SPOTLIGHT

WORLD CITIES PRIME RESIDENTIAL INDEX

FEBRUARY 2026

RESEARCH

2026 World Cities Prime Residential Index

VICTORIA GARRETT
HEAD OF GLOBAL RESIDENTIAL (EXCLUDING UK)

Prime residential markets showed resilience in 2025, despite ongoing macroeconomic and geopolitical uncertainty. What stood out was the enduring global appetite for exceptional homes. Limited supply, steady cross-border capital and the continued appeal of vibrant city living supported performance across many key markets.

Prime values rose 1.8% in 2025 and rental growth reached 2.2%. Cities such as Tokyo, Seoul, Dubai, Amsterdam and Cape Town led global performance, thanks to constrained prime stock, rising international interest and strong lifestyle credentials.

Across Europe, activity is picking up as stabilising conditions draw buyers back. Meanwhile, Dubai continues to go from strength to strength, supported by its global connectivity and exceptional quality of life. Cities across Asia are also performing well, supported by domestic and international demand. These regions illustrate the breadth and dynamism of today's global prime residential landscape.

As inflation eases and policy shifts unfold, understanding the fundamentals of the world's leading cities will be key to navigating the prime residential markets of 2026 and beyond.

At Savills, our commitment to prime residential research remains central to the way we advise. Combining deep local knowledge with global insight ensures our agents deliver well-informed, evidence-led guidance, empowering our clients to make confident decisions in an increasingly complex landscape.

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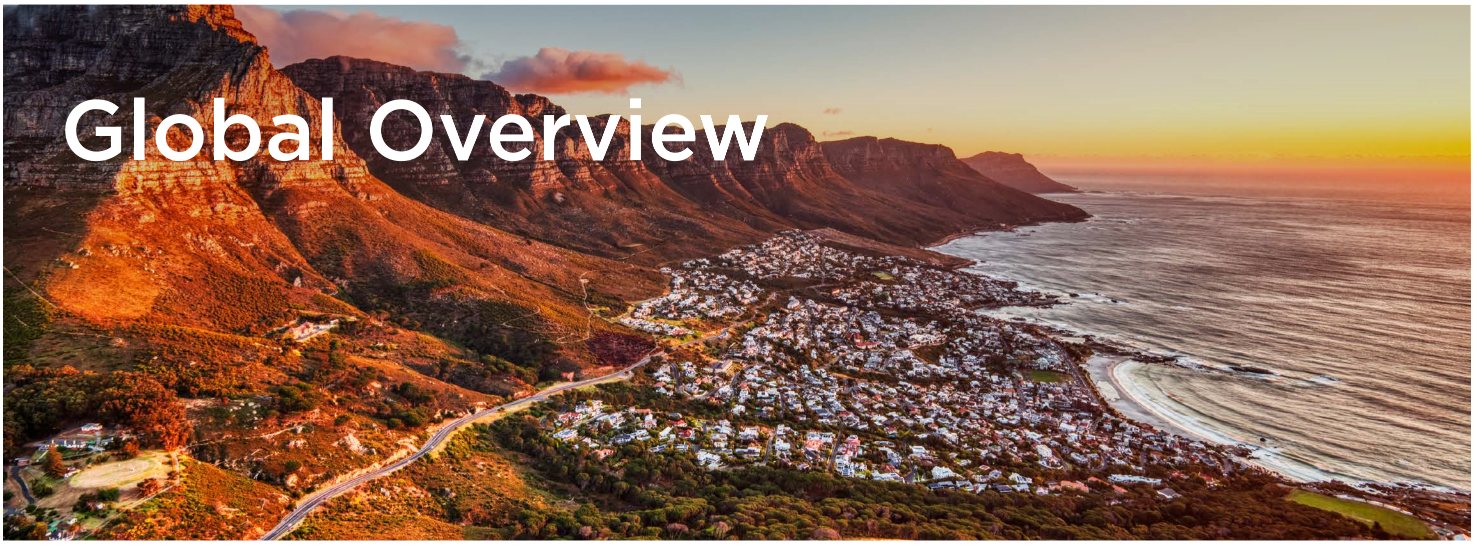


Global Overview

KELCIE SELLERS
ASSOCIATE DIRECTOR, WORLD RESEARCH

Uncertainty dominated the global backdrop in 2025, shaping macroeconomic, political and real estate outcomes.

Trade tensions, geopolitical conflict and regulatory changes weighed on buyer and occupier confidence throughout 2025. Despite this, prime residential markets outperformed expectations, supported by chronic undersupply, cross-border capital flows, and sustained demand for global city environments.

Against a volatile backdrop, prime capital values rose 1.8% in 2025, including 0.8% in the second half of the year, signalling cautious optimism. Second-half capital values outpaced rental growth for the first time since 2021, showing a modest shift in sentiment as rate-cut expectations firmed. However, rents still led on a full-year basis, rising by 2.2%, with leasing remaining relevant in a high-cost, highly uncertain environment.

