

Prime Yield Guide – December 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 5 December 2024.



[Click here to view previous data](#)

	SECTOR		DEC-23	AUG-24	SEP-24	OCT-24	NOV-24	DEC-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	7.00%	6.75%	6.75%	6.75%	6.75%	6.75%		STABLE
		Regional Cities	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%		STABLE
		Good Secondary	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%		STABLE
	Shopping Centres (sustainable income)	Regional Scheme	8.00% +	8.00%	7.75%	7.75%	7.75%	7.50%	-0.25%	STABLE
		Sub-Regional Scheme	9.50% +	9.25%	9.00%	9.00%	9.00%	9.00%	-	POSITIVE
		Local Scheme (successful)	10.50% +	10.50%	10.00%	10.00%	10.00%	10.00%	-	POSITIVE
		Neighbourhood Scheme (assumes <25% of income from supermarket)	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	-	POSITIVE
	Out of Town Retail	Open A1 Parks	6.00% +	5.75% -	5.75% -	5.50%	5.50%	5.25% - 5.50%	-	POSITIVE
		Good Secondary Open A1 Parks	8.00%	7.00%	7.00%	6.75% - 7.00%	6.75% - 7.00%	6.75% - 7.00%		POSITIVE
		Bulky Goods Parks	6.00% +	5.75% -	5.75% -	5.75% -	5.75% -	5.50%	-0.25%	POSITIVE
		Good Secondary Bulky Goods Parks	8.00%	7.00%	7.00%	7.00%	7.00%	6.75% - 7.00%		POSITIVE
		Solus Open A1 (15 year income)	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	-	POSITIVE
		Solus Bulky (15 year income)	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%	4.75% - 5.00%	-0.25%	POSITIVE
		Open Market Reviews (20 year lease, 5 yearly reviews)	6.00%	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	7.25% - 8.00%	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

Prime Yield Guide – December 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 5 December 2024.



[Click here to view previous data](#)

SECTOR		DEC-23	AUG-24	SEP-24	OCT-24	NOV-24	DEC-24	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)	4.75% - 5.00%	5.00%	5.00%	5.00%	5.00%	5.00%		POSITIVE
	Prime Distribution / Warehousing (15 years, OMRRs)	5.25% - 5.50%	5.50%	5.50%	5.25% - 5.50%	5.25% - 5.50%	5.25%	-	POSITIVE
	Secondary Distribution (10 years, OMRRs)	5.75% - 6.00%	6.00%	6.00%	6.00%	6.00%	6.00%		STABLE
	Greater London Estates	5.00%	5.00%	5.00%	4.75% - 5.00%	4.75% - 5.00%	4.75%	-	POSITIVE
	South East Estates	5.25%	5.25%	5.25%	5.00%	5.00%	5.00%		POSITIVE
	Good Modern Rest of UK Estates	5.50%	5.25%	5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%		POSITIVE
	Good Secondary Estates	6.75% - 7.25%	6.75% - 7.00%	6.75% - 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%	4.75%	4.75%	4.75%		POSITIVE
	Budget Hotels Regional (20 years, 5 yearly indexed reviews)	5.25% +	5.50%	5.25%	5.25%	5.25%	5.25%		POSITIVE
	Student Accommodation Prime London (25 years, Annual indexation)	4.25% +	4.25% +	4.25%	4.25%	4.25%	4.25%		STABLE
	Student Accommodation Prime Regional (25 years, Annual indexation)	4.50% +	4.50% +	4.50%	4.50%	4.50%	4.50%		STABLE
	Healthcare (Not for Profit Operator, 30 years, Annual indexed reviews)	4.50% +	4.75%	4.75%	4.75%	4.75%	4.75%		POSITIVE
	Healthcare (SPV credit, 30 years, Annual indexed reviews)	5.50% +	5.75%	5.75%	5.75%	5.75%	5.75%		POSITIVE
	Data Centres (Leased, 15 years, Annual indexation)	4.75%	5.00%	5.00%	5.00%	5.00%	5.00%		STABLE
	Life Sciences (15 years)	4.50% - 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%	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%		POSITIVE	

Prime Yield Guide – December 2024

Knight Frank Intelligence

This yield guide is for indicative purposes only and was prepared on 5 December 2024.



