

GLOBAL DESTINATIONS FOR SECOND HOMES

FOCUS ON WELLNESS





Welcome



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In the wake of the pandemic, the emphasis on individual and collective wellness has never been higher. For many, this emphasis is transferring over to our lifestyles and the things we look for in our homes and the wider locations that we choose to make our primary and, increasingly, second homes. The second home market has also shifted dramatically post-pandemic.

Hybrid working, for some, is likely here to stay, so changing priorities and an increased emphasis on lifestyle has led purchasers to demand greater indoor and outdoor space, as well focusing on the wellness credentials and connectivity of their homes. Second homes often fulfil these criteria and flexible work arrangements now allow users to use them more throughout the year rather than just a few weeks during peak holiday seasons, creating a genuine second home, rather than a holiday home.

It is with all this in mind that Savills Research has examined top second homes locations, each with a focus on wellness and within easy access of some of the major cities featured in the Savills World Cities Prime Residential Index. While all these locations are amongst the most desirable local and even global destinations for second homes, this analysis explores which ones tick most boxes for the new perfect location of a secondary residence from a wellness perspective.

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Second homes in context: Pandemic Priorities

More than ever, wellness has become a high priority for many buyers. From searching for properties with gardens to considering air quality in a destination, buyers are keen to focus on their wellbeing and their health.

