The Prime Global Cities Index is a valuation-based index tracking the movement in prime residential prices in local currency across 40+ cities worldwide using data from our global research network.

Knight Frank

Prime Global Cities Index

Q2 2020

HEADLINES

|				
0.9%	**-0.6%**	**67%**	**Australasia**	**-0.2%**
THE INDEX'S ANNUAL INCREASE IN THE YEAR TO JUNE 2020, ITS LOWEST RATE OF GROWTH IN 11 YEARS	THE INDEX'S CHANGE IN THE THREE MONTHS TO Q2 2020	THE PERCENTAGE OF CITIES REGISTERING FLAT OR POSITIVE ANNUAL PRICE GROWTH	THE STRONGEST-PERFORMING WORLD REGION IN THE YEAR TO Q2 2020	THE AVERAGE DECLINE IN ASIAN PRIME PRICES IN THE THREE MONTHS TO JUNE 2020

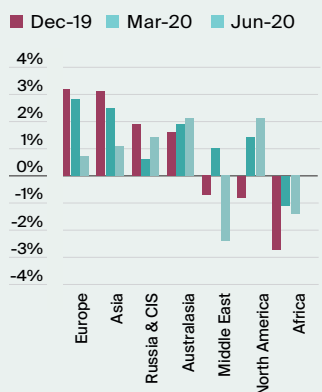**Fig 1. Prime index registers weakest annual growth since global financial crisis**
Indexed, 100 = Q1 2009

■ Annual % change   — Prime Global Cities Index
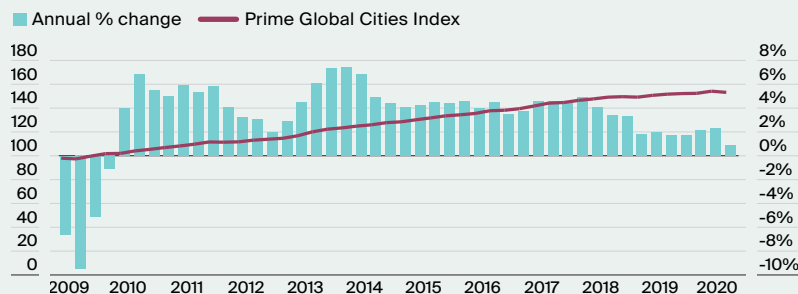
Source: The Knight Frank Prime Global Cities Index

Fig 2. The impact of Covid-19 on prime prices
Annual % change

■ Dec-19   ■ Mar-20   ■ Jun-20

Source: The Knight Frank Prime Global Cities Index

Fig 3. Quarterly price declines Q2 2020 vs Q1 2020

15
PRICE DECLINES IN Q1 2020

20
PRICE DECLINES IN Q2 2020

Source: The Knight Frank Prime Global Cities Index

This is the first opportunity we have had to take the pulse of prime residential markets globally since the Covid-19 pandemic hit large parts of Europe and the Americas. At the time of our last update (Q1 2020) Asia and parts of the Middle East were already reeling from its effects and this was evident in the index results – the five cities registering the weakest growth in Q1 were all in Asia.

Fast forward three months and the story, as well as the pandemic, has moved on. The index, an unweighted average of the change in prime prices across 45 cities, has reached its lowest rate of annual growth since Q4 2009 when the world was in the grip of the global financial crisis. Prices increased by 0.9% on average in the year to June 2020, down from 2.3% in March.

While our focus is usually on price performance over a 12-month period, to gauge the impact of the pandemic a look at data over the three months to June is most pertinent. Of the 20 cities that saw prime prices decline in the second quarter, nine were in Europe, seven in Asia, two in Australasia, one in the Middle East and one in Africa.

Analysis by world region shows prime prices in Australasia and North America were the most resilient in Q2

2020 (figure 2). In cities such as Sydney, Vancouver and Los Angeles higher value properties, often large detached homes, are in demand, which is supporting prime residential values in these regions.

In contrast, Europe and Asia saw average prime prices weaken significantly in Q2 2020, falling from 2.8% to 0.7% and from 2.5% to 1.1% respectively.

However, it is unlikely we will see a large volume of distressed prime sales as in 2008. Lending criteria is tighter, new supply is constrained in several cities, interest rates are low (negative in some markets), plus furloughing schemes and mortgage holidays are cushioning incomes and repayments.

