Global Buyer Survey 2021

The Philippine Edition

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KEY FINDINGS

PENT UP DEMAND

40% of local respondents have moved houses since COVID-19 began, primarily driven by the need for outdoor space downsizing and access to better amenities.

A BREATH OF FRESH AIR

85% of Philippine respondents have moved houses since the pandemic, with **33%** needing more outdoor space. **64%** expressed the importance of energy efficiency in their future home.

CHANGING LOCATION PREFERENCES

40% of the respondents who are more inclined to move within the next 12 months after the survey said they are looking to do so to the suburbs, while 33% said to the city.

INTRODUCTION

The pandemic has inevitably influenced the decisions of high-income earners in the Philippines with regards to their homes for the next 12 months. Our Global Buyer Survey – The Philippine Edition, which explores local themes from the global edition of over 900 international and mostly high-income respondents, shows pent-up demand for new and second homes and a preference for low-density environments and wellness-related features such as air quality and green spaces. Qualities that were once nice to have now command preferential interest among buyers.

The results also suggest a shift of preferences among high-income respondents. There is a growing interest for the suburbs, although the city is still ideal for some buyers. Interestingly, health and wellness location features have increased in importance, while convenience-related location factors are seen as less important. These preferences may be caused by a myriad of reasons, such as the increasing adoption of remote and hybrid work setups and the fear of crowded places. It remains a question whether this shift will continue in the medium to long term.

Overall, these findings suggest that the demand for homes remain but it also continues to evolve in light of the pandemic. These themes form the highlights of this year's report.

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The Asia-Pacific Supplement

The Global Edition

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 both the global and Asia-Pacific region. In this report, we are zooming in on the residential buyer market of The Philippines.

FIG 1. **WHERE THEY LIVE**

% of respondents

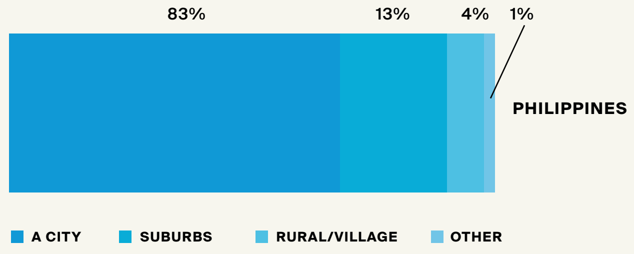


FIG 2. **AGE OF RESPONDENTS**

% of respondents

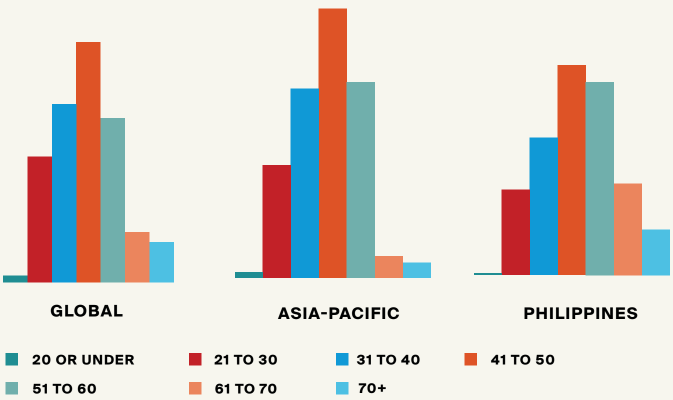
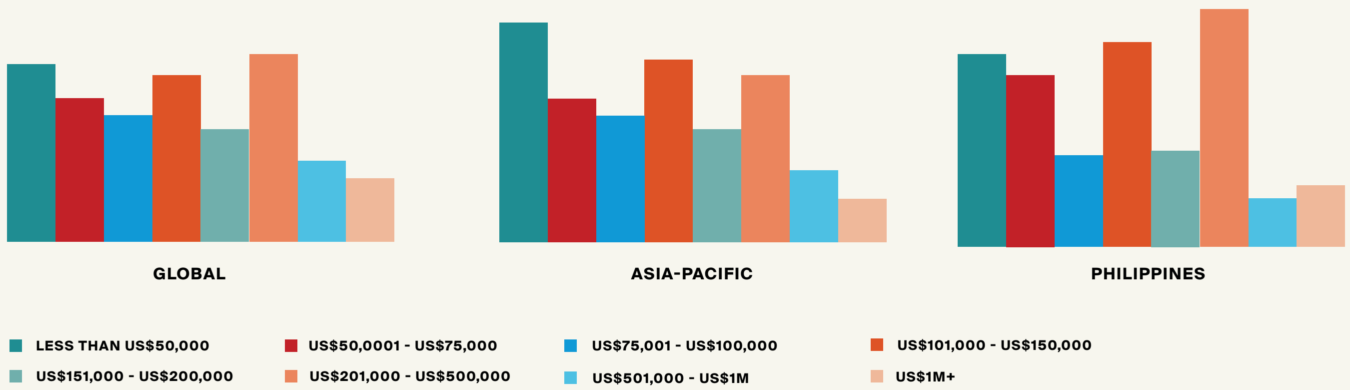


FIG 3. **WHAT IS YOUR APPROXIMATE HOUSEHOLD INCOME PER ANNUM?**

% of respondents



PENT UP DEMAND

Philippine respondents have moved homes during the pandemic and are more likely to buy a second home. One in every 3 says travel restrictions have not influenced their purchase plans, while 1 in every 2 says budgets have not changed.

While a small number of respondents in Asia (14%) and the world (19%) have moved to new houses during the pandemic, this was not the case for respondents in the Philippines. In fact, an overwhelming majority (85%) of local respondents have said that they moved houses since COVID-19 began, a decision that was primarily driven by the need for outdoor space (33%), downsizing (17%), and access to better amenities (17%).

Travel restrictions have also had its effects on home-buying decisions for some buyers. One in every four local respondents said their decision was delayed due to travel restrictions, while 28% said restrictions have influenced the location where they want to purchase.

However, a number of respondents remain unaffected. It must be noted that 81% of survey respondents earn more than USD 50,000 annually, a cohort that has shown resilience in their demand for property during the pandemic and who have the ability to move between locations with much greater ease.

