Across the 55 countries tracked by our index, house prices rose by 5.6% on average (weighted by PPP) in the year to June 2017, down from 6.5% recorded last quarter.

Iceland and Hong Kong continue to lead the rankings; both have seen their annual rate of price growth accelerate over the last three months, in Iceland’s case from 17.8% to 23.2% and for Hong Kong, from 14.4% to 21.1%.

Home to a population of 344,000 and with only 130,000 dwellings, Iceland attracted more than 1.7 million foreign visitors in 2016. Such demand for accommodation led to a new law being introduced in January which requires those renting their homes for longer than 90 days — or generating a rental income of more than IKr1m (US$9,500) per year — to obtain a special business licence.

Hong Kong’s stellar performance is perhaps counterintuitive given there have been three interest rate rises in the last year but strong demand and limited supply are behind its strengthening prices. Local buyers in Hong Kong, along with mainland Chinese investors, are keen to hedge against the yuan’s depreciation.

Hong Kong remains Asia’s strongest-performing market over a 12-month period but analysis over five years puts India out in front, recording average price growth of 70% compared to Hong Kong’s comparable figure of 65% (figure 4).

New Zealand and Canada, two countries whose housing markets have moved in tandem for the last few years, are now moving in opposite directions. New Zealand slipped from third position in the rankings to tenth.

Five of the top 10 rankings are occupied by European countries this quarter.

China’s average price growth dipped marginally to 9.6% in the 12 months to June 2017 compared to Hong Kong’s comparable figure of 65% (figure 4).

New Zealand and Canada, two countries whose housing markets have moved in tandem for the last few years, are now moving in opposite directions. New Zealand slipped from third position in the rankings to tenth.

China’s average price growth dipped marginally to 9.6% in the 12 months to June. Reports suggest developers are raising their sales targets for 2017, undeterred by policymakers’ efforts to rein in speculative demand and control price inflation via a series of cooling measures.

The world’s other heavyweight in housing market terms, the US, saw average prices climb 5.8% over the 12-month period. Economic fundamentals remain firm – unemployment is down and wages are rising – yet the number of homes for sale have declined for the past four years, indicating a tighter housing market.

Although five of the top ten rankings are occupied by European countries (Iceland, Malta, Czech Republic, Estonia and Hungary) closer analysis shows slower performance overall. In Q1 2017, 20 European countries saw their overall market’s direction improve when compared with the previous quarter, in Q2 2017 only nine fell into this bracket.

“Hong Kong’s stellar performance is perhaps counterintuitive given three rate rises in the last year but strong demand and limited supply are behind its strengthening prices.”

Follow Kate at @keverettkf

For the latest news, views and analysis on the world of prime property, visit Global Briefing or @kfglobalbrief
GLOBAL HOUSE PRICE INDEX Q2 2017

FIGURE 2
Global House Price Index
Tracking mainstream residential prices across 55 countries

FIGURE 3
Shift in house prices
Proportion of countries recording positive annual price change

FIGURE 4
Asia Pacific 5-year focus: India on top
% change, Q2 2012-Q2 2017*

Source: Knight Frank Research
* or latest data available
## Knight Frank Global House Price Index, Q2 2017

