

KEY FINDINGS



MOTIVATION FOR RELOCATION

Among respondents in Asia-Pacific who have moved, the desire for more indoor and outdoor space are the highest ranked factors for their relocation.



SHIFTING PREFERENCES

Asia-Pacific respondents are going to factor health and wellbeing in their home purchases after lockdowns end, with good air quality (70%), proximity to green spaces (69%) and access to good healthcare (64%) being the top locational factors.



MOVING PLANS DEFERRED

Only 19% of APAC respondents have moved since the start of the pandemic, but Australasians were much more active (25%) compared to Asians (14%).



PANDEMIC IMPACTED BUDGETS

17% of Asian respondents reported a decrease in their budget by more than 10%, which could have led to delays in plans to move and potential pent-up demand.



PREMIUMS FOR BRANDED RESIDENCES

44% of APAC respondents said they were willing to pay a premium for branded residences, highest of any region in the world.

INTRODUCTION

The pandemic has greatly impacted the way we live, work and play. We are now re-examining our relationship with our homes, as we adjust to spending more time there than ever before.

One year ago, Knight Frank introduced the Global Buyer Survey to take a pulse on homebuyers' attitudes globally amidst the pandemic. A year on, we conducted our second survey, reassessing how these attitudes have shifted in the midst of uncertainty in Asia-Pacific.

COVID-19 has had its own unique fingerprints across the region. The impacts were not uniform, and neither was the recovery from it. Today, many markets are still grappling with long-term impacts of the virus and its many variants, and this has led to some interesting observations on homebuying patterns and preferences that are surfacing across the region.

With more time spent in their homes, people are naturally gravitating towards aspirations of owning larger dwellings, with more space indoors and outdoors. The proximity to friends and family also matters much more now, as the sense of social isolation and loneliness from lockdowns have driven many to want to be closer to their loved ones.

However, not everyone can afford to materialise these dreams; Asian homebuyers are now feeling the pinch from the prolonged COVID-19 lockdowns. This is happening at a time where the supply and demand mismatches are fuelling price growth, potentially making home purchases more of a challenge in the coming years.

The survey also found that homebuyers across Asia-Pacific are willing to pay a premium on branded residences. For Asians, the allure is in buying into a known and trusted brand and with that the potential for high yields and capital value growths, while Australasians seek the high quality of services and amenities that are associated with these homes.

Finally, we hear from Victoria Garrett, Head of Residential at Knight Frank Asia-Pacific, on her perspective on the situation. What is her advice for Asia-Pacific homebuyers during this particularly tough time? Where are the opportunities in the region? How does she think the market will play out in the year ahead?

Definitions:

- Asia-Pacific is used to describe all markets in Asia and Australasia
- Australasia comprises of Australia and New Zealand
- Asia comprises of all markets excluding Australia and New Zealand



About the survey

The **Knights Frank Global Buyer Survey** was conducted between 10 June and 22 July 2021. The findings represent the views of over 900 respondents located across 49 countries and territories. The data below sets out the profile of respondents in terms of age, income, location and home ownership for both the global and Asia-Pacific region.

FIG 1. WHERE DO RESPONDENTS LIVE?

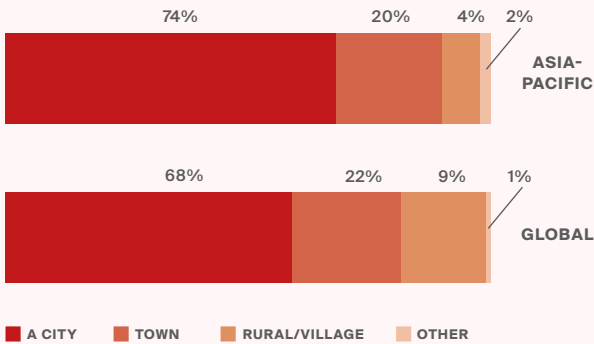


FIG 2. AGE OF RESPONDENTS

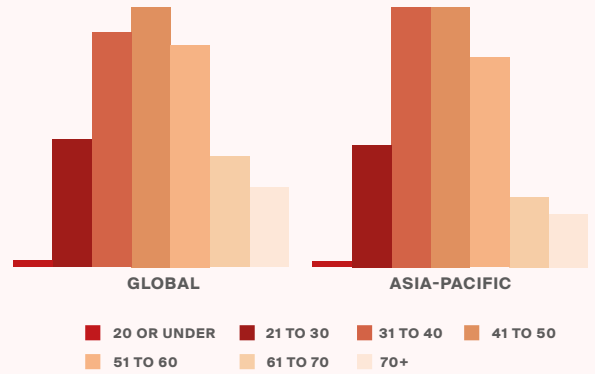
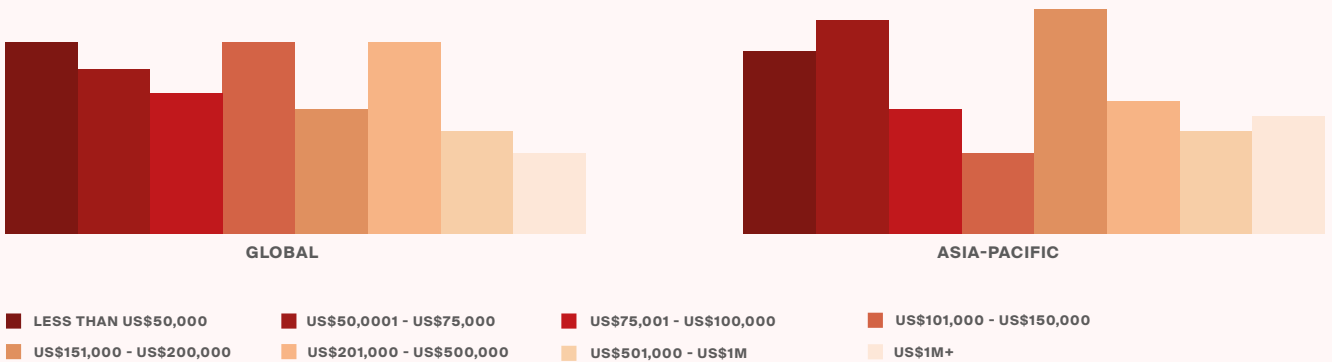


