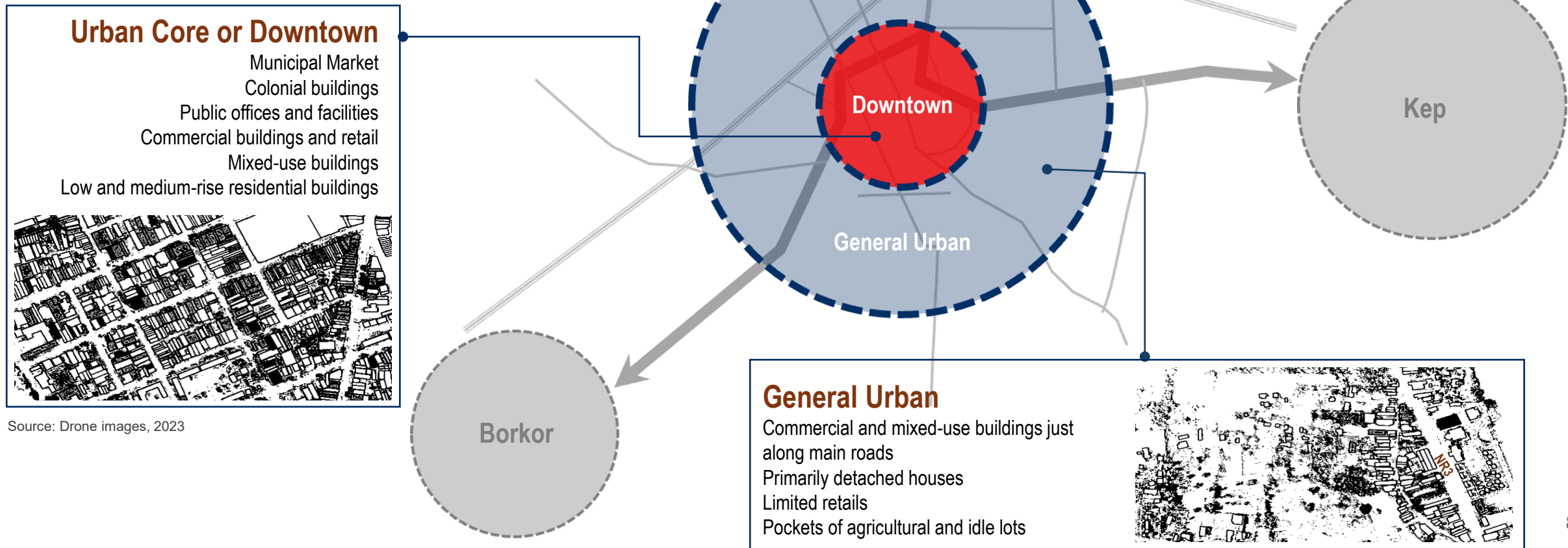
Growth Pattern – KAMPOT

SMALL, COMPACT TOWN

Highly concentrated settlement within a 2.5km radius
 Radial expansion outward in the downtown
 String expansion reaching nearby towns

Kampot

- Unique natural and cultural heritage landscapes
- Experiencing steady growth
- Future growth centre



Urban Core or Downtown

- Municipal Market
- Colonial buildings
- Public offices and facilities
- Commercial buildings and retail
- Mixed-use buildings
- Low and medium-rise residential buildings



Source: Drone images, 2023

General Urban

- Commercial and mixed-use buildings just along main roads
- Primarily detached houses
- Limited retails
- Pockets of agricultural and idle lots

