PRIME GLOBAL CITIES INDEX

Knight Frank

GUANGZHOU LEADS LUXURY RESIDENTIAL PRICE INDEX

Our Prime Global Cities Index, which tracks the movement of luxury residential prices across 41 cities around the world, climbed 4.2% in the year to September 2017, with the Chinese city of Guangzhou leading our annual rankings.

Results for Q3 2017

Guangzhou leads the annual rankings despite the wider slowdown across China's first tier cities

Cities in the Asia Pacific region account for five of our top ten annual rankings

Madrid, Paris and Berlin are outpacing their European counterparts

Toronto saw its annual prime price growth almost halve between June and September 2017

Australasia (10.7%) is the strongest-performing world region on an average basis, Russia & the CIS the weakest (-8.4%)

Despite Guangzhou's stellar performance, the overall narrative across China is one of slower price growth. Both Shanghai and Beijing saw their rate of annual price growth decline significantly compared with last quarter and Guangzhou's index increased just 6.8% in the last three months compared with 36.3% in the last 12 months.

Cities in Asia Pacific account for five of our top ten rankings, with Seoul (11.2%), Sydney (11.0%) and Melbourne (10.4%) joining Guangzhou and Shanghai.

Seoul's rate of annual growth has slowed following a number of policy measures announced this year, including tighter mortgage lending rules and higher capital gains tax for owners of multiple homes.

Prime prices in Sydney and Melbourne continue to track higher, with those in Melbourne rising from a lower base. Both cities have now ranked within our top ten for ten consecutive quarters.

Long-term frontrunner, Cape Town registered annual growth of 14.5% year-on-year. Land-locked between Table Mountain and the Atlantic, limited new supply opportunities are helping to support prices.

A divided Europe?

Madrid proved Europe's strongest-performing luxury residential market, with prices ending the year to September 11.9% higher.

Attracting strong interest from Latin America, in particular Venezuela, alongside the delivery of high-specification new developments, the city's luxury residential stock is now firmly on the radar of global investors.

Paris (11.3%) and Berlin (7.3%) are hot on Madrid's heels. With typical prime prices averaging €18,000 per sq m and €12,000 per sq m respectively, buyers – both domestic and international – are now recognising the comparative value in such markets whether looking for an investment or second home.

Elsewhere in Europe, Zurich, Vienna, Geneva and London all registered price declines over the 12-month period.

Average prices in prime central London were down 4.6% in the year to September, the most modest decline in nearly a year.

US cities remain firmly mid-table this quarter, with San Francisco (5.5%) out in front. A steady economy and a weaker dollar, compared with 12 months ago, is helping to support demand and hence prices.

Further north, Toronto has slipped down our annual rankings, from second place last quarter, to fifth. In real terms, this equates to a slowdown in annual growth from 20.7% to 11.5%. The new 15% foreign buyer tax, introduced in April, along with Canada's two interest rate rises this year has influenced buyer sentiment.

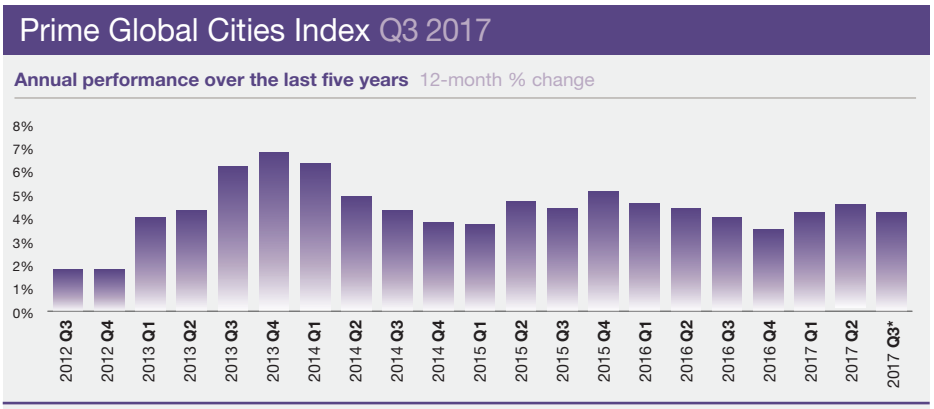
KATE EVERETT-ALLEN
International Residential Research

"Melbourne and Sydney have now ranked within our top ten for annual prime price growth for ten consecutive quarters."

Follow Kate at @keverettkf

For the latest news, views and analysis on the world of prime property, visit Global Briefing or @kfglobalbrief

FIGURE 1



Source: Knight Frank Research, *Provisional

FIGURE 2

Prime Global Cities Index

Tracking prime residential prices across 41 cities

Source: Knight Frank Research, S&P Case Shiller, Ken Corporation

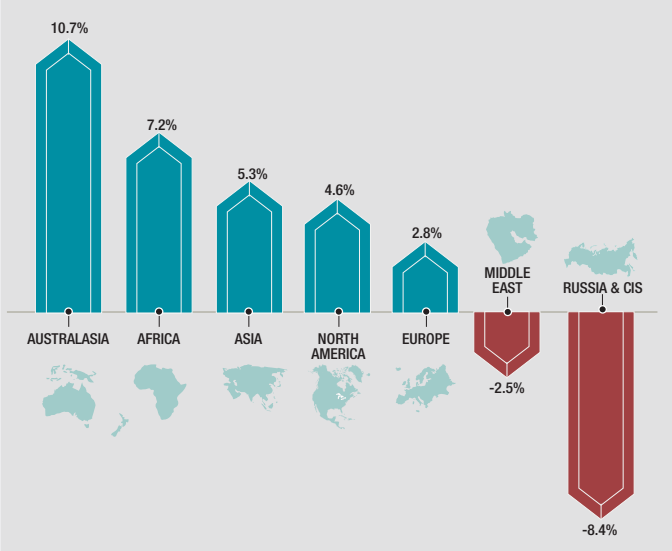
Notes: Price change calculated in local currency.

