

Assessing the performance of prime waterfront property across major Australian cities



Australian Prime Waterfront Index

2021

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THE WATERFRONT PREMIUM

Knight Frank's Prime Waterfront Index measures the uplift a waterfront location can add to a property's value across Australia's major cities. This past year has given many the opportunity to reflect on how time at home is best enjoyed—how has this impacted the waterfront premium?

Prime waterfront properties across Australia are worth an average 69% more than their inland equivalent in 2020, trending upwards from 63.1% one year ago, as all five cities saw an uptick in their waterfront premium.

Uplift by city

Sydney, the harbour city, continues to be the leader, recording 104.7% in Q3 2020, up from 94.9% in Q3 2019. The steepest uplift was noted in **Perth** off-the-back of a strengthening economy, as the city grew from a waterfront premium of 53.6%, to 61.1%, over the year ending Q3 2020. **Melbourne** saw an increase in their uplift rate from 27.3% to 30.4% over the same time, the city recovering back to Q3 2018 levels, as residents recoup from a lengthy pandemic lockdown where waterfront properties are increasingly likely to become a more desirable setting to spend time at home.

Prime residential markets in **Brisbane** and the **Gold Coast** have been widely performing well as popular with both relocating interstate families and downsizers. Although many of these budgets would allow for the price point of a waterfront property in these cities, buyers took a more conservative approach in 2020 to record only a slight rise in premium for a waterfront property of 67.9% on the Gold Coast, and 47.4% on the Brisbane River.

Premium by water frontage

Australia is well-placed to offer an array of waterfronts, although these residential properties continue to be tightly held. Prime properties located on the **harbour front** commanded the largest premium (and also the strongest growth in premium) at 102% in Q3 2020, growing from 97.3% a year earlier. Over the same time, a **coastal frontage** rose from 61.4% to 71%, **riverfront** was 61.1% (up from 57.4%) and improving considerably, frontage **canals** most prominently on the Gold Coast grew from 49.8% to 55.6%.

Super-prime waterfront sales

The **portion of absolute waterfront sales** in Australia was 33% in the year ending Q3 2020, when recorded against the total number of super-prime sales. Although this share of sales fell from 36% in Q3 2019, the number of sales grew from 40 to 46, demonstrating the **strength of the wider super-prime luxury market**. The distribution of waterfront sales varied with harbour front holding the most share with a little over half, coastal and river frontages with one-fifth of sales each, then properties with frontages to canals at 9%.

Over the past five years, the **average super-prime waterfront sale price** has shifted higher by 43%. In Sydney the average sale price was \$21.5 million

in the year ending Q3 2020, whilst Brisbane followed with \$17.6 million and Melbourne at \$16.5 million. In the same timeframe, Perth's average sale price was \$13.4 million and Gold Coast was \$12.7 million.

Exclusive maritime facilities

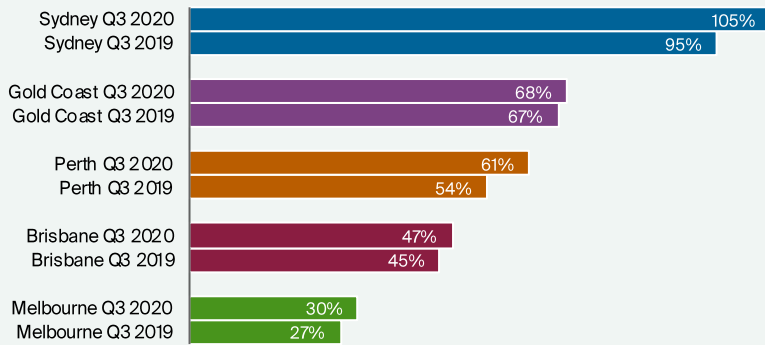
Direct access to water and exclusive maritime facilities are a premium many buyers are willing to pay, the Covid-19 pandemic has only amplified this privilege. Further analysis of all Australian super-prime absolute waterfront sales over the past year found 39% had maritime facilities. One in four waterfront sales had a **jetty**, one in five held a **pontoon** whilst 15% had a **mooring** and 7% had a **slipway**.

