Knight Frank Intelligence

Based on rack rented properties and disregards bond type transactions

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High Street Retail (Institutional lot sizes)  Bond Street  A 50% - 3.00% 275% - 3.00% 275% - 3.00% 275% - 3.00% 275% - 3.00% 275% - 3.00% 575% - 5.00%  Regional Cities  Cond Secondary  Prime Towns  Regional Scheme  B. 00% + B.25% - 7.25% - 7.25% - 7.25% - 7.25% - 7.25% - 7.25% - 3.25%	~										
High Street   Retail   Regional Cities   7.00%   7.00%   7.00%   7.00%   7.25%   7.2		SECTOR		AUG-23	APR-24	MAY-24	JUN-24	JUL-24	AUG-24	CHANGE	SENTIMENT
Retail (Institutional Institutional Instit		Retail (institutional	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
Control   Cont			Oxford Street	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%		STABLE
Shopping   Regional Scheme   8.00% + 8.25%   8.25%   8.25%   8.00%   8.00%   STABLE			Prime Towns	6.75%	7.00%	7.00%	7.00%	7.00%	6.75%	-0.25%	STABLE
Shopping   Regional Scheme   8.00% + 8.25%   8.25%   8.25%   8.00%   8.00%   STABLE			Regional Cities	7.00%	7.25%	7.25%	7.25%	7.25%	7.25%		STABLE
Shopping Centres   Sub-Regional Scheme   9.00% + 9.50%   9.50%   9.50%   9.25%   9.25%   STABLE			Good Secondary	9.25%	10.00%	10.00%	10.00%	10.00%	10.00%		STABLE
Shopping Centres   Sub-Regional Scheme   9.00% + 9.50%   9.50%   9.50%   9.25%   9.25%   STABLE			_								
Centres (sustainable income)   Sub-Regional Scheme (successful)   10.00% + 9.50% + 9.50% + 9.50%   9.25%   9.25%   STABLE		Centres (sustainable	Regional Scheme	8.00% +	8.25%	8.25%	8.25%	8.00%	8.00%		STABLE
Coal Scheme (successful)   10.00% + 10.50% + 10.50%   1			Sub-Regional Scheme	9.00% +	9.50% +	9.50%	9.50%	9.25%	9.25%		STABLE
Open A1 Parks Good Secondary Open A1 Parks Foodstores  Open A1 Parks  Out of Town Retail  Open A1 Parks  Out of Town Retail  Open A1 Parks  Out of Town Retail  Open A1 Parks  Solus Open A1 Parks  One Solus Bulky (15 year income)  Annual RPI Increases [NIY] (20 year lease, 5 yearly reviews)  Discounters (20 years, 5 yearly indexation)  Foodstores  Open A1 Parks  5.75% - 6.00%  5.75% - 6.00%  5.75% - 6.00%  5.75% - 6.00%  5.75% - 6.00%  5.75% - 5.75%  5.75%  7.50%  7.25%  7.50%  7.25%  7.00%  7.00%  7.25%  7.00%  7.0			Local Scheme (successful)	10.00% +	10.50% +	10.50%	10.50%	10.50%	10.50%		STABLE
Out of Town Retail  Out of			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  Out of											
Out of Town Retail         Bulky Goods Parks         5.75% - 6.00%         5.75% - 6.00%         5.75%         5.75%         5.75% - 5.75%         5.75% - 7.00%         - POSITIVE           Good Secondary Bulky Goods Parks         7.50% - 7.75%         7.75% - 8.00%         7.75%         7.50%         7.25%         7.00%         -0.25%         POSITIVE           Solus Open A1 (15 year income)         5.75% + 6.00%         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%         FOOD         POSITIVE           Foodstores         Open Market Reviews (20 year lease, 5 yearly reviews)         5.75%         6.00%         6.00%         6.00%         6.00%         6.00%         5.			Open A1 Parks	5.75% - 6.00%	5.75% - 6.00%	5.75%	5.75%	5.75%	5.75% -	-	POSITIVE
Retail   Good Secondary Bulky Goods Parks   7.50% - 7.75%   7.75%   7.75%   7.50%   7.25%   7.00%   -0.25%   POSITIVE			Good Secondary Open A1 Parks	7.50% - 7.75%	7.75% - 8.00%	7.75%	7.50%	7.25%	7.00%	-0.25%	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  Annual RPI Increases [NIY] (20 year income) 5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00% STABLE Discounters (20 years, 5 yearly indexation) 4.75% 4.75% 4.75% 4.75% 4.75% 4.75% 4.75% 5.00% 5.00% STABLE  Prime Leisure Parks 7.50% + 8.00% 8.00% 8.00% 8.00% 8.00% STABLE	prop		Bulky Goods Parks	5.75% - 6.00%	5.75% - 6.00%	5.75%	5.75%	5.75%	5.75% -	-	POSITIVE
Solus Bulky (15 year income)  5.75% + 6.00% 6.00% 6.00% 6.00% 6.00%  Annual RPI Increases [NIY] (20 year income)  Open Market Reviews (20 year lease, 5 yearly reviews)  Discounters (20 years, 5 yearly indexation)  5.75% + 6.00% 5.00% 5.00% 5.00% 5.00%  Open Market Reviews (20 year lease, 5 yearly reviews)  4.75% 4.75% 4.75% 4.75% 4.75%  Prime Leisure Parks  7.50% + 8.00% 8.00% 8.00% 8.00%  STABLE  Resurce  Prime Leisure Parks	لك		Good Secondary Bulky Goods Parks	7.50% - 7.75%	7.75% - 8.00%	7.75%	7.50%	7.25%	7.00%	-0.25%	POSITIVE
Foodstores  Annual RPI Increases [NIY] (20 year income)  5.00%  5.00%  5.00%  5.00%  5.00%  5.00%  5.00%  5.00%  5.00%  5.00%  5.00%  5.00%  6.00%  6.00%  6.00%  5.00%  5.00%  5.00%  5.00%  5.00%  5.00%  5.00%  5.00%  5.00%  5.00%  5.00%  5.00%  5.00%  6.00%  6.00%  6.00%  6.00%  6.00%  6.00%  6.00%  FOSITIVE  Comparison  A.75%  POSITIVE  Comparison  A.75%  POSITIVE  Comparison  A.75%  A.75%			Solus Open A1 (15 year income)	5.75% +	6.00%	6.00%	6.00%	6.00%	6.00%		POSITIVE
Foodstores  Open Market Reviews (20 year lease, 5 yearly reviews) Discounters (20 years, 5 yearly indexation)  1.75% 1.7			Solus Bulky (15 year income)	5.75% +	6.00%	6.00%	6.00%	6.00%	6.00%		POSITIVE
Foodstores  Open Market Reviews (20 year lease, 5 yearly reviews) Discounters (20 years, 5 yearly indexation)  1.75% 1.7											-
Discounters (20 years, 5 yearly indexation) 4.75% 4.75% 4.75% 4.75% 4.75% 4.75% 4.75% POSITIVE  Prime Leisure Parks 7.50% + 8.00% 8.00% 8.00% 8.00% 8.00% STABLE		Foodstores	Annual RPI Increases [NIY] (20 year income)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%		POSITIVE
Discounters (20 years, 5 yearly indexation) 4.75% 4.75% 4.75% 4.75% 4.75% 4.75% 5.75% 4.75% 5.75			Open Market Reviews (20 year lease, 5 yearly reviews)	5.75%	6.00%	6.00%	6.00%	6.00%	6.00%		STABLE
R - Leisure			Discounters (20 years, 5 yearly indexation)	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%		POSITIVE
R a Leisure											
Good Secondary Leisure Parks 9.00% 9.00% 9.00% 9.00% 9.00% 9.00% STARLE		Leisure	Prime Leisure Parks	7.50% +	8.00%	8.00%	8.00%	8.00%	8.00%		STABLE
3.00% 3.00% 3.00% 3.00% 3.00% 3.00%			Good Secondary Leisure Parks	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%		STABLE

