

URBAN HOUSE PRICES GLOBALLY RISE AT THEIR FASTEST RATE FOR TWO YEARS

Chinese cities have climbed the rankings but recent strong performers such as Istanbul and Stockholm are starting to wane. Kate Everett-Allen examines the latest set of results.

Results for Q2 2016

At 5.5%, the aggregate index recorded its **strongest annual rate of growth** for two years.

Chinese cities occupy six of the top 10 rankings for annual price growth

The Chinese city of Shenzhen continues to lead the rankings but annual price growth has slowed from 63% to 47% in the last three months

Of Europe's top 10 performing cities, **four are in the UK: Bristol, London, Nottingham and Birmingham**

Moscow occupies the bottom ranking **with prices falling 11% in the year to June**

Urban house prices across 150 key cities around the world increased by 5.5% on average in the year to June 2016, according to the Knight Frank Global Residential Cities Index. This represents the index's strongest aggregate growth in two years.

Of the 150 cities tracked by the index, 114 recorded positive annual price growth in the year to June and, of these, 31 cities saw price growth exceed double digits.

The Chinese city (and rapidly-expanding technology hub) of Shenzhen continues to lead the rankings, although its annual rate of growth has slowed significantly from 63% last quarter to 47%.

Due in part to Shenzhen's slower rate of growth, the gap between the strongest and weakest performing city housing market has shrunk from 74 percentage points in March 2016 to 59 points in June.

Six Chinese cities (Shenzhen, Shanghai, Nanjing, Beijing, Guangzhou and Hangzhou) all sit within the top ten rankings for annual price growth. Their ascension has been rapid. According to data from China's National Bureau of Statistics the average annual rate of growth for the top ten performing Chinese cities equates to 22% in the year to June, a year earlier the comparable figure was -1.1% for the same ten cities (figure 3).

A number of the municipal governments in China are now introducing a new raft of stringent cooling measures at a local level to dampen sales, these range from limiting non-locals to single home purchases and tightening rules for local residents in relation to second home purchases.

In Europe, Budapest leads the rankings with prices accelerating 24% on an annual basis but cities in the UK, the Netherlands and Scandinavia are also well represented. Four of the continent's top 10 performing cities are in the UK: Bristol, London Nottingham and Birmingham (figure 4).

Moscow (-11%) and Jaipur (-10%) occupy the bottom two rankings this quarter, in both cases sluggish economies are having a direct impact on housing demand.

Other cities slipping in the rankings over the last quarter include Istanbul (3rd to 9th), Stockholm (6th to 29th) and Auckland (8th to 15th).

The index tracks the period until the end of June, our next edition will provide some insight into the impact of a number of key political and economic events; the UK's post EU referendum trajectory, the impact of Vancouver's new tax for foreign buyers and the extent to which China's cooling measures are taking effect.



KATE EVERETT-ALLEN
International Residential Research

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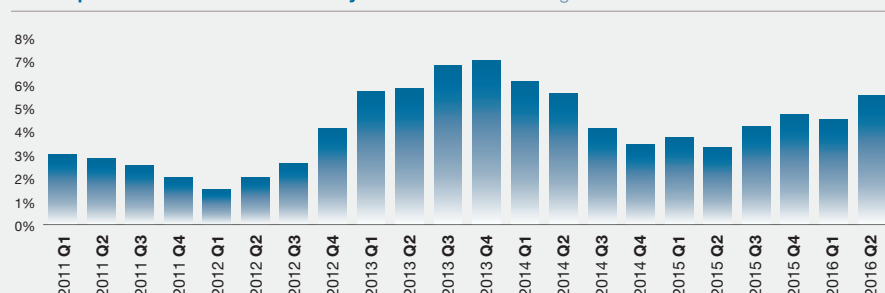
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FIGURE 1