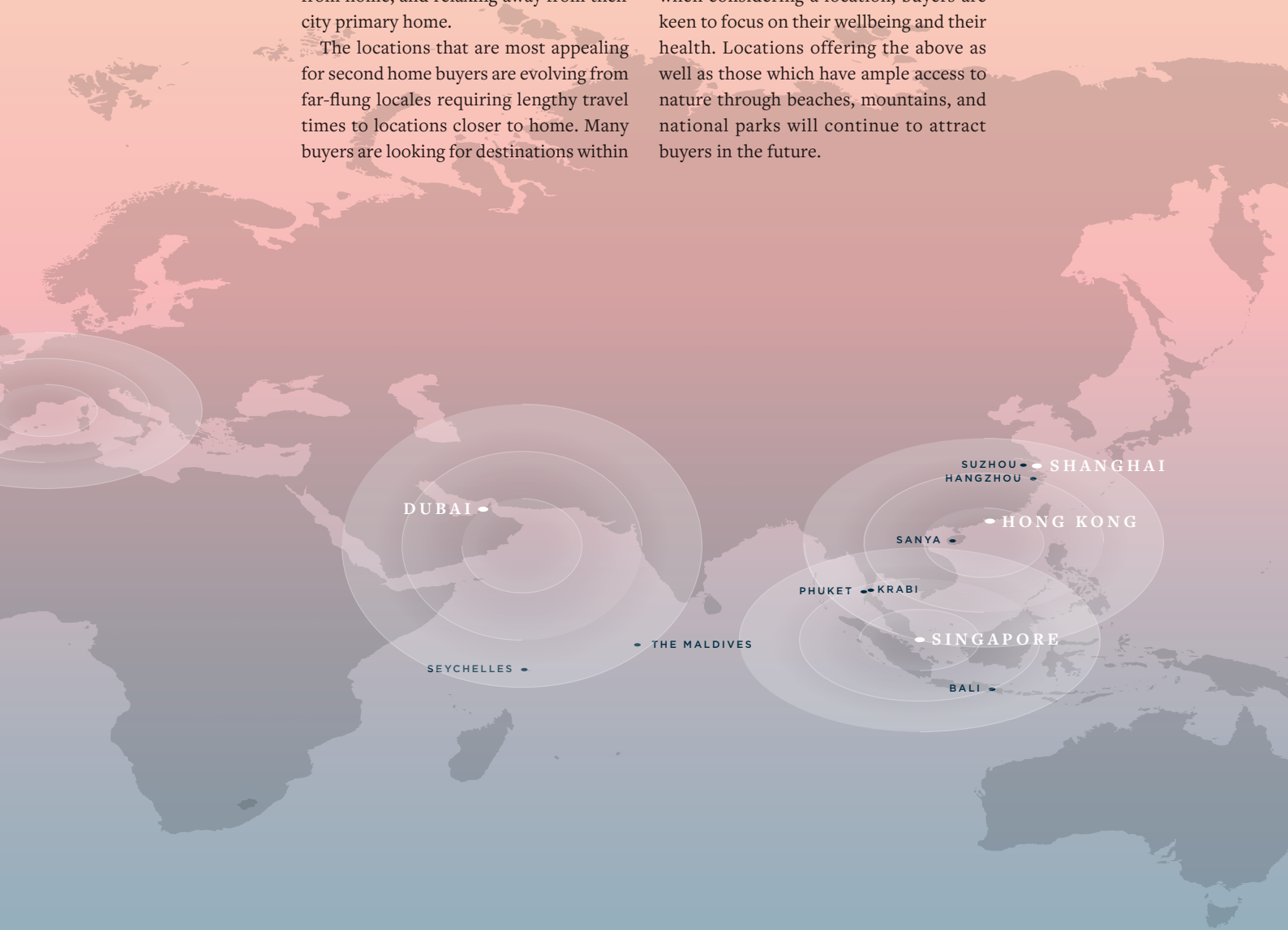


For many, Covid-19 shifted priorities for what people search for in their second homes. Lockdowns in countries around the world confined people to their homes where they began to reassess their needs. As in the market for primary residences, buyers are looking for accessibility, more space, more wellness amenities, and better connectivity in their second homes. There is also the aforementioned trend of splitting time differently between primary and secondary residences, where owners will spend longer amounts of time in their second homes often balancing working from home, and relaxing away from their city primary home.

The locations that are most appealing for second home buyers are evolving from far-flung locales requiring lengthy travel times to locations closer to home. Many buyers are looking for destinations within

2-3 hours either by plane, train, and more increasingly, by car from their main city base. These shorter travel times enable owners to use the second home properties more frequently and for longer periods of time while also allowing for easy commuting to major cities – turning some previously seasonal destinations into lively year-round communities.

More than ever, wellness has become a high priority for many buyers. From searching for properties with gardens to considering air quality in a destination to looking for sport and wellness amenities when considering a location, buyers are keen to focus on their wellbeing and their health. Locations offering the above as well as those which have ample access to nature through beaches, mountains, and national parks will continue to attract buyers in the future.



Second Homes - Wellness

Across the board, locations which perform well against their counterparts for their particular World City can be found in traditional sun and sea areas.

Before 2020, many people faced a choice for where they would live and spend most of their time: the bustle of the city or peace of the countryside? Each location has ample benefits and attractions, and for a growing segment of the population, the answer is increasingly ‘¿por qué no los dos?’ After over two years of pandemic-related lockdowns and hybrid or fully remote working, holiday destinations have seen a

surge of second home buyers searching for space, an escape from city life, and a place to focus on themselves. However, because many are still tied to their offices for a few days a week, ease of access to major world cities remains a priority. Hybrid working has been widely discussed, but the trend of ‘hybrid living’ – splitting time between a city-base and a second home – is beginning to take off.

Savills Research has examined three second home locations within a two to three hour plane, train, or car journey from a major world city and ranked them based on their residential offering, wellness amenities, and connectivity.

For any residential property market, the price of property is key and the second homes market is no exception. Second home markets do tend to be slightly less price

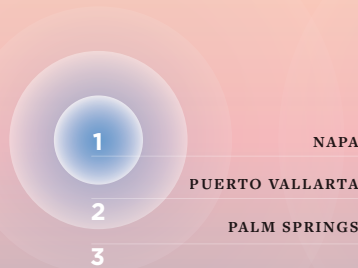
WELLNESS INDICATORS INDEX

The second home locations that excel at wellness for each World City

NEW YORK



LOS ANGELES



HONG KONG



PARIS



BERLIN



MILAN



Source: Savills Research

sensitive than those for primary residences, but buyers largely still look for value and a good investment, that suits the needs of their families. The second home locations with lower prices for family-size properties perform well in this category. For those who aren't settled on a location, there is a strong trend of 'try before you buy'. Ample short-term rentals for long weekends as potential buyers test the waters of a new location are essential for attracting new residents. Second home markets with high numbers of short-term rentals also score highly in the residential category.