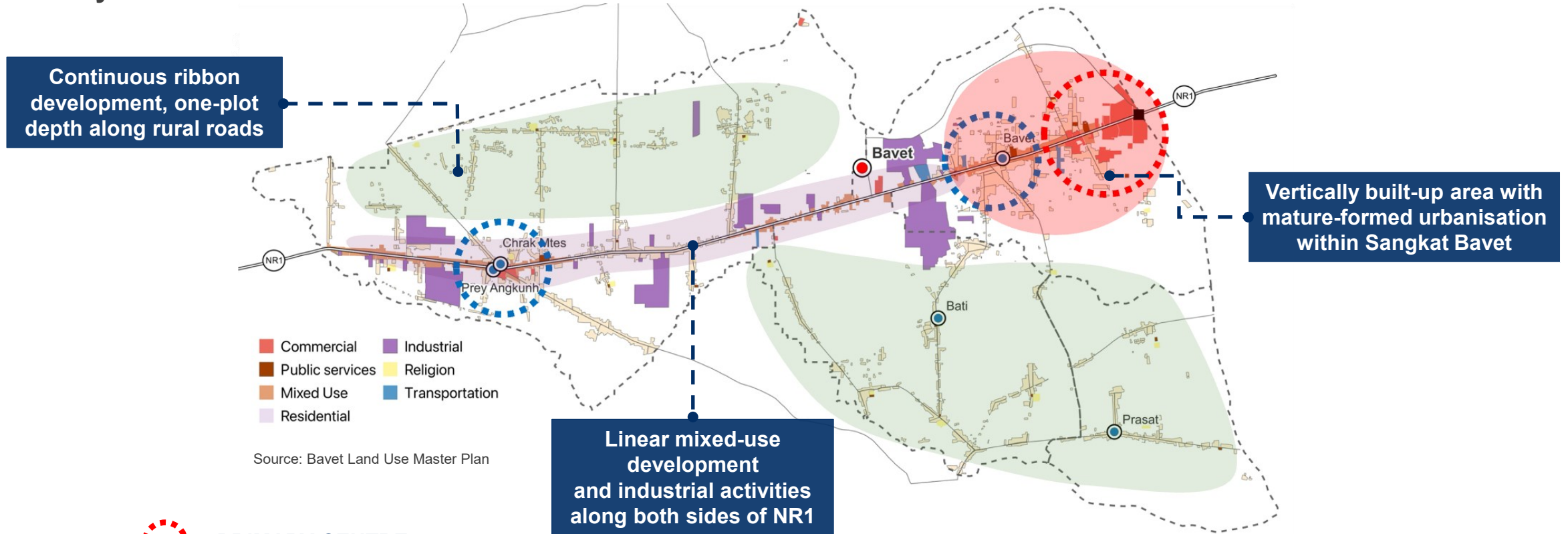


Growth Pattern – BAVET

A south-west emerging town (established in 2008)

A border-trade town functioning as an industrial, logistic and entertaining centre

A key transit hub between Phnom Penh and Ho Chi Minh



PRIMARY CENTRE

- Built form with medium to high-rise buildings
- Function as an entertainment hub, a commercial centre facilitating local and regional demands and logistics service for import and export



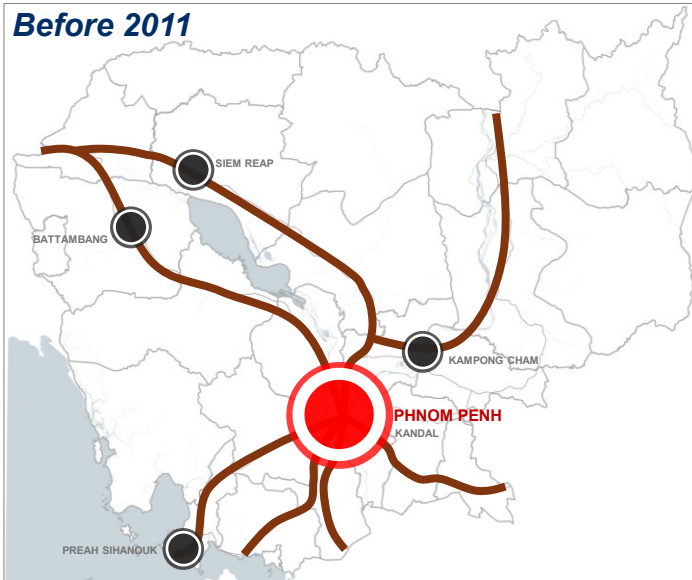
SECONDARY CENTRES

- Centres built in the form of low to medium-height
- Public administration offices, social facilities, and market and retailing serving local needs

