

Global house prices reach new peak

The Knight Frank Global House Price Index, which tracks mainstream residential prices in 53 countries as well as Dubai and Hong Kong, has exceeded its pre-financial crisis high. Kate Everett-Allen looks at the latest results.

Results for Q3 2013

The Knight Frank Global House Price Index rose by 4.6% over the 12 months to the end of September

The index now stands 4% above its previous peak in Q2 2008

Dubai, China and Hong Kong recorded the largest annual rise in mainstream prices, increasing by 28.5%, 21.6% and 16.1% respectively

The performance of a number of emerging markets – **Taiwan, Indonesia, Turkey and Brazil** – has bolstered the index this quarter

Ireland's rebound: the country recorded the fifth highest rise in prices in the three months to September

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KATE EVERETT-ALLEN
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"Over 69% of countries tracked by the index recorded positive price growth in the year to September."

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The index now stands 4% above its previous peak in Q2 2008 and 12.7% above its financial crisis low in Q2 2009.

Prices rose on average by 1.5% in the third quarter taking annual price growth to 4.6%. The rise suggests that the world's housing markets are gaining traction.

Over 69% of the countries tracked by the index recorded positive price growth in the year to September, two years earlier this figure was closer to 55% (figure 2).

The index's strong performance has been assisted not just by headline grabbing price rises in Dubai, China and Hong Kong, but also in a number of emerging markets. Taiwan, Indonesia, Turkey and Brazil recorded price growth of 15.4%, 13.5%, 12.5% and 11.9% respectively in the year to September.

While Dubai's rebound has been impressive, so too has Ireland's. In the latest results Ireland ranks fifth in terms of quarterly price growth, with prices rising 4% on average over the three month period.

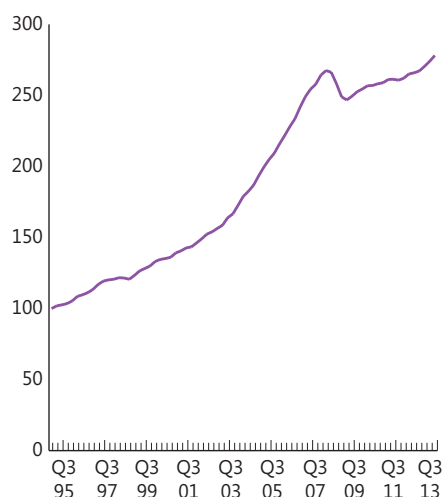
Less than two years ago prices were falling at a rate of 5.4% each quarter.

During the global financial crisis Asian housing markets largely compensated for the weakness of Europe and the US. With the UK and US housing markets now picking up, the Eurozone debt crisis receding (at least for the moment) and prices in many key Asian markets still recording double digit annual price growth, the index is experiencing a strong surge.

That said, there remain a number of struggling housing markets. There are still 17 countries where house prices fell in the year to September; all except three were located in Europe. Only Japan, South Korea and New Zealand interrupt Europe's dominance at the foot of the table.

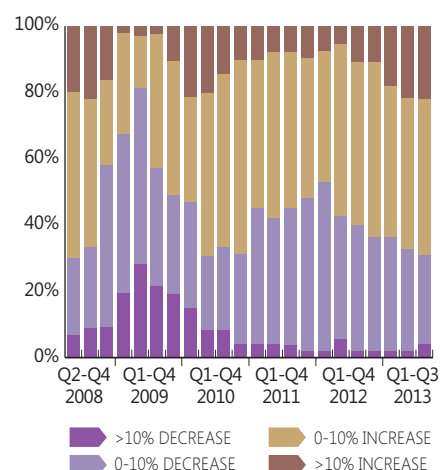
Risks to the world's housing markets are numerous – from geo-political concerns to slowing growth rates in key emerging markets – but perhaps the most significant at present is a reduction in policy stimulus by the US Federal Reserve.

FIGURE 1
Global House Price Index, 1995-Q3 2013
 100 = Q1 1995



Source: Knight Frank Residential Research

FIGURE 2
Global shift
 Proportion of countries by annual price change



Source: Knight Frank Residential Research

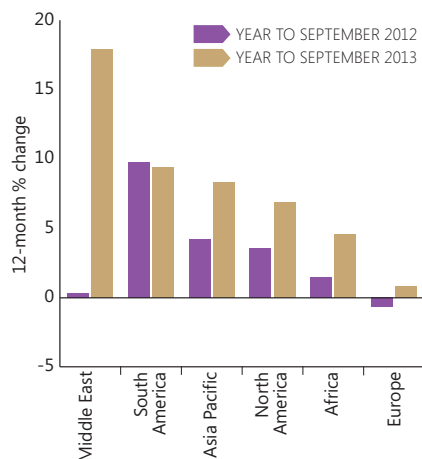
RESIDENTIAL RESEARCH GLOBAL HOUSE PRICE INDEX



