savills

SPOTLIGHT

WORLD CITIES PRIME RESIDENTIAL INDEX

H1 2026

RESEARCH

2026 World Cities Prime Residential Index

VICTORIA GARRETT
HEAD OF GLOBAL RESIDENTIAL (EXCLUDING UK)

The first half of 2026 has highlighted the enduring resilience of the world's prime residential markets. While geopolitical uncertainty, evolving economic conditions and cautious buyer sentiment have moderated the pace of growth, prime housing has continued to demonstrate its ability to preserve value and attract capital in an increasingly complex global environment.

Across the 30 cities tracked by the Savills World Cities Prime Residential Index, capital values rose by 0.6% and rents by 1.1% during the six months to June 2026. Beneath these headline figures lies a diverse picture of local market performance, shaped increasingly by city-specific factors including supply constraints, wealth creation, demographic trends and international demand.

As global growth becomes less synchronised, understanding these local dynamics has never been more important. This report examines the cities leading performance today and the drivers expected to shape prime residential markets through the remainder of 2026.

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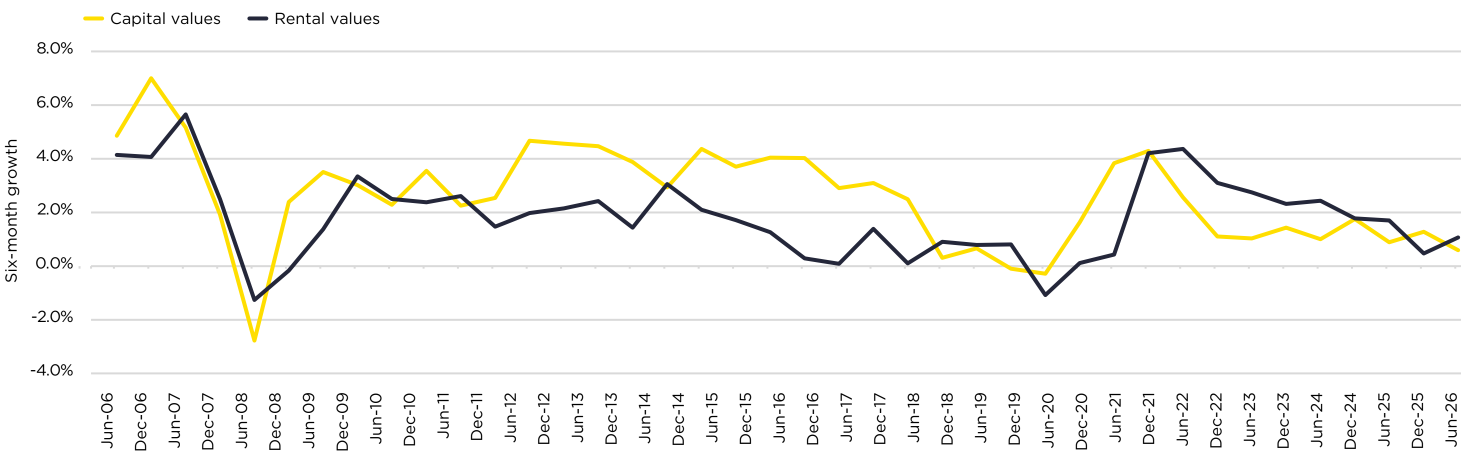
Prime residential markets continued to perform steadily, demonstrating resilience through a period of volatility.

The H1 2026 edition of the Savills World Cities Prime Residential Index highlights a period of moderation across global prime residential markets. Against a backdrop of geopolitical uncertainty and shifting economic conditions, average prime residential capital values rose by 0.6% in the six months to June 2026. While growth was more subdued than in recent years, market performance remained positive overall and broadly in line with previous periods of softer activity, such as the slowdown between 2018 and 2020. Prime rental growth reached 1.1% in H1 2026, up from 0.5% recorded in H2 2025. Importantly, most cities tracked by the index had capital value growth, with 60% posting positive performance over the period. This underlines the enduring resilience of prime residential markets, where constrained supply and significant household wealth have continued to support pricing despite a more challenging global environment.