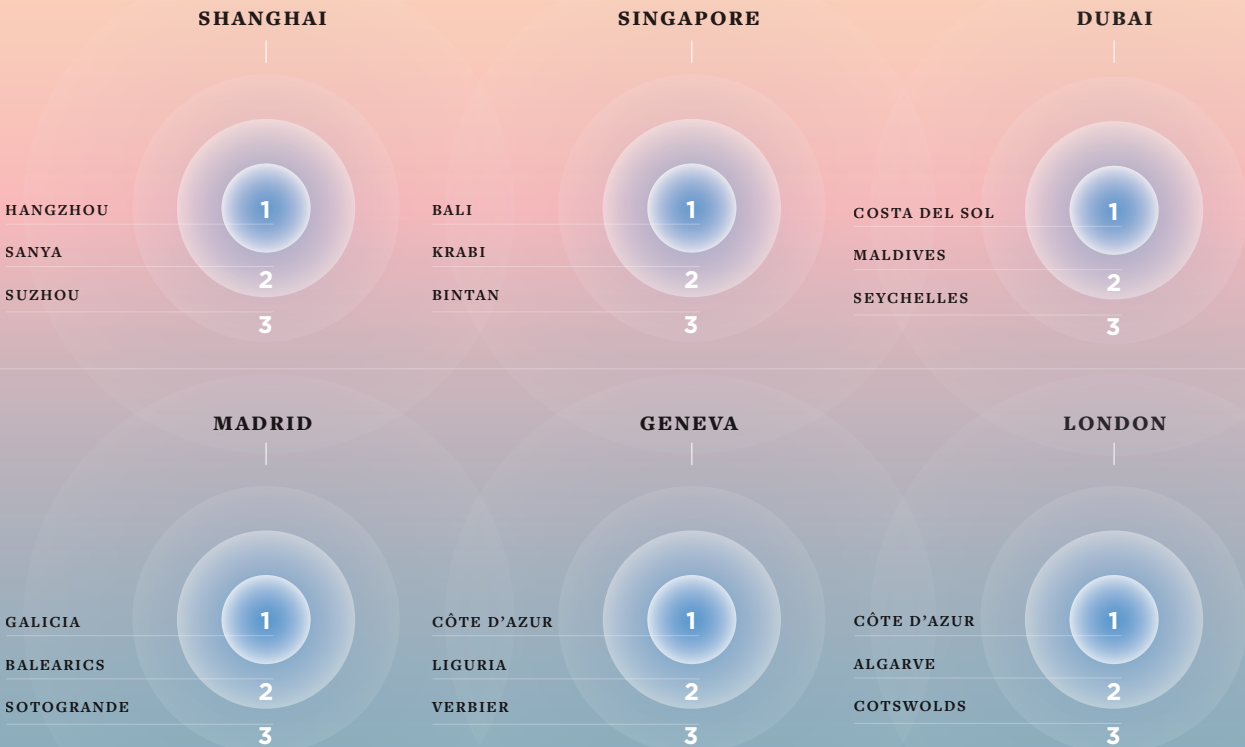
With the increased focus on personal health and wellness, second home locations have to pull double-duty by providing both the traditional sun, sea, countryside,

or mountains and also providing the key amenities to promote personal wellness. Locations which excel in this category offer ample gyms, high numbers of golf and tennis courts, and large numbers of spas which second home residents will be able to take advantage of. Air quality is also a key element for a top wellness score, especially as many have recognised the effects of pollution on personal health.

For hybrid living and hybrid working, people need to be connected to the major world cities. All of the locations analysed can be reached within a short travel time, making them easily accessible and more useful for spending longer stretches of time in the second home. Internet connectivity and fast broadband speeds are also critical

here. Potential buyers are increasingly looking for a second home rather than a holiday home that they will only use occasionally, so having the ability to work remotely pushes up the locations with ample connectivity.

