

Prime Yield Guide – November 2024

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 7 November 2024.



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	SECTOR		NOV-23	JUL-24	AUG-24	SEP-24	OCT-24	NOV-24	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%		STABLE
		Oxford Street	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%		STABLE
		Prime Towns	6.75% +	7.00%	6.75%	6.75%	6.75%	6.75%		STABLE
		Regional Cities	7.00% +	7.25%	7.25%	7.25%	7.25%	7.25%		STABLE
		Good Secondary	9.50% - 9.75%	10.00%	10.00%	10.00%	10.00%	10.00%		STABLE
	Shopping Centres (sustainable income)	Regional Scheme	8.00% +	8.00%	8.00%	7.75%	7.75%	7.75%		STABLE
		Sub-Regional Scheme	9.50%	9.25%	9.25%	9.00%	9.00%	9.00%		STABLE
		Local Scheme (successful)	10.50%	10.50%	10.50%	10.00%	10.00%	10.00%		STABLE
		Neighbourhood Scheme (assumes <25% of income from supermarket)	9.75% - 10.00%	10.00%	10.00%	10.00%	10.00%	10.00%		STABLE
	Out of Town Retail	Open A1 Parks	6.00%	5.75%	5.75% -	5.75% -	5.50%	5.50%		POSITIVE
		Good Secondary Open A1 Parks	8.00%	7.25%	7.00%	7.00%	6.75% - 7.00%	6.75% - 7.00%		POSITIVE
		Bulky Goods Parks	6.00%	5.75%	5.75% -	5.75% -	5.75% -	5.75% -		POSITIVE
		Good Secondary Bulky Goods Parks	8.00%	7.25%	7.00%	7.00%	7.00%	7.00%		POSITIVE
		Solus Open A1 (15 year income)	5.75% - 6.00%	6.00%	6.00%	6.00%	6.00%	6.00%		POSITIVE
		Solus Bulky (15 year income)	5.75% - 6.00%	6.00%	6.00%	6.00%	6.00%	6.00%		POSITIVE
	Foodstores	Annual RPI Increases [NIY] (20 year income)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%		POSITIVE
		Open Market Reviews (20 year lease, 5 yearly reviews)	5.75% - 6.00%	6.00%	6.00%	6.00%	6.00%	6.00%		STABLE
		Discounters (20 years, 5 yearly indexation)	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%		POSITIVE
	Leisure	Prime Leisure Parks	7.50% +	8.00%	8.00%	8.00%	8.00%	8.00%		STABLE
		Good Secondary Leisure Parks	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%		STABLE

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LEADING INDICATORS – 5 November 2024

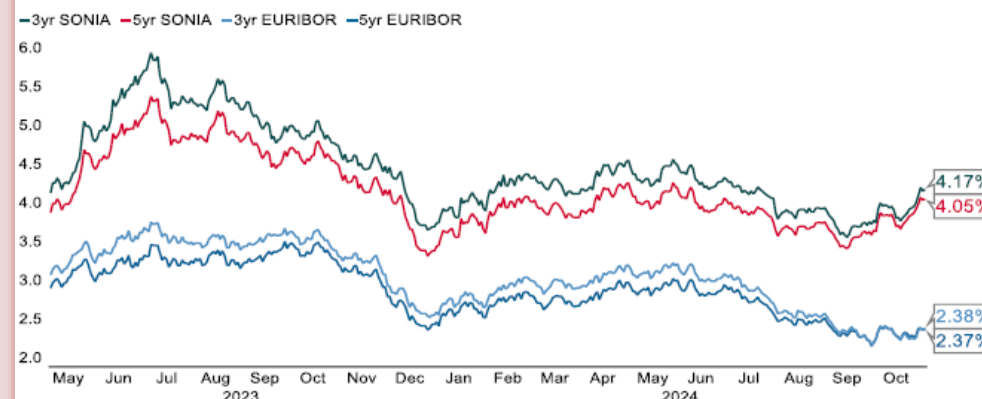
Markets React to Labour’s Budget. The recent budget received a mixed response from UK financial markets; however, it was far more subdued than the ‘mini-budget’ two years ago. UK gilt yields have climbed to one-year highs of 4.56% after details of a higher-than-expected debt raise. While the risk-free rate has increased over recent months, this has been influenced by both global and local factors.

Implications for UK CRE. The largest fiscal loosening in decades is expected to support stronger GDP growth, in the coming year, but may also lead to a slightly more gradual decline in interest rates. The Government’s supply-side push majors on infrastructure investment, with an assumed knock-on for commercial opportunities, and growth-focussed initiatives especially in green energy and regional innovation. This should be positive for foreign investors looking at the UK’s long-term prospects.

Monetary Policy Decisions. Both the Bank of England and the Federal Reserve are due to meet on Thursday and markets are currently anticipating a quarter-point rate cut in the UK but not the US. For real estate investors, rate cuts may create opportunities in the coming months and could support growth.

DEBT MARKET – 5 November 2024

SONIA/EURIBOR Swap Rates (3/5 Year)



Source: Macrobond, ICAP

BONDS & RATES	NOV 2023	SEP 2024	OCT 2024	5 NOV 2024
Bank of England Base Rate	5.25%	5.00%	5.00%	4.75%
5-year SONIA Swap Rate	4.56%	3.59%	3.85%	4.13%
10-year Gilt Redemption Yield	4.28%	3.88%	4.24%	4.52%
10-year Indexed Gilt Yield	0.60%	0.52%	0.70%	0.92%

ESG



Meeting the Commercial Property Retrofit Challenge – Part 2: Action

Intelligence Lab



Tender Price Index – Q3 2024

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KEY RESEARCH



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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