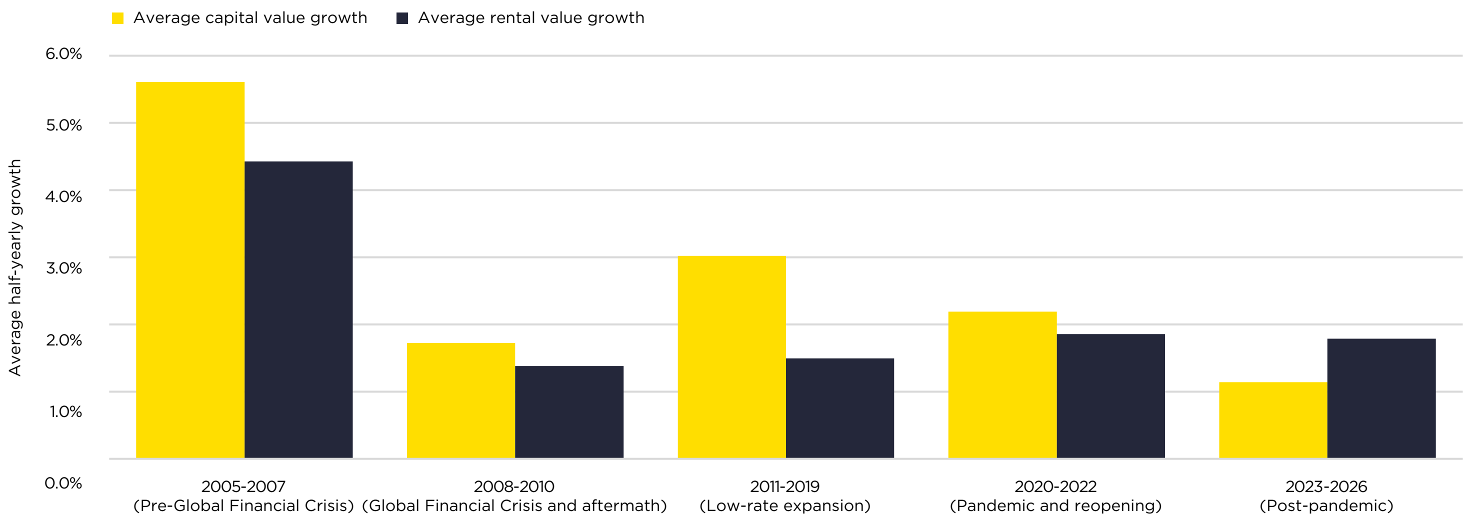
WORLD CITY PRIME RESIDENTIAL CAPITAL AND RENTAL GROWTH

Global average half-year performance



Source: Savills Research

AVERAGE WORLD CITIES GROWTH, BY TIME PERIOD



Source: Savills Research

In a historical context, current performance sits well below long-term averages. Before the Global Financial Crisis, prime residential markets commonly achieved 5% to 7% half-yearly capital value growth. This moderated to around 2% to 4.5% throughout much of the 2010s before rebounding following the pandemic. Since 2022, however, higher borrowing costs, affordability constraints, geopolitical uncertainty and increasing taxation and regulation of high net worth buyers have weighed on market performance.

Beneath the subdued global average, city-level performance is varied. Tokyo led capital value growth, while Cape Town and Lisbon were among the strongest rental markets. Conversely, Dubai, Berlin and Bangkok recorded declines in both capital values and rents.

Prime residential yields were broadly stable across the index, reflecting a largely balanced relationship between capital value and rental growth. Amsterdam and Berlin, among others, recorded no yield movement, while Lisbon and Los Angeles saw yields compress as capital values outpaced rental growth. Conversely, Hong Kong and Cape Town experienced yield expansion as rental growth outpaced capital value growth.

Capital values

Despite economic and geopolitical headwinds, most prime residential markets remain in growth territory.

Average capital values across the index rose 0.6% in H1 2026. While political and economic uncertainty tempered buyer confidence, compounded by heightened geopolitical tensions in the Middle East, performance was far from uniform. Nearly two-thirds (60%) of cities recorded stable or positive capital value growth, underlining the resilience of prime residential markets where supply constraints, economic expansion and continued wealth creation support demand.

Constrained supply was a defining theme in several of the index's strongest markets. Especially prevalent in Tokyo, which was the index's strongest-performing market, with capital values rising 7.0% in the six months to June 2026 and 20.4% over the year to June 2026.

Cape Town delivered 4.7% capital value growth as limited prime stock continued to outpace demand, while Seoul recorded 4.1% growth.

Southern European cities continued to outperform, with Lisbon, Madrid, Barcelona, Athens and Rome all recording positive capital value growth. Europe's major business centres, including Geneva, Milan, Amsterdam and Paris, also remained in positive territory, with Lisbon and Geneva both seeing growth above 3.0%.

By contrast, Chinese residential markets continued to face headwinds. Four of the five Chinese cities tracked recorded capital value declines in H1 2026.

