

Prime Global Rental Index

2024 Q4 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 residential rental slowdown

- Prime rental growth across our basket of 16 cities slowed in the final quarter of 2024, with rents increasing by 2.2% over 12 months – this marks the slowest rate in more than three years.

Sober growth

Annual growth in our PGRI index slowed to 2.2%, marking the slowest rate since mid-2021. The rate has steadily declined from a peak of 11.4% in Q1 2022. This latest moderation brings it below the long-run average of 3.7%.

A post-Covid repricing saw prime city rents climb 28% from the end of 2020, with cities like London and New York experiencing growth of well over 50%. A combination of strong wage growth and low new-build supply helped push rents higher. The recent slowing in growth reflects an unwinding of these trends in some markets.

On a quarterly basis, the index saw growth of 0.3% in the final quarter of 2024. While this growth is marginally up from the previous quarter's 0.1%, it remains noticeably below the long-run average of 0.9%.

City results

Tokyo takes the lead on our table with annual rental growth at 6% – the city has seen strong demand growth set against a stubbornly slow supply

response. Zurich and Melbourne round out the top three cities for growth.

Three markets saw rents fall throughout 2024: Toronto, Auckland, and Singapore. Since early 2021, Auckland has experienced modest growth, with a 9.6% rise, whereas Singapore and Toronto both saw strong growth of 40.1% and 28.9%, respectively.

On a quarterly basis, Tokyo, Zurich, Monaco, and Hong Kong all saw strong quarter-on-quarter growth at or above 2%. Meanwhile, rents fell in four other markets over the quarter.

Real growth

While rents are growing on a headline basis, in inflation-adjusted terms, rental growth has stalled at 0% in Q4. With inflation still elevated in many countries, real rents have turned negative in several markets, including Singapore, Auckland, and Toronto.

With inflation expected to moderate globally and healthy demand facing supply shortages in many key markets, it is likely that negative real growth on the index will be time-limited.

“The upward repricing of prime global residential rents has worked its way through the system in most major markets. With wage growth slowing and affordability stretched, we expect rental growth to remain positive but to sit below trend this year. Over the longer term, we are likely to see a return to stronger growth as demand requirements continue to outpace the supply response.”

Liam Bailey, Knight Frank's global head of research

2.2%

the PGRI annual growth rate in Q4 2024

Tokyo

the strongest performing city market, with a 6% annual growth in Q4 2024

56%

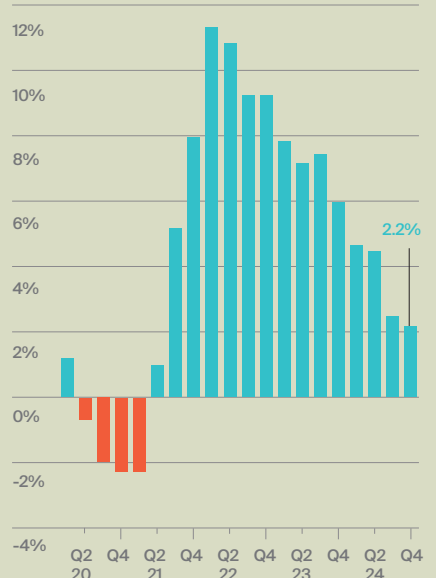
prime rental growth in London since Q4 2020

