News Release

5 March 2015

US rises up the ranks, displacing Asian markets from top PIRI 100 positions

The Wealth Report 2015's analysis of key prime residential markets

Knight Frank, the independent global property consultancy, today launches the ninth edition of *The Wealth Report 2015* with an enlarged Prime International Residential Index (PIRI) to include performance data for 100 of the world's key luxury city and second-home markets, up from last year's 90, allowing Melbourne to be included for the first time.

The PIRI 100 ranked Melbourne in 21st position, with annual growth of 8.5%.
Sydney was in 13th position with annual growth of 11%; up from the previous year's annual growth of 9.3%.

A case study was undertaken to determine the amount, in square metres, of luxury property that US$1 million will buy around the world. Monaco is tightest, covering only 17 sq m, followed by Hong Kong at 20 sq m and London with 21 sq m. Sydney covers double this size representing 41 sq m and Melbourne is larger again, covering close to 117 sq m.

The US dominates the top end of the rankings in terms of price growth with four cities in the top 10. By contrast, Asia which had four top 10 markets in last year's rankings, now only has Bali as the solitary regional representative in third place.

Key findings

Overall PIRI performance

- The value of luxury residential property around the world rose by just over 2% on average in 2014. With reversals in markets in Asia, the Middle East and Europe, growth was lower than the 2.8% seen in 2013.

- While 16 of the locations in PIRI 100 saw double-digit prime property price growth in 2014, the value of luxury homes fell or remained static in almost 40% of them.

- In this year's index, the US leapfrogged Asian markets to dominate the top PIRI 100 positions. The US now takes four out of the top 10 positions, with New York (+18.8%) and Aspen (+16%) in first and second place respectively.

- The disparity between the performance of the North America and Europe's cities is stark. Luxury prices rose by almost 13% on average across US cities last year, compared with an average of only 2.5% across Europe's cities.

News Release

Asia slowdown

- Bali, the leading Asian second-home market, was a standout performer with luxury prices up by 15% year-on-year.

- Jakarta, which led the rankings in 2012 and 2013, slipped to 12th place this year, an indication of the luxury market slowdown evident across many Asian cities last year.

- Beijing and Guangzhou, previously on the top 10 list, have now slipped to the middle of the chart. Singapore also slipped in 2014 almost to the bottom of PIRI 100 rankings.

Matt Whitby, Group Director, Head of Research & Consulting at Knight Frank, said, "Asian growth has moderated for a variety of reasons. Macro-prudential tools, introduced to cool residential markets, continue to have an impact. This is most notable in the markets with ongoing weak growth such as Hong Kong and Singapore. Government policy has been deliberately aimed at limiting price rises through higher taxation and mortgage market intervention.

"China, on the other hand, has been facing a slowdown in its residential markets throughout 2014, although the Tier-1 cities have proved more resilient to price declines" he said.

Despite the slowdown in Asia, the performance of prime property in Indonesia over the last few years – most notably in Jakarta and Bali – underlines just how far Southeast Asia has come as a region. Behind the impressive property market performance is a region that has seen a 138% growth in its super wealthy population over the last 10 years. Over the next decade, this is forecast to expand by a further 66%.

Mr Whitby added, "All 10 members of The Association of Southeast Asian Nations (ASEAN), including Cambodia, Malaysia, Philippines, Singapore, Thailand and Vietnam will benefit from the on-going efforts at integration, which will facilitate the movement of cross-border capital, providing a boost to the region's prime property markets. One market to keep an eye on is Yangon, Myanmar's largest city. As the country opens up, we expect to see a prime residential market slowly emerge, as wealth is created and inbound foreign investment starts to gather pace."

The report found that Mexico, Indonesia, Nigeria and Turkey will be among the biggest suppliers of UHNWIs hungry to buy luxury international property. Indonesian buyers will become a much more serious force in Australia and the wider Asia-Pacific region in 2015.