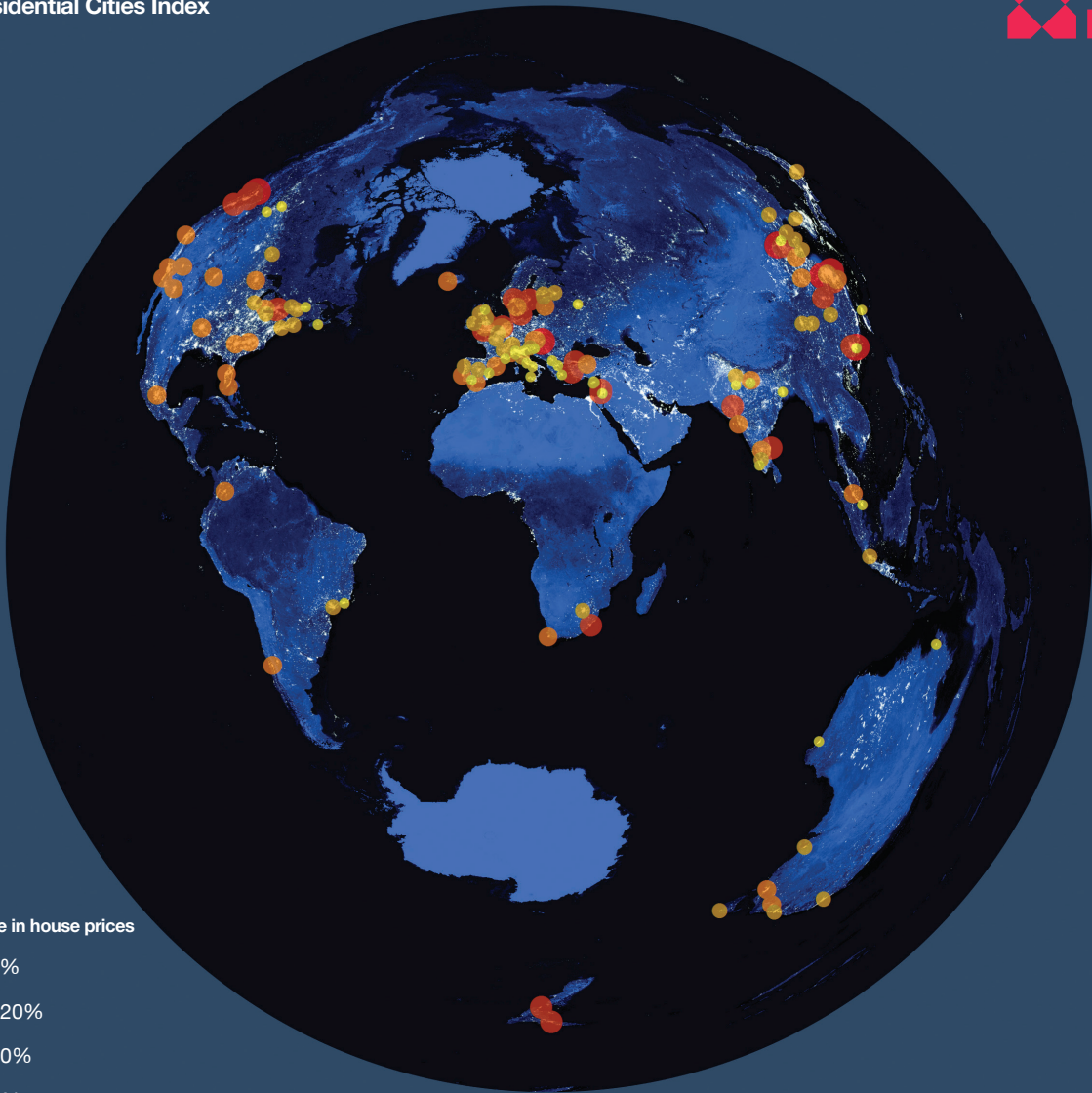
Global Residential Cities Index Q2 2016

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



Source: Knight Frank Research

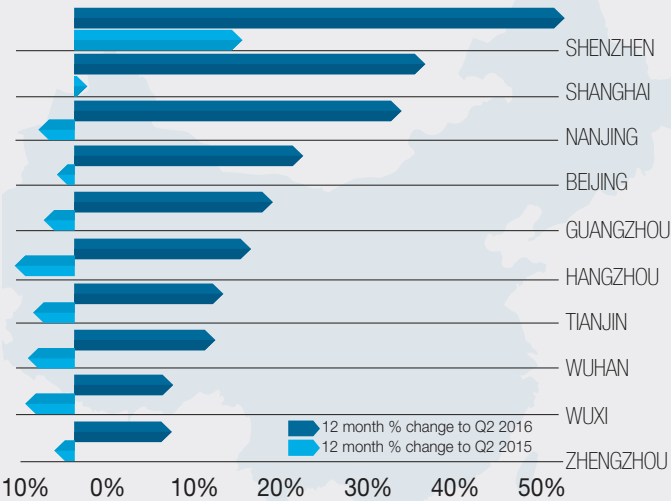
FIGURE 2
Global Residential Cities Index
Q2 2016



