

Prime Yield Guide – August 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 07 August 2024.



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	SECTOR		AUG-23	APR-24	MAY-24	JUN-24	JUL-24	AUG-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%	7.00%	6.75%	-0.25%	STABLE
		Regional Cities	7.00%	7.25%	7.25%	7.25%	7.25%	7.25%		STABLE
		Good Secondary	9.25%	10.00%	10.00%	10.00%	10.00%	10.00%		STABLE
	Shopping Centres (sustainable income)	Regional Scheme	8.00% +	8.25%	8.25%	8.25%	8.00%	8.00%		STABLE
		Sub-Regional Scheme	9.00% +	9.50% +	9.50%	9.50%	9.25%	9.25%		STABLE
		Local Scheme (successful)	10.00% +	10.50% +	10.50%	10.50%	10.50%	10.50%		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	5.75% - 6.00%	5.75% - 6.00%	5.75%	5.75%	5.75%	5.75% -	-	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
		Bulky Goods Parks	5.75% - 6.00%	5.75% - 6.00%	5.75%	5.75%	5.75%	5.75% -	-	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%		POSITIVE
		Solus Bulky (15 year income)	5.75% +	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

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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.

DEBT MARKET – 7 August 2024

SONIA/EURIBOR Swap Rates (3/5 Year)



Source: Macrobond, ICAP

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%

ESG



Planning for a renewable future

Intelligence Lab



Mixed Signals for the Logistics Market

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Knight Frank V&A

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- Ground Rents
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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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