

Gold Coast Prime Residential Insight

Q4 2023

Knight Frank's quarterly analysis of the Gold Coast prime luxury residential sales and rental markets

knightfrank.com.au/research

Prime luxury home sales on the rise again following short pause

◆ Gold Coast luxury homes well-positioned for ultra-wealthy.

WEALTH TRENDS

Australia's high-net-worth individual (HNWI) population, otherwise known as the millionaire population, grew by 4.8% in 2022, to 2,214,326 people with net wealth of more than US\$1 million according to the Knight Frank Wealth Sizing Model.

The population in the four major capital cities (Sydney, Melbourne, Brisbane and Perth) comprises 59.8% of the total Australian HNWI population, after being a similar proportion five years ago. This HNWI population is projected to grow by a further 71.1% in Australia by the end of 2027, higher than the global growth of 56.9%, when the population outside of the four major cities is expected to hold a 42.6% share of all Australian millionaires, up from the current 40.2%.

The ultra-high-net-worth (UHNW) population across Australia grew by 2.1% in 2022, to 17,456 individuals with net wealth of more than US\$30 million.

Australia's ultra-wealthy population has expanded by 31.1% since 2017.

This ultra-wealthy population is projected to grow by a further 40.9% over the next five years, stronger than the global UHNW population growth of 28.5%. Over this time, the share of ultra-wealthy population outside the four major capital cities is likely to grow from 32.7% to 37.2% in 2027.

THE ECONOMY

Queensland recorded economic growth of 3.3% in 2022, while the Gold Coast Local Government Area (LGA) unemployment rate stood at 4.0% in September 2023 being 240 bps lower than the year earlier (ABS). Oxford Economics forecast economic growth to taper to 3.0% at the end of 2023, 2.6% in 2024 and 3.2% in 2025.

Australia's stock market performance on the S&P/ASX 200 fell in the third quarter of 2023 by 1.9%, arriving at total change of 8.8% over the past year. The stock market is forecast to record 2.2% by the end of 2023, and 1.0% in 2024 and 6.0% in 2025.

Business conditions trended down 1.0 pts in the September 2023 quarter to +7.5 index points in the NAB business sentiment survey. By comparison, business conditions were +20.3 index points one year ago.

Company profits across Australia fell by 19.3% in 2022, after recording 5.3% growth in 2021. Annual company profits are forecast to fall by 0.3% in 2023, before falling by 4.2% in 2024, with 1.7% growth in 2025 (Oxford Economics).

New private business investment grew by 8.0% in the year to September 2023 (ABS). This was higher than 6.8% annual growth recorded a year earlier.

2.1%

Growth in Australia's ultra-high-net-worth individuals in 2022

+8 pts

Business conditions index points in September 2023

8.0%

Annual growth in September 2023 of new private business investment

LENDING ENVIRONMENT

The official cash rate was last set by the Reserve Bank of Australia at 4.35% on 5 December 2023. This rate was 3.10% a year ago. Oxford Economics forecast the official cash rate towards an average rate of 3.85% by the end of 2025.

Over the year to September 2023, average mortgage lending rates to owner occupiers increased by 51 bps to 6.56% for a 3-year fixed term loan and rose by 175 bps to 8.52% for a standard variable loan.

For investors, a 3-year fixed term increased by 64 bps to 6.65%, and a standard variable loan rose by 175 bps to 9.10%.

Gold Coast Prime Established Residential

- ◆ Strong rental growth for luxury prestige homes over the past year has encouraged the average gross rental yield for investors to be the strongest across Australia's five major cities.

