

# Brisbane Prime Residential Insight



Q2 2023

Knight Frank's quarterly analysis of the Brisbane prime luxury residential sales and rental markets

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► Brisbane holds strongest growth projection for ultra-high-net-worth individuals for next five years across the four major capital cities

**-4.6%**

Growth in Brisbane's ultra-high-net-worth individuals in 2022

**+14 pts**

Business conditions index points in March 2023

**6.6%**

Annual growth in March 2023 of new private business investment

## Key drivers

### WEALTH TRENDS

Brisbane's high-net-worth individual (HNWI) population, otherwise known as the millionaire population, grew by 4.3% in 2022, to 221,025 people with net wealth of more than US\$1 million according to the Knight Frank Wealth Sizing Model.

This population in Brisbane comprises 10.0% of the total Australian HNWI population, after being a similar 9.7% proportion five years ago.

Since this time, Brisbane's millionaire population has grown by 32.2%, higher than the Australian 28% growth.

The HNW population is forecast to grow by a further 80.1% in Brisbane by the end of 2027, lower than the Australian growth of 71.1% when Brisbane is expected to hold a 10.5% share of all Australian millionaires.

The ultra-high-net-worth (UHNW) population in Brisbane declined by 4.6% in 2022, to 1,215 people with net wealth of more than US\$30 million.

From 2017, the Brisbane ultra-wealthy population has expanded by 37.9%, ahead of the Australian growth of 31.3%, where the Brisbane share of the Australian UHNW population has expanded from 6.6% to 7.0%.

The ultra-wealthy population is forecast to grow by a further 83.9% over the next five years across Brisbane, being more than the double the Australian UHNW population growth of 40.9%.

### THE ECONOMY

Queensland recorded economic growth of 4.4% in 2022 while unemployment in Brisbane stood at 4.3%, on par with a year earlier. Oxford Economics forecast economic growth to taper back to 2.4% in 2023, 3.0% in 2024 and 3.1% in 2025.

Australia's stock market performance on the S&P/ASX 200 rose in the first quarter of 2023 by 2.0%, to arrive at total annual change of -4.5% over the past year.

The stock market is forecast to improve 2.4% by the end of 2023, before rising by a further 4.2% in 2024 and 3.0% in 2025.

Business conditions improved 2.5 pts in the March 2023 quarter to +14 index points in the NAB business sentiment survey. This was trending slightly higher than the +13.9 pts a year ago.

Company profits across Australia grew 19.2% in 2022, after recording 5.6% growth in 2021.

Annual company profits are forecast to fall by 3% in 2023, before falling a further 3.8% in 2024, although company profits are expected to recover by 2.4% in 2025.

New private business investment grew by 6.6% in the year to March 2023. This was higher than 4.6% annual growth six months earlier, and higher than 3.2% growth recorded a year ago.

### LENDING ENVIRONMENT

The official cash rate on 6 June 2023 had been raised 50 bps over the past three months, to a target of 4.10% by the Reserve Bank of Australia. The Oxford Economics forecast for the official cash rate is to be reduced towards an average target of 3.94% by the end of 2024.

In the March 2023 quarter, average mortgage lending rates to owner occupiers increased by 3 bps to 6.27% for a 3-year fixed term loan and rose by 50 bps to 8.02% for a standard variable loan. For investors, a 3-year fixed term decreased by 1 bps to 6.32%, and a standard variable loan rose by 50 bps to 8.60% (RBA).

# Established prime residential

► Highest annual rental growth and gross rental yields in past five years for Brisbane prime residential properties

