

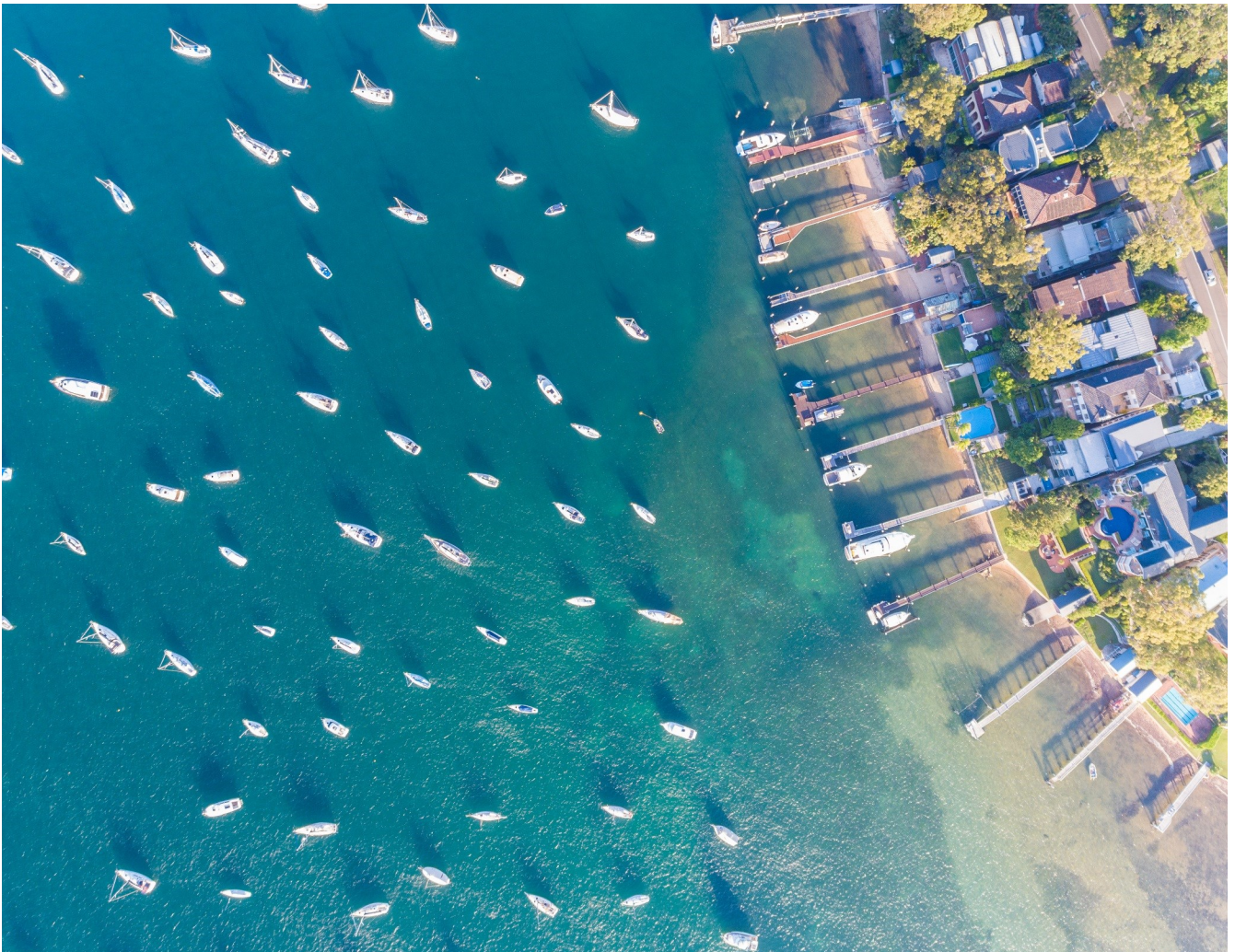
*Evaluating the performance of prime waterfront
property across major Australian cities*



Australian Waterfront Premium

2022

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LIVING ON THE WATERFRONT

With health, wellbeing and privacy being uppermost in buyers' minds, how has this impacted the prime waterfront residential market across Australia?

