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Date: 12 September 2009

Knight Frank Global House Price Index – Quarter 2 2009

Key highlights:

- **Global housing markets show signs of tentative recovery with values increasing in almost half of the countries reporting prices for Q2 2009**
- **Israel remains the top performer over a 12 month period with prices increasing 12.5% to the end of Q2 2009**
- **On a quarterly basis, Norway saw the biggest rise with prices up 5.3% during the second three months of the year**
- **Dubai recorded the largest annual (-47%) and second largest quarterly (-7.5%) drops in the index, but prices are now falling at a much reduced rate**
- **The quarterly drop in prices accelerated in less than 25% of locations**

Liam Bailey, head of residential research, Knight Frank commented:

“It now appears that house prices are starting to stabilise across the world. The latest results from our Global House Price Index show values increased in almost half of the locations reporting price changes for the second quarter of the year. Significantly, quarterly price falls accelerated in only 22% of the locations and did not exceed 10% in any country. This compares with double-digit falls in a number of locations during the first quarter.

“Israel remains the best performer on an annual basis and is the only country to have recorded double-digit growth (+12.5%) in the 12 months to the end of June. A number of other countries, however, posted stronger quarterly gains with prices in Norway increasing by 5.3% - the country's second successive quarterly increase after a 4.1% hike in the first three months of the year.

“Northern Scandinavia in general seems to be recovering well with prices also increasing during the second quarter in Sweden (+3.6%) and Finland (+3.9%). This is probably because prices didn't increase to the same extent as other areas during the property boom. There has also been a sharp slowdown in the number of houses under construction. In Sweden, construction started on 45% fewer houses in the first half of 2009 compared with the same period last year. In Norway, new starts have fallen to their lowest levels since 2000.

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“An imbalance between supply and pent-up demand also helped the UK’s housing market, which increased by 1.1% in the second quarter. Even the US, where the sub-prime mortgage crisis started, is starting to see a recovery. Prices increased 1.3% in the second quarter following falls of 7% in each of the previous two quarters.

“Prices are still falling in Dubai, but the decline has slowed sharply. The second-quarter drop in Dubai was only 7.5% compared with a massive 41% slide during the previous three months. While the market still remains over supplied, transaction volumes have started to increase on the back of reduced asking prices, the increased availability of credit and more certainty from developers regarding the completion dates of projects.

“Overall, it seems that prices are starting to bottom out around the world. However, the market is still fragile and patchy. Prices in Bulgaria, for example, fell by 9.7% in the second quarter of 2009; only a slight improvement on the country’s first-quarter fall of 12.4%. In Thailand, values fell by 5.6% after an increase of 2.7% in the first quarter underlining that one quarter of recovery is no guarantee prices will continue to increase. It is also worth noting a number of countries, such as Estonia, that recorded large price falls at the beginning of the year have not yet reported their second quarter results so the global picture is not fully complete.

“Further falls are always a possibility while credit flows remain constrained and the global economy struggles to recover from recession, but it does appear that the worst is behind us.”

Knight Frank Global House Price Index, Quarter 2 2009

	Annual price change		Quarterly price change				
	Q2 08-Q2 09	Rank	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Rank
Israel	12.5%	1	5.4%	0.5%	2.1%	4.0%	3
Switzerland	6.1%	2	0.7%	1.2%	2.1%	2.1%	7
Indonesia	2.1%	3	0.5%	0.5%	0.5%	0.7%	15
Jersey	1.5%	4	5.8%	-5.4%	5.6%	-3.9%	27
Luxembourg	0.8%	5	-0.4%	0.6%	0.6%	-0.1%	16
Belgium	0.2%	6	0.2%	1.1%	-0.9%	-0.3%	18
Hungary	-1.1%	7	-0.2%	0.2%	-0.8%	-0.3%	17
Germany	-1.3%	8	4.0%	-1.5%	-2.7%	-1.0%	19
New Zealand	-1.3%	9	-2.3%	-0.4%	0.1%	1.3%	11
Australia	-1.4%	10	-2.6%	-1.3%	-1.5%	4.2%	2
Norway	-1.5%	11	-3.4%	-7.0%	4.1%	5.3%	1
Portugal	-1.5%	12	-1.9%	-1.0%	-0.3%	1.7%	10
Sweden	-2.0%	13	1.4%	-3.6%	-3.3%	3.6%	5



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China	-2.4%	14	-1.8%	-2.2%	-0.2%	1.8%	9
Finland	-2.9%	15	-1.4%	-4.3%	-1.0%	3.9%	4
Italy	-3.5%	16	-0.5%	-0.5%	-1.3%	-1.3%	20
Thailand	-3.7%	17	2.1%	-2.7%	2.7%	-5.6%	30
Russia	-3.9%	18	2.9%	-0.6%	-3.9%	-2.3%	24
South Africa	-4.1%	19	-0.2%	-0.7%	-1.8%	-1.4%	21
Croatia	-6.1%	20	-1.8%	-1.2%	-1.3%	-1.9%	23
Canada	-6.2%	21	0.2%	-3.5%	-4.7%	1.9%	8
Czech Republic	-8.0%	22	5.4%	0.2%	-2.9%	NA	-
Spain	-8.3%	23	-1.3%	-2.4%	-3.0%	-1.9%	22
Netherlands	-10.3%	24	-1.8%	-5.6%	-5.9%	2.7%	6
Denmark	-11.4%	25	-1.5%	-3.3%	-4.3%	-2.8%	26
UK	-11.7%	26	-5.0%	-4.5%	-3.7%	1.1%	13
Slovakia	-13.4%	27	-0.5%	-4.1%	-4.5%	-5.0%	28
Slovenia	-14.3%	28	0.1%	-2.0%	-10.4%	-2.5%	25
United States	-15.4%	29	-3.7%	-6.9%	-7.0%	1.3%	12
Bulgaria	-21.9%	30	3.0%	-4.1%	-12.4%	-9.7%	32
Singapore	-27.7%	31	-2.7%	-6.5%	-16.2%	-5.2%	29
Dubai	-47.3%	32	4.7%	-7.8%	-41.0%	-7.5%	31
Poland	NA		NA	4.4%	7.3%	0.7%	14

Countries yet to report Q2 data: Austria, Cyprus, Estonia, France, Greece, Hong Kong, Ireland, Japan, Latvia, Lithuania, Malaysia, Malta, Philippines Serbia, South Korea, Taiwan, Ukraine, India

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Notes to Editors

The Knight Frank Global House Price Index is compiled using official government statistical office or central bank data where possible. In some instances reliable indices from third-party sources have been used.

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