

Objects of Desire

2021

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THE KNIGHT FRANK LUXURY INVESTMENT INDEX

KFLII tracks the capital value of a theoretical basket of selected collectable asset classes using existing third-party indices provided by leading independent experts (see below). Each asset class is weighted to reflect its relative importance and value within the basket. The index does not take into account dealing, storage or other associated ownership costs.

Data provided by: Art Market Research (art, jewellery, watches, Hermès handbags, coins and furniture), Fancy Color Research Foundation (coloured diamonds), HAGI (classic cars), Wine Owners and Rare Whisky 101. Please contact andrew.shirley@knightfrank.com for more information.

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Front cover: Paspaley *The moment of reveal*.
A Paspaley technician delicately opens the Pinctada maxima shell to reveal a naturally beautiful pearl.



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*Michelle Ciesielski, Partner & Head of Residential Research
Knight Frank Australia*

The Australian special edition of the Knight Frank Luxury Investment Index has been published to provide the latest results, market analysis and a glimpse into the trends driving today's collectors.

In this report we hear from Knight Frank's Andrew Shirley, Editor of The Wealth Report, on the investments of passion which have been impacted by the COVID-19 pandemic and those which have soared. He talks of the weight of money being poured into art and the intriguing new phenomena of digital assets held as NFTs (non-fungible tokens).

Overwhelmingly, the pandemic has highlighted the unforgettable experience outside of the boutique store for those exclusive, and often bespoke, objects we desire. We share insightful interviews with our luxury brand partners, including Paspaley, Rolls-Royce, Penfolds and Audemars Piguet on recent and emerging trends in their space.

On the prestige residential property front, we speak with Erin van Tuil, a partner at Knight Frank Australia, on the new era of super-prime property in Australia being heralded in by world-class penthouses like Crown Residences at One Barangaroo in Sydney.

William Laing, Adam Ross and Oliver Stillman share insights when their clients 'rightsized' – downsize to luxury apartment living—and how they accommodate the move with their fine art, classic cars and wine collections.

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

KNIGHT FRANK LUXURY INVESTMENT INDEX



Andrew Shirley, Head of Luxury Research at Knight Frank, shares the latest findings from our Luxury Investment Index (KFLII).

The art market endured a pretty bumpy period after the COVID-19 pandemic went global.

The Art Market Research All Art Index, which tracks the auction value of works produced by the world's top 10,000 artists, fell or remained flat for 11 consecutive months after peaking in April 2020 – a cumulative drop of 13%. But from April to July of this year much of that ground was recovered with the index recording growth of 10%. In May alone, US\$2.9 billion of art was auctioned around the world and the sales currently in full swing in the US look to reinforce that trend.

Street art is now a highly collected and extremely valuable genre. Illustrating this allure, one of the most expensive pieces to sell this year was *In this Case*, part of Jean-Michel Basquiat's skull series, which went under the hammer with Christie's New York for US\$93 million.

Of the more contemporary street artists, Banksy set the tone for art's recovery with the £1.1 million sale of his work *Girl with Ice Cream on Palette* by Bonhams in March.

However, 2021 will probably be most remembered for the explosion of crypto art. Digital works of art encoded on a blockchain as NFTs, or non-fungible tokens to give them their full name, have dominated the headlines since *Everydays: The First 5000 Days*, a collage by graphic designer Beeple sold for US\$69 million in March.

Almost US\$600 million of on-demand generative content stored on the Ethereum blockchain was purchased via the Art Blocks platform in August, while Sotheby's auctioned a collection of *Bored Ape Yacht Club* NFT collectibles for US\$24.4 million in September.

Tangible assets

For those who prefer their collections to feel a little more tangible, wine, classic cars and watches have performed reassuringly well over the past 12 months.

Investment grade wine was, in fact, the top performer in KFLII over the 12 months to the end of June 2021. The Knight Frank Fine Wine Icons Index, compiled exclusively for us by Wine

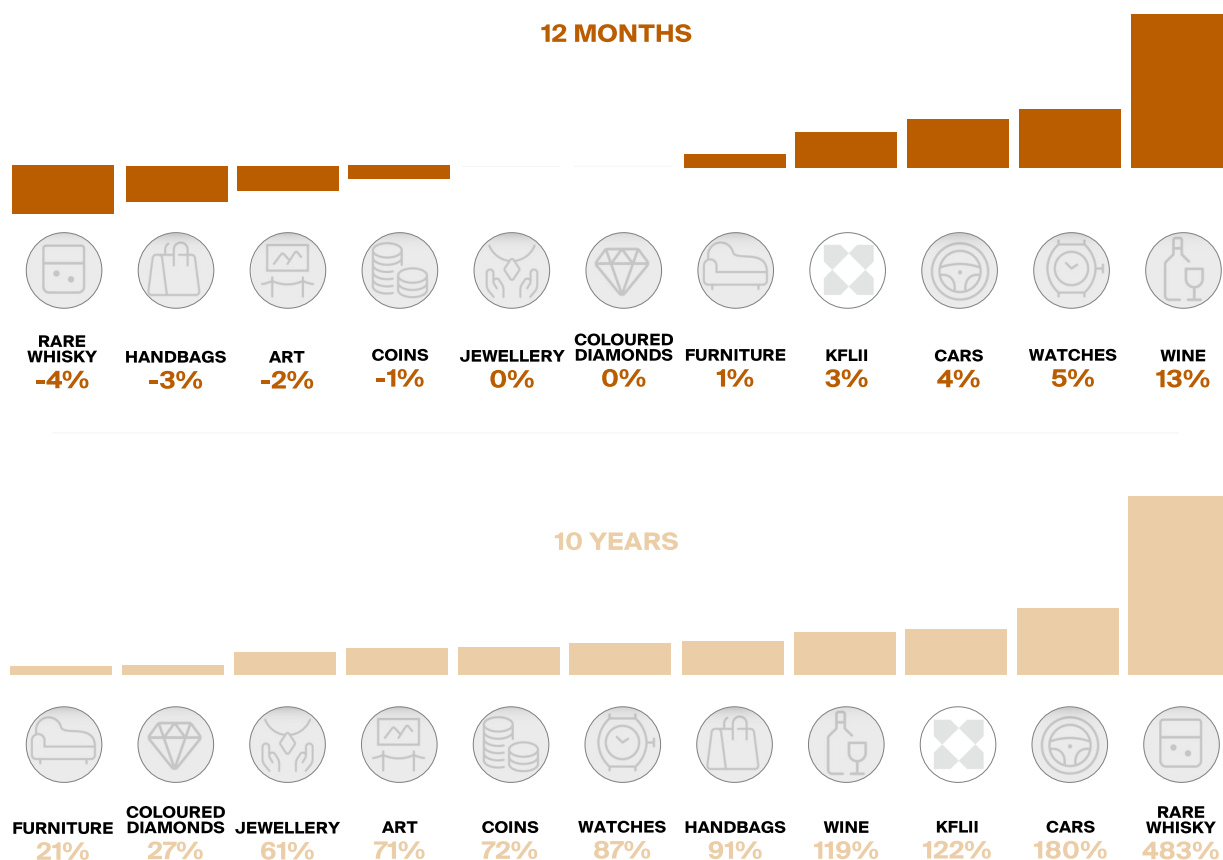
Owners, rose 13%. "Wine is doing really well, not going crazy, but growing nicely. There are no signs of over exuberance," explains Wine Owners' Nick Martin.