-22%

Gold Coast prime residential sales volume in September 2023 compared to a year ago

3.9%

The change in Gold Coast's prime residential values in the year to September 2023

16.3%

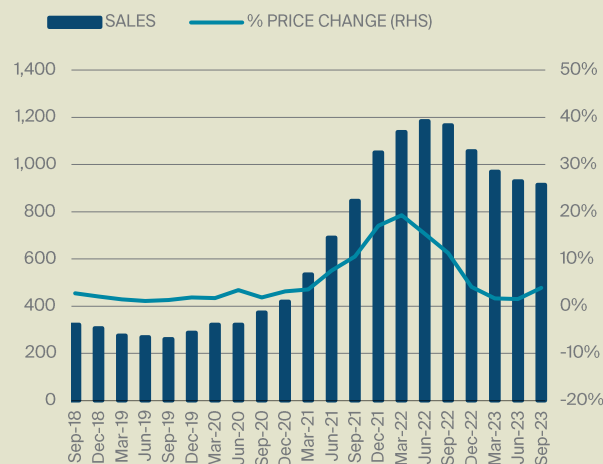
Annual prime residential rental growth in September 2023 on the Gold Coast

SALES & PRICE PERFORMANCE

- ◆ Sales volume trended 10% higher in the September 2023 quarter with 249 prime residential homes sold in the Gold Coast LGA, while the 914 annual sales volume was 22% lower than a year ago.
- ◆ The average days on market for a luxury home was 74 days in September 2023. This was 73 days three months earlier, and 66 days one year ago.
- ◆ Prime residential property prices increased 3.9% in the year to September 2023, while rising 0.8% in the last quarter.
- ◆ Looking forward, average prime prices are forecast to rise 3% at the end of 2023, with 4% in 2024 and 6% in 2025, according to Knight Frank Research.

Gold Coast Prime Residential Sales & Prices

No. annual sales & % annual price growth



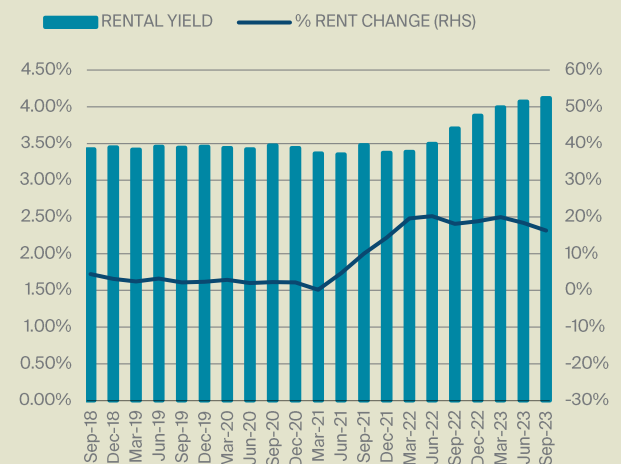
Source: Knight Frank Research

RENTAL MARKET

- ◆ Gross rental yields rose 41 bps in the year ending September 2023, as Gold Coast prime residential property averaged 4.12%.
- ◆ Prime residential rents increased 2.2% in the September 2023 quarter, while increasing by 16.3% over the past year.
- ◆ Knight Frank Research forecast prime rents to rise 21% at the end of 2023, with 14% likely in 2024, and 9% in 2025.

Gold Coast Prime Residential Rents & Yields

Gross rental yield & % annual rental change



Source: Knight Frank Research

Gold Coast Prime Residential Forecast

Key Drivers Forecast

	2021	2022	2023f	2024f	2025f	Average 2023f-2025f
QLD Economic Growth	6.1%	3.3%	3.0%	2.6%	3.2%	2.9%
Unemployment Rate	5.1%	3.7%	3.7%	4.3%	4.3%	4.1%
Cash Rate Target	0.1%	1.2%	3.9%	4.6%	3.9%	4.1%
Stock Market	18%	-2%	2%	1%	6%	3%
Company Profits	5%	19%	0%	-4%	2%	-1%

Source: Oxford Economics

Gold Coast Prime Residential Forecast

	2021	2022	2023f	2024f	2025f	Average 2023f-2025f
Price Performance	17%	4%	3%	4%	6%	4%
Rental Market	14%	19%	21%	14%	9%	15%

Source: Knight Frank Research

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

Recent Research



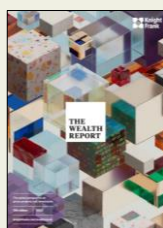
Australian Prime Residential Review



Global Branded Residences Report



The Wealth Report 2023 Wealth Population Edition



The Wealth Report 2023



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