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.

Knight Frank

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Global Residential Cities Index

Q1 2021

HEADLINES

Izmir	7.4%	29%	22	14%
CITY WITH THE HIGHEST RATE OF AVERAGE PRICE GROWTH IN THE YEAR TO Q1 2021 (34%)	AVERAGE ANNUAL PRICE GROWTH ACROSS 150 CITIES	THE PERCENTAGE OF CITIES REGISTERING DOUBLE-DIGIT ANNUAL PRICE GROWTH IN YEAR TO Q1 2021	THE NUMBER OF CITIES REGISTERING A FALL IN PRICES YEAR-ON-YEAR	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

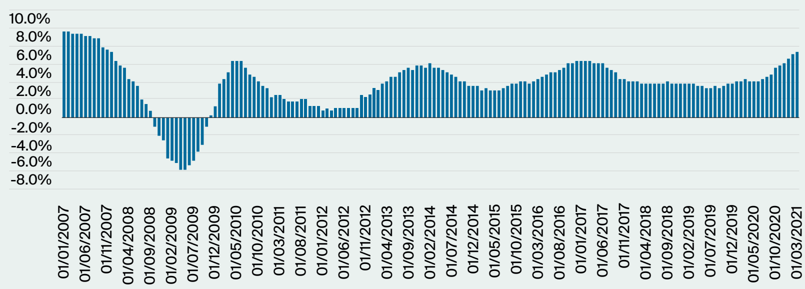
What's concerning economists is that the surge in house prices is feeding into a broader asset boom with commodities, equities and house prices all moving in one direction, unlike in 2008.

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

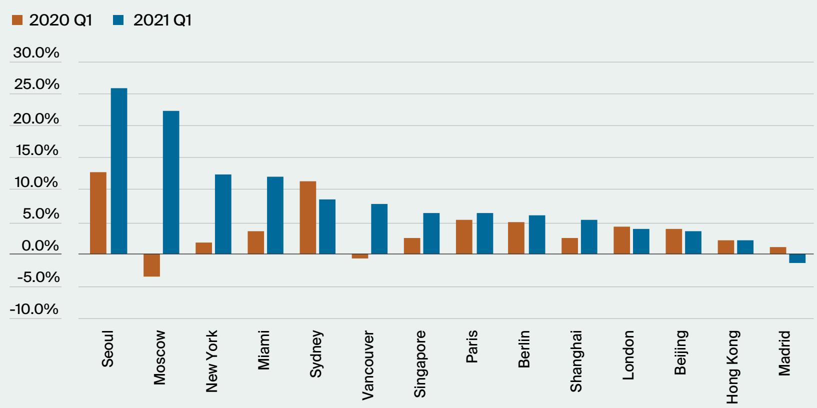
Annual % change



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.

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	SKOPJE	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%	92	MILAN*	4.8%	141	AHMEDABAD	-1.8%
42	BIRMINGHAM, UK	10.6%	91	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.

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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