FIG 3. WHAT IS YOUR APPROXIMATE HOUSEHOLD INCOME PER ANNUM?



MOVING PLANS AND PREFERENCES

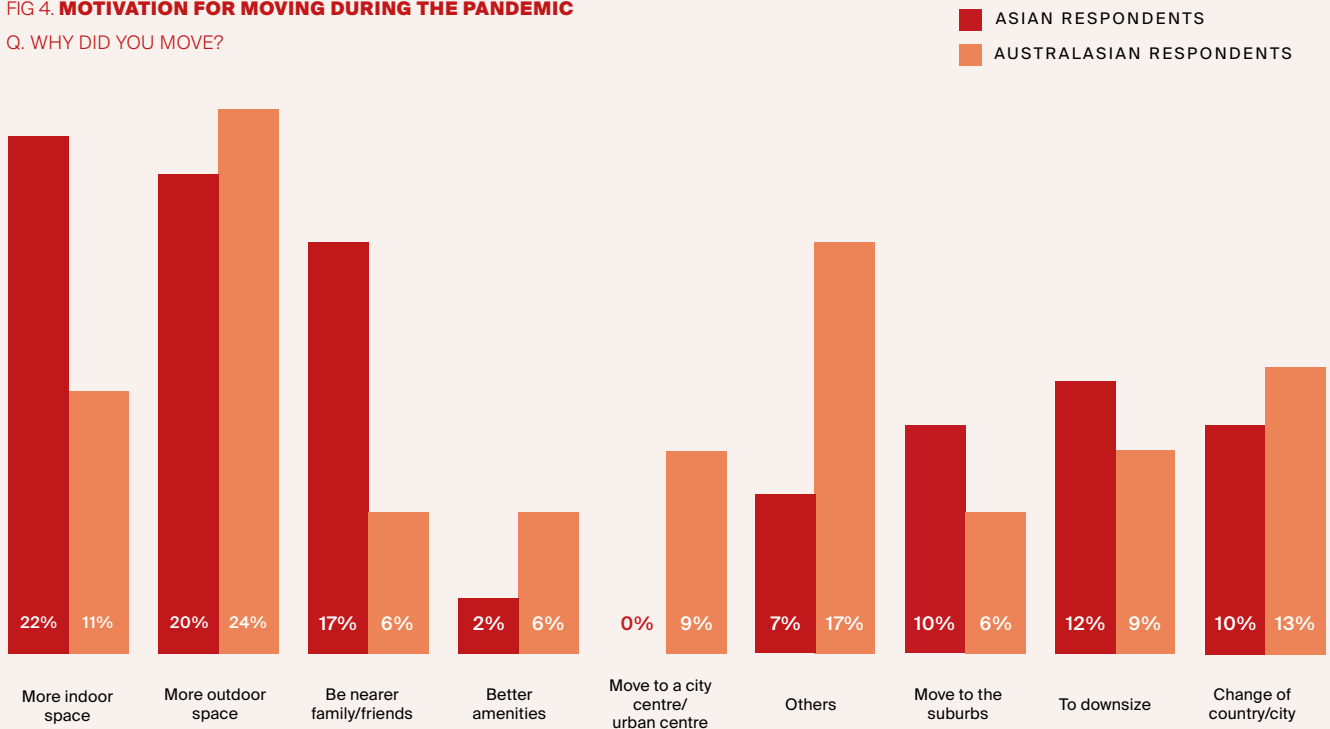
Asians looking for bigger homes, proximity to loved ones and focus on health and well-being

The amount of indoor and outdoor space has played a great role in Asian homebuyers' decisions to move during the pandemic. Among those who had recently moved, 22% and 20% stated that more indoor and outdoor space were the primary reasons for their move, respectively. As work-from-home (WFH) became the predominant form of working arrangement during the pandemic, the amount of space homeowners had to separate their work and personal lives became of greater importance.

For Asian movers, proximity to family and friends has also been an important factor in their relocation, with 17% stating it as their primary reason for moving. Over the past year, people have increasingly felt a sense of social isolation from those whom they hold near and dear to them as many were forced into lockdowns. Asian cultures generally place significant importance on family values and kinship, which may explain the higher emphasis placed on this factor.



FIG 4. **MOTIVATION FOR MOVING DURING THE PANDEMIC**
Q. WHY DID YOU MOVE?



