

REAL ESTATE

Pandemic affects near-term supply and long-term design of housing worldwide

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While developers will likely temper their urge to radically reshape development designs initially, Knight Frank's survey confirms a desire to consider potential COVID-19-inspired changes. Image credit: Knight Frank

By LUXURY DAILY NEWS SERVICE

The COVID-19 coronavirus outbreak will affect near-term supply and long-term design of housing worldwide.

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Per a survey conducted by Knight Frank amongst 160 global developers across 22 nations, almost six in 10 global developers have delayed projects due to the pandemic since it disrupted supply chains and prompted a wholesale rethink of how and where consumers want to live. Of those with delayed projects, more than four in 10 are now making changes to designs that were once considered complete.

"While it is still too early to confirm the lasting impact of the pandemic on the development landscape, it is clear that it has accelerated pre-existing trends and prompted new ideas for current and future developments," said Flora Harley, associate at Knight Frank, in a statement.

"Yet, what cuts through the findings of the research is the importance of not overreacting to the immediate fallout from the crisis," she said. "There is little evidence pointing to the need to design for future lockdowns or specified meterage for social distancing."

Knight Frank is one of the leading real estate brokerages and consultancies worldwide.

House calls

Critically, the level of market activity seen through the crisis globally and in London specifically demonstrates the resilience of demand for housing designed and built prior to the pandemic, according to Knight Frank.

Per Knight Frank data, the number of offers accepted across the United Kingdom's capital in August was the highest-ever monthly total on record.

While developers will likely temper their urge to radically reshape development designs initially, Knight Frank's survey confirms a desire to consider potential COVID-19-inspired changes. Six trends emerged.

Space for home offices: Three-quarters of developers are more likely to consider advanced telecommunications

and space for home offices to allow for continued flexible home working.

Healthier and greener living: Thirty-eight percent of developers are more likely to consider facilities for bicycles, compared to only 17 percent that are more likely to consider parking space availability.

Urban appeal: Whilst 41 percent of respondents said they would be looking to develop in a mix of locations, cities, second-home and rural areas, 45 percent said they were more likely to solely focus on cities.

Mixed-use schemes: A third of developers are considering adjusting the mix of residential and commercial elements in schemes. From rentable desk space and individual pods to business suites, it will be interesting to see what this will look like in practice in the future.

Closer to home: Following a period of unprecedented restrictions on movement, two in five developers said they would be more likely to be sensitive to the requirements of the domestic market.

Virtual viewings: Almost two-thirds of respondents see sales geared towards virtual offerings from now on. This enables a more inclusive sales process with buyers able to have the architect or designers speak directly to them, via webinars, for example, enabling more interaction with the developer and a better experience

With housing delivery a high priority in many markets, the Knight Frank research also examined some of the biggest constraints that developers are facing.

"According to our survey respondents, funding is the biggest barrier to global development, with just under a third citing it as their biggest concern," Ms. Harley said. "Some markets have seen a reduced number of lending facilities offered to developers.

"At the moment there is decreased bank appetite for developer lending and, in some markets, the pre-sales requirements make it hard to begin construction," she said.

"One way for governments to spur construction would be to facilitate lending, perhaps through a combination of guarantees or loans. This would crucially remove one of the biggest hurdles in development and enable ground to be broken."

Next to paucity of funding was the threat of further property market taxation and regulation, with planning and travel restrictions also seen, but to a lesser extent as barriers to overcome in the near-term.

Branded residences have seen a surge in popularity over the last 20 years.

The pandemic has only highlighted some of the advantages of such developments, from the lockup-and-leave element to the stringent maintenance procedures offered by top hospitality providers.

THE HOUSING SECTOR may face some challenges in the wake of COVID-19 but is likely to evolve in new and interesting ways.

"The lifestyle revolution that is occurring will bring with it opportunity for branded residences, especially where relative value, best-in-class product or safe haven status can be demonstrated," said Alexander Lewis, partner for residential development at Knight Frank, in a statement.

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