

Introduction

The world has changed. And Singapore, along with it. The advent of a global pandemic has altered the way Singaporeans live, work, play, as well as their interaction with real estate and particularly, their homes. The manner in which homes and workplaces were utilised before and during the pandemic has led to a blurring of lines between the two, and consequently changing homebuyers' accommodation requirements during the post COVID era.

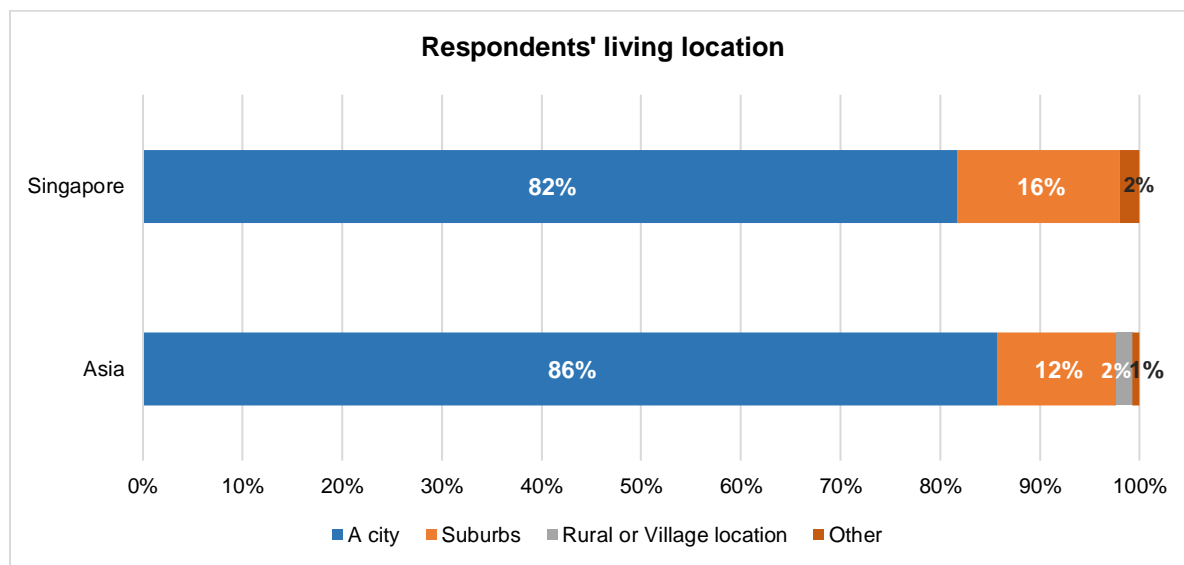
A year ago, Knight Frank kickstarted the Global Buyers' Survey to measure the pulse on homebuyers' attitudes globally amid the pandemic. In 2021, after more than a year of living and working with COVID-19, a second survey was carried out. The survey found that homebuyers across the Asia-Pacific are willing to pay a premium on branded residences. For Asians, the allure is in the potential for high yields and capital value growths, while Australasians seek the exclusive quality of services and amenities associated with these elite homes. This report also reviews how homebuyers' attitudes have shifted after a year of uncertainty as well as forced adaptation in Singapore.

The COVID-19 virus occurred at a time when communications technology was advanced enough to help individuals stay connected digitally, despite the enforced social distancing measures where physical separation was imperative in order to avoid infection and health complications. This primary imperative naturally created an environment where much human activity migrated from the physical world (especially in congested cities) to a virtual one. One's home became a bastion against infection, and daily life like shopping, working and recreational activities took place through the medium of computers and mobile devices.