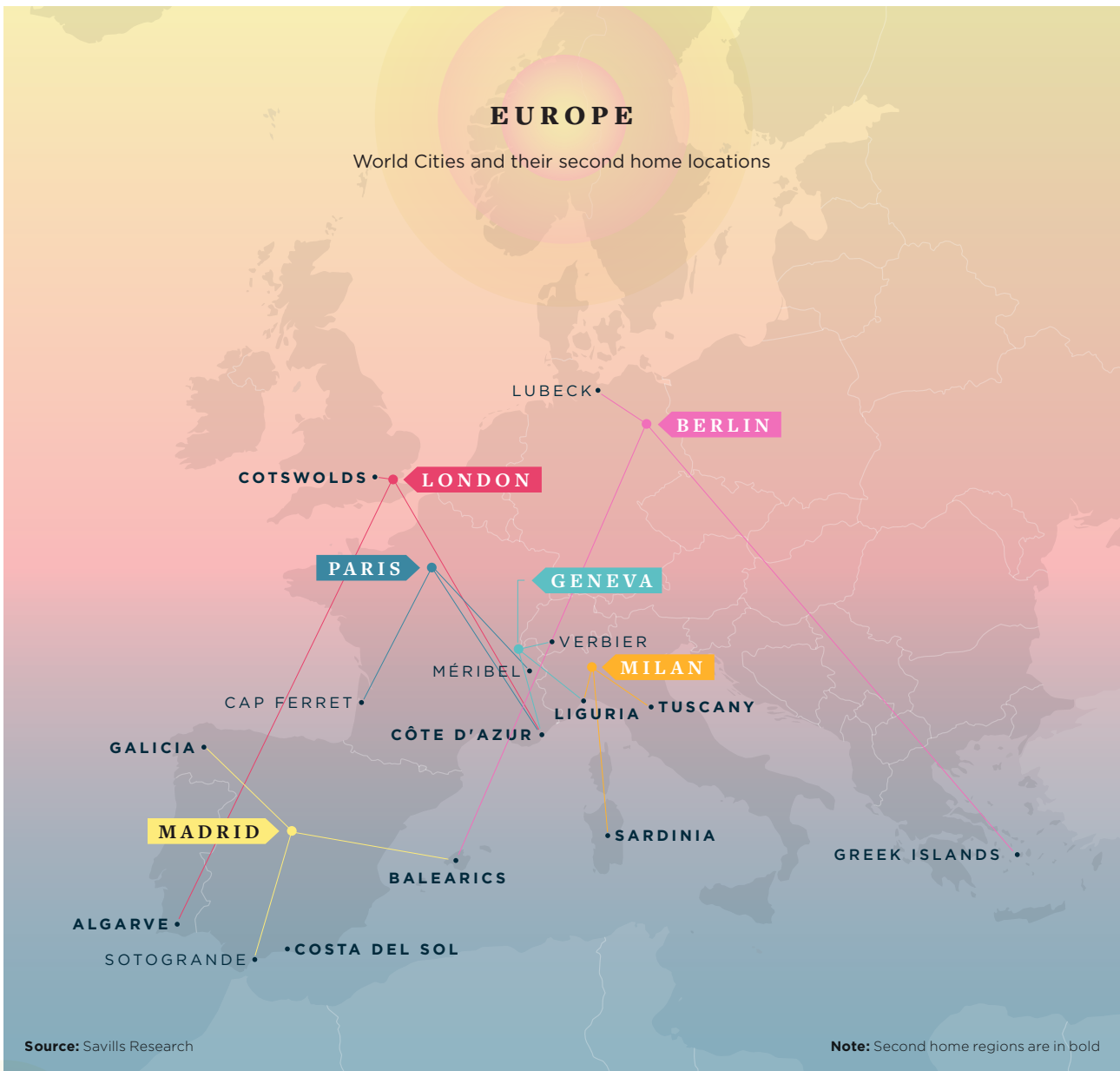
Across the board, locations which perform well against their counterparts for their particular World City can be found in traditional sun and sea areas. Galicia, Tuscany, Bali, the Costa del Sol and the Côte d'Azur each provide top-tier offerings for wellness, a strong residential market, and have solid connections to their World Cities, all of which propel them to the top against their competitor markets.



