

Prime Global Cities Index

2024 Q2

The Prime Global Cities Index (PGCI) is a valuation-based index, tracking the movement of prime residential prices across 44 cities worldwide using data from our global research network. The index tracks nominal prices in local currencies.

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Global house price growth slows

- Across our basket of 44 cities, annual price growth has slowed from the 4.1% seen in Q1 to 2.6% in Q2. The latest growth rate is well below the long-term average of 5.3%, reflecting the need for lower rates before growth can restart in earnest.

The slowing in price growth in our latest results – with prices up only 2.6% in the 12 months to the end of June, compared to the 4.2% growth seen in the 12 months to the end of March (Figure 2) – points to the limits of affordability being reached in many markets.

Global housing markets experienced a sharp decline in growth in late 2022 and early 2023, as rising interest rates increased mortgage costs. With earnings growth outperforming house prices and as the supply of stock for sale in most prime markets lagged demand, prices began to tick up again from mid 2023. The slowdown in growth this quarter suggests that further stimulus from lower interest rates is necessary before prices can climb again (Figure 1).

2.6%

average annual growth in prices across our 44 city basket

Stockholm

the most improved market for annual growth in Q2

124%

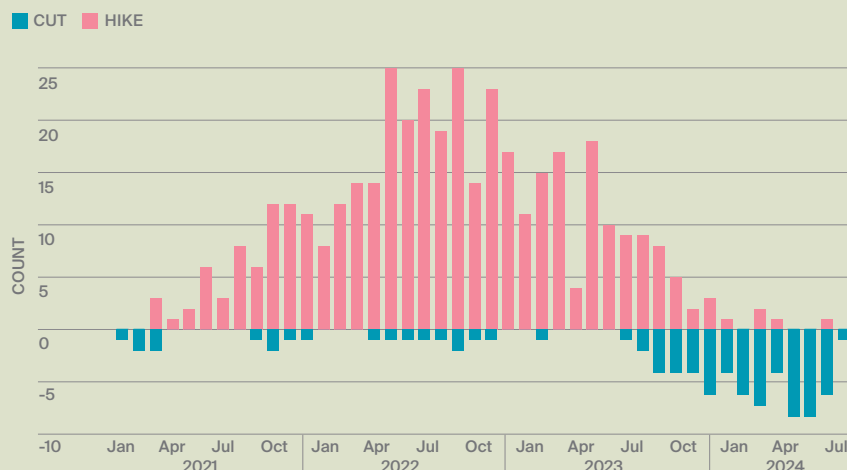
price growth in Dubai Q1 2020 to Q2 2024

75%

of markets are seeing positive annual price growth

Fig 1: Rate cuts outpace hikes

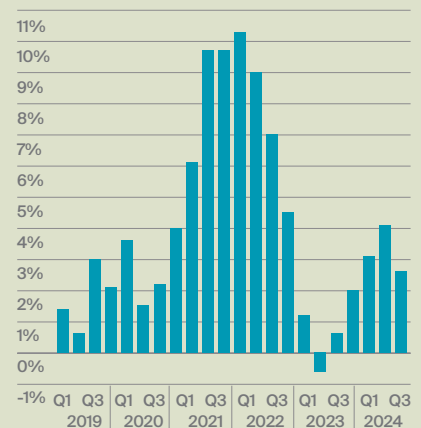
Global central bank policy rates, monthly hikes vs cuts



Source: Macrobond Note: Monthly results from 37 global central banks

Fig 2: Global growth on pause

Prime global cities house prices, annual % change



Source: Knight Frank Prime Global Cities Index

More markets are experiencing price declines. The number of markets with annual price falls has increased from 18% in Q4 2023 to 25% in Q2 of this year. However, a greater impact on the overall average growth may be the slowdown in the number of markets with high growth rates. In Q1, 32% of markets saw annual prices rise by more than 5%; fast forward to Q2, and this figure has slumped to 13%. The rapid slowing in some key markets has undoubtedly weighed on average market growth. Madrid's annual growth fell from 17.2% in Q1 to 6.4% this quarter. More dramatically, Dubai slowed from 15.9% growth to a decline of 0.3% over the same period (Figure 4).

