

*A review of prime luxury residential markets  
across major Australian cities*



# Australian Prime Residential Review

Q4 2022

[knightfrank.com/research](https://knightfrank.com/research)



# AUSTRALIAN PRIME RESIDENTIAL MARKET

*How have the prime luxury residential markets performed across Australia's major cities?*

## Australia's prime luxury residential market

By nature, the Australian prime residential market records a low number of transactions each year despite the growth in wealth creation being one of the fastest, globally.

This can be due to a combination of factors including a shallow number of prestige property listings at any given time, many owners choosing extensive renovations instead of relocating once an idyllic location is secured and those buying are likely to be expanding their residential portfolios for personal use or for investment, with a property not traded back into the market in return.

Over the past few years, this trend has continued with upward pressure placed on property prices and multiple suburb records being achieved, despite welcoming a modest number of iconic luxury developments being built and delivered across the country.

However, since late 2021, the number of Australian prime sales transactions commenced a gradual downward trajectory to record 1.7% less than a year ago.

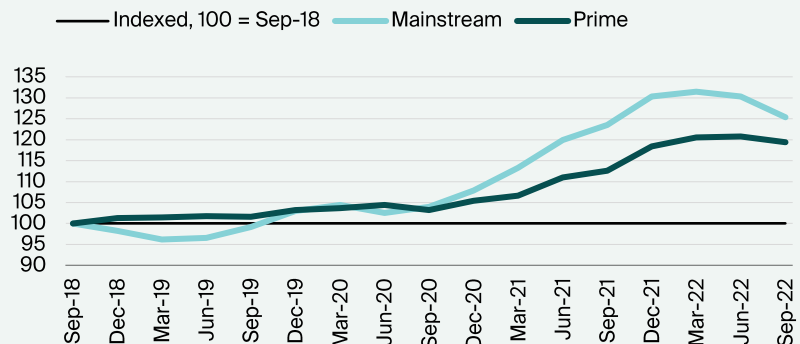
In turn, this has seen the light softening of values in the third quarter of 2022, although still being 6% higher than a year ago.

This is quite a different experience to the mainstream residential market, where sales volume transactions were 10.2% lower over this same time, with values only 1.5% higher.

This demonstrates how much more this market has been impacted by the multiple cash rate increases introduced from May 2022.

## Australian Prime v Mainstream Residential Performance

% annual price growth



Source: Knight Frank Research



**Key Drivers**

As inflation continues to place pressure on economies around the world, key drivers potentially impacting wealth creation are mixed.

Australia’s ultra-high-net-worth (UHNW) population grew by 10.1% in 2021, to 20,874 people with net wealth of more than US\$30 million. This population is forecast to grow by a further 30.9% over the next five years according to the Knight Frank [Wealth Sizing Model](#). Wealth creation expected from capital appreciation, income generation and capital preservation.

Australia has now encountered eight consecutive increases to the official cash rate to battle rising inflation, from

the historic low of 0.10% in April 2022, to rise 25bps in December 2022 to stand at 3.10%. The status of the global economy, local household spending and wage growth will continue to be considered the next time the Reserve Bank of Australia Board meets in February 2023.

New private business investment grew by 3.7% in the year to September 2022. This was higher than 3.3% annual growth six months earlier, but lower than 11.3% growth one year ago.