**Rank** | **Country** | **12-month % change** (Q2 2016-Q2 2017) | **6-month % change** (Q4 2016-Q2 2017) | **3-month % change** (Q1 2017-Q2 2017) | **Market direction**
---|---|---|---|---|---
1 | Iceland | 23.2% | 11.6% | 6.5% | 📞
2 | Hong Kong* | 21.1% | 8.9% | 5.8% | 📞
3 | Malta** | 14.6% | 1.9% | 0.6% | 📞
4 | Canada | 14.2% | 8.6% | 6.1% | 📞
5 | Czech Republic** | 12.7% | 7.8% | 2.9% | 📞
6 | Turkey | 12.7% | 6.7% | 3.1% | 📞
7 | Estonia | 10.7% | 0.0% | 0.5% | 📞
8 | Hungary | 10.5% | 9.2% | 2.9% | 📞
9 | India | 10.5% | 3.1% | 0.8% | 📞
10 | New Zealand | 10.4% | 0.6% | 0.3% | 📞
11 | Australia | 10.2% | 6.4% | 2.2% | 📞
12 | China | 9.6% | 3.4% | 2.1% | 📞
13 | Ireland | 9.6% | 3.8% | 1.3% | 📞
14 | Latvia | 9.5% | 6.4% | 3.3% | 📞
15 | Sweden** | 9.4% | 5.5% | 3.2% | 📞
16 | Bulgaria | 8.8% | 4.2% | 1.8% | 📞
17 | Romania | 8.0% | 2.9% | 0.6% | 📞
18 | Netherlands | 7.9% | 4.3% | 1.8% | 📞
19 | Colombia | 7.8% | 3.2% | 1.9% | 📞
20 | Slovakia | 7.1% | 5.0% | 2.8% | 📞
21 | Norway | 6.9% | 4.9% | 1.1% | 📞
22 | Mexico | 6.9% | 4.3% | 3.8% | 📞
23 | Germany | 6.5% | 2.3% | 2.5% | 📞
24 | Slovenia | 6.4% | 3.2% | 2.2% | 📞
25 | United States | 5.8% | 4.3% | 3.1% | 📞
26 | South Africa | 5.6% | 2.2% | 2.2% | 📞
27 | Russia | 5.5% | 6.1% | 0.9% | 📞
28 | Malaysia | 5.3% | 1.3% | 0.8% | 📞
29 | Lithuania | 5.2% | -3.0% | -3.7% | 📞
30 | Israel | 4.7% | 0.7% | 1.3% | 📞
31 | Portugal | 4.4% | 1.1% | 0.5% | 📞
32 | Indonesia | 3.2% | 2.4% | 1.2% | 📞
33 | France | 2.9% | 0.3% | -1.0% | 📞
34 | United Kingdom | 2.8% | 0.4% | -0.1% | 📞
35 | Belgium | 2.6% | 1.5% | 1.2% | 📞
36 | Denmark | 2.4% | 0.0% | 0.5% | 📞
37 | Luxembourg | 2.3% | 0.3% | -0.6% | 📞
38 | Austria | 2.3% | 1.6% | 1.2% | 📞
39 | Spain | 2.2% | 1.7% | 0.9% | 📞
40 | Switzerland | 2.2% | 1.1% | 0.1% | 📞
41 | Chile | 2.2% | 3.1% | 0.8% | 📞
42 | Jersey | 1.9% | -0.4% | 2.1% | 📞
43 | South Korea | 1.8% | 0.3% | 0.3% | 📞
44 | Taiwan | 1.2% | 3.4% | 0.8% | 📞
45 | Croatia | 0.8% | 3.2% | 1.8% | 📞
46 | Brazil | 0.2% | -0.3% | -0.4% | 📞
47 | Cyprus | 0.2% | 0.6% | 0.3% | 📞
48 | Italy | 0.1% | 0.7% | 1.3% | 📞
49 | Finland | 0.0% | -1.8% | 0.5% | 📞
50 | Japan | -0.2% | -0.2% | 0.0% | 📞
51 | Morocco | -1.2% | -1.8% | -1.2% | 📞
52 | Poland | -1.2% | 0.4% | -9.3% | ☑
53 | Greece | -1.8% | -0.3% | -0.6% | 📞
54 | Singapore* | -2.1% | -0.1% | -0.1% | 📞
55 | Ukraine | -6.0% | -0.6% | 1.3% | 📞

Source: Knight Frank Research

*Direction of annual price growth compared to previous quarter
**Provisional ***“Asking prices” **** Island-wide price index for non-landed properties

## Data Digest

The Knight Frank Global House Price Index established in 2006 allows investors and developers to monitor and compare the performance of mainstream residential markets around the world. The index is compiled on a quarterly basis using official government statistics or central bank data where available. The index’s overall performance is weighted by GDP on a Purchasing Power Parity basis and the latest quarter’s data is provisional pending the release of all the countries’ results.