





# Prime Yield Guide – January 2024

Knight Frank Intelligence

*This yield guide is for indicative purposes only and was prepared on 11<sup>th</sup> January 2024.*



*Yields are reflective of income-focussed transactions of prime, stabilised institutional-grade assets. Yields are provided on a Net Initial Yield (NIY) basis assuming a rack rented property.*

SECTOR		JAN-23	AUG-23	SEPT-23	OCT-23	NOV-23	DEC-23	JAN-24	1 MONTH CHANGE	MARKET SENTIMENT
	<b>Student Property</b>	Prime London - Direct Let	3.75% - 4.00%	4.00% - 4.25%	4.00% - 4.25%	4.25%	4.25%	4.25%	4.25%	STABLE
		Prime Regional - Direct Let	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	STABLE
		Prime London - 25 yr lease, Annual RPI	4.00% - 4.25%	4.00%	4.00% +	4.00% +	4.25%	4.25% +	4.25% +	NEGATIVE
		Prime Regional - 25 yr lease, Annual RPI	4.25% - 4.50%	4.25%	4.25% - 4.50%	4.25% - 4.50%	4.50%	4.50% +	4.50% +	NEGATIVE
	<b>Co-Living</b>	Prime London	4.00%	4.00% +	4.00% +	4.25%	4.25%	4.25%	4.25%	STABLE
		Prime Regional	4.75%	4.75% +	4.75% +	5.00%	5.00%	5.00%	5.00%	STABLE
	<b>Build to Rent</b>	Zone 1 London Prime	3.25% +	3.60%	3.75%	3.75% +	3.90%	3.90%	3.90%	STABLE
		Zone 2 London Prime	3.25% - 3.50%	3.80%	3.90%	4.00%	4.00% +	4.00% +	4.00% +	STABLE
		Zones 3-4 London Prime	3.5% +	3.90%	4.00%	4.00% +	4.15% +	4.15% +	4.15% +	STABLE
		Greater London Prime	3.75% +	4.00% - 4.10%	4.10%	4.10% +	4.25% +	4.25% +	4.25% +	STABLE
		South East Prime	3.75% - 4.00%	4.00% - 4.10%	4.10%	4.10% +	4.25% +	4.25% +	4.25% +	STABLE
		Tier 1 Regional Cities	4.00%	4.20%	4.25%	4.35%	4.50% -	4.50%	4.50%	STABLE
		Tier 2 Regional Cities	4.25% - 4.50%	4.50%	4.50% +	4.65%	4.75% +	4.75% +	4.75% +	STABLE
		South East – Single Family Housing	3.75% +	3.75% - 4.00%	4.00%	4.00% +	4.00% +	4.00% +	4.00% +	STABLE
		Regional – Single Family Housing	4.00% - 4.25%	4.25% +	4.50%	4.50% +	4.50% +	4.50% +	4.50% +	STABLE
	<b>Seniors Housing</b>	Prime South East	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +	STABLE

*Your partners in property.*

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## KEY RESEARCH

### UK Student Market Update

Q3 2023 Knight Frank

Fewer than 15,000 new purpose-built student beds will be added to capacity in the 2023/24 academic year, a 28% fall on the previous year's delivery and notably below the five-year average before the pandemic of nearly 24,000.

**Development stalls**  
A sharp decline in a combination of a longer-term trend of fewer new schemes being brought to the market. Just 50 new developments will be completed in 2023/24, down from 100 in 2022/23. The number of new developments is also down from 100 in 2022/23. The number of new developments is also down from 100 in 2022/23. The number of new developments is also down from 100 in 2022/23.

**Student numbers rising**  
The latest student population data from HEA shows that 448,000 full-time students are expected to enrol in 2023/24, a 1.1% increase on 2022/23. This is the first year since 2019/20 that student numbers have risen. The increase is driven by a combination of a longer-term trend of fewer new schemes being brought to the market. Just 50 new developments will be completed in 2023/24, down from 100 in 2022/23.

**The upside**  
Given the sharp decline in new developments, the market is expected to be more stable in the coming years. The market is expected to be more stable in the coming years. The market is expected to be more stable in the coming years.

### UK BTR market update

Q3 2023 Knight Frank

Despite a challenging backdrop, investment in UK Build to Rent (BTR) has been robust in H1 2023, supported by an uptick in Single Family Housing (SFH) deals. Meanwhile, supply shortages continue to support strong rental growth.

**Investment volumes reflect strength of interest in the sector**  
Investment into the UK Build to Rent market for H1 2023 was the second highest of the year, being up on the same period in 2022. The number of deals for Build to Rent was 10, up from 8 in 2022. The number of deals for Build to Rent was 10, up from 8 in 2022. The number of deals for Build to Rent was 10, up from 8 in 2022.

**Notable growth in single family housing deals**  
Knight Frank Housing (KFH) reported the first of investment in UK Build to Rent investment into SFH in Q1 2023 – nearly double the figure for H1 2022. Single family housing is expected to be a key driver for the sector in 2023/24. Single family housing is expected to be a key driver for the sector in 2023/24. Single family housing is expected to be a key driver for the sector in 2023/24.

**UK capital investment**  
UK investors have been the most active in terms of spend in the sector, accounting for 49% of total investment in the UK Build to Rent market between 2020 and 2022 of 46%. North American investors were the second most active at 21% of total investment in the UK Build to Rent market between 2020 and 2022 of 46%. North American investors were the second most active at 21% of total investment in the UK Build to Rent market between 2020 and 2022 of 46%.

[CLICK TO DOWNLOAD PBSA](#)

[CLICK TO DOWNLOAD BTR](#)

Knight Frank Research looks at the latest investment and development trends in the UK Student & BTR sector in Q3 2023

## KEY CONTACTS VALUATIONS / RESEARCH

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



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## Knight Frank V&A

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

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