



*Wealth trends*



*Prime sales, price and  
rental performance*



*Prime development  
pipeline*



# Sydney Prime Residential Review

Q1 2021

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# SYDNEY PRIME RESIDENTIAL

*Sydney saw a record number of prime sales in the last quarter of 2020, overtaking the previous high achieved the quarter before. As confidence grows and listings remain shallow, it's likely more vendors will opt to sell via the auction process in 2021, as increasing wealth is redirected into local residential property portfolios.*

## Wealth trends

Australian **ultra-high-net-worth individuals** (UHNWIs) grew by 10.9% in 2020, to 3,124 people with net wealth of US\$30m+. This UHNW population is forecast to grow annually by 3.8% over the next five years. Sydney had the highest share (33%) with 1,024 UHNWIs.

By the end of 2020, the Australian **stock market** was in recovery mode and saw gains of 13.3% in the fourth quarter of 2020, rounding annual growth at -1.5% (S&P Dow Jones Indices). **Business conditions** strengthened, moving 12.4 percentage points above the average (NAB).

Total **new private investment** was down 3.6% at the end of 2020, but is forecast to rebound to 6.3% annual growth in 2021 (Oxford Economics). Sydney ranked 31st place in 2021 on the Knight Frank **City Wealth Index**, based on factors such as wealth, investment and lifestyle.

## Prime sales performance

Across Sydney's prime regions, the **volume of sales** in Q4 2020 tallied at 642 prime properties (\$3m-\$10m); the highest quarter on record. This was 35% higher than Q3 2020, and up 54% in the year ending December 2020. The number of super-prime (\$10m+) sales also trended higher, up by 22% in Q4

2020 recording 45 sales, with total growth of 43% over the past year.

The **average days on market** for a prime property in Sydney was 83 days in Q4 2020. This was 77 days one quarter ago.

## Prime price performance

Globally, Sydney ranked 24th from 45 cities for annual price growth. **Capital growth** for prime property rose 1.1% over the past year to December 2020, although down 1.1% in the last quarter. Knight Frank Research forecast Sydney prime prices to further increase by a minimum of 3% by the end of 2021.

At the end of December 2020, those buying with the euro were ranked most advantaged for major **currencies** when buying Sydney prime property.

In terms of **relative value** at this time, one could buy 45 sqm of internal luxury floorspace in Sydney for US\$1 million, compared to 31 sqm in London or 23 sqm in Hong Kong SAR.

## Prime rental performance

**Gross rental yields** for Sydney prime property trended down 6 bps to 2.21% in Q4 2020. A year ago, this yield was recorded at 2.20%. In Q4 2020, **rental growth** was down 1.5% for prime properties in Sydney. Over the past year, rental growth increased by 1.9%.

## New prime development pipeline

A total of 6,325 medium- and high-density **new apartments and townhouses** were completed in Sydney's prime regions in 2020.

This was 14% below the number built in 2019 and below the 3-year average of 8,025 new apartments and townhouses.

Compared to 2020, there are 55% less apartments and townhouses forecast to be completed in 2021, with 2,825 currently under construction.

In 2021, the greatest distribution of new apartments and townhouses will be in found in Inner Sydney (725), Eastern Suburbs (700) and the Upper North Shore (575). This is followed by the Lower North Shore (350), Southern Suburbs (200), Inner West (150) and Northern Beaches (125).

Collectively across the prime regions 3-year pipeline, the **distribution of bedrooms** have been weighted towards 2-bed configured apartments with 47% of the total share, followed by studio & 1-bed (32%) then 3-bed+ (21%).

Sydney **new prime apartment prices** have increased 10.6% in 2020 to an indicative \$52,000/sqm; to range between an average of \$45,000/sqm and \$65,000/sqm.

