



# News Release

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## Global housing market stumbles

### **Knight Frank Global House Price Index, Q4 2010 results**

#### **Key findings:**

- Global house prices rose by 2.8% in the year to December 2010, according to the latest data from The Knight Frank Global House Price Index
- This is down from the 3.1% recorded in Q3 2010
- Price growth was led by Asia-Pacific (7.5% annual growth), the Middle East (5.3%) and South America (3.8%)
- The weakest region was North America which saw no change in values in the previous 12 month period
- The fastest risers in terms of countries were: Hong Kong (20.1%), where the government is fighting to pull speculative price growth under control; Latvia (16.9%) which is bouncing back from an incredible 70% fall in prices during the credit crunch and Israel (16.2%) which is still benefitting from considerable inward investment from overseas investors

**Liam Bailey, Head of Residential Research at Knight Frank**, comments: "Our main headline confirms relatively benign conditions - with average annual price growth across the world at a modest 2.8%.

"Of course this headline hides big regional and country level differences, but more concerning is the fact that this annual figure hides the fact that a growing number of countries are seeing negative quarterly price movements.

"In Q2 2010 the proportion of countries in our index recording negative quarterly growth was less than a third at 31%, in Q3 the figure was 35%, in our most recent Q4 figures the proportion is 41%.

"Across an increasing number of European countries and also in the US markets were weaker in the second half of 2010, following a brief revival in the previous 12 months.

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"This trend is being reinforced by weaker results from Asia-Pacific, with India, Taiwan and Japan all recording negative price growth in the second half of 2010.

"The key trend at play in the global market is the unwinding of the stimulus packages put forward in 2009 in Europe, North America and Asia-Pacific.

"The impact of 'hot money' created by quantitative easing may be dissipating, especially in Asia - where the 30%, 40%, 50% and even higher annual rates of growth, which were common in some Chinese and Indian cities a year ago, have now cooled considerably.

"In Europe and the US, by contrast, the last vestige of the stimulus, namely ultra-low interest rates are regarded as critical to the ongoing security of the market. As an example, discussions surrounding an impending rise in the UK rate from 0.5% to 0.75% are enough to cause panic among housing market commentators.

"It looks increasingly likely that Asian markets will escape a crash in prices, but in many of the previously 'hot markets' - price falls later this year seems a realistic assumption.

"Across Europe and the US the lack of bank lending is likely to extend the recent period of price reversals.

In summary, outside of the luxury markets in the global city hubs, it is difficult to see what could bring about a rapid improvement in the housing markets of the developed economies."

**Ends**

**\*\*FULL DATA APPENDIX AT THE END OF THIS RELEASE\*\***

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## Knight Frank Global House Price Index, Q4 2010 Results

Country	Annual % change	Six month % change	Quarter % change	Latest data if not Q4
Hong Kong	20.1%	10.1%	3.7%	
Latvia	16.9%	1.2%	-0.8%	
Israel	16.2%	8.4%	3.5%	
China (Based on Beijing & Shanghai)	15.3%	6.1%	6.4%	
Singapore	14.0%	3.4%	1.8%	
Austria	9.9%	4.9%	3.7%	Q3
France	9.5%	5.6%	1.4%	
India	8.9%	5.6%	-1.7%	Q3
Poland	8.1%	8.3%	1.1%	Q3
Denmark	7.8%	4.3%	1.5%	Q3
Taiwan	7.4%	2.0%	-1.0%	Q3
Belgium	6.8%	1.7%	2.6%	Q3
Norway	6.6%	-0.6%	-0.1%	
Malaysia	6.2%	3.4%	0.9%	Q3
Australia	5.8%	0.5%	0.7%	
Finland	5.4%	0.7%	0.3%	
Sweden	5.2%	0.9%	0.4%	
Switzerland	5.2%	2.6%	2.0%	
Canada	4.1%	-0.6%	-0.3%	
Slovenia	3.9%	0.7%	1.8%	
Colombia	3.8%	3.1%	3.8%	Q3
Germany	3.0%	2.1%	0.2%	
Indonesia	2.9%	1.1%	0.7%	
Turkey	2.6%	1.5%	1.0%	
Luxembourg	2.6%	0.1%	0.0%	
Hungary	1.8%	2.0%	1.9%	
Malta	1.6%	0.9%	1.6%	Q3
Jersey	1.3%	6.0%	0.8%	
South Africa	0.9%	-2.4%	0.4%	
Russia	0.9%	0.2%	0.2%	
United Kingdom	0.7%	-3.2%	-2.5%	
Bulgaria	0.5%	-0.7%	-0.3%	
Netherlands	0.5%	-2.1%	-1.7%	
Iceland	-1.4%	0.3%	1.3%	
Italy	-1.4%	-0.6%	-0.3%	
New Zealand	-1.6%	-0.9%	0.3%	
Slovak Republic	-2.1%	-1.8%	-2.6%	
Czech Republic	-3.0%	-1.4%	-0.9%	
Spain	-3.5%	-1.3%	-0.4%	
Japan	-3.6%	-1.6%	-0.8%	Q3
Portugal	-4.0%	-3.1%	-1.2%	
United States	-4.1%	-5.3%	-2.1%	
Greece	-6.0%	-2.9%	-0.7%	
Dubai, UAE	-6.1%	-10.1%	-6.1%	Q3
Croatia	-7.2%	-3.7%	-0.9%	



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<b>Ukraine</b>	-7.8%	-1.6%	0.0%	Q3
<b>Lithuania</b>	-10.1%	-5.8%	-3.9%	Q3
<b>Ireland</b>	-10.8%	-4.8%	-3.5%	
<b>Cyprus</b>	N/A	-6.5%	-2.1%	Q3

Source: Knight Frank Residential Research

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## Notes to Editors

### About the Knight Frank Global House Price Index

The Knight Frank Global House Price Index was started in 2006 as the definitive means for investors and developers to monitor and compare the performance of mainstream residential markets across the world. The index is compiled on a quarterly basis using official government statistical office or central bank data where possible. In some instances reliable indices from third-party sources have been used.

### About Knight Frank Residential Research

Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, financial and corporate institutions. Our research reports are available at [www.knightfrank.com/research](http://www.knightfrank.com/research)

### About Knight Frank

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