



Wealth trends



Prime sales, price and rental performance



Prime development pipeline



Perth Prime Residential Review

Q4 2021

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PERTH PRIME RESIDENTIAL

Perth was the third best performing luxury residential market for annual price growth in Australia, as the market now moves towards a more sustainable position for 2022. Although with limited new construction, Perth's prime rental market maintains the strongest growth in the country.

Wealth trends

Australia's **stock market** performance eased in the third quarter of 2021 with gains of 0.3%, calculating annual growth at 26.1% (S&P Dow Jones Indices).

Business conditions strengthened, moving 2.4 percentage points above the average (NAB).

Total **new private investment** was down 3.6% at the end of 2020, but is forecast to rebound with 10.5% annual growth in 2021 (Oxford Economics).

Ultra-high-net-worth individuals (UHNWIs) grew by 10.9% in 2020, to 3,124 Australians with net wealth of US\$30m+. Australia's 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.

Prime sales performance

Across Perth's prime regions, the **volume of sales** in Q3 2021 tallied at 161 prime properties (\$2m-\$7m). This was 21% lower than Q2 2021, and had increased 121% in the year ending September 2021.

There were 5 super-prime (\$7m+) sales recorded in Perth in Q3 2021. This was higher than the previous quarter (with 1 sale) and 1 sale recorded in the

quarter one year ago. The **average days on market** for a prime property in Perth was 105 days in Q3 2021. This was 112 days one quarter ago.

Prime price performance

Globally, Perth ranked 16th from 46 cities for annual price growth. **Capital growth** for prime property rose 10.4% over the past year to September 2021, increasing 0.8% in the last quarter. Knight Frank Research **forecast** Perth prime prices to increase a total of 10% by the end of 2021 and a further 6% in 2022.

Over the year ending September 2021, those buying with Renminbi (+5%) were ranked most advantaged for major **currencies** when buying Perth prime property.

In terms of **relative value** at this time, one could buy 102 sqm of internal luxury floorspace in Perth for US\$1 million, compared to 44 sqm in Sydney, 31 sqm in London or 21 sqm in Hong Kong SAR.

Prime rental performance

Gross rental yields for Perth prime property trended down 58 bps to 1.78% in Q3 2021. A year ago, this yield was recorded at 1.75%.

In Q3 2021, **rental growth** was up 1.6% for prime properties in Perth. Over the

past year, rental growth increased by a total of 11.8%.

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** 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%).

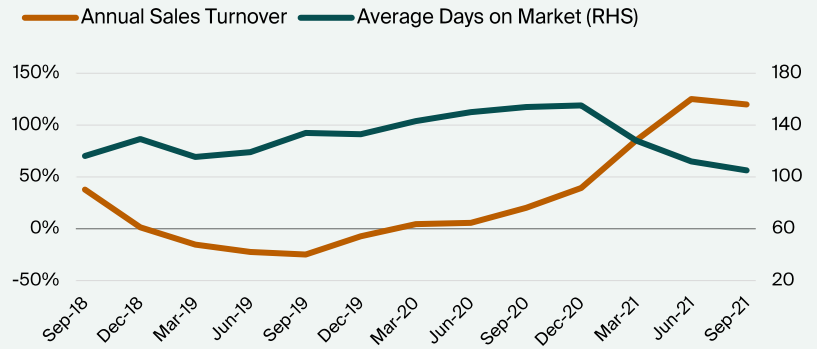
Perth **new prime apartment prices** have increased 5.6% in 2020 to an indicative \$15,000/sqm; to range between an average of \$13,000/sqm and \$23,000/sqm.

**PERTH
PRIME RESIDENTIAL**
30 September 2021

Capital Growth YoY	10.4%
Sales Volume Annual	732
Sales Volume YoY	120%
Ave. Days on Market	105
Gross Rental Yield	1.78%
Rental Growth YoY	11.8%

Source: Knight Frank Research

Perth prime residential annual sales turnover and average days on market

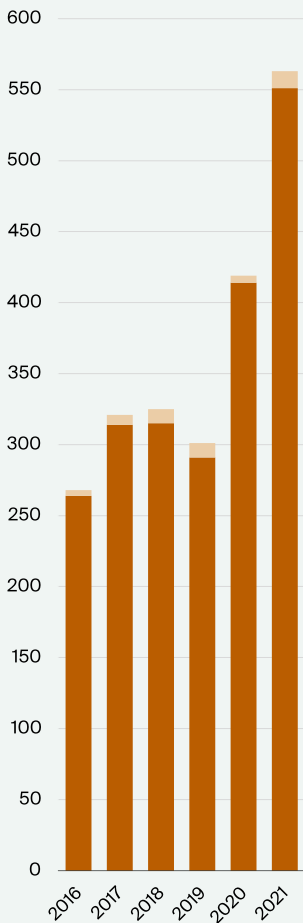


Source: Knight Frank Research

Perth prime sales

Number of sales, prime regions
At end of Q3 2021

■ \$2m<\$7m ■ \$7m+



Source: Knight Frank Research

▲
120%

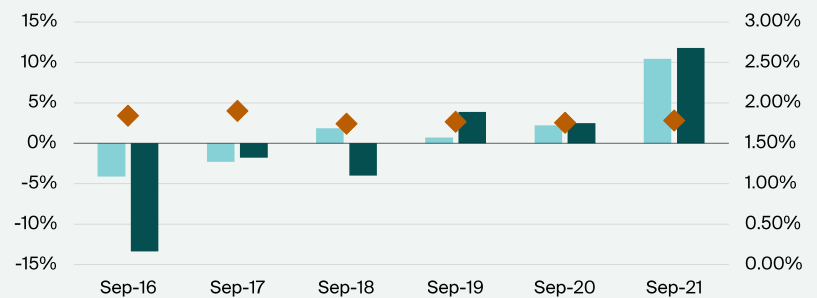
Increase in the number of Perth prime properties sold over the past year

11.8%
Growth in Perth prime rents between Q3 2020 and Q3 2021

◆ ◆
“Perth prime residential prices have increased by 10.4% in the year ending September 2021 and forecast to grow by a further 6% by the end of 2022”
◆ ◆

Perth 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 A\$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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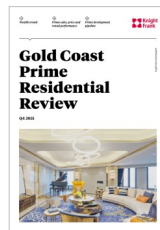
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Rightsizing 2022



Australian Waterfront Premium 2022

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