



# News Release

## Global house price recovery loses steam; over half of all countries see negative growth in Q3 2010

**Knight Frank Global House Price Index, Q3 2010 results**

### Key findings:

- Average annual global house price growth in Q3 2010 stood at 3.1%. The strongest world region was Asia-Pacific with average growth of 9.9%, and the weakest was Europe at 0.8%.
- The Q3 2010 growth rate is up substantially on the Q3 2009 figure of -6.2% when European markets were delivering very negative results.
- However the rate is down on the 4.3% hit in Q2 this year.
- The critical driver of this weaker recent performance is the number of countries tipping back into negative growth in the most recent quarter; 14 (mainly European) countries saw negative growth in Q3 after they had experienced several quarters of rising prices.
- Whereas 67% of all countries saw positive annual growth, only 46% experienced growth in the most recent quarter.
- There is a growing gap between the less debt-afflicted European economies of Austria, France and Finland (ranked 8, 9 and 12 in our league table) and their neighbours to the south and west of the continent, with Greece, Spain and Ireland ranking 38, 41 and 48 (out of 48) respectively.

**Liam Bailey, head of residential research, Knight Frank, comments:** “There is a positive story to take from the latest results of the Knight Frank Global House Price Index. For the first time since late 2008 prices are rising in each of our six world regions (Asia-Pacific 9.9%, Middle East 5.1%, North America 4.2%, South America 3.5%, Africa 3.0% and Europe 0.8%).

“At the same time prices are rising in 67% of the 48 countries we have reported on this quarter, on an annual basis.

“Unfortunately these upbeat headlines do not tell the full story. Digging into the data we can see that there are still considerable issues playing out across the global markets. While a majority of countries are reporting positive annual growth, 54% saw prices fall in Q3 this year.

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“There is growing evidence that the global housing market recovery, which began in early 2009 following the desperate conditions in 2007 and 2008, may just be beginning to run out of steam. Nearly 30% of countries which had experienced strengthening conditions in 2010 saw quarterly price growth turn negative in Q3 2010. Led by European markets the list includes: Greece, Iceland, Netherlands, Norway, Portugal, Slovenia and the UK. Outside of Europe the list also extends to cover: China, Canada, Columbia, Dubai, New Zealand, South Africa and Taiwan.

## **Europe**

“The average performance of the European economies has improved but the picture reported for individual European countries varies dramatically, with annual growth ranging from 26.1% in Latvia to -13.9% in Lithuania and -14.8% in Ireland.

“The performance of Latvia’s housing market in recent years has proved extremely volatile. In Q3 2009 Latvia was ranked at the bottom of our Index with house prices having fallen by 70% since the mid-2007 peak. Now Latvia leads our table. Following a combination of tax rises and austerity measures such as budget and wage cuts, industrial production has picked up with GDP reaching 2.7%. in Q3 2010. Residential demand has been further boosted by a new Latvian immigration law which came into force on 1 July, relaxing residency rules for foreign investors.

“Parallels have been drawn between Latvia and Ireland - in both cases the recession was borne out of a consumer-driven boom and bust and both governments have imposed strict fiscal tightening measures. In addition, neither country has been able to use its exports or devalue its currency to minimise the fallout from its economic turmoil. In Latvia house prices have started to climb again since Q3 2009. House prices in Ireland, by comparison, are still following a downward trend with price falls of 36% recorded to date, with declines of up to 50% recorded in Dublin. However, the latest results show the rate of decline is slowing with prices falling by 1.3% in the third quarter compared to 1.7% in the previous quarter.

## **The US**

“In the US annual price inflation has fallen back to 0.6% compared to 4.2% in Q2 2010; average prices in the US now stand at their mid-2003 level. Whilst the weakening of growth in Q3 is partly due to the end of the government’s tax incentive for first-time buyers, the additional issue of high supply volumes, much of it hidden due to pending foreclosures, is continuing to blight the housing market.

## **Asia-Pacific**

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"Efforts to cool the Asian housing markets appear to be taking effect with more muted quarterly growth recorded in Hong Kong, Singapore and China in Q3 2010.

"In China, central government intervention in the housing market, mainly aimed at controlling strong price growth, is being focussed on increasing the supply of affordable housing. The government plans to provide more support for developers of low-income housing, but crucially it has stated that it will hold provincial governments accountable for failing to curtail price inflation by not expanding their own affordable housing programmes.

"Our Hong Kong-based research team reports its confidence that prices in China's key cities may avoid a significant correction in prices, especially as local governments fine-tune their land supply programmes. Despite this positive outlook they still anticipate price falls of up to 20% in Beijing, Shanghai, Guangzhou and Shenzhen in 2011.

"Fears over the impact of the expanded US quantitative easing programme on asset prices in Asia has prompted China to step up capital control to resist foreign fund flows into its property market. In fact, the imposition of capital controls in a number of emerging markets in recent months, suggests the potential for the trend towards unfettered capital flows over recent decades will be reversed.

