Global Super-Prime Intelligence

Knight Frank

▶ Global super-prime ($10m+) residential sales bounced back in Q1 2023, with 417 sales across the 12 markets tracked in Knight Frank's Global Super-Prime Intelligence report, up 11% on the 376 recorded in Q4 2022 and the highest volume since Q2 last year.

After a surge in super-prime transactions during the pandemic, when quarterly sales peaked at 637 in Q2 2021, sales slowed through 2022 as higher interest rates and geopolitical risks weighed on activity.

The biggest market in Q1 this year was Dubai (88 sales), followed by Hong Kong (67), New York (58), Los Angeles (46), Singapore (37) and London (36).

While volumes rose in Q1, this activity represented $7.2 billion worth of super-prime sales, down 4% on the previous quarter. The most expensive average super-prime sales took place in Geneva ($23.8m) and London ($20.4m)

ANNUAL RESULTS

Annualised $10m+ sales slowed noticeably over recent quarters as global housing markets were hit by roiling interest rate rises. The 1,645 sales across the 12 markets tracked in the 12-months to the end of March 2023, was down 28.4% from a recent peak of 2,298 sales in year to the end of December 2021.

On an annualised basis Dubai tops the list of sales markets with 274 sales, followed by London (233), New York (219) and Los Angeles (210).

Total super-prime sales topped $30.2 billion in the year to the end of March. While this is down 26% on the $40.7bn reached at the height of the

pandemic property boom during full-year 2021, it remains 62% above the pre-pandemic level in full-year 2019.

NEW HUBS

The role of Dubai in supporting the global super-prime market cannot be overstated. In 2019 the Emirate accounted for 2% of all super-prime sales across our 12 markets, but by the most recent 12-month period this share had surged to 17%. Second placed London managed 14%.

Dubai's sales boom has helped propel prime prices there higher by 149% since the beginning of 2020, well ahead of the numbers seen in comparable markets. The second strongest prime market, Miami, saw 59% growth over the same period.

While sales volumes have held up relatively well, despite pressures from higher debt costs, one issue holding back transactions in recent months has been limited stock availability. Markets like Geneva and Paris in particular struggle with a lack of development opportunities despite strong demand from UHNW buyers. Covid restrictions in Hong Kong resulted in delays to new project launches, which weighed on sales volumes, however with more new development starts volumes should pick up from here.

New York has maintained a stronger development pipeline over recent quarters compared to many markets – which has aided activity. Miami's three year long market boom has led to a lack of availability leading to a surge in off-plan sales – meaning that a high proportion of development properties slated for deliver in 2024 and beyond have already been purchased.

11%
growth in global super-prime sales in Q1 2023 compared to the previous quarter

$30.2 bn
the volume of global $10m+ sales in the past 12-month period

-28.4%
the decline in annualised sales in Q1 2023 compared to the 2021 market peak

17%
Dubai's share of super-prime sales in the past 12-months

$23.8m
the average price of super-prime sales in Geneva in Q1 this year

Global Super-Prime Intelligence
Data Digest – 2023 Q1 edition

Knight Frank

Quarterly data

$10m+ quarterly residential sales
Number

Country	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1
Dubai	33	53	58	75	88
Geneva	25	15	14	15	19
Hong Kong	32	50	19	30	67
London	49	62	66	69	36
Los Angeles	70	64	49	51	46
Miami	70	34	21	24	20
New York	83	81	43	37	58
Orange County	39	20	22	9	3
Palm Beach	43	36	20	14	30
Paris	12	6	10	7	3
Singapore	37	31	34	23	37
Sydney	42	26	18	22	10
All	535	478	374	376	417

$10m+ quarterly residential sales
Aggregate value (US$ millions)

Country	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1
Dubai	517	797	1,131	1,397	1,655
Geneva	562	343	287	288	452
Hong Kong	588	1,082	466	779	988
London	880	1,184	1,178	1,505	736
Los Angeles	1,359	1,169	982	941	763
Miami	1,196	624	443	425	327
New York	1,513	1,538	734	708	942
Orange County	620	325	298	140	33
Palm Beach	774	634	299	313	510
Paris	180	99	237	125	39
Singapore	680	491	600	409	579
Sydney	635	410	248	443	133
All	9,505	8,696	6,902	7,472	7,157

$10m+ quarterly residential sales
Average sale price (US$ millions)