3 Transformation of Cambodia's Urban System

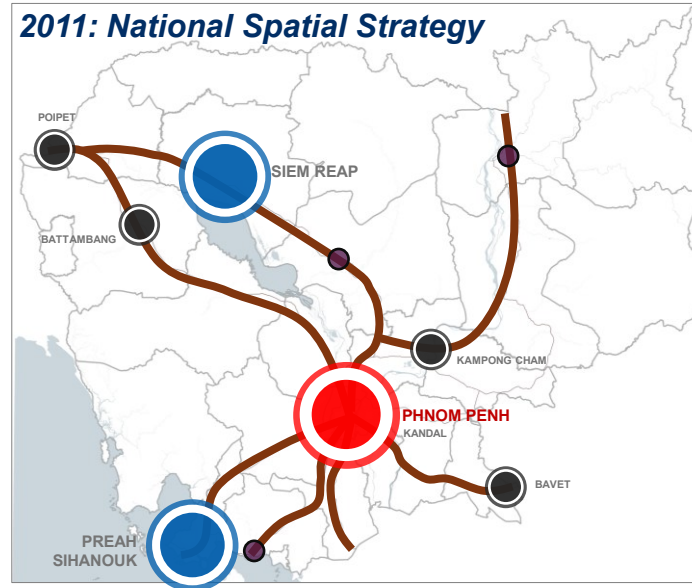
MONO-CENTRIC MODEL Concentration and expansion

- **Sole primate centre** of the country serving as a heart of politics, economy and culture
- **Centralised investment:** concentration of infrastructure development and FDI
- **Rural-urban migration:** the population moving to the capital for jobs and education
- **Limited smaller cities:** limits of their scale and scope to compete with the capital's



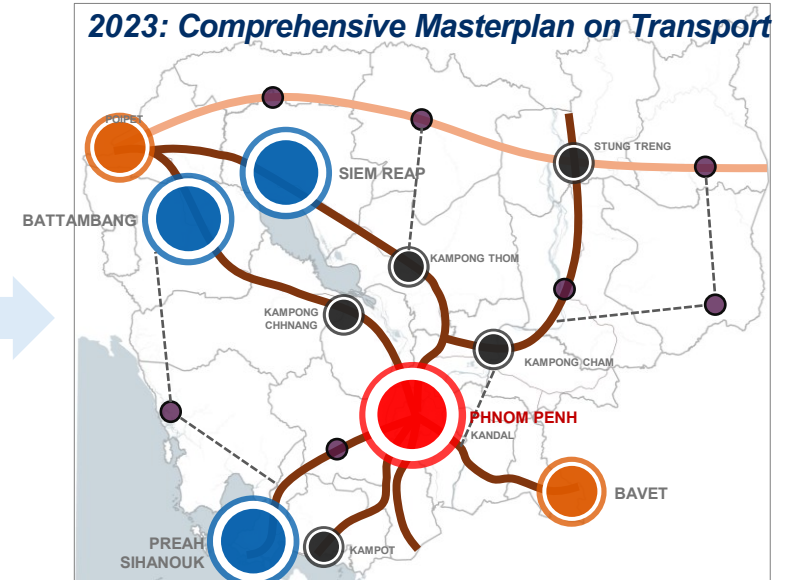
TRI-CENTRIC MODEL Growth beyond Phnom Penh

- **Phnom Penh:** the primary economic hub of the country
- **Preah Sihanouk:** a major gateway centre with a vigorous commercial port and industry
- **Siem Reap:** serving as a heritage hub
- New regional and border centres emerging



POLYCENTRIC MODEL Balanced development and growth corridors

- **North growth corridor:** enhanced west-east economic connectivity
- **Regional and corridor towns:** growing driven by transport nodes, improved function
- **Border towns:** main gateways for regional trade exchange
- **New growth centres:** integrating isolated towns into the whole urban system



- | | | | | | | | |
|--|-----------------|--|------------------|--|--------------------------|--|------------------------------|
| | Dominant Centre | | Secondary Centre | | New Growth Centre | | West-East Transport Corridor |
| | Major Centre | | Regional Centre | | Major Transport Corridor | | Regional Transport Corridor |

4 Major Urban Challenges



INFRASTRUCTURE AND SERVICES

Rapid urban expansion has overwhelmed aging infrastructure, creating significant gaps in the provision of drainage and sewage systems, wastewater treatment, and basic utilities.





