

BERLIN BUCKS GLOBAL TREND AS URBAN HOUSE PRICE GROWTH SLOWS

Unique in its assessment of house price performance across 150 of the world's cities, the latest results of our Global Residential Cities Index confirms the degree to which price growth moderated in 2017 says Kate Everett-Allen.

Results for Q4 2017

Average global prices increased by 4.5% in 2017, down from 7% a year earlier

Berlin led the annual rankings for 2017

Chinese cities registered a marked slowdown in 2017 averaging 1.6% growth

US cities averaged 6.3% growth in 2017, despite four rate rises since December 2016

Seville and Hong Kong stand out as the most improved markets in 2017



KATE EVERETT-ALLEN
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"In 2016, the 15 Chinese cities tracked by the index averaged 23% growth year-on-year. In 2017, the same 15 cities averaged 1.6% growth."

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In 2017 the index averaged growth of 4.5%, a year earlier this figure was closer to 7%.

With fiscal stimulus being withdrawn, capital controls in place in China, and the beginning of a shift towards the normalisation of monetary policy, annual price growth above 20% is now confined to only a few outliers.

At the end of 2016, 12 cities, most of them Chinese, registered price growth above 20%, a year later only one city falls into this category; Berlin.

Germany's capital leads the rankings with prices ending the year 21% higher. Strong population growth, a stable economy, record low unemployment and robust interest from overseas investors are together propelling prices higher.

As housing markets become more transparent and new official indices are published we review the composition of the index to optimise our city coverage. This quarter marks the inclusion of German cities for the first time.*

The slowdown in Chinese cities in 2017 had a marked influence on the index's overall performance. In 2016, the 15 Chinese cities tracked by the index averaged 23% growth year-on-year. In 2017, the same 15 cities

averaged 1.6% growth. Chongqing is now the frontrunner, with previous hot markets such as Shenzhen and Beijing slipping down the rankings.

Analysis on a country-by-country basis shows Iceland was home to the strongest-rising urban house prices and Peru the weakest in 2017.

When looking at the most improved markets in 2017, Seville and Hong Kong lead the way, with annual price growth shifting from -9.9% to 7.4% and from 4.3% to 14.8% respectively over the 12-month period (figure 3).

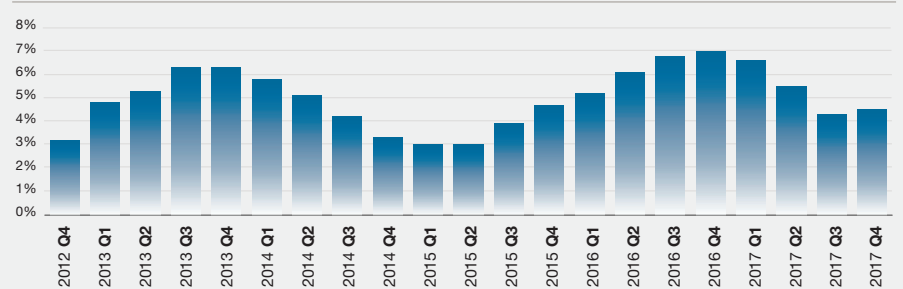
Despite four interest rate rises in the last 18 months house prices in US cities are accelerating. Across the 15 US cities tracked, prices rose 6.3% on average in 2017. Seattle and San Francisco are out in front, prices ended the year 12.7% and 9.3% higher respectively.

Vancouver rebounded from 21st to fourth place this quarter as supply shortages reignited price growth. The 15% foreign buyer tax has influenced luxury prices more than the mainstream market but with a raft of [new cooling measures](#) announced following February's Budget the city may yet see its rate of growth soften.

