

Global House Price Index



2023 Q3 Edition

Knight Frank's Global House Price Index provides a quarterly snapshot of trends in mainstream housing markets across 56 countries

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Global housing markets shrug off the impact of higher rates

- House prices remain robust in the face of higher debt costs, with average annual price growth across the 56 markets covered by the Knight Frank Global House Price Index at 3.5% in the twelve months to September, up from 2.2% in the previous quarter.

Annual global house prices continue to rise despite central banks' efforts to combat inflation through higher interest rates. Average annual price growth stands at 3.5%, closely approaching the pre-pandemic ten-year average of 3.7%. Among the 56 markets monitored, 35 experienced annual price growth, while 21 witnessed price declines.

The rate of price growth reached a peak of 10.9% in Q1 2022 but sharply

slowed to 2.2% in Q2 of this year. The upturn in the latest quarter indicates strengthening price growth in several markets, including Ireland, Sweden, the UK, and the US. These markets have sustained prices despite higher costs for mortgage borrowers, owing to a shortage of properties available for sale.

Remarkably, despite the fastest rise in interest rates in history, residential prices only dipped slightly at the beginning

of this year, and have since resumed growth, and now stand 3.5% above their 2022 peak. Even when adjusted for inflation, real house prices are only 2% below their 2022 peak despite higher rates.

The resilience of house prices can be attributed to limited available stock, increased household savings, and robust wage growth. Notably, in countries like the UK, wage growth is outpacing inflation rates as CPI rates decline.

However, the primary concern for markets arising from the resilience of house prices is the slower recovery of sales volumes. Across developed economies, sales have declined by 15% to 25% from their recent peaks. The absence of a pricing correction indicates that this constraint on activity is expected to persist, likely through 2024 and potentially well into 2025. Activity is anticipated to rebound only when rates are substantially lowered.

COUNTRY FOCUS

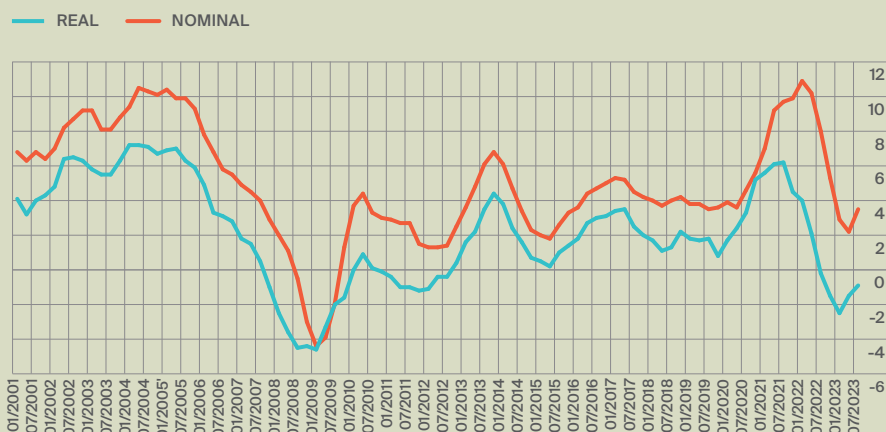
Turkey has held the top spot in our rankings since Q1 2020 and once again sees the strongest growth on our ranking with an annual (89.2%) and quarterly (18.1%) increase.

The south-eastern corner of Europe dominates the top five spots of our rankings, with Greece (14.0%), Croatia (13.7) and North Macedonia (11.0%) all showing robust annual growth.

Japan is the standout performer in the Asia-Pacific region, with 6.3% annual growth, followed by India (5.9%).

Fig 1: The Knight Frank Global House Price Index

2023 Q3 edition, overall index annual % change



Source: Knight Frank Research

In the United States, house prices experienced a 1.3% uptick in Q3, driven by rising mortgage rates, leading to affordability challenges, as well as high demand and limited supply underpinning pricing.

At the bottom of our ranking, we find Sweden (-11.1%), Slovakia (-10.1%), Finland (-9.6%), and Hong Kong (-8.7%) all experiencing falling prices. As Sweden tackles an economic recession and rising borrowing costs, housing prices in the Nordic nation have once again entered an annual downward trajectory.

“The resilience of global house prices is surprising in light of rising costs for mortgage borrowers, however strong savings, above inflation pay settlements and low supply of stock for sale are all acting as market supports. The big issue for housing markets in 2024 will remain low market liquidity, with sales volumes down by up to a quarter compared to their recent peaks- only a shift to lower interest rates will lift sales activity.”

Liam Bailey, Knight Frank's global head of research

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Fig 2: The Knight Frank Global House Price Index
2023 Q3 edition, countries / territories ranked by annual % change

Rank/Location		12-month % change	6-month % change	3-month % change
1	Turkey	89.2	34.4	18.1
2	Croatia	13.7	5.6	3.5
3	Greece	11.9	4.9	2.1
4	Colombia	11.2	6.0	2.9
5	North Macedonia	11.0	4.5	2.9
6	Bulgaria	10.7	5.9	4.3
7	Mexico	10.4	4.5	2.0
8	Portugal	7.8	3.9	1.5
9	Slovenia	7.4	3.5	1.9
10	Poland	7.0	3.2	3.2
11	Cyprus	6.9	4.1	1.5
12	Malta	6.8	-0.7	0.2
13	Japan	6.3	3.2	-0.1
14	India	5.9	3.6	1.5
15	Latvia	5.6	5.0	5.1
16	Brazil	5.3	2.7	1.3
17	Estonia	5.0	3.9	3.8
18	Australia	4.9	5.2	1.9
19	Singapore	4.5	1.6	2.2
20	Spain	4.2	1.3	1.1
21	Hungary	4.1	3.1	-1.0
22	United States	3.9	5.0	1.3
23	Taiwan	3.6	4.2	1.8
24	Israel	3.0	-1.5	-1.3
25	Canada	3.0	7.3	1.1
26	Lithuania	2.7	-9.5	-6.1
27	Ukraine	2.6	4.3	0.5
28	Iceland	2.3	1.6	-1.9
29	Indonesia	2.0	1.1	0.6
30	Belgium	1.8	-0.2	-1.2
31	Ireland	1.3	2.3	1.9
32	Italy	0.7	2.0	2.0
33	South Africa	0.5	-0.3	-0.0
34	Romania	0.1	-1.2	-0.8
35	Malaysia	0.1	-1.5	-1.9
36	Switzerland	-0.4	-0.6	-0.9
37	Morocco	-0.6	-0.5	-0.6
38	Norway	-1.3	0.9	-2.9
39	France	-1.9	-1.9	-1.1
40	Chile	-2.2	1.4	-0.4
41	Jersey	-2.4	1.8	2.0
42	Chinese Mainland	-2.7	-0.7	-0.2
43	Austria	-2.9	-0.6	-0.3
44	Czech Republic	-2.9	-2.1	-0.7
45	Denmark	-3.3	3.1	2.3
46	Peru	-3.5	-6.8	-1.9
47	New Zealand	-3.5	1.1	-0.2
48	Netherlands	-3.5	0.8	1.7
49	South Korea	-4.5	4.4	2.2
50	United Kingdom	-5.3	0.3	-1.7
51	Germany	-5.8	-2.0	-1.6
52	Luxembourg	-6.4	-6.9	-2.6
53	Hong Kong SAR	-8.7	-2.7	-4.1
54	Finland	-9.6	-2.1	-2.7
55	Slovakia	-10.1	-4.5	-2.3
56	Sweden	-11.1	-0.7	0.7

Source: Knight Frank Research