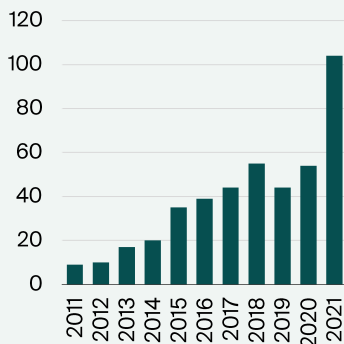
Despite an extensive Australian coastline, there still remains a limited number of prestige homes located on the absolute waterfront which transact each year. Although in 2021, we saw the completion of Crown Residences at One Barangaroo which added a significant number of new super-prime apartments fronting Sydney Harbour, as well as overall, the highest number of annual super-prime sales on record.

Volume of waterfront sales

Over the year to Q3 2021, 32.9% of the 374 super-prime residential sales were found to be located on the absolute waterfront across Australia.

Volume of absolute waterfront sales, Australia

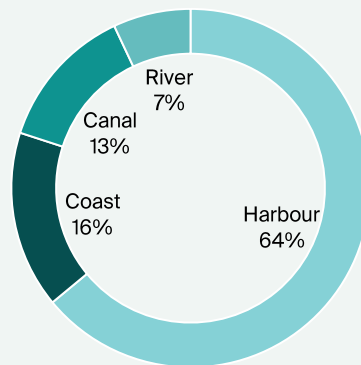
Number of super-prime residential sales as at Q3 2021



Source: Knight Frank Research

Distribution of absolute waterfront sales, Australia

Frontage by volume of super-prime residential sales in year to Q3 2021



Source: Knight Frank Research

This was a similar share to the year before and only slightly below the 34% 10-year average. This demonstrates the strength of the underlying expanding super-prime market.

Types of waterfront sales

The distribution of absolute waterfront super-prime sales was dominated by those on the harbour with a 64% share in the year to Q3 2021. A year earlier, this was closer to 48%.

Those properties located with a frontage to the coast made up 16% of total sales, with 13% being on a canal and the remaining 7% on a river.

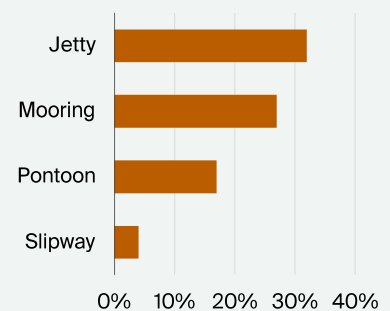
Exclusive maritime facilities

Direct access to water and exclusive maritime facilities are a premium many buyers are willing to pay. Multiple lockdowns with the current global pandemic has highlighted the lifestyle opportunities that come with this privilege.

A further analysis of all Australian super-prime absolute waterfront sales over the year to Q3 2021 found one in three transactions accommodated an exclusive maritime facility. Of these sales, 32% were found to have a jetty and 27% came with a mooring, while 17% had a pontoon and 4%, a slipway.

Exclusive maritime facilities with waterfront sales, Australia

% of super-prime absolute waterfront sales in year to Q3 2021



Source: Knight Frank Research

Waterfront premium

Prime waterfront properties across Australia have achieved 79% price premium on average more than their inland equivalent in 2021, increasing by 14.4%, from 69% one year ago.

Given the lengthy pandemic lockdown endured, it's perhaps not surprising waterfront homes in Melbourne have become more desirable. At 22%, the city experienced the strongest growth of the five major Australian cities, with the waterfront premium increasing from 30% in Q3 2020, to 37% in Q3 2021.

Prime residential markets in Brisbane have been performing well, with many local upsizers and interstate buyers attracted to riverfront positions in prestige suburbs. The uplift grew by 14% in the year to Q3 2021, to average a waterfront premium of 54%.

Commanding the greatest average waterfront uplift, Sydney continues to lead with 119% in Q3 2021, rising from 105% a year ago (up 13.5%). The Gold Coast follows, with a premium of 71% in Q3 2021, while Perth recorded an average uplift of 67% at this time. As both these prime markets have been performing exceptionally well across most price points in 2021, this saw the

difference to the waterfront premium captured last year being a modest growth of 5% and 9.5% respectively.

