Prime Global Cities Index

Global prime residential prices strengthen

▶ Average annual prices increased 3.7% across the 45 residential markets in the Knight Frank Prime Global Cities Index over the 12-month period to December. The result marked an improvement on the previous quarter, and is the strongest growth recorded since Q3 2022

Global luxury housing markets experienced the third consecutive improvement in annual price growth in Q4, with the upward trend in prices continuing despite continual interest rate hikes in major economies.

The 3.7% annual rise in prices is the strongest performance since Q3 2022, and is within touching distance of the long-run trend rate of growth. Although 82% of markets experienced price increases over the past 12 months, only 64% witnessed growth in the last three months, indicating continuing volatility in certain cities.

City focus

This quarter, Manila tops the rankings with a robust growth rate of 26.3%. This increase is driven by rising housing demand, with agents reporting a surge in requirements from expatriates returning to manage local businesses as the economy shows strong performance.

Dubai is next with growth of 15.1%. While still in double digits, the city's rate of price appreciation has slowed noticeably after an extraordinary repricing over the past three years, during which prices rose by 182%. However, prices fell by 6.7% in the final three months of the year, as supply increased as new-build completions began to pick up.

Mumbai's impressive 10% price growth in the past 12 months mirrors a substantial expansion of the Indian economy, which grew by 8.4% in 2023. This was highlighted in The Wealth Report 2024, which pointed to a remarkable increase in wealth creation in India in 2023. The country saw a 6.1% growth in its ultra-high-net-worth individual (UHNWI) population, ranking third globally, only behind Turkey and the United States.

In the United States, the property market is experiencing a significant divergence. Los Angeles witnessed a sharp recovery, with a price increase of 8.2% over the year, despite challenges posed by mansion tax costs at the higher end of the market. Miami also showed healthy growth, recording a 6.5% increase over the year. In contrast, New York experienced a decline in prices, falling 3.3% over the year, with a decrease of 0.6% in the last quarter.

Vancouver's prices increased by a substantial 7.2% despite the central bank of Canada maintaining its key policy rate at five percent—the highest in 22 years. Interest rates have somewhat impacted the housing market, evidenced by a -3.4% dip in prime prices this quarter. The primary factor sustaining high prices is the low supply in the market.

New Zealand's market is experiencing a significant recovery, with cities like Christchurch, Wellington, and Auckland all witnessing growth exceeding 5%. This upward trend is expected to continue in the coming months, driven by high net migration, and a shortage of listings.

In Asia, Seoul continues to exhibit strong annual growth. However, the quarterly outlook is less positive, with prime prices dropping by -5.3%. This decline is partially due to the Bank of Korea raising its policy rate to a 15-year high.

3.7%
average annual growth in prices across our 45-city basket

Vancouver
most improved rank of annual growth, rising from 44th place in Q3 to 6th in Q4

82%
of cities saw prices rise over the last 12 months

New Zealand
all cities tracked saw growth in 2023

Hong Kong's housing market is struggling to gain momentum, with a decline in prices of 2.1% over the past year. Nonetheless, changes to property market taxation introduced in the first quarter of this year could serve as a turning point for the much-anticipated recovery. In contrast, Singapore is experiencing growth both quarterly (4.2%) and annually (2.9%). The domestic market in Singapore has seemingly compensated for any loss of international demand caused by the steep increase in taxation on foreign buyers.

Outlook

The last quarter of 2023 was characterized by optimism that interest rate cuts would commence in the first half of this year. This optimism undoubtedly motivated some buyers to enter the market and contributed to an overall increase in prices. Although the expected timing of these rate cuts has been delayed in recent weeks, it appears evident that global residential markets will benefit from lower rates before the end of 2024.

"The biggest impact of the rate tightening cycle in the past 12-months has been on sales volumes, which have fallen in most markets by around 10% to 20%. While prices did initially fall as rates rose in 2022, as supply has been squeezed prices have ticked up. Rate cuts in the second half of 2024 will add further impetus to the market."

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.

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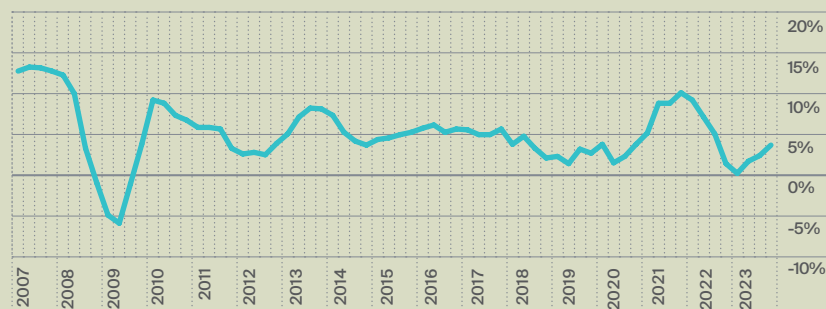Alice Coltman
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Knight Frank

Fig 1: Knight Frank Prime Global Cities Index Q4 2023
Annual % change

Source: Knight Frank Research

The Knight Frank Prime Global Cities Index Q4 2023
Ranked by annual % change

Rank/City		12-month % change	6-month % change	3-month % change
1	Manila	26.3	3.5	1.4
2	Dubai	15.1	-6.5	-6.7
3	Mumbai	10.0	8.6	5.1
4	Shanghai	8.6	4.8	0.3
5	Los Angeles	8.2	1.5	0.3
6	Vancouver	7.2	-0.6	-3.4
7	Christchurch	6.8	7.9	1.4
8	Miami	6.5	2.4	0.2
9	Madrid	6.4	3.8	1.7
10	Seoul	6.2	-0.6	-5.3
11	Tokyo	6.1	-2.7	10.6
12	Wellington	5.7	9.9	4.8
13	Auckland	5.5	6.1	3.6
14	Shenzhen	5.4	2.1	-0.4
15	Perth	5.2	1.6	2.2
16	Delhi	4.2	4.0	0.1
17	Gold Coast	4.1	1.8	1.1
18	Stockholm	4.1	-9.5	-2.0
19	Beijing	3.3	4.5	1.2
20	Singapore	2.9	1.5	4.2
21	Sydney	2.7	0.9	0.4
22	Taipei	2.6	0.6	0.6
23	Nairobi	2.5	0.3	0.3
24	Brisbane	2.3	1.7	0.6
25	Paris	2.3	1.4	1.0
26	Lisbon	2.2	1.1	0.4
27	Bengaluru	2.2	0.8	0.7
28	Berlin	2.2	0.9	-
29	San Francisco	1.8	-4.0	-2.6
30	Guangzhou	1.6	1.5	-0.3
31	Zurich	1.6	1.7	3.4
32	Melbourne	1.4	1.0	1.7
33	Dublin	0.6	0.5	0.5
34	Monaco	0.6	1.7	1.7
35	Jakarta	0.6	-0.1	-0.1
36	Bucharest	0.5	0.3	0.1
37	Kuala Lumpur	0.2	0.0	-0.0
38	Vienna	0.0	-	-
39	Geneva	-0.7	-0.1	-0.1
40	Toronto	-1.0	-16.9	-9.2
41	Bangkok	-1.8	-3.0	1.5
42	Hong Kong	-2.1	-1.7	-1.2
43	London	-2.1	-1.8	-1.1
44	New York	-3.3	0.1	-0.6
45	Frankfurt	-5.4	-1.4	4.8