

The Prime Global Rental Index tracks the movement of prime residential rents across 10 cities using data from our global research network. The index tracks nominal rents in local currency.



Prime Global Rental Index

Q1 2022

knightfrank.com/research

HEADLINES

New York

THE CITY THAT SAW THE STRONGEST RISE IN PRIME RENTS IN THE YEAR TO Q1 2022

11.9%

AVERAGE ANNUAL RISE IN PRIME RENTS, THE HIGHEST RATE SINCE 2010

-20.1%

THE DECLINE IN PRIME RENTS IN NEW YORK IN PEAK-TO-TROUGH TERMS DURING THE PANDEMIC

Hong Kong

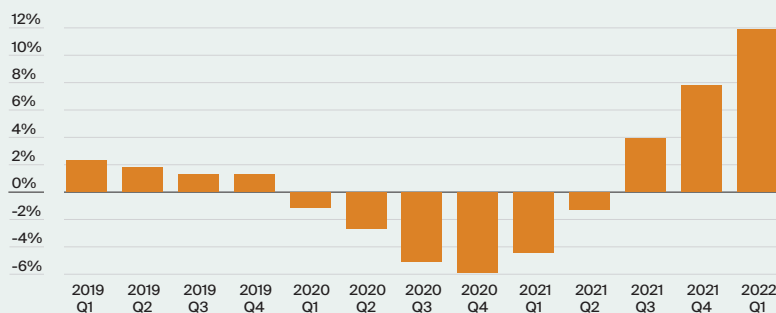
THE ONLY CITY TO REGISTER A DECLINE IN PRIME RENTS IN THE THREE MONTHS TO Q1 2022

-72.7%

THE DECLINE IN RENTAL LISTINGS IN PRIME CENTRAL LONDON IN THE YEAR TO Q1 2022

The post-lockdown prime rental recovery

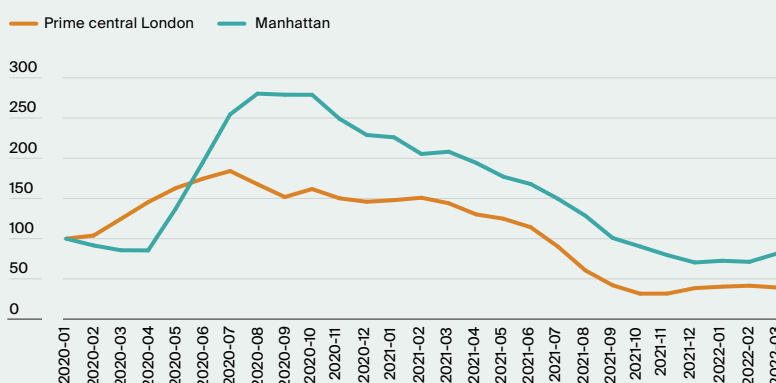
Rental listings, indexed, 100 = Jan 2020



Source: Knight Frank Research, Macrobond, IAZI AG - CIFI SA, StreetEasy

Prime rental listings plummet as cities reopen

Rental listings, indexed, 100 = Jan 2020



Source: Knight Frank Research, StreetEasy

The new Prime Global Rental Index tracks the movement in luxury residential rents across ten cities globally.

This first set of results confirm the extent to which top tier cities are seeing demand return and stock dwindle as workers, along with international students and corporate tenants return to the prime end of the market.

New York and London lead the rankings with rents up 38.5% and 26.4% respectively in the year to Q1 2022, although this largely represents a return to pre-Covid levels.

Toronto (17.2%) and Singapore (10.8%) also registered double-digit rental growth on an annual basis.

Key to this trend has been the lifting of Covid restrictions and a lack of supply, in part borne out by the sales boom which motivated some landlords to sell, not rent, during the pandemic.

The pandemic has also made people reflect on where they want to live, and initiatives such as digital nomad and welcome visas are creating a more transitory workforce. Globally, many untethered workers sold up to take advantage of the housing boom in 2021 and are now considering their options,

adding to a growing sense of flux in the market, further exacerbated by the 'great resignation' trend.

The surge in rents reflects a reversal of large falls in 2020, which helped attract tenants back to the city. But with rents now reaching pre-pandemic levels, economic growth stuttering and the labour market weakening we expect prime rental growth to cool rapidly over the remainder of 2022.

Toronto may prove one exception. Here, rental listings are down 23% in the year to March 2022 and Canada's ban on foreign buyers may push demand higher as those relocating from overseas are forced to rent, not buy.

Hong Kong is the only city to see prime rents decline over a quarterly basis, down 1.1% in the three months to March 2022. A new wave of Covid-19 infections and the resulting border closures saw domestic tenants the only source of demand.

The inverse relationship between residential sales and rental markets means the performance of each city's sales markets in the coming months will be a key factor to monitor. In prime central London, there are early signs that supply may be slowly picking up as prices soften and disappointed vendors unable to achieve their price ambitions opt to rent their home instead.

THE KNIGHT FRANK PRIME GLOBAL RENTAL INDEX, Q1 2022

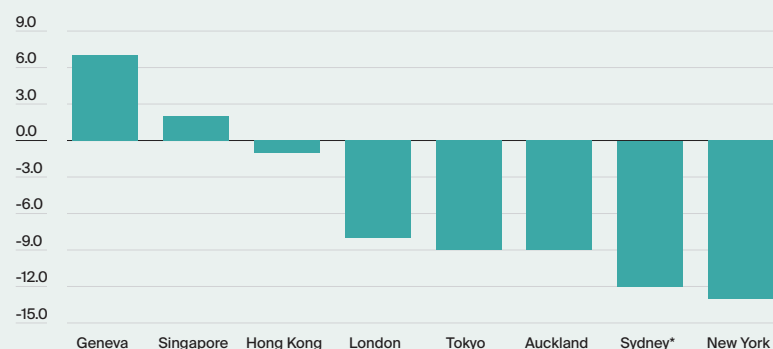
Ranked by annual change

	CITY	WORLD REGION	12-MONTH % CHANGE	3-MONTH % CHANGE	PEAK-TO-TRough DECLINE DURING THE PANDEMIC
1	New York	AMERICAS	38.5%	10.6%	-20.1%
2	London	EMEA	26.4%	3.6%	-14.9%
3	Toronto	AMERICAS	17.2%	3.8%	-14.7%
4	Singapore	APAC	10.8%	3.8%	-3.4%
5	Sydney	APAC	7.2%	0.6%	-1.5%
6	Auckland	APAC	5.9%	5.9%	NA
7	Tokyo	APAC	5.4%	4.0%	-2.1%
8	Hong Kong	APAC	3.9%	-1.1%	-6.8%
9	Monaco	EMEA	2.7%	2.7%	NA
10	Geneva	EMEA	1.1%	1.4%	-0.9%

Source: Knight Frank Research, Macrobond, IAZI AG - CIFI SA, StreetEasy

Which city's workforce is back to pre-pandemic levels?

Compared to pre-Covid baseline (Jan 3 - Feb 6, 2020)



Source: Knight Frank Research, Macrobond, Google Mobility

*New South Wales, data for Monaco and Toronto unavailable. Data as at 11 June 2022

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.



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Prime property definition: The most desirable and expensive property in a given location, generally defined as the top 5% of each market by value. Prime markets often have a significant international bias.



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