



Wealth trends



Prime sales, price and
rental performance



Prime development
pipeline



Australian Prime Residential Review

Q1 2021

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AUSTRALIAN PRIME RESIDENTIAL

Australia's response to the pandemic has been markedly different to that experienced during the GFC. Annual growth of 2.2% was recorded across the prime residential markets of Australia in 2020, compared to -2.4% in 2009 – both years receiving significant economic stimulus from the federal government.

Wealth trends

Ultra-high-net-worth individuals

(UHNWIs) grew by 10.9% in 2020, to 3,124 Australians with net wealth of US\$30m+. This UHNW population is forecast to grow annually by 3.8% over the next five years.

Prime sales performance

Across Australia's prime regions, the volume of sales in Q4 2020 tallied at 1,224 prime properties; the highest quarter on record. This was 38% higher than Q3 2020, and up 44% in the year ending December 2020. The average days on market for a prime property in Australia was 124 days in Q4 2020. This was 122 days one quarter ago.

Prime price performance

Capital growth for prime property rose 2.2% over the past year to December 2020, rising 2.1% in the last quarter. This prime annual growth was led by Perth (3.6%), Gold Coast (3.2%)

and Brisbane (2.5%). Sydney followed (1.1%) then Melbourne (0.2%). Knight Frank Research forecast prime prices to further increase in Sydney, Perth and Gold Coast by a minimum of 3%, Brisbane at 2% and Melbourne at 1% by the end of 2021.

In terms of relative value at this time, one could buy 45 sqm of internal luxury floorspace in Sydney for US\$1 million, 87 sqm in Melbourne, 103 sqm in Perth, 109 sqm in Brisbane and 126 sqm on the Gold Coast. Globally, this is limited to 31 sqm in London or 23 sqm in Hong Kong SAR.

Prime rental performance

Gross rental yields for Australian prime property trended down 3 bps to 2.67% in Q4 2020. A year ago, this yield was recorded at 2.68%. In Q4 2020, rental growth was up 1.0% for prime properties in Australia. Over the past year, rental growth increased by 2.2%.

New prime development pipeline

A total of 26,700 medium- and high-density new apartments and townhouses were completed in Australia's prime regions in 2020. This was 4% below the number built in 2019 but slightly above the 3-year average of 26,425 new apartments and townhouses. Compared to 2020, there are 42% less apartments and townhouses forecast in 2021, with 15,550 currently under construction.

In 2021, the greatest distribution of new apartments and townhouses will be in found in Melbourne (7,450), Sydney (2,825) and the Gold Coast (2,250). This is followed by Brisbane (1,850) and Perth (1,175).