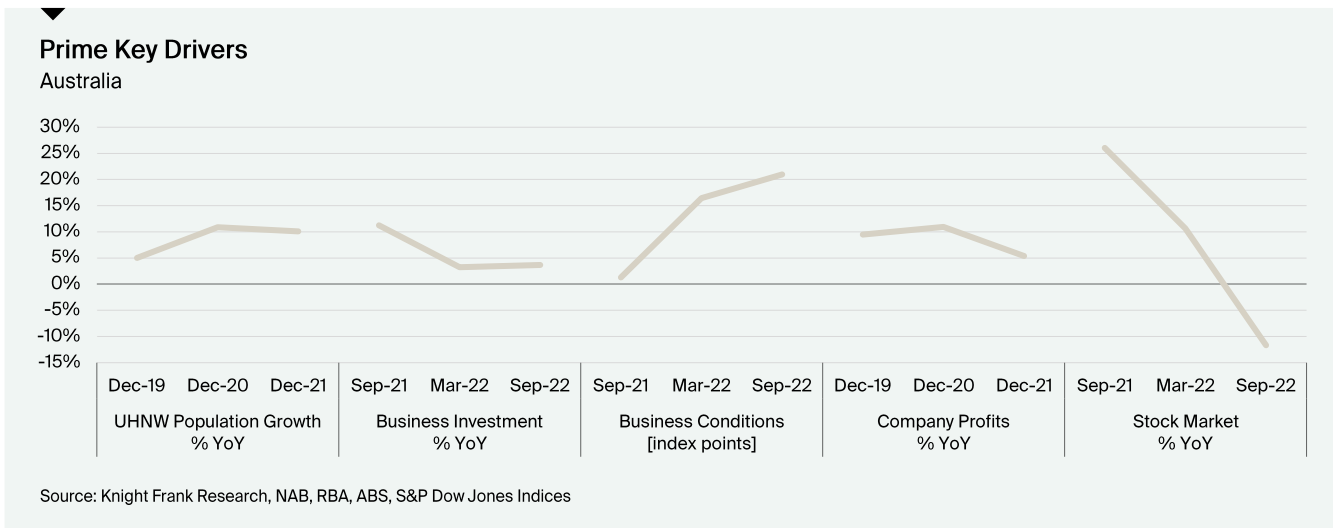
Business conditions rose 1.2 pts in September 2022 to +20.9 index points in the NAB monthly business survey. This is greater than the +16.4 pts recorded in March 2022.

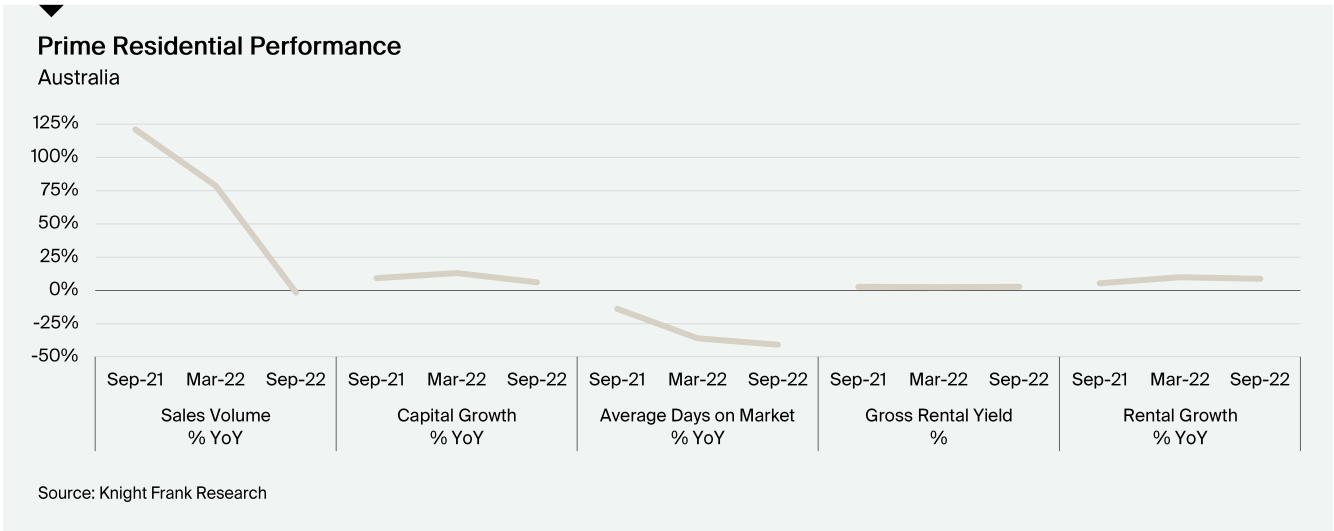
Company profits rose 5.4% in 2021 across Australia, after recording 10.9% growth in 2020.

