



News Release

Date: 14 July 2011

Prime London rents rise 15% year-on-year, reaching record high

Knight Frank London Lettings Index, June 2011 results

- Prime London rents rose by 1% in the second quarter, taking them to a new record high
- Rents, which have risen for 22 consecutive months, are now 15% higher than in June last year and are 1% higher than their previous peak in March 2008
- Yields averaged 3.8% in the second quarter, up from 3.4% in the first three months of the year

Liam Bailey, Head of Knight Frank Residential Research, comments: "Rents have jumped by 25% since their low point in June 2009, highlighting how much the market has changed since then.

"While the summer of 2009 was categorised by an over-supply of properties and weak demand from tenants, the picture now has reversed, with demand for good properties far outstripping supply. This has pushed up competition between tenants which in turn has boosted rents.

"Landlords are more able to renegotiate rents while supply remains so constrained.

"There is some evidence that vendors are beginning to sell and look to rent - taking advantage of record pricing levels in the sales market. With these sales going to new entrants to the sales market - especially overseas buyers - this process is adding purely to rental demand and is not aiding the supply of rental property.

"There is also increased demand from those working in the financial and professional services as the City rebounds from the worst of the recession, as well as from European tenants who are choosing to relocate to London to escape the economic turmoil in their own country.

"The pace of growth slowed slightly in the second quarter, but we expect rents to continue to rise as there is a very limited supply of prime properties coming onto the rental market. We forecast that rents will rise by between 5% and 10% this year."



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Tim Hyatt, Head of Knight Frank Residential Lettings and President of ARLA, comment: "This is our busiest time of the year with lots of tenants looking to arrange their accommodation prior to the summer break - and this upward pressure from demand has found it's way into rental levels.

"A consistent rise in demand from the city as well as the constrained stock levels in the sales market is fuelling a supply of new potential clients coming to the prime rental market.

"With stock levels remaining the same and even decreasing in certain areas this is putting an abnormal upward squeeze on rents, creating the record high figures we are now seeing

Knight Frank Prime Central London Lettings Index

Mar-08	175.5	12.20%	4.07%	0.98%	
Jun-08	174.5	7.33%	0.44%	-0.54%	
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%	
Dec-10	166.8	15.73%	8.53%	2.20%	
Mar-11	175.1	16.92%	7.26%	4.95%	
Apr-11	175.7				0.4%
May-11	176.6				0.5%
Jun-11	177.1	15.19%	6.13%	1.12%	0.3%

Source – Knight Frank Research

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Notes to Editors



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No: 11pr210