

1

Wealth trends

2

Prime sales, price and
rental performance

3

Prime development
pipeline



Brisbane Prime Residential Review

Q1 2021

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BRISBANE PRIME RESIDENTIAL

Brisbane prime residential rents have now sustained eight quarters of annual growth above 3.5%, the demand resulting from wealthy interstate migration and returning expats. Many are becoming acquainted with the progressive lifestyle city prior to purchasing at a significantly lower price point compared to other east coast 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** by 3.8% annually over the next five years. Brisbane had the fourth highest share (10%) with 298 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). Brisbane ranked 65th place in 2021 on the Knight Frank **City Wealth Index**, based on factors such as wealth, investment and lifestyle.

Prime sales performance

Across Brisbane's prime regions, the **volume of sales** in Q4 2020 tallied at 115 prime properties (\$2m-\$7m); the highest quarter on record. This was 13% higher than Q3 2020, and up 23% in the year ending December 2020. The number of Brisbane super-prime (\$7m+) sales remained steady over the

past year, with one sale recorded in Q4 2020.

The **average days on market** for a prime property in Brisbane was 124 days in Q4 2020. This was 116 days one quarter ago.

Prime price performance

Globally, Brisbane ranked 22nd from 45 cities for annual price growth.

Capital growth for prime property rose 2.5% over the past year to December 2020, increasing 3.2% in the last quarter. Knight Frank Research forecast Brisbane prime prices to further increase by a minimum of 2% 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 Brisbane prime property. In terms of **relative value** at this time, one could buy 109 sqm of internal luxury floorspace in Brisbane for US\$1 million, compared to 45 sqm in Sydney, 31 sqm in London or 23 sqm in Hong Kong SAR.

Prime rental performance

Gross rental yields for Brisbane prime property trended down 6 bps to 2.45% in Q4 2020. A year ago, this yield was recorded at 2.41%.

In Q4 2020, **rental growth** was up

0.9% for prime properties in Brisbane. Over the past year, rental growth increased by 4.3%.

New prime development pipeline

A total of 3,425 medium- and high-density **new apartments and townhouses** were completed in Brisbane's prime regions in 2020. This was 44% below the number built in 2019 and below the 3-year average of 5,350 new apartments and townhouses.

Compared to 2020, there are 46% less apartments and townhouses forecast to be completed in 2021, with 1,850 currently under construction.

In 2021, the greatest distribution of new apartments and townhouses will be in found in Inner Brisbane (1,075), Inner South (675) and Inner West (100).

Collectively across the Brisbane prime regions 3-year pipeline, the **distribution of bedrooms** have been weighted towards 2-bed configured apartments with 43% of the total share, followed by studio & 1-bed (24%) then 3-bed+ (33%).

Brisbane **new prime apartment prices** have increased 2.9% in 2020 to an indicative \$17,500/sqm; to range between an average of \$15,000/sqm and \$21,000/sqm.

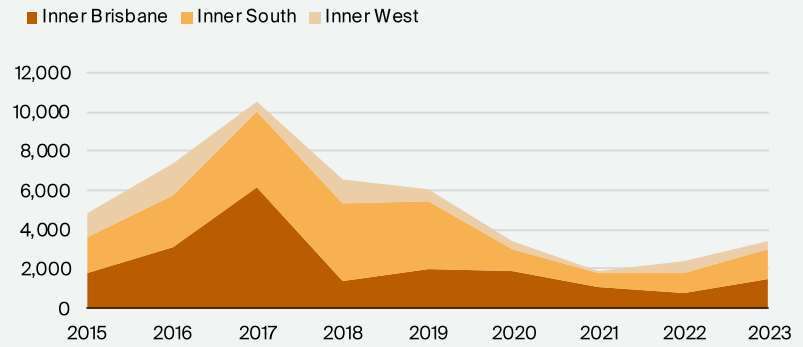
**BRISBANE
PRIME RESIDENTIAL**
31 December 2020

Capital Growth - Annual	2.5%
Sales Volume - Annual	306
Sales Turnover - Annual	23%
Ave. Days on Market	124
Gross Rental Yield	2.45%
Rental Growth - Annual	4.3%

Source: Knight Frank Research

Brisbane prime pipeline

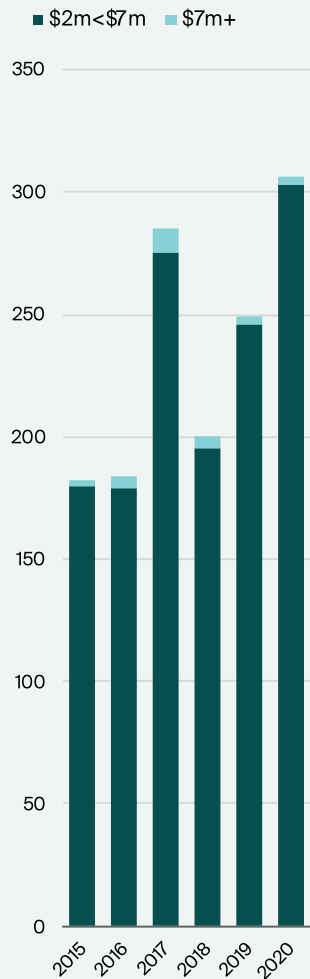
Number of new medium- and high-density apartments in prime regions



Source: Knight Frank Research

Brisbane prime sales

Number of sales, prime regions



Source: Knight Frank Research

124

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

23%

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

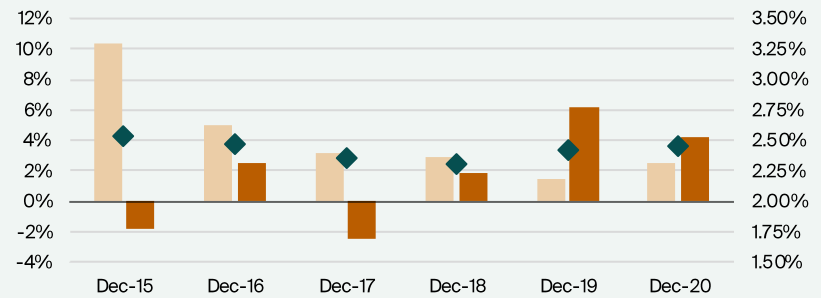
“Q4 2020 saw the highest number of prime sales on record across the prime regions of Brisbane”

4.3%

Growth in Brisbane prime rents between Q4 2019 and Q4 2020

Brisbane 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\$2 million in Brisbane 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 Brisbane: 4000, 4005-4011, 4151; Inner South: 4074-4075, 4101, 4105, 4153-4155, 4169-4173, 4178-4179; Inner West: 4051, 4059-4061, 4064-4069.

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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