

## Rents fall but activity levels give landlords cause for optimism

Rents in prime central London declined again in July, but despite recent falls, they remain 21.3% above the low point they reached in June 2009. Liam Bailey looks at the market in more detail.

### Results for July 2013

**Prime central London rents fell by 0.4% in July**

**Annually rents have fallen by 2.7%** but they remain 21.3% above their financial crisis low

**The number of applicant viewings is up year-on-year, by 6.8%**

**Rents for properties in Marylebone, Kensington and Belgravia have risen in 2013** by 1.7%, 1.6% and 0.1% respectively

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

Follow Liam at [@LiamBaileyResi](#)

"We are seeing differing price performance across areas and rents in Marylebone, Kensington and Belgravia have bucked the wider trend and risen in 2013."



Liam Bailey, Global Head of Residential Research

Rents in prime central London fell by 0.4% in July. The annual decline in rents across the capital's best postcodes now stands at 2.7%.

Rental performance has been weaker for larger and more expensive properties, with greater resilience being displayed at the more "affordable" end of the market. Over the past month rents have fallen more for houses than for flats, with a -0.6% and -0.3% decline respectively. Rental falls have also been more notable in the £1,500+ per week bracket than in the £500 to £1,500 per week bracket this year.

Despite the ongoing decline in rents, activity levels across the prime central London rental market remain buoyant this year.

The volume of tenancies agreed over the year-to-date is 32% higher than in 2012. Additionally, the number of applicant viewings is up this year, by 6.8%. This increase in activity reflects a broader shift in favour of the rental sector across the UK, due in part to the lack of mortgage market funding for new entrants in the owner-occupier market.

The main factor weighing on rents, especially at the top end of the market, continues to

be the health of the London economy. The ongoing Eurozone crisis has put downward pressure on growth, confidence and recruitment in the city.

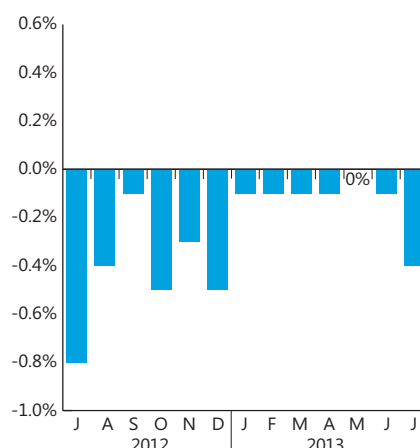
Data from financial sector recruitment specialist Morgan McKinley indicated that in the three months to July 2013 there was a gradual rise in job availability month-on-month. But, while this is positive news, it is worth noting that job opportunities remain at a lower level than the same period of 2012.

While the headline figures confirm that rents continue to fall, we are seeing differing price performance across areas. Rents in Mayfair have declined by 4.2% since January. In St John's Wood and Notting Hill average rents have also slipped in 2013 by 3% and 2.1% respectively.

In contrast, rents for properties in Marylebone, Kensington and Belgravia have risen so far in 2013 by 1.7%, 1.6% and 0.1% respectively.

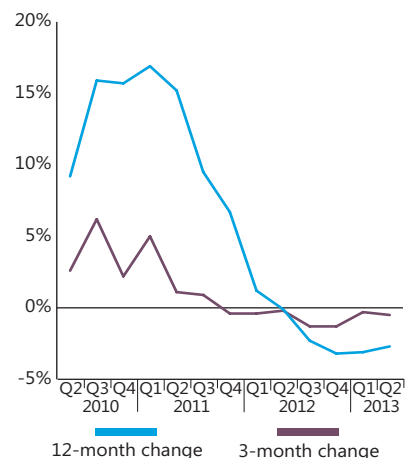
Our view remains that it will be 2014 before we see more robust rental growth, however this will require a sustained improvement in central London job creation.

Figure 1  
**Monthly growth**  
Prime central London average residential rental change



Source: Knight Frank Residential Research

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



Source: Knight Frank Residential Research

# 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 & Fringe, 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 %
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%
May-13	171.7	-2.9%	-0.8%	-0.1%	0.0%
Jun-13	171.6	-3.0%	-0.4%	-0.1%	-0.1%
Jul-13	170.8	-2.7%	-0.7%	-0.5%	-0.4%

### 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 June 2013](#)

Knight Frank Research Reports are available at [www.KnightFrank.com/Research](http://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](http://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.

