

The Prime Global Cities Index is a valuation-based index tracking the movement in prime residential prices in local currency across 40+ cities worldwide using data from our global research network.



knightfrank.com/research

Prime Global Cities Index

Q3 2019

HEADLINES

Moscow

RECORDED THE INDEXES HIGHEST RATE OF ANNUAL PRICE GROWTH IN THE YEAR TO SEPT 2019

1.1%

AVERAGE ANNUAL PRIME PRICE GROWTH ACROSS 45 CITIES

Seoul

RECORDED THE WEAKEST RATE OF ANNUAL PRICE GROWTH IN THE YEAR TO SEPT 2019

76%

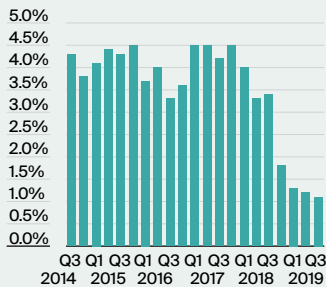
OF CITIES REGISTERED STATIC OR RISING PRICES OVER THE 12-MONTH PERIOD

Guangzhou

RECORDED THE STRONGEST RATE OF GROWTH OVER THE FIVE YEARS TO SEPT 2019 (92%)

Prime price growth is slowing...

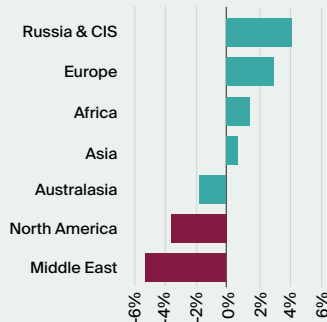
Average annual price change



Source: The Knight Frank Prime Global Cities Index

But not uniformly...

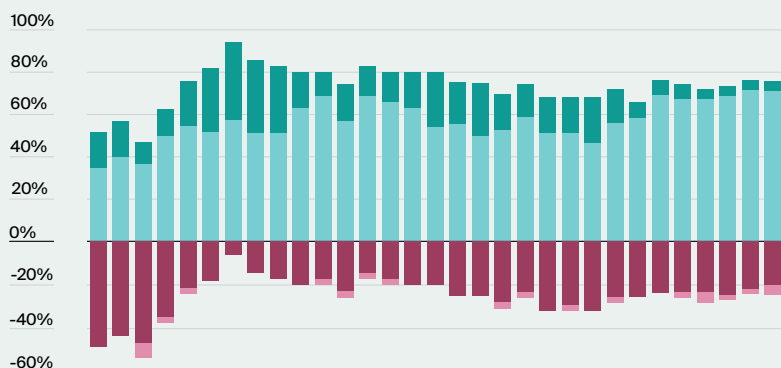
Average price change to Q3 2019



Source: The Knight Frank Prime Global Cities Index

And the outliers are disappearing...

Legend: >10% increase (dark teal), 0-10% increase (light teal), 0-10% decrease (dark red), >10% decrease (light red)



Source: The Knight Frank Prime Global Cities Index

A year ago we announced the start of 'the Great Moderation' in prime residential markets. Twelve months on the slowdown has gathered pace. The change in prime prices for all 45 cities averaged 1.1% in the year to Q3 2019, down from 3.4% in 2018 and 4.2% in 2017.

Despite a longer-than-expected period of loose monetary policy and steady wealth creation, luxury sales volumes are at their weakest for several years in many first tier global cities.

Slower global economic growth – the IMF lowered its 2019 forecast from 3.3% to 3.0% in October – along with escalating headwinds: US/China trade relations, Hong Kong's political tensions, a US presidential election in 2020 and the Brexit conundrum are influencing buyer sentiment.

The results

Moscow leads the index this quarter with prime prices rising by 11% over the 12 months to September 2019 due in part to strengthening demand and the completion of a number of high end projects in prime areas such as Ostozhenka and Tverskoy.

Secondary cities in Asia are creeping back into the top ten including Taipei

(8.9%), Manila (7.4%), Guangzhou (6.2%) and Delhi (4.4%). A mix of economic growth (Manila), infrastructure improvements (Guangzhou), redirected capital due to tensions (Taipei) and a price correction (Delhi) explain their performance.

As we forecast last year, the Eurozone's key cities of Berlin (6.5%), Madrid (4.2%) and Paris (4.2%) have performed strongly to date in 2019 but they have been joined, and in some cases outperformed, by Frankfurt (10.3%) and the Swiss cities of Geneva (5.6%) and Zurich (4.5%).

Stockholm's recovery is this quarter's surprise result. Following a sharp decline in 2018 annual prime price growth is back in positive territory (2.6%).