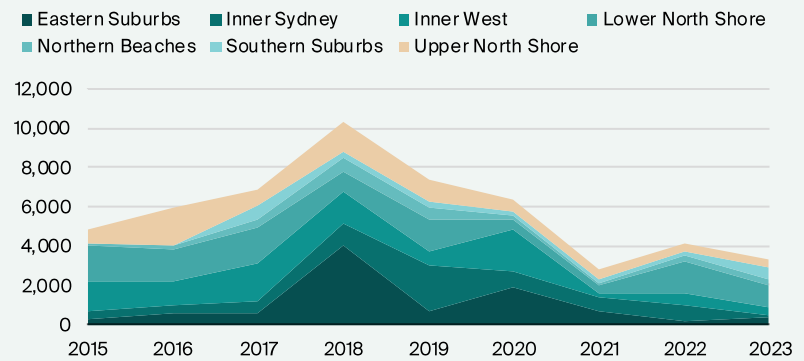
**SYDNEY  
PRIME RESIDENTIAL**  
31 December 2020

Capital Growth - Annual	1.1%
Sales Volume - Annual	1,967
Sales Turnover - Annual	54%
Ave. Days on Market	83
Gross Rental Yield	2.21%
Rental Growth - Annual	1.9%

Source: Knight Frank Research

**Sydney prime pipeline**

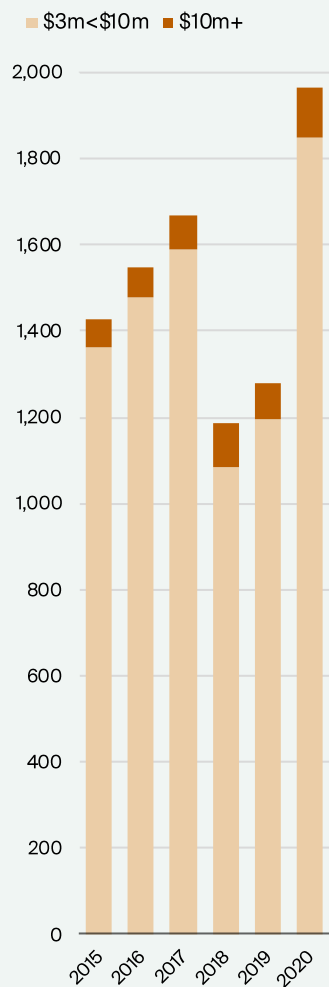
Number of new medium- and high-density apartments in prime regions



Source: Knight Frank Research

**Sydney prime sales**

Number of sales, prime regions



Source: Knight Frank Research

**83**

Average days on market for prime residential properties in Sydney in Q4 2020

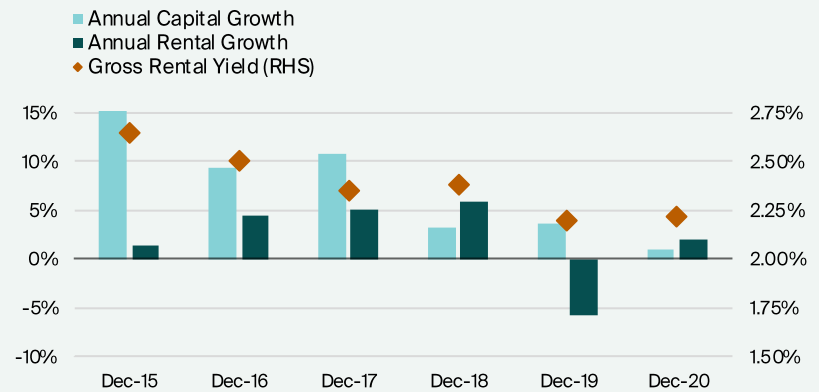
**54%**

Increase in the number of Sydney prime properties sold over the past year

“Q4 2020 saw the highest number of prime sales on record across the prime regions of Sydney”

**1.9%**  
Growth in Sydney prime rents between Q4 2019 and Q4 2020

**Sydney prime residential price and 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 AU\$3 million in Sydney prime regions.

**Ultra-high-net-worth individual (UHNWI)** is someone with a net worth of over US\$30 million including their primary residence. Otherwise known as ultra-wealthy.

**Prime regions** cover postcodes in 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 Suburbs: 2219, 2221, 2224, 2229, 2230.

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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