Locations in focus

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CÔTE D'AZUR – CRÈME DE LA CRÈME

The Côte d'Azur features on the list of destinations for three World Cities, and for each of them, the region comes first among the three second home locations for each World City. The depth of the property market, abundance of wellness activities, and strong connectivity propel the French Riviera to the top of the league table. The region benefits from access to both sea and countryside, ample sport options, including Alpine skiing, and one of the highest quality of life scores for any of the second home locations profiled. These

benefits haven't gone unnoticed; average prices in the region have increased by 15% over the past year, reaching over €9,000 per square metre. According to Alex Balkin, Executive Director, Savills French Riviera, "The French Riviera offers a second-to-none range of outdoor leisure activities. Biking, hiking, swimming, diving, running, tennis, skiing, kitesurf, golfing, stand-up paddle and, kayaking, just to name a few. Add to those excellent health services, and your body is very well taken care of!"

A highly international destination

with a growing proportion of younger buyers, the region has been a top location for second homes for over a century. Buyers in the region are drawn to the top-quality residential properties as well as the amenities on offer, plus excellent infrastructure. Increasing development of towns such as Valbonne and Grasse which are slightly inland but still accessible to the seaside and major resort towns along the Mediterranean will appeal to a larger market who might have been priced out of the ultra-prime locations in the region.



SPAIN – NATIONAL AND INTERNATIONAL APPEAL

Spain is a key market for second homes for buyers from across Europe. Sotogrande, the wider Costa del Sol, and the Balearics are key destinations for buyers from Germany, other northern European nations, and as far afield as Dubai. International buyers are boosting property prices in the regions. Over the past 12 months, prices in the Costa del Sol and the Balearic Islands have increased more than 10%, as buyers bid up prices for the limited supply of residential property. These locations have the seaside, sunshine, and year-round outdoor sports amenities missing from many northern locations within a relatively short journey from most of Europe.

Susana Rodríguez García, Chief Commercial Officer for Savills España discusses the lessons learnt from the pandemic. “The importance of taking care of ourselves has never been greater, and we have seen that hybrid work models can be effective. This leads me, and many others, to question whether my lifestyle and my home truly suit my needs. We are all seeking health and wellness enhancing solutions in our daily lives and in our homes, inspiring spaces that bring peace and mindfulness to our lives.”

For Spanish locals, the northern coast and countryside of Galicia tops the table. Madrileños in particular look for cooler climates and more greenspace which can be found in abundance in Northern Spain. The lower property prices, lower cost of living, clean air, and ample wellness amenities found across the region – from spas to world-renowned golf courses – along with relatively easy access to Madrid, push Galicia up to the top spot for Madrid residents looking for second homes. Prices in Galicia are some of the lowest in the Spanish markets studied, according to Idealista, averaging just over €1,500 per square metre.



PALM BEACH – MANHATTAN-ON-SEA



South Florida has seen incredible amounts of in-migration from other areas of the United States, drawn by favourable weather, lower cost of living, low taxes, and leisurely lifestyle. Palm Beach is no exception to this trend. The town has seen large numbers of tech, finance, and legal executives from cities all over the US but in particular New York; choosing to purchase property in the area that is rapidly becoming Manhattan-on-Sea. Palm Beach is known for its golf courses as well as its lengthy beaches along the Atlantic coast. “Not only has Palm Beach benefited from the flexible working environment seen driven during the pandemic, but the low tax environment has driven some of the major banks and

hedge funds to open offices there. There has certainly been a major shift in the demographic of buyer in recent years,” says Rory McMullen, Savills Private Office, Head of North America Desk.

Historically a destination for ‘snowbirds’ fleeing North-eastern winters, Palm Beach is increasingly becoming a year-round destination with wellness amenities such as spas and gyms to draw residents, along with the well-known golfing options. This increasing attractiveness is reflected in the pricing for the market. In June 2022, the median listing home price in Palm Beach, FL was \$2.9 million, an increase of 47% year-over-year, according to Realtor.com.





ISLAND TIME – MEDITERRANEAN LEADERSHIP

A key theme of the analysis of the second home destinations was how well the island destinations performed against other non-island locations. The Greek islands, Sardinia, and the Balearics each offer strong residential markets, ample wellness opportunities, and connectivity that belies their island nature as pockets of land cut-off from the mainland. In fact, Mediterranean island locations perform just as well if not better than other coastal Mediterranean locations.

