

# Global House Price Index

2023 Q2 Edition

Knight Frank's Global House Price Index provides a quarterly snapshot of trends in mainstream housing markets across 56 countries

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## Global house prices tick up as peak rates approach

- ▶ Annual global house price growth rose slightly from 2.9% in Q1 2023 to 3.0% in Q2 2023. While nearly four in ten markets saw prices fall over the past year, only around a third saw declines over the past three months, pointing to a modest improvement in global market conditions.

Housing markets around the world have felt the impact of the shift to higher interest rates, with the average annual rate of growth across the 56 markets we track falling from a recent peak of 10.9% in Q1 2022 to the most recent reading of 3.0% in Q2 this year.

Rising interest rates in most major economies since early 2022 have had a significant impact on prices, transaction volumes and market liquidity. Financial and credit conditions have tightened, borrowing rates have risen, and as a result house price growth has moderated and in many markets turned negative.

That said there are emerging signs of a stabilising of market conditions as peak interest rates approach. Strong demographic trends in major markets, limited inventory of houses for sale, and significant delays to new build projects are all providing structural supports for pricing – especially in markets like Australia, the US and Canada – which have seen price growth of 2.9%, 3.7% and 6.1% over the past quarter.

While the annual rate of growth on our index has ticked up (albeit marginally from 2.9% to 3.0%) over the past quarter, we shouldn't overstate the shift in housing

market conditions. Even if policy rates are not raised further, the effects of past rises will continue to work their way through economies for some time. We need to expect a continued hit to market liquidity and transactional activity well into 2024.

### COUNTRY FOCUS

Turkey leads our index for annual growth once again (up 96%), with nominal prices boosted by underlying sharp inflationary pressures. Lithuania follows (15.3%), with the south-eastern corner of Europe dominating the remainder of the top five spots in our ranking – with Croatia (14.0%), Greece (14.0%), and North Macedonia (12.9) all featuring.

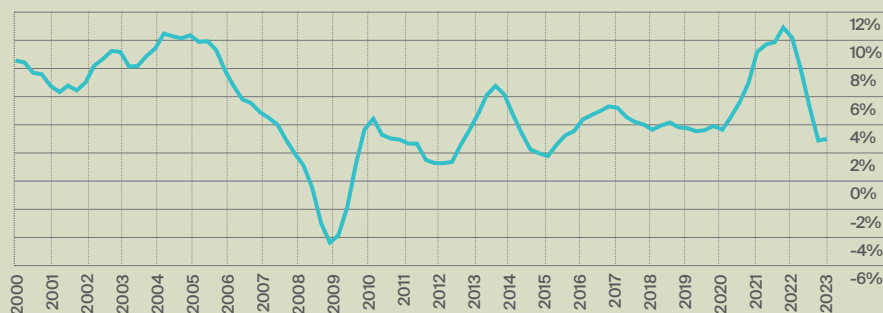
South Korea, Sweden, Finland, New Zealand, and Hong Kong are currently experiencing the largest rates of price falls – falling between 12.8% and 8.7% over the past 12 months. However, even at this end of our ranking, only Sweden saw prices fall in the most recent quarterly period.

House prices have fallen substantially from their peaks in some G20 countries, including Sweden, South Korea, and Germany, and housing investment has declined sharply, especially in the US and Canada. However, some signs of stabilisation have begun to appear in recent monthly data.

### OUTLOOK

The easing of downward pressure on house prices will be welcomed by many homeowners, but a full recovery is still a long way off. The 3.0% average rate of growth recorded this quarter is still the lowest rate since Q3 2015, when European

**Fig 1: The Knight Frank Global House Price Index**  
2023 Q2 Edition, overall index annual % change



Source: Knight Frank Research

markets were still recovering from the European Debt Crisis.

While it will take time for house price growth to return to trend, the medium-term outlook for housing markets is for pricing pressures to continue. One of the consequences of higher interest rates has been a broad-based decline in investment activity across most economies, and housing investment in particular.

The impact of this lack of investment in new housing stock is being clearly revealed in rental markets, with global rents rising at three times their pre-pandemic rate according to our Prime Global Rental Index. Unless there is a significant structural shift in housing delivery, the same pressures will act to push house prices higher again as interest rates fall in 2024 and into 2025.

“The rapid approach of peak rates is coinciding with a modest improvement in housing market conditions in some key global markets. With the full effects of rate tightening still to be felt a more substantial improvement in housing market liquidity and price growth is still some way off. That said the medium term outlook for housing markets is likely to be dominated by low supply and strong demand which will add to upward pricing pressures from late 2024 and beyond.”

