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Future plans

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Prices

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Second homes

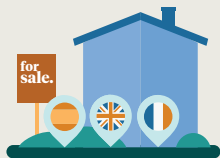
Global Buyer Survey 2020

What impact has Covid-19 had on residential buyers' attitudes?

knightfrank.com/research



KEY FINDINGS



FUTURE PLANS

The UK, Spain and France, are the top three locations for those considering a move abroad post-Covid-19



LIFESTYLE

Access to high quality healthcare is now the second most important reason for a property move



PRICES

Property values globally are expected to fall although for most buyers their budget remains unaffected by the crisis



SECOND HOMES

Over a quarter of respondents are more likely to buy a second home as a result of the pandemic



TRAVEL

Over half of respondents have either travelled abroad already or plan to do so within three months of borders reopening

NORMAL 2.0

Kate Everett-Allen finds that not only have buyers had time to reflect on their lifestyles during lockdown, but they've done so at a time when the demands on and expectations of a home have grown significantly

The Covid-19 crisis has fundamentally changed the way we live our lives. For many people the home has become a hub from which we work, exercise, learn, socialise and relax.

With demands on the home expanding and people having had time to reflect on the way they live and use their space, it is inevitable that as we ease out of lockdown these changes will have repercussions on property markets around the world.

In order to best advise our clients on lifestyle and investment purchases, we have sought the views of buyers around the world, to gauge how attitudes have changed as a result of the pandemic.

Some of our survey findings are to be expected – a desire for more outdoor space and a home office are perhaps not surprising, but only four months ago few could have foreseen that a foreign governments' handling of the Covid-19 crisis, their speed of reaction and the support put in place, would become a critical consideration for second home buyers around the world.

GET IN TOUCH

Sign up to our [Research update](#) to keep informed about the impact of Covid-19 on property markets globally.



About the survey

The Knight Frank **Global Buyer Survey** was undertaken between 5 June and 23 June 2020 with the aim of understanding what impact the Covid-19 pandemic has had on residential markets and in particular, on buyer attitudes. The findings represent the views of over 700 Knight Frank clients across 44 countries, all of whom have registered an interest in buying property with Knight Frank.

FIG 1. WHERE RESPONDENTS LIVE

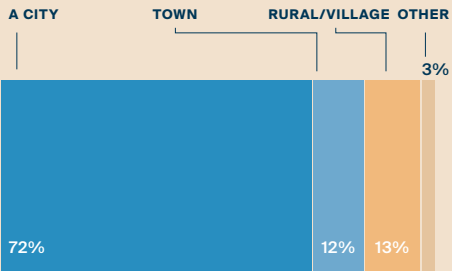


FIG 2. AGE OF RESPONDENTS

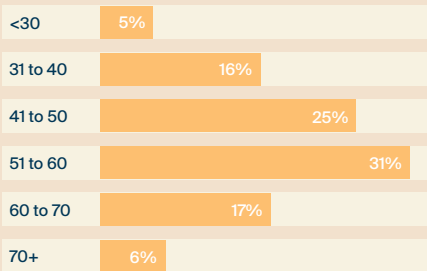
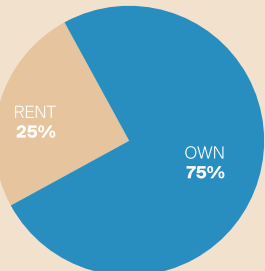


FIG 3. HOUSING TENURE OF RESPONDENTS



FUTURE BUYING INTENTIONS

Lockdown has allowed buyers the time to reflect on what they want from a home

One in four survey respondents, said they were more likely to move home in the next 12 months as a result of the pandemic.

Most respondents who said they were more likely to move in the next 12 months are seeking a different property in the same location (40%). Some 26% are seeking a different property elsewhere in the same country and 34% of those considering a move are considering a purchase abroad (9% of all respondents). But where?

The UK, Spain and France top the list of preferred destinations, followed by Australia, Canada, Switzerland and the US. Such countries offer a good quality of life,

TAKEAWAY

One in four respondents are more likely to move in the next 12 months due to the Covid-19 pandemic and improved access to quality healthcare is a key driver of property demand.

political stability, a secure currency, excellent education systems and in normal times are easily accessible. New Zealand, Portugal, Malta and Norway also ranked highly.

When it comes to motives, upgrading the family's primary residence ranked highest as the main reason for purchasing. Interestingly, improved access to quality healthcare ranked second – and it is perhaps no coincidence that good healthcare is another common denominator of those countries listed as preferred destinations. Acquiring a holiday home in the sun came third overall as a reason for purchasing a new property and business or employment reasons ranked in fourth place.