Country	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1
Dubai	15.7	15.0	19.5	18.6	18.8
Geneva	22.5	22.8	20.5	19.2	23.8
Hong Kong	18.4	21.6	24.5	26.0	14.7
London	18.0	19.1	17.8	21.8	20.4
Los Angeles	19.4	18.3	20.0	18.5	16.6
Miami	17.1	18.4	21.1	17.7	16.4
New York	18.2	19.0	17.1	19.1	16.2
Orange County	15.9	16.3	13.5	15.5	11.1
Palm Beach	18.0	17.6	15.0	22.3	17.0
Paris	15.0	16.6	23.7	17.9	12.8
Singapore	18.4	15.9	17.6	17.8	15.6
Sydney	15.1	15.8	13.8	20.1	13.3
All	17.8	18.2	18.5	19.9	17.2

Annualised data

$10m+ annualised residential sales
Number

Country	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1
Dubai	22	22	93	219	274
Geneva	19	31	51	69	63
Hong Kong	212	175	247	131	166
London	157	157	242	246	233
Los Angeles	123	155	321	234	210
Miami	41	84	240	149	99
New York	224	120	441	244	219
Orange County	40	44	115	90	54
Palm Beach	50	88	151	113	100
Paris	19	3	15	35	26
Singapore	71	79	255	125	125
Sydney	31	46	127	108	76
All	1,009	1,004	2,298	1,763	1,645

$10m+ annualised residential sales
Aggregate value (US$ millions)

Country	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1
Dubai	297	287	1,318	3,842	4,979
Geneva	342	657	956	1,479	1,369
Hong Kong	4,192	3,221	5,153	2,915	3,314
London	2,916	2,980	4,193	4,746	4,602
Los Angeles	2,519	2,560	5,364	4,451	3,855
Miami	659	1,377	4,033	2,687	1,818
New York	3,942	2,152	8,087	4,494	3,923
Orange County	629	646	1,820	1,383	797
Palm Beach	1,070	1,656	3,037	2,019	1,756
Paris	345	135	301	641	500
Singapore	1,227	1,353	4,553	2,181	2,079
Sydney	445	730	1,912	1,736	1,233
All	18,583	17,753	40,727	32,575	30,226

$10m+ annualised residential sales
Average sale price (US$ millions)

Country	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1
Dubai	13.5	13.0	14.2	17.5	18.2
Geneva	18.0	21.2	18.8	21.4	21.7
Hong Kong	19.8	18.4	20.9	22.3	20.0
London	18.6	19.0	17.3	19.3	19.7
Los Angeles	20.5	16.5	16.7	19.0	18.4
Miami	16.1	16.4	16.8	18.0	18.4
New York	17.6	17.9	18.3	18.4	17.9
Orange County	15.7	14.7	15.8	15.4	14.8
Palm Beach	21.4	18.8	20.1	17.9	17.6
Paris	18.2	45.2	20.0	18.3	19.2
Singapore	17.3	17.1	17.9	17.4	16.6
Sydney	14.4	15.9	15.1	16.1	16.2
All	18.4	17.7	17.7	18.5	18.4

Source: Knight Frank Research

NB: the above tables record publically available information on $10m+ sales in key global markets, exchange rates are calculated as at 31 March 2023

> "In 2019 Dubai accounted for 2% of all super-prime sales across our 12 markets, but by the most recent 12-month period this share had surged to 17%."

Cross border demand continues to support markets. Notable trends include a rise in demand for Swiss super-prime property from Scandinavia, with Norway's wealth tax cited as a particular driver. London and Paris have highly diverse markets which were boosted by the arrival of more Asian, Middle Eastern and US buyers in 2022 and Q1 this year as travel normalised following the pandemic. Hong Kong's delayed covid reopening saw a notable uptick in Mainland Chinese buyers which largely explained the surge in Q1 sales.

Taxation is having a significant impact on buyer behaviour. To attract international investors, Hong Kong has recently changed the stamp duty rules to allow refunds on their 30% stamp duty after living in the property for 7 years, and therefore becoming eligible for permanent residency. Some markets are making it more expensive for foreign buyers to enter the market – with Australia's foreign investor fees doubling in 2022, and Singapore's recently announced increase in foreign buyer stamp duty to 60% set to impact on demand in future quarters.

OUTLOOK

The global super-prime market remains a rarefied sector, but is a useful bellwether for global movements in wealth and investment. Our latest data confirms the arrival of Dubai as a critical part of the world's wealth landscape, but also points to the ongoing centrality of London, New York and Los Angeles to global wealthy buyers, and the continued pull of Miami, Singapore and Hong Kong for regional wealth.

Our expectation is that 2023 will see more subdued conditions compared to the recent 2021 peak, with transactions likely to total $25-$27 billion for the full year. However the recovery in growth in the global economy later this year will aid transactions in 2024 with a return to $30 billion+ sales.

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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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