

Ultra-rich put their money into trophy homes

Nila Sweeney

One in three ultra-rich Australians bought a trophy home last year, allocating nearly a third of their wealth to their main residence or second dwelling, Knight Frank's Wealth Report reveals.

This year, more than one in four ultra-high-net-worth individuals (UHNWI) plan to buy a house to capitalise on low interest rates. Australians with a net worth of \$US30 million owned 2.8 homes on average in 2021.

Rich buyers have also returned to the cities, after fleeing to the suburbs at the onset of the pandemic, fuelling a sharp rise in prime residential prices in the capitals over the past 12 months.

"Overlooked in 2020 as suburbs and resorts attracted those looking for space to hunker down during the pandemic, the cities bounced back in 2021, averaging price growth of 12.3 per cent," said Michelle Ciesielski, head of residential research at Knight Frank Australia.

"The resilience of cities in the face of COVID-19 has been stark across 2021, with the exodus from cities undergoing a boomerang effect in the last year."



All Australian cities included in the Knight Frank Prime International Residential Index 100 outperformed the average global price growth last year. The index tracks movements in luxury prices across the top 5 per cent of the world's residential markets.

The Gold Coast was the country's

best performing city, ranked number 12 globally after prime residential prices jumped 17.1 per cent.

Sydney took 17th place globally through 16.2 per cent growth. Brisbane was 29th with an 11.2 per cent gain, Perth 31st (10.5 per cent) and Melbourne 39th (9.4 per cent).

A boomerang effect... The Knight Frank Prime International Residential Index 100 ranked Sydney in 17th place globally after prices surged 16.2 per cent last year.

and Orchard Road in Singapore.

"Our forecast analysis has identified the top global hotspot for the ultra-wealthy as being Byron Bay, Australia, with prices predicted to rise between 30 per cent and 35 per cent over the next five years," Ms Ciesielski said.

"Competition for residential property here continues to intensify as Byron Bay's environmentally minded council has limited the number of new homes built over the past decade."

Ms Ciesielski said the demand for luxury homes would probably rise further this year as the population of ultra-rich is predicted to swell.

Last year alone, Australia's UHNW population jumped by 10.1 per cent to 20,874 people, compared to 9.3 per cent worldwide.

"Our wealth model predicts growth of 31 per cent for this population over the next five years to 27,330 people, with the billionaire population of Australia expected to grow by a further 37 per cent over this time," she said.

Ultra-high-net-worth individuals in Australia hold more than \$863 billion in wealth, which is predicted to surpass \$1.1 trillion by 2026, according to Knight Frank.

Globally, the PIRI 100 rose 8.4 per cent in 2021 – the highest annual increase since it launched in 2008 – up from just under 2 per cent in 2020.

Byron Bay is forecast to rack up the strongest growth in luxury home prices over the next five years, trumping Como in Italy, Knightsbridge in London