

Sector	Feb-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Change	Market Sentiment
High Street Retail										
Bond Street	2.25%	2.50% - 2.75%	2.50% - 2.75%	2.50% - 2.75%	2.50% - 2.75%	2.50% - 2.75%	2.50% - 2.75%	2.50% - 2.75%		NEGATIVE
Oxford Street	2.50%	2.75% - 3.00%	2.75% - 3.00%	2.75% - 3.00%	2.75% - 3.00%	2.75% - 3.00%	2.75% - 3.00%	2.75% - 3.00%		NEGATIVE
Prime Shops	4.50% +	5.00%	5.00% +	5.00% - 5.25%	5.25%	5.25%	5.25%	5.50%	+0.25%	NEGATIVE
Regional Cities	5.00% +	5.50% +	5.50% +	5.50% +	5.50% - 5.75%	5.50% - 5.75%	5.50% - 5.75%	5.50% - 5.75%		NEGATIVE
Good Secondary (Truro, Leamington Spa, Colchester etc)	6.50% +	6.75% - 7.00%	7.00%	7.00%	7.25%	7.50%	7.50%	7.50%		NEGATIVE
Secondary / Tertiary	10.00% ++	10.00% ++	10.00% ++	10.00% ++	10.00% ++	10.00% ++	10.00% ++	10.00% ++		NEGATIVE
Shopping Centres										
Regional Scheme	5.00%	5.25%	5.50%	5.50%	5.50%	5.75%	5.75%	6.00%	+0.25%	NEGATIVE
Sub-Regional Scheme	6.50%	6.50%	6.75%	6.75%	6.75%	7.00%	7.00%	7.25%	+0.25%	NEGATIVE
Local Scheme (successful)	8.50%	8.50%	8.50% +	8.50% +	8.50% +	8.75%	8.75%	8.75%		NEGATIVE
Local Scheme (challenged)	10.00%	10.00%	10.50%	10.50%	10.50%	11.00%	11.00%	11.50%	+0.50%	NEGATIVE
Neighbourhood Scheme (assumes <25% of income from supermarket)	8.00%	8.00%	8.50%	8.50%	8.50%	8.75%	8.75%	9.00%	+0.25%	NEGATIVE
Out of Town Retail										
Open A1/Fashion Parks	5.50% +	6.00%	6.25%	6.25%	6.50%	6.50%	6.50%	6.50%		NEGATIVE
Secondary Open A1 Parks	6.75% +	7.50%	7.75%	7.75%	8.00%	8.00%	8.00%	8.00%		NEGATIVE
Bulky Goods Parks	6.00% +	6.00% +	6.25%	6.25%	6.50%	6.50%	6.50%	6.50%		NEGATIVE
Secondary Bulky Goods Parks	7.50% +	7.50% +	7.75%	7.75%	8.00%	8.00%	8.00%	8.00%		NEGATIVE
Solus Open A1 (15 yrs)	5.00%	5.25% - 5.50%	5.50%	5.75%	6.00%	6.00%	6.00%	6.00%		NEGATIVE
Solus Bulky (c.50,000 sq ft let to strong covenant for 15 yrs)	5.25%	5.75% - 6.00%	6.00%	6.25%	6.50%	6.50%	6.50%	6.50%		NEGATIVE
Leisure										
Leisure Parks	5.25%	5.25%	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +		NEGATIVE
Good Secondary Leisure Parks	6.25%	6.25%	6.25%	6.25% +	6.25% +	6.25% +	6.25% +	6.25% +		NEGATIVE
Secondary Leisure Parks	7.25%	7.25%	7.25%	7.25% +	7.25% +	7.25% +	7.25% +	7.25% +		NEGATIVE
Specialist Sectors										
Dept. Stores Prime (with fixed uplifts IV) [exc John Lewis]	8.00%	8.00%	8.00%	8.50%	8.50%	8.50%	8.50%	9.00%	+0.50%	NEGATIVE
Car Showrooms (20 yrs with fixed uplifts & dealer covenant)	4.50%	4.50%	4.50%	4.50%	4.50%	4.75%	4.75%	4.75%		NEGATIVE
Budget Hotels London (Fixed / RPI uplifts 20 yr+ term, Strong Covenant)	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%		STABLE
Budget Hotels Regional (Fixed / RPI uplifts 20 yr+ term, Strong Covenant)	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%		STABLE
Student Accommodation (Prime London - Direct Let)	4.25% -	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%		STABLE
Student Accommodation (Prime Regional - Direct Let)	5.25% -	5.25% -	5.25% -	5.25% -	5.25% -	5.25% -	5.25% -	5.25% -		STABLE
Student Accommodation (Prime London - 25 yr lease, Annual RPI)	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%		STABLE
Student Accommodation (Prime Regional - 25 yr lease, Annual RPI)	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%		STABLE
Healthcare (Elderly Care, 30 yr lease, indexed linked reviews)	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%		POSITIVE
Foodstores										
Annual RPI increases (IV) (25 year income)	4.25%	4.25% -	4.25% -	4.25% -	4.25% -	4.25% -	4.25% -	4.25% -		STABLE
Open market reviews	4.75%	4.75% -	4.75% -	4.75% -	4.75% -	4.75% -	4.75% -	4.75% -		STABLE
Warehouse & Industrial Space										
Prime Distribution/Warehousing (20 year income (with fixed uplifts IV))	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	-	POSITIVE
Prime Distribution/Warehousing (15 year income)	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%		STABLE
Secondary Distribution (10 year income)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%		STABLE
SE Estate (exc London & Heathrow)	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%		STABLE
Good Modern RoUK Estate	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%		STABLE
Secondary Estates	5.75%	6.00% +	6.00% +	6.00% +	6.00% +	6.00% +	6.00% +	6.00% +		STABLE
Offices										
City Prime	4.25% - 4.50%	4.25%	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%	4.00%	4.00%		POSITIVE
West End: Prime (Mayfair & St James's)	3.50% +	3.50% - 3.75%	3.50% - 3.75%	3.50% - 3.75%	3.50% - 3.75%	3.50% - 3.75%	3.50% - 3.75%	3.50% - 3.75%		POSITIVE
West End: Non-core (Soho & Fitzrovia)	4.00% +	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%		POSITIVE
Major Regional Cities	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%		STABLE
SE Towns	5.00%	5.00%	5.00%	5.00% +	5.00% +	5.00% +	5.00% +	5.00% +		STABLE
SE Business Parks	5.00%	5.00%	5.00%	5.00% +	5.00% +	5.00% +	5.00% +	5.00% +		NEGATIVE
Bonds & Rates										
Libor 3 mth (04/02/2020)	0.88%	0.77%	0.77%	0.76%	0.80%	0.78%	0.80%	0.76%		
Base rate (04/02/2020)	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%		
5 year swap rates (04/02/2020)	1.20%	0.63%	0.69%	0.57%	0.86%	0.88%	0.86%	0.70%		
10 yr gilts redemption yield (04/02/2020)	1.23%	0.52%	0.53%	0.37%	0.71%	0.69%	0.72%	0.50%		

Based on rack rented properties and disregards bond type transactions

This yield guide is for indicative purposes only and was prepared on 7 February 2020

KnightFrank.co.uk