In fact, one in every 3 respondents said travel restrictions have not influenced their home-buying plans at all. Close to half of the local respondents said there was no change in their budgets since the start of the pandemic. Upgrading the family's primary residence is the main motivation for buy a next house, according to 35% of local respondents. This is followed by downsizing or retirement (19%). These choices may be a reflection of the age group where half of the respondents belong to. Segregation by age group also indicates that 50% of the respondents are between 40 to 60 years old.

Interestingly, the results further reveal the interest for second homes. Local respondents are more likely to purchase a second home (41%) than the average in Asia (27%) and the world (33%). After more than a year of experiencing travel restrictions, respondents see second homes not only as an investment but also – and as important – a private destination and accessible place of rest.

FIG 4. **MOVING PLANS**

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

% of respondents

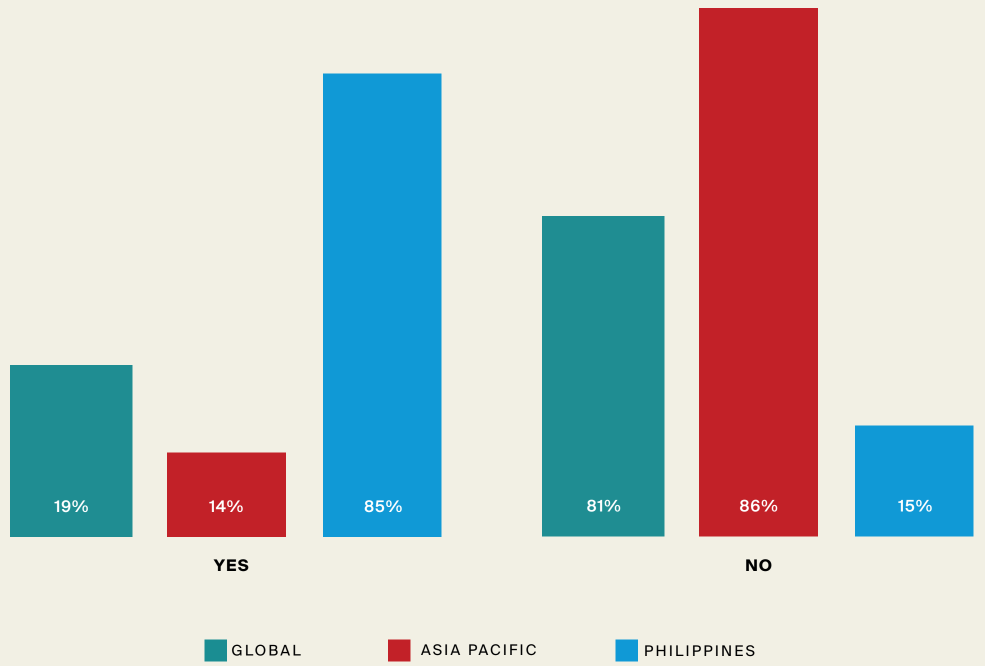


FIG 5. **REASONS FOR MOVING**

Q. If yes, why did you move?

% of respondents

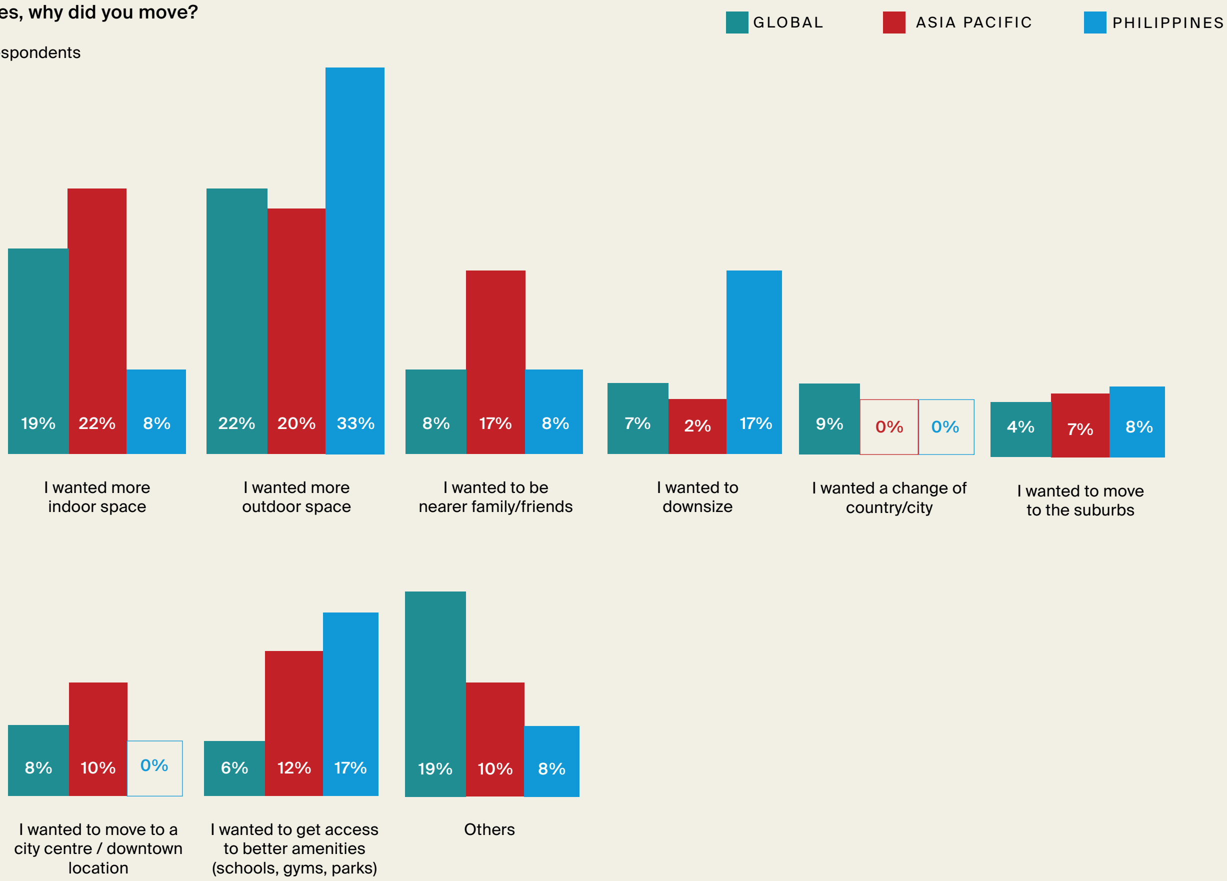


FIG 6. **MOVING PLANS WITHIN THE NEXT 12 MONTHS**

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

% of respondents

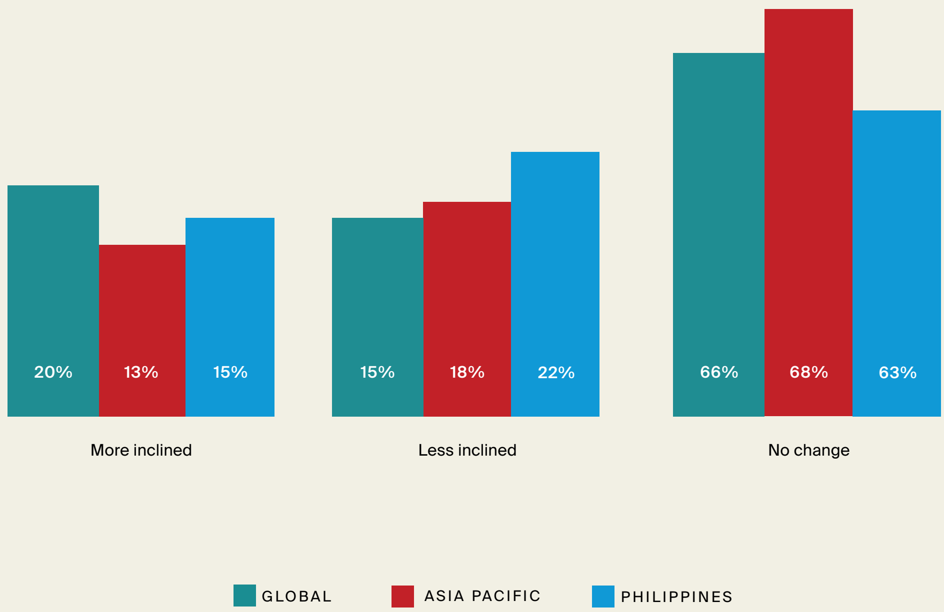
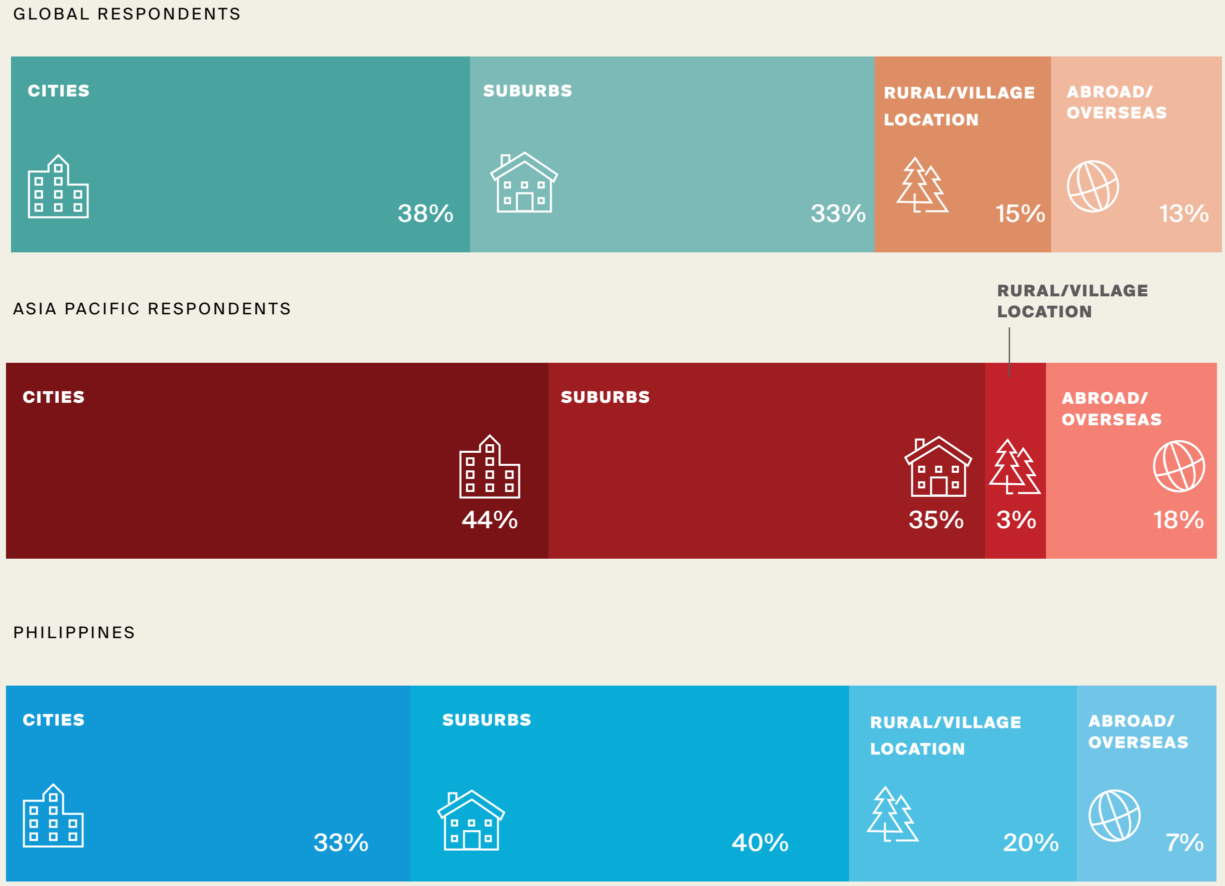


