

# YIELD GUIDE NOVEMBER 2020



Sector	Nov-19	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Change	Market Sentiment
<b>High Street Retail</b>										
Bond Street	2.50% - 2.75%	2.75% +	2.75% +	2.75% +	2.75% +	2.75% +	2.75% +	2.75%	-	STABLE
Oxford Street	2.75% - 3.00%	3.00% +	3.00% - 3.25%	3.00% - 3.25%	3.00% - 3.25%	3.00% - 3.25%	3.00% - 3.25%	3.25%	+	NEGATIVE
Prime Shops (Bath, Brighton, Cambridge, Glasgow, Oxford)	5.25%	6.00% - 6.25%	6.25% - 6.50%	6.25% - 6.50%	6.25% - 6.50%	6.25% - 6.50%	6.25% - 6.50%	6.25% - 6.50%		NEGATIVE
Regional Cities (Birmingham, Manchester)	5.50% - 5.75%	6.00% - 6.25%	6.25% - 6.50%	6.25% - 6.50%	6.25% - 6.50%	6.25% - 6.50%	6.25% - 6.50%	6.25% - 6.50%		NEGATIVE
Good Secondary (Truro, Leamington Spa, Colchester etc)	7.25%	8.25% +	8.25% +	8.25% +	8.25% +	8.25% +	8.25% +	8.25% +		NEGATIVE
Secondary / Tertiary	10.00% ++	10.00% ++	10.00% ++	10.00% ++	10.00% ++	10.00% ++	10.00% ++	10.00% ++		NEGATIVE
<b>Shopping Centres</b>										
Regional Scheme	5.50%	6.50% - 6.75% +	7.00% +	7.00% +	7.00% +	7.00% +	7.00% +	7.00% +		NEGATIVE
Sub-Regional Scheme	6.75%	7.75% - 8.00% +	8.25% +	8.25% +	8.25% +	8.25% +	8.25% +	8.25% +		NEGATIVE
Local Scheme (successful)	8.50% +	9.00% - 9.25%	9.50% +	9.50% +	9.50% +	9.50% +	9.50% +	9.50% +		NEGATIVE
Local Scheme (challenged)	10.50%	12.00% +	12.50% +	12.50% +	12.50% +	12.50% +	12.50% +	12.50% +		NEGATIVE
Neighbourhood Scheme (assumes <25% of income from supermarket)	8.50%	9.00% - 9.25% +	9.50% - 9.75% +	9.50% - 9.75% +	9.50% - 9.75% +	9.50% - 9.75% +	9.50% - 9.75% +	9.50% - 9.75% +		NEGATIVE
<b>Out of Town Retail</b>										
Open A1/Fashion Parks	6.50%	6.75% - 7.00%	7.00% +	7.00% +	7.00% +	7.00% +	7.00% +	7.00% +		NEGATIVE
Secondary Open A1 Parks	8.00%	8.50%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%		NEGATIVE
Bulky Goods Parks	6.50%	6.75%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%		STABLE
Secondary Bulky Goods Parks	8.00%	8.25% - 8.50%	8.50% +	8.50% +	8.50% +	8.50% +	8.50% +	8.50% +		NEGATIVE
Solus Open A1 (15 year income)	6.00%	6.25% - 6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%		STABLE
Solus Bulky (15 year income)	6.50%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%		STABLE
<b>Leisure</b>										
Prime Leisure Parks	5.25% +	6.00% +	6.25% - 6.50%	6.50% +	6.50% +	6.50% +	6.75% - 7.00%	7.00% +	+0.25%	NEGATIVE
Good Secondary Leisure Parks	6.25% +	7.00% +	7.25% - 7.50%	7.50% +	7.50% +	7.50% +	7.75% - 8.00%	8.00% +	+0.25%	NEGATIVE
Secondary / Tertiary Leisure Parks	7.25% +	9.00% +	9.25% - 9.50%	9.50% +	9.50% +	9.50% +	9.75% - 10.00%	10.00% +	+0.25%	NEGATIVE
<b>Specialist Sectors</b>										
Dept. Stores Prime (with fixed uplifts [NIY])	8.50%	10.00% ++	10.00% ++	10.00% ++	10.00% ++	10.00% ++	10.00% ++	10.00% ++		NEGATIVE
Car Showrooms (20 yrs with fixed uplifts & dealer covenant)	4.50%	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +	5.50%	+0.25%	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%		NEGATIVE
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%		NEGATIVE
Student Accommodation (Prime London - Direct Let)	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%		NEGATIVE
Student Accommodation (Prime Regional - Direct Let)	5.25% -	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%		NEGATIVE
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 term, indexed linked reviews)	3.75%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%		STABLE
<b>Foodstores</b>										
Annual RPI increases [NIY] (25 year income)	4.25% -	4.25% -	4.25% -	4.25% -	4.25% -	4.25% -	4.25% -	4.00% - 4.25%	-	POSITIVE