FIGURE 1

Global Residential Cities Index Q4 2017

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

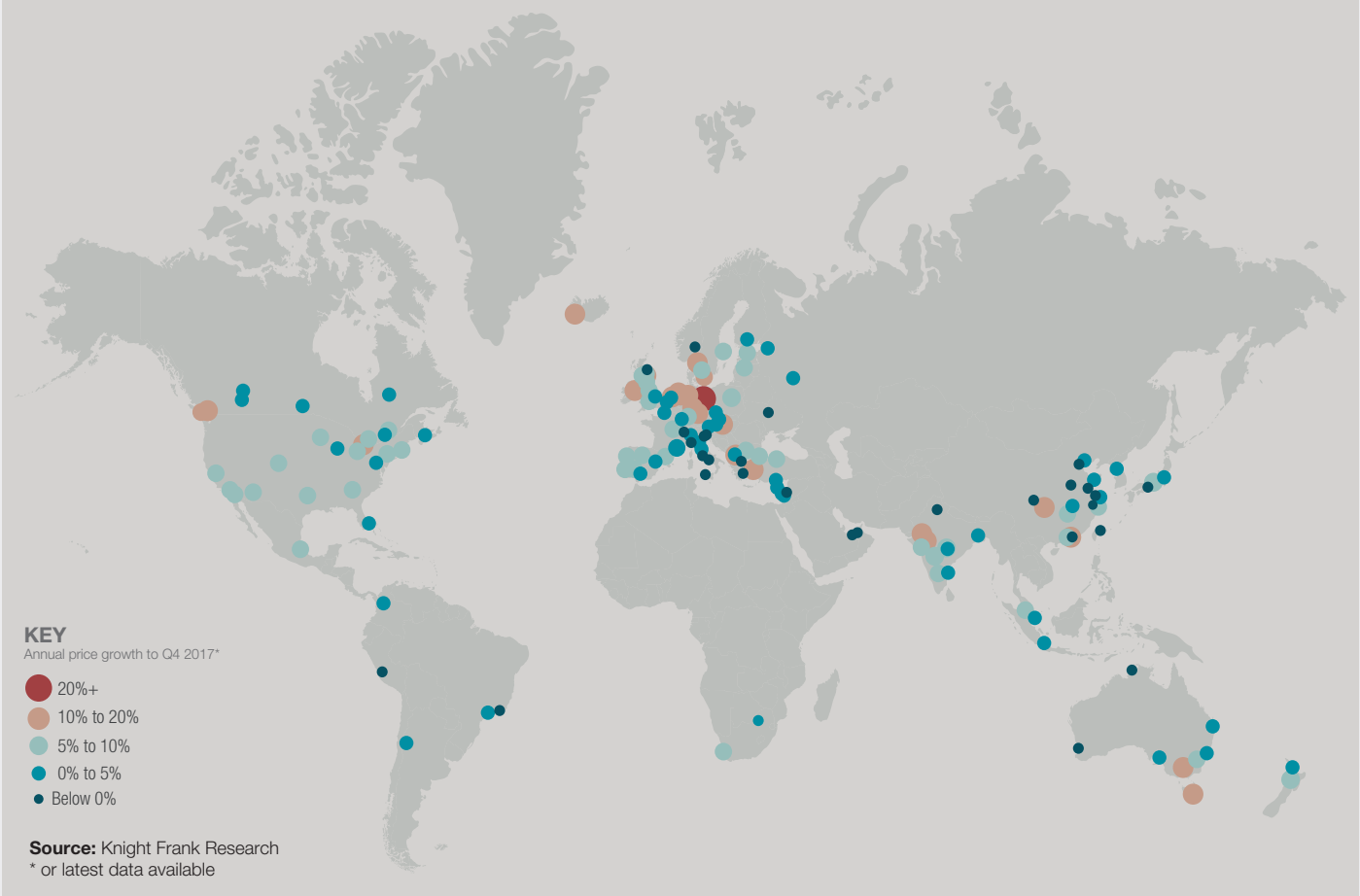
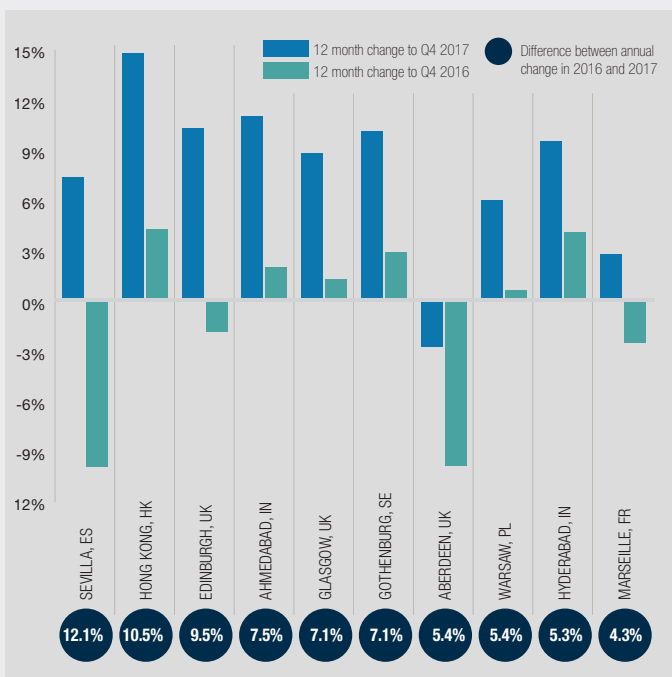
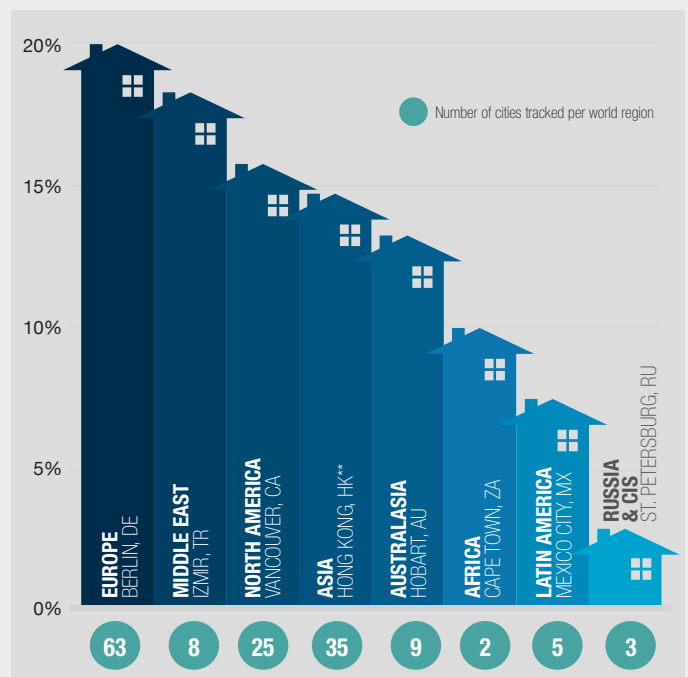


