

REAL ESTATE

## Vancouver's luxury properties hurt by taxes, but Berlin's prices soar

April 11, 2018



*Knight Frank listing in Vancouver*

By BRIELLE JAEKEL

Urban house price growth is slowing down, in part due to China's capital controls, but Berlin remains at the top of the bracket.

Subscribe to **Luxury Daily**  
Plus: Just released  
State of Luxury 2019 **Save \$246 ▶**

Berlin saw the strongest price growth in city developments across the world, with prices ending 2017 21 percent higher than when the year started, according to Knight Frank. However, as Berlin's prices soar, the rest of the world is seeing a slowdown, with average growth being 4.5 percent compared to 2016's 7 percent.

"In 2016, the 15 Chinese cities tracked by the index averaged 23 percent growth year-on-year," said

Kate Everett-Allen, partner at International Residential Research at Knight Frank.

City slowdown

Knight Frank's Global Residential Cities Index shows that China's cities saw only a 1.6 percent price growth in 2017, despite last year's report listing many of the country's urban developments above 20 percent.

While Vancouver ended 2016 in the 21st position in terms of price growth, supply shortages supported a hike in 2017. The Canadian city was ranked as the fourth in 2017.



Luxury homes have been affected by the city's 15 percent foreign buyer tax. However, measures are being put into place that could cool the market in Vancouver.

Izmir, Turkey and Reykjavik, Iceland followed Berlin with the highest percentages of price growth, at 18.5 percent and 16.6 percent, respectively.

Hong Kong was the only Chinese city that even cracked the top 10. Hong Kong made it to number five with 14.8 percent price growth, a change of 10.5 percent since 2016.



Hong Kong

Seville, Spain also saw a significant change compared to 2016's numbers with a 12.1 percent difference.

Europe was the region that saw the most price growth with almost 20 percent followed by the Middle East at about 18 percent and North America at a little more than 15 percent.

Abu Dhabi was at the bottom of Knight Frank's cities rankings with a drop of 9 percent in pricing.

Lima, Peru and Turin, Italy were featured close to Abu Dhabi at the bottom, with price decreases of 8.4 percent and 8.3 percent, respectively.

#### Additional insight

After a strong showing in the first quarter of 2017, Chinese cities have dropped from the leaderboard of top performing real estate markets around the world.

Knight Frank has released its quarterly Global Residential Cities Index, which ranks global cities based on the prices and performance of their residential real estate markets. Last quarter saw China dominating, but the country has undergone a deceleration of performance while Canadian cities surge ahead taking the top spot for Q2 ([see more](#)).

According to data from Knight Frank, investors' go-to cities for real estate ventures such as Hong Kong may not be a worthwhile investment after all.

Knight Frank's 2018 Global Cities report shows that commercial properties in cities traditionally known as "safe havens" are going up in value. For instance, investors can now expect to pay \$100 million for less than a single floor in Hong Kong ([see more](#)).

"In 2017, the same 15 cities averaged 1.6 percent growth," Ms. Everett-Allen said.