Annual change in house prices

- Over 20%
- 10% to 20%
- 5% to 10%
- 0% to 5%
- Below 0%

FIGURE 3
China on the rise
Annual price change, Q2 2015 vs. Q2 2016



Source: Knight Frank Research

Note: Where official data is published for multiple cities we have selected those cities with the highest GDP or included only those cities tracked by official source.

FIGURE 4
Europe's top ten urban housing markets
Annual price change to Q2 2016



Source: Knight Frank Research

Knight Frank Global Residential Cities Index, Q2 2016 Ranked by annual % change

Rank	City	12-month % change (Q2 2015-Q2 2016)	Rank	City	12-month % change (Q2 2015-Q2 2016)	Rank	City	12-month % change (Q2 2015-Q2 2016)
1	Shenzhen, CN	47.4%	51	Mumbai, IN	6.8%	101	Winnipeg, CA	1.7%
2	Shanghai, CN	33.8%	52	Reykjavik, IS	6.8%	102	Helsinki, FI	1.7%
3	Nanjing, CN	31.5%	53	Bogota, CO	6.7%	103	Shenyang, CN	1.4%
4	Budapest, HU	23.6%	54	Edinburgh, UK	6.6%	104	Ottawa Gatineau, CA	1.4%
5	Vancouver, CA	23.4%	55	Malaga, ES	6.5%	105	Jakarta, ID***	1.4%
6	Beijing, CN	22.3%	56	Vienna, AT	6.5%	106	Paris, FR	1.3%
7	Guangzhou, CN	19.4%	57	San Diego, US	6.5%	107	Lyon, FR	1.1%
8	Hangzhou, CN	17.4%	58	San Francisco, US	6.5%	108	St. Petersburg, RU	0.9%
9	Istanbul, TR	17.2%	59	Bratislava, SK	6.3%	109	Sao Paulo, BR	0.6%
10	Haifa, IL	16.3%	60	Riga, LV	6.2%	110	Montreal, CA	0.5%
11	Izmir, TR	16.2%	61	Canberra, AU	6.0%	111	Johannesburg, ZA	0.5%
12	Bristol, UK	15.3%	62	Turin, IT*	6.0%	112	Dalian, CN	0.4%
13	Amsterdam, NL	14.7%	63	Atlanta, US	5.9%	113	Florence, IT*	0.3%
14	Tianjin, CN	14.6%	64	Jinan, CN	5.9%	114	Ljubljana, SI	0.1%
15	Auckland, NZ	14.6%	65	Lisbon, PT	5.7%	115	Bologna, IT*	0.0%
16	London, UK	14.4%	66	Las Vegas, US	5.7%	116	Valencia, ES	-0.1%
17	Wuhan, CN	13.8%	67	Rotterdam, NL	5.6%	117	Milan, IT*	-0.1%
18	Hamilton, CA	13.8%	68	Göteborg, SE	5.5%	118	Skopje, MK	-0.5%
19	Oslo, NO	12.7%	69	Barcelona, ES	5.4%	119	Halifax, CA	-0.7%
20	Portland, US	12.6%	70	Los Angeles, US	5.3%	120	Tangshan, CN	-0.8%
21	Victoria, CA	12.5%	71	Minneapolis, US	5.2%	121	Limassol, CY	-0.8%
22	Toronto, CA	12.4%	72	Charlotte, US	5.1%	122	Trieste, IT*	-0.8%
23	Chennai, IN	12.1%	73	Detroit, US	5.1%	123	Kolkata, IN	-1.2%
24	Malmö, SE	11.6%	74	Phoenix, US	5.1%	124	Zagreb, HR	-1.2%
25	Seattle, US	11.1%	75	Tokyo, JP	4.9%	125	Quebec, CA	-1.5%
26	Durban, ZA	10.8%	76	Hobart, AU	4.9%	126	Kanpur, IN	-1.7%
27	Wellington, NZ	10.7%	77	Changsha, CN	4.9%	127	Larnaca, CY	-1.9%
28	Nottingham, UK	10.7%	78	Madrid, ES	4.8%	128	Napoli, IT*	-1.9%
29	Stockholm, SE	10.6%	79	Glasgow, UK	4.8%	129	Edmonton, CA	-1.9%
30	Tel Aviv, IL	10.4%	80	Porto, PT	4.8%	130	Rome, IT*	-2.2%
31	Ahmedabad, IN	10.3%	81	Boston, US	4.7%	131	Singapore, SG	-2.4%
32	Utrecht, NL	9.8%	82	Brisbane, AU	4.3%	132	Venice, IT*	-2.4%
33	Wuxi, CN	9.8%	83	Delhi, IN	4.1%	133	Calgary, CA	-2.4%
34	Santiago, CL	9.8%	84	Qingdao, CN	4.1%	134	Athens, GR	-2.4%
35	Birmingham, UK	9.6%	85	Copenhagen, DK	4.0%	135	Marseille, FR	-3.1%
36	Ankara, TR	9.6%	86	Bern, CH	3.7%	136	Jerusalem, IL	-3.1%
37	Zhengzhou, CN	9.4%	87	Chengdu, CN	3.6%	137	Nicosia, CY	-3.3%
38	Denver, US	9.3%	88	Sydney, AU	3.6%	138	Palermo, IT*	-3.6%
39	Dallas, US	9.0%	89	Adelaide, AU	3.5%	139	Rio de Janeiro, BR	-3.6%
40	Ningbo, CN	8.9%	90	Seoul, KR	3.5%	140	Thessaloniki, GR	-4.1%
41	Manchester, UK	8.5%	91	Chicago, US	3.4%	141	Perth, AU	-4.8%
42	Cape Town, ZA	8.4%	92	Chongqing, CN	3.3%	142	Genoa, IT*	-4.9%
43	Melbourne, AU	8.2%	93	Zurich, CH	2.9%	143	Kochi, IN	-5.5%
44	Lucknow, IN	8.1%	94	Cleveland, US	2.5%	144	Taipei City, TW	-5.8%
45	Tampa, US	8.0%	95	Dublin, IE	2.5%	145	Aberdeen, UK	-6.2%
46	Hague, NL	7.9%	96	Lille, FR	2.2%	146	Darwin, AU	-6.5%
47	Mexico City, MX	7.7%	97	Yantai, CN	2.1%	147	Sevilla, ES	-7.9%
48	Bengaluru, IN	7.2%	98	New York, US	2.1%	148	Hong Kong, HK**	-8.1%
49	Kuala Lumpur, MY	7.0%	99	Washington, US	2.0%	149	Jaipur, IN	-10.3%
50	Miami, US	7.0%	100	Tallinn, EE	2.0%	150	Moscow, RU	-11.2%

