

# Global rental growth stabilises

► The global luxury rental market has seen its recovery firm after last year’s slowdown. Rental growth ticked up again in Q2 2025, with annual growth averaging 3.5% across our 16-city index, up from 3.0% in Q1

## PRIME GLOBAL RENTAL GROWTH REBOUNDS

Since early 2020, prime rental growth has swung dramatically. Before the pandemic, annual gains held steady at or around 4%. The Covid lockdowns drove rents into negative territory, bottoming out at -2.7% in Q1 2021. A swift recovery began in mid-2021, with growth accelerating to double digits by early 2022, as construction shortfalls began to bite in terms of supply, and as the return to the office trend supported rental demand.

However, momentum eased over 2023, and by late 2024 annual growth had cooled to just over 2%, with affordability limits being reached in many markets. The latest data show a modest resurgence in 2025, with growth ticking higher approaching long-term rates again.

## CITY ANALYSIS

Hong Kong and Tokyo lead luxury-rental growth, with annual gains of 8.6% and 8.3%. New York is surging again – with 6.6% growth in rents over the three months to the end of June – while Los Angeles shows a

modest 5.1% annual rise but a 0.7% quarterly dip.

European markets like Berlin (4.9%) and Frankfurt (4.7%) remain steady, and Zurich (4.4%) edges higher short-term. Monaco has plateaued at 4.2%. Melbourne (3.4%) and Geneva (2.7%) are moderate. Sydney, Singapore and London hover around 1.5–2.0%. Auckland (-2.1%) and Toronto (-3.5%) lag, though Toronto saw a minor uptick in the most recent three-month period.

## THE LONG-VIEW

Over the past five years, Miami has led prime-rental growth by a wide margin – surging 61% – driven by domestic migration and luxury demand. It is followed by New York, which saw a 47% rise underpinned by a post-pandemic rebound in Manhattan rental demand. Asia-Pacific powerhouses Sydney and Singapore each posted robust gains of 43%, as did London, whose 43% climb was fueled by international interest. Melbourne (40%) and Los Angeles (38%) also recorded strong increases. European markets varied: Berlin achieved 31%

“Prime global rental markets are beginning to see a move back to trend rates of growth, while affordability is very tight in most markets, demand continues to outpace supply and our view is growth will tick higher from here through 2025.”

Liam Bailey, Knight Frank’s global head of research

3.5%

overall nominal annual growth in Q2 2025

1.6%

overall real annual growth in Q2 2025

Hong Kong

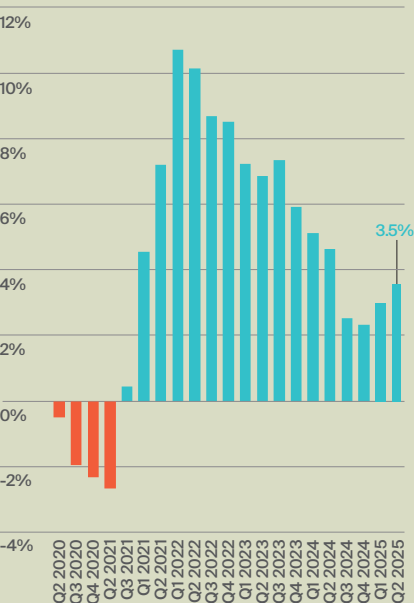
fastest-growing market, up 8.6% year-on-year