Liam Bailey, Knight Frank's global head of research

Sources: Knight Frank Research, Macrobond, Bank for International Settlements, Australia Property Monitor, National Bank of Austria (Oesterreichische Nationalbank), Statistics Belgium, Brazilian Foundation Institute of Economic Research (FIPB), Bulgarian National Statistical Institute, Teranet, National Bureau Statistics, Chilean Chamber of Construction, Colombian National Administrative Department of Statistics (DANE), National Bank of Croatia, Central Bank of Cyprus (CBC), Eurostat, Statistics Denmark, Statistics Estonia, Statistics Finland, French National Institute of Statistics & Economic Studies (INSEE), VDP Bank of Greece, Hong Kong Rating & Valuation Department, Statistics Iceland, Bank Indonesia, Irish Central Statistics Office (CSO), Israel Central Bureau of Statistics (CBS), Italian National Institute of Statistics (Istat), Japanese Ministry of Land, Infrastructure, Transport & Tourism, States of Jersey Statistics Unit, Lithuania State Enterprise Centre of Registers, Malaysian Valuation & Property Services Department, Central Bank of Malta, Mexican Federal Mortgage Company (SHF Sociedad Hipotecaria Federal), Statistics Netherlands (CBS), Real Estate Institute of New Zealand (REINZ), Statistics Norway, Central Reserve Bank of Peru (BCRP), Polish Central Statistical Office (GUS), Portuguese National Statistics Institute (INE), Russian Federal State Statistics Service (Rosstat), Singapore Urban Redevelopment Authority (URA), Central Bank of Slovakia, Slovenian Statistical Office, First National Bank, Statistics Korea (KOSIS), Spanish Ministry of Development, Statistics Sweden (SCB), Wuest & Partner, Taiwan Ministry of the Interior, Central Bank of the Republic of Turkey (TCMB), Blagovist Real Estate Agency of Ukraine, HM Land Registry, S&P Case Shiller

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



#### Research enquiries

Liam Bailey  
+44 7919 303 148  
liam.bailey@knightfrank.com



#### Press enquiries

Astrid Recaldin  
+44 20 7861 1182  
astrid.recaldin@knightfrank.com

**Fig 2: The Knight Frank Global House Price Index**  
2023 Q2 edition, countries / territories ranked by annual % change

| Rank/Location       | 12-month % change | 6-month % change | 3-month % change |
|---------------------|-------------------|------------------|------------------|
| 1 Turkey            | 96.0              | 39.0             | 13.8             |
| 2 Lithuania         | 15.3              | 13.5             | 8.2              |
| 3 Croatia           | 14.0              | 6.8              | 2.0              |
| 4 Greece            | 14.0              | 7.0              | 2.6              |
| 5 North Macedonia   | 12.9              | 3.0              | 1.6              |
| 6 Mexico            | 11.5              | 5.7              | 2.4              |
| 7 Colombia          | 10.1              | 6.1              | 3.1              |
| 8 Hungary           | 9.7               | 1.0              | 3.3              |
| 9 Bulgaria          | 9.5               | 2.0              | 1.6              |
| 10 Estonia          | 9.2               | 0.3              | 0.0              |
| 11 Cyprus           | 9.0               | 4.0              | 2.6              |
| 12 Slovenia         | 8.8               | 3.0              | 1.6              |
| 13 Malta            | 8.3               | 6.3              | -1.0             |
| 14 Portugal         | 7.9               | 4.1              | 2.4              |
| 15 Iceland          | 7.9               | 2.8              | 3.5              |
| 16 Singapore        | 6.8               | 2.0              | -0.6             |
| 17 Japan            | 6.2               | 3.4              | 3.3              |
| 18 Latvia           | 6.0               | -0.6             | 0.0              |
| 19 Poland           | 5.7               | 1.3              | -0.1             |
| 20 Brazil           | 5.7               | 2.5              | 1.4              |
| 21 Taiwan           | 5.1               | 3.6              | 2.3              |
| 22 India            | 5.1               | 4.4              | 2.0              |
| 23 Belgium          | 4.8               | 1.1              | 1.5              |
| 24 Romania          | 4.6               | 2.2              | -0.4             |
| 25 Israel           | 3.2               | -1.3             | -1.1             |
| 26 Spain            | 3.0               | 2.5              | 0.3              |
| 27 Malaysia         | 2.2               | -0.3             | -1.6             |
| 28 Ireland          | 2.1               | -1.1             | 0.4              |
| 29 Indonesia        | 1.9               | 0.9              | 0.5              |
| 30 Czech Republic   | 1.9               | -3.3             | -1.2             |
| 31 South Africa     | 1.7               | -0.1             | -0.2             |
| 32 Switzerland      | 1.5               | 0.1              | 0.3              |
| 33 Italy            | 0.7               | 2.0              | 2.0              |
| 34 France           | 0.5               | -1.0             | -0.7             |
| 35 United States    | -0.0              | 4.7              | 3.7              |
| 36 Morocco          | -0.1              | -0.8             | -0.2             |
| 37 Norway           | -0.1              | 5.9              | 3.9              |
| 38 Australia        | -1.2              | 3.0              | 2.9              |
| 39 Jersey           | -1.4              | -2.6             | -0.2             |
| 40 Luxembourg       | -1.5              | -5.6             | -4.2             |
| 41 Austria          | -2.2              | -0.6             | -0.2             |
| 42 Chile            | -2.5              | -0.7             | 1.4              |
| 43 Chinese Mainland | -3.4              | -1.7             | -0.5             |
| 44 United Kingdom   | -3.5              | 0.1              | 2.0              |
| 45 Peru             | -3.5              | -6.8             | -1.9             |
| 46 Germany          | -3.8              | -2.8             | -0.4             |
| 47 Ukraine          | -4.9              | 2.1              | 3.7              |
| 48 Canada           | -5.1              | 5.2              | 6.1              |
| 49 Netherlands      | -5.5              | -1.4             | -0.9             |
| 50 Denmark          | -5.8              | -2.6             | 0.8              |
| 51 Slovakia         | -6.5              | -6.1             | -2.3             |
| 52 Hong Kong SAR    | -8.7              | 2.9              | 1.4              |
| 53 New Zealand      | -9.1              | -2.9             | 1.3              |
| 54 Finland          | -9.9              | -2.4             | 0.6              |
| 55 Sweden           | -12.3             | -5.9             | -1.3             |
| 56 South Korea      | -12.8             | 3.6              | 2.3              |

Source: see box in margin