

The Prime Global Cities Index is a valuation-based index tracking the movement in prime residential prices across 45+ cities worldwide using data from our global research network. The index tracks nominal prices in local currency.



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Prime Global Cities Index

Q2 2021

HEADLINES

Toronto

THE CITY WITH THE FASTEST RISING PRIME PRICES IN THE YEAR TO Q2 2021

8.2%

THE INDEX'S ANNUAL INCREASE IN Q2 2021, ITS STRONGEST SINCE 2008

13

THE NUMBER OF CITIES REGISTERING DOUBLE-DIGIT ANNUAL PRICE GROWTH

16%

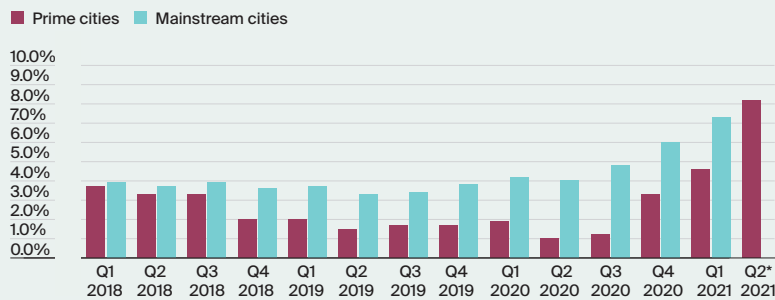
THE AVERAGE ANNUAL INCREASE IN PRIME PRICES ACROSS THE NORTH AMERICAN CITIES TRACKED

May 2016

THE LAST TIME PRICES IN PRIME CENTRAL LONDON RECORDED POSITIVE ANNUAL GROWTH

Prime prices outperform mainstream prices

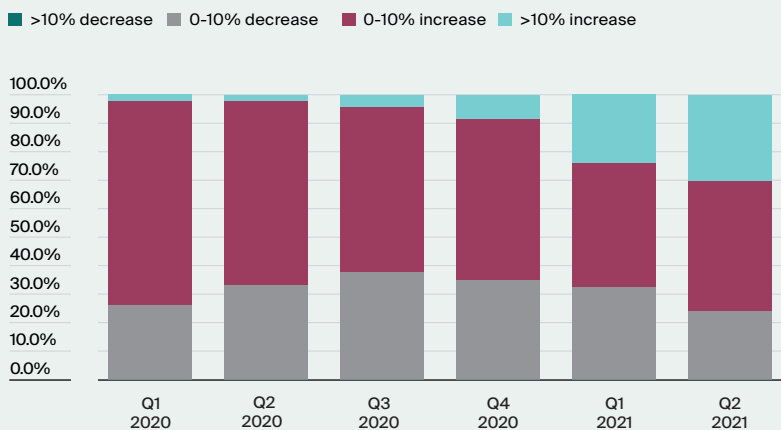
Annual % change



Source: Knight Frank Research
*Data for Q2 2021 unavailable

Top heavy

% of cities split by annual price growth



Source: Knight Frank Research

What's happened?

Until now, the pandemic-fuelled house prime boom was most evident in the mainstream market but the prime sector has now surged ahead.

Prime prices across 46 cities increased at an average rate of 8.2% in the year to June 2021, up from 4.6% in March.

By comparison, *mainstream prices* across 150 cities increased by 7.3% on average in the year to Q1 2021 (latest data available).

Toronto leads this quarter's results recording annual prime price growth of 27%, driven by strong buyer appetite and low inventory levels. Despite a recent raft of cooling measures, the next three rankings are occupied by key Asian cities - Shanghai (21%), Guangzhou (20%) and Seoul (20%). Miami (19%) completes the top five this quarter.

Interestingly, the proportion of cities registering prime price growth has increased only marginally to 76%, instead it's the scale of growth amongst the top-performing cities that is behind the index's acceleration.

Last quarter, the top-performing city recorded annual prime price growth of 19%, three months on four cities exceed this threshold.

Other hotspots include Canadian and US cities which, on average, registered annual price growth of 16% over the 12-month period.

What's driving prices higher?

Housing markets are undergoing the most unusual of recoveries. An easing of travel rules in some markets, a surge in safe haven purchases by domestic buyers, a flurry of activity ahead of the tapering of stamp duty holidays, and an overall reassessment of lifestyles and commuting patterns, all set against a backdrop of low interest rates.