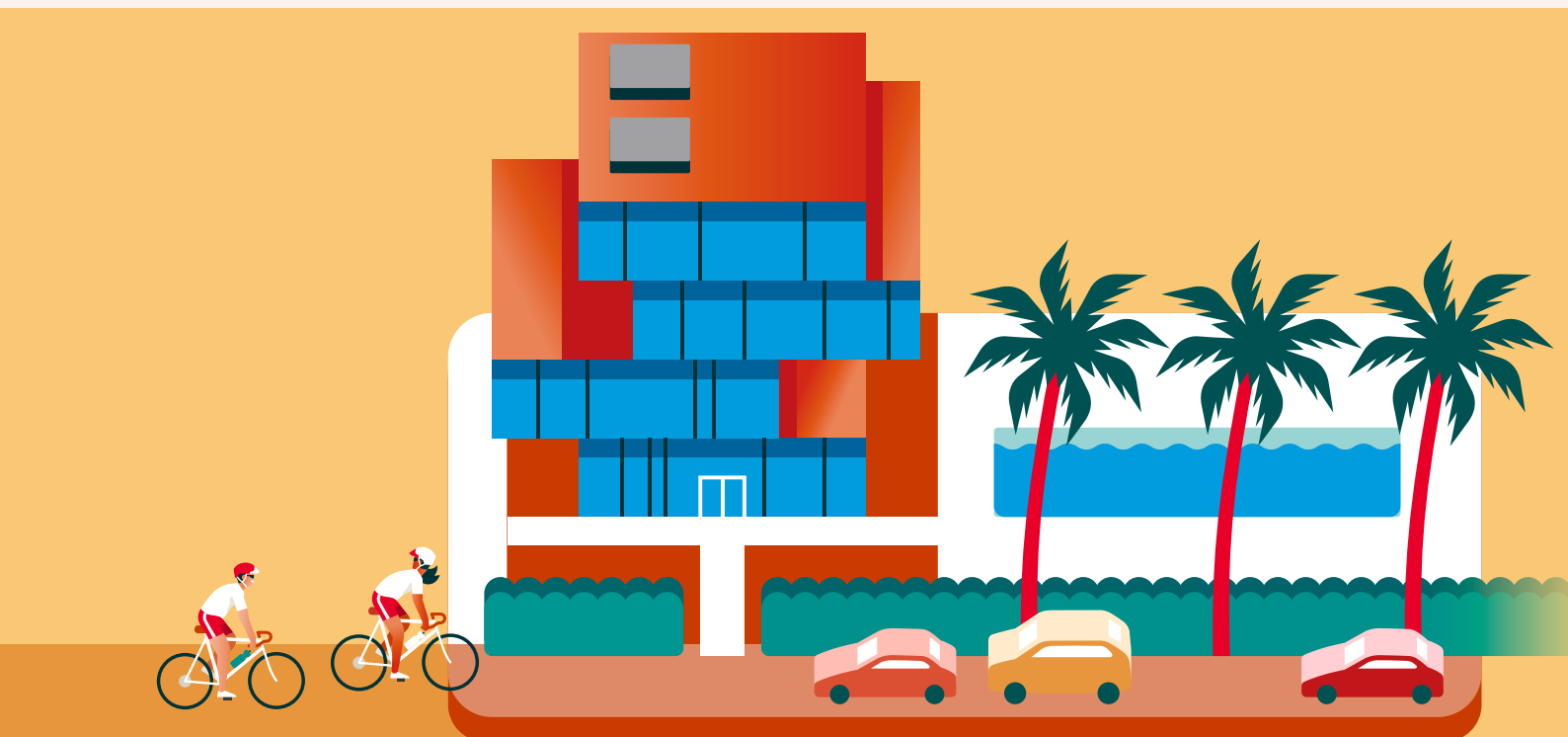
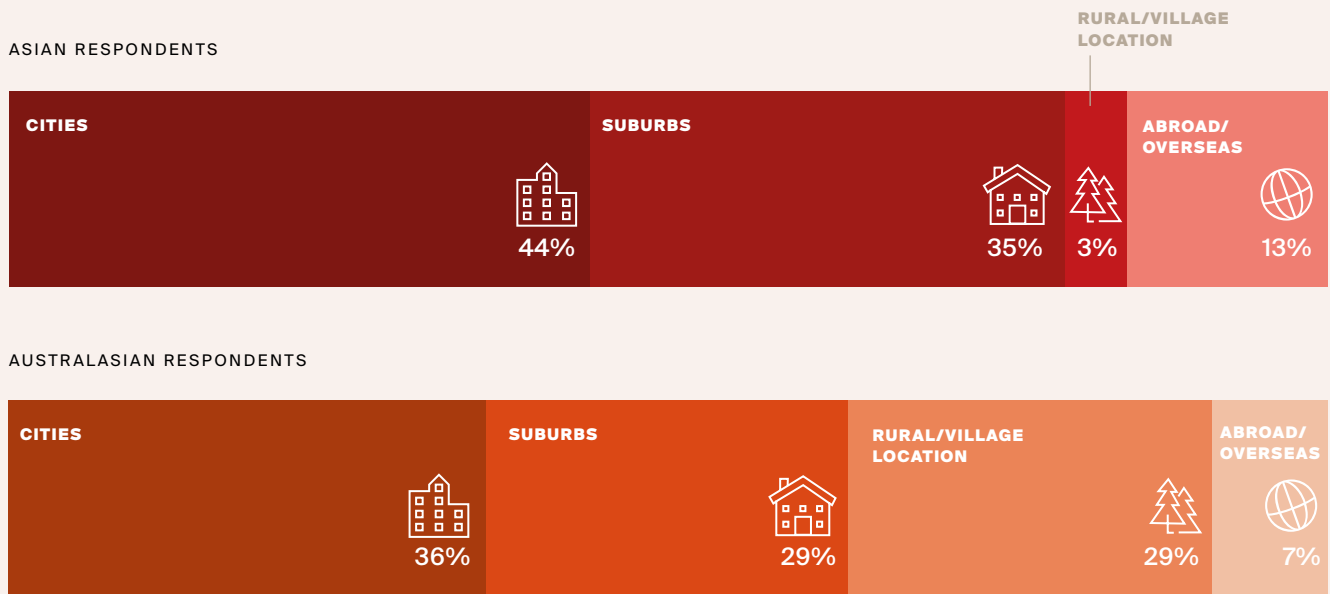
Despite the desire for more space, Asian respondents who have not moved but were inclined to do so in the next year due to the pandemic were still looking to move to city (44%) and suburban (35%) locations. Only 3% of them were looking for a move into rural or village locations. Urban locations are trending towards having smaller homes in recent times, due to land scarcity and rapid population growth. In large part, this contradiction could stem from the fact that many territories in the region are experiencing large scale urban in-migration, and to move elsewhere could be considered less desirable.