FIG 7. **MOVING PREFERENCES**

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

% of respondents



*For global respondents, 1% said other locations

FIG 8. **BUYER MOTIVATIONS**

Q. When buying my next house, my main motivation will be...

% of respondents

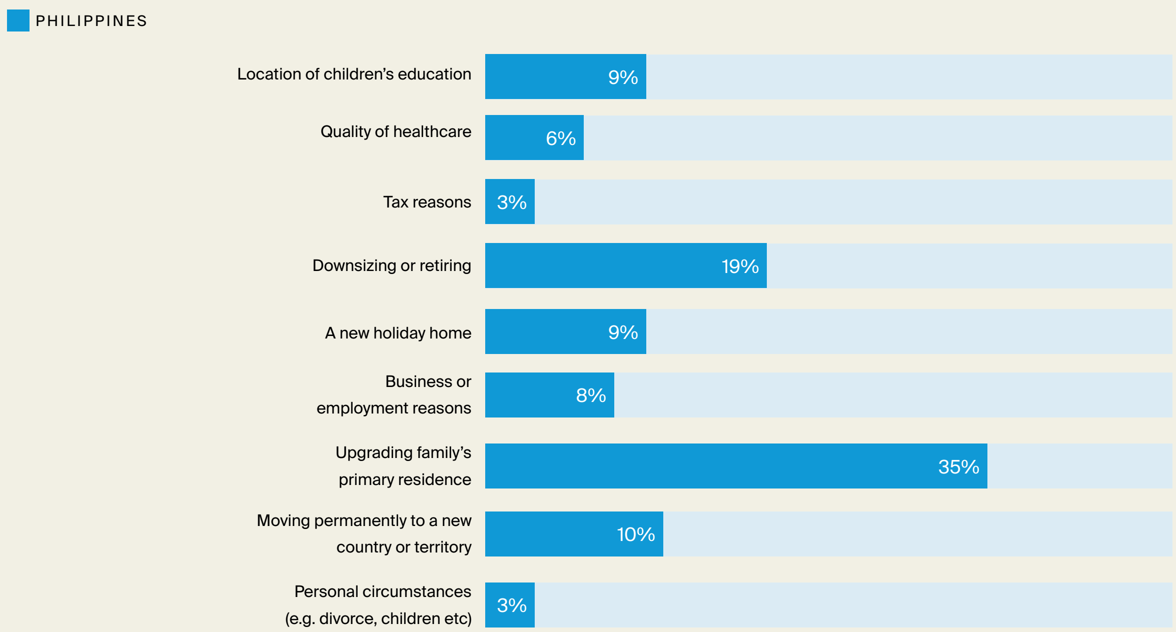


FIG 9. **BUDGET UNCHANGING**

Q. How has your budget changed since the start of the pandemic?

% of respondents

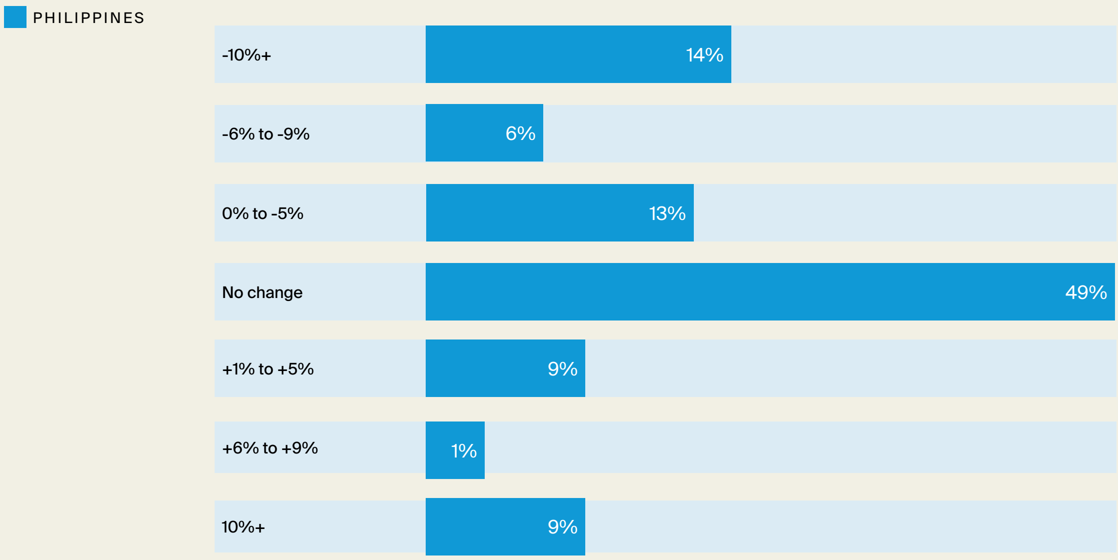


FIG 10. **BUDGET UNCHANGING**

Q. Has the pandemic made you more or less likely to purchase a second home?

% of respondents

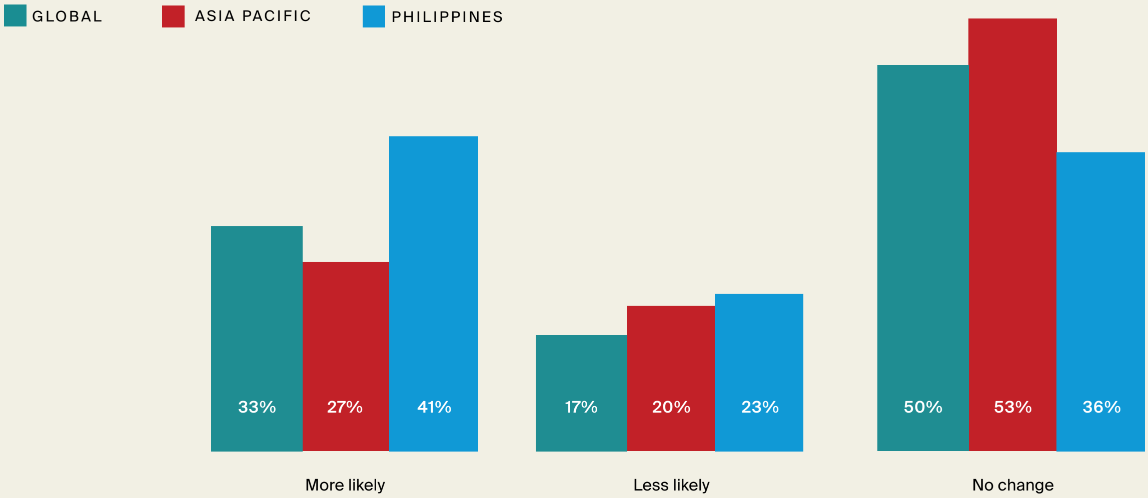
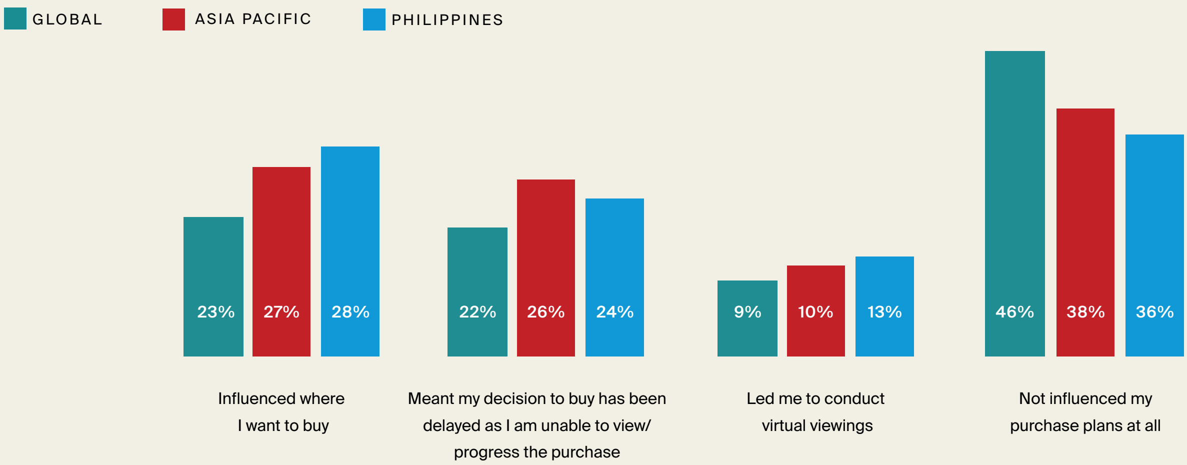