URBAN GOVERNANCE AND PLANNING

Urbanisation is occurring faster than planning and regulatory systems can respond. Limited institutional coordination, weak enforcement, and constrained municipal finance and technical capacity result in largely reactive urban development.





HOUSING AND SOCIAL INCLUSION

Rising land prices and rapid urban expansion are pushing low-income households toward informal settlements and peri-urban areas. Risks of land disputes, evictions, and limited access to affordable housing are contributing to growing inequality and spatial segregation.





ENVIRONMENT AND CLIMATE RISKS

The conversion of wetlands and natural drainage areas for urban development is increasing flooding and heat stress. Cities are becoming more vulnerable to climate change impacts, raising risks for infrastructure, livelihoods, and public health.





MOBILITY AND TRAFFIC CONGESTION

Urban transport is dominated by private motorbikes and cars, while public transport systems remain limited. This car-dependent growth is worsening congestion, air pollution, and road safety, reducing overall urban productivity and livability.

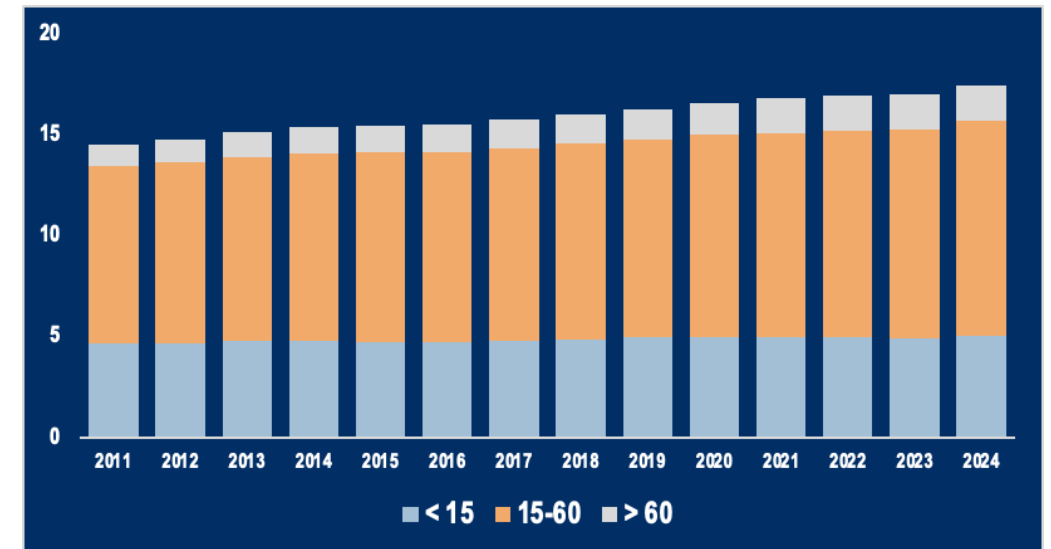
Example: Traffic congestion in PHNOM PENH alone costs the local economy an estimated **\$1.37-\$1.9 million per day**, and totals between **\$500-\$700 million annually**.



Development Potential

- ❑ **Resilient stability of economic growth** amid tariffs, the unreliability of regional supply chains and the energy crisis
- ❑ **Population growth and strong labour force**, remaining 60% of the total population
- ❑ **Strategic diversification** beyond an agrarian economic basis to manufacturing and services
- ❑ **Investment magnet** to enhance urban function, connectivity and climate-resilient infrastructure

Population Growth and Active Employment Age



Source: Commune Database 2011-2024

5 Priorities

To improve city competitiveness, sustainability and inclusion



6

Cambodia's Economic Potential Index

- **Spatial Analysis: Unlock the potential of Cambodia's secondary Cities**
- **Funded by Korea Green Growth Trust Fund**
- **Conducted the study by World Bank**
- **Assessing Economic Potential**
- **The study built on an earlier application of the EPI in Cambodia in 2018**

