

Global rents are ticking higher

► The global luxury rental market strengthened further in Q3. Rental growth averaged 3.4% across our 16-city index in Q3 2025, up from a recent low of 2.3% in Q4 last year.

THE GLOBAL VIEW

The unwinding of the pandemic rental boom saw annual global prime rental growth fall from 10.7% in Q1 2022 to a low of 2.3% at the end of 2024, as affordability constraints limited the pace of further increases.

Since the beginning of 2025, momentum has shifted upward, with Tokyo (+9.6%), New York (+7.8%), and Zurich (+6.2%) leading the rebound and rental growth far outpacing CPI inflation.

With the exception of Tokyo, where prime house prices are currently rising by more than 50% per year, most markets in our basket have experienced a recent slowdown in price growth as the pace of rate cuts eases. As a result, pressure on accommodation in key global cities is increasingly being felt through stronger rental growth.

CITY ANALYSIS

Manhattan’s rental market remains defined by very low vacancy and near-record pricing, with inventory falling for the eighth consecutive month in October. Median rents are now in the mid-US\$4,000s, up roughly 8% year-on-year.

In Hong Kong, rents have risen 6% year-on-year, reaching record highs due to strong demand from new arrivals

and relocations. Elsewhere in Asia-Pacific, Sydney continues to record robust rental growth, reflecting strong population gains and a steady influx of new tenants. Singapore has also seen healthy increases, with rents up 2.7%, although activity is beginning to ease slightly as leasing volumes decline.

Across Europe, rental markets remain resilient. In Zurich, conditions are still extremely tight, with new-lease rents continuing to edge higher amid very limited supply. This structural undersupply, set against strong demand, is maintaining upward pressure on rents despite a softer macroeconomic backdrop. Frankfurt has seen rents rise by nearly 5% over the year, with shortages in supply keeping pricing elevated and driving greater investor interest.

London rents are also increasing, supported by strong tenant demand and constrained stock. Prime Central London average gross yields have reached 4.5%, the highest since June 2006. However, landlord supply is under pressure as regulation intensifies, with the latest tax changes announced in the UK Budget on 26 November likely to reinforce this trend. PCL rents rose 1.8% year-on-year.

3.4%

overall nominal annual growth in Q3 2025

1.3%

overall real annual growth in Q3 2025

Tokyo

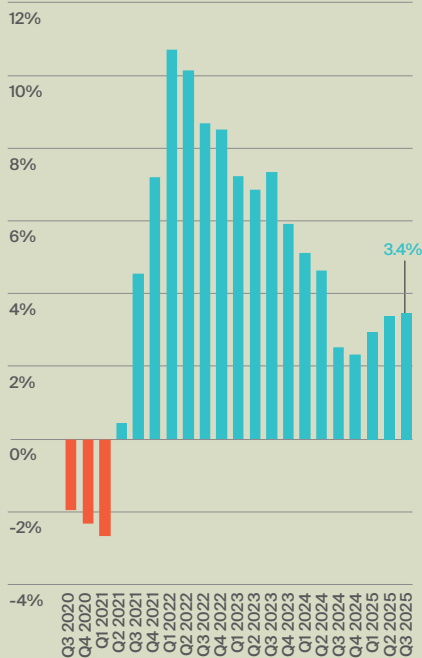
fastest-growing market, up 9.6% year-on-year

Toronto

weakest market, down 3.6% year-on-year

Rental recovery

PGRI annual growth, 15 city average



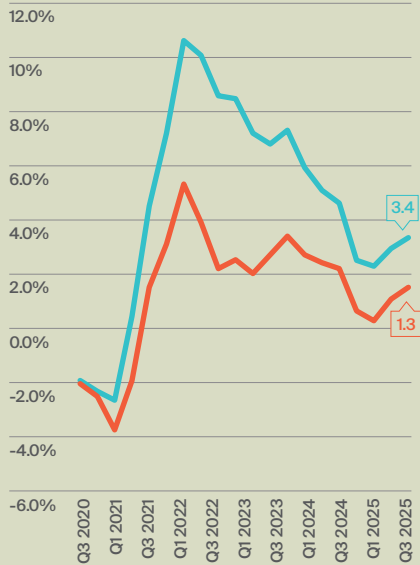
Source: Knight Frank Research

“Global luxury rents are outpacing inflation again as tight supply, strong demand conspire to test the limits of affordability across world cities.”

