

GLOBAL CITIES RECORD WEAKEST PRICE GROWTH SINCE 2015

Globally, urban prices are rising at their slowest rate since the third quarter of 2015. The Global Residential Cities Index, which tracks the movement in average residential prices across 150 cities worldwide, rose by 4% in the year to March 2018, down from 6.4% a year ago.

Results for Q1 2018

The index increased by 4% in the year to March 2018, down from 6.4% a year earlier

The Indian city of Surat leads the annual rankings; prices increased 22% over the 12-month period

In Vancouver the mainstream and prime markets are diverging with prices registering 15.4% and 0.2% respectively on an annual basis

Seattle is the top performer amongst US cities registering 12.9% annual growth

Southern Europe is increasingly polarised with Spain and Portugal's cities outperforming those in Italy



KATE EVERETT-ALLEN
International Residential Research

“The increased use of macroprudential measures to curb price inflation along with escalating affordability constraints account for the index's weaker performance.”

Follow Kate at [@keverettkf](https://twitter.com/keverettkf)

For the latest news, views and analysis on the world of prime property, visit our blog or follow [@KFIntelligence](https://twitter.com/KFIntelligence)

Although the global economy is performing well, the IMF forecasts 3.9% growth in 2018, increased vigilance on the part of policymakers keen to use macroprudential measures to curb price inflation along with escalating affordability constraints are keeping a lid on urban price growth.

A year ago we saw 12 cities exceed 20% growth per annum, this quarter only one city falls into this category; the Indian city of Surat.

Located on India's west coast, the city has recorded a spike in price growth due to an inordinately low base in Q1 2017, caused by the unprecedented demonetisation of high value currency in the country.

Europe's upward trajectory continues. Eleven of the top 20 cities ranked by annual growth are in Europe. Rotterdam (14.8%), Edinburgh (12%), Porto (11.7%) and Sofia (11.3%) now join long-standing frontrunners such as Berlin (14.9%), Budapest (14.4%) and Reykjavik (11.8%).

The index tracks ten Canadian cities and according to the National Bank of Canada, which tracks average prices across each metropolitan area, Vancouver continues to outperform with annual growth of 15.4%. This underlines the divergence with the prime market where prices increased by just 0.2% over the same period.

Seattle (12.9%) continues to lead the 15 US cities tracked by the index, buoyed by a simple lack of supply in the face of escalating demand. Second only to San Francisco as the United States' main technology hub, the city saw US\$10.4 billion of real estate investment in 2017.

In the US, despite three rate rises in the year to March 2018 (and a fourth since) average prices across the 15 cities included in our index increased by 6.8% over the 12-month period. The comparable figure for the UK's eight cities is 4.9% with Edinburgh out in front and Aberdeen the weakest performer.

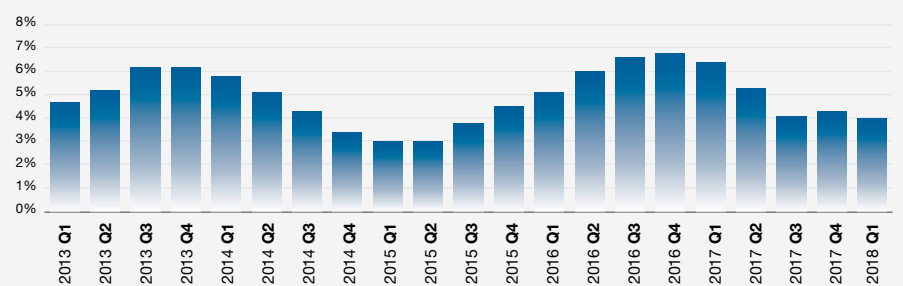
Southern Europe is increasingly polarised. Whilst Italian cities are well-represented at the foot of the table, Spanish and Portuguese cities are registering stronger growth. Porto, Malaga and Madrid all sit high in the rankings with annual growth of 11.7%, 10.4% and 10.3% respectively.

Divergent markets are evident not just at a regional level but at a country level as well. The ten countries with the largest gap between their strongest and weakest-performing city is synonymous with a list of the world's largest economies; all ten occupy a seat at the G20. India leads the list with a gap of 27 percentage points between Surat (22%) and Delhi (-5%) (figure 3).

FIGURE 1

Global Residential Cities Index Q1 2018

Annual performance over the last five years 12-month % change



Source: See full source list on page 3

*For a full list of newly-added cities please see the main table of results.



