

## ECONOMIC UNCERTAINTY FILTERS INTO GLOBAL HOUSE PRICES

**Globally, house prices increased by 3.4% on average in the year to March 2016, but top performing countries such as Turkey and Australia are seeing their rate of annual price growth slow.**

### Results for Q1 2016

**Knight Frank's Global House Price Index (weighted by PPP) increased by 3.4% in the 12 months to Q1 2016**

**Top performers such as Turkey and Australia** are seeing a slowdown in the rate of price growth

**The UK and US are treading water partly due to political events** (Brexit and US Presidential Election)

Sweden is emerging as one of the index's **few engines of growth**

**House prices in key Asian markets** are struggling to find traction



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"Economic headwinds still persist in the Eurozone. Twelve of the bottom 20 rankings are occupied by European countries and of these, nine are members of the Eurozone."

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House prices across the 55 housing markets tracked by our Global House Price Index grew by 3.4% on average in the 12 months to March 2016. Delving deeper into the statistics we see that a number of the top performing markets are starting to cool.

Turkey, which leads the annual rankings for the fourth consecutive quarter, has seen its rate of annual growth decline from 18% last quarter to 15%. Security concerns, Russian sanctions and mounting pressures on the lira are curtailing investment despite high demand and low supply characterising the wider property market.

Other strong performers such as Australia and New Zealand have also seen price growth moderate. Despite Australia's recent rate cut to 1.75% prices are unlikely to keep growing at the same rate given mortgage debt is at a record high relative to income and December 2015 saw the introduction of new fees for foreign buyers.

House prices in New Zealand increased 11% year-on-year but have slipped marginally from their peak in Q3 2015. Weaker economic growth and regulatory changes in the form of higher deposits for investors have dampened demand.

The US and the UK are largely treading water, price growth in the first three months of 2016 equated to 0.9% and 1.6% respectively, linked in part to political

worries, notably potential Brexit in the UK and the US presidential election.

Aside from Turkey, emerging markets have seen prices enter a period of flat or low growth since mid-2014 (figure 4). The BRIC nations recorded annual price growth of 3% on average in the 12 months to March 2016, four years ago this figure was closer to 11%. Capital flight, currency shifts (partly due to US rate rise), volatile equity markets and slowing wages are hampering demand.

Although Europe is no longer the weakest-performing world region – a title now held by Russia/CIS – economic headwinds still persist in the Eurozone. Twelve of the bottom 20 rankings are occupied by European countries and of these, nine are members of the Eurozone.

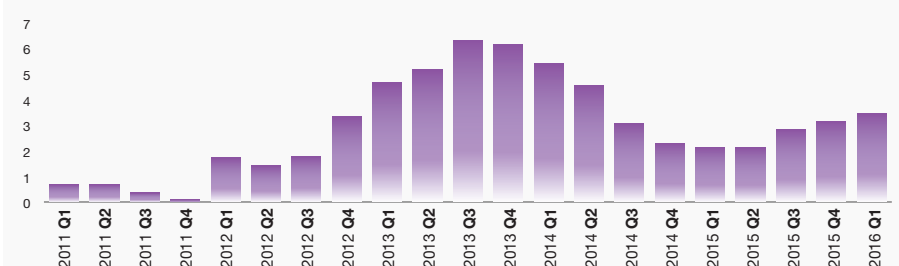
Some Nordic countries, together with some Baltic states, stand out as rare hotspots. At 12.8%, annual price growth in Sweden is not far behind Turkey and prices stand 48% above their low in the first quarter of 2009.

Heading east, Asian markets are stumbling. Singapore, Hong Kong and Taiwan have all seen prices decline by between 3% and 6% in the year to March 2016, a combination of sluggish economic growth, regulatory measures and new supply are restraining price growth.

