Frankfurt leads the index, registering prime price growth of 10.3% year-on-year in 2019. A demand/supply imbalance and regeneration of the city centre are fueling price growth. Although more expensive than Berlin, the city remains highly competitive compared with London and Paris in price terms.

At 0.9%, the index recorded its lowest rate of annual growth in a decade (figure 1). Slowing economic growth, a raft of property cooling measures and in some cases, a backlog of prime supply are together weighing on activity in a number of markets.

The slowdown in price growth is a trend we see reflected in the performance of the top ranked city in recent years. Between 2011 and 2013 annual price growth in excess of 25% was not unusual for some emerging market cities, but it has now more than halved (figure 2).

Despite more moderate growth, the index now sits 47% higher than it did in Q3 2008, widely regarded as the start of the global financial crisis. However, its performance over this period has been far from uniform, with Q4 2013 marking the peak for price growth.

European and Asian cities dominate the top ten in 2019 (figure 3) but absent
are the world’s tier one financial centres – New York, London and Hong Kong.

After a lacklustre 2019, London registered a price fall of 2.6%. However, the Conservative’s decisive victory in December’s general election provided some clarity and the market looks set to gain traction in 2020.

Meanwhile, New York’s strong prime supply is slowly being absorbed and Hong Kong’s luxury segment proved relatively resilient in 2019 as a mortgage rate cap reduction and three interest rate cuts mitigated some of the impact of the political volatility.

Vancouver was the index’s weakest-performing city although its rate of annual decline has slowed from -10.2% last quarter to -8.3% in Q4 2019, suggesting the market may be adjusting to the numerous property regulations that policymakers have imposed to curb price inflation.

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

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