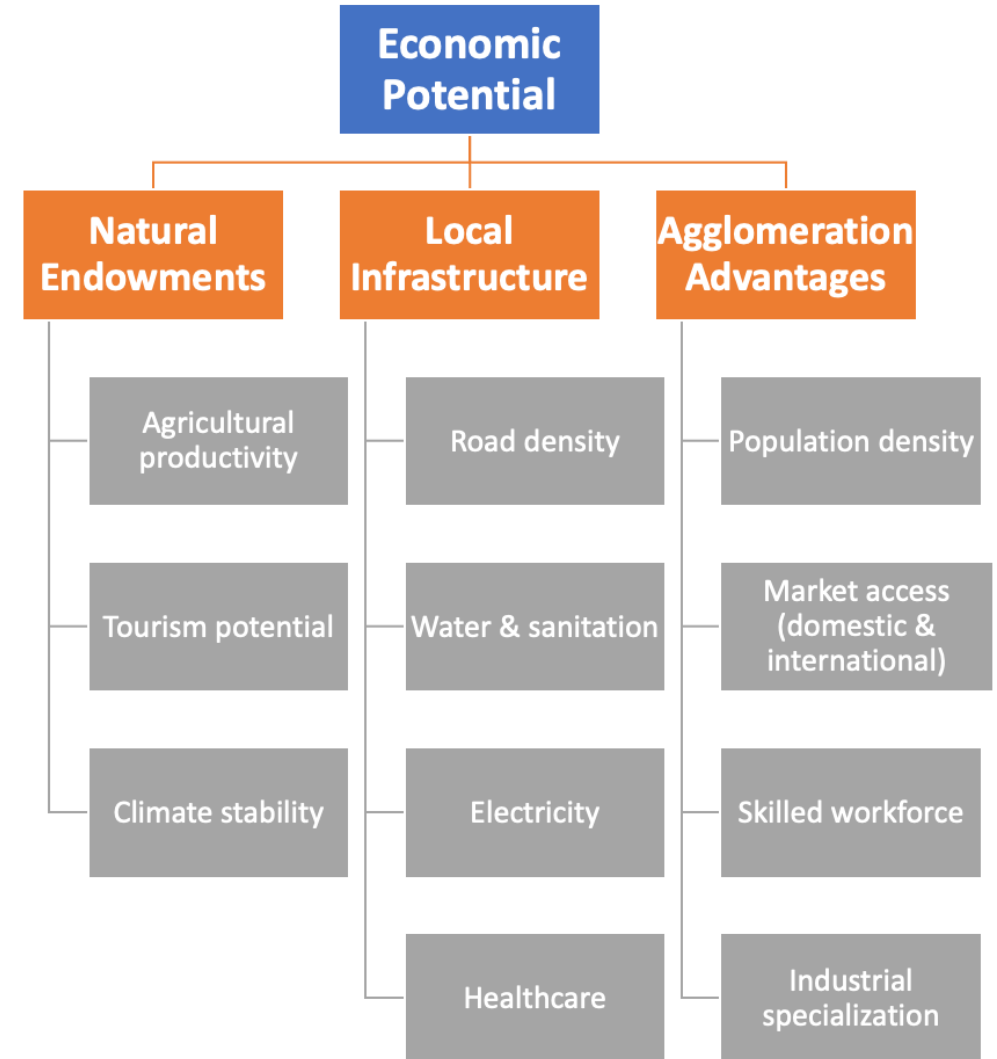


Why Does **ECONOMIC POTENTIAL** Matter?

- Cambodia has grown rapidly, but gains are heavily concentrated in Phnom Penh – leaving smaller cities far behind
- Secondary cities can anchor more inclusive, broader-based growth
- But those secondary cities do not all have the same ingredient and not all of them are ready to take on that anchoring role
- EPI can tell us which secondary cities have the highest potential and which are underperforming.