After a 124% rise since the beginning of 2020, Dubai can justify a pause for breath (Figure 5). Interestingly, Miami, another significant COVID-era riser with a 77% increase since early 2020, is climbing back up our ranking, with prices up nearly 8% over the past 12-month period.

In terms of market acceleration, Europe, which has recently lagged behind other world regions in price growth (Figure 6), is strengthening. Six of the ten fastest-improving markets are in Europe (Figure 3). Stockholm leads our measure of 'most improved.' While prices are still down 2.6% on the year, this is a marked improvement from the -6% recorded last quarter.

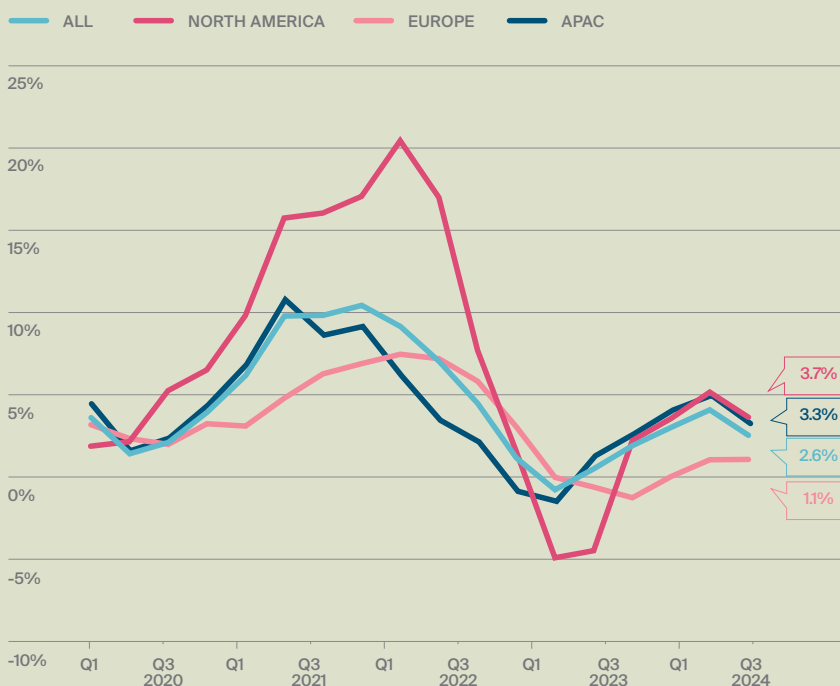
Aside from Madrid and Dubai, markets in New Zealand are collectively experiencing a slowdown in growth, with Christchurch, Wellington, and Auckland all making it onto our table of slowing markets.

“The slowing in price growth this quarter across global prime markets reflects the fact that, without further stimulus from rate cuts, the bounce in market pricing we have seen over the past few quarters is running out of steam. The biggest influence on future price growth lies in the hands of central banks and their confidence to cut rates further over the next 12 months.”

Liam Bailey, Knight Frank's global head of research

Fig 6: North American leads... Europe lags

PGCI Annual prime house price change %



Source: Knight Frank Prime Global Cities Index

Fig 3: Accelerating markets

Annual growth this quarter vs last quarter (1 = biggest improvement)

	Q2 2024 %	Q1 2024 %	% change
1 SE Stockholm	-2.6	-6.1	3.4
2 PT Lisbon	4.7	1.8	3.0
3 US San Francisco	4.5	1.9	2.6
4 IE Dublin	4.5	2.1	2.4
5 KE Nairobi	6.6	4.6	2.0
6 US New York	-0.5	-2.1	1.6
7 IN Mumbai	13.0	11.5	1.5
8 DE Frankfurt	-3.1	-4.3	1.2
9 DE Berlin	-0.9	-2.0	1.1
10 CH Geneva	1.0	0.0	1.0