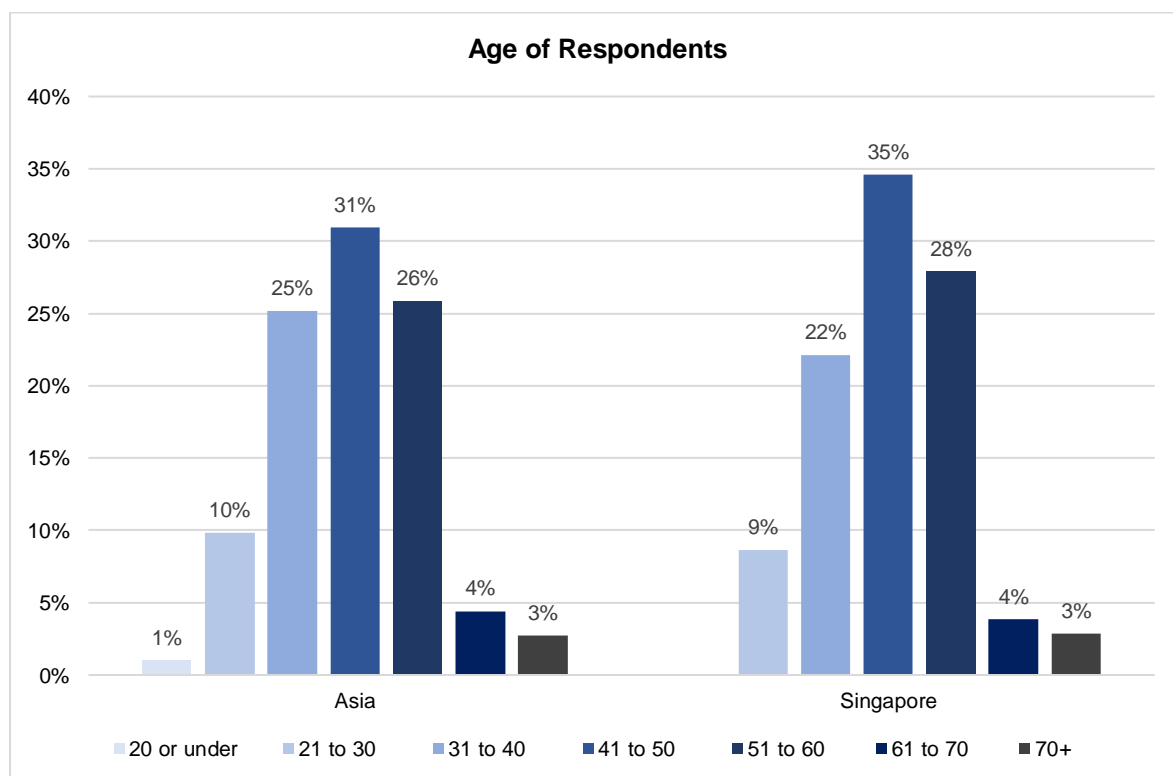
With more time spent in dwellings, occupiers gravitate towards aspirations of larger and flexible living spaces. In urbanised, cosmopolitan Singapore, this has led to interesting emerging observations that might evolve into homebuying patterns and preferences sooner-rather-than-later.

About the survey

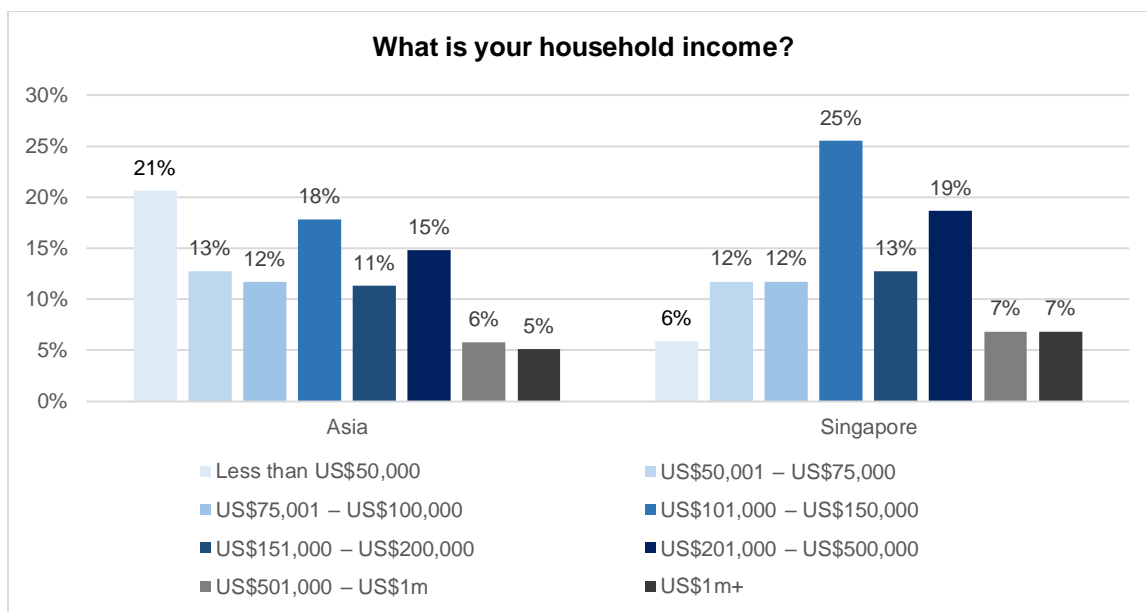
The Knight Frank Global Buyer Survey was conducted between 10 June and 22 July 2021. The findings represent the views of over 900 respondents located across 49 countries and territories. The data below sets out the profile of respondents in terms of age, income, location and home ownership for Asia and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



Source: Knight Frank Research



Source: Knight Frank Research



Source: Knight Frank Research

KEY FINDINGS
<p>1. MOTIVATION FOR RELOCATION</p> <p>Among respondents in Singapore who have moved, the desire for more space (both indoors and outdoors) as well as to get better access to amenities ranked high among factors for relocation.</p>
<p>2. SHIFTING PREFERENCES</p> <p>Singapore respondents are going to factor health and well-being in their home purchases after lockdowns end, with good air quality (64%), proximity to green spaces (63%) and access to good healthcare (62%) being the top locational factors.</p>
<p>3. MOVING PLANS DEFERRED</p> <p>A mere 11% of Singapore respondents have moved since the start of the pandemic, and only another 10% are inclined to move in the next 12 months.</p>
<p>4. UNCHANGED BUDGETS vs INCREASING HOME VALUES</p> <p>64% of Singapore respondents reported no changes in their budget while 73% indicated that their home values have improved.</p>
<p>5. PREMIUMS FOR BRANDED RESIDENCES</p> <p>34% of Singapore respondents were willing to pay a premium for branded residences.</p>

