



Global housing market at its weakest since 2009

Worldwide mainstream house prices marginally avoided falling into negative territory with prices rising on average by 0.1% in the three months to June 2011 and by 1.7% over a 12-month period.

Results for Q2 2011

Global house prices rose 0.1% growth in the three months to June 2011, contributing to annual growth of 1.7%

Asia continues to outperform all other world regions, here prices rose on average by 8.0% in the last 12 months

House prices declined in 23 of the 50 countries monitored by the index in the last three months

Price growth is strongest in Hong Kong, which saw 26.5% growth in the last 12 months

North America and Europe remain the weakest performing world regions, here prices declined by 0.9% and 0.1% respectively in the last 12 months

This weak performance shows the extent to which many of the world's economies are struggling in the wake of the 2008-09 global crisis. Lending, for most developed economies, remains constrained, confidence is low and households' disposable incomes are waning.

The overall fall in prices can also be partly attributed to the absence of the double-digit annual price growth which was observed in China, Singapore and India during much of 2009 and 2010.

There are clear signs that Asian policy measures, aimed at cooling asset price growth are having some success. Annual price growth in Singapore stood at 6.7% in Q2 2011, down from 37% a year earlier. Similar patterns are emerging in India and China, which both recorded quarterly price falls in the three months to June, of 1.7% and 0.1% respectively.

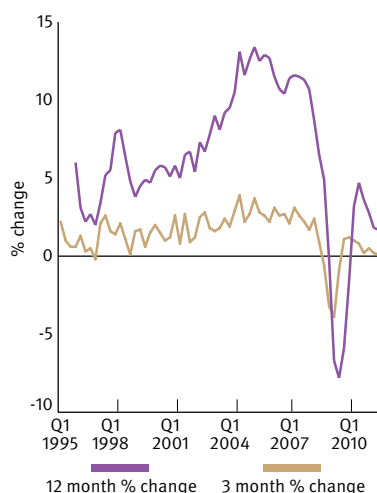
Despite these more muted results, Asia continues to be the top-performing continent

in terms of house price inflation – a position it has held for seven consecutive quarters. A key component of Asia's 8% annual growth in Q2 2011 has been Hong Kong's strong performance. The Hong Kong market has displayed greater resistance to anti-inflationary measures, but evidence suggests the tide is starting to turn. In Q2 2011, quarterly price growth reached 3.5%, down from 10.1% last quarter.

The world's prime or luxury markets appear to be insulated for the moment from this new weaker phase. In fact, global economic and political turbulence has underlined their 'safe haven' qualities in the eyes of the world's wealthy elite (see our [Prime Global Cities Index](#) for more details).

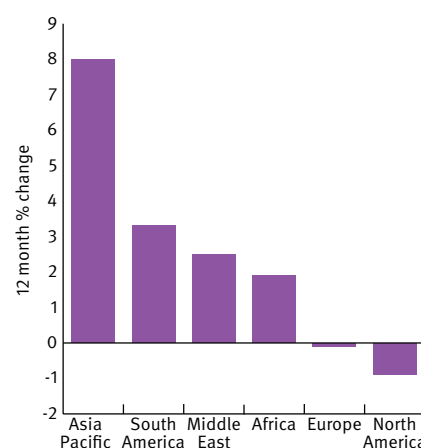
Looking forward it is difficult to be positive about price prospects in the developed world's mainstream housing markets. Ongoing low interest rates and other market support measures are likely to spur increased sales activity rather than price growth.

Figure 1
Global performance
Unweighted average global house price change



Source: Knight Frank Residential Research

Figure 2
Regional analysis
Unweighted average house price change, by world region



Source: Knight Frank Residential Research



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RESIDENTIAL RESEARCH GLOBAL HOUSE PRICE INDEX

Knight Frank



Data digest

The Knight Frank Global House Price Index established in 2006 is the definitive means for investors and developers to monitor and compare the performance of mainstream residential markets across the world. The index is compiled on a quarterly basis using official government statistics or central bank data where available.

