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# Brisbane Prime Residential Review

Q3 2020

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# BRISBANE PRIME RESIDENTIAL

*Ahead of the southern cities to come out of lockdown, Brisbane was the best performing prime residential market in the second quarter of 2020 on the east coast—and now on the radar of returning expats attracted not only to the balmy lifestyle, but the relative value.*

The average time for a prime property listed on the Brisbane market has strengthened in the second quarter of 2020, and price growth followed suit.

There has been a notable surge in global expat flight as a result of the COVID-19 pandemic, with a significant uptick in enquiries from Australian expats based in the Asia-Pacific region looking for a base back home. This has partly been driven by people moving due to employment changes but also families reassessing their priorities.

Brisbane ranks high for lifestyle, and is attractive given the relative value. This buying trend had commenced prior the pandemic and has resulted with significant prime annual rental growth which continued last quarter, with those experimenting living in the city before deciding on the location to buy.

## Wealth trends

At the end of 2019, Australian **ultra-high-net-worth individuals** were expected to grow by 5.2% per annum, by the end of 2024. According to the Knight Frank **City Wealth Index** for 2020 based on wealth, investment and lifestyle, Brisbane ranked 67th, from 100 global cities.

## Prime sales performance

Across Brisbane's prime regions, the **volume of sales** in the second quarter

of 2020 tallied to 29 prime properties. This was 51% below the first quarter volume, and annually, down 8% over the past year.

The **average days on market** for a prime property in Brisbane was 112 days in the June 2020 quarter. This was 116 days one quarter ago.

## Prime price performance

**Capital growth** for prime property rose 2.5% over the past year to June 2020, increasing 0.3% in the last quarter. Globally, Brisbane ranked 16th from 45 cities for annual price growth.

At the end of June 2020, those buying with the New Taiwan Dollar were ranked most advantaged for a **currency** play when buying Brisbane prime property, with a 5% discount.

In terms of **relative value** at this time, one could buy 114 sqm of internal luxury floorspace in Brisbane for US\$1 million, compared to 98 sqm in Melbourne and 51 sqm in Sydney.

## Prime rental performance

**Gross rental yields** for Brisbane prime property remained steady at 2.46% over the June 2020 quarter. A year ago this yield was also recorded at 2.37%.

Over the quarter ending June 2020, **rental growth** was 0.5% for prime

property in Brisbane. Over the past year, rental growth increased by 6.9%.

## New prime development pipeline

In mid-2020, there had been 35,426 medium- and high-density **new apartments and townhouses** completed in Brisbane's prime regions since 2015. There are 13,629 more forecast by the end of 2024 in the pipeline; currently under construction or being marketed with DA approval.

In this pipeline, the **distribution of bedrooms** have been weighted towards 2-bed configured apartments with 46% of the total share, followed by studio & 1-bed (36%) then 3-bed+ (19%).

Brisbane **new prime apartment prices** have increased 41.7% since 2015 to an indicative \$17,000/sqm at the end of the first half of 2020; to range between an average of \$15,000/sqm and \$20,000/sqm.

## Outlook

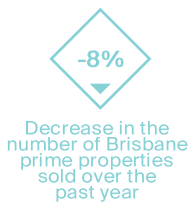
The maturing Brisbane prestige market has significant appeal to both upsizers and rightsizers; those downsizing to luxury apartment living. Despite this, the Brisbane prime market will not be immune to the economic challenges ahead, but there is some comfort with the significant reduction of new product being built across the Brisbane prime regions in the coming years.

### City Wealth Index 2020 Brisbane

100 global cities ranked

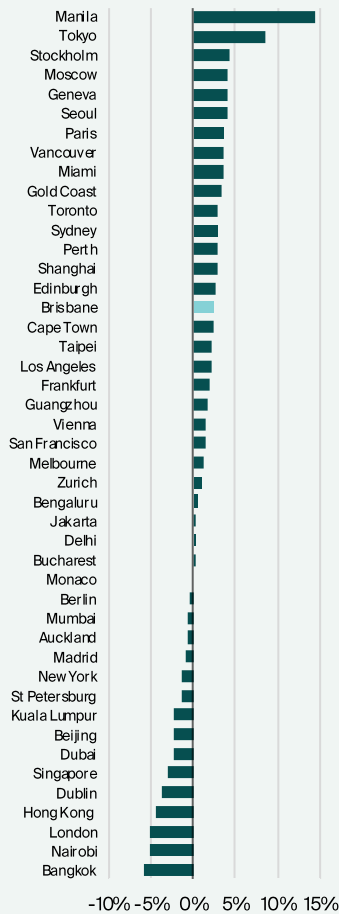
CATEGORY	RANKING
WEALTH	61
INVESTMENT	43
LIFESTYLE	92
OVERALL	67

