

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

Q2 2022

knightfrank.com/research

HEADLINES

New York

THE CITY THAT SAW THE STRONGEST RISE IN PRIME RENTS IN THE YEAR TO Q2 2022

11.3%

THE AVERAGE ANNUAL INCREASE IN PRIME RENTS IN THE 12 MONTHS TO Q2 2022

17%

RENTS IN MANHATTAN SIT 17% ABOVE PRE-PANDEMIC LEVELS

Hong Kong

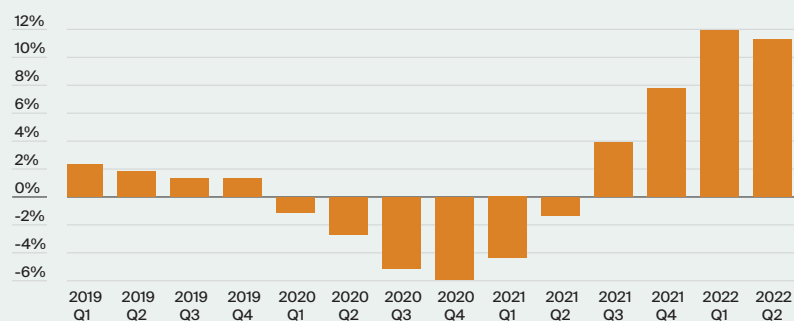
THE CITY RECORDING THE LARGEST FALL IN PRIME RENTS YEAR-ON-YEAR

16%

THE INCREASE IN RENTAL LISTINGS IN AUCKLAND IN THE 12 MONTHS TO JUNE 2022

Prime rental growth has peaked globally

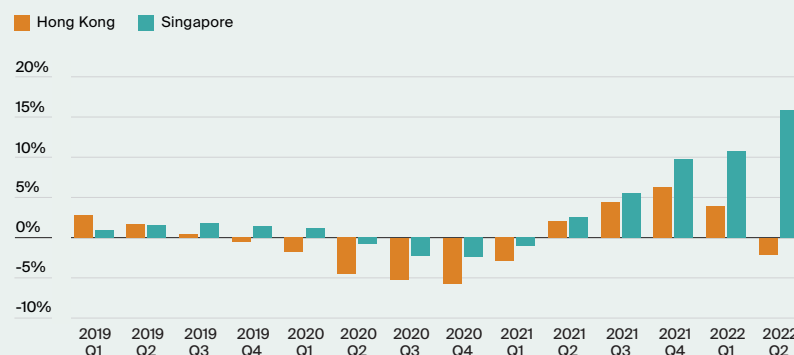
Average annual % change



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

A tale of two cities: Hong Kong vs. Singapore

Annual change in prime rents



Source: Knight Frank Research

Prime rental growth peaked in the first quarter of 2022. The Prime Global Rental Index which tracks the movement in luxury rents across 10 global cities, increased 11.3% in the year to June, down from 11.9% in March 2022.

But the dip is small and average annual growth remain in double digits.

New York comes out on top with annual growth of 39%. Prime rents in Manhattan now sit 17% above their pre-pandemic levels.

London posted 27% annual growth in the year to June putting it in second place, but recent data shows this figure is starting to ebb.

Singapore has leapfrogged Toronto (15.3%) this quarter to take third place with rental growth of 15.8%. April saw the city-state reopen leading to an uptick in expatriates and returning professionals, many opting to rent. The city's foreign workforce currently totals 656,000 according to government statistics.

It's a similar story in Sydney (10.4%) where tight stock levels are set against strengthening demand from returning expats and workers relocating from other Australian cities. Supply chain

disruptions and weather events have delayed construction.

Hong Kong (-2.1%) and Auckland (1.6%) sit at the bottom of the rankings table this quarter. Expatriates have been the major source of rental demand in Hong Kong but due to prolonged border closures and travel restrictions, demand has wavered, although this is set to ease in the coming weeks. For Auckland, it's a tenant's market as supply is estimated to have increased 16% year-on-year pushing rents lower.

The story of the post-pandemic rental recovery is evolving. Higher mortgage rates have the capacity to increase both demand and supply in the rental sector. Deteriorating affordability in the sales market will push some buyers to rent instead, and with fewer buyers, some sellers may become accidental landlords.

Investors are also targeting the rental market as an inflation hedge. In previous cycles residential rents have proved more resilient than other property types, especially in periods when supply is tight. From 1974 to 1985, another period of high inflation, rents increased by 7-12% a year according to analysis by *The Economist*.

THE KNIGHT FRANK PRIME GLOBAL RENTAL INDEX, Q2 2022

Ranked by annual change

| | CITY | WORLD REGION | 12-MONTH % CHANGE | 3-MONTH % CHANGE |
|----|-----------|--------------|-------------------|------------------|
| 1 | New York | AMERICAS | 39.0% | 5.9% |
| 2 | London | EMEA | 26.8% | 4.6% |
| 3 | Singapore | APAC | 15.8% | 7.7% |
| 4 | Toronto | AMERICAS | 15.3% | 3.9% |
| 5 | Sydney | APAC | 10.4% | 2.0% |
| 6 | Geneva | EMEA | 3.7% | 1.4% |
| 7 | Monaco | EMEA | 2.7% | 0.0% |
| 8 | Tokyo | APAC | 1.9% | -0.5% |
| 9 | Auckland | APAC | -1.6% | -3.9% |
| 10 | Hong Kong | APAC | -2.1% | -2.3% |

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

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



Research enquiries
 Kate Everett-Allen
 +44 20 7167 2497
 kate.everett-allen@knightfrank.com



Prime rental enquiries
 Gary Hall
 +44 20 7480 4474
 gary.hall@knightfrank.com

[Subscribe to our research updates](#)

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.

Knight Frank Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, funding organisations, corporate institutions and the public sector. All our clients recognise the need for expert independent advice customised to their specific needs. © Knight Frank LLP 2022. Terms of use: This report is published for general information only and not to be relied upon in any way. All information is for personal use only and should not be used in any part for commercial third party use. By continuing to access the report, it is recognised that a licence is granted only to use the reports and all content therein in this way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. The content is strictly copyright and reproduction of the whole or part of it in any form is prohibited without prior written approval from Knight Frank LLP. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' names.