FIG 11. **IMPACT OF THE PANDEMIC AND TRAVEL RESTRICTIONS ON HOME PURCHASE**

Q. Since the start of the pandemic, travel restrictions have...

% of respondents



A BREATH OF FRESH AIR

Green space, air quality, and access to healthcare have become more important.

The pandemic has shifted the preference of buyers on the type of residential property they want to live in. One in every three local respondents said they are more likely to move to a detached home or villa, while there is growing interest on waterfront residences (23%). This finding goes hand in hand with the survey's result about the growing interest on living in the suburbs.

Functional property features have grown in importance due to the pandemic, namely access to high-speed broadband (13%) and a home office/study (10%), while a number of health and wellness-related features such as outdoor space (10%) and wellness and well-being amenities (10%) have also been identified.

In terms of location features, local respondents said proximity to green space (17%), good air quality (17%), access to good healthcare (16%) and good views (12%) become more important for home considerations. All of these affect the health and wellness of residents – a finding that supports the notion that quality of living has increasingly become a vital consideration in selecting one's next home over the next 12 months.

Interestingly, majority of local respondents have also expressed interest on greener homes although a significantly low number are willing to pay more. According to the survey, the energy efficiency of a future home is either very important (64%) or important (30%). Nearly four in 10 local respondents prefer a greener home and are willing to pay more for it, if required, while 26% said they will buy an energy efficient home if future environmental regulations impact the value of their property.

FIG 12. **THE TYPE OF PROPERTY THAT BUYERS PREFER IN THE FUTURE**

Q. How has the pandemic influenced the type of property you would want to live in in the future?

% of respondents

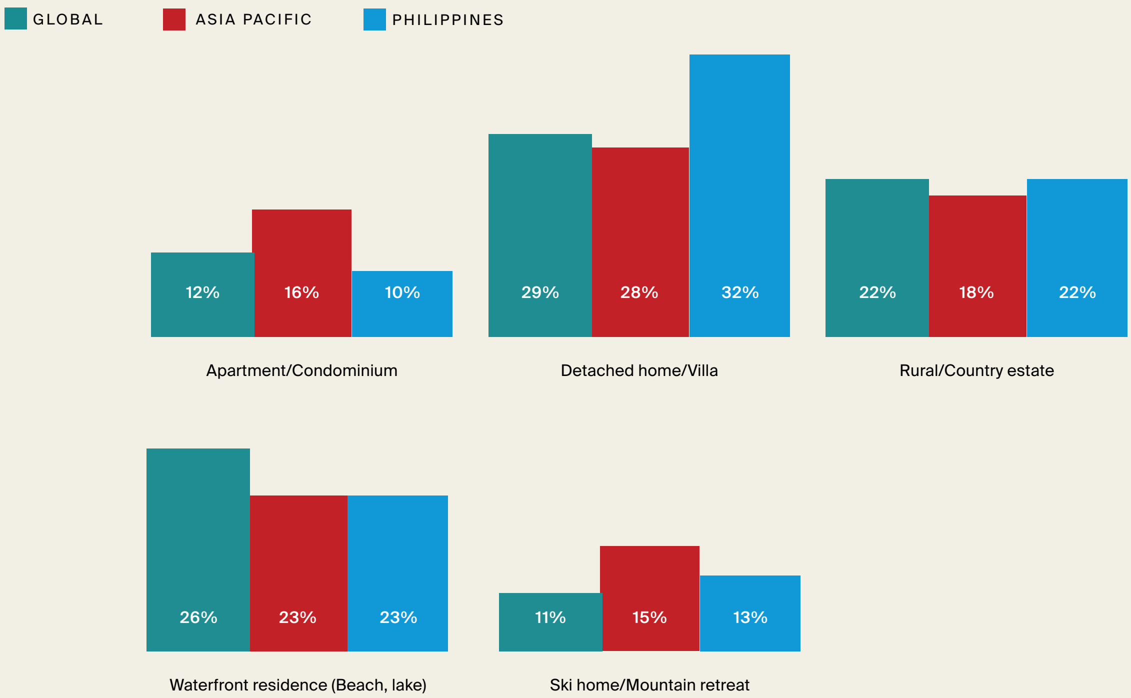


FIG 13. PROPERTY FEATURES THAT IMPACT BUYER PREFERENCES

Q. How important will the following factors be for you when choosing the type of property in which to live once restrictions end?