0.6%

AVERAGE PRIME RESIDENTIAL CAPITAL VALUES ROSE IN H1 2026

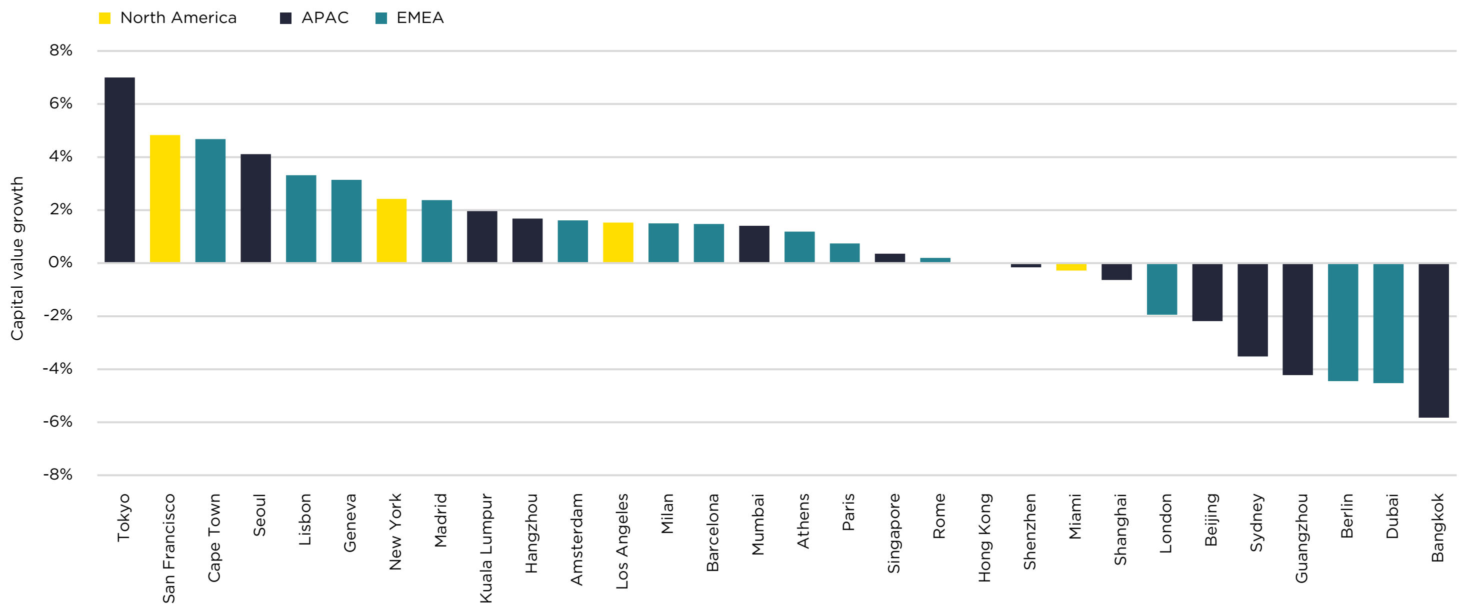
7%

TOKYO CAPITAL VALUE INCREASE IN H1 2026

60%

OF WORLD CITIES RECORDED CAPITAL VALUE GROWTH DESPITE ECONOMIC AND GEOPOLITICAL UNCERTAINTY

PRIME RESIDENTIAL CAPITAL VALUE GROWTH, H1 2026



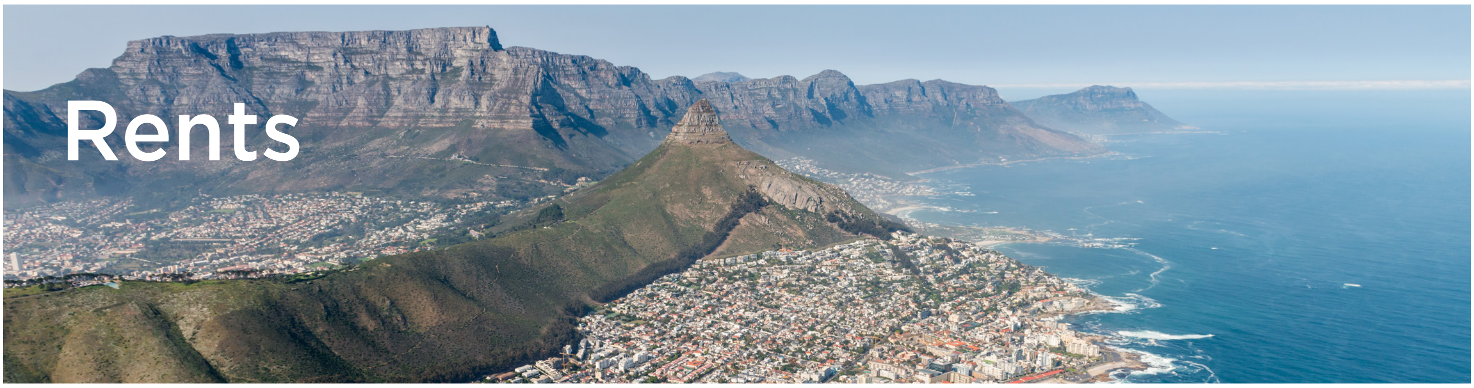
Source: Savills Research

PRIME RESIDENTIAL CAPITAL VALUES AS AT JUNE 2026

	Average $ per square foot	Average € per square metre
Hong Kong	$3,750	€34,800
Tokyo	$3,140	€29,100
Geneva	$2,830	€26,300
New York	$2,700	€25,000
Paris	$2,040	€19,000
Shanghai	$1,990	€18,500
London	$1,960	€18,200
Seoul	$1,950	€18,100
Sydney	$1,910	€17,700
Singapore	$1,850	€17,200
Milan	$1,780	€16,500
Rome	$1,630	€15,100
Lisbon	$1,580	€14,600
Los Angeles	$1,480	€13,700
San Francisco	$1,470	€13,600

	Average $ per square foot	Average € per square metre
Beijing	$1,440	€13,400
Shenzhen	$1,420	€13,200
Miami	$1,410	€13,000
Guangzhou	$1,360	€12,600
Athens	$1,280	€11,900
Madrid	$1,260	€11,700
Hangzhou	$1,240	€11,500
Berlin	$1,210	€11,200
Amsterdam	$1,180	€10,900
Dubai	$1,160	€10,700
Mumbai	$1,130	€10,500
Bangkok	$1,120	€10,400
Barcelona	$1,030	€9,600
Cape Town	$300	€2,800
Kuala Lumpur	$280	€2,600