FIG 4. A QUARTER OF RESPONDENTS ARE MORE LIKELY TO MOVE OVER THE NEXT 12 MONTHS AS A RESULT OF THE PANDEMIC

Q. Has the period of lockdown made you more or less inclined to move within the next twelve months?

25% More **23% Less**

No change: 52%

FIG 5. OF THOSE MORE LIKELY TO MOVE, MOST ARE LOOKING TO STAY IN THE SAME AREA BUT CHANGE PROPERTY

Q. If you're more inclined to move, where are you looking to move to?

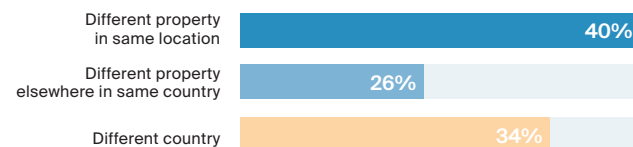
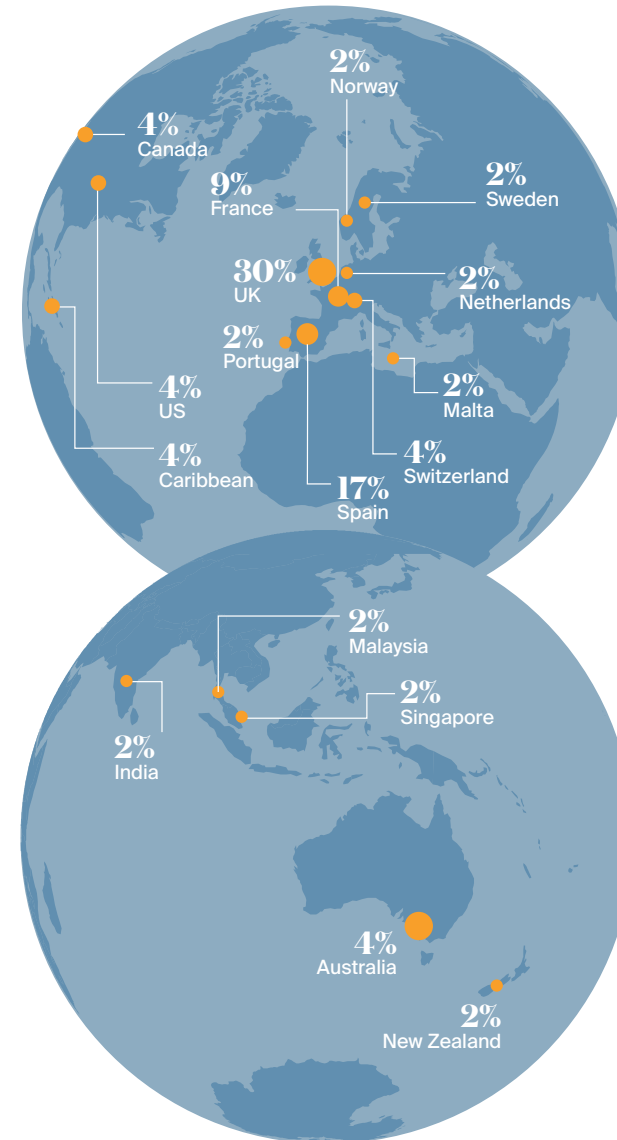


FIG 6. UK AND SPAIN PREFERRED DESTINATIONS FOR THOSE CONSIDERING A MOVE ABROAD*

Q. If you're more inclined to move abroad as a result of the pandemic, where are you looking to move to?



Other: 6%
*Responses unweighted

FIG 7. IMPROVED ACCESS TO QUALITY HEALTHCARE RANKS HIGHLY AS A REASON TO BUY*

Q. Please select the top three reasons for purchasing a new property in the future?

UPGRADING FAMILY'S MAIN RESIDENCE
15%

IMPROVED ACCESS TO QUALITY HEALTHCARE
13%

A NEW HOLIDAY HOME (SUN)
12%

BUSINESS OR EMPLOYMENT REASONS
11%

DOWNSIZING OR RETIRING
11%

MOVING PERMANENTLY TO A NEW COUNTRY OR TERRITORY
11%

ABILITY TO REACH DESTINATION WITHOUT RELYING ON AIR TRAVEL
9%

LOCATION OF CHILDREN'S EDUCATION
8%

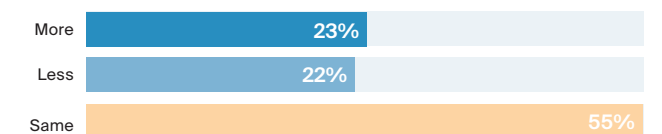
TAX REASONS
7%

A NEW HOLIDAY HOME (SKI)
3%

*Total count (unweighted)

