



Wealth trends



Prime sales, price and rental performance



Prime development pipeline



# Sydney Prime Residential Review

Q3 2021

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# SYDNEY PRIME RESIDENTIAL

*Four consecutive quarters has delivered record sales volume for Sydney's prime luxury market, with very little new supply in the pipeline. As prices continue to climb, Sydney is expected this year to hold the title for the strongest growth across major global cities.*

## 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.

The Australian **stock market** has continued a stellar run and saw gains of 7.7% in the second quarter of 2021, taking annual growth to 25.2% (S&P Dow Jones Indices). **Business conditions** strengthened, moving 21.9 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 10.5% 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 Q2 2021 tallied at 858 prime properties (\$3m-\$10m); the highest quarter on record. This was 23% higher than Q1 2021, and up 88% in the year ending June 2021. The number of super-prime (\$10m+) sales grew by 92% in Q2 2021 recording 73 sales,

although with total growth of 138% over the past year. The **average days on market** for a prime property in Sydney was 88 days in Q2 2021. This was 86 days one quarter ago.

## Prime price performance

**Globally**, Sydney ranked 20th from 46 cities for annual price growth. **Capital growth** for prime property rose 6.5% over the past year to June 2021, up 4.9% in the last quarter. Knight Frank Research **forecast** Sydney prime prices to increase a total of 10% by the end of 2021 and a further 7% in 2022.

Over the year ending June 2021, those buying Pound Sterling (at an additional 3%) were ranked most advantaged for major **currencies** when buying Sydney prime property.

In terms of **relative value** at this time, one could buy 46 sqm of internal luxury floorspace in Sydney for US\$1 million, compared to 30 sqm in London or 22 sqm in Hong Kong SAR.

## Prime rental performance

**Gross rental yields** for Sydney prime property trended down 12 bps to 2.06% in Q2 2021. A year ago, this yield was recorded at 2.21%. In Q2 2021, **rental growth** was down slightly 0.9% for prime properties in Sydney. Over the past year, rental growth has fallen by a total of 1.3%.

## 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** being built 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**  
30 June 2021

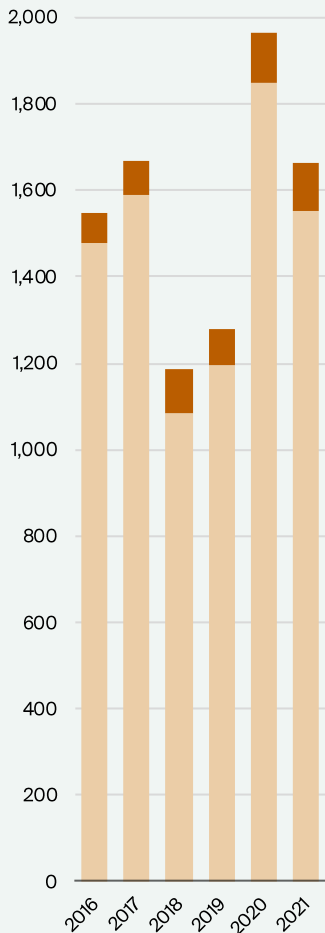
Capital Growth - Annual	6.5%
Sales Volume - Annual	2,865
Sales Turnover - Annual	90%
Ave. Days on Market	88
Gross Rental Yield	2.06%
Rental Growth - Annual	-1.3%

Source: Knight Frank Research

**Sydney prime sales**

Number of sales, prime regions  
At end of Q2 2021

■ \$3m<\$10m ■ \$10m+



Source: Knight Frank Research



“Q2 2021 saw the highest number of prime sales on record across the prime regions of Sydney”

**Sydney prime residential annual sales turnover**



Source: Knight Frank Research



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

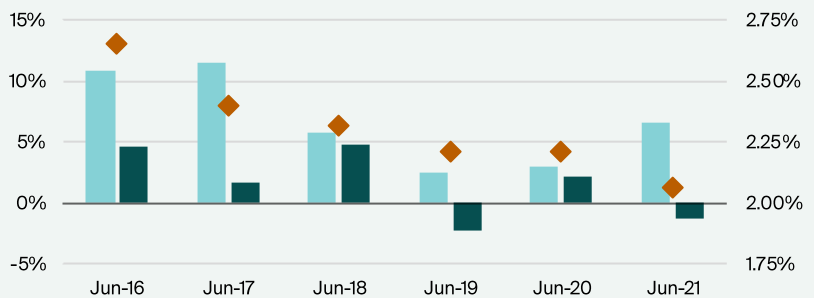
US\$1m buys 46 sqm of prime residential internal floorspace in Sydney

US\$1m buys 22 sqm of prime residential internal floorspace in Hong Kong SAR

Q2 2021

**Sydney prime residential price and rental performance**

■ Annual Capital Growth  
■ Annual Rental Growth  
◆ Gross Rental Yield (RHS)



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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