



# Prime central London rents continue to fall

**As the Eurozone enters its second recession in just 9 months, weakening job prospects for City workers are ensuring rents in prime central London remain suppressed. But, as Liam Bailey argues, encouraging signals remain for landlords.**

## Results for November 2012

**Rents in prime central London fell 0.3% in November**

**Average rents are now 2.8% lower than 12 months ago**

**The volume of new properties being offered for rent grows 35% in the three months to November**

**Viewings by prospective tenants have risen 29% over the same period**

While November's fairly sedate 0.3% fall in average prime rents marks a continuation of the downward trajectory that the prime central London lettings market has followed since June this year, rents in the city remain 23% higher than the trough of the market in the second quarter of 2009.

Overall rents have fallen 2.8% in the last 12 months. Underpinning this dynamic is the health of the financial sector jobs market which continues to bear the brunt of worsening economic activity in Europe.

New estimates from the Centre for Economics and Business Research forecast that by the end of 2012 City job numbers will have fallen by 30,000 compared to the end of 2011, with further declines expected as firms continue to streamline their operations following the financial crisis.

But despite this unsettled backdrop there are some encouraging indicators for landlords. The volume of tenant viewings rose 29% in

the three months to November compared to the same period a year earlier.

New rental instructions are higher by 35% over the same period and this rise has been met by an increase in the number of new tenancies, which remain significantly up year-on-year and currently stand at their highest level in the last five years.

Yet again the strongest part of the market remains the lower price ranges, with no change reported for average rents in the £500 to £1,500 per week bracket in November compared to the £1,500+ bracket which experienced a decline of 0.3%.

The City, Kensington and Notting Hill remain the only areas which have seen rents increase on an annual basis, 3.2%, 0.6% and 1.5% respectively, although all three recorded flat or negative growth in November which could signal a convergence of their performance with the wider market.

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

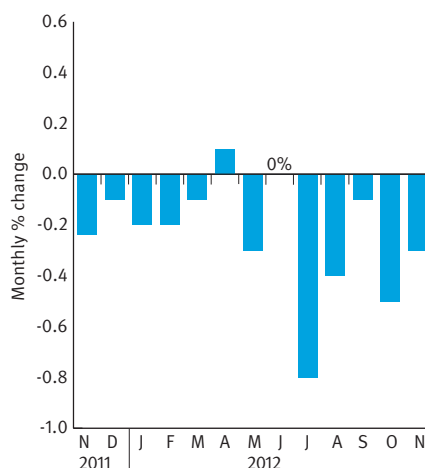
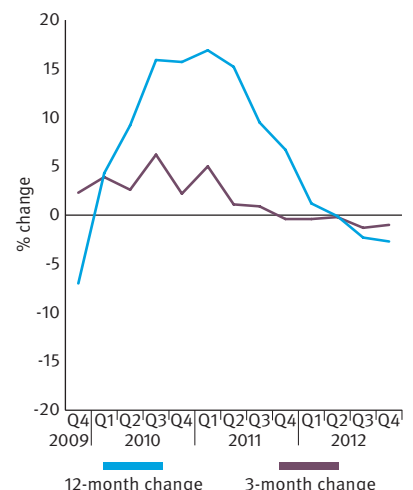


Figure 2  
**Annual and quarterly growth**  
 Prime central London average residential rental change



“Rents in prime central London remain 23% higher than the trough of the market in the second quarter of 2009.”



Liam Bailey, Global Head of Residential Research

Source: Knight Frank Residential Research

Source: Knight Frank Residential Research

# RESIDENTIAL RESEARCH PRIME CENTRAL LONDON RENTAL INDEX

**Knight Frank**



## 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.

Knight Frank Prime Central London Rental Index						
		KF Prime Central London Index	12-month change %	6-month change %	3-month change %	Monthly change %
Index quarterly to the end of Q1 2011	Q2 2009	140.8	-19.3%	-9.2%	-1.9%	n.a.
	Q3 2009	140.9	-17.8%	-1.8%	0.1%	n.a.
	Q4 2009	144.2	-7.0%	2.4%	2.3%	n.a.
	Q1 2010	149.8	4.3%	6.3%	3.9%	n.a.
	Q2 2010	153.7	9.2%	6.6%	2.6%	n.a.
	Q3 2010	163.2	15.9%	9.0%	6.2%	n.a.
	Q4 2010	166.8	15.7%	8.5%	2.2%	n.a.
	Q1 2011	175.1	16.9%	7.3%	5.0%	n.a.
Index monthly from October 2011	Oct-11	178.5	n.a.	1.6%	0.6%	-0.1%
	Nov-11	178.1	n.a.	0.9%	0.1%	-0.2%
	Dec-11	178.0	6.7%	0.5%	-0.4%	-0.1%
	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%	

### Residential Research

**Liam Bailey**

Global Head of Residential Research

+44(0)20 7861 5133

liam.bailey@knightfrank.com

### Press Office

**Daisy Ziegler**

+44 (0)20 7861 1031

daisy.ziegler@knightfrank.com

### Recent market-leading research publications



[Prime Central London Rental Index Oct 2012](#)



[UK Housing Market Forecast 2012](#)



[Super-Prime London Report 2012](#)



[Prime Central London Sales Index Nov 2012](#)

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 2012 - 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.



*Global Briefing*

For the latest news, views and analysis on the world of prime property, visit [KnightFrank.com/GlobalBriefing](http://KnightFrank.com/GlobalBriefing)