

CHINESE CITIES DRIVE GLOBAL RESIDENTIAL PRICE INDEX HIGHER

Seventy-four percentage points now separate the world's strongest and weakest-performing mainstream city housing markets. Kate Everett-Allen examines the latest set of results.

Results for Q1 2016

The Global Residential Cities Index increased by 4.5% in the year to March 2016

Chinese cities now account for four of the world's top five performing cities

Shenzhen leads the rankings prices rose on average by 63% over the 12-months to March 2016

Scandinavia is home to five of Europe's top ten performing city housing markets

Prior to the UK's Brexit decision, London was the UK's strongest-performing city and Europe's third strongest



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The Global Residential Cities Index, which is based on official house price data published by either National Statistic Offices or Central Banks, for 150 cities across the world, increased by 4.5% in the year to March 2016.

Seventy-four per cent of the cities tracked by the index saw house prices rise in the year to March 2016. The gap between the strongest and weakest performing housing market has expanded from 55 percentage points last quarter to 74.

The widening gap can, to a large extent, be attributed to the phenomenal rate of growth recorded in the Chinese city of Shenzhen. This rapidly-expanding technology hub, located within 11 miles of Hong Kong, saw annual price growth jump from 48% last quarter to 63% in the year to March 2016.

Chinese cities now account for four of the top five performing cities but new measures introduced in March in some Tier 1 cities such as Shenzhen and Shanghai are likely to lead to more muted growth during the remainder of 2016. The new rules range from higher down payments for first and second homes as well as longer residency requirements for non-locals wishing to purchase.

Scandinavia is emerging as a key centre of growth. The cities of Stockholm, Gothenburg, Malmo, Oslo and Copenhagen

all recorded annual price growth of between 9% and 17% in the year to March. Low levels of new supply, high demand and cheap finance are fuelling price growth across the region.

Vancouver continues to be North America's stellar performer, prices ended the year to March 17% higher. A proposal by Mayor Robertson to tax empty homes is under discussion as a means to increase rental supply and address the lack of affordable homes in the city.

Despite the recent slowdown in their economies and fall in sales, analysis post-Lehman highlights the extent to which cities in emerging markets such as Rio de Janeiro, Sao Paulo and Bogota still stand out, having recorded price growth of 236%, 190% and 99% respectively in the eight years since 2008. (figure 4).

Life post-Brexit

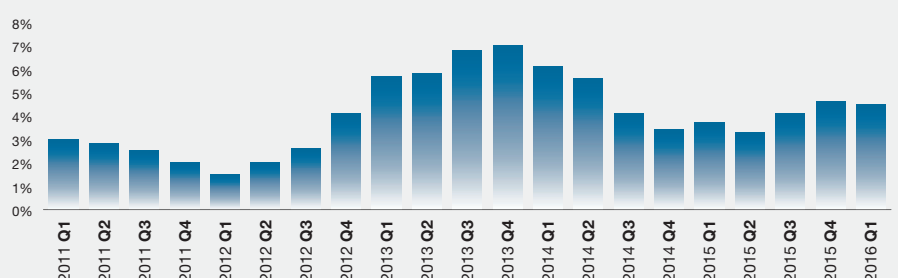
The data under analysis covers the period to Q1 2016 but looking to the future, all eyes will now be on the UK's decision to leave the EU and the impact it has on property markets, not just in the UK but globally.

Future domestic demand will be linked to the direction of interest rates, changes to mortgage rules and employment growth whilst currency shifts will be the key determinant of cross-border investment.