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	SECTOR		AUG-23	APR-24	MAY-24	JUN-24	JUL-24	AUG-24	CHANGE	SENTIMENT
		01. 10. (40 )	5.050/	5.050/ 5.500/	5.050/ 5.500/	5.050/ 5.500/	5.050/ 5.500/	5.050/ 5.500/		OTABLE
		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)	4.50% - 4.75%	4.75%	4.75%	4.75%	4.75%	4.75%		STABLE
		Major Regional Cities (10 years)	6.00% +	6.50%	6.50%	6.50%	6.50%	6.50%		STABLE
	066	Major Regional Cities (5 years)	7.00% +	7.50%	7.50%	7.50%	7.50%	7.50%		STABLE
	Offices	Secondary, Regional Cities	10.00% +	11.00% +	11.00% +	11.00% +	11.00% +	11.00% +		NEGATIVE
		South East Towns (10 years)	6.50% - 7.00%	7.25%	7.25%	7.25%	7.25%	7.25%		STABLE
TXT		South East Towns (5 years)	8.00% +	8.25%	8.25%	8.25%	8.25%	8.25%		STABLE
		Secondary, South East Towns	10.50% +	11.50% +	11.50% +	11.50% +	11.50% +	11.50% +		NEGATIVE
		South East Business Parks (10 years)	7.50% +	8.00% +	8.00% +	8.00% +	8.00% +	8.00% +		NEGATIVE
		South East Business Parks (5 years)	9.50% +	10.50% +	10.50% +	10.50% +	10.50% +	10.50% +		NEGATIVE
		Prime Distribution / Warehousing (20 years [NIY], higher OMV/index)	4.75%	5.00%	5.00%	5.00%	5.00%	5.00%		STABLE
	Warehouse & Industrial									
		Prime Distribution / Warehousing (15 years, OMRRs)	5.25%	5.50%	5.50%	5.50%	5.50%	5.50%		STABLE
		Secondary Distribution (10 years, OMRRs)	5.50% - 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%	5.50%	5.25%	-0.25%	POSITIVE
		Good Secondary Estates	6.50% - 7.00%	6.75% - 7.25%	6.75% - 7.25%	6.75% - 7.25%	6.75% - 7.25%	6.75% - 7.00%	-	STABLE
		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
	Specialist Sectors									POSITIVE
		Budget Hotels Regional (20 years, 5 yearly indexed reviews)	5.00%	5.50% +	5.50%	5.50%	5.50%	5.50%		
		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% +		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, 25 years, Annual indexed reviews)	5.25%	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)	4.50%	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