Oxford Economics have forecast annual company profits to rise by 17.0% in 2022, before falling 7.2% in 2023, to recover at -1.2% in 2024.

Australia’s stock market performance on the S&P/ASX 200 eased in the third quarter of 2022 falling by 1.4%, to calculate total annual change of -11.7% in the year to September 2022.

In 2021, the stock market recorded gains of 17.5%, Oxford Economics forecast the performance will fall to -1.6% at the end of 2022, before rising by 0.4% growth in 2023.





### Performance and Outlook for Australian Prime Residential Market

The prime sales volume across Australia trended down 22.6% in the September 2022 quarter to 1,394 residential homes (houses and apartments). The annual sales volume is 1.7% lower than a year ago with a total of 7,250 transactions. Over this time, Brisbane saw the greatest growth in prime annual sales volume at 36%, followed by the Gold Coast at 26%.

An Australian prime home was listed on the market for an average of 62 days in the September 2022 quarter. This was 68 days one quarter ago. Over this time, Brisbane prime properties were on the market 19 days less on average,

the biggest compression in the number of days recorded across Australia.

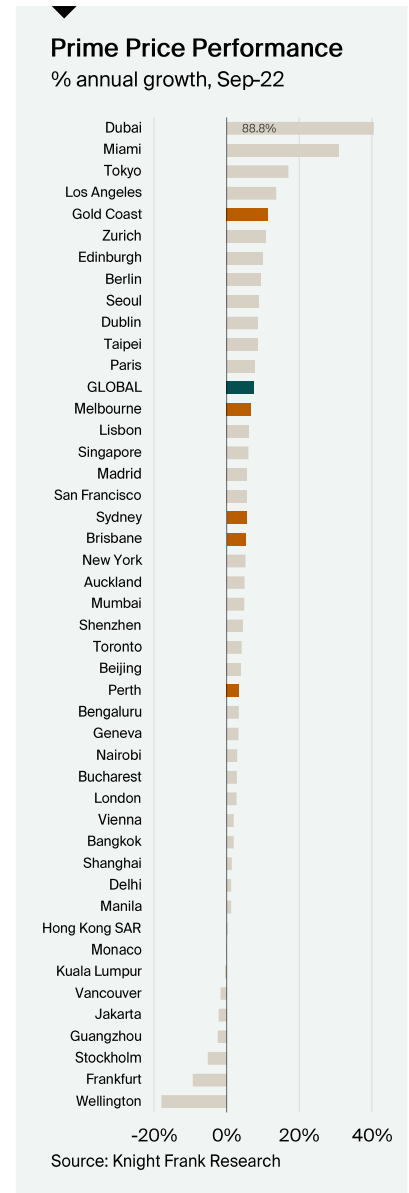
Capital growth for Australian prime property fell 1.2% in the third quarter of 2022, rising 6.0% over the year to September 2022.

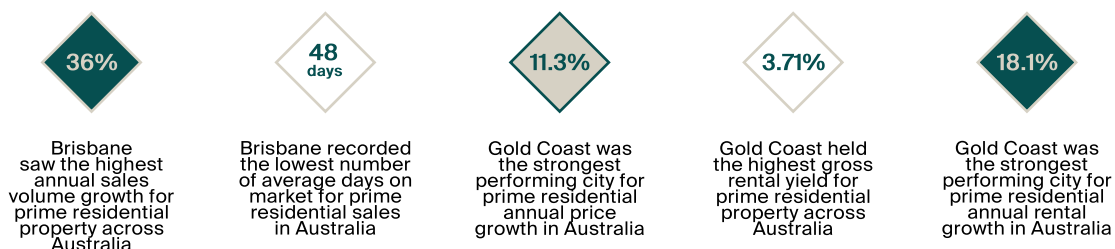
Australia's prime price performance trended above the average 7.5% global annual growth as reported in the Knight Frank [Prime Global Cities Index](#). Australia had four major cities trending above the global average and represented in the top 20.

