News Release

22nd November 2021

Miami on top in 2022 with prime price growth of 10% forecast

London, UK – Prime prices in Miami are set to rise by 10% next year according to Knight Frank's Prime Global Forecast, making it the best-performing city in 2022.

Florida's low tax regime, Miami's competitive prices and the appeal of coastal living during the crisis has boosted demand. Since the start of the pandemic, Palm Beach County alone has seen 35 sales above $30 million, 20 above $40 million and two above $100 million.

Sydney occupies second place in our forecast with prime prices forecast to rise by 9% in 2022. The reopening of borders, the return of investors and the growing appetite amongst domestic buyers for second homes on Australian soil, heightened by recent lockdowns and travel bans, will see prime prices accelerate.

Record low inventory levels and strong demand for large family homes set against a backdrop of low mortgage rates will lead to growth in Los Angeles of around 8% in 2022 and places it in second position. Auckland (7%) and London (7%) complete the top five markets in the Knight Frank forecast.

For Auckland, 7% represents a marked slowdown in price growth as the government takes steps to rein in speculative activity. For London, it will represent the city's strongest rate of growth for eight years. An end to lockdowns, a reopening of travel, the winding up of the stamp duty holiday and the absence of political turmoil over Brexit will see a normalisation of market conditions. In addition, sizeable discounts of 20%-30% exist for Euro and US-denominated buyers taking price and currency shifts into account since the EU Referendum in June 2016.

In Hong Kong, prime price growth is expected to moderate from 8% in 2021 to 5% in 2022. The economic slowdown on the Chinese mainland, along with a slump in the Hang Seng, are constraining factors but luxury prices remain at an all-time high and an influx of purchasing power from the Chinese mainland is expected once the border reopens.

In contrast to Hong Kong, Singapore is expected to see prime price growth strengthen year-on-year reaching 5% in 2022. The limited inventory of large luxury homes in the Core Central Region coupled with the release of pent-up demand once travel measures ease will see sales activity and prices accelerate.

Knight Frank
55 Baker Street
London
W1U 8AN
+44 20 7629 8171

Kate Everett-Allen, head of international residential research at Knight Frank said: *"Since the start of the pandemic we've monitored the performance of cities closely and the story is an evolving one. The narrative has pivoted from "cities are dead" to "smaller, secondary cities are king" and now "metropolises are back". Behemoths like New York and London look to be awakening from their slumber with the pace of prime sales quickening and annual prime price growth moving into positive territory for the first time in three and six years respectively."*

Key drivers of price growth in 2022

- Normalisation of travel will influence all high-net-worth individual (HNWI) buyer groups: owner occupiers, investors and second home purchasers
- Interest rates rises will be less influential at the prime end of the market where cash purchasers still dominate in several cities
- Inventory levels are at record lows in some prime markets and new construction has been delayed due to the pandemic and blocked supply chains - Sydney, Los Angeles and Singapore are particularly affected
- Amassed savings in developed nations are not yet depleted and wealth has appreciated due to the rise in the value of assets, both real estate and equities
- Second homes in liquid and transparent markets are in demand as HNWIs look to make up for lost time with family and friends

Trends to watch

- **The Chinese mainland's slowdown**: The Chinese leadership look steadfast in their goal to control developer financing and restrict credit growth in its push towards 'common prosperity'. Evergrande's collapse is unlikely to kick-start widespread contagion but the direction of policy suggests more muted price growth in the medium term
- **Stepping away from stimulus**: With some central banks taking cautionary steps away from ultra-accommodative monetary policy, asset prices will no longer be artificially inflated
- **Higher taxes**: Singapore is considering a wealth tax, President Biden has proposed increasing the top rate of tax for highest earners, the UK is reviewing its capital gains taxes and Spain plans to introduce a rent cap for landlords with multiple properties
- **Red tape:** Property cooling measures, non-resident restrictions and tighter regulation of holiday rental platforms such as Airbnb are high on the agendas of city authorities
- **Rental recovery:** Top tier cities are seeing rents and demand accelerate as CBDs reopen. Buy-to-let and institutional investment will increase where the numbers stack up
- **Greenback to strengthen**: The US dollar is forecast to maintain its current strength* (USD/EUR 1.15, USD/GBP 1.34) in 2022 as global economic uncertainty rises and the Federal Reserve looks to tighten monetary policy

*As at 15 Nov 2021

Prime residential price forecast 2021 and 2022

	2021 (e)	2022 (f)
Miami	22%	10%
Sydney	12%	9%
Los Angeles	16%	8%

Auckland	20%	7%
London	2%	7%
Geneva	10%	6%
Madrid	3%	6%
Singapore	3%	5%
New York	1%	5%
Hong Kong	8%	5%
Paris	5%	4%

Ends

For further information, please contact: astrid.recaldin@knightfrank.com

Notes to Editors

Knight Frank LLP is the leading independent global property consultancy. Headquartered in London, Knight Frank has more than 16,000 people operating from 384 offices across 51 territories. The Group advises clients ranging from individual owners and buyers to major developers, investors and corporate tenants. For further information about the firm, please visit knightfrank.com.