Prime Global Rental Index

2026 Q1 Edition

Knight Frank's Prime Global Rental Index provides a quarterly snapshot of trends in luxury lettings markets across key world city markets

knightfrank.co.uk/research

Rental growth stabilises

Prime rental growth across our basket of city markets remained positive in the first quarter of 2026, with rents increasing by 2.8% over 12 months. Growth has eased slightly from the previous quarter, confirming that the post-Covid rental surge has given way to a more measured phase of expansion.

SOBER GROWTH

Annual growth in the Prime Global Rental Index slowed to 2.8% in Q1 2026, down from 3.0% in the final quarter of 2025. The latest reading remains well below the double-digit rates recorded in 2022, when the index peaked at 11.2% annual growth in Q1 2022.

The moderation confirms that the sharp repricing of prime city rents has largely worked through the system. The index is still rising, but at a pace more consistent with a late-cycle rental market: demand remains resilient, supply constraints persist in many cities, but affordability pressures are limiting the speed of further rental growth.

CITY RESULTS

Sydney leads the ranking, with prime rents rising 10.6% in the year to Q1 2026. The city also recorded the strongest three-month performance, with rents up 5.3% over the quarter, underlining the strength of near-term momentum.

New York ranks second, with annual growth of 7.4%, followed closely by Tokyo at 7.2%. Both markets continue to show firm demand, while Melbourne, up 5.4%, and Hong Kong, up 4.2%, complete the top five.

At the other end of the ranking, Toronto remains the weakest market, with prime rents falling 3.2% over 12 months and 2.6% over the quarter. Auckland also remains in negative annual territory, with rents down 2.3%, although its three-month growth of 3.6% points to a potential turn in momentum.

REAL GROWTH

While headline rental growth remains positive, inflation-adjusted performance has weakened. Real annual growth across the index slowed to 0.5% in Q1 2026, down from 1.0% in Q4 2025. While prime rents are still rising in line with the long-run trend, the real uplift is modest. The picture is consistent with a market that has normalised after the exceptional growth of 2021 and 2022. Demand remains supportive, but the ability of landlords to push through further above-inflation increases is becoming more limited.

"The post-Covid repricing of prime global rents has largely passed through, but the market has not moved into reverse. Growth is slower, more selective and increasingly dependent on local supply constraints. Markets with tight availability and resilient high-income demand are still seeing meaningful rental growth, while affordability pressures are capping performance elsewhere."

Liam Bailey, Knight Frank's global head of research

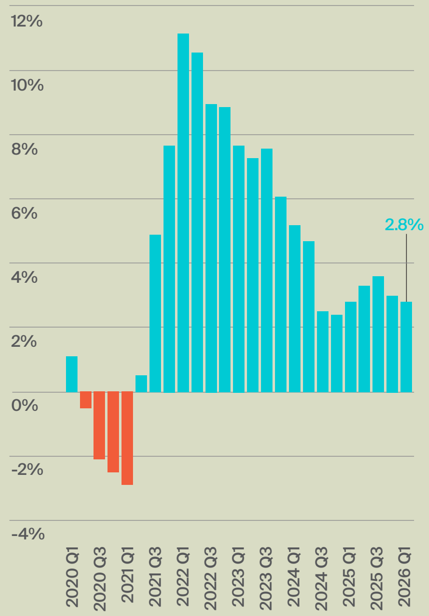
2.8%
the PGRI annual growth rate in Q1 2026

Sydney
the strongest performing city market, with 10.6% annual growth

0.5%
real annual rental growth across the index in Q1 2026

Toronto
the weakest market for annual rental growth (-3.2%)

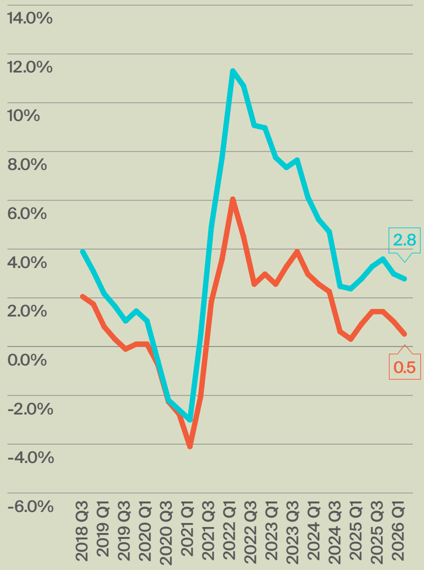
Rental recovery
PGRI annual growth, 15 city average