Across Australia's five major cities, Gold Coast prime residential values performed the strongest over this time

AUSTRALIAN CITIES PRIME RESIDENTIAL PRICE PERFORMANCE	GLOBAL RANK Sep-22 (Rank one year ago)	ANNUAL GROWTH RATE Sep-22 (Rate one year ago)
GOLD COAST	5 (15)	11.3% (10.5%)
MELBOURNE	13 (24)	6.7% (6.5%)
SYDNEY	18 (14)	5.4% (10.7%)
BRISBANE	20 (21)	5.2% (8.4%)
PERTH	26 (16)	3.4% (10.4%)
GLOBAL	-	7.5% (9.5%)

Source: Knight Frank Research, Prime Global Cities Index (45 cities)





with 11.3% annual growth, ranking 5th from 45 global cities. Brisbane in position 13 (6.7%) and Sydney in position 18 (5.4%) ranked next best.

Contrary to the subdued performance of the mainstream residential market in Australia, the enduring growth in the UHNW population has resulted in ongoing demand for luxury residential property. Although as capital growth tapers back, the shallow number of prime property listings and new luxury properties being built will likely soften economic challenges on the horizon. Australia’s prime residential market is forecast to record 4% annual growth at the end of 2022, with steady growth in 2023, before rising again 3% in 2024.

From an investment perspective, gross

rental yields were lifted by 9 bps in the third quarter of 2022, as Australian prime residential property averaged 2.69%. At this time, the Gold Coast recorded the strongest prime rental yield at 3.71%.

Australian prime residential rental growth was 1.5% in the September 2022 quarter, rising 8.7% over the past year. This was below the annual global average of 10.2% tracked in the Knight Frank Prime Global Rental Index.

The Gold Coast was the only major Australian city to trend above the global average at a city level, with 18.1% prime annual rental growth. The next most annual escalation for prime rents was in Sydney (8.5%) and Melbourne (6.7%).

MAJOR CITIES PRIME RESIDENTIAL Sep-22	SYD	MEL	PER	BNE	GC	AUS
UHNW POPULATION GROWTH   YoY ^	3.7%	10.2%	10.5%	15.0%	-	10.1%
UHNW POPULATION GROWTH   2021-26 Projection ^	20%	34%	23%	32%	-	31%
SALES VOLUME   Annual	3,902	942	616	833	959	7,252
SALES VOLUME   YoY	-13%	20%	-15%	36%	26%	-2%
AVE. DAYS ON MARKET	62	69	68	48	66	62
CAPITAL GROWTH   YoY	5.4%	6.7%	3.4%	5.2%	11.3%	6.0%
CAPITAL GROWTH   Global Rank *	18	13	26	20	5	-
CAPITAL GROWTH   2022 Forecast	3%	2%	3%	4%	6%	4%
CAPITAL GROWTH   2023 Forecast	0%	-1%	1%	2%	3%	0%
GROSS RENTAL YIELD	2.12%	2.77%	1.82%	2.43%	3.71%	2.69%
RENTAL GROWTH   YoY	8.5%	6.7%	5.9%	6.3%	18.1%	8.7%

Source: Knight Frank Research

Note: ^ Latest data at time of publishing \* From 45 cities

# SYDNEY PRIME



## Sydney prime sales performance

In the September 2022 quarter, Sydney prime residential sales volume trended down 26% to 705 homes selling higher than \$3 million. Annual sales volume trended 13.3% lower, to total 3,902 sales.

The average days on market for a prime home stood at 62 days in the September 2022 quarter. One quarter ago, this was 56 days.

