

## CHINESE CITIES REACH THEIR PEAK IN 2016

House prices in China's key cities rose ever higher in 2016 and made a significant contribution to our index's overall performance but 2017 is shaping up to look very different.

### Results for Q4 2016

House prices across 150 cities worldwide increased by 6.6% on average in 2016

Chinese cities occupy the index's top nine rankings for annual house price growth but we expect a marked change next quarter

Wellington and Toronto have usurped their neighbours of Auckland and Vancouver respectively at the top of the table

Oslo is Europe's strongest-performing city but Dutch cities have also risen up the rankings

No single world region dominates the bottom of the rankings with Moscow, Aberdeen, Seville, Darwin and Jaipur comprising the five weakest markets



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International Residential Research

"Chinese cities would have occupied the entire top ten had New Zealand's Wellington not nudged Shenzhen out of tenth spot."

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Chinese cities account for nine of the top ten rankings in our latest assessment of house prices across 150 cities worldwide. Nanjing leads the rankings with average prices ending last year 41.1% higher. Chinese cities would have occupied the entire top ten had New Zealand's Wellington not nudged Shenzhen out of tenth spot.

We expect next quarter's results to look significantly different. The index covers the period to the end of 2016 but already in March we have seen a new round of lending curbs and purchase restrictions across China's main cities which has brought price growth in several cities to an abrupt halt.

Overall the index increased by 6.6% in 2016, its highest rate in three years. However, if we were to omit the Chinese cities the index would have increased by only 4.9% in 2016.

Beyond China, the cities of Auckland (12.4%) and Vancouver (17%) which have for several years been New Zealand and Canada's stellar performers have now been usurped by their respective rivals, Wellington (23.7%) and Toronto (19.8%). New regulations are only part of the story, Vancouver has seen a new tax on foreign buyers but investors are also keen to spread risk, with some equity-rich Aucklanders now looking for a foothold in the New Zealand capital too.

Oslo (21.7%) is Europe's strongest-performing city but Budapest (19%) is not far behind. In Oslo falling unemployment, record low interest rates and strong purchasing power has boosted demand. The Dutch cities of Amsterdam, Utrecht and Rotterdam represent another centre of growth in Europe, all recording double-digit annual price rises. Here, a lack of supply is the key determinant of accelerating prices.

Seattle (10.8%) continues to lead the US cities with Denver (8.9%) next in line. The impact of the Federal Reserve's third rate rise in 10 years (to 1%) will filter into next quarter's edition but we do not envisage a sudden slowdown in US cities' price inflation. Furthermore, we may see stronger capital outflows from the US to key European and Asian cities.

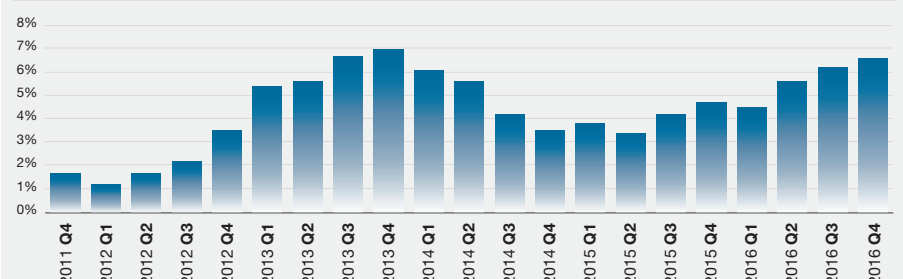
In the UK, six of the eight cities tracked by our index recorded positive price growth, but only one, Bristol (10.1%) saw prices reach double figures. Improving economic productivity and a structural undersupply of new housing is supporting price growth in a number of the UK's regional cities.

The foot of the rankings table remains largely unchanged with Moscow, Aberdeen, Seville, Darwin and Jaipur jostling for position within the bottom five. No single world region dominates, although the Americas are notable by their absence.

