

Prime Yield Guide – June 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 10 June 2025.*

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SECTOR			JUN-24	FEB-25	MAR-25	APR-25	MAY-25	JUN-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% - 5.50%	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%	-	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)	5.50% +	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

UK financial market volatility eases... a relative safe-haven amid rising global risk? Over the past month, the UK Systemic Stress Index, a key measure of financial stress, has fallen by -86%. Over that same period, the Global Geopolitical Risk Index has surged +106%, driven in part by renewed tensions following recent US legislation reinstating Trump-era tariffs.

Meanwhile, UK aims to boost private market investment by pension funds. 17 of the UK’s largest pension providers have pledged to allocate at least 5% of their defined contribution (DC) default funds to UK private assets by 2030, under the Mansion House Compact. This commitment is expected to unlock up to £50 billion in investment, directing capital into local startups, infrastructure, and potentially commercial real estate.

And UK Shopping Centres set to outperform over the next few years... In the latest IPF survey, the 2025 All Property total return forecast has seen a slight downgrade by -60bps to 8.2%. Between 2025-2029, Shopping Centres is expected to be the best performing sector with a total return of 8.5% pa.

DEBT MARKET – 3 June 2025

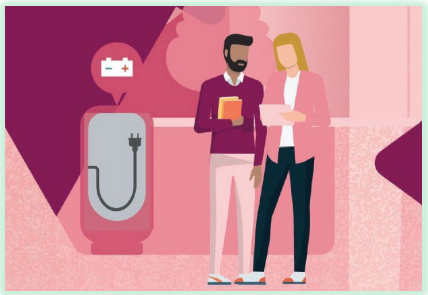
SONIA/EURIBOR Swap Rates (3/5 Year)



Source: Macrobond, ICAP

BONDS & RATES	JUN 2024	APR 2025	MAY 2025	4 JUN 2025
Bank of England Base Rate	5.25%	4.50%	4.25%	4.25%
5-year SONIA Swap Rate	4.05%	3.73%	3.65%	3.65%
10-year Gilt Redemption Yield	4.26%	4.45%	4.51%	4.51%
10-year Indexed Gilt Yield	0.52%	1.16%	1.26%	1.26%

ESG



Meeting the Commercial Property
Retrofit Challenge

Intelligence Lab



South East Offices and Life Sciences
Market Outlook - 2025

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The first of six papers exploring what other real estate sectors can learn from Retail's fall and unlikely rise again

- Waste and Energy
- Infrastructure
- Garden Centres
- Film Studios
- Serviced Offices
- Data Centres
- Life Sciences
- Income Strips
- Ground Rents
- Trading assets
- Expert Witness
- IPOs



Dr. Michael J. Fehlings



Dr. David J. Williams is a professor of psychology and director of the Center for the Study of Ethical Development at the University of Minnesota. He is also a senior research advisor at the Center for the Study of Ethical Development. Dr. Williams is a past president of the American Psychological Association and a past president of the American Psychological Association's Division of Public Interest and Policy. He is also a past president of the American Psychological Association's Division of Professional Ethics. Dr. Williams is a past president of the American Psychological Association's Division of Professional Ethics. He is also a past president of the American Psychological Association's Division of Professional Ethics.

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