1.8%

2025 FULL-YEAR CAPITAL VALUE GROWTH

2.2%

2025 FULL-YEAR RENTAL VALUE GROWTH

1.3%

2026 CAPITAL VALUE GROWTH FORECAST

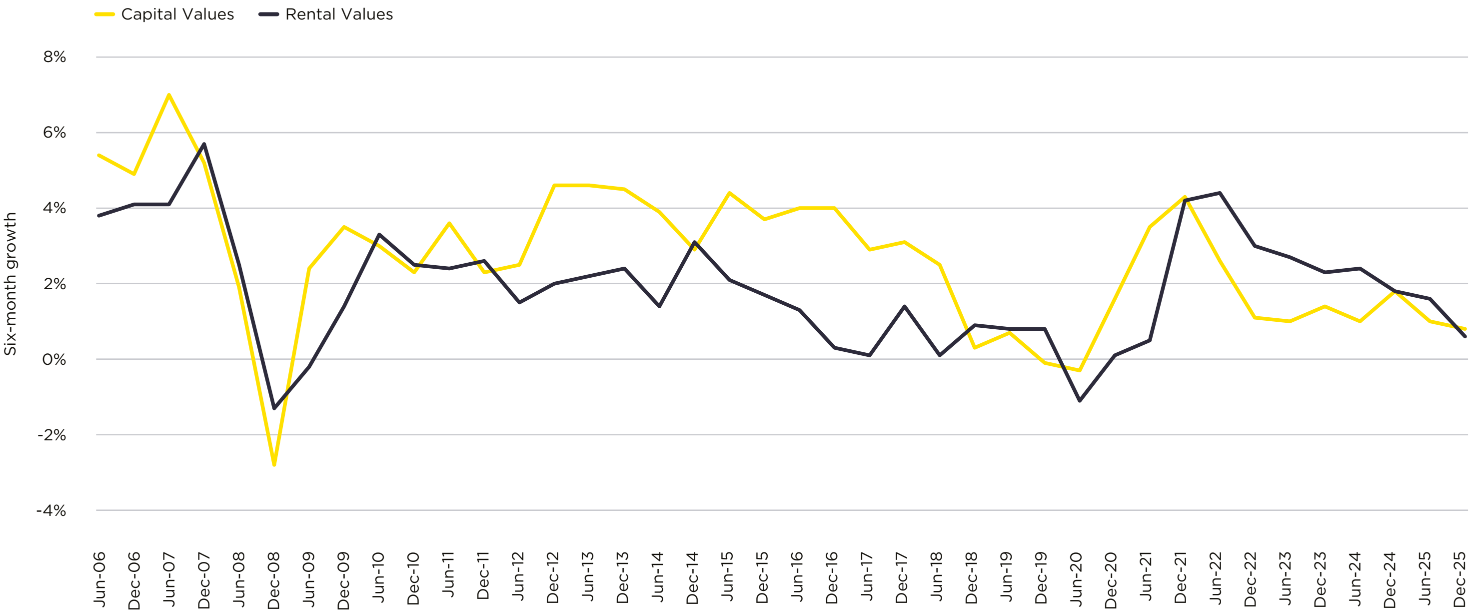
Source: Savills Research

6.3%

AMSTERDAM 2025 CAPITAL VALUE GROWTH

WORLD CITY PRIME RESIDENTIAL CAPITAL AND RENTAL GROWTH

Global average half-year performance



Source: Savills Research

With capital value growth in 2025 above 6%, Tokyo, Seoul, Dubai, Amsterdam and Cape Town led our global rankings. In these cities, supply constraints in prime neighbourhoods, rising international buyer interest, and robust lifestyle appeal attracted capital. This outperformance reinforces a long-standing trend in global real estate where top destinations are those that successfully blend global connectivity and high-quality urban environments.

Across our 30 studied markets, we are forecasting capital value to grow by 1.3% on average in 2026. Price growth in Seoul, Tokyo and Madrid is forecast to exceed 4%, given favourable demographic dynamics and limited availability of high-quality stock.

The rental market displayed similar underlying strength in 2025. Los Angeles, Hong Kong and Cape Town emerged as the strongest performers, each reporting annual rental increases above 10%, driven by tight supply, sustained leasing demand and shifting lifestyle priorities. Given the flexibility and relative agility renting provides, 21 of the 30 World Cities in the Savills index saw positive rental growth in 2025.

Prime yields average 3.2%, reflecting a stable income outlook amid rising investor demand for high-quality, income-generating assets. As the global economy transitions into a new phase marked by easing inflation, evolving housing policy and moderating interest rates, the interplay between capital values and rents will be central to shaping performance in the prime residential sector throughout 2026 and beyond.

Capital value forecasts

Following headwinds in 2025, the global market enters 2026 on an uncertain footing.

While economic activity has remained relatively steady, elevated interest rates and geopolitical instability continue to be a challenge for most major markets. Across the 30 cities in our index, we forecast average prime capital value growth of 1.3% in 2026, reflecting a market that continues to grapple with mixed sentiment and structural supply limitations.

Residential property will remain central to policy and economic debate in 2026, particularly across North America and Europe. As affordability, access and growth concerns converge, governments face rising pressure to reform tax frameworks, incentivise development, and deliver long-term housing strategies that balance investor confidence with social stability.

AVERAGE PRIME RESIDENTIAL CAPITAL VALUE GROWTH

World city average

2023	2024	2025	2026 FORECAST
2.4%	2.8%	1.8%	1.3%

Source: Savills Research

6–7.9%

SEOUL 2026 CAPITAL VALUE GROWTH FORECAST

LEAGUE LEADERS

Five markets stand out as being the strongest potential performers in 2026: Seoul, Tokyo, Madrid, Lisbon and Cape Town are each forecast to deliver prime capital value growth above 4%, supported by a persistent mismatch between strong demand and limited supply. This is a theme that continues to drive outperformance across a select group of global cities.

In Seoul, prime apartment values continue to be shaped by deep-rooted structural constraints, including scarce land, slow development pipelines, and highly concentrated demand within established core districts. Having risen by 14.3% in 2025, prices are forecast to grow by a further 6–7.9% in 2026. While tighter regulations and more restrictive financing conditions are squeezing transaction volumes, they have so far done little to ease pricing pressure.

Tokyo's performance is down to a combination of acute supply scarcity and enduring investor appeal. A widening gap between new apartment prices and construction costs raises sustainability questions, while competition for land, particularly from office developers, continues to restrict residential delivery. Supported by sustained international investment, Tokyo remains one of the most supply-constrained markets in the index, with price growth of 4–5.9% forecast in 2026.

In Madrid, the prime market continues to be supported by a deep pool of affluent domestic buyers and ongoing capital inflows from Latin America, increasingly complemented by US demand. Following growth of 4.2% in 2025, thin development pipelines and new schemes reaching record price points underpin a predicted 4–5.9% rise this year.