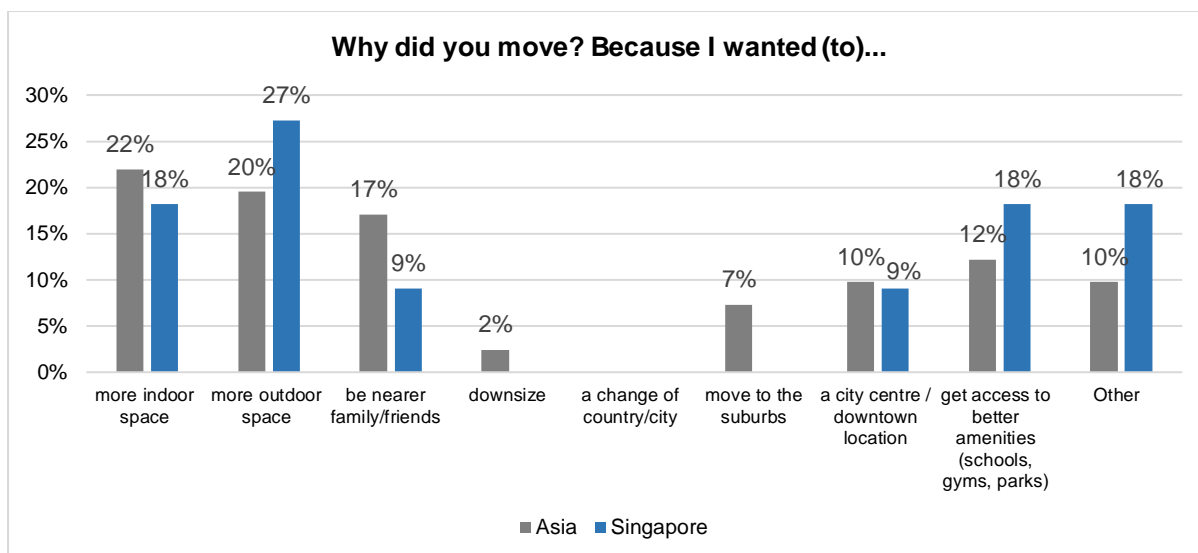
Moving Plans and Preferences

In land-scarce Singapore, homebuyers look for more space to escape the confines of a COVID-19 restricted environment

Singapore has one of the highest population densities in the world. Amid a pandemic where social and human activities were regularly disrupted by restrictions, there was an innate need to search for more space, both indoors and outdoors. Among those who had recently moved, 27% indicated that more outdoor space played a key role in their home-buying decisions. Thus, demand for landed housing in high-rise Singapore has been steadily increasing in the past few months, especially for Good Class Bungalows (GCBs).

The URA landed residential price index rose by 2.5% in Q3 2021 and has risen by 9.0% from January to September 2021. Many high-net-worth individuals, especially those who have converted to Singapore citizenship, are attracted to landed homes of larger floor areas with close proximity to amenities such as parks. Additionally, retired elderly landed homeowners form a ready pool of sellers, incentivised to profit and downgrade as they grow older because the cost to upkeep such properties become more burdensome. Continued interest and activity in the landed market is expected to prevail for the rest of 2021 and into 2022, with prices led by GCB sales. Pandemic-driven entrepreneurship and transformative COVID-19 industries have also created new wealth and a new class of landed home buyers.

Some 18% of respondents in Singapore also cited more indoor space as well as access to better amenities such as schools, gyms and parks as reasons for moving during the pandemic. As homes become the focal point of more human activities, given the work-from-home (WFH) phenomena and movement controls in public areas, more space is required and preferred for living, working and recreation. Counter-intuitively, it could also have been the pandemic that triggered the home-buying, with individuals and families compelled into major life decisions, where in normal conditions would-be buyers might just have been happy to watch and wait, indulging in a perceived luxury of time. Therefore, there were 20,909 private home sales transactions (primary and secondary markets) in the pandemic year of 2020, exceeding the 19,150 sales in the pre-pandemic year of 2019. In the first nine months of 2021, a year of recovery, 25,632 sales were recorded, surpassing the whole of 2020 with one quarter left to go.

