


REPORT
Savills Research

Savills Global Residential Agent Sentiment Survey

December 2022



In the wake of the Covid-19 pandemic, the residential property markets experienced a boost from people who had reassessed their needs for their homes. Work and lifestyle habits have adapted and this has caused a rise in demand for properties with certain characteristics. This increased activity across both city and country locations continued through the first half of 2022; however, economic headwinds are beginning to have an effect on sentiment and buyer activity levels in some markets while others show no signs of slowing.



ABOUT THE SURVEY

Savills Global Residential Agent Sentiment Survey is designed to provide insight into the residential property markets globally through the expertise of the Savills Global Network.

The survey was conducted from 1st to 8th November 2022. Respondents to the survey include agents from Antigua, Australia, Bahamas, Barbados, Cayman Islands, China, Croatia, Cyprus, Czech Republic, Egypt, France, Germany, Greece, Italy, Japan, Malaysia, Mauritius, Montenegro, Oman, Portugal, South Africa, South Korea, Spain, Switzerland, Turks & Caicos, United Arab Emirates, United Kingdom, and Zimbabwe.

Sentiment shift

After the boom immediately post-pandemic, it appears that the speed of growth might be slowing. When asked how their active buyers were feeling about the market in the coming years, the mood is one of caution as some buyers may look to wait out the current uncertainty.

When asked how they are approaching conversations with their buyers currently, given the shift in buyer sentiment to one of slightly **more caution**, many agents reported **stressing the value of property as a long-term investment** along with the **potential for future growth** after this period of uncertainty.



How are buyers feeling for the coming years?



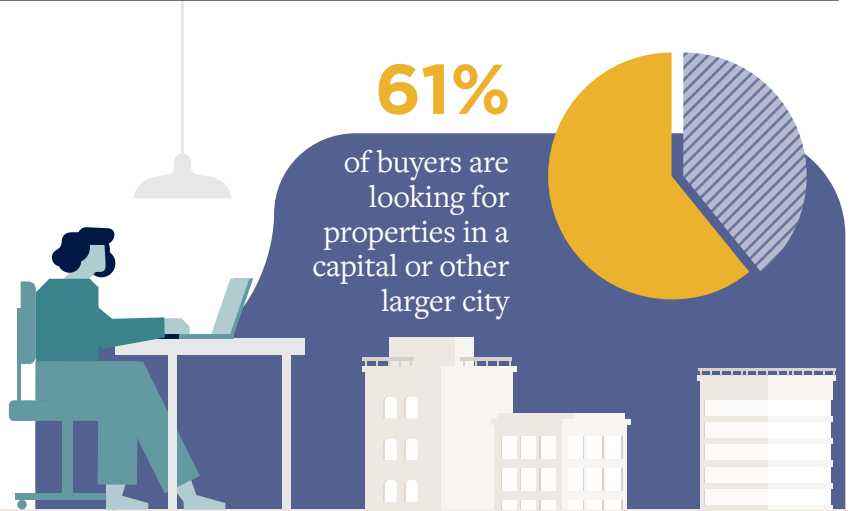
Though some may be looking to **pause their plans in the immediate short-term** because of ongoing uncertainty, it looks likely that many, if not most, buyers will **re-enter the markets once they have had time to absorb the changes**. After a period of time, the current state of affairs will become the **'new normal'** and many prospective buyers will likely feel more comfortable re-entering the market.

What sorts of conversations are you having with potential buyers?