FIGURE 1

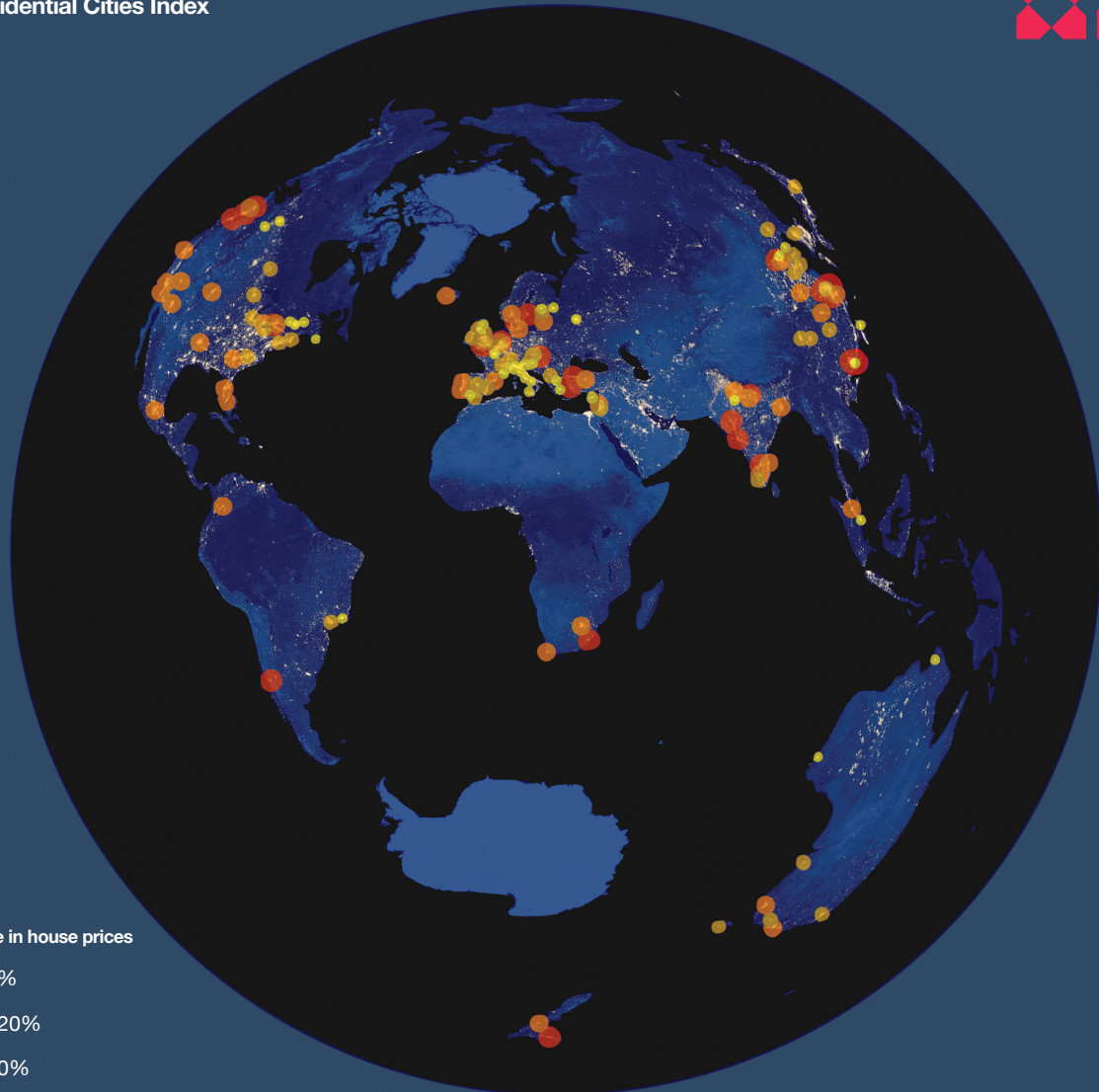
Global Residential Cities Index Q1 2016

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



Source: Knight Frank Research

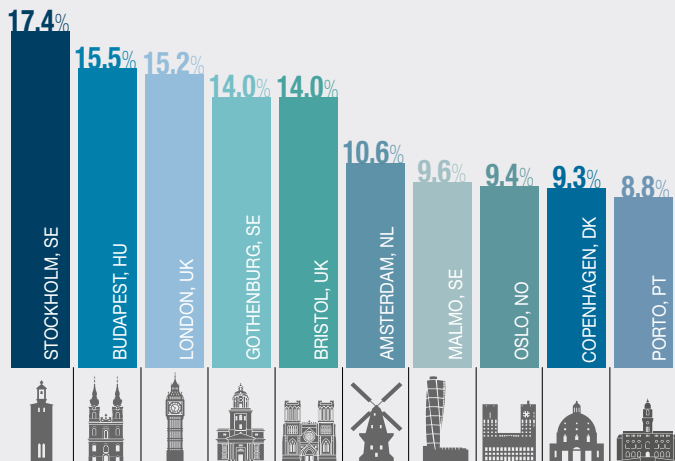
FIGURE 2
Global Residential Cities Index
Q1 2016



