

The Global Residential Cities Index tracks the movement in average residential prices across 150 cities worldwide using official statistics. The index tracks nominal prices in local currency.



Global Residential Cities Index

Q1 2021

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HEADLINES

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CITY WITH THE HIGHEST RATE OF AVERAGE PRICE GROWTH IN THE YEAR TO Q1 2021 (34%)

7.4%

AVERAGE ANNUAL PRICE GROWTH ACROSS 150 CITIES

29%

THE PERCENTAGE OF CITIES REGISTERING DOUBLE-DIGIT ANNUAL PRICE GROWTH IN YEAR TO Q1 2021

22

THE NUMBER OF CITIES REGISTERING A FALL IN PRICES YEAR-ON-YEAR

14%

THE AVERAGE RISE IN PRICES ACROSS 15 US CITIES IN THE YEAR TO Q1 2021

Urban house prices are rising at their fastest rate since 2007 and of the 150 cities we track, 43 are now registering annual price growth above 10%.

Cities are far from underperforming their national housing markets, both look to be moving in tandem as we reported in our *Global House Price index* last month.

But it's not a global boom – 22 cities are still seeing prices decline year-on-year with several key cities in India, Spain, Italy and Israel amongst them. Asian cities whilst resilient are not the powerhouses of growth they were in 2018 – Hong Kong posted 2.2% annual growth and Beijing 3.6% – although luxury sectors in both cities are faring much better.

Synchronicity

What's concerning economists is that the surge in house prices is feeding into a broader asset boom with commodities, equities and house prices all moving in one direction, unlike in 2008.

No boom-to-bust

However, unlike during the last global recession, banks now operate under tighter lending rules, households are less indebted, the tapering of fiscal stimulus measures is not expected to bring about a sudden jump in unemployment and with inflationary pressures deemed to be

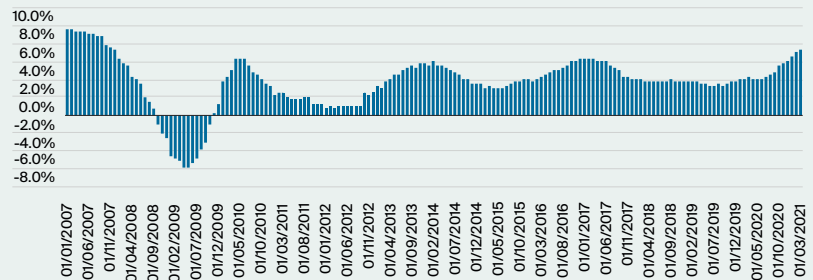
'transitory' a sudden hike in interest rates looks unlikely – the US Federal Reserve

envisages it will be 2023 before it makes two small rises.



Fig 1. City house prices are rising at their fastest rate since 2007

Annual % change

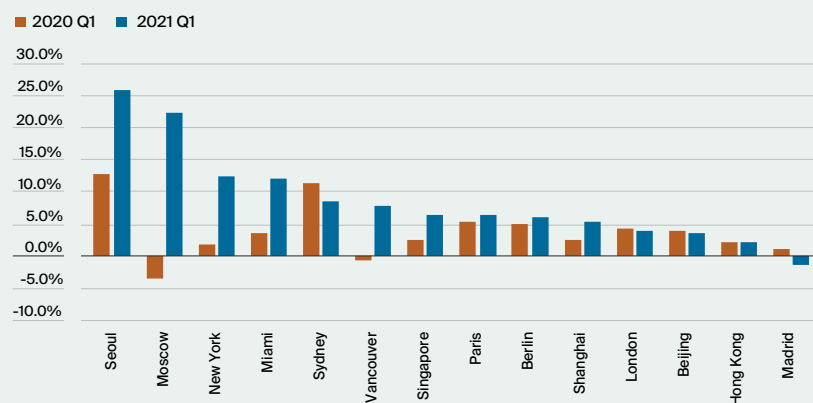


Source: Knight Frank Research



Fig 2. The pandemic's uneven impact on city house prices

Annual % change



Source: Knight Frank Research

Governments too are taking a much more interventionist stance. Authorities in New Zealand, Canada, China, South Korea and Ireland have all taken steps to curb price inflation in the first half of 2021.

But perhaps most critical is the extent to which several key global cities continue to suffer from a severe undersupply of housing and the slowdown in construction has been exacerbated by the pandemic.

FOMO

Three factors may push prices higher in the short to medium term. Firstly, the fear of missing out (FOMO) – with borders closed investors may look closer to home to take advantage of rising prices. Secondly, some buyers may be keen to lock in to lower mortgage rates before interest rates start to shift higher and finally, with large sums of accrued savings evident in some markets, a second home may now be within reach for some.

Pandemic distortion

There are, however, already signs that some markets are starting to cool. Canada has reported two straight months of moderating sales and Capital Economics reports that mortgage applications for US home purchases have fallen back to their pre-Covid levels suggesting the distortive effect of the pandemic may be diminishing.