% of respondents who said more important

	PHILIPPINES
More indoor space	6%
More outdoor space	10%
A home study/office	10%
A home gym	8%
Views of nature (ocean, mountain etc)	9%
Annex/accommodation for extended family members	7%
Flexible living/multiple use rooms	9%
Access to high-speed broadband	13%
Wellness & wellbeing amenities	10%
Limited touchpoints (pandemic-conscious design/wireless/ contactless features)	9%
Sustainable design (construction materials & energy efficient)	9%

FIG 14. PREFERRED LOCATION FEATURES

Q. How important will the following factors be for you when choosing where to live once restrictions end?

% of respondents who said more important

	PHILIPPINES
Proximity to green space	17%
Access to good healthcare	16%
Walking distance to work	10%
Proximity to restaurants, gyms, retail and cultural amenities	11%
Good air quality	17%
Good schools	10%
Good views (ocean, mountain, skyline etc)	12%
Walking distance to a public transport hub	7%

FIG 15. ENERGY-EFFICIENT HOME

Q. Thinking about a future purchase, how important is the energy efficiency of a home to you?

% of respondents

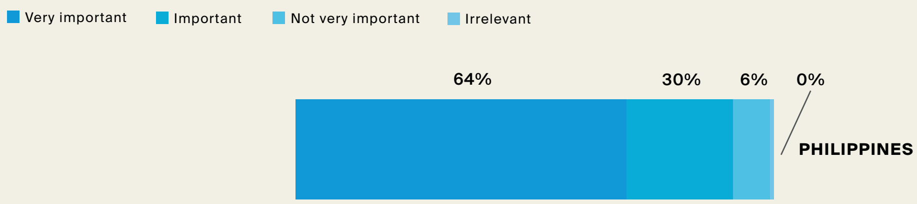
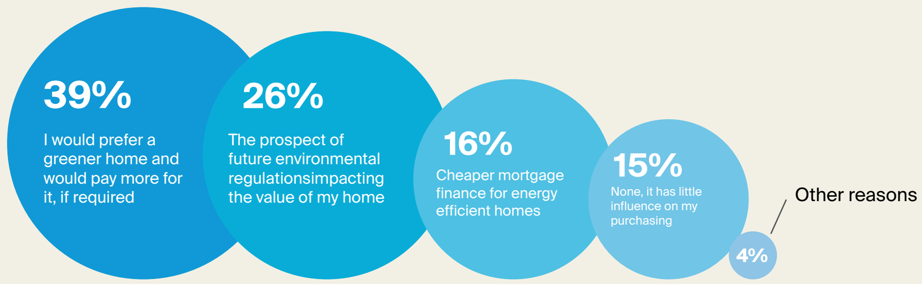


FIG 16. BUYERS PREFER GEARING UP FOR FUTURE ENVIRONMENTAL REGULATIONS

Q. What factors would lead you to buy a more energy efficient home in future?

% of respondents



CHANGING LOCATION PREFERENCES

Health and wellness location features have increased in importance. Expectations that hybrid work will continue have affected buyers' location preferences

Among Philippine respondents who have not moved but are inclined to do so over the next 12 months, 40% prefer the suburbs. The city remains important, with 33% saying they prefer to live here. Across Asia, the city is still the preferred location for new homes (44%), followed by the suburbs (35%). Indeed, Santos Knight Frank has noted an increase of inquiries for areas in the outskirts of Metro Manila, including Laguna, Cavite, Batangas, Bulacan, and Pampanga and also high-elevation cities Antipolo and Tagaytay. Infrastructure developments such as the MRT-7 line, Mega Manila Subway, and Skyway Stage 3 all promise improved mobility between Metro Manila and its outskirts.

The pandemic is dubbed one of the biggest experiments in the world of work of recent times, with many organizations shifting remote and hybrid work setups. Local respondents still expect these new setups of work to continue. Around 45% of them said they only expect to commute between one and three days to the office every week after restrictions have been lifted, while 25% anticipate a full return to the 5-day work week. This is quite expected as 50% of respondents are between the ages 40 and 60 years old – an age cohort that already includes decision-makers and owners of companies who have wider flexibility on their work schedule.

The pandemic and its wide-ranging effects on work and personal lives have likely contributed to the changing preference in terms of location. Health and wellness location features (green space, air quality, and good views) have increased in importance, while convenience-related location factors are seen less preferentially when respondents were asked about these factors' importance in choosing where to live once restrictions have been lifted. More specifically, 24% of respondents said walking distance to work and transportation hubs have lessened in importance, while 20% said the same for proximity to commercial establishments such as restaurants, gyms, retail, and cultural amenities.

Beyond the shifts in the world of work, it is clear that the pandemic has also increased people's vigilance in crowded spaces and shifted preferences in low-density environments. Thus, it is unsurprising that the detached houses/villas and the suburbs, both of which could offer the desired greenery and space, have grown in popularity among buyers. It remains however to be seen whether these preferences will remain permanent as the improving national vaccination rate draws the pandemic to an end.

FIG 17. **PROXIMITY TO WORK, LIVE, AND PLAY, AND PUBLIC TRANSPORT HUBS DEEMED "LESS IMPORTANT" WHEN CHOOSING WHERE TO LIVE**

Q. How important will the following factors be for you when choosing where to live once restrictions end?

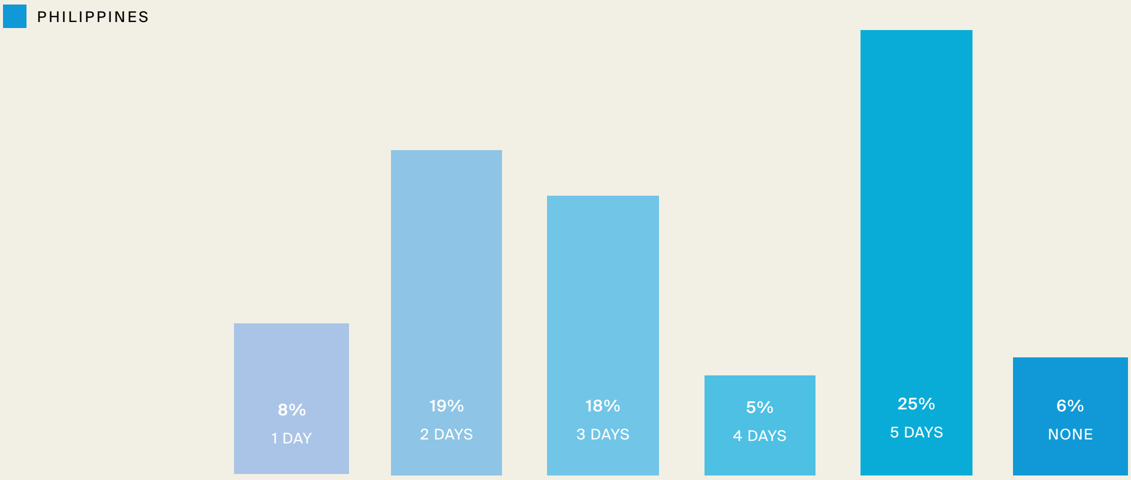
% of respondents

	PHILIPPINES
Proximity to green space	3%
Access to good healthcare	3%
Walking distance to work	24%
Proximity to restaurants, gyms, retail and cultural amenities	20%
Good air quality	3%
Good schools	13%
Good views (ocean, mountain, skyline etc)	11%
Walking distance to a public transport hub	24%

FIG 18. **PREFERENCE FOR A HYBRID WORK SETUP**

Q. If you work in an office environment, how many days a week do you envisage commuting to the office once all restrictions have been lifted?