Lisbon remains buoyed by strong domestic and international demand. While proposed government incentives aim to stimulate supply, prime availability remains tight, pointing to continued, if more measured, price growth.

Cape Town enters 2026 with strong momentum after an exceptional year, with our forecasts reflecting internal migration, resilient foreign demand and pronounced supply constraints, particularly along the Atlantic Seaboard.

EVERYTHING IN MODERATION

We expect growth across most US and European prime residential markets to be modestly positive or broadly flat in 2026, with average price increases of just over 0–1.9% forecast on both sides of the Atlantic. In the United States, we expect to see pent-up demand unlocked by gradually improving affordability, supported by easing mortgage rates and rising incomes.

Miami continues to buck trends with its luxury segment supported by sustained business inflows, corporate relocations, and ongoing interest from high net worth individuals. While the pandemic-driven migration surge has eased, the city's structural economic appeal continues to underpin demand, with prices forecast to rise by 2–3.9% in 2026.

Across Europe, we're finding conditions are more mixed. Milan is set to face more cautious sentiment as elevated pricing constrains buyers, while Rome benefits from robust demand for prime properties amid limited supply. Athens is expected to sustain modest growth as regulatory reforms unlock previously stalled developments. We expect Amsterdam will remain relatively insulated from policy uncertainty and higher financing costs, and Paris is forecast to extend its gradual recovery, supported by improving buyer confidence.

CHINESE MARKET CHALLENGES

Prices are forecast to dip by between 2% and 3.9% in 2026 across the Chinese cities in our index. This is due to weak demand and demographic challenges. While prime new-build properties may experience stability, we expect the broader secondary market to remain firmly in decline. With 22 consecutive months of year-on-year declines recorded across all surveyed cities, sentiment remains fragile, and a meaningful recovery in 2026 appears unlikely.

SAVILLS WORLD CITIES PRIME RESIDENTIAL FORECASTS, 2026

	Forecast range
Seoul	+6% to 7.9%
Tokyo	+4% to 5.9%
Madrid	+4% to 5.9%
Lisbon	+4% to 5.9%
Cape Town	+4% to 5.9%
Singapore	+2% to 3.9%
Hong Kong	+2% to 3.9%
Mumbai	+2% to 3.9%
Amsterdam	+2% to 3.9%
Barcelona	+2% to 3.9%
Paris	+2% to 3.9%
Miami	+2% to 3.9%
New York	>0% to 1.9%
San Francisco	>0% to 1.9%
Los Angeles	>0% to 1.9%

	Forecast range
Kuala Lumpur	>0% to 1.9%
Sydney	>0% to 1.9%
Dubai	>0% to 1.9%
Rome	>0% to 1.9%
Milan	>0% to 1.9%
Athens	>0% to 1.9%
Bangkok	0.0%
London	0.0%
Berlin	0.0%
Geneva	0.0%
Beijing	-3.9% to -2%
Shanghai	-3.9% to -2%
Hangzhou	-3.9% to -2%
Shenzhen	-3.9% to -2%
Guangzhou	-3.9% to -2%

Source: Savills Research

Five markets stand out as being the strongest potential performers in 2026: Seoul, Tokyo, Madrid, Lisbon and Cape Town are each forecast to deliver prime capital value growth above 4%.

Capital values

Regional divergence emerges in global prime residential performance.

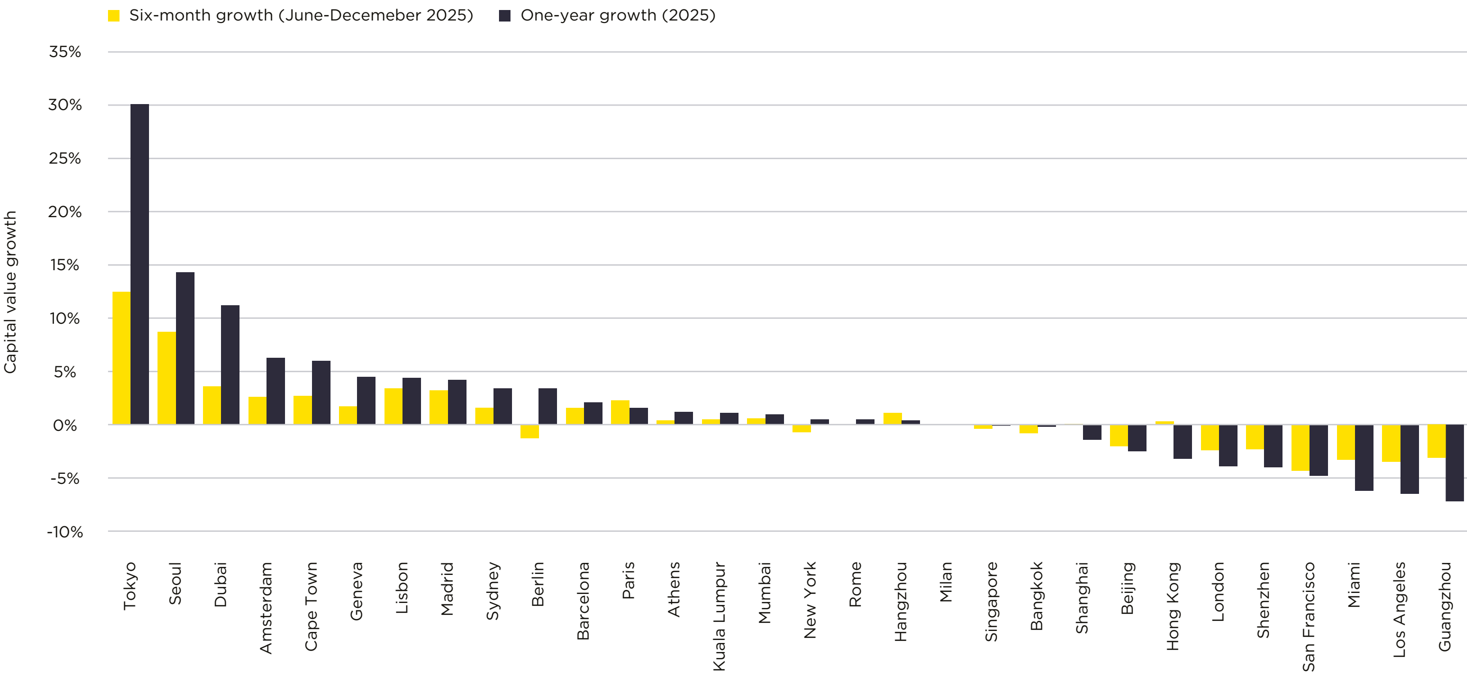
Capital value growth averaged 0.8% in H2 2025, and full-year growth was 1.8%, led by Tokyo, Seoul, Dubai, Amsterdam and Cape Town. All these cities recorded annual growth above 6%, and all share a similar environment of structural prime undersupply, sustained or rising levels of local and international demand, and strong lifestyle or investment appeal.

