



## Global housing market stagnates

**The Knight Frank Global House Price Index, which tracks the performance of the world's mainstream housing markets, showed zero growth in the three months to September. This was the index's weakest performance since Q2 2009 and raises fears that it could enter negative territory by the end of the year.**

### Results for Q3 2011

**The Knight Frank Global House Price Index rose by just 1.5%** in the 12 months to September

**During the third quarter of 2011, house prices fell in 54% of the countries** monitored by the index and average price growth was zero

**Hong Kong has been the strongest performer.** House prices have risen 19% in the past 12 months

**Prices in Ireland have fallen the most** -14% in the past 12 months

**Europe is the weakest performing world region.** Prices fell on average by 0.5% in the past 12 months

The third quarter saw mounting pressures on the global economy with politicians seemingly helpless to get to grips with the eurozone debt crisis. This has reawakened fears of a double dip recession, not just in Europe but around the world. Unsurprisingly, this economic uncertainty has been reflected in the performance of the world's housing markets.

The boom conditions experienced between 2004 and 2007 when global housing markets recorded double-digit annual price growth for 16 consecutive quarters are a distant memory. Average annual growth now stands at just 1.5%, despite rises of up to almost 20% in some Asian countries.

The East/West divide in price performance, evident since 2008, is now starting to fade as the deflationary measures applied by policy makers in Asia start to take effect. Average annual price growth in Asia has fallen from 15.2% in Q1 2010 to 6.9% in Q3 2011.

Despite the turmoil facing the PIIGS economies (Portugal, Ireland, Italy, Greece and Spain), data from the last three months suggests their housing markets may be over the worst.

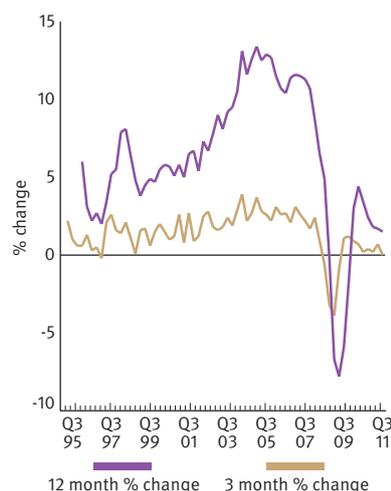
Although prices in all five housing markets continued to fall, the pace of decline slowed in all but Portugal.

By contrast, however, the latest results from our index suggest that house price growth in some of the world's fastest-growing economies – the EAGLES (Emerging and Growth Leading Economies, for a full list see page 2) is running out of steam. On average, these countries recorded price rises of just 0.9% in the past three months.

Looking forward, house prices are likely to show little improvement in the final quarter of 2011 given that much of the unravelling of the eurozone sovereign debt crisis took place post-September and has yet to be reflected in the index results.

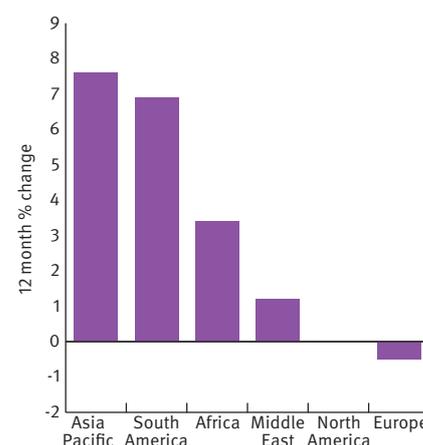
As our recently published [Prime Global Forecast](#) highlights, luxury housing markets appear to be better insulated from this new weaker phase than mainstream markets. This is due in part to the scale of global wealth generation, the ongoing search for 'safe-haven' investments and the growing divide between the prime markets in the West and the rest of the world.

Figure 1  
**Global performance**  
 Unweighted average global house price change



Source: Knight Frank Residential Research

Figure 2  
**Regional analysis**  
 Unweighted average house price change, by world region, 12 months to Q3 2011



Source: Knight Frank Residential Research



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# RESIDENTIAL RESEARCH GLOBAL HOUSE PRICE INDEX

## Knight Frank



## Data digest

The Knight Frank Global House Price Index established in 2006 is the definitive means for investors and developers to monitor and compare the performance of mainstream residential markets across the world. The index is compiled on a quarterly basis using official government statistics or central bank data where available.

