

## Global luxury homes see price growth strengthen through 2013

**Prime residential prices across the index's 30 cities rose by 6.9% on average in 2013, up from 6% in 2012. Kate Everett-Allen analyses the trends behind the latest set of results.**

### Results for Q4 2013

**The index rose by 6.9% in 2013 and by 2% in the final quarter**

**The index has recorded 13 consecutive quarters of growth**

**Price growth in 2013 was strongest in Jakarta, with prices climbing 37.7% year-on-year**

The luxury residential markets of Dubai and Dublin **recorded price growth of 17% and 17.5% respectively in 2013**

**Mainstream markets in Hong Kong and London** outperformed their prime counterparts in 2013

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Knight Frank's Prime Global Cities Index – which tracks the price performance of luxury housing markets across 30 world cities – has now risen for 13 consecutive quarters. The index sees the addition of three new cities this quarter – Vancouver, Madrid and Dublin.

Based on its aggregate performance, the index now stands 34.1% above its low during the financial crisis in Q2 2009 (figure 2).

The Q4 results show Jakarta's phenomenal growth continues apace. The Indonesian capital topped the rankings in 2013, recording annual price growth of 37.7%. It is interesting to note, that without Jakarta the index would still have risen by a not-insignificant 5.9% in 2013.

Other headline results this quarter include Dublin and Dubai's prime market rebounds, with luxury prices ending the year 17.5% and 17% higher respectively. Both cities are rising from a low base however, with prime prices having fallen in excess of 50% from peak to trough.

Asian results provide a mixed picture as the array of cooling measures introduced in 2012 and 2013 have had varying degrees of success.

In terms of price growth, Beijing leads with luxury property prices rising 17.1% in 2013 while Hong Kong saw prices soften by 2.2% in 2013 due primarily to the series of cooling measures introduced in the last few years.

Although the index exceeded its 2012 performance in 2013, there is a sense that the tide is turning and luxury homes in the world's top cities are no longer outperforming their mainstream counterparts to the extent they were. Of the world's top four financial centres only New York saw its prime residential market outperform its wider mainstream market in 2013 (figure 3).

The key question is whether as the global economic outlook improves, the affinity that the world's wealthy have with luxury bricks and mortar will start to diminish. We expect not given the lifestyle benefits attached to this type of asset class.

We do expect however that the world's wealthy will give more credence to changing tax rules and currency fluctuations and some may look beyond capital appreciation to the potential rental returns that the prime market can achieve.

FIGURE 1  
**Price performance by city**  
Prime residential annual price change, 2013

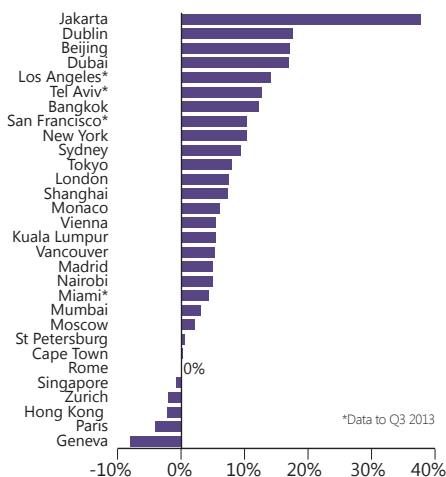
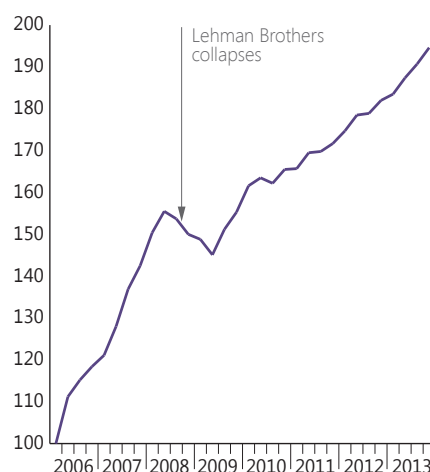


