



# News Release

Date: 18 October 2010

## London luxury property rents rise for 15<sup>th</sup> month in a row

**Knight Frank London Lettings Index – Q3 2010**

### Headlines

- **Rents in London's prime residential market have risen 16% since their recessionary low in June 2009**
- **Despite the recent upswing in the market, rents still stand 7% lower than the recent market peak in March 2008**
- **House prices in central London have been falling since July, while rents rose for the fifth consecutive quarter**
- **While average earnings in central London have risen 42% in the past decade, average rents have only risen by 13.5%**
- **The number of newly-available properties fell by 6% year-on-year in September, and by 36% compared to September 2008**

**Liam Bailey, head of residential research, Knight Frank, commented:** "While house prices in central London have been falling since July, rents are still very much in the ascendency – rising for the fifth consecutive quarter in the three months to the end of September.

"Although prime central London rents have risen 16% since their recessionary low in June 2009, they are still 7% below the peak level they reached in March 2008, when the London economy and employment market were yet to feel the effects of the credit crunch and job losses in The City.

"Looking back further, we see that rents in central London have performed modestly over the past decade when compared with capital values. While average earnings in central London rose 42% in the ten years to the end of September 2010, average rents only rose 13.5% over the same period, a fact which ought to give landlords confidence regarding the sustainability of the market.



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“Landlords should not become overly confident regarding the potential for rent rises in the short-term. While further growth is possible, there are signs in the lettings market that the demand and supply balance is becoming less favourable for investors.

“The volume of properties available to rent is still lower than it has been historically. The number of newly-available properties fell by 6% year-on-year in September, and by a massive 36% compared to September 2008. This was when the lettings market faced its most turbulent period, with a huge oversupply of properties resulting from the wave of ‘forced landlords’, which in turn forced down rents during the recession.”

“Demand for rental property has been very strong, with new applicant volumes between May and August running at around 10% above the levels seen in either 2009 or 2008. September saw this level decline, with new applicant volumes falling back noticeably by 14% compared to the level in September last year. The same was true of viewing figures, which again fell back in September after strong results throughout the summer period.”

**Ends**

## **Knight Frank Prime Central London Rental Index**

	<b>KF Prime Central London Rental Index</b>	<b>12 month % change</b>	<b>6 month % change</b>	<b>3 month % change</b>
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%
Sep-10	163.2	15.86%	9.00%	6.20%

Source Knight Frank Residential Research

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