FIGURE 2
Global Residential Cities Index
 Tracking mainstream residential prices across 150 cities worldwide

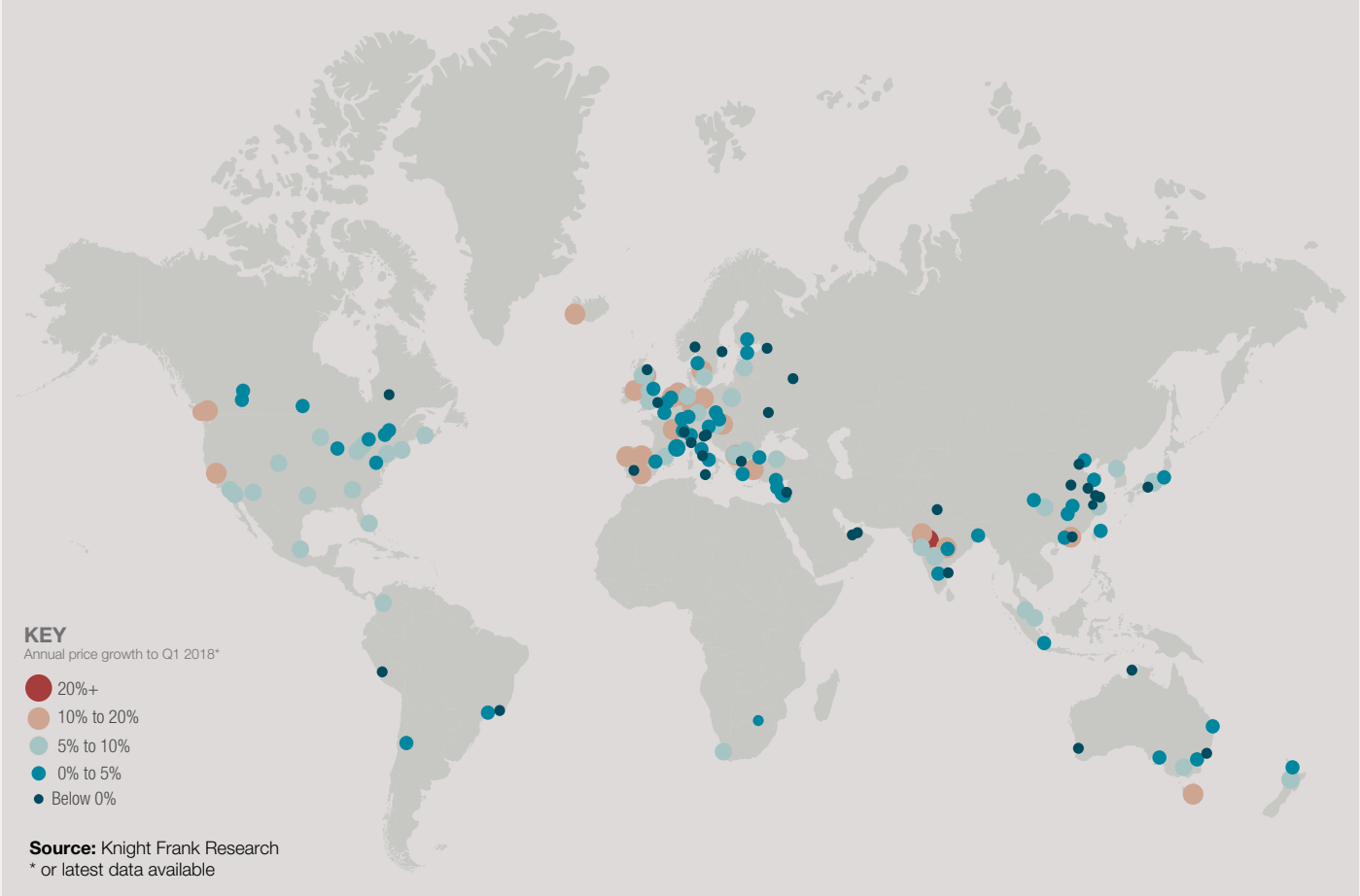
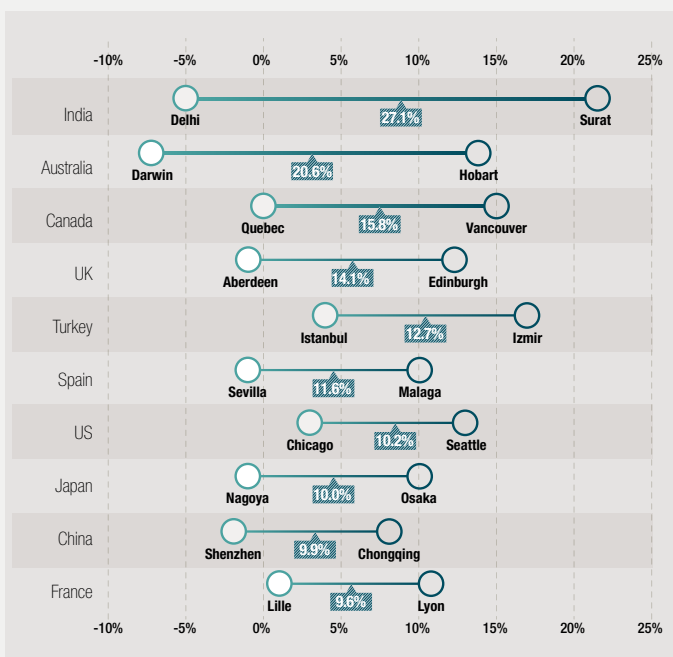
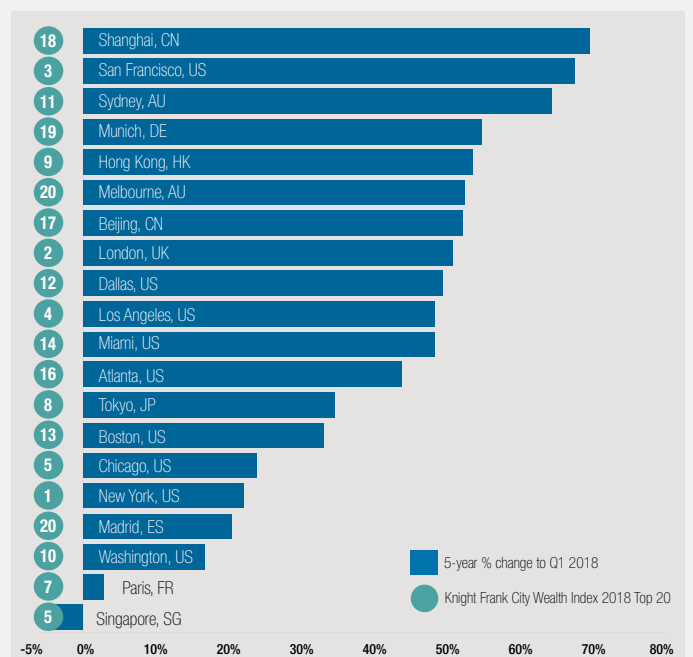


