Prime Global Cities Index

Knight Frank

2025 Q3

The Prime Global Cities Index (PGCI) is a valuation-based index, tracking the movement of prime residential prices across 46 cities worldwide using data from our global research network. The index tracks nominal prices in local currency

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Prime house price growth slowest for two years

- Average annual house price growth across our 46-city basket slowed to 2.5% in the third quarter of 2025, down from 3.0% in Q2. The deceleration reflects growing uncertainty over the timing and scale of interest rate cuts in key global economies, pulling the growth rate further below the long-term average of 5.2%.

A COOLING MARKET

Average global prime residential prices rose by 2.5% in the 12 months to the end of September 2025, continuing a two-year trend of weakening price growth worldwide.

We've discussed the challenges posed by higher interest rates and the slowdown in the rate-cutting cycle. As recently as September 2024, 43% of a sample of 37 global central banks reduced rates. By April this year, that proportion had fallen to just 14%. Although the ratio has risen again in recent months, these changes will take time to feed through to housing markets.

The overall direction for global rates is downward, and for that reason we expect house price growth to strengthen in 2026, although it is likely to be until well into Q1 that the trend becomes firmly established.

ASIA-PACIFIC DEEP DIVE

Across the Asia-Pacific region, residential markets are experiencing markedly different dynamics. Tokyo continues to stand out, with prices for existing stock climbing sharply as buyers unable to access increasingly expensive new-build homes turn to the resale market instead. Limited supply, a weak yen, which has spurred rising foreign investment, and a more supportive political backdrop have all pushed values to record highs, with annual growth now exceeding 50%.

Hong Kong is showing the first signs of recovery, supported by interest rate cuts that have helped to stabilise financing conditions. Investors, both private and institutional, are returning to the luxury sector, where scarcity and notable price corrections from peak levels are creating selective opportunities.

By contrast, luxury markets on the Chinese mainland remain subdued. The government has deliberately shifted emphasis away from real estate toward high-tech industry and domestic consumption as engines of economic growth. With policy support muted, demand in the upper tiers is likely to remain soft over the next nine to 12 months.

In Australia, the picture varies by city. The Gold Coast and Perth are

2.5%
average annual growth in prices across our 46-city basket

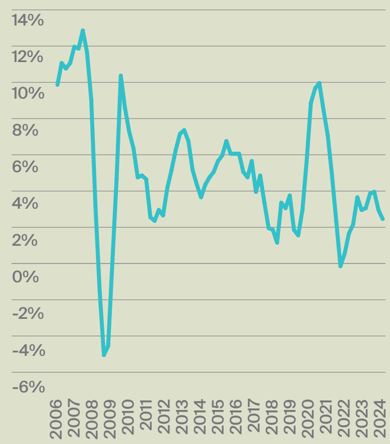
61%
proportion of our cities that saw positive house price growth over the past 12 months

Tokyo
the city with the fastest rate of annual growth in Q2

Dubai
five-year growth of 198%

Prime price change

PGCI, annual % change



Source: Knight Frank Prime Global Cities Index benefiting from strong migration inflows, relative affordability and tight supply, which continue to fuel outperformance. Sydney remains resilient thanks to its depth of demand and sustained global appeal, although affordability constraints are limiting further acceleration. Melbourne is comparatively weaker, held back by a slower economic backdrop and tax settings that have dampened sentiment.

Leading markets

Strongest 10 markets for price growth, five years to Q3 2025

Location	% change
AE Dubai	224.3
JP Tokyo	115.0
PH Manila	81.0
KR Seoul	80.9
US Miami	80.7
US Los Angeles	51.0
NZ Christchurch	44.7
IT Milan	38.1
AU Gold Coast	35.5
IN Mumbai	34.6

Source: Knight Frank Research

"Prime house price growth has cooled to its slowest pace in two years, as a slowing pace of global rate cuts keeps a lid on performance across global cities. But with rates set to fall further in 2026, the groundwork for a rebound is building."

Liam Bailey, Knight Frank's global head of research

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

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Knight Frank Prime Global Cities Index Q3 2025

Ranked by annual % change

Rank/City		12-month % change	3-month % change
1	JP Tokyo	55.9	30.2
2	KR Seoul	25.2	2.3
3	IN Bengaluru	9.2	0.3
4	AE Dubai	8.5	-6.9
5	IN Mumbai	8.3	1.5
6	SG Singapore	7.9	2.4
7	ES Madrid	6.1	0.8
8	CH Zurich	5.4	1.8
9	PH Manila	5.4	1.1
10	KE Nairobi	5.3	0.0
11	AU Perth	4.3	1.9
12	IN Delhi	4.2	0.4
13	CH Geneva	4.2	1.2
14	TH Bangkok	4.0	-0.4
15	AU Gold Coast	3.9	0.3
16	MC Monaco	3.6	2.5
17	AU Brisbane	3.4	0.6
18	PT Lisbon	3.1	0.6
19	DE Frankfurt	3.1	0.1
20	DE Berlin	2.7	0.3
21	IE Dublin	2.3	0.0
22	SE Stockholm	1.8	0.0
23	NZ Christchurch	1.8	3.2
24	FR Paris	1.4	0.6
25	NZ Wellington	1.2	1.9
26	MY Kuala Lumpur	0.9	0.6
27	ID Jakarta	0.8	0.0
28	RO Bucharest	0.2	0.2
29	US New York	-0.1	0.5
30	AU Sydney	-0.1	1.2
31	US Miami	-0.2	0.8
32	US Los Angeles	-0.3	-1.4
33	AT Vienna	-0.5	-0.2
34	KH Phnom Penh	-0.8	-1.0
35	US San Francisco	-0.9	-0.0
36	IT Milan	-1.3	0.0
37	CN Shanghai	-1.6	-2.3
38	AU Melbourne	-1.7	-0.9
39	CN Beijing	-1.9	-2.7
40	TW Taipei	-2.6	-1.8
41	UK London	-3.6	-1.5
42	HK Hong Kong	-3.7	0.1
43	NZ Auckland	-3.9	-5.6
44	CA Vancouver	-6.5	-4.5
45	CN Shenzhen	-6.8	-4.1
46	CA Toronto	-6.9	-3.3

Source: Knight Frank, Macrobond

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