

## LUXURY PRICE GROWTH WEAKENS IN FIRST QUARTER

**Prime residential prices in key cities worldwide rose by 0.8% on average in the first quarter of 2014; the Prime Global Cities Index's slowest rate of growth since Q3 2012. Kate Everett-Allen examines the latest figures.**

### Results for Q1 2014

**Prime residential prices rose by 0.8% in the first quarter of 2014**

**The index rose by 6.1% over a 12-month period**, up from 4.8% a year earlier

**Dublin recorded the second highest rate of quarterly growth**, up by 5.6% in the first quarter

**Luxury price falls in Hong Kong and Singapore** reflect the continuing impact of cooling measures

**The weaker Rand is attracting foreign purchasers to Cape Town**

The Prime Global Cities Index tracks the price performance of 32 luxury residential markets, which includes the addition this quarter of two new cities – Delhi and Bengaluru.

Closer analysis shows the first quarter of the year has been the index's weakest performing quarter in the last two years.

The first quarter, for many European and US cities, corresponds to the winter months where sales activity is sluggish and price movements slower. In much of Asia it also marks a traditional low season as Chinese New Year sees sales activity decline.

In addition, tax changes (CGT, VAT etc) often take effect at the end of December leading to a spike in sales in the fourth quarter as buyers and vendors look to take advantage of lower rates e.g. fiscal cliff in New York in 2012.

Despite the slower quarterly rate of growth, the Prime Global Cities Index rose by 6.1% on an annual basis, up from 4.8% a year ago suggesting the overall trend for luxury prices continues to follow an upward trajectory.

The index is 33.8% higher than its post-Lehman low in Q2 2009, and it is 24.9% higher than its pre-crisis peak in Q2 2008.

Jakarta tops the rankings but Dublin saw the second highest rate of quarterly growth, with prime prices ending the first quarter 5.6% higher. Last year marked a turning point for Dublin's upmarket residential areas such as Dalkey and Ballsbridge. Since then luxury prices have risen around 24% but prices remain 35-45% below their pre-crisis peak.

Sales volumes dipped in Mainland China in the first quarter, partly due to the traditional low season but also due to tighter credit conditions. Luxury buyers in Singapore are adopting a wait-and-see approach, allowing cooling measures to take effect and prices to correct before purchasing.

Cape Town is one market to watch in 2014. The weaker Rand is attracting buyers from Europe and elsewhere in Africa, including wealthy Nigerians. Activity is strong on the Atlantic Seaboard and limited stock below ZAR 5m is expected to lead to stronger price growth.



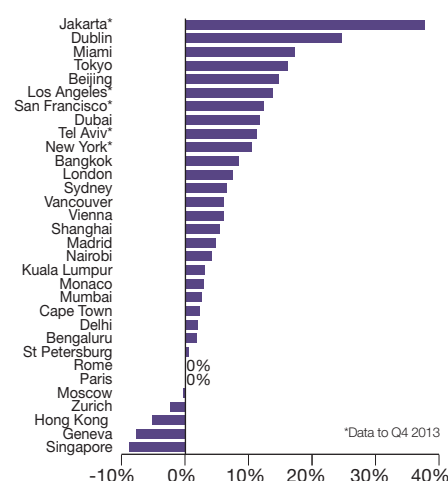
**KATE EVERETT-ALLEN**  
International Residential Research

"Despite the slower rate of growth in the first quarter, the Prime Global Cities Index rose by 6.1% on an annual basis, up from 4.8% a year ago."

Follow Kate at [@keverettkf](https://twitter.com/keverettkf)

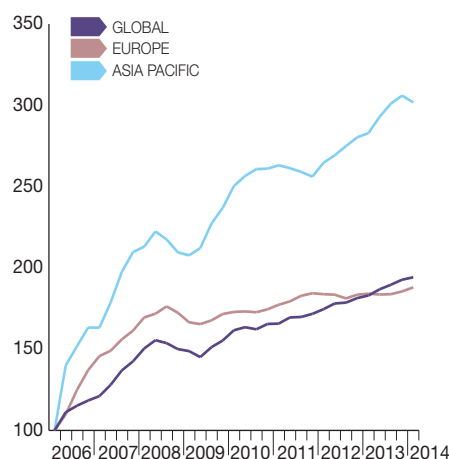
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**FIGURE 1**  
**Prime price performance by city**  
Annual price change to Q1 2014



