

# Global Residential Cities Index



2023 Q3 Edition

Knight Frank's Global Residential Cities Index provides a quarterly snapshot of trends in mainstream housing markets across more than 100 world cities

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## Global city price growth recovers as interest rate cuts loom

- Average annual price growth ticked up across our basket of world cities in Q3 2023, increasing to 2.3% from 1.6% in Q2. On a quarterly basis, growth averaged 0.9%, marking the third consecutive quarter of positive growth.

Global housing markets continue to display healthy price growth, despite the record rise in interest rates since late 2021. Across our basket of world cities, average prices only experienced a decline on a quarterly basis in the final quarter of 2022, after which prices have risen by 2.7%.

The fundamental pillars supporting these prices remain: low stock availability, above-inflation wage growth, elevated household savings, and limited new-build construction. These factors collectively contribute to maintaining prices at levels that

are stretching traditional affordability metrics, especially with the rising cost of debt.

Turkish cities once again occupy the top two spots, showcasing the strongest annual growth in our rankings at 102.7% (Ankara) and 77.6% (Istanbul). Dubai secures the third position, while European markets Zagreb and Athens claim the final spots in our top five.

At the bottom of our ranking, European markets face tougher conditions, with Stockholm, Bratislava, and Frankfurt all experiencing double-digit annual price declines.

### What's changed?

With prices rising for successive quarters, it is fair to ask whether the much-heralded housing market downturn is over. While the aforementioned supports will continue to underpin pricing into 2024, most key city housing markets are still grappling with stretched affordability. Consequently, many prospective homebuyers are compelled to enter the rental market due to insufficient deposits and the prospect of high mortgage repayments.

Despite the recovery in price growth, several pressures will impede a more

### 2.3%

average annual house price growth across our basket in Q3

### Ankara

saw the fastest price growth over the 12-months to September 2023

### 72

markets saw prices increase over the 12-months to September

### Stockholm

saw the biggest price fall over the 12-months to September 2023

### 7

markets saw double-digit annual price growth

**“Homeowners are breathing a sigh of relief as interest rates appear poised to decrease in 2024. While this is positive news for those worried about transitioning to higher-rate mortgage deals, it's important to acknowledge that interest rates are expected to stabilise at levels higher than those homebuyers grew accustomed to during the pandemic. With prices starting to rise again, the risk of potential future price declines lingers due to the ongoing stretched affordability.”**

Liam Bailey, Knight Frank's global head of research

sustained housing market recovery, including a revival in housing market transactions. Chief among these obstacles are higher mortgage servicing costs. Although mortgage rates are expected to edge down in 2024 due to anticipated policy rate cuts in the US, Europe, and other regions, the cost of debt will settle notably higher than pre-pandemic levels. This factor will further exacerbate affordability pressures for households transitioning from previously agreed cheaper deals in recent years.

## THE KNIGHT FRANK GLOBAL RESIDENTIAL CITIES INDEX

2023 Q3 edition, cities ranked by annual % change

Rank/Location	3-month % change	12-month % change	Rank/Location	3-month % change	12-month % change	Rank/Location	3-month % change	12-month % change			
1	Ankara	20.0	102.7	37	Milan	0.9	3.8	73	Nanjing	-5.5	-0.5
2	Istanbul	17.0	77.6	38	Jerusalem	-7.3	3.7	74	Turin	0.6	-0.6
3	Dubai	2.6	18.0	39	Abu Dhabi	2.0	3.5	75	Reykjavik	-3.8	-0.7
4	Zagreb	3.3	14.0	40	Edinburgh	4.2	3.4	76	Montreal	-2.1	-0.8
5	Athens	2.4	12.0	41	Toronto	0.3	3.2	77	Phoenix	2.8	-1.2
6	Vilnius	3.4	11.6	42	Tallinn	-3.9	3.1	78	London	1.1	-1.2
7	Warsaw	4.1	10.6	43	Hangzhou	0.9	3.0	79	Prague	-0.0	-1.6
8	Perth	3.1	9.7	44	Chennai	1.8	3.0	80	Guangzhou	-3.7	-1.7
9	Sofia	4.9	8.8	45	Beijing	0.2	2.9	81	Dublin	2.0	-1.7
10	Philadelphia	2.9	8.6	46	Nagoya	-1.3	2.8	82	Oslo	-2.7	-1.7
11	Bogota	0.7	7.0	47	Houston	0.7	2.8	83	Bucharest	-2.7	-2.7
12	Kolkata	4.6	7.0	48	Barcelona	1.2	2.7	84	Auckland	3.3	-2.9
13	Sydney	1.9	6.7	49	Kyiv	0.5	2.6	85	Shenzhen	-7.8	-3.0
14	New York	2.3	6.3	50	Jakarta	0.7	2.5	86	Buenos Aires	-1.0	-3.9
15	Lisbon	0.5	6.1	51	Tel Aviv	1.2	2.1	87	Vienna	-0.8	-4.0
16	Bengaluru	2.0	6.0	52	Brussels	-1.2	1.8	88	Rotterdam	0.0	-4.7
17	Mexico City	1.5	6.0	53	Chongqing	-0.8	1.7	89	Berlin	-1.1	-5.1
18	Chicago	1.8	6.0	54	Riyadh	-0.1	1.5	90	Amsterdam	3.6	-5.7
19	Mumbai	0.1	6.0	55	Taipei	1.0	1.4	91	Paris	-2.3	-6.1
20	Osaka	1.9	5.9	56	Birmingham	3.5	1.3	92	Luxembourg City	-2.6	-6.4
21	Tokyo	-1.3	5.9	57	Zurich	1.1	1.3	93	Ljubljana	2.9	-6.6
22	Vancouver	3.0	5.8	58	Lima	1.4	1.3	94	Munich	-1.7	-7.1
23	Chengdu	-0.9	5.8	59	Manchester	3.4	1.2	95	Cologne	-1.6	-7.1
24	Boston	2.3	5.3	60	Rio de Janeiro	0.2	1.2	96	Lyons	-3.2	-7.5
25	Los Angeles	2.9	5.3	61	Budapest	-1.4	1.2	97	Göteborg	0.6	-7.8
26	Sao Paulo	1.2	5.2	62	Wuhan	0.2	1.1	98	Helsinki	-1.3	-7.8
27	Miami	3.2	5.0	63	Seattle	4.0	1.0	99	Hamburg	-1.3	-7.9
28	Madrid	1.0	4.7	64	Melbourne	1.2	1.0	100	Riga	-2.9	-8.5
29	Washington	2.3	4.5	65	Marseilles	-1.0	0.7	101	Copenhagen	2.2	-8.5
30	Nicosia	1.5	4.4	66	Tianjin	-2.9	0.6	102	Hong Kong	-4.1	-8.7
31	Shanghai	5.0	4.4	67	Kuala Lumpur	-2.1	0.6	103	Seoul	0.2	-9.2
32	Singapore	0.8	4.4	68	San Francisco	2.0	0.5	104	Busan	-0.6	-9.7
33	Glasgow	6.7	4.3	69	Brasília	1.4	0.5	105	Frankfurt	-1.5	-10.1
34	Bangkok	0.8	4.1	70	Dallas	1.7	0.3	106	Bratislava	-1.4	-10.3
35	Delhi	0.7	4.0	71	Geneva	1.0	0.2	107	Stockholm	0.6	-12.0
36	Brisbane	1.5	3.9	72	Rome	-0.0	0.0				

Source: Knight Frank Research, Macrobond

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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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