The current market also shows the value of a diversified portfolio, he adds. "One market that has been quite slow over the past decade but has been doing well this year is Bordeaux. Burgundy, on the other hand, is taking a bit of a breather."

A recognition that some back vintages, including 1996 and 2000 Bordeaux, represent great value for money is helping attract more interest from collectors, notes Martin who expects more gains over the coming months. "It helps that the market is becoming much broader with more of the next generation starting to build their own collections."

Dietrich Hatlapa of HAGI, which provides our classic car data, also says the market is in a good place with the value of a selection of the world's rarest and most collectible vehicles rising 4% over the same period. "Stock markets have been flying so most of the interest

KNIGHT FRANK LUXURY INVESTMENT INDEX (KFLII) PERFORMANCE BY ASSET CLASS (TO Q2 2021*)



*All data to June 2021 except coins to December 2020

Source: Compiled by Knight Frank Research using data from Art Market Research (art, coins, furniture, Hermès handbags, jewellery and watches), Fancy Color Research Foundation (coloured diamonds), HAGI (cars), Rare Whisky 101 and Wine Owners

at the moment is coming from experienced collectors and dealers who are prepared to pay top prices for the best cars. The market isn't that broad. But our indices are in all-time-high territory so there is the potential to break out of the sideways trend we've seen for the past six years."

Some of this year's standout auction sales include a McLaren F1 that fetched almost US\$20 million at the recent benchmark Monterey sales, as well as the record US\$2.9 million purchase of a US spec Ferrari F40.

Hatlapa also notes that younger buyers

seem less focused on race pedigree with a Lamborghini Countach achieving US\$720,000.

Tic toc

Along with cars and wine, watches make the top-3 podium for this instalment of KFLII with Art Market Research's basket of collectible timepieces showing annual growth of 5%.

"The market remains very buoyant for Rolex with sport watch models continuing to dominate. But perhaps most notably in recent months there has been a big upswing in prices for the

rarest and most unusually shaped Cartier models from the 1950s to 1970s with some remarkable results seen at some recent auctions," points out AMR's Sebastian Duthy.

Two assets that have been at the helm of KFLII in recent years – rare bottles of Scotch and Hermès handbags – have relinquished their places at the top of the index, recording negative 12-month growth. However, KFLII contributor Andy Simpson of Rare Whisky 101 points out the dip is likely to be temporary with the Knight Frank Rare Whisky Index back in positive territory over the past six months.

NATURAL BEAUTY



Christopher Paspaley, Director of Merchandise at Paspaley and third generation Paspaley family member, illuminates the growing trend for natural and sustainable jewellery when he speaks with Tiffany Wang, Knight Frank's Brand Marketing Manager.

Paspaley is Australia's largest and oldest pearling company. How did it all begin?

My family fled the Greek island of Kastellorizo as refugees during WWI. Our grandfather, Nicholas Paspaley Senior, was five years old at the time. Upon arriving in Australia, the family settled at their ship's first port of call, Cossack on the coast of Western Australia. Being a good young Greek boy, my grandfather went to sea to earn money for his family. It was there and then that his love for the ocean and passion for pearling began. By the age of 18, my grandfather was the captain of his own pearling lugger. In 1935, my grandfather moved the fleet to Darwin and founded the Paspaley Pearling company.



Paspaley diver hand-collecting wild Pinctada maxima shell from the ocean floor.

Due to their superior quality, Paspaley's pearls have become a category of their own. How do they perform as a long-term investment?

Paspaley is one of the last remaining companies still diving for wild Pinctada maxima oysters. We have become known for the largest and most valuable pearls in the world, accounting for less than 0.1% of global pearl production by weight, but over 20% by value. Australia's pearl production is regulated by a government-enforced quota system, which ensures our pearls will always maintain their rarity.

Our pearls have been increasing steadily in value for the last 12 years. Even during the disruptive year of 2020, pearl prices didn't fall. In fact, we witnessed three pieces of Paspaley jewellery sell at auction in 2020 for more than their retail value.

For me, Paspaley jewellery is like art. Paspaley designs are modern yet timeless, and like art it is not only the raw materials which determine the value, but also the unique design.



The Lavalier Hero takes inspiration from the spring season, with marquise shaped cabochons reflecting leaf motifs, in fresh pinks and blues. Lavalier is a fluid design, constantly in motion combining white gold, white diamonds and exquisite Sapphires.

With the significant rise in wealth across the Asia-Pacific region, how has this affected the types and style of jewellery that you create?

Our design philosophy has always been led by four guiding principles; *innovative design, exceptional craftsmanship, playful versatility, and pearl led design.*

These principles characterise our unique design DNA, which we have found resonates with clients from all over the world.

Tastes and fashion are always fluid, but are there any trends you are seeing now?

