

News Release

Strictly embargoed until 08:01am SGT Wednesday 7th March 2018

Art tops Knight Frank Luxury Investment Index 2017 after record-breaking year

Joy of ownership and capital appreciation underpin passion investment decisions

Singapore, 7 March 2018 – The latest issue of The Wealth Report reveals that the **Knight Frank Luxury Investment Index (KFLII)** which includes 10 luxury assets in the basket has risen in value by 7% over the 12 months to the end of Q4 2017.

The asset leading the index at the end of 2017 was art, which saw outstanding growth of 21% over the course of the year*. This strong performance follows a number of years when art had fallen behind other asset classes such as classic cars and wine. But last year's record-breaking sale of Leonardo da Vinci's *Salvator Mundi* for US\$450million – surpassing the previous world record by a staggering US\$271million – epitomises art's recovery.

Wine, KFLII's top performing asset class in 2016, also had a strong year and saw double-digit growth (11%)**. Scarcity driven markets, particularly for Burgundy, remained strong and demand from Asia and the Middle East continued to buoy prices.

Record-breaking sales also took place for a number of the index's other asset classes in 2017:

- In the classic car market, a 1956 Aston Martin DBR1, raced by Stirling Moss, sold at auction for US\$22.5million – a record for a British car.
- Actor Paul Newman's Rolex Daytona watch sold for US\$17.8million, having been guided at US\$1 million.
- Hong Kong jeweller Chow Tai Fook paid HK\$553million for the Pink Star 59.6 carat vivid pink diamond – a world record for a diamond or piece of jewellery.
- Estimated at £200,000, a set of four rare 16th or 17th century Chinese huanghual chairs sold to an Asian buyer for £5.3million.

Kevin Coppel, Asia Pacific Regional Head at Knight Frank, says, "While investments of passion saw an average price increase of 7% across 2017 as shown in the Knight Frank Luxury Investment Index, prime residential property in select markets have also remained attractive. In the same period, prime residential in **Sydney** surpassed this uplift with a price growth of 11% whilst that in **Hong Kong** matched the capital appreciation.

"With art the standout performer in the index, the importance of having the right home to show off your prize collection also means that real estate often goes hand-in-hand with newly acquired collections or masterpieces."

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Knight Frank Luxury Investment Index (to Q4 2017)

Luxury asset	Price Growth	
	12-month	10-year
Art	21%	78%
Wine	11%	192%
Watches	5%	69%
Coins	4%	182%
Jewellery	4%	138%
Cars	2%	334%
Stamps	1%	103%
Coloured diamonds	0%	70%
Furniture	-1%	-32%
Chinese ceramics	-5%	-3%
KFLII**	7%	126%

Notes: All data to Q4 2017

Sources: artmarketresearch.com (art, chinese ceramics, watches, jewellery), HAGI (classic cars), Wine Owners (wine) Stanley Gibbons (stamps, coins), Fancy Color Research Foundation (coloured diamonds). For methodology details, please contact andrew.shirley@knightfrank.com.

Comparative assets

Luxury asset	12-month price growth
Prime Residential Sydney	11%
Prime Residential Hong Kong	7%
Prime Residential Singapore	6%
Prime Residential Mumbai	1%
Gold	4%
FTSE 100	8%

According to *The Wealth Report* Attitudes Survey, 28% of Asians now list wine, jewellery, watches or classic cars as part of their investment portfolio, below the global average of 37%; whilst 40% of Australasians responded positively to the same question. Leading these two regions are **Australian** respondents at 41% followed very closely by **Hong Kongers** at 40%. Directly behind are **New Zealanders** in third place with 34% and **Malaysians** and **Singaporeans** at 33%.

When asked to rank the importance of the five factors behind passion investment decisions, respondents in **Australia, India, New Zealand, Singapore** and **South Korea** all listed “joy of ownership” as the leading reason. In **China, Hong Kong, Malaysia** and **the Philippines**, it was “capital appreciation”. Only **Singapore** and **India** did *not* put “status among peers” last.

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Ranking on the factors behind passion investment decisions

Reasons for buying luxury investments	China	Hong Kong	India	Malaysia	Philippines	Singapore	South Korea	Australia	New Zealand
Joy of ownership	2	2	1	2	2	1	1	1	1
Capital appreciation	1	1	2	1	1	2	2	2	2
Safe haven for capital	3	4	5	4	4	4	3	4	3
Investment portfolio diversification	4	3	3	3	3	5	4	3	4
Status among peers	5	5	4	5	5	3	5	5	4

Source: The Wealth Report Attitudes Survey 2018

End

Footnote:

* Art Market Research (AMR) data

** Knight Frank Fine Wines Index, compiled by Wine Owners

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Notes to Editors

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