*Data for Monaco, Tel Aviv, Rome & Istanbul is to Q2 2017. Data for US cities to Jul 2017.

FIGURE 3

Breakdown by world region

Average annual % change to Q3 2017

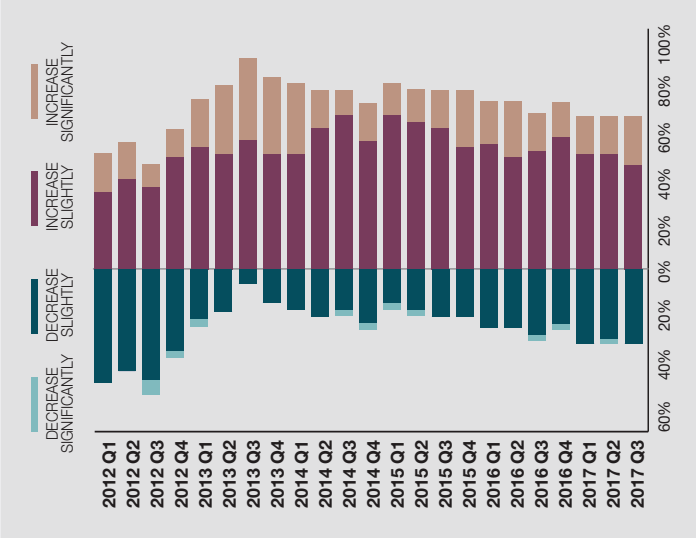


Source: Knight Frank Research, S&P Case Shiller, Ken Corporation

FIGURE 4

Shift in luxury residential prices

Proportion of countries by annual price change



Source: Knight Frank Research, S&P Case Shiller, Ken Corporation

Knight Frank Prime Global Cities Index, Q3 2017

Ranked by annual % change

Rank	City	12-month % change (Sep 16- Sep 17)	6-month % change (Mar 17-Sep 17)	3-month % change (Jun 17-Sep 17)	Market direction*
1	Guangzhou	36.3%	13.4%	6.8%	
2	Shanghai	14.9%	5.5%	-0.7%	
3	Cape Town	14.5%	9.8%	5.1%	
4	Madrid	11.9%	5.8%	2.0%	
5	Toronto	11.5%	-1.8%	-6.6%	
6	Paris	11.3%	9.3%	3.1%	
7	Seoul	11.2%	4.5%	0.1%	
8	Sydney	11.0%	5.6%	0.7%	
9	Melbourne	10.4%	6.2%	2.8%	
10	Berlin	7.3%	4.9%	1.3%	
11	Beijing	7.2%	2.6%	2.1%	
12	Hong Kong	5.6%	2.5%	1.7%	
13	San Francisco[1,3]	5.5%	3.3%	0.1%	
14	Stockholm	5.4%	0.7%	0.4%	
15	Edinburgh	4.5%	2.9%	0.8%	
16	Los Angeles[1,3]	4.4%	3.8%	1.2%	
17	Dublin	4.4%	1.5%	1.0%	
18	Singapore	3.2%	0.0%	0.3%	
19	Bangkok	2.7%	2.4%	2.1%	
20	Miami[1,3]	2.6%	1.9%	0.3%	
21	New York[1,3]	2.3%	2.2%	0.9%	
22	Tokyo[2]	2.0%	1.5%	2.6%	
23	Vancouver	1.5%	8.4%	1.0%	
24	Jakarta	1.2%	0.6%	0.0%	
25	Mumbai	0.6%	0.6%	0.6%	
26	Milan	0.5%	0.4%	0.3%	
27	Monaco	0.0%	1.9%	1.7%	
28	Rome	0.0%	0.0%	0.0%	
29	Nairobi	-0.2%	0.0%	0.0%	
30	Tel Aviv	-0.3%	0.0%	0.5%	
31	Zurich	-0.3%	1.1%	0.1%	
32	Bengaluru	-0.8%	-0.7%	-0.5%	
33	Kuala Lumpur	-0.9%	-0.2%	0.0%	
34	Vienna	-1.1%	0.0%	-0.4%	
35	Geneva	-2.5%	-2.4%	-2.5%	
36	Delhi	-3.1%	-4.7%	-2.3%	
37	London	-4.6%	-0.5%	-0.3%	
38	Istanbul	-4.8%	0.8%	0.2%	
39	Taipei	-5.9%	-2.7%	-0.7%	
40	St. Petersburg	-7.0%	-4.3%	-0.8%	
41	Moscow	-9.8%	-4.1%	-0.5%	

Source: Knight Frank Research, S&P Case Shiller, Ken Corporation

Notes: Price change calculated in local currency.

[1] Based on top-tier of mainstream market in metro area. Data to Jul 17 (latest available)

[2] Based on all contracts above Yen100m [3] Provisional

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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 housing market in each city, unless otherwise indicated. The index is compiled on a quarterly basis using data from Knight Frank's network of global offices and research teams.

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