

REAL ESTATE

Luxury real estate prices growing, but slowing: Knight Frank

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Singapore's real estate market grew 13 percent in the last 12 months. Image credit: Knight Frank

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Singapore's luxury residential real estate market has grown 13 percent over the last year, while prices across the globe grew 2.7 percent on average.

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Each quarter, Knight Frank's Prime Global Cities Index tracks the movement in prime residential prices across 43 cities worldwide, 74 percent of which have seen an increase of prices year-over-year. In the United States, San Francisco was the city with the strongest performance.

Slow but steady

Since its record low in the first quarter of 2009, the Prime Index has seen a growth of 55.7 percent.

However, the rate of growth in the third quarter of 2018 has been the slowest in the last six years and is the third consecutive quarter of average price decline.

Even Singapore has seen only a 1.7 percent increase in prices in the last three months. The city's growth over the last year was primarily driven by limited inventory.



Madrid has seen double-digit growth for two consecutive quarters. Image credit: Knight Frank

In Europe, Edinburgh and Madrid saw annual increases of 10.6 and 10.1 percent, respectively. Both cities grew 1.9 percent in the third quarter of 2018.

Reflecting the uncertainty surrounding Brexit, London has seen a decline of 2.9 percent in real estate prices over the last 12 months. Nearby Dublin also experienced a decline of 1.7 percent.



London's real state market faces uncertainty due to Brexit. Image credit: Knight Frank

Besides San Francisco, United States cities Los Angeles and Miami both saw prices jump year-over-year, at rates of 5.8 and 4.0 percent respectively. Meanwhile, New York saw a drop of 0.3 percent over the last 12 months, including a 0.6 percent price decrease in the last quarter.

Canada also saw mixed results to an even greater extent in the Prime Index. Toronto saw prime real estate prices grow 8.5 percent year-over-year, while Vancouver landed at the bottom of the list with a price drop of 11.2 percent.

Urbane luxury

In the second quarter of 2018, Knight Frank's [Prime Global Cities Index for Q2 2018](#) attributed the weaker growth to several top markets increasing at a slower rate, as opposed to cities declining. Most of the faster-growing cities were in Asia, while Western European markets saw slower growth or even declines.

For the second straight quarter, only three cities registered double-digit growth ([see story](#)). In the third quarter, Edinburgh replaced Guangzhou as a city with double-digit growth.

In the third quarter of the year, Guangzhou remains in the top 10 cities for growth with a rate of 6.3 percent. Tokyo outpaced the Chinese city with 8.5 percent growth.

In 2017, luxury homes saw their best annual growth rate in years. This growth can be attributed to rising consumer confidence, low interest rates, robust stock market performances and an increasingly stable global economy ([see story](#)).

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