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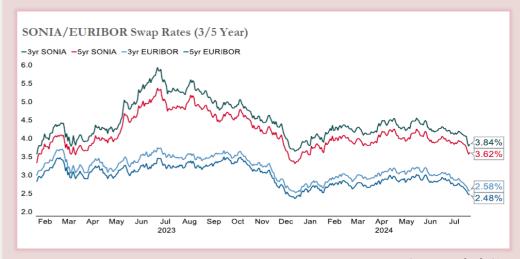
### LEADING INDICATORS

**ONS upgrades UK GDP post-pandemic.** Britain's economy grew more strongly in 2022 than previously thought according to revised official data. The Office for National Statistics said it now believed the UK's economy grew by +4.8% in 2022, up from a previous estimate of 4.3%. Revisions to GDP in the two years before that were minimal. The ONS said it had updated the way it weights sectors of the economy within overall GDP data. The revisions would be extended to data for 2023 and 2024 so far on 30 September.

Bank of England finally cuts the Base Rate. In a closely-run decision, the MPC voted 5-4 on 1 August to reduce the base rate from 5.25% to 5%, which is the first cut since the start of the pandemic in March 2020. The rate had been at 5.25% for 12 months. In the US, due to recent events, the Fed is widely expected to cut rates by 50 bps at its next meeting on 17 & 18 September. Having kept its rate at 3.75% in July, the ECB could also reduce its rate further at its next meeting on 12 September. The next time the Bank of England MPC meets will be 19 September and so will have seen the results of those meetings and will have the very latest UK inflation and wage growth data.

BONDS & RATES	AUG 2023	JUN 2024	JUL 2024	7 AUG 2024
Bank of England Base Rate	5.25%	5.25%	5.25%	5.00%
5-year SONIA Swap Rate	5.04%	4.05%	3.89%	3.68%
10-year Gilt Redemption Yield	4.37%	4.26%	4.16%	3.99%
10-year Indexed Gilt Yield	0.80%	0.52%	0.63%	0.51%

## DEBT MARKET - 7 August 2024



Source: Macrobond, ICAP

### ESG



Planning for a renewable future

## Intelligence Lab



**Mixed Signals for the Logistics Market** 

**Knight Frank Intelligence** 

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### KEY RESEARCH



## 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:

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- 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.



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