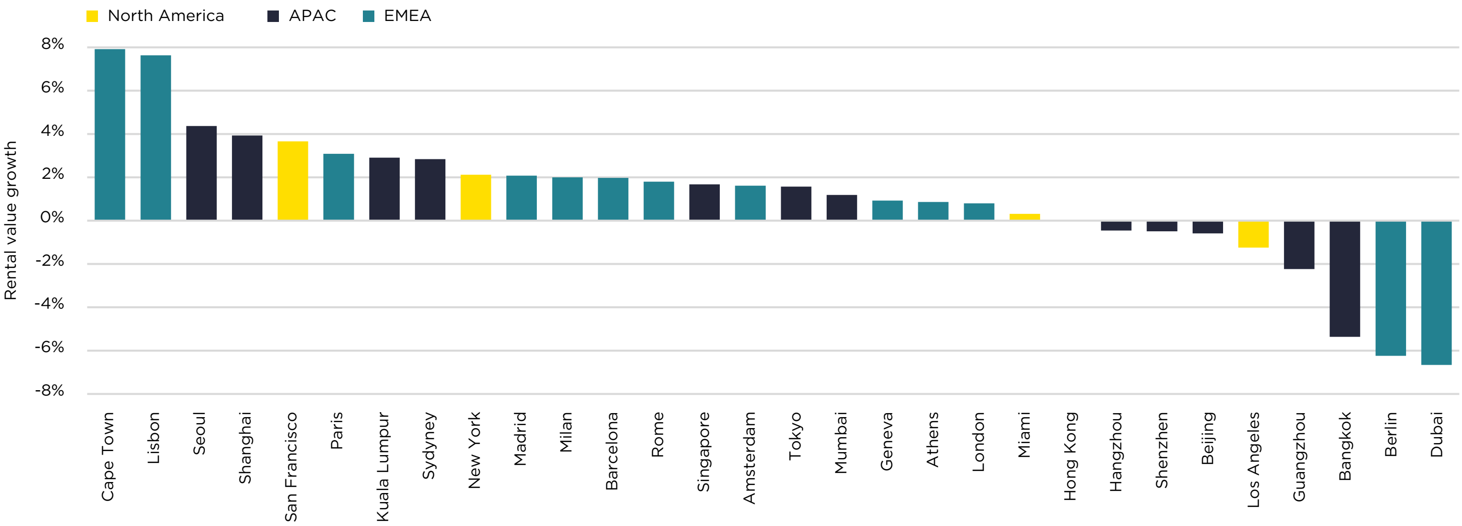
Source: Savills Research



RENTAL MARKETS CONTINUE TO OUTPERFORM

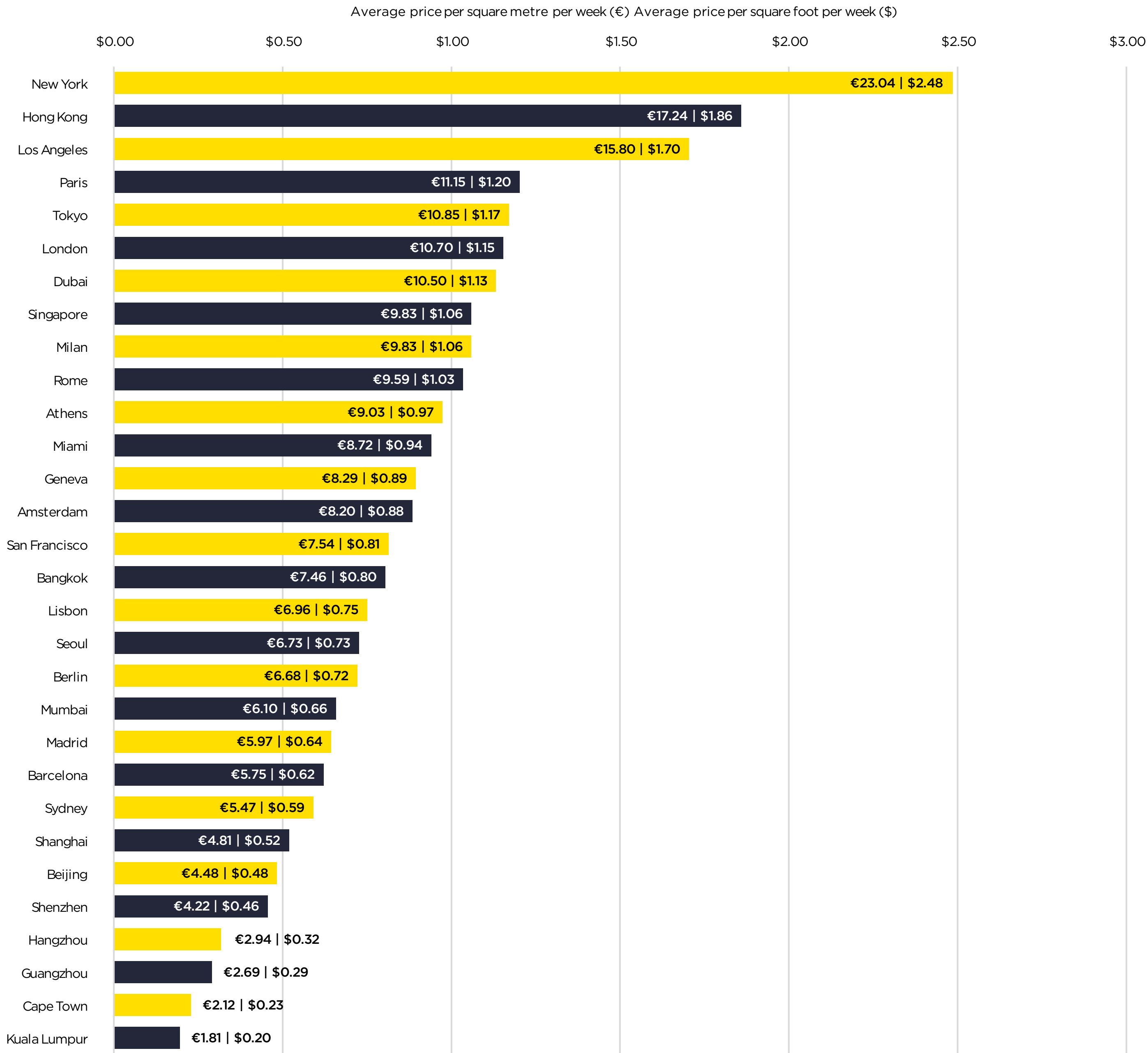
Prime rental markets remained resilient in H1 2026 as economic and geopolitical uncertainty encouraged many to prioritise flexibility over ownership. Across the 30 cities tracked, average prime rents rose 1.1%, extending a trend of rental growth outpacing capital values since mid-2022. Elevated interest rates, affordability constraints and deferred purchasing decisions have all sustained demand for prime rental accommodation.

