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Perth Prime Residential Review

Q1 2021

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PERTH PRIME RESIDENTIAL

Perth's luxury residential price performance recorded almost double the global pace of growth in 2020 — moving from the lowest, to the best performing city in Australia. The strong rebound attributed to a boost in population, improving with prospering mining activity and resilient commodity prices.

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. Perth had the third highest share (11%) with 354 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). Perth ranked 74th place in 2021 on the Knight Frank **City Wealth Index**, based on factors such as wealth, investment and lifestyle.

Prime sales performance

Across Perth's prime regions, the **volume of sales** in Q4 2020 tallied at 168 prime properties (\$2m-\$7m); the highest quarter on record. This was 62% higher than Q3 2020, and up 42% in the year ending December 2020.

The number of Perth super-prime (\$7m+) sales remained steady over the

past quarter, with one sale recorded in Q4 2020.

The **average days on market** for a prime property in Perth was 155 days in Q4 2020. This was 154 days one quarter ago.

Prime price performance

Globally, Perth ranked 19th from 45 cities for annual price growth. **Capital growth** for prime property rose 3.6% over the past year to December 2020, increasing 2.9% in the last quarter. Knight Frank Research forecast Perth prime prices to further increase by a minimum of 3% 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 Perth prime property.

In terms of **relative value** at this time, one could buy 103 sqm of internal luxury floorspace in Perth 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 Perth prime property trended down 2 bps to 1.77% in Q4 2020. A year ago, this yield was recorded at 1.82%.

In Q4 2020, **rental growth** was up 3.8%

for prime properties in Perth. Over the past year, rental growth increased by 2.8%.

New prime development pipeline

A total of 850 medium- and high-density **new apartments and townhouses** were completed in Perth's prime regions in 2020. This was 50% below the number built in 2019 and below the 3-year average of 1,425 new apartments and townhouses.

Compared to 2020, there are 38% less apartments and townhouses forecast to be completed in 2021, with 1,175 currently under construction.

In 2021, the greatest distribution of Perth's new apartments and townhouses will be in found in Inner South (600), Western Suburbs (375), South (125) then Inner Perth (75).

Collectively across the Perth prime regions 3-year pipeline, the **distribution of bedrooms** have been weighted towards 2-bed configured apartments with 44% of the total share, followed evenly by studio & 1-bed (28%) and 3-bed+ (28%).

Perth **new prime apartment prices** have increased 7.1% in 2020 to an indicative \$15,000/sqm; to range between an average of \$13,000/sqm and \$23,000/sqm.

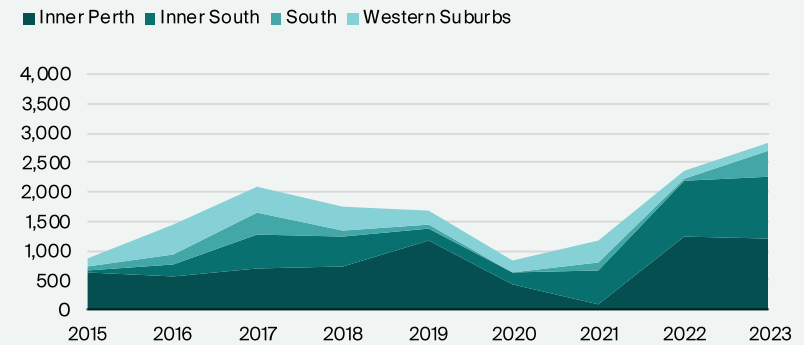
**PERTH
PRIME RESIDENTIAL**
31 December 2020

Capital Growth - Annual	3.6%
Sales Volume - Annual	419
Sales Turnover - Annual	39%
Ave. Days on Market	155
Gross Rental Yield	1.77%
Rental Growth - Annual	2.8%

Source: Knight Frank Research

Perth prime pipeline

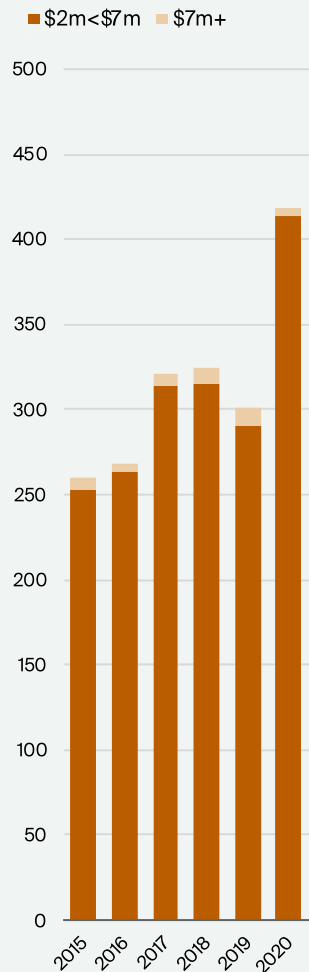
Number of new medium- and high-density apartments in prime regions



Source: Knight Frank Research

Perth prime sales

Number of sales, prime regions



Source: Knight Frank Research

155

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

42%

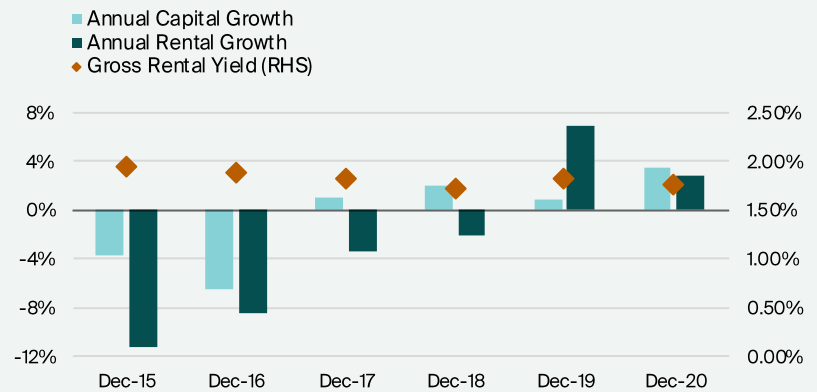
Increase in the number of Perth prime properties sold over the past year

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

2.8%

Growth in Perth prime rents between Q4 2019 and Q4 2020

Perth 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 Perth 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 Perth: 6000, 6004-6005, 6008; Western Suburbs: 6009-6012, 6014-6015, 6019-6020; Inner South: 6151-6156; South: 6158-6160.

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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