Source: Knight Frank Prime Global Cities Index

Fig 4: Slowing markets

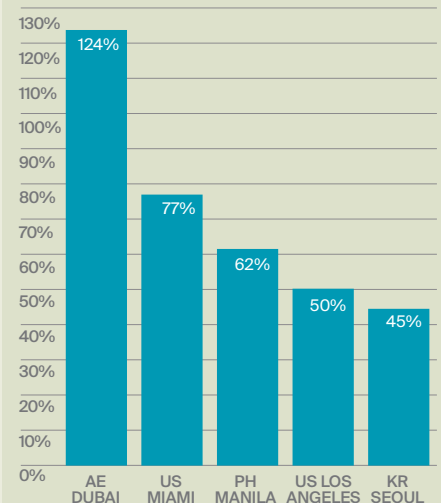
Annual growth this quarter vs last quarter (10 = biggest slowdown)

	Q2 2024 %	Q1 2024 %	% change
1 CA Vancouver	4.0	6.5	-2.5
2 NZ Christchurch	3.7	6.6	-2.9
3 NZ Wellington	-5.9	-2.6	-3.3
4 TH Bangkok	-3.9	-0.4	-3.5
5 NZ Auckland	1.8	5.7	-3.9
6 KR Seoul	4.6	9.6	-5.1
7 CA Toronto	0.8	6.0	-5.2
8 JP Tokyo	2.1	12.5	-10.4
9 ES Madrid	6.4	17.2	-10.8
10 AE Dubai	-0.3	15.9	-16.2

Source: Knight Frank Prime Global Cities Index

Fig 5: Covid-era growth

Top five markets for aggregate house price growth Q1 2020 to Q2 2024



Source: Knight Frank Prime Global Cities Index

The Knight Frank Prime Global Cities Index Q2 2024

Ranked by annual % change

Rank/City		12-month % change	3-month % change
1	PH Manila	26.0	16.4
2	IN Mumbai	13.0	2.5
3	IN Delhi	10.6	0.1
4	US Los Angeles	8.9	3.5
5	US Miami	7.1	1.8
6	KE Nairobi	6.6	2.0
7	ES Madrid	6.4	1.3
8	PT Lisbon	4.7	3.1
9	KR Seoul	4.6	5.0
10	US San Francisco	4.5	4.7
11	IE Dublin	4.5	2.3
12	SG Singapore	4.4	-0.2
13	CA Vancouver	4.0	4.1
14	AU Perth	3.7	1.5
15	IN Bengaluru	3.7	-0.1
16	NZ Christchurch	3.7	-2.8
17	CH Zurich	3.3	0.6
18	AU Sydney	3.1	0.9
19	CN Shenzhen	2.9	-0.4
20	AU Brisbane	2.4	-0.7
21	MC Monaco	2.1	0.3
22	JP Tokyo	2.1	7.2
23	RO Bucharest	1.8	0.7
24	NZ Auckland	1.8	-3.4
25	CN Guangzhou	1.8	-0.8
26	FR Paris	1.5	-0.1
27	CN Beijing	1.4	-2.8
28	CH Geneva	1.0	1.0
29	TW Taipei	0.8	-0.4
30	CA Toronto	0.8	3.5
31	AU Melbourne	0.6	-0.2
32	ID Jakarta	0.1	0.2
33	MY Kuala Lumpur	-0.0	0.1
34	CN Shanghai	-0.1	-1.4
35	AE Dubai	-0.3	-8.4
36	US New York	-0.5	-0.1
37	DE Berlin	-0.9	1.0
38	UK London	-2.4	-0.3
39	HK Hong Kong	-2.5	-
40	SE Stockholm	-2.6	-1.5
41	DE Frankfurt	-3.1	0.2
42	AT Vienna	-3.2	0.9
43	TH Bangkok	-3.9	-1.6
44	NZ Wellington	-5.9	-6.3

Source: Knight Frank, Macrobond

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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