

Brisbane Prime Residential Insight

Q3 2023

Knight Frank's quarterly analysis of the Brisbane prime luxury residential sales and rental markets

knightfrank.com.au/research

Flurry of residential sales activity for the top end of the market

◆ Solid growth projected for Brisbane's wealthy population.

WEALTH TRENDS

Brisbane's high-net-worth individual (HNWI) population, otherwise known as the millionaire population, grew by 4.3% in 2022, to 221,025 people with net wealth of more than US\$1 million according to the Knight Frank Wealth Sizing Model. This population in Brisbane comprises 10.0% of the total Australian HNWI population, after being a similar 9.7% proportion five years ago. Since this time, Brisbane's millionaire population has grown by 32.2%, higher than the Australian 28% growth. The HNWI population is forecast to grow by 80.1% in Brisbane by the end of 2027, lower than the Australian growth of 71.1% when Brisbane is expected to hold a 10.5% share of all Australian millionaires.

The ultra-high-net-worth (UHNW) population in Brisbane declined by 4.6% in 2022, to 1,215 people with net wealth of more than US\$30 million. From 2017, Brisbane's ultra-wealthy have expanded by 37.9%, ahead of the Australian growth of 31.3%, where the Brisbane share of the Australian UHNW population has expanded from 6.6% to 7.0%. The ultra-wealthy population is forecast to grow by a further 83.9% over the next five years across Brisbane, being more than the double the Australian UHNW population growth of 40.9%.

THE ECONOMY

Queensland recorded economic growth of 4.4% in 2022 while the Brisbane unemployment rate stood at 3.3% in June 2023, trending 59 bps lower than the year earlier. Oxford Economics forecast economic growth to taper back to 1.5% at the end of 2023, 3.5% in 2024 and 3.3% in 2025.

Australia's stock market performance on the S&P/ASX 200 rose in the second quarter of 2023 by 0.4%, to arrive at total change of 9.7% over the past year. The stock market is forecast to record 2.8% by the end of 2023, and a further 2.8% in 2024 and by 4.8% in 2025.

Business conditions diminished 7.5 pts in the June 2023 quarter to +6.5 index points in the NAB business sentiment survey. This was trending close to half the +12.8 pts a year ago.

Company profits across Australia grew 19.3% in 2022, after recording 5.3% growth in 2021. Annual company profits are forecast to fall by 0.5% in 2023, before falling a further 5.8% in 2024, although company profits are expected to recover by 2.3% in 2025.

New private business investment grew by 8.0% in the year to June 2023. This was higher than 7.1% annual growth a quarter earlier, and higher than 2.2% annual growth recorded a year ago.

-4.6%

Change in Brisbane's ultra-high-net-worth individuals in 2022

+6 pts

Business conditions index points in June 2023

8.0%

Annual growth in June 2023 of new private business investment

LENDING ENVIRONMENT

The official cash rate on 5 September 2023 continued to see no movement, with a target of 4.10% by the Reserve Bank of Australia. The Oxford Economics forecast for the official cash rate is to be reduced towards an average target of 4.07% by the end of 2024.

In the June 2023 quarter, average mortgage lending rates to owner occupiers increased by 5 bps to 6.32% for a 3-year fixed term loan and rose by 50 bps to 8.52% for a standard variable loan. For investors, a 3-year fixed term increased by 18 bps to 6.50%, and a standard variable loan rose by 50 bps to 9.10%.

Brisbane prime established residential

◆ In the past quarter, Brisbane recorded the strongest uplift in sales volume and the shortest average time a prestige home takes to sell across the major Australian cities.

-12%

Brisbane prime residential sales volume in June 2023 compared to a year ago

-1.0%

The change in Brisbane's prime residential values in the year to June 2023

14.4%

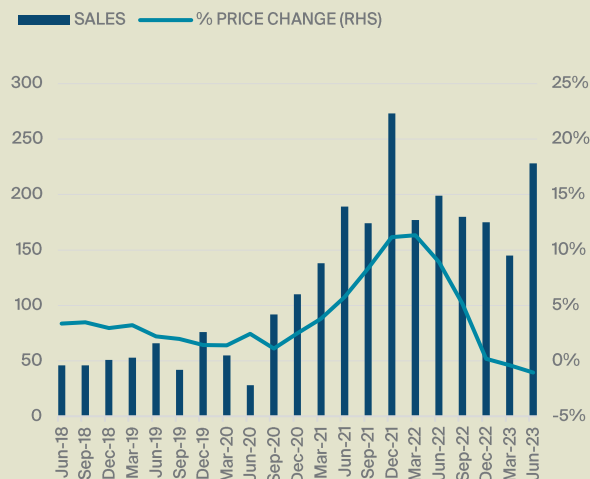
Annual Brisbane prime residential rental growth in June 2023