Source: Knight Frank Research



### Prime property price performance

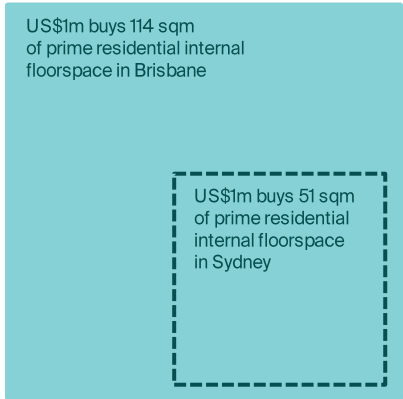
% annual capital growth, as at 30 June 2020



Source: Knight Frank Research

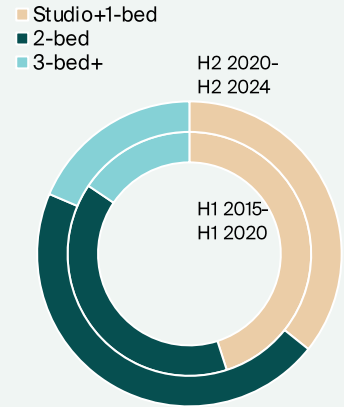


“There was a 5% discount for Brisbane prime property when purchased with New Taiwanese Dollar in Q2 2020”



### Distribution of bedrooms in new apartments

% portion, Brisbane prime regions

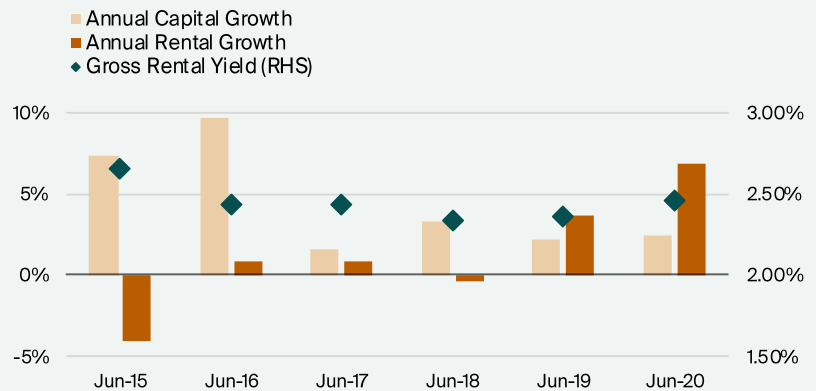


Source: Knight Frank Research



“In prime regions of Brisbane, there are 62% less new apartments and townhouses forecast to be built over the next five years”

### Brisbane 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\$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.**



### Research

Michelle Ciesielski

+61 2 9036 6659

michelle.ciesielski@au.knightfrank.com



### Residential

Shayne Harris

+61 2 9036 6713

shayne.harris@au.knightfrank.com



### Valuations

Alistair Carpenter

+61 2 9036 6662

al.carpenter@au.knightfrank.com



### Investment Sales

Scott Timbrell

+61 2 9761 1823

scotttimbrell@au.knightfrank.com



### Private Office

Sarah Harding

+61 2 9036 6752

sarah.harding@au.knightfrank.com



### Media Enquiries

Philippa Giles

+61 2 9036 6627

philippa.giles@au.knightfrank.com

## Recent Publications



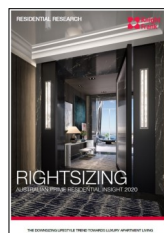
Prime Global Cities Index Q2 2020



Global Buyer Survey 2020



Australian Prime Residential Review 2020



Rightsizing 2020



Australian Prime Waterfront Index 2020



The Wealth Report 2020

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