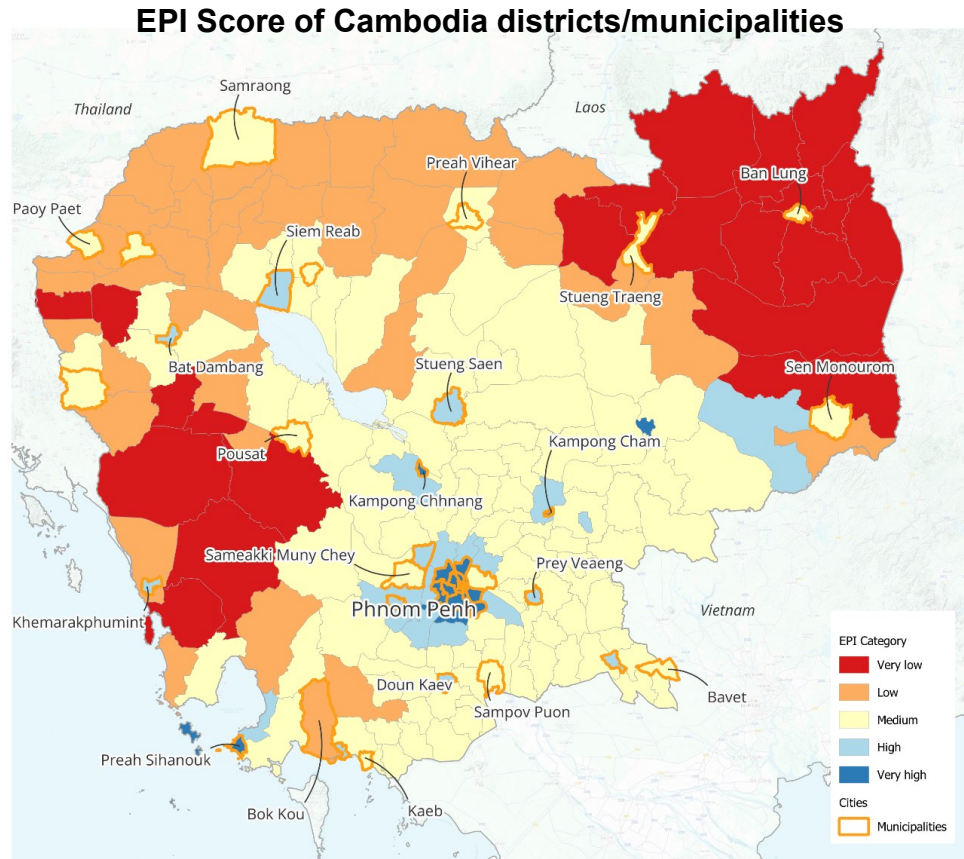
What is Economic Potential Index

- Composite, place-based quick diagnostic tool with global applications in different contexts
- Distinguished **POTENTIAL** vs **PERFORMANCE**
- Designed to guide place-based policy prioritisation
- **Cambodia:** 210 districts/municipalities nationally, with an emphasis on secondary cities