Australasia – Demand from Asian buyers remain strong

In Australasia, investors saw strong prime property returns in 2014, with the PIRI 100 index showing 12.1%, 11.0% and 8.5% annual price growth in Auckland, Sydney and Melbourne respectively.

"Demand from Asian buyers for properties in Australia and New Zealand remains strong, underlining Australasia's connection to the Asian region – and the appeal of its lifestyle, educational institutions and safe-haven status. Wealthy Chinese investors have been dominant, exemplified by Australia's Significant Investment Visa (SIV), which, since it was introduced in 2012, has seen 90% of its applicants come from China," said Mr Whitby.

"The world's largest residential developers, led by players from China, India, Hong Kong and Malaysia, continue to diversify into new markets. Where Greenland Group, Swire, China Vanke Co and Lodha Group lead, they are followed by private compatriot investors looking to dip their toe into international investment – with the reassurance of buying from a familiar brand.

"Watch for Hong Kong buyers in Miami, and Chinese buyers on the Australian Gold Coast and the US West Coast – and just about every nationality in London and New York" he continued.

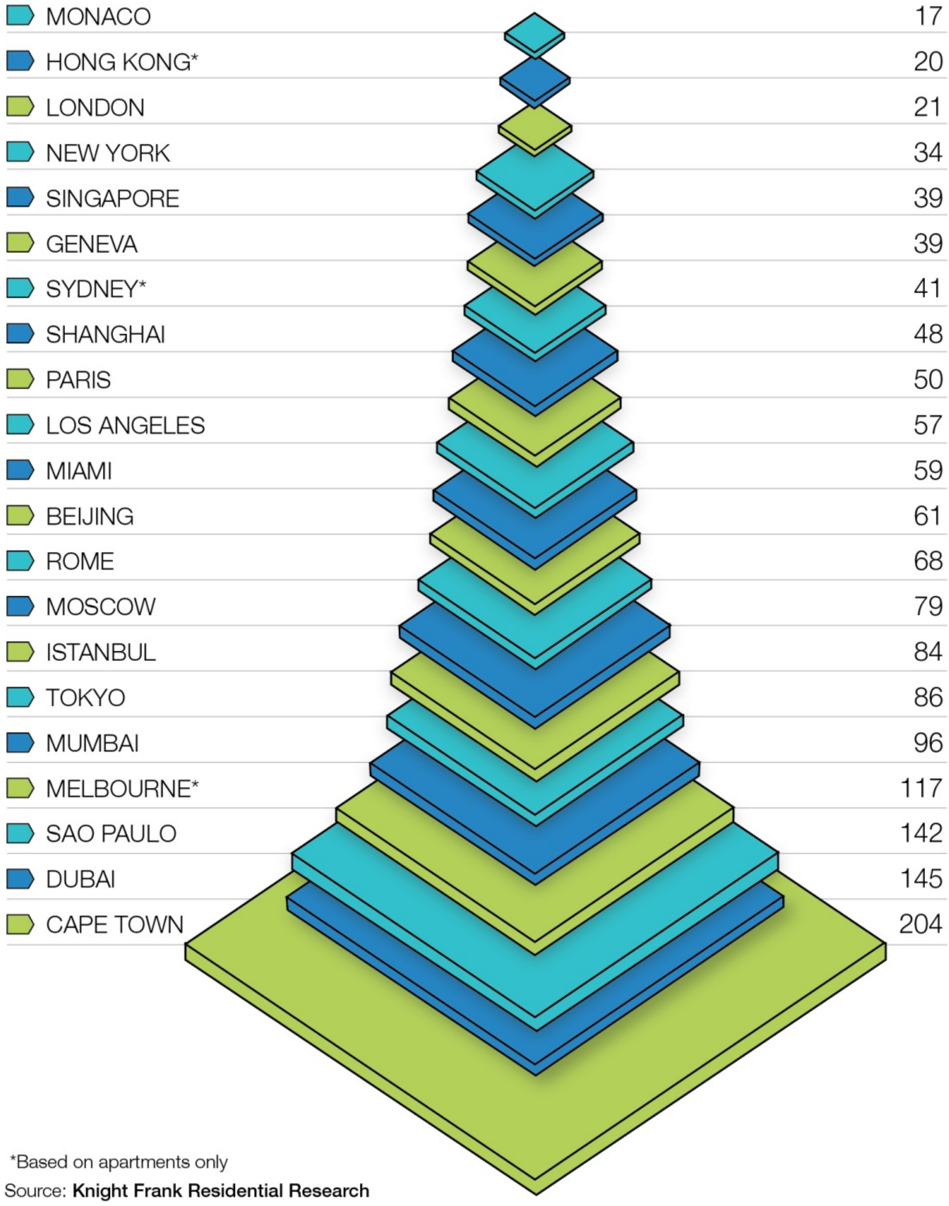
The PIRI 100

Ranking	Location	World Region	Annual % change (Dec 2013-Dec 2014)
1	New York	North America	18.8%
2	Aspen	North America	16.0%
3=	Bali	Asia	15.0%
3=	Istanbul	Europe	15.0%
5	Abu Dhabi	Middle East	14.7%
6	San Francisco	North America	14.3%
7	Dublin	Europe	13.4%
8=	Cape Town	Africa	13.2%
8=	Muscat	Middle East	13.2%
10	Los Angeles	North America	13.0%
11	Auckland	Australasia	12.1%
12	Jakarta	Asia	11.2%
13	Sydney	Australasia	11.0%
14	Tel Aviv	Middle East	10.3%
15	Bengaluru	Asia	10.1%
16	Amsterdam	Europe	10.0%
17	Miami	North America	9.8%
18	Berlin	Europe	9.0%
19=	Washington DC	North America	8.7%
19=	Johannesburg	Africa	8.7%
21	Melbourne	Australasia	8.5%

Source: The Wealth Report 2015, Page 37

News Release

The square metres of luxury property US$1m will buy around the world



*Based on apartments only

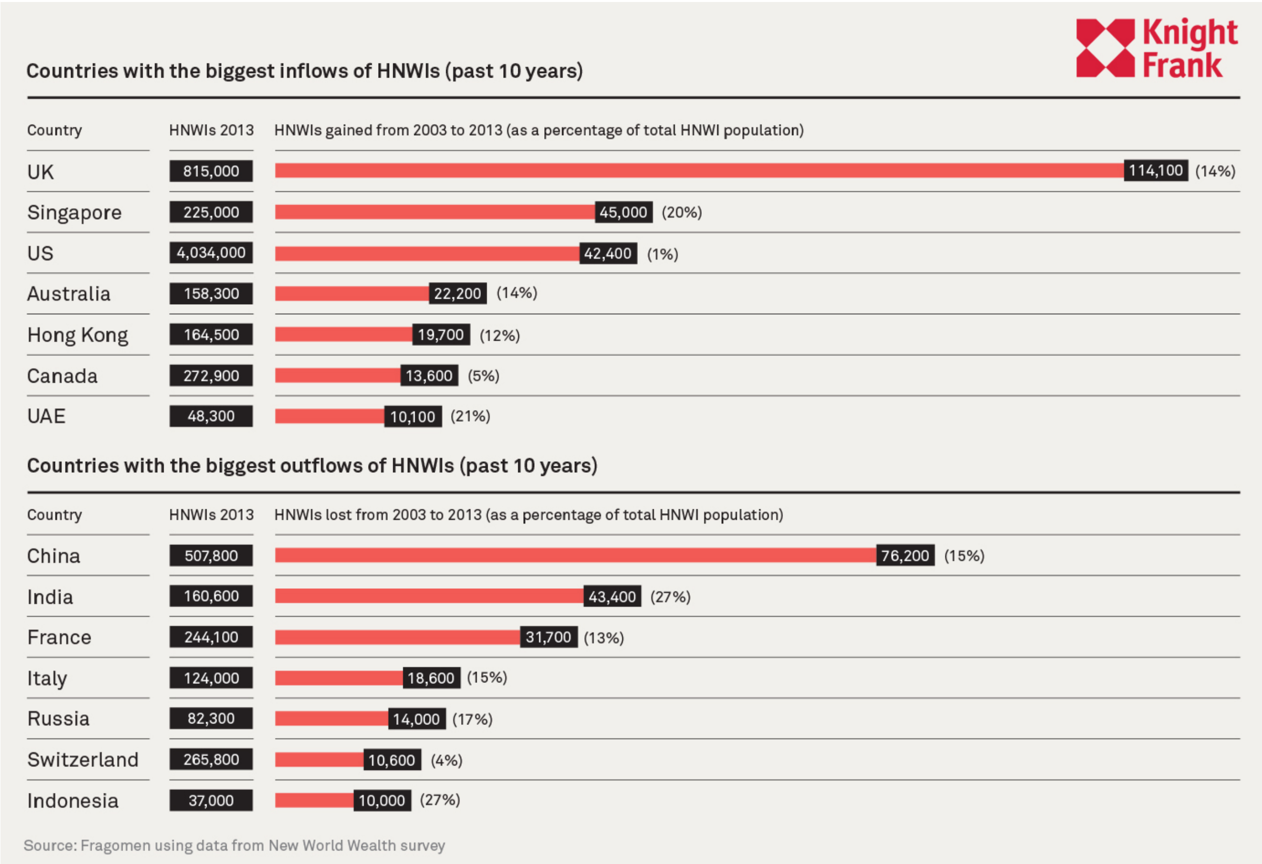
Source: **Knight Frank Residential Research**