In recent years we have seen a strong desire for natural and sustainable products. We have such an authentic connection to nature at Paspaley, and sustainability is really at the heart of what we do. Our pearl and mother-of-pearl jewellery naturally align with this trend, and we also source sustainable materials for our designs including our range of renewable sandalwood pieces in our *Kimberley Collection*.

Leading in to 2020 we were seeing a trend towards very fine jewellery, but we have noted a shift towards bolder pieces in the past 12 months. Times have changed and we're finding many customers are looking for an opportunity to make a statement with a bold jewellery design. Pearl jewellery for men is another exciting trend we have seen gaining momentum this year. It is becoming more prominent in men's magazines and on male celebrities. We have also found our male customer base is growing, particularly since the launch of our Kimberley and Silk bracelet ranges.

A lot is made of the changing attitudes of younger generations, particularly with the transfer of generational wealth. Is this something you've experienced at Paspaley, and, if so, how has that been reflected in your jewellery?

It has long been our ambition to break down the traditional notions of pearls being for older generations. We try to appeal to women of all ages by creating versatile designs, with adaptable elements allowing the customer to create their own unique look. An example of this is our *Pearls My Way* earrings. Our customers can select their favourite pearls from an array of shapes, sizes and colours then choose from a range of hooks to create a one-of-a-kind design.



The *Night Sky Silk bracelet* is inspired by the nautical ropes used on our pearling ships, this contemporary design features a detachable round Paspaley Pearl, allowing you to tailor your look with different coloured silks and pearls in the collection.

Ultra-high-net-worth individuals are increasingly interested in sustainability and philanthropy. Can you share how Paspaley is making a difference in this space?

When my grandfather arrived in Australia as a refugee with little but the shirt on his back, he was met with the kindness and support of the local community. We are now in a very fortunate position to be able to give back to our community and support charitable organisations close to our hearts.

Each year Paspaley donates to more than 40 charitable organisations around Australia, with a particular focus on supporting children and cancer research. Paspaley's most significant charitable endeavour is our ongoing partnership with the Garvan Institute of Medical Research.



The *Kimberley bracelet* is crafted in earthy sandalwood from the Kimberley and features hand-selected Paspaley pearls. 20% of the proceeds from each bracelet is donated to the Garvan Institute of Medical Research.

Thanks to the support of our customers, we have been able to raise over \$1.3 million in less than five years. This initiative has been incredibly inspiring and we are thrilled to be able to make real change in the lives of thousands of people.

Environmental responsibility and sustainability have become fashionable concepts in recent years, but they truly are at the heart of what we do at Paspaley. The best quality pearls require pristine conditions to thrive, so it is essential for us to ensure our environment impact is minimal.

Paspaley's sustainability credentials have been certified by the Marine Stewardship Council (MSC) – an independent, non-profit organisation that assesses the environmental sustainability of the wild marine industry.

Of all the beautiful pieces created by Paspaley, which is the one you admire most?

I don't think I can select just one piece, it is like asking me which of my children I love the most! Each Paspaley design goes through a long journey from inspiration to launch. What I admire most is how every Paspaley design has a story and how those stories inspire our customers.

My cousin and Paspaley Creative Director, Christine Salter would say we must push past hard to get to excellent. Christine and our design team are forever pushing boundaries to ensure every new Paspaley design is truly exceptional.

Our customers often tell me how they fell in love with a Paspaley piece for their wedding or special occasion. I have also heard heartfelt stories of customers buying a Kimberley bracelet to celebrate the end of their journey with cancer. To be a part of these special memories is a privilege.

INVESTMENTS OF PASSION

The pandemic has forced many to reflect on their lifestyles during lockdown. Michelle Ciesielski explores how this has impacted the actions of those ultra-high-net-worth individuals who collect investments of passion.

When it comes to investments of passion, Australian ultra-high-net-worth individuals (UHNWIs)—or those with net wealth of over US\$30 million—are most inclined to collect art, cars, wine, watches and jewellery according to The Wealth Report Attitudes Survey, released by Knight Frank in 2021.

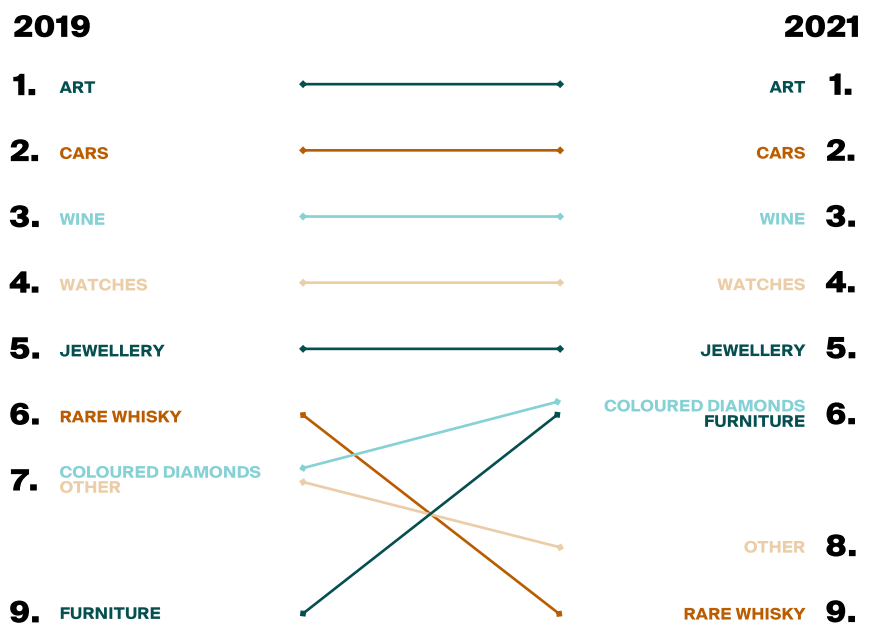
The Attitudes Survey was based on responses provided during October and November 2020 by over 600 private bankers, wealth advisors, intermediaries and family offices who between them manage over US\$3.3 trillion of wealth for UHNWI clients.