This is in contrast with the Australasia responses where the split between city, suburbs and rural/village locations are much more even, at 36%, 29%, and 29% respectively.

Compared to the respondents from Asia, priority was to get more outdoor than indoor space. Amongst Australasian movers, 24% stated that outdoor space was the primary factor, and a change of country/city being the second most important factor at 13%.

FIG 5 . CITY AND SUBURBS STILL PREFERRED, BUT AUSTRALASIANS ALSO CONSIDER RURAL/VILLAGE LOCATIONS

Q. IF YOU'RE MORE INCLINED (TO MOVE IN THE NEXT 12 MONTHS), WHERE ARE YOU LOOKING TO MOVE TO?



The survey also sought to find out which factors will be more important to respondents once the imposed restrictions end. In terms of locational features, the factors that will become more important for Asian respondents are good air quality (76%), proximity to green spaces (72%), and having access to good healthcare (71%). Evidently, the protraction of COVID-19 had a significant impact on the way the group thinks about health and well-being, and more emphasis is placed on it than before.

As working-from-home arrangements become more prevalent over time, property features aiding homeowners in this transition will also become more important. Apart from having more indoor and outdoor space, Asian respondents also said that having access to high-speed broadband (78%), a home study/ office (68%), flexible living or multiple-use rooms (62%) and wellness and wellbeing amenities (61%) will be more important after COVID-19 restrictions end.

FIG 6. **FACTORS THAT AID WORKING FROM HOME AND IMPROVE HEALTH AND WELL-BEING WILL BECOME MORE IMPORTANT.**

Q. HOW IMPORTANT WILL THE FOLLOWING FEATURES BE FOR YOU WHEN CHOOSING THE TYPE OF PROPERTY TO LIVE ONCE RESTRICTIONS END?

% RESPONDENTS WHO SAID **INCREASE**

PROPERTY FEATURES	ASIA-PACIFIC	ASIA	AUSTRALASIA
More indoor space	60%	60%	61%
More outdoor space	63%	64%	62%
A home study/office	67%	68%	66%
A home gym	41%	43%	36%
Views of nature (ocean, mountain etc)	56%	57%	54%
Annex/accommodation for extended family members	42%	45%	33%
Flexible living/multiple use rooms	60%	62%	53%
Access to high-speed broadband	75%	78%	64%
Wellness & wellbeing amenities	58%	61%	50%
Limited touchpoints (pandemic-conscious design/wireless/contactless features)	50%	56%	35%
Sustainable design (construction materials & energy efficient)	51%	56%	36%

LOCATION FEATURES	ASIA-PACIFIC	ASIA	AUSTRALASIA
Proximity to green space	69%	72%	64%
Access to good healthcare	64%	71%	43%
Walking distance to work	38%	44%	23%
Proximity to restaurants, gyms, retail and cultural amenities	49%	52%	40%
Good air quality	70%	76%	56%
Good schools	38%	43%	25%
Good views (ocean, mountain, skyline etc)	51%	51%	53%
Walking distance to a public transport hub	42%	44%	35%

BUDGET AND HOME VALUES

Asian homebuyers feeling the pinch

The survey found that Asians have been among the least active groups of movers since the start of the pandemic and in the near-term. According to the results, only 14% of Asians have moved since the beginning of the pandemic, the second least active only behind Africa and tied with the Middle East. Of those who have not yet moved, only 15% said that the pandemic has made them more inclined to do so in the next 12 months.