30.1%

TOKYO FULL-YEAR CAPITAL VALUE GROWTH FOR 2025

> Lifestyle appeal and prime undersupply coupled with local and international demand drove capital value growth in 2025.

PRIME RESIDENTIAL CAPITAL VALUE GROWTH, 2025



Source: Savills Research

6.0%

CAPE TOWN FULL-YEAR CAPITAL VALUE GROWTH FOR 2025

11.3%

DUBAI FULL-YEAR CAPITAL VALUE GROWTH FOR 2025

"Dubai's pro-business environment continues to underpin performance."

EXCEPTIONAL EXPANSION

Tokyo recorded the strongest performance, delivering capital value growth of 12.5% in H2 2025 and full-year growth of 30.1%. This surge was driven by escalating construction and labour costs, and a weak yen that made Japanese real estate attractive to international buyers.

Foreign capital accounted for around 27% of national transactions and 40% of new apartment sales in central Tokyo, with demand originating from the United States, Europe, Southeast Asia and Mainland China. This activity has prompted policymakers to consider potential restrictions on foreign ownership, given rising concerns around affordability, and a focus on maintaining market stability into 2026.

Seoul was a standout performer in 2025, with capital values rising by 8.7% in H2 and 14.3% over the year. Prime apartments proved highly resilient despite tighter regulation and financing. Transaction volumes softened, but limited new supply, firm seller pricing and pre-emptive buying continued to drive values higher.

CONTINUED MOMENTUM

Dubai recorded capital value growth of 3.6% in H2 2025 and 11.2% for the full year, underpinned by political stability, pro-business regulation and its tax-free status. The off-plan segment delivered 73% of transactions above AED 10 million ($2.7 million) in 2025, up from 70% in 2024. Constrained prime supply sustained prices last year, even as growth was beginning to normalise from the highs of the early 2020s. However, there is also a significant pipeline of mainstream stock, which could contribute to a two-tier market.

CONFIDENCE DRIVERS

Amsterdam saw 6.3% growth in 2025, supported by improving financing conditions and a tight labour market, reinforcing buyer confidence. While the non-prime market shows early signs of stabilisation partly due to the Affordable Housing Act and increasing supply – the prime segment is comparatively insulated, with demand consistently outpacing available stock.

Cape Town recorded 6.0% growth in 2025, with 2.7% growth in H2 2025. The Atlantic Seaboard dominated activity. Cape Town's unique combination of natural setting, cultural appeal and favourable rand-denominated pricing has reinforced its position as both a lifestyle hub and a compelling investment market.

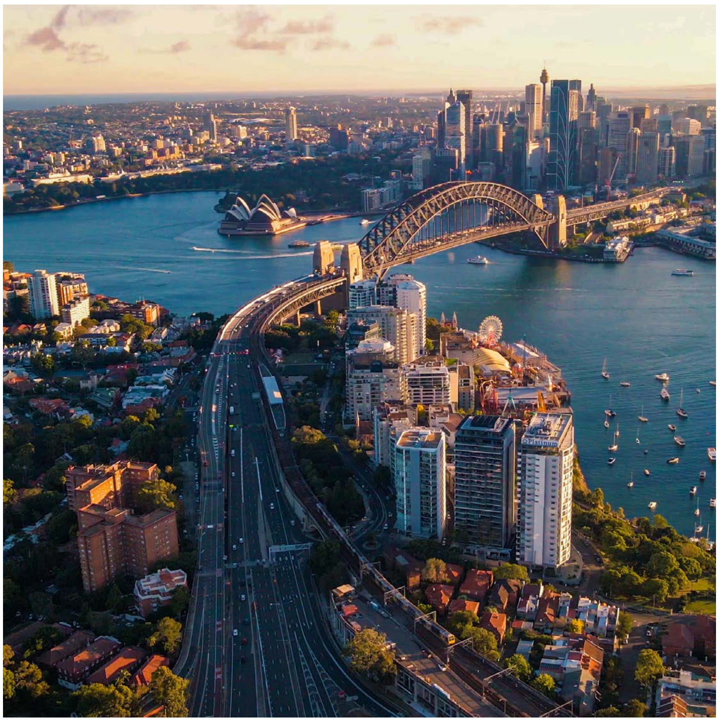
US SOFTNESS

The US experienced broad-based weakness. Every major US market saw capital values decline in H2 2025, with only New York City delivering (marginal) annual growth of 0.5%. Elevated mortgage rates (above 6%) have constrained liquidity and slowed activity even at the prime end. High financing costs continue to weigh on buyer sentiment, delaying decision-making and suppressing transaction volumes.

DIVERGING DESTINATIONS

Lifestyle remains the dominant theme, with Dubai, Lisbon, Madrid and Cape Town serving as leading destinations for high net worth individuals and global talent migration. Meanwhile, Barcelona's pipeline for luxury new-builds is approaching zero, pushing affluent buyers into the second-hand market and supporting continued price appreciation.