FIGURE 3
Top ten risers
 Cities registering largest rise in annual growth between Q4 2016 and Q4 2017



Source: See full source list on page 3

FIGURE 4
Best performer by world region
 Annual % change to Q4 2017



Source: See full source list on page 3

2 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 an official source.

Knight Frank Global Residential Cities Index, Q4 2017 Ranked by annual % change

Rank	City	12-month % change (Q4 2016-Q4 2017)	Rank	City	12-month % change (Q4 2016-Q4 2017)	Rank	City	12-month % change (Q4 2016-Q4 2017)
1	*New* Berlin, DE*	20.5%	51	Ankara, TR	6.5%	101	London, UK	2.0%
2	Izmir, TR	18.5%	52	Bristol, UK	6.4%	102	Florence, IT*	1.8%
3	Reykjavik, IS	16.6%	53	Manchester, UK	6.4%	103	Brussels, BE	1.7%
4	Vancouver, CA	16.0%	54	Copenhagen, DK	6.3%	104	Quebec, CA	1.6%
5	Hong Kong, HK**	14.8%	55	Changsha, CN	6.1%	105	Haifa, IL	1.5%
6	Budapest, HU	15.5%	56	*New* Warsaw, PL*	6.0%	106	Sao Paulo, BR*	1.4%
7	*New* Hamburg, DE*	14.1%	57	Bengaluru, IN	5.9%	107	St. Petersburg, RU	1.4%
8	*New* Munich, DE*	13.8%	58	Montreal, CA	5.8%	108	Nicosia, CY	1.3%
9	Rotterdam, NL	13.4%	59	Canberra, AU	5.7%	109	Santiago, CL	1.2%
10	*New* Frankfurt, DE*	13.4%	60	Phoenix, US	5.6%	110	Lille, FR	1.0%
11	Hobart, AU	13.1%	61	New York, US	5.6%	111	Singapore, SG	0.6%
12	Seattle, US	12.7%	62	Guangzhou, CN	5.5%	112	Wuhan, CN	0.6%
13	Amsterdam, NL	13.4%	63	Boston, US	5.5%	113	Calgary, CA	0.5%
14	Dublin, IE	11.7%	64	Atlanta, US	5.4%	114	Valencia, ES	0.4%
15	*New* Surat, IN	11.4%	65	Porto, PT	5.3%	115	Milan, IT*	0.3%
16	Utrecht, NL	11.4%	66	Minneapolis, US	5.2%	116	Vienna, AT	0.3%
17	Hamilton, CA	11.3%	67	Zurich, CH	5.2%	117	Edmonton, CA	0.2%
18	Ahmedabad, IN	11.0%	68	Kuala Lumpur, MY	5.1%	118	Shanghai, CN	0.2%
19	*New* Sofia, BG	11.3%	69	Ningbo, CN	5.0%	119	Moscow, RU	0.2%
20	Malmo, SE	10.8%	70	Stockholm, SE	5.0%	120	Tianjin, CN	0.2%
21	Melbourne, AU	10.2%	71	Tokyo, JP	4.9%	121	Kolkata, IN	0.0%
22	Edinburgh, UK	10.3%	72	Jerusalem, IL	4.9%	122	Athens, GR	-0.2%
23	Chongqing, CN	10.0%	73	Ottawa Gatineau, CA	4.8%	123	Beijing, CN	-0.2%
24	Gothenburg, SE	10.1%	74	Paris, FR	4.6%	124	Venice, IT*	-0.3%
25	*New* Hyderabad, IN	9.5%	75	Malaga, ES	4.6%	125	Thessaloniki, GR	-0.5%
26	Cape Town, ZA	9.4%	76	Zagreb, HR	4.4%	126	Chengdu, CN	-0.6%
27	San Francisco, US	9.3%	77	Ljubljana, SI	4.4%	127	Hangzhou, CN	-0.7%
28	Wellington, NZ	9.1%	78	Bern, CH	4.3%	128	Zhengzhou, CN	-0.7%
29	Toronto, CA	9.0%	79	Qingdao, CN	4.2%	129	Wuxi, CN	-1.1%
30	Madrid, ES	8.9%	80	Winnipeg, CA	4.0%	130	Taipei City, TW	-1.2%
31	Riga, LV	8.8%	81	Bratislava, SK	4.0%	131	Nanjing, CN	-1.3%
32	Glasgow, UK	8.8%	82	Jakarta, ID***	3.8%	132	Perth, AU	-1.7%
33	Barcelona, ES	8.2%	83	Sydney, AU	3.8%	133	Trieste, IT*	-1.7%
34	Tallinn, EE	8.2%	84	Seoul, KR	3.7%	134	Napoli, IT*	-1.7%
35	Mumbai, IN	8.1%	85	Halifax, CA	3.6%	135	Tel Aviv, IL	-2.4%
36	*New* Bucharest, RO	8.0%	86	Miami, US	3.6%	136	Rome, IT*	-2.7%
37	Lyon, FR	7.7%	87	Adelaide, AU	3.6%	137	Aberdeen, UK	-2.7%
38	Sevilla, ES	7.4%	88	Skopje, MK	3.5%	138	Shenzhen, CN	-2.9%
39	Denver, US	7.4%	89	Johannesburg, ZA	3.5%	139	Oslo, NO	-3.0%
40	San Diego, US	7.4%	90	*New* Nagpur, IN	3.1%	140	*New* Nagoya, JP	-3.5%
41	Los Angeles, US	7.4%	91	Chennai, IN	3.1%	141	Dubai, AE	-3.8%
42	Istanbul, TR	7.0%	92	Bogota, CO	3.0%	142	Rio de Janeiro, BR*	-4.4%
43	*New* Pune, IN	7.0%	93	Marseille, FR	2.8%	143	Palermo, IT*	-4.6%
44	Detroit, US	7.0%	94	Washington, US	2.8%	144	*New* Kiev, UA	-5.1%
45	Dallas, US	6.9%	95	Helsinki, FI	2.7%	145	Genoa, IT*	-6.2%
46	Birmingham, UK	6.9%	96	Bologna, IT*	2.7%	146	Darwin, AU	-6.3%
47	Lisbon, PT	6.9%	97	Limassol, CY	2.6%	147	Delhi, IN	-7.2%
48	Nottingham, UK	6.8%	98	Chicago, US	2.5%	148	Turin, IT*	-8.3%
49	*New* Osaka, JP	6.5%	99	Auckland, NZ	2.2%	149	Lima, PE	-8.4%
50	Mexico City, MX	6.5%	100	Brisbane, AU	2.1%	150	Abu Dhabi, AE	-9.1%

Notes: *Asking prices **Provisional ***Metropolitan area. All data corresponds to 12-month percentage change to Q4 2017 except: Brussels, Bucharest, Budapest, Kuala Lumpur, Lille, Limassol, Lyon, Marseille, Nicosia, Sofia, Zagreb which is to Q3 2017 and Santiago which is to Q2 2017. Data for United Kingdom as at 29th March 2018.

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