Annual change in house prices

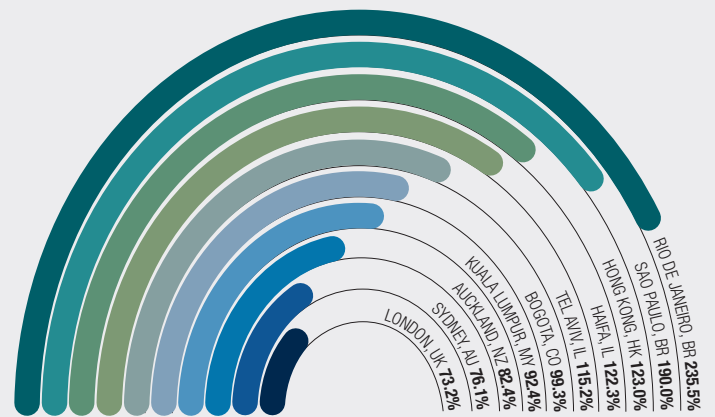
- Over 20%
- 10% to 20%
- 5% to 10%
- 0% to 5%
- Below 0%

FIGURE 3
Focus on Europe: strongest risers
12 month % change to Q1 2016



Source: Knight Frank Research

FIGURE 4
Post-Lehman: Brazil's cities outperform
% change Q3 2008-Q1 2016*



Source: Knight Frank Research

Note: Where official data is published for multiple cities we have selected those cities with the highest GDP or included only those cities tracked by official source.
*Where data available

