

Prime Global Cities Index

2025 Q2

The Prime Global Cities Index (PGCI) is a valuation-based index, tracking the movement of prime residential prices across 46 cities worldwide using data from our global research network. The index tracks nominal prices in local currency

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Global prime prices cools amid rate cut delays

- Average annual house price growth across our 46-city basket slowed to 2.3% in the second quarter of 2025, down from 3.5% in Q1. The deceleration reflects growing uncertainty over the timing and scale of interest rate cuts in key global economies, pulling the growth rate further below the long-term average of 5.2%.

A COOLING MARKET

Average global prime residential prices rose by 2.3% in the 12 months to June 2025, confirming a slowing in the market's recovery, which had been building since the second quarter of 2023. This quarter's result marks the weakest annual growth since Q4 2023 and indicates that the momentum seen at the start of the year has softened. While rates have come down in recent quarters, resilience in prices is being tested by borrowing costs which sit well above levels seen in the recent past, which continues to weigh on buyer sentiment and affordability.

On a quarterly basis, the overall index saw a modest fall of 0.1%. A significant slowdown from the 1.3% uplift recorded in the first quarter of the year. The proportion of cities registering annual price growth has also fallen marginally, from 78% last quarter to 75%, indicating that more markets are now experiencing weaker conditions.

CITY PERFORMANCE

Asian cities continue to lead the rankings, but with less vigour than in

previous quarters. Seoul remains the strongest performer, with its annual growth rising to 25.2%. Tokyo saw a notable rise with 16.3% annual growth in Q2, up from 15.5% in Q1.

Over the past five years to Q2 2025, real estate price growth has surged most dramatically in Asia and the Middle East, with Tokyo (120%), Dubai (107%), and Seoul (81%) leading. US gateway markets – Miami, Los Angeles, and San Francisco – also posted robust gains, reflecting strong demand and limited supply. Emerging hotspots like Manila and Christchurch highlight increasing investor appetite in secondary cities. The Gold Coast and Shanghai round out a diverse, global growth landscape.

LOOKING AHEAD

The outlook for prime property markets remains tightly linked to the future of monetary policy. While inflation has been brought under control in several major economies, central banks are proceeding with caution. The delay in substantive interest rate cuts has prolonged a period of higher financing costs, acting as a brake on price growth.

2.3%

average annual growth in prices across our 46-city basket

75%

proportion of our cities that saw positive house price growth over the past 12 months

Seoul

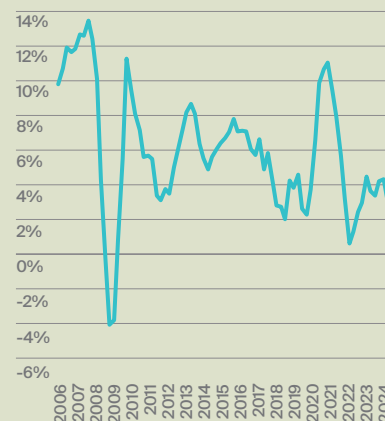
the city with the fastest rate of annual growth in Q2.

Tokyo

a notable growth market, with five-year growth of 120%

Prime price change

PGCI, annual % change



Source: Knight Frank Prime Global Cities Index

A more complex economic outlook, particularly in the US, has added another layer of uncertainty. Strong underlying fundamentals, such as wealth creation and supply constraints in prime districts, will support prices, but a significant acceleration in the market is unlikely in the second half of the year.

Leading markets

Strongest 10 markets for price growth, five years to Q2 2025

Location	% change
JP Tokyo	120.0
AE Dubai	107.0
KR Seoul	80.9
US Miami	80.3
PH Manila	77.5
US Los Angeles	56.0
NZ Christchurch	43.9
AU Gold Coast	34.2
CN Shanghai	32.8
US San Francisco	32.6

Source: Knight Frank Research

“Prime markets are taking a collective breath. The recovery we have seen over recent quarters was aided by the expectation of lower borrowing costs, and with that timeline now pushed out, a cooling in price growth is inevitable. We’re seeing a more fragmented market, with some European cities showing surprising strength while former high-flyers in Asia begin to level off.”

Liam Bailey, Knight Frank’s global head of research

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



Research enquiries

Liam Bailey
+44 7919 303 148
liam.bailey@knightfrank.com



Press enquiries

Emma Cotton
+44 7974 521 802
emma.cotton@knightfrank.com

Knight Frank Prime Global Cities Index Q2 2025

Ranked by annual % change

Rank/City		12-month % change	3-month % change
1	KR Seoul	25.2	2.3
2	JP Tokyo	16.3	7.9
3	AE Dubai	15.8	0.5
4	IN Bengaluru	10.2	1.6
5	PH Manila	9.1	2.2
6	IN Mumbai	8.7	3.6
7	TH Bangkok	7.1	-2.0
8	ES Madrid	6.4	2.1
9	KE Nairobi	5.6	3.6
10	CH Zurich	5.4	1.8
11	SG Singapore	5.1	2.3
12	NZ Auckland	4.6	0.3
13	CH Geneva	4.2	1.2
14	US Los Angeles	3.9	4.8
15	IN Delhi	3.9	0.1
16	AU Gold Coast	3.8	0.5
17	AU Perth	3.7	1.4
18	DE Berlin	3.2	0.9
19	DE Frankfurt	3.2	1.2
20	AU Brisbane	3.2	-0.4
21	PT Lisbon	3.1	0.6
22	US San Francisco	2.9	4.3
23	IE Dublin	2.3	-0.0
24	SE Stockholm	2.3	-1.2
25	US Miami	1.9	-0.3
26	FR Paris	1.4	0.6
27	NZ Christchurch	1.4	-2.9
28	MC Monaco	1.1	0.0
29	CN Shanghai	0.9	-1.8
30	ID Jakarta	0.8	0.5
31	TW Taipei	0.7	-1.2
32	RO Bucharest	0.5	0.2
33	KH Phnom Penh	0.2	0.3
34	NZ Wellington	0.1	-1.0
35	MY Kuala Lumpur	0.1	0.0
36	US New York	0.0	-0.6
37	CN Beijing	-0.7	-0.3
38	AU Sydney	-1.6	0.1
39	AT Vienna	-1.8	-0.9
40	AU Melbourne	-2.1	-0.1
41	UK London	-2.5	-1.4
42	CN Shenzhen	-3.4	-5.6
43	CA Vancouver	-4.3	-2.0
44	CA Toronto	-6.7	-2.2
45	CN Guangzhou	-8.9	-5.1
46	HK Hong Kong	-14.3	-11.7

Source: Knight Frank, Macrobond



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