Exactly two years earlier, and prior to the COVID-19 pandemic, Australian UHNWIs ranked the same top five investments of passion, although prioritised rare whisky above coloured diamonds, furniture and other collectables such as Chinese ceramics, stamps, coins and handbags. In 2021, investors saw more value in coloured diamonds and not surprisingly, with more time in lockdown, furniture.

Prior to the pandemic, 29% of Australian UHNW clients actively collected an investment of passion.

◆◆
“The Knight Frank Attitudes Survey found 33% of ultra-high-net-worth clients have increased their spending on investments of passion during the pandemic.”
◆◆

INVESTMENT OF PASSIONS COMMONLY COLLECTED BY AUSTRALIAN ULTRA-HIGH-NET-WORTH CLIENTS RANKING



Source: Knight Frank Research, The Wealth Report: Attitudes Survey

Australians continue to allocate art in their investment portfolios of passion

Over the past two years, many of our ultra-wealthy clients have told us they have rotated their artwork more than they would in a calendar year due to increased entertaining, business and generally more time spent in their main residence and second homes, hence the desire for a greater range.

This enthusiasm from buyers leading to a surge in demand from collectors redecorating the home was met with a retraction in supply of quality works, as consigners who could afford to wait and preferred to sit it out until public auctions were back on the agenda.

However, the trend of art collecting has changed over the past decade. As former Art Coordinator for Crown Sydney, now Art Consultant, Veronika Molnarova explains: “In the past, art had been an exclusive item and only available to a small group of ‘art lovers’. However, the presence of social media and large worldwide art fairs have brought both the artists and art lovers closer.



Veronika Molnarova has learnt “Art always find it's space”. Photo taken in *The Penthouse, Crown Residences at One Barangaroo*, which features a number of photographs from the Crown Sydney Artists Initiative.

Art became more accessible and with increased demand and a variety of supply, there is more appreciation in the home and throughout public amenities. Art has always been appreciated by both young and old. With the emergence of young ultra-wealthy buyers, artists have now the opportunity to experiment on a wider spectrum and not limited to a single style or era. Both groups are focusing on the connections with a piece and how they can relate to artist.”

An exceptional year for luxury car sales and collections

Once lockdown restrictions eased, although still confined within the state, many ultra-wealthy Australians found themselves travelling by car to their coastal hideaway or country estate.

Australia is vast in size and travelling in the latest release of their luxury car of choice went some way to make up for not holidaying in their Tuscan

home, or skiing the slopes of Aspen, as they would have been prior to the pandemic.

Rolls-Royce Ghost commands not only the Australian open roads, but those who recognise beauty in restraint.

According to Jonathan Simms, Engineering Lead at Rolls-Royce Motor Cars, the brief for the dynamic character of new Ghost was “perfection in simplicity”.



Art installation at Woodcut restaurant, Crown Sydney. Created by Carly Scoufos and Tracey Deep.



Rolls-Royce Ghost 2021 design brief was for ‘perfection in simplicity’.



Rolls-Royce Ghost design brief was to feel nimble in the city as well as out on the open road.

“We knew fulfilling this brief to create that perfection, and to create that simplicity from the customer view, was actually going to be incredibly complex. Regardless of the climate, the road conditions, whether you are driving or being chauffeured, it had to feel just right.

“Our challenge with Ghost was to distill the dynamic highlights from the complete portfolio of motor cars into one single product. This wouldn't have been possible without our Rolls-Royce space-frame architecture. This is completely configurable which allows us to set up the vehicle to deliver the exact result our client would expect on the road.

“The front suspension is a world first, we introduced a new system which in simple terms, ‘dampens the dampers’, to remove as much energy transfer as we can from the road into the body of the vehicle, creating for the customer that sense that the road has almost been planed smooth in front of them. They experience the sensation of flight on land—over all tarmac surfaces, wet or dry,” explains Simms.



Rolls-Royce Ghost sophisticated thinking. A champagne cooler accompanied by the world's finest crystal glasses preserves the integrity of any celebratory sip.

The performance of wine as an investment outstripped Australian prime residential property over the past year.

Investment grade wine was the top performer in the Knight Frank Luxury Investment Index over the 12 months to the end of June 2021, rising by 13%. Over this same time, prime residential prices grew by 9% in Perth, 8% on the Gold Coast, 7% in Sydney, 6% in Brisbane and 4% in Melbourne.

“The last couple of years have seen an acceleration of favourable trends,” according to George Samios, Director of Fine Wine at Treasury Wine Estates, which includes the high-end wine brand Penfolds. “Depending on the wine knowledge maturity of the end consumer—each segment of all markets can be at different stages—we have seen some real changes to what people have been buying, how they have been purchasing their wine and the end occasion that wine is part of.

“In the investment wine market, we have seen record prices paid for iconic wines. An example being the record-breaking \$142,000 paid for a single bottle of Penfolds Grange 1951—the most an Australian wine had ever achieved. In addition, we saw a wine collector pay \$430,000 for a complete



With a history dating back to 1844, Penfolds has a very long and proven history for making some of the world's most desirable wines.

set of Penfolds Grange. They are now the proud owner of a bottle from each vintage.”

When researching the current wines in most demand in Australia, Samios shared that, “the noble red varieties of Shiraz and Cabernet Sauvignon continue to be the preferred red varieties purchased especially for long term cellaring and investment and we continue to see Shiraz as the number one variety of Australian wine purchased overseas.

“Penfolds Grange sits nicely in the cellars of high-end wine collectors all over the world, featuring heavily, Bin 707, Bin 389, and St Henri. Penfolds



Penfolds wines have been celebrated by wine critics and collectors all over the world, and dominates the list for the most cellared and collected wines in Australia. Innovation has always been a big part of the Penfolds ethos, from the first Grange made in 1951, to the recent release of G5—a blend of five vintages of Grange.

wines have always been the conduit for people all over the world to mark special moments in their lives.

“From an investment point of view, when one looks at the secondary wine market, Penfolds wines continue to appreciate ahead of the fine wine average. The current release of Penfolds Grange, from the 2017 vintage, is an amazing wine and we know collectors have snapped it up for future investment purposes.