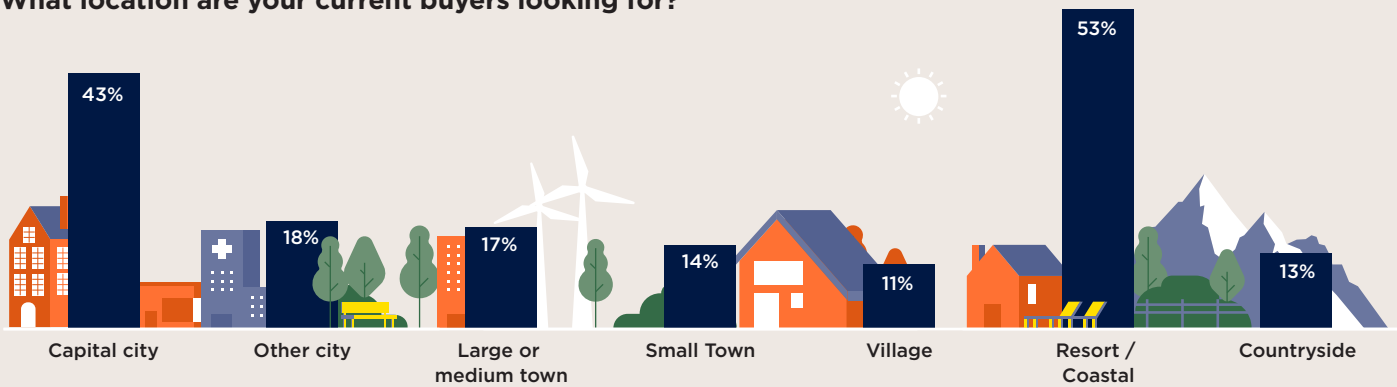


Market matters

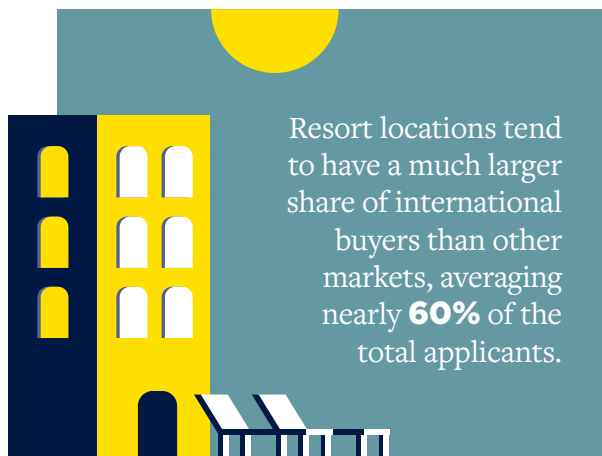
Furthering trends seen in the pandemic, Savills agents reported that an average of two-thirds of their buyers were searching for properties in resort, coastal, or countryside locations, demonstrating that the search for space continues unabated. However, city living is by no means over, our agents report that an average of **61%** of buyers are also looking for properties in a capital or other large city.



What location are your current buyers looking for?



Source: Savills Research Note: Respondents could select more than one option



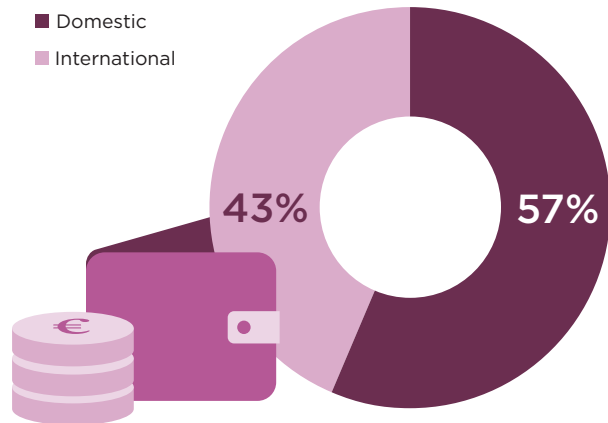
The Savills global network reports that **43%** of their buyers are international.



However, there are some notable outliers where domestic buyers account for more than **90%** of total applicants in locations such as South Africa, Zimbabwe, Egypt, Malaysia, Germany, and China.



Average share of total applicants

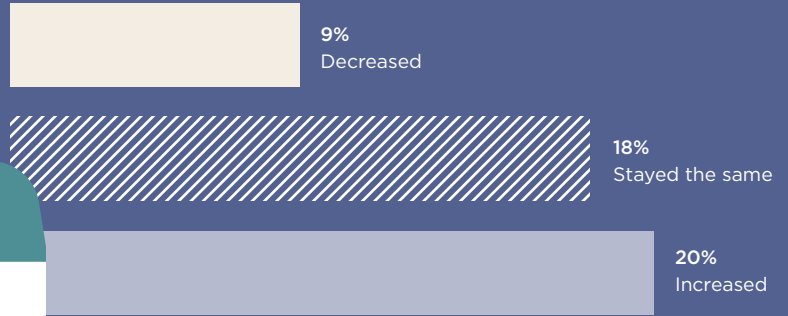


Source: Savills Research

Compared to last year, **over half of the agents surveyed** said the share of domestic buyers has remained the same. An additional **third of agents** reported that **the share of domestic buyers had increased**. When asked about the share of international buyers compared to last year, the split is much more even. **42%** of agents said they were seeing more international buyers. A further **38%** of agents said the share of international buyers had remained the same from last year.