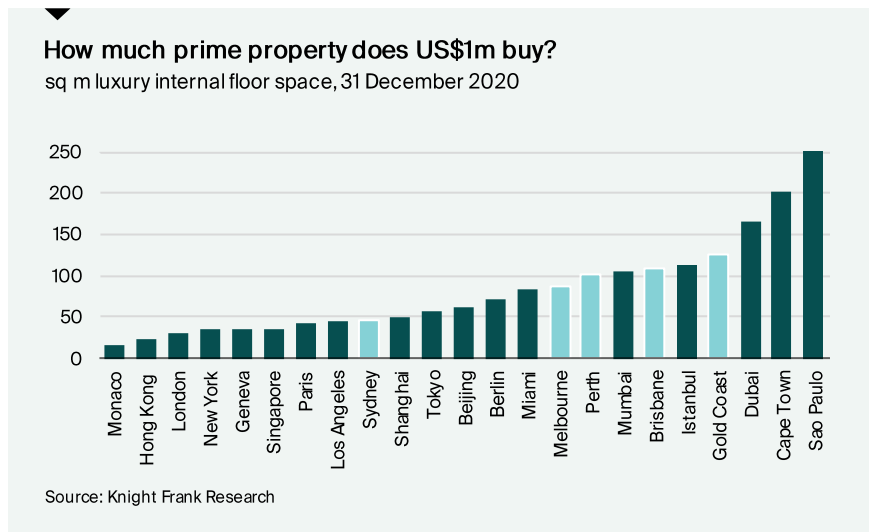
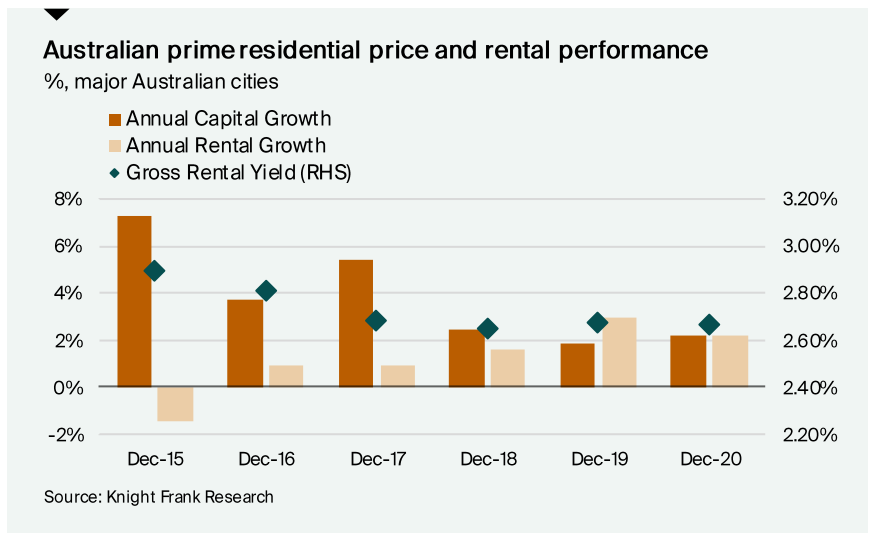
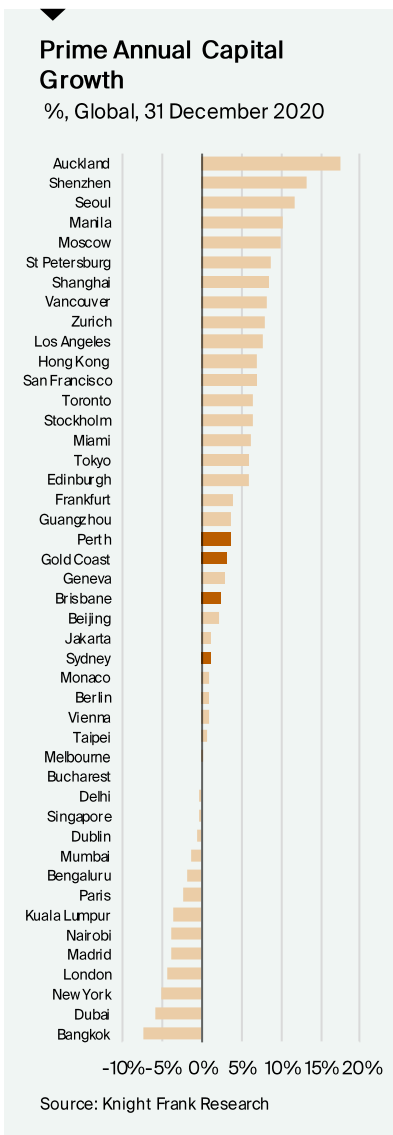
Australian new prime apartment prices have increased 6.7% in 2020 to an indicative \$23,800/sqm; to range between an average of \$12,500/sqm and \$65,000/sqm.

PRIME RESIDENTIAL 31 December 2020	SYD	MEL	BNE	PER	GC	AU
CAPITAL GROWTH - ANNUAL	1.1%	0.2%	2.5%	3.6%	3.2%	2.2%
SALES VOLUME - ANNUAL	1,967	436	306	419	292	3,420
SALES TURNOVER - ANNUAL	54%	15%	23%	39%	76%	44%
AVE. DAYS ON MARKET	83	93	124	155	155	124
GROSS RENTAL YIELD	2.21%	2.88%	2.45%	1.77%	3.44%	2.67%
RENTAL GROWTH - ANNUAL	1.9%	-1.0%	4.3%	2.8%	2.1%	2.2%

Source: Knight Frank Research

WEALTH DISTRIBUTION		2015	2019	2020	2025	2019-20	2015-20	2020-25
		No.	No.	No.	No.	% change	% change	% change
HNWIs [US\$1m+]	AUSTRALIA	134,050	167,064	176,862	215,075	5.9%	31.9%	21.6%
	WORLD	42,631,231	52,946,429	48,505,781	68,185,442	-8.4%	13.8%	40.6%
UHNWIs [US\$30m+]	AUSTRALIA	1,995	2,818	3,124	3,760	10.9%	56.6%	20.4%
	WORLD	392,038	509,252	521,653	663,483	2.4%	33.1%	27.2%
BILLIONAIRES [US\$1b+]	AUSTRALIA	30	37	44	51	18.9%	46.7%	15.9%
	WORLD	1,847	2,195	2,351	2,915	7.1%	27.3%	24.0%

Source: Knight Frank Research



DATA DIGEST

Prime (luxury) residential property is 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.

Prime residential sales hold a threshold of AU\$3 million in Sydney and Melbourne and AU\$2 million in Brisbane, Perth and the Gold Coast.

Ultra-high-net-worth individual (UHNWI) or ultra-wealthy, is someone with a net worth of over US\$30 million including their primary residence. Currency reference to dollars or \$ refers to Australian dollars (AUD), unless stated.

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.



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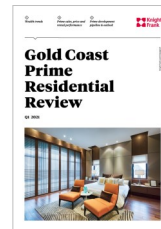
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The Wealth Report 2021

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