

## Real estate in Asia: 5 top property trends to watch in 2023

By Sandhya Mahadevan | Jan 19, 2023



**COVER** Avadina Hills by Anantara is a branded residence in Phuket, Thailand, launched by Minor International

**Looking for a new home or property to invest in? These emerging property trends toe the line between cautious optimism, enviable locations, and sociable spaces**

**“T**he pessimist complains about the wind; the optimist expects it to change; the realist adjusts the sails.” These words by late American motivational speaker William Arthur Ward speak to the current mood of the property market and its outlook for 2023. Some of the key trends we will see this year are those that have morphed out of behavioural changes the last two years—where buyers, sellers and markets alike have had to adjust their sails in order to move forward.

The year 2022 witnessed viral variants, interest rate corrections, labour shortages, the ongoing war in Ukraine as well as rising raw material prices, among other factors, that are triggering inflation hikes and an increased cost of living. This general sense of unease directly affects the Singapore property market, says Julian Yip, managing director of Singapore-based real estate agency Realstar Premier Group. “We have seen a slowdown in the number of transactions since the second half of 2022. This will likely continue till the first half of 2023, but will gradually pick up thereafter due to pent-up demand,” says Yip.



**ABOVE** A Good Class Bungalow in Singapore listed by Realstar Premier Group

Knight Frank’s Asia-Pacific Residential Review, however, predicts that the worst may be over: 17 out of 24 cities tracked globally registered positive annual price growth in the third quarter of 2022. This is down from 19 cities in the second quarter of 2022, explains its head of research, Christine Li. “Average price growth for the region also slowed from 5.7 per cent to 2.8 per cent year-on-year, which shows that the housing market here has started to cool after the pandemic boom.”

Micah Tamthai, vice-president of real estate of Thai multinational company Minor International, concurs that the events of the past year have not dampened demand in the luxury segment; the Bangkok-based company has a property arm alongside its core businesses in hospitality, restaurants, and lifestyle. “On the contrary, we seem to be moving beyond some of these headwinds, bolstered by border reopenings and the removal of travel restrictions in key markets such as Thailand, [Malaysia](#) and Indonesia,” he says.

## I. A continued focus on safe havens



**ABOVE** An active residential rental market in prime Tokyo areas continues to make the city one of the most attractive world capitals for real estate investment

Li attributes this status quo to the fact that the investment decisions of ultra-high-net-worth (UHNW) individuals continue to be led by wealth-preservation strategies and safe-haven considerations. According to Knight Frank, compared to 2021, last year saw a sizeable growth in international deals—transacted with a higher capital value—from Asian investors across Singapore, Malaysia, Thailand, Korea, China, and Hong Kong. On top of that, there has been strong interest in residential properties in key cities such as London and New York, as well in Japan and Australia, among others, indicating strong interest in outbound investments.

Li says that the resumption of travel has further lured Asian investors and buyers to international gateway markets. “Despite a tightening of lending regulations around home loans and an increase in foreign investment taxes and stamp duty, international investors still find them relatively reliable and resilient in times of uncertainty,” she adds.

“Real estate prices of luxury and ultra-luxury residences have held up, and in some cases risen significantly, as both developers and buyers take a long-term approach to luxury real estate investment, cautiously optimistic in terms of the prospect of future growth and stronger returns in 2023 and beyond,” agrees Tamthai.



## 2. More interest from overseas buyers



**ABOVE** Singapore is witnessing an ongoing uptick in demand for private residential properties

This influx of foreign professionals will lead to a buoyant rental market in Singapore. Christine Sun, senior vice-president of research and analytics at Singapore real estate firm OrangeTee & Tie, sees that as one of the biggest trends in the coming year.

She attributes the robustness of the market to more higher-income earners moving to these shores. "Singapore has launched the One (Overseas Networks and Expertise) Pass, which will see more foreigners earning a minimum \$30,000 per month able to secure a five-year work pass with a provision to allow their dependants to seek employment. The rental market in the luxury segment may benefit from this change," adds Sun.

Home rents across Singapore have surged by 24 per cent from January to September 2022, after climbing by 10 per cent in 2021, says Lewis Cha, executive director at List Sotheby's International Realty. This bodes well for niche properties such as Good Class Bungalows (GCBs) that are new or nicely renovated; records show that some have been able to secure rental income of over \$100,000 per month.

A similar spike has been observed in luxury apartments with four or five bedrooms, as well as penthouses of over 5,500 sq ft, which have drawn rentals as high as \$60,000 per month. "As a result, some of these owners of luxury homes actually took their properties off the market and decided to rent them for a steady income," observes Cha.

The demand-supply gap in previous cycles led to similar resilience in the Singapore rental market, positioning it as an inflation hedge. Li sees this pattern across the region. "In most markets across Asia-Pacific, pipeline supply is still playing catch-up with rising demand. One exception is Auckland, New Zealand, where supply is estimated to have increased 16 per cent year on year. This has pushed rents lower and made it a tenant's market," she adds.

Homeownership will continue to be high in Singapore, observes Tammy Fahmi, senior vice-president of global servicing and strategy at Sotheby's International Realty, thanks to the concept of wealth transfer that has been picking up pace in recent years. "Many parents are co-signing for their children in order to get them in a home," she says.

However, inventory may continue to be constrained, which will in turn keep home prices steady despite interest rate fluctuations, adds Fahmi. "With hybrid working part of the new normal, people continue to spend time in their homes and second homes—which means they are unlikely to put those homes up for sale anytime soon."

### 3. Continued demand for larger homes



**ABOVE** A Good Class Bungalow in Caldecott, listed by Knight Frank Singapore

The need for space, privacy and the prospect of wealth preservation have underpinned property buys in the past two years, and will be the direction buyers will take moving forward. The shift away from cookie-cutter design towards more bespoke spaces that cater to personalisation will continue in 2023.