Where next?

Talk of housing bubbles are grabbing headlines worldwide but we expect the prospect of rising interest rates, government intervention and the withdrawal of stimulus measures to rein in the market's exuberance in the second half of 2021.

Expect more cooling measures as policymakers grapple with the affordability conundrum. The Chinese mainland's long-debated national property tax now looks more likely.

We expect to see London, New York, Paris and Dubai move up the rankings in Q3 as travel restrictions ease and international buyers start to recognise the relative value in these cities.

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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Prime property definition: The most desirable and expensive property in a given location, generally defined as the top 5% of each market by value. Prime markets often have a significant international bias.

THE KNIGHT FRANK PRIME GLOBAL CITIES INDEX Q2 2021

Ranked by annual % change

	CITY	WORLD REGION	12-MONTH % CHANGE (Q2 2020-Q2 2021)	3-MONTH % CHANGE (Q1 2021-Q2 2021)
1	Toronto	North America	27.0%	15.5%
2	Shanghai	Asia	21.4%	5.5%
3	Guangzhou	Asia	19.8%	1.8%
4	Seoul	Asia	19.6%	4.2%
5	Miami ^{1 3}	North America	18.7%	8.6%
6	Moscow	Russia & CIS	17.6%	6.5%
7	Los Angeles ^{1 3}	North America	17.5%	6.8%
8	San Francisco ^{1 3}	North America	17.1%	9.5%
9	Vancouver	North America	16.6%	4.4%
10	Taipei	Asia	14.9%	3.0%
11	Stockholm	Europe	14.2%	2.5%
12	St. Petersburg	Russia & CIS	13.1%	0.6%
13	Manila	Asia	10.3%	1.5%
14	Geneva	Europe	9.9%	2.7%
15	Beijing	Asia	9.6%	3.8%
16	Edinburgh	Europe	8.8%	2.3%
17	Perth	Australasia	8.1%	6.2%
18	Zurich	Europe	7.8%	1.8%
19	Gold Coast	Australasia	7.5%	5.2%
20	Sydney	Australasia	6.5%	4.9%
21	Brisbane	Australasia	5.8%	2.3%
22	Shenzhen	Asia	5.4%	-7.1%
23	Frankfurt	Europe	5.3%	2.9%
24	Berlin	Europe	4.1%	2.3%
25	Hong Kong	Asia	4.0%	5.6%
26	Melbourne	Australasia	3.6%	2.2%
27	Tokyo ²	Asia	2.9%	0.0%
28	Auckland	Australasia	2.8%	2.7%
29	Lisbon	Europe	2.3%	-0.1%
30	Dublin	Europe	1.3%	0.4%
31	Vienna	Europe	0.8%	0.5%
32	London	Europe	0.7%	0.5%
33	Singapore	Asia	0.4%	0.6%
34	Bucharest	Europe	0.3%	0.0%
35	Nairobi	Africa	0.1%	1.0%
36	Madrid	Europe	-0.1%	1.2%
37	Delhi	Asia	-0.2%	0.0%
38	Jakarta	Asia	-0.2%	-0.2%
39	Monaco	Europe	-0.5%	-1.5%
40	Mumbai	Asia	-1.1%	-0.1%
41	Paris	Europe	-1.5%	1.1%
42	Kuala Lumpur	Asia	-2.1%	-0.1%
43	Bengaluru	Asia	-2.7%	0.0%
44	Dubai	Middle East	-3.6%	0.3%
45	New York	North America	-3.7%	1.1%
46	Bangkok	Asia	-6.4%	-5.5%

Notes: Data for New York relates to Manhattan; Data for Los Angeles, Miami, and San Francisco is to May 2021. Data for Dubai is to March 2021

¹ Based on top-tier of mainstream market in metro area ² Based on all contracts above Yen100m ³ Provisional

Source: All data comes from Knight Frank's global network with the exception of Tokyo (Ken Corporation); New York (StreetEasy); Los Angeles, Miami and San Francisco (S&P CoreLogic Case-Shiller); Berlin and Frankfurt (ZIEGERT Research/ ImmobilienScout 24); Stockholm (Svensk Maklarstatistik); Toronto (Real Estate Board of Toronto); Vancouver (Vancouver Real Estate Board); Zurich and Geneva (Wüest Partner); and Dubai (REIDIN)

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