

Prime Yield Guide – September 2024

Knight Frank Intelligence

Based on rack rented properties and disregards bond type transactions

This yield guide is for indicative purposes only
and was prepared on 09 September 2024.



[Click here to view previous data](#)

	SECTOR		SEP-23	MAY-24	JUN-24	JUL-24	AUG-24	SEP-24	CHANGE	SENTIMENT
	High Street Retail (institutional lot sizes)	Bond Street	2.75% - 3.00%	2.75% - 3.00%	2.75% - 3.00%	2.75% - 3.00%	2.75% - 3.00%	2.75% - 3.00%		STABLE
		Oxford Street	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%		STABLE
		Prime Towns	6.75%	7.00%	7.00%	7.00%	6.75%	6.75%		STABLE
		Regional Cities	7.00%	7.25%	7.25%	7.25%	7.25%	7.25%		STABLE
		Good Secondary	9.50%	10.00%	10.00%	10.00%	10.00%	10.00%		STABLE
	Shopping Centres (sustainable income)	Regional Scheme	8.00% +	8.25%	8.25%	8.00%	8.00%	7.75%	-0.25%	STABLE
		Sub-Regional Scheme	9.00% +	9.50%	9.50%	9.25%	9.25%	9.00%	-0.25%	STABLE
		Local Scheme (successful)	10.00% +	10.50%	10.50%	10.50%	10.50%	10.00%	-0.50%	STABLE
		Neighbourhood Scheme (assumes <25% of income from supermarket)	9.75% - 10.00%	10.00%	10.00%	10.00%	10.00%	10.00%		STABLE
	Out of Town Retail	Open A1 Parks	6.00%	5.75%	5.75%	5.75%	5.75% -	5.75% -		POSITIVE
		Good Secondary Open A1 Parks	7.75%	7.75%	7.50%	7.25%	7.00%	7.00%		POSITIVE
		Bulky Goods Parks	6.00%	5.75%	5.75%	5.75%	5.75% -	5.75% -		POSITIVE
		Good Secondary Bulky Goods Parks	7.75%	7.75%	7.50%	7.25%	7.00%	7.00%		POSITIVE
		Solus Open A1 (15 year income)	5.75% - 6.00%	6.00%	6.00%	6.00%	6.00%	6.00%		POSITIVE
		Solus Bulky (15 year income)	5.75% - 6.00%	6.00%	6.00%	6.00%	6.00%	6.00%		POSITIVE
	Foodstores	Annual RPI Increases [NIY] (20 year income)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%		POSITIVE
		Open Market Reviews (20 year lease, 5 yearly reviews)	5.75% +	6.00%	6.00%	6.00%	6.00%	6.00%		STABLE
		Discounters (20 years, 5 yearly indexation)	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%		POSITIVE
	Leisure	Prime Leisure Parks	7.50% +	8.00%	8.00%	8.00%	8.00%	8.00%		STABLE
		Good Secondary Leisure Parks	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%		STABLE

Prime Yield Guide – September 2024




Knight Frank Intelligence

Based on rack rented properties and disregards bond type transactions

This yield guide is for indicative purposes only and was prepared on 09 September 2024.



[Click here to view previous data](#)

