

News Release

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Hong Kong leads global house prices higher

Knight Frank's global house price index confirms that average prices rose 6.6% in the year to March, the highest rate of growth since Q2 2010. Kate Everett-Allen assesses the potential for future growth.

Results for Q1 2013:

The Knight Frank Global House Price Index rose by 2.0% in the first quarter of 2013 and by 6.6% over a 12 month period

- **Hong Kong recorded the largest rise** on an annual basis (up by 28%) while prices in China rose the most on a quarterly basis (up by 10.7%)
- **Greece recorded the largest annual fall in mainstream** prices for the third consecutive quarter, declining by 11.8%
- **The US saw prices rise by 10.2%**, its highest rate of annual growth since 2006
Europe is the weakest-performing region, mainstream prices fell by 0.3% on average during the last 12 months
- Thirty five of the 55 housing markets (63%) tracked by Knight Frank's Global House Price Index recorded an increase in mainstream property prices in the year to March. The index now stands 14.7% above its recessionary low in Q1 2009.

Property prices in all world regions, except Europe, increased in the year to March (figure 3) with the Middle East performing best, rising by 10.6% on average.

Mainstream property prices in Hong Kong and China look to be flouting the efforts of policymakers to cool their property markets; both recorded price rises in the first quarter despite a raft of measures to curb escalating prices.

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Prices in Hong Kong are, on average, 28% higher than they were a year ago and in mainland China* prices are up by 23.8% in the last 12 months (and by 10.7% in the first quarter alone).

Greece, Hungary and the Netherlands occupy the bottom three rankings this quarter having seen prices fall by 11.8%, 9% and 8.3% respectively. But Europe's difficulties don't end there – aside from Japan and South Korea all the countries that recorded negative growth in the 12 months to March were based in Europe.

The Dutch market, which proved resilient in the aftermath of the financial crisis, is now starting to flag. Prices fell by 8.3% in the year to March driven by rising household debt and growing unemployment.

That said, there is some good news in Europe. Ireland has rid itself of double-digit price falls. Prices fell by 3% in the year to March, compared to a 16% decline a year earlier.

The UK's property market is also improving. Here, prices rose by 0.2% in the year to March and stand 8.9% above their low in Q1 2009.

Beyond Europe's shores, the South Africa and the US are performing strongly. Prices rose by 11.3% and 10.2% respectively in the year to March, up from -3.2% and -1.9% a year ago.

South Africa's momentum is linked to an increasingly wealthy middle class who are tapping into the rising confidence of the wider African continent, keen to get on the property ladder.

In the US, prices have now risen for 12 consecutive months boosting consumer confidence which hit a five year high in May.

*Based on Beijing and Shanghai