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Gold Coast Prime Residential Review

Q4 2021

knightfrank.com/research



GOLD COAST PRIME RESIDENTIAL

The Gold Coast prestige market continues to be one of the hottest in Australia, with the highest growth in sales volume and sitting closely behind Sydney for price performance in the past year. As wealth creation continues and property portfolios expand, the Gold Coast is well-positioned for more growth in 2022.

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.

Prime sales performance

Across the Gold Coast prime region, the **volume of sales** in Q3 2021 tallied at 216 prime properties (\$2m-\$7m); the highest quarter on record. This was 23% higher than Q2 2021, and up 160% in the year ending September 2021. This was the strongest uplift in annual sales across the major Australian cities.

There were 5 super-prime (\$7m+) sales recorded on the Gold Coast in Q3 2021. This was higher than the previous quarter (no sales recorded) and higher

than 3 sales recorded in the quarter one year ago.

The **average days on market** for a prime property on the Gold Coast was 122 days in Q3 2021. This was 141 days one quarter ago.

Prime price performance

Globally, the Gold Coast ranked 15th from 46 cities for annual price growth.

Capital growth for prime property rose 10.5% over the past year to September 2021, increasing 2.1% in the last quarter alone.

Knight Frank Research **forecast** Gold Coast prime prices to increase a total of 11% by the end of 2021 and a further 8% in 2022.

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

In terms of **relative value** at this time, one could buy 124 sqm of internal luxury floorspace on the Gold Coast 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 Gold Coast prime property trended up 13 bps to

3.48% in Q3 2021. A year ago, this yield was recorded at 3.47%.

In Q3 2021, **rental growth** was up by 5.9% for prime properties on the Gold Coast. Over the past year, rental growth increased by a total of 10%.

New prime development pipeline

A total of 2,250 medium- and high-density **new apartments and townhouses** were completed in the Gold Coast prime region in 2020.

This was 11% above the number built in 2019 however below the 3-year average of 2,000 new apartments and townhouses.

Compared to 2020, there is a similar number of apartments and townhouses forecast to be completed in 2021, with 2,250 currently under construction.

Across the Gold Coast prime region 3-year pipeline, the **distribution of bedrooms** being built have been weighted towards 2-bed configured apartments with 47% of the total share, followed evenly by studio & 1-bed (27%) and 3-bed+ (27%).

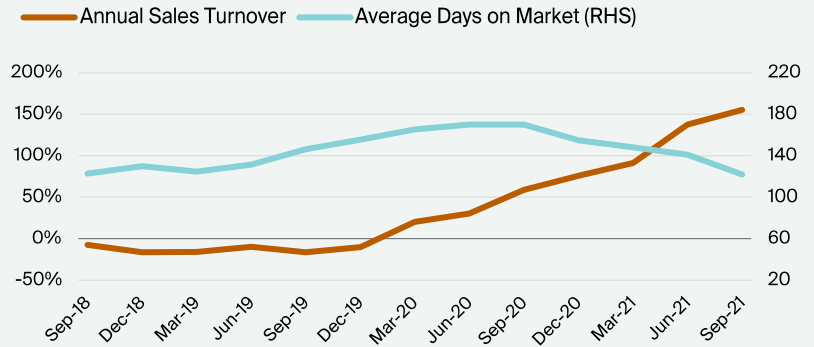
Gold Coast **new prime apartment prices** have increased 10% in 2020 to an indicative \$19,250/sqm; to range between an average of \$16,500/sqm and \$22,000/sqm.

**GOLD COAST
PRIME RESIDENTIAL**
30 September 2021

Capital Growth YoY	10.5%
Sales Volume Annual	649
Sales Volume YoY	156%
Ave. Days on Market	122
Gross Rental Yield	3.48%
Rental Growth YoY	10.0%

Source: Knight Frank Research

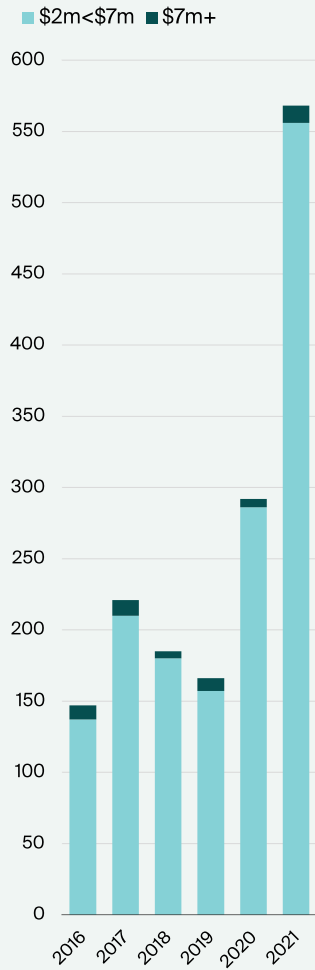
Gold Coast prime residential annual sales turnover and average days on market



Source: Knight Frank Research

Gold Coast prime sales

Number of sales, prime regions
At end of Q3 2021



Source: Knight Frank Research

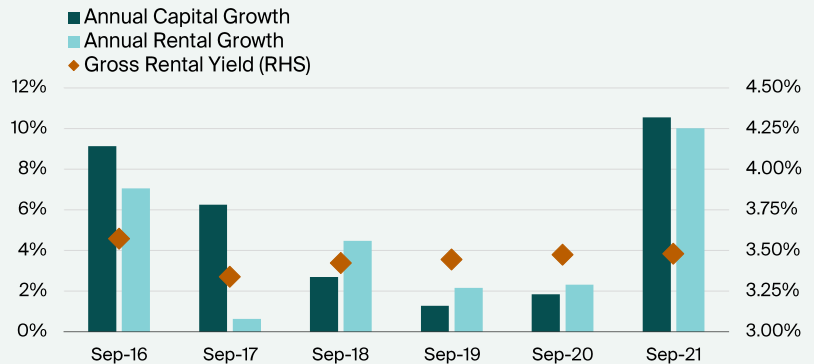
156%

Increase in the number of Gold Coast prime properties sold over the past year

10%
Growth in Gold Coast prime rents between Q3 2020 and Q3 2021

“Gold Coast prime residential prices have increased by 10.5% in the year ending September 2021 and forecast to grow by a further 8% by the end of 2022”

Gold Coast 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 A\$2 million in Gold Coast 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 on the Gold Coast: 4212, 4215-4221, 4226.

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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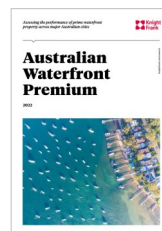
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