FIGURE 3
Mind the gap
 The 10 countries with the largest gap between their strongest and weakest-performing cities



Source: See full source list on page 3

FIGURE 4
How have the top 20 in Knight Frank's City Wealth Index performed?
 Five-year % change by city



Source: See full source list on page 3
 View the City Wealth Index in [The Wealth Report](#)

Knight Frank Global Residential Cities Index, Q1 2018 Ranked by annual % change

Rank	City	12-month % change (Q1 2017-Q1 2018)	Rank	City	12-month % change (Q1 2017-Q1 2018)	Rank	City	12-month % change (Q1 2017-Q1 2018)
1	Surat, IN	22.3%	51	Cape Town, ZA	6.0%	101	Auckland, NZ	1.2%
2	Izmir, TR	16.5%	52	Seoul, KR	5.9%	102	Wuhan, CN	1.2%
3	Hong Kong, HK**	15.6%	53	Hamilton, CA	5.9%	103	Ljubljana, SI	1.1%
4	Vancouver, CA	15.4%	54	Singapore, SG	5.8%	104	Lille, FR	1.0%
5	Berlin, DE	14.9%	55	Dallas, US	5.8%	105	Chengdu, CN	0.9%
6	Rotterdam, NL	14.8%	56	Boston, US	5.7%	106	Kolkata, IN	0.8%
7	Budapest, HU	14.4%	57	Ankara, TR	5.6%	107	Nicosia, CY	0.8%
8	Hobart, AU	14.1%	58	Manchester, UK	5.5%	108	Guangzhou, CN	0.7%
9	Ahmedabad, IN	13.0%	59	Ningbo, CN	5.4%	109	Brussels, BE	0.6%
10	Seattle, US	12.9%	60	Bristol, UK	5.4%	110	Milan, IT*	0.6%
11	Edinburgh, UK	12.0%	61	Bogota, CO	5.3%	111	Calgary, CA	0.4%
12	Amsterdam, NL	11.9%	62	New York, US	5.2%	112	Tianjin, CN	0.4%
13	Reykjavik, IS	11.8%	63	Mumbai, IN	5.0%	113	Edmonton, CA	0.2%
14	Frankfurt, DE	11.8%	64	Miami, US	5.0%	114	Napoli, IT*	0.2%
15	Dublin, IE	11.7%	65	Tokyo, JP	4.9%	115	Taipei City, TW	0.1%
16	Porto, PT	11.7%	66	Tallinn, EE	4.9%	116	Athens, GR	0.0%
17	Hyderabad, IN	11.4%	67	Jerusalem, IL	4.9%	117	Venice, IT*	-0.1%
18	Sofia, BG	11.3%	68	Changsha, CN	4.4%	118	Stockholm, SE	-0.1%
19	San Francisco, US	11.2%	69	Toronto, CA	4.3%	119	Thessaloniki, GR	-0.2%
20	Utrecht, NL	10.6%	70	Montreal, CA	4.3%	120	Shanghai, CN	-0.3%
21	Lyon, FR	10.6%	71	Jakarta, ID**	4.2%	121	Quebec, CA	-0.4%
22	Malaga, ES	10.4%	72	Nottingham, UK	4.1%	122	Hangzhou, CN	-0.4%
23	Madrid, ES	10.3%	73	Santiago, CL	4.0%	123	Sydney, AU	-0.5%
24	Copenhagen, DK	10.1%	74	Bratislava, SK	3.8%	124	London, UK	-0.6%
25	Zagreb, HR	9.8%	75	Istanbul, TR	3.8%	125	St. Petersburg, RU	-0.6%
26	Denver, US	8.6%	76	Canberra, AU	3.8%	126	Beijing, CN	-0.6%
27	Hamburg, DE	8.3%	77	Gothenburg, SE	3.7%	127	Zhengzhou, CN	-0.8%
28	Glasgow, UK	8.3%	78	Paris, FR	3.7%	128	Sevilla, ES	-1.1%
29	Barcelona, ES	8.2%	79	Vienna, AT	3.5%	129	Trieste, IT*	-1.5%
30	Los Angeles, US	8.1%	80	Qingdao, CN	3.2%	130	Perth, AU	-1.5%
31	Munich, DE	8.0%	81	Bern, CH	3.1%	131	Wuxi, CN	-1.6%
32	Mexico City, MX	8.0%	82	Ottawa Gatineau, CA	3.0%	132	Nanjing, CN	-1.7%
33	Riga, LV	8.0%	83	Washington, US	3.0%	133	Lima, PE	-1.9%
34	Detroit, US	7.7%	84	Winnipeg, CA	2.9%	134	Aberdeen, UK	-2.0%
35	San Diego, US	7.6%	85	Bengaluru, IN	2.9%	135	Rome, IT*	-2.2%
36	Chongqing, CN	7.6%	86	Limassol, CY	2.9%	136	Shenzhen, CN	-2.3%
37	Malmo, SE	7.3%	87	Zurich, CH	2.7%	137	Tel Aviv, IL	-2.4%
38	Wellington, NZ	7.2%	88	Chicago, US	2.7%	138	Nagoya, JP	-3.5%
39	Skopje, MK	7.2%	89	Adelaide, AU	2.6%	139	Palermo, IT*	-3.5%
40	Bucharest, RO	7.1%	90	Valencia, ES	2.5%	140	Kiev, UA	-3.9%
41	Phoenix, US	6.8%	91	Marseille, FR	2.4%	141	Chennai, IN	-4.5%
42	Osaka, JP	6.5%	92	Nagpur, IN	2.3%	142	Dubai, AE	-4.8%
43	Kuala Lumpur, MY	6.5%	93	Lisbon, PT	2.3%	143	Delhi, IN	-4.8%
44	Birmingham, UK	6.4%	94	Helsinki, FI	2.0%	144	Oslo, NO	-4.9%
45	Pune, IN	6.3%	95	Florence, IT*	1.9%	145	Rio de Janeiro, BR	-4.9%
46	Melbourne, AU	6.2%	96 *New*	Geneva****	1.7%	146	Moscow, RU	-6.1%
47	Halifax, CA	6.1%	97	Johannesburg, ZA	1.6%	147	Darwin, AU	-6.5%
48	Atlanta, US	6.1%	98	Brisbane, AU	1.6%	148	Genoa, IT*	-6.6%
49	Warsaw, PL	6.0%	99	Sao Paulo, BR	1.5%	149	Turin, IT*	-7.1%
50	Minneapolis, US	6.0%	100	Haifa, IL	1.5%	150	Abu Dhabi, AE	-7.2%

