



Wealth trends



Prime sales, price and  
rental performance



Prime development  
pipeline



# Australian Prime Residential Review

Q2 2021

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# AUSTRALIAN PRIME RESIDENTIAL

*For the second consecutive quarter, Australia's major cities saw their highest quarter of prime residential sales volume on record, whilst collectively, the number of days a prime property was on the market compressed by almost a week indicating there's still more steam in the prestige market ahead.*

## Wealth trends

### Ultra-high-net-worth individuals

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

Australia's **stock market** has continued a stellar run and saw gains of 3.1% in the first quarter of 2021, taking annual growth to 33.8% (S&P Dow Jones Indices). **Business conditions** strengthened, moving 23.3 percentage points above the average (NAB). Total **new private investment** was down 3.6% at the end of 2020, but is forecast to rebound to 12.3% annual growth in 2021 (Oxford Economics).

### Prime sales performance

Across Australia's prime regions, the **volume of sales** in Q1 2021 tallied at 1,429 prime properties; the highest quarter on record. This was 17% higher than Q4 2020, and up 58% in the year ending March 2021. Gold Coast saw the biggest rise in annual sales turnover at 91%, followed by Perth at 85%.

The **average days on market** for a prime property in Australia was 119 days in Q1 2021. This was 124 days one quarter ago. Over this time, Perth's prime properties were being marketed for 27 days less on average, the most compression across Australia.

## Prime price performance

**Capital growth** for Australian prime property rose 1.1% in the first quarter of 2021, rising 2.9% over the past year ending March 2021. Australia's prime price performance trended below the global average of 4.6% annual growth.

Australia's prime annual growth was led by Perth (4.1%), Brisbane (3.8%) and Gold Coast (3.5%). Sydney followed (1.9%) then Melbourne (0.4%). 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.

Over the year ending March 2021, those buying with the Indonesian Rupiah (at an additional 13%) were ranked most advantaged for major **currencies** when buying Australian prime property. In terms of **relative value** at this time, one could buy 88 sqm of internal luxury floorspace in Australia for US\$1 million, 45 sqm in Sydney, 87 sqm in Melbourne, 103 sqm in Perth, 109 sqm in Brisbane and 126 sqm on the Gold Coast. Globally, this floorspace 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 2.64% in Q1 2021. A year ago, this yield

was recorded at 2.69%. In Q1 2021, Gold Coast recorded the strongest prime rental yield at 3.37%. **Rental growth** was steady for prime properties in Australia in Q1 2021. Over the past year, rental growth increased by 1.1%. In Perth, annual rental growth was 5.3%, the most escalation across the cities.

