Despite Guangzhou’s stellar performance, the overall narrative across China is one of slower price growth. Both Shanghai and Beijing saw their rate of annual price growth decline significantly compared with last quarter and Guangzhou’s index increased just 6.8% in the last three months compared with 36.3% in the last 12 months.

Cities in Asia Pacific account for five of our top ten rankings, with Seoul (11.2%), Sydney (11.0%) and Melbourne (10.4%) joining Guangzhou and Shanghai.

Seoul’s rate of annual growth has slowed following a number of policy measures announced this year, including tighter mortgage lending rules and higher capital gains tax for owners of multiple homes.

Prime prices in Sydney and Melbourne continue to track higher, with those in Melbourne rising from a lower base. Both cities have now ranked within our top ten for ten consecutive quarters.

Long-term frontrunner, Cape Town registered annual growth of 14.5% year-on-year. Land-locked between Table Mountain and the Atlantic, limited new supply opportunities are helping to support prices.

A divided Europe?

Madrid proved Europe’s strongest-performing luxury residential market, with prices ending the year to September 11.9% higher. Attracting strong interest from Latin America, in particular Venezuela, alongside the delivery of high-specification new developments, the city’s luxury residential stock is now firmly on the radar of global investors.

Paris (11.3%) and Berlin (7.3%) are hot on Madrid’s heels. With typical prime prices averaging €18,000 per sq m and €12,000 per sq m respectively, buyers – both domestic and international – are now recognising the comparative value in such markets whether looking for an investment or second home.

Elsewhere in Europe, Zurich, Vienna, Geneva and London all registered price declines over the 12-month period. Average prices in prime central London were down 4.6% in the year to September, the most modest decline in nearly a year.

US cities remain firmly mid-table this quarter, with San Francisco (5.5%) out in front. A steady economy and a weaker dollar, compared with 12 months ago, is helping to support demand and hence prices.

Further north, Toronto has slipped down our annual rankings, from second place last quarter, to fifth. In real terms, this equates to a slowdown in annual growth from 20.7% to 11.5%. The new 15% foreign buyer tax, introduced in April, along with Canada’s two interest rate rises this year has influenced buyer sentiment.
PRIME GLOBAL CITIES INDEX Q3 2017

FIGURE 2
Prime Global Cities Index
Tracking prime residential prices across 41 cities

FIGURE 3
Breakdown by world region
Average annual % change to Q3 2017

FIGURE 4
Shift in luxury residential prices
Proportion of countries by annual price change

Source: Knight Frank Research, S&P Case Shiller, Ken Corporation
Notes: Price change calculated in local currency.
*Data for Monaco, Tel Aviv, Rome & Istanbul is to Q2 2017. Data for US cities to Jul 2017.
The Knight Frank Prime Global Cities Index enables investors and developers to monitor and compare the performance of prime residential prices across key global cities. Prime property corresponds to the top 5% of the housing market in each city, unless otherwise indicated. The index is compiled on a quarterly basis using data from Knight Frank’s network of global offices and research teams.

### Recent Market-Leading Research Publications

- **The Wealth Report** - 2017
- **Beyond Borders** - 2017
- **Australia Prime Residential Review** - H1 2017
- **Greater China Quarterly Report** - Q2 2017

Knight Frank Research Reports are available at KnightFrank.com/Research

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**DATA DIGEST**

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