**-14.2%**

Brisbane prime residential sales volume in March 2023 compared to a year ago

**-0.4%**

The change in Brisbane's prime residential values in the year to March 2023

**12.7%**

Annual prime residential rental growth in March 2023 in Brisbane

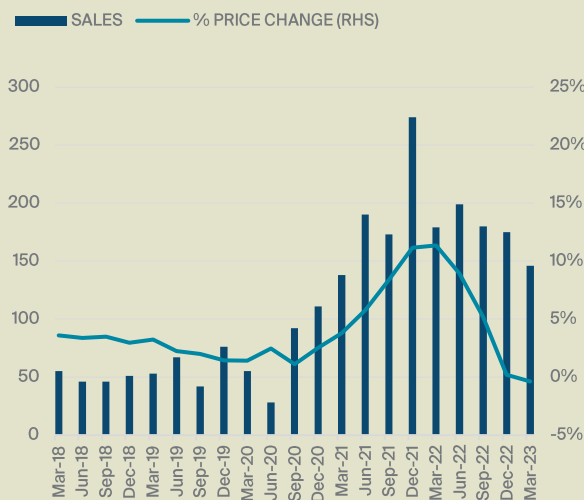
## Prime Brisbane

### PRIME SALES & PRICE PERFORMANCE

- Brisbane prime residential sales volume trended down 16.6% in the March 2023 quarter with 146 homes sold, with annual sales volume 14.2% lower than a year ago with a total 700 sales.
- Average days on market for prime residential home stood at 57 days in the March 2023 quarter. One quarter ago, this was 51 days.
- Prime residential prices decreased 0.4% over the year ending March 2023, although in the last quarter, prices were up 1.2%.

### Brisbane Prime Residential Sales Market

No. prime sales per quarter & % annual prime price change



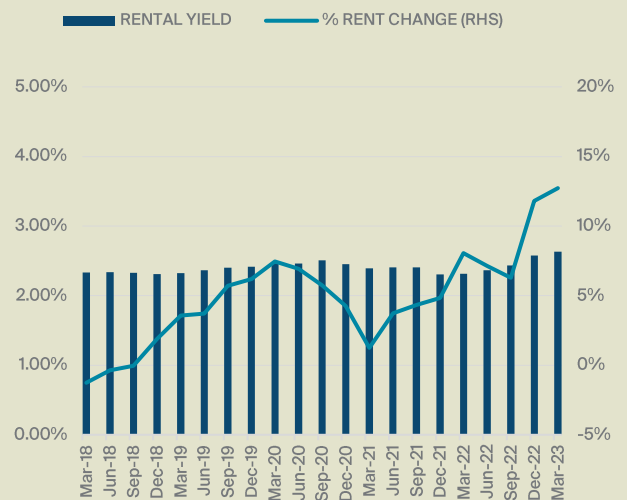
Source: Knight Frank Research

### PRIME RENTAL MARKET

- Brisbane gross rental yields for prime residential properties increased 5 bps in the first quarter of 2023, to 2.63%.
- Rents rose 3.2% for prime residential homes in the quarter to March 2023, and were up 12.7% over the past year.

### Brisbane Prime Residential Rental Market

Prime gross rental yield & % annual prime rental change



Source: Knight Frank Research

# Brisbane prime residential forecast

## Key Drivers Forecast

	2021	2022	2023f	2024f	2025f	2023-2025f AVE
Economic Growth	6.1%	3.1%	🔻 2.4%	🔻 3.0%	🟦 3.1%	🔻 2.8%
Unemployment Rate	5.1%	3.7%	🔺 3.9%	🔺 4.2%	🔺 4.1%	🔺 4.1%
Cash Rate Target	0.1%	1.2%	🔺 3.8%	🔺 3.9%	🔺 2.9%	🔺 3.6%
Stock Market	17.5%	-1.7%	🔺 2.4%	🔺 4.2%	🔺 3.0%	🔺 3.2%
Company Profits	5.6%	19.2%	🔻 -3.0%	🔻 -3.8%	🔻 2.4%	🔻 -1.5%

Source: Oxford Economics

## Brisbane Prime Residential Forecast

	2021	2022	2023f	2024f	2025f	2023-2025f AVE
Prime Price Performance	11%	0%	🔺 2%	🔺 4%	🔺 4%	🔺 3%
Prime Rental Market	5%	12%	🔺 16%	🔻 10%	🔻 8%	🔻 11%

Source: Knight Frank Research

All references made to dollars or \$ is 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.

## Recent Research



Australian Prime Residential Review Q2 2023



Global Branded Residences Report 2023



The Wealth Report 2023 Wealth Populations Edition



The Wealth Report 2023



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