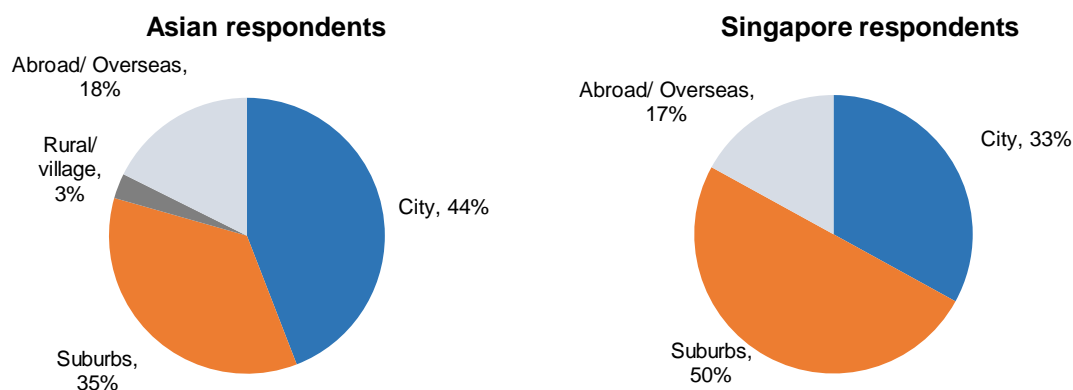


Source: Knight Frank Research

With the desire for more indoor and outdoor living space among homebuyers in Singapore, half of all Singaporean respondents who have not moved but were inclined to do so in the next year due to the pandemic planned to move to suburban locations (50%). Suburban homes are generally more affordable compared to homes in the prime city area, providing a sought-after alternative for buyers who prioritise larger living areas within a more modest budget. According to transactions lodged in URA Realis for 2021 year-to-date (YTD), the median price for all private residential homes in the Core Central Region (CCR) stood at S\$2,331 psf, compared to S\$1,748 psf in the Rest of Central Region (RCR) and S\$1,301 psf in the Outside Central Region (according to data downloaded as of 1 November 2021). Households are thus more likely to be able to afford and commit to larger homes in suburban areas.

This slightly contrasts with the Asian responses in general. For them, a larger percentage of respondents were still looking to move to the city (44%), compared to a lesser proportion indicating that they would move to suburban locations (35%). The difference could be accorded to the trend of large-scale urban in-migration in many territories in the region that are geographically much larger than Singapore.

Among those who have not moved but are more inclined to do so in the next year due to the pandemic, where are they planning to go?



Source: Knight Frank Research

The survey also sought to find out which factors are more important to respondents once COVID-19 restrictions end. In terms of property features, Singapore respondents preferred having access to high-speed broadband (71%), a home study/office (70%) and more indoor space (69%). These top three chosen factors revolve around enhancing the home environment to suit WFH-arrangements, as some employers are likely to embrace hybrid work arrangements (which has proven effective) even after COVID-19 restrictions ease. This was similar among Asian respondents in general, with the exception that more outdoor space was prioritised among the top three factors compared to more indoor space for Singaporean respondents.

As for locational features, good air quality (64%), proximity to green space (63%) and access to good healthcare (62%) were the top three important factors for respondents in both Singapore and Asia. With more time inevitably spent at home, features that can improve mental and physical wellbeing are more desirable.

An earlier research paper by Knight Frank, “Homework – Are Singapore Homes Ready for Work?” cited the observation that not all homes possessed the “necessary space, equipment and supporting furniture” for WFH to be fully functional and sustainable, calling for a “reinvented home working space” that promotes productivity. A reinvention of in-unit designs to include a dedicated home-study office that is supported by high-speed broadband, along with more indoor space to allow for multi-functional homes will be increasingly paramount post-pandemic. Homebuyers will also look to live near green spaces with access to quality healthcare so that one can “live, work and play” comfortably, according to the survey results for Singapore.

Which factors have become **more important** for you when choosing the type of property in which to live in once restrictions end?

Property Features	Asia	Singapore
More indoor space	60%	69%
More outdoor space	64%	57%
A home study/office	68%	70%
Access to high-speed broadband	78%	71%
A home gym	43%	38%
Views of nature (ocean, mountain etc)	57%	50%
Annex/ accommodation for extended family members	45%	39%
Flexible living / multiple use rooms	62%	61%
Wellness & Wellbeing amenities	61%	59%
Limited touchpoints (pandemic-conscious design/wireless/contactless features)	56%	44%
Sustainable design (construction materials & energy efficient)	56%	45%
Location Features	Asia	Singapore
Proximity to green space	72%	63%
Access to good healthcare	71%	62%
Good air quality	76%	64%
Walking distance to work	44%	36%
Proximity to restaurants, gyms, retail and cultural amenities	52%	49%
Good schools	43%	28%
Good views (ocean, mountain, skyline etc)	51%	50%
Walking distance to a public transport hub	44%	46%