In Singapore, this race for space was illustrated by recent investments in Good Class Bungalows (GCBs), a highly-sought after property type in Singapore, says Nicholas Keong, head of private office at Knight Frank Singapore. "Approximately \$3.7 billion has been spent in this segment alone over the two years. UHNW individuals sought out large plots where they could create a family or multigenerational home, with the added ability to create living spaces that offer all the amenities within to suit their lifestyle."

He adds: "These properties are often held within a family for generations, limiting the available supply further. Therefore, it's no surprise this asset continues to appreciate, and is seen by the wealthy as an excellent store of value long term."





**ABOVE** The entertainment room of a penthouse in the V on Shenton condominium in Singapore, crafted by local design firm SuMisura, which continues to see interest in bespoke interiors tailored to each owner's needs

Similar interest has been seen in terrace houses and villas in Sentosa Cove, says Cha. "UHNW foreign investors are attracted to the oceanfront and waterway bungalows, some of which come with berthing facilities for private yachts on the resort island." The fact that Sentosa Cove is the only location where foreigners can own villas and terrace houses with fast-tracked approval from the government is a key driver, he adds.

Yip concurs that such landed properties and prime penthouses are also in the sightline of UHNW individuals who have yet to obtain their Singapore citizenship. He predicts that they would move to GCBs once they obtain their citizenship, which will subsequently increase the demand for such spacious homes in top-tier locations that are already in extreme scarcity—and possibly beat the price record of \$63.7 million set in 2021 for a Cluny Hill bungalow.

#### 4. Growing demand for wellness amenities



**ABOVE** The Anantara Desaru Coast Residences in Malaysia, developed by Minor International in partnership with Themed Attractions Resorts & Hotels, comprises 20 three- and four-bedroom seaside pool villas

While bungalow properties will continue to hold their own in land-rich countries such as Thailand, Malaysia and Indonesia, Tamthai predicts a similar positive outlook for branded residences. The concept, which has traditionally been more popular in the US, has been picking up around the world, with Asia now housing a third of the world's branded residences.

"The demand for branded residences will only continue to gain traction in the future, driven largely by the rise of the upper- and middle-class market segment and changes in where and how people live in the post-pandemic world," he says. Tamthai adds that with the move away from urban areas gaining traction, developers have the opportunity to work hand-in-hand with local partners to invest in a pioneering destination beyond just their project, on infrastructure and lifestyle amenities.

Victoria Garrett, head of residential at Knight Frank Asia-Pacific, says that this live-work-play concept will continue to be a focus. "Developers are increasingly delving into multifunctional designs in their developments, and are dedicating square footage to communal areas and designing easily transformable spaces to ensure residents have access to more customised experiences and amenity spaces."



**ABOVE** A sea-facing apartment in Singapore, which features an interior designed with nature-influenced elements by SuMisura

In the private-homes sector, exclusivity, along with lifestyle amenities such as a large backyard, dining rooms, home theatres and large kitchens remain a high priority, says Garrett. She adds that there is also an increasing interest in wellness facilities such as spas, cold-plunge pools, and saunas.

Angela Lim, director of Singapore-based interior design firm [SuMisura](#), concurs. "The importance of wellness to our sanity is a lesson well-learned from the pandemic. Despite many returning to the office full time, the need for allocated spaces will continue." Lim attributes this to the effects of the stay-home pandemic restrictions still remaining fresh in everyone's memory. A meditation or yoga room as well as a home gym are among the long list of requests SuMisura has had to fulfil in some of its private home projects.



Sustainability and [biophilic design](#) will also continue to underscore interior design trends in the future, adds Lim. “We will see these being reflected in many homes, with many getting into the movement of upcycling and recycling.” Aside from the use of natural building materials, “we are seeing interest in amenities with an eco-friendly focus, such as electric-car charging stations”, adds Fahmi.

## 5. More digital access



**ABOVE** This rendering of a futuristic house posits some of the creative virtual designs that may be potentially realised in the metaverse

Virtual viewings were an indispensable tool for realtors and property agents when pandemic restrictions limited prospective buyers' access to house viewings; these have since evolved into essential criteria for potential buyers, and a first step in their decision-making process. Singapore firm Luucid is among those keen to grow the digital offerings available; the technology company specialises in augmented reality and virtual reality (VR) solutions in the real estate market.

Muzhaffa Kamal, co-founder and CEO of Luucid, believes that such virtual tools have the potential to change the way people visualise their living spaces. “We have seen an increase in the use of 360-degree virtual tours, which are still in a 2D environment. A VR environment will give potential buyers a better feel of how spacious the interior of the property is,” he explains.

With Luucid's Lotus VR application, which is scheduled to launch in mid-2023, home buyers can start customising their living spaces—be it planning their home office, exploring underutilised spaces or experimenting with colour schemes—without having to physically be in the space. “The ability to make 3D changes in real time gives people ownership and control over their homes and living spaces. In 2023 and beyond, we believe technology will have a bigger role to play in the interior design and property-buying industries,” adds Muzhaffa.



Fahmi is as enthused with the continued interest in digital realms. "NFTs and the metaverse are things we're seeing gain in popularity in the art world and among luxury brands, so it will be interesting to see them replicated in luxury real estate," she says.

Garrett still advises caution when investing in virtual real estate. "The metaverse can be a risky investment due to the lack of regulations around it. Policymakers and regulators will need to carefully monitor issues in these connected virtual worlds, and codes of conduct must be established in order to protect the rights and safety of consumers and creators alike," she says, explaining the skepticism around these investments.