FIGURE 1

### Global Residential Cities Index Q4 2016

Annual performance over the last five years 12-month % change



Source: Knight Frank Research

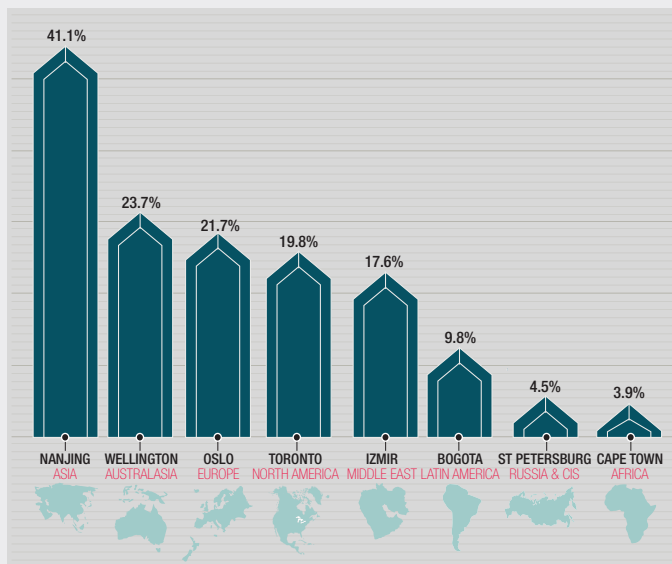


FIGURE 2  
**Global Residential Cities Index**

Tracking mainstream residential prices across 150 cities worldwide

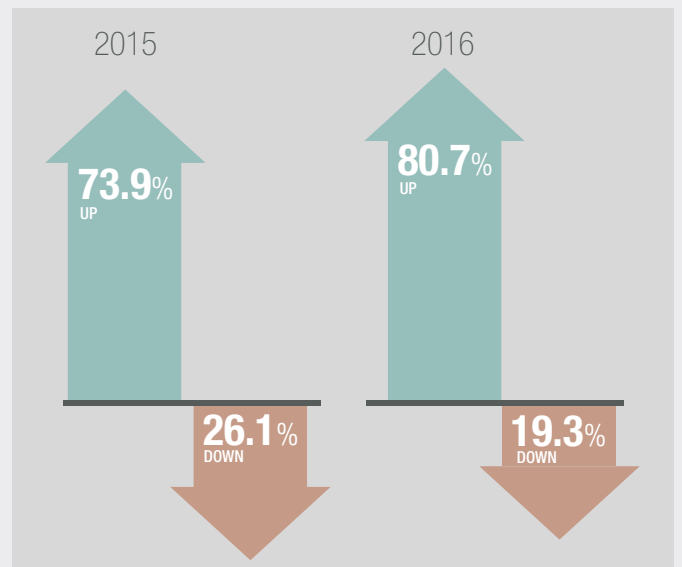


FIGURE 3  
**Top performing city by world region**  
Annual performance to Q4 2016



Source: Knight Frank Research

FIGURE 4  
**Ups and downs**  
Proportion of cities recording price rises or falls



Source: Knight Frank Research

Note: Where official data is published for multiple cities we have selected those cities with the highest GDP or included only those cities tracked by an official source.