Outlook

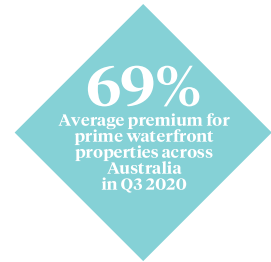
Super-prime waterfront property tends to be the most liquid in nature, so in times of economic uncertainty, can provide a great investment and it's likely further demand will come over the coming months, and years. A mid-2020 Knight Frank **global buyer survey** revealed 40% are more likely to buy a waterfront residence than prior to Covid-19, reflecting the change in buyer's attitudes towards securing a resort-like lifestyle at home. Privacy is also in demand, 52% say it's more important, so waterfront properties are sure to push beyond the 55% premium currently paid for private beach access.

Australian Prime Waterfront Index

Waterfront premium valuation calculated as at Q3 2020

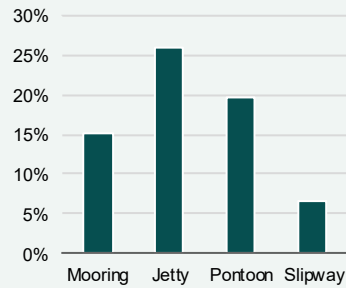


Source: Knight Frank Research



Australian waterfront properties with exclusive maritime facilities

Super-prime absolute waterfront sales, year ending Q3 2020



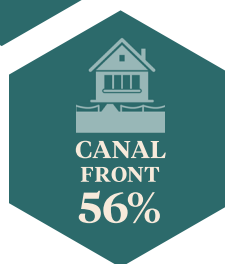
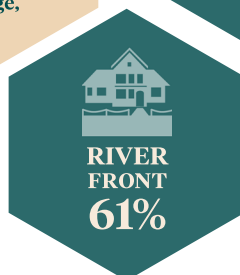
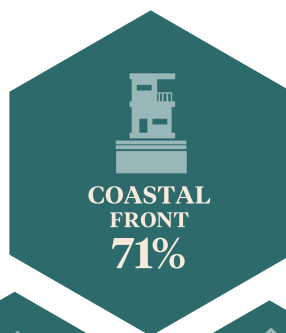
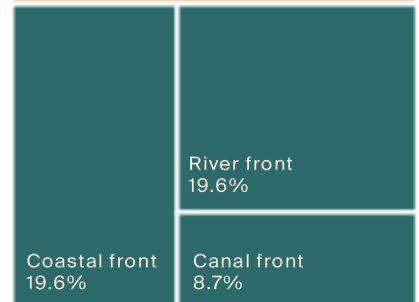
Source: Knight Frank Research



Portion of Australian super-prime residential sales with absolute waterfront in year ending Q3 2020, based on number of sales.

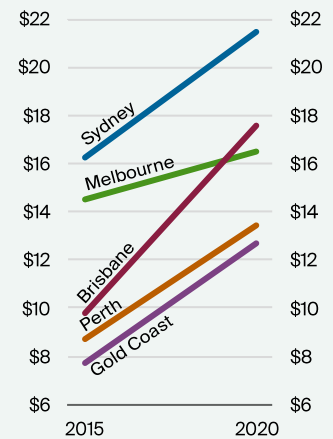
“40% are more likely to buy a waterfront residence than prior to Covid-19”
—Knight Frank Global Buyer Survey 2020

Harbour front 52.2%
Distribution of Australian super-prime absolute waterfront sales, by type and number, Q3 2019 to Q3 2020



Absolute waterfront super-prime average sale price comparison

\$ million, year ending Q3



Source: Knight Frank Research

DATA DIGEST

Australian Prime Waterfront Index measures the potential value uplift for prime homes on the water's edge, or absolute waterfront, compared with similar properties located further inland without access to, or a view of, water.

Coast includes properties on the absolute waterfront of a beach and bay.

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.

Super-Prime residential sales reported hold a threshold of AU\$10 million in Sydney and Melbourne prime regions, with all other cities captured above AU\$7 million.

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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