FIG 8. APPETITE FOR NEW-BUILD PROPERTY REMAINS THE SAME

Q. Are you more or less likely to buy a new-build property as a result of the pandemic?



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LIFESTYLE

From outdoor space to home offices and lower density living, we look at what buyers really want post-Covid-19

TAKEAWAY

Home offices and outdoor space are a priority but so too is privacy. Plus, 51% of respondents say they plan to travel within 3 months of borders reopening.

After a period of confinement, the message, not surprisingly, is that buyers want space. Some 45% of respondents say they are more likely to buy a detached family home than they were prior to Covid-19, with waterfront homes (40%) and rural homes (37%) also in favour.

Demand for apartments has remained largely static with 52% of respondents stating their attitude to apartment living has remained the same.

Nearly two-thirds of respondents say they are more likely to work from home post-lockdown, which explains why 64% say a home office is now more important.

But some 32% say their working lifestyle will remain the same as before, suggesting the office still has an important role to play as a hub for innovation, collaboration, education and socialisation.

Not surprisingly, 66% of respondents say large gardens and outdoor space are more important, with the lockdown period having emphasised the connection between wellbeing and the great outdoors.

Privacy is also in demand, 52% say it's more important, and 33% are more likely to want an annex for family members, perhaps Covid-19 has underlined the desire to have elderly or extended family members close by.

Travel is a critical factor, not just for those wanting to holiday or keen to acquire a

base abroad, but for existing homeowners keen to recoup some income from 2020's rental season. On this issue, there is a degree of confidence emerging – over a quarter of respondents have either travelled abroad already or will do so within one month of lockdown measures being eased. Another 25% will travel within one to three months, 36% between three and 12 months, and only 13% said they would wait 12 months or more before embarking on an overseas trip.

FIG 11. OUTDOOR SPACE AND HOME OFFICE TOP BUYER WISHLISTS

Q. Thinking about any future property purchase (primary residence), how important are following factors when choosing the type of property you might buy post-lockdown?

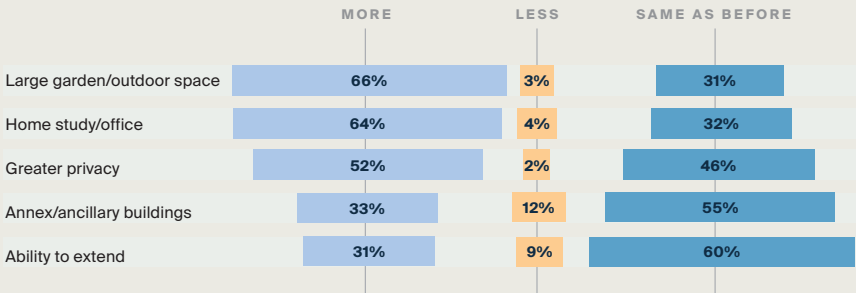


FIG 9. SINGLE FAMILY DETACHED HOMES ARE IN DEMAND

Q. How has the lockdown influenced the type of property you want to live in?

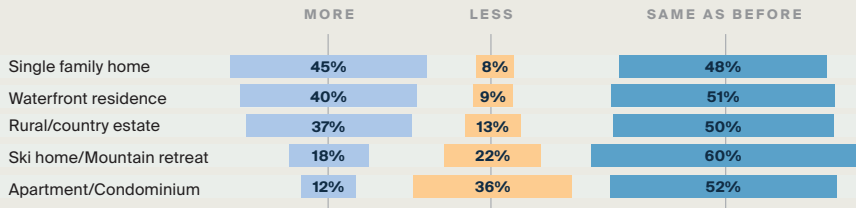


FIG 10. 61% OF RESPONDENTS SAY THEY ARE MORE LIKELY TO WORK FROM HOME POST-LOCKDOWN

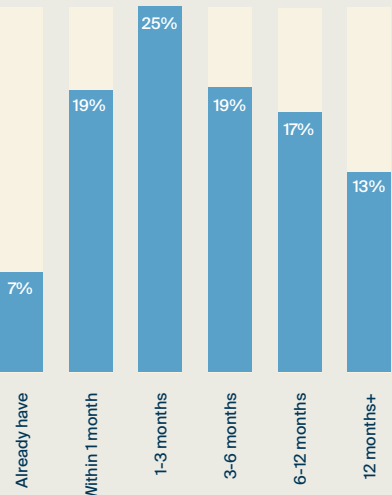
Q. Are you planning to work from home more often following lockdown?