FIG 7. ASIAN RESPONDENTS AMONG LEAST ACTIVE MOVERS SINCE PANDEMIC BEGAN

Q. HAVE YOU MOVED HOUSE SINCE THE START OF THE PANDEMIC?

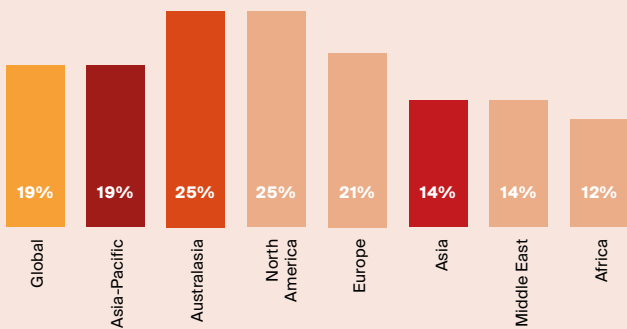
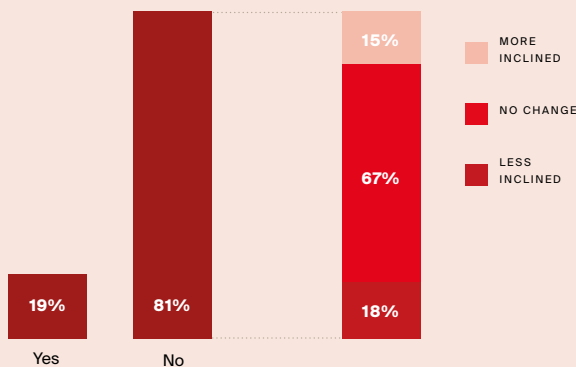


FIG 8. PANDEMIC HAS NOT MADE INCLINATION TO MOVE STRONGER FOR ASIA-PACIFIC RESPONDENTS

AMONG ASIA-PACIFIC RESPONDENTS...

Q. Have you moved house since the start of the pandemic?

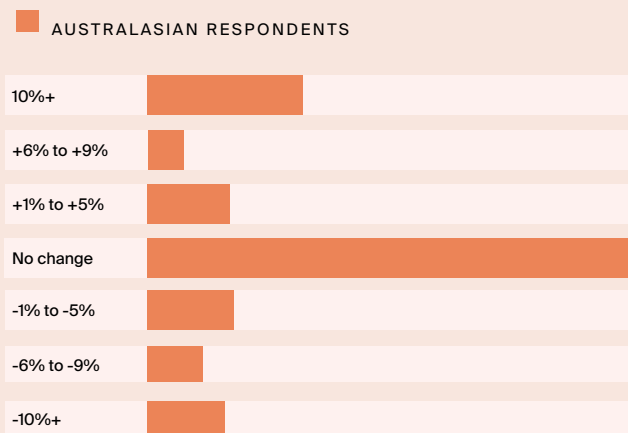
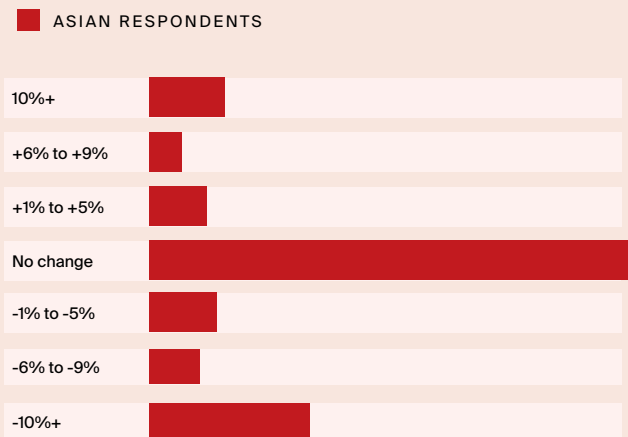
Q. If you have not moved house are you more inclined to do so within the next 12 months as a result of the pandemic?



A large part of this inactivity is due to the pandemic having dealt an impact to their budgets, and the Asian buyers are now feeling the pinch on their wallets when considering a move. 29% of all Asian respondents said that their budgets have shrunk since the start of the pandemic, and 17% felt by more than 10%. Many have either faced reductions in pay or uncertainties surrounding job security, warranting a tightening of their wallets.

