

Prime Yield Guide – April 2025

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 8 April 2025.*

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| SECTOR | | | MAR-24 | DEC-24 | JAN-25 | FEB-25 | MAR-25 | APR-25 | CHANGE | SENTIMENT |
|--------|------------------------|---|---------------|---------------|---------------|---------------|---------------|---------------|--------|-----------|
| | Offices | City Prime (10 years) | 5.25% - 5.50% | 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) | 6.50% | 6.50% | 6.50% | 6.50% | 6.50% | 6.50% | | STABLE |
| | | Major Regional Cities (5 years) | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% | | STABLE |
| | | Secondary, Regional Cities | 11.00% + | 11.00% + | 11.00% + | 11.00% + | 11.00% + | 11.00% + | | NEGATIVE |
| | | South East Towns (10 years) | 7.25% | 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 | 11.50% + | 11.50% + | 11.50% + | 11.50% + | 11.50% + | 11.50% + | | NEGATIVE |
| | | South East Business Parks (10 years) | 8.00% + | 8.00% + | 8.00% + | 8.00% + | 8.00% + | 8.00% + | | NEGATIVE |
| | | South East Business Parks (5 years) | 10.50% + | 10.50% + | 10.50% + | 10.50% + | 10.50% + | 10.50% + | | NEGATIVE |
| | Warehouse & Industrial | Prime Distribution / Warehousing (20 years [NIY], higher OMV/index) | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | | STABLE |
| | | Prime Distribution / Warehousing (15 years, OMRRs) | 5.50% | 5.25% | 5.25% | 5.25% | 5.25% | 5.25% | | STABLE |
| | | Secondary Distribution (10 years, OMRRs) | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | | STABLE |
| | | Greater London Estates | 5.00% | 4.75% | 4.75% | 4.75% | 4.75% | 4.75% | | STABLE |
| | | South East Estates | 5.25% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | | STABLE |
| | | Good Modern Rest of UK Estates | 5.50% | 5.00% - 5.25% | 5.00% - 5.25% | 5.00% - 5.25% | 5.00% - 5.25% | 5.00% - 5.25% | | STABLE |
| | | Good Secondary Estates | 6.75% - 7.25% | 6.50% - 7.00% | 6.50% - 7.00% | 6.50% - 7.00% | 6.50% - 7.00% | 6.50% - 7.00% | | STABLE |
| | Specialist Sectors | Car Showrooms (20 years with indexed uplifts & dealer covenant) | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | | STABLE |
| | | Budget Hotels London (20 years, 5 yearly indexed reviews) | 4.75% + | 4.75% - | 4.75% - | 4.50% - 4.75% | 4.50% - 4.75% | 4.50% - 4.75% | | STABLE |
| | | Budget Hotels Regional (20 years, 5 yearly indexed reviews) | 5.50% + | 5.25% - | 5.25% - | 5.00% - 5.25% | 5.00% - 5.25% | 5.00% - 5.25% | | STABLE |
| | | Student Accommodation Prime London (25 years, Annual indexation) | 4.25% + | 4.25% | 4.25% | 4.00% | 4.00% | 4.00% | | STABLE |
| | | Student Accommodation Prime Regional (25 years, Annual indexation) | 4.50% + | 4.50% | 4.50% | 4.25% | 4.25% | 4.25% | | STABLE |
| | | Healthcare (Not for Profit Operator, 30 years, Annual indexed reviews) | 4.75% | 4.75% | 4.50% | 4.50% | 4.50% | 4.50% | | STABLE |
| | | Healthcare (SPV credit, 30 years, Annual indexed reviews) | 5.50% + | 5.75% | 5.75% | 5.75% | 5.75% | 5.75% | | STABLE |
| | | Data Centres (Leased, 15 years, Annual indexation) | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | | STABLE |
| | | Life Sciences (15 years) | 4.75% | 4.75% | 4.75% | 4.75% | 4.75% | 4.75% | | STABLE |
| | | Income Strips (50 years, Annual RPI / CPIH+1% RRs, Annuity Grade) | 3.75% | 3.75% | 4.00% | 4.00% | 4.00% | 4.00% | | STABLE |
| | | Ground Rents (125 years, Annual RPI / CPIH+1% RRs, <15% EBITDA cover, Vacant Possession cover <40%) | 3.25% | 3.25% | 3.50% | 3.50% | 3.50% | 3.50% | | STABLE |