SECTOR		SEP-23	MAY-24	JUN-24	JUL-24	AUG-24	SEP-24	CHANGE	SENTIMENT
 Offices	City Prime (10 years)	5.25% +	5.25% - 5.50%	5.25% - 5.50%	5.25% - 5.50%	5.25% - 5.50%	5.25% - 5.50%		STABLE
	West End: Prime Core (Mayfair & St James's)	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%		STABLE
	West End: Non-core (Soho & Fitzrovia)	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%		STABLE
	Major Regional Cities (10 years)	6.25%	6.50%	6.50%	6.50%	6.50%	6.50%		STABLE
	Major Regional Cities (5 years)	7.25%	7.50%	7.50%	7.50%	7.50%	7.50%		STABLE
	Secondary, Regional Cities	10.50% +	11.00% +	11.00% +	11.00% +	11.00% +	11.00% +		NEGATIVE
	South East Towns (10 years)	7.00% +	7.25%	7.25%	7.25%	7.25%	7.25%		STABLE
	South East Towns (5 years)	8.25% +	8.25%	8.25%	8.25%	8.25%	8.25%		STABLE
	Secondary, South East Towns	11.00% +	11.50% +	11.50% +	11.50% +	11.50% +	11.50% +		NEGATIVE
	South East Business Parks (10 years)	7.75% +	8.00% +	8.00% +	8.00% +	8.00% +	8.00% +		NEGATIVE
	South East Business Parks (5 years)	10.00% +	10.50% +	10.50% +	10.50% +	10.50% +	10.50% +		NEGATIVE
 Warehouse & Industrial	Prime Distribution / Warehousing (20 years [NIY], higher OMV/index)	4.75% +	5.00%	5.00%	5.00%	5.00%	5.00%		STABLE
	Prime Distribution / Warehousing (15 years, OMRRs)	5.25% +	5.50%	5.50%	5.50%	5.50%	5.50% -	-	POSITIVE
	Secondary Distribution (10 years, OMRRs)	5.75%	6.00%	6.00%	6.00%	6.00%	6.00%		STABLE
	Greater London Estates	4.75%	5.00%	5.00%	5.00%	5.00%	5.00% -		POSITIVE
	South East Estates	5.00%	5.25%	5.25%	5.25%	5.25%	5.25% -		POSITIVE
	Good Modern Rest of UK Estates	5.25% - 5.50%	5.50%	5.50%	5.50%	5.25%	5.25%		POSITIVE
	Good Secondary Estates	6.50% - 7.00%	6.75% - 7.25%	6.75% - 7.25%	6.75% - 7.25%	6.75% - 7.00%	6.75% - 7.00%		STABLE
 Specialist Sectors	Car Showrooms (20 years with indexed uplifts & dealer covenant)	5.75%	6.00%	6.00%	6.00%	6.00%	6.00%		STABLE
	Budget Hotels London (20 years, 5 yearly indexed reviews)	4.50% +	4.75%	4.75%	4.75%	4.75%	4.75% -	-	POSITIVE
	Budget Hotels Regional (20 years, 5 yearly indexed reviews)	5.00%	5.50%	5.50%	5.50%	5.50%	5.25%	-0.25%	POSITIVE
	Student Accommodation Prime London (25 years, Annual indexation)	4.00% +	4.25% +	4.25% +	4.25% +	4.25% +	4.25%	-	STABLE
	Student Accommodation Prime Regional (25 years, Annual indexation)	4.25% - 4.50%	4.50% +	4.50% +	4.50% +	4.50% +	4.50%	-	STABLE
	Healthcare (Not for Profit Operator, 30 years, Annual indexed reviews)	4.25% - 4.50%	4.75%	4.75%	4.75%	4.75%	4.75%		STABLE
	Healthcare (SPV credit, 30 years, Annual indexed reviews)	5.25%	5.75%	5.75%	5.75%	5.75%	5.75%		STABLE
	Data Centres (Leased, 15 years, Annual indexation)	4.75%	5.00%	5.00%	5.00%	5.00%	5.00%		STABLE
	Life Sciences (15 years)	4.50%	4.75%	4.75%	4.75%	4.75%	4.75%		STABLE
	Income Strips (50 years, Annual RPI / CPIH+1% RRs, Annuity Grade)	4.00%	3.75%	3.75%	3.75%	3.75%	3.75%		STABLE
Ground Rents (125 years, Annual RPI / CPIH+1% RRs, <15% EBITDA cover, Vacant Possession cover <40%)	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%		STABLE	

Prime Yield Guide – September 2024

Knight Frank Intelligence

This yield guide is for indicative purposes only and was prepared on 09 September 2024.