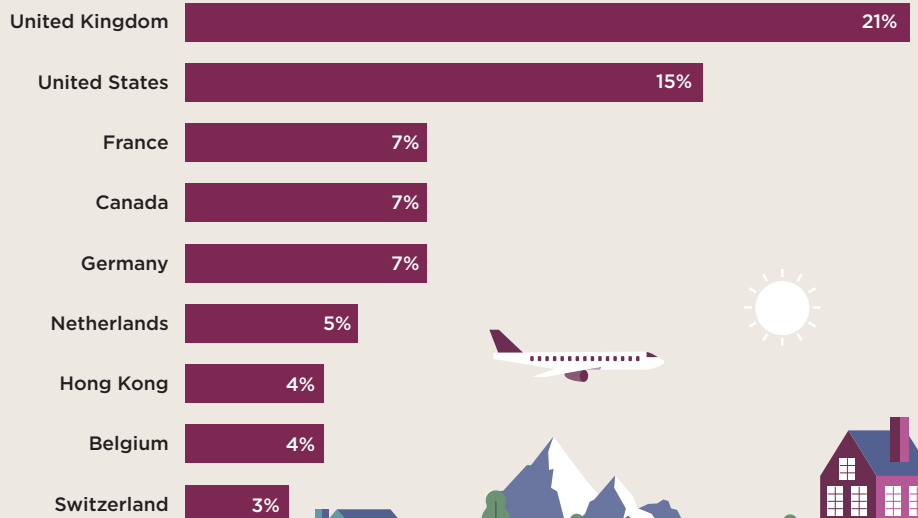
How has the number of international buyers changed compared to this time last year?



Source: Savills Research

When asked about the source countries for their international buyers, **the United Kingdom and United States were the most frequently cited**, followed by many continental European markets, such as France, Germany, and the Netherlands, along with Canada and Hong Kong.

Top international buyer source countries



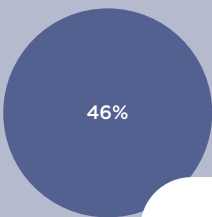
Source: Savills Research



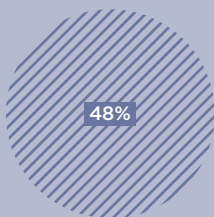
All of the markets surveyed were open to foreign buyers, at least to some degree. 46% of the agents reported working in areas with no restrictions on foreign purchases and an additional 48% reported only limited restrictions to foreign buyers.

How open is your market to foreign buyers?

Completely open
(foreign buyers and domestic buyers are not viewed differently)



Open, but with a high level of restrictions on foreign buyers



Open, but with a low level of restrictions on foreign buyers

Source: Savills Research



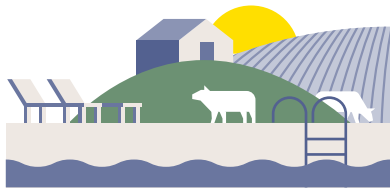
Value proposition

The past year has seen global property markets benefit significantly from the race for space and many government incentives designed to boost home sales. This activity has increased property values worldwide.



Of the agents surveyed, **66%** reported that property values in their markets had increased by more than 2% with nearly **50%** reporting values in their markets increasing by more than 5% in the last year.

When looking at the most desirable markets during and immediately after the pandemic, such as **resort and countryside locations**