**Ends**

**\*\*FULL DATA APPENDIX AT THE END OF THIS RELEASE\*\***

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## Knight Frank Global House Price Index, Q3 2010 Results

Rank	Country	World Region	Annual % change	Six month % change	Quarter % change	Latest data if not Q3
1	Latvia	Europe	26.1%	7.3%	2.0%	
2	Hong Kong	Asia Pacific	21.3%	9.1%	2.4%	
3	China*	Asia Pacific	21.1%	1.5%	-0.3%	
4	Singapore	Asia Pacific	20.0%	6.7%	1.6%	
5	Israel	Middle East	16.4%	6.1%	4.4%	
6	India	Asia Pacific	15.4%	6.9%	7.4%	Q2
7	Australia	Asia Pacific	11.5%	2.2%	0.1%	
8	Austria	Europe	9.9%	4.9%	3.7%	
9	France	Europe	8.6%	6.8%	4.2%	
10	Poland	Europe	8.1%	8.3%	1.1%	
11	Canada	North America	7.9%	3.3%	-0.3%	
12	Finland	Europe	7.8%	2.6%	0.4%	
13	Denmark	Europe	7.8%	4.3%	1.5%	
14	Taiwan	Asia Pacific	7.4%	2.0%	-1.0%	
15	Belgium	Europe	6.8%	1.7%	2.6%	
16	Sweden	Europe	6.7%	2.9%	0.6%	
17	Norway	Europe	6.7%	3.2%	-0.5%	
18	United Kingdom	Europe	4.5%	2.8%	-0.8%	
19	Switzerland	Europe	4.3%	1.7%	0.6%	
20	Malaysia	Asia Pacific	4.2%	1.2%	0.7%	Q2
21	Colombia	South America	3.5%	-1.2%	-2.4%	Q2
22	South Africa	Africa	3.0%	-3.7%	-2.7%	
23	Indonesia	Asia Pacific	2.9%	1.5%	0.5%	
24	Luxembourg	Europe	2.9%	0.4%	0.0%	
25	Slovenia	Europe	2.3%	0.6%	-1.1%	
26	Germany	Europe	2.2%	1.4%	2.0%	
27	Turkey	Europe	2.0%	0.7%	0.5%	
28	United States	North America	0.6%	2.9%	-0.3%	
29	Jersey	Europe	0.6%	5.6%	5.1%	
30	Malta	Europe	0.5%	0.5%	-0.7%	Q2
31	Netherlands	Europe	0.2%	-1.3%	-2.1%	
32	Russia	Europe	0.2%	-0.4%	0.0%	
33	Portugal	Europe	-0.7%	-3.0%	-2.0%	
34	Iceland	Europe	-1.0%	1.4%	-1.0%	
35	New Zealand	Asia Pacific	-1.3%	-2.4%	-1.2%	
36	Slovak Republic	Europe	-1.4%	0.6%	0.9%	
37	Italy	Europe	-2.5%	-0.8%	-0.4%	Q2
38	Greece	Europe	-3.1%	-4.3%	-2.9%	
39	Czech Republic	Europe	-3.3%	-0.9%	-0.6%	
40	Japan	Asia Pacific	-3.6%	-1.6%	-0.8%	
41	Spain	Europe	-3.7%	-1.8%	-0.9%	
42	Bulgaria	Europe	-6.0%	-1.9%	-1.2%	
43	Dubai, UAE	Middle East	-6.1%	-10.1%	-6.1%	
44	Croatia	Europe	-9.5%	-2.8%	-2.8%	

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45	Hungary	Europe	-10.7%	-2.7%	-2.7%	Q2
46	Ukraine	Europe	-12.6%	-7.0%	-2.2%	Q2
47	Lithuania	Europe	-13.9%	-3.7%	-2.0%	Q2
48	Ireland	Europe	-14.8%	-3.0%	-1.3%	

(\* Based on Beijing & Shanghai)

Source: Knight Frank Residential Research



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## **Notes to Editors**

### **About the Knight Frank Global House Price Index**

The Knight Frank Global House Price Index was started in 2006 as 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 statistical office or central bank data where possible. In some instances reliable indices from third-party sources have been used.

### **About Knight Frank Residential Research**

Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, financial and corporate institutions. Our research reports are available at [www.knightfrank.com/research](http://www.knightfrank.com/research)

### **About Knight Frank**

Knight Frank LLP is the leading independent global property consultancy. Headquartered in London, Knight Frank and its New York-based global partner, Newmark Knight Frank, operate from 207 offices, in 43 countries, across six continents. More than 6,340 professionals handle in excess of US\$886 billion (£594 billion) worth of commercial, agricultural and residential real estate annually, advising clients ranging from individual owners and buyers to major developers, investors and corporate tenants. For further information about the Company, please visit [www.knightfrank.com](http://www.knightfrank.com).

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