




# Prime Yield Guide – July 2023

Knight Frank Intelligence

This yield guide is for indicative purposes only and was prepared on 5 July 2023.



[Click here to view previous data](#)

SECTOR		JUL-22	MAR-23	APR-23	MAY-23	JUN-23	JUL-23	CHANGE	MARKET SENTIMENT
 <b>Offices</b>	City Prime (Single let, 10 years)	3.75% - 4.00%	4.75%	4.75%	4.75% - 5.00%	5.00%	5.25%	+0.25%	WEAKER
	West End: Prime Core (Mayfair & St James's)	3.25%	3.75%	3.75%	3.75%	3.75%	4.00%	+0.25%	WEAKER
	West End: Non-core (Soho & Fitzrovia)	3.75% - 4.00%	4.50%	4.50%	4.50% - 4.75%	4.50% - 4.75%	4.50% - 4.75%		WEAKER
	Major Regional Cities (Single let, 15 years)	4.50% - 5.00%	5.75%	5.75%	5.75%	5.75%	5.75% +	+	WEAKER
	Major Regional Cities (Multi-let, 5 year WAULT)	5.00% +	6.50% - 7.00%	6.50% - 7.00%	6.50% - 7.00%	6.50% - 7.00%	6.50% - 7.00%		WEAKER
	Good Secondary Regional Cities	7.00% +	9.00% - 9.25%	9.25%	9.50%	9.50% +	9.50% +		NEGATIVE
	South East Towns (Single let, 15 years)	5.00% +	6.00% - 6.50%	6.00% - 6.50%	6.00% - 6.50%	6.00% - 6.50%	6.00% - 6.50%		WEAKER
	South East Towns (Multi-let, 5 year WAULT)	6.50% +	7.50%	7.50%	7.50%	7.50%	7.50%		WEAKER
	Good Secondary South East Towns	7.25% +	9.25% - 9.50%	9.50%	9.75%	10.00% +	10.00% +		NEGATIVE
	South East Business Parks (Single let, 15 years)	5.25% +	7.00%	7.00%	7.00%	7.00%	7.00%		WEAKER
	South East Business Parks (Multi-let, 5 year WAULT)	6.75% +	8.50% +	8.50% +	9.00%	9.00%	9.00%		WEAKER
	Good Secondary South East Business Parks	7.50% +	9.75% +	10.00%	10.50%	10.50% +	10.50% +		NEGATIVE
Life Sciences (Oxford, Cambridge)	3.75%	4.25% - 4.50%	4.25% - 4.50%	4.50%	4.50%	4.50%		STABLE	
 <b>Warehouse &amp; Industrial</b>	Prime Distribution / Warehousing (20 years [NIY], fixed/indexed uplifts)	3.25%	4.75%	4.75%	4.75% -	4.75% -	4.75%	+	STABLE
	Prime Distribution / Warehousing (15 years, OMRRs)	3.75%	5.25%	5.25%	5.25% -	5.25% -	5.25%	+	STABLE
	Secondary Distribution (10 years, OMRRs)	4.25%	5.50% - 5.75%	5.50% - 5.75%	5.50% - 5.75%	5.50% - 5.75%	5.50% - 5.75%		STABLE
	South East Estates (excluding London & Heathrow)	3.50% - 3.75%	5.00% - 5.25%	5.00% - 5.25%	5.00%	5.00%	5.00%		STABLE
	Good Modern Rest of UK Estates	3.75% - 4.00%	5.25% - 5.50%	5.25% - 5.50%	5.25% - 5.50%	5.25% - 5.50%	5.25% - 5.50%		STABLE
	Good Secondary Estates	4.75% - 5.50%	6.50% - 7.00%	6.50% - 7.00%	6.50% - 7.00%	6.50% - 7.00%	6.50% - 7.00%		STABLE
 <b>Specialist Sectors</b>	Car Showrooms (20 years with fixed uplifts & dealer covenant)	5.00% +	5.75%	5.75%	5.75%	5.75%	5.75%		STABLE
	Budget Hotels London (20 years, 5 yearly RPI / CPI reviews)	3.25%	4.50%	4.50%	4.50%	4.50%	4.50%		STABLE
	Budget Hotels Regional (20 years, 5 yearly RPI / CPI reviews)	3.75%	5.00%	5.00%	5.00%	5.00%	5.00%		STABLE
	Student Accommodation Prime London (Direct Let)	3.50%	3.75% - 4.00%	3.75% - 4.00%	3.75% - 4.00%	4.00%	4.00% +	+	WEAKER
	Student Accommodation Prime Regional (Direct Let)	4.75% - 5.00%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%		STABLE
	Student Accommodation Prime London (25 years, Annual RPI)	3.00%	4.00%	4.00%	4.00%	4.00%	4.00%		STABLE
	Student Accommodation Prime Regional (25 years, Annual RPI)	3.25%	4.25%	4.25%	4.25%	4.25%	4.25%		STABLE
	Healthcare (Elderly Care, 30 years, 5 yearly RPI / CPI reviews)	3.25%	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%		STABLE
	Data Centres (Operational)	4.00% -	4.50%	4.50%	4.50%	4.50%	4.75%	+0.25%	WEAKER
	Data Centres (Leased, 15 years, Annual Indexation)	4.00%	4.75%	4.75%	4.75%	4.75%	5.00%	+0.25%	WEAKER
Income Strips (50 years, Annual RPI / CPIH+1% RRs, Annuity Grade)	2.25% - 2.50%	4.00%	3.75% - 4.00%	3.75%	4.00%	4.00%		STABLE	