[Click here to view previous data](#)

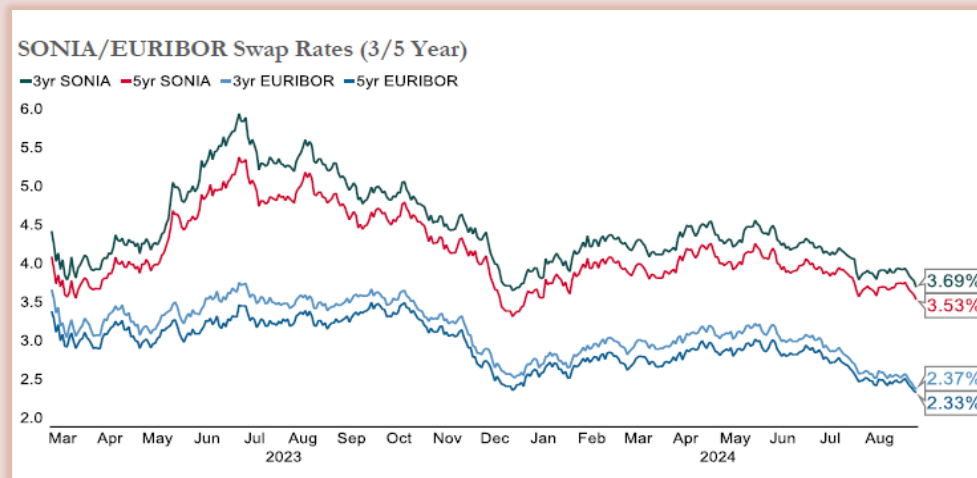
LEADING INDICATORS

The UK's new wave of progress. The UK economy is beginning to show signs of renewed momentum after nearly two years of stagnation outperforming both the US and Euro Area in H1 2024. With newfound political stability, stabilising inflation, and subsequently, lower interest rates.

A busy Autumn of reforms. Next month's budget will see the new Labour government present the UK's new fiscal strategy. Significant changes to the tax system are anticipated as part of efforts to address a supposed £22 billion deficit in public finances. Separately, a major pensions review is aiming, amongst other things, at increasing pension investment into UK assets including real estate.

Politics and Uncertainty. In the US, the 2024 general presidential election shows a near even split between a Republican or Democratic majority. The Economic Policy Uncertainty Index, which tracks media coverage of policy-driven economic volatility, recorded a +10% month-on-month increase in Europe in July marking its highest level since December 2022. This surge underscores ongoing political instability across the region, contrasting with a relatively stable political environment in the UK.

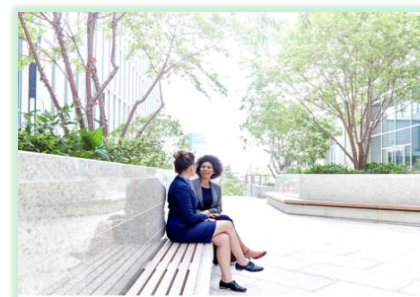
DEBT MARKET – 9 September 2024



Source: Macrobond, ICAP

BONDS & RATES	SEP 2023	JUN 2024	JUL 2024	6 SEP 2024
Bank of England Base Rate	5.25%	5.25%	5.00%	5.00%
5-year SONIA Swap Rate	5.03%	3.89%	3.68%	3.59%
10-year Gilt Redemption Yield	4.42%	4.16%	3.99%	3.88%
10-year Indexed Gilt Yield	0.79%	0.63%	0.51%	0.52%

ESG



Measuring Social Value in Commercial Real Estate

Intelligence Lab



UK Hotel Dashboard - Strong Growth in H1 2024

Prime Yield Guide – September 2024

Knight Frank Intelligence

*This yield guide is for indicative purposes only
and was prepared on 09 September 2024.*



KEY RESEARCH



Quantifying Technology in Real Estate

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.



[Emily Miller](#)

Partner – Valuation & Advisory - Head of UK Fund Valuations
+44 20 7861 1483
Emily.Miller@KnightFrank.com



[Jeremy Tham](#)

Partner – Valuation & Advisory - Head of Real Estate Finance Valuations
+44 20 7861 1769
Jeremy.Tham@KnightFrank.com



[Simon Gillespie](#)

Partner – Valuation & Advisory - Head of Central London Valuations
+44 20 7861 1292
Simon.Gillespie@KnightFrank.com



[Chris Galloway](#)

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



[Matthew Dichler](#)

Partner – Valuation & Advisory – UK Fund Valuations
+44 20 7861 5224
Matthew.Dichler@KnightFrank.com



[Will Matthews](#)

Partner – Research - Head of Commercial
+44 20 3909 6842
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 2024. 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

Your partners in property.