## Sydney prime price performance

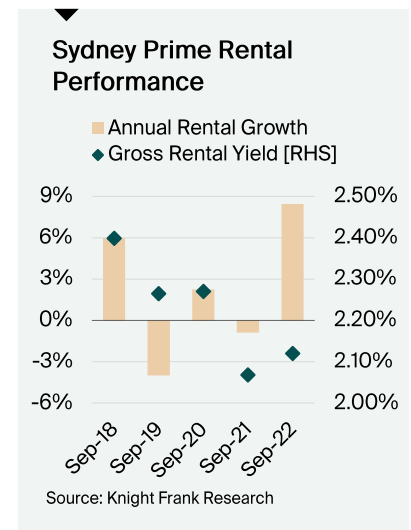
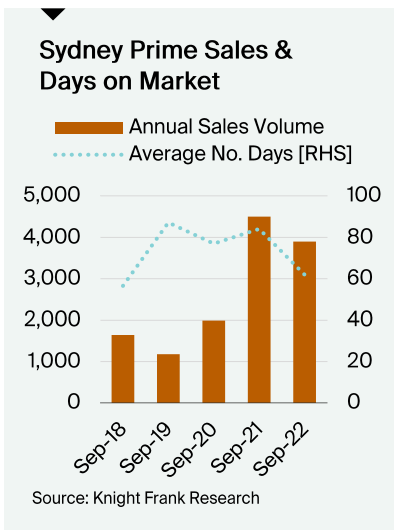
Globally, Sydney ranked 18th from 45 cities for prime annual price growth. Over the year to September 2022, capital growth increased 5.4% for prime homes, but fell -1.9% in the past quarter.

Prime residential prices in Sydney are forecast to increase a total of 3% by the end of 2022, then remaining steady in 2023, before 3% growth in 2024 according to Knight Frank Research.

## Sydney prime rental performance

Gross rental yields for Sydney prime residential property rose 4 bps to 2.12% in the third quarter of 2022. A year ago, this prime yield was recorded at 2.07%.

Rents for prime homes fell -0.1% over this same quarter, increasing a total of 8.5% over the past year.



# MELBOURNE PRIME



### Melbourne prime sales performance

Prime sales volume in Melbourne decreased 36.1% in the September 2022 quarter to 156 residential homes transacting above \$3 million. Although annual sales volume is 20.3% higher than a year ago, with 942 sales.

Melbourne prime homes averaged 69 days on the market before selling in the September 2022 quarter. One quarter ago, this was 72 days.

### Melbourne prime price performance

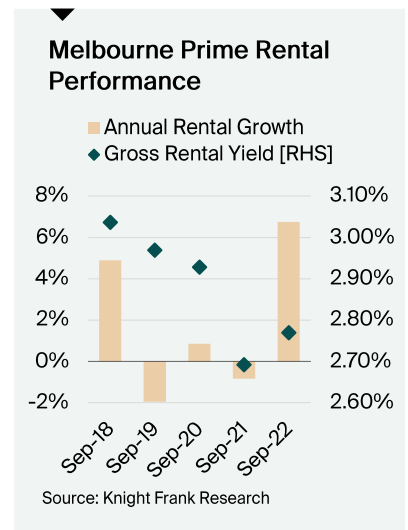
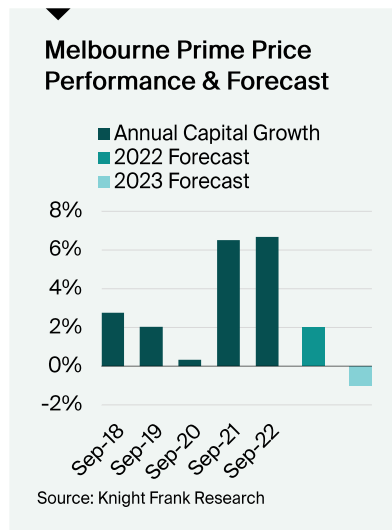
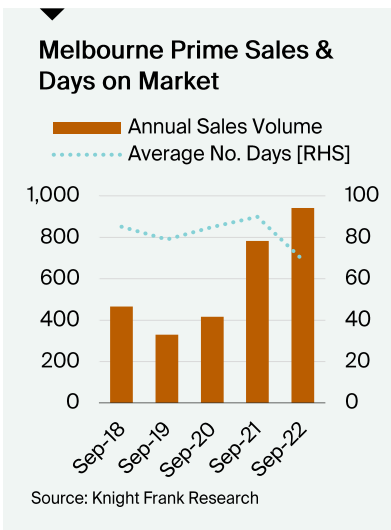
Melbourne ranked 13th from 45 global cities for prime annual price growth. Over the year to September 2022, capital growth increased 6.7% for prime homes, up 0.7% in the past quarter.

