

NORTH AMERICA AND AUSTRALIA BOOST PRIME RESIDENTIAL PRICE INDEX

Our Prime Global Cities Index which tracks the performance of luxury residential prices continues to outperform our mainstream market equivalent. However, it's a mixed picture with previous strong performers such as London slipping back whilst cities such as San Francisco, Vancouver and Sydney climb the rankings. Kate Everett-Allen examines the latest luxury market trends.

Results for Q1 2015

The index increased by 3.9% in the year to March 2015

North American cities occupy three of the top four rankings for annual price growth

Luxury properties are, on average, 46% more expensive than in Q2 2009 when the index hit its financial crisis low

European luxury homes have, on average, been the weakest performers globally over the last year

In Moscow luxury prices increased by 0.6% (in Roubles) but fell by 38% (in US dollars) year-on-year



KATE EVERETT-ALLEN
Partner, Residential Research

"If we were to omit cities in North America and Australia, the index would have recorded growth of 2.3% instead of 3.9% in the year to March 2015."

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North American cities lead the way with San Francisco, Miami and Vancouver recording annual growth of 14.3%, 12.2% and 11.8% respectively.

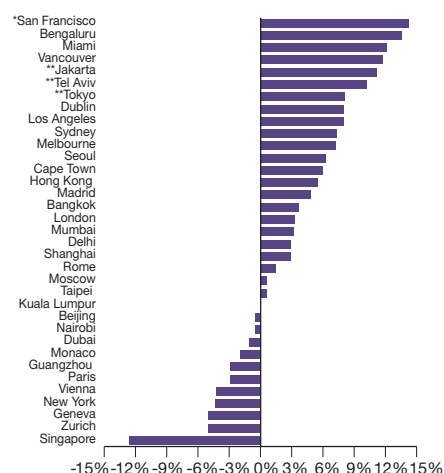
The disparity across the world regions however is stark (figure 2). On average, prime prices in North America and Australia increased by 8.4% and 7.3% respectively in the year to March, whilst Europe's cities saw prices slip by 0.2% on average.

If we were to omit cities in North America and Australia, the index would have recorded growth of 2.3% instead of 3.9% in the year to March 2015.

This quarter we publish new data for the cities of Melbourne, Taipei and Guangzhou, taking the index's coverage to 35 cities.

The index has climbed 46% since its financial crisis low in the second quarter of 2009. Eight cities, including London, Dubai and Hong Kong have outperformed the index over the same period.

FIGURE 1
Prime price performance by city
Annual % change to Q1 2015



Source: See main table on page 2
* Data to Q3 2014 ** Data to Q4 2014

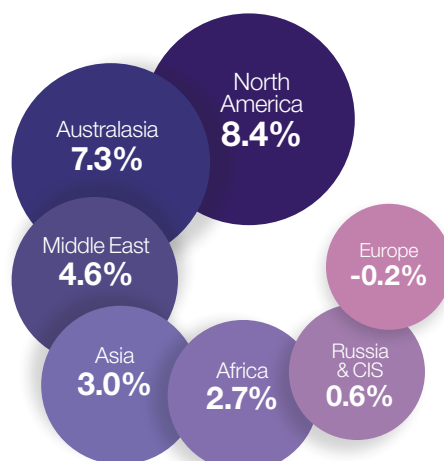
With the UK General Election imminent, slowing price growth in prime central London (0.2% quarterly growth) is a reflection of the 'wait-and-see' attitude now being adopted by vendors and buyers alike.

Despite its cooling measures, Hong Kong saw an upturn in annual price growth as tighter mortgage restrictions targeted properties below HK\$7m, shifting the focus of some investors from mainstream to luxury residential properties.

In Moscow, although luxury prices are up 0.6% in local currency terms, it is worth highlighting that a large proportion of Russian wealth is held in US dollars and on this basis, due to the weak Rouble, luxury prices have plummeted 38% year-on-year.

The ongoing tussle between globalisation (wealth creation, improved connectivity) on the one hand and protectionism (foreign buyer restrictions, capital controls etc) on the other is set to dominate purchase decisions for luxury buyers and hence market performance going forward, as explored in this year's Wealth Report.