91%



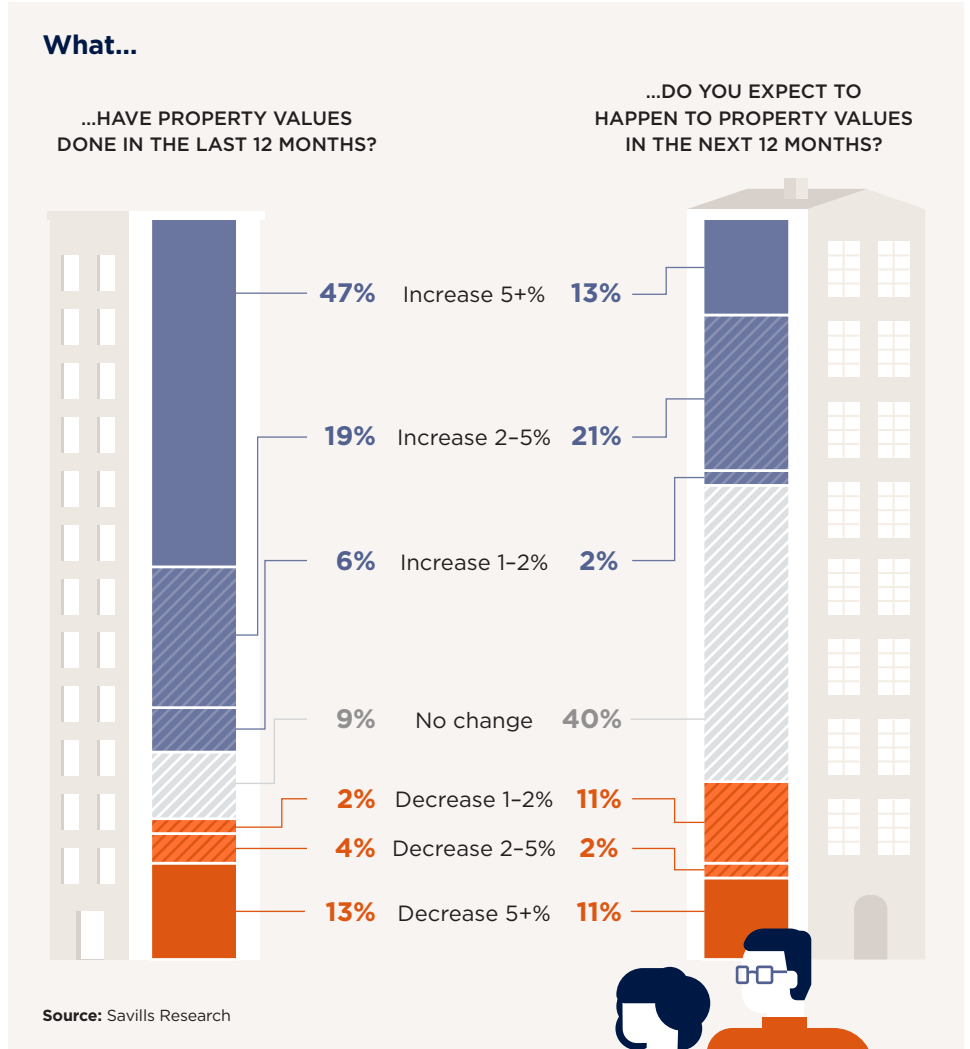
of agents in these markets report annual growth of **more than 2%**

65%



Agents in city markets report much more varied results, with local teams **describing property value increases and falls.**

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Markets anticipating price growth also report **being moderately to severely undersupplied.**



What are the key drivers influencing property values in your market?



Value proposition

Agents are reporting that they largely anticipate property values to remain unchanged over the coming year.

40%

stated that they **didn't anticipate changes in property values** when asked about the next 12 months



A further **23%** said that there could be **moderate price growth of 1%-5%** next year.



Why are buyers putting plans on hold?



Asked if increasing numbers of buyers in their markets were putting plans on hold, the consensus was **'yes'** for the time being. Though the stated underlying reasons varied from worries about **interest rates and mortgages to inflation to political uncertainty, many buyers are examining their plans with caution.**

As global uncertainty continues, it is likely that there could be some slowing in the global property markets.



While buyers may be looking to pause their plans in the immediate short-term because of ongoing uncertainty, it looks likely that **buyers will re-enter the markets once they have had time to absorb the changes.**



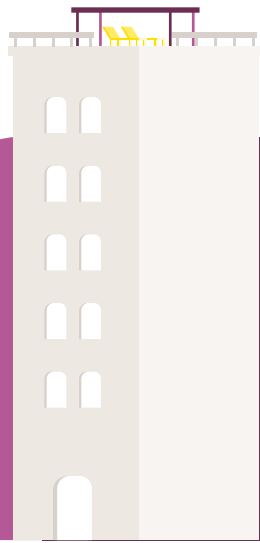
After a period of time, the current state of affairs becomes the new normal. Local agents **remain optimistic** about their market fundamentals and that their buyers, especially those in the **prime market-segment, will soon resume their activity after a short pause.**



Size (and amenities) matters

Across the Savills network, regardless of market, agents report that the race for space continues and that many of their buyers are looking to upsize their main residences, with an average of **27% of buyers looking to upsize.**

Agents report that second homes and investment properties remain desirable for buyers as well.