Every two years, Penfolds stages re-corking clinics around the world. Here, collectors can bring 15-year-old or older bottles of Penfolds from their cellar and the winemaking team will check the wine and certify those in good condition.

“This certification generally adds about 25% to the value of the wine, and in some cases with the very rare wines significantly more,” says Samios.

Watch enthusiasts keeping pace throughout the pandemic

Remaining consistent and being focused on enhancing the client experience are the key things that has kept steady demand for the iconic Audemars Piguet watches in Australia.

According to the Audemars Piguet Chief Executive Officer of South-East Asia, Stefanie Ng, “timepieces are symbolic, being personal affections, they should be an extension of one’s personality. Of course, there are other important criteria for collectors that make watches valuable.

“To me, luxury timepieces are very personal and, for many, an emotional purchase, so I would advise to follow your own instinct and purchase a watch that speaks to you.

“The Royal Oak remains as one of our iconic watches with steady demand.



New Code 11.59 by Audemars Piguet launched in 2021, with a material combination of gold and ceramics.



Our new collection Code 11.59 by Audemars Piguet, launched in 2019, has received increasing popularity among our clients especially with the introduction of new colours and new material combination of ceramic and gold references.

When asked about the buying patterns between the older and younger generations, Audemars Piguet do see younger clients bring their parents with them to buy their first watch. Being more tech savvy, they come researched having had exposure to the



Audemars Piguet takes great care in crafting meticulous watches paying attention to every detail.

latest digital campaigns via social media platforms. Although as Ng explains: “All clients regardless of age, prefer the physical interaction when purchasing our watches, that intimate, face-to-face relationship is so important.

“We will soon be implementing a network of nomads - Audemars Piguet traveling representatives who can reach out to clients and deliver the Audemars Piguet experience wherever they are, in their home or business, or perhaps in a restaurant. These ambassadors will also be able to offer clients a variety of catered services as well as tailored experiences linked to their passions and interests. The critical question that we ask ourselves is how we can offer an unforgettable experience to a client outside of the boutique.

A well-known fact is Audemars Piguet is the only watch brand still in the hands of the founding families. Their key strategy remains increasing the proximity between their teams and the Audemars Piguet family members regardless of generation.”

Ng adds, “This enables a better experience for our clients by responding to their evolving needs and expectations. Our independence not only enables us to freely invest in the future and think in terms of generations, not quarterly results, but it also allows us to follow our convictions and forge our own path. We are committed to advancing our craft, while never losing sight of our origins and ancestral craftsmanship.

“This uncompromising blend of tradition and forward thinking is at the heart of all that we do. We take great care in crafting meticulous watches paying attention to every detail, but at the same time we don’t take ourselves too seriously. I believe it is this dynamic which attracts the watch enthusiasts!”, Ng concludes.

SCULPTING THE SYDNEY HARBOUR SKYLINE



Offering never-before-seen views from one of the best homes in the world, unveiling The Penthouse was a defining moment for Crown Residences at One Barangaroo. While inside the Crown Sydney Hotel Resort, over two thousand individual artworks have been procured from local and international artists. Knight Frank's Sophia Choo, speaks with the collective of creative design experts.

Crown Residences at One Barangaroo, the residential component of the new Crown Sydney Hotel Resort, has unveiled its duplex penthouse situated over two full floors in the uppermost levels of the building. At over 850 sq metres and sitting 245 metres above sea level, it is the highest home at Crown Residences at One Barangaroo. With construction and its bespoke interior fit out now complete, *The Penthouse* is ready for occupation, offering its future purchaser not only a spectacular home but a legacy to pass to their future generations.

Knight Frank's Erin van Tuil, Partner, Crown Residences at One Barangaroo, who has led the team in achieving record sales values across the 76 luxury residences revealed, "unveiling *The Penthouse* is a defining moment for Crown Residences at One Barangaroo and also for Sydney. It offers an unrivalled lifestyle and competes with the best homes in the world, firmly placing Sydney on the global stage in terms of luxury residential offerings.

Crown desired to create a globally recognised building with strong reference to Sydney.

van Tuil continued, "*The Penthouse* is the epitome of this philosophy. The quality of this home, coupled with unparalleled serviced and amenity together with its harbour front location, will never be replicated in Sydney."

Architecture by the award-winning WilkinsonEyre provides a unique concentric floorplan. Helical columns feature prominently as a key design feature, an ode to the building's twisting, petal-like formation and an engineering feat Chris Wilkinson of WilkinsonEyre has described as 'pushing the boundaries'. Occupying two whole floors renders *The Penthouse* 360-degree views, suspending the residents above Sydney Harbour in an observational centrepiece, surrounded by a dynamic, moving outlook which changes from morning to night.

According to Wilkinson, "the architecture of this building was conceived as an inhabited sculpture that responds to its harbourside location. Its glazed façade responds to the changing light, dawn to dusk and throughout the seasons. To live within, and experience the expansive panoramic views of Sydney, is going to be very special."

Meyer Davis, the award-winning, multi-disciplinary design studio, has utilised design that reflects the architecture and brings the masterpiece outside within.

The best-in-class materials, colour palette and lighting have all been heavily inspired by the majesty of the harbour.

Meyer Davis selected all furnishings, fixtures and an array of high-quality finishes that speak to the surrounding environment. Speaking with Will Meyer of Meyer Davis, he commented that "Sydney Harbour is

unquestionably one of the most desirable locations to live in the world, and we knew *The Penthouse* needed to not only reflect its vibrant nature but become one with it. We've created an ethereal setting that suspends residents within the Sydney sky. Whoever lives there will be met by the harbour every time they walk through the front door and into their living room. It will be a moving experience for them and their guests each and every time."

The Penthouse offers six spacious bedrooms with generous ensuites. The master bedroom suite is a breathtaking space, complete with master dressing areas and a large ensuite, equipped with twin rain and steam showers, as well as a jet spa tub. There are multiple formal and informal living and entertaining areas, offering comfortable and useable spaces. There is a large, bespoke designed open-plan kitchen with a secondary enclosed butler's kitchen behind. Appliances are by Sub-Zero, Wolf and Miele. Also included are four wine fridges, made to house over 300 bottles. Wet bars feature in the living area, master suite, and the cinema room.

