

Residential growth spurred by domestic demand

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Residential markets in leading cities are becoming more localised, according to Savills' 'World Cities Review' report, with the strongest price growth recorded for cities buoyed by domestic demand.

Savills says international investor capital has 'retreated' to core markets.

Hong Kong recorded the highest growth, 7.4 percent over the half year, followed by Moscow at 5.5 percent, and Sydney at 3.7 percent. The index averaged 1.2 percent growth.

Hong Kong's values are now 82 percent higher than those in London, the world's second most expensive city.

Core markets, London and New York, continued to receive international capital and recorded growth of 2.8 and 1.1 percent respectively.

Paris saw the biggest drop in residential value over the half year, with a decline of 3.4 percent, followed by Shanghai (-2.6 percent) and Mumbai (-1.7 percent).

Savills' outlook for 'new world' cities Shanghai, Mumbai, Moscow, is for continued growth dependent upon their ability to generate domestic wealth that is, in turn, invested in real estate.

Its report says Singapore's strong domestic market suggests potential for growth, and Hong Kong continues to "defy gravity" due to its proximity to the mainland China domestic market.

World cities by half year 2012 residential price growth

Capital growth Capital growth Capital growth Rank by capital value

	Jan-June 2012 %	June-Dec 2011 %	since June 2005 %	June 2012	June 2005
Hong Kong	7.4	-3.4	105.9	1	1
Moscow	5.5	4.1	113.5	8	8
Sydney	3.7	-2.0	31.7	9	6
London	2.8	1.0	34.7	2	2
Singapore	1.5	3.6	110.3	4	7
New York	1.1	2.0	10.5	7	3
Tokyo	-0.3	-0.2	42.9	3	5
Mumbai	-1.7	0.0	149.7	10	10
Shanghai	-2.6	0.1	137.3	6	9

Source: Savills

World cities ranked by gross rental yield June 2012

	Gross Yield June 2012 %	Rent change Jan- June 2012 %	Rent change June-Dec 2011 %	Rent change since June 2005 %
New York	6.9	1.8	6.2	12.7
Moscow	5.6	5.4	3.7	56.0
London	5.0	1.7	0.1	14.7
Sydney	4.9	3.35	3.4	27.9
Paris	4.8	0.0	4.9	26.2
Tokyo	4.1	0.0	-1.1	-12.1
Singapore	4.1	-1.0	4.2	88.7
Mumbai	3.3	5.0	0.0	77.8
Hong Kong	2.9	-0.1	-2.5	24.5
Shanghai	2.4	1.9	2.2	10.3

Source: Savills