FIGURE 2
Regional disparities
Average annual % change by world region, to Q1 2015



Source: See main table on page 2

DATA DIGEST

The Knight Frank Prime Global Cities Index enables investors and developers to monitor and compare the performance of prime residential prices across key global cities. Prime property corresponds to the top 5% of the wider housing market in each city. The index is compiled on a quarterly basis using data from Knight Frank's network of global offices and research teams.

Knight Frank Prime Global Cities Index, Q1 2015

Rank	City	World Region	12-month % change (Mar 14-Mar 15)	6-month % change (Sep 14-Mar 15)	3-month % change (Dec 14-Mar 15)	Latest data if not Q1 2015
1	San Francisco	North America	14.3%	8.6%	3.8%	Q3
2	Bengaluru	Asia	13.6%	6.7%	3.2%	
3	Miami	North America	12.2%	22.4%	2.0%	
4	Vancouver	North America	11.8%	9.0%	6.2%	
5	Jakarta	Asia	11.2%	8.5%	4.1%	Q4
6	Tel Aviv	Middle East	10.2%	4.6%	5.2%	Q4
7	Tokyo ¹	Asia	8.1%	6.9%	-2.1%	Q4
8	Dublin	Europe	8.0%	4.3%	0.6%	
9	Los Angeles	North America	8.0%	-13.7%	-11.6%	
10	Sydney	Australasia	7.4%	3.7%	1.8%	
11	Melbourne	Australasia	7.2%	2.7%	0.5%	
12	Seoul	Asia	6.3%	1.4%	1.2%	
13	Cape Town	Africa	6.0%	-1.3%	-4.0%	
14	Hong Kong	Asia	5.5%	4.0%	0.9%	
15	Madrid	Europe	4.9%	2.3%	1.9%	
16	Bangkok	Asia	3.7%	2.7%	0.1%	
17	London	Europe	3.3%	-0.1%	0.2%	
18	Mumbai	Asia	3.2%	1.7%	0.3%	
19	Delhi	Asia	2.9%	1.7%	2.0%	
20	Shanghai	Asia	2.9%	3.6%	3.7%	
21	Rome	Europe	1.5%	0.0%	0.0%	
22	Moscow ²	Russia & CIS	0.6%	-5.5%	-3.6%	
23	Taipei	Asia	0.6%	0.0%	0.0%	
24	Kuala Lumpur	Asia	0.0%	-0.7%	-0.5%	
25	Beijing	Asia	-0.5%	0.2%	0.6%	
26	Nairobi	Africa	-0.5%	0.3%	-1.0%	
27	Dubai	Middle East	-1.1%	-1.9%	-0.8%	
28	Monaco	Europe	-2.0%	-5.4%	0.0%	
29	Guangzhou	Asia	-2.9%	-1.8%	0.1%	
30	Paris	Europe	-2.9%	-4.0%	0.6%	
31	Vienna ³	Europe	-4.3%	-5.8%	-0.8%	
32	New York ⁴	North America	-4.4%	-1.1%	-5.8%	
33	Geneva	Europe	-5.0%	-1.8%	-3.4%	
34	Zurich	Europe	-5.0%	-2.7%	2.9%	
35	Singapore	Asia	-12.6%	-7.3%	-3.7%	

Source: Knight Frank Residential Research, Douglas Elliman/Miller Samuel, Ken Corporation

Notes: Price change calculated in local currency

¹ Tokyo data is based on all contracts above Yen 100m ² In USD terms Moscow prime residential prices recorded a 38% fall in the year to Q1 2015 ³ Provisional ⁴ New York data is based on the average price per sq ft for Luxury Coops and Condos in Manhattan

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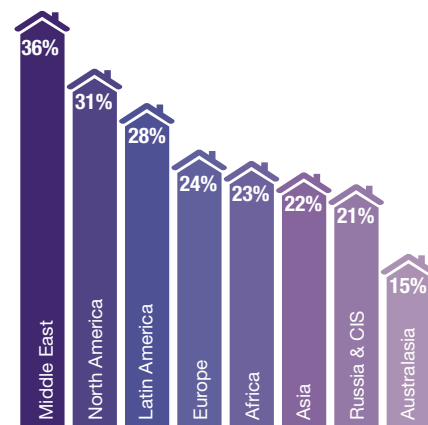
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FIGURE 3

UHNWIs: What percentage are planning to purchase another home in the next 12 months?

%



Source: The Wealth Report 2015



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