



News Release

Date: 17th June 2010

House prices now rising in more than half of countries across the globe

Knight Frank Global House Price Index – Quarter 1 2010 results

Key highlights:

- Prices increased in 53% of the locations monitored by the Knight Frank Global House Price Index in the year to the end of March 2010
- The Asia Pacific region saw the strongest growth with prices increasing, on average, by 17.8%
- Annual price inflation for all global housing markets moved into positive territory for the first time since Q4 2008, recording 1.6% growth in the year to March 2010
- The top performers remain the Asian economies of China, Hong Kong and Singapore, all recording annual growth in excess of 24%
- Ukraine and the three Baltic States continue to occupy the bottom rankings with annual price falls of more than 30%

Liam Bailey, head of residential research, Knight Frank, commented: “Arguably, the most noticeable trend in global house prices is the ease with which the performance of global housing markets can now be grouped by world region. The top four positions in our rankings are all occupied by Asia Pacific locations, whilst Europe dominates the bottom half of the table.

“A recovery in the global housing market is undoubtedly under way, in Q1 2009 33% of countries recorded positive annual growth, in Q1 2010 this figure is closer to 53% but still some way off the figure of 90% recorded in Q1 2006.

“Analysis of the quarterly growth results suggests the markets in some of the worst performing markets such as the Baltic States and Ukraine are starting to experience some respite, with prices falling at a slower rate than previously. Estonia experienced a 40% fall in prices annually but only a 0.5% fall during the first three months of this year.

“Prices in Hong Kong increased by 30.6% in the year to March 2010, however, we expect results for the coming months will show more muted levels of growth as the Government’s efforts to rein in the overheated market take effect. These include measures to increase land supply, a maximum 60% loan-to-value restriction on mortgages for luxury homes and developers are now required to release at



least 30% of units in their first phase to halt the slow release of homes which allows prices to inflate over the course of the development.

“In Australia, prices rose 20% in the year to March 2010, according to the Australian Bureau of Statistics (ABS). However, in our opinion the results from ABS overstate the actual underlying price growth due to its unique methodology and seasonal shifts in market activity, partly as a result of the increase in first time buyer demand over the past year which has been driven by government incentives.

“Historically, the index has overshoot on both the downside and in this case the upside – other private house price measures, which have a more wide reaching methodology, taking into account apartments and semi-detached housing (unlike the ABS), have recorded growth of around 12% in the year to March 2010. This still significant growth has been driven by a confluence of factors; 40-year low interest rates, first time buyer concessions, strong population growth and a lagging supply response. With interest rates now rising, the government withdrawing stimulus and the supply response picking up (albeit modestly), we expect house price growth to slow over the next six to nine months.

“Doubts over the Australian Index’s methodology are mirrored in Spain where, according to its Housing Ministry, prices fell by 4.7% in the year to March 2010. Most serious commentators however believe price falls of 10-20% over this period provide a more accurate reflection of Spain’s housing market performance given its backdrop; 20% unemployment, a shrinking economy and rising debt.

“In Europe a positive story has been provided by the Scandinavian countries of Norway, Sweden and Finland. Here, annual growth has hit double digits as housing markets, less beset by currency weakness and debt crisis than many of their European neighbours, has allowed supply shortages to fuel growth once more.

“Generally, however, the Q1 2010 results suggest that whilst global housing markets remain polarised, each quarter provides new evidence that the global recovery is gaining ground as the proportion of countries moving into positive territory increases. It remains to be seen whether this is another period of sustained growth or the middle peak in a double dip recession. Certainly, a number of European economies face growing challenges in the form of tightening fiscal policy and austerity measures.”

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Knight Frank Global House Price Index, Quarter 1 2010

Rank	Location	World Region	Annual (% change)	Six monthly (% change)	Quarterly (% change)	Countries yet to report Q1 2010 data
			Q1 2009-Q1 2010	Q3 2009-Q1 2010	Q4 2009-Q1 2010	
1	China (key cities)	Asia Pacific	68.0%	NA	NA	
2	Hong Kong	Asia Pacific	30.6%	10.3%	6.2%	
3	Singapore	Asia Pacific	24.3%	12.5%	4.9%	
4	Australia	Asia Pacific	20.0%	10.2%	4.8%	
5	Israel	Middle East	15.9%	6.3%	2.2%	
6	South Africa	Africa	11.8%	7.2%	3.8%	
7	Canada	North America	11.6%	4.4%	1.0%	
8	Finland	Europe	11.3%	5.1%	2.2%	
9	Norway	Europe	10.8%	3.4%	3.4%	
10	Sweden	Europe	10.7%	3.7%	1.9%	
11	United Kingdom	Europe	8.8%	1.7%	0.5%	
12	Austria	Europe	8.7%	4.8%	2.8%	
13	India	Asia Pacific	8.4%	8.0%	NA	*
14	Colombia	South America	8.2%	3.8%	1.0%	*
15	New Zealand	Asia Pacific	6.8%	1.1%	0.5%	
16	Switzerland	Europe	6.2%	2.5%	1.4%	
17	Netherlands	Europe	6.1%	1.0%	1.4%	
18	Luxembourg	Europe	5.6%	2.5%	2.2%	
19	Portugal	Europe	3.8%	2.4%	0.3%	
20	Malaysia	Asia Pacific	3.3%	0.8%	-0.1%	*
21	Indonesia	Asia Pacific	2.5%	1.4%	0.7%	
22	United States	North America	2.3%	-2.3%	-1.7%	
23	Germany	Europe	2.3%	0.8%	1.4%	
24	Hungary	Europe	2.0%	-0.6%	-0.5%	
25	Belgium	Europe	1.6%	3.2%	0.9%	*
26	Malta	Europe	-1.4%	0.0%	-0.5%	*
27	Denmark	Europe	-2.5%	1.1%	0.8%	
28	Greece	Europe	-2.6%	-1.7%	-2.3%	
29	Japan	Asia Pacific	-4.0%	-2.0%	-1.0%	
30	Italy	Europe	-4.2%	-1.7%	-0.9%	*
31	France	Europe	-4.3%	2.5%	0.5%	*
32	Slovenia	Europe	-4.4%	1.8%	1.6%	
33	Iceland	Europe	-4.5%	-2.4%	-4.0%	
34	Spain	Europe	-4.7%	-1.9%	-1.4%	
35	Poland	Europe	-4.9%	-2.1%	2.0%	
36	Jersey	Europe	-6.7%	-4.8%	-4.9%	
37	Czech Republic	Europe	-7.3%	-2.5%	-1.3%	
38	Dubai, UAE	Middle East	-8.2%	2.4%	1.6%	
39	Slovak Republic	Europe	-8.3%	-2.0%	-0.1%	
40	Russia	Europe	-9.1%	-4.9%	-2.7%	**
41	Croatia	Europe	-11.4%	-6.8%	-3.5%	
42	Bulgaria	Europe	-17.8%	-4.2%	-2.3%	

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43	Ireland	Europe	-18.9%	-12.1%	-4.8%	
44	Latvia	Europe	-26.3%	17.5%	9.8%	
45	Lithuania	Europe	-32.1%	-6.8%	-1.5%	*
46	Ukraine	Europe	-34.7%	2.5%	-0.3%	*
47	Estonia	Europe	-40.3%	-18.5%	0.4%	*

** Q3 2009 data

* Q4 2009 data

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Notes to Editors

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The Knight Frank Global House Price Index is compiled using official government statistical office or central bank data where possible. In some instances reliable indices from third-party sources have been used.

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