FIG 9. ASIAN RESPONDENTS' BUDGETS TIGHTENED, AUSTRALASIANS' GREW

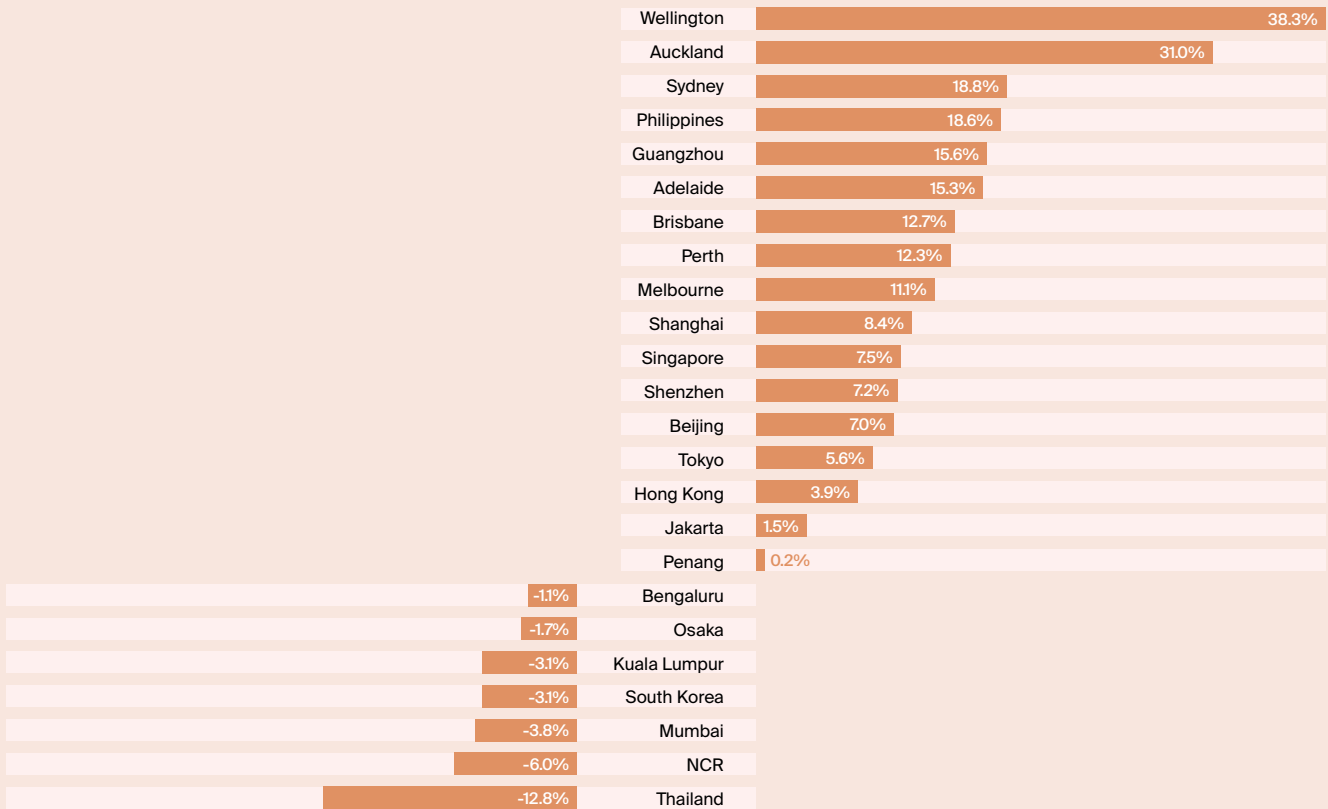
Q. HOW HAS YOUR BUDGET CHANGED SINCE THE PANDEMIC STARTED?



Even though there has been pressure on budgets and salaries since the first quarter of 2020, home prices continued to rise throughout this time. From the 24 Asia-Pacific cities tracked by Knight Frank, 17 have experienced positive price growth in their mainstream residential markets since the start of COVID-19. Supply constraints, both long-term and due to the pandemic, have been a big part of this capital value growth.

In addition, many governments have lowered cash rates to stimulate economic growth, which have added to the supply-demand imbalance. In fact, over the next 12 months, there is ongoing positive sentiments for property price growths, with 59% of respondents having the view that the value of their primary residence will further increase.

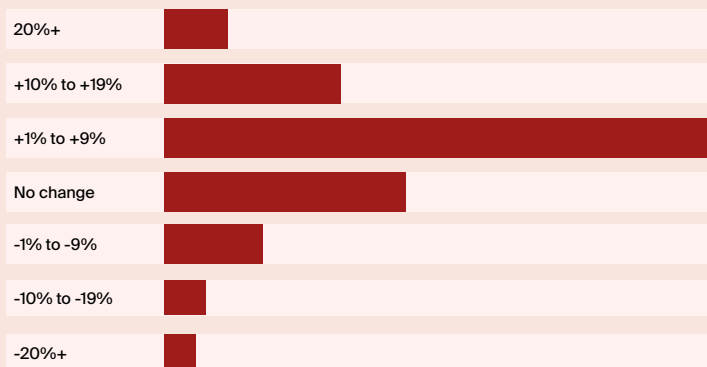
FIG 10. MAINSTREAM RESIDENTIAL PRICE GROWTH RESILIENT THROUGHOUT COVID-19



SOURCE: KNIGHT FRANK RESEARCH
PERIOD OF DATA IS DEFINED AS 31ST DECEMBER 2019 TO 31ST MAY 2021

FIG 11. CAPITAL VALUES STILL EXPECTED TO CONTINUE RISING

Q. HOW HAS YOUR BUDGET CHANGED SINCE THE PANDEMIC STARTED?
PLEASE SELECT ONE ONLY



ASIA-PACIFIC RESPONDENTS

Timing the market will be challenging for those looking to move homes in the near-term, and many across Asia-Pacific may be discouraged at the outset. Homebuying may continue to be slow in the coming months while families take time to recuperate their budgets and wait for property values to plateau. However, property owners must be aware that future price growth prospects may be threatened by potential tightened policies in some residential markets.

BRANDED RESIDENCES

Premiums paid for luxury and high yield investment potential

What defines a branded residence?

The traditional branded concept is a hotel-led development with integrated or linked residences. They naturally benefit from the hotel brand (quality), management (smooth running) and services (luxury). In essence, this gives the owner the comfort and permanence of a home but with the full benefits and luxury of a five-star hotel. This concept has diversified so that it can be offered more flexibly across varying markets and locations and now manifests itself in many ways globally.



CLICK HERE

for the Branded Residences Report 2019

Branded residences have become a desirable option for luxury apartment living in Asia-Pacific over the past decade. According to Knight Frank’s research, there are more than 400 branded residences globally.

Our respondents were asked if they were willing to pay a premium to purchase a property in a development with branded residences. Globally, 39% of responding home buyers agreed that they would with Asia-Pacific topping the regions, with 44% of respondents saying they are willing to pay a premium for a branded residence.