Other features of *The Penthouse* include a private gymnasium, internal lift and three external terraces, one of which houses a private plunge pool, the only residence within Crown Residences at One Barangaroo to do so. The double height living area is complemented by a feature staircase and a fireplace clad in Belvedere Quartzite with glass and mirror, and hanging above, a 250-blade custom made chandelier by Preciosa.

Like all Crown Residences, *The Penthouse* has complete integration into the Crown Sydney Hotel Resort below.

This includes a private concierge to take care of all requests, a private residents' entrance, three residents'



Views from *The Penthouse*, Crown Residences at One Barangaroo, Sydney. The expansive living area boasts 6.5 metre floor-to-ceiling windows through which to enjoy never-before-seen views across the city's two icons, the Sydney Opera House and the Sydney Harbour Bridge—and beyond to the Pacific Ocean.

lifts and valet parking. Services on offer include housekeeping and in-room dining. When approaching this private residents' entrance, there are two exceptional pieces of artwork which residents see as they step into the entrance of their home.

First, a painting by Australian artist Dinah Wakefield. Dinah draws inspiration from the landscape around her, focusing on an abstract expression of colour and form, drawing on the natural beauty of tranquility and space.

The second is a copper sculpture that hangs next to the dedicated concierge desk, created by Mareo Rodriguez, a visual artist from Mexico. When asked of his design process, "I conceive



The private residents' entrance, Crown Residences at One Barangaroo.

matter, topography and natural territory as a living being in constant motion; Epidermal construction carved and worn by time, with a rhythm and a telluric language of frequencies and forces emerging, pressing, gravitating, revealing through the landscape."

Each individual art piece in this building has its own unique story and beauty.

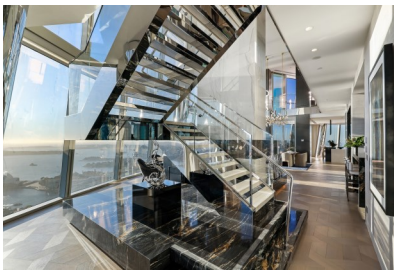
These two pieces form over two thousand individual artworks from local and international artists on display at Crown Sydney, the collection ranging from emerging to well-established artists procured by the talented Art Consultant, Veronika Molnarova. Drawing on experience working across multiple galleries, she believes "art must take people on a journey."

Molnarova continues, "if I was to select a standout piece for me personally, it would be Zheng Lu's sculpture at the Porte Cochere positioned at the entrance of Crown Sydney—the largest scale sculpture I've worked on to date. Zheng Lu is a Beijing-based artist who derives inspiration from Chinese



Crown Sydney's Porte Cochere, Zheng Lu's sculpture positioned at the entrance.

calligraphy, traditional literature and ancient philosopher Lao-Zu. This inspired an interest in water as a metaphor for spirituality and vitality. The form of his sculpture is inspired by the curves of Barangaroo's coastline, the dynamic tidemarks and geological movements of the foreshore, and fluidity of the water that surrounds it. It was my pleasure to have worked on this piece with UAP, a company well-renowned for creating huge urban artworks all over the world. To me, it is an exquisite artwork with unexpected brilliance and quality."



The Penthouse, Crown Residences at One Barangaroo, accommodates a smaller version of Zheng Lu's sculpture from the Porte Cochere.

Once inside the hotel lobby, but indeed visible from outside and reflected on the sandstone in the Porte Cochere, is Chris Wilkinson's sculpture carved from 19 tonnes of Italian Carrara marble, measuring five metres high.

The early concept development of One Barangaroo as a tower stemmed from the idea of an inhabited sculpture and this piece pays homage to that. An expression of geometry that underpins the architecture as it rises and twists from the ground up towards the skies

of Sydney. This sculpture was carved from a single piece of marble, from the same quarry in Carrara as the stone veil that wraps the podium of the tower and is a refined visualisation of the architecture of One Barangaroo.

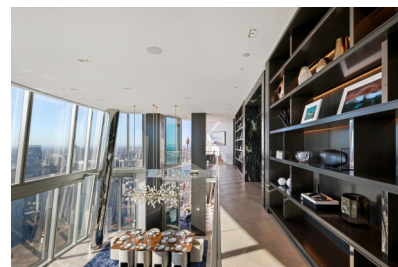


Crown Sydney's hotel lobby showcasing Chris Wilkinson's early concept of One Barangaroo carved from a single piece of marble.

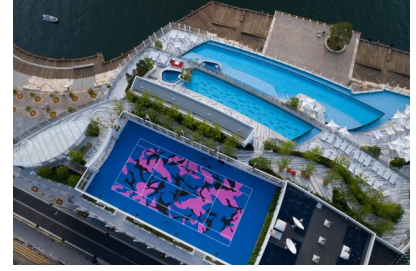
The year before the hotel officially opened, Molnarova hosted a photography competition, as part of the Crown Sydney Artists Initiative (CSAI) to select the beautiful prints to be featured throughout the resort.

In response to this competition, we received more than 3,000 entries, and winners and finalists now have their work showcased throughout One Barangaroo.

She explains, "it meant we sourced art early by inviting emerging creative talent to submit works in five categories: Australian Icons (Landscape and Nature), Sydney's Secrets (Architecture and Street), People of Barangaroo, Black and White, and Mobile (Phone or Tablet Device)."



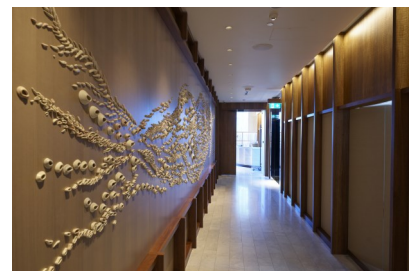
The Penthouse, Crown Residences at One Barangaroo, features a number of photographs from the Crown Sydney Artists Initiative.



Tennis Court, Crown Sydney. Painted mural artwork designed by Reko Rennie connecting and paying respect to the traditional owners of Barangaroo.

