

# Prime global rents continue to fall globally

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Knight Frank's Prime Global Rental Index, which tracks the change in luxury residential rents across 17 cities globally, fell for a third consecutive quarter with rents falling on average by 0.5% in the year to March 2016.

FIGURE 1



Of the 17 cities tracked by the index, 11 have recorded flat or falling prime rents over the last 12 months.

Toronto leads the rankings with prime rents rising by 8.9%. Strong demand for prime rental properties, combined with a low vacancy rate for condominium apartments, has driven prime rents higher. This is despite completions nearing historic highs, which would usually mean an increase in rental supply and downward pressure on prime rents.

Prime rents in Nairobi fell by 7.9% in the 12 months to March. Demand for prime rental properties has traditionally been from expats. Rents have trended lower as we are seeing weakened demand from this segment of the market due to multinational firms downsizing as a result of adverse economic circumstances driven by low commodity prices.

In London we have seen prime rental growth slow to -1% in the year to March 2016, the lowest annual rate since May 2014. However, the total rental yield which is a combination of capital growth and rental yield was 3.7% in the year to March, outperforming benchmark hedge fund and stock market indices.

[Download the Prime Global Rental Index](#) to view for the full city rankings and analysis.

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