Manila, Tokyo and Seoul are Asia's top performers year-on-year, with Stockholm, Geneva and Paris leading Europe's rankings. Nonetheless, five of these six cities registered flat or falling prime prices in the three months to June. We expect the index to display muted growth in the second half of 2020 before recovering in 2021.

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

Sales enquiries
Paddy Dring
+44 20 7861 5271
paddy.dring@knightfrank.com

Research enquiries
Kate Everett-Allen
+44 20 7167 2497
kate.everett-allen@knightfrank.com

THE KNIGHT FRANK PRIME GLOBAL CITIES INDEX Q2 2020
Ranked by annual % change

	CITY	WORLD REGION	12-MONTH % CHANGE (Q2 2019-Q2 2020)	3-MONTH % CHANGE (Q1 2020-Q2 2020)
1	Manila	Asia	14.4%	0.0%
2	Tokyo[2]	Asia	8.6%	-0.3%
3	Stockholm	Europe	4.4%	-3.3%
4	Moscow	Russia & CIS	4.1%	1.8%
5	Geneva	Europe	4.1%	1.5%
6	Seoul	Asia	4.0%	0.0%
7	Paris	Europe	3.6%	-1.2%
8	Vancouver	North America	3.5%	3.2%
9	Miami[13]	North America	3.5%	0.4%
10	Gold Coast	Australasia	3.4%	1.2%
11	Sydney	Australasia	3.0%	0.3%
12	Perth	Australasia	3.0%	2.3%
13	Toronto	North America	3.0%	0.1%
14	Shanghai	Asia	2.9%	1.1%
15	Edinburgh	Europe	2.6%	0.0%
16	Brisbane	Australasia	2.5%	0.3%
17	Cape Town	Africa	2.3%	3.7%
18	Los Angeles[13]	North America	2.1%	0.8%
19	Taipei	Asia	2.1%	0.7%
20	Frankfurt	Europe	2.0%	-1.5%
21	Guangzhou	Asia	1.7%	-1.3%
22	San Francisco[13]	North America	1.5%	1.0%
23	Vienna	Europe	1.5%	0.1%
24	Melbourne	Australasia	1.2%	-1.0%
25	Zurich	Europe	1.1%	-3.6%
26	Bengaluru	Asia	0.6%	0.0%
27	Delhi	Asia	0.3%	0.0%
28	Jakarta	Asia	0.3%	0.0%
29	Bucharest	Europe	0.2%	0.0%
30	Monaco	Europe	0.0%	-1.0%
31	Berlin	Europe	-0.5%	-3.0%
32	Mumbai	Asia	-0.6%	-0.5%
33	Auckland	Australasia	-0.7%	-2.7%
34	Madrid	Europe	-0.9%	-1.5%
35	New York	North America	-1.3%	0.9%
36	St. Petersburg	Russia & CIS	-1.4%	0.8%
37	Kuala Lumpur	Asia	-2.3%	-0.5%
38	Beijing	Asia	-2.3%	0.7%
39	Dubai	Middle EAst	-2.4%	-1.5%
40	Singapore	Asia	-3.1%	-0.1%
41	Dublin	Europe	-3.8%	-0.6%
42	Hong Kong	Asia	-4.4%	-1.6%
43	London	Europe	-5.0%	-3.7%
44	Nairobi	Africa	-5.1%	-1.9%
45	Bangkok	Asia	-5.8%	-1.4%

Notes: Data for New York relates to Manhattan; Data for Los Angeles, Miami, and San Francisco is to April 2020. Data for New York is to May 2020. Data for Cape Town is to Q1 2020. Data for Auckland is to December 2019.

[1] Based on top-tier of mainstream market in metro area. [2] Based on all contracts above Yen100m [3] Provisional

Source: All data comes from Knight Frank's global network with the exception of Tokyo (Ken Corporation); New York (StreetEasy); Los Angeles, Miami and San Francisco (S&P CoreLogic Case-Shiller); Berlin and Frankfurt (ZIEGERT Research/ ImmobilienScout 24); Stockholm (Svensk Maklarstatistik); Toronto (Real Estate Board of Toronto); Vancouver (Vancouver Real Estate Board); Zurich and Geneva (Wüest Partner); and Dubai (REIDIN)

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