

GLOBAL HOUSE PRICE INDEX

Q3 2018

GLOBAL HOUSE PRICE UPDATE

The index's rate of growth is moderating, Central and Eastern Europe emerge as an area of growth and house prices decline in Sweden for the first time in six years

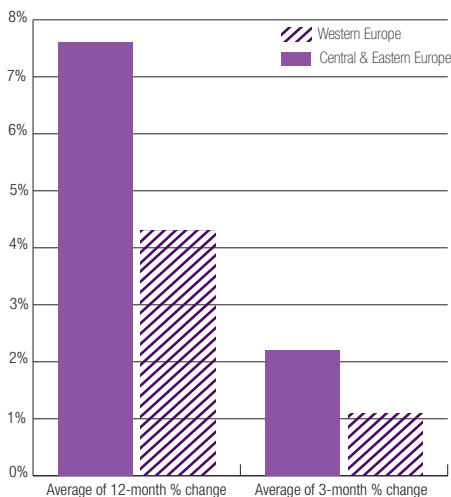
The average value of residential property across 57 countries and territories worldwide increased by 4.9% in the year to September 2018, the index's lowest annual rate of growth for two years.

Hong Kong leads the rankings for annual growth in the year to September 2018 but it may relinquish this top spot in the coming months. The Hang Seng Index, which in the past has acted as a lead indicator for the property market, recently slipped 12%, and add to this global trade disputes, a strengthening currency and the proposed vacancy tax for developers, we expect price growth to soften in 2019.

Last quarter's frontrunner, Malta, has shifted down a gear with annual price growth of 15.7% but only 1% over the three-month period from June to September 2018.

FIGURE 1
EUROPE: WEST NO LONGER BEST

Central & Eastern Europe v West Europe



Source: See notes and sources under main table on final page

Of the 57 countries tracked, eight recorded annual price declines with Sweden falling into this camp for the first time in six years. Low interest rates and strong population growth fuelled price inflation for several years before a surge in the delivery of new apartments and tighter lending rules saw a reversal in price movements. Only two years ago prices were rising at 11% per annum.

Central and Eastern Europe (CEE) is an area of growth, with its countries accounting for three of the top ten rankings this quarter. CEE economies on average registered a 7.6% price rise, whilst western Europe recorded an average of 4.3% growth year-on-year (figure 1). Slovenia, Lithuania and Hungary all recorded double-digit price growth in the year to September 2018. Rising wages and greater access to mortgage finance are pushing prices higher.

Mexico is the strongest performer in Latin America with prices up 9.9% on average. Consumer sentiment is rising on the back of a strengthening economy and supply remains constrained.

New Zealand, where a ban on non-residents purchasing existing homes came into force in July, saw annual price growth decline from 6.6% to 4.9% over the three months from June to September. High rates of net migration combined with limited new supply is expected to halt a slide into negative territory.

The US registered its slowest rate of annual growth since the final quarter of 2016. Higher mortgage rates on the back of eight rate rises since late 2015 has led to affordability constraints. Sales of existing homes have fallen 9.3% while housing starts have declined 8.7% since November 2017 according to S&P CoreLogic Case Shiller.

Q3 2018 RESULTS



HONG KONG
LEADS THE ANNUAL RANKINGS

4.9%

AVERAGE ANNUAL GROWTH RATE

41%

INCREASE IN INDEX SINCE LOW IN Q2 2009



UNITED STATES
REGISTERED SLOWEST RATE OF ANNUAL GROWTH SINCE Q4 2016

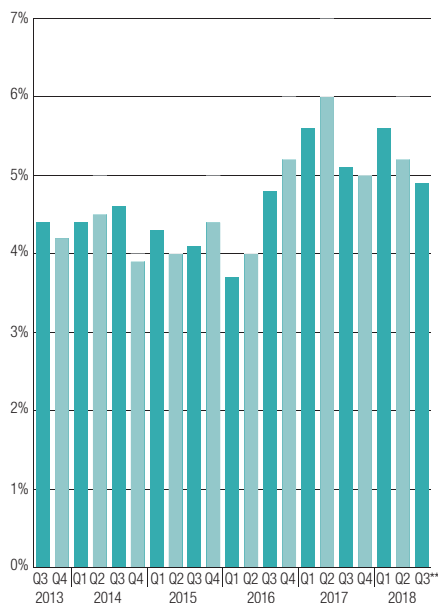


ASIA-PACIFIC
STRONGEST-PERFORMING WORLD REGION OVER 12-MONTH PERIOD

KNIGHT FRANK'S GLOBAL HOUSE PRICE INDEX TRACKS THE MOVEMENT IN AVERAGE RESIDENTIAL PRICES ACROSS 57 COUNTRIES WORLDWIDE USING OFFICIAL GOVERNMENT STATISTICS OR CENTRAL BANK DATA.