SALES & PRICE PERFORMANCE

- ◆ Sales volume trended 57% higher in the June 2023 quarter with 228 prime residential homes sold in Brisbane, while the 728 annual sales volume was 12% lower than a year ago.
- ◆ The average days on market for prime residential home stood at 65 days in the June 2023 quarter. One quarter ago, this was 57 days.
- ◆ Over the year ending June 2023, prime residential prices decreased 1.0% and were down 0.6% in the past quarter.
- ◆ Prime prices are forecast to change by 2% at the end of 2023, 3% in 2024 and 4% in 2025 according to Knight Frank Research.

Brisbane Prime Residential Sales & Prices

No. prime sales per quarter & % annual prime price change



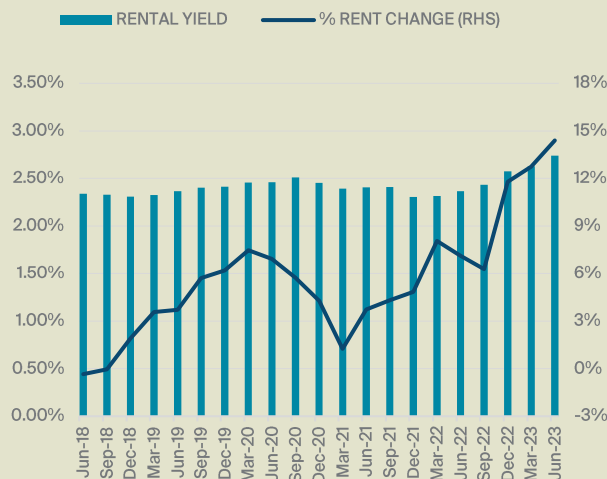
Source: Knight Frank Research

RENTAL MARKET

- ◆ Gross rental yields for Brisbane prime residential properties increased by 11 bps, to 2.74%, in the second quarter of 2023.
- ◆ Rents rose 3.6% for prime residential homes in the quarter to June 2023, and over the past year were up 14.4%.
- ◆ Looking forward, Knight Frank Research forecast prime rents to rise by 16% in 2023, with 10% growth likely in 2024 and 8% in 2025.

Brisbane Prime Residential Rents & Yields

Prime gross rental yield & % annual prime rental change



Source: Knight Frank Research

Brisbane prime residential forecast

Key Drivers Forecast

| | 2021 | 2022 | 2023f | 2024f | 2025f | 2023-2025f AVE |
|-------------------|-------|-------|-------|-------|-------|----------------|
| Economic Growth | 6.1% | 3.2% | 1.5% | 3.5% | 3.3% | 2.8% |
| Unemployment Rate | 5.1% | 3.7% | 3.7% | 4.3% | 4.3% | 4.1% |
| Cash Rate Target | 0.1% | 1.2% | 3.8% | 3.9% | 2.9% | 3.6% |
| Stock Market | 17.5% | -1.7% | 2.8% | 2.8% | 4.8% | 3.5% |
| Company Profits | 5.3% | 19.3% | -0.5% | -5.8% | 2.3% | -1.3% |

Source: Oxford Economics

Brisbane Prime Residential Forecast

| | 2021 | 2022 | 2023f | 2024f | 2025f | 2023-2025f AVE |
|-------------------------|------|------|-------|-------|-------|----------------|
| Prime Price Performance | 11% | 0% | 2% | 3% | 4% | 3% |
| Prime Rental Market | 5% | 12% | 16% | 10% | 8% | 11% |

Source: Knight Frank Research

All references made to dollars or \$ is 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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Australian Prime Residential Review



Global Branded Residences Report



The Wealth Report 2023 Wealth Populations Edition



The Wealth Report 2023



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