PRIME RESIDENTIAL RENTAL VALUE GROWTH, H1 2026



Source: Savills Research

PRIME RESIDENTIAL RENTS AS AT JUNE 2026



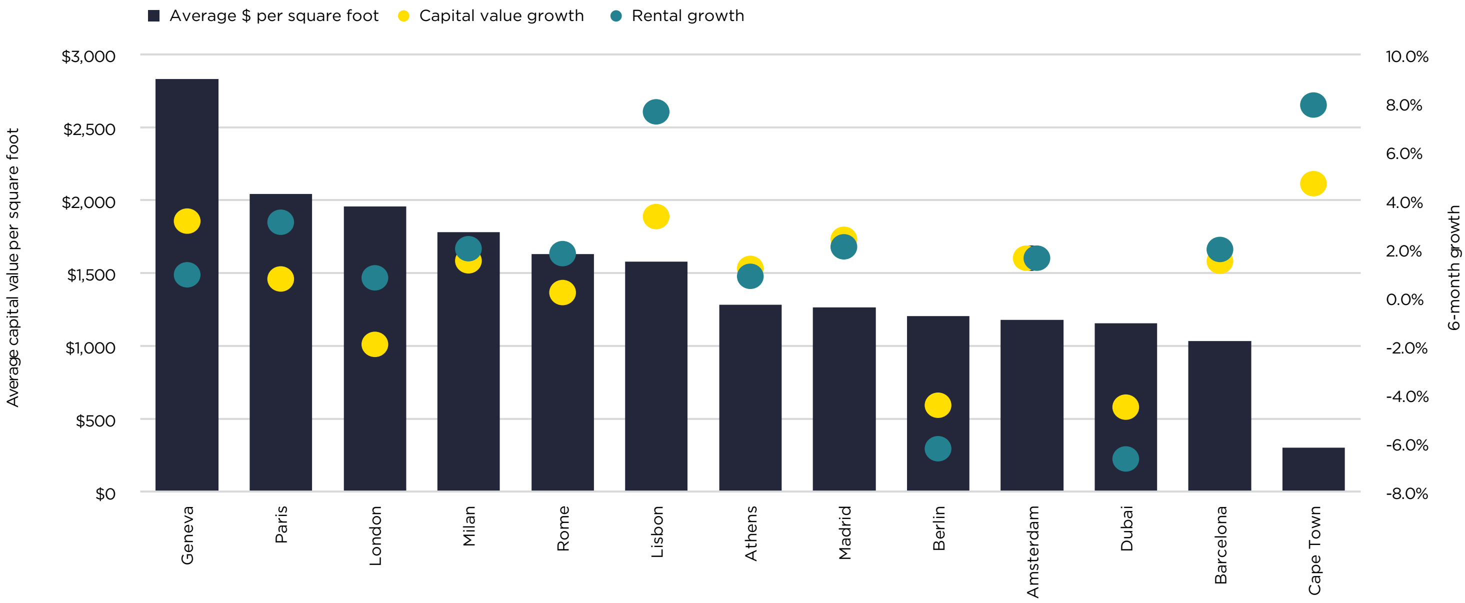
Source: Savills Research

> Prime rents have now consistently outperformed capital values since mid-2022, as affordability constraints and global uncertainty encourage greater demand for flexibility through renting

Europe, Middle East and Africa

EMEA, the largest region in the index by city count, achieved a diverse spread of capital value and rental growth in the first half of this year.

EMEA WORLD CITIES, CAPITAL VALUES AND PRICE GROWTH H1 2026



Source: Savills Research

SUNNY GROWTH RATES ACROSS THE MEDITERRANEAN

Southern Europe remained a bright spot, supported by resilient demand, lifestyle appeal and constrained supply. Lisbon led the region with capital value growth of 3.3% and rental growth of 7.6%, underlining continued resilience despite a more restrictive interest rate environment. Limited stock is supporting rents while also constraining price appreciation.