Notes: *Asking prices **Provisional ****Metropolitan area. All data corresponds to 12-month percentage change to Q1 2018 except: Brussels, Bucharest, Budapest, Geneva, Haifa, Jerusalem, Kuala Lumpur, Limassol, Nagoya, Nicosia, Osaka, Santiago, Tel Aviv, Tokyo, Warsaw and Zagreb which is to Q4 2017 and Sofia which is to Q3 2017. Data for United Kingdom as at 25th June 2018.

AE United Arab Emirates, AT Austria, AU Australia, BE Belgium, BG Bulgaria, CA Canada, CH Switzerland, CL Chile, CN China, CO Colombia, CY Cyprus, CZ Czech Republic, DK Denmark, EE Estonia, ES Spain, FI Finland, FR France, GR Greece, HK Hong Kong, HR Croatia, HU Hungary, IE Ireland, IL Israel, IN India, IS Iceland, IT Italy, JP Japan, KR South Korea, LV Latvia, MK Macedonia, MX Mexico, MY Malaysia, PE Peru, NL Netherlands, NO Norway, NZ New Zealand, PT Portugal, RU Russia, SE Sweden, SG Singapore, SI Slovenia, SK Slovakia, TR Turkey, TW Taiwan, UK United Kingdom, US United States, ZA South Africa.

Data from India's National Housing Bank relates to the current quarter series.

Sources: Knight Frank Research; Macrobond; Bank for International Settlements; Australian Bureau of Statistics; OeNB; Statbel; Bulgarian National Statistical Institute; FIFE; Teranet-National Bank House Price Index™. Reproduced and distributed on an "as is" basis with the permission of Teranet Inc. and National Bank of Canada; Central Bank of Chile; China National Bureau of Statistics (NBS); Colombian National Administrative Department of Statistics (DANE); Croatian Bureau of Statistics; Central Bank of Cyprus; Statistics Denmark; Statistics Estonia; Statistics Finland; INSEE; vdpResearch GmbH; Bank of Greece; Hong Kong Ratings and Valuation Department; Hungarian Central Statistical Office; Statistics Iceland; Indian National Housing Bank (NHB); Bank of Indonesia; Irish Central Statistics Office (CSO); Israel Central Bureau of Statistics; Immobiliare Italia; Japanese Ministry of Land, Infrastructure, Transport and Tourism; Arcoreal; Macedonian Statistical Office; Malaysian Valuation & Property Services Department; Mexican Federal Mortgage Company (SHF Sociedad Hipotecaria Federal); Statistics Netherlands (CBS); Quotable Value; Statistics Norway; Central Reserve Bank of Peru; National Bank of Poland; Portuguese National Statistics Institute (INE); Romanian National Institute of Statistics; Rosstat; Singapore Urban Redevelopment Authority; Central Bank of Slovakia; Slovenian Statistical Office; First National Bank; Kookmin Bank; Spain Ministry of Development; Statistics Sweden; Swiss National Bank/Wuest+Partner; Taiwan Department of Land Administration, Taipei City Government; Central Bank of the Republic of Turkey (TCMB); REIDIN; Blagovest; HM Land Registry; S&P Case Shiller

RESIDENTIAL RESEARCH

Liam Bailey
Global Head of Research
+44 20 7861 5133
liam.bailey@knightfrank.com

Kate Everett-Allen
International Residential Research
+44 20 7167 2497
kate.everett-allen@knightfrank.com

PRESS OFFICE

Astrid Recaldin
International PR Manager
+44 20 7861 1182
astrid.recaldin@knightfrank.com



Important Notice © Knight Frank LLP 2018 – This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank LLP to the form and content within which it appears. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' names.