



Wealth trends



Prime sales, price and rental performance



Prime development pipeline



Perth Prime Residential Review

Q3 2021

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PERTH PRIME RESIDENTIAL

Perth's luxury residential market recovery continues, now being the best positioned in Australia for price performance, prime rental growth and the most compression in the number of days prestige properties were listed on the market.

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 7.7% in the second quarter of 2021, taking annual growth to 25.2% (S&P Dow Jones Indices). **Business conditions** strengthened, moving 21.9 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 10.5% 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 Q2 2021 tallied at 205 prime properties (\$2m-\$7m); the highest quarter on record. This was 11% higher than Q1 2021, and up 128% in the year ending June 2021.

There was 1 super-prime (\$7m+) sale recorded in Perth in Q2 2021. This was

lower than the previous quarter (6 sales) and similar to 1 sale recorded in the quarter one year ago. The **average days on market** for a prime property in Perth was 112 days in Q2 2021. This was 128 days one quarter ago.

Prime price performance

Globally, Perth ranked 17th from 46 cities for annual price growth. **Capital growth** for prime property rose 8.9% over the past year to June 2021, increasing 6.3% in the last quarter. Knight Frank Research **forecast** Perth prime prices to increase a total of 9% by the end of 2021 and a further 7% in 2022.

Over the year ending June 2021, those buying with Pound Sterling (at an additional 3%) were ranked most advantaged for major **currencies** when buying Perth prime property. In terms of **relative value** at this time, one could buy 99 sqm of internal luxury floorspace in Perth for US\$1 million, compared to 46 sqm in Sydney, 30 sqm in London or 22 sqm in Hong Kong SAR.

Prime rental performance

Gross rental yields for Perth prime property trended up 54 bps to 2.36% in Q2 2021. A year ago, this yield was recorded at 1.78%.

In Q2 2021, **rental growth** was up 3.6%

for prime properties in Perth. Over the past year, rental growth increased by a total of 8.6%.

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.

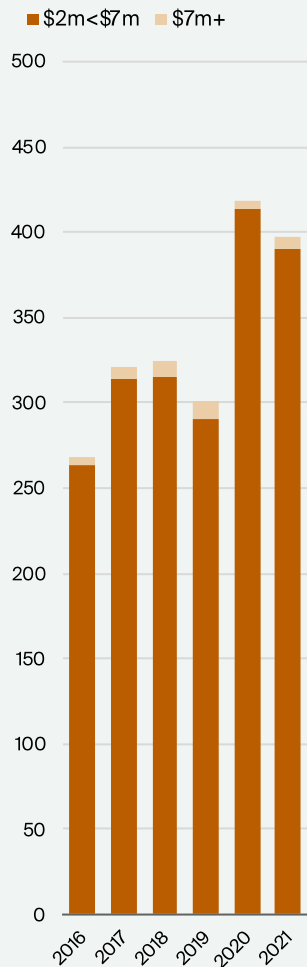
**PERTH
PRIME RESIDENTIAL**
30 June 2021

Capital Growth - Annual	8.9%
Sales Volume - Annual	671
Sales Turnover - Annual	125%
Ave. Days on Market	112
Gross Rental Yield	2.36%
Rental Growth - Annual	8.6%

Source: Knight Frank Research

Perth prime sales

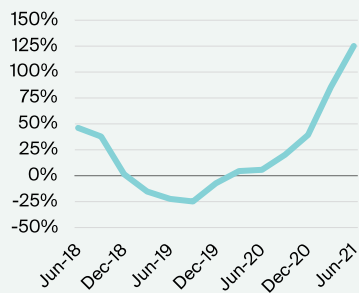
Number of sales, prime regions
At end of Q2 2021



Source: Knight Frank Research



Perth prime residential annual sales turnover



Source: Knight Frank Research



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

◆ ◆
“Q2 2021 saw the highest number of prime sales on record across the prime regions of Perth”
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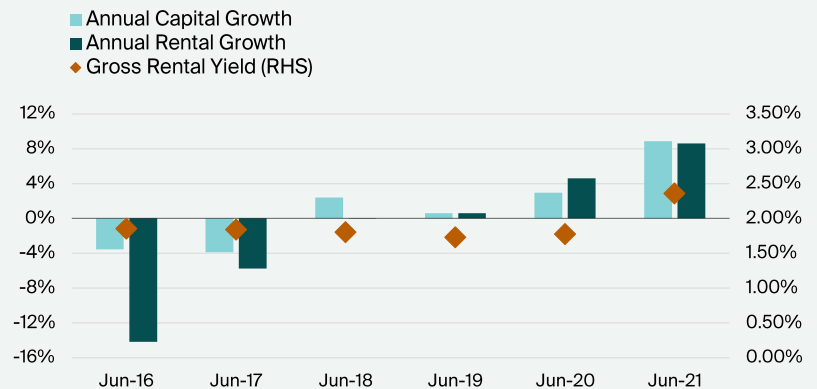


US\$1m buys 99 sqm of prime residential internal floorspace in Perth

US\$1m buys 46 sqm of prime residential internal floorspace in Sydney

Q2 2021

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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