A short lift ride away, residents have full access to further facilities within the hotel resort including a residents-only pool with serviced cabanas, a luxurious day spa designed by Blainey North, a state-of-the-art gym and tennis court.

Crown Sydney also has a world class culinary offering of 14 signature bars and restaurants, including the Michelin-star chef Clare Smyth's Oncore and Alessandro's Pavoni's a'Mare. The artwork reach expands into this space with Ian Dowling's creation of 3,000 pieces of suspended ceramics near the entrance of internationally renowned Nobu, and the unique artworks in Ross and Sunny Lusted's Woodcut restaurant by Carly Scoufos and Tracey Deep.



Crown Sydney's art installation outside Nobu, created by Ian Dowling.

Erin van Tuil continues, "while the price is on application, there's little doubt that the Crown Residences penthouse will achieve one of the highest apartment sales values the Australian market has ever recorded, and rightly so. In terms of the opportunity, this is as once in a lifetime as it comes."

MAKING THE MOVE FINE ART



How do 'rightsizers' incorporate investments of passion when making the move to downsize to luxury apartment living? William Laing, Sales Executive, Prestige Residential at Knight Frank Australia, shares his insights on how clients are showcasing their fine art collections when making the move to rightsize.

How have our clients incorporated their art collections into their new luxury apartments?

For rightsizers with sizeable art collections, the growing trend is to rotate their art with each season in their new apartment. They will often liaise with their art gallery of choice and/or curator who will provide storage solutions for them and will assist in rotating the works throughout the year.

They will also distribute the works throughout their secondary homes. Unlike most other things that they collect, they will rarely sell works due to lack of space. These works form part of their entire collection, which is seen as multi-generational purchases and have huge sentimental value.

What challenges have they faced once they moved in?

When it comes to rightsizing, some of the most important attributes of apartment living for our clients are large internal living spaces, a view and/or outlook and plenty of natural light. Whilst most prime and super-prime developments are catering for these

requirements quite easily, it is often at the expense of wall space for the client's art collection.

As with interior trends, wallpaper, wainscoting and timber veneer on internal walls are very much in vogue right now but don't necessarily allow much room for a client's often extensive art collection. The desire to have floor-to-ceiling windows, and doors which open onto entertaining terraces, further limits the amount of wall space for art. It is difficult to get an ideal mix of the two, although some developers are doing this more successfully than others.

Are developers delivering innovative ways to combat this?

Some new developments are including art storage facilities within the apartment building to accommodate prospective buyers' art collections.

Savvy developers appreciate that clients that are rightsizing from larger homes will have an extensive collection and will not be able to hang all their artworks in the new abode. By having

purpose-built art storage in the building, they are looking to overcome any apprehensions clients have about making the rightsizing move.

What further opportunities have come with also rightsizing their collections?

The opportunities for rightsizers with sizeable art collections is to distribute the art from their main residence to secondary residences such as the beach house or country property, that was probably overlooked previously, with most of the art housed in the family residence. This will often lead to new projects at the secondary homes, with the art being the stimuli for a long overdue interior design update or cosmetic renovation.

What is the most interesting recent trend you've heard from our clients?

Some leading art dealers are noting an increase in the sculptural medium, potentially as rightsizers looking to grow their collection, but are limited by the amount of wall space in their new apartments!

MAKING THE MOVE CLASSIC CARS



Adam Ross, Associate Director, Prestige Residential at Knight Frank Australia, explores how rightsizers incorporate their classic car collections when they make the move.

What do clients do with their car collections when rightsizing?

Many of our clients with car collections, list multiple car parking spaces high on their list of criteria when looking at residential property.

Current planning controls often restrict the number of parking spaces in new buildings. Often they will consider buying in buildings that were constructed at a time when planning allowed for residences with an allocation of more than one car space.

Alternatively, if buying off-the-plan, they will look at purchasing several apartments to amalgamate and gain additional car spaces for their car collection this way.

What's the minimum number of car spaces we're talking about?

Ideally, more than four secured car spaces, which is very hard to come by in

Sydney! We recently sold an apartment with six car spaces. A number of the interested parties had extensive car collections.

One potential buyer had every Ferrari model released since the 90s. Another potential buyer had a wide collection of Ducati motorcycles.

For new developments, which allow for more flexibility, what innovative ways are developers accommodating our car enthusiasts?

Developers around the world are continually forging ahead with some impressively designed apartments being delivered to the market allowing our clients to showcase their luxury collectables in their own homes.

One concept that comes to mind is incorporating glass car lifts within the townhouse or apartment, which

delivers the homeowner's pride and joy into the living room.

What if the development has a heritage overlay and there simply isn't the room, what other solutions are there?

A significant number of rightsizers resort to buying an off-site warehouse close by to house their collectable cars, recreation vehicles and vessels such as boats and jet skis.

We're seeing more rightsizing clients approach us in a bid to save time and also uncover off-market stock to find them a warehouse for this purpose.

Our Upper North Shore clients usually buy a warehouse in either Hornsby or Artarmon while on the Lower North Shore our clients usually go to out to Brookvale. For those in the CBD and Eastern Suburbs of Sydney, our clients scout Alexandria and surrounds.

MAKING THE MOVE WINE



Oliver Stillman, Sales Executive, Prestige Residential at Knight Frank Australia, shares how wine collections are becoming major considerations for clients and how this is impacting residential developments.

How are clients integrating their wine collections when rightsizing?

When looking to rightsize to a luxury apartment, our clients with extensive wine collections mostly consider apartments already accommodating a private cellar, or have ample room which allows them to convert a space to securely store their premium wines.

Recently, one of our clients who is an avid wine connoisseur purchased an apartment in a prime location and before moving in, remodelled the whole kitchen to create a second pantry dedicated to storing his wine.

Are there any challenges that come with this?

Although creating a space for storing wine can be a little easier or more flexible than housing a car collection and displaying multiple pieces of large artworks at a time, our clients tend to hold more red wine than white in their

collections, so it's imperative they store their racks of bottles accordingly. In doing so, they normally opt for a custom made refrigerated wine cabinet to be installed in the apartment. This allows for a consistent temperature of ~14°C which is imperative to protect the seal and ultimately preserve the cork, as well as controlling the humidity, minimising exposure to light and isolating from any vibrations.