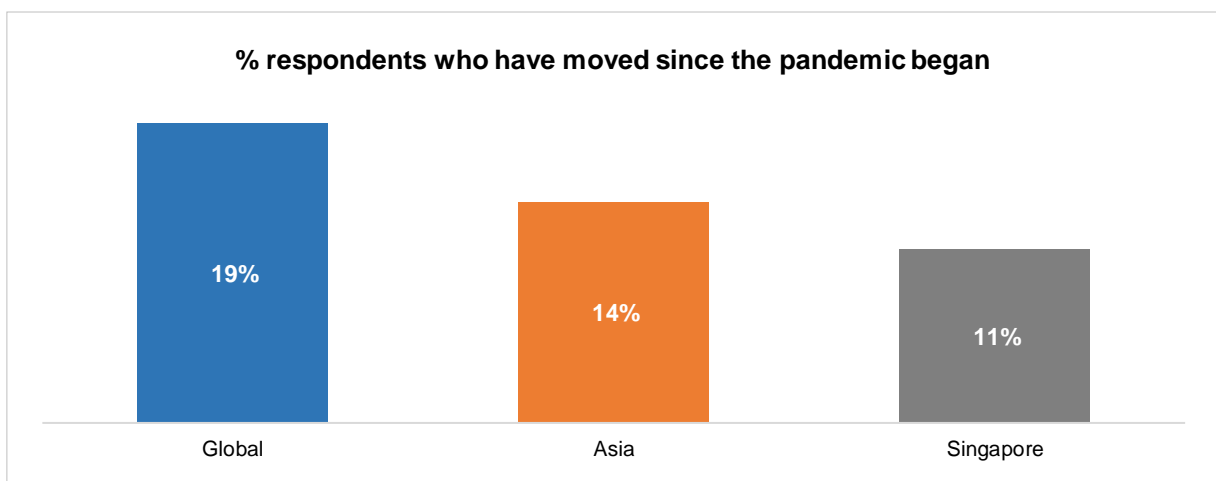
Source: Knight Frank Research

*URA Realis (based on data downloaded as at 1 November 2021)

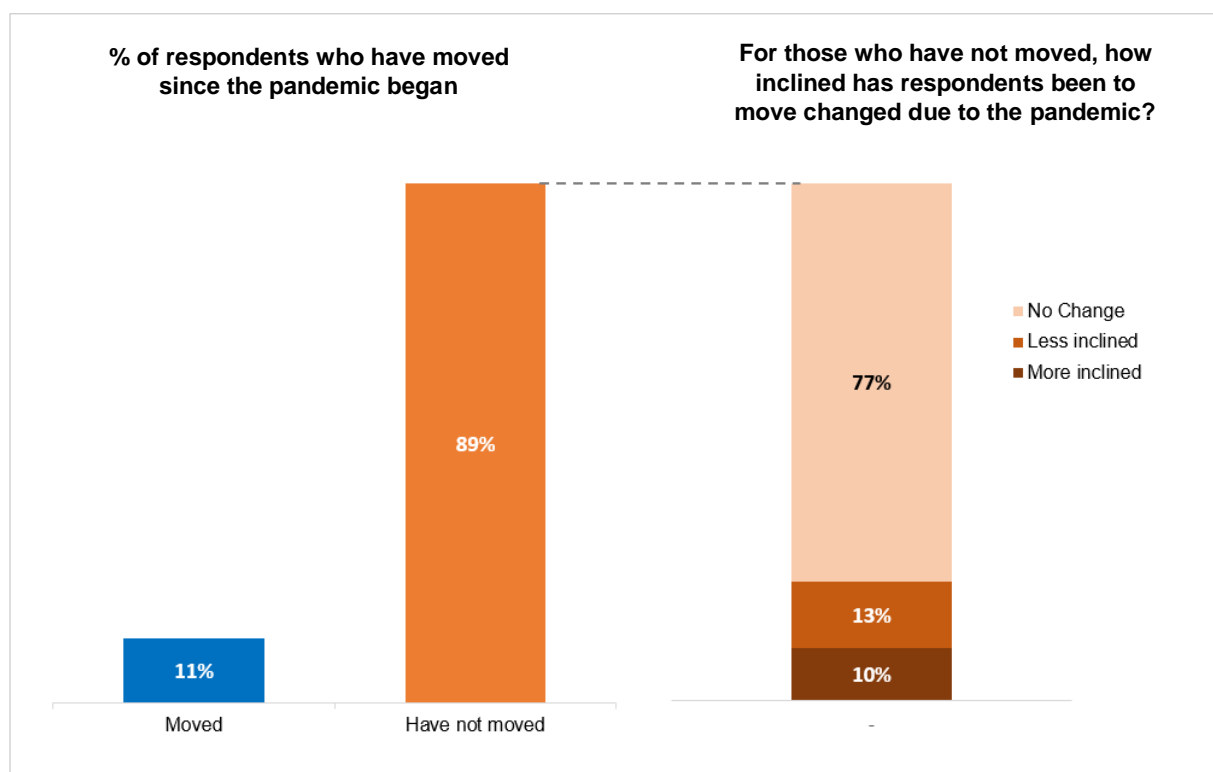
Budget and Home Values

Singaporeans hunker down during the pandemic

Singaporeans were among the least active groups of movers since the pandemic began and are likely to remain the same in the near future. According to survey results, only 11% of Singaporeans have moved since the beginning of the pandemic, behind that of Global and Asian respondents. Of those who have not moved, only 10% said that the pandemic has made them more inclined to do so in the following 12 months.