## Knight Frank Global Residential Cities Index, Q4 2016 Ranked by annual % change

Rank	City	12-month % change (Q4 2015-Q4 2016)	Rank	City	12-month % change (Q4 2015-Q4 2016)	Rank	City	12-month % change (Q4 2015-Q4 2016)
1	Nanjing, CN	41.1%	51	Manchester, UK	7.9%	101	New York, US	3.1%
2	Wuxi, CN	35.7%	52	Tel Aviv, IL	7.7%	102	Seoul, KR	3.0%
3	Shanghai, CN	31.7%	53	Birmingham, UK	7.7%	103	Paris, FR	3.0%
4	Hangzhou, CN	28.7%	54	Riga, LV	7.6%	104	Lyon, FR	2.9%
5	Zhengzhou, CN	28.4%	55	London, UK	7.5%	105	Dalian, CN	2.6%
6	Beijing, CN	28.1%	56	Chongqing, CN	7.3%	106	Vienna, AT	2.5%
7	Wuhan, CN	25.5%	57	Turin, IT*	7.2%	107	Helsinki, FI	2.4%
8	Tianjin, CN	25.4%	58	Nottingham, UK	6.9%	108	Ljubljana, SI	2.2%
9	Guangzhou, CN	24.3%	59	Lisbon, PT	6.8%	109	Johannesburg, ZA	2.2%
10	Wellington, NZ	23.7%	60	Miami, US	6.8%	110	Zagreb, HR	2.1%
11	Shenzhen, CN	23.5%	61	Bratislava, SK	6.8%	111	Brussels, BE	1.8%
12	Oslo, NO	21.7%	62	Delhi, IN	6.7%	112	Valencia, ES	1.6%
13	Toronto, CA	19.8%	63	Boston, US	6.3%	113	Halifax, CA	1.5%
14	Jinan, CN	19.5%	64	Detroit, US	6.3%	114	Lille, FR	1.2%
15	Budapest, HU	19.0%	65	Atlanta, US	6.2%	115	Jakarta, ID ***	1.0%
16	Changsha, CN	18.4%	66	Mexico City, MX	6.1%	116	Montreal, CA	0.8%
17	Chennai, IN	18.1%	67	Jerusalem, IL	6.0%	117	Calgary, CA	0.6%
18	Lucknow, IN	17.7%	68	Bengaluru, IN	5.8%	118	Florence, IT*	0.5%
19	Victoria, CA	17.7%	69	Las Vegas, US	5.8%	119	Zurich, CH	0.5%
20	Izmir, TR	17.6%	70	Dublin, IE	5.7%	120	Sao Paulo, BR	0.4%
21	Hamilton, CA	17.5%	71	Chengdu, CN	5.7%	121	Edmonton, CA	0.1%
22	Vancouver, CA	17.0%	72	Minneapolis, US	5.7%	122	Bologna, IT*	-0.2%
23	Amsterdam, NL	14.5%	73	San Francisco, US	5.7%	123	Trieste, IT*	-0.3%
24	Reykjavik, IS	14.3%	74	Charlotte, US	5.6%	124	Athens, GR	-0.4%
25	Qingdao, CN	13.3%	75	Canberra, AU	5.5%	125	Thessaloniki, GR	-0.5%
26	Auckland, NZ	12.4%	76	San Diego, US	5.4%	126	Edinburgh, UK	-0.6%
27	Ningbo, CN	12.2%	77	Los Angeles, US	5.4%	127	Quebec, CA	-0.7%
28	Kochi, IN	12.1%	78	Yantai, CN	5.3%	128	Tokyo, JP	-0.8%
29	Utrecht, NL	12.0%	79	Kuala Lumpur, MY	5.1%	129	Marseille, FR	-0.8%
30	Porto, PT	11.6%	80	Chicago, US	4.9%	130	Larnaca, CY	-0.9%
31	Istanbul, TR	11.6%	81	Madrid, ES	4.8%	131	Skopje, MK	-0.9%
32	Malmö, SE	11.4%	82	Phoenix, US	4.8%	132	Limassol, CY	-0.9%
33	Melbourne, AU	10.8%	83	St. Petersburg, RU	4.5%	133	Taipei City, TW	-1.2%
34	Seattle, US	10.8%	84	Stockholm, SE	4.5%	134	Milan, IT*	-1.3%
35	Barcelona, ES	10.5%	85	Cleveland, US	4.4%	135	Venice, IT*	-1.7%
36	Sydney, AU	10.3%	86	Glasgow, UK	4.4%	136	Nicosia, CY	-2.1%
37	Rotterdam, NL	10.2%	87	Hong Kong, HK**	4.2%	137	Rio de Janeiro, BR	-2.1%
38	Bristol, UK	10.1%	88	Washington, US	4.2%	138	Kanpur, IN	-2.4%
39	Portland, US	10.0%	89	Malaga, ES	4.2%	139	Rome, IT*	-2.6%
40	Mumbai, IN	10.0%	90	Adelaide, AU	4.1%	140	Singapore, SG	-2.6%
41	Bogota, CO	9.8%	91	Copenhagen, DK	4.0%	141	Napoli, IT*	-3.0%
42	Hague, NL	9.6%	92	Cape Town, ZA	3.9%	142	Perth, AU	-4.1%
43	Ankara, TR	9.0%	93	Brisbane, AU	3.8%	143	Palermo, IT*	-4.5%
44	Denver, US	8.9%	94	Ottawa, CA	3.6%	144	Durban, ZA	-5.1%
45	Hobart, AU	8.8%	95	Kolkata, IN	3.5%	145	Genoa, IT*	-6.2%
46	Ahmedabad, IN	8.8%	96	Winnipeg, CA	3.4%	146	Jaipur, IN	-6.3%
47	Tallinn, EE	8.7%	97	Bern, CH	3.3%	147	Darwin, AU	-7.0%
48	Tampa, US	8.3%	98	Shenyang, CN	3.2%	148	Aberdeen, UK	-9.8%
49	Haifa, IL	8.1%	99	Tangshan, CN	3.1%	149	Sevilla, ES	-9.9%
50	Dallas, US	8.1%	100	Gothenburg, SE	3.1%	150	Moscow, RU	-15.0%

Source: Knight Frank Research \*Asking prices \*\*Provisional \*\*\*Metropolitan area

AT Austria, AU Australia, BE Belgium, BR Brazil, CA Canada, CH Switzerland, CL Chile, CN China, CO Bogota, CY Cyprus, CZ Czech Republic, DK Denmark, EE Estonia, ES Spain, FI Finland, FR France, GR Greece, HK Hong Kong, HR Croatia, HU Hungary, ID Jakarta, IE Ireland, IL Israel, IN India, IS Iceland, IT Italy, JP Japan, KR South Korea, LV Latvia, MK Macedonia, MX Mexico City, MY Malaysia, NL Netherlands, NO Norway, NZ New Zealand, PT Portugal, RU Russia, SE Sweden, SG Singapore, SI Slovenia, SK Slovakia, TR Turkey, TW Taiwan, UK United Kingdom, US United States, ZA South Africa

All data corresponds to 12-month percentage change to Q4 2016 except: Ahmedabad, Auckland, Bengaluru, Bogota, Brussels, Budapest, Cape Town, Chennai, Copenhagen, Delhi, Durban, Jaipur, Johannesburg, Kanpur, Kochi, Kolkata, Kuala Lumpur, Larnaca, Lille, Limassol, Ljubljana, Lucknow, Lyon, Marseille, Mumbai, Nicosia, Wellington and Zagreb to Q3 2016.

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