Prime Global Rental Index

2025 Q1 Edition

Knight Frank's Prime Global Rental Index provides a quarterly snapshot of trends in luxury lettings markets across 16 key world city markets.

knightfrank.com/research

Global rental growth stabilises

▶ The global luxury rental market has seen growth stabilise after a period of exceptional expansion. Rental growth ticked higher in Q1 2025 after a sharp slowdown in 2024, with annual growth averaging 3% over our 16-city basket of properties

Annual growth

The rate of rental growth across our PGRI bottomed out in early 2021, with annual declines reaching – 2.7% in Q1 2021, marking the nadir of Covid-era disruption. A sharp rebound began in mid-2021, peaking at +10.7% in Q1 2022, as international mobility resumed and demand surged in key cities.

Since then, the rate of growth has gradually cooled, reflecting a normalisation of market dynamics. Annual growth slowed from 8.5% in Q4 2022 to just 2.3% by Q4 2024. Q1 2025 saw a slight uptick to 3.0%, suggesting renewed momentum in selected markets even as broader inflation and interest rate pressures ease.

City results

Global prime rental markets have seen above trend growth concentrated in US and Asian cities. Top performers over 12 months include Los Angeles (+7.0%), Hong Kong (+6.5%), and Tokyo (+6.1%), reflecting robust demand for high-end rentals in key gateway cities.

Monaco (+5.1%), Berlin (+4.9%), and Frankfurt (+4.7%) also posted solid gains, though Monaco saw no growth in the most recent 3-month period. Momentum is clearly strongest in Asia-Pacific, where Tokyo has seen continually strong quarterly growth over the past 12-months, and Hong Kong experienced a sharp 12-month rebound.

Short-term acceleration is notable in Auckland, which despite a weak annual figure (-0.4%), recorded a sharp +4.2% in the past 3 months, suggesting a turning point. A notable slowdown was seen in Toronto (–3.3%), the weakest performer. Singapore and London remained relatively flat over 12 months, though recent quarters hint at modest recovery.

Inflation's lingering impact

While nominal rental growth remains positive, real (inflation-adjusted) returns have been substantially lower. Throughout 2021 and early 2022, inflation outpaced rental growth, leaving landlords with negative real returns despite nominal increases.

The peak of real growth occurred in Q1 2022 (+5.4%), compared with a nominal high of +10.7%. By Q1 2025, real rental growth sits at just +1.1%, versus a nominal +3.0%, indicating that inflation is still dampening actual returns.

"Our latest data points to a more mature phase of the rental cycle in global prime markets. While demand remains resilient in core hubs, returns are moderating, and investors must increasingly account for inflation, currency risk, and local regulatory factors when assessing performance."

Liam Bailey, Knight Frank's global head of research

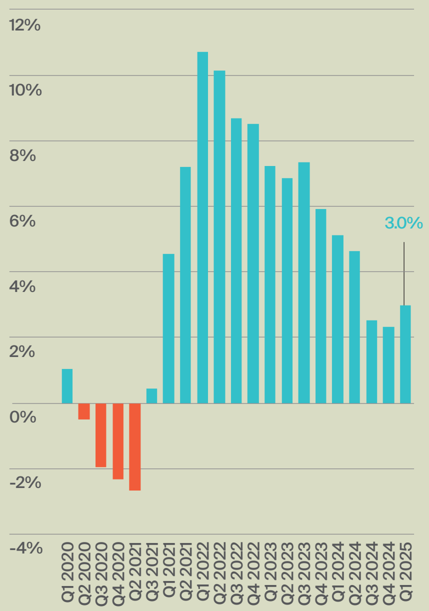
Los Angeles
strongest annual growth at 7%