Spain's major cities recorded steady gains, with capital values up 2.4% in Madrid and 1.5% in Barcelona, and rents rising 2.1% and 2.0%, respectively.

In Athens, capital values increased 1.2%, though rental growth eased to 0.9% as new prime supply entered the market. Athens, nevertheless, continues to offer some of the Mediterranean's most attractive returns, with prime yields of 4.0%.

Italy rounded out a broadly positive regional picture, with Milan and Rome recording capital value growth of 1.5% and 0.2% and rental growth of 2.0% and 1.8%, respectively. Strong lifestyle credentials and improving connectivity continue to underpin demand across the region.

STRENGTH, STABILITY AND ADJUSTMENT ACROSS EUROPE

Northern and Western Europe delivered a more mixed performance. Paris remained relatively resilient, with capital values up 0.7% and rents up 3.1%, supported by demand in the luxury and ultra-luxury segments. Transactions above €10 million remained active, and the ultra-prime market achieved new price-per-square-metre records in early 2026.

Amsterdam recorded steady growth, with both capital values and rents increasing 1.6%. However, changes to local regulations regarding expatriates may temper future demand from internationally mobile high net worth buyers, such as the Box 3 rule, while additional supply is expected to ease rental pressures.

In London, capital values fell by -1.9% over the first six months, but rents increased by 0.8%. Although the pace of decline has slowed, prime central London's core neighbourhoods remain -24.5% below their 2014 peak, underlining the market's prolonged adjustment.

Berlin was among the weakest-performing markets in the index, with capital values falling by -4.4% and rents declining by -6.2%, reflecting economic challenges and a slowing development pipeline.

Geneva, however, was a regional outperformer with 3.1% capital value growth, but rental growth remained modest at 0.9%.

CAPE TOWN CLIMBS, WHILE DUBAI COOLS

Prime residential markets in the Middle East and Africa moved in opposite directions. Cape Town was one of the index's strongest performers, with capital values up 4.7% and rents up 7.9%, as demand consistently outpaced limited high-quality prime stock.

This imbalance is forecast to tighten for the rest of 2026 as the pricing gap between prime and non-prime areas continues to narrow.

Dubai, by contrast, was one of the weakest markets in the index as the market absorbs the shocks from geopolitical events in the region and supply continues to outpace demand, with capital values down -4.5% over six months and rents down -6.7%; however, best-in-class properties are expected to remain relatively resilient even as broader rental values trend downward.

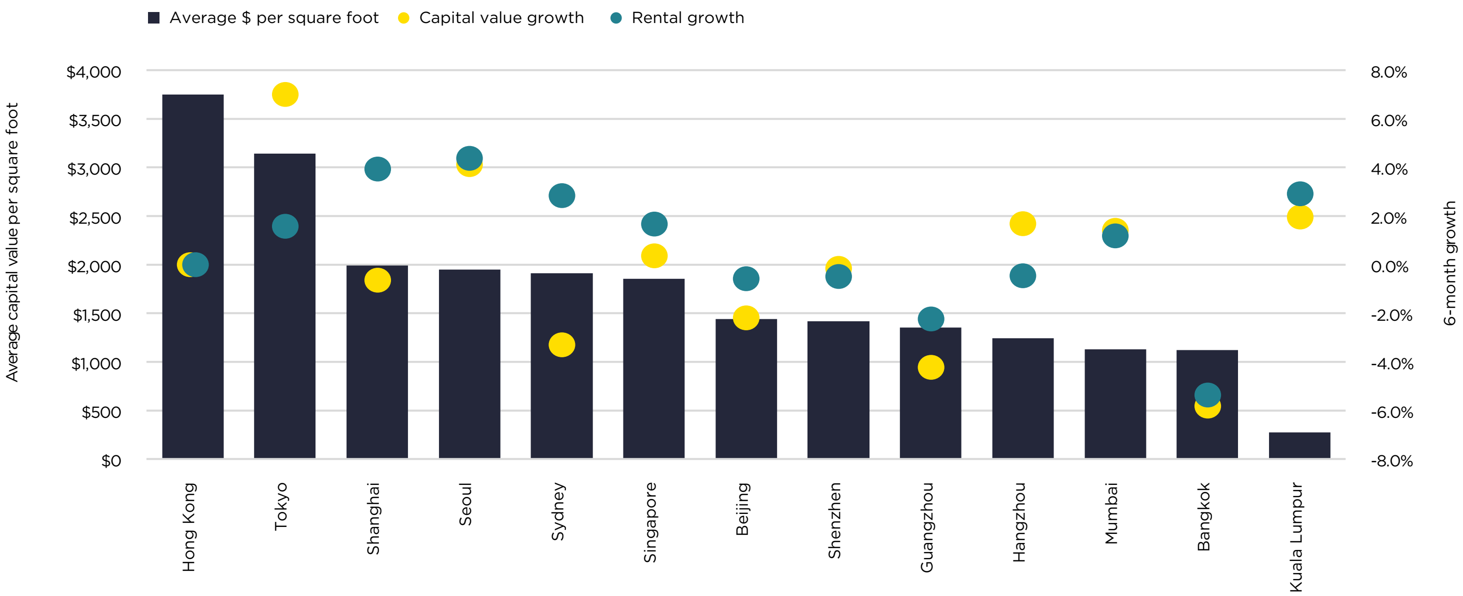
3.1%

AVERAGE RENT INCREASE IN PARIS IN H1 2026

> Cape Town has emerged as one of the world's strongest prime residential markets as demand continues to outstrip supply

A region of contrast: Supply dynamics, economic conditions and buyer confidence are driving varied outcomes across the region.