FIGURE 2  
**Prime Global Cities Index**  
Simple average of 30 cities, Q1 2006 = 100



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

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**KATE EVERETT-ALLEN**  
International Residential Research

*"The index now stands 34.1% above its financial crisis low in Q2 2009."*

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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 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, Q4 2013

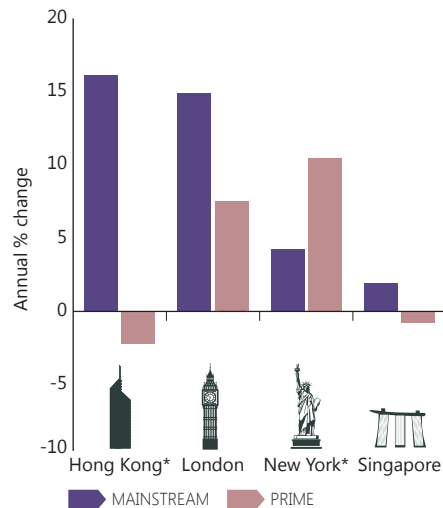
Rank	City	World Region	12-month % change (Dec 12-Dec 13)	6-month % change (Jun 13-Dec 13)	3-month % change (Sep 13-Dec 13)	Latest data if not Q4 2013
1	Jakarta	Asia Pacific	37.7%	24.3%	10.8%	
2	Dublin	Europe	17.5%	NA	NA	
3	Beijing	Asia Pacific	17.1%	11.1%	3.1%	
4	Dubai	Middle East	17.0%	4.5%	1.1%	
5	Los Angeles	North America	14.0%	10.2%	6.7%	Q3
6	Tel Aviv	Middle East	12.7%	7.1%	9.2%	Q3
7	Bangkok	Asia Pacific	12.3%	4.8%	0.5%	
8	San Francisco	North America	10.4%	7.0%	1.9%	Q3
9	New York	North America	10.4%	NA	NA	
10	Sydney	Asia Pacific	9.3%	1.7%	0.8%	
11	Tokyo	Asia Pacific	7.9%	-0.9%	-5.3%	
12	London	Europe	7.5%	3.5%	1.7%	
13	Shanghai	Asia Pacific	7.3%	4.6%	5.6%	
14	Monaco	Europe	6.0%	2.9%	1.4%	
15	Vienna	Europe	5.5%	5.5%	2.7%	
16	Kuala Lumpur	Asia Pacific	5.5%	3.1%	0.0%	
17	Vancouver	North America	5.3%	2.2%	1.1%	
18	Madrid	Europe	5.0%	2.8%	1.1%	
19	Nairobi	Africa	4.9%	2.7%	0.5%	
20	Miami	North America	4.3%	NA	NA	Q3
21	Mumbai	Asia Pacific	3.0%	0.3%	0.1%	
22	Moscow	Europe	2.1%	0.6%	0.6%	
23	St Petersburg	Europe	0.6%	0.6%	3.7%	
24	Cape Town	Africa	0.2%	-1.0%	-0.5%	
25	Rome	Europe	0.0%	0.0%	0.0%	
26	Singapore	Asia Pacific	-0.8%	-0.5%	1.1%	
27	Zurich	Europe	-2.0%	0.0%	0.0%	
28	Hong Kong	Asia Pacific	-2.2%	-1.1%	-0.9%	
29	Paris	Europe	-4.0%	-0.7%	-0.7%	
30	Geneva	Europe	-8.0%	-3.9%	-2.0%	

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

Source Figure 3: Knight Frank Residential Research, Miller Samuel/Douglas Elliman, Nationwide, S&P/Case Shiller, Singapore Urban Redevelopment Authority, Hong Kong Ratings and Valuation dept

Notes: Tokyo: data is based on all contracts made by Ken Corporation which cost more than Yen 100m. US cities: data is based on closed sales and reflects the luxury condo market only.

FIGURE 3  
2013 performance: mainstream v prime



Source: See under main table

\*Mainstream data for New York and Hong Kong is year to Q3 only (latest available)



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