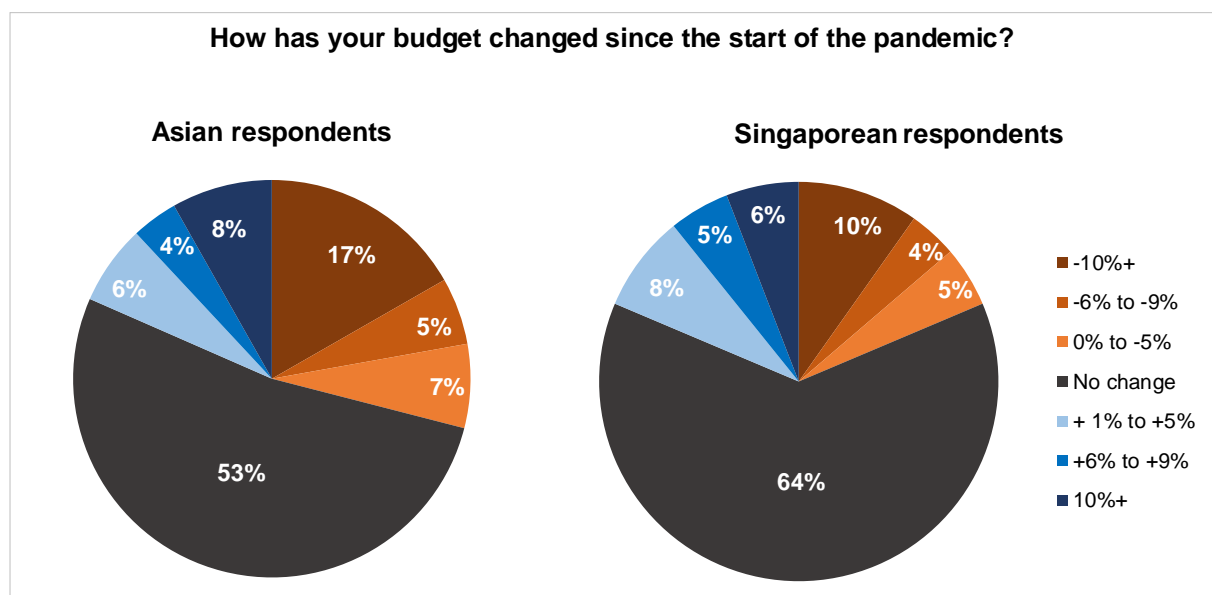
Source: Knight Frank Research



Source: Knight Frank Research

The majority of Singaporean respondents (64%) reported no change in their budgets since the start of the pandemic, while the split between respondents was similar between those who had an increase in their budget (18%) and those with diminished budgets (18%)*.

To cushion the impact of the recession, the Singapore government had rolled out a total of five stimulus packages, worth close to S\$100 billion in relief spending in 2020 and an additional S\$800 million support package for businesses and households in 2021. According to an interim report on the impact of key COVID-19 budget measures in 2020, fiscal measures were estimated to have supported GDP growth by 5.5 percentage points in 2020 and prevented the resident unemployment rate from rising a further 1.7 percentage points. The combination of these measures might have preserved the budget of some families in Singapore, staving off a larger drop in budgets compared to 29% for Asian respondents.

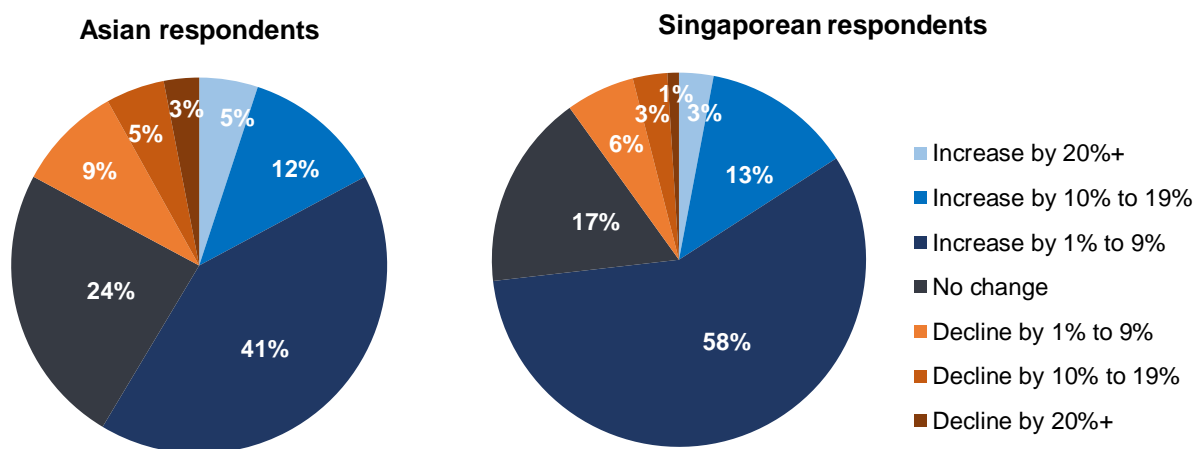


Source: Knight Frank Research. *Percentages may not total 100% due to rounding.