FIGURE 1

### Global House Price Index Q1 2016

Annual performance over the last five years 12-month % change\*

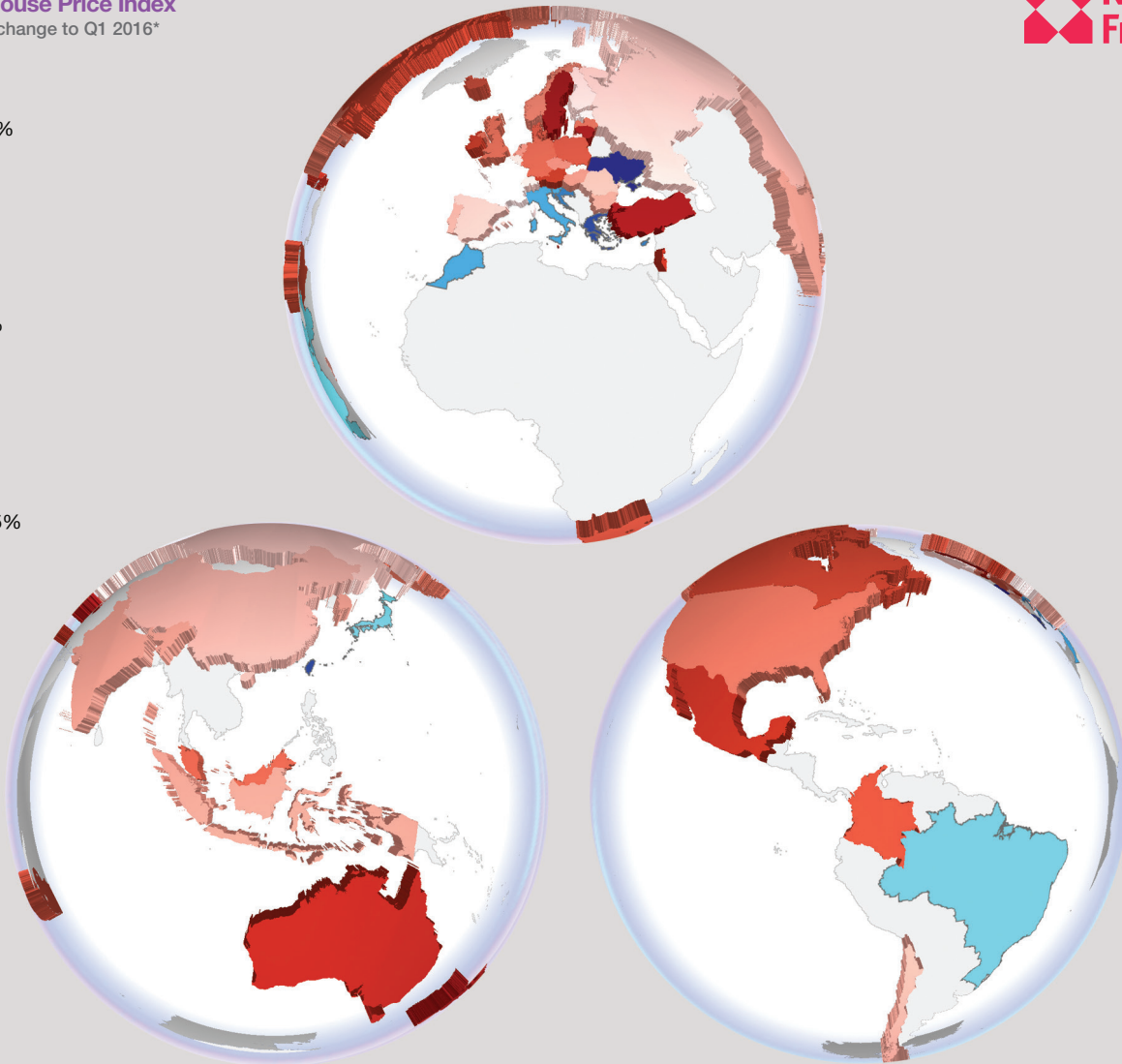
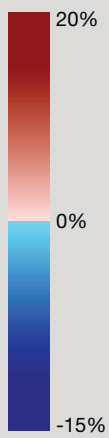