The island destinations tend to be much more international than their mainland counterparts. Buyers in the Greek islands and Balearics come from across Northern Europe, but predominantly Germany, Scandinavia, and the Netherlands. Sardinia has an even more international appeal with buyers coming from across Europe and beyond.

And this activity has had its effect on pricing, as average asking prices have increased by about 7% year-on-year in the Cycladic islands in the second quarter of 2022, according to Spitogatos. “The essence of wellness in the Greek islands is embodied in what we call the Greek way of life, i.e. the climate which allows for outside living and socialising throughout most of the year, the local food and cuisine which offers many health advantages, a balanced diet, and a relaxed island living vibe at a slower pace than city life,” says Danae Tsakiris, Director, Savills Greece. This way of life across the Mediterranean islands, with its emphasis on wellness is a key driver for second home buyers in the region.



ITALY – LA DOLCE VITA



Italian buyers looking for second homes tend to look at destinations within Italy. The country has ample options for different climates, cultures, and lifestyles, but the nation as a whole had a focus on wellness before wellness was cool – an insistence on top-quality food, time with family, exercise, and time away from it all are key elements of the Italian lifestyle. Tuscany, the top-performing Italian second home location, offers all of these elements in abundance. The region also boasts hot springs which are popular with locals and visitors. The springs have been used for their curative properties since the time of the Romans, and today some are used by spa hotels, medical centres while others provide a more natural, wild experience.

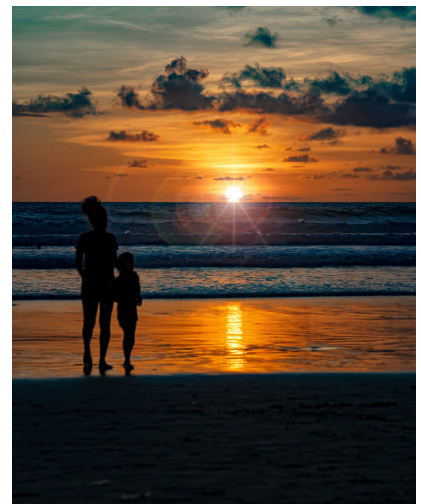
Liguria is a key second home location not only for Italians but also for others across Europe, notably Swiss buyers. The towns around Genoa, the Cinque Terre regions, and up to San Remo are all popular with buyers searching for some sunshine and coastal living. Property prices across Italy haven't grown at the same rate as the Spanish and French markets, though they are growing at a steady clip. Across the three regions examined, residential prices increased by 1.5% over the past year and have the potential to climb further as demand for second homes in key towns rises.

ASIA – LIFE AND WORK BALANCE

For residents of major Asian world cities looking for second home locations within easily accessible reach, the locations which stand out have ample access to nature – either sea, countryside, mountains, or a combination of them all. Growing middle classes across the region are now looking for second home options as a show of their increasing wealth and status and to have a retreat from the frenetic pace of city life. While travel times in this region are longer, buyers in many Asian markets are more willing to travel farther to reach their second homes.

China takes a slightly different approach to wellness, however; the majority of

wellness amenities can be found in city centre areas. Cities such as Shanghai are increasing greenspaces and cycleways to boost residents' health. The Chinese government also actively promotes a more active lifestyle as part of overall health objectives. According to James Macdonald, Head of Savills Research China, "We've seen a significant uptick in athleisure and specialist sports activities and healthy eateries, although this is only in the city centre of places like Shanghai. There has also been an increase in glamping options and domestic travel to more rural locations, though the working culture in China doesn't leave much time for weekend getaways."



The yoga index

For second home locations with key wellness credentials, provisions for yogis are an advantage.

Yoga has long been the activity stereotypically associated with wellness, and for good reason. Yoga is associated with lower stress levels, better heart health, better moods, and improved strength and flexibility, according to Johns Hopkins. An estimated 300 million people and counting practice yoga, which has become an \$80 billion industry.