While COVID-19 triggered the deepest downturn in the history of modern Singapore, home prices were resilient. Other than a 1.0% quarter-on-quarter (q-o-q) drop in prices in Q1 2020 at the onset of COVID-19 in Singapore, prices have since been on an upwards trajectory. The Urban Redevelopment Authority (URA) Private Residential Property Price Index (PPI) increased by 3.2% for the rest of 2020, followed by some 5.3% in the first nine months of 2021.

Home ownership and the idea of housing as an aspirational asset class has been deeply ingrained in Singapore society, and inherent genuine demand for property has supported the market. In fact, 73.1% of respondents are optimistic, holding the view that the price of their primary residence will increase in the next 12 months.

In your view how do you think the value of your primary residence will change in the next 12 months?



Source: Knight Frank Research

Prime Residences in Singapore

Waiting to welcome the Asian buyer...

What defines a prime residence?

Prime residential apartments are defined as non-landed private residential units with a floor area greater than or equal to 2,500 sf and fall within Districts 1, 2, 4, 9, 10 and 11. These districts constitute prime areas such as the Central Business District (CBD), Orchard Road, Sentosa, Bukit Timah as well as Thomson.

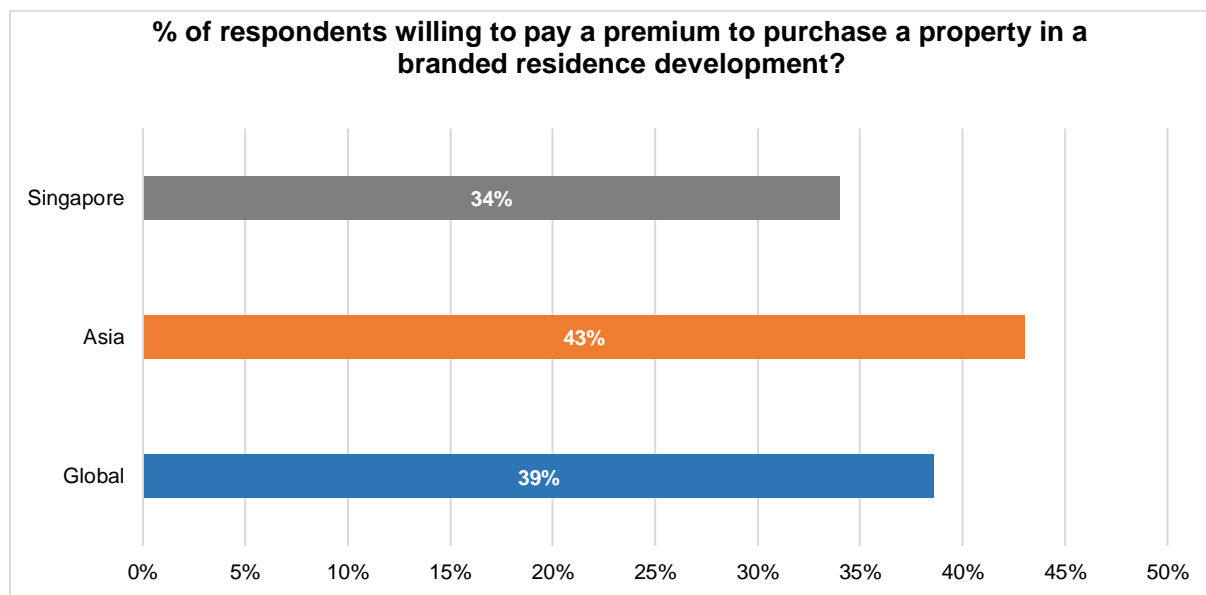
Prime Non-Landed and Landed Residential Report
Knight Frank Singapore

The prime residential market in Singapore has shrugged off the pall of COVID-19 to recover in 2021, with sales volume from January to mid-October (based on data available as at 25 October 2021) gaining 89.8% over the previous year to total S\$3.2 billion. The number of prime non-landed homes transactions at 391 has already exceeded that of the year 2020, even with approximately two-and-a-half months left in 2021. The demand for prime residences during the pandemic era was fuelled by Singapore's attractiveness to foreign and local private wealth, given the stable business and political environment when measured against political tensions in other parts of Asia.

Despite the obvious interest in these branded homes, the Core Central Region (CCR), where the luxury class of high-rise residences are located, has not performed as well as the broader private residential market in Singapore. There was less transactional activity in the CCR thus far in 2021, and the same lukewarm activity was observed in terms of prices. Overall prices as tracked by URA's private residential price index in the CCR decreased by 0.5% q-o-q in Q3 2021 and have only risen by a moderate 1.1% in the first nine months of 2021, kept in check by the lack of compelling new launches (as compared to the rest of the island), as well as the travel restrictions that have been imposed for much of the year.

