The Asia-Pacific Residential Review is an investor focused report which provides an in-depth look at the performance of the residential markets across the region.

Asia-Pacific Residential Review

H2 2020

HEADLINES

14	1.9%	Low Rates	Optimistic
OF 24 CITIES RECORDED POSITIVE ANNUAL PRICE GROWTH IN H2 2020	YOY AVERAGE PRICE INCREASE IN H2 2020	TO REMAIN A KEY GROWTH DRIVER	OUTLOOK ACROSS ASIA-PACIFIC AS ECONOMIES RECOVER

Stabilised footing on returning demand

The Asia-Pacific residential markets continued their stable trend in H2 2020 with 14 of the 24 regional indices tracked by Knight Frank recording either stable or increased year-on-year price growth, and an average annual price increase of 1.9%. The main driver behind this has been the low interest rate environment which has buffered the weakening economic environment stemming from the aftershocks post COVID-19's peak around the middle of the year here in Asia-Pacific.

Southeast Asia

Housing prices in **Singapore** surprised in H2 2020 with its central core region falling 0.2% year-on-year and rest of central region rising 5.1%, on better-than-expected demand seen post the city-states Circuit Breaker between April to June 2020. This was also despite the government tweaking a regulation loophole on option issuances that had slightly inflated sales data in Q3 2020. Going forward, Singapore's residential market is expected to remain steadfast in 2021 on the continued combination of low interest rates, low household leverage (home leverage rates for private homes in Singapore currently stand around 35%), and a gradual economic recovery; all of which act as a floor to any further price decline in 2021.

Condo prices in **Bangkok** fell 3.0% year-on-year in H2 2020 on weak demand resulting from the city's ongoing political uncertainty and the battered tourism reliant economy. Many developers had also delayed supply with an eye to release at the end of 2020, which compounded challenges as more supply entered the market. As a result, many are now offering discounts and offers to potential buyers to drum up sales. Going forward, with the challenging environment, we believe there is a heightened potential that the government could announce more policy easings in 2021, building on their existing policy tweaks announced over the past 12 to 24 months, which should have a net positive effect on the market.

Australasia

Housing prices in Australia rose in H2 2020, recording a 1.3% year-on-year mainstream growth average across its 4 major capitals of **Sydney**, **Melbourne**, **Brisbane**, and **Perth**. Perth recorded a 3.7% year-on-year price growth, the highest among its peers, as mining activity remains resilient through the pandemic. Going forward, with a low interest rate environment expected for the next three years and generally limited new stock coming on line across its major capitals, housing prices are expected to remain resilient in 2021 despite the country's recovering economic environment.

Victoria Garrett
HEAD OF RESIDENTIAL ASIA-PACIFIC

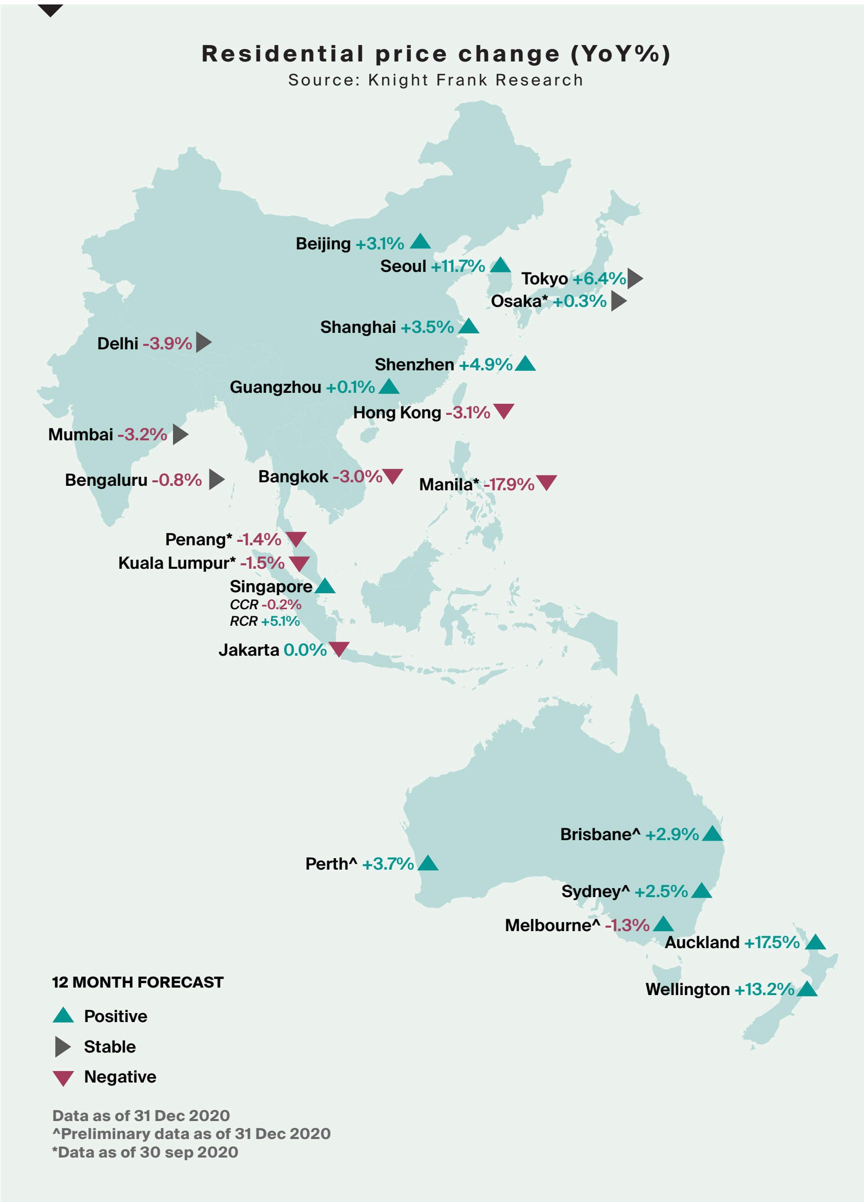
"Despite an overall slowdown in sales activity due to the vulnerable economic state in 2020, we have witnessed a gradual rebound in most of the Asia-Pacific cities tracked in the later half. Moving forward, we hope to see the residential markets stabilise as housing demand and prices bounce back to pre-COVID levels."

East Asia

New home prices across the Chinese mainland's Tier-1 capital cities of **Beijing**, **Shanghai**, **Shenzhen** and **Guangzhou** rose 3.9% year-on-year on average in H2 2020, accelerating from the 2.9% annual rise recorded six months prior in H1. Prices in China have remained relatively stable in H2 2020, as housing demand returned on the back of the country's economic recovery, while at the same time weathering some policy tightening measures by regulators who sought to prevent further bubbles from forming. With the Chinese Mainland economic recovery expected to be in full swing in 2021, housing demand is likely to return to pre-COVID levels.

South Asia

In 2020, India had witnessed the most stringent lockdown globally. The pandemic fears and lockdown brought economic activities to a standstill and severely impacted sales in H1 2020. However, as the economy started to open with better preparedness for the pandemic, residential sales in H2 2020 jumped by 60% compared to H1 2020 in the top 8 cities of India. Developer flexibility on price and payment terms complimented by proactive policy interventions in cities like **Mumbai** and **Pune** ensured that home buyers took the decision to purchase residential property. In this backdrop, the three major markets – Mumbai, **NCR Delhi**, and **Bengaluru** recorded decline in price by an average -2.7% YoY in H2 2020. With lower residential price level and multi decade low home loan interest rate pushing affordability to its best level in many years, 2021 is likely to be a strong year with the tailwinds of strong economic growth.



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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