Hybrid living – spending longer in second homes and turning them into true secondary residences – appears to be a real lifestyle shift in the wake of the pandemic, rather than a passing trend.

An average of

38%

of buyers are looking for second homes and

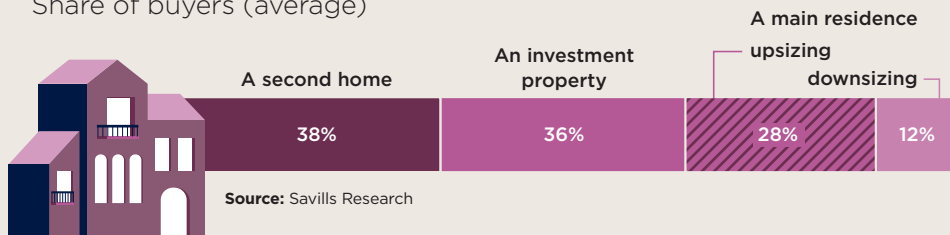
36%

of buyers are looking for investment properties.



What type of property are your current applicants looking for?

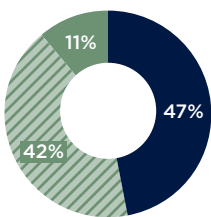
Share of buyers (average)



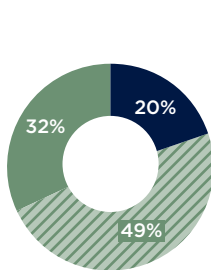
Compared to the same time last year, agents report very little change in buyer preferences for the types of properties they're searching for. However, when compared to 2020 or pre-pandemic, for those looking for an investment property or second home, **more than 40% of agents report that there are more buyers in their markets looking for these sorts of properties.**

How has the type of property your applicants are looking for changed compared to prepandemic?

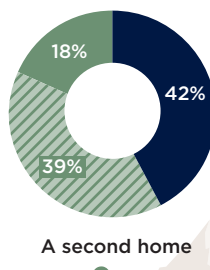
■ Increased ■ Stayed the same ■ Decreased



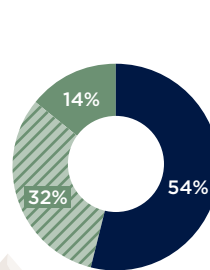
A main residence - upsizing



A main residence - downsizing



A second home



An investment property

Source: Savills Research

In a marked difference from trends seen during the Covid-19 pandemic, agents are reporting that the top attribute for many of their buyers is ease of access to a city or to other amenities, with

44%

of survey respondents listing **connectivity** as the first or second most important attribute for their buyers.



However, the desire for space (in all its forms) hasn't gone away.

Outdoor spaces in the form of a garden or terrace were the second and third most important attributes for buyers, followed by the desire for additional bedrooms and parking.

What are the top 5 attributes your buyers are looking for?

