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SECTOR		OCT-24	JUN-25	JUL-25	AUG-25	SEP-25	OCT-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%		POSITIVE
	Prime Towns	6.75%	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	7.75%	7.50%	7.50%	7.25% - 7.50%	7.25% - 7.50%	7.25% - 7.50%		POSITIVE
	Sub-Regional Scheme	9.00%	9.00% -	8.75% - 9.00%	8.75% - 9.00%	8.75% - 9.00%	8.75% - 9.00%		POSITIVE
	Local Scheme (successful)	10.00%	10.00% -	9.75% - 10.00%	9.75% - 10.00%	9.75% - 10.00%	9.75% - 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	5.50%	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	6.75% - 7.00%	6.50% - 6.75%	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
	Good Secondary Bulky Goods Parks	7.00%	6.50% - 6.75%	6.50% - 6.75%	6.50% - 6.75%	6.50% - 6.75%	6.50% - 6.75%		STABLE
	Solus Open A1 (15 year income)	6.00%	6.00% -	6.00% -	6.00% -	6.00% -	6.00% -		STABLE
	Solus Bulky (15 year income)	6.00%	6.00% -	6.00% -	6.00% -	6.00% -	6.00% -		STABLE
Foodstores	Annual RPI Increases [NIY] (20 year income)	5.00%	4.75%	4.75%	4.75%	4.75%	4.75%		POSITIVE
	Open Market Reviews (20 year lease, 5 yearly reviews)	6.00%	5.75%	5.75%	5.75%	5.75%	5.75%		POSITIVE
	Discounters (20 years, 5 yearly indexation)	4.75%	4.50%	4.50%	4.50%	4.50%	4.50%		POSITIVE
Leisure	Prime Leisure Parks	8.00%	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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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%	4.00%	4.00%		POSITIVE
	West End: Non-core (Soho & Fitzrovia)	4.75%	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
	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)	5.25% - 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	4.75% - 5.00%	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)	4.75% -	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)	5.25% -	5.00% - 5.25%	5.00% - 5.25%	5.25% +	5.25% +	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% +		NEGATIVE
	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% +		NEGATIVE

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LEADING INDICATORS

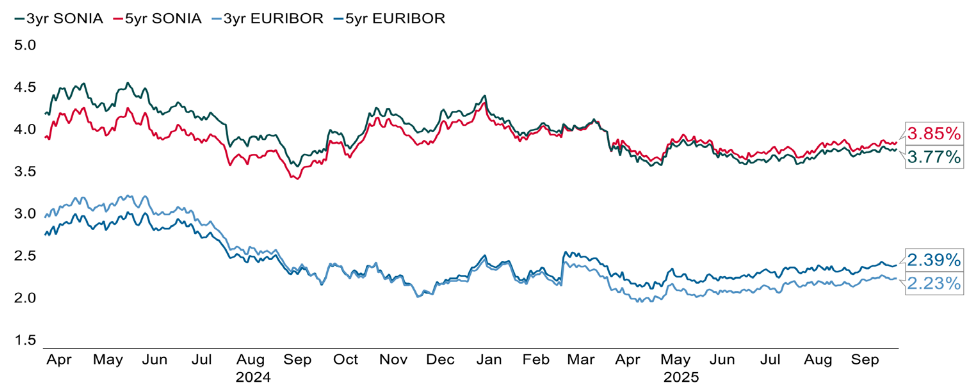
French yield rise narrows gap with UK gilts. The spread between UK and French 10-year yields may narrow in the near term. UK Gilts remain elevated at around 4.75%, while French government bonds have edged higher to roughly 3.59% amid political uncertainty. The UK's relative political stability provides support for gilts, helping to stabilise spreads against a more uncertain European backdrop.

Refinancing and investment activity drive lending recovery. Net lending to UK commercial property rose in August, reaching the strongest monthly figure since May 2020. This lifted the 3-month total to £6.3bn, the highest level in 15 years, mostly seen against standing investments. Refinancing remains a key driver of activity, reflecting solid lender appetite and a supportive financing backdrop.

Softening PMIs reinforce the case for further policy easing? The UK services PMI fell to 50.8 in September, from 54.2 in the previous month. This easing in PMIs suggests softening demand, slower price growth, and cooling labour market dynamics. Markets currently expect the bank rate to hold until additional cuts in 2026.

DEBT MARKET – 6 October 2025

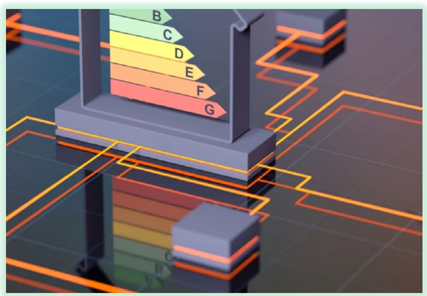
SONIA/EURIBOR Swap Rates (3/5 Year)



Source: Macrobond, ICAP

BONDS & RATES	OCT 2024	AUG 2025	SEP 2025	6 OCT 2025
Bank of England Base Rate	5.00%	4.00%	4.00%	4.00%
5-year SONIA Swap Rate	3.85%	3.67%	3.76%	3.85%
10-year Gilt Redemption Yield	4.24%	4.52%	4.64%	4.79%
10-year Indexed Gilt Yield	0.70%	1.44%	1.59%	1.70%

ESG



Unlocking value through EUI

Intelligence Lab

Industrial Open Storage Report - 2025

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KEY RESEARCH

UK Logistics Market Dashboard

An overview of the UK investment and occupier markets as well as several key trackers we are currently following as we observe their impact on the industrial and logistics market.

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 :

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- 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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