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Brisbane Prime Residential Review

Q3 2021

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BRISBANE PRIME RESIDENTIAL

Four consecutive quarters of record sales volume, with the last quarter being the strongest in Australia, together with a shallow supply pipeline has created a solid performance outlook for Brisbane's luxury homes.

Wealth trends

Australian **ultra-high-net-worth individuals** (UHNWIs) grew by 10.9% in 2020, to 3,124 people with net wealth of US\$30m+. This UHNW population is **forecast to grow** by 3.8% annually over the next five years. Brisbane had the fourth highest share (10%) with 298 UHNWIs.

The Australian **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). Brisbane ranked 65th place in 2021 on the Knight Frank **City Wealth Index**, based on factors such as wealth, investment and lifestyle.

Prime sales performance

Across Brisbane's prime regions, the **volume of sales** in Q2 2021 tallied at 198 prime properties (\$2m-\$7m); the highest quarter on record. This was 42% higher than Q1 2021, and up 170% in the year ending June 2021. The number of Brisbane super-prime (\$7m+) sales remained steady over the

past year, with 3 sales recorded in Q2 2021 but was up 75% over the past year.

The **average days on market** for a prime property in Brisbane was 127 days in Q2 2021. This was 129 days one quarter ago.

Prime price performance

Globally, Brisbane ranked 21st from 46 cities for annual price growth. **Capital growth** for prime property rose 5.8% over the past year to June 2021, increasing 2.3% in the last quarter. Knight Frank Research **forecast** Brisbane prime prices to increase a total of 7% by the end of 2021 and a further 5% in 2022.

Over the year ending June 2021, those buying with Pound Sterling (at an additional 3%) were ranked most advantaged for major **currencies** when buying Brisbane prime property. In terms of **relative value** at this time, one could buy 108 sqm of internal luxury floorspace in Brisbane for US\$1 million, compared to 46 sqm in Sydney, 30 sqm in London or 22 sqm in Hong Kong SAR.

Prime rental performance

Gross rental yields for Brisbane prime property trended down 1 bp to 2.41% in Q2 2021. A year ago, this yield was recorded at 2.46%.

In Q2 2021, **rental growth** increased 3.0% for prime properties in Brisbane. Over the past year, rental growth rose by a total of 3.7%.

New prime development pipeline

A total of 3,425 medium- and high-density **new apartments and townhouses** were completed in Brisbane's prime regions in 2020. This was 44% below the number built in 2019 and below the 3-year average of 5,350 new apartments and townhouses. Compared to 2020, there are 46% less apartments and townhouses forecast to be completed in 2021, with 1,850 currently under construction.

In 2021, the greatest distribution of new apartments and townhouses will be in found in Inner Brisbane (1,075), Inner South (675) and Inner West (100).

Collectively across the Brisbane prime regions 3-year pipeline, the **distribution of bedrooms** being built have been weighted towards 2-bed configured apartments with 43% of the total share, followed by studio & 1-bed (24%) then 3-bed+ (33%).

Brisbane **new prime apartment prices** have increased 2.9% in 2020 to an indicative \$17,500/sqm; to range between an average of \$15,000/sqm and \$21,000/sqm.

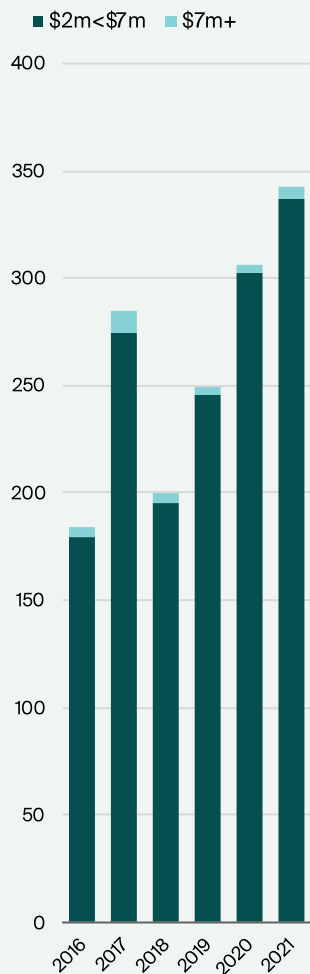
**BRISBANE
PRIME RESIDENTIAL**
30 June 2021

Capital Growth - Annual	5.8%
Sales Volume - Annual	561
Sales Turnover - Annual	168%
Ave. Days on Market	127
Gross Rental Yield	2.41%
Rental Growth - Annual	3.7%

Source: Knight Frank Research

Brisbane prime sales

Number of sales, prime regions
At end of Q2 2021

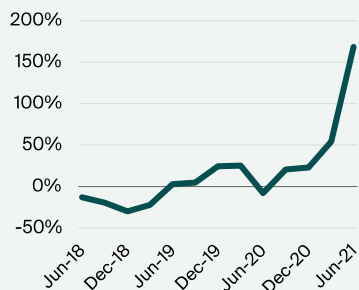


Source: Knight Frank Research

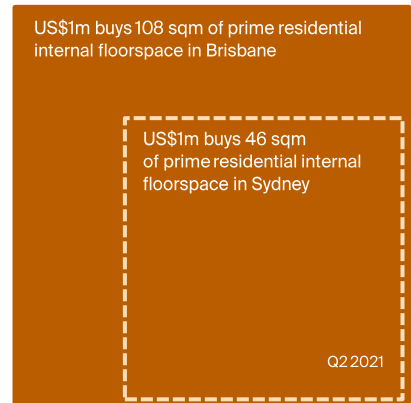


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“Q2 2021 saw the highest number of prime sales on record across the prime regions of Brisbane”
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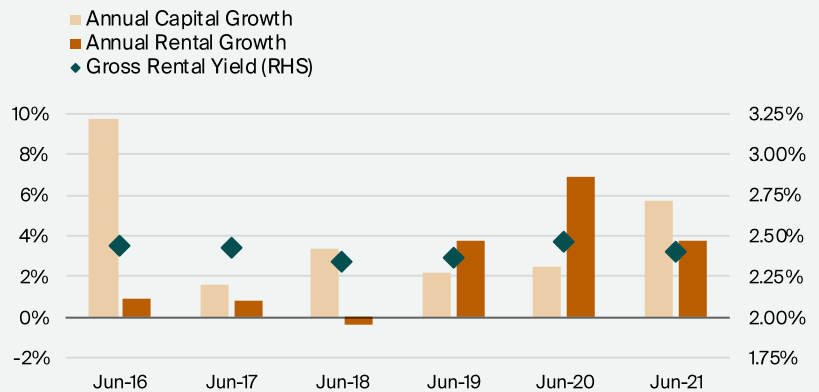
Brisbane prime residential annual sales turnover



Source: Knight Frank Research



Brisbane prime residential price and rental performance



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\$2 million in Brisbane prime regions.

Ultra-high-net-worth individual (UHNWI) is someone with a net worth of over US\$30 million including their primary residence. Otherwise known as ultra-wealthy.

Prime regions cover postcodes in Inner Brisbane: 4000, 4005-4011, 4151; Inner South: 4074-4075, 4101, 4105, 4153-4155, 4169-4173, 4178-4179; Inner West: 4051, 4059-4061, 4064-4069.

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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