

Prime London rents fall, but activity remains buoyant

Headline rents in the prime London market fell again in April. However, as Liam Bailey explains, healthy lettings activity underpins demand:

Results for April 2013

Rents fell by 0.1% in April the same decline as in the first three months of the year

Rents rose by **0.7% in Kensington** and by **0.5% in Hyde Park and Knightsbridge**

In 2013 to date, the **number of new tenancies agreed is up 30% year-on-year**

For the latest news, views and analysis on the world of prime property, visit [Global Briefing](#) or [@kfglobalbrief](#)

Follow Liam at [@LiamBaileyResi](#)

"Kensington and Marylebone are the stand out performers with increases of 2.5% and 1.9% over the past 12 months."



Liam Bailey, Global Head of Residential Research

April's 0.1% fall in prime rents marks a continuation of the downward trajectory that the prime central London lettings market has followed for the last ten months. But rents are 22% higher than the trough of the market in the second quarter of 2009.

Over the past 12 months rents have fallen by 3.2%. Underpinning this trend is the weakness of the financial sector employment market which continues to bear the brunt of lacklustre economic activity in the UK and Europe.

However, while the headline figures confirm that rents continue to fall, it is worth noting the differing price performance across areas. While the general trend so far this year has been for flat or slight growth, rents in St John's Wood have declined by 5.2% since January.

In Notting Hill and Mayfair average rents have also slipped in 2013 by 1.8% and 1.2% respectively. However, both markets reported no change in rents during April. In contrast, prime rents in Kensington and Marylebone rose at the fastest pace in the first four months of 2013 and are 2.5% and 1.9% higher respectively.

Other areas which have seen rents climb include Belgravia and Knightsbridge, although by a more modest 0.3% and 0.2% respectively.

Activity levels suggest a healthier picture across the board. The number of new tenancies agreed in prime central London is up 30% since January compared to the same period in 2012. Additionally, the number of applicant viewings is up in the first four months of the year, albeit by just 2%.

Figure 1
Monthly growth
Prime central London average residential rental change

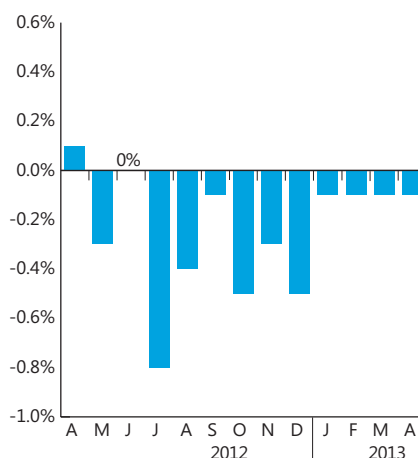
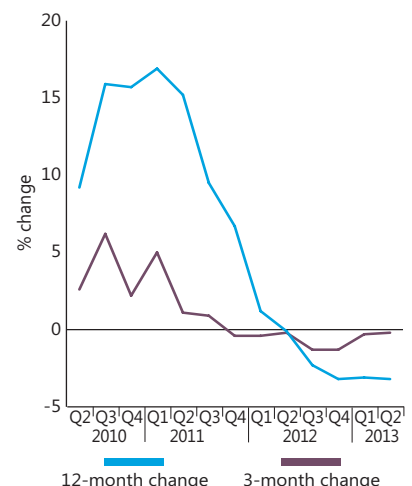


Figure 2
Annual and quarterly growth
Prime central London average residential rental change



RESIDENTIAL RESEARCH PRIME CENTRAL LONDON RENTAL INDEX



Data digest

The Knight Frank Prime Central London Rental Index, established in 1995 is the most comprehensive index covering the prime central London residential marketplace. The index is based on a repeat valuation methodology that tracks rental values of prime central London residential property. 'Prime central London' is defined in the index as covering: Belgravia, Chelsea, The City of London, Hyde Park, Kensington, Knightsbridge, Marylebone, Mayfair, Notting Hill, Hyde Park, South Kensington and St John's Wood. 'Prime London' comprises all areas in prime central London, and in addition Canary Wharf, Fulham, Hampstead, Richmond, Wandsworth, Wapping and Wimbledon.

	KF Prime Central London Index	12-month change %	6-month change %	3-month change %	Monthly change %
Jan-12	177.7	n.a.	0.1%	-0.5%	-0.2%
Feb-12	177.3	n.a.	-0.3%	-0.4%	-0.2%
Mar-12	177.3	1.2%	-0.8%	-0.4%	-0.1%
Apr-12	177.3	0.9%	-0.7%	-0.2%	0.1%
May-12	176.9	0.2%	-0.7%	-0.3%	-0.3%
Jun-12	176.9	-0.1%	-0.6%	-0.2%	0.0%
Jul-12	175.6	-1.1%	-1.2%	-1.0%	-0.8%
Aug-12	174.9	-1.7%	-1.4%	-1.1%	-0.4%
Sep-12	174.6	-2.3%	-1.5%	-1.3%	-0.1%
Oct-12	173.8	-2.7%	-2.0%	-1.0%	-0.5%
Nov-12	173.2	-2.8%	-2.1%	-1.0%	-0.3%
Dec-12	172.3	-3.2%	-2.6%	-1.3%	-0.5%
Jan-13	172.1	-3.1%	-2.0%	-0.9%	-0.1%
Feb-13	171.9	-3.1%	-1.7%	-0.7%	-0.1%
Mar-13	171.8	-3.1%	-1.6%	-0.3%	-0.1%
Apr-13	171.7	-3.2%	-1.2%	-0.2%	-0.1%

Residential Research

Liam Bailey
Global Head of Residential Research
+44 20 7861 5133
liam.bailey@knightfrank.com

Press Office

Daisy Ziegler
+44 20 7861 1031
daisy.ziegler@knightfrank.com

Recent market-leading research publications



[The Wealth Report 2013](#)



[UK Housing Market Forecast 2012](#)



[London Review Summer 2013](#)



[Prime Central London Sales Index April 2013](#)

Knight Frank Research Reports are available at www.KnightFrank.com/Research

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 244 offices, in 43 countries, across six continents. More than 7,067 professionals handle in excess of US\$817 billion (£498 billion) 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.

© Knight Frank LLP 2013 - This report is published for general information only and not to be relied upon in any 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. Reproduction of this report in whole or in part is allowed with proper reference to Knight Frank LLP Residential Research. 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.