ASIA PACIFIC WORLD CITIES, CAPITAL VALUES AND PRICE GROWTH H1 2026



Source: Savills Research

SUPPLY SHORTAGES DRIVE THE REGION'S STRONGEST MARKETS

Tokyo was the standout performer, with prime capital values rising 7.0% over the six months to June 2026 and 20.4% year-on-year. Growth is driven by structural rather than cyclical factors: Tokyo continues to benefit from both domestic and international migration, while an acute shortage of prime housing stock supports pricing. New condominium supply remains constrained by rising land, labour and construction costs. Against this backdrop, demand has held firm, reinforcing Tokyo's position at the top of global prime residential markets.

Seoul also delivered a strong performance, with capital values and rents increasing by 4.1% and 4.4%, respectively. Some buyers in South Korea's capital have brought forward decisions in anticipation of further price growth, while expectations of future supply shortages continue to support both sales and rental markets despite tighter lending conditions.

Sydney presented a more mixed picture. Prime capital values fell -3.3%, while rents rose 2.8%. Broader housing market conditions remain relatively healthy, particularly within the mainstream market, which has outperformed the prime market, where higher borrowing costs continue to weigh on activity.

20.4%

TOKYO'S 20.4% ANNUAL CAPITAL VALUE GROWTH HIGHLIGHTS THE POWER OF STRUCTURAL SUPPLY SHORTAGES IN A GLOBAL CITY

STABLE GROWTH ACROSS SINGAPORE, MUMBAI AND KUALA LUMPUR

Singapore delivered modest but steady growth, with capital values rising 0.4% and rents increasing 1.7%. The narrowing price gap between prime and mainstream markets is expected to support renewed interest from buyers over the coming year.

Mumbai also recorded stable performance, with capital values increasing 1.4% and rents rising 1.2%. End-user demand remains healthy, although buyers are becoming more selective following several years of especially strong capital growth.

In Kuala Lumpur, capital values increased 2.0%, and rents rose 2.9%. Activity is supported by affluent owner-occupier demand and a limited supply of high-quality prime stock. Market fundamentals remain positive, with further growth expected through the remainder of 2026.

CHINA'S RESIDENTIAL MARKETS REMAIN UNDER PRESSURE

Chinese cities continued to underperform relative to the wider region. Four of the five Chinese cities tracked recorded capital value declines in H1 2026. Demand remains concentrated in the new-build sector, where buyers favour modern developments with premium specifications and locations. Secondary market pricing has weakened as purchasers increasingly view high-quality new stock as a more effective store of value amid concerns over inflation and wider property market depreciation.

Guangzhou recorded the sharpest declines, with capital values falling -4.2% and rents decreasing -2.2%. Capital values and rents also softened in Beijing, while Shenzhen was broadly stable. Shanghai also experienced a modest decline in capital values (-0.6%), but delivered a strong rent increase of 3.9%.

More tenant-friendly policies and demand from the technology sector supported leasing activity despite a softer sales market. More broadly, pricing across China's major cities continues to be affected by demographic headwinds, cautious buyer sentiment and ongoing efforts to reduce risk within the property sector.

Hangzhou was a notable exception, with capital value growth of 1.7% in H1 2026. Despite varying performances, Chinese cities continue to record some of the lowest yields in the index, reflecting historically high capital values relative to rental income.

Hong Kong remained broadly flat over the first six months, although rental growth of 5.2% over the year contributed to a 14.3 bps increase in yields, the strongest yield expansion across the index.

BANGKOK CHALLENGES

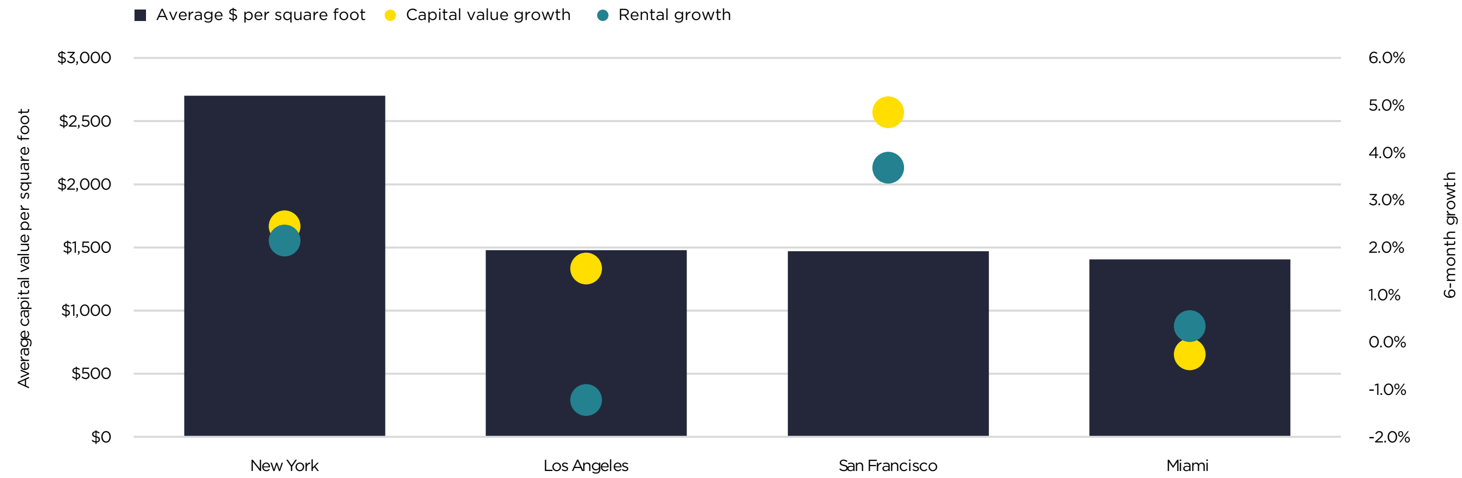
Bangkok's prime residential market saw some challenges in the first half, with capital values and rents both falling by more than 5%. The downturn reflects subdued demand and the repricing of several major projects, rather than a broader deterioration in underlying market fundamentals. The market did, however, accrue the second strongest yield in APAC at 3.8%.