Fall from peak

Largest fall from peak in each world region to Q2 2011*

World Region	Country	% change	Date of Peak
Asia Pacific	Japan	-41.7%	Q1 1995
South America	Colombia	-0.6%	Q3 2010
Middle East	Dubai	-49.7%	Q3 2008
Europe	Latvia	-63.6%	Q2 2007
North America	US	-32.3%	Q1 2006

* to latest available data

Knight Frank Global House Price Index

Rank	Country	Annual % change	Six month % change	Quarter % change	Latest data if not Q2 2011
1	Hong Kong	26.5%	14.0%	3.5%	
2	India	21.3%	4.2%	-1.7%	Q1 2011
3	Taiwan	12.7%	2.5%	1.7%	
4	Estonia	10.6%	7.6%	8.0%	
5	Israel	9.7%	0.5%	-2.1%	
6	France	9.1%	2.1%	0.5%	Q1 2011
7	Slovenia	9.0%	9.4%	4.7%	
8	Poland	8.5%	0.2%	-1.4%	Q1 2011
9	Singapore	6.7%	3.1%	1.4%	
10	Norway	6.5%	8.8%	3.6%	
11	China*	6.5%	0.3%	-0.1%	
12	Malaysia	6.5%	1.4%	-0.8%	Q1 2011
13	Jersey	5.6%	-0.2%	2.4%	
14	Indonesia	4.8%	3.6%	1.3%	
15	Turkey	4.7%	3.1%	1.3%	
16	Switzerland	4.5%	1.9%	0.6%	
17	Belgium	4.2%	2.2%	-0.3%	
18	Canada	4.1%	0.7%	1.0%	Q1 2011
19	Iceland	3.8%	3.5%	2.7%	
20	Sweden	3.4%	0.6%	0.2%	
21	Colombia	3.3%	-0.6%	0.4%	Q1 2011
22	Finland	2.9%	2.1%	1.1%	
23	Lithuania	2.5%	8.8%	4.8%	Q1 2011
24	Austria	2.4%	4.0%	2.5%	Q1 2011
25	Germany	2.1%	0.0%	0.2%	
26	South Africa	1.9%	4.2%	2.5%	
27	Luxembourg	1.1%	0.8%	0.7%	Q1 2011
28	Denmark	0.6%	-1.1%	-0.9%	Q1 2011
29	New Zealand	0.0%	0.9%	0.6%	
30	United Kingdom	-1.2%	1.2%	0.2%	
31	Italy	-1.4%	-0.9%	-0.4%	
32	Australia	-1.9%	-1.2%	-0.1%	
33	Netherlands	-1.9%	-0.9%	-0.8%	
34	Latvia	-2.0%	-3.1%	-1.8%	
35	Malta	-2.6%	-3.5%	0.6%	Q1 2011
36	Hungary	-2.7%	-4.5%	-1.9%	Q4 2010
37	Portugal	-2.8%	-0.3%	-2.0%	
38	Slovak Republic	-2.9%	-1.1%	-0.6%	
39	Japan	-3.3%	-1.7%	-0.8%	Q1 2011
40	Croatia	-4.5%	-0.8%	-0.7%	
41	Greece	-4.6%	-1.1%	-1.5%	
42	Dubai, UAE	-4.7%	0.1%	-0.5%	
43	Spain	-5.1%	-3.9%	-1.4%	
44	Czech Republic	-5.1%	-3.7%	-2.0%	
45	United States	-5.9%	-1.2%	0.1%	
46	Bulgaria	-6.4%	-3.9%	-1.6%	
47	Cyprus	-7.7%	-3.3%	-0.9%	Q1 2011
48	Ukraine	-7.8%	-1.6%	0.0%	Q3 2010
49	Russia	-12.1%	-12.3%	1.6%	
50	Ireland	-12.9%	-8.5%	-4.2%	

*Based on Beijing and Shanghai

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