79%

of markets saw a rise in rents in 2024

Fig 1: Market slowdown

PGRI annual growth, 15 city average



Source: Knight Frank Research

Fig 2: Knight Frank Prime Global Rental Index

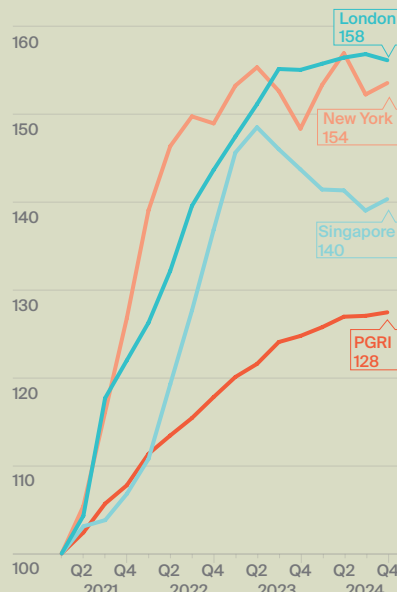
Changes to 2024 Q4

Rank/Location	12-month % change	3-month % change
1 JP Tokyo	6.0%	2.1%
2 CH Zurich	5.6%	2.8%
3 AU Melbourne	5.5%	0.5%
4 MC Monaco	4.8%	2.0%
5 AU Sydney	4.7%	0.5%
6 DE Berlin	4.4%	0.8%
7 HK Hong Kong	4.0%	2.0%
8 US Los Angeles	3.6%	0.1%
9 US New York	3.5%	0.8%
10 DE Frankfurt	3.2%	0.4%
11 US Miami	3.0%	0.1%
12 CH Geneva	1.6%	-2.0%
13 UK London	0.7%	-0.4%
14 SG Singapore	-2.4%	0.9%
15 NZ Auckland	-3.0%	-3.8%
16 CA Toronto	-3.5%	-1.9%

Source: Knight Frank Research

Fig 4: Rental Pricing

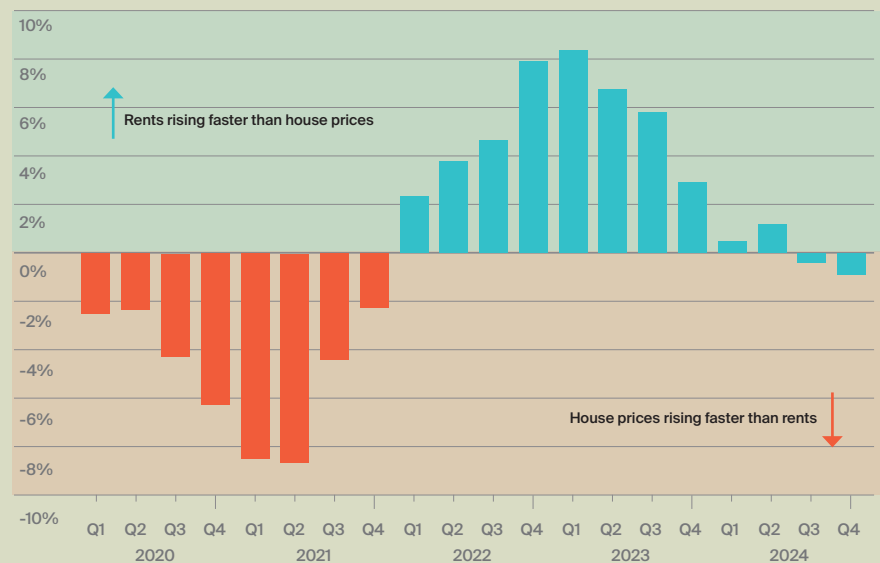
Prime global rental index, Q1 2021 = 100



Source: Knight Frank Research

Fig 3: Gap between house price and rent growth is historically close

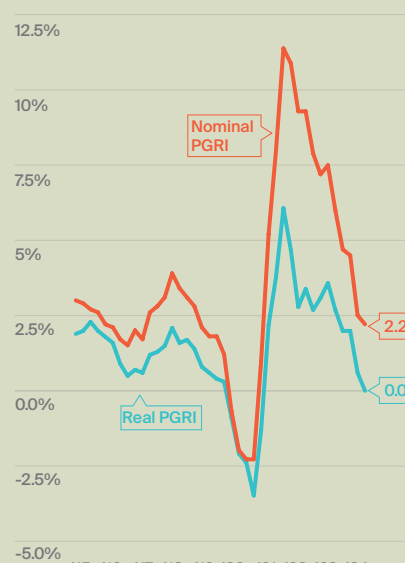
Prime annual rental growth less prime annual house price growth [Prime Global Rental Index vs. Prime Global Cities Index]



Source: Knight Frank Research

Fig 5: Real vs Nominal annual rental growth

Prime market rents, 12-month change



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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