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Date: 22nd October 2010

Asia continues to lead global housing market growth

Knight Frank Global House Price Index, Q2 2010

Key highlights:

- Prices increased in 69% of the locations monitored by the Knight Frank Global House Price Index in the year to the end of June 2010, up from 19% a year earlier
- The Asia Pacific region continues to experience the strongest price inflation, on average prices rose by 14.1% in the past year
- Q2 2010 represents the second consecutive quarter that the average annual growth for all global locations has risen - by 3.9% in Q2 2010
- The top performers remain the Asian economies of Singapore, China and Hong Kong however their quarterly rate of growth suggests these heated markets are starting to cool
- Europe continues to record the weakest performance of all world regions, although it is an improving picture - up from -4.1% in Q1 2010 to -0.1 in Q2 2010

Liam Bailey, head of residential research, Knight Frank, commented: "Each quarter we are presented with further evidence that the impact of the global recession on the world's housing markets is diminishing. In Q2 2010 annual price inflation increased in 69% of the locations monitored in Knight Frank's Global House Price Index compared to 53% last quarter and 19% a year earlier.

"A slight convergence is occurring with the disparity between the top and bottom of the table being less pronounced than a year earlier. On the one hand, government intervention, particularly in the heated Asian economies, is starting to have the desired cooling effect as indicated by the latest quarterly results. On the other hand, economic stimulus measures put in place by many western governments such as ultra-low interest rates, first time buyer concessions and targeted support for banks have encouraged house buyers and this increase in demand has helped push prices higher, albeit moderately so.

"There is a sense that the headline grabbing double digit price changes that almost became the norm in 2008 and 2009 are lessening in scale and number. Prices are beginning to return to something close to a "sustainable" level as the relationship between prices, rents and incomes falls more in line with their long-run average.



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“The performance of the global housing markets can still easily be grouped by world region with the Asia Pacific countries occupying the top of the table and the European economies the bottom. However, sub-divisions within these groups are starting to emerge. In Asia for example, the housing markets of Singapore, China and Hong Kong are clearly outperforming their neighbours in India, Indonesia and Japan which are ranked in positions 26, 29, and 42 respectively. In Europe too, there is a clear divergence with the Nordic countries recording annual growth of between 8-11% and most of their Baltic and Southern European counterparts experiencing negative growth.

“Despite the fact that Europe continues to record the weakest performance of all world regions, it is an improving picture with average annual inflation up from -4.1% in Q1 2010 to -0.1 in Q2 2010. This trend is mirrored in Ireland where the rate of decline appears to be slowing. House prices in Ireland fell 1.7% in the three months to June 2010 compared to a quarterly fall of 4.2% a year earlier. House prices in Ireland now stand at the same point they did at the end of 2002 due principally to a significant overhang of supply and lending constraints.

“Aside from Asia Pacific’s strong performers, South Africa and Canada represent some of the most heated housing markets recording annual price growth of 14.8% and 13.5% respectively. There is speculation as to whether Canada’s housing market is entering ‘bubble’ territory, mindful of this the government has already raised the base rate on three occasions this year and has reduced the maximum allowable amortization period from 40 years down to 35 years.

“The potential risks to future growth are many and varied. For western economies the availability of new funding, the scale of austerity measures, earnings and employment growth will prove critical to the health of their housing markets. In Asia, a lot hinges on how far governments intervene in fiscal policy. In China for example, the government’s recent decision to increase interest rates to 5.56% from 5.31% - the first rise since 2007 - represents a serious attempt to curb both inflation and its investment-led economy.”

Knight Frank Global House Price Index, Quarter 2 2010

Rank	Location	World Region	Annual (% change)	Six monthly (% change)	Quarterly (% change)	Countries yet to report Q2 2010 data
			Q2 2009-Q2 2010	Q4 2009-Q2 2010	Q1 2010 - Q2 2010	
1	Singapore	Asia Pacific	37.0%	10.2%	5.0%	
2	China (Based on Beijing & Shanghai)	Asia Pacific	36.8%	NA	NA	

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3	Hong Kong	Asia Pacific	24.9%	10.0%	3.8%	
4	Latvia	Europe	18.5%	15.5%	5.2%	
5	Australia	Asia Pacific	18.4%	7.5%	3.1%	
6	South Africa	Africa	14.8%	6.6%	2.7%	
7	Canada	North America	13.5%	4.7%	3.7%	
8	Taiwan	Asia Pacific	12.7%	3.7%	3.0%	
9	Israel	Middle East	12.1%	4.5%	-1.0%	
10	Finland	Europe	11.1%	4.4%	2.2%	
11	United Kingdom	Europe	9.5%	4.1%	3.6%	
12	Norway	Europe	9.1%	7.2%	3.7%	
13	Sweden	Europe	8.9%	4.3%	2.3%	
14	Austria	Europe	8.7%	4.8%	2.8%	*
15	Denmark	Europe	8.0%	4.9%	2.8%	
16	France	Europe	6.0%	3.6%	2.3%	
17	Switzerland	Europe	5.3%	2.6%	1.2%	
18	Dubai, UAE	Middle East	5.2%	-2.4%	-4.0%	
19	Luxembourg	Europe	5.1%	2.5%	0.3%	
20	Belgium	Europe	5.1%	1.7%	0.7%	
21	United States	North America	4.2%	1.4%	3.2%	
22	Netherlands	Europe	4.2%	2.7%	1.3%	
23	Malaysia	Asia Pacific	4.2%	3.5%	0.7%	
24	New Zealand	Asia Pacific	4.2%	-0.7%	-1.2%	
25	Turkey	Europe	3.8%	1.1%	0.1%	
26	India	Asia Pacific	3.8%	-0.4%	-4.1%	*
27	Colombia	South America	3.5%	-1.2%	-2.4%	
28	Slovenia	Europe	3.0%	0.4%	-1.6%	
29	Indonesia	Asia Pacific	2.9%	1.7%	1.0%	
30	Germany	Europe	2.8%	0.8%	-0.5%	
31	Russia	Europe	2.2%	8.8%	11.8%	**
32	Portugal	Europe	1.8%	-0.6%	-0.9%	
33	Hungary	Europe	1.7%	-1.0%	-0.6%	
34	Malta	Europe	0.5%	0.5%	-0.7%	
35	Iceland	Europe	-1.7%	-1.7%	2.4%	
36	Czech Republic	Europe	-2.2%	-1.6%	-0.3%	
37	Jersey	Europe	-2.5%	-4.4%	0.5%	
38	Italy	Europe	-2.5%	-0.8%	-0.4%	
39	Greece	Europe	-3.0%	-2.7%	-2.2%	
40	Slovak Republic	Europe	-3.7%	-0.3%	-0.2%	
41	Spain	Europe	-3.7%	-2.3%	-0.9%	
42	Japan	Asia Pacific	-4.0%	-2.0%	-1.0%	*
43	Poland	Europe	-4.9%	-2.1%	2.0%	*
44	Bulgaria	Europe	-9.7%	-3.0%	-0.8%	
45	Croatia	Europe	-9.7%	-3.5%	0.0%	
46	Ukraine	Europe	-12.6%	-7.0%	-2.2%	
47	Lithuania	Europe	-13.9%	-3.7%	-2.0%	
48	Ireland	Europe	-17.0%	-6.4%	-1.7%	
49	Estonia	Europe	-31.5%	-18.5%	0.4%	**

** Q4 2009 data

* Q1 2010 data



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Notes to Editors

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The Knight Frank Global House Price Index is compiled using official government statistical office or central bank data where possible. In some instances reliable indices from third-party sources have been used.

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