

Prime Yield Guide – July 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 July 2025.*

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	Sector		Jul-24	Mar-25	Apr-25	May-25	Jun-25	Jul-25	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%	5.25%		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%	4.75% -	4.75% - 4.50%	-	POSITIVE
		Major Regional Cities (10 years)	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%		POSITIVE
		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	5.50%	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% - 7.25%	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%	5.00% - 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%	4.50%		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%		STABLE
		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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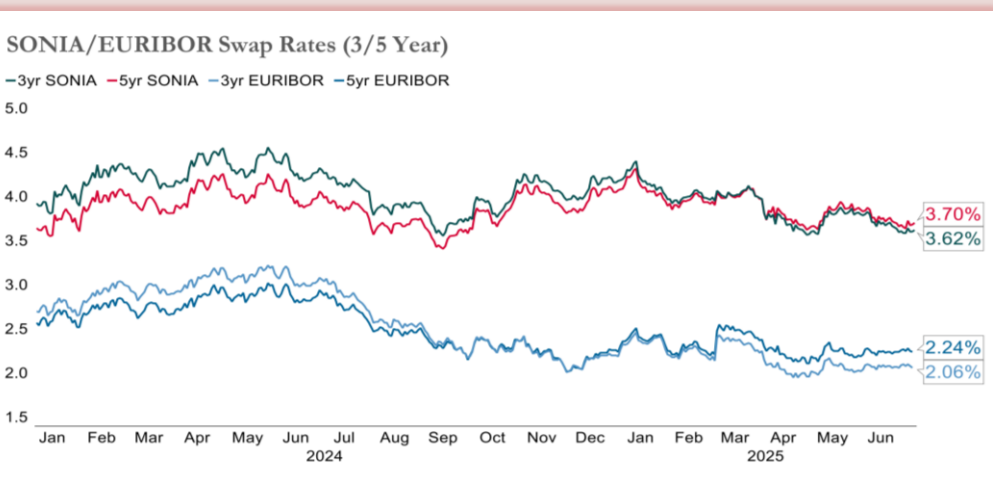
LEADING INDICATORS

Sterling hits 3-year high against the dollar. Sterling has appreciated to around \$1.36, its highest level against the dollar since early 2022, driven by broad US dollar weakness and signs of resilience in the UK economy. UK CRE has continued to attract capital from key global markets. Japanese investment is up +146% YTD, Australian inflows have surged +612%, and UAE capital is up +1,631%.

Long-term institutional capital steps back into UK CRE. Pension fund investment into UK commercial real estate surged +366% YoY in H1 2025, with Sovereign Wealth Fund inflows also rising +140%. This momentum signals growing conviction from long-term capital. Oil-backed sovereign funds, in particular, may diversify into CRE to hedge geopolitical risk and secure stable, long-term income.

AI adoption in Real Estate remains low, but the opportunity is growing. Only around 25% of real estate businesses are currently using AI, according to the latest ONS BIC survey. While uptake has been slower than in tech-forward sectors, this also highlights significant scope for future growth. This presents a clear opportunity to transform how the built environment is managed.

DEBT MARKET – 7 July 2025



Source: Macrobond, ICAP

BONDS & RATES	JUL 2024	APR 2025	MAY 2025	4 JUL 2025
Bank of England Base Rate	5.25%	4.50%	4.25%	4.25%
5-year SONIA Swap Rate	3.89%	3.73%	3.65%	3.68%
10-year Gilt Redemption Yield	4.16%	4.45%	4.51%	4.55%
10-year Indexed Gilt Yield	0.63%	1.16%	1.26%	1.49%

ESG



UK's Modern Industrial Strategy: Clean energy and sustainability takeaways

Intelligence Lab



Retail Renaissance 2025 – Lesson #4

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KEY RESEARCH



Healthcare Capital Markets – 2025

Knight Frank's annual assessment of the latest investment trends and performance in the UK Healthcare property sector.

Knight Frank V&A

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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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