% of respondents

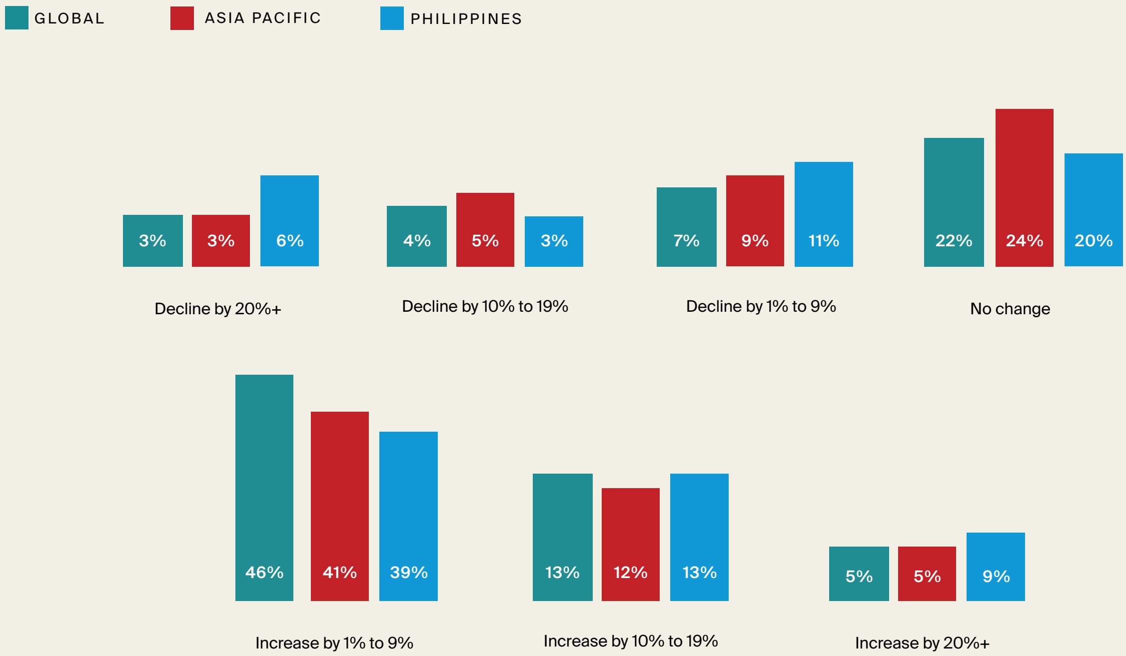


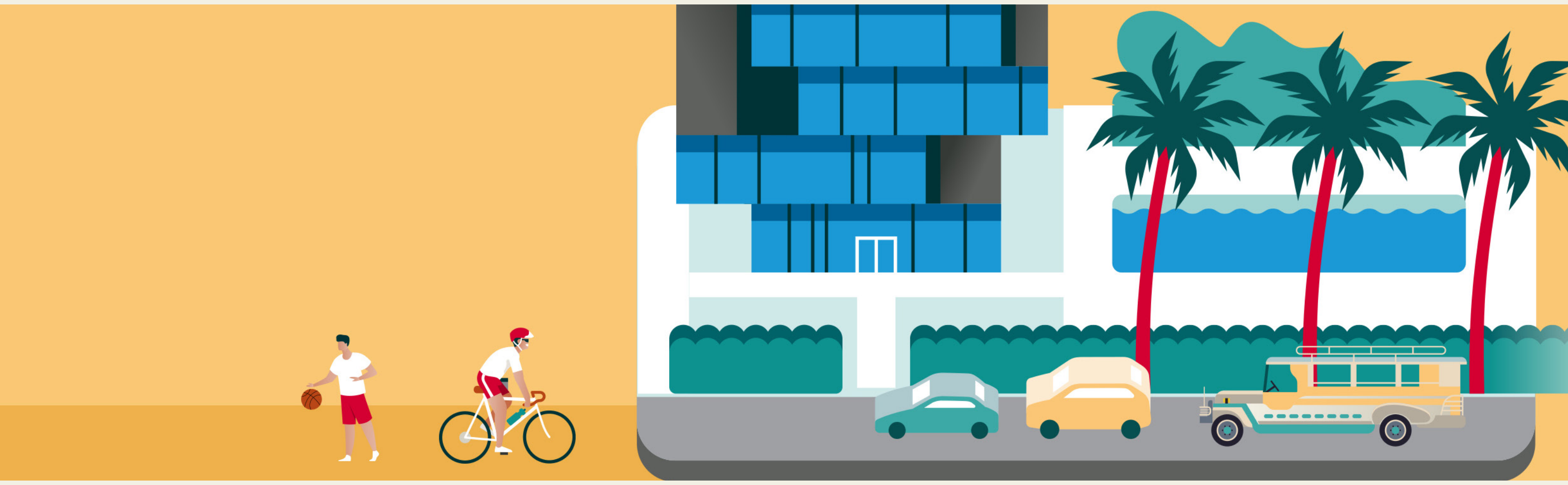
*20% said the question is not applicable

FIG 19. **PROPERTY PRICES AND WORK PLANS: 1% TO 9% PROJECTED INCREASE OF PRIMARY RESIDENCE**

Q. How do you think the value of your primary residence will change in the next 12 months?

% of respondents





EXPERT PERSPECTIVE:

BUYING HOMES KNOWS NO PANDEMICS

Marievie Gimena-Villanueva
Associate Director, Residential Services
Marie.Gimena@santos.knightfrank.ph
Connect on LinkedIn

The most common question during the pandemic is about timing. When is the best time to buy? The question must be: Where?

Despite the economic slump and the rampant lockdowns caused by the pandemic, the residential market showed persistence as the introduction of new projects and buyer reconsiderations have ignited new market activity. Developers have shifted their focus in upscale subdivisions and condominiums in provincial areas close to Metro Manila.

