

# PRICE GROWTH OF LUXURY HOMES IN US CITIES ECLIPSING EUROPE AND ASIA

Prime residential prices across the index's 32 cities rose by 6.2% on average in the year to June 2014. Luxury homes in key US cities are now increasing in value at a faster rate than those in several European and Asian cities. Kate Everett-Allen examines the index's latest results.

## Results for Q2 2014

Prime residential prices rose by 6.2% in the year to June 2014, up from 5% a year earlier

27 cities recorded positive annual price growth in the year to June 2014, up from 21 a year earlier

Jakarta and Dublin recorded the strongest rise in prime prices in annual terms

Dubai saw annual price growth slip from 11.7% in Q1 to 6.3% in Q2

Key Asian and European capitals dominate the bottom of the annual rankings with US cities positioned at the top

Of the 32 prime residential markets tracked by the index, 27 recorded positive annual price growth in the year to June 2014, up from 21 a year earlier.

Jakarta and Dublin stand out due to their stellar performances, ending the year to June 27.3% and 23.5% higher respectively. However, in both cases the rate of growth has slowed in the second quarter.

In Dublin's case, the rate of growth slowed from 5.6% in the first quarter to 2.1% in the second. However, given Ireland's improving economic landscape and the expiry of Ireland's capital gains tax incentive at the end of 2014, we expect prime prices will continue their upward trajectory in the second half of the year.

In Dubai, prime prices rose by 6.3% in the year to June, down from 11.7% last quarter. The mortgage cap and doubling of transfer fees at the end of 2013 influenced buyer activity more than forecast. New research by Knight Frank revealed 25%-35% of purchases are mortgage financed in the Emirate, more than previously thought.

However, with new supply at the prime level looking limited over the next 18 months we expect prices to strengthen in the remainder of 2014.

We noted last quarter the improving performance of luxury homes in North America. This trend has continued in the second quarter with New York, Los Angeles, Miami and San Francisco all recording double-digit annual growth in the 12 months to June, placing them all in the top 10 rankings.

With the gradual withdrawal of stimulus measures in the US and the UK, the prospect of rising interest rates and the continual enforcement of cooling measures across much of Asia, it would be logical to assume the index's performance would be weakening.

However, the index's annual increase of 6.2% in the year to June is above the long-run average of 4.6% recorded since Lehman's collapse in the third quarter of 2008, underlining the extent to which prime property has become a favoured asset class globally.



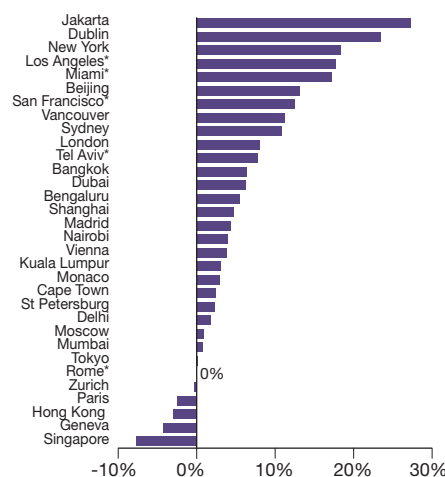
KATE EVERETT-ALLEN  
International Residential Research

"New York, Los Angeles, Miami and San Francisco all recorded double-digit annual price growth in the 12 months to June, placing them in the top 10 rankings."

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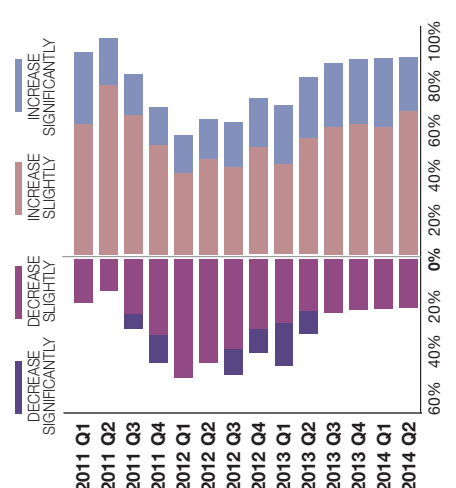
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FIGURE 1  
Prime price performance by city  
Annual price change to Q2 2014



Source: See main table on page 2  
\*Data to Q1 2014

FIGURE 2  
Shift in prime prices  
Proportion of countries by annual price change



Source: See main table on page 2

## DATA DIGEST

The Knight Frank Prime Global Cities Index enables investors and developers to monitor and compare the performance of prime residential prices across key global cities. Prime property corresponds to the top 5% of the wider housing market in each city. The index is compiled on a quarterly basis using data from Knight Frank's network of global offices and research teams.

