



Wealth trends



Prime sales, price and
rental performance



Prime development
pipeline



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Australian Prime Residential Review

Q4 2021



AUSTRALIAN PRIME RESIDENTIAL

Australia's major cities are performing exceptionally well in the prime residential market, although trending slightly below the prime global average which reflects the current resilience and strength of luxury property around the world.

Wealth trends

Australia's **stock market** performance eased in the third quarter of 2021 with gains of 0.3%, calculating annual growth at 26.1% (S&P Dow Jones Indices). **Business conditions** strengthened, moving 2.4 percentage points above the average (NAB). Total **new private investment** was down 3.6% at the end of 2020, but is forecast to rebound with 10.5% annual growth in 2021 (Oxford Economics). **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.

Prime sales performance

Across Australia's prime regions, the **volume of sales** in Q3 2021 tallied at 1,971 prime properties; the second highest quarter on record. This was 1.4% lower than Q2 2021, but up 119% over the year ending September 2021. The Gold Coast saw the biggest rise in prime annual sales turnover at 156%, followed by Brisbane at 135%.

The **average days on market** for a prime property in Australia was 105 days in Q3 2021. This was 114 days one quarter ago. Over this time, Gold Coast prime properties were on the market 19 days less on average, the most reduction across Australia.

Prime price performance

Capital growth for Australian prime property rose 1.5% in the third quarter of 2021, rising 9.1% over the year ending September 2021. Australia's prime price performance trended below the **global average** of 9.5% annual growth. Australia's prime annual growth was led by Sydney (10.7%), Gold Coast (10.5%) and Perth (10.4%). Brisbane followed (8.4%) then Melbourne (6.5%). Knight Frank Research **forecast** Australian prime prices to increase a total of 11% by the end of 2021 and a further 8% in 2022.

Over the year ending September 2021, those buying with the Renminbi (+5%) were ranked most advantaged for major **currencies** when buying Australian prime property. In terms of **relative value** at this time, one could buy 87 sqm of internal luxury floorspace in Australia for US\$1 million, 124 sqm in Gold Coast, 111 sqm in Brisbane, 102 sqm in Perth, 88 sqm in Melbourne and 44 sqm in Sydney. Globally, this floorspace is limited to 31 sqm in London and 21 sqm in Hong Kong SAR.

Prime rental performance

Gross rental yields for Australian prime property trended up 2 bps to 2.61% in Q3 2021. A year ago, this yield was recorded at 2.70%. In Q3 2021, Gold Coast recorded the strongest prime

rental yield at 3.48%.

Rental growth was up 2.1% for prime properties across Australia in Q3 2021. Over the past year, rental growth increased by 5.2%. In Perth, annual rental growth was 11.8%, the most escalation across the cities.

New prime development pipeline

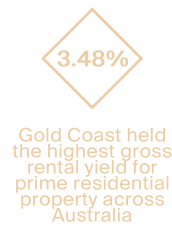
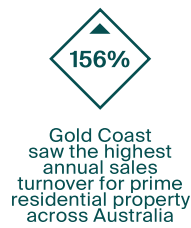
A total of 26,700 medium- and high-density **new apartments and townhouses** were completed in Australia's prime regions in 2020. This was 4% below the number built in 2019 but slightly above the 3-year average of 26,425 new apartments and townhouses. Compared to 2020, there are 42% less apartments and 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).

