

Prime Yield Guide – February 2026

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 04 February 2026.



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SECTOR		JAN-25	SEP-25	OCT-25	NOV-25	DEC-25	JAN-26	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%	3.75% - 4.00%	3.75% - 4.00%		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
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)	4.50 - 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)	5.00 - 5.25%	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +		STABLE
	Student Accommodation Prime London (25 years, Annual indexation)	4.00%	4.00%	4.00% +	4.00% +	4.00% +	4.00% +		STABLE
	Student Accommodation Prime Regional (25 years, Annual indexation)	4.25%	4.25%	4.25% +	4.25% +	4.25% +	4.25% +		STABLE
	Healthcare (Not for Profit Operator, 30 years, Annual indexed reviews)	4.50%	4.50%	4.50%	4.50%	4.25% - 4.50%	4.25% - 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)	4.00%	4.00%	4.00% +	4.00% +	4.00% +	4.00%		STABLE
	Ground Rents (125 years, Annual RPI / CPIH+1% RRs, <15% EBITDA cover, Vacant Possession cover <40%)	3.50%	3.50%	3.50% +	3.50% +	3.50% +	3.50%		STABLE

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LEADING INDICATORS

The base rate is widely expected to remain unchanged at 3.75% on Thursday. With early signs of a cooling labour market alongside firmer domestic growth, money markets and economists widely expect the BoE to keep the base rate at 3.75% in February. Having already lowered rates from 5.25% since August 2024, the Monetary Policy Committee is likely to proceed cautiously with further reductions this year. Even so, economists anticipate two additional quarter-point cuts in 2026, to 3.25% by year-end.

Global capital favours the UK. In 2025 the UK established itself as the second largest destination for cross-border CRE investment, trailing only the US. Total investment into the UK reached £28.2bn last year, up +3% year-on-year. Looking ahead to 2026, our Active Capital survey identifies the UK as the leading global destination for capital, with 60% of respondents aiming to target the market.

UK CRE lending rebounds to post-pandemic high. Net lending to UK commercial real estate rose in December, reaching £2.47bn and lifting the three-month rolling total to £6.69bn - its highest level since May 2020.

DEBT MARKET – 26 January 2026

SONIA/EURIBOR Swap Rates (3/5 Year)



Source: Macrobond, ICAP

BONDS & RATES	FEB 2025	DEC 2025	JAN 2026	02 FEB 2026
Bank of England Base Rate	4.75%	4.00%	3.75%	3.75%
5-year SONIA Swap Rate	3.92%	3.62%	3.61%	3.76%
10-year Gilt Redemption Yield	4.51%	4.49%	4.44%	4.58%
10-year Indexed Gilt Yield	0.97%	1.49%	1.48%	1.48%

ESG



Connection reform update: a new pipeline announced

Intelligence Lab



**Industrial and Logistics Outlook 2026:
Looking ahead with cautious optimism**

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KEY RESEARCH



London Offices Spotlight

A quarterly summary of the state of the London office market.

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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