Knight Frank Intelligence

Based on rack rented properties and disregards bond type transactions

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	SECTOR		JUN-24	FEB-25	MAR-25	APR-25	MAY-25	JUN-25	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%		POSITIVE
		Oxford Street	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%		STABLE
		Prime Towns	7.00%	6.50%	6.50%	6.50%	6.50%	6.50%		STABLE
		Regional Cities	7.25%	7.00%	7.00%	7.00%	7.00%	7.00%		STABLE
		Good Secondary	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%		STABLE
	Shopping Centres (sustainable income)	Regional Scheme	8.25%	7.50%	7.50%	7.50%	7.50%	7.50%		STABLE
		Sub-Regional Scheme	9.50%	9.00% -	9.00% -	9.00% -	9.00% -	9.00% -		STABLE
		Local Scheme (successful)	10.50%	10.00% -	10.00% -	10.00% -	10.00% -	10.00% -		STABLE
		Neighbourhood Scheme (assumes <25% of income from supermarket)	10.00%	10.00% -	10.00% -	10.00% -	10.00% -	10.00% -		STABLE
										-
	Out of Town Retail	Open A1 Parks	5.75%	5.25% - 5.50%	5.25% - 5.50%	5.25% - 5.50%	5.25% - 5.50%	5.25% - 5.50%		STABLE
		Good Secondary Open A1 Parks	7.50%	6.75% - 7.00%	6.50% - 6.75%	6.50% - 6.75%	6.50% - 6.75%	6.50% - 6.75%		STABLE
		Bulky Goods Parks	5.75%	5.50%	5.50%	5.50%	5.50%	5.50%		STABLE
الـــــــ	Retail	Good Secondary Bulky Goods Parks	7.50%	6.75% - 7.00%	6.50% - 6.75%	6.50% - 6.75%	6.50% - 6.75%	6.50% - 6.75%		STABLE
كا	Retail	Good Secondary Bulky Goods Parks Solus Open A1 (15 year income)	7.50% 6.00%	6.75% - 7.00% 6.00% -	6.50% - 6.75% 6.00% -		STABLE POSITIVE			
ك	Retail									
خا	Retail	Solus Open A1 (15 year income)	6.00%	6.00% -	6.00% -	6.00% -	6.00% -	6.00% -		POSITIVE
خا	Retail	Solus Open A1 (15 year income)	6.00%	6.00% -	6.00% -	6.00% -	6.00% -	6.00% -		POSITIVE
d H		Solus Open A1 (15 year income) Solus Bulky (15 year income)	6.00% 6.00%	6.00% - 6.00% -		POSITIVE POSITIVE				
	Retail	Solus Open A1 (15 year income) Solus Bulky (15 year income) Annual RPI Increases [NIY] (20 year income)	6.00% 6.00% 5.00%	6.00% - 6.00% - 4.75%		POSITIVE POSITIVE				
6		Solus Open A1 (15 year income) Solus Bulky (15 year income) Annual RPI Increases [NIY] (20 year income) Open Market Reviews (20 year lease, 5 yearly reviews)	6.00% 6.00% 5.00% 6.00%	6.00% - 6.00% - 4.75% 5.75%		POSITIVE POSITIVE POSITIVE				
		Solus Open A1 (15 year income) Solus Bulky (15 year income) Annual RPI Increases [NIY] (20 year income) Open Market Reviews (20 year lease, 5 yearly reviews)	6.00% 6.00% 5.00% 6.00%	6.00% - 6.00% - 4.75% 5.75%		POSITIVE POSITIVE POSITIVE				

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~	SECTOR		JUN-24	FEB-25	MAR-25	APR-25	MAY-25	JUN-25	CHANGE	SENTIMENT
		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
	Offices	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
Ť ÖŤ		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
										_
		Prime Distribution / Warehousing (20 years [NIY], higher OMV/index)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%		STABLE
	Warehouse & Industrial	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
		Car Showrooms (20 years with indexed uplifts & dealer covenant)	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%		STABLE
	Specialist Sectors	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.

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%

DEBT MARKET -3 June 2025



Source: Macrobond, ICAP

ESG



Meeting the Commercial Property Retrofit Challenge

Intelligence Lab



South East Offices and Life Sciences Market Outlook - 2025

Knight Frank Intelligence

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KEY RESEARCH



Retail Renaissance 2025 - Lesson #1: Know your structural drivers

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

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.



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