3%
average annual rental growth over our 16 city basket

-5.4%
real (inflation adjusted) growth in Toronto

57%
growth in New York and London since Q1 2021

Fig 1: Market slowdown
PGRI annual growth, 15 city average



Source: Knight Frank Research

Fig 2: Knight Frank Prime Global Rental Index

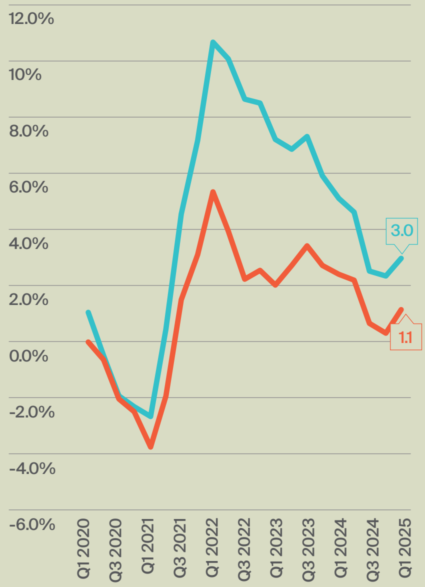
Changes to 2025 Q1

Rank	Location	12-month % change	6-month % change	3-month % change
1	US Los Angeles	7.0%	5.0%	4.9%
2	HK Hong Kong	6.5%	5.2%	3.2%
3	JP Tokyo	6.1 %	5.9%	3.8%
4	MC Monaco	5.1%	2.0%	-
5	DE Berlin	4.9 %	2.7 %	1.9%
6	DE Frankfurt	4.7%	3.1%	2.6%
7	AU Melbourne	3.5%	0.6%	0.0%
8	US Miami	2.9 %	0.5%	0.5%
9	CH Geneva	2.8%	1.7%	2.1%
10	CH Zurich	2.8%	2.5%	2.6%
11	US New York	2.5%	3.3%	2.5%
12	AU Sydney	2.1%	1.8%	1.3%
13	UK London	0.8%	0.1%	0.6%
14	SG Singapore	-0.4%	1.3%	0.4%
15	NZ Auckland	-0.4%	0.2%	4.2%
16	CA Toronto	-3.3%	-5.6%	-3.7%

Source: Knight Frank Research

Fig 3: Real vs Nominal annual rental growth

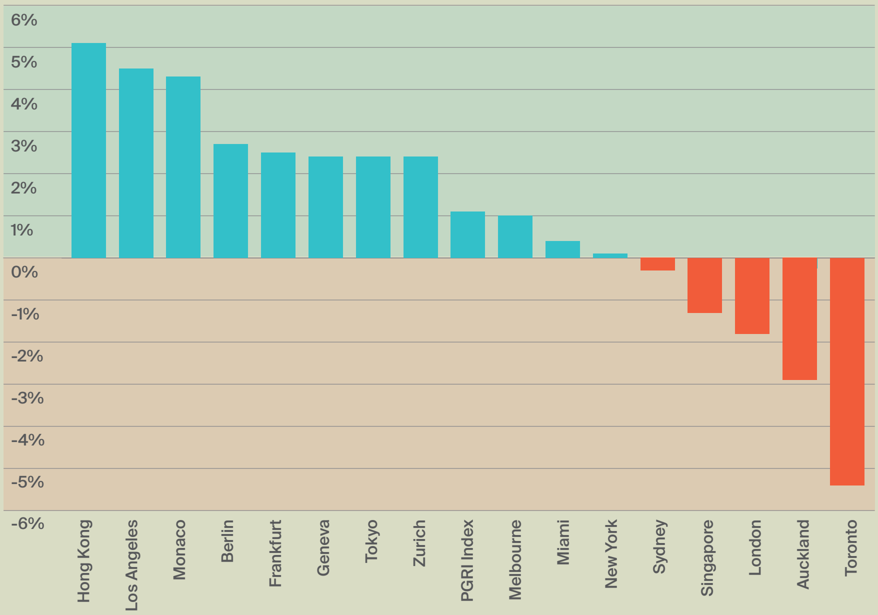
PGRI annual growth, 15 city average



Source: Knight Frank Research

Fig4: Real annual rental change

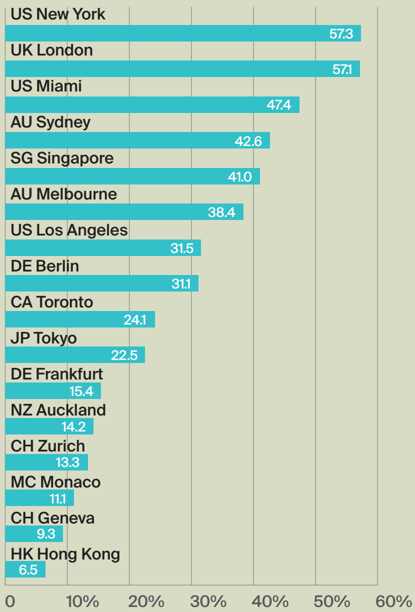
Prime Global Rental Index



Source: Knight Frank Research

Fig 5: Four years of growth

Rate of change Q1 2021 to Q1 2025



Source: Knight Frank Research

Prime property definition: The most desirable and expensive property in a given location, generally defined as the top 5% of each market by value. Prime markets often have a significant international bias.

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

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