Residential is the new office

The shifting preference for acquiring new or secondary homes is brought about by the accelerating trend of the hybrid or remote work setup that companies have implemented since the onslaught of COVID-19 until further notice, or maybe forever. The hybrid work setup has been around for years, not everyone was keen to it then, and now it's the only choice for everyone to adapt. It is proven effective, has prevailed, and has since become part of the buyer's portfolio.

The demand for house and lots will continue to grow. Our team has focused more to cater to this demand in the last two years of the pandemic. There is a stronger preference in the upper market for less dense areas with greener and open spaces in the suburbs in Sta. Rosa, Cavite and elevated places in Tagaytay and the Batangas coast, with people and families prioritizing health and wellness features, and realizing the safety, security, and exclusivity it brings, and wanting to create a "better normal" in the long term, some place they actually call home.

The city is not dead

While there is the shifting preference to the outskirts and provinces, the city remains ideal for some buyers who prefer to be at the center of everything. We anticipate a gradual rebound for condominium sales in the next year. New infrastructure is key to this, such as the new MRT-7, CALAX, Santa Monica-Lawton Bridge that promises better interconnectivity within and around Metro Manila, along with much-improved roads that accommodate traffic more efficiently.

Another factor being the country-wide vaccination, in which the government has projected around 70-90% people in the country to have become vaccinated by the end of 2021. This should increase the confidence of the people who still prefer the convenience of living in the city as high vaccination rate promises to return some pre-COVID-19 activities.

What's waiting for buyers and investors?

If you have been considering making that next move, I'd say now is the time while developers are more flexible with their payment terms. Property is still one of the most stable asset classes for investing. In fact, according to the Global Buyer Survey: The Philippine Edition, 39% of owners expect the value of their property to increase between 1-9% over the next 12 months, a reflection of the confidence in the stability and growth potential of property values.

For investors, take heed and advantage of the new projects in infrastructure as this will likely affect the value of properties and your investments. After the Elections in May 2022, we expect more developments to happen and developers are keeping up to par. Decentralization is very much along the way. Developers are paving the way for more opportunities outside the cities, adapting to the demand, and using their best practices to create better communities for everyone.

EXPERT PERSPECTIVE: THE ROLE OF HEALTH AND WELLNESS IN PROPERTY CONSIDERATION

Andrew Frondozo
Head of Project Management
Andrew.Frondozo@santos.knightfrank.ph
Connect on LinkedIn

Choosing a home should be beyond aesthetics, and more towards its contribution to one's overall wellbeing

The Philippines' high-end residential market is dynamic. If there is anything that has changed, it is that the pandemic situation has massively affected the buyer's choice and portfolio. Health and wellbeing are now in the front seat in purchase considerations and I believe the health and wellbeing factor is here to stay for a long period of time. For instance, there is an increase in appetite for green and open spaces, suburban homes, and beach homes miles away from Metro Manila, as reflected in the global and Asia-Pacific market at large. There is now a heightened need for open spaces, improved infrastructure, and sustainable architecture built around the "perfect conditions".

Now, I would like to share these "perfect conditions" that should be in your consideration when purchasing your new home:

1) **Clean and green.** Consider a home where you have a place to actually breathe in fresh, clean air when you take a walk outside and jog. It is the free prescription for a healthy, COVID-free respiratory system.

2) **Connectivity.** Stay connected even when you and your family are physically secluded. Make sure that your prospect home area is not located in a "dead spot" so you can easily be in touch with colleagues, other family members, important stakeholders, and emergency contacts in town.

3) **The 15-minute city.** It is much more important now to have easy and fast access to essential facilities such as hospitals, rehabilitation centers, drug stores, supermarkets, and places of worship. This increased realization is no longer for the middle-aged or the elderly, but for younger people even. Cities outside of Metro Manila have been emulating master planned city complexes where everything they need can be reached within a 15-minute drive. Examples in the South are some cities in Batangas; Bulacan and Rizal in the North East.

4) **Sustainable design.** Bring the "outside to inside" bahay kubo vibe in terms of having excellent ventilation indoors that encourages inside circulation. Make it a simple habit to open your windows in areas of your home to replenish indoor air. Consider bigger glass windows, neutral and lighter color palettes, and energy-efficient lighting fixtures for a fresher interior atmosphere.

Advice for buyers and investors

Summarizing this comes down to one word: better. Better living, better circumstances, better timing that starts now. The demand for well-conditioned properties has grown significantly because of the pandemic. If you already have the capacity and the desire, consider your options now while landlords and developers are still flexible with their terms, and infrastructures and thoroughfare are fairly new.

Get to know the potential of a location of your next or second home. Does it carry those perfect conditions? It could be being located by beautiful beach, delightful views, and the exclusivity it gives them and their family.

Consider also the development potential of the area. Think three to five years from now. If you are located in a semi-remote area, will it give rise to essential commercial and recreational facilities? And if you are in a busy area, will future developments pave the way for better accessibility?

Ultimately, the home you should consider now is a place where you can have the best of both worlds; where business and pleasure can coexist harmoniously.

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Rick Santos
Chairman & CEO

Jan Custodio
Head of Research & Consultancy

Kash Salvador
Head of Investment & Capital Markets

Andrew Frondozo
Head of Project Management

Marievie Gimena-Villanueva
Associate Director, Residential Services

Mabel Luna
Head of Valuations & Appraisal

Dennis Nolasco
Executive Director, Facilities & Property Management

Krista Mendoza
Manager, Asset Management Services

Santos Knight Frank is the first and largest fully integrated real estate services company in the Philippines. Founded by Rick Santos in 1994, he has grown the business to 11 market-leading service lines and over 1,400 professionals across the country. Santos Knight Frank is responsible for more than 4 million sqm of office space transactions, including the largest office leasing deal in Philippine real estate history, and today manages 20 million sqm of property.

The company is part of the **Knight Frank** global network. Founded in 1896, Knight Frank LLP is the leading independent global property consultancy. Headquartered in London, Knight Frank has more than 16,000 people operating from 384 offices across 51 territories. The Group advises clients ranging from individual owners and buyers to major developers, investors and corporate tenants.

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For a private consultation about the report or your property, contact us.

Email: pr@santos.knightfrank.ph
Call: +632 7752 2580 or +63 917 874 3532