Toronto

weakest market, down 3.5% year-on-year

## Market slowdown

PGRI annual growth, 15 city average

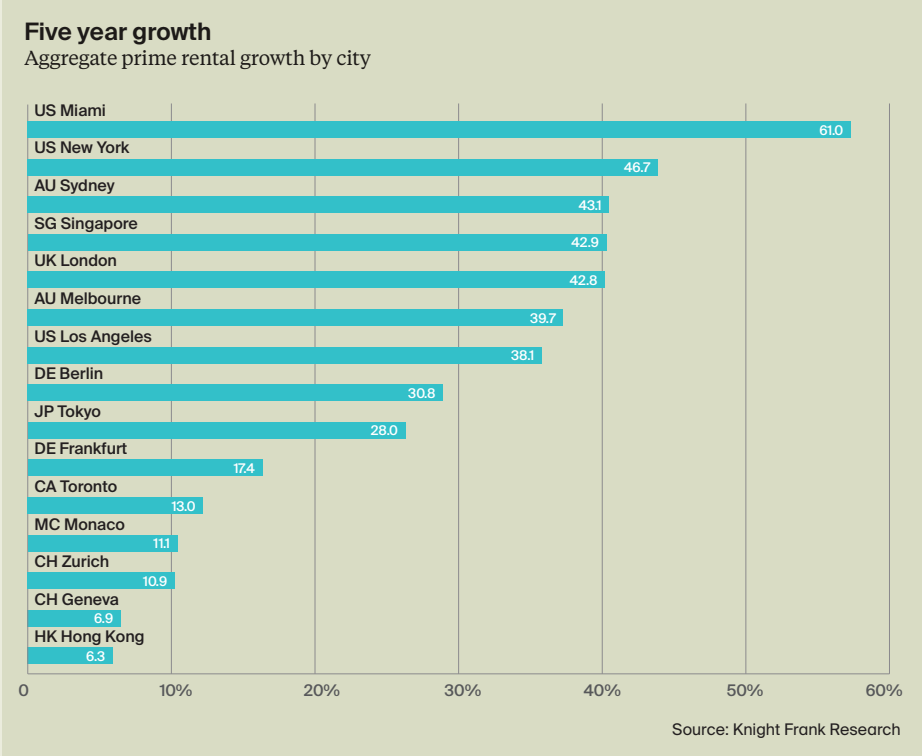
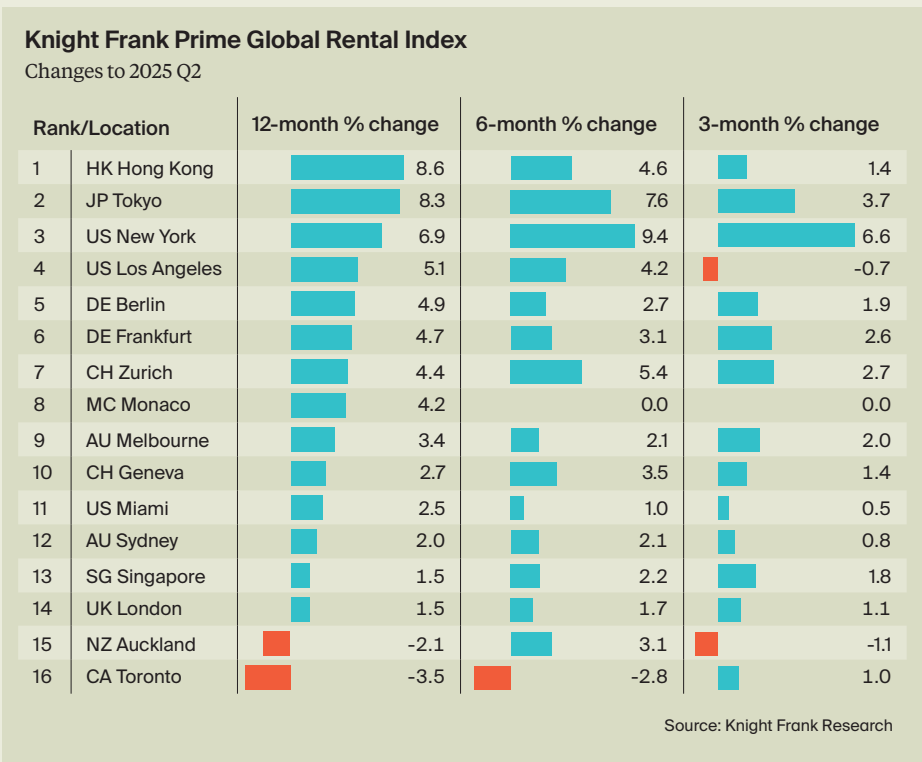
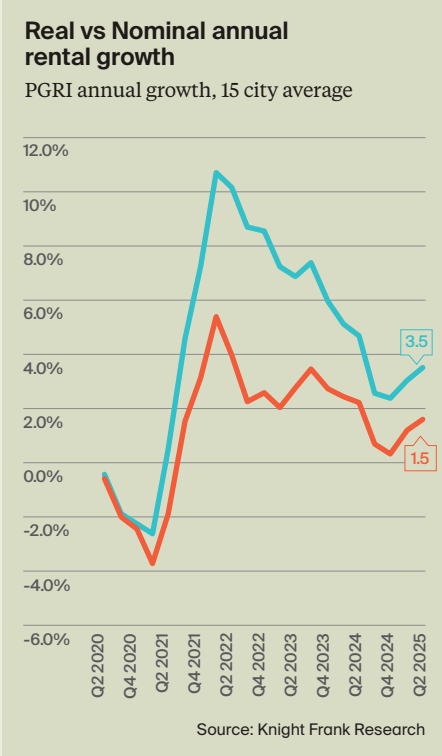


Source: Knight Frank Research

and Tokyo 28%, while Frankfurt trailed at 17%. Toronto's growth was more modest at 13%, and smaller hubs – Monaco, Zurich, Geneva, and Hong Kong – saw single-digit gains between 6% and 11%

OUTLOOK

Elevated interest rates and persistent inflation are tempering prime rental growth in major cities, as affordability constraints curb tenants' ability to bid up rents. However, strong immigration underpins growth, and demand – set against limited new supply – will push rents towards long-term trend rates. New York and Miami are expected to sustain mid-single-digit gains, while Hong Kong and Tokyo face moderation amid regulatory headwinds. European hubs such as Berlin and London should see tight new supply delivery support low- to mid-single-digit growth.



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.

Keep up to speed with global housing markets with our monthly international residential newsletter

**SIGN UP ONLINE**

**Research enquiries**

Liam Bailey  
+44 7919 303 148  
liam.bailey@knightfrank.com

**Press enquiries**

Emma Cotton  
+44 7974 521 802  
emma.cotton@knightfrank.com



© Knight Frank LLP 2025. This document has been provided for general information only and must not 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 document, Knight Frank LLP does not owe a duty of care to any person in respect of the contents of this document, and does not accept any responsibility or liability whatsoever for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. The content of this document does not necessarily represent the views of Knight Frank LLP in relation to any particular properties or projects. This document must not be amended in any way, whether to change its content, to remove this notice or any Knight Frank LLP insignia, or otherwise. Reproduction of this document in whole or in part is not permitted without the prior written approval of Knight Frank LLP to the form and content within which it appears.