Seoul was the weakest-performing city in the year to September due in part to a price cap on new homes which is expected to come into effect in Q4 2019, this follows other regulations such as tighter mortgage regulations and higher taxes for multiple homeowners.

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.



Sales enquiries

Paddy Dring
+44 20 7861 5271
paddy.dring@knightfrank.com



Research enquiries

Kate Everett-Allen
+44 20 7167 2497
kate.everett-allen@knightfrank.com

THE KNIGHT FRANK PRIME GLOBAL CITIES INDEX Q3 2019

Ranked by annual % change

	CITY	WORLD REGION	12-MONTH % CHANGE (Q3 2018-Q3 2019)	3-MONTH % CHANGE (Q2 2019-Q3 2019)
1	Moscow	Russia & CIS	11.1%	1.3%
2	Frankfurt	Europe	10.3%	0.0%
3	Taipei	Asia	8.9%	1.4%
4	Manila	Asia	7.4%	3.0%
5	Berlin	Europe	6.5%	0.0%
6	Guangzhou	Asia	6.2%	1.8%
7	Geneva	Europe	5.6%	0.2%
8	Zurich	Europe	4.5%	0.8%
9	Delhi	Asia	4.4%	0.0%
10	Madrid	Europe	4.2%	1.0%
11	Paris	Europe	4.2%	1.9%
12	Jakarta	Asia	4.1%	0.0%
13	Edinburgh	Europe	3.4%	0.9%
14	Tokyo ²	Asia	3.3%	2.5%
15	Beijing	Asia	3.3%	-1.2%
16	Monaco	Europe	3.0%	0.0%
17	Sydney	Australasia	2.6%	-0.9%
18	Stockholm	Europe	2.6%	4.0%
19	Toronto	North America	2.2%	-1.4%
20	Bengaluru	Asia	2.1%	0.5%
21	Melbourne	Australasia	2.0%	0.2%
22	Brisbane	Australasia	2.0%	-0.1%
23	Dublin	Europe	1.6%	0.0%
24	Vienna	Europe	1.4%	0.3%
25	Miami ^{1,3}	North America	1.4%	0.6%
26	Gold Coast	Australasia	1.3%	0.8%
27	Singapore	Asia	1.2%	2.0%
28	Mumbai	Asia	0.8%	0.0%
29	Bucharest **New**	Europe	0.7%	0.1%
30	Perth	Australasia	0.7%	-0.6%
31	Milan	Europe	0.7%	0.2%
32	Bangkok	Asia	0.3%	0.2%
33	Los Angeles ^{1,3}	North America	0.2%	-1.0%
34	San Francisco ^{1,3}	North America	0.0%	-1.5%
35	Kuala Lumpur	Asia	-0.4%	0.3%
36	Hong Kong	Asia	-1.3%	-0.5%
37	St. Petersburg	Russia & CIS	-2.3%	-0.9%
38	Shanghai	Asia	-3.7%	-0.6%
39	Auckland	Australasia	-3.7%	-2.8%
40	Dubai	Middle East	-3.7%	0.2%
41	London	Europe	-3.9%	-0.4%
42	New York	North America	-4.4%	-1.4%
43	Nairobi	Africa	-5.4%	-1.1%
44	Vancouver	North America	-10.2%	-1.1%
45	Seoul	Asia	-12.9%	-1.5%

Notes: Data for Bucharest represents a 9-month change to Q3 2019 due to new data. Data for New York relates to Manhattan; Data for Los Angeles, Miami, and San Francisco is to August 2019. Data for Monaco is to June 2019. The price change for Tokyo relates to all properties above JPY100m. The methodology for Berlin and Frankfurt changed in Q4 2018 to reflect achieved prices, prior to this data was based on asking prices only.

¹ Based on top-tier of mainstream market in metro area. ² Based on all contracts above Yen100m ³ Provisional

Source: All data comes from Knight Frank's global network with the exception of Tokyo (Ken Corporation); New York (StreetEasy); Los Angeles, Miami and San Francisco (S&P CoreLogic Case-Shiller); Berlin and Frankfurt (ZIEGERT Research/ ImmobilienScout 24); Stockholm (Svensk Maklarstatistik); Toronto (Real Estate Board of Toronto); Vancouver (Vancouver Real Estate Board); Zurich and Geneva (Wüest Partner); and Dubai (Property Monitor)

Knight Frank Research Reports are available at
knightfrank.com/research



Knight Frank Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, funding organisations, corporate institutions and the public sector. All our clients recognise the need for expert independent advice customised to their specific needs. Important Notice: © Knight Frank LLP 2019. This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank LLP to the form and content within which it appears. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' names.