Respondents of the Global Buyer Survey were also asked if they are willing to pay a premium to purchase a property in branded residence developments. Among the global respondents, 39% of home buyers expressed their willingness to do so. In Asia, 43% of respondents indicated that they are willing to pay a premium for a branded residential development, while in Singapore this was fewer at 34%. With only slightly more than a third of Singaporeans willing to pay a premium for high-end homes, and with more high-net-worth and ultra-high-net-worth individuals and families in Asia looking to park their capital in a safe pro-business and pro-

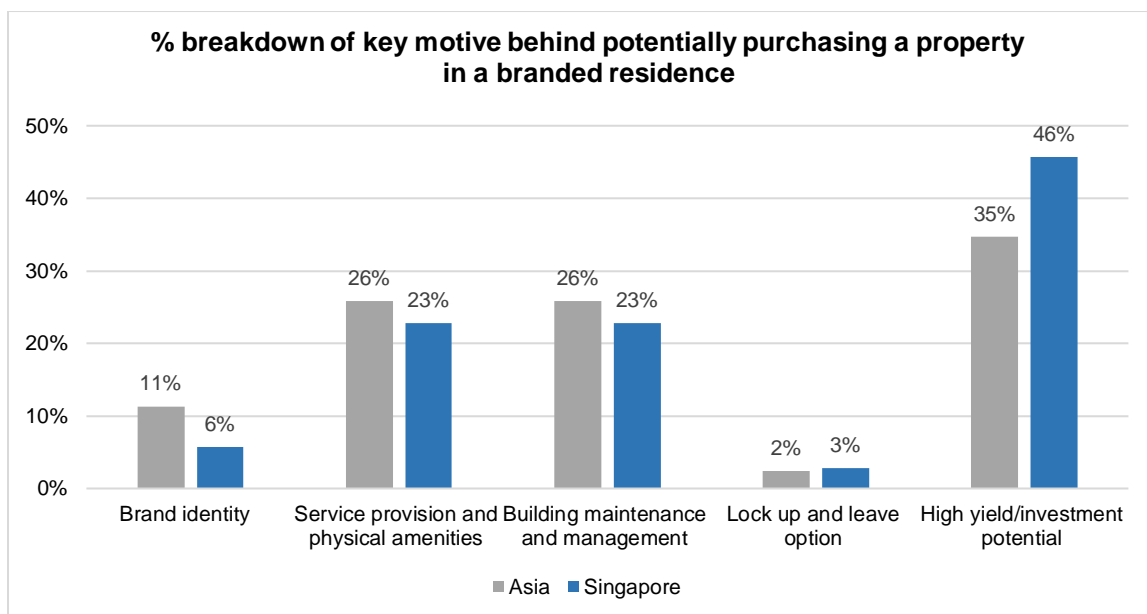
investment haven, might the opening of travel in a vaccinated post-pandemic world lead to more foreign homebuyers arriving in Singapore in the coming year?



Source: Knight Frank Research

According to the Knight Frank Wealth Report 2021, Singapore is the number one Asia location of choice for prime homes among the Asian wealthy, ranked behind the UK, US and Australia. Asian home buyers from India, Japan, Malaysia and South Korea rated Singapore in their top-five list of locations when considering investment homes abroad. After all, Singapore has traditionally been regarded in Asia as a safe haven for investment homes. This reputation was further enhanced by how the government promoted COVID-19 vaccination nationwide (currently, about 87% of the population are fully vaccinated) as well as the financial muscle that the government employed through the use of national reserves to keep the economy from collapsing in 2020.

The key motivation for the apparent willingness to pay for a branded residence among Singapore respondents at an overwhelming 46%, is the high yield/investment potential. Investors in the Singapore residential market typically look towards capital appreciation, as more private wealth is accumulated in Singapore through stable and steady growth. According to Knight Frank's Wealth Report 2021, the number of Ultra-High-Net-Worth-Individuals (UHNWIs – individuals with a US\$30 million net worth inclusive of their primary residence) grew in 2020, increasing by 10.2% from 2019 despite the pandemic-led recession.



Source: Knight Frank Research

As prices in the CCR have risen only moderately, there are good value opportunities for prime homes. And when more Vaccinated Travel Lanes (VTLs) are established without prohibitive quarantine protocols, there is every chance that foreign homebuyers will contribute and add to the volume of luxury homes from late 2021 and early 2022.

An Expert View on Singapore

Nicholas Keong, Head of Residential (Prime Sales and International Project Marketing) provides a view on the Singapore markets.

For many Asian buyers, the owning of a tangible physical asset is a means of wealth preservation and portfolio diversification. This imperative has solidified even more due to the pandemic. Once borders reopen through VTLs and buyers start to travel, the absorption of CCR stock is likely to go up due to demand that has long been pent-up from COVID-19 border controls.

Demand for private homes remains strong despite the current spike in infections in Singapore. Nevertheless, primary sales in the CCR from January to September is about 2,000 units, less than half the accumulated totals to date in the RCR and OCR with above 4,000 new sales each. In terms of prices, the CCR also continues to lag behind, and offers good value for high-end homes in Singapore.

For more insights on global trends of homebuyers, please refer to the [digital copy](#) of the global report.

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

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