



News Release

Date: 21 July 2010

Residential rents in central London surge by 9.2% in 12 months

Knight Frank London Lettings Index – Q2 2010

Headlines

- **Rents in London's prime residential market are on the rise, up 9.2% in the 12 months to the end of June 2010**
- **The improving picture for landlords continued into the second quarter of 2010, with a rise of 2.6% in the three months to June**
- **Despite the recent upswing in the market, rents still stand 12.4% lower than the recent market peak in March 2008**
- **Demand and supply dynamics have driven the market – with the number of tenants rising 5% and the supply of new rental stock falling by 25% over the past year**

Liam Bailey, head of residential research, Knight Frank commented: "A combination of a slow but steady improvement in the central London jobs market over the past year, and a strong residential sales market, have conspired to create the conditions for rising rents in the prime London market. "Improvements in hiring volumes in the business and financial services sector since last summer have seen a 5% rise in the number of tenants looking for accommodation over the past year, and an 17% rise compared to two years ago.

"With the "forced landlords" from 2008 finding a very receptive sales market over the past 12 months the supply of available properties to rent has dropped by 25% and 64% compared to the level a year ago and two years ago respectively.

"The strength of the market is even more marked in central west areas, with very strong rental growth in Knightsbridge (17.1% growth), Notting Hill (16.6%) and Chelsea (14.6%). This is a reflection of the improvement in the fortunes of the 'City' employment sector since the nadir of early 2009 – these areas are all characterised by strong 'City' demand.



News Release

"Despite falling rental stocks the number of tenancies agreed has continued to rise over the past year, up 5%, contributing to a weakening of tenants negotiating power. The ratio of new prospective tenants to newly available rental properties rose by a third, to 4.14, in the year to June."

Liz Harrall, head of lettings at Knight Frank Fulham added: "For many tenants renewing a lease in line with the RPI has been an easier option than searching for a new property as stock levels have dipped significantly with 62% fewer properties on the market this quarter than last".

Knight Frank's Chelsea and Fulham lettings offices have seen 94% of current tenancies renewed in June in comparison to 68% this time last year.

Ends

Knight Frank Prime Central London Rental Index

	KF Prime Central London Rental Index	12 month % change	6 month % change	3 month % change
Jun-08	174.5	7.33%	0.44%	-0.54%
Sep-08	171.4	1.68%	-2.29%	-1.76%
Dec-08	155.0	-10.82%	-11.20%	-9.61%
Mar-09	143.5	-18.20%	-16.28%	-7.38%
Jun-09	140.8	-19.33%	-9.15%	-1.91%
Sep-09	140.9	-17.82%	-1.84%	0.08%
Dec-09	144.2	-6.97%	2.40%	2.32%
Mar-10	149.8	4.34%	6.29%	3.88%
Jun-10	153.7	9.19%	6.63%	2.64%

Source Knight Frank Residential Research

For further information, please contact:

Liam Bailey, head of residential research, Knight Frank, +44 (0) 7919 303 148

liam.bailey@knightfrank.com

Davina Bell, residential press manager, Knight Frank, +44 (0) 7796 996 154, +44 (0) 20 7861 1033

davina.bell@knightfrank.com

Ends

News Release



Notes to Editors

Knight Frank LLP is the leading independent global property consultancy. Headquartered in London, Knight Frank and its New York-based global partner, Newmark Knight Frank, operate from 207 offices, in 43 countries, across six continents. More than 6,340 professionals handle in excess of US\$886 billion (£594 billion) worth of commercial, agricultural and residential real estate annually, advising clients ranging from individual owners and buyers to major developers, investors and corporate tenants. For further information about the Company, please visit www.knightfrank.com.

No: 10pr462