Knight Frank Research forecast Melbourne prime prices to increase a total of 2% by the end of 2022, but likely to experience a decline of 1% in 2023, before rising 1% in 2024.

### Melbourne prime rental performance

Gross rental yields for Melbourne prime residential increased 9 bps to 2.77% over the third quarter of 2022. One year ago, this prime rental yield was recorded at 2.69%.

Rents increased 3.1% for prime homes over the September 2022 quarter, to total 6.7% growth in the past year.



# PERTH PRIME



## Perth prime sales performance

Across the prime regions in Perth, sales volume fell 28.4% in the September 2022 quarter to 68 residential homes selling higher than \$2 million. While annual sales volume is 14.6% lower than a year ago, with a total of 616 sales.

Prime homes averaged 68 days on the market before selling in the September 2022 quarter. One quarter ago, this was 72 days.

## Perth prime price performance

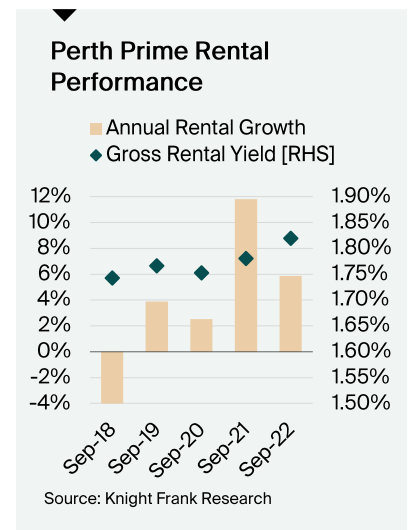
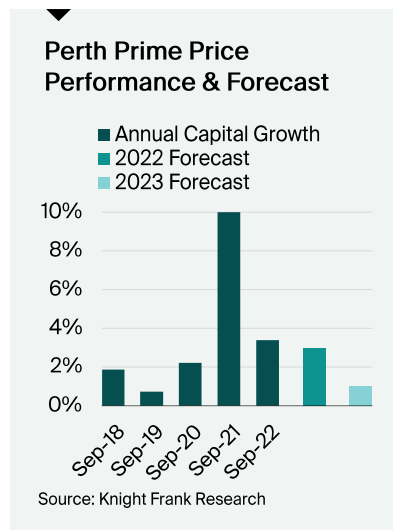
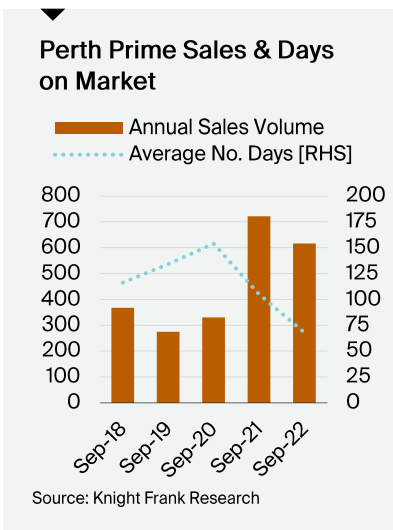
Perth ranked 26th from 45 global cities for prime annual price growth. Over the year to September 2022, capital growth increased 3.4% for prime homes, although falling 0.4% over the past quarter.

Prime residential prices in Perth are forecast to increase a total of 3% by the end of 2022, and a further 1% in 2023 and 2% in 2024 according to Knight Frank Research.

## Perth prime rental performance

Prime residential gross rental yields trended up 3 bps to 1.82% over the third quarter of 2022 in Perth. One year ago, this prime rental yield was recorded at 1.78%.

Rents increased 0.6% for prime homes over the September 2022 quarter, to total 5.9% growth in the past year.