[Click here to view previous data](#)

LEADING INDICATORS

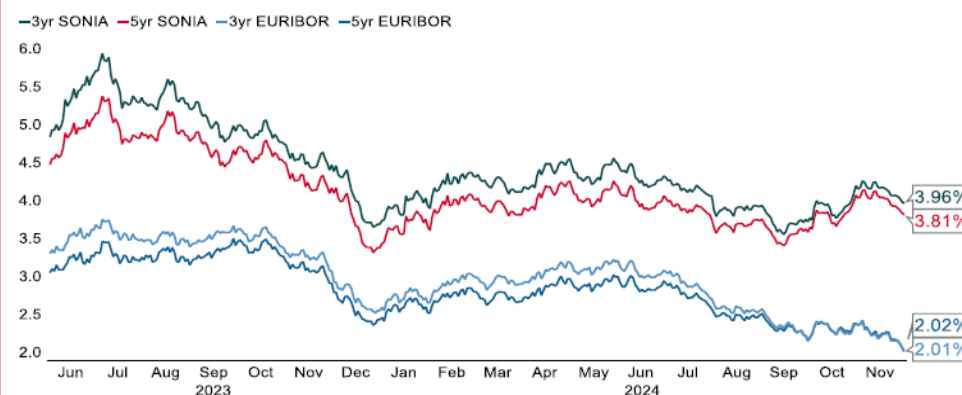
UK Retail Warehouses poised to lead. In the latest IPF Consensus Survey, the All-Property total return forecast for 2024 has weakened marginally, by -0.10% bps, to +5.6%. However, total return projects for 2025 have improved by +0.20% to +8.6%. Between 2024-2028, Retail Warehouse is expected to be the best performing sector with a total return of +9.4% per annum.

Foreign investment in UK rises in Q3 2024. In Q3 2024, the value of M&A (foreign companies acquiring UK firms) rose to £7.8 billion, up £1.1 billion from the previous quarter, and a £3.0 billion rise year-on-year. The rise signals growing investor confidence in the U, which may benefit UK CRE through increased capital flows and stronger asset demand.

Key Concerns for UK businesses. The latest ONS BIC Survey found that 61% of UK businesses reported some form of concern in December 2024. Falling demands of goods and services were the primary reported business concern at 16.4%, followed by taxation concerns (14.3%) – which rose 4% from the previous month. Property rental costs remained the least reported concern, at 1.3%.

DEBT MARKET – 2 December 2024

SONIA/EURIBOR Swap Rates (3/5 Year)



Source: Macrobond, ICAP

BONDS & RATES	DEC 2023	OCT 2024	NOV 2024	2 DEC 2024
Bank of England Base Rate	5.25%	5.00%	4.75%	4.75%
5-year SONIA Swap Rate	4.04%	3.85%	4.13%	3.81%
10-year Gilt Redemption Yield	4.10%	4.24%	4.52%	4.20%
10-year Indexed Gilt Yield	0.65%	0.70%	0.92%	0.73%

ESG



Preserving the Past: Future Proofing UK's Historic Buildings

Intelligence Lab



Retail Warehouse Dashboard – Q3 2024

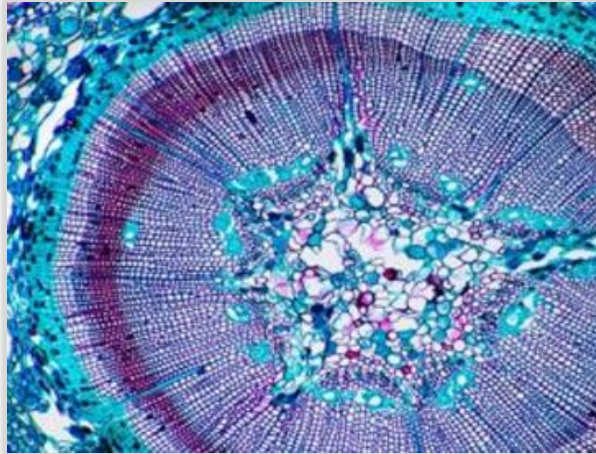
Prime Yield Guide – December 2024

Knight Frank Intelligence

*This yield guide is for indicative purposes only
and was prepared on 5 December 2024.*



KEY RESEARCH



**UK Life Sciences & Innovation
Insight Report - Q3 2024**

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 :

- Waste and Energy
- 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.



Emily Miller

Partner – Valuation & Advisory - Head of UK Fund Valuations
+44 20 7861 1483
Emily.Miller@KnightFrank.com



Jeremy Tham

Partner – Valuation & Advisory - Head of Real Estate Finance Valuations
+44 20 7861 1769
Jeremy.Tham@KnightFrank.com



Simon Gillespie

Partner – Valuation & Advisory - Head of Central London Valuations
+44 20 7861 1292
Simon.Gillespie@KnightFrank.com



Chris Galloway

Partner – Valuation & Advisory - Head of Business Development UK Fund Valuations
+44 20 7861 1297
Chris.Galloway@KnightFrank.com



Matthew Dichler

Partner – Valuation & Advisory – UK Fund Valuations
+44 20 7861 5224
Matthew.Dichler@KnightFrank.com



Will Matthews

Partner – Research - Head of Commercial
+44 20 3909 6842
William.Matthews@KnightFrank.com

Knight Frank Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, funding organisations, corporate institutions and the public sector. All our clients recognise the need for expert independent advice customised to their specific needs. Important Notice: © Knight Frank LLP 2024. This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank LLP to the form and content within which it appears. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 6AN, where you may look at a list of members' names.

Knight Frank Research
Reports are available at
knightfrank.com/research

Your partners in property.