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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THE KNIGHT FRANK GLOBAL RESIDENTIAL CITIES INDEX, Q1 2021

RANKED BY ANNUAL % CHANGE (Q1 2020-Q1 2021)

CITY	12-MONTH CHANGE (%)	CITY	12-MONTH CHANGE (%)	CITY	12-MONTH CHANGE (%)
1 IZMIR	33.9%	51 PERTH	8.9%	101 SANTIAGO	3.9%
2 ANKARA	30.3%	52 HAMBURG	8.9%	102 THESSALONIKI	3.8%
3 WELLINGTON	30.1%	53 NAGOYA	8.8%	103 BEIJING	3.6%
4 ISTANBUL	28.8%	54 GUANGZHOU	8.6%	104 HANGZHOU	3.5%
5 SEOUL	26.1%	55 SYDNEY	8.6%	105 SHENZHEN	3.4%
6 HALIFAX	22.5%	56 SOFIA	8.6%	106 SKORJE	3.2%
7 MOSCOW	22.4%	57 LYON	8.6%	107 ROME*	3.1%
8 ST. PETERSBURG	22.1%	58 QUEBEC	8.1%	108 TIANJIN	3.1%
9 HAMILTON	20.9%	59 MUNICH	8.1%	109 EDMONTON	2.9%
10 PHOENIX	20.0%	60 XI'AN	8.0%	110 TAIPEI CITY	2.8%
11 AUCKLAND	19.6%	61 VANCOUVER	7.9%	111 HAIFA	2.7%
12 SAN DIEGO	19.1%	62 EXETER	7.9%	112 BUCHAREST	2.3%
13 OTTAWA GATINEAU	19.0%	63 WINNIPEG	7.8%	113 BOGOTA	2.2%
14 SEATTLE	18.2%	64 OXFORD	7.0%	114 DUBLIN	2.2%
15 LUXEMBOURG	16.6%	65 GENEVA	6.8%	115 HONG KONG**	2.2%
16 MONTREAL	16.1%	66 SINGAPORE	6.6%	116 RIO DE JANEIRO	2.1%
17 CANBERRA	15.7%	67 BERN	6.6%	117 CALGARY	1.8%
18 BRATISLAVA	15.6%	68 HELSINKI	6.5%	118 BANGKOK	1.4%
19 BOSTON	14.8%	69 LILLE	6.5%	119 HYDERABAD, IN	1.3%
20 STOCKHOLM	14.4%	70 MELBOURNE	6.4%	120 ZHENGZHOU	1.2%
21 COPENHAGEN	14.4%	71 CHONGQING	6.4%	121 JAKARTA	1.1%
22 GLASGOW	14.3%	72 ZURICH	6.4%	122 VALENCIA	1.0%
23 HOBART	13.8%	73 NANJING	6.3%	123 LIMASSOL	1.0%
24 DENVER	13.4%	74 PARIS	6.3%	124 DELHI	0.9%
25 DALLAS	13.4%	75 AMSTERDAM	6.1%	125 ABU DHABI	0.8%
26 LOS ANGELES	13.4%	76 CHANGSHA	5.9%	126 LJUBLJANA	0.7%
27 MALMO	12.9%	77 BERLIN	5.9%	127 NICOSIA	0.6%
28 OSLO	12.9%	78 ZAGREB	5.9%	128 ABERDEEN	0.4%
29 NEW YORK	12.3%	79 WUXI	5.8%	129 LIMA	-0.1%
30 MIAMI	12.2%	80 BRUSSELS	5.7%	130 MALAGA	-0.3%
31 WASHINGTON	12.2%	81 OSAKA	5.6%	131 RIGA	-0.4%
32 SAN FRANCISCO	12.1%	82 TOKYO	5.6%	132 PALERMO*	-0.5%
33 DETROIT	12.1%	83 WUHAN	5.5%	133 BARCELONA	-0.9%
34 MANCHESTER	11.7%	84 ATHENS	5.5%	134 FLORENCE*	-0.9%
35 REYKJAVIK	11.6%	85 MEXICO CITY	5.3%	135 BUDAPEST	-1.0%
36 BRISTOL	11.3%	86 NINGBO	5.3%	136 BENGALURU	-1.2%
37 TORONTO	11.2%	87 SHANGHAI	5.3%	137 TEL AVIV	-1.4%
38 ATLANTA	11.1%	88 PORTO	5.0%	138 JERUSALEM	-1.5%
39 MINNEAPOLIS	10.9%	89 BRISBANE	5.0%	139 MADRID	-1.5%
40 VIENNA	10.9%	90 MARSEILLE	4.9%	140 CHENNAI	-1.7%
41 DARWIN	10.8%	91 MILAN*	4.8%	141 AHMEDABAD	-1.8%
42 BIRMINGHAM, UK	10.6%	92 WARSAW	4.8%	142 GENOA*	-2.0%
43 UTRECHT	10.2%	93 PRAGUE	4.8%	143 SEVILLE	-3.0%
44 ADELAIDE	9.8%	94 TURIN*	4.7%	144 MUMBAI	-3.1%
45 ROTTERDAM	9.5%	95 FRANKFURT	4.7%	145 KUALA LUMPUR	-3.1%
46 GOTHENBURG	9.5%	96 EDINBURGH	4.3%	146 PUNE	-3.1%
47 VILNIUS	9.3%	97 SAO PAULO	4.3%	147 LISBON	-3.8%
48 TALLINN	9.3%	98 QINGDAO	4.2%	148 KOLKATA	-3.8%
49 CARDIFF	9.1%	99 KIEV	4.1%	149 VENICE*	-4.3%
50 CHICAGO	9.0%	100 LONDON	3.9%	150 DUBAI	-4.4%

Source: Knight Frank Research, Macrobond *Asking prices **Provisional

Data corresponds to annual percentage change to Q1 2021 except data for Brussels, Bucharest, Lima, Limassol, Ljubljana, Luxembourg City, Nagoya, Nicosia, Osaka, Santiago, Sofia, Tokyo, Vilnius and Zagreb is to Q4 2020. Budapest is to Q3 2020. Spanish data relates to the city-region.

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