### Knight Frank Prime Global Cities Index, Q2 2014

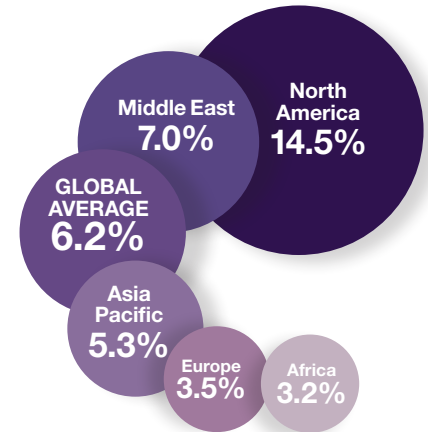
Rank	City	World Region	12-month % change (Jun 13-Jun 14)	6-month % change (Dec 13-Jun 14)	3-month % change (Mar 13-Jun 14)	Latest data if not Q2 2014
1	Jakarta	Asia Pacific	27.3%	2.5%	1.2%	
2	Dublin	Europe	23.5%	7.8%	2.1%	
3	New York	North America	18.4%	1.5%	NA	
4	Los Angeles	North America	17.8%	6.9%	5.6%	Q1
5	Miami	North America	17.2%	12.3%	NA	Q1
6	Beijing	Asia Pacific	13.2%	1.8%	1.2%	
7	San Francisco	North America	12.5%	5.2%	3.4%	Q1
8	Sydney	Asia Pacific	10.9%	6.4%	1.0%	
9	London	Europe	8.1%	4.3%	2.3%	
10	Tel Aviv	Middle East	7.8%	2.9%	0.6%	Q1
11	Vancouver	North America	6.5%	4.2%	2.0%	
12	Bangkok	Asia Pacific	6.4%	1.5%	0.0%	
13	Dubai	Middle East	6.3%	1.7%	1.0%	
14	Bengaluru	Asia Pacific	5.5%	3.0%	3.0%	
15	Shanghai	Asia Pacific	4.8%	0.2%	-0.6%	
16	Madrid	Europe	4.3%	2.5%	0.4%	
17	Nairobi	Africa	4.0%	1.3%	0.3%	
18	Vienna	Europe	3.8%	0.7%	0.2%	
19	Kuala Lumpur	Asia Pacific	3.1%	0.0%	0.0%	
20	Monaco	Europe	2.9%	0.0%	0.0%	
21	Cape Town	Africa	2.5%	3.5%	1.0%	
22	St Petersburg	Europe	2.3%	1.7%	0.0%	
23	Delhi	Asia Pacific	1.8%	1.5%	0.6%	
24	Moscow	Europe	0.9%	0.3%	1.2%	
25	Mumbai	Asia Pacific	0.8%	0.6%	0.5%	
26	Tokyo	Asia Pacific	0.1%	1.1%	4.4%	
27	Rome	Europe	0.0%	0.0%	0.0%	Q1
28	Zurich	Europe	-0.3%	-0.3%	0.0%	
29	Paris	Europe	-2.5%	-1.8%	-3.0%	
30	Hong Kong	Asia Pacific	-2.9%	-1.9%	-0.2%	
31	Geneva	Europe	-4.3%	-0.4%	0.0%	
32	Singapore	Asia Pacific	-7.7%	-7.3%	6.4%	

Source: Knight Frank Residential Research, Miller Samuel/Douglas Elliman, Ken Corporation

Notes: Tokyo: data is based on all contracts made by Ken Corporation which cost more than Yen 100m. From Q3 2013 data excludes all new build apartments.

Hong Kong & Kuala Lumpur: Q2 data is provisional

FIGURE 3  
Average annual price change by world region  
12 months to Q2 2014



Source: See under main table



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#### RESIDENTIAL RESEARCH

**Liam Bailey**

Global Head of Research

+44 20 7861 5133

[liam.bailey@knightfrank.com](mailto:liam.bailey@knightfrank.com)

**Kate Everett-Allen**

International Residential Research

+44 20 7861 1513

[kate.everett-allen@knightfrank.com](mailto:kate.everett-allen@knightfrank.com)

#### PRESS OFFICE

**Astrid Etechells**

+44 20 7861 1182

[astrid.etchells@knightfrank.com](mailto:astrid.etchells@knightfrank.com)

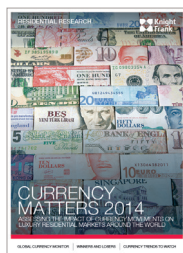


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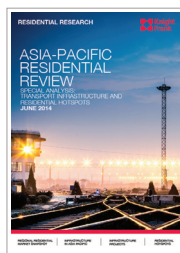
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