Knight Frank Global Residential Cities Index, Q1 2016 Ranked by annual % change

Rank	City	12-month % change (Q1 2015-Q1 2016)	Rank	City	12-month % change (Q1 2015-Q1 2016)	Rank	City	12-month % change (Q1 2015-Q1 2016)
1	Shenzhen, CN	62.5%	51	Hague, NL	7.0%	101	Chicago, US	1.7%
2	Shanghai, CN	30.5%	52	Los Angeles, US	6.4%	102	Washington, US	1.4%
3	Istanbul, TR	19.6%	53	Wellington, NZ	6.4%	103	Winnipeg, CA	1.2%
4	Nanjing, CN	17.8%	54	Kuala Lumpur, MY	6.4%	104	Qingdao, CN	1.2%
5	Beijing, CN	17.6%	55	Atlanta, US	6.4%	105	Lyon, FR	1.1%
6	Stockholm, SE	17.4%	56	Reykjavik, IS	6.4%	106	Sao Paulo, BR	1.1%
7	Vancouver, CA	17.3%	57	Haifa, IL	6.3%	107	Tallinn, EE	0.7%
8	Auckland, NZ	16.9%	58	Kolkata, IN	6.3%	108	Valencia, ES	0.4%
9	Izmir, TR	16.7%	59	Miami, US	6.2%	109	Shenyang, CN	0.2%
10	Lucknow, IN	16.1%	60	Manchester, UK	6.2%	110	Yantai, CN	0.1%
11	Durban, ZA	15.8%	61	San Diego, US	6.1%	111	Ljubljana, SI	0.1%
12	Budapest, HU	15.5%	62	Las Vegas, US	6.0%	112	Montreal, CA	0.0%
13	Guangzhou, CN	15.3%	63	Detroit, US	6.0%	113	Bologna, IT*	-0.1%
14	London, UK	15.2%	64	Phoenix, US	5.6%	114	Ottawa Gatineau, CA	-0.1%
15	Gothenburg, SE	14.0%	65	Bogota, CO	5.3%	115	Paris, FR	-0.2%
16	Bristol, UK	14.0%	66	Zhengzhou, CN	5.3%	116	Florence, IT*	-0.4%
17	Bangalore, IN	12.5%	67	Lisbon, PT	5.3%	117	Edmonton, CA	-0.5%
18	Portland, US	12.3%	68	Riga, LV	5.2%	118	Dalian, CN	-0.8%
19	Hangzhou, CN	11.9%	69	Rotterdam, NL	5.1%	119	Milan, IT*	-0.8%
20	Mumbai, IN	11.1%	70	Malaga, ES	4.9%	120	Limassol, CY	-1.2%
21	Seattle, US	10.8%	71	Nottingham, UK	4.7%	121	Tangshan, CN	-1.9%
22	Amsterdam, NL	10.6%	72	Canberra, AU	4.6%	122	Larnaca, CY	-1.9%
23	Santiago, CL	10.6%	73	Tokyo, JP	4.4%	123	Napoli, IT*	-1.9%
24	Hamilton, CA	10.5%	74	Charlotte, US	4.3%	124	St. Petersburg, RU	-1.9%
25	Ahmedabad, IN	10.4%	75	Boston, US	4.3%	125	Helsinki, FI	-2.3%
26	Denver, US	9.9%	76	Madrid, ES	4.2%	126	Quebec, CA	-2.4%
27	Ankara, TR	9.9%	77	Hobart, AU	4.2%	127	Turin, IT*	-2.5%
28	Melbourne, AU	9.8%	78	Brisbane, AU	4.1%	128	Rio de Janeiro, BR	-2.5%
29	Delhi, IN	9.8%	79	Seoul, KR	4.0%	129	Marseille, FR	-2.8%
30	Sydney, AU	9.7%	80	Dublin, IE	3.9%	130	Venice, IT*	-3.0%
31	Malmo, SE	9.6%	81	Vienna, AT	3.9%	131	Singapore, SG	-3.1%
32	Oslo, NO	9.4%	82	Jerusalem, IL	3.8%	132	Edinburgh, UK	-3.1%
33	Copenhagen, DK	9.3%	83	Minneapolis, US	3.7%	133	Nicosia, CY	-3.3%
34	Toronto, CA	9.0%	84	Glasgow, UK	3.4%	134	Zagreb, HR	-3.5%
35	Johannesburg, ZA	9.0%	85	Adelaide, AU	3.1%	135	Palermo, IT*	-3.5%
36	Porto, PT	8.8%	86	Jinan, CN	3.1%	136	Rome, IT*	-3.6%
37	Cape Town, ZA	8.5%	87	Skopje, MK	3.1%	137	Calgary, CA	-3.7%
38	Dallas, US	8.5%	88	Zurich, CH	3.0%	138	Trieste, IT*	-3.8%
39	Victoria, CA	8.5%	89	Tel Aviv, IL	3.0%	139	Athens, GR	-4.2%
40	San Francisco, US	8.4%	90	Cleveland, US	2.8%	140	Perth, AU	-4.5%
41	Chennai, IN	8.2%	91	Bern, CH	2.8%	141	Halifax, CA	-4.6%
42	Barcelona, ES	8.2%	92	Brussels, BE	2.7%	142	Darwin, AU	-4.9%
43	Birmingham, UK	8.0%	93	New York, US	2.7%	143	Hong Kong, HK**	-5.0%
44	Mexico City, MX	7.8%	94	Bratislava, SK	2.6%	144	Genoa, IT*	-5.1%
45	Utrecht, NL	7.7%	95	Chengdu, CN	2.4%	145	Jaipur, IN	-5.2%
46	Wuhan, CN	7.7%	96	Wuxi, CN	2.3%	146	Sevilla, ES	-6.7%
47	Kanpur, IN	7.6%	97	Lille, FR	2.3%	147	Thessaloniki, GR	-6.7%
48	Tampa, US	7.6%	98	Chongqing, CN	2.0%	148	Moscow, RU	-8.1%
49	Tianjin, CN	7.2%	99	Kochi, IN	2.0%	149	Taipei City, TW	-8.2%
50	Ningbo, CN	7.2%	100	Changsha, CN	1.7%	150	Aberdeen, UK	-11.3%

Source: Knight Frank Research *Asking prices ** Provisional

AT Austria, AU Australia, BE Belgium, BR Brazil, CA Canada, CH Switzerland, CL Chile, CN China, CO Bogota, CY Cyprus, CZ Czech Republic, DK Denmark, EE Estonia, ES Spain, FI Finland, FR France, GR Greece, HK Hong Kong, HR Croatia, HU Hungary, IE Ireland, IL Israel, IN India, IS Iceland, IT Italy, JP Japan, KR South Korea, LV Latvia, MK Macedonia, MX Mexico City, MY Malaysia, NL Netherlands, NO Norway, NZ New Zealand, PT Portugal, RU Russia, SE Sweden, SG Singapore, SI Slovenia, SK Slovakia, TR Turkey, TW Taiwan, UK United Kingdom, US United States, ZA South Africa

All data corresponds to 12-month percentage change to Q1 2016 except cities in Austria, Belgium, Chile, Croatia, Cyprus, Denmark, France, Hungary, India, Malaysia and New Zealand where latest available data is published.



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