

REAL ESTATE

Dubai, Miami lead 2022 prime real estate forecast: Knight Frank

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Luxury home prices in Dubai climbed more than 40 percent in 2021. Image credit: Knight Frank

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The average value of prime residential property climbed more than 8 percent in 2021, the highest annual increase in more than a decade.

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After the Knight Frank Prime International Residential Index, which tracks 100 luxury residential markets, gained less than 2 percent in 2020, it recovered with 8.4 percent growth in 2021 the highest rate of growth since the index began in 2008. More than a third of markets saw double-digit price increases, while only seven saw a decline in prices.

Prime real estate heats up

Several factors drove the unprecedented demand for luxury housing last year, including low interest rates, rising wages and accrued savings during the pandemic, inventory shortages, strong stock markets and lifestyle changes.

Regionally, the Americas saw the strongest growth at 12.7 percent, followed by Asia Pacific and EMEA at 7.5 and 7.2 percent, respectively.



Moscow saw the second-strongest growth in prime prices in 2021. Image credit: Knight Frank

Dubai saw the highest growth in luxury residential prices at 44.4 percent. Sales above \$10 million accounted for 7 percent of the market's transactions.

Trailing Dubai was Moscow, with 42.4 percent price growth for prime properties.

The remainder of the top five was dominated by U.S. markets San Diego with 28.3 percent growth, Miami with 28.2 percent growth and the Hamptons at 21.3 percent.

Other notable markets with double-digit growth included Seoul, Toronto, Shanghai, Vancouver and Guangzhou.

Although much was made of affluents and ultra-high-net-worth individuals fleeing cities throughout the pandemic, urban markets saw 8.4 percent price growth. Smaller cities such as Edinburgh, with an 8.6 percent increase in prime prices, remain in demand.

Sunny resort markets including the aforementioned Dubai, San Diego and Miami saw 10.2 percent growth in luxury prices, while ski destinations such as Aspen saw 7.2 percent growth on average.

In 2022, many markets are expected to sustain price growth, although Knight Frank predicts these increases will be more modest compared to the dramatic jumps of 2021 as housing market recalibrates.

Dubai is forecast to lead the way with 12 percent growth, edging out Miami's 10 percent projected increase. Zurich is expected to hold steady at 10 percent.

In one indication of how quickly markets can shift, however, Moscow was forecast to see 7 percent growth in luxury real estate prices. That scenario now seems unlikely, as the Russian economy is increasingly isolated in retaliation for the country's invasion of Ukraine.

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