

1

Wealth trends

2

Prime sales, price and
rental performance

3

Prime development
pipeline



Perth Prime Residential Review

Q2 2021

knightfrank.com/research



PERTH PRIME RESIDENTIAL

The luxury residential market in Perth has trumped other Australian cities for best price performance, prime rental growth and most compression in the number of days prestige properties were listed on the market. Can Perth's prime property sustain this momentum?

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.

Australia's **stock market** has continued a stellar run and saw gains of 3.1% in the first quarter of 2021, taking annual growth to 33.8% (S&P Dow Jones Indices). **Business conditions** strengthened, moving 23.3 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 12.3% 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 Q1 2021 tallied at 185 prime properties (\$2m-\$7m); the highest quarter on record. This was 10% higher than Q4 2020, and up 89% in the year ending March 2021.

The number of Perth super-prime (\$7m+) sales was down 18% over the

past year, although 6 sales were recorded in Q1 2021.

The **average days on market** for a prime property in Perth was 128 days in Q1 2021. This was 155 days one quarter ago.

Prime price performance

Globally, Perth ranked 20th from 46 cities for annual price growth. **Capital growth** for prime property rose 4.1% over the past year to March 2021, increasing 0.2% in the last quarter. Knight Frank Research **forecast** Perth prime prices to further increase by a minimum of 3% by the end of 2021.

Over the year ending March 2021, those buying with the Indonesian Rupiah (at an additional 14%) 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, 30 sqm in London or 23 sqm in Hong Kong SAR.

Prime rental performance

Gross rental yields for Perth prime property trended up 5 bps to 1.82% in Q1 2021. A year ago, this yield was recorded at 1.86%.

In Q1 2021, **rental growth** was up 2.9%

for prime properties in Perth. Over the past year, rental growth increased by 5.3%.

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** being built 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 5.6% 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 March 2021

Capital Growth - Annual	4.1%
Sales Volume - Annual	571
Sales Turnover - Annual	85%
Ave. Days on Market	128
Gross Rental Yield	1.82%
Rental Growth - Annual	5.3%

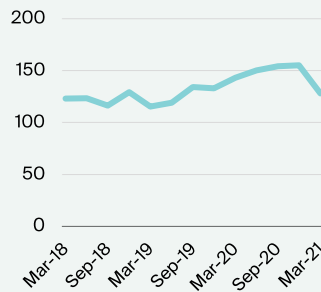
Source: Knight Frank Research



◆ ◆
“Q1 2021 saw the highest number of prime sales on record across the prime regions of Perth”
◆ ◆



Perth prime residential average days on market



Source: Knight Frank Research

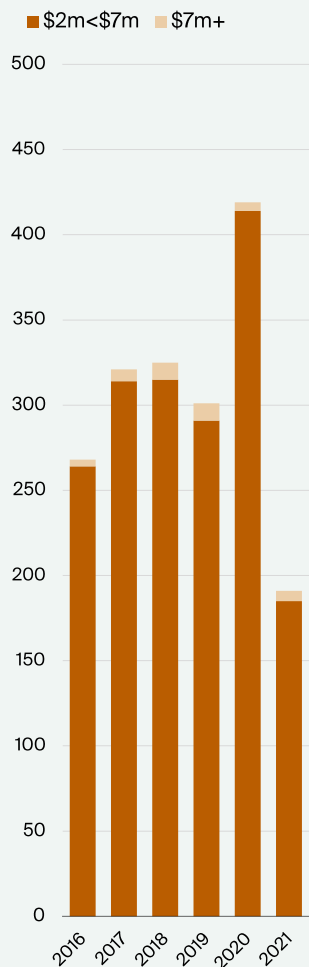
**CITY WEALTH INDEX 2021
PERTH**
100 global cities ranked

CATEGORY	RANKING
WEALTH	72
INVESTMENT	46
LIFESTYLE	94
OVERALL	74

Source: Knight Frank Research

Perth prime sales

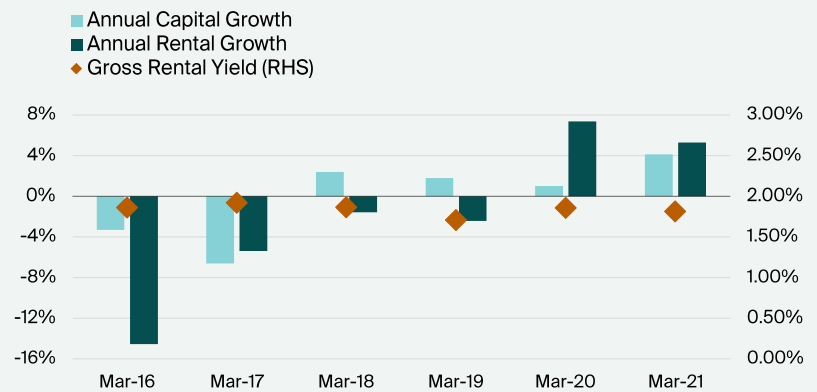
Number of sales, prime regions
At end of Q1 2021



Source: Knight Frank Research



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.



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



Franchise Partnerships

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

Caroline Stanley

+61 402 170 901

pr@au.knightfrank.com

Recent Publications



Sydney Prime Residential Review Q2 2021



Melbourne Prime Residential Review Q2 2021



Brisbane Prime Residential Review Q2 2021



Gold Coast Prime Residential Review Q2 2021



Australian Residential Tennis Court Premium 2021



Australian Prime Waterfront Index 2021

Knight Frank Research Reports are available at knightfrank.com/research

Knight Frank Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, funding organisations, corporate institutions and the public sector. All our clients recognise the need for expert independent advice customised to their specific needs.



Important Notice © Knight Frank Australia Pty Ltd 2021 – This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank Australia Pty Ltd for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank Australia Pty Ltd in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank Australia Pty Ltd to the form and content within which it appears.