Same as before: 32%

FIG 12. THE MAJORITY OF RESPONDENTS HAVE EITHER TRAVELLED ABROAD ALREADY OR WILL DO SO WITHIN 3 MONTHS

Q. How soon are you planning to travel abroad again once borders reopen?



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To our [podcast](#) discussing how expats are re-evaluating life in light of Covid-19



PRICES

Sales volumes are expected to take a greater hit than prices, but buyers remain hopeful of discounts on the horizon

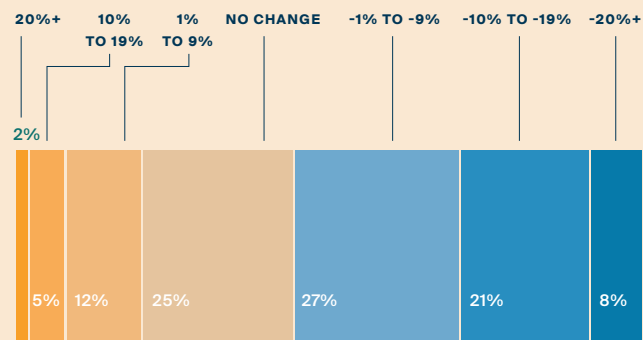
Buyers expect prices to fall over the next 12 months but could that be wishful thinking as they look to negotiate a discount? Our prime global forecast, conducted in April 2020, shows that Knight Frank's prime agents concur, with prices anticipated to fall in 16 of the 20 cities we track in 2020. However, most agents expect a sharp recovery in 2021, suggesting buyers

TAKEAWAY

Buyers expect property prices to fall in the next 12 months, but most buyers' budgets have remained static or increased during lockdown.

FIG 13. 56% OF RESPONDENTS EXPECT THE VALUE OF THEIR PROPERTY WILL FALL

Q. In your view how will the pandemic have affected the value of your primary residence in 12 months' time?



may need to act quickly to capitalise on softer prices, with 14 of the cities expected to see prices increase next year.

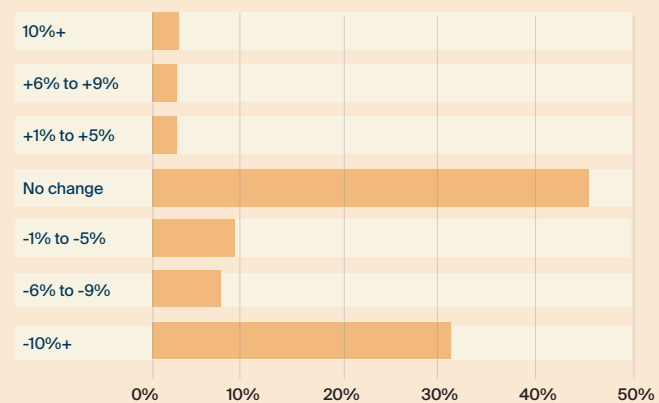
Of the 56% respondents that expect prices to fall over the next 12 months, 27% expect prices to fall by less than 10%, whilst 25% expect no change and 19% expect prices to increase.

Some 53% of buyers believe their spending power has either remained the same or increased since the start of the crisis. With few opportunities to spend during lockdown, it is likely buyers have spent less and saved more. That said, over 30% of respondents believe their budget has declined by over 10% since the start of the crisis, in part no doubt because many companies have had to resort to salary cuts, reduced hours or redundancies.

For buyers looking at purchasing in the UK, the recent stamp duty announcement will be welcome news, allowing some to use funds set aside for purchase taxes to target higher value properties.

FIG 14. 53% OF RESPONDENTS SAY THEIR BUDGET HAS REMAINED THE SAME OR INCREASED SINCE THE START OF THE CRISIS

Q. How has your budget for a property purchase changed as a result of the crisis?



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SECOND HOMES

The pandemic has focused buyers' minds on lifestyle purchases with many eyeing a retreat should future outbreaks occur

Over 26% of respondents said they were more likely to buy a second home as a result of the pandemic, presumably to enhance their lifestyle and to use as a retreat in the event of future outbreaks.

Knight Frank data supports this view, with a surge in enquiries witnessed immediately after lockdown in prime second home hotspots across France and Italy.