## PIIGS vs. EAGLES

A narrowing margin?

	Annual % change	Quarterly % change
EAGLES*	7.8%	0.9%
PIIGS**	-5.7%	-2.0%

\*EAGLES (Emerging And Growth Leading Economies): China, Hong Kong, India, Brazil, Indonesia, South Korea, Russia, Mexico, Egypt, Taiwan and Turkey (data included where available)

\*\* PIIGS: Portugal, Italy, Ireland, Greece, Spain

### Notes to Editors

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## Knight Frank Global House Price Index

Rank	Country	Annual % change (Q3 2010-Q3 2011)	Six month % change (Q1 2011-Q3 2011)	Quarter % change (Q2 2011-Q3 2011)	Latest data if not Q3 2011
1	Hong Kong	19.3%	5.0%	-1.1%	
2	Estonia	14.3%	11.3%	3.0%	
3	India	13.9%	9.3%	-0.6%	
4	Taiwan	12.7%	2.5%	1.7%	Q2 2011
5	Slovenia	9.0%	9.4%	4.7%	Q2 2011
6	China*	8.9%	1.9%	2.0%	
7	Norway	8.3%	3.1%	0.3%	
8	Colombia	7.6%	4.1%	2.6%	Q2 2011
9	France	6.7%	5.0%	2.8%	
10	Iceland	6.7%	4.5%	1.7%	
11	Malaysia	6.6%	2.7%	-1.3%	
12	Turkey	6.3%	3.4%	2.1%	
13	Singapore	6.2%	2.5%	1.1%	
14	South Africa	5.5%	3.5%	1.1%	
15	Austria	5.1%	1.1%	4.1%	
16	Indonesia	4.5%	1.6%	0.5%	
17	Luxembourg	4.4%	3.6%	2.3%	
18	Switzerland	4.2%	0.9%	0.3%	
19	Canada	4.0%	5.0%	3.8%	Q2 2011
20	Germany	2.8%	3.0%	2.7%	
21	Belgium	2.8%	0.6%	-0.8%	Q2 2011
22	New Zealand	2.7%	2.2%	1.6%	
23	Israel	2.7%	-4.1%	-3.3%	
24	Morocco	1.4%	2.2%	1.1%	
25	Finland	1.3%	0.0%	-1.1%	
26	Lithuania	1.2%	1.4%	-3.2%	Q2 2011
27	Sweden	1.1%	0.6%	0.0%	
28	Malta	0.1%	2.6%	2.0%	Q2 2011
29	Dubai, UAE	-0.3%	-2.3%	-1.8%	
30	United Kingdom	-0.5%	0.1%	-0.1%	
31	Denmark	-0.5%	0.6%	-0.5%	Q2 2011
32	Croatia	-0.9%	0.1%	0.8%	
33	Italy	-1.4%	-0.9%	-0.4%	Q2 2011
34	Australia	-2.2%	-1.7%	-1.2%	
35	Hungary	-2.7%	-4.5%	-1.9%	Q4 2010
36	Netherlands	-2.9%	-1.8%	-1.1%	
37	Portugal	-3.2%	-4.1%	-2.1%	
38	Japan	-3.2%	-1.5%	-0.8%	
39	United States	-3.9%	-1.0%	-1.2%	
40	Greece	-4.1%	-3.4%	-2.1%	
41	Slovak Republic	-4.3%	-1.3%	-0.6%	
42	Jersey	-4.3%	-2.7%	-5.0%	
43	Latvia	-4.9%	-2.8%	-1.0%	
44	Czech Republic	-5.2%	-2.6%	-0.6%	
45	Spain	-5.5%	-2.7%	-1.3%	
46	Poland	-5.8%	-3.8%	-2.4%	Q2 2011
47	Bulgaria	-6.1%	-2.4%	-0.8%	
48	Cyprus	-6.6%	-4.3%	-0.9%	Q2 2011
49	Ukraine	-8.4%	-4.9%	-3.6%	Q2 2011
50	Russia	-10.7%	3.3%	1.7%	
51	Ireland	-14.3%	-7.8%	-3.8%	

\*Based on Beijing and Shanghai

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