

# Prime Yield Guide – December 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 08 December 2025.*

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SECTOR			DEC-24	AUG-25	SEP-25	OCT-25	NOV-25	DEC-25	CHANGE	SENTIMENT
	Offices	City Prime (10 years)	5.25% - 5.50%	5.25%	5.25%	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%	3.75% - 4.00%	-0.25%	POSITIVE
		West End: Non-core (Soho & Fitzrovia)	4.75%	4.50% - 4.75%	4.50% - 4.75%	4.50% - 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)	5.25%	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	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%		STABLE
		South East Estates	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%		STABLE
		Good Modern Rest of UK Estates	5.00% - 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	6.50% - 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)	5.25% -	5.00% - 5.25%	5.25% +	5.25% +	5.25% +	5.25% +		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%	4.25% - 4.50%	-0.25%	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% +		NEGATIVE

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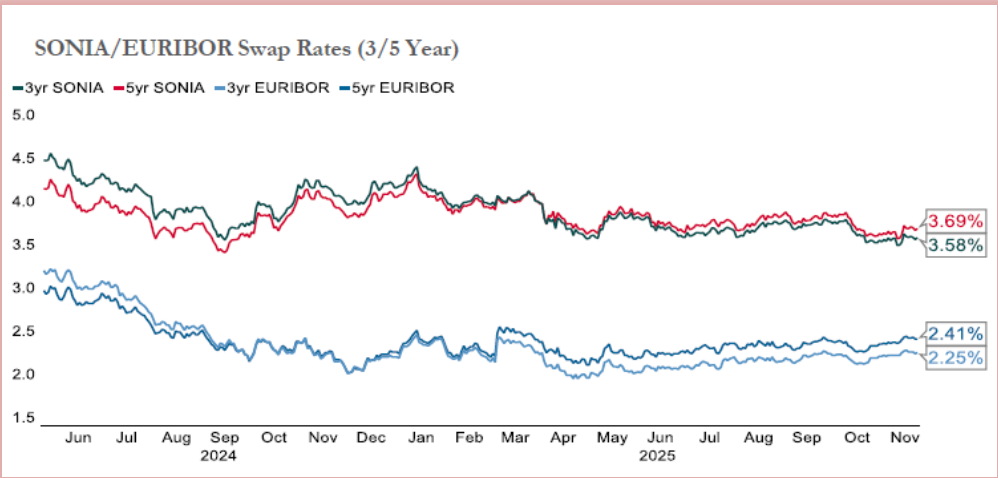
## LEADING INDICATORS

**Interest Rates: whats next for 2026?** As inflation trends lower, markets are increasingly focused on the depth of next year’s rate cuts. Capital Economics expects 25bps cuts from both the BoE and the Fed in December. For 2026, they forecast 3 further BoE cuts, taking the base rate to 3.00% by Q4, while markets anticipate a more modest 50bps of easing and an end-year rate near 3.25%.

**Global capital steps back into the UK.** UK CRE investment remained resilient in 2025, with preliminary YTD volumes at £40.1bn. Full-year totals could finish close to last year. Cross-border capital has been central to activity, supported by renewed interest in core sectors, where volumes are up +3% YTD, largely supported by overseas inflows.

**From turbulence to calm - geopolitical risk falls back.** Geopolitical tensions were a defining headwind in H1 2025, with tariffs and trade disputes weighing on. Since mid-year, however, the backdrop has shifted. The Geopolitical Risk (GPR) Index fell -33% in November to its lowest level since February. For now, lower geopolitical stress supports future cross-border CRE investment.

## DEBT MARKET – 24 November 2025



Source: Macrobond, ICAP

BONDS & RATES	DEC 2024	OCT 2025	NOV 2025	4 DEC 2025
Bank of England Base Rate	4.75%	4.00%	4.00%	4.00%
5-year SONIA Swap Rate	3.81%	3.85%	3.62%	3.62%
10-year Gilt Redemption Yield	4.20%	4.79%	4.47%	4.49%
10-year Indexed Gilt Yield	0.73%	1.70%	1.56%	1.49%

## ESG



A sustainable budget? Key takeaways for energy & sustainability in real estate

## Intelligence Lab



UK Logistics Market Dashboard

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## KEY RESEARCH



### UK Real Estate Navigator

The UK Real Estate Navigator outlines the key occupier and investment trends across the different sectors within commercial real estate.

## Knight Frank V&A

### Did you know

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- 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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