Open market reviews	4.75% -	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%		STABLE
<b>Warehouse &amp; Industrial Space</b>										
Prime Distribution/Warehousing (20 year income [NIY] with fixed uplifts)	4.00%	4.00% -	4.00% -	4.00% -	4.00% -	4.00% -	4.00% -	3.75%	-0.25%	POSITIVE
Prime Distribution/Warehousing (15 year income)	4.25%	4.25% +	4.25% +	4.25% +	4.25% +	4.25% +	4.25% +	4.00%	-0.25%	POSITIVE
Secondary Distribution (10 year income)	5.00%	5.25% +	5.50% +	5.50% +	5.50% +	5.50% +	5.50%	5.50%		STABLE
SE Estate (exc London & Heathrow)	4.00%	4.00% - 4.25%	4.25% +	4.25%	4.25%	4.25%	4.25%	4.00% - 4.25%	-	POSITIVE
Good Modern RoUK Estate	4.50%	4.50% - 4.75%	4.75% - 5.00%	4.75% - 5.00%	4.75% - 5.00%	4.75% - 5.00%	4.75% - 5.00%	4.75% - 5.00%		POSITIVE
Secondary Estates	6.00% +	6.25% +	6.25% +	6.25% +	6.25% +	6.25% +	6.25% +	6.25% +		STABLE
<b>Offices</b>										
City Prime	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%	4.00% - 4.25%		STABLE
West End: Prime (Mayfair & St James's)	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%	3.50% - 3.75%		STABLE
West End: Non-core (Soho & Fitzrovia)	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%	4.00% - 4.25%		STABLE
Major Regional Cities (Single let, 15 years)	4.75%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%		NEGATIVE
Major Regional Cities (Multi-let, 5 year WAULT)	5.00%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%		NEGATIVE
SE Towns (Single let, 15 years)	5.00% +	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%		NEGATIVE
SE Towns (Multi-let, 5 year WAULT)	5.50%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75% - 6.00%	6.00%		NEGATIVE
SE Business Parks (Single let, 15 years)	5.00% +	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +		NEGATIVE
SE Business Parks (Multi-let, 5 year WAULT)	6.00%	6.25%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%		NEGATIVE
<b>Bonds &amp; Rates</b>										
Libor 3 mth (06/11/2020)	0.80%	0.36%	0.22%	0.09%	0.07%	0.06%	0.05%	0.04%		
Base rate (06/11/2020)	0.75%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%		
5 year swap rates (06/11/2020)	0.86%	0.40%	0.37%	0.21%	0.17%	0.16%	0.18%	0.22%		
10 yr gilts redemption yield (06/11/2020)	0.71%	0.26%	0.34%	0.19%	0.17%	0.20%	0.17%	0.27%		

Based on pack rented properties and disregards bond type transactions.

This yield guide is for indicative purposes only and was prepared on 9 November 2020.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has and continues to impact many aspects of daily life and the global economy - with some real estate markets having experienced lower levels of transactional activity and liquidity. The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, property markets are mostly functioning again, with transaction volumes and other relevant evidence returning to adequate levels and on 9 September 2020 the Material Valuation Uncertainty Clause was lifted from all UK real estate excluding some assets valued with reference to trading potential. A valuation of such a property may therefore still be reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation - Global Standards; consequently, less certainty - and a higher degree of caution - should be attached to the valuations of these assets than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market and the difficulty in differentiating between short term impacts and long-term structural changes, we recommend keeping valuations under regular review.

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