Liam Bailey, Knight Frank’s global head of research

Real vs Nominal annual rental growth

PGRI annual growth, 15 city average



Source: Knight Frank Research

Knight Frank Prime Global Rental Index

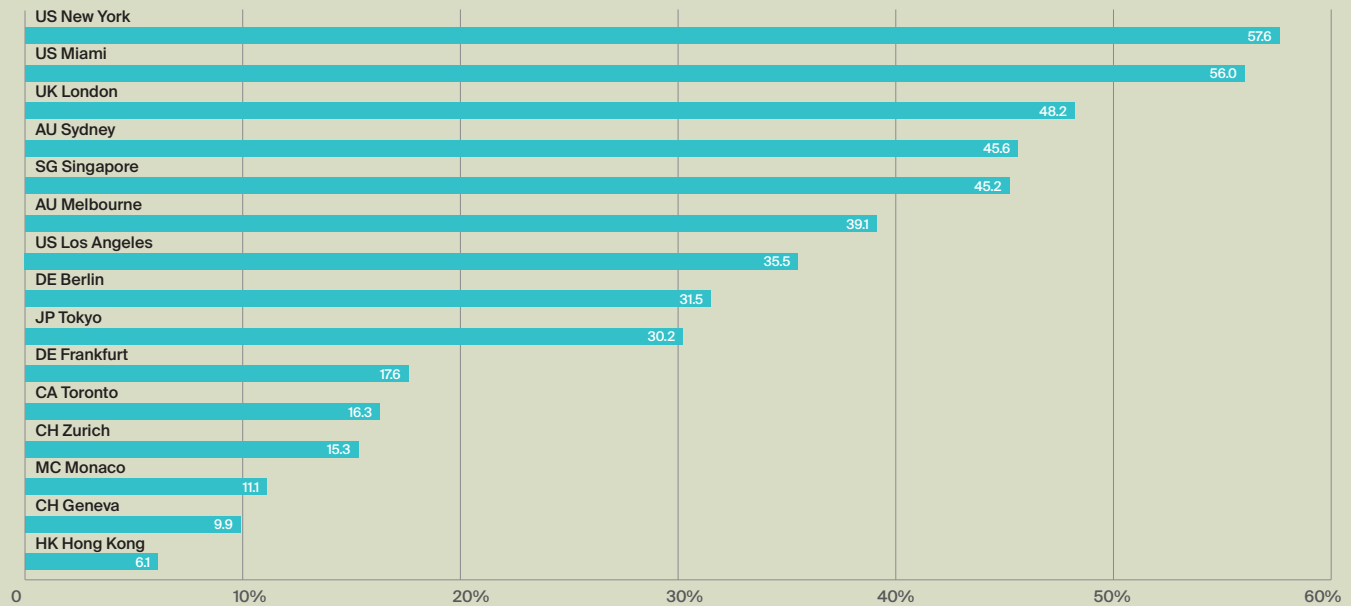
Changes to 2025 Q3

Rank/Location		12-month % change	6-month % change	3-month % change
1	JP Tokyo	9.6	3.4	-0.3
2	US New York	7.8	4.4	-2.1
3	CH Zurich	6.2	3.6	0.9
4	HK Hong Kong	6.0	0.7	-1.2
5	AU Sydney	5.7	3.8	3.0
6	DE Frankfurt	4.7	1.6	0.2
7	US Los Angeles	3.9	-1.1	-0.2
8	CH Geneva	3.7	2.0	0.6
9	DE Berlin	3.3	0.6	-0.4
10	SG Singapore	2.7	1.4	-0.5
11	AU Melbourne	2.6	2.0	-0.1
12	MC Monaco	2.0	0.0	0.0
13	UK London	1.8	1.7	0.6
14	US Miami	1.0	0.1	-0.3
15	NZ Auckland	-2.3	-2.5	-1.5
16	CA Toronto	-3.6	2.1	1.1

Source: Knight Frank Research

Five year growth

Aggregate prime rental growth by city



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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