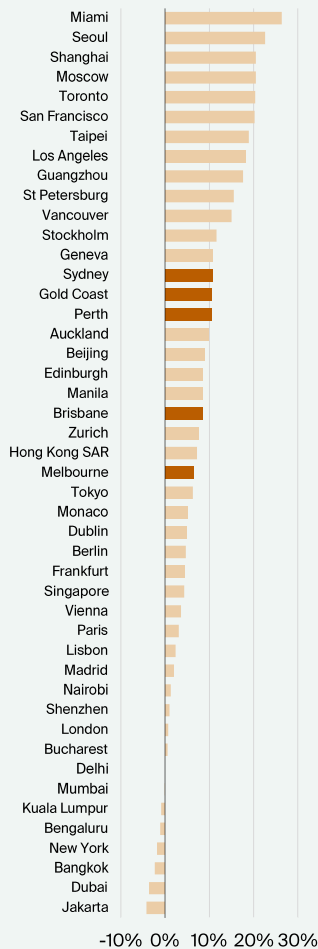
Australian **new prime apartment prices** have increased 3.2% in 2020 to an indicative \$25,500/sqm; to range between an average of \$13,000/sqm and \$65,000/sqm. Sydney saw the greatest rise in new prime apartment prices over this time with 10.6%, followed by the Gold Coast with 10%.

PRIME RESIDENTIAL 30 September 2021	SYD	MEL	BNE	PER	GC	AU
Capital Growth YoY	10.7%	6.5%	8.4%	10.4%	10.5%	9.1%
Sales Volume Annual	3,834	774	633	732	649	6,622
Sales Volume YoY	119%	85%	135%	120%	156%	119%
Ave. Days on Market	84	90	117	105	122	105
Gross Rental Yield	2.07%	2.69%	2.41%	1.78%	3.48%	2.61%
Rental Growth YoY	-0.9%	-0.8%	4.3%	11.8%	10.0%	5.2%

Source: Knight Frank Research

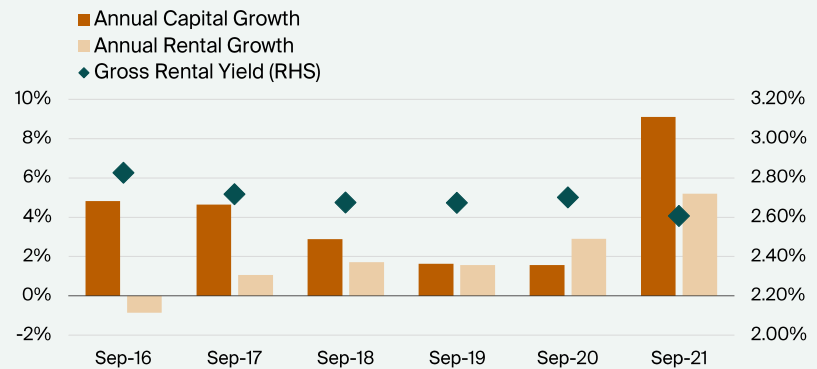


Prime Capital Growth % annual, 30 September 2021



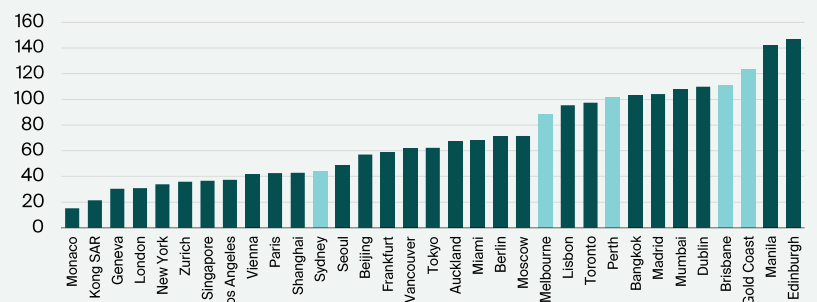
Source: Knight Frank Research

Australian prime residential price and rental performance %, major Australian cities



Source: Knight Frank Research

How much prime property does US\$1m buy? sq m luxury internal floor space, 30 September 2021



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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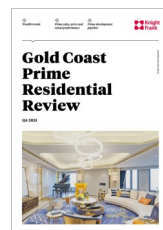
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Brisbane Prime Residential Review Q4 2021



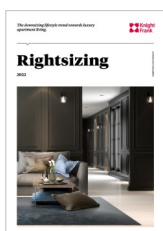
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The Wealth Report 2021

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