# Prime Yield Guide – July 2023

Knight Frank Intelligence

This yield guide is for indicative purposes only  
and was prepared on 5 July 2023.



[Click here to view previous data](#)

	SECTOR		JUL-22	MAR-23	APR-23	MAY-23	JUN-23	JUL-23	CHANGE	MARKET SENTIMENT
	<b>High Street Retail</b> (institutional lot sizes)	Bond Street	2.75% +	2.75% - 3.00%	2.75% - 3.00%	2.75% - 3.00%	2.75% - 3.00%	2.75% - 3.00%		STABLE
		Oxford Street	3.50% +	4.25% - 4.50%	4.25% - 4.50%	4.50%	4.50%	4.50%		STABLE
		Prime Towns (Oxford, Cambridge, Winchester)	6.25%	6.75%	6.75%	6.75%	6.75%	6.75%		STABLE
		Regional Cities (Manchester, Birmingham)	6.50%	7.00%	7.00%	7.00%	7.00%	7.00%		STABLE
		Good Secondary (Truro, Leamington Spa, Colchester etc)	8.25% - 8.50%	9.00% - 9.25%	9.00% - 9.25%	9.00% - 9.25%	9.00% - 9.25%	9.00% - 9.25%		STABLE
	<b>Shopping Centres</b> (sustainable income)	Regional Scheme	7.50%	8.00% +	8.00% +	8.00% +	8.00% +	8.00% +		STABLE
		Sub-Regional Scheme	8.50%	9.00% +	9.00% +	9.00% +	9.00% +	9.00% +		WEAKER
		Local Scheme (successful)	9.00%	9.75% +	9.75% +	9.75% +	9.75% +	9.75% +		STABLE
		Neighbourhood Scheme (assumes <25% of income from supermarket)	9.00% - 9.25%	9.50% - 9.75%	9.50% - 9.75%	9.50% - 9.75%	9.50% - 9.75%	9.50% - 9.75%		STABLE
	<b>Out of Town Retail</b>	Open A1 Parks	4.75%	6.00%	6.00% -	5.75% -	5.75% -	5.75% +	+	WEAKER
		Good Secondary Open A1 Parks	6.00%	7.50%	7.50%	7.50%	7.50%	7.50%		STABLE
		Bulky Goods Parks	4.75%	6.00%	6.00% -	5.75% -	5.75% -	5.75% +	+	WEAKER
		Good Secondary Bulky Goods Parks	6.00%	7.50%	7.50%	7.50%	7.50%	7.50%		STABLE
		Solus Open A1 (15 year income)	4.75%	5.75% - 6.00%	5.75% - 6.00%	5.75%	5.75%	5.75% +	+	WEAKER
		Solus Bulky (15 year income)	4.75%	5.75% - 6.00%	5.75% - 6.00%	5.75%	5.75%	5.75% +	+	WEAKER
	<b>Foodstores</b>	Annual RPI Increases [NIY] (20 year income)	3.50%	5.00%	5.00%	5.00%	5.00%	5.00%		STABLE
		Open Market Reviews (20 year lease, 5 yearly reviews)	4.00%	5.50%	5.50%	5.50%	5.50%	5.75%	+0.25%	WEAKER
		Discounters (20 years, 5 yearly indexation)	3.25% - 3.50%	4.75%	4.75%	4.75%	4.75%	4.75%		STABLE
	<b>Leisure</b>	Prime Leisure Parks	7.00% +	7.50% +	7.50%	7.50%	7.50% +	7.50% +		STABLE
		Good Secondary Leisure Parks	8.00% +	9.00% +	9.00% +	9.00% +	9.00% +	9.00% +		WEAKER

Based on rack rented properties and disregards bond type transactions

# Prime Yield Guide – July 2023

Knight Frank Intelligence

This yield guide is for indicative purposes only and was prepared on 5 July 2023.