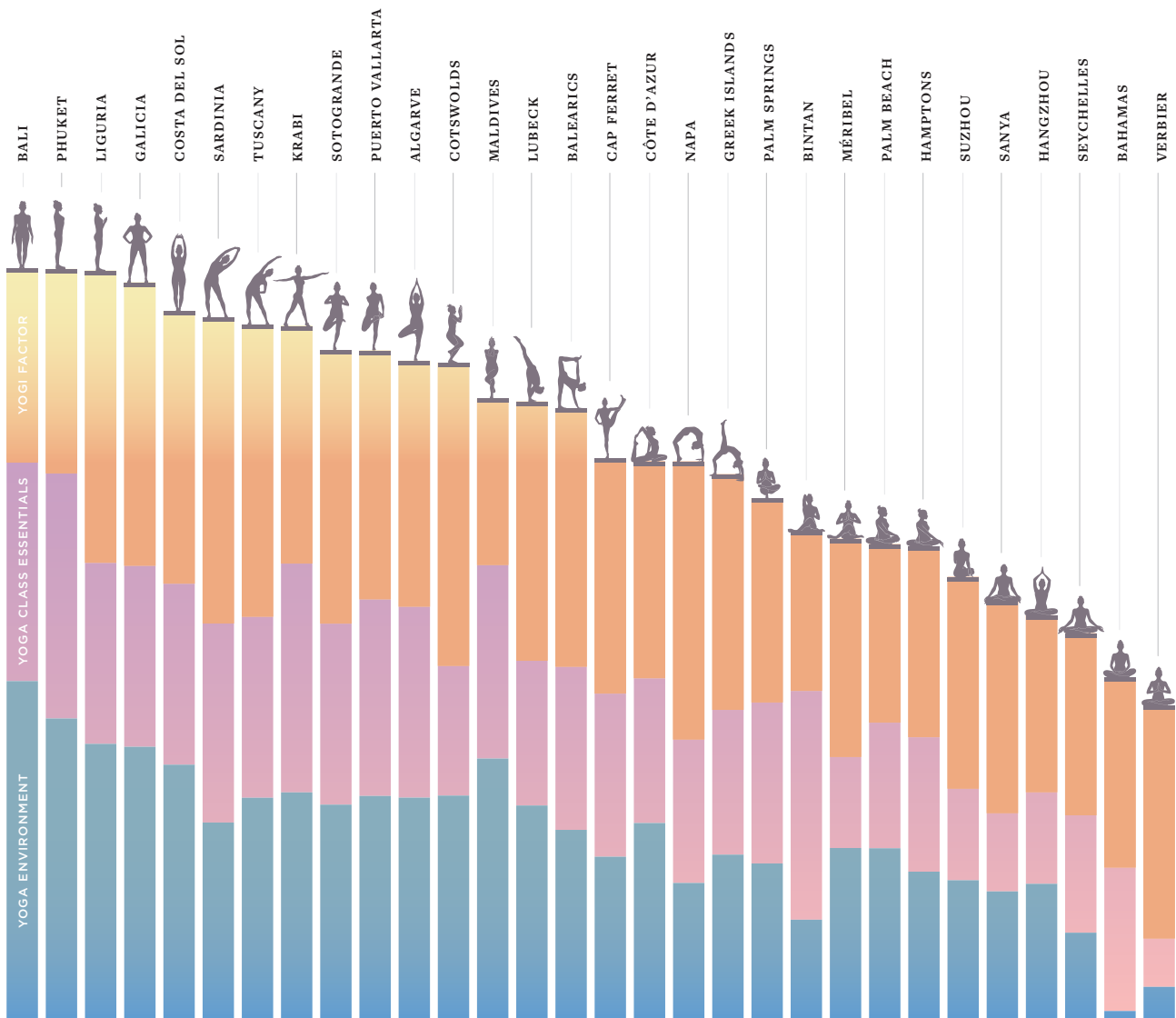
For second home locations with key wellness credentials, provisions for yogis

are an advantage. High numbers of yoga studios with relatively affordable classes are important, along with easily accessible yoga necessities such as high-quality leggings and low-cost smoothies for post-class socialising.

Add in the other essentials for a proper yogi location: high quality of life, excellent air quality, and lower property costs, and you have the Savills Yoga Index. This index can be used to identify locations which might be most desirable for buyers looking

to truly prioritise their wellness in their off-time.