In Asia Pacific, the narrative is mixed. Tokyo, Seoul, Sydney, Mumbai and Kuala Lumpur remain regional powerhouses supported by international capital and strong end-user demand. Mumbai's luxury segment continues to benefit from demand for larger homes and hybrid-work dynamics, while Seoul's core districts maintain concentrated demand despite fewer transactions. Conversely, major mainland Chinese cities (Beijing, Shanghai, Shenzhen, Guangzhou and Hangzhou) faced pressure in the resale market in 2025, so whilst prime new-build stock remains resilient, the broader outlook is subdued.



WORLD CITY PRIME RESIDENTIAL CAPITAL VALUES

	Average $ per square foot	Average € per square metre
Hong Kong	$3,730	€34,600
Tokyo	$2,680	€24,800
Geneva	$2,650	€24,600
New York	$2,610	€24,300
London	$2,030	€18,800
Shanghai	$2,000	€18,500
Paris	$1,980	€18,300
Sydney	$1,950	€18,100
Singapore	$1,860	€17,200
Seoul	$1,730	€16,000
Milan	$1,620	€15,000
Rome	$1,550	€14,400
Beijing	$1,500	€13,900
Lisbon	$1,460	€13,600
Shenzhen	$1,460	€13,500

	Average $ per square foot	Average € per square metre
Miami	$1,440	€13,400
Guangzhou	$1,430	€13,300
Los Angeles	$1,430	€13,300
San Francisco	$1,400	€13,000
Athens	$1,260	€11,700
Berlin	$1,250	€11,600
Hangzhou	$1,210	€11,200
Madrid	$1,200	€11,100
Bangkok	$1,190	€11,000
Dubai	$1,170	€10,800
Amsterdam	$1,130	€10,500
Mumbai	$1,110	€10,300
Barcelona	$1,000	€9,300
Cape Town	$280	€2,600
Kuala Lumpur	$270	€2,500

Source: Savills Research

Rents

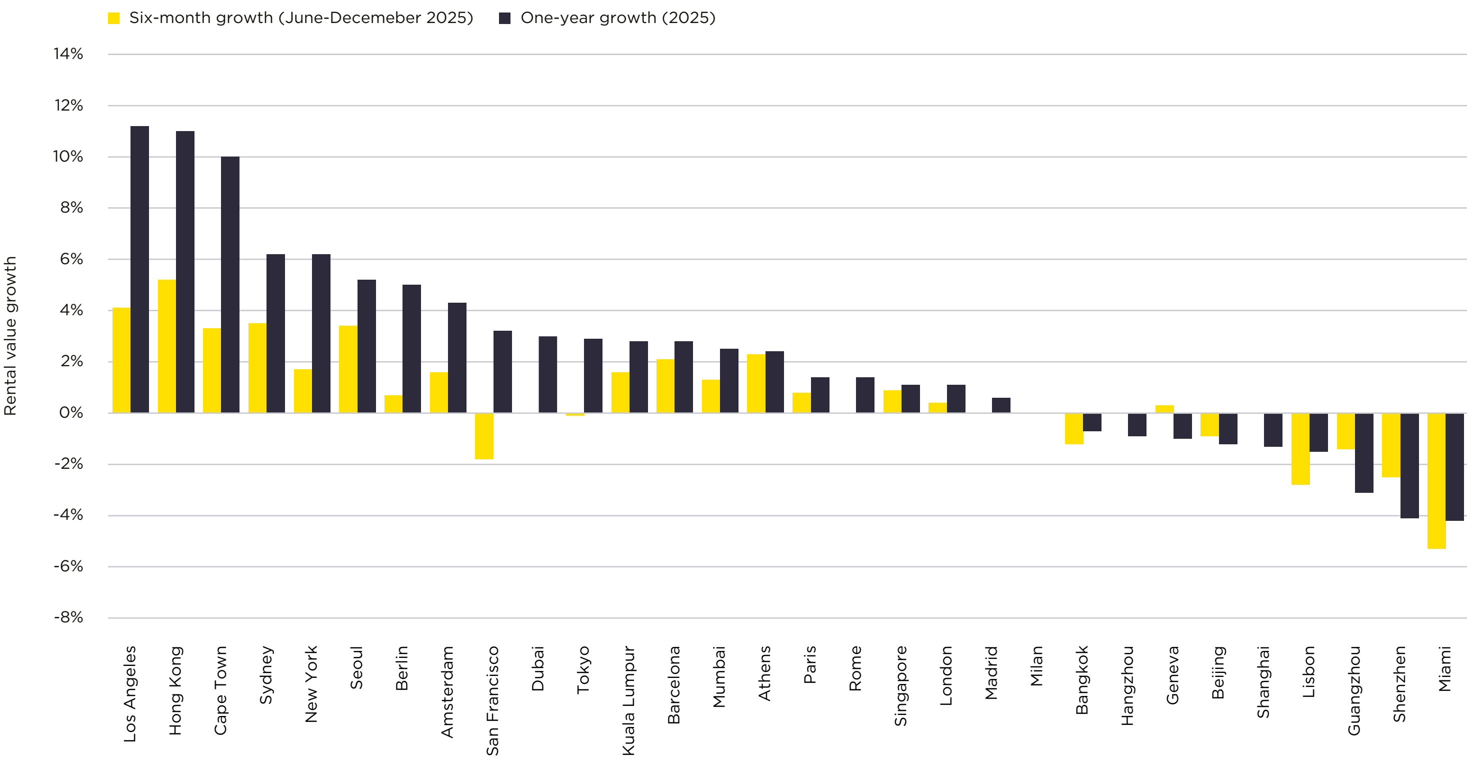
Stability persists amid elevated borrowing costs and economic uncertainty.