Source: Knight Frank Research *Asking prices **Provisional ***Metropolitan area

AT Austria, AU Australia, BR Brazil, CA Canada, CH Switzerland, CL Chile, CN China, CO Bogotá, CY Cyprus, CZ Czech Republic, DK Denmark, EE Estonia, ES Spain, FI Finland, FR France, GR Greece, HK Hong Kong, HR Croatia, HU Hungary, ID Jakarta, IE Ireland, IL Israel, IN India, IS Iceland, IT Italy, JP Japan, KR South Korea, LV Latvia, MK Macedonia, MX Mexico City, MY Malaysia, 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

All data corresponds to 12-month percentage change to Q2 2016 except: Ahmedabad (Q1 2016), Auckland (Q1 2016), Bengaluru (Q1 2016), Budapest (Q1 2016), Chennai (Q1 2016), Delhi (Q1 2016), Jaipur (Q1 2016), Kanpur (Q1 2016), Kochi (Q1 2016), Kolkata (Q1 2016), Kuala Lumpur (Q4 2015), Larnaca (Q1 2016), Lille (Q4 2015), Limassol (Q1 2016), Lucknow (Q1 2016), Ljubljana (Q1 2016), Lyon (Q4 2015), Marseille (Q1 2016), Mumbai (Q1 2016), Nicosia (Q1 2016), Santiago (Q3 2015), Vienna (Q1 2016), and Wellington (Q1 2016).



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