News Release

HNWI migration – a major influence on global luxury property market

The biggest story in terms of wealth-exporting nations is undoubtedly China. It is estimated that 76,200 Chinese millionaires emigrated or acquired alternative citizenship over the 10 years to 2013. They are a significant force in Europe and dominate Asia-Pacific schemes – with around 90% of applicants for Australia's Significant Investor visa coming from China.

"The increasing impact of migrating Chinese HNWIs continues to influence prime residential markets around the world. In the first nine months of 2014, 44% of applicants for the UK's Tier-1 investment visa were from China, leading to a rise in the number of Chinese buyers of prime London property. Despite the slowdown in the Chinese economy, wealthy Chinese emigrants are likely to be a continued source of prime property demand around the world, providing an important segment of demand in the coming years," Mr Whitby explained.



Source: The Wealth Report 2015, Page 42

ENDS

Notes to editors:

- **UHNWI:** Defined as someone with a net worth of US$30m or more, excluding their principle residence.
- **HNWI:** Defined as someone with a net worth of US$1m or more, excluding their principle residence.
- **PIRI:** Defined as the Prime International Residential Index covering performance data for 100 of the world's key luxury cities and second-home markets.

News Release

- **Prime Property:** Defined as the most desirable and most expensive property in a given location, generally defined as the top 5% of each market by value. Prime markets often have a significant international bias in terms of buyer profile.

To download The 2015 Wealth report, please visit:
http://www.knightfrank.com/wealthreport

For further information, please contact:

Matt Whitby, Group Director, Head of Research & Consulting, Knight Frank
Matt.Whitby@au.knightfrank.com +61 (0) 418 404 854

Jessica Freeman, Associate Director, Marketing, Knight Frank
Jessica.Freeman@au.knightfrank.com +61 (0) 411 354 307

About Knight Frank
Knight Frank LLP is the leading independent global property consultancy. Headquartered in London, Knight Frank, together with its US alliance partner, Newmark Grubb Knight Frank, operate from 370 offices, in 55 countries, across six continents and has over 12,000 employees. The Group advises clients ranging from individual owners and buyers to major developers, investors and corporate tenants. For further information about the Company, please visit www.knightfrank.com.