The top two locations in this index are well-known destinations for those looking to improve their yoga practice. Bali and Phuket have built their brands on yoga retreats and helping people get back in touch with themselves and with nature. Each location has a high number of yoga studios where classes can be taken for relatively low costs. They also have low-cost yoga essentials and



Source: Savills Research

Outlook

The rise of hybrid living has the potential to turn seasonal destinations into places for year-round living

high quality of life scores.

Three European locations round out the top five and each has a strong showing for the number of yoga studios, low class costs, high quality of life, and accessible yoga essentials. They also have a low cost of living and very high air quality. In fact, there have been several examples of buyers in the Cost del Sol purchasing country estates and converting them into cycling centres, yoga retreats, and other wellness spaces. The locations in Europe are also much more easily accessible for yogis in the region who might not want to fly to the top locations in Bali or Phuket.

Each location in the index has ample scope for growth, adding more places for yoga practice in new and converted spaces and creating additional wellness infrastructure. As more people begin to practice yoga, they will require class space, kit to attend classes, and will likely be looking for the most relaxing environments in which to practice. And for an industry that is 70% female, there is ample opportunity for growth as more men begin to take up the practice in larger numbers, further increasing the demand for studio space, equipment, and the yogi lifestyle.



“THREE EUROPEAN LOCATIONS ROUND OUT THE TOP FIVE AND EACH HAS A STRONG SHOWING FOR THE NUMBER OF YOGA STUDIOS.”

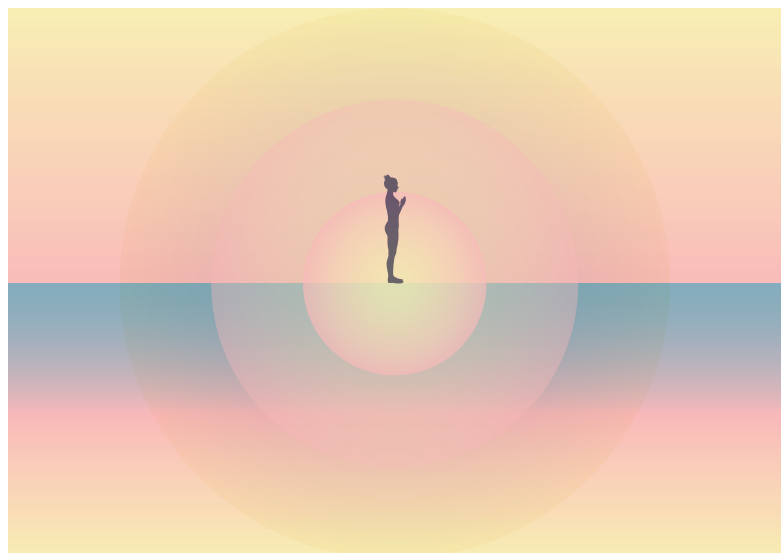
Companies and workers have become used to the flexibility brought on by the pandemic and are gradually adapting to a hybrid working model. Hybrid living will largely follow on from the hybrid working trend as people continue to take advantage of this increased flexibility and the ability to prioritise work-life balance. Another effect felt in a post-pandemic world is that people have become more health conscious and are willing to change their lifestyles to stay healthy. A well-connected second home with access to nature and wellness amenities can contribute to this. We expect this shift in priorities to drive demand for second homes in the locations highlighted in this report. Buyers are likely to come from diverse demographic backgrounds; couples and families who adjust to the hybrid way of life and older retirees, which were an established pool of buyers even before the pandemic.

In terms of destinations, some second home markets could become more domestic and regional in the near future, as buyers may increasingly focus on locations which are easily accessible.

Buyers will continue to value close proximity to their city base to allow for easy commuting. Destinations accessible by plane may potentially become less appealing as people focus more on their individual carbon footprints. Regardless of place, however, the increased year-round nature of many second home locations will have the added benefit of revitalising local communities and bringing increased economic activity to locations which used to be predominantly seasonal.

There are a few grey clouds on the horizon, however. Rising interest rates will make borrowing for a second home mortgage more expensive and could deter some buyers from purchasing an additional property.

New developments and several next-big-thing locations also have the potential to unseat some of the well-established markets studied here, as a broader demographic and income base of buyers look for second homes which have the trophy status of being at the head of the curve, fulfil wellness criteria, and have the potential to offer positive price growth as well.



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