Premium by water frontage

Prime properties with a harbour frontage saw the biggest premium at 114% in Q3 2021, up from 102% in Q3 2020. In comparison, those homes fronting the coast saw the strongest growth in premiums of 22% over this time, to record an 86% waterfront uplift in Q3 2021.

For river frontage prime properties, the average premium grew from 61% in Q3 2020, to 67% in Q3 2021. Once again, showing the strength of the wider Gold Coast prestige market over the past year, the premium for canal frontage narrowed to reflect an uplift of 47% in Q3 2021, compared to 56% in Q3 2020.

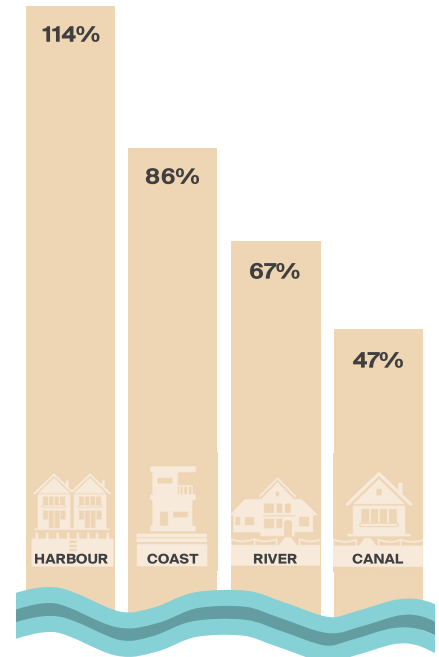
A prime waterfront property can offer an element of privacy and security, and this is becoming more important for buyers. Across Australia's major cities, the premium paid for private beach access was 65% in Q3 2021, rising from 55% in 2020.

Outlook

As established waterfront homes continue to be tightly held, there will be no shortage of demand for the

Uplift in value by waterfront location, Australia

Waterfront premium valuation calculated as at Q3 2021

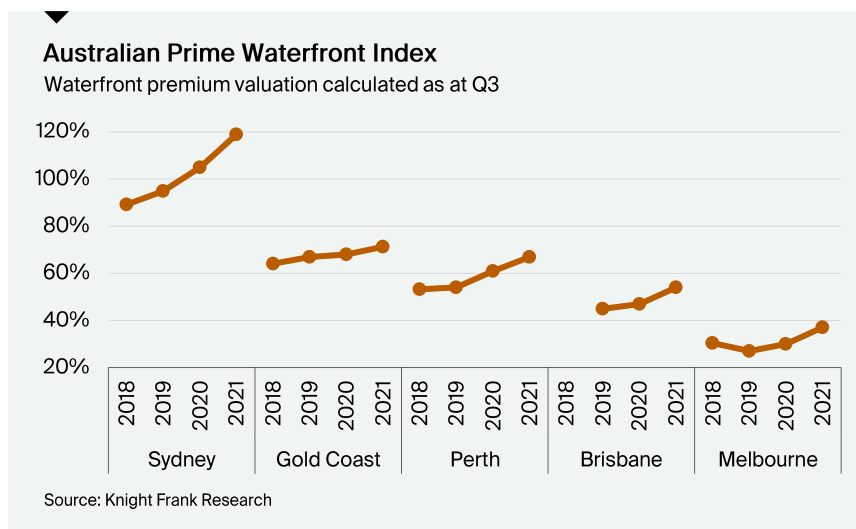


Source: Knight Frank Research

coming years given many Australians have a new perspective on how they enjoy their time at home with health and wellness being front of mind. In times of uncertainty, prime waterfront property can be a solid investment given they tend to be more highly transferable should property portfolios need to be rebalanced.

The Knight Frank Global Buyer Survey undertaken in mid-2021, revealed 42% of respondents were more likely to move to a waterfront residence when asked to reflect on how the pandemic has influenced their next home. This had increased from 40% when asked a year earlier, a few months into the global pandemic.

When drilling down to responses for the Australians surveyed for this same question in 2021, 51% said they were more likely to be influenced to choose a waterfront location.



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.

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

Currency reference to dollars or \$ refers to Australian dollars (\$A), 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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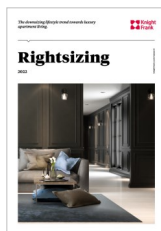
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