Source: Knight Frank Research \*Weighted by PPP

# GLOBAL HOUSE PRICE INDEX Q1 2016

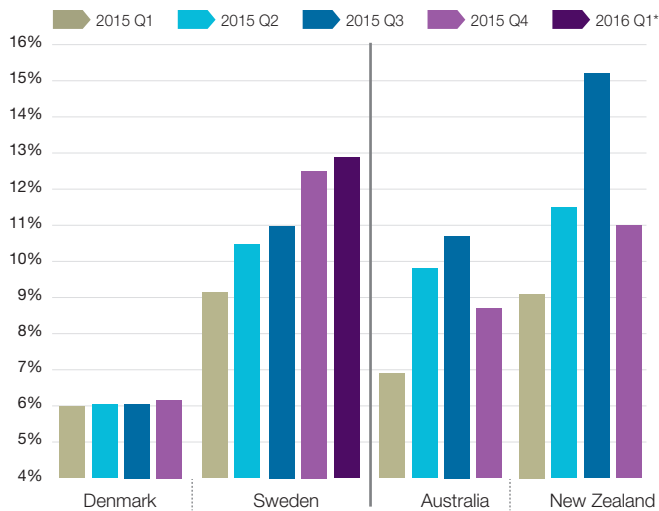


FIGURE 2  
Global House Price Index  
Annual % change to Q1 2016\*



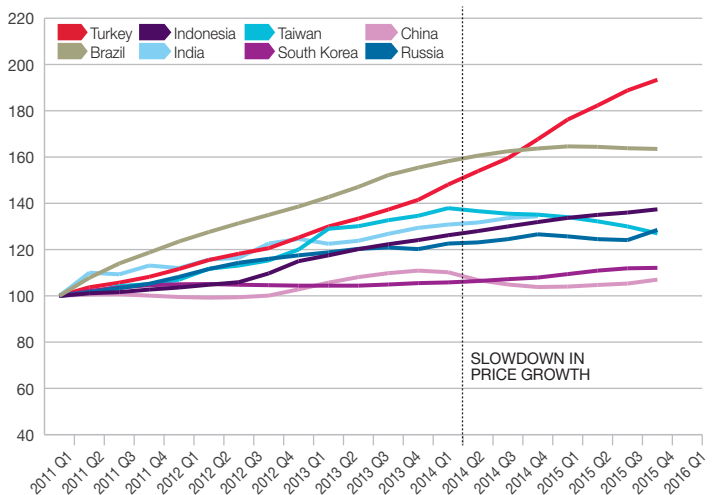
Source: Knight Frank Research  
\* or latest data available

FIGURE 3  
Nordics strengthen, Antipodeans dip  
Annual % change



Source: Knight Frank Research  
\* Q1 data unavailable for some countries

FIGURE 4  
Emerging markets stumble but Turkey bucks the trend  
Indexed, 100 = Q1 2011