Mirroring primary residences, buyers of second homes are prioritising outdoor space, a home study and greater privacy post-lockdown. Almost one in three respondents (32%) is more likely to want

a second home that they can extend, and 29% are more likely to seek a property offering secondary accommodation.

Nearly two-thirds of buyers say when looking for a second home abroad they would be influenced by the government's handling of the Covid-19 crisis. Countries such as Germany, Austria, Greece, the United Arab Emirates, Singapore and New Zealand, may, as a result, rate highly amongst second home buyers in the coming months.

TAKE NOTE

Read our [Prime France Report](#)

TAKEAWAY

Demand for second homes in the coming years may be linked to governments' handling of the pandemic.

FIG 15. OVER A QUARTER OF RESPONDENTS ARE MORE LIKELY TO BUY A SECOND HOME AS A RESULT OF THE PANDEMIC

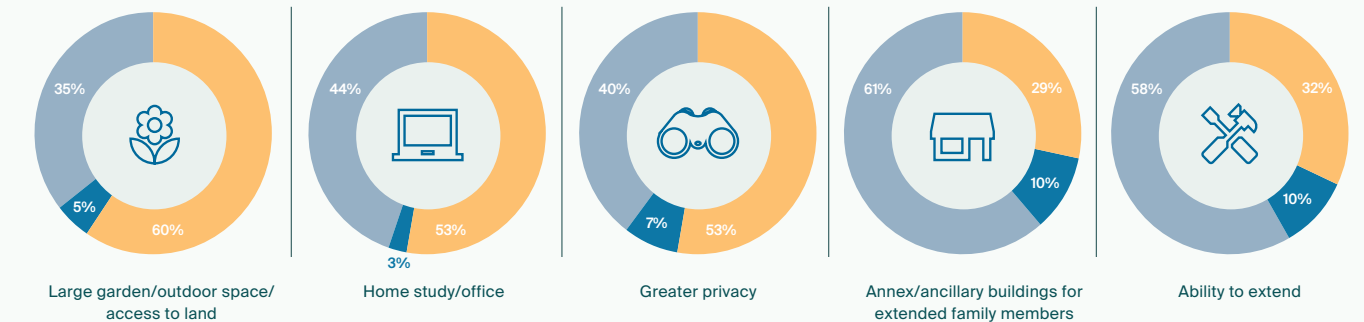
Q. In terms of buying a second home, has the pandemic made this...



FIG 17. SPACE, PRIVACY AND A HOME OFFICE ARE TOP OF SECOND HOME BUYER WISHLISTS

Q. How important are the following factors when choosing where to buy a second home?

More Less Same as before



MY VIEW

Three Knight Frank experts provide their view on life post-lockdown, outlining where their buyers are coming from, how their needs and priorities have changed and provide their take on whether these might be lasting changes



Mark Harvey
Europe

Since lockdown, not only have I seen greater interest from Benelux, German and Middle Eastern buyers, but cash buyers have been more prevalent across Europe.

At a time of heightened uncertainty, most buyers are looking to property as a means of diversifying capital. Property as an income-generating asset that benefits from capital appreciation and adds to one's lifestyle is now an appealing prospect for many. Areas such as Provence, St Tropez, Tuscany, and Mallorca have attracted strong enquiry numbers. Domestic buyers have led the charge but now that air travel is permitted across much of Europe, we are seeing pent-up demand from international buyers.

Buyers are generally seeking three key factors; good broadband, quality healthcare and a property capable of generating a reliable income.

We've seen Europeans take shorter holidays across multiple locations in recent summers, I think we may see a return to the traditional European summer with families decamping for four to six weeks at a time and entertaining family and friends in one location. At the heart of this change in buyer attitudes is wellness and family which is why I think such trends are likely to endure.



Victoria Garrett
Asia Pacific

Across Asia-Pacific, buyer appetite has been strongest in New Zealand, Australia, Chinese Mainland, Hong Kong, Korea and Japan post-lockdown.

I think most markets are still adjusting and it is hard to say if this activity is part of a new market cycle or we are simply seeing pent-up demand being released.

For those looking beyond Asia, we are seeing increased demand from Hong Kong and Korean buyers for US and UK markets, this is driven by buyers gravitating towards markets that are resilient, stable and transparent while offering long-term price appreciation and strong rental demand. Asian buyers looking to purchase abroad are traditionally investment focused but we are slowly starting to see interest in properties for their own use, as either primary or secondary residences.