Source: Knight Frank Research

Real vs Nominal annual rental growth

PGRI annual growth, 15 city average



Source: Knight Frank Research

Knight Frank Prime Global Rental Index

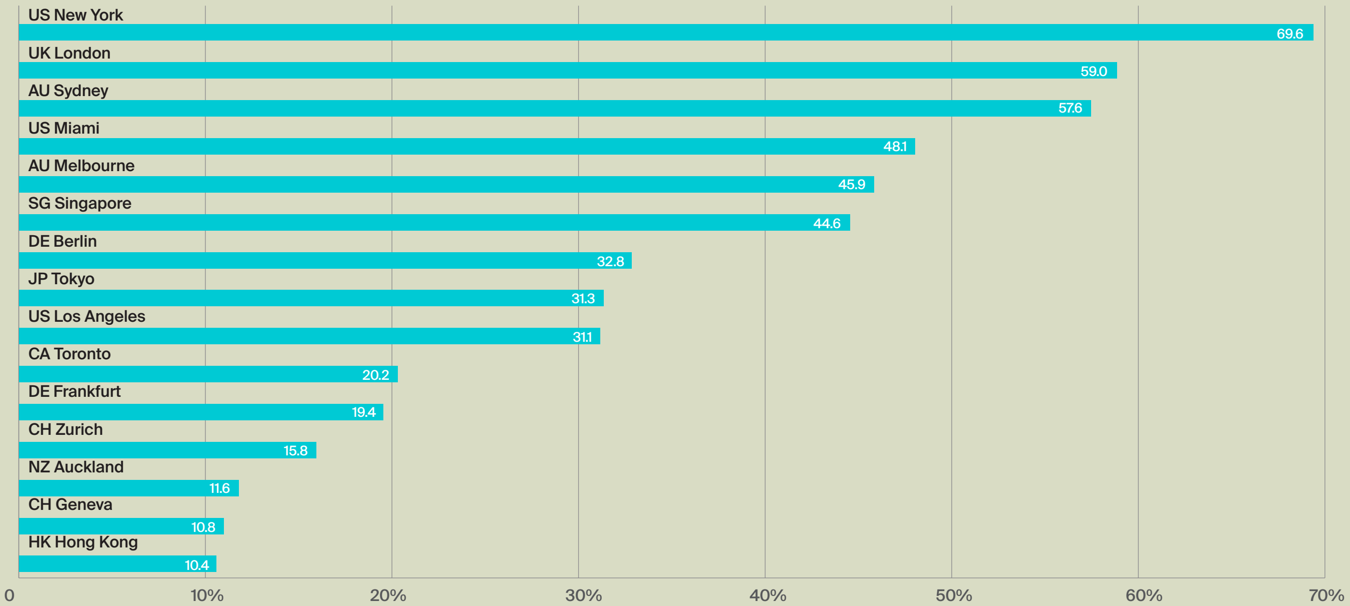
Changes to 2026 Q1

Rank/Location		12-month % change	6-month % change	3-month % change
1	AU Sydney	10.6	6.5	5.3
2	US New York	7.4	3.3	4.1
3	JP Tokyo	7.2	3.6	3.3
4	AU Melbourne	5.4	3.4	1.2
5	HK Hong Kong	4.2	3.5	2.0
6	DE Frankfurt	3.5	1.9	1.1
7	SG Singapore	2.6	1.2	0.5
8	CH Zurich	2.2	-1.4	-0.5
9	CH Geneva	1.3	-0.6	0.3
10	US Miami	1.3	0.7	0.3
11	DE Berlin	1.3	0.7	0.2
12	UK London	1.2	-0.5	0.1
13	US Los Angeles	0.1	0.8	1.1
14	NZ Auckland	-2.3	0.3	3.6
15	CA Toronto	-3.2	-5.2	-2.6

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.

Research enquiries

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

Press enquiries

Astrid Recaldin
+44 20 7861 1182
astrid.recaldin@knightfrank.com

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