Source: Knight Frank Research

**Knight Frank Global House Price Index, Q1 2016**

Ranked by annual % change

Rank	Country	12-month % change (Q1 2015-Q1 2016)	6-month % change (Q3 2015-Q1 2016)	3-month % change (Q4 2015-Q1 2016)	Market direction*
1	Turkey	15.3%	6.1%	2.4%	📈
2	Sweden**	12.9%	5.1%	2.5%	📈
3	New Zealand	11.0%	3.4%	-1.1%	📈
4	Lithuania	10.5%	10.4%	8.9%	📈
5	Malta**	9.9%	8.4%	2.3%	📈
6	Australia	8.7%	2.2%	0.2%	📈
7	Mexico	8.1%	2.3%	2.7%	📈
8	Israel	7.9%	3.3%	2.4%	📈
9	Austria	7.6%	4.2%	2.9%	📈
10	Ireland	7.4%	1.5%	-0.1%	📈
11	Canada	7.0%	1.5%	1.3%	📈
12	Colombia	6.9%	3.0%	1.5%	📈
13	South Africa	6.8%	4.0%	2.2%	📈
14	Iceland	6.7%	4.5%	1.9%	📈
15	Poland	6.4%	5.5%	6.4%	📈
16	Denmark	6.2%	-0.1%	0.1%	📈
17	Malaysia	5.8%	1.8%	-0.8%	📈
18	Germany	5.4%	3.2%	2.2%	📈
19	United Kingdom	5.3%	3.1%	1.6%	📈
20	Latvia	5.2%	3.5%	2.7%	📈
21	United States	5.2%	0.9%	0.9%	📈
22	Luxembourg	5.1%	4.0%	3.2%	📈
23	Norway	4.6%	1.7%	3.8%	📈
24	Czech Republic***	4.5%	2.3%	1.1%	📈
25	Netherlands	4.3%	1.9%	1.9%	📈
26	Hungary	4.3%	-7.1%	-8.0%	📉
27	Indonesia	4.2%	1.7%	1.0%	📈
28	Bulgaria	4.0%	2.6%	3.1%	📈
29	India	3.9%	2.1%	0.6%	📈
30	South Korea	3.8%	1.1%	0.2%	📈
31	Chile	3.7%	-3.4%	-0.9%	📈
32	Portugal	3.7%	0.9%	-0.2%	📈
33	Romania	3.6%	0.6%	1.8%	📈
34	China	3.1%	2.2%	1.6%	📈
35	Spain	2.4%	1.1%	0.2%	📈
36	Jersey	2.2%	0.1%	-1.0%	📈
37	Russia	1.5%	3.2%	3.6%	📈
38	Belgium	1.4%	2.8%	1.4%	📈
39	Switzerland	1.3%	0.8%	0.1%	📈
40	Finland	1.1%	-2.8%	0.1%	📈
41	Slovakia	1.0%	0.7%	0.5%	📈
42	Estonia	0.8%	3.7%	0.3%	📈
43	France	0.5%	-1.1%	-0.2%	📈
44	Brazil	-0.2%	-0.6%	-0.2%	📈
45	Japan	-0.3%	-0.2%	-0.2%	📈
46	Slovenia	-0.8%	-4.0%	-1.2%	📈
47	Italy	-0.9%	0.0%	-0.2%	📈
48	Morocco	-1.1%	-3.0%	-1.2%	📈
49	Cyprus	-1.9%	-0.4%	0.0%	📈
50	Croatia	-2.1%	0.8%	0.1%	📈
51	Singapore****	-3.1%	-0.8%	-0.6%	📈
52	Hong Kong**	-5.0%	-10.0%	-6.4%	📈
53	Greece	-5.4%	-1.3%	-0.3%	📈
54	Taiwan	-6.0%	-3.9%	-2.3%	📈
55	Ukraine	-10.5%	-5.5%	-2.8%	📈

Source: Knight Frank Research

\*Direction of annual price growth compared to previous quarter  
 \*\*Provisional \*\*\*Asking prices \*\*\*\*Island-wide price index for non-landed private properties  
 Data to Q1 2016 except: Australia, Austria, Bulgaria, Colombia, Cyprus, Czech Republic, Finland, Israel, Italy, Lithuania, Luxembourg, Malaysia, New Zealand, Romania, and Slovenia to Q4 2015; Hungary and Morocco to Q3 2015; Chile to Q2 2015; India to Q1 2015

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DATA DIGEST

The Knight Frank Global House Price Index established in 2006 allows investors and developers to monitor and compare the performance of mainstream residential markets around the world. The index is compiled on a quarterly basis using official government statistics or central bank data where available. The index's overall performance is weighted by GDP on a Purchasing Power Parity basis and the latest quarter's data is provisional pending the release of all the countries' results.



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