Perhaps the biggest trend I've observed has been the surge in expat flight. We have seen a real uptick in enquiries from Australians based in Singapore and Hong Kong looking for a base back home and we have seen the same amongst New Zealand and UK citizens. This has partly been driven by people moving due to employment changes but also families reassessing their priorities. Covid-19 has really made people take stock of their priorities and what is important to them and their families in terms of lifestyle.



Seb Warner
London – New Homes

London's new homes market is back to pre-pandemic transaction levels with buyers targeting projects that are part of wider regeneration zones or emerging travel hubs. This includes The Verdean in Acton where 99% of the development (159 apartments) were sold within 48 hours of the project launching.

For the International Project Marketing team, which markets new-build properties in London to our global clients, our buyers are largely the same as before the pandemic with a strong Asian and Middle Eastern bias. Since March, we've seen slightly weaker enquiry numbers from Singapore, but this has been offset by interest from Hong Kong buyers, who are now benefitting from a 35% discount on 2014 prices in London once currency and market movements are allowed for. Hong Kong buyers now represent the fifth largest foreign investor in central London (after Chinese Mainland, the US, India and Russia).

Post the pandemic, I expect London's appeal will increase as buyers seek a transparent property market offering a high degree of liquidity, good transport links, an excellent education system as well as strong tenant demand and a good quality of life, attracting both investors and owner-occupiers.

WHERE NEXT? FIVE TRENDS TO MONITOR

We look at some of the nascent trends emerging as a result of the pandemic

01.

A CHANGING TAX LANDSCAPE

The property market landscape is permanently shifting, the next few years, however, could bear witness to major changes. Taxes, visa incentives and foreign investment rules are set to change as economies look to bolster public finances after announcing unprecedented levels of fiscal stimulus.

Change is already afoot. Part of the left-leaning coalition government in Spain has mooted changes to its Wealth Tax, Portugal has tweaked its Non-Habitual Residents Tax, the UK is reviewing its Capital Gains Tax, Chinese buyers face higher taxes on foreign income and overseas buyers in Australia face a longer application process.

02.

A REPRIEVE FOR AIRBNB?

In a post-pandemic world, with tourists preferring self-contained holiday rentals rather than hotels with large communal spaces, and with policymakers keen to reignite their tourist industries and reinvigorate their economies, it is possible there may be something of a truce between authorities and platforms such as Airbnb and its landlords. The limit on the number of nights a home can be let will persist in major cities, but we may not see new restrictions pursued with as much vigour in the coming months.

03.

BLURRED LINES – PRIMARY & SECONDARY HOMES

The line between main residences and second homes has become distorted during the lockdown. With children being home educated and parents working remotely, some homeowners have spent longer in their second home during lockdown than their primary residence.

This period has highlighted their improved productivity, the benefits of no commute and more family time, prompting some to consider a shorter working week in the office – perhaps three days instead of five. The affinity with the office and urban living remains, with many retaining their city base, but whether in Geneva, Singapore, or New York, the attraction of a larger home in neighbouring Evian, Sentosa Cove or Long Island looks set to increase in the short to medium-term.

04.

DEBT WILL BE CHEAP BUT HARDER TO COME BY

Already the norm in Switzerland, Japan and the Eurozone, negative rates could extend to the UK and the US providing further stimulus for housing markets as paltry savings rates heighten property's appeal as an investment choice.

Although debt will be cheap, we are already seeing lenders take a more cautionary stance, ramping up loan-to-value rates. This means some highly

leveraged individuals may be considered too high a risk by some lenders, and for first time buyers, the affordability challenge will be less about the price-to-income ratios and more about how to save a larger deposit, potentially keeping them in the rental market for longer.

In the long-term the good news for first time buyers is that governments seem committed to expediting planning systems and pushing ahead with regeneration projects suggesting pockets of new supply may slowly emerge.

05.

DIGITALISATION WILL SPARK MORE VISA AND WORK INCENTIVES

The coronavirus has accelerated digitalisation, enabling millions to now work from home and authorities are moving fast to capitalise on this trend. From the US to Japan, stopping off in Barbados and Italy, governments and local councils are announcing new laws and initiatives to help boost their economies post-Covid-19 and repopulate their towns and villages to counteract decades of urban migration.

Barbados has launched a 12-month welcome visa to encourage remote workers to base themselves from the Caribbean island, whilst the city of Savannah in Georgia, US, is offering up to \$2,000 to cover relocation expenses for remote tech workers who move to the area for at least a year according to the World Economic Forum. We expect more rural and second home markets to follow suit.

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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