FIGURE 2
GLOBAL HOUSE PRICE INDEX Q3 2018

Annual performance over the last five years*



Source: Knight Frank Research.
*Weighted by PPP ** Provisional

Sources: Knight Frank Research; Macrobond, Bank for International Settlements; Eurostat; Australian Bureau of Statistics; OeNB; Statbel; FIPE; Bulgarian National Statistical Institute; Teranet in alliance with National Bank of Canada; Chilean Chamber of Construction; China National Bureau of Statistics (NBS); DANE; Croatian Bureau of Statistics; Central Bank of Cyprus; Czech Statistics Office; Statistics Denmark; Statistics Estonia; Statistics Finland; INSEE; Federal Statistical Office of Germany; Bank of Greece; Hong Kong Rating & Valuation Department; Hungarian Central Statistical Office; Statistics Iceland; India National Housing Bank; Bank of Indonesia; Irish Department of Environment, Heritage and Local Government; Israel Central Bureau of Statistics; Italian National Institute of Statistics; Japan's Ministry of Land, Infrastructure, Transport and Tourism; States of Jersey Statistics Unit; Central Statistics Latvia; Lithuania State Enterprise Centre of Registers; STATEC; Malaysian Valuation & Property Services Department; Central Bank of Malta; Mexican Federal Mortgage Company (SHF Sociedad Hipotecaria Federal); Central Bank of Morocco; Statistics Netherlands; Quotable Value LTD and Reserve Bank of New Zealand; Statistics Norway; Central Reserve Bank of Peru; Polish Central Statistical Office (GUS); Portuguese National Statistics Institute (INE); Romanian Statistics Office; Rosstat; Saudi Arabian Central Department of Statistics & Information (CDSI); Singapore Urban Redevelopment Authority (URA); National Bank of Slovakia; Slovenian Statistical Office; First National Bank; Government of South Korea; Spanish Ministry of Development; Statistics Sweden; Swiss National Bank/Wuest & Partner; Taiwan Ministry of the Interior; Central Bank of the Republic of Turkey (TCMB); Blagovest; HM Land Registry; S&P Case Shiller

Please contact us for further information

If you're thinking of buying or selling, or would just like some property advice, please do get in touch.

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KNIGHT FRANK GLOBAL HOUSE PRICE INDEX, Q3 2018

Ranked by annual % change

Rank	Country/Territory	12-month % change (Q3 2017-Q3 2018)	6-month % change (Q1 2018-Q3 2018)	3-month % change (Q2 2018-Q3 2018)
1	Hong Kong**	15.7%	7.8%	2.3%
2	Malta***	15.7%	4.6%	1.0%
3	Slovenia	13.4%	8.8%	4.2%
4	Lithuania	11.5%	4.3%	2.2%
5	Hungary	10.5%	5.6%	2.3%
6	Turkey	10.5%	6.3%	2.1%
7	Mexico	9.9%	5.2%	0.3%
8	Netherlands	9.3%	4.7%	2.6%
9	The Chinese Mainland	8.9%	6.7%	3.9%
10	Singapore****	8.8%	3.9%	0.5%
11	Latvia	8.7%	8.5%	3.1%
12	Ireland	8.2%	4.6%	1.9%
13	Colombia	7.6%	4.4%	2.1%
14	Bulgaria	7.5%	3.8%	2.8%
15	Czech Republic***	7.5%	4.7%	2.4%
16	Estonia	7.4%	2.6%	1.1%
17	India	7.3%	2.5%	3.3%
18	Jersey	6.5%	-2.4%	0.9%
19	Luxembourg	6.3%	3.9%	2.8%
20	Portugal	6.2%	3.3%	2.1%
21	United States	5.5%	3.5%	0.7%
22	Taiwan	5.3%	3.2%	1.0%
23	Iceland	5.0%	2.4%	1.7%
24	New Zealand	4.9%	0.6%	-0.7%
25	Austria	4.9%	4.4%	0.6%
26	Japan	4.9%	3.8%	-0.2%
27	Germany	4.7%	1.1%	1.3%
28	Romania	4.7%	5.2%	3.1%
29	Croatia	4.5%	0.7%	-0.2%
30	Chile	4.3%	1.5%	2.6%
31	Slovakia	4.0%	2.7%	0.2%
32	Belgium	3.9%	1.0%	1.0%
33	South Africa	3.7%	1.9%	0.1%
34	Denmark	3.6%	3.7%	1.4%
35	United Kingdom	3.5%	3.9%	1.6%
36	Spain	3.2%	1.5%	0.1%
37	Indonesia	3.2%	1.2%	0.4%
38	Russia	3.2%	1.5%	0.7%
39	Norway	3.0%	2.8%	-1.1%
40	France	2.8%	1.5%	0.5%
41	South Korea	2.6%	1.6%	1.3%
42	Peru	2.5%	2.6%	4.3%
43	Greece	2.4%	1.9%	1.0%
44	Canada	2.1%	3.3%	1.1%
45	Malaysia	1.7%	-0.5%	-0.9%
46	Switzerland	1.7%	0.6%	0.8%
47	Cyprus	1.7%	0.9%	0.3%
48	Poland	0.3%	1.0%	0.8%
49	Morocco	0.0%	-1.0%	-1.7%
50	Italy	-0.2%	0.6%	0.8%
51	Brazil	-0.4%	-0.2%	-0.1%
52	Australia	-0.6%	-1.4%	-0.7%
53	Ukraine	-0.7%	1.3%	0.7%
54	Israel	-0.7%	0.5%	0.9%
55	Sweden**	-1.4%	-0.5%	0.7%
56	Finland	-2.9%	1.6%	0.1%
57	Saudi Arabia	-3.7%	-2.9%	-2.1%

Source: Knight Frank Research
** Provisional *** Asking prices **** Island-wide price index for non-landed properties
Data for Australia, Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, India, Israel, Italy, Japan, Latvia, Lithuania, Luxembourg, Malaysia, Morocco, New Zealand, Poland, Romania, Slovenia is to Q2 2018; data for Luxembourg is to Q1 2018 and for Morocco to Q4 2017.