



Wealth trends



Prime sales, price and rental performance



Prime development pipeline



# Sydney Prime Residential Review

Q4 2021

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# SYDNEY PRIME RESIDENTIAL

*Flowing onto price performance, an exceptional five consecutive quarters has delivered record sales volume in Sydney's prime luxury market. With very little new supply in the pipeline, the city is forecast globally to be the second strongest for price growth in 2022.*

## Wealth trends

Australia's **stock market** performance eased in the third quarter of 2021 with gains of 0.3%, calculating annual growth at 26.1% (S&P Dow Jones Indices).

**Business conditions** strengthened, moving 2.4 percentage points above the average (NAB).

Total **new private investment** was down 3.6% at the end of 2020, but is forecast to rebound with 10.5% annual growth in 2021 (Oxford Economics).

**Ultra-high-net-worth individuals** (UHNWIs) grew by 10.9% in 2020, to 3,124 Australians with net wealth of US\$30m+. Australia's 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.

## Prime sales performance

Across Sydney's prime regions, the **volume of sales** in Q3 2021 tallied at 1,188 prime properties (\$3m-\$10m); the highest quarter on record. This was 9% higher than Q2 2021, and up 120% in the year ending September 2021.

The number of super-prime (\$10m+) sales fell by 44% in Q3 2021 recording 49 sales, although saw total growth of 115% over the past year.

The **average days on market** for a prime property in Sydney was 84 days in Q3 2021. This was 88 days one quarter ago.

## Prime price performance

Globally, Sydney ranked 14th from 46 cities for annual price growth. **Capital growth** for prime property rose 10.7% over the past year to September 2021, up 2.3% in the last quarter. Knight Frank Research **forecast** Sydney prime prices to increase a total of 12% by the end of 2021 and a further 9% in 2022.

Over the year ending September 2021, those buying Renminbi (+5%) were ranked most advantaged for major **currencies** when buying Sydney prime property.

In terms of **relative value** at this time, one could buy 44 sqm of internal luxury floorspace in Sydney for US\$1 million, compared to 31 sqm in London or 21 sqm in Hong Kong SAR.

## Prime rental performance

**Gross rental yields** for Sydney prime property trended up 1 bp to 2.07% in Q3 2021. A year ago, this yield was recorded at 2.27%.

In Q3 2021, **rental growth** was up 1.7% for prime properties in Sydney. Over the past year, rental growth has fallen by a total of 0.9%.

## 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** 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%).

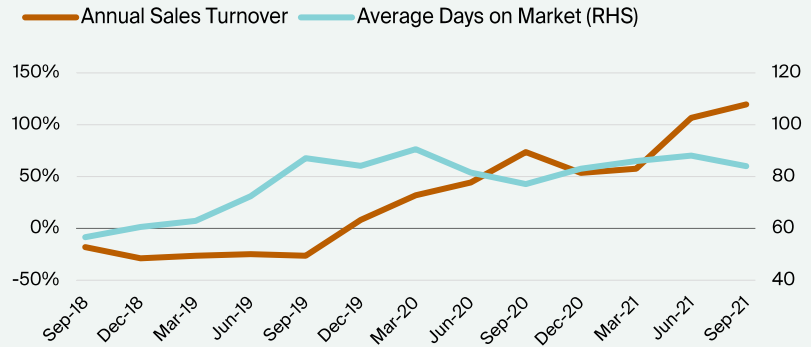
Sydney **new prime apartment prices** have increased 10.6% in 2020 to an indicative \$52,000/sqm; to range between an average of \$45,000/sqm and \$65,000/sqm.

**SYDNEY  
PRIME RESIDENTIAL**  
30 September 2021

Capital Growth   YoY	10.7%
Sales Volume   Annual	3,834
Sales Volume   YoY	119%
Ave. Days on Market	84
Gross Rental Yield	2.07%
Rental Growth   YoY	-0.9%

Source: Knight Frank Research

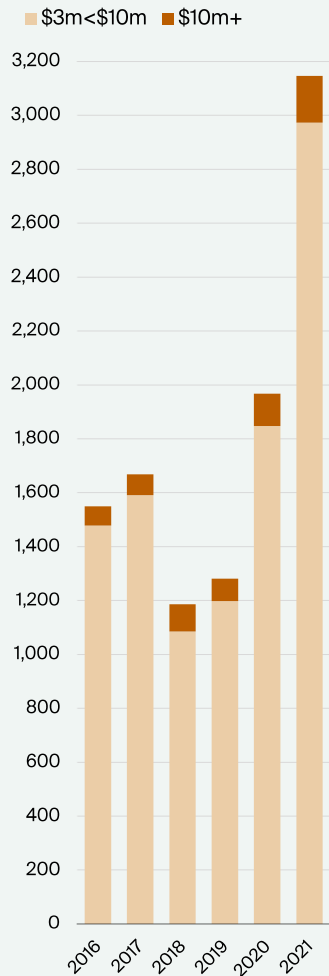
**Sydney prime residential annual sales turnover and average days on market**



Source: Knight Frank Research

**Sydney prime sales**

Number of sales, prime regions  
At end of Q3 2021



Source: Knight Frank Research

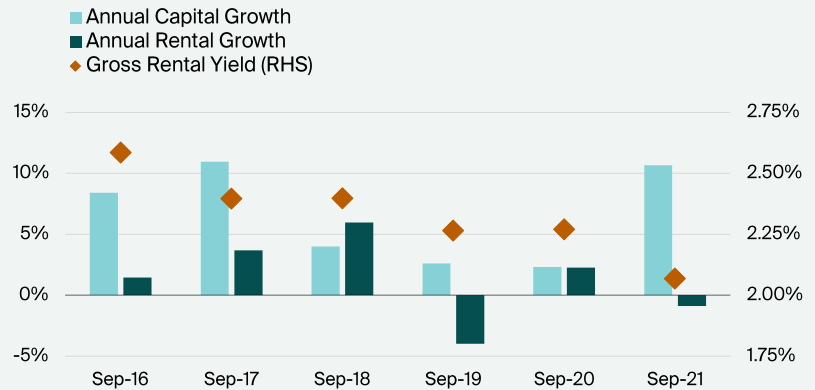


Increase in the number of Sydney prime properties sold over the past year



**“Sydney prime residential prices have increased by 10.7% in the year ending September 2021 and forecast to grow by a further 9% by the end of 2022”**

**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 A\$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, 2135, 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.

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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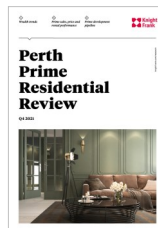
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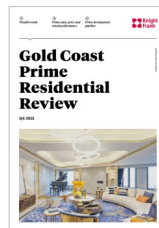
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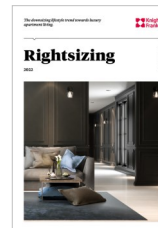
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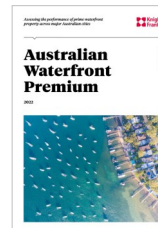
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