Source: See main table on page 2  
\* data to Q4 2013

**FIGURE 2**  
**Diverging regions: Europe v Asia Pacific**  
Indexed, 100 = Q1 2006



Source: See main table on page 2  
\* data to Q4 2013

## DATA DIGEST

The Knight Frank Prime Global Cities Index enables investors and developers to monitor and compare the performance of prime residential sales across key global cities. Prime property corresponds to the top 5% of the mainstream 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, Q1 2014

Rank	City	World Region	12-month % change (Mar 13-Mar 14)	6-month % change (Sep 13-Mar 14)	3-month % change (Dec 13-Mar 14)	Latest data if not Q1 2014
1	Jakarta	Asia Pacific	37.7%	24.3%	10.8%	Q4
2	Dublin	Europe	24.6%	NA	5.6%	
3	Miami	North America	17.2%	12.3%	NA	
4	Tokyo	Asia Pacific	16.2%	-8.4%	-3.2%	
5	Beijing	Asia Pacific	14.7%	3.7%	0.6%	
6	Los Angeles	North America	13.7%	8.0%	1.3%	Q4
7	San Francisco	North America	12.4%	3.7%	1.8%	Q4
8	Dubai	Middle East	11.7%	1.7%	0.6%	
9	Tel Aviv	Middle East	11.2%	5.5%	-1.3%	Q4
10	New York	North America	10.4%	NA	NA	Q4
11	Bangkok	Asia Pacific	8.5%	2.0%	1.5%	
12	London	Europe	7.5%	3.8%	1.9%	
13	Sydney	Asia Pacific	6.5%	2.7%	0.5%	
14	Vancouver	North America	6.0%	3.2%	2.1%	
15	Vienna	Europe	6.0%	3.2%	0.5%	
16	Monaco	Europe	5.8%	1.4%	0.0%	
17	Shanghai	Asia Pacific	5.5%	6.4%	0.8%	
18	Madrid	Europe	4.8%	3.9%	2.1%	
19	Nairobi	Africa	4.2%	1.5%	1.0%	
20	Kuala Lumpur	Asia Pacific	3.1%	0.0%	0.0%	
21	Mumbai	Asia Pacific	2.6%	0.2%	0.1%	
22	Cape Town	Africa	2.3%	2.0%	2.5%	
23	Delhi	Asia Pacific	2.0%	1.8%	0.9%	
24	Bengaluru	Asia Pacific	1.8%	2.4%	0.0%	
25	St Petersburg	Europe	0.5%	5.4%	1.7%	
26	Rome	Europe	0.0%	0.0%	0.0%	
27	Paris	Europe	0.0%	0.4%	1.1%	
28	Moscow	Europe	-0.3%	-0.2%	-0.8%	
29	Zurich	Europe	-2.3%	-0.3%	-0.3%	
30	Hong Kong	Asia Pacific	-5.2%	-2.8%	-2.0%	
31	Geneva	Europe	-7.7%	-2.3%	-0.4%	
32	Singapore	Asia Pacific	-8.7%	-11.8%	-12.8%	

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

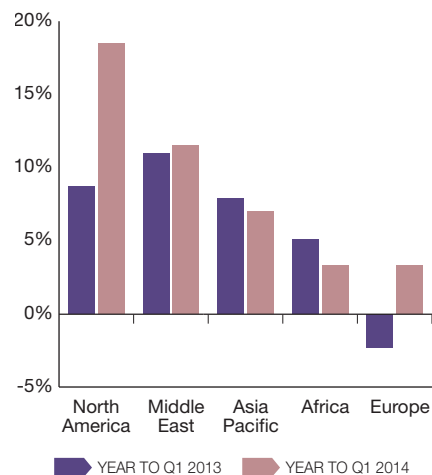
Notes: Tokyo: data is based on all contracts made by Ken Corporation which cost more than Yen 100m. From Q3 2013 data excludes all new build apartments.

Hong Kong & Kuala Lumpur: Q1 data is provisional

FIGURE 3

## US economic recovery reflected in prime prices...

Average annual % change in prime prices



Source: See under main table



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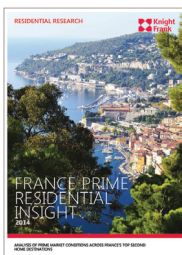
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