As developers build more luxury apartments in Australia, are they allowing space for wine collections?

Developers are increasingly building significantly larger apartments to accommodate private cellars from concept or space which can be easily converted prior to completion when buying off-the-plan. Unlike a standalone prestige home we recently sold where the owner had cut into the sandstone under the house to place

wine racks, there can be limitations to reconfiguring an apartment once the tower is built. Alternatively, if a bespoke private cellar is not feasible in the apartment, we are seeing more developments where the architect has designed a communal wine room for residents within the building. These rooms accommodate floor to ceiling secure wine fridges for each apartment allowing residences to store investment grade wines without sacrificing space within their apartments.

Would clients also consider storing wine in an offsite facility?

Apart from storing at their second (holiday) homes, there are clients who keep part of their wine collections in an offsite secured vault, alongside their valuable jewellery. We mostly find that our clients who collect wine are very passionate and like to be close by, attending to the cellar for regular checks and placing new deliveries themselves.

VIEW FROM THE TOP

What is the premium buyers are willing to pay for the penthouse in new residential developments around the world? Michelle Ciesielski investigates.

Spectacular views, security and sweeping lateral spaces make penthouses the pinnacle of urban living.

Analysis across five global cities – New York, London, Hong Kong, Singapore and Sydney – reveals penthouses are on average 129% larger than the average apartment in the same development and can command a premium in price of 35% on a per square metre (sqm) basis.

Exclusivity and privacy also underpin

values and local factors, such as configuration of developments and sales technique, mean premiums in various cities can differ by up to 50%.

Unique characteristics

In New York, where a penthouse commands an average price premium of 40% compared to other apartments, buyers have been known to seek out one-of-a-kind residences as a unique haven for them and their families. These homes frequently include a prized feature in any city – private outdoor space.

Design elements can also add to the price achievable in cities. Developers transcend the luxury features in a penthouse, from the size of rooms and ceiling heights, down to the smallest detail on specification.

In London, it is not unusual for penthouse purchasers to buy early off-the-plan to allow them to tailor the space, coordinating with the developer, motivated by the fact that the penthouse can be altered with less structural implications and disturbance.

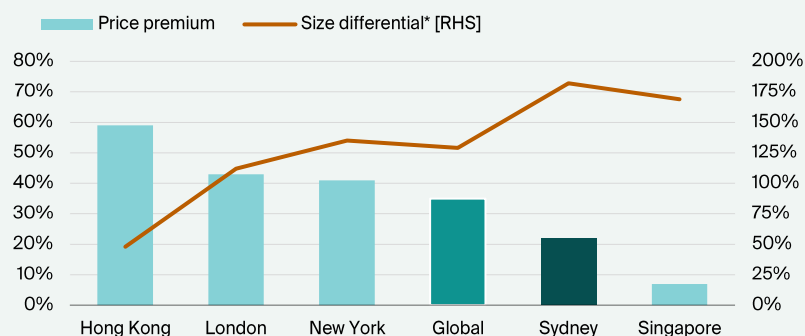
Record prices

London penthouses continue to break records in their respective markets notably at Chiltern Place in Marylebone, One Grosvenor Square in Mayfair and One Kensington Gardens, although One Hyde Park still holds London's capital value record to date. Indeed, London has the second highest penthouse premium of the cities at an average uplift of 43%.

Hong Kong, the world's second most expensive prime property market, has an average premium of 59%, the largest of the cities.

Penthouse premia

The premium commanded by the penthouse against the rest of the development average, on a per sqm basis, and average size differential*



Source: Knight Frank Research

*The difference between the average floorspace in the penthouse apartment compared to the average of the rest of the development

182%
Sydney penthouse
average size
premium

The sales technique in Hong Kong tends to be different owing to a higher price. Developers sell the penthouse through tendering which also contributes to a higher premium than other apartments which are sold according to a pre-determined price list on a lottery basis.

Size matters

The larger the space differential, the smaller the premium. For example, of the cities, Singapore penthouses command the smallest premium, with an average of 7% yet they are, on average, almost three times the size of their counterparts – in Hong Kong penthouses are around 50% larger.

Sydney's penthouse prices command a premium of 22%, on average, compared to others in the development, lower than in other global cities – but the highest size differential, at 182%.

This size differential demonstrates how large Sydney apartments are when compared to other global cities and this factor also tends to skew the square metre rate when comparing super-prime apartments in the harbour city.

22%
Sydney penthouse
price premium
per sqm

REVOLUTIONISING THE CONCEPT OF 'THE PENTHOUSE'



A new era of super-prime property in Australia is being heralded in by world-class penthouses like Crown Residences at One Barangaroo. Erin van Tuil, Partner at Knight Frank Australia, explains.

A revolution in the concept of the residential penthouse is being led by the Crown Residences at One Barangaroo. Until this recently completed development in Sydney, traditionally, Australia's prime apartment towers had been uniform in configuration – the penthouse with exclusive features was very much the pinnacle apartment within the complex.

Breaking the mould of the traditional penthouse, all residences are created equal in 'penthouse quality'. All residences are finished with the same materiality to the same exceptional standard, all have views to Sydney's icons, and all have the same access to the services and amenities of the Crown Resorts hotel beneath. You don't need to be at the top of the building, or in a very large residence, to take advantage of this lifestyle.

The new concept offered by the residences in One Barangaroo is likely to pave the way for the prime market in Australia, with more super-prime projects likely to emerge over the next decade. We have seen that buyers are willing to pay this premium.

The first half of 2021 was the first time it's been possible that exchanged sales in the super-prime Crown Residences at One Barangaroo have been captured within the total residential sales volume by our research team, as these off-the-plan sales had also settled within this period.

What we saw in this time was the top five super-prime apartment sales in Sydney average A\$39 million, and four of these five apartment sales took place at One Barangaroo – reflecting the demand of our ultra-wealthy population for super-prime luxury homes in the sky.



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And one Penthouse at Crown Residences.



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