North America

Prime residential markets in North America have remained resilient, despite higher borrowing costs and slightly weaker consumer sentiment, supported by growth in the tech sector.

The North American cities in the index saw respectable capital value growth over the first half of the year, averaging 2.1% across the four markets, as mortgage rates eased and the labour market remained stable. This is accompanied by a modest average rental growth of 1.2% in our index. However, sentiment in the United States is still mixed as high prices, elevated rates and housing costs weigh on sentiment.

NORTH AMERICAN WORLD CITIES, CAPITAL VALUES AND PRICE GROWTH H1 2026



Source: Savills Research

4.8%

SAN FRANCISCO H1 2026 CAPITAL VALUE GROWTH

"San Francisco's rebound reflects the growing influence of artificial intelligence on global wealth creation and housing demand.

SAN FRANCISCO BOUNCES BACK, NEW YORK STAYS STEADY

San Francisco was the region's strongest performer, with capital values rising 4.8% and rents increasing 3.7% over H1 2026. After lagging during much of the post-pandemic period, the city has benefited from renewed momentum in the technology sector, having emerged as the global leader in AI development. This is attracting both talent and capital back to the market.

New York recorded steady, broad-based growth, with capital values increasing 2.4% and rents rising 2.1%. The city continues to command the highest prime residential prices in North America, at approximately $2,700 per sq ft, supported by its status as a global financial and cultural centre.

MIXED MARKETS

Performance was more mixed elsewhere. Los Angeles saw capital values rise 1.5%, but rents fell -1.2% over the same period. The city recorded the region's highest yield at 6.2%, despite the sharpest yield compression in the index (-15.2 bps), reflecting capital value growth that has outpaced rental growth.

Miami was the only North American market to record a decline in capital values, falling -0.3% during H1 2026. Rental growth has also softened, with rents down -5.0% year-on-year despite a modest increase over the latest six-month period. After being one of the strongest beneficiaries of pandemic-era migration trends, the market now appears to be entering a period of normalisation as relocation-driven demand moderates.

Overall, North America's four index cities recorded some of the most stable yield profiles globally, with yields ranging from 3.6% to 6.2%, underlining the region's relatively resilient market fundamentals.

Outlook

The prime residential forecast is expected to be broadly stable in the second half of 2026, with prime residential capital values expected to rise by 0.5% across the 30 cities tracked. Growth is anticipated in 16 markets, with 10 expected to remain flat and only four projected to decline.

Supply-constrained and lifestyle-led markets are set to lead performance. Cape Town is forecast to lead performance, with capital values expected to rise by 4% to 5.9%. Singapore, Seoul, Kuala Lumpur, Lisbon, Madrid and Barcelona are forecast to record growth of 2% to 3.9%. This grouping reinforces the themes of the first half of the year: constrained prime supply amplified in Asia Pacific and sustained international demand across Southern Europe.

Paris, Amsterdam, Rome, Milan, Athens and Mumbai are forecast to see modest growth of between 0% and 1.9%. North America's major cities are expected to record broadly flat capital value growth.

Only a small number of markets are forecast to decline. London and San Francisco are expected to record modest falls of up to -1.9%, while Sydney is projected to decline by -2% to -3.9%.

Dubai remains the clear outlier, with values forecast to fall by around -10% as oversupply and geopolitical uncertainty continue to weigh on the market.

As 2026 progresses, market performance will increasingly be shaped by local factors, with supply constraints, expanding technology sectors and international demand supporting growth, while geopolitical disruption continues to create uneven outcomes between World Cities.

While the era of synchronised global growth appears to be in the past for now, the outlook for prime residential markets remains resilient. Cities able to combine constrained supply, strong household wealth creation and sustained international demand are likely to outperform, while those with elevated supply or heightened uncertainty may continue to lag. In this environment, selecting the right city will become increasingly important, with relative value, lifestyle appeal and long-term economic fundamentals set to remain the defining drivers of prime residential performance through the remainder of 2026.

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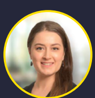
WORLD RESEARCH



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