

Prime Yield Guide – August 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 07 August 2025.*

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	Sector		AUG-24	APR-25	MAY-25	JUN-25	JUL-25	AUG-25	Change	Sentiment
	Offices	City Prime (10 years)	5.25% - 5.50%	5.25% - 5.50%	5.25% - 5.50%	5.25%	5.25%	5.25%		POSITIVE
		West End: Prime Core (Mayfair & St James's)	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%		POSITIVE
		West End: Non-core (Soho & Fitzrovia)	4.75%	4.75%	4.75%	4.75% -	4.50% - 4.75%	4.50% - 4.75%		POSITIVE
		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	5.25%	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% - 7.00%	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%	4.50% - 4.75%	4.50% - 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%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.25% +	+0.25%	STABLE
		Student Accommodation Prime London (25 years, Annual indexation)	4.25% +	4.00%	4.00%	4.00%	4.00%	4.00%		STABLE
		Student Accommodation Prime Regional (25 years, Annual indexation)	4.50% +	4.25%	4.25%	4.25%	4.25%	4.25%		STABLE
		Healthcare (Not for Profit Operator, 30 years, Annual indexed reviews)	4.75%	4.50%	4.50%	4.50%	4.50%	4.50%		STABLE
		Healthcare (SPV credit, 30 years, Annual indexed reviews)	5.75%	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%	4.00%	4.00%	4.00%	4.00%	4.00%		NEGATIVE
		Ground Rents (125 years, Annual RPI / CPIH+1% RRs, <15% EBITDA cover, Vacant Possession cover <40%)	3.25%	3.50%	3.50%	3.50%	3.50%	3.50%		STABLE

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LEADING INDICATORS

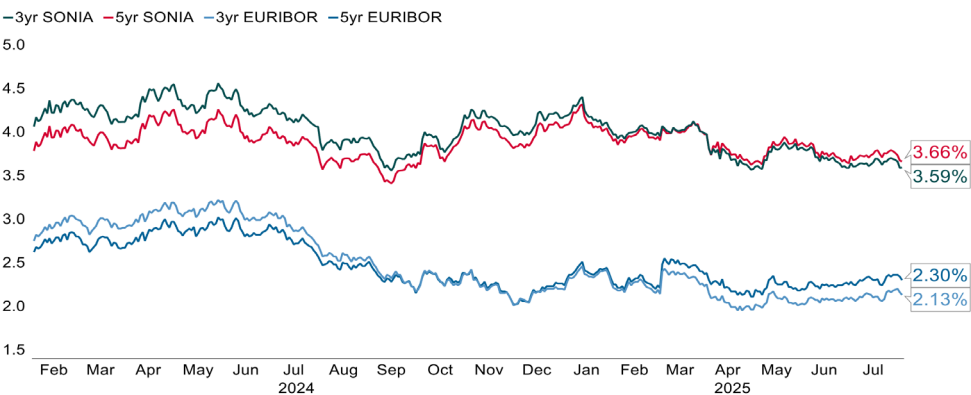
Markets see prolonged BoE easing cycle through 2026. The Bank of England has delivered its fifth quarter-point reduction, bringing the benchmark rate down from 4.25% to 4.00%. Swaps markets are still pricing in a roughly 75 per cent chance of a further quarter-point cut this year, compared with more than 90 per cent before the decision. The US Federal Reserve held rates steady last week.

The UK is expected to outperform European peers in latest economic projections. The IMF has updated its UK growth forecast, raising the 2025 outlook by +10bps to 1.2% and GDP growth of 1.4% in 2026. This forecasts the UK as the third fastest-growing economy in the G7, behind only the US and Canada. Notably, the UK is also expected to outpace all major European economies this year.

Logistics #1 in Q2 2025. In Q2 2025, the Logistics sector led with £3.5bn in investment. This was followed by Offices (£2.7bn), Retail (£2.2bn), the Living Sectors (£1.9bn) and Hotels (£0.5bn). Logistics (+71%), Retail (+24%), Offices (+6%) and the Living Sectors (+2%) were the only sectors to record an increase in investment QoQ - the uptick across key sectors could signal early signs of a broader recovery.

DEBT MARKET – 4 August 2025

SONIA/EURIBOR Swap Rates (3/5 Year)



Source: Macrobond, ICAP

BONDS & RATES	AUG 2024	JUN 2025	JUL 2025	7 AUG 2025
Bank of England Base Rate	5.00%	4.25%	4.25%	4.00%
5-year SONIA Swap Rate	3.68%	3.83%	3.68%	3.67%
10-year Gilt Redemption Yield	3.99%	4.62%	4.55%	4.52%
10-year Indexed Gilt Yield	0.51%	1.43%	1.49%	1.44%

ESG



Key takeaways from the new UK Solar Roadmap

Intelligence Lab



Retail Investment Update

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KEY RESEARCH



The Scotland Report 2025

A cross-sector review of offices, manufacturing and retail real estate north of the border

Knight Frank V&A

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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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- 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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