Across our 30 tracked cities, rents rose by 0.6 % in H2 2025, contributing to full year growth of 2.2%. For many, renting has become a strategic choice that offers flexibility, mobility and insulation from interest-rate volatility.

Throughout 2025, higher interest rates meant some households opted to delay purchases and turn towards prime rentals that provided convenience and liquidity.

This dynamic was especially prominent in markets experiencing population inflows, widening supply gaps or significantly elevated interest rates. As central banks are expected to gradually ease interest rates in 2026, some households may revisit buying, but we expect renting to remain central to mobility and lifestyle decisions.

PRIME RESIDENTIAL RENTAL VALUE GROWTH, 2025



Source: Savills Research

RENTAL RESURGENCE

Los Angeles, Hong Kong and Cape Town recorded the strongest rental growth of all World Cities in 2025, each rising by 10% or more as supply constraints intersected with demographic shifts and evolving tenant preferences.

Los Angeles led globally, with rents up 11.2% for the year, reflecting acute supply shortages in prime neighbourhoods and limited new development. Hong Kong followed closely, supported by demand from affluent Mainland Chinese renters, expatriates and corporate tenants targeting well-connected, established districts.

Cape Town also delivered robust growth, driven by internal migration, resilient foreign demand and low vacancy rates, particularly along the Atlantic Seaboard. Elsewhere, Sydney and New York City recorded solid 6.2% annual increases. In both cities, tight supply, low vacancy and sustained demand for high quality, amenity-rich properties continued to support competition for prime rental stock.

SOFTLY, SOFTLY

Several cities saw rental declines in 2025, driven by oversupply, economic softness or shifting tenant preferences.

While Bangkok remained firmly tenant-friendly, rental movements were highly project-specific, and some districts saw slight declines as competition among landlords intensified.

In China, each of the cities in the index had varying degrees of downward pressure. Vacancies rose due to oversupply from expanding institutional portfolios and increased listings by individual landlords. While well-located prime new builds were more resilient, broader market conditions remained challenging amid subdued demand, economic uncertainty, and greater price sensitivity among tenants.

Lisbon recorded a small annual decline of 3.4%, although the high-end segment remained notably firm due to limited available stock. Miami saw rents flattening despite the city continuing to be one of the most in-demand markets in the US.

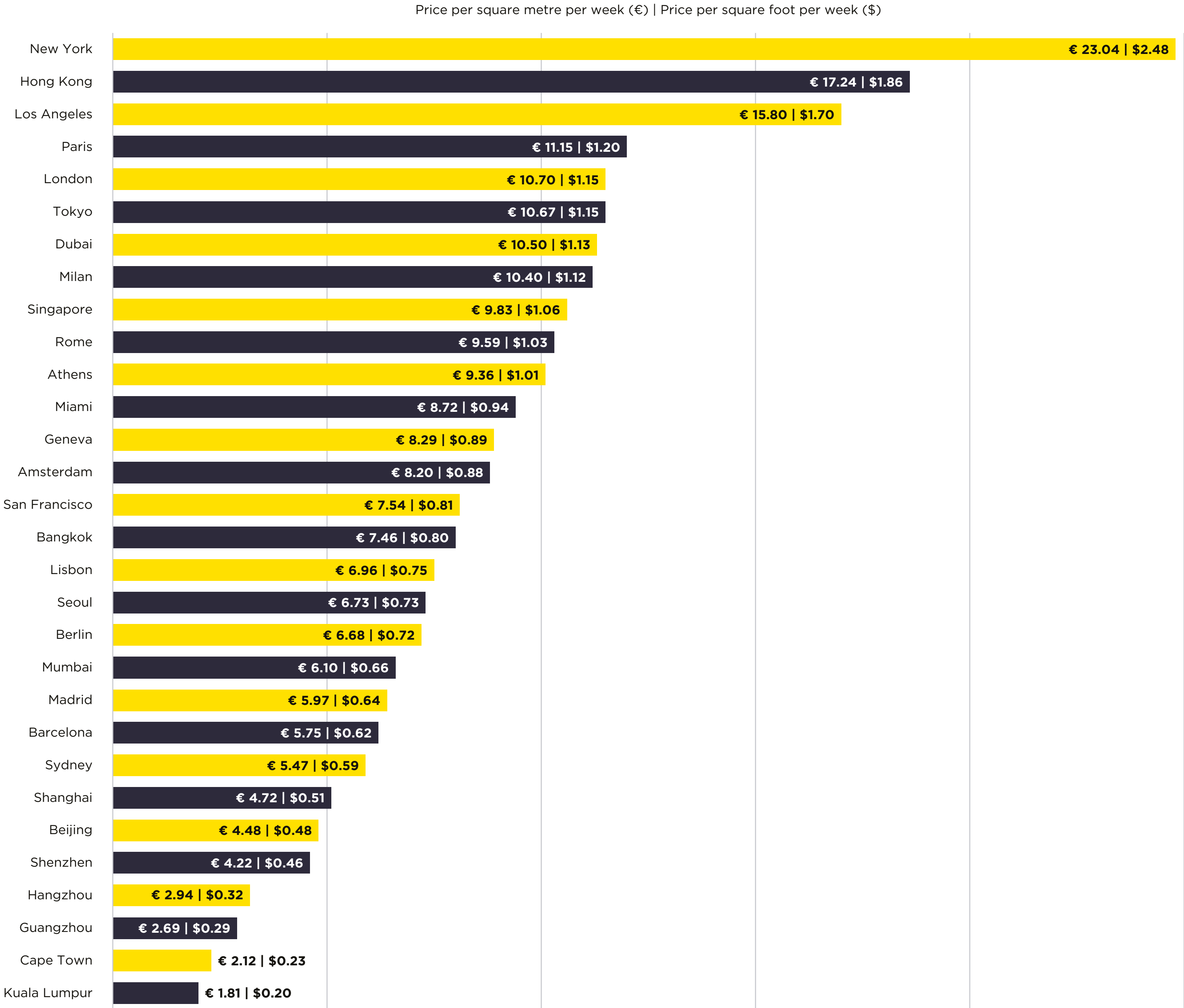
OUTLOOK

We forecast average global prime rental growth will be at 1.8% in 2026. Savills local agents expect rent to marginally outpace capital value growth – forecast at 1.3% on average - as households and investors continue to navigate a complex macroeconomic landscape. We anticipate the strongest increases will be seen in Lisbon, Cape Town and Madrid, with each expected to exceed 5% growth given sustained international demand and structural supply shortages.