Ease of access to city or amenities



Garden space



Terrace / balcony



Additional bedrooms



Parking

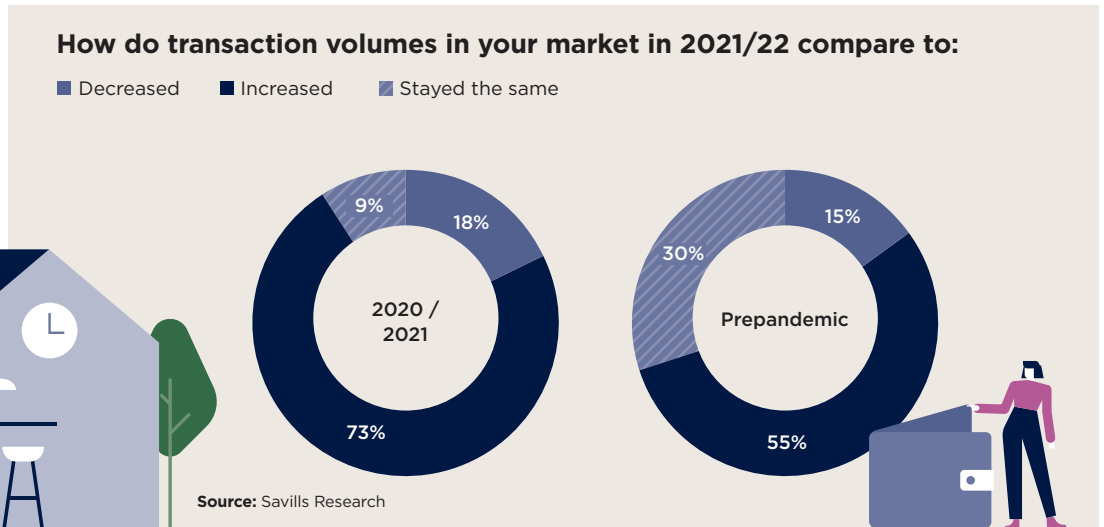


Source: Savills Research

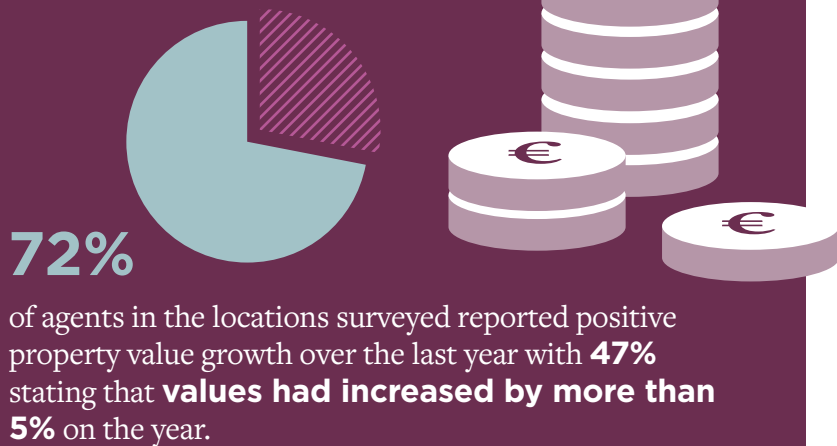
Active markets

Compared to the years of the pandemic, when many global property markets were closed for business, transaction activity has come roaring back.

Over half of agents surveyed state that there are **increased transactions this year** compared to pre-pandemic and **nearly three-quarters have seen more transactions this year** compared to last.



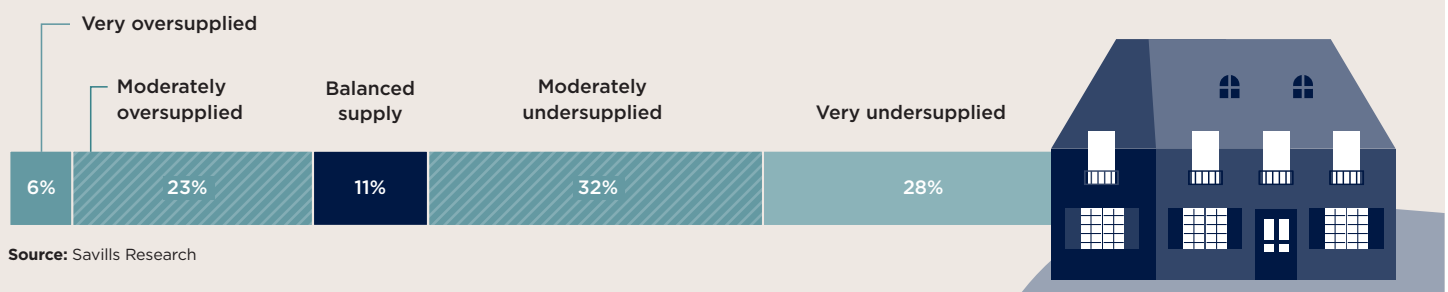
These strong transaction figures have led to increased property values across many markets.



When asked why their markets have seen such strong growth, a **level of demand** that is **outstripping supply** was the key driver for many markets. Agents also reported that their **buyers were interested in properties** with a high perceived value, prime location, and amenities – both within the property and in the local community.



How would you describe levels of supply of for-sale properties in your market?



Outlook

While the current situation has added more caution into global property markets, agents within the network still have a positive outlook. Many report that while buyers in their market might be more cautious, some buyers are remaining active, especially in markets with very limited stock.

Local agents **remain optimistic about their market fundamentals** and that their buyers, especially those in the prime market-segment, will **soon resume their activity after a short pause**. In many prime markets, buyers – especially international buyers – are less reliant on mortgages to finance their property purchases so these buyers will likely continue to look for investment properties and second homes as a perceived store of wealth and hedge against inflation. Pricing in many markets are also **expected to remain stable or post modest growth over the coming year**, underpinned by limited supply of properties for sale in many locations.



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