# BRISBANE PRIME



## Brisbane prime sales performance

In the September 2022 quarter, Brisbane prime residential sales volume trended down 9.0% with 181 homes transacting above \$2 million. Although annual sales volume trended 35.9% higher, to total 833 sales.

The average days on market for a prime home stood at 48 days in the September 2022 quarter. One quarter ago, this was 67 days.

## Brisbane prime price performance

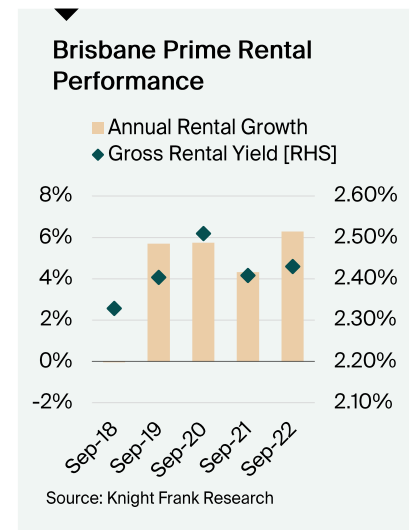
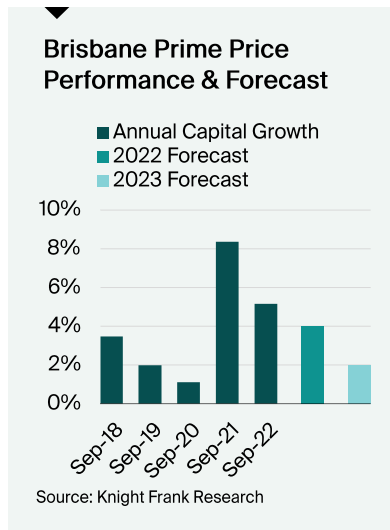
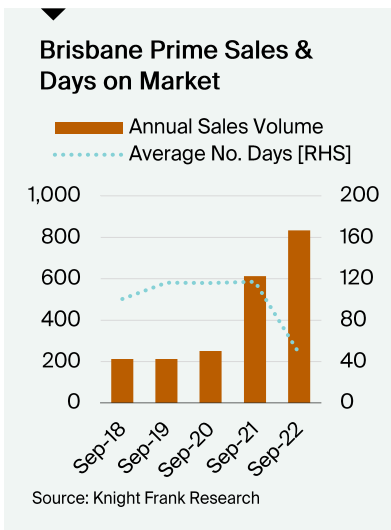
Globally, Brisbane ranked 20th from 45 cities for prime annual price growth. Over the year to September 2022, capital growth increased 5.2% for prime homes, but remaining falling 2.4% in the past quarter.

Knight Frank Research forecast Brisbane prime prices to increase a total of 4% by the end of 2022, a further 2% in 2023 before 4% growth in 2024.

## Brisbane prime rental performance

Gross rental yields for Brisbane prime residential rose 6 bps to 2.43% in the third quarter of 2022. A year ago, this prime yield was recorded at 2.41%.

Rents for prime homes increased 0.3% over this same quarter, increasing 6.3% in the past year.



# GOLD COAST PRIME

26%

Gold Coast prime residential annual sales volume growth

66 days

Average days on market for Gold Coast prime residential sales

11.3%

Annual price growth Gold Coast prime residential

3.71%

Gold Coast prime residential average gross rental yield

18.1%

Annual rental growth Gold Coast prime residential

## Gold Coast prime sales performance

Prime sales volume on the Gold Coast increased 1.4% in the September 2022 quarter, to 211 residential homes selling higher than \$2 million. While annual sales volume is 26.2% higher than a year ago, with 959 sales.

Gold Coast prime homes averaged 66 days on the market before selling in the September 2022 quarter. One quarter ago, this was 70 days.

## Gold Coast prime price performance

Gold Coast ranked 5th from 45 global cities for prime annual price growth. Over the year to September 2022, capital growth increased 11.3% for prime homes, although down 1.6% in the past quarter.