We expect Mainland China cities to see modest rental declines of up to 1.9% in 2026 as prime stock stabilises, with wider secondary markets remaining under pressure. Quality and location will remain the primary differentiators, with newer, well-located, professionally managed properties retaining appeal.

European supply shortages, particularly in Madrid, Lisbon, Barcelona, Athens, Milan and Rome, are expected to intensify rental pressures. Expatriates and highly skilled professionals will continue to drive demand across global hubs.

WEEKLY RENT COMPARISON, DECEMBER 2025



Source: Savills Research

Yields

Rental strength is supporting yields across global markets.

Prime gross yields moved out by 13 basis points in 2025 to 3.2% as global rental markets recorded stronger growth than the sales markets.

Los Angeles, which had strong rental growth in 2025, saw yields move out fastest, to 6.6% (+101 bps). In Hong Kong, where a shortage of prime residential supply met increasing numbers of expatriate renters from Mainland China, yields moved out to 2.8% (+37bps).

Other high-yielding cities included New York, Dubai, Cape Town and Athens, which all had good rental growth in 2025. Despite the capital value growth forecast for 2026, we expect rents are likely to continue outperforming sales.

Average regional yields are the highest in North America and the Middle East. In North America, the persistently high mortgage costs have pushed more prospective buyers into rental markets across the United States, with yields averaging 4.5%, up 10 bps from December 2024. While declining rates should increase the number of sales over 2026, prime supply shortages may keep potential buyers in the rental market for longer, further supporting rental price growth.

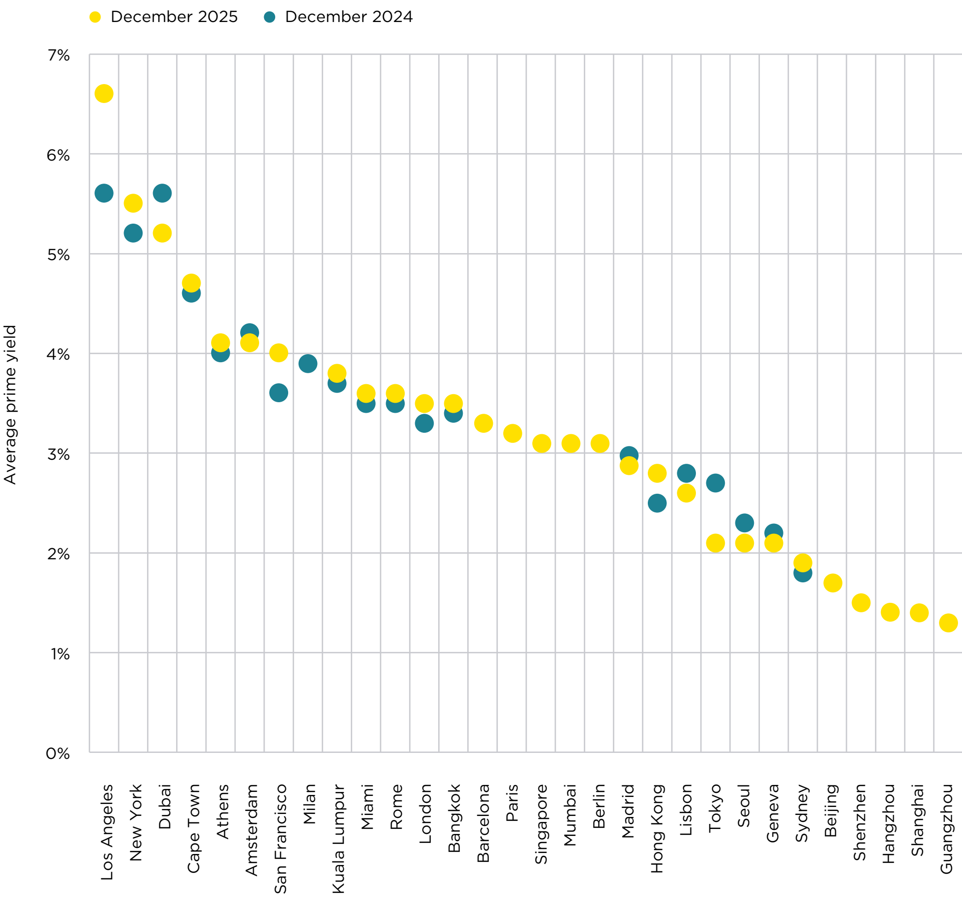
Prime yields average just 2.3% across Asia Pacific, the lowest of any region in the index. Home ownership is especially coveted as a store of wealth, a trend that has fuelled capital value growth and kept yields low over the last two decades.

