

# Gold Coast Prime Residential Insight



Q2 2023

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

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- ▶ Ultra-wealthy population projected to grow significantly outside the four major capital cities over next five years, with improved wealth creation opportunities from 2024

**2.1%**

Growth in Australia'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

Australia's high-net-worth individual (HNWI) population, otherwise known as the millionaire population, grew by 4.8% in 2022, to 2,214,326 people with net wealth of more than US\$1 million according to the Knight Frank Wealth Sizing Model.

This population in the four major cities (Sydney, Melbourne, Brisbane and Perth) comprises 59.8% of the total Australian HNWI population, after being a similar proportion five years ago. The millionaire population in Australia has grown by 28.0% since this time, although lower than the 42.5% global growth.

The HNW population is projected to grow by a further 71.1% in Australia by the end of 2027, higher than the global growth of 56.9%, when the population outside of the four major cities is expected to hold a 42.6% share of all Australian millionaires, up from the current 40.2%.

The ultra-high-net-worth (UHNW) population across Australia grew by 2.1% in 2022, to 17,456 individuals with net wealth of more than US\$30 million.

Australia's ultra-wealthy population has expanded by 31.1% since 2017, slower than the global growth of 44.0%.

This ultra-wealthy population is projected to grow by a further 40.9% over the next five years, stronger than the global UHNW population growth of 28.5%. Over this time, the share of ultra-wealthy population outside the four major capital cities is likely to grow from 32.7% to 37.2% in 2027.

### THE ECONOMY

Queensland recorded economic growth of 4.4% in 2022 while unemployment on the Gold Coast stood at 4.0%, trending 240 bps lower than the 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 recorded 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

► Prime residential rental growth double the five-year annual average, with strong increase continuing in the past quarter

**-14.8%**

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

**1.6%**

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

**19.9%**

Annual prime residential rental growth in March 2023 on the Gold Coast

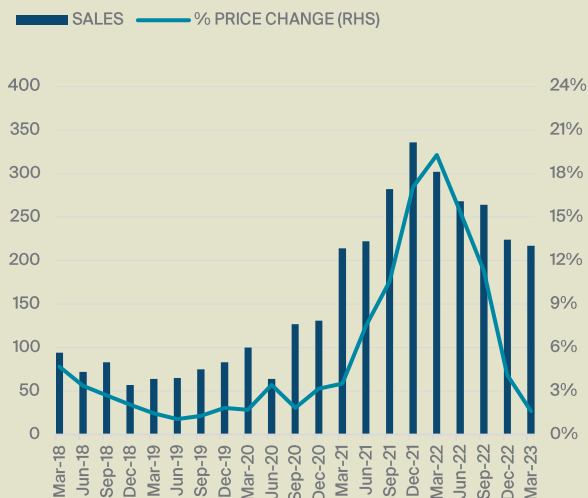
## Prime Gold Coast

### PRIME SALES & PRICE PERFORMANCE

- Gold Coast prime sales volume trended down 3.1% in the March 2023 quarter with 217 residential homes sold, while annual sales volume was 14.8% lower than a year ago with a total 973 sales.
- The average days on market for prime residential homes stood at 66 days in the March 2023 quarter. One quarter ago, this was 68 days.
- Over the year ending March 2023, prime residential prices decreased 1.6%, although rising 0.6% in the past quarter.

### Gold Coast Prime Residential Sales Market

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



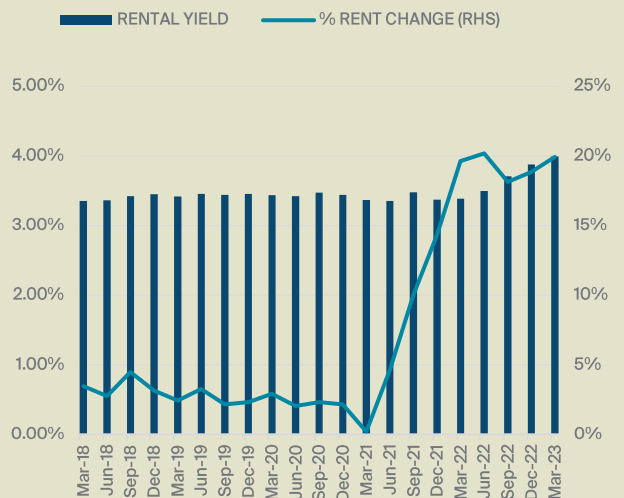
Source: Knight Frank Research

### PRIME RENTAL MARKET

- Gross rental yields for Gold Coast prime residential properties increased by 11 bps, to 3.39%, in the first quarter of 2023.
- Rents rose 4.2% for prime residential homes in the quarter to March 2023, and were up 19.9% over the past year.

### Gold Coast Prime Residential Rental Market

Prime gross rental yield & % annual prime rental change



Source: Knight Frank Research

# Gold Coast 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

## Gold Coast Prime Residential Forecast

	2021	2022	2023f	2024f	2025f	2023-2025f AVE
Prime Price Performance	17%	4%	📉 3%	📉 3%	📉 3%	📉 3%
Prime Rental Market	14%	19%	📈 21%	📉 14%	📉 9%	📉 15%

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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