### New prime development pipeline

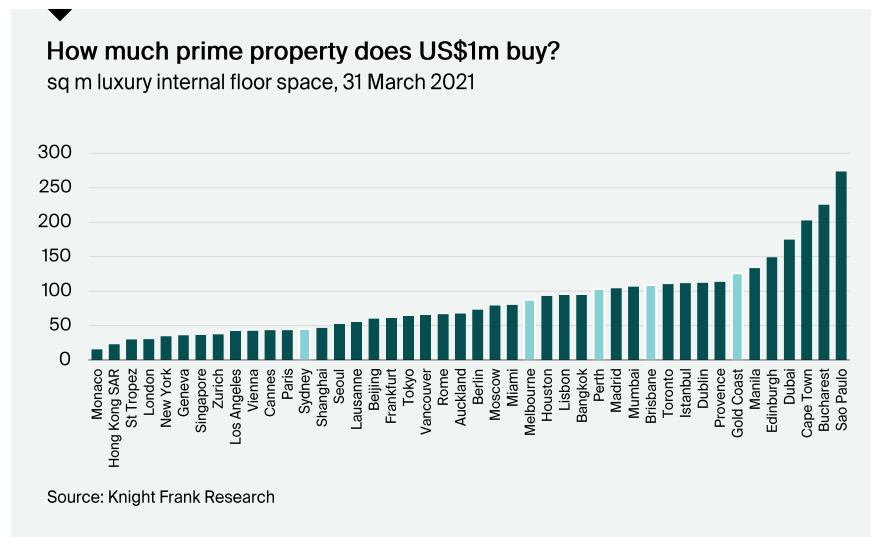
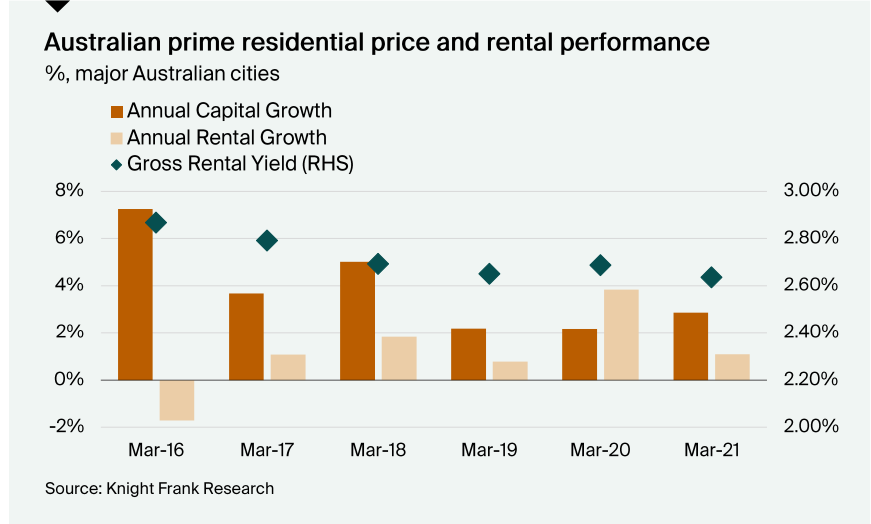
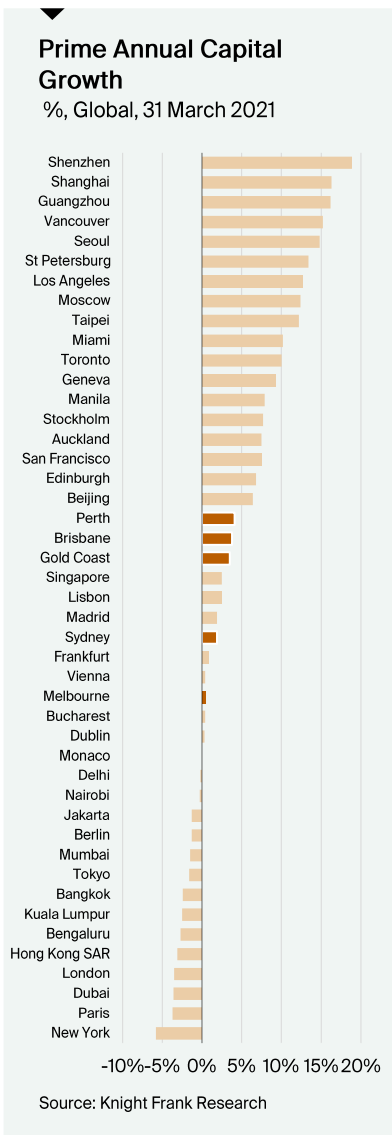
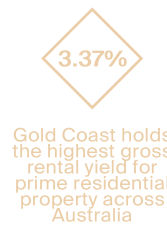
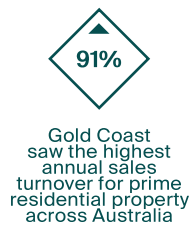
A total of 26,700 medium- and high-density **new apartments and townhouses** were completed in Australia's prime regions in 2020. This was 4% below the number built in 2019 but slightly above the 3-year average of 26,425 new apartments and townhouses. Compared to 2020, there are 42% less apartments and 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 3.2% in 2020 to an indicative \$25,500/sqm; to range between an average of \$13,000/sqm and \$65,000/sqm. Sydney saw the greatest rise in new prime apartment prices over this time with 10.6%, followed by the Gold Coast with 10%.

PRIME RESIDENTIAL 31 March 2021	SYD	MEL	BNE	PER	GC	AU
CAPITAL GROWTH - ANNUAL	1.9%	0.4%	3.8%	4.1%	3.5%	2.9%
SALES VOLUME - ANNUAL	2,298	525	389	571	386	4,169
SALES TURNOVER - ANNUAL	58%	24%	54%	85%	91%	58%
AVE. DAYS ON MARKET	86	97	129	128	148	119
GROSS RENTAL YIELD	2.18%	2.80%	2.39%	1.82%	3.37%	2.64%
RENTAL GROWTH - ANNUAL	-0.6%	-2.2%	1.3%	5.3%	0.2%	1.1%

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 A\$3 million in Sydney and Melbourne and A\$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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The Wealth Report 2021

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