6.6%

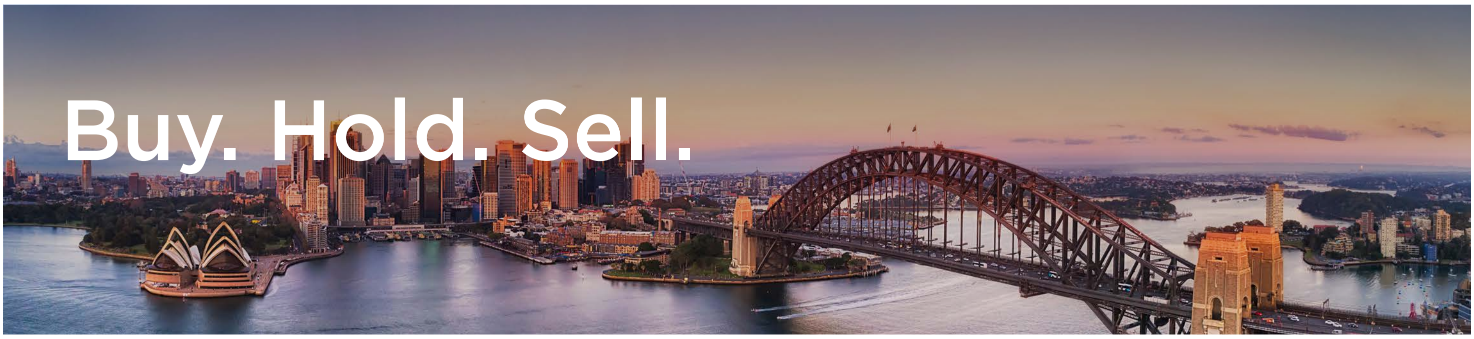
2025 RENTAL YIELD IN LOS ANGELES

AVERAGE PRIME RESIDENTIAL YIELDS BY CITY

December 2025 compared to December 2024



Source: Savills Research



Across global markets, there are additional costs for purchasing, holding and selling property

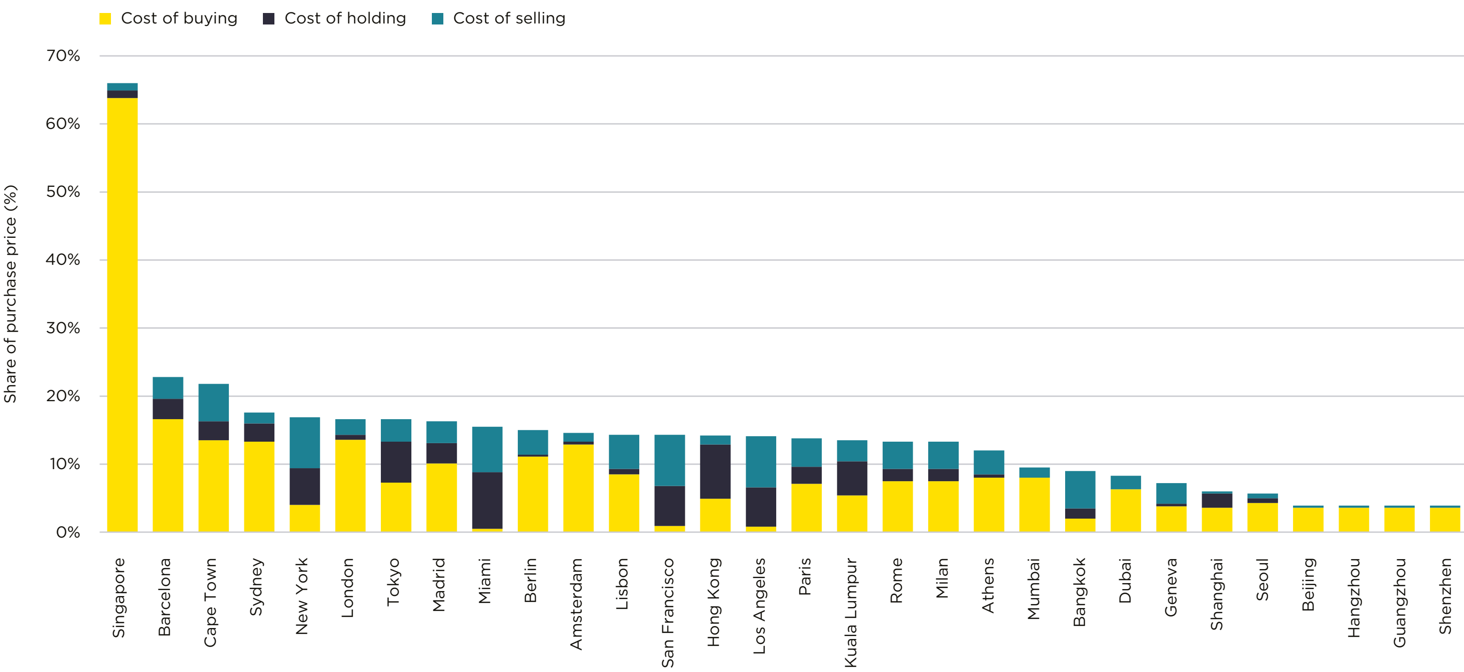
When purchasing a prime residential property, the headline price is not the only cost that buyers need to be aware of. Across the 30 markets we monitor, the average additional cost stands at 15% of the purchase price. Costs associated with the buying process currently make up just under two-thirds of the total buy-hold-sell costs on average.

Singapore is the most expensive market of all World Cities to transact in, driven by its Additional Buyer's Stamp Duty (ABSD), where a 60% duty is applied to the purchase price for international buyers.

In the UK, Chancellor Rachel Reeves announced the introduction of an annual tax surcharge for properties worth over £2m ($1.5m) in her 2025 Budget. This has been seen as a relatively benign outcome compared with a broader mansion tax, with much of the risk already priced in. Overall, we expect these charges to have only a modest dampening effect on prices.

Globally, the largest change we have seen over the past five years has been the rising tax costs imposed on buyers of prime residential properties. Governments across the world have gradually increased stamp duties and transaction taxes on foreign buyers to raise revenue and tackle rising housing unaffordability.

COST OF BUYING, OWNING AND SELLING A $2 MILLION RESIDENTIAL PROPERTY



Source: Savills Research

Note: Our scenario assumes a non-resident overseas buyer purchasing a $2m property (or local currency equivalent). This is for use as a second home for less than nine months of the year over a five-year hold. No capital growth has been applied.

Savills Research

We're a dedicated team with an unrivalled reputation for producing well-informed and accurate analysis, research and commentary across all sectors of the UK property market. To view our previous publications, go to **www.savills.co.uk/insight-and-opinion/**

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