[Click here to view previous data](#)

## LEADING INDICATORS – 04 July 2023

**Inflation diverges globally.** The disinflation process in the Eurozone is underway falling to 5.5% in June from 6.1% in May albeit with variance in the CPI data, for eg inflation in Italy and France continued to ease and even fell below the 2% target in Spain but German inflation, however, increased to 6.4%. US inflation stands at 4.0%, the lowest since March 2021, whereas UK inflation remains stubbornly high at 8.7%. Meanwhile, economic momentum in the Eurozone is weakening, with the Economic Sentiment Index (ESI) for the Eurozone declining further in June to a 7-month low. Confidence fell across all economic sectors, while consumer sentiment remained subdued. Despite this, at last week's meeting in Sintra, Portugal, global central bankers suggested further policy tightening will be needed to tame inflation.

**UK progress on climate change slows.** The Climate Change Committee concluded in its annual report that the UK government's plans to hit net zero carbon targets are being missed. Greenhouse gas emissions have been falling but the pace will need to double over the next 8 years. At least 1-2 million homes will need to be upgraded and retrofitted each year to meet net zero targets (2022: 159,600).

**Rental costs ranked the lowest concern for UK businesses.** The latest ONS BIC survey found that 67% of UK businesses reported some form of business concern in July 2023, the lowest percentage reported since March 2022. Falling demand for goods and services were the primary (14.6%), price inflation (14.1%) and energy prices (12.3%). Property rental costs remain the least reported concern, reaching a 5-month low at 1.1%.

## DEBT MARKET – 03 July 2023

### SONIA/EURIBOR Swap Rates (3/5 Year)



Source: Macrobond, ICAP

BONDS & RATES (03/07/2023)	JUL 2022	MAY 2023	JUN 2023	JUL 2023
SONIA Rate	1.191%	4.179%	4.428%	4.929%
Bank of England Base Rate	1.25%	4.25%	4.50%	5.00%
5-year swap rates	2.734%	3.880%	4.779%	5.364%
10-year gilts redemption yield	2.15%	3.66%	4.21%	4.42%

## ESG



Where does it make sense to refurbish offices to higher environmental standards and to what extent will obsolete offices see a change of use?

## Intelligence Lab



### The Future of Collaboration – 2023

[Sarah Audsley – Strategic Consultancy](#) considers new ways of engaging people that shape the future of office space.

# Prime Yield Guide – July 2023

Knight Frank Intelligence

*This yield guide is for indicative purposes only  
and was prepared on 5 July 2023.*



## KEY RESEARCH



### THE RURAL REPORT - 2023

Knight Frank's annual research report exploring current and future opportunities for businesses, people and the planet.

## Knight Frank V&A

### Did you know

In addition to valuing assets in the main property sectors and having award winning teams in the Healthcare, Student and Automotive sectors, Knight Frank also has expertise in :

- Waste and Energy
- Infrastructure
- Garden Centres
- Film Studios
- Serviced Offices
- Data Centres
- Life Sciences
- Income Strips
- Ground Rents
- Trading assets
- Expert Witness
- IPOs

## KEY CONTACTS

*We like questions. If you would like some property advice, or want more information about our research, we would love to hear from you.*



### Jeremy Tham

Partner – Valuation & Advisory - Head of Real Estate Finance Valuations  
+44 20 7861 1769  
[Jeremy.Tham@KnightFrank.com](mailto:Jeremy.Tham@KnightFrank.com)



### Emily Miller

Partner – Valuation & Advisory - Head of UK Fund Valuations  
+44 20 7861 1483  
[Emily.Miller@KnightFrank.com](mailto:Emily.Miller@KnightFrank.com)



### Simon Gillespie

Partner – Valuation & Advisory - Head of Central London Valuations  
+44 20 7861 1292  
[Simon.Gillespie@KnightFrank.com](mailto:Simon.Gillespie@KnightFrank.com)



### Chris Galloway

Partner – Valuation & Advisory - Head of Business Development UK Fund Valuations  
+44 20 7861 1297  
[Chris.Galloway@KnightFrank.com](mailto:Chris.Galloway@KnightFrank.com)



### Matthew Dichler

Partner – Valuation & Advisory – UK Fund Valuations  
+44 20 7861 5224  
[Matthew.Dichler@KnightFrank.com](mailto:Matthew.Dichler@KnightFrank.com)



### Will Matthews

Partner – Research - Head of Commercial  
+44 20 3909 6842  
[William.Matthews@KnightFrank.com](mailto:William.Matthews@KnightFrank.com)

Knight Frank Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, funding organisations, corporate institutions and the public sector. All our clients recognise the need for expert independent advice customised to their specific needs. Important Notice: © Knight Frank LLP 2023. This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank LLP to the form and content within which it appears. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 6AN, where you may look at a list of members' names.

Knight Frank Research  
Reports are available at  
[knightfrank.com/research](https://knightfrank.com/research)

*Your partners in property.*