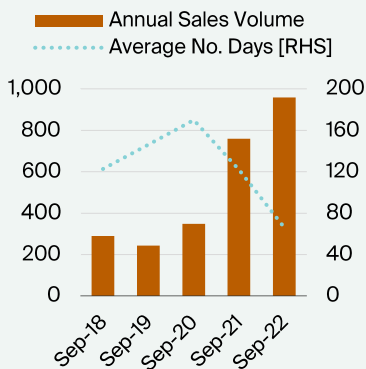
Prime residential prices on the Gold Coast are forecast to increase a total of 6% by the end of 2022, by 3% in 2023 and a further 3% in 2024, according to Knight Frank Research.

## Gold Coast prime rental performance

Gross rental yields for Gold Coast prime residential trended up 21 bps to 3.71% over the third quarter of 2022. One year ago, this prime rental yield was recorded at 3.48%.

Rents increased 4.1% for prime homes over the September 2022 quarter, to total 18.1% growth in the past year.

### Gold Coast Prime Sales & Days on Market



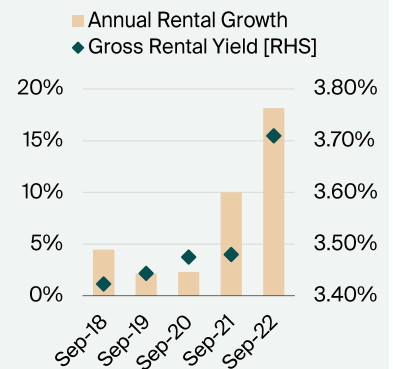
Source: Knight Frank Research

### Gold Coast Prime Price Performance & Forecast



Source: Knight Frank Research

### Gold Coast Prime 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 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.

### Geographies for prime regions

**Sydney** includes the postcodes: Inner Sydney: 2000, 2006-2011; Eastern Suburbs: 2021-2031; Inner West: 2037-2050, 2110, 2137; Lower North Shore: 2060-2069, 2088-2090; Upper North Shore: 2070-2077, 2079-2087; Northern Beaches: 2092-2097, 2099-2108; Southern Beaches: 2219, 2221, 2224, 2229, 2230.

**Melbourne** includes the postcodes: Inner Melbourne: 3000, 3002, 3004-3006, 3008, 3013, 3053, 3065; Inner East: 3121, 3141, 3181-3182; Bayside: 3184-3188, 3191, 3193, 3195-3196, 3205-3207; Eastern Suburbs: 3101-3104, 3122-3127, 3142-3146.

**Brisbane** includes the postcodes: 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.

**Perth** includes the postcodes: Inner Perth: 6000, 6004-6005, 6008; Western Suburbs: 6009-6012, 6014-6015, 6019-6020; Inner South: 6151-6156; South: 6158-6160.

**Gold Coast** includes the postcodes: 4212, 4215-4221, 4226.

**We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.**



### Research

Michelle Ciesielski

+61 2 9036 6659

michelle.ciesielski@au.knightfrank.com



### Residential

Erin van Tuil

+61 2 9036 6699

erin.vantuil@au.knightfrank.com

### Media Enquiries

Vanessa De Groot

+61 410 460 211

pr@au.knightfrank.com

## Recent Publications



Rightsizing 2022



Australian Waterfront Premium 2022



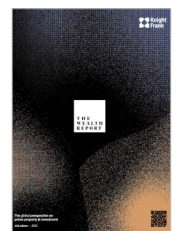
Branded Residences 2022



Prime Global Cities Index Q3 2022



Prime Global Rental Index Q3 2022



The Wealth Report 2022

**Knight Frank Research Reports are available at [knightfrank.com/research](https://knightfrank.com/research)**



**Knight Frank Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, funding organisations, corporate institutions and the public sector. All our clients recognise the need for expert independent advice customised to their specific needs.** Important Notice © Knight Frank Australia Pty Ltd 2022 – This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank Australia Pty Ltd for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank Australia Pty Ltd in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank Australia Pty Ltd to the form and content within which it appears.