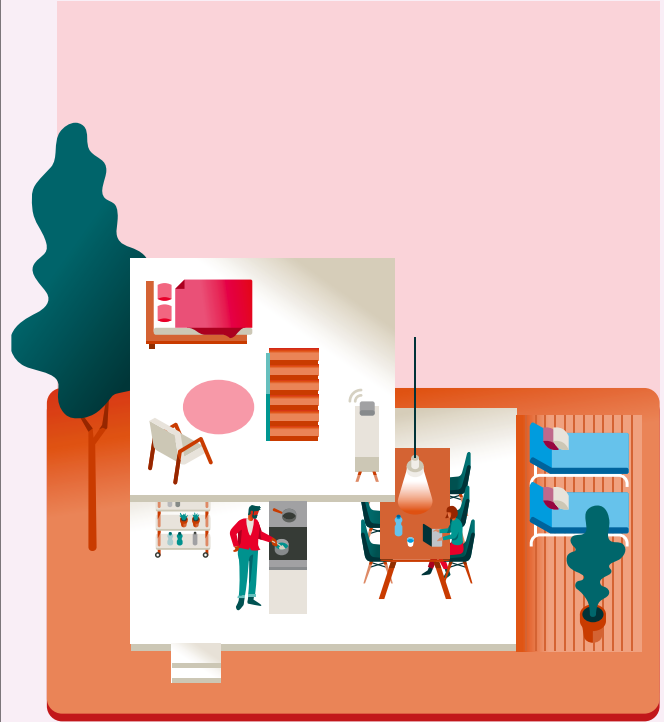
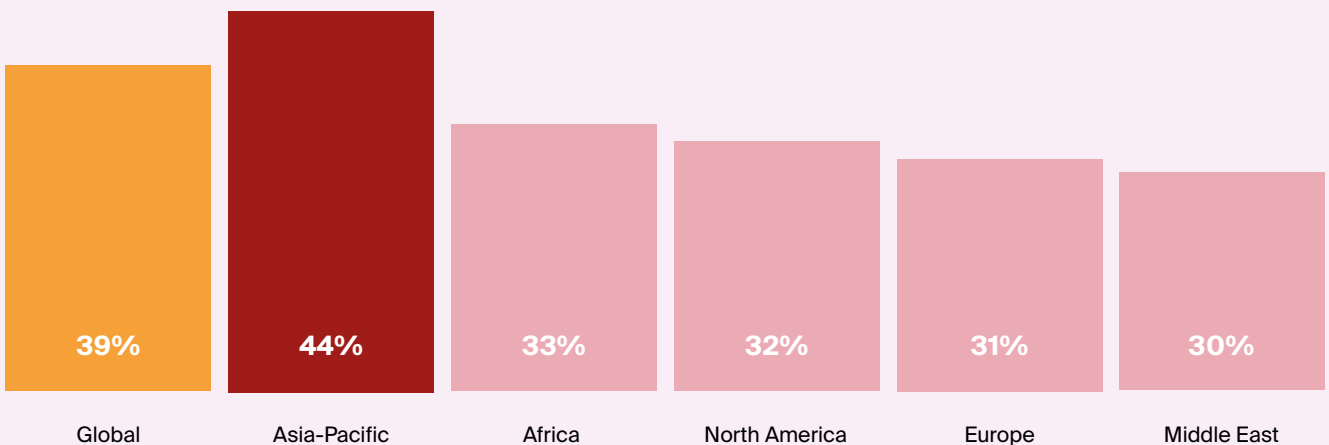


FIG 10. ASIA-PACIFIC RESPONDENTS MOST WILLING TO PAY A PREMIUM FOR BRANDED RESIDENCES

Q. WOULD YOU BE WILLING TO PAY A PREMIUM TO PURCHASE A PROPERTY IN A BRANDED RESIDENCE DEVELOPMENT?



The motivation for the willingness to pay premiums differs across respondents from Asia and Australasia. When asked what the key motive behind potentially purchasing a branded residence, Australasians' main answer was the service provision and physical amenities these properties provide (39%). In contrast, the top answer for Asians was the high yield and investment potential (35%).

