



Wealth trends



Prime sales, price and rental performance



Prime development pipeline



Australian Prime Residential Review

Q3 2021

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AUSTRALIAN PRIME RESIDENTIAL

Australia's major cities experienced their third consecutive quarter of 'highest on record' prime residential sales volume. The razor thin number of property listings has significantly pushed up prestige prices and the forecast for 2021.

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 7.7% in the second quarter of 2021, taking annual growth to 25.2% (S&P Dow Jones Indices). **Business conditions** strengthened, moving 21.9 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 10.5% annual growth in 2021 (Oxford Economics).

Prime sales performance

Across Australia's prime regions, the **volume of sales** in Q2 2021 tallied at 1,753 prime properties; the highest quarter on record. This was 23% higher than Q1 2021, and up 100% in the year ending June 2021. Brisbane saw the biggest rise in annual sales turnover at 168%, followed by the Gold Coast at 138%.

The **average days on market** for a prime property in Australia was 114 days in Q2 2021. This was 119 days one quarter ago. Over this time, Perth's prime properties were on the market 16 days less on average, the most reduction across Australia.

Prime price performance

Capital growth for Australian prime property rose 4.1% in the second quarter of 2021, rising 6.3% over the past year ending June 2021. Australia's prime price performance trended below the global average of 8.2% annual growth. Australia's prime annual growth was led by Perth (8.9%), Gold Coast (7.5%) and Sydney (6.5%). Brisbane followed (5.8%) then Melbourne (3.6%). Knight Frank Research **forecast** Australian prime prices to increase a total of 8% by the end of 2021 and a further 6% in 2022.

Over the year ending June 2021, those buying with the Pound Sterling (at an additional 3%) were ranked most advantaged for major **currencies** when buying Australian prime property. In terms of **relative value** at this time, one could buy 85 sqm of internal luxury floorspace in Australia for US\$1 million, 46 sqm in Sydney, 87 sqm in Melbourne, 99 sqm in Perth, 108 sqm in Brisbane and 121 sqm on the Gold Coast. Globally, this floorspace is limited to 30 sqm in London and 22 sqm in Hong Kong SAR.

Prime rental performance

Gross rental yields for Australian prime property trended down 5 bps to 2.58% in Q2 2021. A year ago, this yield was recorded at 2.66%. In Q2 2021, Gold Coast recorded the strongest prime

rental yield at 3.36%.

Rental growth was up 2.0% for prime properties across Australia in Q2 2021. Over the past year, rental growth increased by 3.4%. In Perth, annual rental growth was 8.6%, the most escalation across the cities.

New prime development pipeline

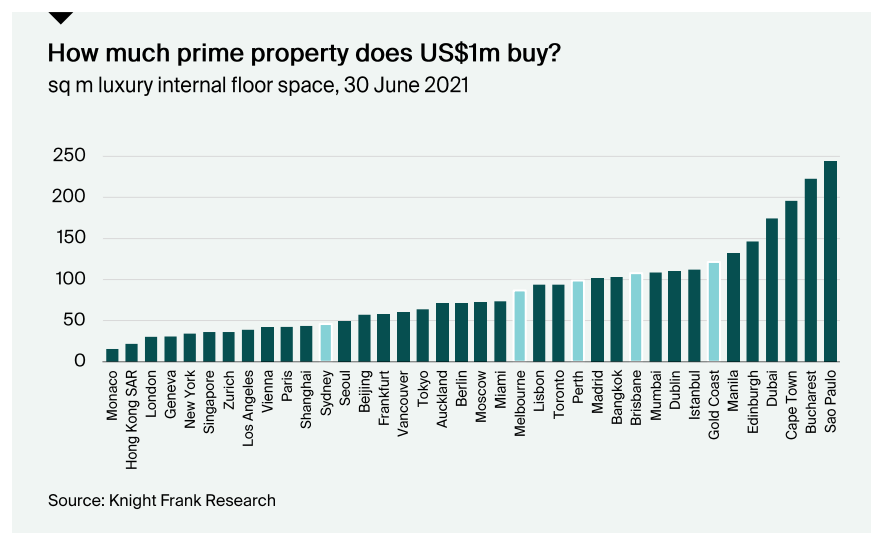
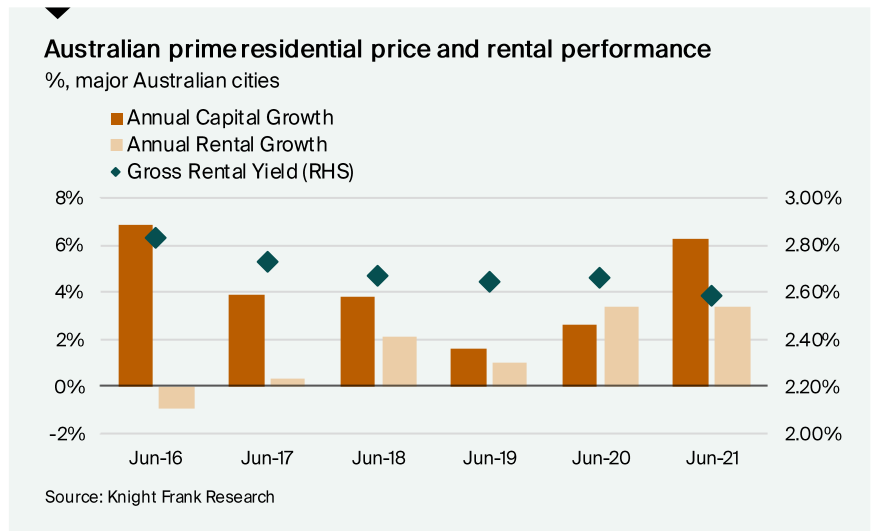
A total of 26,700 medium- and high-density **new apartments and townhouses** were completed in Australia's prime regions in 2020. This was 4% below the number built in 2019 but slightly above the 3-year average of 26,425 new apartments and townhouses. Compared to 2020, there are 42% less apartments and 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 30 June 2021	SYD	MEL	BNE	PER	GC	AU
CAPITAL GROWTH - ANNUAL	6.5%	3.6%	5.8%	8.9%	7.5%	6.3%
SALES VOLUME - ANNUAL	2,865	686	561	671	511	5,294
SALES TURNOVER - ANNUAL	90%	65%	168%	125%	138%	100%
AVE. DAYS ON MARKET	88	89	127	112	141	114
GROSS RENTAL YIELD	2.06%	2.72%	2.41%	2.36%	3.36%	2.58%
RENTAL GROWTH - ANNUAL	-1.3%	-1.0%	3.7%	8.6%	4.7%	3.4%

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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