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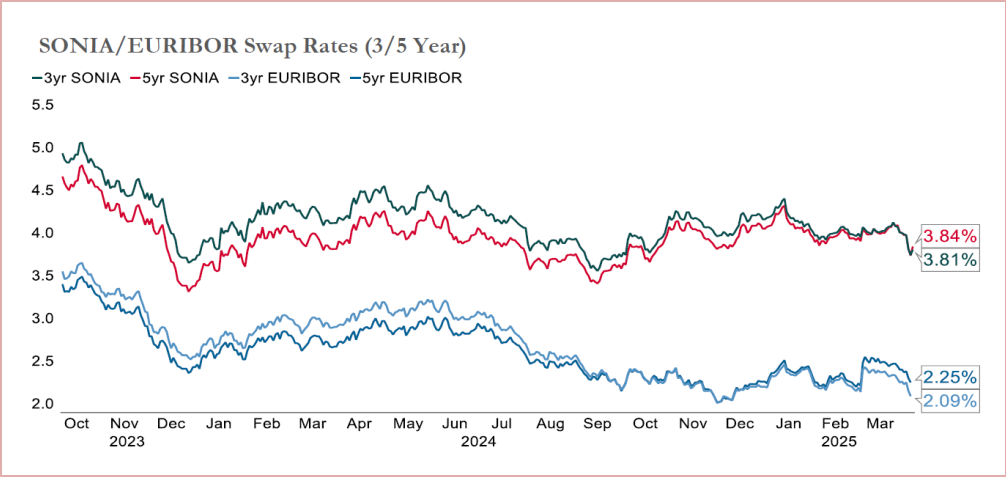
LEADING INDICATORS

Trump’s tariffs: Shockwaves sent through global markets. Last week, Trump revealed plans to enforce a minimum 10% tariff on all goods entering the US. Among those affected are China, where some goods will now face tariffs exceeding 50% - along with the European Union, and Japan. All UK exports to the US will now be subject to a flat 10% tariff, the lowest rate imposed on any G7 economy.

Fear gauge fluctuates amid trade uncertainty. Tariff announcements have escalated global trade tensions, triggering a broad reassessment of risk across financial markets. The CBOE VIX volatility index, also known as the ‘investor fear gauge’, surged above 60. While it has since decreased to 40.7, it remains roughly twice above the long-term average as the tariffs continues to unfold and equity markets fluctuate.

Swap rates trending down - though tracking level of US. The UK 5-year SONIA swap rate remains under 4%. Markets are now pricing in three quarter-point rate cuts from the Bank of England. Investors are assessing the balance between growth and inflation, weighing the impact of lower oil prices against the effects of tariffs. Swap rates are expected to stay relatively volatile.

DEBT MARKET – 7 April 2025



Source: Macrobond, ICAP

| BONDS & RATES | APR 2024 | FEB 2025 | MAR 2025 | 7 APR 2025 |
|-------------------------------|----------|----------|----------|------------|
| Bank of England Base Rate | 5.25% | 4.50% | 4.50% | 4.50% |
| 5-year SONIA Swap Rate | 3.85% | 3.92% | 4.04% | 3.73% |
| 10-year Gilt Redemption Yield | 4.07% | 4.51% | 4.69% | 4.45% |
| 10-year Indexed Gilt Yield | 0.43% | 0.97% | 1.19% | 1.16% |

ESG



Sustainability Series - ESG Property Investor Survey 2025

Intelligence Lab



Pension reforms and rising occupier costs: Exploring the impacts on the logistics sector

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KEY RESEARCH



Data Centres Global Report – 2025

The Global Data Centres Report examines market dynamics driving the industry's evolution, covering investment case fundamentals, capital flows, and yield profiles, as well as assessing market performance across primary, secondary, and emerging regions.

Knight Frank V&A

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- 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.



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