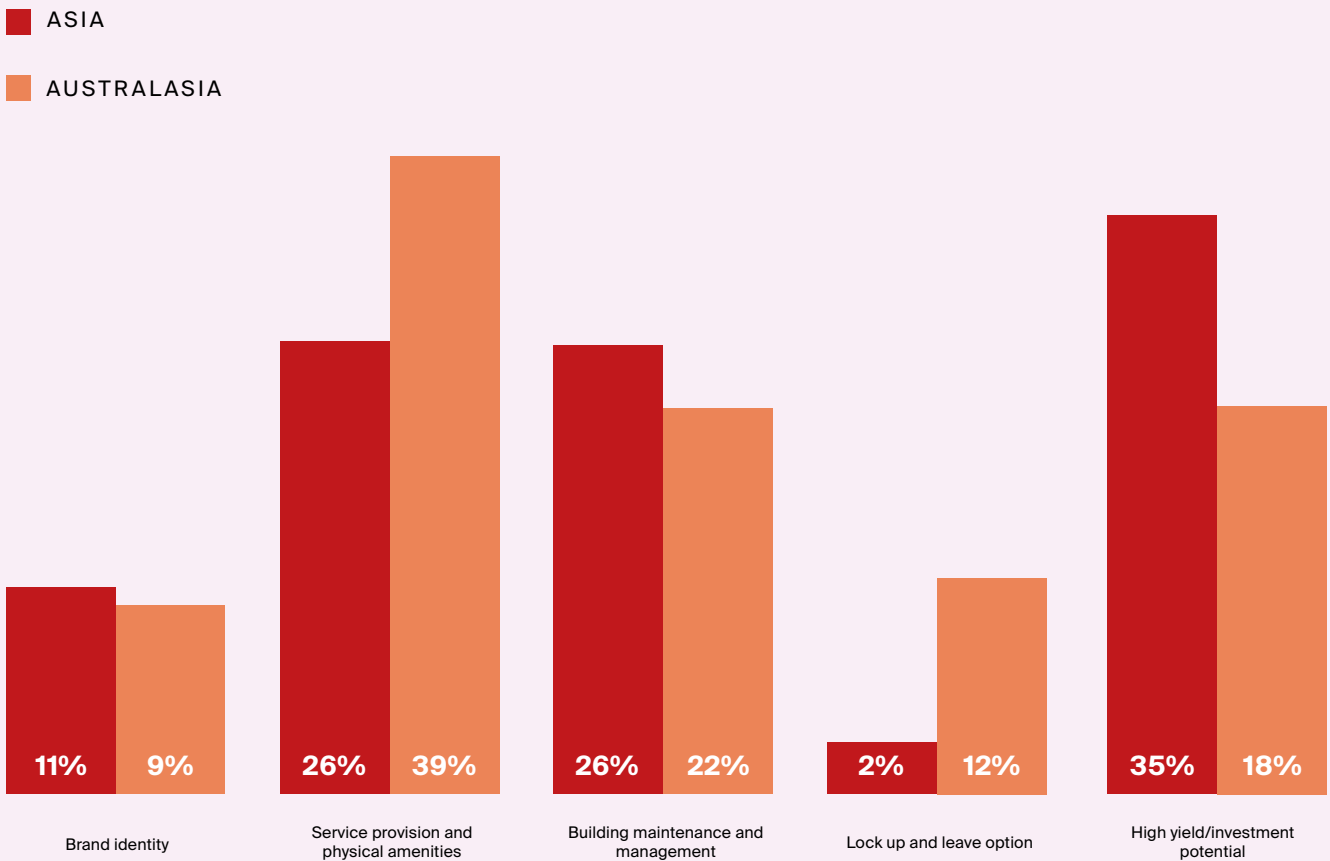
The High-Net-Worth (HNW) and Ultra-High-Net-Worth (UHNW) populations in Asia have been rapidly growing over the past decade and is one of the fastest growing regions in the world. Over the next five years, in terms of HNWs (US\$1mn+ of net wealth), Asia is the second strongest forecast at 46.1% and strongest for UHNWs (US\$30mn+ of net wealth) at 38.7%.

As the number of affluent individuals in the region continue to grow rapidly over the next decade, so will the demand for residences with high levels of service and low maintenance. Branded residences are also considered a safe haven investment to lock-up-and-leave with many hosting a 24-hour concierge service, when regular travel is back on the agenda.

The branded residence concept is still relatively young, and is still undergoing rapid growth and evolution, these factors play a big part in shaping the future of newer developments. Developers throughout Asia-Pacific need to begin looking into more ways to differentiate the services and amenities they provide. Not only will this strengthen the development's selling point as a place of primary residence, but also improve their potential for higher capital values and act as high-yielding investments for the long term.

FIG 11. HIGH YIELD AND INVESTMENT POTENTIAL ATTRACT ASIAN BUYERS WHILE AUSTRALASIANS SEEK LUXURY IN SERVICES AND AMENITIES

Q. IF YOU WERE TO PURCHASE A PROPERTY IN A BRANDED RESIDENCE, WHAT WOULD BE THE KEY MOTIVE BEHIND YOUR PURCHASE?



ASIA-PACIFIC EXPERT VIEW

Victoria Garrett, Head of Asia-Pacific Residential gives her view on how Asia-Pacific markets have performed, advice for buyers in the coming months, and where the bright spots in the region are.



Victoria Garrett
Asia Pacific

The story for residential markets across Asia-Pacific has been one of resilience in the last 12 months. Hong Kong SAR has achieved record prices, Singapore's sales and rental sectors have seen robust levels of activity, whilst the appetite for property amongst domestic buyers in New Zealand and Australia has surged.

A lack of stock is now the common denominator for most prime markets in the region.

Despite rising prices in several markets, I would encourage buyers seeking a primary or secondary residence to act now before tighter restrictions come into force, particularly if they know the market well and can identify a home that fits all their criteria.

We've agreed a number of sales virtually but once borders reopen and buyers can travel, I expect the absorption of stock to go up another level as pent-up demand is released.

Singapore is emerging as one of the region's bright spots. The economy is forecasted to expand between 6% and 7% this year, despite roadblocks posed by resurgences of the virus. Also, over 80% of the population are now fully vaccinated, which bodes well for prospects of opening of travel corridors with other markets in the next 12 months.

Outbound demand from the Chinese mainland is muted due to the crisis but research by property portal Juwai suggests strong demand remains for lifestyle and education-driven purchases in the US, UK, Canada, and Australia.

“For Asian buyers, the pandemic has reaffirmed the appeal of property as a means of wealth preservation and portfolio diversification, something I expect will be keenly displayed in the coming months as economies slowly start to normalise.”



CLICK HERE

to explore the Global Buyer Survey 2021

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

For more insights on global trends of homebuyers, visit <https://knightfrank.asia/GBS21>

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