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Global House Price Gains to Slow in 2011

By The Moscow Times

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LONDON — The recovery in global residential property prices will slow in 2011 because of weaker economic growth and concern about debt levels, Knight Frank said in a recent report.

Russian property prices will probably rise more than 11 percent, compared with an 8.8 percent increase this year.

The most significant issue for the global market "will be the ability of lenders to continue to offer new funding to the market in an environment where debt levels are still critically high" in the United States and Europe, Liam Bailey, head of residential research at Knight Frank, said in the London-based brokerage's first global residential property research report.

Prices in Hong Kong are forecast to rise 12 percent in 2011, down from an estimated 18 percent gain this year, Knight Frank said. In China, values will probably rise 5 percent following an estimated 6.5 percent increase this year, and in Brazil they will probably be up 5 percent after

a 20 percent gain in 2010.

Spain and Ireland are the only two countries surveyed by the broker where it expects prices to fall in both 2010 and 2011, Knight Frank said. Values in Britain, Switzerland and Monaco are forecast to rebound from declines this year. U.S. values are forecast to gain 1 percent in 2011, compared with a drop of the same amount this year. In Canada, prices probably will fall 0.9 percent following this year's estimated 3.5 percent increase, Knight Frank said.

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