FIGURE 3

Regional analysis

Unweighted average annual price change by world region



Source: Knight Frank Residential Research

Knight Frank Global House Price Index

Rank	Country	12-month % change (Q3 2012-Q3 2013)	6-month % change (Q1 2013-Q3 2013)	3-month % change (Q2 2013-Q3 2013)	Latest data if not Q3 2013
1	Dubai, UAE	28.5%	11.8%	4.5%	
2	China ¹	21.6%	9.7%	5.5%	
3	Hong Kong ²	16.1%	3.4%	1.8%	
4	Taiwan	15.4%	11.9%	7.4%	Q2
5	Indonesia	13.5%	4.5%	2.3%	
6	Turkey	12.5%	7.7%	3.8%	Q2
7	Brazil ³	11.9%	6.1%	3.0%	
8	Colombia	11.8%	5.9%	2.7%	Q2
9	Germany	11.2%	9.8%	4.9%	
10	United States	11.2%	10.5%	3.2%	
11	Ukraine	10.9%	4.0%	2.3%	Q1
12	Malaysia ²	10.2%	5.1%	1.3%	
13	South Africa	8.6%	3.1%	1.4%	
14	Estonia	8.4%	4.5%	-0.6%	
15	Australia	7.6%	4.6%	1.9%	
16	Denmark	7.4%	4.8%	3.3%	Q2
17	Israel	7.4%	2.2%	2.4%	
18	Iceland	6.0%	5.2%	1.8%	
19	India	5.9%	-0.1%	-1.7%	Q2
20	Russia	5.2%	2.4%	1.3%	
21	Austria	5.0%	3.5%	1.6%	Q2
22	Luxembourg	4.9%	4.5%	1.2%	Q2
23	Singapore ⁴	4.6%	2.0%	0.6%	
24	Mexico	4.4%	3.2%	0.9%	
25	United Kingdom	4.3%	4.8%	2.2%	
26	Ireland	3.6%	6.4%	4.0%	
27	Switzerland	3.2%	1.2%	0.8%	
28	Sweden	3.2%	3.2%	1.6%	
29	Norway	2.9%	0.8%	-1.8%	
30	Canada	2.7%	3.8%	1.4%	
31	Belgium	2.2%	0.3%	-0.1%	Q2
32	Latvia	2.0%	1.8%	0.8%	
33	Lithuania	1.3%	5.3%	0.0%	Q2
34	Czech Republic	1.2%	1.0%	0.7%	
35	Malta	1.1%	0.0%	-1.5%	Q2
36	Finland	1.1%	1.1%	-0.2%	
37	Morocco	0.5%	-0.3%	0.7%	Q1
38	Jersey	0.3%	-0.5%	3.4%	
39	Romania	-0.2%	4.3%	0.0%	Q2
40	Slovenia	-0.3%	4.5%	0.1%	Q2
41	South Korea	-0.7%	0.4%	0.1%	
42	Poland	-0.9%	-0.3%	0.8%	Q2
43	France	-1.1%	-0.3%	0.7%	Q2
44	New Zealand	-1.1%	-0.3%	0.7%	Q2
45	Portugal	-1.5%	3.4%	0.0%	
46	Slovakia	-1.6%	-1.6%	-0.8%	
47	Bulgaria	-1.8%	-0.2%	-0.1%	
48	Japan	-2.2%	-1.0%	-0.5%	Q1
49	Netherlands	-4.5%	-1.6%	0.4%	
50	Italy	-5.1%	-3.1%	-1.6%	Q2
51	Hungary	-5.6%	-3.0%	-2.2%	Q4
52	Cyprus	-5.9%	-4.1%	-2.5%	Q2
53	Greece	-9.1%	-3.3%	-1.0%	
54	Spain	-12.0%	-7.3%	-0.8%	Q2
55	Croatia	-19.7%	-13.7%	-6.5%	Q2

¹ Based on Beijing & Shanghai ² Provisional data ³ Asking prices ⁴ Island-wide price index for non-landed properties

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DATA DIGEST

The Knight Frank Global House Price Index

established in 2006 is the definitive means for investors and developers to monitor and compare the performance of mainstream residential markets across the world. The index is compiled on a quarterly basis using official government statistics or central bank data where available.

Notes to Editors

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