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New Delhi prime residential values grows 4.4% y-o-y; ranks 10th fastest growing market in the world: Knight Frank Prime Global Cities Index (Q2 2019)

Mumbai most expensive prime residential market sees meagre growth

Annual average prime price growth stands at 1.4% across 46 global cities

Mumbai, 20 August, 2019: International Property Consultant Knight Frank in its recent report Prime Global Cities Index ranks New Delhi as the 10th fastest growing prime market in the world with an annual capital value growth of 4.4% in Q2 2019. The report tracks the movement in luxury residential prices across 46 cities globally. The index highlights that luxury residential prices have registered an average increase 1.4% in the year to June 2019 period. Bengaluru (2.8%) and Mumbai (0.8%) were ranked 15th and 30th on the list respectively.

Berlin continues to lead the index, however, its rate of annual growth has slowed from 14.1% in March 2019 to 12.7% in June 2019. Frankfurt, by comparison, has seen its annual price growth increase from 9.6% to 12.0% over the same period and managed to secure second rank replacing Moscow. Moscow slipped to third rank in Q2 2019. 76% (35 out of 46 cities) registered price growth in the year to June 2019. Of the eleven that saw prices decline, Istanbul (-9.9%) and Vancouver (-13.6%) were the weakest markets.

New Delhi, by virtue of limited supply of luxury properties saw a rise in weighted average of capital values which were recorded at INR 33,511 per sq ft recording an annual rise of 4.4%. **New Delhi** has slipped three places in the overall ranking in Q2 2019 from 7th position in Q1 2019 to 10th position in Q2 2019. While **Bengaluru**, which featured at the 15th rank of the Prime Global Cities Index as compared to 20th rank in Q1 2019. Bengaluru recorded a weighted average capital value of prime markets at approximately INR 19,000 per sq. ft. recording an annual increase of 2.8%. **Mumbai** features at the 30th rank with a mere 0.8% 12-monthly change, recording a weighted average capital value for prime properties at INR 64,764 per sq. ft.

KNIGHT FRANK PRIME GLOBAL CITIES INDEX Q2 2019

Ranked by annual % change

Rank	City	World Region	12-month % change	3-month % change
1	Berlin	Europe	12.7%	0.0%
2	Frankfurt	Europe	12.0%	0.0%
3	Moscow	Russia & CIS	9.5%	1.8%
4	Manila	Asia	6.2%	0.8%
5	Geneva	Europe	6.0%	1.7%
6	Madrid	Europe	5.2%	3.9%
7	Paris	Europe	5.0%	-0.7%
8	Zurich	Europe	4.5%	1.3%
9	Beijing	Asia	4.5%	1.3%
10	Delhi	Asia	4.4%	0.0%
11	Edinburgh	Europe	4.3%	0.5%
12	Jakarta	Asia	4.1%	2.8%
13	Toronto	North America	3.8%	2.8%

14	Monaco	Europe	3.0%	3.4%
15	Bengaluru	Asia	2.8%	0.9%
16	Taipei	Asia	2.8%	3.2%
17	Guangzhou	Asia	2.7%	3.4%
18	Sydney	Australasia	2.5%	2.0%
19	Tokyo	Asia	2.3%	-2.6%
20	Brisbane	Australasia	2.2%	-0.7%
30	Mumbai	Asia	0.8%	0.2%

Source: Knight Frank Research

Sluggish economic growth explains the wave of interest rate cuts evident in the last three months as policymakers try to stimulate growth. Much hinges on the next three months with stronger headwinds on the horizon, the index is expected to moderate further in the second half of 2019 before strengthening in 2020.

Key findings:

- Delhi has slipped three places in the overall ranking in Q2 2019 from 7th position in Q1 2019 to 10th position in Q2 2019. However, in terms of a 12-month percentage change, this slip is more cyclic than an indication of a further slide.
- With a 2.8% 12-monthly change, Bengaluru features at the 15th rank of the Prime Global Cities Index across 46 markets.
- Compared to Q1 2019 when Bengaluru was ranked at 20 for the 12-monthly change, the city's ranking has moved up by five places in this quarter.
- Residential property prices have largely flattened out in Bengaluru with only 1.7% uptick over the past 6 months and the sector is slowly coming out of the woods. However, the dark cloud of the Non-Banking Financial Company (NBFC) crisis looms large over the industry participants.
- With a mere 0.8% 12-monthly change, Mumbai features at the 30th rank of the Prime Global Cities Index across 46 markets as compared to 31st rank in Q1 2019.
- Mumbai has witnessed significant slowdown in the luxury residential markets which is suffering from the problem of high inventory and slow sales velocity.

“The marginal increase in prices, along with poor buyer sentiment suggests that demand for luxury homes is likely to remain tepid. Continuous influence of global economic headwinds has prodded leading policymakers in developed and emerging markets alike to respond through policy measures including cut in interest rates. When it comes to the prime residential markets, key European cities lead with the highest growth, these markets have become increasingly popular investment hubs for European and global investors with a growing presence from Chinese residential buyers. Back home, the Indian residential market continues to focus on affordable and mid-segments due to structural reforms supporting this segment. However, a growth in the prime property markets in Mumbai and Bengaluru could be viewed as a sign of stabilisation. Regardless of a slip in rank for the Delhi market, a positive 12-month increase 4.4% is healthy as we track the most prime and mature residential pockets in case of Delhi.” said **Shishir Bajjal, Chairman & Managing Director, Knight Frank India**

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About Knight Frank

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