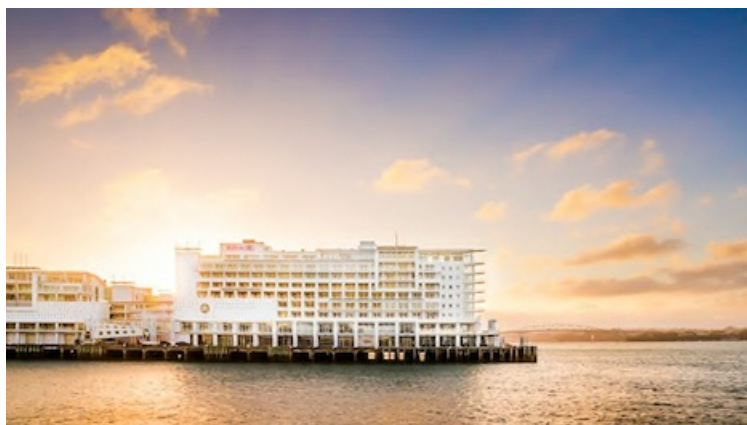


REAL ESTATE

## Global prime real estate market shows emerging strength: Knight Frank

November 12, 2020



*Auckland, New Zealand topped the Q3 Knight Frank Global Cities Index, which tracks prime real estate prices. Image credit: Hilton*

By ELLEN KELLEHER

Prime real estate property prices are proving resilient during the coronavirus pandemic, particularly in Asia and the Pacific, thanks to a surge in demand from homeowners reassessing where they want to live.

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

According to **Knight Frank's** Prime Global Cities Index for Q3 2020, prime residential real estate prices jumped by 1.6 percent on average in the year to September 2020, a rise from 0.9 percent in June. Prime prices rose the quickest in Auckland, New Zealand, but Manila, Shenzhen, Seoul and Shanghai all saw annual price growth exceed 5 percent.

"Asia Pacific cities have risen in the rankings and now account for five of the top ten Auckland, Manila, Shenzhen, Seoul and Shanghai," said Kate Everett-Allen, partner for residential research at **Knight Frank**, London. "The mass rethink among homeowners considering how and where they want to live following lockdowns is underpinning prime property prices across global cities."

"A year ago, the index was rising at an annual rate of 1.7 percent," Ms. Allen said. "It's only marginally down at 1.6 percent in the year to Q3 2020."

Knight Frank tracks the top 5 percent of housing sales in 45 cities around the world for its quarterly Prime Global Cities Index.

Delving into details

The pandemic has had a critical influence on recent fluctuations in the pricing of prime real estate across the globe.

"Locations that are either considered to have handled the pandemic efficiently, applied a lighter touch in terms of restrictions or are already seeing an economic recovery performed strongly," Ms. Everett-Allen said.

In the most recent quarter, cities in Asia Pacific have risen in the rankings and so have safe haven markets such as Switzerland and Canada, while Madrid, Paris and other European cities have fallen.



*Vancouver reported a nearly 7 percent jump in prime real estate prices in the year to Q3 2020. Image credit: Cunard*

Joining Auckland (12.9 percent), Manila (10.2 percent) and Seoul (7.4 percent) on the list of cities with annual price growth of more than 5 percent are Zurich (7.3 percent), Toronto (8.4 percent), Vancouver (6.6 percent) and Geneva (6.1 percent).

On average, 28 cities on the list continued to see prime real estate prices increase year on year.

The number of cities reporting annual price decreases in the rankings has also crept, up to 17 from ten at the close of 2019. Cities seeing price decreases include Paris (-0.5 percent), Madrid (-3.5 percent), New York (-4.1 percent), London (-4.5 percent), Hong Kong (-5.4 percent) and Singapore (-6.1 percent).

"London has had several years of uncertainty due to Brexit and several tax changes and New York has seen high inventory levels," Ms. Everett-Allen said. "Both markets saw sales activity recover in January and February of 2020 and we expect this to return post-pandemic."

A surprising performer in the quarter was Vancouver, which saw a nearly 7 percent jump in annual price growth after sitting low in the rankings for the last four years due partly to the city's introduction of a 20 percent tax for foreign buyers. Low mortgage rates and pent-up demand in the wake of pandemic lockdowns triggered a buying spree, with 3,643 sales across greater Vancouver in September alone.

#### Rapid advancement

The third quarter results for 2020 represent an improvement from the second quarter of the year when prime real estate prices reached their lowest rate of annual growth since the worst of the global financial crisis in Q4 2009 as the coronavirus pandemic became widespread.

Per Knight Frank's Q2 2020 report, prime residential real estate prices increased by 0.9 percent on average in the year to June 2020, a fall from 2.3 percent in March. At the time, the five cities which experienced the weakest growth were all in Asia, the continent first impacted by COVID-19 ([see story](#)).

During the first six months of the year, residential real estate purchases above \$10 million managed to hold their ground on a relative basis, showing the strength of the super-prime market.

According to Knight Frank, super-prime residential markets outperformed expectations but transaction levels for H1 2020 were well below levels from the same time period in 2019.

In the first half of 2020, 281 super-prime transactions took place including 153 sales from March to June for a value of \$3.2 billion. Super-prime sales numbered 594 in H1 2019 ([see story](#)).

Regardless of recent performance, a number of subtle factors continue to influence all facets of prime and super-prime property sales and sudden shifts in market direction can occur.

"In some markets such as London and Mumbai, policymakers are giving the housing market a boost via stamp duty holidays," said Ms. Everett-Allen. "In others, such as Auckland, Sydney and Geneva, safe haven attributes and a large number of returning expats is inflating demand."