Results: National Spatial Pattern

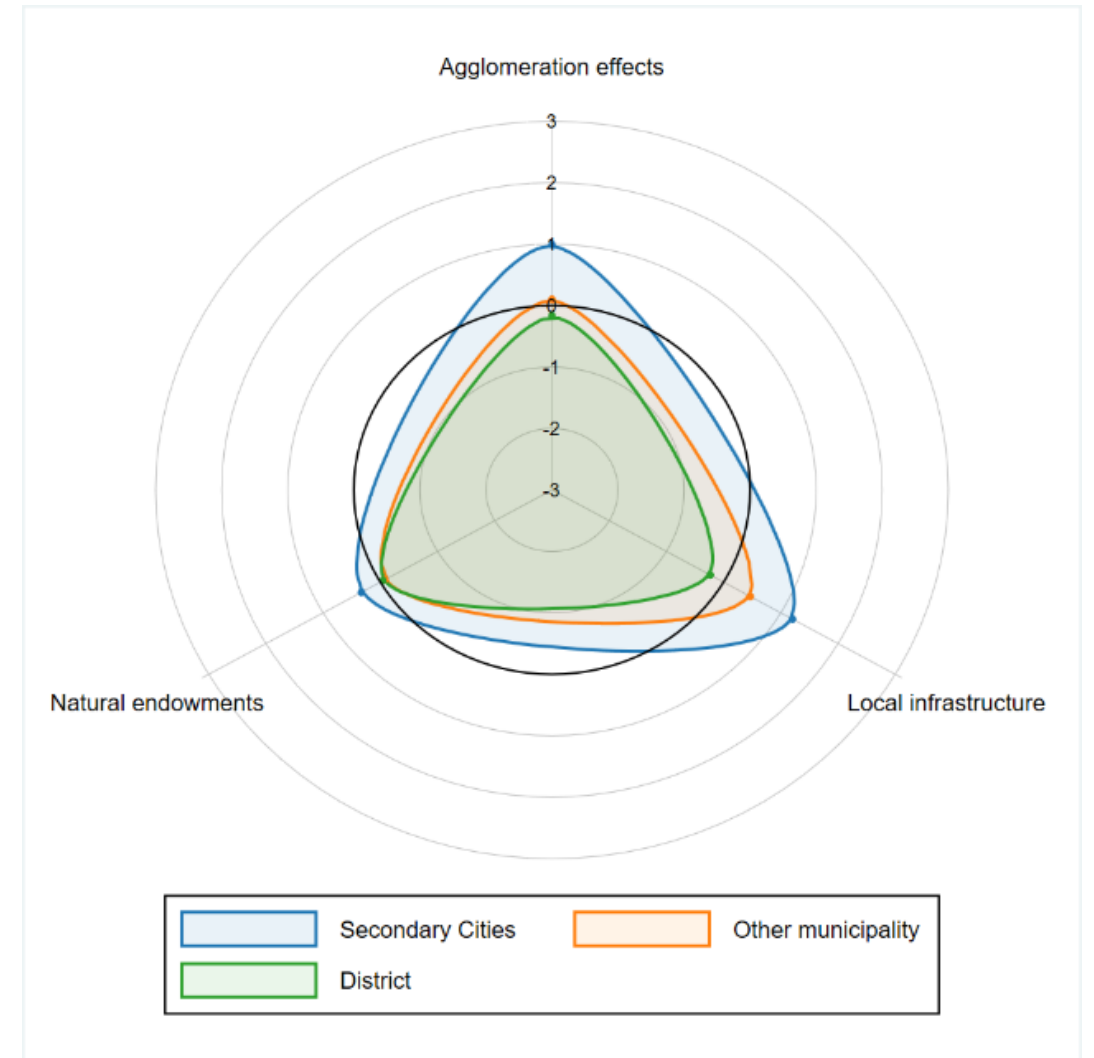
Economic potential in Cambodia is spatially clustered, with a strong core–corridor structure and persistent gaps in peripheral areas



- **Phnom Penh and its surrounding areas** tend to exhibit high/very high economic potential
- **Corridor effects:** Secondary cities around the main economic corridors tend to have higher economic potential (e.g. Siem Reap, Kampong Chhnang, Stueng Saen)
- **Geography dictates potential:** Mountainous regions (in east and southwest) tend to have low economic potential; regions east of Mekong tend to have lower economic potential too

What Drives Higher EPI Scores in Secondary Cities in Cambodia?

- In Cambodia, **local infrastructure** and **agglomeration** explain higher EPI scores.
 - Differences due to **natural endowments** are negligible
- Key advantages of secondary cities in local infrastructure:
 - Road density
 - Access to water
- Key advantages of secondary cities in agglomeration:
 - Population density
 - Domestic market access
 - Skilled workers
- **Key gap:** Despite these advantages, secondary cities show only modest industrial specialisation — the sectoral clustering that drives sustained productivity gains has not yet materialised



Key Takeaways

- Infrastructure and agglomeration are primary levers of economic potential in Cambodia.
- Economic potential is not only confined to the capital.
- Urban development strategies must differ by access profile:
 - Gateway cities: Focus on sectors that leverage international market access (tradables, high-VA services)
 - Inland cities: Increase specialization to capitalize on existing advantages
 - Remote areas: Enhance access to services and connectivity + corridor integration before industrial specialization
- Hard infrastructure is most effective when paired with soft infrastructure (good governance and capable institutions).
- In addition to foundational investments, place-specific factors — local business environment, governance quality, and institutional capacity — increasingly determine which cities convert potential into prosperity.



Colonial Buildings in Kampot Municipality

THANK YOU